

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



ABAG

AGENDA

FINANCE AND PERSONNEL COMMITTEE

Thursday, November 17, 2016, 5:00 p.m. to 6:00 p.m.

Location:

Bay Area Metro Center
Yerba Buena Conference Room
375 Beale Street
San Francisco, California

The ABAG Finance and Personnel Committee may act on any item on this agenda.

Agenda and attachments available at abag.ca.gov

For information, contact Fred Castro, Clerk of the Board, at (415) 820 7913.

1. CALL TO ORDER / ROLL CALL / CONFIRM QUORUM

2. PUBLIC COMMENT

INFORMATION

3. COMMITTEE ANNOUNCEMENTS

INFORMATION

4. APPROVAL OF ABAG FINANCE AND PERSONNEL COMMITTEE SUMMARY MINUTES OF SPECIAL MEETING ON SEPTEMBER 9, 2016 AND MEETING ON SEPTEMBER 15, 2016

ACTION

Attachments: Summary Minutes of September 9, 2016; Summary Minutes of September 15, 2016

5. REPORT ON FINANCIAL REPORT FOR SEPTEMBER 2016

ACTION

Attachments: Memo Financial Report; Indices

6. REPORT ON PAYMENT OF MEMBERSHIP DUES FOR FISCAL YEAR 2016-2017

INFORMATION

Attachment: Membership Dues

ABAG Finance and Personnel Committee

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7. REPORT ON RETIREE HEALTHCARE PLAN JUNE 30, 2015 ACTUARIAL VALUATION PRESENTED BY BARTEL & ASSOCIATES

INFORMATION

Attachments: Actuarial Valuation (Short Version); Actuarial Valuation (Long Version)

8. ELECTION OF NEW CHAIR AND POSSIBLE VICE CHAIR

ACTION

9. CLOSED SESSION

CONFERENCE WITH LABOR NEGOTIATORS

Agency designated representatives: Brad Paul, Courtney Ruby, Kenneth Moy, Marti Pascal

Employee organization: SEIU Local 1021

10. CLOSED SESSION

PUBLIC EMPLOYEE APPOINTMENT

Title: Acting Executive Director

11. ADJOURNMENT

The next regular meeting of the ABAG Finance and Personnel Committee will be announced.

Submitted:

/s/ Courtney Ruby, Finance and Administrative Services Director

Date Submitted: November 9, 2016

Date Posted: November 10, 2016

SUMMARY MINUTES (DRAFT)

ABAG Finance and Personnel Committee Special Meeting
Friday, September 9, 2016
Bay Area Metro Center
375 Beale Street, Yerba Buena
San Francisco, California

1. CALL TO ORDER / ROLL CALL / CONFIRM QUORUM

ABAG Finance and Personnel Committee Vice Chair Karen Mitchoff, Supervisor, County of Contra Costa, called the special meeting to order at about 1:04 p.m.

A quorum of the Committee was present at about 1:05 p.m.

Members Present

Bill Harrison, Mayor, City of Fremont—Chair
David Cortese, Supervisor, County of Santa Clara
Pradeep Gupta, Vice Mayor, City of South San Francisco
Scott Haggerty, Supervisor, County of Alameda
Mark Luce, Supervisor, County of Napa—*Ex officio*
Karen Mitchoff, Supervisor, County of Contra Costa—Vice Chair
Julie Pierce, Councilmember, City of Clayton—*Ex officio*
Greg Scharff, Vice Mayor, City of Palo Alto

Members Participating by Teleconference

Linda Seifert, Supervisor, County of Solano

Members Absent

Desley Brooks, Councilmember, City of Oakland
David Rabbitt, Supervisor, County of Sonoma—*Ex officio*

Staff Present

Ezra Rapport, Executive Director
Marti Paschal, Administrative Services Director

Guest Present

Camille Pating, Meyers Nave

2. PUBLIC COMMENT

There was no public comment.

3. COMMITTEE ANNOUNCEMENTS

There were no committee member announcements.

The Committee entered into Closed Session at about 1:05 p.m.

4. CLOSED SESSION

PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: Executive Director

5. CLOSED SESSION

PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: Legal Counsel

The Committee returned into Open Session at about 2:30 p.m.

6. OPEN SESSION

ADJUSTMENT TO PUBLIC EMPLOYEE COMPENSATION: EXECUTIVE DIRECTOR

There was no report out of Closed Session.

7. OPEN SESSION

ADJUSTMENT TO PUBLIC EMPLOYEE COMPENSATION: LEGAL COUNSEL

There was no report out of Closed Session.

8. ADJOURNMENT

The meeting adjourned at about 2:30 p.m.

Submitted:

/s/ Courtney Ruby, Finance and Administrative Services Director

Date Submitted: November 9, 2016

Date Approved:

*For information, contact Fred Castro, Clerk of the Board, at (415) 820 7913 or
FredC@abag.ca.gov.*

SUMMARY MINUTES (DRAFT)

ABAG Finance and Personnel Committee Meeting
Thursday, September 15, 2016
Bay Area Metro Center
375 Beale Street, Board Room
San Francisco, California

1. CALL TO ORDER / ROLL CALL / CONFIRM QUORUM

ABAG Finance and Personnel Committee Chair Bill Harrison, Mayor, City of Fremont, called the meeting to order at about 5:00 p.m.

A quorum of the Committee was present at about 5:02 p.m.

Members Present

Bill Harrison, Mayor, City of Fremont—Chair
Desley Brooks, Councilmember, City of Oakland
David Cortese, Supervisor, County of Santa Clara
Pradeep Gupta, Vice Mayor, City of South San Francisco
Scott Haggerty, Supervisor, County of Alameda
Mark Luce, Supervisor, County of Napa—*Ex officio*
Karen Mitchoff, Supervisor, County of Contra Costa—Vice Chair
Julie Pierce, Councilmember, City of Clayton—*Ex officio*
David Rabbitt, Supervisor, County of Sonoma—*Ex officio*
Greg Scharff, Vice Mayor, City of Palo Alto

Members Absent

Linda Seifert, Supervisor, County of Solano

Staff Present

Kenneth Moy, Legal Counsel
Brad Paul, Deputy Executive Director
Courtney Ruby, Finance and Administrative Services Director

2. PUBLIC COMMENT

There was no public comment.

3. COMMITTEE ANNOUNCEMENTS

There were no committee member announcements.

4. APPROVAL OF ABAG FINANCE AND PERSONNEL COMMITTEE SUMMARY MINUTES OF MEETING ON JULY 21, 2016 AND JULY 29, 2016

Chair Harrison recognized a motion by Scott Haggerty, Supervisor, County of Alameda, which was seconded by Julie Pierce, Councilmember, City of Clayton, to approve ABAG Finance and Personnel Committee summary minutes of meeting on July 21, 2016 and July 29, 2016.

There was no discussion.

There was no public comment.

The aye votes were: Brooks, Cortese, Gupta, Haggerty, Harrison, Luce, Mitchoff, Pierce, Rabbitt, Scharff

The nay votes were: None.

Abstentions were: None.

Absent were: Seifert.

The motion passed unanimously.

5. REPORT ON FINANCIAL REPORT FOR JUNE 2016

Ruby presented the Financial Report for June 2016.

Chair Harrison recognized a motion by Dave Rabbitt, Supervisor, County of Sonoma, which was seconded by Karen Mitchoff, Supervisor, County of Contra Costa, to approve the Financial Report for June 2016.

There was no discussion.

There was no public comment.

The aye votes were: Brooks, Cortese, Gupta, Haggerty, Harrison, Luce, Mitchoff, Pierce, Rabbitt, Scharff

The nay votes were: None.

Abstentions were: None.

Absent were: Seifert.

The motion passed unanimously.

6. REPORT ON REVISION TO ABAG INVESTMENT POLICY

Ruby presented the staff report on the revision to the ABAG Investment Policy.

Chair Harrison recognized a motion by Dave Rabbitt, Supervisor, County of Sonoma, which was seconded by Karen Mitchoff, Supervisor, County of Contra Costa, to approve the revision to the ABAG Investment Policy.

There was no discussion.

There was no public comment.

The aye votes were: Brooks, Cortese, Gupta, Haggerty, Harrison, Luce, Mitchoff, Pierce, Rabbitt, Scharff

The nay votes were: None.

Abstentions were: None.

Absent were: Seifert.

The motion passed unanimously.

7. REPORT ON PAYMENT OF MEMBERSHIP DUES FOR FISCAL YEAR 2016-2017

Ruby presented the staff report on the payment of membership dues for Fiscal Year 2016-2017.

8. REPORT ON JOINT POWERS AGREEMENT TO PROVIDE STAFFING FOR THE SAN FRANCISCO BAY RESTORATION AUTHORITY

Moy presented the staff report on the Joint Powers Agreement to provide staffing for the San Francisco Bay Restoration Authority.

Chair Harrison recognized a motion by Pierce, which was seconded by Pradeep Gupta, Vice Mayor, City of South San Francisco, to recommend approval by the ABAG Executive Board of the Joint Powers Agreement to provide staffing for the San Francisco Bay Restoration Authority.

There was no discussion.

There was no public comment.

The aye votes were: Brooks, Cortese, Gupta, Haggerty, Harrison, Luce, Mitchoff, Pierce, Rabbitt, Scharff

The nay votes were: None.

Abstentions were: None.

Absent were: Seifert.

The motion passed unanimously.

The Committee entered into Closed Session at about 5:30 p.m.

9. CLOSED SESSION

CONFERENCE WITH LABOR NEGOTIATORS

Agency designated representatives: Marti Paschal, Interim Assistant Director of Administrative Services; Brad Paul, Deputy Executive Director; Ezra Rapport, Executive Director; Courtney Ruby, Finance and Administrative Services Director.

Employee organization: SEIU Local 1021

10. CLOSED SESSION

PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: Executive Director

11. CLOSED SESSION

PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: Legal Counsel

The Committee returned into Open Session at about 6:29 p.m.

There was no report out of Closed Session regarding the Conference with Labor Negotiators.

12. OPEN SESSION

ADJUSTMENT TO PUBLIC EMPLOYEE COMPENSATION: EXECUTIVE DIRECTOR

There was no report out of Closed Session.

13. OPEN SESSION

ADJUSTMENT TO PUBLIC EMPLOYEE COMPENSATION: LEGAL COUNSEL

There was no report out of Closed Session.

10. ADJOURNMENT

The meeting adjourned at about 6:32 p.m.

The next regular meeting of the ABAG Finance and Personnel Committee will be on November 17, 2016.

Submitted:

/s/ Courtney Ruby, Finance and Administrative Services Director

Date Submitted: November 9, 2016

Date Approved:

For information, contact Fred Castro, Clerk of the Board, at (415) 820 7913 or FredC@abag.ca.gov.

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



ABAG

Date: November 10, 2016
To: ABAG Executive Board
From: Courtney Ruby
Director of Finance and Administrative Services
Subject: **Financial Reports September 2016**

The following are highlights of the September 2016 financial reports.

Overall Summary

Revenues exceeded expenses by \$219 thousand for the three months ended September 30, 2016. Of this amount, \$140 thousand is attributable to a timing difference. A \$50 thousand surplus is projected at year in the adopted budget. Please refer to the **Table of Financial Report Data Elements** for fiscal year budget, year-to-date actual and projected fiscal year numbers.

The budget for FY 2016-17 was adopted January 2016 and is currently under review. Any proposed adjustments will be presented to the Finance Committee at the January 2017 meeting.

Cash on Hand

The cash balance was \$6.7 million at the end of September, including \$2.2 million deposited in the Local Agency Investment Fund (LAIF). As shown in Figure 1 the actual monthly cash balances for the first three months of fiscal year 2016-17, and the projected balance for the year end are within our normal range of \$6.0 to \$9.0 million. The cash balance is projected to be approximately \$7 million at the end of the fiscal year.

Receivables

At the end of September 2016, total receivables amounted to \$14.1 million which included \$8.3 million of unbilled receivables related to SFEP's Integrated Regional Water Management Program (IRWMP) and \$5.8 million (mainly attributed to IRWMP and BayREN) of grant and service programs receivables. Receivables over 90 days past due were \$645 thousand, including \$512 thousand from the Department of Water Resources. All receivables are believed to be collectible. Figure 2 shows the comparison of receivables generated by grants and service programs over the current and prior fiscal year.

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November 10, 2016

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Revenues and Expenses

As of September 30, 2016, total revenue amounted to \$6.7 million, which is 11 percent, of the projected revenue for the year of \$58.2 million. Total expenses amounted to \$6.4 million, which is 11 percent of the projected expenses for the year of \$58.2 million.

Figure 3 presents a graphic comparison of the current month of September, the three month year-to-date actual, and fiscal year projected revenues and expenses. The relationship of revenues exceeding expenses is consistent for all three periods shown.

Figures 4 and 5 show year-to-date revenues and expenses by major categories. Grants revenue is 85% of total revenue, compared to 73% for the prior fiscal year. Pass-through and Consultant expense are 55% of total expenses, compared to 50% for the prior fiscal year. The increasing percentages for these categories of revenues and expenses are caused by new multi-year funding for BayREN and SFEP's IRWMP by \$16 million and \$32 million respectively.

Net Position/Fund Equity

Total fund equity was negative \$7.5 million as of September 30, 2016. In compliance with the new accounting pronouncement, GASB 68, beginning with the June 30, 2015 audited financial statements, we have recorded the ABAG accumulated unfunded pension obligation as a liability and reduction of fund equity. For internal financial statement purposes, we have elected to separately track the fund equity for the pension obligation and operations. Thus, the June fund equity for pension obligations is presented as a negative \$12.2 million, and the accumulated fund equity from operations is presented as a positive \$3.1 million in the financial reports. The restricted fund equity of \$1.6 million consists of capital, self-insurance, building maintenance and reserves. Figure 6 is a graphic presentation of actual and projected: unrestricted, restricted, and total net equity for the current fiscal year.

The fund equity for pension obligations is expected to change when the audit for FY 2015-16 is complete.

Indirect Overhead Rate

After careful analysis of our ABAG overhead accounts, we projected and obtained an approval from EPA for an increase to our project overhead rate by 1.2% to 46.15% in FY 2016-17 (up from 44.95% in FY 2015-16). The new rate will be included in the proposed budget adjustments to be presented to the Finance Committee at the January 2017 meeting.

The Agency's actual indirect overhead cost rate through September 2016 was 43.59%, which was 1.36 percentage points below the current adopted budget of 44.95% and 2.56% below the rate of 46.15% approved by EPA. This variance from the budget and approved rate is not unexpected at this early point in the fiscal year as some expenses including merger study fees of approximately \$150 thousand have not been paid. Figure 7 shows a comparison between the actual indirect cost rate through September 30, 2016 and the budget and EPA approved rates for the year.

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Financial Information by Program

The **Report by Program of Net Surplus/(Deficit)** is included after the charts. This report presents revenue and expense information by program. It provides an overview of budgeted and year-to-date revenue and expense data for major programs such as the Planning Services, San Francisco Estuary Partnership (SFEP), Bay Trail and POWER/Energy. Apart from SFEP none of the other major programs listed on this chart are significantly out of line with the budget. For SFEP, the actual progress of the projects is below projection because we have not been billed by subrecipients as it takes several weeks to know the actual progress due the complexity multi-year duration nature of the projects.

Financial Outlook

The projection for fiscal year 2016-17 is for a surplus of revenues over expenses of \$50,000.

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Association of Bay Area Governments
Table of Financial Report Data Elements
(thousands of dollars)

for September 2016

Projected percentage of budget is 25%.

Description	Adopted Budget	Projected Fiscal Year Budget	Year-To-Date Actual	% of Projected Fiscal Year Budget
ASSETS				
Cash		7,000	6,706	
Receivables		14,000	14,161	
REVENUES				
Membership Dues	1,958	1,958	489	25%
Grants	51,717	51,717	5,656	11%
Charges for Services and Other	4,545	4,545	520	11%
Total Revenues	58,220	58,220	6,665	11%
EXPENSES				
Salaries and Benefits	11,828	11,828	2,550	22%
Pass-through and Consultant Expenses	44,011	44,011	3,519	8%
Other Expenses	2,331	2,331	377	16%
Total Expenses	58,170	58,170	6,446	11%
Change in Net Position	50	50	219	438%
Beginning Net Position	(7,728)	(7,728)	(7,728)	100%
Ending Net Position	(7,678)	(7,678)	(7,509)	98%
NET POSITION BREAKDOWNS				
Unrestricted - Accumulated Operations Surplus	2,969	2,969	3,138	106%
Unrestricted - Pension Adjustment - June 30, 2015	(12,254)	(12,254)	(12,254)	100%
Restricted - Tenant Improvements	800	800	800	100%
Restricted - Other	857	857	807	94%
Total Net Position	(7,628)	(7,628)	(7,509)	98%
INDIRECT OVERHEAD				
Overhead Rate	44.95%	44.95%	42.99%	96%
Approved Rate			46.15%	

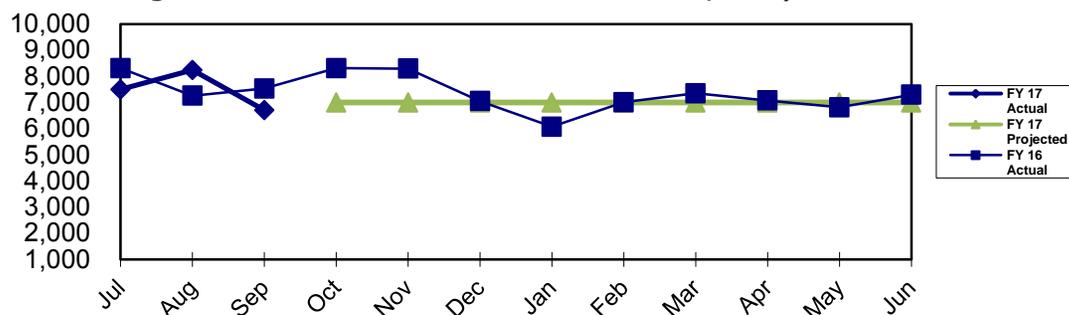
Item 4

ABAG Financial Indices

Cash on Hand FY 16-17 (\$'000)												
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
FY 17 Actual	7,501	8,243	6,706									
FY 17 Projected				7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
FY 16 Actual	8,316	7,258	7,533	8,312	8,298	7,052	6,073	7,010	7,353	7,079	6,818	7,300

Represents the sum total of cash deposited at bank or invested in money market and the Local Agency Investment Fund. This chart shows fluctuation patterns of cash on hand for the current and the prior fiscal year.

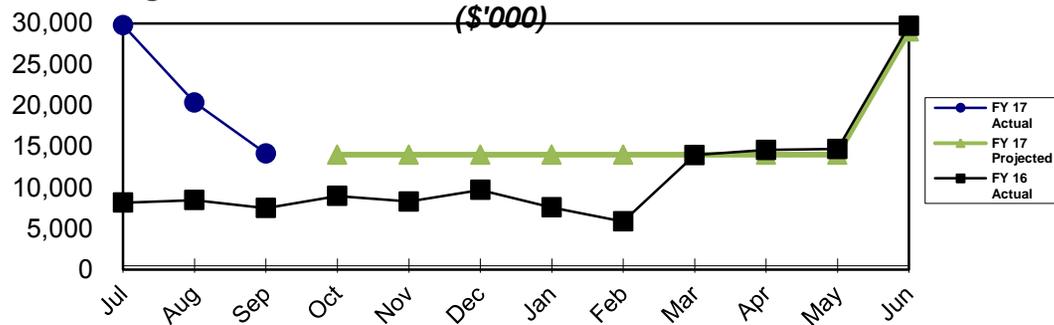
Figure 1--Cash on Hand--FY 16 and FY 17 (\$'000)



Accounts Receivable FY 16-17 (\$'000)												
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
FY 17 Actual	29,781	20,360	14,161									
FY 17 Projected				14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	29,000
FY 16 Actual	8,163	8,471	7,515	8,974	8,299	9,710	7,593	5,885	13,973	14,576	14,708	29,687

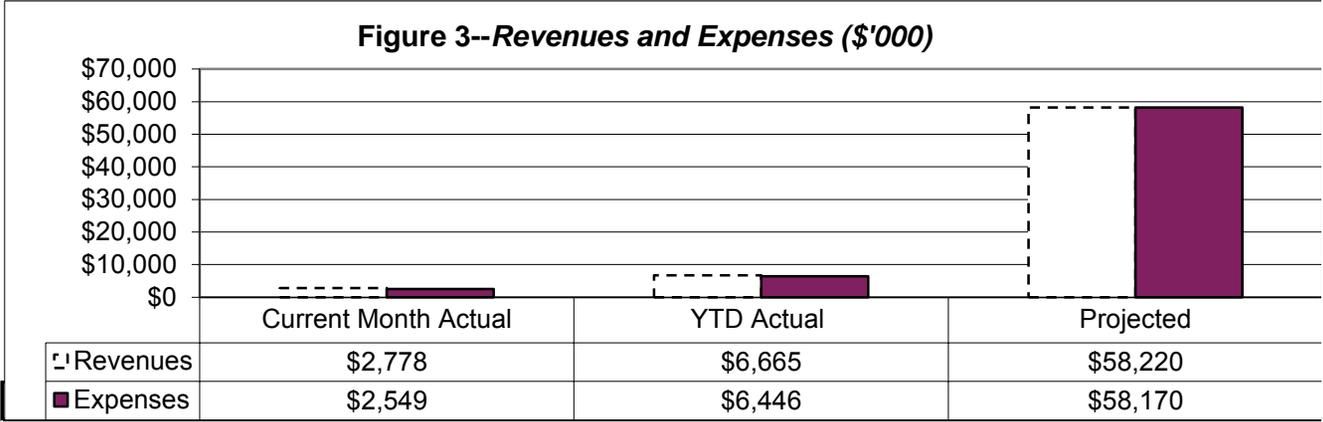
Accounts receivable include receivables generated by grants and service programs over two fiscal years. Due to accrual of unbilled receivables at year end on June 30, 2016, mainly attributed to IRWMP, receivables were higher in July and August and settles back to the expected level in September. Receivables up to February 2017 are expected to be higher than corresponding period in FY 16 due to increased activity attributable to IRWMP grants.

Figure 2--Accounts Receivable--FY 16 and FY 17 (\$'000)



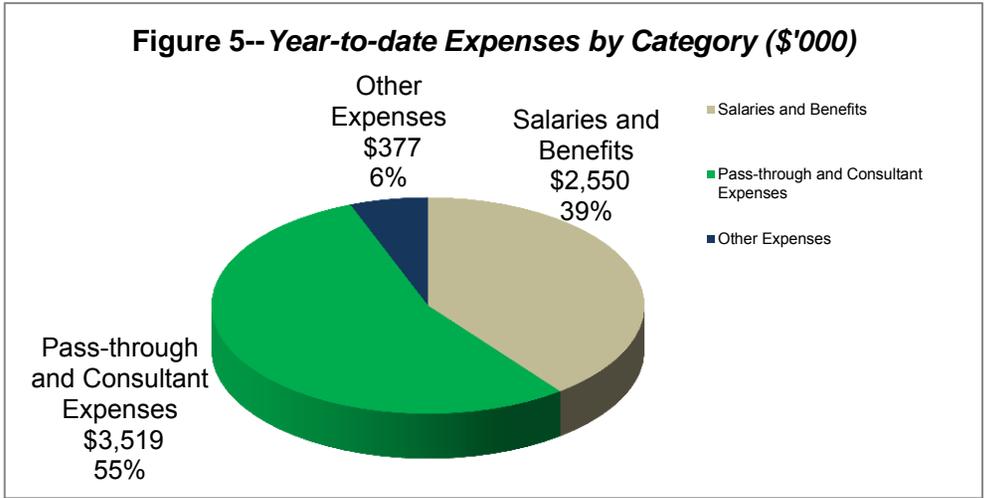
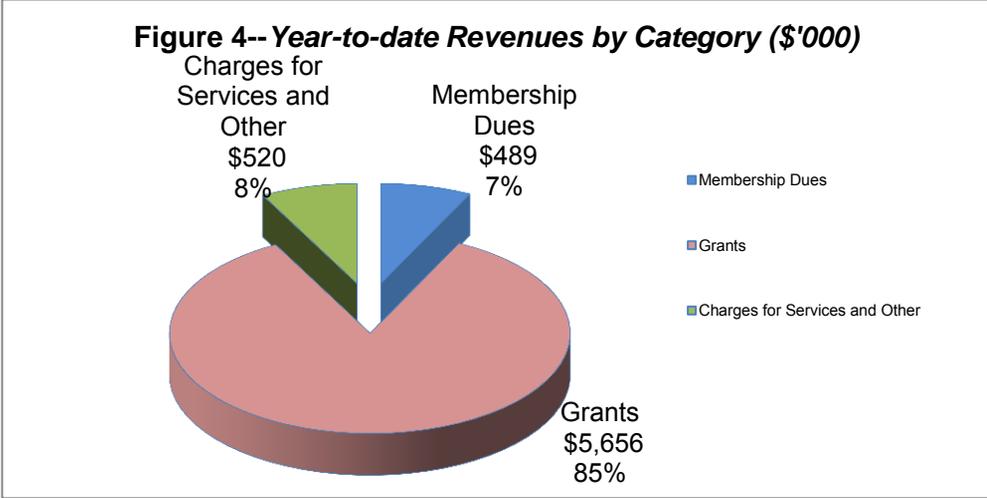
ABAG Financial Indices

Presents a comparison of current month actual, year-to-date actual, and adopted/projected revenues and expenses.



Shows year-to-date revenues by major category including membership dues, grants, and charges for services and other.

Shows year-to-date expenses by major category including salaries and benefits, pass-through and consultant expenses, and other expenses.



ABAG Financial Indices

Presents actual and adopted/projected general, restricted and total fund equities for the current fiscal year. General fund equity represents unrestricted equity. Restricted equities include building improvements, building maintenance, self-insurance, capital and contingency reserve. These restricted equities represent the Association's equities set aside for specific purposes. Total equity is the sum total of general and restricted equities.

Shows a comparison between the actual indirect cost rate and the projected and approved rate. The approved indirect cost rate is computed by dividing total estimated overhead expenses by total projected direct labor cost for a fiscal year. This rate is used as a standard overhead cost rate to allocate indirect costs to all projects. This process is performed in accordance with an indirect cost plan, which is prepared annually in accordance with federal guidelines.

Figure 6--Net Position/Fund Equity (\$'000)

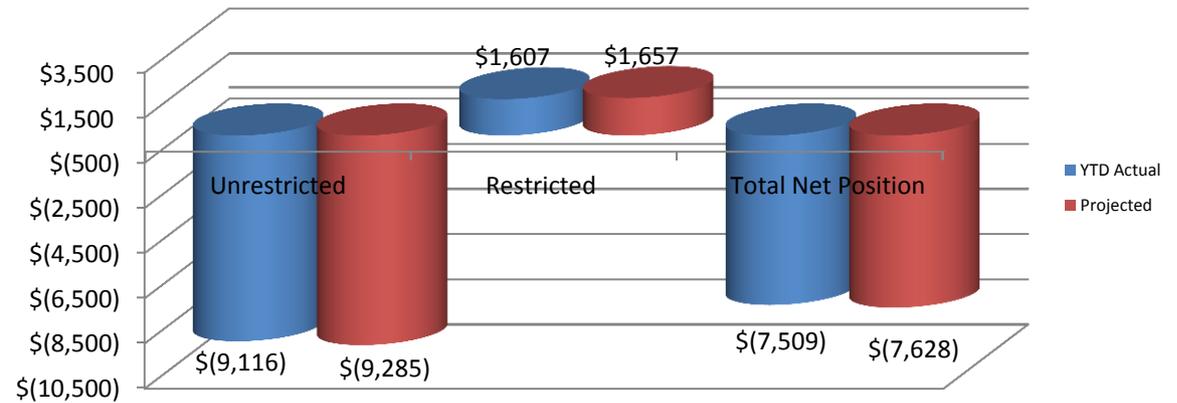
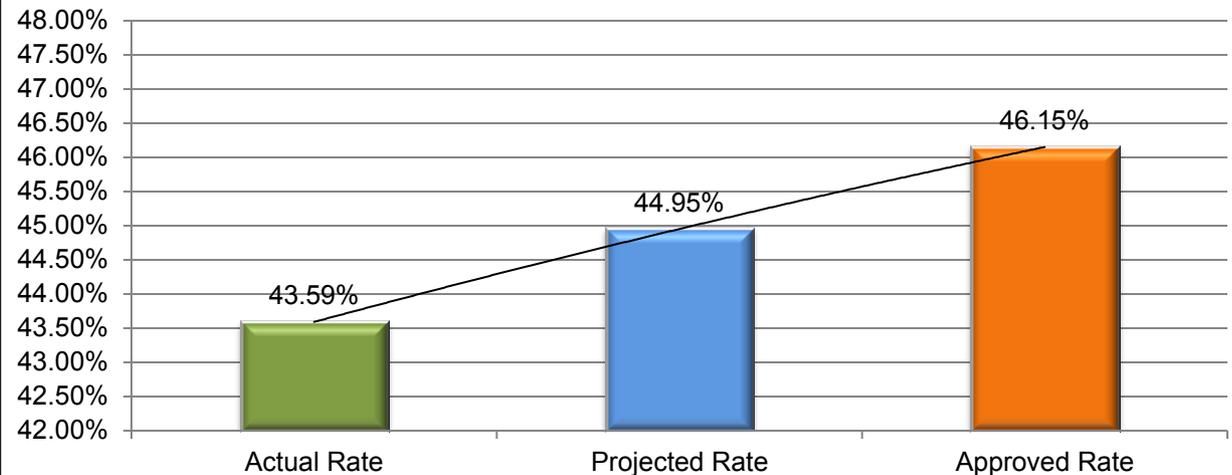


Figure 7--Indirect Overhead Rate



Association of Bay Area Governments

Report by Program of Net Surplus/(Deficit) Through September 2016 / 25% of Year Elapsed

Program Description	Adopted Budget	Adjustments	Projected Fiscal Year Budget	Year-To-Date Revenues	Year-To-Date Expenses	YTD Surplus/ (Deficit)	% of Expense Budget	Comments (for variances 10% > or < than 25%)
			A	B	C	D = B - C	E = C/A	
Planning Services	4,398,001		4,398,001	965,586	965,586	-	22%	
San Francisco Estuary Partnership	31,023,411		31,023,411	1,026,965	1,043,884	(16,919)	3%	Expenses are expected to increase as subrecipients bill for the IRWMP project. Due to complexity and the multi-year duration of the projects it takes several weeks to know the actual progress of various projects. Further, SFEP is reviewing the budgets in November, and this may result in revised projections.
Disaster Recovery	866,296		866,296	241,537	241,247	290	28%	
Bay Trail	1,998,340		1,998,340	315,357	315,357	-	16%	
Training Center, Web Hosting and Publications	280,000		280,000	4,863	2,703	2,160	1%	The budget did not anticipate the sale of the training center. The budgets are under review in November and a budget adjustment for this program will be proposed to reflect the current operations.
POWER/Energy	13,277,000		13,277,000	2,926,379	2,937,846	(11,467)	22%	
FAN Finance Authority	1,050,000		1,050,000	249,005	249,861	(856)	24%	
PLAN Corporation - Property & Liability Insurance Pool	2,450,000		2,450,000	403,628	403,628	-	16%	
SHARP - Worker's Comp Pool	150,000		150,000	20,190	20,190	-	13%	Expect expenses to increase throughout the year, as members claim reimbursements for loss prevention program expenditures.
Fiscal Agent Services	131,400		131,400	25,747	25,583	165	19%	
Communications/Legislative	660,000		660,000	139,393	139,393	-	21%	
Agency Administration	1,885,267		1,885,267	346,358	284,892	61,466	15%	
Payroll Clearing	-		-	-	(140,091)	140,091	n/a	Expect the payroll clearing account to be close to breakeven towards year end.
Central Overhead	-		-	795,812	751,611	44,202	n/a	The expense of \$751,611 is 22% of indirect costs of the \$3,346k projection reported to EPA, so amount is reasonable.
Totals	58,169,715	-	58,169,715	7,460,821	7,241,688	219,133	12%	

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ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



ABAG

Date: November 10, 2016
To: ABAG Executive Board
From: Courtney Ruby
Director of Finance and Administrative Services
Subject: **Payment of Membership Dues for Fiscal Year 2016-17**

Executive Summary

Jurisdictions were invoiced for Fiscal Year 2016-17 membership dues in May 2016, payable on July 1, 2016. Out of a total billing of \$1.96 million to 109 jurisdictions, \$162 thousand was outstanding from 10 jurisdictions as of September 30, 2016.

Compared to the prior year, out of a total billing of \$1.89 million for Fiscal Year 2015-16 to 109 jurisdictions, \$303 thousand was outstanding from 9 jurisdictions as of September 30, 2015.

Recommended Action

Information

Attachment

None

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**ASSOCIATION OF BAY AREA GOVERNMENTS
RETIREE HEALTHCARE PLAN**

BARTEL
ASSOCIATES, LLC

June 30, 2015 Actuarial Valuation
Final Results

Presented by John E. Bartel, President
Prepared by Bianca Lin, Assistant Vice President & Actuary
Daniel Park, Actuarial Analyst
Tak Frazita, Associate Actuary
Bartel Associates, LLC

November 17, 2016

AGENDA

Topic	Slide
■ Valuation Summary	
● Benefits	1
● Participant Data	2
● Assumptions	4
● Results	5

BENEFITS

	Tier 1 (Hired < 7/1/09)	Tier 2 (Hired ≥ 7/1/09)
■ Eligibility	■ Retire directly from ABAG under CalPERS	
■ Medical Benefit	<ul style="list-style-type: none"> ■ Retired < 9/1/94 – 100% of Kaiser single premium ■ Retired ≥ 9/1/94 – 100% of Kaiser 2-Party premium ■ Basic/Supplemental Medicare premium for pre-post-65 	■ PEMHCA minimum
■ Medical After Retirement Account (MARA) (Not Included in OPEB Valuation)	<ul style="list-style-type: none"> ■ One time option to enroll ■ Must opt out of defined benefit medical plan ■ ABAG contributes PEMHCA min if opt in ■ Open enrollment ended in 2013 	<ul style="list-style-type: none"> ■ Must enroll in MARA ■ ABAG contributes the \$200/mo for management and \$100/mo for non-management to individual MARA account
■ Medicare Part B Reimbursement	■ 100%	

PARTICIPANT DATA

	6/30/2009	6/30/2011	6/30/2013	6/30/2015
■ Tier 1 Actives				
● Counts	82	73	50	33
● Average Age	46.7	48.6	52.3	52.5
● ABAG Service	7.1	8.8	11.6	13.2
■ Tier 2 Actives				
● Counts	-	5	32	36
● Average Age	N/A	44.2	40.3	42.6
● ABAG Service	N/A	1.1	2.7	3.8

PARTICIPANT DATA

	6/30/2009	6/30/2011	6/30/2013	6/30/2015
■ Retiree Count				
● Tier 1 (Retired<9/1/94)	3	3	3	3
● Tier 1 (Retired≥9/1/94)	23	26	33	48
● Total	26	29	36	51
■ Retiree Average Age	66.0	67.6	68.0	67.1
■ Average Retirement Age				
● Service	60.0	60.5	60.4	59.8
● Disabled Retirees	N/A	N/A	N/A	51.8

ASSUMPTIONS

- Valuation Date**
 - June 30, 2015 for fiscal years 2016/17 & 2017/18
- Discount Rate**
 - 7.25% - ARC pre-funded with CalPERS CERBT Fund #1
- Service Retirement**
 - CalPERS 1997-2011 Experience Study
- Mortality, Withdrawal, Disability**
 - CalPERS 1997-2011 Experience Study
 - Post-retirement mortality projected fully generational with Scale MP-2014, modified to converge to ultimate rates in 2022

■ Medical Trend	<u>Year</u>	<u>Non-Medicare</u>	<u>Medicare</u>
	2017	Actual Premiums	Actual Premiums
	2018	6.5%	6.7%
	↓	↓	↓
	2021+	5.0%	5.0%

RESULTS

Actuarial Obligations

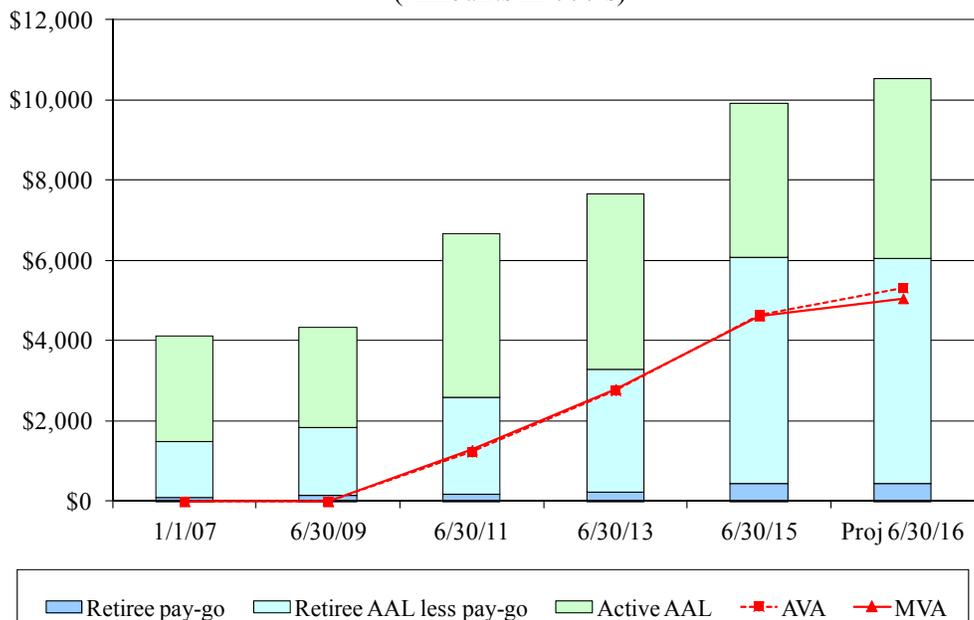
(Amounts in 000's)

	6/30/13 Valuation		6/30/15 Valuation	
	Actual 6/30/13	Proj 6/30/14	Actual 6/30/15	Proj 6/30/16
Discount Rate	7.61%		7.25%	
Actuarial Accrued Liability				
● Actives	\$ 4,391		\$ 3,826	
● Retirees	<u>3,284</u>		<u>6,087</u>	
● Total	7,675	\$ 8,457	9,913	\$ 10,533
Actuarial Value of Assets	<u>2,754</u>	<u>3,710</u>	<u>4,637</u>	<u>5,324</u>
Unfunded AAL	4,921	4,747	5,276	5,209
Funded Ratio	36%	44%	47%	50%

RESULTS

Historical Funded Status

(Amounts in 000's)



RESULTS

Annual Required Contribution (ARC)

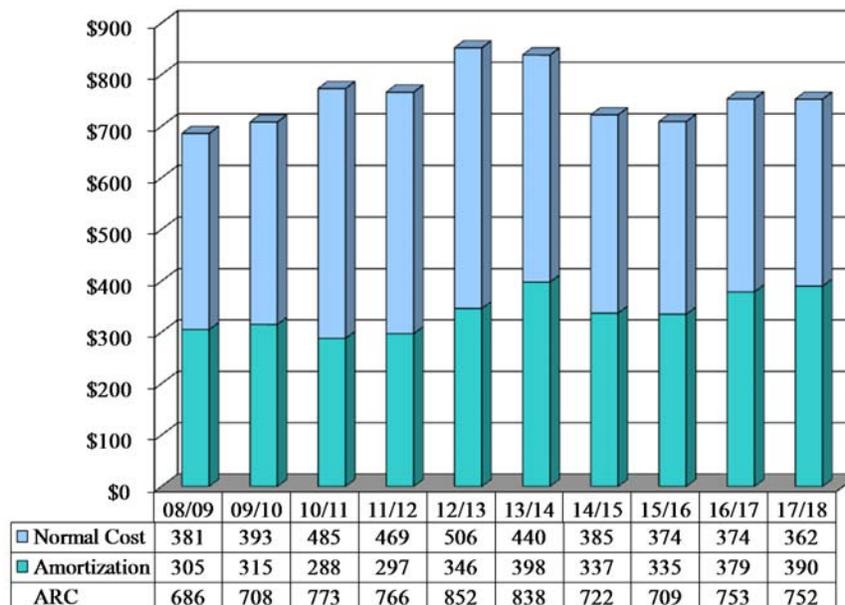
(Amounts in 000's)

	6/30/13 Valuation		6/30/15 Valuation	
	14/15	15/16	16/17	17/18
Discount Rate	7.61%		7.25%	
ARC - \$				
● Normal Cost	\$ 385	\$ 374	\$ 374	\$ 362
● UAAL Amortization	<u>337</u>	<u>335</u>	<u>379</u>	<u>390</u>
● Total	722	709	753	752
Projected Payroll	6,408	6,617	6,573	6,787
ARC - %	11.3%	10.7%	11.5%	11.1%

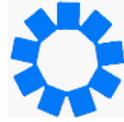
RESULTS

Historical Annual Required Contributions

(Amounts in 000's)



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**ASSOCIATION OF BAY AREA GOVERNMENTS
RETIREE HEALTHCARE PLAN**

BARTEL
ASSOCIATES, LLC

June 30, 2015 Actuarial Valuation
Final Results

Presented by John E. Bartel, President
Prepared by Bianca Lin, Assistant Vice President & Actuary
Daniel Park, Actuarial Analyst
Tak Frazita, Associate Actuary
Bartel Associates, LLC

August 8, 2016

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Topic	Page
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BENEFIT SUMMARY

	Tier 1 (Hired < 7/1/09)	Tier 2 (Hired ≥ 7/1/09)
■ Eligibility	■ Service or disability retire directly from ABAG under CalPERS	
■ Medical Benefit	<ul style="list-style-type: none"> ■ Retired < 9/1/94 – 100% of Kaiser single premium ■ Retired ≥ 9/1/94 – 100% of Kaiser 2-party premium ■ Basic/Supplemental Medicare premium for pre-/post-65¹ 	■ PEMHCA minimum
■ PEMHCA Admin Fee	■ Paid by ABAG	
■ Medical After Retirement Account (MARA) (Not included in OPEB valuation)	<ul style="list-style-type: none"> ■ One time only option to enroll ■ Must opt out of defined benefit medical plan ■ ABAG contributes PEMHCA minimum if opt in MARA ■ Open enrollment for MARA ended in 2013 	<ul style="list-style-type: none"> ■ Must enroll in MARA ■ ABAG contributes the \$200/mo for management and \$100/mo for non-management to an individual MARA account

¹ Effective 1/1/2015. Cap was basic premium prior to the change.



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BENEFIT SUMMARY

	Tier 1 (Hired < 7/1/09)	Tier 2 (Hired ≥ 7/1/09)																
■ Medicare Part B Reimbursement	<ul style="list-style-type: none"> ■ Retired < 9/1/94 – 100% for retiree ■ Retired ≥ 9/1/94 – 100% for retiree and spouse 	■ None																
■ Surviving Spouse Benefit	■ Same benefit continues to surviving spouse if retiree elects CalPERS survivor annuity																	
■ Dental, Vision & Life	■ None																	
■ Pay-As-You-Go Cost	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; border-bottom: 1px solid black;">Year</th> <th style="text-align: center; border-bottom: 1px solid black;">CAFR</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2014/15</td> <td style="text-align: center;">\$293,898</td> </tr> <tr> <td style="text-align: center;">2013/14</td> <td style="text-align: center;">227,019</td> </tr> <tr> <td style="text-align: center;">2012/13</td> <td style="text-align: center;">190,834</td> </tr> <tr> <td style="text-align: center;">2011/12</td> <td style="text-align: center;">169,855</td> </tr> <tr> <td style="text-align: center;">2010/11</td> <td style="text-align: center;">152,985</td> </tr> <tr> <td style="text-align: center;">2009/10</td> <td style="text-align: center;">148,241</td> </tr> <tr> <td style="text-align: center;">2008/09</td> <td style="text-align: center;">120,677</td> </tr> </tbody> </table>	Year	CAFR	2014/15	\$293,898	2013/14	227,019	2012/13	190,834	2011/12	169,855	2010/11	152,985	2009/10	148,241	2008/09	120,677	
Year	CAFR																	
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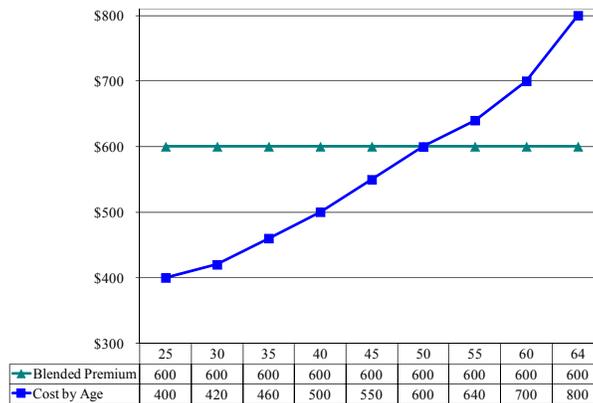


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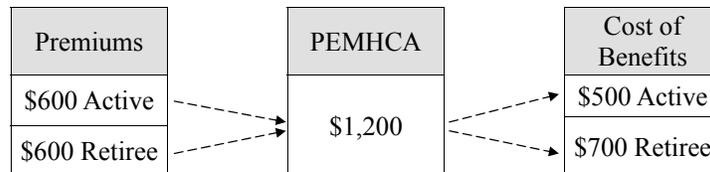


IMPLIED SUBSIDY

- For PEMHCA, employer cost for allowing retirees to participate at active rates.
 - General trend:



- Sample active age 40, retire age 60:



IMPLIED SUBSIDY

- GASB 45 defers to actuarial standards of practice.
- Prior Actuarial Standards of Practice No. 6² (ASOP 6) allowed community rated plans to value liability using premiums, resulting in no implied subsidy.
- In May 2014, Actuarial Standards Board released revised ASOP 6:
 - Requires implied subsidy valued for community rated plans such as PEMHCA.
 - Timing: effective with all valuations on or after March 31, 2015
- Both June 30, 2013 and June 30, 2015 valuations include the PEMHCA implied subsidy.

² Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Plan Costs or Contributions.

PARTICIPANT STATISTICS

Actives

	1/1/07	6/30/09	6/30/11	6/30/13	6/30/15
■ Tier 1	79	82	73	50	33
• Average Age	46.5	46.7	48.6	52.3	52.5
• Average ABAG Service	7.7	7.1	8.8	11.6	13.2
• Average Payroll	\$77,310	\$83,264	\$86,213	\$88,818	\$95,929
• Payroll (000's)	6,108	6,828	6,294	4,441	3,166
■ Tier 2	-	-	5	32	36
• Average Age	n/a	n/a	44.2	40.3	42.6
• Average ABAG Service	n/a	n/a	1.1	2.7	3.8
• Average Payroll	n/a	n/a	\$78,057	\$75,936	\$88,901
• Payroll (000's)	n/a	n/a	390	2,430	3,200
■ Total	79	82	78	82	69
• Average Age	46.5	46.7	48.3	47.6	47.4
• Average ABAG Service	7.7	7.1	8.3	8.1	8.3
• Average Payroll	\$77,310	\$83,264	\$85,691	\$83,791	\$92,262
• Payroll (000's)	6,108	6,828	6,684	6,871	6,366



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PARTICIPANT STATISTICS

Retirees

	1/1/07	6/30/09	6/30/11	6/30/13	6/30/15
■ Count					
• Tier 1 (Retired < 9/1/94)	3	3	3	3	3
• Tier 1 (Retired ≥ 9/1/94)	13	23	26	33	48
• Tier 2	-	-	-	-	-
• Total	16	26	29	36	51
• Not receiving benefits	4	6	7	8	10
• Receiving benefits	12	20	22	28	41
■ Average Age	65.6	66.0	67.6	68.0	67.1
■ Average Retirement Age					
• Service	59.0	60.0	60.5	60.4	59.8
• Disabled Retirees	n/a	n/a	n/a	n/a	51.8



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PARTICIPANT STATISTICS

Participant Reconciliation

	Actives	Service Retirees	Disability Retirees	Total
■ June 30, 2013	82	36	-	118
• Terminations/Deaths	(13)	-	-	(13)
• New Retirees	(15)	15	-	-
• New Hires/Rehires	15	-		15
• Data Adjustments	<u>-</u>	<u>(1)</u>	<u>1</u>	<u>-</u>
■ June 30, 2015	69	50	1	120

ACTUARIAL ASSUMPTIONS HIGHLIGHTS

Assumption	June 30, 2013 Valuation	June 30, 2015 Valuation
■ Valuation Date	■ June 30, 2013 ■ 2014/15 & 2015/16 ARCs	■ June 30, 2015 ■ 2016/17 ARC & 2017/18 ADC
■ Discount Rate	■ 7.61% – ARC pre-funded with CalPERS CERBT Fund #1	■ 7.25% – ARC pre-funded with CalPERS CERBT Fund #1
■ Mortality, Withdrawal, Disability	■ CalPERS 1997-2011 Experience Study ■ Post-retirement mortality projected fully generational with Scale AA	■ CalPERS 1997-2011 Experience Study ■ Post-retirement mortality projected fully generational with Scale MP-2014, modified to converge to ultimate rates in 2022
■ ACA Excise Tax	■ n/a	■ 2% load on cash liability

ACTUARIAL ASSUMPTIONS HIGHLIGHTS

Assumption	June 30, 2013 Valuation		June 30, 2015 Valuation	
■ Medical Trend	<u>Increase from Prior Year</u>		<u>Increase from Prior Year</u>	
		<u>Non-Medicare</u>	<u>Medicare</u>	
	<u>Year</u>			<u>Year</u>
	2013			2013
	2014			2014
	2015	Premiums	8.3% ³	2015
	2016	7.5%	7.8%	2016
	2017	7.0%	7.2%	2017
	2018	6.5%	6.7%	2018
	2019	6.0%	6.1%	2019
	2020	5.5%	5.6%	2020
2021+	5.0%	5.0%	2021+	

³ Applicable to Medicare Part B premium only. 2015 based on actual PEMHCA premiums.

⁴ Applicable to Medicare Part B premium only. 2017 based on actual PEMHCA premiums.



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ACTUARIAL ASSUMPTIONS HIGHLIGHTS

Assumption	June 30, 2013 Valuation		June 30, 2015 Valuation	
■ Medical Plan at Retirement	■ Actives – Based on current retiree elections		■ Actives – Based on current retiree elections	
		<u><65</u>	<u>65+</u>	
	BS Access+	45%	5%	BS Access+
	Kaiser	45%	55%	Kaiser
	PERS Choice	10%	40%	PERS Choice
	■ Retirees:		■ Retirees:	
	• Currently < 65			• Currently < 65
	➢ Pre-65 – Same as current elections			➢ Pre-65 – Same as current elections
	➢ Post-65 – Based on current post-65 retiree elections			➢ Post-65 – Based on current post-65 retiree elections
	• Currently ≥ 65 – Same as current elections			• Currently ≥ 65 – Same as current elections
				■ Non-Kaiser HMO over 65 – Elect UnitedHealthcare beginning 2016
			■ BSNV under 65 – Elect BS Access+ beginning 2017	



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ACTUARIAL METHODS

Method	June 30, 2013 Valuation	June 30, 2015 Valuation
■ Cost Method	■ Entry Age Normal	■ Same
■ Actuarial Value of Assets	<ul style="list-style-type: none"> ■ Investment gains and losses spread over a 5-year rolling period ■ Not less than 80% nor more than 120% of market value 	■ Same
■ Amortization Method	■ Level percent of payroll	■ Same
■ Amortization Period	<ul style="list-style-type: none"> ■ 6/30/14 UAAL – 23-year fixed (closed) period (fresh start for 2014/15 ARC) ■ 6/30/15 UAAL – 22-year fixed (closed) period (fresh start for 2015/16 ARC) ■ Maximum 30-year combined period 	<ul style="list-style-type: none"> ■ 6/30/16 UAAL – 21-year fixed (closed) period (fresh start for 2016/17 ARC) ■ 6/30/17 UAAL – 20-year fixed (closed) period (fresh start for 2017/18 ARC) ■ Maximum 30-year combined period

ACTUARIAL METHODS

Method	June 30, 2013 Valuation	June 30, 2015 Valuation
■ "Implied Subsidy"	<ul style="list-style-type: none"> ■ Employer cost for allowing non-Medicare eligible retirees to participate at active rates ■ Actuarial Standards Board released revised ASOP 6: Requires implied subsidy valued for community rated plans such as PEMHCA. ■ Valuation includes the implied subsidy 	
■ Future New Entrants	■ None – closed group	
■ Contribution Policy	<ul style="list-style-type: none"> ■ Contribute the prior year end's Net OPEB Obligation (NOO) ■ Beginning in 2018/19 contribute the Actuarially Determined Contribution (ADC) 	

ASSETS

Market Value of Plan Assets

(Amounts in 000's)

	2012/13	2013/14	2014/15	Proj. 2015/16 ⁵
■ MVA (Beginning of Year)	\$ 1,947	\$ 2,801	\$ 4,034	\$ 4,630
• Contributions	610	667	600	402
• Benefit Payments ⁶	-	-	-	-
• Expenses	(4)	(5)	(4)	(4)
• Earnings	<u>248</u>	<u>571</u>	<u>0</u>	<u>32</u>
■ MVA (End of Year)	2,801	4,034	4,630	5,060
■ Approximate Annualized Return⁷	10.8%	18.0%	(0.1%)	0.6%

⁵ Asset data used through March 2016, last 3 months assume 7.25% annualized rate of return.

⁶ Paid outside of CERBT.

⁷ Net of expenses.



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ASSETS

Actuarial Value of Plan Assets

(Amounts in 000's)

	2012/13	2013/14	2014/15	Proj. 2015/16
■ AVA (Beginning of Year)	\$ 1,960	\$ 2,754	\$ 3,732	\$ 4,637
• Contributions	610	667	600	402
• Benefit Payments ⁸	-	-	-	-
• Expected Earnings	<u>173</u>	<u>236</u>	<u>307</u>	<u>351</u>
■ Expected AVA (End of Year)	2,743	3,657	4,639	5,390
■ MVA (End of Year)	2,801	4,034	4,630	5,060
■ 1/5 of (MVA - Expected AVA)	12	75	(2)	(66)
■ Preliminary AVA	2,754	3,732	4,637	5,324
• Minimum AVA (80% of MVA)	n/a	3,227	3,704	4,048
• Maximum AVA (120% of MVA)	n/a	4,841	5,556	6,072
■ AVA (End of Year)	2,754	3,732	4,637	5,324
■ Approximate Annualized Return	8.1%	10.0%	7.6%	5.9%

⁸ Paid outside of CERBT.

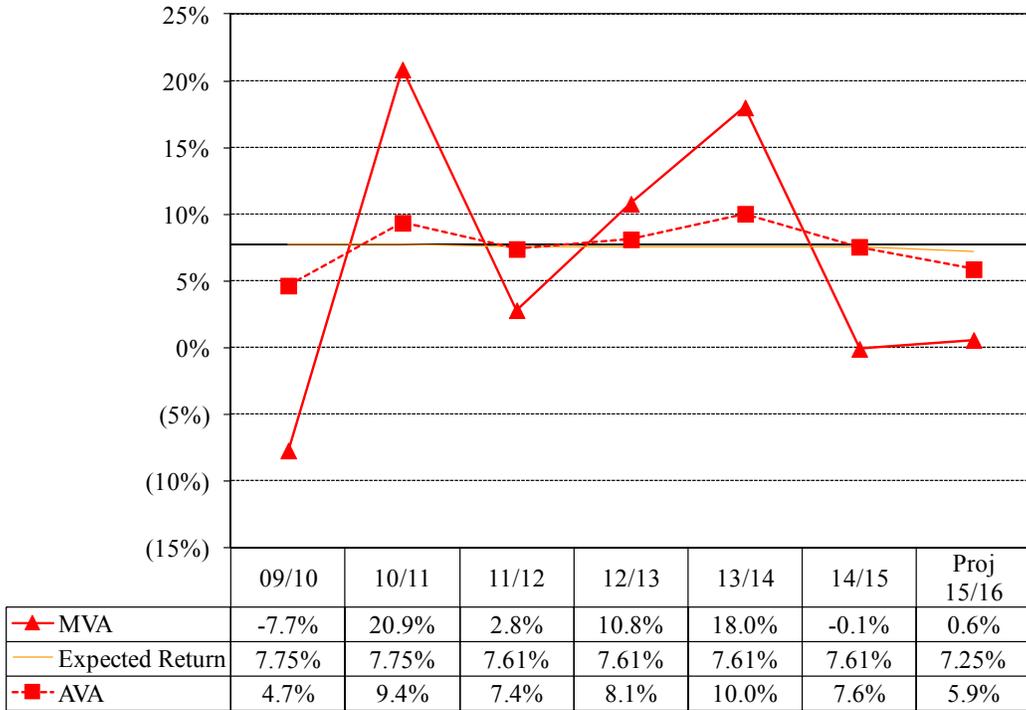


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ASSETS

Historical Annualized Asset Returns

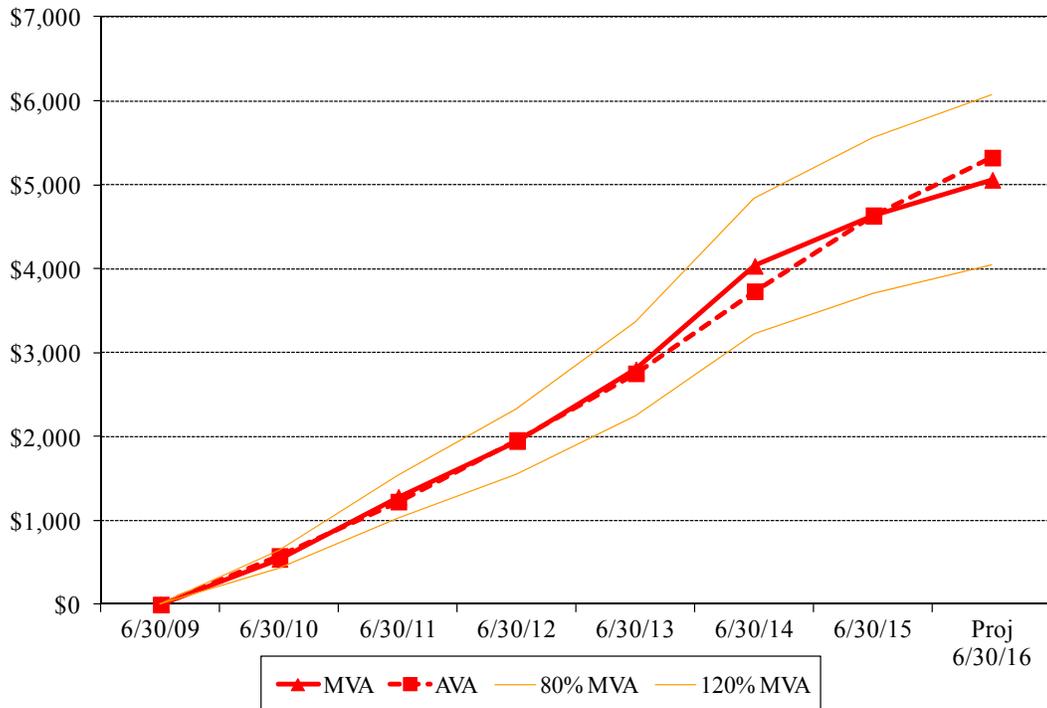


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ASSETS

Historical Value of Plan Assets



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RESULTS

Actuarial Obligations

(Amounts in 000's)

	6/30/13 Valuation		6/30/15 Valuation	
	Actual 6/30/13	Projected 6/30/14	Actual 6/30/15	Projected 6/30/16
■ Discount Rate	7.61%		7.25%	
■ Present Value of Benefits				
• Actives	\$ 7,355		\$ 6,042	
• Retirees	<u>3,284</u>		<u>6,087</u>	
• Total	10,639		12,129	
■ Actuarial Accrued Liability				
• Actives	4,391		3,826	
• Retirees	<u>3,284</u>		<u>6,087</u>	
• Total	7,675	\$ 8,457	9,913	\$ 10,533
■ Actuarial Value of Assets	<u>2,754</u>	<u>3,710</u>	<u>4,637</u>	<u>5,324</u>
■ Unfunded AAL	4,921	4,747	5,276	5,209
■ Funded Ratio	35.9%	43.9%	46.8%	50.5%
■ Normal Cost		385		374
■ Pay-As-You-Go Cost		296		498



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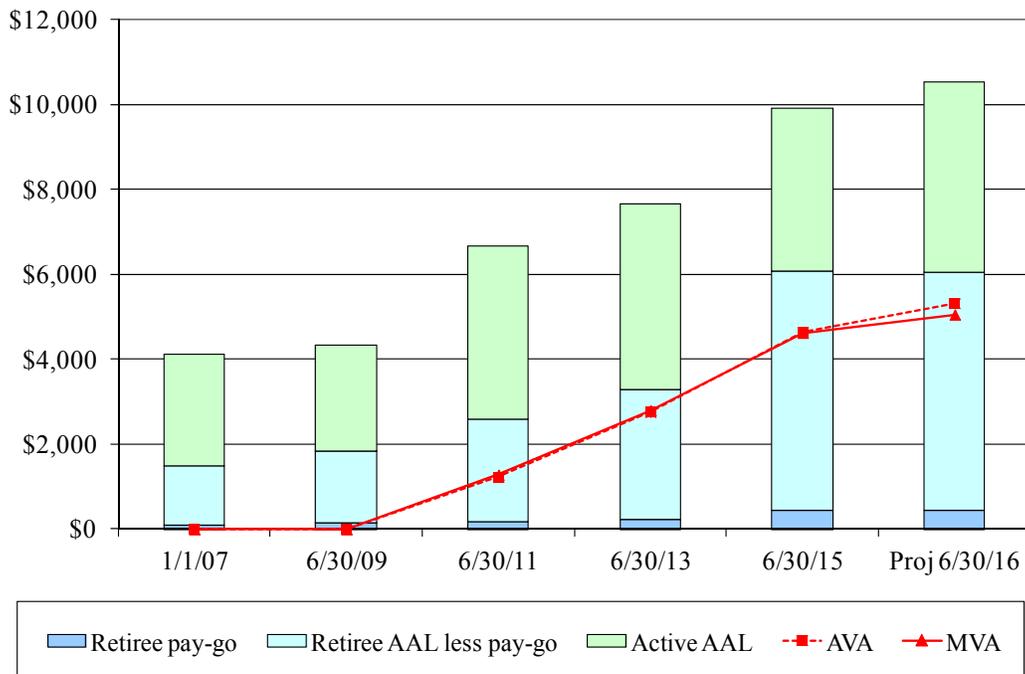
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RESULTS

Historical Funded Status

(Amounts in 000's)



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RESULTS

Estimated Actuarial Gain/Loss Analysis

(Amounts in 000's)

	AAL	(Assets)	UAAL
■ Actual @ 6/30/13	\$ 7,675	\$ (2,754)	\$ 4,921
■ Expected @ 6/30/16	9,880	(5,081)	4,799
■ (Gains)/Losses			
• Premiums and PEMHCA minimum lower than expected	(967)	-	(967)
• Contribution & investment (gain)/loss	-	(243)	(243)
• Demographic & other	984 ⁹	-	984
■ Assumption Changes			
• Medical plan elections at retirement	(21)	-	(21)
• Mortality Projection with Scale MP-2014	348	-	348
• Discount Rate Change: 7.61% to 7.25%	451	-	451
• ACA Excise Tax	194	-	194
■ Plan Change	(335)	-	(335)
■ Total Changes	654	(244)	410
■ Projected @ 6/30/16	10,533	(5,324)	5,209

⁹ Includes \$1,091,000 retirement losses.



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RESULTS

Schedule of Funding Progress

(Amounts in 000's)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as Percentage of Covered Payroll ((b-a)/c)
1/01/07	\$ -	\$ 4,128	\$ 4,128	0.0%	\$ 6,306	65.5%
6/30/09	-	4,346	4,346	0.0%	6,828	63.6%
6/30/11	1,226	6,684	5,458	18.3%	6,684	81.7%
6/30/13	2,754	7,675	4,921	35.9%	6,871	71.6%
6/30/15	4,637	9,913	5,276	46.8%	6,366	82.9%



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RESULTS

Annual Required Contribution (ARC)

(Amounts in 000's)

	6/30/13 Valuation		6/30/15 Valuation	
	2014/15	2015/16	2016/17	2017/18
■ Discount Rate	7.61%		7.25%	
■ ARC - \$				
• Normal Cost ¹⁰	\$ 385	\$ 374	\$ 374	\$ 362
• UAAL Amortization	<u>337</u>	<u>335</u>	<u>379</u>	<u>390</u>
• Total	722	709	753	752
■ Projected Payroll	6,408	6,617	6,573	6,787
■ ARC - %				
• Normal Cost	6.0%	5.7%	5.7%	5.3%
• UAAL Amortization	<u>5.3%</u>	<u>5.1%</u>	<u>5.8%</u>	<u>5.7%</u>
• Total	11.3%	10.7%	11.5%	11.1%

¹⁰ Blended Tier 1 and Tier 2 Normal Cost. Does not include \$200 or \$100/mo MARA contribution.



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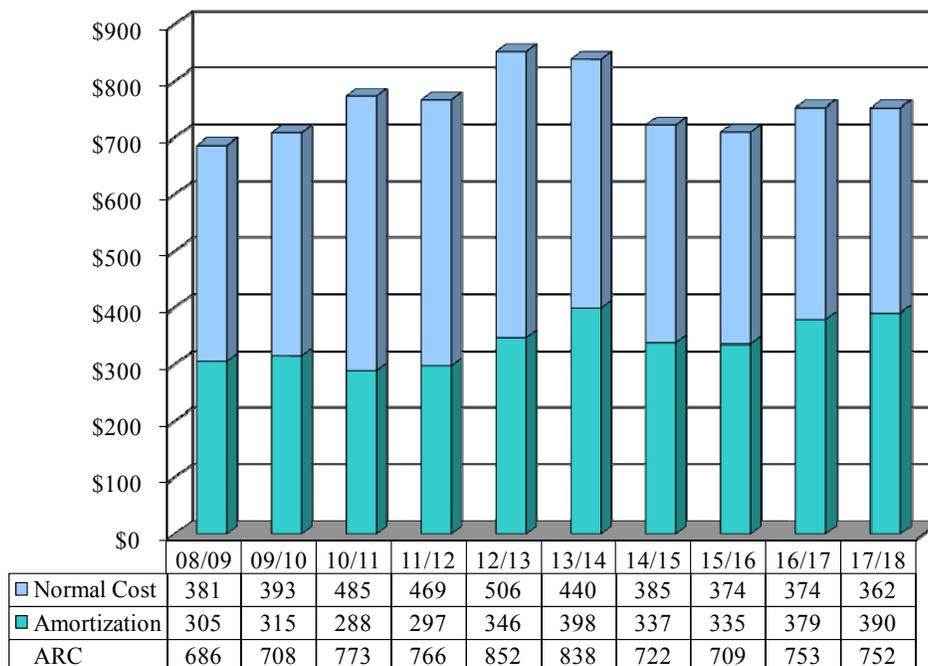
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RESULTS

Historical Annual Required Contributions

(Amounts in 000's)



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RESULTS

Amortization Bases

(Amounts in 000's)

	6/30/13 Valuation		6/30/15 Valuation	
	6/30/14	6/30/15	6/30/16	6/30/17
■ Discount Rate	7.61%		7.25%	
■ Amortization Payment - \$				
• 2014 Fresh Start UAAL	\$ 4,747			
• 2015 Fresh Start UAAL	-	\$ 4,594		
• 2016 Fresh Start UAAL	-	-	\$ 5,209	
• 2017 Fresh Start UAAL	-	-	-	\$ 5,196
• Total	4,747	4,594	5,209	5,196



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RESULTS

Amortization Payments

(Amounts in 000's)

	6/30/13 Valuation		6/30/15 Valuation	
	2014/15	2015/16	2016/17	2017/18
■ Discount Rate	7.61%		7.25%	
■ Amortization Payment¹¹ - \$				
• 2014 Fresh Start UAAL	\$ 337			
• 2015 Fresh Start UAAL	-	\$ 335		
• 2016 Fresh Start UAAL	-	-	\$ 379	
• 2017 Fresh Start UAAL	-	-	-	\$ 390
• Total	337	335	379	390
■ Average Amortization Years	23.0	22.0	21.0	20.0

¹¹ Amortized over 23-year closed period beginning 2014/15.
Amortized over 21-year closed period beginning 2016/17



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RESULTS

Estimated Net OPEB Obligation (NOO) Illustration

(Amounts in 000's)	CAFR 2014/15	Estimated 2015/16	Estimated 2016/17
■ NOO at Beginning of Year	\$ 600	\$ 402	\$ 266
■ Annual OPEB Cost (AOC)			
• Annual Required Contribution	768	709	753
• Interest on NOO	46	31	19
• Amortization of NOO	<u>(118)</u>	<u>(29)</u>	<u>(19)</u>
• Annual OPEB Cost	696	710	753
■ Contributions			
• Cash Subsidy Paid Outside Trust ¹²	294	402	427
• Implied Subsidy	-	42	72
• Reimbursement from Trust	-	-	-
• Trust Pre-Funding ¹³	<u>600</u>	<u>402</u>	<u>266</u>
• Total Contribution	894	846	764
■ NOO at End of Year	402	266	255
■ NOO Amortization Years	n/a	22.0	21.0
■ NOO Amortization Factor	n/a	13.70	13.75

¹² Estimated cash payments shown for 2015/16 to 2016/17. Actual cash payments should be used for OPEB footnote.

¹³ Assumes ABAG continues current prefunding pattern that contribution equals to NOO for 2016/17.



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RESULTS

Estimated Full ARC Pre-Funding Illustration¹⁴

Cash & Implied Subsidy

7.25% Discount Rate

(Amounts in 000's)

FYE June 30,	Beginning of Year Net OPEB Obligation	ARC/ ADC	Annual OPEB Cost (AOC)	Contribution			Payroll	ARC as % of Payroll	Contrib as % of Payroll
				Benefit Pmts	Pre- Funding	Total Contrib			
2017	\$ 266	\$ 753	\$ 753	\$ 498	\$ 266	\$ 764	\$ 6,573	11.5%	11.6%
2018	255	752	n/a	525	255	780	6,787	11.1%	11.5%
2019	n/a	751	n/a	593	158	751	7,007	10.7%	10.7%
2020	n/a	751	n/a	672	79	751	7,235	10.4%	10.4%
2021	n/a	754	n/a	703	51	754	7,470	10.1%	10.1%
2022	n/a	757	n/a	756	1	757	7,713	9.8%	9.8%
2023	n/a	762	n/a	790	(28)	762	7,963	9.6%	9.6%
2024	n/a	766	n/a	863	(97)	766	8,222	9.3%	9.3%
2025	n/a	766	n/a	902	(136)	766	8,489	9.0%	9.0%
2026	n/a	771	n/a	943	(172)	771	8,765	8.8%	8.8%

¹⁴ Assumes ABAG continues current prefunding pattern that contribution equals to the beginning of year NOO for 2016/17 and 2017/18, and full ADC prefunding thereafter.



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RESULTS

Projected ARC – Tier 1 & Tier 2 Blended (without DC Plan Contributions)

7.25% Discount Rate

(Amounts in 000's)

FYE June 30,	Payroll			NC as % of Payroll			UAAL Amort as % of Payroll	Blended ARC as % of Payroll	Blended ARC
	Tier 1	Tier 2	Total	Tier 1	Tier 2 ¹⁵	Total			
2017	\$2,986	\$3,587	\$6,573	10.6%	1.6%	5.7%	5.8%	11.5%	\$753
2018	2,820	3,967	6,787	10.6%	1.6%	5.3%	5.8%	11.1%	752
2019	2,643	4,364	7,007	10.6%	1.6%	5.0%	5.7%	10.7%	751
2020	2,466	4,769	7,235	10.6%	1.6%	4.7%	5.7%	10.4%	751
2021	2,305	5,165	7,470	10.6%	1.6%	4.4%	5.7%	10.1%	754
2022	2,145	5,568	7,713	10.6%	1.6%	4.1%	5.7%	9.8%	757
2023	1,996	5,968	7,963	10.6%	1.6%	3.8%	5.7%	9.6%	762
2024	1,836	6,386	8,222	10.6%	1.6%	3.6%	5.7%	9.3%	766
2025	1,619	6,871	8,490	10.6%	1.6%	3.3%	5.7%	9.0%	766
2026	1,446	7,320	8,765	10.6%	1.6%	3.1%	5.7%	8.8%	771

¹⁵ Does not include MARA contributions.



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RESULTS

Projected ARC – Tier 1 & Tier 2 Blended (with DC Plan Contributions)

7.25% Discount Rate

(Amounts in 000's)

FYE June 30,	Payroll			NC as % of Payroll			UAAL Amort as % of Payroll	Blended ARC as % of Payroll	Blended ARC
	Tier 1	Tier 2	Total	Tier 1	Tier 2 ¹⁶	Total			
2017	\$2,986	\$3,587	\$6,573	10.6%	3.1%	6.5%	5.8%	12.3%	\$809
2018	2,820	3,967	6,787	10.6%	3.1%	6.2%	5.8%	12.0%	814
2019	2,643	4,364	7,007	10.6%	3.1%	6.0%	5.7%	11.7%	819
2020	2,466	4,769	7,235	10.6%	3.1%	5.7%	5.7%	11.4%	825
2021	2,305	5,165	7,470	10.6%	3.1%	5.4%	5.7%	11.2%	834
2022	2,145	5,568	7,713	10.6%	3.1%	5.2%	5.7%	10.9%	843
2023	1,996	5,968	7,963	10.6%	3.1%	5.0%	5.7%	10.7%	855
2024	1,836	6,386	8,222	10.6%	3.1%	4.8%	5.7%	10.5%	865
2025	1,619	6,871	8,490	10.6%	3.1%	4.6%	5.7%	10.3%	873
2026	1,446	7,320	8,765	10.6%	3.1%	4.4%	5.7%	10.1%	885

¹⁶ Includes both MARA contributions and PEMHCA minimum benefit.
Contributions to MARA assumed to remain at approximately 1.6% of MARA participant pay.



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RESULTS

Actuarial Obligations

June 30, 2015

7.25% Discount Rate

(Amounts in 000's)

	Cash Subsidy	Implied Subsidy	Total
■ Present Value of Benefits			
• Actives	\$ 5,233	\$ 809	\$ 6,042
• Retirees	<u>5,589</u>	<u>498</u>	<u>6,087</u>
• Total	10,822	1,307	12,129
■ Actuarial Accrued Liability			
• Actives	3,375	451	3,826
• Retirees	<u>5,589</u>	<u>498</u>	<u>6,087</u>
• Total	8,964	949	9,913
■ Actuarial Value of Assets¹⁷	<u>4,193</u>	<u>444</u>	<u>4,637</u>
■ Unfunded AAL	4,771	505	5,276
■ Normal Cost 2016/17	322	52	374
■ Pay-As-You-Go Cost 2016/17	427	72	498

¹⁷ Asset allocation based on liability.



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RESULTS

Annual Required Contribution (ARC)

2016/17 Fiscal Year

7.25% Discount Rate

(Amounts in 000's)

	Cash Subsidy	Implied Subsidy	Total
■ ARC - \$			
• Normal Cost ¹⁸	\$ 322	\$ 52	\$ 374
• UAAL Amortization ¹⁹	<u>343</u>	<u>36</u>	<u>379</u>
• Total	665	88	753
■ Projected Payroll	6,573	6,573	6,573
■ ARC - %			
• Normal Cost	4.9%	0.8%	5.7%
• UAAL Amortization	<u>5.2%</u>	<u>0.5%</u>	<u>5.8%</u>
• Total	10.1%	1.3%	11.5%

¹⁸ Blended Tier 1 and Tier 2 Normal Cost. Does not include MARA contribution.

¹⁹ 21-year closed period amortization of 6/30/16 UAAL beginning 2016/17.



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RESULTS

Benefit Payment Projection

(Amounts in 000's)

Fiscal Year	Cash Subsidy			Implied Subsidy	Total Payments
	Current Actives	Current Retirees	Total Payments		
2016/17	\$ 47	\$ 380	\$ 427	\$ 72	\$ 499
2017/18	75	378	453	72	525
2018/19	107	398	505	88	593
2019/20	144	415	559	113	672
2020/21	177	417	594	108	702
2021/22	214	422	636	119	755
2022/23	249	421	670	118	788
2023/24	295	429	724	139	863
2024/25	336	422	758	122	880
2025/26	373	434	807	136	943



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ACTUARIAL CERTIFICATION

This report presents the Association of Bay Area Governments Retiree Healthcare Plan ("Plan") June 30, 2015 actuarial valuation. The purpose of this valuation is to:

- Determine the Governmental Accounting Standards Board Statement Nos. 43 and 45 June 30, 2015 Benefit Obligations,
- Determine the Plan's June 30, 2015 Funded Status, and
- Calculate the 2016/17 and 2017/18 Annual Required Contributions.

The report provides information intended for reporting under GASB 43 and 45, but may not be appropriate for other purposes. Information provided in this report may be useful to the Association for the Plan's financial management. Future valuations may differ significantly if the Plan's experience differs from our assumptions or if there are changes in Plan design, actuarial methods, or actuarial assumptions. The project scope did not include an analysis of this potential variation.

The valuation is based on Plan provisions, participant data, and asset information provided by the Association as summarized in this report, which we relied on and did not audit. We reviewed the participant data for reasonableness.

To the best of our knowledge, this report is complete and accurate and has been conducted using generally accepted actuarial principles and practices. Additionally, in our opinion, actuarial methods and assumptions comply with GASB 43 and 45. As members of the American Academy of Actuaries meeting the Academy Qualification Standards, we certify the actuarial results and opinions herein.

Respectfully submitted,

John E. Bartel, ASA, MAAA, FCA
President
Bartel Associates, LLC
August 8, 2016

Bianca Lin, FSA, MAAA, FCA, EA
Assistant Vice President
Bartel Associates, LLC
August 8, 2016



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EXHIBITS

<u>Topic</u>	<u>Page</u>
Premiums	E - 1
Data Summary	E - 4
Actuarial Assumptions	E - 13
Definitions	E - 21

EXHIBIT – PREMIUMS

2015 PEMHCA Monthly Medical Premiums
Bay Area

Plan	Non-Medicare Eligible			Medicare Eligible		
	Single	2-Party	Family	Single	2-Party	Family
Anthem Select	\$662.41	\$1,324.82	\$1,722.27	\$445.38	\$890.76	\$1,336.14
Anthem Traditional	827.57	1,655.14	2,151.68	445.38	890.76	1,336.14
Blue Shield Access+	928.87	1,857.74	2,415.06	352.63	705.26	1,057.89
Blue Shield NetValue	870.60	1,741.20	2,263.56	352.63	705.26	1,057.89
Kaiser	714.45	1,428.90	1,857.57	295.51	591.02	886.53
UnitedHealthcare	850.67	1,701.34	2,211.74	267.41	534.82	802.23
PERS Choice	700.84	1,401.68	1,822.18	339.47	678.94	1,018.41
PERS Select	690.43	1,380.86	1,795.12	339.47	678.94	1,018.41
PERSCare	775.08	1,550.16	2,015.21	368.76	737.52	1,106.28

EXHIBIT – PREMIUMS

2016 PEMHCA Monthly Medical Premiums
Bay Area

Medical Plan	Non Medicare Eligible			Medicare Eligible		
	Single	2-Party	Family	Single	2-Party	Family
Anthem HMO Select	\$721.79	\$1,443.58	\$1,876.65	n/a	n/a	n/a
Anthem HMO Traditional	855.42	1,710.84	2,224.09	n/a	n/a	n/a
Blue Shield Access+	1,016.18	2,032.36	2,642.07	n/a	n/a	n/a
Blue Shield NetValue	1,033.86	2,067.72	2,688.04	n/a	n/a	n/a
Health Net SmartCare	808.44	1,616.88	2,101.94	n/a	n/a	n/a
Kaiser	746.47	1,492.94	1,940.82	\$297.23	\$594.46	\$891.69
UnitedHealthcare	955.44	1,910.88	2,484.14	320.98	641.96	962.94
PERS Choice	798.36	1,596.72	2,075.74	366.38	732.76	1,099.14
PERS Select	730.07	1,460.14	1,898.18	366.38	732.76	1,099.14
PERSCare	889.27	1,778.54	2,312.10	408.04	816.08	1,224.12



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EXHIBIT – PREMIUMS

2017 PEMHCA Monthly Medical Premiums
Bay Area

Medical Plan	Non Medicare Eligible			Medicare Eligible		
	Single	2-Party	Family	Single	2-Party	Family
Anthem HMO Select	\$ 783.46	\$1,566.92	\$2,037.00	n/a	n/a	n/a
Anthem HMO Traditional	990.05	1,980.10	2,574.13	n/a	n/a	n/a
Blue Shield Access+	1,024.85	2,049.70	2,664.61	n/a	n/a	n/a
Health Net SmartCare	733.29	1,466.58	1,906.55	n/a	n/a	n/a
Kaiser	733.39	1,466.78	1,906.81	\$300.48	\$600.96	\$ 901.44
UnitedHealthcare	1,062.26	2,124.52	2,761.88	324.21	648.42	972.63
PERS Choice	830.30	1,660.60	2,158.78	353.63	707.26	1,060.89
PERS Select	736.27	1,472.54	1,914.30	353.63	707.26	1,060.89
PERSCare	932.39	1,864.78	2,424.21	389.76	779.52	1,169.28



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EXHIBIT – DATA SUMMARY

Active Medical Coverage

Medical Plan	Region	Single	2-Party	Family	Waived	Total	Plan
Anthem Select	Bay Area	-	-	2	-	2	2
Anthem Traditional	Bay Area	1	6	1	-	8	8
Blue Shield Access+	Bay Area	5	3	7	-	15	15
Blue Shield NetValue	Bay Area	2	-	-	-	2	2
Kaiser	Bay Area	12	7	13	-	32	32
PERS Choice	Bay Area	1	2	1	-	4	4
PERSCare	Bay Area	1	-	1	-	2	2
Waived		-	-	-	4	4	4
Total		22	18	25	4	69	69

EXHIBIT – DATA SUMMARY

Retiree Medical Coverage
Under Age 65

Medical Plan	Region	Single	2-Party	Family	Waived	Total	Plan
Anthem Traditional	Bay Area	1	-	-	-	1	1
Blue Shield Access+	Bay Area	1	1	1	-	3	4
	North	1	-	-	-	1	
Kaiser	Bay Area	3	4	-	-	7	8
	Sacramento	-	-	1	-	1	
PERS Choice	Out of State	-	1	-	-	1	1
PERSCare	Out of State	-	1	-	-	1	1
Waived		-	-	-	4	4	4
Total		6	2	7	4	19	19

EXHIBIT – DATA SUMMARY

Retiree Medical Coverage
Age 65 & Over

Medical Plan	Region	Single	2-Party	Family	Waived	Total	Plan
Blue Shield Access+	Bay Area	4	-	-	-	4	4
Kaiser	Bay Area	10	3	-	-	13	14
	North	-	1	-	-	1	
PERS Choice	Bay Area	1	3	-	-	4	8
	Out of State	3	1	-	-	4	
Waived		-	-	-	6	6	6
Total		18	8	-	6	32	32

EXHIBIT – DATA SUMMARY

Medical Plan Participation
Non-Waived Participants

Medical Plan	6/30/13			6/30/15		
	Actives	Retirees ²⁰		Actives	Retirees ²¹	
		< 65	≥ 65		< 65	≥ 65
Anthem Select	0.0%	0.0%	0.0%	3%	0%	0%
Anthem Traditional	0.0%	0.0%	0.0%	13%	7%	0%
Blue Shield Access+	54.0%	10.0%	0.0%	23%	26%	15%
Blue Shield NetValue	0.0%	0.0%	0.0%	3%	0%	0%
Kaiser	37.5%	40.0%	66.5%	49%	53%	54%
PERS Choice	8.5%	50.0%	33.5%	6%	7%	31%
PERSCare	0.0%	0.0%	0.0%	3%	7%	0%
Total	100.0%	100.0%	100.0%	100%	100%	100%

²⁰ 9 non-waived retirees under 65. 19 non-waived retirees 65 & over.

²¹ 15 non-waived retirees under 65. 26 non-waived retirees 65 & over.

EXHIBIT – DATA SUMMARY

Actives by Age and ABAG Service

Age	ABAG Service							Total
	< 1	1-4	5-9	10-14	15-19	20-24	≥ 25	
< 25	1	-	-	-	-	-	-	1
25-29	1	3	1	-	-	-	-	5
30-34	1	4	1	-	-	-	-	6
35-39	1	3	3	1	1	-	-	9
40-44	-	-	1	3	-	-	-	4
45-49	-	5	2	4	3	1	-	15
50-54	-	45	2	1	1	2	1	12
55-59	-	-	-	2	2	-	-	4
60-64	-	5	3	-	1	1	-	10
≥ 65	-	-	2	1	-	-	-	3
Total	4	25	15	12	8	4	1	69

EXHIBIT – DATA SUMMARY

Active Age Distribution

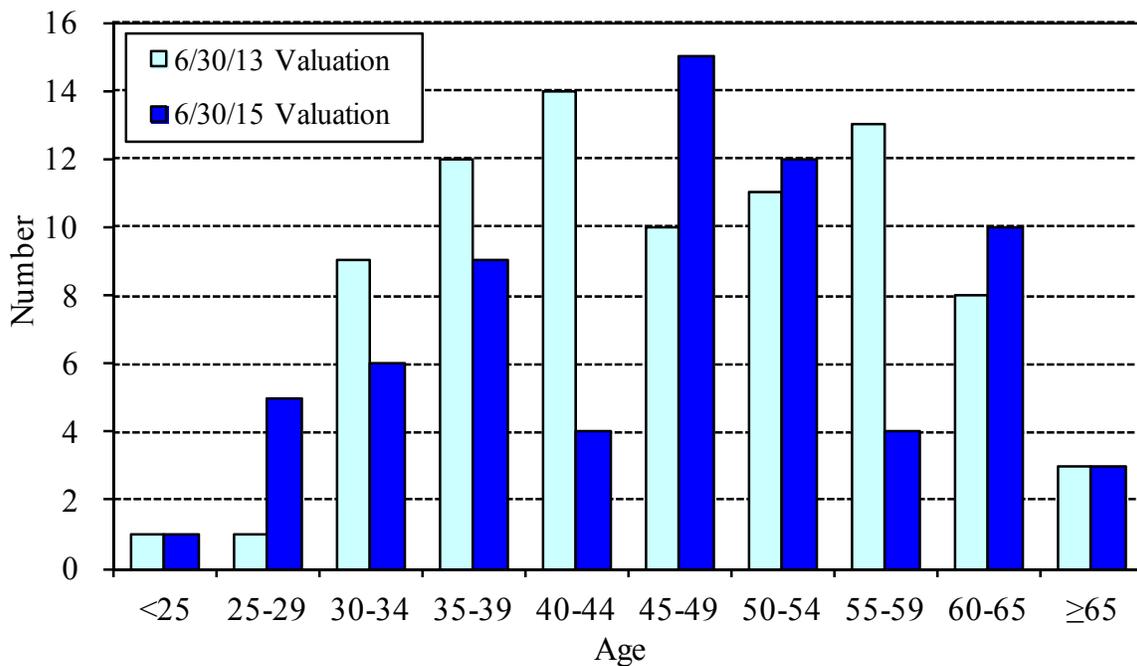
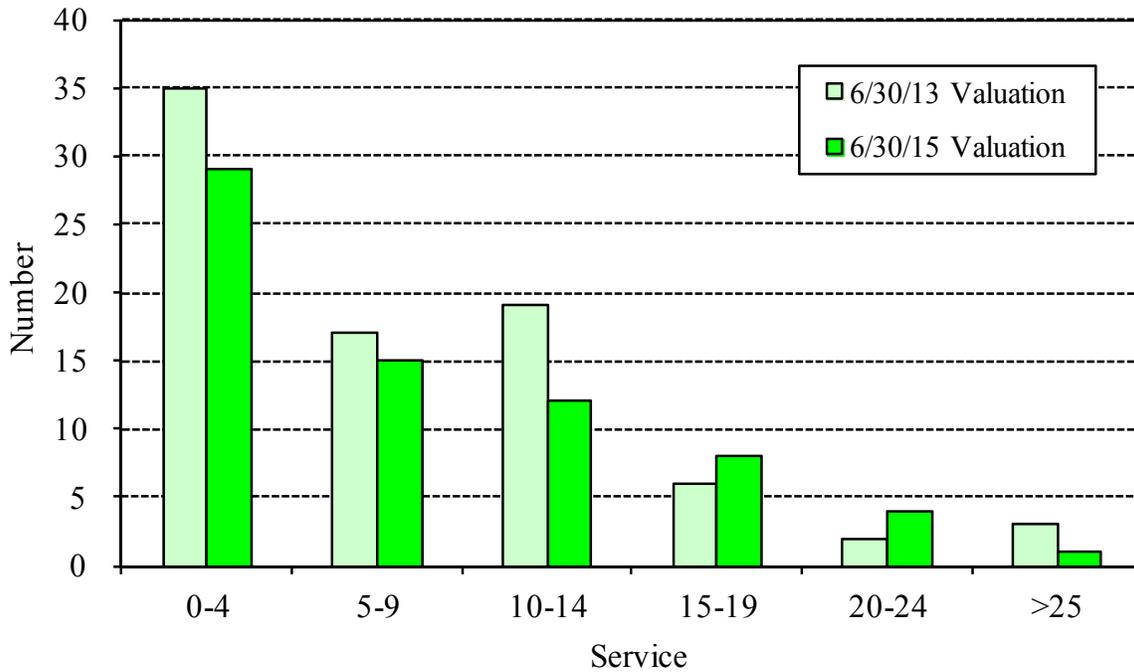


EXHIBIT – DATA SUMMARY

Active Service Distribution



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EXHIBIT – DATA SUMMARY

Retiree Medical Coverage by Age Group

Age	Single	2-Party	Family	Waived	Total
Under 50	-	-	-	-	-
50-54	-	1	1	1	3
55-59	3	3	1	-	7
60-64	3	3	-	3	9
65-69	10	5	-	3	18
70-74	3	3	-	2	8
75-79	2	-	-	-	2
80-84	-	-	-	1	1
Over 85	3	-	-	-	3
Total	24	15	2	10	51

Average Age	69.9	64.5	53.6	66.9	67.1
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August 8, 2016

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EXHIBIT – DATA SUMMARY

Retiree Age Distribution

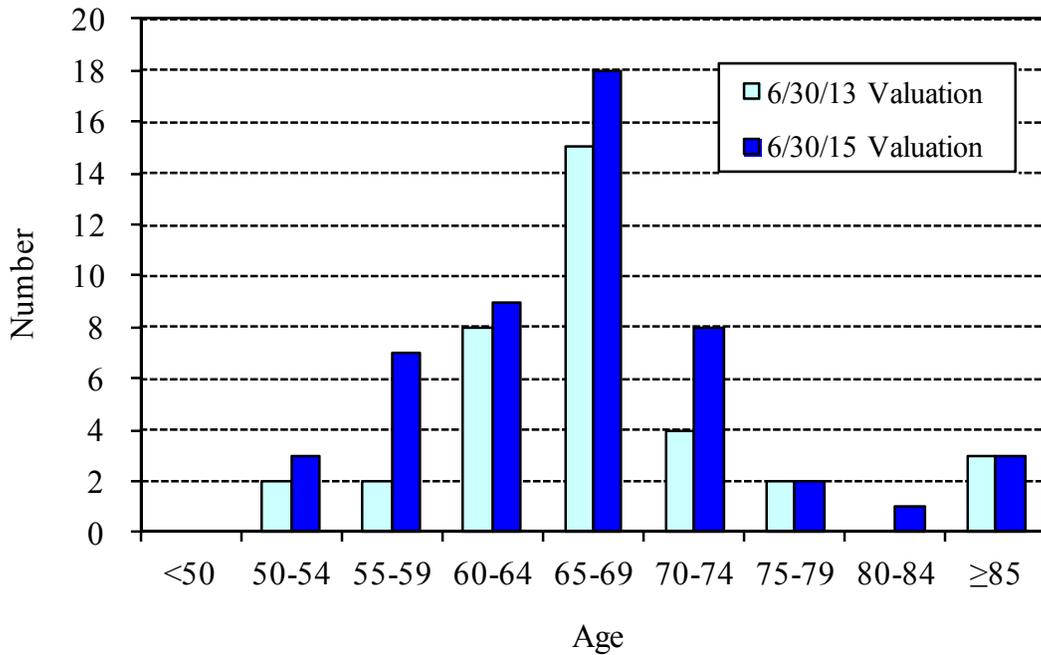


EXHIBIT – ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2013 Valuation	June 30, 2015 Valuation
<ul style="list-style-type: none"> ■ Valuation Date 	<ul style="list-style-type: none"> ■ June 30, 2013 ■ 2014/15 & 2015/16 ARCs ■ ARC calculated as of beginning of the year with interest to end of year ■ 1-year lag period 	<ul style="list-style-type: none"> ■ June 30, 2015 ■ 2016/17 ARC & 2017/18 ADC ■ ARC/ADC calculated as of beginning of the year with interest to end of year ■ 1-year lag period
<ul style="list-style-type: none"> ■ Funding Policy 	<ul style="list-style-type: none"> ■ Pre-fund at least ARC less benefit payments through CERBT (CalPERS trust)²² ■ Benefit payments made from ABAG assets 	<ul style="list-style-type: none"> ■ Same
<ul style="list-style-type: none"> ■ Discount Rate 	<ul style="list-style-type: none"> ■ 7.61% – ARC pre-funded with CalPERS CERBT Fund #1 	<ul style="list-style-type: none"> ■ 7.25% – ARC pre-funded with CalPERS CERBT Fund #1
<ul style="list-style-type: none"> ■ General Inflation 	<ul style="list-style-type: none"> ■ 3.00% 	<ul style="list-style-type: none"> ■ Same

²² ABAG has been making prefunding contributions that equal the beginning of year NOO.

EXHIBIT – ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2013 Valuation	June 30, 2015 Valuation																																																												
■ Payroll Increase	<ul style="list-style-type: none"> ■ Aggregate Increases – 3.25% ■ Merit Increases – CalPERS 1997-2011 Experience Study 	■ Same																																																												
■ Mortality, Withdrawal, Disability	<ul style="list-style-type: none"> ■ CalPERS 1997-2011 Experience Study ■ Post-retirement mortality projected fully generational with Scale AA 	<ul style="list-style-type: none"> ■ CalPERS 1997-2011 Experience Study ■ Post-retirement mortality projected fully generational with Scale MP-2014, modified to converge to ultimate rates in 2022 																																																												
■ Service Retirement	<ul style="list-style-type: none"> ■ CalPERS 1997-2011 Experience Study <table border="0" style="margin-left: 40px;"> <tr> <td></td> <td align="center" colspan="4">CalPERS</td> </tr> <tr> <td><u>Classic</u></td> <td><u>Benefit</u></td> <td><u>Hire Age</u></td> <td><u>ERA</u></td> <td></td> </tr> <tr> <td>Misc</td> <td>2.5%@55</td> <td>38.1</td> <td>61.4</td> <td></td> </tr> <tr> <td></td> <td align="center" colspan="4">CalPERS</td> </tr> <tr> <td><u>New</u></td> <td><u>Benefit</u></td> <td><u>Hire Age</u></td> <td><u>ERA</u></td> <td></td> </tr> <tr> <td>Misc</td> <td>2%@62</td> <td>38.3</td> <td>63.2</td> <td></td> </tr> </table>		CalPERS				<u>Classic</u>	<u>Benefit</u>	<u>Hire Age</u>	<u>ERA</u>		Misc	2.5%@55	38.1	61.4			CalPERS				<u>New</u>	<u>Benefit</u>	<u>Hire Age</u>	<u>ERA</u>		Misc	2%@62	38.3	63.2		<ul style="list-style-type: none"> ■ CalPERS 1997-2011 Experience Study <table border="0" style="margin-left: 40px;"> <tr> <td></td> <td align="center" colspan="4">CalPERS</td> </tr> <tr> <td><u>Classic</u></td> <td><u>Benefit</u></td> <td><u>Hire Age</u></td> <td><u>ERA</u></td> <td></td> </tr> <tr> <td>Misc</td> <td>2.5%@55</td> <td>37.6</td> <td>61.2</td> <td></td> </tr> <tr> <td></td> <td align="center" colspan="4">CalPERS</td> </tr> <tr> <td><u>New</u></td> <td><u>Benefit</u></td> <td><u>Hire Age</u></td> <td><u>ERA</u></td> <td></td> </tr> <tr> <td>Misc</td> <td>2%@62</td> <td>37.9</td> <td>64.1</td> <td></td> </tr> </table>		CalPERS				<u>Classic</u>	<u>Benefit</u>	<u>Hire Age</u>	<u>ERA</u>		Misc	2.5%@55	37.6	61.2			CalPERS				<u>New</u>	<u>Benefit</u>	<u>Hire Age</u>	<u>ERA</u>		Misc	2%@62	37.9	64.1	
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EXHIBIT – ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2013 Valuation	June 30, 2015 Valuation																																																																								
■ CalPERS Service	■ Service provided	■ Same																																																																								
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²³ Applicable to Medicare Part B premium. 2015 based on actual PEMHCA premiums.

²⁴ Applicable to Medicare Part B premium. 2017 based on actual PEMHCA premiums.

EXHIBIT – ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2013 Valuation	June 30, 2015 Valuation
<ul style="list-style-type: none"> ■ PEMHCA Minimum Increase 	<ul style="list-style-type: none"> ■ 2013 – \$115/month ■ 2014 – \$119/month ■ 2015 – \$122/month ■ 2016+ – 4.50% annually 	<ul style="list-style-type: none"> ■ 2015 – \$122/month ■ 2016 – \$125/month ■ 2017 – \$128/month ■ 2018+ – 4.50% annually
<ul style="list-style-type: none"> ■ PEMHCA Admin Expenses 	<ul style="list-style-type: none"> ■ Included 	<ul style="list-style-type: none"> ■ Same
<ul style="list-style-type: none"> ■ Active Employee Participation at Retirement 	<ul style="list-style-type: none"> ■ Tier 1: <ul style="list-style-type: none"> • Currently covered – 100% • Currently waived – 80% ■ Tier 2 – 80% 	<ul style="list-style-type: none"> ■ Same
<ul style="list-style-type: none"> ■ Waived Retiree Re-election 	<ul style="list-style-type: none"> ■ Currently < 65 – 20% at 65 ■ Currently ≥ 65 – 0% 	<ul style="list-style-type: none"> ■ Same

EXHIBIT – ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2013 Valuation	June 30, 2015 Valuation																								
<ul style="list-style-type: none"> ■ Medical Plan at Retirement 	<ul style="list-style-type: none"> ■ Actives – Based on current retiree elections <table border="0" style="margin-left: 20px;"> <tr> <td></td> <td align="center"><u><65</u></td> <td align="center"><u>65+</u></td> </tr> <tr> <td>BS Access+</td> <td align="center">45%</td> <td align="center">5%</td> </tr> <tr> <td>Kaiser</td> <td align="center">45%</td> <td align="center">55%</td> </tr> <tr> <td>PERS Choice</td> <td align="center">10%</td> <td align="center">40%</td> </tr> </table> ■ Retirees: <ul style="list-style-type: none"> • Currently < 65 <ul style="list-style-type: none"> ➢ Pre-65 – Same as current elections ➢ Post-65 – Based on current post-65 retiree elections • Currently ≥ 65 – Same as current elections 		<u><65</u>	<u>65+</u>	BS Access+	45%	5%	Kaiser	45%	55%	PERS Choice	10%	40%	<ul style="list-style-type: none"> ■ Actives – Based on current retiree elections <table border="0" style="margin-left: 20px;"> <tr> <td></td> <td align="center"><u><65</u></td> <td align="center"><u>65+</u></td> </tr> <tr> <td>BS Access+</td> <td align="center">25%</td> <td align="center">15%</td> </tr> <tr> <td>Kaiser</td> <td align="center">65%</td> <td align="center">55%</td> </tr> <tr> <td>PERS Choice</td> <td align="center">10%</td> <td align="center">30%</td> </tr> </table> ■ Retirees: <ul style="list-style-type: none"> • Currently < 65 <ul style="list-style-type: none"> ➢ Pre-65 – Same as current elections ➢ Post-65 – Based on current post-65 retiree elections • Currently ≥ 65 – Same as current elections ■ Non-Kaiser HMO over 65 – Elect UnitedHealthcare beginning 2016 ■ BSNV under 65 – Elect BS Access+ beginning 2017 		<u><65</u>	<u>65+</u>	BS Access+	25%	15%	Kaiser	65%	55%	PERS Choice	10%	30%
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EXHIBIT – ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2013 Valuation	June 30, 2015 Valuation
■ Medicare Eligibility	<ul style="list-style-type: none"> ■ 100% ■ Everyone eligible for Medicare will elect Part B coverage 	■ Same
■ Spouse Coverage at Retirement	<ul style="list-style-type: none"> ■ Currently covered – Same as current elections ■ Currently waived – 80% covered 	■ Same
■ Spouse Age	<ul style="list-style-type: none"> ■ Actives – Males 3 years older than females ■ Retirees – Males 3 years older than females if spouse birth date not available 	■ Same
■ Surviving Spouse Participation	■ 100%	■ Same
■ Implied Subsidy	■ Valued up to Medicare eligibility	■ Same

EXHIBIT – ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2013 Valuation	June 30, 2015 Valuation																																																																
<ul style="list-style-type: none"> ■ HMO Medical Claims Costs 2015 PEMHCA Implied Subsidy Estimate 	<ul style="list-style-type: none"> • Monthly claims costs estimated from Bartel Associates PEMHCA client database and PEMHCA premiums <table border="1" style="margin-left: 40px;"> <thead> <tr> <th colspan="8">Bay Area Region – Non-Medicare Eligible</th> </tr> <tr> <th></th> <th colspan="2"><u>BS Access+</u></th> <th colspan="2"><u>BS NetValue</u></th> <th colspan="2"><u>Kaiser</u></th> </tr> <tr> <th><u>Age</u></th> <th><u>M</u></th> <th><u>F</u></th> <th><u>M</u></th> <th><u>F</u></th> <th><u>M</u></th> <th><u>F</u></th> </tr> </thead> <tbody> <tr> <td>25</td> <td>\$273</td> <td>\$536</td> <td>\$276</td> <td>\$543</td> <td>\$235</td> <td>\$462</td> </tr> <tr> <td>35</td> <td>358</td> <td>656</td> <td>362</td> <td>665</td> <td>308</td> <td>566</td> </tr> <tr> <td>45</td> <td>569</td> <td>689</td> <td>577</td> <td>698</td> <td>491</td> <td>594</td> </tr> <tr> <td>55</td> <td>951</td> <td>961</td> <td>963</td> <td>974</td> <td>820</td> <td>829</td> </tr> <tr> <td>60</td> <td>1,214</td> <td>1,135</td> <td>1,229</td> <td>1,150</td> <td>1,046</td> <td>979</td> </tr> <tr> <td>65</td> <td>1,533</td> <td>1,381</td> <td>1,553</td> <td>1,399</td> <td>1,322</td> <td>1,190</td> </tr> </tbody> </table>	Bay Area Region – Non-Medicare Eligible									<u>BS Access+</u>		<u>BS NetValue</u>		<u>Kaiser</u>		<u>Age</u>	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>	25	\$273	\$536	\$276	\$543	\$235	\$462	35	358	656	362	665	308	566	45	569	689	577	698	491	594	55	951	961	963	974	820	829	60	1,214	1,135	1,229	1,150	1,046	979	65	1,533	1,381	1,553	1,399	1,322	1,190	
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■ ACA Excise Tax	■ n/a	■ 2% load on cash liability as an estimate																																																																								

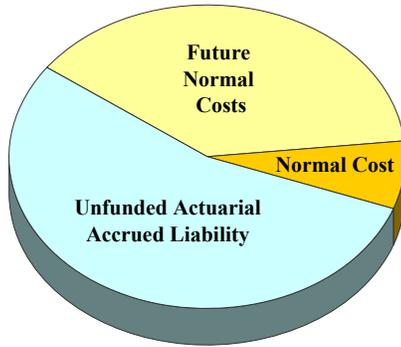
EXHIBIT – DEFINITIONS

■ GASB 45 Accrual Accounting	<ul style="list-style-type: none"> ■ Project future employer-provided benefit cash flows for current active employees and current retirees ■ Discount projected cash flow to valuation date using discount rate (assumed return on assets used to pay benefits) and other actuarial assumptions to determine present value of projected future benefits (PVB) ■ Allocate PVB to past, current, and future periods using the actuarial cost method ■ Actuarial cost method used for this valuation is the Entry Age Normal Cost method which determines Normal Cost as a level percentage of payroll (same method used by CalPERS) ■ Normal Cost is amount allocated to current fiscal year ■ Actuarial Accrued Liability (AAL) is amount allocated to prior service with employer ■ Unfunded AAL (UAAL) is AAL less plan assets pre-funded in a segregated and restricted trust
■ PayGo Cost	<ul style="list-style-type: none"> ■ Cash subsidy is the pay-as-you-go employer benefit payments for retirees ■ Implied subsidy is the difference between the actual cost of retiree benefits and retiree premiums subsidized by active employee premiums

EXHIBIT – DEFINITIONS

Present Value of Benefits

**Present Value of Benefits
(Without Plan Assets)**



**Present Value of Benefits
(With Plan Assets)**

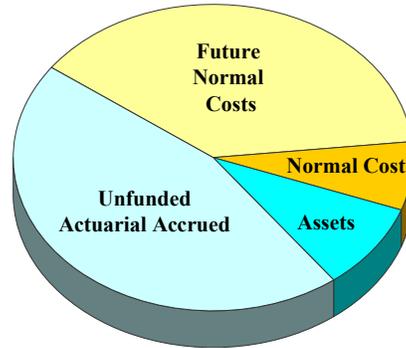


EXHIBIT – DEFINITIONS

<p>■ Annual Required Contribution (ARC)</p>	<p>■ “Required contribution” for the current period including:</p> <ul style="list-style-type: none"> • Normal Cost • Amortization of: <ul style="list-style-type: none"> ➢ Initial UAAL ➢ AAL for plan, assumption, and method changes ➢ Experience gains/losses (difference between expected and actual) ➢ Contribution gains/losses (difference between ARC and contributions) <p>■ ARC in excess of pay-as-you-go costs not required to be funded</p>
<p>■ Net OPEB Obligation (NOO)</p>	<p>■ Net OPEB Obligation is the accumulated amounts expensed but not funded</p> <p>■ Net OPEB Asset if amounts funded exceed those expensed</p>
<p>■ Annual OPEB Cost (AOC)</p>	<p>■ Expense for the current period including:</p> <ul style="list-style-type: none"> • ARC • Interest on NOO • Adjustment of NOO <p>■ NOO adjustment prevents double counting of expense since ARCs include an amortization of prior contribution gains/losses previously expensed</p>

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ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



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