

OTAY WATER DISTRICT
FINANCE, ADMINISTRATION AND COMMUNICATIONS
COMMITTEE MEETING
and
SPECIAL MEETING OF THE BOARD OF DIRECTORS

2554 SWEETWATER SPRINGS BOULEVARD
SPRING VALLEY, CALIFORNIA
BOARDROOM

MONDAY
December 7, 2015
12:00 P.M.

This is a District Committee meeting. This meeting is being posted as a special meeting in order to comply with the Brown Act (Government Code Section §54954.2) in the event that a quorum of the Board is present. Items will be deliberated, however, no formal board actions will be taken at this meeting. The committee makes recommendations to the full board for its consideration and formal action.

AGENDA

1. ROLL CALL
2. PUBLIC PARTICIPATION – OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO SPEAK TO THE BOARD ON ANY SUBJECT MATTER WITHIN THE BOARD'S JURISDICTION BUT NOT AN ITEM ON TODAY'S AGENDA

DISCUSSION ITEMS

3. APPROVE A FINE OF \$1,000 FOR METER TAMPERING AT 617 DIAMOND DRIVE IN CHULA VISTA (CAREY) [5 minutes]
4. APPROVE A PURCHASE ORDER TO ROCKWELL ENGINEERING AND EQUIPMENT IN AN AMOUNT NOT-TO-EXCEED \$326,160 FOR THE PURCHASE OF TWO (2) REPLACEMENT PORTABLE WATER PUMPS AND DECLARE THE TWO (2) OLDER PUMPS SURPLUS (MARTINEZ) [5 minutes]
5. REVIEW THE LATEST ACTUARIAL REPORT AND THE ACTUARIAL EVALUATION DETERMINING THE NET COST OR SAVINGS OF THE OTHER POST EMPLOYMENT BENEFIT PLAN ENHANCEMENT VERSUS THE INCREASED EMPLOYEE CONTRIBUTIONS TO PERS (KOEPPEN) [10 minutes]
6. ADJOURNMENT

BOARD MEMBERS ATTENDING:

Mitch Thompson, Chair
Jose Lopez

All items appearing on this agenda, whether or not expressly listed for action, may be deliberated and may be subject to action by the Board.

The Agenda, and any attachments containing written information, are available at the District's website at www.otaywater.gov. Written changes to any items to be considered at the open meeting, or to any attachments, will be posted on the District's website. Copies of the Agenda and all attachments are also available through the District Secretary by contacting her at (619) 670-2280.

If you have any disability which would require accommodation in order to enable you to participate in this meeting, please call the District Secretary at 670-2280 at least 24 hours prior to the meeting.

Certification of Posting

I certify that on December 4, 2015 I posted a copy of the foregoing agenda near the regular meeting place of the Board of Directors of Otay Water District, said time being at least 24 hours in advance of the meeting of the Board of Directors (Government Code Section §54954.2).

Executed at Spring Valley, California on December 4, 2015.

_____/s/ Susan Cruz, District Secretary_____

AGENDA ITEM 3



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	January 6, 2016
		PROJECT:	DIV. NO. All
SUBMITTED BY:	Andrea Carey, Customer Service Manager		
APPROVED BY:	<input checked="" type="checkbox"/> Joseph R. Beachem, Chief Financial Officer <input checked="" type="checkbox"/> German Alvarez, Assistant General Manager <input checked="" type="checkbox"/> Mark Watton, General Manager		
SUBJECT:	Impose a \$1,000 Fine for Meter Tampering		

GENERAL MANAGER'S RECOMMENDATION:

That the Board uphold staff's recommendation to impose a \$1,000 fine for meter tampering at 617 Diamond Drive in Chula Vista.

COMMITTEE ACTION:

See Attachment A.

PURPOSE:

To ensure the District continues to protect the water supply and applies violations consistent with the Code of Ordinances.

ANALYSIS:

The District began installing AMR Master Meters in 2004. In early 2013 there was an upgrade to the reading software, Masterlinx, which added the ability to detect tamper alerts. By Master Meter's definition a tamper alert "will appear on your screen when meter is tampered with a magnet."

On September 18, 2015, a staff member responded to a tamper alert at 617 Diamond Drive in Chula Vista. During the course of the

investigation, the meter box was opened and revealed a magnet attached directly to the water meter. This action can cause the meter to fail and inaccurately measure the volume of water going through, thus causing the customer to be under billed. The magnet also disables the meter to the point that it cannot be repaired or reused.

Meter tampering is a violation of our Code of Ordinances as outlined in section 72.03C which reads "In addition to other remedies, tampering is subject to a Type II fine pursuant to Section 72.06. Additionally, tampering may be prosecuted as a crime under Section 498 of the California Penal Code, as set forth in Section 73.01 of this Code."

The District has had two other incidents within the past year where a magnet was discovered inside a meter box in close proximity to the water meter. In all cases the customers were fined \$1,000.

Staff is recommending that the owner of the property, Mr. Juan Calderon, be fined \$1,000 and this charge is to be put on his next water bill which then becomes an inseparable part of that bill. If the charges remain unpaid, the District may disconnect water service, lien the delinquent real property, and may access damages and penalties established by the District or otherwise authorized by law. Applying the fine to the property owner is consistent with the Code of Ordinances, Section 72.01 which states "Each person receiving service, or that owns a property that receives service, agrees to pay the District any applicable fees and charges. Such persons are also responsible for all costs and damages in connection with any violation of this Code relating to their service."

The District's costs to investigate and document this incident and determine an appropriate course of action was \$267.00 and the cost of replacing the meter was \$156.85. Per Section 72.01 of the District's Code of Ordinances, customers are "responsible for all costs and damages in connection with any violation of this Code relating to their service." Costs incurred to investigate and remedy a violation are not appealable to the Board and are treated as inseparable from all other fees and charges on the customer's account, per subsection (D) of Section 72.01. These charges have thus been added to the customer's water account.

Mr. Calderon's appeal letter is attached to this Staff Report. He is not disputing that he committed the violation but is asking for a reduction of the fine. Mr. Calderon has been with the District since 1995 and has an excellent payment history. This is his first

violation. Usage at the home has been historically low with the average monthly usage under 10 HCF.

FISCAL IMPACT: Joe Beachem, Chief Financial Officer

None.

STRATEGIC GOAL:

Enforce the District's Code of Ordinances and protect the public water supply.

LEGAL IMPACT:

None.

Attachments:

- Attachment A - Committee Action
- Attachment B - Otay's Letter with Pictures
- Attachment C - Code of Ordinances Sections 71, 72, and 73
- Attachment D - Calderon Appeal Letter with Translation



ATTACHMENT A

SUBJECT/PROJECT:	Impose a \$1,000 Fine for Meter Tampering
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COMMITTEE ACTION:

The Finance, Administration and Communications Committee recommend that the Board uphold staff's recommendation to impose a \$1,000 fine for meter tampering at 617 Diamond Drive in Chula Vista.

NOTE:

The "Committee Action" is written in anticipation of the Committee moving the item forward for board approval. This report will be sent to the Board as a committee approved item, or modified to reflect any discussion or changes as directed from the committee prior to presentation to the full board.

October 19, 2015

Mr. Juan Calderon
617 Diamond Drive
Chula Vista, CA 91911-6862

Re: Real Property Located at 617 Diamond Drive, Chula Vista, California - Notice of Meter Tampering, Water Theft, and assessment of fine. Account 209-0742-28

Dear Mr. Calderon:

It has come to the attention of the Otay Water District (District) that (1) the meter servicing the property at 617 Diamond Drive, Chula Vista, California, was tampered with by attaching a magnet to the meter so it would not measure the true water use, and (2) the customer may have benefited from reduced billings and did not pay the true cost of water service. Each of these actions constitutes a separate violation of the District's Code of Ordinances that must be corrected as further described below. If you are not the owner or account holder for 617 Diamond Drive, Chula Vista, California, please contact the District immediately.

Our investigation on September 18th indicated that a magnet was deliberately attached to the water meter with the purpose of receiving water service that was not registered. Meter tampering may be prosecuted as a crime under Section 497 the California Penal Code, as defined and set forth in Sections 71 D, 72.06 and 73.01 of Otay Water District's Code of Ordinances.

You are hereby notified that the District is assessing the damages listed below on your account and that failure to pay such damages, at the District offices, by the due date on your water bill will result in suspension of water service to your property. If these fines and charges remain unpaid, the District will place a lien on the property to recoup these and any other costs and damages.

Summary of Damages	Amount
Costs incurred by District in connection with the investigation of the meter tampering, water theft, and related matters (including staff time, attorney's fees and other related administrative costs)	\$ 267.00
Fine as per Section 72 of District's Code of Ordinances	\$1,000.00
Meter Replacement Fee	\$ 156.85
Total Due	\$1,423.85

You have the right to appeal the fine of \$1,000.00 to the Board of Directors. If you would like to take advantage of this, please call Susan Cruz at 619-670-2280 within ten (10) days to notify the District in writing of your intent to appeal this charge. Your appeal would then be placed on the next available board agenda.

You may contact me at 619-670-2712 with any questions concerning this notice.

Sincerely,

Andrea Carey
Customer Service Manager

Attachments: Photos (2)
Code of Ordinances Section 71, 72 and 73





SECTION 71. VIOLATIONS; PROHIBITED ACTIVITIES

In addition to the prohibited practices described in any other sections of this Code or by law, all persons and entities are specifically prohibited from doing, or aiding or abetting any person in, any of the following:

- A. Installing or benefiting from any unauthorized connection to any District system;
- B. Refusing or failing to pay for services, in full, when bills are due;
- C. Entering, improving, purchasing, trading, selling, borrowing, using or otherwise benefiting from any District property or service without authorization from the District or without following authorized procedure;
- D. Vandalizing, tampering with, or threatening any portion of the District systems, services, facilities or property, including but not limited to taking any action to prevent any meter or other equipment device from accurately performing its function;
- E. Failing or refusing to install, maintain in good repair and working condition, or test any portion of any facilities required by the District in connection with a service, including any safety or prevention device or any measuring device;
- F. Knowingly permitting leaks or other wastes of water or recycled water or leaks or spills of sewage or other discharge;
- G. Preventing District staff from accessing any facilities connected to a service, including but not limited to meters located on private property, or in any manner threatening or interfering with any District staff performing his or her duties;
- H. Using or allowing the use of service for more than one parcel through one meter (except for master meters approved by the General Manager under Section 24.01) or supplying, reselling, using or permitting the use of any service by any other parcel, except as permitted under Section 27.04 of this Code or in writing by the District;
- I. Using or permitting the use of any District service for property outside the boundaries of an improvement district or not subject to District taxes, without prior written consent of the District;
- J. Using or attempting to use or connect to any fire hydrant within the District without proper authorization as required by Section 24.04 of this Code; or
- K. Violating or refusing to comply with any condition of service under this Code or with any law or regulation applicable to the use of any such service; including violating any conditions of any permit required for service or to regulate waste, such as a waste discharge permit under Sections 26 or 52 of the Code, or failing or refusing to obtain, maintain or comply with any required permit.

SECTION 72 PENALTIES AND DAMAGES

72.01 GENERAL

A. User and Owner Responsibility. Each person receiving service, or that owns a property that receives service, agrees to pay the District any applicable fees and charges. Such persons are also responsible for all costs and damages in connection with any violation of this Code relating to their service.

B. District Not Liable. The District shall bear no liability for any cost, damage, claim or expense incurred by District or any responsible party or third party on behalf of the District arising from or related to any violation, including, but not limited to, costs, damages, claims or expenses arising from any corrective action of the District. Such corrective actions include, but are not limited to, the removal, confiscation, disposition or use of any device, equipment, improvement or material encroaching on any District property or used in connection with any other violation.

C. District Obligation to Collect Damages. Pursuant to Government Code Section 53069.6, the District shall take all practical and reasonable steps, including appropriate legal action, if necessary, to recover civil damages for the negligent, willful, or unlawful damaging or taking of property of the District.

D. Assessment of Damages. Actual damages resulting from any violation, including late payment or failure or refusal to pay for service and any interest thereon, may be assessed and collected as part of a customer's monthly bill to the extent allowed by law. The District will separately invoice any actual damages not assessed on a monthly bill, including any damages assessed against any responsible person who is not a customer.

E. Unpaid or Partially Paid Bills. Bills issued by the District are due in full as provided in such bills. Failure to timely pay bills in full may lead to a reduction, suspension, or termination of service, as provided in Section 72.02(B), below, in Section 34 of this Code, or pursuant to other provisions of this Code or applicable law. In addition, if bills remain unpaid, in full or in part, the District may lien the delinquent real property and may assess damages and penalties established by District or otherwise authorized by law.

72.02 VIOLATIONS AND GENERAL PENALTIES FOR VIOLATIONS

A. Notice of Violation. Notice and a reasonable period of time to correct a violation will be given prior to the termination, reduction or suspension of service or the imposition of any administrative fine. However, the District may, without notice, correct any condition or violation that endangers the health or safety or impairs any District service, facility or property or is otherwise determined by the District to require immediate action.

1. **Investigative Procedures.** If a possible violation is identified, observed or reported, the District will contact the allegedly responsible party to investigate. If the violation is in fact occurring, District staff will issue a notice of violation or otherwise inform the responsible party that corrective actions must be taken within a period of time deemed reasonable by the District, taking into consideration the nature of the violation and the potential damage that can arise if the violation continues.

2. **Content of Notice of Violation.** The notice will describe the violation, indicate the actions that must be taken, and indicate the date by which those actions must be taken. Unless immediate action is required, the notice will provide a reasonable time for the violation to be corrected. The notice will also specify the amount of any delinquency, actual damages or other amounts due the District, if any, and the telephone number of a representative of the District who can provide additional information.

3. **No Notice Required; District Action.** If the District determines that immediate or prompt correction of the violation is necessary to prevent waste or to maintain the integrity of the water supply, systems or facilities of the District, or for the immediate protection of the health, safety or welfare of persons or property, or for any other compelling reason, the District will take any action deemed necessary (including suspension, reduction or termination of service; locking or removal of meters; or repairs of any improvements) and a notice will be left at the affected parcel specifying any further corrective actions required. Any costs incurred by District and any applicable fines will be the responsibility of the responsible party.

4. **Notice; Failure to Comply.** The responsible party will be given an opportunity to correct the violation and to provide verbal, written and pictorial exculpatory evidence. If such evidence does not exonerate the responsible parties and if the violation(s) are not corrected to the satisfaction of the District within the time provided, the District may assess cost and penalties, administrative fines and may take any other action or pursue any other remedy available. Furthermore, if the violation concerns any service requirement or facility, or to prevent waste or protect the integrity of the system or the health and safety of the public, the District may suspend, reduce or terminate service to the extent permitted by law.

B. Service Termination, Suspension or Reduction; Removing or Locking Meters. Service may be reduced, suspended or terminated for failure to pay for service or in connection with a violation of this Code or applicable law. Termination, suspension or reduction of service will proceed as follows:

1. **Notice Prior to Termination, Suspension or Reduction of Service.** Except as provided in Paragraph A, above, or in other provisions of this Code or applicable law, not less than ten (10) days notice will be given prior to the date service is reduced, suspended or terminated; provided that, where service is terminated due to failure to comply with the terms of an amortization agreement, under Section 34 of this Code, only forty-eight (48) hours prior notice is required. The notice will be delivered to

the affected parcel and, if the owner of record does not reside in the affected parcel, a copy of the notice will be forwarded to the owner's address on record with the assessor's office via any available means, such as personal delivery, certified mail return receipt requested, email, fax or fed-ex.

2. Termination for failure to pay for service. The District may discontinue any or all service due to failure to pay the whole or any part of a bill issued by the District. In connection with termination of water service, the provisions of Section 60373 of the Government Code, or any other appropriate provision of law, or as set forth in Section 34 of this Code of Ordinance, will be followed. In connection with sewer, Section 71672 of the California Water Code or other applicable requirements will be followed.

C. Reconnection or Reinstatement of Service, Unlocking or Reinstalling Meters. If service is reduced, suspended or terminated for any reason, each of the following conditions applicable to the situation must be satisfied or arrangements satisfactory to the General Manager or a designee must be made *before* service is reinstated:

1. Outstanding amounts for service bills, including any service charges for benefits derived from the violation, must be paid;

2. All required deposits (including any security deposits), actual damages, fines, costs, charges and penalties must be paid;

3. Any amounts due for the removal, locking, servicing, repair or replacement of meters or other facilities required for service must be paid at the rates in effect at the time of reinstatement, as set forth on **Appendix A** to this Code or other schedule of fees then in effect;

4. All violations and related damages or conditions must have been corrected and/or repaired and evidence satisfactory to the District to that effect and demonstrating that it is safe to reinstate service, must have been provided to and approved by the District; and

5. If the service was originally in the name of a tenant, the District may require the owner of the parcel to request the service account under his or her name and responsibility.

D. Owner Responsibility for Account. In addition to owners' obligations under subsection (A) of section 72.01 and subsection (C)(5) of Section 72.02, above, and any other remedies provided by this Code or by applicable law, Owners may be required to deliver to the District a form of acknowledgement or authorization for service to a tenant. In addition, if (i) a tenant engages in any violation, (ii) if the District has reduced, suspended or terminated any service to a tenant three (3) times within any twenty-four (24) month period or (iii) the tenant has failed or refuses to comply with the terms of payment arrangements with the District four (4) times, the District reserves the right to demand that the property owner take responsibility for services to the tenant-

occupied parcel. The General Manager or a designee shall develop procedures to implement these requirements.

E. Right of Access to Customer's Premises; Interference. If any person refuses to consent to an investigation of a possible violation, or prevents or refuses to allow access to District staff or authorized representatives to any premises or facility during an investigation or in connection with any termination, reduction or suspension of service, the District may seek an injunction or a warrant, as provided in Section 71601 of the Water Code.

F. Other Remedies. In addition to the actions contemplated in this Section, the District may seek other remedies authorized or required by any applicable law, including imposing an administrative fine, pursuant to Section 72.06, or pursuing other available civil or criminal remedies.

72.03 CERTAIN SPECIFIC OPERATIONAL VIOLATIONS

A. Unauthorized Connections. The District shall bear no cost or liability for any unauthorized connection. In addition to other remedies, any unauthorized connection is subject to a Type II fine, pursuant to Section 72.06 depending upon the severity, duration and reoccurrence of the violation and any other factors the District may reasonably take into consideration.., Further, the District may demand that the unauthorized connection be immediately disconnected. In the alternative, if the customer refuses to take immediate action, or if immediate actions is necessary as set forth in Section 72.02(A)(3), above, the District may immediately disconnect, remove, confiscate, destroy or dispose of any parts installed or used for the unauthorized connection, all at the expense of the customer and any other responsible party. To the extent allowed by law, the District may also, immediately or as otherwise deemed advisable by the District, terminate service to any parcel and any person that allows, uses or benefits from such unauthorized connection.

B. Water waste. No customer shall knowingly permit leaks or other wastes of water, including, but not limited to, allowing runoff on any portion of his or her property, engaging in non-permitted uses of water, or failing to take corrective action after notice of any leaks or water waste is given. If the District determines that water waste is occurring, the District will:

1. Notify the customer that they are in violation of the District's Code of Ordinances.

2. Notwithstanding the foregoing, the District may, without prior notice, repair or replace any District controlled facilities at the cost of the person identified as the responsible party, if any.

3. If the water waste is due to a condition within the customer's property or facilities, the District may (i) require the customer to repair or replace the affected facilities, immediately or within a reasonable time, depending on the situation; or (ii) if necessary to prevent further waste, adjust, lock or remove the meter. If any repair

or replacement required is not completed in a timely manner, the District may perform the repair or replacement at the cost of the customer or may terminate service without further notice.

C. Meter Tampering. In addition to other remedies, tampering is subject to a Type II fine pursuant to Section 72.06 depending upon the severity, duration and reoccurrence of the violation and any other factors the District may reasonably take into consideration. Additionally, tampering may be prosecuted as a crime under Section 498 of the California Penal Code, as set forth in Section 73.01 of this Code.

D. Fire Service Violation. Fire service is subject to compliance with all provisions of this Code and the law concerning water service, and failure to comply with such provisions may result in the reduction, suspension, termination or disconnection of water service for fire protection, without any liability to District. Furthermore, illegal connections or other violations relating to fire service are subject to either a Type I or Type II fine, at the option of the District, and may be prosecuted as crimes.

E. Backflow prevention, screens and other safety devices. If service requirements include the installation, testing and maintenance of backflow prevention devices (Section 23.04 of this Code), screens or other safety operational items, in addition to, or in lieu of, other remedies provided herein, the District may apply any of the remedies under Section VI and VII of the District's Ordinance No. 386, as amended or renumbered. Furthermore, violations relating to backflow testing may be prosecuted as set forth in Section 73.01 of this Code. Violations of backflow requirements or knowingly filing a false statement or report required by a local health officer are subject to either a Type I or Type II fine, at the option of the District, pursuant to Section 72.06, below.

F. Violation Concerning Recycled Water Service. In addition to any fine, revocation, suspension or penalty imposed under Section 26 in connection with any violation of said Section, including permit suspension or revocation under Section 26.07.C, the District may (i) suspend or terminate water and or sewer service to the property, the owner and/or the operator; (ii) require payment by the owner for any damage to the District facilities, reimbursement to District of costs and expenses, or fines imposed on the District in connection with such violation; or (iii) prosecute the responsible party under any applicable provision of this Code, the Water Code or the Penal Code. Additionally, any violation concerning recycled water service is subject to either a Type I or Type II fine, at the option of the District, pursuant to Section 72.06, below.

G. Violation Concerning Sewer Service. In addition to any other remedy, fine or penalty provided by this Code or applicable law, failure to comply with any requirements of sewer service, including requirements for the preservation of public health, safety and welfare and including, but not limited to, the requirements established under Article II, Chapter 2, Sections 50 to 56.04 of this Code, as hereafter amended or as supplemented by other District Rules and Regulations for Sewer Service, the California Health and Safety Code, the California Code of Regulations, Titles 17 and 22, and Water

Agency Standards. Furthermore, may be prosecuted as set forth in Section 73.01 of this Code. Additionally, any violation concerning sewer service is subject to a Type I or Type II fine, at the option of the District, pursuant to Section 72.06, below.

H. Theft, Fraud, or Misappropriation. In addition to any other remedy, fine or penalty provided by this Code or applicable law, any violation involving theft, fraud or misappropriation of District water, services, or property is subject to a Type I or Type II fine, at the option of the District, pursuant to Section 72.06, below.

72.04 VIOLATIONS OF CONSERVATION OR OTHER WATER USE RESTRICTION PROVISIONS

The District has established and published conservation measures set forth in Section 39 of the Code. Commencing with declared Level 2 conditions, the District may assess water shortage rates and charges previously adopted. In addition, after notice of the declared water shortage level is given as required by law, any person who uses, causes to be used, or permits the use of water in violation of such requirements (other than a person who qualifies for an applicable exemption, if any) may be assessed damages, penalties and fines.

A. Additional provisions concerning use restriction violations. In addition to payment of actual damages, the following may apply to a violation of any water conservation or water use restriction measure:

1. A change on the account holder shall not cause the account to revert to pre-violation status unless the new account holder provides evidence that it is not related to the violator and had no responsibility for the prior account.

2. The District may reduce, suspend or terminate service to any parcel immediately and without further notice if the violation involves or results in water waste, as set for in Section 72.03(B), above.

3. Willful violations of mandatory conservation measures described in Section 39 of this Code may be enforced by terminating service to the property at which the violation occurs, as provided by Section 356 of the California Water Code.

B. Prosecution for violations of conservation measures. Pursuant to Section 377 and 71644 of the California Water Code, each violation of the District's Conservation Ordinance, set forth in Section 39 of this Code, may be prosecuted as a misdemeanor, punishable by imprisonment in the County jail for no more than thirty (30) days or by a fine, as set forth in subsection (C), below.

C. Assessment of fines for violations of conservation or water use restriction provisions. Any responsible party who fails to comply with any conservation or use restriction measure is subject to the assessment of an administrative Type I fine, added to account, pursuant to Section 72.06, below.

72.05 VIOLATIONS INVOLVING DISTRICT REAL
PROPERTY

A. Removal, Disposition and Costs. The District has absolute discretion to determine the corrective action required in connection with any violation involving District real property, including requiring the owner of any unauthorized encroachment or improvement to remove it or taking action to remove it immediately and without notice. Any improvements or uses placed within or on any District property or right of way are subject to the following:

1. Costs and Damages. All costs and damages shall be the responsibility of the customer and any other responsible party. Furthermore, the District shall not be liable for costs to repair or replace any unauthorized encroachment or improvement, or any property, improvement or thing used in connection with, supported by or attached thereto.

2. Burden of proof. The burden shall be on the user to prove to the District's satisfaction, the authority, scope and extent of any right to access, improve or use the District's property. Only written evidence in the form of an agreement, deed, statute, recorded or official map or plat, governmental regulation or other right may be used to establish such claim of right.

B. Notice. In connection with any improvement or use that does not constitute a health hazard and does not interfere with the District's use of its property, the District will give written notice of up to sixty (60) days, at the discretion of the General Manager, to cease, terminate, eliminate or remove the offending improvement, structure or use. Any written notice will be given to the responsible party or posted at the property where the trespass or encroachment occurs. If the responsible party is not the owner of any real property affected by the violation, the District will also give notice to the owner of record at the address on record with the assessor's office via personal delivery, certified mail return receipt requested or via Fed-Ex.

C. Immediate action. In connection with any improvement that constitutes a health hazard or interferes with the District's use of any District property, the District will take any immediate action deemed necessary by the General Manager.

D. Fines. In addition to all other remedies provided under this Article or under applicable law, the District may impose a fine as provided in Section 72.06. Additionally, the District may impose a fine up to either the amount specified on any sign, or a Type I or Type II fine, at the option of the District, in connection with any trespass on District property in violation of a sign prohibiting trespassing, pursuant to Section 72.06, below.

E. Separate violation. A separate violation will accrue for each day after the deadline to cease, terminate, eliminate or remove the trespass or encroachment, as set forth in the notice.

72.06 ADMINISTRATIVE FINES

Any administrative fines established herein shall be in the nature of civil penalties and shall be additional and cumulative to any other fines, damages or any other charges established by the District and are also separate from and cumulative to any other civil or criminal penalty, fine or remedy. In connection with each violation, the District may assess a fine up to the amount specified in the schedule of fines for the type of fine being imposed.

Each day during which a violation is in effect constitutes a separate violation and violations are cumulative while the account is in the name of the original violator or any person that participated in or benefited from the violation. Except where the violation creates an immediate danger to health or safety, the person responsible for the continuing violation will be provided a reasonable period of time to correct or otherwise remedy the violation(s) prior to the imposition of administrative fines.

A. Assessment of Fines for Technical Violations of Other Code Provisions.
Any person who engages in a violation of any provision of this Code is subject to the assessment of a separate administrative Type I Fine, unless subject to a more severe fine as set forth in this Code.

B. Assessment of Separate Fines.

Nothing in this code or the limits specified per violation shall prevent the imposition of separate fines for each separate violation committed during a single act. For example, in connection with a violation concerning sewer service that involves a trespass on any portion of the District's real property, separate fines may be assessed for the trespass, the damage to District personal property, the damage to District real property; the damage to the sewer system and the activity resulting on all the damages.

C. Types of Fines. The amount for each type of fine specified below may increase automatically to reflect any higher amount authorized by law or regulation. The District has determined to establish two types of fines based on the nature of the violation, as follows:

1. Type I Fine. Any violation that does not have the potential to endanger the health or safety of the public. The fine will not exceed the amount specified in the Section 36900(b) of the California Government Code or Appendix A for a first, second, third or each additional violation of that same ordinance or requirement within a twelve-month period.

2. Type II Fine. Any violation that has the potential to endanger the health or safety, including, but not limited to, unauthorized or illegal connections, meter tampering, water theft, , or knowingly filing a false statement or report required by a local health officer . The fine will not exceed the amount specified on Appendix A per each day the violation is identified or continues.

D. Collection of Fines. Any fines assessed by the District are payable directly to the District, are due upon issuance or as otherwise indicated on the notice or bill, and are delinquent 30 calendar days from the due date.

E. Notice of Administrative Fine; Content. Notice of an administrative fine pursuant to this section will contain the following information: (i) a brief description of the violation(s); (ii) the date and location of the violation(s); (iii) a brief description of corrective action(s) required, as appropriate; (iv) a statement explaining that each day the violation continues constitutes a new violation; (v) in the case of violations creating an immediate danger to health or safety, the amount of civil penalty assessed or, in all other cases, the amount of civil penalty to be assessed if the violation(s) are not corrected within the time provided by the notice; (vi) a statement of the procedure for payment and the consequences of failure to pay; (vii) contact information for the District employee that should be contacted to discuss the notice and provide evidence of compliance; and (viii) a brief statement describing the responsible party's right to request further review, pursuant to subsection (F), below.

F. Option for Board Review . Persons receiving a Notice of Administrative Fine may request Board review. The request for Board consideration must be in writing, must be received by the District Secretary within ten (10) calendar days from the date of the notice and must include contact information, an explanation of the basis for the request, and any supporting documentation said person(s) wish to provide to the Board for review and consideration. District staff will review the petitioner's request and will make a recommendation to the Board in light of its investigation. The District will provide notice of the date, time and place for Board consideration by electronic means, facsimile or first class mail sent to the return addressee indicated on the written request.

G. Any fines assessed pursuant to the Notice of Administrative Fines must be timely paid notwithstanding the filing of a request for Board review.

At the time of Board review, the petitioner may, address the Board and respond to the charges to show good cause why the fine should not be imposed; however, the customer is not entitled to a full judicial-type hearing with cross examination, sworn testimony, etc. In accordance with the provisions of Government Code Section 53069.4, the Board's determination shall be final and conclusive, and shall be deemed confirmed, if not appealed within 20 calendar days to the Superior Court of the County of San Diego.

SECTION 73. ADDITIONAL DISTRICT REMEDIES

Each day during which a violation commences or continues shall constitute a separate violation which may be so prosecuted. In addition to, or on lieu of any damages, fines or other remedies provided in any other section of this Code, at the District's sole and absolute discretion, the District may enforce any other remedies available to it in law or equity.

73.01 OTHER REMEDIES OF DISTRICT

A. Collection of Unpaid Bills on Tax Roll. Pursuant to the provisions of the Health and Safety Code, commencing with Section 5470, the District may cause delinquent charges for services to be collected on the tax roll in the same manner as its general taxes.

B. Costs of Suit. Any person who violates any provision of this Code of Ordinance shall be liable for costs of any civil suit required to enforce the District's rights, including but not limited to reasonable attorney's fees in accordance with Civil Code Section 1882.2. The provisions of Civil Code Section 1882 *et seq.* are incorporated herein by reference. This Article shall be interpreted so as to be consistent with Civil Code Sections 1882 *et seq.*

C. Reward. In accordance with Government Code Section 53069.5, the District may offer and pay a reward, in an amount determined by the District, for information leading to the determination of the identity of, and the apprehension of, any person whose willful misconduct results in injury or death to any person or who willfully damages or destroys any property of the District or any property of any other local agency or state or federal agency located within the boundaries of the District. The person who has willfully damaged or destroyed such property shall be liable for the amount of any reward paid pursuant to this section.

D. Parental liability for Acts of Minors. If a violation is due to the acts of a minor child, the minor and his or her parents or guardians, as applicable, shall be jointly and severally liable to the maximum extent allowed by law, including parental liability pursuant to Section 1714.1 of the California Code of Civil Procedure, as hereafter amended or renumbered.

E. Backflow testing; Prosecution. A person is guilty of a misdemeanor in connection with the violation of any provision of the California Code of Regulations concerning backflow testing, including non-compliance with any order to test, knowingly filing a false statement or report concerning any information required by the District or failure to use a person qualified to conduct the testing. Such misdemeanor is punishable by a fine of up to \$500 or by imprisonment not exceeding 30 days. Each day of a violation is a separate offense.

F. Sewer Service Violation; Prosecution. Pursuant to Section 71689.27 of the Water Code of the State of California, upon conviction of a violation of any ordinance or provision of this Code concerning the sewer system the person shall be punished by being imprisoned in the county jail.

G. Theft of Utility Services, Water or Waterworks; Prosecution. Pursuant to Sections 498, 624 and 625 of the Penal Code of the State of California, theft of District facilities or theft of water or other utility services, including theft through unauthorized connections, may be prosecuted as a crime.

H. Prosecution of Code Violations. The District may, at its option, prosecute or cause to be prosecuted any violation of this Code of Ordinance or any other Ordinance of the District as a misdemeanor, pursuant to Section 71600 of the California Water Code.

I. Receipt or Purchase of Stolen Property; Prosecution. Pursuant to Section 496a of the Penal Code of the State of California, purchase or receipt of stolen property belonging to the water system, may be prosecuted as a crime.

J. Junk Dealers and Recyclers; Remedies. To the extent provided by law, including the provisions of AB844, approved by the Governor and chaptered in September of 2008, the District will pursue remedies available through or against any junk dealer or recycler that purchases any District property without prior written authorization from District.

73.02 NOTICE TO DISTRICT CONCERNING VIOLATIONS

Any person noticing or discovering an unauthorized connection to the District's sewer, water or recycled water system from a parcel owned or occupied by such person must notify the District immediately. If the unauthorized connection affects a parcel owned by the person, he or she must remove the unauthorized connection immediately and must notify the District. If the person rents or leases the affected parcel, the person shall provide the District the name and contact information of the owner of the parcel.

73.03 SEVERABILITY

If any portion of any chapter, section, subsection, paragraph, sentence, clause, or phrase of this Article is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct, independent and severable provision and such holding shall not affect the validity of the remaining portions hereof.

Juan M. Calderon
617 Diamond dr.
Chula Vista ca. 91911
(619) 799-0055

Octubre 21 2015

Otar water district.

Yo Juan Calderon escribo esta carta para pedir una disculpa por haber puesto un iman en el medidor d' agua que esta Ubicado en la calle 617 diamond dr. Chula Vista ca. 91911.

Se que tengo que pagar por mi falta pero les pido tengan consideración ya que mi condición de desahilitado e independiente no me permite pagar esa cantidad de dinero sin descuidar mi estado de salud.

Por eso les pido que reduzcan la multa. Lamento mucho lo ocurrido y estoy sumamente arrepentido y avergonzado E aprendido mi leccion y prometo nunca más volverlo hacer.

Gracias de antemano Sinceramente

Juan M. Calderón.

Juan M. Calderon
617 Diamond Dr.
Chula Vista, Ca 91911
619-799-0055

October 21, 2015

Otay Water District

I, Juan Calderon, am writing this letter to ask for forgiveness for placing a magnet on the water meter that is located at 617 Diamond Dr., Chula Vista, Ca 91911.

I know I must pay for this offense but I am asking for your consideration since my disabled condition and dependent (?) does not allow me to pay this amount of money without neglecting my health.

That is why I ask that you lower the amount of the fine. I am very sorry and ashamed for what happened and I have learned my lesson and promise never to do it again.

Thank you in advance.

Sincerely,

Juan M. Calderon

AGENDA ITEM 4



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	January 6, 2016
SUBMITTED BY:	Jose Martinez, Assistant Chief of Water Operations	PROJECT:	DIV. NO. All
APPROVED BY:	<input checked="" type="checkbox"/> Pedro Porras, Chief Water Operations		
	<input checked="" type="checkbox"/> German Alvarez, Assistant General Manager		
	<input checked="" type="checkbox"/> Mark Watton, General Manager		
SUBJECT:	Approval to Purchase two (2) Replacement Portable Water Pumps		

GENERAL MANAGER'S RECOMMENDATION:

That the Board authorize the General Manager to issue a purchase order to Rockwell Engineering and Equipment in the amount not to exceed \$326,160 for the purchase of two (2) replacement portable water pumps and declare the two (2) older pumps surplus.

COMMITTEE ACTION: _____

See Attachment "A."

PURPOSE:

To obtain Board authorization to purchase two (2) replacement portable water pumps.

ANALYSIS:

Included in the approved FY 2016 budget, as Item 17 under Capital Purchases, are two (2) replacement portable water pumps. The two portable water engine driven pumps are a replacement for existing portable pump numbers 740 and 2589.

The existing portable pumps were manufactured in 1992. They will be 24 years old at the time of replacement and are TIER 0 engine emissions level, which are before the state mandated emission

limits on portable engines. In order to comply with state regulatory mandates, neither pump will be allowed to operate after December 31, 2016 and must be removed from service and replaced with engines that are certified to the latest emissions levels of the State of California.

The specified replacement portable water pumps are designed to operate at a maximum flow rate of 2,500 gallons per minute (GPM) and up to 400 feet of head. The portable pumps purchased will include 350 horsepower TIER 4 final diesel engines, mounted on trailers with enclosures similar to the existing pumps. The pumps will continue to provide the District the ability to supply water in the event of emergency disruption and can be used at multiple locations throughout the District to provide an alternate means of water delivery.

Funding for this purchase has been included in CIP P2366 APCD Engine Retrofits and Replacements Capital Purchase Program.

Based on system operation evaluations of workflow by the water systems supervision and management, it is recommended that two (2) new portable water pumps be purchased and the two (2) older pumps be declared surplus and disposed of per District policy.

In accordance with District policy, bids were solicited for the portable water pumps. Four (4) bids were received. Prices received include all applicable fees, taxes, delivery, testing and training.

Dealer	Bid Price
Xylem/Godwin/Goulds/Volvo	\$520,841
Hawthorne/Barrett/Aurora/Caterpillar	\$510,097
Cortech/Flow Serve/John Deere	\$430,006
Rockwell/Pioneer/John Deere	\$326,160

FISCAL IMPACT: _____

Projected purchase budget for the two (2) portable pumps is \$520,000 based on preliminary research. The purchase of the pumps will cost \$326,160 which will be charged against the APCD Retrofits and Replacements CIP P2366. The total cost in this account will not exceed budgeted funding.

The total FY16 project budget for the CIP P2366 APCD Retrofits and Replacements is \$535,000. Existing expenditures and current encumbrances for the CIP, including the two (2) portable pumps purchased under this request if approved, are \$326,160.

Based on the evaluation, the CIP P2366 budget is sufficient to complete the budgeted purchase.

The Finance Department has determined that 100% of the funds are available in the replacement fund.

Expenditure Summary:

Total CIP 2366 APCD Retrofits and Replacements FY16 Budget:	\$535,000.00
Proposed Equipment Purchase: Two (2) portable pumps	(\$326,160.00)
Proposed Replacement Stationary Emissions Analyzer	(\$14,500.00)
Projected CIP P2366 FY16 Under Budget:	\$194,340.00

STRATEGIC GOAL:

Operate the system to meet demand twenty-four hours a day, seven days a week.

LEGAL IMPACT: _____

None.

General Manager

Attachment "A," Committee Action



ATTACHMENT A

SUBJECT/PROJECT:	Approval to Purchase two (2) Replacement Portable Water Pumps
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COMMITTEE ACTION:

The Finance, Administration, and Communications Committee reviewed this item at a meeting held on December 7, 2015 and the following comments were made:

Note:

The ``Committee Action`` is written in anticipation of the Committee moving the item forward for Board approval. This report will be sent to the Board as a committee approved item, or modified to reflect any discussion or changes as directed from the committee prior to presentation to the full board.



AGENDA ITEM 5

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	January 6, 2016
		PROJECT:	DIV. NO. All
SUBMITTED BY:	Kevin Koeppen, Finance Manager		
APPROVED BY:	<input checked="" type="checkbox"/> Joseph R. Beachem, Chief Financial Officer		
	<input checked="" type="checkbox"/> German Alvarez, Assistant General Manager		
	<input checked="" type="checkbox"/> Mark Watton, General Manager		
SUBJECT:	Retiree Healthcare Benefits - Review of the Actuarial Report and Net Cost of the Enhancement of the Retiree Healthcare Benefits		

GENERAL MANAGER'S RECOMMENDATION:

This staff report is an informational item that provides findings to the Board of Directors regarding:

1. The latest actuarial valuation performed as of June 30, 2015.
2. The actuarial evaluation determining the net cost or savings of the Other Post Employment Benefit (OPEB) Plan enhancement versus the increased employee contributions to PERS.

COMMITTEE ACTION:

See Attachment A.

PURPOSE:

Every two years the District is required to hire an Actuary to perform a study that determines the cost of the District's OPEB Plan. The District has received the 2015 Actuarial Report prepared by Bartel Associates, LLC. This study is what determines the District's Annual Required Contribution (ARC) which is reported in the District's financial statements. In addition to the typical information found in an actuarial study, Bartel Associates was asked to evaluate the status of the cost and benefit of the increased employee contributions to PERS and the enhancement of the OPEB benefits.

ANALYSIS:

Every two years the District hires an actuarial firm to prepare the OPEB evaluation which is used to determine the Annual Required Contribution. This evaluation has been completed and the findings are presented in this Staff Report.

Annual Required Contribution (ARC)

The Actuary has made a number of assumption changes that have decreased the Actuarial Accrued Liability (AAL) and the Annual Required Contribution. The most significant change is a result of reductions in the estimated medical costs. Actual inflation of medical costs have been lower than what was projected in the previous actuarial study. When compared to the previous actuarial study, these along with other changes have decreased the ARC by \$140,000 in FY 2016, \$136,000 in FY 2017, and reduced the AAL by \$1.8 million. These changes also have a positive effect on the current funding level of the OPEB Trust (Trust).

Cost/Savings of Plan and Contribution Changes

Since the 2011 OPEB change, staff has reported to the Board on two occasions regarding the net savings status. In the 2013 actuarial study the net costs were anticipated to exceed the projected benefit by \$43,000 and the cost was expected to increase slightly over time. In the 2015 actuarial study the net costs of the additional benefit is expected to exceed the projected benefit by \$30,000 for FY 2016. The net cost is expected to decrease over time and provide a net benefit beginning in FY 2017 and remain a benefit in all future years.

In FY 2016, the cost of the benefit enhancement is projected to be \$1,007,000 while the savings from the increased employee PERS contribution is projected to be \$978,000. These net costs to the District, projected by the Actuary, will decrease in FY 2017 and all subsequent years. Beginning in FY 2017 the projected benefit is expected to exceed the projected cost. Beginning in FY 2017 the benefit is estimated to result in a net savings to the District of \$22,000 followed by savings of \$79,000, \$142,000, and \$214,000 in the following three years.

Using the new assumptions, the unrepresented employees continue to have a positive net savings to the District of \$12,000 a year. This savings is expected to grow slightly over time. The net savings of the plan change and contributions for the represented employees remains slightly negative at -\$41,000. However, this impact is expected to become positive in FY 2017 and remain positive in all future years.

Funding Status

In addition to the District funding the ARC for the plan, it has also paid the retiree medical premiums. As a result of these payments of retiree medical premiums not being paid from the Trust, the funding

level is accelerated. The District has continued to budget for these costs and this actuarial study reflects this funding level. With all the assumption changes, the actuarial study shows the Trust funding level increasing from the current 71% to 97% over the six-year budget plan, FY 2016 to FY 2021. The prior actuarial study anticipated the funding level to be 93% by FY 2021.

Budget Impact

Staff did not account for a decreasing ARC in the budgeting process as the study occurred after the budget. As a result of this, the District's rate modeling for OPEB funding is greater than the actuarially projected costs in all fiscal years. In the current year, with the assumption changes the budgeted funding is approximately \$140,000 greater than the actuarial projected cost. In the next fiscal year, FY 2017, the projected budget will be greater than the projected cost by \$136,000. Staff will adjust down the future funding projections in the next budget process to match the newest actuarial projected costs. After all assumption and projection changes are factored into the actuarial calculations, the funding level of the Trust is expected to reach 100% by fiscal year 2022.

FISCAL IMPACT: Joe Beachem, Chief Financial Officer

For FY 2016 the updated OPEB costs are below the budgeted OPEB funding by \$140,000.

STRATEGIC GOAL:

The District ensures its continued financial health through long-term financial planning.

LEGAL IMPACT:

N/A

Attachments:

- A - Committee Action
- B - Actuarial Valuation Report
- C - OPEB Contribution Study



ATTACHMENT A

SUBJECT/PROJECT:	Retiree Health Care Benefits - Review of the Actuarial Report and Net Cost of the Enhancement of the Retiree Healthcare Benefits
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COMMITTEE ACTION:

This is an informational item.

NOTE:

The "Committee Action" is written in anticipation of the Committee moving the item forward for board approval. This report will be sent to the Board as a committee approved item, or modified to reflect any discussion or changes as directed from the committee prior to presentation to the full board.



BARTEL
ASSOCIATES, LLC

**OTAY WATER DISTRICT
RETIREE HEALTHCARE PLAN**

June 30, 2015 GASB 45 Actuarial Valuation
Preliminary Results

Bartel Associates, LLC
Joseph R. D’Onofrio, Assistant Vice President
Adam Zimmerer, Actuarial Analyst
Tak Frazita, Associate Actuary
September 10, 2015

AGENDA

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BENEFIT SUMMARY

■ Eligibility
Service
Retirement

- Full-time employees who retire directly from District under CalPERS (service or disability)
- Unrepresented retired ≤ 7/15/11; Represented retired ≤ 8/10/11:
 - Hired < 1/1/81 - Age 55 and 5 years of District service
 - Hired ≥ 1/1/81 - Age 55 and age plus District service ≥ 70
- Unrepresented¹ retired > 7/15/11; Represented retired > 8/10/11:
 - Hired < 1/1/13 - Age 55 and 20 years of District service (15 years for Unrepresented)
 - Hired ≥ 1/1/13 - Age 55 & 20 years of District service
- Directors:
 - Elected < 1/1/95 - Age 60 and 12 years of District service²
 - Elected ≥ 1/1/95 - Not eligible
- District service for eligibility is continuous service from last hire date
- Medicare eligible retirees and spouses must enroll in Medicare
- Retirees who waive coverage cannot rejoin plan

¹ Includes General Manager.

² All current Directors were elected after 1/1/95. There are 2 retired Directors.



BENEFIT SUMMARY

■ Medical & Dental

- 100% of retiree premium for life
- Retired < 12/29/03 - 100% spouse premium for life and 100% eligible dependent premium to age 19
- Retired ≥ 12/29/03 - 88% of spouse premium for life and 88% eligible dependent premium to age 19
- Retiree can pay eligible dependent premium after age 19 as required by law

■ Medical Plans

- SDRMA EPO, Gold PPO, HMO 15 available before Medicare eligibility
- Gold PPO available after Medicare eligibility

■ Life Insurance

- Retired < 12/29/03 - \$3,000 for retiree to age 65 and \$1,950 from age 65 to age 70
- Retired < 12/29/03 and hired < 1/1/81 - \$1,000 for spouse to retiree age 65 and \$650 from retiree age 65 to retiree age 70
- Directors not eligible



BENEFIT SUMMARY

■ Survivors

Unrepresented
Retired < 7/15/11
Represented
Retired < 8/10/11
Directors
Elected < 1/1/95

- Retired < 12/29/03 and Directors elected < 1/1/95 - 100% spouse premium and 100% eligible dependent premium to age 19
- Retired ≥ 12/29/03 - 88% of spouse premium and eligible dependent premium to age 19
- Spouse coverage after retiree death but not past spouse age 65
- Eligible dependent can pay full premium after age 19 as required by law
- Survivor benefit available to actives eligible to retire

■ Survivors

Unrepresented
Retired ≥ 7/15/11
Represented
Retired ≥ 8/10/11

- 88% of spouse premium for life and eligible dependent premium to age 19
- Spouse coverage after retiree death but not past spouse age 65
- Eligible dependent can pay full premium after age 19 as required by law
- Survivor benefit available to actives eligible to retire



BENEFIT SUMMARY

■ Disability & Hardship

- Full-time employees who retire directly from District under CalPERS
- Disability - Age 50 to 54 and 10 years of District service
- Hardship:
 - Hired < 1/1/13 - Hardship as determined by the District with 20 years of District service (15 years for Unrepresented)
 - Hired ≥ 1/1/13 - Hardship as determined by the District and 20 years of District service
- Early retirement adjustment to benefit:

<u>Age</u>	<u>Percent</u>
50	70%
51	76%
52	82%
53	88%
54	94%



FUNDING POLICY

■ Funding Policy

- Contribute full ARC with CERBT Investment Strategy #1
- In addition, District pays benefits (cash subsidy and implied subsidy) directly from District assets
- For 2013/14, District prefunded \$69,000 less than full ARC
- Unfunded Liability amortized over 22 years for 2015/16
- Employee CalPERS contributions:

<u>Contribution</u>	<u>Hired < 1/1/13</u>		<u>Hired ≥ 1/1/13</u>	
	<u>CalPERS Classic</u>		<u>Not CalPERS Classic</u>	
	<u>Rep</u>	<u>Unrep</u>	<u>Rep</u>	<u>Unrep</u>
CalPERS	8.00%	8.00%	6.25%	6.25%
OPEB	0.75%	0.00%	2.50%	1.75%
Total	8.75%	8.00%	8.75%	8.00%

- Employee contributions not reflected in valuation as portion of CalPERS contribution designated by District for OPEB offsets District OPEB contribution



FUNDING POLICY

■ District Pay-As-You-Go Cost ('000s)

<u>Fiscal Year</u>	<u>Cash Subsidy PayGo</u>	<u>Implied Subsidy PayGo</u>	<u>CERBT PayGo</u>	<u>District PayGo</u>	<u>CAFR PayGo</u>
2014/15	\$929	\$118	\$0	\$1,047	n/a
2013/14	940	116	0	1,056	940
2012/13	809	86	0	895	877

■ District Contributions ('000s)

<u>Fiscal Year</u>	<u>Cash Subsidy PayGo</u>	<u>Implied Subsidy PayGo</u>	<u>CERBT Funding</u>	<u>District Contrib</u>	<u>ARC</u>
2014/15	\$929	\$118	\$1,413	\$2,460	\$1,413
2013/14	940	116	1,370	2,426	1,439
2012/13	809	86	1,287	2,182	1,287



PARTICIPANT SUMMARY

Historical Participants

Participants	6/30/09	6/30/11	6/30/13	6/30/15
■ Actives				
• Count	160	150	137	136 ³
• Average Age	44.8	46.5	46.5	47.1
• Average Hire Age	36.4	36.3	37.0	37.4
• Ave District Service	8.4	10.2	9.5	9.7
• Average Pay ⁴	\$76,634	\$80,784	\$87,366	\$93,146
• Total Payroll (000's)	11,878	12,118	11,969	12,668
■ Retirees				
• Count	69	69	80	79
• Average Age	67.7	68.7	68.5	69.2
• Ave Svc Ret Age	59.0	58.5	58.3	58.4
• Ave Dis Ret Age	n/a	n/a	n/a	52.5
■ Retirees/Actives	43%	46%	58%	58%

³ 119 hired before 1/1/13 and 17 hired after 1/1/13.

⁴ Excludes 5 Directors with no reported pay for 6/30/09.



PARTICIPANT SUMMARY

Active Participants

Valuation Date	June 30, 2013			June 30, 2015		
Employee Group	Unrep	Rep	Total	Unrep	Rep	Total
■ Count	36	101	137	35	101	136
■ Average Age	48.0	45.9	46.5	48.8	46.5	47.1
■ Average Hire Age	36.4	37.2	37.0	37.5	37.3	37.4
■ Average Service	11.6	8.7	9.5	11.3	9.2	9.7
■ Average Pay	\$123,826	\$74,371	\$87,366	\$132,726	\$79,430	\$93,146
■ Total Payroll (000's)	4,458	7,511	11,969	4,645	8,022	12,668



PARTICIPANT SUMMARY

Active Participants

Active Participants	6/30/13	6/30/15
■ Unrepresented		
• Executive	7	6
• Confidential	8	8
• Confidential Management	3	3
• Manager	9	9
• Supervisor	<u>9</u>	<u>9</u>
• Total Unrepresented	36	35
■ Represented		
• Administrative	50	51
• Field	<u>51</u>	<u>50</u>
• Total Represented	101	101
■ Total Actives	137	136



PARTICIPANT SUMMARY

Participant Reconciliation

Participants	Actives	Retirees			
		Service ⁵	Disabled	Survivors	Total
■ June 30, 2013	137	80	0	0	80
• Terminations ⁶	(11)	-	-	-	-
• New Retirees & Survivors	(5)	4	1	-	5
• Retiree Deaths without Survivor ⁷	-	(5)	(0)	(0)	(5)
• Retiree Waived Coverage	-	(1)	(0)	(0)	(1)
• New Hires	15	-	-	-	-
• Data Corrections	0	(1)	1	0	0
■ June 30, 2015	136	77	2	0	79

⁵ Includes 5 hardship retirements.

⁶ Active employees reported for the 6/30/13 valuation and not reported for the 6/30/15 valuation were assumed to be terminations and deaths before retirement.

⁷ Retirees reported for the 6/30/13 valuation and not reported for the 6/30/15 valuation were assumed to be deaths without covered survivors.



ASSETS

Market Value of Plan Assets

(Amounts in 000's)

Market Value of Assets	2010/11	2011/12	2012/13	2013/14	2014/15
■ Market Value Beginning of Year	\$6,372	\$8,258	\$9,595	\$12,001	\$15,644
• CERBT Contributions	289	1,304	1,287	1,370	1,413
• District PayGo Contributions ⁸					
> Cash Subsidy	654	750	809	940	929
> Implied Subsidy	99	91	86	116	118
> Total	753	841	895	1,056	1,047
• Investment Earnings	1,606	43	1,135	2,292	(22)
• District Benefit Payments	(753)	(841)	(895)	(1,056)	(1,047)
• Administrative Expenses	(9)	(10)	(16)	(19)	(16)
■ Market Value End of Year	8,258	9,595	12,001	15,644	17,018
■ Estimated Annual Return⁹	24.5%	0.38%	11.2%	18.3%	(0.24%)
■ CERBT #1 Annual Return¹⁰	25.0%	0.15%	11.8%	18.5%	(0.11%)

⁸ Benefit payments made directly from District.

⁹ Includes the impact of cash flow timing.

¹⁰ Before offset for expenses, currently estimated as 10 bp by CalPERS.



September 10, 2015

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ASSETS

Actuarial Value of Plan Assets

(Amounts in 000's)

Actuarial Value of Assets	2010/11	2011/12	2012/13	2013/14	2014/15
■ Actuarial Value Beginning of Year	\$6,962	\$7,893	\$9,762	\$11,831	\$14,399
• Contributions	1,042	2,145	2,182	2,426	2,460
• Expected Net Earnings	550	608	739	887	1,083
• Benefit Payments	(753)	(841)	(895)	(1,056)	(1,047)
■ Expected AVA at End of Year	7,801	9,804	11,788	14,088	16,896
• Market Value at End of Year	8,258	9,595	12,001	15,644	17,018
• MVA - Expected AVA	456	(209)	212	1,556	122
• 1/5 of (MVA - Expected AVA)	91	(42)	42	311	24
• Preliminary AVA	7,893	9,762	11,831	14,399	16,920
• Minimum AVA (80% of MVA)	6,606	7,676	9,601	12,515	13,614
• Maximum AVA (120% of MVA)	9,909	11,514	14,401	18,772	20,422
■ Actuarial Value End of Year	7,893	9,762	11,831	14,399	16,920
■ Actuarial Value Est Net Return	9.0%	7.0%	7.7%	9.8%	7.4%
■ AVA/MVA	96%	102%	99%	92%	99%



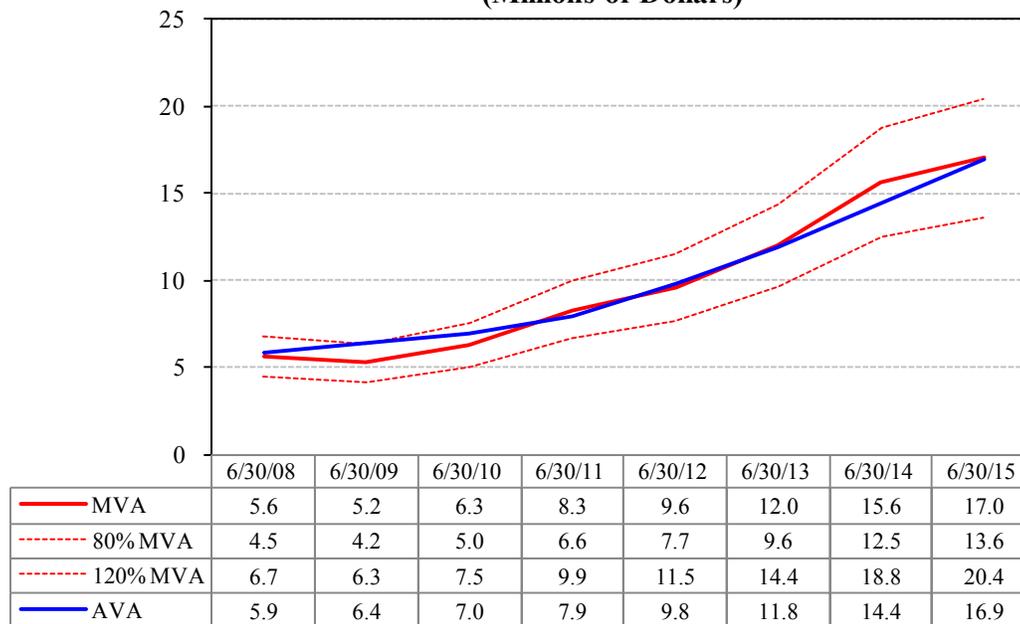
September 10, 2015

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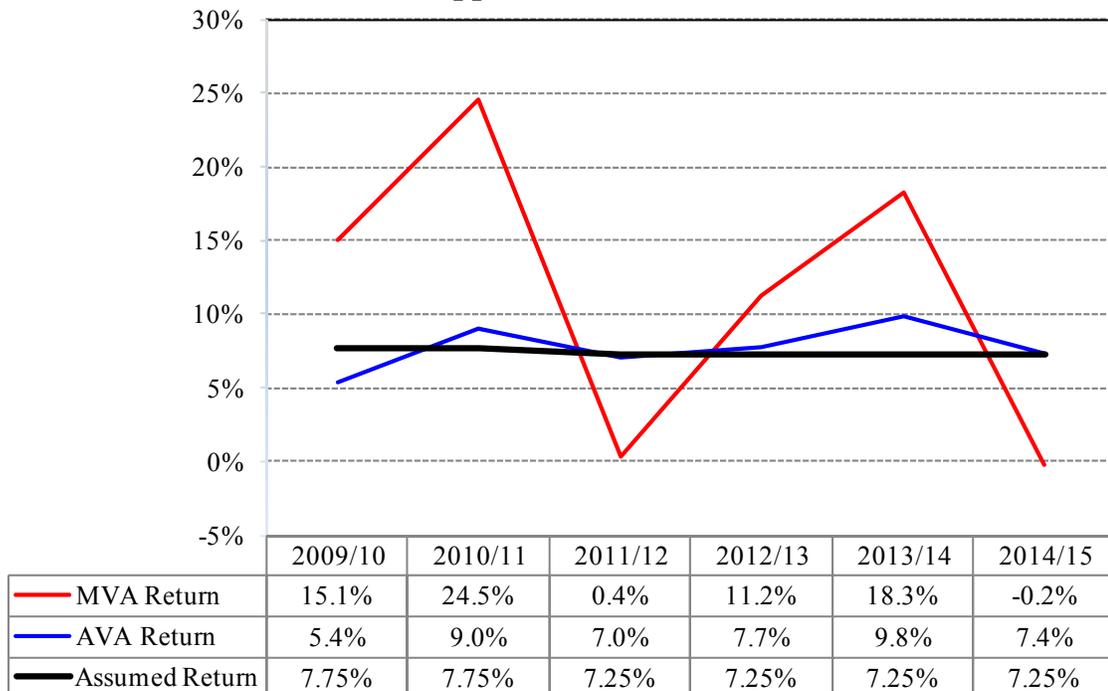
ASSETS

Actuarial Value of Assets (Millions of Dollars)



ASSETS

Approximate Return on Assets



ASSUMPTIONS HIGHLIGHTS

Assumption	June 30, 2013 Valuation	June 30, 2015 Valuation
■ Valuation Date	<ul style="list-style-type: none"> • June 30, 2013 • 2013/14 & 2014/15 ARCs 	<ul style="list-style-type: none"> • June 30, 2015 • 2015/16 & 2016/17 ARCs
■ Funding Policy	<ul style="list-style-type: none"> • Prefund full ARC with CERBT Fund #1 • Additionally, benefit payments from District assets until 100% funded 	<ul style="list-style-type: none"> • Same
■ Discount Rate	<ul style="list-style-type: none"> • 7.25% - Full ARC funding with CERBT #1 	<ul style="list-style-type: none"> • Same
■ Merit Payroll Increases	<ul style="list-style-type: none"> • CalPERS 1997-2007 Experience Study • Added to aggregate payroll increase assumption for Normal Cost calculation 	<ul style="list-style-type: none"> • CalPERS 1997-2011 Experience Study • Added to aggregate payroll increase assumption for Normal Cost calculation

ASSUMPTIONS HIGHLIGHTS

Assumption	June 30, 2013 Valuation	June 30, 2015 Valuation																																																																														
■ Medical Trend	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Calendar Year</th> <th colspan="2" style="text-align: center;"><u>Increase from Prior Year</u></th> </tr> <tr> <th></th> <th style="text-align: center;"><u>Non-Medicare</u></th> <th style="text-align: center;"><u>Medicare</u></th> </tr> <tr> <th></th> <th colspan="2" style="text-align: center;"><u>All Plans</u></th> </tr> <tr> <th></th> <th colspan="2" style="text-align: center;"><u>Premiums</u></th> </tr> </thead> <tbody> <tr><td>2013</td><td></td><td></td></tr> <tr><td>2014</td><td></td><td></td></tr> <tr><td>2015</td><td style="text-align: center;">8.0%</td><td style="text-align: center;">8.3%</td></tr> <tr><td>2016</td><td style="text-align: center;">7.5%</td><td style="text-align: center;">7.8%</td></tr> <tr><td>2017</td><td style="text-align: center;">7.0%</td><td style="text-align: center;">7.2%</td></tr> <tr><td>2018</td><td style="text-align: center;">6.5%</td><td style="text-align: center;">6.7%</td></tr> <tr><td>2019</td><td style="text-align: center;">6.0%</td><td style="text-align: center;">6.1%</td></tr> <tr><td>2020</td><td style="text-align: center;">5.5%</td><td style="text-align: center;">5.6%</td></tr> <tr><td>2021+</td><td style="text-align: center;">5.0%</td><td style="text-align: center;">5.0%</td></tr> </tbody> </table>	Calendar Year	<u>Increase from Prior Year</u>			<u>Non-Medicare</u>	<u>Medicare</u>		<u>All Plans</u>			<u>Premiums</u>		2013			2014			2015	8.0%	8.3%	2016	7.5%	7.8%	2017	7.0%	7.2%	2018	6.5%	6.7%	2019	6.0%	6.1%	2020	5.5%	5.6%	2021+	5.0%	5.0%	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Calendar Year</th> <th colspan="2" style="text-align: center;"><u>Increase from Prior Year</u></th> </tr> <tr> <th></th> <th style="text-align: center;"><u>Non-Medicare</u></th> <th style="text-align: center;"><u>Medicare</u></th> </tr> <tr> <th></th> <th colspan="2" style="text-align: center;"><u>All Plans</u></th> </tr> <tr> <th></th> <th colspan="2" style="text-align: center;"><u>Premiums</u></th> </tr> </thead> <tbody> <tr><td>2013</td><td></td><td style="text-align: center;">n/a</td></tr> <tr><td>2014</td><td></td><td style="text-align: center;">n/a</td></tr> <tr><td>2015</td><td></td><td style="text-align: center;">Premiums</td></tr> <tr><td>2016</td><td></td><td style="text-align: center;">Premiums</td></tr> <tr><td>2017</td><td style="text-align: center;">7.0%</td><td style="text-align: center;">7.2%</td></tr> <tr><td>2018</td><td style="text-align: center;">6.5%</td><td style="text-align: center;">6.7%</td></tr> <tr><td>2019</td><td style="text-align: center;">6.0%</td><td style="text-align: center;">6.1%</td></tr> <tr><td>2020</td><td style="text-align: center;">5.5%</td><td style="text-align: center;">5.6%</td></tr> <tr><td>2021+</td><td style="text-align: center;">5.0%</td><td style="text-align: center;">5.0%</td></tr> </tbody> </table>	Calendar Year	<u>Increase from Prior Year</u>			<u>Non-Medicare</u>	<u>Medicare</u>		<u>All Plans</u>			<u>Premiums</u>		2013		n/a	2014		n/a	2015		Premiums	2016		Premiums	2017	7.0%	7.2%	2018	6.5%	6.7%	2019	6.0%	6.1%	2020	5.5%	5.6%	2021+	5.0%	5.0%
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■ Dental Trend	<ul style="list-style-type: none"> • 4.0% annually 	<ul style="list-style-type: none"> • Same 																																																																														
■ Dental Claims Cost	<ul style="list-style-type: none"> • Premium x loss ratio <ul style="list-style-type: none"> ➢ Employee - 90% ➢ Spouse - 71% ➢ Child - 71% 	<ul style="list-style-type: none"> • Use 100% premium as estimate of future claims cost 																																																																														

ASSUMPTIONS HIGHLIGHTS

Assumption	June 30, 2013 Valuation	June 30, 2015 Valuation
<ul style="list-style-type: none"> ■ Mortality, Termination, Disability, Merit Pay 	<ul style="list-style-type: none"> • CalPERS 1997-2007 Experience Study • Mortality improvement projection Scale AA 	<ul style="list-style-type: none"> • CalPERS 1997-2011 Experience Study • Mortality Improvement Scale MP-2014 modified to converge to ultimate mortality improvement rates in 2022
<ul style="list-style-type: none"> ■ Claims Costs Demographics 	<ul style="list-style-type: none"> • District age and gender demographics 	<ul style="list-style-type: none"> • Pool employee age and gender demographics for each healthcare plan provided by SDRMA • Assumed spouse coverage: <ul style="list-style-type: none"> ➢ Actives - 80% ➢ Retirees < 65 - 80% ➢ Retirees ≥ 65 - 65%
<ul style="list-style-type: none"> ■ Hardship Retirements 	<ul style="list-style-type: none"> • n/a 	<ul style="list-style-type: none"> • 1% liability load for active obligation



ASSUMPTIONS HIGHLIGHTS

Assumption	June 30, 2013 Valuation	June 30, 2015 Valuation
<ul style="list-style-type: none"> ■ PPACA High Cost Plan Excise Tax 	<ul style="list-style-type: none"> • n/a 	<ul style="list-style-type: none"> • Excise tax threshold is calculated separately for self and non-self coverage • Non-Medicare eligible and Medicare eligible retirees can be combined • Assume insurer has 35% marginal income tax rate • Valuation uses estimated 1.25% AAL load



ASSUMPTIONS HIGHLIGHTS

Assumption	June 30, 2013 Valuation	June 30, 2015 Valuation
<p>■ District Service for Retirement</p>	<ul style="list-style-type: none"> • Hired < 1/1/81 - 5 years of District service • Hired ≥ 1/1/81 & < 7/1/93 and General Manager - Age plus District service ≥ 70 • Hired ≥ 7/1/93: <ul style="list-style-type: none"> ➢ Unrepresented employees: <ul style="list-style-type: none"> - Hired < 1/1/13 - 15 years of District service - Hired ≥ 1/1/13 - 20 years of District service ➢ Represented employees: <ul style="list-style-type: none"> - 20 years of District service - 5 years of District service if employee does not have 15 or 20 years of service at age 65 	<ul style="list-style-type: none"> • Unrepresented employees: <ul style="list-style-type: none"> ➢ Hired < 1/1/13 - 15 years of District service ➢ Hired ≥ 1/1/13 - 20 years of District service • Represented employees: <ul style="list-style-type: none"> ➢ 20 years of District service • 5 years of District service if employee does not have 15 or 20 years of service at age 65



ASSUMPTIONS HIGHLIGHTS

Assumption	June 30, 2013 Valuation	June 30, 2015 Valuation
<p>■ Participation at Retirement</p>	<ul style="list-style-type: none"> • Currently covered and waived <ul style="list-style-type: none"> ➢ Medical - 100% ➢ Dental - 80% 	<ul style="list-style-type: none"> • Same
<p>■ Medical Plan at Retirement</p>	<ul style="list-style-type: none"> • Currently covered: <ul style="list-style-type: none"> ➢ Current plan election until Medicare eligible ➢ PPO after Medicare eligible • Waived actives - PPO • Waived retirees - n/a 	<ul style="list-style-type: none"> • Same



VALUATION RESULTS

Actuarial Obligations

Actuarial Obligations (Amounts in 000's)	<u>6/30/13 Valuation</u>		<u>6/30/15 Valuation</u>	
	Actual 6/30/13	Projected 6/30/15	Actual 6/30/15	Projected 6/30/16
■ Discount Rate	7.25%	7.25%	7.25%	7.25%
■ Present Value of Benefits				
• Actives	\$16,603	\$ n/a	\$18,001	\$ n/a
• Retirees	<u>13,059</u>	<u>n/a</u>	<u>12,805</u>	<u>n/a</u>
• Total	29,662	31,844	30,806	31,969
■ Actuarial Accrued Liability				
• Actives	9,832	n/a	10,884	n/a
• Retirees	<u>13,059</u>	<u>n/a</u>	<u>12,805</u>	<u>n/a</u>
• Total	22,891	25,527	23,689	25,097
■ Actuarial Value of Assets	<u>11,831</u>	<u>16,559</u>	<u>16,920</u>	<u>19,407</u>
■ Unfunded Actuarial Accrued Liability	11,060	8,968	6,769	5,690
■ Funded Percent	52%	65%	71%	77%
■ Normal Cost	699	745	761	786
■ Pay-As-You-Go Cost	1,045	1,129	1,034	1,081



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VALUATION RESULTS

Estimated Actuarial Gains & Losses

(Amounts in 000's)

Actuarial Gains & Losses	NC%	AAL	(AVA)	UAAL
■ 6/30/13 Actual	5.8%	\$22,891	\$(11,831)	\$11,060
■ 6/30/15 Expected	5.8%	25,527	(16,559)	8,968
■ Experience Losses (Gains)				
• Actual versus expected premiums	(0.7%)	(2,692)	-	(2,692)
• Asset Loss (Gain)	0.0%	-	(361)	(361)
• Demographic & other	0.1%	(899)	-	(899)
■ Assumption Changes				
• CalPERS demographic assumptions	0.1%	532	-	532
• Projected mortality improvement	0.2%	824	-	824
• Hardship retirement assumption	0.1%	105	-	105
• PPACA excise tax	0.2%	292	-	292
■ Total Changes	0.0%	(1,838)	(361)	(2,199)
■ 6/30/15 Actual	5.8%	23,689	(16,920)	6,769



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VALUATION RESULTS

Annual Required Contribution (ARC)

(Amounts in 000's)

Annual Required Contribution	<u>6/30/13 Valuation</u>		<u>6/30/15 Valuation</u>	
	2013/14	2014/15	2015/16	2016/17
■ Discount Rate	7.25%	7.25%	7.25%	7.25%
■ ARC - \$				
• Normal Cost	\$ 699	\$ 722	\$ 761	\$ 786
• UAAL Amortization	<u>739</u>	<u>691</u>	<u>478</u>	<u>414</u>
• Total ARC	1,439	1,413	1,239	1,200
■ Estimated Payroll¹¹	11,969	12,358	13,080	13,505
■ ARC - %				
• Normal Cost	5.8%	5.8%	5.8%	5.8%
• UAAL Amortization	<u>6.2%</u>	<u>5.6%</u>	<u>3.7%</u>	<u>3.1%</u>
• Total ARC %	12.0%	11.4%	9.5%	8.9%
■ UAAL Amortization Years	24	23	22	21

¹¹ 2015/16 estimated payroll is 2014/15 reported payroll increased at the aggregate payroll assumption of 3.25% for one year.



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VALUATION RESULTS

Benefit Payment Projection

(Amounts in 000's)

Fiscal Year	<u>Cash Subsidy</u>			Implied Subsidy	Total Payment
	Current Actives	Current Retirees	Total Cash		
2015/16	\$ 4	\$914	\$ 918	\$116	\$1,034
2016/17	17	944	961	120	1,081
2017/18	38	960	998	114	1,112
2018/19	74	977	1,051	121	1,172
2019/20	122	976	1,098	117	1,215
2020/21	176	980	1,156	114	1,270
2021/22	246	965	1,211	120	1,331
2022/23	326	963	1,289	126	1,415
2023/24	417	951	1,368	135	1,503
2024/25	506	961	1,467	148	1,615



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VALUATION RESULTS

Actuarial Obligations
June 30, 2015 - 7.25% Discount Rate
 (Amounts in 000's)

Actuarial Obligations	Cash Subsidy	Implied Subsidy	Total Subsidy
■ Present Value of Benefits <ul style="list-style-type: none"> • Actives • Retirees • Total 	\$16,516 <u>12,188</u> 28,704	\$1,486 <u>618</u> 2,104	\$18,001 <u>12,805</u> 30,806
■ Actuarial Accrued Liability <ul style="list-style-type: none"> • Actives • Retirees • Total 	9,953 <u>12,188</u> 22,141	930 <u>618</u> 1,548	10,884 <u>12,805</u> 23,689
■ Actuarial Value of Assets¹²	<u>15,814</u>	<u>1,106</u>	<u>16,920</u>
■ Unfunded Actuarial Accrued Liability	6,327	442	6,769
■ Normal Cost for 2015/16	701	59	761
■ Pay-As-You-Go Cost for 2015/16	918	116	1,034

¹² Allocated in proportion to the Actuarial Accrued Liability for this illustration.



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VALUATION RESULTS

Annual Required Contribution (ARC)
2015/16 Fiscal Year - 7.25% Discount Rate
 (Amounts in 000's)

Annual Required Contribution	Cash Subsidy	Implied Subsidy	Total Subsidy
■ ARC - \$ <ul style="list-style-type: none"> • Normal Cost • UAAL Amortization • Total ARC 	\$ 701 <u>447</u> 1,148	\$59 <u>31</u> 90	\$ 761 <u>478</u> 1,239
■ Estimated Payroll	13,080	13,080	13,080
■ ARC - % <ul style="list-style-type: none"> • Normal Cost • UAAL Amortization • Total ARC 	5.4% <u>3.4%</u> 8.8%	0.5% <u>0.2%</u> 0.7%	5.8% <u>3.7%</u> 9.5%



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VALUATION RESULTS

Actuarial Obligations
June 30, 2015 - 7.25% Discount Rate
 (Amounts in 000's)

Actuarial Obligations	Unrepresented	Represented	Total
■ Present Value of Benefits <ul style="list-style-type: none"> • Actives • Retirees • Total 	\$5,715 <u> n/a</u> n/a	\$12,287 <u> n/a</u> n/a	\$18,001 <u> 12,805</u> 30,806
■ Actuarial Accrued Liability <ul style="list-style-type: none"> • Actives • Retirees • Total 	3,912 <u> n/a</u> n/a	6,971 <u> n/a</u> n/a	10,884 <u> 12,805</u> 23,689
■ Actuarial Value of Assets	<u> n/a</u>	<u> n/a</u>	<u> 16,920</u>
■ Unfunded AAL	n/a	n/a	6,769
■ Normal Cost for 2015/16	227	533	761
■ PayGo for 2015/16	n/a	n/a	1,034



VALUATION RESULTS

Annual Required Contribution (ARC)
2015/16 Fiscal Year - 7.25% Discount Rate
 (Amounts in 000's)

Annual Required Contribution	Unrepresented	Represented	Total
■ ARC - \$ <ul style="list-style-type: none"> • Normal Cost • UAAL Amortization • Total ARC 	\$227 <u> n/a</u> n/a	\$533 <u> n/a</u> n/a	\$ 761 <u> 478</u> 1,239
■ Estimated Payroll	4,796	8,283	13,080
■ ARC - % <ul style="list-style-type: none"> • Normal Cost • UAAL Amortization • Total ARC 	4.7% <u> n/a</u> n/a	6.4% <u> n/a</u> n/a	5.8% <u> 3.7%</u> 9.5%



VALUATION RESULTS

Estimated Net Obligation (NOO)

Estimated Net OPEB Obligation (Asset) (Amounts in 000's)	CAFR 2013/14	CAFR 2014/15	Estimate 2015/16	Estimate 2016/17
■ Discount Rate	7.25%	7.25%	7.25%	7.25%
■ NOO (Asset) at Beginning of Year	\$(9,345)	\$(10,385)	\$(11,472)	\$(12,528)
■ Annual OPEB Cost				
• Annual Required Contribution	1,439	1,413	1,239	1,200
• Interest on NOO	(678)	(753)	(832)	(908)
• NOO Adjustment	<u>625</u>	<u>713</u>	<u>810</u>	<u>911</u>
• Annual OPEB Cost	1,386	1,373	1,217	1,203
■ Contributions¹³				
• Benefit Payments Outside Trust	(940)	(929)	(918)	(961)
• Implied Subsidy Payments Outside Trust	(116)	(118)	(116)	(120)
• Trust Funding	<u>(1,370)</u>	<u>(1,413)</u>	<u>(1,239)</u>	<u>(1,200)</u>
• Total Contributions	(2,426)	(2,460)	(2,273)	(2,281)
■ NOO (Asset) at End of Year	(10,385)	(11,472)	(12,528)	(13,606)
■ NOO Amortization Years	24	23	22	21
■ NOO Amortization Factor	14.96	14.57	14.17	13.75

¹³ Estimated contributions for years after 2014/15. Estimated items other than the ARC must be revised when actual contributions are known.



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VALUATION RESULTS

CERBT Investment Strategy Sensitivity

June 30, 2015
(Amounts in 000's)

■ CERBT Investment Strategy	CERBT #1	CERBT #2	CERBT #3
■ Discount Rate	7.25%	6.75%	6.00%
■ Present Value of Benefits	\$30,806	\$33,769	\$39,082
■ Funded Status			
• Actuarial Accrued Liability	23,689	25,401	28,350
• Actuarial Value of Assets	<u>16,920</u>	<u>16,920</u>	<u>16,920</u>
• Unfunded AAL	6,769	8,481	11,430
■ ARC 2015/16			
• Normal Cost	761	861	1,043
• UAAL Amortization	<u>478</u>	<u>571</u>	<u>716</u>
• Total ARC	1,239	1,433	1,759
• ARC % of Payroll	9.5%	11.0%	13.4%



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VALUATION RESULTS

Full ARC Funding Projection - CERBT #1 - 7.25% Discount Rate

(Amounts in 000's)

Fiscal Year End	Begin Year NOO	ARC	AOC	District Contribution ¹⁴					BOY UAAL	BOY AVA Fund%
				Cash Pmts	IS Pmts	Trust Funding	Trust Reimb	Total Contr		
2016	\$(11,472)	\$1,239	\$1,217	\$918	\$116	\$1,239	\$ 0	\$2,273	\$6,769	71%
2017	(12,528)	1,200	1,203	961	120	1,200	0	2,281	5,690	77%
2018	n/a	1,154	n/a	998	114	1,154	0	2,266	4,551	83%
2019	n/a	1,100	n/a	1,051	121	1,100	0	2,272	3,372	88%
2020	n/a	1,037	n/a	1,098	117	1,037	0	2,252	2,127	93%
2021	n/a	964	n/a	1,156	114	964	(477)	1,757	840	97%
2022	n/a	923	n/a	1,211	120	923	(1,331)	923	0	100%
2023	n/a	952	n/a	1,289	126	952	(1,415)	952	0	100%
2024	n/a	982	n/a	1,368	135	982	(1,503)	982	0	100%
2025	n/a	1,014	n/a	1,467	148	1,014	(1,615)	1,014	0	100%

¹⁴ Assumes District contributes full ARC to trust and additionally pays cash and implied subsidy benefit payments from District assets until AAL is fully funded, at which point District will contribute full ARC to trust and request reimbursement of cash and implied subsidy benefit payments from trust.



VALUATION RESULTS

Funding Projection - CERBT #2 - 6.75% Discount Rate

(Amounts in 000's)

Fiscal Year End	Begin Year NOO	ARC	AOC	District Contribution ¹⁵					BOY UAAL	BOY AVA Fund%
				Cash Pmts	IS Pmts	Trust Funding	Trust Reimb	Total Contr		
2016	\$(11,472)	\$1,433	\$1,431	\$918	\$116	\$1,433	\$0	\$2,467	\$8,481	67%
2017	(12,508)	1,403	1,429	961	120	1,403	0	2,484	7,393	73%
2018	n/a	1,367	n/a	998	114	1,367	0	2,479	6,243	78%
2019	n/a	1,325	n/a	1,051	121	1,325	0	2,497	5,052	83%
2020	n/a	1,273	n/a	1,098	117	1,273	0	2,488	3,792	88%
2021	n/a	1,212	n/a	1,156	114	1,212	0	2,482	2,487	93%
2022	n/a	1,140	n/a	1,211	120	1,140	(262)	2,209	1,132	97%
2023	n/a	1,078	n/a	1,289	126	1,078	(1,415)	1,078	0	100%
2024	n/a	1,112	n/a	1,368	135	1,112	(1,503)	1,112	0	100%
2025	n/a	1,148	n/a	1,467	148	1,148	(1,615)	1,148	0	100%

¹⁵ Assumes District contributes full ARC to trust and additionally pays cash and implied subsidy benefit payments from District assets until AAL is fully funded, at which point District will contribute full ARC to trust and request reimbursement of cash and implied subsidy benefit payments from trust.



VALUATION RESULTS

Funding Projection - CERBT #3 - 6.00% Discount Rate

(Amounts in 000's)

Fiscal Year End	Begin Year NOO	ARC	AOC	District Contribution ¹⁶					BOY UAAL	BOY AVA Fund%
				Cash Pmts	IS Pmts	Trust Funding	Trust Reimb	Total Contr		
2016	\$(11,474)	\$1,759	\$1,789	\$918	\$116	\$1,759	\$0	\$2,793	\$11,430	60%
2017	(12,476)	1,746	1,806	961	120	1,746	0	2,827	10,315	66%
2018	n/a	1,726	n/a	998	114	1,726	0	2,838	9,134	71%
2019	n/a	1,701	n/a	1,051	121	1,701	0	2,873	7,908	77%
2020	n/a	1,668	n/a	1,098	117	1,668	0	2,883	6,610	81%
2021	n/a	1,626	n/a	1,156	114	1,626	0	2,896	5,263	86%
2022	n/a	1,573	n/a	1,211	120	1,573	0	2,904	3,860	90%
2023	n/a	1,508	n/a	1,289	126	1,508	0	2,923	2,405	94%
2024	n/a	1,426	n/a	1,368	135	1,426	(676)	2,253	883	98%
2025	n/a	1,391	n/a	1,467	148	1,391	(1,615)	1,391	0	100%

¹⁶ Assumes District contributes full ARC to trust and additionally pays cash and implied subsidy benefit payments from District assets until AAL is fully funded, at which point District will contribute full ARC to trust and request reimbursement of cash and implied subsidy benefit payments from trust.



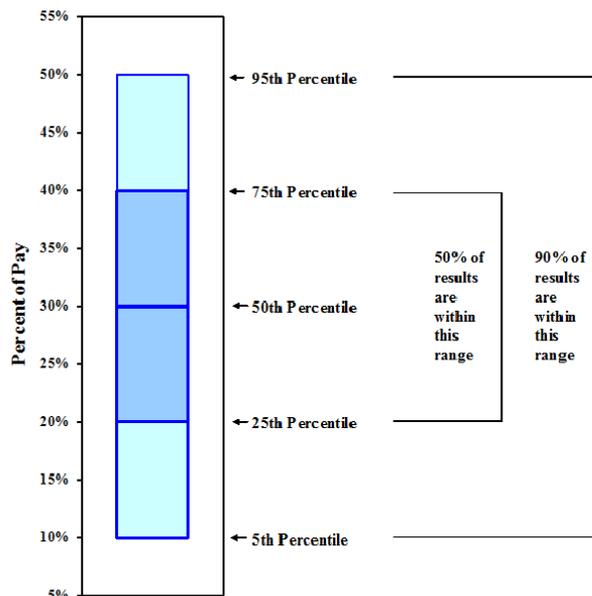
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BARTEL ASSOCIATES OPEB DATABASE

**Bartel Associates GASB 45 OPEB Database
Sample Percentile Graph**



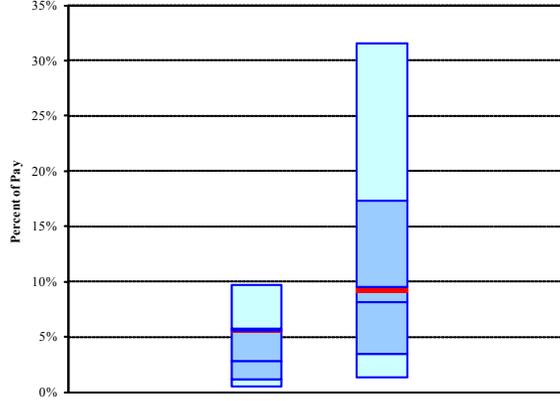
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BARTEL ASSOCIATES OPEB DATABASE

**Bartel Associates GASB 45 OPEB Database
Normal Cost & Annual Required Contribution**



Miscellaneous

	NC	ARC
95th Percentile	10.1%	32.0%
75th Percentile	6.2%	17.7%
50th Percentile	2.8%	8.1%
25th Percentile	1.2%	3.5%
5th Percentile	0.5%	1.3%
Percent of Pay	5.8%	9.5%
Percentile	72%	56%

Discount Rate = 7.25%, Average Amortization Period = 22.0 Years

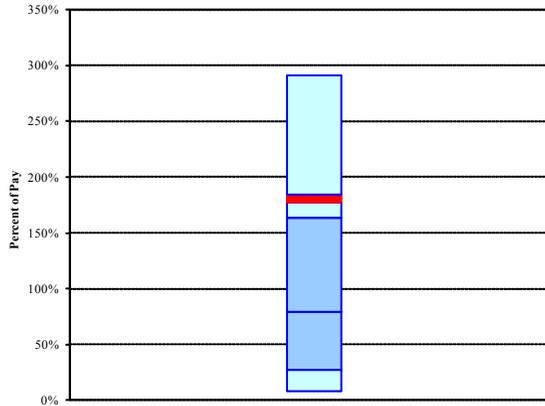


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BARTEL ASSOCIATES OPEB DATABASE

**Bartel Associates GASB 45 OPEB Database
Actuarial Accrued Liability**



Miscellaneous

95th Percentile	291%
75th Percentile	164%
50th Percentile	80%
25th Percentile	28%
5th Percentile	8%
Percent of Pay	181%
Percentile	81%

Discount Rate = 7.25%



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High Cost Health Coverage Excise Tax¹⁷

- Patient Protection and Affordable Care Act (PPACA) enacted in March 2010 imposed a tax on high cost medical coverage (“Cadillac Tax”)
- Non-deductible excise tax of 40% beginning in 2018 applied to healthcare costs exceeding annual dollar thresholds¹⁸
 - \$10,200 for self-only coverage and \$11,850 for individuals aged 55 to 64
 - \$27,500 for non-self-only coverage and \$30,950 for individuals aged 55 to 64¹⁹
 - 2018 limits subject to increase if benchmark plan’s 2018 premiums are more than 55% higher than 2010 premiums²⁰
 - Thresholds will increase for 2019 with CPI + 1%
 - Thresholds will increase for 2020 and later years with CPI
 - Age/gender adjustment if employer’s demographics are substantially different from national workforce

¹⁷ Employers should consult with their healthcare providers, tax advisors, and legal counsel regarding the applicability of PPACA enacted taxes.

¹⁸ Effective starting with taxable year beginning on or after 1/1/18 of entity liable for tax. Healthcare costs are premiums for fully-insured plans.

¹⁹ Higher thresholds for self and non-self coverage apply if majority of employees are engaged in high risk professions, including law enforcement officers and employees in fire protection activities.

²⁰ Benchmark plan is Federal Employees Health Benefits Plan (FEHBP) Blue Cross and Blue Shield Standard Option.



High Cost Health Coverage Excise Tax

- Plans not currently subject to tax may become subject in future as medical CPI is expected to outpace general CPI
- Paid by insurers for fully insured plans and by employer or TPA for self-insured plans
- GASB 75 and Actuarial Standards of Practice require taxes and assessments expected to be imposed on benefit payments be included in valuations²¹
- Excise tax included in valuation

²¹ GASB Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,” adopted in June 2015 and revised Actuarial Standard of Practice No. 6, “Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Program Periodic Costs or Actuarially Determined Contributions” adopted in May 2014.



OPEB Accounting Changes

- OPEB Accounting:
 - GASB Statement No. 75 “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,” approved by GASB Board on June 2, 2015
 - Replaces GASB 45
 - Effective for fiscal years beginning after 6/15/17 (2017/18 for City)
- Major Issues:
 - Net OPEB Liability (UAAL) on balance sheet
 - Expense calculation disconnected from contribution calculation
 - Discount rate is expected trust rate of return when assets sufficient to pay benefits
 - Discount rate is 20-year high-quality municipal bond rate when assets not sufficient
 - Immediate recognition of Total OPEB Liability (AAL) for plan changes
 - Deferred recognition of changes in Total OPEB Liability for gains and losses and assumption changes over average active and inactive average future working lifetime
 - Recognition of investment gains and losses over 5 years
 - Disclosure of asset allocation and expected real rates of return for each asset class
 - Entry age normal cost method
 - Biennial valuations



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CalPERS CERBT Fund Changes

- 2010 target asset allocations and 2014 capital market assumptions:
 - Increased volatility
 - Higher expected real returns than 2010 levels
 - CERBT 1 = +15 bp CERBT 2 = +21 bp CERBT 3 = +27 bp
- More conservative 2014 target asset allocations:
 - Reduced volatility to approximately 2010 or lower levels
 - Lower expected real returns than 2010 levels
 - CERBT 1 = -10 bp CERBT 2 = -12 bp CERBT 3 = -6 bp
- Lower CalPERS assumed inflation and expenses:
 - Assumed inflation reduced from 3.00% to 2.75%
 - Expected administrative expenses lowered from 15 bp to 13 bp
 - Lower expected returns than 2010 levels
 - CERBT 1 = -33 bp CERBT 2 = -35 bp CERBT 3 = -29 bp
- No change in recommended funding discount rates:
 - Valuation inflation assumption of 3.00%
 - Margins of adverse deviation relative to CalPERS expected return lower than 2010 levels
 - CERBT 1 = -8 bp CERBT 2 = -10 bp CERBT 3 = -4 bp

CalPERS CERBT #1 Fund Changes

■ Target Asset Allocation	2010	2010	Change	2014	Change	Change
■ Capital Market Assumptions	2010	2014	CMA	2014	Mix	Total
■ CERBT Target Allocation						
• Public Equity	66%	66%	0%	57%	(9%)	(9%)
• Fixed Income	18%	18%	0%	27%	9%	9%
• TIPS	5%	5%	0%	5%	0%	0%
• REITs	8%	8%	0%	8%	0%	0%
• Commodities	3%	3%	0%	3%	0%	0%
■ Standard Deviation (Volatility)	11.73%	13.07%	1.34%	11.74%	(1.33%)	0.01%
■ Expected Long-Term Return						
• Expected Real Return	4.76%	4.91%	0.15%	4.66%	(0.25%)	(0.10%)
• Inflation Assumption	3.00%	2.75%	(0.25%)	2.75%	(0.00%)	(0.25%)
• Administrative Expenses	<u>(0.15%)</u>	<u>(0.13%)</u>	<u>0.02%</u>	<u>(0.13%)</u>	<u>0.00%</u>	<u>0.02%</u>
• Expected Nominal Net Return	7.61%	7.53%	(0.08%)	7.28%	(0.25%)	(0.33%)

ISSUES

CalPERS CERBT #2 Fund Changes

■ Target Asset Allocation	2010	2010	Change	2014	Change	Change
■ Capital Market Assumptions	2010	2014	CMA	2014	Mix	Total
■ CERBT Target Allocation						
• Public Equity	50%	50%	0%	40%	(10%)	(10%)
• Fixed Income	24%	24%	0%	39%	15%	15%
• TIPS	15%	15%	0%	10%	(5%)	(5%)
• REITs	8%	8%	0%	8%	0%	0%
• Commodities	3%	3%	0%	3%	0%	0%
■ Standard Deviation (Volatility)	9.46%	10.58%	1.12%	9.24%	(1.34%)	(0.22%)
■ Expected Long-Term Return						
• Expected Real Return	4.21%	4.42%	0.21%	4.09%	(0.33%)	(0.12%)
• Inflation Assumption	3.00%	2.75%	(0.25%)	2.75%	(0.00%)	(0.25%)
• Administrative Expenses	<u>(0.15%)</u>	<u>(0.13%)</u>	<u>0.02%</u>	<u>(0.13%)</u>	<u>0.00%</u>	<u>0.02%</u>
• Expected Nominal Net Return	7.06%	7.04%	(0.02%)	6.71%	(0.33%)	(0.35%)



ISSUES

CalPERS CERBT #3 Fund Changes

■ Target Asset Allocation	2010	2010	Change	2014	Change	Change
■ Capital Market Assumptions	2010	2014	CMA	2014	Mix	Total
■ CERBT Target Allocation						
• Public Equity	32%	32%	0%	24%	(8%)	(8%)
• Fixed Income	42%	42%	0%	39%	(3%)	(3%)
• TIPS	15%	15%	0%	26%	11%	11%
• REITs	8%	8%	0%	8%	0%	0%
• Commodities	3%	3%	0%	3%	0%	0%
■ Standard Deviation (Volatility)	7.27%	8.19%	0.92%	7.10%	(1.09%)	(0.17%)*
■ Expected Long-Term Return						
• Expected Real Return	3.54%	3.81%	0.27%	3.48%	(0.33%)	(0.06%)
• Inflation Assumption	3.00%	2.75%	(0.25%)	2.75%	(0.00%)	(0.25%)
• Administrative Expenses	<u>(0.15%)</u>	<u>(0.13%)</u>	<u>0.02%</u>	<u>(0.13%)</u>	<u>0.00%</u>	<u>0.02%</u>
• Expected Nominal Net Return	6.39%	6.43%	0.04%	6.10%	(0.33%)	(0.29%)



Preliminary Recommended Discount Rates

- Bartel Associates currently reviewing recommended CERBT discount rates
- Preliminary recommended discount rates based on CalPERS expected nominal returns
- Funding discount rate can include, but need not include, a margin for adverse deviation
- Current funding discount rate of 7.25% includes a 36 bp margin at the 55th percentile
- GASB 75 accounting discount rates should be expected return at the 50th percentile

Preliminary Recommended Discount Rates

■ CERBT Investment Strategy	CERBT #1		CERBT #2		CERBT #3	
	2010	2014	2010	2014	2010	2014
■ Target Asset Allocation						
■ Capital Market Assumptions	2010	2014	2010	2014	2010	2014
■ Expected Long-Term Return						
• CalPERS Expected Real Return	4.76%	4.66%	4.21%	4.09%	3.54%	3.48%
• BA Inflation Assumption	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
• CalPERS Admin Expenses	(0.15%)	(0.13%)	(0.15%)	(0.13%)	(0.15%)	(0.13%)
• Expected Nominal Net Return	7.61%	7.53%	7.06%	6.96%	6.39%	6.35%
■ GASB 75 Discount Rate ²²	n/a	7.50%	n/a	7.00%	n/a	6.25%
■ Funding Discount Rate ²³	7.25%	7.25%	6.75%	6.75%	6.00%	6.00%
■ Margin for Adverse Deviation ²⁴	0.36%	0.28%	0.31%	0.21%	0.39%	0.35%

²² GASB 75, effective for 2017/18, requires a discount rate equal to the expected return net of investment expenses. Preliminary recommended GASB 75 discount rates shown are rounded to the nearest 0.25%.

²³ Assumes funding discount rate includes a margin for adverse deviation. Funding and reporting will show the same obligations if funding and GASB 75 discount rate are the same.

²⁴ Relative to CalPERS expected nominal net return.

NEXT STEPS

■ Current Valuation

- Final valuation report
- CERBT actuarial forms

■ Next Valuation

- 6/30/17 if no significant changes
- 2017/18 GASB 75 accounting information must use:
 - Measurement date no earlier than 6/30/17
 - Prior fiscal year-end
 - Valuation date no earlier than 12/31/15
 - 30 months prior to fiscal year-end
 - Timing:
 - Cannot use City's 6/30/15 valuation for 2017/18
 - Use 6/30/17 valuation for 2017/18 accounting?
 - Valuation timing?
 - Do 6/30/16 valuation for 2017/18 accounting?
 - Measurement date should be consistently applied from period to period

EXHIBITS

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Actuarial Methods	E-26
Definitions	E-28

PREMIUMS

2014 Healthcare Monthly Premiums

Healthcare Plan	Non-Medicare Eligible			Medicare Eligible		
	Single	2-Party	Family	Single	2-Party	Family
EPO	\$702.78	\$1,404.54	\$1,826.82	n/a	n/a	n/a
EPO (OOS)	805.80	1,609.56	2,093.04	n/a	n/a	n/a
Gold PPO	600.78	1,201.56	1,562.64	\$483.48	\$965.94	\$1,512.66
Gold PPO (OOS)	688.50	1,375.98	1,789.08	483.48	965.94	1,512.66
HMO 15	721.14	1,444.32	1,876.80	n/a	n/a	n/a
Dental (self-insured)	41.11	98.65	151.10	41.11	98.65	151.10

2014 Life Insurance Monthly Premiums

Participant	Premium
Employee	19¢ per \$1,000
Spouse	60¢ per \$1,000



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PREMIUMS

2015 Healthcare Monthly Premiums

Healthcare Plan	Non-Medicare Eligible			Medicare Eligible		
	Single	2-Party	Family	Single	2-Party	Family
EPO	\$750.72	\$1,500.42	\$1,951.26	n/a	n/a	n/a
EPO (OOS)	860.88	1,718.70	2,235.84	n/a	n/a	n/a
Gold PPO	641.58	1,283.16	1,668.72	\$441.66	\$883.32	\$1,591.20
Gold PPO (OOS)	735.42	1,469.82	1,911.48	441.66	883.32	1,591.20
HMO 15	795.60	1,593.24	2,069.58	n/a	n/a	n/a
Dental (self-insured)	41.11	98.65	151.10	41.11	98.65	151.10

2015 Life Insurance Monthly Premiums

Participant	Premium ²⁵
Employee	\$1.31 per \$1,000
Spouse	\$1.31 per \$1,000

²⁵ This is the premium for voluntary life insurance for employees age 65-69. Two retirees age 68 on the valuation date and one spouse are eligible for retire life insurance.



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PREMIUMS

2016 Healthcare Monthly Premiums

Healthcare Plan	Non-Medicare Eligible			Medicare Eligible		
	Single	2-Party	Family	Single	2-Party	Family
EPO	\$797.64	\$1,595.28	\$2,074.68	n/a	n/a	n/a
EPO (OOS)	941.46	1,880.88	2,445.96	n/a	n/a	n/a
Gold PPO	681.36	1,363.74	1,772.76	\$483.48	\$966.96	\$1,742.16
Gold PPO (OOS)	804.78	1,608.54	2,092.02	483.48	966.96	1,742.16
HMO 15	855.78	1,714.62	2,226.66	n/a	n/a	n/a
Dental (self-insured)	41.11	98.65	151.10	41.11	98.65	151.10

2016 Life Insurance Monthly Premiums

Participant	Premium ²⁶
Employee	\$1.31 per \$1,000
Spouse	\$1.31 per \$1,000

²⁶ This is the premium for voluntary life insurance for employees age 65-69. Two retirees age 68 on the valuation date and one spouse are eligible for retire life insurance.



PREMIUMS

Monthly Premium Increases
2014 to 2016

Actual Increases

Healthcare Plan	Non-Medicare Eligible			Medicare Eligible		
	Single	2-Party	Family	Single	2-Party	Family
EPO	13.5%	13.6%	13.6%	n/a	n/a	n/a
EPO (OOS)	16.8%	16.9%	16.9%	n/a	n/a	n/a
Gold PPO	13.4%	13.5%	13.4%	0.0%	0.1%	15.2%
Gold PPO (OOS)	16.9%	16.9%	16.9%	0.0%	0.1%	15.2%
HMO 15	18.7%	18.7%	18.6%	n/a	n/a	n/a
Dental (self-insured)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Expected Increases

Healthcare Plan	Non-Medicare Eligible			Medicare Eligible		
	Single	2-Party	Family	Single	2-Party	Family
Medical/R _x	16.1%	16.1%	16.1%	16.7%	16.7%	16.7%
Dental	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%



PARTICIPANT STATISTICS

Medical Plan Participation
Non-Waived Participants

June 30, 2015

Medical Plan	Actives	Retirees	
		< 65	≥ 65
EPO	51%	55%	n/a
Gold PPO	9%	41%	100%
HMO 15	40%	4%	n/a
Total	100%	100%	100%

June 30, 2013

Medical Plan	Actives	Retirees	
		< 65	≥ 65
EPO	50%	44%	n/a
Gold PPO	12%	53%	100%
HMO 15	38%	3%	n/a
Total	100%	100%	100%



PARTICIPANT STATISTICS

Active Medical Coverage

Medical Plan	Single	2-Party	Family	Waived	Total
EPO	12	12	41		65
Gold PPO	3	3	6		12
HMO 15	13	9	30		52
Waived				7	7
Total	28	24	77	7	136
Election %	22%	19%	60%		
Waived %				5%	



PARTICIPANT STATISTICS

**Retiree Medical Coverage
Under Age 65**

Medical Plan	Single	2-Party	Family	Waived	Total
EPO	4	10	1		15
Gold PPO	1	10			11
HMO 15	1				1
Waived					0
Total	6	20	1	0	27
Election %	22%	74%	4%		
Waived %				0%	



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PARTICIPANT STATISTICS

**Retiree Medical Coverage
Over Age 65**

Medical Plan	Single	2-Party	Family	Waived ²⁷	Total
EPO	n/a	n/a	n/a		n/a
Gold PPO	17	31			48
HMO 15	n/a	n/a	n/a		n/a
Waived				4	4
Total	17	31	0	4	52
Election %	35%	65%	0%		
Waived %				8%	

²⁷ Waived medical coverage but have dental coverage.



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PARTICIPANT STATISTICS

Dental Coverage

Participant Group	Single	2-Party	Family	Waived	Total
Actives	28	28	80		136
Retirees < 65	4	17		6	27
Retirees ≥ 65	16	28		8	52



PARTICIPANT STATISTICS

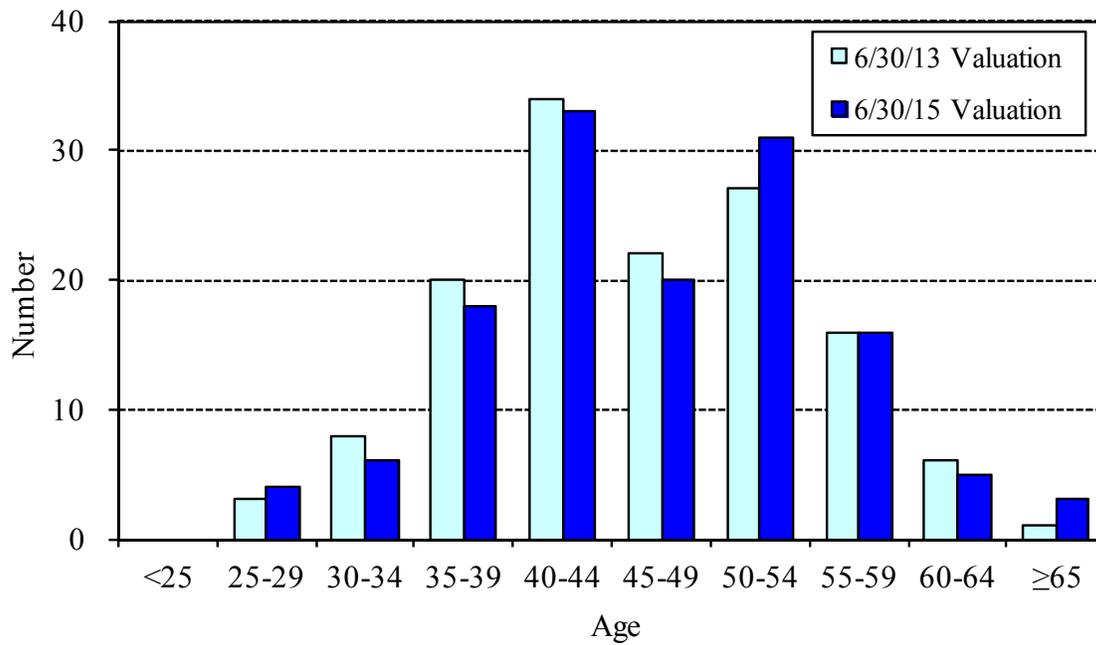
Actives by Age and Service

Age	District Service							Total
	< 1	1-4	5-9	10-14	15-19	20-24	≥ 25	
< 25								0
25-29	1	1	2					4
30-34	1	2	2	1				6
35-39	3	7	6	2				18
40-44	3	5	12	9	3	1		33
45-49		4	6	5	5			20
50-54		4	10	7	3	2	5	31
55-59		3	5	6	1	1		16
60-64			2	3				5
≥ 65			2		1			3
Total	8	26	47	33	13	4	5	136



PARTICIPANT STATISTICS

Active Age Distribution



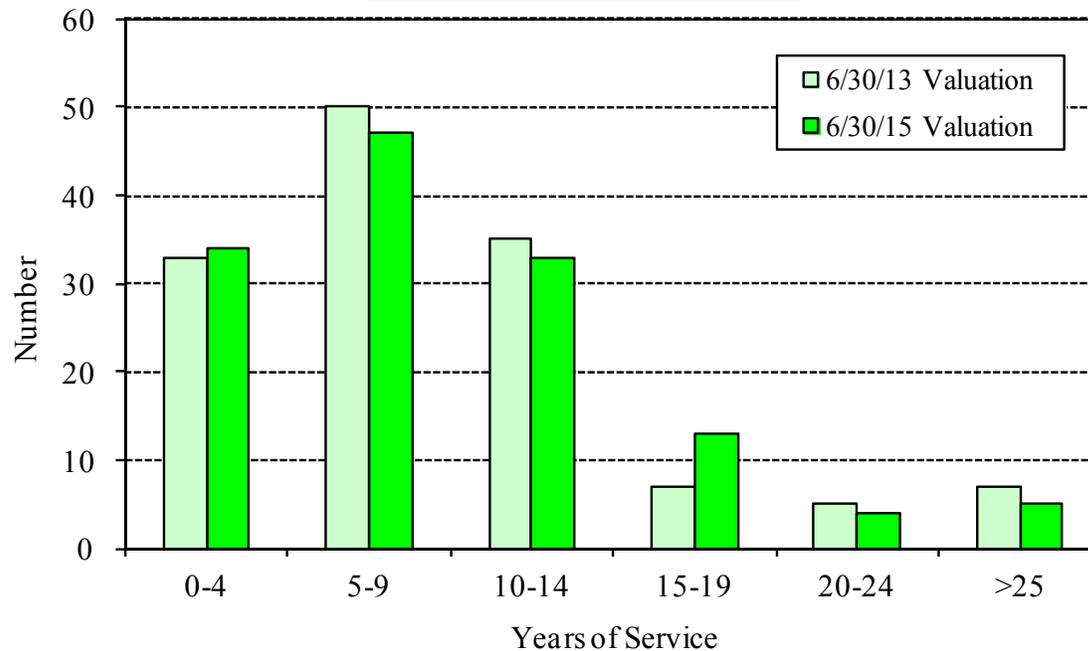
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PARTICIPANT STATISTICS

Active Service Distribution



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PARTICIPANT STATISTICS

Retiree Healthcare Coverage by Age Group

Age	Single	2-Party	Family	Waived	Total
Under 50					0
50-54		1			1
55-59	3	6	1		10
60-64	3	13			16
65-69	7	16		1	24
70-74	4	7			11
75-79		3		1	4
80-84	1	4			5
Over 85	5	1		2	8
Total	23	51	1	4	79

Average Age	71.2	67.7	58.8	79.6	69.2
Election %	31%	68%	1%		
Waived %				5%	



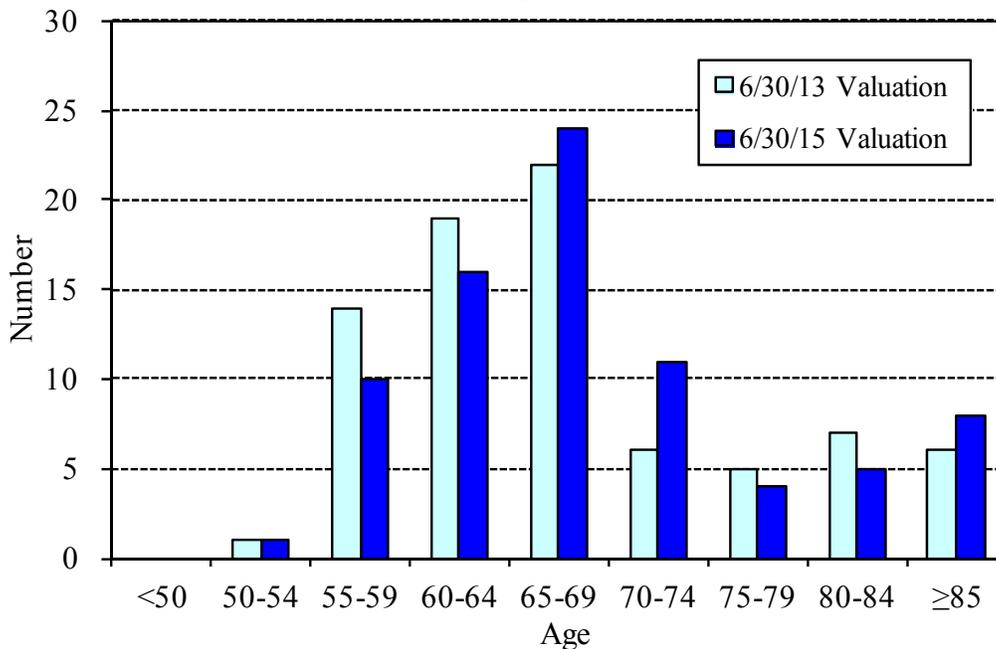
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PARTICIPANT STATISTICS

Retiree Age Distribution



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ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2013 Valuation	June 30, 2015 Valuation
■ Valuation Date	<ul style="list-style-type: none"> • June 30, 2013 • 2013/14 & 2014/15 ARCs • ARC calculated as of beginning of the year with interest to end of year 	<ul style="list-style-type: none"> • June 30, 2015 • 2015/16 & 2016/17 ARCs • ARC calculated as of beginning of the year with interest to end of year
■ Funding Policy	<ul style="list-style-type: none"> • Prefund full ARC with CERBT Fund #1 • Additionally, benefit payments from District assets until 100% funded 	<ul style="list-style-type: none"> • Same
■ Discount Rate	<ul style="list-style-type: none"> • 7.25% - Full ARC funding with CERBT #1 	<ul style="list-style-type: none"> • Same
■ General Inflation	<ul style="list-style-type: none"> • 3% annually • Basis for aggregate payroll and discount rate assumptions 	<ul style="list-style-type: none"> • Same



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2013 Valuation	June 30, 2015 Valuation
■ Aggregate Payroll Increases	<ul style="list-style-type: none"> • 3.25% annually • Inflation plus 0.25% • For Normal Cost calculation and UAAL amortization 	<ul style="list-style-type: none"> • Same
■ Merit Payroll Increases	<ul style="list-style-type: none"> • CalPERS 1997-2007 Experience Study • Added to aggregate payroll increase assumption for Normal Cost calculation 	<ul style="list-style-type: none"> • CalPERS 1997-2011 Experience Study • Added to aggregate payroll increase assumption for Normal Cost calculation
■ CalPERS Service	<ul style="list-style-type: none"> • CalPERS service provided by District 	<ul style="list-style-type: none"> • Same



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2013 Valuation	June 30, 2015 Valuation	
■ Medical Trend	<u>Increase from Prior Year</u>		
	Calendar <u>Non-Medicare</u> <u>Medicare</u> Year	Calendar <u>Non-Medicare</u> <u>Medicare</u> Year	Calendar <u>Non-Medicare</u> <u>Medicare</u> Year
	2013 2014 2015 2016 2017 2018 2019 2020 2021+	<u>All Plans</u> Premiums Premiums 8.0% 7.5% 7.0% 6.5% 6.0% 5.5% 5.0%	<u>All Plans</u> Premiums Premiums n/a n/a Premiums Premiums 7.0% 6.5% 6.0% 5.5% 5.0%
	2013 2014 2015 2016 2017 2018 2019 2020 2021+	8.3% 7.8% 8.3% 7.2% 6.7% 6.1% 5.6% 5.0%	7.2% 7.2% 7.2% 6.7% 6.1% 5.6% 5.0%
	■ Dental Trend	<ul style="list-style-type: none"> • 4.0% annually 	<ul style="list-style-type: none"> • Same
	■ Dental Claims Cost	<ul style="list-style-type: none"> • Premium x loss ratio <ul style="list-style-type: none"> ➢ Employee - 90% ➢ Spouse - 71% ➢ Child - 71% 	<ul style="list-style-type: none"> • Use 100% premium as estimate of future claims cost



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2013 Valuation	June 30, 2015 Valuation
■ PPACA High Cost Plan Excise Tax	<ul style="list-style-type: none"> • n/a 	<ul style="list-style-type: none"> • Excise tax threshold is calculated separately for self and non-self coverage • Non-Medicare eligible and Medicare eligible retirees can be combined • Assume insurer has 35% marginal income tax rate • Valuation uses estimated 1.25% AAL load
■ Life Insurance Premium Trend	<ul style="list-style-type: none"> • 0% 	<ul style="list-style-type: none"> • Same



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2013 Valuation			June 30, 2015 Valuation			
■ Claims Costs 2016	<ul style="list-style-type: none"> • Sample estimated monthly claims costs 						
		<u>EPO</u>		<u>HMO</u>		<u>PPO</u>	
	<u>Age</u>	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>
	25	\$266	\$558	\$292	\$613	\$223	\$468
	30	313	590	345	648	263	495
	35	393	627	432	689	330	526
	40	441	685	485	753	370	575
	45	515	797	567	876	433	669
	50	654	850	718	935	549	714
	55	845	866	929	952	709	727
60	1,073	924	1,180	1,016	901	776	



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2013 Valuation			June 30, 2015 Valuation		
■ Claims Cost Aging Factors	<ul style="list-style-type: none"> • Relative relationship between actual claims costs by age • Used for implied subsidy estimate 					<ul style="list-style-type: none"> • Same
	<u>Age</u>	<u>M</u>	<u>F</u>			
	<30	0.50	1.05			
	30-34	0.65	1.15			
	35-39	0.80	1.20			
	40-44	0.85	1.35			
	45-49	1.05	1.60			
	50-54	1.35	1.60			
	55-59	1.75	1.65			
	60-64	2.20	1.80			
	65-69	2.65	2.25			
	70-74	3.45	2.75			
	75-79	4.00	3.25			
80-84	4.25	3.60				
85+	4.45	3.90				



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2013 Valuation	June 30, 2015 Valuation
<ul style="list-style-type: none"> ■ Claims Costs Demographics 	<ul style="list-style-type: none"> • District age and gender demographics 	<ul style="list-style-type: none"> • Pool employee age and gender demographics for each healthcare plan provided by SDRMA • Assumed spouse coverage: <ul style="list-style-type: none"> ➢ Actives - 80% ➢ Retirees < 65 - 80% Retirees ≥ 65 - 65%
<ul style="list-style-type: none"> ■ Mortality, Termination, Disability 	<ul style="list-style-type: none"> • CalPERS 1997-2007 Experience Study • Mortality improvement projection Scale AA 	<ul style="list-style-type: none"> • CalPERS 1997-2011 Experience Study • Mortality Improvement Scale MP-2014 modified to converge to ultimate mortality improvement rates in 2022



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2013 Valuation	June 30, 2015 Valuation
<ul style="list-style-type: none"> ■ District Service for Retirement 	<ul style="list-style-type: none"> • Hired < 1/1/81 - 5 years of District service • Hired ≥ 1/1/81 & < 7/1/93 and General Manager - Age plus District service ≥ 70 • Hired ≥ 7/1/93: <ul style="list-style-type: none"> ➢ Unrepresented employees: <ul style="list-style-type: none"> - Hired < 1/1/13 - 15 years of District service - Hired ≥ 1/1/13 - 20 years of District service ➢ Represented employees: <ul style="list-style-type: none"> - 20 years of District service - 5 years of District service if employee does not have 15 or 20 years of service at age 65 	<ul style="list-style-type: none"> • Unrepresented employees: <ul style="list-style-type: none"> ➢ Hired < 1/1/13 - 15 years of District service ➢ Hired ≥ 1/1/13 - 20 years of District service • Represented employees: <ul style="list-style-type: none"> ➢ 20 years of District service • 5 years of District service if employee does not have 15 or 20 years of service at age 65



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2013 Valuation	June 30, 2015 Valuation																																				
<p>■ Service Retirement</p>	<ul style="list-style-type: none"> CalPERS 1997-2007 Experience Study <table border="0"> <tr> <td align="center"><u>CalPERS</u></td> <td align="center"><u>Misc</u></td> <td align="center"><u>ERA</u></td> </tr> <tr> <td>CalPERS Hire Age</td> <td align="center">35</td> <td></td> </tr> <tr> <td>Hire < 1/1/13</td> <td align="center">2.7%@55</td> <td align="center">58.1</td> </tr> <tr> <td>Hire ≥ 1/1/13</td> <td></td> <td></td> </tr> <tr> <td>➢ Classic Member</td> <td align="center">2.7%@55</td> <td align="center">58.1</td> </tr> <tr> <td>➢ New Member</td> <td align="center">2.0%@62</td> <td align="center">60.9</td> </tr> </table>	<u>CalPERS</u>	<u>Misc</u>	<u>ERA</u>	CalPERS Hire Age	35		Hire < 1/1/13	2.7%@55	58.1	Hire ≥ 1/1/13			➢ Classic Member	2.7%@55	58.1	➢ New Member	2.0%@62	60.9	<ul style="list-style-type: none"> CalPERS 1997-2011 Experience Study <table border="0"> <tr> <td align="center"><u>CalPERS</u></td> <td align="center"><u>Misc</u></td> <td align="center"><u>ERA</u></td> </tr> <tr> <td>CalPERS Hire Age</td> <td align="center">35</td> <td></td> </tr> <tr> <td>Hire < 1/1/13</td> <td align="center">2.7%@55</td> <td align="center">58.6</td> </tr> <tr> <td>Hire ≥ 1/1/13</td> <td></td> <td></td> </tr> <tr> <td>➢ Classic Member</td> <td align="center">2.7%@55</td> <td align="center">58.1</td> </tr> <tr> <td>➢ New Member</td> <td align="center">2.0%@62</td> <td align="center">60.9</td> </tr> </table>	<u>CalPERS</u>	<u>Misc</u>	<u>ERA</u>	CalPERS Hire Age	35		Hire < 1/1/13	2.7%@55	58.6	Hire ≥ 1/1/13			➢ Classic Member	2.7%@55	58.1	➢ New Member	2.0%@62	60.9
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➢ New Member	2.0%@62	60.9																																				
<p>■ Hardship Retirements</p>	<ul style="list-style-type: none"> n/a 	<ul style="list-style-type: none"> 1% liability load for active obligation 																																				
<p>■ Participation at Retirement</p>	<ul style="list-style-type: none"> Currently covered and waived <ul style="list-style-type: none"> ➢ Medical - 100% ➢ Dental - 80% 	<ul style="list-style-type: none"> Same 																																				



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2013 Valuation	June 30, 2015 Valuation
<p>■ Medical Plan at Retirement</p>	<ul style="list-style-type: none"> Currently covered: <ul style="list-style-type: none"> ➢ Current plan election until Medicare eligible ➢ PPO after Medicare eligible Waived actives - PPO Waived retirees - n/a 	<ul style="list-style-type: none"> Same
<p>■ Medicare Eligibility</p>	<ul style="list-style-type: none"> 100% eligible for Medicare at age 65 All Medicare eligibles will elect Part B coverage 	<ul style="list-style-type: none"> Same
<p>■ Marital Status at Retirement</p>	<ul style="list-style-type: none"> Actives <ul style="list-style-type: none"> ➢ Married if currently elect 2-party or family coverage ➢ Waived - 80% married Retirees - based on spouse information if provided 	<ul style="list-style-type: none"> Same



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2013 Valuation	June 30, 2015 Valuation
<ul style="list-style-type: none"> ■ Spouse & Dependent Coverage at Retirement 	<ul style="list-style-type: none"> • Spouse coverage: <ul style="list-style-type: none"> ➢ 100% elect CalPERS joint and survivor annuity ➢ Coverage assumption same as retiree assumption • Family coverage: <ul style="list-style-type: none"> ➢ Current actives -10% until age 65 if assumed married ➢ Current retirees - current coverage until age 65 	<ul style="list-style-type: none"> • Same
<ul style="list-style-type: none"> ■ 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 provided 	<ul style="list-style-type: none"> • Same



ACTUARIAL METHODS

Method	June 30, 2015 Valuation
<ul style="list-style-type: none"> ■ Cost Method 	<ul style="list-style-type: none"> • Entry Age Normal • Normal Cost is a level percentage of payroll • District date of hire used for entry age
<ul style="list-style-type: none"> ■ Actuarial Value of Assets 	<ul style="list-style-type: none"> • Investment gains/losses spread over 5-year rolling period • Not less than 80% nor more than 120% of market value
<ul style="list-style-type: none"> ■ Amortization Method 	<ul style="list-style-type: none"> • Level percent of payroll
<ul style="list-style-type: none"> ■ Amortization Period 	<ul style="list-style-type: none"> • 30-year fixed (closed) period for initial UAAL as of 6/30/07 for 2007/08 ARC • 22-year fixed (closed) period for UAAL as of 6/30/15 for 2015/16 ARC • Amortization period decreases by one year each fiscal year • When amortization period reaches 15 years, new gains and losses will be amortized over a rolling (open) 15-year period and plan and assumption changes will be amortized over fixed (closed) 20-year period



ACTUARIAL METHODS

Method	June 30, 2015 Valuation
<p>■ Implied Subsidy</p>	<ul style="list-style-type: none"> • Employer cost for allowing non-Medicare eligible retirees to participate at active rates • Valuation includes an implied subsidy for medical but not dental or life insurance
<p>■ Future New Entrants</p>	<ul style="list-style-type: none"> • Valuation Results – Closed group, no new hires • Projections – Simplified open group projection: <ul style="list-style-type: none"> ➢ Actives - Total pay increased in accordance with aggregate payroll assumption ➢ Normal Cost - New hires assume to have the same Normal Cost percentage as current actives ➢ Retirees - no additional retirees from new hires over 10-year projection period



DEFINITIONS

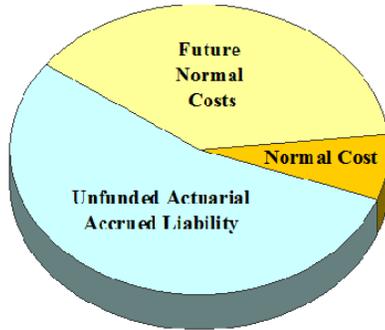
<p>■ GASB 45 Accrual Accounting</p>	<ul style="list-style-type: none"> • Project future employer-provided benefit cash flow for current active employees and current retirees • Discount projected cash flow to valuation date using discount rate and actuarial assumptions to determine present value of benefits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



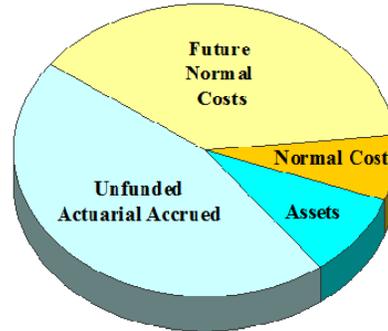
DEFINITIONS

Present Value of Benefits

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



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



DEFINITIONS

<p>■ Annual Required Contribution (ARC)</p>	<ul style="list-style-type: none"> ● GASB 45 contribution is Normal Cost plus amortization of: <ul style="list-style-type: none"> ➢ Initial UAAL and AAL for plan, assumption, and method changes ➢ Experience gains and losses (difference between actual experience and that expected from assumptions) ➢ Contribution gains and losses (difference between ARC and actual contributions)
<p>■ Net OPEB Obligation (NOO)</p>	<ul style="list-style-type: none"> ● NOO is accumulated amounts expensed but not funded ● Net OPEB Asset if amounts funded exceed those expensed
<p>■ Annual OPEB Cost (AOC)</p>	<ul style="list-style-type: none"> ● Expense for current period including: <ul style="list-style-type: none"> ➢ ARC ➢ Interest on NOO ➢ Adjustment of NOO ● Adjustment of NOO prevents double counting of expense since ARCs include amortization of prior contribution gains and losses previously expensed

DEFINITIONS

■ Terminology
Used in
Report

- AAL - Actuarial Accrued Liability
- AOC - Annual OPEB Cost
- ARC - Annual Required Contribution
- AVA - Actuarial Value of Assets
- BOY - Beginning of Fiscal Year
- EAN - Entry Age Normal Cost Method
- GASB 45 - Governmental Accounting Standards Board Statement No. 45
- MVA - Market Value of Assets
- NOO - Net OPEB Obligation
- OPEB - Other (than pensions) Post Employment Benefits
- NC - Normal Cost
- PVB - Present Value of Projected Benefits
- UAAL - Unfunded Actuarial Accrued Liability

DEFINITIONS



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BARTEL
ASSOCIATES, LLC

**OTAY WATER DISTRICT
RETIREE HEALTHCARE PLAN**

June 30, 2015 GASB 45 Actuarial Valuation
OPEB Contribution Study
Preliminary Results

Bartel Associates, LLC

Joseph R. D'Onofrio, Assistant Vice President
Adam Zimmerer, Actuarial Analyst
Tak Frazita, Associate Actuary
November 19, 2015

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Study Results	11

BENEFIT SUMMARY - CURRENT PLAN

<p>■ Eligibility</p> <p>Service Retirement</p>	<ul style="list-style-type: none"> • Full-time employees who retire directly from District under CalPERS (service or disability) • Unrepresented retired ≤ 7/15/11; Represented retired ≤ 8/10/11: <ul style="list-style-type: none"> ➢ Hired < 1/1/81 - Age 55 and 5 years of District service ➢ Hired ≥ 1/1/81 - Age 55 and age plus District service ≥ 70 • Unrepresented¹ retired > 7/15/11; Represented retired > 8/10/11: <ul style="list-style-type: none"> ➢ Hired < 1/1/13 - Age 55 and 20 years of District service (15 years for Unrepresented) ➢ Hired ≥ 1/1/13 - Age 55 & 20 years of District service • Directors: <ul style="list-style-type: none"> ➢ Elected < 1/1/95 - Age 60 and 12 years of District service² ➢ Elected ≥ 1/1/95 - Not eligible • District service for eligibility is continuous service from last hire date • Medicare eligible retirees and spouses must enroll in Medicare • Retirees who waive coverage cannot rejoin plan
--	---

¹ Includes General Manager.

² All current Directors were elected after 1/1/95. There are 2 retired Directors.



November 19, 2015



BENEFIT SUMMARY - CURRENT PLAN

<p>■ Medical & Dental</p>	<ul style="list-style-type: none"> • 100% of retiree premium for life • Retired < 12/29/03 - 100% spouse premium for life and 100% eligible dependent premium to age 19 • Retired ≥ 12/29/03 - 88% of spouse premium for life and 88% eligible dependent premium to age 19 • Retiree can pay eligible dependent premium after age 19 as required by law
<p>■ Medical Plans</p>	<ul style="list-style-type: none"> • SDRMA EPO, Gold PPO, HMO 15 available before Medicare eligibility • Gold PPO available after Medicare eligibility
<p>■ Life Insurance</p>	<ul style="list-style-type: none"> • Retired < 12/29/03 - \$3,000 for retiree to age 65 and \$1,950 from age 65 to age 70 • Retired < 12/29/03 and hired < 1/1/81 - \$1,000 for spouse to retiree age 65 and \$650 from retiree age 65 to retiree age 70 • Directors not eligible



November 19, 2015



BENEFIT SUMMARY - CURRENT PLAN

<p>■ Survivors</p> <p>Unrepresented Retired < 7/15/11 Represented Retired < 8/10/11 Directors Elected < 1/1/95</p>	<ul style="list-style-type: none"> • Retired < 12/29/03 and Directors elected < 1/1/95 - 100% spouse premium and 100% eligible dependent premium to age 19 • Retired ≥ 12/29/03 - 88% of spouse premium and eligible dependent premium to age 19 • Spouse coverage after retiree death but not past spouse age 65 • Eligible dependent can pay full premium after age 19 as required by law • Survivor benefit available to actives eligible to retire
<p>■ Survivors</p> <p>Unrepresented Retired ≥ 7/15/11 Represented Retired ≥ 8/10/11</p>	<ul style="list-style-type: none"> • 88% of spouse premium for life and eligible dependent premium to age 19 • Spouse coverage after retiree death but not past spouse age 65 • Eligible dependent can pay full premium after age 19 as required by law • Survivor benefit available to actives eligible to retire



BENEFIT SUMMARY - CURRENT PLAN

<p>■ Disability & Hardship</p>	<ul style="list-style-type: none"> • Full-time employees who retire directly from District under CalPERS • Disability - Age 50 to 54 and 10 years of District service • Hardship: <ul style="list-style-type: none"> ➢ Hired < 1/1/13 - Hardship as determined by the District with 20 years of District service (15 years for Unrepresented) ➢ Hired ≥ 1/1/13 - Hardship as determined by the District and 20 years of District service • Early retirement adjustment to benefit: <table border="0" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;"><u>Age</u></th> <th style="text-align: left;"><u>Percent</u></th> </tr> </thead> <tbody> <tr> <td>50</td> <td>70%</td> </tr> <tr> <td>51</td> <td>76%</td> </tr> <tr> <td>52</td> <td>82%</td> </tr> <tr> <td>53</td> <td>88%</td> </tr> <tr> <td>54</td> <td>94%</td> </tr> </tbody> </table> 	<u>Age</u>	<u>Percent</u>	50	70%	51	76%	52	82%	53	88%	54	94%
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50	70%												
51	76%												
52	82%												
53	88%												
54	94%												



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2015 Valuation	OPEB Contribution Study
<ul style="list-style-type: none"> ■ Actuarial Assumptions 	<ul style="list-style-type: none"> • Same as stated in 6/30/15 preliminary actuarial valuation report dated 9/10/15 	<ul style="list-style-type: none"> • Same as stated in 6/30/15 preliminary actuarial valuation report dated 9/10/15 except those listed below for actives hired \geq 7/1/93
<ul style="list-style-type: none"> ■ District Service for Retirement 	<ul style="list-style-type: none"> • Unrepresented employees: <ul style="list-style-type: none"> ➢ Hired < 1/1/13 - 15 years of District service ➢ Hired \geq 1/1/13 - 20 years of District service • Represented employees: <ul style="list-style-type: none"> ➢ 20 years of District service • 5 years of District service if employee does not have 15 or 20 years of service at age 65 	<ul style="list-style-type: none"> • Unrepresented employees: <ul style="list-style-type: none"> ➢ 15 years of District service • Represented employees: <ul style="list-style-type: none"> ➢ 15 years of District service



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2015 Valuation	OPEB Contribution Study
<ul style="list-style-type: none"> ■ Medical Plan at Retirement 	<ul style="list-style-type: none"> • Currently covered: <ul style="list-style-type: none"> ➢ Current plan election until Medicare eligible ➢ PPO after Medicare eligible • Waived actives - PPO 	<ul style="list-style-type: none"> • PPO



CALPERS MEMBER CONTRIBUTIONS

CalPERS Member Contributions	Unrepresented		Represented	
	<u>Classic</u>	<u>New</u>	<u>Classic</u>	<u>New</u>
CalPERS Member				
Required CalPERS Member Contributions	8.00%	6.25%	8.00%	6.25%
Additional CalPERS Member Contributions	<u>0.00%</u>	<u>1.75%</u>	<u>0.75%</u>	<u>2.50%</u>
Total CalPERS Member Contributions	8.00%	8.00%	8.75%	8.75%
Prior CalPERS Member Contributions	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>
Member Contributions for OPEB Funding	7.00%	7.00%	7.75%	7.75%



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CALPERS MEMBER CONTRIBUTIONS

Fiscal Year End	Estimated Annual CERBT Return	Average Contribution Exposure (Years)	Unrepresented		Represented	
			Annual Member OPEB Contrib	Accumulated Member OPEB Contrib	Annual Member OPEB Contrib	Accumulated Member OPEB Contrib
2012	0.38%	0.37	\$138,652	\$138,847	\$259,304	\$259,669
2013	11.20%	0.33	320,012	485,819	557,397	866,021
2014	18.30%	0.30	309,934	900,684	590,760	1,645,810
2015	(0.24%)	0.39	304,850	1,203,087	603,073	2,244,639



November 19, 2015



STUDY RESULTS

Actuarial Obligations - Current Plan

June 30, 2015 - 7.25% Discount Rate

(Amounts in 000's)

Actuarial Obligations	Unrepresented	Represented	Total
■ Present Value of Benefits			
• Actives	\$5,715	\$12,287	\$18,001
• Retirees ³	<u>3,295</u>	<u>9,510</u>	<u>12,805</u>
• Total	9,010	21,797	30,806
■ Actuarial Accrued Liability			
• Actives	3,912	6,972	10,884
• Retirees	<u>3,295</u>	<u>9,510</u>	<u>12,805</u>
• Total	7,207	16,482	23,689
■ Actuarial Value of Assets⁴	<u>5,148</u>	<u>11,772</u>	<u>16,920</u>
■ Unfunded AAL	2,059	4,710	6,769
■ Funded Percent	71%	71%	71%
■ Normal Cost for 2015/16	227	533	761
■ Normal Cost %Pay	4.7%	6.4%	5.8%

³ Employee group information was not available for retirees. Retiree liability was allocated to Unrepresented and Represented employee groups in proportion to active counts on 6/30/15 (35 Unrepresented and 101 Represented.)

⁴ Actuarial Value of Assets was allocated to Unrepresented and Represented employee groups in proportion to AAL.



November 19, 2015

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STUDY RESULTS

Actuarial Obligations - Prior Plan

June 30, 2015 - 7.25% Discount Rate

(Amounts in 000's)

Actuarial Obligations	Unrepresented	Represented	Total
■ Present Value of Benefits			
• Actives	\$1,292	\$ 2,633	\$ 3,924
• Retirees	<u>3,132</u>	<u>9,039</u>	<u>12,171</u>
• Total	4,424	11,671	16,095
■ Actuarial Accrued Liability			
• Actives	1,064	1,939	3,003
• Retirees	<u>3,132</u>	<u>9,039</u>	<u>12,171</u>
• Total	4,196	10,977	15,173
■ Estimated Plan Assets⁵	<u>3,945</u>	<u>9,528</u>	<u>13,473</u>
■ Unfunded AAL	251	1,450	1,701
■ Funded Percent	94%	87%	89%
■ Normal Cost for 2015/16	31	81	112
■ Normal Cost %Pay	0.6%	1.0%	0.9%

⁵ Actuarial Value of Assets less estimated accumulated member OPEB contributions.



November 19, 2015

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STUDY RESULTS

Funding Projection - Current Plan - Unrepresented

(Amounts in 000's)

Fiscal Year End	Normal Cost	UAAL Amort	Total ARC	Projected Payroll	Member OPEB Contrib	Net District ARC	BOY UAAL	BOY Fund%
2016	\$228	\$145	\$373	\$4,796	\$336	\$ 37	\$2,059	71%
2017	235	129	365	4,952	347	18	1,777	77%
2018	243	111	354	5,113	358	(4)	1,473	82%
2019	251	89	340	5,279	370	(29)	1,150	87%
2020	259	64	323	5,451	382	(58)	795	91%
2021	267	34	302	5,628	394	(92)	407	96%
2022	276	1	277	5,811	407	(129)	15	100%
2023	285	0	285	6,000	420	(135)	0	100%
2024	294	0	294	6,195	434	(140)	0	100%
2025	303	0	303	6,396	448	(144)	0	100%



STUDY RESULTS

Funding Projection - Prior Plan - Unrepresented

(Amounts in 000's)

Fiscal Year End	Normal Cost	UAAL Amort	Total ARC	Projected Payroll	Member OPEB Contrib	Net District ARC	BOY UAAL	BOY Fund%
2016	\$31	\$18	\$49	\$4,796	\$0	\$49	\$251	94%
2017	32	13	46	4,952	0	46	185	96%
2018	33	8	42	5,113	0	42	112	98%
2019	34	3	37	5,279	0	37	36	99%
2020	35	0	35	5,451	0	35	0	100%
2021	37	0	37	5,628	0	37	0	100%
2022	38	0	38	5,811	0	38	0	100%
2023	39	0	39	6,000	0	39	0	100%
2024	40	0	40	6,195	0	40	0	100%
2025	42	0	42	6,396	0	42	0	100%



STUDY RESULTS

Funding Projection - Difference - Unrepresented

(Amounts in 000's)

Fiscal Year End	Normal Cost	UAAL Amort	Total ARC	Projected Payroll	Member OPEB Contrib	Net District ARC	BOY UAAL	BOY Fund%
2016	\$ 97	\$127	\$324	n/a	\$336	\$(12)	\$1,807	(23%)
2017	203	116	319	n/a	347	(28)	1,592	(19%)
2018	210	103	312	n/a	358	(46)	1,361	(16%)
2019	217	86	303	n/a	370	(66)	1,114	(12%)
2020	224	64	288	n/a	382	(93)	795	(9%)
2021	230	34	265	n/a	394	(129)	407	(4%)
2022	238	1	239	n/a	407	(167)	0	0%
2023	246	0	246	n/a	420	(174)	0	0%
2024	254	0	254	n/a	434	(180)	0	0%
2025	261	0	261	n/a	448	(186)	0	0%



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STUDY RESULTS

Funding Projection - Current Plan - Represented

(Amounts in 000's)

Fiscal Year End	Normal Cost	UAAL Amort	Total ARC	Projected Payroll	Member OPEB Contrib	Net District ARC	BOY UAAL	BOY Fund%
2016	\$534	\$333	\$866	\$8,283	\$642	\$224	\$4,710	71%
2017	551	285	836	8,552	663	173	3,913	78%
2018	569	231	800	8,830	684	116	3,078	83%
2019	587	173	760	9,117	707	54	2,222	89%
2020	606	108	714	9,414	730	(16)	1,332	94%
2021	626	36	663	9,720	753	(91)	433	98%
2022	645	0	645	10,035	778	(133)	0	100%
2023	667	0	667	10,362	803	(136)	0	100%
2024	688	0	688	10,698	829	(141)	0	100%
2025	710	0	710	11,046	856	(146)	0	100%



STUDY RESULTS

Funding Projection - Prior Plan - Represented

(Amounts in 000's)

Fiscal Year End	Normal Cost	UAAL Amort	Total ARC	Projected Payroll	Member OPEB Contrib	Net District ARC	BOY UAAL	BOY Fund%
2016	\$81	\$102	\$183	\$8,283	\$0	\$183	\$1,450	87%
2017	84	83	167	8,552	0	167	1,144	90%
2018	86	62	148	8,830	0	148	824	93%
2019	89	39	129	9,117	0	129	504	96%
2020	92	13	105	9,414	0	105	161	99%
2021	95	0	95	9,720	0	95	0	100%
2022	98	0	98	10,035	0	98	0	100%
2023	101	0	101	10,362	0	101	0	100%
2024	105	0	105	10,698	0	105	0	100%
2025	108	0	108	11,046	0	108	0	100%



STUDY RESULTS

Funding Projection - Difference - Represented

(Amounts in 000's)

Fiscal Year End	Normal Cost	UAAL Amort	Total ARC	Projected Payroll	Member OPEB Contrib	Net District ARC	BOY UAAL	BOY Fund%
2016	\$453	\$231	\$683	n/a	\$642	\$ 41	\$3,261	(16%)
2017	467	202	669	n/a	663	6	2,769	(12%)
2018	483	169	652	n/a	684	(32)	2,254	(10%)
2019	498	134	631	n/a	707	(75)	1,718	(7%)
2020	514	95	609	n/a	730	(121)	1,171	(5%)
2021	531	36	568	n/a	753	(186)	433	(2%)
2022	547	0	547	n/a	778	(231)	0	0%
2023	566	0	566	n/a	803	(237)	0	0%
2024	583	0	583	n/a	829	(246)	0	0%
2025	602	0	602	n/a	856	(254)	0	0%



STUDY RESULTS

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STUDY RESULTS

Funding Projection - Current Plan - Total

(Amounts in 000's)

Fiscal Year End	Normal Cost	UAAL Amort	Total ARC	Projected Payroll	Member OPEB Contrib	Net District ARC	BOY UAAL	BOY Fund%
2016	\$761	\$478	\$1,239	\$13,080	\$978	\$262	\$6,769	71%
2017	786	414	1,200	13,505	1,009	191	5,690	77%
2018	812	342	1,154	13,944	1,042	111	4,551	83%
2019	838	262	1,100	14,397	1,076	24	3,372	88%
2020	865	172	1,037	14,865	1,111	(74)	2,127	93%
2021	894	71	964	15,348	1,147	(183)	840	97%
2022	921	1	923	15,846	1,185	(262)	0	100%
2023	952	0	952	16,361	1,223	(271)	0	100%
2024	982	0	982	16,893	1,263	(281)	0	100%
2025	1,013	0	1,014	17,442	1,304	(290)	0	100%



STUDY RESULTS

Funding Projection - Prior Plan - Total

(Amounts in 000's)

Fiscal Year End	Normal Cost	UAAL Amort	Total ARC	Projected Payroll	Member OPEB Contrib	Net District ARC	BOY UAAL	BOY Fund%
2016	\$112	\$120	\$232	\$13,079	\$0	\$232	\$1,701	89%
2017	116	96	213	13,504	0	213	1,329	92%
2018	119	70	190	13,943	0	190	936	94%
2019	123	42	166	14,396	0	166	540	97%
2020	127	13	140	14,865	0	140	161	99%
2021	132	0	132	15,348	0	132	0	100%
2022	136	0	136	15,846	0	136	0	100%
2023	140	0	140	16,362	0	140	0	100%
2024	145	0	145	16,893	0	145	0	100%
2025	150	0	150	17,442	0	150	0	100%



STUDY RESULTS

Funding Projection - Difference - Total

(Amounts in 000's)

Fiscal Year End	Normal Cost	UAAL Amort	Total ARC	Projected Payroll	Member OPEB Contrib	Net District ARC	BOY UAAL	BOY Fund%
2016	\$649	\$358	\$1,007	n/a	\$ 978	\$ 30	\$5,068	(18%)
2017	670	318	987	n/a	1,010	(22)	4,361	(15%)
2018	693	272	964	n/a	1,042	(79)	3,615	(11%)
2019	715	220	934	n/a	1,077	(142)	2,832	(9%)
2020	738	159	897	n/a	1,112	(214)	1,966	(6%)
2021	762	71	832	n/a	1,147	(315)	840	(3%)
2022	785	1	787	n/a	1,185	(398)	0	0%
2023	812	0	812	n/a	1,223	(411)	0	0%
2024	837	0	837	n/a	1,263	(426)	0	0%
2025	863	0	864	n/a	1,304	(440)	0	0%



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