MEMO

DATE: August 18, 2010

TO: Board Finance Committee

FROM: Dave Collins, AGM Finance and Management Services

SUBJECT: Update on CalPERS Pension Contribution Rates

<u>Background:</u>

Over the past several years the District's actuaries have been cautioning us that optimistic earnings assumptions and major investment losses by CalPERS will very likely result in increased pension obligation costs in future years. Unchecked, this trend will require the District to commit an increasing percentage of wages to pension obligations each year for the foreseeable future, constraining this agency's ability to accommodate current needs and future growth in staff, facilities, operations and public services. Our long term financial stability depends on taking action to address this trend early. The first steps to do so were implemented by the Board in the 2010 budget. Further adjustments are expected to be necessary in coming years to stabilize rates and minimize future pension cost increases.

Reports are received annually from CalPERS that provide information on the District plans and notice of future pension rate changes. These reports, and actuarial recommendations, are based on assumptions of future events, earnings, demographic trends etc. so our actual experience may be better, or worse than projected. For this reason the District has retained our own actuary, Bartel and Associates, to review this information and provide recommendations to the District consistent with our long-term financial orientation.

For the past two years, the discussion has been focused on the financial impacts to the District of the major pension investment fund losses and changes in actuarial assumptions being implemented by CalPERS.

In 2009, Bartel advised the District that the CalPERS investment returns for the prior two year period were 34.8% below the assumed return rate of +7.75% per year. This year, Bartel noted that the returns have been positive, but continue to be very volatile. In response to this major investment loss and continuing unsettled economic climate, CalPERs continues to evaluate current and future actuarial assumptions and is implementing changes (increases) in agency contribution rates to ensure adequate future funding for the plan.

Bartel has advised the District that the changes being implemented by CalPERS will result in a rising level of annual pension contribution rates (as a percent of wages) over the long term. He also advises that a delay in raising contribution rates to an actuarially sufficient level, as has been implemented by CalPERS, may result in both a higher long term annual contribution rate than might otherwise be the case, and an increasing unfunded actuarial liability of our pension plan over the long term. Both of these consequences amount to deferring current financial obligations to future budgets, or 'kicking the can down the road'.

2010 Budget:

In 2009, staff recommended, and the Finance Committee concurred, that the District was best served by the responsible financial decision to fund our long-term pension obligations:

- At a rate calculated by our actuaries to result in a constant (not increasing over time) annual pension contribution (as a percent of wages).
- At a rate that will not result in an increasing future actuarial liability to the District.
- On an amortization schedule (the number of years over which the unfunded pension cost is spread) that is similar to the expected use of funds by our employees as they retire in future years.

The annual Bartel actuarial reports were presented to the Finance Committee on August 26, 2009. The Committee concurred with the recommendations of staff and the actuary and recommended an increase in the District's pension contributions to the general employees plan beginning in the 2010/2011 year (CalPERS funding levels are based on a fiscal year). The recommended rate was targeted to offset the investment fund losses and to result in a level percentage contribution for future years. The recommended increase was approximately 4% of salary, bringing the employer's share of the annual pension cost to 20% of wages for the general employee plan. The cost of this increase is approximately $1.5 million for the 2010/2011 year. The 2010 portion of this amount was subsequently included in the District's annual budget and has been implemented with CalPERS as of July 1, 2010.

Our action was taken in anticipation of CalPERS' adoption of a revised actuarial methodology wherein they are deferring rate increases for 2011/12 and 2012/13 by raising rates more steeply in 2014 and beyond. It is possible that CalPERS has taken this action to defer actuarially beneficial near-term cost increases at the expense of higher future rates. This is likely due, in part, to the fragile financial position of many public agencies, including the State, and the outcry that would erupt if these increases were imposed during this economic slump.

This 2010 budget action is expected to correct the District's pension contribution rate for the one-time CalPERS investment loss. However, this new 20% of salary 2010 rate amount did not adjust for a reduction in the assumed long term investment discount (return) rate and valuation assumption changes that we expect will be implemented by CalPERS in 2011 or 2012. CalPERS has not yet taken formal action on these adjustments; therefore, corrective action by the District in 2009 or 2010 on these matters would be premature.

2011 Budget:

The 20% pension benefit percentage established in 2010 will be used to calculate the District employer's share of the cost of the general employee's pension contribution for the first half of 2011. However, as mentioned above, CalPERS has notified the District of likely changes to actuarial assumptions, and therefore contribution rates, in future years.

Specifically, our actuary notes that CalPERS investment assumption of a 7.75% return rate was not likely to remain at that level and that it will need to be reduced in future years. The resultant lower return rate will reduce future earnings assumptions and therefore require an increase in the amount of required local agency contribution. Updates received this year suggest that CalPERS will soon be reducing the discount, (or investment return) rate to 7.5%; which translates to approximately 1.7% (of wages), or an increase of approximately $640,000. This increase will be in addition to the 4% increase already implemented in 2010. An additional 1% ($375,000 per year) increase due to changes in valuation assumptions is also expected to be imposed, bringing the total anticipated increase for the CalPERS General Employees plan to an additional $1 million/year by 2013 or 2014.

The mitigating news for the 2011/12 year is that Bartel is recommending that the 20% rate remain in place for two years (2010/11 and 2011/12). He is recommending that any modest adjustment to the District's contribution rate above 20% as may be required by CalPERS for the 2011/12 year be managed through an adjustment (extension) to the amortization period for the pension program through a second "fresh start".

Future Budgets:

Mr. Bartel suggests that the economic environment continues to be volatile, and that to attain the dual goals of level future contribution rates and declining actuarial liability, the District will very likely need to reset (or "fresh start" as CalPERS refers to the process) our actuarial assumptions, and possibly increase our pension contribution, each year for several years until the markets stabilize. Each fresh start may require an adjustment in our contribution rate and/or amortization term.

Based on Bartel's analysis, absent prolonged investment return losses, changes in benefit levels or other major events, it should be possible to stabilize the CalPERS general employee plan contribution rate at or near 22% or 23% of wages over the long term. This compares favorably with CalPERS current (very optimistic) estimates of contribution rates in excess of 25% by 2024. This information suggests that the District plan for an additional 2% (of wages) increase in pension contribution rates for the second half of our 2012 budget year. This may be adjusted as further information develops over the next year.

The District's decision to increase our near-term funding rates to minimize and stabilize future costs has an impact on our annual general fund budget, compounding the difficulty in reducing our operating expenditures to balance with our falling tax revenue. Absent this correction, our 2010 budget reduction would have been less severe. Additionally, there is always a risk that future investment earnings performance will be better or worse than anticipated, and that our actions will have either over or under compensated for them. Despite these difficulties and uncertainties, fiscal prudence dictates that we act now to minimize the overall negative financial impact on the District.

Other District Pension Plans:

It should be noted that the above discussion applies specifically to the CalPERS Miscellaneous Plan and <u>not</u> to the East Bay Regional Park District (EBRPD)Retirement Plan (formerly Transamerica Plan) or CalPERS Safety Plan. Although these plans are smaller, there are parallel concerns for their funding levels.

MEMO

With respect to the EBRPD Retirement Plan, the District has full discretion as to funding levels and we are managing them conservatively to result in even payments in future years over an appropriate amortization period for the demographic of the employees covered by each plan. Both the Safety and General Employee plans are closed to new entrants, and will gradually expire as participants cease collecting benefits.

However, the District has little discretion over the CalPERS Public Safety pension program because this relatively small employee group is required to be pooled with other agencies. For this reason the District cannot request a "fresh start" to modify our actuarial assumptions and must accept CalPERS assigned contribution rates as they change from year to year. The 2009 employer contribution for the CalPERS Safety plan was 36.8% of salary. When the $9 million "side fund" debt was re-financed by the District last year the overall plan cost was reduced by approximately 1% of salary.

The anticipated future rate changes anticipated for CalPERS as discussed above for the General Employee's plan, when applied to the CalPERs Safety Plan are expected to result in a required increase in employer contribution rates to 50% of salary in the 2013/14 year. This does include the annual amount to reimburse the District's General Fund for the "side fund" payoff, but does not include the "employee share" paid by the District on behalf of employees.

Conclusion:

Pension benefits and plan funding are attracting increasing attention in the public arena, and it is possible that limits on defined benefit plans such as the District provides may eventually be imposed constitutionally or legislatively. Such actions could require the District to modify our plans in some regard. Collective bargaining with employee groups also has the potential to modify the District's pension structure and to affect our future financial obligations.

As with most public agencies in California, the District is being challenged by the cost of sustaining employee benefits at current levels in the face of depressed revenues, low investment returns, and a workforce demographic approaching retirement. Unlike many other agencies, the District has been committed to taking the fiscally responsible actions necessary to protect both the District's solvency and the integrity of promised employee benefits while providing continuing services to our public constituents.

Pro-active planning and the discipline to make short-term financial decisions with a long-term perspective continue to serve this agency well. These strategies demonstrate our responsible use of the tax funding that our community provides and positions us well to provide a high level of public service for years to come.

This issue has been discussed during staff budget meetings with the General Manager and he concurs with the recommendation to Finance Committee

EAST BAY REGIONAL PARK DISTRICT
RETIREE HEALTHCARE PLAN

Valuation Summary

January 1, 2010 GASB 45 Actuarial Valuation

JOHN E. BARTEL & DOUG PRYOR
BARTEL ASSOCIATES, LLC
August 25, 2010

Agenda

Medical Benefits

Group	Eligibility	Monthly Benefit (< 65)	Monthly Benefit ($\geq$ 65)
AFSCME	ER 55 & 10[1]	Participation $100 ($200 with 20 years service)	AARP (Dual) AARP (Dual)
POA	50 & 10[2]	$105 (PEMHCA minimum[3])	$105[4] (PEMHCA minimum)

1 For retirements between 1/1/99 and 6/1/03 eligibility is age 58 with 10 years of service for $100 benefit and 58 with 20 years of service for $200 benefit.
2 Or industrial disability retirement. Eligible for PEMHCA minimum with 5 years of CalPERS service.
3 PEMHCA minimum is $105 for 2010 and $108 for 2011.
4 AARP reimbursement for employee and spouse for retirements on or before April 1, 2002.

Group	Eligibility	Monthly Benefit (< 65)	Monthly Benefit ($\geq$ 65)
Mgmt/Conf (AGM)	Hire/Prom. < 1/1/03 ER Hire/Prom. $\geq$ 1/1/03 ER & 10 ER & 20	Family Premium $300 $350	5 YOS:Dual AARP+MedB 15YOS:Single Prem+MedB 20 YOS: Dual Prem+MedB $300 $350
Mgmt/Conf (Non AGM)	Hire/Prom. < 1/1/03 ER[5] Hire/Prom. $\geq$ 1/1/03 ER & 10 ER & 20	Family Premium $250 $300	AARP+Med B (Dual)[6] $250 $350

5 48 years or older under the Transamerica plan; 50 years or older under CalPERS plan.
6 $183 reimbursement for retiree (and $183 for spouse) can be paid in lieu of AARP and Medicare B coverage

BENEFIT SUMMARY

Group	Eligibility	Monthly Benefit (< 65)	Monthly Benefit (≥ 65)
Directors	Under 12 years prior to 1/1/1995	Participation[7]	Participation[7]
	12 + years prior to 1/1/1995	Family Premium	AARP+Med B (Dual) if elected < 1/1/95

[7] Retiree pays District group medical and dental premiums.

BENEFIT SUMMARY

Other Benefits

■ Dental	• Premiums paid by retiree except as follows: ➢ AGM Mgmt/Conf hired or promoted < 1/1/03: single coverage if 15 years of service, dual if 20+ years ➢ AGM Mgmt/Conf hired or promoted > 1/1/03: $30/month if 15 years of service
■ Vision	• None
■ Life	• Average active/retiree premium paid by retiree: $37.44 for $13,000 coverage.
■ Vesting	• No benefit for employees not retiring immediately from District.
■ Pay-As-You-Go ($000s)	•$1,556 estimated for 2010

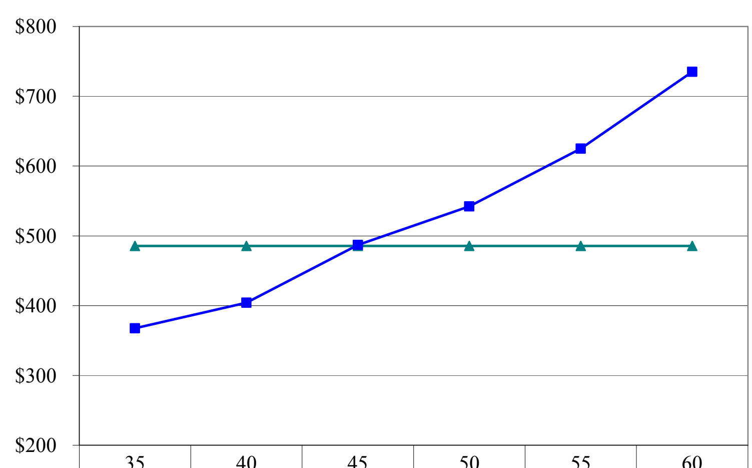
BENEFIT SUMMARY

■ Implied Subsidy	• Participating retirees paying active rates vs. actual cost Community rated plans not required to value implied subsidy PEMHCA is, for most employers, a community rated plan • Value implied subsidy for District non-PEMHCA medical plans • Not valuing implied subsidy for PEMHCA plans or dental/vision

BENEFIT SUMMARY

■ Implied Subsidy Illustration

• Kaiser



	35	40	45	50	55	60
Blended Premium	486	486	486	486	486	486
Cost by Age	368	404	487	542	625	735

Participant Statistics
January 1, 2010

	AFSCME	POA	Mgmt/Conf (Non AGM)	Mgmt/Conf (AGM)	Directors	Total
■ Actives:						
• Count	485	71	64	9	1[8]	630
• Average Age	47.0	38.9	52.7	57.4	64.6	46.8
• Average Svc	10.8	8.6	14.8	20.9	31.0	11.1
• Average Pay	$61,000	$80,400	$97,800	$178,500	$0	$68,500
• Total Pay (000's)	$29,609	$5,708	$6,260	$1,607	$0	$43,184
■ Retirees:						
• Count < 65	60	22	33	1	-	116
• Count > 65	115	15	48	7	3	188
• Total	175	37	81	8	3	304
• Average Age	70.3	60.9	68.5	75.3	83.5	69.0
• Avg. Ret Age	60.3	50.0	57.8	59.3	67.1	58.4

8 Excludes 6 Directors who are eligible for participation only

Participant Statistics
January 1, 2008[9]

	AFSCME	POA	Mgmt/Conf (Non AGM)	Mgmt/Conf (AGM)	Directors	Total
■ Actives:						
• Count	484	70	60	9	1[10]	624
• Average Age	46.1	38.1	51.0	55.4	62.6	45.9
• Average Svc	10.3	7.6	15.0	18.9	29.0	10.6
• Average Pay	$59,400	$75,000	$93,900	$173,500	$6,600	$66,000
• Total Pay (000's)	$28,742	$5,248	$5,631	$1,562	$7	$41,189
■ Retirees:						
• Count < 65	60	24	40	2	-	126
• Count > 65	97	11	40	5	3	156
• Total	157	35	80	7	3	282
• Average Age	69.3	59.2	68.3	71.3	77.6	67.9
• Avg. Ret Age	59.7	49.7	58.0	58.4	63.9	57.9

9 Based on November 2008 census.
10 Excludes 5 Directors who are eligible for participation only

Asset Allocation

	PARS[11]	CalPERS
■ Domestic Equity (6.5%)	50.0%	24.5%
■ International Equity (7.0%)	-	24.5%
■ Real Estate (4.75%)	-	10.0%
■ Alternative Investments (4.0%)	-	14.0%
■ Inflation Linked Securities (2.5%)	-	5.0%
■ Fixed Income (2.5%)	45.0%	20.0%
■ Cash (-1.5%)	5.0%	2.0%
■ Total	100.0%	100.0%

[11] Moderate portfolio

Expected Asset Returns

	PARS	CalPERS
■ Real return	4.30%	4.94%
■ Inflation	3.00%	3.00%
■ Total Return	7.30%	7.94%
■ Expenses	-1.00%	-0.50%
■ Net Return	6.30%	7.44%
■ Assumption	6.25%	7.75%

METHODS AND ASSUMPTIONS HIGHLIGHTS

	January 1, 2008 Valuation	January 1, 2010 Valuation
■ Valuation Date	• January 1, 2008 • Fiscal Years 2009 and 2010	• January 1, 2010 • Fiscal Years 2011 and 2012
■ Discount Rate	• 6.25% Pre-funded through PARS trust (moderate plan)	• Same
■ Aggregate Payroll Increases	• 3.25%	• Same
■ General Inflation	• 3.0%	• Same
■ Healthcare Trend	• 9%/10% decreasing to 4.5% over 8 years	• 8%/9% decreasing to 4.5% over 7 years
■ Dollar Stipend Increases	• None	• Same
■ PEMHCA Minimum Increases	• 4.5%	• Same
■ Dental Trend	• 3.0%	• Same

METHODS AND ASSUMPTIONS HIGHLIGHTS

	January 1, 2008 Valuation	January 1, 2010 Valuation
■ Retirement	• CalPERS Plan Participants: CalPERS 1997-2002 Experience Study Miscellaneous: Average Retirement Age ≈ 60 ➢ Miscellaneous (2.5%@55) Retirement Age ≈ 60 ➢ Safety (3%@50) Retirement Age ≈ 54 • Transamerica General Employees Plan (GEP) Participants: GEP valuation assumptions ➢ Miscellaneous: Average Retirement Age ≈ 60	• CalPERS Plan Participants: CalPERS 1997-2007 Experience Study Miscellaneous: Average Retirement Age ≈ 60 ➢ Miscellaneous (2.5%@55) Retirement Age ≈ 58 ➢ Safety (3%@50) Retirement Age ≈ 54 • Transamerica General Employees Plan (GEP) Participants: GEP valuation assumptions Miscellaneous: Average Retirement Age ≈ 60

Market Value of Plan Assets Reconciliation

(000's Omitted)

	2007	2008	2009	Projected 2010
■ **MVA (boy)**	$ -	$ 6,509	$ 7,918	$ 13,276
• Employer Contribution	7,428	4,602	4,423	3,984
• Reimbursement for Benefits Paid	-[12]	(910)	(986)	(1,464)
• Expenses	(7)	(29)	(93)	(133)
• Investment Return	114	(2,049)	2,194	1,040
■ **MVA (eoy) – Before Adjustments**	7,535	8,123	13,455	16,703
• Reimbursement for Benefits Paid	(1,027)	(205)	(178)	-
■ **MVA (eoy) - After Adjustments**	6,509	7,918	13,276	16,703
■ **Approximate Rate of Return**	4.4%[13]	-24.9%	21.8%	6.3%

[12] District paid $1,027 in benefit payments in 2007 and was reimbursed by the trust in 2008

[13] Annualized rate of return. Initial contribution into fund was $5.7 million on August 17, 2007.

Actuarial Value of Plan Assets Development

(000's Omitted)

	2007	2008	2009	Projected 2010
■ **AVA (boy)**	$ -	$ 6,572	$ 9,542	$ 13,381
• Employer Contribution	7,428	4,602	4,423	3,984
• Reimbursement for Benefits Paid	-	(910)	(986)	(1,464)
• Administrative Expenses	(7)	(29)	(93)	(133)
• Expected Investment Return	193	524	699	1,047
■ **Expected AVA (eoy)**	7,614	10,759	13,585	16,814
■ **Preliminary AVA**[14]	7,599	10,232	13,559	16,792
• Maximum AVA (120% of MVA)	9,042	9,747	16,146	20,044
• Minimum AVA (80% of MVA)	6,028	6,498	10,764	13,363
■ **AVA (eoy) – Before Adjustments**	7,599	9,747	13,559	16,792
• Reimbursement for Benefits Paid	(1,027)	(205)	(178)	-
■ **AVA (eoy) - After Adjustments**	6,572	9,542	13,381	16,792
■ **Approximate Rate of Return**	4.4%	-6.1%	5.5%	5.7%

[14] Expected AVA plus 20% of the difference between the MVA and expected AVA.

Actuarial Obligations

(000's Omitted)

	1/1/08 Valuation		1/1/10 Valuation	
	1/1/08	Proj. 1/1/09	1/1/10	Proj. 1/1/11
■ **Present Value of Benefits**				
• Actives	$ 33,301		$ 34,504	
• Retirees	19,986		22,121	
• Total	53,288		56,626	
■ **Actuarial Accrued Liability**				
• Actives	20,355		22,533	
• Retirees	19,986		22,121	
• Total	40,341	43,270	44,654	47,345
■ **Actuarial Value of Assets**	6,572	9,542	13,381	16,792
■ **Unfunded AAL**	33,769	33,728	31,273	30,553
■ **Normal Cost**		1,625		1,605
■ **Benefit Payments**		1,363		1,895

Annual Required Contribution (ARC)

(000's Omitted)

	1/1/08 Valuation		1/1/10 Valuation	
	2009	2010	2011	2012
■ **Current Annual Cost - $**				
• Normal Cost	$ 1,625	$ 1,678	$ 1,605	$ 1,657
• UAAL Amortization[15]	2,397	2,475	2,360	2,437
• Total ARC	4,022	4,153	3,965	4,094
■ **Projected Payroll**	42,528	43,910	44,600	46,050
■ **Annual Required Contribution - %**				
• Normal Cost	3.8%	3.8%	3.6%	3.6%
• UAAL Amortization	5.7%	5.7%	5.3%	5.3%
• Total ARC	9.5%	9.5%	8.9%	8.9%

[15] Initial UAAL amortized as a level percent of payroll over a 20 year period starting 2007. Subsequent assumption changes and gains/losses amortized as level percent of payroll over a 15 year period.

Amortization Bases

(000's Omitted)

	1/1/08 Valuation		1/1/10 Valuation	
	1/1/09	1/1/10	1/1/11	1/1/12
■ **Outstanding Balance**				
• Initial UAAL	$ 37,336	$ 36,889	$ 36,324	$ 35,630
• 2008 Val (Gain)/Loss	(3,608)	(3,524)	(3,424)	(3,307)
• 2010 Val (Gain)/Loss	-	-	(2,347)	(2,292)
• Total	33,728	33,365	30,553	30,031

Amortization Payments

(000's Omitted)

	1/1/08 Valuation		1/1/10 Valuation	
	2009	2010	2011	2012
■ **Amortization Payment - $**				
• Initial UAAL[16]	$ 2,698	$ 2,785	$ 2,876	$ 2,970
• 2008 Val (Gain)/Loss[17]	(301)	(310)	(321)	(331)
• 2010 Val (Gain)/Loss[18]	-	-	(196)	(202)
• Total	2,397	2,475	2,360	2,437

16 Amortized over 18 years beginning 2009, 16 years from 2011
17 Amortized over 15 years beginning 2009, 13 years from 2011
18 Amortized over 15 years beginning 2011

Actuarial Gain/Loss
(In $ millions)

	(Gain)/Loss
Source	
• Actual premiums < expected	$ (5.0)
• Assumption changes (primarily Miscellaneous retirement rates)	2.8
• Contributions gain	(0.6)
• Demographic/other	0.4
Total	(2.4)

Estimated Net OPEB Obligation (NOO)
(Amounts in 000's)

	1/1/08 Valuation		1/1/10 Valuation	
	CAFR 2009	Estimated 2010	Estimated 2011	Estimated 2012
NOO at Beginning of Year	$ (3,659)	$ (3,869)	$ (3,777)	$ (3,689)
Annual OPEB Cost (AOC)				
• Annual Required Contribution	4,022	4,153	3,965	4,094
• Interest on NOO	(214)	(242)	(236)	(231)
• Amortization of NOO	305	332	324	317
• Annual OPEB Cost	4,113	4,243	4,053	4,180
Contributions				
• Trust Pre-Funding	n/a	3,984	3,719	3,773
• Implied Subsidy	n/a	167	245	321
• Total Contribution	4,323	4,151	3,965	4,094
NOO at End of Year	(3,869)	(3,777)	(3,689)	(3,603)

EAST BAY REGIONAL PARK DISTRICT
MISCELLANEOUS AND SAFETY PLANS

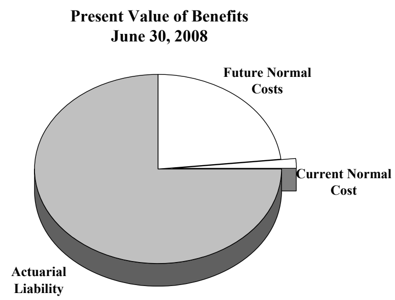
CalPERS Actuarial Issues – 6/30/08 Valuation

JOHN E. BARTEL & DOUG PRYOR

August 25, 2010

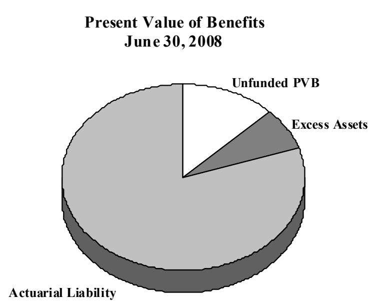
Agenda

Definitions



- **PVB - Present Value of all Projected Benefits:**
  - Discounted value (at valuation date - 6/30/08), of all future expected benefit payments based on various (actuarial) assumptions
- **Actuarial Liability:**
  - Discounted value (at valuation date) of benefits earned through valuation date [value of past service benefit]
  - Portion of PVB "earned" at measurement
- **Current Normal Cost:**
  - Portion of PVB allocated to (or "earned" during) current year
  - Value of employee and employer current service benefit

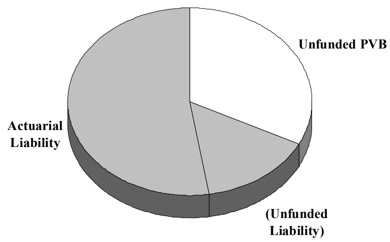
Definitions



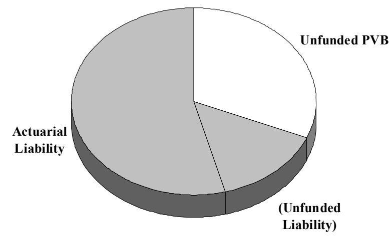
- **Target-** Have money in the bank to cover Actuarial Liability (past service)
- **Unfunded Liability -** Money short of target at valuation date
- **Excess Assets / Surplus:**
  - Money over and above target at that point in time.
  - Doesn't mean you're done contributing.
- **Super Funded:**
  - Assets cover whole pie (PVB)
  - If everything goes exactly like PERS calculated, you'll never have to put another (employer or employee) dime in.

Plan Funded Status
Miscellaneous

Present Value of Benefits
June 30, 2007



Present Value of Benefits
June 30, 2008

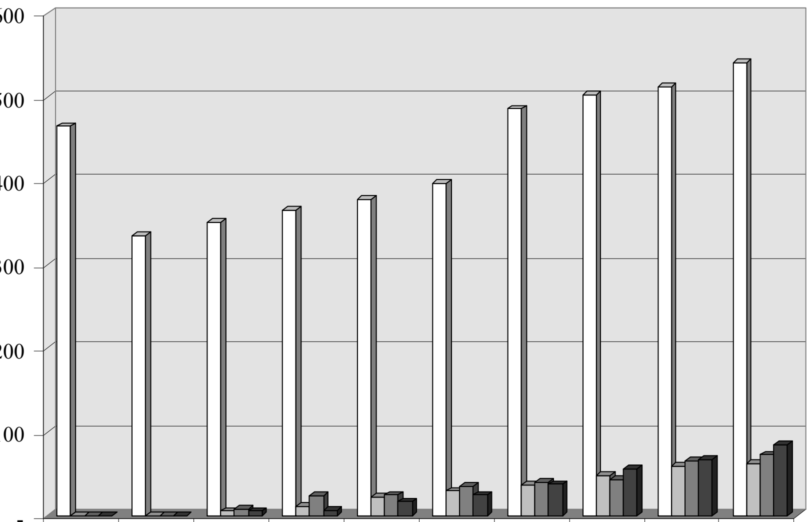


June 30, 2007		June 30, 2008
$ 76,900,000	**Unfunded PVB**	$ 80,900,000
(35,400,000)	**(Unfunded Liability)**	(36,900,000)
124,600,000	**Actuarial Liability**	139,300,000
166,100,000	**PVB**	183,300,000

Plan Funded Status
Miscellaneous

- What happened between 6/30/07 and 6/30/08?
  - Asset gain/(loss): ≈ (0.2) million
  - Actuarial gain/(loss): ≈ (2.4) million
    - Average Salary $61,800 → $63,300
    - Number of Actives 512 → 541
    - Number of Inactives 126 → 136
    - Number of Retirees 68 → 85
  - Contribution gain/(loss): ≈ 1.5 million
    - Expected ≈ (7.9)
    - Actual ≈ 9.4
  - Expected UAL Decrease/(Increase): ≈ (0.4) million

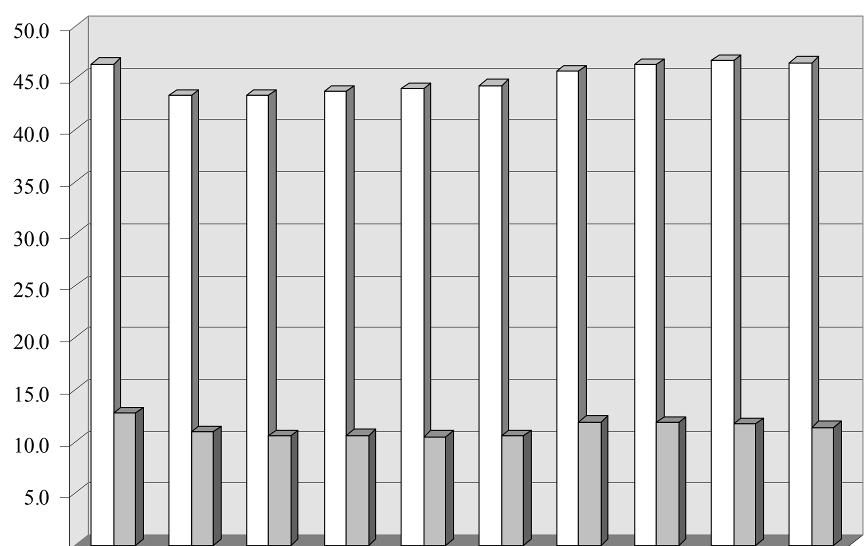
Members Included in Valuation
Miscellaneous



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Active	465	335	351	365	378	397	486	503	512	541
Transfers	-	-	6	12	23	30	37	48	60	63
Vested Terminations	-	-	8	24	25	35	40	43	66	73
Receiving Payments	-	-	6	7	17	25	38	56	68	85

REGIONAL PARKS
EAST BAY REGIONAL PARK DISTRICT

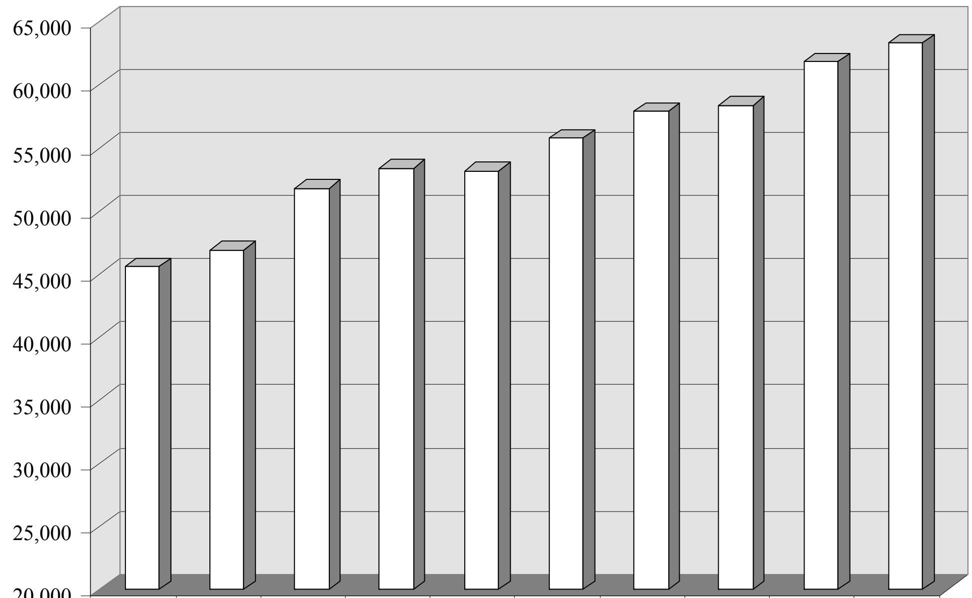
Average Age/Service
Miscellaneous



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Average Age	46.4	43.4	43.4	43.8	44.0	44.3	45.7	46.3	46.7	46.5
Average Service	12.7	11.0	10.5	10.6	10.5	10.5	11.9	11.8	11.7	11.4

REGIONAL PARKS
EAST BAY REGIONAL PARK DISTRICT

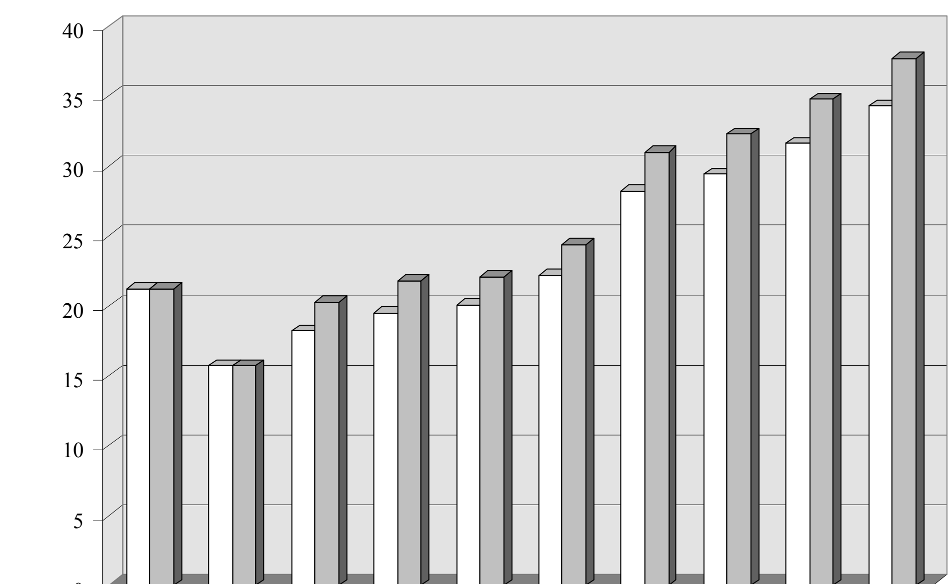
Average PERSable Wages
Miscellaneous



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
□Average	45,600	46,900	51,800	53,400	53,200	55,800	57,900	58,400	61,800	63,300

REGIONAL PARKS
EAST BAY REGIONAL PARK DISTRICT

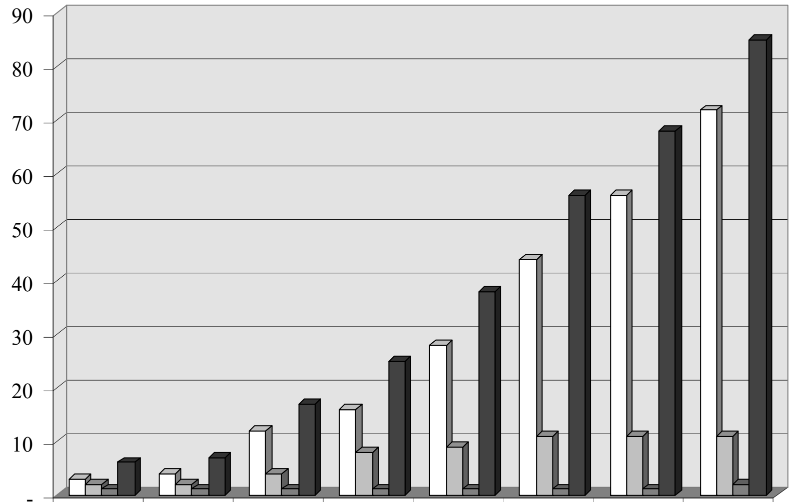
Total Annual PERSable Wages (Millions)
Miscellaneous



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
□Current	21.2	15.7	18.2	19.5	20.1	22.2	28.2	29.4	31.6	34.3
▨Projected	21.2	15.7	20.3	21.8	22.1	24.4	31.0	32.3	34.8	37.7

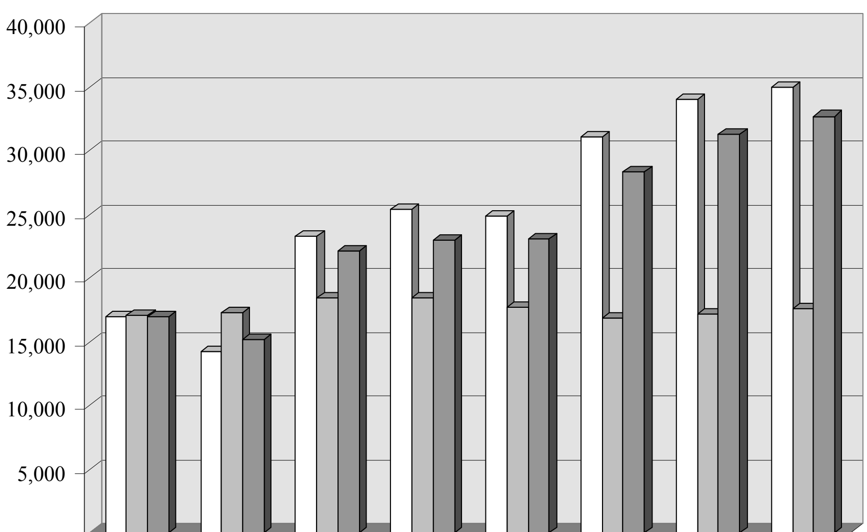
REGIONAL PARKS
EAST BAY REGIONAL PARK DISTRICT

Members Receiving Payments
Miscellaneous



	2001	2002	2003	2004	2005	2006	2007	2008
Service Retirement	3	4	12	16	28	44	56	72
Disability Retirement	2	2	4	8	9	11	11	11
Beneficiaries	1	1	1	1	1	1	1	2
Total Retirements	6	7	17	25	38	56	68	85

Average Annuity
Miscellaneous



	2001	2002	2003	2004	2005	2006	2007	2008
Average Service Ret	17,000	14,200	23,300	25,400	24,900	31,100	34,000	35,000
Average Disabled Ret	17,100	17,300	18,400	18,400	17,700	16,900	17,200	17,600
Average Ret Annuity	17,000	15,200	22,100	23,000	23,100	28,300	31,300	32,700

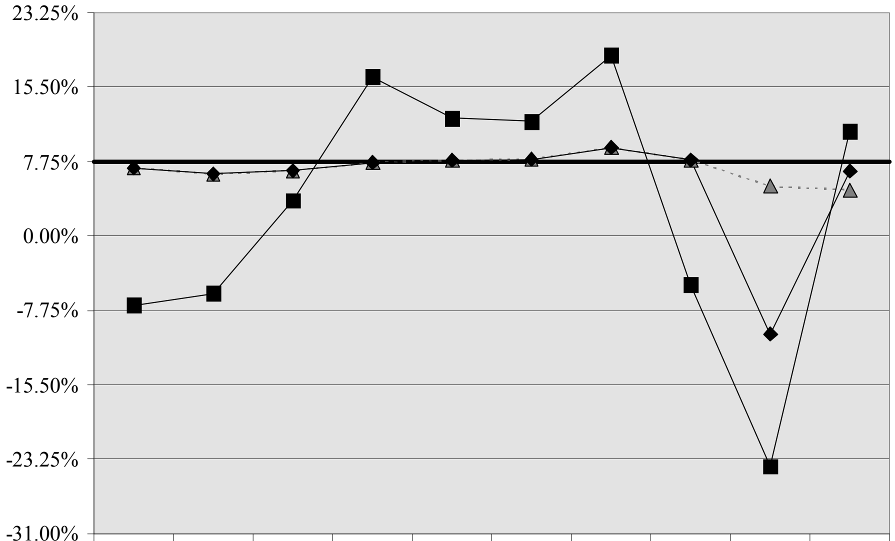
Average Annuity
Miscellaneous

Years Retired	Service Retirement Retirees' Benefit 2001	2002	2003	2004	2005	2006	2007	2008
Under 5	$ 16,926	$ 14,208	$ 23,334	$ 25,367	$ 25,329	$ 32,007	$ 34,364	$ 35,719
5~9	-	-	-	-	12,393	18,782	25,027	30,191
10~14	-	-	-	-	-	-	-	-
15-19	-	-	-	-	-	-	-	-
20-24	-	-	-	-	-	-	-	-
25-29	-	-	-	-	-	-	-	-
Over 30	-	-	-	-	-	-	-	-
All Years	16,962	14,208	23,334	25,367	24,867	31,105	34,031	35,028

Average Annuity
Miscellaneous

Attained Age	Service Retirement Retirees' Benefit 2001	2002	2003	2004	2005	2006	2007	2008
50-54	$ -	$ 5,197	$ 11,004	$ 9,463	$ 17,925	$ 20,577	$ 29,348	$ 27,229
55-59	16,962	19,977	22,151	22,647	27,580	38,506	32,149	33,658
60-64	-	11,679	31,677	31,878	27,696	29,333	37,673	38,641
65-69	-	-	-	-	-	-	43,558	34,935
70-74	-	-	-	-	-	-	-	-
75-79	-	-	-	-	-	-	-	-
80-84	-	-	-	-	-	-	-	-
85 & over	-	-	-	-	-	-	-	-
All Ages	16,962	14,208	23,334	25,367	24,867	31,105	34,031	35,028

Actuarial Investment Return
Miscellaneous



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
AVA Modified	7.1%	6.4%	6.8%	7.6%	7.9%	8.0%	9.2%	7.9%	5.2%	4.8%
MVA Rate	-7.2%	-6.0%	3.7%	16.6%	12.3%	11.9%	18.8%	-5.1%	-24.0%	10.9%
AVA Unmodified	7.1%	6.4%	6.8%	7.6%	7.9%	8.0%	9.2%	7.9%	-10.2%	6.8%

Actuarial Investment Return
Miscellaneous

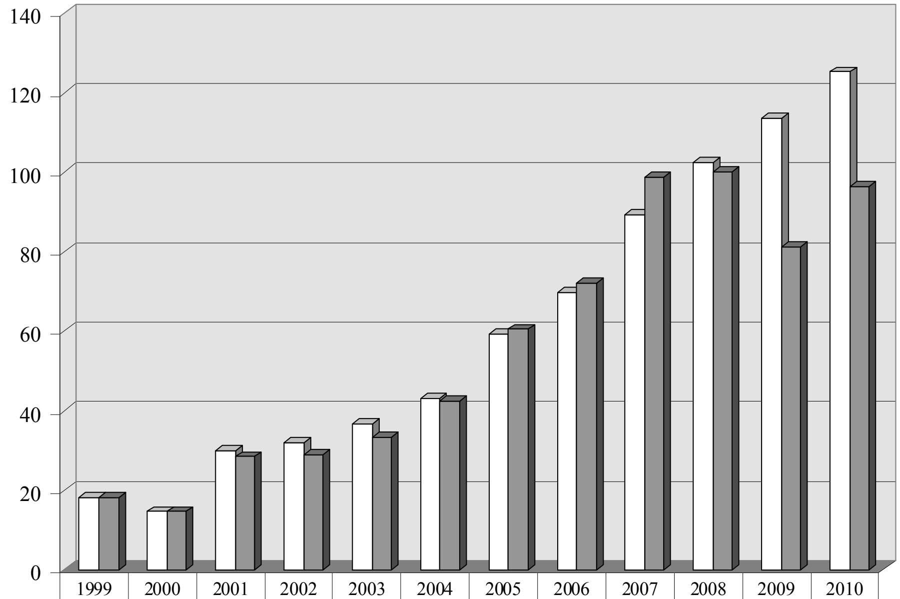
- Above assumes contributions, payments, etc. received evenly throughout year.
- 6/30/08:
  - Market Value return ≈ (5.1)%
  - Actuarial Value return ≈ 0.1 %
- 6/30/09:
  - Market Value return ≈ (24.0)% [1]
  - Actuarial Value return
    - Modified ≈ 5.2 %
    - Unmodified ≈ (10.2)%
- 6/30/10:
  - Market Value return through 06/30/10 ≈ 11.4%
  - Estimated Annualized MVA Return[2] ≈ 10.9 %
  - Est. Annualized Modified AVA Return ≈ 4.8 %

---

[1] Actual final return from 6/30/09 CAFR

[2] Estimate based on CalPERS 6/30/10 preliminary return 11.4%, adjusted down by 0.5% for additional expected losses for real estate.

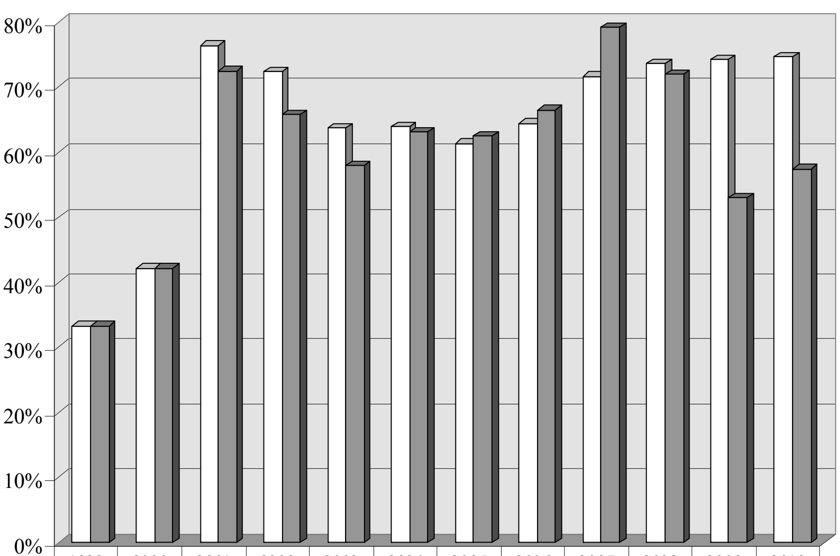
Asset Values (Millions)
Miscellaneous



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Actuarial	18	15	30	32	37	43	59	70	89	102	114	125
Market	18	15	28	29	33	42	60	72	99	100	81	96

6/30/09 & 6/30/10 asset values estimated.

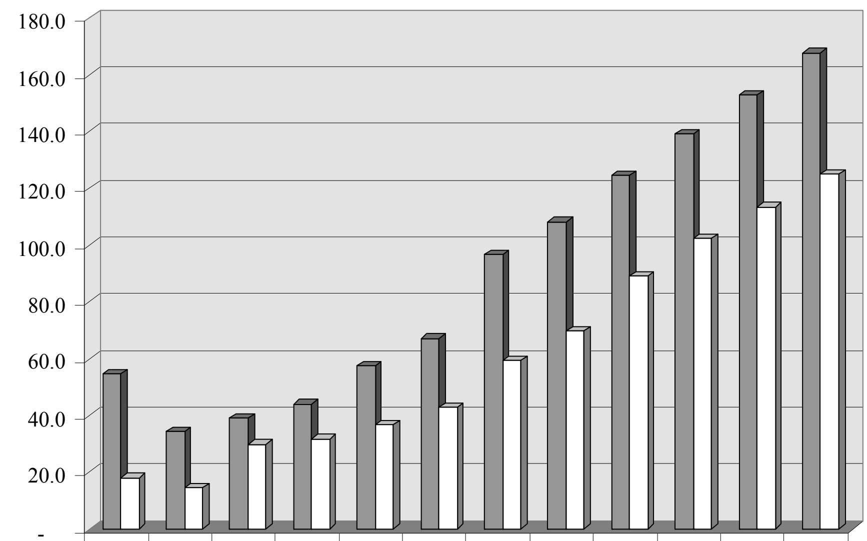
Funded Status
Miscellaneous



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Funded Ratio - AVA	33%	42%	76%	72%	64%	64%	61%	64%	72%	74%	74%	75%
Funded Ratio - MVA	33%	42%	72%	66%	58%	63%	62%	67%	79%	72%	53%	57%

6/30/09 & 6/30/10 funded status estimated

Funded Status (Millions)
Miscellaneous



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Actuarial Liability	54.5	34.5	39.2	44.0	57.5	67.1	96.7	108.3	124.6	139.3	153.0	167.8
Actuarial Asset Value	18.1	14.5	29.9	31.8	36.6	42.9	59.3	69.7	89.2	102.4	113.5	125.1

6/30/09 & 6/30/10 funded status estimated

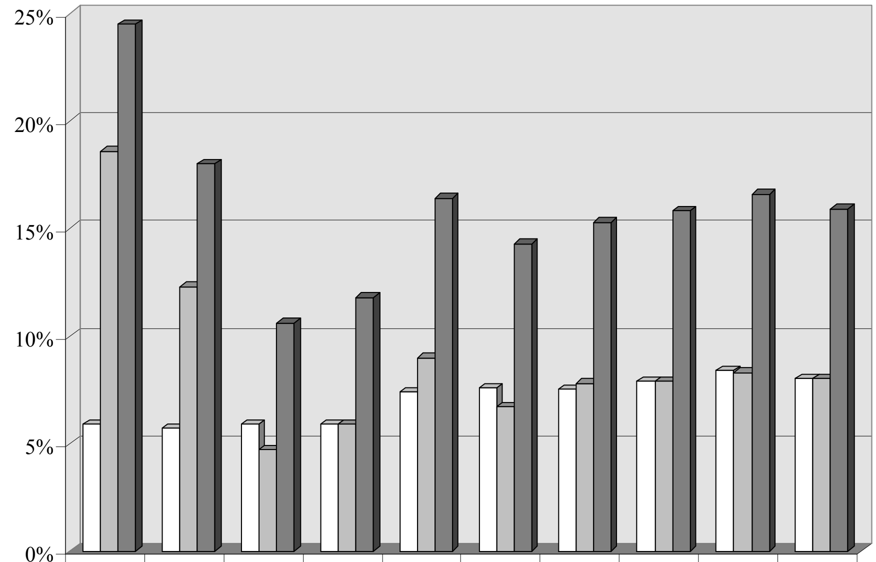
Contribution Rates
Miscellaneous

- Investment gains/(losses) – Impact on funded status:
  - Actuarial asset "reserve" at 6/30/08 -2.3%
  - 6/30/09 [-24.0% compared to 7.75%] -31.8%
  - 6/30/10 [10.9 % compared to 7.75%] 3.2%
  - Total estimated % loss through 6/30/10 -30.9%
  - Total estimated unrecognized gain [-30.9% x $ 100] $ -30.9 million

	6/30/07	6/30/08	Projected 6/30/10	Projected 6/30/40
UAL[3] (millions)	$ 35.4	$36.9	$84.2	$25.5
Investment losses 08/09[4]			34.1	44.3
Investment gains 09/10[4]			-3.2	-4.2
Total			**115.1**	**65.6**

3 Does not include asset gains or losses after June 30, 2008.
4 Ignores future gains & losses (after 6/30/09) and asset smoothing, and assumes continuance of 30-year rolling amortization method.

Contribution Rates
Miscellaneous



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Normal Cost	5.9%	5.7%	5.9%	5.9%	7.4%	7.6%	7.5%	7.9%	8.4%	8.0%
UAL Amort	18.6%	12.3%	4.7%	5.9%	9.0%	6.7%	7.8%	7.9%	8.3%	8.0%
Total	24.5%	18.0%	10.6%	11.8%	16.4%	14.3%	15.3%	15.8%	16.6%	15.9%

REGIONAL PARKS
EAST BAY REGIONAL PARK DISTRICT

Contribution Rates
Miscellaneous

	6/30/07 2009/2010	6/30/08 2010/2011
■ Normal cost	**8.4%**	**8.0%**
■ Amortization bases:		
● (Gain)/Loss	1.5%	-
● Benefit Change 6/30/02	2.1%	-
● Benefit Change 6/30/04	4.2%	-
● Asset Change	-0.1%	-
● Assumption Change	0.5%	-
● Method Change	-0.1%	-
● Fresh Start	0.0%	12.0%
Sub-total	8.3%	12.0%
● **Total:**	**16.6%**	**20.0%**
● Amortization period	Multiple ≈ 18 years	Fresh Start ≈ 10 years

■ What Happened from 6/30/07 to 6/30/08:

● 2009/10 Rate	16.6%
● Fresh Start	3.4
● 2010/11 Rate	20.0%

REGIONAL PARKS
EAST BAY REGIONAL PARK DISTRICT

Contribution Projections
Miscellaneous

- Market Value Investment Return:
  - June 30, 2009 -24.0%[5]
  - Estimated June 30, 2010 10.9 %[6]
  - June 30, 2011 - 2014
    - 75% Confidence Limit[7]: ≈ **0.4% - 3.6%**
    - 50% Confidence Limit: ≈ **7.75%**
    - 25% Confidence Limit: ≈ **11.8% - 15.3%**
- Fresh Starts:
  - **No Fresh Starts for 10/11**
  - 15 Year 0.9% 20 Year -0.7% 25 Year -1.6%
- No Other:
  - Gains or Losses
  - Method or Assumption Changes
  - Benefit Improvements

5 Actual final return from 6/30/09 CAFR

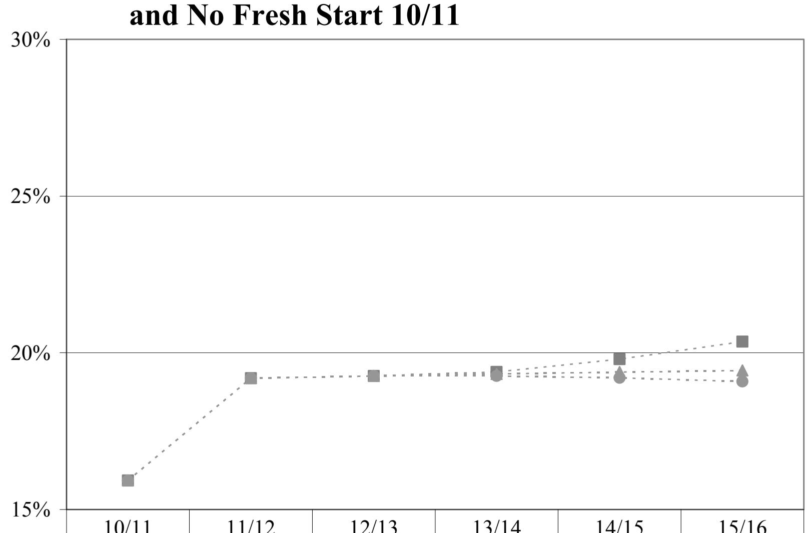
6 Estimate based on CalPERS 6/30/10 preliminary return 11.4%, adjusted down by 0.5% for additional expected losses for real estate.

7 Confidence Limits – Actual Return will exceed the given rate with indicated probabilities, rates vary by year.

REGIONAL PARKS
EAST BAY REGIONAL PARK DISTRICT

Contribution Projections
Miscellaneous

Investment Return Varies and No Fresh Start 10/11



	10/11	11/12	12/13	13/14	14/15	15/16
Unmodified AVA - 75th	15.9%	19.2%	19.3%	19.4%	19.8%	20.4%
Unmodified AVA - 50th	15.9%	19.2%	19.3%	19.3%	19.4%	19.4%
Unmodified AVA - 25th	15.9%	19.2%	19.3%	19.3%	19.2%	19.1%

REGIONAL PARKS
EAST BAY REGIONAL PARK DISTRICT

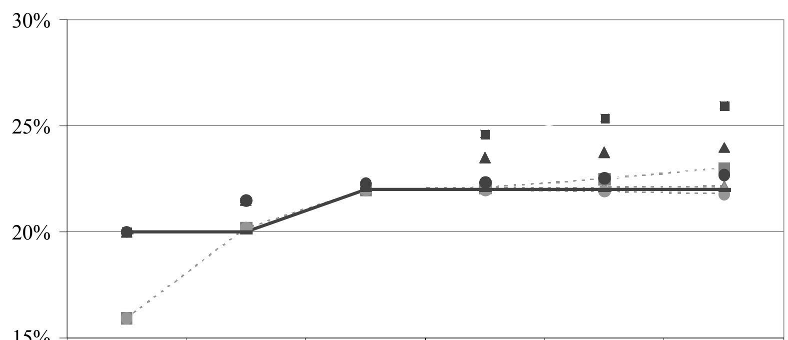
Contribution Projections
Miscellaneous

- Market Value Investment Return:
  - June 30, 2009 -24.0%[8]
  - Estimated June 30, 2010 10.9 %[9]
  - June 30, 2011 - 2014 75% Confidence Limit[10]: ≈ **0.4% - 3.6%**
    50% Confidence Limit: ≈ **7.75%**
    25% Confidence Limit: **≈ 11.8% - 15.3%**
- Fresh Starts:
  - **Fresh Starts for 10/11**
  - 15 Year 0.9% 20 Year -0.7% 25 Year -1.6%
- **Estimated impact of:**
  - **June 30, 2009 Valuation Assumption changes ≈ 1.0%**
  - **June 30, 2010 Anticipated 0.25% decrease in discount rate ≈1.7%**
- No Other:
  - Gains or Losses
  - Method or Assumption Changes
  - Benefit Improvements

8 Actual final return from 6/30/09 CAFR
9 Estimate based on CalPERS 6/30/10 preliminary return 11.4%, adjusted down by 0.5% for additional expected losses for real estate.
10 Confidence Limits – Actual Return will exceed the given rate with indicated probabilities, rates vary by year.

Contribution Projections
Miscellaneous

Investment Return Varies and Fresh Start 10/11



	10/11	11/12	12/13	13/14	14/15	15/16
Unmodified AVA - 75th	15.9%	20.2%	22.0%	22.1%	22.5%	23.0%
Unmodified AVA - 50th	15.9%	20.2%	22.0%	22.0%	22.1%	22.2%
Unmodified AVA - 25th	15.9%	20.2%	22.0%	22.0%	21.9%	21.8%
CalPERS Val - 75th	20.0%	21.5%	22.3%	24.6%	25.4%	26.0%
CalPERS Val - 50th	20.0%	21.5%	22.3%	23.5%	23.7%	24.0%
CalPERS Val - 25th	20.0%	21.5%	22.3%	22.4%	22.6%	22.7%
Budget	20.0%	20.0%	22.0%	22.0%	22.0%	22.0%

Pooled Plan Contribution Rates
Safety

	6/30/07 2009/2010	6/30/08 2010/2011
■ Employer Contribution Required		
● Normal Cost		
▪ Pool Rate	15.6%	15.7%
▪ Surcharge for Class 1 Benefits	0.9%	0.9%
▪ Phase out of Normal Cost Difference	0.4%	0.0%
▪ Subtotal	16.9%	16.6%
● Amortization Bases		
▪ Risk Pool's Payment on Bases	1.7%	2.5%
▪ Amortization of Side Fund[11]	0.0%	0.0%
▪ Subtotal	1.7%	2.5%
● **Total Employer Contribution:**	**18.6%**	**19.1%**

[11] District paid off side fund at 12/31/09. Prior to paid off, the amortization was 18.1%.

Pooled Plan Contribution Rates
Safety

- What Happened from 6/30/07 to 6/30/08:

● 2009/10 Rate before Side Fund Paid Off	36.8%
● Side Fund Paid Off	-18.1
● Normal Cost	0.1
● Phase out of Normal Cost	-0.4
● Risk Pool's Payments on Bases	0.8
● Side Fund Amortization	-0.1
● 2010/11 Rate	19.1%

Pooled Plan Contribution Rates
Safety

- Market Value Investment Return:
  - June 30, 2009 — -24.0%[12]
  - June 30, 2010 — 10.9%[13]
  - June 30, 2011 - 2014 — 75% Confidence Limit[14]: ≈ **0.4% - 3.6%**
    - 50% Confidence Limit: ≈ **7.75%**
    - 25% Confidence Limit: ≈ **11.8% - 15.3%**
- Payroll Increases:
  - Aggregate payroll increases 3.25% each year
- No Other:
  - Gains or Losses
  - Method or Assumption Changes
  - Benefit Improvements

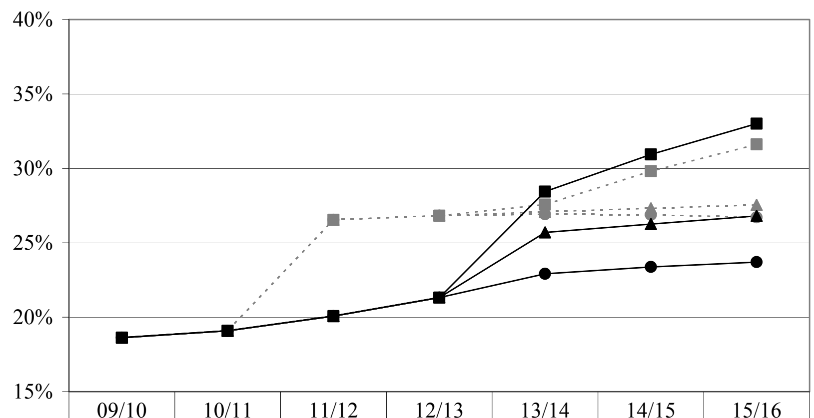
[12] Actual final return from 6/30/09 CAFR

[13] Estimate based on CalPERS 6/30/10 preliminary return 11.4%, adjusted down by 0.5% for additional expected losses for real estate.

[14] Confidence Limits – Actual Return will exceed the given rate with indicated probabilities, rates vary by year.

Pooled Plan Contribution Rates
Safety

Investment Return Varies



	09/10	10/11	11/12	12/13	13/14	14/15	15/16
Unmodified AVA - 75th	18.6%	19.1%	26.5%	26.8%	27.6%	29.8%	31.6%
Unmodified AVA - 50th	18.6%	19.1%	26.5%	26.8%	27.1%	27.3%	27.5%
Unmodified AVA - 25th	18.6%	19.1%	26.5%	26.8%	26.9%	26.9%	26.7%
Modified AVA - 75th	18.6%	19.1%	20.1%	21.3%	28.4%	30.9%	33.0%
Modified AVA - 50th	18.6%	19.1%	20.1%	21.3%	25.7%	26.3%	26.8%
Modified AVA - 25th	18.6%	19.1%	20.1%	21.3%	22.9%	23.4%	23.7%

Pooled Plan Contribution Rates
Safety

- Market Value Investment Return:
  - June 30, 2009 — -24.0%[15]
  - Estimated June 30, 2010 — 10.9 %[16]
  - June 30, 2011 - 2014 — 75% Confidence Limit[17]: **≈ 0.4% - 3.6%**
    - 50% Confidence Limit: **≈ 7.75%**
    - 25% Confidence Limit: **≈ 11.8% - 15.3%**
- Payroll Increases:
  - Aggregate payroll increases 3.25% each year
- **Estimated impact of:**
  - **June 30, 2009 Valuation Assumption changes ≈2.5%**
  - **June 30, 2010 Anticipated 0.25% decrease in discount rate ≈3.4%**
- No Other:
  - Gains or Losses
  - Method or Assumption Changes
  - Benefit Improvements

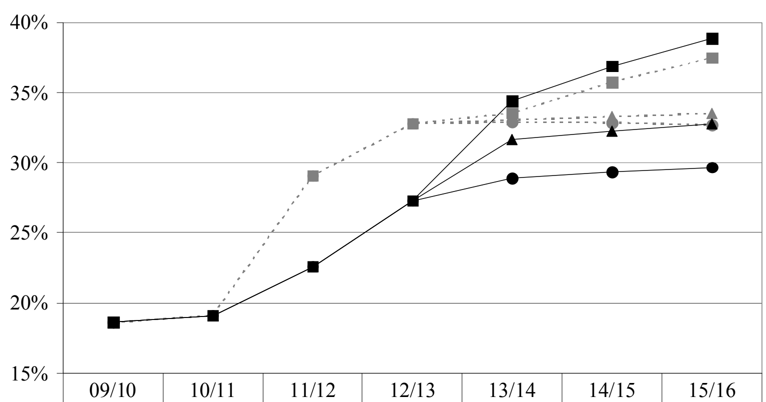
15 Actual final return from 6/30/09 CAFR

16 Estimate based on CalPERS 6/30/10 preliminary return 11.4%, adjusted down by 0.5% for additional expected losses for real estate.

17 Confidence Limits – Actual Return will exceed the given rate with indicated probabilities, rates vary by year.

Pooled Plan Contribution Rates
Safety

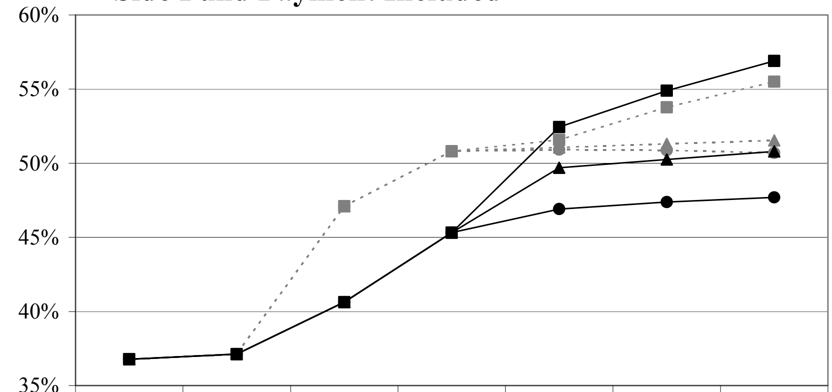
Investment Return Varies



	09/10	10/11	11/12	12/13	13/14	14/15	15/16
Unmodified AVA - 75th	18.6%	19.1%	29.1%	32.8%	33.5%	35.7%	37.5%
Unmodified AVA - 50th	18.6%	19.1%	29.1%	32.8%	33.0%	33.3%	33.5%
Unmodified AVA - 25th	18.6%	19.1%	29.1%	32.8%	32.9%	32.8%	32.7%
Modified AVA - 75th	18.6%	19.1%	22.6%	27.3%	34.4%	36.9%	38.9%
Modified AVA - 50th	18.6%	19.1%	22.6%	27.3%	31.7%	32.2%	32.8%
Modified AVA - 25th	18.6%	19.1%	22.6%	27.3%	28.9%	29.3%	29.7%

Pooled Plan Contribution Rates
Safety

Investment Return Varies
Side Fund Payment Included



	09/10	10/11	11/12	12/13	13/14	14/15	15/16
Unmodified AVA - 75th	36.8%	37.1%	47.1%	50.8%	51.6%	53.8%	55.5%
Unmodified AVA - 50th	36.8%	37.1%	47.1%	50.8%	51.1%	51.3%	51.5%
Unmodified AVA - 25th	36.8%	37.1%	47.1%	50.8%	50.9%	50.9%	50.7%
Modified AVA - 75th	36.8%	37.1%	40.6%	45.3%	52.4%	54.9%	56.9%
Modified AVA - 50th	36.8%	37.1%	40.6%	45.3%	49.7%	50.2%	50.8%
Modified AVA - 25th	36.8%	37.1%	40.6%	45.3%	46.9%	47.4%	47.7%

Pooled Plan Contribution Rates
Safety

This page intentionally blank.

CalPERS Smoothing

	Unmodified	Modified
6/30/2008:		
Market Value	100.0%	100.0%
Actuarial Value	97.8%	97.8%
6/30/2009:	-24.0%	-24.0%
Market Value	76.0%	76.0%
Actuarial Value:		
1. Project @ 7.75%	105.4%	105.4%
2. Adjust:[(MV-AV) x (1/15)]	103.4%	103.4%
3. Limited by corridor [Unmodified: 120%, Modified: 140%]	91.2%	103.4%
Actuarial Rate of Return	-6.7%	5.7%
Ratio of Actuarial Value to Market Value	120.0%	136.1%

REGIONAL PARKS
EAST BAY REGIONAL PARK DISTRICT

CalPERS Smoothing

Actuarial Asset Values	Old Method	New Method
• Project Assets forward	7.75%	7.75%
• Asset Gain/Losses Recognized	15 Years	15 Years
• Ratio of Actuarial to Market Value of Assets	80-120%	60-140%
Actuarial Asset Methods		
• Amortization		
o Years	30 Years	30 Years
o Factor	6%	6%
• Minimum	Normal Cost less 30 Year Amortization of Surplus	Normal Cost less 30 Year Amortization of Surplus

REGIONAL PARKS
EAST BAY REGIONAL PARK DISTRICT