

County Manager/Clerk of the Board

DATE: April 28, 2008

BOARD MEETING DATE: May 6, 2008

SPECIAL NOTICE/HEARING: None

VOTE REQUIRED: Four-fifths vote

TO:

Honorable Board of Supervisors

FROM:

Revna Farrales, Deputy County Manager

SUBJECT:

Approval of California Employer's Retiree Benéfit Trust (CERBT)

Agreement with California Public Employees' Retirement System (CalPERS) to Prefund Other Post-Employment Benefits (OPEB)

RECOMMENDATION

Adopt a Resolution:

1. Authorizing an agreement and election to prefund other post-employment benefits (OPEB) through CalPERS;

Delegating authority to the County Manager or his designee to request disbursements from CalPERS, and to execute any and all documents necessary to effectuate the initial investment and ongoing administration of this agreement;

Certifying a funding policy in the amount equal to 100 percent of the annual

required contribution; and

(B) Approve an Appropriation Transfer Request in the amount of \$62,137,935 from Non-Departmental Reserves to Other Financing Uses in the Non-Departmental Services budget unit (8000B); and using Available Fund Balance and increasing Other Financing Sources and Disbursements in the Employee Benefits Fund (00602) in the amount of \$141,158,700 for purposes of funding 90% of the County's OPEB liability.

Vision Alignment

Commitment: Responsive, effective and collaborative government.

Goal 20: Government decisions are based on careful consideration of future impact, rather than temporary relief or immediate gain.

This Agreement aligns with the County's five-year plan to eliminate the structural budget deficit by FY2013 and to use Excess ERAF to pay down unfunded liabilities. It specifically contributes to this goal by prefunding 90% of the County's FY 2007-08 OPEB liability of \$156.8 million in an irrevocable trust that will be used for the sole purpose of funding

retiree health benefits in compliance with new accounting standards. The investment of funds in securities with higher rates of return will produce additional earnings, thereby reducing the County's future annual required contributions.

Performance Measure

Measure	FY 2007-08 Estimate	FY 2008-09 Projected
CalPERS California Employer's Retiree Benefits Trust		·
- Expected Rate of Return	N/A	7.75%
- Expected Fees (as a % of total assets)	N/A	0.40%

Background

Per Government Accounting Standards Board (GASB) Statement No. 45, *Financial Reporting for Retiree Medical Benefits*, public agencies are required to recognize in their financial statements any unfunded, earned retiree medical costs, including those for current active employees. In 2005, the County engaged the services of Milliman to conduct an actuarial valuation of these benefits in order to begin reporting its liability in the County's FY 2005-06 financial statements, two years prior to the required GASB 45 implementation period of FY 2007-08 for San Mateo County. The FY 2005-06 liability at the time was \$135.7 million, using a 4% earnings rate.

Based on the results of the 2005 valuation, the County began setting aside reserves from Excess ERAF receipts for the purposes of funding its OPEB liability. In November 2006, the Retiree Health Investment Committee, a working group appointed by the County Manager, advised the County to invest \$79,020,765 in the Vanguard Balanced Index Fund for purposes of funding other post employment benefits.

In October 2007, another OPEB valuation was completed by Milliman to include significant changes in the County's retiree health benefits resulting from the 2006 labor negotiations cycle, as well as a higher earnings rate of 6.9% from the County's investment with Vanguard. The FY 2006-07 OPEB liability grew to \$169.7 million.

In order to comply with GASB regulations, the County needs to establish an irrevocable trust, which would serve as the funding vehicle for OPEB purposes. The existing funding arrangement with Vanguard does not comply with GASB 45.

Discussion

A request for information was sent to the following organizations to provide the County with a GASB 45-compliant funding vehicle for its other post employment benefit costs, along with investment management and trust services:

- CalPERS
- Public Agency Retirement Services (PARS)
- California Government Voluntary Employee Beneficiary Association (CALGOVEBA)
- Vanguard/Union Bank
- San Mateo County Employees' Retirement Association (SamCERA)

The Retiree Health Investment Committee met in March 2008 to review the results of the County's request for information process. The Committee supported staff's recommendation to select the CalPERS California Employers' Retiree Benefit Trust

(CERBT) as the County's OPEB funding vehicle for the following reasons:

- CalPERS OPEB Trust was already established by State law (January 1, 2008) to take and invest deposits from participating agencies for retiree health purposes
- CalPERS has over 75 years of experience investing for public agencies
- Investments will mirror the Pubic Employers' Retirement Fund (PERF), which has a 20-year average rate of return of over 10%
- CalPERS OPEB Trust has the highest number of participating agencies to date
- CalPERS is already a public agency, so no need for the County to obtain Private Letter Ruling from Internal Revenue Services
- Single agreement with CalPERS to provide investment and administration services is a comprehensive solution that will result in more efficient contract administration
- Trustee governing body already exists (CalPERS Board of Administration)
- Fees are between 20 to 50 basis points (0.20% to 0.50% of assets), with a target of 40 basis points, within range of estimated fees from other options explored; fees are anticipated to drop as more agencies participate
- Diversity in investment of County contributions toward retirement-related benefits (pension contributions to SamCERA and retiree health contributions to CalPERS)

The Committee's recommendation to select CalPERS was supported by the Board Finance and Operations Committee at its March 18 meeting. The attached valuation is an update of the October 2007 valuation, with actuarial assumptions required by CalPERS, including a 7.75% earnings and 3.25% payroll growth rates. These revisions result in a FY 2007-08 OPEB liability of \$156.8 million and annual required contribution (ARC) of \$18.5 million. The ARC will significantly drop below \$9 million with the next valuation as a result of the County's contribution to fund 90% of its OPEB liability.

The standard CalPERS trust agreement and all related documents have been reviewed by County Counsel. The updated OPEB valuation from Milliman and all other required documents have been reviewed by CalPERS for compliance with its OPEB trust requirements. The Controller's Office and Grand Jury auditors have also reviewed the valuation and will work with Milliman as needed to ensure compliance with financial statement disclosure requirements.

It is recommended that the County fund 100% of its annual required contributions as determined by OPEB actuarial valuations. This is the same policy as County contributions toward retirement benefits through SamCERA.

Fiscal Impact

The ATR from Non-Departmental Reserves in the amount of \$62,137,935 will be added to the \$79,020,765 plus earnings from Vanguard, for a total of approximately \$141,158,700, to be disbursed from the County's Employee Benefits Fund to the CalPERS OPEB Trust by June 30. This contribution will reduce the County's OPEB liability from \$156.8 million to \$15.7 million. It is expected that, barring any additional changes to benefits that could significantly increase the County's OPEB liability, funding 90% of the liability and future earnings on investments should reduce the County's annual required contributions down to "pay as you go" benefit levels.

RESOI	LUTION NO.	

BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, STATE OF CALIFORNIA

RESOLUTION AUTHORIZING (1) EXECUTION OF AGREEMENT WITH THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CalPERS); (2) DELEGATING AUTHORITY TO THE COUNTY MANAGER OR HIS DESIGNEE TO REQUEST DISBURSEMENTS FROM CalPERS AND TO EXECUTE ANY AND ALL DOCUMENTS NECESSARY TO EFFECTUATE THE INITIAL INVESTMENT AND ONGOING ADMINISTRATION OF THIS AGREEMENT; AND (3) CERTIFYING A FUNDING POLICY IN THE AMOUNT EQUAL TO 100 PERCENT OF THE ANNUAL REQUIRED CONTRIBUTION FOR OTHER POST EMPLOYMENT BENEFITS

RESOLVED, by the Board of Supervisors of the County of San Mateo, State of California, that

WHEREAS, in 2004, the Government Accounting Standards Board (GASB) adopted Statement 45, which requires financial statements to report the present value of estimated total OPEB benefits that is attributed to employee services received in the current year, plus the cost of amortizing a portion of the unfunded actuarial accrued liability for previous years. Statement 45 applies to the County's financial statements for Fiscal Year 2007-08; and

WHEREAS, the Board has selected the California Employers Retiree Benefit Trust (CERBT), a multi-employer trust established by the California Public Employees Retirement System, as the means to prefund retiree health and other post employment benefits; and

WHEREAS, Government Code Section 22940 established in the State Treasury the Annuitants' Health Care Coverage Fund for the prefunding of health care coverage for annuitants (Prefunding Plan); and

WHEREAS, the California Public Employees Retirement System (CalPERS) Board of
Administration has sole and exclusive control and power over the administration of the
Prefunding Plan (sometimes also referred to as CERBT), the purposes of which include, but are

not limited to (i) receiving contributions from participating employers and establishing separate Employer Prefunding Accounts in the Prefunding Plan for the performance of an essential governmental function (ii) investing contributed amounts and income thereon, if any, in order to receive yield on the funds and (iii) disbursing contributed amounts and income thereon, if any, to pay for costs of administration of the Prefunding Plan and to pay for health care costs or other post employment benefits in accordance with the terms of participating employers' plans; and

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the President of this Board of Supervisors be, and is hereby authorized and directed to execute said Agreement for and on behalf of the County of San Mateo, and the Clerk of the Board shall attest the President's signature thereto.

BE IT FURTHER RESOLVED, that the County certifies a funding policy in the amount equal to 100 percent of the annual required contribution, and that the County Manager or his designee is hereby authorized to request disbursements from CalPERS and to execute any and all documents necessary to effectuate the initial investment and ongoing administration of said Agreement.

* * * * * * * * * *

COUNTY OF SAN MATEO APPROPRIATION TRANSFER REQUEST

REQUEST NO. ATRS 05.3

			APPROPRIATION	TRANSFER I	REQUEST	1///00	
PARTA	IENT NON-DEPAR'	IMENTAL SERV	/ICES (County Mana	ger's Office)		DATE 04/28/08	
RE			OPRIATIONS AS LIS			1 3 1/2 2/3	
	COD	ES					
	FUND OR ORG.	ACCOUNT	AMOUNT		DESCRIPTION		
	80110	8612	62,137,935 00	Non-Departme	ntal Reserves		
rom	00602	0813	79,020,765 00	Employee Ben	efits Fund-Fund Bala	nce Available	
	00602	2731	62,137,935 00	62,137,935 00 Employee Benefits Fund-Operating Transfers In			
	80110	7541	62,137,935 00	Non-Departme	ntal-Operating Trans	fers Out	
Го	00602	0923	141,158,700 00	Employee Ben	efits Fund-Disbursem	ents	
Justifi	cation. (Attach Mem	o if Necessary)					
	SEE ATTACE	HED BOARD ME	EMO.				
					DEPARTMENT HEAD		
				C	BY: Pena fan	las DATE 4/28/08	
2. 🗆	Board Action Requi	red	Four-Fifths	Vote Required	∂ □ Bo	ard Action Not Required	
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				LARA	BY: //	DATE	
- 722722 - 1					11.10	4.29.0	
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					COUNTY MANAGER	1	
					BY:	DATE	
	DO	NOT WRITE	BELOW THIS LINE -	— FOR BOARD	OF SUPERVISORS' USI	E ONLY	
	ВО	ARD OF SUP	ERVISORS, COUNTY	OF SAN MATE	O, STATE OF CALIFORI	NIA	
			RESOLUTION T	RANSFERRING	FUNDS		
			RESOLUTION N	10			
	•	•	f Supervisors of the C				
ha			hereinabove named in tain funds as describe		Appropriation, Allotment st; and	or Transfer of Funds	
C			troller has approved s ded the transfer of fur		o accounting and availab hereinabove:	le balances, and the	
ac			EREBY ORDERED AN ransfer of funds as set		that the recommendation equest be effected.	s of the County Man-	
~:	• •				, 19	1	
	Aves and in 1	favor of said re	esolution:	Noes	and against said resoluti	on:	

Supervisors:

Supervisors:



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milliman.com

April 23, 2008

Ms. Reyna Farrales County Manager's Office Hall of Justice 400 County Center, First Floor Redwood City, CA 94063

Re: GASB 45 Annual Required Contribution for the 2007-2008 Fiscal Year

Dear Reyna:

In accordance with the request of San Mateo County, we have calculated the Annual Required Contribution (ARC) and Annual OPEB Cost for the 2007-2008 fiscal year. Please see the attached exhibits for the development of these amounts as well as drafts of the Required Financial Statement Disclosures as of June 30, 2008. These disclosures are drafts until the final employer contribution amounts are known.

We have also completed the Summary of Actuarial Information Required for CalPERS Financial Statements and the Certification of OPEB Actuarial Information.

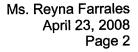
Summary of Results

The following is a summary of the key results and assumptions. We provide the results from our previous valuation for purposes of comparison.

Valuation Date:	<u>New</u>	<u>Previous</u>	Percentage
	January 1, 2007	January 1, 2007	Change
Discount Rate	7.75%	6.90%	
Projected Payroll Increases	3.25%	4.00%	
Actuarial Accrued Liability	\$ 156,843,000	\$ 169,683,000	(7.6%)

The ARC for the 2007-2008 fiscal year is \$18,511,000 based upon a new January 1, 2007 valuation. At your request, the new valuation is based upon a 7.75% discount rate in order to comply with the CalPERS OPEB assumption model.

Note that the ARC for the 2006-2007 fiscal year was based upon a combination of our July 1, 2005 actuarial valuation and our original January 1, 2007 actuarial valuation. This was done due to significant changes in benefit provisions that occurred on January 1, 2007. Please see our report dated October 19, 2007 for more information.





Methodology

We calculated the actuarial accrued liability (AAL) using the same methodology used for our previous valuation, but with a 7.75% discount rate instead of the 6.90% used previously.

The ARC is equal to the Normal Cost plus an amount to amortize the unfunded actuarial accrued liability (UAAL) as a level percentage of payroll on a closed basis over 30 years, beginning July 1, 2005.

We projected the AAL and Normal Cost forward to the beginning of the fiscal year (July 1, 2007) based upon the expected benefit payments, discount rate, and payroll increase assumption. Since there were no assets in an irrevocable trust as of the beginning of the fiscal year, the UAAL is equal to the AAL. We then applied an amortization factor to the UAAL for the remaining 28 years on the amortization schedule based upon a 7.75% discount rate and 3.25% assumption for projected payroll increases.

Assumptions

Per your request, all actuarial assumptions are the same as those used for our previous January 1, 2007 actuarial valuation, with two exceptions. We are now using a 7.75% discount rate instead of 6.90% and are using 3.25% assumption for projected payroll increases instead of 4.00%. Both of these changes were made in order to comply with the CalPERS OPEB assumption model.

Please see Appendix A of our report for a complete summary of the actuarial assumptions used.

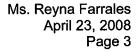
Data and Plan Provisions

All plan provisions are unchanged from those used in the previous valuation. Please see Appendix B of our valuation report for a summary of those plan provisions. The demographic assumptions used match those used for the SamCERA defined benefit pension plan that covers these same members.

All employee census data is unmodified from the data used for our previous January 1, 2007 actuarial valuation. Please see Appendix C for a complete summary of the census data.

Certification

In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by the County's staff. This information includes, but is not limited to, statutory provisions, employee data, and financial information. In our examination of these data, we have found them to be reasonably consistent and comparable with data used for other purposes. Since the valuation results are dependent on the integrity of the data supplied, the results can be expected to differ if the underlying data is incomplete or missing. It should be noted that if any data or other information is inaccurate or incomplete, our calculations may need to be revised.





On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the Actuarial Standards of Practice promulgated by the Actuarial Standards Board and the applicable Guides to Professional Conduct, amplifying Opinions, and supporting Recommendations of the American Academy of Actuaries.

We further certify that all costs, liabilities, rates of interest, and other factors for the County have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the County and reasonable expectations); and which, in combination, offer our best estimate of anticipated experience affecting the County. Nevertheless, the emerging costs will vary from those presented in this report to the extent actual experience differs from that projected by the actuarial assumptions.

Actuarial computations presented in this report are for purposes of determining the ARC for the Fiscal Year Ending June 30, 2008 and required financial disclosures under the Governmental Accounting Standards Board Statement No. 45 – Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (GASB 45). The calculations in the enclosed report have been made on a basis consistent with our understanding of GASB Statements No. 43 and 45. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

Milliman's work product was prepared exclusively for San Mateo County for a specific and limited purpose. It is a complex, technical analysis that assumes a high level of knowledge concerning the County's operations, and uses the County's data, which Milliman has not audited. It is not for the use or benefit of any third party for any purpose. Any third party recipient of Milliman's work product who desires professional guidance should not rely upon Milliman's work product, but should engage qualified professionals for advice appropriate to its own specific needs.

We are consulting actuaries for Milliman, Inc. We are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

We respectfully submit the following report and we look forward to discussing it with you.

Sincerely,

Daniel R. Wade, FSA, EA, MAAA

Daniel Woole

Consulting Actuary

DRW/nlo

Enclosures

Exhibit 1

Liabilities

The **Present Value of Benefits** is the actuarial present value of benefits expected to be paid for all retirees and covered employees.

The Actuarial Accrued Liability (AAL) is the portion of the actuarial present value of benefits allocated to employee service rendered prior to the valuation date. The AAL equals the value of the projected benefits of each individual allocated as a level percentage of expected salary for each year of employment between entry age (defined as age at hire) and assumed exit (until maximum retirement age). The accumulation with interest of each year's allocated cost from entry age to the current age is the AAL. Values are shown as of January 1, 2007 and rolled forward to July 1, 2007 assuming no gains or losses.

	January 1, 2007		
Present Value of Benefits Active employees Retirees	\$	180,794,281 39,086,645	
Total	\$	219,880,926	
Actuarial Accrued Liability Active employees	\$	117,756,068	
Retirees		<u>39,086,645</u>	
Total	\$	156,842,713	

Rolled Forward to July 1, 2007

Actuarial Accrued Liability \$ 163,208,127

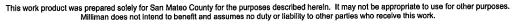




Exhibit 2

Normal Cost

The **Normal Cost** is the actuarial present value of benefits attributed to one year of service. The Entry Age Normal cost method as described in Appendix A was used to determine the normal cost in this valuation. Since retirees are not accruing any more service, their normal cost is zero.

Normal Cost	7/01/07 - 6/30/08		
Discount Rate		7.75%	
Active employees	\$	7,402,000	
Retirees		<u> </u>	
Total	\$	7,402,000	
Interest		573,655	
Normal Cost with interest	\$	7,975,655	



Exhibit 3

Required Financial Statement Disclosures

The following table shows the calculation of the Annual Required Contribution and Net OPEB Obligation. For a detailed development of the Annual Required Contribution, see Exhibit 4.

(Dollar Amounts in Thousands)

		Fort	the Fis	cal Year En	ding	i.
	June	e 30, 2008	June	30, 2007	June	30, 2006
Determination of Annual Required Contribution						
Normal Cost at year end	\$	7,976	\$	8,612	\$	7,860
2. Amortization of UAAL		10,535		7,187		4,870
3. Annual Required Contribution (ARC) [(1)+(2)]	\$	18,511	\$	15,799	\$	12,730
Determination of Net OPEB Obligation						
Annual Required Contribution [(3)]	\$	18,511	\$	15,799	\$	12,730
5. Interest on prior year Net OPEB Obligation		1,256		501		-
6. Adjustment to ARC		971		386		-
7. Annual OPEB Cost [(4)+(5)-(6)]	\$	18,796	\$	15,914	\$	12,730
8. Contributions made *		TBD		6,615		5,820
9. Increase in Net OPEB Obligation [(7) - (8)]		TBD	\$	9,299	\$	6,910
10. Net OPEB Obligation beginning of year		16,209		6,910		
11. Net OPEB Obligation – end of year [(9) + (10)]		TBD	\$	16,209	\$	6,910

^{*} Contributions include benefit payments made (including the estimated value of the retiree premium subsidy) if those benefit payments are not paid directly from the trust.

The following table shows the annual OPEB cost and net OPEB obligation for three years.

Fiscal Year Ended	-	Annual EB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation		
06/30/2006	\$	12,730	45.7%	\$ 6,910		
06/30/2007	\$	15,914	41.6%	\$ 16,209		
06/30/2008	\$	18,796	TBD	TBD		

This work product was prepared solely for San Mateo County for the purposes described herein. It may not be appropriate to use for other purposes.

Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.



As of June 30, 2006 and June 30, 2007, the County had a Net OPEB obligation as a result of the County paying less than its annual OPEB cost on a cumulative basis. This resulted in a net obligation. It is our understanding that this obligation was recorded in the government-wide statement of net assets.

Funded Status and Funding Progress.

Dollar Amounts in Thousands

Actuarial Valuation Date	Va	tuarial alue of ssets (a)	Entry Age Actuarial Accrued Liability (AAL) (b)		Unfunded AAL (UAAL) (b - a)		Funded Ratio (a / b)
July 1, 2005	\$		\$	135,678	\$	135,678	0.0%
January 1, 2007 *	·	-		169,683		169,683	0.0%
January 1, 2007 **		-		156,843		156,843	0.0%

^{*} Based upon 6.9% discount rate used for 2006-2007 ARC

Schedule of Employer Contributions

Fiscal	Annual	
Year	Required	Percentage
Ended	Contribution	Contributed
June 30, 2006	\$ 12,730	45.7%
June 30, 2007	15,799	41.9%
June 30, 2008	18,511	TBD

^{**} Based upon 7.75% discount rate used for 2007- 2008 ARC

Exhibit 4 Development of Annual Required Contribution

	_7/0	1/07 - 6/30/08
Amortization of UAAL for 2007 - 2008 ARC 1. AAL at beginning of period 2. Assets at beginning of period	\$	163,208,127
3. UAAL at beginning of period [(1) - (2)] 4. Amortization Period	\$	163,208,127 28 years
5. Level Percentage of Payroll Amortization Factor*		16.6927
Amortization Amount – beginning of period Interest to end of year	\$	9,777,217 7.75%
8. Amortization Amount – End of Period	\$	10,534,951
Normal Cost at Beginning of Period 9. Active employees		7,402,000
10. Retirees 11. Total	\$	7,402,000
12. Interest	*	573,655
13. Normal Cost with interest	\$	7,975,655
Determination of Annual Required Contribution 14. Normal Cost at End of Period (13)		7,975,655
15. Amortization of UAAL (8)		10,534,951
16. Annual Required Contribution (ARC) [(14)+(15)]	\$	18,510,606
17. Interest on prior period Net OPEB Obligation	•	1,256,175
18. Adjustment on ARC		971,006
19. OPEB Cost [(16) + (17) - (18)]		18,795,776
20. Contributions made		TBD



Appendix A

Actuarial Assumptions and Cost Method

The actuarial cost method described below is one of several acceptable cost methods described in GASB 45, and the assumptions represent our best estimate of anticipated future experience based on information provided to us. Note, that the ultimate responsibility of selecting/approving the actuarial cost method and assumptions lies with the County and its auditor.

Actuarial Cost Method

The actuarial cost method used for determining the benefit obligations is the Entry Age Normal Cost Method. Under the principles of this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percentage of expected salary for each year of employment between entry age (defined as age at hire) and assumed exit (until maximum retirement age). For purposes of projecting benefits from entry age to the valuation date, we assumed a 9% health cost trend.

The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the sum of (a) the actuarial value of the assets, and (b) the actuarial present value of future normal costs is called the Unfunded Actuarial Accrued Liability (UAAL). In determining the Annual Required Contribution, the UAAL is amortized as a level percentage of expected payroll over 30 years.

Valuation Date

January 1, 2007

Economic Assumptions

Discount Rate (Liabilities)

7.75% effective annual rate

Health Cost Trend

9% in the first year (during 2007 premium year), 8% in the second year, and graded down 1% per year to 5%

per year in the fifth year and beyond

Dental Cost Trend

5% per vear

Vision Cost Trend

5% per year



Future Increases in Retiree Sick Leave Conversion Benefits

AFSCME, SEIU, BCTC, PDA Bargaining Groups For AFSCME, SEIU, BCTC, PDA retirees who retired before January 1, 2007, sick leave conversion benefit levels are frozen at the benefit level in effect on the date of their retirement with no escalation.

For AFSCME, SEIU, BCTC, PDA retirees who retire on or after January 1, 2007, sick leave conversion benefit levels will increase each year (including years after retirement). For 2007, the conversion benefit is \$400 per month per eight (8) hours of sick leave [per six (6) hours of sick leave if retiree with 20+ years of service]. Conversion Benefits increase 5% to \$420 for 2008. For 2009 and later years, benefits will increase each year in accordance with the following table and defined under the County's latest bargaining agreements:

Years of Service at Retirement	Increase	Not to exceed
<15	to \$440	90% of Kaiser retiree only premium
15-20	2%	90% of Kaiser retiree only premium
>20	4%	90% of Kaiser retiree only premium

The annual increases to the sick leave conversion amount are a fixed schedule defined in the labor agreements. For future retirees with less than 15 years of service, the benefit amount is \$440 in 2009 and later with no future increases. We estimated the "not to exceed" caps by applying the health cost trend (defined elsewhere in this Appendix) to the Kaiser retiree only premium.

For Law Enforcement Unit, UAPD, SMCCE, and DSS, the sick leave conversion benefits are at \$165/\$195 (\$675 for DSS) per eight (8) hours of sick leave for employees retiring in 2007. The current bargaining agreements do not define any escalation in these costs in future years. However, we have observed a pattern of ad hoc increases to this amount in past years; therefore, we have assumed that these benefit levels will increase at 2.0% annually from the valuation date through retirement. After retirement, benefit amounts are frozen (non-increasing) after retirement. We recommend that the County review this assumption with its independent auditor to determine whether or not past ad hoc increases constitute part of the County's "substantive plan" defined under GASB 45, and whether or not future increases should be assumed in this valuation.

For AFSCME F020 Nurses, CNA, Mgmt, Conf, DA, and Elected Officials, the County-paid full monthly premiums are assumed to increase each year in accordance with the health cost trend defined elsewhere in this Appendix.

Salary Assumptions

Even though the benefits are not based upon pay, salary assumptions are necessary for the actuarial cost method and the amortization of the UAAL. These assumptions were updated from our prior valuation to reflect the assumptions used in the June 30, 2006 pension valuation for SamCERA.

Projected Salary Increases (for Actuarial Cost Method)	Years of Service	Total Annual Increase
	0	10.24%
	1	8.16%
	2	7.12%
	3	6.60%
	4	6.08%
	5	5.82%
	6	5.56%
	7	5.30%
	8	5.09%
• • • • • • • • • • • • • • • • • • •	9	4.94%
	10	4.83%
	11	4.73%
	12	4.62%
	13+	4.52%
Projected Payroll Increases (for Amortization of UAAL)	3.25% per	year

Demographic Assumptions

Demographic assumptions regarding retirement, disability, and turnover are based on statistics taken from the June 30, 2006 pension valuation for SamCERA. Below is a summary of the assumed rates for disability, service retirement and termination shown at select ages.

Service Disability

	<u>General</u> <u>Members</u>	Safety and <u>Probation</u>
Age	Unisex	Unisex
20	0.05%	0.12%
25	0.05%	0.12%
30	0.05%	0.14%
35	0.08%	0.23%
40	0.11%	0.35%
45	0.16%	0.47%
50	0.22%	0.59%
55	0.28%	0.71%
59	0.32%	0.65%
64	0.38%	n/a
65+	0.00%	n/a

Non-Service Disability

Five years of service are required for non-service connected disability.

	<u>General</u> <u>Members</u>	Safety and <u>Probation</u>
Age	Unisex	Unisex
20	0.03%	0.03%
25	0.03%	0.03%
30	0.04%	0.04%
35	0.05%	0.06%
40	0.07%	0.09%
45	0.10%	0.12%
50	0.14%	0.15%
55	0.18%	0.18%
59	0.22%	0.16%
64	0.26%	n/a
65+	0.00%	n/a

Retirement

General Tier 1, 2, and 4 members are eligible for service retirement at the earlier of 30 years of service or age 50 with 10 years of service.

General Tier 3 members are eligible for service retirement at age 55 with 10 years of service.

Safety and Probation members are eligible for service retirement at the earlier of 20 years of service or age 50 with 10 years of service.

Safety

•	General Tier 1, 2 and 4	Genera		and <u>Probation</u>
Age	Unisex	Males	Females	Unisex
50	6.00%			25.00%
51	5.00%	•	•	19.00%
52	5.00%			19.00%
53	5.00%			25.00%
54	5.00%			25.00%
55	6.00%	3.00%	4.00%	40.00%
56	6.00%	3.00%	4.00%	40.00%
57	8.00%	3.00%	4.00%	40.00%
58	12.00%	3.00%	4.00%	40.00%
59	12.00%	3.00%	4.00%	40.00%
60	15.00%	3.00%	4.00%	100.00%
61	20.00%	6.00%	6.00%	100.00%
62	35.00%	15.00%	15.00%	100.00%
63	25.00%	10.00%	10.00%	100.00%
64	25.00%	15.00%	15.00%	100.00%
65	40.00%	30.00%	30.00%	100.00%
66	30.00%	30.00%	30.00%	100.00%
67	30.00%	30.00%	30.00%	100.00%
68	30.00%	30.00%	30.00%	100.00%
69	30.00%	30.00%	30.00%	100.00%
70	100.00%	100.00%	100.00%	100.00%

For safety members with 33 years of service, we assume a 100% probability of retirement.

Termination

Years of Service	<u>General</u> Males	<u>Members</u> Females	Safety and <u>Probation</u> Unisex
0	12.00%	13.00%	8.00%
1	10.00%	11.00%	6.50%
2	8.50%	9.00%	5.00%
3	7.50%	8.00%	3.50%
4	6.50%	7.00%	2.50%
5	5.83%	6.33%	2.33%
6	5.17%	5.67%	2.17%
7	4.50%	5.00%	2.00%
8	4.30%	4.80%	1.90%
9	4.10%	4.60%	1.80%
10	3.90%	4.40%	1.70%
11	3.70%	4.20%	1.60%
12	3.50%	4.00%	1.50%
13	3.30%	3.80%	1.40%
14	3.10%	3.60%	1.30%
15	2.90%	3.40%	1.20%
16	2.70%	3.20%	1.10%
17	2.50%	3.00%	1.00%
18	2.30%	2.80%	0.80%
19	2.10%	2.60%	0.60%
20	1.90%	2.40%	0.00%
21	1.70%	2.20%	0.00%
22	1.50%	2.00%	0.00%
23	1.40%	1.80%	0.00%
24	1.30%	1.60%	0.00%
25	1.20%	1.40%	0.00%
26	1.10%	1.20%	0.00%
27	1.00%	1.00%	0.00%
28	1.00%	1.00%	0.00%
29	1.00%	1.00%	0.00%
30+	1.00%	1.00%	0.00%

Death

			Safety and
	<u>General</u>	<u>Members</u>	<u>Probation</u>
Age	Males	Females	Unisex
20	0.02%	0.03%	0.12%
25	0.03%	0.03%	0.13%
30	0.03%	0.03%	0.13%
35	0.05%	0.05%	0.14%
40	0.06%	0.06%	0.14%
45	0.12%	0.09%	0.16%
50	0.22%	0.13%	0.19%
55	0.32%	0.21%	0.23%
59	0.40%	0.31%	0.29%
60	0.42%	0.36%	0.00%
64	0.50%	0.63%	0.00%
65	0.52%	0.72%	0.00%
69	0.70%	1.16%	0.00%
70	0.00%	0.00%	0.00%

Healthy Mortality after Retirement

RP-2000 Healthy Mortality, with adjustment for white

Cafatra and

collar workers:

Gender of Members Age Adjustment

Males:

-1 year

Females:

-2 years

Disabled Mortality

RP-2000 Healthy Annuitant Mortality Table with

adjustment for White Collar workers:

Class of Members	Age Adjustment	Minimum Rate
General-Males	+6 years	1.50%
General-Females	+6 years	1.25%
Safety-Males	+3 years	1.00%
Safety-Females	+3 years	1.00%

Marriage Assumption

80% of Male Members, and 55% of Female Members

are assumed to be married at retirement.

Spouse Coverage

For Management, Confidential, and District Attorney employees, 95% of married couples are assumed to elect spousal coverage at retirement. For other employees, 70% are assumed to elect spousal

coverage at retirement.

Spouse Age

Female spouses are assumed to be three years

younger than male spouses, on average.

Sick Leave Utilization

Management, Confidential, and District Attorney employees are assumed to use 50% of their sick leave

benefits each year.

Deputy Sheriffs and Sergeants are assumed to use 60%

of their sick leave benefits each year.

Other employees are assumed to use 70% of their sick

leave benefits each year.

Sick Leave at Retirement

25% of new retirees are assumed to have 45% or more of their total accrued sick leave time at retirement, and thus be entitled to the higher level of benefits as described in Appendix B. This assumption only applies to bargaining units with the tiered \$165/\$195 benefits.

Sick Leave Cash-out/Conversion

The cash-out option is no longer available as of

January 1, 2007.

Selection of Carrier

It is assumed that active members will elect the same carrier during retirement as their current carrier.

Retirees are assumed to stay with their current carrier, both before and after sick leave balances are depleted.

Dental Coverage

100% of management employees and 10% of nonmanagement employees are assumed to elect dental

coverage.

Continuing Coverage Election upon Exhaustion of Sick Leave Balance

100% of Retirees are assumed to continue health plan coverage upon exhaustion of their sick leave balance. The retirees will pay the premiums, but there may still be

an implicit rate subsidy.

Retiree Health Savings Account Benefit Not Valued.



2007 Monthly Premium Levels

Retiree without Medicare

	 Kaiser	 Aetna	 Trades	BI	ue Shield
Retiree only	\$ 400.69	\$ 466.02	\$ 763.00	\$	550.01
+ 1 Dependent	\$ 801.38	\$ 955.81	\$ 1,214.00	\$	1,152.71
+ Family		\$ 1,232.50	\$ 1,440.00	\$	1,767.54
+ Spouse with Medicare				\$	656.56

Retiree with Medicare

	Kaiser- Permanente Senior Advantage	Secure Horizons	Blue Shield
Retiree only	\$306.40	\$217.16	\$328.28
+ 1 with Medicare	\$612.80	\$434.32	\$656.56
+ 1 with Medicare + family			
Retiree with Spouse without Medicare	\$797.09		

Dental & Vision - All Ages

	Pacific Union Dental High	Pacific Union Dental Low	County Dental 85%	Mgmt Dental 100%	Delta Dental	Mgmt Vision
Retiree only	\$30.12	\$21.92	\$82.64	\$102.40	\$40.66	\$13.69
Retiree w/Spouse	\$48.21	\$34.91				

Valuation of Retiree Premium

Subsidy Due to Active Health Costs

The County's insurance providers charge the County the same premiums for retirees under age 65 (without Medicare) as for active employees. Therefore, the retiree premium rates are being subsidized by the inclusion of active lives in setting non-Medicare retiree rates. (Premiums calculated only based on retiree health claims experience would likely have resulted in higher non-Medicare retiree premiums.) GASB 45 requires that the value of this subsidy be recognized as a liability in valuations of OPEB costs.

To account for the fact that per member health costs vary depending on age (higher health costs at older ages), we calculated equivalent Per Member Per Month (PMPM) costs that vary by age based on the age distribution of covered members (employees/retirees and dependents), and based on relative cost factors by age and gender. The relative age/gender cost factors were developed from the Milliman Health Cost Guidelines™. Based on the 2007 premium rates and relative age cost factors assumptions, we developed age adjusted monthly PMPM health costs for 2007.

Medical premiums for retires enrolled in Medicare were not based on blended active experience; therefore, no premium subsidy exists for retirees enrolled in Medicare. Dental and vision premiums for retirees over age 65 are based on blended active experience; therefore, we have valued the implicit dental and vision premium subsidy for retirees over 65 who are enrolled in these plans.

Costs Per Member Per Month by Age

Medical – Males (retirees and spouses)

Age	Kaiser	Aetna	Trades	Blue Shield
50	\$ 376.08	\$ 466.52	\$ 509.38	\$ 493.44
55	\$ 503.26	\$ 624.30	\$ 681.64	\$ 660.32
60	\$ 661.35	\$ 820.41	\$ 895.77	\$ 867.75
64	\$ 890.45	\$1,104.61	\$ 1,206.07	\$ 1,168.35

Medical - Female Retirees

Age	Kaiser	Aetna	Trades	Blue Shield
50	\$432.45	\$536.45	\$585.73	\$567.40
55	\$522.11	\$647.68	\$707.17	\$685.05
60	\$631.38	\$783.22	\$855.16	\$828.41
64	\$803.93	\$997.27	\$1,088.88	\$1,054.81

Medical - Female Spouses

Age	Kaiser	Aetna	Trades	Blue Shield
50	\$435.71	\$540.49	\$590.14	\$571.68
55	\$523.30	\$649.16	\$708.79	\$686.61
60	\$631.76	\$783.69	\$855.68	\$828.91
64	\$804.02	\$997.38	\$1,089.00	\$1,054.93

Dental & Vision - Males

Age	Pacific Union Dental High	Pacific Union Dental Low	County Dental 85%	Mgmt Dental 100%	Delta Dental	Mgmt Vision
50	\$28.55	\$21.03	\$90.18	\$104.14	\$47.13	\$13.51
55	\$29.91	\$22.03	\$94.47	\$109.10	\$49.38	\$18.07
60	\$30.71	\$22.62	\$96.98	\$111.99	\$50.69	\$23.75
64	\$30.81	\$22.69	\$97.29	\$112.36	\$50.85	\$31.98

Dental & Vision - Females

Age	Pacific Union Dental High	Pacific Union Dental Low	County Dental 85%	Mgmt Dental 100%	Delta Dental	Mgmt Vision
50	\$29.31	\$21.59	\$92.58	\$106.91	\$48.39	\$13.51
55	\$30.01	\$22.10	\$94.76	\$109.43	\$49.53	\$18.07
60	\$30.48	\$22.45	\$96.24	\$111.14	\$50.30	\$23.75
64	\$30.73	\$22.63	\$97.04	\$112.06	\$50.72	\$31.98

Appendix B

Summary of Benefits

The following description of retiree health benefits is intended to be only a brief summary. For details, reference should be made to labor agreements, and employee booklets.

Eligibility

Employees are eligible for retiree health benefits if they retire and meet the eligibility requirements to receive a pension benefit from SamCERA. Employees who retire from the County under a SamCERA disability benefit are also eligible for retiree health benefits.

Health Benefits

American Federation of State, County, and Municipal Employees (AFSCME) (excluding F020-Nurses)
Service Employees International Union (SEIU)
Building and Construction Trades Council (BCTC)
Probation and Detention Association (PDA)

Upon retirement, members in these bargaining units are eligible to elect to receive either health or dental benefits. For retirees not yet enrolled in Medicare, the total premiums (paid by County and retiree combined) for health benefits will be the same as the total premiums (County and employee's share) for active members. For each eight (8) hours of unused sick leave at the time of retirement, the County contributes a set amount of the total premiums. For employees who retire after January 1, 2007 with 20 or more years of service, the sick leave balance will be debited at six (6) hours per month instead of the usual eight (8) hours.

For employees retiring after January 1, 2007, the County share of the premium is \$400 per month. This amount increases to \$420 in January 1, 2008. Beginning January 1, 2009, rate increases depend on years of service as summarized in the table below:

Years of Service at Retirement	Increase	Benefit Level Not to exceed
<15	to \$440	90% of Kaiser employee only premium
15-20	2% annually	90% of Kaiser employee only premium
>20	4% annually	90% of Kaiser employee only premium

Note that, beginning in 2009, the benefit levels for sick leave conversion will be limited to 90% of the Kaiser Employee Only premium.

Disability Retirement: Employees who are granted a disability retirement with less than 288.6 hours (three years) will automatically have their amount adjusted to 288.6 hours.

Employees who exhaust their sick leave will be credited with additional sick leave hours based on when they retire and years of service they have:

	Credited sick I	eave hours
	Retire between	
Years of	1/1/2007 and	Retire after
Service	3/31/2008	3/31/2008
10	192	96
15	288	192
20	384	288

The retiree can choose a higher level for the County portion, but will need to convert more sick leave hours each month for those higher payments.

Cashout is no longer an option after January 1, 2007.

Law Enforcement Unit (Non-Safety Classifications) Union of American Physicians and Dentists (UAPD) San Mateo County Council of Engineers (SMCCE)

Upon retirement, members in these bargaining units are eligible to elect to receive either health or dental benefits (not both). For retirees not yet enrolled in Medicare, the total premiums (paid by County and retiree combined) for health benefits will be the same as the total premiums (County and employee's share) for active members. For each eight (8) hours of unused sick leave at the time of retirement, the County contributes a set amount of the total premiums. For members retiring after November 10, 2004, the County share is \$165 each month. This amount increases to \$195 if 45% or more of the sick leave earned over the member's career remains at retirement.

The retiree can choose a higher level for the County portion, but will need to convert more sick leave hours each month for those higher payments.

For members of the SMCCE, the County will provide the better of the amount above and the following:

The "retiree only" full premium for the plan in which the retiree is enrolled, based upon the 1999-2000 coverage amounts. The retiree is responsible for premiums to cover dependents as well as premium increases beyond the 1999-2000 level. The County will continue to pay the amount frozen at the 1999-2000 retiree only level until the level of the contribution based upon sick leave conversion exceeds the frozen 1999-2000 frozen amount.

Cashout is no longer an option after January 1, 2007.

AFSCME (F020-Nurses) California Nurses Association (CNA)

Upon retirement, members in these bargaining units are able to convert eight (8) hours of unused sick leave per month into retiree health benefits, with the premium fully paid by the County. The premiums can only be used for health benefits (not dental benefits) and do not cover spouses. The retiree can convert sick leave to retiree health premiums for a maximum of 240 months.

The county will provide up to 192 hours for disability retirement.

Cashout is no longer an option after January 1, 2007.

Deputy Sheriffs and Sergeants

Effective January 1, 2006, upon retirement, deputy sheriffs and sergeants are able to convert eight (8) hours of unused sick leave per month into retiree health benefits, with premiums up to \$675 paid by the County. If the \$675 paid by the County exceeds the health premium amounts, the excess can be used for dental benefits. These members also receive medical benefits for spouses after retirement.

Cashout is no longer an option after January 1, 2007.

Management, Confidential, and District Attorney

Upon retirement, these members are able to convert eight (8) hours of unused sick leave per month into health benefits for the retiree and family, with the premium fully paid by the County. The premiums can only be used for health benefits, dental, and vision benefits.

Cashout is no longer an option after January 1, 2007.

Elected Officials

Elected officials receive one month of health, dental, and vision benefits, fully paid by the County, for each month in office.

Cashout is no longer an option after January 1, 2007.



Appendix C

Summary of Membership Data

The following census of membership was used in the actuarial valuation and provided by County staff. The active counts are listed first by benefit group and then by department. The data for actives and retirees was collected as of February 2007 and is assumed to be representative of the County's retiree census as of January 1, 2007.

Based upon our discussions with the County, it is our understanding that the State Controller's office accounts for Court employees. Therefore, we have excluded such employees and retirees from this valuation. Also, employees classified as Extra Help were excluded because it is our understanding that they are not entitled to retiree medical benefits.

Covered Active Employees by Department

	Adminis	trative	Criminal	Justice	Environn	ental	Health	Svcs
Age	М	F	М	F	М	<u> </u>	М	F
Under 25	1	4	9	18	4	3	2	9
25 – 29	13	23	54	61	9	8	15	53
30 – 34	24	35	102	119	12	11	22	113
35 – 39	27	43	121	99	8	12	42	86
40 – 44	28	45	117	81	13	9	35	85
45 – 49	37	60	92	75	7	22	38	99
50 – 54	28	53	. 80	64	16	23	51	87
55 – 59	45	44	58	39	21	35	32	81
60 64	26	25	33	35	11	13	32	50
65 & Over	<u>6</u>	<u>10</u>	<u>12</u>	<u>15</u>	1	<u>6</u>	<u>13</u>	<u>12</u>
Total	235	342	6 78	606	102	142	282	675

	Housing	Svcs	Human	Svcs	Public W	orks	San Mateo	Med Ctr		Total	
Age	М	F	М	F	М	F	М	F	М	F	Total
Under 25	0	0	3	18	6	0	9	. 17	34	69	103
25 – 29	0	2	20	57	13	3	15	53	139	260	399
30 – 34	0	1	26	93	14	8	31	88	231	468	699
35 – 39	0	0	27	90	30	4	40	112	295	446	741
40 – 44	1	0	22	66	36	4	31	128	283	418	701
45 – 49	0	1	16	67	55	13	48	148	293	485	778
50 - 54	1	1	30	65	35	7	38	156	279	456	735
55 - 59	3	3	30	67	28	8	30	122	247	399	646
60 - 64	2	1	12	44	16	3	16	68	148	239	387
65 & Over	0	0	<u>4</u>	<u>12</u>	<u>4</u>	1	Z	<u>24</u>	<u>47</u>	<u>80</u>	<u>127</u>
Total	7	9	190	579	237	51	265	916	1,996	3,320	5,316

Current Retirees and Dependents by Department

	Adminis	trative	Criminal	Justice	Environm	ental	Health :	Svcs
Age	М	F	М	F	М	F	М	F
Under 55	2	10	18	45	2	3	1	8
55 – 59	4	16	49	81	3	8	6	14
60 – 64	21	25	114	94	10	9	13	31
65 – 69	18	27	97	91	11	12	15	39
70 – 74	23	26	49	50	7	13	15	35
75 – 79	21	28	38	50	8	13	12	25
80 – 84	23	26	24	49	10	12	16	39
85 & Over	<u>13</u>	<u>24</u>	<u>11</u>	<u>40</u>	<u>5</u>	<u>14</u>	<u>8</u>	<u>50</u>
Total	125	182	400	500	56	84	86	241

	Housing	Svcs	Human	Svcs	Public W	orks	San Mateo	Med Ctr		Total	
Age	M	F	M	F	М	F	M	<u> </u>	М	F	Total
Under 55	0	0	2	11	2	8	3	. 7	30	92	122
55 – 59	0	1	6	16	9	7	9	14	86	157	243
60 – 64	1	3	14	34	21	21	10	38	204	255	459
65 – 69	3	1	17	39	26	15	10	41	197	265	462
70 74	1	2	5	13	18	15	15	39	133	193	326
75 – 79	0	0	11	21	16	8	12	31	118	176	294
80 – 84	2	1	10	6	11	6	12	30	108	169	277
85 & Over	<u>2</u>	<u>4</u>	<u>0</u>	<u>4</u>	<u>11</u>	<u>4</u>	<u>7</u> -	<u>11</u>	<u>57</u>	<u>151</u>	<u>208</u>
Total	9	12	65	144	114	84	78	211	933	1,458	2,391

Participant Averages

		Actives			Retirees	
		Age at	Sick		Age at	Spouse
Department	Hire	Valuation	Balance	Retire	Valuation	Age
Administrative and Fiscal	34.9	46.4	403.4	60.3	72.5	65.3
Criminal Justice	31.5	42.2	403.6	58.4	68.6	67.0
Environmental Services	34.6	47.4	379.8	61.3	73.8	66.1
Health Services	35.4	45.1	273.7	61.7	74.0	68.4
Medical Center	37.9	50.7	330.3	61.6	75.6	N/A
Public Works	33.5	43.2	275.8	60.7	67.0	69.2
Human Services	33.5	45.8	436.4	60.3	70.5	71.0
Housing	37.0	45.5	220.9	60.2	70.7	66.8
All	34.4	44.5	321.4	60.0	70.6	67.6

SUMMARY OF ACTUARIAL INFORMATION REQUIRED FOR CALPERS FINANCIAL STATEMENTS

Version 4.0

As part of your agreement to use CalPERS to pre-fund OPEB, the following information must be provided to CalPERS each time an OPEB actuarial valuation report is delivered to CalPERS. For actuarial valuations performed once every two years, employers must in addition to first year information, provide additional information for the second year. This information is extremely important to CaIPERS since it will be used to satisfy the requirements of GASB Statement No. 43.

Note that CaIPERS intends to only publish valuation results in its financial statements on an aggregated basis. No individual plan results will be published.

If you have questions, please call (888) CaIPERS (225-7377).

Contact Information for Actuarial Firm	Name of Actuarial Firm: Milliman	Actuary/Contact Name: Daniel Wade	Phone Number: (206) 504-5695	
Contact Information for Employer	ER Name: San Mateo County	Contact Name: Peter Bassett, Benefits Manager	Phone Number: (650) 363-4393	

Name of the person responsible for providing the required information in the table below: Column (c) applies to employers who file actuarial valuations every year. Columns (c) and (d) apply to those who file actuarial valuations every two years.

Daniel Wade

Item No	Item Description	First Year	Second Year	Comments	Instructions
(a)	(q)	(c)	(p)	(e)	(t)
	Actuarial Valuation, Date	1/1/2007			
7	Frequency of Actuarial valuations	Two Years		January 1, 2007 valuation used for both the 2006-2007 fiscal year and 2007-2008 fiscal year. The 2006-2007 fiscal year pre-dated agreement to use CalPERS to pre-fund OPEB.	Please identify if an actuarial valuation will be performed every year or every two years
ю	Fiscal Year for the ARC (mm/dd/yy - mm/dd/yy)	07/01/2007 - 06/30/2008	8	·	
4.0	Actuarial Value of Assets	0\$		<i>;</i>	The actuarial value of assets should exclude funds not yet transferred to CalPERS that are not currently invested in an irrevocable OPEB trust fund.
4.1	Method to determine the Actuarial Value of Assets	Market			If applicable, provide a brief description of the asset smoothing used in the valuation.
5.0	Market Value of Assets	0\$			The market value of assets should exclude funds not yet transferred to CalPERS that are not currently invested in an irrevocable OPEB trust fund.

Item No	Item Description	First Year	Second Year	Comments	Instructions
5.1	Value of funds included in the market value of assets currently invested in an irrevocable trust fund that will be transferred to the CERBT.	\$0			Please provide any funds currently invested in an irrevocable OPEB trust fund that will be transferred to the CERBT before the completion of the next actuarial valuation.
0.9	Actuarial Accrued Liability for Active Members	\$ 117,756,068			
6.1	Actuarial Accrued Liability for Separated/Inactive Members	0\$			
6.2	Actuarial Accrued Liability for Recipients	\$ 39,086,645			
6.3	Total Accrued Liability	\$ 156,842,713			
2.0	Annual Covered Payroll	\$ 383,772,718			This is the annual payroll for all the active members covered in the valuation. Do not include salaries for employees not covered under the OPEB plans being valued.
7.1	Period for Annual Covered Payroll (mm/dd/yy - mm/dd/yy)	07/01/2007 - 06/30/2008	80		Please identify the 12 months period over which the covered period is being paid.
ω	Present Value of Future Benefits	\$ 219,880,926			
0.0	Amortization Method (level dollar or level percentage of projected payroll)	Level Percentage of Projected Payroll	ojected Payroll		
6.1	Average Remaining Amortization Period	28 years			
9.5	Please Identify if the Amortization Period is Closed or Open	Closed			A closed amortization is where the amortization period eventually goes down to 0. An open amortization is where the number of years remains the same in each valuation.
10.0	Annual Required Contribution (ARC) \$	\$18,510,606			
Very Importurest fund a	Very Important Note - The calculation of the ARC should ig trust fund and these funds will be transferred to the CERB1	gnore any assets n T.	not yet transferred to	the CERBT unless the	Very Important Note - The calculation of the ARC should ignore any assets not yet transferred to the CERBT unless these funds are currently invested in an irrevocable trust fund and these funds will be transferred to the CERBT.
10.1	Assumed Timing of the ARC in dollars (mm/dd/yy)	6/30/2008			Please provide the date that best represents the timing of the ARC as calculated in the valuation. This information is needed to identify whether the ARC was calculated as of the beginning, middle or end of the year.

Expected frequency of actual contribution to Carliffolds Actual Actua	Item No	Item Description	First Year	Second Year	Comments	Instructions
Annual Required Contribution (ARC) as % of perroll Payroll Annual required Contribution (ARC) as % of perroll Basis of the payroll used to calculate 10.2 (e. based on projected perroll Basis of the payroll used to calculate 10.2 (e. based on politic annual or retire earth of retire payroll or actual payroll) Dollar annual or retire personners that are expected to be paid directly from the employer to the health carrier without using funds from the CERCT. Normal Cost as % of payroll or actual payroll Inning of the Normal Cost (mm/ddyy) Funded Accuded Liability (UAL) as of Date of Valuation Timing of the Payment Toward Amortization of UAL 5 Timing of the Payment Toward the Amortization of UAL Funded Ratio (Actuarial Value of Assets / Actuarial actual to benefit as are not salary related benefit as the benefit of scount Rate Assumption (if relevant to benefit benefits are not salary related levels) Salary increase Assumption (if relevant to benefit benefits are not salary related levels)	10.2	aiPERS	Annual			Please provide the anticipated frequency of contributions to CaIPERS. Do you expect to send a one payment each year, twice a year, quarterly or monthly.
Payroli Amount used to calculate 10.2 Basis of the payroli used to calculate 10.2 (i.e. based on projected Jayroli projected Jayroli projected Jayroli used to calculate 10.2 (i.e. based on projected Jayroli projected Jayroli or actual Jayroli) Normal Cost is 3. 7,475,655 Normal Cost is 4. 6. payroli or actual Jayroli or J	10.3	Annual Required Contribution (ARC) as % of payroll	4.82%			
Basis of the payroli used to calculate 10.2 (i.e. based on projected payroli used to calculate 10.2 (i.e. based on projected payroli used to calculate 10.2 (i.e. based on projected payroli used to calculate payroli). Bugeled Payroli or actual pay	10.4	Payroll Amount used to calculate 10.2				
Dollar amount of retiree premiums that are expected to be using directly from the employer to the health carrier without spald directly from the employer to the health carrier without as defeat of the second cost (mm/dd/yr) as of Date of Valuation 156,842,713 Triming of the Normal Cost (mm/dd/yr) as of Date of Valuation 156,842,713 Payment toward Amortization of UAL \$ 10,534,861 Triming of the Payment Toward the Amortization of UAL \$ 6,30/2008 Triming of the Payment Toward the Amortization of UAL \$ 6,30/2008 Triming of the Payment Toward the Amortization of UAL \$ 7,75% Funded Ratio (Actuarial Value of Assets / Actuarial conditions) Discount Rate Assumption 7,75% For a partially funded plan, the method used to determine the biended discount rate Salary increase Assumption (if relevant to benefit levels)	10.5	Basis of the payroll used to calculate 10.2 (i.e. based on projected payroll, budgeted payroll or actual payroll)	Bugeted Payroll			
Normal Cost \$ 7,975,665 Normal Cost as % of payroll Timing of the Normal Cost (mm/ddyy) Unfunded Accrued Liability (UAL) as of Date of Valuation Payment toward Amortization of UAL \$ 10,534,951 Payment toward Amortization of UAL as % of payroll Timing of the Payment Toward the Amortization of UAL Funded Ratio (Actuarial Value of Assets / Actuarial Accrued Liability) Euroded Ratio (Actuarial Value of Assets / Actuarial Accrued Liability) Discount Rate Assumption For a partially funded plain, the method used to determine the blended discount rate Salary Increase Assumption (if relevant to benefit are not salary related levels)	10.6	Dollar amount of retiree premiums that are expected to be paid directly from the employer to the health carrier without using funds from the CERBT.	None			In cases where the employer intends to pay OPEB premiums directly to the carriers without withdrawing funds from the CERBT, please provide an estimate of the premiums to be paid.
Normal Cost as % of parcoll Trining of the Normal Cost (mm/dd/yy) Unfunded Accrued Liability (UAL) as of Date of Valuation Payment toward Amortization of UAL \$ 10,534,951 Trining of the Payment Toward the Amortization of UAL Trining of the Payment Toward the Amortization of UAL (mm/dd/yy) Funded Ratio (Actuarial Value of Assets / Actuarial Discount Rate Assumption For a partially funded plan, the method used to determine the blended discount rate Salary Increase Assumption (if relevant to benefit bevels)	11.0	Normal Cost \$	·			
Trining of the Normal Cost (mm/dd/yy) Unfunded Accrued Liability (UAL) as of Date of Valuation Payment toward Amortization of UAL \$ 10,534,951 Trining of the Payment Toward the Amortization of UAL Trining of the Payment Toward to UAL Trining of Toward Toward Toward the Amortization of UAL Trining of Toward Towa	11.1	Normal Cost as % of payroll	2.08%			
Unfunded Accrued Liability (UAL) as of Date of Valuation Payment toward Amortization of UAL \$ 10,534,951 Payment toward Amortization of UAL as % of payroll Timing of the Payment Toward the Amortization of UAL Funded Ratio (Actuarial Value of Assets / Actuarial Accrued Liability) Discount Rate Assumption For a partially funded plan, the method used to determine the blended discount rate Salary Increase Assumption (if relevant to benefit are not salary related Salary Increase Assumption (if relevant to benefit) Benefits are not salary related	2.1	Timing of the Normal Cost (mm/dd/yy)	6/30/2008			Please provide the date that best represents the timing of the normal cost as calculated in the valuation. This information is needed to identify whether the normal cost was calculated as of the beginning, middle or end of the year.
Payment toward Amortization of UAL \$ % of payroll 2.75% Payment toward Amortization of UAL as % of payroll 2.75% Timing of the Payment Toward the Amortization of UAL 6/30/2008 Funded Ratio (Actuarial Value of Assets / Actuarial Accured Liability) Discount Rate Assumption For a partially funded plan, the method used to determine the blended discount rate Salary Increase Assumption (if relevant to benefit are not salary related levels)		Unfunded Accrued Liability (UAL) as of Date of Valuation	156,842,713			
Payment toward Amortization of UAL as % of payroll Timing of the Payment Toward the Amortization of UAL (mm/dd/ty) Funded Ratio (Actuarial Value of Assets / Actuarial Accrued Liability) Discount Rate Assumption For a partially funded plan, the method used to determine the blended discount rate Salary increase Assumption (if relevant to benefit Benefits are not salary related levels)	2.1	Payment toward Amortization of UAL \$	10,534,951			
Timing of the Payment Toward the Amortization of UAL (#130/2008) Funded Ratio (Actuarial Value of Assets / Actuarial Accrued Liability) Discount Rate Assumption For a partially funded plan, the method used to determine the blended discount rate Salary Increase Assumption (if relevant to benefit Benefits are not salary related levels)	2.2	Payment toward Amortization of UAL as % of payroll	2.75%			
Funded Ratio (Actuarial Value of Assets / Actuarial Accrued Liability) Discount Rate Assumption For a partially funded plan, the method used to determine the blended discount rate the blended discount rate Salary Increase Assumption (if relevant to benefit Benefits are not salary related levels)	2.3	Timing of the Payment Toward the Amortization of UAL (mm/dd/yy)	6/30/2008			Please provide the date that best represents the timing of the UAL amortization payment as calculated in the valuation. This information is needed to identify whether the UAL amortization payment was calculated as a beginning, middle or end of the year.
Discount Rate Assumption For a partially funded plan, the method used to determine the blended discount rate the blended discount rate Salary Increase Assumption (if relevant to benefit Benefits are not salary related levels)	13	Funded Ratio (Actuarial Value of Assets / Actuarial Accrued Liability)	%00.0			
For a partially funded plan, the method used to determine the blended discount rate the blended discount rate Salary increase Assumption (if relevant to benefit Benefits are not salary related levels)	41	Discount Rate Assumption	7.75%		·	
Salary Increase Assumption (if relevant to benefit Benefits are not salary related levels)	15	For a partially funded plan, the method used to determine the blended discount rate	V/A			
	16	Salary increase Assumption (if relevant to benefit levels)	Benefits are not salary	related		Please provide a brief description of the individual salary increase assumption (only if relevant to benefit levels).

Item No	Item Description	First Year	Second Year Comments	ints
17.0	Expected Benefit Payments in the year following the valuation date	\$ 7,001,354		
17.1	Timing of the Expected Benefit Payments (mm/dd/yy)	7/1/2007		Please provide the date that best represents the timing of the benefit payments. This information is needed to identify whether the benefit payments were calculated as of the beginning, middle or end of the year.

Hom No	Hem Description	First Year	Second Year	Comments	Instructions
Participant Info	Participant Information for the Miscellaneous Members				
18.0	Number of Active Members	4535			
18.1	Average Attained Age of Actives	45.1			
18.2	Average Years of Service of Actives	10			
18.3	Number of Terminated-Vested Members	.00			
18.4	Number of Recipients	1491			
18.5	Average Attained Age of Recipients	71.2	,		
Participant Inf	Participant Information for the Safety Members				
19.0	Number of Active Members	781			
19.1	Average Attained Age of Actives	41.1			
19.2	Average Years of Service of Actives	10.8			
19.3	Number of Terminated-Vested Members	0			
19.4	Number of Recipients	006			
19.5	Average Attained Age of Recipients	67.1			

Item No	Item Description	First Year	Second Year	Comments	Instructions
Trend Rates ar	Trend Rates and Health Assumptions				
20	Vision Trend Rates (If Applicable)	2%			
21	Dental Trend Rates (if Applicable)	5%			
22	Health Assumptions		.	FILL IN THE TABLE BELOW WHERE APPLICABLE	

		Pharmacy											
icable.			%6	%8	42%	%9	5%	5%	5%	5%	%5	2%	%5
nd rates where app	jible	Indemnity Plan	%6	%8	%2	%9	5%	2%	5%	5%	5%	2%	%9
Provide in the table below the select and ultimate medical and pharmacy cost trend rates where applicable.	Post-Medicare Eligible	РРО	%6	8%	%2	%9	2%	2%	2%	2%	2%	5%	2%
		НМО	%6	%8	2%	%9	2%	2%	2%	2%	2%	5%	%9
	ligible	Indemnity Plan	%6	%8	4.4	%9	2%	2%	5%	2%	5%	2%	5%
	Pre-Medicare Eligible	ЬРО	%6	8%	7%	%9	5%	5%	5%	5%	5%	2%	2%
	B	HMO	%6	%8	%2	%9	2%	2%	2%	2%	5%	5%	2%
Provide in		Select Period	1	2	3	4	5	9		8	6	10	Ultimate Medical Trend 5%

CALIFORNIA EMPLOYER'S RETIREE BENEFIT TRUST PROGRAM ("CERBT")

AGREEMENT AND ELECTION OF

COUNTY OF SAN MATEO

(NAME OF EMPLOYER)

TO PREFUND OTHER POST EMPLOYMENT BENEFITS THROUGH Calpers

WHEREAS (1) Government Code Section 22940 establishes in the State Treasury the Annuitants' Health Care Coverage Fund for the prefunding of health care coverage for annuitants (Prefunding Plan); and

WHEREAS (2) The California Public Employees' Retirement System (CalPERS) Board of Administration (Board) has sole and exclusive control and power over the administration and investment of the Prefunding Plan (sometimes also referred to as CERBT), the purposes of which include, but are not limited to (i) receiving contributions from participating employers and establishing separate Employer Prefunding Accounts in the Prefunding Plan for the performance of an essential governmental function (ii) investing contributed amounts and income thereon, if any, in order to receive yield on the funds and (iii) disbursing contributed amounts and income thereon, if any, to pay for costs of administration of the Prefunding Plan and to pay for health care costs or other post employment benefits in accordance with the terms of participating employers' plans; and

WHEREAS (3)	COUNTY OF SAN MATEO	
` ,	(NAME OF EMPLOYER)	

(Employer) desires to participate in the Prefunding Plan upon the terms and conditions set by the Board and as set forth herein; and

WHEREAS (4) Employer may participate in the Prefunding Plan upon (i) approval by the Board and (ii) filing a duly adopted and executed Agreement and Election to Prefund Other Post Employment Benefits (Agreement) as provided in the terms and conditions of the Agreement; and

WHEREAS (5) The Prefunding Plan is a trust fund that is intended to perform an essential governmental function within the meaning of Section 115 of the Internal Revenue Code as an agent multiple-employer plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 43 consisting of an aggregation of single-employer plans, with pooled administrative and investment functions;

NOW, THEREFORE, BE IT RESOLVED THAT EMPLOYER HEREBY MAKES THE FOLLOWING REPRESENTATION AND WARRANTY AND THAT THE BOARD AND EMPLOYER AGREE TO THE FOLLOWING TERMS AND CONDITIONS:

A. Representation and Warranty

Employer represents and warrants that it is a political subdivision of the State of California or an entity whose income is excluded from gross income under Section 115 (1) of the Internal Revenue Code.

- B. Adoption and Approval of the Agreement; Effective Date; Amendment
- (1) Employer's governing body shall elect to participate in the Prefunding Plan by adopting this Agreement and filing with the CalPERS Board a true and correct original or certified copy of this Agreement as follows:

Filing by mail, send to:

CalPERS

Constituent Relations Office

CERBT (OPEB) P.O. Box 942709

Sacramento, CA 94229-2709

Filing in person, deliver to:

CalPERS Mailroom

Attn: Employer Services Division

400 Q Street

Sacramento, CA 95814

- (2) Upon receipt of the executed Agreement, and after approval by the Board, the Board shall fix an effective date and shall promptly notify Employer of the effective date of the Agreement.
- (3) The terms of this Agreement may be amended only in writing upon the agreement of both CalPERS and Employer, except as otherwise provided herein. Any such amendment or modification to this Agreement shall be adopted and executed in the same manner as required for the Agreement. Upon receipt of the executed amendment or modification, the Board shall fix the effective date of the amendment or modification.
- (4) The Board shall institute such procedures and processes as it deems necessary to administer the Prefunding Plan, to carry out the purposes of this Agreement, and to maintain the tax exempt status of the Prefunding Plan. Employer agrees to follow such procedures and processes.

- C. Actuarial Valuation and Employer Contributions
- (1) Employer shall provide to the Board an actuarial valuation report on the basis of the actuarial assumptions and methods prescribed by the Board. Such report shall be for the Board's use in financial reporting, shall be prepared at least as often as the minimum frequency required by GASB Statement No. 43, and shall be:
 - (a) prepared and signed by a Fellow or Associate of the Society of Actuaries who is also a Member of the American Academy of Actuaries or a person with equivalent qualifications acceptable to the Board;
 - (b) prepared in accordance with generally accepted actuarial practice and GASB Statement Nos. 43 and 45; and,
 - (c) provided to the Board prior to the Board's acceptance of contributions for the valuation period or as otherwise required by the Board.
- (2) The Board may reject any actuarial valuation report submitted to it, but shall not unreasonably do so. In the event that the Board determines, in its sole discretion, that the actuarial valuation report is not suitable for use in the Board's financial statements or if Employer fails to provide a required actuarial valuation, the Board may obtain, at Employer's expense, an actuarial valuation that meets the Board's financial reporting needs. The Board may recover from Employer the cost of obtaining such actuarial valuation by billing and collecting from Employer or by deducting the amount from Employer's account in the Prefunding Plan.
- (3) Employer shall notify the Board of the amount and time of contributions which contributions shall be made in the manner established by the Board.
- (4) Employer contributions to the Prefunding Plan may be limited to the amount necessary to fully fund Employer's actuarial present value of total projected benefits, as supported by the actuarial valuation acceptable to the Board. As used throughout this document, the meaning of the term "actuarial present value of total projected benefits" is as defined in GASB Statement No. 45. If Employer's contribution causes its assets in the Prefunding Plan to exceed the amount required to fully fund the actuarial present value of total projected benefits, the Board may refuse to accept the contribution.
- (5) Any Employer contribution will be at least \$5000 or be equal to Employer's Annual Required Contribution as that term is defined in GASB Statement No. 45. Contributions can be made at any time following the seventh day after the effective date of the Agreement provided that Employer has first complied with the requirements of Paragraph C.

- D. Administration of Accounts, Investments, Allocation of Income
- (1) The Board has established the Prefunding Plan as an agent plan consisting of an aggregation of single-employer plans, with pooled administrative and investment functions, under the terms of which separate accounts will be maintained for each employer so that Employer's assets will provide benefits only under employer's plan.
- (2) All Employer contributions and assets attributable to Employer contributions shall be separately accounted for in the Prefunding Plan (Employer's Prefunding Account).
- (3) Employer's Prefunding Account assets may be aggregated with prefunding account assets of other employers and may be co-invested by the Board in any asset classes appropriate for a Section 115 Trust.
- (4) The Board may deduct the costs of administration of the Prefunding Plan from the investment income or Employer's Prefunding Account in a manner determined by the Board.
- (5) Investment income shall be allocated among employers and posted to Employer's Prefunding Account as determined by the Board but no less frequently than annually.
- (6) If Employer's assets in the Prefunding Plan exceed the amount required to fully fund the actuarial present value of total projected benefits, the Board, in compliance with applicable accounting and legal requirements, may return such excess to Employer.

E. Reports and Statements

- (1) Employer shall submit with each contribution a contribution report in the form and containing the information prescribed by the Board.
- (2) The Board shall prepare and provide a statement of Employer's Prefunding Account at least annually reflecting the balance in Employer's Prefunding Account, contributions made during the period and income allocated during the period, and such other information as the Board determines.

F. Disbursements

- (1) Employer may receive disbursements not to exceed the annual premium and other costs of post employment healthcare benefits and other post employment benefits as defined in GASB 43.
- (2) Employer shall notify CalPERS in writing in the manner specified by CalPERS of the persons authorized to request disbursements from the Prefunding Plan on behalf of Employer.

- (3) Employer's request for disbursement shall be in writing signed by Employer's authorized representative, in accordance with procedures established by the Board. The Board may require that Employer certify or otherwise establish that the monies will be used for the purposes of the Prefunding Plan.
- (4) Requests for disbursements that satisfy the requirements of paragraphs (2) and (3) that are received on or after the first of a month will be processed by the 15th of the following month. (For example, a disbursement request received on or between March 1st and March 31st will be processed by April 15th; and a disbursement request received on or between April 1st and April 30th will be processed by May 15th.)
- (5) CalPERS shall not be liable for amounts disbursed in error if it has acted upon the instruction of an individual authorized by Employer to request disbursements. In the event of any other erroneous disbursement, the extent of CalPERS' liability shall be the actual dollar amount of the disbursement, plus interest at the actual earnings rate but not less than zero.
- (6) No disbursement shall be made from the Prefunding Plan which exceeds the balance in Employer's Prefunding Account.

G. Costs of Administration

Employer shall pay its share of the costs of administration of the Prefunding Plan, as determined by the Board.

- H. Termination of Employer Participation in Prefunding Plan
- (1) The Board may terminate Employer's participation in the Prefunding Plan if:
 - (a) Employer gives written notice to the Board of its election to terminate;
 - (b) The Board finds that Employer fails to satisfy the terms and conditions of this Agreement or of the Board's rules or regulations.
- (2) If Employer's participation in the Prefunding Plan terminates for any of the foregoing reasons, all assets in Employer's Prefunding Account shall remain in the Prefunding Plan, except as otherwise provided below, and shall continue to be invested and accrue income as provided in Paragraph D.
- (3) After Employer's participation in the Prefunding Plan terminates, Employer may not make contributions to the Prefunding Plan.

- (4) After Employer's participation in the Prefunding Plan terminates, disbursements from Employer's Prefunding Account may continue upon Employer's instruction or otherwise in accordance with the terms of this Agreement.
- (5) After thirty-six (36) months have elapsed from the effective date of this Agreement:
 - (a) Employer may request a trustee to trustee transfer of the assets in Employer's Prefunding Account. Upon satisfactory showing to the Board that the transfer will satisfy applicable requirements of the Internal Revenue Code and the Board's fiduciary duties, then the Board shall effect the transfer within one hundred twenty (120) days. The amount to be transferred shall be the amount in the Employer's Prefunding Account as of the disbursement date and shall include investment earnings up to the investment earnings allocation date immediately preceding the disbursement date. In no event shall the investment earnings allocation date precede the transfer by more than 120 days.
 - (b) Employer may request a disbursement of the assets in Employer's Prefunding Account. Upon satisfactory showing to the Board that all of Employer's obligations for payment of post employment health care benefits and other post employment benefits and reasonable administrative costs of the Board have been satisfied, then the Board shall effect the disbursement within one hundred twenty (120) days. The amount to be disbursed shall be the amount in the Employer's Prefunding Account as of the disbursement date and shall include investment earnings up to the investment earnings allocation date immediately preceding the disbursement date. In no event shall the investment earnings allocation date precede the disbursement by more than 120 days.
- (6) After Employer's participation in the Prefunding Plan terminates and at such time that no assets remain in Employer's Prefunding Account, this Agreement shall terminate.
- (7) If, for any reason, the Board terminates the Prefunding Plan, the assets in Employer's Prefunding Account shall be paid to Employer after retention of (i) amounts sufficient to pay post employment health care benefits and other post employment benefits to annuitants for current and future annuitants described by the employer's current substantive plan (as defined in GASB 43), and (ii) amounts sufficient to pay reasonable administrative costs of the Board.
- (8) If Employer ceases to exist but Employer's Prefunding Plan continues to exist and if no provision has been made by Employer for ongoing payments to pay post employment health care benefits and other post employment benefits to annuitants for current and future annuitants, the Board is authorized to and shall appoint a third party administrator to carry out Employer's Prefunding Plan. Any and all costs associated

with such appointment shall be paid from the assets attributable to contributions by Employer.

(9) If Employer should breach the representation and warranty set forth in Paragraph A., the Board shall take whatever action it deems necessary to preserve the tax-exempt status of the Prefunding Plan.

I. General Provisions

(1) Books and Records.

Employer shall keep accurate books and records connected with the performance of this Agreement. Employer shall ensure that books and records of subcontractors, suppliers, and other providers shall also be accurately maintained. Such books and records shall be kept in a secure location at the Employer's office(s) and shall be available for inspection and copying by CalPERS and its representatives.

(2) Audit.

- (a) During and for three years after the term of this Agreement, Employer shall permit the Bureau of State Audits, CalPERS, and its authorized representatives, and such consultants and specialists as needed, at all reasonable times during normal business hours to inspect and copy, at the expense of CalPERS, books and records of Employer relating to its performance of this Agreement.
- (b) Employer shall be subject to examination and audit by the Bureau of State Audits, CalPERS, and its authorized representatives, and such consultants and specialists as needed, during the term of this Agreement and for three years after final payment under this Agreement. Any examination or audit shall be confined to those matters connected with the performance of this Agreement, including, but not limited to, the costs of administering this Agreement. Employer shall cooperate fully with the Bureau of State Audits, CalPERS, and its authorized representatives, and such consultants and specialists as needed, in connection with any examination or audit. All adjustments, payments, and/or reimbursements determined to be necessary by any examination or audit shall be made promptly by the appropriate party.

(3) Notice.

(a) Any notice, approval, or other communication required or permitted under this Agreement will be given in the English language and will be deemed received as follows:

- 1. Personal delivery. When personally delivered to the recipient. Notice is effective on delivery.
- First Class Mail. When mailed first class to the last address of the recipient known to the party giving notice. Notice is effective three delivery days after deposit in a United States Postal Service office or mailbox.
- 3. Certified mail. When mailed certified mail, return receipt requested. Notice is effective on receipt, if delivery is confirmed by a return receipt.
- 4. Overnight Delivery. When delivered by an overnight delivery service, charges prepaid or charged to the sender's account, Notice is effective on delivery, if delivery is confirmed by the delivery service.
- 5. Telex or Facsimile Transmission. When sent by telex or fax to the last telex or fax number of the recipient known to the party giving notice. Notice is effective on receipt, provided that (i) a duplicate copy of the notice is promptly given by first-class or certified mail or by overnight delivery, or (ii) the receiving party delivers a written confirmation of receipt. Any notice given by telex or fax shall be deemed received on the next business day if it is received after 5:00 p.m. (recipient's time) or on a nonbusiness day.
- 6. E-mail transmission. When sent by e-mail using software that provides unmodifiable proof (i) that the message was sent, (ii) that the message was delivered to the recipient's information processing system, and (iii) of the time and date the message was delivered to the recipient along with a verifiable electronic record of the exact content of the message sent.

Addresses for the purpose of giving notice are as shown in Paragraph B.(1) of this Agreement.

- (b) Any correctly addressed notice that is refused, unclaimed, or undeliverable because of an act or omission of the party to be notified shall be deemed effective as of the first date that said notice was refused, unclaimed, or deemed undeliverable by the postal authorities, messenger or overnight delivery service.
- (c) Any party may change its address, telex, fax number, or e-mail address by giving the other party notice of the change in any manner permitted by this Agreement.

(d) All notices, requests, demands, amendments, modifications or other communications under this Agreement shall be in writing. Notice shall be sufficient for all such purposes if personally delivered, sent by first class, registered or certified mail, return receipt requested, delivery by courier with receipt of delivery, facsimile transmission with written confirmation of receipt by recipient, or e-mail delivery with verifiable and unmodifiable proof of content and time and date of sending by sender and delivery to recipient. Notice is effective on confirmed receipt by recipient or 3 business days after sending, whichever is sooner.

(4) Modification

This Agreement may be supplemented, amended, or modified only by the mutual agreement of the parties. No supplement, amendment, or modification of this Agreement shall be binding unless it is in writing and signed by the party to be charged.

(5) Survival

All representations, warranties, and covenants contained in this Agreement, or in any instrument, certificate, exhibit, or other writing intended by the parties to be a part of their Agreement shall survive the termination of this Agreement until such time as all amounts in Employer's Prefunding Account have been disbursed.

(6) Waiver

No waiver of a breach, failure of any condition, or any right or remedy contained in or granted by the provisions of this Agreement shall be effective unless it is in writing and signed by the party waiving the breach, failure, right, or remedy. No waiver of any breach, failure, right, or remedy shall be deemed a waiver of any other breach, failure, right, or remedy, whether or not similar, nor shall any waiver constitute a continuing waiver unless the writing so specifies.

(7) Necessary Acts, Further Assurances

The parties shall at their own cost and expense execute and deliver such further documents and instruments and shall take such other actions as may be reasonably required or appropriate to evidence or carry out the intent and purposes of this Agreement.

A majority vote of Employe	er's Governing Body at a public meeti	ng held on the
day of the month of	in the year	, authorized entering
into this Agreement.		
Signature of the Presiding	Officer:	· .
Printed Name of the President	ding Officer:	
Name of Governing Body:		
Name of Employer:	· · · · · · · · · · · · · · · · · · ·	
Date:	·	
BOARD OF ADMINISTRA CALIFORNIA PUBLIC EM	ATION IPLOYEES' RETIREMENT SYSTEM	
	OYER SERVICES BRANCH IPLOYEES' RETIREMENT SYSTEM	
•		
To be completed by	y CalPERS	
The effective date of	of this Agreement is:	



DELEGATION OF AUTHORITY TO REQUEST DISBURSEMENTS

RESOLUTION

		OF THE				
	BOARD	OF SUPERVISORS				
(GOVERNING BODY)						
OF THE						
COUNTY OF SAN MATEO						
		(NAME OF EMPLOYER)				
The BOARD	OF SUPERVISORS	C	delegates to the incumbents in			
	(GOVERNING BOD	Y)	C			
the positions of	COUNTY MANAGER,	ASSISTANT COUNTY	MANAGE and			
•	(ТІТ	LE)				
BENEFITS MA	ANAGER	authority to	request on behalf			
(TITLE)						
of the Employer	disbursements from	n the Other Post Em	ployment Prefunding			
, ,						
		e totale de la disabase				
Plan and to cert	ity as to the purpose	e for which the disbu	rsed funds will be used.			
		Ву				
,		Title				
Witness						
	,					
Date						
OPEB Delegation of Au	thority (2/07)					

CERTIFICATION OF OPEB ACTUARIAL INFORMATION



As Actuary of the plan, I certify that the valuation upon which the enclosed summary of actuarial information is based meets the following criteria:

- The valuation was prepared on the basis of the OPEB assumption model prescribed by the CalPERS Board and in effect at the time of the valuation.
- The valuation has been prepared and signed by a Fellow or Associate of the Society of Actuaries who is also a Member of the American Academy of Actuaries.¹
- The valuation has been prepared in accordance with generally accepted actuarial principles.
- In the case where the actuarial valuation is to be performed every two
 years, this valuation includes information that covers two fiscal years.
- The valuation has been prepared in accordance with the requirements set forth in Governmental Accounting Standards Board (GASB) Statements No. 43 and No. 45.
- If employer assets to pre-fund other post-employment benefits are invested in an irrevocable OPEB trust other than the California Employers' Retiree Benefit Trust, the liabilities associated with those assets are not included in the summary of actuarial information.

I further certify that the discount rate is consistent with the anticipated level of funding pursuant to the relevant section of GASB 43, and the employer's certification.

San Mateo County	
Name of Employer	ŧ
January I, 2007	nodenovo.
Valuation Date	
Daniel R. Wade, FSA, EA, MAAA	
Printed Name of Actuary and Designat	ion
David Wile	April 18, 2008
Signature	Date

¹ In cases where the actuary performing the work does not meet these criteria, the valuation may be acceptable if the person has equivalent qualifications that are acceptable to the CaIPERS Board. Please provide the qualifications of the actuary performing the valuation.

CERTIFICATION OF OPEB FUNDING POLICY & GASB 43/45 REPORTING COMPLIANCE



As the employer, I certify that our funding policy is to contribute consistently an amount at least equal to $\underline{100}$ % of the ARC.					
The California Employers' Retiree Benefit Trust (CERBT) fund plan includes more than 200 members. We understand that, under GASB 43, paragraph 33, as an employer participating in the CalPERS CERBT, we must obtain an actuarial valuation on at least a biennial basis.					
We understand that we will be asked to provide accounting information to CalPERS as required in order to facilitate CalPERS compliance with GASB 43 reporting requirements, and we agree to make any information requested available to CalPERS on a timely basis. Our contact information is noted below.					
We understand that CalPERS wi Schedule of Funding Progress a	ill report aggregated GASB 43 in nd Schedule of Employer Contril	formation in the outions			
COUNTY OF SAN MATEO		_			
Name of Employer					
JOHN L. MALTBIE, COUNTY M	IANAGER				
Printed Name and Title of Perso	n Signing the Form				
Signature	Date	•			
PETER BASSETT, BENEFITS	MANAGER	•			
Designated Employer Contact Name for GASB Reporting					
(650) 363-4393	pbassett@co.sanmateo.ca.us				
Phone #	Email Address				
	•				