

East Bay Municipal Utility District Employees' Retirement System

**Actuarial Valuation and Review of Pension Plan
and Health Insurance Benefit Plan
as of June 30, 2021**

Supplemental Exhibits



This report has been prepared at the request of the Retirement Board to assist in administering the Fund. This valuation report may not otherwise be copied or reproduced in any form without the consent of the Retirement Board and may only be provided to other parties in its entirety, unless expressly authorized by Segal. The measurements shown in this actuarial valuation may not be applicable for other purposes.



180 Howard Street, Suite 1100
San Francisco, CA 94105-6147
T 415.263.8200
segalco.com

January 11, 2022

Ms. Sophia Skoda
Director of Finance
East Bay Municipal Utility District
375 Eleventh Street
Oakland, CA 94607-4240

Re: June 30, 2021 Actuarial Valuations – Supplemental Exhibits

Dear Sophia:

Enclosed please find two exhibits that provide supplemental information to the June 30, 2021 actuarial valuations for the pension and health insurance benefit (HIB) plans.

Exhibit A provides a summary of the funding valuation results for both the pension and HIB plans. In particular, for the HIB plan, this information is based on our HIB funding valuation report dated January 11, 2022 that includes a maximum monthly benefit of \$450 (\$550 benefit for a retiree with a spouse or EBMUD domestic partner). It does not include the accounting liability for the “implicit subsidy” associated with the pooling of the health care premium rate for actives and retirees under age 65.

In Exhibit B, we have included a comparison of the historical Projected Benefit Obligations with the market value of assets for both plans.

We look forward to discussing this information with you and the Board.

Sincerely,

A handwritten signature in blue ink that reads "Andy Yeung".

Andy Yeung, ASA, MAAA, FCA, EA
Vice President and Actuary

DNA/mv
Enclosures

Exhibit A

East Bay Municipal Utility District Employees' Retirement System Summary of Significant Valuation Results for the Funding Valuations

| | <u>June 30, 2021</u> | <u>June 30, 2020</u> | <u>Change From Prior Year</u> |
|---|----------------------|----------------------|-----------------------------------|
| I. Total Membership | | | |
| A. Active Members | 1,896 | 1,903 | -0.4% |
| B. Pensioners and Beneficiaries | 1,977 | 1,905 | 3.8% |
| II. Valuation Salary⁽¹⁾ | | | |
| A. Total Projected Compensation | \$224,391,553 | \$224,411,694 | 0.0% |
| B. Average Projected Compensation | 118,350 | 117,925 | 0.4% |
| III. Total System Assets | | | |
| A. Valuation Value of Pension Plan Assets | \$2,045,502,995 | \$1,868,917,204 | 9.4% |
| B. Valuation Value of HIB Plan Assets | <u>52,209,459</u> | <u>45,360,832</u> | 15.1% |
| C. Total Valuation Value (Actuarial Value) | \$2,097,712,454 | \$1,914,278,036 | 9.6% |
| D. Market Value of Pension Plan Assets | \$2,270,763,000 | \$1,813,591,000 | 25.2% |
| E. Market Value of HIB Plan Assets | <u>57,959,000</u> | <u>44,018,000</u> | 31.7% |
| F. Total Market Value | \$2,328,722,000 | \$1,857,609,000 | 25.4% |
| IV. Unfunded Actuarial Accrued Liability (UAAL) and Funded Ratio⁽²⁾ | | | |
| A. Pension Plan | \$560,110,767 | \$666,321,007 | -15.9% |
| B. Funded Ratio | 78.5% | 73.7% | 4.8% |
| C. HIB Plan | \$70,817,697 | \$80,852,745 | -12.4% |
| D. Funded Ratio | 42.4% | 35.9% | 6.5% |
| E. Pension Plan and HIB Plan | \$630,928,464 | \$747,173,752 | -15.6% |
| F. Funded Ratio | 76.9% | 71.9% | 5.0% |

⁽¹⁾ Projected payroll.

⁽²⁾ Based on valuation value of assets.

Note: The HIB information is based on our HIB funding valuation report that includes a maximum monthly benefit of \$450 (\$550 for a retiree with a spouse or EBMUD domestic partner). It does not include the accounting liability for the "implicit subsidy" associated with the pooling of the health care premium rate for actives and retirees under age 65.

Exhibit A (continued)

East Bay Municipal Utility District Employees' Retirement System Summary of Significant Valuation Results for the Funding Valuations

| | <u>June 30, 2021</u> | <u>June 30, 2020</u> | <u>Change From Prior Year</u> | | | | | | |
|---|--------------------------|----------------------|-------------------------------|---|---------------------|-------------------------------|--------------------------|---------------------|-------------------------------|
| V. Projected Benefit Obligation and Funded Ratio⁽³⁾ | | | | | | | | | |
| A. Pension Plan | \$2,546,240,000 | \$2,475,608,000 | 2.9% | | | | | | |
| B. Funded Ratio | 89.2% | 73.3% | 15.9% | | | | | | |
| C. HIB Plan | \$129,497,000 | \$131,754,000 | -1.7% | | | | | | |
| D. Funded Ratio | 44.8% | 33.4% | 11.4% | | | | | | |
| E. Pension Plan and HIB Plan | \$2,675,737,000 | \$2,607,362,000 | 2.6% | | | | | | |
| F. Funded Ratio | 87.0% | 71.2% | 15.8% | | | | | | |
| VI. Budget Items⁽⁴⁾ | | | | | | | | | |
| | <u>FY 2022-2023</u> | | | <u>FY 2021-2022 (Adopted Rates)</u> | | | <u>Difference</u> | | |
| | 1955/1980 <u>Plan</u> | 2013 <u>Tier</u> | <u>Combined⁽⁵⁾</u> | 1955/1980 <u>Plan</u> | 2013 <u>Tier</u> | <u>Combined⁽⁵⁾</u> | 1955/1980 <u>Plan</u> | 2013 <u>Tier</u> | <u>Combined⁽⁵⁾</u> |
| A. Pension Plan | | | | | | | | | |
| 1. Total Normal Cost | 27.08% | 19.13% | 23.83% | 27.11% | 18.81% | 23.72% | -0.03% | 0.32% | 0.11% |
| 2. Employee Contributions | -8.66% ⁽⁶⁾ | -9.41% | -8.97% | -8.66% ⁽⁶⁾ | -9.41% | -8.97% | 0.00% | 0.00% | 0.00% |
| 3. Employer Normal Cost | 18.42% | 9.72% | 14.86% | 18.45% | 9.40% | 14.75% | -0.03% | 0.32% | 0.11% |
| 4. UAAL (paid by Employer) | <u>21.61%</u> | <u>21.61%</u> | <u>21.61%</u> | <u>23.92%</u> | <u>23.92%</u> | <u>23.92%</u> | <u>-2.31%</u> | <u>-2.31%</u> | <u>-2.31%</u> |
| 5. Total Employer Contribution | 40.03% | 31.33% | 36.47% | 42.37% | 33.32% | 38.67% | -2.34% | -1.99% | -2.20% |
| B. HIB Plan | | | | | | | | | |
| 1. Total Normal Cost | 1.14% | 0.84% | 1.02% | 1.06% | 0.79% | 0.95% | 0.08% | 0.05% | 0.07% |
| 2. Employee Contributions | -0.09% | -0.09% | -0.09% | -0.09% | -0.09% | -0.09% | 0.00% | 0.00% | 0.00% |
| 3. Employer Normal Cost | 1.05% | 0.75% | 0.93% | 0.97% | 0.70% | 0.86% | 0.08% | 0.05% | 0.07% |
| 4. UAAL (paid by Employer) | <u>3.73%</u> | <u>3.73%</u> | <u>3.73%</u> | <u>3.82%</u> | <u>3.82%</u> | <u>3.82%</u> | <u>-0.09%</u> | <u>-0.09%</u> | <u>-0.09%</u> |
| 5. Total Employer Contribution | 4.78% | 4.48% | 4.66% | 4.79% | 4.52% | 4.68% | -0.01% | -0.04% | -0.02% |
| C. Total Contribution | | | | | | | | | |
| 1. Employee Contribution (A2 + B2) | 8.75% | 9.50% | 9.06% | 8.75% | 9.50% | 9.06% | 0.00% | 0.00% | 0.00% |
| 2. Employer Contribution (A5 + B5) | 44.81% | 35.81% | 41.13% | 47.16% | 37.84% | 43.35% | -2.35% | -2.03% | -2.22% |

⁽³⁾ Based on market value of assets.

⁽⁴⁾ Contribution rates, payable at the end of each pay period, are expressed as a percentage of projected payroll.

⁽⁵⁾ Aggregated based on June 30, 2021 projected annual payroll.

⁽⁶⁾ The rate of 8.66% payable during fiscal years 2021/2022 and 2022/2023 is calculated by taking the total employee rate payable beginning April 18, 2016 (i.e., 8.75%), less the HIB employee contribution rate of 0.09%.

Exhibit B

East Bay Municipal Utility District Employees' Retirement System Comparison of Projected Benefit Obligation with the Market Value of Assets (Dollar Amounts in Thousands)

| <u>Actuarial Valuation Date</u> | <u>Projected Benefit Obligation</u> | <u>Market Value of Assets</u> | <u>Funded Ratio</u> |
|-------------------------------------|---|-----------------------------------|---------------------|
| 06/30/2002 | \$749,113 | \$536,449 | 71.6% |
| 06/30/2003 | 880,054 | 545,527 | 62.0% |
| 06/30/2004 | 928,434 | 640,641 | 69.0% |
| 06/30/2005 | 999,231 | 694,590 | 69.5% |
| 06/30/2006 | 1,068,966 | 763,455 | 71.4% |
| 06/30/2007 | 1,160,325 | 911,104 | 78.5% |
| 06/30/2008 | 1,289,236 | 838,614 | 65.0% |
| 06/30/2009 | 1,366,207 | 668,750 | 48.9% |
| 06/30/2010 | 1,444,258 | 769,052 | 53.2% |
| 06/30/2011 | 1,498,879 | 968,239 | 64.6% |
| 06/30/2012 | 1,606,973 | 986,972 | 61.4% |
| 06/30/2013 | 1,699,340 | 1,124,328 | 66.2% |
| 06/30/2014 | 1,815,349 | 1,346,888 | 74.2% |
| 06/30/2015 | 1,907,462 | 1,407,209 | 73.8% |
| 06/30/2016 | 2,061,202 | 1,418,129 | 68.8% |
| 06/30/2017 | 2,137,483 | 1,612,644 | 75.4% |
| 06/30/2018 | 2,292,859 | 1,753,240 | 76.5% |
| 06/30/2019 | 2,413,489 | 1,832,965 | 75.9% |
| 06/30/2020 | 2,607,362 | 1,857,609 | 71.2% |
| 06/30/2021 | 2,675,737 | 2,328,722 | 87.0% |