

# East Bay Municipal Utility District Employees' Retirement System

**Actuarial Valuation and Review of Pension Plan  
and Health Insurance Benefit Plan  
as of June 30, 2020**

**Supplemental Exhibits**



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January 15, 2021

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

**Re: June 30, 2020 Actuarial Valuations – Supplemental Exhibits**

Dear Sophia:

Enclosed please find two exhibits that provide supplemental information to the June 30, 2020 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 6, 2021 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".

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

DNA/jl  
Enclosures

## Exhibit A

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

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Change From Prior Year</u>
<b>I. Total Membership</b>			
A. Active Members	1,903	1,847	3.0%
B. Pensioners and Beneficiaries	1,905	1,844	3.3%
<b>II. Valuation Salary<sup>(1)</sup></b>			
A. Total Projected Compensation	\$224,411,694	\$212,350,940	5.7%
B. Average Projected Compensation	117,925	114,971	2.6%
<b>III. Total System Assets</b>			
A. Valuation Value of Pension Plan Assets	\$1,868,917,204	\$1,777,065,164	5.2%
B. Valuation Value of HIB Plan Assets	<u>45,360,832</u>	<u>40,497,822</u>	12.0%
C. Total Valuation Value (Actuarial Value)	\$1,914,278,036	\$1,817,562,986	5.3%
D. Market Value of Pension Plan Assets	\$1,813,591,000	\$1,792,124,000	1.2%
E. Market Value of HIB Plan Assets	<u>44,018,000</u>	<u>40,841,000</u>	7.8%
F. Total Market Value	\$1,857,609,000	\$1,832,965,000	1.3%
<b>IV. Unfunded Actuarial Accrued Liability (UAAL) and Funded Ratio<sup>(2)</sup></b>			
A. Pension Plan	\$666,321,007	\$563,707,908	18.2%
B. Funded Ratio	73.7%	75.9%	-2.2%
C. HIB Plan	\$80,852,745	\$82,255,546	-1.7%
D. Funded Ratio	35.9%	33.0%	2.9%
E. Pension Plan and HIB Plan	\$747,173,752	\$645,963,454	15.7%
F. Funded Ratio	71.9%	73.8%	-1.9%

<sup>(1)</sup> Projected payroll.

<sup>(2)</sup> 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, 2020</u>	<u>June 30, 2019</u>	<u>Change From Prior Year</u>						
<b>V. Projected Benefit Obligation and Funded Ratio<sup>(3)</sup></b>									
A. Pension Plan	\$2,475,608,000	\$2,284,796,000	8.4%						
B. Funded Ratio	73.3%	78.4%	-5.1%						
C. HIB Plan	\$131,754,000	\$128,693,000	2.4%						
D. Funded Ratio	33.4%	31.7%	1.7%						
E. Pension Plan and HIB Plan	\$2,607,362,000	\$2,413,489,000	8.0%						
F. Funded Ratio	71.2%	75.9%	-4.7%						
<b>VI. Budget Items<sup>(4)</sup></b>		<b>FY 2020-2021</b>							
	<b>FY 2021-2022</b>	<b>(Adopted Rates)<sup>(5)</sup></b>	<b>Difference</b>						
	1955/1980 <u>Plan</u>	2013 <u>Tier</u>	<u>Combined<sup>(6)</sup></u>	1955/1980 <u>Plan</u>	2013 <u>Tier</u>	<u>Combined<sup>(6)</sup></u>	1955/1980 <u>Plan</u>	2013 <u>Tier</u>	<u>Combined<sup>(6)</sup></u>
A. Pension Plan									
1. Total Normal Cost	27.11%	18.81%	24.07%	24.58%	17.90%	22.13%	2.53%	0.91%	1.94%
2. Employee Contributions	<u>-8.66%</u> <sup>(7)</sup>	<u>-9.41%</u>	<u>-8.93%</u>	<u>-8.66%</u> <sup>(7)</sup>	<u>-8.75%</u>	<u>-8.69%</u>	<u>0.00%</u>	<u>-0.66%</u>	<u>-0.24%</u>
3. Employer Normal Cost	18.45%	9.40%	15.14%	15.92%	9.15%	13.44%	2.53%	0.25%	1.70%
4. UAAL (paid by Employer)	<u>23.92%</u>	<u>23.92%</u>	<u>23.92%</u>	<u>21.94%</u>	<u>22.09%</u>	<u>21.99%</u>	<u>1.98%</u>	<u>1.83%</u>	<u>1.93%</u>
5. Total Employer Contribution	42.37%	33.32%	39.06%	37.86%	31.24%	35.43%	4.51%	2.08%	3.63%
B. HIB Plan									
1. Total Normal Cost	1.06%	0.79%	0.96%	1.09%	0.83%	0.99%	-0.03%	-0.04%	-0.03%
2. Employee Contributions	<u>-0.09%</u>	<u>-0.09%</u>	<u>-0.09%</u>	<u>-0.09%</u>	<u>-0.09%</u>	<u>-0.09%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
3. Employer Normal Cost	0.97%	0.70%	0.87%	1.00%	0.74%	0.90%	-0.03%	-0.04%	-0.03%
4. UAAL (paid by Employer)	<u>3.82%</u>	<u>3.82%</u>	<u>3.82%</u>	<u>4.32%</u>	<u>4.18%</u>	<u>4.27%</u>	<u>-0.50%</u>	<u>-0.36%</u>	<u>-0.45%</u>
5. Total Employer Contribution	4.79%	4.52%	4.69%	5.32%	4.92%	5.17%	-0.53%	-0.40%	-0.48%
C. Total Contribution									
1. Employee Contribution (A2 + B2)	8.75%	9.50%	9.02%	8.75%	8.84%	8.78%	0.00%	0.66%	0.24%
2. Employer Contribution (A5 + B5)	47.16%	37.84%	43.75%	43.18%	36.16%	40.60%	3.98%	1.68%	3.15%

<sup>(3)</sup> Based on market value of assets.

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

<sup>(5)</sup> The Board decided to carry over unchanged for the 2020/2021 Fiscal Year ("adopted rates") the higher total (Pension and HIB Plans) employer contribution rates previously adopted by the Board for the 2019/2020 Fiscal Year, as originally determined in the June 30, 2016 valuations. The recommended total employer contribution rates for FY 2020/2021 were 42.17% for the 1955/1980 Plan, 35.14% for the 2013 Tier, and 39.59% for the two plans combined. Note that the adopted UAAL rates for FY 2020/2021 for the 1955/1980 Plan and the 2013 Tier are not the same, since the employer normal cost rates remain the same as those rates actuarially determined for the June 30, 2019 valuations in order to reflect the most recent demographic information, and the UAAL rates represent the difference between the total rates and the normal cost rates, which produces said variance in the UAAL rates.

<sup>(6)</sup> Aggregated based on June 30, 2020 projected annual payroll.

<sup>(7)</sup> The rate of 8.66% payable during fiscal years 2020/2021 and 2021/2022 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%