



**CITY OF MARTINEZ**

**CITY COUNCIL AGENDA  
May 7, 2008**

**TO:** Mayor and City Council

**FROM:** Budget Subcommittee – Rob Schroder/Mark Ross

**PREPARED BY:** Lianne Marshall, Assistant City Manager, Administrative Services  
Cathy Heater, Finance Manager

**SUBJECT:** Authorize a Trust Agreement with CalPERS to Provide Retiree  
Benefit Trust Services for Other Post Employment Benefits

**DATE:** April 9, 2008

**RECOMMENDATION:**

Adopt a resolution to authorize the establishment of a California Employers’ Retiree Benefit Trust (CERBT) fund with the California Public Employees’ Retirement System (CalPERS), delegate authority to request disbursements from the funds, and execute all related documents.

The Budget Subcommittee met on February 5, 2008, and recommended forwarding to the City Council for approval.

**BACKGROUND:**

In June 2004, the Governmental Accounting Standards Board (GASB) issued GASB Statement 45, a directive to public agencies to report the costs and financial obligations for post-employment healthcare and other post-employment benefits (OPEB) much like the existing accounting requirement to report pension obligations. Post-employment healthcare benefits are a significant financial commitment for many government agencies, including Martinez.

Statement 45 does not require establishing a trust, but only funds placed in an irrevocable trust qualify as contributions for accounting purposes. An irrevocable trust legally sets aside amounts contributed solely for the payment of current and future retiree healthcare premiums. Once set aside, the money cannot be diverted to other purposes, nor is it subject to claims by creditors of the City. It can only be used to pay retiree healthcare premiums. Another feature of an irrevocable trust is that funds being held can be managed for investment purposes to achieve a higher investment return. As a result, the City’s actuary was able to assume a 7.75% return rather than a much lower rate that would be assumed if the funds are not in a trust, which lowers the City’s annual required contribution (ARC).

Staff considered several options and is recommending CalPERS for several reasons. CalPERS already administers the City's pension and sworn health benefits plans; the City can benefit from their investment expertise and leverage, with expectations of investment returns similar to that of the pension investment (7.75%), thereby reducing the City's Unfunded Actuarial Accrued Liability (UAAL); and since CalPERS is a non-profit entity, their fees, based on an allocation of administration costs over all plans, are estimated to be about 40 basis points, which is less expensive than other programs.

CalPERS established the CERBT fund, an irrevocable trust, in March 2007 for the purpose of receiving employer OPEB contributions. This fund was made available to all public agencies beginning January 1, 2008. At this time 45 agencies have enrolled with contributions totaling \$260 million, and a number of others in process.

Employers that elect to participate in the CERBT make contributions into the trust fund. In the future, participating employers will use investment earnings to pay for a significant portion of retiree health benefits, similar to the CalPERS pension trust. Three out of four dollars paid for pension benefits come from pension trust investment earnings.

In 2006-07, staff engaged Aon Consulting to prepare the City's actuarial report as required by GASB 45. Recently, the City requested that Aon modify the report to use PERS' actuarial assumptions. The results of the actuarial report indicate that the City has a current unfunded OPEB liability of \$14,010,000. The City has already established a reserve of \$4 million for retiree healthcare obligations which will be transferred to the trust. Using a 30 year amortization period, the City's obligation is \$1,102,000 for this fiscal year and \$894,000 for next fiscal year, which includes the pay-as-you-go for the fiscal years 2008 and 2009. GASB 45 requires an actuarial report to be done biannually. The next report will be done July 1, 2009.

The City has been fully funding its annual required contribution (ARC) for its OPEB for the past several years in anticipation of GASB 45. Pre-funding OPEB obligations produces important benefits:

- Pre-funding reduces future cost impacts.
- Investment returns from trust fund investments will be used to pay for future benefits, thereby lowering future employer costs.
- The higher investment return rate, expected to be earned by trust assets used to pre-fund OPEB obligations, will lower the employer's annual expense and the net OPEB obligation.
- Lower unfunded liability may result in a higher bond rating.
- The financial security of employees and retirees is improved.

**FISCAL IMPACT:**

Funding has been incorporated in the budget for Fiscal Years 2007-08 and 2008-09.

**ACTION:**

Motion adopting a resolution approving a trust agreement with CalPERS to provide retiree benefit trust services, and approval of all related documents to facilitate the funding, investment management and administration of Other Post Employment Benefits.

Attachment:

Resolution

Agreement and Election to pre-fund OPEB through CalPERS

Delegation of Authority to Request Disbursements

Certification of OPEB Actuarial Information

Certification of Funding Policy

**APPROVED BY:**



City Manager

RESOLUTION NO. 08

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MARTINEZ APPROVING  
AN AGREEMENT WITH THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT  
SYSTEM AND AUTHORIZING THE DELEGATION OF AUTHORITY TO REQUEST  
DISBURSEMENTS ON BEHALF OF THE EMPLOYER FROM THE OTHER POST  
EMPLOYMENT PREFUNDING PLAN

**WHEREAS**, GASB 45 requires government agencies to report their obligations for Other Post Employment Benefits (OPEB) for its employees and retirees; and

**WHEREAS**, the City of Martinez wishes to establish a trust for administration and investment of the funds for the City's OPEB obligations; and

**WHEREAS**, 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**, the California Public Employees' Retirement System (CalPERS) Board of Administration (the Board) has sole and exclusive control and power over the administration and investment of the Prefunding Plan; and

**WHEREAS**, the City of Martinez is a contracting agency under the Public Employees' Medical and Hospital Care Act administered by the Board and desires to participate in the Prefunding Plan upon the term and conditions set out by the Board and contained in the Agreement and Election of the City of Martinez.

**NOW, THEREFORE, BE IT RESOLVED** the City Council of the City of Martinez authorizes the establishment of a California Public Employers' Retiree Trust fund with CalPERS; and

**BE IT FURTHER RESOLVED** the City Council of the City of Martinez delegates to the incumbents in the positions of Assistant City Manager-Administrative Services and the City Treasurer the authority to request on behalf of the City of Martinez disbursements from the Other Post Employment Prefunding Plan; and

**BE IT FURTHER RESOLVED** that the Mayor is hereby authorized to execute the Agreement and the delegation of authority to request disbursements.

\* \* \* \* \*

**I HEREBY CERTIFY** that the foregoing is true and correct copy of a resolution duly adopted by the City Council of the City of Martinez at a Regular Meeting of said Council held on May 7, 2008, by the following vote:

AYES:

NOES:

ABSENT:

RICHARD G. HERNANDEZ, CITY CLERK  
CITY OF MARTINEZ

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

**AGREEMENT AND ELECTION  
OF**

City of Martinez

(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) City of Martinez

(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 15<sup>th</sup> 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.
2. 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 Employer's Governing Body at a public meeting held on the 7th day of the month of May in the year 2008, authorized entering into this Agreement.

Signature of the Presiding Officer: \_\_\_\_\_

Printed Name of the Presiding Officer: Rob Schroder

Name of Governing Body: City Council

Name of Employer: City of Martinez

Date: \_\_\_\_\_

BOARD OF ADMINISTRATION  
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY \_\_\_\_\_  
KENNETH W. MARZION  
ACTUARIAL AND EMPLOYER SERVICES BRANCH  
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

To be completed by CalPERS  
The effective date of this Agreement is: \_\_\_\_\_



**DELEGATION OF AUTHORITY  
TO REQUEST DISBURSEMENTS**

**RESOLUTION  
OF THE**

City Council  
(GOVERNING BODY)

**OF THE**

City of Martinez  
(NAME OF EMPLOYER)

The City Council  
(GOVERNING BODY) delegates to the incumbents in

the positions of Assistant City Manager-Admin. Services and  
(TITLE)

City Treasurer authority to request on behalf  
(TITLE)

of the Employer disbursements from the Other Post Employment Prefunding

Plan and to certify as to the purpose for which the disbursed funds will be used.

By \_\_\_\_\_

Title Mayor

Witness \_\_\_\_\_

Date \_\_\_\_\_



**CERTIFICATION OF OPEB ACTUARIAL  
INFORMATION AND FUNDING POLICY**

**CERTIFICATION OF OPEB ACTUARIAL INFORMATION**

As Actuary for 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.<sup>1</sup>
- The valuation has been prepared in accordance with generally accepted actuarial principles.
- In the case where the actuarial valuation is to be performed on a bi-annual cycle, 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.

July 1, 2007

\_\_\_\_\_  
Valuation Date

Bradley J. Au, MAAA, EA, FCA

\_\_\_\_\_  
Printed Name of Actuary and Designation

\_\_\_\_\_  
Signature

3/10/08  
\_\_\_\_\_  
Date

<sup>1</sup> 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 CalPERS Board. Please provide the qualifications of the actuary performing the valuation.

