

The net pension liability of \$29 million, including \$5 million of M1W pension bonds, is based on CalPERS most recent actuarial dated June 30, 2019. The increase in the liability is due to the CalPERS rate of return falling below the assumed rate of return of 7.15% in prior years. The Agency is planning on establishing a Pension Trust fund with an initial contribution of \$400K.

See Note 12 and, the Required Supplementary Information schedule (RSI) in Financial Statements (CAFR) and the financial section of M1W’s website for more information.

Below are key statistics on pensions from M1W’s CAFR:

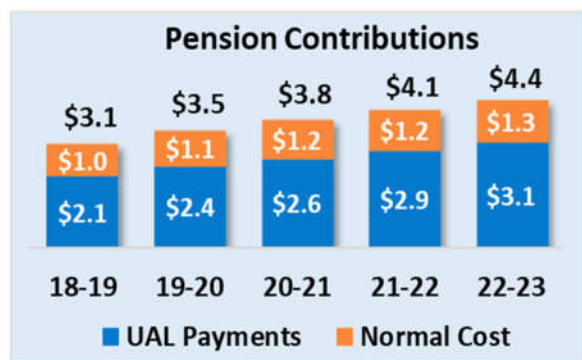
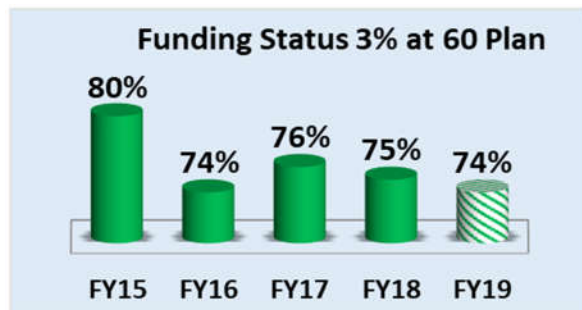
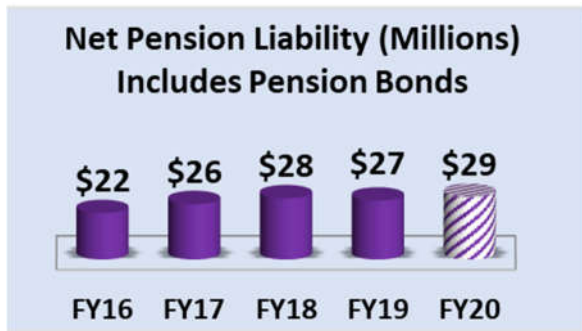
Five Year Trend Information

- Payments - % of Covered Payroll: 28%
- Change in Funded Status: ↑2%
- Change in Net Pension Liability: ↑\$2 million
- Change in Actuarial Contribution: ↑\$0.4 million
- Change in % of Covered Payroll: ↑12%

Actuarial Analysis of 3 at 60 Plan

- Amortization Period: 25 years
- Savings from 10 year Amortization: \$11 million
- Change in Liability 1% Drop Discount Rate: ↑\$14 million
- Normal Cost Rate: 15.3%
- Volatility of Net Liability: 20.1 (high)
- Increase in UAL Payment over 5 Years: ↑\$648,000

The 3 @ 60 plan has high volatility due to its low ratio of active to inactive employees in the plan. The termination liabilities below are estimates by CalPERS should M1W terminate its plans. The employee rate is based on bargaining agreements. The UAL is CalPERS calculation of the net unfunded actuarial liability of M1W’s plan. Note the 3 at 60 plan is closed to new employees and the 2 at 62 plan covers most new employees.



CalPERS Pension Actuarial Information (as of 6/30/19)

Pension Plan	Unfunded Liability with Bonds	Unfunded Termination Liability	Funded Status CalPERS	21-22 Normal Cost Rate	21-22 UAL Payment	Employee Rate	Employees Active / Retirees	
3% at 60	\$29 million	\$87-198 million	74%	14.229%	\$2.0 M	8.821%	38	87
2% at 55	< \$1 million	\$0.7-2.5 million	94%	9.337%	\$7.8 K	7.914%	15	0
2% at 62 (PEPRA)	< \$1 million	\$0.7-3.5 million	92%	7.379%	\$11.4 K	6.961%	53	0