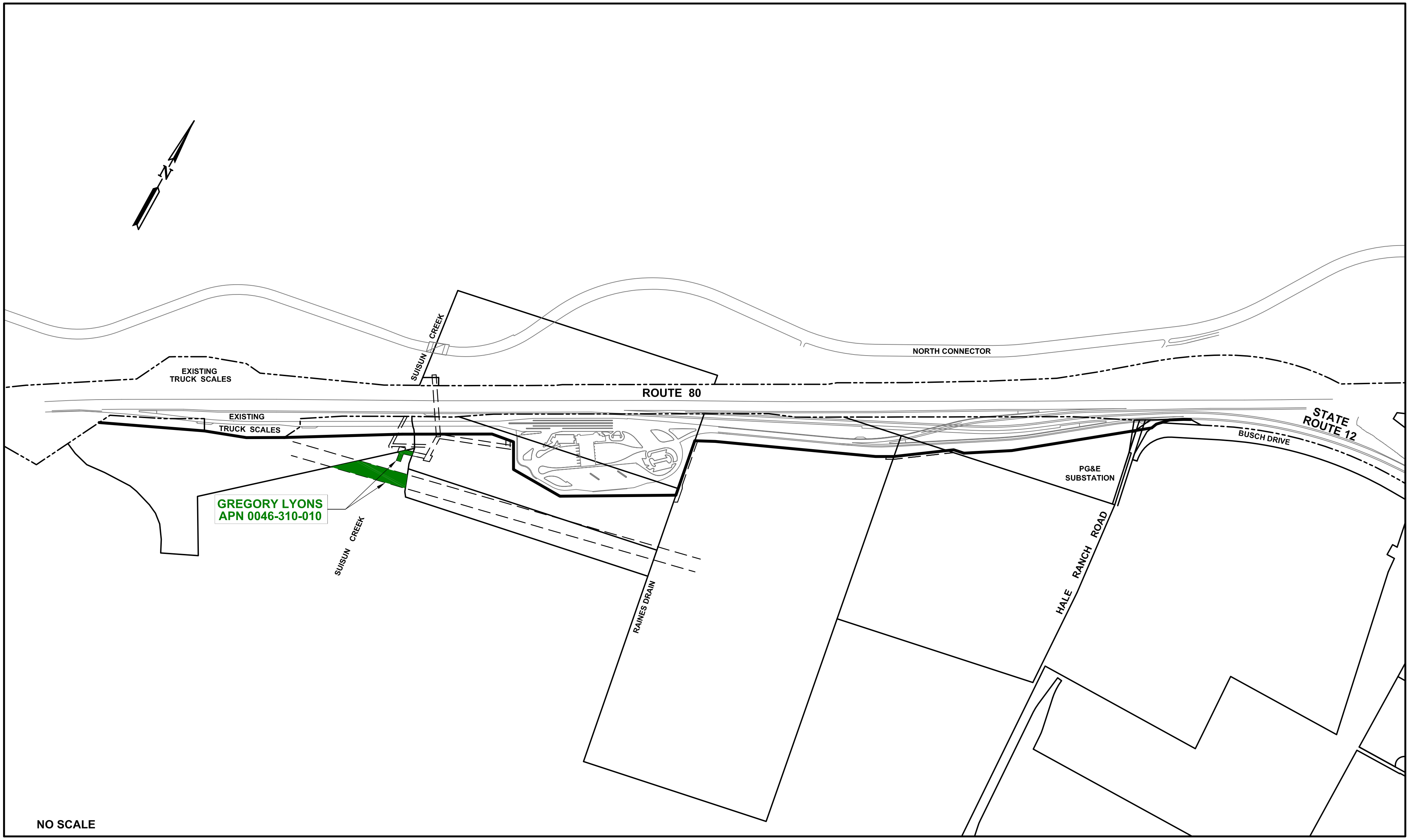
Solano Transportation Authority

ATTACHMENTS UNDER SEPARATE ENCLOSURE

STA BOARD MEETING OF JANUARY 19, 2011

AGENDA ITEM	DESCRIPTION
Agenda Item IX.A	Attachment: A. Property Map (I-80 Eastbound Cordelia Truck Scales Relocation Project)
Agenda Item X.A	FY 2010-11 Mid-Year Budget Revision Worksheet (1/19/11)
Agenda Item XI.A	Attachments: A. PARS Actuarial Valuation B. PERS Actuarial Cost Analysis C. PARS Overview of Plans Design and Option



JANUARY 2011

PROPERTY MAP
SOLANO TRANSPORTATION AUTHORITY
I-80 EASTBOUND CORDELIA TRUCK SCALES RELOCATION PROJECT

Solano Transportation Authority
...working for you!

FISCAL YEAR (FY) 2010-11 MID-YEAR BUDGET REVISION WORKSHEET (1-19-11)

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z	AA	AB	AC	AD	AE	AF	AG	AH	AI	AJ	AK	AL	AM	AN	AP
3					Members Contribution	TDA	TDA Article 3	STAF	STAF Reg. Paratransit	MTC CMA Block Grant	STP Planning	STP -TLC	STIP-TDA Swap	Bay Area Ridge Trail	Jepson Parkway STIP	Jepson Parkway Solano Cnty	Jepson P.- Federal Earmark	STIP/PPM	Jameson Canyon	RM 2 Truck Scales	RM2 I-80 Interchange	RM 2 N. Connector RM 2	N. Connector- County of Solano	N. Connector- City of Fairfield	I-80 HOV RM 2	RM2 I-80 Express Lanes	Fed Earmark- Vallejo Fairground	Vallejo Fairgrounds	Fed Earmark- Rvista Bridge	Regional TFCA BAAQMD	TFCA BAAQMD	ECMAQ	CMAQ	YSAQMD	TFCA NCTPA	CBTP Grant VV/FF	MTC Rideshare	DMV AVA PRGM.	Local Match- Cities'	Partners	Total
4			FY 2010-11 Estimate		548,851	363,757	94,397	571,450	123,750	190,000	548,951	308,017	750,000	29,956	2,400,000	714,000	474,035	1,336,252	2,551,518	17,147,254	12,419,482	27,304,604	1,000,000	1,389,233	766,698	978,057	869,708	173,942	35,874	279,408	665,604	454,906	892,000	151,809	40,000	92,662	240,000	330,000	125,568	18,000	76,379,743
5			Programmed Carryover from Prior FY 2009-10		296,175		23,397	26,450	23,750	0	113,951	148,017	0	29,956	2,400,000	714,000	474,035	747,252	2,551,518	13,771,268	6,875,359	12,304,604	1,000,000	1,389,233	766,698	978,057	114,869	20,592	35,874	279,408	106,595	144,906		66,809	0	92,662	240,000	0	16,968		45,752,403
6			New FY 2010-11 Funds		252,676	363,757	71,000	545,000	100,000	190,000	435,000	160,000	750,000	0				589,000	0	3,375,986	5,544,123	15,000,000	0	0	0		754,839	153,350	0	0	559,009	310,000	892,000	85,000	40,000		0	330,000	108,600	18,000	30,627,340
7			Programmed Carryover to FY 2011-12		313,464	0	50,197	0	0	0	0	0	0	0	1,900,000	500,000	60,613	833,286	1,851,518	13,772,468	6,844,246	8,363,265	1,000,000	0	652,634	410,302	149,021	0	0	89,253	67,112	225,408	552,000	14,400	30,000	0	0	0	8,000	0	37,687,187
8	31119	67909	Prior Year Reserve Balance - $690,495																																						
9			STA RESERVE FUND	58,000	58,000																																				58,000
10			STA INSURANCE RESERVE FUND	50,000	50,000																																				50,000
11			Total STA Reserve Funds	108,000																																					
12			OPERATIONS & ADMINISTRATION																																						
13	31120	67901	Operations Mgmt/Administration	1,474,191	72,537	232,157					284,212		371,337				22,165	193,228		27,215	37,280	10,608			4,562	17,755						25,000					75,535	10,000	90,600		1,474,191
14			-- Salaries and Benefits	817,883																																					
15	31120	67902	Board Expenses	44,000		21,600					22,400																														44,000
16			-- Stipend and Benefits	16,500																																					
17	31120	67903	Expenditure Plan	50,000	30,000				20,000																																50,000
18			Total Operation & Administration	1,676,191																																					
19			TRANSIT RIDESHARE SERVICES/SNCI																																						
20	31120	67911	Transit/SNCI Mgmt & Administration	451,373									0																		82,410	149,498		55,000			164,465				451,373
21			-- Salaries and Benefits	281,012																																					
22	31120	67912	Employer/Van Pool Outreach	10,000																											10,000										10,000
23	31120	67913	SNCI General Marketing	40,000																											40,000										40,000
24	31120	67914	Commute Challenge	27,000																											27,000										27,000
25	31120	67948	Commute Challenge-Napa	10,000																															10,000						10,000
26			-- Salaries and Benefits	5,477																																					
27	31120	67915	Bike to Work Campaign	20,000																											12,000									8,000	20,000
28	31120	67916	Bike Links Map	15,000																											15,000										15,000
29	31120	67917	Incentives	15,000																											15,000										15,000
30	31120	67919	Emergency Ride Home (ERH) Program	5,000																											5,000										5,000
31	31120	67921	Transit Management/Administration	223,548		75,000							138,548																										10,000		223,548
32			-- Salaries and Benefits	171,306																																					
33	31120	67923	Community Based Transportation Plan (CBTP)	92,662																																92,662					92,662
34	31120	67926	Lifeline Program	16,000									16,000																												16,000
35			-- Salaries and Benefits	15,010																																					
36	31120	67939	Paratransit Coordinating Council/PCC	45,000					15,000				30,000																												45,000
37			-- Salaries and Benefits	41,038																																					
38	31120	67920	Solano Express Marketing	47,281									47,281																												47,281
39			-- Salaries and Benefits	24,419																																					
40	31120	67971	Solano Senior & Disabled Transit Plan Update	110,000				21,250	88,750																																110,000
41			Salaries and Benefits	4,467																																					
42	31120	67947	SolTrans Transition & Marketing	170,000				170,000																																	170,000
43			Salaries and Benefits	19,044																																					
44	31120	67972	Transit Consolidation Implementation Phase 2	90,000				75,000					15,000																												90,000
45	31120	67984	I-80/I-680/I-780/SR12 Transit Corridor Study	150,000				150,000																																	150,000
46			Salaries and Benefits	4,467																																					
47			Total Transit & Rideshare Services/SNCI	1,537,864																																					
48			PROJECT DEVELOPMENT																																						
49	31120	67931	Project Management/Administration	84,698						0	0							84,698																							84,698
50			-- Salaries and Benefits	79,845																																					
51	31120	67933	Safe Route to School	766,045	0		44,200				40,331																			190,155	30,000	55,000	340,000	66,359							766,045
52			-- Salaries and Benefits	18,678																																					
53	31120	67944	Management Assistant for Projects (MAPS)	50,000						45,000			0					5,000																							50,000
54			-- Salaries and Benefits	4,669																																					
55	31120	67945	Public Private Partnership (P3) Feasibility Study	150,000				150,000																																	150,000
56			-- Salaries and Benefits	4,857																																					
57	31120	67978	Regional Transportation Impact Feasibility Study	50,000							0							50,000																							50,000
58			-- Salaries and Benefits	11,674																																					
59	34101	82701	Jepson Parkway	1,105,257											500,000	214,000	346,570																								1,105,257
60			-- Salaries and Benefits	44,687													44,687																								
61	34108	82714	SR 12 Jameson Canyon Project	700,000															700,000																						700,000
62	34107	82702	I-80/I-680/SR 12 Interchange Project	5,537,956																	5,463,397																				5,537,956
63			-- Salaries and Benefits	74,559																	74,559																				
64	34110	82704	North Connector East	20,319,964																		18,909,515		1,389,233																	20,319,964
65			-- Salaries and Benefits	21,216																		21,216																			
66	34112	82706	I-80 HOV Lanes	109,502																					100,527																109,502
67			-- Salaries and Benefits	8,978																					8,975																
68	34111	82703	I-80 East Bound (EB)Truck Scales Relocation	3,347,571																3,293,141																					3,347,571
69			-- Salaries and Benefits	54,430																54,430																					
70	34115	82715	I-80 Express Lanes	550,000																						514,491															550,000
71			-- Salaries and Benefits	35,509																						35,509															
72	34116	82716	I-80/I-505 HOT Lanes	0																																					0
73	34113	82717	I-80 HOV Lanes/Vallejo Fairgrounds	919,629									25,000														720,687	173,942													919,629
74			-- Salaries and Benefits	10,669																																					
75	34114	82713	SR 12/Rio Vista Bridge Realignment Study	44,842																									31,598										8,968		44,842
76			-- Salaries and Benefits	4,267																									4,276												
77	32122	67999	DMVAbandoned Vehicle Program	320,000																																		320,000			320,000
78			Total Project Development	34,055,464																																0					
79			STRATEGIC PLANNING																																						
80	31120	67961	Planning Management/Administration	163,769	0	7,000		0			124,688		32,081																		0			0							163,769
81			-- Salaries and Benefits	159,069																																					
82	31120	67964	Events	15,000	5,000																																			10,000	15,000
83	31120	67965	Model Development/Maintenance	24,000	0	8,000					8,000																												8,000		24,000
84	31120	67966	Solano County TLC Program	301,182						65,000		236,182																													301,182
85			-- Salaries and Benefits	100,710																																					
86	31120	67946	Jepson Parkway TLC Plan Update	50,000						45,000			5,000					0																							50,000
87			-- Salaries and Benefits	14,143																																					
88	31120	67937	SR 12 MIS/Corridor Study	170,040							0		0					170,040																		0					170,040
89	31120	67967	Comprehensive Transportation Plan (CTP)	217,108		20,000				35,000	20,520	71,835	69,753					0																							217,108
90			-- Salaries and Benefits	110,570																																					
91	31120	67980	Safe Route to Transit	20,000				5,200			14,800																														20,000
92			-- Salaries and Benefits																																						
93	31120	67981	Climate Change Strategy	69,900	19,850						34,000																							16,050							69,900
94	31120	67988	SR 12 Jameson Canyon Ridge Trail Study	29,956										29,956																											29,956
95	32121	67991	TFCA Programs	362,082																											362,082										362,082
96			-- Salaries and Benefits	14,308																																					
97			Total Strategic Planning	1,423,037																																					
98			EXPENDITURE TOTALS	$38,692,556	235,387	363,757	44,200	571,450	123,750	190,000	548,951	308,017	750,000	29,956	500,000	214,000	413,422	502,966	700,000	3,374,786	5,575,236	18,941,339	0	1,389,233	114,064	567,755	720,687	173,942	35,874	190,155	598,492	229,498	340,000	137,409	10,000	92,662	240,000	330,000	117,568	18,000	38,692,556

PARS – Separate Enclosure (Board Members only)

ATTACHMENTS A, B, C

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Milliman

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Vienna, VA 22182
USA

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Fax +1 703 827 9266

milliman.com

April 13, 2010

Mr. Kevin J. Murphy
Chief Operating Officer
PARS Public Agency Retirement Services
4350 Von Karman Avenue, Ste. 100
Newport Beach, CA 92660

Re: March 1, 2010 Actuarial Valuation for the Solano Transportation Authority Proposed PARS Retirement Enhancement Plan

Dear Kevin:

We are prepared to do the March 1, 2010 actuarial valuation for the proposed Solano Transportation Authority Retirement Enhancement Plan for a fixed fee of $6,000, exclusive of attendance at the meeting where the matter is considered by the Board. The fee for the meeting attendance would be $375 per hour for meeting attendance, and preparation plus standard IRS mileage reimbursement (approximately 100 miles). The work product will be our standard letter report. Our fee quote is based on your April 1st e-mail and subject to the following modifications/interpretations.

1. A Miscellaneous employee of the Solano Transportation Authority (STA) will be eligible for the supplemental benefit upon meeting the minimum age of 55, completing 5 continuous years of service with the STA, and concurrently retiring under CalPERS.

2. The supplemental benefit is the difference between the CalPERS "2.7% at 55" formula and the CalPERS "2.0% at 55" formula.

3. Benefit service will include STA credited CalPERS service, not including any purchases of additional service credit (airtime, military, or other forms of additional service credit).

4. Final average compensation is the average of the highest thirty-six (36) months of compensation with the STA subject to CalPERS deductions, not including any employee contributions to CalPERS picked up by the STA. Final average compensation is subject to IRC 401(a)(17) limitations.

5. Employees are required to make contributions to the plan equal to 2% of compensation.

6. The plan does not provide a withdrawal or disability benefit other than the return of employee contributions credited with 3% interest per year.

7. The plan provides a pre-retirement death benefit to spouses or registered domestic partners of employees who met the age and service conditions for retirement (but failed to meet the concurrent retirement provision with CalPERS) under the plan on the date of their death prior to retirement. The benefit shall be equal to the employee's supplemental retirement benefit assuming the employee had retired on the date of death and elected a 100% joint-and-survivor annuity.

8. Benefits in payment status will increase by 2% per annum or the cost of living, whichever is less, on the anniversary of the participant's date of retirement.

9. The normal form for the benefit for is a life-only annuity. In lieu of the normal form, a participant may elect an actuarially equivalent joint and survivor annuity. There is no lump sum option offered.

10. You will provide us with the most current active data and inform us of any known salary increases.

11. We will provide the results as a contribution rate effective July 1, 2010 using the interest rate of 7%.

The timing of our report will depend upon when we receive data and a signed copy of our Consulting Services Agreement from the Solano Transportation Authority (copy enclosed). However, we anticipate completing our valuation no later than May 7, 2010.

We look forward to working with you.

Sincerely,

Milliman, Inc.

Robert

Robert S. Dezube, FSA
Consulting Actuary

Enclosure

C: Ryan Nicasio, CEBS

RSD/LL/ST/PHA/32
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CONSULTING SERVICES AGREEMENT

This Agreement is entered into between Milliman, Inc., a Washington Corporation (Milliman) and the Solano Transportation Authority ("Plan Sponsor") as of April ___, 2010. Plan Sponsor has engaged Milliman to perform actuarial and consulting services related to its retirement plan(s). Such services may be modified or expanded from time to time. In consideration for Milliman agreeing to perform these services, Plan Sponsor agrees as follows:

Engagement Terms. Plan Sponsor acknowledges the obligation to pay Milliman for services rendered, whether arising from Plan Sponsor's request or otherwise necessary as a result of this engagement, at Milliman's standard hourly billing rates for the personnel utilized plus all out-of-pocket expenses incurred. The fees for services are set forth more particularly in Exhibit"1" attached hereto and made a part hereof by this reference. Milliman will bill Plan Sponsor periodically for services rendered and expenses incurred. All invoices are payable upon receipt. Milliman reserves the right to stop all work if any bill goes unpaid for 60 days. Furthermore, Milliman's engagement may be terminated upon ninety days written notice by Milliman or Plan Sponsor. Regardless of the reason for termination of services, Milliman shall be entitled to payment for services completed prior to such termination and Milliman shall retain any records it has relating to the Plan Sponsor plans for a period of at least three years from date of termination. If Milliman's assistance is reasonably required past termination, such services shall be provided at Milliman's then standard hourly rate unless another basis is agreed to by both parties.

Tool Development. Milliman shall retain all rights, title and interest (including, without limitation, all copyrights, patents, service marks, trademarks, trade secret and other intellectual property rights) in and to all technical or internal designs, methods, ideas, concepts, know-how, techniques, generic documents and templates that have been previously developed by Milliman or developed during the course of the provision of the Services provided such generic documents or templates do not contain any Plan Sponsor Confidential Information or proprietary data. Rights and ownership by Milliman of original technical designs, methods, ideas, concepts, know-how, and techniques shall not extend to or include all or any part of the Plan Sponsor's proprietary data or Plan Sponsor Confidential Information. To the extent that Milliman may include in the materials any pre-existing Milliman proprietary information or other protected Milliman materials, Milliman agrees that Plan Sponsor shall be deemed to have a fully paid up license to make copies of the Milliman owned materials as part of this engagement for its internal business purposes and provided that such materials cannot be modified or distributed outside the Plan Sponsor without the written permission of Milliman.

Limitation of Liability. Milliman will perform all services in accordance with applicable professional standards. The parties agree that Milliman, its officers, directors, agents and employees, shall not be liable to Plan Sponsor under any theory of law including negligence, tort, breach of contract or otherwise, for any damages in excess of $1,000,000 with respect to the work in question. In no event shall Milliman be liable for lost profits of Plan Sponsor or any other type of incidental or consequential damages. The foregoing limitations shall not apply in the event of intentional fraud or willful misconduct of Milliman, its officers, directors, agents and employees. Subject to the limitations hereinabove, Milliman shall indemnify, defend and hold harmless Plan Sponsor, its officers, agents, and employees, from and against any liability from third party claims or actions of any nature to the extent such claim or action results or arises from the negligent performance of Milliman pursuant to this Agreement. The Plan Sponsor shall promptly notify Milliman of any such indemnified claim and Milliman shall control the defense of such claim with counsel reasonably acceptable to the Plan Sponsor which consent shall not be unreasonably withheld.

(A) ***Disputes***. Milliman and Plan Sponsor agree to mediate any dispute or claim arising between them out of this Agreement, or any resulting transaction, before resorting to arbitration or court action. This paragraph4 (a) applies whether or not the Arbitration provision 4(b) below is initialed. Mediation fees, if any, shall be divided equally among the parties involved. If, for any dispute or claim to which this paragraph applies, any party commences an action without first attempting to resolve the matter through mediation, or refuses to mediate after a request has been made, then that party shall not be entitled to recover attorney fees, even if they would otherwise be available to the party in any such action. THIS MEDIATION PROVISION APPLIES WHETHER OR NOT THE ARBITRATION PROVISION IS INITIALED.

(B). Arbitration of Disputes. Any controversy or claim arising out of this contract or a breach thereof shall be settled by final and binding arbitration in accordance with the rules of the American Arbitration Association. The arbitration shall take place before a panel of three arbitrators. Within 30 days of the commencement of the arbitration, each party shall designate in writing a single neutral and independent arbitrator. The two arbitrators designated by the parties shall then select a third arbitrator. The arbitrators shall have a background in either insurance, actuarial science or law. The arbitrators shall have the authority to permit limited discovery, including depositions, prior to the arbitration hearing, and such discovery shall be conducted consistent with the Federal Rules of Civil Procedure. The arbitrators shall have no power or authority to award punitive or exemplary damages. The arbitrators may, in their discretion, award the cost of the arbitration, subject to the terms of paragraph 9 below, to the prevailing party. Any award made may be confirmed in any court having jurisdiction. Any arbitration shall be confidential, and except as required by law, neither party may disclose the content or results of any arbitration hereunder without the prior written consent of the other parties, except that disclosure is permitted to a party's auditors and legal advisors.

Notice: By initialing in the space below you are agreeing to have any dispute arising out of the matters included in the "ARBITRATION OF DISPUTES" provision decided by neutral arbitration and you are giving up any rights you might possess to have the dispute litigated in a court or jury trial. By initialing in the space below you are giving up your judicial rights to discovery and appeal, unless such rights are specifically included in the "ARBITRATION OF DISPUTES" provision. Your agreement to this arbitration provision is voluntary.

We have read and understand the foregoing and agree to submit disputes arising out of the matters included in the "ARBITRATION OF DISPUTES" provision to neutral arbitration.

Initialed by Milliman: RSh
Initialed by Plan Sponsor: ____________

No Third Party Distribution. Milliman's work is prepared solely for the internal business use of the Plan Sponsor. With the exception of the work that shall be provided to Public Agency Retirement Services in connection with this Agreement, Milliman's work may not be provided to third parties without Milliman's prior written consent. We understand that the Plan Sponsor may wish to distribute some of Milliman's reports to its auditors in connection with the preparation of the financial statements of the Plan or of the Plan Sponsor. We will consent to such distribution as long as each work product is distributed in its entirety. Milliman does not intend to benefit any third party recipient of its work product, including the auditor, and does not intend to create any legal duty from Milliman to the auditor even if Milliman's work product is so distributed. In the event that any audit reveals any error or inaccuracy in the data underlying this report, Milliman requests that the auditor notify Milliman as soon as possible. Milliman's work may include the preparation of certain government forms. Milliman consents to the release of these forms to the applicable agency. Any additional release of any Milliman work product by the Plan Sponsor, other than for reporting in the City's annual report, requires prior written consent by Milliman, except as may be required under the California Public Record Act.

Handling of Data and Other Confidential Information. Milliman shall use reasonable efforts to identify errors in data and obtain corrections to erroneous data, but Milliman cannot warrant the correctness of data supplied by Plan Sponsor or other parties, nor can Milliman be responsible for data not provided in a timely manner.

Any information received from Plan Sponsor will be considered "Confidential Information." However, information received from Plan Sponsor will not be considered Confidential Information if (a) the information is or comes to be generally available to the public during the course of Milliman's work; (b) was independently developed by Milliman without resort to information from the Plan Sponsor; or (c) Milliman receives the information from another source who is not under an obligation of confidentiality to Plan Sponsor. Milliman agrees that Confidential Information shall not be disclosed to any third party.

Status of Milliman. Milliman will provide the services covered by this agreement as an independent contractor. No other relationship to the Plan Sponsor nor the plan is implied or intended. Milliman shall not be deemed to be a "named fiduciary" or "plan administrator" as these terms are defined under ERISA or any similar or successor law.

Choice of Law. The construction, interpretation, and enforcement of this Agreement shall be governed by the substantive contract law of the State of California without regard to its conflict of laws provisions. It is the intention of the parties that the Limitation of Liability paragraph above shall be enforceable and the parties believe that the clause is enforceable under California law. If the Limitation of Liability clause is not enforceable, then the parties agree that New York law, and not California law shall apply for that provision. If any provision of this agreement is unenforceable as a matter of law, the remaining provisions will stay in full force and effect.

Attorney Fees. If any party institutes any action to enforce the terms and conditions of this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys fees.

MILLIMAN, INC.		**SOLANO TRANSPORTATION AUTHORITY**	
By:	Robert Dezube	By:	
Name:	Robert Dezube, FSA	Name:	
Title:	Consulting Actuary	Title:	
Date:	April 13, 2016	Date:	

CONTRACT AMENDMENT COST ANALYSIS - VALUATION BASIS: JUNE 30, 2008
MISCELLANEOUS PLAN FOR SOLANO TRANSPORTATION AUTHORITY
Employer Number: 1713
Benefit Description: Section 21354.5 - 2.7% @ 55 Full Formula (Includes All Active Local Miscellaneous Members Only)

Actuarial Cost Estimates in General

What will this amendment cost? Unfortunately, there is no simple answer. There are two major reasons for the complexity of the answer:

- The first was described in the risk disclosure and involves the nature of actuarial work based on demographic and economic assumptions.
- The second is the fact that the actuarial funding process produces the answer to the question of amendment cost as the sum of two separate pieces:
    1. The increase in Normal Cost (i.e., the increase in future annual premiums in the absence of surplus or unfunded liability) expressed as a percentage of total active payroll, and
    2. The increase in Past Service Cost (i.e., Accrued Liability – representing the current value of the increased benefit for all past service of current members) which is expressed as a lump sum dollar amount.
- The cost is the sum of a percent of future pay and a lump sum dollar amount (the sum of an apple and an orange if you will). To communicate the total cost, either the increase in Normal Cost (i.e., future percent of payroll) must be converted to a lump sum dollar amount (in which case the result is called the increase in the present value of benefits), or the Past Service Cost (i.e., the lump sum) must be converted to a percent of payroll (in which case the result is the increase in the employer's rate). Converting the Past Service Cost lump sum to a percent of payroll requires a specific amortization period. So, the new employer rate can be computed in many different ways depending on how long one will take to pay for it. As stated in the first bullet point above, these results depend on all of the assumptions being exactly realized.

Assets for Pooled Plans

Pooled plans at CalPERS share assets within the pool. Therefore, the concepts of a plan's assets and surplus/unfunded liability are no longer valid, with two exceptions. The first exception is the need to determine superfunded status and the second exception is the need to transfer assets between pools when a plan changes benefit formulas and must transfer from one pool to another. This transfer process is described in the section below. Replacing the concept of a plan's assets and a plan's surplus/unfunded liability are the pool's assets and surplus/unfunded liability and the concept of the plan's side fund.

The potential change to each meaningful measurement for the plan due to this potential plan amendment will be disclosed in the remaining sections of this communication.

Transfers between Pools

Plans at CalPERS are assigned to pools based on the service retirement formula for which they contract. Therefore, a request to amend from one service retirement formula to another requires a transfer of the plan from its current pool, call it Pool A, to a new pool, call it Pool B. When such an amendment occurs, the **transfer between pools will be deemed to have occurred as of the first annual rate setting actuarial valuation that recognizes the new contract amendment. In this case that will be the June 30, 2009 actuarial valuation**. So, if this proposed amendment is adopted, the plan will "cash out" of pool A and "buy into" pool B as of June 30, 2009. When the plan "cashes out" of Pool A, the plan will receive a prorated share of pool A's assets (excluding side funds) based on the ratio of the plan's liabilities to pool A's liabilities. The plan's remaining unamortized side fund as of June 30, 2009 will be added to this share of Pool A's assets to form the plan's total assets to cover the new higher liabilities that the plan brings into pool B as of June 30, 2009. The difference between total assets brought by the plan into pool B and the amount needed for the plan to "buy into" pool B will form the plan's new side fund.

Changes in the Present Value of Benefits

The table below shows the change in the plan's total present value of benefits for the proposed plan amendment. The present value of benefits represents the total dollars needed today to fund all future benefits for *current* members of the plan (i.e., without regard to future employees). The increase in this amount must be paid by increases in future employer and perhaps future employee contributions. As such, the change in the present value of benefits due to the plan amendment represents the total "cost" of the plan amendment. Some of this total cost may be covered by additional employee contributions and/or current side fund surplus.

	Pre-Amendment As of 06/30/2008	Change As of 06/30/2008	Post-Amendment As of 06/30/2008
Plan's Present Value of Benefits	4,002,928	494,872	4,497,800

Change in Superfunded Status

A plan with actuarial value of assets (AVA) in excess of the total present value of benefits is called *superfunded*, and neither future employer nor employee contributions are required. Of course, events such as plan amendments and investment or demographic gains or losses can change a plan's condition from year to year. For example, a plan amendment could cause a plan to move from being superfunded to being in an unfunded position. It is CalPERS policy to retain a plan's superfunded status throughout a fiscal year based on the most recently completed actuarial valuation regardless of plan amendments. So, superfunded status would change only on the subsequent valuation date, for the 2011/2012 fiscal year. The projected superfunded status for fiscal 2011/2012 with and without this plan amendment is shown below.

	Pre-Amendment Fiscal Year 2011/2012	Post-Amendment Fiscal Year 2011/2012
Plan's Superfunded Status	No	No

Changes in Accrued Liability

It is not required, nor necessarily desirable, to be superfunded. Instead, the actuarial funding process calculates a regular contribution schedule of employee contributions and employer contributions (called normal costs) which are designed to accumulate with interest to equal the total present value of benefits by the time every member has left employment. As of each June 30, the actuary calculates this "desirable" level of funding as of that point in time. The *accrued liability* is equal to the present value of benefits less the present value of scheduled future employee contributions and future employer normal costs. That is, the present value of benefits represents the funding level needed if there are to be no future contributions and the accrued liability represents the funding level if there are to be future contributions (employee contributions and future employer normal costs). When a plan is "on schedule", only future employee contributions and future employer normal costs are needed. A plan that is "behind schedule" must temporarily increase contributions to get back on schedule and a plan that is "ahead of schedule" can temporarily reduce future contributions. The change in your plan's accrued liability as of June 30, 2008, as if the amendment were recognized in that actuarial valuation, is shown below.

	Pre-Amendment As of 06/30/2008	Change As of 06/30/2008	Post-Amendment As of 06/30/2008
Plan's Accrued Liability	2,015,478	193,236	2,208,714

Changes in the Plan's Side Fund

As stated in the section on transfers between pools, if this amendment is adopted in time to be recognized in the June 30, 2009 actuarial valuation, the plan will be deemed to change pools on that valuation date. In this case, the plan's side fund will be adjusted as necessary as of this date. Shown below is the development of the plan's projected assets to be "cashed out" of the pool it is leaving as of June 30, 2009.

Projected Pre-Amendment Amounts as of 06/30/2009	
1. Plan's projected Accrued Liability without the plan amendment	2,378,408
2. Current Pool's projected Accrued Liability	3,003,842,243
3. Plan's share of current Pool's projected Accrued Liability (1) / (2)	0.079%
4. Current Pool's projected Actuarial Value of Assets excluding side funds	2,916,435,168
5. Plan's share of Current Pool's projected non-side fund Assets (3) x (4)	2,309,200
6. Plan's projected side fund without plan amendment	(145,295)
7. Plan's projected total asset "cash out" of current pool at actuarial value (5) + (6)	2,163,905

Shown below is the plan's "buy in" to the new pool and the change in the plan's side fund projected as of June 30, 2009.

Projected Post-Amendment Amounts As of 06/30/2009	
1. Plan's projected Accrued Liability with plan amendment	2,634,075
2. New Pool's projected funded ratio	94.5%
3. Projected assets needed to "buy into" new Pool (1) x (2)	2,488,753
4. Plan's projected total Assets Available (from (7) in table above)	2,163,905
5. Plan's projected new side fund (4) – (3)	(324,848)

Changes in the Initial Employer Contribution Rate

CalPERS' policy is to implement rate changes due to plan amendments immediately on the effective date of the change in plan benefits. This change is displayed as the "Change to Total Employer Rate" below. If the contract amendment effective date is on or before June 30, 2010, the change in the employer contribution rate will be added to the employer's rate for the current fiscal year.

In general, CalPERS' policy provides that, upon a plan amendment, the side fund will be broken into two components. The first component is the change in the side fund due to the plan amendment. This component will be separately amortized over 20 years. The second component of the side fund is the remaining unamortized portion of side fund as though no amendment had occurred. This pre-existing component will continue to be amortized as it was prior to the plan amendment. Finally, these two components will be added together to form a single side fund amount. The amortization period of this combined single side fund will be set to produce a single side fund payment that is as close as possible to the payment that would have resulted had the two side fund components not been combined. CalPERS amortization policies may require a further change in the amortization period known as a fresh start. These policies are contained in Appendix A of Section 2 of your 2008 annual actuarial report.

The following table shows the change in your plan's employer contribution rate for fiscal 2010/2011 due to the plan amendment. The post-amendment information shown is the actual initial contribution rate that will apply during fiscal 2010/2011 if you adopt the amendment prior to fiscal 2010/2011. The change in normal cost may be much more indicative of the long term change in the employer contribution rate due to the plan amendment.

The plan's amortization of its side fund is a temporary adjustment to the employer contribution to "get the plan back on schedule" over the amortization period shown.

	Pre-Amendment	Difference	Post-Amendment
2010/2011 Employer Rate			
Pool's Net Employer Normal Cost	7.740%	1.985%	9.725%
Pool's Payment on the Unfunded Liability	0.735%	0.738%	1.473%
Surcharge for Class 1 Benefits	0.000%	0.000%	0.000%
Phase out of Normal Cost Difference	0.000%	0.000%	0.000%
Amortization of Side Fund	1.254%	1.200%	2.454%
Total Employer Rate	9.729%	3.923%	13.652%
Side Fund Amortization Period	9		14
2011/2012 Estimated Employer Rate	*		14.1%

In the above table, the Total Employer Rate is the actual initial contribution rate that will apply during fiscal year 2010/2011 if you adopt the amendment. The 2010/2011 rates do not incorporate the investment return for the fiscal year ending June 30, 2009. However, the 2011/2012 Estimated Employer Rate does incorporate this return, but assumes no demographic gains or losses.

* The estimated 2011/2012 rate shown in the annual report mailed to you in November 2009, normally used as the pre-amendment rate, was calculated based on an estimated rate of return of -28% for the fiscal year ending June 30, 2009. When the assets were finally closed, it was determined that the actual rate of return was -24%. The post-amendment estimate of the 2011/2012 rate shown above is based on the -24% rate of return in order to offer you a more realistic cost estimate.

The table below shows the change in your plan's employee contribution rate (if any) for fiscal 2010/2011 due to the plan amendment.

	Pre-Amendment	Difference	Post-Amendment
2010/2011 Employee Rate	7.000%	1.000%	8.000%

Additional Disclosure

If your agency is requesting cost information for two or more benefit changes, the cost of adopting more than one of these changes **may not** be obtained by adding the individual costs. Instead, a separate valuation must be done to provide a cost analysis for the combination of benefit changes. If the proposed plan amendment applies to only some of the employees in the plan, the rate change due to the plan amendment still applies to the entire plan, and is still based on the total plan payroll.

Please note that the cost analysis provided in this document **may not** be relied upon after August 1, 2010. If you have not taken action to amend your contract by this date, you must contact our office for an updated cost analysis, based on the new annual valuation.

Descriptions of the actuarial methodologies, actuarial assumptions, and plan benefit provisions may be found in the appendices of the June 30, 2008 annual report. Only mandated benefit improvements included in the June 30, 2008 annual report have been incorporated into this cost analysis. Please note that the results shown here are subject to change if any of the data or plan provisions differ from what was used in this study.

Certification

This actuarial valuation for the proposed plan amendment is based on the participant, benefits, and asset data used in the June 30, 2008 annual valuation, with the benefits modified if necessary to reflect what is currently provided under your contract with CalPERS, and further modified to reflect the proposed plan amendment. The valuation has been performed in accordance with standards of practice prescribed by the Actuarial Standards Board, and the assumptions and methods are internally consistent and reasonable for this plan, as prescribed by the CalPERS Board of Administration according to provisions set forth in the California Public Employees' Retirement Law.

Gale D Patrick

Gale D. Patrick, FSA, MAAA
Enrolled Actuary
Senior Pension Actuary, CalPERS

Fin Process Ids: Annual - 330474, Base - 334367, Proposal - 334368
Type: A

Summary of Plan Amendments Valued

COVERAGE GROUP 70001

Pre-Amendment

- This group of members is required to contribute 7% of reportable earnings. (Members with a modified formula contribute 7% of reportable earnings in excess of $133.33 per month).

- The Service Retirement benefit calculated for service earned by this group of members is a monthly allowance equal to the product of the 2% @ 55 benefit factor, years of service, and final compensation. (Final compensation is reduced by $133.33 per month for members with a modified formula). The benefit factors for retirement at integral ages are shown below:

Retirement Age	2% at 55 Factor	Retirement Age	2% at 55 Factor
50	1.426%	57	2.104%
51	1.522%	58	2.156%
52	1.628%	59	2.210%
53	1.742%	60	2.262%
54	1.866%	61	2.314%
55	2.000%	62	2.366%
56	2.052%	63 and older	2.418%

Post-Amendment

- This group of members is required to contribute 8% of reportable earnings. (Members with a modified formula contribute 8% of reportable earnings in excess of $133.33 per month).

- The Service Retirement benefit calculated for service earned by this group of members (applying to active members only) is a monthly allowance equal to the product of the 2.7% @ 55 benefit factor, years of service, and final compensation. (Final compensation is reduced by $133.33 per month for members with a modified formula). The benefit factors for retirement at integral ages are shown below:

Retirement Age	2.7% at 55 Factor
50	2.000%
51	2.140%
52	2.280%
53	2.420%
54	2.560%
55 and older	2.700%

Actuarial Cost Estimates in General

What will this amendment cost? Unfortunately, there is no simple answer. There are two major reasons for the complexity of the answer:

- The first was described in the risk disclosure and involves the nature of actuarial work based on demographic and economic assumptions.
- The second is the fact that the actuarial funding process produces the answer to the question of amendment cost as the sum of two separate pieces:
    1. The increase in Normal Cost (i.e., the increase in future annual premiums in the absence of surplus or unfunded liability) expressed as a percentage of total active payroll, and
    2. The increase in Past Service Cost (i.e., Accrued Liability – representing the current value of the increased benefit for all past service of current members) which is expressed as a lump sum dollar amount.
- The cost is the sum of a percent of future pay and a lump sum dollar amount (the sum of an apple and an orange if you will). To communicate the total cost, either the increase in Normal Cost (i.e., future percent of payroll) must be converted to a lump sum dollar amount (in which case the result is called the increase in the present value of benefits), or the Past Service Cost (i.e., the lump sum) must be converted to a percent of payroll (in which case the result is the increase in the employer's rate). Converting the Past Service Cost lump sum to a percent of payroll requires a specific amortization period. So, the new employer rate can be computed in many different ways depending on how long one will take to pay for it. As stated in the first bullet point above, these results depend on all of the assumptions being exactly realized.

Assets for Pooled Plans

Pooled plans at CalPERS share assets within the pool. Therefore, the concepts of a plan's assets and surplus/unfunded liability are no longer valid, with two exceptions. The first exception is the need to determine superfunded status and the second exception is the need to transfer assets between pools when a plan changes benefit formulas and must transfer from one pool to another. This transfer process is described in the section below. Replacing the concept of a plan's assets and a plan's surplus/unfunded liability are the pool's assets and surplus/unfunded liability and the concept of the plan's side fund.

The potential change to each meaningful measurement for the plan due to this potential plan amendment will be disclosed in the remaining sections of this communication.

Transfers between Pools

Plans at CalPERS are assigned to pools based on the service retirement formula for which they contract. Therefore, a request to amend from one service retirement formula to another requires a transfer of the plan from its current pool, call it Pool A, to a new pool, call it Pool B. When such an amendment occurs, the **transfer between pools will be deemed to have occurred as of the first annual rate setting actuarial valuation that recognizes the new contract amendment. In this case that will be the June 30, 2009 actuarial valuation.** So, if this proposed amendment is adopted, the plan will "cash out" of pool A and "buy into" pool B as of June 30, 2009. When the plan "cashes out" of Pool A, the plan will receive a prorated share of pool A's assets (excluding side funds) based on the ratio of the plan's liabilities to pool A's liabilities. The plan's remaining unamortized side fund as of June 30, 2009 will be added to this share of Pool A's assets to form the plan's total assets to cover the new higher liabilities that the plan brings into pool B as of June 30, 2009. The difference between total assets brought by the plan into pool B and the amount needed for the plan to "buy into" pool B will form the plan's new side fund.

Changes in the Present Value of Benefits

The table below shows the change in the plan's total present value of benefits for the proposed plan amendment. The present value of benefits represents the total dollars needed today to fund all future benefits for *current* members of the plan (i.e., without regard to future employees). The increase in this amount must be paid by increases in future employer and perhaps future employee contributions. As such, the change in the present value of benefits due to the plan amendment represents the total "cost" of the plan amendment. Some of this total cost may be covered by additional employee contributions and/or current side fund surplus.

	Pre-Amendment As of 06/30/2008	**Change As of 06/30/2008**	**Post-Amendment As of 06/30/2008**
Plan's Present Value of Benefits	4,002,928	635,541	4,638,469

Change in Superfunded Status

A plan with actuarial value of assets (AVA) in excess of the total present value of benefits is called *superfunded,* and neither future employer nor employee contributions are required. Of course, events such as plan amendments and investment or demographic gains or losses can change a plan's condition from year to year. For example, a plan amendment could cause a plan to move from being superfunded to being in an unfunded position. It is CalPERS policy to retain a plan's superfunded status throughout a fiscal year based on the most recently completed actuarial valuation regardless of plan amendments. So, superfunded status would change only on the subsequent valuation date, for the 2011/2012 fiscal year. The projected superfunded status for fiscal 2011/2012 with and without this plan amendment is shown below.

	Pre-Amendment Fiscal Year 2011/2012	**Post-Amendment Fiscal Year 2011/2012**
Plan's Superfunded Status	No	No

Changes in Accrued Liability

It is not required, nor necessarily desirable, to be superfunded. Instead, the actuarial funding process calculates a regular contribution schedule of employee contributions and employer contributions (called normal costs) which are designed to accumulate with interest to equal the total present value of benefits by the time every member has left employment. As of each June 30, the actuary calculates this "desirable" level of funding as of that point in time. The *accrued liability* is equal to the present value of benefits less the present value of scheduled future employee contributions and future employer normal costs. That is, the present value of benefits represents the funding level needed if there are to be no future contributions and the accrued liability represents the funding level if there are to be future contributions (employee contributions and future employer normal costs). When a plan is "on schedule", only future employee contributions and future employer normal costs are needed. A plan that is "behind schedule" must temporarily increase contributions to get back on schedule and a plan that is "ahead of schedule" can temporarily reduce future contributions. The change in your plan's accrued liability as of June 30, 2008, as if the amendment were recognized in that actuarial valuation, is shown below.

	Pre-Amendment As of 06/30/2008	**Change As of 06/30/2008**	**Post-Amendment As of 06/30/2008**
Plan's Accrued Liability	2,015,478	254,540	2,270,018

Changes in the Plan's Side Fund

As stated in the section on transfers between pools, if this amendment is adopted in time to be recognized in the June 30, 2009 actuarial valuation, the plan will be deemed to change pools on that valuation date. In this case, the plan's side fund will be adjusted as necessary as of this date. Shown below is the development of the plan's projected assets to be "cashed out" of the pool it is leaving as of June 30, 2009.

Projected Pre-Amendment Amounts as of 06/30/2009

1.	Plan's projected Accrued Liability without the plan amendment	2,378,408
2.	Current Pool's projected Accrued Liability	3,003,842,243
3.	Plan's share of current Pool's projected Accrued Liability (1) / (2)	0.079%
4.	Current Pool's projected Actuarial Value of Assets excluding side funds	2,916,435,168
5.	Plan's share of Current Pool's projected non-side fund Assets (3) x (4)	2,309,200
6.	Plan's projected side fund without plan amendment	(145,295)
7.	Plan's projected total asset "cash out" of current pool at actuarial value (5) + (6)	2,163,905

Shown below is the plan's "buy in" to the new pool and the change in the plan's side fund projected as of June 30, 2009.

Projected Post-Amendment Amounts As of 06/30/2009

1.	Plan's projected Accrued Liability with plan amendment	2,710,338
2.	New Pool's projected funded ratio	94.5%
3.	Projected assets needed to "buy into" new Pool (1) x (2)	2,560,809
4.	Plan's projected total Assets Available (from (7) in table above)	2,163,905
5.	Plan's projected new side fund (4) – (3)	(396,904)

Changes in the Initial Employer Contribution Rate

CalPERS' policy is to implement rate changes due to plan amendments immediately on the effective date of the change in plan benefits. This change is displayed as the "Change to Total Employer Rate" below. If the contract amendment effective date is on or before June 30, 2010, the change in the employer contribution rate will be added to the employer's rate for the current fiscal year.

In general, CalPERS' policy provides that, upon a plan amendment, the side fund will be broken into two components. The first component is the change in the side fund due to the plan amendment. This component will be separately amortized over 20 years. The second component of the side fund is the remaining unamortized portion of side fund as though no amendment had occurred. This pre-existing component will continue to be amortized as it was prior to the plan amendment. Finally, these two components will be added together to form a single side fund amount. The amortization period of this combined single side fund will be set to produce a single side fund payment that is as close as possible to the payment that would have resulted had the two side fund components not been combined. CalPERS amortization policies may require a further change in the amortization period known as a fresh start. These policies are contained in Appendix A of Section 2 of your 2008 annual actuarial report.

The following table shows the change in your plan's employer contribution rate for fiscal 2010/2011 due to the plan amendment. The post-amendment information shown is the actual initial contribution rate that will apply during fiscal 2010/2011 if you adopt the amendment prior to fiscal 2010/2011. The change in normal cost may be much more indicative of the long term change in the employer contribution rate due to the plan amendment.

The plan's amortization of its side fund is a temporary adjustment to the employer contribution to "get the plan back on schedule" over the amortization period shown.

	Pre-Amendment	Difference	Post-Amendment
2010/2011 Employer Rate			
Pool's Net Employer Normal Cost	7.740%	1.985%	9.725%
Pool's Payment on the Unfunded Liability	0.735%	0.738%	1.473%
Surcharge for Class 1 Benefits			
a) FAC 1	0.000%	0.632%	0.632%
Phase out of Normal Cost Difference	0.000%	0.000%	0.000%
Amortization of Side Fund	1.254%	1.622%	2.876%
Total Employer Rate	9.729%	4.977%	14.706%
Side Fund Amortization Period	9		15
2011/2012 Estimated Employer Rate	*		15.2%

In the above table, the Total Employer Rate is the actual initial contribution rate that will apply during fiscal year 2010/2011 if you adopt the amendment. The 2010/2011 rates do not incorporate the investment return for the fiscal year ending June 30, 2009. However, the 2011/2012 Estimated Employer Rate does incorporate this return, but assumes no demographic gains or losses.

* The estimated 2011/2012 rate shown in the annual report mailed to you in November 2009, normally used as the pre-amendment rate, was calculated based on an estimated rate of return of -28% for the fiscal year ending June 30, 2009. When the assets were finally closed, it was determined that the actual rate of return was -24%. The post-amendment estimate of the 2011/2012 rate shown above is based on the -24% rate of return in order to offer you a more realistic cost estimate.

The table below shows the change in your plan's employee contribution rate (if any) for fiscal 2010/2011 due to the plan amendment.

	Pre-Amendment	Difference	Post-Amendment
2010/2011 Employee Rate	7.000%	1.000%	8.000%

Additional Disclosure

If your agency is requesting cost information for two or more benefit changes, the cost of adopting more than one of these changes **may not** be obtained by adding the individual costs. Instead, a separate valuation must be done to provide a cost analysis for the combination of benefit changes. If the proposed plan amendment applies to only some of the employees in the plan, the rate change due to the plan amendment still applies to the entire plan, and is still based on the total plan payroll.

Please note that the cost analysis provided in this document **may not** be relied upon after August 1, 2010. If you have not taken action to amend your contract by this date, you must contact our office for an updated cost analysis, based on the new annual valuation.

Descriptions of the actuarial methodologies, actuarial assumptions, and plan benefit provisions may be found in the appendices of the June 30, 2008 annual report. Only mandated benefit improvements included in the June 30, 2008 annual report have been incorporated into this cost analysis. Please note that the results shown here are subject to change if any of the data or plan provisions differ from what was used in this study.

Certification

This actuarial valuation for the proposed plan amendment is based on the participant, benefits, and asset data used in the June 30, 2008 annual valuation, with the benefits modified if necessary to reflect what is currently provided under your contract with CalPERS, and further modified to reflect the proposed plan amendment. The valuation has been performed in accordance with standards of practice prescribed by the Actuarial Standards Board, and the assumptions and methods are internally consistent and reasonable for this plan, as prescribed by the CalPERS Board of Administration according to provisions set forth in the California Public Employees' Retirement Law.

Gale D. Patrick

Gale D. Patrick, FSA, MAAA
Enrolled Actuary
Senior Pension Actuary, CalPERS

Fin Process Ids: Annual - 330474, Base - 334369, Proposal - 334370
Type: A

Summary of Plan Amendments Valued

COVERAGE GROUP 70001

Pre-Amendment

- The final compensation is calculated as the monthly average of the member's highest 36 consecutive months' full-time equivalent monthly pay (no matter which CalPERS employer paid this compensation).

- This group of members is required to contribute 7% of reportable earnings. (Members with a modified formula contribute 7% of reportable earnings in excess of $133.33 per month).

- The Service Retirement benefit calculated for service earned by this group of members is a monthly allowance equal to the product of the 2% @ 55 benefit factor, years of service, and final compensation. (Final compensation is reduced by $133.33 per month for members with a modified formula). The benefit factors for retirement at integral ages are shown below:

Retirement Age	2% at 55 Factor	Retirement Age	2% at 55 Factor
50	1.426%	57	2.104%
51	1.522%	58	2.156%
52	1.628%	59	2.210%
53	1.742%	60	2.262%
54	1.866%	61	2.314%
55	2.000%	62	2.366%
56	2.052%	63 and older	2.418%

Post-Amendment

- The final compensation is calculated as the monthly average of the member's highest 12 consecutive months' full-time equivalent monthly pay (no matter which CalPERS employer paid this compensation).

- This group of members is required to contribute 8% of reportable earnings. (Members with a modified formula contribute 8% of reportable earnings in excess of $133.33 per month).

- The Service Retirement benefit calculated for service earned by this group of members (applying to active members only) is a monthly allowance equal to the product of the 2.7% @ 55 benefit factor, years of service, and final compensation. (Final compensation is reduced by $133.33 per month for members with a modified formula). The benefit factors for retirement at integral ages are shown below:

Retirement Age	2.7% at 55 Factor
50	2.000%
51	2.140%
52	2.280%
53	2.420%
54	2.560%
55 and older	2.700%

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ATTACHMENT C

Solano Transportation Authority

Retirement Enhancement Plan (REP)

February 19, 2010

PUBLIC AGENCY RETIREMENT SERVICES PARS

Making retirement work for you.

PARS Highlights

- PARS - Public Agency Retirement Services
- 3rd largest multiple employer public retirement system
- 400+ PARS member agencies
- 800+ retirement plans under PARS administration
- Over 250,000 public employee participants
- Over $600 million in trust assets

What PARS Does

- Specializes exclusively in retirement plan consulting and administration for public agencies since 1983
- Assists in plan design and implementation
- Performs “turn-key” plan administration

PARS Programs

- Supplementary/Early Retirement Plans (SRP)
- Separation Incentive Plans (SIP)
- Retirement Enhancement Plans (REP)
- Alternate Retirement System for part time employees (ARS)
- GASB 45 Implementation Program for Post Retirement Health Care (PRHC)

Who is in the PARS Trust?

The PARS Trust

Trust Administrator

PARS

The Participant

Eligible Employee

The Member Agency

Solano Transportation Authority

Trustee

Union Bank

PARS Trustee - Union Bank

- Chartered in 1864
- 4th largest bank in California
- 2nd largest trust division in California
  - $140 billion in trust assets
- Regulated by state and federal agencies

PARS Member Agencies

Cities and Counties

Alameda
Alhambra
Anderson
Antioch
Arcadia
Arroyo Grande
Azusa
Bakersfield
Banning
Beaumont, CA
Beaumont, TX
Belvedere
Benicia
Berkeley
Beverly Hills
Bishop
Brea
Brisbane
Burbank
California City
Camarillo
Campbell
Capitola
Carlsbad
Carson
Cerritos
Chula Vista
Claremont
Commerce
Concord
Coppell
Costa Mesa
Covina
Crescent City
Cudahy
Culver City
Cypress
Davis
Del Mar
Downey
Duarte
Dublin
Duncanville
El Centro
El Monte
El Segundo
Emeryville
Escondido
Euless
Fairfield
Fontana
Fort Worth
Fountain Valley
Fremont
Galt
Gardena
Garland
Gilroy
Glendale
Glendora
Grand Prairie
Grapevine
Half Moon Bay
Haltom City
Hawthorne
Hayward
Healdsburg
Henderson
Hercules
Hermosa Beach
Hollister
Huntington Beach
Huntington Park
Hurst
Inglewood
Irvine
Irving
Irwindale
La Mesa
La Mirada
La Palma
La Porte
La Quinta
La Verne
Laguna Beach
Laguna Hills
Lake Forest
Lakewood
Lancaster
Lawndale
Lincoln
Livermore
Lodi
Long Beach
Longview
Malibu
Manhattan Beach
Mansfield
Manteca
Marysville
Maywood
Mesquite
Milpitas
Modesto
Monrovia
Montebello
Morgan Hill
Morro Bay
Murrieta
Napa
National City
Newport Beach
North Richland Hills
Norwalk
Oceanside
Oxnard
Pacific Grove
Pacifica
Palmdale
Palo Alto
Pasadena
Petaluma
Pico Rivera
Pittsburg
Placentia
Pomona
Poway
Rancho Cucamonga
Redding
Redwood City
Reno, NV
Rialto
Richmond
Ridgecrest
Rolling Hills Estates
Rosemead
Rowlett
San Angelo
San Bernardino
San Carlos
San Leandro
San Luis Obispo
San Marcos
San Marino
San Pablo
San Rafael
San Ramon
Santa Clara
Santa Maria
Santee
Scotts Valley
Seal Beach
Seaside
Signal Hill
Simi Valley
Sonoma
South Gate
South San Francisco
Southlake
Stockton
Sunnyvale
Temple City
Torrance
Tracy
Tulare
Twentynine Palms
Tyler
Vacaville
Vallejo
Visalia
Watauga
West Covina
West Sacramento
Westminster
Woodland
Yuba City
Butte
Calaveras
Dallas
Humboldt
Imperial
Inyo
Merced
Mono
San Mateo
Santa Cruz
Shasta
Solano
Sonoma
Stanislaus
Trinity
Tuolumne
Yolo
Yuba

Special Districts

ABLE (Airborne Law Enforcement Services
Alameda County Medical Center
Alameda County Mosquito Abatement District
Antelope Valley Transit Authority
Baker Community Services District
Calaveras County Water District
California JPIA
CalOPTIMA
Central Basin Muni Water District
Central Contra Costa Sanitary District
Coalinga-Huron Rec & Park District
Coastside Fire Protection District
Cucamonga Valley Water District
Delta Diablo Sanitation District
East Bay Regional Park District
East Side Mosquito Abatement District
Eastern Sierra Community Services District
Eastern Sierra Transit Authority
Exposition Metro Line Construction Authority
Fulton-El Camino Recreation & Park District
Gateway Cities Council of Governments
Golden Hills Community Services District
Great Basin Unified Air Pollution Control District
Hayward Area Recreation & Park District
Hesperia Recreation and Park District
Housing Authority of the Cnty of San Bernardino
LA to Pasadena Metro Blue Line
Marina Coast Water District
Menlo Park Fire Protection District
MESA City of Emeryville
Metropolitan Transportation Commission
Mission Oaks Recreation & Park District
Mojave Desert Air Quality Management District
Montecito Fire Protection District
Monterey Peninsula Regional Park District
Monterey Regional Water Pollution Control
Northern California Power Agency
Novato Sanitary District
Orange County Vector Control District
Orange County Water District
Oro Loma Sanitary District
Pajaro-Sunny Mesa Community Svcs District
Partnership Health Plan of California
Placentia Library District
Pleasant Hill Recreation & Park District
Rio Linda Elverta Recreation and Park District
San Bernardino Municipal Water Department
San Diego Association of Governments
San Diego Trolley, Inc.
Santa Barbara County Law Library
SCAG
South Orange County Wastewater Authority
Superior Court of CA, County of Sonoma
Sweetwater Authority
Town of Mammoth Lakes
Town of Yucca Valley
Truckee Fire Protection District
Truckee-Donner Recreation and Park District
Vallejo Sanitation & Flood Control District
Valley of the Moon Fire Protection District
Ventura Regional Sanitation District
Water Replenishment District of S. CA
West Basin Municipal Water District
West County Wastewater District

Background

- Solano Transportation Authority participates in CalPERS 2% at 55 plan for miscellaneous employees
- 2.7% at 55 and 3% at 60 plans are currently the best plans available to miscellaneous CalPERS members

Retirement Enhancement Plan

- Internal Revenue Code (IRC) 401(a) tax-qualified Defined Benefit Plan
- Supplemental benefits based on difference between CalPERS 2% at 55 plan and 2.5% at 55 or 2.7% at 55
- Recognition of either no prior years or all prior years of Agency service credit

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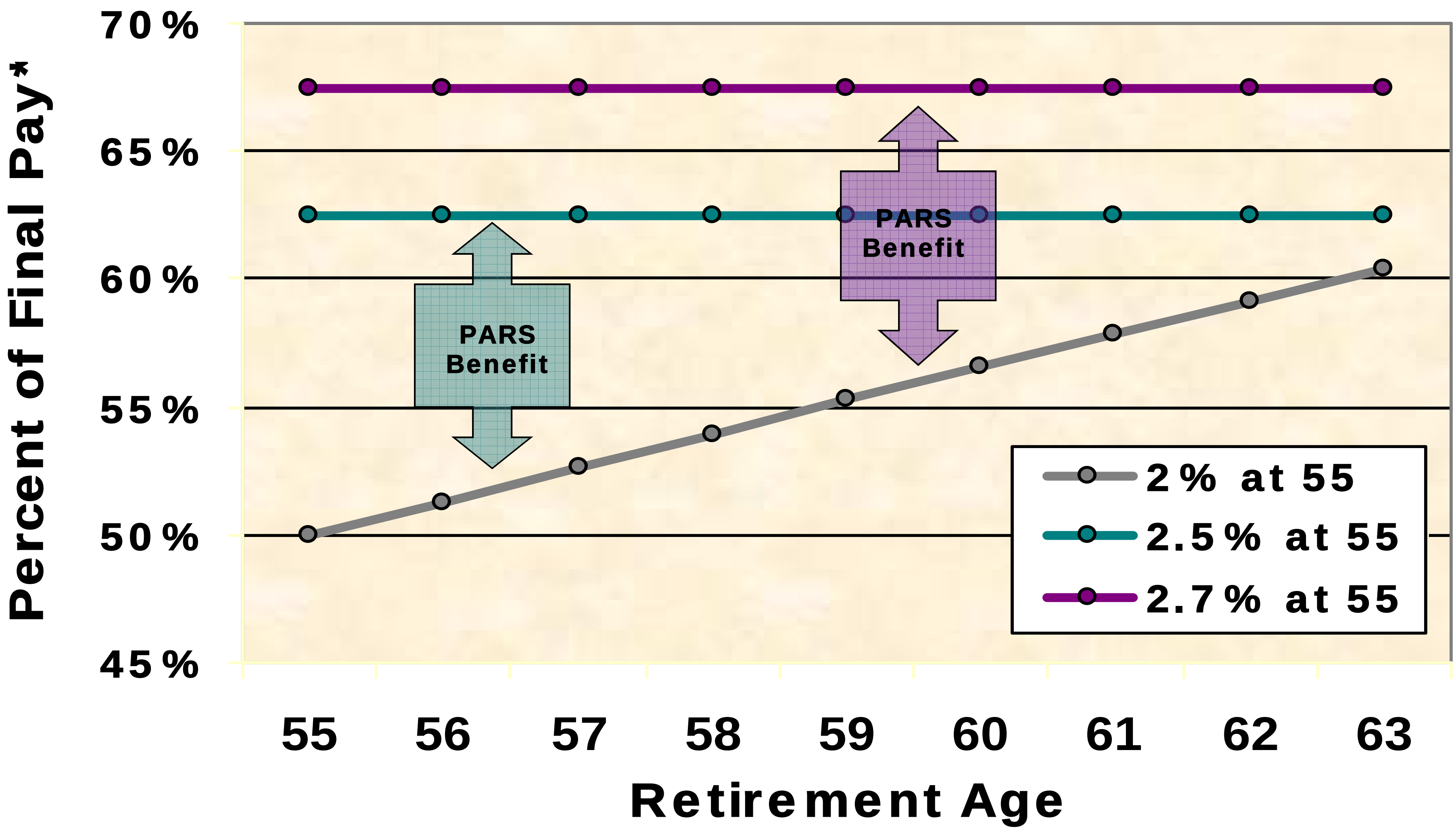
How the Plan Works

Age	CalPERS 2% at 55 Factor	2.5% at 55 Age Factor	Net Benefit
55	2.000%	2.500%	0.500%
56	2.052%	2.500%	0.448%
57	2.104%	2.500%	0.396%
58	2.156%	2.500%	0.344%
59	2.210%	2.500%	0.290%
60	2.262%	2.500%	0.238%
61	2.314%	2.500%	0.186%
62	2.366%	2.500%	0.134%
63	2.418%	2.500%	0.082%

How the Plan Works

Age	CalPERS 2% at 55 Factor	2.7% at 55 Age Factor	Net Benefit
55	2.000%	2.700%	0.700%
56	2.052%	2.700%	0.648%
57	2.104%	2.700%	0.596%
58	2.156%	2.700%	0.544%
59	2.210%	2.700%	0.490%
60	2.262%	2.700%	0.438%
61	2.314%	2.700%	0.386%
62	2.366%	2.700%	0.334%
63	2.418%	2.700%	0.282%

Comparison of DB Benefits



* Assuming 25 years of service

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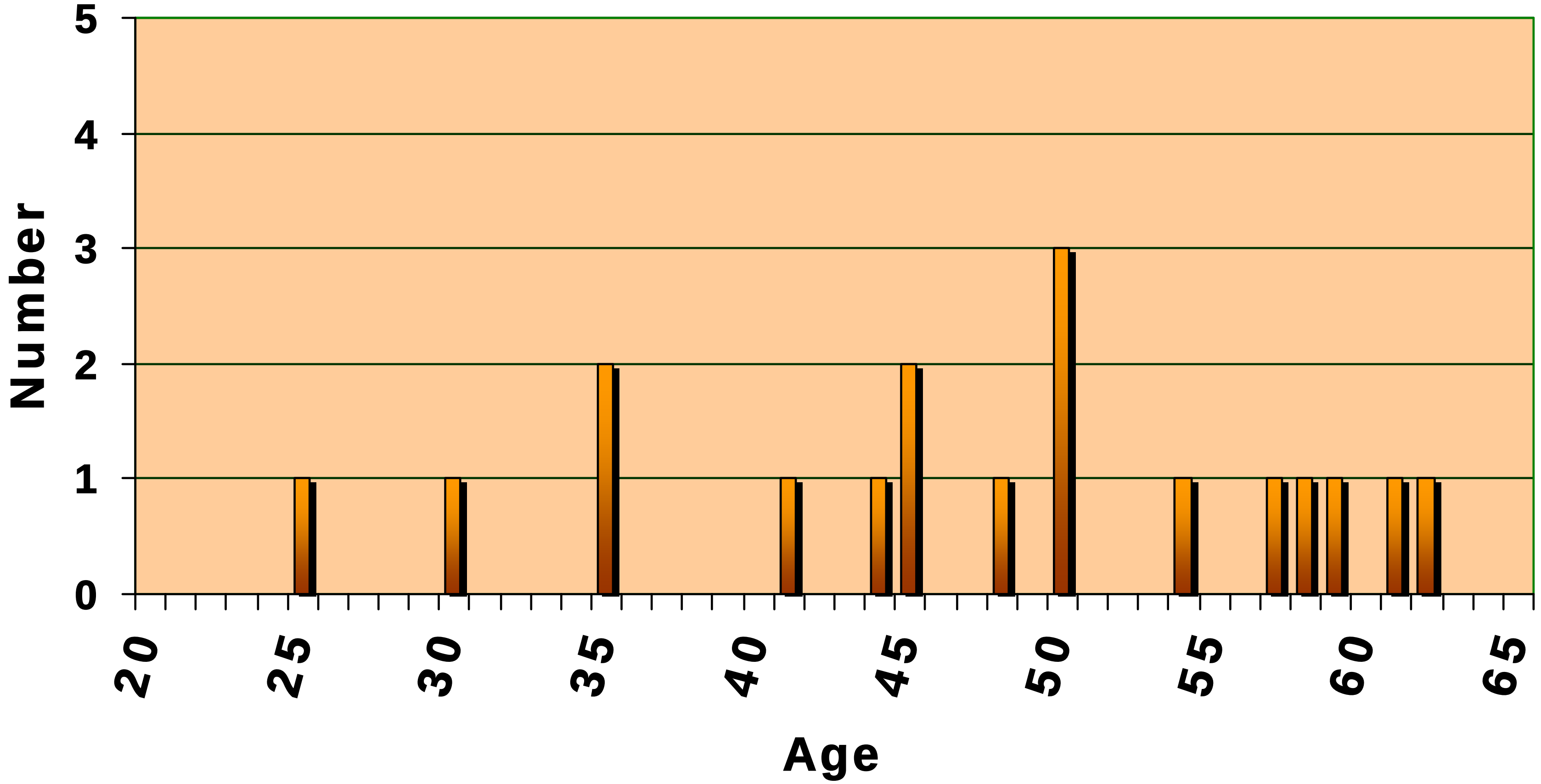
Making retirement work for you.

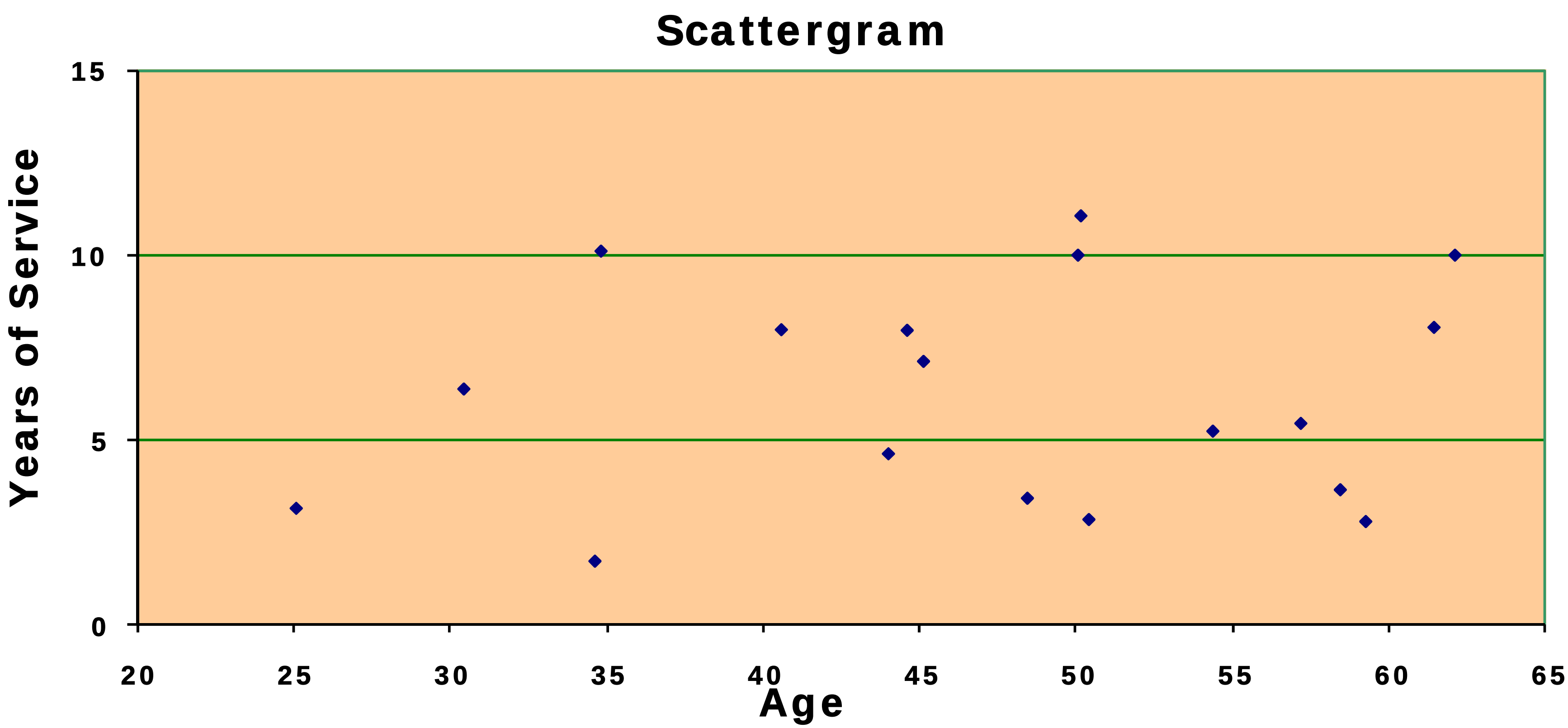
Current Demographics

Miscellaneous Employees



Current Demographics

Miscellaneous Employees



Participant Information

Miscellaneous Employees

Participants:	18
Average Age:	47.29
Average Service:	6.18
Average Salary:	$87,813

Calculation Assumptions

Effective Date:	**July 1, 2010**
Investment Return:	**7.00%**
Salary Increase:	**3.00%**
Benefit Increase:	**2.00% COLA**
Amortization: (funding as a percentage of payroll)	**20 Years**

Calculation Assumptions

Decrement Rates

Turnover: **None**

Mortality: **GAM 83**

Disability: **None**

Vesting: **5 Years of Service from original date of hire**

Note: In preparing these calculations we relied, without audit, on information provided by the Agency including participants date of birth, date of hire and salary. Certain assumptions were made including salary cola, interest earnings and retirement dates. The results contained in this analysis are dependent upon future experience conforming to the assumptions used and the results will be altered to the extent that future Plan experience deviates from these assumptions.

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Composite Contribution Rate

Miscellaneous Employees – 100% of Prior Service Credit

	2.5% at 55			2.7% at 55		
Age	**% of Payroll**	**Annual Payment**	**NPV of Cost**	**% of Payroll**	**Annual Payment**	**NPV of Cost**
55	4.88%	$77,202	$1,160,391	6.98%	$110,364	$1,658,827
56	4.42%	$69,823	$1,049,476	6.52%	$103,087	$1,549,463
57	3.93%	$62,134	$933,907	6.03%	$95,371	$1,433,479
58	3.43%	$54,195	$814,575	5.53%	$87,396	$1,313,614
59	2.90%	$45,789	$688,228	4.99%	$78,827	$1,184,808
60	2.38%	$37,606	$565,244	4.46%	$70,427	$1,058,556

Composite Contribution Rate

Miscellaneous Employees – 0% of Prior Service Credit

	2.5% at 55			2.7% at 55		
Age	**% of Payroll**	**Annual Payment**	**NPV of Cost**	**% of Payroll**	**Annual Payment**	**NPV of Cost**
55	2.72%	$42,921	$645,131	3.85%	$60,826	$914,252
56	2.55%	$40,342	$606,360	3.74%	$59,051	$887,572
57	2.34%	$37,030	$556,587	3.57%	$56,384	$847,481
58	2.11%	$33,423	$502,368	3.38%	$53,441	$803,256
59	1.84%	$29,049	$436,616	3.14%	$49,574	$745,121
60	1.51%	$23,807	$357,840	2.80%	$44,229	$664,783

Distribution Assumptions

- PARS Plan permits employees to select benefit payout options including:
  - Monthly lifetime payment
  - Joint and 100% Survivor payment

  Optional:
  - Lump sum payment (rolled to an IRA)
  - Fixed payments (5, 10, or 15 years)

PARS Advantages

- Flexibility to customize a plan based on the specific needs of the Agency and its employees

- Ability to adjust eligibility and contribution requirements

- Greater portability and distribution options

Ongoing Administration

- PARS will provide “turn-key” administrative services including:
  - Fielding Participant information requests
  - Calculating benefit amounts and payment options
  - Coordination with PARS Trustee on benefit distributions

Ongoing Administration

- Prepare annual Agency statements and Participant statements
- Prepare annual independent audit of PARS Trust
- Prepare annual State Controller's Report
- Comply with all State and Federal mandates
- Advise Agency of ongoing compliance and qualification issues

Steps to Implementation

Step 1 Finalize with Agency staff all plan provisions, implementation timelines, benefit communication strategies, actuarial analysis and funding policies

Step 2 Draft initial legal documents (Agency Resolution, Adoption Agreement, and Trust Agreement) for Agency legal review

Step 3 Agency approval of resolution approving plan, joining PARS Trust and appointing Plan Administrator; sign initial legal documents

Step 4 Draft plan document for Agency legal review; Plan Administrator signs final plan document

Step 5 Prepare employee benefit communication materials, including plan summary

Step 6 Conduct employee group orientations

Step 7 Prepare and submit IRS Letter of Determination application

Step 8 Implement REP and begin “turn-key” administration

Contact PARS

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Enrollments	
Kristen Farris, Vice President	Ext. 139
Plan Administration / Accounting	
Patrick Pacheco, Senior Vice President	Ext. 118