

City of San Leandro Miscellaneous and Safety Plans

2020 Actuarial Valuation Results and Updates

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Overview

- Summary of June 30, 2020 Valuation Results
- Significant Events Since the June 30, 2020 Valuation Date
- Risk Mitigation Policy and Asset Liability Management Study
- Projections of June 30, 2021 Unfunded Accrued Liability
- Projections of Amortization Payments

Summary of June 30, 2020 Valuation Results (\$mil)

Plan	Actuarial Accrued Liability	Market Value of Assets	Unfunded Accrued Liability	Funded Ratio
Miscellaneous (VP 37)	327.0	214.8	112.2	65.7%
Safety (VP 38)	315.9	209.8	106.1	66.4%
PEPRA Safety (VP 25027)	1.9	1.7	0.2	89.9%

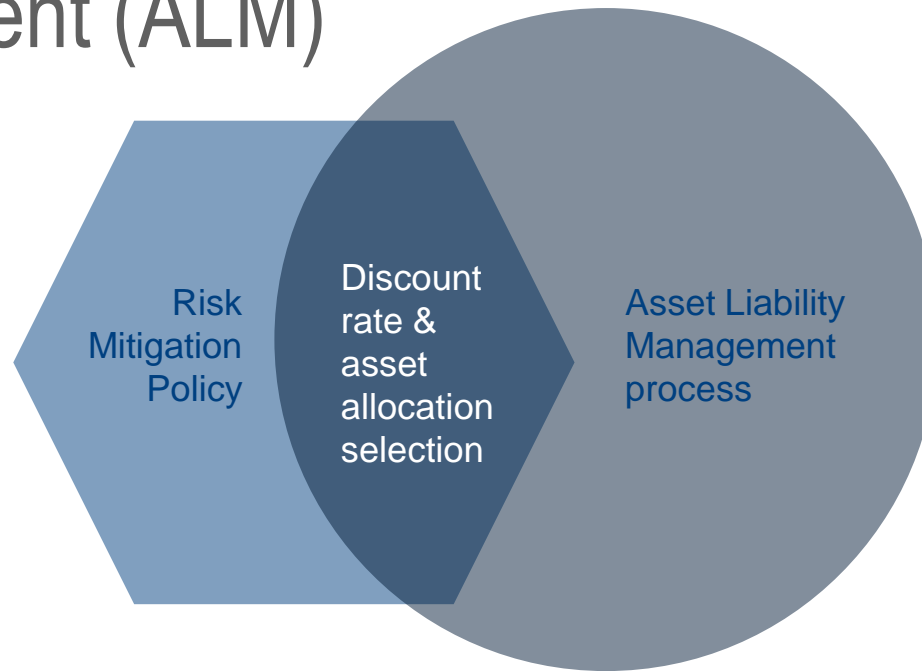
Significant Events Since the June 30, 2020 Valuation Date

- Favorable FY2020-21 investment return of 21.3%. 14.3% above the 7.00% assumption
 - Produced investment gain which will be amortized over 20 years beginning FY2023-24(w/ramping)
 - Triggered Risk Mitigation Policy (RMP) on discount rate to value liabilities as of June 30, 2021
- Asset Liability Management study on economic assumptions is expected to be completed by November of 2021

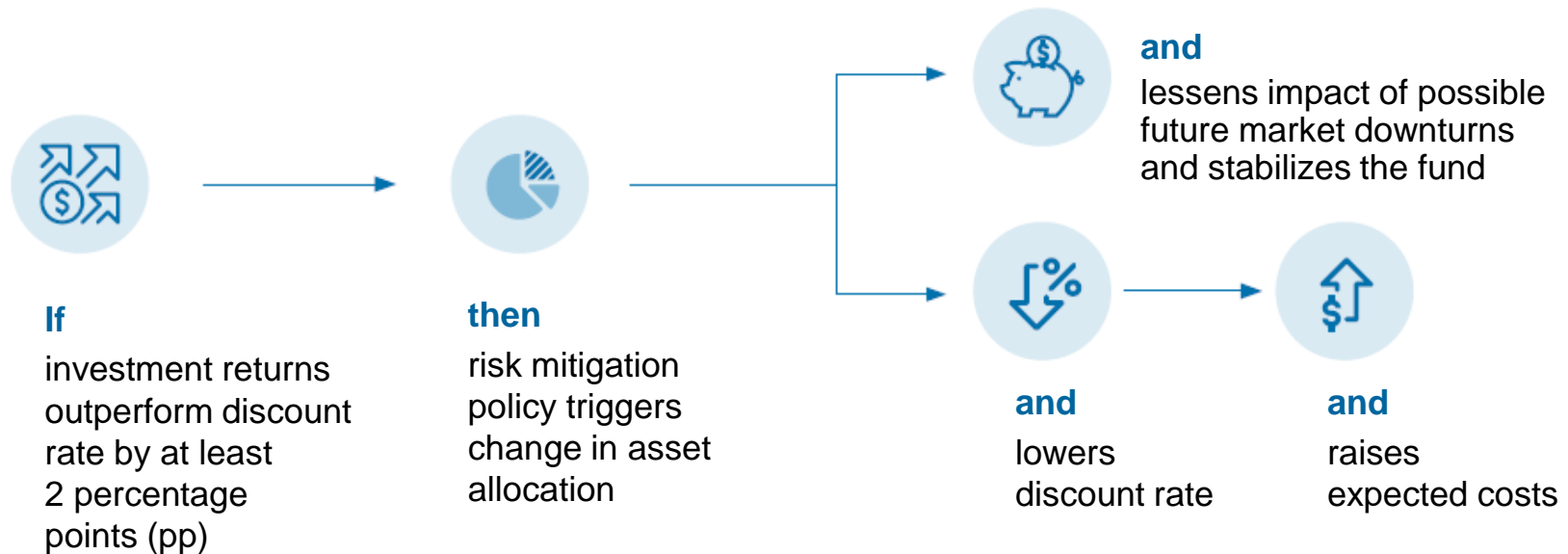
Significant Events Since the June 30, 2020 Valuation Date (continued)

- Experience Study on demographic assumptions is expected to be released later this year
- New demographic and economic assumptions will be implemented in the June 30, 2021 valuation
- Asset Liability Management study may further decrease the discount rate due to asset re-allocation

Risk Mitigation Policy and Asset Liability Management (ALM)



How Risk Mitigation Policy Works



Funding under Risk Mitigation Policy



If
investment returns outperform discount rate by:

+2 pp → 9% →

+7 pp → 14% →

+10 pp → 17% →

+13 pp → 20% →

+17 pp → 24% →



then
resulting discount rate will be:

6.95%

6.90%

6.85%

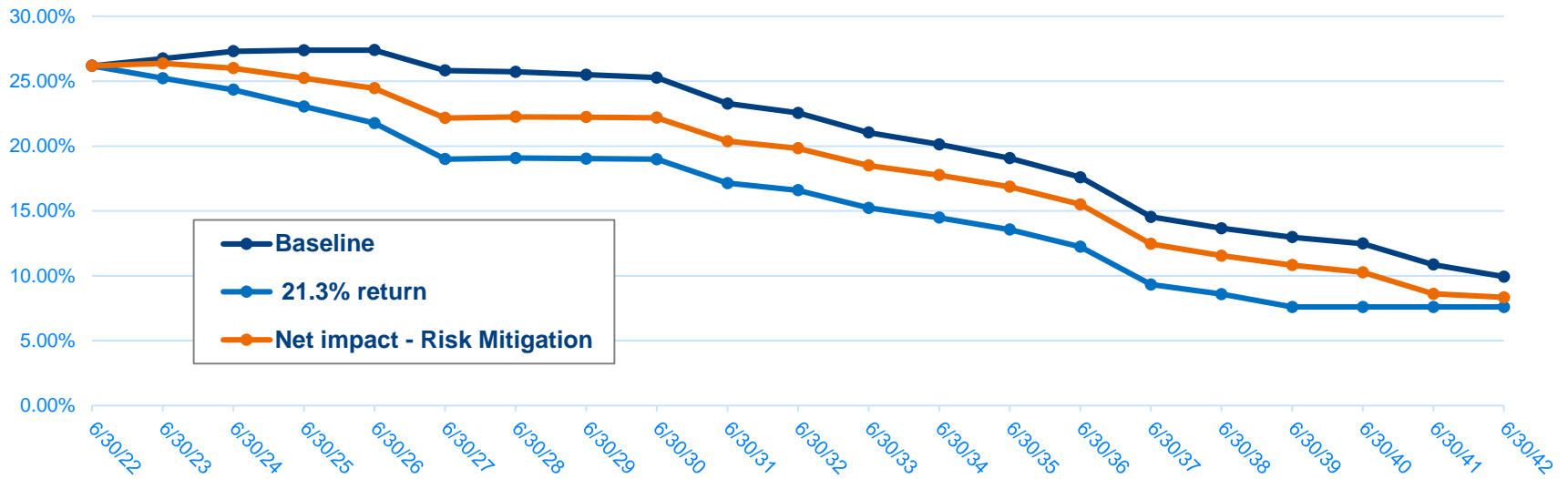
6.80%

6.75%

**From Risk
Mitigation Policy
triggering**

Sample City – Miscellaneous Plan

Total Employer Rate – Miscellaneous Plan



Projections of June 30, 2021 Unfunded Accrued Liability

- Investment return of 21.3% in FY2020/21 projected to reduce UAL balances as of June 30, 2021 and reduce required employer contribution beginning FY2023/24
- Increase in accrued liabilities due to change of discount rate from 7.00% to 6.80% pertaining to RMP

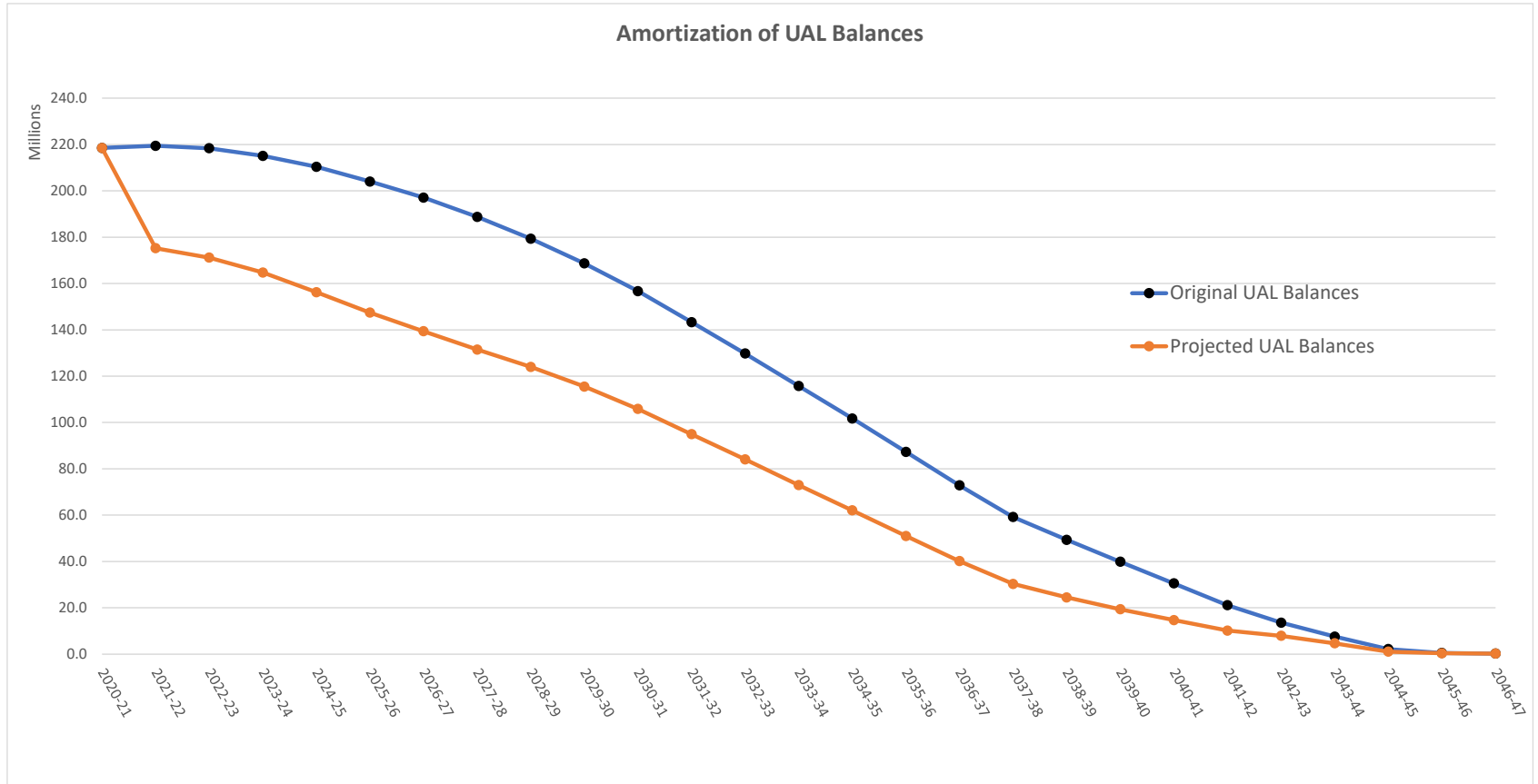
City of San Leandro - Projections of June 30, 2021

Unfunded Accrued Liability

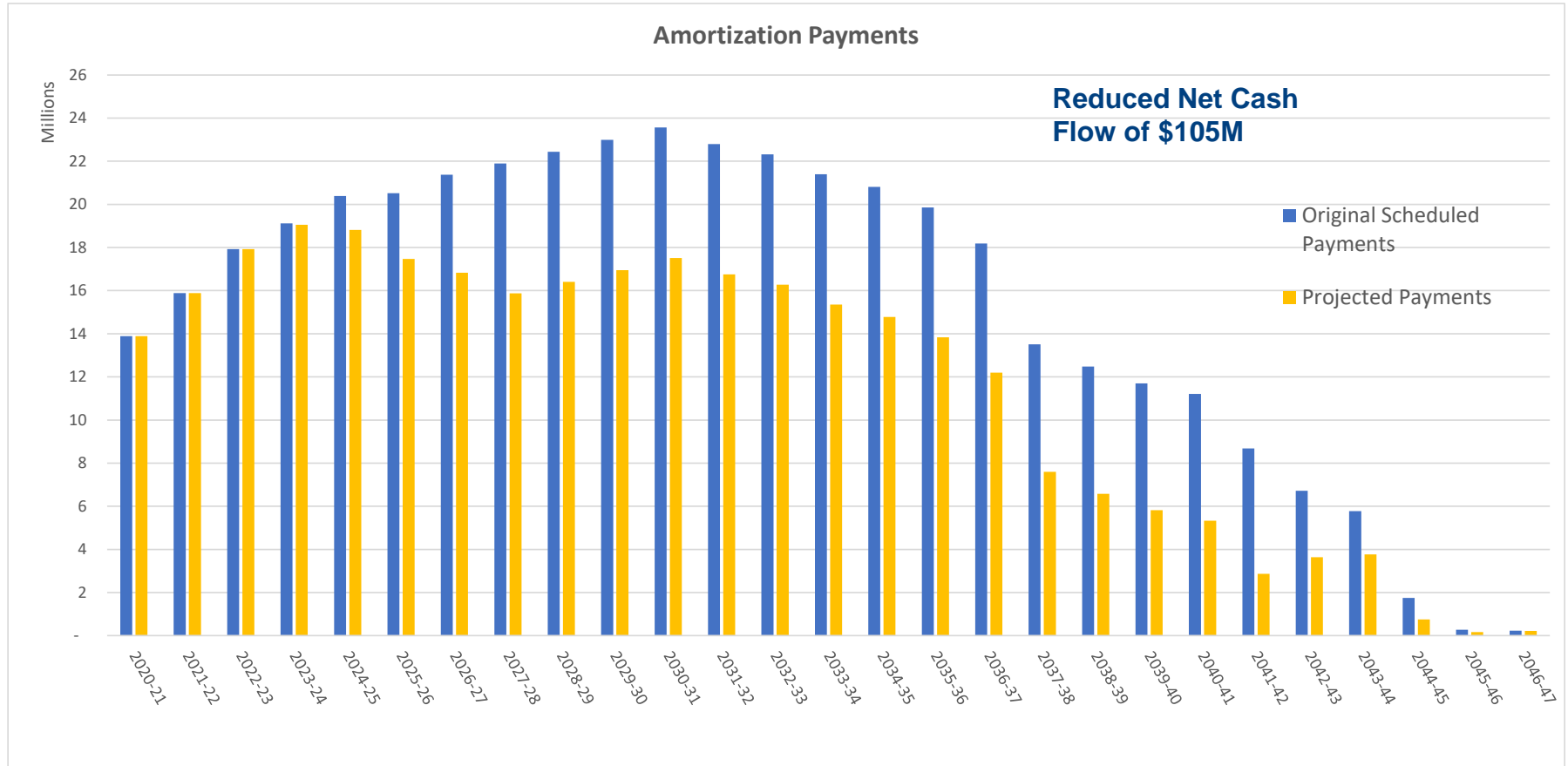
Plan Name	Rate Plan	UAL Balance Before 20-21 Inv. Gain	UAL balance Change Due to FY 20-21 Inv. Gain	UAL Balance Change Due to Risk Mitigation 2021	Projected 2021 UAL Balance	Projected 06/30/2021 Funded Ratio% (After Assumption Change)
CITY OF SAN LEANDRO MISCELLANEOUS PLAN	37	112,359,975	(30,223,114)	7,676,296	89,813,156	73.8%
CITY OF SAN LEANDRO SAFETY PLAN	38	106,878,822	(29,904,633)	8,442,060	85,416,249	74.4%
CITY OF SAN LEANDRO PEPRA SAFETY POLICE PLAN	25027	198,248	(240,475)	50,174	7,947	99.7%
	Total	219,437,045	(60,368,222)	16,168,529	175,237,352	

City of San Leandro - Projections of June 30, 2021

Unfunded Accrued Liability (continued)



City of San Leandro - Projections of Amortization Payments



Board Review of Candidate Portfolios (Sept 13-15)

Range of investment portfolios

Portfolios have attached discount rates

Asset allocations will range from current mix to more aggressive

Some portfolios will include private equity, direct lending, and/or leverage

Trade-off: higher numbers mean higher risk and volatility

Demographic Changes Also Impact Pension Costs

Life expectancy

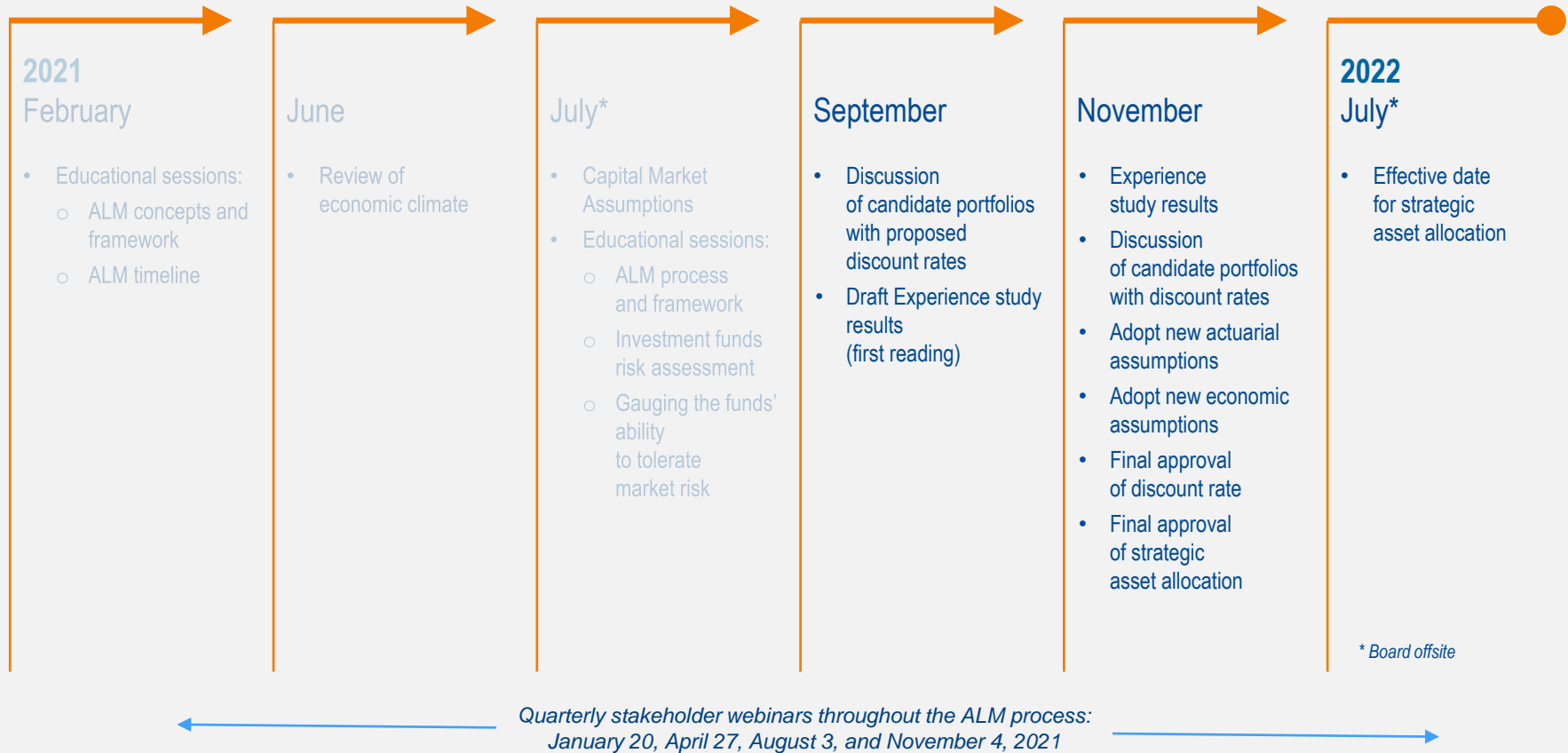
Salaries

Inflation

Disability rates

Retirement rates

Opportunities for Stakeholder Engagement





City of San Leandro
September 2021

Discussions / Q&A