



Actuarial Valuation of Pension Benefits as of June 30, 2016

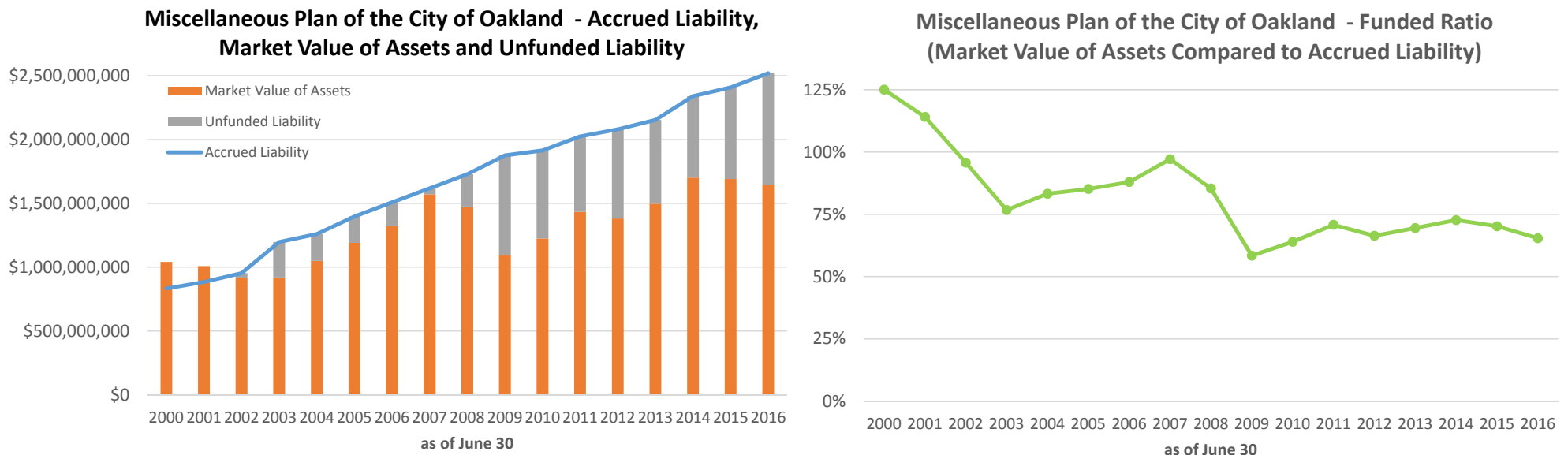
Board of Port Commissioners Meeting
February 8, 2018

CalPERS has recently updated its actuarial assumptions to better reflect the Port's pension liability and its required annual contributions.

Recent Changes in Assumptions

- *June 30, 2016 valuation (most current; impacts rates beginning FY 2019):* Lowered the discount rate from 7.5% to 7.0% using a 3-year phase-in.
- *June 30, 2015 valuation (impacts rates beginning FY 2018):* CalPERS began collecting employer contributions toward the plan's unfunded liability as fixed dollar amount instead of the prior method of a funding as a % of payroll. This change addresses potential funding issues that could arise from a declining payroll.
- *June 30, 2014 valuation (impacts rates beginning FY 2017):* Adopted new demographic assumptions, most significant is mortality improvements, with a 5-year ramp-up.

The City of Oakland Miscellaneous Plan has an estimated accrued pension liability of \$2.5 billion, with 65% of it funded as of June 30, 2016.

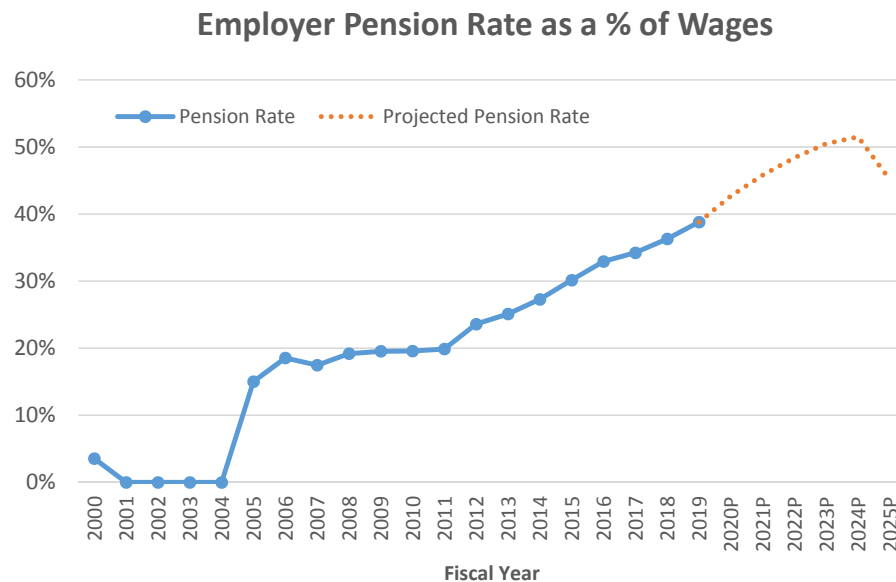


- The Port's accrued liability, market value of assets, and unfunded liability is estimated at approximately 25% of the Miscellaneous Plan of the City of Oakland.

Note: The Market Value of Assets for June 30, 2000 is not available; the June 30, 2000 number reflects Actuarial Value of Assets.

Source: Various Calpers Actuarial Reports for the Miscellaneous Plan of the City of Oakland

In FY 2017, the Port made pension contributions of \$19.7 million. In addition to employer contributions, employees pay approximately 8%.



Fiscal Year	Employer Pension Rate as a % of Wages*
2018	36.3%
2019	38.8%
2020 Projected	42.7%
2021 Projected	45.8%
2022 Projected	48.4%
2023 Projected	50.5%
2024 Projected	51.5%
2025 Projected	45.1%

* Prior to FY 2018, pension contributions were paid as a percentage of wages. Beginning in FY 2018, the normal cost portion is paid as a % of wages and the unfunded liability portion is paid as a fixed dollar amount (to avoid underpayment if payroll declines). The pension contribution rate as a % of wages beginning in FY 2018 is provided for illustrative and comparative purposes. In addition, the Port makes (i) retroactive payments for prior Port safety employees and (ii) CalPERS Replacement Benefits for certain previously high-earning retirees, totaling \$772,000 in FY 2017.

Source: Various CalPERS Actuarial Reports for the Miscellaneous Plan of the City of Oakland