Ventura County Employees' Retirement Association

Actuarial Valuation and Review as of June 30, 2012

SEGAL

The Segal Company
100 Montgomery Street, Suite 500 San Francisco, CA 94104
T 415.263.8200 F 415.263.8290 www.segalco.com

December 10, 2012

Board of Retirement
Ventura County Employees' Retirement Association
1190 S. Victoria Avenue, Suite 200
Ventura, CA 93003-6572

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of June 30, 2012. It summarizes the actuarial data used in the valuation, establishes the funding requirements for fiscal 2013-2014 and analyzes the preceding year's experience.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist in administering the Plan. The census information on which our calculations were based was prepared by VCERA and the financial information was provided by the Retirement Association. That assistance is gratefully acknowledged. The actuarial calculaions were completed under the supervision of John Monroe, ASA, MAAA, Enrolled Actuary.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the currnt measurements presented in this report due to such factors as the following: plan exerpience differing from that anticipated by the econcomic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in plan provisions or applicable law.

We are members of the American Academy of Actuaries and we meet the Qualification Standrads of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as aproved by the Board are reasonably related to the experience of and the expectations for the Plan.

We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,

THE SEGAL COMPANY

By:

Paul Angelo, FSA, EA, MAAA, FCA
Senior Vice President and Actuary

John Monroe, ASA, EA, MAAA
Vice President and Associate Actuary

AW/hy

PURPOSE AND SCOPE

This report has been prepared by The Segal Company to present a valuation of the Ventura County Employees' Retirement Association as of June 30, 2012. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

- The benefit provisions of the Retirement Association, as administered by the Board of Retirement;
- The characteristics of covered active members, terminated vested members, and retired members and beneficiaries as of June 30, 2012, provided by the Retirement Office;
- The assets of the Plan as of June 30, 2012, provided by the Retirement Office;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

One of the general goals of an actuarial valuation is to establish contributions which fully fund the system’s liabilities, and which, as a percentage of payroll, remain as level as possible for each generation of active members. Annual actuarial valuations measure the progress toward this goal, as well as test the adequacy of the contribution rates.

In preparing this valuation, we have employed generally accepted actuarial methods and assumptions to evaluate the Association’s assets, liabilities and future contribution requirements. Our calculations are based upon member data and financial information provided to us by the Association’s staff. This information has not been audited by us, but it has been reviewed and found to be consistent, both internally and with the prior year’s information.

Please note that the Actuarial Standards Board has adopted a revised Actuarial Standard of Practice (ASOP) No. 4 that provides guidelines for actuaries to follow when measuring pension obligations. For a plan such as that offered by the Retirement Association that may use undistributed excess earnings to provide supplemental benefits, the valuation report must indicate that the impact of any such future use of undistributed excess earnings on the future financial condition of the plan has not been explicitly measured or otherwise reflected in the valuation.

The contribution requirements are determined as a percentage of payroll. The Association's employer rates provide for both normal cost and a contribution to amortize any unfunded or overfunded actuarial accrued liabilities. In 2004, the Board elected to amortize the Association's Unfunded Actuarial Accrued Liability (UAAL) as of June 30, 2004 over a declining 15-year period. Any change in the UAAL after June 30, 2004 is amortized over separate 15-year declining amortization periods.

Effective with the June 30, 2012 valuation, any change in the UAAL that arises due to assumption changes is amortized over separate 20-year declining amortization periods. Also, any change in the UAAL that arises due to retirement incentives is annualized over separate declining amortization period of up to 5 years.

The rates calculated in this report may be adopted by the Board for the fiscal year that extends from July 1, 2013 through June 30, 2014.

SIGNIFICANT ISSUES IN THIS VALUATION

The following key findings were the result of this actuarial valuation:

Ref: Pg. 50

- The results of this valuation reflect changes in the actuarial methods as recommended by Segal and adopted by the Association for the June 30, 2012 valuation. These changes were documented in our Review of Funding Policy and our Ad Hoc Asset Smoothing Adjustment letter. The most significant of the funding policy changes was a change to use the individual version of the Entry Age Normal Actuarial Cost Method. This change increased the average employer contribution rate by 0.95% of payroll. In addition, there were changes to the amortization periods used for various future changes in liability including the use of a 20-year period for assumption changes.

Ref: Pg. 43

- The results of this valuation reflect changes in the economic and non-economic assumptions adopted by the Association for the June 30, 2012 valuation. These changes were documented in our Review of Economic Assumptions and our Actuarial Experience Study and are outlined in Section 4, Exhibit V of this report. These assumption changes resulted in an increase in the average employer contribution rate of 2.94% of payroll and the average member rate of 0.26% of payroll.

Ref: Pg. 10

- The market value of assets earned a return of 1.5% for the July 1, 2011 to June 30, 2012 plan year. The valuation value of assets earned a return of 5.8% for the same period due to the deferral of most of the current year investment losses and the recognition of prior investment gains and losses. This resulted in an actuarial loss when measured against the assumed rate of return of 8.00%. This actuarial investment loss increased the average employer contribution rate by 1.00% of compensation.

Ref: Pg. 41 *Ref: Pg. 32*

- The ratio of the valuation value of assets to actuarial accrued liabilities decreased from 80.6% to 77.7%. The Association's Unfunded Actuarial Accrued Liability (UAAL) increased from $775 million as of June 30, 2011 to $976 million as of June 30, 2012. This increase is primarily due to lower than expected investment return (on the valuation value of assets) and changes in actuarial assumptions offset by lower than expected individual salary increases. A complete reconciliation of the Association's UAAL is provided in Section 3, Exhibit H.

Ref: Pg. 17

- The average employer rate increased from 23.82% of payroll to 28.27% of payroll. This increase is primarily due to the investment loss (on the valuation value of assets) mentioned above and changes in actuarial assumptions and the actuarial cost method. A complete reconciliation of the Association's employer rate is provided in Section 2, Subsection D (see Chart 15).
- The Association approved a three-year phase-in for the change in employer contribution rate due to the changes in economic actuarial assumptions and the actuarial cost method. The average employer contribution rate after reflecting the phase-in is 26.63% of payroll and is shown in a separate phase-in letter that follows this report. All results shown in this valuation report exclude the effect of the phase-in.

Ref: Pg. 18

- The average member rate increased from 8.24% of payroll to 8.53% of payroll. This increase is primarily due to changes in actuarial assumptions and the actuarial cost method. A complete reconciliation of the member rate is provided in Section 2, Subsection D (see Chart 16).

Ref: Pg. 31

- As of June 30, 2012, there are no undistributed excess earnings available for allocation under the Board's Interest Crediting policy. A complete presentation of the Association's reserves is provided in Section 3, Exhibit G.

Ref: Pg. 5

- As indicated in Section 2, Subsection B of this report, the net unrecognized investment loss as of June 30, 2012 is $202 million (as compared to an unrecognized loss of $64 million in the June 30, 2011 valuation). This investment loss will be recognized in the determination of the actuarial value of assets for funding purposes over the next few years. This means that if the plan earns the assumed rate of investment return of 7.75% per year (net of expenses) on a **market value** basis then the deferred losses will be recognized over the next few years as shown in the footnote to Chart 7.
- For the June 30, 2012 valuation, the Board adopted an adjustment to the asset smoothing method that combines the net deferred losses of $64 million from the June 30, 2011 valuation into a single four and a half years smoothing "layer". Those net deferred losses are then recognized over the next four and a half years from that date in nine level amounts of approximately $7 million each six month period. This reduces the volatility associated with the pattern of deferred loss recognition and results in both more stable funded ratios (on an actuarial value basis) and more level employer contribution rates.

- The net deferred losses of $202 million represent about 6% of the market value of assets. Unless offset by future investment gains or other favorable experience, the recognition of the $202 million market losses is expected to have an impact on the Association's future funded ratio and average employer contribution rate. This potential impact may be illustrated as follows:
  - If the net deferred losses were recognized immediately in the valuation value of assets, the funded ratio would decrease from 77.7% to 73.1%.
  - If the net deferred losses were recognized immediately in the valuation value of assets, the average employer rate would increase from 28.27% to about 31.07% of payroll.
- The actuarial valuation report as of June 30, 2012 is based on financial information as of that date. Changes in the value of assets subsequent to that date, to the extent that they exist, are not reflected. Declines in asset values will increase the actuarial cost of the Plan, while increases will decrease the actuarial cost of the Plan.

Ref: Pg. 20

- The California Actuarial Advisory Panel (CAAP) has recently adopted a set of model disclosure elements recommended for actuarial valuation reports for public retirement systems in California. Information has been added to this valuation report consistent with the recommendations regarding basic disclosure elements. In particular, we are now including new information regarding measures of plan volatility.
- The Governmental Accounting Standards Board (GASB) recently approved two new Statements affecting the reporting of pension liabilities for accounting purposes. Statement 67 replaces Statement 25 and is for plan reporting. Statement 68 replaces Statement 27 and is for employer reporting. It is important to note that the new GASB rules only redefine pension expense for financial reporting purposes, and do not apply to contribution amounts for actual pension funding purposes. Employers and plans can still develop and adopt funding policies under current practices. Because these new Statements are not effective until the fiscal year ending June 30, 2014 for Plan reporting and the fiscal year ending June 30, 2015 for employer reporting, the financial reporting information in this report continues to be in accordance with Statements 25 and 27.
- The California Public Employees' Pension Reform Act of 2013 (AB340) was passed on September 12, 2012. AB340 will become effective on January 1, 2013. In general, it affects new members who enter the Plan on or after January 1, 2013. There will be new plan provisions which include new benefit formulas, a cap on pensionable income, a three-year final average salary and changes to elements of pay used in determining benefits, and new cost sharing by members. There are also changes that may affect current members including the change to the industrial disability benefit for Safety members, changes to elements of pay used in determining benefits and normal cost sharing by members. We have not reflected any of the AB340 provisions in this report. The impact of AB340 will be addressed in a separate report.

Impact of Future Experience on Contribution Rates

Future contribution requirements may differ from those determined in the valuation because of:

- Differences between actual experience and anticipated experience;
- Changes in actuarial assumptions or methods;
- Changes in statutory provisions; and
- Differences between the contribution rates determined by the valuation and those adopted by the Board.

Summary of Key Valuation Results (all dollar amounts in thousands)

	June 30, 2012		June 30, 2011	
Employer Contribution Rates: [1][2]	Total Rate	Estimated Annual Amount[3]	Total Rate	Estimated Annual Amount[3]
General Tier 1	37.35%	$5,784	171.83%	$27,690
General Tier 2	18.42%	39,284	10.15%	21,274
General Tier 2C[4]	19.29%	47,506	10.50%	25,873
General Combined	19.49%	92,574	15.85%	74,837
Safety	54.57%	86,659	46.63%	76,900
All Categories combined	28.27%	$179,233	23.82%	$151,737
Average Member Contribution Rates: [1][5]	Total Rate	Estimated Annual Amount[3]	Total Rate	Estimated Annual Amount[3]
General Tier 1	8.97%	$1,389	8.57%	$1,381
General Tier 2	5.78%	12,327	5.65%	11,842
General Tier 2C[4]	8.41%	20,712	8.28%	20,403
Safety Members	12.35%	19,612	11.43%	18,850
All Categories combined	8.53%	$54,040	8.24%	$52,476
Funded Status:				
Actuarial accrued liability(AAL)[6]	$4,373,227		$3,995,352	
Valuation value of assets (VVA)[6]	3,397,360		3,220,388	
Market value of assets (MVA)	3,209,617		3,172,325	
Funded percentage on VVA basis (VVA/AAL)	77.69%		80.60%	
Funded percentage on MVA basis (MVA/AAL)	73.39%		79.40%	
Unfunded actuarial accrued liability (UAAL) on VVA basis	$975,867		$774,964	
Unfunded actuarial accrued liability (UAAL) on MVA basis	1,163,610		823,027	
Key Assumptions:				
Interest rate	7.75%		8.00%	
Inflation rate	3.25%		3.50%	
Across the board salary increase	0.75%		0.75%	

(1) *Before reflection of any member rate that may be "picked-up" by the employer. Contributions are assumed to be paid throughout the year.*
(2) *Before reflecting three-year phase-in of the effect of the changes in economic actuarial assumptions and the actuarial cost method.*
(3) *Based on projected compensation for each year shown.*
(4) *Throughout this report, this category represents those Tier 2 members who contribute a negotiated 2.63% of compensation for a fixed 2% COLA pursuant to Government Code 31627 that applies to service after March 2003.*
(5) *The non-refundability factors as of June 30, 2012 are 0.94 for General and 0.98 for Safety as compared to 0.95 and 0.98, respectively, as of June 30, 2011.*
(6) *Excludes liabilities and assets held for STAR COLA benefit reserve, supplemental medical benefit reserve and statutory contingency reserve. Note that the STAR COLA benefit has been eliminated as of July 2011 and funds in the STAR COLA benefit reserve were transferred back to the valuation reserves.*

Summary of Key Valuation Demographic and Financial Data

	June 30, 2012	June 30, 2011	Percentage Change
Active Members:			
Number of members	8,019	8,040	-0.3%
Average age	45.4	45.1	N/A
Average service	11.1	10.9	N/A
Projected total compensation	$633,847,360	$637,037,380	-0.5%
Average projected compensation	$79,043	$79,234	-0.2%
Retired Member and Beneficiaries:			
Number of members:			
Service retired	4,056	3,929	3.2%
Disability retired	828	837	-1.1%
Beneficiaries	774	715	8.3%
Total	5,658	5,481	3.2%
Average age	68.9	68.5	N/A
Average monthly benefit(1)	$2,769	$2,678	3.4%
Vested Terminated Members:			
Number of terminated vested members(2)	2,161	2,097	3.1%
Average age	45.9	45.5	N/A
Summary of Financial Data **(dollar amounts in thousands):**			
Market value of assets	$3,209,617	$3,172,325	1.2%
Return on market value of assets	1.49%	24.34%	N/A
Actuarial value of assets	$3,411,149	$3,236,217	5.4%
Return on actuarial value of assets	5.72%	3.89%	N/A
Valuation value of assets	$3,397,360	$3,220,388	5.5%
Return on valuation value of assets	5.75%	3.91%	N/A

(1) *Excludes monthly benefits for STAR COLA, vested fixed supplemental and supplemental medical benefit amounts. Note that the STAR COLA benefit has been eliminated as of July 2011.*

(2) *Includes nonvested terminated members with member contributions on deposit.*

A. MEMBER DATA

The Actuarial Valuation and Review considers the number and demographic characteristics of covered members, including active members, vested terminated members, retired members and beneficiaries.

This section presents a summary of significant statistical data on these member groups.

More detailed information for this valuation year and the preceding valuation can be found in Section 3, Exhibits A, B, and C.

A historical perspective of how the member population has changed over the past ten valuations can be seen in this chart.

CHART 1

Member Population: 2003 – 2012

Year Ended June 30	Active Members	Vested Terminated Members[1]	Retired Members and Beneficiaries	Ratio of Non-Actives to Actives
2003	7,717	1,155	3,857	0.65
2004	7,626	1,351	4,031	0.71
2005	7,245	1,713	4,314	0.83
2006	7,403	1,756	4,570	0.85
2007	7,653	1,864	4,770	0.87
2008	7,928	2,007	4,914	0.87
2009	8,045	2,055	5,041	0.88
2010	8,003	2,040	5,267	0.91
2011	8,040	2,097	5,481	0.94
2012	8,019	2,161	5,658	0.98

[1] *Includes nonvested terminated members with member contributions on deposit.*

Active Members

Plan costs are affected by the age, years of service and compensation of active members. In this year's valuation, there were 8,019 active members with an average age of 45.4, average service of 11.1 years and average compensation of $79,043. The 8,040 active members in the prior valuation had an average age of 45.1, average service of 10.9 years and average compensation of $79,234.

Among the active members, there were none with unknown age.

Inactive Members

In this year's valuation, there were 2,161 members with a vested right to a deferred or immediate vested benefit or entitled to a return of their member contributions versus 2,097 in the prior valuation.

These graphs show a distribution of active members by age and by years of service.

CHART 2

Distribution of Active Members by Age as of June 30, 2012

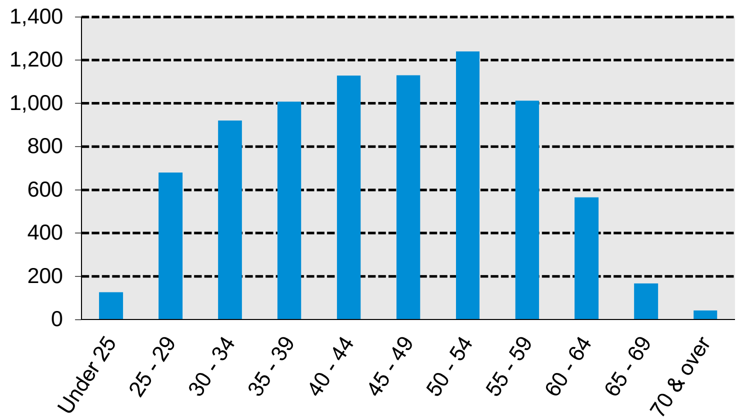
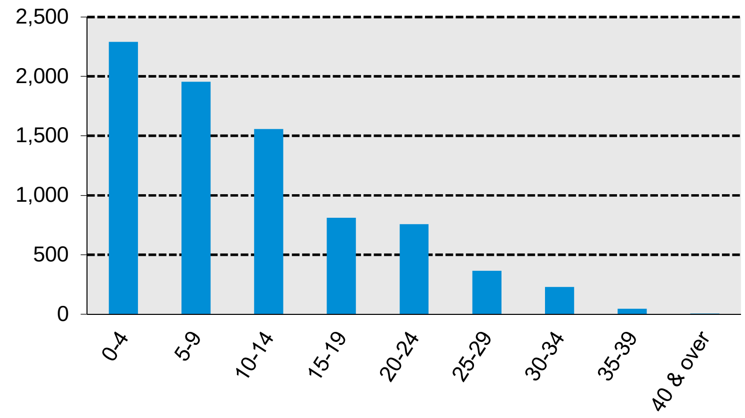


CHART 3

Distribution of Active Members by Years of Service as of June 30, 2012



Retired Members and Beneficiaries

As of June 30, 2012, 4,884 retired members and 774 beneficiaries were receiving total monthly benefits of $15,665,096. For comparison, in the previous valuation, there were 4,766 retired members and 715 beneficiaries receiving monthly benefits of $14,677,417. These monthly benefits exclude benefits for STAR COLA (eliminated as of July 2011), vested fixed supplemental and supplemental medical benefit amounts.

These graphs show a distribution of the current retired members based on their monthly amount and age, by type of pension.

CHART 4

Distribution of Retired Members by Type and by Monthly Amount as of June 30, 2012

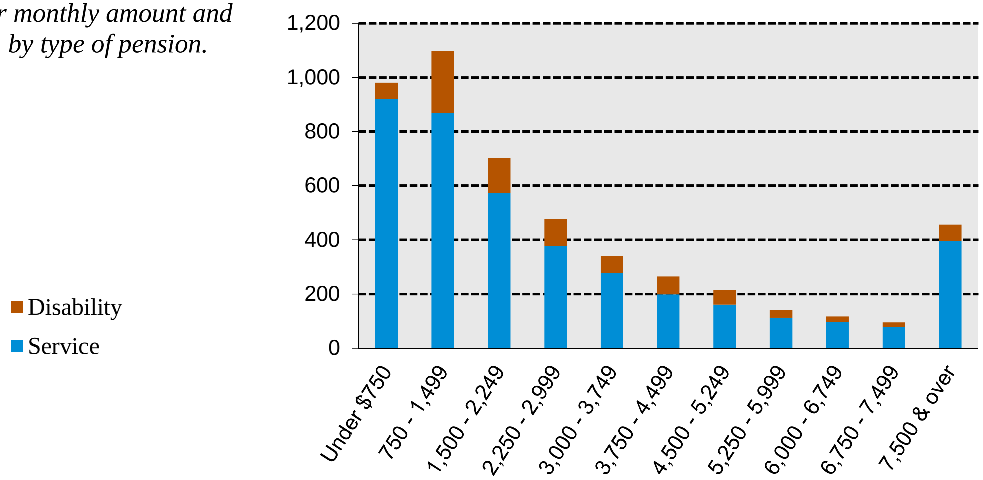
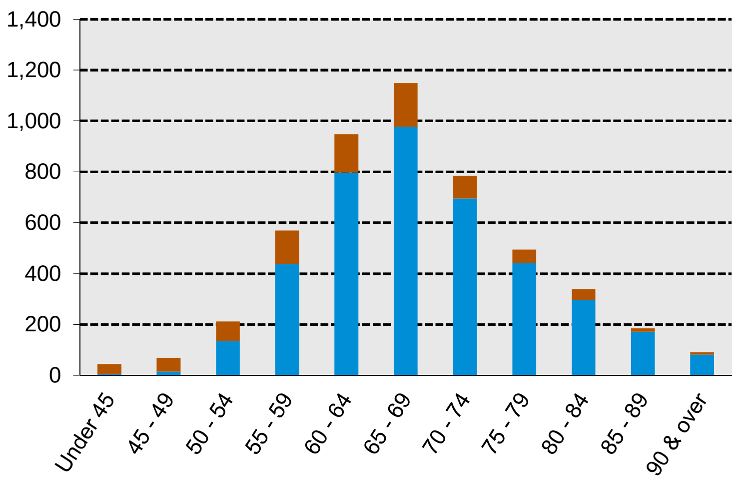


CHART 5

Distribution of Retired Members by Type and by Age as of June 30, 2012



B. FINANCIAL INFORMATION

Retirement plan funding anticipates that, over the long term, both contributions and net investment earnings (less investment fees and administrative expenses) will be needed to cover benefit payments.

Retirement plan assets change as a result of the net impact of these income and expense components. The adjustment toward market value shown in the chart is the “non-cash” earnings on investments implicitly included in the actuarial value of assets. Additional financial information, including a summary of these transactions for the valuation year, is presented in Section 3, Exhibits D and E.

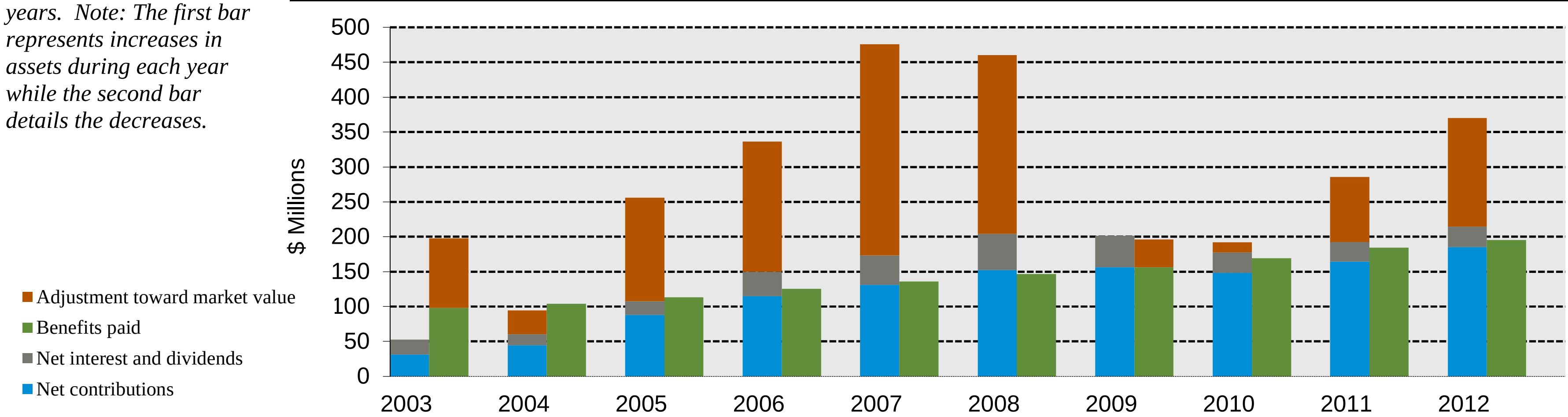
It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board of Retirement has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable.

The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

The chart depicts the components of changes in the actuarial value of assets over the last ten years. Note: The first bar represents increases in assets during each year while the second bar details the decreases.

CHART 6

Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended June 30, 2003 – 2012



SEGAL

The chart shows the determination of the actuarial and valuation value of assets as of the valuation date.

CHART 7

Determination of Actuarial and Valuation Value of Assets for Year Ended June 30, 2012

1.	Market Value of Assets			$3,209,617,207
2.	Calculation of unrecognized return	Original Amount	Deferral Percentage	Unrecognized Return*
	(a) Period ended June 30, 2012	$83,335,657	90.00%	$75,002,091
	(b) Period ended December 31, 2011	(283,550,123)	80.00%	(226,840,099)
	(c) Combined deferred loss as of June 30, 2011**	(63,892,227)	77.77%	(49,693,954)
	(d) Total unrecognized return***			(201,531,962)
3.	Actuarial Value of Assets: (1) – (2d)			$3,411,149,169
4.	Actuarial Value as percentage of Market Value			106.3%
5.	Non-valuation reserves:			
	(a) STAR COLA			$0
	(b) Supplemental medical benefit			13,789,250
	(c) Statutory contingency			0
	(d) Subtotal			$13,789,250
6.	Valuation Value of Assets: (3) – (5d)			$3,397,359,919

* *Recognition at 10% per six month period over 5 years.*

** *Net deferred loss as of June 30, 2011 was combined and will be recognized over 4.5 years in level semi-annual amounts.*

*** *Deferred return as of June 30, 2012 recognized in each of the next five years:*

(a) Amount Recognized during 2012/2013	*$(54,241,166)*
(b) Amount Recognized during 2013/2014	*(54,241,166)*
(c) Amount Recognized during 2014/2015	*(54,241,166)*
(d) Amount Recognized during 2015/2016	*(47,142,030)*
(e) Amount Recognized during 2016/2017	*8,333,566*
	$(201,531,962)

CHART 8

Allocation of Valuation Value of Assets as of June 30, 2012

The calculation of the valuation value of assets from June 30, 2011 to June 30, 2012 by category is provided below:

	Allocated Assets for Funding			
	General			
	Tier I	Tier II	Safety	Total
1. Allocated Assets as of Beginning of Plan Year	$656,290,972	$1,189,645,185	$1,374,451,763	$3,220,387,920
2. Member Contributions	460,836	24,003,633	7,081,035	31,545,504
3. Member Buybacks	85,227	1,078,945	444,466	1,608,638
4. Employer Pick-up Contributions Credited to Member Account	243,635	6,404,869	4,684,103	11,332,607
5. Employer Contributions	3,138,349	61,920,040	75,714,336	140,772,725
6. Refunds of Member Contributions and Death Benefits Paid	280,861	3,097,892	404,023	3,782,776
7. Retiree Benefit Payments Excluding STAR COLA and Supplemental Medical Payments	70,774,372	42,827,798	75,812,245	189,414,415
8. Subtotal (Items 1 + 2 + 3 + 4 + 5 – 6 – 7)	$589,163,786	$1,237,126,982	$1,386,159,435	$3,212,450,203
9. Weighted Average Fund Balance: Item 1 + ½ of (Items 2, 3, 4, 5) – ½ of (Items 6, 7)	622,727,379	1,213,386,084	1,380,305,599	3,216,419,062
10. Earnings Allocated in Proportion to Item 9	35,800,168	69,756,730	79,352,818	184,909,716
11. Valuation Value of Assets (Items 8 + 10)	$624,963,954	$1,306,883,712	$1,465,512,253	$3,397,359,919

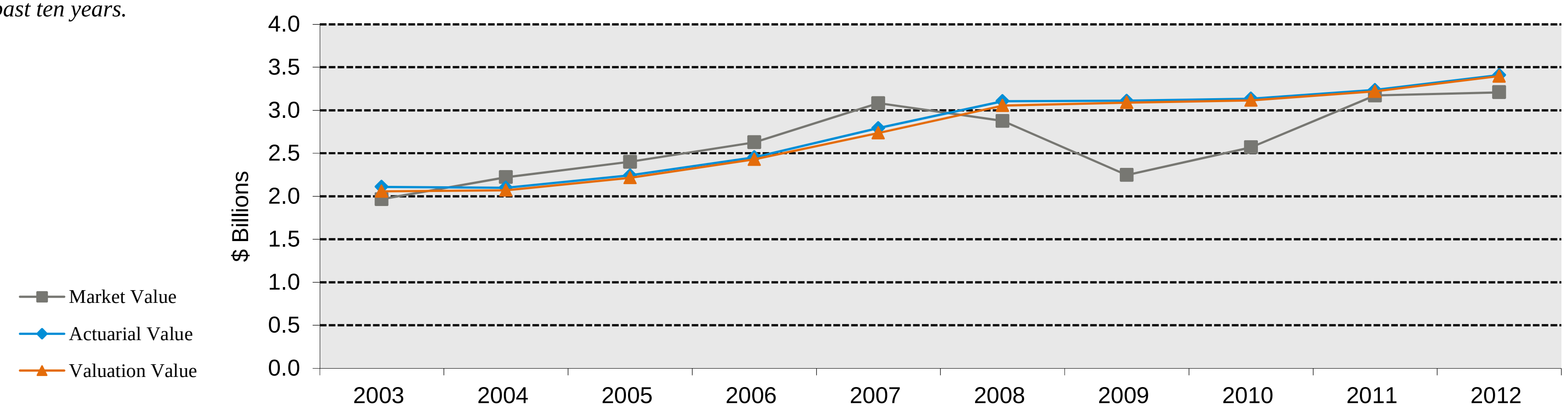
Note: Results may not add due to rounding.

The market value, actuarial value, and valuation value of assets are representations of VCERA's financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets, but with less volatility. The valuation value of assets is the actuarial value, excluding any non-valuation reserves. The valuation value of assets is significant because VCERA's liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the contribution requirement.

This chart shows the change in market value, actuarial value and valuation value over the past ten years.

CHART 9

Market Value, Actuarial Value and Valuation Value of Assets as of June 30, 2003 – 2012



C. ACTUARIAL EXPERIENCE

To calculate the required contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the contribution requirement will decrease from the previous year. On the other hand, the contribution requirement will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years.

The total experience loss was $4.3 million, $72.4 million loss from investments and $68.1 million gain from all other sources. The net experience variation from individual sources other than investments was 1.6% of the actuarial accrued liability. A discussion of the major components of the actuarial experience is on the following pages.

This chart provides a summary of the actuarial experience during the past year.

CHART 10

Actuarial Experience for Year Ended June 30, 2012

1.	Net loss from investments[1]	$(72,404,000)
2.	Net gain from other experience[2]	68,146,000
3.	Net experience loss: (1) + (2)	$(4,258,000)

(1) *Details in Chart 11.*

(2) *See Section 3, Exhibit H. Does not include the effect of assumption changes, if any.*

Investment Rate of Return

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on VCERA's investment policy. For valuation purposes, the assumed rate of return on the valuation value of assets is 8.00% (based on the June 30, 2011 valuation). The actual rate of return on the valuation value of assets for the 2011/2012 plan year was 5.75%.

Since the actual return for the year was less than the assumed return, the VCERA experienced an actuarial loss during the year ended June 30, 2012 with regard to its investments.

This chart shows the gain/(loss) due to investment experience.

CHART 11

Investment Experience for Year Ended June 30, 2012 – Market Value, Actuarial Value and Valuation Value of Assets

	Market Value	Actuarial Value	Valuation Value
1. Actual return	$47,147,363	$184,787,098	$184,909,716
2. Average value of assets	3,167,397,454	3,231,289,681	3,216,419,062
3. Actual rate of return: (1) ÷ (2)	1.49%	5.72%	5.75%
4. Assumed rate of return	8.00%	8.00%	8.00%
5. Expected return: (2) x (4)	$253,391,796	$258,503,174	$257,313,525
6. Actuarial gain/(loss): (1) – (5)	$(206,244,433)	$(73,716,076)	$(72,403,809)

Because actuarial planning is long term, it is useful to see how the assumed investment rate of return has followed actual experience over time. The chart below shows the rate of return on an actuarial, valuation, and market basis for the last ten years.

CHART 12

Investment Return – Market Value, Actuarial Value and Valuation Value: 2003 – 2012

	Market Value Investment Return		Actuarial Value Investment Return		Valuation Value Investment Return	
Year Ended June 30	**Amount**	**Percent**	**Amount**	**Percent**	**Amount**	**Percent**
2003	$78,016,465	4.06%	$(78,366,548)	(3.53)%	$(87,805,515)	(4.22)%
2004	315,448,393	16.28	49,628,346	2.39	70,837,167	3.49
2005	203,080,574	9.19	168,122,229	8.05	168,122,229	8.16
2006	238,212,815	9.95	221,191,725	9.88	221,191,725	10.00
2007	458,962,761	17.48	344,644,568	14.06	308,000,514	12.68
2008	(211,806,573)	(6.86)	307,776,354	11.01	310,176,628	11.32
2009	(628,718,568)	(21.86)	5,186,654	0.17	31,242,785	1.02
2010	343,005,717	15.33	43,756,165	1.41	43,756,185	1.42
2011	622,940,028	24.34	121,406,541	3.89	121,406,541	3.91
2012	47,147,363	1.49%	184,787,098	5.72%	184,909,716	5.75%
Total	$1,466,288,975		$1,368,133,132		$1,371,837,975	
Five-Year Average Return		1.24%		4.33%		4.55%
Ten-Year Average Return		5.86%		5.19%		5.27%

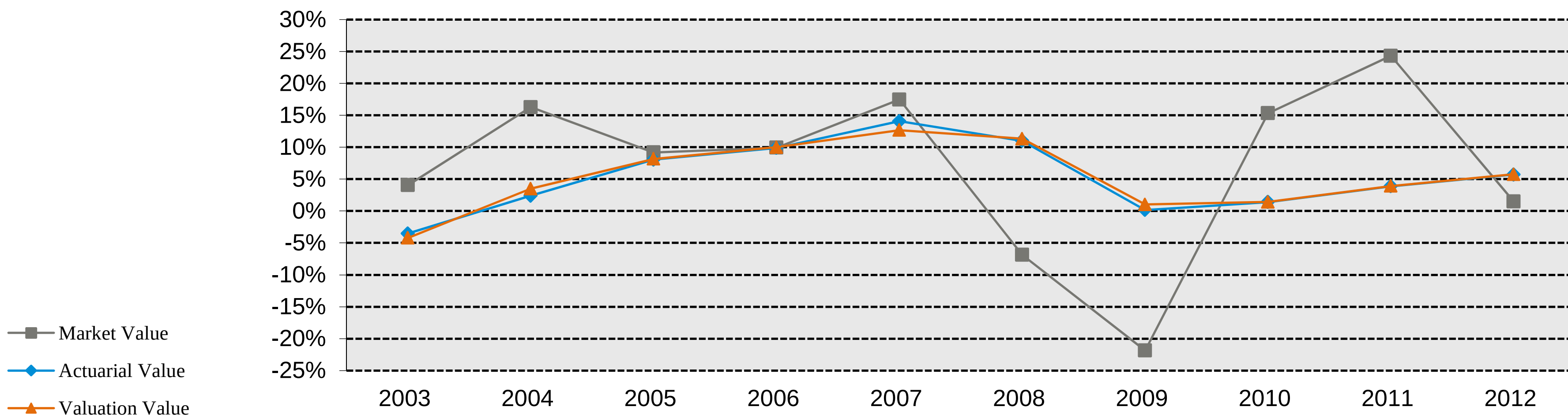
Note: Each year's yield is weighted by the average asset value in that year.

Subsection B described the actuarial asset valuation method that gradually takes into account fluctuations in the market value rate of return. The effect of this is to stabilize the actuarial rate of return, which contributes to leveling pension plan costs.

This chart illustrates how this leveling effect has actually worked over the years 2003 - 2012.

CHART 13

Market, Actuarial and Valuation Rates of Return for Years Ended June 30, 2003 - 2012



Other Experience
There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation. These include:

- the extent of turnover among the participants,
- retirement experience (earlier or later than expected),
- mortality (more or fewer deaths than expected),
- the number of disability retirements, and
- salary increases different than assumed.

The net gain from this other experience for the year ended June 30, 2012 amounted to $68.1 million which is 1.6% of the actuarial accrued liability. This gain was mainly due to individual salary increases less than assumed. See Exhibit H for a detailed development of the Unfunded Actuarial Accrued Liability.

D. EMPLOYER AND MEMBER CONTRIBUTIONS

Employer contributions consist of two components:

Normal Cost

The annual contribution rate that, if paid annually from a member's first year of membership through the year of retirement, would accumulate to the amount necessary to fully fund the member's retirement-related benefits. Accumulation includes annual crediting of interest at the assumed investment earning rate. The contribution rate is expressed as a level percentage of the member's compensation.

Contribution to the Unfunded Actuarial Accrued Liability (UAAL)

The annual contribution rate that, if paid annually over the UAAL amortization period, would accumulate to the amount necessary to fully fund the UAAL. Accumulation includes annual crediting of interest at the assumed investment earning rate. The contribution (or rate credit in the case of a negative unfunded actuarial accrued liability) is calculated to remain as a level percentage of future active member payroll (including payroll for new members as they enter the Association) assuming a constant number of active members. In order to remain as a level percentage of payroll, amortization payments (credits) are scheduled to increase at the combined annual inflation and "across the board" increases rate of 4.00%. The June 30, 2004 UAAL is being amortized over a 15-year declining period effective June 30, 2004. The change in UAAL that arises due to actuarial gains or losses or due to plan amendments (with the exception of retirement incentives) at each valuation is amortized over its own declining 15-year period. Effective with the June 30, 2012 valuation, any change in UAAL that arises due to changes in actuarial assumptions or methods is amortized over its own declining 20-year period and any change in UAAL due to retirement incentives is amortized over its own declining period of up to 5 years.

Effective with the June 30, 2012 valuation, the Basic UAAL rate has been calculated on a combined basis for both General Tier 1 and General Tier 2. The recommended employer contribution rates determined under this combined methodology are provided on Chart 14. For reference purposes only, Appendix B shows the employer contribution rates under the previous non-combined methodology.

All employer contribution rates shown in this report are before reflecting the three-year phase-in of the effect of the changes in economic actuarial assumptions and the actuarial cost method from the June 30, 2012 valuation.

Member Contributions

Articles 6 and 6.8 of the 1937 Act define the methodology to be used in the calculation of member basic contribution rates for General members and Safety members, respectively. The basic contribution rate is determined so that the accumulation of a member's basic contributions made in a given year until a certain age will be sufficient to fund an annuity at that age that is equal to 1/120 of Final Average Compensation for General members and 1/100 of Final Average Compensation for Safety members. That age is 55 for General Tier 1 members, 60 for General Tier 2 members and 50 for Safety members. It is assumed that contributions are made annually at the same rate, starting at entry age. In addition to their basic contributions, General Tier 1 and Safety members pay one-half of the total normal cost necessary to fund their cost-of-living benefits. General Tier 2 members eligible for the fixed 2% cost-of-living benefit contribute a negotiated 2.63% of salary per year. Member contributions accumulate with interest at the lesser of the assumed investment earning rate or the rate on ten year U.S. Treasury notes. Any difference between the assumed investment earning rate and the actual interest crediting rate will be credited to the County Advance reserve. The member contribution rates are provided in Appendix A. Please note that the member rates provided in the report are the full rate before reflecting any employer pickup. Also, in calculating the basic member rate, we follow the Board's past practice and have not included any in-service pay redemptions that may potentially increase a member's final average salary and hence retirement benefit.

CHART 14

Recommended Employer Contribution Rates (Dollar Amounts in Thousands) – Current Valuation Under Combined Methodology

	June 30, 2012 Actuarial Valuation[1]					
	BASIC		COLA		TOTAL	
General Tier 1 Members	Rate	Estimated Annual Amount[2]	Rate	Estimated Annual Amount[2]	Rate	Estimated Annual Amount[2]
Normal Cost	7.90%	$1,224	2.48%	$384	10.38%	$1,608
UAAL[3]	9.92%	1,536	17.05%	2,640	26.97%	4,176
Total Contribution	17.82%	$2,760	19.53%	$3,024	37.35%	$5,784
General Tier 2 Members w/o COLA						
Normal Cost	8.50%	$18,128	0.00%	$0	8.50%	$18,128
UAAL[3]	9.92%	21,156	0.00%	0	9.92%	21,156
Total Contribution	18.42%	$39,284	0.00%	$0	18.42%	$39,284
General Tier 2 Members w/COLA						
Normal Cost	8.50%	$20,934	-0.04%	-$99	8.46%	$20,835
UAAL[3][4]	9.92%	24,429	0.91%	2,242	10.83%	26,671
Total Contribution	18.42%	$45,363	0.87%	$2,143	19.29%	$47,506
All General Members[5]						
Normal Cost	8.48%	$40,286	0.06%	$285	8.54%	$40,571
UAAL	9.92%	47,121	1.03%	4,882	10.95%	52,003
Total Contribution	18.40%	$87,407	1.09%	$5,167	19.49%	$92,574
Safety Members						
Normal Cost	13.92%	$22,106	4.29%	$6,812	18.21%	$28,918
UAAL	39.72%	63,077	-3.36%	-5,336	36.36%	57,741
Total Contribution	53.64%	$85,183	0.93%	$1,476	54.57%	$86,659
All Categories Combined[5]						
Normal Cost	9.84%	$62,392	1.12%	$7,097	10.96%	$69,489
UAAL	17.39%	110,198	-0.08%	-454	17.31%	109,744
Total Contribution	27.23%	$172,590	1.04%	$6,643	28.27%	$179,233

[1] *Before reflecting three-year phase-in of the effect of the changes in economic actuarial assumptions and actuarial cost method.*

[2] *Amounts are in thousands, assumed to be paid throughout the year, and are based on June 30, 2012 annual payroll (also in thousands) shown below:*

General Tier 1	$15,488
General Tier 2	213,275
General Tier 2C	246,280
Safety	158,805
Total	$633,848

[3] *Basic UAAL rates have been calculated on a combined basis for General Tier 1 and General Tier 2.*

[4] *Includes 0.51% in COLA UAAL costs attributed to the first two years of service accrued for the fixed 2% COLA pursuant to Government Code 31627.*

[5] *These aggregated rates are provided for informational purposes only as we understand that the intent is to implement the tier specific rates, if possible.*

CHART 14 (continued)

Recommended Employer Contribution Rates (Dollar Amounts in Thousands) – Prior Valuation

	June 30, 2011 Actuarial Valuation					
	BASIC		COLA		TOTAL	
General Tier 1 Members	Rate	Estimated Annual Amount[1]	Rate	Estimated Annual Amount[1]	Rate	Estimated Annual Amount[1]
Normal Cost	7.31%	$1,178	2.11%	$340	9.42%	$1,518
UAAL	161.74%	26,064	0.67%	108	162.41%	26,172
Total Contribution	169.05%	$27,242	2.78%	$448	171.83%	$27,690
General Tier 2 Members w/o COLA						
Normal Cost	7.32%	$15,342	0.00%	$0	7.32%	$15,342
UAAL	2.83%	5,932	0.00%	0	2.83%	5,932
Total Contribution	10.15%	$21,274	0.00%	$0	10.15%	$21,274
General Tier 2 Members w/COLA						
Normal Cost	7.32%	$18,037	-0.32%	-$788	7.00%	$17,249
UAAL[2]	2.83%	6,973	0.67%	1,651	3.50%	8,624
Total Contribution	10.15%	$25,010	0.35%	$863	10.50%	$25,873
All General Members						
Normal Cost	7.32%	$34,557	-0.10%	-$448	7.22%	$34,109
UAAL	8.25%	38,969	0.38%	1,759	8.63%	40,728
Total Contribution	15.57%	$73,526	0.28%	$1,311	15.85%	$74,837
Safety Members						
Normal Cost	13.21%	$21,785	3.88%	$6,399	17.09%	$28,184
UAAL	32.66%	53,862	-3.12%	-5,146	29.54%	48,716
Total Contribution	45.87%	$75,647	0.76%	$1,253	46.63%	$76,900
All Categories Combined						
Normal Cost	8.84%	$56,342	0.94%	$5,951	9.78%	$62,293
UAAL	14.57%	92,831	-0.53%	-3,387	14.04%	89,444
Total Contribution	23.41%	$149,173	0.41%	$2,564	23.82%	$151,737

[1] *Amounts are in thousands, assumed to be paid throughout the year, and are based on June 30, 2011 annual payroll (also in thousands) shown below:*

General Tier 1	$16,115
General Tier 2	209,595
General Tier 2C	246,411
Safety	164,916
Total	$637,037

[2] *Includes 0.48% in COLA UAAL costs attributed to the first two years of service accrued for the fixed 2% COLA pursuant to Government Code 31627.*

The chart reconciles the employer contribution from the prior valuation to the amount determined in this valuation.

The employer contribution rates as of June 30, 2012 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

Reconciliation of Recommended Employer Contribution Rate

The chart below details the changes in the recommended average employer contribution rate from the prior valuation to the current year's valuation.

CHART 15

Reconciliation of Recommended Average Employer Contribution Rate from June 30, 2011 to June 30, 2012 (Dollar Amounts in Thousands)

	Contribution Rate	Estimated Annual Dollar Cost[1]
Recommended Average Employer Contribution Rate as of June 30, 2011	23.82%	$151,737
Effect of investment loss[2]	1.00%	6,338
Effect of difference in actual versus expected individual salary increases	(1.30)%	(8,240)
Effect of difference in actual versus expected total payroll growth	0.65%	4,120
Effect of difference in actual versus expected contributions due to delay in implementation of contribution rates calculated in June 30, 2011 valuation	0.24%	1,521
Effect of demographic actuarial assumption changes[3]	1.44%	9,127
Effect of economic actuarial assumption changes[3]	1.50%	9,508
Effect of method change to individual version of Entry Age Normal actuarial cost method	0.95%	6,022
Effect of net other changes[4]	(0.03)%	(900)
Total change	4.45%	$27,496
Recommended Average Employer Contribution Rate as of June 30, 2012[5]	28.27%	$179,233

(1) *Based on projected payroll for each year.*
(2) *The Association's valuation value of assets earned 5.75% which was less than the 8.00% assumed rate of return.*
(3) *The impact of actuarial assumption changes were determined based on an amortization period of twenty years.*
(4) *Other differences in actual versus expected experience including mortality, disability, withdrawal, retirement and in-service redemption experience. Estimated annual dollar cost also reflects change in payroll from prior valuation.*
(5) *Before reflecting three-year phase-in of the effect of the changes in economic actuarial assumptions and actuarial cost method.*

The member contribution rates as of June 30, 2012 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation.

Reconciliation of Recommended Member Contribution Rate

The chart below details the changes in the recommended average member contribution rate from the prior valuation to the current year's valuation.

The chart reconciles the member contribution from the prior valuation to the amount determined in this valuation.

CHART 16

Reconciliation of Recommended Average Member Contribution Rate from June 30, 2011 to June 30, 2012

(Dollar Amounts in Thousands)

	Contribution Rate	Estimated Annual Dollar Cost[1]
Recommended Average Member Contribution Rate in June 30, 2011 Valuation	8.24%	$52,476
Effect of changes in demographic profile of employee group[2]	(0.04)%	(528)
Effect of actuarial assumption changes	0.26%	1,648
Effect of actuarial Entry Age Normal method change	0.07%	444
Total Change	0.29%	$1,564
Recommended Average Member Contribution Rate in June 30, 2012 Valuation	8.53%	$54,040

(1) *Based on projected payroll for each year.*

(2) *Estimated annual dollar cost also reflects change in payroll from prior valuation.*

E. INFORMATION REQUIRED BY THE GASB

Governmental Accounting Standards Board (GASB) reporting information provides standardized information for comparative purposes of governmental pension plans. This information allows a reader of the financial statements to compare the funding status of one governmental plan to another on relatively equal terms.

Critical information to the GASB is the historical comparison of the GASB required contributions to the actual contributions. This comparison demonstrates whether a plan is being funded on an actuarially sound basis and in accordance with the GASB funding requirements. Chart 17 below presents a graphical representation of this information for the Plan.

The other critical piece of information regarding the Plan's financial status is the funded ratio. This ratio compares the valuation value of assets to the actuarial accrued liabilities of the plan as calculated under GASB standards. High ratios indicate a well-funded plan with assets sufficient to cover the Plan's liabilities. Lower ratios may indicate recent changes to benefit structures, funding of the plan below actuarial requirements, poor asset performance, or a variety of other changes.

The details regarding the calculations of these values and other GASB numbers may be found in Section 4, Exhibits II, III, and IV.

These graphs show key GASB factors.

CHART 17

Required Versus Actual Contributions

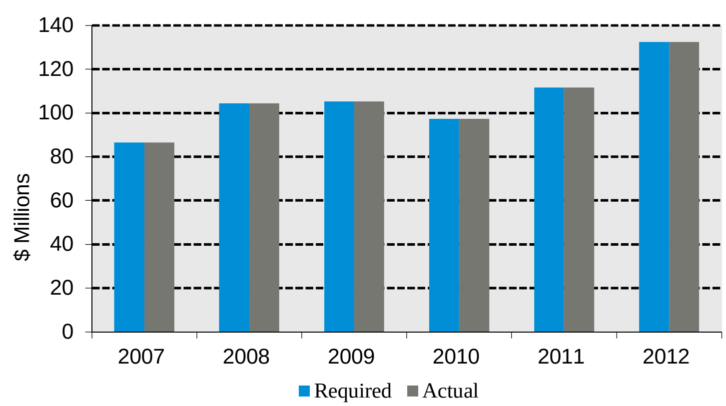
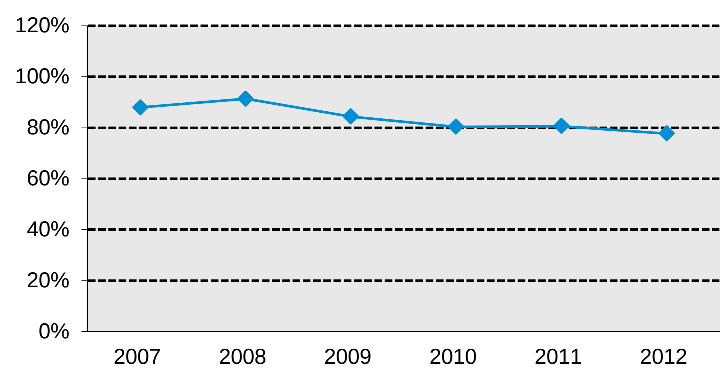


CHART 18

Funded Ratio



SEGAL

F. VOLATILITY RATIOS

Retirement plans are subject to volatility in the level of required contributions. This volatility tends to increase as retirement plans become more mature.

The Asset Volatility Ratio (AVR), which is equal to the market value of assets divided by total payroll, provides an indication of the potential contribution volatility for any given level of investment volatility. A higher AVR indicates that the plan is subject to a greater level of contribution volatility. This is a current measure since it is based on the current level of assets.

For VCERA, the current AVR is about 5.1. This means that a 1% asset gain/(loss) (relative to the assumed investment return) translates to about 5.1% of one-year's payroll. Since VCERA amortizes actuarial gains and losses over a period of 15 years, there would be a 0.4% of payroll decrease/(increase) in the required contribution for each 1% asset gain/(loss).

The Liability Volatility Ratio (LVR), which is equal to the Actuarial Accrued Liability divided by payroll, provides an indication of the longer-term potential for contribution volatility for any given level of investment volatility. This is because, over an extended period of time, the plan's assets should track the plan's liabilities. For example, if a plan is 50% funded on a market value basis, the liability volatility ratio would be double the asset volatility ratio and the plan sponsor should expect contribution volatility to increase over time as the plan becomes better funded.

The LVR also indicates how volatile contributions will be in response to changes in the Actuarial Accrued Liability due to actual experience or to changes in actuarial assumptions.

For VCERA, the current LVR is about 6.9. This is about 35% higher than the AVR. Therefore, we would expect that contribution volatility will increase over the long-term.

This chart shows how the asset and liability volatility ratios have varied over time.

CHART 19

Volatility Ratios for Years Ended June 30, 2008 – 2012

Year Ended June 30	Asset Volatility Ratio	Liability Volatility Ratio
2008	4.8	5.6
2009	3.5	5.8
2010	3.9	5.9
2011	5.0	6.3
2012	5.1	6.9

EXHIBIT A

Table of Plan Coverage

i. General Tier 1

Category	Year Ended June 30 2012	Year Ended June 30 2011	Change From Prior Year
Active members in valuation:			
Number	153	154	-0.6%
Average age	55.2	58.5	N/A
Average service	26.3	29.2	N/A
Projected total compensation[1]	$15,488,166	$16,114,959	-3.9%
Projected average compensation	$101,230	$104,643	-3.3%
Account balances	$23,388,135	$25,905,478	-9.7%
Total active vested members	134	154	-13.0%
Vested terminated members[2]	63	62	1.6%
Retired members:			
Number in pay status	1,558	1,607	-3.0%
Average age	73.8	73.2	N/A
Average monthly benefit[3]	$3,238	$3,101	4.4%
Disabled members:			
Number in pay status	127	134	-5.2%
Average age	72.0	71.4	N/A
Average monthly benefit[3]	$2,173	$2,015	7.8%
Beneficiaries:			
Number in pay status	366	346	5.8%
Average age	79.0	79.0	N/A
Average monthly benefit[3]	$1,386	$1,340	3.4%

(1) *Calculated by increasing annualized bi-weekly compensation rates as of valuation date by one-half year of inflation and "across the board" salary increases.*

(2) *Includes nonvested terminated members with member contributions on deposit.*

(3) *Excludes STAR COLA, vested fixed supplemental and supplemental medical benefit amounts. Note that the STAR COLA benefit has been eliminated as of July 2011.*

EXHIBIT A (continued)

Table of Plan Coverage

ii. General Tier 2

	Year Ended June 30		
Category	**2012**	**2011**	**Change From Prior Year**
Active members in valuation:			
Number	6,376	6,362	0.2%
Average age	46.2	45.8	N/A
Average service	10.1	9.8	N/A
Projected total compensation(1)	$459,554,673	$456,006,316	0.8%
Projected average compensation	$72,076	$71,677	0.6%
Account balances	$329,457,543	$312,646,786	5.4%
Total active vested members	4,382	4,124	6.3%
Vested terminated members(2)	1,828	1,776	2.9%
Retired members:			
Number in pay status	1,883	1,732	8.7%
Average age	66.9	66.7	N/A
Average monthly benefit(3)	$1,425	$1,349	5.6%
Disabled members:			
Number in pay status	323	326	-0.9%
Average age	61.8	61.1	N/A
Average monthly benefit(3)	$1,390	$1,369	1.5%
Beneficiaries:			
Number in pay status	211	194	8.8%
Average age	66.0	64.8	N/A
Average monthly benefit(3)	$751	$781	-3.8%

(1) *Calculated by increasing annualized bi-weekly compensation rates as of valuation date by one-half year of inflation and "across the board" salary increases.*

(2) *Includes nonvested terminated members with member contributions on deposit.*

(3) *Excludes STAR COLA, vested fixed supplemental and supplemental medical benefit amounts. Note that the STAR COLA benefit has been eliminated as of July 2011.*

EXHIBIT A (continued)

Table of Plan Coverage

iii. Safety

Category	Year Ended June 30 2012	Year Ended June 30 2011	Change From Prior Year
Active members in valuation:			
Number	1,490	1,524	-2.2%
Average age	41.1	40.7	N/A
Average service	13.9	13.6	N/A
Projected total compensation[1]	$158,804,521	$164,916,105	-3.7%
Projected average compensation	$106,580	$108,213	-1.5%
Account balances	$150,059,478	$147,480,015	1.7%
Total active vested members	1,221	1,193	2.3%
Vested terminated members[2]	270	259	4.2%
Retired members:			
Number in pay status	615	590	4.2%
Average age	64.8	64.8	N/A
Average monthly benefit[3]	$6,798	$6,496	4.6%
Disabled members:			
Number in pay status	378	377	0.3%
Average age	62.4	62.0	N/A
Average monthly benefit[3]	$4,824	$4,522	6.7%
Beneficiaries:			
Number in pay status	197	175	12.6%
Average age	67.0	66.2	N/A
Average monthly benefit[3]	$2,751	$2,785	-1.2%

(1) *Calculated by increasing annualized bi-weekly compensation rates as of valuation date by one-half year of inflation and "across the board" salary increases.*

(2) *Includes nonvested terminated members with member contributions on deposit.*

(3) *Excludes STAR COLA, vested fixed supplemental and supplemental medical benefit amounts. Note that the STAR COLA benefit has been eliminated as of July 2011.*

EXHIBIT B

Members in Active Service and Projected Average Compensation as of June 30, 2012
By Age and Years of Service

i. General Tier 1

		Years of Service								
Age	**Total**	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40 & over**
Under 25	10	10	- -	- -	- -	- -	- -	- -	- -	- -
	$70,565	$70,565	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	5	5	- -	- -	- -	- -	- -	- -	- -	- -
	70,689	70,689	- -	- -	- -	- -	- -	- -	- -	- -
30 - 34	2	2	- -	- -	- -	- -	- -	- -	- -	- -
	69,935	69,935	- -	- -	- -	- -	- -	- -	- -	- -
35 - 39	2	2	- -	- -	- -	- -	- -	- -	- -	- -
	71,498	71,498	- -	- -	- -	- -	- -	- -	- -	- -
40 - 44	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
45 - 49	4	- -	- -	1	1	2	- -	- -	- -	- -
	220,873	- -	- -	$175,454	$212,126	$247,956	- -	- -	- -	- -
50 - 54	19	- -	1	2	- -	4	1	11	- -	- -
	136,848	- -	$165,820	200,764	- -	188,725	$225,615	$95,660	- -	- -
55 - 59	53	- -	1	2	4	2	3	20	21	- -
	100,431	- -	217,277	158,602	108,789	150,333	164,450	89,666	$84,090	- -
60 - 64	45	- -	1	4	3	6	3	13	13	2
	94,721	- -	76,173	129,120	104,828	141,054	68,406	80,688	84,481	$78,287
65 - 69	10	- -	1	1	- -	1	- -	2	3	2
	87,685	- -	114,150	83,899	- -	130,176	- -	69,559	97,201	58,951
70 & over	3	- -	- -	- -	- -	- -	- -	1	1	1
	66,815	- -	- -	- -	- -	- -	- -	99,397	50,985	50,062
Total	153	19	4	10	8	15	7	47	38	5
	$101,230	$70,629	$143,355	$149,457	$120,221	$168,532	$132,026	$87,937	$84,387	$64,907

EXHIBIT B (continued)

Members in Active Service and Projected Average Compensation as of June 30, 2012
By Age and Years of Service

ii. General Tier 2

		Years of Service								
Age	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	76	72	4	- -	- -	- -	- -	- -	- -	- -
	$44,053	$43,791	$48,766	- -	- -	- -	- -	- -	- -	- -
25 - 29	508	404	102	2	- -	- -	- -	- -	- -	- -
	57,281	57,875	54,696	$68,993	- -	- -	- -	- -	- -	- -
30 - 34	684	372	242	70	- -	- -	- -	- -	- -	- -
	65,721	64,845	66,764	66,772	- -	- -	- -	- -	- -	- -
35 - 39	755	275	259	194	27	- -	- -	- -	- -	- -
	69,231	64,865	73,728	68,972	$72,433	- -	- -	- -	- -	- -
40 - 44	845	232	250	208	98	56	1	- -	- -	- -
	74,606	68,553	76,109	79,334	77,662	$70,350	$58,873	- -	- -	- -
45 - 49	917	190	235	235	121	112	23	1	- -	- -
	75,506	67,023	72,840	80,075	84,499	75,619	78,270	$75,182	- -	- -
50 - 54	1,024	201	232	202	124	131	96	38	- -	- -
	75,635	69,579	75,237	75,348	73,669	80,661	83,778	80,127	- -	- -
55 - 59	875	152	169	177	124	136	73	44	- -	- -
	77,695	71,709	71,894	76,025	81,241	80,946	92,073	83,474	- -	- -
60 - 64	497	82	109	95	69	72	49	19	2	- -
	76,365	72,632	73,767	79,760	72,450	74,589	82,596	93,632	$92,068	- -
65 - 69	156	15	36	43	29	24	7	2	- -	- -
	73,508	69,695	67,633	77,514	79,104	72,958	60,132	93,995	- -	- -
70 & over	39	7	9	11	3	4	- -	5	- -	- -
	70,531	77,784	70,975	67,114	73,554	60,643	- -	73,194	- -	- -
Total	6,376	2,002	1,647	1,237	595	535	249	109	2	- -
	$72,076	$64,717	$71,579	$75,858	$78,174	$77,286	$84,704	$83,723	$92,068	- -

EXHIBIT B (continued)

Members in Active Service and Projected Average Compensation as of June 30, 2012
By Age and Years of Service

iii. Safety

		Years of Service								
Age	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over
Under 25	41	39	2	- -	- -	- -	- -	- -	- -	- -
	$72,031	$71,405	$84,232	- -	- -	- -	- -	- -	- -	- -
25 - 29	167	114	53	- -	- -	- -	- -	- -	- -	- -
	82,683	77,252	94,364	- -	- -	- -	- -	- -	- -	- -
30 - 34	234	63	134	37	- -	- -	- -	- -	- -	- -
	92,722	86,019	94,270	$98,530	- -	- -	- -	- -	- -	- -
35 - 39	251	32	62	120	37	- -	- -	- -	- -	- -
	105,366	93,951	98,300	108,307	$117,537	- -	- -	- -	- -	- -
40 - 44	283	10	24	102	105	41	1	- -	- -	- -
	110,679	98,736	94,193	106,844	115,142	$121,010	$124,765	- -	- -	- -
45 - 49	209	3	18	31	41	89	26	1	- -	- -
	117,274	103,535	98,704	101,211	113,984	123,211	134,793	$141,696	- -	- -
50 - 54	197	6	3	13	17	53	58	46	1	- -
	124,888	119,530	115,484	110,210	109,371	118,963	130,667	134,748	$165,004	- -
55 - 59	84	1	6	6	5	19	21	23	3	- -
	127,326	215,893	116,392	89,383	93,489	117,578	131,012	144,678	154,875	- -
60 - 64	23	1	2	1	4	6	4	3	2	- -
	115,368	132,300	154,653	132,522	96,171	112,234	109,942	124,019	104,710	- -
65 - 69	1	- -	- -	- -	- -	- -	- -	- -	- -	1
	115,218	- -	- -	- -	- -	- -	- -	- -	- -	$115,218
70 & over	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Total	1,490	269	304	310	209	208	110	73	6	1
	$106,580	$83,199	$96,342	$105,741	$113,988	$120,863	$130,901	$137,531	$139,841	$115,218

EXHIBIT C

Reconciliation of Member Data – June 30, 2011 to June 30, 2012

	Active Members	Vested Terminated Members[1]	Pensioners	Disableds	Beneficiaries	Total
Number as of June 30, 2011	8,040	2,097	3,929	837	715	15,618
New members	423	32	0	0	112	567
Terminations – with vested rights	-191	191	0	0	0	0
Contributions refunds	-88	-58	0	0	0	-146
Retirements	-180	-72	252	0	0	0
New disabilities	-8	-1	-10	19	0	0
Return to work	26	-26	0	0	0	0
Died with or without beneficiary	-4	-3	-140	-29	-23	-199
Data adjustments	1	1	25	1	-30	-2
Number as of June 30, 2012	8,019	2,161	4,056	828	774	15,838

(1) *Includes nonvested terminated members with member contributions on deposit.*

SEGAL

EXHIBIT D

Summary Statement of Income and Expenses on an Actuarial Value Basis

	Year Ended June 30, 2012		Year Ended June 30, 2011	
Contribution income:				
Employer contributions	$140,772,726		$120,053,545	
Member contributions	44,486,749		44,237,695	
Contribution income		$185,259,475		$164,291,240
Investment income:				
Interest, dividends and other income	$42,088,643		$40,478,834	
Adjustment toward market value [1]	155,520,370		93,102,991	
Less investment and administrative fees	(12,821,915)		(12,175,283)	
Net investment income		$184,787,098		$121,406,542
Total income available for benefits		$370,046,573		$285,697,782
Less benefit payments		$(195,114,694)		$(184,458,061)
Change in reserve for future benefits		$174,931,879		$101,239,721

[1] *Equals the "non-cash" earnings on investments included in the Actuarial Value of Assets.*

EXHIBIT E

Summary Statement of Net Assets

	Year Ended June 30, 2012		Year Ended June 30, 2011	
Cash equivalents		$118,800,271		$188,845,554
Accounts receivable:				
Securities sold	$29,531,517		$23,957,578	
Accrued interest and dividends	5,175,132		4,636,910	
Member and employer contributions	3,754,115		2,372,406	
Other	21,686		23,368	
Total accounts receivable		$38,482,450		$30,990,262
Investments:				
Equities	$1,998,047,913		$2,026,968,094	
Fixed income	840,596,038		807,313,342	
Real estate	283,239,366		253,973,321	
Currency	0		8,746,510	
Pension software development cost	686,886		0	
Investments received on securities lending	94,634,819		122,498,629	
Total investments at market value		$3,217,205,022		$3,219,499,896
Total assets		$3,374,487,743		$3,439,335,712
Liabilities:				
Securities lending	$(94,634,819)		$(122,498,629)	
Security purchases	(68,472,851)		(142,597,140)	
Accounts payable	(1,737,362)		(1,890,154)	
Prepaid contributions	(25,504)		(24,726)	
Total liabilities		$(164,870,536)		$(267,010,649)
Net assets at market value		$3,209,617,207		$3,172,325,063
Net assets at actuarial value		$3,411,149,169		$3,236,217,290
Net assets at valuation value		$3,397,359,919		$3,220,387,920

EXHIBIT F

Actuarial Balance Sheet

An overview of the Plan's funding is given by an Actuarial Balance Sheet. In this approach, we first determine the amount and timing of all future payments that will be made by the Plan for current participants. We then discount these payments at the valuation interest rate to the date of the valuation, thereby determining their present value. We refer to this present value as the "liability" of the Plan.

Second, we determine how this liability will be met. These actuarial "assets" include the net amount of assets already accumulated by the Plan, the present value of future member contributions, the present value of future employer normal cost contributions, and the present value of future employer amortization payments for the unfunded actuarial accrued liability.

Actuarial Balance Sheet ($ in 000s)

Assets	**June 30, 2012**	**June 30, 2011**
1. Total valuation value of assets	$3,397,359	$3,220,388
2. Present value of future contributions by members	441,272	419,378
3. Present value of future employer contributions for:		
a. Entry age normal cost	524,608	502,358
b. Unfunded actuarial accrued liability	975,867	774,964
4. Total current and future assets	$5,339,106	$4,917,088
Liabilities		
5. Present value of benefits for retirees and beneficiaries	$2,400,567	$2,134,592
6. Present value of benefits for vested terminated members	125,886	107,616
7. Present value of benefits for active members	2,812,653	2,674,880
8. Total liabilities	$5,339,106	$4,917,088

EXHIBIT G

Summary of Allocated Reserves

Reserves		
	June 30, 2012	**June 30, 2011**
Member contributions reserve [1]	$569,892,474	$549,207,345
Employer advance reserve [1]	1,488,500,882	1,314,951,721
Offset: Interest crediting shortfall tracking account [1]	(721,502,957)	(591,568,674)
Retiree reserve [1]	1,919,116,136	1,810,061,793
Supplemental death benefit reserve [1]	12,782,317	12,297,923
Vested fixed supplemental ($108.44) reserve [1]	128,571,067	125,437,812
Undistributed earnings [1]	0	0
Valuation reserves	$3,397,359,919	$3,220,387,920
STAR COLA reserve [2]	0	238,479
Supplemental medical ($27.50) reserve [2]	13,789,250	15,590,891
Contingency reserve [2]	0	0
Total reserves (actuarial value)	$3,411,149,169	$3,236,217,290
Market stabilization reserve [2]	(201,531,962)	(63,892,227)
Net market value	$3,209,617,207	$3,172,325,063

(1) *Included in valuation value of assets.*

(2) *Not included in valuation value of assets.*

EXHIBIT H

Development of Unfunded/(Overfunded) Actuarial Accrued Liability for Year Ended June 30, 2012

1.	Unfunded actuarial accrued liability at beginning of year		$774,964,000
2.	Total Normal Cost payable at middle of year		114,176,000
3.	Expected employer and member contributions		(202,305,000)
4.	Interest (whole year on (1) plus half year on (2) + (3))		57,459,000
5.	Expected unfunded actuarial accrued liability at end of year		$744,294,000
6.	Actuarial (gain)/loss due to all changes:		
	(a) Investment return	$72,404,000	
	(b) Lower than expected individual salary increases	(93,786,000)	
	(c) Actual contributions less than expected	17,046,000	
	(d) Other experience	8,594,000	
	(e) Changes in demographic actuarial assumptions	123,037,000	
	(f) Changes in economic actuarial assumptions	104,278,000	
	Total changes		$231,573,000
7.	Unfunded actuarial accrued liability at end of year		$975,867,000

Note: Net gain from other non-investment experience of $68.1 million (as shown on page 8) is equal to: 6(b) + 6(c) + 6(d).

EXHIBIT I

Table of Amortization Bases

	Date Established	Source	Initial Amount	Outstanding Balance	Years Remaining	Payment
General Tier 1	June 30, 2004	Restart of Amortization	$63,394,000	$47,109,000	7	$7,773,000
	June 30, 2005	Actuarial (Gain)/Loss	22,085,000	17,702,000	8	2,599,000
	June 30, 2006	Actuarial (Gain)/Loss	7,048,000	5,994,000	9	796,000
	June 30, 2006	Assumption Change	41,538,000	35,299,000	9	4,686,000
	June 30, 2007	Actuarial (Gain)/Loss	(19,901,000)	(17,730,000)	10	(2,154,000)
	June 30, 2008	Actuarial (Gain)/Loss	(18,128,000)	(16,771,000)	11	(1,883,000)
	June 30, 2009	Actuarial (Gain)/Loss	55,190,000	52,526,000	12	5,497,000
	June 30, 2009	Assumption Change	18,574,000	17,668,000	12	1,849,000
	June 30, 2010	Actuarial (Gain)/Loss	50,018,000	48,660,000	13	4,778,000
	June 30, 2011	Actuarial (Gain)/Loss	36,225,000	35,821,000	14	3,320,000
	June 30, 2012	Actuarial (Gain)/Loss	29,865,000	29,865,000	15	2,626,000
	June 30, 2012	Demographic Assumption Change	38,104,000	38,104,000	20	2,720,000
	June 30, 2012	Economic Assumption Change	19,517,000	19,517,000	20	1,393,000
				$313,764,000		$34,000,000
General Tier 2	June 30, 2004	Restart of Amortization	$49,731,000	$36,960,000	7	$6,099,000
	June 30, 2005	Actuarial (Gain)/Loss	7,622,000	6,114,000	8	898,000
	June 30, 2006	Actuarial (Gain)/Loss	(9,108,000)	(7,744,000)	9	(1,028,000)
	June 30, 2006	Assumption Change	19,085,000	16,218,000	9	2,153,000
	June 30, 2006	Plan Provision Change	14,731,000	12,514,000	9	1,661,000
	June 30, 2007	Actuarial (Gain)/Loss	(39,508,000)	(35,203,000)	10	(4,277,000)
	June 30, 2008	Actuarial (Gain)/Loss	(34,794,000)	(32,169,000)	11	(3,612,000)
	June 30, 2009	Actuarial (Gain)/Loss	71,253,000	67,805,000	12	7,096,000
	June 30, 2009	Assumption Change	22,696,000	21,600,000	12	2,260,000
	June 30, 2010	Actuarial (Gain)/Loss	47,615,000	46,326,000	13	4,549,000
	June 30, 2011	Actuarial (Gain)/Loss	(6,949,000)	(6,879,000)	14	(638,000)
	June 30, 2012	Actuarial (Gain)/Loss	(18,106,000)	(18,106,000)	15	(1,592,000)
	June 30, 2012	Demographic Assumption Change	29,420,000	29,420,000	20	2,100,000
	June 30, 2012	Economic Assumption Change	32,874,000	32,874,000	20	2,347,000
				$169,730,000		$18,016,000

EXHIBIT I (continued)

Table of Amortization Bases

	Date Established	Source	Initial Amount	Outstanding Balance	Years Remaining	Payment
Safety	June 30, 2004	Restart of Amortization	$210,319,000	$156,280,000	7	$25,787,000
	June 30, 2005	Actuarial (Gain)/Loss	19,142,000	15,341,000	8	2,253,000
	June 30, 2006	Actuarial (Gain)/Loss	3,418,000	2,903,000	9	385,000
	June 30, 2006	Assumption Change	42,167,000	35,833,000	9	4,757,000
	June 30, 2007	Actuarial (Gain)/Loss	(37,489,000)	(33,394,000)	10	(4,057,000)
	June 30, 2008	Actuarial (Gain)/Loss	(22,443,000)	(20,741,000)	11	(2,329,000)
	June 30, 2009	Actuarial (Gain)/Loss	78,157,000	74,385,000	12	7,784,000
	June 30, 2009	Assumption Change	49,982,000	47,569,000	12	4,978,000
	June 30, 2010	Actuarial (Gain)/Loss	108,448,000	105,520,000	13	10,362,000
	June 30, 2011	Actuarial (Gain)/Loss	8,879,000	8,778,000	14	814,000
	June 30, 2012	Actuarial (Gain)/Loss	(7,501,000)	(7,501,000)	15	(659,000)
	June 30, 2012	Demographic Assumption Change	55,513,000	55,513,000	20	3,963,000
	June 30, 2012	Economic Assumption Change	51,887,000	51,887,000	20	3,704,000
				$492,373,000		$57,742,000
Grand Total				$975,867,000		$109,758,000

EXHIBIT J

Section 415 Limitations

Section 415 of the Internal Revenue Code (IRC) specifies the maximum benefits that may be paid to an individual from a defined benefit plan and the maximum amounts that may be allocated each year to an individual's account in a defined contribution plan.

A qualified pension plan may not pay benefits in excess of the Section 415 limits. The ultimate penalty for non-compliance is disqualification: active participants could be taxed on their vested benefits and the IRS may seek to tax the income earned on the plan's assets.

In particular, Section 415(b) of the IRC limits the maximum annual benefit payable at the Normal Retirement Age to a dollar limit of $160,000 indexed for inflation. That limit is $200,000 for 2012 and $205,000 for 2013. Normal Retirement Age for these purposes is age 62. These are the limits in simplified terms. They must be adjusted based on each participant's circumstances, for such things as age at retirement, form of benefits chosen and after tax contributions. Limits are also affected by the "grandfather" election under Section 415(b)(10).

Benefits in excess of the limits may be paid through a qualified governmental excess plan that meets the requirements of Section 415(m).

Legal Counsel's review and interpretation of the law and regulations should be sought on any questions in this regard.

Contribution rates determined in this valuation have not been reduced for the Section 415 limitations. Actual limitations will result in gains as they occur.

EXHIBIT K
Definitions of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

Assumptions or Actuarial Assumptions: The estimates on which the cost of the Plan is calculated including:

(a) Investment return — the rate of investment yield that the Plan will earn over the long-term future;

(b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;

(c) Retirement rates — the rate or probability of retirement at a given age;

(d) Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

Normal Cost: The amount of contributions required to fund the cost allocated to the current year of service.

Actuarial Accrued Liability for Actives: The equivalent of the accumulated normal costs allocated to the years before the valuation date.

Actuarial Accrued Liability for Pensioners: The single sum value of lifetime benefits to existing pensioners. This sum takes account of life expectancies appropriate to the ages of the pensioners and the interest that the sum is expected to earn before it is entirely paid out in benefits.

Unfunded/(Overfunded) Actuarial Accrued Liability:	The extent to which the actuarial accrued liability of the Plan exceeds (or is exceeded by) the assets of the Plan.
Amortization of the Unfunded/ (Overfunded) Actuarial Accrued Liability:	Payments made over a period of years equal in value to the Plan's unfunded or overfunded actuarial accrued liability.
Investment Return:	The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the market gains and losses to avoid significant swings in the value of assets from one year to the next.
Payroll or Compensation:	Compensation earnable expected to be paid to active members during the twelve months following the valuation date. Only compensation earnable that would possibly go into the determination of retirement benefits is included.

EXHIBIT I
Summary of Actuarial Valuation Results

The valuation was made with respect to the following data supplied to us:

1.	Retired members as of the valuation date (including 774 beneficiaries in pay status)		5,658
2.	Members inactive during year ended June 30, 2012 with vested rights[(1)]		2,161
3.	Members active during the year ended June 30, 2012		8,019

The actuarial factors as of the valuation date are as follows (amounts in 000s):

1.	Normal cost		$123,529
2.	Present value of future benefits		5,339,106
3.	Present value of future normal costs		965,879
4.	Actuarial accrued liability[(2)]		4,373,227
	Retired members and beneficiaries	$2,400,567	
	Inactive members with vested rights[(1)]	125,886	
	Active members	1,846,774	
5.	Valuation value of assets[(2)] ($3,209,617 at market value as reported by Retirement Association)		3,397,360
6.	Unfunded actuarial accrued liability		$975,867

(1) *Includes nonvested terminated members with member contributions on deposit.*

(2) *Excludes liabilities and assets held for STAR COLA benefit reserve, supplemental medical benefit reserve and statutory contingency reserve. Note that the STAR COLA benefit has been eliminated as of July 2011 and funds in the STAR COLA benefit reserve were transferred back to the valuation reserves.*

EXHIBIT I (continued)
Summary of Actuarial Valuation Results

The determination of the recommended average employer contribution is as follows (amounts in 000s):	Dollar Amount	% of Payroll
1. Total normal cost	$123,529	19.49%
2. Expected employee contributions	-54,040	-8.53%
3. Employer normal cost: (1) + (2)	$69,489	10.96%
4. Amortization of unfunded actuarial accrued liability	109,744	17.31%
5. Total recommended average employer contribution: (3) + (4)	$179,233	28.27%
8. Projected compensation	$633,848	

EXHIBIT II

Supplementary Information Required by the GASB – Schedule of Employer Contributions

Plan Year Ended June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
2007	$86,455,000	$86,455,000	100.0%
2008	104,429,000	104,429,000	100.0%
2009	105,278,000	105,278,000	100.0%
2010	97,324,000	97,324,000	100.0%
2011	111,585,000	111,585,000	100.0%
2012	132,386,000	132,386,000	100.0%

EXHIBIT III

Supplementary Information Required by the GASB – Schedule of Funding Progress

Actuarial Valuation Date	Valuation Value of Assets[1] (a)	Actuarial Accrued Liability (AAL)[2] (b)	Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a) / (c)]
06/30/2007	$2,736,558,000	$3,112,583,000	$376,025,000	87.92%	$551,968,000	68.12%
06/30/2008	3,055,756,000	3,345,804,000	290,048,000	91.33%	599,173,000	48.41%
06/30/2009	3,090,148,000	3,663,701,000	573,553,000	84.34%	634,777,000	90.36%
06/30/2010	3,115,984,000	3,877,443,000	761,459,000	80.36%	654,829,000	116.28%
06/30/2011	3,220,388,000	3,995,352,000	774,964,000	80.60%	637,037,000	121.65%
06/30/2012	3,397,360,000	4,373,227,000	975,867,000	77.69%	633,848,000	153.96%

(1) *Excludes assets for STAR COLA benefit reserve, supplemental medical benefit reserve and statutory contingency reserve. Note that the STAR COLA benefit has been eliminated as of July 2011.*

(2) *Excludes liabilities held for STAR COLA benefit reserve, supplemental medical benefit reserve and statutory contingency reserve. Note that the STAR COLA benefit has been eliminated as of July 2011.*

EXHIBIT IV

Supplementary Information Required by the GASB

Valuation date	June 30, 2012
Actuarial cost method	Entry Age Normal Actuarial Cost Method
Amortization method	Level percent of payroll (4.00% payroll growth assumed)
Remaining amortization period	15 years for UAAL as of June 30, 2004. Any changes in UAAL after June 30, 2004 are separately amortized over a 15-year closed period effective with that valuation. Effective June 30, 2012, any changes in UAAL due to actuarial gains or losses or due to plan amendments (with the exception of a change due to retirement incentives) will be amortized over a 15-year closed period effective with that valuation (up to a 5-year closed period for retirement incentives). Any change in UAAL due to changes in actuarial assumptions or methods will be amortized over a 20-year closed period effective with that valuation.
Asset valuation method	Market value of assets less unrecognized returns in each of the last ten semi-annual accounting periods. Unrecognized returns are equal to the difference between the actual market return and the expected return on market value and are recognized over a five-year period. The Actuarial Value of Assets is reduced by the value of the STAR COLA benefit reserve (eliminated as of July 2011), supplemental medical benefit reserve and statutory contingency reserve. Deferred gains and losses as of June 30, 2011 have been combined and will be recognized in equal amounts over a period of four and a half years from that date.
Actuarial assumptions:	
Investment rate of return	7.75%[1]
Projected salary increases	4.50% - 12.50%[2] varying by service
Cost of living adjustments	For General Tier 1 and Safety, 3% (actual increases are contingent upon CPI increases with a 3.00% maximum). For General Tier 2, SEIU members receive a fixed 2% cost-of-living adjustment not subject to CPI increases that applies to future service after March 2003.

Plan membership:	
Retired members *and beneficiaries receiving benefits*	5,658
Terminated members *entitled to, but not yet receiving benefits*[3]	2,161
Active members	8,019
Total	15,838

(1) *Includes inflation at 3.25%.*
(2) *Includes inflation at 3.25%, "across the board" increases of 0.75%, plus merit and longevity increases. See Exhibit V for these increases.*
(3) *Includes nonvested terminated members with member contributions on deposit.*

EXHIBIT V

Actuarial Assumptions and Methods

Actuarial Assumptions

Post – Retirement Mortality Rates:

Healthy:	For all Members: RP-2000 Combined Healthy Mortality Table projected with Scale AA to 2025 set back one year.
Disabled:	For General Members: RP-2000 Combined Healthy Mortality Table projected with Scale AA to 2025 set forward five years for males and seven years for females.
	For Safety Members: RP-2000 Combined Healthy Mortality Table projected with Scale AA to 2025 set back one year.
	The RP-2000 mortality tables projected with Scale AA to 2010 and adjusted by the applicable set backs and set forwards shown above reasonably reflect the projected mortality experience as of the measurement date. The additional projection to 2025 is a provision for future mortality improvements.
Beneficiaries:	Beneficiaries are assumed to have the same mortality as a General Member of the opposite sex who has taken a service (non-disability) retirement.
Member Contribution Rates:	For General Members: RP-2000 Combined Healthy Mortality Table projected with Scale AA to 2025 set back one year weighted 35% male and 65% female.
	For Safety Members: RP-2000 Combined Healthy Mortality Table projected with Scale AA to 2025 set back one year weighted 80% male and 20% female.

Termination Rates Before Retirement:

	Rate (%) Mortality			
	General		Safety	
Age	Male	Female	Male	Female
25	0.03	0.01	0.03	0.01
30	0.04	0.02	0.04	0.02
35	0.06	0.03	0.06	0.03
40	0.09	0.04	0.09	0.04
45	0.10	0.07	0.10	0.07
50	0.13	0.10	0.13	0.10
55	0.19	0.19	0.19	0.19
60	0.40	0.39	0.40	0.39
65	0.79	0.76	0.79	0.76

All pre-retirement deaths are assumed to be non-duty related.

Termination Rates Before Retirement (continued):

Age	Rate (%) Disability General[1]	Safety[2]
25	0.02	0.14
30	0.04	0.26
35	0.08	0.48
40	0.13	0.90
45	0.21	1.16
50	0.40	1.98
55	0.56	3.40
60	0.69	4.60
65	0.90	0.00
70	1.00	0.00

(1) 40% of General disabilities are assumed to be duty disabilities and the other 60% are assumed to be ordinary disabilities.

(2) 90% of Safety disabilities are assumed to be duty disabilities and the other 10% are assumed to be ordinary disabilities.

Termination Rates Before Retirement (continued):

Rate (%)

Withdrawal (Less than Five Years of Service)*

Years of Service	General	Safety
0	15.00	12.00
1	10.00	6.00
2	8.00	5.50
3	7.00	5.00
4	6.00	4.00

Withdrawal (Five or More Years of Service)*

Age	General	Safety
20	6.00	4.00
25	6.00	4.00
30	5.70	3.40
35	4.90	2.40
40	3.90	1.40
45	2.90	0.70
50	2.20	0.20
55	1.70	0.00
60	1.20	0.00
65	1.00	0.00
70	0.00	0.00

* The greater of a refund of member contributions and a deferred annuity is valued when a member withdraws.

No withdrawal is assumed after a member is first assumed to retire.

Retirement Rates:

	Rate (%)	
Age	General	Safety
40	0.00	1.00
41	0.00	1.00
42	0.00	1.00
43	0.00	1.00
44	0.00	1.00
45	0.00	1.00
46	0.00	1.00
47	0.00	1.00
48	0.00	1.00
49	0.00	1.00
50	3.00	2.00
51	3.00	2.00
52	4.00	4.00
53	4.00	6.00
54	6.00	18.00
55	6.00	25.00
56	7.00	20.00
57	8.00	20.00
58	10.00	18.00
59	10.00	25.00
60	14.00	25.00
61	18.00	30.00
62	22.00	40.00
63	20.00	50.00
64	25.00	50.00
65	35.00	100.00
66	35.00	100.00
67	35.00	100.00
68	25.00	100.00
69	20.00	100.00
70	20.00	100.00
71	20.00	100.00
72	20.00	100.00
73	20.00	100.00
74	40.00	100.00
75	100.00	100.00

Retirement Age and Benefit for Deferred Vested Members:	For deferred vested members, we make the following retirement assumption: General Age: 58 Safety Age: 54 We assume that 50% and 65% of future General and Safety deferred vested members, respectively, will continue to work for a reciprocal employer. For reciprocals, we assume 4.50% compensation increases per annum.
Future Benefit Accruals:	1.0 year of service per year.
Unknown Data for Members:	Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male.
Definition of Active Members:	All active members of VCERA as of the valuation date.
Percent Married:	70% of male members and 50% of female members are assumed to be married at pre-retirement death or retirement. There is no explicit assumption for children's benefits.
Age of Spouse:	Female (or male) spouses are 3 years younger (or older) than their spouses.
Net Investment Return:	7.75%, net of investment and administration expenses.
Member Contribution Crediting Rate:	3.25% (Actual increase is based on projected long term ten-year Treasury rate).
Consumer Price Index:	Increase of 3.25% per year; retiree COLA increases due to CPI are subject to a 3.0% maximum change per year for General Tier 1 and Safety. For General Tier 2, SEIU members receive a fixed 2% cost-of-living adjustment, not subject to changes in the CPI, that applies to future service after March 2003.

In-Service Redemptions:

The following assumptions for in-service redemptions pay as a percentage of final average compensation are used:

General Tier 1	8.00%
General Tier 2	3.50%
Safety	7.50%

For determining the cost of the basic benefit (i.e., non-COLA component), the cost of this pay element is currently recognized in the valuation as an employer only cost and does not affect member contribution rates.

Salary Increases:

Annual Rate of Compensation Increase

Inflation: 3.25% per year; plus "across the board" salary increases of 0.75% per year; plus the following promotional and merit increases:

Years of Service	General	Safety
Less than 1	5.00%	8.50%
1	3.75	6.25
2	3.00	4.75
3	2.50	4.00
4	2.00	3.00
5	1.50	2.50
6	1.00	2.00
7	1.00	1.50
8	0.75	1.25
9	0.50	1.00
10	0.50	0.75
11	0.50	0.75
12	0.50	0.75
13	0.50	0.75
14	0.50	0.75
15	0.50	0.75
16	0.50	0.50
17	0.50	0.50
18	0.50	0.50
19	0.50	0.50
20 and Over	0.50	0.50

Actuarial Methods

Actuarial Cost Method: Entry Age Normal Actuarial Cost Method. Entry Age is the age at the member's hire date. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are based on costs allocated as a level percentage of compensation, as if the current benefit formulas have always been in effect (i.e., "replacement life").

Actuarial Value of Assets: Market value of assets less unrecognized returns in each of the last ten semi-annual accounting periods. Unrecognized returns are equal to the difference between the actual market return and the expected return on market value and are recognized over a five-year period. Deferred gains and losses as of June 30, 2011 have been combined and will be recognized in equal amounts over a period of four and a half years from that date.

Valuation Value of Assets: Actuarial Value of Assets reduced by the value of the supplemental medical benefit reserve and statutory contingency reserve.

Amortization Policy: The UAAL, (i.e., the difference between the Actuarial Accrued Liability and the Valuation Value of Assets), as of June 30, 2011 shall continue to be amortized over separate 15-year period amortization layers based on the valuations during which each separate layer was previously established.

Any new UAAL as a result of actuarial gains or losses identified in the annual valuation as of June 30 will be amortized over a period of 15 years.

Any new UAAL as a result of change in actuarial assumptions or methods will be amortized over a period of 20 years.

Unless an alternative amortization period is recommended by the Actuary and accepted by the Board based on the results of an actuarial analysis:

i) with the exception noted in ii., below, the increase in UAAL as a result of any plan amendments will be amortized over a period of 15 years;

ii) the increase in UAAL resulting from a temporary retirement incentive, including the impact of benefits resulting from additional service permitted in Section 31641.04 of the 1937 CERL (Golden Handshake), will be funded over a period of up to 5 years.

UAAL shall be amortized over "closed" amortization periods so that the amortization period for each layer decreases by one year with each actuarial valuation.

UAAL shall be amortized as a level percentage of payroll so that the amortization amount in each year during the amortization period shall be expected to be a level percentage of covered payroll, taking into consideration the current assumption for general payroll increase.

If an overfunding exists (i.e., the total of all UAAL becomes negative so that there is a surplus), such surplus and any subsequent surpluses will be amortized over an "open" amortization period of 30 years. Any prior UAAL amortization layers will be considered fully amortized, and any subsequent UAAL, will be amortized over 15 years as the first of a new series of amortization layers.

These amortization policy components will apply separately to each of VCERA's UAAL cost groups.

Changes in Actuarial Assumptions and Methods:

The Board adopted an adjustment to the asset smoothing method that combined the net deferred investment losses from the June 30, 2011 valuation into a single smoothing layer to be recognized in equal amounts over a period of four and a half years from that date.

In addition, based on the Actuarial Experience Study, Review of Economic Assumptions and Review of Actuarial Funding Policy, the following assumptions and methods were changed. Previously, these assumptions and methods were as follows:

Changes in Actuarial Assumptions and Methods – Prior Assumptions (continued):

Post – Retirement Mortality Rates:

Healthy: For all Members: RP-2000 Combined Healthy Mortality Table set back one year.

Disabled: For General Members: RP-2000 Combined Healthy Mortality Table set forward six years.

For Safety Members: RP-2000 Combined Healthy Mortality Table set back one year.

Beneficiaries: Beneficiaries are assumed to have the same mortality as a General Member of the opposite sex who has taken a service (non-disability) retirement.

Member Contribution Rates: For General Members: RP-2000 Combined Healthy Mortality Table set back one year weighted 35% male and 65% female.

For Safety Members: RP-2000 Combined Healthy Mortality Table set back one year weighted 80% male and 20% female.

Termination Rates Before Retirement:

Rate (%)
Mortality

	General		Safety	
Age	**Male**	**Female**	**Male**	**Female**
25	0.04	0.02	0.04	0.02
30	0.04	0.02	0.04	0.02
35	0.07	0.04	0.07	0.04
40	0.10	0.06	0.10	0.06
45	0.14	0.10	0.14	0.10
50	0.20	0.16	0.20	0.16
55	0.32	0.24	0.32	0.24
60	0.59	0.44	0.59	0.44
65	1.13	0.86	1.13	0.86

All pre-retirement deaths are assumed to be non-duty related.

Changes in Actuarial Assumptions and Methods – Prior Assumptions (continued):

Termination Rates Before Retirement (continued):

	Rate (%) Disability	
Age	**General[1]**	**Safety[2]**
25	0.02	0.11
30	0.04	0.24
35	0.08	0.57
40	0.13	0.90
45	0.24	1.15
50	0.48	2.15
55	0.69	4.10
60	0.75	5.75
65	0.75	0.00
70	0.75	0.00

(3) 45% of General disabilities are assumed to be duty disabilities and the other 55% are assumed to be ordinary disabilities.

(4) 90% of Safety disabilities are assumed to be duty disabilities and the other 10% are assumed to be ordinary disabilities.

Changes in Actuarial Assumptions and Methods – Prior Assumptions (continued):

Termination Rates Before Retirement (continued):

Rate (%)

Withdrawal (Less than Five Years of Service)*

Years of Service	General	Safety
0	16.00	10.00
1	12.00	7.00
2	10.00	7.00
3	8.00	6.00
4	8.00	5.50

Withdrawal (Five or More Years of Service)*

Age	General	Safety
20	8.00	5.00
25	8.00	4.70
30	7.10	3.60
35	5.60	2.40
40	4.10	1.40
45	3.05	0.70
50	2.00	0.20
55	1.35	0.00
60	1.10	0.00
65	1.00	0.00
70	0.00	0.00

* The greater of a refund of member contributions and a deferred annuity is valued when a member withdraws.

No withdrawal is assumed after a member is first assumed to retire.

Changes in Actuarial Assumptions and Methods – Prior Assumptions (continued):

Retirement Rates:

	Rate (%)	
Age	General	Safety
40	0.00	1.00
41	0.00	1.00
42	0.00	1.00
43	0.00	1.00
44	0.00	1.00
45	0.00	1.00
46	0.00	1.00
47	0.00	1.00
48	0.00	1.00
49	0.00	1.00
50	4.00	2.00
51	4.00	2.00
52	5.00	5.00
53	5.00	8.00
54	7.00	18.00
55	8.00	20.00
56	8.00	20.00
57	9.00	18.00
58	10.00	18.00
59	12.00	30.00
60	14.00	30.00
61	20.00	30.00
62	25.00	50.00
63	20.00	50.00
64	30.00	50.00
65	40.00	100.00
66	35.00	100.00
67	35.00	100.00
68	35.00	100.00
69	20.00	100.00
70	20.00	100.00
71	20.00	100.00
72	20.00	100.00
73	20.00	100.00
74	50.00	100.00
75	100.00	100.00

Changes in Actuarial Assumptions and Methods – Prior Assumptions (continued):

Retirement Age and Benefit for Deferred Vested Members:	For deferred vested members, we make the following retirement assumption: General Age: 57 Safety Age: 53 We assume that 50% and 65% of future General and Safety deferred vested members, respectively, will continue to work for a reciprocal employer. For reciprocals, we assume 5.00% compensation increases per annum.
Percent Married:	75% of male members and 50% of female members are assumed to be married at pre-retirement death or retirement. There is no explicit assumption for children's benefits.
Net Investment Return:	8.00%, net of investment and administration expenses.
Member Contribution Crediting Rate:	3.50% (Actual increase is based on projected long term ten-year Treasury rate).
Consumer Price Index:	Increase of 3.50% per year; retiree COLA increases due to CPI are subject to a 3.0% maximum change per year for General Tier 1 and Safety. For General Tier 2, SEIU members receive a fixed 2% cost-of-living adjustment, not subject to changes in the CPI, that applies to future service after March 2003.

Changes in Actuarial Assumptions and Methods – Prior Assumptions (continued):

In-Service Redemptions:

The following assumptions for in-service redemptions pay as a percentage of final average compensation are used:

General Tier 1	8.00%
General Tier 2	3.25%
Safety	7.00%

For determining the cost of the basic benefit (i.e., non-COLA component), the cost of this pay element is currently recognized in the valuation as an employer only cost and does not affect member contribution rates.

Salary Increases:

Annual Rate of Compensation Increase

Inflation: 3.50% per year; plus “across the board” salary increases of 0.75% per year; plus the following promotional and merit increases:

Years of Service	General	Safety
Less than 1	4.50%	9.00%
1	3.50	6.50
2	3.00	4.75
3	2.50	3.50
4	2.00	3.00
5	1.50	2.50
6	1.00	2.00
7	1.00	1.50
8	0.75	1.25
9	0.75	1.00
10	0.75	0.75
11	0.75	0.75
12	0.75	0.75
13	0.75	0.75
14	0.75	0.75
15	0.75	0.75
16	0.75	0.75
17	0.75	0.75
18	0.75	0.75
19	0.75	0.75
20 and Over	0.75	0.75

Changes in Actuarial Assumptions and Methods – Prior Methods (continued):

Amortization Policy:	A 15-year layered level percent of payroll amortization for all changes in UAAL.
Actuarial Cost Method:	Entry Age Normal Actuarial Cost Method. Entry Age is the age at the member's hire date. Actuarial Accrued Liability is calculated on an individual basis and is based on costs allocated as a level percentage of compensation. The Normal Cost is calculated on an aggregate basis by taking the Present Value of Future Normal Costs (calculated as if the current benefit accrual rate had always been in effect) divided by the Present Value of Future Salaries to obtain a normal cost rate. This normal cost rate is then multiplied by the total of current salaries.

EXHIBIT VI

Summary of Plan Provisions

This exhibit summarizes the major provisions of the VCERA included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Membership Eligibility:	All regular employees of the County of Ventura or contracting district, scheduled to work 64 or more hours biweekly, are eligible to become a member of the Retirement Association subject to classification below:
General Tier 1	All General members hired before June 30, 1979, Deputy Sheriff trainees and certain executive management.
General Tier 2	All General members hired on or after June 30, 1979, except as noted above.
Safety	All Safety members.
Final Compensation for Benefit Determination:	
General Tier 1 and Safety	Highest consecutive twelve months of compensation earnable (§31462.1)(FAC1).
General Tier 2	Highest consecutive thirty-six months of compensation earnable (§31462)(FAC3).
Service:	Years of service. (Yrs)
Service Retirement Eligibility:	
General	Age 50 with 10 years of service, or age 70 regardless of service, or after 30 years, regardless of age (§31672).
Safety	Age 50 with 10 years of service, or age 70 regardless of service, or after 20 years, regardless of age (§31663.25).

Benefit Formula:

	Retirement Age	Benefit Formula
General Tier 1 (§31676.11)	50	(1.24%xFAC1 – 1/3x1.24%x$350x12)xYrs
	55	(1.67%xFAC1 – 1/3x1.67%x$350x12)xYrs
	60	(2.18%xFAC1 – 1/3x2.18%x$350x12)xYrs
	62	(2.35%xFAC1 – 1/3x2.35%x$350x12)xYrs
	65	(2.61%xFAC1 – 1/3x2.61%x$350x12)xYrs

	Retirement Age	Benefit Formula
General Tier 2 (§31676.1)	50	(1.18%xFAC3 – 1/3x1.18%x$350x12)xYrs
	55	(1.49%xFAC3 – 1/3x1.49%x$350x12)xYrs
	60	(1.92%xFAC3 – 1/3x1.92%x$350x12)xYrs
	62	(2.09%xFAC3 – 1/3x2.09%x$350x12)xYrs
	65	(2.43%xFAC3 – 1/3x2.43%x$350x12)xYrs

	Retirement Age	Benefit Formula
Safety (Non-Integrated) (§31664)	50	(2.00%xFAC1xYrs)
	55	(2.62%xFAC1xYrs)
	60	(2.62%xFAC1xYrs)

Maximum Benefit:	100% of Highest Average Compensation (§31676.1, §31676.11, §31664)
Ordinary Disability:	
General Tier 1 and Tier 2	
Eligibility	Five years of service (§31720).
Benefit Formula	1.5% per year of service. If the benefit does not exceed one-third of Final Compensation, the service is projected to 65, but total benefit cannot be more than one-third of Final Compensation (§31727).
Safety	
Eligibility	Five years of service (§31720).
Benefit Formula	1.8% per year of service. If the benefit does not exceed one-third of Final Compensation, the service is projected to 55, but total benefit cannot be more than one-third of Final Compensation (§31727.2).
Line-of-Duty Disability:	
All Members	
Eligibility	No age or service requirements (§31720).
Benefit Formula	50% of the Final Compensation or 100% of Service Retirement benefit, if larger (§31727.4).

Pre-Retirement Death:	
All Members	
Eligibility - A	None.
Benefit - A	Refund of employee contributions with interest, plus one month's compensation for each year of service to a maximum of six month's compensation (§31781). 50% of Final Compensation or 100% of Service Retirement benefit, if larger, payable to spouse if Line-of-Duty death (§31787). OR
Eligibility - B	Five years of service.
Benefit - B	60% of the greater of Service or Ordinary Disability Retirement benefit payable to surviving eligible spouse (§31765.1, §31781.1), in lieu of above.
Death After Retirement:	
All Members	
Service or Ordinary Disability Retirement	60% of member's unmodified allowance continued to eligible spouse (§31760.1). In addition, there is a $5,000 lump sum benefit payable to member's beneficiary (§31789.3). An eligible spouse is a surviving spouse who was married to the member at least two years prior to the date of death and has attained age 55 on or prior to the date of death (§31760.2, §31785.1).
Line-of-Duty Disability	100% of member's allowance continued to eligible spouse (§31786). In addition, there is a $5,000 lump sum benefit payable to member's beneficiary (§31789.3). An eligible spouse is a surviving spouse who was married to the member at least two years prior to the date of death and has attained age 55 on or prior to the date of death (§31786.1).
Withdrawal Benefits:	
Less than Five Years of Service	Refund of accumulated employee contributions with interest or earned benefit at age 70(§31628).
Five or More Years of Service	If contributions left on deposit, entitled to earned benefits commencing at any time after eligible to retire (§31700).

Post-retirement Cost-of-Living Benefits:	
General Tier 1 and Safety	Future changes based on Consumer Price Index to a maximum of 3% per year, excess “banked” (§31870.1).
General Tier 2	SEIU members receive a fixed 2% cost-of-living adjustment, not subject to changes in the CPI, that applies to future service after March, 2003.
Supplemental Benefit:	A supplemental benefit in the amount of $108.44 per month is paid to retirees and their survivors.
Member Contributions:	Please refer to Appendix A for the specific rates.
General Tier 1	
Basic	Provide for an average annuity at age 55 equal to 1/120 of FAC1 (§31621.1).
Cost-of-Living	Provide for one-half of future cost-of-living costs.
General Tier 2	
Basic	Provide for an average annuity at age 60 equal to 1/120 of FAC3 (§31621).
Cost-of-Living	Provide for a fixed 2% cost-of-living increase for SEIU members that applies to service after March 2003 (§31627). The contribution rate is currently a negotiated 2.63% of compensation.
Safety	
Basic	Provide for an average annuity at age 50 equal to 1/100 of FAC1 (§31639.25).
Cost-of-Living	Provide for one-half of future cost-of-living costs.

Other Information:	For members hired after November 1974, they will pay a contribution corresponding to a General and Safety member hired at entry age 36 and 27, respectively. Safety members with 30 or more years of service are exempt from paying member contributions. The same applies for General members hired on or before March 7, 1973.
Plan Changes:	There have been no changes in plan provisions since the previous actuarial valuation.
Plan Provisions Not Valued:	The Board of Retirement has approved a Supplemental Medical Benefit. This benefit is funded from Undistributed Excess Earnings, paid from a reserve that is not included in the Valuation Value of Assets and is subject at all times to the availability of funds. The Supplemental Medical Benefit is $27.50 per month and is payable to virtually all retirees and beneficiaries. Note that the STAR COLA benefit was eliminated as of July 2011.

NOTE: *The summary of major plan provisions is designed to outline principle plan benefits as interpreted for purposes of the actuarial valuation. If the Association should find the plan summary not in accordance with the actual provisions, the Association should alert the actuary so they can both be sure the proper provisions are valued.*

Appendix A

Member Contribution Rates

General Tier 1 Members' Contribution Rates from the June 30, 2012 Actuarial Valuation
(Expressed as a Percentage of Monthly Payroll)

Calculated Under Recommended Assumptions

	Basic		COLA		Total	
Entry Age	First $350	Over $350	First $350	Over $350	First $350	Over $350
15	3.32%	4.98%	1.18%	1.77%	4.50%	6.75%
16	3.32%	4.98%	1.18%	1.77%	4.50%	6.75%
17	3.38%	5.07%	1.20%	1.80%	4.58%	6.87%
18	3.44%	5.17%	1.23%	1.83%	4.67%	7.00%
19	3.51%	5.26%	1.24%	1.87%	4.75%	7.13%
20	3.57%	5.36%	1.27%	1.90%	4.84%	7.26%
21	3.64%	5.46%	1.29%	1.94%	4.93%	7.40%
22	3.71%	5.56%	1.31%	1.97%	5.02%	7.53%
23	3.77%	5.66%	1.34%	2.01%	5.11%	7.67%
24	3.84%	5.77%	1.37%	2.04%	5.21%	7.81%
25	3.91%	5.87%	1.39%	2.08%	5.30%	7.95%
26	3.99%	5.98%	1.41%	2.12%	5.40%	8.10%
27	4.06%	6.09%	1.44%	2.16%	5.50%	8.25%
28	4.13%	6.20%	1.47%	2.20%	5.60%	8.40%
29	4.21%	6.31%	1.49%	2.24%	5.70%	8.55%
30	4.28%	6.42%	1.52%	2.28%	5.80%	8.70%
31	4.36%	6.54%	1.55%	2.32%	5.91%	8.86%
32	4.44%	6.66%	1.57%	2.36%	6.01%	9.02%
33	4.52%	6.78%	1.60%	2.40%	6.12%	9.18%
34	4.60%	6.90%	1.63%	2.45%	6.23%	9.35%
35	4.68%	7.02%	1.67%	2.50%	6.35%	9.52%
36	4.77%	7.15%	1.69%	2.54%	6.46%	9.69%
37	4.85%	7.28%	1.73%	2.59%	6.58%	9.87%
38	4.94%	7.41%	1.75%	2.63%	6.69%	10.04%
39	5.03%	7.55%	1.79%	2.68%	6.82%	10.23%

General Tier 1 Members' Contribution Rates from the June 30, 2012 Actuarial Valuation
(Expressed as a Percentage of Monthly Payroll)

Calculated Under Recommended Assumptions

	Basic		COLA		Total	
Entry Age	**First $350**	**Over $350**	**First $350**	**Over $350**	**First $350**	**Over $350**
40	5.13%	7.69%	1.82%	2.73%	6.95%	10.42%
41	5.22%	7.83%	1.85%	2.78%	7.07%	10.61%
42	5.32%	7.98%	1.89%	2.83%	7.21%	10.81%
43	5.42%	8.13%	1.93%	2.89%	7.35%	11.02%
44	5.53%	8.29%	1.96%	2.95%	7.49%	11.24%
45	5.64%	8.46%	2.01%	3.01%	7.65%	11.47%
46	5.75%	8.62%	2.04%	3.06%	7.79%	11.68%
47	5.85%	8.77%	2.07%	3.11%	7.92%	11.88%
48	5.95%	8.93%	2.12%	3.17%	8.07%	12.10%
49	6.04%	9.06%	2.15%	3.22%	8.19%	12.28%
50	6.11%	9.17%	2.18%	3.26%	8.29%	12.43%
51	6.17%	9.25%	2.19%	3.29%	8.36%	12.54%
52	6.21%	9.31%	2.20%	3.31%	8.41%	12.62%
53	6.22%	9.33%	2.21%	3.31%	8.43%	12.64%
54 & Over	6.18%	9.28%	2.20%	3.29%	8.38%	12.57%

Interest:	7.75%
COLA:	3.00%
COLA Loading:	35.49%
Mortality:	RP-2000 Combined Healthy Mortality Table projected with Scale AA to 2025 set back one year, weighted 35% male and 65% female.
Salary Increase:	See Exhibit V.

Note: All members hired after November 1974, will pay a contribution corresponding to entry age 36. These rates are determined before any pickups by the employer.

General Tier 2 Members' Contribution Rates from the June 30, 2012 Actuarial Valuation
(Expressed as a Percentage of Monthly Payroll)

Calculated Under Recommended Assumptions

	Basic Only			Basic Only	
Entry Age	First $350	Over $350	Entry Age	First $350	Over $350
16	2.73%	4.09%	38	4.07%	6.11%
17	2.78%	4.17%	39	4.15%	6.22%
18	2.83%	4.24%	40	4.22%	6.33%
19	2.88%	4.32%	41	4.30%	6.45%
20	2.94%	4.41%	42	4.37%	6.56%
21	2.99%	4.49%	43	4.45%	6.68%
22	3.05%	4.57%	44	4.53%	6.80%
23	3.11%	4.66%	45	4.62%	6.93%
24	3.16%	4.74%	46	4.71%	7.06%
25	3.22%	4.83%	47	4.79%	7.19%
26	3.28%	4.92%	48	4.89%	7.33%
27	3.34%	5.01%	49	4.98%	7.47%
28	3.40%	5.10%	50	5.07%	7.60%
29	3.47%	5.20%	51	5.15%	7.73%
30	3.53%	5.29%	52	5.24%	7.86%
31	3.59%	5.39%	53	5.31%	7.96%
32	3.66%	5.49%	54	5.37%	8.05%
33	3.73%	5.59%	55	5.40%	8.10%
34	3.79%	5.69%	56	5.42%	8.13%
35	3.86%	5.79%	57	5.41%	8.12%
36	3.93%	5.89%	58	5.61%	8.42%
37	4.00%	6.00%	59 & over	5.82%	8.73%

Interest: 7.75%

COLA: SEIU members contribute a negotiated 2.63% for a fixed 2% COLA pursuant to Government Code 31627.

Mortality: RP-2000 Combined Healthy Mortality Table projected with Scale AA to 2025 set back one year, weighted 35% male and 65% female.

Salary Increase: See Exhibit V.

Note: All members hired after November 1974, will pay a contribution corresponding to entry age 36. These rates are determined before any pickups by the employer.

Safety Members' Contribution Rates from the June 30, 2012 Actuarial Valuation
(Expressed as a Percentage of Monthly Payroll)

Calculated Under Recommended Assumptions

Entry Age	Basic	COLA	Total
15	7.69%	4.28%	11.97%
16	7.69%	4.28%	11.97%
17	7.69%	4.28%	11.97%
18	7.69%	4.28%	11.97%
19	7.69%	4.28%	11.97%
20	7.69%	4.28%	11.97%
21	7.69%	4.28%	11.97%
22	7.83%	4.37%	12.20%
23	7.98%	4.45%	12.43%
24	8.13%	4.54%	12.67%
25	8.29%	4.62%	12.91%
26	8.44%	4.71%	13.15%
27	8.61%	4.79%	13.40%
28	8.77%	4.89%	13.66%
29	8.94%	4.98%	13.92%
30	9.11%	5.08%	14.19%
31	9.29%	5.18%	14.47%
32	9.48%	5.28%	14.76%
33	9.67%	5.39%	15.06%
34	9.84%	5.49%	15.33%
35	10.02%	5.59%	15.61%
36	10.21%	5.69%	15.90%
37	10.41%	5.80%	16.21%
38	10.62%	5.91%	16.53%
39	10.84%	6.04%	16.88%
40	11.05%	6.16%	17.21%
41	11.26%	6.27%	17.53%
42	11.45%	6.39%	17.84%

Safety Members' Contribution Rates from the June 30, 2012 Actuarial Valuation
(Expressed as a Percentage of Monthly Payroll)

Calculated Under Recommended Assumptions

Entry Age	Basic	COLA	Total
43	11.62%	6.48%	18.10%
44	11.76%	6.56%	18.32%
45	11.88%	6.62%	18.50%
46	11.93%	6.65%	18.58%
47	11.94%	6.65%	18.59%
48	11.84%	6.60%	18.44%
49 & Over	11.59%	6.46%	18.05%

Interest:	7.75%
COLA:	3.00%
COLA Loading:	55.72%
Mortality:	RP-2000 Combined Healthy Mortality Table projected with Scale AA to 2025 set back one year, weighted 80% male and 20% female.
Salary Increase:	See Exhibit V.

Note: All members hired after November 1974, will pay a contribution corresponding to entry age 27. These rates are determined before any pickups by the employers.

Appendix B

Employer Contribution Rates Under Non-Combined Methodology – For Reference Purposes Only

	June 30, 2012 Actuarial Valuation[1]					
	BASIC		COLA		TOTAL	
General Tier 1 Members	Rate	Estimated Annual Amount[2]	Rate	Estimated Annual Amount[2]	Rate	Estimated Annual Amount[2]
Normal Cost	7.90%	$1,224	2.48%	$384	10.38%	$1,608
UAAL[3]	202.47%	31,359	17.05%	2,640	219.52%	33,999
Total Contribution	210.37%	$32,583	19.53%	$3,024	229.90%	$35,607
General Tier 2 Members w/o COLA						
Normal Cost	8.50%	$18,128	0.00%	$0	8.50%	$18,128
UAAL[3]	3.43%	7,315	0.00%	0	3.43%	7,315
Total Contribution	11.93%	$25,443	0.00%	$0	11.93%	$25,443
General Tier 2 Members w/COLA						
Normal Cost	8.50%	$20,934	-0.04%	-$99	8.46%	$20,835
UAAL[3][4]	3.43%	8,447	0.91%	2,242	4.34%	10,689
Total Contribution	11.93%	$29,381	0.87%	$2,143	12.80%	$31,524
All General Members						
Normal Cost	8.48%	$40,286	0.06%	$285	8.54%	$40,571
UAAL	9.92%	47,121	1.03%	4,882	10.95%	52,003
Total Contribution	18.40%	$87,407	1.09%	$5,167	19.49%	$92,574
Safety Members						
Normal Cost	13.92%	$22,106	4.29%	$6,812	18.21%	$28,918
UAAL	39.72%	63,077	-3.36%	-5,336	36.36%	57,741
Total Contribution	53.64%	$85,183	0.93%	$1,476	54.57%	$86,659
All Categories Combined						
Normal Cost	9.84%	$62,392	1.12%	$7,097	10.96%	$69,489
UAAL	17.39%	110,198	-0.08%	-454	17.31%	109,744
Total Contribution	27.23%	$172,590	1.04%	$6,643	28.27%	$179,233

(1) *Before reflecting three-year phase-in of the effect of the changes in economic actuarial assumptions and actuarial cost method.*

(2) *Amounts are in thousands, assumed to be paid throughout the year, and are based on June 30, 2012 annual payroll (also in thousands) shown below:*

General Tier 1	$15,488
General Tier 2	213,275
General Tier 2C	246,280
Safety	158,805
Total	$633,848

(3) *Basic UAAL rates have not been calculated on a combined basis for General Tier 1 and General Tier 2.*

(4) *Includes 0.51% in COLA UAAL costs attributed to the first two years of service accrued for the fixed 2% COLA pursuant to Government Code 31627.*

5190734v1/05325.001