



Moraga-Orinda Fire District

Board of Directors

REGULAR MEETING

January 4, 2017

6:00 p.m. CLOSED SESSION

7:30 p.m. OPEN SESSION

PLEASE NOTE NEW MEETING ADDRESS:

Sarge Littlehale Community Room
Orinda City Hall
22 Orinda Way
Orinda, CA 94563

1. OPENING CEREMONIES

- 1.1. Call the meeting to Order
- 1.2. Roll Call
- 1.3. Core Values – Service, Honor, Integrity

2. PUBLIC COMMENT

The public is invited to speak on any matter not appearing on the agenda including Closed Session, and within the subject matter jurisdiction of the District. Comments should be limited to three minutes. Please state your name and address for the record.

3. CLOSED SESSION

3.1. **Conference with Labor Negotiator**

(Government Code Section 54957.6)

Agency Designated Representative: Steve Anderson

Employee Organization: International Association of Firefighters IAFF, Local 1230

3.2. **Conference with Labor Negotiator**

(Government Code Section 54957.6)

Agency Designated Representative: Steve Anderson

Employee Organization: Local 2700 United Clerical, Technical & Specialized Employees

3.3. **Conference with Labor Negotiator**

(Government Code Section 54957.6)

Agency Designated Representative: Steve Anderson

Employee Organization: Moraga-Orinda Fire Chief Officer's Association (MOFCOA)

3.4. **Conference with Labor Negotiator**

(Government Code Section 54957.6)

Agency Designated Representative: Steve Anderson

Employee Organization: Unrepresented Employees

4. RECONVENE THE MEETING

- 4.1. Call the Meeting to Order
- 4.2. Pledge of Allegiance

5. REPORT OF CLOSED SESSION ACTION

6. PUBLIC COMMENT

The public is invited to speak on any matter not appearing on the agenda, and within the subject matter jurisdiction of the District. Comments should be limited to three minutes. Please state your name and address for the record.

7. CONSENT AGENDA

7.1. **Meeting Minutes – December 14, 2016**

Staff Recommendation: Receive and File

8. REGULAR CALENDAR

8.1. **Election of Board Officers, Finance Committee Members and District Liaisons**

The Board of Directors will elect new Board Officers, Finance Committee members and District Liaisons to be effective January 5, 2017.

Staff Recommendation: 1) Discuss; 2) Elect officers, Finance Committee members and District liaisons to be effective January 5, 2017

8.2. **2017 Board Meeting Schedule**

Staff will present information to the Board regarding the 2017 Master Board Meeting Schedule, beginning February 22, 2017.

Staff Recommendation: 1) Discuss; 2) Deliberate; 3) Approve the Master Board Meeting Schedule for Calendar Year 2017, Beginning February 22, 2017

8.3. **Updated Actuarial Valuation Report June 30, 2016**

Staff will present information to the Board regarding the Actuarial Valuation June 30, 2016 Report.

Staff Recommendation: 1) Discuss; 2) Deliberate; 3) Receive the June 30, 2016 GASB 45 Actuarial Valuation

8.4. **Resolution No. 17-02 Approving an Investment Policy for District Funds**

Staff will present information to the Board regarding Resolution No. 17-02 Approving an Investment Policy for District Funds.

Staff Recommendation: 1) Discuss; 2) Deliberate; 3) Adopt Resolution No. 17-02

8.5. **Information Regarding Apparatus Acquisitions**

Staff will present information to the Board regarding the apparatus purchase of one aerial tractor, two pumpers, and two ambulances.

Staff Recommendation: 1) No action required; Informational purposes only

9. COMMITTEE REPORTS

9.1. **Finance Committee**

10. ANNOUNCEMENTS

10.1. **Brief information only reports related to meetings attended by a Director at District expense**

(Government Code Section 53232.3(d))

10.2. **Questions and informational comments from Board members and Staff**

11. ADJOURNMENT

The Moraga-Orinda Fire Protection District ("District"), in complying with the Americans with Disabilities Act ("ADA"), requests individuals who require special accommodations to access, attend and/or participate in District Board meetings due to a disability, to please contact the District Chief's office, (925) 258-4599, at least one business day prior to the scheduled District Board meeting to ensure that we may assist you.

Any disclosable public records related to an open session item on a regular meeting agenda and distributed by the Moraga-Orinda Fire District to a majority of members of the Board of Directors less than 72 hours prior to that meeting are available for public inspections at 1280 Moraga Way, Moraga, during normal business hours.

I hereby certify that this agenda in its entirety was posted on December 30, 2016, at the Moraga and Orinda Fire Administration offices, Stations 41, 42, 43, 44, and 45. Agenda provided to the Moraga Town Office (Hacienda) and Orinda City Hall.



Grace Santos, District Clerk



Moraga-Orinda Fire Protection District

BOARD OF DIRECTORS SPECIAL BOARD MEETING MINUTES

December 14, 2016

1. Opening Ceremonies

The Board of Directors convened in Open Session at 5:30 P.M. on December 14, 2016 at the Hacienda Mosaic Room, 2100 Donald Drive, Moraga, California. President Anderson called the meeting to order.

Present were the following Directors and Staff:

President Anderson	Director Jorgens
Director Barber	Stephen Healy, Fire Chief
Director Famulener	Gloriann Sasser, Admin Services Director
Director Jex	Grace Santos, District Clerk

2. Public Comment

There were no comments from the public.

3. Consent Agenda

Director Jorgens asked to pull the minutes from the December 7, 2016 meeting to discuss separately.

Motion by Director Famulener and seconded by Director Barber to receive and file Item 3.2 Monthly Financial Report. Said motion carried a 4-0 roll-call vote (Ayes: Anderson, Barber, Famulener and Jorgens; Abstain: Jex).

Director Jorgens commented on the last paragraph of item 8.1 of the December 7, 2016 minutes. The minutes state that the Board "received report and authorize the spending." Director Jorgens stated that the board did not specifically approve the report, and he is not quite sure he understands the definition of what "receive the report" means. He was under the impression that the report was to be addressed again after it was reviewed.

President Anderson stated that "receive the report" means that staff provided the report and, by receiving it, the Board accepted it. It was neither approved or rejected, and receiving the report does not necessarily mean that the Board is happy with it. He stated that staff and the actuary have committed to readdress the issues on the report, and the Board intends to revisit it.

Director Jorgens asked if it was normal practice to include information in the minutes that wasn't actually covered during the meeting. He was referring to the first ten paragraphs of Item 8.1, which was taken from the staff report. President Anderson stated that the minutes should reflect what was discussed and said. He continued to state that by receiving the report, the Board received it. Director Jorgens withdrew his question.

Chief Healy stated that he did some research and spoke with District Counsel Bakker regarding the issue of "received" versus "approved". District Counsel Bakker confirmed that reports are received, and budgets and minutes are approved.

Director Barber asked that if "receiving" requires no action by the board, would it be appropriate to take a vote. He stated that "receiving" it is not something that the Board can say yes or no to.

Chief Healy stated that there may have been some confusion on the two-part recommendation to receive the report and approve the appropriation of the \$138,000. When those two terms were mixed together, it was easy to understand why it would be confusing.

Director Jorgens stated that if "receive" was a passive thing, then the Board would have already received it, and it would not need to be included in the agenda. Director Famulener stated that the Board has the authority to reject the entire report and not receive it. Director Jorgens stated that if that were the case, he would reject the entire report.

President Anderson stated the Board did not accept the report because ASD Sasser and the actuary have additional work to do.

Director Barber stated that it would be helpful to have District Counsel Bakker attend the meetings to answer questions from the Board. He continued to state that if “receiving” is simply the act of physically receiving it, but doesn’t imply any approval, he doesn’t see why a vote would be required. If it is a vote to reject it, is the Board passively accepting it if there is no vote. Director Barber expressed his confusion.

District Clerk asked the Board for their direction on the minutes. President Anderson stated that they would not approve the minutes until after they receive information from staff and the report has been revisited. Director Famulener stated that is just for approval of the minutes of the meeting and suggest that the minutes be approved as written and bring it back.

Motion by Director Jorgens and seconded by Director Famulener to remove the words “receive report and” from the last paragraph of section 8.1. Said motion carried a 4-0 roll-call vote (Ayes: Anderson, Barber, Famulener and Jorgens; Abstain: Jex).

4. Regular Calendar

4.1 Annual Audit and Comprehensive Annual Financial Report for the Fiscal year Ended June 30, 2016

Each year the District engages a certified public accountant to audit the financial statements of the District. The District’s Administrative Services Division prepared the financial statements for the fiscal year ending June 30, 2016. The financial statements have been audited by JJACPA Inc. In addition to the financial statement audit, JJACPA was engaged to prepare a required report on the District’s Gann appropriations spending limit calculation and a letter to the Board required by professional accounting standards discussing their audit engagement and the procedures they performed. This report includes no audit findings.

Based upon the audit procedures performed, JJACPA has rendered their opinion that the District’s financial statements present fairly the District’s financial position at June 30, 2016, and the results of the governmental activities and the budgetary comparison information for the year then ended, in accordance with generally accepted accounting principles. This is generally referred to as a “clean” or “unqualified” audit opinion.

In addition to the audited financial statements, the District prepared a Comprehensive Annual Financial Report (CAFR) that is designed to meet the requirements of the Government Finance Officers Association (GFOA). The GFOA established the Certificate of Achievement for Excellence in Financial Reporting Program (CAFR Program) in 1945 to encourage and assist state and local governments to go beyond the minimum requirements of generally accepted accounting principles to prepare comprehensive annual financial reports that evidence the spirit of transparency and full disclosure. The GFOA then recognizes individual governments that succeed in achieving this goal. This is the third year the District has participated in the CAFR Program.

The District’s CAFR for the fiscal year ended June 30, 2016 will be submitted to the GFOA for consideration of a Certificate of Achievement for Excellence in Financial Reporting. The CAFR will also be posted on the District’s website.

The CAFR includes three sections: Introductory, Financial and Statistical. The Introductory Section includes a letter of transmittal to the Board. The Financial Section includes Management’s Discussion and Analysis which provides an overview and analysis of the financial activities of the District. The Statistical Section provides operational, economic and historical data that provide a context for assessing the District’s economic condition.

ASD Sasser gave a brief PowerPoint presentation. Joe Arch, auditor from JJACPA, reviewed key points of the report and answered questions from the Board.

Director Barber commented on the timing and asked if it is advisable to adopt the report before the expiration of this calendar year. Mr. Arch stated that there is no filing requirement to file the financial statements by December 31. The reason the District is presenting it at this meeting is that in order to apply for the GFOA award, the presentation has to be on the MOFD website by December 31. The regulatory requirement for financial statements required by the state government code states the audit needs to be filed with the state within one year after the fiscal year end, which is by June 30, 2017.

Mr. Arch explained that the district did an OPEB valuation, which is what extended the time frame. In the past, staff presented the report in October. The OPEB valuation delayed the process this year and staff didn't have the information it needed to put in the financial statements.

Director Barber suggested determining when the OPEB valuation is usually available so that staff and the Finance Committee could begin the review of the report before presenting it to the board. He asked ASD Sasser if the actuary is constrained in getting their information to the auditors. ASD Sasser stated that every two years the District has to have an updated actuarial report completed, which was done at the last meeting. The actuarial report took longer because the retiree data is received from CalPERS medical and is sent to Bartel Associates to complete the actuarial report. The data did not arrive until the end of August so Bartel did not complete their report until a week or two ago, which is the reason for the delay.

Director Barber suggested creating an Audit Committee. The Finance or Audit Committee could meet with ASD Sasser and the auditor early in the process before any of the information is actually in, meet again before the data is received from the actuary, and meet a final time before it is presented to the Board.

Director Jex commented on the GASB74 other post-employment benefits. He asked Mr. Arch if he could have early adopted GASB74 and have it reflected in the balance sheet. Mr. Arch stated that he could not because GASB74 and 75 were released in May 2016, and the implementation guide was not ready until afterwards. There was no way to do a retroactive adjustment without knowing how the GASB viewed the implementation of that standard. GASB74 indicates the effective date is for fiscal years beginning after June 15, 2016, which puts it into the fiscal year 2016/2017. There is no wiggle room in reporting early. By stating that, they remove language about allowing early implementation.

Director Jex asked if the information is available, it should be reflected in the financial statements. ASD Sasser stated that the financial statements are the responsibility of management. The 2015 CAFR states that GASB74 is effective for fiscal years beginning after June 16, 2016, and the District will implement it in next year's financial statements. The activity that would have been required in the general ledger was not recorded and Mr. Arch and JJACPA could not audit it because the District never planned to implement GASB74.

Director Jorgens commented about the process. He stated that members of the previous Board approved it last year along with the previous budget. Since there is now a different Board, Director Jorgens asked if the new Board should be involved in hiring the auditor and providing instruction rather than management doing so. It seems appropriate for the Board to instruct the auditor on what to do. He stated that there should be a process with multiple meetings of the Board and Finance Committee, so that they have enough time to review the information and ask questions. He personally has five to six hours of questions that he would like answered. He wants to understand the OPEB and pension obligations, if they're properly quantified and presented. The Board should be the one to determine what a reasonable discount rate is because it could impact MOFD's capital budget, negotiations, and the whole way the District is run.

Director Jex commented on the issues he sees in terms of disclosure and accounting and needs more information and feels it is not a fair or informing presentation. He wants to refer it back to

the Finance Committee and have some time to respond to some of the information needed before making an informed decision.

President Anderson commented on the three issues need to be addressed: 1) whether or not the District receives the GFOA award; 2) where the pre-paid items appear on the balance sheet for the fiscal year that ended; and 3) going forward, the Finance Committee meetings should begin as soon as a draft is prepared.

Director Jex would like the Board to be involved before the audit starts, sometime in March.

President Anderson stated that it should be a function of the Finance Committee, not the entire Board, and if the Board desires, a separate audit committee can be established in January when the other committees are formed. However, he prefers to keep it to the Finance Committee to minimize burden on staff. He suggested early involvement with the auditor and staff so that the issues are addressed.

Director Barber agreed that the Finance Committee act as the Audit Committee and begin meeting with the Auditor and staff in March. He would like to see a draft or preliminary report prepared in September or October.

Director Jorgens stated that he was worried about the OPEB and pension valuations. He feels that they could be misstated by tens of millions of dollars, which directly impacts the District's ability to borrow and how he makes decisions. Director Jorgens stated that the report needs to go back to the Finance Committee and be thoroughly vetted, placed on the agenda for several future Finance Committee meetings, and determine what a reasonable process would be for this year and next.

President Anderson stated that the District has no control over the CCCERA discount rates – CCCERA tells the District what they require. The biggest risk to the District is the unfunded liabilities and what CCCERA earns on it. Nothing in the report is inaccurate and prevents MOFD from serving its citizens.

Director Jex stated that a fair presentation and disclosure needs to disclose the risks, which is not properly reflected. Until the issues are resolved, publishing preliminary information would be misleading.

Motion by Director Jorgens and seconded by Director Jex to not approve the CAFR and submit it to the Finance Committee, schedule Finance Committee meetings for early next year to go over it, and to probe whether there are alternative ways to present the OPEB and the pension information, or anything else, with the objective of doing so in short order, and come up with what we think is a fair representation of what the situation and financial health of the unit is.

Director Barber asked if the Board's decision, whatever it may be, would keep the District from doing its job. President Anderson stated that by dragging this history out, the Board would be delaying and hampering the mission of MOFD.

Director Jorgens stated that it is the most operational thing we have, and it is the most important factor in negotiations. Because if it turns out that we are going to owe, even if it's not owed per se to CCCERA because they send us the bill for it, but if it is funding that we believe is the actual health of our unit, which is our responsibility to pass judgement on it. It's not CCCERA's job, we don't report to CCCERA. This is our District and we sign on the bottom line for this District. We are the ones who pay the salaries. Director Jorgens asked what happens if the fund needs to be ten times as big as we think it is and it takes all the money away from the Chief and the unions. He wants to know that, and before he votes on what other moneys the District has to be spend, he wants to know how much money the District really thinks it has so he knows if it can be spent on extra salaries, pensions or new equipment. It is the two concepts that he thinks are fundamentally missing or need to be discussed and thoroughly presented. He stated that until we know what those two numbers are, and we all agree on it, he doesn't think we have the

data to carry on negotiations, buy equipment or to do anything else. In his opinion, it is the most important thing the Board has to do.

Director Famulener stated that she doesn't disagree with Director Jorgens, but the report goes back to July of 2016. She continued to state that it sounds like what Director Jorgens wants to do is go over the mid-year budget for 2016/2017. She suggested starting an early audit for next year sometime in March. Going back will not change the numbers for 2016. It is done. No one is coming up with anything wrong with the numbers.

Director Jorgens stated that until he knows what the pension and OPEB numbers are going to be, we won't know if the budget is correct.

Director Jex stated that the information is not old history and people will make decisions based upon it. Investment bankers rely upon this document and if they find out that it is false and misleading, and not adequate disclosure, they would sue the District. He stated that a fair presentation has to reflect what the Board believes is correct, and if you don't, you would be negligent.

Mr. Arch stated that this report is about how the District funds the unfunded liability, and how it's presented in the financial statements or elsewhere. In terms of what Director Jorgens is concerned about, the numbers will not change. CCCERA had an actuary and auditor that audited the numbers, which will not change in respect to anything that isn't already disclosed in the CAFR. Mr. Arch stated that the problem Directors Jex and Jorgens are having is that they are looking at it as a funding decision, which is calculated through the rates. The effect of the District's pension plan on operations doesn't occur until 2-3 years down the line. The annual required contribution does not have an effect on operations. In the future, if you were unable to meet the annual required contribution, it would show in a dramatic increase of the unfunded liability. Some of the percentages are relevant to contributions but not financial presentation. The government-wide statement is done on accrual basis of accounting. Long term liabilities and assets don't have an effect on operations. An underwriter won't look at the statement of net position. They'll look at the fund based statements to see if the general fund has positive fund balances and if the District is setting things aside on an annual basis. It becomes meaningful if the District does not have a lot of assets but has a lot of liabilities, debt in particular. The board cannot decide to change the discount rate when a pension plan sets the rates and deliberates over them separately. The only way to change it would be to change the contract with the pension plan or change the pension plan. The numbers will not change.

Alex Evans, Orinda resident, stated that these questions and this type of discussion should continue to occur. He suggested making a distinction between what the audit says and what type of changes should be asked for in the audit. He recommends that the Board make that distinction and accept the audit as presented as an accurate reflection of accounting rules in place at the time and reserving the type of sensitivity analysis that is required to make good financial judgements going forward in other documents, in particular the five year forecast.

Director Jorgens stated that when CCCERA forecasts the unfunded liability using their discount rate, they come up with a number. If they use a different discount rate, they come up with a much different number, which the District pays an eighteenth of every year in cash. It comes out of the District's balance sheet in cash, which is not available to pay the District's other obligations. The problem is these numbers and what CCCERA comes up with does impact our cash. Every year they miss their forecast of the 7%. It's not a hypothetical accounting number, it's cash that affects it. How accurate the numbers are does make a difference and whether the District presents what we think the numbers are, to Director Jorgens, it's not just an income statement or balance sheet, it's also an MDNA discussion, which he stated was not mentioned at all.


President Anderson called for a vote on Director Jorgens' motion. Said motion carried a 3-2 roll-call vote (Ayes: Barber, Jex and Jorgens; Noes: Anderson and Famulener).

ASD Sasser reported that she has been working with Doug Pryor, from Bartel Associates, on the actuarial report, and will have an updated report available shortly.

Fire Marshal Leonard introduced the District's newly hired Fire Inspector/Plans Examiner Bill Svozil.

5. Adjournment

At 7:00 P.M., President Anderson called for adjournment of the regular meeting.


Grace Santos
Secretary to the Board

DRAFT



Moraga-Orinda Fire District

MEMORANDUM

TO: The Board of Directors

FROM: Stephen Healy, Fire Chief

DATE: January 4, 2017

SUBJECT: Item 8.1 – Election of Board Officers, Finance Committee Members and District Liaisons

BACKGROUND

Each year, the Board of Directors elects new officers, Finance Committee Members and District Liaisons.

The Board presently has one Standing Committee:

1. Finance Committee

Board Members are District Liaisons to five outside agencies:

1. Contra Costa Special Districts Association (CCSDA)
2. Contra Costa County Fire Boards and Commissioners Association
3. Local Agency Formation Committee (LAFCO)
4. Orinda City Council
5. Moraga Town Council

RECOMMENDATION

The Board of Directors should elect new officers, Finance Committee members and District Liaisons to be effective January 5, 2017.

ATTACHMENTS

1. Attachment A – List of Current Officers, Finance Committee Members and District Liaisons.

MORAGA-ORINDA FIRE DISTRICT
 BOARD OFFICERS
 FINANCE COMMITTEE MEMBERS
 AND
 DISTRICT LIASONS
 As of 12/2/2016

BOARD OFFICERS	MEMBERS
President	Steve Anderson
Vice President	Fred Weil (Ret.)
Secretary	Kathleen Famulener
Treasurer	Brad Barber
Director	Alex Evans (Ret.)
STANDING COMMITTEES	
FINANCE COMMITTEE	Fred Weil (Ret.)
	Brad Barber
DISTRICT LIASONS	
Contra Costa Special District's Association (CCSDA)	Brad Barber
Contra Costa County Fire Boards & Commissioners Association	Kathy Famulener
LAFCO	Steve Anderson
<i>LAFCO Alternate</i>	<i>Brad Barber</i>
Orinda City Council	Brad Barber
<i>Orinda City Council Alternate</i>	<i>Alex Evans (Ret.)</i>
Moraga Town Council	Kathy Famulener
<i>Moraga Town Council Alternate</i>	<i>Fred Weil (Ret.)</i>



Moraga-Orinda Fire District

TO: The Board of Directors
FROM: Stephen Healy, Fire Chief
DATE: January 4, 2017
SUBJECT: Item 8.2 – 2017 Board Meeting Schedule

BACKGROUND

Currently, the Board of Directors have scheduled regular Board Meetings on the first and third Wednesdays of each month. Various other special meetings are scheduled throughout the year to address time sensitive District issues.

RECOMMENDATION

Staff recommends changing the regular meeting dates to the fourth Wednesday of each month beginning February 22, 2017.

- 1) Discuss; 2) Deliberate; 3) Approve the following Master Board Meeting Schedule for Calendar Year 2017 beginning February 22, 2017:

January 18	July 26
February 22	August 23
March 22	September 27
April 26	October 25
May 24	November 22*
June 28	December 27 *

ATTACHMENT

- 1) Attachment A – 2017 Board of Directors Master Calendar

DRAFT

**Moraga-Orinda Fire District
Board of Directors Master Calendar
2017**

Meeting Date	Agenda Items
January 4, 2017	<p>CLOSED</p> <ul style="list-style-type: none"> ▪ Negotiations with Bargaining Units and Unrepresented Employees. <p>CONSENT</p> <ul style="list-style-type: none"> ▪ Minutes ▪ 2017 Board Meeting Schedule <p>REGULAR</p> <ul style="list-style-type: none"> ▪ Resolution – Approving an Investment Policy for District Funds. ▪ Election of Board Officers, Finance Committee Members and District Liaisons.
January 18, 2017	<p>CLOSED</p> <ul style="list-style-type: none"> ▪ Negotiations with Bargaining Units and Unrepresented Employees. <p>CONSENT</p> <ul style="list-style-type: none"> ▪ Minutes ▪ Monthly Reports <p>PUBLIC HEARING</p> <ul style="list-style-type: none"> ▪ Public Comments Contesting Weed Abatement Notification Given by the Fire District and Resolution on Adoption of the Weed Abatement Lien Confirmation. <p>REGULAR</p> <ul style="list-style-type: none"> ▪ Resolution – Authorizing Investment of Monies in Local Agency Investment Fund. <p>ANNOUNCEMENTS</p> <ul style="list-style-type: none"> ▪ District Updates
February 22, 2017	<p>CLOSED</p> <ul style="list-style-type: none"> ▪ Negotiations with Bargaining Units and Unrepresented Employees. ▪ District Counsel Performance Evaluation <p>CONSENT</p> <ul style="list-style-type: none"> ▪ Minutes <p>PUBLIC HEARING</p> <ul style="list-style-type: none"> ▪ Public Comments & Resolution to Consider Proposed Revision to the Schedule of Fees for District Services. <p>REGULAR</p> <ul style="list-style-type: none"> ▪ Ordinance 1st Reading – Ordinance Setting Forth Purchasing and Contracting Procedures and Authorities. ▪ Mid-Year Budget Review

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Moraga-Orinda Fire District
Board of Directors Master Calendar
2017

Meeting Date	Agenda Items
March 22, 2017	<p>CLOSED</p> <ul style="list-style-type: none"> ▪ Negotiations with Bargaining Units and Unrepresented Employees. <p>CONSENT</p> <ul style="list-style-type: none"> ▪ Minutes ▪ Monthly Reports ▪ Approval of Payment for Dispatching and Communications Services. <p>REGULAR</p> <ul style="list-style-type: none"> ▪ Ordinance 2nd Reading – Ordinance Setting Forth Purchasing and Contracting Procedures and Authorities. ▪ Adoption of Dental Insurance Contracts <p>ANNOUNCEMENTS</p> <ul style="list-style-type: none"> ▪ District Updates
April 26, 2017	<p>CLOSED</p> <ul style="list-style-type: none"> ▪ Negotiations with Bargaining Units and Unrepresented Employees. <p>CONSENT</p> <ul style="list-style-type: none"> ▪ Minutes ▪ Quarterly Treasurer’s Report ▪ Quarterly Ambulance Billing Report ▪ Quarterly Balance Sheet <p>REGULAR</p> <ul style="list-style-type: none"> ▪ Approval of Salary Schedules Effective July 1 <p>ANNOUNCEMENTS</p> <ul style="list-style-type: none"> ▪ District Updates
May 24, 2017	<p>CLOSED</p> <ul style="list-style-type: none"> ▪ Negotiations with Bargaining Units and Unrepresented Employees. <p>PUBLIC HEARING</p> <ul style="list-style-type: none"> ▪ Public Comment on Exterior Hazard Control Notices. <p>CONSENT</p> <ul style="list-style-type: none"> ▪ Minutes ▪ Quarterly Treasurer’s Report ▪ Quarterly Ambulance Billing Report ▪ Quarterly Balance Sheet <p>REGULAR</p> <ul style="list-style-type: none"> ▪ Resolution: 2017/18 Fire Flow Tax Rates for the Orinda and Moraga Service Zones. ▪ Resolution: Adopting Modified Schedule of Cost Recovery Fees for Emergency Medical Services. ▪ Proposed Annual Operating Budget FY 2017/18

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Moraga-Orinda Fire District
Board of Directors Master Calendar
2017

	<ul style="list-style-type: none"> ▪ Long Range Financial Plan Draft Update <p>ANNOUNCEMENTS</p> <ul style="list-style-type: none"> ▪ District Updates
June 28, 2017	<p>CLOSED</p> <ul style="list-style-type: none"> ▪ Negotiations with Bargaining Units and Unrepresented Employees. ▪ Fire Chief Performance Evaluation <p>CONSENT</p> <ul style="list-style-type: none"> ▪ Minutes ▪ Monthly Reports ▪ Adoption of Annual Operating Budget Fiscal Year 2017/18. <p>REGULAR</p> <ul style="list-style-type: none"> ▪ Approval of Salary Schedules Effective July 1, 2016. ▪ Approval of Amendment No. 6 to Fire Chief Employment Agreement Adjusting Annual Base Salary. ▪ Resolution: Adoption for General Election (if election year). ▪ Resolution: Establishing the District's Annual <p>ANNOUNCEMENTS</p> <ul style="list-style-type: none"> ▪ District Updates
July 26, 2017	<p>CLOSED</p> <ul style="list-style-type: none"> ▪ Negotiations with Bargaining Units and Unrepresented Employees. <p>CONSENT</p> <ul style="list-style-type: none"> • Minutes ▪ Quarterly Treasurer's Report ▪ Quarterly Ambulance Billing Report ▪ Quarterly Balance Sheet <p>REGULAR</p> <ul style="list-style-type: none"> ▪ Annual OPEB Account Review and Pension Rate Stabilization Fund Information. <p>ANNOUNCEMENTS</p> <ul style="list-style-type: none"> ▪ District Updates
August 23, 2017	<p>CLOSED</p> <ul style="list-style-type: none"> ▪ Negotiations with Bargaining Units and Unrepresented Employees. <p>CONSENT</p> <ul style="list-style-type: none"> ▪ Minutes ▪ Monthly Reports <p>ANNOUNCEMENTS</p> <ul style="list-style-type: none"> ▪ District Updates

DRAFT
Moraga-Orinda Fire District
Board of Directors Master Calendar
2017

Meeting Date	Agenda Items
September 27, 2017	CONSENT <ul style="list-style-type: none"> ▪ Minutes ▪ Monthly Reports ▪ PARS Annual Account Report ANNOUNCEMENTS <ul style="list-style-type: none"> ▪ District Updates
October 25, 2017	CONSENT <ul style="list-style-type: none"> ▪ Minutes ▪ Quarterly Treasurer’s Report ▪ Quarterly Ambulance Billing Report ▪ Quarterly Balance Sheet ANNOUNCEMENTS <ul style="list-style-type: none"> ▪ District Updates
November – 15, 2017*	CONSENT <ul style="list-style-type: none"> ▪ Minutes ▪ Monthly Reports ▪ PARS Annual Account Report REGULAR <ul style="list-style-type: none"> ▪ Annual Audit and Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2017.
December 20, 2017*	CONSENT <ul style="list-style-type: none"> ▪ Minutes ▪ Monthly Reports ANNOUNCEMENTS <ul style="list-style-type: none"> ▪ District Updates

* Proposed changes



Moraga-Orinda Fire District

TO: Board of Directors
FROM: Gloriann Sasser, Administrative Services Director
DATE: January 4, 2017
SUBJECT: Item 8.3 – Actuarial Valuation June 30, 2016

BACKGROUND

The District provides retiree health insurance benefits to employees. Government Accounting Standards Board Statement No. 45 requires the District to complete an actuarial valuation of the other post-employment benefits (OPEB) plan. As a result, the District contracted with Bartel Associates, LLC for an actuarial report calculating the long-term cost associated with the District's OPEB.

The actuarial valuation was presented at the December 7, 2016 Board meeting. The Board asked staff to review two amounts in the report – the actuarial value of assets and 2016/17 projected payroll. The amounts have been updated – see Sides 12 and 17. In addition, Slide E-27 has been added to present additional information regarding the actuarial value of assets. The changes resulted in an increase to the Unfunded Actuarial Accrued Liability from \$15,330,000 to \$15,331,000. There was no change to the amount the District will need to pre-fund into the OPEB trust account over the next 10 years. The District's actuary certified the results of the report on Slide 30.

RECOMMENDATION

- 1) Discuss; 2) Deliberate; 3) Receive the June 30, 2016 GASB 45 Actuarial Valuation.

ATTACHMENTS

- 1) Attachment A – June 30, 2016 GASB 45 Actuarial Valuation



**MORAGA-ORINDA FIRE DISTRICT
RETIREE HEALTHCARE PLAN**



June 30, 2016 GASB 45 Actuarial Valuation

Doug Pryor, Vice President & Actuary
Nathan Hinojosa, Actuarial Analyst
Michelle Shen, Actuarial Analyst
Bartel Associates, LLC

December 15, 2016

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<ul style="list-style-type: none"> ■ Eligibility¹ 	<ul style="list-style-type: none"> ● Retire directly from District under CCCERA <ul style="list-style-type: none"> ➢ Tier A (Tier I for General) Enhanced ➢ Service Retirement - 50&10, age 70, or 20 (30 years for General) years of service ➢ Ordinary Disability Retirement - 5 years of service ➢ Duty Disability Retirement - immediate 												
<ul style="list-style-type: none"> ■ Retiree Medical Benefit Cap² 	<ul style="list-style-type: none"> ● Tier 1 (hired before April 16³, 2014) <ul style="list-style-type: none"> ➢ Cap varies by group and coverage: <table border="1" data-bbox="597 485 1312 604"> <thead> <tr> <th>Group</th> <th>Single</th> <th>2-Party</th> <th>Family</th> </tr> </thead> <tbody> <tr> <td>Local 2700</td> <td>\$575.44</td> <td>\$1,150.85</td> <td>\$1,496.11</td> </tr> <tr> <td>Other Groups</td> <td>458.42</td> <td>916.82</td> <td>1,191.87</td> </tr> </tbody> </table> ● Tier 2 <ul style="list-style-type: none"> ➢ PEMHCA Minimum ➢ \$125/month in 2016, \$128/month in 2017 ➢ Increased by CalPERS Board thereafter 	Group	Single	2-Party	Family	Local 2700	\$575.44	\$1,150.85	\$1,496.11	Other Groups	458.42	916.82	1,191.87
Group	Single	2-Party	Family										
Local 2700	\$575.44	\$1,150.85	\$1,496.11										
Other Groups	458.42	916.82	1,191.87										

¹ PEPRA retirement eligibility applies to non-reciprocal new hires effective 1/1/13.

² Same cap for Medicare and non-Medicare eligible retirees

³ July 2 for Battalion Chiefs, July 1 for Unrepresented.



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BENEFIT SUMMARY

<ul style="list-style-type: none"> ■ Retiree Dental Benefit 	<table border="1"> <thead> <tr> <th>Group</th> <th>Single</th> <th>2-Party</th> <th>Family</th> </tr> </thead> <tbody> <tr> <td>Local 2700</td> <td>\$ 51.20</td> <td>\$ 90.12</td> <td>\$ 136.35</td> </tr> <tr> <td>Other Groups</td> <td>46.68</td> <td>81.00</td> <td>116.98</td> </tr> </tbody> </table>	Group	Single	2-Party	Family	Local 2700	\$ 51.20	\$ 90.12	\$ 136.35	Other Groups	46.68	81.00	116.98										
Group	Single	2-Party	Family																				
Local 2700	\$ 51.20	\$ 90.12	\$ 136.35																				
Other Groups	46.68	81.00	116.98																				
<ul style="list-style-type: none"> ■ Survivor Benefit 	<ul style="list-style-type: none"> ● Medical - Same benefit as retiree ● Dental - Survivor pays 100% of premium 																						
<ul style="list-style-type: none"> ■ Other 	<ul style="list-style-type: none"> ● No District paid vision or life insurance. 																						
<ul style="list-style-type: none"> ■ Pay-As-You-Go Costs 	<table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>Payments</th> </tr> </thead> <tbody> <tr><td>2015/16</td><td>\$ 859,225</td></tr> <tr><td>2014/15</td><td>885,770</td></tr> <tr><td>2013/14</td><td>896,659</td></tr> <tr><td>2012/13</td><td>937,777</td></tr> <tr><td>2011/12</td><td>898,937</td></tr> <tr><td>2010/11</td><td>833,589</td></tr> <tr><td>2009/10</td><td>850,946</td></tr> <tr><td>2008/09</td><td>683,953</td></tr> <tr><td>2007/08</td><td>681,220</td></tr> <tr><td>2006/07</td><td>570,823</td></tr> </tbody> </table>	Fiscal Year	Payments	2015/16	\$ 859,225	2014/15	885,770	2013/14	896,659	2012/13	937,777	2011/12	898,937	2010/11	833,589	2009/10	850,946	2008/09	683,953	2007/08	681,220	2006/07	570,823
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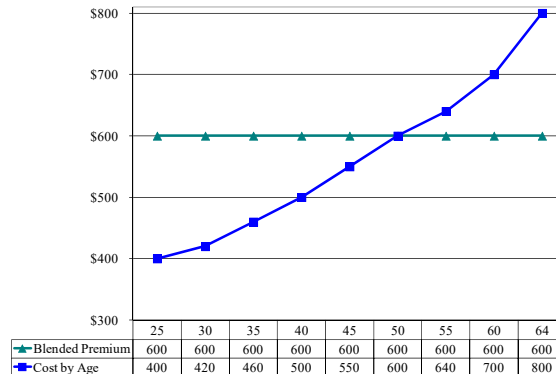
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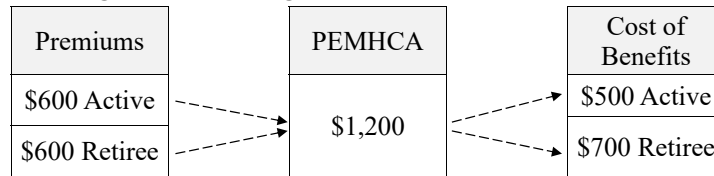
8.3

Implied Subsidy

- For PEMHCA, employer cost for allowing retirees to participate at active rates.
 - General trend:



- Sample active age 40, retire age 60:



Implied Subsidy

- GASB 45 defers to actuarial standards of practice.
- Previous Actuarial Standards of Practice No. 6⁴ (ASOP 6) allows community rated plans to value liability using premiums, resulting in no implied subsidy.
- In May 2014, Actuarial Standards Board released revised ASOP 6:
 - Requires implied subsidy valued for community rated plans such as PEMHCA.
 - Timing: effective with all valuations on or after March 31, 2015 with earlier implementation encouraged
- June 30, 2016 valuation includes the implied subsidy.

⁴ Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Plan Costs or Contributions.



Actives

	6/30/06	6/30/09	6/30/13	6/30/16
■ Counts				
• Safety	63	62	59	56
• General	<u>6</u>	<u>7</u>	<u>4</u>	<u>4</u>
• Total	69	69	63	60
■ Average				
• Age	41.6	38.1	38.0	39.6
• District Service	11.4	7.1	8.2	10.2
• Pay	\$ 89,200	\$ 97,500	\$ 110,800	\$ 126,900
■ Total Pay (000's)	6,158	6,726	6,981	7,616



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DATA SUMMARY

Retirees

	6/30/06	6/30/09	6/30/13	6/30/16
■ Counts				
• Safety	63	81	90	88
• General	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
• Total	65	84	94	93
■ Ratio Retirees/Actives	.9	1.2	1.5	1.6
■ Average				
• Age	67.2	66.2	67.4	68.6
• Service Retirement Age				
➤ Safety	n/a	52.9	53.6	54.9
➤ General	n/a	59.0	59.1	59.3



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	June 30, 2013 Valuation	June 30, 2016 Valuation
■ Valuation Date	<ul style="list-style-type: none"> • June 30, 2013 • 2013/14, 2014/15, 2015/16 ARCs • 1-year lag period 	<ul style="list-style-type: none"> • June 30, 2016 • 2016/17 2017/18, 2018/19 ARCs⁵ • 1-year lag period⁶
■ Discount Rate	<ul style="list-style-type: none"> • 4.00% • Not pre-funded; assets in District investment fund 	<ul style="list-style-type: none"> • 6.50% • Annually prefund recommended contribution with PARS • Capital Appreciation Fund (approximate 60% equity, 35% fixed income targets)
■ Retiree Medical Cap Increase	<ul style="list-style-type: none"> • No cap increase • Not less than PEMHCA minimum 	<ul style="list-style-type: none"> • Same

⁵ Actuarially Determined Contribution for 2017/18 and 2018/19.

⁶ Contributions assumed mid-year.



ACTUARIAL ASSUMPTIONS HIGHLIGHTS

	June 30, 2013 Valuation		June 30, 2016 Valuation																			
■ Retiree Dental Cap Increase	<ul style="list-style-type: none"> • No cap increase 		<ul style="list-style-type: none"> • Same 																			
■ PEMHCA Minimum Increase	<table border="1"> <thead> <tr> <th><u>Year</u></th> <th><u>PEMHCA Minimum</u></th> </tr> </thead> <tbody> <tr> <td>2013</td> <td>\$115</td> </tr> <tr> <td>2014</td> <td>119</td> </tr> <tr> <td>2015</td> <td>122</td> </tr> <tr> <td>2016+</td> <td>4.50%</td> </tr> </tbody> </table>	<u>Year</u>	<u>PEMHCA Minimum</u>	2013	\$115	2014	119	2015	122	2016+	4.50%	<table border="1"> <thead> <tr> <th><u>Year</u></th> <th><u>PEMHCA Minimum</u></th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>\$122</td> </tr> <tr> <td>2016</td> <td>125</td> </tr> <tr> <td>2017</td> <td>128</td> </tr> <tr> <td>2018+</td> <td>4.50%</td> </tr> </tbody> </table>	<u>Year</u>	<u>PEMHCA Minimum</u>	2015	\$122	2016	125	2017	128	2018+	4.50%
<u>Year</u>	<u>PEMHCA Minimum</u>																					
2013	\$115																					
2014	119																					
2015	122																					
2016+	4.50%																					
<u>Year</u>	<u>PEMHCA Minimum</u>																					
2015	\$122																					
2016	125																					
2017	128																					
2018+	4.50%																					
■ Aggregate Payroll Increases	<ul style="list-style-type: none"> • 3.25% annually • Inflation plus 0.75% • CCCERA 12/31/12 valuation assumption is 4.00%, inflation plus 0.75% 		<ul style="list-style-type: none"> • 3.25% annually • Inflation plus 0.50% • CCCERA 12/31/15 valuation assumption is 2.75%, inflation plus 0.50% 																			



	June 30, 2013 Valuation			June 30, 2016 Valuation		
■ Medical Trend	<u>Increase from Prior Year</u>			<u>Increase from Prior Year</u>		
		<u>Non-Medicare</u>	<u>Medicare</u>		<u>Non-Medicare</u>	<u>Medicare</u>
	<u>Year</u>	<u>All Plans</u>		<u>Year</u>	<u>All Plans</u>	
	2013	Actual Premiums		2013	n/a	
	2014	Actual Premiums		2014	n/a	
	2015	Actual Premiums		2015	n/a	
	2016	7.5%	7.8%	2016	Actual Premiums	
	2017	7.0%	7.2%	2017	Actual Premiums	
	2018	6.5%	6.7%	2018	6.5%	6.7%
	2019	6.0%	6.1%	2019	6.0%	6.1%
2020	5.5%	5.6%	2020	5.5%	5.6%	
2021+	5.0%	5.0%	2021+	5.0%	5.0%	
■ Mortality, Termination, Disability	• CCCERA 12/31/12 valuation assumption			• CCCERA 12/31/15 valuation assumption		



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ACTUARIAL ASSUMPTIONS HIGHLIGHTS

	June 30, 2013 Valuation			June 30, 2016 Valuation		
■ Service Retirement	• CCCERA 12/31/12 valuation assumption			• CCCERA 12/31/15 valuation assumption		
		<u>General</u>	<u>Safety</u>		<u>General</u>	<u>Safety</u>
	Tier ⁷	1 Enhanced	A Enhanced	Tier ⁶	1 Enhanced	A Enhanced
	Benefit	2%@55	3%@50	Benefit	2%@55	3%@50
	ERA	60	55.6	ERA	60.9	55.6
				Tier	4 PEPR	D Enhanced
				Benefit	2%@62	2.7%@57
			ERA	n/a	57.3	

⁷ PEPR General Tier 4 and Safety Tier D for new members after 2012.



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8.3

Market Value of Plan Assets

(Amounts in 000's)

	2014/15	2015/16
■ Market Value (Beginning of Year)	\$ -	\$ 83
• Contributions	84	94
• Benefit Payments	-	-
• Administration Expenses	(0)	(1)
• Investment Earnings	(1)	0
■ Market Value (End of Year)	83	176
■ Approximate MVA Return	(9.5%)	(0.4%)



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**Actuarial Value of Plan Assets**

(Amounts in 000's)

	2014/15	2015/16
■ Actuarial Value (Beginning of Year)	\$ -	\$ 84
• Contributions	84	94
• Benefit Payments	-	-
• Credited Return	0	8
■ Actuarial Value (End of Year)	84	187
■ Approximate AVA Return	3.3%	5.0%



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Actuarial Obligations

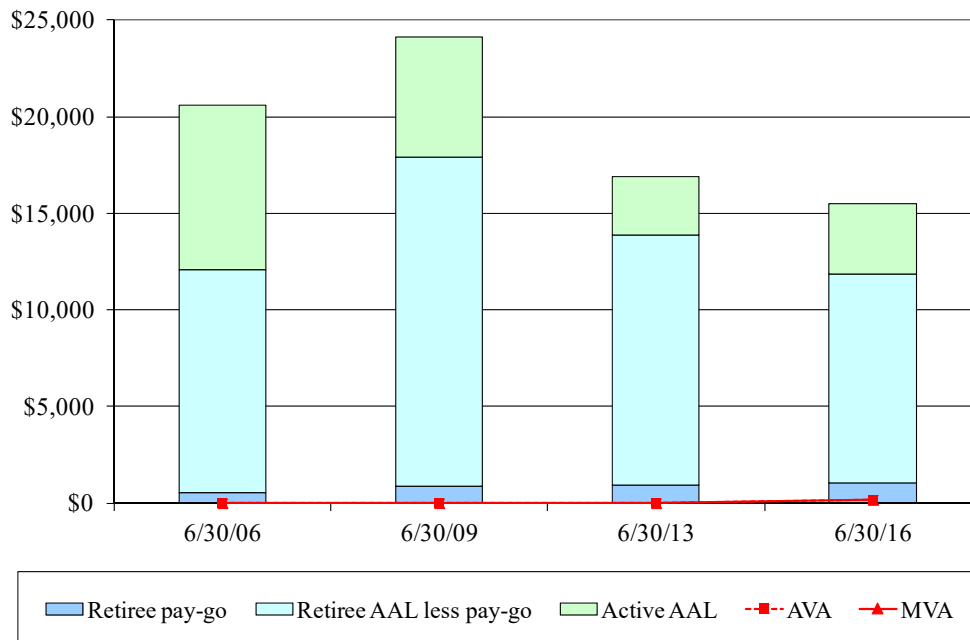
(Amounts in 000's)

	6/30/13 Valuation	6/30/16 Valuation
■ Present Value of Benefits		
• Actives	\$ 7,386	\$ 6,208
• Retirees	<u>13,906</u>	<u>11,889</u>
• Total	21,292	18,097
■ Actuarial Accrued Liability		
• Actives	3,017	3,629
• Retirees	<u>13,906</u>	<u>11,889</u>
• Total	16,923	15,518
■ Actuarial Value of Assets	— -	<u>187</u>
■ Unfunded Actuarial Accrued Liability	16,923	15,331
■ Normal Cost (year after valuation)	420	320
■ Pay-As-You-Go Cost (year after valuation)	897	1,041



Historical Actuarial Accrued Liability

(Amounts in 000's)



Actuarial Gains & Losses

(Amounts in 000's)

	AAL
■ 6/30/13 Actual	16,923
■ 6/30/16 Expected	17,415
■ (Gains)/Losses	
• Actual premiums less than expected	(356)
• Dental caps less than expected	(149)
• Demographic & other	46
■ Assumption Changes	
• New CCCERA demographic assumptions and waived retiree participation re-elections	225
• Discount rate change: 4.00% to 6.50%	(4,478)
■ Implied Subsidy	2,815
■ Total Changes	(1,897)
■ 6/30/16 Actual	15,518



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8.3

Annual Required Contribution (ARC)⁸

(Amounts in 000's)

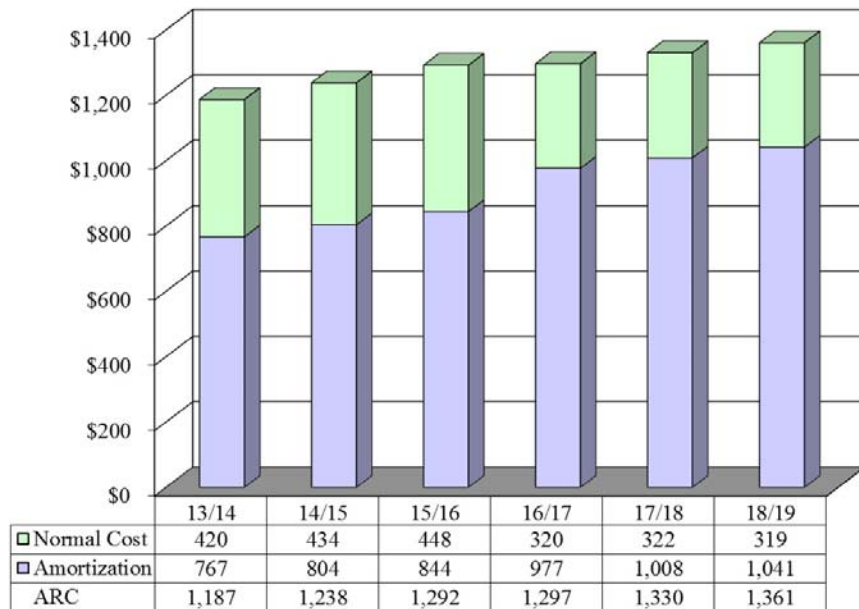
	6/30/13 Valuation			6/30/16 Valuation		
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
■ ARC - \$						
• Normal Cost	\$ 420	\$ 434	\$ 448	\$ 320	\$ 322	\$ 319
• UAAL Amortization	<u>767</u>	<u>804</u>	<u>844</u>	<u>977</u>	<u>1,008</u>	<u>1,041</u>
• Total	1,187	1,238	1,292	1,297	1,330	1,361
■ Projected Payroll	6,981	7,208	7,442	7,616	7,864	8,119
■ ARC - % of Pay						
• Normal Cost	6.0%	6.0%	6.0%	4.2%	4.1%	3.9%
• UAAL Amortization	<u>11.0%</u>	<u>11.2%</u>	<u>11.3%</u>	<u>12.8%</u>	<u>12.8%</u>	<u>12.8%</u>
• Total	17.0%	17.2%	17.3%	17.0%	16.9%	16.8%

⁸ Actuarially Determined Contribution for 2017/18 and 2018/19



Annual Required Contributions⁹

(Amounts in 000's)



⁹ Actuarially Determined Contribution for 2017/18 and 2018/19



Amortization Bases

(Amounts in 000's)

	6/30/13 Valuation			6/30/16 Valuation		
	6/30/13	6/30/14	6/30/15	6/30/16	6/30/17	6/30/18
■ Amortization Balance						
• Initial UAAL	\$ 23,431	\$ 23,306	\$ 23,142	\$ 22,936	\$ 22,897	\$ 22,829
• (Gain)/Loss, Plan & Assumption Changes						
➢ 6/30/09 Valuation	(387)	(385)	(382)	(379)	(378)	(377)
➢ 6/30/13 Valuation	(12,232)	(12,167)	(12,081)	(11,962)	(11,953)	(11,918)
➢ 6/30/16 Valuation	-	-	-	(2,058)	(2,057)	(2,051)
• Contributions < ARC	<u>6,111</u>	<u>6,351</u>	<u>6,583</u>	<u>6,817</u>	<u>6,767</u>	<u>6,719</u>
• Total	16,923	17,105	17,262	15,331	15,275	15,203



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RESULTS

Amortization Payments

(Amounts in 000's)

	6/30/13 Valuation			6/30/16 Valuation		
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
■ Amortization Payment						
• Initial UAAL	\$ 1,062	\$ 1,096	\$ 1,132	\$ 1,460	\$ 1,507	\$ 1,556
• (Gain)/Loss, Plan & Assumption Changes						
➢ 6/30/09 Valuation	(18)	(18)	(19)	(24)	(25)	(26)
➢ 6/30/13 Valuation	(554)	(572)	(591)	(762)	(787)	(812)
➢ 6/30/16 Valuation	-	-	-	(131)	(135)	(140)
• Contributions < ARC	<u>277</u>	<u>299</u>	<u>322</u>	<u>434</u>	<u>448</u>	<u>463</u>
• Total	767	805	844	977	1,009	1,041
• Amortization Years	25.0	24.0	23.0	22.0	21.0	20.0



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Net OPEB Obligation (NOO)

(Amounts in 000's)

	CAFR		2015/16	Estimate 2016/17
	2013/14	2014/15		
■ NOO at Beginning of Year	\$ 6,111	\$ 6,352	\$ 6,556	\$ 6,817
■ Annual OPEB Cost				
• Annual Required Contribution	1,187	1,238	1,292	1,297
• Interest on NOO	227	235	243	385
• NOO Adjustment	(277)	(299)	(321)	(435)
• Annual OPEB Cost	1,137	1,174	1,214	1,247
■ Contributions				
• Cash Benefit Payments	897	886	859	869
• Implied Subsidy Payments	-	-	-	172
• Trust Pre-Funding	-	84	94	256
• Total Contribution	897	970	953	1,297
■ NOO at End of Year	6,352	6,556	6,817	6,767



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RESULTS

Projection

(Amounts in 000's)

Fiscal Year Ending	Contribution				Payroll	Contrib % of Payroll
	Cash Benefit Payment	Implied Subsidy Benefit Payment	Pre- Funding	Total Contrib		
2017	\$ 869	\$ 172	\$ 256	\$ 1,297	\$ 7,616	17.0%
2018	880	170	280	1,330	7,864	16.9%
2019	910	178	273	1,361	8,119	16.8%
2020	937	174	280	1,391	8,383	16.6%
2021	966	194	264	1,424	8,655	16.5%
2022	986	176	294	1,456	8,937	16.3%
2023	1,008	165	318	1,491	9,227	16.2%
2024	1,028	164	335	1,527	9,527	16.0%
2025	1,040	155	371	1,566	9,837	15.9%
2026	1,035	146	424	1,605	10,156	15.8%



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Alternative Projection (20-year UAAL Amortization)

(Amounts in 000's)

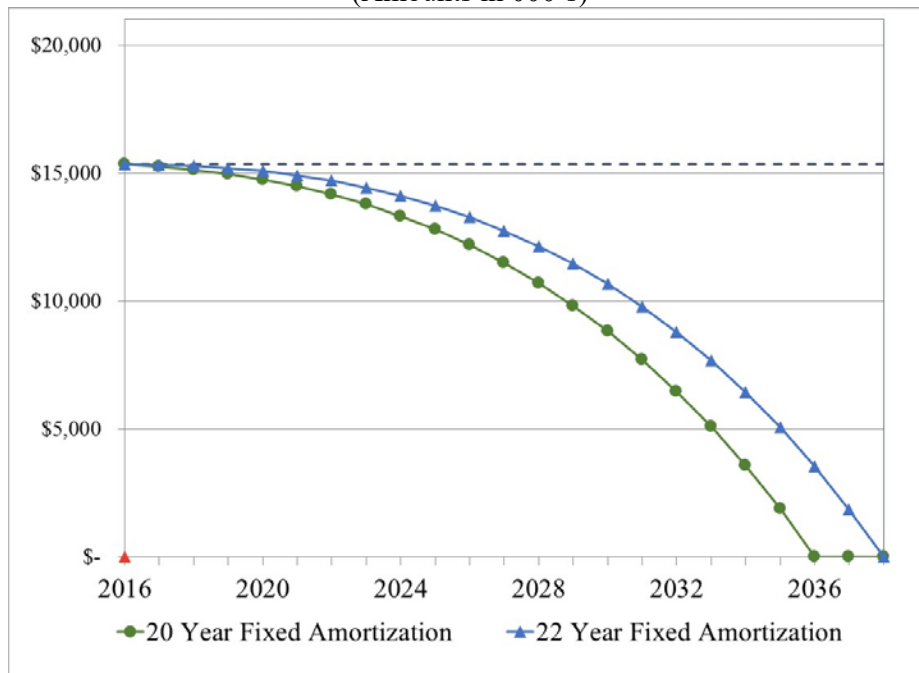
Fiscal Year Ending	Contribution				Payroll	Contrib % of Payroll
	Cash Benefit Payment	Implied Subsidy Benefit Payment	Pre-Funding	Total Contrib		
2017	\$ 869	\$ 172	\$ 324	\$ 1,365	\$ 7,616	17.9%
2018	880	170	351	1,401	7,864	17.8%
2019	910	178	346	1,434	8,119	17.7%
2020	937	174	356	1,467	8,383	17.5%
2021	966	194	342	1,502	8,655	17.4%
2022	986	176	375	1,537	8,937	17.2%
2023	1,008	165	400	1,573	9,227	17.0%
2024	1,028	164	421	1,613	9,527	16.9%
2025	1,040	155	459	1,654	9,837	16.8%
2026	1,035	146	515	1,696	10,156	16.7%



RESULTS

Projected UAAL Balance

(Amounts in 000's)



Actuarial Obligations**June 30, 2016**

(Amounts in 000's)

	Safety	General	Total
■ Present Value of Benefits			
• Actives	\$ 5,874	\$ 334	\$ 6,208
• Retirees	<u>11,431</u>	<u>458</u>	<u>11,889</u>
• Total	17,305	792	18,097
■ Actuarial Accrued Liability			
• Actives	3,457	172	3,629
• Retirees	<u>11,431</u>	<u>458</u>	<u>11,889</u>
• Total	14,888	630	15,518
■ Actuarial Value of Assets	<u>179</u>	<u>8</u>	<u>187</u>
■ Unfunded Actuarial Accrued Liability	14,709	622	15,331
■ Normal Cost	293	27	320
■ Pay-As-You-Go Cost	1,004	37	1,041



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RESULTS

Annual Required Contribution (ARC)**2016/17 Fiscal Year**

(Amounts in 000's)

	Safety	General	Total
■ ARC - \$			
• Normal Cost	\$ 293	\$ 27	\$ 320
• UAAL Amortization	<u>937</u>	<u>40</u>	<u>977</u>
• Total	1,230	66	1,297



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Actuarial Obligations**June 30, 2016**

(Amounts in 000's)

	Cash	Implied Subsidy	Total
■ Present Value of Benefits			
• Actives	\$ 4,528	\$ 1,680	\$ 6,208
• Retirees	<u>10,108</u>	<u>1,781</u>	<u>11,889</u>
• Total	14,636	3,461	18,097
■ Actuarial Accrued Liability			
• Actives	2,595	1,034	3,629
• Retirees	<u>10,108</u>	<u>1,781</u>	<u>11,889</u>
• Total	12,703	2,815	15,518
■ Actuarial Value of Assets	<u>187</u>	<u>-</u>	<u>187</u>
■ Unfunded Actuarial Accrued Liability	12,516	2,815	15,331
■ Normal Cost	247	72	320
■ Pay-As-You-Go Cost	869	172	1,041



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**Annual Required Contribution (ARC)****2016/17 Fiscal Year**

(Amounts in 000's)

	Cash	Implied Subsidy	Total
■ ARC - \$			
• Normal Cost	\$ 247	\$ 72	\$ 320
• UAAL Amortization	<u>797</u>	<u>179</u>	<u>977</u>
• Total	1,044	252	1,297
■ Projected Payroll	7,616	7,616	7,616
■ ARC - % of Pay			
• Normal Cost	3.2%	0.9%	4.2%
• UAAL Amortization	<u>10.5%</u>	<u>2.4%</u>	<u>12.8%</u>
• Total	13.7%	3.3%	17.0%



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8.3

Estimated 2016/17 Implied Subsidy Transfer for Medical Coverage
For Illustrative Purposes Only
 (Amounts in 000's)

Before Implied Subsidy

	Actives	Retirees	Total
■ Total Premium	995	1,110	2,105
■ Member Contribution¹⁰	-	<u>(241)</u>	<u>(241)</u>
■ Employer Contribution	995	869	1,864

After Implied Subsidy

	Actives	Retirees	Total
■ Total Premium	995	1,110	2,105
■ Member Contribution	-	(241)	(241)
■ Implied Subsidy Transfer	<u>(172)</u>	<u>172</u>	-
■ Employer Contribution	823	1,041	1,864

¹⁰ Assumes no member contribution for actives.



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ACTUARIAL CERTIFICATION

This report presents the Moraga-Orinda Fire District Retiree Healthcare Plan ("Plan") June 30, 2016 actuarial valuation. The purpose of this valuation is to:

- Determine the Governmental Accounting Standards Board Statement Nos. 43 and 45 June 30, 2016 Benefit Obligations,
- Determine the Plan's June 30, 2016 Funded Status, and
- Calculate the 2016/17 Annual Required Contributions, and 2017/18 and 2018/19 Actuarially Determined Contributions.

The report provides information intended for reporting under GASB 43 and 45, but may not be appropriate for other purposes. Information provided in this report may be useful to the District for the Plan's financial management. Future valuations may differ significantly if the Plan's experience differs from our assumptions or if there are changes in Plan design, actuarial methods, or actuarial assumptions. The project scope did not include an analysis of this potential variation.

The valuation is based on Plan provisions, participant data, and asset information provided by the District as summarized in this report, which we relied on and did not audit. We reviewed the participant data for reasonableness.

To the best of our knowledge, this report is complete and accurate and has been conducted using generally accepted actuarial principles and practices. Additionally, in my opinion, actuarial methods and assumptions comply with GASB 43 and 45. As a member of the American Academy of Actuaries meeting the Academy Qualification Standards, I certify the actuarial results and opinions herein.

Respectfully submitted,

Doug Pryor, ASA, EA, MAAA
 Vice President
 Bartel Associates, LLC
 December 15, 2016



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8.3

2015 PEMHCA Monthly Premiums
Bay Area

Medical Plan	Non-Medicare Eligible			Medicare Eligible		
	Single	2-Party	Family	Single	2-Party	Family
Anthem Select	\$662.41	\$1,324.82	\$1,722.27	\$445.38	\$890.76	\$1,336.14
Anthem Traditional	827.57	1,655.14	2,151.68	445.38	890.76	1,336.14
Blue Shield Access+	928.87	1,857.74	2,415.06	352.63	705.26	1,057.89
Blue Shield NetValue	870.60	1,741.20	2,263.56	352.63	705.26	1,057.89
Kaiser	714.45	1,428.90	1,857.57	295.51	591.02	886.53
United Healthcare	850.67	1,701.34	2,211.74	267.41	534.82	802.23
PERS Choice	700.84	1,401.68	1,822.18	339.47	678.94	1,018.41
PERS Select	690.43	1,380.86	1,795.12	339.47	678.94	1,018.41
PERSCare	775.08	1,550.16	2,015.21	368.76	737.52	1,106.28
PORAC	675.00	1,292.00	1,642.00	402.00	802.00	1,281.00



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2016 PEMHCA Monthly Premiums
Bay Area

Medical Plan	Non-Medicare Eligible			Medicare Eligible		
	Single	2-Party	Family	Single	2-Party	Family
Anthem Select	\$ 721.79	\$ 1,443.58	\$ 1,876.65	n/a	n/a	n/a
Anthem Traditional	855.42	1,710.84	2,224.09	n/a	n/a	n/a
Blue Shield Access+	1,016.18	2,032.36	2,642.07	n/a	n/a	n/a
Blue Shield NetValue	1,033.86	2,067.72	2,688.04	n/a	n/a	n/a
Health Net SmartCare	808.44	1,616.88	2,101.94	n/a	n/a	n/a
Kaiser	746.47	1,492.94	1,940.82	\$ 297.23	\$ 594.46	\$ 891.69
United Healthcare	955.44	1,910.88	2,484.14	320.98	641.96	962.94
PERS Choice	798.36	1,596.72	2,075.74	366.38	732.76	1,099.14
PERS Select	730.07	1,460.14	1,898.18	366.38	732.76	1,099.14
PERSCare	889.27	1,778.54	2,312.10	408.04	816.08	1,224.12
PORAC	699.00	1,399.00	1,789.00	442.00	881.00	1,408.00



December 15, 2016

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8.3

2017 PEMHCA Monthly Premiums
Bay Area

Medical Plan	Non-Medicare Eligible			Medicare Eligible		
	Single	2-Party	Family	Single	2-Party	Family
Anthem Select	\$ 783.46	\$ 1,566.92	\$ 2,037.00	n/a	n/a	n/a
Anthem Traditional	990.05	1,980.10	2,574.13	n/a	n/a	n/a
Blue Shield Access+	1,024.85	2,049.70	2,664.61	n/a	n/a	n/a
Health Net SmartCare	733.29	1,466.58	1,906.55	n/a	n/a	n/a
Kaiser	733.39	1,466.78	1,906.81	\$ 300.48	\$ 600.96	\$ 901.44
United Healthcare	1,062.26	2,124.52	2,761.88	324.21	648.42	972.63
PERS Choice	830.30	1,660.60	2,158.78	353.63	707.26	1,060.89
PERS Select	736.27	1,472.54	1,914.30	353.63	707.26	1,060.89
PERSCare	932.39	1,864.78	2,424.21	389.76	779.52	1,169.28
PORAC	699.00	1,467.00	1,876.00	464.00	924.00	1,477.00



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PREMIUMS

Delta Dental Monthly Premiums

Year	Non-Medicare Eligible		
	Single	2-Party	Family
2016	\$ 54.33	\$ 95.88	\$ 146.35



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8.3

Participants - June 30, 2016

	Safety	General	Total
■ Actives			
• Count	56	4	60
• Average Age	38.7	53.3	39.6
• Average District Service	10.5	6.4	10.2
• Average Pay	n/a	n/a	\$126,900
• Total Pay (000's)	n/a	n/a	7,616
■ Retirees			
• Count Under 65	40	1	41
• Count Over 65	<u>48</u>	<u>4</u>	<u>52</u>
• Total Count	88	5	93
• Average Age ¹¹	68.5	69.6	68.6
• Average Retirement Age ¹²			
➤ Service Retirees	55.3	59.3	55.6
➤ Disability Retirees	53.8	n/a	53.8

¹¹ Excludes 1 surviving dependent.¹² Excludes 15 surviving spouses and 1 surviving dependent.

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PARTICIPANT STATISTICS

Participants - June 30, 2013

	Safety	General	Total
■ Actives			
• Count	59	4	63
• Average Age	37.2	50.3	38.0
• Average District Service	8.5	3.5	8.2
• Average Pay	\$110,800	\$110,900	\$110,800
• Total Pay (000's)	6,538	443	6,981
■ Retirees			
• Count Under 65	45	2	47
• Count Over 65	<u>45</u>	<u>2</u>	<u>47</u>
• Total Count	90	4	94
• Average Age ¹³	67.4	67.5	67.4
• Average Retirement Age ¹⁴			
➤ Service Retirees	53.6	59.1	53.9
➤ Disability Retirees	51.0	n/a	51.0

¹³ Excludes 1 surviving dependent.¹⁴ Excludes 8 surviving spouses and 1 surviving dependent.

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8.3

Participant Reconciliation

	Actives	Retirees			
		Service	Disabled	Survivors	Total
■ June 30, 2013	63	58	19	17	94
• Terminations	(5)	-	-	-	-
• New Retirees	(4)	2	2	-	4
• Deaths with Survivor	-	(2)	-	2	-
• Deaths without Survivor	-	(2)	-	(3)	(5)
• New Actives	6	-	-	-	-
• Data Corrections	-	-	-	-	-
■ June 30, 2016	60	56	21	16	93



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PARTICIPANT STATISTICS

Active Medical Coverage

Medical Plan	Region	Single	2-Party	Family	Waived	Total
Anthem Select	Bay Area	2	-	5	-	7
Anthem Traditional	Bay Area	1	-	3	-	4
Blue Shield NetValue	Bay Area	-	-	1	-	1
Health Net SmartCare	Bay Area	-	-	1	-	1
Kaiser	Bay Area	8	4	9	-	21
	Sacramento	-	-	2	-	2
PERS Choice	Bay Area	2	-	5	-	7
	North	-	-	1	-	1
PERS Select	Bay Area	-	-	1	-	1
	Sacramento	-	-	2	-	2
Waived		-	-	-	13	13
Total		13	4	30	13	60

Election %		27%	9%	64%	-	-
Waived %		-	-	-	22%	-



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8.3

Retiree Medical Coverage
Under Age 65

Medical Plan	Region	Single	2-Party	Family	Waived	Total
Anthem Traditional	Bay Area	1	1	-	-	2
Blue Shield Access+	Bay Area	-	1	1	-	2
Blue Shield NetValue	Bay Area	1	1	2	-	4
Kaiser	Bay Area	2	4	9	-	15
	Sacramento	-	2	-	-	2
United HealthCare	Bay Area	-	-	1	-	1
PERS Choice	Bay Area	-	1	1	-	2
	North	-	2	-	-	2
	Out of State	1	4	-	-	5
PERSCare	Bay Area	-	2	-	-	2
Waived		-	-	-	4	4
Total		5	18	14	4	41

Election %		14%	48%	38%	-	-
Waived %		-	-	-	10%	-



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PARTICIPANT STATISTICS

Retiree Medical Coverage
Over Age 65

Medical Plan	Region	Single	2-Party	Family	Waived	Total
Blue Shield Access+	Bay Area	1	-	-	-	1
Kaiser	Bay Area	7	10	-	-	17
	Sacramento	2	1	-	-	3
	South	-	1	-	-	1
United HealthCare	Bay Area	1	7	1	-	9
	North	-	1	-	-	1
PERS Choice	Bay Area	2	-	-	-	2
	North	1	1	-	-	2
	Out of State	3	3	-	-	6
	Sacramento	1	-	-	-	1
PERSCare	Bay Area	1	2	-	-	3
	Out of State	2	2	-	-	4
	Sacramento	-	1	-	-	1
Waived		-	-	-	1	1
Total		21	29	1	1	52

Election %		41%	57%	2%	-	-
Waived %		-	-	-	2%	-



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8.3

Medical Plan Participation

Medical Plan	Actives	Retirees	
		< 65	≥ 65
Anthem Select	15%	0%	0%
Anthem Traditional	9%	5%	0%
Blue Shield Access+	0%	5%	2%
Blue Shield NetValue	2%	11%	0%
Health Net SmartCare	2%	0%	0%
Kaiser	49%	46%	41%
PERS Choice	17%	25%	22%
PERS Select	6%	0%	0%
PERSCare	0%	5%	16%
United HealthCare	0%	3%	19%
Total	100%	100%	100%



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PARTICIPANT STATISTICS

Actives by Age and Service

Age	District Service							Total
	< 1	1-4	5-9	10-14	15-19	20-24	≥ 25	
< 25	-	-	-	-	-	-	-	-
25-29	1	1	1	-	-	-	-	3
30-34	1	4	11	6	-	-	-	22
35-39	-	-	5	3	-	-	-	8
40-44	-	-	-	5	1	-	-	6
45-49	-	2	4	3	5	-	3	17
50-54	-	-	-	-	2	-	-	2
55-59	-	-	1	-	-	-	-	1
60-64	-	-	1	-	-	-	-	1
≥ 65	-	-	-	-	-	-	-	-
Total	2	7	23	17	8	-	3	60

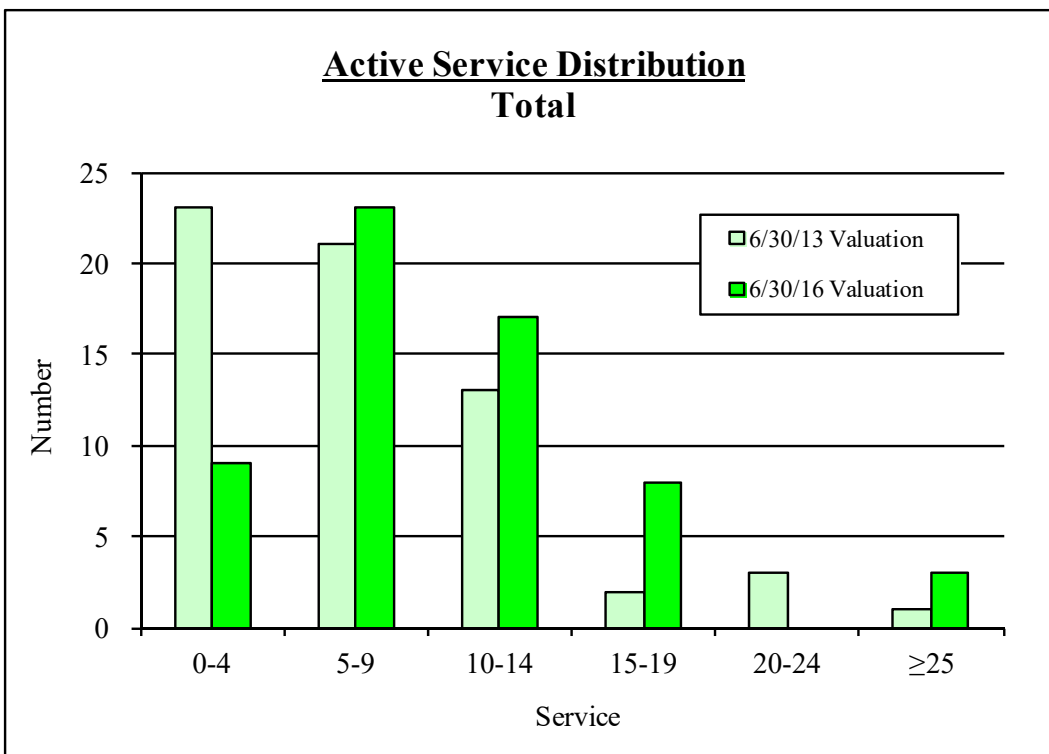
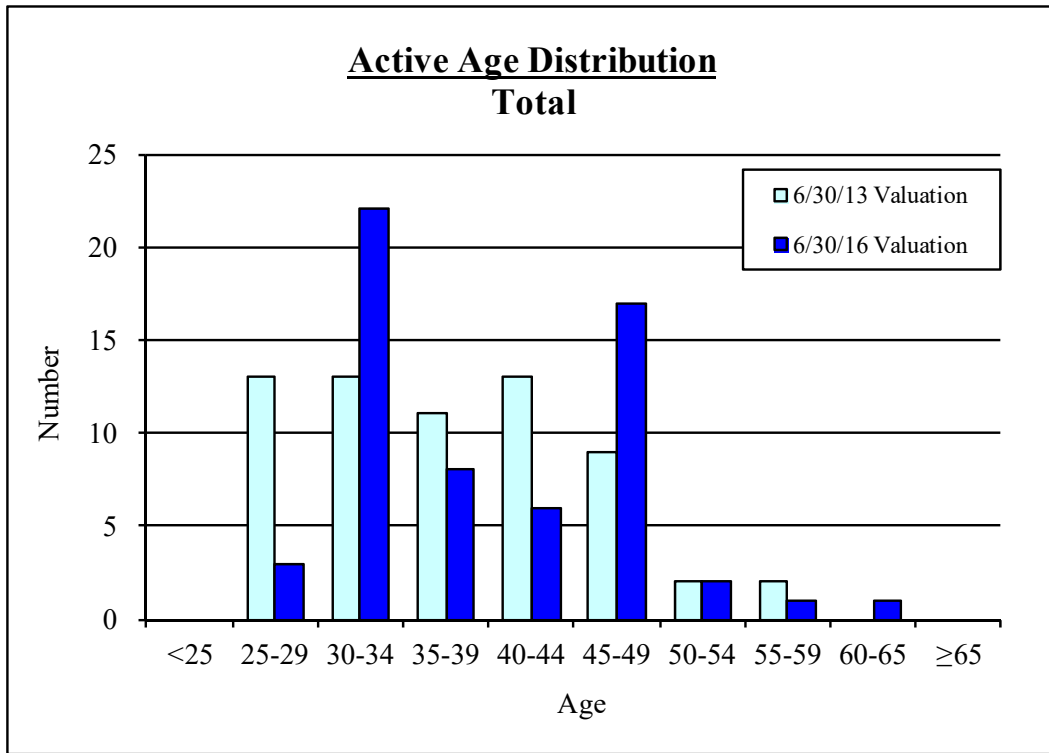


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8.3



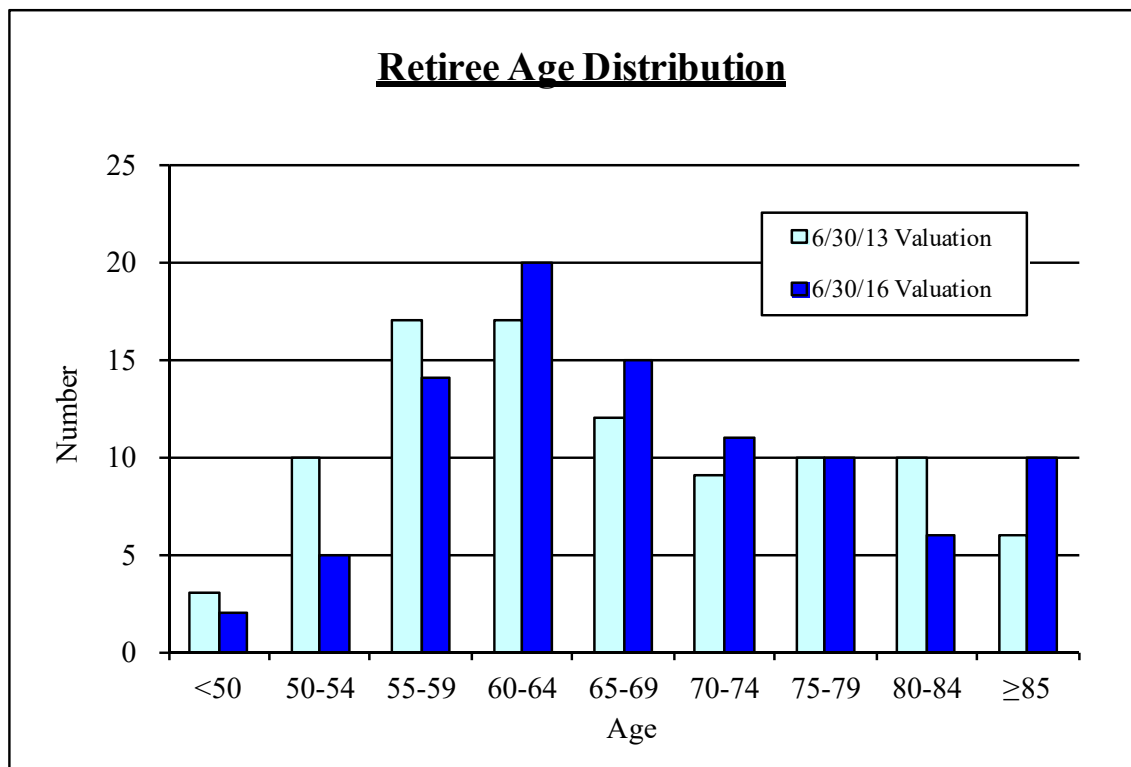
Retiree Healthcare Coverage by Age Group

Age	Single	2-Party	Family	Waived	Total
Under 50	1	-	1	-	2
50-54	-	1	2	2	5
55-59	3	3	8	-	14
60-64	1	14	3	2	20
65-69	1	12	1	1	15
70-74	5	6	-	-	11
75-79	5	5	-	-	10
80-84	3	3	-	-	6
Over 85	7	3	-	-	10
Total	26	47	15	5	93
Average Age ¹⁵	74.9	68.9	56.6	58.7	68.1

¹⁵ Includes 1 surviving dependent.



Retiree Age Distribution



	June 30, 2013 Valuation	June 30, 2016 Valuation
■ Funding Policy	• Pay-as-you-go	• Full ARC pre-funding
■ General Inflation	• 3.0% annually • CCCERA 12/31/12 valuation assumption is 3.25%	• 3.0% annually • CCCERA 12/31/15 valuation assumption is 3.25%
■ Merit Payroll Increases	• CCCERA 12/31/12 valuation assumption	• CCCERA 12/31/15 valuation assumption
■ Dental Trend	• 4.0% annually	• Same



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ACTUARIAL ASSUMPTIONS

	June 30, 2013 Valuation	June 30, 2016 Valuation
■ Mortality	<ul style="list-style-type: none"> • 12/31/12 CCCERA assumption • Post-Retirement Rates: <ul style="list-style-type: none"> ➢ Healthy - RP-2000 Combined Healthy Table projected to 2030 with Scale AA, set back 1 year for General and 2 years for Safety ➢ Disability - RP-2000 Combined Healthy Table projected to 2030 with Scale AA set forward 6 years for males and 7 years for females for General and set forward 3 years for Safety 	<ul style="list-style-type: none"> • 12/31/15 CCCERA assumption • Post-Retirement Rates: <ul style="list-style-type: none"> ➢ Healthy - RP-2014 Healthy Annuitant Mortality Table projected generationally with the two-dimensional MP-2015 setback 3 years for Safety ➢ Disability - RP-2014 Healthy Annuitant Mortality Table projected generationally with the two-dimensional MP-2015 set forward 8 years for General and set forward 3 years for Safety



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8.3

	June 30, 2013 Valuation			June 30, 2016 Valuation		
■ Termination	● 12/31/12 CCCERA valuation assumption			● 12/31/15 CCCERA valuation assumption		
	<u>Service</u>	<u>Safety</u>	<u>General</u>	<u>Service</u>	<u>Safety</u>	<u>General</u>
	0	11.50%	13.50%	0	13.00%	13.50%
	1	6.50%	9.00%	1	8.00%	9.25%
	2	5.00%	9.00%	2	7.00%	9.00%
	3	4.00%	6.00%	3	5.50%	6.00%
	4	3.50%	4.50%	4	3.75%	4.50%
	5	3.00%	4.00%	5	3.25%	4.25%
	6	2.75%	3.75%	6	3.00%	3.75%
	7	2.50%	3.50%	7	2.75%	3.50%
	8	2.25%	3.25%	8	2.50%	3.25%
	9	2.00%	3.00%	9	2.25%	3.00%
	10	1.90%	2.75%	10	2.00%	2.75%
15	1.40%	2.10%	15	1.50%	2.10%	
20+	1.00%	2.00%	20+	1.00%	1.50%	



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ACTUARIAL ASSUMPTIONS

	June 30, 2013 Valuation			June 30, 2016 Valuation		
■ Disability Retirement	● 12/31/12 CCCERA valuation assumption			● 12/31/15 CCCERA valuation assumption		
	<u>Age</u>	<u>Safety</u>	<u>General</u>	<u>Age</u>	<u>Safety</u>	<u>General</u>
	20	0.02%	0.01%	20	0.02%	0.01%
	25	0.22%	0.02%	25	0.22%	0.02%
	30	0.42%	0.04%	30	0.42%	0.04%
	35	0.56%	0.08%	35	0.56%	0.08%
	40	0.66%	0.16%	40	0.66%	0.22%
	45	0.94%	0.32%	45	1.00%	0.36%
	50	2.54%	0.52%	50	2.88%	0.52%
	55	4.10%	0.66%	55	4.60%	0.60%
	60	4.80%	0.70%	60	5.00%	0.60%
65+	5.00%	.70%	65+	5.00%	0.60%	



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8.3

	June 30, 2013 Valuation	June 30, 2016 Valuation																																																			
<ul style="list-style-type: none"> Service Retirement 	<ul style="list-style-type: none"> 12/31/12 CCCERA valuation assumption – General Tier 1 (enhanced) and Safety Tier A (average of enhanced and non-enhanced rates) <table border="1"> <thead> <tr> <th></th> <th><u>Safety</u></th> <th><u>General</u></th> </tr> <tr> <th><u>Age</u></th> <th><u>Enhanced</u></th> <th><u>Enhanced</u></th> </tr> </thead> <tbody> <tr> <td>45</td> <td>2%</td> <td>0%</td> </tr> <tr> <td>50</td> <td>25%</td> <td>5%</td> </tr> <tr> <td>55</td> <td>30%</td> <td>20%</td> </tr> <tr> <td>60</td> <td>40%</td> <td>30%</td> </tr> <tr> <td>65</td> <td>100%</td> <td>40%</td> </tr> <tr> <td>70</td> <td>100%</td> <td>100%</td> </tr> </tbody> </table>		<u>Safety</u>	<u>General</u>	<u>Age</u>	<u>Enhanced</u>	<u>Enhanced</u>	45	2%	0%	50	25%	5%	55	30%	20%	60	40%	30%	65	100%	40%	70	100%	100%	<ul style="list-style-type: none"> 12/31/15 CCCERA valuation assumption – General Tier 1 (enhanced) and Safety Tier A (average of enhanced and non-enhanced rates) <table border="1"> <thead> <tr> <th></th> <th><u>Safety</u></th> <th><u>General</u></th> </tr> <tr> <th><u>Age</u></th> <th><u>Enhanced</u></th> <th><u>Enhanced</u></th> </tr> </thead> <tbody> <tr> <td>45</td> <td>4%</td> <td>0%</td> </tr> <tr> <td>50</td> <td>30%</td> <td>5%</td> </tr> <tr> <td>55</td> <td>28%</td> <td>20%</td> </tr> <tr> <td>60</td> <td>35%</td> <td>28%</td> </tr> <tr> <td>65</td> <td>100%</td> <td>35%</td> </tr> <tr> <td>70</td> <td>100%</td> <td>50%</td> </tr> <tr> <td>75</td> <td>100%</td> <td>100%</td> </tr> </tbody> </table>		<u>Safety</u>	<u>General</u>	<u>Age</u>	<u>Enhanced</u>	<u>Enhanced</u>	45	4%	0%	50	30%	5%	55	28%	20%	60	35%	28%	65	100%	35%	70	100%	50%	75	100%	100%
	<u>Safety</u>	<u>General</u>																																																			
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65	100%	35%																																																			
70	100%	50%																																																			
75	100%	100%																																																			



December 15, 2016

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ACTUARIAL ASSUMPTIONS

	June 30, 2013 Valuation	June 30, 2016 Valuation																																	
<ul style="list-style-type: none"> Service Retirement 	<table border="1"> <thead> <tr> <th></th> <th><u>General</u></th> <th><u>Safety</u></th> </tr> <tr> <th>Tier</th> <th>1 Enhanced</th> <th>A Enhanced</th> </tr> </thead> <tbody> <tr> <td>Benefit</td> <td>2%@55</td> <td>3%@50</td> </tr> <tr> <td>ERA</td> <td>60</td> <td>55.6</td> </tr> </tbody> </table>		<u>General</u>	<u>Safety</u>	Tier	1 Enhanced	A Enhanced	Benefit	2%@55	3%@50	ERA	60	55.6	<table border="1"> <thead> <tr> <th></th> <th><u>General</u></th> <th><u>Safety</u></th> </tr> <tr> <th>Tier</th> <th>1 Enhanced</th> <th>A Enhanced</th> </tr> </thead> <tbody> <tr> <td>Benefit</td> <td>2%@55</td> <td>3%@50</td> </tr> <tr> <td>ERA</td> <td>60.9</td> <td>55.6</td> </tr> <tr> <th>Tier</th> <th>4 Enhanced</th> <th>D Enhanced</th> </tr> <tr> <td>Benefit</td> <td>2%@62</td> <td>2.7%@57</td> </tr> <tr> <td>ERA</td> <td>n/a</td> <td>57.3</td> </tr> </tbody> </table>		<u>General</u>	<u>Safety</u>	Tier	1 Enhanced	A Enhanced	Benefit	2%@55	3%@50	ERA	60.9	55.6	Tier	4 Enhanced	D Enhanced	Benefit	2%@62	2.7%@57	ERA	n/a	57.3
	<u>General</u>	<u>Safety</u>																																	
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	<u>General</u>	<u>Safety</u>																																	
Tier	1 Enhanced	A Enhanced																																	
Benefit	2%@55	3%@50																																	
ERA	60.9	55.6																																	
Tier	4 Enhanced	D Enhanced																																	
Benefit	2%@62	2.7%@57																																	
ERA	n/a	57.3																																	
<ul style="list-style-type: none"> Participation at Retirement 	<ul style="list-style-type: none"> Currently covered - 100% Currently waived - 100% 	<ul style="list-style-type: none"> Same 																																	



December 15, 2016

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8.3

	June 30, 2013 Valuation	June 30, 2016 Valuation
■ Medical Plan at Retirement	<ul style="list-style-type: none"> • Actives <ul style="list-style-type: none"> ➢ Currently covered - current plan election ➢ Currently waived - Kaiser • Retirees <ul style="list-style-type: none"> ➢ Currently covered - current plan election ➢ Currently waived - cannot elect once waived. 	<ul style="list-style-type: none"> • Same
■ Medicare Eligibility	<ul style="list-style-type: none"> • Actives - 100% • Everyone eligible for Medicare will elect Part B coverage 	<ul style="list-style-type: none"> • Same



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ACTUARIAL ASSUMPTIONS

	June 30, 2013 Valuation	June 30, 2016 Valuation
■ Coverage & Marital Status at Retirement	<ul style="list-style-type: none"> • Actives <ul style="list-style-type: none"> ➢ Spouse coverage - 2-party coverage based on CCCERA married assumption: <ul style="list-style-type: none"> - 75% males married - 50% females married ➢ Family coverage <ul style="list-style-type: none"> - Safety - 35% until age 65 - General - 35% until age 65 • Retirees - current coverage election 	<ul style="list-style-type: none"> • Same
■ Spouse Age	<ul style="list-style-type: none"> • Males 3 years older than females 	<ul style="list-style-type: none"> • Same



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8.3

	June 30, 2016 Valuation
■ Cost Method	<ul style="list-style-type: none"> • Entry Age Normal • Normal Cost is a level percentage of payroll
■ Plan Assets	<ul style="list-style-type: none"> • None
■ Amortization Method	<ul style="list-style-type: none"> • Level percent of payroll
■ Amortization Periods	<ul style="list-style-type: none"> • Fresh start of total UAAL at 6/30/13: 22-year fixed (closed) period for 16/17.
■ Implied Subsidy	<ul style="list-style-type: none"> • Employer cost for allowing non-Medicare eligible retirees to participate at active rates • Community rated plans are not required to value an implied subsidy if active rates are independent of number of retirees • PEMHCA is a community rated plan for most employers • Valuation includes an implied subsidy

ACTUARIAL METHODS

	June 30, 2016 Valuation
■ Actuarial Value of Assets	<ul style="list-style-type: none"> • Asset gains/losses recognized over 5 years • Shorter period but same method as CalPERS Pension • Corridor 80% of 120% of market value

Actuarial Value of Plan Assets

(Amounts in 000's)

	2014/15	2015/16
■ AVA (Beginning of Year)	\$ -	\$ 84
• Contribution	84	94
• Benefit Payment	-	-
• Investment Return	<u>1</u>	<u>11</u>
■ Expected AVA (End of Year)	85	189
■ MVA (End of Year)	83	176
■ Preliminary AVA¹⁶	84	187
• Minimum AVA (80% of MVA)	66	141
• Maximum AVA (120% of MVA)	100	212
■ AVA (End of Year)	84	187
■ Approximate AVA Return	3.3%	5.0%

¹⁶ Expected AVA plus 20% of the difference between the MVA and expected AVA



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**DEFINITIONS**

<p>■ GASB 45 Accrual Accounting</p>	<p>■ Project future employer-provided benefit cash flows for current active employees and current retirees</p> <p>■ Discount projected cash flow to valuation date using discount rate (assumed return on assets used to pay benefits) and other actuarial assumptions to determine present value of projected future benefits (PVB)</p> <p>■ Allocate PVB to past, current, and future periods using the actuarial cost method</p> <p>■ Actuarial cost method used for this valuation is the Entry Age Normal Cost method which determines Normal Cost as a level percentage of payroll (same method used by CCCERA)</p> <p>■ Normal Cost is amount allocated to current fiscal year</p> <p>■ Actuarial Accrued Liability (AAL) is amount allocated to prior service with employer</p> <p>■ Unfunded AAL (UAAL) is AAL less plan assets pre-funded in a segregated and restricted trust</p>
<p>■ PayGo Cost</p>	<p>■ Cash subsidy is the pay-as-you-go employer benefit payments for retirees</p> <p>■ Implied subsidy is the difference between the actual cost of retiree benefits and retiree premiums subsidized by active employee premiums</p>



December 15, 2016

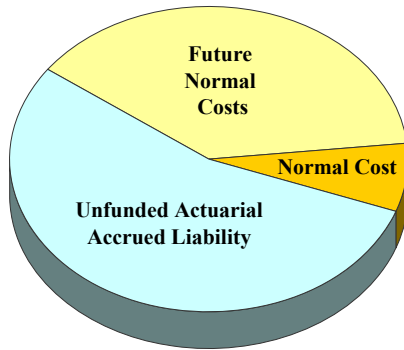
E-28



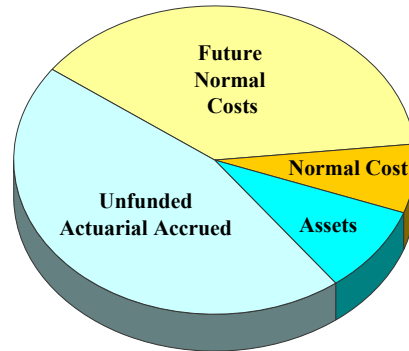
8.3

Present Value of Benefits

**Present Value of Benefits
(Without Plan Assets)**



**Present Value of Benefits
(With Plan Assets)**



DEFINITIONS

<p>■ Annual Required Contribution (ARC)</p>	<p>■ “Required contribution” for the current period including:</p> <ul style="list-style-type: none"> • Normal Cost • Amortization of: <ul style="list-style-type: none"> ➢ Initial UAAL ➢ AAL for plan, assumption, and method changes ➢ Experience gains/losses (difference between expected and actual) ➢ Contribution gains/losses (difference between ARC and contributions) <p>■ ARC in excess of pay-as-you-go costs not required to be funded</p>
<p>■ Net OPEB Obligation (NOO)</p>	<p>■ Net OPEB Obligation is the accumulated amounts expensed but not funded</p> <p>■ Net OPEB Asset if amounts funded exceed those expensed</p>
<p>■ Annual OPEB Cost (AOC)</p>	<p>■ Expense for the current period including:</p> <ul style="list-style-type: none"> • ARC • Interest on NOO • Adjustment of NOO <p>■ NOO adjustment prevents double counting of expense since ARCs include an amortization of prior contribution gains/losses previously expensed</p>





Moraga-Orinda Fire District

TO: Board of Directors
FROM: Gloriann Sasser, Administrative Services Director
DATE: January 4, 2017
SUBJECT: Item 8.4 – Resolution 17-02 Approving an Investment Policy for District Funds

BACKGROUND

The District's Investment Policy requires the Board to annually review the District's Investment Policy. The Policy has been reviewed by staff. Two changes are recommended as follows:

- Section 1.2 – Add the District's other post-employment benefit (OPEB) trust funds as funds and investment activities not covered by the policy. The OPEB trust funds are invested separately.
- Section 4.2g – Add additional restrictions to money market funds as required by the California Government Code.

RECOMMENDATION

- 1) Discuss; 2) Deliberate; 3) Adopt Resolution 17-02 approving an Investment Policy for District Funds.

ATTACHMENTS

- 1) Attachment A – Resolution 17-02 Approving an Investment Policy for District Funds
- 2) Attachment B – Investment Policy

RESOLUTION NO. 17-02

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MORAGA-ORINDA
FIRE PROTECTION DISTRICT APPROVING AN INVESTMENT POLICY FOR
DISTRICT FUNDS**

WHEREAS, The Board of Directors (“Board”) of the Moraga-Orinda Fire Protection District (“District”) desires to maintain a current investment policy for District funds to ensure that District monies are invested prudently, and

WHEREAS, the Fire Chief, County Treasurer or designee have been given authority to invest District funds pursuant to the District’s Investment Policy, and

WHEREAS, State law has necessitated the establishment and periodic review of a District Investment Policy.

NOW THEREFORE, the District Board does hereby resolve that the District Investment Policy, attached as Attachment B and incorporated herein by reference, is hereby adopted, and

BE IT FURTHER RESOLVED THAT the District Board delegates its authority to the Fire Chief, County Treasurer or designee to invest District funds in a manner consistent with the attached Investment Policy.

PASSED, APPROVED AND ADOPTED this 4th day of January, 2017 at the regular meeting of the District Board of Directors at 22 Orinda Way, Orinda, California 94563, on a motion made by Director _____, seconded by Director _____ and duly carried with the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:



Moraga-Orinda Fire District

Investment Policy

Purpose

The purpose of the Investment Policy is to establish a prudent and systematic policy and to organize and formalize investment-related activities.

Policy

Section One: Scope and Authority

- 1.1 The Moraga Orinda Fire District's (District) Investment Policy is authorized under the California Government Code, section 53600, et seq. as it applies to the investment of public funds.
- 1.2 It is intended that this policy cover all funds and investment activities under the direct authority of the District excluding pension funds, [other post-employment benefit trust funds](#) and the proceeds of debt issues. Investments authorized by Fiscal Agents pursuant to bonded debt are controlled by the terms and conditions of the specific bond and may not necessarily coincide with the Investment Policy outlined herein. Investments must conform to Government Code section 53601 concerning custody of all securities. Wherever practical, investments made by a Fiscal Agent on behalf of the District will be consistent with this Policy.
- 1.3 The District's Board hereby delegates management authority for the investment program to the Fire Chief or designee.
- 1.4 The District's Board hereby authorizes District participation in the Contra Costa County investment pool. The Board delegates investment authority for investment of public agency funds to the Treasurer of Contra Costa County. The Board authorizes the County Treasurer to invest such District funds as may be designated by the District consistent with provisions of the California Government Code. The County Treasurer shall follow the written instructions provided by the District.

Section Two: Investment Objectives

- 2.1 Safety - It is the primary duty and responsibility of the District Treasurer, Fire Chief, Administrative Services Director and Finance Committee to protect, preserve and maintain cash and investments placed in trust on behalf of the citizens of the District.
- 2.2 Liquidity - An adequate percentage of the District's investment portfolio should be maintained in liquid short-term securities which can be converted to cash if necessary to meet disbursement requirements. Since all cash requirements cannot be anticipated, investments in securities with active secondary or resale markets is highly recommended. Emphasis should be on marketable securities with low sensitivity to market risk.

Attachment B

- 2.3 Yield - Yield should become a consideration only after the basic requirements of safety and liquidity have been met.
- a) The overall yield should be designed to attain a market-average rate of return throughout budgetary and economic cycles, taking into account the District's risk constraints, the cash flow characteristics of the portfolio, and State and local laws, ordinances or resolutions that restrict investments.

- 2.4 Public Trust - All participants in the investment process shall act as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. The overall investment program shall be designed and managed with a degree of professionalism that is worthy of the public trust.

- 2.5 Diversification - The investment portfolio will be diversified to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions.

In a diversified portfolio, it must be recognized that occasional measured losses are inevitable and must be considered within the context of the overall portfolio's investment return, provided that adequate diversification has been implemented.

- 2.6 Prudence - The District adheres to the "prudent investor standard" which states that

"When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency."

Section Three: District's Investment Strategy

- 3.1 The most effective method of increasing investment yields without sacrificing safety is to extend the investment horizon commensurate with the District's cash requirements. To that end, improved cash forecasting and management is the preferred investment strategy for the District.
- a) Cash management activities include accurate cash projections, the expeditious collection of revenue, the control of disbursements, cost-effective banking relations, and a short-term borrowing program, when needed, that coordinates working capital requirements and investment opportunity.

Section Four: Allowable Investment Instruments

- 4.1 The Government Code, sections 53601, 53601.1, 53601.6 and 53635 shall govern the District's allowable investments and the length of those investments, unless specifically limited by this policy. Although the maximum maturity for any deposit or investment is five years, most investments should be for no longer than 2-3 years.
- 4.2 The specific investments allowed are listed below:

Attachment B

- a) The State's Local Agency Investment Fund (LAIF)
- b) Any Public Agency's Pooled Investment Fund, provided such involvement is approved in advance by resolution of the Board
- c) United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest
- d) Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises
- e) Insured Certificates of Deposits (CD's) or CD's adequately collateralized by the institution issuing the certificate
- f) Passbook savings and money market accounts
- g) Money market funds that have attained the highest letter and numerical rating provided by not less than two Nationally Recognized Statistical Rating Organizations and not to exceed 20% of the portfolio and not to exceed 10% of the portfolio per money market fund.

4.3 Any investment not specifically approved by this policy is prohibited.

Section Five: Reporting Requirements

- 5.1 The Fire Chief or designee shall annually submit a written investment policy to the Board. The Board shall consider the investment policy at a public meeting.
- 5.2 The Treasurer or designee shall submit a quarterly investment report to the Board. The report must be submitted within 30 days following the end of the month covered by the report. Such report shall include at least the following information:
 - a) Types of investments;
 - b) Names of the institution in which funds are invested or deposited;
 - c) Date of maturity, if applicable;
 - d) Par and original investment amount on all securities;
 - e) Percent distribution of each type of investment;
 - f) Current market value as of the date of the report, including sources of the valuation except those under LAIF;
 - g) Rate of interest;
 - h) Average weighted yield of portfolio;
 - i) Investment income for the fiscal year to date
 - j) A statement relating the report to the District's Investment Policy; and
 - k) A statement that there are sufficient funds to meet the District's next six months' financial obligations.
- 5.3 Periodic reports shall be prepared as required by circumstances or as directed by the Board. Such circumstances include, but are not limited to, notification that any District investment may be in jeopardy or a sudden and significant drop in the current market value of any District investment.
- 5.4 The District will report the investment portfolio at market value at the end of each fiscal year in accordance with Governmental Accounting Standards Board Statement No. 31.

Attachment B

Section Six: Internal Controls and General Guidelines

- 6.1 A system of internal control shall be established and documented in writing. The controls shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation of third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the District.
- 6.2 Controls deemed most important include:
- a) The control of collusion and separation of duties;
 - b) Custodial safekeeping of funds invested or on deposit;
 - c) Minimizing the number of authorized Investment Officers; and
 - d) Written documentation of procedures and transactions.
- 6.3 In selecting financial institutions for the deposit or investment of District funds, the Treasurer or designee shall consider the credit-worthiness of the institution. Such credit-worthiness shall be monitored on a regular basis throughout the period in which District funds are deposited or invested.
- a) Any deposit or investment of funds shall be in writing, signed by the Fire Chief or designee and the authorized representative of the institution.
 - b) All transactions will be executed on a Delivery Versus Payment (DVP) basis
 - c) All investment securities shall be held in the District's name by a third-party custodian that is the trust or custody division of a bank.
- 6.4 The District will require the auditors to perform cash and investment testing as part of the audit of the District's financial statements.
- 6.5 An annual Cash Flow Forecast may be prepared by the Fire Chief or designee and would be used to assist in the development of the annual operating budget for the District.
- 6.6 This Investment Policy shall be reviewed by the Board on an annual basis.
- 6.7 Ethics and Conflict of Interest - Board members and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair their ability to make impartial investment decisions. Board members and employees shall disclose any material financial interests that could be related to the performance of the District's investment portfolio.

DEFINITIONS

Certificate of Deposit (CD) – A time deposit with a specific maturity evidenced by a Certificate. Large-denomination CDs are typically negotiable.

Collateral – Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

Attachment B

Custody – Safekeeping services offered by a bank, financial institution or trust company, referred to as the “custodian.” Service normally includes the holding and reporting of the customer’s securities, the collection and disbursement of income, securities settlement and market values.

Delivery Versus Payment – A type of securities transaction in which the purchaser pays for the securities when they are delivered either to the purchaser or custodian. It ensures that securities are deposited in an eligible financial institution prior to the release of funds. Securities should be held by a third-party custodian as evidenced by safekeeping receipts.

Diversification – Dividing investment funds among a variety of securities offering independent returns.

Federal Agency Obligation – A debt instrument issued by one of the federal agencies. Federal agencies are considered second in credit quality and liquidity only to U.S. Treasuries.

Liquidity – An investment that can be converted easily and rapidly into cash without a substantial loss of value.

Local Agency Investment Fund (LAIF) – The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

Market Value – The price at which a security is trading and could presumably be purchased or sold on a specific date.

Maturity – The date upon which the principal or stated value of an investment becomes due and payable.

Portfolio – Collection of securities held by an investor.

Prudent Investor Standard – An investment standard that all investments should be made with care, skill, prudence and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.

Secondary Market – A market made for the purchase and sale of outstanding issues following the initial distribution.

U.S. Treasury – Government debt issued by the United States Department of the Treasury through the Bureau of the Public Debt. Treasury securities are the debt financing instruments of the United States federal government, and they are often referred to simply as Treasuries. There are four types of marketable treasury securities: Treasury bills, Treasury notes, Treasury bonds, and Treasury Inflation Protected Securities (TIPS). All of the marketable Treasury securities are very liquid and are heavily traded on the secondary market.

Yield at Market – The percentage rate of return paid if the security is held to its maturity date using the market price of the security. The calculation is based on the coupon rate, length of time to maturity, and market price. It assumes that coupon interest paid over the life of the security is reinvested at the same rate. The Yield at Market will vary over time.

Attachment B

Yield at Cost – The percentage rate of return paid if the security is held to its maturity date at the original time of purchase. The calculation is based on the coupon rate, length of time to maturity, and original price. It assumes that coupon interest paid over the life of the security is reinvested at the same rate. The Yield at Cost on a security remains the same while held as an investment.

Attachment A

Dated: January 4, 2017

Stephen L. Anderson, President
Board of Directors

ATTEST:

Grace Santos
District Clerk



Moraga-Orinda Fire District

TO: Board of Directors
FROM: Stephen Healy, Fire Chief
DATE: January 18, 2017
SUBJECT: Item 8.5 – Information Regarding Apparatus Acquisitions

BACKGROUND

The District's June 2016 Long-Range Capital Plan includes the lease/purchase of two new Type-1 fire engines and one new aerial ladder truck in FY 2017/18. Since that time, mechanical issues with the two 2008 ambulances have persisted and worsened and there is also a need to purchase two additional ambulances.

Current cost estimates for these vehicles are as follows:

▪ Ladder Truck	\$1,289,868
▪ Pumper	\$604,213
▪ Pumper	\$604,213
▪ Ambulance	\$168,800
▪ Ambulance	\$168,800
TOTAL	\$2,835,894

The costs include sales tax. The price for the ladder truck and pumpers includes a pre-payment discount and multi-unit discount. The total price for these three apparatus will increase by approximately \$102K in February. If the District issues a letter of intent to purchase, sends a purchase order to the third party vendor or executes an agreement with the manufacturer committing to the lease/purchase of the new apparatus prior to February 1, 2017, approximately \$102K savings will be recognized.

The estimated capital expense for executing a 5-year lease/purchase for all five vehicles would be \$606K per year.

Additional savings may be realized if the District secures financing through a private party, rather than through the apparatus manufacturer. Staff is prepared to issue an RFP for a lease/purchase, which would then be effective with the FY 2017/18 budget.

The time required to build the ladder truck is 14 months, the fire engines are approximately nine (9) months, and the ambulances are six (6) months.

Staff will bring an updated Long-Range Capital plan to the January 18, 2017 meeting, along with recommendations. Staff will also introduce a new Long-Range Apparatus Plan at that time.

RECOMMENDATION

- 1) No action required; informational purposes only