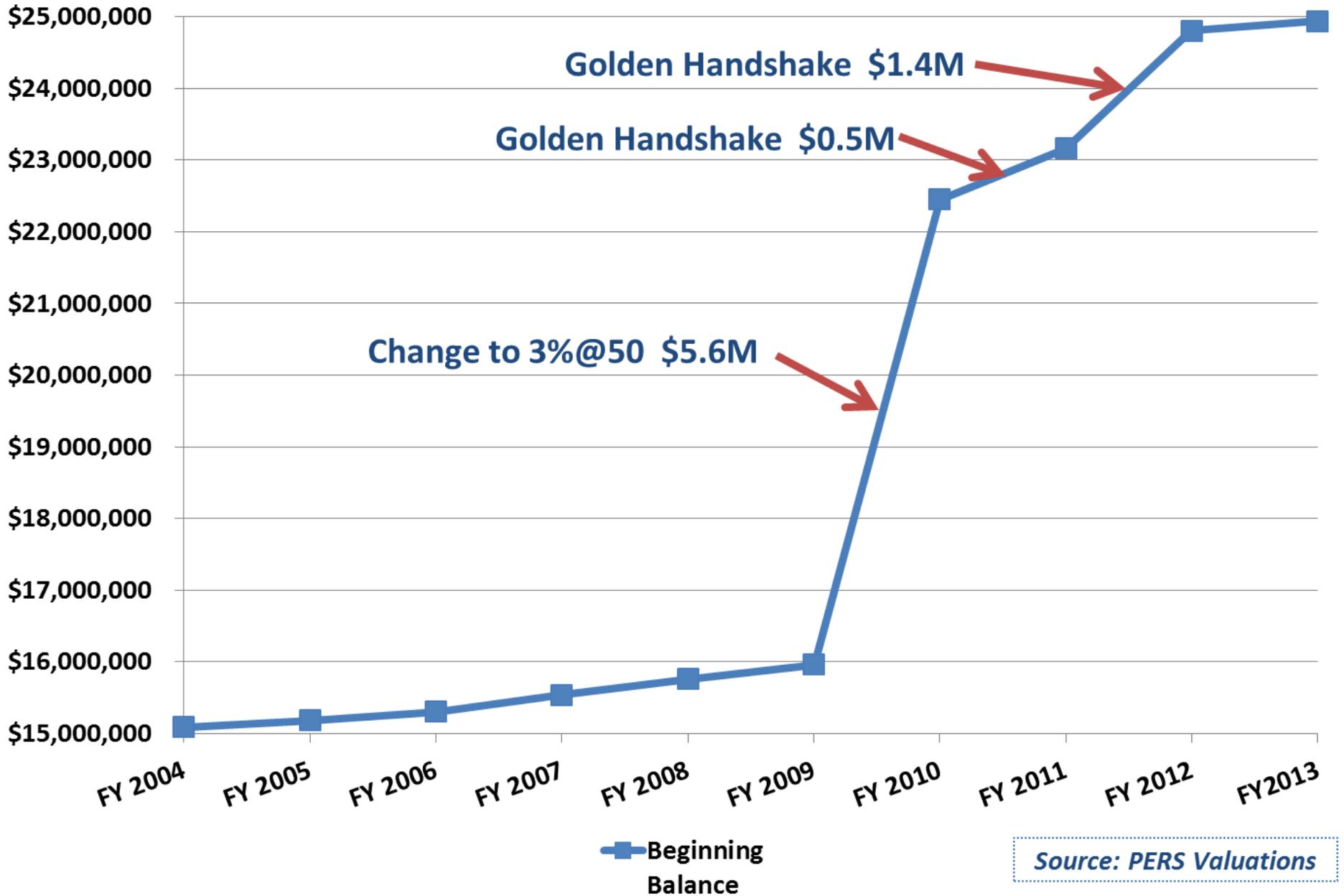


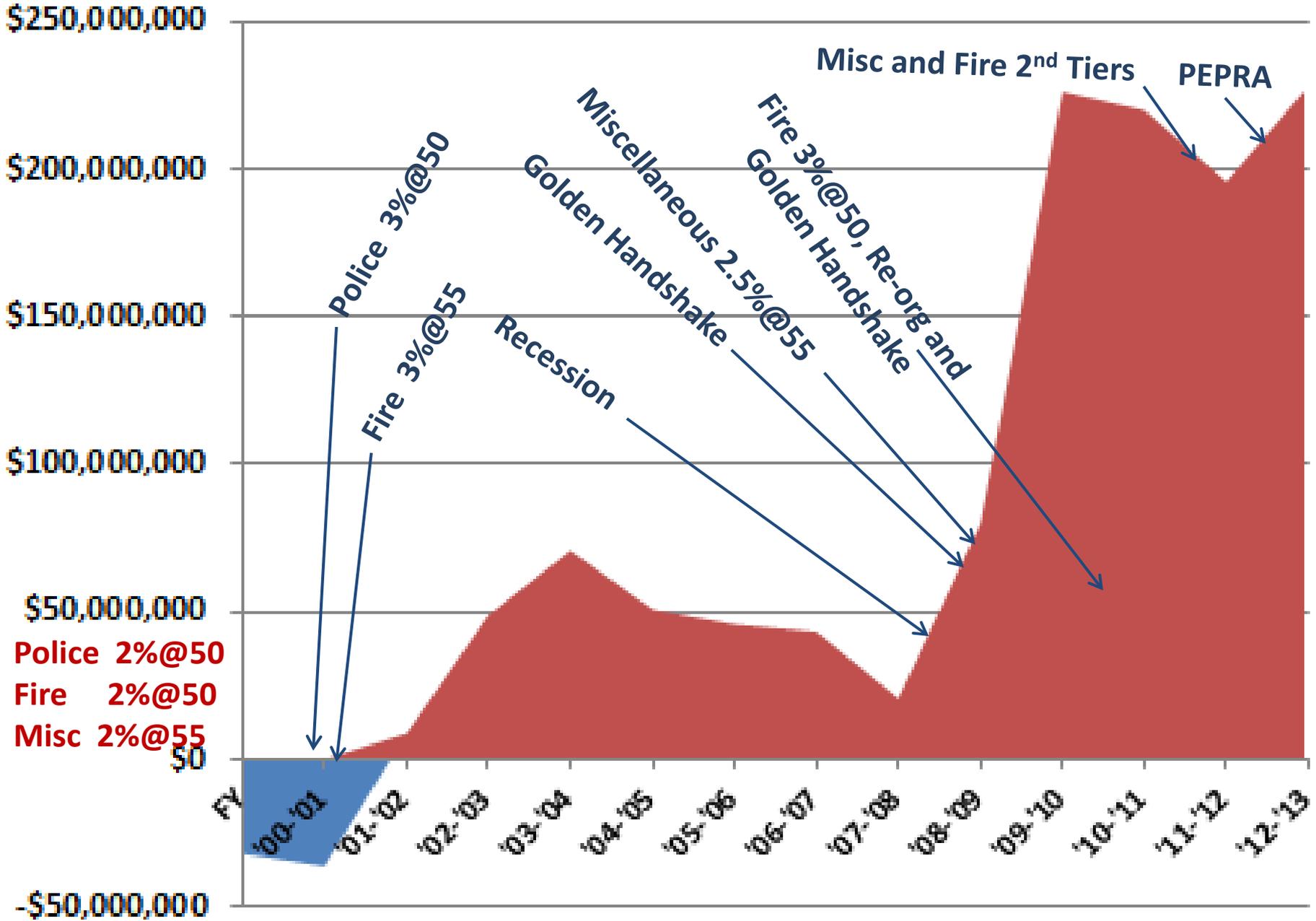
***Costa Mesa
Pension Oversight Committee
Leadership Team Update
April 23, 2014***

Website: <http://www.costamesaca.gov/index.aspx?page=1603>

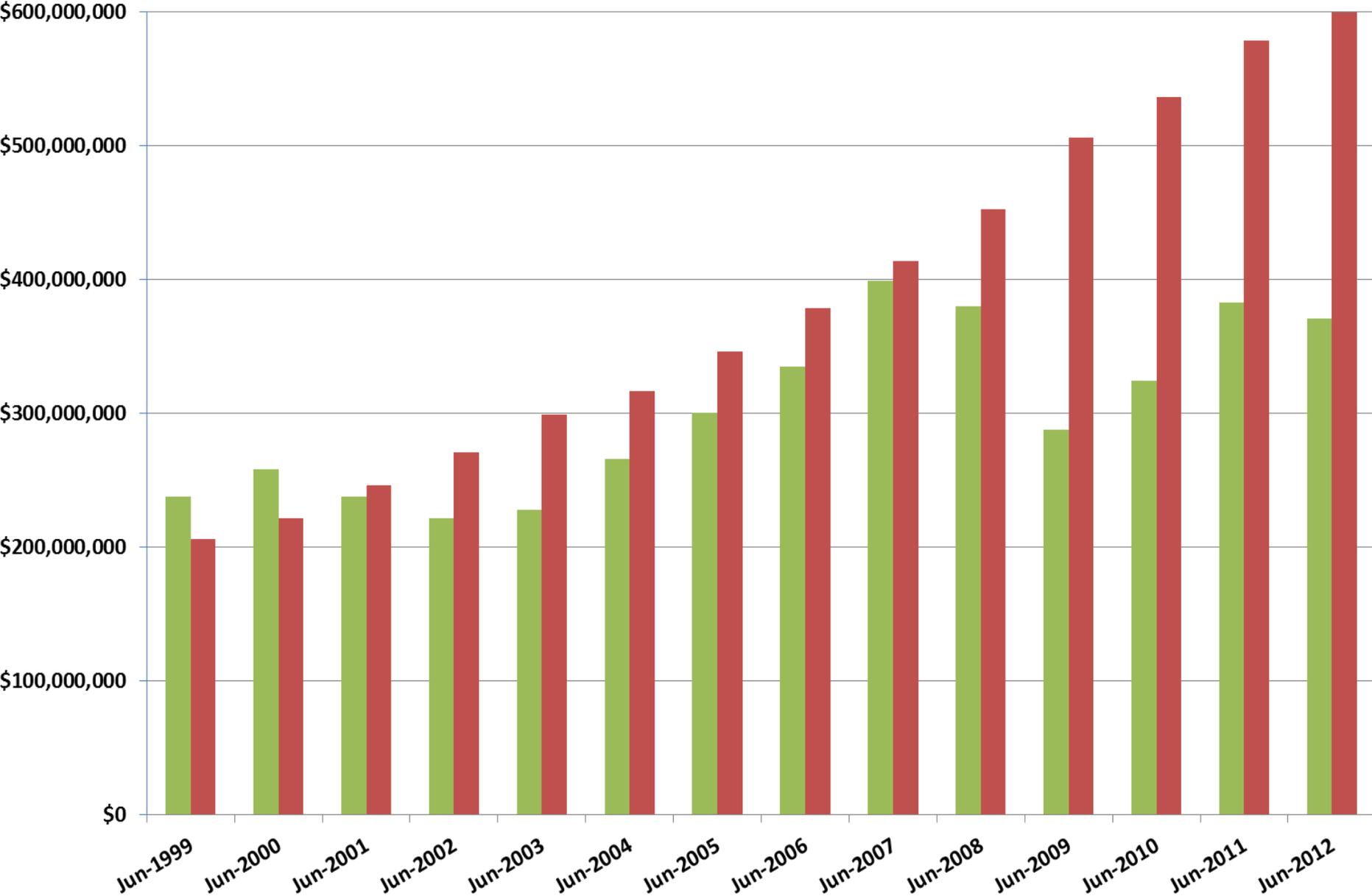
Costa Mesa Fire Side Fund



Costa Mesa Unfunded Pension Liabilities



Costa Mesa PERS Pensions - Total Assets and Liabilities

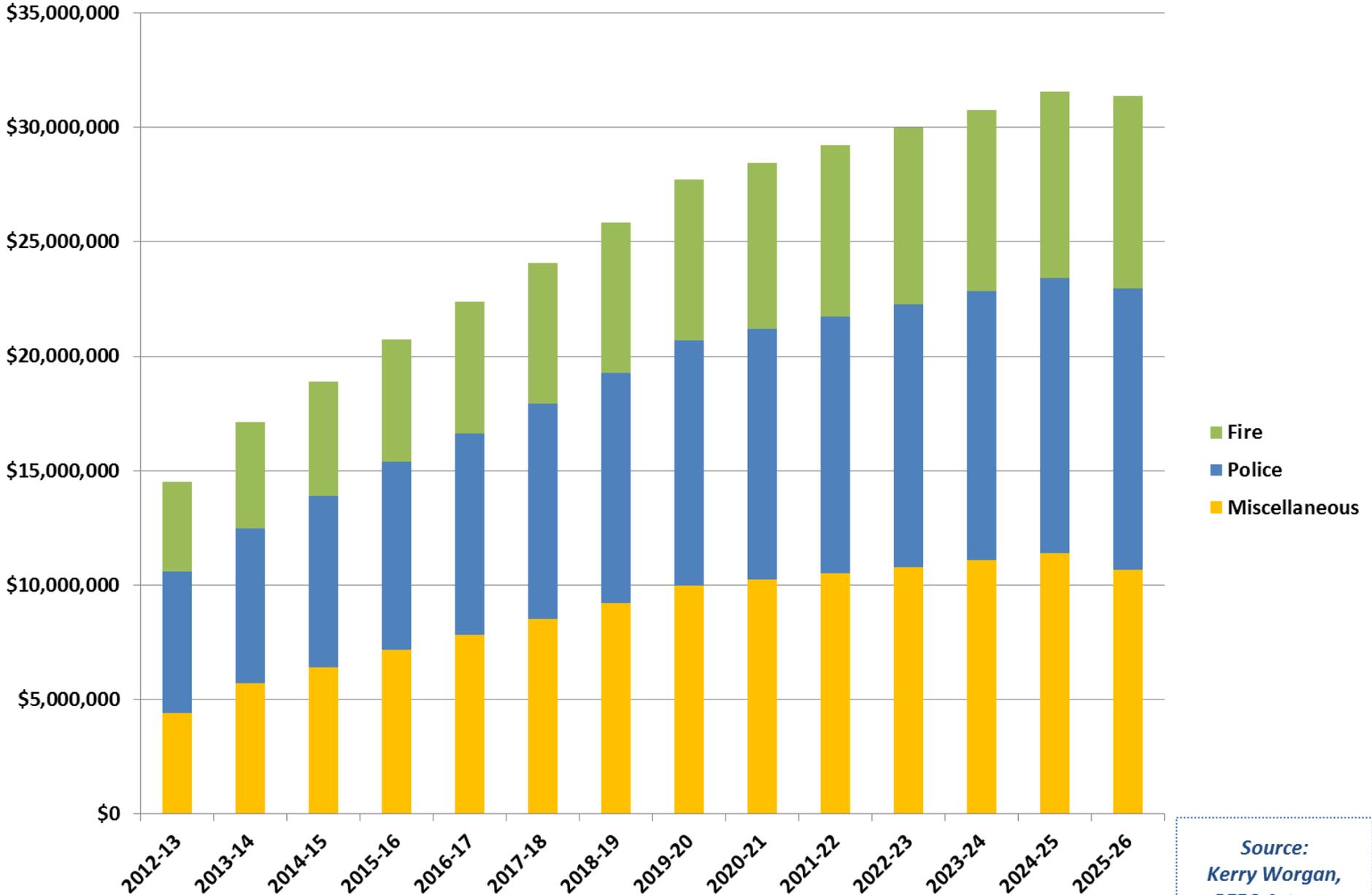


■ Assets ■ Liabilities

Source:
PERS Valuations

Costa Mesa PERS Employer Contributions

(before Misc 2.469% and Police 5% cost sharing)



Source:
Kerry Worgan,
PERS Actuary

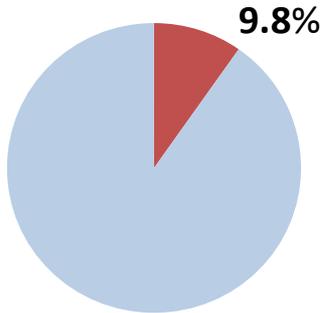
Costa Mesa Pension Costs as % of General Fund

Fiscal Year	2002-03	2007-08	2012-13	2017-18*	2022-23*
General Fund	\$ 82	\$ 103	\$ 103	\$ 119	\$ 138
Pension Costs	\$ 8	\$ 14	\$ 15	\$ 24	\$ 30
Pension Cost as % of General Fund	9.8%	13.6%	14.6%	20.2%	21.7%

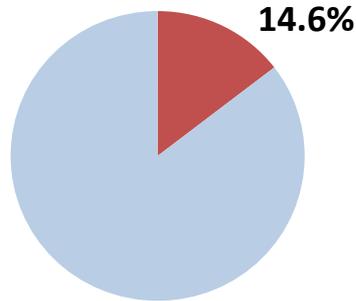
\$ in millions

* General Fund assumed to increase 3% per year

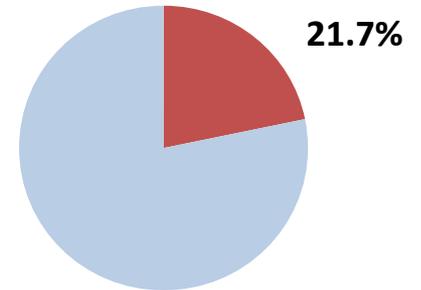
FY 2002-03



FY 2012-13



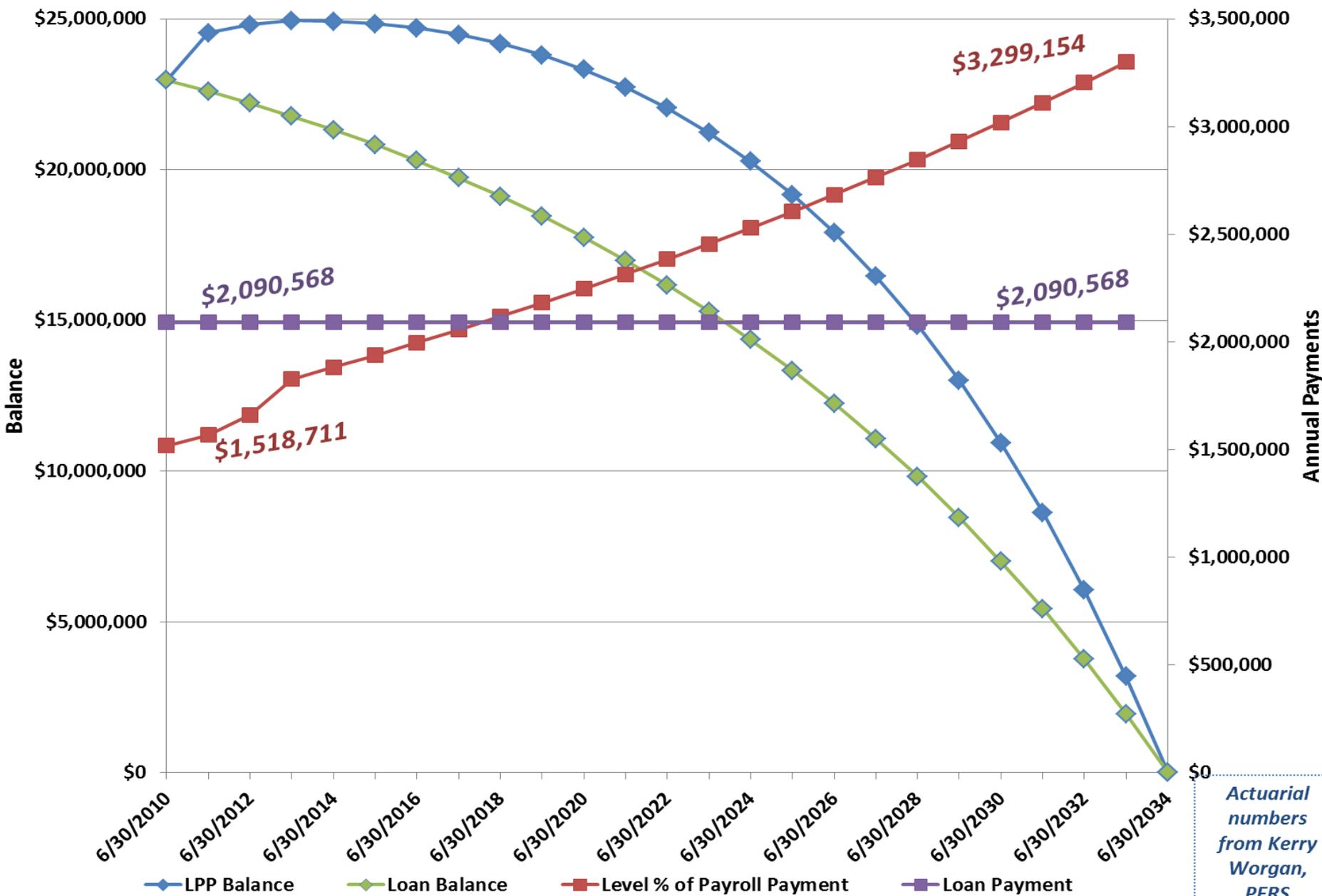
FY 2022-23
Estimate*



PERS Valuation Notes

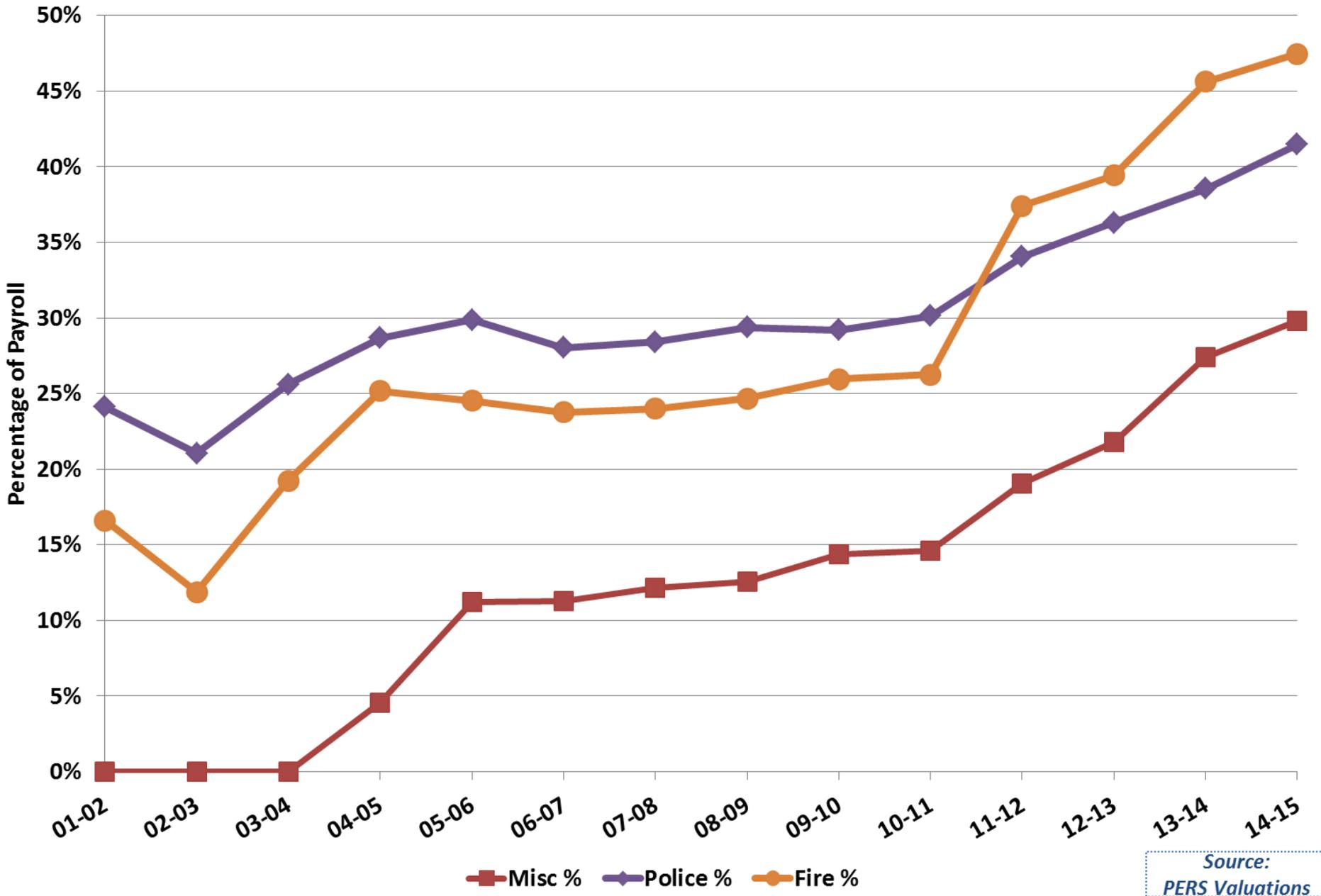
- Assume 3% Annual Payroll Growth**
- Amortize Level Percent of Payroll**
- Assume “Standard” Contributions**
 - 8% from Miscellaneous**
 - 9% from Police and Fire**

CM Fire Side Fund Amortization - Actuary Level % of Payroll vs Loan Payment Methods



Actuarial numbers from Kerry Worgan, PERS

Costa Mesa PERS Required Employer Contribution RATES by Fiscal Year



COSTA MESA RETIREMENT CONTRIBUTION RATES

as of 7/1/2013

"CLASSIC" CalPERS MEMBERS

Employee Group: Plan	RATES AS % OF PAY		
	Employee	Employer	Total
Miscellaneous-Non Management: 2.5%@55	8.5%	26.9%	35.4%
Miscellaneous-Management: 2.5%@55	10.5%	24.9%	35.4%
Miscellaneous FT-2nd Tier: 2%@60 *	8.0%	26.4%	34.4%
Police: 3%@50	5.0%	42.5%	47.5%
Chief of Police: 3%@50	9.0%	38.5%	47.5%
Fire & Fire Management: 3%@50	5.0%	49.6%	54.6%
Fire & Fire Management 2nd Tier: 2%@50 **	9.0%	19.9%	28.9%
* FT & PT PERS Employees (Classic members) hired after 3/11/12			
** FT Employees (Classic members) hired after 12/30/12			

"NEW" CalPERS MEMBERS

Hired on or after 1/1/13

Employee Group: Plan	RATES AS % OF PAY		
	Employee	Employer	Total
Miscellaneous FT 3rd Tier : 2%@62	7.8%	26.4%	34.1%
Police FT & PT 2nd Tier: 2.7%@57	12.8%	38.5%	51.3%
Fire 3rd Tier: 2.7@57%	11.5%	11.5%	23.0%

Source:
CM
Human
Resources

What's New and Changing?

PERS Board February 18, 2014

- Earlier retirements than expected
- Enhanced mortality (living longer)

GASB 67/68

- Assets at Market Value (no smoothing)
- 30 year Fixed Amortization (not rolling)
- Liabilities on PERS Balance Sheet 2013-14
- Liabilities on Costa Mesa Bal. Sheet 2014-15

Costa Mesa PERS Total Contribution Rates

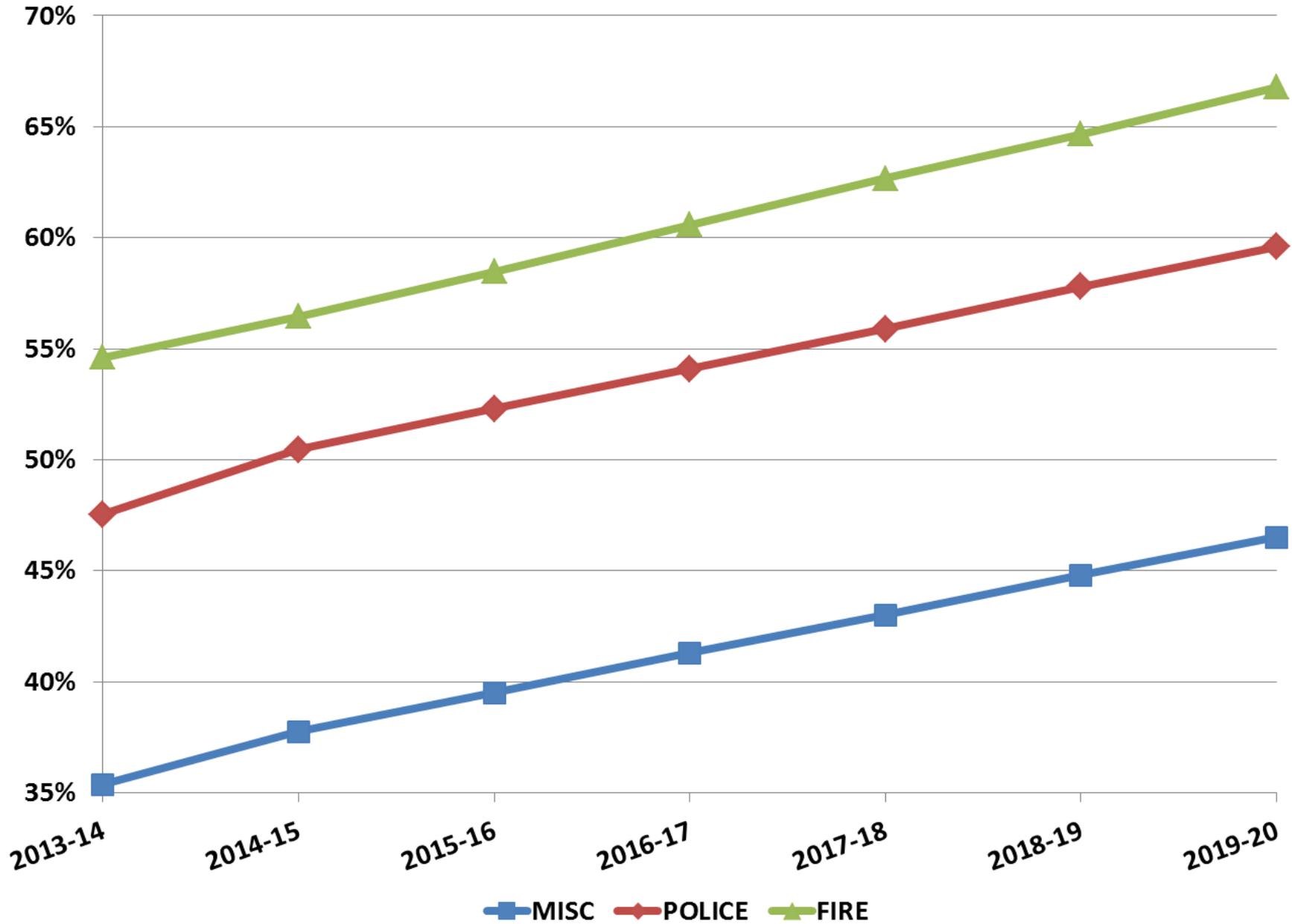
Valuations dated 6/30/12

Valuations use "Standard" Employee contributions; Miscellaneous 8% and Safety 9%

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
<i>Miscellaneous</i>							
Total Normal Cost	17.643%	16.990%	16.99%	16.99%	16.99%	16.99%	16.99%
Total Unfunded Cost	17.740%	20.766%	22.51%	24.31%	26.01%	27.81%	29.51%
TOTAL RATE	35.383%	37.756%	39.50%	41.30%	43.00%	44.80%	46.50%
Source: pages 6 & 26							
<i>Police</i>							
Total Normal Cost	28.649%	28.928%	28.93%	28.93%	28.93%	28.93%	28.93%
Total Unfunded Cost	18.893%	21.528%	23.37%	25.17%	26.97%	28.87%	30.67%
TOTAL RATE	47.542%	50.456%	52.30%	54.10%	55.90%	57.80%	59.60%
Source: pages 6 & 26							
<i>Fire</i>							
Total Normal Cost	29.511%	29.128%	29.13%	29.13%	29.13%	29.13%	29.13%
Total Unfunded Cost	25.107%	27.324%	29.34%	31.44%	33.54%	35.54%	37.64%
TOTAL RATE	54.618%	56.452%	58.47%	60.57%	62.67%	64.67%	66.77%
Source: Section 1 page 4, Section 2 pages 4 & 26							

Costa Mesa's TOTAL Contribution Rates

Source: 2012
PERS Valuations



What's POC Looking At Now?

- ❖ **Communications outreach**
 - **“Fast Facts” published in Daily Pilot**
 - **Speak to groups**
 - **Website FAQs, etc**
- ❖ **PERS Forecasts and Budget Impacts**
- ❖ **Financing alternatives and prepaids**

Questions?