ACERA

Office of the Chief Counsel

To:	Board of Retirement
From:	Jeff Rieger, Chief Counsel
Meeting:	June 18, 2025
Subject:	**Potential MOU With County Re $400 Million Contribution**

The County may consider making an extraordinary contribution of $400 million towards its General member UAAL. We expect ACERA's process for these funds would be similar to its process for the $800 million extraordinary contribution ACERA received from the County for the County's Safety member UAAL in 2021. One key difference, however, is that the County is pooled with other employers with respect to General member contributions, whereas the County is the only employer with Safety members.

Attached is draft of an MOU in redline form. The redline shows the actuary's proposed revisions to the MOU between the Board and the County in 2021. The proposed revisions are primarily to account for the fact that the extraordinary contribution will pay off General, rather than Safety, UAAL.

The MOU is in draft form because we need to work with the Office of County Counsel to finalize the MOU. Thus, we recommend that the Board grant authority to the CEO to enter into an MOU with the County that is **substantially similar** to the enclosed draft MOU, with the understanding that there may be some minor revisions based on our work with the Office of County Counsel. The goal is to have the funds transferred by June 30, 2025, so that interest can be credited to the extraordinary contribution with ACERA's December 31, 2025 interest crediting. Staff is recommending that the Board delegate authority to the CEO because the Board's next meeting will be after June 30, 2025.

Agreeing to the proposed MOU is within the Board's constitutional and statutory authority regarding actuarial matters. See Cal. Const., art. XVI § 17(e); Gov't Code § 31454.7 (Legislature affirming the Board's "plenary authority to recommend adjustments to county and district contributions as necessary to ensure the appropriate funding of the system"). Also, case law establishes that the Board can take account of extraordinary contributions before the next annual valuation when setting employer contribution rates. See *Bandt v. Board of Retirement* (2006) 136 Cal.App.4th 140.

MEMORANDUM OF UNDERSTANDING BETWEEN THE

COUNTY OF ALAMEDA

AND

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

This **MEMORANDUM OF UNDERSTANDING** ("MOU") is made and entered into this _ day of June ~~2021~~2025, by and between the **COUNTY OF ALAMEDA** ("County"), a political subdivision of the State of California, and the **ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION** ("ACERA"), a retirement association operating under Sections 31450 et seq. and other applicable provisions of the Government Code.

RECITALS

WHEREAS, ACERA, acting through its Board of Retirement, has the power and duty to manage and administer a retirement system (the "System") for participating current and retired employees of the County, the Superior Court of California for the County of Alameda, the Alameda Health System, First 5 of Alameda County, the Livermore Area Parks and Recreation District, the Housing Authority of Alameda County, and the Alameda County Office of Education (collectively, the "Participating Employers"); and

WHEREAS, ACERA has two member classifications: General Members and Safety Members; among the ACERA Participating Employers, all of them have current or former General Members and only the County has current or former Safety Members; and

WHEREAS, as of the most recent actuarial valuation date of December 31, ~~2020~~2024, the System is approximately ~~76~~88% funded with an unfunded actuarial accrued liability ("UAAL") of approximately $~~2.5~~1.41.5 billion; the UAAL is currently being funded by the Participating Employers through annual contributions determined by a series of layered amortization bases, each with a duration of 20 years or less; and

WHEREAS, as of the most recent actuarial valuation date of December 31, ~~2020~~2024, the ~~Safety~~ General Member excluding LARPD and ACOE cost group component of the System has an allocated UAAL of approximately $~~935~~ 1,313 million,

WHEREAS, as of the most recent actuarial valuation date of December 31, 2024, the approximate amount of the above UAAL for General County Members is $812 million after taking into account the unused historical County credits from the Pension Obligation Bond and the implicit retiree health benefit subsidy and prorating the adjusted UAAL in proportion of the projected payroll of the County to the projected payroll of all the employers within the above cost group,

WHEREAS, the $812 million amount is updated annually during each actuarial valuation to reflect the unused historical County credits and in proportion of the County's to all employers' projected payrolls within the above cost group and ~~which~~ is being funded by the County through annual contributions determined by a series of layered amortization bases, each with a duration of 20 years or less; and

WHEREAS, during the 2014-15 budget hearings the County Board of Supervisors directed the County Administrator and Auditor-Controller to develop a multi-year plan to reduce the County's UAAL; and

WHEREAS, on April 7, 2015 the County Board of Supervisors created a Pension Liability Reduction Plan Account ("PLRP") and began making annual contributions to the PLRP; as of ~~May 6, 2021~~ __, the balance of the PLRP is approximately $~~800~~ 400 million; and

WHEREAS, to provide greater security for ACERA benefits for former and current County participating employees; enhance the solvency of the System; and decrease the County's long term costs of contributing to the System by reducing the ~~Safety~~ General Member excluding LARPD and ACOE cost group UAAL, the County has requested that ACERA accept deposits of supplemental funding amounts from the PLRP in addition to the County's annual Actuarially Determined Contributions ("ADC"); and

WHEREAS, the County understands that the effect of contributing supplemental funding amounts in accordance with this MOU will reduce the County's ~~Safety~~ General Member ADC that the County would otherwise owe ACERA prospectively; and

WHEREAS, the County understands that any such supplemental contributions shall be subject to the same investment risks as other funds in the System and that investment gains or losses may differ from the expected rate of return, which will affect the ~~Safety~~ General UAAL in the above cost group and the projected reductions that the supplemental contributions are expected to have on the County's ~~Safety~~ General ADC prospectively;

WHEREAS, the County understands that Government Code §§ 31610 et seq. and ACERA's policies related to Government Code §§ 31610 et seq. apply to any supplemental contributions the County makes to ACERA under this MOU; and

WHEREAS, the County understands that all additional or supplemental contributions made to the Retirement Fund will be used solely to provide System benefits to members and their beneficiaries and to pay administrative costs of the System.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for good and valuable consideration, the parties mutually agree as follows:

1. Definitions. Capitalized terms not defined in the Recitals are used as defined below:

(a) "**Actuarially Determined Contribution**" or "**ADC**" means the County's employer contribution rate as determined by ACERA's Board of Retirement in accordance with the County Employees Retirement Law of 1937 ("CERL").

(b) "**Actuarial Valuation**" means the actuarial valuation of the System required pursuant to Section 31611 of the CERL.

(c) "**County ~~Safety~~ General Voluntary Contribution Reserve**" means the ACERA Valuation Reserve to which the County's voluntary contributions to pay the UAAL as described above~~associated with the County's past and present Safety employees is credited~~, including interest credited on the balance of the Reserve. Pursuant to the Board's Actuarial Funding Policy, the County ~~Safety~~ General Voluntary Contribution Reserve will be subject to a separate five-year asset smoothing schedule that excludes any known deferred investment gains or losses attributable to other valuation reserves and the SRBR for periods before the County makes a voluntary contribution. The separate smoothing schedule will be established and used to calculate interest only for the County ~~Safety~~ General Voluntary Contribution Reserve for each six-month crediting period until five years after each such contribution to that Reserve has been on deposit. Five years after the County makes any such contribution, the same five- year asset smoothing schedule that is used to calculate interest for the other valuation reserves and the SRBR will then be used for funds in the County ~~Safety~~ General Voluntary Contribution Reserve that are attributable to such contribution.

(d) "**County ~~Safety~~ General Voluntary Contribution**" or "**~~CSVC~~CGVC**" means County's voluntary supplemental employer contribution, in excess of the ADC, toward UAAL associated with the County's past and present ~~Safety~~ General employees. County intends to make a one-time lump sum CGVC~~CSVC~~ of ~~Eight~~ Four Hundred Million Dollars ($~~800~~400,000,000). County may make more than one payment. County may make aggregate payments in excess of $~~800~~ 400 million with approval of the Board of Retirement, which will not be unreasonably withheld or delayed.

(e) "**Fiscal Year**" means the period of twelve consecutive months beginning on July 1 of any calendar year and ending on June 30 of the following calendar year.

(f) "**Normal Cost**" means the portion of the actuarial present value of pension plan benefits allocated to a valuation year by the actuarial cost method as defined in the "Actuarial Funding Policy" (Exhibit B).

(g) "**Retirement Fund**" means the fund established under the System, as defined in Section 31475 of CERL.

(h) "**Supplemental Retiree Benefit Reserve**" or "**SRBR**" means the non-valuation reserve account established pursuant to Section 31618 for the benefit of retired members and beneficiaries, which is funded as provided by Government Code §§ 31610 et seq. and the Board of Retirement's policies.

2. Amendment of ACERA Policies.

On ~~May 20, 2021~~ __, ACERA's Board of Retirement amended its "Interest Crediting Policy" and "Actuarial Funding Policy" as shown in Exhibit A and Exhibit B, respectively, which policies are incorporated by reference in this MOU. Such amendments are necessary and proper to allow the parties to accomplish the terms of the MOU. The Board of Retirement may further amend those policies from time to time, but any such amendments shall be consistent with the intent of the ~~May 20, 2021~~ __ amendments and this MOU, which is to ensure that (a) the County receives full credit for its supplemental contributions, and (b) ACERA's other Participating Employers and the SRBR are not negatively impacted by the ~~CSVC~~ CGVC contribution.

3. County ~~Safety~~ General Voluntary Contributions and Reserve

A. On or before June 30, ~~2021~~2025, County may make one or more payments to ACERA of County ~~Safety~~ General Voluntary Contributions equal to at least ~~Eight~~ Four Hundred Million Dollars ($~~800~~400,000,000). At any time thereafter, County may elect to make additional CGVC~~CSVC~~ contributions with approval of the Board of Retirement, which will not be unreasonably withheld or delayed.

B. ACERA shall (i) establish the County ~~Safety~~ General Voluntary Contribution Reserve, (ii) accept all CGVC~~CSVC~~ payments made by County, and (iii) immediately upon receipt of each County ~~CSVC~~ CGVC payment, deposit the ~~CSVC~~ CGVC payment into the County ~~Safety~~ General Voluntary Contribution Reserve.

4. Supplemental Actuarial Valuation; Reduction of County ~~Safety~~ General UAAL Contributions.

A. As of the most recent actuarial valuation date of December 31, ~~2020~~2024, the County General ~~Safety~~ Member cost group component of the System has a calculated ~~an allocated~~ UAAL of approximately $~~935~~ 812 million. This ~~Safety~~ General County UAAL is updated annually during each actuarial valuation and is funded by the County through annual contributions determined by a series of layered amortization bases, each with a duration of 20 years or less, generally as shown in Exhibit C.

B. Upon receipt of the ~~CSVC~~ CGVC contributions described in paragraph 3B above, ACERA will issue a supplemental actuarial valuation to determine the County's General ~~Safety~~ UAAL contribution rate starting in September ~~2021~~ 2025 to reflect the financial effects of the ~~CSVC~~CGVC. ACERA will establish a new amortization base layer to track the outstanding ~~CSVS~~ CGVC balance as ~~CSVC~~ CGVC Reserve funds are used to partially fund the County's annual ~~Safety~~ General UAAL obligation, anticipated to be generally as shown in Exhibit E. Application of the ~~CSVC~~ CGVC~~contributions~~ and the new contribution rate are anticipated to result in an amortization of the County's annual ~~Safety~~ General UAAL obligation generally as shown in Exhibit D.

C. At no time shall any County ~~Safety~~ General Voluntary Contribution or funds in the County ~~Safety~~ General Voluntary Contribution Reserve be recognized for the purpose of calculating employer contributions for Safety ~~General~~ members or for Participating Employers other than the County. Further, ACERA may not use funds on deposit in the CGVC~~CSVC~~ Reserve to offset any Normal Cost payment required of the County.

D. Beginning with the County's September ~~2021~~ 2025 contributions, ACERA shall draw down funds from the County ~~Safety~~ General Voluntary Contribution Reserve to reduce the County's ~~Safety~~ General UAAL contributions, transferring such funds to the Employer Advance (Basic) Reserve and Cost-of- Living Reserve for credit to the County's ~~Safety~~ General UAAL obligation. Transfers shall be made consistent with Exhibit A ("Interest Crediting Policy") and Exhibit B ("Actuarial Funding Policy").

E. ACERA and its Actuary shall track plan assets separately for General and Safety classification groups until all funds in the County ~~Safety~~ General Voluntary Contribution Reserve are exhausted.

5. Crediting Investment Gains and Losses to County ~~Safety~~ General Voluntary Contributions

ACERA may comingle the funds on deposit in the County ~~Safety~~ General Voluntary Contribution Reserve with its other funds and shall invest them in the same manner as the rest of the Retirement Fund. Earnings and losses, net of proportionate costs for investment and other administrative costs, with regards to the ~~CSVC~~ CGVC Reserve will accrue to the funds in the Reserve, as provided by law and ACERA policies, including Exhibit A ("Interest Crediting Policy") and Exhibit B ("Actuarial Funding Policy"); provided such policies are not inconsistent with this MOU.

6. Audits and Inspection of Records

ACERA will maintain and make available to the County upon reasonable notice, during regular business hours, accurate books and accounting records relating to its obligations pursuant to this MOU. ACERA will maintain such records in an accessible location and condition for a period of not less than five (5) years after each year to which the records pertain or until a final audit has been resolved, whichever is later.

7. Notice to Parties

A. Unless otherwise specified herein, all notices, requests, demands and other communications pertaining to this MOU must be in writing and shall be deemed to have been duly given when hand delivered or five (5) days after being deposited in the United States mail, if mailed by certified or registered mail, return receipt requested, postage prepaid, addressed to the authorized agents to this MOU at the following addresses, and to the attention of the person named:

To County: County of Alameda
1221 Oak Street, Room 555.
Oakland, CA 94612
ATTN: County Administrator

To ACERA: ACERA
475 14th Street, Suite 1000
Oakland, CA 94612
ATTN: Chief Executive Officer

B. Addresses and persons to be notified may be changed by either party by giving ten (10) calendar days prior written notice thereof to the other party.

8. Amendments

All amendments, consents or waivers to this MOU, including its exhibits, shall be in writing and signed by the authorized parties to this MOU.

9. Severability

This MOU is subject to all applicable laws, statutes, rules and regulations. If any provision of this MOU is found by any court or other legal authority, or is agreed upon in writing by County and ACERA to be in conflict with any law, statute, rule or regulation, the conflicting provision shall be null and void. The remainder of this MOU shall continue in full force and effect.

10. Entire Agreement

This MOU constitute the entire agreement of the parties, and supersedes all previous agreements, written or oral, and all communications between the parties relating to the subject matter of this MOU.

11. Time of the Essence

Time is of the essence for every provision of this MOU.

12. Waiver

A waiver by any party hereto shall be in writing and signed by the waiving party and shall not be construed as a waiver of any succeeding breach of any covenant, agreement, restriction or condition of this MOU. No failure to exercise and no delay in exercising any right or remedy hereunder shall operate as a waiver thereof.

13. Authority

County and ACERA each have all requisite power and authority to conduct its respective duties and to execute, deliver and perform this MOU. Each party hereto warrants that the individuals who have executed this MOU have the legal power, right and authority to enter into this MOU and to bind each respective party.

14. Cooperation

County and ACERA shall cooperate in good faith to implement this MOU, and to agree to do such further acts and things and to execute and deliver such additional agreements and instruments as may be reasonably necessary to give effect to the purpose of this MOU and their parties' agreements hereunder.

15. Assignment

Neither party shall assign any of its rights or delegate any of its obligations hereunder without the prior written consent of the other party.

16. Event of Default; Dispute Resolution; Legal Actions

A. *Event of Default.* An event of default shall arise should either party breach or fail to comply with or perform any of its covenants and obligations under this MOU and such default remain uncured thirty (30) days from receipt of a notice from the non-defaulting party to cure such breach or failure, or if a cure is not possible within thirty (30) days, to begin such cure and diligently prosecute such cure to completion. If the defaulting party does not cure within such period, then the non-defaulting party shall be entitled to any rights afforded it in law or in equity, including seeking mandamus or specific performance of this MOU.

B. *Informal Resolution.* If any dispute arises between the parties as to interpretation or application of this MOU, the parties shall attempt to resolve the dispute in accordance with this MOU prior to judicial reference or formal court action. As to any such dispute, the parties shall first meet and confer in good faith to resolve the matter between themselves. Each party shall make all reasonable efforts to provide to the other party all information relevant to the dispute, to the end that both parties will have appropriate and adequate information to resolve the dispute

C. *Mediation.* In the event that a dispute arises between any of the parties in connection with this MOU, before resorting to any other legal remedy, the parties shall attempt in good faith to resolve any such controversy or claim by mediation conducted by one mediator, in accordance with the Commercial Mediation Rules of the American Arbitration Association.

17. Choice of Law

This MOU and the rights and obligations of the parties hereunder shall be governed by, and construed and interpreted in accordance with, the laws of the State of California.

18. Calendar Days

Unless specifically stated to the contrary, all references to days herein shall be deemed to refer to calendar days. If the final date for payment of any amount or performance of any act hereunder falls on a Saturday, Sunday or state of California holiday, such payment may be made, or act performed on the next succeeding business day.

19. Headings

Headings are for the convenience of the parties and are not to be used to interpret the MOU. The parties hereto, having read and considered the above provisions, indicate their agreement by their authorized signatures below.

20. Counterparts; Electronic Signature

This agreement may be executed in counterparts, each of which shall be an original and both of which shall constitute one and the same agreement. This agreement may be executed digitally by either party in accordance with applicable California law.

IN WITNESS WHEREOF, the parties have caused this MOU to be executed by their duly authorized officers on the date first herein written.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

By: ____________________________
David Nelsen, CEO

COUNTY OF ALAMEDA

By: ____________________________
~~Keith Carson~~__, President
Board of Supervisors

APPROVED AS TO FORM:
JEFF RIEGER, General Counsel

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APPROVED AS TO FORM:
DONNA R ZIEGLER, County Counsel

By: ____________________________
Andrea L. Weddle
Chief Assistant County Counsel

Exhibit A

Interest Crediting Policy

I. Purpose

The purpose of this policy is to establish the process to be used by the Alameda County Employees' Retirement Association ("ACERA") to credit semi-annual interest to reserves. This policy shall include, but may not be limited to, the following:

A. Defining the reserves maintained by ACERA;

B. Determining the regular and excess rates of interest at which reserves are to be credited; and

C. Determining the priorities and sequence by which interest will be credited to the reserves.

II. Objectives

The policy has been developed with the following objectives:

A. To comply with appropriate legal and regulatory requirements.

B. To maintain consistency between the reserving structure and the actuarial funding of ACERA.

C. To limit, to the extent possible, the volatility of interest crediting from period to period.

D. To limit, to the extent possible, the charging of losses to valuation reserves.

E. To assure that the reserve values track the market value of assets over the long term.

III. Governing Law

ACERA is governed by provisions of the County Employees Retirement Law of 1937 ("CERL"), as well as other federal and State laws relating to public retirement systems.

CERL generally governs interest crediting and excess earnings. Under CERL, interest is credited on June 30 and December 31 each year to all contributions, reserves, and accounts in the retirement fund which have been on deposit for 6 months. Various reserves and designations are established and maintained by the Board under procedures adopted by the Board pursuant to Article 5.5 of CERL.

IV. Reserves

ACERA maintains the following reserves:

A. Valuation Reserves

1. Member Deposit Basic and Cost-of-Living Reserves – The reserves to which member contributions are credited. These contributions may be refunded to the member upon separation from service or left on deposit by the member upon separation from service (deferred retirement). Upon retirement of a member, transfers are made to Annuity and Cost-of-Living Reserves.

2. Employer Advance (Basic) Reserve – The reserve to which basic employer contributions are credited, including amounts made directly to the retirement plan as well as amounts made to the 401(h) Reserve Account for payment of estimated retiree health benefits (OPEB) for the next fiscal year but reimbursed with a transfer from the SRBR. Upon retirement of a member, a transfer is made to Pension (Current and Prior) Reserves (Pension).

3. Cost-of-Living Reserve – The reserve to which cost-of-living employer contributions are credited and Member Cost-of-Living contributions for new retirees are transferred when the member retires.

4. Retired Member Reserves (Annuity & Pension) – The reserves to which transfers are made from Member Deposit Basic and Employer Advance (Basic) Reserve at the time of a member's retirement. The total of these reserves should equal the

present value of the total benefits (excluding cost-of-living increases) due all retirees and eligible beneficiaries had there been no actuarial gains or losses and changes in actuarial assumptions.

5. Survivor Death Benefit Reserve – The reserve is credited with the present value of death and survivor benefits expected to be paid upon the death of an active member.

6. County Safety Voluntary Contribution Reserve and Livermore Area Recreation and Park District (LARPD) General Voluntary Contribution Reserve – The reserves to which the County's voluntary contributions to pay Unfunded Actuarial Accrued Liability (UAAL) associated with the County's past and present Safety employees and LARPD's voluntary contributions to pay UAAL associated with LARPD's past and present General employees are credited. Pursuant to the Board's Actuarial Funding Policy, the County Safety Voluntary Contribution Reserve and the LARPD General Voluntary Contribution Reserve will be subject to a separate five-year asset smoothing schedule that excludes any known deferred investment gains or losses carried over from periods through June 30, 2021 before the County and LARPD made their voluntary contributions. Five years after the County and LARPD made such contributions, the same five-year asset smoothing schedule that is used to calculate interest for the other valuation reserves will then be used for amounts in the County Safety Voluntary Contribution Reserve and LAPRD General Voluntary Contribution Reserve that are attributable to such contributions.

~~6.~~7. County General Voluntary Contribution Reserve – The reserve to which the County's voluntary contribution to pay UAAL[1] in the General excluding LARPD and Alameda Office of Education cost group is credited. Pursuant to the Board's Actuarial Funding Policy, the County General Voluntary Contribution Reserve will be subject to a separate five-year asset smoothing schedule that excludes any known deferred investment gains or losses carried over from periods through June 30, 2025 before the County made their voluntary contribution. Five years after the County made such contribution, the same five-year asset smoothing schedule that

[1] *The County's UAAL is calculated annually by: (a) taking the UAAL for the entire cost group, (b) adjusting for the unused historical County credits from the Pension Obligation Bond and the implicit retiree health benefit subsidy and (c) allocating in proportion of the County's to all employers' projected payrolls within the cost group.*

is used to calculate interest for the other valuation reserves will then be used for amounts in the County General Voluntary Contribution Reserve that is attributable to such contribution.

B. Non-Valuation Reserves

1. Contingency Reserve Account – The reserve is maintained in an amount equal to 1% of the total market value of assets to provide funds to offset future deficiencies in interest earnings, losses on investment or other contingencies. This reserve consists of the minimum 1% required pursuant to Section 31616. If the Contingency Reserve is negative, then it will be included as an offset to the valuation value of assets used to determine the employers' contribution rates in the annual actuarial valuation. The Board may transfer funds from the Contingency Reserve to different valuation reserves at different rates (including no transfer at all to one or more valuation reserves) in order to take account of the timing of the County Safety, ~~and~~ LARPD and County General's Extraordinary Contributions to ACERA in a manner that is equitable to all employers and the SRBR.

2. 401(h) Reserve Account – The reserve is credited with employer contributions in an amount sufficient for payment of estimated retiree health benefits (OPEB) for the next fiscal year. Once the employers make the contributions to this Account, there will be a reimbursement to the Employer Advance Reserve through a transfer from the SRBR.

3. Supplemental Retiree Benefit Reserve (SRBR) – This reserve is used for the payment of benefits provided to members who are retired or beneficiaries as determined by the Board in accordance with Section 31618 of the CERL. For book-keeping purposes only, the SRBR Reserve is divided into two parts:

   a. OPEB Reserve – This reserve is used to fund discretionary retiree health benefits.

   b. Non-OPEB Reserve – This reserve is used to fund discretionary supplemental COLA benefits and to fund vested $1,000 lump sum death benefits.

C. Financial Statement Reserves and Accounts

Market Stabilization Reserve – The difference between the current market value of assets and the actuarial value of assets used to establish the above reserves.

V. Guidelines

A. "Available Earnings" are determined on current period earnings of the fund calculated on the actuarial value of assets as determined under the Board's funding policy, plus any positive balance in the Contingency Reserve.

B. Credit regular interest at the assumed annual valuation interest rate on the valuation reserves, the 401(h) Reserve Account and the SRBR. Earnings will be credited twice each year to all reserves that have been on deposit for six full months, in accordance with Section 31615 of the CERL. The crediting of interest will take effect on June 30 and December 31 of each year.

C. Maintain a 1% Contingency Reserve Account required pursuant to Section 31616. (It should be noted that an additional amount up to 2% may be included at the discretion of the Board as permitted by Section 31616. The Board's current policy is not to include any such additional discretionary amount.)

D. Any Available Earnings remaining after crediting full interest to valuation reserves, the 401(h) Reserve Account, the SRBR, and restoring the Contingency Reserve Account to its target level constitute Excess Earnings. The Excess Earnings will be allocated in the following manner:

   1. Allocate one-half to the Unallocated SRBR.

   2. Allocate the other one-half of the remaining earnings to the valuation reserves and the 401(h) Reserve Account in proportion to the amounts in each of those reserves.

E. The Glossary of terms is attached as Exhibit A.

VI. Regular Interest Crediting Process

Step 1 Determine "Available Earnings" for accounting period as the sum of:

A. Earnings of the retirement fund for the period based on actuarial value of assets, expressed in dollars. This could be a negative amount.

B. Any positive balance in the Contingency Reserve Account.

C. If sum of A. and B. is negative, such negative amount is credited only to the Contingency Reserve Account but not to the valuation reserves, the 401(h) Reserve Account or the SRBR.

Step 2 Credit interest to the valuation reserves, the 401(h) Reserve Account, and the SRBR

A. If in the prior accounting period the Contingency Reserve Account was reduced below 1% to meet the interest crediting requirements under Step 2 in the prior period, transfer Available Earnings from the current period into the Contingency Reserve Account to restore it to 1% of total assets.

B. Credit the valuation reserves, the 401(h) Reserve Account and the SRBR at a rate up to one-half of the assumed annual valuation interest rate, if there are enough Available Earnings.

Available Earnings outlined in Step 1 (A) above for crediting to the County Safety Voluntary Contribution Reserve and the LARPD General Voluntary Contribution Reserve will be determined without regard to any known deferred investment gains or losses carried over from periods through June 30, 2021 before the County and LARPD made their additional UAAL contributions to those Reserves.

Available Earnings outlined in Step 1 (A) above for crediting to the County General Voluntary Contribution Reserve will be determined without regard to any known deferred investment gains or losses carried over from periods through June 30, 2025 before the County made their additional UAAL contribution to that Reserve.

Interest will be credited to the County Safety Voluntary Contribution Reserve, ~~and~~ LARPD General Voluntary Contribution Reserve and County General Voluntary Contribution Reserve using the weighted outstanding balance of those Reserves after taking into consideration periodic transfers made from those Reserves to the Employer Advance Reserve and the Cost-of-Living Reserve to offset the County's Safety UAAL, ~~and~~ LARPD's General UAAL contribution and County's General UAAL requirements.

The Board may transfer funds from the Contingency Reserve to different valuation reserves at different rates (including no transfer at all to one or more valuation reserves) in order to take account of the timing of the County Safety, ~~and~~ LARPD and County General's Extraordinary Contributions to ACERA in a manner that is equitable to all employers and the SRBR.

C. Deduct the interest credited above from Available Earnings which includes the Contingency Reserve Account even if that Account was just restored to 1% in Step 2A[2]. If the amount of interest credited is more than the Available Earnings, credit in Step 2B only up to the amount of the Available Earnings.

Step 3 Maintain a Contingency Reserve of 1%

Transfer from any remaining Available Earnings from Step 2C into the Contingency Reserve the amount required to maintain a Contingency Reserve of 1% of total assets.

VII. Excess Interest Crediting Process

Apply any remaining available earnings (excess earnings) as follows:

A. Allocate one-half of any remaining earnings to the SRBR.

B. Allocate the other one-half of the remaining earnings to the valuation reserves and the 401(h) Reserve Account in proportion to the amounts in each of those reserves, on the balance in the fund for at least six full months.

The above allocation to the County Safety Voluntary Contribution Reserve and the LARPD General Voluntary Contribution Reserve will be determined without regard to any known deferred investment gains or losses carried over from periods through June 30,

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[2] *Restoring the Contingency Reserve to 1% in Step 2A and immediately including the amount in that Reserve as Available Earnings in Step 2C in the same interest crediting period would have the effect of not restoring the 1% Contingency Reserve for use in the subsequent interest crediting period until Step 3, i.e., until after crediting interest to all the reserves in Step 2B. This order of crediting interest to the Reserves has been researched by ACERA's legal counsel and determined to be a reasonable exercise of discretion available to the Board in accordance with Government Code Section 31616. It would also result in more stable pattern of interest crediting in some situations, based on scenarios developed by ACERA's actuary.*

2021 before the County and LARPD made their additional UAAL contributions to those Reserves.

The above allocation to the County General Voluntary Contribution Reserve will be determined without regard to any known deferred investment gains or losses carried over from periods through June 30, 2025 before the County made their additional UAAL contribution to that Reserve.

The above allocation to the County Safety Voluntary Contribution Reserve, ~~and~~ the LARPD General Voluntary Contribution Reserve and the County General Voluntary Contribution Reserve will be made using the weighted outstanding balance of those Reserves after taking into consideration periodic transfers made from those Reserves to the Employer Advance Reserve and the Cost-of-Living Reserve to offset the County's Safety UAAL and LARPD's General UAAL contribution requirements.

VIII. Policy Review

This policy has been adopted by a majority vote of the ACERA Board, and can be amended by the ACERA Board by a majority vote. This policy is effective with the six-month interest crediting period ending December 31, 2015. This policy will be reviewed as deemed necessary.

IX. Policy History

A. The Board adopted this policy on December 17, 2015.

B. The Board approved this policy, without revisions, on November 8, 2018.

C. The Board revised this policy on May 20, 2021.

D. The Board reviewed this policy on October 21, 2021.

E. The Board approved this policy, without revisions, on October 17, 2024.

~~E.~~F. The Board reviewed this policy on .

Exhibit A

Glossary

Actuarial Terms and Definitions

The following list defines certain technical terms relevant to the Regular Interest and Excess Interest Crediting Policy for the convenience of the reader:

Investment Return

The rate of earnings of the Plan from its investments, including interest, dividends and capital gain, and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return reflects a smoothing of market gains and losses to avoid significant swings in the value of assets from one year to the next.

Actuarial Value of Assets

Market value of assets less unrecognized market value gains and losses from each of the last five years. Market value gains and losses are equal to the difference between the actual market return and the expected return on the market value, and are recognized semi-annually over a five-year period. The actuarial value of assets is limited to no greater than 140% or less than 60% of the market value of assets.

Valuation Value of Assets

The actuarial value of assets reduced by the value of the Non-Valuation Reserves (401(h) Reserve Account, SRBR and Contingency Reserve (unless negative).

Assumed Annual Valuation Interest Rate

This is the interest rate adopted by the Board from the actuarial valuation that established the employer and employee contribution rates for that fiscal year.

Extraordinary Contribution

A participating employer's voluntary UAAL contribution to ACERA that is in addition to the employer's required annual UAAL contributions.

Exhibit B

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Actuarial Funding Policy

I. Purpose

The purpose of the Actuarial Funding Policy (Policy) is to record the funding objectives and policy set by the Board of Retirement (Board) for the Alameda County Employees' Retirement Association (ACERA). This Policy is to ensure the systematic funding of future benefit payments for members of ACERA. In addition, this Policy records guidelines established by the Board to assist in administering ACERA's retirement fund in a consistent and efficient manner.

II. Assumptions

A. ACERA is a public employee retirement system that was established in 1948 to provide retirement allowances and other benefits to all permanent General and Safety employees of the County of Alameda and participating special districts.

B. These benefits are financed through a combination of employee and employer contributions along with the investment return on those contributions. Benefit and contribution level may vary within ACERA depending on the member's classification (General or Safety), tier and by participating employer (the County or one of the Special Districts).

C. ACERA is governed by the provisions of the County Employees Retirement Law of 1937 (1937 Act). Alameda County adopted Article 5.5 of the 1937 Act. This Article creates a Supplemental Retiree Benefit Reserve (SRBR) through which the Board may pay supplemental benefits to retirees and beneficiaries.

D. An actuarial valuation is performed annually as of December 31 of each year to determine the contribution rates for the fiscal year that begins 6 months after the valuation date.

E. This Policy applies to "regular benefits" which refer to the retirement, disability, survivor and withdrawal benefits, and all cost-of-living increases that were adopted by the County of Alameda (or the special districts) and whose payments are guaranteed by those agencies. This Policy does not cover benefits financed by the SRBR. Also, this Policy does not cover the interest crediting procedure that is used by the Board to allocate earnings among the different reserves (i.e., the valuation reserves used for the "regular benefits" and SRBR for "excess earnings benefits").

F. This Policy supersedes any previous actuarial funding policies.

III. Objectives

A. To achieve long-term full funding of the cost of "retiree benefits" provided by ACERA;

B. To seek reasonable and equitable allocation of the cost of "retiree benefits" over time;

C. To minimize volatility of the plan sponsor's contribution to the extent reasonably possible, consistent with other policy goals; and

D. To the extent that it does not conflict with the above goals, the Board will try to pool risks across all portions of ACERA to the extent that groups of members have similar benefit provisions, contribution provisions and contribution histories. Separate cost sharing groups will be set up to recognize meaningful differences in benefit structure (e.g., Safety or General), employer contribution history (e.g., payment of Extraordinary Contributions like Pension Obligation Bond payments and credit from reimbursement of implicit retiree health benefit subsidy) and benefit changes for a specific employer.

IV. Funding Requirements and Components

ACERA annual funding requirement for "regular benefits" is comprised of a payment of the Normal Cost and a payment towards the Unfunded Actuarial Accrued Liability (UAAL). The Normal Cost and the amount of payment on UAAL are determined by the following three components of this Policy:

A. <u>Actuarial Cost Method</u>: the techniques to allocate the total Present Value of Future Benefits to each year of service, including all past years;

B. Asset Smoothing Method: the techniques that spread the recognition of investment gains or losses over a period of time for the purposes of determining the Actuarial Value of Assets used in the actuarial valuation process; and

C. Amortization Policy: the decisions on how, in terms of duration and pattern of contributions, to reduce the difference between the Actuarial Accrued Liability and the Valuation Value of Assets in a systematic manner.

Actuarial Cost Method:

The Entry Age method shall be applied to the projected retirement benefits in determining the Normal Cost and the Actuarial Accrued Liability. The Normal Cost shall be determined on an individual basis for each active member.

Asset Smoothing Method:

The investment gains or losses of each valuation period, as a result of comparing the actual market return and the expected market return, shall be recognized semi-annually in level amounts over 5 years in calculating the Actuarial Value of Assets. Total Net Deferred investment gains or losses cannot exceed 40% of the Market Value of Assets. Note that the Valuation Value of Assets is the Actuarial Value of Assets reduced by any applicable Non-Valuation Reserves, as defined in ACERA's Interest Crediting Policy.

A separate five-year asset smoothing schedule that excludes any known deferred investment gains or losses carried over from periods through June 30, 2021 before the County made a voluntary additional Safety UAAL contribution and the Livermore Area Recreation and Park District (LARPD) made a voluntary additional General UAAL contribution will apply to the amounts in the County Safety Voluntary Contribution Reserve and LARPD General Voluntary Contribution Reserve attributable to such voluntary contributions (including previously credited interest) until the contributions have been on deposit for five years. Thereafter, the same five-year asset smoothing schedule used for the other valuation reserves will be used for the outstanding balance of amounts attributable to those contributions.

A separate five-year asset smoothing schedule that excludes any known deferred investment gains or losses carried over from periods through June 30, 2025 before the County made a voluntary additional General UAAL contribution will apply to the amount in the County General Voluntary Contribution Reserve attributable to such voluntary contribution (including previously credited interest) until the contribution has been on deposit for five years. Thereafter, the same five-year asset smoothing schedule used for the other valuation reserves will be used for the outstanding balance of amount attributable to that contribution.

Amortization Policy:

A. The UAAL, (i.e., the difference between the Actuarial Accrued Liability and the Valuation Value of Assets), as of December 31, 2011 shall be amortized separately from any future changes in UAAL over a period of 21 years from December 31, 2011.

B. After December 31, 2011, any new UAAL as a result of actuarial gains or losses identified in the annual valuation as of December 31 will be amortized over a period of 20 years.

C. After December 31, 2011, any new UAAL as a result of change in actuarial assumptions or methods will be amortized over a period of 20 years.

D. A County voluntary Safety UAAL contribution to the County Safety Voluntary Contribution Reserve, and accrued interest thereon, will be transferred from that Reserve and used to offset the County's Safety UAAL contributions that would otherwise be required of the County over a period determined by the Board. The annual actuarial valuation report will show both (1) the County's Safety contribution rate in the absence of such transfers, and (2) the County's actual Safety contribution rate, which takes account of such transfers.

An LARPD voluntary General UAAL contribution to the LARPD General Voluntary Contribution Reserve, and accrued interest thereon, will be transferred from that Reserve and used to offset LARPD's General UAAL contributions that would otherwise be required of LARPD over a period determined by the Board. The annual actuarial valuation report will show both (1) LARPD's General contribution rate in the absence of such transfers, and (2) LARPD's actual General contribution rate, which takes account of such transfers.

A County voluntary General UAAL contribution to the County General Voluntary Contribution Reserve, and accrued interest thereon, will be transferred from that Reserve and used to offset the County's General UAAL[1] contributions in the General excluding LARPD and Alameda County Office of Education cost group that would otherwise be required of the County over a period determined by the Board. The annual actuarial valuation report will show both (1) the County's General contribution rate in the absence of such transfers, and (2) the County's actual General contribution rate, which takes account of such transfers.

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

1. With the exception noted in 2., below, the change in UAAL as a result of any plan amendments will be amortized over a period of 15 years or less;

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

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

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

H. If an overfunding exists (i.e., the total of all UAAL becomes negative so that there is a surplus), any prior UAAL amortization layers will be considered fully amortized, and any subsequent UAAL will be amortized over 20 years as the first of a new series of amortization layers. If the surplus is in excess of 20% of the AAL per Section 7522.52 of

[1] *The County's UAAL is calculated annually by: (a) taking the UAAL for the entire cost group, (b) adjusting for the unused historical County credits from the Pension Obligation Bond and the implicit retiree health benefit subsidy and (c) allocating in proportion of the County's to all employers' projected payrolls within the cost group.*

PEPRA, such surplus that is in excess of 20% of the AAL and any subsequent such surpluses will be amortized over an "open" amortization period of 30 years, but only if the other conditions of Section 7522.52 have also been met. If those conditions are not met, then the surplus will not be amortized, and the full Normal Cost will be contributed.

I. These amortization policy components will apply separately to each of ACERA's UAAL cost sharing groups with the exception that the conditions of Section 7522.52 apply to the total plan.

V. Other Policy Considerations

A. Timing of Contributions

1. The contribution rates determined in each valuation (as of December 31) will apply to the fiscal year that begins after the date of the valuation. The UAAL contribution rates in the actuarial valuation are not adjusted in advance to account for this delay.

2. Any change in contribution rate requirement that results from a plan amendment (including a change in member contribution rates) is generally implemented as of the effective date of the plan amendment or as soon as administratively feasible.

3. For purposes of calculating employer contributions, the employer and member contributions are assumed to be made during consistent intervals throughout the year.

B. Cost Groups

Separate cost groups will be set up in order to recognize differences in benefit structure (e.g., General Tiers 1 through 4 and Safety Tiers 1, 2, 2C, 2D and 4), member contribution levels, employer contribution history (e.g., payment of Extraordinary Contributions like Pension Obligation Bond (POB) payments as well as any credit from reimbursement of implicit retiree health benefit subsidy), and other differences that the Board deems significant, such as benefit changes for a specific employer.

An employer may be contributing to one or more different cost groups depending on the benefit structure adopted for its employees.

1. ACERA's total (employer and member) Normal Cost is determined separately for each group of members that have the same benefit formula (on a prospective basis) based on the Actuarial Cost Method described above. This means that to the extent that members have the same plan provisions for future benefit accruals, then the total Normal Cost (as a percentage of payroll) for those employers will be the same.

2. The net employer Normal Cost is calculated by reducing the total Normal Cost for expected member contributions. This is done separately for each of the different member contribution arrangements and benefit structures that exist for the various employers. The various member contribution arrangements are described in more detail in the actuarial valuation report.

3. ACERA's UAAL is determined separately based on contribution and benefit history. This means that there could be separate calculations of AAL for cost groups that have significantly different contribution histories, or prior benefit accrual provisions (e.g., General versus Safety). Plan assets are tracked separately for groups with different UAAL contribution histories unless otherwise established by the Board.

4. There is a further adjustment made to the UAAL contribution rate for LARPD General Tiers 3 and 4 to account for the District's Tier 3 employees receiving the 2.5% @ 55 formula for past service and the payment of the District's other UAAL as a level percent of payroll over a closed amortization period. This adjustment is described in more detail in the actuarial valuation report.

5. The outstanding balance in the County Safety Voluntary Contribution Reserve, ~~and~~ the LARPD General Voluntary Contribution Reserve and the County General Voluntary Contribution Reserve will be adjusted with interest under the Interest Crediting Policy and to account for transfers from those Reserves to the Employer Advance Reserve and the Cost-of-Living Reserve to offset the Safety UAAL contributions that would otherwise be required of the County Safety, ~~and~~ the General UAAL contributions that would otherwise be required of LARPD, and the General UAAL contributions that would otherwise be required of the County General. The Actuary will monitor the available contribution offset and recommend modifications to the Board if actual experience causes significant changes to the offset expected from those Reserves.

VI. Glossary of Funding Policy Terms

Present Value of Future Benefits (PVB): the present value at a particular point in time of all projected future benefit payments for current plan members. The future benefit payments and the present value of those payments are determined using actuarial assumptions as to future events. Examples of these assumptions are estimates of retirement patterns, salary increases, investment returns, etc. Another way to think of the PVB is that if the plan has assets equal to the PVB and all actuarial assumptions are met, then no future contributions would be needed to provide all future service benefits for all current members, including future service and salary increases for current active members.

Actuarial Cost Method: allocates a portion of the total cost (PVB) to each year of service, both past service and future service.

Normal Cost (NC): the cost allocated under the Actuarial Cost Method to each year of active member service.

Entry Age Actuarial Cost Method: A funding method that calculates the Normal Cost as a level percentage of pay over the working lifetime of the plan's members.

Actuarial Accrued Liability (AAL): the value at a particular point in time of all past Normal Costs. This is the amount of assets the plan would have today if the current plan provisions, actuarial assumptions and participant data had always been in effect, contributions equal to the Normal Cost had been made and all actuarial assumptions came true.

Market Value of Assets (MVA): the fair value of assets of the plan as reported in the plan's audited financial statements.

Actuarial Value of Assets (AVA) or smoothed value: a market-related value of the plan assets. The AVA tracks the market value of assets over time and smoothes out short-term fluctuations in market values.

Valuation Value of Assets (VVA): the value of assets used in the actuarial valuation to determine contribution rate requirements. It is equal to the Actuarial Value of Assets reduced by the value of any applicable Non-Valuation Reserves as defined in ACERA's Interest Crediting Policy. In particular, the VVA will not include assets allocated to the SRBR.

Unfunded Actuarial Accrued Liability (UAAL): the positive difference, if any, between the AAL and the VVA.

Surplus: the positive difference, if any, between the VVA and the AAL.

Actuarial Gains and Losses: changes in UAAL or surplus due to actual experience different from what is assumed in the actuarial valuation. For example, if during a given year the assets (after smoothing) earn more than the investment return assumption, the amount of earnings above the assumption will cause an unexpected reduction in UAAL, or "actuarial gain" as of the next valuation. Actuarial gains and losses include contribution gains and losses that result from actual contributions made being greater or less than the level determined under this Policy.

Extraordinary Contribution: A participating employer's voluntary UAAL contribution to ACERA that is in addition to the employer's required annual UAAL contributions.

VII. Policy Modification

The Actuarial Committee, or other committee designated by the Board, shall review this policy at least every three (3) years. The Committee shall make recommendations to the Board concerning any improvements or modifications it deems necessary.

VIII. Policy History

A. The Board adopted this Policy on September 18, 2014.

B. The Board approve this Policy, without revisions, November 8, 2018.

C. The Board revised this Policy on May 20, 2021.

D. The Board revised this Policy on October 21, 2021.

E. The Board revised this Policy on October 17, 2024.

~~E.~~F. The Board revised this Policy on .

Exhibit C

ACERA – County General
Allocated Unfunded Actuarial Accrued Liability Amortization Schedule[1]
Based on the December 31, 2024 Valuation
Before Assumed Additional Contributions of $400 Million
(for informational purposes only)

Year	Beginning of Year Balance	Annual Payment	Interest Paid	Principal Paid	End of Year Balance
2025	$812,026,000[2]	$101,936,000	$53,630,000	$48,306,000	$763,720,000
2026	763,720,000	104,997,000	50,153,000	54,844,000	708,876,000
2027	708,876,000	108,145,000	46,212,000	61,933,000	646,943,000
2028	646,943,000	111,387,000	41,773,000	69,614,000	577,329,000
2029	577,329,000	114,728,000	36,795,000	77,933,000	499,396,000
2030	499,396,000	118,168,000	31,232,000	86,936,000	412,460,000
2031	412,460,000	121,713,000	25,036,000	96,677,000	315,783,000
2032	315,783,000	125,363,000	18,153,000	107,210,000	208,573,000
2033	208,573,000[3]	37,253,000	13,425,000	23,828,000	184,745,000
2034	184,745,000[4]	45,213,000	11,504,000	33,709,000	151,036,000
2035	151,036,000[5]	29,835,000	9,631,000	20,204,000	130,832,000
2036	130,832,000	39,454,000	7,914,000	31,540,000	99,292,000
2037	99,292,000[5]	40,646,000	5,671,000	34,975,000	64,317,000
2038	64,317,000[5]	22,188,000	3,804,000	18,384,000	45,933,000
2039	45,933,000[5]	22,775,000	2,498,000	20,277,000	25,656,000
2040	25,656,000[5]	17,396,000	1,248,000	16,148,000	9,508,000
2041	9,508,000[6]	9,863,000	355,000	9,508,000	0
Total		**$1,171,060,000**	**$359,034,000**	**$812,026,000**	

1 Based on assumed annual interest rate of 7.00% and annual payroll growth rate of 3.00%. Totals may be slightly off due to rounding.

2 Allocated UAAL as of December 31, 2024.

3 Note that the combined base established as of December 31, 2011, experience loss base established as of December 31, 2012, combined implicit retiree health benefit subsidy bases prior to December 31, 2013, and POB base have dropped off as of the prior year.

4 Note that the experience gain base established as of December 31, 2013 and implicit retiree health benefit subsidy base established as of December 31, 2013 have dropped off as of the prior year.

5 Note that the annual payment amount would decrease if an amortization layer involving a prior charge is fully paid off and the annual payment amount would increase if an amortization layer involving a prior credit is fully recognized.

6 As of December 31, 2040, the County General UAAL balance is $9.5 million as shown above. We determined that payments in calendar year 2041 that total $9.9 million would pay off all the remaining County General UAAL, after which all remaining amortization layers would drop off.

Exhibit D

ACERA – County General
Allocated Unfunded Actuarial Accrued Liability Amortization Schedule[1]
Based on the December 31, 2024 Valuation
After Assumed Additional Contributions of $400 Million
(for informational purposes only)

Year	Beginning of Year Balance	Annual Payment	Interest Paid	Principal Paid	End of Year Balance
2025	$812,026,000[2]	$77,638,000	$40,212,000	$37,426,000	$374,600,000
2026	374,600,000	55,310,000	24,481,000	30,829,000	343,771,000
2027	343,771,000	56,967,000	22,268,000	34,699,000	309,072,000
2028	309,072,000	58,674,000	19,784,000	38,890,000	270,182,000
2029	270,182,000	60,433,000	17,006,000	43,427,000	226,755,000
2030	226,755,000	62,244,000	13,910,000	48,334,000	178,421,000
2031	178,421,000	64,112,000	10,469,000	53,643,000	124,778,000
2032	124,778,000	66,034,000	6,653,000	59,381,000	65,397,000
2033	65,397,000[3]	67,837,000	2,440,000	65,397,000	0
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
Total		**$569,249,000**	**$157,223,000**	**$412,026,000**	
Including Lump Sum		**$969,249,000**	**$157,223,000**	**$812,026,000**	

[1] Based on assumed annual interest rate of 7.00% and annual payroll growth rate of 3.00%. Totals may be slightly off due to rounding.

[2] Allocated UAAL as of December 31, 2024. For 2025, the beginning of year balance does not reflect $400 million additional contributions assumed to be made on June 30, 2025, but the end of year balance includes the effect of this assumed deposit. Also, the contribution credits from the additional contributions are assumed to be effective July 1, 2025 and are reflected in the annual payments.

[3] As of December 31, 2032, the County General UAAL balance is $208.6 million as shown in Exhibit 1 and the $400 million additional contributions has a credit balance of $143.2 million as shown in Exhibit 2. With that difference of $65.4 million, we determined that payments in calendar year 2033 that total $67.8 million would pay off all the remaining County General UAAL, after which all amortization layers would drop off.

Exhibit E

ACERA – County General
Amortization Schedule[1] for Additional Contributions Assumed to be made on June 30, 2025 (Amortized Over 10 Fiscal Years)
Based on the December 31, 2024 Valuation
(for informational purposes only)

Year	Beginning of Year Balance	Annual Payment	Interest Paid	Principal Paid	End of Year Balance
2025	($400,000,000)[2]	($24,298,000)[3]	($13,418,000)	($10,880,000)	($389,120,000)
2026	(389,120,000)	(49,687,000)	(25,672,000)	(24,015,000)	(365,105,000)
2027	(365,105,000)	(51,178,000)	(23,944,000)	(27,234,000)	(337,871,000)
2028	(337,871,000)	(52,713,000)	(21,989,000)	(30,724,000)	(307,147,000)
2029	(307,147,000)	(54,295,000)	(19,789,000)	(34,506,000)	(272,641,000)
2030	(272,641,000)	(55,924,000)	(17,322,000)	(38,602,000)	(234,039,000)
2031	(234,039,000)	(57,601,000)	(14,567,000)	(43,034,000)	(191,005,000)
2032	(191,005,000)	(59,329,000)	(11,500,000)	(47,829,000)	(143,176,000)
2033	(143,176,000)	(61,109,000)	(8,096,000)	(53,013,000)	(90,163,000)
2034	(90,163,000)	(62,943,000)	(4,327,000)	(58,616,000)	(31,547,000)
2035	(31,547,000)	(32,176,000)	(629,000)	(31,547,000)	0
2036					
2037					
2038					
2039					
2040					
2041					
Total		**($561,253,000)**	**($161,253,000)**	**($400,000,000)**	

[1] Based on assumed annual interest rate of 7.00% and annual payroll growth rate of 3.00%. Totals may be slightly off due to rounding.

[2] Outstanding balance of credit as of June 30, 2025.

[3] Six months of payments. For purposes of this illustration, we assumed that the credit from the additional contributions would be effective on July 1, 2025 for FY 25-26, even though historically new contribution rates have generally taken effect around September.