

Retirement Health Benefit Trust

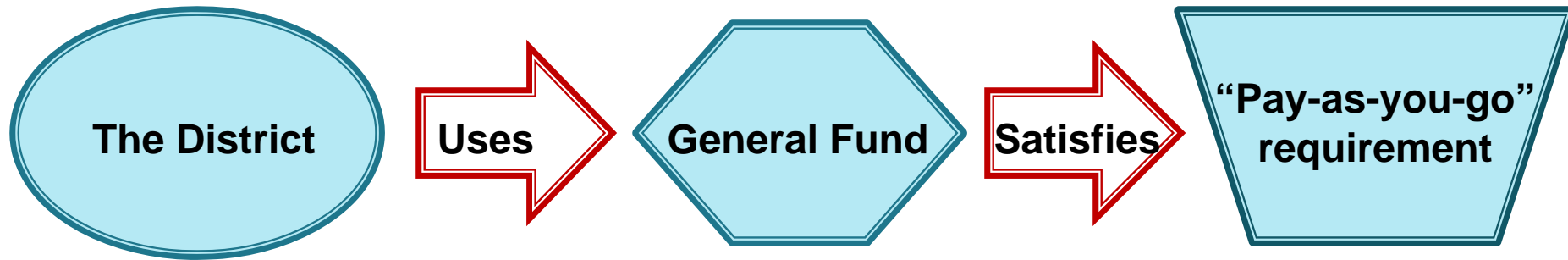
Investment Report to the Board of Education

July 23, 2009

Overview

- October 21, 1976: District approves employee contracts giving retiree medical benefits to retirees with ten years or more service.
- July 1, 1991: All newly-employed certificated employees are no longer eligible for lifetime medical benefits.
- July 1, 1992: All newly-employed classified are no longer eligible for lifetime medical benefits.
- May 25, 2006: The Futuris Retirees Public Entity Trust was established to provide a vehicle for irrevocable contributions to fund retiree medical benefits and investment management.
- November 15, 2007: Epler Company presented an actuarial valuation report identifying over \$493 million in retiree medical benefit obligations.
- May 8, 2008: Issued \$94,765,000 Other Post Employment Benefit (OPEB) Bonds.

Before Issuance of OPEB Bonds



Actuarial Analysis

October 2007

- Prepared by Marilyn Jones of the Epler Company
- Net Present Value of \$493,624,320 = \$182,534,666
 - Represents the present value of all benefits projected to be paid by the District for current and future retirees.
 - The retiree medical benefit obligation includes:
 - Retiree health benefits for current retirees (917 retirees)
 - Current eligible active employees expected to retire in the future (1,719 employees)
- Net Present Value of OPEB eligible expenses of \$251,543,873 = \$93,763,635
 - Represents current liabilities eligible for OPEB financing. Does not include increase in health care benefit costs (inflation or caps) or leadership bridge benefits.
- Report covers projected obligations from Fiscal Year 2007/2008 through Fiscal Year 2065/2066 (60 years).

Projected Actuarial Cash Flows:

October 2007

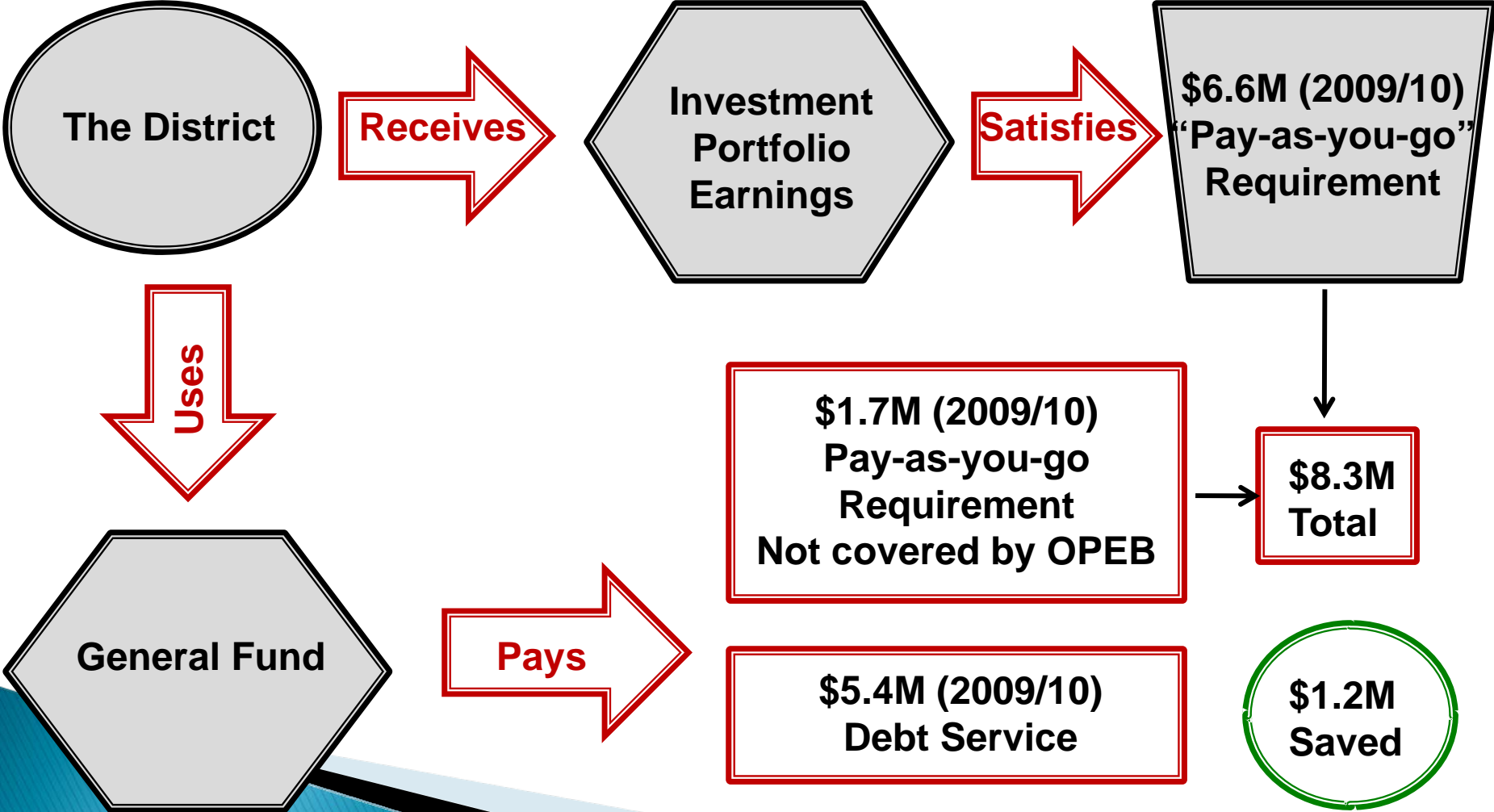
Year	Fiscal Year	Total Liabilities	Liabilities Eligible for OPEB Financing	General Fund Obligation
1	2007/2008	\$6,057,773	\$5,978,583	\$79,190
2	2008/2009	6,835,151	6,369,367	465,784
3	2009/2010	7,537,618	6,636,690	900,928
4	2010/2011	8,241,774	6,871,692	1,370,082
5	2011/2012	8,881,228	7,024,709	1,856,519
27	2033/2034	14,991,512	7,379,211	7,612,301
28	2034/2035	15,161,576	7,659,822	7,501,754
29	2035/2036	14,856,055	7,491,286	7,364,769
50	2055/2056	1,554,183	226,559	1,327,624
55	2060/2061	642,387	84,037	558,350
60	2065/2066	221,425	25,167	196,258
Total	Total	\$493,624,320	\$251,543,873	\$242,080,447

Projected OPEB cash flow:

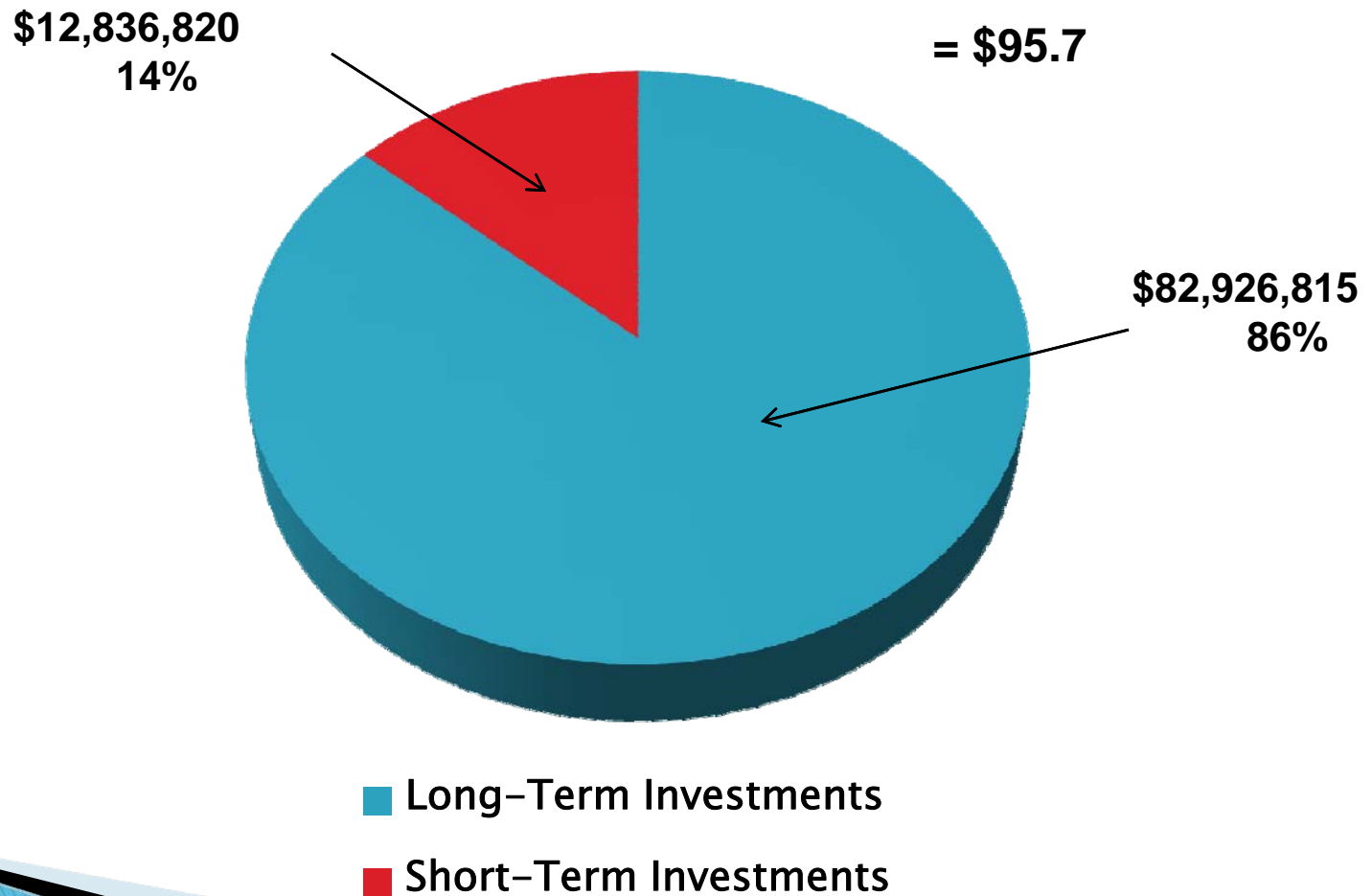
October 2007

Year	Fiscal Year	Projected (35 years) Total Debt Service	Liabilities Eligible for OPEB Financing	Cost Avoidance per year
1	2007/2008	-0-	\$5,978,583	---
2	2008/2009	\$5,684,230	6,369,367	\$685,137
3	2009/2010	5,455,812	6,636,690	1,180,878
4	2010/2011	5,603,887	6,871,692	1,267,805
5	2011/2012	5,742,663	7,024,709	1,282,046
27	2033/2034	5,613,060	7,379,211	1,766,151
28	2034/2035	5,730,548	7,659,822	1,929,274
29	2035/2036	5,535,247	7,491,286	1,956,039
50	2055/2056	-0-	226,559	226,559
55	2060/2061	-0-	84,037	84,037
60	2065/2066	-0-	25,167	25,167
Total	Total	\$187,524,706	\$251,543,873	\$64,019,167

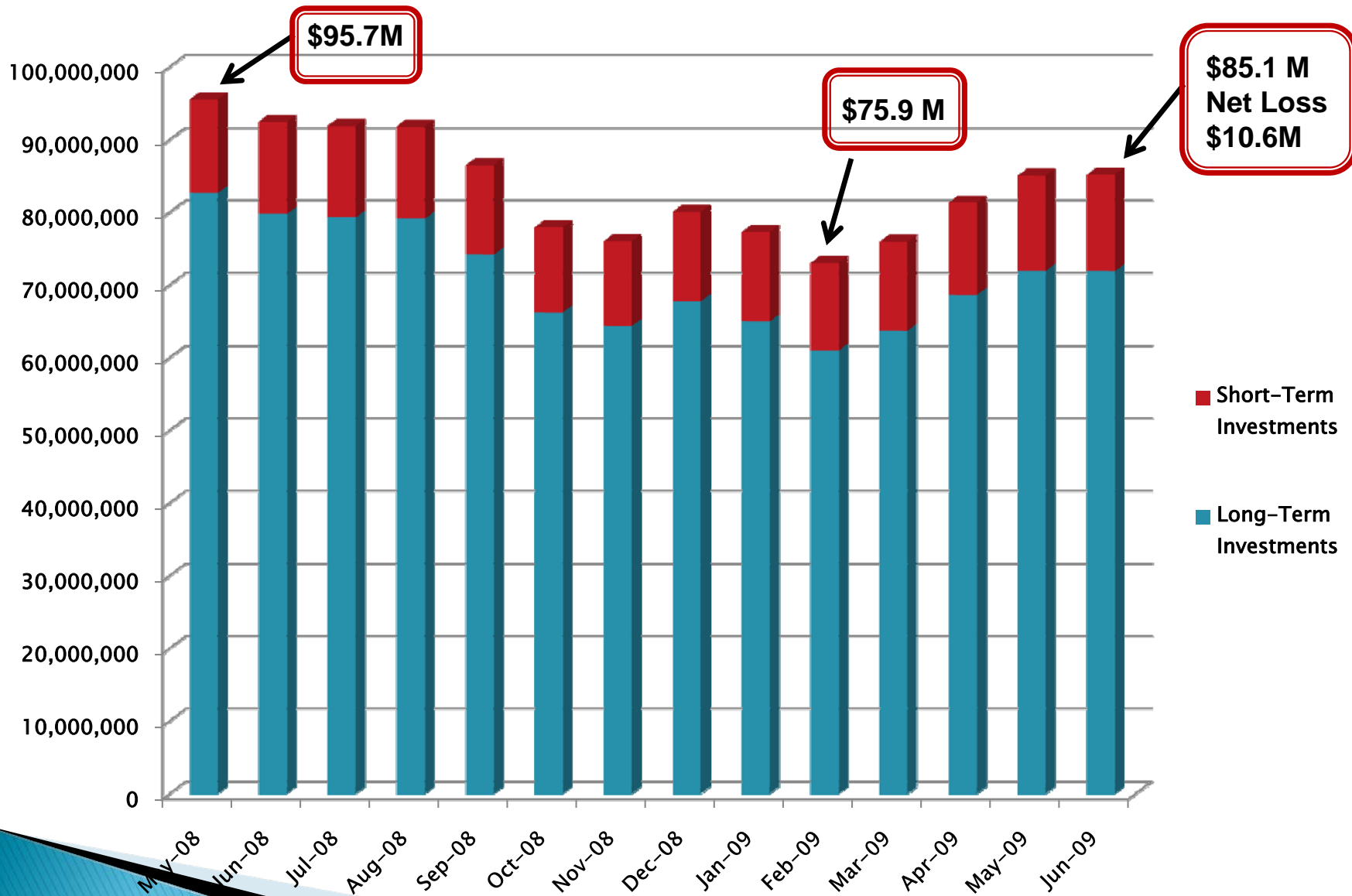
Projected Savings with OPEB Bond Investments



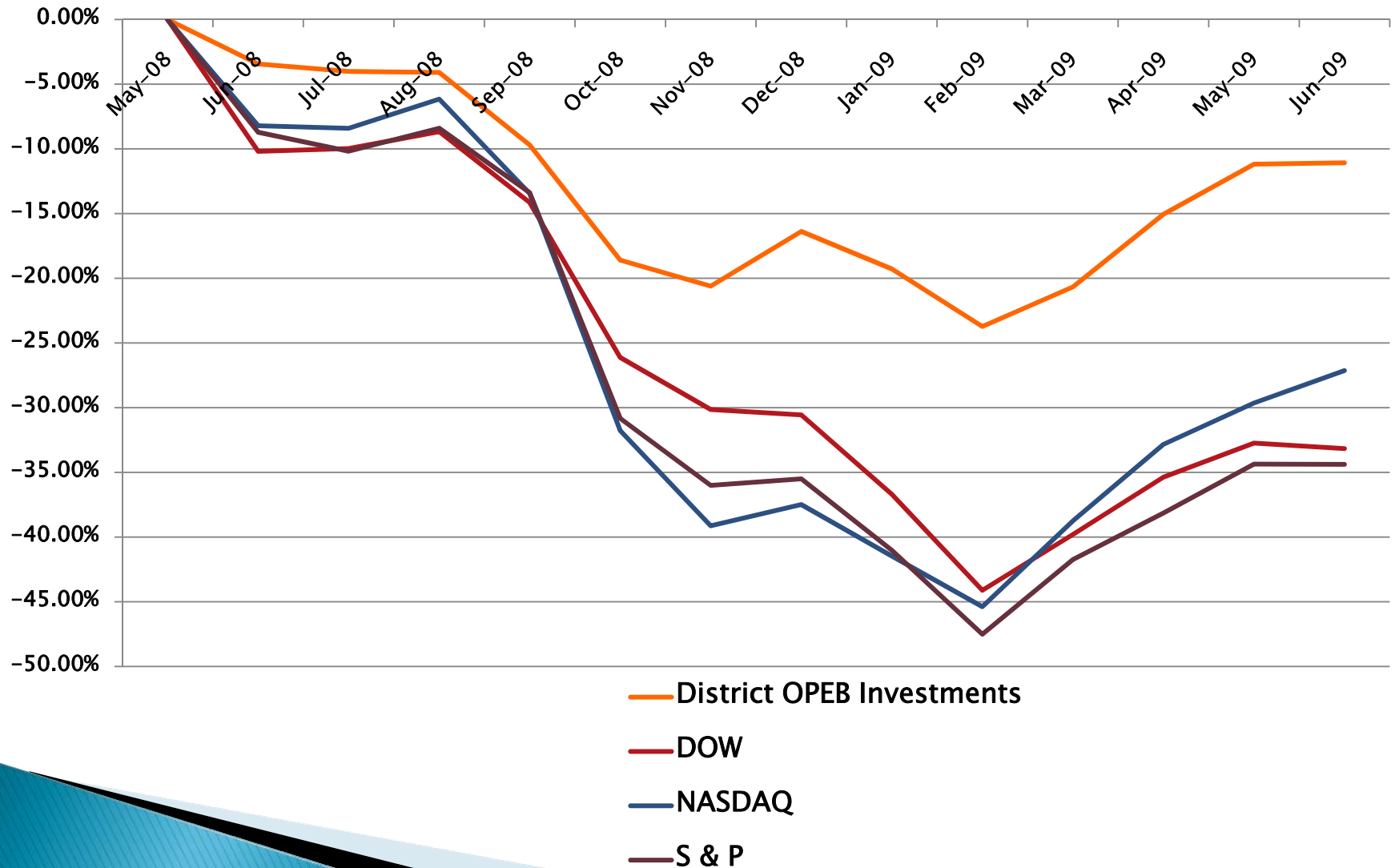
Investment Allocation At Inception May 2008



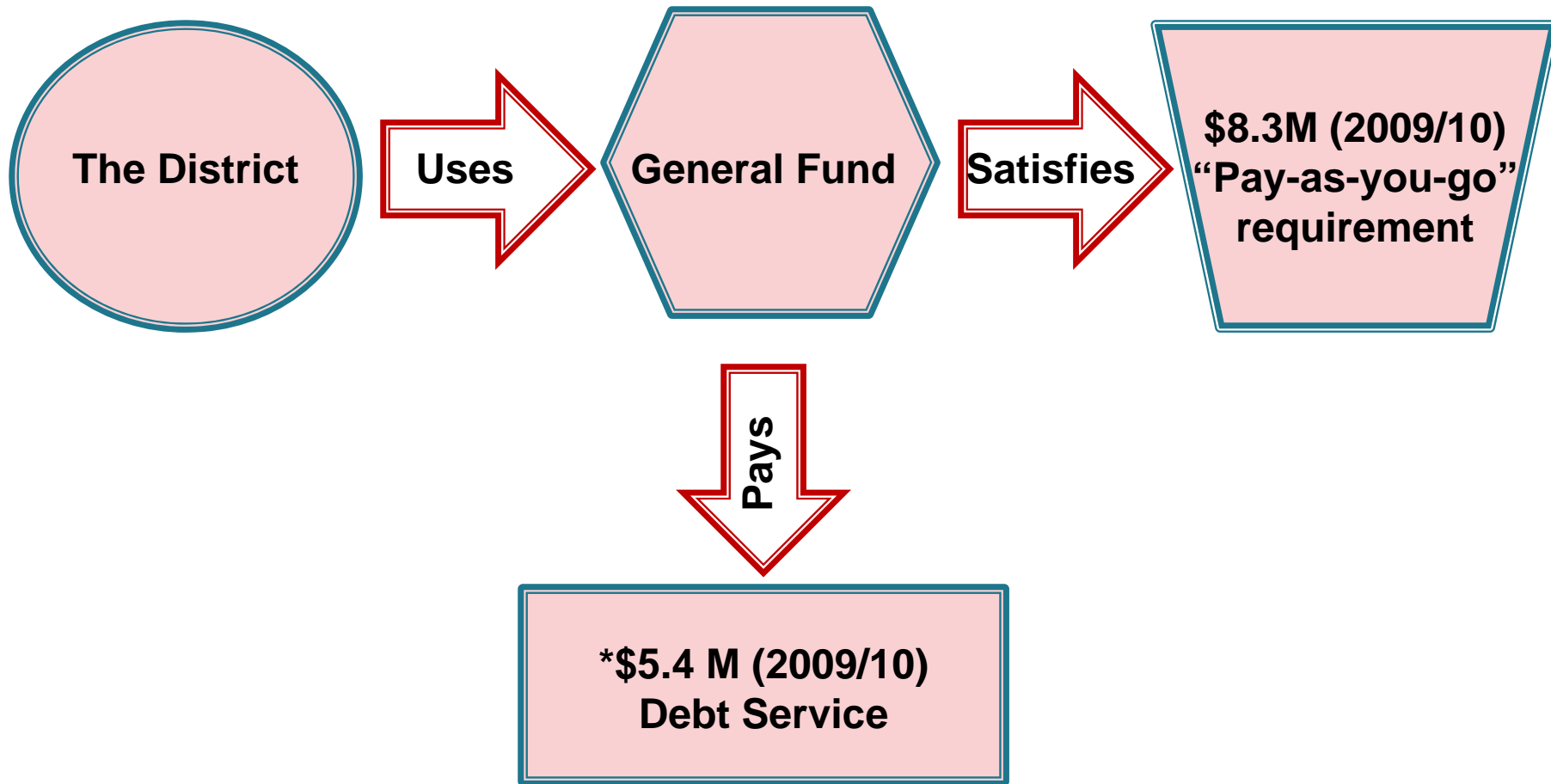
Month to Month Gain/Loss Activity



Comparison of Stock Market Indicators to the District's Investment Activity



Current Plan due to Investment Fund Loss



*In 2008-2009 the average actual interest rate was 2.387% (projected 3.562%) thereby saving the District \$1.8 million.

Next Steps

- ▶ Submit a resolution to update Retirement Board of Authority Members.
 - ▶ Update Actuarial Report.
(Required every two years)
 - ▶ As investment portfolio recovers, use profits for current OPEB liabilities.
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