**MEMORANDUM OF UNDERSTANDING BETWEEN
THE CITY OF LIVERMORE AND
THE CITY OF PLEASANTON
RELATED TO PENSION OBLIGATIONS AND
EMPLOYMENT RETIREMENT BENEFITS FOR PERSONNEL ASSIGNED
TO THE LIVERMORE-PLEASANTON FIRE DEPARTMENT
JOINT POWERS AUTHORITY**

THIS MEMORANDUM OF UNDERSTANDING ("MOU") is entered into this 12th day of February 2018, between the CITY OF LIVERMORE, a municipal corporation ("Livermore") and the CITY OF PLEASANTON, a municipal corporation ("Pleasanton").

RECITALS

A. Livermore and Pleasanton entered into an Amended and Restated Agreement dated February 12, 2018 related to the Livermore-Pleasanton Fire Department Joint Powers Authority ("LPFD JPA"); and

B. Section 4.I of the LPFD JPA provides in relevant part that "...liability for pension obligations and past employment retirement benefits for personnel assigned to the Authority by Pleasanton shall be shared by Livermore and Pleasanton, as detailed in a separate agreement adopted by the respective City Councils for Livermore and Pleasanton and revised from time to time when adjustments to suppression staffing ratios are made."

C. Livermore and Pleasanton have agreed upon actuarial valuations to determine each parties share of: 2018/19 through 2021/22 Other Post-Employment Benefits ("OPED") unfunded liabilities; and 2018/19 through 2019/20 CalPERS unfunded liability and employer contributions for personnel assigned to the LPFD JPA.

D. The parties intend to amend this MOU from time to time as actuarial valuations are available to determine the cost sharing for future years, when adjustments to suppression staffing ratios are made.

NOW, THEREFORE, the parties agree as follows:

1. Funding OPEB costs for personnel assigned to the LPFD JPA shall be in accordance with the cost allocation set forth in Exhibit A.

2. Funding CalPERS unfunded liability and employer contributions for personnel assigned to the LPFD JPA shall be in accordance with the cost allocations set forth in Exhibit B.

THIS MOU is executed the date and year first above written.

Dated: 2/28/2018

CITY OF LIVERMORE

By: Marc Roberts
Marc Roberts
City Manager

Attest:

By: Susan Neer
Susan Neer
City Clerk

Approved as to form:

By: ______________________
Jason R. Alcala
City Attorney

Dated: 3/26/18

CITY OF PLEASANTON

By: ______________________
Nelson Fialho
City Manager

Attest:

By: Karen Diaz
Karen Diaz
City Clerk

Approved as to form:

By: Daniel Sodergren
Daniel G. Sodergren
City Attorney

Exhibit B
Livermore-Pleasanton Fire Department

Calculating CalPERS Unfunded Liability and Employer Contributions Based on 49/51 Cost Allocation

<u>June 30, 2016 Actuarial Valuation</u>

(To determine 2018/19 employer contributions)

- Assumed split between Livermore & Pleasanton

o June 30, 2016 Actuarial Accrued Liability (AAL)	50/50
o June 30, 2016 Market Value of Assets (MVA)	50/50
o 2016/17, 2017/18 and 2018/19 Benefit Payments	50/50
o 2016/17, 2017/18 and 2018/19 Normal Cost (NC)	50/50
o 2016/17, 2017/18 and 2018/19 Employee Contributions	50/50
o 2016/17 and 2017/18 Employer Contributions	50/50

- Determine 2018/19 Employer Contributions using above allocations

<u>June 30, 2017 Actuarial Valuation</u>

(To determine 2019/20 employer contributions)

- Calculate Expected AAL by rolling each City's AAL forward to June 30, 2017 based on allocated benefit payments and 2016/17 NC.

- Compare actual June 30, 2017 AAL to Expected AAL with difference equaling the liability Gain or Loss. Allocate liability Gain or Loss in proportion to Expected AAL.

- Calculate Expected MCA by rolling each City's allocated June 30, 2016 MVA forward to June 30, 2017 based on allocated benefit payments and contributions.

- Compare actual June 30, 2017 MVA to Expected MVA with difference equaling the asset Gain or Loss. Allocate asset Gain or Loss in proportion to expected MVA.

- Assume 49/51 split if 2019/20 NC between Livermore & Pleasanton.

- Determine amortization payments based on funded status using each City's AAL and MVA from above.

- Determine 2019/20 employer contributions using above allocations.

Exhibit A

Livermore-Pleasanton Fire Department

Calculating OPEB Unfunded Liability and Actuarially Determined Contribution Based on 49/51 Cost Allocation

June 30, 2017 Actuarial Valuation

- Assumed split between Livermore and Pleasanton
  - June 30, 2017 Actuarial Accrued Liability (AAL) 50/50
  - June 30, 2017 Market Value of Assets (MVA) 50/50
  - 2017/18, 2018/19 and 2019/20 of benefit payments 50/50
  - 2017/18, 2018/19 and 2019/20 Normal Cost (NC) 49/51
  - 2017/18 Actuarially Determined Contribution (from June 30, 2015 Actuarial Valuation) 50/50

- Determined 2018/19 and 2019/20 Actuarially Determined Contributions (ADCs) using above allocations

June 30, 2019 Actuarial Valuation

- Calculated Expected AAL by rolling each City's AAL forward to June 30, 2019 based on allocated benefit payments and NC from June 30, 2017 valuation.

- Compare actual June 30, 2019 AAL to Expected AAL with difference equaling the liability Gain or Loss. Allocate liability Gain or Loss in proportion to Expected AAL.

- Calculate Expected MVA by rolling each City's allocated June 30, 2017 MVA forward to June 30, 2019 based on allocated benefit payments and contributions from June 30, 2017 valuation.

- Compare actual June 30, 2019 MVA to Expected MVA with difference equaling the asset Gain or Loss. Allocate asset Gain or Loss in proportion to expected MVA.

- Assume 49/51 split of 2019/20 and 2020/21 Normal Cost (NC) between Livermore and Pleasanton.

- Determine 2019/20 and 2020/21 ADCs using above allocations.