

Via Electronic Mail and FedEx

April 14, 2020

Ms. Maria Chávez
Santa Clara Valley Transportation Authority
Human Resources Department
3331 North First Street
Building B
San José, CA 95134-1906

Re: Actuarial Contribution – ATU Local 265 Staff Members

Dear Maria:

At the request of the VTA-ATU, we have calculated the dollar amount necessary to prepay the fiscal year 2020-2021 employer contribution for two ATU staff members of the Valley Transportation Authority Amalgamated Transit Union, Local 265 Pension Plan (the Plan) as of July 1, 2020.

It is our understanding that the ATU will prepay a proportionate share of the total employer contribution on behalf of the two ATU staff members. The portion of employer contribution attributable to the two ATU staff members of the Plan is allocated based on the ratio of their payroll to the total payroll of the Plan. This calculation is based on the employer contribution calculation for the entire Plan, presented in the January 1, 2020 actuarial valuation report of the Plan. As part of the valuation report, we presented (in Table I-1, page 5) the actuarially determined employer contribution for FY 2020-2021 both as a percentage of payroll (assumed to be paid throughout the fiscal year) and as a dollar amount (assumed to be paid at the beginning of the fiscal year).

The two members of the Plan who are employed directly by the ATU are Katherine Evans and Elaine Sakazaki. Irene Romero, who was employed directly by the ATU, retired during the plan year ending December 31, 2019. These individuals are identified as full-time ATU employees, ATU 265 Office Staff, in the letter from Raj Singh dated February 6, 2020 regarding ATU Local 265's Earnings for 2019.

The table on the next page summarizes the results of these calculations for the prior and current years.

Summary of ATU Staff Results			
	January 1, 2019	January 1, 2020	% Change
<u>Participant Counts</u>			
Active Participants	2	2	0.00%
Annual Pay of Active Members	\$ 142,070	\$ 134,384	-5.41%
Projected Fiscal Year Payroll	\$ 144,185	\$ 136,385	-5.41%
<u>Contributions</u>			
	FY 2019-2020	FY 2020-2021	
Employer Contribution (Beginning of Fiscal Year)	\$ 31,965	\$ 28,688	-10.25%
Employer Contribution as a Percentage of Payroll (Paid Throughout Fiscal Year)	22.93%	21.76%	-1.17%
Employee Contribution as a Percentage of Payroll			
Classic Member	1.90%	3.40%	1.50%
PEPRA Member	6.00%	6.00%	0.00%

In performing this calculation, we used the same data, assumptions, methods, and Plan provisions as in the January 1, 2020 actuarial valuation of the Plan.

This letter and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this letter. This letter does not address any contractual or legal issues. We are not attorneys and our firm does not provide any legal services or advice.

This letter was prepared for Valley Transportation Authority and ATU Local 265 for the purpose described herein. Other users of this letter are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any such other users.

We are available to answer any questions you may have.

Sincerely,
 Cheiron



Graham A. Schmidt, ASA, FCA, MAAA, EA
 Consulting Actuary



Alice I. Alsberghe, ASA, MAAA, EA
 Associate Actuary