



THE SEGAL COMPANY
120 Montgomery Street Suite 500 San Francisco, CA 94104-4308
T 415.263.8273 F 415.263.8290 www.segalco.com

Paul Angelo, FSA
Senior Vice President & Actuary
pangelo@segalco.com

February 4, 2008

Ms. Robyn L. Barnes
Los Angeles Fire and Police Pension System
360 East Second Street, 4th Floor
Los Angeles, CA 90012-4203

Re: Fiscal Year 2008-2009 Contribution Rate for Harbor Port Police

Dear Robyn:

As you requested, we have determined the fiscal year 2008-2009 employer contribution rates for the Harbor Port Police assuming that the employer would: (1) pay off their entire Unfunded Actuarial Accrued Liabilities (UAAL) determined in the June 30, 2007 valuations and (2) prepay the remaining Normal Cost contributions for 2008-2009 on July 15, 2008.

Background

The June 30, 2007 retirement and health valuations were prepared assuming the UAAL determined as of that date would be amortized and paid off over a number of years. We also assumed that the retirement and health contribution rates would be paid either on July 1 or throughout the year (i.e., at the end of every bi-week).

The UAALs calculated in the June 30, 2007 valuations for the retirement and the health plans were \$4,648,761 and \$512,651, respectively. Please note that, if the Harbor Port Police were to pay off the UAAL using these two amounts, there would be a reconciliation at the June 30, 2008 valuation to reflect the actual UAAL contributions made by the Harbor Port Police from June 30, 2007 to the date of this payment of the UAAL, as well as interest from June 30, 2007.

Benefits, Compensation and HR Consulting ATLANTA BOSTON CHICAGO CLEVELAND DENVER HARTFORD HOUSTON LOS ANGELES MINNEAPOLIS
NEW ORLEANS NEW YORK PHILADELPHIA PHOENIX SAN FRANCISCO TORONTO WASHINGTON, DC



Multinational Group of Actuaries and Consultants BARCELONA BRUSSELS DUBLIN GENEVA HAMBURG JOHANNESBURG LONDON
MELBOURNE MEXICO CITY OSLO PARIS

The rates before and after the adjustments to eliminate the UAAL and to reflect a July 15 payment timing are as follows:

(% of Payroll)	Before Adjustments (On-going UAAL Payment and July 1, 2008 Payment Timing)	After Adjustments (Paid Off UAAL and July 15, 2008 Payment Timing)
Retirement Plan Only		
1. Employer Normal Cost	19.43%	19.49%
2. UAAL	5.37%	0.00%
3. Total	24.80%	19.49%
Health Plan Only		
1. Employer Normal Cost	3.78%	3.79%
2. UAAL	0.60%	0.00%
3. Total	4.38%	3.79%

Please let us know if you have any questions.

Sincerely,



Paul Angelo

AYY/kek