

NAPA SANITATION DISTRICT FINANCIAL POLICIES

9. PENSION AND OPEB

9.1 Pension Funding, Generally

NapaSan shall be a member of the California Public Employees' Retirement System (CalPERS). NapaSan shall budget for and make at least the minimum payments required by CalPERS to fund the normal cost and the annually determined contribution to any unfunded actuarial liability.

9.2 Additional Payments Toward Pension UAL

NapaSan shall make additional contributions toward the Unfunded Actuarial Liability (UAL) if the most recent Annual Valuation Report identifies a UAL. The source and amount of funding shall be determined and approved by the Board and may include the following sources:

- Annual savings from the refinancing of long-term debt;
- Savings derived from the expiration of payments for a retirement plan's side fund or other amortization bases; and/or
- Salary and benefit savings realized by NapaSan through short-term position vacancies.

9.3 Additional UAL Payments to CalPERS

NapaSan shall pay any additional contributions toward the UAL to CalPERS. Payments shall be applied against any retirement plan's underfunded amortization base specifically, or to the UAL generally, as deemed in NapaSan's best interest.

9.4 Other Post-Employment Benefits (OPEBs), Generally

NapaSan shall provide Other Post-Employment Benefits (OPEBs) in accordance with any negotiated employment contracts or agreements. As a minimum, NapaSan shall budget for and make at least the annually determined contribution necessary to pay for OPEBs provided to current retirees.

9.5 OPEB Trust Payments

NapaSan shall establish an OPEB Trust account under Section 115 of the Internal Revenue Code, and shall prepare an actuarial report for the plan every two years. If the actuarial report identifies a Net OPEB Liability, then NapaSan staff will include payments to the OPEB Trust in the proposed annual budget. The amount proposed

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in the budget will be adequate to meet the Actuarially Determined Contribution for that year. The annual OPEB contribution shall be determined and approved by the Board through the budget approval process.

9.6 Use of OPEB Trust Assets

NapaSan may use the assets in the OPEB trust only to pay for OPEB-related expenses.