

**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 Pension Trust Payments**

NapaSan shall establish and contribute any additional UAL payments to a Trust Fund established under Section 115 of the Internal Revenue Code for such purposes. Assets shall be invested using asset allocation strategies that seek to realize investment gains greater than CalPERS. Staff will receive specific investment strategy direction from the Board Finance Committee. The assets in the Trust may be used by NapaSan to provide pension rate stabilization, as directed by the Board.

**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.

# **NAPA SANITATION DISTRICT FINANCIAL POLICIES**

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## **9.4 Other Post-Employment Benefits (OPEBs)**

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 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 to pay for OPEB-related expenses.