

POLICY NUMBER: 1.2

NAME OF POLICY: Finance - Other Post-Employment Benefits (OPEB)

LAST REVISED: 4/18/2019

PREVIOUSLY REVISED: 05/16/2013

PURPOSE: The purpose of the OPEB Policy is to ensure that post-employment benefits other than pensions, specifically retiree medical benefits, are sustainably funded over the long term, and that they are affordable to stakeholders, competitive, and sufficient to meet retiree needs, and that they may be reasonably expected to remain so.

POLICY: It is the policy of the Authority to provide other post-employment benefits, specifically medical benefits, to its retirees. The Authority will maintain a trust fund to prefund OPEB obligations in order to provide for the long-term cost of the benefits promised to participants and ensure that the trust is adequately funded. The Authority's funded ratio target shall be 80% or higher.

The Authority shall make annual contributions to the CalPERS Employers' Retirement Benefit Trust (CERBT) based on the actuarially determined amount calculated annually by a PERS-certified actuarial firm. Additional funds may be contributed to the trust based on annual budgetary analysis.

The Authority will carefully evaluate and design benefits to help control costs and ensure that post-employment benefits are sustainable.

Amounts in the CERBT are only to be used for retiree medical purposes and will not be transferred to other funds for operational purposes. For the purpose of calculating a discount rate for OPEB assets, the Authority Commission will determine the discount rate annually.