




**EAST BAY REGIONAL PARK DISTRICT  
BOARD OF DIRECTORS MEETING  
AGENDA STAFF REPORT**

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<b>DATE</b>	November 5, 2024
<b>TITLE</b>	Approval of Other Post-Employment Benefits (OPEB) Funding Policy
<b>DIVISION</b>	Finance and Management Services
<b>FROM</b>	Michelle Strawson O'Hara, Interim Assistant Finance Officer Deborah Spaulding, Assistant General Manager of Finance and Management Services/Chief Financial Officer <input type="checkbox"/>
<b>APPROVED</b>	Sabrina Landreth, General Manager 

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**RECOMMENDATION**

The General Manager recommends that the Board of Directors approve the Other Post-Employment Benefits (OPEB) Funding Policy. The policy has been reviewed by the Finance Committee at their September 25, 2024 meeting.

**BACKGROUND**

The East Bay Regional Park District (Park District) provides post-retirement healthcare benefits to its retirees in accordance with labor agreements and the Personnel Administrative Manual. Beginning in September 2012, the Park District has contributed to the California Employers' Retiree Benefits Trust (CERBT), an agent multiple employer plan, administered by CalPERS and managed by an appointed board not under the control of the Park District.

CalPERS offers three investment strategies (Strategies 1, 2 and 3) based on yield, risk tolerance, and time horizon. Strategy 1 has the highest long-term expected rate of return & return volatility while Strategy 3 has the lowest long-term expected rate of return & return volatility. The Park District's OPEB portfolio is currently invested in Strategy 1 and has a funded status of 111% based on market value of assets.

The Government Finance Officers Association (GFOA) recommends that every state and local government that offers defined benefit pensions and/or OPEB formally adopt a funding policy that provides reasonable assurance that the cost of those benefits will be funded in an equitable and sustainable manner.

The purpose of this OPEB Funding Policy is to ensure the OPEB plan (Plan) is financially sustainable by accumulating adequate resources in a systematic and disciplined manner over the active service life of benefiting employees. It is anticipated that current assets plus future assets from employer contributions, employee contributions, and investment earnings should be sufficient to fund the long-term costs of benefits to Park District employees and retirees.

This OPEB Funding Policy is intended to demonstrate prudent financial management practices, promote long-term planning, provide guidance in making annual budget decisions and demonstrate to employees and the public how the Plan will be funded to ensure adequate funding for promised

benefits.

## **ANALYSIS**

The Park District's actuary prepares a biennial actuarial funding valuation report to determine the Actuarially Determined Contribution (ADC) and to evaluate the funded status of the Plan. The ADC is intended to fund new OPEB liabilities as they are earned each year (the normal cost) plus an amortization of the existing Unfunded Actuarial Accrued Liability (UAAL) for past services.

If the Plan is less than 100% funded then the UAAL amortization policy is to establish an initial unfunded liability amortization base on the valuation date. This initial UAAL amount will be amortized over a closed period not to exceed fifteen (15) years as part of the ADC using a level dollar amortization basis. Separate amortization bases/layers (each not to exceed fifteen (15) years) will be established at each subsequent actuarial valuation.

If the actuarial funding valuation shows that the OPEB plan has a funded status above 100%, then the Park District will consult with their actuary about how this may affect the ADC calculations. Depending on the surplus magnitude and projected future OPEB costs, the Park District may:

- a) eliminate all existing amortization bases and amortize the plan's entire surplus as a level dollar amount over an open twenty-five (25) year period (a "fresh start" base); or
- b) Keep the existing amortization layers and ADC calculation methods.

In all cases, the Park District will consider whether and to what extent any surplus amortization is allowed to offset the Normal Cost and administrative expense portions of the ADC.

It is the Park District's policy to fund 100% of the recommended ADC into the OPEB trust. Ongoing contributions to the plan are made as a percentage of payroll. The contribution percentage is based on service costs, expected expenses paid from the trust, plus amortization of the UAAL.

The Park District's OPEB portfolio is currently invested in Strategy 1. When the OPEB plan's funded status reaches 120%, the Park District will move these investments to the next lower risk strategy to reduce funded status volatility. For example, investments will be moved from Strategy 1 to Strategy 2 upon initially reaching 120% funded status. When/if the 120% threshold is again reached, investments will be moved from Strategy 2 to Strategy 3. Investment strategies are considered by the CFO at least biennially.

Funding of the Park District's OPEB plan should be transparent to all parties including the Board of Directors, employees, and retirees. To achieve this transparency, copies of the biennial actuarial valuations for the Park District's OPEB plan shall be made available to the Board and the Park District's Annual Comprehensive Financial Report shall be published on its website, which includes information on the Park District's OPEB plan, contributions to the OPEB Trust, and the funded status of the plan.

Funding OPEB requires a long-term plan. The CFO shall direct staff and participate in the review of this policy at a minimum biennially, coincident with preparation of the actuarial valuations, to determine if changes to this policy are necessary to ensure adequate resources are being accumulated to fund OPEB benefits.

## **FISCAL IMPACT**

There is no revenue/cost impact associated with the acceptance of the report.

## **ATTACHMENTS**

A. Other Post-Employment Benefits (OPEB) Funding Policy



**EAST BAY REGIONAL PARK DISTRICT  
RESOLUTION NO. 2024 – 11 -  
NOVEMBER 5, 2024**

**APPROVAL OF OTHER POST-EMPLOYMENT BENEFITS (OPEB) FUNDING  
POLICY**

**WHEREAS**, the East Bay Regional Park District (Park District) provides post-retirement healthcare benefits to its retirees in accordance with labor agreements and the Personnel Administrative Manual; and

**WHEREAS**, beginning in September 2012, the Park District has contributed to the California Employers' Retiree Benefits Trust (CERBT), an agent multiple employer plan, administered by CalPERS and managed by an appointed board not under the control of the Park District; and

**WHEREAS**, the purpose of this OPEB Funding Policy is to ensure the OPEB plan is financially sustainable by accumulating adequate resources in a systematic and disciplined manner over the active service life of benefitting employees; and

**WHEREAS**, on September 25, 2024, the Board Finance Committee reviewed the OPEB Funding Policy; and

**NOW, THEREFORE BE IT RESOLVED**, that the Board of Directors of the East Bay Regional Park District hereby approves the OPEB Funding Policy as presented to the Board on November 5, 2024; and

**BE IT FURTHER RESOLVED**, that the General Manager is hereby authorized and directed, on behalf of the Park District and in its name, to execute and deliver such documents and to do such acts as may be deemed necessary or appropriate to accomplish the intentions of this resolution.

Moved by Director \_\_\_\_\_, and seconded by Director \_\_\_\_\_, and  
adopted November 5, 2024, by the following vote:

FOR:

AGAINST:

ABSTAIN:

ABSENT: