

**RESOLUTION NO. 2018-03**

**AUTHORIZING PARTICIPATION IN THE PARS COMBINATION  
IRS SECTION 115 TRUST PLAN,  
INCLUDING THE MPWD OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN  
AND ESTABLISHMENT OF A PENSION RATE STABILIZATION PROGRAM (PRSP)  
TO PRE-FUND MPWD PENSION LIABILITIES, AND  
AUTHORIZING THE TRANSFER OF \$1,600,000 FROM MPWD CASH RESERVES  
TO THE MPWD PRSP**

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**MID-PENINSULA WATER DISTRICT**

**WHEREAS**, the Mid-Peninsula Water District (the "District") is currently participating in the Public Agencies Retirement Services (PARS) Post-Retirement Health Care Plan Trust for the pre-funding of its retiree health benefits and other post-employment benefits other than pension benefits ("OPEB"); and

**WHEREAS**, the District desires to set aside funds for the purpose of pre-funding its CalPERS pension obligation that will be held in trust under the Pension Rate Stabilization Program ("PRSP") for the exclusive purpose of making future contributions of the District's required pension contributions and any employer contributions in excess of such required contributions at the discretion of the District; and

**WHEREAS**, PARS has made available the Public Agencies Post-Employment Benefits Trust (the "Program") for the purpose of combining assets used to pre-fund both pension obligations and/or OPEB obligations as specified in the District's plans, policies and/or applicable collective labor bargaining agreements; and

**WHEREAS**, the District is eligible to participate in the Program, a tax-exempt trust performing an essential governmental function within the meaning of Section 115 of the Internal Revenue Code, as amended, and the Regulations issued there under, and is a tax-exempt trust under the relevant statutory provisions of the State of California; and

**WHEREAS**, the District can manage the pre-funding of its pension obligation through the PRSP and its OPEB obligations in a single trust under this Program, thereby gaining administrative and cost efficiencies; and

**WHEREAS**, pursuant to Resolution No. 2018-02, the District adopted a revised policy concerning the maintenance and expenditure of the District's cash reserve funds to ensure that sufficient resources are available to meet the District's operating and capital obligations; and

**WHEREAS**, staff and the Board of Directors have held discussions pertaining to the adoption of a new cash reserve policy, including options for transfer of cash

reserves in excess of the established target, which discussions were held at the October 26, 2017, November 15, 2017 and January 11, 2018 Board meetings; and

**WHEREAS**, staff recommended the Board of Directors authorize the establishment of a PARS PRSP and transfer of \$1,600,000 from District cash reserves to its PARS PRSP, which would pre-fund the District's pension liability, per the CalPERS Actuarial Valuation Report as of June 30, 2016, and further advance the District's commitment to fiscal responsibility and prudent financial planning, as reflected in the revised cash reserve maintenance and expenditure policy adopted by the District pursuant to Resolution No. 2018-02; and

**WHEREAS**, the District's adoption of and participation in the Program has no effect on any current or former employee's entitlement to post-employment benefits; and

**WHEREAS**, the terms and conditions of post-employment benefit entitlement, if any, are governed by agreements and policies of the District that are separate from and independent of the Program; and

**WHEREAS**, the District's funding of the PRSP does not, and is not intended to, create any new vested right to any benefit nor strengthen any existing vested right; and

**WHEREAS**, the District reserves the right to make contributions, if any, to the Program.

**NOW THEREFORE, BE IT RESOLVED** that:

1. The Board of Directors of the Mid-Peninsula Water District hereby approves the establishment of a Pension Rate Stabilization Program ("PRSP"); and
2. The Board of Directors of the District hereby adopts the PARS Public Agencies Post-Employment Benefits Trust (the "Program") for the prefunding of its pension and OPEB obligations; and
3. The Board of Directors of the District hereby appoints the General Manager, or their successor or designee, as the District's Plan Administrator for the Program; and
4. The District's Plan Administrator is hereby authorized to execute the PARS Program legal and administrative documents on behalf of the District and to take whatever additional actions are necessary to maintain the District's participation in the Program and to maintain compliance of any relevant regulation issued or as may be issued; therefore, authorizing him/her to take whatever additional actions are required to administer the District's Program; and

5. The Board of Directors of the District hereby authorizes PRSP funding from its cash reserves in the total amount of ONE MILLION SIX HUNDRED THOUSAND AND NO/100 DOLLARS (\$1,600,000), to be transferred to the District's Pension Account under the Program.

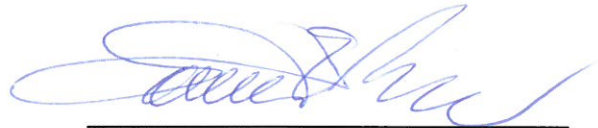
**REGULARLY PASSED AND ADOPTED** this 22<sup>nd</sup> day of February 2018 by the following vote:

AYES: *Vella, Zucca, Linville, Stuebing, Warden*

NOES: *0*

ABSTENTIONS: *0*

ABSENCES: *0*



President, Board of Directors

ATTEST:



Secretary