RESOLUTION 2026-15

APPROVING POLICY FOR RETIREE HEALTHCARE BENEFITS EFFECTIVE JANUARY 1, 2027, AND PHWD PERSONNEL MANUAL AMENDMENTS

PURISSIMA HILLS WATER DISTRICT

WHEREAS, PHWD provides employee healthcare benefits, including medical, dental, vision, and life insurance, which monthly premiums are covered 100% by the PHWD for employees and their eligible dependents per its existing personnel policy contained within an Employee Handbook dated March 2016; and

WHEREAS, a key organizational goal for the PHWD is recruitment of top talent and retention of valued staff; and

WHEREAS, the creation of a Retiree Healthcare Benefits Plan (Other Post-Employment Benefits or OPEB) will assist in attracting and maintaining a high-quality and productive workforce; and

WHEREAS, California Government Code Section 7507 requires the governing body, when considering changes in Other Post Employment benefits, shall secure the services of an actuary to provide a statement of the actuarial impact upon future annual costs, including normal cost and any additional accrued liability, before authorizing changes in other postemployment benefits; and

WHEREAS, Actuarial Retirement Consulting are actuaries within the meaning of California Government Code Section 7504 and were engaged to provide the actuarial statement required in California Government Code Section 7507; and

WHEREAS, based on an actuarial report dated April 21, 2026, developed under Governmental Accounting Standards Board (GASB) 75 by Actuarial Retirement Consulting, the PHWD's estimated unfunded accrued liability created by offering healthcare benefits to employees in retirement (a/k/a OPEB—Other Post-Employment Benefits) is $507,039; and

WHEREAS, staff met with the Board's Debt Financing Ad Hoc Committee on May 21, 2026, to discuss the GASB 75 actuarial report and OPEB liability and the option for the establishment of an IRS Code Section 115 Trust to pre-fund the OPEB liability, which will be separately considered by the Board of Directors; and

WHEREAS, staff met and discussed provisions for a policy on retiree healthcare benefits with the Board's Employee Resource Ad Hoc Committee (Directors Glassman and Stone) during meetings held in 2025 and 2026, and the draft plan was reviewed with them on June 9, 2026; and

WHEREAS, in 2025 staff meetings with employees inquiries were made about retiree healthcare benefits as an option for the Board's consideration; and

WHEREAS, staff reviewed a rough draft policy with employees on May 27, 2026, and received positive feedback, and the draft plan was shared during the week of June 1, 2026, and the attached plan was shared again during the week July 6, 2026; and

WHEREAS, as required by California Government Code Section 7507, the future costs of the retiree health benefit, as determined by Actuarial Retirement Consulting, was made public at a public meeting at least two (2) weeks prior to the adoption of the retiree health benefits; and

WHEREAS, staff initially presented the attached Policy for Retiree Healthcare Benefits to the Board of Directors at its regular meeting on June 10, 2026 for review and discussion along with the actuarial statement required by California Government Code Section 7507; and

WHEREAS, staff presented the attached Policy for Retiree Healthcare Benefits to the Board of Directors at its regular meeting on July 8, 2026, for adoption, along with the actuarial statement required by California Government Code Section 7507; and

WHEREAS, Actuarial Retirement Consulting was available to provide information as needed at the public meeting on July 8, 2026, at which the adoption of the retiree health benefit is considered; and

WHEREAS, related amendments are necessary to the PHWD's Personnel Manual including provisions as follows:

- Clearly defined full-time regular employee;
- More complete provisions outlining the PHWD's healthcare benefits for active employees, including definitions for dependents;
- Language that provides for benefit changes;
- Criteria for individual benefit plans (medical, dental, vision, and life insurance, short- and long-term disability, and EAP (Employee Assistance Program);
- Retiree healthcare benefits provision; and
- Provision for COBRA (Consolidated Omnibus Budget Reconciliation Act).

WHEREAS, the Policy for Retiree Healthcare Benefits will be effective January 1, 2027, as will be the amended sections in the PHWD Personnel Manual related to them, when the PHWD transitions to the ACWA JPIA (Association of California Water Agencies Joint Powers Insurance Agency) healthcare benefits program.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors for the Purissima Hills Water District that:

1. The Policy for Retiree Healthcare Benefits, effective January 1, 2027, is approved; and
2. The related PHWD Personnel Manual amendments are also approved.

REGULARLY PASSED on this 8th day of July 2026, by the following votes:

AYES: Directors Holtz, Jordan, Stone, Ranganathan, and Glassman.

NOES:

ABSTENTIONS:

ABSCENCES:

Board President
Purissima Hills Water District

ATTEST:

District Secretary

POLICY FOR RETIREE HEALTHCARE BENEFITS

POLICY STATEMENT

A key organizational goal for the PHWD is the recruitment of top talent and retention of valued staff. The creation of a Retiree Healthcare Benefits Plan will assist in attracting and maintaining a high-quality and productive workforce.

DEFINITION

The Retiree Healthcare Benefits Plan provides medical, dental, and vision insurance coverage in retirement for employees who meet certain eligibility criteria. As part of the Retiree Healthcare Benefits Plan, eligible retirees are permitted to remain enrolled in their pre-retirement medical, dental and vision insurance plans after retirement. In addition, PHWD will make payment toward the cost of single-only benefits premiums ranging from 50% to 100% of the premium based on the retiree's age at retirement and years of service with the PHWD. The medical plan benefit converts to a Medicare Advantage Plan once an employee becomes Medicare eligible.

PURPOSE

The Policy for Retiree Healthcare Benefits is designed to provide administrative guidance for the management of the Retiree Healthcare Benefits Plan.

1. ***Participation in the Retiree Healthcare Benefits Plan***
   A. All regular full-time employees are eligible for participation in the PHWD's Retiree Healthcare Benefits Plan from the time they retire until their death after the following requirements are met:

      1. Minimum age of sixty (60) years; and

      2. Minimum of five (5) years of regular full-time service with the PHWD; and

      3. Retirement under CalPERS directly from active employment with the PHWD.

B. The following eligibility criteria, and benefits payment schedule, will be followed:

POINTS COMBINATION OF AGE AT RETIREMENT PLUS CREDITED YEARS OF SERVICE AT THE PHWD	***EQUALS***	***PHWD'S PERCENTAGE OF BENEFITS PREMIUM PAYMENT***
65	=	50%
66	=	55%
67	=	60%
68	=	65%
69	=	70%
70	=	75%
71	=	80%
72	=	85%
73	=	90%
74	=	95%
75+	=	100%

For example, the combination of the minimum age of sixty (60) years plus minimum five (5) years of service with the PHWD equals 65 points, which would make the employee eligible for 50% of their healthcare benefits to be paid for by the PHWD upon retirement from the PHWD. Each additional year of service with the PHWD adds a five percent (5%) incremental increase to the benefits' premium payment until the combination of age and PHWD service reaches a maximum of 75 points, at which time an employee would be eligible for 100 percent (100%) of their benefits being paid for by the PHWD upon retirement from the PHWD.

C. Credited years of service means all periods of full-time regular employment with the PHWD, subject to the following:
   i. Any period of authorized paid leave of absence while a PHWD employee and any leave for military service while an employee will count as service, but only if the employee returns to active employment with the PHWD within the time prescribed by the approved leave during which time the employee's re-employment rights are protected by law.
   ii. Years of service at CalPERS or other California public retirement systems that provide reciprocal retirement benefits are not included in the calculation of credited service years for retiree healthcare calculations for employees.
   iii. Any periods of service for the PHWD in any capacity other than an employee will not be counted as service.

D. Only employees that retire from CalPERS directly from the PHWD and meet the age and years of service requirements will be eligible for retiree healthcare coverage. Spouses, registered partners, and/or age-eligible dependents are not eligible.

E. If an employee does not meet the criteria set forth in this policy, the employee may exercise any COBRA (Consolidated Omnibus Budget Reconciliation Act) rights they are entitled to, at their own expense.

2. Retiree Benefits

A. The Retiree Healthcare Benefits Plan is designed to allow employees to retain the same level of healthcare benefits coverage in retirement as was available to them immediately before retiring from PHWD. During the open enrollment period that occurs prior to retirement, employees planning to retire must enroll in the healthcare plan into which they will retire. Changes to the selected healthcare plan cannot be made at a later date.

B. The medical plan option in force at the time of the eligible employee's retirement will be in force for the duration of their participation in the Retiree Healthcare Benefit Plan. After retirement, retirees will not be offered the right to change plans during annual Open Enrollment.

3. No Lapse in Coverage

There can be no lapse in coverage between loss of active employee benefit coverage and the date retiree benefits begin. Employee must transfer from active status directly to retired status. If coverage for a retiree terminates for any reason, or at any time a retiree is removed from coverage, they will not be eligible to re-enroll.

4. Medicare Eligibility

Medicare-eligible retirees must enroll in Medicare Parts A and B on the first date they become eligible for such coverage. Upon becoming Medicare eligible at age 65, medical plan benefits under this Retiree Healthcare Benefits Plan will convert to a Medicare Advantage Plan.

5. Reinstatement

If a former employee receiving District-provided retiree healthcare benefits is re-employed by the PHWD, then such benefits will cease for as long as they are eligible to receive healthcare insurance coverage under the PHWD's group insurance plan(s) for active full-time regular employees. Retiree healthcare benefits will resume after their employment with the PHWD terminates, provided they directly retire under CalPERS from the PHWD.

6. No Vested Rights

There is no vested right to retiree healthcare benefits. PHWD may at any time, in its sole discretion, modify or terminate its retiree healthcare benefits plan. To the extent that the PHWD makes modifications to or terminates the plan, such modifications or termination will supersede and override any claim to "vested rights" that any person may otherwise have under California law with respect to benefits under the plan.

Approved by the Board of Directors at its regular meeting on July 8, 2026, via Resolution 2026-15.