Policy 2050 OPEB 115 Trust

The Other Post-Employment Benefit (OPEB) 115 Trust Funding Policy of the District is reviewed by staff on a continual basis and submitted annually (with suggested changes, if appropriate) to the Board of Directors for approval.

PURPOSE

The purpose of the Trust is to achieve long-term growth of Trust assets by maximizing long-term rate of return on investments and minimizing risk of loss to fulfill the District's stated objectives for the Trust to fund the District's OPEB obligations.

The purpose of this Policy Statement is to establish clear guidelines on how the returns achieved from the investment of the Trust assets will be applied.

The District has separately established an investment policy that meets its current investment goals. Refer to the most current Investment Policy for more detailed information regarding investment standards.

SCOPE

This Policy Statement applies exclusively to the Trust.

POLICY

It is the District's intent and determination that the corpus of the trust shall remain intact unless otherwise determined by the District's Board of Directors. Such intent is for the purpose of ensuring that the District has the necessary funds to meet its OPEB obligations irrespective of the economic conditions at any given time.

The annual earnings achieved from the investment of the Trust's assets, determined as of June 30 of each fiscal year, shall be allocated in accordance with the following guidelines as determined by the District:

1. If the annual earnings achieved from the investment of the Trust's assets are less than the annual OPEB payment (e.g., annual employer contributions to retiree health premiums), then 100% of the Trust's annual earnings will be added to the Trust's corpus.
2. If the annual earnings achieved from the investment of the Trust's assets are more than the annual OPEB payment, then the annual earnings will be used to reimburse the District for its annual employer contributions to retiree health premiums.

The District will annually contribute $50,000 to the Trust. To continue to achieve annual interest earnings in an amount equal to, or greater than, the District's annual OPEB payment, the District will continue to annually contribute $50,000 to the Trust for five years after the first year annual earnings achieved from the investment of the Trust's assets equal, or exceed, the then-current annual OPEB payment.

Additional Discretionary Payments (ADPs) may be made from time to time with either budgeted or one-time resources, with the objective of increasing the annual earnings achieved from the investment of the Trust's assets. The actual dollar amount of available one-time funds will be presented to the Board of Directors with a recommendation as to how much shall be contributed to the OPEB 115 Trust. This

recommendation will be based on the dollars available, other competing priorities, and input from the Board of Directors.

TRANSPARENCY AND REPORTING

Funding and funded status of the District's OPEB plan should be transparent to interested parties, including plan participants, the Board of Directors, and the District's customers. To achieve this transparency, the following information shall be available:

1. Copies of the annual actuarial valuations for the District's OPEB plan shall be made available to the Board of Directors
2. The District's independently audited Annual Comprehensive Financial Report shall be published on its website. This report includes information on the District's annual contributions to retiree health premiums and OPEB 115 Trust funding.
3. The District's annual operating budget shall include the District's required contributions to retiree health plans and any budgeted contributions to the OPEB 115 Trust.
4. The District shall periodically, but no less than annually, report to the Board of Directors on the OPEB 115 Trust assets, annual earnings achieved from the investment of the Trust's assets, and OPEB payments (e.g., annual employer contributions to retiree health premiums).

(Adopted 02-22-2022, Revised 05-30-2023, Reviewed 10-31-23, Reviewed 01-28-25, Reviewed 09-30-2025, Reviewed 10-27-26)