RESOLUTION NO. 07-16-2024

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MALAGA COUNTY WATER DISTRICT AMENDING THE DISTRICT'S POLICIES AND PROCEDURES BY ADDING POLICY NO. 2036 TITLED PENSION FUNDING POLICY

WHEREAS, the Board of Directors of the Malaga County Water District desires to establish a pension funding policy that provides guidance in making annual budget decisions, demonstrates prudent financial management practices, creates sustainable and affordable budgets for pensions, provides transparency to employees and the public on how the District's pensions will be funded, and reassures bond rating agencies; and

WHEREAS, the Districts pension funding policy has been developed following the principles set forth in the report titled "Pension Funding: a Guide for Elected Officials," by the Pension Funding Task Force 2013 which includes the National Governors Association, National Conference of State Legislatures, the Council of State Governments, National Association of Counties, National League of Cities, US Conference of Mayors, International City/County Management Association, National Council on Teacher Retirement, National Association of State Auditors, Comptrollers and Treasurers, Government Finance Officials Associations, and National Association of Retirement Administrators.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE MALAGA COUNTY WATER DISTRICT AS FOLLOWS:

1. That the foregoing recitals are true and correct and incorporated herein by reference as though fully set forth at this point.

2. That the Board of Directors of the Malaga County Water District hereby approves the District's Pension Funding Policy, Policy No. 2036, as attached hereto and incorporated herein by this reference as Attachment A.

Passed and adopted by the Board of Directors of the Malaga County Water District at their meeting held on this 16th day of July, 2024, by the following vote:

AYES: 5

NOES: 0

ABSENT: 0

Charles Garabedian, Jr. President of the
Malaga County Water District

ATTEST:

Norma Melendez, Acting Secretary to the Board
of Directors of the Malaga County Water District

ATTACHMENT A

Policy Title: **Pension Funding Plan** Policy No. **2036**

2036.10 Purpose. The District's Pension Funding Policy will serve as the method the District will use to determine and fund its estimated employer contributions to the District's Money Purchase Plan.

A. This policy will also:

1. Provide guidance in making annual budget decisions;

2. Demonstrate prudent financial management practices;

3. Create sustainable and affordable budgets for pensions;

4. Provide transparency to employees and the public on how the District's pensions will be funded; and

5. Reassure bond rating agencies.

2036.20 Background. The District provides a Money Purchase Pension Plan to its employees. The plan is funded by mandatory contributions by the District and voluntary contributions from employees (as applicable). The applicable policy objectives of this plan as set forth in the report from the Pension Funding Task Force 2013 titled "Pension Funding: A Guide for Elected Officials" are as follows:

A. Promote Funding Discipline. A commitment to making timely contributions to the District's Money Purchase Pension Plan.

B. Promote Accountability and transparency. Clear reporting of pension funding that includes the identification of sufficient resources in each year's adopted budget to fully fund the District's employer's contribution to the Money Purchase Pension Plan on behalf of employees.

2036.30 Policy.

A. Budgeting. Each year, during the District's budget process, the District will identify the estimated pension liability for each enterprise and budget sufficient revenues to ensure that the District can meet its pension liabilities as they become due.

B. Timely Contributions.

1. Employee Contributions. The District shall make employee contributions

to the Money Purchase Pension Plan for each employee, based on the employee's eligible income and contribution election, no more than 15 days after the end of payroll period.

2. Employer Contributions. The District shall calculate the employer contribution for each employee based on the employee's eligible income each pay period, subject to the terms and eligibility requirements of the Money Purchase Pension Plan document. The District will deposit the employer contribution, as calculated each pay period, for each employee into a restricted bank account to be used for the sole purpose of funding the Districts employer share of the Money Purchase Pension Plan. The District will use the funds in the restricted account to make employer contributions to the pension plan administrator/trustee in accordance with and subject to the terms and eligibility requirements of the Money Purchase Pension Plan document.

C. Transparency and Reporting. District employees shall have access to their individual accounts via an online portal provided by the Plan Administrator/Trustee. Additionally, the amount accrued for each employee for each pay period will appear on each employee's pay stub, subject to limitations of the District's payroll service and available space. Additionally, each employee shall receive a report or statement as required or applicable from either the District or the Plan Administrator or Trustee. A report on the District's Money Purchase Pension Plan shall appear in the District's annual audits and shall be published and available online to all employees and the public either in the Audit document or separately, as determined by the District.

D. Review of Funding Policy. The Board of Directors of the District will review this policy, at least every two years, to determine if any changes are needed to ensure adequate resources being available to fund the District's Money Purchase Pension Plan.

Secretary/Manager
MALAGA COUNTY WATER DISTRICT