

RESOLUTION NO. OCSD 19-20

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ORANGE COUNTY SANITATION DISTRICT AUTHORIZING THE EXECUTION OF THE MEMORANDUM OF UNDERSTANDING WITH THE ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM ESTABLISHING THE TERMS TO RECOGNIZE AND APPLY THE ORANGE COUNTY SANITATION DISTRICT'S SATISFACTION OF ITS UNFUNDED ACCRUED ACTUARIAL LIABILITY AND DEFERRED UNFUNDED ACCRUED ACTUARIAL LIABILITY

WHEREAS, as a participating employer in the Orange County Employees Retirement System ("OCERS"), the Orange County Sanitation District ("Sanitation District") contributes to OCERS on an annual basis such contributions as OCERS determines are due and payable to OCERS from the Sanitation District, as an employer, to help fund the retirement and other benefits due to Sanitation District employees and their beneficiaries; and

WHEREAS, the Sanitation District's annual contributions as determined by OCERS are currently calculated as a percentage of pensionable payroll that includes both a normal contribution rate ("Normal Cost") and a rate that reflects the amortization of an unfunded accrued actuarial liability ("UAAL") attributable to the Sanitation District, pursuant to Government Code sections 31453 and 31453.5; and

WHEREAS, as of September 4, 2019, the total UAAL attributable to the Sanitation District was \$8,116,226; and

WHEREAS, as of December 31, 2018, an additional UAAL attributable to the Sanitation District on the books of OCERS totaled \$30,232,235 ("Deferred UAAL"), which amount has been deferred and is projected to be due and payable by the Sanitation District in amortizing installments commencing July 1, 2021; and

WHEREAS, the amortizing installments of Sanitation District's Deferred UAAL in any future year may be more or less than the total UAAL attributable to the Sanitation District in such future year ("Actual UAAL"); and

WHEREAS, as of November 1, 2019, the Sanitation District has contributed \$38,000,000 to OCERS in satisfaction of its UAAL and Deferred UAAL; and

WHEREAS, the Sanitation District and OCERS wish to enter into a Memorandum of Understanding ("MOU") to set forth the terms and conditions under which OCERS shall recognize and apply the Sanitation District's Contribution.

NOW, THEREFORE, the Board of Directors of Orange County Sanitation District,
DOES HEREBY RESOLVE, DETERMINE, AND ORDER:

Section 1: The above recitals are true and correct and are incorporated herein by reference.

Section 2: That the Board Chairman is hereby authorized and directed to execute the Memorandum of Understanding as attached hereto as Exhibit "A".

Section 3: The Clerk of the Board shall certify to the adoption of this Resolution.

PASSED AND ADOPTED at a regular meeting of the Board of Directors held December 18, 2019.

David John Shawver
Board Chairman
Orange County Sanitation District

ATTEST:

Kelly A. Lore
Clerk of the Board
Orange County Sanitation District

APPROVED AS TO FORM:

Bradley R. Hogin
General Counsel
Orange County Sanitation District

STATE OF CALIFORNIA)
) ss
COUNTY OF ORANGE)

I, Kelly A. Lore, Clerk of the Board of Directors of the Orange County Sanitation District, do hereby certify that the foregoing Resolution No. OCSD 19-20 was passed and adopted at a regular meeting of said Board on the 18th day of December 2019, by the following vote, to wit:

AYES: Brad Avery, Doug Chaffee, Robert Collacott, James Ferryman, Cecilia Iglesias, Steve Jones, Lucille Kring, Sandra Massa-Lavitt, Mark Murphy, Richard Murphy, Andrew Nguyen, Glenn Parker, Erik Peterson, Tim Shaw, David Shawver, Christina Shea, Jesus Silva, Fred Smith, Chad Wanke, Mariellen Yarc, Marshall Goodman (Alternate), Patrick Harper (Alternate) and Chuck Puckett (Alternate)

NOES: None

ABSENT: Phil Hawkins and John Withers

ABSTENTIONS: None

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of Orange County Sanitation District this 18th day of December 2019.

Kelly A. Lore
Clerk of the Board of Directors
Orange County Sanitation District