



WEST BASIN MUNICIPAL WATER DISTRICT
17140 S. Avalon Blvd., Suite 210
Carson, CA 90746

AGENDA NO. 15

DECEMBER 1, 2008 – Administration
Little (Chair), Dear
DECEMBER 22, 2008 – Board Meeting
Prepared by: Arlene Berman
Submitted by: Arlene Berman
Approved by: Rich Nagel

ACTION CALENDAR

AMENDED AND RESTATED PUBLIC AGENCY RETIREMENT SYSTEM (PARS) PLAN

SUMMARY:

Since 2002, West Basin has maintained a defined benefit retirement plan through PARS for the Directors. In 2006, the Internal Revenue Service (IRS) instituted changes requiring employers to amend and restate their individually designed retirement plan documents every five years to incorporate the most recent federal and state law statutory and regulatory changes applicable to qualified governmental plans. As a result, West Basin must amend and restate its plan document by January 31, 2009.

West Basin's retirement plan provisions all remain the same. The key changes include the following:

- **Section 5.3 Limitations.** This section details the minimum distribution rules requiring distributions of benefits at the later of age 70½ or retirement and was previously addressed in an appendix. The IRS has requested that the section be incorporated into the body of the plan document.
- **Section 5.6 Direct Rollovers.** This section sets forth the rules applicable to rollover distributions, as well as adds the Roth IRA to the list of eligible retirement plans.
- **Section 8.2 Annual Limitation on Benefits.** This section sets forth the IRS required defined benefit new dollar limitations by age at benefit commencement and was previously addressed in an appendix. The IRS has requested that the section be incorporated into the body of the plan document.
- **Section 9.1 Definitions.** Normal Retirement Age has been changed to age 62 as recommended by PARS legal counsel. Normal retirement age must be reasonably representative of typical retirement ages in the industry, and if set below, must be borne out by facts and circumstances. This does not affect participants in PARS who can be 100% vested prior to normal retirement age without a reduction in benefits.

STRATEGIC BUSINESS PLAN IMPLEMENTATION:

Goal 8, Finance – Manage finances to optimize the public’s investment return and minimize risk.

COMMITMENT STATEMENT:

Sound Financial and Resource Management – West Basin is committed to efficient business operations, financial planning and asset management.

FISCAL IMPACTS:

The cost to process a request for an IRS Letter of Determination is \$2,000. These funds are included in the Fiscal Year 2008-09 Administrative Budget.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Administration Committee on December 1, 2008 and was recommended for approval at the December 22, 2008 Board meeting.

RECOMMENDED MOTION:

That the Board approves the attached Amended and Restated PARS plan document to comply with IRS requirements.

LIST OF EXHIBITS:

Exhibit “A” – West Basin Municipal Water District Public Agency Retirement System (PARS) Retirement Plan