

## STAFF REPORT

**SUBJECT:** Retiree Health Benefits

**MEETING DATE:** October 16, 2008

**AGENDA ITEM:** 6D

**STAFF CONTACT:** Bobbi Didier

### RECOMMENDATION:

Authorize the Executive Director to sign a District Participation Agreement with the Santa Barbara County Employees' Retirement System for purposes of providing a 401(h) plan to SBCAG employees effective October 1, 2008.

### DISCUSSION:

Pursuant to the provisions of Article 8.6 of the County Employees Retirement Law of 1937, California Government Code Sections 31694 et seq. ("Article 8.6") a county retirement system is authorized to provide for and administer a trust account on the books of the retirement system in order to facilitate a participating County's, district's, or court's funding of health and welfare benefits for eligible retired employees of the County, district or court and their eligible survivors and dependents (the "401 (h) Account").

The Santa Barbara Employees Retirement System (SBCERS) has been providing for the funding of certain supplemental benefits to retired members of SBCERS, commonly referred to as the \$15 per month per credited year of service health insurance premium offset benefit ("\$15 Benefit") and the \$4 per month per credited year of service cash benefit ("\$4 Benefit." For retirees who opt out of the health insurance benefit) As a participating employer in SBCERS, eligible retirees of SBCAG have received such benefits, paid from assets of the Retirement System, which have been funded through the contributions of the SBCAG to the Retirement System, and investment earnings thereon.

However, effective September, 19, 2008, SBCERS and the County of Santa Barbara entered into an agreement providing for the adoption of a 401(h) account in SBCERS for the payment of the \$15 Benefit and the \$4 Benefit through such account.

To participate in the 401(h) Account, for the benefit of its eligible employees and retirees, SBCAG must enter into District Participation Agreement with SBCERS.

**COMMITTEE REVIEW:** NONE

## **PARTICIPATING EMPLOYER AGREEMENT**

This Participating Employer Agreement ("Agreement") is entered into by and between the Santa Barbara County Association of Governments (SBCAG) and the Santa Barbara County Employees' Retirement System ("SBCERS" or the "Retirement System") and shall become effective on the Effective Date as defined below.

### **RECITALS**

A. Prior to the Effective Date of this Agreement, as defined herein, SBCERS has been providing for the funding of certain supplemental benefits to retired members of SBCERS, commonly referred to as the \$15 per month per credited year of service benefit ("\$15 Benefit") and the \$4 per month per credited year of service benefit ("\$4 Benefit.") As a participating employer in SBCERS, eligible retirees of SBCAG have received such benefits, paid from assets of the Retirement System, which have been funded through the contributions of the SBCAG to the Retirement System, and investment earnings thereon.

B. Effective September, 19, 2008, SBCERS and the County of Santa Barbara entered into an agreement providing for the adoption of a 401(h) account in SBCERS for the payment of the \$ 15 Benefit and the \$ 4 Benefit through such account.

C. In connection with the creation of the 401(h) account, SBCERS and the County have adopted Regulations Governing Payment of Retiree Health Benefits from a 401(h) Account (the "Regulations"). The Regulations provide a means for special districts and the courts who are participating employers in SBCERS to participate in the 401(h) Account, along with the County.

D. SBCAG wishes to participate in the 401(h) Account, for the benefit of its eligible employees and retirees, and enters into this Agreement with SBCERS in order to effectuate such participation.

### **AGREEMENT**

SBCAG and SBCERS agree as follows:

1. **Authorizing Actions.** By action taken by its Board on September 19, 2008, SBCERS has authorized its Administrator to enter into this Agreement on its behalf. SBCAG represents that its Executive Director has all requisite power and authority to enter into, execute and perform its obligations under this Agreement. The "Effective Date" of this Agreement shall be October 1, 2008.
2. **Agreement to Be Bound by Regulations.** SBCAG agrees to be bound by the terms of the Regulations, subject to the terms set forth below, and shall have the authority of a Participating Employer pursuant to paragraph 3.02 of the Regulations.
3. **Terms of Regulations Applicable to Participating Employer.** References to "the County" and/or the "Board of Supervisors" within the following paragraphs of the Regulations shall be deemed to additionally refer to SBCAG and/or its governing body, respectively: 6.04, 6.07, 7.01, 11.01(a), 12.01 and 12.04.

SANTA BARBARA COUNTY  
ASSOCIATION OF GOVERNMENTS

SANTA BARBARA COUNTY  
EMPLOYEES RETIREMENT SYSTEM

Dated: October 16, 2008

Dated: October \_\_\_\_, 2008

By: \_\_\_\_\_  
Jim Kemp  
Its: Executive Director

By: \_\_\_\_\_  
Oscar Peters  
Its: Administrator

Approved as to form:

\_\_\_\_\_  
Kevin E, Ready, Sr.  
County Counsel