



SACOG Board of Directors

June 8, 2017

Approve Technical Cleanup to CalPERS Resolution for Healthcare Benefits Contract

Issue: Should SACOG adopt a resolution to reduce its direct payment to CalPERS for CalPERS healthcare benefit contribution to the statutorily established minimum rate for all employees and retirees?

Recommendation: The Government Relations & Public Affairs Committee recommends that the Board adopt the attached resolution and authorize the CEO to sign all necessary documents.

Committee Action/Discussion: In February, the Board approved a new Memorandum of Understanding (MOU) with the SACOG Employees Association that modifies direct CalPERS contributions for employee and retiree healthcare benefits. In April, the Board approved a resolution to adjust the employer healthcare benefits contribution rates at the Public Employee's Medical and Hospital Care Act (PEMHCA) established minimum (minimum rate). CalPERS has indicated that an additional resolution is required to fully implement this change.

The predecessor to the new MOU with the SACOG Employees Association, adopted in 2006, created two new tiers of retirees:

- 1) For employees hired between November 2005 and June 2006, the benefit is up to the value of the full Kaiser family rate, subject to a vesting schedule.
- 2) For employees hired between July 2006 and June 30, 2017, the benefit is up to the value of the full Kaiser two-party rate, subject to a vesting schedule.

In the previous MOU, SACOG referred to the vesting schedule outlined in Government Code Section 22893 for the purposes of establishing the two tiers listed above. In the new MOU, SACOG has duplicated the same schedule, but removed reference to Section 22893. CalPERS is requiring SACOG to adopt a resolution to formally remove this reference. The tiers, including the vesting schedule, as agreed to in 2006 and reaffirmed in the new MOU, shall continue.

This action does not change the contributions that employees and retirees receive under the MOU. It is an administrative change to comply with CalPERS requirements. Consistent with the Board action in April, affected retirees will receive a portion of their premium payments from Keenan and Associates MidAmerica Administrative Solutions. Any changes will take effect July 1, 2017, concurrent with implementation of the MOU. MidAmerica, on behalf of SACOG, has begun communication with retirees about setting up direct deposit. Should retirees not set up direct deposit, MidAmerica will automatically mail checks to retirees monthly.

Approved by:

James Corless
Chief Executive Officer

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Attachment

Key Staff: Kirk E. Trost, Chief Operating Officer/General Counsel, (916) 340-6210
Erik Johnson, Manager of Policy & Administration, (916) 340-6247



SACRAMENTO AREA COUNCIL OF GOVERNMENTS

RESOLUTION NO. 51 – 2017

**ELECTING TO RESCIND HEALTH BENEFIT VESTING UNDER SECTION 22893 OF
THE PUBLIC EMPLOYEES’ MEDICAL AND HOSPITAL CARE ACT**

WHEREAS, the Sacramento Area Council of Governments is a contracting agency under Government Code Section 22920 and subject to the Public Employees’ Medical and Hospital Care Act (the “Act”); and

WHEREAS, the Sacramento Area Council of Governments is a contracting agency and has filed a resolution with the Board of the California Public Employees’ Retirement System to provide a postretirement health benefits vesting requirement to employees who retire for service in accordance with Government Code Section 2289.

NOW THEREFORE BE IT RESOLVED, that:

- (a) the Sacramento Area Council of Governments elects to rescind postretirement health benefits vesting requirements; and
- (b) that employees first hired on or after November 1, 2005, will no longer be subject to vesting as established by Resolution 41-2005; and
- (c) the Sacramento Area Council of Governments has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above; and
- (d) that the participation of the employees and annuitants of Sacramento Area Council of Governments shall be subject to determination of its status as an “agency or instrumentality of the state or political subdivision of a State” that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, upon publication of final Regulations pursuant to such Section. If it is determined that Sacramento Area Council of Governments would not qualify as an agency or instrumentality of the state or political subdivision of a State under such final Regulations, the California Public Employees’ Retirement System may be obligated, and reserves the right to terminate the health coverage of all participants of the employer; and
- € that the Board of Directors appoint and direct, and it does hereby appoint and direct, James Corless, Chief Executive Officer, to file with the Board a verified

copy of this resolution, and to perform on behalf of Sacramento Area Council of Governments all functions required of it under the Act; and

PASSED AND ADOPTED, this 15th day of June 2017, at Sacramento, California by the following vote of the Board of Directors:

AYES:

NOES:

ABSTAIN:

ABSENT:

Brian Veerkamp
Chair

James Corless
Chief Executive Officer