

RESOLUTION NUMBER R- 307348

DATE OF FINAL PASSAGE APR 05 2012

A RESOLUTION OF THE COUNCIL OF THE CITY OF  
SAN DIEGO AMENDING THE EMPLOYER ADOPTION  
AGREEMENT BETWEEN THE CITY OF SAN DIEGO AND  
HRA ADMINISTRATOR, LLC, RELATING TO THE CITY'S  
DEFINED CONTRIBUTION RETIREE MEDICAL ACCOUNT  
PLAN AND TRUST

WHEREAS, on October 11, 2011, the Council of the City of San Diego (City Council) adopted San Diego Ordinance O-20105, which modified post-employment health benefits for employees and former employee hired after June 30, 2005, who retire after March 31, 2012; and

WHEREAS, O-20105 includes three post-employment health benefit options for eligible employees who retire after March 31, 2012, which are called "Option A," "Option B," and "Option C"; and

WHEREAS, Option C is a defined contribution-style benefit wherein the City of San Diego (City) will make a set employer contribution to a health reimbursement arrangement and trust on behalf of each eligible employee or former employee who selects or is placed into Option C by default, when the employee or former employee becomes eligible for a service retirement; and

WHEREAS, by adopting San Diego Ordinances O-20130, O-20131, O-20132, O-20133, O-20134, and O-20135 on February 7, 2012, the City Council approved 15-year Memoranda of Understanding (MOUs) between the City and each of its six recognized employee organizations, regarding the modifications to post-employment health benefits for employees and former employee hired after June 30, 2005, who retire after March 31, 2012; and

WHEREAS, the MOU between the City and Local 145, International Association of Firefighters (Local 145), provides that, at Local 145's request, the City's contributions for the employees represented by Local 145, who select or are placed in Option C, will be paid to the Southern California Firefighters Benefit Trust (Firefighters Trust), an existing trust that Local 145 has contracted with to administer the Option C benefits for its represented employees; and

WHEREAS, the MOUs between the City and each of the other five labor organizations provide that the City's contributions for the employees they represent, who select or are placed in Option C, will be paid to the San Diego City Employees Retiree Medical Trust (SDCERMT), a trust created by these labor organizations to administer the Option C benefits of the employees they represent; and

WHEREAS, the MOU between the City and Local 145 provides that the City will not participate in the administration of the Firefighters Trust, and that Local 145 agrees "to indemnify and hold harmless the City and each of its agents, officers and employees against all costs, expenses, liability and damages arising from any misrepresentation, negligent action or inaction, or breach of, the [Firefighters Trust], or any rules, policies or procedures established by the [Firefighters Trust's] Board of Trustees"; and

WHEREAS, the MOUs between the City and each of the other five labor organizations provide that the City will not participate in the administration of the SDCERMT, and each labor organization agrees "to indemnify and hold harmless the City and each of its agents, officers and employees against all costs, expenses, liability and damages arising from any misrepresentation, negligent action or inaction, or breach of, the [SDCERMT], or any rules, policies or procedures established by the [SDCERMT] Board of Trustees"; and

WHEREAS, City employees who are not represented by any of the City's labor organizations (unrepresented employees) are not governed by any of the MOUs between the City and its recognized labor organizations; and

WHEREAS, former City employees who were hired before July 1, 2005, left their Retirement System contributions on deposit, and have at least ten years of City service credit, receive the Option C benefit by default, unless they retire before April 1, 2012; and

WHEREAS, a former City employee is not represented by any of the City's labor organizations, and is not covered by any of the MOUs, unless the former City employee was on City payroll and represented by a City labor organization on March 19, 2012, the effective date of the Ordinances approving the 15-year MOUs between the City and the labor organizations; and

WHEREAS, by Ordinance O-19874, adopted on July 25, 2009, the City Council established the City of San Diego Defined Contribution Retiree Medical Account Plan and Trust (Retiree Medical Trust) for General Members hired on or after July 1, 2009, which is funded by a .25 percent mandatory City contribution and a matching mandatory .25 percent employee contribution based on the Member's Base Compensation, as defined in San Diego Municipal Code section 24.0103; and

WHEREAS, on July 27, 2009, the City Council adopted San Diego Resolution R-305140, which approved the plan documents implementing the Retiree Medical Trust; and

WHEREAS, by San Diego Resolution 305140, the City Council also authorized the Mayor or his designee to execute the Employer Adoption Agreement between the City and HRA Administrator, LLC, to administer the Retiree Medical Trust for a two-year term effective July 1, 2009, with three one-year options; and

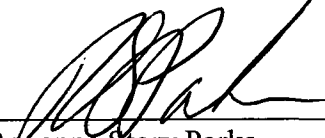
WHEREAS, the City's Management Team has concluded that it is in the best interest of the City, and of the unrepresented employees and former employees who will receive Option C, to have HRA Administrator, LLC administer the Option C benefits for these employees and former employees; and

WHEREAS, before the unrepresented employees and former employees who will receive Option C may participate in the Retiree Medical Trust, the Employer Adoption Agreement between the City and HRA Administrator, LLC, and the plan documents for the Retiree Medical Trust, must be amended to add unrepresented employees and former employees who are covered by Option C of the new Post-Employment Health Benefits; NOW, THEREFORE,

BE IT RESOLVED, that the Council of the City of San Diego (City Council) approves the Amendments to the Employer Adoption Agreement between the City and HRA Administrator, LLC, and the plan documents for the Retiree Medical Trust, which are on file in the Office of the City Clerk as Document No. <sup>RR-</sup>307348 in order to: (1) add a new group of participants to the Retiree Medical Trust, consisting of unrepresented employees and former employees who are eligible for and will receive Option C under the new post-employment health benefits plan for employees who retire after March 31, 2012, and (2) make technical amendments to the Retiree Medical Trust plan documents, as needed to comply with tax laws and regulations that have changed since July 1, 2009.

BE IT FURTHER RESOLVED, that the City Council authorizes the Mayor or his designee to execute any and all documents necessary to effectuate the above amendments.


APPROVED: JAN I. GOLDSMITH, City Attorney

By   
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Roxanne Story Parks  
Deputy City Attorney

RSP:ccm  
02/21/2012  
Or.Dept:Risk Management  
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I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of MAR 20 2012.

ELIZABETH S. MALAND  
City Clerk

By   
\_\_\_\_\_  
Deputy City Clerk

Approved: 4.5.12  
(date)

  
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JERRY SANDERS, Mayor

Vetoed: \_\_\_\_\_  
(date)

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JERRY SANDERS, Mayor