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Dept./Div.: Administration



## BOARD POLICY

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### BOARD MEMBER BENEFITS POLICY

#### ARTICLE 1      PURPOSE

- 1.1 The purpose of this policy is to set forth the benefits for which the Ironhouse Sanitary District ("District") Board Members are eligible for and the details and processes associated with participation in such benefits.

#### ARTICLE 2      POLICY

- 2.1 **Retirement Benefits.** Directors are not eligible to participate in the CalPERS retirement program that the District provides to its employees. Directors may elect to participate in the District's MissionSquare 457(b) Deferred Compensation Plan or such successor plan as the District may adopt ("457(b) Plan"). In that event, the District shall contribute \$10 per month to the 457(b) Plan for the participating Director, and the participating Director shall contribute a minimum of \$10 per month to the 457(b) Plan. The participating Director may elect to contribute more than \$10 per month so long as permitted by the 457(b) Plan. A Director participating in the 457(b) Plan may also elect to no longer participate, in which event the District shall no longer contribute to the 457(b) Plan for that Director.
- 2.2 **Health Benefits.** Directors are eligible to participate in any one or more of health benefits provided the District's employees on the basis provided in the following provisions of this Policy, to the extent permitted by the terms of the respective health benefit, including being eligible to participate in the District's medical, dental and vision plans in effect on November 6, 2012.
- 2.3 **Existing Directors While Serving.** For purposes this Policy, the term "Existing Directors" refers to Directors who were serving on the Board on November 30, 2021. Existing Directors shall continue to remain eligible to participate in the health benefits provided District employees while the Existing Director is serving on the Board, including any medical, dental and vision plan. However, subject to Section 2.7 of this Policy, the District's total contribution to the cost of each Existing Director's health benefits shall not exceed the total amount actually paid by the District for the Existing Director's coverage by the District's medical, dental and vision plans during calendar 2012. Any increase in the total annual cost of the

Existing Director's health benefits after 2012 shall be paid by the Existing Director. The Secretary shall maintain the amounts of the District's 2012 contributions to each Existing Director in the District's file for that Director.

- 2.4 **Existing Directors After Retirement.** After an Existing Director ceases his service on the Board, he will no longer be eligible to participate in the District's dental and vision plans, but will remain eligible for CalPERS medical benefits if he satisfies the length of service and retirement age requirements applicable to him immediately prior to November 30, 2012. The District's annual contribution to the cost of CalPERS medical benefits during the Existing Director's retirement will remain at the same amount as that contributed to the Existing Director's CalPERS medical coverage during 2012. If an Existing Director is less than 100% vested in his CalPERS medical benefits upon retirement, then the District's contribution will be the Director's vesting percentage on his retirement date of the District's 2012 contribution to the Director's CalPERS medical coverage. The Existing Director shall pay any increase in the total annual cost of the CalPERS medical benefits above the District's 2012 contribution level.
- 2.5 **New Directors While Serving.** For purposes of this Policy, the term "New Directors" refers to Directors who were first seated on the Board after November 30, 2012. While a New Director is serving on the Board, the New Director will be eligible to participate in the health benefits provided the District's employees, including any medical, dental, and vision plan. The District's total contribution to the New Director's health benefits coverage shall not exceed the total cost of covering the individual Director under the District's medical, dental and vision plans, and so will not include the cost of covering the New Director's spouse or other family. The District's total contribution to the cost of each New Director's medical, dental, vision and other health benefits during the New Director's first full calendar year in office shall not exceed the amount that the District would contribute for a full-time employee who was first hired during that same year (and whose coverage does not include any spouse or other family members). Subject to Section 2.7 of this Policy, after such first full year, the District's total contribution to the cost of the New Director's health benefits shall not exceed the total amount paid by the District during such first full year. Any increase in the total cost of the three plans after such first year shall be paid by the New Director. The New Director may elect to add members of his family to his or her coverage at the New Director's expense to the extent permitted by the terms of the respective health benefits. The Secretary shall maintain the amounts of the District's contributions to each New Director during the Director's first full calendar year in office in the District's file for that Director.
- 2.6 **New Directors After Retirement.** After a New Director ceases service on the Board, he/she will no longer be eligible to participate in the District's dental and vision plans, but will be eligible to receive CalPERS medical benefits if he/she is eligible to retire for health benefits purposes. A New Director may "retire" for purposes of health benefits if the New Director has served on the Board for a total of

at least 28 years and is age 65 or over on the date he/she ceases service as a Director.

**2.7 Later Options In or Out of Coverage.** A Director who is not covered by one or more of the medical, dental, vision or other health benefits during 2012 (if an Existing Director) or during the Director's first full calendar year in office (if a New Director) may, while still serving on the Board, elect to be covered by one or more of such health benefits. While still serving on the Board, a Director may also elect at any time or from time to time to cease and/or to resume participation in any one or more of the District's health benefits. However, in all of the events described in the preceding two sentences, the District's total contribution to the cost of a Director's health benefits shall not exceed the following.

- a. If an Existing Director, the total of (i) the amount paid by the District for the medical, dental and vision plans that the Existing Director had in effect during calendar 2012, plus (ii) what the District would have paid if the Director had been receiving the later-elected health benefit during 2012.
- b. If a New Director, the District's contribution to the cost of each individual health benefit provided the New Director shall not exceed the following.
  1. If the New Director first receives the benefit during his/her first full calendar year of service, then the cost of the benefit during such first full year calculated on the basis provided in Section 2.5 above.
  2. If the New Director first elects to receive the benefit after the first full calendar year of service, then the cost of the benefit during the first year that the New Director receives the benefit, also calculated on the basis provided in Section 2.5 except that the measuring year is the first year that the New Director receives the health benefit, not the first full year of the New Director's service on the Board.
- c. The Existing or New Director shall pay any amount owing above the District's contribution. This Section 2.7 prevails over anything to the contrary in Sections 2.3 and 2.5 above.

**2.8 Interruptions in Service.**

- a. If an Existing Director ceases service on the Board and then later resumes service on the Board:
  1. The Existing Director remains an Existing Director if he/she was fully vested on November 30, 2012; and
  2. If the Existing Director was not fully vested on November 30, 2012, then he/she remains an Existing Director if the interruption in service is two election cycles (four years) or less, and he/she becomes a New

Director if the interruption is for more than two election cycles (four years). If the Existing Director becomes a New Director under the preceding sentence, then thereafter the Director will be subject to all the requirements applicable to a New Director, including the 28 years of service requirement in Section 4.6.6 and the requirements that the District's contributions during the New Director's first full calendar year in office set the maximum total District contribution under Section 4.6.5.

- b. Subject to Section 2.7, a New Director who ceases service on the Board and then later resumes service on the Board remains a New Director, and may include all his/her years of service in determining whether he/she satisfies the 28 years of service requirement of Section 2.6, regardless of whether before or after any interruption in service.

2.9 **Retired Directors.** This Policy does not make any change in the District's total contribution to the CalPERS medical benefits being received by Directors who retired from the Board prior to November 30, 2012 ("Retired Directors") or being received by their family members. Such retired Directors and their surviving family members shall continue to receive the same District contribution to their medical benefits as the District makes (or would make) to medical benefits for a full-time employee who retired at the same time as the Retired Director, including paying any increase in the cost of such medical benefits on the same basis as the increase is (or would be) paid for such retired employee.

2.10 **Two Components.** In order to differentiate between Retired, Existing and New Directors and still satisfy CalPERS requirements, the District's contribution to the cost of CalPERS medical benefits set forth in this Policy will consist of two components.

- a. The first component will be the minimum contribution per individual permitted by CalPERS, which for calendar 2013 is \$115/month, and is expected to increase pursuant to CalPERS requirements thereafter. (Presently, CalPERS annual increases of the minimum are in accordance with the medical component of the Consumer Price Index).
- b. The second component, if needed to reach the amount of the District's contribution specified in this Policy above, will be paid by the District as a supplement to the minimum contribution in subsection 2.10(a) above. This supplement is called the District's "Health Reimbursement Arrangement." The total expenditure of the District under subsections a and b of this Section 2.10 for an Existing or New Director shall equal but not exceed the amount specified for the District's contribution in Sections 2.2 through 2.9 above.

- 2.11 **Director Agreement.** Each Director responsible for paying any portion of the cost of a health benefit shall, as a condition of receiving the benefit, enter into an agreement with the District to pay his or her share of the cost. The agreement shall:
- a. Require the Director to pay the District by the 10th of the month prior to the month that the District's payment is due;
  - b. Require the Director to arrange for an automatic monthly electronic payment of the Director's share of the cost out of his bank account if the Director's reasonably anticipated compensation from District will be insufficient to pay the amount in full;
  - c. Authorize the District to terminate the medical benefits after three successive notices and opportunities to cure if the Director fails to make two or more payments;
  - d. Authorize the District to offset the Director's obligation to pay against any compensation, any health reimbursement allowance or any other amount the District may owe the Director;
  - e. Authorize the District to require a Director to make quarterly payments in advance if the Director fails to make three or more payments in any 12 month period no later than 10 days after the date when due;
  - f. Include an attorneys' fees clause requiring the Director to pay the District's attorneys' fees if it sues under the agreement;
  - g. Include interest on overdue amounts and a late charge;
  - h. Include the Director's agreement to be bound by the District's Director Benefits policies (i.e., this Policy), the requirements of the 457(b) Plan (when participating in the 457(b) Plan), the requirements of CalPERS or other provider of the health benefit (when participating in the benefit) and applicable law; and
  - i. Otherwise be on such terms and in such form as the General Manager shall determine on the advice of District counsel.
- 2.12 **Retiring Director 457(b) Plan Requirements.** A Director who under the foregoing provisions of this Policy is eligible for CalPERS medical benefits in retirement, and who desires to receive such benefits, shall as a condition to their receipt do all of the following.
- a. Elect to participate in, and be actually participating in, the District's 457(b) Plan on the date the Director ceases service on the Board or such earlier date as CalPERS may require for medical benefits eligibility.

- b. Have voluntarily contributed sufficient funds to the 457(b) Plan prior to commencing CalPERS medical benefits in retirement (in addition to the Director's required \$10/mo. contribution) that the balance in his or her 457(b) Plan account on the date the Director commences CalPERS medical benefits in retirement is sufficient to avoid a mandatory lump sum distribution of the account by the 457(b) Plan provider.
- c. Elect to be paid his or her 457(b) Plan retirement benefits no less frequently than annually over his remaining life and (if the Director's spouse is also covered by the CalPERS medical benefits during the Director's retirement) the life of his spouse, if the Director's spouse survives the Director. (Thus, among other consequences of the preceding, the Director may not elect a lump sum distribution from the 457(b) Plan.)
- d. Shall sign an agreement to timely pay the Director's share of the cost of the medical benefits during retirement on such terms and in such form as the General Manager shall determine with the approval of District counsel.
- e. The legislation governing CalPERS health benefits requires that a retired director or employee be receiving a retirement allowance from a retirement system provided by the employer before the retired director or employee may receive a CalPERS medical benefit (Government Code Section 22760). The foregoing provisions of this Section 2.12 are intended to satisfy these requirements of Gov. Code section 22760. These requirements may be interpreted by CalPERS to be modified by new Government Code Section 22772(a)(2), which takes effect January 1, 2013, or by other statutory, regulatory or other change after September 1, 2012, in which event the General Manager may reduce or waive the 457(b) Plan requirements of Sections 4.8.12.a through .c above to the extent the requirement is not needed to satisfy 457(b) Plan or CalPERS requirements.

### **2.13 Miscellaneous.**

- a. Any Director, whether Retired, Existing or New, may voluntarily elect to opt out of any health benefit.
- b. Any Director, whether Retired, Existing or New, may elect to reimburse the District for all or any portion of any District contribution made to a health benefit on the Director's behalf.
- c. This Policy applies only to the District's Directors, and not to the District's employees, consultants, agents, volunteers or other persons.
- d. This Policy is subject to the requirements of: CalPERS or other health benefit provider; the 457(b) Plan; and applicable law. Thus, among other consequences of this limitation, the health benefits called for by this Policy will be provided only to the extent permitted by the terms of the respective benefit plan.

- e. Length of service. For health benefit purposes a Director's service is as follows. A Director's "service" refers to a Director's service on the Board, and not to any period of participation in any health benefit. A Director's service begins on the date the Director is first seated on the Board. Subject to Section 2.8, a Director's service includes any period of service as a Director, whether interrupted, whether the Director was elected by the voters or appointed to fill a vacancy on the Board, etc. A Director's service ends on the last day the Director serves as a Director. In determining a Director's years of service, if the actual time served by the Director is 75 days or less than a full year (i.e. of being a 365 day period), the time served will be rounded up so that the 290 – 364 days actually served is treated as a full 365-day year.

**2.14 Subsequent District Changes.** The following provisions of this Section 2.14 are subject to the requirements of CalPERS or other health benefit provider, the 457(b) Plan and applicable law.

- a. Serving Directors. District, by vote of a majority of the Directors present at a duly called and held Board meeting at which a quorum is present, may elect in District's sole and absolute discretion to eliminate, reduce or otherwise modify any one or more benefits of the then-serving Directors in any one or more respects at any time or from time to time, including: modifying these Policies, reducing or eliminating any District contribution to the cost of any benefit, and modifying the benefits which a then-serving Director will receive either when the Director retires or while the Director is still serving.
- b. Retired Directors.
  - 1. District may not eliminate or reduce the amount of its contribution to the benefits of a retired Director below the contribution (A) for which the Director was eligible on the date of the Director's retirement from the Board, and (B) which the Director elected to receive and received during the first full calendar year following the date of the Director's retirement from the Board. For purposes of the preceding sentence, a retired Director includes his or her surviving spouse and other family members, to the extent the spouse and other family members were included in the Director's benefits satisfying Sections 2.14, subsection b.1(A) and (B) preceding and are otherwise qualified to receive the Director's benefits.
  - 2. Nothing in the preceding Section 2.14, subsection b.1 limits District's freedom to change the provider of a benefit plan nor the scope of the benefits offered by a plan, notwithstanding that the total cost of the plan may be increased or the scope of the plan's benefits may be reduced, provided that the changes are applicable to the District's participants in the plan generally and not solely to retired Directors.

3. As provided in Section 2.13(d) and the first sentence of this Section 2.14, the preceding provisions of this subsection (b) are subject to the applicable requirements of CalPERS or other health benefit plan provider, of the 457(b) Plan, and of applicable law. Thus (and by way of example, only) a retiring or retired Director must satisfy CalPERS vesting requirements before the Director may receive CalPERS medical benefits, notwithstanding anything to the contrary in Section b.1 preceding. By way of further example, if applicable law is changed to require the District to reduce its contribution to a retired Director's benefits, then such law prevails over anything to the contrary in Section b.1 preceding and the District's contribution will be reduced to the extent required by law.
- c. Other.
1. The foregoing provisions of this Section 2.14: (A) apply to both Existing Directors and New Directors; and (B) do not limit the Board's or the District's freedom to increase the District's contribution, to increase the scope of a benefit or to increase the benefits provided a Director.
  2. This Section 2.14 may only be modified by a Board-adopted amendment to this Policy which expressly states that it is amending this Section 2.14. An amendment of this Policy (or any other Director Benefits Policies) will not modify this Section 2.14 unless it specially states that it is amending Section 2.14. This Section 2.14 shall not be modified by any subsequent resolution, order, ordinance or other action of the Board or District that does not specifically state that it is amending this Section 2.14.
  3. The contents of this Policy were initially adopted by the Board of Directors as Section 3.6 of the Bylaws, adopted on November 6, 2012. Section 3.6 of the Bylaws was subsequently amended on January 8, 2013. Thereafter, Section 3.6 of the Bylaws was removed and converted into this Policy on March 17, 2026.