

**Board Policy No. 120****Annuity Benefits for Elected Officials****ADOPTED:** 11/1986**RECENT AMENDMENT:** 3/1988**SEE ALSO:** 123, 125**SUBJECT CATEGORY:** SECTION 100, GOVERNANCE & ADMINISTRATION**SUBSECTION:** COMPENSATION AND BENEFITS (Board of Directors)**CONTROL DEPARTMENT:** GENERAL COUNSEL**I. ATTACHMENTS**

Resolution No. 654 Adopted by the Board of Directors on March 23, 1988.

Resolution No. 633 Adopted by the Board of Directors on November 12, 1986.

* NOTE: Pursuant to the Public Utilities Code, this policy shall not apply to Board members elected after January 1, 1989

RESOLUTION NO. 654

AMENDMENT TO RESOLUTION NO. 633 OF ALAMEDA-CONTRA COSTA
TRANSIT DISTRICT ESTABLISHING ANNUITY BENEFITS FOR
MEMBERS OF THE BOARD OF DIRECTORS

WHEREAS, at its meeting of November 12, 1986, the Board of Directors passed Resolution No. 633 establishing annuity benefits for its members as set forth in Attachment "A" thereto, entitled "Board of Directors Annuity Benefits"; and

WHEREAS, the Board of Directors now desires to increase the current minimum five year vesting requirement to be consistent with the ten year period required for all employees and officers of the District; and

WHEREAS, increasing the time period of vesting from five years to ten years would not affect Directors Bettencourt, Nakadegawa and Rinehart (since they each have served in excess of ten years), but would affect the previously adopted and vested rights of Directors Fajans and Shepard (who have each already vested under the five year term but who have less than ten years of service), and the anticipated vesting rights of Director Wiggins (who has less than five years of service); and

WHEREAS, the Board of Directors also desires to add a new element of individual member contributions in place of a like percentage of District funding to said annuity benefits, namely three percent (3%) of monthly gross fees; and

WHEREAS, adding a new provision for a 3% monthly contribution effective April 1, 1988, by the Directors would not affect Director Rinehart who plans to retire on March 31, 1988, but would affect the previously adopted non-contributing annuity

benefits of Director Bettencourt, Fajans, Nakadegawa, Shepard and Wiggins; and

WHEREAS, the Board of Directors recognizes that by mere majority vote they cannot change the previously adopted terms, conditions and benefits of the retirement plan for Directors who would be adversely affected by the changes, unless such Directors voluntarily consent to waive their individual rights pursuant to the initial plan adopted on November 12, 1986, and accept the modified terms and conditions as contained herein;

NOW, THEREFORE BE IT RESOLVED, that passage of this amendment to Resolution No. 633 by a majority of the Board of Directors shall be effective to impose a minimum ten year vesting period for annuity benefits, and monthly contributions by individual Board members of 3% of gross fees (currently \$500 per month, resulting in a monthly contribution of \$15.00 per Director, to be deducted from monthly checks), upon all future members of the Board of Directors, including any new members sworn in at this meeting of March 23, 1988. The 3% monthly contribution by Board members shall actually commence effective April 1, 1988; and

BE IT FURTHER RESOLVED, that individual members of the Board of Directors who vote in favor of the Amendment to Resolution No. 633, and who sign a waiver of the original five year vesting period (if applicable) and/or of the prior fully District-funded annuity provisions (if applicable) of Resolution No. 633, do hereby amend Attachment "A" of said resolution as follows:

- a. Minimum Vesting Period: Changed from five years to ten years (effective immediately upon passage and execution of the waiver);
- b. Contribution by Directors: Added to read as follows:

3% of gross monthly fees to be deducted from monthly Director checks, effective as of April 1, 1988.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
LAWRENCE J. ROSENBERG, Secretary
By Francis J. Stump Deputy

I certify that Resolution No. 654 was adopted by the Board of Directors of the Alameda-Contra Costa Transit District on March 23, 1988.

I further certify that said Resolution No. 654 and related subject matter is recorded on page 173 of Volume No. XXIII.

RESOLUTION NO. 633

**RESOLUTION OF THE ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
ESTABLISHING ANNUITY BENEFITS FOR MEMBERS OF THE
BOARD OF DIRECTORS**

WHEREAS, Sections 53200, 53201, 53205.1, and 53208 of the Government Code permit the District to purchase group annuity contracts to supplement the retirement income of the Board; and

WHEREAS, such annuity contracts would not be a "qualified" retirement plan for purposes of the Internal Revenue Code; and

WHEREAS, because the contracts will not be "qualified", ownership by participants could create taxable income in the year and to the extent vesting and related funding by the District occurs; and

WHEREAS, if the District owns the contracts and participants do not have a preferred position in relation to risk of forfeiture or payment, participants will not be taxed until they receive benefit payments; and

WHEREAS, the vesting period, annuity benefits, retirement age, and selection of an appropriate annuity program are subject to determination by the Board of Directors.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors do as a matter of record adopt Resolution No. 633 authorizing and directing the General Manager to purchase appropriate annuity contracts to provide the Board of Directors with annuity benefits as set forth in Attachment "A" and incorporated herein by reference; and

BE IT FURTHER RESOLVED, that annuity contracts purchased for the purpose of providing the Board of Directors annuity benefits as set forth by Attachment "A" shall remain in the custody of and be fully funded by the District.

I certify that Resolution No. 633 was duly and regularly adopted by the Board of Directors of the Alameda-Contra Costa Transit District on November 12, 1986.

I further certify that said Resolution No. 633 and related subject matter is recorded on page 63 of Volume No. XXII.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
LAWRENCE A. ROSENBERG, Secretary

[Signature]
Deputy

PROPOSED COMPENSATION FOR

EXEMPT EMPLOYEES

Historically, increases in salaries and availability of benefits for non-union employees have been tied to those negotiated through the collective bargaining process for union employees. This process has raised a question of a potential conflict of interest.

Effective with the conclusions of contract negotiations with the union for the current fiscal year, it is the intent of management to propose to the Board of Directors a new plan for dealing with compensation and benefits for non-union employees (henceforth referred to as exempt employees) which would clearly separate exempt employees from negotiations that impact union employees.

FY 1986-87: Proposed effective November 1, 1986, a percentage salary increase of 5½% for all exempt employees.

COLA to be discontinued effective November 1, 1986.

December 1986: Propose the Board of Directors direct staff or through their own good offices contract with a consultant for the purpose of preparing a classification compensation study of all exempt positions within the District. The findings of the study would be considered by the Board of Directors for implementation as an integral part of the exempt employee compensation package for 1987-88 and beyond.

December 1986: Board of Directors annuity benefits:

- Annuity Cost: One time cost is approximately \$91,000.00
- Annuity Commencement Date: November 1, 1986
- Maximum Monthly Benefit: \$250.00
- Minimum Vesting Period: 5 years
- Retirement Age: 55 years
- Joint and Survivor Benefits: 100%

January 1987: Have in place and commence to implement on a training basis an employee performance appraisal system. Details of this system would be submitted to the Board of Directors by mid-December 1986.

PROPOSED COMPENSATION FOR EXEMPT EMPLOYEES
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March 1987: Recommendations to Board of Directors from consultant study on compensation classifications.

July 1, 1987: In addition to the salary increases, as discussed above, it is proposed to the Board that certain improvements in benefits available to exempt employees be considered. These would include provisions for:

- Long-Term Disability
- Increase Life Insurance
- Extended Dental Coverage

Total cost of these items would not exceed \$100,000.00 per year with no costs for FY 1986-87.

To further delineate the separation of collective bargaining contract agreements for exempt employees, we would suggest the Board approve the following:

- Effective July 1, 1987, unused sick leave for employees voluntarily retiring from the District shall be 100% reimbursable. Prior to July 1, 1987, previous practice shall apply (Section 11, Union Contract provision).
- Increase of three percentage points to the existing pension tables for those whose effective voluntary retirement date is July 1, 1987, or later. Prior to July 1, 1987, tables in existence previous to November 1, 1986, shall apply.

Over the next several months, staff will be developing appropriate instructions pertaining to employment with the District including regulations and guidelines for implementing salary and benefit administration to remove exempt employees from the contract pertaining to union employees.
