

NEVADA IRRIGATION DISTRICT

BOARD OF DIRECTORS

MINUTES

October 29, 2012

The Board of Directors of the Nevada Irrigation District convened in special session at the District's main office located at 1036 W. Main Street, Grass Valley, on the 29th day of October 2012 at 3:10 p.m.

Present were Nick Wilcox, President; Jim Bachman, Vice-President; Nancy Weber, John H. Drew and W. Scott Miller, Directors.

Staff members present included Tim Crough, Interim General Manager, Gary King, Chief Engineer; Yvonne DuBose, Human Resources Manager; Emily LaMoe, District Counsel; and Lisa Francis Tassone, Board Secretary.

LABOR CONTRACT – Memorandum of Understanding with AFSCME Regarding Wages, Hours and Terms and Conditions of Employment for 2012-2014 (Res. No. 2012-36)

Emily LaMoe, District Counsel, explained that negotiations with AFSCME have resulted in tentative agreements on the Preamble and three articles in the Memorandum of Understanding (MOU). AFSCME held a meeting with its members on October 25, 2012 and ratified the tentative agreements. The Preamble modifies the existing MOU language to reflect that the agreement would be between the District and AFSCME. Other changes to the MOU are as follows:

- Article III – Salary and Other Compensation: Specifically, a 1 percent cost of living adjustment retroactive to July 1, 2012 through June 30, 2013; and a 3 percent cost of living adjustment effective July 1, 2013 through June 30, 2014.
- Article XIII – Benefits: Specifically, the change in language regarding the cost split of premium increases (75 percent District; 25 percent employee) in 2013 and 2014. Also, describes the new HRA contribution and the new vesting schedule for retirees for existing employees and future employees.
- Article XVI – Certification Achievement Compensation: Specifically, reflects the change in practice for those employees who are not currently receiving certification pay. New employees will need to obtain prior approval from the General Manager.

October 29, 2012

Jim Chatigny, Retiree, asked what the Health Reimbursement Arrangement (HRA) adjustments will be.

Tim Crough, Interim General Manager, explained that the District needs to ratify labor contracts with the bargaining groups before action can be taken regarding retired employees. Once the labor agreements have been ratified, a resolution will be prepared for the Board to consider benefits for retirees. What is being considered by the Board at this time is the labor agreement with AFSCME. There is another agreement with NIDEA that will be considered by the Board presumably at the next Board of Directors meeting. In the new agreements, the District will pay the minimum contribution to CalPERS for medical premiums. Currently, this amount is \$115 per month. The agreements also propose an increase to the HRA accounts. The District would make the same contribution to CalPERS for the retirees, and Staff would propose an increased contribution to retiree HRAs for the Board to consider.

Director Miller stated that the reason there is a change to the contribution to CalPERS is to enable the Board to change the retirement vesting schedule. The existing vesting schedule allows employees to retire with five years at age 50 and receive 100 percent of the medical premium. The Board has been pursuing a change in the vesting schedule, and CalPERS will allow the District to change the vesting schedule if the District pays the minimum contribution for health insurance. He stated that the Board envisions that the retiree will be reimbursed the remainder of their health insurance premiums through the HRA account. The intent is to keep the "long-time" retirees whole.

Mr. Crough stated that the dollar amount contributed to the HRA is based on the retiree category. There are currently four categories of retirees – 1) pre-1981 retirees; 2) pre-Medicare retirees; 3) post-Medicare retirees; and 4) surviving spouses. Staff needs to conduct an analysis to determine what contribution each retiree should receive.

Director Weber reiterated that the intent is that the retirees not receive a lesser amount contributed to health insurance premiums.

Terry Mayfield, Retiree, stated that with regard to the President Obama's new health plan, in 2013 or 2014, the HRA accounts will be taxed. At this time, the benefit is not taxed. If contributions are being made to HRA accounts, this will take funds away from the retirees. He asked the Board to consider this issue when making a decision about retiree contributions.

Bruce Lovejoy, Retiree, asked when the information regarding HRA contributions will be available and when the information will be sent to retirees.

Mr. Crough explained that the determination for each classification of retiree is being calculated at this time. Staff will present a proposal for the Board to consider on November 28, 2012.

October 29, 2012

Les Nicholson, Retiree, asked if it will be the retiree's responsibility to pay the medical premium from the HRA to CalPERS.

Mr. Crough stated that many retirees are familiar with the HRA. With an HRA, a recurring reimbursement can be established with the retiree that enables the District to reimburse the retiree for the remainder of the health insurance premium, upon approval by the Board, and that this could occur concurrently upon receipt of the retiree's pension check.

President Wilcox stated that he is speaking for himself, but he feels that the overall intent of the Board is to make the retirees whole dollar for dollar.

Director Weber stated that the changes in the labor contract will allow the District to experience a reduction in the Other Post Employee Benefits (OPEB) liability.

Mr. Nicholson stated that this issue is complicated and it would seem prudent to schedule workshops.

President Wilcox stated that that is a good suggestion.

Yvonne DuBose, Human Resources Manager, stated that Staff is planning on conducting workshops (in November or December 2012) to educate retirees on the use of the HRA and changes to how the medical premiums are processed.

Director Weber expressed concern about the timing between the pension check reduction for the health insurance premium and the reimbursement to the retiree.

Mr. Crough stated that at least two workshops will be conducted to discuss this issue and other issues regarding the HRA. Additionally, information will be sent to the retirees, and the retirees will be invited to contact the Human Resources Department with any questions regarding this matter.

Mr. Nicholson stated that the retirees received a letter from the District on October 27, 2012 explaining changes to the retirees HRA accounts.

Mike Curry, Retiree, stated that the letter was received on October 27, 2012, and the Special Board Meeting was scheduled for October 29, 2012. The time of the meeting was not included in the letter, so he had to call the District to find out the time. This does not sit right with him.

Director Weber stated that there remains some "unspoken" information that would put the retirees' minds at ease. She asked what the Board's intent is for the retirees.

Director Weber asked if it was the Board's intent to keep the retirees whole; there were no objections stated and several members expressed concurrence with the suggestion.

October 29, 2012

With regard to Mr. Curry's comments, Director Bachman pointed out that AFSCME ratified the agreement on Thursday, October 26, 2012. Staff mailed the letter on October 27, 2012. The letter could not have been mailed prior to Friday.

Mr. Chatigny asked for confirmation of the date of the Board meeting when the retiree resolution will be presented to the Board.

President Wilcox confirmed that this matter will be presented to the Board on November 28, 2012.

Director Weber asked when the workshops will be conducted for the retirees.

Mr. Crough stated that workshops will be scheduled in December (during the day, not the evening).

Mr. Nicholson expressed his appreciation to the Board for looking out for the retirees.

**Adopted Resolution No. 2012-36 (Authorizing Changes in Wages, Hours and Terms and Conditions of Employment for Employees Represented by AFSCME).
M/S/C Weber/Miller**

EMPLOYEE HEALTH BENEFITS – Change to CalPERS Health Plan (Res. Nos. 2012-37, 2012-38 and 2012-39)

President Wilcox stated that he reviewed Government Code Section 22892 (b)(1) that was referenced in the three resolutions, and the language in that section does not apply to these resolutions. He believes that the correct Code Section would be 22892 (b)(2).

Tim Crough, Interim General Manager, stated that he received this information from CalPERS, so he will need to contact the CalPERS representative for clarification.

Meeting recessed at 3:42 p.m. and reconvened at 3:50 p.m.

Mr. Crough contacted CalPERS, and the representative agreed that Staff should remove the subsections from the Code Section in the resolutions. In other words, the Code Section should be reflected as '22892 minimum' in Resolution Nos. 2012-37, 2012-38 and 2012-39.

**Adopted Resolution No. 2012-37 (Fixing Employer's Contributions under the Public Employees' Medical and Hospital Care Act [Employees]), as amended.
M/S/C Drew/Miller**

**Adopted Resolution No. 2012-38 (Fixing Employer's Contributions under the Public Employees' Medical and Hospital Care Act [Aetna Retirees]), as amended.
M/S/C Drew/Weber**

October 29, 2012

**Adopted Resolution No. 2012-39 (Fixing Employer's Contributions under the Public Employees' Medical and Hospital Care Act [Directors]), as amended.
M/S/C Weber/Drew**

MEETING ADJOURNED at 3:55 p.m. to reconvene in regular session on November 7, 2012, at 9:00 a.m. at the District's main office located at 1036 W. Main Street, Grass Valley, California.

Board Secretary

Attest a true record of actions
had and taken at the above and
foregoing meeting our presence
thereat and our consent thereto.

Director
Division I

Division II

Division III

Division IV

Division V
