



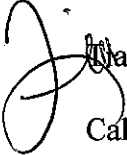
Berkeley Housing Authority

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Office of the Executive Director

Item 6C
ACTION CALENDAR
February 9, 2012

To: Honorable Chairperson and
Members of the Berkeley Housing Authority Board

From:  Sha M. Ingram, Executive Director

Subject: CalPERS Retirement Contract for BHA Employees

RECOMMENDATION

Approve a resolution, authorizing the execution of a "Resolution of Intent" in the exact format required by CalPERS, to establish a Retirement Contract Plan for BHA employees.

BACKGROUND

The Berkeley Housing Authority (BHA) ceased to operate as a unit of local government (City of Berkeley (COB)), and began autonomous operations in July 2007. All existing and new hires of BHA were covered under the City of Berkeley's CalPERS retirement contract, pending establishment of a new contract.

The BHA CalPERS contract is one of the administrative tasks BHA and COB agreed would be facilitated by the COB after the separation, during the transition period. Dave Hodgkins, COB, Human Resources Department Director, has been instrumental in talks with CalPERS, and generating a retirement plan (contract) for BHA employees.

The Process

What follows is a summary of the steps/actions that lead to a new CalPERS contract:

- a. New Agency application (Mar 2011). The process officially started in March 2011, when we submitted a survey, and initiated the application process. The next step was delayed by lack of action by CalPERS.
- b. Actuarial Study (May -Nov 2011). As requested, in May 2011 BHA submitted payment, and requested that CalPERS perform the required actuarial study to determine the contributions necessary for participation of the BHA in CalPERS. Based on the findings in the November 2011 study, the employer rate is estimated as 16.839% (down from the current rate of 20.5708%).
- c. Schedule of Actions (Dec 2011). There is a list of required activities, and specific timelines that must be adhered to. In December, 2011, BHA responded, as required advising the anticipated schedule for all required activities. Of significance, we anticipated final adoption by the Board in March 2012.

- d. Survivor Benefits (Dec 2011). BHA was required to select from two benefit levels – the level of survivor benefits. The issue here is the benefit amount payable to the survivor(s) of one of our employees. We opted for “Fourth Level” which provides a larger benefit at the start of the contract (\$950 versus \$621 for a single survivor), smaller annual increases, and an employer contribution of \$5.40 (versus \$3.90) and an employee contribution of \$2.00 (versus \$3.20). By our calculation, it would take approximately ten years for the benefit rate to an employees’ survivor under the “Indexed Level” to reach \$950 (for a single survivor). The option currently enjoyed by the City (preferable to both current options- is no longer available, and we were not able to negotiate an exception.
- e. Resolution of Intent (Feb 2012). The action before you is adoption of the Resolution of Intent that affirms the Board’s intention of moving forward with the CalPERS contract, assuming it is approved by a majority of current BHA staff at the to-be held election.
- f. Election by Employees (February 2012). We anticipate sharing information with staff the week of Feb 13th, and holding the required election the week of February 20th.
- g. Final Resolution (March 2011). We anticipate presenting the Final Resolution to the Board for approval at the March 2012 meeting.
- h. BHA CalPERS Contract (March 18, 2012). The earliest effective date of the new CalPERS contract is the pay period following adoption of the Final Resolution.

FISCAL IMPACTS OF RECOMMENDATIONS

Based on the estimated employer contribution rate, we anticipate a reduction in annual employer contribution of \$24,500.

CONTACT PERSON

Tia M. Ingram, Executive Director, 981-5471
Jesy Yturralde, Finance Manager, 981-5488

Attachment: Resolution

BERKELEY HOUSING AUTHORITY
RESOLUTION NO. 12-_____

REFOLUTION OF INTENTION

TO APPROVE A CONTRACT BETWEEN THE

BOARD OF ADMINISTRATION
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
AND THE
BOARD OF COMMISSIONERS
BERKELEY HOUSING AUTHORITY

WHEREAS, the Public Employees' Retirement Law permits the participation of public agencies in the Public Employees' Retirement system, making their Employees members of said System , and sets forth the procedure by Which participation may be accomplished; and

WHEREAS, one of the steps required in the procedure is the adoption by the governing body of the public agency of a resolution giving notice of intention to approve a contract for such participation of said agency in the Public Employees' Retirement system, which resolution shall contain a summary of the major provisions of the proposed retirement plan; and

WHEREAS, attached is a summary of the major provisions of the proposed plan;

NOW, THEREFORE, BE IT RESOLVED, that the governing body of the above agency gives, and it does hereby give notice of intention to approve a contract between said governing body and the Board of Administration of the Public Employees' Retirement system, providing for participation of said agency In said retirement system, a copy of said contract and a copy of the Summaru of the major provisions of the proposed plan being attached Hereto, as an "Exhibit", and by this reference made a part hereof.

The foregoing Resolution was adopted by the Board of the Berkeley Housing Authority on February 9, 2012 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

Attest: _____

Tia M. Ingram, Secretary

By: _____
Presiding Officer

Title

Date adopted and approved