

**THIRD AMENDMENT
TO THE REGULATIONS GOVERNING
PAYMENT OF RETIREE HEALTH
BENEFITS FROM A 401(h) ACCOUNT**

On September 16, 2008, the Board of Supervisors, County of Santa Barbara, State of California ("Board of Supervisors"), passed a resolution adopting California Government Code Sections 31694 and 31694.1, pursuant to California Government Code Section 31694(a). In that same resolution, the Board of Supervisors approved the Regulations Governing Payment of Retiree Health Benefits from a 401(h) Account ("401(h) Regulations").

Pursuant to Section 11.01 of the 401(h) Regulations, the Board of Supervisors has the power to amend the 401(h) Regulations.

The Board of Supervisors now wishes to amend the 401(h) Regulations.

The 401(h) Regulations are hereby amended as follows:

1. Section 2.01(a) is hereby amended to read as follows:

(a) "401(h) Account" means the account established on August 29, 2008, under Article III as part of the System Trust Fund, which shall be administered as an Agent Multiple-Employer Plan.

2. Section 2.01(h) is hereby amended with the effective dates herein listed below to read as follows:

(h) "Eligible Retired Participant" means a retired member of the System who is a retiree (including a terminated vested retiree), of the County designated to receive benefits under the Health Plan. The term also includes the Eligible Retired Participant's Spouse and Dependents. Each Participating Employer other than the County shall determine the definition of Eligible Retired Participant for its retirees (including a terminated vested retiree) designated to receive benefits under the Health Plan. Notwithstanding anything to the contrary, an individual first hired by the County in a position eligible for System membership on or after the applicable effective dates specified below shall not be an Eligible Retired Participant, and their Spouse and Dependents shall not be an Eligible Retired Participant's Spouse or Dependent.

Bargaining Unit	Effective Date of Elimination of Eligibility	Date Memorandum Of Understanding and/or Resolution Approval of Coverage Termination by the Board of Supervisors
Civil Attorneys Association (CAA)	June 25, 2012	November 15, 2011
Deputy District Attorneys Association (DDAA)	June 25, 2012	December 13, 2011
Engineers and Technicians Association (ETA)	June 25, 2012	July 5, 2011
Service Employees International Union (SEIU), Local 620	June 25, 2012	September 6, 2011
Santa Barbara Chapter of the Social Services Union Local 721, SEIU	June 25, 2012	December 4, 2012
Union of American Physicians and Dentists (UAPD)	June 25, 2012	December 6, 2011
Unrepresented Employees and Managers	June 25, 2012	November 15, 2011
Plan 8 general members	January 1, 2013	January 8, 2013
Santa Barbara County Probation Peace Officers Association (PPOA)	May 11, 2015	May 5, 2015

Santa Barbara County Deputy Sheriffs' Association (DSA)	June 20, 2016	June 21, 2016
Santa Barbara County Fire Fighters, Inc., Local 2046	December 19, 2016	December 13, 2016
Santa Barbara County Sheriff's Manager Association (SMA)	January 16, 2017	January 17, 2017

3. Section 4.03 is hereby amended to read as follows:

Participating Employers shall designate by Resolution the amount of contributions to be made (if any) to the 401(h) Account. If contributions are made to the 401(h) Account, they must be subordinate to the contributions to the System for retirement benefits. Accordingly, at all times, the aggregate contributions by a Participating Employer (made after the date the 401(h) Account is established) to fund the 401(h) Account and to furnish any life insurance protection shall not exceed twenty-five percent (25%) of the total aggregate actual contributions made by that Participating Employer (made after the date the 401(h) Account is established) to the System Trust Fund, excluding contributions to fund past service credits. In addition, the aggregate contributions by all Participating Employers (made after the date the 401(h) Account is established) to fund the 401(h) Account and to furnish any life insurance protection shall not exceed twenty-five percent (25%) of the total aggregate actual contributions by all Participating Employers (made after the date the 401(h) Account is established) to the System Trust Fund, excluding contributions to fund past service credits. For these purposes: (1) life insurance protection includes any benefit paid under the System on behalf of a member as a result of such member's death to the extent the payment exceeds the amount of the reserve to provide the retirement benefits for the member existing at his death; and (2) contributions made to the System Trust Fund include contributions that have been properly picked up under Code Section 414(h). The Plan Administrator shall annually determine whether the twenty-five percent (25%) test has been met. If at any time the 401(h) Account contributions to the System Trust Fund would exceed the twenty-five percent (25%) test, the affected Participating Employers shall be notified immediately and the excess amount of the contribution shall not be accepted. Any affected Participating Employer shall immediately give the Plan Administrator direction as to the disposition of the excess amount of contributions.

4. Section 6.02(b) is hereby amended to read as follows:

The Board of Supervisors shall determine annually the amount of County contributions made to the 401(h) Account (if any). Each Participating Employer, other than the County, shall also determine the amount of its contributions made to the 401(h) Account pursuant to Article 4.03. Each Participating Employer shall determine its contribution amount taking into consideration the periodic actuarial valuations, the actuarial recommendations, and other information the Participating Employer deems relevant. However, in no event shall the System accept any contribution which would exceed the twenty-five percent (25%) test set forth in Article 4.03.

If more than one employer participates in the 401(h) Account, the System shall account for each employer's contributions separately. Contributions from each Participating Employer shall be held for the exclusive benefit of that Participating Employer's Eligible Retired Participants, their Spouses, and Dependents.

Except for the changes described above, the 401(h) Regulations shall remain unchanged.

PASSED AND ADOPTED by the Board of Supervisors of the County of Santa Barbara, State of California, this _____ day of _____, 2018 by the following vote:

AYES:

NOES:

ABSENT:

CHAIR, BOARD OF SUPERVISORS

CLERK OF THE BOARD

By: _____ (SEAL)

APPROVED AS TO FORM:
MICHAEL C. GHIZZONI
COUNTY COUNSEL

APPROVED AS TO FORM:
THEODORE A. FALLATI, CPA
AUDITOR-CONTROLLER

By: Victoria Parks Tuttle

By: Betsy M. Schell
DEPUTY