



MEMORANDUM
OFFICE OF THE
COUNTY EXECUTIVE
COUNTY OF PLACER

TO: Honorable Board of Supervisors
FROM: Thomas M. Miller, County Executive Officer
Nancy Nittler, Personnel Director
DATE: November 8, 2011
SUBJECT: ICMA -- VantageCare Retirement Health Savings Plan

ACTION REQUESTED

It is recommended that your Board take the following actions:

1. Approve the VantageCare RHS Plan Declaration of Trust, Retiree Welfare Benefits Plan, Employer VantageCare Retirement Health Savings Plan Adoption Agreement with Plan Amendment Letter, and the ICMA-RC Administrative Services Agreement and authorize the Personnel Director to sign all documents as needed for plan implementation.
2. Approve the attached Resolution to adopt the VantageCare Retirement Health Savings Plan with ICMA-RC.
3. Introduction of an ordinance adjusting the compensation and benefits of classified and unclassified management, elected officials, and confidential employees.

BACKGROUND

On May 24, 2011 your Board amended the sick leave at retirement benefit for management, (classified and unclassified), elected officials, and confidential employees as part of a two phase implementation approach. As outlined below, Phase 1 addressed the potential tax consequences related to the benefit at retirement and Phase 2 will implement a Retirement Health Savings Plan.

PHASE 1: Address IRS Tax Issues / Adopted on May 24, 2011

Effective July 2, 2011, at retirement, the dollar value of management and confidential sick leave balances (base rate plus confidential and/or longevity pay if applicable, multiplied by the number of unused sick leave hours) are set aside for CalPERS retiree group health insurance premiums.

PHASE 2: Adopt a Retirement Health Savings Plan

Enter into an agreement for a Placer County Retirement Health Savings Plan that could be implemented on or around January 1, 2012. At retirement, an individual's account will be established in the Plan that equals the value of an employee's sick leave set aside at retirement.

The County Executive Office, Personnel Department and County Counsel staffs have worked diligently over the last few months researching options, and recommends that the Board of Supervisors approves participation in the ICMA VantageCare Retirement Health Savings Plan.

VANTAGECARE RETIREMENT HEALTH SAVINGS (RHS) PLAN

The cost of medical care continues to go up every year, which means that retirees are increasingly responsible for growing medical costs. The RHS Program enables employers and their employees to save for these retirement costs. VantageCare Retirement Health Savings (RHS) Plan is the ICMA Retirement Corporation's employer-sponsored health benefit savings vehicle that allows employees to accumulate assets to pay for medical expenses (e.g. health insurance, co-pays, prescription expenses, etc) at retirement on a tax-free basis.

The plan is offered through a concept pioneered by ICMA-RC to offer retirement health savings to the public sector through the use of an integral part trust. The legal basis for the RHS integral part trust stems from several private letter rulings issued by the Internal Revenue Service (IRS) which allow state and local governments to establish "funds" which are deemed to be an "integral part" of the organization, and whereby the employer has the primary responsibility for funding the trust.

Key Features of Retirement Health Savings Plans:

- The plan allows for flexibility in design to meet the employer and employee needs.
- Mandatory, pre-tax employee contributions may be from accrued sick leave and are FICA exempt to both the employer and employee.
- Full range of investment options available to participants; earnings grow tax-deferred, and withdrawals used to pay for qualified medical benefits for participants are tax-free.
- Plan assets remaining at the time of the retiree's death can continue to be used for medical expenses by the employee's surviving spouse.
- Low cost plan that is easy to administer and doesn't create a county unfunded liability.
- Rewards the responsible use of sick leave by an employee and discourages its abuse.
- Provides the employee responsibility and control over their health needs in retirement.

The County and its general creditors will not have access to the assets in the RHS integral part trust. Instead these assets are for the exclusive benefit of the participants and their spouses, similar to a 401k or 457 deferred compensation plan assets.

The County's RHS Plan is subject to the nondiscrimination requirements found under Internal Revenue Code Section 105(b) because the Plan covers medical reimbursements as allowable

under IRS Section 213 (not just health insurance premium reimbursement) in conjunction with varying level of contributions made by the County that are based upon the employees pay as described previously. Nondiscrimination rules require annual testing of out-of-pocket medical expense reimbursements with the effect that out-of-pocket medical expenses paid to a highly compensated participant may be taxable to those individuals. Premium reimbursements are not subject to the nondiscrimination test and are not taxed.

FISCAL IMPACT

On May 24, 2011 your Board approved changes to business practices in order to eliminate the possible tax consequences of the management and confidential employee's sick leave benefit at retirement. The request before your Board today implements Phase 2 of the two part plan by approving adoption of the VantageCare Retirement Health Savings Plan with ICMA-RC.

Approval of the requested Board actions will cause no new costs to be incurred by the County. As is the current practice with the sick leave set aside account, RHS Accounts will be established for individual employees at retirement. Plan documents delineate that all costs that are incurred by these accounts will be paid by the participant, and not by the County. ICMA charges an annual account fee of \$25 and an annual asset fee of .40% (40 basis points); both of which are assessed on a quarterly basis.

Classified and unclassified management, elected officials, and confidential employees that retired on or after July 2, 2011 will also be included in the Plan and have RHS accounts established prospectively. These employees' choices related to the sick leave hours at retirement were limited by the Board action of May 24th however the RHS had not yet been established. As a result, all available "set-aside" dollars for these retirees will be moved in to the Plan when administratively feasible.

Attachments:

1. VantageCare RHS Plan Declaration of Trust, Retiree Welfare Benefits Plan, the Employer VantageCare Retirement Health Savings (RHS) Plan Adoption Agreement including the Plan Letter Amendment, and the Administrative Services Agreement with ICMA-RC.
2. Resolution
3. Ordinance



**DECLARATION OF TRUST OF THE
COUNTY OF PLACER**

NAME OF EMPLOYER

INTEGRAL PART TRUST

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**DECLARATION OF TRUST OF THE
NAME OF EMPLOYER
INTEGRAL PART TRUST**

Declaration of Trust made as of the 8th day of November, 20 11, by and between
the County of Placer, California a County
(Name of Employer) (State) (Type of Entity)
(hereinafter referred to as the "Employer") and County of Placer or its designee (hereinafter referred to as the "Trustee").
(Name or Title of Trustee)

RECITALS

WHEREAS, the Employer is a political subdivision of the State of California exempt from
(State)
federal income tax under the Internal Revenue Code of 1986; and

WHEREAS, the Employer provides for the security and welfare of its eligible employees (hereinafter referred to as
"Participants"), their Spouses and Dependents by the maintenance of one or more post-retirement welfare benefit plans,
programs or arrangements which provide for life; sickness, medical, disability, severance and other similar benefits through
insurance and self-funded reimbursement plans (collectively the "Plan"); and

WHEREAS, it is an essential function and integral part of the exempt activities of the Employer to assist Participants,
their Spouses and Dependents by making contributions to and accumulating assets in the trust, a segregated fund, for post-
retirement welfare benefits under the Plan; and

WHEREAS, the authority to conduct the general operation and administration of the Plan is vested in the Employer or its designee,
who has the authority and shall be subject to the duties with respect to the trust specified in this Declaration of Trust; and

WHEREAS, the Employer wishes to establish this trust to hold assets and income of the Plan for the exclusive benefit of Plan
Participants, their Spouses and Dependents;

NOW, THEREFORE, the parties hereto do hereby establish this trust, by executing the

Declaration of Trust of the County of Placer Integral Part Trust (hereinafter referred to as the
(Name of Employer)
"Trust"), and agree that the following constitute the Declaration of Trust (hereinafter referred to as the "Declaration"):

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ARTICLE I

Definitions

1.1 Definitions. For the purposes of this Declaration, the following terms shall have the respective meanings set forth below unless otherwise expressly provided.

- (a) **"Account"** means the individual recordkeeping account maintained under the Plan to record the interest of a Participant in the Plan in accordance with Section 7.3.
- (b) **"Administrator"** means the Employer or the entity designated by the Employer to carry out administrative services as are necessary to implement the Plan.
- (c) **"Beneficiary"** means the Spouse and Dependents, who will receive any benefits payable hereunder in the event of the Participant's death. In the case where there is no Spouse or Dependents, any amount of contributions, plus accrued earnings thereon, remaining in the Account must, under the terms of the Plan, be returned to the Trust.
- (d) **"Code"** means the Internal Revenue Code of 1986, as amended from time to time.
- (e) **"Dependent"** means an individual who is a person described in Code Section 152(a).
- (f) **"Investment Fund"** means any separate investment option or vehicle selected by the Employer in which all or a portion of the Trust assets may be separately invested as herein provided. The Trustee shall not be required to select any Investment Fund.
- (g) **"Nonforfeitable Interest"** means the interest of the Participant or the Participant's Spouse and Dependent (whichever is applicable) in the percentage of Participant's Employer's contribution which has vested pursuant to the vesting schedule specified in the Employer's Plan. A Participant shall, at all times, have a one hundred percent (100%) Nonforfeitable Interest in the Participant's own contributions.
- (h) **"Spouse"** means the Participant's lawful spouse as determined under the laws of the state in which the Participant has his primary place of residence.
- (i) **"Trust"** means the trust established by this Declaration.
- (j) **"Trustee"** means the Employer or the person or persons appointed by the Employer to serve in that capacity.

ARTICLE II

Establishment of Trust

2.1 The Trust is hereby established as of the date set forth above for the exclusive benefit of Participants, their Spouses and Dependents.

ARTICLE III

Construction

- 3.1 This Trust and its validity, construction and effect shall be governed by the laws of the State of California.
- 3.2 Pronouns and other similar words used herein in the masculine gender shall be read as the feminine gender where appropriate, and the singular form of words shall be read as the plural where appropriate.
- 3.3 If any provision of this Trust shall be held illegal or invalid for any reason, such determination shall not affect the remaining provisions, and such provisions shall be construed to effectuate the purpose of this Trust.

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ARTICLE IV

Benefits

- 4.1 **Benefits.** This Trust may provide benefits to the Participant, the Participant's Spouse and Dependents pursuant to the terms of the Plan.
- 4.2 **Form of Benefits.** This Trust may provide benefits by cash payment. This Trust may reimburse the Participant, his Spouse and Dependents for insurance premiums or other payments expended for permissible benefits described under the Plan. This trust may reimburse the Employer, or the Administrator for insurance premiums.

ARTICLE V

General Duties

- 5.1 It shall be the duty of the Trustee to hold title to assets held in respect of the Plan in the Trustee's name as directed by the Employer or its designees in writing. The Trustee shall not be under any duty to compute the amount of contributions to be paid by the Employer or to take any steps to collect such amounts as may be due to be held in trust under the Plan. The Trustee shall not be responsible for the custody, investment, safekeeping or disposition of any assets comprising the Trust, to the extent such functions are performed by the Employer or the Administrator, or both.
- 5.2 It shall be the duty of the Employer, subject to the provisions of the Plan, to pay over to the Administrator or other person designated hereunder from time to time the Employer's contributions and Participants' contributions under the Plan and to inform the Trustee in writing as to the identity and value of the assets titled in the Trustee's name hereunder and to keep accurate books and records with respect to the Participants of the Plan.

ARTICLE VI

Investments

- 6.1 The Employer may appoint one or more investment managers to manage and control all or part of the assets of the Trust and the Employer shall notify the Trustee in writing of any such appointment.
- 6.2 The Trustee shall not have any discretion or authority with regard to the investment of the Trust and shall act solely as a directed Trustee of the assets of which it holds title. To the extent directed by the Employer (or Participants or their Spouses and Dependents to the extent provided herein) the Trustee is authorized and empowered with the following powers, rights and duties, each of which the Trustee shall exercise in a nondiscretionary manner:
- (a) To cause stocks, bonds, securities, or other investments to be registered in its name as Trustee or in the name of a nominee, or to take and keep the same unregistered;
 - (b) To employ such agents and legal counsel as it deems advisable or proper in connection with its duties and to pay such agents and legal counsel a reasonable fee. The Trustee shall not be liable for the acts of such agents and counsel or for the acts done in good faith and in reliance upon the advice of such agents and legal counsel, provided it has used reasonable care in selecting such agents and legal counsel;
 - (c) To exercise where applicable and appropriate any rights of ownership in any contracts of insurance in which any part of the Trust may be invested and to pay the premiums thereon; and
 - (d) At the direction of the Employer (or Participants, their Spouses, their Dependents, or the investment manager, as the case may be) to sell, write options on, convey or transfer, invest and reinvest any part thereof in each and every kind of property, whether real, personal or mixed, tangible or intangible, whether income or non-income producing and wherever

situated, including but not limited to, time deposits (including time deposits in the Trustee or its affiliates, or any successor thereto, if the deposits bear a reasonable rate of interest), shares of common and preferred stock, mortgages, bonds, leases, notes, debentures, equipment or collateral trust certificates, rights, warrants, convertible or exchangeable securities and other corporate, individual or government securities or obligations, annuity, retirement or other insurance contracts, mutual funds (including funds for which the Trustee or its affiliates serve as investment advisor, custodian or in a similar or related capacity), or in units of any other common, collective or commingled trust fund.

- 6.3 Notwithstanding anything to the contrary herein, the assets of the Plan shall be held by the Trustee as title holder only. Persons holding custody or possession of assets titled to the Trust shall include the Employer, the Administrator, the investment manager, and any agents and subagents, but not the Trustee. The Trustee shall not be responsible or liable for any loss or expense which may arise from or result from compliance with any direction from the Employer, the Administrator, the investment manager, or such agents to take title to any assets nor shall the Trustee be responsible or liable for any loss or expense which may result from the Trustee's refusal or failure to comply with any direction to hold title, except if the same shall involve or result from the Trustee's negligence or intentional misconduct. The Trustee may refuse to comply with any direction from the Employer, the Administrator, the investment manager, or such agents in the event that the Trustee, in its sole and absolute discretion, deems such direction illegal.
- 6.4 The Employer hereby indemnifies and holds the Trustee harmless from any and all actions, claims, demands, liabilities, losses, damages or reasonable expenses of whatsoever kind and nature in connection with or arising out of (i) any action taken or omitted in good faith by the Trustee in accordance with the directions of the Employer or its agents and subagents hereunder, or (ii) any disbursements of any part of the Trust made by the Trustee in accordance with the directions of the Employer, or (iii) any action taken by or omitted in good faith by the Trustee with respect to an investment managed by an investment manager in accordance with any direction of the investment manager or any inaction with respect to any such investment in the absence of directions from the investment manager. Notwithstanding anything to the contrary herein, the Employer shall have no responsibility to the Trustee under the foregoing indemnification if the Trustee fails negligently, intentionally or recklessly to perform any of the duties undertaken by it under the provisions of this Trust.
- 6.5 Notwithstanding anything to the contrary herein, the Employer or, if so designated by the Employer, the Administrator and the investment manager or another agent of the Employer, will be responsible for valuing all assets so acquired for all purposes of the Trust and of holding, investing, trading and disposing of the same. The Employer will indemnify and hold the Trustee harmless against any and all claims, actions, demands, liabilities, losses, damages, or expenses of whatsoever kind and nature, which arise from or are related to any use of such valuation by the Trustee or holding, trading, or disposition of such assets.
- 6.6 The Trustee shall and hereby does indemnify and hold harmless the Employer from any and all actions, claims, demands, liabilities, losses, damages and reasonable expenses of whatsoever kind and nature in connection with or arising out of (a) the Trustee's failure to follow the directions of the Employer, the Administrator, the investment manager, or agents thereof, except as permitted by the last sentence of Section 6.3 above; (b) any disbursements made without the direction of the Employer, the Administrator, the investment manager or agents thereof; and (c) the Trustee's negligence, willful misconduct, or recklessness with respect to the Trustee's duties under this Declaration.

ARTICLE VII

Contributions

- 7.1 **Employer Contributions.** The Employer shall contribute to the Trust such amounts as specified in the Plan or by resolution.
- 7.2 **Accrued Leave.** Contributions up to an amount equal to the value of accrued sick leave, vacation leave, or other type of accrued leave, as permitted under the Plan. The Employer's Plan must provide a formula for determining the value of the Participant's contribution of accrued leave. The Employer's Plan must contain a forfeiture provision that will prevent Participants from receiving the accrued leave in cash in lieu of a contribution to the Trust.

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- 7.3 **Accounts.** Employer contributions, including mandatory Participant contributions, and contributions of accrued leave, all investment income and realized and unrealized gains and losses, and forfeitures allocable thereto will be deposited into an Account in the name of the Participant for the exclusive benefit of the Participant, his Spouse and Dependents. The assets in each Participant's Account may be invested in Investment Funds as directed by the Participant (or, after the Participant's death, by the Spouse or Dependents) or the Employer, as required under the Plan, from among the Investment Funds selected by the Employer.
- 7.4 **Receipt of Contributions.** The Employer or, if so designated by the Employer, the Administrator or investment manager or another agent of the Employer, shall receive all contributions paid or delivered to it hereunder and shall hold, invest, reinvest and administer such contributions pursuant to this Declaration, without distinction between principal and income. The Trustee shall not be responsible for the calculation or collection of any contribution under the Plan, but shall hold title to property received in respect of the Plan in the Trustee's name as directed by the Employer or its designee pursuant to this Declaration.
- 7.5 No amount in any Account maintained under this Trust shall be subject to transfer, assignment, or alienation, whether voluntary or involuntary, in favor of any creditor, transferee, or assignee of the Employer, the Trustee, any Participant, his Spouse, or Dependent.
- 7.6 Upon the satisfaction of all liabilities under the Plan to provide such benefits, any amount of Employer contributions, plus accrued earnings thereon, remaining in such separate Accounts must, under the terms of the Plan, be returned to the Employer.

ARTICLE VIII

Other Plans

If the Employer hereafter adopts one or more other plans providing life, sickness, accident, medical, disability, severance, or other benefits and designates the Trust hereby created as part of such other plan, the Employer or, if so designated by the Employer, the Administrator or an investment manager or another agent of the Employer shall, subject to the terms of this Declaration, accept and hold hereunder contributions to such other plans. In that event (a) the Employer or, if so designated by the Employer, the Administrator or an investment manager or another agent of the Employer, may commingle for investment purposes the contributions received under such other plan or plans with the contributions previously received by the Trust, but the books and records of the Employer or, if so designated by the Employer, the Administrator or an investment manager or another agent of the Employer, shall at all times show the portion of the Trust Fund allocable to each plan; (b) the term "Plan" as used herein shall be deemed to refer separately to each other plan; and (c) the term "Employer" as used herein shall be deemed to refer to the person or group of persons which have been designated by the terms of such other plans as having the authority to control and manage the operation and administration of such other plan.

ARTICLE IX

Disbursements and Expenses

- 9.1 The Employer or its designee shall make such payments from the Trust at such time to such persons and in such amounts as shall be authorized by the provisions of the Plan provided, however, that no payment shall be made, either during the existence of or upon the discontinuance of the Plan (subject to Section 7.6), which would cause any part of the Trust to be used for or diverted to purposes other than the exclusive benefit of the Participants, their Spouses and Dependents pursuant to the provisions of the Plan.
- 9.2 All payments of benefits under the Plan shall be made exclusively from the assets of the Accounts of the Participants to whom or to whose Spouse or Dependents such payments are to be made, and no person shall be entitled to look to any other source for such payments.
- 9.3 The Employer, Trustee and Administrator may be reimbursed for expenses reasonably incurred by them in the administration

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of the Trust. All such expenses, including, without limitation, reasonable fees of accountants and legal counsel to the extent not otherwise reimbursed, shall constitute a charge against and shall be paid from the Trust upon the direction of the Employer.

ARTICLE X

Accounting

- 10.1 The Trustee shall not be required to keep accounts of the investments, receipts, disbursements, and other transactions of the Trust, except as necessary to perform its title-holding function hereunder. All accounts, books, and records relating thereto shall be maintained by the Employer or its designee.
- 10.2 As promptly as possible following the close of each year, the Trustee shall file with the Employer a written account setting forth assets titled to the Trust as reported to the Trustee by the Employer or its designee.

ARTICLE XI

Miscellaneous Provisions

- 11.1 Neither the Trustee nor any affiliate thereof shall be required to give any bond or to qualify before, be appointed by, or account to any court of law in the exercise of its powers hereunder.
- 11.2 No person transferring title or receiving a transfer of title from the Trustee shall be obligated to look to the propriety of the acts of the Trustee in connection therewith.
- 11.3 The Employer may engage the Trustee as its agent in the performance of any duties required of the Employer under the Plan, but such agency shall not be deemed to increase the responsibility or liability of the Trustee under this Declaration.
- 11.4 The Employer shall have the right at all reasonable times during the term of this Declaration and for three (3) years after the termination of this Declaration to examine, audit, inspect, review, extract information from, and copy all books, records, accounts, and other documents of the Trustee relating to this Declaration and the Trustees' performance hereunder.

ARTICLE XII

Amendment and Termination

- 12.1 The Employer reserves the right to alter, amend, or (subject to Section 9.1) terminate this Declaration at any time for any reason without the consent of the Trustee or any other person, provided that no amendment affecting the rights, duties, or responsibilities of the Trustee shall be adopted without the execution of the Trustee to the amendment. Any such amendment shall become effective as of the date provided in the amendment, if requiring the Trustee's execution, or on delivery of the amendment to the Trustee, if the Trustee's execution is not required.
- 12.2 Upon termination of this Declaration and upon the satisfaction of all liabilities under the Plan to provide such benefits, any amount of Employer contributions, plus accrued earnings thereon, remaining in such separate Accounts must, under the terms of the Plan, be returned to the Employer.

ARTICLE XIII

Successor Trustees

- 13.1 The Employer reserves the right to discharge the Trustee for any or no reason, at any time by giving ninety (90) days' advance written notice.

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13.2 The Trustee reserves the right to resign at any time by giving ninety (90) days' advance written notice to the Employer.

13.3 In the event of discharge or resignation of the Trustee, the Employer may appoint a successor Trustee who shall succeed to all rights, duties, and responsibilities of the former Trustee under this Declaration, and the terminated Trustee shall be deemed discharged of all duties under this Declaration and responsibilities for the Trust.

ARTICLE XIV

Limited Effect of Plan and Trust

Neither the establishment of the Plan and the Trust or any modification thereof, the creation of any fund or account, nor the payment of any benefits, shall be construed as giving to any person covered under the Plan or other person any legal or equitable right against the Trustee, the Administrator, the Employer or any officer or employee thereof, except as may otherwise be expressly provided in the Plan or in this Declaration.

ARTICLE XV

Protective Clause

Neither the Administrator, the Employer, nor the Trustee shall be responsible for the validity of any contract of insurance or other arrangement maintained in connection with the Plan, or for the failure on the part of the insurer or provider to make payments provided by such contract, or for the action of any person which may delay payment or render a contract void or unenforceable in whole or in part.

IN WITNESS WHEREOF, the Employer and the Trustee have executed this Declaration by their respective duly authorized officers, as of the date first hereinabove mentioned.

EMPLOYER:

By: Nancy Nittler Title: Personnel Director

TRUSTEE(S):

By: _____ Title: _____

By: _____ Title: _____

By: _____ Title: _____

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COUNTY OF PLACER

NAME OF EMPLOYER

RETIREE WELFARE BENEFITS PLAN

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RETIREE WELFARE BENEFITS PLAN

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Name of Employer

RETIREE WELFARE BENEFITS PLAN

ARTICLE I

Preamble

THIS INSTRUMENT made and published by the County of Placer (hereinafter called "Employer") on the 8th day of November, 20 11, creates the County of Placer Retiree Welfare Benefits Plan, as follows:

1.01 Establishment of Plan

The Employer named above hereby establishes a Retiree Welfare Benefits Plan as of the 1st day of November, 20 11.

1.02 Purpose of Plan

This Plan has been established to reimburse the eligible Retirees of the Employer for medical and dental expenses incurred by them, their Spouses and Dependents pursuant to the Employer's VantageCare Retirement Health Savings (RHS) Plan.

ARTICLE II

Definitions

The following words and phrases as used herein shall have the following meanings, unless a different meaning is plainly required by the context:

2.01 "Benefits" means any amounts paid to a Participant, Spouse or Dependents in the Plan as reimbursement for Eligible Medical and Dental Expenses incurred by the Participant during a Plan Year by him, his Spouse or his Dependents.

2.02 "Code" means the Internal Revenue Code of 1986, as amended.

2.03 "Dependent" means any individual who is a dependent of the Participant within the meaning of Code Sec. 152, as amplified by Internal Revenue Service Notice 2004-79, 2004-49 I.R.B.898.

2.04 "Eligible Medical Expenses" means those expenses designated by the Employer as eligible for reimbursement in the VantageCare Retirement Health Savings Plan Adoption Agreement.

2.05 "Employer" means the unit of state or local government creating this Plan, or any affiliate or successor thereof that likewise adopts this Plan.

2.06 "Entry Date" means the first day the Participant meets the eligibility requirements of Article III as of such Date.

2.07 "Participant" means any Retiree who has met the eligibility requirements set forth in Article III.

2.08 "Plan Administrator" means the Employer or other person appointed by the Employer who has the authority and responsibility to manage and direct the operation and administration of the Plan.

2.09 "Plan Year" means the annual accounting period of the Plan, which begins on the 2nd day of July, 20 11, and ends on the 31st day of December, 20 11, with respect to the first Plan Year, and thereafter as long as this Plan remains in effect, the period that begins on January 1st, and ends on month/day December 31st.

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2.10 "Retiree" means any individual who, while in the service of the Employer, was considered to be in a legal employer-employee relationship with the Employer for federal withholding tax purposes, and who was part of the classification of employees designated as covered by the Employer's VantageCare Retirement Health Savings Plan.

2.11 "Spouse" means the Participant's lawful spouse as determined under the laws of the state in which the Participant has his primary place of residence. All other defined terms in this Plan shall have the meanings specified in the various Articles of the Plan in which they appear.

ARTICLE III

Eligibility

Each Retiree who meets the eligibility requirements outlined in the Employer's VantageCare Retirement Health Savings Plan shall be eligible to participate in this Plan.

ARTICLE IV

Amount of Benefits

4.01 Annual Benefits Provided by the Plan

Each Participant shall be entitled to reimbursement for his documented, Eligible Medical Expenses incurred during the Plan Year in an annual amount not to exceed the account balance of the Participant in the Employer's VantageCare Retirement Health Savings Plan.

4.02 Cost of Coverage

The expense of providing the benefits set out in Section 4.01 shall be contributed as outlined in the Employer's VantageCare Retirement Health Savings Plan.

ARTICLE V

Payment of Benefits

5.01 Eligibility for Benefits

- a) Each Participant in the Plan shall be entitled to a benefit hereunder for all Eligible Medical Expenses incurred by the Participant on or after the Entry Date of his or her participation (and after the effective date of the Plan), subject to the limitations contained in this Article V, regardless whether the mental or physical condition for which the Participant makes application for benefits under this Plan was detected, diagnosed, or treated before the Participant became covered by the Plan.
- b) In order to be eligible for benefits, the Participant must meet the benefit eligibility criteria outlined in the Employer's VantageCare Retirement Health Savings Plan Adoption Agreement.
- c) A Participant who becomes totally and permanently disabled (as defined by the Social Security Administration) will become immediately eligible to receive medical benefit payments from the Plan. Pursuant to Section 9.02 and Employer's VantageCare Retirement Health Savings Plan Adoption Agreement, the surviving Spouse and Dependents shall become immediately eligible to receive or to continue receiving medical benefit payments from the Plan upon the death of the Participant.

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5.02 Claims for Benefits

No benefit shall be paid hereunder unless a Participant, his Spouse or Dependent has first submitted a written claim for benefits to the Plan Administrator on a form specified by the Plan Administrator, and pursuant to the procedures set out in Article VI, below. Upon receipt of a properly documented claim, the Plan Administrator shall pay the Participant, his Spouse or Dependent the benefits provided under this Plan as soon as is administratively feasible.

ARTICLE VI

Plan Administration

6.01 Allocation of Authority

The Employer shall control and manage the operation and Administration of the Plan. The Employer shall have the exclusive right to interpret the Plan and to decide all matters arising thereunder, including the right to remedy possible ambiguities, inconsistencies, or omissions. All determinations of the Employer with respect to any matter hereunder shall be conclusive and binding on all persons.

Without limiting the generality of the foregoing, the Employer shall have the following powers and duties:

- a) To decide on questions concerning the Plan and the eligibility of any Employee to participate in the Plan, in accordance with the provisions of the Plan;
- b) To determine the amount of benefits that shall be payable to any person in accordance with the provisions of the Plan; to inform the Plan Administrator, as appropriate, of the amount of such Benefits; and to provide a full and fair review to any Participant whose claim for benefits has been denied in whole or in part; and
- c) To designate other persons to carry out any duty or power which would otherwise be a fiduciary responsibility of the Plan Administrator, under the terms of the Plan.
- d) To require any person to furnish such reasonable information as it may request for the purpose of the proper administration of the Plan as a condition to receiving any benefits under the Plan;
- e) To make and enforce such rules and regulations and prescribe the use of such forms as he shall deem necessary for the efficient administration of the Plan.

6.02 Provision for Third-Party Plan Service Providers

The Plan Administrator, subject to approval of the Employer, may employ the services of such persons as it may deem necessary or desirable in connection with operation of the Plan. The Plan Administrator, the Employer (and any person to whom it may delegate any duty or power in connection with the administration of the Plan), and all persons connected therewith may rely upon all tables, valuations, certificates, reports and opinions furnished by any duly appointed actuary, accountant, (including Employees who are actuaries or accountants), consultant, third party administration service provider, legal counsel, or other specialist, and they shall be fully protected in respect to any action taken or permitted in good faith in reliance thereon. All actions so taken or permitted shall be conclusive and binding as to all persons.

6.03 Several Fiduciary Liability

To the extent permitted by law, neither the Plan Administrator nor any other person shall incur any liability for any acts or for failure to act except for his own willful misconduct or willful breach of this Plan.

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6.04 Compensation of Plan Administrator

Unless otherwise agreed to by the Employer, the Plan Administrator shall serve without compensation for services rendered in such capacity, but all reasonable expenses incurred in the performance of his duties shall be paid by the Employer.

6.05 Bonding

Unless otherwise determined by the Employer, or unless required by any Federal or State law, the Plan Administrator shall not be required to give any bond or other security in any jurisdiction in connection with the administration of this Plan.

6.06 Payment of Administrative Expenses

All reasonable expenses incurred in administering the Plan, including but not limited to administrative fees and expenses owing to any third party administrative service provider, actuary, consultant, accountant, attorney, specialist, or other person or organization that may be employed by the Plan Administrator in connection with the administration thereof, shall be paid by the Employer, provided, however that each Participant shall bear the monthly cost (if any) charged by a third party administrator for maintenance of his Benefit Account unless otherwise paid by the Employer.

6.07 Timeliness of Payment for Benefits

Payment for Benefits shall be made as soon as administratively feasible after the required forms and documentation have been received by the Plan Administrator.

6.08 Annual Statements

The Plan Administrator shall furnish each Participant with an annual statement of his medical expense reimbursement account within ninety (90) days after the close of each Plan Year.

ARTICLE VII

Claims Procedure

7.01 Procedure if Benefits are Denied Under the Plan

Any Participant, Spouse, Dependent, or his duly authorized representative may file a claim for a plan benefit to which the claimant believes that he is entitled. Such a claim must be in writing on a form provided by the Plan Administrator and delivered to the Plan Administrator, in person or by mail, postage paid. Within thirty (30) days after receipt of such claim, the Plan Administrator shall send to the claimant, by mail, postage prepaid, notice of the granting or denying, in whole or in part, of such claim, unless special circumstances require an extension of time for processing the claim. In no event may the extension exceed forty-five (45) days from the end of the initial period. If such extension is necessary, the claimant will be given a written notice to this effect prior to the expiration of the initial 30-day period. If such extension is necessary due to a failure of the Participant, Spouse or Dependent to submit the information necessary to decide the claim, the notice of extension shall describe the required information and the claimant shall be afforded at least forty-five (45) days from receipt of the notice within which to provide such information. The Plan Administrator shall have full discretion to deny or grant a claim in whole or in part. If notice of the denial of a claim is not furnished in accordance with this Section, the claim shall be deemed denied and the claimant shall be permitted to exercise his right to review pursuant to Sections 7.03 and 7.04.

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7.02 Requirement for Written Notice of Claim Denial

The Plan Administrator shall provide, to every claimant who is denied a claim for benefits, written notice setting forth in a manner calculated to be understood by the claimant:

- a) The specific reason or reasons for the denial;
- b) Specific reference to pertinent Plan provisions on which the denial is based;
- c) A description of any additional material of information necessary for the claimant to perfect the claim and an explanation of why such material is necessary, and
- d) An explanation of the Plan's claim review procedure.

7.03 Right to Request Hearing on Benefit Denial

Within one-hundred eighty (180) days after the receipt by the claimant of written notification of the denial (in whole or in part) of his claim, the claimant or his duly authorized representative, upon written application to the Plan Administrator, in person or by certified mail, postage prepaid, may request a review of such denial, may review pertinent documents, and may submit issues and comments in writing.

7.04 Disposition of Disputed Claims

Upon its receipt of notice of a request for review, the Plan Administrator shall make a prompt decision on the review. The decision on review shall be written in a manner calculated to be understood by the claimant and shall include specific reasons for the decision and specific references to the pertinent plan provisions on which the decision is based. The decision on review shall be made not later than sixty (60) days after the Plan Administrator's receipt of a request for a review, unless special circumstances require an extension of time for processing, in which case a decision shall be rendered not later than one hundred-twenty (120) days after receipt of a request for review. If an extension is necessary, the claimant shall be given written notice of the extension prior to the expiration of the initial sixty (60) day period. If notice of the decision on the review is not furnished in accordance with this Section, the claim shall be deemed denied and the claimant shall be permitted to exercise his right to legal remedy pursuant to Section 7.05.

7.05 Preservation of Other Remedies

After exhaustion of the claims procedures provided under this Plan, nothing shall prevent any person from pursuing any other legal or equitable remedy otherwise available.

ARTICLE VIII

Amendment or Termination of Plan

8.01 Permanency

While the Employer fully expects that this Plan will continue indefinitely, due to unforeseen, future business contingencies, permanency of the Plan will be subject to the Employer's right to amend or terminate the Plan, as provided in Sections 8.02 and 8.03, below.

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8.02 Employer's Right to Amend

The Employer reserves the right to amend the Plan at any time and from time-to-time, and retroactively if deemed necessary or appropriate to meet the requirements of the Code, or any similar provisions of subsequent revenue or other laws, or the rules and regulations in effect under any of such laws or to conform with governmental regulations or other policies, to modify or amend in whole or in part any or all of the provisions of the Plan.

8.03 Employer's Right to Terminate

The Employer reserves the right to discontinue or terminate the Plan at any time without prejudice.

ARTICLE IX

General Provisions

9.01 No Employment Rights Conferred

Neither this Plan nor any action taken with respect to it shall confer upon any person the right to be continued in the employment of the Employer.

9.02 Payments After Death of Participant

Any benefits otherwise payable to a Participant following the date of death of such Participant shall be paid as outlined in the Employer's VantageCare Retirement Health Savings Plan Adoption Agreement.

9.03 Nonalienation of Benefits

No benefit under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any attempt to do so shall be void. No benefit under the Plan shall in any manner be liable for or subject to the debts, contracts, liabilities, engagements or torts of any person. If any person entitled to benefits under the Plan becomes bankrupt or attempts to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge any benefit under the Plan, or if any attempt is made to subject any such benefit to the debts, contracts, liabilities, engagements or torts of the person entitled to any such benefit, except as specifically provided in the Plan, then such benefit shall cease and terminate in the discretion of the Plan Administrator, and he may hold or apply the same or any part thereof to the benefit of any dependent of such person, in such manner and proportion as he may deem proper.

9.04 Mental or Physical Incompetency

If the Plan Administrator determines that any person entitled to payments under the Plan is incompetent by reason of physical or mental disability, he may cause all payments thereafter becoming due to such person to be made to any other person for his benefit, without responsibility to follow the application of amounts so paid. Payments made pursuant to this Section shall completely discharge the Plan Administrator and the Employer.

9.05 Inability to Locate Payee

If the Plan Administrator is unable to make payment to any Participant or other person to whom a payment is due under the Plan because he cannot ascertain the identity or whereabouts of such Participant or other person after reasonable efforts

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have been made to identify or locate such person (including a notice of the payment so due mailed to the last known address of such Participant or other person as shown on the records of the Employer), such payment and all subsequent payments otherwise due to such Participant or other person shall be escheated under the laws of the State of the last known address of the Participant or other persons eligible for benefits.

9.06 Requirement of Proper Forms

All communications in connection with the Plan made by a Participant shall become effective only when duly executed on forms provided by and filed with the Plan Administrator.

9.07 Source of Payments

The Employer shall be the sole source of benefits under the Plan. No Employee, Spouse or Dependents shall have any right to, or interest in, any assets of the Employer upon termination of employment or otherwise, except as provided from time to time under the Plan, and then only to the extent of the benefits payable under the Plan to such Employee, Spouse or Dependents.

9.08 Tax Effects

Neither the Employer nor the Plan Administrator makes any warranty or other representation as to whether any payments received by a Participant, his Spouse or Dependents hereunder will be treated as includible in gross income for federal or state income tax purposes.

9.09 Multiple Functions

Any person or group of persons may serve in more than one fiduciary capacity with respect to the Plan.

9.10 Gender and Number

Masculine pronouns include the feminine as well as the neuter gender, and the singular shall include the plural, unless indicated otherwise by the context.

9.11 Headings

The Article and Section headings contained herein are for convenience of reference only, and shall not be construed as defining or limiting the matter contained thereunder.

9.12 Applicable Laws

The provisions of the Plan shall be construed, administered and enforced according to the laws of the State of California.

9.13 Severability

Should any part of this Plan subsequently be invalidated by a court of competent jurisdiction, the remainder thereof shall be given effect to the maximum extent possible.

IN WITNESS WHEREOF, we have executed this Plan Agreement the date and year first written above.

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EMPLOYER

By: Nancy Nittler Title: Personnel Director
Signature of Authorized Official

ATTEST (if applicable)

By: Ann Craig Title: Personnel Services Manager
Signature of Attestor

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COUNTY OF PLACER

**EMPLOYER VANTAGECARE
RETIREMENT HEALTH SAVINGS (RHS) PLAN
ADOPTION AGREEMENT**

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**EMPLOYER VANTAGECARE RETIREMENT HEALTH SAVINGS (RHS) PLAN
ADOPTION AGREEMENT**

Plan Number: 8 03304 Check one: New Plan Amendment to Existing Plan

Employer Retirement Health Savings Plan Name:

I. Employer Name: County of Placer State: California

II. The Employer hereby attests that it is a unit of a state or local government or an agency or instrumentality of one or more units of a state or local government.

III. Effective Date of the Plan: 11/1/2011

IV. The Employer intends to utilize the Trust to fund only welfare benefits pursuant to the following welfare benefit plan(s) established by the Employer: County of Placer Welfare Benefit Plan

V. Eligible Groups, Participation and Participant Eligibility Requirements

A. Eligible Groups

The following group or groups of Employees are eligible to participate in the VantageCare Retirement Health Savings Plan (check all applicable boxes):

- All Employees
- All Full-Time Employees
- Non-Union Employees
- Public Safety Employees – Police
- Public Safety Employees – Firefighters
- General Employees
- Collectively-Bargained Employees (Specify unit(s)) _____
- Other (specify group(s)) All CalPERS Miscellaneous Plan Covered Management (Classified and Unclassified)
Confidential employees and Elected Officials

The Employee group(s) specified must correspond to a group(s) of the same designation that is defined in the statutes, ordinances, rules, regulations, personnel manuals or other documents or provisions in effect in the state or locality of the Employer.

B. Participation

Mandatory Participation: All Employees in the covered group(s) are required to participate in the Plan and shall receive contributions pursuant to Section VI.

If the Employer's underlying welfare benefit plan or funding under this VantageCare Retirement Health Savings Plan is in whole or part a non-collectively bargained, self-insured plan, the nondiscrimination requirements of Internal Revenue Code (IRC) Section 105(h) will apply. These rules may impose taxation on the benefits received by highly compensated individuals if the Plan discriminates in favor of highly compensated individuals in terms of eligibility or benefits. The Employer should discuss these rules with appropriate counsel.

C. Participant Eligibility Requirements

1. Minimum service: The minimum period of service required for participation is N/A (write N/A if no minimum service is required).
2. Minimum age: The minimum age required for eligibility to participate is N/A (write N/A if no minimum age is required).

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VI. Contribution Sources and Amounts

A. Definition of Earnings

The definition of Earnings will apply to all RHS Contribution Features that reference "Earnings", including Direct Employer Contributions (Section VI.B.1.) and Mandatory Employee Compensation Contributions (Section VI.B.2.).

Definition of earnings: N/A

B. Direct Employer Contributions and Mandatory Contributions

1. Direct Employer Contributions

The Employer shall contribute on behalf of each Participant

- _____ % of Earnings
- \$ _____ each Plan Year
- A discretionary amount to be determined each Plan Year
- Other (describe): _____

2. Mandatory Employee Compensation Contributions

The Employer will make mandatory contributions of Employee compensation as follows:

- Reduction in Salary - _____ % of Earnings or \$ _____ will be contributed for the Plan Year.
- Decreased Merit or Pay Plan Adjustment - All or a portion of the Employees' annual merit or pay plan adjustment will be contributed as follows:

An Employee shall not have the right to discontinue or vary the rate of Mandatory Contributions of Employee Compensation.

3. Mandatory Employee Leave Contributions

The Employer will make mandatory contributions of accrued leave as follows (provide formula for determining Mandatory Employee Leave contributions):

- Accrued Sick Leave equaling the value of the sick leave based upon the employee's base hourly rate,
including longevity pay, and/or confidential pay as applicable, multiplied by the number sick leave hours at retirement for employees who retire on or after July 2, 2011.
- Accrued Vacation Leave _____
- Other (specify type of leave) Accrued _____ Leave

An Employee shall not have the right to discontinue or vary the rate of mandatory leave contributions.

C. Limits on Total Contributions (check one box)

The total contribution by the Employer on behalf of each Participant (including Direct Employer and Mandatory Employee Contributions) for each Plan Year shall not exceed the following limit(s) below. Limits on individual contribution types are defined within the appropriate section above.

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- There is no Plan-defined limit on the percentage or dollar amount of earnings that may be contributed.
- N/A % of earnings*
 - *Definition of earnings: Same as Section VI.A.. Other
- \$ N/A for the Plan year.

See Section V.B. for a discussion of nondiscrimination rules that may apply to non-collectively bargained self-insured Plans.

VII. Vesting for Direct Employer Contributions

A. Vesting Schedule (check one box)

- The account is 100% vested at all times.
- The following vesting schedule shall apply to Direct Employer Contributions as outlined in Section VI.B.1.:

Years of Service Completed	Vesting Percentage
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %

B. The account will become 100% vested upon the death, disability, retirement*, or attainment of benefit eligibility (as outlined in Section IX) by a Participant.

*Definition of retirement (check one box):

- Retirement as defined in the primary retirement plan of the Employer
- Separation from service
- Other _____

C. Any period of service by a Participant prior to a rehire of the Participant by the Employer shall not count toward the vesting schedule outlined in A above.

VIII. Forfeiture Provisions

Upon separation from the service of the Employer prior to attainment of benefit eligibility (as outlined in Section IX), or upon reversion to the Trust of a Participant's account assets remaining upon the participant's death (as outlined in Section XI), a Participant's non-vested funds shall (check one box):

- Remain in the Trust to be reallocated among all remaining Employees participating in the Plan as Direct Employer Contributions for the next and succeeding contribution cycle(s).
- Remain in the Trust to be reallocated on an equal dollar basis among all Plan Participants.
- Remain in the Trust to be reallocated among all Plan Participants based upon Participant account balances.
- Revert to the Employer.

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IX. Eligibility Requirements to Receive Medical Benefit Payments from the VantageCare Retirement Health Savings Plan

A. A Participant is eligible to receive benefits:

- At retirement only (also complete Section B.)

Definition of retirement:

- Same as Section VII.B.

Other _____

- At separation from service with the following restrictions

No restrictions

Other _____

- At age _____ only

- At retirement and age _____ (also complete section B)

Definition of retirement:

Same as Section VII.B.

Other _____

- At retirement or age _____

Definition of retirement:

Same as Section VII.B.

Other _____

- Other, specified as follows (also complete Section B if applicable): _____

B. Termination prior to general benefit eligibility: In the case where the general benefit eligibility as outlined in Section IX.A includes a retirement component, a Participant who separates from the service of the Employer prior to retirement will be eligible to receive benefits:

- Immediately upon separation from service.

At age _____

C. A Participant that becomes totally and permanently disabled

as defined by the Social Security Administration

as defined by the Employer's primary retirement plan

other _____

will become immediately eligible to receive medical benefit payments from his/her VantageCare Retirement Health Savings Plan account.

D. Upon the death of the Participant, benefits shall become payable as outlined in Section XI.

X. Permissible Medical Benefit Payments

Benefits eligible for reimbursement consist of:

- All Medical Expenses eligible under IRC Section 213* other than direct long-term care expenses, and including non-prescription medications allowed under IRS guidance.
- The following Medical Expenses (select only the expenses you wish to cover under the VantageCare Retirement Health Savings Plan):
 - Medical Insurance Premiums
 - Medical Out-of-Pocket Expenses*
 - Medicare Part B Insurance Premiums
 - Medicare Part D Insurance Premiums
 - Medicare Supplemental Insurance Premiums
 - Prescription Drug Insurance Premiums
 - COBRA Insurance Premiums
 - Dental Insurance Premiums
 - Dental Out-of-Pocket Expenses*
 - Vision Insurance Premiums
 - Vision Out-of-Pocket Expenses*
 - Qualified Long-Term Care Insurance Premiums
 - Non-Prescription medications allowed under IRS guidance*
 - Other qualifying medical expenses (describe)*

* See Section V.A. for a discussion of nondiscrimination rules which may apply to non-collectively bargained, self-insured Plans.

XI. Benefits After the Death of the Participant

In the event of a Participant's death, the following shall apply:

A. Surviving Spouse and/or Surviving Dependents

The surviving spouse and/or surviving eligible dependents (as defined in Section XII.D.) of the deceased Participant are immediately eligible to maintain the account and utilize it to fund eligible medical benefits specified in Section X above.

Upon notification of a Participant's death, the Participant's account balance will be transferred into the Vantagepoint Money Market Fund* (or another fund selected by the Employer). The account balance may be reallocated by the surviving spouse or dependents.

** Please read the current Vantagepoint Mutual Funds prospectus carefully prior to investing. An investment in this fund is neither insured nor guaranteed and there can be no assurance that the Fund will be able to maintain a stable net asset value of \$1.00 per share. Vantagepoint Mutual Funds are distributed by ICMA-RC Services, LLC, a wholly-owned broker-dealer affiliate of ICMA Retirement Corporation. Member FINRA/SIPC.*

If a Participant's account balance has not been fully utilized upon the death of the eligible spouse, the account balance may continue to be utilized to pay benefits of eligible dependents. Upon the death of all eligible dependents, the account will revert to the Plan to be applied as specified in Section VIII.

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B. No Surviving Spouse or Surviving Dependents

If there are no living spouse or dependents at the time of death of the Participant, the account will revert to the Plan to be applied as specified in Section VIII.

XII. The Plan will operate according to the following provisions:

A. Employer Responsibilities

1. The Employer will submit all VantageCare Retirement Health Savings Plan contribution data via electronic submission.
 2. The Employer will submit all VantageCare Retirement Health Savings Plan Participant status updates or personal information updates via electronic submission. This includes but is not limited to termination notification and benefit eligibility notification.
- B.** Participant account administration and asset-based fees will be paid through the redemption of Participant account shares, unless agreed upon otherwise in the Administrative Services Agreement.
- C.** Assignment of benefits is not permitted. Benefits will be paid only to the Participant, his/her Survivors, the Employer, or an insurance provider (as allowed by the claims administrator). Payments to a third-party payee (e.g., medical service provider) are not permitted with the exception of reimbursement to the Employer or insurance provider (as allowed by the claims administrator).
- D.** An eligible dependent is the Participant's lawful spouse and any other individual who is a person described in IRC Section 152(a), as clarified by Internal Revenue Service Notice 2004-79.
- E.** The Employer will be responsible for withholding, reporting and remitting any applicable taxes for payments which are deemed to be discriminatory under IRC Section 105(h), as outlined in the VantageCare Retirement Health Savings Plan Employer Manual.

XIII. Employer Acknowledgements

- A.** The Employer hereby acknowledges it understands that failure to properly fill out this Employer VantageCare Retirement Health Savings Plan Adoption Agreement may result in the loss of tax exemption of the Trust and/or loss of tax-deferred status for Employer contributions.
- B.** Check this box if you are including supporting documents that include plan provisions.

EMPLOYER SIGNATURE

By: Nancy Nittler

Date: _____

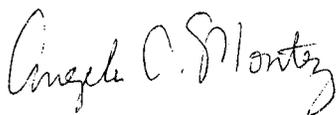
Title: Personnel Director

Attest: Ann Craig

Date: _____

Title: Personnel Services Manager

Accepted: VANTAGEPOINT TRANSFER AGENTS, LLC



Assistant Secretary, ICMA-RC

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PLACER COUNTY
PERSONNEL DEPARTMENT

145 Fulweiler Avenue, Suite 200
Auburn, California 95603-4578

CIVIL SERVICE COMMISSION

Rex Clark
John Costa
Ron Le Doux
Don Nelson
Larry Webber

Nancy Nittler, Personnel Director
Lori Walsh, Assistant Director
Main Office: 530.889.4060
FAX: 530.886.4626
www.placer.ca.gov

November 8, 2011

ICMA Retirement Corporation
Client Services Division, suite 600
777 North Capitol Street, N.E.
Washington, DC 20002-4240

Attn: Client Services Division

Re: Placer County Plan Number 803304
Amendment to Adoption Agreement
Retiree Health Savings Plan

This letter is to acknowledge that Placer County intends to cover the allowable expenses as identified under the IRS Code Section 213 for its plan participants to include the retiree and spouse only, including California Registered Domestic Partners under the ICMA-RC Retiree Health Savings Plan. The Placer County Retiree Health Savings plan does not cover allowable expenses for the participant's other dependents, such as children or step children under this plan. Upon the death of the participant, only the surviving spouse, or California Registered Domestic partner, of the deceased participant is immediately eligible to maintain the account and utilize it to fund eligible medical expenses.

This plan provision was adopted by the Placer County Board of Supervisors at its regular meeting on November 8, 2011.

Sincerely,

Ann K. Craig
Personnel Services Manager

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ADMINISTRATIVE SERVICES AGREEMENT

Type: VantageCare RHS

Account Number: 803304

ADMINISTRATIVE SERVICES AGREEMENT

This Agreement, made as of the _____ day of _____, 2011 (herein referred to as the "Inception Date"), between The International City Management Association Retirement Corporation ("ICMA-RC"), a nonprofit corporation organized and existing under the laws of the State of Delaware; and the County of Placer ("Employer") a local governmental instrumentality organized and existing under the laws of the State of California with an office at 145 Fulweiler Avenue, Auburn, California 95603.

RECITALS

Employer acts as a public plan sponsor for a retiree health plan with responsibility to obtain investment alternatives and services for employees participating in that plan;

Employer desires to make the VantageCare Retirement Health Savings Plan ("RHS Plan" or "Plan") provided by ICMA-RC available to its employees;

ICMA-RC makes available the Vantagepoint Funds, a no-load, diversified mutual fund, for investment of public employer plan assets, including RHS Plan assets;

ICMA-RC provides a complete offering of services to public employers for the operation of employee retirement and retiree health savings plans including, but not limited to, communications concerning investment alternatives, account maintenance, account record-keeping, investment and tax reporting, form processing, benefit disbursement and asset management.

AGREEMENTS

1. Acceptance of RHS Plan

Employer agrees to make the RHS Plan provided by ICMA-RC available to its employees. The details of the RHS Plan shall be as mutually agreed between the Employer and ICMA-RC, and in general shall be as set forth in the RHS Plan materials developed by ICMA-RC and provided to Employer. The RHS Plan materials are hereby incorporated by reference and made a part of this Agreement, except that Employer and ICMA-RC may from time to time mutually agree in writing to terms that vary from the RHS Plan materials. RHS plan materials shall include the *VantageCare RHS Employer Manual*, available electronically through the EZ Link System upon plan adoption.

The functions to be performed by ICMA-RC and its agents include:

- (a) allocation in accordance with participant direction of individual accounts to investment funds ("Funds") made available to Plan participants;
- (b) maintenance of individual accounts for participants reflecting amounts

contributed,
income, gain, or loss credited, and amounts disbursed as benefits;

- (c) provision of periodic reports to the Employer and participants of the status of Plan investments and individual accounts;
- (d) communication to participants of information regarding their rights and elections under the Plan;
- (e) disbursement of benefits as agent for the Employer in accordance with terms of the Plan; and
- (f) performance of tax withholding and reporting in conjunction with the Employer for each RHS account.

2. Employer Duty to Furnish Information

Employer agrees to furnish to ICMA-RC on a timely basis such information as is necessary for ICMA-RC to carry out its responsibilities with respect to the Plan, including information needed to allocate individual participant accounts to Funds, and information as to the benefit eligibility and employment status of participants, and participant ages, addresses, beneficiaries and other identifying information (including tax identification numbers). ICMA-RC shall be entitled to rely upon the accuracy of any information that is furnished to it by a responsible official of the Employer or any information relating to an individual participant, dependent, or beneficiary that is furnished by such participant, dependent, or beneficiary, and ICMA-RC shall not be responsible for any error arising from its reliance on such information. ICMA-RC will provide account information in reports, statements or accountings.

3. Certain Representations and Warranties

ICMA-RC represents and warrants to Employer that:

- (a) ICMA-RC is a non-profit corporation with full power and authority to enter into this Agreement and to perform its obligations under this Agreement.
- (b) ICMA-RC is an investment adviser registered as such with the Securities and Exchange Commission under the Investment Advisers Act of 1940, as amended. ICMA-RC Services, LLC (a wholly owned subsidiary of ICMA-RC) is registered as a broker-dealer with the Securities and Exchange Commission (SEC) and is a member in good standing of the National Association of Securities Dealers, Inc.

Employer represents and warrants to ICMA-RC that:

- (c) Employer is organized in the form and manner recited in the opening paragraph of this Agreement with full power and authority to enter into and perform its

obligations under this Agreement and to act for the Plan and participants in the manner contemplated in this Agreement. Execution, delivery, and performance of this Agreement will not conflict with any law, rule, regulation or contract by which the Employer is bound or to which it is a party.

- (d) Information required to be retained by the Employer shall be set forth in the RHS plan materials developed by ICMA-RC and provided to the Employer.
- (e) Employer is responsible for determining that there are no state or local laws that would prohibit it from establishing ICMA-RC's VantageCare RHS program. Employer is also responsible for determining that the investments selected for the RHS plan fall within state/local requirements.
- (f) Employer acknowledges that the RHS plan may be treated as a "health plan" for Health Insurance Portability and Accountability Act ("HIPAA") purposes and therefore may be subject to HIPAA privacy rules. If it is determined that the RHS plan is considered a "health plan", an employer sponsoring RHS would be responsible for complying with the HIPAA privacy and security rules regarding protected health information of RHS plan participants.

ICMA-RC has procedures in place to safeguard the protected health information of RHS plan participants.

4. Participation in Certain Proceedings

The Employer hereby authorizes ICMA-RC to act as agent, to appear on its behalf, and to join the Employer as a necessary party in all legal proceedings involving the garnishment of benefits or the transfer of benefits pursuant to a medical child support order. Unless Employer notifies ICMA-RC otherwise, Employer authorizes ICMA-RC to determine whether disbursement of benefits to a former spouse, spouse or child pursuant to a medical child support order is appropriate.

5. Compensation and Payment

- (a) Absent an explicit agreement to the contrary between ICMA-RC and Employer, participant fees and expenses shall be payable from RHS assets, in accordance with the requirements of the RHS Plan as set forth below.

An annual asset fee of 0.40% (40 basis points) will be charged on a quarterly basis, based on the balance in the account on the last day of the previous quarter.

In addition to the annual asset fee, a \$25 annual account fee will be charged quarterly to each Accountholder's account.

Account administration fees are subject to change with appropriate prior

notification.

- (b) Compensation for Advisory and other Services to the Vantagepoint Funds. Employer acknowledges that certain wholly-owned subsidiaries of ICMA-RC receive compensation from the Vantagepoint Funds for advisory and other services furnished to the Vantagepoint Funds. The fees referred to in this subsection are disclosed in the Vantagepoint Funds Prospectus and Statement of Additional Information.

Employer acknowledges and agrees that ICMA-RC does not assume any responsibility with respect to the selection or retention of the Plan's investment options. Employer shall have exclusive responsibility for the Plan's investment options, including the selection of the applicable mutual fund share class.

6. Custody

Employer understands that amounts contributed to the RHS plan are to be remitted directly to Vantagepoint Transfer Agents in accordance with instructions provided to Employer in the RHS plan materials and are not to be remitted to ICMA-RC. In the event that any check or wire transfer is incorrectly labeled or transferred, ICMA-RC will return it to Employer with proper instructions.

7. Responsibility

- (a) ICMA-RC shall not be responsible for any acts or omissions of any person other than ICMA-RC in connection with the administration or operation of the Plan.
- (b) The Employer understands that, as a general matter, the Internal Revenue Service ("IRS") may decline to rule on certain design features or provisions that the Employer may request to have added to the RHS plan materials. The Employer agrees to hold ICMA-RC harmless in connection with the addition and administration of any RHS plan feature or provision requested by the Employer for which the IRS will not provide express interpretive guidance.

8. Term

This Agreement shall be in effect for an initial term beginning on the Inception Date and ending 5 years after the Inception Date. This Agreement will be renewed automatically for each succeeding year unless written notice of termination is provided by either party to the other no less than 60 days before the end of such Agreement year.

9. Amendments and Adjustments

- (a) This Agreement may not be amended except by written instrument signed by the parties.

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- (b) The parties agree that an adjustment to compensation or administrative and operational services under this Agreement may only be implemented by ICMA-RC through a proposal to the Employer via correspondence or the Employer Bulletin. The Employer will be given at least 60 days to review the proposal before the effective date of the adjustment. Such adjustment shall become effective unless, within the 60 day period before the effective date, the Employer notifies ICMA-RC in writing that it does not accept such adjustment, in which event the parties will negotiate with respect to the adjustment.
- (c) No failure to exercise and no delay in exercising any right, remedy, power or privilege hereunder shall operate as a waiver of such right, remedy, power or privilege.

10. Notices

All notices required to be delivered under Section 9 of this Agreement shall be delivered personally or by registered or certified mail, postage prepaid, return receipt requested, to (i) Legal Department, ICMA Retirement Corporation, 777 North Capitol Street, N.E., Suite 600, Washington, D.C, 20002-4240; (ii) Employer at the office set forth in the first paragraph hereof, or to any other address designated by the party to receive the same by written notice similarly given.

11. Complete Agreement

This Agreement shall constitute the sole agreement between ICMA-RC and Employer relating to the object of this Agreement and correctly sets forth the complete rights, duties and obligations of each party to the other as of its date. Any prior agreements, promises, negotiations or representations, verbal or otherwise, not expressly set forth in this Agreement are of no force and effect.

12. Governing Law

This agreement shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made in that jurisdiction without reference to its conflicts of laws provisions.

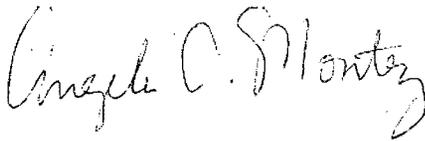
In Witness Whereof, the parties hereto have executed this Agreement as of the Inception Date first above written.

COUNTY OF PLACER

By _____ Date _____
Signature

Name and Title (Please Print)

INTERNATIONAL CITY/COUNTY MANAGEMENT
ASSOCIATION RETIREMENT CORPORATION



By _____
Angela C. Montez
Assistant Corporate Secretary

**Before the Board of Supervisors
County of Placer, State of California**

In the matter of:

The Adoption of the VantageCare
Retirement Health Savings (RHS)
Plan Number 803304

Resol. No: _____

The following Resolution was duly passed by the Board of Supervisors of the
County of Placer at a regular meeting held November 8, 2011 by the
following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

CHAIRMAN, BOARD OF SUPERVISORS

Attest:
Clerk of said Board

ANN HOLMAN

The Board of Supervisors of the County of Placer, State of California,
does hereby resolve as follows:

WHEREAS, the Employer has employees rendering valuable services;
and

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WHEREAS, the establishment of a retiree health savings plan for such employees serves the interests of the Employer by enabling it to provide reasonable security regarding such employees' health needs during retirement, by providing increased flexibility in its personnel management system, and by assisting in the attraction and retention of competent personnel; and

WHEREAS, the Employer has determined that the establishment of the retiree health savings plan (the "Plan") serves the above objectives; and

WHEREAS, the adoption of the retiree health savings plan is a replacement plan for the retiree paid health sick leave plan;

WHEREAS, the retiree health savings plan will cover IRS Code Section 213 allowable expenses for plan participants which include the retiree and spouse only, including California Registered Domestic Partners; and after the participants death the account balance may be reallocated solely to the spouse including California Registered Domestic Partner;

NOW, THEREFORE BE IT RESOLVED that the Employer hereby adopts the Plan in the form of the ICMA Retirement Corporation's VantageCare Retirement Health Savings program for the Placer County Management and Confidential employees and Elected Officials.

BE IT FURTHER RESOLVED that the assets of the Plan shall be held in trust, with the Employer serving as trustee for the exclusive benefit of Plan participants and their survivors, and the assets of the Plan shall not be diverted to any other purpose prior to the satisfaction of all liabilities of the Plan. The Employer has executed the Declaration of Trust of the County of Placer Integral Part Trust in the form of the model trust made available by the ICMA Retirement Corporation (executed copy attached hereto).

BE IT FURTHER RESOLVED, that the Personnel Director or designee shall be the Coordinator and plan contact and shall receive and execute necessary reports, notices, and documentation for plan operation.

**Before the Board of Supervisors
County of Placer, State of California**

In the matter of: AN ORDINANCE AMENDING
SECTION OF CHAPTER 3 OF THE PLACER
COUNTY CODE 3.04.420

Ordinance No: _____

First Reading: _____

The following Ordinance was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held _____, by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Robert Weygandt
Chairman, Board of Supervisors

Attest:
Clerk of said Board

Ann Holman

THE BOARD OF SUPERVISORS OF THE COUNTY OF PLACER, STATE OF CALIFORNIA,
DOES HEREBY ORDAIN AS FOLLOWS:

Section 1: That Section 3.04.420 of Chapter 3 of the Placer County Code is hereby amended and shall read as follows:

3.04.420 Termination of employment.

J. ~~Effective July 2, 2011 for m~~ **Management (Classified and Unclassified) employees, excluding safety management, or and confidential employees, excluding safety management employees, retiring from county service and eligible to receive receiving CalPERS miscellaneous plan benefits at the time of retirement, will receive an amount placed in the retirement health savings plan trust for the employee equal to the value of the employees unused sick leave accrual at retirement for purposes of reimbursement of premiums and expenses incurred for health care expenditures as allowable under Internal Revenue Code section 213. ~~he or she shall receive reimbursement for the CalPERS retiree group~~**

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~~health insurance premium based upon the value of the unused sick leave at retirement. The value **of the sick leave accrual** will be determined by the number of unused sick leave hours available paid at the employee's base hourly rate on the salary schedule **at the time of retirement**, plus confidential pay and/or longevity pay if applicable. This benefit does not apply to any other county sponsored plans, such as, but not limited to, the life, vision, or dental programs.~~

1. Employees who retired on or after July 2, 2011, prior to the effective date of the retirement health savings plan trust, and who are eligible to receive reimbursement under the retirees paid health program will have the remaining account balance transferred to the retiree health savings plan trust.

2. Employees who retired on or before July 1, 2011, will receive reimbursement for the CalPERS retiree group health insurance premium based upon the value of the unused sick leave hours available paid at the employee's base hourly rate on the salary schedule at the time of retirement, plus confidential pay and/or longevity pay if applicable. This benefit does not apply to any other county sponsored plans such as, but not limited to, the life, vision, or dental programs.

K. Effective July 2, 2011, for elected officials, excluding elected safety, retiring from county service and eligible to receive California Employees' Retirement System (CalPERS) benefits at the time of retirement shall receive:

1. One month of paid CalPERS group health insurance for each two months of elected service. This benefit does not apply to any other county sponsored plans, such as, but not limited to, the life, vision, or dental programs; and if applicable

2. Any employee elected or appointed to an elective office, who has a current sick leave balance in excess of one hundred ninety-two (192) hours at the date he or she assumes elective office, shall not lose his or her accrued sick leave hours. At the date he or she assumes elective office such hours shall be placed in inactive status, without further accrual, until such time as the employee leaves elective office and is eligible to receive retirement benefits under subsections I or J of this section **based upon the last classification held prior to assuming elective office**. If the employee leaves elective office prior to becoming eligible to receive retirement benefits under subsections I or J of this section, the eligible sick leave shall be paid in accordance with subsection C of this section, and the sick leave hours shall be compensated at the current rate of the last classification held prior to assuming elective office. If said classification no longer exists, then compensation will be paid at the last established salary rate for that classification.

Section 2: This ordinance shall take effect and be in full force and effect immediately upon final adoption. The Clerk is directed to publish this ordinance, or a summary thereof, within fifteen (15) days in accordance with Government Code Section 25124.

