



Legislation Text

File #: 18-1573, **Version:** 1

Department of Human Resources recommending the Board order the Auditor-Controller to disburse \$48,363.82, which includes an assignment fee of \$1,400.00, from the Risk Management Fund to Structured Assignments, Inc., on behalf of employee E. K., in settlement of a grievance regarding future retirement benefits.

FUNDING: Risk Management General Liability Fund.

DISCUSSION / BACKGROUND

The Board previously agreed to a settlement of a grievance filed by employee E.K. involving a discrepancy between the County's contract with CalPERS for employee retirement benefits and the terms of the Memorandum of Understanding between the County and the bargaining unit representing the employee. The key term of this settlement was that the County would purchase an annuity for the benefit of the employee that would pay the difference in retirement benefits between what was promised in the MOU and what CalPERS was contractually required to provide, beginning upon the employee's retirement. The employee, in turn, released the County from any future liability following the County's purchase of this annuity and concurrent assignment of all contractual obligations to the annuity provider.

Because the employee's anticipated retirement date is over two decades away, annuity providers based in the United States do not sell such annuities. Accordingly, the annuity brokerage firm of Structured Financial Associates, based in Sacramento, obtained a quote from its affiliate, Structured Assignments, Inc. (SAI), which is domiciled in Barbados. Included in this packet is an email from Andrew Fisher, Vice President of Sales and Marketing for the Structures corporate family, explaining the reasons why Barbados was chosen. SAI partners with the Royal Bank of Canada for all of its banking needs. The Royal Bank of Canada is the oldest bank operating in the Caribbean, and is a large, secure institution. An information sheet about the Royal Bank of Canada is also included in the Board packet, as well as certificates of registration and insurance for SAI.

SAI has quoted a price of \$46,963.82 to provide the annuity. This amount to be paid under the annuity beginning in 2042 represents the difference in the benefits suggested by the MOU and the amount that will be paid by CalPERS to E.K. upon retirement. SAI also charges a \$1,400 assignment fee, for a total cost to the County of \$48,363.82. Per the terms of the settlement agreement, the purchase of the annuity and corresponding assignment of liability to SAI for these payments removes any future liability of the County relating to this matter. The Department of Human Resources recommends this disbursement of funds in order to resolve this matter in its entirety.

ALTERNATIVES

No viable alternative recommendations are available.

OTHER DEPARTMENT / AGENCY INVOLVEMENT

N/A

CAO RECOMMENDATION / COMMENTS

It is recommended that the Board approve this item.

FINANCIAL IMPACT

There will be a one-time cost of \$48,363.82 to the Risk Management General Liability Fund. There are sufficient appropriations in the General Liability Fund budgeted for FY 2018-19 for this cost.

CLERK OF THE BOARD FOLLOW UP ACTIONS

N/A.

STRATEGIC PLAN COMPONENT

Good Governance.

CONTACT

Tameka Usher, Director of Human Resources/Stephen Mansell, Deputy County Counsel