



**TRUCKEE TAHOE AIRPORT DISTRICT  
BOARD OF DIRECTOR STAFF REPORT**

**AGENDA TITLE: Policy Instruction (PI) 212 - Health Insurance Benefits for Directors and Employees**

**MEETING DATE: June 28, 2017**

**PREPARED BY: Brent P. Collinson, Attorney At Law at the request of Directors Morrison and Director Stephens**

---

**RECOMMENDED ACTION:** Adopt the proposed revisions to PI 212 regarding health insurance benefits for Board Members clarifying reimbursement sum and reimburse process for Directors.

**DISCUSSION:** Government Code section 53208.5 provides, in part, that the health insurance benefits for Board Members shall not exceed “the most generous schedule of benefits” available to non-safety employees.

We have previously addressed this section and Policy Instruction in that the Legislature failed to set out if the “schedule of benefits” refers to the premiums paid or the coverage provided. Because Directors are not full time employees, they are not eligible for the coverage under the District’s Group Policy that is available to the employees.

The Board has put forth great effort in trying to be in compliance with this section by providing that Directors can either: 1) enroll in a comparable program offered by CalPERS and have the District contribute the same percentage of premiums the District pays for its employees (93%) or 2) obtain their own health insurance coverage and be reimbursed an amount not exceeding the amount of premiums the District pays for its employees.

There are three classes of coverage for employees: individual, couple, or family.

However, in order to better ensure full compliance with state law, it is recommended that a further provision be added that sets forth that with either option, the amount paid for Board

Members not exceed the actual amount of premiums paid for an employee in the same class (individual, couple or family).

Also, in order to ease the burden on staff, instead of processing and paying the appropriate premiums on behalf of a Director to one or more insurance companies, it is proposed that a Director submit copies of their statement(s) to the District and receive one reimbursement check per month. This could result in a Director having to report that payment as income on their tax returns, but each Director should confer with their own tax advisor.

Finally, the third proposed amendment is added to make clear that the insurance benefit provided by the District for its Directors is limited to medical coverage and not vision or dental coverage.

This matter has a reasonably foreseeable financial impact on all Directors. Although there exists a conflict of interest on all Directors, the “Rule of Necessity” (Government Code section 87101) provides that since the Board is the only decision-making body that can address this matter, the minimum number of Directors can be randomly selected to take action on this matter. Such disclosures of the conflict and the need for the Rule of Necessity must be disclosed and noted in the Minutes.

**NEXT STEPS:** The entire Board must disclose their conflict of interest and the need to invoke the Rule of Necessity and the reason therefor. This can be done by counsel on behalf of the Board, if desired. Next, three Directors must be selected randomly to then take action. The two Directors not selected must leave the room, but can address the Board on this item during public comment.

**FISCAL IMPACT:** The fiscal impact will be relatively unchanged. As of June 2017 all director reimbursement for medical insurance are compliant with the revised policy instruction proposed.

**PUBLIC COMMUNICATION:** This matter has been noticed for the June 28, 2017 Agenda. It has also recently been discussed at various meetings of the Board of Directors.

**POSSIBLE MOTIONS:** I move to adopt the proposed amendments as attached to Policy Instruction 212 – Health Insurance Benefits for Directors and Employees.

**ATTACHMENTS:**

Proposed PI 212 with amended language.