

LETTER OF UNDERSTANDING
between the
ANAHEIM FIREFIGHTERS ASSOCIATION, Local 2899
and the
CITY OF ANAHEIM

The Anaheim Firefighters Association, Local 2899 (AFA), and the City of Anaheim (ANAHEIM) have met and conferred and have reached an agreement concerning a defined contribution Post-Retirement Medical Plan for employees hired on or after November 9, 2001. The PARTIES have reached an understanding, as follows:

1. AFA and ANAHEIM agree that Article 56.1 of the Memorandum of Understanding between the PARTIES dated July 1, 2001 through June 30, 2005 is amended as follows:

56.1 ANAHEIM and AFA agree that employees hired on or after November 9, 2001 shall not be eligible for any post-retirement medical benefits under this ARTICLE. ANAHEIM and AFA agree that employees hired on or after November 9, 2001 shall be provided a defined contribution Post-Retirement Medical benefit with the following provisions:

56.1.1 Use of an Integral Part Trust for reimbursement of qualified medical expenses. Qualified medical expenses are those expenses authorized under the provisions of Internal Revenue Code Section 213, excepting only those expenses that ANAHEIM and AFA mutually agree to exclude.

56.1.2 ANAHEIM will contribute a one-time lump sum of three thousand dollars (\$3,000) to each the individual employee's Retirement Health Savings Account (RHSA) upon completion of an initial probation period at the time the employee is hired into a position in a classification represented by the AFA. This contribution shall vest to the employee upon completion of five (5) years of continuous employment, except that this contribution shall immediately vest to the benefit of any employee who separates City service as the result of being granted an industrial disability retirement from the Public Employees Retirement System.

56.1.3 A mandatory employee pre-tax contribution of one percent (1%) of regular hourly rate of pay, not including assignment pay Holiday Premium Earnings paid in accordance with Article 31 (HOLIDAYS) of the Memorandum of Understanding between the parties will be deposited to the individual employee's Retirement Health Savings Account on a biweekly basis at the close of the pay period in which the holiday falls. Employees assigned to a forty (40) hour work schedule shall contribute the equivalent of Holiday Premium Earnings, or 3.85% of base biweekly pay per pay period.

~~56.1.4 Requires a five-year cliff vesting period.~~

2. AFA and ANAHEIM agree that employees assigned to a fifty-six (56) hour work schedule shall be given an opportunity each year to elect to contribute (in increments of ½ hour) paid leave hours to be earned prospectively in the upcoming calendar year. Employees shall be required to accrue a minimum of six (6) hours of earned Paid Leave time per pay period. The remaining balance earned per pay period shall be available for deferral to the individual employee's Retirement Health Savings Account as designated by the employee. Such deferrals shall be converted to cash at the employee's base rate of pay and deposited into the employee's individual RHSA as they are earned.

AFA and ANAHEIM agree that those employees assigned to a forty (40) hour work schedule shall be given an opportunity each year to elect to contribute (in increments of ½ hour) sick leave hours to be earned prospectively in the upcoming calendar year. Employees shall be required to accrue a minimum of one (1) hour of earned Sick Leave time per pay period. The remaining balance earned per pay period shall be available for deferral to the individual employee's Retirement Health Savings Account as designated by the employee. Such deferrals shall be converted to cash at the employee's base rate of pay and deposited into the employee's individual RHSA as they are earned.

AFA and ANAHEIM agree that those employees assigned to a forty (40) hour work schedule shall be given an opportunity each year to elect to contribute (in increments of ½ hour) vacation leave hours to be earned prospectively in the upcoming calendar year. Employees shall be required to accrue a minimum of three (3) hours of earned Vacation Leave time per pay period. The remaining balance earned per pay period shall be available for deferral to the individual employee's Retirement Health Savings Account as designated by the employee. Such deferrals shall be converted to cash at the employee's base rate of pay and deposited into the employee's individual RHSA as they are earned.

All contributions made under the provisions of this Section shall be designated as pre-tax contributions.

3. AFA and ANAHEIM agree that employees will be eligible to withdraw funds for reimbursement of the employee's share of medical insurance premiums for plans provided by the City at age 50 and after five years of service with the City of Anaheim.
4. AFA and ANAHEIM agree that any employee who separates City service for any reason will be eligible to withdraw funds for reimbursement of eligible medical expenses without regard to the employee's age or years of service. AFA and ANAHEIM acknowledge that employee contributions for employer-provided group health insurance provided by other employers are not an eligible medical expense for the purpose of this plan.
5. AFA and ANAHEIM agree that employees hired on or after November 9, 2001, who have completed at least ten (10) years of consecutive ANAHEIM service, and who are awarded a retirement from PERS as their reason for separation from ANAHEIM service shall be allowed access to ANAHEIM sponsored group health plans as one of their coverage options.
6. AFA and ANAHEIM agree that upon the death of an employee, surviving spouse and/or eligible dependents are immediately eligible to maintain the individual member account and to utilize it to fund eligible medical benefits.
7. AFA and ANAHEIM agree that the Plan Document shall establish the medical benefits that are reimbursable to participating employees and shall establish benefit eligibility, consistent with this Letter of Understanding and with applicable Internal Revenue Service regulations.

8. AFA and ANAHEIM agree that either party may request at any time to meet and confer regarding plan provisions, and may propose plan amendments to be effective the first day of the calendar year following agreement, except that ANAHEIM shall not be obligated to meet and confer at any time during the term of the current Memorandum of Understanding between the PARTIES dated July 1, 2001 through June 30, 2005 regarding employer contributions. Any agreements reached shall be incorporated in a written Letter of Understanding, signed by the City Management Representative and the AFA Representatives and presented to the Anaheim City Council for determination.
9. If any provision of this Letter of Understanding is at any time or in any way expressly prohibited by Private Letter Ruling or held to be contrary to any law by any court of proper jurisdiction, the remainder of this Letter of Understanding shall not be effected thereby, and shall remain in full force and effect.
10. Disputes regarding the interpretation or application of the terms of this Letter of Understanding shall be resolved between authorized representatives of ANAHEIM and the AFA. In the event the parties cannot resolve the dispute, it shall be submitted for review through the grievance procedure.

**STAFF OFFICIALS of the CITY OF ANAHEIM,
a Municipal Corporation**

**ANAHEIM FIREFIGHTERS ASSOCIATION,
Local 2899**

By: David Hill

By: W. Strick

By: CYKY

By: _____

By: A. Wall

By: _____

Dated: 7-22-02

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