

LETTER OF UNDERSTANDING
between the
ANAHEIM FIREFIGHTERS ASSOCIATION, Local No. 2899
and the
CITY OF ANAHEIM

The City of Anaheim ("CITY") and the Anaheim Firefighters Association, Local No. 2899, ("AFA") after meeting and conferring, have reached an understanding to amend Article 56.1 of the Memorandum of Understanding between the parties dated July 1, 2001 through June 30, 2005, to reflect a change in the mandatory employee pre-tax contribution towards the Retired Health Savings Account. The PARTIES have reached an understanding as follows:

1. Article 56.1 will be amended, effective the first pay period following City Council approval of this Letter of Understanding, as follows:

ARTICLE 56
POST RETIREMENT MEDICAL BENEFITS

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 the individual employee's Retirement Health Savings Account (RHSA) 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.

A mandatory employee pre-tax contribution of **equivalent to 3% of the top step of Firefighter IV base earnings** ~~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 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 ~~Holiday premium Earnings, or 3.85% of base biweekly pay per pay period.~~ **on a biweekly basis.**

STAFF OFFICIALS of the CITY OF ANAHEIM, a Municipal Corporation

ANAHEIM FIREFIGHTERS ASSOCIATION, Local No. 2899

By: David Hill
David Hill

By: Bill Stark
Bill Stark

By: Chris Chase
Chris Chase

By: Scott Fox
Scott Fox

By: Rick Hall
Rick Hall

Dated: 6/25/03