

RETIREE MEDICAL TRUST SERVICE CREDIT

BETWEEN

CITY OF HAYWARD

AND

INTERNATIONAL ASSOCIATION OF FIREFIGHTERS (IAFF)

LOCAL 1909 & HAYWARD FIRE OFFICERS ASSOCIATION (HFOA)

Section 6.12 Retiree Medical Trust

A. Acknowledgement. In accordance with Internal Revenue Code Section 501c and a majority vote of the Union membership, the City acknowledges that the Union has entered into an agreement with the IAFF Medical Expense Reimbursement Plan of the WSCFF Employee Benefit Trust (hereafter, the "Trust").

B. Defined Class of Employees Receiving Contributions. "Defined Class" means all full-time employees represented by the Union, except employees as described in 6.12-B(1) below.

1. Employees able to demonstrate to the City entitlement to full post-retirement medical benefits through a spouse or previous employment may make a one-time irrevocable election not to participate in the Trust. Employees entitled to this exemption must notify human resources of their refusal to participate within thirty (30) days of Trust implementation or date of hire by the City.

C. Employee Contribution Amount. The City and the Union agree that the City shall withhold a mandatory contribution amount equivalent to one percent (1%) of the monthly base pay of Step E Captain (fifty-six (56) Hour) per month (i.e., one-hundred thirty-nine dollars twelve cents (\$139.12) for FY2023), plus an additional contribution based on years of service in accordance with Table C-1 below on a pre-tax basis from the pay of every employee in the Defined Class and shall transmit such contributions to the Trust pursuant to the requirements in Part G below.

Years of service shall be inclusive of enrollment in CalPERS, United States Forestry Service, United States Military Service, CERL-1937 Act, and/or other municipal pension system.

No Employee in the Defined Class shall be permitted to opt-out of the mandatory contributions or receive any portion of the contribution in cash.

Employee contributions will be made on a bi-weekly per pay period basis in the amount of sixty-four dollars twenty-one cents (\$64.21)*, plus an additional contribution based on years of service. The Union has determined that the contributions to the plan shall be per pay period as follows:

Table C-1.

Years of Service	Biweekly Employee Contribution (1% of Step E Captain*)	Additional Biweekly Employee Contribution	Total Biweekly Employee Contribution*	Total Monthly Employee Contribution*
0-10	\$64.21	-	\$64.21	\$139.12
11-20	\$64.21	\$25.00	\$89.21	\$193.29
21-22	\$64.21	\$50.00	\$114.21	\$247.45
23-24	\$64.21	\$75.00	\$139.21	\$301.62
25-26	\$64.21	\$100.00	\$164.21	\$355.79
27-28	\$64.21	\$125.00	\$189.21	\$409.96
29+	\$64.21	\$150.00	\$214.21	\$464.12

* This amount shall be adjusted whenever the Step-E Captain salary is adjusted

D. Vacation Leave Transfer.

1. Annual Vacation Leave Transfer. The City and the Union agree that an employee in the Defined Class, by written election may convert up to one-hundred twenty (120) hours of accrued vacation one time per year, and the City shall irrevocably transfer the value of the converted vacation leave to the employee’s Trust account on a pre-tax basis subject to the following:

- a. The value of converted vacation hours shall be based on the employee's straight time hourly rate of pay in effect at the time of the conversion, and
 - b. To be eligible for vacation leave transfer all fifty-six (56) hour employees must have used a minimum of ninety-six (96) hours of paid vacation in the twelve (12) months preceding the submission of the request and have at least forty (48) hours of vacation after the conversion.
 - c. To be eligible for vacation leave transfer all forty (40) hour employees must have used a minimum of eighty (80) hours of paid vacation in the twelve (12) months preceding the submission of the request and have at least forty (40) hours of vacation after the conversion.
 - d. The employee may elect to apply any portion of the value of the converted vacation leave to a qualifying deferred compensation plan up to allowable IRS limits, and
 - e. The employee may not convert accrued vacation leave more than one time per calendar year, and
 - f. No employee in the Defined Class shall have the option to receive a cash payout for the value of the converted vacation leave in lieu of making contributions to the Trust and/or deferred compensation plan.
2. Vacation Leave Transfer at Separation. For every employee in the Defined Class, the City shall, upon the employee's separation from the City, irrevocably contribute to the employee's Trust account on a pre-tax basis, an amount equal in value to one-hundred percent (100%) of the payments that would otherwise be paid on behalf of the employee for unused vacation leave.

The employee, by written election received by the City no later than thirty (30) days prior to separation, may elect to apply any portion of the value of the vacation leave accrual to a qualifying deferred compensation plan up to allowable IRS limits. Absent such election, the City shall implement the vacation leave transfer to the employee's Trust account as set forth above.

No employee in the Defined Class shall have the option to receive a cash payout for the value of the accrued vacation leave in lieu of making contributions to the Trust and/or deferred compensation plan.

Employees excluded from Trust contributions in accordance with SECTION 6.12-B(1) shall receive a cash payout for accrued vacation leave upon separation. Such employees may elect to apply any portion of the cash payout to a qualifying deferred compensation plan up to allowable IRS limits.

D. Sick Leave Transfer. For every employee in the Defined Class, the City shall, upon the employee's separation from the City, irrevocably contribute to the employee's Trust account on a pre-tax basis, an amount equal in value to one-hundred percent (100%) of the payments that would otherwise be paid to or on behalf of the employee for unused sick leave.

The employee, by written election received by the City no later than thirty (30) days prior to separation, may elect to apply any portion of the value of the sick leave accrual pursuant to terms set forth in this section, to a qualifying deferred compensation plan up to allowable IRS limits, or apply accrued sick leave hours to service credit in accordance with the City's agreement with CalPERS. Absent such election, the City shall implement the sick leave transfer to the employee's Trust account as set forth above.

No employee in the Defined Class shall have the option to receive a cash payout for the value of the accrued sick leave in lieu of making contributions to the Trust, deferred compensation plan, or CalPERS service credit.

F. Employer Contribution Amount. The City and the Union agree that effective January 1, 2024, the City shall on a pre-tax basis, make the following contribution based on years of service on behalf of every member of the Defined Class. Years of service shall be inclusive of enrollment in CalPERS, United States Forestry Service, United States Military Service, CERL-1937 Act, and/or other municipal pension system.

1. The City shall contribute a total of five-hundred eight dollars and thirty cents (\$508.30) per month (two-hundred thirty-four dollars and sixty cents (\$234.60) per pay period). The City contribution shall be allocated to the employee's Trust account and a City-sponsored 401(a) account in accordance with Table F-1 below:

Table F-1

Years Of Service	City Trust Contribution (Biweekly)	City 401(a) Contribution (Biweekly)	Total City Contribution (Monthly)
Up to 15	\$0	\$234.60	\$508.30
15 or greater	\$170.39	\$64.21	\$508.30

2. Employees exempted from Trust participation pursuant to Section 6.12-B(1) shall receive five-hundred eight dollars and thirty cents (\$508.30) as a monthly City contribution to the 401(a).
3. The City acknowledges that Trust provisions require participating employees to attain five (5) years of Active Service in the plan to qualify as a Regular Beneficiary, as defined by the plan document. Regular Beneficiaries are entitled to monthly benefits from the Pooled Account of the Trust.

In consideration of the elimination of the Supplemental Retirement Benefit pursuant to SECTION 6.10 of this agreement, the City shall make a lump sum contribution on behalf of all employees in the Defined Class retiring with less than five (5) years of monthly Trust contributions, for the term of this agreement only, in accordance with the following:

- a. The City lump sum contribution shall be made to the employee's Trust account at retirement.
- b. The amount of the City lump sum payment shall be limited to the minimum amount necessary to provide a retiring employee with only the additional Active Service required for the employee to receive monthly benefits from the Trust as a Regular Beneficiary and provide a Monthly Benefit Level of at least five-hundred eight dollars and thirty cents (\$508.30) as calculated on the date that the lump sum payment is made.
- c. The City lump sum contribution shall incorporate an actuarially adjusted Active Service Unit ("ASU") value set forth in *Appendix C – Lump Sum Transfer Conversion Table* of the Trust plan document in effect at the time of retirement.
- d. The City lump sum transfer shall not be inclusive of terminal leave transfers to the Trust pursuant to Sections 6.12-D(2) and 6.12-E of this agreement.

- e. The City acknowledges that a retiring employee has the option to convert the City lump sum transfer to ASUs in order to attain Regular Beneficiary status , as defined by the Trust or retain the City lump sum transfer in the Individual Employee Account in the Trust and remain as a Limited Beneficiary.
 - f. A retiring employee in the Defined Class who has previously received five (5) years of contributions to the Trust and attained Regular Beneficiary status in the Trust shall not be eligible for a City lump sum contribution.
 - g. A retiring employee in the Defined Class shall not have the option to receive a cash payout for the value of the City lump sum contribution in lieu of making contributions to the Trust.
- G. Remittance of Contributions. The City shall remit the above contributions directly to the Trust for the duration of the MOU effective the first full pay period occurring after approval of this agreement. Those contributions shall be remitted per pay period, in one aggregate payment, either ACH transfer or wire, directly to the custodian of the Trust within thirty (30) days of the date the payment would have been payable to the Employee.


The City hereby acknowledges receipt of the Trust Agreement governing the Trust and will comply with rules set by the Trust Office in regard to reporting and depositing the required contributions set forth herein

- H. Reporting to the Trust Office. The City shall electronically submit to the Trust Office a report of contributing employees for each contribution sent to the Trust, in the format requested by the Trust, and received by the Trust Office within fourteen (14) days of receipt of the contribution funds.
The City shall also provide an initial report of information for all contributing employees, as reasonably requested by the Trust; and shall send updates to this information to the Trust Office whenever the City has notice of changes to the information.
- I. Modification of Employee Contribution and Leave Amounts. The City and the Union agree that the Union has the right, subject to approval of its members according to the Union's internal rules, to prospectively modify the amount of the mandatory employee monthly contribution (Part C), provided the amount of the total recurring contribution meets the plan minimum set forth by the Trust [currently seventy-five dollars (\$75) per month] or the percent of the mandatory employee leave contribution (Parts D, E) during the course of this Agreement, so long as the modification is mandatory for all employees. The City shall make

every effort to implement any such changes in deduction amounts within two (2) pay-periods following receipt of written notice from the Union of the change.

- J. To the extent authorized by law, all contributions under this Section 6.12 shall be made on a pre-tax basis. The employee assumes full responsibility and liability for tax consequences related to contributions to and/or withdrawals from the Trust.
- K. The Union shall indemnify, defend, and hold harmless the City from any claim, complaint, assessment, penalty, or damages asserted by any person or entity, including any state or federal authority, arising out of Union participation in the Trust, including but not limited to fines, fees, or penalties issued by state or federal taxing authority against the City due to Employee payroll deductions or compensation payouts that are directed to the Trust. Responsibility for the maintenance and investment of the Trust funds rests solely with the Trust's Board of Trustees.
- L. The City provides no guarantee to employees regarding the ultimate length of retiree medical benefit payout. Employees who participate in the Trust assume the entire risk from any investment gains or losses associated with these funds or other decline in value. Nothing contained in this contract shall constitute a guarantee by the City that assets of the Trust will be sufficient to pay any benefit to any person or to make any other payment during an employee's life expectancy after retirement. All payments, in the form of employee contributions, to the Trust are defined contributions only. Payments to be paid from the Trust are limited to the remaining assets in the Trust and governed by the Board of Trustees and the current Plan. The parties understand that the above provisions shall in no way obligate the City to incur any additional costs or obligations beyond those already set forth in this contract.
- M. The City's obligation to provide pre-tax deposits would remain subject to Internal Revenue Service rules as they may be revised in the future. Should the Internal Revenue Service later determine that these contributions are no longer permissible on a pre-tax basis, the City shall cease deducting such amounts from employee compensation.
- N. Participation in the Trust shall be the complete and sole responsibility of the union. The City shall not be involved in the Trust's design, its administration, or in the benefits paid, nor shall the City have any responsibility for any actions of the Trust or its trustees, or of the Union with respect to the Trust. The City has no fiduciary duty with respect to the Trust.

For International Association
of Firefighters, Local 1909:

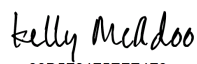
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Andrew Ghali
Union President

2/29/2024

Date

For the City of Hayward:

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Kelly McAdoo
City Manager

2/29/2024

Date

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Brittney Frye
Human Resources Director

2/28/2024

Date