

**CITY OF HAYWARD
and
HAYWARD FIRE CHIEFS' ASSOCIATION
SIDE LETTER OF
AGREEMENT**

Voluntary Employee Beneficiary Association (VEBA) Plan

The parties agree that the City will make available for Bargaining Unit members a Voluntary Employee Beneficiary Association (VEBA) Plan ("Plan") to enable eligible employees to accumulate funds in a tax-exempt trust from which qualified medical expenses can be paid, including certain post-retirement medical expenses benefit accounts. The City will not contribute to employee VEBA accounts.

Plan requirements are as follows:

1. Eligibility Defined

An employee is eligible to participate in the Plan if the employee (a) is a member of the Bargaining Unit and (b) is in an allocated position of twenty (20) or more hours per week and receives benefits.

All eligible employees will have fifteen (15) calendar days from the date of eligibility to "opt-in" or "opt-out" of the Plan. Elections to "opt-in" or "opt-out" are irrevocable for the duration of the employee's tenure within the Bargaining Unit. Employees who fail to make an election within fifteen (15) calendar days of Plan eligibility will be deemed to have elected to "opt-out" of the Plan.

Participation will be subject to and governed by all IRS requirements applicable to the VEBA Plan. Eligible employees who elect to "opt-in" (hereinafter, "participants") will make uniform monthly contributions and contributions upon separation as outlined in Sections 2 and 3 of this Side Letter.

2. Employee Contributions

Plan participants must make regular contributions to fund their VEBA accounts. Contributions shall be made in the form of bi-weekly payroll deductions; participants cannot make direct contributions to the Plan. The Bargaining Unit has determined that contributions to the Plan shall be:

Years of Service	Per Pay Period Contribution
1-15 years	\$50
16-20 years	\$100
21-25 years	\$150
25+ years	\$200

Once separated from the City a participant can no longer make contributions to the Plan but will continue to be eligible to submit for reimbursement for eligible medical expenses.

Employees who "opt-out" will not contribute to the Plan on a per pay period basis. Those who have a VEBA account will continue to be eligible to submit for reimbursement for eligible medical expenses, however, they will not be able to make any further contributions to their accounts.

3. Leave Payout

Upon service or disability retirement from the City, participants will be required to contribute one-hundred percent (100%) of any eligible sick leave payout after any sick leave hours have been converted to CalPERS service credit in accordance with Government Code section 20965, seventy-five percent (75%) of any vacation leave payout, and fifty percent (50%) of compensatory time-off payout to the VEBA plan. Effective October 1, 2022, the required participant contribution of vacation leave payout to the VEBA plan will decrease from seventy-five percent (75%) to twenty-five percent (25%).

Participants will not be required to contribute any leave balance payouts to the VEBA Plan upon separation (excluding retirement) from employment with the City.

4. Participant Accounts

A separate account is maintained for each contributing eligible employee, which documents the employee's contributions and disbursements.

Contributions to a VEBA account, as well as any disbursements to cover unreimbursed post-tax medical care expenses, are both tax-free. Eligible benefits subject to reimbursement by the Plan shall be limited to long-term care expenses and unreimbursed medical premiums, co-pays, prescribed drug expenses, and other medical care costs as defined by the Internal Revenue Code Section 213.

5. Administrative Fees

An eligible employee's Plan account is subject to a monthly administrative fee for expenses related to recordkeeping, claims processing, and claims reimbursement. The fee will be deducted from the eligible employee's individual account.

6. Dispute Resolution

This Side Letter and any disputes arising under or in connection with this Side Letter shall not be subject to the dispute resolution procedure contained in the

Bargaining Unit's Memorandum of Understanding or in the City's Personnel Rules. nor shall this Side Letter and any such dispute relating thereto be subject to the jurisdiction of the City's Personnel Commission for any reason whatsoever.

7. Indemnification

The Bargaining Unit agrees to indemnify and hold the City of Hayward harmless against any claims made of any nature and against any suit instituted against the City arising from this Side Letter, including but not limited to claims arising from an employee's participation in VEBA or from any salary reduction initiated by the City for VEBA contributions.

8. Superseding Agreement

This Side Letter agreement supersedes all previous VEBA Side Letter agreements.

9. Amendments

The Bargaining Unit may request to meet and confer with the City to make modifications to this Side Letter. Any request to meet and confer must be made during the open enrollment period for City sponsored health insurance programs.

This is a tentative agreement pending council approval.

For the Association:



Scott Anderson, Deputy Fire Chief

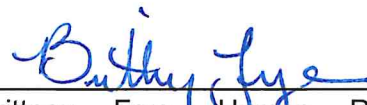
For the City:



Kelly McAdoo, City Manager



Eric Vollmer, Deputy Fire Chief



Brittney Frye, Human Resources Director

Dated 5/30/2023

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