

**LETTER OF AGREEMENT BETWEEN CITY OF CHICO AND PUBLIC SAFETY  
MANAGEMENT REGARDING AMENDMENT TO RETIREE MEDICAL EXPENSE AND  
HEALTH INSURANCE TRUST**

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Pursuant to Subarticle 1.5, entitled "Letter Agreement for Variation of Provision" of the "Resolution Providing for Pay, Benefits and Other Terms and Condition of Employment for Public Safety Management Positions (2014 Public Safety Management Employees Pay and Benefits Resolution)," the City of Chico (City) and Public Safety Management (PSM) enter into this Letter agreement to modify Article 3.21, entitled "Retiree Medical Expense and Health Insurance Trust."

Therefore, the City and PSM agree as follows:

1. Effective January 22, 2015, Subarticle 4.8.G, entitled "Retiree Medical Expense and Health Insurance Trust – Management Employees Promoted from International Association of Firefighters," shall be added as follows:

**G. Retiree Medical Expense and Health Insurance Trust – Management Employees Promoted from International Association of Firefighter.**

1. **Trust.** The Trust has been created at PSM's request for the administration of a retiree health benefit and for mandatory contributions of all employees in the bargaining unit who promoted to PSM from the International Association of Firefighters (IAFF) bargaining unit. The City will not participate in the administration of the Trust.

2. **Required Employee Contribution.** The City shall withhold a mandatory contribution of \$50.00 per pay period on a pre-tax basis, subject to applicable federal tax laws, from the pay of every active and eligible employee who is a member of the bargaining unit represented by PSM, effective during the first pay period of February 2015. These contributions shall be remitted bi-weekly, in one check to the custodian of the Southern California Firefighter Benefit Trust. With each check, the City shall submit a list of all eligible bargaining unit members to the Plan Administrator: Southern California Firefighters Benefit Trust, c/o the plan administrator McGregor & Associates, Inc., 8885 Rio San Diego Dr., Suite 300, San Diego, CA 92108, Fax: (619) 260-9144, Email: vlewis@mcgregorinc.com (or successor). The City and PSM agree that PSM has the right, subject to approval of its members according to PSM's internal rules, to prospectively, modify the amount of the mandatory employee contribution in any flat dollar increment of \$25.00 per pay period, so long as the modification is mandatory for all eligible employees covered by the Resolution, and PSM notifies the

City in writing sixty (60) days in advance of the effective date of any change to the mandatory employee contribution amount.

3. **Indemnity.** PSM agrees, to the fullest extent permitted by applicable law, to indemnify and hold harmless the City and each of its agents, officers, and employees against all costs, expenses, liability, and damages resulting from any misrepresentation, negligent action or inaction, or breach of, the Trust, or any rules, policies, or procedures established by the Trust's Board of Trustees.

4. **No City Guarantee Regarding Benefit Payout After Funding.** Employees who participate in the Trust assume the entire risk from any investment gains or losses associated with these funds or other decline in their value. Nothing contained in this Letter Agreement shall constitute a guarantee by the City that the 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. Payments to be paid from the Trust are limited to the remaining assets in the Trust and governed by the Board of Trustees adopted Plan.

2. Any amendments or modifications to this Letter Agreement shall be in writing, signed and dated by both parties.

3. This Letter Agreement is effective January 22, 2014 through December 31, 2016.

4. All other terms, conditions, provisions and requirements of the Resolution shall remain in full force and effect.

Signed and dated as follows:

For Public Safety Management:


  
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Bill Hack

2/14/15  
(Date)

  
\_\_\_\_\_  
Michael O'Brien

2-10-15  
(Date)

For City of Chico:

  
\_\_\_\_\_  
Mark Orme, City Manager

(Date)

Approved as to Form & Content:

  
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Vincent C. Ewing, City Attorney