

**LETTER OF AGREEMENT BETWEEN CITY OF CHICO AND PUBLIC SAFETY  
MANAGEMENT REGARDING POLICE RETIREE MEDICAL EXPENSE AND  
HEALTH 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 (2018 Public Safety Management Employees Pay and Benefits Resolution),” the City of Chico (City) and Public Safety Management (PSM) enter into this Letter agreement to amend Article 4.8 (D), Retiree Medical expense and Health Insurance Trust – Police Management.

Therefore, the City and PSM agree as follows:

1. Effective January 1, 2018, Article 4.8 (D), be amended as follows:

**D. Retiree Medical Expense and Health Insurance Trust – Police Management.**

Police Management Employees shall participate in the Retiree Medical Expense and Health Insurance Trust at their own expense. The City shall make no contributions to the Trust.

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 Public Safety Management – Police 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 employee who is a member of the bargaining unit represented by PSM. The City shall remit these contributions monthly, in one check to the custodian of the PORAC Retiree Medical Trust. With each check, the City shall submit a list of all active bargaining unit members to the Plan Administrator: PORAC Retiree Medical Trust, Medical Expense Reimbursement Plan; administered by Benefits Solutions, Inc., PO Box 6, Mukileto, WA 98275, email: PORAC@bsitpa.com. 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 active 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.

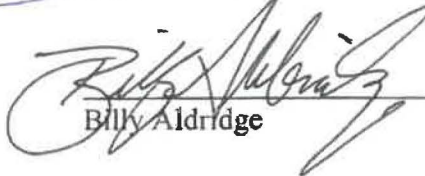
3. All other terms, conditions, provisions and requirements of the Resolution shall remain in full force and effect.

Signed and dated as follows:

For Public Safety Management:

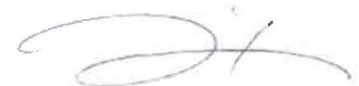
For City of Chico:

  
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Jesse Alexander  
11/30/17  
(Date)

  
\_\_\_\_\_  
Billy Aldridge  
12-5-17  
(Date)

  
\_\_\_\_\_  
Mark Orme, City Manager  
12/15/17  
(Date)

Approved as to Form:

  
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Vincent C. Ewing, City Attorney\*

\*Pursuant to The Charter of the City of Chico, Section 906(D)