

## TEAMSTERS LOCAL 1932

### *Fire Auxiliary Services Unit and Fire Services Supervisory Unit MOU*

#### HEALTHCARE TRUST

##### ALL UNITS

##### **Section 6 – Retiree Component of Teamsters Healthcare Trust**

- (a) Establishment. The parties have completed the agreed-upon meet and confer provisions pursuant to Section 5 of the Healthcare Trust article of the Teamsters Local 1932 Fire Auxiliary Services Unit and Fire Auxiliary Services Supervisory Unit and have mutually agreed that Teamsters shall take appropriate steps to establish a retiree health component (“Retiree Trust”) under the existing Teamsters Local 1932 Health and Welfare Trust Agreement (“Trust Agreement”). The Trust Agreement is a Teamsters-sponsored trust that constitutes a voluntary employees’ beneficiary association (VEBA) under section 501(c)(9) of the Internal Revenue Code. The Retiree Trust will provide eligible retirees of a Teamsters-represented bargaining unit without regard to union membership with certain healthcare benefits, the terms of which are summarized in paragraph (b) below.
- (b) Retiree Trust. Teamsters acknowledges that (i) the County is not a party to any part of the Trust Agreement, including but not limited to the Retiree Trust, (ii) the County is not subject to the terms of the Trust Agreement or any union welfare benefit plan or other arrangement funded by the Trust Agreement, and the County has no responsibility or authority whatsoever for providing or overseeing any benefits provided under the Trust Agreement or any such plan or arrangement, (iii) the preceding statements will continue to apply on and after the County’s adoption of and expiration of this Section 6, and (iv) the County’s sole obligation under this Section 6 is to distribute employee contributions to the Retiree Trust in accordance with paragraph (c) below.

Subject to the preceding paragraph, certain features of the Retiree Trust under the Trust Agreement are summarized below. Teamsters agrees that if at any time the provisions summarized below differ from or are inconsistent with the Retiree Trust (or any welfare benefit plan or arrangement funded by the Retiree Trust), or if the Trust Agreement’s VEBA status is at issue or under investigation by any federal or state enforcement authority, Teamsters shall notify the County in writing as soon as administratively practicable but no later than fourteen (14) days from the effective date of any of the issues described above. In addition, Teamsters agrees to provide advance written notice to the County regarding any changes to the Retiree Trust’s terms, including but not limited to any significant change affecting benefits funded by the Retiree Trust.

- (1) Benefits. The assets of the Retiree Trust are dedicated to providing retiree healthcare benefits to eligible retirees and paying the administrative expenses incurred by the Retiree Trust (or any welfare benefit plan or arrangement funded by the Retiree Trust). The benefits will meet the definition of coverage under section 106 of the Internal Revenue Code. In accordance with section 106, the benefits may be in the form of reimbursement of eligible healthcare expenses (“Retiree Subsidy”) or retiree healthcare coverage. Furthermore, the benefits will conform to the following provisions:

- (i) Should the Retiree Trust offer coverage to retirees under a direct contract with an insurer(s) or provide self-funded retiree healthcare coverage, eligible retirees are not required to enroll in healthcare coverage through the Retiree Trust in order to be eligible for the Retiree Subsidy (e.g., retirees enrolling in coverage through the individual marketplace, retirees living outside service area).
  - (ii) The amount of the Retiree Subsidy will be determined annually and will be a fixed dollar amount (i.e., not a percentage of premium). The amount of the Retiree Subsidy shall be based on available funding and may vary (increase or decrease) from year to year. As such, there will be no guarantee of any fixed subsidy amount or any guarantee that a certain percentage of premium costs shall be paid.
  - (iii) For purposes of establishing premium rates for any health insurance coverage provided under the Retiree Trust, should the Retiree Trust offer coverage to retirees under a direct contract with an insurer(s) or provide self-funded retiree healthcare coverage, the Retiree Trust will not blend active employees and retirees to determine a single premium rate for the combined group of active employees and retirees. The retiree population will be rated separately from active employees to determine the healthcare insurance premium rates for eligible retirees. As such, active employees will not implicitly subsidize the premiums of retirees.
- (2) Eligibility. Participation in the Retiree Trust, including eligibility for the Retiree Subsidy, will only be available to eligible retirees who retire (i.e., terminates and refrains from full time employment for wages or profit and is eligible to begin pension benefit payments from SBCERA) following the effective date (anticipated to be July 1, 2023) of the Retiree Trust **AND** meet the following requirements:

Eligible retirees must have been (1) active County employees in a Teamsters-represented bargaining unit immediately preceding their retirement (i.e., did not defer retirement) and contributed to the Retiree Trust OR (2) were active County employees immediately preceding their retirement but not in a Teamsters-represented bargaining unit, provided they were previously in a Teamsters-represented unit for a minimum of 10 years and contributed to the Retiree Trust, OR (3) previously worked for the County in a Teamsters-represented bargaining unit for at least 20 years and deferred their retirement for a maximum deferral period of 2 years and contributed to the Retiree Trust. An eligible retiree is considered to have “contributed to the Retiree Trust” if they have contributed to the Retiree Trust as defined in section 6 (c) Employee Contributions.

Retirees will not be eligible for healthcare coverage under the Retiree Trust and will not be eligible for the Retiree Subsidy upon becoming eligible for Medicare. However, nothing is intended to preclude the Retiree Trust from providing supplemental coverage and/or a subsidy for Medicare-eligible employees in the future. Similarly, the Retiree Trust may also establish a subsidy for certain otherwise eligible retirees who were hired before March 31, 1986 and are not eligible for Medicare coverage. Any benefit improvements will be solely funded by the Retiree Trust.

Eligibility for this Retiree Trust for all individuals is ultimately governed by the Plan Rules of the Teamsters Local 1932 Health and Welfare Trust Retiree Plan and may differ from the rules in this MOU, for the complete Plan Rules individuals should contact the Retiree Trust.

- (3) Expenses. Any fees or expenses associated with the Retiree Trust (or any welfare benefit plan or arrangement funded by the Retiree Trust) will be paid by the Retiree Trust.
- (c) Employee Contributions. Through an agreement between the parties, Teamsters-represented bargaining unit employees previously elected to (1) defer one percent (1.00%) of their across the board salary increase of an employee's base rate of pay effective July 30, 2022, and (2) defer an additional one-half percent (0.50%) of their across the board salary increase of an employee's base rate of pay effective February 25, 2023, resulting in a combined deferral of one and a half percent (1.50%) beginning February 25, 2023. The deferred employee contributions from July 30, 2022, through August 11, 2023 will be transferred to the Retiree Trust by September 30, 2023. The second and final deferred employee contributions from August 12, 2023 through September 22, 2023, will be transferred to the Retiree Trust by October 13, 2023.

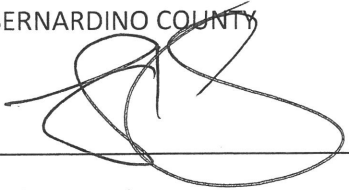
Effective the pay period beginning September 23, 2023, the deferred one and a half percent (1.50%) across the board salary increases of an employee's base rate of pay, shall be restored to all classifications covered by the MOU. Subsequently, a deduction of one and a half percent (1.50%) of wages shall be deducted on a bi-weekly pre-tax basis from the employee's pay warrant. The County shall transfer these mandatory employee contributions on a bi-weekly basis to the Retiree Trust. The employee contributions shall not increase or decrease based on the cost of healthcare premiums, amount of the Retiree Subsidy, or coverages offered by the plans in the Retiree Trust. Under no circumstance shall the County be obligated to deduct from an employee's pay warrant any amount greater than this fixed percentage of an employee's base rate of pay. "Wages" for purposes of this article shall be defined as all earnings (including Modified Benefit Option) minus any flat rate differentials.

- (d) Grievance. No aspect of the Trust Agreement, including but not limited to the Retiree Trust component or any benefit provided through or funded by the Trust Agreement or Retiree Trust component is subject to review through the Grievance Procedure.
- (e) Applicability of Provisions of Prior Sections to Retiree Trust. It is expressly understood that the Retiree Trust is subject in the same manner as the sub-trust holding funds related to active members, including but not limited to the following provisions of the Healthcare Trust Article in the Fire Auxiliary Unit and Fire Auxiliary Supervisory Unit: Sections 1(f); 1(g) and 1(i) in that the review of administration and the ability to audit the Healthcare Trust may include reviews of administration and audits of the Retiree Trust component separately and at different times from reviews of administration and audits of remainder of the Healthcare Trust; 1(j); 1(k) in that to the extent the Trustees determine to terminate the healthcare coverage for retirees, the County would be notified of such termination 120 days prior to the date of termination; 1(l) in that the insurance coverages maintained by the Healthcare Trust which names the County as an additional insured on the Policy shall cover the Retiree Trust portion of the Healthcare Trust and the Healthcare Trust shall defend, indemnify, defend (with counsel reasonably approved by the County) and hold harmless the County and its authorized officers, employees, and agents,

harmless from any claims, loss, liability, cause of action or administrative proceeding, or legal action arising out of, or in any way related to, the Healthcare Trust, including the Retiree Trust component and/or the healthcare plans administered and/or provided under the Healthcare Trust, including benefits provided to retirees pursuant to this Section 6.; 1(l); 1(n); 1(q); 3(a) is understood to include the Retiree Trust that is being added pursuant to Amended Resolution No. 1 to the January 14, 2020, Trust Agreement for the Teamsters Local 1932 Health and Welfare Trust; 3(b); 3(e); 3(f); 3(g); 4(a); 4(b); 4(c) in that the Teamsters Local 1932 shall defend (with counsel reasonably approved by the County), indemnify and hold harmless the County and its officers, employees, and agents, including the County's designated trustees, from any claim, loss, liability, cause of action or administrative proceeding arising out of the terms of the Retiree Trust or from any and all decisions and actions made by the Retiree Trust, the Trustees and Teamsters Local 1932 in relation to the Retiree Trust portion of the Healthcare Trust ; 5(a); 5(c); and 5(d). The County further agrees that it will act diligently in its obligations to meet and confer under Section 5 of the agreement. Furthermore, nothing in Section 5 will preclude the Trustees from taking such actions as required by the Trustees' fiduciary obligations.

Date Agreed: 8/17/2023

SAN BERNARDINO COUNTY



Leonardo Gonzalez  
County Labor Relations Chief

Teamsters Local 1932



Randy Korgan  
Chief Negotiator