



Charter Township of East China

OFFICES AT 5111 RIVER ROAD ♦ EAST CHINA, MI 48054 ♦ 810-765-8879 ♦ FAX 810-765-1408

Agenda Item – Regular Agenda Board of Trustees Meeting June 17, 2024 OLD BUSINESS

Date: June 12, 2024

Submitted by: Cynthia Paparelli, Township Manager

CP

Re: Medical Benefits for Nonunion Employees

Labor Counsel has reviewed the Participation Agreement and has no issues with the agreement, as the clause in Section 3(e) allows the Township to terminate the Plan at any time if the terms are no longer agreeable.

Note the following clarification from the union health care representatives for Section 3:

To clarify - please note the PA is used in different scenarios with signatory companies... some signatory employers pay contributions hourly and the 160 is used as a reference to a 40 hour per week for non-union office staff. It is the same for all groups with a PA and it is non-negotiable.

You will see the next line states "OR the monthly equivalent of the maximum number of hours which contributions can be made..."

This means that the office staff would MIRROR whatever rate/contribution the employer is paying for their union employees (in this case the flat monthly rate and not per hour).

The actual benefits were provided as Exhibit A" at the last meeting. Those have not changed and represent the "Plan".

Action #1 :

Approve Participation Agreement with IOEU324 Health Care Plan for all Qualified Nonunion Employees and authorize Township Supervisor to sign the Agreement.

Action #2

Authorize Township Supervisor to sign Memo of Understanding for Township Manager Employment Agreement, attached.

OB-1
OB-2

PARTICIPATION AGREEMENT

1. This Participation Agreement is made by and between Operating Engineers Local 324 Health Care Plan ("Plan") and _____ ("Employer").

2. As a contributing Employer to the Operating Engineers Local 324 Health Care Plan pursuant to a collective bargaining agreement with IUOE Local 324, the Employer may also contribute to the Plan on behalf of its Office Employees. The Employer agrees to contribute to the Plan on behalf of either (a) all highly and non-highly compensated Office Employees, or (b) all non-highly compensated Office Employees. In no event may an Employer contribute to the Plan on behalf of highly compensated Office Employees only. Whether an Office Employee is highly or non-highly compensated is determined by reference to IRC §105(h). An Office Employee is defined for purposes of this section as an employee not covered by a collective bargaining agreement. Please note: to be eligible to contribute on behalf of its Office Employees, the Employer's ratio of Health Care Plan Union to non-Union Participants may not be approximately less than 2:1.

3. The Plan agrees to accept such contributions subject to the following terms and conditions:

a. For each Office Employee participating in the Plan, the Employer must contribute:

- does not apply ✓*
- (1) the greater of 160 hours a month *or* the monthly equivalent of the maximum number of hours for which contributions can be made to the Plan under the terms of a Collective Bargaining Agreement which obligates the Employer to contribute to the Plan for other Active Employees, * *Current rate is 1527.40 as of 7/1/24*
- does not apply ✓*
- (2) at the prevailing Journeyman rate, as determined by the Collective Bargaining Agreement which obligates the Employer to contribute to the Plan for other Active Employees.

Contributions are due at the same time contributions are due for such Active Employees. The Employer understands that eligibility under the Plan for Office Employees will terminate if the Employer is delinquent in contributions for such Office Employees or delinquent in contributions for Active Employees for whom it has an obligation to contribute under the terms of an applicable collective bargaining agreement.

b. The Employer adopts and agrees to be bound by the terms of the Plan's provisions, rules and policies as currently in effect and as amended in the future, including but not limited to provisions relating to the production and audit of records and the collection and enforcement of payments.

c. The Employer agrees routinely to maintain records sufficient to allow the Plan's agents to conduct an audit and determine the accuracy of the reports submitted in respect to Office Employees contributed upon pursuant to this Participation Agreement.

- d. The Employer understands and agrees that to continue to be eligible to contribute to the Plan on behalf of its Office Employees, the Employer's ratio of Health Care Plan Union to non-Union Participants may not be approximately less than 2:1.
- e. The Employer may revoke its election and terminate this Participation Agreement at any time by giving written notice of such revocation to the Plan, with a copy of the written notice to the Plan Administrator, but in no event shall any such revocation be given retroactive effect or result in a refund of contributions to the Employer.
- f. The Plan may terminate this Participation Agreement at any time by giving written notice of such termination to the Employer at its last known address, but in no event shall any such termination be given retroactive effect or result in a refund of contributions to the Employer.

4. This Agreement may only be amended by a writing signed by both parties.

This Participation Agreement was executed _____, 20__.

OPERATING ENGINEERS LOCAL 324
HEALTH CARE PLAN

EMPLOYER

By: _____
Chairman

By: _____

By: _____
Secretary

Title: _____



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June 17, 2024

This Memo of Understanding ("MOU") is entered into between the CHARTER TOWNSHIP OF EAST CHINA and Cynthia Paparelli and records the change in terms to the Employment Agreement dated October 17, 2022 made between the CHARTER TOWNSHIP OF EAST CHINA and Cynthia Paparelli, specifically and only relating to SECTION 10. HEALTH INSURANCE OPT OUT which currently states:

"Instead of receiving Township-provided health insurance, the Executive shall receive \$750.00 per month, less applicable taxes, made payable in bi-weekly installments. The Executive must verify that she receives health insurance coverage provided by her spouse. This health insurance opt-out payment shall not be included in the Executive's annual base salary when calculating the Township's contribution amount under the defined contribution plan under Section 6."

Said verbiage shall be stricken and the entire section shall be replaced as follows:

"SECTION 10. MEDICAL BENEFITS

During the Term of this Agreement, the Executive shall receive medical benefits equivalent to those benefits provided to the union employees. The Township reserves the right to amend those benefits in from time to time. "

The parties acknowledge their agreement by signing and dating the memo if Understanding below.

THE CHARTER TOWNSHIP OF EAST CHINA

Executive

By:

Verne Westrick, Township Supervisor

Cynthia Paparelli

Date

Date