



SPECIAL MEETING AGENDA
OTSEGO COUNTY BOARD OF ROAD COMMISSIONERS
WEDNESDAY, NOVEMBER 1, 2023 – 5:30 P.M.
669 W. MCCOY RD., GAYLORD, MI 49734

ITEM 1 – CALL TO ORDER/PLEDGE OF ALLEGIANCE

ITEM 2 - ROLL CALL

ITEM 3 – AGENDA CHANGES/APPROVAL OF AGENDA

ITEM 4 – NEW BUSINESS

- A. Agreement between the Otsego County Road Commission and the American Federation of State, County and Municipal Employees AFL-CIO
- B. MERS Defined Benefit Plan Amendment
- C. MERS Health Care Saving Plan Agreement/Amendment

ITEM 5– PUBLIC COMMENT

ITEM 6– ADJOURNMENT

***Posted: October 30, 2023**



Otsego County Road Commission Agenda Item Report

FROM: Kirk Harrier, Managing Director

MEETING DATE: November 1, 2023

AGENDA ITEM: 4. A

SUBJECT: Agreement between the Otsego County Road Commission and the American Federation of State, County and Municipal Employees AFL-CIO

DESCRIPTION

Collective bargaining is the process in which working people, through their unions, negotiate contracts with their employers to determine their terms of employment, including pay, benefits, hours, leave, job health and safety policies, ways to balance work and family, and more. The attached Agreement was negotiated over the course of 6 months and the Union membership has approved it. Upon approval by the Otsego County Road Commission Board of Road Commissioners, the Agreement will go into effect and become binding. The Agreement will expire December 31, 2026.

BUDGET ACTION REQUIRED

N/A

LEGAL REVIEW

N/A

SAMPLE MOTION

Motion to **approve/deny** the Agreement dated November 1, 2023 between the Otsego County Road Commission and the American Federation of State, County and Municipal Employees AFL-CIO as presented.

Agreement

Between the

Otsego County Road Commission

and

Otsego County Road Commission Employees' Chapter
of Local 1534.1 Affiliated with Michigan Council #25

American Federation of State, County and
Municipal Employees AFL-CIO

Effective November 1, 2023 through December 31, 2026

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AGREEMENT

THIS AGREEMENT, entered into this 1st day of November 2023, between the Otsego County Road Commission, hereinafter referred to as the "Employer" and the Otsego County Road Commission Chapter of Local #1534.1 affiliated with Michigan Council #25, American Federation of State, County and Municipal Employees, AFL-CIO (hereinafter referred to as the "Union"). The general purpose of this Agreement is to set forth terms and conditions of employment and to promote orderly and peaceful labor relations for the mutual interest of the Employer, the employees, the Union and the Public. To these ends the Employer and the Union encourage to the fullest degree friendly and cooperative relations between the respective representatives at all levels and among all employees.

ARTICLE 1 – RECOGNITION

Section 1.0 Collective Bargaining Unit. Pursuant to and in accordance with all applicable provisions of Act 379 of the Public Acts of 1965, as amended, the Employer does hereby recognize the Union as the exclusive representative for the purpose of collective bargaining in respect to rates of pay, wages, hours of employment, and other conditions of employment for the term of this Agreement of all employees of the Employer excluding clerical, temporary, seasonal and supervisory employees as defined in the Act. The Employer will not aid, promote, or finance any labor group or organization which purports to engage in collective bargaining or make any agreement with any such group or organization for the purpose of undermining the Union.

Section 1.1 Definitions. The terms "employee" and "employees" when used in this Agreement shall refer to and include only those full-time employees who are employed by the Employer in the collective bargaining unit set forth in Section 1.0. For purposes of this Agreement, the following definitions are applicable:

- (a) Full-Time Employee. A full-time employee is an employee who is normally working a minimum of forty (40) hours per week on a regular basis in a position classified by the Employer as permanent.
- (b) Temporary and Seasonal Employee. A temporary employee is a person employed for a seasonal or temporary period with the understanding that he/she is ineligible for regular status until he/she is reclassified as a probationary employee, at which time his/her employment as a temporary or seasonal employee shall not be credited toward his/her probationary period. Temporary and seasonal employees shall not be included in the bargaining unit and shall not be employed in excess of ninety (90) calendar days without an express waiver from the Union. The Employer reserves the right to determine all conditions of employment for such individuals.

Section 1.2 Non-Discrimination. The Employer and the Union are jointly committed to maintaining a work environment that is free from unlawful discrimination and unlawful harassment based on race, color, religion, sex, gender, national origin, age, height, weight, disability, genetic information, marital status, military or veteran status, or other factors prohibited by law.

ARTICLE 2 – REPRESENTATION

Section 2.0 Collective Bargaining Committee. Committee shall include the Chapter Chairperson, Steward and three (3) members of the bargaining unit. Collective Bargaining Committee members will be paid for time spent in bargaining sessions held during the regular workday. Committee members will have no loss of pay for time spent bargaining during that time. Bargaining sessions held during the regular workday will be scheduled by the Employer so as not to unreasonably interfere with the operations of the organization.

Section 2.1 Officers and Stewards.

- (a) The Employer recognizes the right of the Union to designate officers and stewards. The Employees of the Otsego County Road Commission will be represented by a Chapter Chairperson and a Steward, either of whom act only in the absence of the other. The Chapter Chairperson or the Steward during their working hours, without loss of time or pay, may investigate and present grievances to the Employer, only after receiving prior approval by their foreman, expending thereon a reasonable period of time in view of the gravity of the situation. Any employee who takes an unreasonable or unnecessary amount of time in investigating a grievance may be subject to disciplinary action.
- (b) The Union shall designate, in writing, to the Employer the names of the Chapter Chairperson and Steward, and any changes therefrom, and the Employer shall not be required to recognize or deal with any employee other than the one so designated.
- (c) All bargaining unit employees shall first contact their Union Chapter Chairperson and/or Steward with issues specifically related to this Agreement prior to contacting their immediate supervisor or other management personnel of the Employer.

ARTICLE 3 – UNION MEMBERSHIP

Section 3.0 Non-Discrimination Relative to Union Membership. Membership in the Union is not compulsory. Employees have the right to join, not join, maintain, or drop their membership in the Union as they see fit. No one shall in any way attempt to influence an employee in making his/her decision about joining or not joining the Union.

Section 3.1 Voluntary Dues Deduction. Employees who desire to be a member of the Union, and who wish to have their Union dues deducted from the paychecks, shall provide a signed Authorization to Deduct Union Dues or Service Fees Payroll Deduction Form to the Employer. The Union will inform the Employer in writing as to the amount of the dues to be deducted. An employee may revoke the authorization to deduct Union dues from his/her paycheck at any time by providing a signed Authorization to Discontinue Voluntary Union Dues or Service Fees Payroll Deduction form to the Human Resource/Payroll Manager. The Employer will cease to deduct Union dues upon receipt of such written notice and will no longer deduct dues for such employee for the life of this Agreement. The Employer will notify the Union upon receiving a signed Authorization to Discontinue Voluntary Union Dues or Service Fees Payroll Deduction.

- (a) The Union hereby agrees to indemnify and hold the Employer harmless from any and all liability that may arise in consequences of the application of this Section.

Section 3.2 Notification. The Employer will notify the Chapter Chairperson of the hiring of new employees within the bargaining unit. Such notification shall consist of the employee's name, classification, and rate of pay. The Chapter Chairperson and Union Steward shall have an opportunity to conduct a meeting during regular working hours with a newly hired employee during their first week of employment for the purpose of discussing union membership and answering questions the employee may have regarding union related matters. Such meeting will be scheduled with Employer as to not negatively impact operational needs.

ARTICLE 4 – MANAGEMENT RIGHTS

Section 4.0 Management Rights.

- (a) The Union and the bargaining unit recognize and agree that the Employer is charged with certain powers, rights, authority, duties, and responsibilities by the laws and constitution of the State of Michigan and of the United States which it must assume and discharge and which may not be delegated. Nothing contained herein, either expressed or implied, shall abridge, abrogate, or usurp such rights or duties of the Employer. It is agreed that the other rights and responsibilities of the Employer are hereby recognized.
- (b) Except as in this Agreement otherwise specifically and expressly provided, the Employer retains the sole and exclusive right to manage and operate all of its operations and activities. Among the rights of management included only by the way of illustration and not limitation, is the right to determine all matters pertaining to the services to be furnished and the methods, procedures, means, equipment, and machines required to provide such services; to establish classifications of work and the number of personnel required; to determine the nature and number of facilities and departments to be operated and their location, to direct and control operations; to establish and update reasonable work rules; to study and use improved methods and equipment; to manage its affairs efficiently and economically; to determine the quantity and quality of service to be rendered; the control of materials, or methods of operation; to introduce new equipment, methods, machinery, change or eliminate existing equipment, and institute changes, supplies to be used and purchased; to contract or subcontract or purchase any or all work or the construction of any new facilities or the improvement of existing facilities as in the past; to determine the size of the work force and increase or decrease its size; to determine the lunch, rest period, clean-up time, the starting and quitting time and the number of hours to be worked unless restricted elsewhere in this Agreement; to add additional shifts that may be determined to be in the best interest of public safety; to establish work schedules; and in all respects, to carry out the ordinary and customary function of management.
- (c) The Employer shall also have the right to hire, promote, demote, assign, transfer, suspend, discipline, discharge, layoff and recall personnel; to establish penalties for violation of work rules; to make judgments as to the ability and skill; to determine workloads; and to provide and assign relief personnel.

- (d) The parties agree that the assignment of work is a management prerogative and that no particular work is exclusively reserved to the bargaining unit. The Employer does agree that during the term of this Agreement, the Employer will not contract out or subcontract any work that would result in the layoff of bargaining unit employees.
- (e) The Union hereby agrees that the Employer retains the sole and exclusive right to establish and administer without limitation, implied or otherwise, all matters not specifically and expressly limited by this Agreement.

ARTICLE 5 – DISCHARGE AND DISCIPLINE

Section 5.0 Discharge and Discipline.

- (a) It shall be the Employer's practice to impose disciplinary action of employees with seniority only for just cause. It shall be the practice of the Employer to give notification of discipline to the Union and the employee within a reasonable time after the event(s) giving rise to the discipline.
- (b) Disciplinary action may consist of any of the following: oral reprimand, counseling memo, written reprimand, suspension, demotion, or discharge. These actions may not necessarily be followed in sequence depending upon the nature and severity of the offense. If the Employer has reason to reprimand an employee, it shall be done in a manner that shall not embarrass the employee before other employees or the public. Oral reprimands shall be identified as such. When any disciplinary action more severe than a written reprimand is intended, the Employer shall, before or at the time such action is taken, notify the Union and the employee in writing of the specific reason(s) for such action.
- (c) Any disciplinary action imposed upon an employee may be processed as a grievance through the regular grievance procedure as provided in this Agreement subject to the exception contained therein for an employee who has not yet satisfactorily completed the initial twelve (12) month probationary period.
- (d) Counseling memos will not be used to support subsequent discipline provided no disciplinary action has been taken during the six (6) month period after which the counseling memo was issued.
- (e) Written reprimands may be used to support subsequent discipline for a period of twelve (12) months following the date the discipline was imposed. In case of a suspension of three (3) or fewer days, the discipline may be used to support subsequent discipline for a period of eighteen (18) months from the time such suspension was imposed. For a suspension of more than three (3) days the discipline may be used to support subsequent discipline for a period of twenty-four (24) months from the time such suspension was imposed.

ARTICLE 6 – GRIEVANCE PROCEDURE

Section 6.0 Definition of Grievance. For the purpose of this Agreement, "grievance" is defined as a complaint against working conditions by an employee; a complaint of discrimination by an employee; disputes or complaints between the Employer and the Union; or disputes arising under

and during the term of this Agreement. It is mutually agreed that all grievances shall be settled in accordance with the procedure herein provided. Every effort shall be made to adjust grievances in an amicable manner between the Employer and the Union.

Section 6.1 Grievance Procedures. In the event the Union fails to process a grievance to the next step of the grievance procedure within the specified time limit, the grievance shall be deemed settled on the basis of the Employer's last answer. In the event that the Employer fails to answer a grievance at any step of the grievance procedure within the specified time limits the grievance shall be advanced to the next step of the grievance procedure when the time for the Employer's answer has expired.

All grievances shall be processed in the following manner:

- (a) Step 1. A grievance must be presented in conference by the employee or steward, or both, to the foreman within five (5) working days from knowledge of its occurrence, or within that period of time within which the occurrence of the event would become known in the ordinary course of events in order to be a proper matter of grievance. If the matter is not disposed of within two (2) working days, it shall be submitted in writing by the employee or steward, or both, to the foreman. The foreman shall answer any grievance, in writing, submitted to him/her in writing, within three (3) working days.
- (b) Step 2. If the grievance is not settled in Step 1 and the matter is to be processed further, the grievance shall be presented, in writing, within five (5) working days of the foreman's written answer to the Managing Director, who shall then arrange a conference between the employee, the steward, the foreman, and the Managing Director. This conference shall take place within four (4) working days after receipt of the written grievance. The Managing Director shall answer the grievance within three (3) working days after the conference is held, except for discharge or serious safety issues; if the Managing Director is out of town, allow fifteen (15) workdays upon his/her return or the response of his/her designee.
- (c) Step 3. If the grievance is not settled and the matter is to be processed further, the Chapter Chairperson shall refer the matter to Council #25. The Union shall request, in writing, within ten (10) working days of the day the Employer's answer in Step 2 is due, that a meeting be held between the parties in an attempt to settle the dispute. Said meeting to be held at a mutually agreeable time within thirty (30) calendar days of the date of the Union's notice requesting said meeting. This meeting shall consist of a six (6) person committee with three (3) representatives of the Union and three (3) representatives of the Employer. Should the parties mutually agree, a request for mediation may be filed, by either party, with the Michigan Employment Relations Commission. The Employer shall give their answer, in writing, within five (5) working days after the meeting.
- (d) Step 4. If the matter is not resolved in the process in Step 3 and the Union wishes to carry the matter further, they shall, within thirty (30) days after the answer at Step 3 is due, place the matter in arbitration in the following manner:
 - (1) The party requesting arbitration shall request that the Federal Mediation and Conciliation Service furnish both parties with duplicate copies of a list of five (5) qualified arbitrators.

(2) The Employer shall strike from said list one name. The parties shall then alternate in striking names until one name is left. This person shall be the arbitrator.

(3) If the arbitrator is willing to act, the matter shall proceed in arbitration under the rules and regulations of the American Arbitration Association. If the arbitrator is unwilling or unable to act, then another arbitrator shall be selected in the same manner as the first was selected. The arbitrator's powers shall be limited to the application and interpretation of this Agreement as written. The arbitrator shall at all times be governed wholly by the terms of this Agreement and shall have no power or authority to amend, alter, or modify this Agreement in any respect. The arbitrator shall have no authority to award punitive, speculative, or exemplary damages under this Article. The decision of the arbitrator shall be final and binding on both parties. Each party shall bear its own costs in both the mediation and arbitration proceedings, and the arbitrator's fee and expenses shall be borne equally by both parties.

Section 6.2 Withdrawal of Cases. A grievance may be withdrawn where one or more grievances involve the same or similar issue. Those grievances may be withdrawn without prejudice pending the disposition of a representative case. In such event, the withdrawal without prejudice will not affect financial liability. After a case has been referred to arbitration, the case may not be withdrawn by either party except by mutual consent.

Section 6.3 Finality of Decision. There shall be no appeal from an arbitrator's decision. Each such decision shall be final and binding on the Union and its members, the employee or employees involved, and the Employer.

ARTICLE 7 – SPECIAL CONFERENCES

Section 7.0 Special Conferences. Special conferences for important matters will be arranged between the Chapter Chairperson and the Employer, through the Managing Director, upon request of either party. Such meetings shall be between at least two (2) representatives of the Employer and at least two (2) representatives of the Union but will be restricted to no more than four (4) representatives from each above-mentioned group. Arrangements for special conferences shall be made in advance and an agenda of the matters to be taken up at the meeting will be presented at the time the conference is requested. Matters taken up in special conference shall be confined to those included in the agenda. Conferences shall be held after regular working hours. Two (2) members of the Union attending such conference shall be paid their straight time rate for the first hour of attendance. This meeting may be attended by a representative of the Council and/or representative of the International Union. The Union representatives may meet at a place designated by the Employer on the Employer's property for at least one-half (1/2) hour immediately preceding a meeting with a representative of the Employer, for which a written request has been made.

ARTICLE 8 – STRIKES AND LOCKOUTS

Section 8.0 No Strike. The parties to this Agreement mutually recognize that the services performed by the employees covered by this Agreement are essential to the public health, safety, and welfare. Therefore, the Union agrees that during the term of this Agreement No strikes, slowdowns, work stoppages or equipment tie-ups of any kind shall be caused or sanctioned by the

Union during the term of this Agreement. The employees, however, will not be required to cross picket lines.

Section 8.1 No Lockout. During the life of this Agreement, the Employer, in consideration for the promise on behalf of the Union and the employees it represents to refrain from the conduct prohibited by Section 8.0, agrees not to lock out any employees covered by this Agreement because of a labor dispute between bargaining unit employees and the Employer.

ARTICLE 9 – SENIORITY

Section 9.0 Definition of Seniority. Seniority shall be defined as an employee’s length of continuous service with the Employer since his/her most recent date of hire. “Most recent date of hire” shall mean the date upon which an employee first reported for work at the instruction of the Employer since which he/she has not quit, retired, or been discharged. An employee’s seniority shall entitle him/her only to such rights expressly provided for in this Agreement.

Section 9.1 Probationary Period. New employees hired in the unit shall be considered as probationary employees for the first one (1) year of their employment. When an employee completes his/her probationary period, he/she shall be entered on the seniority list of the unit and shall rank for seniority from the first date of hire. There shall be no seniority among probationary employees. The Union shall represent probationary employees only for the purpose of collective bargaining in respect to rates of pay and wages, except discharged or disciplined employees who have been discharged or disciplined for Union activity. Probationary employees will receive all benefits as outlined in this Agreement. They may be disciplined or terminated with or without cause as they are considered at-will employees and shall not be entitled to recourse to the grievance procedure over such action.

Section 9.2 Loss of Seniority. An employee shall lose his seniority for the following reasons:

- (a) He/she quits.
- (b) He/she is discharged, and the discharge is not reversed through the procedure set forth in this Agreement.
- (c) He/she is absent for three (3) consecutive working days without notifying the Employer of the reasons for his/her absence. After such absence, the Employer will send written notification to the employee at his last known address that his/her employment has been terminated.
- (d) He/she is laid off for a period of more than one (1) year or a period of time equal to time he/she has seniority, up to a maximum of three (3) years.
- (e) If he/she does not return to work when recalled from layoff as set forth in the Recall Procedure.
- (f) He/she retires.
- (g) A settlement with the employee has been made for total disability.

- (h) The Employee accepts employment with another employer while on a leave of absence.

Section 9.3 Seniority List. Seniority lists on the date of this Agreement will show the names and job classifications of all employees of the unit entitled to seniority. The Employer will keep the seniority list up to date at all times and will provide the Chapter Chairperson with up-to-date copies when requested or whenever a personnel change has occurred.

Section 9.4 Seniority of Officers. Notwithstanding their position on the seniority list, Chapter Chairperson and Steward, identified in advance to the Employer, shall, in the event of a layoff only, be continued at work, provided they can perform any of the work available. Probationary employees, regardless of the union position, will be exempt from the provisions of this Article.

Section 9.5 Classification Vacancy. When a vacancy occurs in a bargaining unit classification (Mechanic, Equipment Operator/Laborer, Facilities Maintenance Technician), or filling a new bargaining unit classification, the Employer shall post notice of vacancy for a period of seven (7) working days. If an employee is on vacation during posting and will not return prior to end of posting, the Employer shall make a reasonable effort to contact the employee and notify him/her of the posting. Interested, non-probationary employees, may make an application. The Employer shall award the position on the basis of an employee's specific knowledge, skills, and abilities to function effectively in the position. Seniority will only be considered when employees' knowledge, skills, and abilities, as determined by the Employer, are equal. In such case, the employee with the greatest bargaining unit seniority shall be awarded the position. The Employer may fill a vacancy in a bargaining unit classification (Mechanic, Equipment Operator/Laborer, Facilities Maintenance Technician), or new bargaining unit classification, from outside the bargaining unit whenever there are no bargaining unit employees who have submitted applications or meet the qualifications for the vacant unit classification.

Section 9.6 Assignment Bidding.

- (a) Assignment bids shall be posted for seven (7) working days.
- (b) Snow beat assignments (including State Trunkline) shall be bid when a vacancy occurs. Employer shall choose the employee with the greatest bargaining unit seniority in the Equipment Operator/Laborer classification. Employees may be assigned work outside of their assigned beat on an as-needed basis. If no employee bids, the Employer may re-bid or assign the least senior employee without an existing assigned beat to fill such assignment.
- (c) Highway Maintenance Night Patrol assignments shall be bid annually. Employer shall choose the employees with the greatest bargaining unit seniority in the Equipment Operator/Laborer classification. If no employees bid, the Employer may re-bid or assign the least senior employees to fill such assignment.
- (d) Permit Agent assignment shall be bid when a vacancy occurs. Employer shall choose the employee with the greatest bargaining unit seniority in the Equipment Operator/Laborer classification. If no employee bids, the Employer may re-bid or assign the least senior employee to fill such assignment.

- (e) No employee is assigned to a particular piece of equipment and will have no bid rights to the operation of a piece of equipment. However, the Employer shall annually post a notification, the first full week of January thru the end of January, seeking interested employees' who would like to be considered to operate heavy equipment, including but not limited to, grader, backhoe, loader, and bulldozer.

Section 9.7 Assistant Foreman. The Employer shall assign Assistant Foreman on the basis of an employee's specific knowledge, skills, and abilities to function effectively in the position. Seniority will only be considered when employees' knowledge, skills, and abilities, as determined by the Employer, are equal. In such case, the employee with the greatest bargaining unit seniority shall be assigned. Assistant Foreman positions are appointed and removed at the discretion of the Employer and shall not be required to be posted under the Assignment Bidding procedure. However, the Employer may post a notification seeking potential interested applicants for review.

Section 9.8 Transfers. If an employee transfers to a position not included in the bargaining unit, and thereafter, is allowed to transfer back to a position within the bargaining unit, he/she shall retain all accumulated bargaining unit seniority prior to transferring out of the unit. Employees transferring under the above circumstances shall retain all rights accrued for the purpose of any benefits provided in the Agreement, except that only time spent in the bargaining unit shall count towards layoff and recall.

ARTICLE 10 – LAYOFF AND RECALL

Section 10.0 Layoff Procedures. The word "layoff" means a reduction in the work force due to a decrease of work or a decrease of the available operating funds. When the need arises for layoff, the number of personnel shall be reduced in the following order, temporary, seasonal, and probationary employees and all other employees according to their classification and seniority. However, in appropriate cases, this rule of seniority need not be followed if, in the classification, there is an employee or employees with an unsatisfactory work history. Such an employee may be laid off ahead of another employee with a satisfactory work history, and less seniority. The employee being laid off ahead of one with less seniority shall at the time of layoff, be given the reasons therefore, in writing. A laid off employee may grieve at Step 2 of the grievance procedure. No notice need be given on a layoff for a definite period. Employees to be laid off for an indefinite period of time shall have at least seven (7) calendar days' notice of layoff. The bargaining unit Chapter Chairperson shall receive a list from the Employer of the employees being laid off on the same day notices are issued to the employees. Anyone laid off under this provision will have the right to "bump" into a lower classification, provided he/she has more seniority than someone in that classification and is able and qualified to do the work. If a change in the procedure under this Article is desired, a special conference will be called and the parties will negotiate in good faith in an attempt to reach a mutual agreement, none of the parties to be arbitrary or capricious in their consideration of the matter.

Section 10.1 Recall. When the work force is increased after an indefinite layoff, employees will be recalled according to seniority as defined in Section 9, or in inverse order of layoff, at the Employer's option. Notice of recall to employees laid off for an indefinite period shall be sent to employees at their last known address by registered or certified mail. If an employee fails to report for work within ten (10) days after mailing notice, he/she shall be considered to have quit.

ARTICLE 11 – HOURS OF WORK AND OVERTIME

Section 11.0 Work Week and Working Hours. The work week shall commence at 12:01 a.m. Monday and terminate 12:00 a.m. Sunday, except for employees who are called back from layoff. Their work week will have the remaining number of working days in the week in which they are called back.

The normal work week shall be five (5) eight (8) hour days, with thirty (30) minutes off for lunch not included in the working hours. The Employer may, in its discretion, implement a four (4) day ten (10) hour per day work week. When the employer utilizes the ten (10) hour work schedule, employees shall be entitled to a ten (10) minute break period, generally from 9:00 a.m. to 9:10 a.m., and a second fifteen (15) minute break period for lunch, generally from 12:00 p.m. to 12:15 p.m. included in the working hours. It is understood that the timing of the break periods may vary due to the nature of the work performed. Field service work may not allow for the ability to access food retailers; thus employees are encouraged to carry the necessary food and beverages with them. The ten (10) hour schedule would begin no earlier than the Monday of the fourth full week in April and end no later than the Monday of the second week after Labor Day in September, except by mutual agreement of the parties. The Employer shall provide a minimum of 5 working days' notice before beginning or ending the ten (10) hour schedule by posting notice on the union bulletin board.

Highway Maintenance Night Patrol work hours are generally; 2nd shift—seven (7) days a week, 2:30 p.m. to 10:30 p.m., 3rd shift—seven (7) days a week, 10:00 p.m. to 6:00 a.m. This schedule is subject to change as part of the annual Highway Maintenance Patrol Agreement between the Employer and the Michigan Department of Transportation.

Section 11.1 Overtime. Overtime will be permitted only when authorized by the employee's immediate supervisor. The Employer and the Union recognizes that the Otsego County Road Commission exists by statute to maintain roads within the county in a reasonably safe condition for the traveling public. To protect the public, employees must keep themselves reasonably available for snow and ice removal and other emergency work. It is the employee's responsibility to be aware of weather conditions and be ready and available to work reasonable amounts of overtime when inclement weather occurs.

Section 11.2 Equalization of Overtime Hours. Overtime hours shall be divided as equally as possible among employees wishing overtime, in the same classification, with the exception of Highway Maintenance Night Patrol. An up-to-date list showing accumulated overtime hours will be posted each pay period.

Those who do not wish to work overtime shall be listed as a group on the same overtime list below those who wish to work overtime. When overtime is required, the person wishing overtime with the least number of overtime hours in that classification will be called first, if qualified, and so on down the list, unless it is an extension of work that day (no more than three (3) hours unless there is an unforeseen event such as equipment failure, provided however, this three (3) hour limitation shall not apply to any work being completed by members of the bargaining unit while they are outside of the County performing work on behalf of the Michigan Department of Transportation) to equalize the overtime hours. For the purpose of this clause,

time not worked because an employee has not been available or did not choose to work, will be charged with the average number of overtime hours of employees working during that call-out period (three [3] hour minimum), with the exception of those employees on funeral leave, who have been absent three (3) or more consecutive days due to illness or injury, or are on vacation. Vacation is defined as five (5) consecutive days of vacation time or compensatory time and the weekends adjacent to those five days. Anyone changing classification shall assume the number of hours of the one with the least advantage in the classification he/she is entering. Employees arbitrarily refusing to work overtime when called on to do so, will be subject to discipline and/or discharge. The overtime list will accumulate hours based on the overtime pay factor: i.e. if working four (4) hours at time-and-a-half, six (6) hours will be added to the overtime list. Four (4) hours at double time will yield eight (8) hours on the overtime list.

Overtime hours will be computed from the first (1st) pay period of November of one year to the last pay period of October of the following year. On the first (1st) pay period of November each year all hours will be set to zero and the employees listed by seniority, except those not wishing to work overtime.

For the purpose of this section, employees who were scheduled to be on authorized vacation and are called back due to an emergency shall be considered to have fulfilled the five (5) day requirement and shall not be charged the overtime hours.

Section 11.3 Overtime for Probationary Employees. Employees, during their probationary period, will be kept on the overtime list below the employees in their classification who wish overtime work. Employees who have completed their probationary period or have been deemed qualified to safely perform the work typically required for overtime (snowplowing or tree removal) by their immediate supervisor, will become active on the overtime list and assume the number of hours of the one with the least advantage in their classification. The Employer may call in probationary employees to work overtime for specific training purposes, such as night plowing, before they are actively added to the overtime list, provided non-probationary employees are not displaced from receiving overtime.

ARTICLE 12 – LEAVES OF ABSENCE

Section 12.0 Sick Leave. The Employer provides sick leave benefits to employees for the purpose of addressing short-term health related matters away from work for the employee and/or the employees immediate family (Immediate family shall be defined as the employee's spouse/domestic partner, children and/or stepchildren).

- (a) All employees covered by this Agreement shall accumulate forty-eight (48) hours per year to be credited to employee's sick leave bank January 1 of each year. First year employees' hours will be prorated based on hire date.
- (b) If an employee is off on family medical leave, short/long term disability, or workers compensation on January 1, employee will not be credited the annual forty-eight (48) hours into their sick leave bank. If an employee returns to service prior to December 31, their forty-eight (48) hours sick leave will be prorated based on return date.

- (c) Sick leave may be used in .25 hour increments. Sick leave is not to be used for vacations or for the purpose of systemically drawing down employee's sick leave bank in anticipation of retirement and shall only be used for:
 - (1) Illness or injury of the employee or employee's immediate family.
 - (2) Appointments with doctors, dentists, or other recognized practitioners for the employee or employee's immediate family.
 - (3) Exposure to a communicable disease that would prevent employee from attending work.
- (d) The Employer shall have the right to request an employee provide a statement from a health care provider concerning the justification for the use of sick leave if sick hours used extends beyond three (3) consecutive days and/or a pattern of abuse of sick time is observed.
- (e) An employee utilizing sick leave must notify his/her immediate supervisor at least one-half (1/2) hour prior to the start of his/her shift, otherwise sick leave may be denied; exceptions may be made in circumstances beyond the employee's control.
- (f) On return from sick leave, an employee shall complete and sign a "sick leave affidavit". Falsification of the use of sick leave shall be cause for discipline or discharge.
- (g) If the illness or injury shall be compensable under the Michigan's Workers' Disability Compensation Act of 1969 as amended, full sick leave payments shall be made to the employee from their accumulated sick leave bank until workers' compensation payments begin. In case sick leave payments combined with workers' compensation benefits results in income in excess of regular wages, the difference shall promptly be paid by the employee to the Employer and sick hours will be credited accordingly. Thereafter, sick leave payments shall be limited to the difference between the amount received as workers' compensation and the employee's regular wages.
- (h) Upon retirement employees unused accumulated sick leave banks will be paid as follows:
 - (1) Employees hired after January 1, 2009 — Sick leave banks not to exceed 350 hours shall be deposited into the employee's Municipal Employee's Retirement System (MERS) Health Care Savings Plan (HCSP) account, pre-tax, at the employee's current regular classification base rate of pay at retirement.
 - (2) Employees hired before January 1, 2009 — Sick leave banks not to exceed 350 hours shall be paid to the employee, post-tax, at the employee's current regular classification base rate of pay. Payments shall be made as part of the regular payroll.
- (i) Employees that are terminated or leave the employment of the Employer voluntary before reaching retirement are not eligible for payout of sick leave banks.

Section 12.1 Paid Personal Leave. Employees may use thirty-two (32) hours of sick leave as paid personal leave annually. Personal leave hours shall not be cumulative from year to year. Hours used will be deducted from employees unused accumulated sick leave balance. Employer requests at least a 48-hour notice of intent to take a personal leave day unless it is of an emergency nature or otherwise beyond the employee's control.

Section 12.2 Military Leave. The Employer shall follow all applicable federal laws and regulations as they pertain to military leaves of absence and reemployment rights of employees who enlist or who are inducted into the armed services of the United States.

Section 12.3 Funeral Leave. An employee shall be allowed four (4) working days as funeral leave, not to be deducted from vacation or sick leave banks, for a death in the immediate family. Immediate family is to be designated as follows: Mother, Father, Brother, Sister, Wife or Husband, Son or Daughter, Father-In-Law, Mother-In-Law and Step- Parents; and only two (2) working days funeral leave shall be allowed for Sister-In-Law and Brother- In-Law. One (1) working day funeral leave shall be allowed for Grandparents of the employee or spouse. Any employee selected to be a pallbearer for a deceased employee will be allowed one (1) funeral leave day with pay. The Chapter Chairperson shall be allowed one (1) funeral leave day in the event of death of a member of the unit, for the exclusive purpose of attending the funeral. The payment for funeral leave for one (1) day shall be the employee's actual work hours for that day. There shall be no overtime payment.

Section 12.4 Family Medical Leave. A family medical leave of absence (FMLA) is subject to the Employers adopted FMLA policy to ensure that all State and Federal regulations are followed.

Section 12.5 Witness and Jury Duty.

- (a) An employee who serves on jury duty or is subpoenaed to testify in matters relating to his/her employment with the Employer, will be paid the regular days' pay and shall turn in any jury- witness fees received to the Employer.
- (b) The employee will be required to report to work after being released from jury duty or as a witness, provided however, if there are three (3) hours or less remaining to work he/she shall not be required to report back for work.
- (c) Mileage and meal allotments shall not be deducted from the portion the Employer pays the employee if the duty is outside Otsego County. An employee will not be required to turn in any jury duty or witness fee that exceeds the employee's pay.
- (d) In order to receive payment under this Article, an employee must give the Employer prior notice that he/she has been summoned for jury duty and must furnish satisfactory evidence that jury duty was performed on the days for which payment is claimed.

Section 12.6 Union Business. Members of the Union elected to attend a function of the Union, such as conventions or educational conferences, shall be allowed to use personal, vacation or compensatory time off to attend such conferences and/or conventions and is subject to the Managing Director's approval and/or discretion. However, no more than two (2) employees shall be off for more than one (1) week at a time, under this provision.

ARTICLE 13 – HOLIDAYS

Section 13.0 Holiday Eligibility. Employee eligibility for holiday pay is subject to the following conditions/qualifications:

- (a) Employees will be paid for holidays as though they worked their normal day. The employee must work his/her regularly scheduled workday prior to the holiday and his/her regularly scheduled workday following the holiday unless an employee is on an approved paid leave of absence either the day before and/or the day after the holiday; otherwise, no holiday pay will be granted.
- (b) If an employee is on layoff, drawing workers' compensation payments, or receiving any other form of pay at the time the holiday occurs, he/she will not be paid for the holiday.
- (c) In addition to holiday pay for time not worked, if an eligible employee works on the actual day of the designated holiday, he/she shall also be paid double time his/her regular straight-time rate for the hours so worked.
- (d) Recognized holidays that fall within an employee's vacation period will not be considered as part of a vacation. Employees may extend the vacation period one (1) day if so agreed to by the Employer.
- (e) Should a holiday fall on a Saturday, Friday shall be considered as the holiday. Should a holiday fall on Sunday, Monday shall be considered as the holiday.

Section 13.1 Recognized Holidays. Ten (10) paid holidays are designated as: New Year's Day, Good Friday, Memorial Day, Fourth of July, Labor Day, Veterans' Day, Thanksgiving Day, Day after Thanksgiving, Christmas Eve, Christmas Day

ARTICLE 14 – VACATION

Section 14.0 Vacation

- (a) The employee's eligibility for vacation shall be calculated as of his/her anniversary hire date. Earned vacation hours shall be based on the following schedule:

Years of Service	Monthly Accrual	Annual Accrual Time Off
During 0-1st Year	*4 hours	48 hours
During the 3rd Year	*7.33 hours	88 hours
During the 7th Year	*10.66 hours	128 hours
During the 15 th Year	*14 - hours	168 hours
During the 20 th Year	*17.33 hours	208 hours
<i>* Monthly accrual hours are adjusted at year end to reflect full annual hours accrued</i>		

- (b) Vacation request will be granted at such times during the year as are suitable, considering both the wishes of the employee and efficiency of the operation covering each job classification concerned.

- (c) No more than twenty percent (20%) of the employees in each job classification (excluding Facilities Maintenance Technician) may be gone at any one time. Included in this stipulated twenty percent (20%) will be all sick leave absentees. The twenty percent (20%) maximum may be waived by the Employer provided that during the month of November, up to thirty percent (30%) of each classification (excluding Facilities Maintenance Technician) may be on vacation or sick leave. Those employees on vacation who can be contacted and are in the general Otsego County region, must return to work in an emergency if called. Emergency is defined as a need, based on ensuring the safety of the traveling public as determined by the Employer.
- (d) Vacation hours shall be scheduled in whole hours and may be requested to be used in single and multiple days or weeks, providing such scheduling does not drastically interfere with the operation of the Employer.
- (e) Vacation banks shall not exceed two hundred (200) hours on December 31. Any vacation banks exceeding two hundred (200) hours as of December 31 will be paid as follows:
 - (1) Employees hired after January 1, 2009 — vacation time exceeding 200 hours as of December 31, shall be deposited into the employee's Municipal Employee's Retirement System (MERS) Health Care Savings Plan (HCSP) account in January of the following year, pre-tax, at the employee's current regular classification base rate of pay as of December 31.
 - (2) Employees hired before January 1, 2009 — vacation time exceeding 200 hours as of December 31, shall be paid to the employee in January of the following year, post-tax, at the employee's current regular classification base rate of pay as of December 31. Payments shall be made as part of the regular payroll.
- (f) Vacation pay shall be computed at the employee's current regular classification base rate of pay, minus any shift or premium pay.
- (g) Vacation requests that are submitted between January 1 and the second full two (2) weeks of January shall be considered and granted on the basis of seniority. Vacation requests submitted after the second full two (2) weeks of January shall also be considered and granted on the basis of seniority but shall not bump an employee from a date submitted during the first full two (2) weeks of January. It is the employee's responsibility to obtain, complete and submit the required vacation request form the union bulletin board.
- (h) If an employee becomes ill and is under the care of a duly licensed physician on or before the beginning of his/her vacation, the employee may reschedule his/her vacation subject to the needs of the Employer and other vacation requests. In the event his/her incapacity continues through the year, he/she will be awarded payment in lieu of vacation.
- (i) If an employee is laid off, retires, or leaves the employment of the Employer, his/her earned vacation hours will be paid to him/her.
- (j) Employer requests at least a 48-hour notice for all vacations. Vacation times will be restricted from November 1 to March 31 and then it will be at the discretion of the

employee's supervisor and/or weather permitting. If an employee's vacation is cancelled, they must notify their supervisor at least one half (1/2) hour prior to starting their shift.

- (k) Vacation hours shall not be accrued while an employee is on an unpaid leave of absence, family medical leave, disability leave exceeding 30 days, workers compensation or laid off.

ARTICLE 15 – INSURANCE

Section 15.0 Health Insurance.

- (a) During the term of this Agreement, the Employer will make group health insurance coverage available for active full-time employees and their eligible dependents and contribute toward the total cost of hospitalization medical coverage in amounts not to exceed those subject to provisions of applicable laws; subject to such restrictions, definitions, rules, procedures and other limitations as may be applied by the Employer or its insurance carriers; and subject to other provisions of this Agreement, including but not limited to those requiring participating employees to pay any part of applicable premiums. Coverage shall become effective on the first (1st) of the month following completion of thirty (30) calendar days of continuous employment with the Employer.
- (b) The parties agree it is paramount for the Employer to investigate options which will reduce financial liability in regard to healthcare costs. Options to be considered may include, but not limited to, alternative health care providers, specific cost containment programs and alternative traditional plans. Health insurance renewals will be reviewed on an annual basis by the Employer and will be selected based on the Employer's financial ability to pay and the desire of the Employer to provide employees with optimal health insurance benefits at the lowest cost to employees. The Employer will be open and transparent with the Union regarding health care cost containment review and shall meet with the entire bargaining unit to keep all employees informed and solicit feedback on options when prudent.

Section 15.1 Payment in Lieu of Health Insurance.

- (a) Active employees who are covered by a Health Care Plan by another Employer may elect to receive annual amounts of \$2,000.00 for single coverage, \$4,000.00 for 2-person coverage, \$5,000.00 for family coverage, in lieu of the coverage, payable in quarterly payments each year (payment amounts subject to proration based upon plan eligibility dates). Employees must provide proof of coverage by another healthcare plan each year to receive payment in lieu of the coverage.
- (b) Retirees who were hired prior to 2009 and who retire under the MERS Retirement Plan with full retirement benefits, until they become Medicare eligible, who are covered by a Health Care Plan by another employer may elect to receive annual amounts of \$2,000.00 for single coverage in lieu of the healthcare coverage, payable in quarterly payments each year (payment amounts subject to proration based upon plan eligibility dates). Eligible retirees must provide proof of coverage by another healthcare plan each year to receive payment in lieu of the coverage.

Section 15.3 Workers Compensation Insurance. The Employer shall provide workers' compensation benefits for employees consistent with Michigan's Workers' Disability Compensation Act of 1969 as amended. The Employer fulfills its workers' compensation legal obligations by participating in a state approved self-insured group fund called the County Road Association Self-Insurance Fund (aka CRASIF) which insures and administers workers' compensation benefits to employees.

Section 15.4 Life Insurance. The Employer agrees to pay the full premium of term life insurance plan for each employee, face value of \$15,000.00 with double indemnity accidental death, while employed or laid off. Coverage shall become effective on the first (1st) of the month following completion of thirty (30) calendar days of continuous employment with the Employer.

Section 15.5 Short Term Disability Insurance. The Employer shall provide Short Term Disability (STD) coverage for each permanent full-time employee who has been employed at least thirty (30) days. Employer will provide coverage for sixty-six and 2/3 percent (66 2/3%) of the employee's gross wage. Employees will be provided with a copy of the policy and terms upon putting the STD in place. All terms and conditions stated in the STD policy shall be adhered to and are incorporated by reference hereunder. If there is any conflict between the provisions stated herein and the policy terms, the policy terms shall prevail. Employees shall not engage in other employment during Short Term Disability leave. Coverage shall become effective on the first (1st) of the month following completion of thirty (30) calendar days of continuous employment with the Employer.

Section 15.6 Long Term Disability Insurance. The Employer shall provide Long Term Disability (LTD) coverage for each regular full-time employee who has been employed at least thirty (30) days. Such coverage shall become effective upon exhaustion of STD benefits according to the terms of the policy in place. Employer shall provide coverage sixty-six and 2/3 percent (66 2/3%) of the employee's gross wage. All terms and conditions stated in the LTD policy shall be adhered to and are incorporated by reference hereunder. If there is any conflict between the provisions stated herein and the policy terms, the policy terms shall prevail. Employees shall not engage in other employment during Long Term Disability leave. Coverage shall become effective on the first (1st) of the month following completion of thirty (30) calendar days of continuous employment with the Employer.

ARTICLE 16 – RETIREMENT

Section 16.0 Retirement Plans.

- (a) Employees hired on or after June 1, 2023 are not eligible to participate in a defined benefit pension plan listed below. Instead, employees hired on or after June 1, 2023 may be enrolled in the Municipal Employee's Retirement System (MERS) 457 Retirement Plan with an Employer match up to 5%. Employees participation in the Plan is voluntary.
- (b) Employees hired after October 16, 2012 through May 31, 2023 shall participate in Division 10 of the Michigan Municipal Employee's Retirement System (MERS) Defined Benefit Plan, 2.0% multiplier, with age sixty (60) as normal retirement, ten (10) year vesting and FAC 5 years. Employees shall contribute 5% of their gross income towards their retirement benefit.

- (c) Employees hired before October 16, 2012 shall participate in Division 01 of the Michigan Municipal Employee's Retirement System (MERS) Defined Benefit Plan, 2.5% multiplier, F55 waiver (age 55 with 25 years of service), ten (10) year vesting and FAC 5 years. Employees shall contribute 5% of their gross income towards their retirement benefit.

Section 16.1 Retirement Healthcare.

- (a) Employees hired after January 1, 2009 Employer shall contribute 5% of employees' base wage into their Municipal Employee's Retirement System (MERS) Health Care Savings Plan (HCSP) account each pay-period. Each pay-period, employees shall pay 1% of their gross pay, pre-tax, into their HCSP account.
- (b) Employees hired before January 1, 2009 and who retire under the Municipal Employee's Retirement System (MERS) Retirement Plan with full retirement benefits, until they become Medicare eligible, will be offered the same healthcare coverage only (no dental and/or vision), deductibles, and contributions as active employees. The Employer will only pay for single coverage for the employee/retiree only. All healthcare coverage will cease upon becoming Medicare eligible.

ARTICLE 17 – COMPENSATION

Section 17.0 Classification and Wage Rates. Wage increases shall become effective the first date after the last payroll each year. Classifications and wage rates effective for the life of this Agreement are as follows:

Classification	1/1/2023	*(4%)	(3%) 1/1/2025	(2%) 1/1/2026
Mechanic				
(CDL)	\$26.32	\$27.37	\$28.19	\$28.75
(Non-CDL)	\$25.32	\$26.37	\$27.19	\$27.75
Equipment Operator/Laborer	\$23.98	\$24.94	\$25.69	\$26.20
Facilities Maintenance Technician	\$21.92	\$22.80	\$23.48	\$23.95

***Effective first payroll after execution**

An additional \$.50 per hour will be paid to those employees assigned as Highway Maintenance Night Patrol and scheduled to work seven (7) day periods on 2nd and 3rd shifts. Employees assigned as Assistant Foreman will be paid an additional \$1.00 per hour only while actively working in the position.

Section 17.1 Temporary Assignment. Employees temporarily assigned (not to exceed 30 days) to a classification paying a lower rate than their regular rate shall retain their regular rate of pay. Employees temporarily assigned to a classification paying a higher rate than their regular rate shall receive the rate of pay of the higher classification for all hours worked if the temporary assignment begins at the start of the day and continues for one-half (1/2) a work shift, or more.

Section 17.2 Direct Deposit. All employees are required to be paid by direct deposit.

Section 17.3 Payday. Payday will be held every other Thursday consisting of twenty-six (26) bi-weekly pay periods. The weekly pay period will be from Saturday to Friday. Each payday, employees shall be furnished with an itemized statement of his/her earnings and all deductions made.

Section 17.4 Premium Pay.

- (a) Time and one-half (1½) shall be paid for all hours worked over eight (8) in addition to the work week or day as outlined in Section 11.
- (b) Double time will be paid for all hours worked on Sunday and all hours worked on holidays, as recognized in this Agreement, in addition to holiday pay.
- (c) Highway Maintenance Night Patrol seven (7) days per week employees day begins at beginning of scheduled shift. Those employees assigned to Highway Maintenance Night Patrol seven (7) days per week whose Saturday work continues past midnight will be paid at the time-and-one-half rate for the time worked past midnight and those seven (7) day per week employees will be paid double time for hours worked past midnight on Sunday.

Highway Maintenance Night Patrol 2 nd & 3 rd Rate Schedule							
SHIFT	SUN.	MON.	TUES.	WED.	THURS.	FRI.	SAT.
2 nd	x2	x1	x1	x1	x1	x1	x1 ½
3 rd	x2	x1	x1	x1	x1	x1	x1 ½
2nd shift: 2:30 p.m. to 10:30 p.m							
3rd shift: 10:00 p.m. to 6:00 a.m							

- (d) Premium pay shall not be pyramided, compounded or paid twice for any hour worked.
- (e) For the purpose of computing premium pay, for hours in excess of forty (40) hours per week, vacation, sick, and holidays will be considered as hours worked.

Section 17.5 Compensatory Time. Employees may elect to accrue overtime hours for the entire pay period of the first pay in November through March 31st of any particular year. The maximum hours that may be accumulated in this period are one hundred twenty (120) hours. Maximum hours for this contract shall not commence until November of 2024. Any additional overtime will be paid at the time it is worked. Starting with the pay period covering the second payday of November, the employee who has accumulated these unpaid overtime hours may use them as "compensatory time off" subject to the approval of the Employer. Employees who have accumulated compensatory time will be allowed to use that time in increments as approved by the Employer. Compensatory time may only be used in whole hours. Any of these accumulated overtime hours not used as "compensatory time off" as of November 1 of each year shall be paid to the employee by the end of November. Employees who wish to accrue overtime hours in this manner must inform the Employer by signing the Annual Compensatory Time Request Notice between September 15th and October 15th.

Section 17.6 Call-In Time. Any employee who is called in to work outside of his/her regularly scheduled shift will be paid for a minimum of three (3) hours; this does not limit the work to three hours and the employee may be required to work longer depending on the nature of the

reason for the call in. Employee will be paid premium pay, as provided in Section 17.4, for all hours worked outside his/her regular work shift.

Section 17.7 Safety Allowance. Employees classified as Mechanic, Equipment Operator/Laborer, and Facilities Maintenance Technician shall receive \$300 per year to offset the costs of steel toe work boots, gloves, reflective winter work jackets, reflective safety shirts or other upgraded or personalized PPE. Safety items purchased by employees must meet current MIOSHA standards. Employer shall provide employees with hard hats, standard safety vests, hearing protection, chaps and other specialized PPE needed for specific tasks in compliance with MIOSHA Standards. Payment will be made in January of each year as an accounts payable item. Safety allowance payments are not prorated.

Section 17.8 Mechanic Tool Allowance. Employees classified as Mechanic shall receive \$700 per year from the Employer for the rental of tools. Tools boxes are owned individually by employees and access to and usage of toolboxes and tools shall be up to the individual owner. Payment will be made in January of each year as an accounts payable item. Mechanic tool allowance payments are not prorated.

ARTICLE 18 – MISCELLANEOUS

Section 18.0 Personnel Policies. The Employer reserves the right to establish, publish, and to change from time-to-time personnel policies, including reasonable rules and regulations governing the conduct of its employees, provided, however, that such personnel policies shall not conflict with the express terms of this Agreement.

Section 18.1 Union Bulletin Boards. The Employer will provide a bulletin board for use of the Union to post notices concerning Union business and activities on. The Employer will utilize the union bulletin board to post all relevant notices or similar matters identified in this Agreement in order to better facilitate one location where employees can locate pertinent information.

Section 18.2 Safety Committee of the Whole. Employer and Union agree to hold Safety Committee of the Whole meetings as needed to discuss and consider safety matters pertaining to the organization. Members shall include management and all employees in each classification. Open discussions between all employees and management regarding safety matters, generally translates into a safer and improved work environment for everyone. It is understood that the Employer has the ultimate responsibility and shall make the final determination of all matters of safety and safety rules.

Section 18.3 Uniforms. The Employer will pay for the rental uniforms for employees classified as Mechanic and Facility Maintenance Technician.

Section 18.4 Equipment, Accidents and Reports. Employees shall, at the end of their workday, report the condition of the equipment used that day but report all breakdowns immediately. Such reports shall be made on a suitable form furnished by the Employer. The Employer will not require employees to take out on the streets or highways any vehicle that is not in reasonably safe operating condition. An Employee involved in an accident during working hours, or while operating a vehicle owned by the Employer shall immediately report the accident and any physical injury sustained. When requested by the Employer, the employee before starting his/her

next workday shall make out an accident report in writing on forms furnished by the Employer and shall turn in all available names and contact information of witnesses to any accident. Failure to comply with this provision shall subject employee to disciplinary action by the Employer.

Section 18.5 Address Changes. All employees shall promptly notify their immediate supervisor, in writing, of any change in name or address and, in any event, no later than five (5) calendar days after such change has been made. The Employer shall be entitled to rely upon an employee's last name and address shown on his/her record for all purposes involving his/her employment.

Section 18.6 Commercial Driver's License. All bargaining unit employees in the Equipment Operator/Laborer classification are to maintain either a valid group A or B Commercial Driver's License (CDL) with no restrictions and required endorsements and maintain a valid medical card as a condition of continued employment. Employees in the Mechanics classification is not required to have a CDL as a condition of employment.

- (a) The cost of obtaining the required driver's license including testing is the responsibility of the employee.
- (b) Employees are responsible for keeping track of their CDL and medical card expiration dates and shall notify the Employer immediately of any suspension, restriction or revocation. Employer shall post, annually in January, a list of CDL and Medical Card expiration dates per employee. This list will be updated by the employer if a change in personnel occurs during the year.
- (c) The employer shall pay for the cost of any required physical examinations, not to exceed two (2) per year, if scheduled by the Employer and conducted by a physician of the Employer's choosing. Physicals will be allowed to be scheduled during normal working hours and employees' time paid by the employer. Employer may allow employee to drive an Employer vehicle to and from the physical dependent on availability of vehicles at the time of physical. Employees shall notify the Human Resources/Payroll manager no later than 30 days prior to his/her medical expiration in order for the Employer to adequately schedule the physical appointment. If notification is not given, employee will be responsible for scheduling and obtaining the physical as outlined in sub section (d) of this Section.
- (d) Employees will have the option of having the required CDL renewal physical performed by his/her personal physician. If the employee chooses to have the physical performed by his/her personal physician, it must be scheduled by the employee and performed on the employee's own time using available sick or vacation time and the Employer will pay the office visit charge (up to the amount paid for the physicals that are scheduled by the Employer).
- (e) Any employee failing to have a valid CDL shall be immediately suspended without pay and benefits for a period of up to ninety (90) days. After ninety (90) days without successfully completing the CDL requirements, the employee shall be terminated and lose his/her seniority.

Section 18.7 Separability. If any section of this Agreement should be held by a court of competent jurisdiction to be invalid or to conflict with applicable Federal or State law, the remainder of this Agreement shall not be affected thereby. The parties shall enter into negotiations for the purpose of arriving at a mutually satisfactory replacement for the section held invalid.

Section 18.8 Appointment of Emergency Manager. An emergency manager appointed under the local financial stability and choice act, 2012 PA 436, MCL 141.1541 to 141.1575, shall have the right provided under said Act.

Section 18.9 Separation Voluntary Termination. Employees shall have the responsibility of turning in all Employer owned equipment and property at termination of their employment. The employee shall be charged for all items not returned, provided they have signed an authorization form for such deductions.

ARTICLE 19 – SCOPE OF AGREEMENT

Section 19.0 Waiver.

- (a) It is the intent of the parties hereto that the provisions of this Agreement, which supersedes all prior agreements and understandings between such parties, shall govern their relationship and shall be the source of any rights or claims which may be asserted.
- (b) The Provisions of this Agreement can be amended, supplemented, rescinded, or otherwise altered only by mutual agreement in writing hereafter signed by the parties hereto.
- (c) The parties acknowledge that during the negotiations which resulted in this Agreement, each had the unlimited right and opportunity to make demands and proposals with respect to any subject or matter not removed by law from the area of collective bargaining, and that the understandings and agreements arrived at by the parties after the exercise of that right and opportunity are set forth in this Agreement. Therefore, the Employer and the Union, for the life of this Agreement, each voluntarily and unqualifiedly waive the right, and each agrees that the other shall not be obligated to bargain collectively with respect to any subject or matter not specifically referred to or covered in this Agreement, even though such subject matter may not have been within the knowledge or contemplation of either or both of the parties at the time that they negotiated or signed this Agreement.

ARTICLE 20 – DURATION

Section 20.0 Termination and Modification. This Agreement shall be effective on November 1, 2023 and shall remain in force until 11:59 p.m., December 31, 2026.

- (a) If either party desires to amend and/or terminate this Agreement, it shall, sixty (60) days or more prior to the above termination date, give written notification of same.
- (b) If neither party shall give such notice, this Agreement shall continue in effect from year to year thereafter, subject to notice of amendment or termination by either party on sixty (60) days' written notice prior to the current year's termination date.

- (c) Any amendments that may be agreed upon shall become and be a part of this Agreement without modifying or changing any of the other terms of this Agreement.
- (d) Any notice of termination or modification shall be in writing and shall be sufficient if sent by certified mail, addressed to the Union, to Michigan Council #25 AFSCME, AFL-CIO, 1034 N. Washington Avenue, Lansing, Michigan, 48906, and if to the Employer, addressed to Otsego County Road Commission, P. O. Box 537, Gaylord, Michigan, 49734-0537; or to any such address as the Union or the Employer may make available to the other.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed on the day and year first above written.

OTSEGO COUNTY ROAD COMMISSION
 EMPLOYEES' CHAPTER OF LOCAL
 1534.1, MICHIGAN COUNCIL #25,
 AMERICAN FEDERATION OF STATE,
 COUNTY AND MUNICIPAL EMPLOYEES,
 AFL CIO:

BOARD OF COUNTY COMMISSIONERS
 FOR THE COUNTY OF OTSEGO:

 Tom Coughlin, Chapter Chair

 Troy Huff, Chairman

 Dennis Mitchell, Union Steward

 Kathy Heinz, Vice-Chair

 Jeff Aspey, Union Representative

 Mike Dipzinski, Member

 Luke Gordan, Member

 Thomas Wagar, Member



Otsego County Road Commission Agenda Item Report

FROM: Kirk Harrier, Managing Director
MEETING DATE: November 1, 2023
AGENDA ITEM: 4. B
SUBJECT: MERS Defined Benefit Plan Amendment

DESCRIPTION

During the process of collective bargaining, the Union agreed to close the Define Benefit Plan in exchange for reducing the employee contribution of existing participants from 8% to 5%. The attached documentation is required by MERS for the changes to be implemented. An analysis of other northern Michigan road commissions showed the range of employee contributions for MERS DB plans to be between 3% and 5%.

BUDGET ACTION REQUIRED

N/A

LEGAL REVIEW

N/A

SAMPLE MOTION

Motion to **approve/deny** the MERS Defined Benefit Plan Adoption Agreement dated November 1, 2023 as presented.

Defined Benefit Plan Adoption Agreement



1134 Municipal Way Lansing, MI 48917 | 800.767.MERS (6377) | Fax 517.703.9711

www.mersofmich.com

The Employer, a participating municipality or participating court within the state of Michigan, hereby agrees to adopt and administer the MERS Defined Benefit Plan provided by the Municipal Employees' Retirement System of Michigan, as authorized by 1996 PA 220, in accordance with the MERS Plan Document, as both may be amended, subject to the terms and conditions herein.

I. Employer Name _____ **Municipality #:** _____

If new to MERS, please provide your municipality's fiscal year: _____ through _____.
Month Month

II. Effective Date

Check one:

A. If this is the **initial** Adoption Agreement for this group, the effective date shall be the first day of _____, 20__.

This municipality or division is new to MERS, so vesting credit prior to the **initial** MERS effective date by each eligible employee shall be credited as follows (choose one):

- All prior service from date of hire
- Prior service proportional to assets transferred; all service used for vesting
- Prior service and vesting service proportional to assets transferred
- No prior service but grant vesting credit
- No prior service or vesting credit

Link this new division to division number _____ for purposes of determining contributions (Unless otherwise specified, the standard transfer/rehire rules apply)

For divisions that are closing or freezing with or without conversion, the Employer must complete the *Addendum for Plan Freeze, Closure and Conversions*

B. If this is an **amendment** of an existing Adoption Agreement (Defined Benefit division number _____), the effective date shall be the first day of ___/20__ (mm/yy). *Please note:* You only need to mark **changes** to your plan throughout the remainder of this Agreement.

C. If this is a **temporary benefit** (Defined Benefit division number(s) _____), select one of the following:

This is a **temporary Benefit Window** with a duration of 2-6 months. Effective dates are from ___/01/___ through the last day of ___/20__ (mm/yy). Complete provisions as applicable under Section IV of this form.

This is a **temporary Lump Sum Buyout Program** for terminated vested participants with a duration of 6-24 months. Effective dates are from ___/01/___ through the last day of ___/20__ (mm/yy). Payout will reflect ___% (1-100%) of the participant's present value of accrued benefit. For example, if 40% is used, the payout will be 40% of the present value of the benefit. This percentage cannot be changed once adopted.

Defined Benefit Plan Adoption Agreement

- D. If this is to **separate employees from an existing Defined Benefit division** (existing division number(s) _____) into a new division, the effective date shall be the first day of _____, 20____.
- E. If this is to merge division(s) _____ into division(s) _____, the effective date shall be the first of _____, 20____.
- F. If this is an amendment to close Defined Benefit division(s) # _____, with new hires, rehires, and transfers going into an **existing** Defined Benefit division # _____, the effective date shall be _____ (month/year).

Note: Closing this Defined Benefit division(s) will change future invoices to a flat dollar amount instead of a percentage of payroll, as provided in your most recent annual actuarial valuation.

(The amount may be adjusted for any benefit modifications that may have taken place since then).

III. Plan Eligibility

Division Title: _____

Only those employees eligible for MERS membership may participate in the MERS Defined Benefit Plan. If an employee classification is **included** in the plan, then employees that meet this definition will receive service credit if they work the required number of hours to meet the service credit qualification defined below. All eligible employees must be reported to MERS. Please describe the specific classifications that are eligible for MERS within this division:

(For example: e.g., Full-time employees, Clerical staff, Union Employees participating in XXXX union)

This Division includes **public safety employees** (this information is used for actuarial purposes only. It does not relate to the additional tax for early distribution): Yes No

To further define eligibility (select all that apply):

Employee Classification	Included	Excluded	Not Employed
Temporary Employees: Those who will work for the municipality fewer than _____ months in total	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Part-Time Employees: Those who regularly work fewer than _____ per _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Seasonal Employees: Those who are employed for tasks that occur at specific times of the year	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Voter-Elected Officials	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Appointed Officials: An official appointed to a voter-elected office	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Contract Employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other: _____	<input type="checkbox"/>	<input type="checkbox"/>	
Other 2: _____	<input type="checkbox"/>	<input type="checkbox"/>	

Defined Benefit Plan Adoption Agreement

Probationary Periods (select one):

- Service will begin after the probationary period has been satisfied. Probationary periods are allowed in one-month increments, no longer than 12 months. During this probationary period, the employer will not report or provide service. Service will begin to accrue and contributions must be reported when the Probationary Period ends.

The probationary period will be _____ month(s).

Comments:

- Service will begin with the employee's date of hire (no Probationary Period). Effective with the date of hire, wages paid and any associated contributions must be submitted to MERS.

IV. Provisions

1. Service Credit Qualification

To clarify how eligible employees earn service credit, please indicate how many hours per month an eligible employee needs to work. For example, if you require 10 eight-hour days, this would be 80 hours per month. If an *hours and days* has been previously defined (like 10 seven-hour days), stating "70 hours" will be required. Employees must meet the definition of Plan Eligibility in order to earn service credit under the plan.

To receive one month of service credit, an employee shall work (or be paid for as if working) _____ hours in a month.

2. Leaves of Absence

Indicate by checking the boxes below, whether the potential for service credit will be allowed if an eligible employee is on one of the following types of leave, regardless of meeting the service credit qualification criteria.

Regardless whether an eligible employee is awarded service credit while on the selected type(s) of leave:

- MERS will skip over these months when determining the FAC amount for benefit calculations.
- Third-party wages **are not** reported for leaves of absence.
- Employers **are not** required to remit employer contributions based on leaves of absence when no wages are paid by the employer.
- For **contributory divisions**, employee contributions are required where service credit is granted and due at the time of monthly wage and contribution reporting. Employers may use the following formula to calculate employee contributions: the employee's current hourly rate (prior to leave), multiplied by service credit qualification (hours) multiplied by employee contribution. For example, if employees' hourly rate is \$20, the division requires 120 hours to obtain service credit, and employee contributions are 5%, the calculation will look like: $\$20/\text{hour} \times 120 \times .05 = \120 in employee contribution for that leave month. Employers may use another internal formula, if they choose and MERS will make note of it.

If an alternative formula is going to be used, please describe that here:

Defined Benefit Plan Adoption Agreement

Type of Leave	Service Credit Granted	Service Credit Excluded
Short-Term Disability	<input type="checkbox"/>	<input type="checkbox"/>
Long-Term Disability	<input type="checkbox"/>	<input type="checkbox"/>
Workers' Compensation	<input type="checkbox"/>	<input type="checkbox"/>
Unpaid Family Medical Leave Act (FMLA)	<input type="checkbox"/>	<input type="checkbox"/>
Other: _____ For example, sick and accident, administrative, educational, sabbatical, etc.	<input type="checkbox"/>	<input type="checkbox"/>
Other 2: _____ Additional leave types as above	<input type="checkbox"/>	<input type="checkbox"/>

Leaves of absence due to military service are governed by the Federal *Uniformed Services Employment and Reemployment Rights Act* of 1994 (USERRA), IRC 414(u), effective January 1, 2007, IRC 401(a)(37). Military reporting requires historical wage and contribution reporting for Defined Benefit as applicable.

3. Definition of Compensation

The Definition of Compensation is used to calculate a participant's final average compensation and is used in determining both employer and employee contributions. Wages paid to employees, calculated using the elected definition, must be reported to MERS.

Select your Definition of Compensation:

- Base Wages
 Box 1 Wages of W-2
 Gross Wages
 Custom Definition

Click here to view details of Base, Box 1, and Gross Wages

(To customize your definition, please complete the [Custom Definition of Compensation Addendum](#).)

V. Valuation-Required Provisions

Valuation Date: _____, 20____

1. Review the valuation results

It is recommended that your MERS representative presents and explains the valuation results to your municipality before adopting. Please choose one:

- Our MERS representative presented and explained the valuation results to the

_____ on _____.
(Board, Finance Cmte, etc.) (mm/dd/yyyy)

- As an authorized representative of this municipality, I _____
(Name)

_____ waive the right for a presentation of the results.
(Title)

This Adoption Agreement will be implemented in conjunction with a current actuarial valuation certified by a MERS actuary that sets contribution rates.

Annually, the MERS actuary will conduct an actuarial valuation to determine the employers' contribution rates. Employers are responsible for payment of said contributions at the rate, in the form and at the time that MERS determines.

Defined Benefit Plan Adoption Agreement

2. **Benefit Multiplier** (1%-2.5%, increments of 0.05%) _____ % (max 80% for multipliers over 2.25%)

Check here if multiplier will be effective for existing active members' future service only (Bridged Benefit as of effective date on page 1)

If checked, select one below:

Termination Final Average Compensation (calculated over the members entire wage history)

Frozen Final Average Compensation (FAC is calculated twice, once for the timeframe that matches the original multiplier, and once for the new multiplier)

3. **Final Average Compensation** (Min 3 yr, increments of 1 yr) _____ years

4. **Vesting** (5 -10 yrs, increments of 1 yr) _____ years

5. **Normal Retirement Age** will be the later of: _____ (any age from 60-70), or the vesting provision selected above (#4).

6. **Required employee contribution** (Increments of 0.01%) _____ %

7. **Unreduced Early Retirement/Service Requirements:**

Age 50 – 54 _____ Service between 25 and 30 years _____

Age 55 – 65 _____ Service between 15 and 30 years _____

Service only (must be any number from 20 – 30 years accrued service): _____

Age + Service Points (total must be from 70 – 90): _____ points

8. **Other**

Surviving Spouse will receive 50% of Straight Life benefit without a reduction to the employees' benefit (also known as an RS50)

Duty death or disability enhancement (add up to additional 10 years of service credit not to exceed 30 years of service)

Deferred Retirement Option Program (DROP) – If selected, complete the following:

• Credited interest rate: _____ % (please select either 0 or 3%)

• The employer, if selected, will delay a Cost of Living Adjustment (COLA) during the DROP period (skip if not applicable): Yes No

• Credited payment percentage will be: _____ % (enter a number from 1-100% in increments of 1%) throughout the duration of the DROP period.

Defined Benefit Plan Adoption Agreement

Annuity Withdrawal Program (AWP)

Calculation of the actuarial equivalent of the lump sum distribution made under AWP will be done using:

- Interest rate for employee contributions as determined by the Retirement Board, or
- MERS' assumed rate of return as of the date of the distribution.

9. Cost-of-Living Adjustment

<input type="checkbox"/> All current retirees as of effective date <input type="checkbox"/> Retirees who retire between ___/01/___ and ___/01/___	<input type="checkbox"/> Future retirees who retire after effective date
Increase of ___% or \$___ per month	Increase of ___% or \$___ per month
Select one: <input type="checkbox"/> Annual automatic increase <input type="checkbox"/> One-time increase	<input type="checkbox"/> Annual automatic increase
Select one: <input type="checkbox"/> Compounding <input type="checkbox"/> Non-compounding	Select one: <input type="checkbox"/> Compounding <input type="checkbox"/> Non-compounding
Employees must be retired ___ months (6-12 months, increments of 1 month)	Employees must be retired ___ months (6-12 months, increments of 1 month)

- Check here if the existing COLA will be bridged for active participants as of the effective date selected on this form. Benefits accrued for service after the effective date will have no COLA increase applied.

10. Service Credit Purchase Estimates are:

- Not permitted
- Permitted

VI. Appointing MERS as the Plan Administrator

The Employer hereby agrees to the provisions of this *MERS Defined Benefit Plan Adoption Agreement* and appoints MERS as the Plan Administrator pursuant to the terms and conditions of the Plan. The Employer also agrees that in the event of any conflict between the MERS Plan Document and the MERS Defined Benefit Plan Adoption Agreement, the provisions of the Plan Document control.

VII. Modification Of The Terms Of The Adoption Agreement

If the Employer desires to amend any of its elections contained in this Adoption Agreement, including attachments, the Governing Body or Chief Judge, by resolution or official action accepted by MERS, must adopt a new Adoption Agreement. The amendment of the new Agreement is not effective until approved by MERS.

Defined Benefit Plan Adoption Agreement

VIII. Enforcement

1. The Employer acknowledges that the Michigan Constitution of 1963, Article 9, Section 24, provides that accrued financial benefits arising under a public Employer's retirement plan are a contractual obligation of the Employer that may not be diminished or impaired, and prohibits the use of the Employer's required current service funding to finance unfunded accrued liabilities.
2. The Employer agrees that, pursuant to the Michigan Constitution, its obligations to pay required contributions are contractual obligations to its employees and to MERS and may be enforced in a court of competent jurisdiction;
3. In accordance with the Constitution and this Agreement, if at any time the balance standing to the Employer's credit in the reserve for employer contributions and benefit payments is insufficient to pay all service benefits due and payable to the entity's retirees and beneficiaries, the Employer agrees and covenants to promptly remit to MERS the amount of such deficiency as determined by the Retirement Board within thirty (30) days notice of such deficiency.
4. The Employer acknowledges that wage and service reports are due monthly, and the employee contributions (if any) and Employer contributions are due and payable monthly, and must be submitted in accordance with the MERS Enforcement Procedure for Prompt Reporting and Payment, the terms of which are incorporated herein by reference.
5. Should the Employer fail to make its required contribution(s) when due, the retirement benefits due and payable by MERS on behalf of the entity to its retirees and beneficiaries may be suspended until the delinquent payment is received by MERS. MERS may implement any applicable interest charges and penalties pursuant to the MERS Enforcement Procedure for Prompt Reporting and Payment and Plan Document Section 79, and take any appropriate legal action, including but not limited to filing a lawsuit and reporting the entity to the Treasurer of the State of Michigan in accordance with MCL 141.1544(d), Section 44 of PA 436 of 2012, as may be amended.
6. The Employer acknowledges that changes to the Employer's MERS Defined Benefit Plan must be made in accordance with the MERS Plan Document and applicable law, and agrees that MERS will not administer any such changes unless the MERS Plan Document and applicable law permit same, and MERS is capable of administering same.

IX. Execution

Authorized Designee of Governing Body of Municipality or Chief Judge of Court

The foregoing Adoption Agreement is hereby approved by _____ on
the _____ day of _____, 20____. (Name of Approving Employer)

Authorized signature: _____

Title: _____

Received and Approved by the Municipal Employees' Retirement System of Michigan

Dated: _____, 20____ Signature: _____
(Authorized MERS Signatory)



Otsego County Road Commission Agenda Item Report

FROM: Kirk Harrier, Managing Director
MEETING DATE: November 1, 2023
AGENDA ITEM: 4. C
SUBJECT: MERS Health Care Saving Plan Agreement/Amendment

DESCRIPTION

During the process of collective bargaining, the Union negotiated a change to the MERS Health Care Saving Plan (HCSP) that involves a change in the employer contribution from 3% of employees gross wages to 5% of employees base wages. Only union employees hired after 2009 are eligible for this HCSP benefit. The attached documentation is required by MERS for the changes to be implemented.

BUDGET ACTION REQUIRED

N/A

LEGAL REVIEW

N/A

SAMPLE MOTION

Motion to **approve/deny** the MERS Health Care Savings Plan Agreement and Addendum dated November 1, 2023 as presented.

MERS Health Care Savings Program Participation Agreement



1134 Municipal Way Lansing, MI 48917 | 800.767.2308 | Fax 517.703.9707

www.mersofmich.com

I. PARTICIPATING EMPLOYER

Employer Name: _____
(Name of municipality or court)

Municipality Number: _____ Division Number: _____

II. EFFECTIVE DATE

1. If this is the initial Participation Agreement relating to the MERS Health Care Savings Program for this covered group, the effective date of the program here adopted shall be:

(Date)

2. If this is an amendment and restatement of an existing Participation Agreement relating to the MERS Health Care Savings Program for this covered group, the effective date of this amendment and restatement shall be effective: _____

(Date)

Note: You only need to mark *changes* to your plan throughout the remainder of this Agreement.

III. COVERED EMPLOYEE GROUPS

A participating Employer may cover all of its employee groups, bargaining units, or personnel/employee classifications ("Covered Group") in the same Health Care Savings Program plan.

Contributions shall be made on the same basis within each Covered Group according to the associated [HCSP Contribution Addendum](#), remitted as directed by the Program Administrator.

This agreement encompasses the following group(s):

(Name/s of HCSP covered group/s)

Note: To maintain the tax-favored status of the employer's Health Care Savings Program and to comply with federal law, the Employer may not provide coverage or benefit levels to highly-compensated employees that are not provided to non highly-compensated employees.

IV. ELIGIBLE EMPLOYEES

Only Employees of a "municipality" may be covered by the Health Care Savings Program Participation Agreement. Independent contractors may not participate in the Health Care Savings Program.

The Employer shall provide MERS with the name, address, Social Security Number, and date of birth for each Eligible Employee, as defined by the Participation Agreement.

V. EMPLOYER CONTRIBUTIONS TO THE HEALTH CARE SAVINGS PROGRAM

The Participating Employer hereby elects to make contributions to the Trust. Contributions shall be made on the same basis within each Covered Group specified in this agreement, and remitted to MERS as directed by the employer, to be credited to the individual accounts of Eligible Employees according to the associated [Contribution Addendum](#).

MERS Health Care Savings Program Participation Agreement

Vesting Cycle For Basic Employer Contributions Only. The employer contributions identified in this Participation Agreement are subject to the following vesting cycle (where vesting is different, separate participation agreement must be completed).

- Immediate Vesting upon Participation
- Cliff Vesting: The participant is 100% vested upon _____ year(s).
(Stated years)
- Graded Vesting Percentage per year of service: Employers can select the percentage of vesting with the corresponding years of service:

Years of Service	Percent Vested
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	100%

FORFEITURE PROVISION. Upon separation from service with the Employer prior to meeting the required vesting schedule set out above or in the event a Participant dies without Dependent(s) and/or a named Beneficiary, a Participant’s account assets shall (where forfeiture is different, separate participation agreement must be completed):

Check only one:

- Remain in the HCSP sub-trust to be reallocated among all Plan participants equally
- Remain in the HCSP sub-trust to be used to offset future Employer Contributions
- Be transferred to the Retiree Health Funding Vehicle (“RHFV”)

VI. MODIFICATION OF THE TERMS OF THE PARTICIPATION AGREEMENT

If a Participating Employer desires to amend any of its previous elections contained in this Participation Agreement, including attachments, the Governing Body by official action must adopt a new Participation Agreement and forward it to the Board for approval. The amendment of the new Participation Agreement is not effective until approved by the Board and other procedures required by the Trust Agreement and Plan Document have been implemented.

VII. APPOINTING MERS AS THE PROGRAM ADMINISTRATOR

The Employer hereby agrees to the provisions of the MERS Health Care Savings Program Plan Document (“Plan Document”) and Trust Agreement and appoints MERS as the Program Administrator pursuant to the terms and conditions of the Plan Document and Trust Agreement. The Employer also agrees that in the event of any conflict between the Plan Document or the Trust Agreement and this Participation Agreement, the Plan Document and Trust Agreement control.

VIII. FEES AND EXPENSES

Employer acknowledges that investment selection and associated participant fees and operating expenses are established and charged by MERS as set forth in the Investment Fund and Fee Summary sheets available at www.mersofmich.com and may be amended by MERS.

MERS Health Care Savings Program Participation Agreement

IX. STATE LAW

To the extent not preempted by federal law, this agreement shall be interpreted in accordance with Michigan law.

X. TERMINATION OF THE PARTICIPATION AGREEMENT

This Participation Agreement may be terminated only in accordance with the Trust Agreement.

XI. EXECUTION BY GOVERNING BODY OF MUNICIPALITY

The foregoing Participation Agreement is hereby adopted and approved on the ____ day of _____, 20____ at the official meeting held by _____.
(Name of approving employer)

Authorized Signature: _____

Name: _____

Title: _____

Received and Approved by the Municipal Employees' Retirement System of Michigan

Dated: _____, 20____

(Authorized MERS signatory)

Contribution Addendum for MERS Health Care Savings Program (HCSP)



1134 Municipal Way Lansing, MI 48917 | 800.767.2308 | Fax 517.703.9711

www.mersofmich.com

This is an Addendum to the Participation Agreement completed by _____
Name of Participating Employer
for _____ of _____
Covered Employee Group Division Code

The Addendum modifies the *MERS Health Care Savings Program Participation Agreement*. Please complete this addendum for each contribution structure associated with the covered employee group.

Check one or more (A or B, C and/or D):

A. Employer Contributions for Retirees / Former Employees. Employer contributions may be made according to any frequency. Identify below the contribution formula or amount that will apply to all in this covered group. *Note: If this contribution is selected, Sections B, C, and D do not apply.*

Contribution structure (specify \$ or %): _____

For active employees, please check one or more below (B, C, and/or D).

B. Basic Employer (Before-Tax) Contributions. Before-tax employer contributions may be made as a percentage of salary and/or by a specified dollar amount. Identify below the basic employer contribution formula to be applied to the covered groups within the Health Care Savings Program identified in this addendum.

Contribution structure (**specify \$ or %** and, if a %, include the basis for that contribution. For example: Employer will contribute 3% of base wages):

C. Mandatory Salary Reduction (Before-Tax) Contributions. Before-tax Employer Contributions shall be made that represent a mandatory salary reduction resulting from collective bargaining or the establishment of a personnel policy. These reductions may be made as a percentage of salary or a specific dollar amount.

Contribution structure (**specify \$ or %** and, if a %, include the basis for that contribution. For example: Employees will contribute 3% of base wages):

Contribution Addendum for MERS Health Care Savings Program (HCSP)

D. Mandatory Leave Conversion (Before-Tax) Contributions. Before-tax Employer Contributions shall be made that represent a mandatory conversion of accrued leave including, but not limited to vacation, holiday, sick leave, or severance amounts otherwise paid out, to a cash contribution. These contributions may be calculated as a percentage of accrued leave or a specific dollar amount representing the accrued leave. Leave conversions may be made on an annual basis or at separation from service, or at such other time as the Employer indicates. *(Note: The leave conversion program shall not permit employees the option of receiving cash in lieu of the employer contribution.)*

Check here if the covered employee group has the option to direct any/all of the leave conversion lump sum to an existing 457 program.

Check one or more:

- As of _____, _____ % of _____
Annual date or X weeks before termination Percentage Type of Leave Conversion (sick, vacation, etc.)
must be contributed to the HCSP.
- As of _____, _____ % of _____
Annual date or X weeks before termination Percentage Type of Leave Conversion (sick, vacation, etc.)
must be contributed to the HCSP.
- As of _____, _____ % of _____
Annual date or X weeks before termination Percentage Type of Leave Conversion (sick, vacation, etc.)
must be contributed to the HCSP.
- As of _____, _____ % of _____
Annual date or X weeks before termination Percentage Type of Leave Conversion (sick, vacation, etc.)
must be contributed to the HCSP.

Post-Tax Employee Contributions. Post-tax Employee Contributions made by Eligible Employees within the Covered Group(s) shall be remitted as directed by the Program Administrator, to be credited to the individual accounts of Eligible Employees. All Employee Contributions must be remitted to MERS along with the Participation Report.