

SIDE LETTER AGREEMENT BETWEEN CITY OF CHICO AND CHICO POLICE  
OFFICERS ASSOCIATION REGARDING RETIREE MEDICAL TRUST

---

Pursuant to the provisions of the Meyers-Milias-Brown Act (“MMBA”) and Subarticle 1.6, entitled “Letter Agreement for Variation of Provisions” of the Memorandum of Understanding between the City of Chico (“City”) and Chico Police Officers Association (“CPOA”) effective July 1, 2023 through June 30, 2026 (“2023 MOU-CPOA”), this Side Letter Agreement is entered into on April 9, 2026 between the City of Chico and the CPOA (“Side Letter Agreement”) as an amendment to the 2023 MOU-CPOA. It is understood and agreed that the specific provisions contained in this Side Letter Agreement shall supersede any previous agreements, whether oral and/or written, regarding the matters contained herein. Except as provided herein, all wages, hours and other terms and conditions of employment presently enjoyed by CPOA in the 2023 MOU CPOA shall remain in full force and effect.

**Therefore**, the City and CPOA agree as follows:

**Section 6.7 RETIREE MEDICAL TRUST (RMT)**

- A. Participation.** The Association will establish participation in a retiree medical plan administered by the PORAC Retiree Medical Trust, and the cost of establishing the Trust shall be at no cost to the City of Chico. The City of Chico is not a party to the Trust, aside from transferring funds, and has no obligations to the management, regulatory compliance or performance of the Trust.
- B. Payroll Contributions to the PORAC Retiree Medical Trust.** The City of Chico will comply with rules and policies set by the Trust Office in regard to payment of contributions.
- 1) **Employee Contributions.** The City of Chico will transfer a mandatory pre-tax employee contribution of \$100.00 per month for each employee currently working in the Chico Police Officers’ Association bargaining unit. As the same predetermined dollar amount will be contributed on each employee, no employee election forms designating the amount will be needed, allowed or requested; and there shall be neither an employee election to opt in or out of employee contributions, nor to determine the amount of the contribution.
  - 2) **Employer Contributions.** The City of Chico will transfer a monthly pre-tax employer contribution of \$100.00 per month for each employee currently represented by the Chico Police Officers’ Association bargaining unit.
  - 3) **Remittance of Employee and Employer Contributions.** The contributions discussed in this section shall be paid by ACH transfer to the Trust’s bank account in accordance with the rules set by the Trust Office.
  - 4) **Deadline to Remit Employee and Employer Contributions.** The contributions discussed in this Section B shall be remitted to the Trust as required herein no later than 30 days after the payroll payment date.

- 5) **Late Contributions.** If the contributions required under this MOU are paid later than the 90<sup>th</sup> day after the payroll payment date to which the contributions are related, interest will be charged to the City of Chico on all contributions at the rate provided by applicable law, for the period starting with the payroll payment date.

**C. Reporting and Audit Rules.** The City of Chico hereby acknowledges receipt of the Trust Agreement governing the Trust and will comply with rules set by the Trust Office in regard to reporting and transferring the required contributions set forth above.

**1. Demographic Information Report and Updates.**

- a. **Initial Report.** The City of Chico shall electronically provide an initial report of demographic information, which shall include: Social Security Number (or unique identifier), first name, last name, gender, address (city, state, zip code), contact information (email address and phone number), birth dates, and hire dates, for all participating employees.
- b. **Updates.** The City of Chico shall send monthly reporting with the information under Section C.1.a. to the Trust Office which identifies newly hired employees and terminated employees; including current contact information on file with the City of Chico.
- c. **Deadline.** The City of Chico shall send the Demographic Information Report under this Section C.1 within 15 days of the first contribution to the Trust. This Demographic Information Report shall be furnished in the format agreed to by the Trust Office and the City of Chico.

**2. Regular Contribution Report.** The City of Chico shall electronically submit to the Trust Office a Regular Contribution Report with each transfer of contributions to the Trust. This Regular Contribution Report shall be sent in the format requested by the Trust, and received by the Trust Office within five (5) days of each receipt of contribution funds. This Regular Contribution Report shall include the data that the Trust Office requests concerning employees and contributions, including:

- a. **Leave funds.** Identify the employees receiving a transfer of leave funds to the Trust and the amount received on behalf of each employee; and
- b. **Terminations.** The reason that an employee was dropped off of the Regular Contribution Report, e.g., involuntary termination, voluntary termination, retirement, resignation, promoted out of bargaining unit, leave without pay.

**3. Failure to Provide Reports.** The City of Chico hereby acknowledges that the Trust may refuse to accept contributions or take other legally permissible actions with respect to the City of Chico contributions and employees' benefits

from the Trust if the City of Chico does not comply with the Trust Office’s rules regarding the aforementioned contribution reports.

**4. Payroll Audit.** The City of Chico and the Chico Police Officers’ Association hereby acknowledge receipt of the Trust Agreement governing the Trust and will cooperate with the Trust in allowing a payroll audit for the purpose of ascertaining if the proper amount of contributions have been made. The City of Chico and the Chico Police Officers’ Association shall timely cooperate with the Trust Office’s audit rules and any requests made or authorized by the Trust’s auditor.

**D. Exclusive Purpose of Trust.** The monies contributed to the Trust shall only be used for retiree health insurance premiums or health care expenses, as allowed by law. There shall be no employee election/option available to take such amount in unrestricted cash.

**E. Separate Trust.** The purpose of this Trust shall be to provide for retiree health care expense reimbursement benefits. The Trust shall be and remain separate and apart from any of the City of Chico’s health insurance funding program, unless changed by mutual written agreement of the parties.

**F. Renewal or Ratification of Memorandum of Understanding.** Following the renewal or ratification of this Side Letter Agreement, the Chico Police Officers’ Association shall electronically send the executed agreement to the Trust Office within 14 days of such renewal or ratification. The City of Chico and the Chico Police Officers’ Association shall each provide the Trust Office with the name, phone number, and email address of the person(s) that the Trust Office should contact, with any questions regarding the Trust.

This Side letter agreement shall remain in effect until June 30, 2026. Any amendments or modifications to this Side Letter Agreement shall be in writing, signed and dated by both parties.

Signed and dated as follows:

For Chico Police Officers Association:

Austin Jones 14/04  
Austin Jones (Apr 14, 2026 12:24:08 PDT)  
Austin Jones (Date)  
President

For the City of Chico:

Barbara Martin 13/04  
Barbara Martin (Apr 13, 2026 11:55:31 PDT)  
Barbara Martin (Date)  
Administrative Services Director

Mark Sorensen 13/04/  
Mark Sorensen (Apr 13, 2026 12:23:06 PDT)  
Mark Sorensen (Date)  
City Manager

Approved As To Form And Content:

09/04

  
Ryan Jones (Apr 9, 2026 13:29:38 PDT)

Ryan R. Jones\*  
City Attorney

(Date)

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