

2012-02302  
FILED  
July 10, 2012  
CLERK, U.S. BANKRUPTCY COURT  
EASTERN DISTRICT OF CALIFORNIA  
  
0004333191

EXHIBIT F

Pendency Plan Exhibit 10 Retiree Medical

EXHIBIT 10  
TO RESOLUTION 2

Pendency Plan for City of Stockton Retirees and for future Retirees on Retiree Medical Benefits

Date: June 20, 2012

The City shall make the following changes to benefits received by City retirees.

1. Effective July 1, 2012 eliminate all Retiree Dental benefits to current and retired department heads and some City Manager office management employees. The benefit is only provided to department heads and some management employees in the City Managers Office.

Savings \$30,000 (\$ 16,000 General Fund) a year.

2. Eliminate all Retiree Medical Benefits for current and future retirees.

A. Effective July 1, 2012 and for a period not to exceed 12 months, reduce the City contribution towards the cost of retiree medical for current and future retirees. Reduce City 's contribution retiree medical benefits for current retirees and employees to a fixed dollar amount of

- \$450 per month for retirees with at least 30 years of City service
- \$300 a month for retirees with at least 20 years of City service
- \$150 a month for retirees with at least 10 years of City Service
- Current retirees and employees with less than 10 years of City service would not receive any retiree medical benefits.
- City Contribution is to retiree only and no survivor benefits are provided. Current survivors (app. 50) would be treated the same as current retirees but any new survivors would not receive a City contribution.
- Survivors of Management employees who died while employed who are receiving lifetime family medical from the City will be treated the same as retirees. This change would not apply to public safety employees killed in the line of duty where state law requires survivor benefits and where the State of California reimburses the City for these expenses.

Cost: In FY 12/13) the cost would be \$3,300,000 (all funds) or General Fund \$2,100,000. General Fund savings in FY 2012/13 would be \$7.1 million plus avoidance of cost increases that would otherwise occur.

B. Effective July 1, 2013 all retiree medical benefits for current retirees and employees are eliminated.

Projected City cost \$0. **General fund savings in Fiscal year 2013/14 would be an additional \$1,916,208, for the full \$9 million General Fund cost plus avoidance of cost increases that would otherwise occur.**

3. The City operates a self-funded medical plan and has risk and exposure to claims costs. Therefore retirees may **enrollment at their own expense in City sponsored medical plans only (dental and vision are not offered to retirees)**. The City reserves the right to set benefit levels in medical plans for retirees and at it's exclusive option only provide fully insured plan choices to retirees for enrollment. The City reserves the right to discontinue inclusion of retirees in City sponsored medical plans at any time.