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Memorandum of Understanding

On December 17, 2012, the Avon Lake Education Association Executive Committee and the Avon Lake Board of Education met and agreed on the following modifications of the current Master Contract (signed June 9, 2009 with an expiration date of June 30, 2013).

1. Base Salary is set as follows:

   - 2013-2014 school year $36,779 (no steps)
   - 2014-2015 school year $36,779 (no steps)

   The base salary for supplemental positions for the 2013-2014 and for the 2014-2015 school years will be $36,779.

2. Retirement Incentive Plan

A. Any teacher who is currently eligible for retirement with the State Teachers Retirement System (STRS) or becomes eligible shall be entitled to a Retirement Incentive in the gross amount of $25,000 which will be deposited into the Health Reimbursement Account.

B. Qualification Requirements: The teacher must meet all of the following criteria:

   1. Be under contract and a member of the bargaining unit as defined in Article 1 of this Agreement at the time of application.

   2. Be eligible to retire under STRS requirements (e.g., 30 years of service, or age 55 with at least 25 years of service, or age 60 with at least 5 years of service).

   3. Retire effective June 1, 2013, July 1, 2013, June 1, 2014, July 1, 2014, June 1, 2015 or July 1, 2015

   3. To be eligible for this incentive, the teacher must be employed by the board until the effective date of retirement or any such date as agreed to by the teacher and the Superintendent.

   4. a. For retirements effective June 1, 2013 or July 1, 2013, an irrevocable letter of intent must be filed by 4:30 PM on February 1, 2013 with the Superintendent's office. If you cannot set up a meeting with STRS the date can be extended with the discretion of the Superintendent.

      b. For retirements effective June 1, 2014, July 1, 2014, June 1, 2015 or July 1, 2015, an irrevocable letter of intent must be filed by 4:30 PM on March 1, 2013 with the Superintendent's office. If you cannot set up a meeting with STRS the date can be extended with the discretion of the Superintendent.

C. Retirement Incentive and Health Reimbursement Account

1. Each retiring teacher meeting the preceding and following qualifications shall receive a retirement incentive in the gross amount of $25,000 which will be deposited into the Health Reimbursement Account.

3. HRA will cover spouse/dependent(s)

b. The HRA amount shall be paid in three (3) substantially-equal payments with the first payment on or about the one-year anniversary (July 15th) of the teacher's retirement date. The subsequent payments shall be made on the second and third anniversary of the teacher's retirement date.

1) Under a Health Reimbursement Account, the retiring teacher and his/her spouse/dependent may be reimbursed for the following types of their health care expenses, subject to applicable law including, but not limited to:

a) Premiums for the purchase of health care insurance, including amounts paid for coverage under the STRS or another retirement system health care plan.

b) Unreimbursed medical expenses, vision expenses, and dental expenses including deductibles and co-payments under an individual policy, the STRS or another retirement system health care plan, or the plan of another employer.

2) The amounts credited to a retiree's account may be carried over to subsequent years and upon the death of the teacher and his/her spouse the benefit will be available to the teacher's dependents, to be used for medical expenses in accordance with the plan. In such event if there are no dependents, the benefit shall remain in the plan and divided among the plan participants.

3) The Board is permitted to establish a plan document for the HRA that will be designed to comply with the requirements of all applicable laws, including federal tax laws.

4) The Board is permitted to hire a third-party administrator to manage the Health Reimbursement Account, and will attempt to use a third-party administrator that charges no or small administrative fees. If there are administrative fees, these administrative fees shall be charged to the HRA accounts of the retired teachers.

D. Program Exclusions

The following conditions will cause a teacher to be ineligible to participate in the retirement incentive.

1. Terminated, non-renewed, or resigned;

2. Failure to meet deadlines as listed in this article (see Section B 4a and 4b)

3. Currently retired and/or receiving retirement benefits from STRS.

E. A teacher participating in the Retirement Incentive Plan shall execute an irrevocable letter of intent in a form that is acceptable to the Board of Education. The letter shall authorize the Board to contact STRS as may be needed to confirm eligibility.

F. A teacher participating in the Retirement Incentive Plan shall have no expectation of retire/rehire.

G. Severance Payments

1. Payment and Deferral of Severance Pay:

A. Notwithstanding anything in this Agreement or Board policy to the contrary, in accordance with the terms of this Section and any related provisions of a plan document adopted by the Board to comply with the requirements of Section 403(b) of the Internal Revenue Code (the "IRC"), certain retiring employees shall have their "Severance Pay" (as defined below) mandatorily paid into an annuity contract or custodial account that is designed to meet the tax-qualification requirements of IRC Section 403(b) (a "TSA"). Such payment shall be in lieu of the payment being made directly to the retired teacher; and such payment shall eliminate all sick leave credit of the retired teacher. For purposes of this Section, this arrangement is referred to as the 403(b) Plan. The TSA that shall be used for the 403(b) Plan shall be the group annuity contract of VALIC. 403(b) Plan participants shall be required to complete VALIC enrollment forms; and unless and until a teacher does so, no contribution of Severance Pay shall be made to under the 403(b) Plan on behalf of the teacher. A successor company(ies) to VALIC may be selected at any time by mutual agreement of the Board and the Association.

B. For purposes of the 403(b) Plan, the term "Severance Pay" shall include:

a. any Severance Pay that a member is entitled to on account of "retirement", pursuant to Article 20 of this Agreement, and/or

b. any Retirement Incentive payment that a teacher is entitled to (if applicable).

C. Participation in the 403(b) Plan shall be mandatory for any teacher who:

a. is employed on or after the effective date of this agreement,

b. is entitled to Severance Pay, and

c. is, or will be, age 55 years or older in the calendar year in which he/she retires, or, in the case of a retired/rehired

teacher, resigns.

D. If a retiring teacher is a participant in the 403(b) Plan, an employer contribution shall be made on his/her behalf under the 403(b) Plan in an amount equal to the total amount that otherwise would be payable to the Participant as Severance Pay.

E. The required contribution to the 403(b) Plan shall be made within the timeframe provided for payment of severance pay under the applicable provisions of Articles20; and for Retirement Incentive pay shall be made within the timeframe described to the Retirement Incentive agreement (if applicable).

F In the calendar year of retirement, or in any other calendar year, the total amount of Severance Pay that may be paid to a TSA under the 403(b) Plan shall not exceed the maximum contribution amount allowable under the federal income tax law for TSAs that are intended to be tax qualified under IRC Section 403(b). If the amount payable to the 403(b) Plan in any calendar year would exceed the maximum amount that is permitted under the applicable federal income tax law for that year, the excess amount shall be contributed to the 403(b) Plan after the first payroll date in February of the next calendar year. This process shall be repeated for up to five calendar years following the year of retirement, in each such year not to exceed the maximum amount permitted under the applicable federal income tax law for that year; and if there are still any remaining excess amounts in the fifth calendar year after retirement, the remaining excess shall be paid in cash to the retired member.

G. A teacher who is entitled to Severance Pay under Article 20 of this Agreement and who is not an eligible participant in the 403(b) Plan, will continue to be eligible for any and all severance payments in accordance with Article 20 and and/or Retirement Incentive payments (if applicable) in accordance with any Retirement Incentive language bargained. Any such teacher may elect to defer such payments to a TSA as permitted by law and Board policy.

H. All contributions to the 403(b) Plan, all deferrals to a TSA, and all check payments to teachers, shall be subject to reduction for any tax withholding or other withholding that the Treasurer in his/her sole discretion, determines is required by law. Neither the Board nor the Association guarantee any tax results associated with the 403(b) Plan, deferrals to a TSA or check payments made to a teacher.

2. A teacher participating in the Retirement Incentive Plan shall be entitled to receive any and all severance pay as outlined in Article 20 of the Master Contract that was in effect at the time that this agreement was reached (e.g., December 17, 2012). A copy of this Article 20 is attached to this Memorandum of Understanding.

3. For purposes of paragraph B of Article 20 of the Master Contract mentioned in item 1 above, a teacher participating in the Retirement Incentive Plan shall be deemed to have retired <u>at the end of the school year</u> provided their actual effective date of retirement is consistent with the date indicated on their irrevocable letter of intent or any such date as agreed to by the teacher and the Superintendent.

ARTICLE 47
Effects of the Master Contract

A. The term of this Master Contract shall be July 1, 2013 through and including June 30, 2015.

B. The Master Contract will be re-opened for all language in the spring of 2014.

ARTICLE 18
Reduction in Force

Comparable Evaluations (For 2013-14 and 2014-15 school years only)

For purposes of this Article, all evaluations shall be deemed "comparable" under the law and hence seniority shall be the determining factor in reductions and recall.

Robert Scott, Superintendent

Leslie Koelsch, ALEA President

3/13/13
Date

3/13/13
Date