

**AGREEMENT**

between the

**CITY OF ATLANTIC CITY**

and

**AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL  
EMPLOYEES, AFL-CIO**

**District Council 71**

**Local 2303**

**January 1, 2003 – December 31, 2005**

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## PREAMBLE

This Agreement entered into by the City of Atlantic City, hereinafter referred to as the "City," and Local 2303, affiliated with AFSCME, AFL-CIO, hereinafter referred to as the "Union," has as its purpose the promotion of harmonious relations between the City and the Union; the establishment of an equitable and peaceful procedure for the resolution of difference; and the establishment of rates of pay, hours of work and other conditions of employment.

## ARTICLE 1 – RECOGNITION

- 1.1 The City recognizes the Union as the bargaining agent for the purpose of establishing salary, wages, hours and other conditions of employment for all of its employees in the classifications listed under Appendix “A” attached hereto and by reference made a part of this Agreement, and for such additional classifications as the parties may later agree to include. All provisions as stated herein shall apply to all Blue Collar Workers in all Departments in the City of Atlantic City covered by this Agreement and its addendums (Including lifeguard/Boatyard employees).

## ARTICLE 2 – CHECK-OFF

- 2.1 The City agrees to deduct the Union monthly membership dues from the pay of those employees who individually request in writing that such deductions be made. The amounts to be deducted shall be certified to the City by the Treasurer of the Union and the aggregate deductions of all employees shall be remitted, to the Treasurer of the Union and the list of the names of all employees for whom the deductions are made. The revocation of this authorization shall be in accordance with the provisions of applicable statutes as presently existing or as may be amended.

### 2.2 A. REPRESENTATION FEE DEDUCTION

The parties agree that all employees in the bargaining unit who do not become members of the Union during any Union membership year shall have deducted from their salaries and forwarded to the Union a representation fee in a manner and in an amount as provided below.

B. REPRESENTATION FEE AMOUNT

Within thirty (30) days of the execution of this Article, the Union shall notify the City of the representation fee sum to be deducted from non-members' salaries for the remainder of the year. Thereafter, the Union shall notify the employees of the appropriate annual representation fee on an annual basis. Said sum shall not exceed 85 percent of the regular membership dues, fees and assessments charged to Union members unless the Legislature amends the existing ceiling rate whereupon the representation fee deducted shall be that amount set by the Union and consistent with the amended legislation. Any change in the representation fee shall be made upon written notification to the City.

C. REPRESENTATION FEE DEDUCTIONS

The annual representation fee shall be deducted from non-members salaries in substantially equal monthly (biweekly) installments. Representation fee deductions from the salaries of all nonmember-employees shall commence within thirty (30) days following the beginning of their employment in a bargaining unit position or the tenth (10) day following re-entry into the bargaining unit for employees who previously served in bargaining unit positions and who continued in the employ of the public employees in a non-bargaining unit position and persons being re-employed in such a unit from a re-employment list. For the purposes of this Article, ten-month employees shall be considered to be in continuous employment.

If, during the course of the year the non-member becomes a Union member, the City shall cease deducting the representation fee and commence deducting the Union dues beginning with the first paycheck to be issued ten (10) days after written notification of the change in status. Conversely, if during the course of the year the Union member directs the employer to cease

Union dues deductions in a manner appropriate under the terms of this Agreement, the City shall commence deduction of the representation fee with the first paycheck to be issued ten (10) days after written notification of the change in status. After deduction, representation fees shall be transmitted to the Union in the same manner and at the same time as Union dues.

D. TERMINATION OF EMPLOYMENT

(Union must determine if it desires the entire representation fee to be due and payable upon termination; if so, this clause should provide that upon termination of a non-member for any reason, the City shall deduct the undeducted balance of the representation fee from the non-member's last paycheck and transmit the fee to the Union.)

E. INDEMNIFICATION OF CITY

The Union agrees to indemnify, defend and hold and save the City harmless from any causes of action, demand, claim, suit, loss, damages or any other liability that shall arise out of or by reason of action taken under this Article.

**ARTICLE 3 – WORK SCHEDULES**

3.1 The regularly scheduled workweek shall be forty (40) hours per week, five consecutive days, except for employees in continuous operations not normally scheduled Monday to Friday. The City shall continue to normally schedule those employees who are now working a five day-forty hour, Monday to Friday schedule in the same manner. Where necessary, the City may assign weekend duty to any employee provided such employee(s) have been given 48 hours advance notice, except in a bona fide emergency. If an employee feels he has been assigned an excessive amount of weekend duty, he may file a grievance through the grievance procedure at either Step 1 or Step 3. Schedules will not be changed to avoid overtime.

FLEX-TIME SCHEDULE: Current employees, hired prior to September, 2004, may voluntarily change their work schedule with the consent of Administration. An example of flex time is as follows: A sanitation division laborer hired January 1, 2004, with a work schedule of Monday through Friday, may with the consent of Administration, change his/her work schedule (example) to Wednesday through Sunday.

- a) New Hires, anyone hired on or after September 2004 shall be scheduled as needed.
- b) Employees that voluntarily change their schedule or are hired for an alternate work schedule cannot grieve weekend work.
- c) Employees that voluntarily have changed their work schedule or who have been hired for Flex schedule can, in writing, to their supervisor, request to change to a Monday through Friday schedule based on first-come, first-served availability.

3.2 In the event it becomes necessary to change the starting time of a shift, the City will post a notice 72 hours in advance of such change. The superintendent of the department shall notify and confer with the shop steward before effecting the change but shall not require the approval of the Union before effecting the change.

3.3 Where more than one work shift per day within a given classification as identified in appendices A & B attached hereto is in effect, employees within such classification will be given preference of shifts in accordance with their seniority and qualifications. Such preference will be exercised only when vacancies occur or when for other reasons, changes in the number of employees per shift are being made.

3.4 In no instance, however, will a senior employee with qualifications be required to wait longer than one year in order to exercise his preference of shift over a less senior employee.

- 3.5 Shift changes, or changes in hours of work, will not be used for disciplinary action.
- 3.6 Wherein the nature of work involved, requires continuous operations on a twenty-four (24) hour per day, seven days per week basis employees will have their schedules arranged in a manner which will assure in a rotation basis that all employee will have an equal share of Saturday and Sunday off distributed evenly throughout the year.

#### **ARTICLE 4 – CALL-IN TIME AND OVERTIME**

4.1 Any employee who is requested and returns to work during period other than his regularly scheduled shift shall be guaranteed not less than four (4) hours pay, at the rate of time and one-half, regardless of the number of hours actually worked until the start of his regular shift thereafter shall be paid the appropriate rate at straight time rates.

4.2 The pay period shall be 12:01 A.M. Monday through 12:00 PM (midnight) Sunday.  
Overtime refers to all time worked beyond the regular hours of duty.  
Time and one-half the employee's regular rate of pay, shall be paid for work under the following conditions:

- (a) All work performed after 8 hours in one day.
- (b) All work performed on the sixth day in the workweek, as (defined above).
- (c) All work performed after 40 hours in one workweek, as defined above.

Double-time: All work performed on the 7<sup>th</sup> day in the workweek, as defined above shall be paid as double time.

It is understood that the sixth day worked in a seven day cycle is at time and one-half and the seventh day worked in the same seven day cycle is double-time.



It is also understood that for a fourteen (14) day work cycle, the first day off is designated for time and one-half pay and second day off is designated for double time.

- 4.3 All overtime shall be paid promptly in the next regular payroll check after overtime is performed.
- 4.4 Overtime shall be voluntary and by seniority except in an emergency declared by the City Government and/or their Department Head. There shall be no discrimination against any employee declining to work overtime in a normal situation.
- 4.5 In the event an employee is legally absent he shall not be denied overtime compensation for any overtime worked in accordance with 4.2.

## ARTICLE 5 – RATES OF PAY

- 5.1 Any employee who performs work in a higher classification than his own, and who performs more than one (1) hour of work in an eight (8) hour day shall receive that higher rate for 8 hours or time worked that day.
- 5.2 An employee shall be paid the rate of pay for his own classification when performing work of a lower paid classification.
- 5.3 When an employee is promoted to a higher classification, an employee must receive no less than 6% higher than his present rate of pay.
- 5.4 An employee who is promoted shall receive the greater of 6% of his present rate of pay or \$500. This provision shall not be retroactive.
- 5.5 The pay scales for all blue collar employees covered by this Agreement shall be set forth in Appendix B.
- 5.6 The classification for all blue collar employees covered by this Agreement shall be set forth in Appendix A.
- 5.7 Longevity for all blue collar workers shall be set forth in Appendix C for those covered by this Agreement.
- 5.8 Shift employees shall be paid at the rate of \$.50 per hour additional from 4 P.M. to 12 Midnight and \$.70 per hour additional from 12 Midnight to 8 A.M.
- 5.9 Up-front posting of time: On January 1<sup>st</sup> of each year, all vacation, sick and personal time will be added to the employee's record (i.e. posted "up-front"), and can be utilized during the year as it relates to Articles and Sections of this contract.
- 5.10 Employees will not be required to work out-of-title, in another bargaining unit except in a bona fide emergency, and to cover no more than 4 weeks for vacation for supervisor with prior notice.

## ARTICLE 6 – SICK LEAVE WITH PAY

- 6.1 Ordinance 11 of 1942 and all Amendments.
- 6.2 Effective January 1, 1989 establish sick leave incentive programs as follows: An employee who has thirty (30) or more sick days in the bank in a year and who uses twenty-percent (20%) or less of the total bank days, shall receive a cash bonus not in salary payment of \$200.00. After consultation with the Union the City shall have the right to terminate this program.

## ARTICLE 7 – LEAVE OF ABSENCE

- 7.1 Leaves of absence for employees shall be granted as provided in Civil Service Statutes and rules and regulations except as otherwise expanded herein.

### 7.2 MILITARY LEAVE OF ABSENCE

An employee who is a member of the National Guard or Reserves of the Military or Naval Forces of the United States and is required to undergo field training, shall be granted a leave of absence with pay for the period of such tour of duty. This leave shall be in addition to annual vacation leave, provided the employee presents the official notice from his Commanding Officer prior to the effective date of such leave. Such duty is not to exceed two (2) weeks.

- 7.3 Permanent employees shall be granted a leave of absence without pay for the purpose of entering upon active duty with the Armed Forces of the United States, or with any organization authorized to serve therein or with Armed Forces of this State in time of war or emergency pursuant to or in connection with the operation with any system of the

selective service. Employees having only temporary status who enter on active duty with the Armed Services of the United States shall be regarded as having resigned.

7.4 LEAVE OF ABSENCE WITHOUT PAY

(a) A permanent employee holding a position in the classified service who is temporarily, whether mentally or physically incapacitated to perform his duties or who desires to engage in a course of study such as will increase his usefulness on his return to service, or for any reason considered valid by the department head and the appointing authority, desires to secure leave from his regular duties may, with the approval of the department head and the City be granted special leave of absence without pay for a period not to exceed six (6) months. Any employee seeking such special leave without pay shall submit his request, in writing, stating the reasons why, in his opinion, request should be granted the date when he desires leave to begin and the probable date of his return to duty.

(b) Any employee who is a member of the Union and is legally elevated to an official full time position in the parent Union shall be granted a leave of absence without pay, to attend to his official duties, for a period not exceeding one year, which period may be renewed for an additional year upon appropriate request and approval.

## ARTICLE 8 – LEAVE OF ABSENCE WITH PAY

8.1 A leave of absence with pay, up to five (5) days, shall be granted to a permanent employee desiring such leave because of a death in the immediate family, as hereinafter defined; upon submission of proof, an additional two (2) days shall be granted for out of state travel over 250 miles:

- (a) Mother or father
- (b) Mother-in-law and father-in-law
- (c) Brother or sister
- (d) Spouse
- (e) Children of employee
- (f) Grandmother and grandfather
- (g) Grandchildren
- (h) Stepchildren
- (i) Significant other living in the household

A one (1) day leave of absence with pay shall be granted to a permanent employee desiring such leave because of the death of an Aunt or Uncle. The term Aunt or Uncle shall apply only to blood aunts and uncles.

8.2 Union Leave: Any five (5) members of the Union who are elected or designated to attend a function of the Union's International or other subordinate body, shall be permitted to attend such functions and shall be granted duration as determined by the person in charge of the project and the City. This right of attendance, moreover, shall be governed by any conditions, restrictions or limitations contained in the International Constitution of the Union.

8.3 Union Business: The President of the Local Union or the President's designee, will be allowed sufficient time off from work to attend to grievances and other Union business necessary to the administration of this Agreement. Such time shall be granted by the Director or his Representative.

8.4 All employees who are members of the bargaining unit shall have all rights and privileges under the Family Medical Leave Act and New Jersey State Leave Act.

## ARTICLE 9 – WORKER’S COMPENSATION

- 9.1 When an employee is injured on duty, he is to receive Worker’s Compensation Benefits due such employee plus the difference between the amount received as compensation to him and his salary during the period of temporary disability only.
- 9.2 An employee who is injured on the job, and is sent home, or to a hospital, or who must obtain medical attention, shall receive pay at the applicable hourly rate for the balance of the regular shift on that day. An employee who has returned to his regular duties after sustaining a compensable injury who is required by the worker’s compensation doctor to receive additional medical treatment during his regularly scheduled working hours shall receive his regular hourly rate of pay for such time as is reasonably required to visit the doctor’s office.

## ARTICLE 10 – SENIORITY

- 10.1 Seniority is defined as an employee’s total length of service with the City beginning with his original date of hire.
- 10.2 An employee having broken service with the City (as distinguished from leave of absence) shall not accrue seniority credit for the time when not employed by the City.
- 10.3 If a question arises concerning two or more employees who were hired on the same date, the following shall apply: If hired prior to the effective date of this Agreement, seniority preference among such employees shall be determined by the order in which such employees are already shown on the City’s payroll records, first name, first preference, etc. For employees hired on the same date, subsequent to the effective date of this Agreement, preference shall be given in alphabetical order of the employee’s last name.

10.4 The City shall maintain an accurate, up-to-date seniority roster showing each employee's date of hire, classification and pay rate and shall make such information available to the Union upon request.

10.5 Except where New Jersey Civil statutes require otherwise, in all cases of promotions, demotions, layoff(s), recall(s), vacation schedules and other situations where substantial employee advantages or disadvantages are concerned, an employee with the greatest amount of seniority shall be given preference provided he has the ability to perform the work involved.

### ARTICLE 11 – HOLIDAYS

11.1 Holidays will be paid whether they are worked or not.

The following days are recognized holidays:

New Year's Day  
Martin Luther King's Birthday  
President's Day  
Lincoln's Birthday  
Good Friday  
Memorial Day  
Fourth of July

Labor Day  
Columbus Day  
General Election Day  
Thanksgiving Day  
Veteran's Day  
Christmas Day

11.2 Holidays which fall on a Saturday shall be celebrated on the preceding Friday. Holidays that fall on Sunday shall be celebrated on the following Monday.

11.3 When an employee works on one of the above holidays, he will receive an additional day's pay at time and one-half.

11.4 When the City declares by formal action a holiday for all employees, those who are required to work on such holidays shall be given a compensatory day at a later date. This

provision has no applicability when holidays are declared or granted pursuant to a contract with Representative Associations or Unions.

11.5 Employees shall receive three personal days for the reasons set forth below:

- (a) Personal Emergency
- (b) Legal Business
- (c) Religious Observance

### ARTICLE 12 – VACATION

12.1 Effective January 1, of the current year, the vacation schedule shall be as follows:

0 to 1 year	-----	12 days
2 to 5 years	-----	15 days
6 to 10 years	-----	18 days
11 to 15 years	-----	21 days
16 to 20 years	-----	25 days
21 years or more	-----	30 days

The City shall have the right to limit the number of employees on vacation at any time in order for the City to maintain the necessary levels of service and manpower as deemed required by the Director.

12.2 If due to the request of the City, an employee cannot utilize all or part of his vacation, he/she may carry over the unused portion to the next succeeding year.

12.3 If an employee chooses not to utilize all or part of his vacation, he/she may request permission to carry over all or part of the unused portion to the next succeeding year.

12.4 Employees shall provide notice of short-term vacation (less than three (3) days) of no less than forty-eight (48) hours.

12.5 Employees shall provide notice of long-term vacation (three (3) days or more) of no less than thirty (30) days.



- 12.6 Failure to provide adequate notice shall result in forfeiture of vacation preference.
- 12.7 Employer shall respond to short-term vacation requests no later than forty-eight (48) hours after submission of initial request.
- 12.8 Employer shall respond to long-term vacation requests (three (3) or more days) within ten (10) calendar days after receipt of employee's submission provided this does not interfere with the seniority mechanism.
- 12.9 On January 1<sup>st</sup> of each calendar year, the City shall advance the number of vacation days as dictated by Article 12.1. Employees shall accrue those vacation days prorated on a monthly basis. Employees may use advanced vacation days to be accrued in the coming calendar year in anticipation of continued employment, provided that, in the event of an employee's termination, employee's must repay to the City the value of all used but unaccrued vacation days from employee's final paycheck.

### **ARTICLE 13 – SAFETY AND HEALTH**

- 13.1 The City and Union shall designate safety committee members. It shall be their joint responsibility to investigate unsafe and unhealthful conditions. The Union committee members shall consist of one member from each appropriate unit covered by this contract. It is understood that the City has the final responsibility to correct any breach of this clause. They shall meet quarterly as necessary to review conditions in general and to make recommendations to either or both parties when appropriate. The safety committee members representing the Union shall be permitted a reasonable opportunity to visit work locations throughout the City's facilities, where employees covered by this Agreement perform their duties for the purpose of investigating safety and health conditions, during

working hours with no loss of pay, for periods not to exceed one (1) hour per day, unless additional time is authorized by the Superintendent, or the City. Safety committee members will be kept informed of all change under OSHA, PEOSHA and Environment State Law to the extent the City is on notice thereof.

13.2 TOOL ALLOWANCE

- (a) Tool allowance: Any employees that have to work with their own tools will be paid for replacement and/or upkeep, or City will furnish same.
- (b) All uniforms/safety equipment must be returned prior to receiving termination/severance benefits or wages due upon termination.

13.3 CLOTHING ALLOWANCE

The clothing allowance shall be supplied during the first week of November in each year of the Agreement. Said allowance shall be pro-rated depending upon actual service during the calendar year.

The clothing allowance shall be a total of \$500.00 per year. The City shall, continue for the life of the agreement, provide uniforms; the employees shall have the responsibility to maintain and replace them. Parties recognize that the City shall have the right to mandate the work requirement that employees wear uniforms. New employees shall purchase uniforms with the allowance provided for in this section.

The City shall make a single issue, one time, of the following uniform to permanent employees required to have a uniform:

- |   |                       |
|---|-----------------------|
| 3 long sleeve shirts                                  | 3 short sleeve shirts |
| 3 pants   | 1 shoe set            |
| 1 spring jacket                                       |                       |
| 1 winter jacket or Carhardt, at the employee's option |                       |
| 1 rain gear (pants, coat & boots)                     |                       |
| 2 caps (winter & summer)                              |                       |

The City, with consultation with Union, shall set the date that new employees receive this single issue after such employee completes the probation period.

The employee shall be responsible to maintain and replace the uniform. The parties shall create the Fair Wear and Tear Committee of equal City and Union members not to exceed a total of four.

- 13.4 The Safety and Health Committee shall become involved in the tool and clothing allowance.

#### **ARTICLE 14 – EQUAL TREATMENT**

- 14.1 The City Agrees that there shall be no discrimination or favoritism for reasons of age, sex, nationality, race, religion, marital status, political affiliation, Union members or Union activities. All new City positions will be posted.

#### **ARTICLE 15 – MEMBERSHIP PACKETS**

- 15.1 The City will allow membership packets furnished by the Union to be placed in a suitable area so they may be obtained by new employees.

#### **ARTICLE 16 – PRINTING OF THE AGREEMENT**

- 16.1 The Agreement will be printed by the Union for all employees in a packet edition. The cost of such printing shall be divided equally between the City and the Union. The Agreement will be Union printed and contain the Union insignia.

## ARTICLE 17 – WORK RULES

- 17.1 The City may establish reasonable and necessary rules of work and conduct for employees, subject to the terms of this Agreement. Such rules shall be equitably applied and enforced.
- 17.2 The City agrees that in the event of the establishment of any work rules in the future, ten working days notice shall be provided to the Union and employees before such rules are to become effective, except in the case of emergencies, as determined by the Department Director.

## ARTICLE 18 – GRIEVANCE PROCEDURE

- 18.1 Any grievance or dispute, that might arise between the parties will be settled in the following manner:

STEP 1. The aggrieved employee or the Union Steward at the request of the employee with the employee's immediate Supervisor shall take up the grievance or dispute within ten (10) working days of its occurrence. Failure to act within said ten-day period shall be deemed to constitute an abandonment of the grievance. The Supervisor shall then attempt to adjust the matter and shall respond to the employee or steward within three (3) working days.

STEP 2. If the grievance has not been settled, it shall be presented in writing by the Union Steward (or Union Grievance Committee or employee) to the Superintendent and/or Director of Public Works within five (5) working days after the Supervisor's response is due. The Superintendent and/or Director of Public Works shall meet with the Union Steward (or Union Grievance Committee or employee) and respond in writing to the Union within seven (7) working days.

STEP 3. If the grievance still remains unadjusted, it shall be presented by the Union Steward (or Union Grievance Committee or employee) to the Personnel Director in writing within five (5) days after the response from the Superintendent is due. The Personnel Director, Business Administrator or designee shall meet with the Union Steward (or Union Grievance Committee or employee) and respond in writing to the Union within seven (7) working days. Any disciplinary decision involving loss of pay moves to Step 3 automatically.

STEP 4. If the grievance remains unsettled, the representative may, within twenty-five (25) working days after the reply of the Personnel Director, Business Administrator or designee is due, by written notice to the City, proceed to arbitration. A request for arbitration shall be made no later than such twenty-five day period and a failure to file within said time period shall constitute a bar to such arbitration unless the Union and City shall mutually agree upon a longer time period within which to adjust such a demand.

18.2 With regard to subject matters that are grievable, the arbitration proceedings shall be conducted by an arbitrator to be selected by the City and the Union within seven (7) working days after notice has been given. If either of the parties fails to agree upon an arbitrator, PERC shall be requested by either or both parties to provide a panel of five arbitrators. Both the City and Union shall strike another name, etc., and the name remaining shall be the arbitrator. The arbitrator shall restrict his inquiry to the standards established by the Agreement and the arbitrator shall be requested to issue his decision within thirty (30) days after the conclusion of testimony and argument. Only his decision shall be final and binding on both parties.

- 18.3 Expense for the arbitrator's services and proceedings under either Sections 18.1 and 18.2 shall be borne equally by the City and Union, however, each party shall be responsible for compensating its own representatives and witnesses. If either party desires a verbatim record of the proceedings, it may cause such a record to be made, providing it pays the record and makes copies available without charge to the other party and the arbitrator.
- 18.4 The Union will notify the City, in writing, of the names of its employees who are designated by the Union as shop stewards. Such employees will be permitted to confer with other Union employees, during working hours without loss of pay for periods not in excess of one (1) hour per day unless additional time is needed to complete the hearing consultation.
- 18.5 Agents of the Union who are not employees of the City, will be permitted to visit with employees during working hours at their work stations for the purpose of discussing Union representation matters, so long as such right is reasonably exercised and there is no undue interference with work progress.
- 18.6 The City and the Union agree, in conjunction with the grievance procedure, that each will give reasonable consideration to requests of the other party for meetings to discuss grievances pending at any step of the Grievance Procedure.

### **ARTICLE 19 – UNION STEWARDS AND UNION REPRESENTATION**

- 19.1 The City recognizes six (6) Union Stewards with respect to all matters relating to grievances and the interpretation of this Agreement. The City shall deal with any one (1) Steward and the Union President and the Union President's designee in all matters relating to grievances and the interpretation of this Agreement.

19.2 In the discretion of the Department Head and/or immediate Supervisor, the authorized, appropriate Union Steward and the President and the President's designee shall be granted a reasonable amount of time off during working hours to investigate and settle grievances. Advance notice must be provided to the immediate Supervisor and his permission must be received before any steward or Union officer leaves his workstation. This activity shall be limited wherever possible. Permission to leave workstations shall not be unreasonably denied.

#### **ARTICLE 20 – UNION ACTIVITIES ON CITY TIME AND PREMISES**

20.1 The City agrees that during working hours, one (1) of the six (6) authorized stewards and the Union President and the Union President's designee shall be allowed, on City premises and without loss of pay, to do the following:

- (a) Post Union notices;
- (b) Distribute Union literature
- (c) Attend mutually scheduled negotiations meetings;
- (d) Transmit communications, which are authorized by the local union or its officers to the City or its representatives.
- (e) Consult with the City or its representatives concerning the enforcement of any provisions of this Agreement.

20.2 Before any of the activities outlined in Section 20.1 are undertaken, the employee's supervisor shall be notified and there shall be no disruptions whatsoever of the normal work flow. Supervisors shall not unreasonably deny permission to employees to undertake those responsibilities. Whenever possible such activities shall be undertaken during lunch or other break time.

20.3 The City agrees that official representatives of A.F.S.C.M.E., its Local, its District Council, or its International Representatives, shall have free access to the premises of the City at any time during working hours to conduct legitimate Union business, so long as such business does not interfere with the normal work flow. Any such representative shall notify the appropriate supervisor and Department Head prior to any visit.

### **ARTICLE 21 – DISCIPLINE AND DISCHARGE**

21.1 Disciplinary action shall generally consist of any or all of the following:

- (a) Oral warning
- (b) Written reprimand
- (c) Suspension
- (d) Discharge

21.2 It is also recognized that any form of disciplinary action which is authorized by Civil Service Statutes or Regulations shall also be permissible.

21.3 Any disciplinary action or measure imposed upon an employee, which legally cannot proceed through the Civil Service system may proceed as a grievance through the regular grievance procedure.

21.4 Disciplinary action may be imposed upon an employee for failing to fulfill his or her responsibilities as an employee. The authority issuing the disciplinary action must make a sincere attempt to notify the employee privately.

21.5 Except where violence and/or the health and safety of other employees may be involved, the City shall give the Union notice of discharge of an employee. If discharged, the grievance procedure may be invoked.

21.6 (a) The City shall not discharge any permanent employee without just cause.



(b) The Union shall have the right to process a discharge as a grievance, where otherwise applicable, at the Department Head level of the grievance procedure, and proceed through arbitration if allowed by law.

(c) Unless there is not other reasonable alternative, if the City has reason to reprimand an employee, it shall be done in a manner that will not embarrass the employee before other employees or the public.

## **ARTICLE 22 – GENERAL PROVISIONS**

- 22.1 Bulletin boards will be made available to the City at each of the permanent work locations for the use of the Union for the purpose of posting Union announcements and other information of a noncontroversial nature.
- 22.2 It is agreed that representatives of the City and the Union will meet from time to time upon request of either party to discuss matters of general interest or concern, matters which are not necessarily a grievance as such. Such meetings shall be initiated by written request of either party, which shall reflect the precise agenda of the meeting.
- 22.3 If the City sub-contracts existing services to a private contractor, any permanent employee not afforded an opportunity to be placed in another City job that is available or with the private contractor, the employee shall be entitled to four (4) weeks severance pay.
- 22.4 During the first year of agreement the parties may by mutual agreement discuss certain portions of the Agreement that may have developed inequities and mutually adjust, if necessary.
- 22.5 There is to be established a Job inequities Committee.
- 22.6 The City will provide a desk and filing cabinet that can be locked and a bulletin board at the City Yard.



## ARTICLE 23 – HEALTH AND WELFARE

- 23.1 The City will maintain the current level of Health and Welfare benefits throughout the term of this Agreement.
- 23.2 The City if it desires can become self-insured with its insurance plans at no decrease in benefits at no cost to employees. The benefits described in 23.1 and 23.2 above are:

Dental  
Optical  
Prescription  
Blue Cross:Blue Shield  
Pru Care  
Omni Care  
Healthways  
Medi Group

It is understood that the above benefits are granted to the customary rules and regulations of the Employer Insurance Division and the Benefit Carrier.

- 23.3 Effective at the signing of this agreement, the prescription co-pay shall be \$5.00 for generic medication and \$10.00 for brand named medication.
- 23.4 Retiring employees covered by this Agreement and their eligible dependents have the option to obtain Health Coverage and Prescription Benefits by enrolling in the employer's Retirement Benefits Program (Rev. 7-21-04) pursuant to Ordinance 61 of 2004, which is attached hereto and incorporated into this Agreement as Appendix "B".

## ARTICLE 24 – LONGEVITY

- 24.1 Longevity will be computed as of November 30<sup>st</sup>, each year and paid in lump sum, on or about December 1<sup>st</sup> each year or the first Friday of December each year.
- 24.2 The Anniversary Date for all employees is December 1<sup>st</sup> each year.
- 24.3 This covers employees currently on the payroll.

- 24.4 The Anniversary Date for longevity payment shall be November 1<sup>st</sup>.
- 24.5 Longevity shall be paid in lump sum payment on or about December 1<sup>st</sup> each year or the first Friday of December each year. In lieu of the foregoing, employees have the option to choose, once per year, to have longevity paid as part of their regular pay.

24.6 LONGEVITY RATES

5 years to 9 years	2% of yearly salary
10 years to 14 years	4% of yearly salary
15 years to 19 years	6% of yearly salary
20 years to 24 years	8% of yearly salary
25 years and over	10% of yearly salary

**ARTICLE 25 – SALARY INCREASES**

- 25.1 Effective January 1, 2003, all employees on the payroll as of that date in all grades and classifications shall receive a total wage increase of \$1,365.00 across the board on their respective annual salaries.
- 25.2 Effective January 1, 2004, all employees on the payroll as of that date in all grades and classifications shall receive a total wage increase of \$1,365.00 across the board on their respective annual salaries.
- 25.3 Effective January 1, 2005, all employees on the payroll as of that date in all grades and classifications shall receive a total wage increase of \$1,365.00 across the board on their respective annual salaries.
- 25.4 Starting Salary: Effective January 1, 2005, the new starting salary shall be \$19,865.00.
- 25.5 The parties specifically agree and understand that with respect to all of the foregoing wage increases, that those increases shall not apply to employees who have resigned or were

terminated as of the date of the signing of the memorandum of agreement for this new contract. All of the foregoing wage increases shall apply only to those employees of the City who are actively engaged in the employment with the City on the date of the signing of the Memorandum of Agreement. No wage increase shall be applicable to any employee who is not actively engaged in employment on the date of the signing of the Memorandum, with the exception of those who had retired or were deceased while they were still in the active employ of the City. Part-time employees shall receive pro-rata increases.

#### **ARTICLE 26 – TERMINAL LEAVE**

26.1 As of July 1, 1989, the following terminal leave policy will be in effect:

(a) Upon retirement, all employees shall be entitled to a maximum of eighteen (18) months (subject to §d.) of terminal leave with full pay excluding:

- (1) All salary increases during the period.
- (2) Sick and vacation days cannot be accumulated while on terminal leave.

(b) The only benefits that shall continue on leave.

- (1) Pension Contributions
- (2) Group Insurance

(c) Optional Plan.

Lump sum payment of fifty percent (50%) of accrued sick leave with a maximum of fifteen-thousand dollars (\$15,000.00)

(d) New Employees.

Employees hired on or after July 1, 1987 shall only be entitled to a maximum of twelve (12) months terminal leave.

(e) This policy shall not be retroactive

## ARTICLE 27 – TERMINATION

- 27.1 This Agreement shall be effective as of January 1, 2003 and remain in full force and effect until December 31, 2005. It shall be automatically renewed from year to year thereafter unless either party shall notify the other in writing sixty (60) calendar days prior to the expiration date that is desired to modify this agreement. In the event that such notice is given, negotiations and/or notice of termination of this Agreement is given to the other party in the manner set forth in the following paragraph.
- 27.2 In the event that either party desires to terminate this Agreement written notice must be given to the other party not less than ten (10) days prior to the desired termination date which shall not be before the expiration date set forth in the preceding paragraph.
- 27.3 The City shall have the right to transfer and reassign employees covered in the Agreement to any department to fill a vacancy on a permanent basis, based on seniority and qualifications. The City shall further have the right to reorganize any department, also to make changes to improve its efficiency and productivity of all its departments. It is understood that pools of employees, may be formed by the City for reassignment to other departments but the right to fill a vacancy or not fill one is at the sole discretion of the City. There shall be no layoffs without mutual agreement with the Union. In the event there is no agreement, the matter shall be arbitrated under the arbitration provisions of this Agreement.
- 27.3A The foregoing provision is not intended to contravene the applicable rules, laws and regulations set forth by the New Jersey Department of Personnel (Civil Service).
- 27.4 The City and Union agree that the negotiations for a new Agreement will be commenced 90 days before the expiration date of this Agreement.

27.5 It is understood that the Public Employment Relations Commission (PERC) will have the authority to resolve any dispute over the titles listed in Appendix A as to whether they are to be considered as part of the Unit covered in this Agreement.

### ARTICLE 28 – EDUCATIONAL PLAN

28.1 The City shall be obliged to reimburse the cost of tuition for the employees who enroll in courses in accredited institutions of higher learning provided that:

- (a) The course, credit and non-credit, in which they enroll bears a reasonable relationship to their present work assignment.
- (b) Prior approval to take such courses is secured in writing from the employee's director, which approval the City shall not unreasonably withhold.
- (c) The rate of reimbursement at a graduate or undergraduate level shall be equal to the per credit course now in effect at Rutgers, the State University.
- (d) The rate of reimbursement for non-credit courses shall be the full cost of tuition.
- (e) The number of credits per year for which an employee shall be reimbursed shall not exceed twenty (20). Said reimbursement shall be paid to the employee within sixty (60) days after completion of course or module.
- (f) All non-related courses mandated by an institution as a requisite for a degree or certificate shall be eligible for educational increments.

28.2 When the City mandates that an employee must attend a job-related course or school, all expenses, including travel, lodging and tuition, must be paid in advance by the City.

28.3 Any employee, as of January 1, 2000, who completed his/her degree from an accredited college while employed by the City shall receive a one-time salary bonus upon submitting adequate proof of receiving said degree as follows:

Associate Degree	\$250.00
Bachelor Degree	\$500.00
Master's Degree	\$750.00
Doctorate Degree	\$1,000.00

28.4 This Article is not retroactive before January 1, 2000.

**ARTICLE 29 – SAVINGS CLAUSE**

29.1 If any Article or Section of this Agreement or of any Supplement or Riders thereto should be held invalid by operation of law or by any tribunal of competent jurisdiction, or if compliance with or enforcement of any Article or Section should be restrained by such tribunal pending a final determination as to its validity, the remainder of this Agreement and of any Supplements or Riders thereof, or the application of such Article or Section to personal or circumstances other than those as to which it has been held invalid or as to which compliance with or enforcement of has been restrained, shall not be affected thereby.

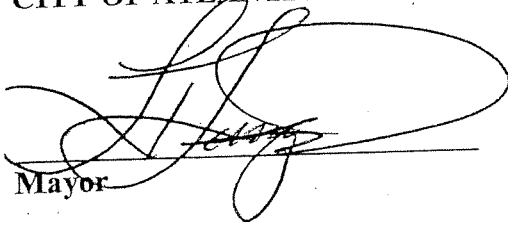
29.2 In the event that any Article or Section is held invalid or enforcement of or compliance with which has been restrained, as set forth above, the parties affected thereby shall enter into immediate collective bargaining negotiations after receipt of written notice of the desired amendments by either the City or the Union for the purpose of arriving at a mutually satisfying replacement for such article or section during the period of invalidity or restraint. There shall be no limitations of time for such written notice. If the parties do not agree on a mutually satisfactory replacement within sixty (60) days after receipt of the stated written notice, either party shall be permitted all legal or economic recourse in support of its demands notwithstanding any provisions of this Agreement to the contrary.



IN WITNESS WHEREOF, the undersigned have affixed their signatures as the duly authorized

legal representatives of the City and Local #2303 on the 13 day of April, ~~2004~~ 2005


CITY OF ATLANTIC CITY



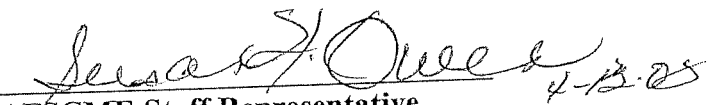
\_\_\_\_\_  
Mayor

\_\_\_\_\_  
City Clerk

UNION REPRESENTATIVES



\_\_\_\_\_  
Levine Dickerson, President Local 2303  
April 13, 2005



\_\_\_\_\_  
AFSCME Staff Representative  
4-13-05

APPENDIX A

CLASSIFICATION

AIRPORT ATTENDANT  
ASPHALT PLANT OPERATORS  
ASSISTANT SUPERVISOR

BUILDING SERVICE WORKER  
BUILDING MAINTENANCE WORKER  
BUILDING MAINTENANCE WORKER (FIREMEN)  
BLACKSMITH

CARPENTER  
CARPENTER – MAINTENANCE MISCELLANEOUS REPAIRMEN  
CARPENTER – MAINTENANCE CONSTRUCTION  
CARPENTER – MAINTENANCE REPAIRMAN

DUMP CARETAKER  
DIESEL MECHANIC HELPER  
DIESEL MECHANIC  
DIESEL MECHANIC SENIOR

ELECTRICIAN  
EQUIPMENT OPERATOR BCH. MAINTENANCE  
EQUIPMENT OPERATOR  
EQUIPMENT OPERATOR (SWEEPER MECH.)

GARAGE ATTENDANT  
GARAGE ATTENDANT SR.  
GAS ATTENDANT  
GUARD  
GUARD PUBLIC PROPERTY

HEAT & A.C. OPERATOR  
HEAT & A.C. OPERATOR SR.  
HEAVY EQUIPMENT OPERATORS  
HEAVY EQUIPMENT OPERATORS SLF  
HEAVY EQUIPMENT MECHANIC

LABORER

MECHANIC  
MASONS  
MASONS MAINTENANCE REPAIRER  
MASON & PLASTERER  
MECHANIC HELPERS

MECHANIC REPAIRMEN  
MECHANIC REPAIRS  
MAINTENANCE REPAIRER PLANT  
MECHANIC REPAIRMEN AUTO M.V.S.  
MECHANIC REPAIRMEN WATER TREAT PLANT  
MAINTENANCE REPAIRER

OMNI BUS DRIVER

PLASTERERS  
PLUMBERS  
PARKING LOT ATTENDANT  
PAINTERS

RECEIVING ATTENDANT

SENIOR WATER TREAT PLANT OPERTORS  
SENIOR RECEIVING MAINTENANCE  
SANITATION INSPECTORS

TRUCK DRIVERS

WASH RACK ATTENDANT  
WATCHMAN

## Appendix B

Memorandum

From: Benjamin R. Fitzgerald: July 9, 2004  
RE: Retirement Pension Laws & post Retirement  
Health Benefits Proposal (one page)

State of New Jersey

To: Certifying Officers of Municipalities and  
Counties from Frederick J. Beaver Director: August  
1, 2003 (six pages)

State of New Jersey

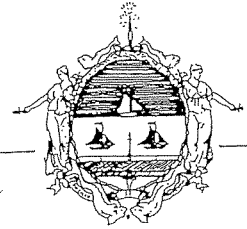
To: Beverly Bromley Pension Fund Supervisor:  
May 21, 2004 From William H. Kale Assistant  
Director Client Service (eight pages)

Frank J. Siracusa and Son

City of Atlantic City Retirement Benefits Program  
June 1, 2004 (seven pages)

# CITY OF ATLANTIC CITY

OFFICE OF THE BUSINESS ADMINISTRATOR  
CITY HALL - ROOM 701  
ATLANTIC CITY, NEW JERSEY 08401  
(609) 347-5245



BENJAMIN R. FITZGERALD  
*Business Administrator*

DOMENIC F. CAPPELLA  
*Assistant Business Administrator*

## MEMORANDUM

TO: Robin Shamsiddeen, President, ACWCPA  
Robert O'Brien, Esquire  
Levine Dickerson, President, Local 2303, AFSCME  
Susan Owen, Staff Representative, AFSCME Council 71  
Harriann Bernstein, President, Supervisor's Union  
Jack Drakeford, Business Agent, Local 29

FROM: Benjamin R. Fitzgerald, Business Administrator *BRF*

DATE: June 9, 2004

RE: Retirement Pension Laws & Post Retirement Health Benefits Proposal

For your information, attached, please find the following:

1. Retirement Incentive Program Cost Information from the NJ Division of Pensions & Benefits, dated August 1, 2003.
2. NJ Division of Pensions & Benefits correspondence dated May 21, 2004.
3. Article from New Jersey Lawyer May 3, 2004, issue, concerning Retiree's Health Insurance.
4. City of Atlantic City Post Retirement Health Benefits Program.
5. Proposed Survey – Do You Intend to Retire?

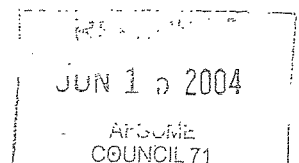
With the exception of Item 3, this information will be forwarded to all employees eligible for the Retirement Incentive Program and Post Retirement Benefits Program. The survey will provide the City with a rough count as to who intends to retire and when. An informational meeting will be scheduled in the near future to answer any questions employees may have. Part-time employees are not eligible for either of the programs.

Please advise me of your comments as soon as possible.

BRF/pc

Cc: Frank J. Siracusa, President, Frank J. Siracusa & Son Insurance

L:\BAAAdmin\early out 06042004.doc





State of New Jersey

DEPARTMENT OF THE TREASURY  
DIVISION OF PENSIONS AND BENEFITS  
(609) 292-7524 TDD (609) 292-7718  
www.state.nj.us/treasury/pensions

Mailing Address:  
PO Box 295  
Trenton, NJ 08625-0295  
Location:  
30 West State Street  
Trenton, New Jersey

JOHN E. MCCORMAC, CI  
State Treasurer

FREDERICK J. BEAVER  
Director

JAMES E. MCGREEVEY  
Governor

August 1, 2003

To: Certifying Officers of Municipalities and Counties  
From: Frederick J. Beaver, Director *FJ Beaver*  
SUBJECT: Early Retirement Incentive Program Cost Information

03 AUG 15 AM 11:33  
COMPTROLLER'S OFFICE

This letter provides cost information that will assist you in determining whether or not your location should offer the Early Retirement Incentive Program authorized in Chapter 128, P.L. 2003 to eligible employees enrolled in the Public Employees' Retirement System (PERS). This Local Government ERI Program was described to you in a letter dated July 21, 2003. A copy of that letter can be viewed on the Division's ERI Web site (click the ERI link from our home page at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions)). An attached chart summarizes the Local Government ERI Program eligibility requirements and incentives.

The attached work sheet provides an estimate of pension costs calculated by the PERS actuary for the "eligible" employees who were reported as active at your location as of June 30, 2002. The Actuary used existing data to allow us to provide you cost information very quickly. If you have hired any ERI-eligible employees since June 30, 2002, they will not be reflected on this report. We can make special arrangements to refine the data at a later date, if it is necessary for your governing body's decision-making process. If we were to wait to use the June 30, 2003 data that has not yet been submitted by all employers, it would be several months before we could provide you with cost information.

The report is based on several assumptions. It assumes that the members will:

- Remain active at your location until retirement;
- Work continuously from June 30, 2002 until retirement;
- Have received salary increases since 2002 in line with the actuarial assumptions of the PERS (5.95%);
- All retire on July 1, 2004. The ERI laws permit a large number of possible effective dates; we selected the end of the fiscal year for this estimate;
- Not be extended beyond their ERI retirement dates; and
- Not have made a purchase of service credit between June 30, 2002 and their retirement.

Additions or deletions may be required based on your current records to reflect terminations, returns from leave of absence, and transfers.

The total estimated additional pension costs are shown in the last column that has printed data. This total cost consists of up to three components, depending upon the individual circumstances. The first component is the incentive itself. For category 1 employees, that is the lifetime cost of the extra years of service provided under the incentive and the acceleration of retirement costs. The acceleration costs are primarily those pension payments made because the individual retires earlier than he otherwise would have had there not been an ERI. If the member will be under age 55 at retirement, there is also a cost because of the elimination of the reduction of the age penalty. Any category 2 pension costs shown will only be acceleration costs since the incentive offered is employer-paid health benefits and not a pension enhancement. The additional cost of health benefit coverage is considered to be a separate, pay-as-you go cost that is not reflected in the pension liability (see the next paragraph). The category 3 costs are the \$500 per month for two years (present value of \$10,972) and the acceleration costs, if any.

There are other costs that will be incurred by an employer offering the Local Government ERI Program under Chapter 128. The cost of lifetime health benefits through the State Health Benefits Program (SHBP) for category 2 eligible employees and their dependent family members is specifically identified in the law. If the employer normally reimburses its retirees for Medicare Part B premiums, this should also be included in the health benefits costs. The annual cost for a retiree for health benefits depends upon the retiree's Medicare status, family situation, and plan selection, all of which could change year-by-year. The 2003 annual cost (not including any Medicare reimbursement) for a retiree in the Traditional Plan of the State Health Benefits Program, the plan selected by a large number of retirees, ranges from \$3,650 (Medicare eligible with single coverage) to \$17,519 (No Medicare with Family Coverage). Even if you were able to project costs based on the employee's current status, health benefits costs have been rising at a high and relatively unpredictable rate over the past several years. Current SHBP rates for retirees are available on the Division's Web site through the SHBP links.

Other possible costs to an employer for the ERI are dependent upon the employer's policies or contractual agreements with its employees. The most significant of these might be the payment for unused sick and or vacation time to an employee who retires. Although this is a cost that would probably be paid eventually without the ERI, it is accelerated by the ERI.

### How to use the worksheet.

The worksheet consists of a separate listing of the eligible PERS employees by ERI Category. The worksheet allows you to capture the first year costs and savings generated by the program. Ideally, you should do a year-by-year cost and savings analysis for as long as you would be paying for the program. This will allow you to see the annual budgetary impact, as well as the total costs and savings of a decision to adopt the ERI. The Worksheet will give you a rough estimate of costs and savings on which to make a decision.

Complete the worksheet as follows:

I. Eliminate those individuals not eligible for the ERI because they are part-time or have already terminated employment. You may also eliminate those you believe will not retire even if offered the incentive.

II. Identify those employees who will elect to retire by marking a "Y" in the ERI column. For each employee so marked, complete the rest of the worksheet as follows:

#### Cost

1. Use the "Estimated Additional Liability (Total)" figure to calculate your annual additional pension costs and insert that into Column A. This calculation will be based on the funding vehicle chosen to pay for these pension costs. If your location does not bond these costs, the payment method is 15 years at 8.75% interest with payments increasing by 5.95% per year. To determine the first year's cost under this payment schedule, divide the total pension liability by 12.2523451 and multiply the result by 1.0595. If you are doing a multi-year analysis, you can get a subsequent year's payment by multiplying the previous year's payment by 1.0595.
2. In column B, insert other costs that you will have to incur such as payment for unused sick leave, vacation pay, health benefits, etc.
3. Total columns A and B to reflect one year's total estimated cost.

#### Savings

1. In column C, insert the current salary to be eliminated. If the individual is to be replaced, only insert the incremental amount to be eliminated. For example, if you will replace an individual earning \$50,000 by someone earning \$40,000, the net savings to be inserted in column C would be \$10,000.



2. In column D, enter FICA savings. (Multiply column C by .0620 up to the Social Security maximum and add Part A Medicare savings {Multiply the full amount of column C by the .0145 contribution percentage}).
3. In column E, insert the other employer costs that would be eliminated as a result of the position being vacated (or incremental costs if the employee is replaced). Such costs include health benefits as an employee, unemployment insurance, disability insurance, etc.
4. Total columns C, D, and E, to reflect one year's total estimated savings.

III. Compare the one-year total estimated cost to the one-year total estimated savings. If you have employees who qualify for the ERI because of a purchase made since June 30, 2002, be aware that savings and costs for them will not be included or, if they moved from a lower to higher ERI category, the costs may be understated.

#### Important Considerations:

- The annual cost of health benefits under Category 2 is a lifetime cost. However, if the employer already pays for the health benefits of its retirees with over 25 years of service, the annual cost of health benefits under Category 2 can be considered an additional cost for between one to five years, depending upon the employee's years of service. If these category 2 individuals hadn't taken the ERI, they would have presumably have worked until they attained 25 years and then retired with employer-paid health benefits.
- If you do a year-by-year cost/savings comparison, savings for a vacated position that you do not refill should only be assumed until the individual would have normally retired, i.e., approximately three to five years.

#### Obtaining ERI Information

Additional, more current information about the ERI is posted to a special section of the Division Web site ([www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions)). The site outlines the program, details eligibility information, and explains how the program will work. **We will post updates on the ERI program frequently, so this site should be very useful to you and your employees.**

Questions about the Local Government ERI Program should be directed to the Division of Pensions and Benefits through the normal communications channels.

2 enclosures

Local Government ERI Requirements and Incentives  
 (Counties and Municipalities)

ELIGIBILITY REQUIREMENTS	INCENTIVES
Category 1 — a fulltime employee, age 50 or older with 25 or more years of service in the PERS as of the effective retirement date within the ERI window adopted by the employer.	Service or Early <sup>1</sup> Retirement — 3 additional years of service. <small>No reduction for age if under 55</small> Veteran Retirement <sup>2</sup> — 3/55 of Final Salary added to the retirement allowance.
Category 2 — a fulltime employee, age 60 or older with 20 or more years, but less than 25 years, of service in the PERS as of the effective retirement date within the ERI window adopted by the employer.	Employer paid post-retirement medical coverage in the State Health Benefits Program for the employee and eligible dependents <sup>3</sup> <small><sup>3</sup>Does not include payment of survivor benefits for surviving dependents unless employer normally provides them.</small>
Category 3 — a fulltime employee, age 60 or older with 10 or more years, but less than 20 years, of service in the PERS as of the effective retirement date within the ERI window adopted by the employer.	\$500 per month for 24 months following the date of retirement.
<sup>2</sup> Must meet special veteran requirements of the PERS or TPAF. <ul style="list-style-type: none"> <li>• Age 60 with 20 years of service (Category 2 only).</li> <li>• Age 55 with 25 years of service.</li> <li>• Age 55 with 35 years of service.</li> </ul>	

Special Note: Members of the Prosecutors Part of the PERS are not eligible for this ERI.

HYI



State of New Jersey

DEPARTMENT OF THE TREASURY  
DIVISION OF PENSIONS AND BENEFITS  
(609) 292-7524 TDD (609) 292-7718  
www.state.nj.us/treasury/pensions

May 21, 2004

Mailing Address  
PO Box 295  
Trenton, NJ 08625  
Location:  
50 West State Str  
Trenton, New Jer

JOHN E. MCCORMAC  
State Treasurer

FREDERICK J. BEA  
Director

JAMES E. MCGREEVEY  
Governor

Beverly Bromley  
Pension Fund Supervisor  
Atlantic City  
Comptrollers Office – Room 305  
1301 Bacharach Boulevard  
Atlantic City, NJ 08401

Re: Employer #2-20780

Dear Ms. Bromley:

This letter acknowledges receipt of the certified resolution passed by your governing body on May 20, 2004, in which it elected to provide and pay for early retirement incentive (ERI) benefits authorized by Chapter 128, P.L. 2003. The effective date of your ERI is July 1, 2004 and your ERI window, the months in which retirements under the program may occur, is August 1<sup>st</sup>, September 1<sup>st</sup>, and October 1<sup>st</sup>, 2004.

Details on the implementation of your ERI program are attached. These cover

- Employee eligibility,
- Employee filing for retirement,
- Employee retirement date extensions,
- Employee notification and education,
- Consulting with bargaining unit representatives,
- State Health Benefits Program billing,
- ERI pension cost billing,
- Bonding pension costs, and the
- Use of the Employer Pension and Benefits Information Connection (EPIC) to administer the ERI.

Sincerely,

William H. Kale  
Assistant Director,  
Client Services

PJV

## EMPLOYEE ELIGIBILITY

**Qualifying for the ERI.** Employee eligibility (age and years of service) for the ERI must be established by the last possible retirement date within the ERI window. If an employee needs to purchase service credit to qualify for the ERI, the application to purchase must be filed with the Division of Pensions and Benefits before the last possible retirement date within the ERI window. Service earned or requested for purchase after the last possible retirement date within the ERI window, that is, during an employer-approved extension, cannot be used to qualify for the ERI, to change the ERI category for which the employee qualifies, or to qualify for a Veteran Retirement benefit. Service and salary earned and service purchased after the ERI qualifying date will be used to calculate the retirement allowance for the member; it just cannot be used to change the incentive being offered.

**Certifying Employee Eligibility.** The Division will send you a preliminary list of employees eligible for the ERI based solely on age and service using the most current data posted to our records. You have to review that list and certify to us, through our Employer Pensions and Benefits Information Connection (EPIC), which is described below, employees who are not eligible because they

- Are not full-time,
- Are on an extended leave of absence without employer-provided health coverage, or
- Have terminated employment.

You must also add anyone we may have missed because of a return from an extended leave, a recent transfer from another public employer, or some other reason.

## EMPLOYEE RETIREMENT FILING

**Filing Deadline.** Employees who wish to take advantage of the ERI must file for a retirement date within your ERI window up to the day before their selected retirement date within that window. An ERI-eligible employee who filed for retirement prior to the adoption of the resolution, and whose retirement is not yet due and payable, may change his/her retirement date so it will fall within the ERI window if he/she will remain employed with you up to the ERI retirement date. The employee can do this by completing and submitting a *Change Retirement Application* that can be obtained from the Division Web page (which is located at [www.state.nj.us/treasury/pensions/ro-0428.pdf](http://www.state.nj.us/treasury/pensions/ro-0428.pdf)). If the employee's retirement date already falls within the ERI window, he/she need not do anything to qualify for the ERI benefit.

## EXTENSIONS

Procedures for granting extensions. The ERI laws permit the governing body of an employer who adopts an ERI to extend the retirement date of an employee performing a critical function for up to one year beyond the final retirement date in the employer's ERI window. The employer determines who is a critical employee, but the employee must agree to the extension. The governing body will have to specifically approve the extensions authorized unless it delegates authority to do this to an official of the organization. You must notify the Division of the employees being extended and their revised retirement dates through EPIC at least one month before the end of your ERI window\*. The Division will then change the retirement date based on the extension instructions you provide us and notify the employee, by letter, that the retirement date was changed.

\*Important Note: an employee being extended must file for retirement prior to the end of the ERI window for a retirement date within the window.

## NOTIFYING EMPLOYEES OF THEIR ERI ELIGIBILITY

**Employer Responsibility.** You are responsible for notifying your employees that you are offering the ERI. We encourage you to direct your employees to our ERI Web page (accessible through our regular Web page at URL [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions)) for the most recent information. You are also responsible for distributing to your eligible employees the information we will provide you that is described below.

**Division Responsibility.** Approximately two weeks after you have certified the ERI eligibility list through EPIC as described above, we will provide you with a sealed retirement estimate for each of your eligible employees. This estimate will be calculated using the final month in your ERI window as the expected retirement date. The estimates will provide the monthly retirement benefit under the ERI for Maximum and Option 1 only since beneficiary information is not available to us. We will provide, within the estimate, instructions on how to obtain a complete retirement estimate and when they must file for retirement in order to qualify for the ERI. We will send you, along with these estimates, general literature about the ERI that you may copy and distribute to eligible employees or provide to other employees who may become eligible for the ERI at a later date through a purchase of service credit. We will also send you a small supply of the *Application for Retirement Allowance* and the *ERI Rollover Election Form* (for Category 3) for your employees' use during the ERI. The ERI forms are available on-line at our ERI Web site if you need additional copies. We plan to provide these materials to you approximately a month after your adoption of the ERI and two weeks after you have certified the revised employee eligibility list through EPIC.

**Other Information Resources.** The Division's Local ERI Web site is the best source of information about the ERI programs being offered under Chapters, 127, 128, 129, and 130 P.L. 2003. (The site is linked to the Division's Home page and the URL is [www.state.nj.us/treasury/pensions/localeri03.htm](http://www.state.nj.us/treasury/pensions/localeri03.htm)). The Division will be offering small-group workshops in Trenton several times a month specifically devoted to the ERI that your eligible employees may schedule at their convenience. Information about these workshops is included in the retirement estimates, described above, that will be provided to your eligible employees.

### CONSULTING WITH BARGAINING UNIT REPRESENTATIVES

Each of the ERI laws require the employer to "meet and consult with" the bargaining representatives of its employees who would be eligible for benefits under the ERI law. This has to be done within one year of enactment of the law, that is, before July 15, 2004, whether the employer adopts or does not adopt the ERI program. The ERI laws clearly state that the decision to adopt is to be made by the governing body of an employer. State law also says that pensions are not a negotiable benefit. Therefore, at a minimum, the employer must meet with and inform the bargaining representatives of the law and, as a maximum, may solicit input into the employer's decision-making process. However, no agreement can be struck with the bargaining units about the adoption decision.

### STATE HEALTH BENEFITS PROGRAM (SHBP) BILLING

Chapters 128, 129, and 130 have employer-paid post-retirement medical (PRM) coverage in the SHBP as the category 2 incentive benefit.

- If you are a SHBP participating employer that already pays for PRM coverage, you will be billed in the normal manner for your employees who obtain the PRM coverage as their incentive.
- If you are not a SHBP participating employer that already pays for post-retirement medical (PRM) coverage, an account will be established and you will be billed monthly for your employees who obtain PRM coverage as their incentive.
- In either case, you also will be responsible for directly reimbursing the retirees (and spouses, if applicable) for their Part B Medicare premiums when they have the Medicare coverage.
- If you are an education employer (school board, education services commission, jointure commission, or county community college), the SHBP will also bill you for the cost of PRM coverage for your category 1 eligible employees (those with 25 or more years of service) for the first three years (36 months) following their retirement. You will be responsible for reimbursing directly to the retiree any Part B Medicare premiums that the retirees and or spouses pay.

Chapter 127 has employer-paid post-retirement medical (PRM) coverage in the employer's health benefits plan as the category 2 incentive benefit if the employer normally provides PRM coverage to its retirees.

- If you are a SHBP participating employer that already pays for PRM coverage, you will be billed in the normal manner for your employees who obtain the PRM coverage as their incentive.
- If you are not a SHBP participating employer that already pays for post-retirement medical (PRM) coverage, you are responsible for providing the PRM coverage in the same manner as you do for your other retirees.
- If you do not normally provide PRM coverage to your retirees, there will be no health benefits costs because your category 2 employees will receive the category 3 incentive benefit (\$500 per month for 24 months) from the PERS.

### OBTAINING ACTUAL ERI PENSION COSTS

**Actuarial Calculation Process.** The actual costs for your ERI will not be calculated until after the end of the fiscal year in which your last ERI retirement occurs. An employer with an ERI window that ends during FY 2004 (July 1, 2003 – June 1, 2004) will be notified of its actual costs subsequent to the completion of the June 30, 2004 actuarial valuation for the applicable retirement system. Those valuations will be completed in the November-December 2004 timeframe. An employer with an ERI window that ends during FY 2005 (July 1, 2004 – November 1, 2004) will be notified of its actual costs after the completion of the June 30, 2005 actuarial valuation, which will be in the November-December 2005 timeframe. If retirements are spread over two fiscal years because of the selection of the ERI Window or because of extensions, complete costs will not be calculated until the actuarial valuation that covers the final ERI retirement dates.

**Paying for the ERI.** Notification of actual costs does not coincide with the due date of the first payment. For PERS and TPAF locations, for costs that are determined as of the 2004 valuations, the first payments will be due in 2006 and for costs that are determined as of the 2005 valuation, the first payment will be due in 2007. For PFRS locations, if costs are determined as of the 2004 valuation, the first payment will be due in 2007 and for costs that are determined as of the 2005 valuations, the first payment will be due in 2008. Interest does accrue, however, from the date of the valuation. ERI payments will be required over fifteen years at 8.75% interest. For TPAF bills, the payments will be level over the fifteen years. For PERS and PFRS bills, the payments will be increasing by 5.95% per year. Each ERI law contained a provision that allows the employer to issue bonds to pay for the ERI pension costs it incurs.

### OBTAINING ESTIMATED PAYOFF COSTS FOR BONDING PURPOSES

**After Final Calculations Are Made.** If you wish to issue refunding bonds to pay your ERI liability after we have made the final ERI calculations and billed you, you can write or e-mail us (Anita.Johnson-fellenz@treas.state.nj.us), give us the payoff date, and we will provide you the payoff figure for that date and instructions on how to pay it.

**Before Calculations Are Made.** If you wish to issue refunding bonds before we have done the calculations and billed you, you will have to request an estimated pension liability from us and provide us the estimated payoff date, that is, the date you wish to pay the pension liability to us. We will send you an electronic file of your eligible employees that includes name, membership number, social security number, annual salary, retirement date (if filed), and early retirement category. You will have to update that electronic file with the most current information about your employees, e.g., current salary, anticipated retirement date, etc., so we have the best possible data on which to base the estimated cost. Our actuary will calculate the estimated payoff figure using the information you provide. Since final ERI cost figures will not be available until after completion of the actuarial valuation for the fiscal year in which the last ERI retirement occurs, this figure will be just an estimate. Once final figures are available, it will be necessary to adjust the final payoff figure and reconcile the amount you paid, which may be after you have bonded those costs.

We would like to use the Secure File Transfer (SFT) capability of EPIC to exchange the electronic file used in getting you a payoff estimate. You'll learn more about this capability when you receive your orientation on EPIC.

**EMPLOYER PENSIONS AND BENEFITS INFORMATION CONNECTION (EPIC).** A member of our Client Services' Employer Education Unit will be contacting you to arrange your enrollment into the EPIC. EPIC will be used to facilitate the administration of your ERI and should ease the paperwork burden for you and us. As stated above, it will be used to confirm the eligibility of your employees for the ERI, to transmit the extensions that your governing body approves, and to exchange the electronic file used to obtain the payoff estimate. EPIC will also be a useful tool in the administration of benefits outside of the ERI. A summary of EPIC is attached for your information.



## EPIC At A Glance

### Purpose of EPIC

To provide user-friendly, real time access to vital pension information for employers and employees.

### System Design

To provide administrators and members of the NJ State-administered pensions and benefits programs direct access to information that will enhance their ability to administer programs at the local level and to access benefits.

The EPIC program will be rolled-out in three phases of increasingly sophisticated applications.

The EPIC program is designed to utilize the communication potential of the Internet.

EPIC is designed to enhance pensions and benefits administration throughout the complete life cycle of employees' careers.

### Security

EPIC applications are accessed through "myNewJersey" web portal.

The security system is designed to allow access to a limited number of authorized users at each employing location for that location only, ensuring the safety of sensitive member information.

Levels of access to EPIC applications are controlled locally so that appropriate usage is maintained without extensive DPB oversight on a day-to-day basis.

### Status of EPIC Applications

Phase 1 (complete)

➤ Security

- Check for Existing Member Accounts
- Enrollment Application Status
- Payroll Certifications
- Member Account Information
- Retirement Application Status

#### Phase 2 (Under Active Development)

- SHIPS
- Health Benefits: Rates – Bills – Alpha list (active)
- Transmittal Electronic Processing System (TEPS)
- Deferred Compensation Inquiry (NJSEDCP)
- Supplemental Annuity Collective Trust (SACT)
- E-Forms Processing (pilot project)

#### Phase 2 and 3 (Future Development)

- Member Access to EPIC
- Loans Calculator
- Employee Benefit Statements (EBS)
- Pension Service Purchase
- Statement of Account
- Retirement Estimate Calculator
- Retiree Access to EPIC
- Employer Billing Inquiry
- Quarterly Report of Contributions (ROC)
- Alternate Benefit Program (ABP)
- Training Management System (TMS)

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AND SON

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CITY OF ATLANTIC CITY  
RETIREMENT BENEFITS PROGRAM  
June 1, 2004

The City of Atlantic City has expanded the Medical and Rx (but not Dental or Vision) components of its Health Benefits Program to provide lifetime coverage to those eligible employees who are covered by Collective Bargaining Agreements that have contracted for Retirement Benefits inclusion, and to eligible exempt employees.

Horizon Blue Cross has amended its existing HMO Blue contract to include a second category of covered persons who are designated as Retirees. To be eligible for enrollment into this category, the retiring employee must meet all of the following criteria on or after January 1 of 2004:

- (A) Have attained at least twenty-five years of service credits in a state or locally administered Retirement system, or have completed at least fifteen years of service with the City and reached age 62 years or older without regard to additional service credit; and
- (B) Have been employed by the City working an average of at least thirty-five hours per week during the last two years prior to retirement; and
- (C) Be enrolled in Medicare A+B for Medical and the broadest Rx option (when and if available), if eligible for Medicare enrollment. But if Medicare B eligibility is delayed until its next open enrollment – following retirement, Benefits covered thereunder will remain covered by the City's Retiree program until retiree has become eligible for enrollment into Medicare B.

Employees not employed by the City on or after January 1 of 2004 must be continuously employed by the City for a period of no less than fifteen years and be over age of 62 years following that date to be eligible for Retirement Benefits.

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CITY OF ATLANTIC CITY  
RETIREMENT BENEFITS PROGRAM  
June 1, 2004

The City currently offers its employees four options for Medical coverage. Retiring employees who are covered by alternative Medical plans sponsored by the City must transfer to the City's HMO Blue Plan at the date of retirement in order to be eligible for Retirement Benefits. Alternatively, retiring employees and their spouses who are Medicare-eligible must enroll into a new program known as "Medicare Blue". This program has been customized for the City by Blue Cross to provide Benefits that are essentially the same as HMO Blue. The enclosed Exhibit has been prepared by Blue Cross staff to illustrate the differences between the HMO Blue and Medicare Blue.

It is anticipated that various Prescription plans will be offered by Medicare, either as part of Medicare A or B or as a free-standing program. Once the Rx plans are available the City will select the Rx plan or plans deemed most cost-effective; the contribution percentages will be as outlined above, and the Rx premiums will be adjusted to reflect the reductions resulting from the selected plan or plans.

Retiring employees and their spouses that are not yet Medicare-eligible at time of retirement must enroll into HMO Blue, and then each person must enroll into Medicare Blue during the three month period prior to the date that each person becomes Medicare-eligible.

The share of Benefits costs to be borne by the Retiree shall be the following percentages of monthly HMO Blue rates or Medicare Blue rates promulgated for the City as of March 1 of each year:

- A) Employees retiring on or before September 1 of 2004 ..... 5%
- B) Employees retiring September 2 of 2004 through September 1 of 2005 ..... 15%
- C) Employees retiring on or after September 2 of 2005 ..... 25%

Dependents of a covered Retiree who were covered by the City's Benefits Plan at least one year prior to date of employees retirement date shall be eligible for continued coverage, subject to HMO Blue or Medicare Blue eligibility rules, as long as the retiring employee remains covered under the City's Benefits Plan. Termination of coverage for the employee will serve to terminate coverage for dependents. But in the event of death of the Retiree, the enrolled spouse may remain covered in the City's plans by contributing 67% of the applicable monthly rates.

Dependent children of a retiring employee who becomes Medicare-eligible and enrolls in Medicare Blue shall remain covered by HMO Blue on a single or parent/child basis as applicable, until they are no longer eligible for coverage.

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RETIREMENT BENEFITS PROGRAM  
June 1, 2004

If a Retiree covered by the City's Benefits Plan establishes permanent residence outside of New Jersey into a state or geographical area not having medical providers contracted to HMO Blue or Medicare Blue, the Retiree may purchase Medical/Rx coverage in the newly domiciled area, and the City shall contribute by check payable to Retiree an amount equal to its share of the costs it would have paid to HMO Blue or Medicare Blue. Reimbursement procedures must be in compliance with NJ Pension regulations.

The City will invoice the Retiree once monthly for the Retiree's share of costs; payment in good funds must be received at the location of the payer designated by the City no later than twenty days thereafter. Payments received after 20<sup>th</sup> of month due may, at the option of the City, be returned and coverage may be terminated without obligation to reinstate. Non-payment by the Retiree shall serve as notice to the City that coverage is to be terminated.

A retiring employee who is the spouse of a covered active employee of the City shall receive Benefits following retirement as the dependent of the active employee. Upon the subsequent retirement of the active employee, the couple shall become eligible for Retirement Benefits on a "Family" or "Husband/Wife" basis, and the applicable percentage of premium cost shall be determined by the retirement date of first retiring spouse.

It is the responsibility of the Retiree to notify the City upon attaining eligibility for Medicare and to purchase Medicare B, and to enroll into Medicare Blue, and to remain covered by Medicare A+B in order to be eligible to continue coverage in Medicare Blue. The City assumes no responsibility for retroactive premium crediting beyond one monthly billing.

Retirees and/or their Dependents enrolled in the City's Benefits Plans who become re-employed elsewhere and are thereby eligible for the new employer's Group Medical/Rx coverage are no longer eligible for inclusion in the City's Retirement Benefits program. Coverage in the City's plans will cease thirty days following eligibility for inclusion in the Plan sponsored by the new employer. A Retiree or Dependent who ceases to be covered by the City's Plans for more than thirty days is not eligible for re-entry into the City's Plans.

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CITY OF ATLANTIC CITY  
RETIREMENT BENEFITS PROGRAM  
June 1, 2004

Any revisions or changes published by Horizon Blue Cross that affect all participants in its HMO Blue and Medicare Blue contracts will apply to the City's programs. And the wording in the City's collective bargaining agreements relating to "no change in Benefits" and the like shall be inapplicable in relation to changes in policy form made by Horizon Blue Cross for its HMO Blue and Medicare Blue contracts.

Any terms or conditions set forth in this program that are ruled to be in violation of state statutes or regulations shall be re-negotiated with the applicable collective bargaining units.

The City retains its right to replace its HMO Blue program at any time with an alternative plan providing equal Benefits. Nothing contained in the Retirement Benefits program shall impair this right.

Prior to enrollment inquiries may be directed to the City's Risk Manager. Once enrolled appeals must be directed to the City Business Administrator whose decision shall be final on all matters pertaining to the Program.

- END -

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CITY OF ATLANTIC CITY  
RETIREMENT BENEFITS PROGRAM  
June 1, 2004  
MONTHLY COSTS TO RETIREES

RATES GUARANTEED UNTIL FEB. 28, 2005

UPON ENROLLMENT INTO  
HMO BLUE  
NOT MEDICARE ELIGIBLE:

	<u>Med Rates</u>	<u>Rx Rates*</u>	<u>Total</u>	<u>Rtee @ 5%</u>
(A) Single	\$ 352.90	\$ 108.33	\$ 461.23	\$ 23.06
(B) Fam+HW	878.19	247.64	1125.83	56.29
(C) Rtee/Child	596.73	144.63	741.36	37.08

UPON ENROLLMENT INTO  
MEDICARE BLUE  
(MEDICARE ELIGIBLE):

	<u>Med Rates</u>	<u>Rx Rates*</u>	<u>Total</u>	<u>Rtee @ 5%</u>
(A) Each Person	\$ 60.65	\$ 108.33	\$ 168.98	\$ 8.45
(B) One Spouse Medi Blue	\$413.55	\$ 247.64	\$ 661.19	33.06
One Spouse HMO Blue			\$ 461.23	23.06
(C) Each Dep. Child	\$352.90	\$ 108.33		

\*Rx Rates Equal To NJSHIP

SUPP-A

CITY OF ATLANTIC CITY  
HORIZON MEDICARE BLUE PLAN  
(FOR RETIREE + SPOUSE MEDICARE ELIGIBLE)

SERVICES + SUPPLIES

	IN NETWORK (Offered By HMO Blue)	OUT OF NETWORK (Not Offered By HMO Blue)
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NJ Toll FREE: 1-800-642-9151  
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	IN NETWORK (Offered By HMO Blue)	OUT OF NETWORK (Not Offered By HMO Blue)
Annual Deductible	N/A	\$1,000
Out of Pocket Maximum	N/A	\$2,000
Hospitalization (Inpatient & Outpatient) + Semiprivate room (Private if medically necessary) + Nursing Services + Inpatient physician and surgical services + Medication and medical supplies + Laboratory tests + X-Rays and other radiology services + Blood + Special care units + Rehabilitation services + Meals + Emergency room	100% coverage for unlimited days as medically necessary.          ER: \$50 copayment waived if admitted HMO BLUE - \$26 Co-Pay	80% of allowance after deductible for unlimited days as medically necessary.          ER: \$50 copayment waived if admitted
Physician Services + Primary care office visits including: - Routine physical exams - Immunizations	50 copay per visit (includes all services).	80% of allowance after deductible
Specialty Care + Specialist office visits + Gynecology office visits including Pap smears + X-Ray + Laboratory Services + Mammography	50 copay per visit (includes all services)	80% of allowance after deductible for medically necessary services.
Vision Care + Annual eye exam + Vision hardware (eyeglasses or contact lenses)	HMO BLUE - No Coverage \$0 copay per visit	80% of allowance after deductible \$100 every two years
Hearing Tests + Annual Tes. + Hearing Aids	HMO BLUE - No Coverage \$0 copay per visit \$750 reimbursement for hearing aids every three years.	Not covered
Skilled Nursing Facility	100% coverage (100 days per benefit period) as medically necessary.  Day visit limit combined both in and out of network.	80% of allowance after deductible (100 days per benefit period) as medically necessary.  Day visit limit combined both in and out of network.
Home Health Care	100% coverage Unlimited, as long as medically necessary.	80% of allowance after deductible Unlimited, as long as medically necessary.
Mental Health + Inpatient + Outpatient	HMO BLUE - 30 Days/Yr 45 Days/Yr Inpatient: 100% (190 day lifetime limit applies). Day limit combined both in and out of network. HMO BLUE - \$0 Co-Pay Outpatient: \$25 copay	Inpatient/Outpatient: 80% of allowance after deductible (190 day inpatient lifetime limit applies). Day limit combined both in and out of network.
Podiatry	Covered at 100% after \$0 copayment for medically necessary services.	80% of allowance after deductible for medically necessary services.
Chiropractic Care for manual manipulation of spine to correct subluxation	100% after \$0 copayment.	80% of allowance after deductible
Durable Medical Equipment	100% when preauthorized by PCP and Plan.	80% of allowance after deductible when preauthorized by PCP and Plan.
Physical and Occupational Therapy	\$0 copay when preauthorized by PCP and Plan.	80% of allowance after deductible when preauthorized by PCP and Plan.
Dental Care	Discounts Available	
Prescription Drug at a participating pharmacy		Medicare Mandated Drugs only
Care Wise	Members may call a registered nurse counselor to ask questions about their health or medical treatment programs, 24 hours a day	

- + Copay and deductible amounts do not apply to Out-of-Network out of pocket maximum.
- + Referrals to participating providers are required for In-Network benefit level.
- + Prior authorization is required for some services Out-of-Network. A member is liable for a non-authorization fee when he/she fails to obtain the required authorization for certain services rendered Out-of-Network. The fee is 50% of the allowed amount per incident. The fee is capped at \$1,000 and does not apply to the deductible and out of pocket maximum.

Horizon Medicare Blue is a managed care plan with a Medicare+Choice contract. Horizon Medicare Blue is issued by Horizon Healthcare of New Jersey, Inc., a subsidiary of Horizon Blue Cross Blue Shield of New Jersey, independent licensees of the Blue Cross and Blue Shield Association.



EXHIBIT A

MANDATORY EQUAL EMPLOYMENT OPPORTUNITY LANGUAGE

(N.J.S.A. 10:5-31 et seq.)

(N.J.A.C. 17:37)

GOODS and SERVICES and PROFESSIONAL SERVICE CONTRACTS

During the performance of this contract, the contractor agrees as follows:

The contractor or subcontractor, where applicable, will not discriminate against any employee or applicant for employment because of age, race, creed, color, national origin, ancestry, marital status, sex, affectional or sexual orientation. The contractor will take affirmative action to ensure that such applicants are recruited and employed, and that employees are treated during employment, without regard to their age, race, creed, color, national origin, ancestry, marital status, sex, affectional or sexual orientation. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Contracting Officer setting forth provisions of this nondiscrimination clause.

The contractor or subcontractor, where applicable will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to age, race, creed, color, national origin, ancestry, marital status, sex, affectional or sexual orientation.

The contractor or subcontractor, where applicable, will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer advising the labor union or workers' representative of the contractor's commitments under this act and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

The contractor or subcontractor, where applicable, agrees to comply with the regulations promulgated by the Treasurer pursuant to P.L. 1975, c. 27, as amended and supplemented with Disabilities Act

The contractor or subcontractor agrees to attempt in good faith to employ minority and female workers consistent with the applicable county employment goals prescribed by N.J.A.C. 17:27-5.2 promulgated by the Treasurer pursuant to P.L.1975, c. 127, as amended and supplemented from time to time or in accordance with a binding determination of the applicable county employment goals determined by the Div. of Contract Compliance & EEO pursuant to N.J.A.C. 17:27-5.2 promulgated by the Treasurer pursuant to P.L.1975, c. 127, as amended and supplemented from time to time.

The contractor or subcontractor agrees to inform in writing appropriate recruitment agencies in the area, including employment agencies, placement bureaus, colleges, universities, labor unions, that it does not discriminate on the basis of age, creed, color, national origin, ancestry, marital status, sex, affectional or sexual orientation, and that it will discontinue the use of any recruitment agency which engages in direct or indirect discriminatory practices.

The contractor or subcontractor agrees to revise any of its testing procedures, if necessary, to assure that all personnel testing conforms with the principles of job-related testing, as established by the statutes and court decisions of the State of New Jersey and as established by applicable Federal law and applicable Federal court decisions.

The contractor or subcontractor agrees to review all procedures relating to transfer, upgrading, downgrading and layoff to ensure that all such actions are taken without regard to age, creed, color, national origin, ancestry, marital status, sex, affectional or sexual orientation, and conform with the applicable employment goals, consistent with the statutes and court decisions of the State of New Jersey, and applicable Federal law and applicable Federal court decisions.

The contractor and its subcontractors shall furnish such reports or other documents to the Div. of Contract Compliance & EEO as may be requested by the office from time to time in order to carry out the purposes of these regulations, and public agencies shall furnish such information as may be requested by the Div. of Contract Compliance & EEO for conducting a compliance investigation pursuant to Subchapter 10 of the Administrative Code (NJAC 17:27).

STATE OF \_\_\_\_\_ )

) ss.

COUNTY OF \_\_\_\_\_ )

I CERTIFY that on \_\_\_\_\_, 2004,

\_\_\_\_\_ the Secretary or Assistant Secretary of the Corporation, personally came before me, and this person acknowledged under oath, to my satisfaction, that:

(a) this person is the secretary or assistant secretary of

\_\_\_\_\_ (the corporation named in this document);

(b) this person is the attesting witness to the signing of this document by the proper corporate officer of the corporation;

(c) this document was signed and delivered by the corporation as its voluntary act duly authorized by a proper resolution of its Board of Directors and;

(d) this person signed this proof to attest to the truth of these facts.

Signed and sworn to before me on \_\_\_\_\_

\_\_\_\_\_  
Secretary or Asst. Secretary

\_\_\_\_\_, 2004