SIDE LETTER AGREEMENT AMENDING THE MEMORANDUM OF UNDERSTANDING BETWEEN SERVICE EMPLOYEES INTERNATIONAL UNION (SEIU), LOCAL 521 AND CITY OF MOUNTAIN VIEW JULY 1, 2006 THROUGH JUNE 30, 2009

SEIU, Local 521, and the City of Mountain View have negotiated an amendment to Section 6.8, Retirees' Health, in the Memorandum of Understanding (MOU) that expired on June 30, 2009, and that was extended in a side letter agreement until June 30, 2011, and both parties do agree and adopt this side letter agreement to the current MOU as follows:

6.8 Retirees' Health

(a) through (e)—unchanged.

(f) Employees hired on or after July 1, 2010 will make an election of either a Defined Contribution Plan or a Defined Benefit Plan for retirees' health plan benefits within 10 working days of the date of hire. An employee hired on or after July 1, 2010 who does not make an initial election within 10 working days shall be enrolled in the Defined Contribution Plan. After completion of one year of service, an employee will have another opportunity to make an irrevocable election of either the Defined Contribution or Defined Benefit Plan. The Chapter Chair will be copied on letters to members informing them of their one year of employment and final decision on retirees' health plan. This letter to employees shall be sent out at least two weeks prior to an employee's one-year anniversary. Employees must make an election within 10 working days of his/her anniversary date. If an election is not made within this period of time, the employee's initial election at date of hire will remain status quo.

For those changing from a Defined Contribution to Defined Benefit Plan, the funds contributed by the employer will revert back to the City.

For those changing from a Defined Benefit to Defined Contribution Plan, employer contributions will be made from the date of hire of the employee without the additional 4 percent interest applied.

<u>Details of the Defined Contribution Plan</u>

- International City Managers Association-Retirement Corporation (ICMA-RC) or comparable Retirees Health Savings Account model in accordance with the IRS. No minimum period of service is required for participation.

- Employer contributions for those employees hired on or after July 1, 2010 as follows:

  0 to 5 years $212.24/month

  6 to 10 years $265.30/month

  10+ years $318.36/month

  An employee would ascend to the next level tier after the completion of the fifth year and the completion of the tenth year of service.

- Indexing Contributions: Contributions above will be indexed at a 2 percent fixed rate effective at the beginning of each fiscal year after implementation of the Defined Contribution Plan.

Employee Year	Fiscal Year 2010-11
0 to 5 Years	$212.24/month
6 to 10 Years	$265.30/month
10+ Years	$318.36/month

- Vesting of Employer Contributions: 100 percent after five years of continuous service with the City.

- Eligibility to Use Funds: Separation of service or 55 years of age. Upon separation of service (or retirement), funds will remain in the trust in the employee's name.

- Disposition of Employer Portion of Forfeited Unvested and Vested Funds (these are funds that have been deposited in the RHS Plan or accrued to the probationary employee): **Unvested Funds:** 75 percent employer; 25 percent employee allocation equally to SEIU participating employees who currently are receiving employer contributions. These unvested funds that are returned to the City shall be deposited into the Retirees' Health Plan funding. **Vested Funds:** All funds will be returned to the employer. Employer will deposit these funds in the Retirees' Health Fund.

- Yearly Report on Forfeited Funds: Annually, the City will report to members and the union on the disbursement of forfeited funds. Members will receive a document showing how much has been added to their account and union

leadership will receive a report on where funds returned to the City have been deposited into the Retirees' Health Fund to reduce this liability.

- Access to City's Health Plans: Access to City's health plans only if employee retires from Mountain View through PERS.

- Effective Date: July 1, 2010

- The first year employer contributions held in an account to be paid to the Defined Contribution Plan. After the employee has made his/her election after the one-year anniversary to continue in the Defined Contribution Plan, the first year contributions shall be transferred to the RHS Plan the first pay period beginning after the election is made. Interest on the funds prior to transfer will be credited at a fixed rate of 4 percent per annum on the monthly balance.

  In the event the employee's probationary period is extended beyond one year, the funds will be held until final determination of the employment status of the employee. These employees will continue to receive the same benefits status while under extended probation, as if he/she were on regular probation. This is applicable to employer contribution rates and any interest amounts.

Details of the Defined Benefit Plan

Employees hired on or after July 1, 2007, or those hired on or after July 1, 2010 who select the Defined Benefit Plan, will qualify for retirees' health benefits as set forth in the MOU in Section 6.8, Retirees' Health, Subsection (d).

If all employees represented by SEIU elect to do so, they can have the option of making employee contributions to the Retirement Health Savings Account subject to subsequent requirements and restrictions in IRS rulings, regulations or opinions.

An employee who changes positions within the City is not considered a new employee and will be covered for retirees' health benefits as an existing employee in the new employee group.

LUMP SUM PAYMENT TO MEMBERS

As the parties have reached agreement to provide the option of a Defined Contribution Plan for those employees hired on or after July 1, 2010, the City agrees to pay each employee a yearly lump sum payment. This lump sum payment will be calculated by taking 0.5 percent of the adopted budget total salaries for all SEIU positions (all funds) for that Fiscal Year and dividing that amount by the number of SEIU FTE members employed on November 30 of each year (except for 2009-10, it will be the number of SEIU FTE members employed on March 31, 2010). The lump sum payment will be

prorated for permanent part-time employees and paid out in Pay Period 25 of each year (except for Fiscal Year 2009-10 payment, it will be paid within one month after the Council approves and this Side Letter Agreement is executed).

TWO UNPAID DAYS OFF

The City has requested each employee group to assist with containing the employee compensation costs for Fiscal Year 2010-11. In lieu of deferring step increases, each member of the SEIU group, with the exception of the Public Safety Dispatchers, agrees to take two (2) unpaid days of the three (3) paid days off (eight-hour days, prorated for permanent part-time) agreed to under the current contract for Fiscal Year 2010-11 (December 28, 29 and 30). If a member is unable to take any of the days off during the dates agreed to above based on workload issues as determined by their supervisor, then the two (2) unpaid days will be taken at another time as approved by their supervisor, but before the payroll fiscal year end.

The scheduled two (2) unpaid days will occur in Pay Period one (1) of 2011, and the City and SEIU agree the SSRB payment otherwise paid to employees in Pay Period 25 of Fiscal Year 2010-11 to be deferred to occur in the same pay period as the scheduled two (2) unpaid days in Pay Period 1 for Fiscal Year 2010-11. This may result in the SSRB payment to be made twice during the calendar and tax year of 2011. Additionally, agreement to the option for the Defined Contribution Plan provides for a lump sum payment to occur in December 2010. That payment will also be deferred to Pay Period 1 of Fiscal Year 2010-11, to occur in the same pay period as the scheduled two (2) unpaid days for Fiscal Year 2010-11.

If an employee terminates during the fiscal year, prior to taking the paid and unpaid days, payroll will pay the balance of the three (3) days, less the two (2) unpaid days. If an employee is hired after December 31, 2010, the employee will not be subject to this provision.

For Public Safety Dispatchers, members of this group will receive one (1) paid day off that will be taken at a time during the payroll Fiscal Year 2010-11 as approved by their supervisor. Public Safety Dispatchers are not eligible for the three (3) paid days off during December 28, 29, and 30, and they will not be required to take two (2) unpaid days off. This does not impact the Public Safety Dispatchers' Holiday In-Lieu compensation provision.

SEIU NEGOTIATING TEAM

Nick Raisch, Worksite Organizer
SEIU, Local 521

Chris Costanzo, Chair, Local 521
Code Enforcement Officer

Richard Ames
Senior Building Inspector

Todd Baker
Senior Utilities Systems Technician

Barry Gomez
Parks Maintenance Worker II

Joel Hardie
Water Utility Worker III

Faye Moore
Accounting Clerk II

CITY OF MOUNTAIN VIEW

Patty J. Kong
Finance and Administrative
Services Director

Ruth Corona-Garcia
Senior Personnel Analyst

Bruce Hurlburt
Parks and Open Space Manager

Tim Pike
Streets and Landfill Closure Manager

Kimberly Thomas
Assistant to the City Manager

MB/7/MGR
612-07-19-10A-E^