

Parties to this Agreement

THIS MEMORANDUM OF UNDERSTANDING is made and entered into by and between the City of San Diego (hereinafter referred to as the "City") and the Deputy City Attorneys Association of San Diego (hereinafter referred to as "DCAA").

Purpose

It is the purpose of this Memorandum of Understanding (hereinafter referred to as "Memorandum") to codify the Tentative Agreement and agreements reached between the Parties after the Tentative Agreement on the retiree health benefit and post-employment health benefit for Eligible Employees who were hired before July 1, 2005.

Article 1

Implementation of the Tentative Agreement

All of the following steps have been taken to implement the terms of the Tentative Agreement:

- A. The Tentative Agreement was ratified by the membership of the DCAA.
- B. The Tentative Agreement was approved by the City Council (Council) by San Diego Resolution R-306806, subject to a vote of the Retirement System Members and Council adoption of this Memorandum, which incorporates and memorializes the terms and conditions of the Tentative Agreement and the negotiations after the Tentative Agreement.
- C. A San Diego Charter section 143.1 vote on the retiree health benefit changes described in the Tentative Agreement was completed by the Retirement System Members before November 1, 2011.
- D. Following the membership vote under Charter section 143.1, the Council adopted San Diego Ordinance No. O-20105, relating to the City's retirement system and other post-employment and health-related benefits
- E. Educational sessions have been conducted related to the benefit changes and options.
- F. The City's labor organizations will prepare the TRUST for the administration of Option C.
- G. The Parties continue to work on arranging for satisfactory trust documents that comply with relevant federal tax law, as set forth in Section VII, paragraph E, on page 19, of the Tentative Agreement. The Parties desire to deposit the required employee contributions under Options A and B (as set forth in Article 4, Sections B. 1. c. and B. 2. c.) into the CalPERS Trust. To this end, the City is working with the CalPERS Trust on an agreement to have the CalPERS Trust receive these employee contributions, whether directly or through the City's cafeteria plan or another arrangement that allows the City to withhold these employee contributions on a

pre-tax basis. The Parties agree that if the CalPERS Trust ultimately decides not to accept these employee contributions, then "any successor trust selected by the City," as set forth in this Memorandum, allows the City to select or establish a different trust to receive these contributions. If the City ultimately decides to do something other than transmit the mandatory employee contributions described below directly to the CalPERS Trust on a biweekly basis, the City will obtain a formal written legal opinion from its outside tax counsel approving the alternate arrangement before it begins deducting or withholding the employee contributions on a pre-tax basis.

H. Eligible Members must make an irrevocable election of a benefit Option on or before February 1, 2012.

Article 2

Term

The Term of this Memorandum begins on April 1, 2012; except for the effective dates of (1) the payroll contributions, which are set forth throughout this Memorandum, and (2) the modifications to the NHE Annual Adjustment, which are set forth in Article 4, section A.1. This Memorandum expires on March 31, 2027, unless modified under Article 4.

Article 3

Definition of Terms

- A. **"Active DROP"** means an employee who is in DROP and on the active City payroll.
- B. **"Base Compensation"** has the same meaning as set forth in San Diego Municipal Code section 24.0103.
- C. **"CalPERS Trust"** means the retiree health trust account managed by CalPERS OPEB/CERBT.
- D. **"Deferred Member"** means a Member who leaves his or her employee contributions on deposit with the Retirement System after terminating City employment.
- E. **"DROP"** means the Deferred Retirement Option Plan, an alternative method of benefit accrual under the Retirement Plan, as described in Chapter 2, Article 4, Division 14 of the San Diego Municipal Code.
- F. **"Eligible Employee"** for purposes of this Memorandum, means a Member represented by DCAA who began working for the City before July 1, 2005 and retires on or after April 1, 2012.
- G. **"Employee Organizations"** means the City's recognized employee organizations.
- H. **"General Member"** means a Member who is not classified under the Retirement Plan as a Safety Member or an Elected Officer.

I. "Health Eligible Retiree" is a General Member, Safety Member or Elected Officer who: (1) was on the active City payroll on or after October 5, 1980; and (2) was hired by the City before July 1, 2005; and (3) retired on or after October 6, 1980 but before April 1, 2012, and (4) is eligible for and is receiving a retirement allowance from the Retirement System.

J. "Health Eligible Retiree Benefit" means the benefit defined in San Diego Municipal Code section 24.1202(a) that is provided to Health Eligible Retirees who retire before April 1, 2012.

K. "Member" means a person employed by the City who is covered by the Retirement Plan and actively contributes to the Retirement System, and who will be entitled, when eligible, to receive retirement benefits from the Retirement System (SDCERS).

L. "NHE Annual Adjustment" means the annual adjustment based upon the projected increase for National Health Expenditures by the Centers for Medicare and Medicaid Services, Offices of the Actuary, for the full-year period ending January 1 before each plan year. No adjustment may exceed 10 percent for any plan year.

M. "Parties" means the City and DCAA, which are entering into this Memorandum.

N. "Retired DROP" means an employee who was in DROP, left the City's active payroll and retired from the City.

O. "Retiree Medical Trust" means the City of San Diego Defined Contribution Retiree Medical Account Plan and Trust, established by the City effective July 1, 2009 for General Members.

P. "Retirement Plan" means the City's defined benefit pension plan for City employees, the terms of which are set forth in Chapter 2, Article 4 of the San Diego Municipal Code.

Q. "Retirement System" or "System" means the San Diego City Employees' Retirement System (SDCERS).

R. "Safety Member" means a Member who is: (1) a sworn officer of the City Police Department hired after July 1, 1946, (2) a uniformed member of the City Fire Department in the firefighter classification series hired after July 1, 1946, (3) a full-time City lifeguard, or (4) effective July 1, 2003, a Police Department recruit employed by the City and participating in the City's Police Academy. Except as provided above, police cadets, persons sworn for limited purposes only, and all other employees of the Police Department, Fire Department and lifeguard service are not Safety Members.

S. "San Diego City Employees Retiree Medical Trust" ("TRUST") means the TRUST created at DCAA's request for the administration of the Option C benefit under this Memorandum, as well as any new and additional mandatory employee contributions for retiree health benefits subsequently established at DCAA's option for any represented bargaining unit.

T. "Service Credit" means service rendered for compensation as an employee or officer (employed, appointed, or elected) of the City, only while he or she is receiving compensation from the City and is a Member of the City's Retirement System and contributing to the System.

Service Credit includes service purchased during a Member's City employment but does not include service with a reciprocal agency.

U. **"Service Retirement"** means, for Safety Members and General Members, a retirement based upon Service Credit and age under Chapter 2, Article 4, Division 4, and for Elected Officers, means a retirement under San Diego Municipal Code section 24.1705.

V. **"Spouse"** for purposes of the "Option C" described in Article 3 of this Memorandum, means an employee's opposite sex husband or wife, as defined and recognized under federal law. This definition of "Spouse" will be automatically amended during the term of this Agreement to the extent that federal law expands its definition to include same-sex spouses.

W. **"Surviving Spouse"** means a Member's husband, wife or registered domestic partner at the time of the Member's death, including a same-sex spouse.

Article 4

Retiree Health Benefits

A. **Retiree Health Benefit For Those Health Eligible Retirees Who Retire Before April 1, 2012.**

1. NHE Annual Adjustment Will Resume for Members Who Retire Before April 1, 2012:

- a. **Health Eligible Retirees Who Retired On or After 7/1/09 and Before 7/1/11: NHE Annual Adjustment Resumes For FY 2012.** For the Health Eligible Retirees who were represented by DCAA at the time of retirement, who retired on or after July 1, 2009 but before July 1, 2011, the maximum payment or reimbursement level is established at the Fiscal Year 2009 level of \$740.27 per month for Health Eligible Retirees before they are eligible for Medicare and \$697.16 per month once they become eligible for Medicare. The annual adjustments to this maximum payment or reimbursement level which were suspended for the two-year period from July 1, 2009, through June 30, 2011, will resume for Fiscal Year 2012 based upon the the NHE Annual Adjustment, for the full-year period ending January 1 before each plan year, up to a maximum of ten percent for any plan year. For Fiscal Year 2012, the maximum payment or reimbursement level will be \$771.36 per month for Health Eligible Retirees under this subsection when they are not eligible for Medicare and \$726.44 per month once they become eligible for Medicare. There will be no retroactive adjustment for the two year period from July 1, 2009, through June 30, 2011, during which the NHE Annual Adjustment was suspended for these Members.

- b. **Health Eligible Retirees Who Retired On or After 7/1/11 Or Will Retire Before 4/1/12: NHE Annual Adjustment Resumes for FY 2013.** For the Health Eligible Retirees who were represented by DCAA at the time of retirement, who retire on or after July 1, 2011, and before April 1, 2012, the maximum payment or reimbursement level is established at the Fiscal Year 2009 level of \$740.27 per month for Health Eligible Retirees before they are eligible for Medicare and \$697.16 per month once they become eligible for Medicare. The annual adjustments to this maximum payment or reimbursement level which are suspended for a three-year period from July 1, 2009, through June 30, 2012, will resume for Fiscal Year 2013 based upon the NHE Annual Adjustment for the full-year period ending January 1 before each plan year, up to a maximum of ten percent for any plan year. There will be no retroactive adjustment for the three-year period from July 1, 2009, through June 30, 2012, during which the NHE Annual Adjustment was suspended for these Members.

B. Post-Employment Health Benefit For Eligible Employees Who Retire On Or After April 1, 2012.

Effective April 1, 2012, there will be three post-employment health benefit options for those Eligible Employees, who are on City payroll as of that date. There is limited eligibility for Option A. Eligible Employees who qualify for Option A may elect Option B or C if they prefer; those Eligible Employees who do not qualify for Option A must elect either Option B or C. Both Options A and B require employee contributions during employment but Option C does not. Eligible Employees must elect a benefit option on or before February 1, 2012; once elected, the choice is irrevocable regardless of any change in the employee's circumstances.

1. Option A/Defined Benefit/Limited Eligibility:

- a. **Limited Eligibility.** Option A is limited to Eligible Employees who, as of April 1, 2012, are on City payroll, and either (i) have twenty-five (25) years of Service Credit on or before April 1, 2012, or (ii) are eligible to retire on or before April 1, 2012. If an Eligible Employee who elects Option A on or before February 1, 2012 terminates City employment before retirement, and becomes a Deferred Member, the Eligible Employee will no longer be eligible for Option A, and will instead receive Option C.
- b. **Defined Benefit.** This benefit will be administered by SDCERS. Eligible Employees who qualify for and elect Option A on or before February 1, 2012, may obtain retiree health coverage upon retirement under any available City-sponsored health insurance plan or any other health insurance plan of their choice. In accordance with SDCERS' administrative practices, the City will pay or reimburse Eligible Employees for their health insurance premiums (which may include Medicare premiums) up to the Option A annual retiree health allowance,

which is set at \$8,883.24 for Fiscal Year 2013, and will increase by two percent (2%) annually beginning July 1, 2013.

- c. **Required Employee Contribution.** Throughout the course of his or her employment including all periods the individual is not actively providing service to the City, an Eligible Employee who irrevocably elects Option A will pay \$45.23 per pay period on a pre-tax basis, subject to applicable federal tax laws, beginning with the first pay period that begins on or after April 1, 2012. These contributions will be irrevocable and deducted from an employee's bi-weekly paycheck on a pre-tax basis and will end upon retirement. An Eligible Employee who elects Option A may not thereafter withdraw this election for any reason, including actual financial hardship. In addition, no employee will be entitled to receive a refund of these monies for any reason. These funds will be deposited into the retiree health trust account managed by the CalPERS Trust or any successor trust selected by the City. Any Eligible Employee who leaves City employment and becomes a Deferred Member under the Retirement System will forfeit his or her choice of Option A and be deemed to have elected Option C.

- i. **Insufficient Paycheck Funds Deduction of Required Contribution.** Since the Option A contribution is mandatory, the employee's obligation to make the contribution does not end when he or she is on a paid or unpaid leave of absence or in any status where there are insufficient funds available in his or her paycheck to cover this contribution after other mandatory deductions have been taken, subject to applicable federal tax laws. The employee will be required to make up any deficiency in Option A contributions by a lump sum pre-tax deduction from his or her paycheck within sixty (60) days after the date the employee has sufficient funds to pay the required contributions through payroll, or, if this lump sum payment is not made during this time frame, the City will deduct double the normal deduction amount from each paycheck on a pre-tax basis until all missed contributions have been paid in full. If the employee retires from City employment without having paid all mandatory Option A contributions, the employee will forfeit the Option A benefit and be deemed to have elected Option C.

2. Option B/Defined Benefit:

- a. **Eligibility.** To be eligible for Option B, an Eligible Employee must: (1) be on City payroll on April 1, 2012, and (2) remain employed by the City until he or she retires from City service. If an Eligible Employee who elects Option B on or before February 1, 2012 terminates City employment before retirement, and becomes a Deferred Member, the Eligible Employee will no longer be eligible for Option B, and will instead receive Option C.

- b. **Defined Benefit.** This benefit will be administered by SDCERS. Eligible Employees who qualify for and elect Option B on or before February 1, 2012, may obtain retiree health coverage upon retirement under any available City-sponsored health insurance plan or any other health insurance plan of their choice. In accordance with SDCERS' administrative practices, the City will pay or reimburse Eligible Employees for their health insurance premiums (which may include Medicare premiums) up to \$5,500 per year. There will be no annual adjustment or increase in this amount over the course of the Eligible Employee's retirement regardless of the cost of retiree health care benefits.
- c. **Required Employee Contribution.** Throughout the course of his or her employment, including all periods the individual is not actively providing service to the City, an Eligible Employee who irrevocably elects Option B will pay \$22.61 per pay period on a pre-tax basis, subject to applicable federal tax laws, beginning with the first pay period that begins on or after April 1, 2012. These contributions will be irrevocable and deducted from an employee's bi-weekly paycheck on a pre-tax basis and will end upon retirement. An employee who elects Option B may not thereafter withdraw this election for any reason, including actual financial hardship. In addition, no employee will be entitled to receive a refund of these monies for any reason. These funds will be deposited into the retiree health trust account managed by CalPERS Trust or any successor trust selected by the City. Any Eligible Employee who leaves City employment and becomes a Deferred Member under the Retirement System will forfeit his or her choice of Option B and be deemed to have elected Option C.
- i. **Insufficient Paycheck Funds for Deduction of Required Contribution.** Since the Option B contribution is mandatory, the employee's obligation to make the contribution does not end when he or she is on a paid or unpaid leave of absence or in any status where there are insufficient funds available in his or her paycheck to cover this contribution after other mandatory deductions have been taken, subject to applicable federal tax laws. The employee will be required to make-up any deficiency in Option B contributions by a lump sum pre-tax deduction from his or her paycheck within sixty (60) days after the date the employee has sufficient funds to pay the required contributions through payroll, or, if this lump sum payment is not made during this time frame, the City will deduct double the normal deduction amount from each paycheck on a pre-tax basis until all missed contributions have been paid in full. If the employee retires from City employment without having paid all mandatory Option B contributions, the employee will forfeit the Option B benefit and be deemed to have elected Option C.

3. Option C/Defined Contribution Plan:

- a. **Eligibility.** To be eligible for Option C, an Eligible Employee must either be on City payroll or a Deferred Member on April 1, 2012.
- b. **Defined Contribution. This benefit will be administered by the TRUST described below in subsection c.** When an employee first becomes eligible to retire based on age and years of Service Credit (see Charter section 141 and San Diego Municipal Code, Chapter 2, Art. 4, Div. 4), the City will make an irrevocable contribution to the employee's TRUST account in accordance with the Tables calculated by Buck Consultants attached as Exhibit A and B and incorporated herein by this reference. The City recognizes that time is of the essence with regard to the funding of Option C and agrees to make this irrevocable contribution as soon as administratively feasible after the Eligible Employee first becomes eligible. While the City's goal will be to fund Option C no later than thirty (30) days after this eligibility date, funding by the City shall occur no later than sixty (60) days after this eligibility date. This contribution amount is projected to yield \$8,500 annually during the Eligible Employee's life expectancy after actual retirement based on the assumptions used by Buck Consultants which include the average age of retirement for General Members of the Retirement System and an assumed investment return of six (6%) percent annually. Under no circumstances and regardless of the City's financial condition or the City's invocation of its right to re-open this Memorandum may this sum, once deposited in employee's TRUST account on his or her eligibility for retirement, be revoked, reclaimed, rescinded or otherwise impaired in any manner by the City. These Option C funds may be used to reimburse post-retirement qualified medical expenses of the employee or the employee's Spouse, surviving Spouse or dependent, as defined by federal tax law, and as otherwise permitted by applicable federal tax provisions and the TRUST. Although SDCERS will have no role in administering this TRUST, employees who participate in this TRUST by their election of Option C will have the right to enroll in group health plans being sponsored by the City through SDCERS or to obtain any other health care coverage they choose.
- c. **TRUST/Indemnity.** The TRUST has been created at DCAA's request for the administration of this Option C benefit. The City will not participate in the administration of the TRUST. DCAA agrees, to the fullest extent permitted by applicable law, to indemnify and hold harmless the City and each of its agents, officers and employees against all costs, expenses, liability and damages resulting from any misrepresentation, negligent action or inaction, or breach of, the TRUST, or any rules, policies or procedures established by the TRUST's Board of Trustees.

- d. **No Required Employee Contribution.** Employees who elect Option C are not required to make any contributions to the CalPERS Trust and Option C funds will only be deposited into the TRUST and under no circumstances will be deposited into the CalPERS Trust.
 - e. **No City Guarantee Regarding Benefit Payout After Initial Funding.** The Parties acknowledge and agree that after the City makes its irrevocable deposit of the required sum into the Eligible Employee's TRUST account in accordance with subsection b above and Exhibit A attached, the City makes no guarantee regarding the investment gains or losses on the sum deposited and makes no guarantee that the 6% investment return used as an assumption when calculating the amount of the deposit will be achieved. Eligible Employees who participate in the TRUST assume the entire risk from any investment gains or losses associated with these funds or other decline in their value. Nothing contained in this Memorandum shall constitute a guarantee by the City that the assets of the TRUST will be sufficient to pay any benefit to any person or to make any other payment during an Eligible Employee's life expectancy after retirement. Payments to be paid from the TRUST are limited to the assets remaining in the TRUST and governed by the Board of Trustees adopted Plan.
4. **Failure to Make Election.** If Eligible Employees fail to make an election on or before February 1, 2012, or within fourteen work days after returning to the City's active payroll after February 1, 2012, the irrevocable defaults will be as follows:
- a. An employee who is eligible for Option A will be placed in Option A and the required employee contributions will be deducted from his or her paycheck.
 - b. All other employees will be placed in Option C.
5. **Employees in DROP.** In accordance with San Diego Municipal Code section 24.1405(d), an Eligible Employee who is participating in DROP or who elects to participate in DROP during the term of this MOU, remains an active employee and does not become eligible for a post-employment health benefit until his or her actual retirement under the Retirement System. Unless these Eligible Employees actually move from Active DROP to Retired DROP before April 1, 2012, they are covered by the three Options A, B, and C described herein and must make an irrevocable election in accordance with the provisions described herein.
- i. Notwithstanding the above, an Eligible Employees decision to enter DROP does not affect or alter any of the rights or duties set forth in this Memorandum. However, because an Eligible employee stops earning Service Credit once he or she enters DROP, any additional years of service while in Active DROP will

not count when determining an Eligible Employee's benefit amount under Section 6 below. If an Eligible Employee who elected Option C has not already had his or her benefit funded in accordance with Section 3b, the City will fund the Eligible Employee's TRUST account based on his or her age and Service Credit at the time of entry into DROP.

6. **Service Credit Requirements.** Upon a Service Retirement with twenty (20) years of Service Credit, the Eligible Employee qualifies for one hundred (100) percent of Option A, B or C. Upon a Service Retirement with ten (10) years of Service Credit, the Eligible Employee who elected Option A or B qualifies for fifty (50) percent of Option A or B, respectively. Upon a Service Retirement with more than ten (10) years of Service Credit but less than twenty (20) years of Service Credit, the Eligible Employee who elected Option A or B will qualify for a benefit which is increased by five (5) percent for each year of Service Credit beyond ten (10) years until the benefit reaches one hundred (100) percent as set forth in the Table below:

<u>Years of Service Credit</u>	<u>Percentage of Post-Employment Health Option A or B Benefit</u>
10	50%
11	55%
12	60%
13	65%
14	70%
15	75%
16	80%
17	85%
18	90%
19	95%
20	100%

These Service Credit requirements do not apply to those Eligible Employees who qualify for a non-industrial or industrial disability retirement.

Option C Benefit/Less than Twenty (20) Years of Service Credit/Retirement Eligibility:

When an Eligible Employee who elected Option C first becomes eligible at age sixty-two (62) for a Service Retirement with at least ten (10) years but less than twenty (20) years of Service Credit, the City will make an irrevocable contribution to the employee's TRUST account as required in Section 3b above in accordance with the Tables calculated by Buck Consultants attached as Exhibit B and incorporated herein by this reference. An additional amount as shown in Exhibit B will be added annually for each full Service Credit year until actual Service Retirement up to twenty (20) years.

7. **Non-Industrial Disability or Industrial Disability Retirements.** Effective April 1, 2012, an Eligible Employee who becomes eligible for a non-industrial disability or industrial disability retirement will receive a retiree health benefit as follows:
 - a. If the Eligible Employee is otherwise qualified for a Service Retirement under the Retirement System, he or she will receive a retiree health benefit in accordance with his or her irrevocable election of Option A, B or C. As with all other retirees, the payment obligations related to Option A or B will cease.
 - b. If the Eligible Employee is not otherwise qualified for a Service Retirement and he or she had made an irrevocable election of Option A or B, the benefit will be paid without any further contributions by the disabled retiree. If the disabled retiree had elected Option C, the terminal funding associated with this benefit election will occur when the employee becomes age eligible for a Service Retirement (50 for Safety and 55 for General); meanwhile, in the intervening period, the employee will receive the Option B benefit at no cost.
8. **Retiree Health Benefit for Spouses and Dependents of Members Killed In The Line of Duty.** There will be no change in the benefit provisions applicable to spouses or dependents under age 21 of a City employee Member killed in the line of duty as set forth in San Diego Municipal Code section 24.1201(f)(11).

C. Members hired on or after July 1, 2005, Are Not Eligible Employees As Defined In This Memorandum.

Members hired on or after July 1, 2005 are not eligible for Option A, B or C. The TRUST is available for these Members subject to the TRUST provisions. Contributions will be funded by Member contributions only. However, the Parties acknowledge that class action litigation is currently pending which will determine by a final and binding order of the court whether employees hired after June 30, 2005 and before February 17, 2007, are eligible for retiree health benefits.

D. DCAA's Option for Mandatory Employee Contributions to the TRUST.

At the option of the DCAA upon 120 day notice to the City, the City shall withhold a mandatory employee contribution in any flat dollar increment of \$25 per pay period on a pre-tax basis, subject to applicable federal tax laws, from every employee who is a member of a bargaining unit represented by DCAA effective during the first pay period after the DCAA notice period to the City expires and deposit these funds into the TRUST and under no circumstances will these funds be deposited into the CalPERS Trust. Any such employee contribution is subject to the "indemnity" provision in Section 3c and the "no guarantee" provision in Section 3e. Further, the City and DCAA agree that DCAA has the right, subject to approval of its members according to DCAA's internal rules, to prospectively, modify the amount of the mandatory employee contribution in any flat dollar increment of \$25.00 per pay period, so long as the modification is mandatory for all employees covered by this Memorandum and DCAA notifies the City in writing sixty (60) days in advance of the effective date of any change to the mandatory employee contribution amount. In any event, DCAA's exercise of its options under this Section shall not constitute or trigger a re-opener under Article 5.

- i. **Insufficient Paycheck Funds for Deduction of Required Contribution.** Since the contribution is mandatory, the employee's obligation to make the contribution does not end when he or she is on a paid or unpaid leave of absence or in any status where there are insufficient funds available in his or her paycheck to cover this contribution after other mandatory deductions have been taken, subject to applicable federal tax laws. The employee will be required to make up any deficiency in mandatory contributions by a lump sum pre-tax deduction from his or her paycheck within sixty (60) days after the date the employee has sufficient funds to pay the required contributions through payroll, or, if this lump sum payment is not made during this time frame, the City will deduct double the normal deduction amount from each paycheck on a pre-tax basis until all missed contributions have been paid in full.

E. Retiree Medical Trust for General Member Employees hired on or after July 1, 2009 Is Not Affected By This Memorandum.

By San Diego Ordinance O-19874, adopted on July 25, 2009, the City has established and administers a Retiree Medical Trust, which is a defined contribution plan, for General Members hired on or after July 1, 2009. The Retiree Medical Trust is funded by a .25 percent mandatory City contribution and a matching mandatory .25 percent employee contribution based on the Member's Base Compensation, as defined by the Municipal Code. Nothing in this Memorandum is intended to affect the establishment or administration of the Retiree Medical Trust.

Article 5

Parties Right to Reopen

A. Parties Intent.

In reaching this Memorandum, the Parties intend a level of security and stability for employees related to the post-employment health benefit and a level of certainty related to funding of the post-employment health benefit. To ensure the Parties' intent is satisfied, the Parties desire that the terms and conditions of this Memorandum which, if adopted by ordinance by a six (6) vote approval of the Council, will be binding on the City and DCAA for a fifteen (15)-year period, subject to modification only as provided for in this Article.

B. Procedure and Timeline for City and DCAA to Reopen Memorandum.

Once approved by the Council, the terms and conditions of this Memorandum may not be modified before July 1, 2014. The City or DCAA may make proposals to modify the post-employment health benefits described in this Memorandum for active employees upon a six (6) vote approval of the Council on or after July 1, 2014, subject to compliance with MMBA and Council Policy 300-06 and the provisions set forth in this Memorandum. If the Council or DCAA desires to modify this Memorandum on or after July 1, 2014, the City or DCAA can reopen the meet and confer process over a proposed modification of the post-employment health benefit, under the MMBA, upon a six (6) vote approval of the Council in open session. The Parties acknowledge that a six (6) vote approval of the Council to reopen the MOU permits each party to make proposals related to the post-employment retiree health benefit in accordance with the MMBA and Council Policy 300-06. The Parties also acknowledge that the six (6) vote approval to reopen negotiations in open session does not preclude the Council from discussing a proposed modification with the City's management team negotiators in closed session in accordance with the Ralph M. Brown Act, before any open session discussion. Any impasse procedure will be conducted in accordance with City Council Policy 300-06 and the Parties agree that an impasse related to this Memorandum will be handled separately from any impasse over other issues related to the negotiation of a successor MOU between the Parties.

1. Six Votes of the Council required to approve any modifications. If the Council votes to reopen the meet and confer process over a proposed modification of the post-employment health benefits, the Council may only approve a modification by a six (six) vote approval of the Council, following agreement with DCAA or by imposition under the MMBA and City Council Policy 300-06. This requirement does not preclude the Council from discussing a proposed modification with the City's management team negotiators in closed session in accordance with the Ralph M. Brown Act, before any open session discussion.
2. Right to Modify is not limited. The City's right to modify the post-employment health benefit includes but is not limited to the right to eliminate some or all of the post-employment health benefits. In making a determination on whether to propose a modification to the Memorandum on or after July 1, 2014, but otherwise during its fifteen (15)-year term in accordance with this Section, the Mayor and City Council may consider the following factors among others: (1) the

good faith concessions DCAA has made in this Memorandum to achieve the Parties' mutual intent for a sustainable and secure benefit on which employees can rely in planning for retirement; and (2) the irrevocable elections employees have made under the Memorandum.

3. Right to modify applies only to active employees. Any modification of the Memorandum would apply only to active employees and not to retirees or those who have already had the Option C TRUST funded by the City.
4. Right to modify is not subject to a Charter section 143.1 vote. The Parties incorporate by reference Section II, pages 7-8, of the Tentative Agreement, regarding removal of any reference to retiree health benefits for active City employees from Chapter 2, Article 4 of the San Diego Municipal Code. The Parties acknowledge that the Members voted under Charter section 143.1 to approve the changes affecting retiree health benefits set forth in the Tentative Agreement and the Council adopted San Diego Ordinance O-20105. No future modifications affecting the benefits will be subject to a vote of Members under Charter section 143.1..
5. Right to Modify Mandatory Contribution is not a reopener. Without triggering this re-opener provision, upon sixty (60) day prior notice, the Parties agree that DCAA may establish a mandatory employee contribution applicable to all members of a particular bargaining unit as set forth in Article 4, Section D.

C. The Parties Understanding of the City's Funding of Benefits.

The Parties understand that the City will fund the retiree health benefits and post-employment health benefits provided for in this Memorandum annually. Based on current actuarial calculations, the City does not anticipate paying more than \$57,782,000 annually for Fiscal Years 2012, 2013, 2014, and 2015, and further anticipates that the City's payment will not increase by more than 2.5 percent per year after 2015. At the end of Fiscal Year 2014, in accordance with the City's obligations to report its GASB 45 liability, the City will retain an actuary to present at a public meeting of the Council the results of the most recent actuarial valuation of the retiree health benefits and post-employment health benefits, which will include projections of the cost of the benefits for future years.

Article 6

Severance Provision

The Parties agree that the terms of this single-subject Memorandum are interrelated and represent compromises by both Parties to achieve the overall result contained herein. Thus, if any court of competent jurisdiction is called upon to determine if any provision of this Memorandum is unenforceable or invalid, the court shall read this Memorandum as a whole and interpret any provision at issue to be enforceable and valid to the maximum extent allowed by law. In the event that any provision of this Memorandum shall nonetheless be declared unenforceable or invalid under applicable law, the remainder of this Memorandum shall remain in full force and effect only if the Parties agree or the court determines that the provision at issue is not material

when viewed in the context of this Memorandum as a whole. The Parties agree that if any court of competent jurisdiction determines that Article 4, section D is unenforceable or invalid, the remainder of the Memorandum remains in full force and effect, and that these sections are not material when viewed in the context of this Memorandum as a whole.

Article 7

Reservation of Rights

The City maintains its position that the retiree health benefit and post-employment health benefit are employment benefits and are not vested benefits under the Constitution; therefore, the City may negotiate modifications to these benefits in accordance with the terms of this Memorandum. DCAA maintains its position that, based on the relevant legislative history since 1982, the retiree health benefit and post-employment health benefit are forms of deferred compensation, which enjoy special contractual protection under the Constitution. However, the Parties have agreed to set aside these differences over the legal character of the retiree health benefit and post-employment health benefit in order to achieve a level of security which is an offsetting advantage for the changes in the benefit set forth in this Memorandum.

Article 8

Integration

It is understood and agreed that the provisions contained in this Memorandum shall supersede the signed Tentative Agreement and any provisions in the current MOU between the parties regarding the matters contained herein.

Article 9

"Me Too" Clause

After the execution of this Memorandum, the City intends that DCAA enjoy post-employment health benefits that are no less favorable or more detrimental to their members than the post-employment health benefits of any other Employee Organization during the term of this Memorandum. If the City, through agreement with any Employee Organization or by imposition following negotiations, provides a post-employment health benefit to the members of an Employee Organization that is more favorable or less detrimental than the post-employment health benefits offered in this Memorandum, then this more favorable or less detrimental post-employment health benefit will be extended to DCAA.

This Memorandum is executed on this 24 day of January, 2012 by the following authorized representatives of each Party.

DEPUTY CITY ATTORNEYS ASSOCIATION OF SAN DIEGO

By: 
GEORGE SCHAEFER
PRESIDENT

By: 
RICHARD CASTLE ESQ.
LEAD NEGOTIATOR

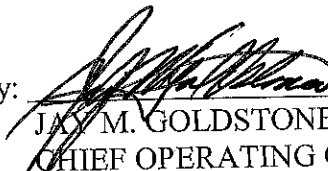
DATE
SIGNED 1/24/12


DATE
SIGNED 1/24/12

By: _____
MICHAEL HUDSON
VICE-PRESIDENT

DATE
SIGNED _____

CITY OF SAN DIEGO

By: 
JAY M. GOLDSTONE
CHIEF OPERATING OFFICER

By: 
TIM DAVIS, ESQ. BURKE,
WILLIAMS & SORENSEN
LEAD NEGOTIATOR

DATE
SIGNED 1-24-12

DATE
SIGNED Jan 24, 2012

CITY OF SAN DIEGO

By: 
SCOTT CHADWICK
HUMAN RESOURCES DIRECTOR

DATE
SIGNED 24 JAN 12

By: 
KAREN DE CRESCENZO
LABOR RELATIONS OFFICER

DATE
SIGNED Jan. 24, 2012

By: 
GREG BYOH
RISK MANAGEMENT DIRECTOR

DATE
SIGNED 1-24-12

For the City of San Diego, I HEREBY APPROVE the form and legality of the foregoing Agreement this 29 day of January, 2012.

BURKE, WILLIAMS & SORESENSEN, LLP

By: 
TIMOTHY L. DAVIS, ESQ.

DATE
SIGNED Jan 24, 2012

EXHIBIT A TO RETIREE HEALTH 15 YEAR MOU

INITIAL FUNDING BASED ON AGE AND SERVICE OF INDIVIDUAL AT FUNDING

General Employees

<u>Age</u>	<u>20 YOS at Age</u>	
	<u>Female</u>	<u>Male</u>
55	\$101,504	\$98,987
56	\$100,068	\$97,415
57	\$98,567	\$95,777
58	\$96,996	\$94,060
59	\$95,349	\$92,266
60	\$93,626	\$90,390
61	\$91,829	\$88,433
62	\$89,962	\$86,401
63	\$88,024	\$84,291
64	\$86,019	\$82,113
65	\$83,936	\$79,850
66	\$82,289	\$78,021
67	\$80,607	\$76,162
68	\$78,879	\$74,259
69	\$77,104	\$72,296
70	\$75,283	\$70,283
71	\$73,440	\$68,223
72	\$71,550	\$66,113
73	\$69,630	\$63,958
74	\$67,671	\$61,767
75	\$65,684	\$59,543
76	\$63,651	\$57,312
77	\$61,584	\$55,058
78	\$59,504	\$52,802
79	\$57,398	\$50,551
80	\$55,272	\$48,313

Safety Employees

<u>Age</u>	<u>20 YOS at Age</u>	
	<u>Female</u>	<u>Male</u>
50	\$105,765	\$103,606
51	\$104,559	\$102,289
52	\$103,288	\$100,897
53	\$101,949	\$99,427
54	\$100,545	\$97,887
55	\$99,079	\$96,284
56	\$97,545	\$94,605
57	\$95,939	\$92,852
58	\$94,260	\$91,020
59	\$92,511	\$89,110
60	\$90,696	\$87,130
61	\$88,814	\$85,078
62	\$86,871	\$82,962
63	\$84,855	\$80,768
64	\$82,766	\$78,498
65	\$80,607	\$76,163
66	\$78,879	\$74,259
67	\$77,105	\$72,297
68	\$75,283	\$70,284
69	\$73,440	\$68,224
70	\$71,550	\$66,113
71	\$69,631	\$63,959
72	\$67,672	\$61,767
73	\$65,685	\$59,544
74	\$63,651	\$57,312
75	\$61,584	\$55,058

General Employees

INITIAL FUNDING BASED ON AGE AND SERVICE OF INDIVIDUAL AT FUNDING

Age	Years of Service - Females									
	<u>10</u>	<u>11</u>	<u>12</u>	<u>13</u>	<u>14</u>	<u>15</u>	<u>16</u>	<u>17</u>	<u>18</u>	<u>19</u>
62	\$44,981	\$49,479	\$53,977	\$58,475	\$62,973	\$67,471	\$71,969	\$76,467	\$80,965	\$85,463
63	\$44,012	\$48,413	\$52,814	\$57,215	\$61,616	\$66,018	\$70,419	\$74,820	\$79,221	\$83,622
64	\$43,009	\$47,310	\$51,611	\$55,912	\$60,213	\$64,514	\$68,815	\$73,116	\$77,417	\$81,718
65	\$41,968	\$46,164	\$50,361	\$54,558	\$58,755	\$62,952	\$67,148	\$71,345	\$75,542	\$79,739
66	\$41,144	\$45,258	\$49,373	\$53,487	\$57,602	\$61,716	\$65,831	\$69,945	\$74,060	\$78,174
67	\$40,303	\$44,333	\$48,364	\$52,394	\$56,424	\$60,455	\$64,485	\$68,515	\$72,546	\$76,576
68	\$39,439	\$43,383	\$47,327	\$51,271	\$55,215	\$59,159	\$63,103	\$67,047	\$70,991	\$74,935
69	\$38,552	\$42,407	\$46,262	\$50,117	\$53,972	\$57,828	\$61,683	\$65,538	\$69,393	\$73,248
70	\$37,641	\$41,405	\$45,169	\$48,933	\$52,698	\$56,462	\$60,226	\$63,990	\$67,754	\$71,518
71	\$36,720	\$40,392	\$44,064	\$47,736	\$51,408	\$55,080	\$58,752	\$62,424	\$66,096	\$69,768
72	\$35,775	\$39,352	\$42,930	\$46,507	\$50,085	\$53,662	\$57,240	\$60,817	\$64,395	\$67,972
73	\$34,815	\$38,296	\$41,778	\$45,259	\$48,741	\$52,222	\$55,704	\$59,185	\$62,667	\$66,148
74	\$33,835	\$37,219	\$40,602	\$43,986	\$47,369	\$50,753	\$54,136	\$57,520	\$60,903	\$64,287
75	\$32,842	\$36,126	\$39,410	\$42,694	\$45,978	\$49,263	\$52,547	\$55,831	\$59,115	\$62,399
76	\$31,825	\$35,008	\$38,190	\$41,373	\$44,555	\$47,738	\$50,920	\$54,103	\$57,285	\$60,468
77	\$30,792	\$33,871	\$36,950	\$40,029	\$43,108	\$46,188	\$49,267	\$52,346	\$55,425	\$58,504
78	\$29,752	\$32,727	\$35,702	\$38,677	\$41,652	\$44,628	\$47,603	\$50,578	\$53,553	\$56,528
79	\$28,699	\$31,568	\$34,438	\$37,308	\$40,178	\$43,048	\$45,918	\$48,788	\$51,658	\$54,528
80	\$27,636	\$30,399	\$33,163	\$35,926	\$38,690	\$41,454	\$44,217	\$46,981	\$49,744	\$52,508

Age	Years of Service - Males									
	<u>10</u>	<u>11</u>	<u>12</u>	<u>13</u>	<u>14</u>	<u>15</u>	<u>16</u>	<u>17</u>	<u>18</u>	<u>19</u>
62	\$43,200	\$47,520	\$51,840	\$56,160	\$60,480	\$64,800	\$69,120	\$73,440	\$77,760	\$82,080
63	\$42,145	\$46,360	\$50,574	\$54,789	\$59,003	\$63,218	\$67,432	\$71,647	\$75,861	\$80,076
64	\$41,056	\$45,162	\$49,267	\$53,373	\$57,479	\$61,584	\$65,690	\$69,796	\$73,901	\$78,007
65	\$39,925	\$43,917	\$47,910	\$51,902	\$55,895	\$59,887	\$63,880	\$67,872	\$71,865	\$75,857
66	\$39,010	\$42,911	\$46,812	\$50,713	\$54,614	\$58,515	\$62,416	\$66,317	\$70,218	\$74,119
67	\$38,081	\$41,889	\$45,697	\$49,505	\$53,313	\$57,121	\$60,929	\$64,737	\$68,545	\$72,353
68	\$37,129	\$40,842	\$44,555	\$48,268	\$51,981	\$55,694	\$59,407	\$63,120	\$66,833	\$70,546
69	\$36,148	\$39,762	\$43,377	\$46,992	\$50,607	\$54,222	\$57,836	\$61,451	\$65,066	\$68,681
70	\$35,141	\$38,655	\$42,169	\$45,683	\$49,198	\$52,712	\$56,226	\$59,740	\$63,254	\$66,768
71	\$34,111	\$37,522	\$40,933	\$44,344	\$47,756	\$51,167	\$54,578	\$57,989	\$61,400	\$64,811
72	\$33,056	\$36,362	\$39,667	\$42,973	\$46,279	\$49,584	\$52,890	\$56,196	\$59,501	\$62,807
73	\$31,979	\$35,176	\$38,374	\$41,572	\$44,770	\$47,968	\$51,166	\$54,364	\$57,562	\$60,760
74	\$30,883	\$33,971	\$37,060	\$40,148	\$43,236	\$46,325	\$49,413	\$52,501	\$55,590	\$58,678
75	\$29,771	\$32,748	\$35,725	\$38,702	\$41,680	\$44,657	\$47,634	\$50,611	\$53,588	\$56,565
76	\$28,656	\$31,521	\$34,387	\$37,252	\$40,118	\$42,984	\$45,849	\$48,715	\$51,580	\$54,446
77	\$27,529	\$30,281	\$33,034	\$35,787	\$38,540	\$41,293	\$44,046	\$46,799	\$49,552	\$52,305
78	\$26,401	\$29,041	\$31,681	\$34,321	\$36,961	\$39,601	\$42,241	\$44,881	\$47,521	\$50,161
79	\$25,275	\$27,803	\$30,330	\$32,858	\$35,385	\$37,913	\$40,440	\$42,968	\$45,495	\$48,023
80	\$24,156	\$26,572	\$28,987	\$31,403	\$33,819	\$36,234	\$38,650	\$41,066	\$43,481	\$45,897

EXHIBIT B TO RETIREE HEALTH 15 YEAR MOU (Page 2)

ADDITIONAL ANNUAL FUNDING FOR THOSE WITH LESS THAN 20 YEARS OF SERVICE AT INITIAL FUNDING

GENERAL

Age at Initial Funding	Annual Funding for Additional Years of Service up to 20 - Females									
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>
62	\$4,401	\$4,300	\$4,196	\$4,114	\$4,030	\$3,943	\$3,855	\$3,764	\$3,672	\$3,577
63	\$4,300	\$4,196	\$4,114	\$4,030	\$3,943	\$3,855	\$3,764	\$3,672	\$3,577	\$3,481
64	\$4,196	\$4,114	\$4,030	\$3,943	\$3,855	\$3,764	\$3,672	\$3,577	\$3,481	\$3,383
65	\$4,114	\$4,030	\$3,943	\$3,855	\$3,764	\$3,672	\$3,577	\$3,481	\$3,383	\$3,284
66	\$4,030	\$3,943	\$3,855	\$3,764	\$3,672	\$3,577	\$3,481	\$3,383	\$3,284	\$3,182
67	\$3,943	\$3,855	\$3,764	\$3,672	\$3,577	\$3,481	\$3,383	\$3,284	\$3,182	\$3,079
68	\$3,855	\$3,764	\$3,672	\$3,577	\$3,481	\$3,383	\$3,284	\$3,182	\$3,079	\$2,975
69	\$3,764	\$3,672	\$3,577	\$3,481	\$3,383	\$3,284	\$3,182	\$3,079	\$2,975	\$2,869
70	\$3,672	\$3,577	\$3,481	\$3,383	\$3,284	\$3,182	\$3,079	\$2,975	\$2,869	\$2,763
71	\$3,577	\$3,481	\$3,383	\$3,284	\$3,182	\$3,079	\$2,975	\$2,869	\$2,763	\$2,656
72	\$3,481	\$3,383	\$3,284	\$3,182	\$3,079	\$2,975	\$2,869	\$2,763	\$2,656	\$2,549
73	\$3,383	\$3,284	\$3,182	\$3,079	\$2,975	\$2,869	\$2,763	\$2,656	\$2,549	\$2,441
74	\$3,284	\$3,182	\$3,079	\$2,975	\$2,869	\$2,763	\$2,656	\$2,549	\$2,441	\$2,334
75	\$3,182	\$3,079	\$2,975	\$2,869	\$2,763	\$2,656	\$2,549	\$2,441	\$2,334	\$2,227
76	\$3,079	\$2,975	\$2,869	\$2,763	\$2,656	\$2,549	\$2,441	\$2,334	\$2,227	\$2,124
77	\$2,975	\$2,869	\$2,763	\$2,656	\$2,549	\$2,441	\$2,334	\$2,227	\$2,124	\$2,025
78	\$2,869	\$2,763	\$2,656	\$2,549	\$2,441	\$2,334	\$2,227	\$2,124	\$2,025	\$1,932
79	\$2,763	\$2,656	\$2,549	\$2,441	\$2,334	\$2,227	\$2,124	\$2,025	\$1,932	\$1,843
80	\$2,656	\$2,549	\$2,441	\$2,334	\$2,227	\$2,124	\$2,025	\$1,932	\$1,843	\$1,761

Age at Initial Funding	Annual Funding for Additional Years of Service up to 20 - Males									
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>
62	\$4,214	\$4,105	\$3,992	\$3,901	\$3,808	\$3,712	\$3,614	\$3,514	\$3,411	\$3,305
63	\$4,105	\$3,992	\$3,901	\$3,808	\$3,712	\$3,614	\$3,514	\$3,411	\$3,305	\$3,197
64	\$3,992	\$3,901	\$3,808	\$3,712	\$3,614	\$3,514	\$3,411	\$3,305	\$3,197	\$3,088
65	\$3,901	\$3,808	\$3,712	\$3,614	\$3,514	\$3,411	\$3,305	\$3,197	\$3,088	\$2,977
66	\$3,808	\$3,712	\$3,614	\$3,514	\$3,411	\$3,305	\$3,197	\$3,088	\$2,977	\$2,865
67	\$3,712	\$3,614	\$3,514	\$3,411	\$3,305	\$3,197	\$3,088	\$2,977	\$2,865	\$2,752
68	\$3,614	\$3,514	\$3,411	\$3,305	\$3,197	\$3,088	\$2,977	\$2,865	\$2,752	\$2,640
69	\$3,514	\$3,411	\$3,305	\$3,197	\$3,088	\$2,977	\$2,865	\$2,752	\$2,640	\$2,527
70	\$3,411	\$3,305	\$3,197	\$3,088	\$2,977	\$2,865	\$2,752	\$2,640	\$2,527	\$2,415
71	\$3,305	\$3,197	\$3,088	\$2,977	\$2,865	\$2,752	\$2,640	\$2,527	\$2,415	\$2,304
72	\$3,197	\$3,088	\$2,977	\$2,865	\$2,752	\$2,640	\$2,527	\$2,415	\$2,304	\$2,196
73	\$3,088	\$2,977	\$2,865	\$2,752	\$2,640	\$2,527	\$2,415	\$2,304	\$2,196	\$2,091
74	\$2,977	\$2,865	\$2,752	\$2,640	\$2,527	\$2,415	\$2,304	\$2,196	\$2,091	\$1,988
75	\$2,865	\$2,752	\$2,640	\$2,527	\$2,415	\$2,304	\$2,196	\$2,091	\$1,988	\$1,889
76	\$2,752	\$2,640	\$2,527	\$2,415	\$2,304	\$2,196	\$2,091	\$1,988	\$1,889	\$1,792
77	\$2,640	\$2,527	\$2,415	\$2,304	\$2,196	\$2,091	\$1,988	\$1,889	\$1,792	\$1,698
78	\$2,527	\$2,415	\$2,304	\$2,196	\$2,091	\$1,988	\$1,889	\$1,792	\$1,698	\$1,609
79	\$2,415	\$2,304	\$2,196	\$2,091	\$1,988	\$1,889	\$1,792	\$1,698	\$1,609	\$1,526
80	\$2,304	\$2,196	\$2,091	\$1,988	\$1,889	\$1,792	\$1,698	\$1,609	\$1,526	\$1,448

Safety Employees**INITIAL FUNDING BASED ON AGE AND SERVICE OF INDIVIDUAL AT FUNDING**

<u>Age</u>	<u>Years of Service - Females</u>									
	<u>10</u>	<u>11</u>	<u>12</u>	<u>13</u>	<u>14</u>	<u>15</u>	<u>16</u>	<u>17</u>	<u>18</u>	<u>19</u>
55	\$49,539	\$54,493	\$59,447	\$64,401	\$69,355	\$74,309	\$79,263	\$84,217	\$89,171	\$94,125
56	\$48,772	\$53,649	\$58,527	\$63,404	\$68,281	\$73,158	\$78,036	\$82,913	\$87,790	\$92,667
57	\$47,969	\$52,766	\$57,563	\$62,360	\$67,157	\$71,954	\$76,751	\$81,547	\$86,344	\$91,141
58	\$47,130	\$51,843	\$56,556	\$61,269	\$65,982	\$70,695	\$75,408	\$80,121	\$84,834	\$89,547
59	\$46,255	\$50,880	\$55,506	\$60,131	\$64,757	\$69,383	\$74,008	\$78,634	\$83,259	\$87,885
60	\$45,347	\$49,882	\$54,417	\$58,952	\$63,486	\$68,021	\$72,556	\$77,091	\$81,626	\$86,160
61	\$44,407	\$48,847	\$53,288	\$57,729	\$62,169	\$66,610	\$71,051	\$75,492	\$79,932	\$84,373
62	\$43,435	\$47,778	\$52,122	\$56,465	\$60,809	\$65,152	\$69,496	\$73,840	\$78,183	\$82,527
63	\$42,427	\$46,670	\$50,912	\$55,155	\$59,398	\$63,641	\$67,883	\$72,126	\$76,369	\$80,611
64	\$41,383	\$45,521	\$49,659	\$53,797	\$57,936	\$62,074	\$66,212	\$70,351	\$74,489	\$78,627
65	\$40,303	\$44,333	\$48,364	\$52,394	\$56,424	\$60,455	\$64,485	\$68,515	\$72,546	\$76,576
66	\$39,439	\$43,383	\$47,327	\$51,271	\$55,215	\$59,159	\$63,103	\$67,047	\$70,991	\$74,935
67	\$38,552	\$42,407	\$46,262	\$50,117	\$53,973	\$57,828	\$61,683	\$65,538	\$69,394	\$73,249
68	\$37,641	\$41,405	\$45,170	\$48,934	\$52,698	\$56,462	\$60,226	\$63,990	\$67,755	\$71,519
69	\$36,720	\$40,392	\$44,064	\$47,736	\$51,408	\$55,080	\$58,752	\$62,424	\$66,096	\$69,768
70	\$35,775	\$39,352	\$42,930	\$46,507	\$50,085	\$53,662	\$57,240	\$60,817	\$64,395	\$67,972
71	\$34,815	\$38,297	\$41,778	\$45,260	\$48,741	\$52,223	\$55,704	\$59,186	\$62,667	\$66,149
72	\$33,835	\$37,219	\$40,602	\$43,986	\$47,370	\$50,753	\$54,137	\$57,520	\$60,904	\$64,287
73	\$32,842	\$36,126	\$39,410	\$42,695	\$45,979	\$49,263	\$52,547	\$55,832	\$59,116	\$62,400
74	\$31,825	\$35,008	\$38,190	\$41,373	\$44,555	\$47,738	\$50,920	\$54,103	\$57,286	\$60,468
75	\$30,792	\$33,871	\$36,950	\$40,029	\$43,108	\$46,188	\$49,267	\$52,346	\$55,425	\$58,504

<u>Age</u>	<u>Years of Service - Males</u>									
	<u>10</u>	<u>11</u>	<u>12</u>	<u>13</u>	<u>14</u>	<u>15</u>	<u>16</u>	<u>17</u>	<u>18</u>	<u>19</u>
55	\$48,141	\$52,956	\$57,770	\$62,584	\$67,398	\$72,212	\$77,027	\$81,841	\$86,655	\$91,469
56	\$47,302	\$52,032	\$56,763	\$61,493	\$66,223	\$70,953	\$75,684	\$80,414	\$85,144	\$89,875
57	\$46,425	\$51,068	\$55,711	\$60,353	\$64,996	\$69,638	\$74,281	\$78,924	\$83,566	\$88,209
58	\$45,509	\$50,060	\$54,611	\$59,162	\$63,713	\$68,264	\$72,815	\$77,366	\$81,917	\$86,468
59	\$44,555	\$49,010	\$53,466	\$57,921	\$62,377	\$66,832	\$71,288	\$75,743	\$80,199	\$84,654
60	\$43,565	\$47,921	\$52,278	\$56,634	\$60,991	\$65,347	\$69,704	\$74,060	\$78,417	\$82,773
61	\$42,538	\$46,792	\$51,046	\$55,300	\$59,554	\$63,808	\$68,062	\$72,315	\$76,569	\$80,823
62	\$41,480	\$45,629	\$49,777	\$53,925	\$58,073	\$62,221	\$66,369	\$70,517	\$74,665	\$78,813
63	\$40,384	\$44,422	\$48,460	\$52,499	\$56,537	\$60,576	\$64,614	\$68,652	\$72,691	\$76,729
64	\$39,248	\$43,173	\$47,098	\$51,023	\$54,948	\$58,873	\$62,798	\$66,722	\$70,647	\$74,572
65	\$38,081	\$41,889	\$45,697	\$49,505	\$53,313	\$57,122	\$60,930	\$64,738	\$68,546	\$72,354
66	\$37,129	\$40,842	\$44,555	\$48,268	\$51,981	\$55,694	\$59,407	\$63,120	\$66,833	\$70,546
67	\$36,148	\$39,763	\$43,378	\$46,992	\$50,607	\$54,222	\$57,837	\$61,452	\$65,067	\$68,681
68	\$35,141	\$38,656	\$42,170	\$45,684	\$49,198	\$52,712	\$56,227	\$59,741	\$63,255	\$66,769
69	\$34,111	\$37,522	\$40,934	\$44,345	\$47,756	\$51,167	\$54,578	\$57,990	\$61,401	\$64,812
70	\$33,056	\$36,362	\$39,667	\$42,973	\$46,279	\$49,584	\$52,890	\$56,196	\$59,501	\$62,807
71	\$31,979	\$35,177	\$38,375	\$41,573	\$44,771	\$47,969	\$51,167	\$54,365	\$57,562	\$60,760
72	\$30,883	\$33,971	\$37,060	\$40,148	\$43,236	\$46,325	\$49,413	\$52,502	\$55,590	\$58,678
73	\$29,771	\$32,749	\$35,726	\$38,703	\$41,680	\$44,657	\$47,634	\$50,612	\$53,589	\$56,566
74	\$28,656	\$31,521	\$34,387	\$37,253	\$40,118	\$42,984	\$45,849	\$48,715	\$51,581	\$54,446
75	\$27,529	\$30,282	\$33,034	\$35,787	\$38,540	\$41,293	\$44,046	\$46,799	\$49,552	\$52,305

EXHIBIT B TO RETIREE HEALTH 15 YEAR MOU (Page 4)

ADDITIONAL ANNUAL FUNDING FOR THOSE WITH LESS THAN 20 YEARS OF SERVICE AT INITIAL FUNDING-SAFETY

Age at Initial Funding	Annual Funding for Additional Years of Service up to 20 - Females									
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>
55	\$4,877	\$4,796	\$4,713	\$4,625	\$4,534	\$4,440	\$4,343	\$4,242	\$4,138	\$4,030
56	\$4,796	\$4,713	\$4,625	\$4,534	\$4,440	\$4,343	\$4,242	\$4,138	\$4,030	\$3,943
57	\$4,713	\$4,625	\$4,534	\$4,440	\$4,343	\$4,242	\$4,138	\$4,030	\$3,943	\$3,855
58	\$4,625	\$4,534	\$4,440	\$4,343	\$4,242	\$4,138	\$4,030	\$3,943	\$3,855	\$3,764
59	\$4,534	\$4,440	\$4,343	\$4,242	\$4,138	\$4,030	\$3,943	\$3,855	\$3,764	\$3,672
60	\$4,440	\$4,343	\$4,242	\$4,138	\$4,030	\$3,943	\$3,855	\$3,764	\$3,672	\$3,577
61	\$4,343	\$4,242	\$4,138	\$4,030	\$3,943	\$3,855	\$3,764	\$3,672	\$3,577	\$3,481
62	\$4,242	\$4,138	\$4,030	\$3,943	\$3,855	\$3,764	\$3,672	\$3,577	\$3,481	\$3,383
63	\$4,138	\$4,030	\$3,943	\$3,855	\$3,764	\$3,672	\$3,577	\$3,481	\$3,383	\$3,284
64	\$4,030	\$3,943	\$3,855	\$3,764	\$3,672	\$3,577	\$3,481	\$3,383	\$3,284	\$3,182
65	\$3,943	\$3,855	\$3,764	\$3,672	\$3,577	\$3,481	\$3,383	\$3,284	\$3,182	\$3,079
66	\$3,855	\$3,764	\$3,672	\$3,577	\$3,481	\$3,383	\$3,284	\$3,182	\$3,079	\$2,975
67	\$3,764	\$3,672	\$3,577	\$3,481	\$3,383	\$3,284	\$3,182	\$3,079	\$2,975	\$2,869
68	\$3,672	\$3,577	\$3,481	\$3,383	\$3,284	\$3,182	\$3,079	\$2,975	\$2,869	\$2,763
69	\$3,577	\$3,481	\$3,383	\$3,284	\$3,182	\$3,079	\$2,975	\$2,869	\$2,763	\$2,656
70	\$3,481	\$3,383	\$3,284	\$3,182	\$3,079	\$2,975	\$2,869	\$2,763	\$2,656	\$2,549
71	\$3,383	\$3,284	\$3,182	\$3,079	\$2,975	\$2,869	\$2,763	\$2,656	\$2,549	\$2,441
72	\$3,284	\$3,182	\$3,079	\$2,975	\$2,869	\$2,763	\$2,656	\$2,549	\$2,441	\$2,334
73	\$3,182	\$3,079	\$2,975	\$2,869	\$2,763	\$2,656	\$2,549	\$2,441	\$2,334	\$2,227
74	\$3,079	\$2,975	\$2,869	\$2,763	\$2,656	\$2,549	\$2,441	\$2,334	\$2,227	\$2,124
75	\$2,975	\$2,869	\$2,763	\$2,656	\$2,549	\$2,441	\$2,334	\$2,227	\$2,124	\$2,025

Age at Initial Funding	Annual Funding for Additional Years of Service up to 20 - Males									
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>
55	\$4,730	\$4,642	\$4,550	\$4,455	\$4,356	\$4,253	\$4,148	\$4,038	\$3,924	\$3,808
56	\$4,642	\$4,550	\$4,455	\$4,356	\$4,253	\$4,148	\$4,038	\$3,924	\$3,808	\$3,712
57	\$4,550	\$4,455	\$4,356	\$4,253	\$4,148	\$4,038	\$3,924	\$3,808	\$3,712	\$3,614
58	\$4,455	\$4,356	\$4,253	\$4,148	\$4,038	\$3,924	\$3,808	\$3,712	\$3,614	\$3,514
59	\$4,356	\$4,253	\$4,148	\$4,038	\$3,924	\$3,808	\$3,712	\$3,614	\$3,514	\$3,411
60	\$4,253	\$4,148	\$4,038	\$3,924	\$3,808	\$3,712	\$3,614	\$3,514	\$3,411	\$3,305
61	\$4,148	\$4,038	\$3,924	\$3,808	\$3,712	\$3,614	\$3,514	\$3,411	\$3,305	\$3,197
62	\$4,038	\$3,924	\$3,808	\$3,712	\$3,614	\$3,514	\$3,411	\$3,305	\$3,197	\$3,088
63	\$3,924	\$3,808	\$3,712	\$3,614	\$3,514	\$3,411	\$3,305	\$3,197	\$3,088	\$2,977
64	\$3,808	\$3,712	\$3,614	\$3,514	\$3,411	\$3,305	\$3,197	\$3,088	\$2,977	\$2,865
65	\$3,712	\$3,614	\$3,514	\$3,411	\$3,305	\$3,197	\$3,088	\$2,977	\$2,865	\$2,752
66	\$3,614	\$3,514	\$3,411	\$3,305	\$3,197	\$3,088	\$2,977	\$2,865	\$2,752	\$2,640
67	\$3,514	\$3,411	\$3,305	\$3,197	\$3,088	\$2,977	\$2,865	\$2,752	\$2,640	\$2,527
68	\$3,411	\$3,305	\$3,197	\$3,088	\$2,977	\$2,865	\$2,752	\$2,640	\$2,527	\$2,415
69	\$3,305	\$3,197	\$3,088	\$2,977	\$2,865	\$2,752	\$2,640	\$2,527	\$2,415	\$2,304
70	\$3,197	\$3,088	\$2,977	\$2,865	\$2,752	\$2,640	\$2,527	\$2,415	\$2,304	\$2,196
71	\$3,088	\$2,977	\$2,865	\$2,752	\$2,640	\$2,527	\$2,415	\$2,304	\$2,196	\$2,091
72	\$2,977	\$2,865	\$2,752	\$2,640	\$2,527	\$2,415	\$2,304	\$2,196	\$2,091	\$1,988
73	\$2,865	\$2,752	\$2,640	\$2,527	\$2,415	\$2,304	\$2,196	\$2,091	\$1,988	\$1,889
74	\$2,752	\$2,640	\$2,527	\$2,415	\$2,304	\$2,196	\$2,091	\$1,988	\$1,889	\$1,792
75	\$2,640	\$2,527	\$2,415	\$2,304	\$2,196	\$2,091	\$1,988	\$1,889	\$1,792	\$1,698