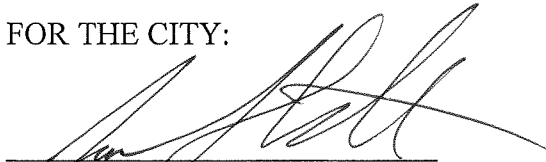


**MEMORANDUM OF AGREEMENT
BETWEEN THE CITY OF SAINT PAUL
AND
Machinists District Lodge No. 77**

The City of Saint Paul (hereinafter "City") and the Machinists District Lodge No. 77 (hereinafter "Union") agree to the terms of this Memorandum of Agreement (hereinafter "MOA") for the purpose of establishing a Voluntary Employees Beneficiary Association (hereinafter "VEBA") and Health Reimbursement Account (hereinafter "HRA") and specifying the responsibility of monthly administrative fees associated with the HRA. The City and Union agree to the following:

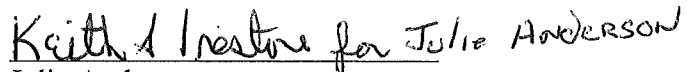
- 1) Following the consensus recommendation of the LMCHI, a VEBA and HRA will be established for 2010.
- 2) Per the previous MOA regarding the City's monthly contribution to health insurance, the City will contribute \$75 per month to the VEBA account of employees who select single coverage in the Open Access with \$1,500 Deductible plan. No City contributions shall be made to the Flexible Spending Account.
- 3) The City agrees to pay the 2010 HRA administrative fees (\$3.85 per month per participant) for active single employees who select single coverage and qualify for the VEBA/HRA.
- 4) For 2010, debit cards will be issued to be used by employees participating in either the HRA, and/or any of the three flexible spending accounts. The Union agrees that employees will be responsible for the monthly fees associated with these debit cards (\$0.75 per month per participant) for 2010.
- 5) This agreement does not alter the City's responsibility under the collective bargaining agreement to pay the fees associated with an employee's participation in Flexible Spending Accounts (medical, dependent care, and parking).
- 6) This agreement is for 2010 only and sets no precedent for 2011.
- 7) The Union agrees to forward the VEBA Trust agreement to its governing body as soon as possible with the recommendation that the Union: approve the document; authorize its representatives to sign it; and appoint a representative to serve on the Trust Committee.

FOR THE CITY:


Jason Schmidt
Labor Relations Manager

Date: 8/18/09

FOR THE UNION:


Julie Anderson
Business Representative

Date: 18-Aug-09