

SIDE LETTER REGARDING

ACTIVE EMPLOYEE AND RETIREE MEDICAL INSURANCE

The City of San Fernando ("City") and the San Fernando Public Employees Association/Service Employees International Union, Local 721 ("SFPEA/SEIU Local 721") are parties to an amended Memorandum of Understanding (MOU 2012-2014). As part of the negotiation process that led to the parties' agreement, certain modifications were made to the health benefits structure for unit members and future retirees. However, there was no intent to abrogate or otherwise modify the health insurance benefits for any of the following individuals: 1) active employees hired prior to July 1, 2009, who were enrolled in a PPO plan prior to July 1, 2009 and continue to be enrolled in a PPO plan as of the date of this agreement; and 2) retirees and employees who retire on or before July 1, 2012.


Accordingly, the parties have decided to memorialize their understanding of the rights and benefits of these individuals as it relates to benefits under the City's PEMHCA medical insurance program. In the event of a conflict between the MOU Extension Agreement or MOU language and this Side-Letter Regarding Active Employee and Retiree Medical Insurance, this letter shall supersede the MOU language, MOU Extension Agreement, and any and all other agreements.

Such understanding is as follows:

1. The City will establish an optional benefit plan for employees hired prior to July 1, 2009, who were enrolled in a PPO plan prior to July 1, 2009 and continue to be enrolled in a PPO plan. The City will contribute toward the optional benefit plan that amount of money necessary to pay the difference between the highest cost HMO plan in the L.A. Area and the employee's designated PPO plan. (Currently, only PERSCare is more expensive than the most expensive HMO plan in the L.A. Area). For example, if the employee is in PERSCare, employee only, the City's contribution toward the employee's optional benefit plan during the 2012 plan year would be \$395.67/month ($\$906.39 - \$510.72 = \395.67). If the employee is in PERSCare, family plan, the City's contribution toward the employee's optional benefit plan during the 2012 plan year would be \$1028.94/month ($\$2356.61 - \$1327.67 = \1028.94). Optional benefit plan money is designed to be used only toward the purchase of PPO insurance.
2. For each retiree: 1) that retired prior to July 1, 2012: or 2) who meets the conditions set forth in section 1 above, and who participates in the medical insurance program, the City shall:
 - a. Pay to CalPERS, on behalf of the retiree, and his/her eligible dependents that are insured under the retiree's plan, up to the cost of the highest HMO plan for Los Angeles Area Region only; and
 - b. If the retiree is enrolled in a more expensive medical insurance plan, the City will reimburse such retiree the difference between the cost of the more expensive plan and the City's contribution set forth in Section 2(a) above.
3. The foregoing reimbursement shall be paid directly to the retiree each month.

Dated: July 2, 2012

For City of San Fernando:




Brenda Esqueda, Mayor Date

For SFPEA/SEIU Local 721:

~~_____~~ ~~_____~~ ~~_____~~ 08/15/12

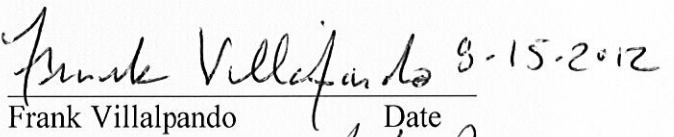
Ruben Quintana, Date
Chapter President



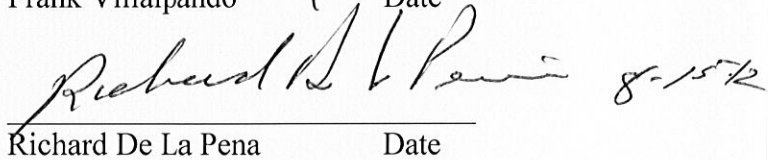
George Saldivar Date



Rodrigo Mora Date



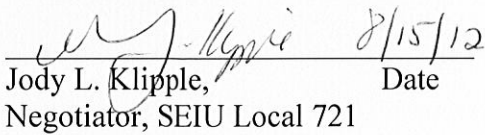
Frank Villalpando Date



Richard De La Pena Date



Joe Goss Date



Jody L. Klipple, Date
Negotiator, SEIU Local 721