

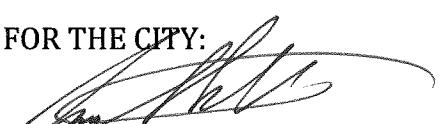
**MEMORANDUM OF AGREEMENT
BETWEEN
THE CITY OF SAINT PAUL
AND
THE PROFESSIONAL EMPLOYEES ASSOCIATION**

This Memorandum of Agreement (MOA) is entered into by the City of St. Paul (City) and the Professional Employees Association (PEA), for the purpose of making modifications to the severance contribution payments for Medicare eligible employees for the duration of this existing collective bargaining agreement.

The parties agree to the following:

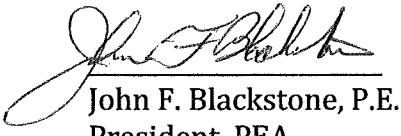
1. The severance payment benefits under Article 22.8 of the current collective bargaining agreement between the parties requires that 105% of the severance payment for eligible employees is contributed to a Post Employment Health Plan (PEHP) as agreed to between the parties.
2. The tax-exempt status of such a plan is protected and retained, in part, by the prohibition of individual elections on where severance payments are made for severance eligible employees.
3. By agreement between the parties, the City will contribute the full severance payment under Article 22.8 for all employees eligible for severance payment and who are Medicare eligible to the retiring employee's deferred compensation account, which has no taxation on the deposited contribution.
4. The parties further agree that this modification will only apply from the date this MOA is executed by both parties until December 31, 2012, unless both parties agree in writing to an extension.
5. No precedent is established with the MOA. But parties are free to further explore the possibility of incorporating this change into future contracts.

FOR THE CITY:



Jason Schmidt
Labor Relations Manager

FOR THE UNION:



John F. Blackstone, P.E.
President, PEA

Date: 10/25/12

Date: 10-27-2012