

The parties have attempted to include all Memorandums in Appendices B, C, and D, effective during part or all of this contract. If an existing Memorandum was not included, it should not be construed as nullifying or canceling the memorandum.

APPENDIX B

07-828

**MEMORANDUM OF AGREEMENT
BETWEEN THE
CITY OF SAINT PAUL
AND
Professional Employees Association, Inc.**

The City of Saint Paul (hereinafter "City") and the Professional Employees Association, Inc. (hereinafter "Union") agree to the terms of this Memorandum of Agreement (hereinafter "MOA") for the purposes of establishing the City's contributions rates to health insurance premiums for City employees who are eligible for such contributions.

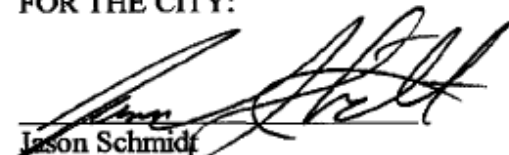
1. Following a required request for proposal, the Labor Management Committee for Health Insurance (hereinafter "LMCHI") recommended Health Partners to provide health insurance for City employees for 2008-2010.
2. The LMCHI recommended three health insurance plans from Health Partners: Distinctions, Primary Clinic with \$500 Deductible, and Open Access with \$1,500 Deductible.
3. The City has accepted the LMCHI's recommendation.
4. The LMCHI's recommendation does not equate to a selection of benefits, the selection of plans to be offered in subsequent years, nor shall in any way be construed as a form of negotiations.
5. The collective bargaining agreement between the City and Union will expire on December 31, 2007.
6. Since negotiation of a new agreement may not be completed by Open Enrollment in October 2007, the City and Union have entered into this MOA to establish contribution levels for each plan so individual employees can make an informed decision regarding their health insurance.
7. The language of this MOA will be incorporated into the subsequent collective bargaining agreement.
8. The City will make the following monthly contributions for health insurance in 2008:
 - a. Open Access with \$1,500 Deductible
Single: \$427.25 + \$100 (to be deposited in an account determined by the LMCHI)
Family: \$1,040.75
 - b. Primary Clinic with \$500 Deductible
Single: \$525.51
Family: \$901.86
 - c. Distinctions
Single: \$457.54
Family: \$901.86

APPENDIX B (Continued)

07-828

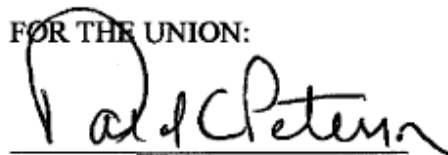
9. The City will make the following monthly contributions for health insurance in 2009:
- a. Open Access with \$1,500 Deductible
 - Single: \$467.84 + \$100 (to be deposited in an account determined by the LMCHI)
 - Family: \$1,120.75
 - b. Primary Clinic with \$500 Deductible
 - Single: \$567.93
 - Family: \$926.86
 - c. Distinctions
 - Single: \$482.54
 - Family: \$926.86
10. The City will make the following monthly contributions for health insurance in 2010:
- a. Open Access with \$1,500 Deductible
 - Single: \$512.28 + \$100 (to be deposited in an account determined by the LMCHI)
 - Family: \$1,214.00
 - b. Primary Clinic with \$500 Deductible
 - Single: \$615.10
 - Family: \$951.86
 - c. Distinctions
 - Single: \$507.54
 - Family: \$951.86
11. The City's additional compensation for single coverage employees who select the Open Access with \$1,500 Deductible plan may be reduced by \$25 per month if a VEBA account is selected by the LMCHI that allows employees to draw upon that money while employed.
12. The Union agrees to waive any and all rights to file a grievance or court action regarding this change in health insurance plans or the aggregate value of the benefits provided by the health insurance plans recommended by the LMCHI for 2008-2010 health insurance.

FOR THE CITY:


Jason Schmidt
Labor Relations Manager

Date: 8/21/07

FOR THE UNION:


David C. Peterson
President

Date: 8.21.07