

LETTER OF UNDERSTANDING
between the
ANAHEIM FIREFIGHTERS ASSOCIATION, Local 2899
and the
CITY OF ANAHEIM

The Anaheim Firefighters Association, Local 2899 ("AFA") and the City of Anaheim ("CITY") have met and conferred, and reached agreement concerning ANAHEIM's contributions towards medical premium costs for calendar year 2008. This agreement is necessary because the Joint Committee on Medical Programs recommends, and the Human Resources Director concurs, that the Blue Shield plan be cancelled effective January 1, 2008, and be replaced by Aetna Health Plans. The Parties hereby agree to the following:

1. Effective January 1, 2008, ANAHEIM and employee monthly contributions to the various Aetna Health Plan components shall be:

Plan/Tier	City Contributions	Employee Contributions	Total Monthly Premium
AETNA HMO - Single	\$340.39	\$17.62	\$358.01
AETNA HMO - Two Party	\$682.98	\$33.04	\$716.02
AETNA HMO - Family	\$962.84	\$50.32	\$1,013.16
AETNA PPO - Single	\$346.58	\$124.20	\$470.78
AETNA PPO - Two Party	\$684.36	\$257.20	\$941.56
AETNA PPO - Family	\$962.59	\$369.72	\$1,332.31
AETNA High Ded. - Single	\$340.39	\$82.78	\$423.17
AETNA High Ded. - Two Party	\$677.03	\$169.30	\$846.33
AETNA High Ded. - Family	\$952.58	\$244.98	\$1,197.56

2. Effective January 1, 2009 and thereafter, ANAHEIM and employee contributions towards the cost of the Aetna Health plans shall be calculated in accordance with Article 52.1.3 of the Memorandum of Understanding between the Parties dated July 1, 2005 through June 30, 2009. For purposes of calculating the respective contribution rates of the parties pursuant to Article 52.1.3, the City's contribution upon which the mandated increase will be computed shall be as follows:

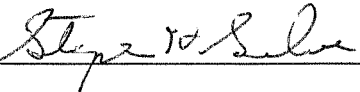
Plan/Tier	Base Upon Which 2009 Employer Contributions Will Be Calculated
AETNA HMO - Single	\$344.31
AETNA HMO - Two Party	\$693.41
AETNA HMO - Family	\$972.92
AETNA PPO - Single	\$350.61
AETNA PPO - Two Party	\$694.28
AETNA PPO - Family	\$968.48
AETNA High Ded. - Single	\$344.35
AETNA High Ded. - Two Party	\$683.59
AETNA High Dec. - Family	\$954.97

The City retains its position that the MOU is silent regarding how to set contribution rates for new plans, and the City contribution rates that are applicable when new plans are added are therefore subject to be determined through meeting and conferring in good faith with AFA. Conversely, AFA retains its position that, when a new carrier is selected to provide similar coverage to that previously provided by a different carrier, the base that will be used by the parties for calculating the City's obligations to pay increased contributions pursuant to Section 52.1.3 will be the prior year's contribution by the City for the replaced plan.

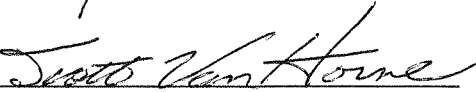
STAFF OFFICIALS of the CITY OF ANAHEIM, a Municipal Corporation

ANAHEIM FIREFIGHTERS ASSOCIATION, Local 2899


By:  _____

By:  _____

By: _____

By:  _____

By: _____

By:  _____

Dated: 11/28/07

Dated 11/28/07