

LETTER OF UNDERSTANDING
between the
INTERNATIONAL BROTHERHOOD of ELECTRICAL WORKERS, Local 47
and the
CITY OF ANAHEIM

The International Brotherhood of Electrical Workers, Local 47 (IBEW), and the City of Anaheim (ANAHEIM) have met and conferred and have reached an agreement concerning a defined contribution Post-Retirement Medical Plan (Retirement Health Savings Account, or "RHSA") for employees in classifications represented by the IBEW. The PARTIES have reached an understanding, as follows:

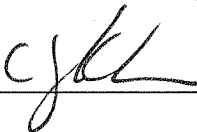
1. IBEW and ANAHEIM agree that an Integral Part Trust ("Plan") for reimbursement of qualified medical expenses shall be established. IBEW and ANAHEIM agree that the City of Anaheim Deferred Compensation Committee members shall serve as trustees on behalf of participating employees. IBEW and ANAHEIM further agree that qualified medical expenses are those expenses authorized under the provisions of Internal Revenue Code Section 213, excepting only those specific expenses the parties mutually agree to exclude.
2. IBEW and ANAHEIM agree that any employee in a classification represented by the IBEW shall be allowed the opportunity to elect to participate in the Plan. Such election may be made prospectively at any time. A mandatory pre-tax contribution of one percent (1%) of an employee's gross biweekly pay shall be deposited to the individual employee Retirement Health Savings Account (RHSA). Once made, such election shall be irrevocable.
3. IBEW and ANAHEIM agree that employees shall be given an opportunity each year to elect to contribute (in increments of ½ hour) sick leave hours to be earned prospectively in the upcoming calendar year. Employees shall be required to accrue a minimum of one (1) hour of earned Sick Leave time per pay period. The remaining balance earned per pay period shall be available for deferral to the individual employee's Retirement Health Savings Account as designated by the employee. Such deferrals shall be converted to cash at the employee's base rate of pay and deposited into the employee's individual RHSA as they are earned.

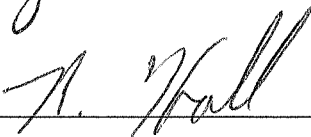
IBEW and ANAHEIM further agree that employees shall be given an opportunity each year to elect to contribute (in increments of ½ hour) vacation leave hours to be earned prospectively in the upcoming calendar year. Employees shall be required to accrue a minimum of three (3) hours of earned Vacation Leave time per pay period. The remaining balance earned per pay period shall be available for deferral to the individual employee's Retirement Health Savings Account as designated by the employee. Such deferrals shall be converted to cash at the employee's base rate of pay and deposited into the employee's individual RHSA as they are earned.

4. IBEW and ANAHEIM agree that any employee who separates City service for any reason will be eligible to withdraw funds for reimbursement of eligible medical expenses without regard to the employee's age or years of service. IBEW and ANAHEIM acknowledge that employee premium contributions for employer-provided group health insurance provided by other employers are not an eligible medical expense for the purpose of this plan.
5. IBEW and ANAHEIM agree that upon the death of an employee, surviving spouse and/or eligible dependents are immediately eligible to maintain the individual member account and to utilize it to fund eligible medical benefits.
6. IBEW and ANAHEIM agree that the Plan Document shall establish the medical benefits that are reimbursable to participating employees and shall establish benefit eligibility.

7. IBEW and ANAHEIM agree that either party may request at any time to meet and confer regarding plan provisions, and may propose plan amendments to be effective the first day of the calendar year following agreement, except that ANAHEIM shall not be obligated to meet and confer at any time regarding employer contributions. Any agreements reached shall be incorporated in a written Letter of Understanding, signed by the City Management Representative and the IBEW Representatives and presented to the Anaheim City Council for determination.
8. If any provision of this Letter of Understanding is at any time or in any way expressly prohibited by Private Letter Ruling or held to be contrary to any law by any court of proper jurisdiction, the remainder of this Letter of Understanding shall not be effected thereby, and shall remain in full force and effect.
9. Disputes regarding the interpretation or application of the terms of this Letter of Understanding shall be resolved between authorized representatives of ANAHEIM and the IBEW. In the event the parties cannot resolve the dispute, it shall be submitted for review through the grievance procedure.

STAFF OFFICIALS of the CITY OF ANAHEIM, a Municipal Corporation

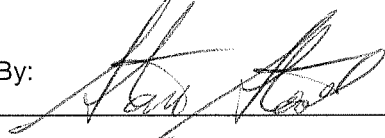
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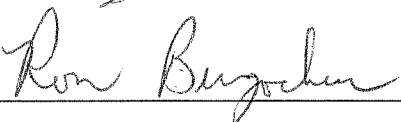
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INTERNATIONAL BROTHERHOOD of ELECTRICAL WORKERS, Local 47

By: 

By: 

By: 

Dated: 