

LETTER OF AGREEMENT
(Medical Insurance Grievances Settlement)
PPA Grievances # 05-08, 06-06 & 07-10

Parties

The parties to this Settlement Agreement are: the City of Portland, by and through its Bureau of Human Resources (hereinafter "City"), and the Portland Police Association (hereinafter "PPA"). This agreement is reached in relation to contested grievances arising out of the parties' collective bargaining agreements (hereinafter "CBA") with effective dates July 1, 2005 - June 30, 2007 and July 1, 2006 - June 30, 2010.

Recitals

1. For plan year 2004-05 active members of the PPA enrolled in a self-insured medical benefits plan called "CityNet". In July 2004 PPA filed a grievance alleging violation of Article 48 of the parties' CBA. The parties submitted the dispute to arbitration and an award was issued sustaining the grievance.
2. For plan year 2007-08 CityNet transitioned from a self-insured to a fully insured medical plan administered by ODS Health Plan, Inc.
3. The PPA has filed a grievance for each of the plan years 2005-06 (PPA#05-08, L/ER#05-043), 2006-07 (PPA#06-06, L/ER#2006-056), and 2007-08 (PPA#07-10, L/ER#07-102) ("the Grievances"). Each grievance alleges a violation of Article 48.3.3, which establishes the 95/5 cost-sharing provision.
4. Rather than continue the expense of litigation, the parties wish to bring this matter to final and complete closure on the terms set forth below.

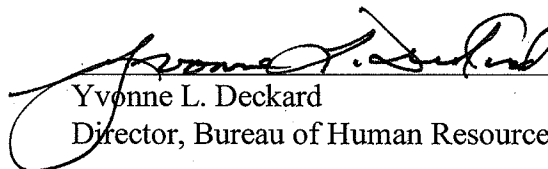
Agreement

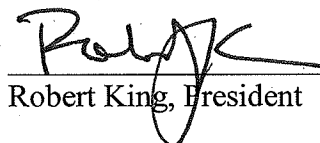
1. The City shall rebate 5% of the City PPA Health Fund balance to active PPA members enrolled in the Insured CityNet Plan no later than December 1, 2008, in the form of a one-time salary adjustment proportionate to plan selection (1-Party, 2-Party, or Family), in full and complete settlement of the grievances. The specific amount to be paid by the City shall be \$84,000 or 5% of the actual year-end 2007-08 PPA Health Insurance Fund balance, whichever is greater. The City estimates the potential settlement distribution will result in additional wages to active PPA members as follows:
 - 1 Party: \$ 53.41
 - 2 Party: \$110.80
 - Family: \$145.62
2. PPA shall withdraw the Grievances with prejudice, and is precluded from filing future grievances alleging violation of the parties' Collective

2. PPA shall withdraw the Grievances with prejudice, and is precluded from filing future grievances alleging violation of the parties' Collective Bargaining Agreement by claimed assessments of premium shares in excess of pro rata responsibility for actual costs so long as the City provides fully insured coverage.
3. The parties agree that the terms and conditions set forth in this Settlement Agreement shall continue after the termination date of the current CBA.
4. The parties' commitments in this Agreement are to compromise disputed claims and shall not operate or be interpreted as an admission of liability.
5. This Settlement Agreement shall not become effective or enforceable until the Agreement has been approved by the Portland City Council and the Executive Board of the PPA.

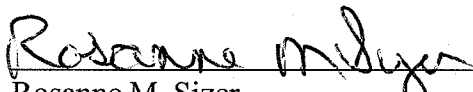
For the City of Portland


For the Portland Police Association


Yvonne L. Deckard Date
Director, Bureau of Human Resources


Robert King, President Date
9-24-08

Approved as to form:


Rosanne M. Sizer Date
Chief of Police


Matthew V. Farley Date
Deputy City Attorney