

LETTER OF UNDERSTANDING
Between the
Inter Faculty Organization
and the
Minnesota State Colleges and Universities

This Letter of Understanding (LOU) is made and entered into by and between the Minnesota State Colleges and Universities (MnSCU) and the Inter Faculty Organization (IFO) for the purposes of modifying certain provisions of the Master Agreement between the Board of Trustees of Minnesota State Colleges and Universities and the IFO (IFO Agreement) to ensure compliance of certain benefits with current law.

WHEREAS, Article 11, Section G, of the IFO Agreement provides for an Employer contribution of \$800 annually to an HRA Plan on behalf of certain eligible employees; and

WHEREAS, pursuant to Article 11, Section G, the Employer has established and maintains a Health Reimbursement Arrangement ("HRA"), through which employees eligible to participate in the HRA are able to seek reimbursement for eligible medical expenses on a pre-tax basis from an HRA account maintained for the employee; and

WHEREAS, a feature of the HRA is the transfer of funds from an employee's HRA account to a Health Care Savings Plan ("HCSP") when the employee ceases to be a participant in the HRA plan and certain conditions are met as set forth in the HRA plan document; and

WHEREAS, a further feature of the HRA plan is the diversion of the annual Employer HRA contribution to the HCSP on behalf of certain faculty members when specific conditions described in the HRA plan document exist; and

WHEREAS, the parties have been advised by Minnesota Management and Budget that the aforementioned features of the HRA are inconsistent with federal law precluding the transfer of funds from an HRA plan into a different type of pre-tax plan or account; and

WHEREAS, the parties wish to continue to provide funding for the HRA and to assure that the HRA plan is consistent with federal tax law;

Now Therefore, the parties hereto, acting through their respective agents, do hereby amend Article 11, Section G follows:

Section G. Health and Dental Premium and Expense Accounts, HRA and HCSP.

Subd. 1. The Employer agrees to provide insurance-eligible employees with the option to pay for the employee portion of health and dental premiums on a pre-tax basis as permitted by law or regulation. The Employer agrees to allow employees to cover co-payments, deductibles and other medical and dental expenses, or expenses for services not covered by health or dental insurance, as

permitted by law or regulation, up to a maximum expenditure of five thousand dollars (\$5,000) per insurance year.

Subd. 2. Effective January 1, 2006, the Employer shall make a lump-sum contribution of six hundred dollars (\$600) to each insurance-eligible employee's Health Reimbursement Arrangement (HRA) account at the beginning of each calendar year. Effective January 1, 2009 2010, the Employer shall make a lump-sum contribution of eight hundred dollars (\$800) to each insurance-eligible employee's a Health Reimbursement Arrangement (HRA) account at the beginning of each calendar year on behalf of each faculty member eligible to participate in the HRA Plan as provided in the written HRA Plan document. Expenses arising from the implementation and administration of the HRA Plan shall be paid by the Employer.

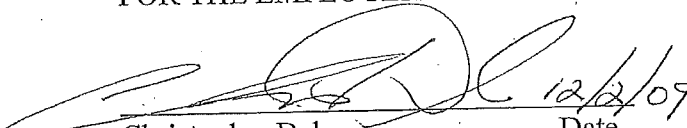
Subd. 3. At the beginning of January each year, the Employer will make an \$800 contribution to a post-employment Health Care Savings Plan (HCSP) on behalf of all faculty members who are a) employed in the bargaining unit at that time and b) are receiving a full or partial Employer contribution toward the State Employee Group Insurance Program. Employees who have received an HRA contribution as described in Subdivision 2, shall not be eligible for the HCSP contribution in the same calendar year. Faculty members who are on an FMLA or USERRA qualifying leave at the beginning of January but who would otherwise satisfy the eligibility criteria will be deemed eligible for the Employer contribution to an HCSP.

Knowing and Voluntary. The parties acknowledge that they have carefully read and fully understand the terms of this LOU, and that they are voluntarily entering into this LOU.

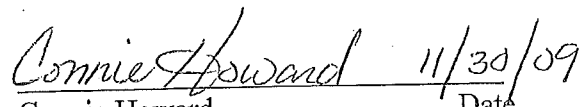
Entire Agreement. The parties agree that this LOU constitutes the entire agreement between the parties on the matters discussed herein. This LOU fully supersedes any and all prior agreements or understandings between them pertaining to the subject matter contained in this LOU. Except as described in this LOU, there were no inducements or representations leading to the execution of this document.

FOR THE EMPLOYER

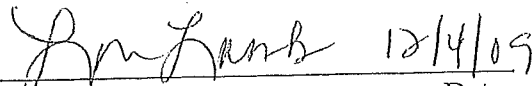
FOR THE UNION


Christopher Dale
System Director for Labor Relations

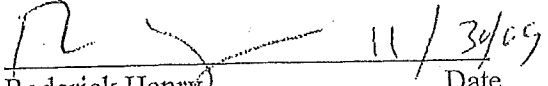
12/2/09
Date


Connie Howard
General Counsel

11/30/09
Date


Lori Lamb
Vice Chancellor for
Human Resources

12/4/09
Date


Roderick Henry
IFO President

11/30/09
Date