

**SIDE LETTER AGREEMENT
BETWEEN THE CITY OF SUNNYVALE AND
THE SUNNYVALE EMPLOYEES ASSOCIATION
IRREVOCABLE ELECTIONS TO BE MADE IN ADVANCE OF CASHING OUT LEAVE**

Due to the IRS regulation regarding the concept of constructive receipt, the City of Sunnyvale and the Sunnyvale Employees Association (SEA) agree to modify its leave cash out programs.

Paid Time Off (PTO)

Each employee in a classification represented by SEA shall be required to submit an irrevocable election form in the preceding calendar year specifying the number of hours of paid time off that he/she will irrevocably elect to cash out in the following calendar year.

The parties agree to meet and discuss an IRS qualifying exception for cases of extreme hardship.

Floating Holiday

Any floating holiday hours remaining in an employee's floating holiday leave bank will be mandatorily cashed out at the end of each payroll calendar year.

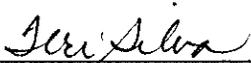
Holidays that Fall on a Regular Day Off

In the event that a City-observed holiday falls on an employee's regular day off, the holiday hours that the employee would otherwise receive will be automatically credited to that employee's floating holiday leave bank, unless the employee takes another day off that workweek subject to supervisor approval or receives holiday pay. Any remaining floating holiday balance will be automatically cashed out at the end of each payroll calendar year.

Compensatory Time

The cap on compensatory time shall be increased from 80 to 100 hours. Any compensatory time hours over 60 shall be automatically cashed out at the end of each payroll calendar year. At any time, an employee may at his or her election, cash out any compensatory time hours that he/she has in his/her compensatory time leave bank over 60 hours.

FOR THE CITY OF SUNNYVALE



Teri Silva, Director of Human Resources

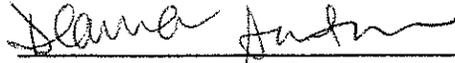
Date: December 8, 2014

FOR THE SUNNYVALE EMPLOYEES
ASSOCIATION



Sharon Rogers, SEA President

Date: December 8, 2014



Deanna J. Santarja, City Manager

Date: December 8, 2014