

**MODIFICATION TO MEMORANDUM OF
UNDERSTANDING BETWEEN THE
CITY OF SUNNYVALE
AND THE
SUNNYVALE EMPLOYEES' ASSOCIATION**

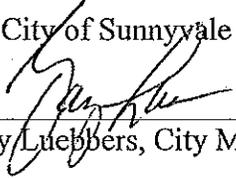
The City of Sunnyvale (the City) is experiencing a significant budget shortfall and has requested assistance from its employees to resolve this shortfall by deferring previously agreed to salary increases. The Sunnyvale Employees' Association (SEA) has agreed to grant this request. Accordingly, the City of Sunnyvale and SEA hereby agrees to modify the Memorandum of Understanding (MOU) scheduled to expire on June 30, 2012 with the terms and conditions described below:

1. Items in the MOU that are cyclical from year to year or for the entire term of the MOU, including but not limited to annual leave accruals and annual increases to the City's contribution to the medical/cafeteria plan, shall be continued during the term of the contract.
2. The 2% general wage increase scheduled for the first pay period of January 2010 will be deferred until the first pay period of January 2011. The 2% general wage increase scheduled for the first pay period in October 2010 will be deferred until the first pay period in October 2011. All references to the salary survey in Sections 16.2 and 16.3 shall be eliminated. These deferrals are subject to the provisions in Paragraphs 3, 4 and 5 below.
3. The City and SEA will jointly review the City's financial condition in December 2009, June 2010, December 2010, and June 2011, to determine if the deferral period can be reduced or eliminated. The analysis will include, but not be limited to, a review of actual revenue receipts and CalPERS rate increases.
4. If any other employee in the City, including elected officials, receives an unscheduled (as of June 1, 2009) raise, bonus, one time lump sum payment or any other increase in a monetary benefit (such as a car allowance or mortgage allowance) during the term of this Modification Agreement (through January 2011), without also having received a one year wage deferral, the deferrals set forth in Paragraph 2 shall be terminated immediately. Any SEA raise that has been deferred shall be granted effective the date the other raise, bonus, one time lump sum payment or other increase in a monetary benefit becomes effective. It is mutually understood and agreed that the outstanding labor agreements for the Sunnyvale Managers Association and the newly formed Public Safety Managers Association are excluded from this paragraph, as are any increases that result from regularly scheduled merit reviews and any increases that are made to recreation casual/temporary classifications.
5. The City and SEA will continue to explore permissible ways of allowing bargaining unit members who had planned on retiring before November 1, 2012 to receive the full

retirement benefit of the previously scheduled raises. Any plan that is offered to another bargaining unit for this purpose shall be offered to SEA under the same conditions and under the same timelines.

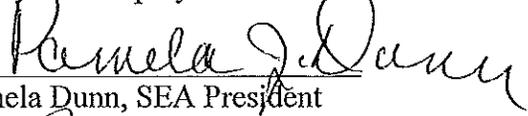
6. If any other bargaining unit refuses to extend their MOU and defer their scheduled raises as requested by the City, SEA reserves the right to terminate this modified Agreement.
7. All other terms of the July 1, 2008 through June 30, 2012 MOU between the City and SEA shall remain the same.

For City of Sunnyvale

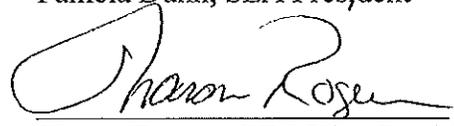


Gary Luebbers, City Manager

Sunnyvale Employees' Association



Pamela Dunn, SEA President



Sharon Rogers, SEA Vice-President