

MEMORANDUM OF UNDERSTANDING

Between the

BOARD OF EDUCATION of the SHAKER HEIGHTS CITY SCHOOL DISTRICT

and the

SHAKER HEIGHTS TEACHERS ASSOCIATION

The Board of Education of the Shaker Heights City School District (the "Board") and the Shaker Heights Teachers Association (the "SHTA") have previously entered into a collective bargaining agreement known as the Agreement between the Shaker Heights Board of Education and Shaker Heights Teachers Association (the "CBA"). This Memorandum of Understanding ("MOU") between the Board and the SHTA supplements and amends the terms of the CBA with respect to Severance Pay under Article XXVI.

Specifically, the Board and the SHTA hereby agree that the Shaker Heights City School District Section 403(b) Plan (the "Plan") shall be amended to include the "SHTA Severance Pay Deferral Program" that is contained in the First Amendment to the Plan that is attached hereto as Exhibit A. Notwithstanding anything to the contrary in Section 26.01(c) and (d), the Board and the SHTA agree that Section 3.4 of the attached First Amendment to the Plan will govern how severance pay is paid out to SHTA members upon retirement from active service.

The Board and SHTA further agree that this MOU governs payment of any severance pay for SHTA members whose retirement dates are effective on or after April 1, 2015.

This MOU supersedes the second sentence in Section 26.01(c) and all of Section 26.01(d).

**SHAKER HEIGHTS CITY SCHOOL DISTRICT
BOARD OF EDUCATION**

By William L. Christman, Board President

Date: 5/12/2015 Ryan C. Christman, Treasurer

SHAKER HEIGHTS TEACHERS ASSOCIATION

By [Signature], President

Date: 4/23/15

**FIRST AMENDMENT
TO THE
SHAKER HEIGHTS CITY SCHOOL DISTRICT
SECTION 403(B) PLAN**

WHEREAS, the Board of Education of the Shaker Heights City School District has previously adopted and maintains the Shaker Heights City School District Section 403(b) Plan (the "Plan"); and

WHEREAS, the Plan provides that it may be amended from time to time, including by written action of the Treasurer; and

WHEREAS, the School District and the Shaker Heights Teachers' Association (have agreed to the adoption of a severance pay deferral program that will provide for certain payments into a tax-sheltered annuity; and

WHEREAS, the School District and the Ohio Association of Public School Employees, Local #152 have agreed to the adoption of a severance pay deferral program that will provide for certain payments into a tax-sheltered annuity; and

WHEREAS, the School District and the Ohio Association of Public School Employees, Local #149 have agreed to the adoption of a severance pay deferral program that will provide for certain payments into a tax-sheltered annuity; and

WHEREAS, the School District also desires to adopt a severance pay deferral program that will provide for certain payments into a tax-sheltered annuity for non-bargaining employees;

NOW, THEREFORE, Section 3.4 of the Plan is hereby amended and restated as follows, effective as of the date of adoption of this Amendment:

3.4 Employer Contributions

(a) Notwithstanding anything in School District policy to the contrary, retiring Employees who are members of the bargaining unit that is represented by the Shaker Heights Education Association (the "SHTA") and who are covered by the collective bargaining agreement (the "CBA") between the School District and SHTA, shall have the total amount that otherwise would be payable to them as Severance Pay (as defined below) mandatorily paid into a Plan Contract that is designated by the retiring Employee for that purpose (the "Designated Contract"). Payment of such amounts under this Section 3.4(a) shall be in lieu of payment of such amounts directly to the retiring Employee; and no retiring Employee shall have the option of receiving payment of such amounts directly in cash.

The provisions of this Section 3.4(a) are hereinafter referred to as the SHTA Severance Pay Deferral Program. The terms of the SHTA Severance Pay Deferral Program shall include the following:

- (i) Participation in the SHTA Severance Pay Deferral Program shall be mandatory for all "Covered Employees". A Covered Employee shall be any Employee who meets all of the following requirements:
 - (A) The Employee retires and thereby becomes entitled to "Severance Pay" in accordance with the requirements of Article 26 of the CBA, and
 - (B) The Employee's last day of employment is in or after the calendar year Employee attains (or will attain) age 55.
- (ii) For purposes of this SHTA Severance Pay Deferral Program, the term "Severance Pay" shall include all payments of "severance pay" made pursuant to CBA and all payments of retirement incentive pay made pursuant to any related memorandum of understanding between the Board and the SHTA. In addition, the Severance Pay must be payable no later than the last day of the fifth calendar year following the calendar year of the Covered Employee's termination of employment on account of retirement.
- (iii) The Employer Contribution made on the behalf of the Covered Employee under the SHTA Severance Pay Deferral Program in each calendar year shall be in an amount equal to the lesser of:
 - (A) The total amount of the Covered Employee's Severance Pay.
 - (B) The maximum contribution amount allowable under the terms of this Plan, including Appendix A hereof.
- (iv) The required Employer Contribution under the SHTA Severance Pay Deferral Program shall be paid in a lump sum at the time described under the CBA.
- (v) To the extent that the Employer Contribution under the SHTA Severance Pay Deferral Program exceeds the maximum amount allowable under this Plan in the calendar year of payment, the excess amount shall be payable to the 403(b) Plan in January in subsequent calendar years, up to the maximum amount allowable under this Plan, for up to a maximum of five (5) calendar years after the calendar year of the Covered Employee's retirement; and if there is any remaining amount of Severance Pay, the excess amount shall be paid to the Covered Employee in cash.
- (vi) Each Covered Employee's Designated Contract shall be used for purposes of the SHTA Severance Pay Deferral Program; provided, however, the School District shall continue to have authority to continue to approve or disapprove of Plan Providers. A Covered Employee under the SHTA Severance Pay Deferral Program shall complete any enrollment forms or

other forms the Covered Employee may be required to have the Employer Contribution under this Plan paid on his or her behalf to a Designated Contract; and unless and until the Covered Employee does so, no Employer Contribution of Severance Pay shall be made to a Designated Contract on behalf of the Covered Employee.

- (vii) If a Covered Employee is entitled to have an Employer Contribution paid under the SHTA Severance Pay Deferral Program and dies prior to such contribution being paid to the Designated Contract, an amount equal to the unpaid contribution shall nevertheless be paid in cash directly to the surviving spouse of the Covered Employee, and if there is no surviving spouse, it shall be paid to the estate of the deceased Covered Employee.

(b) Notwithstanding anything in School District policy to the contrary, retiring Employees who are members of the bargaining unit that is represented by the Ohio Association of Public School Employees, Local #152 (“Local 152”) and who are covered by the collective bargaining agreement (the “CBA”) between the School District and Local 152, shall have the total amount that otherwise would be payable to them as Severance Pay (as defined below) mandatorily paid into a Plan Contract that is designated by the retiring Employee for that purpose (the “Designated Contract”). Payment of such amounts under this Section 3.4(b) shall be in lieu of payment of such amounts directly to the retiring Employee; and no retiring Employee shall have the option of receiving payment of such amounts directly in cash.

The provisions of this Section 3.4(b) are hereinafter referred to as the Local 152 Severance Pay Deferral Program. The terms of the Local 152 Severance Pay Deferral Program shall include the following:

- (i) Participation in the Local 152 Severance Pay Deferral Program shall be mandatory for all “Covered Employees”. A Covered Employee shall be any Employee who meets all of the following requirements:
 - (A) The Employee retires and thereby becomes entitled to “Severance Pay” in accordance with the requirements of the CBA, and
 - (B) The Employee’s last day of employment is in or after the calendar year Employee attains (or will attain) age 55.
- (ii) For purposes of this Local 152 Severance Pay Deferral Program, the term “Severance Pay” shall include all payments of accrued but unused sick days that, pursuant to CBA, are payable upon retirement and classified as “severance pay”, and all payments of retirement incentive pay made pursuant to the CBA or any related memorandum of understanding between the Board and Local 152. In addition, the Severance Pay must be payable no later than the last day of the fifth calendar year following the calendar year of the Covered Employee’s termination of employment on account of retirement.

- (iii) The Employer Contribution made on the behalf of the Covered Employee under the Local 152 Severance Pay Deferral Program in each calendar year shall be in an amount equal to the lesser of:
 - (A) The total amount of the Covered Employee's Severance Pay.
 - (B) The maximum contribution amount allowable under the terms of this Plan, including Appendix A hereof.
- (iv) The required Employer Contribution under the Local 152 Severance Pay Deferral Program shall be paid in a lump sum at the time described under the CBA.
- (v) To the extent that the Employer Contribution under the Local 152 Severance Pay Deferral Program exceeds the maximum amount allowable under this Plan in the calendar year of payment, the excess amount shall be payable to the 403(b) Plan in January in subsequent calendar years, up to the maximum amount allowable under this Plan, for up to a maximum of five (5) calendar years after the calendar year of the Covered Employee's retirement; and if there is any remaining amount of Severance Pay, the excess amount shall be paid to the Covered Employee in cash.
- (vi) Each Covered Employee's Designated Contract shall be used for purposes of the Local 152 Severance Pay Deferral Program; provided, however, the School District shall continue to have authority to continue to approve or disapprove of Plan Providers. A Covered Employee under the Local 152 Severance Pay Deferral Program shall complete any enrollment forms or other forms the Covered Employee may be required to have the Employer Contribution under this Plan paid on his or her behalf to a Designated Contract; and unless and until the Covered Employee does so, no Employer Contribution of Severance Pay shall be made to a Designated Contract on behalf of the Covered Employee.
- (vii) If a Covered Employee is entitled to have an Employer Contribution paid under the Local 152 Severance Pay Deferral Program and dies prior to such contribution being paid to the Designated Contract, an amount equal to the unpaid contribution shall nevertheless be paid in cash directly to the surviving spouse of the Covered Employee, and if there is no surviving spouse, it shall be paid to the estate of the deceased Covered Employee.

(c) Notwithstanding anything in School District policy to the contrary, retiring Employees who are members of the bargaining unit that is represented by the Ohio Association of Public School Employees, Local #149 ("Local 149") and who are covered by the collective bargaining agreement (the "CBA") between the School District and Local 149, shall have the total amount that otherwise would be payable to them as Severance Pay (as defined below) mandatorily paid into a Plan Contract that is designated by the retiring Employee for that purpose

(the "Designated Contract"). Payment of such amounts under this Section 3.4(c) shall be in lieu of payment of such amounts directly to the retiring Employee; and no retiring Employee shall have the option of receiving payment of such amounts directly in cash.

The provisions of this Section 3.4(c) are hereinafter referred to as the Local 149 Severance Pay Deferral Program. The terms of the Local 149 Severance Pay Deferral Program shall include the following:

- (i) Participation in the Local 149 Severance Pay Deferral Program shall be mandatory for all "Covered Employees". A Covered Employee shall be any Employee who meets all of the following requirements:
 - (A) The Employee retires and thereby becomes entitled to "Severance Pay" in accordance with the requirements of the CBA, and
 - (B) The Employee's last day of employment is in or after the calendar year Employee attains (or will attain) age 55.
- (ii) For purposes of this Local 149 Severance Pay Deferral Program, the term "Severance Pay" shall include all payments of accrued but unused sick days, vacation days and personal days that, pursuant to CBA, are payable upon retirement and classified as "severance pay", and all payments of retirement incentive pay made pursuant to the CBA or any related memorandum of understanding between the Board and Local 149. In addition, the Severance Pay must be payable no later than the last day of the fifth calendar year following the calendar year of the Covered Employee's termination of employment on account of retirement.
- (iii) The Employer Contribution made on the behalf of the Covered Employee under the Local 149 Severance Pay Deferral Program in each calendar year shall be in an amount equal to the lesser of:
 - (A) The total amount of the Covered Employee's Severance Pay.
 - (B) The maximum contribution amount allowable under the terms of this Plan, including Appendix A hereof.
- (iv) The required Employer Contribution under the Local 149 Severance Pay Deferral Program shall be paid in a lump sum at the time described under the CBA.
- (v) To the extent that the Employer Contribution under the Local 149 Severance Pay Deferral Program exceeds the maximum amount allowable under this Plan in the calendar year of payment, the excess amount shall be payable to the 403(b) Plan in January in subsequent calendar years, up to the maximum amount allowable under this Plan, for up to a maximum

of five (5) calendar years after the calendar year of the Covered Employee's retirement; and if there is any remaining amount of Severance Pay, the excess amount shall be paid to the Covered Employee in cash.

- (vi) Each Covered Employee's Designated Contract shall be used for purposes of the Local 149 Severance Pay Deferral Program; provided, however, the School District shall continue to have authority to continue to approve or disapprove of Plan Providers. A Covered Employee under the Local 149 Severance Pay Deferral Program shall complete any enrollment forms or other forms the Covered Employee may be required to have the Employer Contribution under this Plan paid on his or her behalf to a Designated Contract; and unless and until the Covered Employee does so, no Employer Contribution of Severance Pay shall be made to a Designated Contract on behalf of the Covered Employee.
- (vii) If a Covered Employee is entitled to have an Employer Contribution paid under the Local 149 Severance Pay Deferral Program and dies prior to such contribution being paid to the Designated Contract, an amount equal to the unpaid contribution shall nevertheless be paid in cash directly to the surviving spouse of the Covered Employee, and if there is no surviving spouse, it shall be paid to the estate of the deceased Covered Employee.

(d) Notwithstanding anything in School District policy to the contrary, Covered Employees (as defined below) shall have the total amount that otherwise would be payable to them as Severance Pay (as defined below) mandatorily paid into a Plan Contract that is designated by the retiring Employee for that purpose (the "Designated Contract"). Payment of such amounts under this Section 3.4(d) shall be in lieu of payment of such amounts directly to the retiring Employee; and no retiring Employee shall have the option of receiving payment of such amounts directly in cash.

The provisions of this Section 3.4(d) are hereinafter referred to as the Non-Bargaining Employees Severance Pay Deferral Program. The terms of the Non-Bargaining Employees Severance Pay Deferral Program shall include the following:

- (i) Participation in the Non-Bargaining Employees Severance Pay Deferral Program shall be mandatory for all "Covered Employees". A Covered Employee shall be any Employee who meets all of the following requirements:
 - (A) The Employee is not a member of a collective bargaining unit, including all administrators and the Treasurer and Superintendent.
 - (B) The Employee retires and thereby becomes entitled to "Severance Pay" in accordance with Board Policy and/or the terms of his or her employment agreement.

- (C) The Employee's last day of employment is in or after the calendar year Employee attains (or will attain) age 55.
- (ii) For purposes of this Non-Bargaining Employees Severance Pay Deferral Program, the term "Severance Pay" shall include all payments of accrued but unused sick days, vacation days and personal days that are payable upon retirement and classified as "severance pay", and all payments of retirement incentive pay made pursuant to applicable Board policy. In addition, the Severance Pay must be payable no later than the last day of the fifth calendar year following the calendar year of the Covered Employee's termination of employment on account of retirement.
- (iii) The Employer Contribution made on the behalf of the Covered Employee under the Non-Bargaining Employees Severance Pay Deferral Program in each calendar year shall be in an amount equal to the lesser of:
 - (A) The total amount of the Covered Employee's Severance Pay.
 - (B) The maximum contribution amount allowable under the terms of this Plan, including Appendix A hereof.
- (iv) The required Employer Contribution under the Non-Bargaining Employees Severance Pay Deferral Program shall be paid in a lump sum at the time described under Board policy.
- (v) To the extent that the Employer Contribution under the Non-Bargaining Employees Severance Pay Deferral Program exceeds the maximum amount allowable under this Plan in the calendar year of payment, the excess amount shall be payable to the 403(b) Plan in January in subsequent calendar years, up to the maximum amount allowable under this Plan, for up to a maximum of five (5) calendar years after the calendar year of the Covered Employee's retirement; and if there is any remaining amount of Severance Pay, the excess amount shall be paid to the Covered Employee in cash.
- (vi) Each Covered Employee's Designated Contract shall be used for purposes of the Non-Bargaining Employees Severance Pay Deferral Program; provided, however, the School District shall continue to have authority to continue to approve or disapprove of Plan Providers. A Covered Employee under the Non-Bargaining Employees Severance Pay Deferral Program shall complete any enrollment forms or other forms the Covered Employee may be required to have the Employer Contribution under this Plan paid on his or her behalf to a Designated Contract; and unless and until the Covered Employee does so, no Employer Contribution of Severance Pay shall be made to a Designated Contract on behalf of the Covered Employee.

- (vii) If a Covered Employee is entitled to have an Employer Contribution paid under the Non-Bargaining Employees Severance Pay Deferral Program and dies prior to such contribution being paid to the Designated Contract, an amount equal to the unpaid contribution shall nevertheless be paid in cash directly to the surviving spouse of the Covered Employee, and if there is no surviving spouse, it shall be paid to the estate of the deceased Covered Employee.

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SHAKER HEIGHTS CITY SCHOOL DISTRICT

By: *Bryan C. Christman* Date: 5/12/15
 Treasurer