CITY OF MINNEAPOLIS

And

MINNEAPOLIS PROFESSIONAL EMPLOYEES ASSOCIATION

LETTER OF AGREEMENT

Regular Rate of Pay and Overtime Calculations for City of Minneapolis' Non-exempt Employees

WHEREAS, the labor unions representing non-exempt employees in the City of Minneapolis have demanded for the first time to negotiate terms and conditions of employment associated with overtime eligibility and payment; and

WHEREAS, the labor unions have elected, and the City of Minneapolis (herein after "Employer") has agreed, to handle these negotiations in a coalition format using the Minneapolis Board of Business Agents (herein after "MBBA") (jointly the "Parties") to represent all unions with non-exempt members; and

WHEREAS, the Parties have determined that overtime compensation practices should be clearly articulated with the implementation of the City's Time & Labor system; and

WHEREAS, the Parties share an interest in resolving any current or future conflicts over pay practices with the implementation of the Time & Labor system;

NOW, THEREFORE, the Parties agree that the following terms and conditions for calculating overtime pay shall supersede current contract language and previously observed practices:

1. Compensatory time used will not be included in the calculation of hours worked for the purpose of reaching overtime thresholds;

2. Approved sick , bereavement, jury duty, paid holidays, and accrued vacation leaves from work will be included in the calculation of hours worked for the purpose of reaching daily or weekly overtime thresholds;

3. Employees may replace compensatory time used with accrued vacation time to meet the weekly overtime threshold. An employee may <u>not</u> use this provision to accrue or increase a negative balance of vacation time. This replacement must be done within the payroll period in which the overtime is worked;

4. Hourly premiums, shift differentials, hazard pay, longevity and any other negotiated pay benefits will be included in the calculation of the employee's "regular rate of pay";

5. All eligible paid leave time, as defined in this Letter of Agreement, is eligible for overtime earnings when the total paid hours within a work week exceeds forty (40) hours, regardless of the sequential order of the applied leave;

6. The Employer shall calculate the regular rate of pay for overtime payments in accordance with the U.S. Department of Labor's guidance on the FLSA;

7. "Seventh day worked" means seven consecutive days of actual work (any day where work is performed for 4 hours or more) independent of the Employer's pay periods;

8. The seventh day worked premium rate of pay of two (2) times the employee's regular hourly rate of pay will be paid for all work performed on the seventh consecutive day of actual work, notwithstanding the timing of pay periods or unscheduled shift changes, except where specifically exempted within other negotiated agreements. The extension of a shift into the next pay day shall not be counted as a separate day of work. Use of any paid time off of more than four (4) hours on any work day within the seven consecutive days is disqualifying for the seventh day worked premium, though the employee remains eligible for the regular time and a half overtime premiums if the work exceeds forty (40) hours in any work week.

9. All seventh day worked premium earnings will be paid in cash; no compensatory time earned will be granted in lieu of cash compensation for this premium.

10. The Parties agree that these terms and conditions will be incorporated as appropriate into individual collective bargaining agreements without further negotiations. Failure to execute or incorporate shall mean the minimum standards of the FLSA shall govern the payment of overtime except for previously negotiated terms or conditions.

THE PARTIES have caused this Letter of Agreement to be executed by their duly authorized representatives whose signatures appear below.

FOR THE CITY OF MINNEAPOLIS:

8/15/12

Timothy Giles — Date
Director, Employee Services

FOR THE ASSOCIATION:

8/15/12

Mary Meyer — Date
MPEA President

8/8/12

Duane Johnson — Date
Legal Counsel