ORIGINAL

SETTLEMENT AGREEMENT

THIS AGREEMENT is made and entered into this ____ day of September, 2011, by and through the Las Vegas City Employees Association ("LVCEA"), and the City of Las Vegas ("CITY"). For good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. On or around October 2010 the Parties entered into what is commonly known as a "Concessions Agreement" intended to assist the CITY in dealing with an ongoing revenue shortfall.

2. Certain issues have been raised concerning the execution, application and interpretation of that Concessions Agreement.

3. Specifically, two issues have been raised and discussed between the parties. The first issue relates to what is generally referred to as the "PERS INCREASE SPLIT". Section 7 of the "Concessions Agreement" reflected an agreement by the parties that future increases to the contribution rates required by the Nevada Public Employees Retirement System would be shared equally with the CITY paying 50% percent of any increase and the employees paying the other 50% of any increase. The parties hereby reaffirm their intent that the employees were to be responsible for paying 50% of all future increases. A dispute has arisen however over the manner of implementing that employee contribution payment.

4. The LVCEA alleges that the agreement of the parties required payment by employees of their portion of the PERS increases to be achieved through a "payroll deduction." It is the position of the CITY that payroll deductions are not a legal option under NRS 286.421 for CITY employees to contribute their portion of PERS contributions, and further that the CITY communicated this to the LVCEA representative(s) during the time the Concessions Agreement was being finalized, and that the issue was resolved and agreed to at that time. However, it is the position of the LVCEA that payroll deduction was a legal option at the time that the Concessions Agreement was negotiated based upon language in the Concessions Agreement that was drafted by the CITY, and further that the LVCEA denies any communications to the contrary, or that the issue was resolved and agreed to at that time.

5. Based upon two opinion letters issued by PERS on this issue, the parties are in agreement that payroll deduction is not a legal option for CITY employees to contribute their portion of PERS contributions, and that the only two options existing under NRS 286.421 for employees to fund their contributions are "made in lieu of equivalent basic salary increases or cost- of-living increases, or both"; or "Counterbalanced by equivalent reductions in employees' salaries." Further the parties are in agreement that the parties agreed that no salary increases or cost-of-living increases were to be made to LVCEA employees in 2011. As a result, the only option existing under the statute is a reduction in salary. The LVCEA

however, has continued to assert a reduction of salary, would have additional financial impacts to LVCEA employees over and above what was understood and agreed to by their membership at the time the "Concessions Agreement" was ratified. Specifically, the LVCEA has alleged this will result in smaller future increases to pay, which are driven by base pay, and that based upon the language in the Concessions Agreement ratified by the LVCEA membership the parties never anticipated this additional impact to membership.

6. The second issue currently in dispute relates to Section 2 of the "Concessions Agreement", and is what has commonly been referred to as the "FURLOUGH CONTRIBUTION" issue. In that section the parties agreed to reduce the normal work week from 40 to 38 hours. The effect of this agreement was that covered employees not only worked 2 fewer hours per week, but more significantly were paid for 2 fewer hours per week.

7. During the 2009 session the Nevada State Legislature adopted SB 433, which in part required State workers to take 96 hours of unpaid furlough for a two year period, and established a program whereby employees of the State and other participating employers who take furlough leave due to extreme fiscal need be held harmless in the accumulation of retirement credit and reported salary pursuant to NRS Chapter 286. That bill also required payment of PERS contribution on salary that would have been earned if not for the furlough.

8. It was also the intent of the parties to the Concessions Agreement that the reduction of hours from 40 to 38 likewise be treated as a "furlough" and the first 96 hours qualify for PERS. When SB 433 expired, a replacement bill was passed in the subsequent legislative session, but the number of hours that were to qualify for PERS was reduced from 96 to 48.

9. The parties are in agreement that contributions to PERS are based on actual compensation, and absent legislative authority the CITY cannot make contribution to PERS and have employees receive service credit for time not worked and compensation not received. It is the position of the LVCEA, however, that the 96 hours of PERS credit set forth in Section 2 of the Concession Agreement was independent of any State Legislative action and should continue, and that although not permitted by PERS, any reduction in those hours now has the effect of increasing a financial impact to covered employees and that the CITY is receiving a financial savings not intended or agreed to.

10. It is the position of the CITY that the Furlough concept discussed and agreed to was only to apply to the extent of State Law, and that the CITY communicated this belief and understanding to the LVCEA representative(s) during the time the Concessions Agreement was being finalized, and that the issue was agreed to at that time. However, it is the position of the LVCEA that the furlough concept was to be for 96 hours, and further that the LVCEA denies any communications to the contrary, or that the issue was resolved and agreed to at that time.

11. Although no grievances have been currently filed the LVCEA has timely preserved its rights to file them concerning the above described issues, and has likewise maintained the ability to file other legal action. Moreover, the LVCEA has stated to the CITY its intent to file grievances or other legal action should these issues not be resolved through a settlement. The parties have agreed to resolve these disputes as follows:

A.) In consideration for resolution of the dispute concerning the method and manner in which employees are contributing their agreed to portion of the PERS increase, the CITY will continue to utilize a reduction of salary, but will also agree to pay a one-time lump sum of approximately $40,000, to be evenly divided amongst all employees currently in LVCEA bargaining units, and to be distributed as an item on a future paycheck to be issued as soon as it is administratively feasible. This amount is intended to compensate covered employees for any loss in salary or income as alleged by the LVCEA;

B.) In consideration for the resolution of the issues concerning the Furlough Contribution the parties have agreed that the CITY shall grant all covered LVCEA employees an additional day of paid leave to be observed during the week between Christmas 2011 and New Year's 2012 as follows:

> The City of Las Vegas will go dark (close) the week of December 26, 2011 through January 1, 2012 subject to the same criteria utilized last year. The existing paid Christmas Holiday will be observed on Monday December 26, 2011. The additional paid holiday created by this agreement will be

observed on Tuesday December 27, 2011. Employees shall be paid the same number of hours as what their shift would have been for that day. Unlike last year, however, covered employees will be allowed to use existing and accrued Annual Leave or TILO to cover Wednesday December 28, 2011 and Thursday December 29, 2011.

Any employees not choosing to do so, or who at that time do not have accrued available leave will be in a furlough status for those two days. Those employees who cannot participate due to their work unit not closing shall have until the end of March 2012 to use the additional paid holiday (i.e., the December 27, 2011 holiday), to be scheduled in coordination with the employee's immediate supervisor. If an employee, however, is prevented from taking the paid holiday by the end of March 2012, then the time shall added to the employee's annual leave balance based upon the same number of hours as what their shift was worked on December 27, 2011.

12. This settlement effectively settles, resolves and compromises all rights, interests, issues and benefits of all kind related to the 2010 Concessions Agreement between the LVCEA and the CITY, known or unknown, which are or could currently be filed or asserted in any forum, and it is expressly agreed to by the parties that this agreement constitutes a full settlement of all such disputed claims and complaints, and acts as a waiver, forfeiture or bar to any continuing or future claims, lawsuits, demands, or requests for any rights arising from or relating to such pending or possible claims, except as set forth herein, and this Settlement Agreement may be used as evidence of such waiver.

13. It is expressly agreed and understood that this Settlement Agreement does not bar any claim, actions, lawsuits, demands or requests for events that have not yet occurred.

14. This Settlement Agreement is made as a good faith settlement of disputed or contested facts and issues, and is made for peace of mind and does not constitute an admission of guilt or liability by either party.

15. This Settlement Agreement is executed voluntarily by all parties after consultation with independent legal counsel of their choice, or having voluntarily waived that right.

Val Sharp
President, LVCEA

For the City of Las Vegas

Lori Giessinger
Vice President, LVCEA

APPROVED AS TO FORM:
10-10-11
Date

Cynthia Leavitt
Secretary, LVCEA

Cynthia Herald
Treasurer, LVCEA

Mike Davis
Trustee, LVCEA

Julie Shelton
Trustee, LVCEA

Peter Jackson
Trustee, LVCEA