Memorandum of Understanding
Labor Management Committee
Transportation Benefit Programs,
Amount of MSI Awards, and Tax Implications

August 9, 2004
Tentative Agreement

1. In accordance with the provisions of Article 27, the parties agree to establish and participate in a Systemwide Labor Management Committee (LMC) during Fiscal Year 2004/2005 for the purpose of discussing Section 20.20 (d) dealing with the MSI amount given to employees with the same overall performance rating, Transportation Benefit Programs, and tax implications of compensation and benefits programs and other issues mutually agreed upon.

2. The LMC will consist of six (6) representatives from each party.

3. The LMC shall meet at locations, dates and times to be determined by mutual agreement of CSEA and CSU.

4. The LMC shall convene its first meeting within thirty (30) days of the ratification of this side letter. Thereafter, the LMC shall meet at least monthly.

5. The LMC shall issue periodic reports to the parties' chief negotiators. No later than January 10, 2005, the LMC shall issue a report on Transportation Benefits. No later than April 4, 2005, the LMC shall issue a report on provision in Section 20.20 (d) dealing with the MSI amount given to employees with the same overall performance rating. No later than June 6, 2005, the LMC shall issue a report on the tax implications of compensation and benefits programs.

For the CSEA
[Signature]
Date: 9 Aug 2004

For the CSU
[Signature]
Date: 8/4/04