Appendix J

Letter of Understanding

This Letter of Understanding ("LOU") is entered into between Minnesota State Colleges and Universities (the "System") and the Inter-Faculty Organization ("IFO") to set forth the parties' agreed upon modification of Article 11 § G of the 2003-05 Master Collective Bargaining Agreement ("IFO Agreement") between the parties. Therefore, the following is mutually agreed to by the undersigned parties.

Whereas, Article 11 § G of the IFO Agreement provides that "[a]t such time as the Minnesota State Retirement System makes available the use of Health Reimbursement Arrangement (HRA) accounts, and if feasible, the parties agree to enter into a Letter of Understanding (LOU) providing that the Employer contributions described in this Section will be made to HRA accounts;" and

Whereas, as the Minnesota State Retirement System (MSRS) has declined to administer an HRA Plan as described in Article 11 § G; and

Whereas, MnSCU and the Department of Employee Relations (DOER) are prepared to implement an HRA Plan that will be administered by DOER and MnSCU and which the parties believe will satisfy the requirements of Article 11 § G:

Therefore, the parties agree that, pursuant to Article 11 § G, MnSCU may implement the HRA Plan as set forth in the HRA Plan document attached hereto or as it may be amended from time to time. The parties further agree MnSCU will make the Employer contribution described in Article 11 § G as set forth in the attached HRA Plan.

FOR IFO:

By: Nancy Black
   IFO President

[Signature]

By: Patrice Arseneault
   IFO Equity Advocate and Interim Director of Labor Relations.

[Signature]

FOR THE EMPLOYER:

By: John Shabatura
   Associate Vice Chancellor for Labor Relations

[Signature]

By: Christopher Dale
   System Director for Labor Relations

[Signature]