

**MEMORANDUM OF UNDERSTANDING**  
**Between the BIG WALNUT LOCAL SCHOOL DISTRICT BOARD OF EDUCATION**  
**and the BIG WALNUT EDUCATION ASSOCIATION**

The Big Walnut Local School District Board of Education (hereinafter "Board" or "District") agrees to implement a retirement incentive plan to include employees represented by the Big Walnut Education Association (hereinafter "employee") in accordance with the terms of the ESP™ - Employee Severance Plan.

1. The retirement incentive plan known as Employee Severance Plan™ (hereinafter "ESP™" or "Plan") is available to full time employees represented by the Big Walnut Education Association (hereinafter "Employee" or "Employees") who will have a minimum of ten (10) years of service with the Big Walnut Local School District as of June 30, 2012 or will be eligible for full or reduced state retirement benefits as of June 30, 2012. The Plan is not available to any other employees, including substitutes, temporary or contracted employees, those who have been laid off, terminated, or those who have previously retired and returned to Big Walnut Local Schools. The ESP™ is not a fringe benefit nor a condition or term of employment.
2. Retirement by the employee at the state level is not required.
3. Employees who meet the retirement incentive (ESP™) eligibility requirements can elect to resign or retire effective June 30, 2012 from school district employment during the one-time window period of enrollment (see Section 7). The District in its sole discretion reserves the right to retain certain employees for one year beyond his/her elected exit date, based on operational and educational needs of the District. Those retained will still receive the same ESP™ benefit dollar amount based on his/her elected exit date, and the ESP™ benefits will commence four (4) months following his/her actual exit date. Eligible Employees electing to participate in the Plan who will have twenty-nine (29) [more than 28.99 years and less than 30.00 years] or thirty-four (34) [more than 33.99 years and less than 35 years of service] as of June 30, 2012 may retire from employment with the District effective June 30, 2013 rather than June 30, 2012. To be approved for this Alternate Exit Date, the Eligible Employee must provide at the time of electing the ESP™ to Big Walnut Local Schools Treasurer's Office, the most recent copy of his/her STRS Statement of Estimated Benefits or other STRS documents showing the Eligible Employee has the number of years or is buying the number of years required for this Alternate Exit Date. The District's decision whether to retain certain employees for one year or approve employees for the Alternate Exit Date shall not be subject to the grievance procedure set forth in the collective bargaining agreement.

Employees electing the ESP™ shall receive \$45,000, plus, if the employee is retiring under STRS, an amount equal to his/her applicable contractual severance pay, the total of which will be divided into equal monthly payments.

Refer to Group 1 and Group 2 below for benefit payment structure.

The Severance Pay description may be found in Article XXV, Sections A and B of the collective bargaining agreement with the Big Walnut Education Association. Those retiring June 30, 2012 and not electing the ESP™ will receive only the applicable contractual severance pay per the contractual provisions, if eligible for the same. There is no option to elect the ESP™ and receive the contractual severance pay as a lump sum. Please refer to benefit details below.

**Group 1: Those electing the ESP™ who are eligible to retire with full or reduced benefits under STRS as of June 30, 2012.**

Group 1 Participants shall receive payment of the total ESP™ benefit over 5 years, divided into 60 equal monthly payments made to an annuity contract or custodial account that is designed to meet the tax-qualification requirements of Internal Revenue Code ("IRC") Section 403(b) (a "TSA") (a "Post Employment 403(b) account"). A Participant shall designate the Post Employment 403(b) account provider that is to receive the contribution; provided, however, that any such provider must be on the approved list of providers that is in effect at the time of the employee's resignation from employment or retirement; and the Board shall continue to have authority to approve or disapprove any of the providers. The participant can access the funds each month, within the parameters of the terms of his/her selected provider's account agreement and applicable law. For Group 1, ESP™ benefits begin to be deposited into a 403(b) Contract on a date between October 15 and October 30 following the employee's Exit Date, and will be paid on or about the 15<sup>th</sup> of each month thereafter until all payments are completed. There is NO option for Group 1 participants to elect cash rather than Post Employment 403(b) deposits. The deposits into the Post Employment 403(b) account are considered employer

discretionary contributions only, and not employee contributions, transfers or rollovers. Please refer tax questions to your personal advisor.

**Group 2: Those electing the ESP™, but are not eligible to retire under STRS as of June 30, 2012.**

Participants will have the total ESP™ benefit paid to them over 8 years, divided into 96 equal monthly payments. Payment will be subject to withholding for all applicable Medicare, federal, state, and local taxes. For Group 2, ESP™ benefits begin on a date between October 15 and October 30 following the employee's Exit Date and will be paid on or about the 15<sup>th</sup> of each month thereafter until all payments are completed.

There can be no exceptions or options, including no future deferral of Plan benefits nor acceleration of Plan benefits, to alter the formulas, calculations, or method of Plan benefit payments, or timing or number of payments, as explained herein. There is no option for the Eligible Employee participating in the Plan to elect any other payout schedule for applicable incentive pay other than what is described herein.

4. An employee who receives the ESP™ shall not be eligible for Unemployment Compensation Benefits.
5. In the event of the death of a participant prior to the final scheduled payment, benefits will continue to be paid to the designated beneficiary, or to the estate of the deceased if no beneficiary is named or alive at the time of the participant's death in accordance with the ESP™ documents.
6. The employee shall sign the Indication of Interest Form, the retirement incentive Plan Agreement, an irrevocable letter of resignation, and a Release and Waiver of Claims Agreement and deliver them to Educators Preferred Corporation on or before **May 7, 2012** in order to elect the Plan.
7. Employees shall be provided a period of at least forty-five (45) days (**March 20, 2012 through May 7, 2012**) from receipt of the Employee Severance Plan documents to consider its terms and conditions and shall be advised of their right to consult an attorney.
8. Further, after the employee has executed the Indication of Interest Form, the retirement incentive Plan Agreement, the letter of resignation, and the Release and Waiver of Claims Agreement, he/she shall have seven (7) days, (**May 8, 2012 through May 14, 2012**) to revoke his/her acceptance of same. It is understood that the severance agreement does not become enforceable until the expiration of the revocation period.
9. The foregoing shall establish neither precedent nor past practice with respect to any further matter.
10. The Board of Education reserves the right to evaluate the results of the Plan at the end of the window period of election. If the Plan results are not financially favorable for the District, the District may deem the Plan null and void. If this happens, participants will have seven (7) calendar days within which to decide whether to retire/resign from service with the District under the terms of the collective bargaining agreement, or to withdraw their resignation.
11. Any decision made by the District related to the implementation of this Plan or any of the components set forth in this MOU is not subject to the grievance procedure set forth in the collective bargaining agreement.
12. The Board and the BWEA agree that the implementation of the Plan is most likely a one-time event and shall not obligate the Board to offer the Plan or any other retirement incentive in a subsequent school year, that the Plan shall be governed solely by the terms and conditions set forth herein, and that this Memorandum shall not be incorporated into the Negotiated Agreement or otherwise affect the terms and conditions there under except as specifically noted in the Plan.
13. This Memorandum constitutes the entire agreement between the District and the BWEA regarding the issues outlined herein. There are no other written or verbal agreements, understandings or arrangements between the parties regarding the issues outlined herein. Any changes to this Memorandum must be in writing and signed by both parties. Now therefore the signatures affixed hereto are from duly-authorized representatives that have been given the explicit authority to enter into and legally bind their respective party to this agreement.

14. Signatures:

Big Walnut Local School District Board of Education

\_\_\_\_\_ Date \_\_\_\_\_

\_\_\_\_\_ Date \_\_\_\_\_

Big Walnut Education Association

\_\_\_\_\_ Date \_\_\_\_\_

\_\_\_\_\_ Date \_\_\_\_\_