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August 19, 2010

VIA EMAIL AND REGULAR MAIL

Robert E. Franz, Jr.
LAW OFFICE OF ROBERT E. FRANZ, JR.
PO BOX 62
Springfield OR 97477

Re: Bova v City of Medford and Michael Dyal
Jackson County Circuit Court Case No. 08-1663-E7

Dear Bob:

At the hearing on Tuesday, you provided some updated information on the City's proposed plan to comply with the Judge's order. It's my understanding that the City is proposing to move its managers, all employees represented by the Teamsters and all retirees to a contract with CIS. Although your current proposal isn't in writing and thus is a bit unclear, I understood that you were asking the court to issue an order requiring the City to move all Teamsters to CIS Health Insurance and that the City would use this order in arbitration involving the unions. The City would also need to obtain a new quote from CIS for the larger group of employees.

As you know from my letter of a week ago and our evidence on the written plan on Tuesday, we propose a procedure whereby the City seeks to obtain quotes from a market unaffected by the City's history of ORS 243.303 violations to identify the best price and the best coverage for class members. It is our understanding that going through such a process does not involve any cost to the City. Once a best price for the best coverage is identified, this quote is used as a benchmark to evaluate the remedies the City has to provide to comply with ORS 243.303. Under such a proposal, the City could end court supervision by selecting the best provider identified by the process above. Alternatively, the City could elect to contract with a different provider but the City could be responsible for supplementing the premiums or the coverage of current employees.

Our proposal also provides for equitable remedies for retirees and for active employees harmed by the City's history of non-compliance until such time as the City comes into full compliance with ORS 243.303.

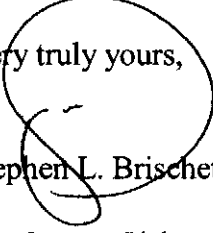
During the Doyle trial in June, I informed you that we would be happy to sit down with the City in mediation to attempt to agree on how the City can come into compliance with ORS 243.303. A week ago, I wrote and made the same offer. I have not received a response to either offer.

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After the hearing on Tuesday, I wanted to let you know that our offer remains open. Unless I hear something to the contrary, it seems the City would rather have the court decide how the City will comply with the law rather than participating in making the necessary choices.

Thank you for your assistance in this regard.

Very truly yours,



Stephen L. Brischetto

cc: George Fisher
Lisa Umscheid