

SIDE LETTER AGREEMENT

BETWEEN

THE CITY OF SAN JOSE

AND

THE ASSOCIATION OF BUILDING, MECHANICAL AND ELECTRICAL INSPECTORS (ABMEI)
THE ASSOCIATION OF ENGINEERS AND ARCHITECTS, IFPTE LOCAL 21 (AEA)
THE ASSOCIATION OF LEGAL PROFESSIONALS (ALP)
THE ASSOCIATION OF MAINTENANCE SUPERVISORY PERSONNEL, IFPTE LOCAL 21 (AMSP)
THE CITY ASSOCIATION OF MANAGEMENT PERSONNEL, IFPTE LOCAL 21 (CAMP)
CONFIDENTIAL EMPLOYEES' ORGANIZATION, AFSCME LOCAL NO 101 (CEO)
THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, LOCAL NO 332 (IBEW)
MUNICIPAL EMPLOYEES' FEDERATION, AFSCME LOCAL NO 101 (MEF)
THE INTERNATIONAL UNION OF OPERATING ENGINEERS, LOCAL NO 3 (OE#3)

Federated Alternative Pension Reform Settlement Framework (Tier 1 Rehire Amortization)

Background

On or about November/December 2015, the City of San Jose (City) and ABMEI, AEA, ALP, AMSP, CAMP, CEO, IBEW, MEF and OE#3 (collectively, Federated Bargaining Units) reached agreement on the [Federated Alternative Pension Reform Settlement Framework](#) (Federated Framework). As the City has moved to implement the terms of the Federated Framework, the City and the Federated Bargaining Units have updated certain terms of the Framework, including the amortization costs associated with transitioning Tier 1 employees in Tier 2 back into Tier 1 (hereinafter "Tier 1 Rehire Amortization").

This Side Letter Agreement is to memorialize the amended terms regarding Tier 1 Rehire Amortization that the City and the Federated Bargaining Units have agreed upon and which shall be incorporated into the San Jose Municipal Code.

Amended Framework Terms (Tier 1 Rehire Amortization)

The parties hereby agree to the following amendments to the terms of the Framework with regards to Tier 1 Rehire Amortization:

Federated Framework		Amended Terms
Issue	Section	
Tier 2 Retirement Benefits	18	"18. Former Tier 1 Federated City employees who have been rehired since the implementation of Tier 2 or rehired after the effective date of a tentative agreement based on this framework will be placed in Tier 1. a. Any costs, including any unfunded liability, associated with transitioning current Tier 2 employees who were former Tier 1 City employees who have since been rehired will be amortized as a separate liability over a

		<p>minimum of 20 years and split between the employee and the City 50/50. This will be calculated as a separate unfunded liability and as Tier 1 employees these members are not subject to a ramp up in unfunded liability. <u>For purposes of this section, former Tier 1 employees who are subject to the costs, including any unfunded liability, of transitioning from Tier 2 to Tier 1, shall be referred to as "Rehired Tier 1 Employees."</u></p> <p><u>(i) Rehired Tier 1 Employees shall be individually responsible for the costs, including any unfunded liability, of transitioning from Tier 2 to Tier 1, and shall sign individual binding agreements to this effect.</u></p> <p><u>(ii) Rehired Tier 1 Employees shall:</u></p> <p><u>(1) Pay the same contribution rate, as determined by the Board's actuary, to pay for the costs, including any unfunded liability, of transitioning from Tier 2 to Tier 1. This contribution rate is in addition to the Tier 1 contributions these employees are required to make as a reinstated Tier 1 employee; and</u></p> <p><u>(2) Pay the additional contribution rate referenced above on different individual amortization periods as determined by the Board's actuary, depending on how long the Rehired Tier 1 Employee was in Tier 2 prior to being transitioned back to Tier 1. This means the amortization period for each individual Rehired Tier 1 Employee will be determined by the Board's actuary and may not be the same length of time the Rehired Tier 1 Employee was a Tier 2 member.</u></p> <p><u>(iii) A Rehired Tier 1 Employee who leaves City service prior to paying the full cost attributable to such member's transition to Tier 1, including any unfunded liability associated with the transition from Tier 2 to Tier 1, is liable for and shall be required to pay any remaining balance upon leaving City service. The remaining balance owing and payable by the Rehired Tier 1 Employee shall be determined by the Board's actuary. Upon separation from City service, Rehired Tier 1 Employees must pay their outstanding balance, as determined by the Board's actuary, through an asset transfer from the employee's 457 deferred compensation plan account or through a lump-sum after-tax payment.</u></p> <p>b. Any lateral hire from any other pension system who transfers as a "Classic" employee under PEPRA, regardless of tier, will be placed in Tier 1.</p> <p>c. Any lateral hire from any other pension system who transfers as a "new" employee under PEPRA will be placed in Tier 2."</p>
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The terms of this Side Letter Agreement shall not be construed to modify or supersede any other section or term of the Framework unless specified herein.


Side Letter Agreement – Federated Alternative Pension Reform Settlement Framework (Tier 1 Rehire Amortization)

May 22, 2018

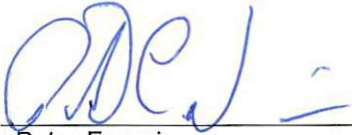
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This Side Letter Agreement shall be effective when signed by all parties below.

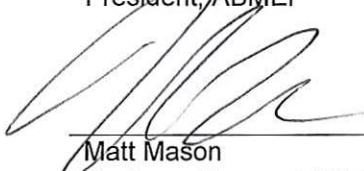
FOR THE CITY:

 6/20/18
Date
Jennifer Schembri
Director of Employee Relations

FOR THE UNIONS:


 6/4/18
Date
Peter Fenerin
President, ABMEI

 5/30/18
Date
Brad Fox
President, AEA

 5/29/2018
Date
Matt Mason
Business Representative, IFPTE

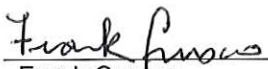
 6/6/18
Date
Terra Chaffee
President, ALP

 6/21/18
Date
Steve Contreras
President, AMSP

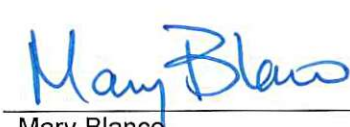
 5/31/18
Date
Olympa Williams
IFPTE Representative, CAMP

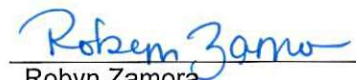

Date
LaVerne Washington
President, CEO

 6-1-18
Date
Charles Allen
Business Representative, AFSCME

 5-29-2018
Date
Frank Crusco
Chief Steward, IBEW

 6-4-18
Date
Daniel Romero
Business Representative, IBEW

 6/4/18
Date
Mary Blanco
Business Representative, OE#3

 6/4/18
Date
Robyn Zamora
President, MEF

 6/14/18
Date
Christopher Platten
Legal Counsel