

SIDE LETTER AGREEMENT

BETWEEN

The City of San Jose

AND

The San Jose Fire Fighters, IAFF Local 230 (IAFF)

AND

The San Jose Police Officers' Association (POA)

CALPERS "CLASSIC" TIER 2 EMPLOYEES HIRED BEFORE JUNE 18, 2017

The parties agree to the following:

Employees eligible for Tier 1 benefits because of their eligibility as CalPERS "Classic" members at a CalPERS agency or reciprocal agency will follow the process below to establish CalPERS Reciprocity. An individual may be qualified for CalPERS "Classic" membership if they were employed at a CalPERS or reciprocal agency before January 1, 2013 and were hired by the City of San Jose with less than a six (6) month break in service and did NOT have concurrent service (overlapping service). This side letter applies to employees hired into the Police Department as sworn employees on or after August 4, 2013, or hired to the Fire Department as sworn employees on or after January 2, 2015, but before June 18, 2017 for all aforementioned employees.

- (1) Pursuant to the terms of the San Jose Municipal Code, employees hired as Tier 2 members, who are eligible to convert to Tier 1 membership because of their status as CalPERS "Classic" members at a CalPERS agency or a CalPERS reciprocal agency with less than a six (6) month break in service before their employment with the City of San Jose will share in all costs associated with the conversion to Tier 1 on a 50/50 basis, with the City paying fifty percent and the employees paying fifty percent ("Conversion Costs"). Conversion Costs shall include any unfunded liability associated with the retroactive enhancement of the employee's retirement benefit. Conversion Costs will be pooled among all employees receiving the CalPERS "Classic" Tier 1 benefit, including those hired before and after June 18, 2017, and amortized as a separate liability over sixteen years for the Police and Fire Department Retirement Plan or other period determined by the board.*
- (2) The City will inform the eligible employees via email and letter that each employee will submit any and all documents necessary to establish their CalPERS "Classic" reciprocal service with the Office of Retirement Services. At such time the Office of Retirement Services will confirm their eligibility to go into the Tier 1 retirement plan for the Police and Fire Department Retirement Plan through the verification of reciprocal service through CalPERS. If an employee has already submitted their reciprocity forms, the process does not need to be completed again.*
- (3) Each employee subject to the provisions of this side letter will be required to submit all documents necessary to establish reciprocity on or before December 1, 2017. If the Office of Retirement Services does not receive all documents necessary to establish themselves as a CalPERS "Classic" member by December 1, 2017 the employee will waive the right to convert to Tier 1 and will remain Tier 2.*
- (4) CalPERS "Classic" employees initially hired into the Police Department as sworn employees on or after August 4, 2013, or initially hired to the Fire Department as sworn employees on or after January 2, 2015, will not be eligible for the defined benefit retiree healthcare plan.*

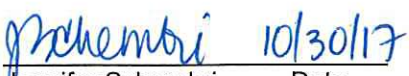
Side Letter Agreement – CalPERS “Classic” Members

September 20, 2017


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This Side Letter Agreement shall become effective when signed by all the parties below

For the City:




Jennifer Schembri Date
Director of Employee Relations



Cheryl Parkman Date
Senior Executive Analyst

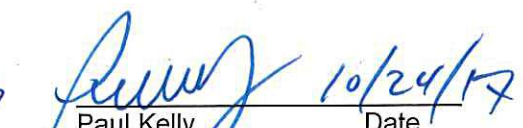
For the Unions:




Gregg Adam Date
Legal Counsel, POA



Sean Kaldor Date
President, IAFF



Paul Kelly Date
President, POA



Christopher Platten Date
Legal Counsel