

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)

The Confidential Employees' Organization, AFSCME Local 101 (CEO)

The International Brotherhood of Electrical Workers, Local No. 332 (IBEW)

The Municipal Employees' Federation, AFSCME Local 101 (MEF)

and

The International Union of Operating Engineers, Local No. 3 (OE#3)

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 Federated City Employees' Retirement System on or after September 30, 2012, but before June 18, 2017.

- (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 twenty years for the Federated City Employees' Retirement System 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 Federated City Employees' Retirement System 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 October 1, 2017. If the Office of Retirement Services does not receive all documents necessary to establish themselves as a CalPERS "Classic" member by October 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 Federated City Employees' Retirement System on or after September 30, 2012, will not be eligible for the defined benefit retiree healthcare plan.*

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- (a) Of the aforementioned employees, those who were hired on or after September 30, 2012 through September 27, 2013 (otherwise known as Tier 2a), have the opportunity to make an irrevocable election, pending IRS approval, between the Voluntary Employees’ Beneficiary Association (VEBA) and the defined benefit retiree healthcare plan.

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

For the City:

Jennifer Schembri 10/24/17 Cheryl Parkman 10/24/17
Director of Employee Relations Senior Executive Analyst

For the Unions:

Charles Allen 8-14-17 Mary Blanco 8/14/17 Kara Capaldo 8/14/17
AFSCME Local 101 OE#3 President, CAMP

Steve Contreras 8-14-17 Frank Crusco 8-14-2017 Peter Fenerin 8/14/17
President, AMSP Chief Steward, IBEW President, ABMEI

ANGEL ALVAREZ FOR STEVE 8/18/17 Matthew Mason 8/14/17 Steve Pagan 8-14-17
ALP 4FPE, Local 21 President, AEA

Christopher Platten 8/14/17 Sal Ventura 10/24/17 LaVerne Washington 8/14/17
Legal Counsel IBEW President, CEO

Robyn Zamora 8/14/17
President, MEF