

RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE APPROVING THE TERMS OF A SIDE LETTER AGREEMENT BETWEEN THE CITY OF SAN JOSE AND THE SAN JOSE POLICE OFFICERS' ASSOCIATION AND SAN JOSE FIREFIGHTERS, IAFF LOCAL 230, REGARDING REPAYMENT OF THE REHIRED TIER 1 MEMBER AMORTIZATION INTEREST COSTS

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAN JOSE:

1. That the terms of a Side Letter Agreement related to the City's repayment of the rehired Tier 1 member amortization interest costs between the City and the San Jose Police Officers' Association and San Jose Fire Fighters, IAFF Local 230 are hereby approved.
2. The terms of the Side Letter Agreement are set out and attached hereto as Attachment A and incorporated in this Resolution.

ADOPTED this _____ day of _____, 2020, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

SAM LICCARDO
Mayor

ATTEST:

TONI J. TABER, CMC
City Clerk

ATTACHMENT A

SIDE LETTER AGREEMENT

BETWEEN

THE CITY OF SAN JOSE

AND

THE SAN JOSE POLICE OFFICERS' ASSOCIATION (POA)
THE SAN JOSE FIRE FIGHTERS, IAFF LOCAL 230 (IAFF)

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

Background

On or about July 2015, the City of San Jose (City) and the San Jose Police Officers' Association (POA) and the San Jose Fire Fighters, IAFF Local 230 (IAFF) reached agreement on the [Alternative Pension Reform Settlement Framework](#) (Framework). As the City has moved to implement the terms of the Framework, the City, the POA, and IAFF have modified certain provisions in the Framework, including the amortization costs associated with transitioning former Tier 1 employees that ere rehired by the City and placed into in Tier 2 back into Tier 1 (hereinafter "Tier 1 Rehire Amortization").

This Side Letter Agreement is to memorialize the amendment to the provisions relating to Tier 1 Rehire Amortization that the City, the POA, and IAFF have agreed upon and which shall be incorporated through an amendment to Chapter 3.36.410 of 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:

Framework		Amended Terms
Issue	Section	
Tier 2 Retirement Benefits	16	"a. Former Tier 1 sworn 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 b. Any costs, including any unfunded liability, associated with transitioning current Tier 2 employees who were former Tier 1 sworn City employees who have since been rehired will be amortized as a separate liability over a minimum of 16 years and split between the employee and the City 50/50. This will be calculated as a separate

		<p>unfunded liability and as Tier 1 employees these members are not subject to a ramp up in unfunded liability. 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."</p> <p>(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.</p> <p>(ii) Rehired Tier 1 Employees shall:</p> <p>(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</p> <p>(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 in Tier 2 member.</p> <p>(ii) Effective the first pay period following the effective date of an ordinance amending Chapter 3.36.410 of the Police and Fire Department Retirement Plan in the San Jose Municipal Code, the City will pay, on behalf of Rehired Tier 1 Employees, the interest accrued on the Total UAL Increase from the first pay period following the effective date of the above described ordinance amendment until the Rehired Tier 1 Employee Obligation is fully repaid. In no event shall the City's payment cover interest accrued on the Total UAL Increase prior to the first pay period following the effective date of the ordinance amendment adding this provision and all interest accrued on the Total UAL Increase prior to such date remains the obligation of the Rehired Tier 1 Employee whether or not previously made.</p> <p>(iii) In addition, a Rehired Tier 1 Employee who leaves City service prior to fully satisfying any outstanding balance of his or her Rehired Tier 1 obligation, must pay the balance, as determined by the Board's actuary within 60-days of separation from City service. A Rehired Tier 1 Employee may elect to pay this</p>
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Side Letter Agreement – Alternative Pension Reform Settlement Framework (Tier 1 Rehire Amortization)

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		balance by transferring funds from the employee's 457 deferred compensation plan only after they have separated from City service. If any portion of the Rehired Tier 1 obligation remains outstanding after the above described 60-day period, the Rehired Tier 1 Employee's Plan benefit shall be determined in accordance with Section 3.36.720.E.

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.

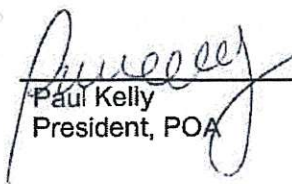
This Side Letter Agreement shall be effective when signed by all parties below.

FOR THE CITY:



Jennifer Schembri Date
Director of Employee Relations

FOR THE POA:




Paul Kelly Date
President, POA



Gregg Adam Date
POA Counsel

FOR IAFF:



Sean Kaldor Date
President, IAFF



Christopher Platten Date
IAFF Counsel