

**2020 SIDE LETTER OF AGREEMENT TO AMEND SECTION 8.01B OF THE
MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF HAYWARD AND
THE HAYWARD POLICE OFFICERS' ASSOCIATION**

This Side Letter of Agreement is made between the City of Hayward (City) and the Hayward Police Officers' Association (HPOA) to amend Section 8.01B of the Memorandum of Understanding effective July 1, 2004 and extended through June 30, 2024 between the parties regarding PEPRAs "New" employees' CalPERS contributions. This Side Letter of Agreement clarifies the additional CalPERS contribution for PEPRAs "New" members (employees hired on or after January 1, 2013) in excess of the published CalPERS employee rate. This additional contribution under Government Code Section 20516 equals a fifteen percent (15%) total CalPERS employee contribution as agreed upon by the parties.

The City and the HPOA agree that the terms of this Side Letter of Agreement shall become effective the pay period including July 1, 2020. The parties also agree that the terms of this Side Letter of Agreement are limited to only those specific items contained herein.

Employee's CalPERS Contribution

Section 8.01B (Treatment of Employees' PERS Contributions) shall be null and void and replaced with the following:

(B) Employees hired on or after January 1, 2013

This Section B shall apply to CalPERS eligible employees hired on or after January 1, 2013, who do not qualify for pension reciprocity pursuant to Government Code Section 75522.02(c). Referred to as CalPERS "New Members." The retirement plan for these employees shall be the retirement plan which the City is required to provide new members pursuant to California Public Employees' Pension Reform Act of 2013.

As long as the annual Employer Contribution Rate required by CalPERS for the fiscal years beginning July 1, 2014 is at least 30.00%, and as authorized by Government Code Section 20516 (Optional Benefits, Cost Sharing), "New" bargaining unit members shall pay a total of fifteen percent (15%) of reportable wages to fund their pensions. The fifteen percent (15%) of reportable wages is comprised of the CalPERS published employee rate, plus the additional contribution to the City's employer rate that the City would otherwise be required to pay to CalPERS for these employees. Under Section 20516, the additional contributions are as follows:

Effective the pay period including July 1, 2014	2.25%
---	-------

Effective the pay period including July 1, 2016 3.00%
Effective the pay period including July 1, 2020 2.00%

Following the 2018 Valuation Report, under Section 20516, effective July 1, 2020, employees' contributions will be adjusted to 2.00%. If CalPERS enacts another change to the employee rate as reflected in the Annual Valuation Report, the parties will amend this side letter to ensure it accurately reflects new members pay a total of 15% of reportable wages to fund their pension.

This contribution currently represents more than the employee's 50% of normal cost as determined by CalPERS. The amount paid in excess of 50% of the normal cost shall constitute employee payment of a portion of the employer's 50% of normal cost as determined by CalPERS. Said contributions over the 50% threshold shall be credited to each member's account as a normal contribution.

In no event shall the employee contribution be less than 50% of the total normal cost rate, as required by Government Code Section 7522.30. In the event that 50% of the normal cost exceeds fifteen percent (15%), the employee contribution shall be increased to ensure that the employee contribution is 50% of the total normal cost rate in compliance with Government Code section 7522.30. The City agrees to meet and discuss, at the request of the POA, mutually acceptable adjustments to the terms negotiated herein in order to provide equitable treatment of classic and new PEPRAs employees.

Executed on this ____ day of _____, 2020 at Hayward, California

For the City of Hayward:

For the Hayward Police Officers' Association

Kelly McAdoo, City Manager

Ricardo Flores, President

