

Side Letter Agreement between the City of San Bernardino ("City") and the Middle-Management Unit Employees represented by the San Bernardino Public Employees Association (SBPEA) extending the terms and conditions of employment.

SECTION 1. The following terms and conditions of employment for the middle-management bargaining unit members represented by the SBPEA, which had been adopted by the Mayor and Common Council (Resolution No. 2013-239) and ratified by SBPEA for implementation effective February 1, 2013, shall continue for the duration of this agreement:

1. CalPERS Retirement Formulas: For all employees employed on or before 10/3/11, 2.7% @ 55; employees hired on or after 10/4/11 to 12/31/12, 2% @ 55; employees hired on or after 1/1/13, 2% @ 62.

2. Cost Sharing of CalPERS Benefits: All bargaining unit employees represented by the SBPEA, hired on or before 12/31/12, shall contribute 9.304% of reportable income [8% Employee Contribution plus 1.304% of the Employer Contribution] to the California Public Employee Retirement System (CalPERS) retirement benefit which represents fifty-percent (50%) of the normal costs of benefits as determined by CalPERS for the 2013-2014 fiscal year. Employees hired on or after January 1, 2013, shall contribute 50% of the normal contribution consistent with the provisions of the Public Employees' Pension Reform Act of 2013 (PEPRA). The provisions of Section 414(h)(2) of the Internal Revenue Code (IRC) as implemented by the Mayor and Common Council on September 22, 1999 by Resolution No. 1999-235, are applicable to contributions designated as employee contributions made by the City of San Bernardino to the CalPERS and are hereby incorporated herein. [Pendency Plan # 5].

3. Salary Concessions: All salary concessions previously agreed to by the City and the SBPEA shall be reversed and all bargaining unit employees will resume working a forty (40) hour week. Bargaining unit members who are so

entitled shall continue to receive forty (40) hours per fiscal year of administrative leave.

5. Post-Retirement Medical Benefits: Employees hired on or after 1/1/13 shall not be eligible to receive payments for retiree medical benefits. With respect to all employees, the City shall reserve all rights to modify retiree medical plans and the amount of contributions paid by the City.
6. Deferral of Payments for Accrued Leaves: All payments for accrued sick leave, holiday, and vacation leave to which employees may be entitled prior to separation from employment (sell-backs) shall remain suspended in accordance with the action of the Mayor and the Common Council on June 16, 2014. All payments for cash-outs upon separation for accrued sick, holiday, and vacation leave shall remain suspended in accordance with the action of the Common Council on June 16, 2014.
7. Sick Leave Accrual Caps: Effective February 1, 2013, all bargaining unit employees may only accrue a maximum of 1040 hours of sick leave. All bargaining unit employees with accrued sick leave hours in excess of 900 hours on August 1, 2013, will have those excess hours converted to a separate excess sick leave bank (ESL). In addition, any net accruals beyond 1040 hours occurring from February 1 to July 31, 2013 will be allocated to the accrued sick leave bank. Effective October 1, 2013, 24 hours from the ESL shall be cashed out each quarter of a fiscal year until the ESL is extinguished or until the employee separates from service. Fifty percent (50%) of any remaining balances in the ESL at the time of separation shall revert to a PEHP trust. Sick leave earned on or after February 1, 2013, is subject to the 1040 hour cap. At the time of separation, any employee having six (6) or more years of service, shall convert unused sick leave earned after February 1, 2013 to a PEHP trust as follows: 288 hours or less accrued = no conversion; 289-479 hours = 20% of accrued sick leave; 480-959 hours = 25%; 960 or more hours = 35%.

8. Family Sick Leave: SBPEA bargaining unit members may use unlimited accrued sick leave for the care of an immediate family member. Immediate family member means husband, wife, grandmother, grandfather, mother, father, sister, brother, son, daughter, mother-in-law, father-in-law, sister-in-law, brother-in-law, daughter-in-law, son-in-law, or domestic partner.

SECTION 2. Health Benefits. The City and the SBPEA agree to continue negotiations with respect to contributions toward health, dental, vision, and other medical benefits. SBPEA agrees to continue to participate in the City's Joint Labor Management Health Benefits Committee to review possible options for modifying health benefit plan designs. The City and SBPEA agree to negotiate health benefit contributions based upon plan designs once renewal rates are available. Plan designs and contributions shall be effective January 1, 2015.

SECTION 3. Tuition Reimbursement. For fiscal year 2014-2015, the City shall make available to all eligible City employees, a \$20,000 fund to be used for tuition costs and textbooks. The fund shall be distributed on a first come basis as determined by the filing date of the appropriate documentation with the Human Resources Department [Refer to Department Director Letter #48 (April 12, 2004)].

SECTION 4. Vacation Leave. The following language shall be added to *Article V, Section 1, Vacation*, of the current Memorandum of Understanding: "Requests to utilize accrued vacation shall be submitted in writing on City approved forms to the Department Head. Department Heads shall respond to vacation requests submitted on City approved forms within ten (10) work days. Department Heads shall not unreasonably delay responses to employee vacation requests. Nothing in this article shall be construed to prevent a response to the employee's request before the expiration of ten (10) work days."

SECTION 5. Bonus Pay. Each member of the Middle Management Unit shall be entitled to a one-time, off-schedule, lump sum bonus equal to 2.1% of the employee's annual base pay. Such payment is not considered compensation for purposes of CalPERS. Bonus is subject to state and federal taxes. Payment will be paid on the first paycheck in November 2014.

SECTION 6. Term. The terms and conditions set forth herein shall be in effect from July 1, 2014 through June 30, 2015, and the Pre-petition Memorandum of Understanding (MOU) between the City and the SBPEA, and any amendments thereto, shall continue to apply except as expressly set forth herein. Nothing in this Agreement is intended to or constitutes an assumption or rejection (as those terms are used in the Bankruptcy Code) of any MOU or any other agreements between the City and the SBPEA. The City and the SBPEA agree to continue to negotiate further terms and conditions of employment during the term of this Agreement including without limitation, health benefit contributions, with the intent of concluding a comprehensive agreement on both economic and non-economic issues and to discuss relative Chapter 9 Plan of Adjustment issues.

DATE: 6/26/14

7/2/14

FOR THE CITY:

REPRESENTATIVES OF:
MIDDLE MANAGEMENT UNIT
EMPLOYEES (SBPEA)

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