

CITY OF CORONA

SIDE LETTER OF AGREEMENT MODIFYING THE 2008-2017 MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF CORONA AND THE CORONA POLICE EMPLOYEES ASSOCIATION

1. PARTIES AND DATE.

This Side Letter of Agreement (“Side Letter”) is entered into this 21st day of June 2017, by and between the City of Corona, a municipal corporation organized under the laws of the State of California with its principal place of business at 400 South Vicentia Avenue, Corona, California 92882 (“City”), and Corona Police Employees Association, a recognized employee organization (“CPEA”). City and CPEA are sometimes individually referred to as “Party” and collectively as “Parties” in this Side Letter.

2. RECITALS.

2.1 City and CPEA entered in a Memorandum of Understanding effective July 1, 2008 through June 30, 2017 (“MOU”).

2.2 Article XVI of the MOU memorializes the Parties intent to maintain the MOU as a living document and authorizes the Parties to revise the MOU during the term of the MOU.

2.3 After meeting and conferring in good faith, the City and CPEA desire to modify certain terms and conditions of the MOU as set forth in this Side Letter.

2.4 This Side Letter shall be in effect following City Council approval.

3. TERMS.

3.1 Section 3.9 – Deferred Compensation. Section 3.9 (Deferred Compensation is hereby added to Article III (Benefits) of the MOU to read as follows:

“Section 3.9 – Deferred Compensation:

Members may take out loans against their Deferred Compensation account subject to the following terms and conditions:

- A. Loans shall be made pursuant to a written, enforceable loan agreement.
- B. Loans shall be available for all purposes. Loans shall not exceed the lesser of (i) \$50,000, or (ii) the greater of 1/2 of the employee’s account balance or \$10,000. The minimum loan amount available shall be \$1,000.00.

- C. Employees may receive one loan per calendar year and may have only one outstanding loan at a time.
- D. Loans shall be repaid in substantially equal installments of principal and interest, at least quarterly, over no more than 5 years; provided that loans for a principal residence shall be repaid in substantially equal installments of principal and interest, at least monthly, over no more than 15 years.
- E. Loans shall be made at a reasonable interest rate.
- F. Employees shall repay loans directly to the employee's deferred compensation plan provider. Loans will be in default if any payment is not made within 60 days of the date it is due or as otherwise provided in the loan agreement.
- G. If there is a default or the loan does not meet the requirements outlined above, the outstanding loan balance will be reported as a taxable distribution in addition to the amount of cash distributed from the plan, and may be subject to additional taxes for early withdrawal.

Arrangements for such loans must be initiated by the employee and made directly with their deferred compensation provider.”

3.2 Section 6.1.8 - Separation. Section 6.1.8 (Separation) of Article VI (Leaves) of the MOU is hereby deleted in its entirety and replaced with the following:

“6.1.8 Separation:

Employees separating from the City service shall receive payment for 100% of accrued Annual Leave.

Alternatively, an employee separating from City service for any reason (including retirement) may make an irrevocable advance election before the first day of the month of separation to contribute accrued Annual Leave remaining at separation to the employee's account provided under the City's 457(b) deferred compensation plan. Contributions of Annual Leave to the 457(b) plan may not cause the employee to exceed the maximum annual deferral limitation for the year in which the contribution is made (\$18,000 for 2017, plus catch-up contributions of \$6,000 for employees age 50 or older). If an employee elects to contribute Annual Leave to the 457(b) plan, any Annual Leave that exceeds the maximum

annual deferral limitations will be paid to the employee as a taxable cash payment.”

3.3 Section 6.1.9 – Pay in Lieu of Annual Leave. Section 6.1.9 (Pay in Lieu of Annual Leave (Buy-Back)) of Article VI (Leaves) of the MOU is hereby deleted in its entirety and replaced with the following:

“6.1.9 Pay in Lieu of Annual Leave (Buy-Back):

Buy-Back Guidelines:

Members may make an advance irrevocable election each year to buy back Annual Leave that will be accrued in the following 12 month period (commencing with the first full pay period of the fiscal year and ending with the last full pay period of that fiscal year) (“Buy-Back Period”) by submitting an Annual Leave Buy-Back Request form during the last 15 days of June. Annual Leave buy back payments will be calculated at the Association member’s regular rate as of the last full pay period of the Buy-Back Period. Frozen Sick Leave accounts are not available for buy-back.

Upon the employee’s submission of an Annual Leave Buy-Back Request, the City will buy back Annual Leave after the close of the Buy-Back Period from the employee’s account subject to the following criteria:

Annual Leave Used During the Buy-Back Period	Min. Annual Leave Remaining After Buy-Back	Maximum Buy-Back
40 Hours	80 Hours	120 Hours
60 Hours	80 Hours	140 Hours
80 Hours	80 Hours	160 Hours

Note: If an employee is out on extended Military Leave, the City will buy back up to 160 hours without the usual requirement that the employee have used Annual Leave hours during the Buy-Back Period.

Payment shall be made on the Friday after the pay day for the first full pay period of the Buy-Back Period. If an employee does not meet the requirements for a buy-back as outlined above as of the end of the Buy-Back Period, no buy-back payment will be made, provided that an employee meeting the requirements for a lower buy-back amount than elected by the employee will have his or her election automatically adjusted and will receive the corresponding lower buy-back payment. For example, if an employee submits an

Annual Leave Buy-Back Request to buy back 140 hours of Annual Leave, but has only used 40 hours of Annual Leave during the Buy-Back Period, the employee's election will be automatically adjusted to request a buy-back of 120 hours. Employees may not elect to buy back Annual Leave that has accrued during a previous Buy-Back Period. Employees must submit a new Annual Leave Buy-Back Request for each Buy-Back Period and failure to submit an Annual Leave Buy-Back Request will result in the employee being prohibited from buying back Annual Leave for that Buy-Back Period.

The City will endeavor to implement, on or before July 1, 2018, a process that allows Employees to make an advance irrevocable election twice per year to buy back Annual Leave that will accrue after the election provided that the City's computer and software technology can accommodate an automated electronic method for processing Annual Leave Buy Back Request forms, as determined by the City Manager. If the City's computer and software technology can accommodate an electronic method, the City and CPE shall meet and confer in good faith to negotiate a side letter or other agreement to implement the twice per year buy-back process, including, without limitation, the time for submission of Annual Leave Buy Back Request forms and the minimum criteria that an Employee must satisfy to buy back Annual Leave. If the City's computer and software technology cannot accommodate an automated electronic method for processing Annual Leave Buy Back Request forms, the City shall provide notice to CPE on or before June 1, 2018."

3.4 Section 6.2.4 – Frozen Sick Leave at Retirement. Section 6.2.4 (Frozen Sick Leave at Retirement) of Article VI (Leaves) of the MOU is hereby deleted in its entirety and replaced with the following:

"6.2.4 Frozen Sick Leave at Retirement:

Members who retire, retire due to disability, or are deceased prior to retirement, after a minimum of fifteen (15) years of regular employment, will be paid three percent (3%) of their unused Frozen Sick Leave for each year of service. Payment shall be calculated at the employee's hourly rate in effect at the time of separation. Under no circumstances shall the amount paid exceed the value of the total unused Frozen Sick Leave balance in the employee's account.

Members who retire, retire due to disability, or are deceased prior to retirement after a minimum of 25 (twenty-five) years of regular

employment shall be paid 100% of their unused Frozen Sick Leave effective Payroll 1, 2004. Payment shall be calculated at the employee's hourly rate in effect at the time of separation.

An employee has the option of cash payment or delay of date of retirement as the method of receiving unused Annual Leave and/or Frozen Sick Leave.”

3.5 Entire Agreement; Continuing Effect of MOU. It is understood and agreed that the specific provisions contained in this Side Letter shall supersede any previous agreements, whether oral or written, regarding the matters expressly addressed herein. In addition, except as amended by this Side Letter, all wages, hours and other terms and conditions of employment presently enjoyed by the affected employees and contained in the MOU, as amended by duly approved previous side letters, shall remain unchanged and in full force and effect.

3.6 Expiration of Side Letter. This Side Letter shall expire and become null and void on June 30, 2017, upon expiration of the MOU, at which time the terms and conditions of this Side Letter will be reviewed for applicability of extension into a successor agreement.

3.7 Adequate Consideration. The Parties hereto irrevocably stipulate and agree that they have each received adequate and independent consideration for the performance of the obligations they have undertaken pursuant to this Side Letter. The Parties agree that the execution of this Side Letter may not be challenged by the CPEA or any employee it is recognized to represent through the City's grievance procedure or in any other forum unless the challenge is based upon a factual allegation that the Side Letter was the product of fraud, intentional misrepresentation or unlawful coercion on the part of City representatives.

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be executed on the date first hereinabove written.

Dated: _____

Darrell Talbert
Employee Relations Officer
City Manager

Dated: _____

Kerry Eden
Assistant City Manager /
Administrative Services Director

Dated: _____

Jason Perez
President
Corona Police Employees Association