

**SIDE LETTER OF AGREEMENT**  
**Between**  
**Operating Engineers Local 3**  
**And**  
**Las Gallinas Valley Sanitary District**

**Regarding**

**Section 18.1 Retirement**

**March 24, 2016**

The Las Gallinas Valley Sanitary District (hereinafter District) and Operating Engineers Local 3 (hereinafter Union) have met and conferred in good faith and have agreed that Section 18.1 Retirement of the Memorandum of Understanding adopted on June 26, 2014 for the term July 1, 2014 through June 20, 2019 shall be replaced in its entirety by the following:

**18.1 Retirement**

“Classic Members”

For those employees who are not New Members, as defined in the Public Employees’ Pension Reform Act of 2013 (PEPRA), the District’s contract with the California Public Employee’s Retirement System (CalPERS) provides for a retirement benefit of 2.7% at age 55 and includes the benefit commonly known as Single Highest Year.

Effective July 1, 2006, the classic member’s contribution to the Public Employees Retirement System shall be 4.0%.

- Effective the first pay day in July 2014, the Classic Member’s contribution for CalPERS shall increase by 1.0% (for a total of 5.0%).
- Effective the first pay day in July 2015, the Classic Member’s contribution for CalPERS shall increase by 1.0% (for a total of 6.0%).
- Effective the first pay day in July 2016, the Classic Member’s contribution for CalPERS shall increase by 1.0% (for a total of 7.0%).
- Effective the first pay day in July 2017 the Classic Member’s contribution for CalPERS shall increase by 1.0% (for a total of 8.0%).

"New Members" as defined by the Public Employees' Pension Reform Act of 2013 (PEPRA)

New Members are subject to the provisions of PEPRA which provides a retirement benefit of 2% at age 62 and the benefit based on the final three years of compensation.

For those employees, who are New Members to CalPERS:

- Effective the first pay day in July 2014, the New Members contribution for CalPERS shall be 6.25%.
- Effective the first pay day in July 2016 or as soon as CalPERS can administratively amend the retirement contract, the New Members shall contribute an additional 0.75% toward the employer rate for a for a total of 7.0%.
- Effective the first pay day in July 2017 or as soon as CalPERS can administratively amend the retirement contract, the New Members shall contribute an additional 1.0% toward the employer rate for a for a total of 8.0%.

It is the intent of all parties to this Side Letter that if the employee contribution rate for New Members at any time exceeds 8% that the New Members contribution towards the employer's rate shall be 0%.

The District also participates in the Social Security System.

Employees can also participate in a Deferred Compensation Plan.

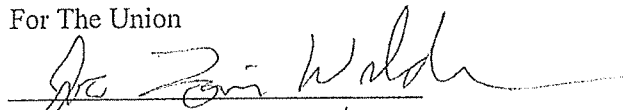
Approved and Accepted:

For The District



Date: 3-24-16

For The Union



Date: 3-25-16