

**SIDE LETTER AGREEMENT**  
**Between the City of Cathedral City and**  
**Cathedral City Fire Management Association (CCFMA)**

**Deferred Compensation and 401(a) Plan**

This Side Letter Agreement is entered into by and between the City of Cathedral City (City) and the Cathedral City Fire Management Association (CCFMA) to modify the provisions related to Deferred Compensation and 401(a) Plan as outlined in Section 17.2 of the current Memorandum of Understanding (MOU).

The parties hereby agree to the following modifications:

**A. 457(b) Plan:**

The City sponsors a 457(b) eligible deferred compensation plan (457 (b) Plan). All bargaining unit employees are eligible to elect to contribute their City pay to the 457 (b) Plan in accordance with its terms. For each pay period, the City will provide a matching contribution to each employee's 457(b) account equal to 100% of the employee's elective 457(b) contribution, up to a maximum of \$55.00 per pay period.

**B. 401(a) Plan:**

The City sponsors a 401(a) defined contribution plan (401(a) Plan). Notwithstanding any MOU provisions to the contrary, contributions will be made to the 401(a) Plan for bargaining unit employees as follows:

- **Mandatory employee contributions:**
  - Base salary— Every pay period, a mandatory contribution of 1% will be deducted from each employee's base salary and contributed to the employee's 401(a) account.
  - Final leave balances

Upon termination of City employment, an employee's eligible final leave balances, as defined by this MOU, will be contributed to the employee's 401(a) account.

Contributions to the 401(a) Plan are subject to annual limits under the tax laws. If any leave amounts described above cannot be contributed to the employee's 401(a) Plan account due to these tax limits the employee may elect to receive the uncontributed amounts in the form of cash, 457(b) contributions (subject to tax limits), or a combination of both.

- Under no circumstance will any employee be permitted to elect to receive cash (or other benefit) in lieu of 401(a) contributions made under the above.
- For avoidance of doubt, the final leave balance available for 401(a) contribution under this MOU provision will be determined after (i) any employee election to convert sick time to CalPERS service credit, (ii) application of any MOU provision reducing the leave balance available at

termination, including Section 12.11 (providing for payment of 25%/50% of unused sick leave upon termination), and (iii) any other MOU provision affecting the calculation of leave balances upon termination.

- Optional employee contributions (base salary):
  - Each employee may elect to contribute an additional 1–19% of their base salary to their 401(a) account. Employees must make this election no later than 60 days after their hire date. Once the deadline established by the City for an employee's election has passed, the employee cannot change their decision. The time and manner of an employee's election will be established by the City in its sole discretion, as necessary to qualify the contributions for nontaxable treatment. Contributions under this paragraph will be deducted from base salary each pay period.


All other terms and conditions of the current MOU remain in full force and effect.

This Side Letter Agreement shall be effective upon ratification by CCFMA membership and approval by the City Council.

Agreed to this 8<sup>th</sup> day of July 2024.

For the City of Cathedral City:

For CCFMA:



[Charles McClendon \(Jul 8, 2024 15:48 PDT\)](#)

Charles P. McClendon, City Manager



[Corey Goddard \(Jul 8, 2024 16:18 PDT\)](#)

Corey Goddard, CCFMA President

# CCFMA 401a and 457 Side Letter 07.2024 Final

Final Audit Report

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