

F. 401 (a) Side Letters

Recommendation: To authorize the City Manager to execute side letters with the Cathedral City Police Management Association (CCPMA), Cathedral City Fire Management Association (CCFMA), Cathedral City Professional Firefighters Association (CCPFA), and update the regulations for Non-Represented Executive, Administrative, Professional, Confidential, and Other Particular Employees (Non-Rep) to amend the 401(a) retirement plan document.

AMENDMENT TO AGREEMENT
Non-Rep Regulations

Deferred Compensation and 401(a) Plan

This agreement modifies the provisions related to Deferred Compensation and the 401(a) Plan outlined in Section 11.8 of the current Non-Rep Regulations.

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 \$50.00 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, but only if the employee :

(i.) reaches age 55 or older (or in the case of a safety employee, age 50 or older) in the calendar year of termination, or

(ii.) terminates from employment due to total and permanent disability.

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 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 6.7.1 (providing for payment of 25%/50%/100% of unused sick leave upon termination), and (iii) any other MOU provision affecting the calculation of leave balances upon termination.

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

This Amendment shall be effective upon approval by the City Council.

Agreed to this 8th day of July 2024.

For the City of Cathedral City:



[Charles McClendon \(Jul 8, 2024 15:49 PDT\)](#)

Charles P. McClendon, City Manager






Non-Rep 401a and 457 Side Letter 07.2024

Final Audit Report

2024-07-08

Created:	2024-07-08
By:	Eugenia Torres (hr@cathedralcity.gov)
Status:	Signed
Transaction ID:	CBJCHBCAABAAWXWOadvjVRj8ah6sgC-gtwq7HQTlrdXa

"Non-Rep 401a and 457 Side Letter 07.2024" History

-  Document created by Eugenia Torres (hr@cathedralcity.gov)
2024-07-08 - 9:49:44 PM GMT
-  Document emailed to Charles McClendon (cmccclendon@cathedralcity.gov) for signature
2024-07-08 - 9:50:13 PM GMT
-  Email viewed by Charles McClendon (cmccclendon@cathedralcity.gov)
2024-07-08 - 10:18:37 PM GMT
-  Document e-signed by Charles McClendon (cmccclendon@cathedralcity.gov)
Signature Date: 2024-07-08 - 10:49:10 PM GMT - Time Source: server
-  Agreement completed.
2024-07-08 - 10:49:10 PM GMT

SIDE LETTER AGREEMENT
Between the City of Cathedral City and
Cathedral City Police Management Association (CCPMA)

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 Police Management Association (CCPMA) to modify the provisions related to Deferred Compensation and 401(a) Plan as outlined in Section 16.4 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 \$46.16 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 – Effective the pay period starting August 04, 2024, change from \$150 to \$200 per pay period:
 - Base salary— Every pay period, a mandatory contribution of \$200.00 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 12.14 (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.

The following highlights the tax laws relevant to the above MOU provisions mandating mandatory contributions of unused leave balances to employees' 401(a) accounts:

- Contributions deposited into employees' 401(a) accounts are nontaxable and exempt from Medicare taxes.
- Participants may transfer these funds—including any allocable investment earnings—from their 401(a) accounts to Individual Retirement Accounts (IRAs) or other eligible employer retirement plans without incurring taxes.
- While contributions to the 401(a) plan are nontaxable at deposit, withdrawals—including any allocable investment earnings—are taxable as income. If a participant is under age 59½ when the withdrawal occurs, the amount withdrawn is subject to a federal 10% early withdrawal penalty and possible state early withdrawal penalties unless the participant was age 50 or older for safety employees, 55 or older for non-safety when their City employment ended, is disabled, or qualifies for other specific exceptions.
- Tax laws generally prohibit voluntary contributions to 401(a) plans. To comply with these laws while allowing employees to benefit from significant tax advantages, the MOU mandates these contributions.
- Please note that these descriptions are based on current tax laws, which are subject to potential changes.

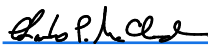
All other terms and conditions of the current MOU remain in full force and effect.

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

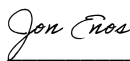
Agreed to this 16th day of July 2024

For the City of Cathedral City:

For CCPMA:


Charles McClendon (Jul 16, 2024 13:54 PDT)

Charles P. McClendon, City Manager



Jon Enos, CCPMA President

CCPMA 401a and 457 Side Letter









07.2024_Increase

Final Audit Report

2024-07-17

Created:	2024-07-16
By:	Eugenia Torres (etorres@cathedralcity.gov)
Status:	Signed
Transaction ID:	CBJCHBCAABAAoYtdCNwl7IKpQ1OAqH-fblO5-1-shYE7

"CCPMA 401a and 457 Side Letter 07.2024_Increase" History

-  Document created by Eugenia Torres (etorres@cathedralcity.gov)
2024-07-16 - 8:22:56 PM GMT
-  Document emailed to Charles McClendon (cmccclendon@cathedralcity.gov) for signature
2024-07-16 - 8:23:36 PM GMT
-  Email viewed by Charles McClendon (cmccclendon@cathedralcity.gov)
2024-07-16 - 8:34:42 PM GMT
-  Document e-signed by Charles McClendon (cmccclendon@cathedralcity.gov)
Signature Date: 2024-07-16 - 8:54:29 PM GMT - Time Source: server
-  Document emailed to Jon Enos (jenos@cathedralcity.gov) for signature
2024-07-16 - 8:54:31 PM GMT
-  Email viewed by Jon Enos (jenos@cathedralcity.gov)
2024-07-17 - 3:54:22 PM GMT
-  Document e-signed by Jon Enos (jenos@cathedralcity.gov)
Signature Date: 2024-07-17 - 4:47:32 PM GMT - Time Source: server
-  Agreement completed.
2024-07-17 - 4:47:32 PM GMT

SIDE LETTER AGREEMENT
Between the City of Cathedral City and
Cathedral City Professional Fire Association (CCPFA)

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 Professional Fire Association (CCPFA) to modify the provisions related to Deferred Compensation and 401(a) Plan as outlined in Section 18.4 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 \$65.00 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:
 - Regular Rate of Pay and Overtime— Every pay period, a mandatory contribution of 1% will be deducted from each employee's regular rate of pay and eligible overtime earnings. This combined amount will be 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 13.9 (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 regular rate of pay and overtime 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 regular rate of pay and overtime each pay period.

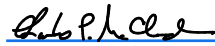
All other terms and conditions of the current MOU remain in full force and effect.

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

Agreed to this 22nd day of July 2024.

For the City of Cathedral City:

For CCPFA:



Charles McClendon (Jul 22, 2024 16:27 PDT)

Charles P. McClendon, City Manager



Corey Goddard (Jul 23, 2024 09:18 PDT)

Corey Goddard, CCPFA President









CCPFA 401a and 457 Side Letter 07.2024 Final(Rev. 07.22.24)

Final Audit Report

2024-07-23

Created:	2024-07-22
By:	Eugenia Torres (hr@cathedralcity.gov)
Status:	Signed
Transaction ID:	CBJCHBCAABAAuLoxY53L8DLzgTSIj0qzgUSs--MzZn1F

"CCPFA 401a and 457 Side Letter 07.2024 Final(Rev. 07.22.24) " History

-  Document created by Eugenia Torres (hr@cathedralcity.gov)
2024-07-22 - 10:35:25 PM GMT
-  Document emailed to Charles McClendon (cmccclendon@cathedralcity.gov) for signature
2024-07-22 - 10:36:07 PM GMT
-  Email viewed by Charles McClendon (cmccclendon@cathedralcity.gov)
2024-07-22 - 11:17:57 PM GMT
-  Document e-signed by Charles McClendon (cmccclendon@cathedralcity.gov)
Signature Date: 2024-07-22 - 11:27:03 PM GMT - Time Source: server
-  Document emailed to Corey Goddard (cgoddard@cathedralcity.gov) for signature
2024-07-22 - 11:27:05 PM GMT
-  Email viewed by Corey Goddard (cgoddard@cathedralcity.gov)
2024-07-22 - 11:33:33 PM GMT
-  Document e-signed by Corey Goddard (cgoddard@cathedralcity.gov)
Signature Date: 2024-07-23 - 4:18:49 PM GMT - Time Source: server
-  Agreement completed.
2024-07-23 - 4:18:49 PM GMT

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:**
 - Regular Rate of Pay and Overtime— Every pay period, a mandatory contribution of 1% will be deducted from each employee's regular rate of pay and eligible overtime earnings. This combined amount will be 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 regular rate of pay and overtime 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 regular rate of pay and overtime each pay period.

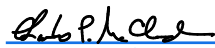
All other terms and conditions of the current MOU remain in full force and effect.

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

Agreed to this 22nd day of July 2024.

For the City of Cathedral City:

For CCFMA:



Charles McClendon (Jul 22, 2024 16:26 PDT)

Charles P. McClendon, City Manager



Corey Goddard (Jul 23, 2024 09:19 PDT)

Corey Goddard, CCFMA President









CCFMA 401a and 457 Side Letter 07.2024 Final(Rev. 07.22.24)

Final Audit Report

2024-07-23

Created:	2024-07-22
By:	Eugenia Torres (hr@cathedralcity.gov)
Status:	Signed
Transaction ID:	CBJCHBCAABAAyO4uDEXVfCMaN2PdGiGgelx9_VAjGVdL

"CCFMA 401a and 457 Side Letter 07.2024 Final(Rev. 07.22.24) " History

-  Document created by Eugenia Torres (hr@cathedralcity.gov)
2024-07-22 - 10:42:15 PM GMT
-  Document emailed to Charles McClendon (cmcclendon@cathedralcity.gov) for signature
2024-07-22 - 10:49:33 PM GMT
-  Email viewed by Charles McClendon (cmcclendon@cathedralcity.gov)
2024-07-22 - 11:17:57 PM GMT
-  Document e-signed by Charles McClendon (cmcclendon@cathedralcity.gov)
Signature Date: 2024-07-22 - 11:26:35 PM GMT - Time Source: server
-  Document emailed to Corey Goddard (cgoddard@cathedralcity.gov) for signature
2024-07-22 - 11:26:37 PM GMT
-  Email viewed by Corey Goddard (cgoddard@cathedralcity.gov)
2024-07-22 - 11:33:29 PM GMT
-  Document e-signed by Corey Goddard (cgoddard@cathedralcity.gov)
Signature Date: 2024-07-23 - 4:19:35 PM GMT - Time Source: server
-  Agreement completed.
2024-07-23 - 4:19:35 PM GMT