SETTLEMENT AGREEMENT AND WITHDRAWAL OF APPEAL

Section 1. RECITALS

1. This "Settlement Agreement ("Agreement") is entered into by and between the following parties: the County of Placer ("Placer County") and the California Public Employees' Retirement System ("CalPERS").

2. In nine separate appeals, Placer County appealed CalPERS' "Denial of Reported Compensation – Longevity Pay" to the following Placer County retirees: [redacted] (the "Retirees").

3. CalPERS' reviewed reported payroll for the Retirees and determined that their Longevity Pay was not in compliance with the Public Employees Retirement Law (the PERL) and was not reportable to CalPERS for retirement purposes. CalPERS issued a determination letter to each Retiree advising that the Longevity Pay "does not meet the PERL's exclusive definition of Longevity Pay and is not available to the group or class because it is limited to employees at the top step of the pay range. Accordingly, we [CalPERS] excluded this pay from the calculation of your retirement benefits." The Determination Letter also advised the Retirees and the County of their right to appeal the determination referenced in the letters.

4. Placer County appealed CalPERS' decision on February 13th, March 15th, April 16th, April 19th, June 21st, July 22nd, August 23rd, September 27th and October 30th of 2019 and requested a hearing before the California Office of Administrative Hearings. Placer County's appeals set forth the following arguments: (1) Placer County's Contract with the CalPERS Board required that "Final Compensation" be in Accordance with Public Employees' Retirement Law and CalPERS decision was not in accordance with said law; (2) Placer County's Longevity Pay Ordinance Meets CalPERS' definition of Longevity Pay; (3) Placer County's Longevity Pay Ordinance applies to all similarly situated employees; (4) The County of Placer has the Exclusive Authority to Create, Define and Set the Parameters of the "Group or Class of Employment"; (5) CalPERS' New Interpretation of the County's Longevity Pay Provision Impermissibly Redefines the County's Group or Class; (6) CalPERS' Past Circular Letter Broadly defines "Group or Class of Employment" and supports the County's Position; (7) Equitable Estoppel bars CalPERS from redefining the County's Longevity Pay to Exclude it from Compensation

Earnable; and (8), CalPERS' New Interpretation of the County's Longevity Pay Provision is an Impermissible Underground Regulation that was not adopted pursuant to Government Code Section 11340.5.

5. The Parties agree that the Memorandum of Understanding (MOU) between the County of Placer and PPEO Represented Management, Confidential, and Unclassified Nonmanagement Employees, Chapter 3 PERSONNEL, Article 3.12 ALLOCATIONS AND COMPENSATION, 3.12.060 Longevity Pay will be revised as provided in Exhibit A.

6. The Parties agree that a Side Letter to the MOU will be entered into between the County of Placer and PPEO as provided in Exhibit B no later than December 31, 2019. If a Side Letter is not entered into by County of Placer and PPEO by December 31, 2019, this Agreement becomes null and void.

7. CalPERS and Placer County (collectively, the "Parties") continue to dispute whether Placer County's longevity pay provision complies with PERL, but both parties have agreed to resolve the dispute and settle the appeals under the terms set forth herein. The parties desire to resolve the aforementioned appeals and address CalPERS' concerns with Placer County's longevity pay provision in a manner that is fair and final for Placer County, the Retirees, Placer County current employees and CalPERS in such a way that is in compliance with CalPERS' interpretation of PERL.

Section 2. AGREEMENT TO INCLUDE PLACER COUNTY'S LONGEVITY PAY AS COMPENSATION EARNABLE.

8. CalPERS agrees to include Placer County's longevity pay as part of compensation earnable for all Placer County employees and retirees that have qualified for longevity pay on or before October 31, 2019 in exchange for Placer County's agreement to change the longevity pay provision for all persons that have not qualified for longevity pay as set forth in Exhibit A [Proposed Ordinance Amendments] and Exhibit B [Proposed Side Letter Agreement] to this agreement. CalPERS' agreement is contingent upon Placer County amending its longevity pay provision as set forth in Exhibit A (excluding minor, non-substantive changes).

9. CalPERS further agrees that the aforementioned Placer County retirees listed in Section 1.2. who may have had a portion of their pension withheld due to the decision to exclude Placer County's longevity pay, will be reimbursed any amounts withheld, providing he/she has signed the Waiver and Release attached as Exhibit C. These amounts will not include interest, as a reasonable dispute exists between the parties. The amount reimbursed by CalPERS shall be done in a reasonable amount of time not to exceed 90 days after entering into this agreement.

10. CalPERS understands and agrees that this settlement agreement applies to and is for the express benefit of all Placer County employees and retirees that have qualified for longevity pay or have received retirement benefits that include longevity pay in

compensation earnable on or before October 31, 2019. Placer County employees and retirees that have qualified for longevity pay or have received retirement benefits that include longevity pay in compensation earnable will continue to have longevity pay included in compensation earnable.

11. The County of Placer understands that the Agreements set forth above apply only to Longevity Pay earned by Retirees, and employees hired on or before October 31, 2019. For those Placer County employees hired after October 31, 2019, Longevity Pay will not be reportable because it will not be offered by the County.

Section 3. DISMISSAL OF APPEAL

12. In exchange for the Parties' agreements and consideration as provided in this agreement, Placer County hereby withdraws and dismisses its appeals concerning the aforementioned retirees. In addition, each Placer County Retiree listed in Section 1.2. shall be provided an opportunity to execute the "Waiver and Dismissal" attached hereto as Exhibit C. If any Retiree does not execute the "Waiver and Dismissal", CalPERS' determination shall remain in place as to that particular Retiree, provided, however, that the rest of this Agreement shall remain in effect for the Parties and for the Waiving Retirees. The County of Placer agrees to use its best efforts to have the Retirees sign the Waiver and Dismissal.

13. In further exchange for the Parties' agreements and consideration as provided in this agreement, Placer County further hereby agrees to withdraw and dismiss the Petition for Declaratory Relief and Writ of Mandate [*Brett D. Holt v. California Public Employees' Retirement System* Case No. 34-2019-80003207].

Section 4. NO FURTHER ACTION.

14. Each Party to this Agreement and any Retiree who signs the Waiver and Dismissal agrees not to bring any action or maintain any new or further proceedings against the other under any grievance or arbitration procedure or with any court, neutral or administrative agency, or in any other forum whatsoever, by reason of any claim, loss, liability, demand or cause of action against the other related in any way to the subject matter of this Agreement. The Parties represent they have not filed or initiated any such other actions or proceedings.

Section 5. NO CHANGE TO OTHER RETIREMENT BENEFITS

15. Nothing in this Agreement affects service credit or other final compensation for any retired or current employees of Placer County, nor further diminishes their entitlement to continuing retirement benefits from CalPERS for service credit and retirement benefits, including annual cost of living increases that may otherwise apply to them.

Section 6. WAIVER, DISCHARGE AND RELEASE.

16. The Parties generally and specifically agree that each shall fully and forever discharge and release all claims, demands, debts, obligations, damages, liabilities and causes of action, whether now known or unknown, which either Party has against the other Party arising out of, or relating to the appeals filed by Placer County concerning the aforementioned retiree.

17. For purposes of this section, “Party” or “Parties” shall include CalPERS, the CalPERS Board of Administration, Placer County, the Placer County retirees listed in Section 1.2 who signs the waiver of dismissal, and each of their respective past, present, and future officers, directors, board members, agents, assigns, successors, personal representatives, attorneys, administrators, receivers, trustees, and anyone acting by or on behalf of such persons.

Section 7. WAIVER OF CALIFORNIA CIVIL CODE SECTION 1542.

18. Section 1542 of the California Civil Code provides as follows:

> A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must materially affected his or her settlement with the debtor.

19. Each Party fully understands and expressly waives any and all respective rights under, and the benefits of Section 1542 of the California Civil Code with respect to the subject matter of this Agreement.

Section 8. AGREEMENT IS NOT AN ADMISSION OF LIABILITY

20. This Agreement is a compromise of disputed claims and fully and finally settles all claims between the Parties. Neither the consideration hereunder nor anything contained in this Agreement shall be interpreted or construed to be an admission of liability on the part of any Party named herein. This Agreement is not to be construed as an admission of liability or fault on the part of any Party to the Agreement.

Section 9. SUFFICIENCY OF CONSIDERATION.

21. The sufficiency of the consideration for the mutual covenants, obligations, and agreements contained in this Agreement is acknowledged by the Parties.

Section 10. SUCCESSORS AND ASSIGNS.

22. All terms and conditions of this Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the Parties and their respective representatives, successors and assigns. Each Party represents and warrants that he/she/it has not assigned or transferred to any person or entity any of the rights, claims, and demands released or

discharged under this Agreement. Any such assignment or transfer shall be null and void from inception.

Section 11. ENTIRE AGREEMENT.

23. This Agreement contains the entire agreement between the Parties relating to its subject matter and all prior and contemporaneous agreements, understandings, representations, and statements, both oral and written, are merged herein. This Agreement is complete, exclusive, and the final embodiment of the Parties' intent. The Agreement may be modified only in a written document signed by both Parties. All prior agreements, understandings, oral agreements and writings are expressly superseded hereby and are of no further force or effect.

Section 12. MODIFICATION.

24. This Agreement may not be altered, amended, modified or otherwise changed in any respect whatsoever except by a writing duly executed by the parties and/or their authorized representatives.

Section 13. SEVERABILITY.

25. Should any provision of this Agreement be declared by any court of competent jurisdiction to be illegal, invalid, or unenforceable, the legality, validity and enforceability of the remaining parts, terms or provisions shall not be affected thereby and said illegal, unenforceable or invalid part, or provision shall be deemed not to be a part of this Agreement, *provided that* the material consideration received by either Party is not defeated.

Section 14. LAW OF THE AGREEMENT.

26. This Agreement shall be construed and enforced with, and governed by, the laws of the State of California. Any action or proceeding brought for the purpose of enforcing this Agreement shall be governed by the laws of the State of California, including but not limited to the Public Employees' Retirement Law, California Government Code sections 20000 *et seq.* and Chapter 2, Division 1, Title 2, California Code of Regulations, sections 550 *et seq.* Any dispute under this Agreement shall be resolved only in a legal proceeding filed in the Superior Court for the State of California, County of Sacramento.

Section 15. AMBIGUITIES NOT HELD AGAINST THE DRAFTER.

27. This Agreement having been freely and voluntarily negotiated by the Parties, the rule that ambiguous contractual provisions are construed against the drafter of the provision shall be inapplicable to this Agreement. The Parties have participated jointly in the negotiation and preparation of this Agreement, and each Party has had the opportunity to obtain the advice of legal counsel and to review and comment upon this Agreement.

This Agreement shall be construed as if the Parties jointly prepared it, and neither in favor of nor against either Party.

Section 16. UNDERSTANDING OF AGREEMENT.

28. All Parties acknowledge and agree they are represented by counsel, or have the right to be represented by counsel; in connection with the drafting and execution of this Agreement and that they have read and fully understand the terms and conditions of the Agreement. Placer County and CalPERS assume no liability for any taxes or other tax-related claims related to this Agreement.

Section 17. EFFECTIVE DATE OF AGREEMENT.

29. This Agreement is expressly made conditional upon all parties' signature of the Agreement. The effective date of this Agreement is the first date on which all parties have signed this Agreement.

Section 18. EXECUTION BY COUNTERPARTS.

30. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which shall together constitute one and the same instrument. Copies of each signed counterpart may be used in lieu of the originals for any purpose. Facsimile signatures of the parties shall have the effect of original signatures.

THE REST OF THIS PAGE LEFT INTENTIONALLY BLANK.

BY AFFIXING HIS OR HER SIGNATURE BELOW, EACH OF THE PERSONS SIGNING THIS AGREEMENT REPRESENTS THAT HE/SHE HAS READ AND UNDERSTANDS THIS AGREEMENT, THAT HE/SHE IS AUTHORIZED TO SIGN THIS AGREEMENT, AND THAT THE PARTY ON BEHALF OF WHOM HE/SHE SIGNS THIS AGREEMENT AGREES TO BE BOUND BY ITS TERMS.

IN WITNESS THEREOF, the Parties have signed this Agreement the day and year written next to their signatures below in a manner fully binding upon them.

Dated:

Name: Kirk Uhler, Chair
Board of Supervisors
County of Placer

Dated: 10/31/19

FOR
DONNA LUM
Division Chief
California Public Employees' Retirement System

Approved as to Form:

Dated: 10/31/19

ELIZABETH YELLAND
Senior Staff Counsel, CalPERS

Dated: 10/31/2019

BRETT D. HOLT
Chief Deputy County Counsel
Placer County Counsel

EXHIBIT A

Chapter 3 PERSONNEL
Article 3.12 ALLOCATIONS AND COMPENSATION
3.12.060 Longevity pay.

A. PPEO Represented, Management, Confidential and Unclassified Nonmanagement Employees. ~~Each permanent employee who has been at step 5 of his or her salary grade for ten thousand four hundred (10,400) paid hours (five years full-time paid service) with Placer County shall receive a one-time five percent increase in his or her current base hourly rate. The ten thousand four hundred (10,400) hour period shall be calculated from the date the employee begins service at step 5 in that salary grade.~~ **Effective the first day of the pay period that includes November 1, 2019 and subject to the conditions specified herein, PPEO Represented, Managemement, Confidential and Unclassified Nonmanagement Employees shall be eligible for longevity pay under one of the following formulas.**

1. ~~An employee who takes a voluntary demotion, transfer or reclassification to a lower salary grade shall have the previously earned service at the higher salary grade count towards the longevity pay calculation in the lower grade.~~ **Longevity Pay A: This category of longevity pay applies only to permanent employees who are already receiving longevity pay on or before October 31, 2019. For this category, each permanent employee will continue to receive longevity pay, which is a one-time five percent increase in his or her current base hourly rate. The basis to receive longevity pay will be determined by either one (but not both) of the following two formulas:**

A. The permanent employee has been at step 5 of his or her salary grade for ten thousand four hundred (10,400) paid hours (five years continuous full-time paid service) with Placer County.

B. The permanent employee has worked at least ten thousand four hundred hours (10,400) paid hours (five years of continuous full-time paid service) calculated from the beginning of employment with Placer County.

2. ~~Any form of overtime hours, extra-help hours and time off without pay regardless of the reason, will not be included for purposes of determining eligibility for longevity pay.~~ **Longevity Pay B: This category of longevity pay applies to permanent employees hired on or before October 31, 2019 that have not qualified for longevity pay by October 31, 2019. For this category, each permanent employee who has at least twenty thousand eight hundred (20,800) continuous paid hours calculated from the beginning of employment (ten (10) years of continuous full-time paid service) with Placer County shall receive as longevity pay a TWO PERCENT (2%) increase in their then current base hourly rate. Each permanent employee who has at least thirty one thousand two hundred (31,200) continuous paid hours calculated from the beginning of employment (fifteen (15) years of continuous full-time paid service) shall receive as longevity pay a THREE PERCENT (3%) increase in their then**

current base hourly rate. This category of longevity pay shall be calculated on a cumulative basis to equal no more than five percent in total.

3. ~~Eligible employees can only receive one longevity pay increase. Once a longevity increase has been provided to an employee it will remain with the employee regardless of any future position or classification changes.~~ **Longevity Pay C: This category of longevity pay applies solely to retirees of the County with a retirement date of October 31, 2019 or earlier that were PPEO Represented, Managemement, Confidential and Unclassified Nonmanagement Employees that had received longevity pay prior to his or her retirement. For this category, each retiree that received longevity pay on or before October 31, 2019 is deemed to have earned longevity pay under one of the following two formulas:**

A. The retiree was a permanent employee that had been at step 5 of his or her salary grade for ten thousand four hundred (10,400) paid hours (five years full-time paid service) with Placer County.

B. The retiree was a permanent employee that worked at least ten thousand four hundred hours (10,400) paid hours (five years of continuous full-time paid service) calculated from the beginning of employment with Placer County.

If the retiree had not received longevity pay prior to his or her retirement on or before October 31, 2019, this sub-section does not grant or change the longevity pay status to the retiree as it applies only to retirees that had already received longevity pay on or before October 31, 2019.

4. ~~Employees who separate from county service, but who reinstate at a future date, will follow the reinstatement provisions found in Section 3.08.1150 for eligibility for longevity pay~~. **PPEO Represented, Managemement, Confidential and Unclassified Nonmanagement Employees permanently hired on or after November 1, 2019 shall not be eligible for longevity pay.**

5. ~~Probation officer series employees who have received the ten (10) year and/or twenty (20) year longevity pay under the DSA MOU and Placer County Code Section 3.12.060(B) as of April 1, 2008, will continue to receive said pay in a grandfathered status. Probation officer series employees will follow the PPEO professional unit longevity provision if they had not received longevity pay as of April 1, 2008.~~ **For purposes of Longevity Pay A employees and Longevity Pay C retirees of the County with a retirement date of October 31, 2019 or earlier., an employee or retiree who took a voluntary demotion, transfer or reclassification to a lower salary grade is deemed to have the previously earned work hours at the higher salary grade count towards the longevity pay calculation in the lower salary grade.**

6. ~~Effective January 13, 2001, and continuing thereafter, elected department heads shall be eligible at the beginning of the first full pay period of the seventh year in office to receive a one-time five percent increase in their then current salary, which shall~~

~~be referred to as a "longevity step~~." **Any form of overtime hours, extra-help hours and time off without pay regardless of the reason, will not be included for purposes of determining eligibility for longevity pay under any of the longevity pay formulas.**

7. Eligible employees or retirees can qualify for longevity pay only pursuant to one of the longevity pay formulas. Once a longevity increase has been provided to an employee it will remain with the employee regardless of any future position or classification changes.

8. Employees who separate from county service, but who reinstate at a future date, will follow the reinstatement provisions found in Section 3.08.1150 for eligibility for longevity pay.

9. Probation officer series employees who have received the ten (10) year and/or twenty (20) year longevity pay under the DSA MOU and Placer County Code Section 3.12.060(B) as of April 1, 2008, will continue to receive said pay in a grandfathered status. Probation officer series employees will follow the PPEO professional unit longevity provision if they had not received longevity pay as of April 1, 2008.

B. Deputy Sheriff's Association and Safety Management. Permanent employees meeting the following criteria shall be eligible to receive two five percent increases in their then current hourly rate from the salary schedule, which shall be referred to as "longevity pay." As to either step alternative, a break in service will result in a new calculation for a new five or ten (10) year period, and no service prior to the break will be counted as part of the new five or ten (10) year period. Extra help time and time off without pay will not be included as part of this calculation. Time off without pay for disciplinary reasons or unpaid leave of absence will not constitute a break in service. Time off for these reasons will not count toward the completion of the required service time.

1. Longevity Pay 1 (five percent). An employee is eligible for five percent longevity pay upon meeting the requirements in either item a or b, but cannot earn both:

a. Each permanent employee who has been at step 5 of his or her salary grade in the same classification for ten thousand four hundred (10,400) paid hours (five years full-time paid service) with Placer County shall receive a one-time five percent increase in his or her then current base hourly rate.

b. Each permanent employee who has at least twenty thousand eight hundred (20,800) paid hours (ten (10) years of full-time paid service) with Placer County shall receive a five percent increase in their then current base hourly rate.

2. Longevity Pay 2 (additional five percent for a total of ten (10) percent). Each permanent employee who has at least forty-one thousand six hundred (41,600) paid hours (twenty (20) years of full-time paid service) with Placer County, shall receive an additional five percent increase of his or her then current base hourly rate.

3. Employees who separate from county service, but who reinstate at a future date will follow the reinstatement provisions for eligibility for longevity pay; within two years maintains prior eligibility; two years or more is treated as a new employee.

4. Any form of overtime hours, extra help hours and time off without pay regardless of the reason will not be included for purposes of eligibility for longevity.

5. Once such longevity increase(s) (longevity pay 1 or 2) have been provided to an employee, that employee shall have no further right to a longevity increase. The longevity increase(s) will remain with the employee regardless of any future position or classification changes. ~~(Ord. 5740-B § 19, 2014; Ord. 5683-B § 50, 2012; Ord. 5627-B § 25, 2010; Ord. 5478-B (Attach. A), 2007; Ord. 5309-B, 2004; Ord. 5058-B (Attach. 29), 2000; prior code § 14.3050)~~

C. Elected Department Heads. Effective January 13, 2001, and continuing thereafter, elected department heads shall be eligible at the beginning of the first full pay period of the seventh year in office to receive a one-time five percent increase in their then current salary, which shall be referred to as a "longevity step." **(Ord. 5740-B § 19, 2014; Ord. 5683-B § 50, 2012; Ord. 5627-B § 25, 2010; Ord. 5478-B (Attach. A), 2007; Ord. 5309-B, 2004; Ord. 5058-B (Attach. 29), 2000; prior code § 14.3050)**

Chapter 3 PERSONNEL
Article 3.08 CIVIL SERVICE SYSTEM
PART 11. SEPARATION and REINSTATEMENT

3.08.1150 Reinstatement following resignation or voluntary demotion.

Upon request of the appointing authority, the personnel director may permit a permanent employee who has resigned, or voluntarily demoted, both in good standing and with a good record to be reinstated within five years to his or her former position, if vacant, or a vacant position in a comparable or lower class with equivalent minimum qualifications.

A. Employees granted reinstatement will not be placed higher than the same salary, in dollars, that was attained prior to resignation. On reinstatement, the new salary step will be that which most closely approximates the prior monthly salary; however, in any event, it will be no lower than Step I of the current salary grade. Upon the recommendation of the appointing authority, the county executive officer may adjust the step of an employee within the limits of the salary grade in the same manner as delineated under Section 3.04.680, Appointment at higher step. The new anniversary date for purposes of establishing eligibility for merit increases shall be the date of reinstatement.

Deputy Sheriff's Association, Safety Management, Management, Confidential and Unclassified Nonmanagement Employees. Employees granted reinstatement will not be placed higher than the same salary, in dollars, that was attained prior to resignation. On reinstatement, the new salary step will be that which most closely approximates the prior monthly base salary exclusive of additional pays; however, in any event, it will be no lower than Step 1 of the current salary grade. Upon the recommendation of the appointing authority the county executive officer may adjust the step of an employee within the limits of the salary grade in the same manner as delineated under Section 3.04.680, Appointment at higher step. The date of reinstatement will be used to establish when the employee meets the required paid hours, exclusive of any form of overtime, for purposes of step progression.

B. Employees granted reinstatement will serve a probationary period associated with the class to which they are reinstated from the date of reinstatement regardless of the length or probation served during the prior service.

C. Employees compensated for vacation under Section 3.04.500, Termination of employment, shall not be credited with any vacation upon reinstatement.

D. Employees granted reinstatement after two years but less than five years shall be treated as new employees for the purpose of computing benefits to be accrued from and after the date of reinstatement. Employees hired from the lateral transfer/other agency list shall be treated as new employees for the purpose of computing benefits to be accrued from and after the date of hire regardless of their eligibility for reinstatement from their prior agency.

E. Employees granted reinstatement within two years of separation shall be reinstated with the number of seniority hours and sick leave balance that had not been cashed out as of the date of separation and will accrue vacation leave at the same rate as the date of separation. **With respect to longevity pay, non-DSA permanent employees shall be eligible to obtain longevity pay under Longevity Pay A or Longevity Pay B if reinstated within two years and the employee's last hire date was before November 1, 2019. The time accrued for longevity pay calculation starts a new upon reinstatement. If an employee who previously received longevity pay is reinstated, the longevity pay must be earned again with the requisite number of hours of service. If the employee's last hire date was after November 1, 2019, the employee shall not be eligible for longevity pay.**

Employees granted reinstatement are not required to work six months before being eligible to use sick leave and vacation provided they worked the required six months prior to separation.

F. All other benefits besides seniority, vacation, ~~and~~ sick leave (e.g., health insurance, PERS retirement) **and longevity pay** shall be subject to laws, rules or memoranda of understanding in effect on the date of reinstatement. (Ord. 5627-B § 15, 2010; Ord. 5478-B (Attach. A), 2007; Ord. 5386-B, 2005; Ord. 5371-B, 2005; prior code § 14.2130)

EXHIBIT B

SIDE LETTER AGREEMENT BETWEEN THE COUNTY OF PLACER AND PLACER PUBLIC EMPLOYEES ORGANIZATION (PPEO) REGARDING LONGEVITY PAY

This Side Letter of Agreement is entered into between the County of Placer and the PPEO ("Parties") to change the the current Memorandum of Understanding (MOU) covering the term July 1, 2017 to June 30, 2022 regarding Longevity Pay. It is understood that the specific provisions contained in this Side Letter Agreement shall supersede any previous agreements or side letters, whether oral or written, regarding Longevity Pay.

The Parties have met and conferred in good faith concerning the terms and conditions of this side letter agreement and its implementation, and now therefore mutually agree that Section 6.05 of the current MOU be replaced with the language shown below effective November 1, 2019. New language is noted in bold/underline and deletions are noted in strike through.

6.05 – LONGEVITY

~~a. Each permanent employee who has been at Step 5 of his or her salary grade for ten thousand and four hundred (10,400) paid hours (five years' full-time paid service) with Placer County shall receive a one-time five percent (5%) increase in his or her current base hourly rate. The 10,400 hour period shall be calculated from the date the employee begins service at Step 5 in that salary grade. An employee who takes a voluntary demotion, transfer, or reclassification to a lower salary grade shall have the previously earned service at the higher salary grade count towards the longevity pay calculation in the lower grade.~~

1. ~~Any form of overtime hours, extra help hours, and time off without pay regardless of the reason, will not be included for purposes of determining eligibility for longevity pay.~~
2. ~~Eligible employees can only receive one longevity pay increase. Once a longevity increase has been provided to an employee it will remain with the employee regardless of any future position or classification changes.~~
3. ~~Employees who separate from county service, but who reinstate at a future date, will follow the reinstatement provisions found in the Placer County Code, Chapter 3, Section 3.08.1150 for eligibility for longevity pay.~~
4. ~~**Probation Officer Series.** Employees who have received the 10 year and/or 20 year longevity pay under the DSA MOU and the Placer County Code, Chapter 3, Section 3.12.060.8 of April 21, 2008, will continue to receive said pay in a grandfathered status. Probation Officer series employees will follow the PPEO Professional Unit longevity provision if they had not received longevity pay as of April 21, 2008.~~

a. Effective November 1, 2019 and subject to the conditions specified herein, PPEO represented employees shall be eligible for longevity pay under one of the following formulas.

1. Longevity Pay A: This category of longevity pay applies only to permanent employees who are already receiving longevity pay on or before October 31, 2019. For this category, each permanent employee will continue to receive longevity pay, which is a one-time five percent increase in his or her current base hourly rate. The basis to receive longevity pay will be determined by either one (but not both) of the following two formulas:

A. The permanent employee has been at step 5 of his or her salary grade for ten thousand four hundred (10,400) paid hours (five years continuous full-time paid service) with Placer County.

B. The permanent employee has worked at least ten thousand four hundred hours (10,400) paid hours (five years of continuous full-time paid service) calculated from the beginning of employment with Placer County.

2. Longevity Pay B: This category of longevity pay applies to permanent employees hired on or before October 31, 2019 that have not qualified for longevity pay on or before October 31, 2019. For this category, each permanent employee who has at least twenty thousand eight hundred (20,800) continuous paid hours calculated from the beginning of employment (ten (10) years of continuous full-time paid service) with Placer County shall receive as longevity pay a TWO PERCENT (2%) increase in his or her then current base hourly rate. Each permanent employee who has at least thirty one thousand two hundred (31,200) continuous paid hours calculated from the beginning of his or her employment (fifteen (15) years of continuous full-time paid service) shall receive as longevity pay a THREE PERCENT (3%) increase in his or her then current base hourly rate. This category of longevity pay shall be calculated on a cumulative basis to equal no more than five percent in total.

3. Longevity Pay C: This category of longevity pay applies solely to retirees of the County with a retirement date of October 31, 2019 or earlier that were PPEO Represented Employees and had received longevity pay prior to his or her retirement. For this category, each PPEO Represented retiree that received longevity pay on or before October 31, 2019 is deemed to have earned longevity pay under one of the following two formulas:

A. The retiree was a permanent employee that had been at step 5 of his or her salary grade for ten thousand four hundred (10,400) paid hours (five years full-time paid service) with Placer County.

B. The retiree was a permanent employee that worked at least ten thousand four hundred hours (10,400) paid hours (five years of continuous full-time paid service) calculated from the beginning of employment with Placer County.

If the retiree had not received longevity pay prior to his or her retirement on or before October 31, 2019, this sub-section does not grant or change the longevity pay

status to the retiree as it applies only to retirees that had already received longevity pay on or before October 31, 2019.

4. PPEO Represented Employees permanently hired on or after November 1, 2019 shall not be eligible for longevity pay.

5. For purposes of Longevity Pay A employees and Longevity Pay C retirees of the County with a retirement date of October 31, 2019 or earlier, an employee or retiree who took a voluntary demotion, transfer or reclassification to a lower salary grade is deemed to have the previously earned work hours at the higher salary grade count towards the longevity pay calculation in the lower salary grade.

6. Any form of overtime hours, extra-help hours and time off without pay regardless of the reason, will not be included for purposes of determining eligibility for longevity pay under any of the longevity pay formulas.

7. Eligible employees or retirees can qualify for longevity pay only pursuant to one of the longevity pay formulas. Once a longevity increase has been provided to an employee it will remain with the employee regardless of any future position or classification changes.

8. Employees who separate from county service, but who reinstate at a future date, will follow the reinstatement provisions found in Section 3.08.1150 for eligibility for longevity pay.

9. Probation officer series employees who have received the ten (10) year and/or twenty (20) year longevity pay under the DSA MOU and Placer County Code Section 3.12.060(B) as of April 1, 2008, will continue to receive said pay in a grandfathered status. Probation officer series employees will follow the PPEO professional unit longevity provision if they had not received longevity pay as of April 1, 2008.

The terms and conditions set forth in this Side Letter Agreement have been mutually agreed upon by the designated bargaining representatives of the County and PPEO, and will apply to all employees covered by the MOU between the County and the PPEO. This Side Letter Agreement shall expire upon the operative effect of the current MOU.

Authorized and Approved on behalf of the PPEO:

Bart Florence, Business Manager	Date
Steve Crouch, Director of Public Employees	Date
Gary Winegar, Business Representative	Date
Brandy Dunkel, PPEO President	Date

Ricky Martino, PPEO Vice President | Date

Authorized and Approved on behalf of the Placer County Board of Supervisors:

Kirk Uhler, Chairman | Date

Todd Leopold, County Executive Officer | Date

Kate Sampson, Human Resources Director | Date

EXHIBIT C
WAIVER AND DISMISSAL

CalPERS
Legal Office
PO Box 942707
Sacramento, CA 94229-2707

In exchange for the consideration provided in the settlement agreement, I hereby waive my right to assert in any forum, whether in law or equity, any future claim that is related to CalPERS' decision to exclude longevity pay in the calculation of compensation earnable and the payment of my retirement benefit.

In addition, I understand and expressly waive any and all respective rights under, and the benefits of Section 1542 of the California Civil Code with respect to the subject matter of this agreement.

Section 1542 of the California Civil Code provides as follows:

> A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must materially affected his or her settlement with the debtor.

________________________________ Date:____________________
Signature

Name: ____________________________
Address: ____________________________
____

SSN or CalPERS ID: ________________________

<u>Appellants</u>:

[redacted]