CITY OF SAN JOSE

&

ASSOCIATION OF BUILDING, MECHANICAL AND ELECTRICAL INSPECTORS
INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, LOCAL NO. 332
INTERNATIONAL UNION OF OPERATING ENGINEERS, LOCAL NO. 3
MUNICIPAL EMPLOYEES' FEDERATION, AFSCME LOCAL 101
CONFIDENTIAL EMPLOYEES' ORGANIZATION, AFSCME LOCAL 101

FRAMEWORK FOR NEGOTIATIONS REGARDING RETIREMENT SECURITY AND REQUISITE BALLOT MEASURE

The Parties agree that in order to move forward in good faith, a foundation of understandings must first be established. The foundation of understandings will provide the basis of fact, and assumptions necessary to establish goals and outcomes. To this end the Parties agree to establish a Working Group comprised of representatives of the Parties including but not limited to officers and staff of the Unions, staff and City Councilmembers of the City, staff and Boardmembers of the Federated Retirement, and mutually agreed upon experts. Said Working Group shall be charged with the establishment of a foundation of understandings. The Working Group shall have sixty (60) days from the date of this Agreement of Framework for Negotiation to complete the Foundation of Understandings. Within ten (10) days of the Working Group's completion and submission of the Foundation of Understandings to the Parties, the Parties shall commence negotiations regarding retirement security and requisite ballot measure as defined below.

The City has requested the undersigned bargaining units to participate in discussions about a proposed ballot measure and changes to the retirement benefits. ABMEI has entered into a signed Agreement that limits the City's rights with respect to reopening the meet and confer process with respect to most of the requested discussion topics. In the event that the City clarifies the scope of the discussions such that it is permissible for this bargaining unit to participate, then they would participate within the following described framework. In addition AFSCME CEO & MEF, IBEW and OE-3 have imposed terms and conditions that will be in effect beginning July 1, 2011 and September 18, 2011 respectively. These four (4) Unions are entering into the retirement negotiations with the understanding that any mutually agreed upon terms of said agreement will be incorporated into separate successor agreements between the four (4) Unions and the City. It is understood that the negotiations for a successor agreement will be done in conjunction with the joint retirement negotiations.

1. The parties are fully committed to negotiating in good faith with respect to the Federated City Employees' Retirement System to preserve essential City services and the employees who deliver those services, while working to strengthen the sustainability of the city's retirement plan.

2. The parties agree to negotiate simultaneously on the issues of retirement security and a proposed ballot measure should implementation of agreed-upon terms require amendment of the City Charter. Negotiation of retirement security shall include pension and retiree healthcare benefits for current and/or future employees.

3. The City Council or its designated representative shall submit a written proposal to the Unions, which may include proposed changes to retiree healthcare benefits; the Supplemental Retiree Benefit Reserve (SRBR); an opt-in program in which current employees could voluntarily choose to opt-out of the current level of pension benefits into a lower level of benefits; and other items the parties wish to explore.

4. The parties agree that all sessions on retirement security and any attendant proposed ballot measure shall be open to the public. In addition all written proposals and correspondence will be made available to the public on the City's website.

5. Any party may recommend relevant subject matter experts or other individuals to attend negotiation sessions.

6. It is understood that the parties shall share the services of a mutually agreed upon actuary, or engage the services of the retirement board's actuary to work together to develop cost estimates. If the city and employees' groups agree to share the services of an actuary, both parties shall have the right to request information from the selected actuary. It is understood that the Annual Required Contribution (ARC) shall be determined by the Federated City Employees' Retirement System Board's actuary.

7. Estimated cost savings for any proposals during the negotiations shall be supported by analysis and data. All liabilities shall be separately calculated, that is, liabilities for health care benefits, COLA , and pension amounts. All calculations shall show all assumptions made. All proposed changes that might motivate active members to leave the retirement system through earlier than assumed retirement, deferred vested retirement or an opt-in plan shall include the projected cost savings and cost increases for the employee and the City of the opt-in plan and the current retirement plan.

8. The parties agree to meet and confer in good faith and to have a target goal for completion by October 31, 2011.

9. It is understood that, by participating in these negotiations, neither party waives any legal rights, including the Unions' or employee's rights to assert that certain benefits are vested, nor does such participation indicate that either party agrees that any proposal, if implemented, would constitute a lawful ordinance or charter amendment under federal or state law.

FOR THE CITY **FOR THE UNIONS**