

October 4, 2012

Charles D. Sakai  
Renne Sloan Holtzman & Sakai  
350 Sansome Street Suite 300  
San Francisco, CA 94104

*Via e-mail and  
csakai@publiclawgroup.com  
US Mail*

Re: IAFF Local 230 and City of San Jose  
(Second Tier Pension Benefit Negotiations)

Dear Charles:

As discussed at our meeting on October 2, this letter sets out the number of information requests on behalf of IAFF Local 230 regarding these negotiations:

1. Please provide copies of all prior City proposals limited to the issue of second tier retirement benefits and not to any charter amendment.
2. Does the City contend that the parties are prohibited by Measure B from negotiating retirement benefits other than the second tier pension benefits other than those set forth in Measure B? If so, please explain.
3. Does the City contend that an interest arbitrator under Charter Section 1111 is not empowered to award second tier pension benefits other than those provided for in Measure B? If so, please explain.
4. Does the City contend that it has a "reservation" of existing rights to alter second tier pension plans at any time? If this is the case, does it believe that it can alter the provisions regarding age, future accruals, vesting period, medical benefits, calculation of benefits based on final average salary, or all of the above?
5. Does the City contend that under Measure B it must negotiate benefits with a "reservation" of rights to alter those benefits at any point in time?
6. Measure B does not define the vesting period. How many years will be required for a new employee to vest under the City's proposal?

7. Does the City contend that under Measure B "final compensation" may not be defined by the bargaining parties? If so, please explain.
8. Does the City contend that the amortization period to be used for second tier pension benefits is beyond the scope of bargaining? If so, please explain.
9. Does the City propose to credit employee accounts for amounts paid into the plan for purposes of unfunded actuary accrued liability?
10. Does the City contend that employees who separate from City employment may not receive a refund of both normal and unfunded liability contributions? If so, please explain.
11. Does the City contend that the interest rate used to calculate the moneys paid to separating an employee is beyond the scope of negotiation? If so, please explain.
12. Does the City contend that it is beyond the scope of bargaining to negotiate an annual cap on unfunded liability amounts an employee or the City is required to make? If so, please explain.
13. Does the City contend that it is beyond the scope of bargaining to negotiate "smoothing" periods regarding recognition of gains and losses for the second tier pension benefits? If so, please explain.
14. Does the City contend that participants in a second tier pension plan may be prohibited from individually opting into social security coverage? If so, please explain.
15. Does the City contend that deferred vested participants in the pension plan will, upon re-employment with the City, have all prior service time converted to benefit formulas under any second tier pension plan? If so, please explain.
16. Does the City contend that investment gains can only be used to reduce the required City contribution rate and not an employee participant? If so, please explain.
17. Does the City possess a qualification letter from the Internal Revenue Service concerning its proposal or the provisions for a second tier pension benefit under Measure B? If so, please provide a copy.
18. Does the City contend that its proposed second tier benefits constitute a tax qualified plan as required by the Internal Revenue Service? If so, please provide any documents so stating.

19. Is the City aware of any limit under law on the amount an employee can contribute pre-tax into a pension fund should the employee's share of unfunded liability consume more than 25% of the income? If so, please provide any relevant documents.

20. Does the City contend that under Measure B second tier participants must contribute for half of the current and unfunded actuary accrued liability of retiree health care inclusive of medical and dental benefits? If so, please explain.

21. What minimum level of retiree health care benefits will second tier employees be guaranteed under the City's proposal?

22. Will second tier pension benefit participants contributions for retiree health care be on a pre-tax basis? If so, please provide any documents establishing that fact.

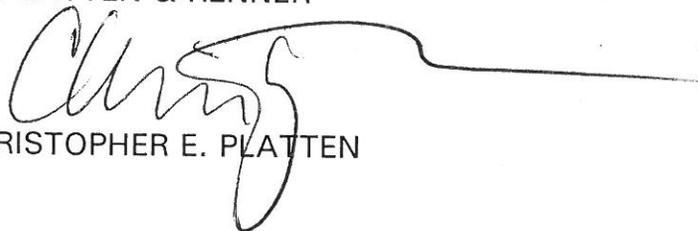
23. Does the City contend that the second tier pension benefit plan will have reciprocity with benefits under pension plans in effect throughout the state of California with CalPERS and 1937 Act plans? If so, will second tier pension benefit participants have reciprocity with the new AB 340 Public Safety Plan of 2.7% at age 57?

Your anticipated cooperation in responding fully to the foregoing information is appreciated.

If you have any questions, please don't hesitate to contact me. As you know, however, I will be out of the country October 8 through October 19.

Very truly yours,

WYLIE, McBRIDE,  
PLATTEN & RENNER

A handwritten signature in black ink, appearing to read 'Chris Platten', with a long horizontal line extending to the right.

CHRISTOPHER E. PLATTEN

CEP:jc

cc: Robert Sapien  
Jeff Welch  
Sean Kaldor  
Darren Wallace