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425 E. Santa Clara St., #300
San Jose, CA 95113
(408) 286-8718

March 3, 2012

Alex Gurza
200 East Santa Clara Street
San Jose, CA 95113

RE: Pension Savings Guarantee Proposal of March 2, 2012

Dear Alex,

We agree that a negotiated solution alone will not solve our long-term pension problems. The City Charter guarantees minimum retirement benefits, and the only way to change the Charter is with a vote of the people. Thus, we must go to the voters to achieve lasting change and gain control of pension costs that have already cost services and city jobs.

We will be transmitting to you Charter change language that incorporates elements of our Pension Savings Guarantee Proposal and we urge that these Charter changes be put on the June 2012 ballot so that the voters can adopt our lawful pension reform proposal and eliminate the inevitable and costly legal battle.

In addition, we would propose that the parties agree that discussions from 10:00 AM on March 3, 2012 thru 11:59 PM on March 9, 2012 cannot be used by either party for the purpose of establishing compliance or non-compliance with bargaining obligations related to the City's proposed pension charter amendment.

With the City confirming that there will be a budget surplus for the first time in many years and the city's current ballot measure proposal stating that pension reform would not be implemented until July of 2013 there is ample time to adopt our proposal and ensure that future budget deficits are eliminated.

Our guarantee of savings within our proposals provides the City certainty and eliminates the need for the legally risky path the City is currently on.

We are available at any time to meet and answer any questions you may have.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim C. Unland".

Jim C. Unland
SJPOA President

A handwritten signature in black ink, appearing to read "Robert Sapient".

Robert Sapient
Local 230 President