

**ASSOCIATION OF BUILDING,
MECHANICAL AND ELECTRICAL
INSPECTORS (ABMEI)**



August 22, 2011

VIA EMAIL & HAND DELIVERY

Gina Donnelly, Deputy Director
CITY OF SAN JOSE
Office of Employee Relations
200 East Santa Clara Street
San Jose, CA 95113

RE: Retirement Reform Negotiations

Dear Gina:

We received your August 2, 2011 letter via email regarding retirement reform negotiations and the costing out of our 2nd Tier Retirement proposal. Unfortunately, we do not have the plan's demographic data that an actuary would need to do a proper cost analysis, and we have not been offered access to such information, despite our requests. As a result of our inability to obtain the plan's demographic data, we have not retained outside actuaries as of this date.

Furthermore, we are extremely concerned that if our coalition bargaining team and the City each engage 3rd party actuaries, there may be technical discrepancies that lead to different cost estimates; differences that could prevent progress.

Given that the final arbiter of cost issues will ultimately be the plan actuary (assuming the provisions were to go into effect), then we believe it makes most sense to have the plan actuary run the scenarios, in a manner that they would anticipate using if the provisions were to be adopted. This should save money for both parties, as the plan actuary has already built the cost models and refined the data for the valuation work.

If in fact, the issue is the cost of actuarial services, we can potentially work out an arrangement where the Unions and City would share the costs encountered (where each party would pay for the services related to their own proposals). However, it is not clear to us whether we can directly hire the plan actuary or whether we would have to reimburse the City or the retirement board for such costs.

We feel that it could become counterproductive to effectively nullify proposals or slow down the process by requiring us to produce cost estimates that we are unable to develop properly (without

access to the relevant data). We remain of the opinion that the July 29, 2011 negotiations were extremely productive and moved us significantly forward. If we can agree on the issue of actuaries and costs then we believe that we will continue to move toward an eventual agreement.

We look forward to another productive meeting on retirement issues on August 23, 2011.

Sincerely,

Tom Brim, President
Association of Building, Mechanical
and Electrical Inspectors (ABMEI)

LaVerne S. Washington, President
Confidential Employees' Organization (CEO),
AFSCME Local 101

Dan Rodriguez, Business Representative
International Brotherhood of
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Municipal Employees' Organization (MEF),
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CC: Charles E. Allen, Business Agent, AFSCME Local 101