

SENT VIA EMAIL

December 14, 2011

Vera Todorov
President
Association of Legal Professionals (ALP)
c/o City Attorney's Office
200 East Santa Clara Street
San Jose, CA 95113

RE: Ballot Measure Negotiations

Dear Ms. Todorov:

I write in response to your letter dated December 9, 2011. It is not our intent to pre-condition bargaining or mediation. To be clear, from the City's perspective, the City has fully satisfied its obligation to meet and confer and has completed impasse procedures with ALP.

Let's review the history. On June 3, 2011, the City notified you of its proposal to place a measure on the ballot that would include various proposed changes to the Charter regarding retirement benefits for new employees, current employees and current and future retirees. The terms of the proposed ballot measure were delineated in the memorandum dated May 13, 2011, that we provided you on June 3, 2011. The City provided you drafts of the proposed ballot measure on July 6th, September 9th, October 5th, October 20th and October 27th. Since June 2011, the City repeatedly made its availability to meet and confer with ALP regarding any changes to the draft proposed ballot measure known through multiple correspondence dated June 3rd, June 8th, June 22nd, July 6th, July 18th, September 9th, September 23rd and October 5th.

The City and ALP met and conferred over the ballot measure during the months of September and October. Unfortunately, the parties were unable to reach an agreement and the City declared impasse in November. While your letter indicates that ALP does

not believe the parties are at impasse, the City declared impasse after taking into consideration statements made by the ALP bargaining team strongly indicating that virtually every section of the proposed ballot measure was unacceptable to the Union. Indeed, the team has repeatedly asserted the proposed measure is "stupid," and that the supporters of the measure on the City Council are "stupid." Such unprofessional and unproductive statements, together with a complete lack of movement on the Union's part made it apparent that no further progress was possible without the intervention of a mediator.

The City and ALP engaged in mediation over retirement reform, including but not limited to, the ballot measure, on November 17th. Unfortunately, the parties failed to reach any agreement during mediation.

Based on the above, we have completed the meet and confer process as it pertains to the ballot measure. This process was completed prior to the January 1, 2012, effective date of AB 646, and therefore the fact finding provisions of this legislation are not applicable.

On November 22, 2011, the City provided ALP with the ballot measure that would be considered by the City Council on December 6, 2011. During the December 6th City Council meeting, the Council approved ballot measure language to be placed on the June 2012 ballot.

During the December 6th Council meeting, numerous unions asserted they believed that further progress could be made in mediation. IFPTE and its coalition, in particular, proposed in writing to resume mediation efforts, using the limited additional time now available to make additional efforts to break the impasse. We have accepted their proposal, and, in our December 7th, letter, asked if other groups would be prepared to join that mediation on the same terms.

It is apparent from your letter that your organization is not prepared to proceed on the same terms as IFPTE. To clarify the intent of our letter dated December 7, 2011, the City is not seeking to place conditions on further bargaining, nor is the City willing to reopen negotiations regarding the ballot measure. However, the City remains amenable to meeting with ALP in mediation, with the understanding that further discussions do not constitute reopening of negotiations over the ballot measure or in any way prejudice our position that the parties have already completed any required impasse resolution procedures. Please let us know on or before Friday, December 16, 2011, if ALP would like to meet.

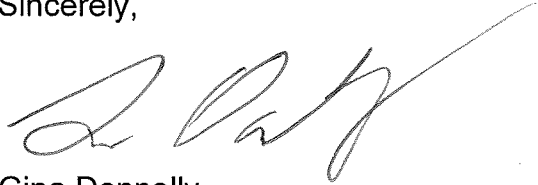
It is important to recognize that time is of the essence and the mediation process cannot be open ended. Consistent with the completion of impasse resolution procedures, the City Council approved the terms of the ballot measure on December 6th. Absent any agreement to the contrary, the measure (in its current form) is now scheduled to be placed on the June 3, 2012 ballot and, consistent with its "sunshine" requirements, the

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Council will be unable to introduce changes in the measure after February 21, 2012. Therefore, any further mediation or other procedures must be completed no later than mid February, 2012, to ensure that any agreed-upon changes to the measure can be made before ballots are printed.

We look forward to hearing from you.

Sincerely,

A handwritten signature in black ink, appearing to read "Gina Donnelly". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Gina Donnelly
Deputy Director of Employee Relations

c: Debra Figone, City Manager
Rick Doyle, City Attorney