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(ENDORSED)
FILED
APR 30 2014

DAVID H. YAMASAKI
Chief Executive Officer/Clerk
Superior Court of CA, County of Santa Clara
BY DAVID H. YAMASAKI DEPUTY

IN THE SUPERIOR COURT FOR THE
COUNTY OF SANTA CLARA

SAN JOSE POLICE OFFICERS
ASSOCIATION,

Plaintiff,

v.

CITY OF SAN JOSE, BOARD OF
ADMINISTRATION FOR POLICE AND
FIRE RETIREMENT PLAN OF CITY OF
SAN JOSE, and DOES 1-10 inclusive.,

Defendants.

Consolidated Case No. 1-12-CV-225926

*Consolidated with Case Nos. 112CV225928,
112CV226570, 112CV226574, 112CV227864*

*Assigned for all purposes to the Honorable
Patricia M. Lucas*

JUDGMENT IN CONSOLIDATED CASES

AND RELATED CROSS-COMPLAINT
AND CONSOLIDATED ACTIONS

This judgment follows from the Statement of Decision filed February 20, 2014.

A bench trial in these consolidated cases was held on July 22-26, 2013, in Department 2,
the Honorable Patricia M. Lucas presiding. Witnesses were sworn and testified. Evidence was
offered and accepted.

The plaintiff in Case No. 1-12-CV-225926 is the San Jose Police Officers Association
("SJPOA"), representing employees who are members of the 1961 San Jose Police and Fire
Department Retirement Plan ("Police and Fire Plan"). SJPOA was represented by Gregg Adams
and Amber Griffiths of Carroll Burdick and McDonough. The plaintiff in Case No. 1-12-CV-

1 227864 is the American Federation of State, County, and Municipal Employees, Local
2 101("AFSCME"), representing employees who are members of the 1975 Federated City
3 Employees' Retirement Plan ("Federated Plan"). AFSCME was represented by Teague P.
4 Paterson and Vishtasp M. Soroushian of Beeson, Tayer & Bodine, APC. The plaintiffs in Case
5 No. 1-12-CV-225928 are Robert Sapien, Mary Kathleen McCarthy, Thanh Ho, Randy Sekany,
6 Ken Heredia ("Sapien Plaintiffs"), who are active and retired members of the Police and Fire Plan;
7 the plaintiffs in Case No. 1-12-CV-226570 are Teresa Harris, Jon Reger, and Moses Serrano
8 ("Harris Plaintiffs"), who are active and retired employees of the Federated Plan; and the plaintiffs
9 in Case No. 1-12-CV-226574 are John Mukhar, Dale Dapp, James Atkins, William Buffington,
10 and Kirk Pennington ("Mukhar Plaintiffs"), who are active and retired members of the Federated
11 Plan. The Sapien, Harris, and Mukhar Plaintiffs (collectively, "Individual Plaintiffs") were
12 jointly represented by Christopher E. Platten and John McBride of Wylie, McBride, Platten &
13 Renner. The plaintiff in Case No. 1-12-CV-233660 is the San Jose Retired Employees
14 Association ("SJREA"), represented by Stephen H. Silver and Jacob A. Kalinski of Silver,
15 Hadden, Silver, Wexler & Levine. Defendants City of San Jose ("the City") and Debra Figone,
16 City Manager (collectively, "Defendants"), were represented by Arthur A. Hartinger, Linda M.
17 Ross and Geoffrey Spellberg of Meyers Nave. Real parties in interest Board of Administration for
18 the Police and Fire Plan and the Federated Plan were represented by Harvey L. Liederman and
19 Kerry K. Galusha of Reed Smith, LLP.

20 The City filed a cross-complaint in Case No. 1-12-CV-225926. All Plaintiffs except
21 SJREA were named as Cross-defendants.

22 On October 10, 2013, the parties appeared to respond to additional questions from the
23 Court. On December 20, 2013, a Tentative Decision was filed. On January 31, 2014, the parties
24 appeared on objections to the Tentative Decision. On February 20, 2014, the Statement of
25 Decision was filed.

26 Plaintiffs challenged the following sections of the Sustainable Retirement and
27 Compensation Act, a ballot initiative that amended the San Jose City Charter, approved by the
28 electorate on June 4, 2012 as "Measure B" (hereafter "Measure B"):

- 1 ▪ Section 1504-A (Reservation of Voter Authority);
- 2 ▪ Section 1506-A (Current Employees);
- 3 ▪ Section 1507-A (One Time Voluntary Election Program ('VEP'));
- 4 ▪ Section 1509-A (Disability Retirements);
- 5 ▪ Section 1510-A (Cost of Living Adjustments);
- 6 ▪ Section 1511-A (Supplemental Retirees Benefit Reserve);
- 7 ▪ Section 1512-A (Retiree Healthcare);
- 8 ▪ Section 1513-A (Actuarial Soundness);
- 9 ▪ Section 1514-A (Savings); and
- 10 ▪ Section 1515-A (Severability).

11 Plaintiffs' challenges to these sections of Measure B were facial challenges, except that the
12 challenges to Sections 1512-A(a) and 1512-A(c) were both facial and as-applied. (See Statement
13 of Decision at 7:10-13.)

14 Now therefore, the Court enters judgment as follows, based upon the evidence and
15 argument presented, and consistent with the Statement of Decision, the order dated January 31,
16 2013, granting judgment on the pleadings on SJPOA's seventh cause of action for violation of the
17 Meyers Miliias Brown Act ("MMBA"), and the order dated April 30, 2013, sustaining without
18 leave to amend the demurrer to AFSCME's seventh cause of action for illegal ultra vires tax, fee,
19 or assessment:

20 1. Sections 1504-A (Reservation of Voter Authority), 1509-A (Disability Retirement),
21 including 1509-A(b) (Definition of Disability) and 1509-A(c) (Expert Board), 1511-A
22 (Supplemental Retiree Benefit Reserve), 1512-A(b) (Retiree Healthcare – Reservation of Rights),
23 1512-A(c) (Retiree Healthcare – Low Cost Plan), 1513-A (Actuarial Soundness), 1514-A
24 (Alternative of Wage Reduction), and 1515-A (Severability) are valid, and judgment is entered in
25 favor of Defendants and against Plaintiffs, as to these Sections of Measure B, on each cause of
26 action challenging these Sections. (SJPOA first through eighth causes of action; AFSCME first
27 through eleventh causes of action; Individual Plaintiffs' first through fifth causes of action; SJREA
28 first through third causes of action, all counts.)

1 3. Section 1512-A(a) (Retiree Healthcare – Minimum Contributions) is valid with the
2 phrase “a minimum of” severed from the provision, so that Section 1512-A(a) shall read,
3 “Existing and new employees must contribute 50% of the cost of retiree healthcare, including both
4 normal cost and unfunded liabilities.” With the provision modified, judgment is entered in favor
5 of Defendants and against Plaintiffs, as to this Section of Measure B, on each cause of action
6 challenging this Section. (SJPOA first through third and sixth causes of action; AFSCME first,
7 third through sixth, and eighth through eleventh causes of action; Individual Plaintiffs’ first
8 through fifth causes of action; SJREA first through third causes of action, all counts.)

9 4. Sections 1506-A (Increased Pension Contributions – Current Employees), 1507-A
10 (One Time Voluntary Election Program), 1510-A (Cost of Living Adjustments) are invalid and
11 judgment is entered in favor of Plaintiffs and against Defendants, as to these sections of Measure
12 B, on the causes of action challenging these Sections based on unconstitutional impairment of
13 contract, Cal. Const., art. I, Section 9. (SJPOA’s first cause of action, AFSCME’s first cause of
14 action, Individual Plaintiffs’ second cause of action (as to Sections 1506-A and 1510-A only), and
15 SJREA’s first cause of action (Count I) and second cause of action (as to Section 1510-A only).)

16 5. Judgment is entered in favor of Defendants and against AFSCME on AFSCME’s
17 eighth cause of action, which claimed Promissory and Equitable Estoppel.

18 6. AFSCME has dismissed with prejudice its second cause of action, which claimed
19 Bill of Attainder. (Statement of Decision at 5:16-17.)

20 7. AFSCME’s seventh cause of action, which claimed Illegal *Ultra Vires* Tax, Fee, or
21 Assessment, is dismissed with prejudice pursuant to the order dated April 30, 2013, sustaining
22 Defendants’ demurrer without leave to amend.

23 8. Judgment is entered in favor of Defendants and against the SJPOA and AFSCME
24 on their respective claims for violation of the Freedom of Speech and Right to Petition Clauses,
25 Cal. Const., art. I, Sections 2, 3. (SJPOA’s fourth cause of action, AFSCME’s sixth cause of
26 action.)

27 9. Judgment is entered in favor of Defendants and against the SJPOA and AFSCME
28 on their respective claims for violation of the Bane Act, California Civil Code section 52.1.

1 (SJPOA's first, second, third, fourth, fifth, and eighth causes of action; AFSCME's first, second,
2 third, fourth, fifth, sixth, and seventh causes of action.)

3 10. Judgment is entered in favor of Defendants and against the SJPOA, AFSCME, and
4 the SJREA on their respective claims for violation of the Pension Protection Act, Cal. Const., art.
5 XVI, Section 17. (SJPOA's eighth cause of action, AFSCME's fifth cause of action, Count V of
6 the SJREA's first cause of action, and the Pension Protection Act provision of the SJREA's
7 second cause of action.)

8 11. SJPOA's seventh cause of action, which claimed violation of the MMBA, is
9 dismissed with prejudice pursuant to the order dated January 31, 2013, granting Defendants'
10 motion for judgment on the pleadings.

11 12. Judgment is entered in favor of Defendants and against the SJPOA and the SJREA
12 on their respective claims for violation of the Separation of Powers Doctrine. (SJPOA's fifth
13 cause of action, Count IV of the SJREA's first cause of action, and the SJREA's second cause of
14 action.)

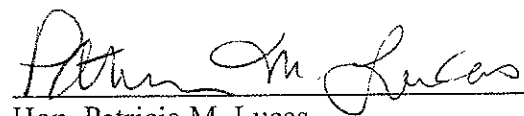
15 13. Judgment is entered in favor of Cross-Defendants and against Cross-Complainant
16 on the City's Cross-Complaint.

17 14. Declaratory relief and injunctive relief are granted, and Defendants are enjoined
18 from implementing or enforcing Sections 1506-A, 1507-A, and 1510-A, and the phrase "a
19 minimum of" in Section 1512-A, with respect to employees and retirees hired before June 5, 2012.

20 15. The Court finds that each party obtained some but not all of its litigation objectives,
21 and therefore concludes that there is no prevailing party. Accordingly, the Court exercises its
22 discretion and orders that each party is to bear its own costs. (Cal. Civ. Proc. Code §1032(a)(4)
23 ("the court, in its discretion, may allow costs or not").)

24 JUDGMENT IS SO ENTERED.

25 Dated: April 29, 2014


26 Hon. Patricia M. Lucas
27 Judge of the Superior Court
28

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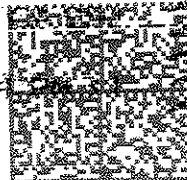
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County of Santa Clara

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