

**For Immediate Release:**  
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## **Statement from Mayor Chuck Reed regarding Judge Lucas’ Tentative Decision in the Measure B Lawsuit**

*San Jose, Calif.* – This morning, the Honorable Patricia M. Lucas issued a tentative decision in the lawsuit over Measure B, the San Jose pension reforms approved with nearly 70% of the vote in 2012. The decision is available at: <http://www.sanjoseca.gov/DocumentCenter/View/25332>. Judge Lucas has upheld 10 out of 15 sections of Measure B, including:

- Elimination of the Supplemental Retiree Benefit Reserve (“the 13<sup>th</sup> bonus check”).
- Provisions related to the City’s retiree healthcare benefits.
- Employee compensation reductions to help cover the retirement plans’ unfunded liabilities (*note: the Court ruled such changes could be made via wage reductions, but not via increased employee pension contributions*).
- Reforms to the definition and administration of disability retirement benefits.
- Reservation of Voter Authority over any pension plan changes.

Judge Lucas also upheld the severability provisions of the measure, meaning the valid provisions may go into effect. The City has entered into a stipulated agreement with its unions to delay the employee compensation reductions until at least July 1, 2014.

Following is a Statement from Mayor Chuck Reed:

“I am pleased that Judge Lucas has upheld a majority of the Measure B provisions and has protected a vast majority of the targeted fiscal savings that will help rebuild essential public services and protect the long-term sustainability of our employee retirement systems.

“In particular, this ruling protects \$20 million in annual savings the City is already reaping due to the elimination of bonus pension checks and changes to our retiree healthcare plans. Those savings have allowed us to slowly begin restoring services to the public and slowly begin restoring pay to our employees.”

“Unfortunately, the Judge’s decision to invalidate certain portions of Measure B also highlights the fact that current California law provides cities, counties and other government agencies with very little flexibility in controlling their retirement costs. That’s why I believe that we need a constitutional amendment that will empower government leaders to tackle their massive pension problems and negotiate fair and reasonable changes to employees’ future pension benefits.”

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The City will be carefully reviewing the tentative ruling in the coming days. The decision will become final if neither party submits an objection within 15 days.

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