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San Jose Police Officers' Association

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SANTA CLARA

SAN JOSE POLICE OFFICERS' ASSOCIATION, Plaintiff, v. CITY OF SAN JOSE, BOARD OF ADMINISTRATION FOR POLICE AND FIRE DEPARTMENT RETIREMENT PLAN OF CITY OF SAN JOSE, and DOES 1-10, inclusive, Defendants.	No. **DECLARATION OF FRANCO VADO IN SUPPORT OF SJPOA'S *EX PARTE* APPLICATION FOR TEMPORARY RESTRAINING ORDER AND ORDER TO SHOW CAUSE REGARDING PRELIMINARY INJUNCTION**

I, Franco Vado, declare and say:

1. I am employed by the City of San Jose as a Police Officer and am a member of the SAN JOSE POLICE OFFICERS' ASSOCIATION ("SJPOA"). I have been employed as a police officer with the San Jose Police Department since 1995. I have been Chief Financial Officer ("CFO") of the SJPOA since 2010. Before that I was on the Board of Directors of the Association. As a result of my employment with the City of San Jose and affiliation with the SJPOA, I am familiar with the facts in this matter, as well as

those set forth in this Declaration. If called upon as a witness, I could and would testify competently to these facts.

2. I submit this declaration in support of the SJPOA's *Ex Parte* Application for Temporary Restraining Order and Order to Show Cause Regarding Preliminary Injunction ("*Ex Parte* Application for TRO").

3. As part of my job duties as CFO, I commissioned an outside expert to analyze where the San Jose Police Department ("SJPD") fell with regard to total compensation compared to other police agencies in the Bay Area. A true and correct copy of the pertinent portions of this report generated by that outside expert is attached as Exhibit 6 to this declaration.

4. I have personally reviewed the numbers and confirmed that in 2011, SJPD paid the least amount compared to other police agencies in the Bay Area and was 16.47% behind the average salary paid to officers in the Bay Area. The comparison to police agencies in Santa Clara County is similar, with SJPD coming in last in total compensation, approximately 17.80% behind other agencies in Santa Clara despite the fact that they serve far smaller populations.

5. During collective bargaining with the City in the summer of 2011, the City presented the SJPOA with documents from its independent actuary, Cheiron, stating that the total combined employee and employer Annual Required Contribution ("ARC") for the 2011-2012 fiscal year is 32.55%. Those documents are collectively attached hereto as Exhibit 7.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration is executed this 5th day of June, 2012, San Jose, California.

Franco Vado

EXHIBIT 6

San Jose
Police Officers
Bay Area Cities

JURSIDICTION	EFF DATE	SAL	POST / EDU	LONG	UNI	HOL	SUB TOTAL	RET	DEF COMP	SUB TOTAL	INS	TOTAL
Berkeley	04/03/11	$9,628	$385	$481	$117	$648	$11,259	$0	$65	$11,324	$1,585	$12,909
Oakland	07/01/09	$8,583	$858	$156	$67	$454	$10,118	$911	$322	$11,351	$1,287	$12,638
Richmond	07/01/11	$8,546	$641	$769	$67	$575	$10,598	$0	$0	$10,598	$1,629	$12,227
Fremont	06/22/08	$8,197	$615	$1,111	$125	$410	$10,457	$0	$0	$10,457	$1,642	$12,099
Hayward	07/01/10	$8,774	$658	$0	$37	$591	$10,060	$0	$0	$10,060	$1,922	$11,982
Santa Clara	12/27/09	$10,288	$0	$516	$50	$514	$11,368	$0	$0	$11,368	$577	$11,945
Vallejo	07/01/10	$7,995	$400	$800	$95	$797	$10,086	$0	$0	$10,086	$1,671	$11,757
San Francisco	07/01/10	$9,211	$0	$553	$68	$465	$10,297	$0	$0	$10,297	$1,265	$11,562
Fairfield	01/01/09	$7,182	$539	$898	$83	$345	$9,047	$814	$50	$9,911	$1,147	$11,058
Antioch	09/12/10	$7,325	$210	$549	$78	$511	$8,674	$781	$40	$9,494	$1,411	$10,905
Santa Rosa	06/30/08	$7,171	$502	$0	$67	$496	$8,236	$741	$0	$8,977	$1,685	$10,662
Concord	01/01/11	$7,133	$713	$0	$100	$600	$8,546	$342	$0	$8,888	$1,693	$10,581
Daly City	06/12/10	$7,796	$546	$0	$75	$330	$8,747	$0	$0	$8,747	$1,445	$10,192
San Jose	**06/26/11**	**$8,099**	**$607**	**$0**	**$56**	**$0**	**$8,763**	**$0**	**$0**	**$8,763**	**$1,154**	**$9,917**
Average w/o San Jose		$8,295	$467	$449	$79	$518	$9,807	$276	$37	$10,120	$1,458	$11,578
San Jose	06/26/11	$8,099	$607	$0	$56	$0	$8,763	$0	$0	$8,763	$1,154	$9,917
Lead/Lag		<2.42%>	29.97%		<41.07%>		<11.91%>			<15.48%>	<26.34%>	<16.74%>

San Jose
Police Officers
Santa Clara County Cities

JURSIDICTION	EFF DATE	SAL	POST/ED	LONG	UNI	HOL	SUB TOTAL	RET	DEF COMP	SUB TOTAL	INS	TOTAL
Milpitas	01/01/11	$9,235	$693	$1,394	$113	$554	$11,989	$0	$0	$11,989	$1,712	$13,701
Palo Alto	07/01/10	$8,226	$600	$740	$0	$475	$10,041	$904	$0	$10,945	$1,994	$12,939
Santa Clara	12/27/09	$10,288	$0	$516	$50	$514	$11,368	$0	$0	$11,368	$577	$11,945
Mountain View	07/01/09	$8,897	$667	$0	$0	$489	$10,053	$0	$0	$10,053	$1,762	$11,815
Los Gatos	06/27/10	$8,615	$861	$0	$50	$331	$9,857	$0	$0	$9,857	$1,640	$11,497
Campbell	08/01/11	$8,716	$654	$0	$92	$471	$9,932	$0	$43	$9,976	$1,227	$11,203
Los Altos	07/10/11	$7,902	$593	$0	$0	$395	$8,890	$800	$0	$9,690	$1,387	$11,077
Morgan Hill	09/01/11	$8,582	$644	$0	$97	$558	$9,880	$0	$0	$9,880	$951	$10,831
Gilroy	07/01/08	$7,487	$562	$0	$100	$477	$8,626	$0	$0	$8,626	$1,513	$10,139
San Jose	**06/26/11**	**$8,099**	**$607**	**$0**	**$56**	**$0**	**$8,763**	**$0**	**$0**	**$8,763**	**$1,154**	**$9,917**
Average w/o San Jose		$8,661	$586	$295	$56	$474	$10,071	$189	$5	$10,265	$1.418	$11.683
San Jose	06/26/11	$8,099	$607	$0	$56	$0	$8,763	$0	$0	$8,763	$1,154	$9,917
Lead/Lag		<6.93%>	3.58%				<14.92%>			<17.14%>	<22.87%>	<17.80%>

EXHIBIT 7

Key Valuation Results

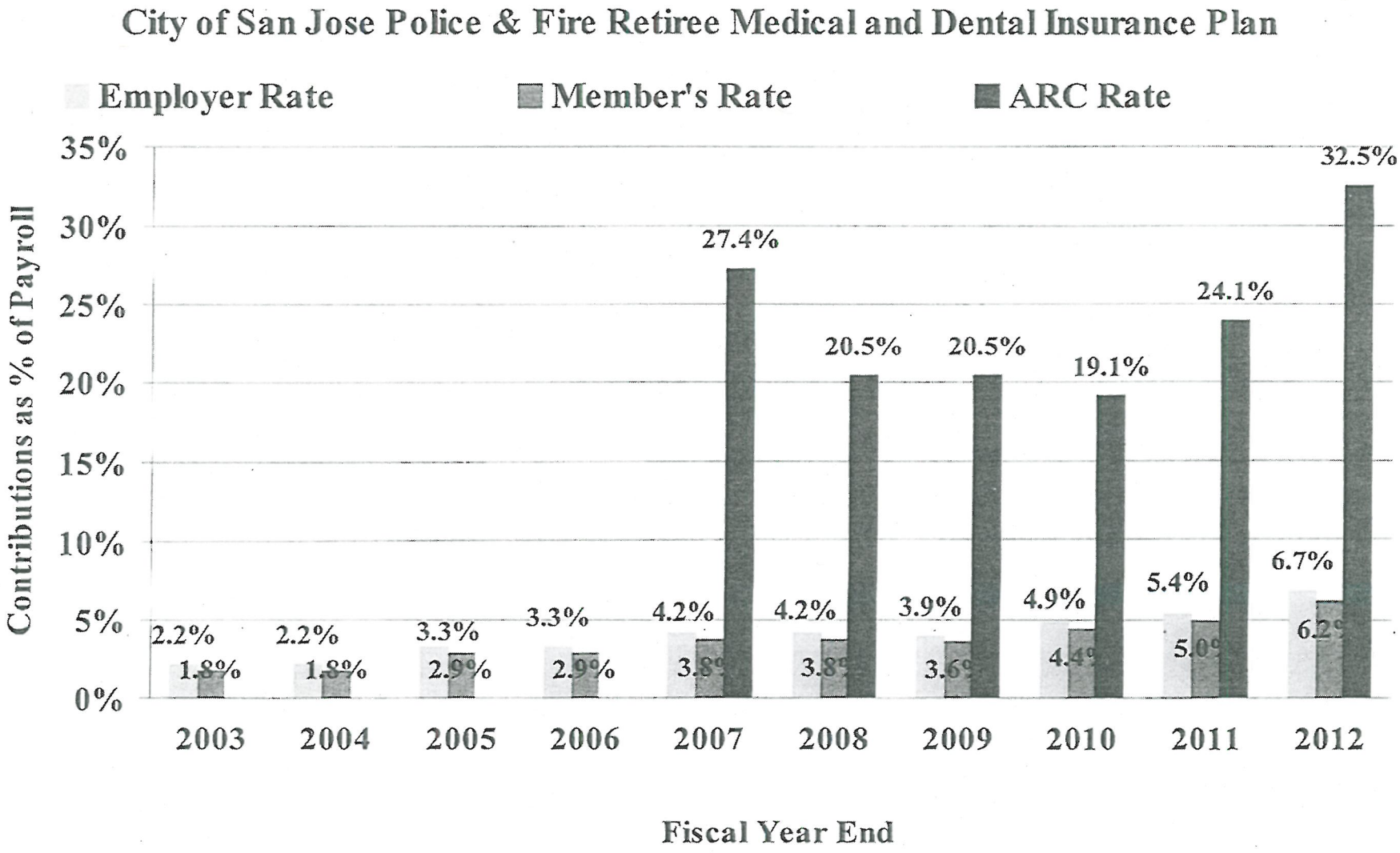
Table 1
Summary of Key Valuation Results
GASB Valuation Basis
(dollars in thousands)

Valuation Date	**6/30/2011**	**6/30/2010**
Discount Rate	**5.70%**	**6.30%**
Actuarial Liability (AL)	$ 1,003,795	$ 946,308
Actuarial Value of Assets (AVA)	60,709	58,586
Unfunded Actuarial Liability (UAL)	$ 943,087	$ 887,722
AVA Funding Ratio	6.0%	6.2%
Market Value of Assets (MVA)	$ 59,669	$ 50,820
Unfunded Liability (MVA Basis)	944,126	895,488
MVA Funded Ratio	5.9%	5.4%
Fiscal Year Ending	**6/30/2012**	**6/30/2011**
City ARC		
-- if paid as a percent of pay	32.55%	24.08%
-- if paid as a dollar amount (middle of year)	$ 62,079	$ 60,447

Funding Valuation Basis[1]

Valuation Date	**6/30/2011**	**6/30/2010**
Discount Rate	**7.50%**	**7.75%**
Actuarial Liability (AL)	$ 657,472	$ 686,407
Actuarial Value of Assets (AVA)	60,709	58,586
Unfunded Actuarial Liability (UAL)	$ 596,764	$ 627,821
AVA Funding Ratio	9.2%	8.5%
Market Value of Assets (MVA)	$ 59,669	$ 50,820
Unfunded Liability (MVA Basis)	597,803	635,587
MVA Funded Ratio	9.1%	7.40%
Fiscal Year Ending	**6/30/2013**	**6/30/2012**
Member Contribution Rate	7.48%	6.21%
City Contribution Rate	8.11%	6.74%
City Contribution Amount (beginning of year)	$ 14,925	$ 16,299

1 Excludes implicit subsidy

CHEIRO

Historical Trends