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12 *Income Fund and Franklin California High*  
13 *Yield Municipal Fund*

14 **UNITED STATES BANKRUPTCY COURT**  
15 **EASTERN DISTRICT OF CALIFORNIA**  
16 **SACRAMENTO DIVISION**

17 In re: ) Case No. 12-32118  
18 CITY OF STOCKTON, CALIFORNIA, ) D.C. No. OHS-15  
19 Debtor. ) Chapter 9  
20 )  
21 ) **FRANKLIN'S REQUEST FOR**  
22 ) **JUDICIAL NOTICE IN SUPPORT**  
23 ) **OF POST-TRIAL BRIEF**  
24 ) Continued Confirmation Hearing  
25 ) Date: October 1, 2014  
26 ) Time: 10:00 a.m.  
27 ) Dept: C, Courtroom 35  
28 ) Judge: Hon. Christopher M. Klein

Pursuant to Rule 201 of the Federal Rules of Evidence, Franklin High Yield Tax-Free Income Fund and Franklin California High Yield Municipal Fund (collectively, “Franklin”) respectfully request that the Court take judicial notice of the following documents, copies of which are attached hereto as Exhibits A through G, and the facts set forth therein in connection with the filing of *Franklin’s Post-Trial Brief* (the “Brief”) concurrently herewith:

<b>RJN Exhibit</b>	<b>Description</b>
A	<i>Press Release: CalPERS to Hold Public Hearing August 19 on Pensionable Compensation for New Members</i> (Aug. 13, 2014), available at <a href="http://www.calpers.ca.gov/index.jsp?bc=/about/newsroom/news/public-hearing.xml">http://www.calpers.ca.gov/index.jsp?bc=/about/newsroom/news/public-hearing.xml</a> ; <i>CalPERS Board of Administration August 20, 2014, Agenda Item 5 – Attachment E, Proposed Adoption of Article 4, Section 579.7 of Chapter 2 of Division 1 of Title 2 of the California Code of Regulations</i> (Aug. 13, 2014), available at <a href="http://www.calpers.ca.gov/eip-docs/about/newsroom/proposed-adoption-pensionable-compensation.pdf">http://www.calpers.ca.gov/eip-docs/about/newsroom/proposed-adoption-pensionable-compensation.pdf</a>
B	<i>Governor Edmund G. Brown Jr. Statement on CalPERS Vote</i> (Aug. 20, 2014), available at <a href="http://gov.ca.gov/news.php?id=18657">http://gov.ca.gov/news.php?id=18657</a>
C	<i>League of California Cities Statement: Governor Calls CalPERS Board to Task for Including Temporary Pay for Pension Calculations</i> (Aug. 20, 2014), available at <a href="http://www.cacities.org/Top/News/News-Articles/2014/August/Governor-Calls-CalPERS-Board-to-Task-for-Including">http://www.cacities.org/Top/News/News-Articles/2014/August/Governor-Calls-CalPERS-Board-to-Task-for-Including</a>
D	<i>Fitch: CalPERS Decision Raises Pension Obligations</i> (Aug. 22, 2014)
E	<i>Press Release: CalPERS Reports Preliminary 2012-13 Fiscal Year Performance of 12.5 Percent</i> (Jul. 15, 2013), available at <a href="http://www.calpers.ca.gov/index.jsp?bc=/about/newsroom/news/2013/fiscal-year.xml">http://www.calpers.ca.gov/index.jsp?bc=/about/newsroom/news/2013/fiscal-year.xml</a> ; <i>Press Release: New CalPERS Report Charts Progress Toward Pension and Health Benefit Sustainability</i> (Aug. 6, 2014), available at <a href="http://www.calpers.ca.gov/index.jsp?bc=/about/newsroom/news/report-charts.xml">http://www.calpers.ca.gov/index.jsp?bc=/about/newsroom/news/report-charts.xml</a>
F	Historical Performance Of The Standard & Poor’s 500 Index (June 30, 2012, Through August 29, 2014)
G	Historical Yield On 30-Year US Treasury Separate Trading Of Registered Interest And Principal Of Securities (STRIPS) (June 30, 2012, Through August 29, 2014)

1 The documents attached as Exhibits A through G and the facts set forth therein are  
2 appropriately subject to judicial notice. Rule 201 of the Federal Rules of Evidence allows a court, at  
3 any stage of the proceeding,<sup>1</sup> to take notice of “adjudicative” facts that “can be accurately and  
4 readily determined from sources whose accuracy cannot reasonably be questioned.” Fed. R.  
5 Evid. 201(b). Rule 201(d) requires that a court take judicial notice of such information upon request  
6 of a party. *See* Fed. R. Evid. 201 Advisory Committee Notes (“The taking of judicial notice is  
7 mandatory, under subdivision (d), only when a party requests it and the necessary information is  
8 supplied.”).

9 Here, the documents attached as Exhibit A (CalPERS press release of August 13, 2014),  
10 Exhibit B (Governor Brown press release of on August 20, 2014), and Exhibit E (CalPERS press  
11 releases of July 15, 2013, and August 6, 2014) are statements issued by governmental entities and  
12 are available on governmental websites. They represent information capable of accurate and ready  
13 determination by resort to sources whose accuracy cannot reasonably be questioned and properly are  
14 the subject of judicial notice. *See, e.g., Taleff v. Sw. Airlines Co.*, 554 F. App’x 598, 599 n.1 (9th  
15 Cir. 2014) (“We grant Appellants’ request for judicial notice of a Department of Justice press release  
16 dated April 26, 2011, announcing the closure of its investigation into the challenged merger . . . .”)  
17 (citing *Daniels-Hall v. Nat’l Educ. Ass’n*, 629 F.3d 992, 998-99 (9th Cir. 2010)); *Hansen Beverage*  
18 *Co. v. Innovation Ventures, LLC*, No. 08-CV-1166-IEG (POR), 2009 WL 6597891, at \*2 (S.D. Cal.  
19 Dec. 23, 2009) (courts may take judicial notice of documents available through government agency  
20 websites).

21 Exhibit C (statement issued by the League of California Cities on August 20, 2014) and  
22 Exhibit D (statement issued by Fitch also on August 22, 2014) also represent information capable of  
23 accurate and ready determination by resort to sources whose accuracy cannot reasonably be  
24 questioned and are properly the subject of judicial notice. *See, e.g., Toshiba Corp. v. CDI Media,*  
25 *Inc.*, No. 13 Civ. 6760 (SAS), 2014 WL 643702, at \*1 n.4 (S.D.N.Y. Feb. 19, 2014) (court took

26  
27 <sup>1</sup> *Newhouse v. Aurora Bank FSB*, 915 F. Supp. 2d 1159, 1162 n.3 (E.D. Cal. 2013) (“Plaintiffs’  
28 argument regarding the timing of taking judicial notice is also unavailing because ‘[t]he court  
may take judicial notice at any stage of the proceeding.’”) (citations omitted).

1 judicial notice of fact that company changed name as of certain date based on information contained  
 2 in company's press release); *In re Toyota Motor Corp. Hybrid Brake Mkt., Sales, Practices & Prods.*  
 3 *Liab. Litig.*, 890 F. Supp. 2d 1210, 1216 n.3 (C.D. Cal. 2011) (court took judicial notice of press  
 4 release announcing anti-lock brake system recall by Toyota); *Anschutz Corp. v. Merrill Lynch &*  
 5 *Co.*, 785 F. Supp. 2d 799, 834 (N.D. Cal. 2011) (granting request for judicial notice of press release  
 6 issued by Deutsche Bank AG).

7 Finally, Exhibit F (compilation of data regarding historical performance of the Standard &  
 8 Poor's 500 index from June 30, 2012, through August 29, 2014) and Exhibit G (compilation of  
 9 historical yield on 30-year US Treasury Separate Trading of Registered Interest and Principal of  
 10 Securities (STRIPS) from June 30, 2012, to August 29, 2014) are compilations of public financial  
 11 market information and appropriately the subject of judicial notice here. *See, e.g., Pugh v. Tribune*  
 12 *Co.*, 521 F.3d 686, 691 n.2 (7th Cir. 2008) (judicial notice taken of the publicly reported price of a  
 13 company's stock before and after the disclosure of the overstated circulation numbers); *Ieradi v.*  
 14 *Mylan Labs., Inc.*, 230 F.3d 594, 600 n.3 (3d Cir. 2000) (judicial notice taken of stock prices over  
 15 time); *SEC v. Goldstone*, 952 F. Supp. 2d 1060, 1219 (D.N.M. 2013) (judicial notice taken of  
 16 summary facts regarding financial markets, including "Dow Jones Averages February 1, 2008 –  
 17 May 1, 2008, Yahoo! Finance (May 11, 2012)").

18 Based on the foregoing, Franklin requests that the Court take judicial notice of the documents  
 19 attached as Exhibits A through G and the facts set forth therein.

20  
 21 Dated: September 3, 2014

JONES DAY

22  
 23 By:           /s/ James Johnston          

24 James O. Johnston  
 Joshua D. Morse

25 *Attorneys for Franklin High Yield Tax-Free*  
 26 *Income Fund and Franklin California High*  
 27 *Yield Municipal Fund*

# EXHIBIT A



[About CalPERS](#) > [Newsroom](#) > [News](#) > CalPERS to Hold Public Hearing August 19 on Pensionable Compensation for New Members

## News

August 13, 2014

External Affairs Branch

(916) 795-3991

Robert Udall Glazier, Deputy Executive Officer

Brad Pacheco, Chief, Office of Public Affairs

Contact: Amy Morgan, Information Officer

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### CalPERS to Hold Public Hearing August 19 on Pensionable Compensation for New Members

**SACRAMENTO, CA** – The California Public Employees' Retirement System (CalPERS) Board of Administration will hold a public informational hearing on draft regulations that define pensionable compensation for new members, with the implementation of the Public Employees' Pension Reform Act (PEPRA).

The proposed new regulation is intended to clarify the types of pensionable compensation items that state, public agencies, and school employers report to CalPERS as part of a new member's retirement benefit. The most common items excluded as pensionable for new PEPRA members are bonuses, uniform allowance, and any ad hoc payments. Members who were hired on or after January 1, 2013 are considered new members under PEPRA.

Compensation that is reportable for classic members is unaffected under the new regulation.

The hearing will take place on August 19, 2014 at 9:30 a.m. in the CalPERS Lincoln Plaza North auditorium at 400 P Street in Sacramento, California. The hearing will also be webcast live at [www.calpers.ca.gov](http://www.calpers.ca.gov).

### Additional Resources

[Pension and Health Benefits Committee August 19 Board Agenda](#)

[Notice of Proposed Regulatory Action](#) (PDF)

[California Regulatory Notice Register 2014](#) (PDF)

[Summary of Public Comments](#) (PDF)

[Original Comments and Responses](#) (PDF)

[Proposed PEPRA Regulation](#) (PDF)

###

Dated: 08-13-2014

## **Title 2. California Public Employees' Retirement System (CALPERS)**

### **Proposed Adoption of Article 4, Section 579.7 of Chapter 2 of Division 1 of Title 2 of the California Code of Regulations**

#### **Section 579.7. Pensionable Compensation.**

(a) For purposes of determining “pensionable compensation” pursuant to Government Code section 7522.34 for new members under 7522.04(f), it must meet all the following four criteria:

(1) “Pensionable compensation” means the normal monthly rate of pay or base pay and;

(A) Must be for normally required duties.

(B) Must be historically consistent with prior payments for the job classification.

(C) Must be reported periodically as earned.

(2) “Pensionable compensation” is paid in cash to similarly situated members of the same group or class of employment;

(A) As used in this part, “group or class of employment” means a number of employees considered together because they share similarities in job duties, work location, collective bargaining unit, or other logical work-related grouping. One employee may not be considered a group or class.

(B) Increases in pensionable compensation granted to an employee shall be limited during the final compensation period applicable to the employee, as well as the two years immediately preceding the final compensation period, to the average increase in pensionable compensation during the same period reported by the employer for all employees who are in the closest related group or class.

(3) “Pensionable compensation” is for services rendered on a full-time basis during normal working hours; and

(4) “Pensionable compensation” is paid pursuant to a publicly available pay schedule which meets all the following criteria;

(A) Has been duly approved and adopted by the employer’s governing body in accordance with requirements of applicable public meetings laws;

(B) Identifies the position title for every employee position used by the agency;

(C) Specifies the pensionable compensation amount of each identified position, which may be stated as a single amount or as multiple amounts within a range;

(D) Indicates the conditions for payment of the item of pensionable compensation, including, but not limited to, eligibility for, and amount of each component of pay;

(E) Is posted at the office of the employer or immediately accessible and available for public review from the employer during normal business hours or posted on the employer’s internet website;

(F) Indicates an effective date and date of any revisions;

- (G) Is retained by the employer and available for public inspection for not less than five years; and
- (H) Does not reference another document in lieu of disclosing the item of pensionable compensation other than those outlined in GCS 20049.

(b) The following list exclusively identifies and defines the types of pay the Board has determined meet the criteria of “pensionable compensation” for those individuals that are “new members” as defined by Government Code section 7522.04(f), so long as each of the criteria in subdivision (a) have been met. For Public Agency and Schools, all items in this subsection must be reported if contained in a publicly available pay schedule as defined in subsection (a) above.

### **(1) INCENTIVE PAY**

**Dictation/Shorthand/Typing Premium** - Compensation to clerical employees for shorthand, dictation or typing at a specified speed.

**Longevity Pay** - Additional compensation to employees who have been with an employer, or in a specified job classification, for a certain minimum period of time exceeding five years.

**Marksmanship Pay** - Compensation to local police officers, county peace officers and school police or security officers who meet an established criterion such as “certification” as a marksperson.

**Master Police Officer** - Compensation to local police officers, county peace officers and school police or security officers who meet specified requirements, years of employment, performance standards, education, Peace Officer Standard Training (POST), and perform a specialty assignment.

**Physical Fitness Program** - Compensation to local safety members, school security officers and California Highway Patrol officers who meet an established physical fitness criterion.

### **(2) EDUCATIONAL PAY**

The items of pensionable compensation outlined below shall not include reimbursement to an employee for the cost of an application or test, books, tuition or travel.

**Applicator’s Differential** - Compensation to employees who are required to maintain a Qualified Pesticide Applicator’s Certificate.

**Certified Public Accountant Incentive** - Compensation to miscellaneous employees passing an exam and receiving a license as a Certified Public Accountant.

**Educational Incentive** - Compensation to employees for completing educational courses, certificates and degrees which enhance their ability to do their job. A program or system must be in place to evaluate and approve acceptable courses.

The cost of education that is required for the employee’s current job classification is not included in this item of pensionable compensation.

**Emergency Medical Technician Pay** - Compensation to safety employees who obtain and maintain an emergency medical technical (EMT) certification.

**Engineering Registration Premium** - Compensation to engineers who have taken and passed a California engineering proficiency exam and are registered with the State of California.

**Government Agency Required Licenses** - Compensation to employees receiving and maintaining a license required by government or regulatory agencies to perform their duties.

**International Conference of Building Officials (ICBO) Certificate** - Compensation to building inspectors who obtain and maintain an International Conference of Building Officials (ICBO) certificate in one or more certified areas.

**Mechanical Premium (Brake Adjustment License, SMOG Inspector License)** - Compensation to employees who obtain and maintain state-required mechanical licenses.

**National Institute of Automotive Service Excellence (NIASE) Certificate** - Compensation to mechanics who obtain and maintain a National Institute of Automotive Service Excellence (NIASE) certificate.

**Notary Pay** - Compensation to clerical employees who obtain and maintain a notary public certificate from the State of California or are deputized by an agency's chief administrative officer to sign legal or financial documents for the agency.

**Paramedic Pay** - Compensation to employees who obtain and maintain certification in auxiliary medical techniques.

**Peace Officer Standard Training (POST) Certificate Pay** - Compensation to local police officers, county peace officers, school police or security officers and State members who obtain Peace Officer Standard Training (POST) certification.

**Reading Specialist Premium** - Compensation to certificated employees who have obtained special training and provide literacy instruction as part of their teaching duties.

**Recertification Certificate** - Compensation to local firefighters who obtain and maintain a fire safety and prevention certificate for a specified period of time.

**Special Class Driver's License Pay** - Compensation to school bus drivers or street maintenance employees who are required to obtain and maintain a special class driver's license to perform their duties.

**Undergraduate/Graduate/Doctoral Credit** - Compensation to school district employees and State members who are required to obtain a specified degree.

### **(3) PREMIUM PAY**

**Temporary Upgrade Pay** - Compensation to employees who are required by their employer or governing board or body to work in an upgraded position/classification of limited duration.

### **(4) SPECIAL ASSIGNMENT PAY**

**Accountant Premium** - Compensation to rank and file employees who are routinely and consistently responsible for developing the employer's budget.

**Administrative Secretary Premium** - Compensation to an administrative secretary responsible for coordinating meetings, plans and other specialized activities for the governing body of the contracting agency or school employer.

**Aircraft/Helicopter Pilot Premium** - Compensation to safety employees who are routinely and consistently assigned as aircraft/helicopter pilots.

**Asphalt Work Premium** - Compensation to miscellaneous employees who are routinely and consistently assigned to mix, transport and/or apply a tar-like substance for sidewalks, roads, roofs and/or parking lots.

**Audio Visual Premium** - Compensation to miscellaneous employees who are routinely and consistently responsible for operating audio visual equipment.

**Auditorium Preparation Premium** - Compensation to school employees who are routinely and consistently assigned to prepare auditorium(s), i.e. setting up stages, lighting, props and chairs for performing arts purposes.

**Bilingual Premium** - Compensation to employees who are routinely and consistently assigned to positions requiring communication skills in languages other than English.

**Branch Assignment Premium** - Compensation to employees who are routinely and consistently assigned to a branch office or work site that is identified as “rural”, “remote”, or “unique”.

**Canine Officer/Animal Premium** - Compensation to local police officers, county peace officers, school police or security officers or State members who are routinely and consistently assigned to handle, train and board a canine or horse. Pensionable compensation shall not include veterinarian fees, feed or other reimbursable expenses for upkeep of the animal.

**Cement Finisher Premium** - Compensation to miscellaneous employees who are routinely and consistently assigned to finish cement work, e.g. watering, brushing or surfacing.

**Circulation Librarian Premium** - Compensation to library staff who are routinely and consistently assigned to the circulation desk of the library.

**Computer Operations Premium** - Compensation to employees who have special knowledge of computer processes and applications.

**Confidential Premium** - Compensation to rank and file employees who are routinely and consistently assigned to sensitive positions requiring trust and discretion.

**Contract Administrator Coordinator Premium** - Compensation to school employees who routinely and consistently coordinate administrative contracts for instruction or facility maintenance.

**Crime Scene Investigator Premium** - Compensation to local police officers, county peace officers and school police or security officers who are routinely and consistently assigned to analyze and explore a crime scene.

**Critical Care Differential Premium** - Compensation to nursing staff who are routinely and consistently assigned to critical and intensive medical or psychological care areas.

**D.A.R.E. Premium** - Compensation to local police officers, county peace officers and school police or security officers who routinely and consistently provide training to students on drug abuse resistance.

**Detective Division Premium** - Compensation to local police officers, county peace officers and school police or security officers who are routinely and consistently assigned to a detective or investigative division or intelligence duties.

**Detention Services Premium** - Compensation to employees who are routinely and consistently assigned to areas where criminally charged persons are confined and nursing staff who are routinely and consistently assigned to an adult facility where criminally charged persons are confined.

**DUI Traffic Officer Premium** - Compensation to local police officers, county peace officers and school police or security officers who are routinely and consistently assigned to enforce Driving Under the Influence (DUI) of alcohol or drug laws.

**Extradition Officer Premium** - Compensation to local police officers and county peace officers who are routinely and consistently assigned to return a person to the custody of another jurisdiction.

**Fire Inspector Premium** - Compensation to “fire inspector” personnel who are routinely and consistently assigned to inspect buildings and other permanent structures for compliance with governmental safety standards.

**Fire Investigator Premium** - Compensation to “fire investigation” personnel who are routinely and consistently assigned to investigate causes of destructive burning.

**Fire Prevention Assignment Premium** - Compensation to rank and file local firefighters who are routinely and consistently assigned to specific fire inspections and investigative work during normal hours of employment that may differ from the work schedule of fire suppression personnel.

**Fire Staff Premium** - Compensation to rank and file local firefighters who are routinely and consistently assigned to administrative work during normal hours of employment that may differ from the work schedule of fire suppression personnel.

**Flight Time Premium** - Compensation to safety employees for time spent as co-pilot or crew on work related air missions.

**Float Differential Premium** - Compensation for nurses not specifically assigned to a specific station.

**Front Desk Assignment (Jail)** - Compensation to employees staffing a jail who are routinely and consistently assigned the duty of responding to questions from the public.

**Fugitive Officer Premium** - Compensation to local police officers and county peace officers who are routinely and consistently assigned to pursue persons who have or are fleeing from justice.

**Gang Detail Assignment Premium** - Compensation to local police officers, county peace officers and school police or security officers who are routinely and consistently assigned to enforce laws relating to a group of individuals banded together for unlawful activities.

**Gas Maintenance Premium** - Compensation to maintenance employees who are routinely and consistently assigned to inspect gas construction, repair instruments or perform pipeline welder duties.

**Grading Assignment Premium** - Compensation to employees who are routinely and consistently assigned to inspect the degree of rise or descent of a sloping surface.

**Hazard Premium** - Compensation to employees who are routinely and consistently exposed to toxic, radioactive, explosive or other hazardous substances or perform hazardous activities to implement health or safety procedures.

**Heavy/Special Equipment Operator** - Compensation to employees who are routinely and consistently assigned to operate heavy equipment or specialized equipment.

**Height Premium** - Compensation to employees who are routinely and consistently required to work on ladders or mechanical devices at heights over 40 feet.

**Housing Specialist Premium** - Compensation to city housing specialists who are routinely and consistently assigned to perform administrative functions of the housing division.

**Juvenile Officer Premium** - Compensation to local police officers, county peace officers and school police or security officers who are routinely and consistently assigned to enforce laws that restrict the activities of juveniles.

**Lead Worker/Supervisor Premium** - Compensation to employees who are routinely and consistently assigned to a lead or supervisory position over other employees, subordinate classifications, or agency-sponsored program participants.

**Library Reference Desk Premium** - Compensation to library staff who are routinely and consistently assigned to provide direction or resources to library patrons.

**MCO Instructor Premium** - Compensation to miscellaneous employees who are routinely and consistently assigned to train Motor Coach Operators, i.e. bus drivers.

**Motorcycle Patrol Premium** - Compensation to local police officers, county peace officers and California Highway Patrol officers who are routinely and consistently assigned to operate and/or patrol on motorcycle.

**Mounted Patrol Premium** - Compensation to local police officers and county peace officers who are routinely and consistently assigned to patrol on horseback.

**Narcotic Division Premium** - Compensation to local police officers, county peace officers and school police or security officers who are routinely and consistently assigned to drug enforcement.

**Paramedic Coordinator Premium** - Compensation to paramedics who are routinely and consistently assigned to coordinate training activities in auxiliary medical techniques.

**Park Construction Premium** - Compensation to groundskeepers who are routinely and consistently assigned to build park equipment.

**Park Maintenance/Equipment Manager Premium** - Compensation to park maintenance employees who are routinely and consistently assigned to equipment management and other administrative duties.

**Parking Citation Premium** - Compensation to employees who are routinely and consistently assigned to read parking meters and cite drivers who have violated parking laws.

**Patrol Premium** - Compensation to local police officers, county peace officers and school police or security officers who are routinely and consistently assigned to patrol detail.

**Plumber Irrigation System Premium** - Compensation to plumbers who are routinely and consistently assigned as irrigation systems plumbing specialists.

**Police Administrative Officer** - Compensation to rank and file police officers, county peace officers and school police or security officers who are routinely and consistently assigned to police administration to provide support for the police chief and command staff in the operation of the police department.

**Police Investigator Premium** - Compensation to rank and file local police officers, county peace officers and school police or security officers who are routinely and consistently assigned to analyze crimes or investigate accidents.

**Police Liaison Premium** - Compensation to rank and file local police officers, county peace officers and school police or security officers who are routinely and consistently assigned to function as a liaison between special persons, groups or courts and the police/sheriff department.

**Police Polygraph Officer** - Compensation to local police officers, county peace officers and school police or security officers who are routinely and consistently assigned to administer and interpret polygraph exams.

**Police Records Assignment Premium** - Compensation to employees who are routinely and consistently assigned to the police records division.

**Rangemaster Premium** - Compensation to local police officers, county peace officers and school police or security officers who are routinely and consistently assigned to supervise the target range facilities and all related activities.

**Refugee Arrival Cleanup Premium** - Compensation to employees who are routinely and consistently assigned to cleanup from activities directly related to refugee arrival flights.

**Refuse Collector Premium** - Compensation to maintenance employees who are routinely and consistently assigned to collect refuse.

**Safety Officer Training/Coordinator Premium** - Compensation to employees who are routinely and consistently assigned to instruct personnel in safety procedures.

**Sandblasting Premium** - Compensation to miscellaneous employees who are routinely and consistently assigned to operate sandblasting equipment.

**School Yard Premium** - Compensation to part-time school district employees who are routinely and consistently assigned to supervise students during recreation.

**Search Pay Premium** - Compensation to employees who are routinely and consistently assigned to search and process prisoners in the induction area of jails.

**Severely Disabled Premium** - Compensation to school instructional aides who are routinely and consistently assigned to work with severely disabled students.

**Sewer Crew Premium** - Compensation to laborers who are routinely and consistently assigned to repair and maintain sewer systems.

**Shift Differential** - Compensation to employees who are routinely and consistently scheduled to work other than a standard “daytime” shift, e.g. graveyard shift, swing shift, shift change, rotating shift, split shift or weekends.

**Solo Patrol Premium** - Compensation to local police officers, county peace officers and school police or security officers who are routinely and consistently assigned to patrol alone in vehicles.

**Sprinkler and Backflow Premium** - Compensation to groundskeepers who are routinely and consistently assigned to repair large sprinkler head controllers, valves and backflow prevention devices.

**Street Lamp Replacement Premium** - Compensation to maintenance employees who are routinely and consistently assigned to replace street lamps from an aerial bucket.

**Tiller Premium** - Compensation to local firefighters who are routinely and consistently assigned to operate the tiller on an aerial ladder.

**Tire Technician Premium** - Compensation to equipment attendants who are routinely and consistently assigned to work on heavy duty tires, e.g. for buses and large construction equipment.

**Traffic Detail Premium** - Compensation to employees who are routinely and consistently assigned to direct traffic.

**Training Premium** - Compensation to employees who are routinely and consistently assigned to train employees.

**Tree Crew Premium** - Compensation to maintenance workers who are routinely and consistently assigned to remove, prune, or otherwise care for trees.

**Utility Meter Premium** - Compensation to miscellaneous employees who are routinely and consistently assigned to re-read utility meters, repair or set and install meters.

**Utilities Systems Operation Premium** - Compensation to maintenance or carpenter employees who are routinely and consistently assigned to planner duties in the maintenance division.

**Water Certification Premium** - Compensation to miscellaneous employees who are routinely and consistently assigned to test local water quality for compliance with governmental health standards.

#### **(5) ADDITIONAL ITEMS**

**Fair Labor Standards Act (FLSA)** - Compensation paid for normal full-time work schedule including premium pay required by FLSA.

**Holiday Pay** - Additional compensation for employees who are normally required to work on an approved holiday because they work in positions that require scheduled staffing without regard to holidays.

- (c) “Pensionable compensation” for all “new members” does not include;
- (1) Payments determined to have been paid to increase retirement.
  - (2) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member and which was converted to and received by the member in the form of a cash payment.

- (3) Any one-time or ad hoc payments.
- (4) Severance or any other payment that is granted or awarded to a member in connection with or in anticipation of a separation from employment.
- (5) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, regardless of when reported or paid.
- (6) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.
- (7) Any employer-provided allowance, reimbursement, or payment, including, but not limited to, one made for housing, vehicle, or uniforms.
- (8) Payment for overtime work, other than as defined in Section 207(k) of Title 29 of the United States Code.
- (9) Employer contributions to deferred compensation or defined contribution plans.
- (10) Any bonus.
- (11) Any other form of compensation inconsistent with the requirements of subsection (a).
- (12) Any other form of compensation not listed and described in subsections (b).

(d) The Board reserves the right to add to or delete from the lists provided in subdivisions (b) and (c).

Authority cited: Sections 20120 - 20124, Government Code.  
Reference: Sections 7522.04, 7522.34, Government Code.

# EXHIBIT B



Office of Governor  
**Edmund G. Brown Jr.**

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**GOVERNOR BROWN ISSUES STATEMENT ON CALPERS VOTE**

8-20-2014

SACRAMENTO – Governor Edmund G. Brown Jr. issued the following statement regarding today's vote by the California Public Employees' Retirement System (CalPERS) Board to count temporary salary supplements toward employee pension benefits:

"Today CalPERS got it wrong. This vote undermines the pension reforms enacted just two years ago. I've asked my staff to determine what actions can be taken to protect the integrity of the Public Employees' Pension Reform Act."

###

**Latest News**



**Governor Brown Issues Proclamation Declaring Labor Day** 08-31-2014



**Governor Brown Issues Statement on Passage of AB 1522** 08-30-2014



**Governor Brown Announces Appointments** 08-29-2014



**Governor Brown Signs Legislation** 08-29-2014



**Governor Brown Announces Appointments** 08-27-2014



**Governor Brown, Former Governor Schwarzenegger to Unveil Official Portrait** 08-27-2014



**Governor Brown to Speak at Climate Change Symposium in Sacramento** 08-27-2014



**Governor Brown, Legislative Leaders Strike Deal on Film and Television Tax Credit** 08-27-2014



**Governor and First Lady Honor Sgt. Christopher W. Mulalley** 08-27-2014



**Governor Brown, Mexico's President Enrique Peña Nieto Meet in Sacramento** 08-26-2014

# EXHIBIT C

*Strengthening California Cities  
through Advocacy & Education*



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## Governor Calls CalPERS Board to Task for Including Temporary Pay for Pension Calculations

League Agrees with Governor, Urges Board to Reconsider Full Action

*August 20, 2014*

The CalPERS Board of Administration today voted 7-5 to approve new regulations that include close to 100 categories of “special pay” as pensionable for employees hired after the Public Employees’ Pension Reform Act (PEPRA).

League Executive Director Chris McKenzie testified yesterday before the CalPERS Pension and Benefits Committee urging the members to consider the fiscal impact on cities. Gov. Jerry Brown quickly criticized today’s action after he requested “temporary upgrade pay” to be excluded.

“Today CalPERS got it wrong. This vote undermines the pension reforms enacted just two years ago. I’ve asked my staff to determine what actions can be taken to protect the integrity of the Public Employees’ Pension Reform Act,” said Governor Brown.

The League is in complete agreement with the Governor’s assessment that “temporary upgrade pay” should not be part of an employee’s final pension calculation but urged the committee yesterday to conduct a holistic evaluation of all “ad hoc” pay categories that are prohibited by PEPRA. The board’s approval of the regulations weakens PEPRA, which was passed in 2012 and amended in 2013. California cities continue to recover from the recession while shouldering the weight of rate increases in the next six years.

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# EXHIBIT D



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## Fitch: CalPERS Decision Raises Pension Obligations Endorsement Policy

22 Aug 2014 2:51 PM (EDT)

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Fitch Ratings-San Francisco-22 August 2014: A recent decision by the board of the California Public Employees' Retirement System (CalPERS) will raise funding pressures on public employers, Fitch Ratings says. The state, school districts and local governments are already facing materially higher projected contributions caused by past investment results and recent actuarial changes intended to improve the sustainability of the plans over time. We expect legal and institutional battles to continue given the high stakes of pension reform for both public employers and employees.

The actuarial value of CalPERS' unfunded pension liabilities was \$57.4 billion, as of the most recent valuation date. The Aug. 20 decision expands the definition of pensionable compensation for most newly hired public workers, allowing temporary and special assignment payments, among numerous categories of compensation outside of workers' base pay, to be included along with base pay in pension calculations.

The expanded definition of pensionable compensation exposes public employers to higher pension liabilities and contribution expenses, and appears to be a step backward from recent reforms. The Public Employees' Pension Reform Act of 2013 (PEPRA) narrowed the definition of pensionable compensation for public employees in an effort to address "pension spiking," the inflation of base pay for purposes of pension benefit calculations. This decision expands the definition of pensionable compensation, in apparent conflict with PEPRA, and will increase pension costs for public employers if implemented.

The magnitude of impact from this decision is not yet clear, but it raises more questions about the sustainability of California's pension reform efforts, which continue to face legal and institutional challenges. Particularly worrisome to Fitch is the absence of detailed information on the analysis of its projected costs. The decision has been sharply criticized by Gov. Jerry Brown, who cited its conflicts with recent state legislation intended to reduce pension costs. City-led pension reform efforts in San Diego and San Jose remain mired in litigation while this CalPERS decision appears to open up a new front for challenging reform efforts.

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The above article originally appeared as a post on the Fitch Wire credit market commentary page. The original article can be accessed at [www.fitchratings.com](http://www.fitchratings.com). All opinions expressed are those of Fitch Ratings.

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# EXHIBIT E



[About CalPERS](#) > [Newsroom](#) > [News](#) > [2013](#) > [CalPERS Reports Preliminary 2012-13 Fiscal Year Performance of 12.5 Percent](#)

## Press Release

July 15, 2013

External Affairs Branch

(916) 795-3991

Robert Udall Glazier, Deputy Executive Officer

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### CalPERS Reports Preliminary 2012-13 Fiscal Year Performance of 12.5 Percent

**Global Equity and Real Estate lead asset classes with strong returns**

**Media call with senior investment leaders today at 12:00 p.m.**

**SACRAMENTO, CA** – The California Public Employees' Retirement System (CalPERS) today reported a 12.5 percent return on investments for the 12 months that ended June 30, 2013, outperforming its benchmark by 1.5 percentage points. CalPERS assets at the end of the fiscal year stood at more than \$257.8 billion.

The gain was led by strong performances by CalPERS global public equity and real estate investments. Investments in domestic and international stocks returned 19 percent, outperforming the CalPERS custom public equity benchmark by nearly one percentage point. Investments in income-generating real properties like office, industrial and retail assets returned 11.2 percent, outperforming the Pension Fund's real estate benchmark by 1.4 percent.

"When things got rough we didn't panic," said Joe Dear, CalPERS Chief Investment Officer. "We stuck with our exposure to growth assets and applied the lessons we learned from the past. The numbers show us that our approach is working."

CalPERS 12.5 percent return is well above the Fund's discount rate of 7.5 percent, the long-term return required to meet current and future obligations. CalPERS 20-year investment return is 7.6 percent, while its return since 1988 is 8.5 percent.

"We've taken many steps to strengthen our internal investment controls and risk management to drive better performance," said Rob Feckner, President of the CalPERS Board. "I'm very proud of the reforms that our Board has made and the resiliency of our investment staff to remain focused on our long-term goals."

Today's announcement includes asset class performance gains as follows:

<b>Public Equity</b>	19.0%
<b>Private Equity</b>	13.6%
<b>Fixed Income</b>	(1.6%)
<b>Real Estate</b>	11.2%
<b>Liquidity</b>	(0.8%)
<b>Inflation Assets</b>	0.2%
<b>Absolute Return Strategies</b>	7.4%

Returns for real estate, private equity and some components of the inflation assets reflect market values through March 31, 2013 (not June 30, 2013). Final performance including the last quarter of the fiscal year will be available after asset valuations are completed.

"CalPERS is a long-term investor and we try to not focus too much on one year of performance," said Henry Jones, Chair of CalPERS Investment Committee. "But obviously 12.5 is a great number and we're pleased with the performance."

Investment returns are based on compounded daily earnings over the year, including continuing member contributions and benefit payments, and do not precisely correspond to one-year changes in CalPERS overall portfolio market value.

Employer contribution rates that use CalPERS 2012-13 Fiscal Year investment performance will be calculated based on audited figures and will be reflected in contribution levels for the State of California in Fiscal Year 2014-15, and for contracting cities, counties and special districts in Fiscal Year 2015-16.

CalPERS is the largest public pension fund in the U.S. The retirement system administers retirement benefits for more than 1.6 million current and retired California State, public school, and local public agency employees and their families on behalf of more than 3,000 public employers in the state, and health benefits for 1.3 million enrollees. For more information about CalPERS, visit [www.calpers.ca.gov](http://www.calpers.ca.gov).

### **News Media Availability Today**

Today the Pension Fund will hold a telephonic news media availability at 12:00 p.m., PT, with its chief investment officer and senior investment officers to discuss earnings for the 2012-13 Fiscal Year. To participate, call the toll-free number (888) 843-9212 from the U.S., using the "CalPERS" pass code for call leader Brad Pacheco.

###

Dated: 07-15-2013



[About CalPERS](#) > [Newsroom](#) > [News](#) > **New CalPERS Report Charts Progress Toward Pension and Health Benefit Sustainability**

## News

August 6, 2014

External Affairs Branch

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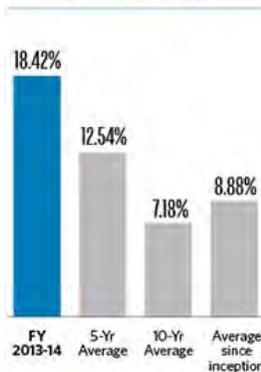
### New CalPERS Report Charts Progress Toward Pension and Health Benefit Sustainability

**SACRAMENTO, CA** - The California Public Employees' Retirement System (CalPERS) today released a report highlighting the Pension Fund's achievements and milestones toward its goals to improve long-term pension and health benefit sustainability, organizational strength, and policy development at the state and national level. It's the second annual report for CalPERS chronicling its work in its five-year Strategic Plan.

Progress outlined in the report includes:

- A preliminary 18.4 percent net return on investments, exceeding its assumed actuarial rate of 7.5 percent
- A 3 percent reduction in health care premium rates for the majority of CalPERS members
- A reduction in average customer call wait times to 90 seconds
- An increase in funded status to an estimated 76 percent
- The implementation of a multi-year workforce plan to help CalPERS recruit, retain, and develop a broad range of talent

CalPERS Average Investment Returns



In addition, the report outlines the research and reports CalPERS has released in the last year, including the role the Pension Fund plays in the California economy through the payment of pensions and investments.

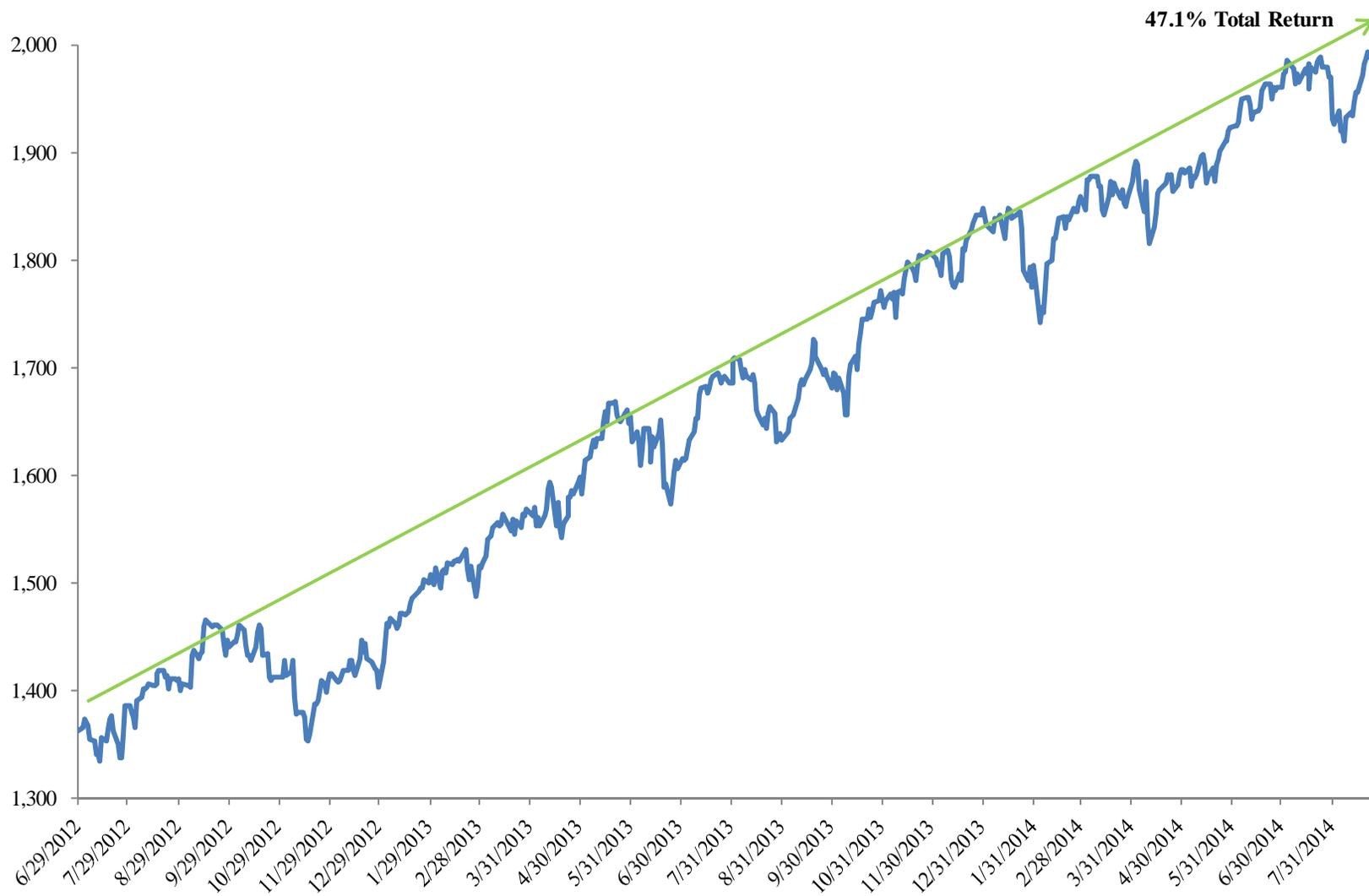
[Read the report](#) (PDF).

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Dated: 08-07-2014

# EXHIBIT F

### Historical Performance Of The Standard & Poor's 500 Index (June 29, 2012, Through August 29, 2014)



Source: Bloomberg

— Price

# EXHIBIT G

### Historical Yield On 30-Year US Treasury Separate Trading Of Registered Interest And Principal Of Securities (STRIPS) (June 29, 2012, Through August 29, 2014)

