



17555 Peak Avenue  
Morgan Hill, CA 95037-4128  
TEL: 408-779-7271  
FAX: 408-779-3117  
www.morganhill.ca.gov

**STEVE TATE**  
Mayor

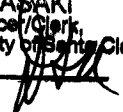
---

August 25, 2011

Honorable Richard J. Loftus, Jr.  
Presiding Judge  
Santa Clara County Superior Court  
191 North First Street  
San Jose, CA 95113

**FILED**

**AUG 31 2011**

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

**RE: City of Morgan Hill response to "Rehiring of Pensioners: Bad Policy, Good Business or Both?"**

Dear Judge Loftus:

Thank you for the opportunity to respond to the Grand Jury's report on rehiring pensioners, and resulting recommendations and findings.

Finding 1

In spite of public opinion, there are situations that warrant rehiring pensioners and often it makes good business sense to do so. All managers interviewed follow existing procedures, which allow rehiring of pensioners.

*Agree.*

Recommendation 1

If the...City...desire[s] to end the practice of rehiring pensioners, they should make that official by means of a policy decision.

*Agree.*

Finding 3

The fifteen towns and cities...and the County may be inadvertently creating a demand to rehire pensioners because the public sector retirement age is relatively young at 50 (police and fire) or 55 (administrative positions).

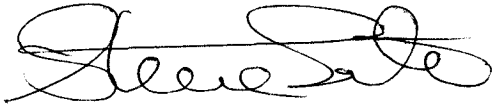
*Agree*

Recommendation 3

The fifteen towns and cities...and the County should continue to pursue a higher retirement age with its public sector unions and associations.

*Agree. The city council has already adopted a policy of negotiating with our three bargaining units reduced pension costs by a combination of increased retirement age, decreased benefit formula and higher employee contributions beginning with labor contracts slated to take effect July 1, 2013.*

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Tate", with a stylized flourish at the end.

Steve Tate  
Mayor  
City of Morgan Hill