



For Immediate Release:
Thursday, January 13, 2005

Contact: Rob Butterfield at 858-444-2312

San Diego Municipal Employees Association Has Hired Tax Lawyer to Respond to Pension Tax Issue

SAN DIEGO — The San Diego Municipal Employees Association (“MEA”) has retained attorney Rob Butterfield to assure that the recent controversy related to the tax qualified status of the City’s pension plan is addressed and resolved quickly.

A memo dated October 29 from Retirement Administrator Larry Grissom to City Manager Lamont Ewell stated that the pension system “should not have accepted contributions from any union on behalf of its president” and that having done so “endangers the tax-qualified status of the plan.”

Mr. Butterfield has practiced law related to pension plans and tax issues since 1977. He served as a Retirement Board Member for the City’s Pension Plan for five years in the late 1980s. He has also served as President, Western Pension Conference, San Diego Chapter; Chairman, Taxation Section of the San Diego County Bar Association; Executive Committee Member, Taxation Section State Bar of California; Instructor, University of California at San Diego. Based on his expertise and credentials, he recently served as an appointed member of the Mayor’s Pension Reform Committee.

Mr. Butterfield offers the following comments about the situation:

“Certain uninformed people and media outlets, including today’s Union Tribune editorial, have offered an incorrect, hysterical view about the nature and meaning of the issue summarized in Retirement Administrator Larry Grissom’s 10/29/04 Memorandum to City Manager Lamont Ewell.

First, the participation of a small number of non-governmental employees in a government pension plan is an acceptable practice and does not threaten the qualified status of the City’s plan. It is highly irresponsible – and *wrong* – to say that it does.

Second, if there are any newly-discovered tax issues related to the Plan’s receipt of contributions which Union Presidents have paid into the system in good faith while on leaves of absence from their City jobs – based on agreements between their Unions and the City – those tax issues can and should be addressed in a rational manner and resolved. Given the number and complexity of the laws related to public pension systems,

these types of issues are not uncommon and there are *a/ways* solutions. It is highly irresponsible to say otherwise.

I would not expect any Retirement Board Member or the City Attorney to make uninformed statements about the situation which mislead the public or the plan participants to believe that the “law has been broken” or that the Plan is seriously threatened in any way. I would also not expect any Retirement Board Member or the City Attorney to breach their fiduciary and ethical duties by taking any uninformed action or making any uninformed statement on this issue which is adverse to the Plan or its participants.”

The San Diego Municipal Employees Association (“MEA”) has retained well-known local attorney Rob Butterfield in order to protect the interests of the 6,000 city employees MEA represents.

#