

ENDORSED  
FILED

OCT 15 2012

David H. Yonaszki, Clerk of the Superior Court  
County of Santa Clara, California

By: G. Duarte

1 George Nathan Jaeger  
15118 San Jose Street  
2 Mission Hills, CA  
91345  
3 (818) 361-4145  
4 Plaintiff in Propria Persona

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10 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
11 COUNTY OF SANTA CLARA

12 ) No. 112CV234048  
13 )  
14 ) COMPLAINT FOR DECLARATORY RELIEF  
15 ) ON AN ORAL OR WRITTEN CONTRACT  
16 )  
17 )  
18 )  
19 )  
20 )  
21 )

14 GEORGE NATHAN JAEGER  
15 Plaintiff,  
16  
17 v.  
18 CITY OF SAN JOSE, BOARD  
19 OF ADMINISTRATION FOR THE  
20 POLICE AND FIRE DEPARTMENT  
RETIREMENT PLAN OF THE  
CITY OF SAN JOSE, and DOES  
1-100  
21 Defendants,

22  
23  
24 Plaintiff George Nathan Jaeger, brings this action  
25 and alleges:  
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1           1.       The City of San Jose et al, ("Defendants"), on  
2 or about November 29, 2001 made a oral and written offer to  
3 George Nathan Jaeger("Plaintiff") to establish a supplemental  
4 Retiree Benefit Plan ("SRBR") for his benefit. Plaintiff  
5 accepted the City of San Jose's written SRBR offer. Plaintiff's  
6 acceptance was in strict compliance with the terms of the offer.

7           2.       The legal purpose and objective of the City of  
8 San Jose's formulation and offer of the SRBR contract, both  
9 written and oral was to increase yearly financial benefits for  
10 Plaintiff and "to focus the most attention on those retirees  
11 whose pensions have been the most eroded by the excess of actual  
12 past inflation over the limited COLA increases granted by the  
13 system. "This can be done ... but basically it would involve  
14 allocating funds to be distributed in proportion to the lost  
15 purchasing power of each retired member" "...distribution of  
16 the SRBR would not have a cost implication for the City members  
17 since the SRBR is not included in the system assets when  
18 determining contribution rates. It would appear the main  
19 considerations are those of equity."

20           3.       The mutuality of the obligation for the  
21 Federated employees and later for Police and Fire Retirees  
22 remained the same and is memorialized in exhibits A through J  
23 and exhibit I and made a part of this pleading by incorporation.

24           4.       The Defendants duplicated the Federated  
25 Employees SRBR Program and developed and applied the same  
26 business model to the Police and Fire retirees. In consideration  
27 for the aforementioned contract's implementation , Plaintiff, as  
28 a continuous voting member of the San Jose Police Officers

1 Association, waived his rights to Meet and Confer and to bargain  
2 for greater benefits under the proposed SRBR Contract. Plaintiff  
3 waived his rights to use Arbitration, if necessary, to win an  
4 award of greater benefits under the SRBR Contract should Meet  
5 and Confer reach an impasse.

6           5.       All of the parties involved in the creation,  
7 methodologies and implementation of the SRBR Contract were  
8 competent adults.

9           6.       On or about April, 2002 through and including  
10 November, 2008 the Defendants performed on the contract, a copy  
11 of the accounting of their performance is attached hereto as  
12 "Exhibit L" and is made a part of this pleading by  
13 incorporation.

14           7.       On or about April, 2002 Defendants, without  
15 notice to Plaintiff, suspended their performance of the contract  
16 and failed or refused to transfer the SRBR funds into the Police  
17 and Fire Retiree SRBR account, thereby depriving the Plaintiff  
18 of the further benefits of the contract. Demands have been made  
19 on the Defendants to pay Plaintiff and legally justify their  
20 breach and to give an accounting of the monies owed Plaintiff to  
21 date, all to no avail. Defendants have refused to communicate.

22  
23                                   JURISDICTION AND VENUE  
24

25           8.       Defendant parties exist and reside within the  
26 County of Santa Clara, Plaintiff resides in Los Angeles County  
27 and all relevant actions and omissions took place within the  
28 County of Santa Clara, making this Court the appropriate venue

1 for this action.

2  
3 THE PARTIES  
4

5 9. The City of San Jose ("City") is a charter city  
6 that employed and retired, for Service Connected Disability,  
7 George Nathan Jaeger and established the Retirement Plan. The  
8 City is governed by the San Jose City Charter ("Charter") the  
9 Retirement Plan is administered by Defendant Board of  
10 Administration of the Police and Firemen Retirement Plan ('the  
11 Board'), whose fiduciary duties are to past , current and future  
12 beneficiaries. The Board has no authority over any changes to  
13 the structure or implementation of the Retirement Plan. The  
14 Board is sued because of its role in administering the benefits  
15 at issue in this law suit.

16 10. Plaintiff is a member of the San Jose Police  
17 Officer's Association, the Retired Police and Fire Retiree  
18 Association and the San Jose Retired Employees Association and  
19 was an active employee of the San Jose Police Department as a  
20 police officer. Plaintiff sustained a 44 3/4% physical service  
21 connected disability and was retired, without an appearance  
22 before the San Jose Police and Fire Retirement Board for serious  
23 spinal and leg injuries in 1980 on a pension of \$890.00. The  
24 terms and conditions of George Nathan Jaeger's right to certain  
25 retirement benefits is governed by the San Jose, CA Code of  
26 Ordinances, Chapter 3.36, 1961 Police and Fire Department  
27 Retirement Plan, Ordinance 26536, creating the San Jose  
28 Municipal Code Section 3.36.580, passed on December 11, 2001,

1 certified on December 19,2001, published on December 14,2001 and  
2 an MOA between the SJPOA and the City, which was entered into  
3 pursuant to the Meyers-Milias-Brown Act, Government Code Section  
4 3500, et seq.

5 11. Defendants and Respondents Does 1 through 100,  
6 inclusive, are sued under fictitious names. Their true names and  
7 capacities are unknown to Plaintiff. When their true names and  
8 capacities are ascertained, Plaintiff will amend this complaint  
9 by inserting their true names and capacities. Plaintiff is  
10 informed and believes, and thereon alleges, that each of the  
11 fictitiously named Defendants and Respondents are responsible in  
12 some manner for the occurrences alleged in this action, and that  
13 Plaintiff's damages as alleged in this action are proximately  
14 caused by those Defendants and Respondents.

15 13. Necessary Party in interest, the Board of  
16 Administration of the 1961 Police and Fire Department Retirement  
17 Plan ("Board") is the body appointed by the City Council  
18 responsible for managing, administering and controlling all  
19 funds in the Plan established under the SJMC and the California  
20 Constitution, art XVI,1. The Board administers the retirement  
21 system and performs various functions related to the Plan,  
22 including determining eligibility for receipt of retirement  
23 benefits and the calculation of employer and employee  
24 contributions, the management and investment of the Plan's funds  
25 and the distribution of pension benefits including the SRBR Fund  
26 to retired police officers.

BACKGROUND

1  
2           14.       An actual controversy has arisen and now exists  
3 between Plaintiff and Defendants regarding their respective  
4 rights and duties under the SRBR contract. The following  
5 demonstrates the history, legal purpose and objectives of the  
6 SRBR contract.

7           15.       On or about May 5, 1988 Resolution No. 60523  
8 was passed by the Defendant City of San Jose, establishing the  
9 Supplemental Retiree Benefit Reserve of the Federated City  
10 Employees Retirement Fund, the model for the Police and Fire  
11 Supplemental Retiree Benefit Reserve Contract, established in  
12 2002. The purpose of which was stated as, "shall be used only  
13 for the benefit of retired members, survivors of members, and  
14 survivors of retired members of the Federated City Employees  
15 Retirement System". However, the Defendants included on page 2  
16 Section 3. "The City "reserved the right to amend and repeal this  
17 resolution at any time and page 2 Section 4. "Nothing herein  
18 shall be deemed in any way to give any person any irrevocable or  
19 vested right to enhancements described herein etc." A copy of  
20 this resolution is attached as Exhibit A and is incorporated by  
21 reference. These provisions do not exist in the Police and Fire  
22 Retiree SRBR contract with Plaintiff, Ordinance No. 26536,  
23 November 29, 2001. A copy of this Ordinance is attached as  
24 Exhibit I and is incorporated by reference.

25           16.       On or about April 22, 1998 Mr. Edward F.  
26 Overton, Retirement Administrator for the City of San Jose  
27 Federated City Employees retirement system requested and  
28 received a professional review of the Supplemental Retirees

1 Benefit Reserve by Watson Wyatt and Company Worldwide. Mr.  
2 Douglas R. Tokerud, FSA found that the distribution of the SRBR  
3 would not have a cost implication for the City or employees and  
4 "members" since the SRBR is not included in system assets when  
5 determining contribution rates. He also stated that the SRBR  
6 was to focus the most attention on those retirees whose pensions  
7 have been most eroded by the excess of actual past inflation  
8 over the COLA increases granted by the system. "Basically it  
9 would involve allocation of the funds to be distributed in  
10 proportion to the lost purchasing power of each retired member.  
11 A copy of the Review is attached as Exhibit B and is  
12 incorporated by reference.

13           17.       On or about June 3, 1998 Mr. Edward Overton  
14 made a recommendation to the City Council to distribute SRBR  
15 funds to current City retirees and survivors totaling  
16 \$5,000,000.00 based upon criteria that has been set by the  
17 Retirees Association. A copy of this City of San Jose  
18 Memorandum is attached as Exhibit C and is incorporated by  
19 reference.

20           18.       On or about January 19, 2000, San Jose City  
21 Manager Del D. Borgsdorf wrote a memorandum to the Board of  
22 Administration, Federated City Employees Retirement system  
23 explaining, in detail, how the SRBR program is funded and how  
24 the City and it's active employees organizations and retired  
25 employees organizations should work together to develop  
26 distribution methodologies. A copy of this San Jose memorandum  
27 to the Mayor and City Council is attached as Exhibit E and is  
28 incorporated by reference.

1           19.       On or about March 3, 2000 Deborah A. Powell,  
2 spokesperson for the City Labor Alliance, sent a letter to the  
3 then Mayor Gonzales, stating that the City Labor Alliance had  
4 met with all parties involved regarding SRBR disbursement. "We  
5 are in agreement that the SRBR fund was designed to provide  
6 supplemental/additional benefits to all retirees both present  
7 and future". A copy of this letter from the City of San Jose  
8 bargaining units to the Mayor and City Council is attached as  
9 Exhibit F and is incorporated by reference.

10           20.       On or about March 6, 2000 Edward F Overton sent  
11 a memorandum from Del D. Borgsdorf, San Jose City Manager to the  
12 Mayor and City Council to adopt a resolution authorizing  
13 distribution of the funds in the SRBR reserve. The Board's  
14 recommendation was reached after a series of meetings among an  
15 AD Hoc Committee of Board members and employee unions and other  
16 groups. Public outreach with all bargaining groups was achieved  
17 and the resolution was coordinated with the City of San Jose  
18 City Attorney's office. \$6,000,000.00 was distributed. A copy  
19 Of this memorandum from the City of San Jose City Manager to the  
20 Mayor and City Council is attached as Exhibit G and is  
21 incorporated by reference.

22           21.       On or about March 6, 2000 Joseph Bass,  
23 President of the San Jose Retired Employees Association sent a  
24 letter reiterating the distribution request of the SRBR for the  
25 Federated Retirees. A copy of this memorandum to the City of  
26 San Jose, City Mayor and City Council and is attached as Exhibit  
27 H and is incorporated by reference.

1           22.       Plaintiff, relying on the Defendant City of San  
2 Jose contractual promises, waived his right to have the San Jose  
3 Police Officers Association exercise his right, as a voting  
4 member of that Association, to Meet and Confer and demand  
5 Arbitration on the various amounts and methodologies  
6 available to him under the proposed SRBR contract which was  
7 being proposed specifically for him and those equally situated,  
8 long time retired San Jose employees. The City of  
9 San Jose in response to that waiver, promised a speedy  
10 implementation of the Police and Fire SRBR and waived the  
11 contract provisions found in Resolution No. 60523. The  
12 Supplemental Retiree Benefit Reserve of the Federated City  
13 Employees Retirement Fund specifically page 2, Section 3 and  
14 Section 4 of that Resolution found in Exhibit A of this  
15 pleading. A copy of the Ordinance No. 26536, which has no  
16 provision for cancelation or repudiation of vested rights is  
17 attached as Exhibit I and is incorporated by reference.

18           23.       On or about November 29,2001, Ordinance No.  
19 26536 establishing the same SRBR fund for Retired Police and  
20 Fire Retirees as was implemented for the Federated Retirees was  
21 voted on unanimously and passed by the City Council, certified  
22 and published. The same investigations by the same competent  
23 adults, professionals, attorneys and organizations were  
24 completed. The Mayor, City Council, City Attorneys and the  
25 respective labor organizations participated in all of the  
26 identical steps to facilitate Ordinance No. 26536. A copy  
27 of those documents relating to the planning and implementation  
28 of the Police and Fire SRBR fund are attached hereto as Exhibits

1 J and K and are incorporated by reference.

2 24. Defendants executed the SRBR Contract with  
3 Plaintiff and began yearly payments under that Contract for a  
4 period of seven years. A copy of the letter and payment record  
5 dated May 16, 2012 to Plaintiff from the City of San Jose  
6 Department of Retirement Services demonstrating the SRBR  
7 payments under the Contract is attached as Exhibit L and is  
8 incorporated by reference.

9 25. On or about October 18, 2010 Armando Gomez, City  
10 of San Jose Senior Policy Advisor, sent an email to San Jose  
11 City Deputy City Manager Alex Gurza, "Subject: SRBR Points"  
12 wherein Armando Gomez suggests "A few points" about justifying  
13 ceasing payments to Plaintiff under several alleged "Ruses"  
14 thereby allowing a breach of the SRBR Contract. San Jose City  
15 Deputy City Manager Alex Gurza on October 20, 2010 responds  
16 with an email answer to Armando Gomez referring to San Jose City  
17 Attorney Rick Doyle's involvement in formulating a plan to  
18 legitimately attempt to breach the SRBR Contract with Plaintiff.  
19 A copy of the document was received by Plaintiff after a demand  
20 to produce documents under the City's ("Sunshine Ordinance")  
21 email from Armando Gomez to Alex Gurza and Alex Gurza to Armando  
22 Gomez is attached as Exhibit M and is incorporated by reference.

23 26. On or about November 4, 2010, Defendants  
24 photocopied the original Ordinance 26536, and inserted an  
25 unnumbered page between page 5 and page 6 stating "except there  
26 shall be no distribution during calendar year 2010 or during  
27 calendar year 2011, prior to June 30, 2011". All of the original  
28

1 contractual terms were left unchanged thereby constituting a  
2 second ratification of the original contract. A copy of this  
3 unnumbered Ordinance is attached as Exhibit N and is  
4 incorporated by reference.

5           27.       On or about January 18, 2011 Alex Gurza  
6 submitted a memorandum to the Mayor and City Council as an  
7 "Analysis of SRBR ("13<sup>th</sup>, Check) Payments and SRBR options. In  
8 this document Alex Gurza explains the Defendants' reasoning and  
9 rational for breaching the SRBR contract with Plaintiff and in  
10 attempting to change the terms of the SRBR contract with  
11 Plaintiff. A copy of this City of San Jose memorandum is  
12 attached as Exhibit O and is incorporated by reference.

13           28.       On or about December 28, 2011 Classic Values,  
14 Innovative Advice, at the request of the Defendants, prepared a  
15 Federated Employees Retirement Plan SRBR Reserve report as of  
16 June 30,2011. A copy of this Classic Values, Innovative Advice  
17 report is attached as Exhibit P and is incorporated by  
18 reference.

19           29.       On January 13, 2012 Classic Values, Innovative  
20 Advice, again prepared an analysis of the Federated Employees  
21 Retirement Plan SRBR Reserve as of June 30, 2011. A copy of  
22 this SRVR Reserve report as o June 30, 2011 is attached as  
23 Exhibit Q and is incorporated by reference. The San Jose  
24 Federate Retirement Administration and the Defendants submitted  
25 to Plaintiff an undated, unsigned document purporting to show  
26 the Federated Employees Retirement Plan SRBR methods of  
27 crediting interest to SRBR. A copy of this unsubstantiated  
28

1 document "Reserve Plan SRBR Reserve as of June 30, 2011. A copy  
2 of this SRBR Reserve report as o June 30, 2011 is attached as  
3 Exhibit Q and is incorporated by reference.

4 30. The San Jose Federated Retirement

5 Administration and the Defendants submitted to Plaintiff an  
6 undated, unsigned document purporting to show the Federated  
7 Employees Retirement Plan SRBR methods of crediting interest to  
8 SRBR. A copy of this unsubstantiated document "Reserve Report  
9 as of June 30, 2011" is attached as Exhibit R and is  
10 incorporated by reference.

11 31. On or about April 10, 2012 after numerous  
12 attempts by Plaintiff to mitigate the breach of contract and  
13 absent any responses by Defendants, Plaintiff filed a formal  
14 Claim. A copy of the claim against the City of San Jose is  
15 attached as Exhibit S and is incorporated by reference.

16 32. On or about April 25, 2012 Defendant City of San  
17 Jose transmitted a "Notice of Rejection of Claim" letter to  
18 Plaintiff. A copy of the "Notice of Rejection of Claim" from  
19 the City of San Jose is attached as Exhibit T and is  
20 incorporated by reference.

21  
22 FIRST CAUSE OF ACTION

23 REQUEST FOR DECLARATORY RELIEF

24 Plaintiff hereby incorporates by reference the preceding  
25 Paragraphs 1 through 32 inclusive.

26 33. An actual controversy has arisen and now exists  
27 between Plaintiff, Defendants and Respondents relative to  
28 their respective rights and duties in that Plaintiff contends

1 that the parties entered into a contract for Supplemental  
2 Retirement Benefits, Exhibit I. Under SJMC 3.36.580 a "gain  
3 sharing" segregated fund called the Supplemental Retiree  
4 Benefits Reserve (SRBR) which requires the allocation of a  
5 portion of excess plan investment income to fund supplemental  
6 benefits to annuitants. The Defendants and Respondents have  
7 breached the contract with Plaintiff, discontinued the SRBR  
8 payments, and returned the SRBR segregated funds to the Plan's  
9 general fund which prohibits the payment of supplemental  
10 benefits out of the SRBR or other Plan assets to Plaintiff.  
11 Defendants and Respondents have failed and refused to formally  
12 state their positions and therefore, on information and belief,  
13 Plaintiff contends that Defendants and Respondents claim that  
14 no enforceable contract exists requiring Defendants and  
15 Respondents to continue their long standing contractual and  
16 yearly SRBR payment to Plaintiff.

17           34.       Plaintiff desires a Judicial determination of  
18 his right and duties, and a declaration as to the validity of  
19 the written as well as the oral contract entered into by  
20 Plaintiff, Defendants and Respondents and whether Defendants and  
21 Respondents are obligated to perform the acts specified in the  
22 contract attached as Exhibit I and made a part of this pleading  
23 by reference thereto.

24           35.       A Judicial Declaration is necessary and  
25 appropriate at this time under all of the circumstances so that  
26 Plaintiff may determine his rights and duties under the  
27 contract. Plaintiff has and will continue to lose SRBR  
28 benefits, which were implemented specifically for elderly

1 retired employees, as in Plaintiff's case, who have been retired  
2 for thirty two years and who have suffered the erosion of the  
3 value of their initial retirement income and who have come to  
4 depend on the additional SRBR income for survival.

5 36. Plaintiff has exhausted all administrative  
6 remedies by attempting to mitigate with the Defendants and by  
7 filing a formal claim for damages with the Defendants and  
8 Respondents all to no avail. The Defendants denied Plaintiff's  
9 formal claim for damages. Exhibits S and T respectively.

10  
11 WHEREFORE, Plaintiff demands judgment as follows:

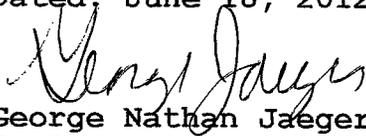
12 A declaration of the court that the Plaintiff, and Defendants  
13 entered into a contract, which contained a specific offer, an  
14 acceptance by Plaintiff in strict compliance with the terms of  
15 the offer, that there was a legal purpose/objective to the  
16 offer, that there was mutuality of obligation/meeting of the  
17 minds, that for the sake of the bargain Plaintiff waived his  
18 right to Meet and Confer and Arbitration, which could have  
19 benefited Plaintiff with a larger award in the initial  
20 implementation and payment of the SRBR instead of a small  
21 portion of 10% of 19 million dollars of the initial infusion  
22 into the SRBR fund. Defendants entered into and executed a  
23 written contract and for seven years performed on that contract  
24 with Plaintiff. Defendants have an obligation to perform now  
25 and in the future on the SRBR contract with Plaintiff.

26 For costs incurred in this suit.

27  
28 For such further relief as the court may deem just and proper.

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Dated: June 18, 2012

  
George Nathan Jaeger  
In Propria Persona

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**EXHIBIT A**

RESOLUTION NO. 60523

RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE  
APPROVING DISTRIBUTION OF MONEYS IN THE SUPPLEMENTAL  
RETIREE BENEFIT RESERVE OF THE FEDERATED CITY EMPLOYEES  
RETIREMENT FUND

WHEREAS, pursuant to Section 3.28.340 of the San Jose Municipal Code, the Board of Administration for the Federated City Employees Retirement System (the "Board") has established the Supplemental Retiree Benefit Reserve (the "SRBR") in the Federated City Employees Retirement Fund; and

WHEREAS, Section 3.28.340 provides that the SRBR shall be used only for the benefit of retired members, survivors of members, and survivors of retired members of the Federated City Employees Retirement System (the "System"); and

WHEREAS, Section 3.28.340 further provides that the City Council, after consideration of the recommendation of the Board regarding distribution of the SRBR, shall determine the distribution, if any, of the SRBR; and

WHEREAS, the Board has caused an actuarial study to be performed to determine the costs of providing certain benefits enhancements to certain retired members and survivors of retired members of the System; and

WHEREAS, on May 10, 1988, the Council approved ordinances implementing the benefits enhancements recommended by the Board; and

WHEREAS, on April 26, 1988, the Board submitted to the Council the Board's recommendation regarding distribution of the SRBR to pay the costs of the recommended benefits enhancements; and

WHEREAS, the Council has duly considered the recommendation of the Board and desires to implement said recommendation;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE:

SECTION 1. The Council hereby approves the distribution of moneys from the Supplemental Retiree Benefit Reserve of the Federated City Employees Retirement Fund to pay the costs of the following benefits:

- A. The medical insurance benefits for persons described in Section 3.24.2270A.3.b. and Section 3.28.1970A.3.b. of the San Jose Municipal Code and survivors of said persons.
- B. The cost-of-living adjustments provided pursuant to Section 3.44.030F. of the San Jose Municipal Code.
- C. The increases in monthly retirement and survivorship allowances provided by Chapter 3.43 of the San Jose Municipal Code.

SECTION 2. If for any reason the ordinances approved by the Council on May 10, 1988, to implement the benefits enhancements described in Section 1 of this Resolution should fail to become effective, this Resolution shall be inoperative.

SECTION 3. The Council reserves the right to amend or repeal this Resolution at any time.

SECTION 4. Nothing herein shall be deemed in any way to give any person any irrevocable or vested right to the benefits enhancements described herein nor shall anything herein be deemed to require the

continued funding of said benefits enhancements from the Supplemental Retiree Benefit Reserve of the Federated City Employees Retirement Fund.

ADOPTED this 17th day of May, 1988, by the following vote:

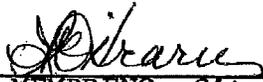
AYES: ALVARADO, BEALL, HAMMER, IANNI, LEWIS, PUTNAM, SAUSED0, WILLIAMS;  
McENERY

NOES: RYDEN

ABSENT: STABILE

  
THOMAS McENERY, Mayor

ATTEST:

  
ANDREA MEMBRENO, City Clerk  
By: PATRICIA L. O'HEARN, Assistant City Clerk

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**EXHIBIT B**



*16C*

16C

Watson Wyatt & Company

Suite 1400  
345 California Street  
San Francisco, CA 94104-2612

Telephone 415 986 6568  
Fax 415 956 2629

April 22, 1998

Mr. Edward F. Overton  
Retirement Administrator  
City of San Jose Federated  
City Employees' Retirement System  
777 N. First Street, Suite 750  
San Jose, California 95112-6311

**Subject: Supplemental Retirees Benefit Reserve**

Dear Ed:

As you know, the Board has requested that we briefly review the request by the Retired Employees' Association that the Supplemental Retirees Benefit Reserve (SRBR) be distributed to retirees at the present time. As of our June 30, 1997 actuarial valuation, the SRBR balance was \$8,689,000.

On December 3, 1997, Mr. Donald Macrae, on behalf of the San Jose Retired Employees' Association, wrote a letter making the above request which outlined four different "plans" for how the funds might be distributed among retirees and survivors.

As we pointed out in our memorandum of December 26, 1997, how the money is divided up does not have actuarial implications for the System. [REDACTED]

[REDACTED] It would appear the main considerations are those of equity. Primarily in that vein, we offer the thoughts below.

1. Some of the SRBR reserves are attributable to contributions made by and for *future retirees*. If the SRBR is to be distributed, we suggest it might be more equitable to have some funds held back and distributed to Members who retire within the next few years.
2. As a simple alternative to the above, it might make more sense to distribute, say, half of the SRBR at the present time without committing as to the timing or amount of future distributions.
3. Another interesting [REDACTED] [REDACTED] is to focus the attention on the [REDACTED] [REDACTED]



~~the excess of actual past inflation over the limited COLA increases granted by~~  
~~the System.~~ This can be done in different ways, but basically it would involve allocating the funds to be distributed in proportion to the lost purchasing power of each retired member.

4. If all or a part of the SRBR is to be distributed, there is a question of whether the amounts should be distributed as lump sums or as enhanced monthly pensions. The latter might be more effective for retiree budgeting and tax purposes. On the other hand, if the *entire* SRBR is to be distributed in the form of increased pensions, the liability for the increased pensions could end up exceeding the SRBR balance if future investment experience is unfavorable, or if the retirees granted the increases outlive the assumed mortality tables. If this were to occur, presumably the pension increase amounts would need to be stopped in order to avoid affecting contribution rates. This would argue for holding back some of the SRBR in reserve if enhanced pensions were to be granted as opposed to lump sums.
5. We tend not to prefer "cliffs". A cliff, for example, would provide no benefits to retirees with less than 15 years of service, such as Plan I in Mr. Macrae's letter. We feel it would be more equitable to include substantially all retirees in the distribution, such as in Plan III.
6. From Mr. Macrae's letter and attachments, it appears the proposed distribution methods do *not* take into account the fact that higher paid employees contributed more into the System than lower paid employees. It may be more equitable to relate any SRBR distribution in part to the amount of the existing pensions which in turn are related to the amounts contributed by and for members to the System.

The above comments are intended merely to be "food for thought" at this point. We would be happy to work with you and the Board to develop any of the above or related ideas further if desired.

Before making any decisions regarding the distribution of SRBR monies, the Board may want to explore what other Systems have done in this regard in recent years and/or what their philosophies are, if any. We would be happy to assist in such a survey.

Mr. Edward F. Overton  
April 22, 1998  
Page 3



We will be happy to discuss any questions concerning the foregoing points.

Sincerely,

Douglas R. Tokerud, FSA

Thomas R. Supple, ASA

DRT:TRS:dp

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**EXHIBIT C**

*Approved June 11, 1998* (23)

## CITY OF SAN JOSÉ - MEMORANDUM

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To: Board of Administration  
Federated Retirement System

From: Edward F. Overton

Subject: Supplemental Retirees' Benefit Reserve

Date: June 03, 1998

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Approved:

Date:

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### RECOMMENDATION

Approval to recommend to the City Council to distribute supplemental retirement benefits to current City retirees and survivors, totaling \$5 million based upon criteria that has been set by the Retirees' Association.

### BACKGROUND

Section 3.28.340D provides that a supplemental retirees' benefit reserve be established to be used only for the benefit of retired members, survivors and survivors of retired members. The Code also established a means for funding the supplemental retiree benefit reserve and for recommendations from the Board or the City Council for distribution of any supplemental retiree benefits to retired persons.

As of June 30, 1997, the Supplemental Retirees' Benefit Reserve balance was \$8,689,000. The Retirement Board directed staff to meet with the Retired Employees' Association to develop a proposal for distribution of a portion in the Supplemental Retirees' Benefit Reserve. The Board also requested comments from the Board's actuary, Watson Wyatt. Their comments were presented at the Board's May 14, 1998 meeting. Following that presentation the Retired Employees' Association developed a proposal for distributing the supplemental benefits to retired employees and survivors.

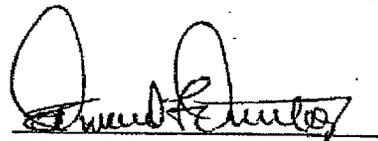
### ANALYSIS

The Retired Employees Association met with a committee that was established by the Board consisting of Members Jeff Perkins and Bill Brill. Mr. Brill was not able to attend the committee meeting. However, staff met with him after the meeting and provided him with the salient points

of the discussion. The retirees and the committee agreed that the following should be applied to the distribution of the Supplemental Retirees' Benefit Reserve:

- ✦ That there be a formula established to develop the amount to be distributed. No more than \$5 million would be distributed at this time. The distribution will be paid as an additional one-time check. One-half of the total will be based on years of service. One-half will be based on years in retirement. Survivors will receive one-half of the amount that would be paid to the retiree based on the same criteria.

Staff has developed a detailed report showing each retired and surviving member of the plan, the number of days they have been retired and the number of years of service which they accumulated as a City employee, or one-half that amount for survivors and the total amount of the distribution. There are 1,665 beneficiaries and the average benefit amount is \$3,002. This is based on average years of service of 16.69 years, and the average years in retirement is 9.66 years. Attached as an exhibit is of five pages of the report. This information is provided so that the Board may develop an understanding of the details of the calculations. The entire report is available in the Retirement Office, following approval by the Retirement Board. The recommendation would be forwarded to the City Council for their action. It is our intention to get this item on the Council Agenda prior to their summer recess.



Edward F. Overton  
Retirement Administrator

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**EXHIBIT D**



# SAN JOSE RETIRED EMPLOYEES ASSOCIATION

*A non-profit association devoted to the welfare of all retired City of San Jose employees  
and dedicated to the protection and integrity of the Retirement System*

November 23, 1999

Board of Administration  
Federated City Employees' Retirement System  
777 North First Street, Suite 750  
San Jose, California 95112

Dear Board Members:

As presented to the SRBR Sub-Committee at its meeting of November 22, 1999, these are the recommendations of the San Jose Retired Employees' Association regarding disbursement of the Supplemental Retiree Benefit Reserve to San Jose retirees and survivors.

1. The total SRBR funds (\$22,000,000) shall be disbursed to City of San Jose Retirees.
2. To be eligible, a retiree must be fully retired from the City of San Jose service and drawing or due to draw a pension as of December 31, 1999.
4. Retirees that are not fully vested (less than 15 years service) shall receive smaller disbursements based on a graduated scale from 14 years to 1 year of service.
5. Funds shall be disbursed in a lump sum or on a monthly basis at the discretion of the retirees.
6. Survivors shall receive one-half (1/2) of the disbursement due to the retiree.
7. A process shall be established to review the status of the SRBR on an annual basis.

Susan Devencenzi, Senior Deputy City Attorney, has ruled in her written opinion dated November 16, 1999, that the monies in the SRBR are to provide supplemental benefits to Retirees and Survivors only.

Since the Federated Retirement Board has long delayed the distribution of those funds, we strongly believe that the SRBR should be disbursed immediately. This is especially so since those of our members who retired long ago, were retired when salaries were much less than they are today, and the provisions of the Retirement Code were less generous than they are today.

Board of Administration  
Page 2

Additionally, many of our older retirees who would have benefited most from the distribution of the SRBR have been dying each passing year.

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Respectfully,

  
Donald S. Macrae, President

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**EXHIBIT E**



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** BOARD OF ADMINISTRATION  
FEDERATED CITY  
EMPLOYEES RETIREMENT  
SYSTEM

**SUBJECT:** DISTRIBUTION OF A  
PORTION OF THE  
SUPPLEMENTAL RETIREES  
BENEFIT RESERVE

**DATE:** January 19, 2000

## RECOMMENDATION

Approval of a resolution authorizing distribution of moneys in the Supplemental Retiree Benefit Reserve of the Federated City Employees Retirement Fund.

## BACKGROUND

The Supplemental Retiree Benefit Reserve (SRBR) was added to the Federated System in 1986 as part of San José Municipal Code Section 3.28.340. This amendment provides that the Board shall establish a supplemental retiree benefit reserve in the retirement fund to be used only for the benefit of retired members, survivors of members and survivors of retired members. Under the current provisions, when the Board determines the excess earnings, instead of transferring 100% of the excess earnings to the benefits payable reserve, 10% is transferred into the SRBR and the remaining 90% is placed in the benefits payable reserve. Section 3.28.340 further provides that upon request of the City Council, or upon its own motion, the Board may make recommendations to the City Council regarding the distribution of the SRBR to retired members, survivors of members and survivors of retired members.

Since May 1998, the SRBR Committee of the Federated City Employees Retirement System has been having public meetings to evaluate a number of proposals for the distribution of accumulated SRBR funds. These meetings were attended by representatives of Federated bargaining groups and the Retirees' Association.

At its January meeting, the Board approved a resolution for a partial distribution of these funds. The resolution incorporates the formula that was developed by the Retirees' Association and recommended by the Board subcommittee.

## ANALYSIS

Under Section 3.28.340 D of the Federated Retirement System, the Board of Administration recommends distributions from the Supplemental Retiree Benefit

The Administration believes that the Board's recommendation is an appropriate means for distribution of SRBR funds. However, the Administration recommends that Council request the Retirement Board to develop policy guidelines in conjunction with the unions and retirees, setting forth the parameters and principles for further distribution of the funds in order to establish a prudent methodology for distribution.

  
Del D. Borgsdorf  
City Manager

- C: Employee Organizations
- Federated Retirees
- Federated Retirement Board

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**EXHIBIT F**

3/7/00  
96

★★★★★  
 ★★★★★

# CITY LABOR ALLIANCE

CITY OF SAN JOSE BARGAINING UNITS UNITED FOR A BETTER TOMORROW

March 3, 2000

Mayor Ron Gonzales  
 Members of the San Jose City Council:  
 801 N. First Street, Suite 600  
 San Jose, CA 95110

Dear Mayor and Members of the City Council:

The City Labor Alliance (CLA) and the San Jose Retired Employees Association (SJREA) met on February 23, 2000 and again on March 3, 2000 to discuss disbursement of the SRBR funds. We have reached a compromised agreement.

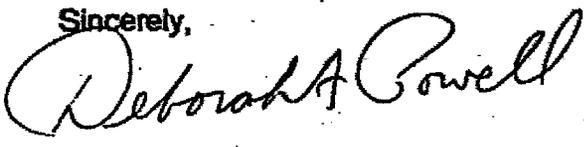
The CLA and SJREA request that the City Council approve the Federated Retirement Board's recommendation concerning disbursement of the SRBR funds. After discussion with the SJREA, the CLA agreed to the 30% disbursement as a means to offset past cost of living adjustments.

The CLA and SJREA have also agreed to meet, discuss and hopefully reach an agreement that could modify future distribution of the 70% balance of the fund including the 12 1/2% distribution scheduled for 2001 and 2002. We are in agreement that the SRBR fund was designed to provide supplemental/additional benefits to all retirees both present and future.

During this period of discussion regarding SRBR, we welcome participation by members of the Federated Retirement Board. At the conclusion of our discussions, it is hoped that the CLA and SJREA would make a joint recommendation to the Federated Retirement Board for consideration by the City Council.

We appreciate your consideration of this request.

Sincerely,



Deborah A. Powell  
 Spokesperson  
 City Labor Alliance

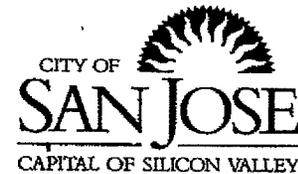
CC: Del Borgsdorf, City Manager  
 Brad Imamura, Chair Federated Retirement Board  
 Joe Bass, President SJREA

LABOR DONATED

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**EXHIBIT G**

# Memorandum



**TO:** Honorable Mayor and City Council

**FROM:** Del D. Borgsdorf

**SUBJECT: SUPPLEMENTAL RETIREES  
BENEFIT RESERVE (SRBR)**

**DATE:** March 6, 2000

## RECOMMENDATION

Adopt a resolution authorizing distribution of the funds in the Supplemental Retiree Benefit Reserve (SRBR) pursuant to the recommendation of the Federated Retirement Board, and request the Board to develop policy guidelines on future distributions.

## BACKGROUND

The Federated Retirement Board forwarded a report to Council dated January 19, 2000 recommending adoption of a resolution authorizing distribution of funds in the SRBR to retirees and survivors of the Federated Retirement System. The report appeared as item 9b on the Council agenda for February 8, 2000. The item was deferred to the March 7, 2000 agenda at the request of employee organizations to allow for consideration of alternative methods of distribution.

The Board's recommendation would provide distributions from the SRBR over the next 3 years. This year 30% would be distributed, with 12.5% paid out in each of the next 2 years. The amount to be distributed to each person would be based on a formula that takes into consideration both the length of City service and the number of years in retirement.

## ANALYSIS

The Board's recommendation was reached after a series of meetings among an Ad Hoc Committee of Board members, the Federated Retirees Association and the employee organizations representing members of the Federated Retirement Plan. The employee organizations had sought to use a portion of the SRBR to improve benefits for active members. However, an opinion from the City Attorney concludes that such use is not permitted by the Code.

Since the Board forwarded its recommendation, additional meetings have taken place between the employee organizations and the Retiree Association. It is the Administration's understanding that the two groups have agreed that Council's action should approve the Board's recommendation. This would allow the 30% that is proposed to be distributed this year. Thereafter, the employee organizations and the Retiree Association may meet to discuss alternative approaches that may result in a request to modify the distributions after the initial 30%.

Honorable Mayor and City Council  
SRBR Distribution  
January 19, 2000  
Page 2 of 2

Reserve, and the actual distribution is approved by the City Council. This resolution would approve distributions over a three-year period. Thirty percent of the SRBR balance as of June 30, 1999, would be distributed in early 2000; 12½% of the balance as of June 30, 2000 would be distributed in early 2001; and 12½% of the balance as of June 30, 2001 would be distributed in early 2002. The SRBR balance as of June 30, 1999 was approximately \$22 million.

Distributions would be made to those persons who were retirees or survivors as of the December 31 immediately preceding the distribution. No distribution would be made to those persons who left City service but have not yet begun receiving benefits (those in "deferred vested" status) or to persons who are receiving payments from the System solely because of a community property division of the retirement benefits. If the retiree died before the distribution could be made, the retiree's share would be paid to the retiree's eligible survivor, named beneficiary or estate, as applicable. If the eligible survivor died before the distribution could be made, the eligible survivor's share would be paid to his or her estate.

#### **PUBLIC OUTREACH**

The resolution has been circulated to all the bargaining groups, the Board's actuary and the Retirees' Association.

#### **COORDINATION**

This resolution has been coordinated with the City Attorney's Office.

#### **COST IMPACT**

The amount to be distributed this year would be \$6.6 million. The portion of the each distribution that would be paid to a retiree is based on a combination of the number of years of Federated service and the number of years in retirement. The portion to be paid to a survivor is one-half the amount that would have been paid to the retiree. Formulas for the calculations are set out in the resolution.



Edward F. Overton, Director  
Retirement Services

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**EXHIBIT H**



3/7/00  
9b

# SAN JOSE RETIRED EMPLOYEES ASSOCIATION

A non-profit association devoted to the welfare of all retired City of San Jose employees  
and dedicated to the protection and integrity of the Retirement System

March 6, 2000

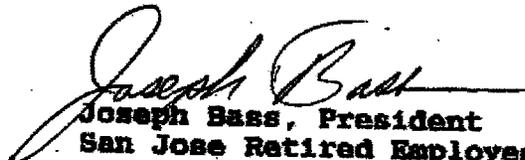
Honorable Mayor Ron Gonzales  
and City Councilmembers  
801 North First Street  
San Jose, California 95110

Dear Honorable Mayor and City Councilmembers:

On behalf of the San Jose Retired Employees' Association, we request that the City Council approve item 9b on the March 7, 2000 Council Agenda relating to distribution of the Supplemental Retiree Benefit Reserve (SRBR).

We have met with the City Labor Alliance and are in agreement that the item be approved as submitted by the Federated Retirement Board. We also agree that we will begin meeting together immediately to discuss alternative distribution or use of the remaining SRBR after the initial 30% distribution. It is our intention to propose to the Federated Retirement Board, and ultimately the City Council, benefits funded by the SRBR that benefit all retirees.

Thank you in advance for your favorable consideration of this matter. Please contact me at 408 972-2453 for any questions or comments.

  
Joseph Bass, President  
San Jose Retired Employees' Ass'n

CC: Del Borgsdorf, City Manager  
Brad Imamura, Chair, Federated Retirement Board  
Ed Overton, Director, Dept of Retirement Services  
Susan Devencenzi, City Attorney Office

P.O. Box 26515, San Jose, California 95159-6515

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**EXHIBIT I**

ORDINANCE NO. 26536

**AN ORDINANCE OF THE CITY OF SAN JOSE AMENDING  
CHAPTER 3.36 OF TITLE 3 OF THE SAN JOSE MUNICIPAL  
CODE BY ADDING SECTION 3.36.580 TO ESTABLISH A  
SUPPLEMENTAL RETIREE BENEFIT RESERVE IN THE POLICE  
AND FIRE DEPARTMENT RETIREMENT PLAN**

**WHEREAS**, the Police and Fire Department Retirement Plan provides benefits for police officers, fire fighters, and their beneficiaries; and

**WHEREAS**, the Board of Administration for the Plan has received a series of reports from its actuary regarding the implementation of a reserve within the retirement fund to provide benefits to supplement those provided by the Plan; and

**WHEREAS**, the Board of Administration has recommended that the Plan be amended to establish a Supplemental Retiree Benefit Reserve to provide such supplemental benefits; and

**WHEREAS**, the City, the San José Police Officers Association and International Association of Fire Fighters Local 230 concur in the Board's recommendation and have waived their rights to meet and confer on the matter;

**NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SAN JOSÉ:**

**SECTION 1.** Part 4 of Chapter 3.36 of Title 3 of the San José Municipal Code is amended by adding a section to be numbered and entitled and to read as follows:

**3.36.580 Supplemental Retiree Benefit Reserve.**

**A. Establishment and Purpose.**

1. The Board shall establish a reserve in the retirement fund to be known as the Supplemental Retiree Benefit Reserve or SRBR.
2. The purpose of the SRBR shall be to provide a source of funding for benefits to supplement those benefits otherwise provided by this Plan or the Chapter 3.32 plan to former members of such plans who are receiving

benefits, survivors of such former members, and survivors of members who die prior to receiving benefits from this Plan.

B. Funding.

1. The initial amount allocated to the SRBR shall be ten percent (10%) of the Plan's prefunded actuarial accrued liability as of June 30, 1999, as determined by the Board's actuary. The Board's actuary shall calculate the initial funding amount without regard to any Plan amendments that became effective after June 30, 1999.
2. Each June 30, beginning June 30, 2000, there shall be allocated to the SRBR the investment earnings attributable to the balance in the SRBR as of June 30 of the calendar year in which the allocation is made. Investment earnings credited to the SRBR shall be calculated as though the transfer required by paragraphs 3 and 4 of this subsection B. had been made on the immediately following July 1 (first allocation on July 1, 2000) regardless of the actual date such transfer is made. In the event the investment earnings for the retirement fund are less than zero, no investment earnings shall be allocated to the SRBR and no reduction shall be made to the SRBR balance except as provided in subsection C below.
3. The Board shall determine the excess earnings for the twelve months ending June 30, 2000, and for the twelve months ending June 30, 2001, and shall transfer to the SRBR ten percent (10%) of the excess earnings for each such twelve-month period.
4. Within ninety days from and after receipt of audited financial statements for each fiscal year, commencing with the year 2002, the Board shall determine, and by written resolution declare, the excess earnings as of June 30 in each such year, and shall transfer ten percent (10%) of such excess earnings to the SRBR. The excess earnings shall be added to the SRBR principal and shall not be available for distribution under subsection D.

C. Reduction of SRBR Balance.

1. If the City's contribution rate, as determined by the Board's actuary during any actuarial valuation performed after June 30, 1999, will increase as a result of poor investment earnings in the retirement fund, there shall be transferred from the SRBR to the regular retirement fund and the cost-of-living fund an amount equal to ten percent (10%) of the City's increased contributions for the first twelve months following the increase in the contribution rates. Such transfers shall be limited to those situations where the increase in the City's contribution rate is attributable to poor investment earnings; no such transfer shall be made for any increase in the City's contribution rate that is due to any factor other than poor investment earnings including, but not limited to, increases in medical or dental premium costs, enhancements to benefits provided under the Plan, or changes in the actuarial assumptions.
2. Notwithstanding paragraph 1 of this subsection C, the amount transferred from the SRBR because of the increase in the City's contributions shall not exceed five percent (5%) of the accrued balance in the SRBR as of the date of the actuarial valuation.

D. Distributions.

1. The Board shall make an initial distribution from the SRBR during calendar year 2002.
2. Beginning in calendar year 2003, the Board shall make an annual distribution from the SRBR.
3. The initial distribution from the SRBR shall be made solely to former members of this Plan or the Chapter 3.32 plan who are receiving benefits as of June 30, 2001, and survivors (of such former members or of members who died prior to receiving benefits from this Plan) who are receiving benefits as of June 30, 2001; provided, however, that if a member or former member died after June 30, 2001, but before the initial

distribution, the survivor shall be deemed to have been receiving benefits as of June 30, 2001.

4. All subsequent annual distributions from the SRBR shall be made solely to former members of this Plan or the Chapter 3.32 plan who are receiving benefits as of the June 30 immediately preceding the distribution date and survivors (of such former members or of members who died prior to receiving benefits from this Plan) who are receiving benefits as of said June 30.
  5. The Board shall develop a methodology for distributions from the SRBR such that supplemental benefits provide a greater benefit for those persons who have been in benefit status for a longer period of time and those persons receiving the lowest monthly benefit payments. Upon the approval of the methodology by the City Council, the Board shall make distributions in accordance with such methodology.
  6. Except as required by subsection C or in the case of the termination of this Plan, the Board shall not transfer or distribute funds in the SRBR if such transfer or distribution would reduce the SRBR principal.
- E. Definitions. For the purpose of this Section 3.36.580, the terms listed herein shall have the following meanings:
1. "Excess earnings" means the earnings of the retirement fund that remain after interest has been credited to the SRBR as provided in paragraph B.2. and the actuarial assumed earnings rate adopted by the Board (and in effect on June 30 of the year in which the SRBR calculation is performed) has been credited to other reserves.
  2. "Former member" means a person who has retired under the provisions of this Chapter or Chapter 3.32 or a person who separated from City service without retiring but left his or her contributions on deposit in the retirement fund.

3. "Investment earnings" means the earnings of the retirement fund during the twelve months ending June 30 as determined by the Board's actuary using the same methodology used to determine the value of assets for the actuarial valuation. In the case of investment earnings attributable to the SRBR, the application of the methodology shall begin as of July 1, 1999.

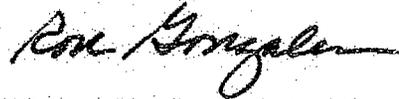
PASSED FOR PUBLICATION OF TITLE this 11 day of December, 2001, by the following vote:

AYES: CAMPOS, CHAVEZ, CORTESE, DANDO, DIQUISTO, LeZOTTE, REED, SHIRAKAWA, WILLIAMS, YEAGER; GONZALES

NOES: NONE

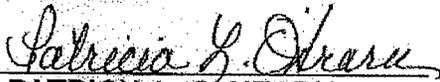
ABSENT: NONE

DISQUALIFIED: NONE



RON GONZALES  
Mayor

ATTEST:



PATRICIA L. O'HEARN  
City Clerk



CITY CLERK

# CITY OF SAN JOSE, CALIFORNIA

Office of the City Clerk  
801 North First Street, Room 116  
San Jose, California 95110  
Telephone (408) 277-4424  
FAX (408) 277-3285

STATE OF CALIFORNIA )  
COUNTY OF SANTA CLARA )  
CITY OF SAN JOSE )

I, Patricia L. O'Hearn, City Clerk and Ex-Officio Clerk of the Council of and for the City of San Jose, in said County of Santa Clara, and State of California, do hereby certify that "**Ordinance No. 26536**" the original copy of which is attached hereto, was passed for publication of title on the **11<sup>th</sup> day of December, 2001**, was published in accordance with the provisions of the Charter of the City of San Jose, and was given final reading and adopted on the **18<sup>th</sup> day of December, 2001**, by the following vote:

AYES: CAMPOS, CHAVEZ, CORTESE, DANDO, DIQUISTO, LeZOTTE  
REED, WILLIAMS, YEAGER; GONZALES

NOES: NONE

ABSENT: SHIRAKAWA

DISQ: NONE

Said ordinance is effective as of **January 18, 2002**.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of the City of San Jose, this **19<sup>th</sup> day of December, 2001**.

(SEAL)

PATRICIA L. O'HEARN  
CITY CLERK AND EX-OFFICIO  
CLERK OF THE CITY COUNCIL

SAN JOSE POST-RECORD

- SINCE 1910 -

90 N. First Street, Suite 100, San Jose, California 95113-1225  
Telephone (408) 287-4866 • Fax (408) 287-2544

This space for filing stamp only

1.83"

LEONA BISHOP  
SAN JOSE CITY CLERK  
801 NORTH FIRST STREET  
SAN JOSE, CA - 95110

SJ#: 329871

**PROOF OF PUBLICATION**

(2015.5 C.C.P.)

State of California )  
County of Santa Clara ) ss

Notice Type: GORSJ SAN JOSE ORDINANCE (1 PUB)

Ad Description: ORDINANCE NO. 26536

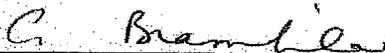
ORDINANCE NO. 26536  
An Ordinance of the City of San Jose  
amending Chapter 3.36 of Title 3 of the  
San Jose Municipal Code by adding  
Section 3.36.580 to establish a  
Supplemental Health Benefit Reserve in  
the Police and Fire Department  
Retirement Plan  
Passed for publication of title this 11th  
day of December, 2001, by the following  
votes:  
AYES: Campos, Chavez, Cortes, Dando,  
DiQuisto, LaZotte, Reed, Shirakawa,  
Williams, Yeager, Gonzalez  
NOES: None  
ABSENT: None  
DISQUALIFIED: None  
HON GONZALES, Mayor  
ATTEST:  
Patricia L. O'Hearn, City Clerk  
12/14/01  
SJ- 329871#

I am a citizen of the United States; I am over the age of eighteen years, and not a party to or interested in the above entitled matter. I am the principal clerk of the printer and publisher of the SAN JOSE POST-RECORD, a newspaper published in the English language in the City of San Jose, and adjudged a newspaper of general circulation as defined by the laws of the State of California by the Superior Court of the County of Santa Clara, State of California, under date of February 3, 1922, Case No. 27,844. That the notice, of which the annexed is a printed copy, has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to-wit:

12/14/2001

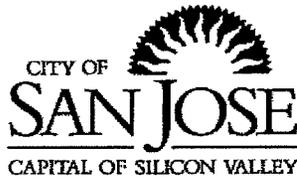
Executed on: 12/14/2001  
At Los Angeles, California

I certify (or declare) under penalty of perjury that the foregoing is true and correct.

  
Signature

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**EXHIBIT J**



COUNCIL AGENDA: 12/11/01  
ITEM: 2.15

## Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Edward F. Overton  
Director, Retirement Services

**SUBJECT:** POLICE AND FIRE RETIREMENT  
SRBR ORDINANCE

**DATE:** December 4, 2001

Approved

*Ray Wener*

Date

*12/4/01*

### REASON FOR ADDENDUM

This item is being submitted as an addendum in order to have sufficient time for a second reading prior to Council's recess.

### RECOMMENDATION

Approval of Ordinance adding a SRBR Program to the Police and Fire Department Retirement Plan

### BACKGROUND

In April of 2001, the Association of Retired Police Officers and Firefighters (the Association) presented a request to the Board of Administration of the Police and Fire Department Retirement Plan to consider establishing a Supplemental Retirees' Benefit Reserve (SRBR). The Association requested that the Board establish a subcommittee to work out the details of a SRBR program. The committee consisted of the Firefighter representative of the Retirement Board, the Retiree representative of the Retirement Board, the President of the Association and Retirement Department staff. The committee presented its findings to the Retirement Board at its September 6, 2001, Retirement Board meeting. The Board approved the committee's recommendation and authorized staff to forward the program to the City Council for its action. The request for Council action initially appeared on the October 16, 2001 Council agenda as item #3.5. The matter was deferred to October 30, 2001, and heard as item # 3.4. Based on a recommended modification to the SRBR program presented by the Mayor's Office, Council approved the establishment of a SRBR program.

### ANALYSIS

The proposed SRBR program allocates 10% of the Prefunded Actuarial Accrued Liability (PAAL) value as of June 30, 1999 as the initial funding for SRBR. The value of the PAAL on June 30, 1999 was \$191,103,000. Additional funds are to be added to the initial funding on an annual basis based on the smoothed earnings rate of the Police and Fire Department Retirement

**HONORABLE MAYOR AND CITY COUNCIL**

December 4, 2001

Subject: Supplemental Retiree Benefit Reserve

Page 2

Plan's portfolio as applied to SRBR. The SRBR will also be increased by 10% of the earnings in excess of the assumed actuarial rate (8%) for the Retirement Plan. Any funds added to the SRBR will occur after the close of each fiscal year. Monies distributed from the retirement fund to eligible recipients will consist of the investment earnings only. Any excess earnings will be added to the initial principal and at no time does the ordinance permit distribution of the amount. The initial distribution proposed for early 2002.

Reductions in the SRBR, other than interest earnings distributed to eligible beneficiaries, will occur only to the extent that the City's contributions rates will increase as a result of poor investment performance. Any one reduction based on increased contribution rates is limited to 5% of the balance (as of the date of the reduction) of the SRBR fund. The normal distribution to Plan participants is proposed to occur annually.

The ordinance provides that Council will approve the distribution methodology, as well as any subsequent changes. The distribution methodology is currently being developed and will be presented to the Retirement Board at its January 2002 meeting. Following Board review, it will be presented to Council for approval. While the distribution methodology has not been finalized, the committee's initial recommendation will be to grant benefits based on a point system with a bonus payment for the lowest paid retirees.

**PUBLIC OUTREACH**

Not applicable.

**COORDINATION**

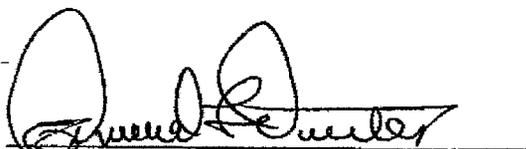
This program has been coordinated with the Police and Fire Retirement Department Board, the City Attorney's Office, the City Manager's Office, IAAF Local 230, the Police Officer's Association and the Association of Retired Police Officers and Fire Fighters.

**COST IMPLICATIONS**

It is estimated that the SRBR program will cost approximately 1% of covered payroll.

**BUDGET REFERENCE**

Not applicable.

  
Edward F. Overton  
Director, Retirement Services

**EXHIBIT K**

# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Board of Administration  
Police & Fire Department  
Retirement Plan

**SUBJECT:** Supplemental Retiree Benefit Reserve    **DATE:** 01-09-02  
Distribution Methodology

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## RECOMMENDATION

Adoption of a resolution approving the proposed Supplemental Retiree Benefit Reserve (SRBR) distribution method.

## BACKGROUND

In April of 2001, the Association of Retired Police Officers and Firefighters (the Association) presented a request to the Board of Administration for the Police and Fire Department Retirement Plan to establish a Supplemental Retirees' Benefit Reserve (SRBR). The Board established a committee to work out the details of the SRBR program. The committee consisted of the Firefighter member of the Retirement Board, the Retiree member of the Retirement Board, the President of the Association and Retirement Department staff. The committee presented its findings to the Retirement Board at the Board's September 6, 2001, meeting. The Board approved the committee's recommendation and authorized staff to forward the program to the City Council for its action. The City Council adopted the ordinance establishing the SRBR at its December 18, 2001 meeting. The ordinance provides that the Board is authorized to disburse benefits using a Council approved methodology. At its January 3 meeting, the Board approved the distribution methodology described in this memorandum.

## ANALYSIS

Under the Board's recommended distribution methodology, all retired members and survivors will receive a disbursement. The criteria for determining the amount are based on a "point" system. The base is one point for every year of active service and two points for each year retired. There will be a bonus paid to those members whose benefit falls two-thirds (2/3) below the average retirement benefit for the year of distribution. The following is a breakdown of adjustments to the base benefit:

- Members with more than 20 years of active service will receive two points for each year over 20.

HONORABLE MAYOR AND CITY COUNCIL

January 9, 2002

Subject: Supplemental Retiree Benefit Reserve Distribution Methodology

Page 2

- If a member dies while active, the survivor will receive credit for a minimum of 30 years of service. Points will be assigned to these years of service as for a member with more than 20 years of service.
- If a member dies leaving more than one survivor receiving a benefit, the family will be treated as one unit for SRBR calculation purposes, then the SRBR distribution will be divided among them.
- For a survivor of a retired member, the survivor's "effective date" will be the date the member retired not the date the member died.
- Survivors whose benefits stopped due to remarriage and were then reinstated with the code change adopted in 1998, will be credited for "years retired" only for the years they were actually receiving a benefit.
- Bonus payment will be 20% of the total SRBR allocation for the year.
- Bonus payment will be distributed to eligible recipients based on the same formula as stated above.
- Eligibility for the Bonus is a minimum of 10 years retired and a benefit that is less than two-thirds of the average retirement benefit for the year of distribution (This year that threshold is \$32,000/year or \$2666.67/month.)

The rationale behind this methodology is to provide an additional benefit to those that have been retired the longest and have rendered the longest service to the City of San Jose.

**PUBLIC OUTREACH**

Not applicable.

**COORDINATION**

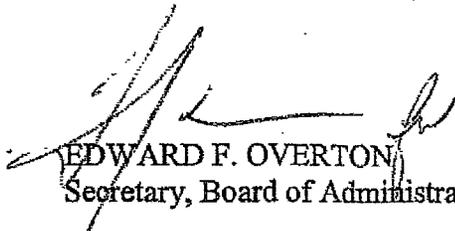
This memorandum has been coordinated with the City Attorney's Office.

**COST IMPLICATIONS**

Not applicable

**BUDGET REFERENCE**

Not applicable

  
EDWARD F. OVERTON  
Secretary, Board of Administration

COUNCIL AGENDA: 01-29-02  
ITEM: 2 11

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**EXHIBIT L**



*Department of Retirement Services*

FEDERATED CITY EMPLOYEES' RETIREMENT SYSTEM  
POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

May 16, 2012

Mr. George Jaeger  
15118 San Jose St.  
Mission Hills, CA 91345

Re: SRBR Payment Receipts

Dear Mr. Jaeger:

Our department received your request from the City's Public Information Office for the following documents:

*Pertinent documents that relate to or refer to the City of San Jose's Electronic Deposit of Funds from their Banking Institution, referred to as SRBR "Thirteenth Check" Funds, to the checking account of George and Joanne Jaeger, Bank of America, Financial Institution 12200066, Account 0213206614 within the following months and years.*

1. April, 2002- \$3467.03
2. December, 2003- \$776.51
3. November, 2004- \$1085.60
4. November, 2005- \$1326.80
5. November, 2006- \$1883.71
6. November, 2007- \$2810.49
7. November, 2008- \$3297.22
8. Calendar year 2009- unknown
9. Calendar year 2010- unknown
10. Calendar year 2011- unknown

Enclosed, please find copies of the direct deposit advices from 2002-2008 showing the SRBR payments to the above account. There were no SRBR payments in 2009, 2010, and 2011. I am also enclosing further records to show that all of these direct deposits were cleared (not returned to us). If you have any further questions, please contact Maria Loera at 408-794-1015.

Sincerely,

Donna Busse  
Deputy Director, Retirement Services

Enclosures (11)

| GEORGE N. JAEGER          |  | Deductions               | Current | YTD         | Income                            | Current     | Year to Date |
|---------------------------|--|--------------------------|---------|-------------|-----------------------------------|-------------|--------------|
| Check Date: 11/26/2008    |  | P.O.A. DUES              | 0.00    | \$ 1,090.80 | Base Amount                       | 0.00        | \$ 10,941.60 |
| Fund: Police and Fire     |  | P/F RET ASSN             | 0.00    | \$ 180.00   | Adjustment                        | 0.00        | \$ 179.21    |
| <b>Withholding Status</b> |  | POLICE                   | 0.00    | \$ 96.00    | SRBR Supplement                   | \$ 3,297.22 | \$ 3,297.22  |
|                           |  | Allstate Cancer          | 0.00    | \$ 710.52   | COLA                              | 0.00        | \$ 15,228.88 |
| State: NW Federal: NW     |  | BSHLD                    | 0.00    | \$ 257.13   |                                   |             |              |
|                           |  | BSHLD                    | 0.00    | 0.00        |                                   |             |              |
| Messages:                 |  | DELTA                    | 0.00    | 0.00        |                                   |             |              |
|                           |  | EYEMED                   | 0.00    | \$ 171.42   |                                   |             |              |
|                           |  | LINA Single              | 0.00    | \$ 91.00    | <b>Total</b>                      | \$ 3,297.22 | \$ 29,646.91 |
|                           |  |                          |         |             | <b>Total Deduct</b>               | 0.00        | \$ 2,596.87  |
|                           |  |                          |         |             | <b>Total Taxes</b>                | 0.00        | 0.00         |
|                           |  | <b>Insurance Subsidy</b> |         |             | <b>Net Pay</b>                    | \$ 3,297.22 | \$ 27,050.04 |
|                           |  | BSHLD                    | 0.00    | \$ 3,187.38 | <b>Taxable</b>                    | \$ 3,297.22 | \$ 3,297.22  |
|                           |  | BSHLD                    | 0.00    | \$ 7,124.12 | <b>Non Taxable</b>                | 0.00        | 0.00         |
|                           |  | DELTA                    | 0.00    | \$ 1,158.46 | <b>CITY OF SAN JOSE</b>           |             |              |
|                           |  |                          |         |             | DEPARTMENT OF RETIREMENT SERVICES |             |              |

City of San Jose  
Department of Retirement Services  
1737 North First St Suite 580  
San Jose, CA 95112

**DIRECT DEPOSIT  
ADVICE**

Check Date,  
11/26/2008

| Financial Institution | Account Number | Account Type | Amount      |
|-----------------------|----------------|--------------|-------------|
| 12200066              | *****6614      | Checking     | \$ 3,297.22 |

City of San Jose  
Department of Retirement Services  
1737 North First St Suite 580  
San Jose, CA 95112

GEORGE N. JAEGER  
15118 SAN JOSE ST  
MISSION HILLS, CA 91345

| GEORGE N. JAEGER         |             | Deductions      | Current | YTD          | Income                            | Current     | Year to Date |
|--------------------------|-------------|-----------------|---------|--------------|-----------------------------------|-------------|--------------|
| Check Date: 11/29/2007   |             | P.O.A. DUES     | 0.00    | \$ 1,090.80  | Base Amount                       | 0.00        | \$ 10,941.60 |
| Fund: Police and Fire    |             | P/F RET ASSN    | 0.00    | \$ 140.00    | Adjustment                        | 0.00        | (\$ 59.21)   |
| Withholding Status       |             | POLICE          | 0.00    | \$ 96.00     | SRBR Supplement                   | \$ 2,810.49 | \$ 2,810.49  |
| State: NW                | Federal: NW | Allstate Cancer | 0.00    | \$ 473.68    | COLA                              | 0.00        | \$ 14,466.58 |
| Messages:                |             | BSHLD           | 0.00    | \$ 411.75    |                                   |             |              |
|                          |             | DELTA           | 0.00    | 0.00         |                                   |             |              |
|                          |             | EYEMED          | 0.00    | \$ 173.52    |                                   |             |              |
|                          |             | LINA Single     | 0.00    | \$ 49.00     |                                   |             |              |
|                          |             |                 |         |              | <b>Total</b>                      | \$ 2,810.49 | \$ 28,159.46 |
|                          |             |                 |         |              | <b>Total Deduct</b>               | 0.00        | \$ 2,434.75  |
|                          |             |                 |         |              | <b>Total Taxes</b>                | 0.00        | 0.00         |
| <b>Insurance Subsidy</b> |             |                 |         |              | <b>Net Pay</b>                    | \$ 2,810.49 | \$ 25,724.71 |
|                          |             | BSHLD           | 0.00    | \$ 12,018.46 | <b>Taxable</b>                    | \$ 2,810.49 | \$ 2,810.49  |
|                          |             | DELTA           | 0.00    | \$ 1,185.14  | <b>Non Taxable</b>                | 0.00        | 0.00         |
|                          |             |                 |         |              | <b>CITY OF SAN JOSE</b>           |             |              |
|                          |             |                 |         |              | DEPARTMENT OF RETIREMENT SERVICES |             |              |

City of San Jose  
Department of Retirement Services  
1737 North First St Suite 580  
San Jose, CA 95112

**DIRECT DEPOSIT  
ADVICE**

Check Date  
11/29/2007

| Financial Institution | Account Number | Account Type | Amount      |
|-----------------------|----------------|--------------|-------------|
| 12200066              | *****6614      | Checking     | \$ 2,810.49 |

City of San Jose  
Department of Retirement Services  
1737 North First St Suite 580  
San Jose, CA 95112

GEORGE N. JAEGER  
15118 SAN JOSE ST  
MISSION HILLS, CA 91345

| GEORGE N. IAEGER       |             | Deductions               | Current | YTD          | Income                            | Current     | Year to Date |
|------------------------|-------------|--------------------------|---------|--------------|-----------------------------------|-------------|--------------|
| Check Date: 11/29/2006 |             | P.O.A. DUES              | 0.00    | \$ 1,090.80  | Base Amount                       | 0.00        | \$ 10,941.60 |
| Fund: Police and Fire  |             | P/F RET ASSN             | 0.00    | \$ 120.00    | SRBR Supplement                   | \$ 1,883.71 | \$ 1,883.71  |
| Withholding Status     |             | POLICE                   | 0.00    | \$ 96.00     | COLA                              | 0.00        | \$ 13,726.54 |
| State: NW              | Federal: NW | BSHLD                    | 0.00    | \$ 449.74    |                                   |             |              |
|                        |             | Cole-Family              | 0.00    | \$ 159.06    |                                   |             |              |
|                        |             | DELTA                    | 0.00    | 0.00         |                                   |             |              |
|                        |             | EYEMED                   | 0.00    | \$ 14.46     |                                   |             |              |
| Messages:              |             |                          |         |              | <b>Total</b>                      | \$ 1,883.71 | \$ 26,551.85 |
|                        |             |                          |         |              | <b>Total Deduct</b>               | 0.00        | \$ 1,930.06  |
|                        |             |                          |         |              | <b>Total Taxes</b>                | 0.00        | 0.00         |
|                        |             | <b>Insurance Subsidy</b> |         |              | <b>Net Pay</b>                    | \$ 1,883.71 | \$ 24,621.79 |
|                        |             | BSHLD                    | 0.00    | \$ 11,336.32 | <b>Taxable</b>                    | \$ 1,883.71 | \$ 1,883.71  |
|                        |             | DELTA                    | 0.00    | \$ 1,143.58  | <b>Non Taxable</b>                | 0.00        | 0.00         |
|                        |             |                          |         |              | <b>CITY OF SAN JOSE</b>           |             |              |
|                        |             |                          |         |              | DEPARTMENT OF RETIREMENT SERVICES |             |              |

City of San Jose  
Department of Retirement Services  
1737 North First St Suite 580  
San Jose, CA 95112

**DIRECT DEPOSIT  
ADVICE**

Check Date  
11/29/2006

| Financial Institution | Account Number | Account Type | Amount      |
|-----------------------|----------------|--------------|-------------|
| 12200066              | *****6614      | Checking     | \$ 1,883.71 |

City of San Jose  
Department of Retirement Services  
1737 North First St Suite 580  
San Jose, CA 95112

GEORGE N. JAEGER  
15118 SAN JOSE ST  
MISSION HILLS, CA 91345

| GEORGE N. JAEGER          |                 | Deductions               | Current | YTD         | Income                            | Current     | Year to Date |
|---------------------------|-----------------|--------------------------|---------|-------------|-----------------------------------|-------------|--------------|
|                           |                 | P.O.A. DUES              | 0.00    | \$ 1,409.80 | Base Amount                       | 0.00        | \$ 10,941.60 |
|                           |                 | P/F RET ASSN             | 0.00    | \$ 120.00   | SRBR Supplement                   | \$ 1,326.80 | \$ 1,326.80  |
| Check Date:               | 11/29/2005      | POLICE                   | 0.00    | \$ 96.00    | COLA                              | 0.00        | \$ 13,008.05 |
| Fund:                     | Police and Fire | BSHLD                    | 0.00    | \$ 38.50    |                                   |             |              |
| <b>Withholding Status</b> |                 | Cole-Famly               | 0.00    | \$ 14.46    |                                   |             |              |
| State: NW                 | Federal: NW     | DELTA                    | 0.00    | 0.00        |                                   |             |              |
|                           |                 | KAISER                   | 0.00    | 0.00        |                                   |             |              |
| <b>Messages:</b>          |                 |                          |         |             | <b>Total</b>                      | \$ 1,326.80 | \$ 25,276.45 |
|                           |                 |                          |         |             | <b>Total Deduct</b>               | 0.00        | \$ 1,678.76  |
|                           |                 |                          |         |             | <b>Total Taxes</b>                | 0.00        | 0.00         |
|                           |                 | <b>Insurance Subsidy</b> |         |             | <b>Net Pay</b>                    | \$ 1,326.80 | \$ 23,597.69 |
|                           |                 | BSHLD                    | 0.00    | \$ 939.72   | <b>Taxable</b>                    | \$ 1,326.80 | \$ 1,326.80  |
|                           |                 | DELTA                    | 0.00    | \$ 1,090.48 | <b>Non Taxable</b>                | 0.00        | 0.00         |
|                           |                 | KAISER                   | 0.00    | \$ 8,671.74 | <b>CITY OF SAN JOSE</b>           |             |              |
|                           |                 |                          |         |             | DEPARTMENT OF RETIREMENT SERVICES |             |              |

City of San Jose  
Department of Retirement Services  
1737 North First St Suite 580  
San Jose, CA 95112

**DIRECT DEPOSIT  
ADVICE**

Check Date  
11/29/2005

| Financial Institution | Account Number | Account Type | Amount      |
|-----------------------|----------------|--------------|-------------|
| 12200066              | *****6614      | Checking     | \$ 1,326.80 |

City of San Jose  
Department of Retirement Services  
1737 North First St Suite 580  
San Jose, CA 95112

GEORGE N. JAEGER  
15118 SAN JOSE ST  
MISSION HILLS, CA 91345

| GEORGE N. IAEGER          |                 | Deductions               | Current | YTD         | Income                            | Current     | Year to Date |
|---------------------------|-----------------|--------------------------|---------|-------------|-----------------------------------|-------------|--------------|
|                           |                 | P.O.A. DUES              | 0.00    | \$ 1,129.10 | Base Amount                       | 0.00        | \$ 10,941.60 |
|                           |                 | P/F RET ASSN             | 0.00    | \$ 120.00   | SRBR Supplement                   | \$ 1,085.60 | \$ 1,085.60  |
| Check Date:               | 11/30/2004      | POLICE                   | 0.00    | \$ 96.00    | COLA                              | 0.00        | \$ 12,310.51 |
| Fund:                     | Police and Fire | DELTA                    | 0.00    | 0.00        |                                   |             |              |
|                           |                 | KAISER                   | 0.00    | 0.00        |                                   |             |              |
| <b>Withholding Status</b> |                 |                          |         |             |                                   |             |              |
| State:                    | NW              |                          |         |             |                                   |             |              |
| Federal:                  | NW              |                          |         |             |                                   |             |              |
| <b>Messages:</b>          |                 |                          |         |             |                                   |             |              |
|                           |                 |                          |         |             | <b>Total</b>                      | \$ 1,085.60 | \$ 24,337.71 |
|                           |                 |                          |         |             | <b>Total Deduct</b>               | 0.00        | \$ 1,345.10  |
|                           |                 |                          |         |             | <b>Total Taxes</b>                | 0.00        | 0.00         |
|                           |                 | <b>Insurance Subsidy</b> |         |             | <b>Net Pay</b>                    | \$ 1,085.60 | \$ 22,992.61 |
|                           |                 | DELTA                    | 0.00    | \$ 1,103.82 | <b>Taxable</b>                    | \$ 1,085.60 | \$ 1,085.60  |
|                           |                 | KAISER                   | 0.00    | \$ 8,632.44 | <b>Non Taxable</b>                | 0.00        | 0.00         |
|                           |                 |                          |         |             | <b>CITY OF SAN JOSE</b>           |             |              |
|                           |                 |                          |         |             | DEPARTMENT OF RETIREMENT SERVICES |             |              |

City of San Jose  
Department of Retirement Services  
1737 North First St Suite 580  
San Jose, CA 95112

**DIRECT DEPOSIT  
ADVICE**

Check Date  
11/30/2004

| Financial Institution | Account Number | Account Type | Amount      |
|-----------------------|----------------|--------------|-------------|
| 12200066              | *****6614-     | Checking     | \$ 1,085.60 |

City of San Jose  
Department of Retirement Services  
1737 North First St Suite 580  
San Jose, CA 95112

GEORGE N. IAEGER  
15118 SAN JOSE ST  
MISSION HILLS, CA 91345

|                           |  |                   |                |             |                                   |                |                     |
|---------------------------|--|-------------------|----------------|-------------|-----------------------------------|----------------|---------------------|
| <b>GEORGE N. JAEGER</b>   |  | <b>Deductions</b> | <b>Current</b> | <b>YTD</b>  | <b>Income</b>                     | <b>Current</b> | <b>Year to Date</b> |
| Check Date: 12/31/2003    |  | P.O.A. DUES       | \$ 70.45       | \$ 1,004.90 | Base Amount                       | \$ 911.80      | \$ 10,941.60        |
| Fund: Police and Fire     |  | P/F RET ASSN      | \$ 7.00        | \$ 84.00    | SRBR Supplement                   | \$ 776.51      | \$ 776.51           |
| <b>Withholding Status</b> |  | POLICE            | \$ 8.00        | \$ 96.00    | COLA                              | \$ 974.02      | \$ 11,633.31        |
| State: NW Federal: NW     |  | DELTA             | 0.00           | 0.00        |                                   |                |                     |
| <b>Messages:</b>          |  | KAISER            | 0.00           | 0.00        |                                   |                |                     |
|                           |  |                   |                |             | <b>Total</b>                      | \$ 2,662.33    | \$ 23,351.42        |
|                           |  |                   |                |             | <b>Total Deduct</b>               | \$ 85.45       | \$ 1,184.90         |
|                           |  |                   |                |             | <b>Total Taxes</b>                | 0.00           | 0.00                |
|                           |  |                   |                |             | <b>Net Pay</b>                    | \$ 2,576.88    | \$ 22,166.52        |
|                           |  |                   |                |             | <b>Taxable</b>                    | \$ 776.51      | \$ 776.51           |
|                           |  |                   |                |             | <b>Non Taxable</b>                | 0.00           | 0.00                |
|                           |  |                   |                |             | <b>CITY OF SAN JOSE</b>           |                |                     |
|                           |  |                   |                |             | DEPARTMENT OF RETIREMENT SERVICES |                |                     |

City of San Jose  
Department of Retirement Services  
1737 North First St Suite 580  
San Jose, CA 95112

**DIRECT DEPOSIT  
ADVICE**

Check Date  
12/31/2003

| Financial Institution | Account Number | Account Type | Amount      |
|-----------------------|----------------|--------------|-------------|
| 12200066              | *****6614      | Checking     | \$ 2,576.88 |

City of San Jose  
Department of Retirement Services  
1737 North First St Suite 580  
San Jose, CA 95112

GEORGE N. JAEGER  
15118 SAN JOSE ST  
MISSION HILLS, CA 91345

| GEORGE N. JAEGER          |                 | Deductions               | Current   | YTD         | Income                            | Current     | Year to Date |
|---------------------------|-----------------|--------------------------|-----------|-------------|-----------------------------------|-------------|--------------|
| Check Date:               | 04/30/2002      | P.O.A. DUES              | \$ 81.95  | \$ 983.40   | Base Amount                       | \$ 911.80   | \$ 10,941.60 |
| Fund:                     | Police and Fire | P/F RET ASSN             | \$ 7.00   | \$ 84.00    | SRBR Supplement                   | \$ 3,467.74 | \$ 4,606.73  |
| <b>Withholding Status</b> |                 | POLICE                   | \$ 8.00   | \$ 96.00    | COLA                              | \$ 919.09   | \$ 10,975.75 |
| State:                    | NW              | DELTA                    | 0.00      | 0.00        |                                   |             |              |
| Federal:                  | NW              | KAISER                   | 0.00      | 0.00        |                                   |             |              |
| <b>Messages:</b>          |                 |                          |           |             | <b>Total</b>                      | \$ 5,298.63 | \$ 26,524.08 |
|                           |                 |                          |           |             | <b>Total Deduct</b>               | \$ 96.95    | \$ 1,163.40  |
|                           |                 |                          |           |             | <b>Total Taxes</b>                | 0.00        | 0.00         |
|                           |                 | <b>Insurance Subsidy</b> |           |             | <b>Net Pay</b>                    | \$ 5,201.68 | \$ 25,360.68 |
|                           |                 | DELTA                    | \$ 92.46  | \$ 1,067.76 | <b>Taxable</b>                    | \$ 3,467.74 | \$ 4,606.73  |
|                           |                 | KAISER                   | \$ 504.42 | \$ 6,153.54 | <b>Non Taxable</b>                | 0.00        | 0.00         |
|                           |                 |                          |           |             | <b>CITY OF SAN JOSE</b>           |             |              |
|                           |                 |                          |           |             | DEPARTMENT OF RETIREMENT SERVICES |             |              |

City of San Jose  
Department of Retirement Services  
1737 North First St Suite 580  
San Jose, CA 95112

**DIRECT DEPOSIT  
ADVICE**

Check Date  
04/30/2002

| Financial Institution | Account Number | Account Type | Amount      |
|-----------------------|----------------|--------------|-------------|
| 12200066              | *****6614      | Checking     | \$ 5,201.68 |

City of San Jose  
Department of Retirement Services  
1737 North First St Suite 580  
San Jose, CA 95112

GEORGE N. JAEGER  
15118 SAN JOSE ST  
MISSION HILLS, CA 91345

██████-3396

| Payroll Date | Check Date | Payroll Batch | Payment Type   | Check Number | Net         | Status  | Original Batch |
|--------------|------------|---------------|----------------|--------------|-------------|---------|----------------|
| 04/30/2012   | 04/30/2012 | 748           | Direct Deposit |              | \$ 2,248.68 | Cleared |                |
| 03/31/2012   | 03/31/2012 | 744           | Direct Deposit |              | \$ 2,248.68 | Cleared |                |
| 02/29/2012   | 02/29/2012 | 736           | Direct Deposit |              | \$ 2,248.68 | Cleared |                |
| 01/31/2012   | 01/31/2012 | 733           | Direct Deposit |              | \$ 2,177.01 | Cleared |                |
| 12/31/2011   | 12/31/2011 | 728           | Direct Deposit |              | \$ 2,177.01 | Cleared |                |
| 11/30/2011   | 11/30/2011 | 726           | Direct Deposit |              | \$ 2,177.01 | Cleared |                |
| 10/31/2011   | 10/31/2011 | 721           | Direct Deposit |              | \$ 2,177.01 | Cleared |                |
| 09/30/2011   | 09/30/2011 | 718           | Direct Deposit |              | \$ 2,177.01 | Cleared |                |
| 08/31/2011   | 08/31/2011 | 713           | Direct Deposit |              | \$ 2,177.01 | Cleared |                |
| 07/31/2011   | 07/31/2011 | 707           | Direct Deposit |              | \$ 2,177.01 | Cleared |                |
| 06/30/2011   | 06/30/2011 | 701           | Direct Deposit |              | \$ 2,177.01 | Cleared |                |
| 05/31/2011   | 05/31/2011 | 700           | Direct Deposit |              | \$ 2,650.77 | Cleared |                |
| 04/30/2011   | 04/30/2011 | 694           | Direct Deposit |              | \$ 2,177.01 | Cleared |                |
| 03/31/2011   | 03/31/2011 | 688           | Direct Deposit |              | \$ 2,177.01 | Cleared |                |
| 02/28/2011   | 02/28/2011 | 676           | Direct Deposit |              | \$ 2,177.01 | Cleared |                |
| 01/31/2011   | 01/31/2011 | 667           | Direct Deposit |              | \$ 2,107.43 | Cleared |                |
| 12/31/2010   | 12/31/2010 | 658           | Direct Deposit |              | \$ 2,166.64 | Cleared |                |
| 11/30/2010   | 11/30/2010 | 653           | Direct Deposit |              | \$ 2,107.47 | Cleared |                |
| 10/31/2010   | 10/31/2010 | 646           | Direct Deposit |              | \$ 2,107.47 | Cleared |                |
| 09/30/2010   | 09/30/2010 | 641           | Direct Deposit |              | \$ 2,107.47 | Cleared |                |
| 08/31/2010   | 08/31/2010 | 635           | Direct Deposit |              | \$ 2,107.47 | Cleared |                |
| 07/31/2010   | 07/31/2010 | 633           | Direct Deposit |              | \$ 2,107.47 | Cleared |                |
| 06/30/2010   | 06/30/2010 | 622           | Direct Deposit |              | \$ 2,107.47 | Cleared |                |
| 05/31/2010   | 05/31/2010 | 616           | Direct Deposit |              | \$ 2,107.47 | Cleared |                |
| 04/30/2010   | 04/30/2010 | 613           | Direct Deposit |              | \$ 2,109.47 | Cleared |                |
| 03/31/2010   | 03/31/2010 | 607           | Direct Deposit |              | \$ 3,651.87 | Cleared |                |
| 02/28/2010   | 02/28/2010 | 604           | Direct Deposit |              | \$ 2,109.47 | Cleared |                |
| 01/31/2010   | 01/29/2010 | 596           | Direct Deposit |              | \$ 2,041.92 | Cleared |                |
| 12/31/2009   | 12/31/2009 | 591           | Direct Deposit |              | \$ 2,091.92 | Cleared |                |
| 11/30/2009   | 11/30/2009 | 589           | Direct Deposit |              | \$ 2,090.40 | Cleared |                |
| 10/31/2009   | 10/30/2009 | 585           | Direct Deposit |              | \$ 2,090.40 | Cleared |                |
| 09/30/2009   | 09/30/2009 | 581           | Direct Deposit |              | \$ 2,090.40 | Cleared |                |
| 08/31/2009   | 08/31/2009 | 578           | Direct Deposit |              | \$ 2,090.40 | Cleared |                |
| 07/31/2009   | 07/31/2009 | 576           | Direct Deposit |              | \$ 2,058.50 | Cleared |                |
| 06/30/2009   | 06/30/2009 | 571           | Direct Deposit |              | \$ 2,058.50 | Cleared |                |
| 05/31/2009   | 05/29/2009 | 569           | Direct Deposit |              | \$ 2,058.50 | Cleared |                |
| 04/30/2009   | 04/30/2009 | 564           | Direct Deposit |              | \$ 2,058.50 | Cleared |                |
| 03/31/2009   | 03/31/2009 | 558           | Direct Deposit |              | \$ 2,899.10 | Cleared |                |
| 02/28/2009   | 02/27/2009 | 555           | Direct Deposit |              | \$ 2,058.50 | Cleared |                |
| 01/31/2009   | 01/30/2009 | 551           | Direct Deposit |              | \$ 1,992.91 | Cleared |                |
| 12/31/2008   | 12/31/2008 | 546           | Direct Deposit |              | \$ 1,992.91 | Cleared |                |
| 11/30/2008   | 11/28/2008 | 541           | Direct Deposit |              | \$ 1,992.91 | Cleared |                |
| 11/30/2008   | 11/26/2008 | 540           | Direct Deposit |              | \$ 3,297.22 | Cleared | SRBR           |
| 10/31/2008   | 10/31/2008 | 536           | Direct Deposit |              | \$ 1,992.91 | Cleared |                |
| 09/30/2008   | 09/30/2008 | 534           | Direct Deposit |              | \$ 1,992.91 | Cleared |                |
| 08/31/2008   | 08/29/2008 | 530           | Direct Deposit |              | \$ 1,992.91 | Cleared |                |
| 07/31/2008   | 07/31/2008 | 522           | Direct Deposit |              | \$ 1,992.91 | Cleared |                |
| 06/30/2008   | 06/30/2008 | 520           | Direct Deposit |              | \$ 1,992.91 | Cleared |                |
| 05/31/2008   | 05/30/2008 | 514           | Direct Deposit |              | \$ 1,988.81 | Cleared |                |

[REDACTED]-3396

| Payroll Date | Check Date | Payroll Batch | Payment Type   | Check Number | Net         | Status  | Original Batch |
|--------------|------------|---------------|----------------|--------------|-------------|---------|----------------|
| 04/30/2008   | 04/30/2008 | 510           | Direct Deposit |              | \$ 2,055.82 | Cleared |                |
| 03/31/2008   | 03/28/2008 | 504           | Direct Deposit |              | \$ 2,034.00 | Cleared |                |
| 02/29/2008   | 02/29/2008 | 501           | Direct Deposit |              | \$ 1,921.80 | Cleared |                |
| 01/31/2008   | 01/31/2008 | 499           | Direct Deposit |              | \$ 1,802.02 | Cleared |                |
| 12/31/2007   | 12/31/2007 | 495           | Direct Deposit |              | \$ 1,802.02 | Cleared |                |
| 11/30/2007   | 11/30/2007 | 487           | Direct Deposit |              | \$ 1,898.89 | Cleared |                |
| 11/30/2007   | 11/29/2007 | 489           | Direct Deposit |              | \$ 2,810.49 | Cleared | SRBR           |
| 10/31/2007   | 10/31/2007 | 484           | Direct Deposit |              | \$ 1,898.89 | Cleared |                |
| 09/30/2007   | 09/28/2007 | 480           | Direct Deposit |              | \$ 1,898.89 | Cleared |                |
| 08/31/2007   | 08/31/2007 | 477           | Direct Deposit |              | \$ 1,903.89 | Cleared |                |
| 07/31/2007   | 07/31/2007 | 468           | Direct Deposit |              | \$ 1,913.69 | Cleared |                |
| 06/30/2007   | 06/29/2007 | 465           | Direct Deposit |              | \$ 1,913.69 | Cleared |                |
| 05/31/2007   | 05/31/2007 | 458           | Direct Deposit |              | \$ 1,854.48 | Cleared |                |
| 04/30/2007   | 04/30/2007 | 457           | Direct Deposit |              | \$ 1,972.90 | Cleared |                |
| 03/31/2007   | 03/30/2007 | 454           | Direct Deposit |              | \$ 1,972.90 | Cleared |                |
| 02/28/2007   | 02/28/2007 | 444           | Direct Deposit |              | \$ 1,972.90 | Cleared |                |
| 01/31/2007   | 01/31/2007 | 442           | Direct Deposit |              | \$ 1,911.08 | Cleared |                |
| 12/31/2006   | 12/29/2006 | 435           | Direct Deposit |              | \$ 1,911.08 | Cleared |                |
| 11/30/2006   | 11/30/2006 | 432           | Direct Deposit |              | \$ 1,898.82 | Cleared |                |
| 11/30/2006   | 11/29/2006 | 431           | Direct Deposit |              | \$ 1,883.71 | Cleared | SRBR           |
| 10/31/2006   | 10/31/2006 | 430           | Direct Deposit |              | \$ 1,898.82 | Cleared |                |
| 09/30/2006   | 09/29/2006 | 427           | Direct Deposit |              | \$ 1,898.82 | Cleared |                |
| 08/31/2006   | 08/31/2006 | 422           | Direct Deposit |              | \$ 1,898.82 | Cleared |                |
| 07/31/2006   | 07/31/2006 | 419           | Direct Deposit |              | \$ 1,898.82 | Cleared |                |
| 06/30/2006   | 06/30/2006 | 415           | Direct Deposit |              | \$ 1,898.82 | Cleared |                |
| 05/31/2006   | 05/31/2006 | 408           | Direct Deposit |              | \$ 1,898.82 | Cleared |                |
| 04/30/2006   | 04/28/2006 | 403           | Direct Deposit |              | \$ 1,898.82 | Cleared |                |
| 03/31/2006   | 03/31/2006 | 396           | Direct Deposit |              | \$ 1,898.82 | Cleared |                |
| 02/28/2006   | 02/28/2006 | 392           | Direct Deposit |              | \$ 1,898.82 | Cleared |                |
| 01/31/2006   | 01/31/2006 | 389           | Direct Deposit |              | \$ 1,838.80 | Cleared |                |
| 12/31/2005   | 12/30/2005 | 384           | Direct Deposit |              | \$ 1,838.80 | Cleared |                |
| 11/30/2005   | 11/30/2005 | 382           | Direct Deposit |              | \$ 1,862.76 | Cleared |                |
| 11/30/2005   | 11/29/2005 | 381           | Direct Deposit |              | \$ 1,326.80 | Cleared | SRBR           |
| 10/31/2005   | 10/31/2005 | 378           | Direct Deposit |              | \$ 1,862.76 | Cleared |                |
| 09/30/2005   | 09/30/2005 | 372           | Direct Deposit |              | \$ 1,862.76 | Cleared |                |
| 08/31/2005   | 08/31/2005 | 371           | Direct Deposit |              | \$ 1,862.76 | Cleared |                |
| 07/31/2005   | 07/29/2005 | 370           | Direct Deposit |              | \$ 1,862.76 | Cleared |                |
| 06/30/2005   | 06/30/2005 | 366           | Direct Deposit |              | \$ 1,862.76 | Cleared |                |
| 05/31/2005   | 05/31/2005 | 359           | Direct Deposit |              | \$ 1,862.76 | Cleared |                |
| 04/30/2005   | 04/29/2005 | 356           | Direct Deposit |              | \$ 1,862.76 | Cleared |                |
| 03/31/2005   | 03/31/2005 | 351           | Direct Deposit |              | \$ 1,862.76 | Cleared |                |
| 02/28/2005   | 02/28/2005 | 347           | Direct Deposit |              | \$ 1,862.76 | Cleared |                |
| 01/31/2005   | 01/31/2005 | 339           | Direct Deposit |              | \$ 1,804.49 | Cleared |                |
| 12/31/2004   | 12/31/2004 | 333           | Direct Deposit |              | \$ 1,804.49 | Cleared |                |
| 11/30/2004   | 11/30/2004 | 323           | Direct Deposit |              | \$ 1,085.60 | Cleared | SRBR           |
| 11/30/2004   | 11/30/2004 | 324           | Direct Deposit |              | \$ 1,804.49 | Cleared |                |
| 10/31/2004   | 10/31/2004 | 303           | Direct Deposit |              | \$ 1,804.49 | Cleared |                |
| 09/30/2004   | 09/30/2004 | 302           | Direct Deposit |              | \$ 1,804.49 | Cleared |                |
| 08/31/2004   | 08/31/2004 | 300           | Direct Deposit |              | \$ 1,768.04 | Cleared |                |

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05/07/2012

| Payroll Date | Check Date | Payroll Batch | Payment Type   | Check Number | Net         | Status  | Original Batch                       |
|--------------|------------|---------------|----------------|--------------|-------------|---------|--------------------------------------|
| 07/31/2004   | 07/30/2004 | 294           | Direct Deposit |              | \$ 1,853.94 | Cleared |                                      |
| 06/30/2004   | 06/30/2004 | 288           | Direct Deposit |              | \$ 1,853.94 | Cleared |                                      |
| 05/31/2004   | 05/28/2004 | 280           | Direct Deposit |              | \$ 1,853.94 | Cleared |                                      |
| 04/30/2004   | 04/30/2004 | 277           | Direct Deposit |              | \$ 1,853.94 | Cleared |                                      |
| 03/31/2004   | 03/31/2004 | 272           | Direct Deposit |              | \$ 1,853.94 | Cleared |                                      |
| 02/29/2004   | 02/27/2004 | 271           | Direct Deposit |              | \$ 1,853.94 | Cleared |                                      |
| 01/31/2004   | 01/30/2004 | 264           | Direct Deposit |              | \$ 1,797.37 | Cleared |                                      |
| 12/31/2003   | 12/31/2003 | 261           | Direct Deposit |              | \$ 2,576.88 | Cleared | <i>Combined with monthly pens</i>    |
| 11/30/2003   | 11/28/2003 | 258           | Direct Deposit |              | \$ 1,785.87 | Cleared |                                      |
| 10/31/2003   | 10/31/2003 | 255           | Direct Deposit |              | \$ 1,785.87 | Cleared |                                      |
| 09/30/2003   | 09/30/2003 | 251           | Direct Deposit |              | \$ 1,785.87 | Cleared |                                      |
| 08/31/2003   | 08/29/2003 | 249           | Direct Deposit |              | \$ 1,785.87 | Cleared |                                      |
| 07/31/2003   | 07/31/2003 | 245           | Direct Deposit |              | \$ 1,785.87 | Cleared |                                      |
| 06/30/2003   | 06/30/2003 | 243           | Direct Deposit |              | \$ 1,785.87 | Cleared |                                      |
| 05/31/2003   | 05/30/2003 | 241           | Direct Deposit |              | \$ 1,785.87 | Cleared |                                      |
| 04/30/2003   | 04/30/2003 | 239           | Direct Deposit |              | \$ 1,785.87 | Cleared |                                      |
| 03/31/2003   | 03/31/2003 | 234           | Direct Deposit |              | \$ 1,785.87 | Cleared |                                      |
| 02/28/2003   | 02/28/2003 | 231           | Direct Deposit |              | \$ 1,785.87 | Cleared |                                      |
| 01/31/2003   | 01/31/2003 | 226           | Direct Deposit |              | \$ 1,730.94 | Cleared |                                      |
| 12/31/2002   | 12/31/2002 | 223           | Direct Deposit |              | \$ 2,872.93 | Cleared |                                      |
| 11/30/2002   | 11/29/2002 | 209           | Direct Deposit |              | \$ 1,733.94 | Cleared |                                      |
| 10/31/2002   | 10/31/2002 | 201           | Direct Deposit |              | \$ 1,733.94 | Cleared |                                      |
| 09/30/2002   | 09/30/2002 | 199           | Direct Deposit |              | \$ 1,733.94 | Cleared |                                      |
| 08/31/2002   | 08/30/2002 | 194           | Direct Deposit |              | \$ 1,733.94 | Cleared |                                      |
| 07/31/2002   | 07/31/2002 | 192           | Direct Deposit |              | \$ 1,733.94 | Cleared |                                      |
| 06/30/2002   | 06/28/2002 | 189           | Direct Deposit |              | \$ 1,733.94 | Cleared |                                      |
| 05/31/2002   | 05/31/2002 | 183           | Direct Deposit |              | \$ 1,733.94 | Cleared |                                      |
| 04/30/2002   | 04/30/2002 | 182           | Direct Deposit |              | \$ 5,201.68 | Cleared | <i>Combined with monthly pension</i> |
| 03/31/2002   | 03/29/2002 | 178           | Direct Deposit |              | \$ 1,733.94 | Cleared |                                      |
| 02/28/2002   | 02/28/2002 | 175           | Direct Deposit |              | \$ 1,733.94 | Cleared |                                      |
| 01/31/2002   | 01/31/2002 | 171           | Direct Deposit |              | \$ 1,680.61 | Cleared |                                      |
| 12/31/2001   | 12/31/2001 | 168           | Direct Deposit |              | \$ 1,677.61 | Cleared |                                      |
| 11/30/2001   | 11/30/2001 | 163           | Direct Deposit |              | \$ 1,677.61 | Cleared |                                      |
| 10/31/2001   | 10/31/2001 | 157           | Direct Deposit |              | \$ 1,677.61 | Cleared |                                      |
| 09/30/2001   | 09/28/2001 | 152           | Direct Deposit |              | \$ 1,677.61 | Cleared |                                      |
| 08/31/2001   | 08/31/2001 | 149           | Direct Deposit |              | \$ 1,677.61 | Cleared |                                      |
| 07/31/2001   | 07/31/2001 | 142           | Direct Deposit |              | \$ 1,677.61 | Cleared |                                      |
| 06/30/2001   | 06/29/2001 | 138           | Direct Deposit |              | \$ 1,677.61 | Cleared |                                      |
| 05/31/2001   | 05/31/2001 | 127           | Direct Deposit |              | \$ 1,677.61 | Cleared |                                      |
| 04/30/2001   | 04/30/2001 | 120           | Direct Deposit |              | \$ 1,714.06 | Cleared |                                      |
| 03/31/2001   | 03/30/2001 | 116           | Direct Deposit |              | \$ 1,662.29 | Cleared |                                      |
| 02/28/2001   | 02/28/2001 | 112           | Direct Deposit |              | \$ 1,662.29 | Cleared |                                      |
| 01/31/2001   | 01/31/2001 | 106           | Direct Deposit |              | \$ 1,662.29 | Cleared |                                      |
| 12/31/2000   | 12/31/2000 | 104           | Direct Deposit |              | \$ 1,662.29 | Cleared |                                      |
| 11/30/2000   | 11/30/2000 | 102           | Direct Deposit |              | \$ 1,533.84 | Cleared |                                      |
| 10/31/2000   | 10/31/2000 | 99            | Direct Deposit |              | \$ 1,533.84 | Cleared |                                      |
| 09/30/2000   | 09/30/2000 | 91            | Direct Deposit |              | \$ 1,533.84 | Cleared |                                      |
| 08/31/2000   | 08/31/2000 | 89            | Direct Deposit |              | \$ 1,533.84 | Cleared |                                      |
| 07/31/2000   | 07/31/2000 | 85            | Direct Deposit |              | \$ 1,533.84 | Cleared |                                      |

GEORGE N. JAEGER

Benefit Payment History (Register)

05/07/2012

██████████-3396

| Payroll Date | Check Date | Payroll Batch | Payment Type   | Check Number | Net         | Status  | Original Batch |
|--------------|------------|---------------|----------------|--------------|-------------|---------|----------------|
| 06/30/2000   | 06/30/2000 | 79            | Direct Deposit |              | \$ 1,574.34 | Cleared |                |
| 05/31/2000   | 05/31/2000 | 75            | Direct Deposit |              | \$ 1,574.34 | Cleared |                |
| 04/30/2000   | 04/30/2000 | 74            | Direct Deposit |              | \$ 1,574.34 | Cleared |                |
| 03/31/2000   | 03/31/2000 | 71            | Direct Deposit |              | \$ 1,524.07 | Cleared |                |
| 02/29/2000   | 02/29/2000 | 69            | Direct Deposit |              | \$ 1,524.07 | Cleared |                |
| 01/31/2000   | 01/31/2000 | 65            | Direct Deposit |              | \$ 1,524.07 | Cleared |                |
| 12/31/1999   | 12/31/1999 | 61            | Direct Deposit |              | \$ 1,524.07 | Cleared |                |
| 11/30/1999   | 11/30/1999 | 57            | Direct Deposit |              | \$ 1,652.52 | Cleared |                |
| 10/31/1999   | 10/31/1999 | 54            | Direct Deposit |              | \$ 1,652.52 | Cleared |                |
| 09/30/1999   | 09/30/1999 | 52            | Direct Deposit |              | \$ 1,652.52 | Cleared |                |
| 08/31/1999   | 08/31/1999 | 48            | Direct Deposit |              | \$ 1,652.52 | Cleared |                |
| 07/31/1999   | 07/31/1999 | 43            | Direct Deposit |              | \$ 1,659.52 | Cleared |                |
| 06/30/1999   | 06/30/1999 | 35            | Direct Deposit |              | \$ 1,659.52 | Cleared |                |
| 05/31/1999   | 05/31/1999 | 28            | Direct Deposit |              | \$ 1,659.52 | Cleared |                |
| 04/30/1999   | 04/30/1999 | 21            | Direct Deposit |              | \$ 1,659.52 | Cleared |                |
| 03/31/1999   | 03/31/1999 | 19            | Direct Deposit |              | \$ 1,610.72 | Cleared |                |
| 02/28/1999   | 02/28/1999 | 17            | Direct Deposit |              | \$ 1,610.72 | Cleared |                |
| 01/31/1999   | 01/31/1999 | 15            | Direct Deposit |              | \$ 1,610.72 | Cleared |                |
| 12/31/1998   | 12/31/1998 | 13            | Direct Deposit |              | \$ 1,610.72 | Cleared |                |
| 11/30/1998   | 11/30/1998 | 2             | Direct Deposit |              | \$ 1,610.72 | Cleared |                |
| 10/31/1998   | 10/31/1998 | 1             | Direct Deposit |              | \$ 1,610.72 | Cleared |                |

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**EXHIBIT M**

Fwd\_ SRBR Points

I'll include notes in your rules packet.

Armando Gomez

Begin forwarded message:

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From: "Gurza, Alex" <alex.gurza@sanjoseca.gov>  
Date: October 20, 2010 8:37:58 AM PDT  
To: "Gomez, Armando" <Armando.Gomez@sanjoseca.gov>  
Subject: RE: SRBR Points

Armando--

Below are some revised suggested bullet points on SRBR. Rick is still looking into the options the Council would have, and he will hopefully have some additional information by the Rules Committee Meeting.

Thanks,

--Alex

- \* Recommendation is to suspend this year's payment while retirement reform discussions continue.
- \* SRBR is a 13th paycheck program that retiree's cannot count on because retirees do not know in which year they will receive the 13th check.
- \* Distribution happens when the fund earns more than is assumed, even when the plan is severely underfunded.
- \* Funding Ratios have fallen:
  - \* Police and Fire
    - \* Market Value: 66%
    - \* Actuarial Value: 87%
  - \* Federated
    - \* Market Value: 54%
    - \* Actuarial value: 71%
- \* SRBRs accounts for 4% of the total cost of the plan.
- \* Current estimate of pension liability (as of June 30, 2009) is \$5.4 billion.
- \* \$2 billion unfunded liability based on \$3.4 billion in pension assets (Market Value).
- \* \$1.1 billion unfunded liability based on \$4.3 billion in actuarial value of assets (Smoothed).
- \* Additional \$1.4 billion unfunded retiree healthcare liability.

Fwd\_ SRBR Points

From: Gomez, Armando  
Sent: Monday, October 18, 2010 11:22 AM  
To: Gurza, Alex; Guerra, Antonio  
Subject: SRBR Points

Here's a few points I was thinking of. Could probably add to your stuff

- \* Not eliminating payment just suspending until Council has an opportunity to consider with the task force recommendations
- \* SRBR is an optional payout that is not expected.
- \* Based on excess earning.
- \* Plan is currently underfunded by 50%. If plan goes insolvent then everyone loses everything
- \* SRBRs account for 4% of the total cost of the plan. (Alex is there a better way to explain this.)

Armando Gomez

Senior Policy Advisor - Budget and Finance

Office of Mayor Chuck Reed | City of San José

San José City Hall | 200 E. Santa Clara St., 17th floor | San José CA 95113

408-535-4830 | <<mailto:armando.gomez@sanjoseca.gov>> armando.gomez@sanjoseca.gov |  
<<http://www.sanjoseca.gov/mayor>> [www.sanjoseca.gov/mayor](http://www.sanjoseca.gov/mayor)

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**EXHIBIT N**

ORDINANCE NO.

**AN ORDINANCE OF THE CITY OF SAN JOSE AMENDING SECTION 3.36.580 OF PART 4 OF CHAPTER 3.36 OF TITLE 3 OF THE SAN JOSE MUNICIPAL CODE TO SUSPEND THE DISTRIBUTION OF FUNDS FROM THE POLICE AND FIRE DEPARTMENT RETIREMENT PLAN SUPPLEMENTAL RETIREE BENEFIT RESERVE DURING FISCAL YEAR 2010-2011**

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SAN JOSE:

Section 3.36.580 of Chapter 3.36 of Title 3 of the San José Municipal Code is amended to read as follows:

**3.36.580 Supplemental Retiree Benefit Reserve**

**A. Establishment and Purpose.**

1. The Board shall establish a reserve in the retirement fund to be known as the Supplemental Retiree Benefit Reserve or SRBR.
2. The purpose of the SRBR shall be to provide a source of funding for benefits to supplement those benefits otherwise provided by this Plan or the Chapter 3.32 plan to former members of such plans who are receiving benefits, survivors of such former members, and survivors of members who die prior to receiving benefits from this Plan.

**B. Funding.**

1. The initial amount allocated to the SRBR shall be ten percent (10%) of the Plan's prefunded actuarial accrued liability as of June 30, 1999, as determined by the Board's actuary. The Board's actuary shall calculate the initial funding amount without regard to any Plan amendments that became effective after June 30, 1999.
2. Each June 30, beginning June 30, 2000, there shall be allocated to the SRBR the investment earnings attributable to the balance in the SRBR as of June 30 of the calendar year in which the allocation is made. Investment earnings credited to the SRBR shall be calculated as though the transfer required by paragraphs 3. and 4. of this subsection B. had been made on the immediately following July 1 (first allocation on July 1, 2000) regardless of the actual date such transfer is made. In the event the investment earnings for the retirement fund are less than zero, no investment earnings shall be allocated to the SRBR and no reduction shall be made to the SRBR balance except as provided in subsection C. below.
3. The Board shall determine the excess earnings for the twelve (12) months ending June 30, 2000, and for the twelve (12) months ending June 30, 2001, and shall transfer to the SRBR ten percent (10%) of the excess earnings for each such twelve (12)-month period.
4. Within ninety (90) days from and after receipt of audited financial statements for each fiscal year, commencing with the year 2002, the Board shall determine, and by written resolution declare, the excess earnings as of June 30 in each such year, and shall transfer ten percent (10%) of such excess earnings to the SRBR. The excess earnings shall be added to the SRBR principal and shall not be available for distribution under subsection D.

C. Reduction of SRBR Balance.

1. If the City's contribution rate, as determined by the Board's actuary during any actuarial valuation performed after June 30, 1999, will increase as a result of poor investment earnings in the Retirement Fund, there shall be transferred from the SRBR to the regular Retirement Fund and the cost-of-living fund an amount equal to ten percent (10%) of the City's increased contributions for the first twelve (12) months following the increase in the contribution rates. Such transfers shall be limited to those situations where the increase in the City's contribution rate is attributable to poor investment earnings; no such transfer shall be made for any increase in the City's contribution rate that is due to any factor other than poor investment earnings including, but not limited to, increases in medical or dental premium costs, enhancements to benefits provided under the Plan, or changes in the actuarial assumptions.
2. Notwithstanding paragraph 1. of this subsection C., the amount transferred from the SRBR because of the increase in the City's contributions shall not exceed five percent (5%) of the accrued balance in the SRBR as of the date of the actuarial valuation.

D. Distributions.

1. The Board shall make an initial distribution from the SRBR during calendar year 2002.

2. Beginning in calendar year 2003, the Board shall make an annual distribution from the SRBR
3. The initial distribution from the SRBR shall be made solely to former members of this Plan or the Chapter 3.32 Plan who are receiving benefits as of June 30, 2001, and survivors (of such former members or of members who died prior to receiving benefits from this Plan) who are receiving benefits as of June 30, 2001; provided, however, that if a member or former member died after June 30, 2001, but before the initial distribution, the survivor shall be deemed to have been receiving benefits as of June 30, 2001.
4. All subsequent annual distributions from the SRBR shall be made solely to former members of this Plan or the Chapter 3.32 Plan who are receiving benefits as of the June 30 immediately preceding the distribution date and survivors (of such former members or of members who died prior to receiving benefits from this plan) who are receiving benefits as of said June 30.
5. The Board shall develop a methodology for distributions from the SRBR such that supplemental benefits provide a greater benefit for those persons who have been in benefit status for a longer period of time and those persons receiving the lowest monthly benefit payments. Upon the approval of the methodology by the City Council, the Board shall make distributions in accordance with such methodology.

6. Except as required by subsection C. or in the case of the termination of this Plan, the Board shall not transfer or distribute funds in the SRBR if such transfer or distribution would reduce the SRBR principal.

E. Definitions. For the purpose of this Section 3.36.580, the terms listed herein shall have the following meanings:

1. "Excess earnings" means the earnings of the Retirement Fund that remain after interest has been credited to the SRBR as provided in paragraph B.2. and the actuarial assumed earnings rate adopted by the Board (and in effect on June 30 of the year in which the SRBR calculation is performed) has been credited to other reserves.
2. "Former member" means a person who has retired under the provisions of this Chapter or Chapter 3.32 or a person who separated from City service without retiring but left his or her contributions on deposit in the retirement fund.
3. "Investment earnings" means the earnings of the Retirement Fund during the twelve (12) months ending June 30 as determined by the Board's actuary using the same methodology used to determine the value of assets for the actuarial valuation. In the case of investment earnings attributable to the SRBR, the application of the methodology shall begin as of July 1, 1999.

(Ords. 26416, 26536.)

except there shall be no distribution during  
calendar year 2010 or during calendar years 2011, prior to June 30, 2011..

RD:ERD  
11/4/2010

PASSED FOR PUBLICATION of title this \_\_\_\_\_ day of \_\_\_\_\_, 2010, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

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CHUCK REED  
Mayor

ATTEST:

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LEE PRICE, MMC  
City Clerk

T-963.024  
Council Agenda: 11-9-10  
Item No.:3.5(b)

6

**DRAFT—Contact the Office of the City Clerk at (408)535-1260 or [CityClerk@sanjoseca.gov](mailto:CityClerk@sanjoseca.gov) for final document.**

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**EXHIBIT O**



SENT TO COUNCIL:

Distributed on:  
JAN 18 2011  
City Manager's Office

# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Alex Gurza

**SUBJECT:** Analysis of SRBR ("13<sup>th</sup>" Check)  
Payments and SRBR Options

**DATE:** January 18, 2011

Approved

Date

1/18/11

## INFORMATION

On October 26, 2010, the City Council suspended payments from the Supplemental Retiree Benefit Reserve (SRBR) or "13<sup>th</sup>" check for Fiscal Year 2010-2011 and directed staff to analyze options for the SRBR. On January 12, 2011, staff provided the City Council an Information Memorandum, which analyzed pension payments from the Police and Fire Department Retirement Plan and Federated City Employees' Retirement System.<sup>1</sup> The memorandum provided information related to the SRBR. One of the concerns that has been raised at City Council and retirement board meetings is that there are many retirees whose pension benefits fall below the poverty level. The analysis in the memorandum indicated that those retirees with the lowest pension payments on average have the lowest years of service and thus receive a lower pension payment. In addition, the memorandum pointed out the difficulty of making a poverty level analysis without knowing a retiree's total household income and assets, since pension benefits from San Jose may not be the retiree's sole source of income.

As follow up to the prior memorandum, this memorandum serves to provide the City Council further information regarding the SRBR, including information on the distribution of SRBR payments and the primary options for the SRBR.

## BACKGROUND

The SRBR provides retirees a "13<sup>th</sup>" check, which is a cash payment to retirees payable under certain circumstances in addition their regular monthly pension checks. When the retirement plans investment income exceeds their expected returns, 10% of those "excess" earnings are credited to the SRBR. Under the current definition, "excess" earnings can be declared and transferred to the SRBR even if other actuarial assumptions have not been met and even if the plans are significantly underfunded, as they are currently.

As of June 30, 2010, the unfunded liability and funding ratios under both calculations for each pension plan are detailed below. Based on the current difference between the market value of assets and the actuarial value of assets, a further decline in the funded status is expected over

<sup>1</sup> [www.sanjoseca.gov/employeeRelations/retirementbenefits/reports/infoMemo-AnalysisOfPensionPaymentsDated01.12.11.pdf](http://www.sanjoseca.gov/employeeRelations/retirementbenefits/reports/infoMemo-AnalysisOfPensionPaymentsDated01.12.11.pdf)

the next few years, as the asset losses for the 2008-2009 market downturn are fully recognized in the actuarial value of assets.

| <b>Pension Unfunded Liability As of June 30, 2010</b> |                  |                        |                |
|---|------------------|------------------------|----------------|
|   | <b>Federated</b> | <b>Police and Fire</b> | <b>Total</b>   |
| Market Value  | \$1.0 billion    | \$1.0 billion          | \$2.0 billion  |
| Funding Ratio   | 60%              | 69%                    | 65%            |
| <hr/>   |                  |                        |                |
| Actuarial Value                                       | \$0.78 billion   | \$0.65 billion         | \$1.43 billion |
| Funding Ratio   | 69%              | 80%                    | 75%            |

| <b>Retiree Healthcare (OPEB) Unfunded Liability As of June 30, 2010</b> |                  |                                     |                |
|---|------------------|-------------------------------------|----------------|
|   | <b>Federated</b> | <b>Police and Fire <sup>2</sup></b> | <b>Total</b>   |
| Market Value  | \$0.82 billion   | \$0.72 billion                      | \$1.54 billion |
| Funding Ratio   | 12%              | 7%                                  | 9%             |
| <hr/>   |                  |                                     |                |
| Actuarial Value   | \$0.82 billion   | \$0.71 billion                      | \$1.53 billion |
| Funding Ratio   | 12%              | 6%                                  | 10%            |

When there is a distribution from the SRBR, the criteria for determining the payment amount for each retiree in both plans are based on a "point" system. Retirees receive points based on years of service, number of years retired, and final average salary. Under this methodology, the largest payments are made to retirees that have been retired the longest and have rendered the longest service to the City.

Additional background information regarding the SRBR can be found in the memorandum to the City Council, dated October 22, 2010.<sup>3</sup>

## ANALYSIS

Staff conducted an analysis of the two most recent payouts from the SRBR. In 2007 and 2008, SRBR payments were made to retirees in both the Police and Fire Department Retirement Plan and the Federated City Employees' Retirement System. For the analysis, retirees' pensions were segmented based upon the annual pension payments received, which include base pension payments and COLA's.

### Police and Fire Department Retirement Plan SRBR Payments

The total SRBR payments for retirees in the Police and Fire Department Retirement Plan for 2007 and 2008 were \$1.87 Million and \$2.24 Million respectively. As illustrated in the two charts below, Police and Fire Department Retirement Plan retirees received SRBR payments

<sup>2</sup> The June 30, 2010, OPEB (retiree healthcare) valuation has not been completed. It is anticipated that the report, including the contributions will be available in February. The retiree healthcare liability for Police and Fire demonstrated on this chart is the unfunded liability as of the June 30, 2009 valuation.

<sup>3</sup> [http://www.sanjoseca.gov/clerk/Agenda/20101026/20101026\\_0303sup.pdf](http://www.sanjoseca.gov/clerk/Agenda/20101026/20101026_0303sup.pdf)

regardless of their annual pension amounts. Individual payments for retirees ranged from \$278 to \$6,496 and the retirees' years of service with the City ranged from 1 year to 43 years.

Police and Fire Department Retirement Plan  
 2008 SRBR Payments

| Annual Pension <sup>4</sup> | Average Total Pension | Average SRBR Payment | Total SRBR Payments | % of Total SRBR Payments |
|-----------------------------|-----------------------|----------------------|---------------------|--------------------------|
| \$125,001 and above         | \$144,592             | \$1,324              | \$54,291            | 2.42%                    |
| \$100,001 to \$125,000      | \$108,114             | \$1,268              | \$145,763           | 6.50%                    |
| \$75,001 to \$100,000       | \$86,457              | \$1,386              | \$462,927           | 20.63%                   |
| \$50,001 to \$75,000        | \$63,393              | \$1,525              | \$741,027           | 33.02%                   |
| \$25,001 to \$50,000        | \$39,180              | \$2,494              | \$718,234           | 32.01%                   |
| Up to \$25,000              | \$19,911              | \$3,120              | \$121,677           | 5.42%                    |

Police and Fire Department Retirement Plan  
 2007 SRBR Payments

| Annual Pension <sup>4</sup> | Average Total Pension | Average SRBR Payment | Total SRBR Payments | % of Total SRBR Payments |
|-----------------------------|-----------------------|----------------------|---------------------|--------------------------|
| \$125,001 and above         | \$142,750             | \$1,118              | \$31,317            | 1.68%                    |
| \$100,001 to \$125,000      | \$108,735             | \$1,121              | \$88,530            | 4.74%                    |
| \$75,001 to \$100,000       | \$86,369              | \$1,181              | \$348,420           | 18.65%                   |
| \$50,001 to \$75,000        | \$63,200              | \$1,309              | \$651,858           | 34.89%                   |
| \$25,001 to \$50,000        | \$39,200              | \$2,021              | \$622,369           | 33.31%                   |
| Up to \$25,000              | \$20,064              | \$2,737              | \$125,902           | 6.74%                    |

Federated City Employees' Retirement System

The total SRBR payments for retirees in Federated City Employees' Retirement System for 2007 and 2008 were \$1.32 Million and \$131,440 respectively. Similar to the Police and Fire Department Retirement Plan, retirees in the Federated City Employees' Retirement System received SRBR payments regardless of their annual pension amounts. Individual payments for retirees ranged from \$1 to \$1,307 and the retirees' years of service with the City ranged from 1 year to 40 years.

<sup>4</sup> Based on current pension payments

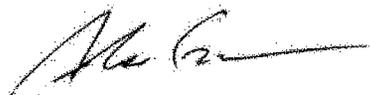
Given the significant unfunded liabilities related to retirement benefits for current City employees and retirees, the Administration recommends pursuing the elimination of the SRBR's. If legally possible, the Administration recommends pursuing transferring the current funds back into the main pension accounts to fund current retirement benefits.

Pursuing elimination of the SRBR program may raise concerns among retirees that they would lose purchasing power if they did not receive SRBR payments because of increases in the cost of living. However, the effect of increases in the cost of living is greatly diminished with the retirement plans' current 3% fixed COLA. Since the 3% fixed COLA went into effect for the Police and Fire Department Retirement Plan in 2002, CPI rose on average of 2.0% per year.<sup>6</sup> The 3% fixed COLA contributions over that same period of time have risen 3.40% per year, due to annual compounding. During that nine-year period, retirees' COLAs have outpaced inflation by approximately 1.4% per year or 12.40% in total. Consequently, retirees have actually gained purchasing power over that period of time.

The 3% fixed COLA went into effect in 2006 for the Federated City Employees' Retirement System. Since then, CPI rose on average of 1.8% per year.<sup>6</sup> The 3% fixed COLA contributions over that same period of time have risen 3.2% per year, due to annual compounding. During that five-year period, retirees have outpaced inflation by approximately 1.4% per year or 6.8% in total and retirees have also gained purchasing power over that period of time.

#### Next Steps

The City Administration will seek further direction from the City Council regarding the SRBR before discussions with various stakeholders. It is important to note that depending on the Council's direction, additional research on the options, including legal and labor relations issues, may be needed.



Alex Gurza  
Director of Employee Relations

For questions, please contact Alex Gurza, Director of Employee Relations, at 535-8155.

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<sup>6</sup> Source: Bureau of Labor Statistics; San Francisco-Oakland-San Jose CPI Index

**EXHIBIT P**



December 28, 2011

**VIA ELECTRONIC MAIL**

Mr. Russell U. Crosby  
Director of Retirement Services  
City of San Jose Department of Retirement Services  
1737 North 1<sup>st</sup> Street, Suite 580  
San Jose, California 95112

**Re: Federated Employees Retirement Plan  
Supplemental Retiree Benefit Reserve as of June 30, 2011**

Dear Russell:

We have calculated the balance of the Supplemental Retiree Benefit Reserve (SRBR) as of June 30, 2011, including the amount of interest to be credited as of June 30, 2011, the amount of "excess earnings" to be transferred on July 1, 2011, and the amount to be distributed in 2011. These calculations have been performed in accordance with our understanding of San Jose Municipal Code Section 3.28.340. We understand the City Council has suspended distributions. This letter shows what the distributions would be if Council re-instates distributions following the same policy as outlined in Council Resolution #71870. In addition, the interest crediting formulas shown in the memorandum dated February 11, 2009 from Carmen Racy-Choy and Veronica Niebla to the Board of Administration have been modified to reflect the actual timing of City contributions to be consistent with the investment return calculations shown in the actuarial valuation.

The table below summarizes the results of our calculations:

|                                       |               |
|---------------------------------------|---------------|
| SRBR Interest Credit, 6/30/2011       | \$ 2,252,315  |
| SRBR Excess Earnings Credit, 7/1/2011 | \$ 12,526,036 |
| 2011 SRBR Distribution                | \$ 6,587,315  |

**Interest Crediting**

San Jose Municipal Code Section 3.28.340 describes how interest is credited to the Employee, SRBR, and General Reserves in the Retirement Fund. The basic process is as follows:

1. The Employee Reserve is credited with interest semi-annually at an annual rate of 3.0%. These calculations are performed by the Department of Retirement Systems.
2. The SRBR and General Reserves are credited with interest at the lower of the actuarially assumed rate or the actual rate of earnings for the year. While not explicit in the Municipal Code, we understand that the phrase "interest credited" has been historically interpreted to be not less than zero.



3. The General Reserve is credited with the excess, if any, of the interest that would have been credited to the Employee Reserve following the procedure under (2) and the actual amount credited under (1).
4. Any positive earnings remaining are considered "Excess Earnings." Ten percent of the Excess Earnings are credited to the SRBR effective July 1, and the remainder is credited to the General Reserve.
5. Any negative earnings remaining are charged to the General Reserve.

The Medical Benefits account and the Cost-of-Living Fund are maintained separately and are not affected by the calculations described above.

The table below shows the calculation of the interest credits and Excess Earnings. The interest is credited effective June 30, 2011 and the Excess Earnings are credited effective July 1, 2011.

|                                   | Employee        | SRBR          | General          | Total            |
|-----------------------------------|-----------------|---------------|------------------|------------------|
| <b>Total Earnings</b>             |                 |               |                  | \$ 213,159,048   |
| <b>Balance, July 1, 2010</b>      | \$ 201,166,486  | \$ 28,331,000 | \$ 878,824,368   | \$ 1,108,321,854 |
| <b>Net Cashflow</b>               |                 |               |                  |                  |
| <b>Beginning of Year</b>          | \$ 0            | \$ 0          | \$ 33,410,021    | \$ 33,410,021    |
| <b>Middle of Year</b>             | (13,906,729)    | 0             | (58,269,263)     | (72,175,992)     |
| <b>End of Year</b>                | 0               | 0             | 8,769,954        | 8,769,954        |
| <b>Total Net Cashflow</b>         | \$ (13,906,729) | \$ 0          | \$ (16,089,288)  | \$ (29,996,017)  |
| <b>Crediting Rate</b>             |                 | 7.95%         | 7.95%            |                  |
| <b>Primary Interest Crediting</b> | 5,561,930       | 2,252,315     | 80,084,444       | 87,898,689       |
| <b>Balance, June 30, 2011</b>     | \$ 192,821,687  | \$ 30,583,315 | \$ 942,819,524   | \$ 1,166,224,526 |
| <b>Excess Earnings</b>            | 0               | 12,526,036    | 112,734,323      | 125,260,359      |
| <b>Balance, July 1, 2011</b>      | \$ 192,821,687  | \$ 43,109,351 | \$ 1,055,553,847 | \$ 1,291,484,885 |

### SRBR Distributions

When Excess Earnings are transferred to the SRBR pursuant to the Municipal Code, it increases the Actuarial Liability as it is assumed these amounts will ultimately be distributed to retirees and beneficiaries. However, payments are not paid to retirees and beneficiaries until a distribution is ordered by the Board. While the City Council has suspended distributions from the SRBR, following our understanding of Council Resolution #71870 and the accompanying memorandum dated November 24, 2003, distributions would be made from the SRBR in the amount of the interest credited to the SRBR plus the balance in the

Mr. Russell U. Crosby  
December 28, 2011  
Page 3 of 3

SRBR that exceeds the minimum balance defined by the Board. For this purpose the balance in the SRBR is the balance before interest crediting and before the Excess Earnings are transferred. The minimum balance is equal to \$7,000 multiplied by the number of retirees and beneficiaries who would receive a portion of the distribution.

The table below shows the calculation of the distribution if the City Council re-instates SRBR distributions following the policy in Council Resolution #71870.

|   |  |    |            |
|---|--|----|------------|
| 1 | SRBR Balance FYE 2010  | \$ | 21,381,000 |
| 2 | Previous Year's Excess Earnings                              | \$ | 6,950,000  |
| 3 | Current Year Interest  | \$ | 2,252,315  |
| 4 | SRBR Distribution FYE 2011 of FYE 2010 earnings              | \$ | -          |
| 5 | SRBR Balance FYE 2011 (1+2+4)                                | \$ | 28,331,000 |
| 6 | Minimum Balance (\$7000 x 3,428)                             | \$ | 23,996,000 |
| 7 | SRBR Distribution FYE 2012<br>[3 + (5-6, not less than \$0)] | \$ | 6,587,315  |

If you have any questions or would like to discuss these calculations, please call me at (703) 893-1456 extension 1113 or Anne Harper at extension 1107.

Sincerely,  
Cheiron



William R. Hallmark, ASA, FCA, EA, MAAA  
Consulting Actuary



Anne D. Harper, EA, MAAA  
Associate Actuary

cc: Carmen Racy-Choy  
Veronica Niebla

**ATTACHMENT**  
**Interest Crediting Formulas**

**Comparison of Interest Crediting Formulas**

**Notation**

- I = Interest credited in dollars  
i = Interest crediting rate  
A = Beginning balance  
B = Ending balance  
CFA = Cash flows at beginning of period (i.e., City pre-paid contributions)  
CFM = Cash flows throughout the period (i.e., member contributions and benefit payments)  
CFB = Cash flows at end of period (i.e., City true-up contributions)

**Prior formula based on average balance during year including earnings**

$$I = i \times (A + B) \div 2$$
$$I = (i \times (A + (CFA + CFM + CFB) \div 2)) \div (1 - i \div 2)$$

**New formula based on timing of City contributions**

$$I = i \times (A + CFA + CFM \div 2)$$

**Hypothetical Example**

**Assumptions**

- i = 10%  
A = \$1,000  
CF-A = \$30  
CF-M = (\$40)  
CF-B = \$10

The net cash flow for the year is \$0 (\$30 - \$40 + \$10), so the average balance method produces \$105 in earnings (10% x \$1,000 ÷ 95%).

However, the new method based on timing of City contributions only produces \$101 in earnings (10% x (\$1,000 + 30 - 40 ÷ 2)).

So, if our assumed earnings rate was 10% in this hypothetical example, under the prior method the plan would have to get \$105 in earnings before there was any Excess Earnings, but under the new method the plan would only have to get \$101 in earnings before there was any Excess Earnings.

The table below summarizes the results of the SRBR calculations under the prior method.

|                                       |               |
|---------------------------------------|---------------|
| SRBR Interest Credit, 6/30/2011       | \$ 2,345,550  |
| SRBR Excess Earnings Credit, 7/1/2011 | \$ 12,264,174 |
| 2011 SRBR Distribution                | \$ 6,680,550  |

**EXHIBIT Q**



January 13, 2012

**VIA ELECTRONIC MAIL**

Mr. Russell U. Crosby  
Director of Retirement Services  
City of San Jose Department of Retirement Services  
1737 North 1<sup>st</sup> Street, Suite 580  
San Jose, California 95112

**Re: Federated Employees Retirement Plan  
Supplemental Retiree Benefit Reserve as of June 30, 2011**

Dear Russell:

We have calculated the balance of the Supplemental Retiree Benefit Reserve (SRBR) as of June 30, 2011, including the amount of interest to be credited as of June 30, 2011, the amount of "excess earnings" to be transferred on July 1, 2011, and the amount to be distributed in 2011. These calculations have been performed in accordance with our understanding of San Jose Municipal Code Section 3.28.340. We understand the City Council has suspended distributions. This letter shows what the distributions would be if Council re-instates distributions following the same policy as outlined in Council Resolution #71870. In addition, the interest crediting formulas shown in the memorandum dated February 11, 2009 from Carmen Racy-Choy and Veronica Niebla to the Board of Administration have been modified to reflect the actual timing of City contributions and to be consistent with the investment return calculations shown in the actuarial valuation.

The table below summarizes the results of our calculations:

|                                       |               |
|---------------------------------------|---------------|
| SRBR Interest Credit, 6/30/2011       | \$ 2,252,315  |
| SRBR Excess Earnings Credit, 7/1/2011 | \$ 12,526,036 |
| 2011 SRBR Distribution                | \$ 6,587,315  |

**Interest Crediting**

San Jose Municipal Code Section 3.28.340 describes how interest is credited to the Employee, SRBR, and General Reserves in the Retirement Fund. The basic process is as follows:

1. The Employee Reserve is credited with interest semi-annually at an annual rate of 3.0%. These calculations are performed by the Department of Retirement Systems.
2. The SRBR and General Reserves are credited with interest at the lower of the actuarially assumed rate or the actual rate of earnings for the year. While not explicit in the Municipal Code, we understand that the phrase "interest credited" has been historically interpreted to be not less than zero.



Mr. Russell U. Crosby  
January 13, 2012  
Page 2 of 5

3. The General Reserve is credited with the excess, if any, of the interest that would have been credited to the Employee Reserve following the procedure under (2) and the actual amount credited under (1).
4. Any positive earnings remaining are considered "Excess Earnings." Ten percent of the Excess Earnings are credited to the SRBR effective July 1, and the remainder is credited to the General Reserve.
5. Any negative earnings remaining are charged to the General Reserve.

The Medical Benefits account and the Cost-of-Living Fund are maintained separately and are not affected by the calculations described above.

The table below shows the calculation of the interest credits and Excess Earnings. For this purpose, the dollar amount of interest is calculated based on the interest rate (i) as follows:

$$\text{Interest} = \text{Beginning of year balance and cash flow} \times i + \text{mid-year cash flow} \times i \div 2$$

This formula is a change from prior years. The prior formula was as follows:

$$\text{Interest} = (\text{Beginning of year balance} \times i + \text{cash flow} \times i \div 2) \div (1 - i \div 2)$$

The change in formula results in an increase in the total Excess Earnings of approximately \$2.6 million and an offsetting decrease in the Primary Interest Crediting. For the SRBR, the change results in approximately a \$100,000 decrease in Primary Interest Crediting and a \$260,000 increase in Excess Earnings. The attachment to this letter provides additional detail on the change in formulas.

The interest is credited effective June 30, 2011 and the Excess Earnings are credited effective July 1, 2011.

|                                   | Employee        | SRBR          | General          | Total            |
|-----------------------------------|-----------------|---------------|------------------|------------------|
| <b>Total Earnings</b>             |                 |               |                  | \$ 213,159,048   |
| <b>Balance, July 1, 2010</b>      | \$ 201,166,486  | \$ 28,331,000 | \$ 878,824,368   | \$ 1,108,321,854 |
| <b>Net Cashflow</b>               |                 |               |                  |                  |
| <b>Beginning of Year</b>          | \$ 0            | \$ 0          | \$ 33,410,021    | \$ 33,410,021    |
| <b>Middle of Year</b>             | (13,906,729)    | 0             | (58,269,263)     | (72,175,992)     |
| <b>End of Year</b>                | 0               | 0             | 8,769,954        | 8,769,954        |
| <b>Total Net Cashflow</b>         | \$ (13,906,729) | \$ 0          | \$ (16,089,288)  | \$ (29,996,017)  |
| <b>Crediting Rate</b>             |                 | 7.95%         | 7.95%            |                  |
| <b>Primary Interest Crediting</b> | 5,561,930       | 2,252,315     | 80,084,444       | 87,898,689       |
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| <b>Excess Earnings</b>            | 0               | 12,526,036    | 112,734,323      | 125,260,359      |
| <b>Balance, July 1, 2011</b>      | \$ 192,821,687  | \$ 43,109,351 | \$ 1,055,553,847 | \$ 1,291,484,885 |

### SRBR Distributions

When Excess Earnings are transferred to the SRBR pursuant to the Municipal Code, it increases the Actuarial Liability as it is assumed these amounts will ultimately be distributed to retirees and beneficiaries. However, payments are not paid to retirees and beneficiaries until a distribution is ordered by the Board. While the City Council has suspended distributions from the SRBR, following our understanding of Council Resolution #71870 and the accompanying memorandum dated November 24, 2003, distributions would be made from the SRBR in the amount of the interest credited to the SRBR plus the balance in the SRBR that exceeds the minimum balance defined by the Board. For this purpose the balance in the SRBR is the balance before interest crediting and before the Excess Earnings are transferred. The minimum balance is equal to \$7,000 multiplied by the number of retirees and beneficiaries who would receive a portion of the distribution.

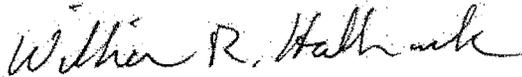
The table below shows the calculation of the distribution if the City Council re-instates SRBR distributions following the policy in Council Resolution #71870.

Mr. Russell U. Crosby  
January 13, 2012  
Page 4 of 5

|   |  |    |            |
|---|--|----|------------|
| 1 | SRBR Balance FYE 2010  | \$ | 21,381,000 |
| 2 | Previous Year's Excess Earnings                              | \$ | 6,950,000  |
| 3 | Current Year Interest  | \$ | 2,252,315  |
| 4 | SRBR Distribution FYE 2011 of FYE 2010 earnings              | \$ | -          |
| 5 | SRBR Balance FYE 2011 (1+2+4)                                | \$ | 28,331,000 |
| 6 | Minimum Balance (\$7000 x 3,428)                             | \$ | 23,996,000 |
| 7 | SRBR Distribution FYE 2012<br>[3 + (5-6, not less than \$0)] | \$ | 6,587,315  |

If you have any questions or would like to discuss these calculations, please call me at (703) 893-1456 extension 1113 or Anne Harper at extension 1107.

Sincerely,  
Cheiron



William R. Hallmark, ASA, FCA, EA, MAAA  
Consulting Actuary



Anne D. Harper, EA, MAAA  
Associate Actuary

Attachment

cc: Carmen Racy-Choy  
Veronica Niebla

**EXHIBIT R**

### San Jose Federated - Current Method of Crediting Interest to SRBR

|                                   | Employee        | SRBR          | General         | Total           |
|-----------------------------------|-----------------|---------------|-----------------|-----------------|
| <b>Total Earnings</b>             |                 |               |                 | \$ 213,105,061  |
| <b>Rate of Return</b>             |                 |               |                 | 17.81%          |
| <b>Balance, July 1, 2010</b>      | \$ 201,166,486  | \$ 28,331,005 | \$ 878,824,368  | \$1,108,321,859 |
| <b>Net Cashflow</b>               |                 |               |                 |                 |
| <b>Beginning of Year</b>          | \$ -            | \$ -          | \$ -            | \$ -            |
| <b>Middle of Year</b>             | (13,892,034)    | 0             | (22,535,239)    | (36,427,273)    |
| <b>End of Year</b>                | <u>0</u>        | <u>0</u>      | <u>0</u>        | <u>0</u>        |
| <b>Total Net Cashflow</b>         | \$ (13,892,034) | \$ -          | \$ (22,535,239) | \$ (36,427,273) |
| <b>Crediting Rate</b>             |                 | 7.95%         | 7.95%           |                 |
| <b>Primary Interest Crediting</b> | 5,559,416       | 2,345,571     | 82,314,118      | 90,251,085      |
| <b>Balance, June 30, 2011</b>     | \$ 192,833,868  | \$ 30,676,556 | \$ 938,635,247  | \$1,162,145,670 |
| <b>Excess Earnings</b>            | 0               | 12,285,398    | 110,568,578     | 122,853,976     |
| <b>Balance, July 1, 2011</b>      | \$ 192,833,868  | \$ 42,961,954 | \$1,049,203,825 | \$1,284,999,646 |

### San Jose Federated - Suggested Method of Crediting Interest to SRBR

|                                   | Employee        | SRBR          | General          | Total            |
|-----------------------------------|-----------------|---------------|------------------|------------------|
| <b>Total Earnings</b>             |                 |               |                  | \$ 213,105,061   |
| <b>Rate of Return</b>             |                 |               |                  | 19.27%           |
| <b>Balance, July 1, 2010</b>      | \$ 201,166,486  | \$ 28,331,005 | \$ 878,824,368   | \$1,108,321,859  |
| <b>Net Cashflow</b>               |                 |               |                  |                  |
| <b>Beginning of Year</b>          | \$ -            | \$ -          | \$ 33,410,021    | \$ 33,410,021    |
| <b>Middle of Year</b>             | (13,892,034)    | 0             | (58,284,490)     | (72,176,524)     |
| <b>End of Year</b>                | <u>0</u>        | <u>0</u>      | <u>2,339,230</u> | <u>2,339,230</u> |
| <b>Total Net Cashflow</b>         | \$ (13,892,034) | \$ -          | \$ (22,535,239)  | \$ (36,427,273)  |
| <b>Crediting Rate</b>             |                 | 7.95%         | 7.95%            |                  |
| <b>Primary Interest Crediting</b> | 5,559,416       | 2,252,315     | 81,086,938       | 87,898,668       |
| <b>Balance, June 30, 2011</b>     | \$ 192,833,868  | \$ 30,583,320 | \$ 936,376,066   | \$1,159,793,253  |
| <b>Excess Earnings</b>            | 0               | 12,520,639    | 112,685,754      | 125,206,393      |
| <b>Balance, July 1, 2011</b>      | \$ 192,833,868  | \$ 43,103,959 | \$1,049,061,819  | \$1,284,999,646  |

**EXHIBIT S**

DELIVERY CONFIRMATION (OPTIONAL)

Postage and delivery confirmation required for this service.  
 Article Sent To: (to be completed by mailer)

(Please Print Clearly)

Postmark  
 Hills 91345

**POSTAL CUSTOMER:**  
 Keep this receipt. For inquiries:  
 Access internet web site at  
 www.usps.com®  
 or call 1-800-222-1811

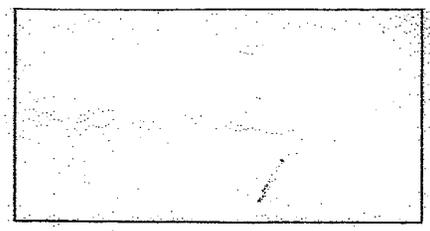
**CHECK ONE (POSTAL USE ONLY)**

Priority Mail™ Service

First-Class Mail® parcel

Package Services parcel  
 (See Reverse)

**CLAIM AGAINST THE  
 CITY OF SAN JOSE, CA**  
 (For Damages to Persons or Personal Property)



Received by: \_\_\_\_\_  
 Via: U.S. Mail \_\_\_\_\_  
 Interoffice Mail \_\_\_\_\_  
 Over the Counter \_\_\_\_\_

PS Form 152, May 2002

Images to persons or personal property must be filed with the City Clerk of the City of San José, 200 E. Santa Clara Street, San José, CA 95113. The Office is located on the second floor of the City Hall Wing. (408) 535-1260. PLEASE PROVIDE THE ORIGINAL AND ONE COPY OF THIS CLAIM FORM. Attach copies of any receipts or other documentation to the original claim form and to the copy.

TO THE CITY CLERK of the City of San José, California:  
 The undersigned respectfully submits the following claim and information relative to damage to persons and/or personal property:

NAME OF CLAIMANT: GEORGE NATHAN JOEGER DATE OF BIRTH: 9/25/44

ADDRESS OF CLAIMANT: 1518 SAN JOSE ST CITY M.H. STATE: CA ZIP CODE: 91345

HOME PHONE: 818 361-4145 WORK PHONE: ( ) DRIVER'S LICENSE STATE AND NUMBER: KO234019

SEND NOTICES REGARDING THIS CLAIM TO: (List name, mailing address and phone number if not same as above)  
GEORGE N. JOEGER 1518 SAN JOSE ST. M.H. CA 91345

DATE OF INCIDENT OR OCCURRENCE CAUSING CLAIM: DEC. 1, 2011 PLACE (Exact and specific location of incident.): CITY OF SAN JOSE, CITY HALL

CIRCUMSTANCES (Specify the occurrence, event, act, or omission which you claim caused the injury or damage for which you are submitting this claim. Where space is insufficient, attach an additional page with the claimant's name on the page.)

- 1.) City of San Jose breached contract with Plaintiff
- 2.) City of San Jose refuses to provide an accounting
- 3.) City of San Jose has failed or refused to perform its contract with Plaintiff under the SRBR Express and Implied Contract.
- 4.) Plaintiff believes upon information that the loss is on going and at this time exceeds \$300,000.
- 5.) Lisa Herrick of the City Attorney's Office has failed or refused to answer questions as to the attempt by Plaintiff to mitigate.

CITY'S ACTION (Specify action by City or its employees which caused alleged damage or injury.)

BREACHED CONTRACT

CITY EMPLOYEES' NAMES OR CITY DEPARTMENT INVOLVED IN ALLEGED ACCIDENT OR INCIDENT

MAYOR CHUCK REED, SAN JOSE CITY COUNCIL & JOHN DOE

CLAIM AGAINST THE  
CITY OF SAN JOSE, CA

Page 2

DESCRIPTION OF LOSS (Describe injury, property damage or loss, so far as is known at this time. If there were no injuries, state "NO INJURIES.")

CONTRACTED PAYMENTS TO PLAINTIFF.

OTHER INJURED PERSONS (list names and addresses)

WIFE JANNIE A JAEGER

OWNER OF PROPERTY DAMAGED (if different from claimant)

N/A

AMOUNT CLAIMED:

Amount claimed as of this date:

\$ 3000.00 PLUS

Estimated amount of future costs:

\$ UNKNOWN CITY WON'T ACCOUNT

Total amount claimed:

\$ TO BE DETERMINED

Basis for computation of amounts claimed (include copies of bills, invoices, estimates, etc.):

CITY REFUSES TO SUBMIT AN ACCOUNTING - THEREFORE UNKNOWN

WITNESSES, HOSPITALS, DOCTORS, ETC. (list names and addresses):

VIDEO TAPE OF BREACH

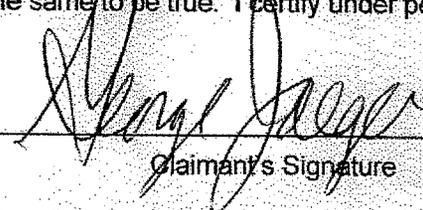
ADDITIONAL INFORMATION (List any additional information that might be helpful in considering your claim.):

ON GOING BREACH SUBJECT TO CONTINUING BREACH

WARNING! IT IS A CRIMINAL OFFENSE TO FILE A FALSE CLAIM (Penal Code Section 72)

I have read the matters and statements made in the above claim and I know the same to be true of my own knowledge, except to those matters stated upon information or belief and as to such matters I believe the same to be true. I certify under penalty of perjury that the foregoing is TRUE and CORRECT.

Signed this 10 day of April, 2012



Claimant's Signature

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**EXHIBIT T**



Office of the City Attorney

RICHARD DOYLE, CITY ATTORNEY

## NOTICE OF REJECTION OF CLAIM

April 25, 2012

George Jaeger  
15118 San Jose Street  
Morgan Hill, CA 91345

Re: Claim No.: C-24209-12  
DOI: 12/1/2011  
Claimant: George N. Jaeger

NOTICE IS HEREBY GIVEN that the claim which you presented to the City Clerk of the City of San José on 4/16/2012, was rejected by the City of San José.

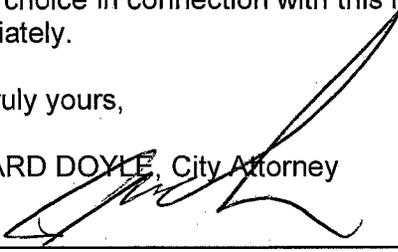
### WARNING

Subject to certain exceptions, you have only six (6) months from the date this notice was personally delivered or deposited in the United States mail to file a court action on the stated causes of action contained within this claim. See California Government Code Section 945.6. This warning does not apply to federal causes of action and does not extend any statutes of limitations for federal causes of action.

You may seek the advice of an attorney of your choice in connection with this matter. If you desire to consult an attorney, you should do so immediately.

Very truly yours,

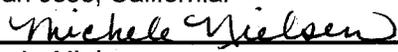
RICHARD DOYLE, City Attorney

By   
Cinda McCann, Investigator

### PROOF OF SERVICE BY MAIL

I am a citizen of the United States, over 18 years of age, employed in Santa Clara County, and not a party to the within action. My business address is 200 East Santa Clara Street, San Jose, California 95113-1905, and is located in the county where the service described below occurred. I caused to be served a copy of the above notice by MAIL, by depositing it into a sealed envelope, with postage fully prepaid, and causing the envelope to be deposited for collection and mailing on the date indicated below. I further declare that I am readily familiar with the business' practice for collection and processing of correspondence for mailing with the United States Postal Service. Said correspondence would be deposited with the United States Postal Service that same day in the ordinary course of business.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed on 4-26-2012, at San Jose, California.

  
Michele Nielsen