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10 Attorneys for Defendant and Cross-Complainant
11 City of San José and Defendant Debra Figone

12 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
13 **COUNTY OF SANTA CLARA**

14 SAN JOSÉ POLICE OFFICERS
15 ASSOCIATION,
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17 Plaintiff,
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19 v.
20 CITY OF SAN JOSÉ, BOARD OF
21 ADMINISTRATION FOR POLICE AND
22 FIRE RETIREMENT PLAN OF CITY OF
23 SAN JOSÉ, and DOES 1-10 inclusive.,
24
25 Defendants
26
27 AND RELATED CROSS-COMPLAINT
28 AND CONSOLIDATED ACTIONS.

Case No. 1-12-CV-225926

[Consolidated with Case Nos.
112CV225928, 112CV226570,
112CV226574, 112CV227864,
112CV233660]

**DEFENDANT AND CROSS-
COMPLAINANT CITY OF SAN JOSE'S
SUPPLEMENTAL REQUEST FOR
JUDICIAL NOTICE IN SUPPORT OF
REPLY TO MOTION FOR SUMMARY
ADJUDICATION OF ISSUES**

Date: June 7, 2013
Time: 9:00 a.m.
Dept.: 2
Judge: Hon. Patricia M. Lucas

Complaint Filed: June 6, 2012
Trial Date: July 22, 2013

(ENDORSED)
FILED
MAY 24 2013
DAVID H. YAMASAKI
Chief Executive Officer/Clerk
Superior Court of CA County of Santa Clara
BY _____ DEPUTY
S. VERA

1 Defendant City of San José hereby requests that the Court take judicial notice pursuant to
2 California Evidence Code Sections 450 *et seq.*, and in accordance with California Rules of Court
3 3.1113(l), 3.1306(e), and 3.1350(c)(5) of the following material, true and correct copies of which
4 are attached hereto:

- 5 Exh. Q The City of San Jose Charter Committee meeting minutes dated May 26,
6 1964.
- 7 Exh. R Letter from Manager Edward A. Grossheider to the Chairman of the Charter
8 Revision Committee dated September 1, 1964 regarding revision of
9 wording pertaining to Section 1601 of the City Charter.
- 10 Exh. S The City of San Jose Charter Committee meeting minutes dated September
11 1, 1964.
- 12 Exh. T The City of San Jose Charter Committee meeting minutes dated October 13,
13 1964.
- 14 Exh. U Memorandum of Fire and Police Retirement Plan presented by District
15 Chief Leonard Marks of San Jose Fire Department, dated October 13, 1964.
- 16 Exh. V The City of San Jose Charter Committee meeting minutes dated October 20,
17 1964.
- 18 Exh. W Letter from Manager Edward A. Grossheider to George Starbird, Chairman
19 of the San Jose City Charter Committee regarding recommendations for
20 final draft of new proposed charter, dated October 27, 1964.
- 21 Exh. X Letter from Retirement Committee of the Municipal Employees Federation
22 to Charter Revision Committee dated December 4, 1964, "Inclusions of
23 basic retirement benefits now in existence for the Federated City Employee
24 Retirement System."
- 25 Exh. Y The City of San Jose Carter Committee meeting minutes dated December 8,
26 1964.
- 27 Exh. Z Memorandum from City Manager Thomas Fletcher to City Council, dated
28 May 12, 1971, "Definition of Prior Service – Police and Fire Retirement
Plan."
- Exh. AA City of San Jose Resolution No. 40059, "A Resolution of the Council of the
City of San Jose Requesting Board of Administration for Police and Fire
Retirement Plan to Adjust Rates of Contribution for City and for Fire
Department Members and Police Department Members of Police and Fire
Department Retirement Plans," adopted July 12, 1971."

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Exh. BB City of San Jose Ordinance No. 19690, "An Ordinance of the City of San Jose Amending Topic 9 of Part 3A of Chapter 9 of Article II of the San Jose Municipal Code by Amending Section 2903.279 and Section 2903.280 to provide for increasing City's contribution for services rendered by members or persons prior to increase in the contribution rates," passed July 3, 1979.

Exh. CC Letter from Actuary E. Allen Arnold, and Associate Actuary Christine Nelson to Retirement and Benefits Administrator Edward Overton re: Police & Fire Contribution Rates, dated August 16, 1978.

Exh. DD Lawrence Mitchell & Associates, Inc. Consulting Actuaries' Actuarial Investigation and Valuation for the City of San Jose Police and Fire Department Retirement Plans as of June 30, 1979.

Exh. EE Memorandum from Sr. Deputy City Attorney Susan Devencenzi to Board of Administration Police and Fire Department Retirement Plan, "Allocation of Actuarial Gains and Losses," dated December 29, 1997.

Exh. FF City of San Jose Ordinance No. 29174, "An Ordinance of the City of San Jose Amending Various Sections of Chapter 3.28 of Title 3 of the San Jose Municipal Code to Clarify the City Charter Supersedes the Federated City Employees Retirement Plan in Event of Conflict, Clarify the Definition of Tier 2 Member, Discontinue the Supplemental Retiree Benefit Reserve, Clarify Actuarial Soundness is Determined Consistent with the California Constitution, and Make Additional Requirements for Mandatory Medicare Enrollment, to be Effective January 4, 2013," passed November 6, 2012.

Exh. GG City of San Jose Ordinance No. 29198, "An Ordinance of the City of San Jose Amending Various Sections of Chapters 3.32 and 3.36 of Title 3 of the San Jose Municipal Code to Clarify the City Charter Supersedes the City of San Jose Police and Fire Retirement Plan in Event of Conflict, Discontinue the Supplemental Retiree Benefit Reserve, and Clarify Actuarial Soundness is Determined Consistent with the California Constitution, to be Effective March 1, 2013," adopted January 29, 2013.

Exh. HH "Stipulation and Order re: Implementation of Measure B in Connection with Trial Set for June 17, 2013," ordered March 26, 2013.

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1 Exhibits AA, BB, FF, and GG are properly subject to judicial notice under California
2 Evidence Code sections 453 and 452(b) (providing that courts may take judicial notice of
3 "legislative enactments issued by or under the authority of the United States or any public entity in
4 the United States"). See *Trinity Park, L.P. v. City of Sunnyvale*, 193 Cal. App. 4th 1014, 1027
5 (2011) ("The Evidence Code also expressly provides for judicial notice of a public entity's
6 legislative enactments and official acts. Thus, we may take notice of local ordinances and the
7 official resolutions, reports, and other official acts of a city.").

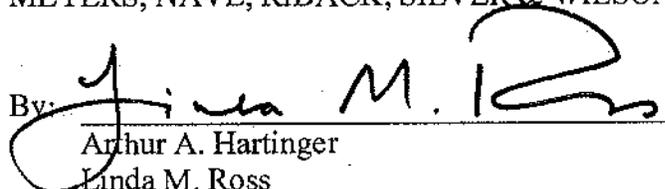
8 Exhibits Q to Z and CC to EE are properly subject to judicial notice as legislative history
9 and governmental acts and records. Cal. Evid. Code §452(b), (c), & (h); *Kaufman & Broad*
10 *Communities, Inc. v. Performance Plastering, Inc.*, 133 Cal. App. 4th 26, 31 (2005).

11 Exhibit HH is properly subject to judicial notice pursuant to Cal. Evid. Code §452(c) &
12 (d).

13 For these reasons, the City respectfully requests that the Court take judicial notice of the
14 above-listed documents.

15 DATED: May 24, 2013

MEYERS, NAVE, RIBACK, SILVER & WILSON

16
17 By: 

Arthur A. Hartinger

Linda M. Ross

Jennifer L. Nock

Michael C. Hughes

Attorneys for Defendant and Cross-Complainant

City of San José and Defendant Debra Figone, in

her official capacity

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EXHIBIT Q

The City of San Jose Charter Committee convenes this day in Room 430, City Hall, at 4:00 o'clock p.m., and the Secretary Pro Tempore calls the roll.

Present: Members - Atkinson, Barrett, Coyle, Jorgensen, McKenna, Pfeifle, Roat, St. John, Sturges, Taketa and Starbird.

Absent: Members - Davidson, Ruffo, Ruiz and Sullivan.

OPPOSITION LITERATURE

Copies of "Statement in Opposition to the Proposed San Jose City Charter", printed arguments for and against the charter sent to the voters, and communication dated May 1, 1961, from the Citizens Committee against the proposed City Charter, are filed, and Chairman Starbird thanks Member Coyle for making the originals available for copying.

MINUTES

Minutes of the meeting held May 19, 1964, are considered. The City Attorney requests that changes be made to delete references in certain places that he recommended one thing or another. Upon unanimous consent, consideration of the Minutes of May 19 are deferred to June 2.

OBJECTIONS - 1961 CHARTER

Chairman Starbird suggests that controversial issues of the 1961 Charter be discussed, and requests the City Attorney to comment on statements contained in "Statement in Opposition to the Proposed City Charter". The City Attorney reviews such statements and comments on the contents thereof.

Member Ruiz now enters at 4:15 o'clock p.m.

The City Attorney states that the home rule provision does grant broad powers to the City, but that these are limited by the State Constitution and the terms of the Charter itself, and that in non-municipal affairs the City has only such powers as granted by the State Legislature.

Member Davidson now enters at 4:25 o'clock p.m.

Discussion is had on the City Manager vote of confidence sections, and upon question of Member Jorgensen the City Attorney advised that four votes of the Council can remove the City Manager at any time.

Member Ruffo now enters at 4:29 o'clock p.m.

ELECTED AUDITOR

Ferdinand P. Palla, City Attorney, describes functions of the present City Auditor, those of the auditor proposed in the 1961 Charter, and the proposed Director of Finance who would coordinate accounting, budget, purchasing, licensing, and other financial activities. Discussion is had on the question of whether the City Auditor should be appointed or elected, whether if appointed, he should be appointed by the Council or Manager, and whether or not minimum qualifications for the Auditor should be set forth in the Charter. Members Davidson and Ruffo recommend consideration of providing for the Department of Finance and an elected auditor who would perform post auditing functions. Member Coyle advises that both the County Executive and the County Controller are appointed, and Member Ruffo advises that the State Director of Finance is appointed and that the State Department of Finance has very broad powers but that these recommendations are reviewed and commented upon by the Legislative Analyst.

REFERENDUM, INITIATIVE AND RECALL

City Attorney states that the people's right to Referendum, Initiative and Recall are guaranteed by the State Constitution and would not be jeopardized even if not stated in the Charter, and that if a different procedure from that provided for in general law is desired, that it can be set forth in the proposed Charter. He warns the committee, however, to consider carefully the inclusion of too many variations from general law.

PUBLIC UTILITIES

City Attorney states that the City must pay for property acquired thru eminent domain, and that in his opinion, the issuance of revenue bonds is a municipal affair which the City can now do without a vote of the electorate. The history of the drafting of Section 1222, Revenue Bonds of the 1961 Charter, is traced by the City Attorney. He also states that there is no need to submit revenue bond proposals to the voters as no additional tax is involved. Chairman Starbird points out that for relatively small capital expenditures it is not feasible to use general obligation bonds.

RETIREMENT

The City Attorney states that under the 1961 Charter, retirement benefits could have been reduced.

Member Pfeifle leaves at 6:10 o'clock p.m.

He further states that the 1961 Charter submitted to the voters provided for a tax rate limit of \$1.40 per \$100 assessed valuation, and agrees to the charge in the statement of opposition that the proposed charter was a compromise of various opinions.

JUNE 2 MEETING

Chairman Starbird recommends that at the June 2 meeting non-controversial sections of the 1961 Charter be discussed. Member Root requests the City Attorney to be present.

ADJOURN

The Committee now adjourns at 6:18 o'clock p.m.

GEORGE A. STARBIRD
CHAIRMAN

FRANCIS L. GREINER
SECRETARY PRO TEMPORE

EXHIBIT R



Municipal Employees Federation
of the City of San Jose, a California Corporation
776 Miller St. San Jose 10, California
Telephone 286 5250

September 1, 1964

Chairman
Charter Revision Committee
City of San Jose, California

Dear Sir,

Since your Committee is discussing today, that portion of the previously proposed City Charter revision pertaining to Retirement, we submit for your consideration the following suggested wording for Section 1601:

Sec. 1601. The City Council in its discretion may at any time, or from time to time, by ordinance amend or otherwise change the retirement or pension plan or plans including but not limited to, previously established plans by parts 1, 2, 3, 3a and 4 of Chapter 9 of Article II of the San Jose Municipal Code provided that they shall not decrease the level of benefits now existing in all retirement plans.

By the foregoing, it is our intent to obtain the same existing retirement benefits for future as well as present employees.

Very truly yours,

MUNICIPAL EMPLOYEES FEDERATION
of SAN JOSE


EDWARD A. GROSSHEIDER
Manager

EAG:bls

MEMBER



SJRJN000497

EXHIBIT S

The City of San Jose Charter Committee convenes this day in Room 430, City Hall, at 4:00 o'clock p.m. and the Secretary Pra Tempora calls the roll:

Present: Members: Atkinson, Coyle, Jorgensen, McKenna, Pfeifle, St. Jahn, Taketa and Starbird.

Absent: Members: Barrett, Davidson, Raat, Ruffa, Ruiz, Sturges and Sullivan

CONSIDERATION OF PENSION PLAN PROVISIONS

Leonard Marks of the Fire Department speaks for members of the Police and Fire Departments and states that they wish to retain the provisions in the present Charter so that the Council could add benefits but not remove any benefits, and that they do not favor the provision in the 1961 Charter revision giving the Council complete control. He requests that the rate of contribution be maintained for present and future employees and present benefits continued for new employees, but agrees to condensing the wording of the provisions. Chief of Detective Bart Collins states that the Police Department will have difficulty in recruitment if benefits are decreased.

Edward A. Grasshider, speaking for the Municipal Employees Federation states that the Council has asked for an investigation of the two pension systems with the possibility of combining them both under the State system, and since the benefits under the State system are less than at present, this is the cause of the present concern. He files suggested wording for Section 1601 of the proposed Charter, providing for the retention of present provisions for existing and new employees which provide that benefits cannot be decreased.

Member Davidson enters at 4:35 o'clock p.m.

Mrs. Virginia Shaffer expresses her views on the subject, stating that in her opinion the retirement age for police and fire should be lower than other employees. Mr. Hathaway states the committee appointed to study the different plans is now meeting and they hope to present a proposal to the Council which would simplify retirement legislation and administration.

Member Barrett enters at 4:45 o'clock p.m.

In reply to question of Chairman Starbird, Mrs. Shaffer states that a decision to place the provisions in the Charter might hamper the Council, if it is found that the State system might be more desirable. In reply to question by Member Pfeifle, City Attorney Ferdinand Palla states that all Police and Fire Department employees are under the retirement provisions, except for clerical employees, who are covered by MEF.

Member Sturges enters at 5:15 o'clock p.m.

There is discussion of the contribution ratio, and service requirements of Municipal Employees Federation, and Police and Fire Retirement and Mr. Palla states the present plans provide greater benefits than the State system.

REPORT OF CITY CLERK ON REFERENDUMS

Francis L. Greiner, City Clerk, distributed to the members statistical data on recent referendum petitions, and explains referendum procedure. There is discussion on the voter-percentage requirements, and Mrs. Shaffer speaks against reducing the number of signatures on referendum, recall and initiative petitions.

City Attorney Palla cites the percentage requirements which apply in general law cities, and which differ from chartered cities and there is discussion on the different methods of determining percentage requirements. Mrs. Shaffer states that it is inequitable to require more signatures on a petition overruling a Council decision than would be necessary to elect a Councilman.

Mr. Greiner refers to a suggestion previously made that a percentage of registered voters in the last general election be used, or the number voting in the last municipal election, which would be more definite than the Elections Code provisions using the number of voters registered on the day the petition is filed.

Mrs. Shaffar discusses the difficulty of obtaining signatures on petitions and explains the reason for obtaining signatures from citizens not living in the specific area concerned. She also states that if a referendum is successful and is included in a state-wide election ballot, the cost is relatively small, and suggests that not more than 10,000 signatures should be required to force Council action.

There is discussion on the number of votes required for election of a Councilman and Member Coyle points out the number of voters has not gone up in spite of the increase in population.

Member Barratt feels a better means of setting percentage figures should be found, as some elections generate more interest than others, and would make a difference in the number of signatures required, in the event of a subsequent referendum petition.

AGENDA FOR NEXT MEETING

After discussion it is agreed that the September 15th meeting will be a public hearing on petitions for initiative, referendum and recall, on the number of signatures required to force Council action.

Chairman Starbird states that several department heads have asked to appear to discuss their departments. It is agreed that at the September 8 meeting the agenda will include presentation by department heads, and discussion of the public hearing held August 25 on Councilmen and Mayor's salary and term.

ADJOURNMENT

The meeting adjourns at 5:50 o'clock p.m., to meet again at 4:00 o'clock p.m., Tuesday, September 8, 1964, in Room 430, City Hall.

GEORGE A. STARBIRD,
CHAIRMAN

FRANCIS L. GREINER
SECRETARY PRO TEMPORE

By: Kay Prittr, Deputy

EXHIBIT T

SAN JOSE, CALIFORNIA

Tuesday, October 13, 1964

The City of San Jose Charter Committee convenes this day in Room 430, City Hall, at 4:19 o'clock p.m. and the Secretary Pro Tempore calls the roll:

Present: Members: Atkinson, Coyle, Jorgensen, Pfeifle, Root, Ruiz, St. John and Secretary and Starbird.

Absent: Members: Barrett, Davidson, McKenna, Ruffe, Sturges, Sullivan and Taketa.

City Attorney Ferdinand Palla states there are some basic issues to be decided upon by the Committee before he can proceed with drafting, such as Civil Service, etc.; and that there were relatively small decisions that could be made when the drafts are submitted. He presents to the committee members copies of a draft of the first five Articles of the proposed Charter, explaining that the underlined portions are those requiring approval of the committee.

The Chairman states that if there is no objection, the sections will be approved without the necessity for a vote.

ARTICLE I - INCORPORATION AND SUCCESSION.

Section 100 - Name, approved.

Section 101 - Boundaries, approved.

Member Davidson enters at 4:26 o'clock p.m. The Mayor by the Council in any case.

Member Sturges moves that this provision be as written, amended by Member Sturges enters at 4:27 o'clock p.m.

Section 102 - Laws, Ordinances, etc., providing that ordinances adopted or approved by the electors may be repealed or amended by the Council, approved. Member Sturges suggests that this appear at the end of the Charter.

Section 103 - Succession, etc., approved.

Section 104 - Continuance of Present Appointive Officers and Employees. Approved. Member Sturges suggests this also could be at the end of the Charter, and the Chairman agrees.

Section 105 - Continuity of Agencies. Approved as drafted with the following amendment: "...and shall have the power to continue any business, proceedings or other matter within the scope of its powers and duties under this Charter commenced by an office, department or agency by which such powers and duties were heretofore exercised."

Member McKenna enters at 4:52 o'clock p.m.

Section 106 - Pending Matters, approved.

ARTICLE II - POWERS OF THE CITY

Section 200 - General Powers. Approved as written in 1961 revision.

Section 201 - Special Powers. Approved. The section on annexation is omitted. Member Sturges questions the section on eminent domain and Mr. Palla states the City has to be given power to acquire property outside the City, as the courts do not always imply this authority by the City.

Section 202 - Procedures, approved.

Section 410 - When office becomes vacant. The City Attorney approves this section.

SJRJN000500

Chairman Starbird polls the members on the number of votes required for initiative, referendum, and recall, with the following recommendations being given:

Member Sturges: 5,000 plus 2% to 5% of registered voters.
Member Coyle: As in 1961 revision.
Member Jorgensen: Increase - about 10,000.
Member St. John: Increase.
Member Ruiz: Larger than they are talking about.
Member Atkinson: 10% of electorate on referendum and initiative; 15% on recall.
Member Pfeifle: Same as Member Atkinson.
Member Root: Same as Member Atkinson.
Member Davidson: As in 1961 revision.
Member McKenna: 8,000 to 8,500 signatures--close to Member Sturges' recommendation.

There were eight in favor of increasing the requirements and three in favor of leaving them as in the 1961 revision. Chairman Starbird states that in his opinion the public should have a chance to initiate legislation with a very small number of signatures for a general election and about twice as many for a special election. Member Atkinson suggests 12% of the registered voters at the last municipal election for a recall petition; 8% on referendum; and on initiative, 5% for a general election and 8% for a special election. The Chairman asks the City Attorney to prepare a draft with these percentage requirements. In answer to question of City Attorney the committee agrees the percentages would be the same for recall of City Manager.

ELECTION OF AUDITOR

The City Attorney states the draft will allow for an outside audit but not a continuous audit. There is discussion of whether the auditor should be elected. Member McKenna states that in his opinion the auditor should have special qualifications and the people should be given a vote for him. The Chairman asks whether the committee prefers an elected Auditor with duties restricted to post audit, or an Auditor appointed by the Council with the right to direct his work outside of the normal regular work of the City with the Auditor conducting an internal post audit. Member Coyle states the Council cannot tell an elected Auditor what to do, and Member Sturges states you cannot elect as much competence as you can appoint. No vote was taken at this time.

POLICE AND FIRE DEPT. RETIREMENT SYSTEM

Leonard Marks of the Fire Department presents and files a proposal on the retirement system for Police and Fire Department employees. Members are supplied with a copy, and are asked to consider it for the next meeting.

ADJOURNMENT

The meeting adjourns at 11:10 o'clock p.m. to meet again Tuesday, October 20, 1964, at 4:00 o'clock p.m. in the Council office, to adjourn at 6:00 o'clock p.m. for dinner and reconvene at 7:00 o'clock p.m. in Room 430.

GEORGE A. STARBIRD,
CHAIRMAN

FRANCIS L. GREINER
SECRETARY PRO TEMPORE

By (Miss) Kay Pritz, Deputy

EXHIBIT U

PRESENTED BY: DISTRICT CHIEF LEONARD MARKS
San Jose Fire Department
October 13, 1964

add to: Art. XVI Retirement

FIRE AND POLICE RETIREMENT PLAN.

1. Council may exclude same persons as designated in 78 b (3) (non emergency persons.)
2. Must contain following provisions:
 - A. Members with 20 years service, and age 55 may retire, provided that the council may lower the retirement age.
 - B. Members shall be retired at age 65, provided that the council may lower the maximum age.
 - C. Members with 20 years service and disabled, may retire regardless of cause of disability.
 - D. Members retired under A, B, or C shall be entitled to 50% of average salary for three highest years; or $\frac{1}{3}$ of current salary, or such increased benefit as may be provided by the council.
 - E. Proportionate shares of contribution for current service shall at all times be 8 parts for the City and 3 parts for the member, and the plan is to be actuarially sound, with an actuarial report at least every five years.
 - F. Anything to the contrary notwithstanding, the council may adopt, establish or provide new or different plans providing benefits in excess and additional to those herein provided.

EXHIBIT V

The City of San Jose Charter Committee convenes this day in Room 430, City Hall, at 4:25 o'clock p.m. and the Secretary Pro Tempore calls the roll:

Present: Members Atkinson, Barrett, Coyle, Ruiz, St. John, Sturges, Taketa and Starbird.

Absent: Members Davidson, Jergensen, McKenna, Pfeifle, Root, Ruffo, and Sullivan.

ABSENTEE VOTE

Chairman Starbird files a communication from Member Sullivan giving his vote on the following items:

- | | |
|-------------------------|-----|
| 1. Councilmen's salary, | Aye |
| 2. and effective date | Aye |
| 3. Dept. organization | Aye |
| 4. Elected Mayor | No |
| 5. Mayor's salary | Aye |

Chairman Starbird requests vote of Members Barrett and Taketa on the motion to remove the vote of confidence and substitute the recall petition for the office of City Manager, and both members vote Aye. Member Ruiz asks that his vote be recorded as Aye, as he had abstained from voting on this motion. The Chairman remarks that the vote of Members Ruffo and Sullivan have not been obtained on this motion.

Chairman Starbird asks Members Barrett and Taketa for their vote on the motion that the penalty be removed from the section on interference in administrative matters by the Council. Both members vote No; Member Taketa suggests a compromise if this is the only provision protecting the City Manager, and questions whether the penalty should be so strong. The City Attorney suggests several ways this section could be written: a provision whereby there would be punishment, but not removal; when the Council would have discretion as to removal; or removal by the Council by a larger than majority vote. Chairman Starbird comments that Members Ruffo and Sullivan have not expressed their vote on this section.

CIVIC SERVICE COMMISSION

The proposed revision submitted by the Civil Service Commission is now considered by the committee. Mr. John Longinetti of the Civil Service Commission, and Mr. Donald S. Marras, Personnel Director, are present.

City Attorney Palla states that the primary problem in this area is with respect to powers and duties, and that there are three kinds of powers: 1) advisory; 2) Administrative powers to carry out policies established by law--the Charter, City ordinances or City resolutions; and 3) Legislative powers can be given, and these are limitations on the powers of the Council to govern and would establish a subsidiary governing body.

Member Davidson enters at 4:40 o'clock p.m.

100 - Number: After discussion Member Coyle moves that the Commission be composed of five members, seconded by Member St. John, and unanimously adopted.

Qualifications: It is moved by Member Taketa that there be not more than four of one sex; one member an attorney, and all registered voters, seconded by Member Atkinson, and adopted by the following vote: Ayes: Members Atkinson, Barrett, Coyle, Davidson, Ruiz, St. John, Taketa and Starbird. Noes: Member Sturges.

Term: Member Taketa moves, seconded by Member Atkinson, that the term be for six years and that the terms be staggered, and not adopted. Ayes: Members Atkinson, Barrett, Davidson, Ruiz, St. John, Taketa and Starbird. Noes: Members Sturges and Coyle.

There is discussion with Mr. Longinetti on the membership composition of the Commission and the number of meetings usually held per month.

New selected: Mr. Palla states at present Commissioners are appointed by the Council, and that the 1961 revision suggested there be one member representing the employees, to be selected from three candidates submitted to the Council by the employees' group. Member Sturges states that in his opinion the Commission should be representative of the Council and also the employees and not selected entirely by the Council, and Member Ruiz agrees, suggesting a labor representative. Member Sturges moves that the Commission be composed of four members selected by the Council and one member selected by the employees, and the motion dies for lack of a second. There is discussion of the need for an attorney on the Commission and Mr. Longinetti and Mr. Palla state that an attorney is qualified to rule on meeting procedures and to insure orderly conduct of hearings.

this proposal is a compromise as it had originally been intended that the employees directly select a member. He states that the employees feel that the jobs of Personnel Director and Secretary to the Civil Service Commission should be split, and he also suggests that more than three names be submitted to the Council for selecting an employee representative.

There is discussion of the advisability of limiting the number of terms of the Commissioners.

Member Sturges enters at 7:55 o'clock p.m.

A quorum is now present and the meeting proceeds.

POLICE AND FIRE DEPARTMENT RETIREMENT SYSTEM

The recommendation previously presented by Chief Marks is considered by the committee. The Chairman states there had been no objection to it at the hearing which was previously held, except that it blanketed all future employees into the present program, and he asks Chief Marks to explain his reasons for this provision. He states that this is to insure that there is a pension plan for future employees; and that they want a basic pension plan to cover all present and future employees. He explains the history of the police and fire pension plan in the City of San Jose.

The items in the recommendation are read and discussed, and also the provision requested by Chief Marks that the plan be actuarially sound and he states this is to insure that the fund would always be adequate. He states that a statement of minimum benefits in the Charter would be satisfactory, and that there has been wording since 1960 giving option to the Council to adopt a new system, providing the benefits were not lessened. Member Davidson questions the need for a separate retirement system for Police and Fire Departments, and Chief Marks states there are many additional benefits granted by ordinance in their retirement system.

CIVIL SERVICE COMMISSION

There is further discussion, and the City Attorney suggests a provision that five affirmative votes of the Council be required to change a rule of the Civil Service Commission previously granted them by the Council.

Member Taketa inquires whether there will be a limitation on terms and Members Coyle and Davidson suggest a limit of two terms. After discussion and comments by the City Attorney and Commissioner Longinotti, it is agreed that a long term on this Commission is not undesirable due to the nature of its responsibilities. Member Sturges questions the requirement that one member be an attorney, although he states he does not oppose this, and he suggests hiring an outside attorney in specific instances where one is needed.

ARTICLE XII - FISCAL ADMINISTRATION

The City Attorney comments on the sections in this article, and states the budget serves as a means of determining the limits of taxation and that the categories in the budget will be set up by the Council with the Manager having leeway within the departments.

It is agreed to omit the manner in which appropriations will be made.

The sections on capital outlay and general fund are approved.

Section 1215, Independent audit: It is agreed to leave out the provision for a continuous audit.

Section 1217: Requirements under Public Bid were adopted by the Committee 9/22/64.

Section 1219: It is agreed to leave out the provision on local purchases.

Section 1221, Control and Use of Public Utility Funds. It is suggested that this be put before Section 1213 Capital Outlay Fund, or omitted.

Section 1222 is agreed upon as written in the 1961 revision.

ARTICLE XIII - CREATION OF SPECIAL TAXING DISTRICTS

Chairman Starbird states that in his opinion this Article could be deleted. In answer to question of Member Taketa, Mr. Falla states this could become a legal issue as the Constitution states there can be no discrimination on tax rate or assessment, but that this has not been a subject of major interest in the last two years. It is agreed that this will be left out.

ARTICLE VI - LEGISLATION

The City Attorney distributes and files a draft of Articles VI through IX for consideration of the members at the next meeting. He speaks about publication of ordinances (Section 607), stating that the proposed provision requiring publication of ordinances

EXHIBIT W



Municipal Employees Federation
of the City of San Jose, a California Corporation
776 Miller St. San Jose 10, California

Telephone 286 5250

October 27, 1964

Mr. George Starbird, Chairman
Charter Committee
City of San Jose, California

Dear Mr. Starbird,

The Municipal Employees Federation offers the following recommendations for inclusion in your committee's thinking, discussions and hearings before the final draft of the new proposed Charter is completed:

CIVIL SERVICE COMMISSION

1. We feel that the provisions of the revised Charter (1962) regarding nominations by employees of at least two Commissioners should be placed in the new Charter. Each could be appointed by Council from a list of three, nominated by the employees. This practice is consistent with that prevailing in other jurisdictions; for example, the Personnel Board of the County of Santa Clara.
2. Since about 50% of public employees are female, the stipulation of "not more than four Commissioners shall be of the same sex" implies that only one shall be a woman. This, in our opinion, is discriminating.
3. The mandate of an attorney being one of the five Commissioners has no justification. For, under such a provision, this person normally is elected the Chairman, not because of his presumed extraordinary capabilities, but rather in deference to his professional status.
4. Commissioners should be limited to two terms.
5. We feel the office of Secretary to the Commission should be retitled to "clerk", and that the Personnel Director should not serve in this capacity since he is administrative advisor to the Commission and, in our

MEMBER



SJRJN000505

Mr. George Starbird, October 27, 1964, page 2

opinion, cannot function properly for both management and employees.

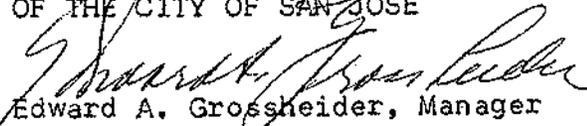
RETIREMENT

In our presentation before you regarding Section 1601 entitled "Authority to Amend Retirement System", we again offer the following:

Sec. 1601. The City Council in its discretion may at any time, or from time to time, by ordinance amend or otherwise change the retirement or pension plan or plans including, but not limited to, previously established plans by parts 1, 2, 3, 3a and 4 of Chapter 9 of Article II of the San Jose Municipal Code provided that they shall not decrease any benefits now existing in such retirement or pension plan or plans.

Very truly yours,

MUNICIPAL EMPLOYEES FEDERATION
OF THE CITY OF SAN JOSE


Edward A. Grossheider, Manager

EAG:bls

SJRJN000506

EXHIBIT X



Municipal Employees Federation
of the City of San Jose, a California Corporation
776 Miller St. San Jose 10, California

Telephone 286 5250

December 4, 1964

To: Charter Revision Committee
Subject: Inclusions of basic retirement benefits
now in existence for the Federated City
Employee Retirement System

We understand that a specific proposal has been presented to your body for Police and Fire Retirement basic benefits.

After careful study of the matter, we would like to submit a similar proposal as it pertains to the Federated Retirement System.

In order to facilitate the inclusions of both Retirement Systems in the proposed Charter we suggest the following provisions:

- A. Members may retire at age 55 with 25 years of service.
- B. Mandatory retirement shall be at age 70.
- C. Members with 10 years of service may be eligible for disability retirement at 90% of service retirement benefit but not less than $\frac{1}{4}$ pay.
- D. Members shall receive 2% of the highest 3 year average annual salary for each year of service. (This will equal 50% or $\frac{1}{2}$ pay at 25 years of service.)
- E. Ratio for current service contributions shall be 8 parts for the City and 3 parts for members.
- F. The City Council may adopt any amended or new plan or plans, providing benefits in excess and additional to those herein provided.

Submitted by

Retirement Committee of the
Municipal Employees Federation

MEMBER



ES:bls

SJRJN000507

EXHIBIT Y

The City of San Jose Charter Committee convenes this day in Room 430, City Hall, at 4:15 o'clock p.m., and the Secretary Pro Tempore calls the roll:

Present: Members Atkinson, Barrett, Jorgensen, McKenna, Pfeifle, Rost, St. John, Taketa and Starbird.

Absent: Members Coyle, Davidson, Ruffo, Ruiz, Sturges and Sullivan.

CORRESPONDENCE

Chairman Starbird reads and files a letter from the Municipal Employees Federation on retirement provisions. He states that the communication from Member Barrett will be considered by the committee at the proper time.

Member Coyle enters at 4:20 o'clock p.m.

ARTICLE XII - FISCAL ADMINISTRATION

Section 1224. Revenue Bonds. The City Attorney states that this section contains several points for the committee to consider and explains various kinds of revenue bonds which are actually reimbursable contracts. He asks if the committee wishes to limit the Council on the amount of revenue bonds issued on a particular project. His recommendation is that the section remain silent on revenue bonds other than for off-street parking, and that it contain a provision prohibiting public utility bonds. Member Barrett suggests that a definition of revenue bonds be included. Mr. Palla will redraft the section.

Member Davidson enters at 4:32 o'clock p.m.

Section 1219. Bid Requirements. The City Attorney distributes a redraft, stating that he has included a provision covering public work done by a subdivider, developer or owner of real property. Member Davidson speaks of the danger of abuse with an unrealistic engineers' estimate in connection with the rejection of excessive bids by the Council. It is agreed to reword the last sentence of the first paragraph on Page 2, "...declares that the bids were excessive, it may after re-advertising, have..."

Member Sturges enters at 4:39 o'clock p.m.

ARTICLE XIV - FRANCHISES

Section 1400. Power to Require Franchises. The City Attorney states that some utilities have franchises under the Constitution, some by election, and that the City's franchise powers are very limited. He suggests giving the Council power to require franchises but giving them discretion in the use of such power. Upon inquiry of Member Sturges, he states that San Jose, as a Charter City, has more powers than it would have under State law. Approved.

Section 1403. Term of Franchise. Approved.

Section 1404. Purchase or Condemnation by City. Approved.

Section 1405. Adequate Compensation. The City Attorney states that this section could be deleted. He suggests the wording on compensation be changed to "such compensation as the Council may deem proper." It is agreed that the section be deleted.

Section 1406. Exercising Right Without Franchise. Approved.

Section 1407. Article Not Applicable to City. Approved.

Section 1408. Preservation of Rights. The City Attorney states this covers a situation where the courts might inquire if the City had franchise power on a certain date. Approved.

ARTICLE XV - SCHOOL SYSTEM. Approved.

ARTICLE XVI - RETIREMENT

Section 1600. Duty to Provide Retirement System. Approved.

Section 1601. Exclusions. Approved.

Section 1602. Authority to Join Other Systems. Approved.

Section 1603. Continuance of Existing Retirement Systems. There is discussion on whether minimum benefits should be listed in the Charter as requested by employee organizations. In answer to question of Mr. Pfeifle, Mr. Palla states that Police and Firemen want a separate retirement system due to the nature of their work, and he states that the benefits they have, including much greater survivorship benefits, do not cost the City any more. He states also that the Council can exclude clerical employees from any new Police and Fire Department retirement plan. There is discussion of the State retirement system, and Mr. Palla points out that although under

the State system the Police and Fire benefits are higher than for other employees, they are not as high as the City now provides. Member Atkinson moves that Section 1603 be rewritten to include minimum benefits, seconded by Member Davidson, and unanimously adopted.

ARTICLE XVII - ELECTIONS

Section 1700. General Municipal Elections. Mr. Palla states the City Clerk should be consulted as to which Tuesday in May to designate for any second election. Approved.

Section 1701. Special Municipal Elections. Approved.

Section 1702. Election Procedure. Approved.

Section 1703. Initiative, Referendum, and Recall. Member Davidson questions the percentage figures and states that in his opinion they had not been formally adopted. Member Atkinson's motion that they be adopted is not seconded and no vote is taken. Following discussion, it is agreed to table this subject until the next meeting.

Section 1704. Removal of City Manager.

- (a) The percentage figure is questioned by Member Coyle.
- (b) After discussion, it is agreed to provide for a special election.
- (c) and (c) approved.

AGENDA

Discussion with Planning Commission is scheduled for 5:00 o'clock p.m. on Dec. 15. General Provisions - ARTICLE XVIII will be considered, and Initiative, Referendum and Recall reviewed. Chairman Starbird outlines his plan to have two or three committee members prepare the Charter for printing as a preliminary draft. Member Taketa moves that the Chairman proceed accordingly, seconded by Member Coyle, and unanimously adopted.

ADJOURN

The meeting adjourns at 6:00 o'clock p.m., to meet again Tuesday, December 15, 1964, at 4:00 o'clock p.m., in the City Council office.

GEORGE A. STARBIRD,
CHAIRMAN

FRANCIS L. GREINER
SECRETARY PRO TEMPORE

By: Kay Pritz, Deputy

EXHIBIT Z

1065

CITY OF SAN JOSE -- MEMORANDUM

TO	City Council	FROM	Thomas W. Fletcher, City Manager
SUBJECT	DEFINITION OF PRIOR SERVICE - POLICE AND FIRE RETIREMENT PLAN	DATE	May 12, 1971
APPROVED		DATE	

HISTORY

On February 1, 1962, the 1961 Police and Fire Department Retirement Plan became effective. One of the sections of the Plan, 2903.279, which is part of the San Jose Municipal Code, states in part:

" the City of San Jose shall contribute to the Retirement Fund, monthly, all such amounts as the Retirement Board shall find must be contributed to the Fund, on account of service rendered by members or other persons prior to the effective date of this Part 3A and on account of benefits payable because of such prior service, to make this plan actuarially sound to the extent that such amounts are not provided by such members' or persons' accumulated prior service contributions and said City's prior contribution for such prior service."

However, the actuarial firm of Coates, Herfurth & England assumed that "Prior Service" meant all service occurring prior to an actuarial evaluation for purposes of determining contribution rates and thus made recommendations that the City pay the entire cost of deficits accruing between actuarial evaluations. The City has been paying the entire cost of such deficits since 1963.

The Police and Fire Department Retirement Plan Board of Administration has set the City's contribution rate for Prior Service since 1962 as follows:

<u>Date</u>	<u>Rate</u>
1-1-63	3.96%
1-24-64	4.39%
10-19-64	4.87%
10-3-66	5.36%
8-1-68	8.00%

The City requested that an actuarial evaluation be conducted as of July 1, 1970, and the actuarial firm of Mitchell & Kadoyama was retained to perform the service. In his preliminary report dated January 7, 1971, the new actuary pointed out that:

"The previous valuations seem to have assumed that current service costs are those contributions required of new entrants to the plan, with prior service costs being the balancing item. This method puts a heavier burden of contribution upon the City, as opposed to the more limited definition of prior service which we have formed (from reading the Plan)."

MAY 17 1971

SJRJN000510

The Board of Administration of the Police and Fire Department Retirement Plan requested that the City Attorney state his opinion as to the definition of "Prior Service" as it relates to the City's contribution to the Plan. The City Attorney furnished the Board with a written opinion dated March 12, 1971 (see attached) that stated that "Prior Service" refers to service rendered prior to the effective date of the Plan which was February 1, 1962. The representative of the Fire Union stated to the Board that California case law superseded the Retirement Plan and cited two cases that occurred in Southern California that might affect the Attorney's opinion. The Board requested that the City Attorney review the cases presented and to give an opinion as to their effect on the definition of "Prior Service". In an opinion dated April 20, 1971, the City Attorney stated that the cases presented would not affect the previous opinion relating to the definition of "Prior Service". At the request of the Fire Union, the Retirement Board then requested that the City Council set a policy as to the definition of "Prior Service" that should be used in determining the City's rate of contribution to the Police and Fire Department Retirement Plan.

ALTERNATIVES

1. The City Council may retain the present definition of "Prior Service" and state that as a matter of policy, the law is clear that in the Police and Fire Department Retirement Plan, "Prior Service" is only that service occurring before February 1, 1962, and that all contributions relating to service occurring after that time shall be shared on an 8 to 3 ratio by the City and the employees. This policy would not require a Code amendment. The Council would request that the Retirement Board set the rates of contribution for "Prior Service" in accordance with 2903.279. The employees would then share with the City the cost of all deficits occurring after February 1962 in a 3 to 8 ratio.

2. The City Council may wish to redefine "Prior Service" as requested by the Fire Union stating that as a matter of policy, the City should continue paying the total cost of all deficits occurring prior to actuarial valuations under the definition of "Prior Service" as a balancing item when setting contribution rates. A Code amendment to the Retirement Plan would be required to change the existing Section 2903.279 which defines "Prior Service" as that service occurring prior to February 1962. The effect of such an amendment would be the assumption by the City of these costs equaling 1% of payroll or approximately \$100,000 annually for a deficit that has accrued between February 1962 and the date of the actuarial valuation.

RECOMMENDATION

Since this question is a significant one from the standpoint of costs and is clearly related to employee retirement contributions, it is recommended that any such proposal for change in the Retirement Plan be referred to the "Meet and Confer" sessions presently under way between the City representatives and the Police and Fire Department employee representatives.

T. W. Fletcher
City Manager

A handwritten signature in cursive script, appearing to read "Franklin D. J. [unclear]". The signature is written in dark ink and is positioned below the typed name of the City Manager.

SJRJN000511

EXHIBIT AA

FPP:RKK:ldw
7/12/71

RESOLUTION NO. 40059

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE REQUESTING BOARD OF ADMINISTRATION FOR POLICE AND FIRE RETIREMENT PLAN TO ADJUST RATES OF CONTRIBUTION FOR CITY AND FOR FIRE DEPARTMENT MEMBERS AND POLICE DEPARTMENT MEMBERS OF POLICE AND FIRE DEPARTMENT RETIREMENT PLANS

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

WHEREAS, the actuaries for the Police and Fire Department Retirement Plans have prepared and submitted to City a report of Actuarial Investigation and Valuation of the Police and Fire Department Retirement Plans, which report was submitted under letter dated May 11, 1971; and

WHEREAS, said report indicates the rates of contribution needed to be made to the Police and Fire Department Retirement Fund by City and by the employee members of said plans; and

WHEREAS, at page II/3 of said report the actuaries set forth the rates of contribution required of both City members based on the fact that "'Prior service' relates to active members' service prior to effective date of 1962 Plan" which plan is set forth at Part 3A of Chapter 9, Article II of the San Jose Municipal Code and is properly called the 1961 Police and Fire Department Retirement Plan; and

WHEREAS, at page II/5 of said report the actuaries set forth the rates of contribution required of both City and members, assuming that "'current service' is determined as the rate required of new entrants and 'prior service' is a balancing item."; and

WHEREAS, this Council is informed and believes that the rates set forth at page II/3 of said actuaries' report are correct and proper and are required to be established by the provisions of the 1961 Police and Fire Department Retirement Plan and that those rates set forth at page II/5 of said actuaries' report would be correct only if the 1962 Plan were proposed to be amended to exclude from current service contributions by members any amount required to make up any deficit resulting from the fact that previous rates of contribution

made by such members were inadequate to fund costs attributable to service rendered by such members prior to the date of a change in contribution rates for which service said members were entitled as of the date of such change or amendment, to receive credit under said Plan; and

WHEREAS, this City Council did on June 28, 1971 approve for implementation that certain "Memorandum of Understanding For Joint Submission to the Council of the City of San Jose Regarding the San Jose Fire Fighters, Local 873 (Unit)," which is on file in the office of the City Clerk; and

WHEREAS, Section 5.00 of said memorandum of understanding in part provides for the amendment of the 1961 Police and Fire Department Retirement Plan established by Part 3A of Chapter 9 of Article II of the San Jose Municipal Code, to provide in part that with respect to Fire Department members "when, from time to time, the Retirement Board changes or amends the rates of contribution required to be paid by City and by members for current service, the new rates thereby established by the Board for . . . shall not include any amount required to make up any deficit resulting from the fact that previous rates of contribution thereto made by the City and by such members were inadequate to fund costs attributable to service rendered by such members prior to the date of said amendment or change of rates for which service said members were entitled as of the date of such change or amendment, to receive credit under said Plan. . ."; and

WHEREAS, this Council intends to amend the Code as above set forth with respect to the Fire Department members of said Plan; and

WHEREAS, it is in the public interest that rates be established by the Board of Administration of Police and Fire Department Retirement Plan in accordance with the rates set forth at page II/3 of the actuaries' report for all members of the 1961 Police and Fire Department Retirement Plan except Fire Department members of the retirement plan; and that with respect to Fire Department members of said plan it is in the

public interest and in keeping with the general intent of the said memorandum of understanding that rates be established in accordance with said proposed amendment and as set forth at page II/5 of said actuaries' report.

NOW, THEREFORE,

1. This Council hereby requests the Board of Administration for Police and Fire Retirement Plan to establish effective July 1, 1971 the following rates of contribution for all Fire Department members of the 1961 Police and Fire Department Retirement Plan and for the City.

Contributions by City to 1961 Plan

For current service: 10.80% of payroll subject to retirement

For Prior Service: 7.09% of payroll subject to retirement

Contributions by Fire Department Members

4.05% of payroll subject to retirement

2. This Council also requests the Board of Administration for Police and Fire Retirement Plan to establish the following rates of contribution for all members of the 1961 Police and Fire Department Retirement Plan other than the Fire Department members and for City, effective July 1, 1971:

Contributions by City to 1961 Plan

For current service: 13.00% of payroll subject to retirement

For prior service: 4.24% of payroll subject to retirement

Contributions by members other than Fire Department members

4.88% of payroll subject to retirement

SECTION 3. In addition, the Council requests the Board to establish rates effective July 1, 1971 as shown in the actuaries' report for contributions to the 1946 Plan and for cost of living contributions.

ADOPTED this 12th day of July, 1971, by the following vote:

AYES: Councilmen - Colla, Goglio, Hayes, Hays

NOES: Councilmen - Mineta

absent: Councilmen - Gross.

ATTEST: *Roy H. Hubbard*
By: Roy H. Hubbard, Deputy
City Clerk

Norman Y. Mineta
Norman Y. Mineta Mayor

EXHIBIT BB

RJL:RKH:jm
2/5/78

Final adoption
7/17/79

ORDINANCE NO. 19690

AN ORDINANCE OF THE CITY OF SAN JOSE AMENDING TOPIC 9 OF PART 3A OF CHAPTER 9 OF ARTICLE II OF THE SAN JOSE MUNICIPAL CODE BY AMENDING SECTION 2903.279 AND SECTION 2903.280 TO PROVIDE FOR INCREASING CITY'S CONTRIBUTION FOR SERVICES RENDERED BY MEMBERS OR PERSONS PRIOR TO INCREASE IN THE CONTRIBUTION RATES.

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

Sections 2903.279 and 2903.280 of Topic 9 of Part 3A of Chapter 9 of Article II of the San Jose Municipal Code are hereby amended to read as follows:

2903.279. Contributions for Prior Service Benefits. If any person who is a member of or a recipient of or entitled to any benefits under the Police and Fire Department Retirement Plan established by Part 3 of this Chapter, or who has made any contributions thereto, elects, pursuant to and as may be authorized by the provisions of this Part, to become a member of this system or to receive any benefits provided by this system, in lieu of being a member of or receiving any benefits pursuant to the provisions of the Police and Fire Department Retirement Plan established by Part 3 of this Chapter, any and all contributions theretofore made by said member or person to the Police and Fire Department Plan established by said Part 3 of this Chapter and therein credited to him shall be paid or transferred to this system and credited to such member or person as a contribution made by him to this system for or on account of all service rendered by said member or person prior to the time he becomes a member of or elects to receive any benefits under this system for which service such member or person is given credit under this system, and for payment of benefits required by this system to be paid because of service rendered by such member or person prior to the time he becomes a member of or

elects to receive any benefits under this system. Anything elsewhere in this Part to the contrary notwithstanding, no person who has been or is a member of, or is entitled to receive or is receiving any benefits under the Police and Fire Department Retirement Plan established by Part 3 of this Chapter may become a member of this system or be entitled to any benefits thereunder unless he agrees to the above, and such transfers or contributions are made or paid as above provided. Any such member or person shall be deemed to have agreed to the above upon electing to become a member of this system or upon electing to receive any benefits thereunder.

In addition, all contributions heretofore or hereafter made by the City of San Jose to the Police and Fire Department Retirement Plan established by Part 3 of this Chapter for or on account of service rendered by any of the above mentioned members or persons prior to the time they became members of this system or elected to receive any benefits hereunder for which service such members or persons are given credit under this system, shall be transferred to this system and credited to the City of San Jose as part of its contributions to this system for or on account of said prior service rendered by said members or persons prior to the time they became members of or elected to receive any benefits under this system and for the payment of benefits required to be paid by this system because of such prior service of said members or persons.

In addition, the City of San Jose shall contribute to the Retirement Fund, monthly, all such amounts as the Retirement Board shall find must be contributed to the Fund, on account of service rendered by members or other persons prior to the effective date of this Part and on account of benefits payable because of such prior service, to make this plan actuarially sound to the extent that such amounts are not provided by such members' or persons' accumulated

prior service contributions and said City's prior contributions for such prior service.

In addition, the City of San Jose shall contribute to the Retirement Fund, monthly, all such amounts as the Retirement Board shall find must be contributed to the Fund, to make this plan actuarially sound to the extent that such amounts are not provided by member and City's current service contributions as provided for in Section 2903.280.

2903.280. Current Service Contributions. The Retirement Board shall determine and fix, and from time to time it may change, the amount of monthly contributions for current service which must be required of the City of San Jose and of members of this system to make and keep this plan and the Retirement System at all time actuarially sound. For the purpose of this section "contributions for current service" shall mean at a rate of contribution which is needed to provide the benefits payable under this plan to a new entrant. Rates for current service shall not include any amount required to make up any deficit resulting from the fact that previous rates of contribution made by the City and members were inadequate to fund benefits attributable to service rendered by such members prior to the date of any change of rates. Said City and said members shall make and pay all such monthly contributions as are found necessary and as are fixed by the Retirement Board; provided, however, that the monthly contributions required of members, as compared to the monthly contributions required of the City, shall at all times be in the ratio of three to eight. With respect to monthly contributions required of members, the Retirement Board shall determine and fix, and from time to time change, the rate of monthly contributions required of each member, that is, the percentage of a member's monthly compensation which he will be required to contribute monthly

to the system, and shall furnish such information to the Director of Finance, as hereinabove provided, so that payroll deductions may be made as hereinabove provided.

PASSED FOR PUBLICATION OF TITLE this 3rd day of July _____, 1979, by the following vote:

AYES: BSTRUTH, GARZA, MCENBRY, PEGRAM, SBLF, WILLIAMS, AND HAYES

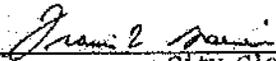
NOES: NONE

ABSENT: NONE



JANET GRAY HAYES Mayor

ATTEST: FRANCIS L. GRHNER



City Clerk

EXHIBIT CC

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ACTUARIES AND CONSULTANTS
 PENSION PLANS EMPLOYEE BENEFITS COMPENSATION PROGRAMS INTERNATIONAL BENEFITS EMPLOYEE COMMUNICATIONS RISK MANAGEMENT

300 MONTGOMERY STREET
 SAN FRANCISCO, CALIFORNIA 94104

(415) 421-8700 986-6568

August 16, 1978

Handwritten initials

Mr. Edward F. Overton
 Retirement & Benefits Administrator
 CITY OF SAN JOSE
 801 N. First Street
 San Jose, CA 95110

RE: Police & Fire Contribution Rates

Dear Mr. Overton:

At the request of Ken Amende of your department, we have calculated the distribution of 1978-79 contribution rates among current and prior service and the cost-of-living plan.

Member	Current Service	Prior Service	Cost-of-Living	TOTAL
City	6.35%	-0-	1.07%	7.42%
	16.95%	5.25%	3.85%	26.05%

Adopted 9/18/78

Yours very truly,
Christine Nelson

Christine Nelson, A.S.A.
 Associate Actuary

Allen Arnold

E. Allen Arnold, F.S.A.
 Actuary

CN/BAA/bg



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SAN FRANCISCO, CALIFORNIA 94104

(415) 421-2708

RECEIVED
JUL 3 1978
EMPLOYEE SERVICE

June 29, 1978

Mr. Edward F. Overton
Retirement and Benefits Administrator
City of San Jose
801 N. First Street
San Jose, California

Dear Mr. Overton:

As you requested on Monday we have recalculated City contribution rates to the Police & Fire Retirement Plan on the basis of the City's continuing to receive refunds of its contributions. The calculation incorporates the following considerations:

1. Members will contribute 3/11 of the entry age normal cost.
2. The City will amortize the unfunded supplemental actuarial value over 60 years.
3. Contribution rates will increase from their present level in four equal annual steps.

Although the possibility of covering new employees under a different retirement plan has been raised, we have assumed for these calculations that future employees will be covered by this plan and assumed salary increases will be realized. The contribution rates to this plan will be higher as a percentage of covered payroll and should be recalculated if the demographic or economic characteristics of the City's work force covered by the System are expected to change,

Yours very truly,

Allen Arnold

E. Allen Arnold,
Actuary

Christine Nelson per EAA

Christine Nelson,
Associate Actuary

EAA:CN/mgo

CITY OF SAN JOSE
POLICE & FIRE RETIREMENT SYSTEM
AMENDED VALUATION RESULTS

June 27, 1978

A. Level Contribution Rates

	<u>BASIC PLANS</u>	<u>COL PLAN</u>
1. Member's Contribution Rates For Normal Cost	<u>6.96%</u>	<u>2.80%</u>
2. City's Contribution Rates For Normal Cost	18.57%	7.46%
Amortization of Unfunded Supplemental Actuarial Value	<u>4.04%</u>	<u>3.76%</u>
Total City's Contribution Rates	<u>22.61%</u>	<u>11.22%</u>

B. Graduated Contribution Rates

	<u>Normal Cost</u>	
1. Members' Contribution Rates		
1977-1978	6.59%	
1978-1979	7.42	
1980-1981 ^{7.8-8.0}	8.25	
1981 & later ^{8.0-8.1}	9.91 ^{9.0-8.2}	
	<u>Normal Cost</u>	<u>Unfunded SAV</u>
2. City's Contribution Rates		
1977-1978	17.58%	5.70%
1978-1979	19.79	6.26
1979-1980	22.00	6.82
1980-1981	24.21	7.39
1981-2037	26.42	7.95
2037 & later	26.42	0

SJRJN000521

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ACTUARIES AND CONSULTANTS
PENSION PLANS EMPLOYEE BENEFITS COMPENSATION PROGRAMS INTERNATIONAL BENEFITS EMPLOYEE COMMUNICATIONS RISK MANAGEMENT

MONTREAL
OTTAWA
TORONTO
VANELOVER

300 MONTGOMERY STREET
SAN FRANCISCO, CALIFORNIA 94104

(415) 421-2799

June 20, 1978

Mr. Edward F. Overton
Retirement and Benefits Administrator
City of San Jose
801 N. First Street
San Jose, California

RECEIVED
JUN 23 1978
EMPLOYEE SERVICE

Dear Mr. Overton:

As you requested we have calculated member and City contribution rates to the Police & Fire Retirement Plan on the basis discussed at the May Retirement Board meeting. The calculation incorporates the following considerations:

1. Members will contribute 3/11 of the entry age normal cost.
2. The City will amortize the unfunded supplemental actuarial value over 60 years.
3. The City will cease receiving refunds of its contributions.
4. Contribution rates will increase from their present level in four equal annual steps.

Although the possibility of covering new employees under a different retirement plan has been raised, we have assumed for these calculations that future employees will be covered by this plan and assumed salary increases will be realized. The contribution rates to this plan will be higher as a percentage of covered payroll and should be recalculated if the demographic or economic characteristics of the City's work force covered by the System are expected to change.

The enclosed pages conform as closely as possible to the format of our valuation report and, indeed, contain many of the same numbers. We shall be happy to discuss any part of this computation with you.

Yours very truly,

Allen Arnold

E. Allen Arnold,
Actuary

Christine Nelson

Christine Nelson,
Associate Actuary

SJRJN000522

CITY OF SAN JOSE
POLICE & FIRE RETIREMENT SYSTEM
AMENDED VALUATION RESULTS

June 21, 1978

A. Basic Valuation Results

	<u>BASIC PLANS</u>	<u>COL PLAN</u>
1. Present Value of Benefits		
<u>ACTIVES:</u>		
Primary Allowances	\$ 161,120,481	\$56,073,626
Survivorship and Death	19,394,150	15,366,798
Refunds of Contributions	<u>2,552,358</u>	<u>771,555</u>
	\$ 183,066,989	72,211,979
<u>RETIRED:</u>		
Primary Allowances	19,845,315	9,206,819
Survivorship and Death	<u>2,114,847</u>	<u>2,177,823</u>
	21,960,162	11,384,642
<u>BENEFICIARIES:</u>	<u>2,247,625</u>	<u>1,363,563</u>
TOTAL	\$ <u>207,274,776</u>	<u>\$84,960,184</u>
2. Present Value of Actives' Benefits at Entry Age		
Primary Allowances	\$ 108,458,337	\$38,394,981
Survivorship and Death	13,922,817	10,785,571
Refunds of Contributions	<u>4,023,713</u>	<u>1,619,015</u>
TOTAL	\$ <u>126,404,867</u>	<u>\$50,799,567</u>
3. Present Value of Current Actives' Compensation at Entry Age	\$ <u>495,144,250</u>	
4. Normal Cost Percentage (2./3.)	25.528897%	10.259549%
5. Present Value of Currently Covered Compensation	\$ <u>442,521,437</u>	

6. Present Value of Future Normal Costs (4. x 5.)	\$	<u>112,970,842</u>	\$	<u>45,400,704</u>
7. "Supplemental Actuarial Value" (1. - 6.)	\$	<u>94,303,934</u>	\$	<u>39,559,480</u>
8. Valuation Assets				
Book Value of Reserves	\$	53,270,111	\$	1,300,564
Accounts to be Transferred to Federated Plans		<u>(35,915)</u>		<u>(3,252)</u>
TOTAL		<u>53,234,196</u>		<u>1,297,312</u>
9. Unfunded "Supplemental Actuarial Value" (7. - 8.)	\$	<u>41,069,738</u>	\$	<u>38,262,168</u>
10. Present Value of Total Covered Payroll for the next 60 Years	\$	<u>1,017,155,598</u>		
11. Unfunded "Supplemental Actuarial Value" Amortized as a Level Percentage of Payroll for the Next 60 Years (9. / 10.)		4.037705%		3.761683%

B. Level Contribution Rates

	<u>BASIC PLANS</u>	<u>COL PLAN</u>
1. Member's Contribution Rates Normal Cost (3/11 x A.4.)	<u>6.96%</u>	<u>2.80%</u>
2. City's Contribution Rates Normal Cost (8/11 x A.4.)	18.57%	7.46%
Credit for Refunds not taken	<u>.41</u>	<u>.13</u>
	18.16%	7.33%
Amortization of Unfunded Supplemental Actuarial Value (A.11.)	<u>4.04%</u>	3.76%
Total City's Contribution Rates	<u>22.20%</u>	<u>11.09%</u>

C. Graduated Contribution Rates

	<u>Normal Cost</u>	
1. Members' Contribution Rates		
1977-1978	6.59%	
1978-1979	7.42	
1980-1981	8.25	
1981 & later	9.91	
	<u>Normal Cost</u>	<u>Unfunded SAV</u>
2. City's Contribution Rates		
1977-1978	17.58%	5.70%
1978-1979	19.65	6.26
1979-1980	21.72	6.82
1980-1981	23.79	7.39
1981-2037	25.86	7.95
2037 & later	25.86	0

EXHIBIT DD

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ACTUARIES



CITY OF SAN JOSE
POLICE AND FIRE DEPARTMENT RETIREMENT PLANS

Actuarial Investigation
and
Valuation

as of

30 June 1979

ORIGINAL COPY

SJRJN000526

LAWRENCE MITCHELL
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CONSULTING
ACTUARIES

8 April 1980

Retirement Board
Police and Fire Department Retirement Plan
City of San Jose, California

Re: Actuarial Investigation and Valuation

Here is the report of the actuarial investigation into the mortality, disability, service and compensation experience, as of 30 June 1979, of the members of the Police and Fire Department Retirement System and the actuarial valuation of the assets and liabilities of the Retirement System as of the same date.

The report which follows is in four sections.

Section I Investigation of Experience

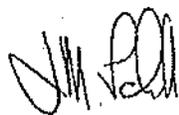
Section II Actuarial Valuation

Section III Basic Data

Section IV Description of Plans

Our appreciation is extended to the personnel in the many City offices and the members of the Retirement Board for all the assistance they have rendered.

LAWRENCE MITCHELL & ASSOCIATES, INC.

By: 

Lawrence Mitchell, F.S.A., F.C.A.

LM/hg
Enc.

SJRJN000527

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SECTION I: INVESTIGATION OF EXPERIENCE

The experience study was based upon the information supplied to us by the City.

It should be remembered that the System, though growing, is still relatively small in numbers of participants. In addition, there are various factors both outside the scope of the plan (such as general economic conditions and flu epidemics) and inside the plan (such as revision of plan benefits) which will tend to affect future experience.

A. RATE OF TERMINATION

During the five-year period from July 1, 1974 to June 30, 1979, there were 148 withdrawals from the plan for reasons other than death, disability, or retirement. Table IA (Fire) and IB (Police) show the distribution by age and service.

During the previous four years, 71 persons withdrew.

In previous reports, we had noted the low rate of withdrawals. This low rate has continued through the current years if you ignore the large number of withdrawals during the first year after hire.

There were 80 members who terminated within one year of their hire. In discussions with persons in various City offices we were told these terminations were a direct outgrowth of a hiring situation which should not affect the long term termination rates.

Therefore we have continued to use the withdrawal rates used in our 1974 valuation. These produced an "expected" 90 withdrawals during the last five year period.

B. RATE OF DEATH

During the five-year period, there were four deaths (1 service and 3 non-duty). During the seventeen years since 1962, there were seven service deaths and fourteen non-service deaths in the 1961 plan.

We have continued the rates of death used in our 1970 and 1974 valuations.

8 April 1980

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TABLE IA

CITY OF SAN JOSE	FIRE RESIGNATIONS									
	JUNE 30, 1979									
AGE	YEARS OF SERVICE.									
	1	2	3	4	5	6-10	11-15	16-20	21-	TOTAL
UNKWN	0	0	0	0	0	0	0	0	0	0
-20	0	0	0	0	0	0	0	0	0	0
21-25	0	0	0	0	0	0	0	0	0	0
26-30	1	0	1	2	2	0	0	0	0	6
31-35	0	0	0	2	3	11	0	0	0	16
36-40	0	0	1	0	0	0	2	0	0	3
41-45	0	0	0	0	0	0	1	0	0	1
46-50	0	0	0	0	0	0	0	0	0	0
51-55	0	0	0	0	0	0	0	0	0	0
56-	0	0	0	0	0	0	0	0	0	0
TOTAL	1	0	2	4	5	11	3	0	0	26

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TABLE IB

CITY OF SAN JOSE	POLICE RESIGNATIONS									JUNE 30, 1979	
	YEARS OF SERVICE									TOTAL	
AGE	1	2	3	4	5	6-10	11-15	16-20	21+		
UNKWN.	0	0	0	0	0	0	0	0	0	0	
-20	0	0	0	0	0	0	0	0	0	0	
21-25	43	2	0	0	0	0	0	0	0	45	
26-30	22	2	2	3	7	7	10	0	0	43	
31-35	12	1	0	1	3	9	2	0	0	28	
36-40	1	1	0	0	0	1	1	0	0	4	
41-45	1	0	0	0	0	0	0	0	0	1	
46-50	0	0	0	0	1	0	0	0	0	1	
51-55	0	0	0	0	0	0	0	0	0	0	
56+	0	0	0	0	0	0	0	0	0	0	
TOTAL	79	6	2	4	11	17	3	0	0	122	

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There were 31 (17 Police, 14 Fire) deaths during the last five years and we felt it advisable to continue the same mortality rate for the disability and service retirees used in our 1974 valuation.

Therefore we have used the 1971 group annuity mortality table for retired lives and their survivors, with a five year setback for females.

For the disability retirees we are assuming the effect of the ailment was such as to increase the mortality rate for younger persons to the equivalent of the older of age 55 or the retiree's attained age plus 5. Thus, a disabled retiree age 30 would be assumed to experience the same probability of dying as a 55 year old. A disabled retiree age 62 would be considered to be age 67.

F. SALARY SCALE

The System's benefits are geared to the member's highest average salary. In the case of the 1946 plan, this is determined by using a three-year average. The 1961 plan uses the highest single 12-month period. Accordingly, it is extremely important that a realistic salary scale which would recognize future increases in employee salaries without reflecting across the board increases due to inflationary pressures be used to determine the future benefit liabilities.

The choice of an appropriate salary scale is complicated by the questions of inflation--who pays for it, and when.

The following table compares the average monthly salary July 1974 with that as of July 1979 as well as those which would be expected using alternate salary scales.

8 April 1980

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ACTUARIES

C. RATE OF DISABILITY

During the five-year period, there were 101 disability retirements, of which 92 were service connected and 9 were non-service connected.

The disability retirements by age group are shown in Section II, Exhibits 2.d. and 2.c.

After our review of the disability experience preceding the 1974 valuation the Retirement Board felt some of the circumstances involved in creating the large number of disability retirements no longer existed. Therefore we were directed to use rates about one-half those suggested by the prior years' results.

It appears as if we underestimated the decrease in non-service connected disability retirements. Therefore we are suggesting a further reduction of one-half in these rates.

On the other hand, the service connected disability rates decreased by only a fourth, not the half expected. Therefore we are suggesting an increase of one-half in the service connected disability rates through age 54 and continuing the same rates used in the 1974 valuation for over age 54.

D. RATE OF SERVICE RETIREMENT

There were 3 fire and 9 police members who retired during the July 1, 1974 to June 30, 1979 period.

Of the 62 service retirees currently receiving benefits, 30 retired at age 55, 7 at 65 and the others seem to have preferred the late fifties.

In our previous valuations, we used a rate which was a level 15% each year until age 65 at which point 100% was used.

For this valuation we have increased the age 55 rate to 50%, maintained the 100% at 65 and reduced the others to 10%.

(The Federal law on age discrimination may require the Plan to be amended.)

E. RATE OF POST RETIREMENT MORTALITY

In 1962 there were only 46 members receiving allowances; in 1967 the number had grown to 73; in 1970 97 persons were receiving either retirement or survivor allowances; in 1974 there were 202 beneficiaries; and in 1979 there were 293 such persons.

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AVERAGE MONTHLY SALARY OF MEMBERS

Attained Age In 1974	Actual July 1974	Expected Salary July 1979 if Increases had been on			Actual July 1979	Attained Age In 1979
		3% Scale	4.5% Scale	6% Scale		
					\$1,586	25-29
25-29	\$1,258	\$1,458	\$1,568	\$1,683	1,699	30-34
30-34	1,366	1,583	1,702	1,828	1,802	35-39
35-39	1,483	1,719	1,848	1,985	1,919	40-44
40-44	1,577	1,828	1,965	2,110	1,983	45-49
45-49	1,599	1,854	1,993	2,140	1,989	50-54
50-54	1,620	1,878	2,019	2,168	1,804*	55-59*
55-59	1,566	1,815	1,952	2,096	1,804*	60-64*
60-64	1,492					

*Combined for average.

The actual salaries are greater than was assumed for the 1974 valuation and less than what was used in the 1977 valuation.

We understand there was a period of over two years during the last five years when no general salary increase was granted. This was an unusual situation and it is very likely salaries will continue to increase at the 7% to 10% rate experienced during the past.

We have used a salary projection which is similar to the one used in the 1977 valuation. It provides 10% per year increases through age 29, 8% from 30 through 39, 7% from 40 through 49 and 6% per year thereafter.

G. INVESTMENT YIELD

We have calculated the average annual rate of return from July 1974 to July 1979 for the two funds on both book and market values. For the retirement fund over the five year period, the annual rates of return were 6.9% using book and 7.6% using market. The cost of living fund's rates were 7.1% and 7.6% respectively.

The investment yield on book was approximately 3.5% in 1962, 4.5% in 1967, 5.35% in 1970, and 6% in 1974. The last five years have shown a continuation in this rise in yield rates with fluctuations from year to year. The combined funds' yields have been 6.2%, 6.4%, 7.0%, 6.9% and 7.4% on book for each of the last five years. On market, the yields have been 11.1%, 11.5%, 8.4%, 0.1% and 8.4%, respectively.

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The valuation uses a 7.25% yield rate. The 1977 valuation used a 7% investment yield.

As with the other assumptions, the investment yield chosen for the final actuarial valuation will determine the incidence of cash contributions to the funds.

H. COST OF LIVING - CONSUMER PRICE INDEX

Part 6 of the retirement system provides for cost of living increases or decreases in certain benefits. The cost of living increases will be determined annually by reference to the Consumer Price Index published by the Bureau of Labor Statistics of the United States Department of Labor for the area in which the City of San Jose is situated. There is an overall limitation of 3% for any one year.

We understand the Consumer Price Index for the San Francisco-Oakland area includes the City of San Jose.

The Bureau of Labor Statistics changed the method of calculation since the last report. For this report we used the Consumer Price Index, Urban Wage Earners and Clerical Workers, All Items, 1967 = 100. (You may have to amend the Plan to recognize the change in name of the index.)

The following chart shows the December CPI for the area for selected years and the annual rate of increase from that year to December 1979.

<u>Year</u>	<u>CPI</u>	<u>Annual Rate of Increase</u>
1979	229.0	-
1978	200.4	14.3%
1977	187.3	10.6%
1967	100.0	6.9%

Our valuation of the cost-of-living benefit was calculated using a 3% per year rate of increase. The "permanent cost of living" benefit grants, including any cost-of-living increases attributable to them, are included in the valuation.

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At the time of prior valuations there was a great deal of discussion concerning the method of funding the cost of living benefits. As we understand the current agreement, member and City share the costs in the ratio of 3 to 8.

This valuation continues that method of sharing.

I. PRIOR SERVICE COST

Topic 9 of the plan discusses contributions on the part of members and the City. This affects both prior service and current service contributions.

Ordinance No. 19690 revised Sections 2903.279 and 2903.280 of the Code. Basically it provides the Member and City will pay 3/11 and 8/11 each of the "contributions for current service" and the City shall pay the remainder of the costs of the Plan. The contribution for current service is determined by the benefits expected to be provided to a new entrant under this Plan.

The Ordinance is effective after June 30, 1979. We have calculated the rates of contribution using its intent.

8 April 1980

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SECTION II. ACTUARIAL VALUATION

A. ACTUARIAL ASSUMPTIONS

The true cost of a retirement plan can be determined accurately only in retrospect. This is because the ultimate cost depends upon:

1. The total amount of benefits actually paid out. This, in turn, depends upon the number of persons who become entitled to benefits, the amount of benefits they receive, the time at which they receive the benefits, and for how long they receive the benefits.

PLUS

2. The expense of administering the plan.

MINUS

3. The earnings (interest and capital gains or losses) on pension fund assets.

Since the factors entering into the costs cannot be known in advance, it is necessary to make reasonable assumptions concerning them to provide the City an orderly system of funding for the benefits.

For the actuarial valuations, we based our assumptions on the System's experience, as discussed in Section I.

The following page shows samples of the assumptions we used.

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Summary of Assumptions Used
For Valuation as of 30 June 1979

Active Members

NUMBER SEPARATING PER 10,000 WORKING AT THAT AGE

Attained Age	Death		Disability		Service Retirement	Other Termination
	Service	Other	Service	Other		
22	1	4	3	0	0	686
27	2	5	8	0	0	204
32	3	5	44	2	0	152
37	5	6	85	5	0	100
42	8	8	126	13	0	47
47	11	12	167	30	0	13
52	15	16	1002	72	0	1
55	18	21	575	0	5,000	0
57	20	25	457	0	1,000	0
62	25	44	160	0	1,000	0
67					10,000	0

Retired Members

Attained Age	55	60	65	70	75	80
Number Dying Per 10,000 at Age	85	131	213	361	553	874
Complete Expectation of Life (Years)	22.7	18.8	15.1	11.9	9.2	7.0

Interest Rate - 7.25% per year compounded annually.

Salary Scale - (Rates shown are per year compounded annually)

	Attained Age			
	-29	30-39	40-49	50+
	10%	8%	7%	6%

8 April 1980

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B. ACTUARIAL VALUATION

The values which follow use the basic set of assumptions and

Investment yield 7.25% per year
Salary Scale 10% graded down to 6% per year

1. Present Value of Benefits

	<u>Basic</u>	<u>Cost of Living</u>	<u>Permanent Cost of Living</u>
a. Retired Member and Survivor	\$ 27,929,325	\$12,961,811	\$196,710
b. Active Members			
Retirement	\$ 69,372,649	\$21,289,905	
Disability Service	81,940,501	25,294,070	
Non-Service	6,323,077	1,986,761	
Death Service	1,836,279	675,758	
Non-Service	2,020,769	731,843	
Post Retirement	25,025,486	7,718,473	
Refund Contribution	1,560,264	55,726	
Vesting	<u>2,849,210</u>	<u>931,958</u>	
Total active	\$190,928,235	\$58,684,494	\$ 0
c. Total Value of Benefits	\$218,857,560	\$71,646,305	\$196,710

8 April 1980

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SJRJN000538

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2. Computation of Contribution Rate

a. Current service contribution - basic plan

The total current service contributions for member and City for the basic plan total 24.78% of future salaries. The member share is 3/11 of that or 6.76%. The City's share is 18.02%.

On the basic plan the City pays the balance.

b. Contribution - cost of living plan

The contribution was determined by subtracting the assets in the cost of living fund from the present value of cost of living benefits. The difference was then shared 3/11 by member and 8/11 by City.

c. Contribution

	<u>Basic</u>	<u>Cost of Living</u>	<u>Permanent Cost of Living</u>
Assets of fund (book)	\$ 72,428,948	\$ 2,568,983	\$ 0
Value of future member contributions (10.81%) <i>9.08</i>			
<i>5.72</i> -basic (6.76%)	31,464,432		
<i>3.36</i> -cost of living (4.05%)		18,839,270	
Value of future City contributions (35.53%)			
- basic			
current service (18.02%)	83,874,122		
balance (6.68%)	31,090,058		
- cost of living (10.79%)		50,238,052	
- permanent cost of living (0.04%)			196,710
Value of fund assets and contributions	\$218,857,560	\$71,646,305	\$196,710

The percentages shown in brackets are related to the value of expected future salaries of current members (\$465,450,176).

8 April 1980

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SJRJN000539

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ACTUARIES

SECTION III. BASIC DATA

A. INVESTMENTS

The Police and Fire Retirement Funds as of 30 June 1979 were:

	Retirement Fund	Cost of Living Fund
Cash in bank	\$ 70,951	\$ 7,738
State Treasury Investment Fund	7,843,000	739,000
Savings accounts	1,000	700
Short-term investments*	1,472,724	50,000
Other corporate bonds	30,917,476	791,266
U. S. Treasury Securities	11,371,946	603,368
U. S. Government Agency Securities	5,590,746	185,125
Corporate stock, stock equivalent convertibles	14,101,592	135,132
Interest receivable	878,179	26,914
Contributions receivable	146,202	26,630
Total cost	\$72,393,816	\$2,565,873
Net amortization of premiums and discounts	35,132	3,110
Total Book Value	\$72,428,948	\$2,568,983
Total Market Value	\$66,813,948	\$2,484,280

*Corporate and Canadian government bonds, excluding short term
U. S. Treasury Notes, Short term State Treasury Investment
Fund and savings accounts.

8 April 1980

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SJRJN000540

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ACTUARIES

B. PARTICIPANTS' VITAL STATISTICS

The information used in the experience study and valuations was furnished to us by the Board of Administration, Police and Fire Department Retirement Plan.

As of June 30, 1979, there were 1,382 active members in the 1961 Plan, none in the 1946 Plan. There were 9 fire and 10 police retirees in the 1946 Plan and 126 fire and 99 police retirees in the 1961 Plan. 49 families (28 fire/21 police) are receiving survivor benefits from the 1961 plan.

On the following pages we have summarized:

	Exhibit	Description
1. Active Members	a.	By age group showing their monthly salaries and marital status
	b.	By age group and years of service
2. Retired Members	c.	Service retirees (type 4) by attained age and years since retirement
	d.	Service connected disability retirees (type 5) by attained age and years since retirement
	e.	Non-Service connected disability retirees (type 6) by attained age and years since retirement
3. Surviving Beneficiaries	f.	Died while active (type 6)
	g.	Died on service retirement (type 7)
	h.	Died on service-connected disability retirement (type 8)
	i.	Died on non-service connected disability retirement (type 9)
4. Summary of persons receiving monthly benefits		

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ACTUARIES

EXHIBIT 1.a.

CITY OF SAN JOSE	FIRE ACTIVES			
	NUMBER	MO SALARY	AVG SALARY	# MARRIED
UNKWN	0.	.00	.00	0.
-19	0.	.00	.00	0.
20-24	8.	12,674.98	1,584.37	3.
25-29	53.	85,890.96	1,620.58	29.
30-34	144.	244,148.62	1,695.48	119.
35-39	185.	329,413.36	1,780.61	161.
40-44	94.	178,006.70	1,893.69	73.
45-49	69.	133,178.40	1,930.12	63.
50-54	30.	60,107.64	2,003.59	25.
55-	15.	26,953.32	1,796.89	14.
TOTAL	598.	1,070,373.98	1,789.92	487.

1-16-80

8 April 1980

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SJRJN000542

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& ASSOCIATES, INC.
CONSULTING
ACTUARIES

EXHIBIT 1.a.

CITY OF SAN JOSE	POLICE ACTIVES			
	NUMBER	MO SALARY	AVG SALARY	# MARRIED
UNKWN	0.	.00	.00	0.
-19	0.	.00	.00	0.
20-24	28.	39,437.62	1,408.49	8.
25-29	171.	269,355.57	1,575.18	97.
30-34	242.	411,679.78	1,701.16	166.
35-39	159.	290,433.06	1,826.62	122.
40-44	111.	215,405.61	1,940.59	86.
45-49	46.	94,915.11	2,063.37	43.
50-54	25.	49,293.83	1,971.75	20.
55-	2.	3,718.00	1,859.00	2.
TOTAL	784.	1,374,238.58	1,752.86	544.

1-16-80

8 April 1980

2/3

SJRJN000543

LAWRENCE M. IELL
& ASSOCIATES, INC.
CONSULTING
ACTUARIES

EXHIBIT 1.a.

CITY OF SAN JOSE	TOTAL ACTIVES			
	NUMBER	MO SALARY	AVG SALARY	# MARRIED
UNKWN	0.	.00	.00	0.
-19	0.	.00	.00	0.
20-24	36.	52,112.60	1,447.57	11.
25-29	224.	355,246.53	1,585.92	126.
30-34	386.	655,828.40	1,699.04	285.
35-39	344.	619,846.42	1,801.88	293.
40-44	205.	393,412.31	1,919.08	159.
45-49	115.	228,093.51	1,983.42	106.
50-54	55.	109,401.47	1,989.12	45.
55+	17.	30,671.32	1,804.20	16.
TOTAL	1,382.	2,444,612.56	1,768.89	1,031.

1-16-80

8 April 1980

3/3

SJRJN000544

EXHIBIT 1.b

CITY OF SAN JOSE FIRE ACTIVES DISTRIBUTION BY AGE AND SERVICE JUNE 30, 1979

AGE	YEARS OF SERVICE										TOTAL	
	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-		
UNKNOWN	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
-19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
20-24	0.00	6205.32	3102.66	1625.00	0.00	1742.00	0.00	0.00	0.00	0.00	0.00	12674.98
	1412.67	1551.33	1551.33	1625.00	0.00	1742.00	0.00	0.00	0.00	0.00	0.00	1564.37
25-29	0.00	0.00	12.00	15.00	25.00	0.00	0.00	0.00	0.00	0.00	0.00	53.00
	1412.67	0.00	18615.46	20375.00	41867.33	0.00	0.00	0.00	0.00	0.00	0.00	85930.96
	1412.67	0.00	1551.33	1625.00	1659.49	0.00	0.00	0.00	0.00	0.00	0.00	1620.58
30-34	0.00	0.00	0.00	7.00	102.00	26.00	0.00	0.00	0.00	0.00	0.00	145.00
	0.00	0.00	14109.31	11375.00	172934.66	43729.65	0.00	0.00	0.00	0.00	0.00	244148.62
	0.00	0.00	1567.70	1625.00	1695.44	1758.83	0.00	0.00	0.00	0.00	0.00	1695.48
35-39	0.00	1.00	4.00	4.00	41.00	111.00	24.00	0.00	0.00	0.00	0.00	185.00
	0.00	1551.33	6205.32	6500.00	70307.66	197550.08	47096.97	0.00	0.00	0.00	0.00	329413.36
	0.00	1551.33	1551.33	1625.00	1719.78	1779.73	1962.26	0.00	0.00	0.00	0.00	1780.61
40-44	0.00	0.00	0.00	0.00	1.00	36.00	55.00	2.00	0.00	0.00	0.00	92.00
	0.00	0.00	0.00	0.00	1742.00	65909.96	105342.09	4012.96	0.00	0.00	0.00	178006.70
	0.00	0.00	0.00	0.00	1742.00	1830.83	1933.46	2006.33	0.00	0.00	0.00	1893.69
45-49	0.00	0.00	0.00	0.00	0.00	0.00	36.00	32.00	1.00	0.00	0.00	69.00
	0.00	0.00	0.00	0.00	0.00	0.00	69680.62	61955.78	1742.00	0.00	0.00	133178.40
	0.00	0.00	0.00	0.00	0.00	0.00	1930.02	1936.12	1742.00	0.00	0.00	1930.12
50-54	0.00	0.00	0.00	0.00	0.00	0.00	2.00	16.00	9.00	3.00	0.00	30.00
	0.00	0.00	0.00	0.00	0.00	0.00	3748.33	32781.66	16765.65	6812.00	0.00	60107.64
	0.00	0.00	0.00	0.00	0.00	0.00	1874.17	2028.85	1862.85	2270.67	0.00	2003.59
55-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.00	3.00	2.00	0.00	15.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	17567.33	5373.33	4012.66	0.00	26953.32
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1756.73	1791.11	2006.33	0.00	1796.89
TOTAL	1412.67	7756.65	42033.25	43875.00	286671.65	310931.69	226670.00	116317.43	23820.98	10824.66	1070373.98	
	1412.67	1551.33	1556.79	1625.00	1696.28	1788.96	1937.35	1936.62	1837.00	2164.93	1789.92	

NUMBER
MO SALARY
AVG SALARY

SJRJN000545

EXHIBIT 1.b

JUNE 30, 1979

DISTRIBUTION BY AGE AND SERVICE

POLICE ACTIVES

CITY OF SAN JOSE

YEARS OF SERVICE

AGE	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-	TOTAL
UNKNW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
-19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
20-24	27741.96	4265.67	4575.99	1382.33	1451.67	0.00	0.00	0.00	0.00	0.00	39437.62
	1387.10	1828.56	1925.33	1382.33	1451.67	0.00	0.00	0.00	0.00	0.00	14068.49
25-29	57167.46	31839.17	81371.33	1681.33	92298.28	0.00	0.00	0.00	0.00	0.00	269355.57
	1429.19	1516.15	1595.52	1681.33	1677.52	0.00	0.00	0.00	0.00	0.00	1572.18
30-34	18859.49	10768.33	34261.47	1681.33	22898.55	118200.61	0.00	0.00	0.00	0.00	411679.78
	1451.50	1536.33	1631.50	1681.33	1702.95	1787.70	0.00	0.00	0.00	0.00	1705.16
35-39	2903.34	0.00	5007.17	3406.00	7930.10	140343.66	59342.79	0.00	0.00	0.00	290433.06
	1451.67	0.00	1669.06	1703.00	1726.74	1846.63	1978.09	0.00	0.00	0.00	1826.62
40-44	0.00	0.00	0.00	0.00	1769.18	6481.83	114714.10	18635.90	0.00	0.00	235605.61
	0.00	0.00	0.00	0.00	1760.42	1841.48	1977.83	2329.44	0.00	0.00	1940.59
45-49	0.00	0.00	0.00	0.00	0.00	14386.34	27633.14	43575.97	9329.66	0.00	94915.11
	0.00	0.00	0.00	0.00	0.00	1794.54	1975.22	2178.80	2332.42	0.00	2063.37
50-54	0.00	0.00	0.00	0.00	0.00	0.00	7234.51	27382.33	14876.49	0.00	49291.83
	0.00	0.00	0.00	0.00	0.00	0.00	1892.63	1953.88	2096.71	0.00	1971.73
55-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1923.33	0.00	1724.67	3718.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1993.33	0.00	1724.67	1859.00
TOTAL	106582.25	46893.17	128215.86	8150.99	425680.78	35352.44	208948.54	91587.13	24066.65	1724.67	1374238.58
	1422.43	1512.68	1605.33	1630.20	1702.72	1822.57	1971.17	2129.93	2182.42	1724.67	1752.86

NUMBER
NO SALARY
AVG SALARY

87800 SARJND00546

EXHIBIT 2-C.

JUNE 30, 1979

CITY OF SAN JOSE FIRE RETIREES TYPE 4 DISTRIBUTION BY AGE AND YEARS SINCE RETIREMENT

YEARS SINCE RETIREMENT

AGE	1	2	3	4	5	6-10	11-15	16-20	21-25	26-	TOTAL
35	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
40-44	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
45-49	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
50-54	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
55-59	1,973.61	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,973.61
	59.21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	59.21
60-64	0.00	0.00	0.00	774.72	1,024.11	599.87	0.00	0.00	0.00	0.00	855.70
	0.00	0.00	0.00	97.24	144.99	158.57	0.00	0.00	0.00	0.00	136.45
65-69	0.00	0.00	0.00	0.00	0.00	715.61	364.57	0.00	0.00	0.00	481.65
	0.00	0.00	0.00	0.00	0.00	189.15	132.57	0.00	0.00	0.00	151.30
70-74	0.00	0.00	0.00	0.00	0.00	1791.99	440.08	349.06	0.00	0.00	511.87
	0.00	0.00	0.00	0.00	0.00	212.55	167.69	136.69	0.00	0.00	167.14
75-79	0.00	0.00	0.00	0.00	0.00	0.00	361.79	278.01	0.00	0.00	333.86
	0.00	0.00	0.00	0.00	0.00	0.00	136.71	109.38	0.00	0.00	127.60
80-84	0.00	0.00	0.00	0.00	0.00	0.00	0.00	307.34	0.00	170.66	261.78
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	123.57	0.00	78.22	108.45
85-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	271.67	216.42	0.00	287.05
	0.00	0.00	0.00	0.00	0.00	0.00	0.04	114.48	95.18	0.00	105.79
TOTAL	1,973.61	0.00	0.00	774.72	1,024.11	723.01	374.62	316.79	216.42	170.66	600.47
	59.21	0.00	0.00	97.24	144.99	192.39	138.66	125.85	93.18	78.22	134.25

NUMBER
AVG ANNUITY
AVG COL

SJR JN800548

EXHIBIT 2.C.

JUNE 30, 1979

POLICE RETIREES TYPE 4 DISTRIBUTION BY AGE AND YEARS SINCE RETIREMENT

CITY OF SAN JOSE

YEARS SINCE RETIREMENT

AGE	1	2	3	4	5	6-10	11-15	16-20	21-25	26+	TOTAL
-39	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
40-44	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
45-49	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
50-54	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
55-59	1,317.58	1,226.62	1,099.88	376.47	0.00	0.00	0.00	0.00	0.00	0.00	1,095.56
	55.95	101.98	47.24								58.14
60-64	0.00	0.00	1,700.66	0.00	971.00	983.12	0.00	0.00	0.00	0.00	1,070.53
	0.00	0.00	158.26	0.00	148.02	217.20	0.00	0.00	0.00	0.00	192.54
65-69	0.00	0.00	0.00	0.00	0.00	1,165.72	301.41	0.00	0.00	0.00	897.09
	0.00	0.00	0.00	0.00	0.00	185.67	111.11	0.00	0.00	0.00	183.75
70-74	0.00	0.00	0.00	0.00	0.00	1,953.51	375.07	253.01	0.00	0.00	617.80
	0.00	0.00	0.00	0.00	0.00	449.06	142.39	101.87	0.00	0.00	186.75
75-79	0.00	0.00	0.00	0.00	0.00	373.41	362.48	362.36	217.30	0.00	326.71
	0.00	0.00	0.00	0.00	0.00	113.81	132.60	132.70	93.58	0.00	124.01
80-84	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	213.97	0.00	213.97
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	98.08	0.00	98.08
85+	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	207.06	0.00	207.06
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	89.16	0.00	89.16
TOTAL	1,317.58	1,226.62	1,251.58	376.47	1,088.36	1,025.76	357.36	320.02	213.25	0.00	762.03
	55.95	116.05	47.24	166.85	237.68	135.54	126.49	95.40	95.40	0.00	136.57

SJRJN000549

NUMBER
AVG ANNUITY
AVG COL

EXHIBIT 2.d.

JUNE 30, 1979

DISTRIBUTION BY AGE AND YEARS SINCE RETIREMENT

FIRE RETIREES TYPE 5

CITY OF SAN JOSE

YEARS SINCE RETIREMENT

AGE	1	2	3	4	5	6-10	11-15	16-20	21-25	26-	TOTAL
-39	782.80 11.00	0.00 0.00	653.30 61.51	0.00 0.00	0.00 0.00	528.73 112.11	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	657.27 61.54
40-44	864.16 7.89	0.00 0.00	0.00 0.00	657.32 82.50	668.75 106.51	531.03 116.29	365.59 125.72	0.00 0.00	0.00 0.00	0.00 0.00	639.73 82.75
45-49	1,520.33 0.00	0.00 0.00	0.00 0.00	771.08 71.53	825.13 95.38	498.94 127.47	366.77 126.13	0.00 0.00	0.00 0.00	0.00 0.00	648.33 98.70
50-54	1,214.45 0.00	1,222.16 74.42	916.90 68.57	801.11 100.54	603.25 96.09	581.68 132.81	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	894.73 74.87
55-59	1,373.00 9.73	1,776.75 82.38	1,105.19 102.48	1,025.41 117.33	807.78 128.65	650.47 149.36	355.69 126.60	0.00 0.00	0.00 0.00	0.00 0.00	934.71 96.95
60-64	1,337.67 25.56	0.00 0.00	944.07 87.55	964.75 111.43	843.22 134.31	1,128.64 247.66	352.07 121.08	0.00 0.00	0.00 0.00	0.00 0.00	1,052.42 151.47
65-69	0.00 0.00	0.00 0.00	0.00 0.00	1,076.63 135.12	810.23 129.06	862.11 192.69	337.88 124.57	0.00 0.00	250.86 108.03	0.00 0.00	825.86 166.75
70-74	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00
75-79	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00
80-84	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	131.90 74.75
85-	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00
TOTAL	1,197.55 6.87	1,591.89 79.72	942.23 82.67	952.52 112.18	688.33 107.09	754.53 170.21	355.61 125.12	0.00 0.00	250.86 108.03	0.00 0.00	131.90 74.75

NUMBER
AVG ANNUITY
AVG COL

SJRJN000550

EXHIBIT 2.d.

JUNE 30, 1979

CITY OF SAN JOSE POLICE RETIREES TYPE 5 DISTRIBUTION BY AGE AND YEARS SINCE RETIREMENT

YEARS SINCE RETIREMENT

AGE	1	2	3	4	5	6-10	11-15	16-20	21-25	26-	TOTAL
-39	871.21	770.56	708.69	.00	.00	447.44	.00	.00	.00	.00	770.29
	13.67	38.78	65.72	.00	.00	117.21	.00	.00	.00	.00	39.51
40-44	.00	792.02	764.95	663.37	601.42	.00	.00	.00	.00	.00	717.50
	.00	48.28	70.94	83.26	95.79	.00	.00	.00	.00	.00	73.84
45-49	1,063.33	.00	.00	796.34	.00	695.17	377.00	.00	.00	.00	710.47
	.00	.00	.00	73.85	.00	117.44	129.66	.00	.00	.00	80.24
50-54	1,256.95	1,327.27	1,740.18	.00	934.51	385.15	388.93	.00	.00	.00	1,021.27
	22.26	59.35	161.41	.00	132.92	132.46	138.63	.00	.00	.00	87.06
55-59	1,705.85	1,128.31	.00	1,180.99	955.34	670.20	.00	.00	.00	.00	1,260.15
	26.77	60.21	.00	147.10	152.17	140.32	.00	.00	.00	.00	85.27
60-64	1,502.06	1,676.11	1,039.81	.00	.00	1,014.55	341.07	.00	.00	.00	1,064.64
	.00	102.07	96.41	.00	.00	217.28	127.86	.00	.00	.00	163.00
65-69	.00	.00	.00	.00	.00	1,709.63	368.40	.00	.00	.00	823.76
	.00	.00	.00	.00	.00	272.30	149.65	.00	.00	.00	169.71
70-74	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
75-79	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
80-84	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
85-	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
TOTAL	1,234.50	1,082.01	1,700.84	1,055.42	987.08	751.49	372.87	.00	.00	.00	956.30
	17.76	56.60	93.08	112.03	157.22	166.91	132.29	.00	.00	.00	93.55

SJRJN000551

NUMBER
AVG ANNUITY
AVG EUL

EXHIBIT 2.e.

CITY OF SAN JOSE FIRE RETIREES TYPE B DISTRIBUTION BY AGE AND YEARS SINCE RETIREMENT JUNE 30, 1979

YEARS SINCE RETIREMENT

AGE	1	2	3	4	5	6-10	11-15	16-20	21-25	26-	TOTAL
-39	0.00	0.00	0.00	0.00	1.00	2.00	0.00	0.00	0.00	0.00	3.00
	0.00	0.00	0.00	0.00	478.61	347.92	0.00	0.00	0.00	0.00	391.48
	0.00	0.00	0.00	0.00	76.23	67.51	0.00	0.00	0.00	0.00	70.42
40-44	1.00	0.00	0.00	0.00	0.00	2.00	0.00	0.00	0.00	0.00	3.00
	1,014.36	0.00	0.00	0.00	0.00	395.36	0.00	0.00	0.00	0.00	601.69
	0.00	0.00	0.00	0.00	0.00	97.36	0.00	0.00	0.00	0.00	64.91
45-49	0.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	0.00	1.00
	0.00	0.00	0.00	0.00	1,062.50	0.00	0.00	0.00	0.00	0.00	1,062.50
	0.00	0.00	0.00	0.00	169.24	0.00	0.00	0.00	0.00	0.00	169.24
50-54	0.00	1.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	0.00	3.00
	0.00	1,242.97	0.00	0.00	870.38	575.00	0.00	0.00	0.00	0.00	896.12
	0.00	75.70	0.00	0.00	138.62	111.59	0.00	0.00	0.00	0.00	108.64
55-59	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
60-64	0.00	0.00	0.00	0.00	0.00	3.00	0.00	0.00	0.00	0.00	3.00
	0.00	0.00	0.00	0.00	0.00	696.66	0.00	0.00	0.00	0.00	696.66
	0.00	0.00	0.00	0.00	0.00	156.22	0.00	0.00	0.00	0.00	156.22
65-69	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
70-74	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
75-79	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
80-84	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
85-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	1,014.36	1,242.97	0.00	0.00	803.83	518.94	0.00	0.00	0.00	0.00	678.49
	0.00	75.70	0.00	0.00	128.03	113.75	0.00	0.00	0.00	0.00	105.37

NUMBER
AVG ANNUITY
AVG COL

SJRJN000552

CITY OF SAN JOSE

POLICE RETIREES TYPE 6 DISTRIBUTION BY AGE AND YEARS SINCE RETIREMENT

JUNE 30, 1979

YEARS SINCE RETIREMENT

AGE	1	2	3	4	5	6-10	11-15	16-20	21-25	26-	TOTAL
39-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
40-44	1,631.93	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,631.93
	48.96	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	48.96
45-49	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
50-54	0.00	0.00	0.00	1,545.80	0.00	0.00	282.93	0.00	0.00	0.00	914.37
	0.00	0.00	0.00	160.89	0.00	0.00	107.82	0.00	0.00	0.00	134.36
55-59	0.00	0.00	0.00	0.00	1.00	583.00	0.00	0.00	0.00	0.00	761.08
	0.00	0.00	0.00	0.00	149.57	134.05	0.00	0.00	0.00	0.00	141.81
60-64	0.00	0.00	1,026.50	0.00	0.00	766.08	0.00	0.00	0.00	0.00	896.27
	0.00	0.00	95.19	0.00	0.00	176.09	0.00	0.00	0.00	0.00	135.64
65-69	0.00	0.00	0.00	0.00	0.00	2.00	0.00	0.00	0.00	0.00	1,146.65
	0.00	0.00	0.00	0.00	0.00	1,146.65	0.00	0.00	0.00	0.00	263.58
70-74	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
75-79	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
80-84	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
85-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	1,631.93	0.00	1,026.50	1,545.80	939.06	910.61	282.93	0.00	0.00	0.00	1,007.63
	48.96	0.00	95.19	160.89	149.57	209.33	107.82	0.00	0.00	0.00	155.53

SJRJN00553

NUMBER
AVG ANNUITY
AVG COL

EXHIBIT 3.f.

JUNE 30, 1979

CITY OF SAN JOSE FIRE SURVIVORS TYPE 6 DISTRIBUTION BY AGE AND YEARS SINCE RETIREMENT

TEARS SINCE RETIREMENT

AGE	1	2	3	4	5	6-10	11-15	16-20	21-25	26-	TOTAL
-39	1. 767.45 23.02	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	1. 767.45 23.02
40-44	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	1. 143.14 55.44	0. .00 .00	0. .00 .00	0. .00 .00	1. 143.14 55.44
45-49	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	1. 92.69 78.06	1. 224.77 82.86	0. .00 .00	0. .00 .00	0. .00 .00	2. 358.73 80.67
50-54	1. 688.33 29.65	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	1. 688.33 29.65
55-59	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	1. 535.99 67.27	0. .00 .00	1. 254.70 90.48	0. .00 .00	0. .00 .00	0. .00 .00	2. 389.35 78.88
60-64	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00
65-69	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	1. 641.65 124.52	1. 345.36 129.47	0. .00 .00	0. .00 .00	0. .00 .00	2. 493.51 127.00
70-74	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	1. 344.39 116.45	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	1. 344.39 116.45
75-79	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00
80-84	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00
85-	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00	0. .00 .00
TOTAL	2. 727.89 21.64	0. .00 .00	0. .00 .00	0. .00 .00	1. 535.99 67.27	3. 492.91 107.15	4. 234.49 69.56	0. .00 .00	0. .00 .00	0. .00 .00	10. 440.85 79.06

NUMBER
AVG ANNUITY
AVG COL

SJRJN000554

EXHIBIT 3.f.

JUNE 30, 1979

DISTRIBUTION BY AGE AND YEARS SINCE RETIREMENT

POLICE SURVIVORS TYPE 6

CITY OF SAN JOSE

YEARS SINCE RETIREMENT

AGE	1	2	3	4	5	6-10	11-15	16-20	21-25	26-	TOTAL
39	991.78	.00	.00	.00	.00	.00	.00	.00	.00	.00	991.78
40-44	.00	.00	.00	.00	.00	479.54	.00	.00	.00	.00	479.54
	.00	.00	.00	.00	.00	126.75	.00	.00	.00	.00	126.75
45-49	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
50-54	.00	.00	.00	.00	749.27	.00	.00	.00	.00	.00	749.27
	.00	.00	.00	.00	109.93	.00	.00	.00	.00	.00	109.93
55-59	.00	.00	.00	.00	.00	504.62	.00	.00	.00	.00	504.62
	.00	.00	.00	.00	.00	105.68	.00	.00	.00	.00	105.68
60-64	.00	.00	.00	.00	.00	449.36	.00	.00	.00	.00	449.36
	.00	.00	.00	.00	.00	87.20	.00	.00	.00	.00	87.20
65-69	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
70-74	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
75-79	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
80-84	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
85-	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
TOTAL	991.78	.00	.00	.00	749.27	491.87	.00	.00	.00	.00	1707.94
	.00	.00	.00	.00	109.93	106.54	.00	.00	.00	.00	277.07

SJRJN000555

NUMBER
AVG ANNUITY
AVG COL

CITY OF SAN JOSE FIRE SURVIVORS TYPE 7 DISTRIBUTION BY AGE AND YEARS SINCE RETIREMENT JUNE 30, 1979

EXHIBIT 3-8.

YEARS SINCE RETIREMENT

AGE	1	2	3	4	5	6-10	11-15	16-20	21-25	26-	TOTAL
-39	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.
	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
40-44	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.
	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
45-49	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.
	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
50-54	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.
	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
55-59	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.
	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
60-64	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.
	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
65-69	0.	0.	0.	0.	0.	0.	1.	0.	0.	0.	1.
	.00	.00	.00	.00	.00	.00	204.11	.00	.00	.00	204.11
	.00	.00	.00	.00	.00	.00	70.19	.00	.00	.00	70.19
70-74	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.
	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
75-79	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.
	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
80-84	0.	0.	0.	0.	0.	0.	0.	1.	0.	0.	1.
	.00	.00	.00	.00	.00	.00	.00	233.16	.00	.00	233.16
	.00	.00	.00	.00	.00	.00	.00	91.74	.00	.00	91.74
85-	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.
	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
TOTAL	0.	0.	0.	0.	0.	0.	1.	1.	0.	0.	2.
	.00	.00	.00	.00	.00	.00	204.11	233.16	.00	.00	218.64
	.00	.00	.00	.00	.00	.00	70.19	91.74	.00	.00	90.97

SURJN000556

NUMBER
AVG ANNUITY
AVG COL

EXHIBIT 3.h.

JUNE 30, 1979

DISTRIBUTION BY AGE AND YEARS SINCE RETIREMENT

FIRE SURVIVORS TYPE 0

CITY OF SAN JOSE

YEARS SINCE RETIREMENT

AGE	1	2	3	4	5	6-10	11-15	16-20	21-25	26-	TOTAL
-39	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
40-44	0.00	0.00	0.00	0.00	291.17	0.00	0.00	0.00	0.00	0.00	291.17
45-49	0.00	0.00	0.00	0.00	46.38	0.00	0.00	0.00	0.00	0.00	46.38
50-54	0.00	0.00	0.00	0.00	0.00	1.00	365.85	0.00	0.00	0.00	365.85
55-59	0.00	0.00	0.00	0.00	0.00	186.07	125.82	0.00	0.00	0.00	311.89
60-64	0.00	0.00	0.00	0.00	298.29	156.44	318.62	0.00	0.00	0.00	773.35
65-69	0.00	0.00	0.00	0.00	47.51	35.95	117.01	0.00	0.00	0.00	199.47
70-74	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
75-79	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
80-84	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
85-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	0.00	0.00	0.00	0.00	298.29	345.75	342.24	157.75	157.75	0.00	1201.78
	0.00	0.00	0.00	0.00	46.95	127.54	121.42	62.05	62.05	0.00	317.96

SJRJN000558

NUMBER
AVG ANNUITY
AVG COL

EXHIBIT 3.h.

CITY OF SAN JOSE

POLICE SURVIVORS TYPE B DISTRIBUTION BY AGE AND YEARS SINCE RETIREMENT

JUNE 30, 1979

YEARS SINCE RETIREMENT

AGE	1	2	3	4	5	6-10	11-15	16-20	21-25	26-	TOTAL
-39	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
40-44	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
45-49	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
50-54	0.00	0.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	1.00
	0.00	0.00	0.00	0.00	0.00	801.16	0.00	0.00	0.00	0.00	801.16
	0.00	0.00	0.00	0.00	0.00	155.46	0.00	0.00	0.00	0.00	155.46
55-59	0.00	0.00	1.00	15.00	0.00	2.00	0.00	0.00	0.00	0.00	4.00
	0.00	0.00	637.37	747.77	0.00	424.67	0.00	0.00	0.00	0.00	556.62
	0.00	0.00	59.10	93.85	0.00	101.49	0.00	0.00	0.00	0.00	66.98
60-64	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
65-69	0.00	0.00	0.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	1.00
	0.00	0.00	0.00	0.00	0.00	0.00	216.42	0.00	0.00	0.00	216.42
	0.00	0.00	0.00	0.00	0.00	0.00	74.43	0.00	0.00	0.00	74.43
70-74	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
75-79	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
80-84	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
85-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	0.00	0.00	637.37	747.77	0.00	550.16	216.42	0.00	0.00	0.00	542.01
	0.00	0.00	59.10	93.85	0.00	119.48	74.43	0.00	0.00	0.00	97.64

SJRUN000559

NUMBER
AVG ANNUITY
AVG COL

EXHIBIT 3.1.

CITY OF SAN JOSE FIRE SURVIVORS TYPE 9 DISTRIBUTION BY AGE AND YEARS SINCE RETIREMENT JUNE 30, 1979

AGE	YEARS SINCE RETIREMENT										TOTAL
	1	2	3	4	5	6-10	11-15	16-20	21-25	26-	
-39	0.00	0.00	0.00	0.00	0.00	0.00	109.60	0.00	0.00	0.00	109.60
40-44	0.00	0.00	0.00	1,063.93	0.00	0.00	0.00	0.00	0.00	0.00	1,063.93
45-49	0.00	0.00	0.00	133.45	0.00	0.00	0.00	0.00	0.00	0.00	133.45
50-54	0.00	0.00	0.00	0.00	0.00	1.00	651.44	0.00	0.00	0.00	651.44
55-59	0.00	0.00	0.00	0.00	0.00	0.00	126.42	0.00	0.00	0.00	126.42
60-64	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
65-69	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
70-74	0.00	0.00	0.00	0.00	0.00	518.46	0.00	0.00	0.00	0.00	518.46
75-79	0.00	0.00	0.00	0.00	0.00	82.58	0.00	0.00	0.00	0.00	82.58
80-84	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
85-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	0.00	0.00	0.00	1,063.93	518.46	651.44	200.66	0.00	0.00	0.00	1,434.09
	0.00	0.00	0.00	133.45	82.58	126.42	58.62	0.00	0.00	0.00	301.07

SJRJN000560

NUMBER
AVG ANNUITY
AVG COL

EXHIBIT 3.1.

JUNE 30, 1979

DISTRIBUTION BY AGE AND YEARS SINCE RETIREMENT

POLICE SURVIVORS TYPE 9

CITY OF SAN JOSE

YEARS SINCE RETIREMENT

AGE	1	2	3	4	5	6-10	11-15	16-20	21-25	26-	TOTAL
39	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
40-44	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
45-49	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
50-54	0.00	0.00	0.00	0.00	0.00	312.33	0.00	0.00	0.00	0.00	312.33
55-59	0.00	0.00	0.00	0.00	0.00	107.41	0.00	0.00	0.00	0.00	107.41
60-64	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
65-69	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
70-74	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
75-79	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
80-84	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
85+	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	0.00	0.00	0.00	0.00	0.00	312.33	0.00	0.00	0.00	0.00	312.33
	0.00	0.00	0.00	0.00	0.00	107.41	0.00	0.00	0.00	0.00	107.41

NUMBER
AVG ANNUITY
AVG COL

SJRJN000561

CURRENT MONTHLY BENEFITS

	<u>Number</u>	<u>Basic Annuity</u>	<u>Permanent C-O-L</u>	<u>Regular C-O-L</u>
I. Retirees				
A. 1946 Plan				
1. Police	10	\$ 2,868.81	\$ 404.34	\$ 803.73
2. Fire	9	1,889.33	512.32	853.53
B. 1961 Plan				
1. Police	99	\$ 94,836.42	\$ 512.84	\$11,571.51
2. Fire	126	103,174.84	431.71	14,710.19
C. Total	244	\$202,769.40	\$1,861.21	\$27,938.96
II. Survivors				
A. Police	21	\$ 10,425.89	\$ 88.45	\$ 1,819.84
B. Fire	28	\$ 11,502.64	\$ 201.91	\$ 2,507.33
C. Total	49	\$ 21,928.53	\$ 290.36	\$ 4,327.17

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SECTION IV. DESCRIPTION OF PLANS

This section summarizes the highlights of each of the plans as they apply toward current participants.

A. (PART 3) 1946 PLAN (there are no active members)

1. Service Retirement

A member who has completed at least 20 years of service and is at least age 55 may elect to receive a retirement benefit equal to 50% of the average monthly pay received by the member during the three years immediately preceding his retirement. Retirement is compulsory at age 65.

2. Death

There is no post retirement death benefit.

If an employee dies prior to his retirement, he is entitled to receive a return of his contributions plus interest.

3. Disability

a. Service Connected

If a member becomes disabled as a result of a service connected disability, his benefit shall be equal to 2 1/2% of his monthly salary times his years of service, with a maximum benefit of 50% of his average monthly salary.

b. Non-Service Connected Disability

If a member becomes disabled because of a non-service connected disability, and he has at least 10 years service, he shall receive 1.25% of his salary for each year of service, with a maximum benefit of 25% of his monthly salary. If the member has less than 10 years of service at the time of disability, he receives nothing.

4. Withdrawal

Although my copy of the Code is silent on the subject, it would appear that members withdrawing from the plan are entitled to a refund of their contributions, with interest.

8 April 1980

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5. Contributions

Section 2903.28 of the Code provides that initially contributions would be 8% of salary on the part of the City and 3% on the part of members. It further provides the Board will change or revise rates of contributions by members on the basis of actuarial investigations, but maintain the 8 to 3 ratio of contributions in regard to current service.

B. (PART 3A) 1961 PLAN

1. Service Retirement

The earliest age for voluntary service retirement is 55, with 20 years of service. If the member has at least 20 years service, he can have a voluntary retirement at age 50 (actuarially reduced). The mandatory retirement age is 65.

The monthly benefit at normal retirement is 50% of the member's highest average monthly salary for 12 consecutive months plus 2 1/2% per year for each year in excess of 20 years of service. The maximum benefit is 75% of monthly salary.

2. Death

These death benefits are generally subject to minimum benefits equal to the greater of \$1,000 or the return of the employee's contribution with interest at 2% per year.

There are additional death benefits in the form of survivorship allowances. These survivorship benefits are determined according to whether death was before or after retirement and whether death was service or non-service connected.

- a. The pre-retirement survivor allowances in the case of a service connected death is 37.5% of monthly salary to the surviving widow(er) until death or remarriage, and a children's allowance ranging from 25% for one child to 75% minus widow's allowance for two or more children.
- b. The pre-retirement survivor allowance in the case of a non-service connected death is nothing if the member dies before two years' service.

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After two years' service, the widow(er's) benefit is 24% of salary plus 0.75% per year of service, with a maximum allowance of 37.5%. The surviving children's allowances are about the same as those for service connected deaths.

- c. The post retirement death benefit after service connected disability retirement or service retirement is the same as the pre-retirement service connected death allowance.
- d. The survivor allowances in the case of death of the non-service connected disability retirement are the same as those of a non-service connected pre-retirement death.

3. Disability

The amount of benefit depends upon age at disability and years of service as well as whether it is a service connected disability.

- a. If the member is less than age 50 and has at least 20 years service, the benefit is 50% of salary.
- b. If the member is at least 50 and has at least 20 years service, the benefit is 50% plus 2.5% per year of service over 20. The maximum benefit is 75%.
- c. If the member has a service connected disability and less than 20 years of service, he receives 50%.
- d. If the member has a non-service connected disability and more than 2 years but less than 20 years of service, he receives 32% plus 1% per year of service over 2.

4. Withdrawal

If a member terminates other than by death, disability, or service retirement, he may receive his contributions plus interest at 2%.

If he has at least 10 years of service, he may leave his contributions in the Plan. In that case he will be entitled to a service retirement commencing at age 55 (or 20 years from entry if later). His survivors will receive the same type of benefits as other survivors.

8 April 1980

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SJRJN000565

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5. Contribution Rates

The "current service" contributions are in the ratio of 8 for the City to 3 for the member. The balance is the responsibility of the City.

C. (PART 6) COST OF LIVING ADJUSTMENTS

In 1970, Part 6 of the plan was added.

It provides that retirement (service and disability) and survivor allowances under both the 1946 and 1961 plans are subject to annual adjustments based upon the Consumer Price Index. The first adjustment is in the year following retirement or death.

The maximum annual adjustment is 3%, with accumulation of any excess to future years.

Contributions for funding this cost of living benefit shall be determined periodically and shall be in the ratio of 8 for the City and 3 for the member.

Member contributions are returnable, as in the 1946 and 1961 plans.

EXHIBIT EE

CITY OF SAN JOSÉ - MEMORANDUM

TO: BOARD OF ADMINISTRATION
POLICE AND FIRE DEPARTMENT
RETIREMENT PLAN

FROM: SUSAN DEVENCENZI
Sr. Deputy City Attorney

SUBJECT: Allocation of Actuarial Gains and
Losses

DATE: December 29, 1997

BACKGROUND

The Board of Administration has requested information on the allocation of actuarial gains in the calculation of contribution rates of the City and the members of the Police and Fire Department Retirement Plan. This memorandum is in response to the Board's request.

DISCUSSION

In order to fully understand the allocation of actuarial gains, it may be helpful to have background information on actuarial valuations generally, how contribution rates historically have been calculated in the Police and Fire Plan, and how actuarial gains and losses have been allocated between members of the Plan and the City. This memorandum discusses these considerations and provides an analysis of the Board's authority in setting the contribution rates.

A. Actuarial Valuations

An actuarial valuation of a defined benefit plan incorporates (1) actuarial assumptions (e.g., mortality rates, retirement rates, pay increases, investment yields) which estimate the total costs of providing the benefits in the plan, and (2) an actuarial method which allocates the costs among years. The actuarial valuation produces two numbers: a current service cost and an actuarial accrued liability. These numbers are used to determine contribution rates.

1. Plan Costs

Because actuarial valuations recognize prior experience of the plan, each valuation differs from previous valuations by reflecting updated experience. The plan experience is recognized in two ways. First, because the data used in the valuation reflects prior

experience such as number of deaths, pay increases and investment yields, the valuation automatically uses the new experience and adjusts for it. If the experience has been favorable (e.g., higher than assumed investment yields), contribution rates decrease. If the experience has not been favorable (e.g., higher than expected disability retirements), contribution rates increase.

Second, if the new experience deviates significantly from the previous actuarial assumptions, the actuary may recommend revised assumptions. The revised assumptions may produce higher or lower contribution rates depending on which assumptions are changed and the nature of the change. For example, increasing the investment yield assumption would lower contribution rates because it would be assumed that a larger portion of the costs would be funded by investment yields; increasing the salary increase assumption would raise contribution rates because higher salaries would result in higher benefits that would need to be funded.

Thus, each actuarial valuation estimates the retirement system costs. By incorporating new information, subsequent valuations attempt to provide improved estimates of the total costs. Based on these estimates of costs, it may become necessary from time to time to adjust contribution rates in order to fund the benefits on an actuarially sound basis.

2. Actuarial Method

Contribution rates are also affected by the actuarial method used. The actuarial method allocates the estimated total costs among years and determines how much of the total estimated cost is to be contributed in each year. Some actuarial methods attribute higher costs to earlier years; these methods tend to produce high initial contribution rates with rates declining over time and eventually leveling off. Other methods spread costs more evenly over time and produce contribution rates that are expected to be relatively stable over the life of the plan.

In practice, the contribution rates will change to reflect the actual experience of the plan at each actuarial valuation, regardless of

the actuarial method used. The actuarial method tends to determine the volatility of the changes.

B. Police and Fire Plan Provisions

1. 1961 Plan Prior to 1979

During the time the 1961 Police and Fire Department Retirement Plan was being developed and implemented, the City Charter authorized the City Council, by ordinance, to establish retirement plans for eligible members of the Police and Fire Department. The Charter required that each such plan be actuarially sound and that provisions be made for the payment of monthly contributions into the retirement fund by both members of the plan and the City. With respect to the allocation of contributions between the City and the members of the plan, the Charter provided:

The amount of monthly contribution required of members, as compared to monthly contributions required of the City, shall at all times be in the ratio of three to eight provided and excepting, however, that if provision should be made for the payment of any benefits on account of service rendered by members prior to the effective date of the ordinance which provides such prior service benefits, then in that event, the Council, subject to the provisions of [the Charter which require certain minimum benefits], may in its discretion provide for the payment by the City of San Jose of all of such amounts as must be contributed to the retirement fund on account of such prior service benefits to render the plan and fund actuarially sound to the extent that such amounts are not provided by members' accumulated prior service contributions, or may require contributions for such purpose by both City and members provided that contributions required of members for such purpose shall never exceed \$3 for each \$8 contributed for such purpose by the City.¹

¹ San José City Charter Section 78a of Article X as amended by the voters at an election held April 12, 1960.

Under this Charter provision, if there were an increase in benefits, the prior service costs of those benefits could be completely absorbed by the City or could be allocated between plan members and the City.

As the 1961 Plan was originally enacted, if any person who was a member of the previous plan (the "1946 Plan") elected to become a member of the 1961 Plan, all contributions made by that person prior to membership in the 1961 Plan, and by the City on that person's behalf, were required to be credited to the 1961 Plan. In addition, the City contributed the additional amounts needed to fund the benefits payable because of service in the 1946 Plan. All other contributions needed to keep the fund actuarially sound were split between the members and the City on a 3:8 basis. To the best we have been able to ascertain, the original rates were set at 14.25% of payroll for current service (split at 3.88% for members and 10.37% for the City) and 4.9% of payroll to fund the benefits payable because of 1946 Plan membership.

Under this funding mechanism, known as the aggregate cost method, the members' and the City's contribution rates were adjusted at each actuarial valuation. However, if contribution rates set by a prior valuation were inadequate to fund benefits, whether because of actuarial experience or because of increased benefits, the deficit was added to both the members' and the City's rates in the 3:8 ratio. In other words, except for costs associated with service in the 1946 Plan, the actuarial accrued liability was set at zero. Any deficit in contributions relating to benefits attributable to service rendered after February 1, 1962 (the effective date of the 1961 Plan) was included in the calculation of "current service". Similarly, if experience was favorable, that would be reflected in lower current service rates for both the City and the members and possibly a lower prior service contribution rate for the City.

A number of events occurred after the adoption of the 1961 Plan which led to an alteration in the way contribution rates were allocated between members and the City. First, in 1965, the voters adopted a new City Charter. Section 1504(b) provided that contributions "for or because of current service or current service benefits" for eligible members of the Police and Fire Departments could not exceed a ratio of 3 for members to 8 for

the City. The new language specifically excluded contributions required for prior service or prior service benefits from the 3:8 requirement and left the funding mechanism for prior service to be determined by ordinance of the City Council.

In addition, between 1962 and 1970, the calculation of final compensation was changed from the highest 36 months to the highest 12 months of service and significant benefit enhancements were made in such areas as survivors' benefits and cost-of-living adjustments. By the 1970 actuarial valuation, current service rates had increased in 17.88% (split 4.88% of payroll for members and 13.00% of payroll for the City). Of the 17.88% of payroll for current service contributions, 3.03% of payroll was attributable to deficits in prior current service contribution rates.² The information available does not specify to what extent the deficit was attributable to the increased benefits as opposed to changes in other assumptions.

In the 1970 actuarial valuation, the actuaries recommended that the actuarial method of the Plan be changed so that "current service" contributions would be determined as the rate of contributions required of new entrants to the Plan (i.e., new members since the last valuation). If this method were implemented, current service rates would be calculated as a "balancing item".³ The resulting change in rates would be current service at 14.85% of payroll (split 4.05% of payroll for members and 10.80% of payroll for the City) and a prior service rate of 7.09% of payroll to be paid entirely by the City. It was expected that the change in actuarial method would reduce the volatility of future changes in the rates.

In June of 1971, the City Council approved a memorandum of understanding with Fire Fighters Local 873 (now Local 230). The MOU included a provision for an amendment of the 1961 Plan to provide, with respect to Fire Department members, that "when, from time to time, the Retirement Board changes or amends the rates of contribution required to be paid by City and by members

² City Council Resolution No. 40059, adopted July 12, 1971, citing contribution rates from the actuarial report dated May 11, 1971. The resolution did not explain how the determination of 3.03% was derived, and a copy of the 1971 report is no longer available.

³ Council Resolution No. 40059, quoting from the actuarial report dated May 11, 1971.

for current service, the new rates thereby established by the Board . . . shall not include any amount required to make up any deficit resulting from the fact that previous rates of contribution thereto made by the City and by such members are inadequate to fund costs attributable to service rendered by such members prior to the date of said amendment or change of rates for which service said members were entitled as of the date of such change or amendment, to receive credit under said Plan . . .⁴ At the same time, the Council declared its intent to amend the Plan as outlined in the MOU, and agreed to pick up that portion of the Fire members' current service contributions as would have been paid by the City had the amendment already been made. The Council would continue to make contributions for non-Fire members as calculated by the aggregate cost method. The resulting relative contributions effective July 1, 1971, expressed as a percent of payroll, were:

For Fire Fighters

	Member	City
Current Service	4.05%	10.80%
Prior Service	0	7.09%
<i>Total</i>	4.05%	17.89%

For non-Fire Fighters

	Member	City
Current Service	4.88%	13.00%
Prior Service	0	4.24%
<i>Total</i>	4.88%	17.24%

On July 26, 1971, the Council adopted Resolution No. 40129 declaring its intent to amend the 1961 Plan as described in the MOU with the Fire Fighters for all members of the Plan. The Council then picked up the same portion of the current service contributions for all members effective August 1, 1971, so the relative contributions for all members of the Plan were as listed for Fire Fighters above.

⁴ Council Resolution No. 40059, quoting from the Memorandum of Understanding for Joint Submission to the Council of the City of San Jose Regarding the San Jose Fire Fighters Local 873 (Unit), Section 5.00.

2. 1961 Plan Beginning in 1979

In 1977, the Board retained the Wyatt Company to evaluate the Plan's costs independently of the valuations previously performed by other actuaries. The Wyatt Company concurred with the Board's regular actuary that the cost-of-living adjustments were inadequately funded, the salary increase assumption was too low, and service disability rates were higher than previously assumed.

Wyatt also recommended an increase in the interest earnings assumption and a change in the actuarial method to one which would provide more stable contribution rates.⁵

In 1979, the City Council adopted Ordinance No. 19690 amending the Municipal Code to change the actuarial method to the new entrant method. Under this method, contributions for current service were defined as:

[A] rate of contribution which is needed to provide the benefits payable under this plan to a new entrant. Rates for current service shall not include any amount required to make up any deficit resulting from the fact that previous rates of contribution made by the City and members were inadequate to fund benefits attributable to service rendered by such members prior to the date of any change of rates.

Ordinance No. 19690 retained the 3:8 ratio between members and the City for the current service contribution split. But, significantly, it changed the way the accrued actuarial liability was to be determined and it shifted contributions for the unfunded accrued liability entirely to the City. Beginning in 1979, prior service costs were no longer included in "current service" contributions and were no longer divided between the members and the City. Instead, the City was to contribute amounts needed

⁵ "Report of Actuarial Valuation as of July 1, 1977", dated April 10, 1978, prepared by The Wyatt Company. Wyatt noted that the contribution rates paid based on the 1974 valuation were 6.59% of payroll by members and 23.28% of payroll by the City for a total of 29.87%. Using the 1974 cost-of-living adjustment methodology, salary scale and interest assumptions would have resulted in a total increase in rates to 38.08%; if the Wyatt recommendations were adopted with respect to changing the COLA methodology, revising the salary assumption, and revising the interest earnings assumption, the new total rate would have been 53.59% of payroll.

"to make [the] plan actuarially sound to the extent that such amounts are not provided by member and City's current service contributions."

In 1990, based upon the recommendation of the actuary and the Retirement Board, the Plan was again amended to change the actuarial method.⁶ The change was from the "new entrant" method to the "entry age normal" method. Under the entry age normal method, "contributions for current service" are defined as "the sum of the normal costs for each actively employed member as determined under the entry age normal actuarial cost method, divided by the aggregate current compensation of such members." The entry age normal cost method looks at the value of each member's future benefits determined as of the date of the member's employment, as opposed to the new entrant method which looks only at the members who entered the plan since the last actuarial valuation.⁷ The entry age normal method more accurately reflects the workforce than does the new entrant method and tends to produce less volatility in contribution rates because it spreads the costs as a level percentage over each employee's period of employment.

The 1990 amendment retained the 3:8 split for current service contributions and retained the provision that the City would contribute such amounts as are needed to make the fund actuarially sound to the extent the amounts are not provided by the current service contributions.

C. Application of Actuarial Methods to Contribution Rate Calculations

Under both the new entrant method adopted in 1979 and the entry age normal method adopted in 1990, the members and the City share the current service (or "normal") cost. This is the "annual contribution rate" which, if paid annually from a member's first year of membership through the year of retirement, would accumulate to the amount necessary to

⁶ The meet and confer process between the City and the affected employee organizations on the issue of changing the actuarial method was completed in March 1990. Ordinance No. 23432 was approved by the Council in April 1990, to implement the change.

⁷ See, San José Municipal Code Section 3.36.1520.

fully fund the member's retirement-related benefits.⁸ Under the Plan provisions, this rate is split between the members and the City in the ratio of 3 to 8.

As each of these methods was implemented, the City is required to contribute all amounts necessary to make the Plan actuarially sound to the extent the necessary amounts are not provided by the current service contributions.⁹ These amounts are included in the City's contribution to the unfunded actuarial accrued liability, i.e., the "annual contribution rate which, if paid annually over the UAAL amortization period, would accumulate to the amount necessary to fully fund the UAAL."¹⁰ A good explanation of the UAAL is provided in the 1995 Valuation Report:

The UAAL arises from prior contributions that were less than the current Normal Cost. This usually results from benefits and assumption changes and the net effect of prior gains and losses. If the city had always contributed the current Normal Cost, if there were no prior benefit or assumption changes and if actuarial experience exactly matched the actuarial assumptions, the Normal Cost would be sufficient to fund all benefits and there would be no UAAL.¹¹

To determine the UAAL, and thus the City's contribution rate necessary to put the retirement fund in actuarial balance, the actuary subtracts the actuarial value of the Plan assets from the actuarial accrued liability.¹² If the actuarial value of the assets is less than the actuarial accrued liability, there is an unfunded liability for which the City is required to make contributions.

However, if the actuarial value of the assets exceeds the actuarial accrued liability, the UAAL, and thus the City's contribution rate for the UAAL, is a negative number. This doesn't mean the Plan has too much money. Rather, it means that the UAAL is being paid off faster than the amortization period anticipated. The City was paying the amount the

⁸ "City of San Jose Police and Fire Department Plan Actuarial Valuation Report As of June 30, 1995", dated October 1995 (the "1995 Valuation Report"), at p. 28.

⁹ Current Municipal Code Section 3.36.1550 D; prior Code Section 2903.279.

¹⁰ 1995 Valuation Report, at p. 28.

¹¹ 1995 Valuation Report, at p. 42.

¹² 1995 Valuation Report, at p. 66.

actuary recommended based on the information available at the time the rates were set, but favorable Plan experience resulted in actuarial gains. In retrospect, the favorable experience made the UAAL contributions redundant. Had the revised assumptions been available to set the original UAAL rate, the rate would have been lower. Consequently, the adjustment in the City's contribution rate is made so that the total amount contributed over the amortization period is in actuarial balance.

Since 1979, the actuaries have consistently applied these actuarial methods to calculate the contribution rates necessary to maintain the fund on an actuarially sound basis as required by the City Charter and the specific provisions of the Plan. The Board has consistently adopted contribution rates which allocated the gains and losses in the manner identified in the actuaries' reports, and the members and the City have consistently paid contributions into the fund based on those allocation and the contribution rates adopted by the Board.

The contribution rates recommended by the actuaries since 1979 are set out below. These rates do not include the contributions for medical or dental coverage because those contribution rates are calculated on a rolling ten-year basis rather than on the new entrant or entry age basis. Also, there is no report for 1981 because the Board did not adopt the two-year schedule until 1983.

1979 Actuarial Report ¹³

	City	Member	Total
Basic Current Service	18.70%	7.02%	25.75%
Basic UAAL	6.68	0	6.68
COLA	10.83	4.05	14.88
Total	36.21%	11.07%	47.28%

¹³ The 1979 Actuarial Report recommended rates of 35.53% of payroll for the City and 10.81% of payroll for members, but in a supplemental report the actuary provided a phased-in rate schedule of 28.82% for the City and 8.25% for members through September 1980, 31.60% for the City and 9.08% for members through September 1981, and 36.21% for the City and 11.07% for members thereafter. The numbers in this table are an extrapolation of the data in the actuary's report to estimate the breakdown between current service costs and UAAL at the end of the phase-in period. At the time of the 1979 valuation, cost-of-living contribution rates were calculated on a rolling 10-year basis with costs shared in a 3:8 ratio except for a small (0.04% of payroll) amount absorbed by the City for a previously granted permanent cost-of-living increase.

1983 Actuarial Report

	City	Member	Total
Basic Current Service	16.34%	6.13%	22.47%
Basic UAAL	0.31	∅	0.31
COLA Current Service	6.07	2.27	8.34
COLA UAAL	2.87	∅	2.87
Total	25.59%	8.40%	33.99%

1985 Actuarial Report

	City	Member	Total
Basic Current Service	16.62%	6.23%	22.85%
Basic UAAL	0.44	∅	0.44
COLA Current Service	6.22	2.33	8.55
COLA UAAL	3.18	∅	3.18
Total	26.46%	8.56%	35.02%

1987 Actuarial Report

	City	Member	Total
Basic Current Service	15.11%	5.67%	20.78%
Basic UAAL	(0.31)	∅	(0.31)
COLA Current Service	6.04	2.26	8.30
COLA UAAL	3.60	∅	3.60
Total	24.44%	7.93%	32.37%

1989 Actuarial Report

	City	Member	Total
Basic Current Service	14.57%	5.47%	20.04%
Basic UAAL	(2.68)	∅	(2.68)
COLA Current Service	5.37	2.01	7.38
COLA UAAL	2.54	∅	2.54
Total	19.80%	7.48%	27.28%

1991 Actuarial Report

	City	Member	Total
Basic Current Service	14.77%	5.54%	20.31%
Basic UAAL	(3.47)	∅	(3.47)
COLA Current Service	5.41	2.03	7.44
COLA UAAL	2.12	∅	2.12
Total	18.83%	7.57%	26.40%

1993 Actuarial Report

	City	Member	Total
Basic Current Service	14.49%	5.43%	19.92%
Basic UAAL	(2.80)	ø	(2.80)
COLA Current Service	5.49	2.06	7.55
COLA UAAL	2.89	ø	2.89
Total	20.07%	7.49%	27.56%

1995 Actuarial Report ¹⁴

	City	Member	Total
Basic Current Service	15.63%	5.86%	21.49%
Basic UAAL	(2.72)	ø	(2.72)
COLA Current Service	5.72	2.15	7.87
COLA UAAL	1.29	ø	1.29
Total	19.92%	8.01%	27.93%

As can be seen from the chart, a negative UAAL on the pension contributions first appeared in the 1987 valuation. According to the actuary who prepared the report, if the same actuarial assumptions were used in both 1985 and 1987, the basic current service cost would increase significantly because at that time the plan used the new entrant method and the average age of new entrants had increased by a year. Consequently, the number of years to fund the benefits decreased causing a corresponding increase in the required current service contributions. The increase in current service costs, coupled with investment gains, resulted in a significant decrease in the UAAL. ¹⁵ The final recommended rates in the 1987 report were based on revised assumptions which were adopted by the Board and on the actuary's recommendation that the actuarial method be changed to the entry age normal method. Both of these considerations reduced current service costs, but they did not increase the UAAL to a positive number.

¹⁴ The breakdown for the City contribution rates listed here is the breakdown in the report dated October 1995. In a supplemental report, the actuary provided revised numbers for the changes in rates attributable to certain revised assumptions and attributable to an interest adjustment and adjustments to the normal cost and the UAAL. The supplemental report did not break out the components to show normal cost and UAAL contributions separately. However, the total contribution rates of the members and the City were the same in both reports.

¹⁵ "San Jose Police and Fire Department Retirement Plan Experience Review for July 1, 1981 to July 1, 1987", dated December 24, 1987.

D. Board's Authority Regarding Contribution Rates

Under the applicable provisions of the San José Municipal Code, the Board of Administration has the responsibility to manage and administer the retirement system that is established by ordinance of the City Council. The terms and provisions of the current retirement system (the 1961 Plan) are set out in Chapter 3.36 of the Municipal Code. The provisions of the 1946 Plan can be found in what is now Chapter 3.32 of the Municipal Code.

At least since the adoption of the 1946 Plan, the Board has had the duty and responsibility to have an actuarial investigation and valuation performed not less often than every five years. Based on the results of the actuarial investigation and valuation, the Board has been charged with the duty to adopt the necessary actuarial assumptions and to adopt, and from time to time revise, contribution rates for the members and the City as required to make the Plan actuarially sound.¹⁶ While the Board may receive comments or suggestions from participants, employee organizations, the City Administration, the City Council, or other interested parties, none of these groups has the authority to set the contribution rates.

In addition, the Board has the authority to select the actuary and to enter into agreements for actuarial services.¹⁷ Again, the Board may receive comments or suggestions, but the final decision on which actuary to retain rests with the Board.

However, the Board does not have the authority to change the Plan. Because the Plan is set out in ordinances adopted by the City Council, changes in the Plan must also be made by ordinances of the Council. The actuarial method is set out in the Plan as part of the Municipal Code provisions. Therefore, a change in the actuarial method would require an amendment to the Code.

Both the new entrant method and the entry age normal method calculate current service (or "normal") costs and then calculate the actuarial accrued liability as the amount required to keep the fund actuarially sound. Since 1979, the Municipal Code has provided that the

¹⁶ Current Municipal Code Sections 3.36.400, 3.36.410; prior Code Sections 2903.28, 2903.105, 2803.106. (Emphasis added.)

¹⁷ Municipal Code Section 3.36.385.

contributions necessary to fund the actuarial accrued liability have been allocated entirely to the City. Any changes in the allocation of contributions to fund the UAAL would also require that the City Council adopt an ordinance to amend the Municipal Code.¹⁸

If the Board wishes to change either the actuarial method or the allocation of costs between the City and the members, it would be appropriate for the Board to make such a recommendation to the City Council.

E. Meet and Confer Requirements

The Meyers-Milias-Brown Act (California Government Code Section 3500 *et seq.*) requires that the City meet and confer in good faith with representatives of the employee organizations prior to making changes in wages, hours or other terms and conditions of employment. A public employee's pension has long been held as constituting an element of compensation. (See, e.g., *International Association of Firefighters v. City of San Diego* (1983) 34 Cal.3d 292.)

A change in either the actuarial method or the allocation of contributions to fund the UAAL would require an amendment to the provisions of the Plan as set out in the Municipal Code. Such a change would affect the contribution rates that would be made by active members of the Plan and would require that the City and the employee organizations meet and confer about the changes.¹⁹

CONCLUSION

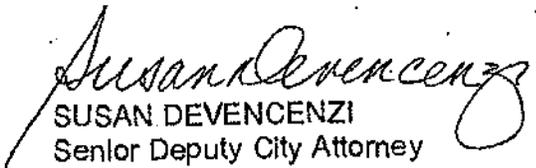
Under the terms of the Police and Fire Department Retirement Plan, contributions for current service are allocated between the Plan members and the City in the ratio of 3:8. Changes in actuarial assumptions, changes in benefits, and other actuarial gains and losses may affect the current service costs, but regardless of whether those costs increase or decrease, the Municipal Code requires the costs be shared in the 3 to 8 ratio. The Municipal Code also requires that, to the extent that such amounts are not provided by

¹⁸ It should be noted, however, that a change in the allocation of costs for current service that would result in a ratio higher than 3:8 would also require a Charter amendment.

¹⁹ There is precedence for the meet and confer requirement. Both the change made in 1979 (change to new entrant method and allocation of UAAL entirely to the City) and the change made in 1990 (change to entry age normal method) went through the meet and confer process before the change was made.

current service contributions, the City must contribute the amounts necessary to keep the retirement fund actuarially sound. In the actuarial method employed by the Retirement System, the contributions necessary to fund the UAAL are calculated to keep the retirement fund in actuarial balance. Under this method and the selected amortization period, the UAAL may be either a positive or a negative number. Regardless, the contributions to fund the UAAL are allocated entirely to the City.

If the Board wishes to change the actuarial method or the allocation of contribution rates between the members and the City, it would be appropriate for the Board to make such a recommendation to the City Council for the matter to be referred to the meet and confer process.


SUSAN DEVENCENZI
Senior Deputy City Attorney

cc: Edward F. Overton

EXHIBIT FF

ORDINANCE NO. 29174

AN ORDINANCE OF THE CITY OF SAN JOSE AMENDING VARIOUS SECTIONS OF CHAPTER 3.28 OF TITLE 3 OF THE SAN JOSE MUNICIPAL CODE TO CLARIFY THE CITY CHARTER SUPERSEDES THE FEDERATED CITY EMPLOYEES RETIREMENT PLAN IN EVENT OF CONFLICT, CLARIFY THE DEFINITION OF TIER 2 MEMBER, DISCONTINUE THE SUPPLEMENTAL RETIREE BENEFIT RESERVE, CLARIFY ACTUARIAL SOUNDNESS IS DETERMINED CONSISTENT WITH THE CALIFORNIA CONSTITUTION, AND MAKE ADDITIONAL REQUIREMENTS FOR MANDATORY MEDICARE ENROLLMENT, TO BE EFFECTIVE JANUARY 4, 2013

WHEREAS, the City of San José ("City") wishes to further implement the provisions of Article XV-A of the City's Charter and clarify that in the event of conflict between the provisions of Article XV-A of the City's Charter and the Federated City Employees Retirement Plan, the City's Charter controls; and

WHEREAS, the City wishes to clarify that certain employees who participate in a City sponsored defined contribution plan will be excluded from participation in the Federated City Employees Retirement Plan; and

WHEREAS, the City wishes to discontinue use of the Supplemental Retiree Benefit Reserve; and

WHEREAS, the City wishes to clarify that the actuarial soundness of the Federated City Employees Retirement Plan is determined in a manner consistent with Article XVI, Section 17 of the California Constitution (the "1992 California Pension Protection Act"); and

WHEREAS, the City wishes to make additional requirements relating to mandatory enrollment of Federated City Employees Retirement Plan members into Medicare;

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

SECTION 1. Section 3.28.010 of Chapter 3.28 of Title 3 of the San José Municipal Code is amended to read as follows:

3.28.010 Plan Established - Name - Scope

- A. There is hereby established a retirement plan for all persons, hereinafter in this chapter specified, who may become members thereof pursuant to the provisions of this chapter. This plan shall be known as the "1975 Federated City Employees Retirement Plan," and includes all provisions of this Chapter 3.28.
- B. Notwithstanding any provision of the code to the contrary, the elements of the retirement plan as set out in Chapters 3.16, 3.20, 3.24 and 3.28 are components of a single retirement system known as the Federated City Employees Retirement Plan.
- C. Contributions made by the City and the members of the plan to the retirement fund described in Part 3 of this Chapter shall be made for the purpose of distributing to such members or their beneficiaries the corpus and income of the fund in accordance with the terms of this plan.
- D. The Federated City Employees Retirement Plan is established as a qualified governmental defined benefit plan pursuant to Sections 401(a) and 414(d) of the Internal Revenue Code or such other provision of the Internal Revenue Code as applicable and applicable treasury regulations and other guidance of the Internal Revenue Service. The board shall be authorized to adopt rules and regulations which are appropriate or necessary to maintain the qualified status of the plan.

- E. Effective September 30, 2012, the Federated City Employees Retirement Plan has been amended to provide for different retirement benefits for individuals hired or rehired by the City on and after that date. Members subject to these new benefit provisions are referred to in this chapter as Tier 2 members.
- F. Under the City Council' authority pursuant to Article XV, Section 1500 of the City Charter, the provisions of Article XV-A of the City Charter are hereby implemented into the San José Municipal Code. To the extent there is any conflict between Article XV-A of the City of San José's Charter and the provisions of the Federated City Employees' Retirement System, Article XV-A will supersede any conflicting provision in the Federated City Employees' Retirement System, except as provided in Section 3.28.350.B

SECTION 2. Section 3.28.030.28 of Chapter 3.28 of Title 3 of the San José Municipal Code is amended to read as follows:

3.28.030.28 Tier 2 Member

"Tier 2 member" means any person who is hired, rehired or reinstated by the City on or after September 30, 2012 except for any person who is eligible and elects to participate in a defined contribution plan established under the San José Municipal Code.

SECTION 3. Section 3.28.070 of Chapter 3.28 of Title 3 of the San José Municipal Code is amended to read as follows:

3.28.070 Termination of Plan

- A. Upon the termination of this plan or upon the complete discontinuance of contributions under the plan, the rights of each member, former member and beneficiary to benefits accrued to the date of such termination or discontinuance, to the extent then funded, shall be Nonforfeitable.
- B. Upon the termination of this plan, the board shall perform all of the following:
1. Liquidate the assets of the retirement fund.
 2. Pay all of the accrued administrative expenses of the plan, including the expenses of liquidation.
 3. Determine the rights of each member, former member and beneficiary to benefits accrued to the date of termination, and ensure that all such benefits have been or are paid to the respective persons.
- C. Upon the termination of this plan and the satisfaction of all liabilities described in Subsection B. above, the board shall allocate any remaining assets of the retirement fund to the members of the plan on the basis of years of service and final compensation credited to the member at the time of termination of the plan.

SECTION 4. Section 3.28.340 of Chapter 3.28 of Title 3 of the San José Municipal Code is amended to read as follows:

3.28.340 Disposition of Earnings

- A. **Definitions.** For the purpose of this Section 3.28.340, the terms listed herein shall have the following meanings:

1. "Income account" means the account established in the general reserve pursuant to subsection B. below.
 2. "Interest crediting rate" means the interest rate determined by the board for crediting the employee contribution reserve.
- B. Retirement fund reserves. There shall be established in the retirement fund the following reserves:
1. The employee contribution reserve.
 - a. The board shall credit to the employee contribution reserve all contributions made by members of the retirement system and all interest payable pursuant to subsection C. below.
 - b. Moneys in the employee contribution reserve shall be available for the payment of benefits and for the return of contributions pursuant to Section 3.28.780.
 2. The general reserve.
 - a. The board shall establish an income account and shall credit the income account with all rents, interest, dividends, realized gains and losses, unrealized gains and losses, and all other income other than employer contributions, received during the fiscal year. The board shall pay from the income account all expenses and administrative costs as they are incurred.
 - b. The board shall credit to the general reserve all contributions made by the City, all interest payable pursuant to subsection C. below,

and that portion of the excess earnings determined pursuant to subsection D, below.

- c. Moneys in the general reserve shall be available for the payment of benefits and for the payment of the expenses and administrative costs of the retirement system.

- 3. Such other reserves as the board may determine from time to time.

C. Credit to contributions and reserves. All interest credited pursuant to this subsection C, shall be deducted from the income account.

- 1. Interest shall be credited to the employee contribution reserve on a semi-annual basis, or more frequently if authorized by the board, at the interest crediting rate.

- 2. Interest shall be credited to the general reserve as follows:

- a. Interest at the actuarially assumed annual rate of return adopted by the board pursuant to Section 3.28.200 or at the actual rate of return earned by the retirement fund during the applicable fiscal year, whichever is lower; plus

- b. Interest calculated as the difference between (i) the interest that would have been credited to the employee contribution reserve had the employee contribution reserve been credited at the actuarially assumed annual rate of return adopted by the board pursuant to Section 3.28.200 or at the actual rate of return earned by the retirement fund during the applicable fiscal year, whichever is lower, and (ii) the interest actually credited to the employee contribution reserve pursuant to subsection C.1. above; provided,

however, that there shall be no offset to the general reserve in any case where this difference is a negative number.

D. Excess earnings.

1. Within ninety (90) days from and after receipt of audit reports for each fiscal year, the board shall determine the balance remaining in the income account after crediting of interest as provided in subsection C. above, and after payment of administrative costs and expenses of the retirement system for the applicable fiscal year.
2. If the balance remaining in the income account is greater than zero, the board shall by written resolution declare that balance to be the excess earnings for the applicable fiscal year, shall transfer the excess earnings to the general reserve. If the balance remaining in the income account is less than or equal to zero, the board by written resolution shall declare that there are no excess earnings and shall adjust the general reserve to reflect any negative balance in the income account so that the balance in the income account is zero as of the beginning of each fiscal year.

SECTION 5. Section 3:28.350 of Chapter 3.28 of Title 3 of the San José Municipal Code is amended to read as follows:

3.28.350 Investment of Funds - Conditions and Limitations

The board shall invest and reinvest the moneys in the retirement fund in accordance with the following standards:

- A. The assets of the retirement plan are trust funds and shall be held for the exclusive purposes of providing benefits to members of the plan and their

beneficiaries and defraying reasonable expenses of administering the plan. The assets of the retirement plan must not revert, and no contributions shall be permitted to be returned to the employers, except as permitted by Revenue Ruling 91-4.

- B. The board shall discharge its duties with respect to the plan solely in the interest of, and for the exclusive purposes of providing benefits to, members of the plan and their beneficiaries, maintaining the actuarial soundness of the plan in a manner consistent with Article XVI, Section 17 of the California Constitution (the "1992 California Pension Protection Act"), and defraying reasonable expenses of administering the plan. The board's duty to the members and their beneficiaries shall take precedence over any other duty.
- C. The board shall discharge its duties with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of like character and with like aims.
- D. The board shall diversify the investments of the plan so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances, it is clearly prudent not to do so.
- E. The retirement plan may participate under Section 401(a)(24) of the Internal Revenue Code in a qualified group trust that meets the requirements of Section 401(a) of the Internal Revenue Code in accordance with Revenue Ruling 81-100, as amended by Revenue Ruling 2004-67.

SECTION 6. Section 3.28.1970 of Chapter 3.28 of Title 3 of the San José Municipal Code is amended to read as follows:

3.28.1970 Requirements for Participation in Medical Insurance Plan

A. A member, as specified in Section 3.28.1950, above, is eligible to participate in a medical insurance plan sponsored by the City provided that the member satisfies the following requirements:

1. The member retires for service or disability pursuant to the provisions of this chapter; and
2. The member applies for medical insurance coverage at the time of his or her retirement in accordance with the provisions of the medical insurance plan, and agrees to pay any applicable premiums.

B. A survivor, as specified in Section 3.28.1960, above, is eligible to participate in a medical insurance plan sponsored by the City provided that the following conditions are satisfied:

1. The survivor is receiving a monthly survivorship allowance because of the death of a member who either died during his or her employment with the city or died after he or she terminated City employment and was retired pursuant to the provisions of this chapter; and
2. At the time of the member's death, the member and the survivor were enrolled in one of the medical insurance plans sponsored by the City; and
3. The survivor applies to continue medical insurance coverage at the time of the member's death, and agrees to pay any applicable premiums.

C. A member may secure medical insurance coverage for a spouse only if the spouse and member were married at the time of said member's retirement for service or disability.

- D. A member may secure medical insurance coverage for a domestic partner only if the domestic partner and member had established a registered domestic partnership pursuant to Division 2.5 of the California Family Code or had formed a legal union other than a marriage that is recognized as a domestic partnership pursuant to California Family Code Section 299.2 at the time of said member's retirement for service or disability.
- E. A surviving spouse or surviving domestic partner shall be eligible for single coverage only, except as follows:
1. A surviving spouse or surviving domestic partner shall be eligible for family coverage if at least one surviving child as defined in Section 3.28.1460.D., or at least one child of the surviving spouse or surviving domestic partner who is unmarried, not a member of a registered domestic partnership and under the age of eighteen years, or an eligible surviving child for purposes of receiving a school allowance as defined in Section 3.28.1750, is surviving the death of a member; in such case, if such child was enrolled in a medical insurance plan sponsored by the City at the time of the member's death.
 2. A surviving spouse or surviving domestic partner shall be eligible for family coverage if the surviving spouse or surviving domestic partner is the court-appointed guardian of the person of a minor child or children and such minor child or children are eligible for coverage under the terms of the eligible medical plan. A surviving spouse or surviving domestic partner may continue family coverage after such child reaches the age of majority in any case where, if such child had been a surviving child of the member, such child would be an eligible surviving child for purposes of receiving a school allowance pursuant to Part 14 of this Chapter.

- F. As used in this section, "medical insurance plan sponsored by the city" means an eligible medical plan as described in Section 3.28.1990, below.
- G. Notwithstanding the provisions of Sections 3.28.1970.A.1., 2., and 3., and 3.28.1970.B.1., 2., and 3., members or their survivors who would otherwise qualify for participation in a medical insurance plan pursuant to the provisions of this part, but who, at the time of retirement or death, could not enroll because the benefits provided in this part were not available at the time of the member's retirement for service or disability or death of the member, may enroll in an eligible insurance plan as provided for in this part on or before October 31, 1984. If a member or survivor does not enroll on or before October 31, 1984, then said members or their survivors must otherwise comply with the coverage limitations provided in Section 3.28.1970 and with all other provisions of this part.
- H. A surviving spouse who would otherwise qualify for family coverage because the surviving spouse is the court-appointed guardian of the person of a minor child or children but who could not enroll because the family coverage provided in subsection E. above was not available to the surviving spouse at the time of the member's death, may enroll in family coverage in an eligible insurance plan as provided for in this part until December 30, 2002, only. Said surviving spouse must otherwise comply with the coverage limitations set forth in this Section 3.28.1970 and with all other provisions of this part.
- I. Effective September 30, 2012 for Tier 2 members and effective January 4, 2013 for non-Tier 2 members, a member and/or dependent and/or survivor who is eligible for retiree healthcare benefits in the Federated City Employees' Retirement System and who is eligible for Medicare coverage shall be required to enroll in Medicare Part A and B within 6-months of reaching the age of 65. However, if a member is already retired and age 65 or older on the date this Section of the Ordinance becomes effective for such member and is eligible for Medicare coverage then the member shall be required to enroll in Medicare Part

A and B by July 1, 2013. Additionally, the plan member and/or dependent and/or survivor who is eligible for Medicare coverage shall be required to enroll in a Medicare Plan provided by the Federated City Employees' Retirement System and assign Medicare Part A and B benefits to the Medicare Plan if required by the healthcare provider.

If a plan member was hired before March 1986 and is not eligible for Medicare Part A at no cost or a plan member for any reason is not eligible for Medicare, the plan member shall be required to provide such verification from the U.S. Social Security Administration to the Department of Retirement Services within 6 months from the date the plan member becomes age 65, or if the member is already retired and age 65 or older on January 4, 2013 then by July 1, 2013. Unless such verification is provided, Plan members shall be required to enroll in a Medicare Plan provided by the Federated City Employees' Retirement System within 6 months from the date the plan member is age 65 or if the member is retired and age 65.

If a plan member fails to meet the requirements set forth above within 6 months from the date the member becomes age 65, or if the member is retired and age 65 or older on the effective date this Section of the Ordinance becomes applicable to such member, by July 1, 2013, the Plan shall cease to provide retiree healthcare benefits until the Plan member completes such requirements. This means that the member and any qualifying dependents shall not receive retiree healthcare benefits. The Plan member and qualifying dependents shall be re-enrolled in retiree healthcare benefits beginning the first day of the following month after such requirements have been completed.

If the Plan member dies during the period which the plan member failed to complete the requirements set forth above, the eligible spouse or domestic partner and any qualifying child(ren) shall be re-enrolled in a health insurance plan. The spouse or domestic partner shall be enrolled upon attaining age 65, or

if the spouse or domestic partner is age 65 or older on the effective date, by July 1, 2013. The requirements described above regarding enrollment in Medicare Parts A and B and enrollment in a Medicare Plan provided for city retirees and dependents, and assignment of Medicare Parts A and B benefits to the Medicare Plan must be fulfilled; unless verification is provided that the spouse or domestic partner is not eligible for Medicare coverage as described in this Section. If such requirements are not met, retiree healthcare coverage will cease until such requirements are completed, in the same manner set forth above with respect to members.

SECTION 7. The provisions of this Ordinance shall be effective on January 4, 2013.

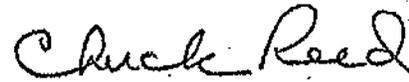
PASSED FOR PUBLICATION of title this 6th day of November, 2012, by the following vote:

AYES: CONSTANT, HERRERA, LICCARDO, NGUYEN, OLIVERIO, ROCHA; REED.

NOES: CAMPOS, CHU, KALRA, PYLE.

ABSENT: NONE.

DISQUALIFIED: NONE.



CHUCK REED
Mayor

ATTEST:



DENNIS D. HAWKINS, CMC
City Clerk

The foregoing instrument is
a correct copy of the original
on file in this office.

Attest:

DENNIS D. HAWKINS
City Clerk

City Clerk of the City of San Jose
County of Santa Clara, State of California

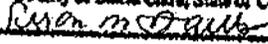
By  Deputy

EXHIBIT GG



City Clerk

CITY OF SAN JOSÉ, CALIFORNIA

Office of the City Clerk
200 East Santa Clara Street
San José, California 95113
Telephone (408) 535-1260
FAX (408) 292-6207

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

I, Toni J. Taber, Acting City Clerk & 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. 29198**", the original copy of which is attached hereto, was passed for publication of title on the **15th day of January, 2013**, 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 **29th day of January, 2013**, by the following vote:

AYES: CONSTANT, HERRERA, KHAMIS, LICCARDO, NGUYEN, OLIVERIO, ROCHA;
 REED.

NOES: CAMPOS, CHU, KALRA.

ABSENT: NONE.

DISQUALIFIED: NONE.

VACANT: NONE.

Said ordinance is effective as of **1st day of March, 2013**.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of the City of San Jose, this **31st day of January, 2013**.

(SEAL)

TONI J. TABER, CMC
CITY CLERK & EX-OFFICIO
ACTING CLERK OF THE CITY COUNCIL

/rmk

SJRJN000595

ORDINANCE NO. 29198

AN ORDINANCE OF THE CITY OF SAN JOSE AMENDING VARIOUS SECTIONS OF CHAPTERS 3.32 AND 3.36 OF TITLE 3 OF THE SAN JOSE MUNICIPAL CODE TO CLARIFY THE CITY CHARTER SUPERSEDES THE CITY OF SAN JOSE POLICE AND FIRE RETIREMENT PLAN IN EVENT OF CONFLICT, DISCONTINUE THE SUPPLEMENTAL RETIREE BENEFIT RESERVE, AND CLARIFY ACTUARIAL SOUNDNESS IS DETERMINED CONSISTENT WITH THE CALIFORNIA CONSTITUTION, TO BE EFFECTIVE MARCH 1, 2013

WHEREAS, the City of San José ("City") wishes to further implement the provisions of Article XV-A of the City's Charter and clarify that in the event of conflict between the provisions of Article XV-A of the City's Charter and the City Police and Fire Retirement Plan, the City's Charter controls; and

WHEREAS, the City wishes to discontinue use of the Supplemental Retiree Benefit Reserve; and

WHEREAS, the City wishes to clarify that the actuarial soundness of the City Police and Fire Retirement Plan is determined in a manner consistent with Article XVI, Section 17 of the California Constitution (the "1992 California Pension Protection Act");

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

SECTION 1. Section 3.32.110 of Chapter 3.32 of Title 3 of the San José Municipal Code is amended to read as follows:

3.32.010 Established - Name - Membership

- A. There is hereby continued, maintained and administered, as provided in this Chapter 3.32, a retirement plan for officers and employees receiving a monthly compensation for service as members of the police or fire department of the city, to be known as the "police and fire department retirement plan." All officers and employees shall be required to be members of said retirement plan.
- B. Under the City Council's authority pursuant to Article XV, Section 1500 of the City Charter, the provisions of Article XV-A of the City Charter are hereby implemented into the San José Municipal Code. To the extent there is any conflict between Article XV-A of the City of San José's Charter and the provisions of the police and fire department retirement plan, Article XV-A will supersede any conflicting provision in the police and fire department retirement plan, except as provided in Section 3.32.300.A.2 and 3.32.320.B.

SECTION 2. Section 3.32.300 of Chapter 32 of Title 3 of the San José Municipal Code is amended to read as follows:

3.32.300 Contributions

- A. For the purpose of establishing and maintaining the retirement fund on a reserve basis, the city council shall make provision in the budget each fiscal year, beginning with the fiscal year December 1, 1946 to November 30, 1947, for the payment by the director of finance monthly into said fund of an amount equal to eight percent of the monthly payroll of all such members of the police department and fire department as the city's contribution, and the director of finance shall deduct three percent of the monthly pay from the salary of each member of the plan from and after the first day of October, 1946, as the contribution of the individual members thereof. Within six months after the effective date of

Ordinance 3254, adopted October 21, 1946, and at least every five years thereafter, the board of administration shall cause to be made an actuarial investigation into the mortality, service and compensation experiences of the members and beneficiaries, and shall further cause an actuarial valuation of the assets and liabilities of the retirement plan, and upon the basis of such investigation and valuation shall:

1. Adopt for the retirement plan such mortality, annuity, service and other tables as may be deemed necessary;
 2. In order to make said retirement plan actuarially sound in a manner consistent with Article XVI, Section 17 of the California Constitution (the "1992 California Pension Protection Act"), revise or change the rates of contributions by members on the basis of such actuarial investigation and such mortality, annuity, service and other tables, but at all times maintaining the eight percent and three percent ratio of contributions on behalf of the city and the members of the plan as set forth in this section.
- B. Every member of the police department or fire department shall be deemed to consent and agree to the deductions from salary or compensation as provided herein, and payments less such deductions shall be a full and complete discharge and acquittance of all claims and demands whatsoever for all services rendered by such employees during the period covered by such payment except the right to the benefits to which they shall be entitled under the provisions hereof.
- C. The said deductions from salary or compensation shall continue until membership ceases or until the member retires on a retirement allowance.

SECTION 3. Section 3.32.320 of Chapter 32 of Title 3 of the San José Municipal Code is amended to read as follows:

3.32.320 Investment of Funds - Conditions and Limitations

The board shall invest and reinvest the moneys in the retirement fund in accordance with the following standards:

- A. The assets of the retirement fund are trust funds and shall be held for the exclusive purposes of providing benefits to members of the plan and their beneficiaries and defraying reasonable expenses of administering the plan.
- B. The board shall discharge its duties with respect to the plan solely in the interest of, and for the exclusive purposes of providing benefits to, members of the plan and their beneficiaries, maintaining the actuarial soundness of the plan in a manner consistent with Article XVI, Section 17 of the California Constitution (the "1992 California Pension Protection Act"), and defraying reasonable expenses of administering the plan. The board's duty to the members and their beneficiaries shall take precedence over any other duty.
- C. The board shall discharge its duties with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of like character and with like aims.
- D. The board shall diversify the investments of the plan so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent not to do so.

SECTION 4. Section 3.36.010 of Chapter 36 of Title 3 of the San José Municipal Code is amended to read as follows:

3.36.010 Establishment - Name - Scope

- A. There is hereby established a retirement plan for all persons, hereinafter in this chapter specified, who may become members thereof pursuant to the provisions of this Chapter 3.36. This plan shall be known as the "1961 police and fire department retirement plan," and includes all provisions of this chapter.

- B. The 1961 police and fire department retirement plan is established as a qualified governmental defined benefit plan pursuant to Sections 401(a) and 414(d) of the Internal Revenue Code or such other provision of the Internal Revenue Code as applicable and applicable treasury regulations and other guidance of the Internal Revenue Service. The board shall be authorized to adopt rules and regulations which are appropriate or necessary to maintain the qualified status of the plan.

- C. Under the City Council's authority pursuant to Article XV, Section 1500 of the City Charter, the provisions of Article XV-A of the City Charter are hereby implemented into the San José Municipal Code. To the extent there is any conflict between Article XV-A of the City of San José's Charter and the provisions of the 1961 police and fire retirement plan, Article XV-A will supersede any conflicting provision in the 1961 police and fire retirement plan, except as provided in Section 3.36.410, 3.36.540.B and 3.36.1550 C and D.

SECTION 5. Section 3.36.410 of Chapter 3.36 of Title 3 of the San José Municipal Code is amended to read as follows:

3.36.410 Mortality, Service and Other Tables - Revision of Rates of Contribution

Upon the basis of any or all of such investigations, evaluations and determinations, the board shall adopt such mortality, service and other tables as may be necessary, and shall fix and from time to time change the rates of monthly contribution required of members and of the city as may be necessary to make this system at all times actuarially sound in a manner consistent with Article XVI, Section 17 of the California Constitution (the "1992 California Pension Protection Act") and to provide the benefits provided for in this retirement plan; provided that, as may be otherwise provided elsewhere in this chapter, the proportionate share of contributions on behalf of the city shall at all times be in the ratio of three to eight (3:8).

SECTION 6. Section 3.36.540 of Chapter 3.36 of Title 3 of the San José Municipal Code is amended to read as follows:

3.36.540 Investment of Funds - Conditions and Limitations

The board shall invest and reinvest the moneys in the retirement fund in accordance with the following standards:

- A. The assets of the retirement plan are trust funds and shall be held for the exclusive purposes of providing benefits to members of the plan and their beneficiaries and defraying reasonable expenses of administering the plan. The assets of the retirement plan must not revert, and no contributions shall be permitted to be returned to the employers, except as permitted by Revenue Ruling 91-4.
- B. The board shall discharge its duties with respect to the plan solely in the interest of, and for the exclusive purposes of providing benefits to, members of the plan and their beneficiaries, maintaining the actuarial soundness of the plan in a

manner consistent with Article XVI, Section 17 of the California Constitution (the "1992 California Pension Protection Act"), and defraying reasonable expenses of administering the plan. The board's duty to the members and their beneficiaries shall take precedence over any other duty.

- C. The board shall discharge its duties with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of like character and with like aims.
- D. The board shall diversify the investments of the plan so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances, it is clearly prudent not to do so.
- E. The retirement plan may participate under Section 401(a)(24) of the Internal Revenue Code in a qualified group trust that meets the requirements of Section 401(a) of the internal Revenue Code in accordance with Revenue Ruling 81-100, as amended by Revenue Ruling 2004-67.

SECTION 7. Section 3.36.580 of Chapter 3.36 of Title 3 of the San José Municipal Code is hereby repealed.

RECEIVED
San Jose City Clerk

This space for filing stamp only

2013 FEB -4 PM 1:59

SAN JOSE POST-RECORD

95 S. Market St., Ste. 535, SAN JOSE, CA 95113
Telephone (408) 287-4886 / Fax (408) 287-2644

SUZANNE GUZZETTA
SAN JOSE CITY CLERK
200 E. SANTA CLARA ST.
SAN JOSE, CA - 95113

SJ#: 2434463



CITY OF
SAN JOSE
CAPITAL OF SILICON VALLEY

ORDINANCE NO. 29198

AN ORDINANCE OF THE CITY OF SAN JOSE AMENDING VARIOUS SECTIONS OF CHARTERS 132 AND 332 OF TITLE 3 OF THE SAN JOSE MUNICIPAL CODE TO CLARIFY THE CITY CHARTER SUPERSEDES THE CITY OF SAN JOSE POLICE AND FIRE DEPARTMENT RETIREMENT PLAN IN EVENT OF CONFLICT DISCONTINUE THE SUPPLEMENTAL RETIREE BENEFIT RESERVE AND CLARIFY ACTUARIAL SOUNDNESS IS DETERMINED CONSISTENT WITH THE CALIFORNIA CONSTITUTION TO BE EFFECTIVE MARCH 4 2013 PASSED FOR PUBLICATION ON THE 15th day of January 2013 by the following vote:

AYES: CONSTANT, HERRERA, KHAMIS, LICCARDO, NGUYEN, OLIVERIO, REED, ROCHA
NOES: CAMPOS, DNU, KALRA
ABSENT: NONE
DISQUALIFIED: NONE

GHUCKREED
Mayor
ATTEST:

TONI J. TABER, CMC
Acting City Clerk
1/16/13

SJ-2434463#

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 #29198

I am a citizen of the United States and a resident of the State of California; 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, county of SANTA CLARA, 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 02/03/1922, Case No. 27844. 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:

01/18/2013

Executed on: 01/19/2013
At Los Angeles, California

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

Signature



* A 0 0 0 0 0 2 9 5 8 7 7 4 *

SJRJN000604

EXHIBIT HH

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 12 Telephone: (510) 808-2000
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 14
 15 Attorneys for Plaintiff
 16 City of San Jose

ENDORSED Santa Clara
 03/29/13 3:18pm
 David H. Yamasaki
 Chief Executive Officer
 By: francesca QTSC1V01
 R#201300032697
 EX \$20.00
 TL \$20.00
 Case: 1-12-CV-225926
 F. Tong-Miller

10 IN THE SUPERIOR COURT FOR THE
 11 COUNTY OF SANTA CLARA

12 SAN JOSE POLICE OFFICERS
 13 ASSOCIATION,

14 Plaintiff,

15 v.

16 CITY OF SAN JOSE, BOARD OF
 17 ADMINISTRATION FOR POLICE AND
 18 FIRE RETIREMENT PLAN OF CITY OF
 19 SAN JOSE, and DOES 1-10 inclusive,

20 Defendants.

Case No. I-12-CV-225926

[Consolidated with Case Nos. 112CV225928,
 112CV226570, 112CV226574, 112CV227864]

[PROPOSED] STIPULATION AND
 ORDER RE IMPLEMENTATION OF
 MEASURE B IN CONNECTION WITH
 TRIAL SET FOR JUNE 17, 2013

Complaint Filed: June 6, 2012
 Trial Date: June 17, 2013

21 AND RELATED CROSS-COMPLAINT
 22 AND CONSOLIDATED ACTIONS

23 WHEREAS, a court trial has been set for June 17, 2013, in these consolidated actions
 24 concerning various provisions of San Jose Charter Sections 1500-A, et seq., known as "Measure
 25 B";

26 WHEREAS, the parties desire to focus on preparation for trial and judicial resolution of
 27 the claims made in plaintiffs' complaints;

28 WHEREAS, the parties desire to avoid unnecessary litigation during trial preparation, trial
 and judicial consideration of this matter;

Case No. 112CV225926

[PROPOSED] STIPULATION RE IMPLEMENTATION OF MEASURE B

1 WHEREAS, the City expects that the process for implementing Measure B will occur over
2 a period of several months;

3 IT IS HEREBY STIPULATED by and among the parties in these consolidated actions that
4 the implementation by the City of San Jose of the following sections of Measure B, San Jose
5 Charter Sections 1500-A, et seq., shall be subject to the following agreement.

6 1. The effective date for implementation of Section 1506-A (additional employee
7 contribution rates), section 1507-A (one time voluntary election program) and section 1514-A
8 (savings) shall occur no sooner than January 1, 2014.

9 2. The effective date for implementation of Section 1512-A (a) (minimum
10 contributions towards the cost of retiree healthcare) shall occur no sooner than January 1, 2014,
11 except that contributions towards retiree healthcare shall be subject to any existing or future union
12 agreements, or City resolutions, authorized prior to January 1, 2014, that specify employee
13 contributions towards retiree healthcare,

14 3. The effective date for implementation of Section 1510-A (emergency measures to
15 contain retiree cost of living adjustments) shall occur no sooner than January 1, 2014. The parties
16 note that there are no current plans by the City to declare a service-level or fiscal emergency.

17 4. The effective date for implementation of Section 1509-A (disability retirements)
18 shall occur no sooner than January 1, 2014.

19 5. The effective date for implementation of Section 1515-A (severability) shall occur
20 no sooner than January 1, 2014.

21 6. This stipulation sets forth an agreement concerning effective dates of various
22 sections of Measure B. It does not preclude the City from preparing for implementation of the
23 above referenced sections of Measure B, either through the enactment of ordinances or otherwise.

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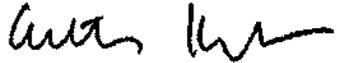
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1 7. Execution of this stipulation does not waive any bargaining rights, if any, of any
2 labor organization over enabling ordinances, or any contentions by the City in connection with any
3 assertion of bargaining rights by any labor organization over enabling ordinances.

4
5 DATED: March 22, 2013

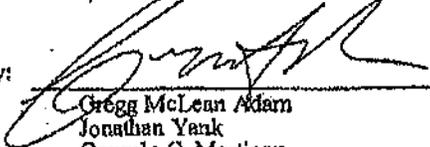
MEYERS, NAVE, RIBACK, SILVER & WILSON

6
7 By: 

Arthur A. Hartinger
Linda Ross
Attorneys for Defendant
City of San Jose

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9
10 DATED: March 21, 2013

CARROLL, BURDICK & MCDONOUGH LLP

11
12 By: 

Gregg McLean Adam
Jonathan Yank
Gonzalo C. Martinez
Amber L. West
Attorneys for San Jose Police Officers'
Association

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17 DATED: March , 2013

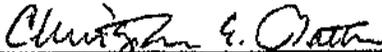
BEESON, TAYER & BODINE, APC

18
19 By: _____

Teagua P. Paterson
Vishasp M. Soroushian
Attorneys for Plaintiffs in AFSCME

20
21
22 DATED: March 21, 2013

WYLIE, MCBRIDE, PLATTEN & RENNER

23
24 By: 

John McBride
Christopher E. Platten
Attorneys for Plaintiff, Sapient, Harris and
Mukhar

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ORDER

The forgoing Stipulation having been received and good cause appearing,
IT IS SO ORDERED.

Dated: March 26, 2013

Peter H. Kirwan

JUDGE OF THE SUPERIOR COURT

Peter H. Kirwan

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