

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

**P.O. Box 26515, San Jose, Ca. 95159-6515**



## Looking Ahead | Moving Forward

by Bob Leininger, SJREA President

While the City Council has been occupied lately with its usual oversized June agenda, the FY 2017-2018 Operating Budget, and a very exciting proposal for a 5+ million square-foot Google office complex in the SAP Arena/Diridon Station area of the Downtown, attention has still been paid to various retiree matters and the following is brief update on actions since last month's report:

- **Lawsuit Settlement Agreement.** After a frustrating last few weeks, legal drafting issues are being worked out, and the City Council is expected to approve the Agreement soon after their July recess. This contract will be effective upon the City Council approval, after which we can focus on implementing various parts of the Settlement (e.g., the payments to certain pre-Medicare retirees, the in lieu health premium benefit, obtaining membership input concerning allocating our recovered attorney fees, as well as membership re-consideration of the \$12 monthly dues rate).
- **City Council appointment of the Retiree Representative to the Federated Retirement Board.** The City Council has amended the current election process and has directed the City Clerk to conduct another mail-in election, expected to commence shortly after the July recess. As noted last month, the retiree balloting will identify the top 3 vote-getters for an interview with an expanded panel which will now include a representative from this Association as well as a member of the Retirement Board. The Interview Panel will be informed of the election numbers and the Panel's recommendation goes to the City Council for appointment of the retiree representative.
- **Volunteer Program.** As a reminder from last month's newsletter, the City has re-established a volunteer program at City facilities and they are seeking the Association's help in connecting retirees with volunteer opportunities. Board Member Angie Alfaro is heading up our efforts with the City and she would like a couple of volunteers as back up. Shouldn't be very much time, so if you are interested, give Angie a call at 408-272-8474.
- **By-laws revisions.** A subcommittee of our Board has begun work on revised By-laws and we hope to have an initial discussion at the August 10 General Membership Meeting. In the meantime, if you have any issues or concerns that you would like to see addressed in the revision, please send them along and the subcommittee will consider your ideas in their drafting. The Board's goal is for new By-laws to be voted on at a General Membership Meeting before the end of the calendar year.
- **The Annual "Sacramento Chapter" Luncheon** is now planned for October at the Lincoln Hills Del Webb community. We will be able to report on 2018 Health Plans, status of implementation of the Settlement Agreement, proposed By-laws revisions, etc. Joan Lockwood will have more detail on the new date in the August newsletter.
- **The August 10 General Membership Meeting** will include a report on the Settlement Agreement as well as a box lunch and "show and tell" with Steve Yvaska. Steve is the well-known local antiques guru who writes a column in the Mercury News and will provide an appraisal of any item you wish to bring in. So check out your basement or attic for any hidden treasure and get a professional valuation opinion.

**And please note that you need to make your box lunch choice with Joan Lockwood NLT August 4th. No exceptions please as Joan needs to place the order by that date.** There will not be another newsletter before the August 10 meeting as a further reminder.

**Note: We don't always have enough room to list all of the SJREA Events, to stay up to date make sure and go to the Upcoming Events page at [www.sjrea.org](http://www.sjrea.org) regularly.**



*Let's Do  
Lunch*

**Join us for Lunch-in-a-Bag at the August 10th General Membership Meeting.** FREE TO MEMBERS - \$5.00 for guests (make checks payable to SJREA). So orders can be placed in a timely manner, please RSVP by August 6th to Joan Lockwood at [joanL49@msn.com](mailto:joanL49@msn.com) or mailing the form below with your lunch choice.

Steve Wayne Yvaska, the Antique Advisor will be available from 10:30 to 12:30 to evaluate ONE item per person.

Member: \_\_\_\_\_ Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Guest(s): \_\_\_\_\_ Amount Enclosed: \_\_\_\_\_

Indicate Lunch Choice: ( ) Ham ( ) Turkey ( ) Roast Beef ( ) Vegetarian

Mail to: Joan Lockwood, 1931 Somersworth Drive, San Jose, CA 95124-1347

#### **RETIREMENTS**

**Kary Bloom**, Assistant to the Director, Library Department, July 29, 2017

**Jack D. Boren**, Associate Engineer Technician, Public Works Department, July 1, 2017

**Jasper C. Cox**, Senior Plan Mechanic II, Environmental Services Department, July 15, 2017

**Jose P. Federico**, Senior Permit Specialist, Fire Department, July 15, 2017

**Florante I. Ferrer**, Grounds worker, Parks Recreation & Neighborhood Services Department, July 29, 2017

**Janice Garcia**, Librarian II, Library Department, June 17, 2017

**Karen Goodman**, Development Officer, Housing Department, July 1, 2017

**Darrell Gutierrez**, Maintenance Assistant, Airport Department, June 29, 2017

**Marybeth Harasz**, Deputy Director, Parks, Recreation & Neighborhood Services Department, July 1, 2017

**Barbara Howard**, Senior Council Assistant, Mayor's Office, July 1, 2017

**Martin D. Larson**, Network Technician III, Information Technology Department, June 17, 2017

**Steven P. McChesney**, Principal Accountant, Public Works Department, July 1, 2017

**Lynn K. Sanders**, Office Specialist II, Police Department, August 12, 2017

**Davis Vossbrink**, Director of Communications, City Manager's Office, July 29, 2017

#### **DEFERRED VESTED**

**Alan R. Fontaine**, Senior Construction Inspector, Public Works Department, June 15, 2017

**Dean Zeisbrich**, Associate Construction Inspector, Public Works Department, May 21, 2017

#### **DEATH NOTIFICATIONS**

**Steven J. Seward**, Street & Sewer Maintenance Superintendent, retired January 20, 1979, died February 26, 2017

**Jonnie B. Vierra**, Account Clerk II, retired August 4, 2001, died March 14, 2017

**Donald R. Wallace**, Metal Fabrication Mechanic, retired December 5, 1998, died April 16, 2017

### **San Jose Giants Baseball, BBQ & Fireworks! - July 21, 2017**

**San Jose Municipal Stadium - 6:00 PM \$10-\$29/person**

Join the San Jose Management Association for a fun evening at the ballpark to cheer on the San Jose Giants. This event begins with a BBQ dinner at Turkey Mike's and closes with a fireworks show following the last out.

RSVP by July 14th.

For more information: [www.events@sjma.us](http://www.events@sjma.us)

## FEDERATED BOARD REPORT

By: Ed Overton, Board Member

The Board discussed a report from the City Administration on the status of the implementation of the Pension Reform Act known as Measure F. Measure F was passed by the voters of the City of San Jose at the November 2016 general election. Measure F makes certain changes to the benefits of certain "Tier 2" employees as well as bringing in certain former CalPERS members hired as "Tier 2" members back into "Tier 1". It is being proposed that the cost of this change, which is retroactive to their date of hire, be shared on a 50/50 basis between the City and the employee. The rules for administering these benefit changes are complicated, even so, draft ordinances amending the SJ Municipal Code have been proposed following meeting between the City and the Federated bargaining groups. By municipal law, the Boards are given 60 days to provide its comments. The Board has provided comments to the City and now awaits the next revision to the Code.

Also as part of the City's presentation, we received an update on the Internal Revenue Service's review of the City's request for ruling on a Closing Agreement regarding setting up a defined contribution healthcare plan. Under the proposal, "Tier 1" employees will have an irrevocable option to stay in the defined benefit retiree healthcare plan or opt into the Voluntary Employee Beneficiary Association. The City is also working on the new lowest cost healthcare plan (Kaiser \$3,000 deductible plan) to be implemented in January 2018.

The Board also heard a presentation on the framework of the Guaranteed Purchasing Power provision. The Guaranteed Purchasing Power will be a plan provision designed to protect a retiree's benefit from being eroded by significant increases in inflation over time. If retirees benefit drops below 75% of their original base amount, measured each January, a make-up payment will be issued to make up the difference. The benefit gap will be issued as a separate check in February.

The Board received a draft policy on the treatment of benefit limits under Section 415(b) IRC when the members benefit is split with an alternate payee as part of a Domestic Relations Order (DRO). The Board adopted the policy which basically allocates the 415(b) limit on the benefit between the member and the alternate payee in the same ratio as the retirees benefit. In the case of a Separate Account Domestic Relations Order (SADRO), the allocation process is more involved, and too detailed to address in this report.

In the last several months, we lost several key staff members. The Benefits Manager resigned after the expiration of her maternity leave. Our Health Analyst took a job with the City's Human Resources Department. One of our longest serving Senior Analyst from our benefits group retired as did our Chief Investment Officer (CIO). These key positions will be filled on an interim basis with existing staff members. The CEO reported that recruitment for everyone is underway with the exception of the CIO. For the CIO, we will need to start with the selection of a compensation firm and an executive recruiting firm. It is anticipated that the search process for a new CIO will be completed by the end of this year.

The Board approved the 2017 COLA rate for Tier 2, Tier 2(b) and Tier 2(c). The increase is determined based on the CPI for San Francisco-Oakland metropolitan area for December each year. This year's increase was 3.5%. However, the maximum increase per the San Jose Municipal Code is 1.5%. One retiree in Tier 2(b) and one retiree in Tier 2(c) will need COLA adjustments in 2017.

Staff presented the proposed budget for fiscal year 2017-2018. The budget consists of the following:

Personnel Services	\$3,638,000	16.8% increase
Non-Personnel/Equip	\$1,424,800	54.9% increase
Professional Services	\$948,200	31.4% increase
Medical Services	\$391,000	160.6% increase
Total	\$6,402,000	30.5% increase

Personnel increases include an additional Sr. Information Analyst and two reclassifications. Transition from State Street risk services to a new risk management system and other services measuring risk in the investment portfolio account for a large part of the increase in non-personnel/equipment. The major reason for increases in professional services are possible increases in legal fees associated with implementing Measure F and increasing consulting fees. The major reasons for the increase in medical services cost is catching up on the back log of disability cases and having to use outside medical providers vs. a doctor who is a city employee.

**SAN JOSE**  
**Retired Employees**  **Association**

**NEXT MEETING:** August 10, 2017  
**TIME:** Board Meeting 9:00-10:30 am  
Membership Meeting 10:30-12:00 pm  
**PLACE:** Leininger Center  
1300 Senter Road  
**PROGRAM:** Lunch-in-a- Bag / Antique Appraiser

**Save the Dates:**

July - Board Vacation - NO MEETING  
July 21st - SJMA Baseball & BBQ!  
August 10th - Bag Lunch & Steve Yvaska

For more events go to the events page at [www.sjrea.org](http://www.sjrea.org)

**Association Officers**

<b>Bob Leininger, President</b> Blein4@gmail.com	408-448-3070
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<b>John Pletsch, 2nd V.P.</b> jeplet@sbcglobal.net	408-274-2992
<b>Joan Lockwood, Secretary</b> joanL49@msn.com	408-371-1989
<b>Donna Jewett, Treasurer</b> d.jewett@sbcglobal.net	408-264-6780
<b>Sue Bradford-Moore, Assistant Treasurer</b> BradfordMoore@aol.com	408-723-7965

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