

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

In connection with excruciatingly long Settlement negotiations with the City, the end appears to be in sight. Unfortunately, settlement discussions are required to remain confidential and cannot be discussed in a public document such as the newsletter or website. The settlement must be consistent with the term sheet approved by the membership vote on February 9, 2017. This settlement agreement will provide all existing Federated retirees and their beneficiaries with contract protection of their benefits against future ballot measures or changes to case law. Not yet ready for the champagne, but very close.

Procedurally, as soon as there is agreement on the final language between the negotiating team and our attorney and the City negotiators, the final language will be presented to the Board of Directors to review for consistency with the term sheet. There also will need to be a sign off by those members who were willing to be named plaintiffs in the health care lawsuit. At this point, we will be able to share the final language with the membership both on our website and in the newsletter. At last, we are optimistic we will soon have finality. For now, an update on a few other pending issues:

- **City Council appointment of the Retiree Representative to the Federated Retirement Board.** The Retirement Board has reviewed the proposed new selection process and now feels that their participation in an Interview Panel may represent a conflict. Therefore, the staff memo for the September 26 City Council agenda recommends two SJREA representatives on the Panel that will interview applicants and make the appointment recommendation to the SJCC. The Association Board will make the decision on the Retiree Panel participants. The full text of the selection process is posted on the SJREA website for anyone who wants all the details.

Once again, thanks to Ed Overton for staying on Board as our rep for an additional year (9 years total!)

- **2018 Medical Plans.** The City has not released Medical Plan rates and other info for next year, but due to everyone's interest in the subject, we have arranged for a preview presentation by Retirement Services at next month's meeting (October 12). There will also be a full presentation at the November 9 Meeting and the City will host the annual Retiree Health Faire on November 15 at the Retirement Services Office on North First Street. Everyone should have received a postcard reminder on these dates from the City. Following usual practice, the Retirement Office will have special staff available by phone for out of area folks so you can get answers to your questions during the November Open Enrollment Period.

- **By-laws revisions.** Work on a draft revision continues and an initial draft is expected to be available for a brief presentation and discussion at the October 12, 2017 General Membership Meeting. We have been receiving comments and suggestions, so keep those cards and letters coming as they are very helpful to the drafting committee.

Please note info in this newsletter regarding the Sacramento Chapter Luncheon, which is on for October 29 at the Lincoln Hills Del Webb community. We will be able to report on 2018 Health Plans, status of implementation of the Settlement Agreement and proposed By-laws revisions. Please respond to John Pletsch at the earliest time so we can have an accurate count for the lunch order.

Looking forward to next month's meeting where we hope to have an announcement regarding the City Council date for approval of the Settlement Agreement. Should we have such announcement, the aforementioned champagne would be a nice touch.

RETIREMENTS

AOsvaldo R. Albini, Electrician, Airport Department, September 23, 2017

David Baggese, Senior Construction Inspector, Public Works Department, October 7, 2017

James C. Baughman, Wastewater Mechanic II, Environmental Services Department, September 29, 2017

Mike Miramontes, Senior Engineering Technician, Airport Department, August 26, 2017

Eunice M. Wilson, Analyst II, Office of Economic Development, October 7, 2017

DEFERRED VESTED

Christine M. Blaufus, Legal Administrative Assistant II, City Attorney's Office, October 7, 2017

John W. Menteer, Grounds worker, Parks, Recreation & Neighborhood Services Department, August 16, 2017

David Tymn, Planner II, Planning, Building and Code Enforcement Department, August 16, 2017

DEATH NOTIFICATIONS

Anthony J. Conrad, Electrician, retired June 13, 1996, died July 16, 2017

Paul N. Geraci, Senior Maintenance Worker, retired October 4, 1987, died July 3, 2017

Elizabeth A. Gleich, Communications Service Operator, retired April 18, 1998, died August 8, 2017

Norman A. La Pointe, Associate Landscape Architect, retired March 1, 1986, died August 2, 2017

Lois McNabb, Library Assistant, retired November 7, 1992, died April 27, 2017

Maria A. Morales, Custodian, retired January 19, 2007, died June 28, 2017

Amelia C. Pagliaro, Steno Clerk II, retired July 11, 1989, died July 29, 2017

Arthur E. Shanen, Senior Engineer Technician, retired January 1, 1983, died July 30, 2017

Doris S. Sheely, Police Data Specialist II, retired October 24, 1992, died June 27, 2017

Connie M. Szeto, Accounting Technician, retired March 19, 2011, died March 11, 2017

Sharon L. Thiele, Code Enforcement Officer II, retired November 6, 2004, died July 5, 2017

Parks & Recreation FIELD TRIP: Apple Hill

Wednesday, October 25, 2017

7:00am - 6:00pm

For more info call Barbara at 408-794-6867

SJREA Lincoln Lunch & Meeting - Sunday October 29th

Place: Del Webb Sun City - Orchard Creek Lodge - Solarium Room
965 Orchard Creek Lane, Lincoln, Ca

Time: 12:00 Noon - 3:00 PM

Cost: \$10.00

Lunch Choices: Chef's Salad, Avocado Veggie Sandwich, House Roast Beef Sandwich, Ham & Turkey Sandwich

Reservation Deadline: October 23rd. Contact John Pletsch with your reservations and lunch choice. Email jepet@sbcglobal.net, phone 408-274-2992, cell 408-504-1255, or mail the form below to John at 2697 Suisun Avenue, San Jose, CA 95121.

Make checks payable to SJREA.

Member _____ Phone _____

Guest(s) _____ Account Enclosed _____

Chef's Salad Avocado Veggie Sandwich House Roast Beef Sandwich Ham & Turkey Sandwich
Sandwiches are served with choice of Pasta Salad, Broccoli Salad, Three Bean Salad or Side Salad.

Please indicate your choice when placing your order.

FEDERATED BOARD REPORT
By: Ed Overton, Board Member

The Board took its usual summer break during the month of July. Therefore, there was no July 2017 Board meeting. With the City Council on summer break, things slow down around City Hall. The fall Board sessions began August 17th with a staff report on investment performance for the twelve months ending May 31, 2017. Staff reported that the market value of the Federated Plan's investment portfolio was \$2,015.8 billion. The performance for significant periods was as follows:

	1mth	3mth	FYTD	1YR
Total Plan	0.8%	2.6%	7.4%	8.0%
Policy Benchmark	1.1%	2.6%	7.6%	9.0%
Excess	-.02%	0.0%	-.02%	-1.0%

The best performing asset class was Global Equities returning 16.1%, although the return was below the passive index (MSCI ACWI IMI) by -1.4% as the index returned 17.5%. The \$169.1 million in cash was the worst performer returning 0.7% for one year. These returns are not comparable to other public plans because data is not available for these specific periods.

City staff presented a draft ordinance resulting from discussions with the City's nine bargaining units and the Retired Employee's Association (SJREA) regarding the Retiree Board Appointment process. The significant outcome of the process was an expansion of the current interview panel to include a representative from the SJREA and a member of the Retirement Board. The Board's major issue was having a member of the Board on the panel. There was a concern with possible conflict of interest. The Board's concern was forwarded to the City administration.

The Board received a favorable ruling from the State of California Court of Appeal for the Sixth Appellate District in Leann Griffin v. Board of Administration for the Federated City Employees Retirement System. The Court of Appeal affirmed the decision of the Trial Court that the weight of the evidence supported the Board of Administration's decision that Griffin did not meet the standard for a service connected disability retirement. The disability hearing process of the Board met the standards required by the Court.

Due to the passage of Measure "F", disability hearings are going to be conducted by a Disability Panel Medical Panel. The decisions of the Panel are subject to appeal. Those decisions that are appealed will be presented to an independent Administrative Law Judge. The new provisions have not been implemented due to the inability to convene a Panel that meets the qualifications contained in Measure "F". The City and the bargaining groups are renegotiating this part of Measure "F".

The Board began working with our investment staff and our investment consultants on a review of the current asset allocation. Asset allocation (how we invest our funds) is the most important decision that the Board makes to ensure the long term fiscal health of our Retirement Plan. Specific areas of analysis include the possibility of:

- Higher allocation to Global Equity - specifically within Emerging Markets
- Higher allocation to Global Fixed income within Non-Investment Grade Credit, TIPS and Emerging Market Bonds
- Lower allocation to Private Debt and Hedge Funds
- 0% target allocation to Cash and GTAA - target ranges can be implemented to take advantage of tactical opportunities

There will be further discussion on the asset allocation plan with associated risk tolerance at a future Board meeting.

The Board received a report provided to the Audit Committee on the progress of implementing a new Pension Administration System (PAS). The New PAS will replace the current (Pension Gold) system which has been in place since 1998. Pension Gold is out dated and need to be replaced. All retirement records are maintained by the PAS, therefore each time changes to our benefits structure are implemented, the PAS needs to be changed to accommodate the new benefit. Measure "F" adds some very complicated Tiers to the Federated Plan which will likely extend the current project end date of December 2018.



We SeniorsHow to Start a Fight

My wife sat down next to me as I was flipping channels. She asked, "What's on TV?" I said, "Dust." and the fight began...

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 regularly.

SAN JOSE Retired Employees Association

NEXT MEETING: October 12, 2017
TIME: Board Meeting 9:00-10:30 am
Membership Meeting 10:30-12:00 pm
PLACE: Leininger Center
1300 Senter Road
PROGRAM: 2018 Health Care Preview

Save the Dates:

October 12th - Retirement Services 2018
Health Care Preview
October 29th - Lincoln Lunch
November 9th - 2018 Health Plans
November 15th - Health Fair at Retirement Service
December 6th - Holiday Lunch

Association Officers

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