

POLICE & FIRE DEPARTMENT RETIREMENT PLAN
City of San José, California

RESOLUTION NO. 4841

RESOLUTION OF THE BOARD OF ADMINISTRATION OF THE POLICE AND FIRE DEPARTMENT RETIREMENT PLAN AMENDING AND RESTATING RESOLUTION NO. 4835 TO ADOPT AND ESTABLISH CONTRIBUTIONS FOR THE 1961 POLICE AND FIRE DEPARTMENT RETIREMENT PLAN FOR FIRE TIER 2 MEMBERS ONLY, EFFECTIVE JUNE 23, 2024

WHEREAS, Section 3.36.410 of the San José Municipal Code provides that the Board of Administration of the Police and Fire Department Retirement Plan shall fix, and from time-to-time change, the rates of contribution required of the members of said Plan and of the City in order to make the retirement plan at all times actuarially sound; and

WHEREAS, Chapter 3.36 of the San José Municipal Code provides for the setting of the rates of contribution to be made by said members and by the City, and the payment of such contributions for the current and prior service; and

WHEREAS, Cheiron, Inc., the Board's actuary completed Actuarial Valuation Reports dated June 30, 2023 for the Pension and Retiree Health Care Plans and provided a letter dated March 19, 2024, containing both recommended contribution rates and contribution amounts for the City and members for fiscal year 2024-2025; and

WHEREAS, on November 18, 2014, San Jose City Council adopted Ordinance No. 29511 to provide Tier 2 pension benefits for new Fire members hired, rehired or reinstated on or after January 2, 2015, as defined by Section 3.36.020.15; and

WHEREAS, on November 8, 2016, the City of San Jose voters approved Measure F that would enable the provisions of the Alternative Pension Reform Framework Settlement Agreement to be implemented; and

WHEREAS, on February 28, 2017, the City Council adopted the ordinances to implement Measure F, which became effective March 30, 2017; and

WHEREAS, the provisions of Measure F for the Voluntary Employee Beneficiary Association (VEBA), which is a defined contribution plan for eligible medical expenses when an employee leaves City employment and is separate from the retirement plans and managed by the City, was implemented and became effective March 25, 2018, and Fire Tier 2 members were automatically placed into the VEBA for healthcare; and

WHEREAS, Section 3.36.1590 of the San José Municipal Code provides that where the City has provided notice on or before April 30 of any year of its intent to elect an option to prefund contributions, the amount of the City's prefunded contribution shall be as determined by the Board to be actuarially equivalent to the monthly or biweekly payments that would otherwise have been made; and

WHEREAS, the City has the option to prepay contributions for fiscal year 2024-2025 as may be calculated pursuant to SJMC 3.28.940 but has opted not to do so; and

WHEREAS, the Board adopted Resolution No. 4835 on April 6, 2023 establishing the contribution rates for Fire Tier 2 for fiscal year 2023-2024; and

WHEREAS, it is necessary to supersede Resolution No. 4835 in order to implement the contribution rates established by the Board, as required by the Municipal Code, for fiscal year 2024-2025.

NOW, THEREFORE, THE BOARD DOES HEREBY RESOLVE:

SECTION I. Resolution No. 4835 is hereby superseded and there is hereby established the following base rates and dollars of contribution for the said 1961 Police and Fire Department Retirement Plan, for Fire Tier 2 members only, to be effective June 23, 2024.

MEMBER	2024-2025 Dollars	2024-2025 Rate
Normal Rate of Contribution (Current Service)	N/A	11.82%
Prior Service Rate of Contribution (UAL)	N/A	-0.06%
Total	N/A	11.76%
CITY		
Normal Rate of Contribution (Current Service)	\$4,874,883 ¹	11.82%
Prior Service Contribution (UAL)	-24,746 ¹	-0.06%
Total	\$4,850,137	11.76%

SECTION II. That in addition to the contributions required to be made in Section 1 hereof, the following Cost of Living Contributions be established for the 1961 Police and Fire Department Retirement Plan, for Fire Tier 2 members only, to be effective June 23, 2024 in accordance with Chapter 3.44 of the San José Municipal Code.

MEMBER	2024-2025 Dollars	2024-2025 Rate
Normal Rate of Contribution (Current Service)	N/A	3.15%
Prior Service (UAL)	N/A	-0.01%
Total	N/A	3.14%
CITY		
Normal Rate of Contribution (Current Service)	\$1,299,144 ¹	3.15%
Prior Service (UAL)	-4,124 ¹	-0.01%
Total	\$1,295,020¹	3.14%

1 Based on actuarial assumed payroll of \$41,242,665.

ADOPTED this 4th day of April 2024 by the following vote:

AYES:

NOES:

ABSENT:

FRANCO VADO, CHAIRPERSON
BOARD OF ADMINISTRATION

ATTEST:

ROBERTO L. PEÑA, SECRETARY
BOARD OF ADMINISTRATION