

RESOLUTION NO. 73149

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSÉ AMENDING THE METHODOLOGY FOR THE DISTRIBUTION OF MONEYS IN THE SUPPLEMENTAL RETIREE BENEFIT RESERVE OF THE POLICE AND FIRE DEPARTMENT RETIREMENT FUND TO INCLUDE SURVIVING REGISTERED DOMESTIC PARTNERS

WHEREAS, pursuant to Section 3.36.580 A of the San José Municipal Code, the Board of Administration for the Police and Fire Department Retirement Plan (the “Board”) has established the Supplemental Retiree Benefit Reserve (the “SRBR”) in the Police and Fire Department Retirement Fund; and

WHEREAS, Section 3.36.580 D provides that distributions from the SRBR shall be made only to retired members, survivors of members and survivors of retired members of the Police and Fire Department Retirement Plan (the “Plan”); and

WHEREAS, Section 3.36.580 D further provides that the Board shall make distributions in accordance with a methodology developed by the Board and approved by the City Council; and

WHEREAS, on January 29, 2002, the City Council adopted Resolution No. 70822 to implement the methodology for calculating the amount of distributions from the SRBR as recommended by the Board; and

WHEREAS, the Board has recommended amending the methodology to include registered domestic partners;

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

SECTION 1. The City Council hereby approves the methodology for the distribution of moneys from the Supplemental Retiree Benefits Reserve of the Police and Fire Department Retirement Fund recommended by the Board and described in this Resolution.

SECTION 2. This approval shall remain in effect until such time as the Board recommends a subsequent methodology and the Council adopts a resolution approving the subsequent methodology.

SECTION 3. Base Distribution.

- A. Eighty percent (80%) of the annual amount available for distribution from the SRBR shall be distributed as the "Base Distribution". The amount of the Base Distribution to be paid to each Retired Member or Survivor Unit shall be determined by multiplying the total Base Distribution by the applicable Distribution Fraction.
- B. For the purposed of calculating the Distribution Fraction, points shall be assigned for Years of Service and for Years Retired as follows:
1. Years Of Service (YOS) Points:
 - a. For each Retired Member, there shall be assigned one (1) point for each year of the Retired Member's Police and Fire Plan service for each of the first twenty (20) years plus two (2) points for each year in excess of twenty (20) years.
 - b. For each Survivor Unit, there shall be assigned one (1) point for each year of the deceased person's Police and Fire Plan service for each of the first twenty (20) years plus two (2) points for each year in excess of twenty (20) years. In the case where the deceased person died before separating from City service, the Survivor Unit shall be credited with the greater of (i) the actual number of years of the deceased person's Police and Fire Plan service or (ii) thirty years.
 2. Years Retired (YR) Points: There shall be assigned two (2) points for each year retired where:
 - a. For each Retired Member, Years Retired means the number of years from the effective date of the Retired Member's

retirement to the June 30 immediately preceding the date the Base Distribution is made.

- b. For each Survivor Unit, Years Retired means the number of years from the Survivor Unit's effective date to the June 30 immediately preceding the date the Base Distribution is made where "effective date" means:
 - i. The effective date of the deceased person's retirement where the deceased died after retirement under this Plan; or
 - ii. The date of the deceased person's death in the case where the deceased died prior to separation from City service or died after separation from City service but before receiving any benefits from this Plan.
 - c. Notwithstanding paragraph b above, in the case where a surviving spouse's benefits ceased because of remarriage but were reinstated pursuant to Section 3.36.1295, Years Retired for the Survivor Unit means the actual number of years during which survivorship benefits were paid from this Plan to any member of the Survivor Unit.
- C. The Distribution Fraction shall be determined as follows:
- $$\frac{\text{Years Of Service Points} + \text{Years Retired Points}}{\text{Total Points for Base Distribution}}$$
- D. The amount payable to each member of the Survivor Unit shall be the total Base Distribution payable to the Survivor Unit divided among the persons in the Survivor Unit in the same proportion as the survivorship benefits are paid.
- E. For the purposes of distributions from the SRBR, the number of years in each calculation shall be the actual number of years rounded to the nearest year.

SECTION 4. Bonus Payment.

- A. Twenty percent (20%) of the annual amount available for distribution from the SRBR shall be distributed as the "Bonus Payment". Bonus Payments shall be made only to Retired Members and Survivor Units who meet the following eligibility requirements:
1. The Years Retired is at least ten (10) years; and
 2. The Retired Member or Survivor Unit is receiving a monthly benefit from the Plan that is less than two-thirds of the average monthly retirement benefit paid during the twelve months ending on the June 30 immediately preceding the date the Base Distribution is made.
- B. The amount of the Bonus Payment to be paid to each eligible Retired Member or eligible Survivor Unit shall be determined by multiplying the total Bonus Payment by the applicable Distribution Fraction.
- C. For the purposes of calculating the Distribution Fraction, points shall be assigned for Years Of Service and for Years Retired as described in SECTION 3 of this Resolution.
- D. The Distribution Fraction shall be determined as follows:
- $$\frac{\text{Years Of Service Points} + \text{Years Retired Points}}{\text{Total Points for Bonus Payment}}$$
- F. The amount payable to each member of the Survivor Unit shall be the total Bonus Payment payable to the Survivor Unit divided among the persons in the Survivor Unit in the same proportion as the survivorship benefits are paid.

SECTION 5. For the purposes of this Resolution, the following definitions shall apply:

- A. "Retired Member" means a person who has retired from the Police and Fire Department Retirement Plan under the provisions of the Plan.

- “Retired Member” does not include any person who has separated from City service but is not receiving a benefit from the Plan.
- B. “Survivor Unit” means all eligible survivors (eligible surviving spouse or eligible surviving domestic partner and eligible surviving children) who are receiving a survivor’s benefit under the provisions of the Police and Fire Department Retirement Plan. “Eligible survivor” does not include any person who is receiving a payment from the Retirement Fund solely because of a domestic relations order dividing the community interest in the retirement benefits.
- C. “Total Points for Base Distribution” means the sum of the numerators of all Distribution Fractions for all Retired Members and all Survivor Units.
- D. “Total Points for Bonus Payment Years” means the sum of the numerators of all Distribution Fractions for the Retired Members and Survivor Units who are eligible to receive a Bonus Payment.

SECTION 6. In the event a person is a Retired Member or is a member of a Survivor Unit on the June 30 immediately preceding the date the Base Distribution is made, but dies before the distribution for that year is made:

- A. The amount that would have been paid to the Retired Member shall be paid to the deceased’s Survivor Unit or, if there is no eligible survivor, to the deceased person’s named beneficiary. If there is no eligible survivor and no living named beneficiary, the amount that would have been paid shall become available for distribution to the remaining eligible Retirement Members and Survivor Units.
- B. The amount that would have been paid to a member of the Survivor Unit shall be paid to the remaining members of the Survivor Unit in the same proportion as the survivorship benefits are paid. If there is no member of the Survivor Unit surviving, the amount that would have been paid shall become available for distribution to the remaining eligible Retirement Members and Survivor Units.

SECTION 7. This resolution supersedes Resolution No. 70822.

ADOPTED this 2nd day of May, 2006, by the following vote:

AYES: CAMPOS, CHIRCO, CORTESE, LeZOTTE, NGUYEN,
PYLE, REED, WILLIAMS, YEAGER, CHAVEZ

NOES: NONE

ABSENT: GONZALES

DISQUALIFIED: NONE

CINDY CHAVEZ
Vice Mayor

ATTEST:

LEE PRICE, MMC
City Clerk