

CITY OF SAN JOSÉ

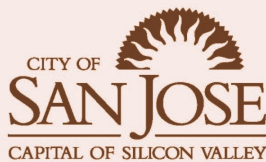
POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

PENSION TRUST &
POSTEMPLOYMENT
HEALTHCARE
TRUST FUNDS OF
THE CITY OF
SAN JOSÉ,
CALIFORNIA



POPULAR ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2019



THE BOARD



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Chair



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Vice Chair



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Vikas Oswal, Trustee



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City Council Liaison



Roberto Peña,
Director

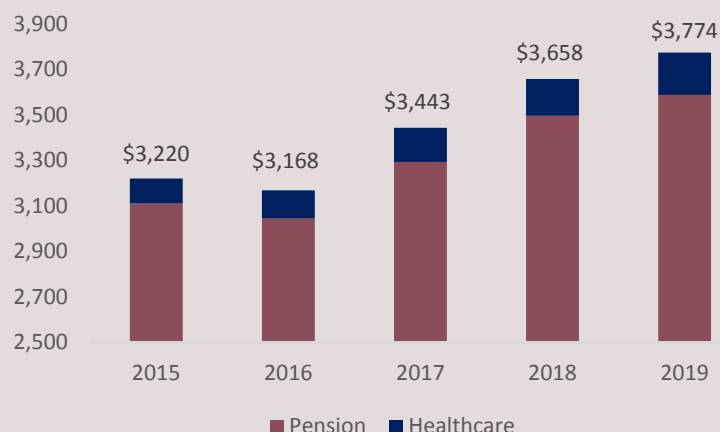
**Chief Executive
Officer**

The Police and Fire Department Retirement Plan (Plan) is pleased to present the Popular Annual Financial Report (PAFR) which summarizes the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. The financial data presented in the PAFR is derived from the CAFR and is consistent with Accounting Principles Generally Accepted in the United States of America (U.S. GAAP). The PAFR provides a concise summary of the Plan's financial position, investment performance and key accomplishments throughout the fiscal year. The Plan consists of a single employer Defined Benefit Pension Plan and a Postemployment Healthcare Plan.

This report is not intended to replace the CAFR, which provides a more complete overview of the Plan's financial position and operating results. For more in-depth information, we encourage you to read the CAFR by visiting www.sjretirement.com and clicking on the Reports tab.

FINANCIALS

Total Net Position
In Millions



In Thousands	Net Position for the Defined Benefit Plan		Net Position for the Postemployment Healthcare Plans	
	2019	2018	2019	2018
As of June 30,				
Receivables	46,864	9,900	4,775	18,295
Investments at fair value	3,544,827	3,491,602	182,307	152,091
Capital assets, net	3,031	1,726	46	29
Total Assets	\$ 3,594,722	\$ 3,503,228	\$ 187,128	\$ 170,415
Current liabilities	6,300	7,037	1,171	7,895
Total Liabilities	\$ 6,300	\$ 7,037	\$ 1,171	\$ 7,895
Plan Net Position	\$ 3,588,422	\$ 3,496,191	\$ 185,957	\$ 162,520

In Thousands	Changes in Plan Net Position for the Defined Benefit Plan		Changes in Plan Net Position for the Postemployment Healthcare Plans	
	2019	2018	2019	2018
For the Period Ended June 30,				
Employee contributions	24,811	23,841	13,315	16,127
Employer contributions	176,618	157,712	28,744	25,382
Net investment income	114,179	233,475	7,907	7,071
Total Additions	315,608	415,028	49,966	48,580
Retirement benefits	204,652	194,139		
Death benefits	13,162	12,102		
Refund of contributions	194	389		
Administrative expenses	5,369	5,464	126	159
Healthcare insurance premiums			26,403	27,686
VEBA transfer				7,897
Total Deductions	223,377	212,094	26,529	35,742
Net Increase in Plan Net Position	92,231	202,934	23,437	12,838
Beginning Net Position	\$ 3,496,191	\$ 3,293,257	\$ 162,520	\$ 149,682
Ending Net Position	\$ 3,588,422	\$ 3,496,191	\$ 185,957	\$ 162,520

Membership

As of June 30, 2019

Membership

As of June 30, 2018

Police

Retirees		Deferred		Active		Total
Tier 1	Tier 2	Tier 1	Tier 2	Tier 1	Tier 2	
1,432		214	74	671	367	2,758

Fire

Retirees		Deferred		Active		Total
Tier 1	Tier 2	Tier 1	Tier 2	Tier 1	Tier 2	
886		40	5	541	121	1,593

Police

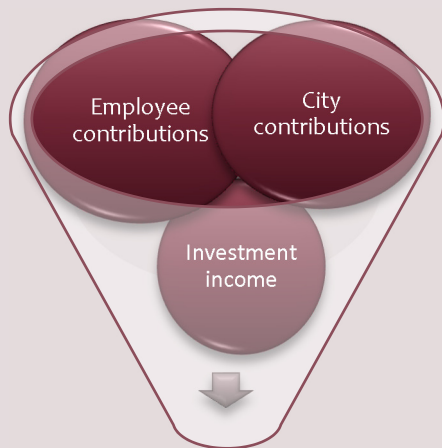
Retirees		Deferred		Active		Total
Tier 1	Tier 2	Tier 1	Tier 2	Tier 1	Tier 2	
1,373		227	53	717	258	2,628

Fire

Retirees		Deferred		Active		Total
Tier 1	Tier 2	Tier 1	Tier 2	Tier 1	Tier 2	
877		39	4	561	103	1,584

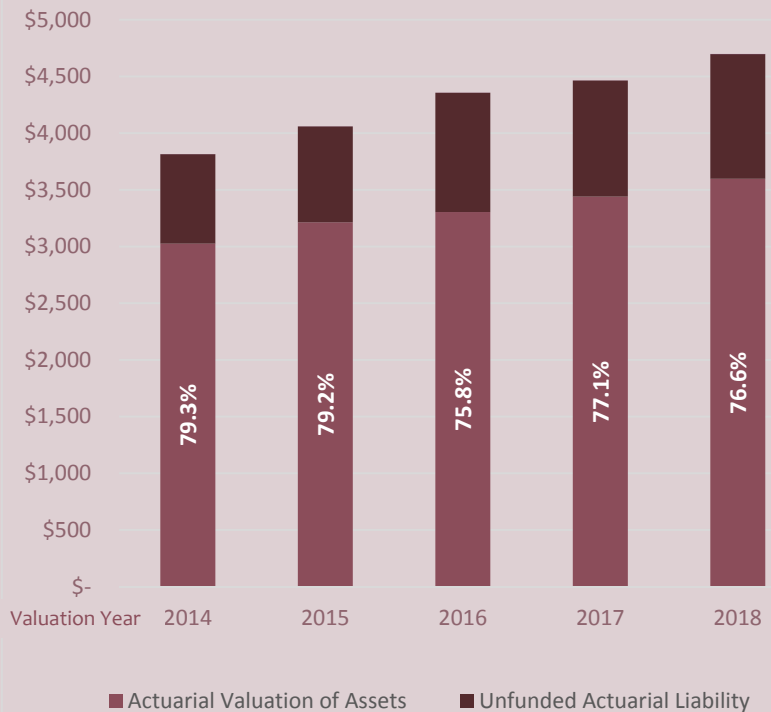
Years of Credited Service	Average Monthly Final Average Salary	Average Monthly Benefit
0 - 5	\$ 7,038	\$ 2,268
6 - 10	\$ 5,624	\$ 3,922
11 - 15	\$ 7,384	\$ 4,587
16 - 20	\$ 8,987	\$ 5,922
21 - 25	\$ 9,499	\$ 8,193
26 - 30	\$ 9,428	\$ 10,502
31+	\$ 8,657	\$ 11,396

The Average Benefit Payment chart is a broad representation of average benefits paid to retirees and survivors. All tiers are combined in the calculation. The chart includes all members who have retired through June 30, 2019.



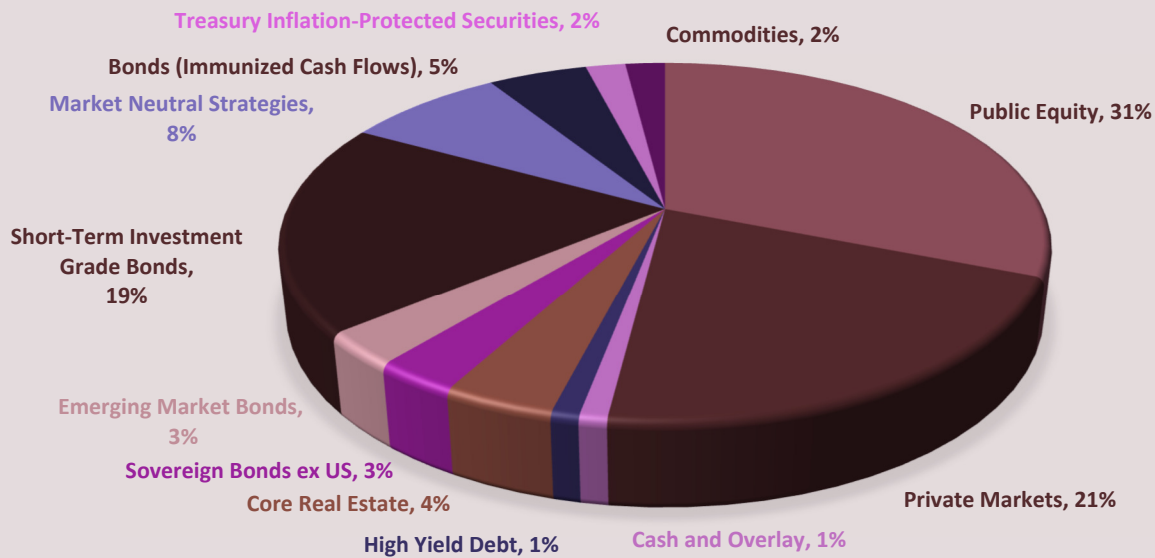
Retiree benefit payments

Schedule of Funding Progress, Pension in Millions

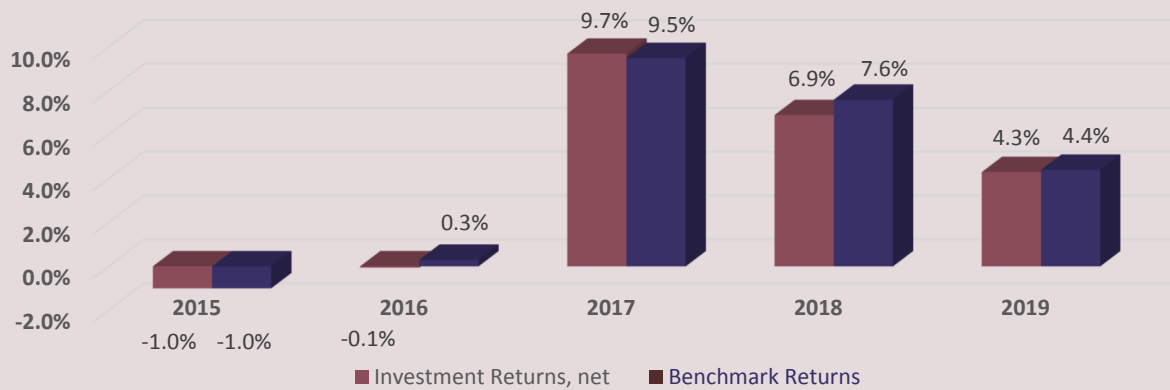


PENSION - ASSET ALLOCATION

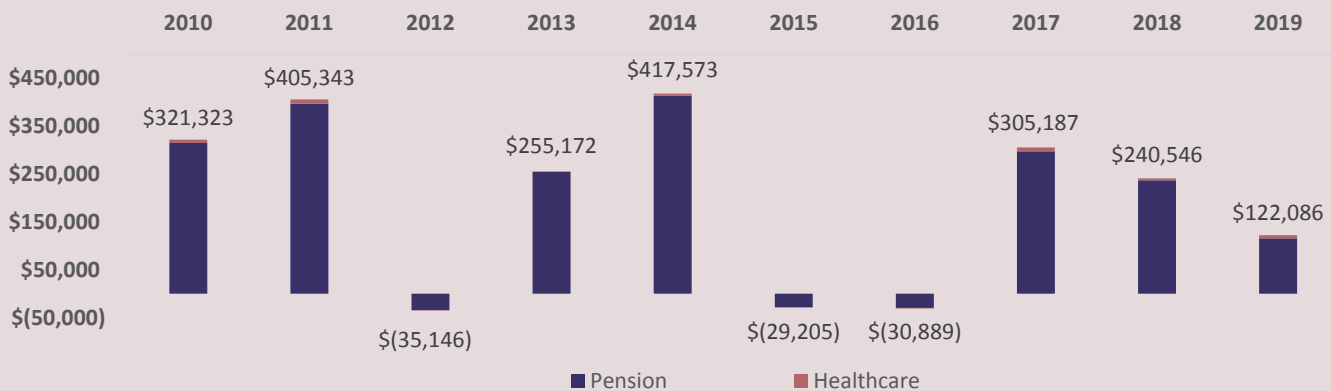
AS OF JUNE 30, 2019



Investment Returns Compared to Benchmark



Investment Income, Net In Thousands

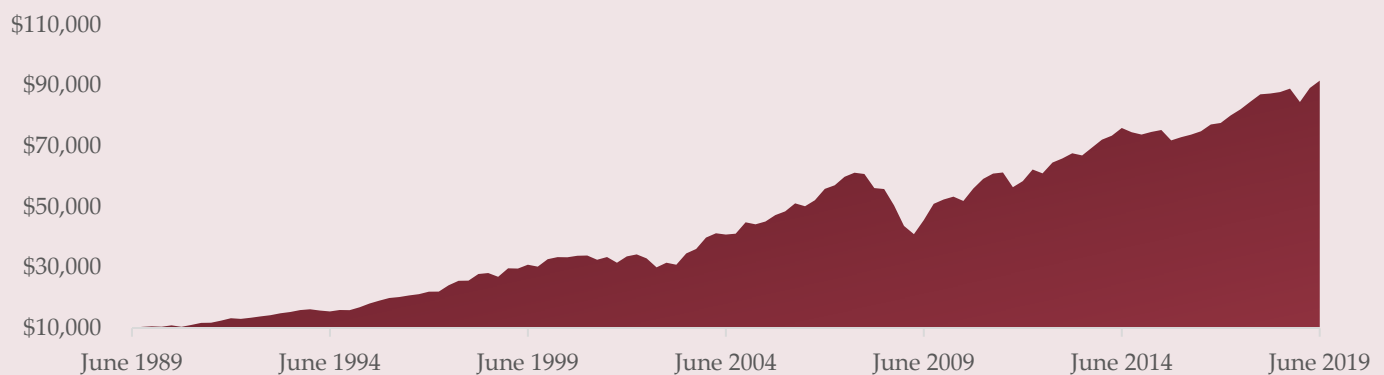




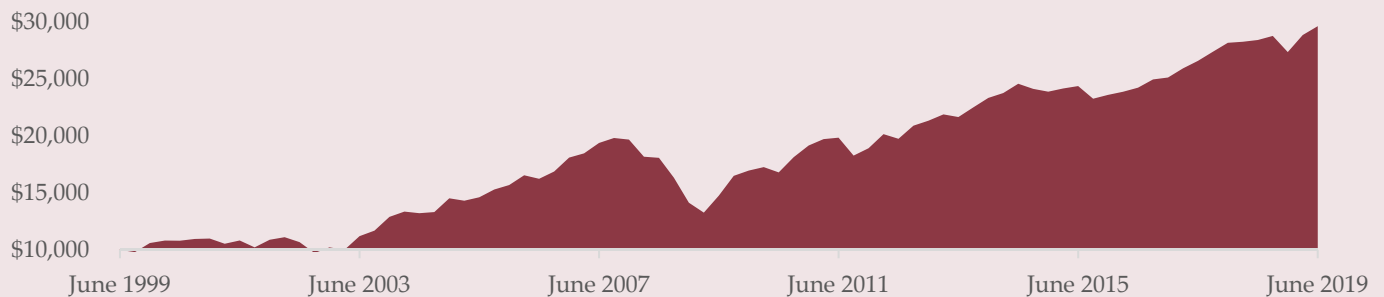
INVESTMENTS

These are graphic trends to show how much an initial investment of \$10,000 would be worth in the Retirement Plan's pension portfolio after 10, 20, and 30 years.

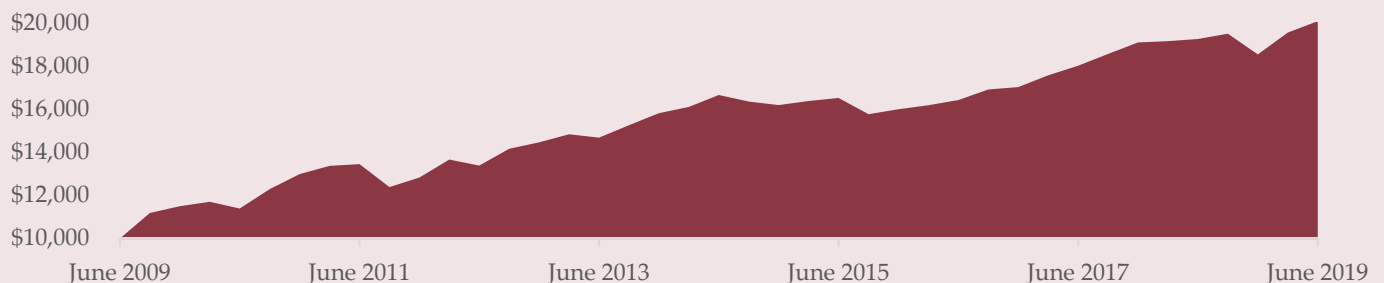
Growth of \$10,000, 30 Years



Growth of \$10,000, 20 Years



Growth of \$10,000, 10 Years

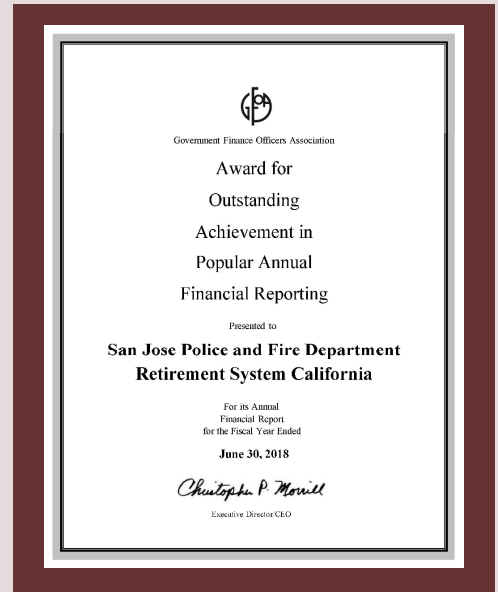


Noteworthy Accomplishments

Government Finance Officers Association of the United States and Canada (GFOA) has given an award for Outstanding Achievement in Popular Annual Financial Reporting to the Plan for its Popular Annual Financial Reporting for the fiscal year ended June 30, 2018. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Reporting, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. The Plan has received a Popular Award for the third year for the fiscal year ended June 30, 2018. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA to determine its eligibility for another Award.



The Office of Retirement Services (ORS) implemented a new pension administration system that went live in February 2019; the implementation of the system started in March 2015. The implementation process spanned approximately 44 months and cost approximately \$9 million. The project completion was extended to the fall of 2019 to allow for the implementation of Measure F-related calculations in the Plan.

ORS launched the new member portal, MemberDirect, in the fall of 2019. <https://memberdirect.sjretirement.com>



Donna Busse

In March 2019, the Chief Operations Officer/ Deputy Director, Donna Busse, retired. ORS conducted a recruitment for the position and subsequently, Barbara Hayman, was promoted to Chief Operations/ Deputy Director effective May 2019.



Barbara Hayman

<https://www.sjretirement.com/>

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