



Memorandum

TO: RULES AND OPEN
GOVERNMENT COMMITTEE

FROM: Jennifer Schembri

SUBJECT: Deferred Compensation
Advisory Committee
Appointment

DATE: July 11, 2024

Approved

Date:

7/16/2024

COUNCIL DISTRICT: Citywide

RECOMMENDATION

- (a) Approve the appointment of Aric Johnson, nominated by the group of employees designated as "Management Employees" consisting of employees in Unit 99 and the Association of Engineers and Architects, IFPTE Local 21 (AEA); Association of Maintenance Supervisory Personnel, IFPTE, Local 21 (AMSP); City Association of Management Personnel, IFPTE, Local 21 (CAMP); and, the Association of Legal Professionals of San José (ALP), as the active employee member to the Deferred Compensation Advisory Committee to fill a vacant seat for the remainder of the term, beginning September 1, 2024 and ending on March 1, 2026.
- (b) Place the item on the August 13, 2024, City Council Agenda for action.

SUMMARY AND OUTCOME

Approval of this recommendation will allow the new appointee to take over the vacant seat, allow the Deferred Compensation Advisory Committee (DCAC) to continue to do business, and ensure quorum at its next meeting on September 23, 2024.

BACKGROUND

The DCAC oversees the investments of the City's voluntary Deferred Compensation Plan and Part-time, Temporary, Contract (PTC) Deferred Compensation Plan (jointly referred to as the Plans). The DCAC has the authority to make decisions on behalf of the City as to the investment policy and the choice and nature of investments to be available under the Plans. Additionally, the DCAC can enter into agreements on behalf

of the City for investment advice under the Plans where the fees to be paid under such an agreement are to be paid by participants of the Plans or where there is no amount to be paid by the City under the agreement. The DCAC has the authority to review and advise the City Manager on annual budgets and proposed changes to the Plans. The Plans currently consist of approximately 16,267 participants and include active employees, former employees, and retirees and they hold approximately \$1.5 billion in assets.

Resolution No. 70176, dated February 27, 2001, requires that the DCAC be composed of seven members: two appointed by the City Manager; one recommended by the management employees; one recommended by the San José Police Officers Association; one recommended by the International Association of Firefighters, Local 230; one recommended by the employee organizations affiliated with the American Federation of State, County, and Municipal Employees; and, one recommended by the “trades organizations.” Each member normally serves a four-year term. As a City Council-appointed committee, appointments to the DCAC must first be approved by the Rules and Open Government Committee before being recommended to the City Council.

ANALYSIS

The most recent employee member on the DCAC recommended by the “Management Employees” began a four-year term on March 2, 2022; the member resigned from the DCAC effective July 1, 2024. Thus, there is a vacant seat on the DCAC for the member recommended by the “Management Employees” who will complete the four-year term ending on March 1, 2026. There are no term limits for members of the DCAC.

The “Management Employees” consisting of employees in Unit 99 and the Association of Engineers and Architects, IFPTE Local 21 (AEA); Association of Maintenance Supervisory Personnel IFPTE, Local 21 (AMSP); City Association of Management Personnel, IFPTE, Local 21 (CAMP); and the Association of Legal Professionals of San José (ALP) nominated two employees to fill the vacant seat and serve the remainder of the four-year term. The two nominees, one of which was Aric Johnson, are active employees and participate in the Deferred Compensation Plan. Each candidate submitted a statement via email explaining their interest in serving on the DCAC and their financial/educational background.

On May 31, 2024, the Human Resources Department sent “Management Employees” who are also Deferred Compensation Plan participants a ballot via email with the two candidate statements and were asked to select their preferred candidate. Employees used their City credentials to verify eligibility and access the ballot, votes remained anonymous, and the ballot was limited to one vote per employee. Recipients had approximately two weeks to vote. Based on the voting results, Aric Johnson received 78 votes while the second candidate received 77 votes. Based on receiving the majority of

votes cast by eligible “Management Employees”, Aric Johnson is being recommended to serve as the DCAC representative for “Management Employees.”

EVALUATION AND FOLLOW-UP

Whenever terms of the members of the DCAC are due to expire or a seat becomes vacant, a recommendation will be presented to the City Council to appoint nominees to fill those seats. The recommendation will allow the new appointee to take over the vacant seat and allow the DCAC to continue to do business and have a quorum at its next meeting on September 23, 2024.

COORDINATION

This memorandum has been coordinated with the City Attorney’s Office and the City Clerk’s Office.

PUBLIC OUTREACH

The key stakeholders were invited to nominate a candidate for appointment to the DCAC.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

Not a Project, File No. PP17-010, City Organizational and Administrative Activities resulting in no changes to the physical environment.

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PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.



Jennifer Schembri

Director of City Manager's Office of
Employee Relations
Director of Human Resources

For questions, please contact Amy Morton, Senior Analyst in Human Resources, at (408) 975-1425.