



RECRUITMENT FOR PUBLIC MEMBERS

To the Boards of Administration for the
Police and Fire Department Retirement Plan and
Federated City Employees' Retirement System

The City of San José Needs You

WE ARE LOOKING FOR PUBLIC MEMBERS TO SERVE ON THE BOARDS FOR OUR TWO RETIREMENT SYSTEMS

Under a reconstituted governance structure, the nine member Board of Administration for the Police and Fire Department Retirement Plan will include five (5) public members, and the seven member Federated City Employees' Retirement System Board will include four (4) public members.

The City of San José maintains two separate retirement systems for its employees. As of June 30, 2010, the Police and Fire Department Plan (P&F) has assets of \$2.2 billion dollars and the Federated City Employees' Retirement Plan (FCERS) has assets of \$1.6 billion dollars. The City does not participate in the State of California Public Employee Retirement System (CalPERS), but the two systems do have reciprocity agreements with CalPERS.

A Board of Administration manages each plan. The Retirement Boards have exclusive control of the administration and investment of the retirements funds, subject to the provisions of Federal and State law, the San José Municipal Code, and the Charter of the City of San José. The Boards may make and enforce reasonable rules and regulations for the administration, management and control of the retirement system and its funds. In addition, the Boards may retain legal, actuarial and other advisors to assist them with their fiduciary responsibilities.

Two Retirement Systems one remarkable city



Police and Fire Department Retirement Plan:

Under the new board governance structure approved by the City Council in August, 2010, a nine-member Board of Administration for the Police and Fire Department Retirement Plan will administer the Plan. The Police and Fire Retirement Board consists of five public members who are not connected with the City government, but have significant relevant experience in investment matters; one employee representative of the City's Police Department; one employee representative of the City's Fire Department; and two retiree representatives, one Police and one Fire. The Police and Fire Department Retirement Board currently meets monthly on the first Thursday of every month at 8:30 a.m. (Except July). The meetings are currently held at San José City Hall and are open to the public.

Federated City Employees' Retirement System:

Under the new board governance structure approved by the City Council in August 2010, a seven member Board of Administration for the Federated City Employees' Retirement System will manage the system. The Federated Retirement Board consists of four public members who are not connected with the City government, but have significant relevant experience in investment matters; two City employees; and one retiree representative member. The Federated Retirement Board currently meets on the second Thursday of every month at 8:30 a.m. (Except July). The meetings are held at San José City Hall and are open to the public.

Retirement Services Department:

Russell Crosby is the Director of the Retirement Services Department. He was hired by the City in late 2007, and has assembled a professional staff, which includes CFA's and actuaries. The total staff of 34 members provides accounting, benefits administration, information technology, and investment support. Both Plans have recently completed Asset-Liability Studies (ALM), and are in the process of aligning the Plans' investment returns with its pension liabilities. The new portfolio allocation reduced the Plans' exposure to general market risk by improving the long-term allocation to alternative investments that are not correlated to public market activity. In addition, a new investment structure shifted the portfolio from active management towards passive management.

The Federated City Employees' Retirement System and the Police and Fire Department Retirement Plan were named *Mid-Sized Public Plan of the Year for 2009*, by Institutional Investor's Money Management Letter at its Annual Public Pension Fund Awards for Excellence ceremony. For the year ending June 30, 2010, the Police and Fire plan had a return of 14.3% and the Federated plan returned 15.9%, placing both plans in the top quartile of large United States pension plans.

The Police and Fire plan covers approximately 2,100 active sworn police officers and fire fighters and over 1,500 retirees. The Federated system provides retirement benefits to approximately 3,700 current employees and 2,400 retirees. For more information regarding the Retirement Plans and Boards, please visit the Retirement Services web page: <http://www.sjretirement.com>

Qualifications for Board Members

•Residency:

Each Public Board Member must live within a 50-mile radius of San Jose City Hall.

•Education:

Public Board Members must have a baccalaureate degree from an accredited college or university in finance, actuarial science, law, economics, business or other relevant field of study. An advanced degree in a relevant field of study or professional certification is desirable but not required.

•Knowledge and Experience:

Each Public Board member should have a high level of knowledge and expertise and at least twelve (12) years experience relevant to the administration of a public retirement plan, including but not limited to: (1) senior executive position in pension administration; (2) pension actuarial practice; (3) institutional investment management; (4) auditing; (5) accounting; (6) legal; (7) health and welfare and/or employee benefits management; (8) investment management; (9) banking; (10) asset/liability management for an insurance company; (11) college or university professor with a focus on fiduciary or trust fund law or a quantitative background in financial theory or actuarial math. Twelve (12) years combined experience in a related field may meet this requirement.

•Ineligible Persons:

The following individuals are ineligible for appointment as public members of the Boards: (1) current and former City employees; (2) current or former elected or appointed City officials; (3) retired members of, or persons participating in or receiving benefits from either City of San Jose retirement plan; (4) a representative from any union representing City employees; (5) or any immediate family member of a City employee or persons participating in or receiving benefits from either City of San Jose retirement plan. Please refer to the City's Nepotism Policy for the definition of immediate family members.

•Conflicts of Interest:

No person having a conflict of interest, significant potential for conflict of interest, or appearance of conflict of interest may be appointed to the Boards. Each applicant is required to provide disclosure information including, but not limited to, information related to: (1) investments; (2) ownership of real property; (3) employment and business positions; (4) income sources and loans of the prospective applicant and members of the applicant's immediate family. Each Board member is responsible for filing a Statement of Economic Interest (Form 700) upon appointment and annually thereafter and is subject to the City's Code of Ethics: http://www.sanjoseca.gov/clerk/cp_manual/CPM_0_15.pdf

•Prohibitions:

No member of the Retirement Board may:

- Have any interest in any investment the Board makes, or in the gain or profit resulting from those investments
- Borrow funds from the system, or use the system's funds for anything other than making current and necessary payments authorized by the Board
- Become an endorser, surety, or obligor on investments made by the Board



APPLICATION PROCESS

Please complete the required application, which is available through the Office of the City Clerk at: www.sanjoseca.gov/clerk



TIMELINE RECRUITMENT

Applications will be accepted Wednesday, October 6, through Monday, November 8, 2010

APPLICANT REVIEW

Preliminary screening by City staff for conflicts of interest, etc., will be conducted through Friday, November 19, 2010

CITY COUNCIL INTERVIEWS

Tentatively scheduled for Tuesday, November 30, 2010



Appointments to be effective December 2010

For More Information

If you are interested in obtaining more information about serving as a Board Member, please note the following information:

For questions regarding the application and appointment process, please contact the Office of the City Clerk (Phone: 408-535-1260; Fax: 408-292-6207; or e-mail: cityclerk@sanjoseca.gov)

For questions regarding the Retirement Boards and systems, please contact Russell Crosby, Director of Retirement Services (Phone: 408-794-1000; Fax: 408-392-0771; or e-mail: russell.crosby@sanjoseca.gov)



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