

Summary of Stakeholder Comments August 26-27, 2009

- It is in everyone's interests, taxpayers, the City and employees that the retirement plans are well managed and are doing well
- There is nothing wrong with the current retirement board structures – No need to fix something that is not broken
 - For decades, the plans have done very well
 - Changing the composition of the retirement boards will not guarantee higher returns on assets
 - Maintain the status quo
- There is an illusion that the retirement plan asset returns are directly related to the structure of the Board
- This is a power grab by the City Council
 - The City Council wants to take control of the money and do with it what it pleases
 - The Council will have the majority and will have all of the authority (appoint four of the seven members on each board) in the recommended model
 - The employees and retirees should have the majority
 - No trust in the City Council
 - The City Council will not represent the interests of the employees and retirees
 - There is a conflict of interest if the City Council has the majority
 - There will be less flexibility with the recommended model
 - The current structure has a balance of power (3 advocates for the City, 3 advocates for the employees and retirees, and one neutral who is a Civil Service Commissioner)
- Council members should remain on the retirement boards
 - The City Council is accountable to taxpayers and City employees
 - Excluding City Council members is bad public policy
- There are more costs involved with the recommended model
 - Compensation to Board members
- Experienced individuals are needed on the retirement boards
 - Should be limited to San Jose residents
- Outside experts have created a mess in this country
 - Don't want to gamble the plan assets with the same individuals that contributed to the greatest economic crisis in our nation's history.
 - Experts cannot be trusted
 - Experts are overrated; experts will not solve the problem of losses to the retirement plans
 - City Council will appoint their friends, lobbyists, etc.
 - The majority should not be outside experts

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- The Boards already uses money managers to manage the funds and they are paid through fees
- The examples listed in the Cortex report are from other countries or other states
 - Need to look at the City of San Jose and other examples in the State
- Taxpayers should not bear the brunt of paying for the pension and retiree healthcare benefits for City employees when there are losses
 - Taxpayers need protection as well from having to pay more taxes to fund the retirement plans
- Alternative board structures should be considered
 - Consideration should be given to a board model in which the employees/retirees have a certain number of members; the City has an equal number of board members; and a neutral should be selected by the employees/retirees and the City
- Changes to the current board structures are subject to the meet and confer process
- Additional outreach is needed
 - More time to comment on report

Note: Several comments were made regarding the pension and retiree healthcare benefits that are provided to City employees. Those comments have not been included in this summary since this was not an issue within the scope given to the consultant to review.