



# Memorandum

**TO:** All City Employees and Retirees

**FROM:** Debra Figone

**SUBJECT:** Retirement Board Governance

**DATE:** January 15, 2010

As you may be aware, the City Administration was directed by the City Council to complete an analysis and review of the structure and governance of the retirement boards. I am writing to you to provide you with an update and clarify possible misunderstandings regarding this project.

A consultant, Cortex Applied Research, was retained to conduct this review, which was limited to the governance models of the City's retirement systems including the composition of the retirement boards, the authority of the boards and of the City, and the necessary skills and experience of board members.

The retirement boards have significant and complex responsibilities in managing the retirement funds. During the stakeholder meetings that were held last year, there appeared to be an impression that the purpose for reviewing the change in the retirement board structure was to change retirement benefits or to give the City control of the retirement funds. I want to clarify any misunderstanding: A change in who serves on the retirement boards will **not** result in changes in retirement benefits or in the authority of the boards to control the retirement funds.

The retirement boards do **not** have the authority to enhance or reduce retirement benefits levels. In addition, the San Jose Municipal Code specifies that the retirement boards have exclusive control of the retirement funds. The authority and responsibility to control the retirement funds will not change with a modification in the composition of the boards: the retirement boards will retain that authority and responsibility.

The consultant presented its findings and recommendations to the City Council on June 23, 2009, which included recommendations to add members to each retirement board who are independent of the City and have experience relevant to pension plans. Under the recommendation of the consultant as well as the Administration, employees and retirees would continue to serve on each retirement board. The City Council directed the Administration to conduct additional outreach and return with final recommendations. The recommendations will be considered by the City Council on January 26<sup>th</sup>.

Information regarding the board governance review, which includes the consultant's reports and the City Council memo that details the recommendations, are available on the City's internet site at <http://www.sanjoseca.gov/RetirementBoardGovernance.asp>. Questions and comments may be sent via e-mail to Retirement Board Governance: [retirementoutreach@sanjoseca.gov](mailto:retirementoutreach@sanjoseca.gov).



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