

August 5, 2009

**To the Retirees of the Federated City Employees' Retirement System and
Police & Fire Department Retirement Plan**

RE: Retirement Board Governance Stakeholder Outreach

As you may have heard, the City of San José is reviewing recommendations for changes in the governance model for the City's two retirement plans. The purpose of this letter is to provide you with more information and let you know about other opportunities to become more informed about this important issue.

The City recently retained Cortex Applied Research ("Cortex"), consultants with expertise in the management of pension funds, to review the fiduciary governance models of the *Federated City Employees' Retirement System* and the *Police and Fire Department Retirement Plan*. The consultants reviewed relevant documentation, interviewed stakeholders, and researched industry best practices. Based on this work, Cortex has concluded that the governance models of the retirement plans do not support the long-term effective management of the plans and therefore do not effectively serve the interests of the key plan stakeholders, *i.e.* members, retirees, and taxpayers.

During March and April, Cortex interviewed Retirement Board Trustees, representatives from the City's Labor Unions, San Jose Retired Employees Association, Association of Retired San Jose Police Officers & Fire Fighters, the Mayor, the City Manager, the City Attorney, and the Director of Office of Employee Relations. The stakeholders were provided the draft report by Cortex on June 2nd for review and input.

At the June 23rd City Council meeting, the Council discussed the consultant report and recommendations and directed staff to hold additional stakeholder outreach meetings and report back to the Council in 90 days. This subject is scheduled to return to the Council on September 22, 2009.

The full report can be found at:

http://www.sanjoseca.gov/clerk/Agenda/20090623/20090623_0306.pdf and
http://www.sanjoseca.gov/clerk/Agenda/20090623/20090623_0306att.pdf

Two Stakeholder outreach meetings have been scheduled for August 26th and 27th at the following locations and times:

San Jose City Hall 200 E. Santa Clara Street San Jose, CA 95113	Date: August 26, 2009 Time: 6:30-8:30 P.M. Wing Committee Rooms 118 & 119	Date: August 27, 2009 Time: 1:30-3:30 P.M. Council Chambers
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For questions, please contact Nadine Nader in the City Manager's Office at (408) 535-8104 or Ron Kumar in the Retirement Services Department at (408) 794-1045.