

### 13. FEDERATED CITY EMPLOYEES' RETIREMENT SYSTEM

#### STRATEGIC PLANNING POLICY

##### BACKGROUND & PURPOSE

- 1) Strategic planning allows an organization to define its mission and the steps necessary to achieve it.<sup>1</sup> In the case of the System, however, the mission is largely defined in governing legislation and can only be changed by the City Council or the voters of San Jose.
- 2) Despite the above limitation, the Board believes that strategic planning can help the Board and Staff to articulate a shared vision of how the System will carry out its business and overcome any challenges that may arise. Furthermore, it can help to focus, energize, and motivate the organization.

##### GUIDELINES

- 3) A strategic planning process should be fluid and flexible enough to foster creative and strategic thinking. Accordingly, rather than prescribing rigid steps and timelines, this strategic planning policy sets out a general framework to guide the strategic planning efforts of the Board and Staff.
- 4) The Director shall be responsible for determining the precise nature of the planning process over time and the format of the resulting strategic plan. The Board expects however that the following general guidelines shall be met where appropriate:
  - a) The planning process will incorporate the following:
    - i) *Environment*: The planning process should allow for consideration of issues and trends occurring in the environment that may have an impact on the mission and vision of the System.
    - ii) *Board involvement*: The Board believes that while Staff should be the primary driver of the strategic planning process, the Board should have opportunities to provide ideas and counsel throughout the process. Forums for such involvement may include regular or special board or committee meetings, retreats, or, subject to open meeting laws, surveys and one-on-one discussions.
    - iii) *Stakeholder input*: The planning process should where appropriate allow for input from the City, Staff, vendors, or other stakeholders. The Director should determine the specific sources, scope, means, and frequency of such input.
    - iv) *Flexible timing*: The Board recognizes that strategic planning is an ongoing process in that the Board and Staff are continually considering the strategic direction of the System. The Board, however, does not expect that the strategic plan must be updated on a specified frequency. Instead, the Director is expected to update the strategic plan as required and to advise the Board accordingly. The Board does, however, expect to be regularly informed of the status and implementation of the initiatives contained in the strategic plan.
  - b) The resulting strategic plan documentation will generally include the following elements:
    - i) *Mission*: The strategic plan should contain a clear mission statement that describes the business of the System and that is consistent with the System's governing legislation. The Board recognizes that the mission will likely be similar to those of many other public retirement systems, given the similarities across public retirement systems.

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<sup>1</sup> A mission statement typically describes an organization's products and services, customers, geographic markets, and ownership structure.

- ii) *Vision*: The strategic plan should convey a vision of how the System intends to carry out its mission and may describe such things as:
    - (1) What core competencies the System intends to build or maintain.
    - (2) Unique operational or organizational approaches to the operations; e.g. outsourcing or partnerships.
    - (3) Issues or functions that shall be given special emphasis; e.g. risk management, asset/liability management, customer service, corporate governance, internal governance, alternative investing, or communications.
    - (4) The System's approach to stakeholder education and notifying the City with respect to legislation.
  - iii) *Deliverables*: The strategic plan should identify clear projects with defined deliverables and best estimate time-frames for completion.
- 5) The Board shall be responsible for:
- a) Approving the mission statement of the System and amendments thereto.
  - b) Approving or concurring with Staff's vision or strategies for the System, as expressed in a vision statement or similar documents.
  - c) Approving the projects Staff recommends be undertaken to carry out the strategic plan.
  - d) Approving the necessary budget resources to support such projects.
  - e) Monitoring progress towards implementation of the projects, vision, and mission.
- 6) The Director shall have the authority to approve the detailed operational or tactical plans to guide Staff in implementing the strategic plan, and shall inform the Board of such plans as the Director deems necessary, or as requested by the Board. At a minimum, the Board expects to be informed of tactical plans pertaining to material aspects of the operations such as:
- a) Tactical plans involving the implementation of the asset allocation policy.
  - b) Tactical plans pertaining to major portfolio transitions.
  - c) Tactical plans for implementing major information technology systems or upgrades and selecting related vendors.

#### **POLICY REVIEW & HISTORY**

- 7) The Board shall review this policy at least once every three years.
- 8) The Board adopted this policy on June 21, 2012.