

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.¹ 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 Management 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 everyone in 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 Management.
- 4) The CEO will 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 will 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 Management 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 CEO 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 Management should continually be considering the strategic direction of the System. The Board, however, does not expect the Strategic Plan to be updated with a pre-determined frequency. Instead, the CEO 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 systems.
 - ii) *Objectives*: The Strategic Plan should describe any broad goals or objectives the Board has agreed to pursue (e.g., broad investment objectives or service quality goals).

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

- iii) *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 will 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 relations and notifying the City with respect to proposed legislation.
- iv) *Deliverables*: The strategic plan should identify clear projects with defined deliverables and best estimate time-frames for completion.
- c) The scope of the Strategic Plan and the strategic planning process will, to the extent possible, span the entire organization including investments and benefit administration.
- 5) The Board will be responsible for:
 - a) Approving the mission statement of the System and amendments thereto.
 - b) Approving or concurring with Management's vision or strategies for the System
 - c) Approving the projects Management 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.

The CEO will have the authority to approve detailed operational or tactical plans to guide staff in implementing the Strategic Plan, and will inform the Board of such plans as the CEO deems necessary, or as requested by the Board. In the case of projects that are expected to have a significant impact on the operation (e.g., implementation of a new benefits administration system) the Board may monitor progress on a more frequent and in-depth basis.

POLICY REVIEW & HISTORY

- 6) The Board shall review this policy at least once every three years.
- 7) The Board adopted this policy on August 2, 2012, and amended it on August 17, 2017.