



# San Joaquin County Employees Retirement Association

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## A G E N D A

**AMENDED  
SPECIAL MEETING  
SAN JOAQUIN COUNTY EMPLOYEES RETIREMENT ASSOCIATION  
BOARD OF RETIREMENT  
THURSDAY, NOVEMBER 4, 2021  
AT 10:00 AM**

Location: Robert J. Cabral  
Agricultural Center  
2101 E. Earhart Ave, Suite 100

- 1.0 ROLL CALL**
- 2.0 PLEDGE OF ALLEGIANCE**
- 3.0 PUBLIC COMMENT**
- 4.0 WELCOME AND INTRODUCTION OF PARTICIPANTS** 3
- 5.0 STRATEGIC PLANNING PROCESS OVERVIEW AND SESSION OBJECTIVES** 6
  - 5.01** Presentation by Amy McDuffee and Catherine Jackson of Mosaic Governance Advisors
- 6.0 CONSULTANT PANEL: ASSESSING THE EXTERNAL LANDSCAPE**
  - 6.01** Presentation by Graham Schmidt, Cheiron, David Sancewich, Meketa Investment Group, Ashley Dunning, Nossaman, LLC
  - 6.02** Board to consider and provide direction as needed
- 7.0 RESEARCH SUMMARY** 17
  - 7.01** Presentation by Amy McDuffee and Catherine Jackson of Mosaic Governance Advisors
  - 7.02** Board to consider and provide direction as needed
- 8.0 THE FUTURE VISION: SJCERA 2031** 53
  - 8.01** Board to consider and provide direction on SJCERA's future state, Mission Statement, and Core Values
- 9.0 REVIEW DRAFT STRENGTHS, WEAKNESSES, OPPORTUNITIES, THREATS (SWOT) ANALYSIS** 67
  - 9.01** Presentation by Amy McDuffee and Catherine Jackson of Mosaic Governance Advisors
  - 9.02** Board to consider and provide direction as needed
- 10.0 DISCUSSION OF CRITICAL THEMES** 77
  - 10.01** Presentation by Amy McDuffee and Catherine Jackson of Mosaic Governance Advisors
  - 10.02** Board to consider and provide direction as needed
- 11.0 COMMENTS** 82
  - 11.01** Comments and Closing Remarks from Mosaic Governance Advisors
  - 11.02** Comments from the Board of Retirement

## **12.0 CALENDAR**

**12.01** Board Meeting November 5, 2021, at 9:00 AM

**12.02** Special Board Meeting, November 17, 2021, at 1:00 PM

**12.03** Administrative Committee Meeting November 17, 2021, at 1:05 PM

**12.04** Board Meeting December 10, 2021, at 9:00 AM

## **13.0 ADJOURNMENT**

## Memo

**To:** Board of Trustees, San Joaquin County Employees' Retirement Association (SJCERA)

**From:** Amy McDuffee, Founder and CEO, Co-Lead Consultant, Mosaic Governance Advisors (Mosaic)  
Catherine Jackson, Co-Lead Consultant, Mosaic

**cc:** Johanna Shick, Chief Executive Officer, SJCERA  
Members of the SJCERA Leadership Team

**Date:** October 27, 2021

**Re:** Preview of the November 4, 2021 Special Board Meeting – Strategic Planning

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The SJCERA Board of Trustees (Board) will be convening along with its Leadership Team on Thursday, November 4, 2021, for a special meeting to discuss strategic planning. The special meeting is scheduled to begin at 10 a.m. and adjourn at approximately 2:00 p.m.

The meeting is structured as a **discussion meeting**. The goal is to engage the Board and Leadership Team in active dialogue to consider SJCERA's long-term future direction. No Board action will be sought, but we will be looking to observe where there is consensus. The discussion outcomes will be translated into a new draft SJCERA Strategic Plan for the next five-year period (2022-2026).

In preparation for this meeting, Mosaic has been working closely with the Leadership Team on various strategic planning discussions to develop a starting point for the Board's consideration and input. We are eager to share and discuss our collective work with the Board. This is a pivotal time for SJCERA and all organizations. The pandemic has unlocked new ways of thinking and working that reflects risks and opportunities. We ask that all meeting participants come to the special meeting with open minds and prepared to share their views and ideas.

Key discussion topics include the following:

- **Consultant Panel: Assessing the External Landscape**

Mosaic will facilitate a virtual panel discussion among the Board's actuary, investment consultant, and fiduciary counsel on emerging trends in the industry within their respective areas. Accordingly, we asked the Board's consultants to address the following questions through their commentary:

- What high-level trends do you see that could potentially impact SJCERA in the next 3- to 5-year period?

- What topics or initiatives are your other similar clients considering or undertaking that you believe would be of benefit for SJCERA to explore?
- Is there anything else you think would be important for the SJCERA Board and Leadership Team to be aware of at this time as it undertakes strategic planning?

After the panel presentation, we will ask Trustees to share their views on topics that they'd like to see flagged for inclusion in the strategic plan. We will note the consensus to inform the strategic plan that we develop after the special Board meeting.

- **Research Summary**

We initiated the strategic planning process by gathering the sentiment of three key stakeholders: 1) SJCERA Trustees, 2) SJCERA employers, and 3) SJCERA staff (other than Leadership Team staff). Mosaic individually interviewed Trustees and administered an online survey of SJCERA employers and SJCERA staff. Additionally, Mosaic reviewed member service transaction surveys conducted by SJCERA from January 21, 2020, to July 21, 2021. We have prepared a high-level summary of the interview and survey results and our analysis of the member transaction surveys. We will ask Trustees to share their reactions and perspectives on the themes they think are important to keep in mind as they consider SJCERA's long-term direction.

- **SJCERA Future Vision 2031**

We blended feedback from the Trustee interviews with the results of a visioning exercise undertaken by the Leadership Team. From the compilation, we drafted "Vision for Success Statements" that describe SJCERA's future state in the year 2031. We will seek input from the Trustees on the draft statements. We want to know where the consensus is as well as identify and resolve differences in views.

Within this framing of SJCERA's future state, we will also discuss SJCERA's current Mission Statement and Core Values. Based on comprehensive discussions to date, the Leadership Team believes, and Mosaic concurs, it may be appropriate to refresh the Mission Statement and Core Values. We will ask for the Board's input on the matter to inform next steps.

To keep the meeting on pace, we have structured this discussion over a working lunch.

- **Discussion of a Draft S.W.O.T. Analysis**

We blended feedback from the Trustee interviews with the results of a S.W.O.T. analysis undertaken by the Leadership Team. A S.W.O.T. Analysis is a study undertaken to identify an organization's internal strengths (S) and weaknesses (W), as well as the external opportunities (O) and threats (T) in its operating environment. It is a vital element of the strategic planning process. It informs strategy, identifies areas for improvement, and provides insights into the

organization's future potential. During this segment, we will solicit Trustee observations on the draft S.W.O.T. analysis. We want to understand if there is anything significant missing from the draft or if Trustees have any questions about the items delineated.

- **Discussion of Critical Themes**

We worked with the Leadership Team to identify the significant priorities from the S.W.O.T. analysis that will need SJCERA's time and attention to realize SJCERA's future state. The significant priorities can be further streamlined into three critical themes. We will seek the Trustees' feedback and input on the significant priorities and critical themes. This is an essential step to inform the goals and objectives of the new strategic plan.

**Summary**

We are looking forward to seeing the Board for its special meeting on November 4, 2021 to engage you in these inspiring discussions. I will be attending in person, and my colleague, Catherine Jackson, will be attending virtually.

Should you have questions in advance of the meeting, please feel free to contact me at (720) 316.1919 or via email at [Amy.McDuffee@MosaicGovernance.com](mailto:Amy.McDuffee@MosaicGovernance.com).



**MOSAIC**  
Governance Advisors

# Developing the SJCERA Strategic Plan (2022 – 26)

Special Board Meeting  
Presentation Part 1

Amy McDuffee  
Catherine Jackson

November 4, 2021



# Agenda

- Strategic Planning Process Overview and Session Objectives
- Consultant Panel: Assessing the External Landscape
- Review and Discussion of Research Summary
- *Break*
- Discussion of the Future Vision: SJCERA 2031
- Review of S.W.O.T. Analysis
- Discussion of Critical Themes
- Discussion Recap, Next Steps in the Process, and Feedback

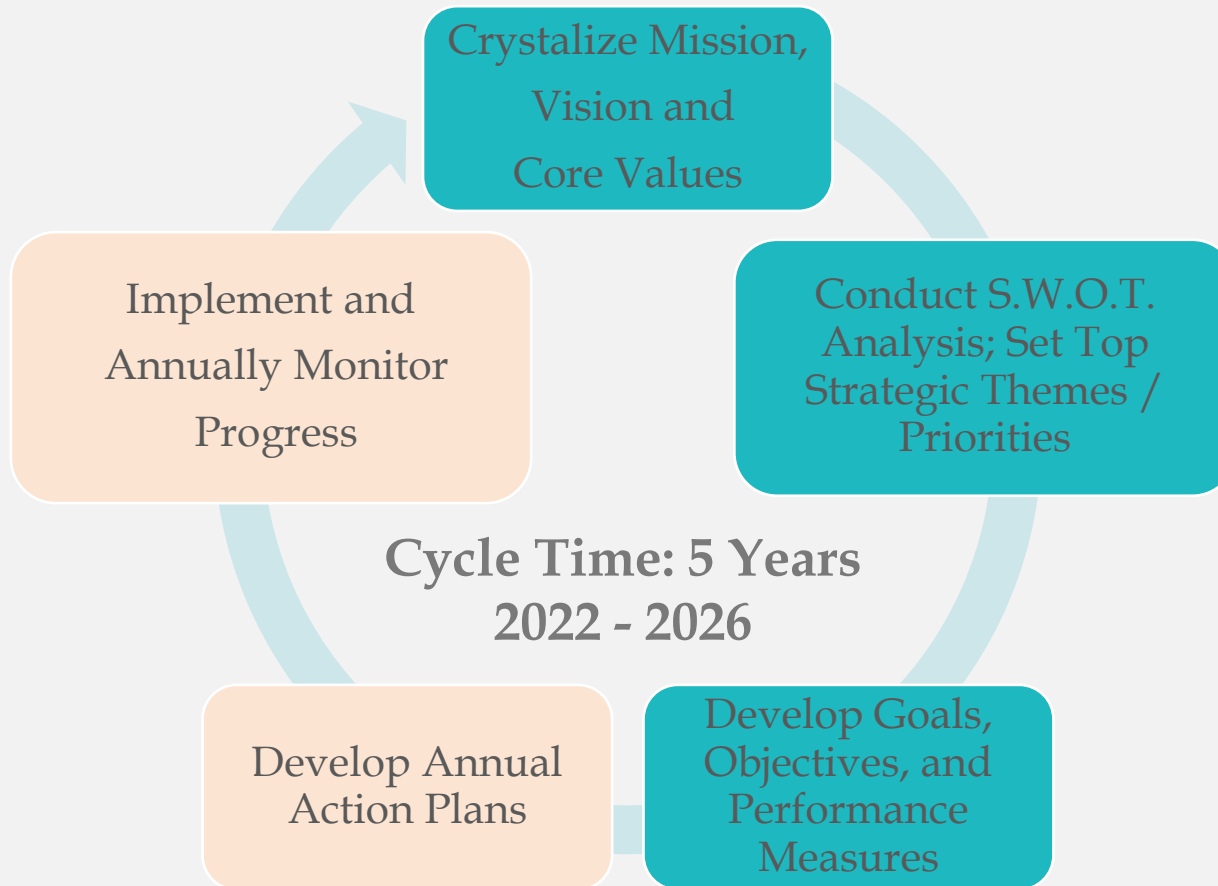
# Strategic Planning Process Overview and Session Objectives



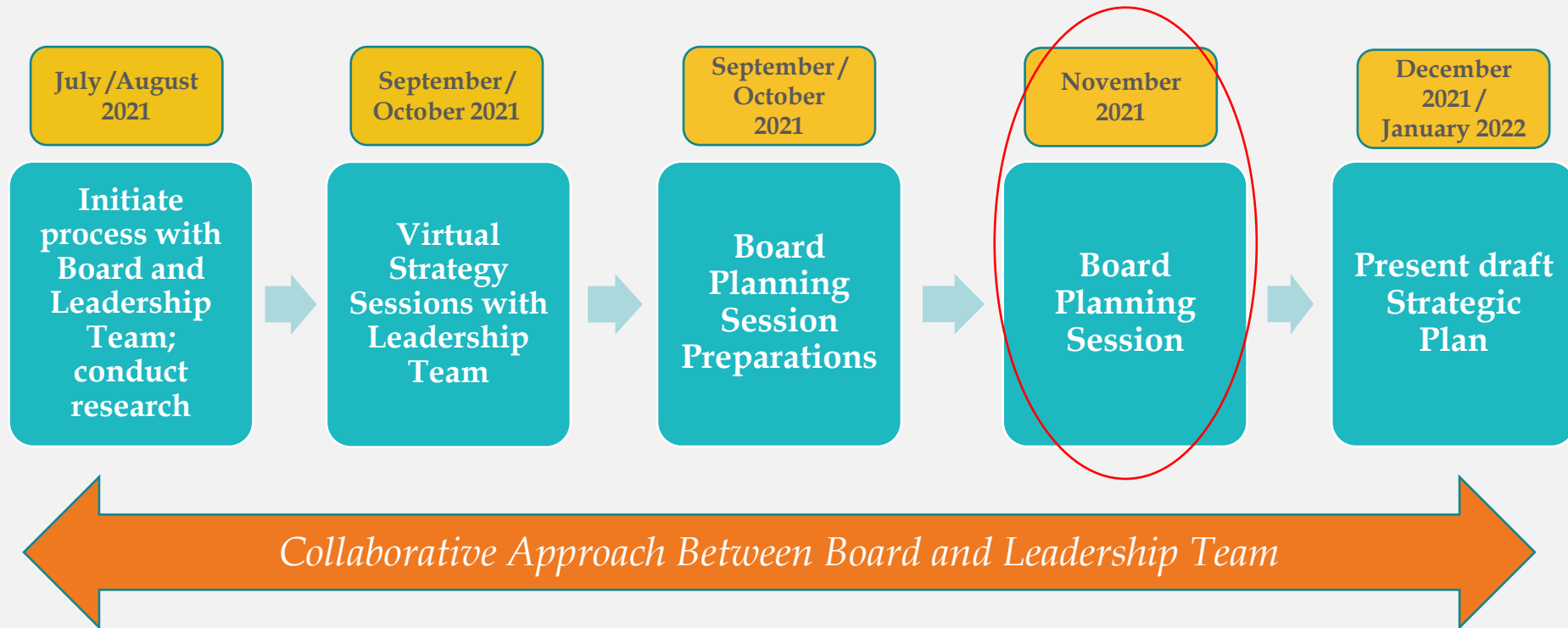
# SJCERA's Strategic Planning Context

- SJCERA had developed a Strategic Plan for 2016-2018.
- Since that time Annual Action Plans have been developed by the CEO.
- Mosaic was retained to assist SJCERA in developing a multi-year Strategic Plan to document long-term direction.
- The CEO and staff will continue to develop Annual Action Plans in connection with the new Strategic Plan.

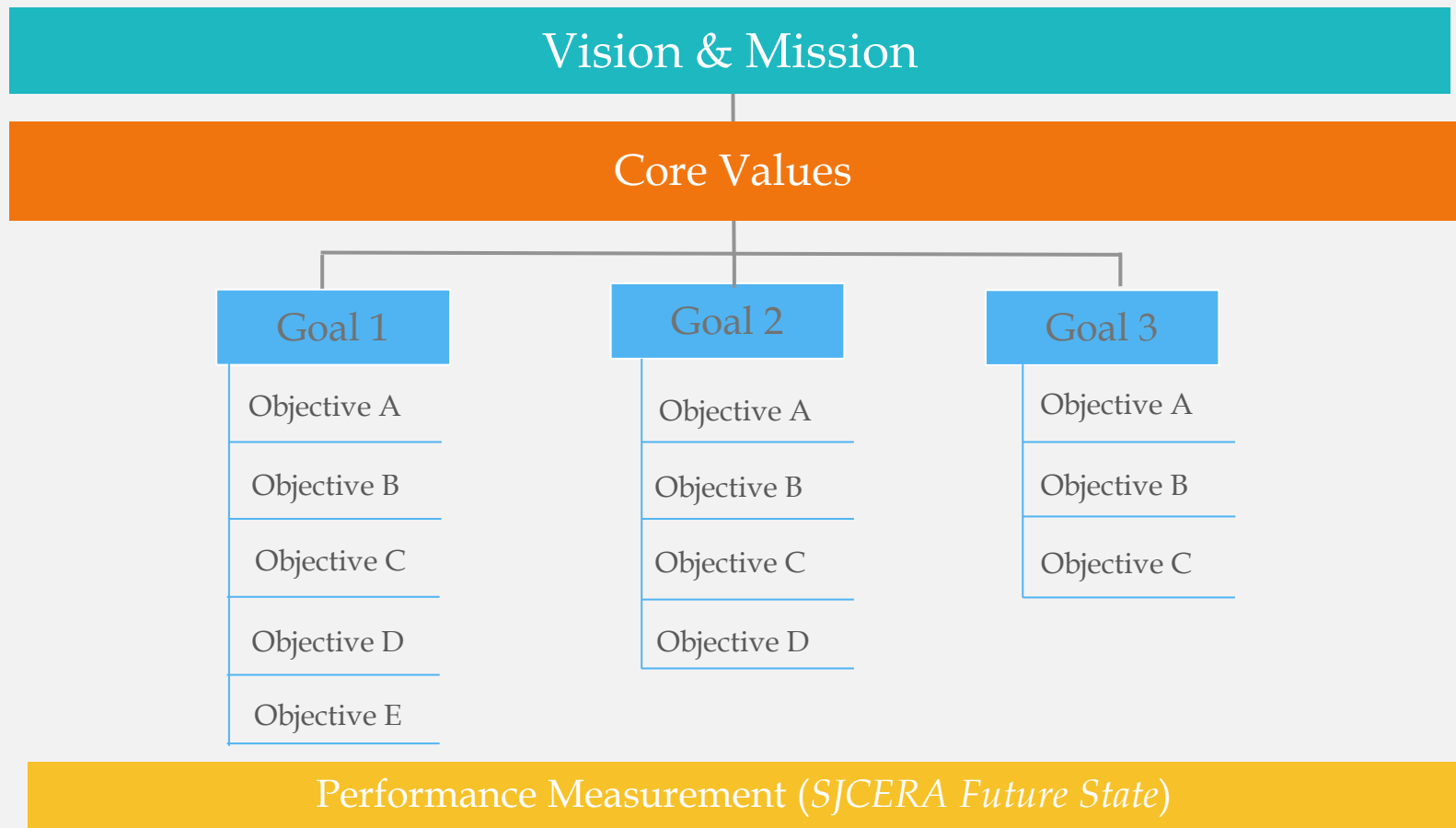
# Strategic Planning Process Overview



# SJCERA's Strategic Planning Timeline



# Strategic Planning Process Overview



# Strategic Planning Terminology and Roles

## Reviewing the Terminology and Roles

Board responsibility with Leadership Team input	Vision:	Where are we going? What do we want to become?
	Mission:	Who are we? What is our purpose?
	Core Values:	What principles guide us in our day-to-day? What are our collective beliefs?
	Goals:	What do we want to achieve? What are our priorities?
	Objectives:	What measurable steps do we need to take to achieve our goals?
Leadership Team responsibility with Board approval of budget & timeline	Annual Action Plans:	How will we allocate our time, talent and budget to reach our goals and objectives?
		Who is responsible for doing what and by when? What resources are needed?
Joint effort of Board and Leadership Team	Performance Measurement:	What does success look like?
		How will we know we've achieved it? What adjustments do we need to make to get there?

# Scope of Strategic Planning



# Today's Expectations



We want to hear your ideas, aspirations, and concerns.



We will be listening for consensus.



We will seek your preferences on high-level concepts.



We will capture the discussion outcomes and translate them into a draft Strategic Plan for the Board's review at its December 2021 regular meeting.



Other comments or questions?



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THANK YOU FOR  
YOUR TIME!





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# Pre-Read #1: Summary of Strategic Planning Stakeholder Research

Prepared in Preparation for the  
SJCERA Special Board Meeting

October 22, 2021



# Context for Board Discussion

- Mosaic undertook stakeholder research to inform the strategic planning effort.
- The following pages summarize the results.
- The Board is scheduled to discuss the summary at the November 4, 2021 special meeting.
- Please consider the following question as you review the research summary and come to the meeting prepared to share your views.
  - *What is important to keep in mind as the Board and Leadership Team develops SJCERA's Strategic Plan?*

# Overview of Survey Effort

Audience	Method	Response Rate
SJCERA Trustees	Video/Phone Interviews	100%
SJCERA Staff (Non-Leadership Team)	Online Survey	100%
Employers	Online Survey	67%
SJCERA Member Transaction Surveys	Online Survey ( <i>conducted by SJCERA 1/2020 – 7/12/2021</i> )	N/ A

Surveys and interviews were conducted in July/ August 2021.

Results were compiled without attribution and appear on the following pages.

# Summary of Trustee Interviews

# What does success look like for SJCERA 10 years from now and what are the outcomes that SJCERA achieved?

## **Funding**

1. The funded status has significantly improved; SJCERA is on a clear, predictable path to full-funding.
2. Funding partners have an awareness of SJCERA funding, along with the need for, and impact of SJCERA funding.
3. SJCERA continues to be very stable.
4. SJCERA continues to provide a COLA.

## **Investment Portfolio**

5. SJCERA's investment risk posture is appropriately balanced.

## **Relationships/reputation**

6. SJCERA has a productive partnership with Board of Supervisors and employers.
7. SJCERA's reputation and relationship with active and retired members is positive.
8. SJCERA has an identity that is appropriately distinct from that of the County.

\*Numbered for purposes of discussion only; not arranged in order of importance.

# What does success look like for SJCERA 10 years from now and what are the outcomes that SJCERA achieved? (*cont'd*)

## Relationships/reputation (*cont'd*)

9. SJCERA is a leader and influencer among other comparable California counties.

## Member Service

10. Excellent member services are offered as well as a compelling customized experience aligned with members' preferred mode of interaction.
11. Active members understand and value their benefits throughout their working years; they feel prepared for retirement earlier in their careers.
12. Members, employers and stakeholders can easily access the information they need about SJCERA benefits and services.
13. Members know what to expect when applying for benefits; the process is straightforward and efficient.
14. Members receive education from SJCERA that is tailored to their lifecycle stage.

\*Numbered for purposes of discussion only; not arranged in order of importance.

# What does success look like for SJCERA 10 years from now and what are the outcomes that SJCERA achieved? (*cont'd*)

## Operations

15. SJCERA has dedicated, mission-driven staff.
16. All SJCERA staff embrace a planning orientation.
17. Appropriate outsourcing decisions for SJCERA were made at the right time.
18. Staff development plans align with the SJCERA mission and organizational needs.
19. SJCERA successfully implemented the pension administration system on time, on budget and in alignment with business objectives; it is efficient, accurate, and easily maintained.
20. Operations and administration are efficiently run.
21. Business process improvements and appropriate supporting technology simplified processes and services.
22. SJCERA is ready for the next crisis through strong business continuity/ disaster recovery preparedness.

\*Numbered for purposes of discussion only; not arranged in order of importance.

# What does success look like for SJCERA 10 years from now and what are the outcomes that SJCERA achieved? (*cont'd*)

## Governance & Leadership

- 23. SJCERA has appropriate succession plans for both the Board and CEO.
- 24. The Board optimized its meeting format in a way that leveraged the usefulness of the virtual environment.
- 25. Strong SJCERA Board culture has continued through the continued addition of Trustees that are committed to the mission.

\*Numbered for purposes of discussion only; not arranged in order of importance.



# What competencies will be important to achieving the future vision?

- A stronger sense of the Board's identity and the line between governance and management.
- Adoption of long-range planning practices (e.g., strategic planning, budgeting, succession planning, staff development).
- An enhanced stakeholder orientation (to active members, employers and Board of Supervisors).
- Improved staff culture of service, measurement, and accountability.
- A risk aware culture at all levels (Board, management and staff).
- An understanding of the limitations inherent in the current operating model that could slow or impede the organization's ability to realize its vision.
- Appropriately trained and qualified Trustees.

# What are risks to be aware of?

## Risks to funding

- Interest rates
- Inflation
- Longevity
- Appropriateness of discount rate
- Current amount of employee vacancies within the County
- Long-term adjustments to the size of the County's employee base
- Competitiveness of County compensation
- Discipline relative to pension liability reserve fund

## Investment risks

- Complex and rapidly changing markets
- Ability of asset allocation to make the returns needed to fund the System (appropriately capture opportunities while offering some protection from downside risks)

# What are risks to be aware of? (*cont'd*)

## Technology-related risks

- Ability to keep pace with rapidly changing technology landscape
- Implementation of new pension administration system modernization (i.e., budget, schedule, business objectives)
- Business continuity/disaster recovery
- Cyber security

## Governance risks

- Key person risk – Succession planning for key personnel and long-serving Trustees
- Maintaining the status quo mindset /resistance to change
- Impacts inherent to SJCERA's governance structure through cyclical County Administration turnover and Board turnover
- Uncertain and rapidly changing political landscape

# What are risks to be aware of? (*cont'd*)

## Operating risks

- Focus of current employment market is on pay; younger generations in particular may not understand what a pension is or the value of it
- Lack of understanding about how SJCERA operates among stakeholders
- New era of stakeholder and public sentiment; capacity to organize
- Compensation levels and impact on ability to recruit and retain skilled employees
- Rapidly changing environment and overabundance of information impacts ability to stay focused on long-term goals and maintain discipline
- Consolidation in investment consultant community that provide services to public pension marketplace and possible effects on independence; ability to source the expertise needed by the Board due to SJCERA size

# What are risks to be aware of? (*cont'd*)

## Perception risks

- Anecdotal, external perception that the SJCERA benefit is (overly) generous
- Perception that pension spiking is prevalent or is not being appropriately curtailed
- Defined benefit vs. defined contribution debates are the new norm; concept of pensions has been discredited
- Wave of seniors that would have had a comfortable retirement that may have to rely on public benefits
- Current state of public sentiment – polarized and emotive
- Changing definition of compensation for some members may create confusion or misunderstanding in the perceived value of the benefit (i.e., base rate pay calculation only)
- Some members view the SJCERA disability process as time intensive, complicated, and potentially adversarial

# What are some of the opportunities for SJCERA?

- Technology – Upgrade the pension administration system; automate and improve business processes; utilize tools to leverage the usefulness of technology for members, employers, staff, and the Board.
- Investment – Refresh risk profile and re-evaluate asset allocation; explore other sectors of investment; explore different benefit structures.
- Member service - Enhance benefit and retirement education materials, self-services, improve digital experience (i.e., app).
- Leverage peer network - Explore opportunities for collaboration with peer systems, for example - educational content.
- Build operational resilience through succession planning and appropriate development opportunities, re-evaluate and re-consider insource vs. outsource.

## What are some of the opportunities for SJCERA? (*cont'd*)

- Pandemic has unlocked long-standing assumptions about technology, work, and doing business that SJCERA can leverage.
- Grow stakeholder relations, particularly with the special districts.
- Members think positively about SJCERA because of the future benefits they'll receive.
- Have a stronger story to tell about the value of the benefit, particularly to those who don't value defined benefit or don't think they want it (new employees).
- Increase outreach to promote the benefit amounts that retirees are actually living off of, the flow to the local economy, and more ("humanize the benefit").

# What are the most critical areas of focus for SJCERA to be successful in the short-term and longer-term?

- Asset allocation – review fixed income and other illiquid assets; explore other investment avenues
- Address succession for the Board and the Leadership Team
- Explore enhancing Trustee qualifications through required training for individuals seeking appointment to the SJCERA Board
- Enhance Trustee education with broader knowledge of peer practices including international perspectives
- Increase accuracy and efficiency of benefits processes



# What are the most critical areas of focus for SJCERA to be successful in the short-term and longer-term? (*cont'd*)

- Improve staff development and create career progression path for staff, to the extent possible; embrace and implement performance measurements
- Invest in IT systems – make the technology more secure, progressive, and member centric (e.g., develop an app, improve website, digitize benefits process)
- Communicate earlier with active members by life-stage – provide common Q&A and information on how to sign up for retirement seminars on the website
- Partner with employers to measure member satisfaction & solve problems together

# What strategic initiatives you would like to see addressed?

- Clarify expectations for how to optimize the organizational operating model
- Board succession planning - Develop and communicate consensus around qualifications and pre-requisite training for individuals appointed by the Board of Supervisors; seek enhanced staggering of terms to ensure continuity of knowledge
- Staff succession planning – Develop and maintain a staff succession plan
- Develop a staff culture of outstanding service
- Identify the benefits and feasibility of collaboration with other 37 Act Systems to develop/source better education for active members

# What strategic initiatives you would like to see addressed? (*cont'd*)

- Provide education to members in alignment with their stage in life – onboarding, upon vesting, mid-career, pre-retirement, retirement, through mediums they prefer (e.g., video trainings, brief information sheets).
- Implement digital transformation of business processes and increased automation to reduce effort and increase accuracy of SJCERA work product.
- Re-evaluate the Board's risk profile and asset allocation model.
- Explore if there are other ways for SJCERA members to invest with SJCERA.

# Summary of Staff Survey Results

# Apart from the retirement benefit, Active Members & Retirees value the following things most about SJCERA

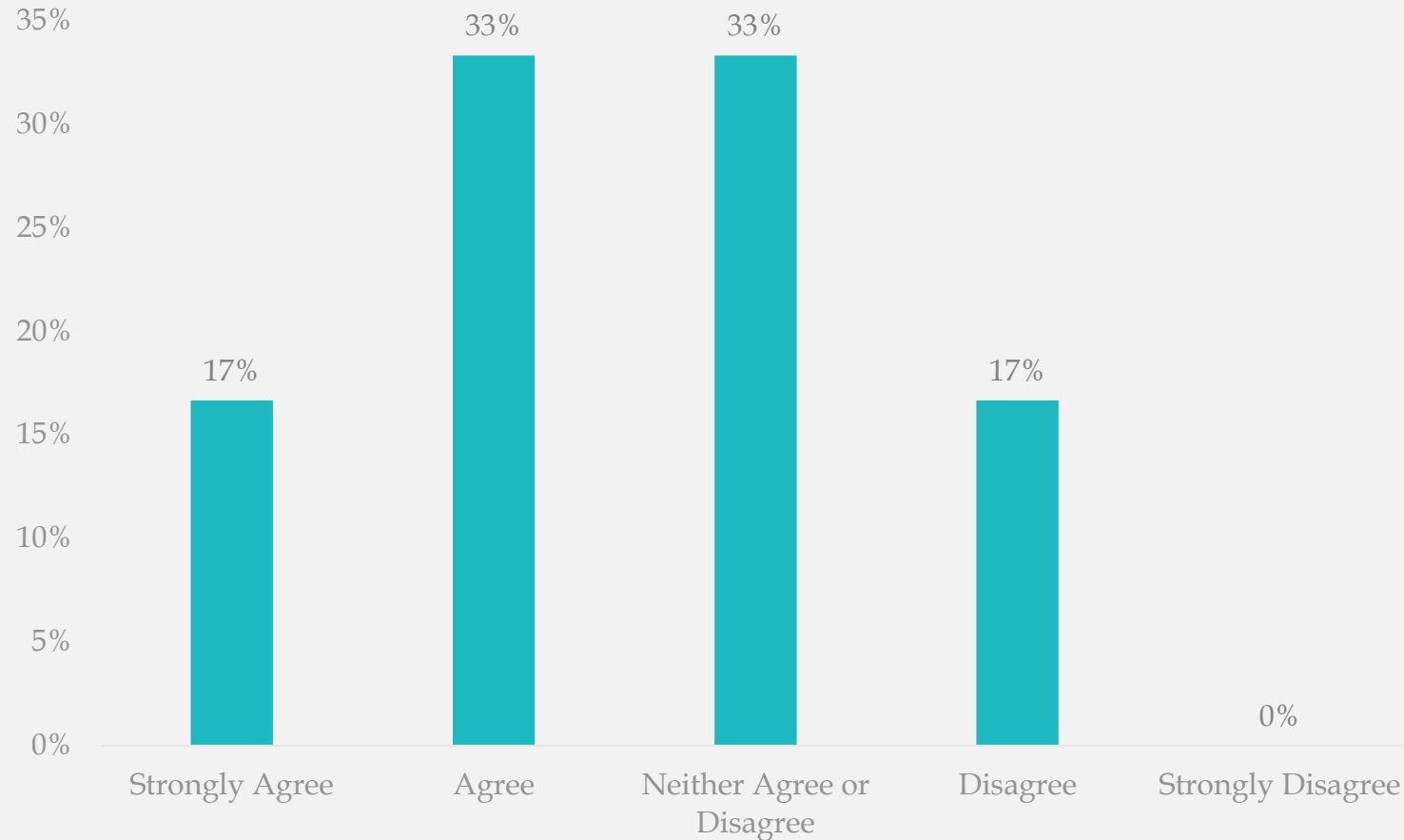
- **Staff:** Friendly and helpful staff, detailed explanations, personalized support, knowledgeable staff, highly responsive, verbal patience
- **Highly accessible:** Being able to come in office and meet in-person, talking to a live person, personal assistance, getting services over phone
- **Website:** user-friendly website, accurate and timely information, convenience to download and send documentation on the website
- **Benefits:** Options for medical coverage
- **Location:** centrally located in downtown Stockton
- **Education:** Training sessions, ability to assist with retirement planning, resources and seminars
- **Services provided:** record keeping, estimate requests, service purchases
- **Operations and communications:** transparency regarding investments, keeping employee contribution rates low, active communication on performance of the system, turn around time on requests

# What is one thing that SJCERA could do to improve itself or the services we offer?

- More clearly define and align staff around duties, roles, and responsibilities
- Improve new staff onboarding to inform them about SJCERA processes, cycles, and resources
- Enhance efficiency when planning assignments and/or special projects
- Provide advancement opportunities/paths for all SJCERA employees
- Offer flexible/alternate schedules (e.g., 9/80 work schedule, four 10-hour workdays)
- Maintain a member portal for self-service of common tasks and retirement information
- Boost morale, improve atmosphere, find ways to grow
- More staff education and training

# Summary of Employer Survey Results

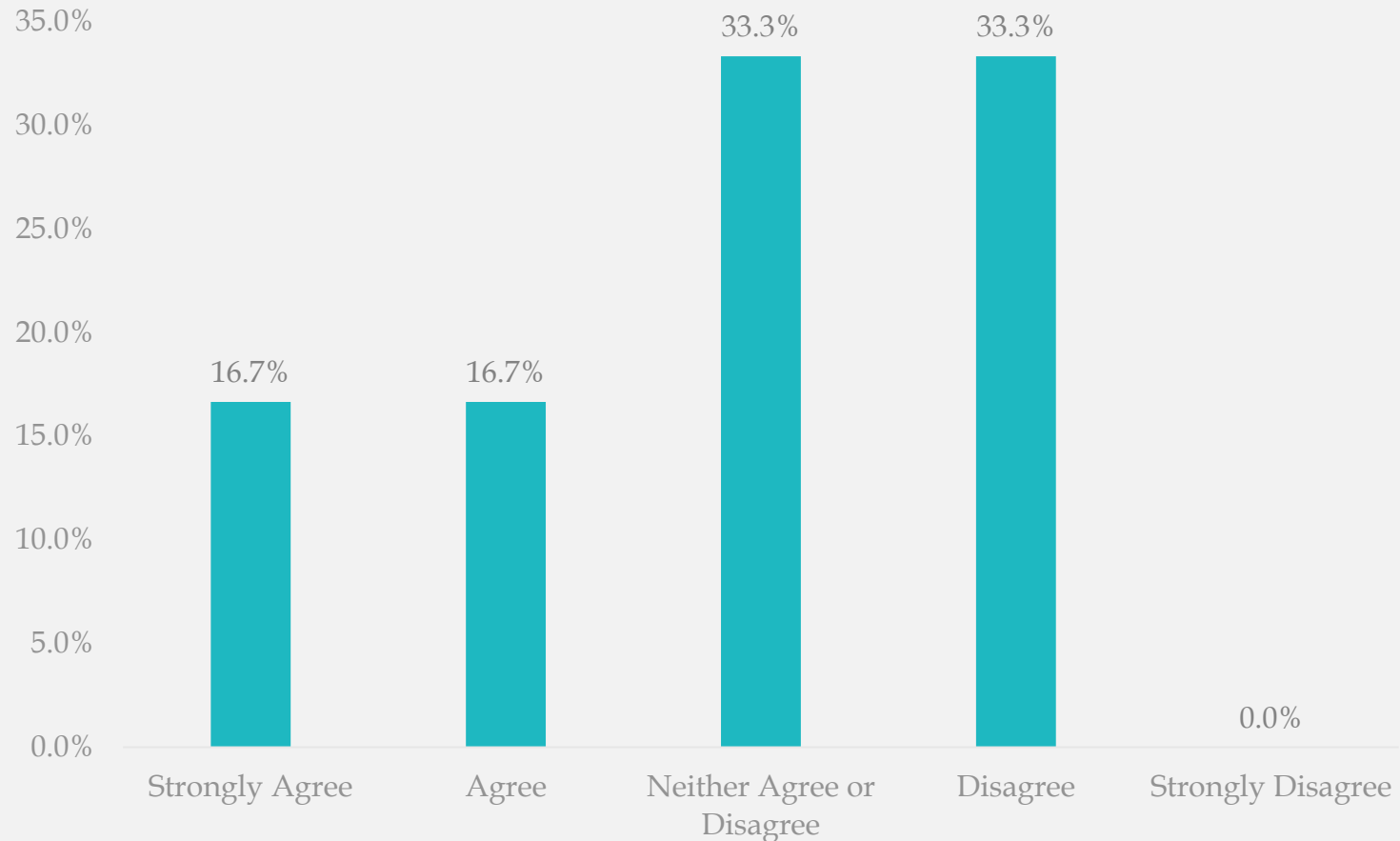
# Responding employers were mixed as to whether SJCERA provides the supporting resources needed to easily and effectively offer retirement benefits to their employees



N=6

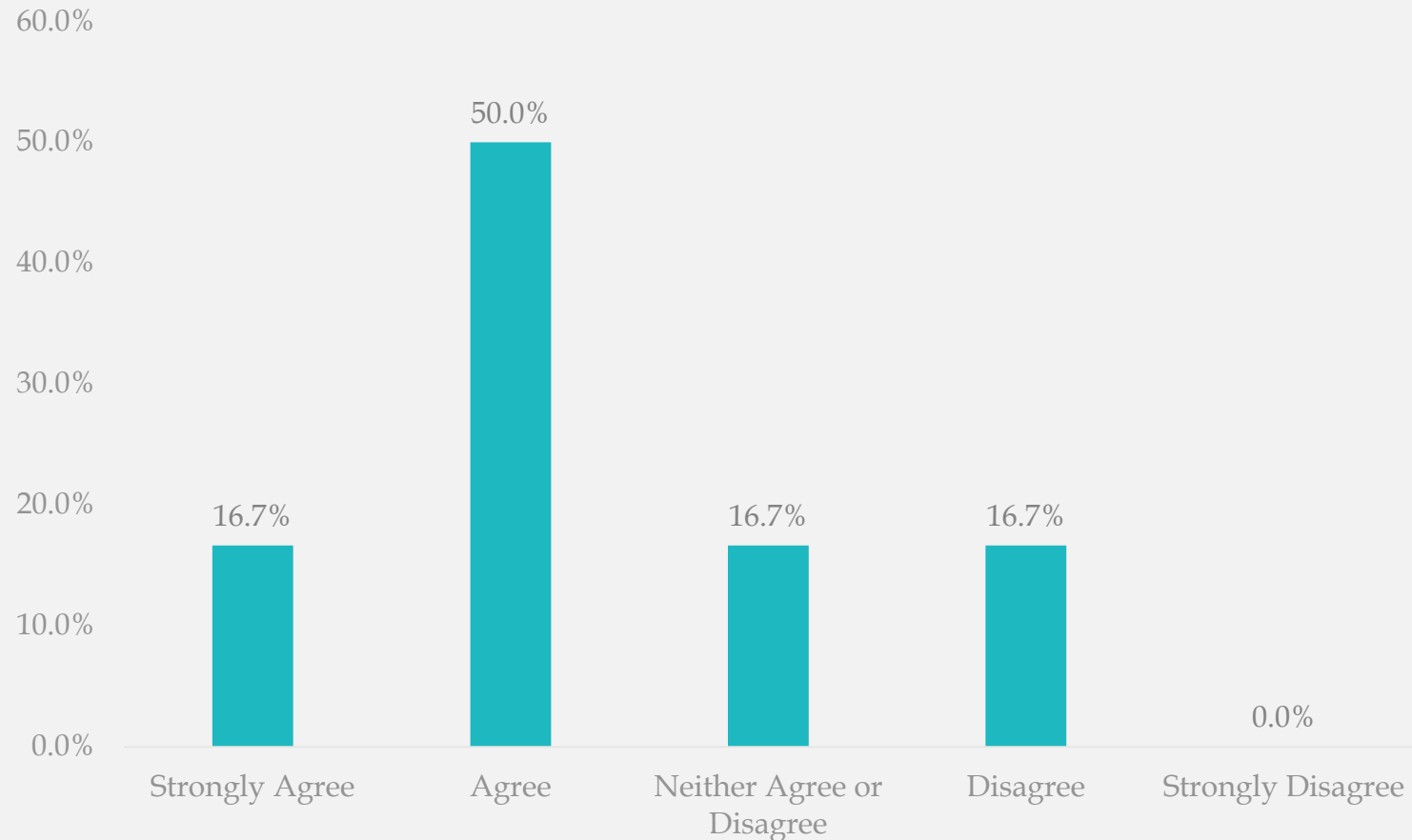


# One-third agreed or strongly agreed that their human resources and payroll personnel have the training and information they need about SJCERA



N=6

# The majority of respondents agreed or strongly agreed that SJCERA provided communications that were relevant to their needs as an employer



N=6

SJCERA has recently initiated a multi-year technology project to upgrade its benefits administration system. What services would you like SJCERA to consider providing in the future to make your role as employer easier and more efficient?



It would be very helpful if the distribution of the Annual Statements for employees was made available online.



Do not make it difficult to understand or navigate through.



Coordinate better with the County's payroll division. The County Payroll staff must constantly monitor and correct issues created by SJCERA.



Digital registration and account log-ins.



It would be helpful to employees and employer to allow new employees to enroll into SJCERA online (secure portal).

# Review of SJCERA Member Transaction Surveys

# Methodology

- Mosaic reviewed 495 responses to a voluntary online member survey conducted by SJCERA post-transaction.
- The survey responses were received over the period of January 21, 2020 and July 21, 2021.
- Mosaic analyzed the data to identify information that may be helpful to SJCERA's strategic planning efforts.
- Information is summarized without attribution on the following pages.

# Key Observations

- The overwhelming majority (97%) of members who responded were satisfied.
- Over half (53%) of survey responses during the time period reflected an interaction with primarily one staff person.
- The staff member with the next highest amount of survey responses was significantly lower (18%).
- Of the types of transactions tracked by SJCERA in the voluntary member survey, the most predominant reasons for contact were noted as follows:
  - Service Retirement (46%)
  - Other (29%)
  - Retiree payroll changes (25%)

# What Comprises the “Other” Category?

*More frequent  
reason for service  
contact*



*Less frequent  
reason for service  
contact*

- Health insurance
- Change of address
- Benefit award letter
- Copies of paystubs/monthly statements/income verification
- Federal withholding forms/1099
- Sick Leave
- Reciprocity
- Disability information

# Insights on Strengths

- SJCERA members that received services from SJCERA and submitted a survey response were highly satisfied.
- SJCERA customer service staff attributes noted through surveys:
  - Knowledgeable
  - Well-prepared
  - Timely and responsive where follow up was necessary
  - Engaged
- Materials provided through the service transaction were viewed as useful.
- Very few members requested to speak with a manager.
- SJCERA conducts voluntary post-transaction surveys.



# Insights on Challenges

- The clustering of survey responses by staff member merits a deeper understanding as to the cause(s).
- A significant number of service interactions as demonstrated by the voluntary surveys are being made to request copies of pre-existing documents or standard forms.
- Answering questions about healthcare insurance takes staff away from answering questions about SJCERA's benefits.
- The survey itself could be optimized to capture more granular data (as reflected by the number of responses captured as "other").

# Insights on Opportunities

- Adjust the current customer service transaction survey to accommodate healthcare insurance questions as its own category.
- Consistently promote the survey among members seeking service.
- Identify a suite of self-services from customer service transaction data to assist in the system requirements design process.
- Implement a behavioral “nudge” toward self-service in current business processes and practices; don’t just provide members the form, show them how to access it themselves online.

## Insights on Opportunities (*cont'd*)

- Align member portal functionality (to be built) to high volume requests (e.g., address change, direct deposit/bank information update, access copies of paystubs, benefit award letter, annual member statement).
- Consider the staffing model that will best support future transactions.
- Optimize staff talents/skills by aligning with transactions where a higher-level skill /higher-touch is needed.

*Thank you for your time!*

Mosaic Governance Advisors, LLC

[www.MosaicGovernance.com](http://www.MosaicGovernance.com)



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# Developing the SJCERA Strategic Plan (2022 – 26)

Special Board Meeting  
Presentation Part 2

Amy McDuffee  
Catherine Jackson

November 4, 2021



# SJCERA 2031

## Discussion of the Future Vision

# Purpose of Vision and Mission Statements

- Vision and Mission Statements are the bedrock of any strategic planning and performance measurement effort.
  - A Vision Statement describes what an organization wants to be or be known for in the future.
  - A Mission Statement describes an organization's purpose.
- SJCERA does not have a Vision Statement; it does have a Mission Statement
- Visioning is the body of work we draw upon to craft effective vision and mission statements; it also informs performance measures.

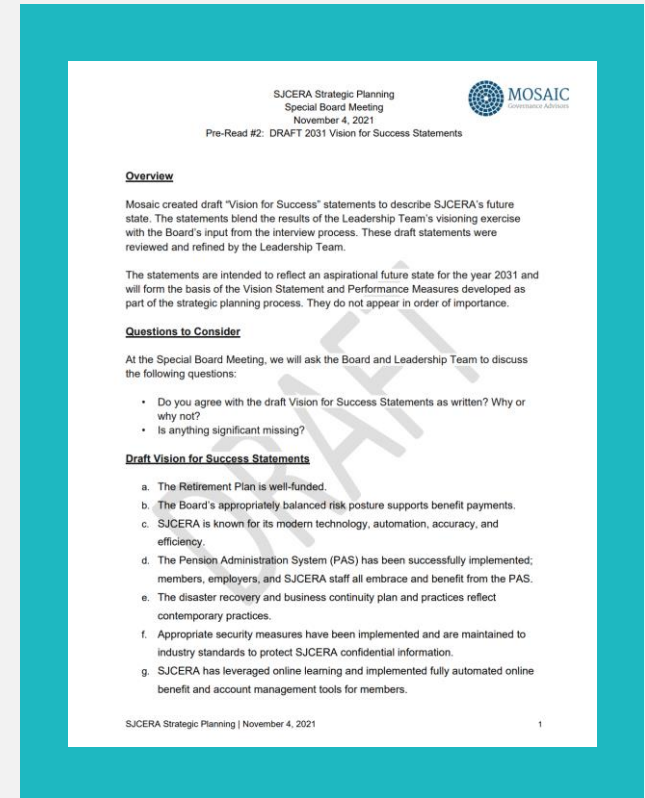
# What is Visioning?

- Visioning is a brainstorming activity where organizational leaders share aspirations for the desired future state of the organization.
- Commonalities appear that define a common language.
- Mosaic gathered visioning sentiment from Trustees and the Leadership Team about how a successful SJCERA looks in the year 2031.
- Mosaic translated the visioning sentiment into draft “Vision for Success” statements.
- The Vision for Success Statements should reflect a consensus.



# Discussion: Draft Vision for Success Statements

- Do you agree with the draft Vision for Success Statements as written? Why or why not?
- Is anything significant missing?



Pre-Read #2: Draft 2031 Vision for Success Statements



Pre-Read #2: DRAFT 2031 Vision for Success Statements

## **Overview**

Mosaic created draft “Vision for Success” statements to describe SJCERA’s future state. The statements blend the results of the Leadership Team’s visioning exercise with the Board’s input from the interview process. These draft statements were reviewed and refined by the Leadership Team.

The statements are intended to reflect an aspirational future state for the year 2031 and will form the basis of the Vision Statement and Performance Measures developed as part of the strategic planning process. They do not appear in order of importance.

## **Questions to Consider**

At the Special Board Meeting, we will ask the Board and Leadership Team to discuss the following questions:

- Do you agree with the draft Vision for Success Statements as written? Why or why not?
- Is anything significant missing?

## **Draft Vision for Success Statements**

- a. The Retirement Plan is well-funded.
- b. The Board’s appropriately balanced risk posture supports benefit payments.
- c. SJCERA is known for its modern technology, automation, accuracy, and efficiency.
- d. The Pension Administration System (PAS) has been successfully implemented; members, employers, and SJCERA staff all embrace and benefit from the PAS.
- e. The disaster recovery and business continuity plan and practices reflect contemporary practices.
- f. Appropriate security measures have been implemented and are maintained to industry standards to protect SJCERA confidential information.
- g. SJCERA has leveraged online learning and implemented fully automated online benefit and account management tools for members.

Pre-Read #2: DRAFT 2031 Vision for Success Statements

- h. SJCERA staff is viewed by employer human resources and payroll representatives as a valuable partner and a problem-solver.
- i. Peers recognize SJCERA's accomplishments and seek to emulate SJCERA in their own operations.
- j. SJCERA's member education and accessible member information results in engaged, educated, and retirement-ready members and satisfied employers.
- k. The Board maintains its focus at the policy level.
- l. The Board's collegial, diverse culture and institutional knowledge is maintained over long periods of time.
- m. SJCERA is a vision-centric, focused organization with clear, well-defined goals and objectives.
- n. The Leadership Team sets high standards and empowers staff to take ownership of responsibilities in alignment with the SJCERA mission.
- o. SJCERA's succession planning efforts create continuity for both the Board and Leadership Team, and personnel changes at all levels are addressed seamlessly.
- p. SJCERA's professional staff are adaptable to the changing work environment; they are proud to work at SJCERA.
- q. Members, employers, and the County Board of Supervisors understand and value SJCERA's role and benefits.
- r. Stakeholder relationships are healthy and productive.

# Reflecting on SJCERA's Mission Statement

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**“We are trusted financial stewards committed to provide excellent service and lifetime retirement benefits to our Members.”**

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REMINDER:

*A Mission Statement answers what is our core purpose?*

*What do we exist to do?*

# Suggestion for Board Consideration: Refresh the SJCERA Mission Statement

The Leadership Team and Mosaic agree that the current Mission Statement should be refreshed to make it:

- Memorable
- Succinct
- Unique to SJCERA

# Discussion: SJCERA Mission Statement

- Do you agree with the suggestion to refresh the Mission Statement? Why or why not?
- What additional direction does the Board have for the Leadership Team?



# Core Values – Why Are They Important?

- Core values are the collective set of norms and beliefs that describe *how* an organization conducts business.
- They are the real-life attributes, qualities, and mindsets that serve as an undercurrent to the day-to-day relationships, behaviors, assumptions and interactions of those who work at SJCERA.
- It is important that core values, and the culture they describe, support the strategic goals of the organization.
- It is best to have a smaller number of broad values.

# SJCERA's Current Core Values

<ul style="list-style-type: none"><li>• Integrity</li></ul>	<ul style="list-style-type: none"><li>• Stewardship</li><li>• Excellence</li></ul>	<ul style="list-style-type: none"><li>• Joint Partnerships</li><li>• Respect</li></ul>	<ul style="list-style-type: none"><li>• Customer Service</li><li>• Accountability</li></ul>
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## REMINDER:

*Core Values tell us what do we believe in?*

*How do we do business?*



# Suggestion for Board Consideration: Amend and Define the SJCERA Core Values

- The Leadership Team prefers that the current Core Values should be amended to:
  - Eliminate the word “Stewardship” as a Core Value.
  - Eliminate the word “Customer” from the Core Value, “Customer Service.”
  - Delete the word “Joint” from the Core Value, “Joint Partnerships.”
- Amended Core Values would be as follows:

• Integrity	• Excellence	• Partnership	• Service
		• Respect	• Accountability

- In addition, the Leadership Team prefers that descriptive “Value Statements” for each Core Value be developed.

# Discussion: SJCERA Core Values

- Do you agree with the suggestion to amend the Core Values and define each through descriptive statements? Why or why not?
- What additional direction does the Board have for the Leadership Team?

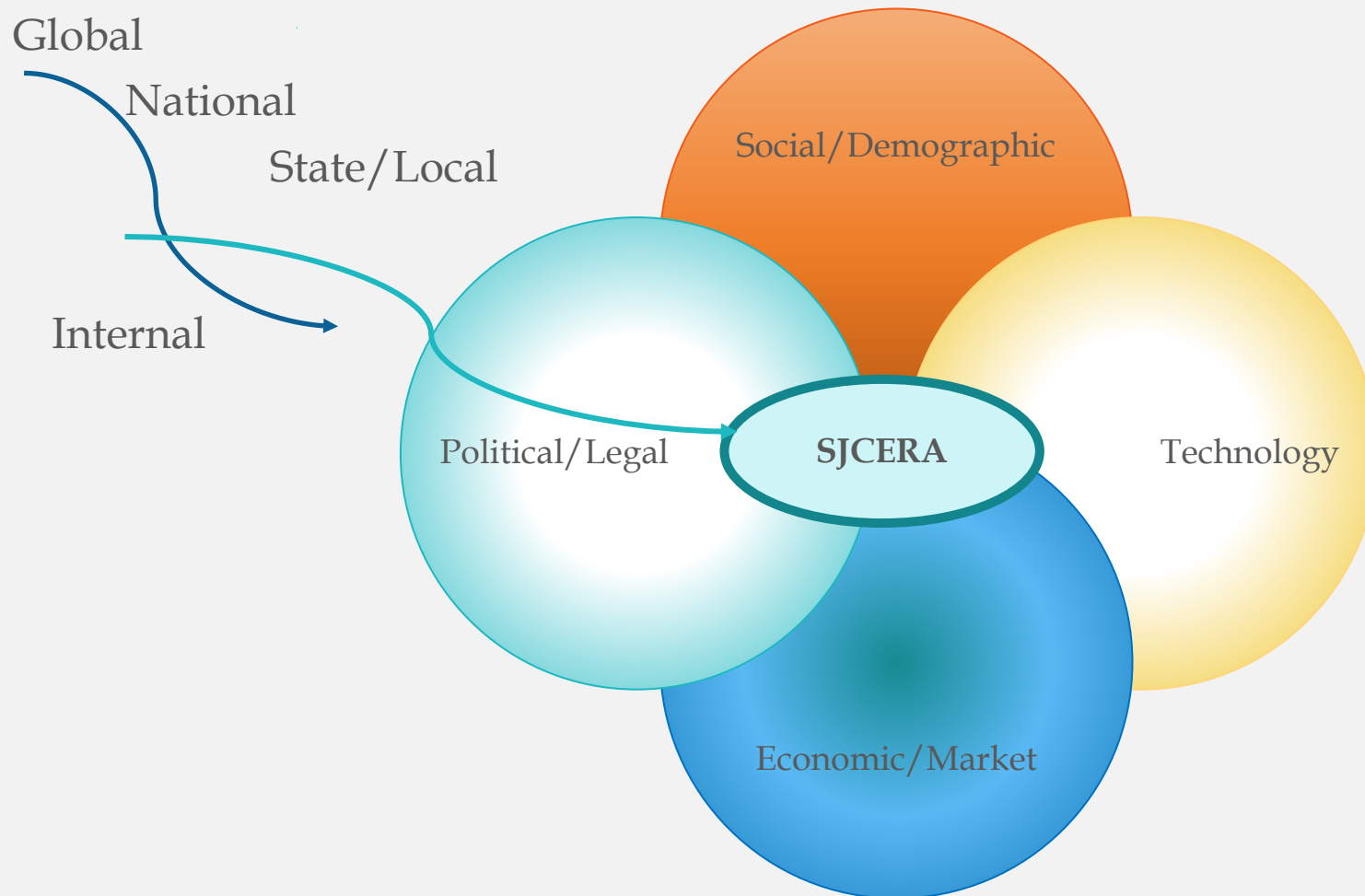




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# Draft SJCERA S.W.O.T. Analysis Discussion

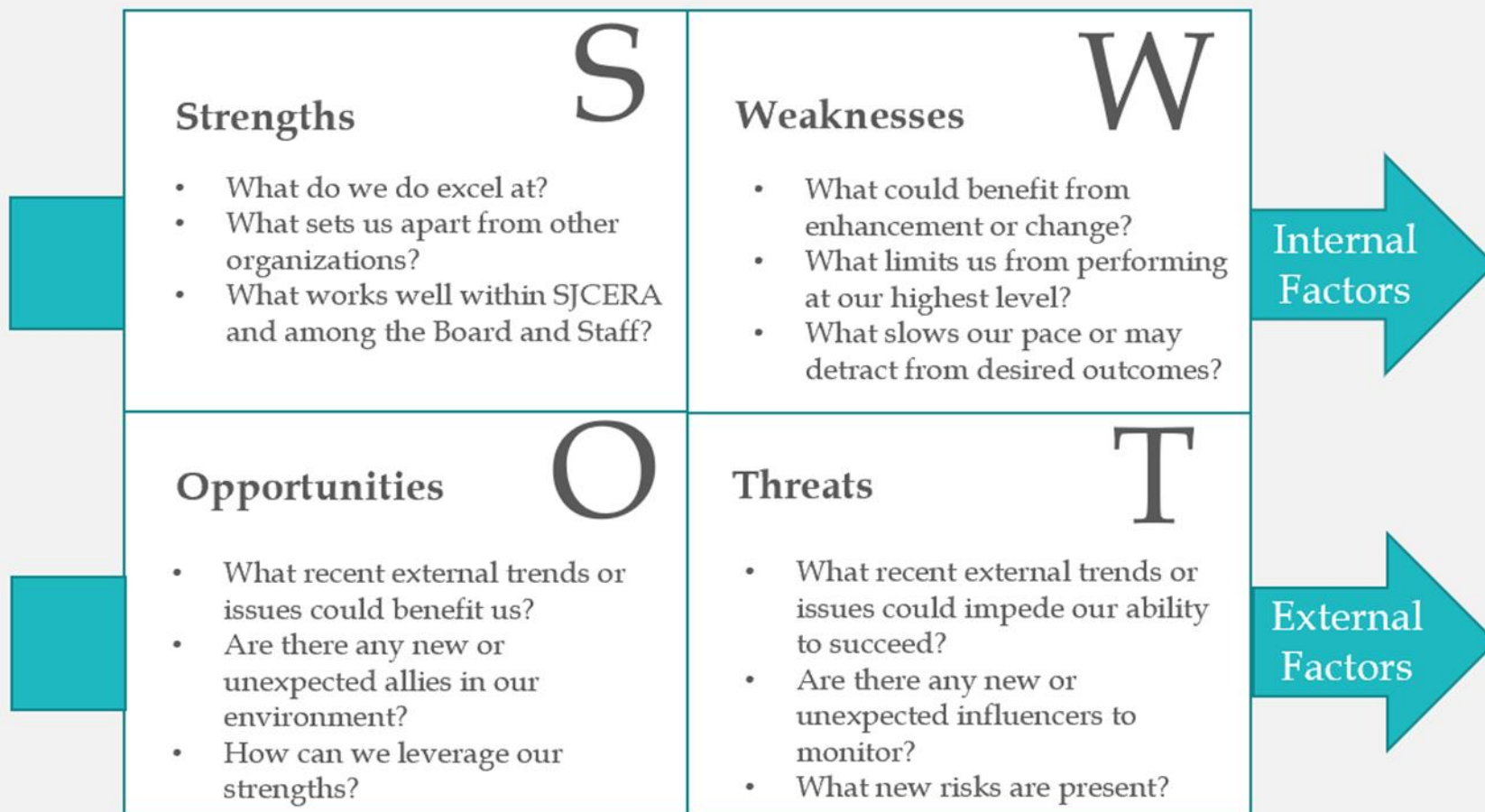
# Key Considerations in a S.W.O.T. Analysis



# Purpose of the S.W.O.T. Analysis

- Present intertwined key elements of strategic planning.
- Bring complex issues into focus and make them easier to understand.
- Inform decisions and strategic direction.
- Encourage thinking and policy-level discussions.
- Allow for straightforward, balanced sharing and deliberation of issues that SJCERA is or may be facing.
- Identify forces that may help or challenge SJCERA in realizing its future vision.
- Determine which issues make the greatest impact.
- Critical issues arising from the S.W.O.T. Analysis form the basis of the Strategic Plan Goals and Objectives.


# S.W.O.T. Analysis Review



# Discussion: S.W.O.T. Analysis Summary

- Is anything significant missing?
- Do you have any questions?

SJCERA Strategic Planning  
Board Offsite  
November 4, 2021  
Pre-Read #3: DRAFT S.W.O.T. Analysis



**Overview**

A S.W.O.T. Analysis is a study undertaken by an organization to identify its internal strengths (S) and weaknesses (W), as well as the external opportunities (O) and threats (T) in its operating environment. It is a vital element of the strategic planning process. It informs strategy, identifies areas for improvement, and provides insights into the organization's future potential. A S.W.O.T. analysis addresses the questions set out in each of the areas presented in Figure 1.

Figure 1. Example of Questions Addressed by a SWOT Analysis

<b>Strengths S</b> <ul style="list-style-type: none"><li>• What do we do well at?</li><li>• What sets us apart from other organizations?</li><li>• What works well within SJCERA and among the Board and Staff?</li></ul>	<b>Weaknesses W</b> <ul style="list-style-type: none"><li>• What could benefit from enhancement or change?</li><li>• What limits us from performing at our highest level?</li><li>• What slows our pace or may detract from desired outcomes?</li></ul>	<b>Internal Factors</b>
<b>Opportunities O</b> <ul style="list-style-type: none"><li>• What recent external trends or issues could benefit us?</li><li>• Are there any new or unexpected allies in our environment?</li><li>• How can we leverage our strengths?</li></ul>	<b>Threats T</b> <ul style="list-style-type: none"><li>• What recent external trends or issues could impede our ability to succeed?</li><li>• Are there any new or unexpected adversaries to monitor?</li><li>• What new risks are present?</li></ul>	<b>External Factors</b>

Based upon the initial results of the Leadership Team's Visioning Exercise and the Board's interview results, Mosaic and the Leadership Team developed and refined the Draft S.W.O.T. Analysis found on the following pages.

Please come to the Board Offsite prepared to discuss the following questions:

1. Is anything significant missing?
2. Do you have any questions?

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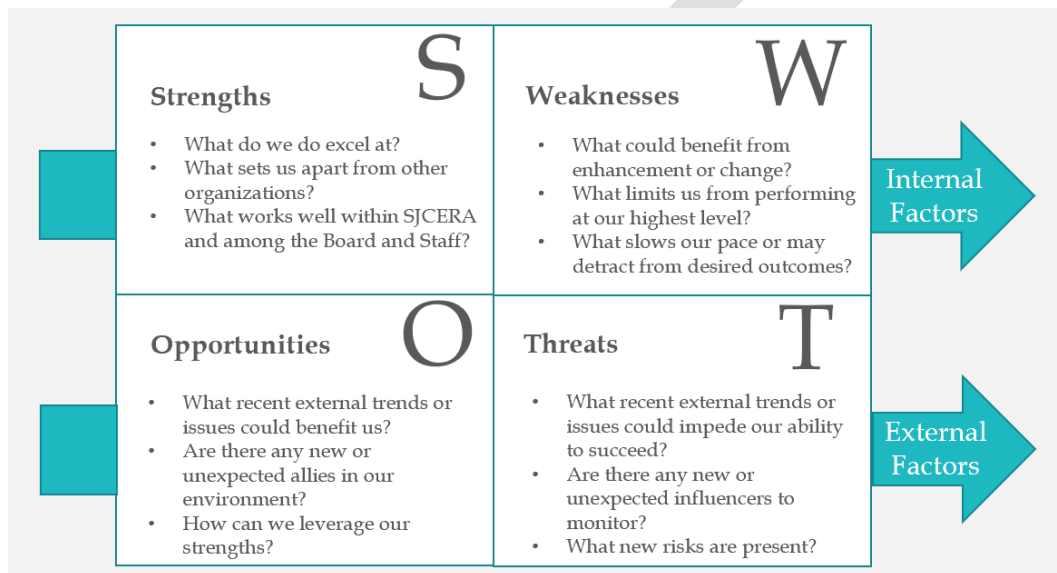
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*Figure 1. Example of Questions Addressed by a SWOT Analysis*



Based upon the initial results of the Leadership Team's Visioning Exercise and the Board's interview results, Mosaic and the Leadership Team developed and refined the Draft S.W.O.T Analysis found on the following pages.

We ask that Trustees please come to the Board meeting prepared to discuss the following questions:

1. Is anything significant missing?
2. Do you have any questions?



<b><u>STRENGTHS (of the <i>internal</i> environment)</u></b>	<b><u>WEAKNESSES (in the <i>internal</i> environment)</u></b>
S1. Strong leadership team and CEO	W1. Manual, time intensive work processes and workarounds frustrate staff and add to staff workload volume
S2. SJCERA Staff are doing their jobs well, deliver on time, and are reliable	W2. Legacy system maintenance and transition/migration to a new system
S3. Board is attuned to cyber security and tech risks	W3. Funding status
S4. Staff cross-training	W4. Virtual environment may dampen abilities to develop deep peer networking relationships
S5. Staff has good momentum and a mindset of being active and even proactive in many areas through comprehensive research	W5. Board turnover is inherent to the governance structure
S6. Staff embrace a planning orientation	W6. Number of staff who have been in their positions for less than one year
S7. Strong financial management	W7. SJCERA working relationship with key employer processing staff of primary employer is not yet optimal
S8. Ongoing efforts to develop improved working relationships with the Board of Supervisors as well as other stakeholders	W8. Investment risk posture may not be appropriately balanced
S9. Stable and diverse Board that operates in collegial and respectful manner with a fiduciary mindset	W9. Inconsistent risk posture exists in some areas
S10. Staff's recent efforts to enhance employer outreach	W10. Ability to maintain discipline related to pension liability reserve fund
S11. Board and staff engage in peer networking	W11. Lack of control over staff pay
	W12. Staff succession planning

<b><u>OPPORTUNITIES</u></b>	<b><u>THREATS (in the <i>external</i> environment)</u></b>
O1. Enhance employer communication and education	T1. Negative sentiment/perception around pensions
O2. Explore enhancing Trustee qualifications through required training for individuals seeking appointment to the SJCERA Board	T2. Lack of stakeholder understanding about SJCERA, its role, and how it operates
O3. Modernize the technology infrastructure	T3. SJCERA's identity is perceived to be too closely tied to that of the County's
O4. Automate repetitive business processes	T4. Members who receive incomplete or inaccurate information feel underserved by SJCERA
O5. Align Board's and Staff's definition of an outstanding service culture	T5. Interest rates, inflation, longevity, appropriateness of discount rate
O6. Evaluate the optimal use of internal and external resources in support of the investment program	T6. Number of current employee vacancies in the county and long-term size of employee base
O7. Increase SJCERA efficiency	T7. Competitiveness of County compensation structure
O8. Enhance staff training and cross-training	T8. Complex and rapidly changing markets
O9. Strengthen relations with employers; partner together to solve technology or data issues	T9. Ability of asset allocation to make the returns needed to fund the System (e.g., appropriately capture opportunities while offering some protection from downside risk)
O10. Capitalize on new ways of working unlocked by the pandemic	T10. Rapidly changing political landscape
O11. Evaluate SJCERA staffing levels in light of workload and volume	T11. Younger generations do not understand what a pension is
O12. Consider how SJCERA's classification structure enables career development/promotional opportunities	T12. Consolidation among investment consulting firms servicing the public pension marketplaces potentially impacts independence among consultants and ability to source expertise for the Board due to SJCERA size
O13. Optimize the use of peer networking and information	T13. Increased pace and intensity of cyber threats

SJCERA Strategic Planning  
Special Board Meeting  
November 4, 2021



Pre-Read #3: DRAFT S.W.O.T. Analysis

<b><u>OPPORTUNITIES (Cont'd)</u></b>	<b><u>THREATS (in the <i>external</i> environment) (cont'd)</u></b>
O14. Establish performance metrics and measurements	T14. Information/reporting coming from employers is not always accurate and consistent
O15. Implement a mixture of customer service modalities to align to member and employer preferences (e.g., in-person, hybrid, self-service)	
O16. Conduct exit interviews of SJCERA staff to gain insights	
O17. Automate member education through self-service and improve the digital experience	
O18. Enhance cybersecurity and disaster recovery plans; conduct periodic and regular table-top exercises and testing	
O19. Evaluate and address inefficient business processes before applying technology automation (e.g., annual verification process)	
O20. Explore different benefit structures	
O21. Explore different asset classes and investment opportunities	
O22. Review fixed income and other illiquid assets	
O23. Enhance retirement and benefit education materials and offerings for members	
O24. Explore opportunities to collaborate with peer systems and leverage work products in support of business operations (e.g., general member educational content about retirement savings, etc.)	
O25. Enhance Trustee education on the practices of U.S. and international peers	
O26. Train staff to consistently provide more complete contextual information to promote member understanding	

SJCERA Strategic Planning  
Special Board Meeting  
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Pre-Read #3: DRAFT S.W.O.T. Analysis

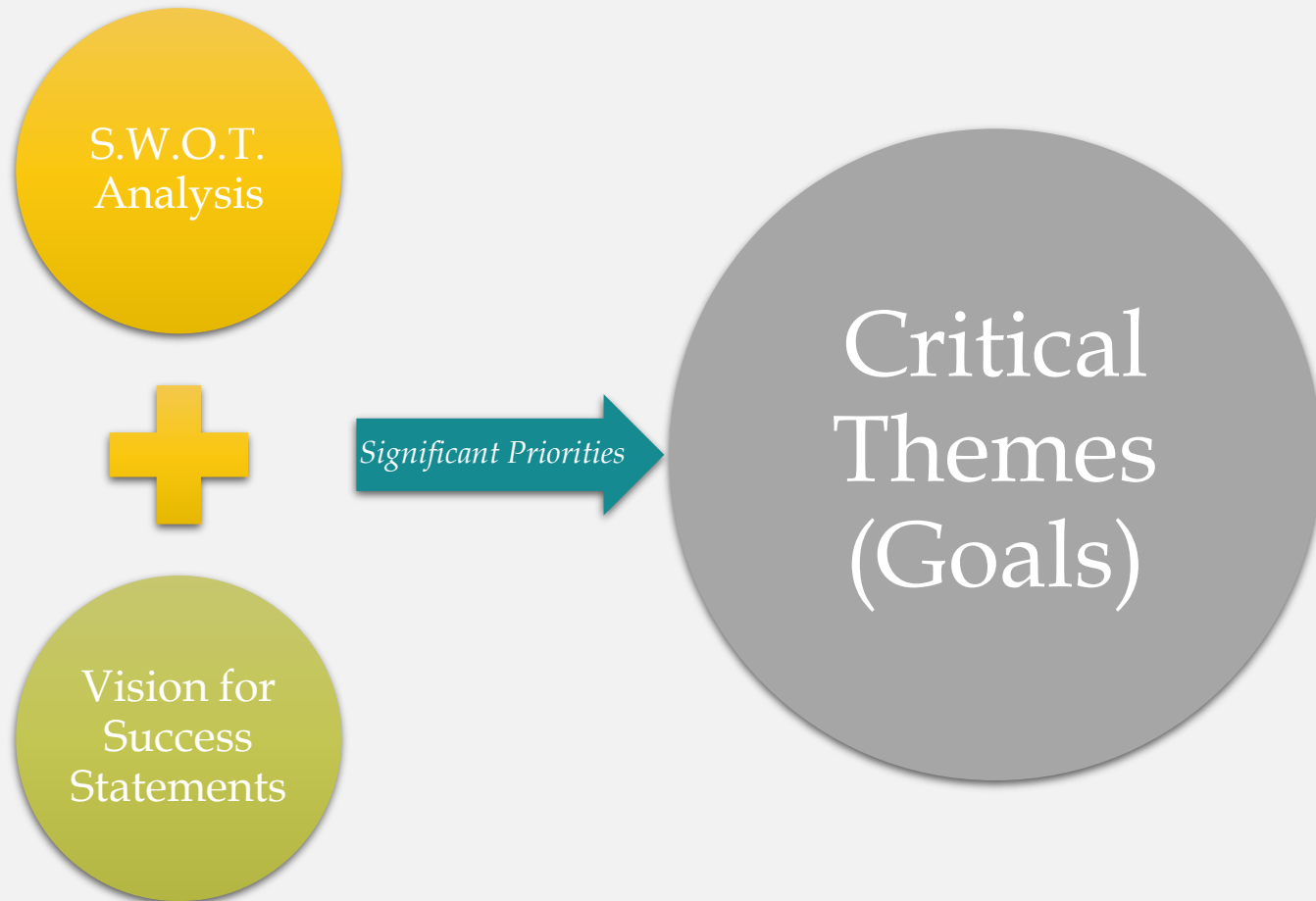
<b><u>OPPORTUNITIES (Cont'd)</u></b>	
O27. Communicate earlier with members in their career about retirement planning, and by life stage	
O28. Work with peers to optimize use of hybrid meeting format for industry association trainings	
O29. Optimize the hybrid Board meeting format	



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# SJCERA Critical Themes Discussion

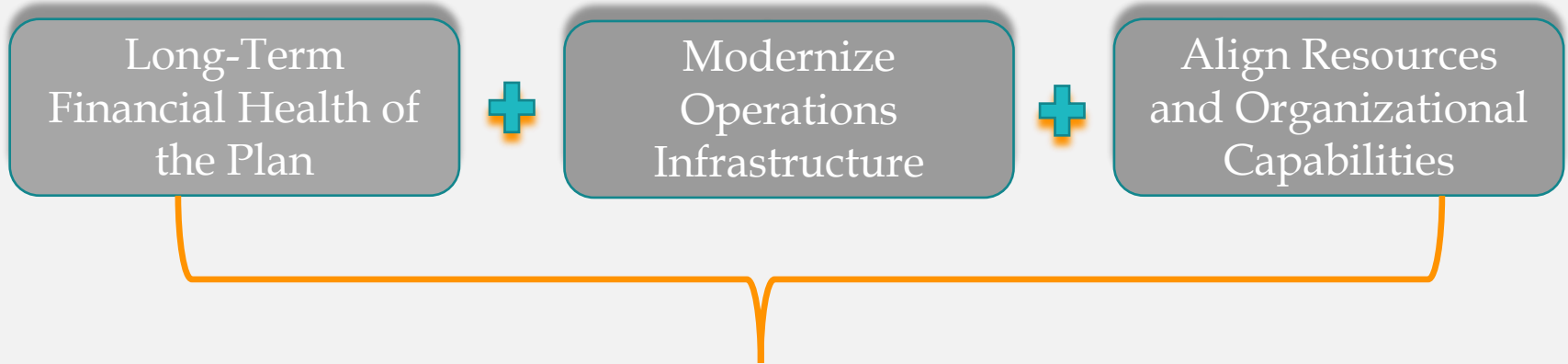
# Interpreting Critical Themes



# Significant Priorities Identified by Leadership Team

1. Funding
2. Investments – Optimize asset allocation and managers; be selective going forward and leaner if possible
3. Succession planning (Board and staff)
4. Automation/efficiency/technology implementation
5. Capitalize on new ways of work that the pandemic has unlocked
6. Staffing and promotional opportunities
7. Cross-training

# SJCERA S.W.O.T. Analysis Observations and Implications



## Seven Priorities Filter Up into Three Critical Themes

- Funding
- Investments
- Succession Planning
- New Ways of Work Post-Pandemic
- Staffing and Promotional Opportunities
- Cross-Training
- Automation/Efficiency/Technology Implementation



# Discussion: Priorities and Critical Themes

- What is the Board's reaction to the seven significant priorities as noted?
- Does the Board agree with the three critical themes as noted?
- Additional Board direction?





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## Discussion Recap, Next Steps in the Process, and Feedback

# Discussion Recap

- Heard from Board consultants
- Discussed stakeholder research summary
- Discussed long-term direction through Vision for Success statements
- Reviewed and discussed the need to:
  - Refresh Mission
  - Amend and Define Core Values
- Reviewed and discussed the S.W.O.T. Analysis
- Discussed high-level organizational priorities and critical themes to address to realize the future vision.

# The Work to be Accomplished Next

- Mosaic will capture today's discussion outcomes.
- We will work with the Leadership Team to draft the SCJERA Strategic Plan (2022-26).
- The Board's first reading of the draft is scheduled for its December 2021 regular Meeting.
- Questions or feedback on today's session or next steps?



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THANK YOU FOR  
YOUR TIME!