CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Roberto L. Peña

SUBJECT: **AMENDMENTS TO THE CITY PAY PLAN FOR ASSISTANT DIRECTOR & CIO**

DATE: September 8, 2017

Approved _Roberto L. Peña_

Date 9/8/17

RECOMMENDATION

Adopt a resolution to:

a) Accept the Chief Investment Officer (CIO) Compensation study results.

b) Amend the City of San Jose Pay Plan effective November 1, 2017 to create a salary range for the classification of Assistant Director & Chief Investment Officer with a new pay range of salary range of $220,000-$295,000 annually.

(c) Approve and include standard Executive Package for the Senior Staff of the City of San Jose.

OUTCOME

If the above recommendation is approved, City Council will accept the results of the Chief Investment Officer Compensation (CIO) Study by Koff and Associates; the San Jose Pay Plan will be amended to create the new pay range for Assistant Director & Chief Investment Officer U (7506).

BACKGROUND

This information is provided on the direction of the Police and Fire Retirement Plan Board (PF) on June 1, 2017 and the Federated City Employees Retirement System Board (FCERS) on June 15, 2017 to authorize the CEO in conjunction with the Joint Personnel Committee (JPC) to perform the CIO search process including but not limited to establishing the CIO compensation range to be presented to the City Council for approval.

ANALYSIS

Per the Board's direction, the JPC retained Koff and Associates, a full-service human resources consulting firm that currently also provides similar human resources services to the City of San Jose, to conduct a compensation study for the Assistant Director & CIO position at the Office of Retirement Services (ORS). The attached total compensation study findings, which included eleven public retirement agencies in different regions within the state of California to provide a balanced mixture of agencies across the state and "cost of labor" adjustments to account for regional differences in wage trends, is organized in the following manner:

- Labor Market Comparator Agencies
- Scope of Data Collection/Elements of Total Compensation
- Data Collection Process/Matching Methodologies
- Study Findings

While there are a number of findings included in the report, we respectfully call your attention to the following specific findings:

- When compared to the average of all comparator agencies, the Assistant Director, Chief Investment Officer classification is 16.1% below the market on base salary and 42.1% below the market on total compensation.
- When compared to the median of all comparator agencies, the Assistant Director, Chief Investment Officer classification is 15.7% below the market on base salary and 44.6% below the market on total compensation.

Based on the analysis of the compensation study, organization specific differences such as investment allocation program complexity and parity with the current Executive annual salary ranges within the City of San Jose pay plan, the Joint Personnel Committee of the Retirement Boards offers the creation of the following annual salary range for Assistant Director, CIO for Council consideration:

a. The Compensation study results for the Assistant Director and CIO classification has a current annual salary range of $146,227.144-$228,632.562 and the new recommended annual salary range of $220,000-$295,000.

EVALUATION AND FOLLOW-UP

No additional Council action is expected following the adoption of the proposed resolution.

PUBLIC OUTREACH

This memorandum will be posted on the City's website for the September 19, 2017 Council meeting. The Office of Retirement Services will post this memorandum on their website and will reach out to the stakeholders.

COORDINATION

This memorandum was coordinated with the Mayor's Budget Office and the City Manager's Budget Office.

COMMISSION RECOMMENDATION/INPUT

On August 31, 2017, the JPC approved the following:

A motion was made to present a salary range of $220,000-$295,000, an Executive Package and a Defined Benefit Plan for the CIO position.
Approved. (M.S.C. Loesch/Brennan 6-0-0) The motion passed unanimously by roll call vote.
Aye: 6 - Loesch, Muyo, Brennan, Sunzeri, Chandra, Dirks

For questions, please contact Roberto L. Peña at (408) 794-1050.

Submittal Date: September 8, 2017

Total Compensation Findings
Assistant Director, Chief Investment Officer

City of San José, Office of Retirement Services

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September 8, 2017

Mr. Roberto L. Peña
Chief Executive Officer
Office of Retirement Services, City of San José
1737 N. First St., Suite 600
San José, CA 95112

Dear Mr. Peña:

In June 2017, Koff & Associates (K&A) was retained by the Office of Retirement Services (Office) to conduct a total compensation analysis for five (5) professional classifications. We are pleased to submit the total compensation study findings with respect to the Assistant Director, Chief Investment Officer prior to results for other classifications since the Office is currently in the process of recruiting for this position; findings for the remaining classifications will be presented at a later date. To facilitate review of the study process, methodologies, and findings, this letter report is organized in the following manner:

➤ Labor Market Comparator Agencies

➤ Scope of Data Collection/Elements of Total Compensation

➤ Data Collection Process/Matching Methodologies

➤ Study Findings

Labor Market Comparator Agencies

An important step in conducting a market salary study is the determination of appropriate agencies for comparison. In developing the list of potential comparator agencies, K&A first reviewed retirement agencies within the State of California, since they are the predominant agencies with whom the Office competes for talent. A list of potential comparator agencies based was compiled based on the following factors:

1. **Organizational type and structure** – It is generally recommended that agencies of a similar size and providing similar services to that of the Office be used as comparators. For this study specifically, agencies which had investment related classifications were preferred since the purpose of the study was to identify market trends on how these jobs are paid in the market.

   When it comes to non-management classes, the size of an organization is not as critical, as these classes perform fairly similar work. The difference in size of an organization becomes more important when comparing classes at the management level. The scope of work and responsibility for management becomes much larger as an organization grows. Factors such as management of a large staff, consequence of error, the political nature of the job, and its visibility all grow with larger organizations. When it is difficult to find agencies that are similarly sized, it is important to get a good balance of smaller and larger agencies.

2. **Similarity in the size of assets managed, number of employees and members served in the retirement system** – These elements provide guidelines in relation to value of assets for which the Office is responsible, staffing required to deliver services, and membership served.

3. **Scope of services provided** – For the majority of classifications, it is important to select agencies providing similar services. Organizations providing the same services are ideal for comparators and comparator agencies surveyed provide similar services to the Office.

4. **Labor market and geographic location** – In the reality that is today's labor market, many agencies are in competition for the same pool of qualified employees. No longer do individuals necessarily live in the communities they serve. The geographic labor market area, where the Office may be recruiting from or losing employees to, was taken into consideration when selecting comparator organizations. By selecting employers within a geographic proximity to the Office, the resulting labor market data generally reflects the region's cost of living, housing costs, growth rate, and other demographic characteristics to the same extent as competing employers to the Office. However, because of the very specialized services provided by the Office, K&A recommended the use of eleven agencies in different regions within the State of California to provide a balanced mixture of agencies across the State.

   a. Recognizing the need to look beyond the State of California for inclusion in the survey, K&A researched cities which fell within the top twenty in the U.S. based on population. The three largest cities, New York, Los Angeles, and Chicago, were significantly larger; eight agencies were considered and of these, all managed assets lower than those of the Office - in most cases assets managed were between $2B and $3B. One agency managed assets of $5.2B, but its website lacked information on the agency to the extent that many of the demographics were not available to determine the classes within the retirement group. It has been our experience that agencies outside the State of California retirement can be challenging to work with in terms of data collection. Two agencies were approached for inclusion; one asked for a records request, and in the end, due to time constraints, we focused our time on collecting data from within the State of California to meet the Office's timeline.

The eleven (11) labor market comparators identified in Attachment A, which represent multiple geographic locations within the State of California, were selected for the study.

Use of a state-wide market generally raises questions on the impact of the cost of living differences in diverse geographic locations and while that is a factor for labor market selection, it is not the most appropriate method to measure regional differences in wages. Cost of Living focuses on the difference in the cost of consumer goods including housing and therefore can fluctuate more dramatically between locations. Cost of Labor measures regional differences in wage trends and is a more effective measure in drawing a comparison between salaries. Attachment A displays the values for the cost of living and cost of labor for the comparator agencies. The cost of living differences are displayed in Attachment A to demonstrate the significant differences in the cost of living between two locations.

K&A adjusted base salaries by the Cost of Labor differential, listed in the Top Annual data spreadsheet, to provide more accurate wage comparisons. To accomplish this, we used databases from the Economic Research Institute (ERI), a nationally recognized provider of data with respect to differences in the costs of living and cost of labor in cities with a population of over 10,000. The top annual spreadsheet displays adjusted salaries for regional differences in wages, or Cost of Labor, because it is more relevant to make compensation decisions utilizing data on what other employers are paying within the region rather than the differences in the cost of consumer goods. For more detailed information on the ERI's Geographic Assessor methodology, please refer to Attachment A.

For those agencies where base salaries were adjusted, the Cost of Labor differential is displayed within the top monthly datasheets indicating the percentages by which base salaries were increased.

Supplemental information prepared by the Office to explain the investment allocation program complexity for each comparator agency is presented in Attachment D; the passive versus active data is included on the summary sheet in the middle (second) table, along with hedge and private data. The Complexity Index section ranks both (i) investment program complexity and (ii) salary levels for CIO's in each of the comparator agencies.

Scope of Data Collection/Elements of Total Compensation

K&A recommended the use of a total compensation methodology for the Office's study; this methodology captures base salaries and elements of total compensation, which are measurable in the market and which provide insights into the costs of benefits programs and trends in market offerings. These elements include:

- ➢ Retirement benefits
  - The amount of the employee's obligated retirement contribution that is contributed by each agency on behalf of the employee
  - The amount of the agency's Social Security contribution; and
  - Any alternative retirement plan, either private or public, where the employee's contribution is made by the agency on behalf of the employee.
    - In addition to the amount of the employer paid member contribution, K&A collected information on enhanced benefits, i.e., the value attached to the retirement benefit formula relative to a baseline of 2%@55, and the value attached to the basis for the formula calculation (i.e., highest 12-month average versus 36-month average) – this item refers to the datasheets in Attachment B only.
  - o The K&A methodology measures the value of enhancements to "Classic" retirement systems across the market, and it does not measure the value of the employer mandated contribution to the retirement system since these are highly variable amounts, determined by demographics and prior funding, factors unrelated to the value of the benefit to the employee, which change on an annual basis. The Office's request for the inclusion of employer contributions provided by the comparator agencies to place some context on the impact of the lack of a defined benefit program for the Assistant Director, Chief Investment Officer, resulted in this new submission and the datasheets in Attachment C. To ensure an accurate analysis, all enhancement values, both positive and negative, have been removed.
    - The retirement contribution data in these spreadsheets were compiled from the most recent valuation reports on each agency's website; given that agencies report this data in different formats and demographics, we reported the most commonly used valuation for all miscellaneous tiers representative of the County population, excluding, where reported, special districts and court systems.
      - The chart preceding the datasheets documents the percentage used for each of the comparator agencies. On average, employer contribution rates are 25.49%.

> Agency contributions to deferred compensation programs

> Agency contributions to medical, dental, vision, life, as well as short-and long-term disability programs

> Paid time off benefits, including (i) vacation upon completion of five years; (ii) holidays; and (iii) administrative or management leave

> Automobile allowances

Data Collection Process/Matching Methodologies

Data was collected during the month of July 2017, through websites and planned telephone conversations with human resources or other staff at each comparator agency to understand their organizational structure and possible classification matches. K&A also conducted a careful review of agency documentation such as classification descriptions, salary schedules, benefits summaries, memoranda of understanding, organization charts, and other relevant documents.

K&A believes that the salary data collection step is the most critical for maintaining the overall credibility of any study. K&A relied very heavily on the Office's classification descriptions, as they are the foundation for the comparison; in addition, discussions with Office executive management provided important information on the operational aspects of the Office.

When K&A researches and collects data from comparator agencies to identify possible matches for each of the benchmark classifications, there is an assumption that comparable matches may not be made that are 100% equivalent to the Office's classification. Therefore, K&A does not match based upon job titles, which can often be misleading, but rather analyzes class descriptions before a comparable match is determined. In order for a match to be included, K&A requires that a classification's "likeness" be at approximately 70% of the matched classification.

K&A's methodology is to analyze each class description and the whole position by evaluating factors such as:

> Definition and typical job functions;

> Distinguishing characteristics;

> Level within a class series (i.e., entry, experienced, journey, specialist, lead, etc.);

> Reporting relationship structure (for example, manages through lower-level staff);

> Education and experience requirements;

> Knowledge, abilities, and skills required to perform the work;

> The scope and complexity of the work;

> Independence of action/responsibility;

> The authority delegated to make decisions and take action;

> The responsibility for the work of others, program administration, and for budget dollars;

> Problem solving/ingenuity;

> Contacts with others (both inside and outside of the organization);

> Consequences of action and decisions; and

> Working conditions.

Study Findings

The Market Compensation Data Sheets in Attachment B present the top annual (base salary) and total annual (base salary and benefits) findings for the Assistant Director, Chief Investment Officer classification. All documents comprise columns displaying top annual salary, benefits package cost, total annual compensation, effective dates of salaries, and the timing and amount of next increases, when known.

- ➤ Market Compensation Data Sheet Breakdown:
    - The first compensation sheet sorts the data based on top annual salaries – the Office ranked 8th out of 12 top annual levels in this comparison.
    - The second compensation sheet sorts the data based on total annual - the Office ranked 8th out of 12 total annual levels in this comparison.
- ➤ Benefit detail provides the monthly costing/value of the different elements of total compensation; the monthly total cost of benefits was annualized for each agency and was added to the top annual salaries to produce the total annual compensation.

The Results Summary on each of the market compensation data sheets displays the average (mathematical mean of all data arrayed) and median (middle of all data arrayed) of all comparator data; in all cases, the Office's top annual and total annual amounts are excluded from the analyses. K&A recommends using the median methodology because it is not skewed by extremely high or low salary values (unlike the mean). Specific findings are:

- ➤ When compared to the average of all comparator agencies, the Assistant Director, Chief Investment Officer classification is 16.1% below the market on base salary and 19.8% below the market on total compensation.
- ➤ When compared to the median of all comparator agencies, the Assistant Director, Chief Investment Officer classification is 15.7 % below the market on base salary and 20.7 % below the market on total compensation.

Both market measures represent a loss of market position when the cost of benefit programs are taken into consideration.

The Market Compensation Data Sheets in Attachment C are organized in the same manner as those in Attachment B, with the exception that all retirement enhancements, which represent the statewide average cost of retirement benefits have been removed, and the actual employer retirement contributions have been added.

Specific findings from this analysis are:

- ➤ When compared to the average of all comparator agencies, the Assistant Director, Chief Investment Officer classification is 16.1% below the market on base salary and 42.1% below the market on total compensation.
- ➤ When compared to the median of all comparator agencies, the Assistant Director, Chief Investment Officer classification is 15.7 % below the market on base salary and 44.6 % below the market on total compensation.
- ➤ While the ranking for base salary remains the same for top annual, the total compensation shows the Office ranked 9th out of 12 total annual levels in this comparison.

Both market measures represent a loss of market position when contributions to retirement systems are taken into consideration. Given the lack of a defined benefit program for this position it is our recommendation that any steps taken to remedy lack of a system should be addressed through a retirement benefit program, and not through an increase to base salary beyond that which the market has identified.

Sincerely yours,

Katie Kaneko
President

ATTACHMENT A

Recommended Labor Market Agencies

Agency	Location	FTE	Total Assets	# Investment Staff	No. of Participants (Active/Retired)	Cost of Living *	Cost of Labor
City of San José	*San José*	*37*	*$6B*	*6*	*12,554 (P&F 4,408 FED 8,506)*	*178.9%*	*N/A*
Alameda County Employee Retirement Agency (year end 2015)	Oakland	95	$6.65B	10	22,202	N/A	N/A
Contra Costa County Employees' Retirement Association	Concord	59	8.14B	6	20,667	N/A	N/A
Kern County Employee Retirement Association (6/30/16 report)	Bakersfield	24	$3.84B	1	17,351	13.0%	14.1%
Orange County Employee Retirement System (12/31/15 report)	Santa Ana	79	$12.37B	6	42,427	95.7%	10.9%
Sacramento County Employee Retirement System (6/30/16 report)	Sacramento	55	$8.17B	2	26,654	36.5%	13.0%
San Bernardino County Employee Retirement Agency (6/30/16 report)	San Bernardino	52 **	$8.7B	8	37,304	12.5%	14.8%
San Diego County Employee Retirement System (6/30/2016 report)	San Diego	82 **	$10.9B	6	40,915	139%	13.0%
San Francisco Employee Retirement System (6/30/2016 report)	San Francisco	119	$20.15B	13	68,337	N/A	N/A
San Mateo County Employee Retirement Association (6/30/16 report)	Redwood City	24*	$3.64B	3	10,422	N/A	N/A

Recommended Labor Market Agencies

Agency	Location	FTE	Total Assets	# Investment Staff	No. of Participants (Active/Retired)	Cost of Living *	Cost of Labor
Sonoma County Employee Retirement Association (12/31/16)	Santa Rosa	15	$2.62B	2	10,036	N/A	N/A
Ventura County Employee Retirement Association (6/30/16 report)	Ventura	27	$4.44B	1	17,687	90.5%	12.1%

*Relative to U.S. Average Index of 100%
**Data from November 2015

Methodology
The Geographic Assessor® & Pay Survey

ERI Economic Research Institute was founded over 25 years ago to provide compensation applications for private and public organizations. ERI's applications are available to management, analysts and consultants and are now widely used by client organizations. Subscribers include corporate compensation, relocation, human resources, and other professionals, as well as independent consultants and counselors, and US and Canadian public sector administrators (including military, law enforcement, city/county, state/provincial, and federal government pay administrators).

ERI compiles the most robust salary, cost-of-living, and executive compensation survey data available, with current market data for more than 1,000 industry sectors. The majority of the Fortune 500 and thousands of other small and medium sized organizations rely on ERI data and analytics for compensation and salary planning, relocations, disability determinations, board presentations, and setting branch office salary structures in the United States, Canada, and worldwide.

ERI is a leader in the collection, and analysis of compensation, occupation, and cost-of-living data. All data are employer-provided and come from a variety of sources. Survey data are collected through internally conducted salary surveys and the purchase of third party salary surveys. Additional data are gathered through the digitization of Proxy and 10-K data and Freedom of Information Requests in the US. Compensation data are compiled in terms of mean and median salaries for jobs of similar duties, responsibilities, skills, and functions through an extensive job matching process. **ERI** produces surveys and application analyses by which managers, advisors, and Boards of Directors may make recommendations and/or decisions. **ERI** does not provide fee-for-service consulting; our sole focus is providing valid and reliable information to our subscribers.

Overview
The **Geographic Assessor & Pay Survey** application and databases present in-depth time series regression analyses of base salary and wage differences among and between different cities and areas. ERI researchers have utilized these regression techniques for decades, the difference from the original publication being the extent and quality of survey data that are available today. Geographic cost of labor regressions represent analyses of the demand and supply of labor (as opposed to cost-of-living's reflection of the demand and supply of goods and services). ERI has been collecting and analyzing salary surveys since its founding; over 20 million position incumbents' data are now included in ERI's survey databases. For those interested, we refer the reader to ERI's founder's original published article on this subject:

> Thomsen, D. J. (1974). Geographic Differentials in Salaries Within The United States, *Personnel Journal*, 53, 9, 670-4.

Salary/Wage Differentials
The **Geographic Assessor & Pay Survey** application is an easy-to-use program that aids with the assessment of branch location wage and salary competitiveness and the setting of salary structures. ERI's **Geographic Assessor & Pay Survey** application calculates wage and salary differentials between any of over 7,300 North American cities and almost 1,300 European cities.

Cost-of-Living Analyses
The **Geographic Assessor & Pay Survey** application and databases presents cursory cost-of-living information. This information is limited to renters' spending patterns and is intended to provide only a first look at the relative buying power of wages/salaries in different areas. ERI recommends using salary differentials for salary structure adjustments; however, the Geographic Assessor does report summary cost-of-living differentials to develop a more comprehensive picture of a location (or potentially for use in conjunction with the salary differentials).

Statistical Methodology

The **Geographic Assessor & Pay Survey** application consists of linear regression analyses programs. Eight trend lines are created for any area. Local area salary data are compared to the corresponding national salary by job or job family to create a series of differentials per area. A sample of these differentials by job or job family is displayed on the Graphs tab. To create a single differential across jobs (one that can vary by salary level), the average, conditional on salary level, is computed via a simple linear regression (the regression line is also displayed on the Graphs tab). Since these differentials vary both by salary and salary structure, a separate regression is performed for each salary structure. The user only needs to input the salary level for the base location; the program automatically assigns the structure based on the ranges below and returns the corresponding differential.

Structures
These regression equations are expressed in terms of "structures," as follows:

Wage Earner Structure	Min - 24,000
Low Salary Structure	24,000 -36,000
Mid Salary Structure	36,000 - 48,000
High Salary Structure	48,000 - 72,000
Management Salary Structure	72,000 - 108,000
Executive-1 Structure	108,000 - 144,000
Executive-2 Structure	144,000 - 192,000
Executive-3 Structure	192,000+

The Wage/Salary area structures are the formulae resulting from ERI's regression analyses of all available data for the area. The program will automatically assign the correct structures by city on the Two City Comparison table, the Comparison List table, and the Graphs table.
Sources
Data used in the cost-of-labor calculations come from salary survey sources. ERI collects available salary survey data for jobs and areas; evaluates survey data for validity and reliability; and compiles mean and median salaries for positions with similar duties, responsibilities, skills, and functions. Because ERI has decades of experience collecting and evaluating salary data, we have refined methods for validating both the source data and results.

Selected FAQs

Who uses the Geographic Assessor application and databases? How do they use it and how should I?

Companies setting salary structures, who pay different rates in different locations, use it. Branch pay differentials allow you to take advantage of the differing labor markets to minimize operating costs while maintaining the ability to attract, retain, and motivate employees in each area. Most often, companies use the labor cost differentials reported by the **Geographic Assessor** to make data-based decisions and manage complexity by adjusting existing structures based on local labor cost differentials or, when the differentials are sufficiently large, to develop new structures. Companies also use the labor cost differentials to research general overall labor cost differences associated with opening new branch offices. In addition to using the **Geographic Assessor** with salary structures, there are other uses of labor cost differentials, such as to adjust salary survey results directly, say from state or region to the national equivalent (or the inverse) when data at the desired geographic level or area is not directly available.

While these are all valid uses of labor cost differentials per se, each planning situation is different. So it is important to keep in mind the current planning context such as consistency with prior methods, compensation philosophy, and organizational culture, and so on when deciding how to best leverage the differentials reported. We at ERI are happy to answer questions on the data and general uses, but we do not do consulting.

In terms of specific users, a number of voluntary subscriber disclosures about reliance on ERI data are cited in customer testimonials (see http://www.erieri.com/testimonials) and corporate proxies (http://www.erieri.com/ExecutiveCompensationProxyData) and periodically appear in other authorized releases or public declarations. While ERI does not release listings of the names of its subscribers ERI has thousands of subscribers, including the majority of the Fortune 500 and several large government agencies. Subscribers include corporate compensation, relocation, and human resources specialists, plus other professionals, as well as independent consultants and counselors, and US and Canadian public sector administrators (including military, law enforcement, city/county, state/provincial, and federal government pay administrators).

A quick search of professional compensation forums will often return examples of uses of the **Geographic Assessor** in practice, like this anonymous posting:

> "In the last 3 organizations where I have worked, we used data from national surveys and applied geographical differentials to the survey data to create our salary ranges. We considered the national survey data to be 100%. We would then use the geographical differentials ([+] or -) from ERI and applied that to the survey data for each of the cities where we had offices."

Where do the numbers for salaries and wages come from?

Since its founding, ERI's methodology has been designed so as to be a premier provider of quality information and survey data. All salary surveys sources for jobs have been carefully evaluated for validity, reliability, and use. Unreliable data sources and questionable data are identified and excluded from ERI's analysis. Many of ERI's **Assessor Series** applications (including the **Geographic Assessor**) look at trends over time and multiple sources, allowing for a more thorough validation process than could be established using a single source or at a single point in time.

ERI methodology has evolved over the decades in our pursuit of the highest quality standards in our expanded offering of products. During this time, ERI has won the patent for online interactive salary surveys and managed that patented survey for over a decade, built trusting relationships where we exchange data and products with other survey firms, and contracted for leased proprietary datasets. ERI has also developed its series of traditional salary surveys to become a leader in both online data collection and traditional salary survey methodologies.

Where do the numbers for cost of living come from?

ERI collects, compiles, and analyzes data relating to cost of living from available sources and researches areas which are not commonly surveyed individually. ERI compiles actual housing sales data from commercially available sources. Gasoline, consumables, medical care premium costs, and effective income tax rates are also just as accurately collected from authoritative online databases, and ERI research staff audit these sources with additional detailed study.

Why does the Geographic Assessor's Two City Comparison profile 'renter only' analyses?

Too many variables affect a home ownership analysis for ERI to make an appropriate set of assumptions for a cost-of-living comparison based solely on inputted earnings levels. However, the **Relocation Assessor** application and databases are designed to allow you to input the many additional variables (down payment and interest rate information, for example) that affect a home ownership comparison.

Why do the differentials change at different base salary values?

The **Geographic Assessor** analyses illustrate that salary differentials are not constant for an area. That is, a single number is not sufficient to describe the relationship between geography and pay across all salary levels. To account for this variation, the **Geographic Assessor** uses regression analyses to report the most accurate differential as salary level changes.

What is the difference between cost-of-living and geographic pay differentials?

A more complete differentiation can be found in Help under Assessor Series FAQ #3, but this question arises often enough that an abbreviated response should be included here. Put simply, wage and salary differentials reflect the local demand for and supply of labor, whereas cost of living is dictated by the local demand for and supply of goods and services. Because different factors affect the supply and demand of labor than affect the market basket of goods (the basis of cost of living), these two differentials will not, in most cases, be the same. Research has shown they often do move in the same direction, but not always. Take the case where there is a net increase in workers due to migration. The increase in labor supply could put downward pressure on the labor differential while putting upward pressure on housing costs, thereby increasing cost of living. Even when the differentials are in the same direction, the magnitudes can be very different. In urban centers, for example, both types of differentials are often higher; but, since workers can commute from areas with less expensive housing, the COL differentials tend to be much higher than the labor differentials in these cases.

Besides the underlying difference in the supply and demand, another reason why users focus on cost of labor differentials is that cost-of-labor differentials often more closely correspond to the labor market scope of the salary structure. In other words, COL can vary greatly from neighborhood to neighborhood within the same city, but companies would not restrict the recruitment labor market to a single neighborhood.

While employees may find it more desirable for their pay to be adjusted for local cost-of-living variances, this is an extremely unusual practice, and in many cases will not be cost effective for the employer. That is, in many cases, the employer would be competing against organizations with relatively lower compensation costs and, thus, be at a competitive disadvantage. Most compensation professionals agree that, when a company is hiring from the local work force (that is, when no transfer or relocation occurs), wages and salaries are set according to market pricing of wages and salaries only. In a recent informal polling of webinar attendees, most used salary differentials when adjusting salary structures, while a much smaller subset used both types in conjunction (perhaps where required). None used cost of living exclusively. While the cost-of-labor differentials are best utilized when adjusting pay structures (as the underlying data are congruent), in practice, there may be other contextual factors such as compensation philosophy or contractual requirements that need to be considered.

The program allows me to easily compute cross-country comparisons, but are such comparisons valid?

The cross-country comparisons are statistically valid; however, it is not advisable to take a pay system from, say, the United States and try to adjust it for a Canadian branch office using the general geographic differentials because U.S. and Canadian economies value jobs quite differently (as do most international economies). It is important to review pay by job and job description, rather than by general salary level. Cross-country comparisons, however, can give some general insight into labor cost differences where such information may be difficult to obtain otherwise.

Reliability Statistics - A Note for Expert Witnesses

In 1975, the US Congress passed Federal Rule of Evidence 702 so that a threshold standard for the admission of expert witness testimony might exist in federal courts. Based on the concept that experts should use methodologies that are "generally accepted" by a discipline's practitioners, the rule states: "If scientific, technical, or other specialized knowledge will assist the trier of fact to understand the evidence or to determine a fact in issue, a witness qualified as an expert by knowledge, skill, experience, training, or education, may testify thereto in the form of an opinion or otherwise." Following this, the Supreme Court issued an opinion in Daubert v. Merrill-Dow Pharmaceuticals, 509 U.S. 579, 113 S. Ct. 2786, 125 L.Ed.2d 469 (1993) that has become the standard for the admission of "general acceptance". In this Case (which standard is now adopted by federal and most state courts), the admittance of expert witness testimony and evidence required a two-step analysis: A) Evidence must be relevant, and B) Evidence must be reliable. The "relevance" is a subjective judgment, but simple logic may be applied (salary survey data for use in labor cost differentials, proxy compensation data for use in maximum reasonable compensation cases, etc.) For the latter, "reliability", the Supreme Court established four separate, non-exclusive tests: 1) it can be illustrated that the theory or technique can be tested, 2) the data has

been subjected to peer review and publication, 3) there is a known or potential rate of error, and (4) there a level of general acceptance in that particular discipline's community.

ERI Statement as to the Relevance and Reliability of Data
Relevance is totally determinable by the circumstances and situation presented. ERI provides outsourced analyses and presentations of salary, executive compensation, benefit, and cost-of-living survey data. Reliability is described in a four part, non-exclusive summary to match the Daubert challenge:

Testable
To illustrate how the technique can be tested is straightforward. The technique and data sources are described in this methodology, and replicating the results is a matter of performing similar regressions through similar salary data. Using smaller data samples will likely give similar, albeit less robust and comprehensive, results.

Subject to Publication and Peer Review
Assessor Series application databases are published on a quarterly basis. Unique monthly Internet visits now exceed 500,000 to http://www.erieri.com and related sites, with approximately five million unique visitors each year. **ERI's** peers are its competitors, those firms that also provide data analyses to their clients. Unlike **ERI**, that solicits an annual subscription, most compensation and benefits consulting firms charge an hourly rate for their research services. Suffice it to say, all the major consulting firms have purchased subscriptions so that their consultants could utilize **ERI** analyses. **ERI** data are used by these firms when consulting with their clients.. **ERI** data and analyzes are under constant review and critique by its competitors. **ERI**, unlike these firms, provides no fee-for-service/time consulting.

Known or Potential Rate of Error
Each **Assessor Series** application database illustrates, via a "Reliability Statistics" link, the beginning of a statistical overview of ERI data. Statistics are reported as derived from just one survey source for all salary and compensation presentations (so that copyright restrictions are not violated). **ERI** accumulates many survey sources to compile its analyses. Hence the data illustrated may be, in ERI's estimate, considered to be the highest possible standard error that might exist with each analysis. **Assessor Series** application database results are, by logic, more robust than the standard error displayed and reported.

General Level of Acceptance within the Discipline's Community
ERI has thousands of subscribers, including the majority of the Fortune 500 and several large government agencies. Many of these organizations are entering their third decade of being subscribers. **ERI** exhibits at major tradeshows. ERI data are used as source data by major publications and job boards. WorldatWork, NASBA, and HRCI accept ERI Distance Learning Center courses for professional maintenance and recertification continuing education credit. Major US employers rely upon ERI data as cited in corporate proxy filings (see http://www.erieri.com/ExecutiveCompensationProxyData).

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http://www.erieri.com

Assessor Series application and database access by license agreement only.

QUESTION: What is the difference between cost-of-living and geographic pay differentials?

Wage and salary differentials reflect the local demand for and supply of labor.

Cost of living is dictated by the local demand for and supply of goods and services.

ERI subscribers may also come across the term *"buying power,"* which is the inverse of cost of living. *Cost of living* is the cost of purchasing goods and services, as determined by the demand and supply of goods, services, and property. For example, if the cost of living is 10% higher in an area, the buying power is approximately 10% less in that area.

This demand for and supply of goods and services are defined in terms of the data ERI surveys for Assessor Series cost-of-living databases. This data is downloaded from existing sources and includes: rental rates, housing prices, income taxes, property taxes, gasoline prices, medical costs/services, major retail grocery and drug store prices, etc. Cost-of-living differentials, as reported by ERI, reflect cost models at different income levels (e.g., an auto of "x" value driven "x" miles/kilometers, home rental with no mortgage income tax deductions, home ownership with income tax mortgage deductions, etc.). Local wages and salaries do not indicate the local cost of living. Cost of living indicates the comparable local buying power for any given salary.

Most compensation professionals agree that when a company is hiring from the local work force (that is, when no transfer or relocation occurs), wages and salaries are set according to market pricing of wages and salaries only. *In general, branch pay should be dictated by market pricing of wage/salary differentials only.*

While employees may find it more desirable for their pay to be adjusted for local cost-of-living variances, this is an extremely unusual practice, and in many cases will not be cost effective for the employer. That is, in many cases the employer would be competing against organizations with relatively lower compensation costs and, thus, be at a competitive disadvantage.

In most cases, cost-of-living is considered only when an employee incurs new expenses due to an "internal" move from one branch office to another. In this situation, the new salary would be set according to the destination market (local wage and salary level). Then, any cost-of-living allowance would be awarded separately from salary and for a finite period of time.

It is undesirable to build a cost-of-living adjustment into salary, as the integrity of the current salary administration program will be compromised. For instance, the transfer of personnel into an office where locally hired employees would be earning lower salaries than the transferee's "cost-of-living adjusted salary" is an undesirable and avoidable situation. The transfer of personnel into an area where local competitors' employees would be earning higher salaries than the transferee's "cost-of-living adjusted salary" is an equally undesirable and avoidable situation. Better solutions would include the award of a one-time (lump sum)

moving bonus or a gradually decreasing three-year cost-of-living allowance, which is awarded separately from the new locally adjusted competitive salary. Each organization's unique situation (tax considerations, cash-flow, etc.) will dictate the best method for handling cost-of-living allowances.

A random telephone survey by ERI's Director found that only 2% of ERI subscribers pay "the same for all jobs nationally, but vary levels by the cost of living." All other surveyed subscribers stated that they ignore cost of living and concentrate on the demand and supply/ local market pricing to administer geographic pay differentials.

Cost of Living v. Market Pay Rates

There are many reasons why employers decide to pay the local market pay rate (what it takes to attract, retain and motivate a competent worker) instead of paying according to local costs:

- No two employees have the same living costs. Even if they hold the same job and earn the same money, their family circumstances and spending practices vary.

- The cost of living depends on family lifestyle and the total budget available from all income earners in the family. Family expenses differ according to many variables, such as the number of income earners, the total budget available, size of home, whether renting or buying, how many dependents, number and value of automobiles, and more. Every cost-of-living statistical model uses a different standard market basket of goods and services.

- It is quite difficult to come up with only one cost figure that properly fits every employee lifestyle, but it is quite simple to determine what other employers pay for the job you do.

- Pay is usually set once a year according to local salary levels, corporate pay strategy, and budget, but costs change constantly. Prices go up and down all the time, and employees would be quite upset if their wages were cut because the price of bread dropped this week, for example.

- Companies pay for you to do work, at a competitive rate, rather than give you amounts based on your expenses. Employers are not even legally allowed to question job applicants about their family circumstances, so they are not about to set pay according to your spending pattern.

- People don't usually live where they work. Most employees live in a town where the costs fit their family budget and where the prices are lowest for their lifestyle. They work where their employer is located, and that usually is not within walking distance of home. Basing pay on home location and family expenses would require different pay scales for every worker and even different rates for the same job done by people in the same community, if, for example, one was a single renter and the other was a homeowner with five dependents.

- Relevant living costs are already covered by pay surveys. If wages and salaries are influenced by living costs, then the competitive market pay surveys reflect those costs. If

you wish to research livings costs, see ERI's Relocation Assessor, which calculates cost-of-living levels based on earnings level, family size, home size, and automobile usage. The application reports the cost-of-living differential between a base city and destination city to determine the amount an employee must earn in the new location to "remain whole" (not lose buying power).

ATTACHMENT B

Office of Retirement Services, City of San Jose - Results Summary

August 2017

Classification	Annual Salary Data			Total Annual Compensation Data					# of Matches
	Annual Salary	Average of Comparators	% above or below	Median of Comparators	% above or below	Total Annual Comp	Average of Comparators	% above or below	Median of Comparators	% above or below	
Assistant Director and Chief Investment Officer	$ 228,633	$ 265,515	-16.1%	$ 264,540	-15.7%	$ 292,545	$ 350,563	-19.8%	$ 353,224	-20.7%	11

Office of Retirement Services, City of San Jose - Market Compensation Data (Sorted by Total Annual Salary)
August 2017

Assistant Director and Chief Investment Officer

Rank	Comparator Agency	Classification Title	Top Annual Salary	Cost of Labor Differential	Adjusted Top Annual Salary	Annual Benefits Package	Total Annual Comp	Salary Effective Date	Next Salary Increase	Next Percentage Increase
1	San Diego County Employees Retirement Association[5]	Retirement Chief Investment Officer	$382,640	13.0%	$432,384	$102,693	$535,077	unknown	unknown	unknown
2	Orange County Employees Retirement System[2]	Chief Investment Officer	$315,000	10.9%	$349,332	$139,770	$489,102	1/1/2017	1/1/2018	unknown
3	San Francisco Employees' Retirement System	Chief Investment Officer	$327,210		$327,210	$76,951	$404,161	7/1/2017	unknown	unknown
4	San Bernardino County Employees' Retirement Assoc.[4]	Chief Investment Officer	$231,305	14.8%	$265,536	$105,571	$371,107	12/24/2016	1/1/2018	max 2%
5	Contra Costa County Employees' Retirement Assoc.	Chief Investment Officer	$278,436		$278,436	$88,125	$366,561	7/17/2017	unknown	unknown
6	San Mateo County Employees' Retirement Association	Chief Investment Officer SAMCERA	$264,534		$264,540	$88,684	$353,224	10/9/2016	10/8/2017	2-3%
7	Ventura County Employees' Retirement Association[6]	Retirement Chief Investment Officer	$228,391	12.1%	$256,032	$63,677	$319,709	1/15/2017	1/14/2018	1.5%
8	Office of Retirement Services, City of San Jose	Assistant Director and Chief Investment Officer	$228,563		$228,563	$63,913	$292,545	6/18/2017	unknown	unknown
9	Alameda County Employee's Retirement Association	Chief Investment Officer, ACERA	$207,958		$207,958	$75,226	$283,185	1/3/2016	unknown	unknown
10	Sacramento County Employees' Retirement System[3]	Chief Investment Officer Retirement	$176,728	13.0%	$199,704	$57,028	$256,732	6/25/2017	unknown	unknown
11	Sonoma County Employees' Retirement Association	Chief Retirement Investment Officer	$183,124		$183,124	$82,083	$265,207	3/1/2017	unknown	unknown
12	Kern County Employees' Retirement Administration[1]	Retirement Investment Officer	$137,084	14.1%	$156,408	$55,720	$212,128	unknown	unknown	unknown

Summary Results	Top Annual Salary	Adjusted Annual Salary	Total Annual Comp
Average of Comparators	$248,401	$ 265,515	$ 350,563
% Office of Retirement Services, City of San Jose Above/Below	-9%	-16.1%	-19.8%
Median of Comparators	$231,305	$ 264,540	$ 353,224
% Office of Retirement Services, City of San Jose Above/Below	-1%	-15.7%	-20.7%
Number of Matches	11	11	11

1 - Kern County Employees' Retirement Administration: The top monthly salary has been increased by 14.1% based on the salary structure difference obtained from the Economic Research Institute.
2 - Orange County Employees Retirement System: The top monthly salary has been increased by 10.9% based on the salary structure difference obtained from the Economic Research Institute.
3 - Sacramento County Employees' Retirement System: The top monthly salary has been increased by 13.0% based on the salary structure difference obtained from the Economic Research Institute.
4 - San Bernardino County Employees' Retirement Assoc.: The top monthly salary has been increased by 14.8% based on the salary structure difference obtained from the Economic Research Institute.
5 - San Diego County Employees Retirement Association: The top monthly salary has been increased by 13.0% based on the salary structure difference obtained from the Economic Research Institute.
6 - Ventura County Employees' Retirement Association: The top monthly salary has been increased by 12.1% based on the salary structure difference obtained from the Economic Research Institute.

SJ Top-Total Sorted TS 09 06 17

Office of Retirement Services, City of San Jose - Market Compensation Data (Sorted by Total Annual Comp)
August 2017

Assistant Director and Chief Investment Officer

Rank	Comparator Agency	Classification Title	Top Annual Salary	Cost of Labor Differential	Adjusted Top Annual Salary	Annual Benefits Package	Total Annual Comp	Salary Effective Date	Next Salary Increase	Next Percentage Increase
1	San Diego County Employees Retirement Association[5]	Retirement Chief Investment Officer	$382,640	13.0%	$432,384	$102,693	$535,077	unknown	unknown	unknown
2	Orange County Employees Retirement System[2]	Chief Investment Officer	$315,000	10.9%	$349,332	$139,770	$489,102	1/1/2017	1/1/2018	unknown
3	San Francisco Employees' Retirement System	Chief Investment Officer	$327,210		$327,210	$76,951	$404,161	7/1/2017	unknown	unknown
4	San Bernardino County Employees' Retirement Assoc.[4]	Chief Investment Officer	$231,305	14.8%	$265,536	$105,571	$371,107	12/24/2016	1/1/2018	max 2%
5	Contra Costa County Employees' Retirement Assoc.	Chief Investment Officer	$278,436		$278,436	$88,125	$366,561	7/17/2017	unknown	unknown
6	San Mateo County Employees' Retirement Association	Chief Investment Officer SAMCERA	$264,534		$264,540	$88,684	$353,224	10/9/2016	10/8/2017	2-3%
7	Ventura County Employees' Retirement Association[6]	Retirement Chief Investment Officer	$228,391	12.1%	$256,032	$63,677	$319,709	1/15/2017	1/14/2018	1.5%
8	Office of Retirement Services, City of San Jose	Assistant Director and Chief Investment	$228,633		$228,633	$63,913	$292,545	6/18/2017	unknown	unknown
9	Alameda County Employee's Retirement Association	Chief Investment Officer, ACERA	$207,958		$207,958	$75,226	$283,185	1/3/2016	unknown	unknown
10	Sonoma County Employees' Retirement Association	Chief Retirement Investment Officer	$183,124		$183,124	$82,083	$265,207	3/1/2017	unknown	unknown
11	Sacramento County Employees' Retirement System[3]	Chief Investment Officer Retirement	$176,728	13.0%	$199,704	$57,028	$256,732	6/25/2017	unknown	unknown
12	Kern County Employees' Retirement Administration[1]	Retirement Investment Officer	$137,084	14.1%	$156,408	$55,720	$212,128	unknown	unknown	unknown

Summary Results

		Annual Salary	Total Annual
Average of Comparators	$248,401	$265,515	$350,563
% Office of Retirement Services, City of San Jose Above/Below	-8.6%	-16.1%	-19.8%
Median of Comparators	$231,305	$264,540	$353,224
% Office of Retirement Services, City of San Jose Above/Below	-1.2%	-15.7%	-20.7%
Number of Matches	11	11	11

1 - Kern County Employees' Retirement Administration: The top monthly salary has been increased by 14.1% based on the salary structure difference obtained from the Economic Research Institute.
2 - Orange County Employees Retirement System: The top monthly salary has been increased by 10.9% based on the salary structure difference obtained from the Economic Research Institute.
3 - Sacramento County Employees' Retirement System: The top monthly salary has been increased by 13.0% based on the salary structure difference obtained from the Economic Research Institute.
4 - San Bernardino County Employees' Retirement Assoc.: The top monthly salary has been increased by 14.8% based on the salary structure difference obtained from the Economic Research Institute.
5 - San Diego County Employees Retirement Association: The top monthly salary has been increased by 13.0% based on the salary structure difference obtained from the Economic Research Institute.
6 - Ventura County Employees' Retirement Association: The top monthly salary has been increased by 12.1% based on the salary structure difference obtained from the Economic Research Institute.

Office of Retirement Services, City of San Jose - Benefit Detail
August 2017

Agency	Office of Retirement Services, City of San Jose	Alameda County Employee's Retirement Association	Contra Costa County Employees' Retirement Assoc.	Kern County Employees' Retirement Administration	Orange County Employees Retirement System	Sacramento County Employees' Retirement System	San Bernardino County Employees' Retirement Assoc.	San Diego County Employees Retirement Association	San Francisco Employees' Retirement System	San Mateo County Employees' Retirement Association	Sonoma County Employees' Retirement Association	Ventura County Employees' Retirement Association
Benchmark/ Comparator Agency Match	Assistant Director and Chief Investment Officer	Chief Investment Officer, ACERA	Chief Investment Officer	Retirement Investment Officer	Chief Investment Officer	Chief Investment Officer Retirement	Chief Investment Officer	Retirement Chief Investment Officer	Chief Investment Officer	Chief Investment Officer SAMCERA	Chief Retirement Investment Officer	Retirement Chief Investment Officer
Retirement												
Classic[1,2,3,4,5,6,7]		2%@55	2%@55	2%@60	2.7%@55	2%@55	2%@55	2.5%@55	2%@55	2%@60	3%@60	2%@60
Enhanced Formula Cost				$-398	$2,343			$1,784		$-672	$1,496	$-651
ER Paid Member Contrib		$520					$2,061					
Classic EPMC as Special Comp												
Single Highest Year			$313	$176			$299					
Social Security		$657	$657	$657	$657	$657		$657	$657	$657	$657	$657
Deferred Compensation	$714		$235	$782	$2,038	$166	$1,992			$220	$610	$640
Other Ret.					$375			$1,422				$752
Insurance												
Cafeteria												
Health	$1,527	$2,501	$2,343	$2,002	$1,272	$1,418	$1,046		$1,760	$2,382	$1,638	
Dental	$150	$124	$169			$125	$21		$179	$106	$111	
Vision	$16		$8				$14			$15	$17	
Life[8]	$61	$1	$8	$20	$11	$4	$2	$94	$4	$11	$132	$3
LTD			$25		$24		$45	$27	$37	$14	$89	$89
STD/SDI			$36									
Other Ins.[9]						$558						
Leaves												
Vacation[10]	$1,466	$1,000	$1,339	$852	$3,583	$960	$1,277	$2,772	$1,573	$1,357	$1,005	$2,954
Holidays	$1,026	$1,000	$1,160	$551	$1,344	$864	$1,192	$1,802	$1,678	$1,017	$646	$862
Admin Leave	$366	$467	$1,049				$851		$524	$1,378	$440	
Allow												
Auto										$904		
Uniform												
Benefit Package Total	$5,326	$6,269	$7,344	$4,643	$11,647	$4,752	$8,798	$8,558	$6,413	$7,390	$6,840	$5,306

N/C - Non Comparator

1 - Alameda County Employee's Retirement Association: 37 Act formula converted to estimated PERS formula.
2 - Kern County Employees' Retirement Administration: 37 Act formula converted to estimated PERS formula.
3 - Sacramento County Employees' Retirement System: 37 Act formula converted to estimated PERS formula.
4 - San Diego County Employees Retirement Association: 37 Act formula converted to estimated PERS formula.
5 - San Francisco Employees' Retirement System: SFERS formula converted to estimated PERS formula.
6 - San Mateo County Employees' Retirement Association: 37 Act formula converted to estimated PERS formula.
7 - Ventura County Employees' Retirement Association: 37 Act formula converted to estimated PERS formula.
8 - San Mateo County Employees' Retirement Association: Life insurance premiums are based on age, rate taken is the average of all employee age groups.
9 - Sacramento County Employees' Retirement System: Management differential.
10 - Orange County Employees Retirement System: Annual leave (includes sick time).

ATTACHMENT C

Employer Contribution Rates

Agency	Agency Contribution
Office of Retirement Services, City of San Jose	N/A
Alameda County Employee's Retirement Association	19.38%
Contra Costa County Employees' Retirement Association	30.58%
Kern County Employees' Retirement Administration	38.29%
Orange County Employees Retirement System	33.66%
Sacramento County Employees' Retirement System	15.57%
San Bernardino County Employees' Retirement Assoc.	20.89%
San Diego County Employees Retirement Association	38.21%
San Francisco Employees' Retirement System	19.78%
San Mateo County Employees' Retirement Association	28.72%
Sonoma County Employees' Retirement Association	16.47%
Ventura County Employees' Retirement Association	18.79%
Average	25.49%

Office of Retirement Services, City of San Jose - Results Summary
August 2017

Classification	Top Annual Salary Data					Total Annual Compensation Data					# of Matches
	Top Annual Salary	Average of Comparators	% above or below	Median of Comparators	% above or below	Total Annual Comp	Average of Comparators	% above or below	Median of Comparators	% above or below	
Assistant Director and Chief Investment Officer	$ 228,633	$ 265,536	-16.1%	$ 264,540	-15.7%	$ 292,545	$ 415,780	-42.1%	$ 422,992	-44.6%	11

SJ Results Summary 09 06 17

Office of Retirement Services, City of San Jose - Market Compensation Data (Sorted by Top Annual Salary)
August 2017

Assistant Director and Chief Investment Officer

Rank	Comparator Agency	Classification Title	Top Annual Salary	Cost of Labor Differential	Adjusted Top Annual Salary	Annual Benefits Package	Total Annual Comp	Salary Effective Date	Next Salary Increase	Next Percentage Increase
1	San Diego County Employees Retirement Association[5]	Retirement Chief Investment Officer	$382,640	13.0%	$432,384	$246,504	$678,888	unknown	unknown	unknown
2	Orange County Employees Retirement System[2]	Chief Investment Officer	$315,000	10.9%	$349,332	$229,234	$578,566	1/1/2017	1/1/2018	unknown
3	San Francisco Employees' Retirement System	Chief Investment Officer	$327,210		$327,210	$141,673	$468,883	7/1/2017	unknown	unknown
4	Contra Costa County Employees' Retirement Assoc.	Chief Investment Officer	$278,436		$278,436	$169,512	$447,948	7/17/2017	unknown	unknown
5	San Bernardino County Employees' Retirement Assoc.[4]	Chief Investment Officer	$231,305	14.8%	$265,536	$157,456	$422,992	12/24/2016	1/1/2018	max 2%
6	San Mateo County Employees' Retirement Association	Chief Investment Officer SAMCERA	$264,534		$264,534	$172,729	$437,269	10/9/2016	10/8/2017	2-3%
7	Ventura County Employees' Retirement Association[6]	Retirement Chief Investment Officer	$228,391	12.1%	$256,032	$119,594	$375,626	1/15/2017	1/14/2018	1.5%
8	Office of Retirement Services, City of San Jose	Assistant Director and Chief Investment Officer	$228,683		$228,683	$63,913	$292,545	6/18/2017	unknown	unknown
9	Alameda County Employee's Retirement Association	Chief Investment Officer, ACERA	$207,958		$207,958	$115,529	$323,487	1/3/2016	unknown	unknown
10	Sacramento County Employees' Retirement System[3]	Chief Investment Officer Retirement	$176,728	13.0%	$199,704	$88,122	$287,826	6/25/2017	unknown	unknown
11	Sonoma County Employees' Retirement Association	Chief Retirement Investment Officer	$183,124		$183,124	$94,297	$277,421	3/1/2017	unknown	unknown
12	Kern County Employees' Retirement Administration[1]	Retirement Investment Officer	$137,084	14.1%	$156,408	$118,267	$274,675	unknown	unknown	unknown

Summary Results	Top Annual Salary	Adjusted Annual Salary	Total Annual Comp
Average of Comparators	$248,401	$265,514	$415,780
% Office of Retirement Services, City of San Jose Above/Below	-9%	-16.1%	-42.1%
Median of Comparators	$231,305	$264,534	$422,992
% Office of Retirement Services, City of San Jose Above/Below	-1%	-15.7%	-44.6%
Number of Matches	11	11	11

N/C - Non Comparator

1 - Kern County Employees' Retirement Administration: The top monthly salary has been increased by 14.1% based on the salary structure difference obtained from the Economic Research Institute.
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6 - Ventura County Employees' Retirement Association: The top monthly salary has been increased by 12.1% based on the salary structure difference obtained from the Economic Research Institute.

SJ Top-Total TS 09 06 17

Office of Retirement Services, City of San Jose - Market Compensation Data (Sorted by Total Annual Comp)
August 2017

Assistant Director and Chief Investment Officer

Rank	Comparator Agency	Classification Title	Top Annual Salary	Cost of Labor Differential	Adjusted Top Annual Salary	Annual Benefits Package	Total Annual Comp	Salary Effective Date	Next Salary Increase	Next Percentage Increase
1	San Diego County Employees Retirement Association[5]	Retirement Chief Investment Officer	$382,640	13.0%	$432,384	$246,504	$678,888	unknown	unknown	unknown
2	Orange County Employees Retirement System[2]	Chief Investment Officer	$315,000	10.9%	$349,332	$229,234	$578,566	1/1/2017	1/1/2018	unknown
3	San Francisco Employees' Retirement System	Chief Investment Officer	$327,210		$327,210	$141,673	$468,883	7/1/2017	unknown	unknown
4	Contra Costa County Employees' Retirement Assoc.	Chief Investment Officer	$278,436		$278,436	$169,512	$447,948	7/17/2017	unknown	unknown
5	San Mateo County Employees' Retirement Association	Chief Investment Officer SAMCERA	$264,534		$264,540	$172,729	$437,269	10/9/2016	10/8/2017	2-3%
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7	Ventura County Employees' Retirement Association[6]	Retirement Chief Investment Officer	$228,391	12.1%	$256,032	$119,594	$375,626	1/15/2017	1/14/2018	1.5%
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9	Office of Retirement Services, City of San Jose	Assistant Director and Chief Investment Officer	$228,633		$228,633	$63,913	$292,545	6/18/2017	unknown	unknown
10	Sacramento County Employees' Retirement System[3]	Chief Investment Officer Retirement	$176,728	13.0%	$199,704	$88,122	$287,826	6/25/2017	unknown	unknown
11	Sonoma County Employees' Retirement Association	Chief Retirement Investment Officer	$183,124		$183,124	$94,297	$277,421	3/1/2017	unknown	unknown
12	Kern County Employees' Retirement Administration[1]	Retirement Investment Officer	$137,084	14.1%	$156,408	$118,267	$274,675	unknown	unknown	unknown

Summary Results	Top Annual Salary	Adjusted Annual Salary	Total Annual Comp
Average of Comparators	$248,401	$265,515	$415,780
% Office of Retirement Services, City of San Jose Above/Below	-9%	-16.1%	-42.1%
Median of Comparators	$231,305	$264,540	$422,992
% Office of Retirement Services, City of San Jose Above/Below	-1%	-15.7%	-44.6%
Number of Matches	11	11	11

N/C - Non Comparator
1 - Kern County Employees' Retirement Administration: The top monthly salary has been increased by 14.1% based on the salary structure difference obtained from the Economic Research Institute.
2 - Orange County Employees Retirement System: The top monthly salary has been increased by 10.9% based on the salary structure difference obtained from the Economic Research Institute.
3 - Sacramento County Employees' Retirement System: The top monthly salary has been increased by 13.0% based on the salary structure difference obtained from the Economic Research Institute.
4 - San Bernardino County Employees' Retirement Assoc.: The top monthly salary has been increased by 14.8% based on the salary structure difference obtained from the Economic Research Institute.
5 - San Diego County Employees Retirement Association: The top monthly salary has been increased by 13.0% based on the salary structure difference obtained from the Economic Research Institute.
6 - Ventura County Employees' Retirement Association: The top monthly salary has been increased by 12.1% based on the salary structure difference obtained from the Economic Research Institute.

SJ Top-Total TC 09 06 17

Office of Retirement Services, City of San Jose (Agency Retirement Contribution)
Benefit Detail - August 2017

Agency	Office of Retirement Services, City of San Jose	Alameda County Employee's Retirement Association	Contra Costa County Employees' Retirement Assoc.	Kern County Employees' Retirement Administration	Orange County Employees Retirement System	Sacramento County Employees' Retirement System	San Bernardino County Employees' Retirement Assoc.	San Diego County Employees Retirement Association	San Francisco Employees' Retirement System	San Mateo County Employees' Retirement Association	Sonoma County Employees' Retirement Association	Ventura County Employees' Retirement Association
Benchmark/ Comparator Agency Match	Assistant Director and Chief Investment Officer	Chief Investment Officer, ACERA	Chief Investment Officer	Retirement Investment Officer	Chief Investment Officer	Chief Investment Officer Retirement	Chief Investment Officer	Retirement Chief Investment Officer	Chief Investment Officer	Chief Investment Officer SAMCERA	Chief Retirement Investment Officer	Retirement Chief Investment Officer
Retirement — Classic[1,2,3,4,5,6,7]		2%@55	2%@55	2%@60	2.7%@55	2%@55	2%@55	2.5%@55	2%@55	2%@60	3%@60	2%@60
Agency Retirement Contrib		$3,359	$7,095	$4,991	$9,799	$2,591	$4,623	$13,768	$5,394	$6,331	$2,513	$4,009
ER Paid Member Contrib		$520					$2,061					
Social Security		$657	$657	$657	$657	$657		$657	$657	$657	$657	$657
Deferred Compensation	$714		$235	$782	$2,038	$166	$1,992			$220	$610	$640
Other Ret.												
Insurance — Cafeteria					$375			$1,422				$752
Health	$1,527	$2,501	$2,343	$2,002	$1,272	$1,418	$1,046		$1,760	$2,382	$1,638	
Dental	$150	$124	$169			$125	$21		$179	$106	$111	
Vision	$16		$8				$14			$15	$17	
Life[8]	$61	$1	$8	$20	$11	$4	$2	$94	$4	$11	$132	$3
LTD			$25		$24		$45	$27	$37	$14	$89	$89
STD/SDI			$36									
Other Ins.[9]						$558						
Leaves — Vacation[10]	$1,466	$1,000	$1,339	$852	$3,583	$960	$1,277	$2,772	$1,573	$1,357	$1,005	$2,954
Holidays	$1,026	$1,000	$1,160	$551	$1,344	$864	$1,192	$1,802	$1,678	$1,017	$646	$862
Admin Leave	$366	$467	$1,049				$851		$524	$1,378	$440	
Allow — Auto										$904		
Uniform												
Benefit Package Total	$5,326	$9,627	$14,126	$9,856	$19,103	$7,344	$13,121	$20,542	$11,806	$14,394	$7,858	$9,966

1 - Alameda County Employee's Retirement Association: 37 Act formula converted to estimated PERS formula.
2 - Kern County Employees' Retirement Administration: 37 Act formula converted to estimated PERS formula.
3 - Sacramento County Employees' Retirement System: 37 Act formula converted to estimated PERS formula.
4 - San Diego County Employees Retirement Association: 37 Act formula converted to estimated PERS formula.
5 - San Francisco Employees' Retirement System: SFERS formula converted to estimated PERS formula.
6 - San Mateo County Employees' Retirement Association: 37 Act formula converted to estimated PERS formula.
7 - Ventura County Employees' Retirement Association: 37 Act formula converted to estimated PERS formula.
8 - San Mateo County Employees' Retirement Association: Life insurance premiums are based on age, rate taken is the average of all employee age groups.
9 - Sacramento County Employees' Retirement System: Management differential.
10 - Orange County Employees Retirement System: Annual leave (includes sick time).

SJ Benefit Detail Retire Contrib 08 21 17

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SUMMARY

Number of Funds, by Fund Type

	Passive	Active	Hedged	Private	Total	AUM (millions)	Complexity Index Funds/AUM*10000	Rank	Top Salary	Rank
San Diego County	13	8	5	95	121	$ 10,807	112	5	$ 36,032	1
Orange County	8	26	15	53	102	$ 14,441	71	9	$ 29,111	2
City & County of San Francisco	12	30	2	438	482	$ 21,755	222	1	$ 27,268	3
San Mateo County	9	13	4	6	32	$ 3,713	86	8	$ 22,045	6
San Bernardino County	1	26	9	106	142	$ 7,559	188	3	$ 22,128	5
Ventura County	7	9	0	14	30	$ 4,669	64	10	$ 21,336	7
Alameda County	2	13	0	3	18	$ 7,702	23	11	$ 17,330	9
Sacramento County	4	27	12	76	119	$ 7,925	150	4	$ 16,642	10
Sonoma County	3	14	0	5	22	$ 2,471	89	7	$ 15,260	11
Contra Costa County	1	20	0	55	76	$ 7,524	101	6	$ 23,203	4
San Jose	*15*	*16*	*23*	*48*	*102*	*$ 5,244*	*195*	*2*	*$ 19,053*	*8*

Percentage of Portfolio, by Fund Type

	Passive	Active	Hedged	Private	Total	AUM (millions)	Complexity Index % Hedged & Private	Rank	Top Salary	Rank
San Diego County	57%	18%	3%	23%	100%	$ 10,807	26%	6	$ 36,032	1
Orange County	32%	37%	7%	23%	100%	$ 14,441	31%	4	$ 29,111	2
City & County of San Francisco	24%	45%	3%	28%	100%	$ 21,755	31%	3	$ 27,268	3
San Mateo County	35%	48%	4%	14%	100%	$ 3,713	18%	9	$ 22,045	6
San Bernardino County	8%	42%	8%	42%	100%	$ 7,559	50%	1	$ 22,128	5
Ventura County	56%	31%	0%	12%	100%	$ 4,669	12%	11	$ 21,336	7
Alameda County	13%	67%	0%	20%	100%	$ 7,702	20%	8	$ 17,330	9
Sacramento County	25%	49%	8%	18%	100%	$ 7,925	27%	5	$ 16,642	10
Sonoma County	17%	69%	0%	14%	100%	$ 2,471	14%	10	$ 15,260	11
Contra Costa County	1%	79%	0%	20%	100%	$ 7,524	20%	7	$ 23,203	4
San Jose	*32%*	*30%*	*21%*	*16%*	*100%*	*$ 5,244*	*38%*	*2*	*$ 19,053*	*8*

Percentage of Portfolio, select categories

	Public Equity	Public Fixed Income	Hedged	Hedged in Publics	AUM (millions)	Complexity Index % Not "60/40"	Rank	Top Salary	Rank
San Diego County	$ 4,885	$ 2,193		$ -	$ 10,807	35%	6	$ 36,032	1
Orange County	$ 5,661	$ 3,543		923	$ 14,441	43%	3	$ 29,111	2
City & County of San Francisco	$ 10,679	$ 4,081		-	$ 21,755	32%	7	$ 27,268	3
San Mateo County	$ 1,815	$ 572		115	$ 3,713	39%	5	$ 22,045	6
San Bernardino County	$ 1,357	$ 2,839		576	$ 7,559	52%	2	$ 22,128	5
Ventura County	$ 2,682	$ 918		-	$ 4,669	23%	10	$ 21,336	7
Alameda County	$ 4,921	$ 1,222		-	$ 7,702	20%	11	$ 17,330	9
Sacramento County	$ 3,287	$ 1,499		-	$ 7,925	40%	4	$ 16,642	10
Sonoma County	$ 1,403	$ 452		-	$ 2,471	25%	8	$ 15,260	11
Contra Costa County	$ 3,396	$ 2,283		-	$ 7,524	25%	9	$ 23,203	4
San Jose	*$ 1,508*	*$ 949*		*488*	*$ 5,244*	*62%*	*1*	*$ 19,053*	*8*