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## Profile

Question applies to Police and Fire Retirement Plan Board,Federated City Employees' Retirement System

Public members of the Board of Administration of the San Jose Police and Fire Department Retirement Plan or the Federated City Employees Retirement System must live within 50 miles of San Jose City Hall and meet specified eligibility requirements.

Employee members of the Retirement Boards must be active employees who are members of the respective retirement plan. The Police and Fire Department representative must be an employee of the Police or Fire Department respectively. The employee representatives to the Federated Board shall be employed by different departments.

Retiree members of the Retirement Boards must be persons who have retired under the provisions of the respective retirement plan.

Kurt

First Name

Billick

Last Name

Email Address

## Which Boards would you like to apply for?

Federated City Employees' Retirement System: Submitted

## Are you a resident of San Jose?

☐ Yes ☒ No

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## Member Category: \*

☒ Public Member

## Length of Residency

None Selected

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## If not a resident, do you live within 50 miles of San Jose City Hall?

☒ Yes ☐ No

What district do you live in? To verify, please click here: <https://eservices.sccgov.org/rov/?tab=dt> \*

☒ District 9

[Redacted]

Street Address

[Redacted]

Suite or Apt

San Francisco

City

CA

State

94109

Postal Code

[Redacted]

Primary Phone

[Redacted]

Alternate Phone

Bocage Capital

Employer

CIO

Job Title

[Redacted]

Address of Current Employer

N/A

Current Employer of Spouse

[Redacted]

Address of Current Employer of Spouse

N/A

Spouse's Job Title

If retired and receiving a pension, please state source of pension.

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## Interests & Experiences

High School, College, Professional, Vocational, or Other Schools Attended. Please include Major or Field of Study, Dates Attended, Degree and Date of Degree.

Walt Whitman High School. Bethesda MD 1983 Williams College BA Economics 1987 University of California Berkeley MBA 1994

List any position or office held in any governmental agency, civic, or charitable organization including the dates

N/A

English

Languages Spoken

Special Awards or Recognitions Received

Please state why you want to become a member of this Board or Commission including specific objectives which you would work toward as a member. If you are applying for the Board of Fair Campaign and Political Practices, please indicate any familiarity or experience you may have with campaign laws.

Please state any other information which you feel would be useful in reviewing your application

Do you own property in the City of San José?

☐ Yes ☒ No

If yes, please list the addresses here.

Do you rent property in the City of San José?

☐ Yes ☒ No

If yes, is it a month-to-month lease?

☐ Yes ☒ No

State and local law require that you abstain from participation in decisions that may affect your financial interests, including sources of income, interest in real property, personal finances or investments. In addition, if appointed, you may be required to fill out a disclosure statement which identifies certain of your financial interest beginning with the immediate twelve-month period prior to your appointment. Please review the scopr of your board/commission in Municipal Code Chapter 2.08. Based on your best judgment, does this Board or Commission make decisions that may affect sources of income, interests in real property, personal finances or investments of you or your spouse?

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☒ Yes ☐ No

If yes, please explain. Please identify any organizations, associations, corporations, or entities by which you are employed or associated that might be affected by decisions of this Board or Commission, and the positions you hold in these entities.

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Senior Advisor at Environmental Commodity Partners, a hedge fund Investor at Corum Capital

Question applies to multiple boards

If appointed, you will be required to fill out a disclosure statement, which identifies certain of your financial interests beginning with the immediate twelve-month period prior to your appointment and annually on or before April 1 of each year thereafter. Please confirm that you have read Fair Political Practices Commission (FPPC) Form 700 Reference Pamphlet and agree to file required FPPC Form 700 Statements of Economic Interest, as required by current City Council Conflict of Interest resolution.

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☒ Yes ☐ No

Question applies to multiple boards

Have you ever been required to file a Statement of Economic Interest (Form 700) and failed to do so?

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☐ Yes ☒ No

Question applies to multiple boards

If yes, please explain in complete detail.

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Question applies to multiple boards

Please confirm that you have reviewed and agree to comply with the San Jose Municipal Code Chapter 12.08 (Prohibition of Gifts), City of San Jose Ethics Policy (City Policy Manual 1.2.1), and City of San Jose Gift Policy (City Policy Manual 1.2.2).

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☒ Yes ☐ No

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**Thomas Stenvoll**

Reference 1 Name

[REDACTED]

Reference 1 Address

[REDACTED]

Reference 1 Phone

**Scott Beal**

Reference 2 Name

[REDACTED]

Reference 2 Address

[REDACTED]

Reference 2 Phone

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## Supplemental Questions

**Have you ever attended a meeting of the Commission(s) to which you are applying?**

☐ Yes ☒ No

**Would you be available to attend meetings at the scheduled time?**

☒ Yes ☐ No

**Please describe your experience in serving on a Commission or Board.**

**Considering your experience and activities in business, labor, professional, social, or other organizations, indicate the experience, training, knowledge and/or skills which qualify you for appointment to the selected commission(s).**

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I am excited by an opportunity to apply my 30 years of financial market experience at the highest levels of the investment management industry to help San Jose fulfill its pension obligations to its city employees and retirees. I have a broad range of experience across multiple asset classes and considerable experience running an investment management organization. This experience should prove helpful in designing broad investment policy, advising on manager selection and helping in recruitment of investment professionals

**What is your understanding of the purpose of the Commission?**

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The Commission supervises the administration and operation of the defined pension benefit plan for the employees and retired employees of the City of San Jose. This includes supervision of the technical operations of the plan as well as the investment of the retirement plan assets

**Please list three issues facing the City that you feel the Commission should address.**

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Ensuring that plan assets and income are sufficient to meet the liabilities of the plan. This is paramount  
Ensuring that plan assets are invested in a fashion that entails risk taken is commensurate with returns earned  
Ensuring that plan assets are invested in a fashion that minimizes loss from fees and transaction costs while ensuring that returns earned justify fees paid

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## I would like to say . . .

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Effective management of public pension assets and liabilities is one of the greatest public policy challenges facing America and more specifically California today. I am excited by an opportunity to apply my 30 years of financial market experience to help the City of San Jose address that issue.

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(Optional) Please upload a resume.

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## Retirement Board Questions Only

Question applies to Police and Fire Retirement Plan Board,Federated City Employees' Retirement System

**Please list your applicable experience or expertise relevant to public retirement plan administration. \***

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- ☒ Institutional investment experience
- ☒ Investment management
- ☒ Banking

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**Please summarize your qualifications to serve as a member of the Retirement Board? Briefly highlight your skills, training, education, qualifications, experience (licenses and/or certifications) and personal qualities that you will bring to the Board and share with the organization.**

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In addition to a sound academic background including an undergraduate degree in economics, an MBA and a CFA designation I possess considerable experience managing complex portfolios in financial markets including equities, commodities, currencies and credit. Through my career I have managed portfolios during significant market cycles and in many different macro environments. I believe this gives me valuable perspective on designing sound investment policies and identifying sound investment. In addition my experience as the founder and leader of an investment management company provides useful insight into the many non-investment strategy factors that should influence a decision to hire or retain an investment manager.

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**Please discuss your pension plan and/or investment management and oversight experience including the development of key financial policies.**

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I have almost 30 years of experience in the financial services industry including senior portfolio management positions at UBS, Caxton Associates and the CIO role at Bocage Capital. These last three roles included design of the portfolio investment strategy and absolute trade discretion within the boundaries of that strategy.

**Please describe your understanding of the relationship between the Retirement Board and City Council? The City Administration? Retirement Services staff? Employee bargaining units? Plan participants and beneficiaries?**

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My understanding is that the Retirement Board supervises the operation of the defined benefit plan for city employees. Its authority and scope is defined by the Municipal code which is ultimately determined by the City Council so the Board's authority and responsibility is set by the Council. The City Administration and Council should also act to ensure the Board is discharging its responsibilities in a correct fashion The Board's primary obligation is to ensure that participants and beneficiaries receive the benefits they are entitled to according to Municipal Code so these are the prime "customers" of the Boards actions. Employee bargaining units are a means by which those "customers" interact with both the City to define their benefits and the Board to ensure that the system is being run for the benefit of the participants. It is the Board's responsibility to supervise the staff of the Retirement System to ensure they are also acting in the best interests of the plan's participants.

**What do you perceive as the short and long-term goals of the Retirement Board?**

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The primary short term goals of the board is to ensure that plan participants receive their benefits in a correct and efficient fashion and that the assets of the plan are being managed in an appropriately. A longer term goal of the board is to ensure that the System is able to fulfill its obligations to its participants and prevent the system from being an excessive liability to the citizens of San Jose

**Do you believe that the retirement funds that are invested by the retirement boards are public funds? Why or why not?**

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No. The assets of the retirement funds are money set aside by participants and the City to fulfill a specified purpose (servicing the plans) and therefore are held in trust for the plan participants. If the plan requires additional funding from the City to service those obligations that is a request for public funds but the funds already in the system are there for the participants benefit and should be managed with that objective in mind and not available for other public uses.

**Have you read the report by the City Auditor entitled, "Pension Sustainability: Rising Pension Costs Threaten the City's Ability to Maintain Service Levels?" This report is available at: <http://www.sanjoseca.gov/auditor/AuditReports/1010/1010.pdf>**

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☒ Yes ☐ No



**If so, how is this report applicable to the work you would do as a Retirement Board Member?**

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Ultimately the level of pensions benefits made available to public employees is a political question and beyond the scope of a board member. But as a board member I would be a strong advocate for ensuring that the system's liabilities and its current ability to service those liabilities are clearly and honestly stated in a transparent fashion to ensure that the citizens of San Jose are well informed about their potential liabilities as tax payers. I also believe it is the responsibility of the board to ensure the investment policy and implementation are done in an appropriate fashion to generate the best net (post-fee) risk adjusted returns for the liability structure of the fund

**How do you ensure that you are maintaining an in-depth and up-to-date knowledge of institutional investing and the capital market environment?**

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I have considerable relationships with many major global financial institutions and receive their research on both the broad macroeconomic environment and specific investment opportunities.

**Given the current status of the capital markets, where do you see opportunities to increase return and reduce risk in the pension portfolios? What is your experience with risk budgeting?**

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At this time I believe synchronized growth among the G3 economies is going to lead to a continuation and acceleration of the major Central Banks to normalize monetary policy and end the extraordinary period of loose monetary conditions that has prevailed since 2009. However I believe that long term inflation will remain low putting pressure on long term interest rates. This will cause the yield curve to flatten or invert and make shorter term, lower risk monetary assets attractive on a risk adjusted basis. Therefore I would avoid longer term credit and risk assets whose value is tied to low long term rates as they will diminish in attractiveness relative to increased short term government rates Eventually I believe this will trigger a correction in risk assets which will be a significant buying opportunity

**Please describe your views on the role of asset allocation and provide detail on your recommended asset classes and proportions for pension funds like those serving the employees of the City of San Jose.**

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I would need a more detailed understanding of the liability structure of the plan to recommend asset proportions but roughly believe 30% of assets should be income producing, 40% in equity or equity like asset, 20% in diversifying assets (if possible to find) which are uncorrelated to the broader macroeconomic and market cycle and 10% in high return opportunistic assets

**Should pension plans like those in San Jose invest in alternative investments such as private equity, commodities, infrastructure or separate account real estate? If so, how? If not, why?**

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Alternative investments are in themselves neither good nor bad. The question is what do they offer to the plan to warrant the additional costs, illuidity and supervision effort. Therefore an alternative must offer a differentiated return stream from a superior investment opportunity set that offers increased returns or non-correlated returns from liquid, lower fee investments. Likewise improved returns in exchange for lower liquidity is another positive aspect.

**How would you evaluate an investment manager? When would you terminate an investment manager? How should due manager diligence be conducted?**

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The key question in evaluating a manager is does the manager have a differentiated investment process or opportunity set that will allow sustained super normal or non-correlated returns versus lower fee and higher liquidity options. Focus should be on the repeatability of that process and persistence of the opportunity set. The ability of the manager to pursue that opportunity set without personal or business distraction is also critically important. Due diligence should focus on the ability of the manager to answer those questions and the manager should be terminated when they are no longer able to answer those questions satisfactorily due to a change in market or businss conditions

**What should be included in a pension plan's statement of investment policies? Please address the roles of trustees, staff, consultants, investment managers and custodians in asset allocation, portfolio structure, manager selection and due diligence, rebalancing, reporting and analysis.**

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The staff should be the primary authors of investment policy, portfolio structure and manager due diligence and selection with the supervision and advice of the trustees. This requires the staff to also generate appropriate reporting and analysis of the overall portfolio. Consultants are useful to the trustees and staff as an external check on the assumptions used in the process of developing policy as well as to ensure that managers are operationally sound (ODD). They can also be helpful as a source of manager intelligence but should not be the primary source. Managers should be responsible for running their investment process on a daily basis with minimal involvement from either staff or the trustees. However managers should be transparent in their reporting and analysis of their performance to help address whether they are fulfilling the goals set when selected

**Individuals applying for appointment as public members of the Board are ineligible for appointment to the Board if they meet certain criteria. Please confirm if you meet any of the following criteria:**

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None Selected

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**Have you ever been convicted of a misdemeanor within the past five years or a felony within the past ten years (except for minor traffic offenses that resulted only in a fine)?**

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☐ Yes ☒ No

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**If yes, please explain in complete detail. State the nature and approximate date of the conviction, the sentence imposed, whether the sentence has been completed, and any other information you consider relevant.**

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**Are you or your firm currently or within the past five years been the subject of any litigation or claims resulting from any investment activity, advice, a fiduciary relationship, or regarding alleged financial improprieties?**

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☐ Yes ☒ No

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**If yes, please provide details.**

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Question applies to Police and Fire Retirement Plan Board,Federated City Employees' Retirement System

**Are you or your firm currently or within the past five years been the subject of any investigation or disciplinary action by any governmental and/or regulatory body (SEC, NASD, states Attorney General or Insurance Commissioner, etc.)?**

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☐ Yes ☒ No

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**If yes, please provide details.**

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**Verification**

By checking the box below, you agree with the following statement.

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I agree that all of the information contained in my responses to the questions on this application are true and accurate to the best of my knowledge. I further agree that, by checking the box below and submitting this application, online or otherwise, I am affixing my digital signature to this form as of the date submitted.

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☒ I Agree \*

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