

Boards and Commissions Application**Profile**

Howard

First Name

Lee

Last Name

Email Address

Please note, applications are continuously accepted to the City of San Jose Boards and Commissions. The Board or Commission you select may or may not indicate there is a vacancy. Your application will remain on file for one year from the date of submission. During the year, your application may be considered for unanticipated vacancies.

Which Boards would you like to apply for?

Police and Fire Retirement Plan Board: Submitted

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

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.

Are you a resident of San Jose?

Yes No

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

Member Category: *

Public Member

Length of Residency

None Selected

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

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 5

[Redacted]

Street Address

[Redacted]

Suite or Apt

Palo Alto

City

CA

State

94306

Postal Code

[Redacted]

Primary Phone

[Redacted]

Alternate Phone

Founders Equity Partners

Employer

Managing Director

Job Title

Current Employer Address

[Redacted]

Current Employer of Spouse

N/A

Address of Current Employer of Spouse

[Redacted]

Spouse's Job Title

N/A

If you or your spouse is retired and receiving a pension, please state source of pension.

Demographics (Optional)

The demographic information you choose to provide is **VOLUNTARY** and **OPTIONAL**. This information will be kept separate from your application and will not be used for evaluating applications or making appointments. The City of San José will use this information to solely conduct research and compile statistical reports regarding the composition of its Board and Commission applicants.

Question applies to multiple boards

Ethnicity

To which gender identity do you most identify?

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.

INSEAD, Fontainebleau, France MBA 1994 Cornell University Ph.D. Electrical Engineering 1989 Cornell University B.S. Electrical Engineering 1982 Smithtown HS East HS degree 1978

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

US Army Research Labs Fort Monmouth, NJ 1989-1992

Languages Spoken

English, Chinese (intermediate)

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.

I would like to engage in taking a public service role that combines my expertise in investments and finance with an interest to help and serve others in the community. I take the care of duty as a fiduciary very seriously and will seek to help improve the pension sustainability through increased investment returns coupled with realistic alternatives on cost reductions to be worked through as a member of the team of the Retirement Board. I want to be responsible for looking out for the best interests of the workers and retirees that will rely upon the pension for their retirement security.

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?

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.

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.

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?

Yes No

Question applies to multiple boards

If yes, please explain in complete detail.

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).

Yes No

Reference 1 Name

Brian Goncher

Reference 1 Address

[Redacted]

Reference 1 Phone

[Redacted]

Reference 2 Name

Tom Rota

Reference 2 Address

[Redacted]

Reference 2 Phone

[Redacted]

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.

I have served on numerous commercial, for profit boards and have served on the Board of the Palo Alto Little League for 3 years. The board was composed of parents who organized the league, created policies, administered and monitored the safety of the children and the operations of the league.

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).

I would like to engage in taking a public service role that combines my expertise in investments and finance with an interest to help and serve others in the community. I take the care of duty as a fiduciary very seriously and will seek to help improve the pension sustainability through increased investment returns coupled with realistic alternatives on cost reductions to be worked through as a member of the team of the Retirement Board. My skills span from general business operations, finance, to investments. I have 3 years of institutional investment management combined with 13 years of investment management. Training has included both technical and general business and financial areas. My education includes a BS and PhD in Electrical Engineering as well as an MBA. I have been both a direct investor as a GP as well as a funds investor, where I have been an institutional investor (LP) in various private equity and venture funds. This dual perspective has given me a unique view of investments. My work has enabled me to apply my interests in researching issues, applying disciplined diligence, and making the best decision based on the data and facts. As a result, I have developed an investor mentality with respect to approaching allocation of capital as a fiduciary: an attention to detail and a duty to serve the owner of the capital. Serving the community has been an interest for me. I have volunteered at local food/soup kitchens and at the Sacred Heart Community Service. I have volunteered as a mentor to an entrepreneurship course at the University of California at Berkeley for the last 4 years. It would be a fantastic opportunity combine my skills that I have developed and my interests to serve in this Retirement Board role.

What is your understanding of the purpose of the Commission?

The Retirement Board has the duty to have the sole fiduciary responsibility over the assets of the Plan and to administer the system. They determine eligibility and benefits for Plan participants and beneficiaries, set investment policies, invest the funds in the Plan, and hire/terminate the CEO and CIO of the Retirement Staff.

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

The sustainability of the City's pension benefits
Reduction of pension costs
Reduction of unfunded pension liabilities

I would like to say . . .

I have a strong desire to serve the public using the skills that I have developed.

(Optional) Please upload a resume.

Retirement Board Questions Only

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

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

Investment management

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

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.

My skills span from general business operations, finance, to investments. I have 3 years of institutional investment management combined with 13 years of investment management. Training has included both technical and general business and financial areas. My education includes a BS and PhD in Electrical Engineering as well as an MBA. I have been both a direct investor as a GP as well as a funds investor, where I have been an institutional investor (LP) in various private equity and venture funds. This dual perspective has given me a unique view of investment managers. My work has enabled me to apply my interests in researching issues, applying disciplined diligence, and making the best decision based on the data and facts. As a result, I have developed an investor mentality with respect to approaching allocation of capital as a fiduciary: an attention to detail and a duty to serve the owner of the capital. Equally important, I have a strong desire to serve the public using the skills that I have developed.

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

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

As an investor in investment management, I have had the role as a fiduciary to serve the interests of the owner of the capital used for investments. As a GP I have been involved in negotiating the terms of the fund and key financial policies which included management of the fund, investment limitations – term, maximum exposure in a single portfolio company, exclusion of derivatives, investment sector limitations – and the formation of an LP Advisory committee to oversee potential conflict of interest transactions. Quarterly and annual valuation reports were also provided to our investors as a part of the partnership agreement. As a funds investor, I have been part of the LP advisory committee that reviewed matters relating to potential conflicts of interests for investments. In particular, the bankruptcy of another large LP co-investor in a fund required substantial oversight on our part to ensure continuity of their capital contributions to the fund. We also required quarterly meetings with the investment manager as part of our financial policies.

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

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?

The active/retiree members and the public member are appointed by the City Council. The City Council also appoints a Council representative to the Retirement Board. The Retirement Board has the authority to enter into agreements on behalf of the City for the administration of the retirement plan. The Retirement Board is responsible for the administration and investment of the investment funds which is based upon the investment recommendations of the CIO of the Office of Retirement Services as presented by the CEO. The Office of Retirement Services also provides the Retirement Board with information from the Retirement system and members on eligibility and benefits to enable the Board to carry out its duties concerning retirement, eligibility for benefits of the members. The Board also has joint responsibility to appoint the Retirement Services CEO and CIO. My understanding of the relationship between the Board and Employee bargaining units is that is indirect: The Board can communicate with the plan stakeholders including employees but is not chartered to negotiate with the bargaining units. The Retirement Board has the duty to determine eligibility and benefits for Plan participants and beneficiaries.

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

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

The Retirement Board's short-term goals are the efficient administration and management of the Retirement Plan for employees and retirees. Long-term, the Board's goals are to protect the best interests of the plan members and beneficiaries that are consistent with the Plan: a sustainable and secure source of retirement income for the members and beneficiaries.

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

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

The retirement funds that are invested by the retirement boards are public funds in the sense that the employees and retirees are or were employed by governmental entities which are in turn funded by taxpayers. There is consequently a duty of care as a fiduciary for retirement boards.

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

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: <https://www.sanjoseca.gov/DocumentCenter/View/3208>

Yes No

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

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

The report, while written in 2010, is very relevant today as it describes a precarious circumstance that faces the City of San Jose and the Retirement Board: the impact of unfunded pension liabilities on the City of San Jose's operations. As a Retirement Board Member, I would underline sustainability of pension benefits as a top priority. My work would be to deal with 1) the challenge of rising pension costs and their effect on SJ city services, and 2) the growing unfunded liabilities as a team with the other Retirement Board Members. It is critical to understand the historical background of the pension plan shortfall to be able to apply reasoning to possible alternatives and to help providing a solution for all parties. Ultimately, the Retirement Board is responsible for looking out for the best interests of the workers and retirees that will rely upon the pension for their retirement security.

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

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

In my current work as an institutional investor I am constantly up to date on both the private and public capital markets through analyst research reports and individual research. In addition, I have regular interactions with peers and colleagues in the investment and finance sectors.

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

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?

Obtaining attractive returns in low interest rate environment has been challenging and 2020 may bring similar market conditions as the Federal Reserve signaled that it would leave interest rates unchanged for next year. Private equity and buyout funds that rely on low cost of capital and the US equity markets would be an asset class I would investigate. In addition, emerging markets may also present strong opportunities as trade tensions with China and the Brexit uncertainty subside. My experience in risk budgeting was in the monitoring of investments in fund managers and in portfolio companies to identify risks to the asset and the fund itself for our internal reporting and our investment committee.

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

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.

Asset allocation should be based on managing diversification for plan investment to avoid large losses with considerations for liquidity and driven by attractive risk-return characteristics. Compared to the June 2019 asset allocation, my recommendations would be: increase slightly the exposure to public equities (33-35%), Private Equity (22-23%), and Emerging Market Bonds (4%). Rebalancing, pruning, or swapping managers in Private Equity may also be advised.

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

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?

Pension plans should consider investments in private equity and infrastructure as low interest rates may be continue through 2020-2021. Low borrowing costs and disciplined buying will aid Private Equity investments while lower rates will enable development of infrastructure projects in the short term that will ultimately generate stable returns in the 20-25 year time frame. In my view, separate account real estate would depend crucially on the developer and manager. If interest rates remain level and GDP growth in the US continues then separate account real estate investments would be reasonable.

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

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

An investment manager evaluation should be based on the team investment track record, viability of the team for the next 2 funds, investment strategy, and team dynamics. An investment manager should be terminated after poor performance in a single fund or after potentially criminal or questionable behavior that would negatively impact the City of San Jose or the Retirement Plan reputations (“headline risk”), significant changes in management or strategy, and compliance issues . Due diligence should be done comprehensively with great attention to detail to uncover any aspects of the business, team , or investments that are inconsistent with the investment manager provided information or guidance on the team, fund, or investments. Analysis of the investments/assets, strategy, and detailed reference checks are absolutely necessary.

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

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.

A pension plan’s statement of investment policies should include: Fund Governance Fiduciary Duty- Trustees, staff, consultants, investment managers, and custodians duty of care Investment Objectives – To fund the Plan obligations and to achieve risk-adjusted returns greater than market benchmarks. Investment philosophy and Manager selection and diligence – To achieve alpha. Staff has procedures and conducts diligence (with consultant) on investment manager and makes recommendation to Trustees/Board. Asset Allocation and Portfolio Structure– across broad asset classes including global equity, private equity, global fixed income, private debt, real assets, absolute return, and cash. Trustees set long term allocation and Portfolio investment structure and staff fulfills the Trustee/Board allocation plan. Consultants may be able to provide assistance to Staff. Rebalancing – to maintain target allocation ranges. Staff rebalancing with Trustee/Board approval for tactical considerations Diversification – to minimize risk of large losses in the plan Liquidity – to manage cash flows of plan Hiring and terminating Investment managers Reporting and Analysis and Monitoring of Investment Managers – Staff monitoring of Investment Managers and report to Trustees/Board. Allocations can be made by Staff. Use of Derivatives – Investment restrictions – Investment Costs – Valuation of Portfolio –

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

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:

None Selected

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

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)?

Yes No

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

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.

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

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?

Yes No

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

If yes, please provide details.

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

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.)?

Yes No

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

If yes, please provide details.

Verification

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

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.

I Agree *