



Memorandum

April 26th, 2024

BNY Mellon Performance & Risk Analytics, LLC
C/O Amber Sullivan

Dear Ms. Sullivan:

The San Jose Office of Retirement Systems (ORS) utilizes Bank of New York Mellon (BNYM) as custodian for two pension and health care trusts for the City of San Jose Police and Fire Department Retirement Plan and the San Jose Federated City Employees' Retirement System. BNYM provides performance calculations as part of their custodian services and operates as the book of record for the pension and health care trusts.

In 2023, in the course of normal operations, ORS discovered that certain investment management fees were invoiced outside of, and not originally included in, the custodian bank's calculation of investment performance, covering the period of June 30, 2015, through June 30, 2023. To address this issue, both the Federated and Police & Fire Boards of Trustees engaged Macias Gini & O'Connell LLP to perform specific Agreed-Upon Procedures ("AUP") to tabulate the invoice management fees for their inclusion in recalculated investment performance figures for the period in question ("AUP Report"). MGO completed their analysis and reported their results to the Boards (Fed in Dec 2023, PF in Jan 2024); MGO's findings are attached.

Both boards directed the CEO of ORS to request BNYM correct their respective investment performance returns to reflect MGO's findings as noted in the table in item 4 as "Adjusted Returns" of MGO's findings (attached). Inclusion of these invoice management fees is necessary for the accuracy of BNYM's investment performance calculations for the period in question.

Thank you in advance for your cooperation.

Roberto L. Peña

Roberto Pena, CEO
San Jose Office of Retirement Services

Franco Vado, Chair
City of San Jose Police and Fire Department Retirement Plan

Spencer Horowitz

Spencer Horowitz, Chair

San Jose Federated City Employees' Retirement System

Project Name		
Client Name:	San Jose (PF Pension and HCT, Federated Pension and HCT)	Date: 3/20/2024
Provide below a brief overview of this project (e.g., project purpose and justification):		
Create new Total Fund Composite which will have NOF history loaded based on data provided by San Jose for periods June 2015 – June 2023 for each plan. San Jose would like these revised returns loaded, because prior to July 2023 management fees were not paid out of the accounts, but rather out of non-custodied operating account. San Jose’s revised NOF returns will reflect as if the fees were paid out of the Fund during these periods.		
Project Description		
For each area below, provide sufficient detail to define this project adequately:		
Project Scope		
Includes (list Deliverables):		
- Creating a new NOF Total Fund Composite for each plan - Loading of historical returns for 4 total plan accounts for June 2015 – June 2023		
Does Not Include:		
Calculation of historical returns		
Dependencies:		
San Jose providing monthly returns		
Assumptions:		
Constraints:		
Drill down capabilities of the Total Fund Composite within Nexen for Periods prior to June 2023 will not work.		
Project Milestones		
Estimated Schedules – List key project milestones relative to project start. (Insert rows as needed)		
Project Milestone – Project dates are relative to the actual start date set post agreement from all parties on scope.	Target Date (MM/DD/YYYY)	
Project Start		
Project Complete		
Project Scope Approval		
<i>This Project Scope describes servicing objectives to which BNY Mellon Performance & Risk Analytics, LLC (“BNY Mellon”) strives to adhere in order to deliver high quality services. BNY Mellon’s performance at all times shall be governed by, and subject solely to, the terms and conditions set forth in the applicable Performance & Risk Analytics Agreement between the parties. The ongoing success and/or failure to achieve the Project Milestones set forth herein will be assessed through measurement and discussions between BNY Mellon and San Jose. San Jose agrees that failure to achieve the Project Milestones or completion of the Project set forth herein shall not constitute breach of the agreement between the parties.</i> <i>I have reviewed the information contained in this Project Scope Statement and agree:</i>		
Name	Role	Date (MM/DD/YYYY)

Project Name		
	Client Representative	
	GRS Consultant	
	Performance Manager	
Frances Barney	GRS Manager	