

Report Out of January 21, 2026 Closed Session: Conference with Legal Counsel – Anticipated Litigation: Significant exposure to litigation pursuant to Section 54956.9(d)(2): Two Cases.

On January 21, 2026, the Board of Administration (“Board”) for the Police and Fire Department Retirement Plan (“PF Plan”) for the City of San Jose met in closed session to discuss a pre-litigation settlement offer from Kaiser Permanente (“Kaiser”) negotiated by the Office of Retirement Services’ staff relating to payments owed to Kaiser for healthcare premiums associated with certain retirees of the PF Plan. The premium payments owed related to Kaiser’s placement of retirees of the PF Plan into Kaiser’s commercial plan for coverage during the period of 2019 to 2023 when those retired members should have been dropped from coverage under the City of San Jose’s Medicare Mandate codified in San Jose Municipal Code § 3.36.1920(M).

The total cost owed to Kaiser across both the PF Plan and the Federated City Employees’ Retirement System was \$321,737.69 for unpaid premiums associated with the 39 total retirees affected by the City’s Medicare Mandate for the 2019 to 2023 period. Of the total retirees affected during the 2019 to 2023 period, 10 were Police and Fire members who owed a range from \$487.60 to \$3,968.02 individually for their share of premium costs.

The Board unanimously authorized the Chief Executive Officer (“CEO”) of the Office of Retirement Services (“ORS”) to accepted Kaiser’s settlement offer for payment from the PF Plan to Kaiser in the amount of \$41,226.10 as a compromised claim for the unpaid premiums owed to Kaiser for retirees affected by the Medicare Mandate during the period of 2019 to 2023. (Motion Vado, Second Flicker, Vote: 9-0).

The Board also unanimously authorized the CEO to forgive the affected retirees’ share of unpaid premiums owed to Kaiser, which may otherwise result in litigation. The Board made this authorization in light of the operational failure to timely notify the affected retirees of the consequences of the City’s Medicare Mandate that resulted in the unpaid premium costs at issue. (Motion Flicker, Second Vado, Vote: 9-0).