



Partnering for Success

City of San Jose Federated City Employees' Retirement System and the City of San Jose Police & Fire Department Plan

Aon Consulting, Inc.

March 14, 2025

Proposal for Governance
Consulting Services



Agenda

1

General Introduction -
Who We Are

2

Discussion of Our
Governance Services

3

Why Aon

4

Questions



1

General Introduction- Who We Are



Introduction to Aon: Fiduciary Services Practice Team



Julie Becker

Partner

Fiduciary Services Practice Leader

- Fiduciary Services Practice Leader, Co-Head of Aon's Public Sector Solutions
- Licensed attorney for 30 years, 25 years of industry experience
- General Counsel for the Ohio Public Employees Retirement System for 16 years
- National Association of Public Pension Attorneys Fiduciary & Plan Governance Committee Co-Chair



Benita Harper

Associate Partner

Fiduciary Services Practice Member

- Licensed attorney for 31 years, with government and private industry experience
- General Counsel and Executive Director for the Fort Worth Employees' Retirement Fund
- Member of National Association of Public Pension Attorneys Cyber Security Committee



David Forman

Consultant

Fiduciary Services Practice Member

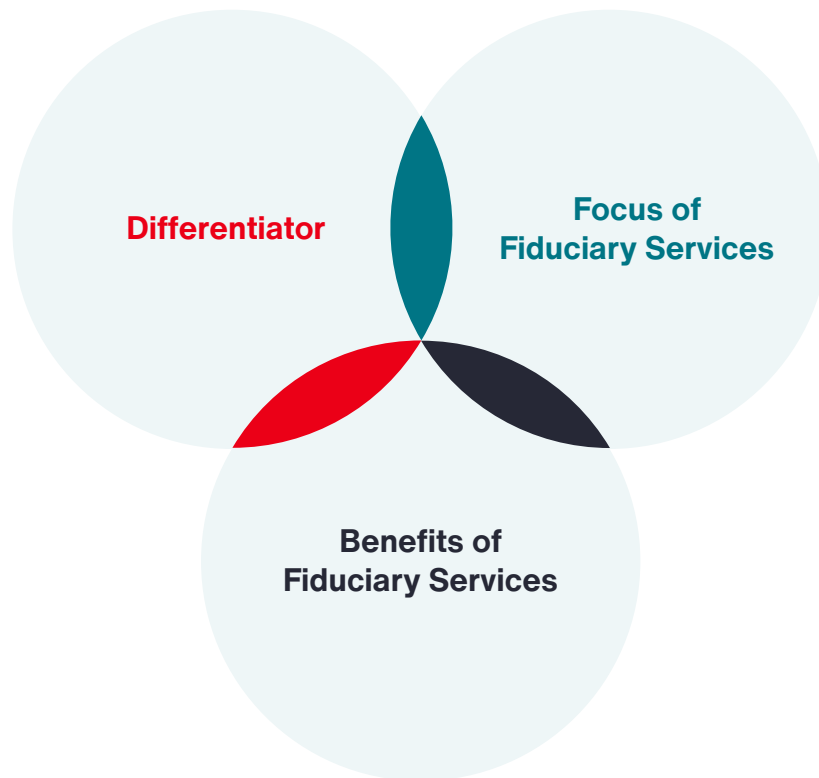
- Provides research and support to the Fiduciary Services Team, including governance and project work
- Chartered Financial Analyst (CFA)

Relevant Experience

- Providing governance advice and refinements to existing policies and procedures, and making customized recommendations based on the specific circumstances of each client
- Developing customized governance policies and procedures
- Assisting with the development of board and committee charters
- Facilitating Board self-evaluations, Chief Executive Officer and Chief Investment Officer evaluations, as well as consultant/service provider evaluations
- Creating and facilitating new trustee orientation training
- Providing fiduciary and governance education
- Strategic Planning
- Serving as a trusted advisor on the practices of institutional investors



Aon's Fiduciary Services Practice



- Aon's Fiduciary Services helps boards/committees and staff to design a governance framework of prudent processes which are aimed at assisting them in complying with their fiduciary obligations.
- Fiduciary Services routinely compares an organization's practices to industry common and best practices. Such knowledge is essential to fiduciaries so they can make informed decisions.

- Distinct practice fosters a culture of fiduciary standards awareness and the importance of "good governance."
- Provides access to a full menu of fiduciary and governance services to a broad spectrum of institutional investors and internally to our investment colleagues.

- Assists clients in understanding their fiduciary responsibilities and the value of good governance.
- Tangible and intangible benefits often include: adoption of "good governance" practices, implementation of risk mitigation tools, enhanced stakeholder confidence.

Fiduciary Services' Experience with Public Funds



Representative List of Public Fund Clients We Have Worked For-Past 5 Years

- Contra Costa County Employees' Retirement Association
- City of Los Angeles-Los Angeles City Employees Retirement System & Los Angeles Fire and Police Pensions
- Kern County Employees' Retirement Association
- Minnesota State Board of Investment
- Nebraska Investment Council
- New York State Teachers' Retirement System
- Oregon State Investment Board
- Teachers' Retirement System of the State of Illinois
- Teacher Retirement System of Texas
- Texas Hospital Association
- Vermont Pension Investment Committee
- Virginia Retirement System

2

Discussion of our Services



Elements of Good Governance



Strategic Plan



Orientation, Ongoing Training & Education



Culture of Conflicts of Interest Avoidance



Monitoring



Transparency & Accountability



Efficient Meetings



Agendas



Annual Work Plan



Minutes



Prudent Documentation



Board/Committee Member Engagement



Committees



Laws



Court Cases



Policies



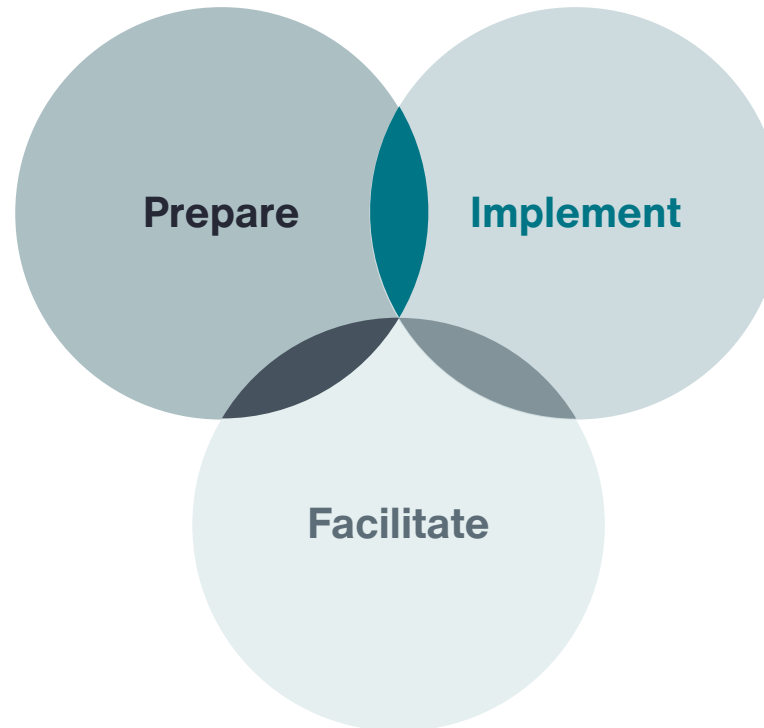
Effective Leadership



Independence

Core Services – Board Self-Evaluation Process

- 01 Review**
Discussion with Board Chair on suggested timeline and current governance issues. Review last year's self-evaluation results and identified action plans.
- 02 Create**
Draft self-evaluation survey, update prior year's survey if necessary. Include status check on prior year's action plans.
- 03 Obtain Feedback**
Board Chair reviews the draft survey to ensure it aligns with the Board's needs.
- 04 Finalize Assessment Tool**



- 05 Collect Data**
Board members complete self-evaluation survey.
- 06 Confidentiality Promotes Candor**
No comments or scores are attributed to any one Board Member, promoting candor and increases the likelihood of participation.
- 07 Analyze Results**
Consolidate and analyze data. Prepare summary report.
- 08 Facilitate Board Discussion**
Present findings to the Board and lead discussions on data and identified themes.
- 09 Assist with Follow-up**
Document key outcomes/action plan from the Board's discussion. Be available for follow-up about policy or procedure changes.

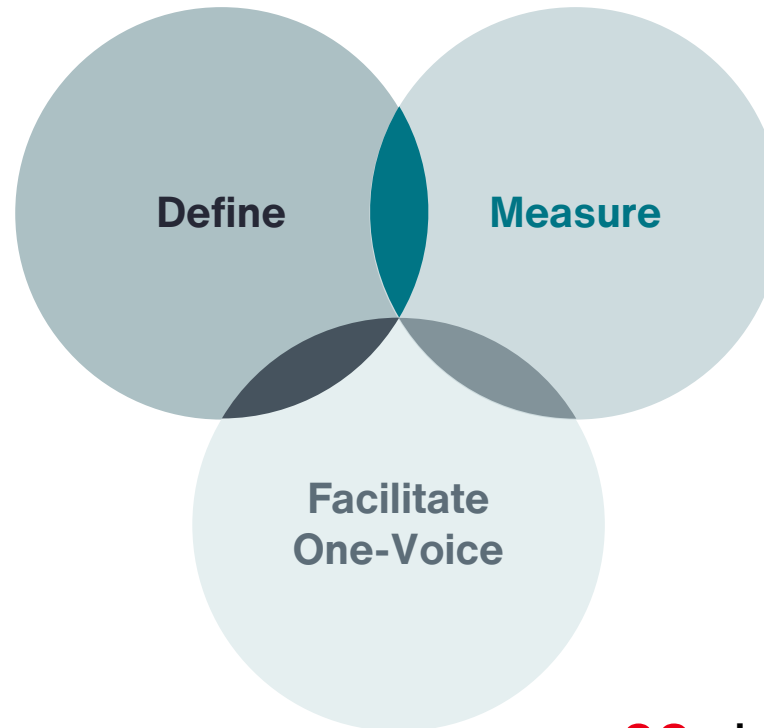
Core Services – Chief Executive Officer Performance Evaluation Methodology

01 Define Goals, Objectives, Measurement

It is critical that the performance criteria and process be defined and communicated in advance of the evaluation period.

02 Create evaluation instrument

The Chief Executive Officer prepares a written document documenting whether and how they have met the performance criteria (i.e., self-evaluation narrative, status of goals, achievements, challenges, and areas of focus during the performance year.



03 Performance Evaluation Documents

Board members receive supporting documentation for the performance evaluation to review and reflect upon in advance of board meeting.

04 Maintain Focus and speak with “one voice”

Aon serves as the external, independent consultant to promote focus, candor and facilitates the delivery of a “one-voice” evaluation.

05 Facilitate Board Discussion

In closed session, board members, individually, provide feedback and develop a board consensus, “one-voice.” opinion regarding the performance of the Executive Director. Aon assists in keeping the board focused, on topic, and records the consensus ratings and comments.

06 Independent Documentation of Ratings and Comments

The board’s consensus on ratings and message to the Chief Executive Officer is reduced to writing by Aon and given to the Board Chair to discuss with the Chief Executive Officer.

Other Services – Fiduciary & Governance Training

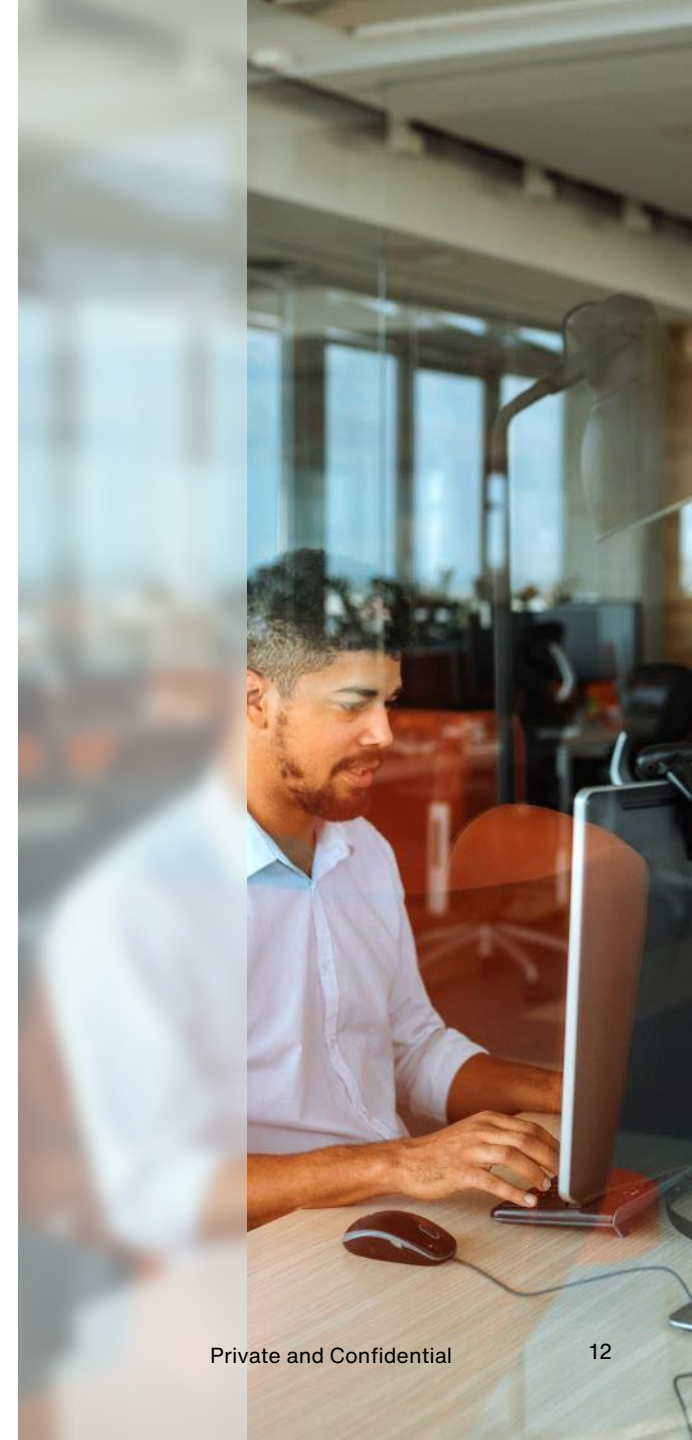
Understanding fiduciary responsibility is of utmost importance to anyone who is a fiduciary of a retirement plan (defined benefit or defined contribution) or other type of trust. Fiduciary standards are the highest standards imposed by law. We believe that training on fiduciary responsibility should be a regular occurrence for a board/committee.

For numerous clients – public and corporate, we provide annual or periodic fiduciary education sessions, typically one to two hours in length.

We customize the training to the client. The sessions however typically address the following areas:

- Understanding who is a fiduciary
- The common law of trusts and standards
- The duties of prudence and loyalty
- The duty to follow plan documents
- Identifying and managing conflicts of interest and prohibited transactions
- Delegation of duties and due diligence required
- Monitoring and oversight of delegated duties
- The meaning of good governance and why it is important
- Regulatory update and notable legal cases of interest

Since the training is often done annually, we periodically use discussion scenarios or multiple-choice questions to mitigate staleness.



Other Services



- Review and development of board governance policies
- Governance Reports
- New Trustee Orientation
- Strategic planning at board and staff levels
- Development and review of board and committee charters
- Advice on delegation and oversight methods
- Succession planning
- Fiduciary and Governance Reviews



- Targeted governance advice
- Advice on common and best practices
- Criteria and processes for evaluation of outside service providers
- Policy inventories and governance manuals

3

Why Aon



Why Aon?



Why Aon?

Experience – Senior Level, Tenured Team

**Deep Knowledge – Practitioners Lead Team;
Understands Public Fund Issues and Solutions –
What Works and What Might Not**

**Customized Approach – Ability to translate best
practices from a wide-range of sources**

**Our Dedication – We care about
you and your success**

4

Questions



Thank You

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