



BOARD OF ADMINISTRATION

Meeting Minutes - Final FCERS and Police&Fire Retirement Plan Audit Committee

Thursday, October 19, 2023

12:30 PM

City Hall, Wing Rooms 118 -120
200 E. Santa Clara St. San Jose, CA 95113

or immediately following the conclusion of the FCERS Board meeting

HYBRID MEETING

PHYSICAL LOCATION:

City Hall, Wing Rooms 118-120

200 E. Santa Clara St.

San Jose, Ca 95113

ZOOM INFORMATION:

zoom.us

Dial In: +1 669-219-2599 US (San Jose)

Meeting ID: 978 4993 7147

Pass Code: 845166

FCERS Committee Members:

Prachi Avasthy, Chair

Debbie Abbott, Trustee

Julie Jennings, Trustee -- 855 E. Hilton Dr., Boulder Creek, CA 95006

Police and Fire Committee Members:

Sunita Ganapati, Chair

Howard Lee, Trustee

Dave Wilson, Trustee

Present: 6 - Julie Jennings, Dave Wilson, Debbie Abbott, Prachi Avasthy, Sunita Ganapati and Howard Lee

The Federated Audit Committee and Police and Fire Audit Committee met in person at City Hall, Wing Rooms 118-120, 200 E. Santa Clara St., San Jose, CA 95113 and via Zoom on Thursday, October 19, 2023. The Police and Fire Audit Committee meeting was called to order at 12:42 p.m. by Chair Ganapati. The Federated Audit Committee meeting was called to order at 12:43 p.m. by Chair Avasthy followed by roll call vote.

Police and Fire Committee Members Present: Sunita Ganapati, Dave Wilson and Howard Lee.

Federated City Employees Retirement System (FCERS) Committee Members Present: Prachi Avasthy and Debbie Abbott.

Committee Members Present via Zoom utilizing the Traditional Brown Act teleconferencing rules: Julie Jennings.

Retirement Staff Present: Roberto L. Peña, Barbara Hayman, Houman Boussina, Chris Ha, Edith Aldama, Sherrell Aledo, Cynthia Ayala and Jay Kwon.

Retirement Staff Present via Zoom: Linda Alexander, Ron Kumar, Benjie Chua-Foy, Deborah Sattler, Chris Reyes, and Shilpi Dwivedi.

Also Present: Maytak Chin and Harvey Leiderman, General and Fiduciary Counsel; Cheryl Parkman, OER; Joe Rois, Allison Pauly, Michael O'Connell and Maria Valle, City Auditor's Office; Craig Harner, Macias, Gini & O'Connell LLP (MGO); and Bill Hallmark, Cheiron.

Also Present via Zoom: Joe Ebisa, Journalist; Kyle Laveroni, Mayor & City Council Office; Laura Wirick, Meketa Investment Group; and Valter Viola, Cortex Consulting, Inc.

I. AB 2449 REMOTE APPEARANCE(S)

a. Just Cause Circumstance(s) (Gov't Code § 54953)

- i. The following Trustee(s) have notified the Board of a "Just Cause" to attend this meeting via teleconference.

NONE

- ii. Call for Trustee(s) who wish to notify the Board of a "Just Cause" to attend this meeting via teleconference.

b. Emergency Circumstance(s) (Gov't Code § 54953)

- i. The following Trustee(s) have requested the Board approve their attendance of this meeting via teleconference due to an "Emergency Circumstance".

NONE

- ii. The following Trustee(s) have requested the Board approve their attendance of this meeting via teleconference due to an "Emergency Circumstance".

- iii. Take action on request(s) for remote appearance.

• **Call To Order and Roll Call**

• **Orders of the Day**

Chair Ganapati read the following into the record:

A FEW GROUND RULES FOR THIS MEETING

- All votes will be roll call votes.
- We are holding this meeting as a hybrid meeting, and so those who are attending virtually, please mute yourself unless you are speaking and if you wish to speak, please raise your hand and staff will alert the Chair.
- For New Business Item 3c: This item was moved as the first item to be heard before 3a under Section 3.

A motion was made to modify the orders of the day to move item 3c to be heard before item 3a.

Police and Fire Committee Approved. (M.S.C. Wilson/Lee 3-0-0). The motion passed by roll call vote.

FCERS Committee Approved. (M.S.C. Abbott/Jennings 3-0-0). The motion passed by roll call vote.

JOINT AUDIT COMMITTEE

1. CONSENT CALENDAR

- a. Approval of the Minutes of the September 21, 2023 Joint Audit Committee meeting for the Federated City Employee's Retirement System and the Police and Fire Department Retirement Plan.

A motion was made to approve the Consent Calendar.

Police and Fire Committee Approved. (M.S.C. Wilson/Lee 3-0-0). The motion passed by roll call vote.

FCERS Committee Approved. (M.S.C. Abbott/Jennings 3-0-0). The motion passed by roll call vote.

2. OLD BUSINESS

- a. Discussion and action on ORS Management's Response on Finding 1 in "Audit: Procurement and Contract Oversight" Report by ORS Senior Internal Auditor, dated May 18, 2023, regarding Granicus contract.

Chair Ganapati introduced the item. Barbara Hayman, Deputy Director, and Shilpi Dwivedi, ORS IT Manager, spoke to the item and answered questions from the Committee. CEO Peña and Counsel Chin assisted with answering questions from the Committee. Chair Avasthy made a few comments.

A motion was made to accept the ORS Management's anticipated further amended response on Finding 1 with amendment to include proposed changes discussed at the meeting.

Police and Fire Committee Approved. (M.S.C. Wilson/Lee 3-0-0). The motion passed by roll call vote.

FCERS Committee Approved. (M.S.C. Abbott/Jennings 3-0-0). The motion passed by roll call vote.

The Committees directed ORS Management to return to the next Joint Audit Committee meeting with the further amended response.

- b. Discussion and action on ORS Management's Response on Finding 3 in "Audit: Procurement and Contract Oversight" Report by ORS Senior Internal Auditor, dated May 18, 2023, regarding laptop purchase during COVID-19.

Shilpi Dwivedi, ORS IT Manager, spoke to the item and answered questions from the Committee. CEO Peña, Counsel Chin and Leiderman, and Barbara Hayman, Deputy Director, assisted answering questions from the Committee.

A motion was made to accept the ORS Management's anticipated further amended response on Finding 3 with amendment to include proposed changes discussed at the meeting.

Police and Fire Committee Approved. (M.S.C. Wilson/Lee 3-0-0). The motion passed by roll call vote.

FCERS Committee Approved. (M.S.C. Abbott/Jennings 3-0-0). The motion passed by roll call vote.

The Committees directed ORS Management to return to the next Joint Audit Committee meeting with the further amended response.

3. NEW BUSINESS

- a. Discussion and action regarding Communication to the Board of Administration of the City of San Jose Police and Fire Department Retirement Plan and the Federated City Employees' Retirement System from Macias Gini & O'Connell (MGO) the Plan's external auditor:

- a. Independent auditor's report on the internal control over financial reporting, compliance and other matters based on an Audit of Financial Statements performed.
- b. Independent auditor's Management Letter comments and recommendations regarding audit findings.

This item was heard after item 2b.

Chris Harner, Macias Gini & O'Connell (MGO), reported the findings on the internal control audit reports for both Boards and answered questions from the Committee. CEO Peña, Counsel Chin and Benjie Chua-Foy, Accounting Division Manager, assisted in answering questions from the Committee.

A motion was made to accept the draft report presented to the Committee and to recommend approval of the finalized report to the Police & Fire and Federated Boards.

Police and Fire Committee Approved. (M.S.C. Lee/Wilson 3-0-0). The motion passed by roll call vote.

FCERS Committee Approved. (M.S.C. Abbott/Jennings 3-0-0). The motion passed by roll call vote.

- b.** Discussion and action on the approval of the Federated City Employees' Retirement System's and the Police and Fire Department Retirement Plan's Annual Comprehensive Financial Reports for the Fiscal Year 2022-2023.

Chris Harner, Macias Gini & O'Connell (MGO), presented the annual report that contains the audited financial statements as required by the City of San Jose and answered questions from the Committee. Benjie Chua-Foy, Accounting Division Manager, and Laura Wirick, Meketa Investment Group, assisted in answering questions from the Committee. Mr. Harner noted that the deadline to provide the City a copy of the annual report is November 2, 2023.

A motion was made to recommend to the Police and Fire Board to accept the audited financial statements section of the annual report that MGO will finalized by November 2, 2023 and send to City in advance of the Police and Fire Board Meeting and subject to Board's approval.

Police and Fire Committee Approved. (M.S.C. Ganapati/Wilson 3-0-0). The motion passed by roll call vote.

A motion was made to recommend to the Federated Board to accept the audited financial statements section of the annual report that MGO will finalized by November 2, 2023 and send to City in advance of the Federated Meeting and subject to Board's approval.

FCERS Committee Approved. (M.S.C. Abbott/Jennings 3-0-0). The motion passed by roll call vote.

- c.** Discussion regarding City Auditor's Report regarding audit of ORS operations.

This item was heard first before item 3a, and in between the discussion of item 2c.

Joe Rois, City Auditor, spoke on the item. Mr. Rios reported a wholesome review of ORS audit and answered questions from the Committee. Counsel Chin thanked Mr. Rois for his thorough

review. CEO Peña and Counsel Leiderman said a few kind words.

- d. Discussion regarding Internal Audit Plan for ORS.

This item was heard after item 3b.

Police and Fire Chair Ganapati introduced the item and explained the 5 years strategic plans for audits that was approved in 2019 and subject to review in 2024, and that the Committee would like to revisit it now. Houman Boussina, Internal Auditor, also spoke to the item and answered questions from the Committee. Federated Chair Avasthy and CEO Peña assisted in answering questions from the Committee. The Committee instructed ORS Internal Auditor to complete and limit his audit work to existing open audit projects, and to address his findings to the Committee.

- e. Discussion and action regarding audit workplan for Cortex Consulting for evaluation of ORS policies with legal counsel on procurement and contracting issues.

Valter Viola, Cortex Consulting, spoke to the item. Counsel Chin also spoke to the item and gave direction for the creation of the procurement policy and answered questions from the Committee. CEO Peña, Barbara Hayman, Deputy Director, assisted in answering questions from the Committee.

A motion was made to approve for Cortex Consulting, Inc. to work with ORS staff and Counsel to draft policies and procedures on procurement and contracting issue for presentation to the Governance Committee before the end of November 2023.

Police and Fire Committee Approved. (M.S.C. Ganapati/Wilson 3-0-0). The motion passed by roll call vote.

FCERS Committee Approved. (M.S.C. Avasthy/Abbott 3-0-0). The motion passed by roll call vote.

- **Proposed Agenda Items**

None.

- **Public Comments**

None.

- **Adjournment**

The meeting was adjourned at 3:49 p.m.

Minutes Recorded, Prepared and Respectfully submitted by,

Roberto L. Peña, CEO, Office of Retirement Services