

CITY COUNCIL STUDY SESSION AGENDA

PENSION OBLIGATION FINANCING OPTIONS

April 23, 2021

9:00 A.M. TO 12:00 P.M.

- Purpose:** To present and evaluate options for funding the City’s Unfunded Actuarial Liability (“UAL”) obligations of the City’s two retirement systems (Federated and Police and Fire), including the possibility of issuing Pension Obligation Bonds (“POBs”) and provide other preparatory work that will enable the Council to make a fully informed decision about the merits and risks of UAL funding options.
- Outcome:** The City Council, Administration, and stakeholders have a shared understanding of a) why addressing the UAL and its budgetary impact on the City and its two retirement plans is important; b) the risks and benefits of financing options available to address the UAL, and potential to mitigate those risks; and c) the workplan and timeline required for achieving key milestones.

CHAPPIE JONES
SERGIO JIMENEZ
RAUL PERALEZ
DAVID COHEN
MAGDALENA CARRASCO

DISTRICT 1
DISTRICT 2
DISTRICT 3
DISTRICT 4
DISTRICT 5

SAM LICCARDO MAYOR

DEV DAVIS
MAYA ESPARZA
SYLVIA ARENAS
PAM FOLEY
MATT MAHAN

DISTRICT 6
DISTRICT 7
DISTRICT 8
DISTRICT 9
DISTRICT 10

Welcome to the San José City Council meeting!

The San José City Council meets every Tuesday at 1:30 p.m. and Tuesday at 6 p.m. as needed, unless otherwise noted. If you have any questions, please direct them to the City Clerk's staff seated at the tables just below the dais. Thank you for taking the time to attend today's meeting. We look forward to seeing you at future meetings.

Agendas, Staff Reports and some associated documents for City Council items may be viewed on the Internet at <https://www.sanjoseca.gov/your-government/departments/city-clerk/council-agendas-information/council-agendas>. Council Meetings are televised live and rebroadcast on Channel 26.

All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body will be available for public inspection at the Office of the City Clerk at San José City Hall, 200 E. Santa Clara Street, Tower 14th Floor, San José, CA 95113 at the same time that the public records are distributed or made available to the legislative body. Any draft contracts, ordinances and resolutions posted on the Internet site or distributed in advance of the Council meeting may not be the final documents approved by the City Council. Contact the Office of the City Clerk at (408) 535-1260 or City.Clerk@sanjoseca.gov for the final document.

To request an accommodation or alternative format under the Americans with Disabilities Act for City-sponsored meetings, events or printed materials, please call (408) 535-1260 or (408) 294-9337 as soon as possible, but at least three business days before the meeting.

*** COVID-19 NOTICE ***

Consistent with the California Governor's Executive Order No. N-29-20, Resolution No. 79485 from the City of San José and the Santa Clara County Health Officer's March 16, 2020 Shelter in Place Order, the City Council meeting will not be physically open to the public and the City Council will be teleconferencing from remote locations.

How to observe the Meeting (no public comment):

- 1) Cable Channel 26,
- 2) <https://www.sanjoseca.gov/news-stories/watch-a-meeting>, or
- 3) <https://www.youtube.com/CityofSanJoseCalifornia>

How to submit written Public Comment before the City Council Meeting:

- 1) Use the eComment tab located on the City Council Agenda page. eComments are also directly sent to the ilegislare application used by City Council and staff.
- 2) By email to city.clerk@sanjoseca.gov by 8:00 a.m. the day of the meeting. Those emails will be attached to the Council Item under “Letters from the Public.” Please identify the Agenda Item Number in the subject line of your email.

How to submit written Public Comment during the City Council Meeting:

Email during the meeting to councilmeeting@sanjoseca.gov, identifying the Agenda Item Number in the email subject line. Comments received will be included as a part of the meeting record but will not be read aloud during the meeting.

How to provide spoken Public Comment during the City Council Meeting:

- 1) By phone (888) 475-4499. Webinar ID: 951 9388 9763. Click *9 to raise a hand to speak.
- 2) By online [https://sanjoseca.zoom.us/j/951 9388 9763](https://sanjoseca.zoom.us/j/951%209388%209763).
 - a. Use a current, up-to-date browser: Chrome 30+, Firefox 27+, Microsoft Edge 12+, Safari 7+. Certain functionality may be disabled in older browsers including Internet Explorer. Mute all other audio before speaking. Using multiple devices can cause an audio feedback.
 - b. Enter an email address and name. The name will be visible online and will be used to notify you that it is your turn to speak.
 - c. When the Mayor calls for the item on which you wish to speak, click on “raise hand.” Speakers will be notified shortly before they are called to speak.
 - d. When called, please limit your remarks to the time limit allotted.

Call to Order and Roll Call

CITY COUNCIL STUDY SESSION

9:00 a.m. – 12:00 p.m.

1. City Manager’s Introductions and Opening Comments

2. Part I – Review of Problem and Efforts to Date

- The Challenge
- Past Efforts to Correct Problem
- Present Efforts to Find Solutions

3. Part II – Pension Obligation Financing Options

- Financing structures analyzed
- Quick Review/Refresh: Pension Obligation Bonds (POBs)
- Guest Speaker: Gerard Miller
- Counterpoint: Understanding the reasons NOT to issue POBs
- Perspective on GFOA's Advisory to not issue POBs

4. Part III – The City’s Municipal Advisor’s Report

- Presentation of Municipal Advisor’s Report: Urban Futures Inc.
- Structuring “POBs 2.0”
- Mitigating the Risks of POBs
- Selected Case Studies

5. Part IV – Municipal Advisor’s Report - Analysis of Potential San José POBs

- City Policy Considerations
- Base Case –A Sample Structure Based on City Policy Considerations
- Stress Testing of San José Scenarios
- Variations on the Base Case

6. Part V: Closing Thoughts and Next Steps

7. Public Comment

8. Council Q&A

- Adjourn