



Memorandum

TO: FEDERATED RETIREMENT BOARD
POLICE AND FIRE
RETIREMENT BOARD

FROM: Maria Öberg

SUBJECT: Amended and Restated
MOU between Boards and
City

DATE: 4/11/2025

Approved

Date:

4/11/2025

RECOMMENDATION

Approve the Amended and Restated Memorandum of Understanding between the City of San Jose (City) and the Federated City Employees' Retirement System and the San José Police and Fire Department Retirement Plans (the "Plans") to allow for Cheiron, Inc. to work with the City to review bond offerings anticipated for calendar year 2025.

BACKGROUND

With the increasing focus on municipal bond disclosure and the importance of ensuring accuracy and full disclosure, the City contracts with various professionals to assist in the bond disclosure process. A key component of the City's bond disclosure is the information related to the Federated City Employees' Retirement Plan and the San Jose Police and Fire Department Retirement Plan (collectively "Plans"). The bond offering document (known as an "official statement") includes a detailed discussion of the Plans including both pension and retiree health care. In 2016, a Memorandum of Understanding ("MOU") was executed, and amended and restated in 2022 between the City and the Plans that provided for the Plans' consent to the Plans' actuary, Cheiron, Inc. ("Cheiron") to provide actuarial services to the City in connection with several proposed bond offerings.

ANALYSIS

The Boards' approval will facilitate the issuance of various bond transactions by the City of San José or the City of San José Financing Authority that could be offered in multiple series including: (1) General Obligation Bonds as authorized under Measure T; (2) the City of San José Financing Authority 2025 Lease Revenue Bonds including proposed 2025 Lease Revenue Refunding Bonds to refund the 2013 Lease Revenue Bonds, and

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Commercial Paper Notes for the Municipal Water Administrative Building (collectively “Bond Offering(s)”).

The proposed Amended and Restated MOU makes no changes to the terms of the Plans’ consent for the City’s use of Cheiron’s services as stated in the current MOU. The only proposed change is to revise the definition of Bond Offerings to delete the references to bonds that have already been issued and to add Bond Offerings the City’s Finance Department currently expects to bring to Council for approval during calendar year 2025. Finance plans to seek City Council and/or Financing Authority approval to issue the General Obligations Bonds Series 2025 in July 2025 and the Lease Revenue Bonds Series 2025 in August 2025. In order to meet these timelines for bond issuance, the City would like to execute a contract with Cheiron and begin services in April 2025. The proposed Amended and Restated MOU provides the City will pay for all the costs associated with Cheiron’s review of the official statements from the proceeds of the respective bonds and the firm’s review will not involve any representation that the respective Boards have approved the transactions. Copies of the Amended and Restated MOU in both redline and clean form are attached.

COORDINATION

This memorandum has been prepared by the Department of Finance in coordination with the City Manager’s Office, City Attorney’s Office, and the Office of Employee Relations.

/s/

Maria Öberg
Director of Finance

For questions, please contact Qianyu Sun, Deputy Director of Finance – Debt & Treasury Management, at qianyu.sun@sanjoseca.gov or (408) 535-7832.

ATTACHMENTS

Attachment A – Redline of Amended and Restated MOU to [2022] MOU

Attachment B – Draft Amended and Restated MOU 2025