



PENSION FUNDING POLICY

Finance Department

Budget Engagement Commission
July 11, 2019

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PURPOSE

1. Creation of a Pension Stabilization Fund that will deploy resources as follows:
2. Establish a Section 115 Trust
3. Pre-pay the City's annual Unfunded Accrued Liability (UAL)
 - A. To the extent of budget availability
 - B. Make full payment by July 31 of each year
4. Use of unanticipated revenues or settlements
 - A. Shall be prioritized alongside other critical needs to make one-time payments to CalPERS



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PROVIDES GUIDANCE

1. As part of budget process any projected year-end increases to fund balance will be set aside to manage pension contributions
 - A. Actual one-time transfers made to the Pension Stabilization Fund will vary
2. Opportunities to refinance debt obligation bonds and redirect savings to the Pension Stabilization Fund
3. Plan to reallocate all or a portion of debt service payments that have matured to the Pension Stabilization Fund
 - A. Fund assuming there are no budgetary deficits



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RECOMMENDATIONS

That the Budget Engagement Commission:

1. Receive and provide input on the Pension Funding Policy; and
2. Recommend that the City Council approve the proposed Pension Funding Policy to help mitigate the City's Long-Term Fiscal Management of the California Public Employees' Retirement System liability.



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