



Legislation Details (With Text)

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Date	Ver.	Action By	Action	Result
12/1/2020	1	City Council		

Pension Obligation Bonds.

As recommended by the Rules and Open Government Committee on October 21, 2020:

(a) Initiate the process for possible issuance of pension bond obligation to fund unfunded actuarial liability of the Federated and Police and Fire Retirement Plans, including:

(1) Develop a workplan of required validation actions, documentation, and filings along with an estimated timeline for achieving key milestones;

(2) Secure needed advisory and legal services; and

(3) Develop required bond documentation for City Council approval to initiate the validation process which would allow the City to move quickly if it decides to issue POBs at a future date.

(b) Conduct other preparatory work that will enable the Council in 2021 to make a fully informed decision about the merits and risks of this option as a means of reducing our multi-billion-dollar unfunded actuarial liability with an arbitrage strategy in a very low interest rate environment, including:

(1) Complete research on the prevalence and performance of pension obligation bonds in other municipalities that includes contextual information on structures, sizing, risk considerations, credit implications, fiscal impact, and market conditions contributing to success or failure;

(2) Study and report on the impact on the City’s credit ratings in consultation with our advisors and review of rating metrics;

(3) Perform a sensitivity analyses on the potential size of the bond issuance, assessing various risk tolerance levels and the projected cost-benefit to the City, including potential for series of bonds issued over time;

(4) Assess the impact of different strategies for recognizing and applying the savings from the pension obligation bond strategy;

(5) Conduct a public study session with the Council to fully vet questions and issues, and invite relevant consultants and experts to testify; and

(6) If Council offers a favorable response after that study session, develop the required documentation for City Council to consider proceeding with the validation and subsequent authorization for the issuance of pension obligation bonds.

CEQA: Not a Project, File No. PP17-008, General Procedure and Policy Making resulting no changes to the physical environment. (Mayor)

[Rules Committee referral 10/21/2020- Item G.5]