

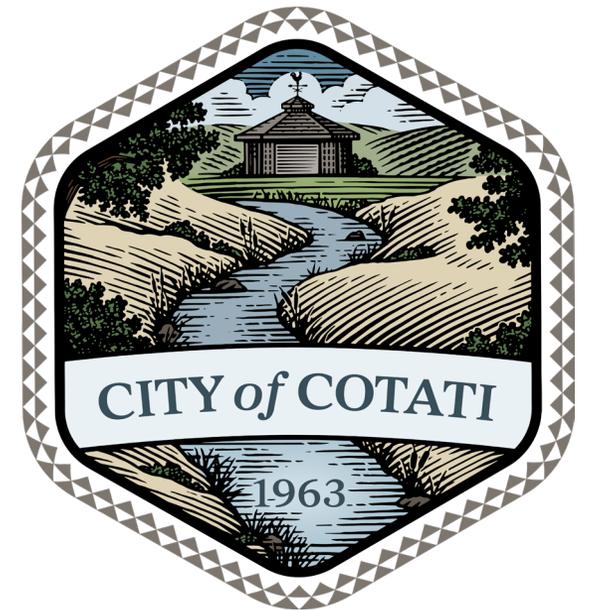
2024 Pension Liability Analysis



December 10, 2024



Municipal Advisory | Pension Optimization | Financial Planning



CalPERS UAL Refunding Overview



- **Jan 2022 – City closed on Pension Obligation and Street Improvement Loans**
 - The closing took place right before an unprecedented run up in interest rates
- **Loan proceeds provided funds (incl. freed up reserves) to pay down CalPERS UAL by \$6M and saved the City ≈ \$2.25M**
- **Recent CalPERS Performance:**
 - **FYE 2022 investment loss of 7%**
 - **FYE 2023 investment gain of 5.8% (1% below 6.8% discount rate)**
 - **FYE 2024 estimated investment gain of 9.3% (2.5% above 6.8% discount rate)**

06/30/2023 Pension Plans Overview



Pension Plan	Total Accrued Liability	Market Value of Assets	Unfunded Accrued Liability	% Funded
Miscellaneous	\$21,890,933	\$18,174,505	\$3,716,428	83.0%
Safety	\$17,385,012	\$14,246,820	\$3,138,192	81.9%
Safety 2nd Tier	\$1,158,739	\$999,177	\$159,562	86.2%
Misc 2nd Tier	\$1,568,922	\$1,347,802	\$221,120	85.9%
PEPRA Safety	\$1,825,557	\$1,564,410	\$261,147	85.7%
PEPRA Misc	\$1,688,177	\$1,476,552	\$211,625	87.5%
TOTAL	\$45,517,340	\$37,809,266	\$7,708,074	83.1%

*Source: 06/30/2023
CalPERS Actuarial
Reports*

2024 Funded Level Estimate (Rounded)

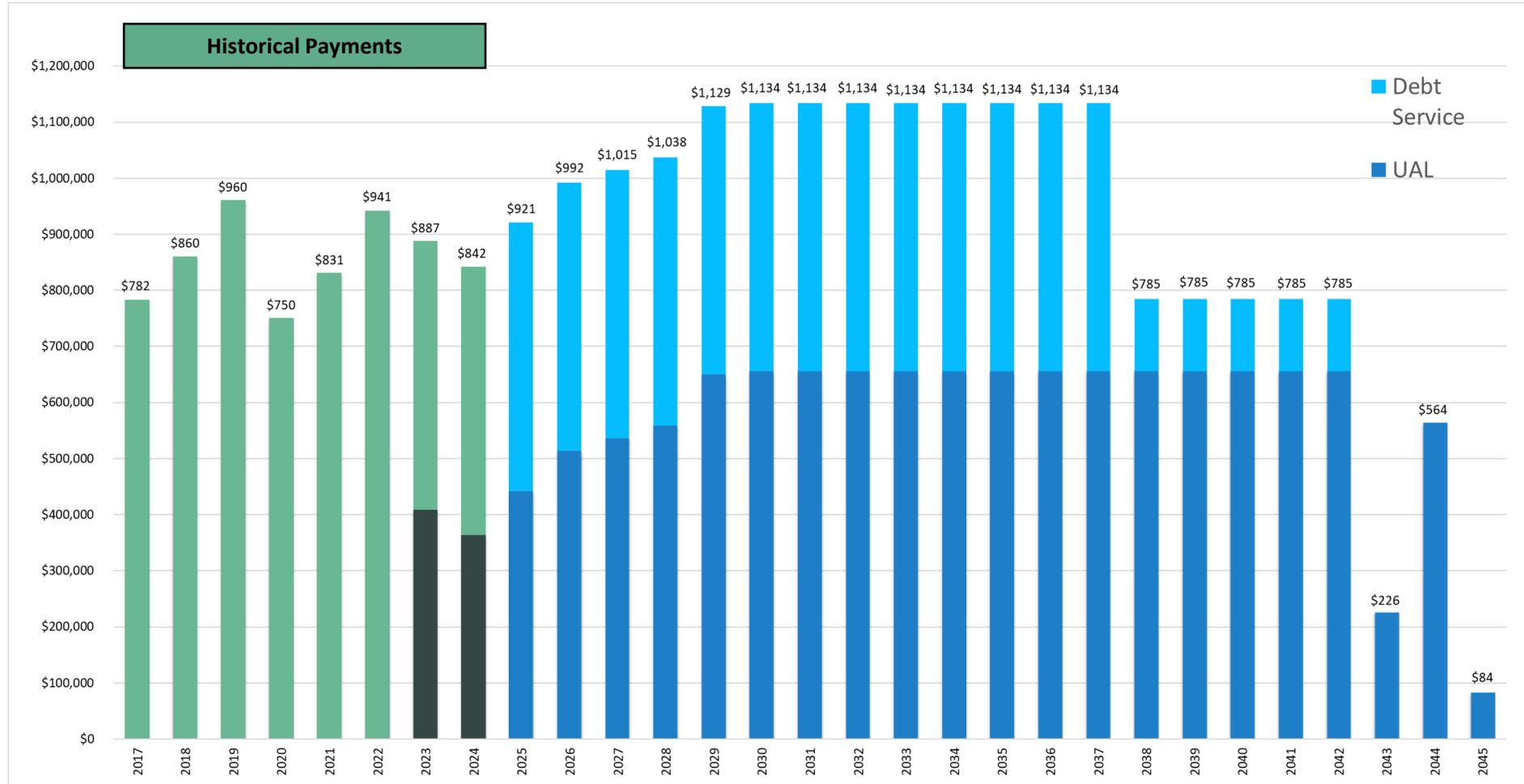


Description	Misc Plan	Safety Plan	Total
Market Value of Assets			
2023 Balance	\$18,175,000	\$14,247,000	\$32,422,000
Normal Cost Contribution	\$139,000	\$81,000	\$220,000
UAL Payment	\$193,000	\$171,000	\$364,000
ADP	\$159,000	\$131,000	\$290,000
Investment Gain / (Loss)	\$1,690,000	\$1,325,000	\$3,015,000
Benefit Payments	(\$1,310,000)	(\$1,050,000)	(\$2,360,000)
Estimated 2024 Balance	\$19,046,000	\$14,905,000	\$33,951,000
Unfunded Accrued Liability			
2023 Balance	\$3,716,000	\$3,138,000	\$6,854,000
UAL Payment	(\$193,000)	(\$171,000)	(\$364,000)
Interest	\$253,000	\$213,000	\$466,000
ADP	(\$159,000)	(\$131,000)	(\$290,000)
Investment (Gain) / Loss	(\$454,000)	(\$356,000)	(\$810,000)
Estimated 2024 Balance	\$3,163,000	\$2,693,000	\$5,856,000
Pension Plan 2024 Funded Level	85.8%	84.7%	85.3%

All 2024 numbers are estimates and may vary

Source: 06/30/2023 CalPERS Actuarial Reports

2023 UAL + POB Amortization Schedule



UAL and Debt Service Payments only - no normal cost

Sources: 06/30/2023 CalPERS Actuarial Reports and Loan Amortization Schedules

2024 CalPERS Performance

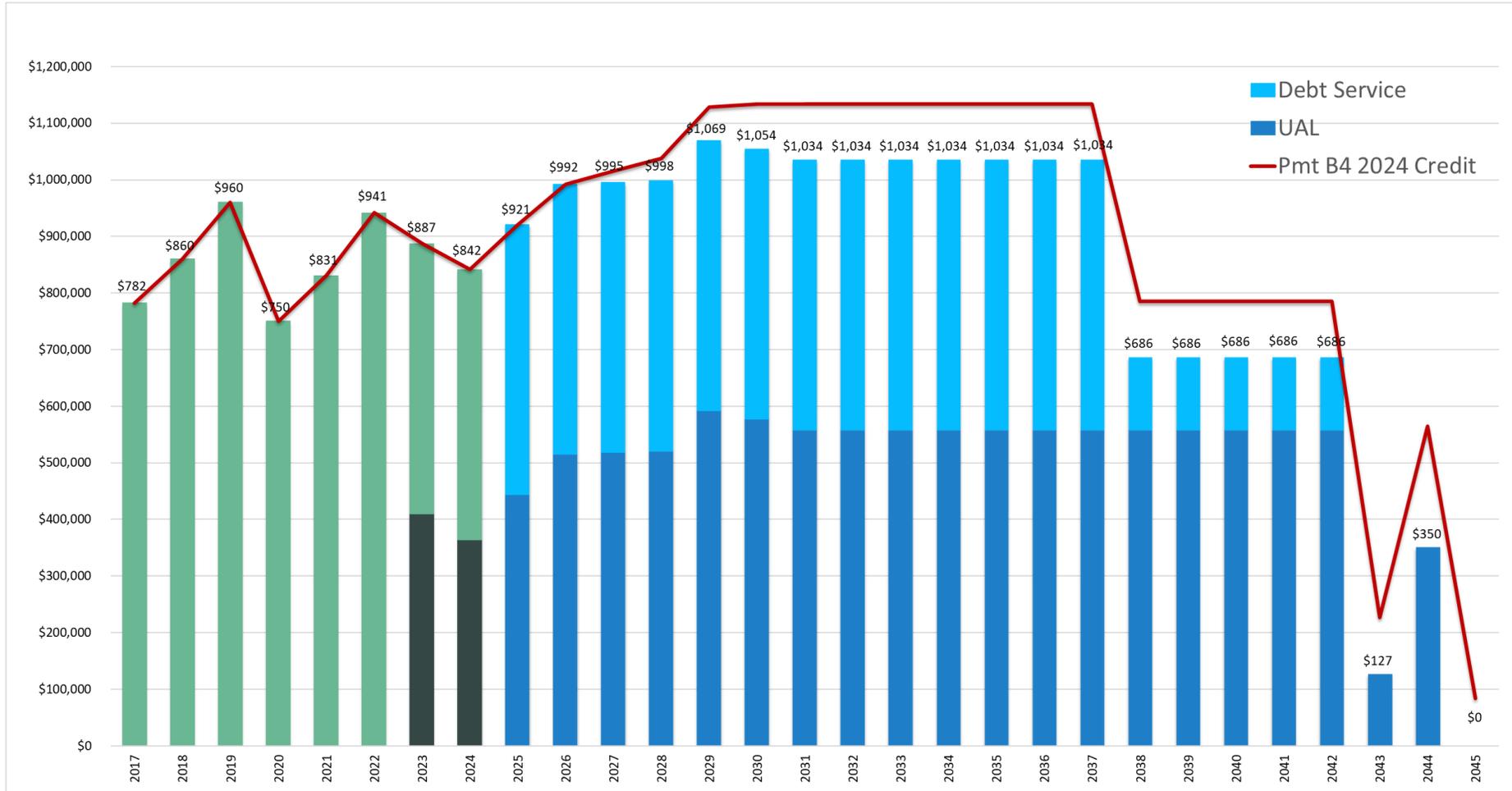


- Estimated investment gain of 9.3% (Aug 2024)
- Funding surplus of 2.5% (after discount rate)
- FY2025 results are too early to tell

UAL reduction is estimated based on CalPERS preliminary returns (9.3% gain) and does not include any other possible adjustments. Actual UAL change may vary.

Pension Plan	Estimated 2024 UAL Credit
Miscellaneous	(\$454,000)
Safety	(\$356,000)
Safety 2nd Tier	(\$25,000)
Misc 2nd Tier	(\$34,000)
PEPRA Safety	(\$39,000)
PEPRA Misc	(\$37,000)
TOTAL	(\$945,000)

2024 Investment Impact Estimate



UAL and Debt Service
Payments only - no
normal cost

Safety & Misc Tier 1 only

*Sources: 06/30/2023
CalPERS Actuarial
Reports, Loan
Amortization Schedules,
CalPERS, and UAL
estimates*

UAL Policy Implementation: Eliminate 2023 Negative Amortization



- **Additional Discretionary Payments to cover interest on 2023 UAL:**
 - \approx \$62,000 – pay this fiscal year
 - \approx \$62,000 – pay in July 2025
- **Estimated cash flow savings of \approx \$77,000**

UAL Policy Implementation Strategies: 90% Funded Level Target



- Estimated FYE 2024 Funded Level - 85.3%
- FYE 2025 ADPs (\$290K, already made) raise funded level to 86%
- Estimated gap to 90% - \$1.6M
- Proposed ADPs will help reduce gap further
- Based on budget outlook, staff may recommend additional ADPs and reamortization of 2022 UAL bases in the future

Questions?



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