

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN LEANDRO
APPROVING INTER-FUND LOAN FROM THE WATER POLLUTION CONTROL FUND
AND APPROPRIATING \$6,000,000 TO PAY-DOWN PUBLIC SAFETY SIDE FUND
OBLIGATION**

WHEREAS, the City is a contracting member of the California Public Employees' Retirement System, and under its contract with PERS the City is obligated to make certain payments to PERS in respect of retired public safety employees under the Side Fund program of PERS which amortizes such obligations over a fixed period of time (the "PERS Side Fund Obligations"); and

WHEREAS, CalPERS created for each member a side fund to amortize each agency's June 30, 2003 unfunded liability over a fixed term at a fixed interest rate. A negative side fund causes the required employer contribution rate to be increased by the amortization of the side fund; and

WHEREAS, in addition to issuance of the pension obligation bonds, staff evaluated the opportunity to utilize a loan from the Wastewater Pollution Control Plant Fund reserves to partially cover the side fund refinancing. The amount of the bond financing could be prudently reduced by \$6,000,000; and

WHEREAS, a loan of \$6,000,000 from the WPCP will be paid by the General Fund, with a long term adjustable rate of 4% or less annually during the amortization term of the loan. CalPERS created for each member a side fund to amortize each agency's June 30, 2003 unfunded liability

WHEREAS, the combination of refunding the pension side fund through the pension obligation bond and the loan from the Wastewater Fund will result in the overall greatest benefit and savings to the General Fund.

WHEREAS, on October 21, 2011, the Finance Committee discussed, approved, and directed the refinancing of the CalPERS Public Safety Retirement Plan Side Fund. The Finance Committee approved that the pension obligation bond amount to approximately \$19,000,000, with the remainder of the obligation pay-down come from the Water Pollution Control Plant Fund reserves.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of San Leandro as follows:

Approve the inter-fund loan from the Water Pollution Control Plant Fund to the General Fund and appropriation of \$6,000,000 to pay-down the CalPERS Public Safety Side Fund with an adjustable interest rate loan, with an initial rate of 3%.

That said resolution is hereby approved and execution thereof is hereby authorized.
Introduced by Council Member _____ and passed and adopted this day of
December 19, 2011 by the following called vote:

Members of the Council:

AYES:

NOES:

ABSTAIN:

ABSENT:

Attest: _____
Marian Handa, City Clerk