



Legislation Details (With Text)

File #: 11-428 **Version:** 1 **Name:** Resolution approving \$6 million Inter-fund Transfer from WPCP

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Title: ADOPT: Resolution of the City Council of the City Of San Leandro Approving Inter-Fund Loan From the Water Pollution Control Plant Fund And Appropriating \$6,000,000 to Pay-Down Public Safety Side Fund Obligation

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Date	Ver.	Action By	Action	Result
12/19/2011	1	City Council	Adopted	Pass

Resolution of the City Council of the City Of San Leandro Approving Inter-Fund Loan From the Water Pollution Control Plant Fund And Appropriating \$6,000,000 to Pay-Down Public Safety Side Fund Obligation

WHEREAS, the City of San Leandro (“City”) is a contracting member of the California Public Employees’ Retirement System (“CalPERS”), and under its contract with CalPERS, the City is obligated to make certain payments to CalPERS for retired public safety employees under the Side Fund program of CalPERS, which amortizes such obligations over a fixed period of time; 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 Water Pollution Control Plant (“WPCP”) 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 fund will be paid by the General Fund, with an adjustable interest rate loan with an initial rate of 3%, annually during the amortization term of the loan; and

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

General Fund; and

WHEREAS, on October 21, 2011, the City Council Finance Committee discussed, and forwarded a recommendation to the City Council to direct the refinancing of the CalPERS Public Safety Retirement Plan Side Fund. The Finance Committee further recommended the pension obligation bond amount to approximately \$20,000,000, 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%.