



**CITY OF HUNTINGTON BEACH
SUPPLEMENTAL COMMUNICATION
FINANCE DEPARTMENT**

TO: Honorable Mayor and City Council Members
FROM: Dahle Bulosan, Chief Financial Officer 
DATE: March 1, 2021
SUBJECT: SUPPLEMENTAL COMMUNICATION RE AGENDA ITEM 21-177

Please note that minor grammatical changes were made to Resolution No. 2021-19, "A Resolution of the City Council of the City of Huntington Beach Adopting the City's Unfunded Accrued Liability Pension Funding Policy."

**SUPPLEMENTAL
COMMUNICATION**

Meeting Date: 3/1/2021

Agenda Item No.: 19 (21-177)

RESOLUTION NO. 2021-19

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HUNTINGTON BEACH
ADOPTING THE CITY'S UNFUNDED ACCRUED LIABILITY PENSION FUNDING
POLICY

The City Council of the City of Huntington Beach does hereby resolve as follows:

WHEREAS, the City currently provides employees with retirement benefits through CalPERS, a defined benefit pension program; and

WHEREAS, currently the CalPERS pension system is approximately 71% funded; and

WHEREAS, in an effort to stabilize the overall pension system, CalPERS has instituted new programs that require employers such as the City to accelerate payments to pay-down existing Unfunded Accrued Liabilities (UAL) account balances; and

WHEREAS, the City has an UAL account balance of approximately \$436 million, which is required to be paid-off during the next 23-year period at 7% interest; and

WHEREAS, to decrease overall costs, the City has considered refinancing the repayment of its UAL account balance to take advantage of historically low interest rates through use of a Pension Obligation Bond (POB); and

WHEREAS, to institute added fiscal discipline and future financial stability, concurrent with the development of the refinancing plan, the City has also developed a new financial policy that would mandate budgetary actions to facilitate the accelerated payoff of any future UAL account balances that may form; and

WHEREAS, the Unfunded Accrued Liability Pension Funding Policy (the "Policy") has been structured to maintain the City's sound financial position and ensure that all pension funding decisions are structured to protect both current and future taxpayers, ratepayers, employees, and residents of the City.

NOW, THEREFORE, the City Council of the City of Huntington Beach does hereby resolve as follows:

SECTION 1. The City of Huntington Beach Unfunded Accrued Liability Pension Funding Policy, included as Exhibit A, is hereby approved and adopted.

SECTION 2. Any action to either reduce the mandated savings amount or reduce the accelerated UAL repayment terms contained in the Policy can only be achieved through a 6/7 vote of the City Council. Staff is further directed to codify terms of the Policy, along with the 6/7 vote requirement.

SECTION 3. The City Manager, the City Treasurer, the Chief Financial Officer, and all other officers of the City are hereby authorized and directed, jointly and severally, to do any and all things to effectuate the purposes of this Resolution and to implement the Policy, and any such actions previously taken by such officers are hereby ratified and confirmed.

SECTION 4. This Resolution shall take effect immediately upon adoption.


PASSED AND ADOPTED by the City Council of the City of Huntington Beach at a regular meeting thereof held on the _____ day of _____, 2021.

Mayor

REVIEWED AND APPROVED:

City Manager

APPROVED AS TO FORM:



City Attorney

INITIATED AND APPROVED:



Chief Financial Officer