



# City of Rialto

## Legislation Text

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For City Council Meeting [July 27, 2021]

TO: Honorable Mayor and City Council

APPROVAL: Marcus Fuller, City Manager

FROM: Bob Chandler, Interim Finance Director

Request City Council to Approve **Resolution No.7762** Authorizing the Issuance and Delivery of Pension Obligation Bonds to Refund Certain Outstanding Pension Fund Obligations of the City to the CalPERS System, Approving the Form of and Authorizing the Execution and Delivery of a Trust Agreement, Authorizing a Validation Action and Other Related Matters.

**(ACTION)**

### **BACKGROUND**

The City Council previously adopted a retirement plan with CalPERS pursuant to the Public Employees' Retirement Law, commencing with Section 20000 of the Government Code of the State of California, as amended (the "Retirement Law"). The Retirement Law obligates the City to (1) make annual contributions to the System to fund pension benefits for its employees, (2) amortize the unfunded accrued actuarial liability with respect to such pension benefits, and (3) appropriate funds for the purposes described in (1) and (2). As such, the City is obligated to make certain payments to the CalPERS System with respect to its Pension Obligation under the Retirement Law and its CalPERS Contract.

### **ANALYSIS/DISCUSSION**

On April 13, 2021, the City Council approved Resolution No. 7723 authorizing a Pension Obligation Bond Validation process that would allow, but not obligate, the City to issue Pension Obligation Bonds (POBs). A Validation action is a typical step with respect to the issuance of POBs, whereby the issuer is asserting that the obligation under the Retirement Law is one imposed by law; and Norton Rose Fulbright US LLP, as the City's Bond Counsel, had advised that a Validation action was recommended in connection with such Bonds. Staff recommends that the City Council approve the proposed resolution in order to authorize the POB Validation process.

### **ENVIRONMENTAL IMPACT**

The request is not a Project as defined by Section 15378 of the California Environmental Quality Act (CEQA). A "Project" means the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. Pursuant to Section 15378 (b)(5), a project does not include organizational or

administrative activities of governments that will not result in direct or indirect physical changes in the environment.

## **GENERAL PLAN CONSISTENCY**

The request is consistent with Guiding Principle 3A of the Rialto General Plan:

*Our City government will lead by example, and will operate in an open, transparent, and responsive manner that meets the needs of the citizens and is a good place to do business*

## **LEGAL REVIEW**

The City Attorney has reviewed and supports this staff report.

## **FINANCIAL IMPACT**

### Operating Budget Impact

Funding was previously authorized by the City Council and is available in the General Fund, Account No. 010-500-0001-2011, in the FY20/21 operating budget for Norton Rose Fulbright - in the not-to-exceed amount of \$28,000 - for the legal expenses involved in the Validation process. Any other expenses incurred in relation to pension debt refinancing are contingent upon the issuance of UAL bonds and would be paid out of the proceeds of such bonds. Therefore, such expenses would not impact the City's operating budget.

### Capital Improvement Budget Impact

The proposed actions would have no impact on the Capital Improvement Budget.

### Licensing

Not Applicable.

## **RECOMMENDATION**

Staff recommends that the City Council Approve a Pension Obligation Bond Validation process that would allow but not obligate the City to issue Pension Obligation Bonds by adopting a Resolution Authorizing the Issuance and Delivery of Pension Obligation Bonds to Refund Certain Outstanding Pension Fund Obligations of the City to the CalPERS System, Approving the Form of and Authorizing the Execution and Delivery of a Trust Agreement, Authorizing a Validation Action and Other Related Matters.