



AUTHORIZING PENSION OBLIGATION BONDS,
APPROVAL OF INDENTURE OF TRUST,
AUTHORIZING FILING OF VALIDATION ACTION
FOR THE PENSION OBLIGATION BONDS AND
DIRECTING RELATED ACTIONS

City Council Meeting
October 26, 2021

Alan Alton
Acting Chief Financial Officer

CURRENT

- The City is looking at various strategies to address rising CalPERS pension costs
- One strategy would be to issue Pension Obligation Bonds (POBs) to refund a portion of its unfunded accrued liability (UAL)
- Staff presented this strategy to the Council in a study session on September 14, 2021

PROPOSED

- The City may want to issue POBs to take advantage of a lower interest rate environment by refinancing existing pension obligations
- Prior to issuing POBs, the City must initiate a legal validation process in Superior Court
- Validation does not obligate the City to issue bonds
- Validation typically takes 4-5 months from filing date, plus 30-day appeal

NEXT STEPS

- Staff and the Bond Financing Team will produce a plan of finance
 - Process will analyze the amount of POBs to issue based on interest rates and potential savings
- Post validation, Council will need to approve:
 - Bond purchase agreement for the purchase/sale of bonds
 - Preliminary official statement relating to one or more series of bonds

RECOMMENDATION

It is recommended by the Finance Department that the Council, by resolution:

- 1) Authorize the issuance of one or more series of City of Santa Rosa Pension Obligation Bonds;
- 2) Approve and authorize execution and delivery of an Indenture of Trust (“Indenture”) relating thereto;
- 3) Authorize a validation action related to the Pension Obligation Bonds; and
- 4) Direct staff to return to the City Council for approval of documents related to the initial series of the Pension Obligation Bonds.

QUESTIONS?