

City Council Regular Meeting - Includes Action Taken

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Meeting Date: 07/19/2021
Recommended by: Scott Barber, Human Resources Director
Prepared by: Scott Barber, Human Resources Director
Finance Director Review: Angele Ozoemelum
City Attorney Review: Brett Wallace
Approved by: Larry Rains
Type of Action Requested: Resolution, Formal Action/Motion

Date Submitted: 06/24/2021

SUBJECT:

Public Safety Personnel Retirement System (PSPRS) plans contingency reserve funds policy.

RECOMMENDATION:

It is recommended that the Mayor and Council approve the City of Casa Grande Public Safety Personnel Retirement System Police and Fire Department Plans Contingency Reserve Policy.

DISCUSSION:

It is anticipated the Mayor and Council will approve the PSPRS Excise Tax Revenue Obligations Issue 2021 to finance the City's unfunded actuarial liability (UAL) in our 2 PSPRS plans. Part of that strategy involves creating a contingency reserve fund for each plan to address the potential unfunded liability that may accrue in future years, given that the issued bonds will fully extinguish the UAL in both plans as of the date of issuance. The contingency reserve funds provide a safeguard against both market and actuarial variables which would include shortcomings in the expected average rate of investment returns for PSPRS (market) and potential changes in actuarial assumptions that would impact fund liabilities (actuarial). The funds will be used to address potential UAL that may be reported by fund actuaries in future years, keeping the City's PSPRS plans as fully-funded as possible.

FISCAL IMPACT:

The total initial deposit into the 2 funds will be \$5,286,881, based on calculations and recommendations made by the City's financial consultants in the bond deal. These funds will come from the City's existing unrestricted cash fund balance.

ALTERNATIVES:

Adopt some other plan to fund the contingency reserves.
