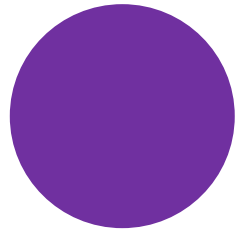


**GREATER VALLEJO
RECREATION DISTRICT**

Issuance of Pension Obligation Bonds (POBs)

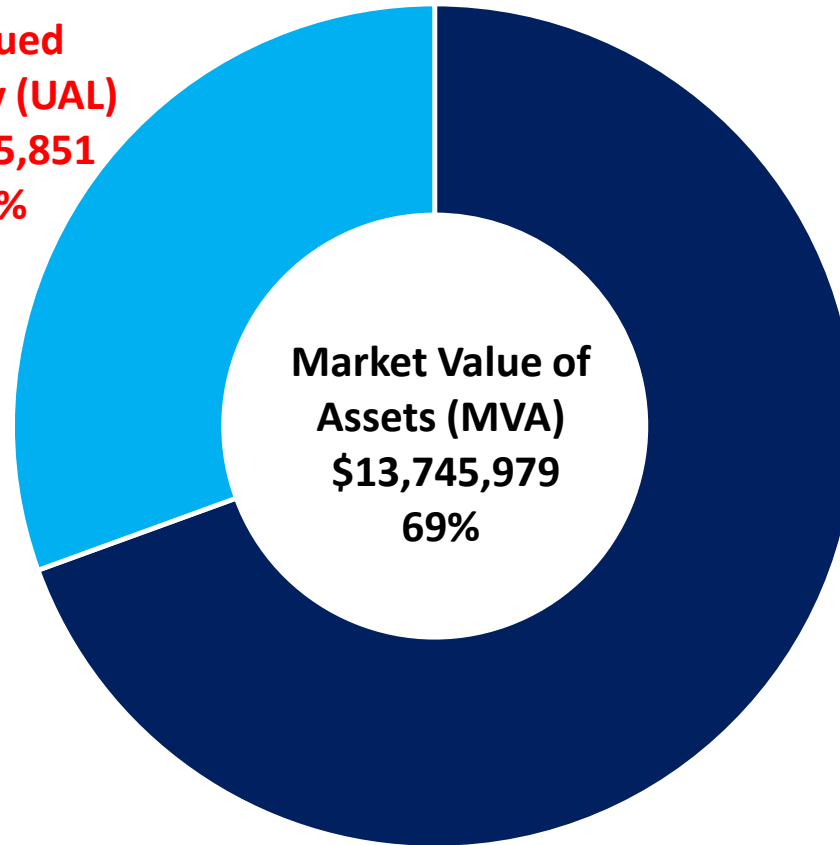
May 2022



Your Pension Liability

Unfunded Accrued Liability (UAL)

**Unfunded
Accrued
Liability (UAL)
\$6,045,851
31%**



Total Pension
Liability =
\$19,791,830

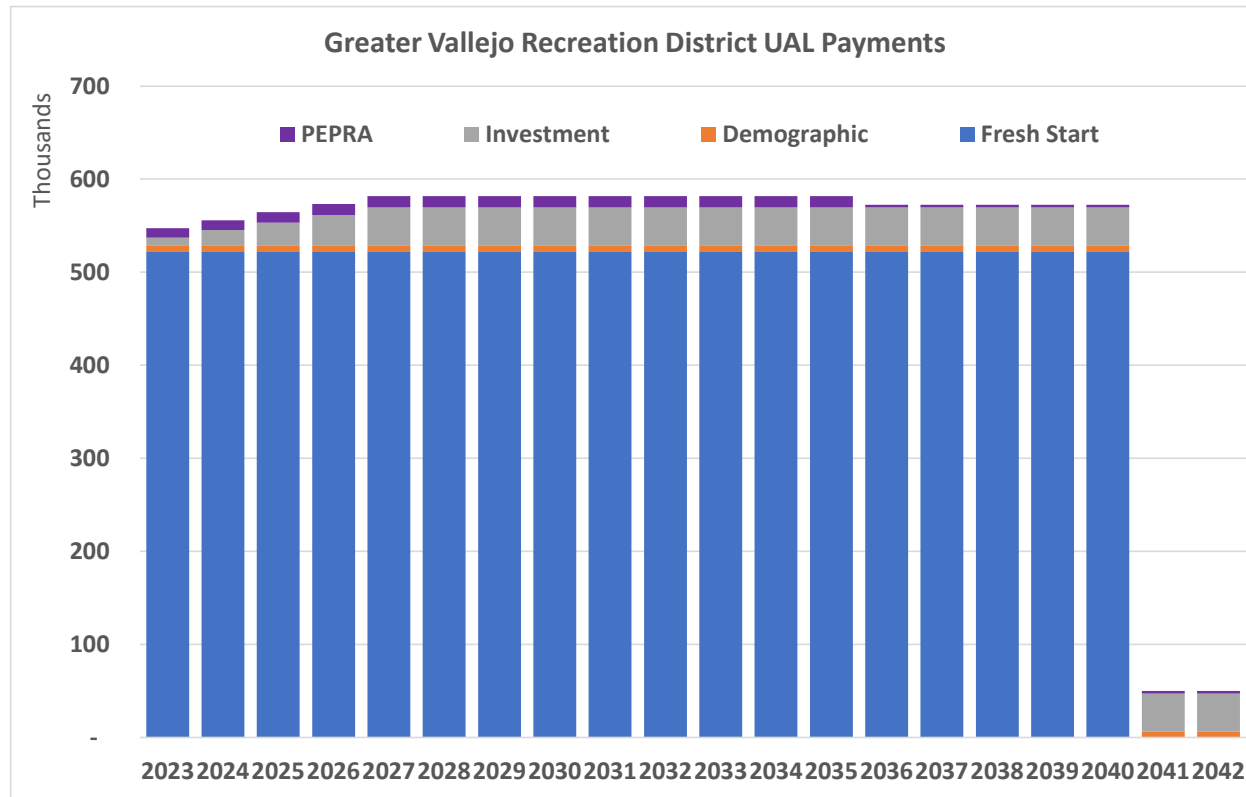
CalPERS Actuarial Report June 30, 2020

+ PEPR = \$109,649 – 89%

+ Net OPEB Liability =
\$2.0 Million (0% funded)

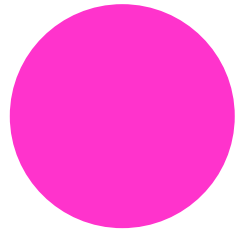
Amortization Bases for FY 22-23 UAL

UAL is a dynamic liability. New bases added each year for investment performance, change in assumptions, demographic adjustments



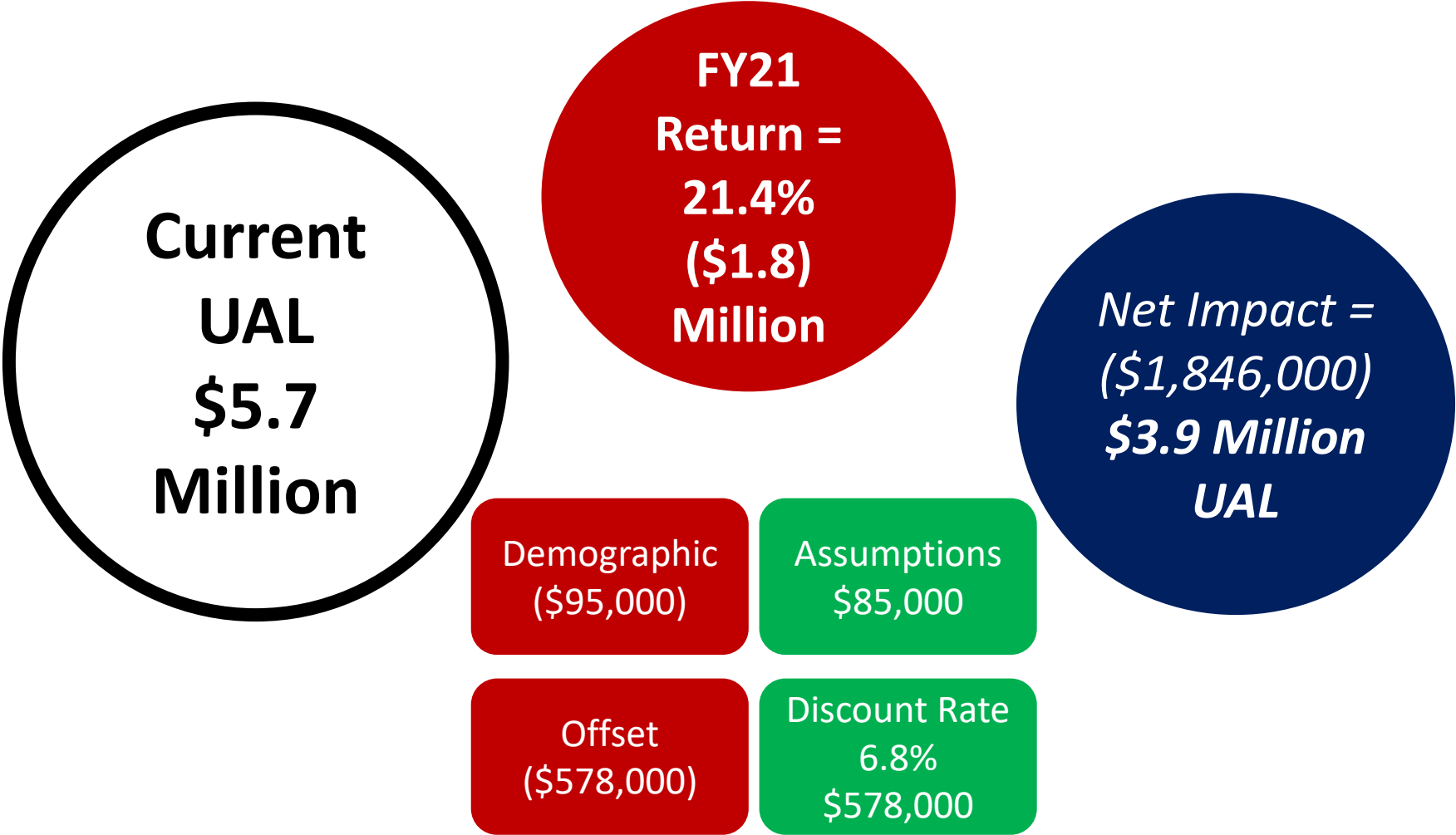
MISCELLANEOUS PLAN - UAL as of June 30, 2022

Year	Reason	Ramp	Term	Balance	Payment
1 2019	Fresh Start	NO	18	5,436,401	\$ 522,470
2 2020	Non-Investment (Gain)/Loss	No	20	70,895	6,469
3 2020	Investment (Gain)/Loss	20%	20	371,925	8,132
June 30, 2020 Actuarial Report				\$ 5,879,221	\$ 537,071



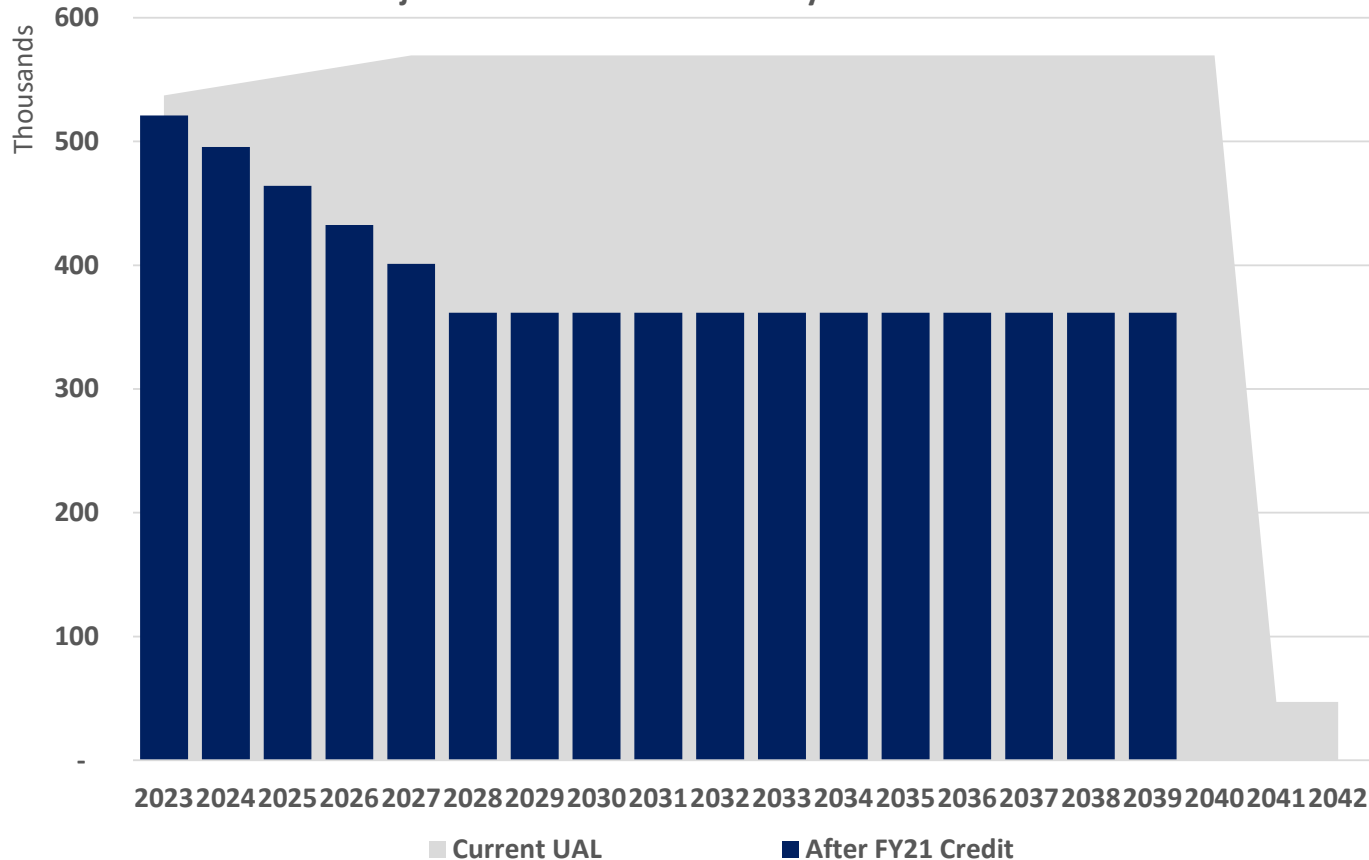
Impact of FY21 Return

Projected Impact FY 21- June 30, 2023

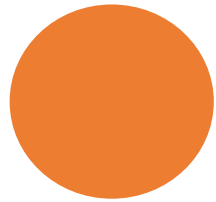


Projected Impact FY 21: 21.3%

Greater Vallejo Recreation District UAL Payments After FY21 Credit



	Fresh Start	After FY21 Credit	
1	2023	537,071	520,909
2	2024	545,203	495,549
3	2025	553,335	464,051
4	2026	561,467	432,553
5	2027	569,599	401,056
6	2028	569,599	361,582
7	2029	569,599	361,582
8	2030	569,599	361,582
9	2031	569,599	361,582
10	2032	569,599	361,582
11	2033	569,599	361,582
12	2034	569,599	361,582
13	2035	569,599	361,582
14	2036	569,599	361,582
15	2037	569,599	361,582
16	2038	569,599	361,582
17	2039	569,599	361,582
18	2040	569,599	-
19	2041	47,129	-
20	2042	47,104	-
TOTAL		\$10,265,695	\$ 6,653,098
UAL		\$ 5,436,401	\$ 3,865,102



FY 22 Return

FY 22 (June 30, 2022) Investment Return

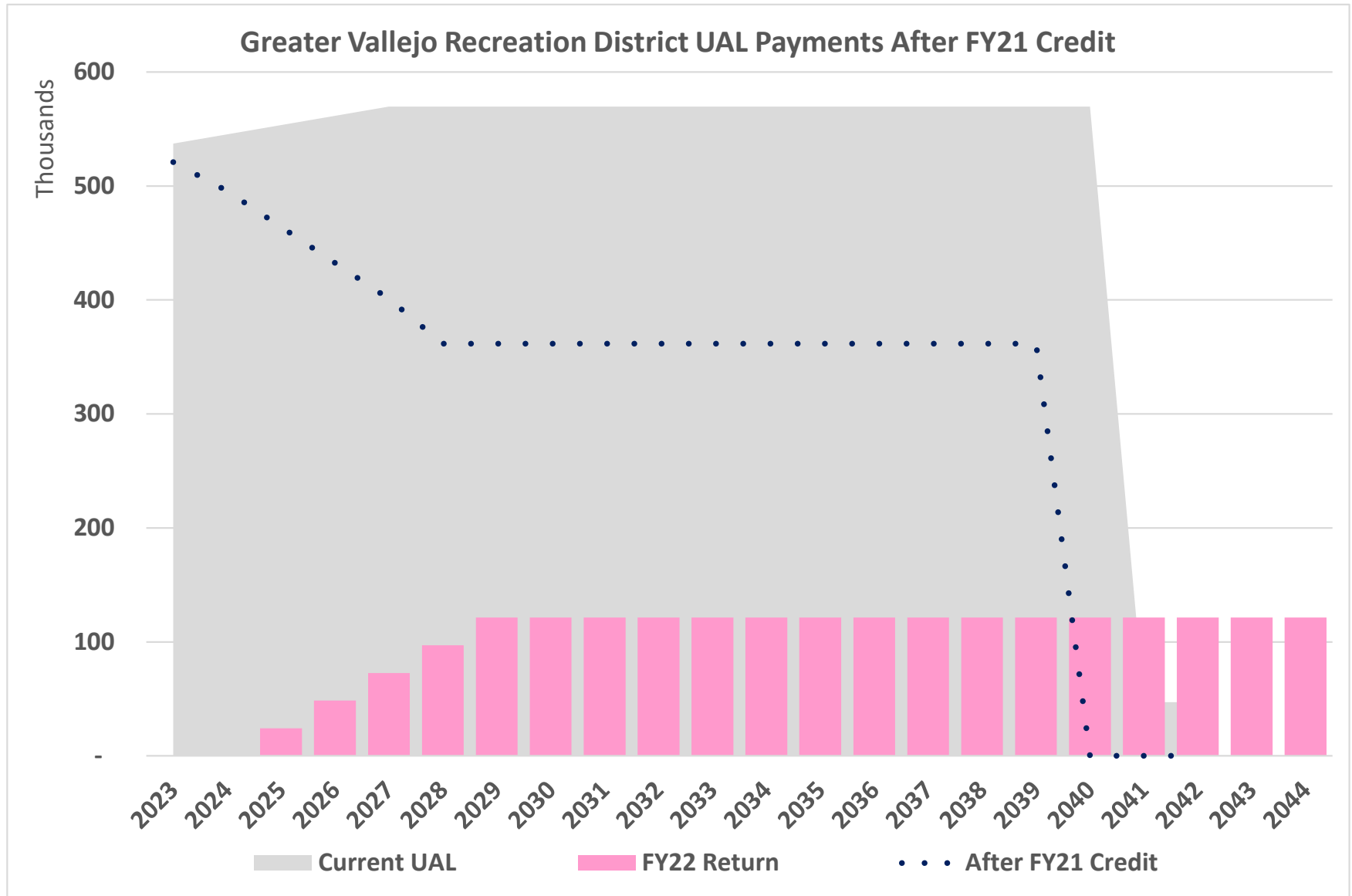
June 30, 2021

**CalPERS
Portfolio
Balance
\$477 Billion
21.3%**

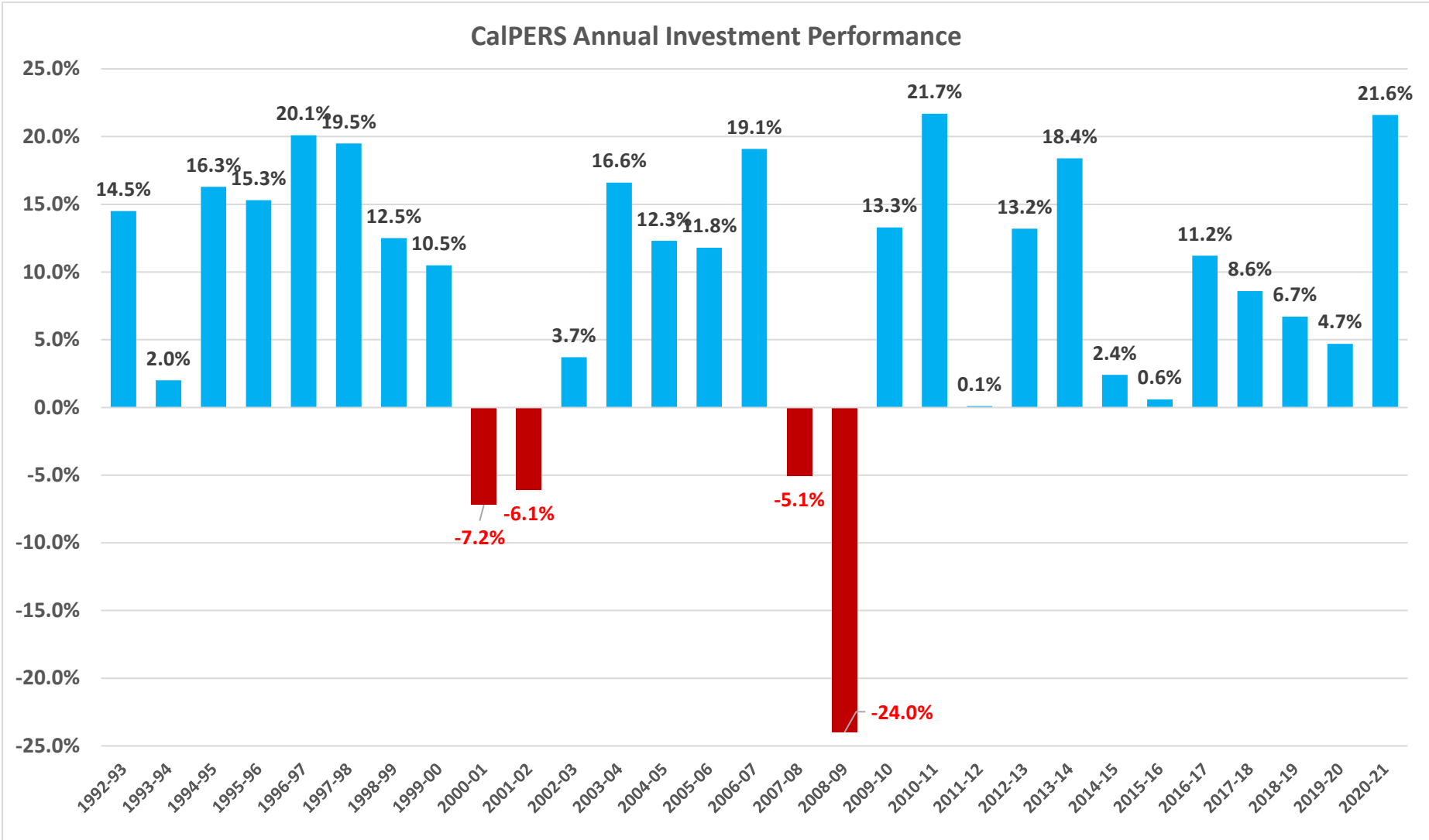
May 24, 2022

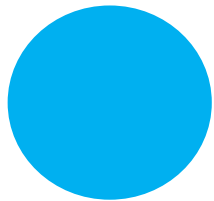
**CalPERS
Portfolio
Balance
\$448 Billion
-5%**

Projected Impact FY 22: -5% \$1.0 Million



CalPERS Investment Return





POB 2.0

Pay Off – July 1, 2022

June 30, 2022
\$5,879,221

FY 21 Net Credit \$1.8 Million Applied

June 30, 2023
\$3,865,102



July 1, 2022
\$3,619,824



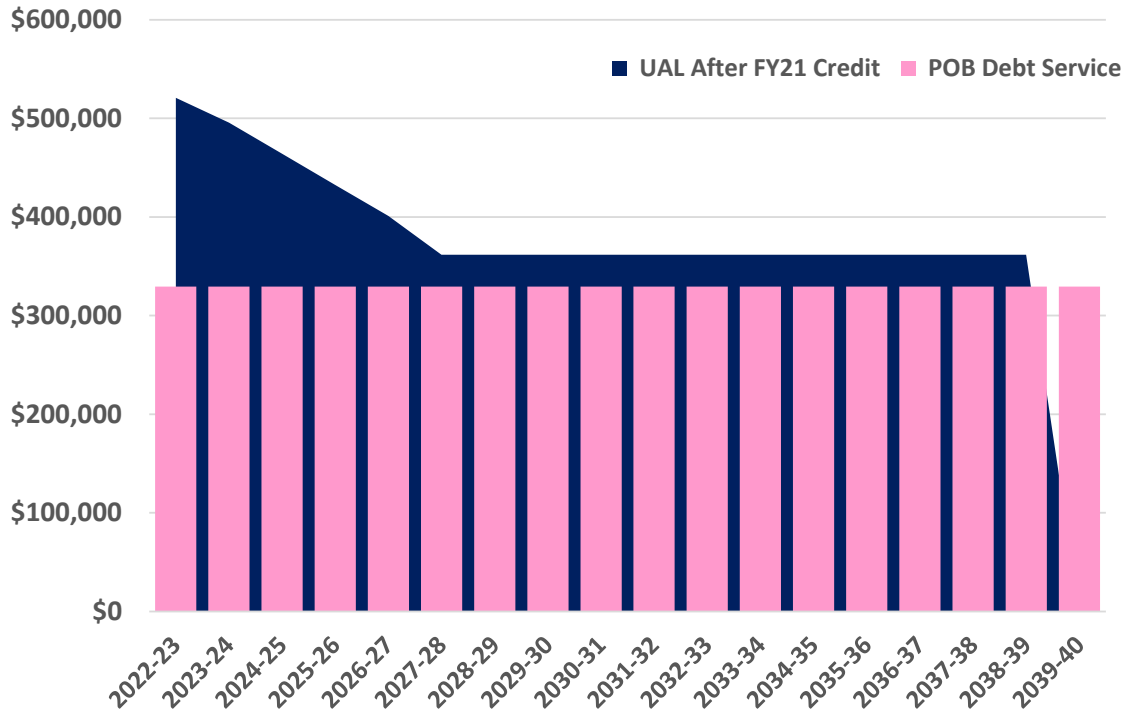
FY 22-23 UAL
\$504,043



Full Pay-Off
\$4,123,877

POB Savings

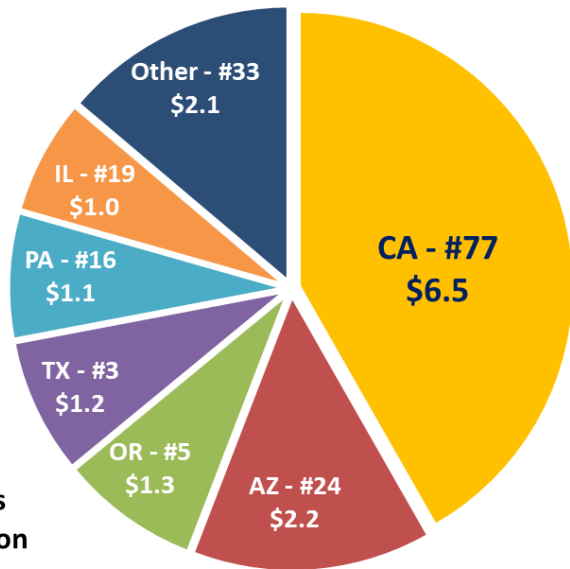
POB Savings vs. UAL After FY21 Credit



	UAL After FY21 Credit	POB Debt Service	UAL Payment	Savings
1 2022-23	520,909	\$329,404	\$ 123,877	67,628
2 2023-24	495,549	329,404		166,145
3 2024-25	464,051	329,404		134,648
4 2025-26	432,553	329,404		103,150
5 2026-27	401,056	329,404		71,652
6 2027-28	361,582	329,404		32,178
7 2028-29	361,582	329,404		32,178
8 2029-30	361,582	329,404		32,178
9 2030-31	361,582	329,404		32,178
10 2031-32	361,582	329,404		32,178
11 2032-33	361,582	329,404		32,178
12 2033-34	361,582	329,404		32,178
13 2034-35	361,582	329,404		32,178
14 2035-36	361,582	329,404		32,178
15 2036-37	361,582	329,404		32,178
16 2037-38	361,582	329,404		32,178
17 2038-39	361,582	329,404		32,178
18 2039-40	-	329,404		(329,404)
19 2040-41	-			-
20 2041-42	-			-
	\$6,653,098	\$ 5,929,266	\$ 123,877	\$ 599,955

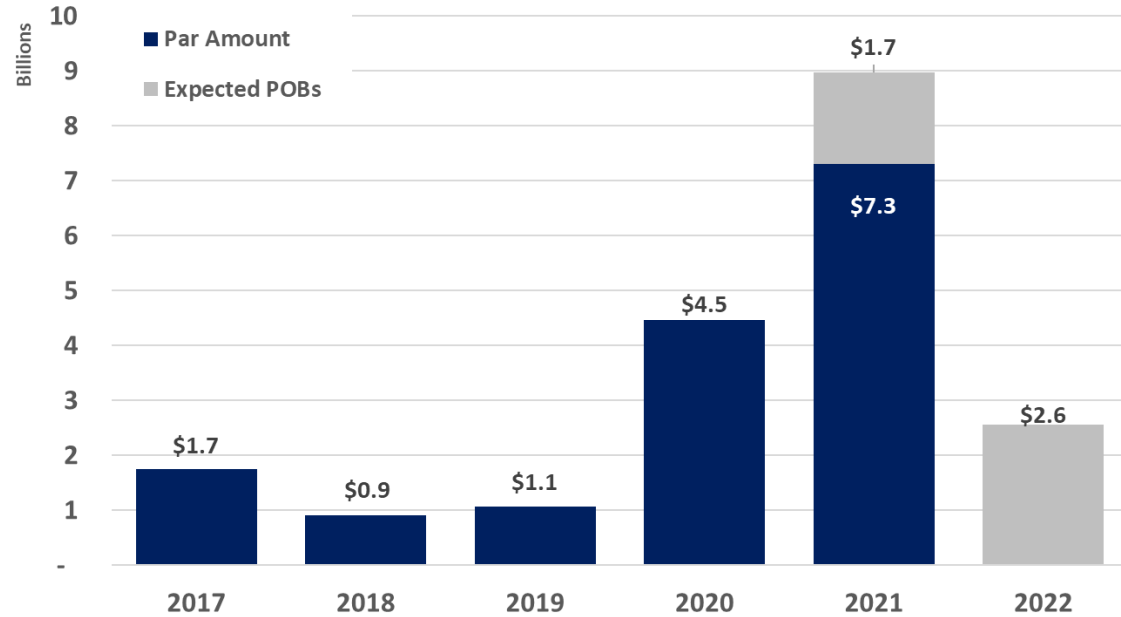
California Leads POBs 2.0 Issuance

5-Year POB Issuance



TOTAL
#177 POBs
\$15.5 Billion

5-Year POB Issuance Trend



Special District's who have issued POBs 2.0

Bonita Sunnyside Fire Protection District	Novato Sanitary District
Borrego Springs Fire Protection District	Oceano CSD
Ebotts Pass Fire Protection District	Palos Verdes Library District
Kensington Police Protection CSD	Placer Hills Fire Protection District
Lake Valley Fire Protection District	Rancho Adobe Fire Protection District
Livermore Area Recreation and Park District	San Benito County Water District
Montecito Fire Protection District	Stanislaus Consolidated Fire Protection District
North County Fire Protection District	Turlock Mosquito Abatement District

GFOA Advisory vs. POBs 2.0

1. Complex instruments: swaps, CABs, derivatives, GICs

2. Increase debt burden / reduce flexibility: “soft to hard liability”

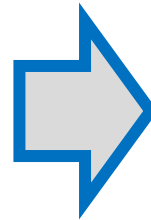
3. Not refundable “make-whole” call

4. Extend repayment or finance Normal Costs

5. Stand alone POBs not viewed as credit positive

6. Reinvestment of POB Proceeds: Market & Timing Risk

POBs
2.0



- In-depth Study
- Pension Reform
- Market Evolved

1. Plain Vanilla Fixed Rate Bonds

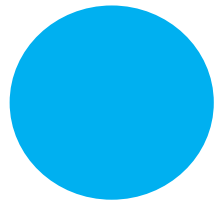
2. GASB 68 Liability - Balance Sheet

3. 10-year Call

4. Finance UAL Only (same term)

5. Credit Neutral / Plan & Study +

6. Dollar Cost Averaging / Multiple Strategies / Hedge



Market Update

Pension Funding Concepts



Defined
Contribution

Corporate 401/457(k)

- Employer Matching Contributions
- Investor-directed
- Employees assume risk of funding shortfall



Defined
Benefit

Government - CalPERS

- Required Annual Payments
- CalPERS directed
- **Employer assumes risk of funding shortfall**

Primary Contributing Factors

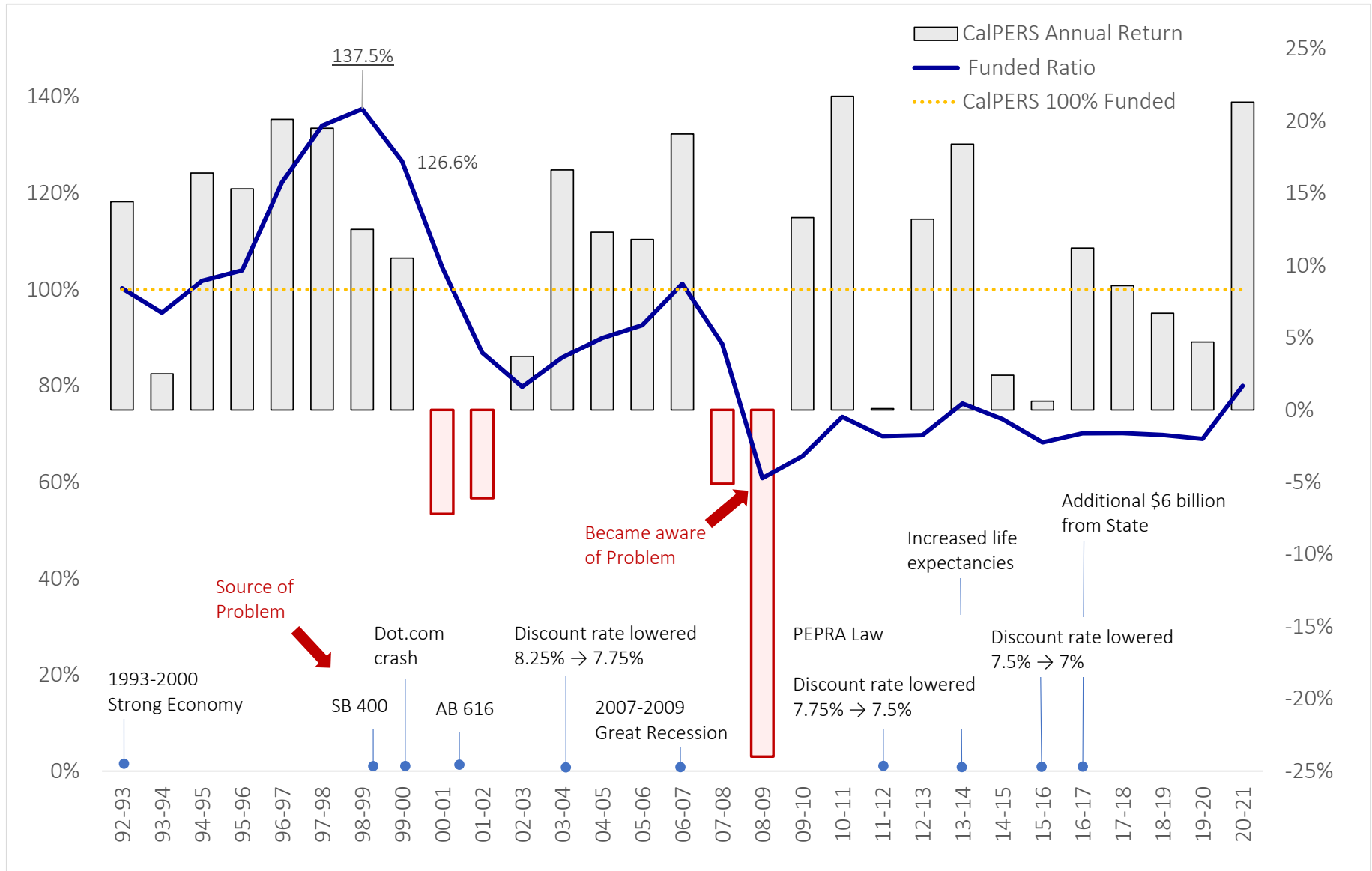
California League of Cities

2018 Pension Sustainability Report

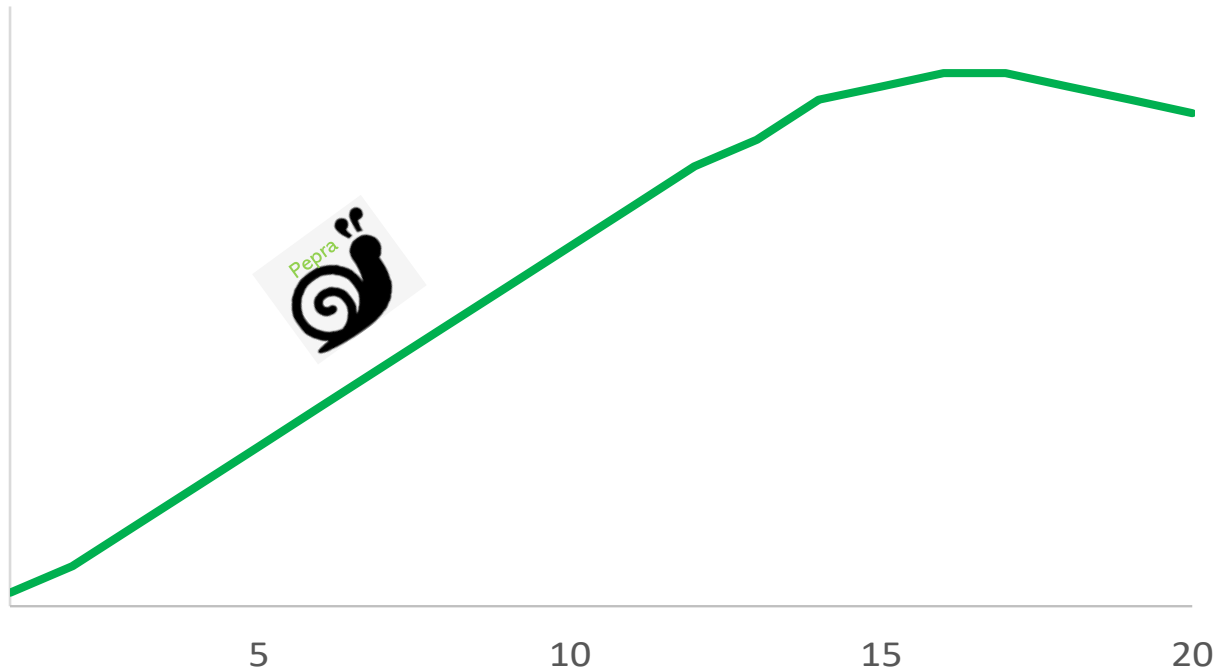
- **SB 300 (1999)** Safety Officers
2.0% @ 50 to 3.0% @ 50
- **AB 616 (2001)** Miscellaneous
2.0% @ 55 to 2.7% @ 55



Can we Out Earn the Problem?



How Long Before PEPRA takes Hold?



2013 Pension Reform (PEPRA)

PEPRA - New Employees

- 2.0% @ 62 Misc. &
- 2.7% @ 57% Safety
- 50% Normal

Legacy Costs: UAL



"Past Due Payment"

Can I Reduce the Level of Benefits ?

California Rule

Pension benefits for employees must be maintained throughout their career

- *Prohibits reduction of benefits unless they are offset by “comparable” benefits.*
- *Prevented legislative and ballot-based initiatives to reduce pension levels.*

However, recent Court Rulings have provided mixed results.....

Marin decision not entitled to an immutable, unchanging pension benefit for the entirety of employment, but are entitled only to a “**reasonable**” pension.

Alameda County decision applying detrimental changes to the pension benefits of Classic employees is only justified by *compelling evidence that the required changes manifest a material relation to the successful operation of the pension system.*

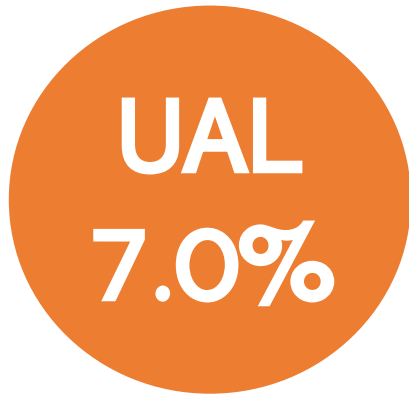
Cal Fire 2881 decision not have a vested right to purchase “airtime” (i.e., spiking)

So... changes can be made at the margins...?

Can I Get Out of CalPERS ?

Yes, you can, but it will cost you....

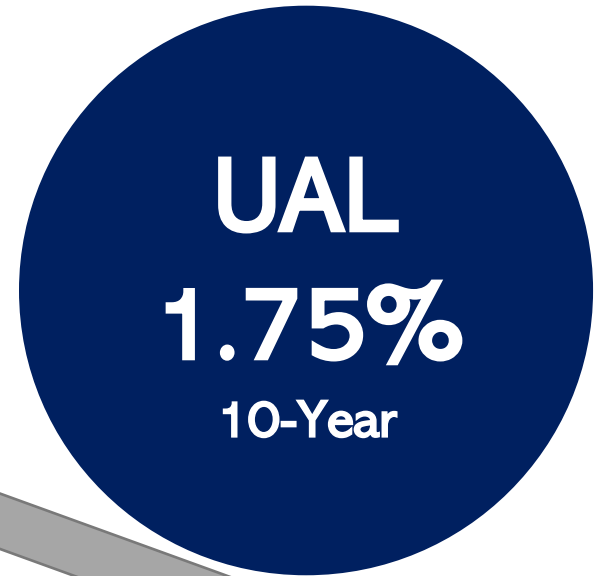
\$5.9 million



**Termination
Payment**

\$ 490 million

**US TREASURY BONDS
(Risk-Free Strategy)
Termination Agency Pool**



City Funds Future Shortfall

Risk Transfer Payment

CalPERS Funds Future Shortfall