

# EXECUTIVE BRIEF REGULAR MEETING

**AGENDA DATE:** September 21, 2021

**DEPARTMENT:** Financial Services

**TITLE:**

Ordinance No. 2021-12 – First Reading -- providing authority for the issuance of taxable pension obligation bonds

**SUMMARY:**

The ordinance will provide the authority for the issuance of taxable pension obligation bonds to reduce the total unfunded liability within the City's three pensions.

**BACKGROUND AND JUSTIFICATION:**

The City of Lake Worth Beach operates three single-employer pension plans. On a combined basis, the City's annual contribution to the pensions is nearly \$12 million, or roughly 10% of the City's total budget. The total unfunded liability is roughly \$80 million. The City's financial advisors and independent actuary have identified four (4) possible strategies to manage these plans. Three of these, strategies 2-4, are intended to increase the plans funding ratios to 80% and above over a period of time. However, the fourth strategy, the issuance of Pension Obligation, is the only solution that has an immediate funding ratio impact.

- Strategy 1: Continue with the current pension fund strategy
- Strategy 2: Make changes to the benefit plans
- Strategy 3: Shorten the amortization period of the unfunded liability
- Strategy 4: Issue taxable Pension Funding Bonds (PFB's)

The PFB's are a potentially favorable solution because the strategy increases the plans funding ratios and improving Net Present Value budgetary cash flows.

**MOTION:**

Move to approve/disapprove Ordinance No. 2021-12 on first reading and schedule the second reading and public hearing for October 5, 2021.

**ATTACHMENT(S):**

Fiscal Impact/Comparative Analysis  
Ordinance No. 2021-12

**FISCAL IMPACT/COMPARATIVE ANALYSIS**

**A. Five Year Summary of Fiscal Impact:**

<b>Fiscal Years</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Capital Expenditures	0	0	0	0	0
Operating Expenditures	0	0	0	0	0
External Revenues	0	0	0	0	0
Program Income	0	0	0	0	0
In-kind Match	0	0	0	0	0
 Net Fiscal Impact	 0	 0	 0	 0	 0
 No. of Addn'l Full-Time Employee Positions	 0	 0	 0	 0	 0

**B. Summary of Fiscal Impact/Comparative:**

	Funding Estimate 2022	Funding Estimate 2023	Funding Estimate 2024	Funding Estimate 2025	Funding Estimate 2026
Current Plan	\$11,470,320	\$13,190,868	\$15,169,498	\$17,444,923	\$20,061,661
Option II	\$9,170,320	\$10,860,868	\$12,869,498	\$15,144,923	\$17,761,661
Option III	\$6,470,320	\$8,190,868	\$10,169,498	\$12,444,923	\$15,061,661
Savings	2022	2023	2024	2025	2026
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