



TO: Financial Commission
FROM: Jon Maginot, Staff Liaison
SUBJECT: City of Los Altos PERS Reserve

RECOMMENDATION:

Discuss the use of funds from the PERS Reserve to prefund the City's Unfunded Accrued Liability, determine an ideal funding ratio for the City's pension obligations and discuss additional options to further plan for payment of the City's pension obligation

BACKGROUND

On September 9, 2024, the Financial Commission received a presentation regarding the City's pension obligations and the option to prefund payments towards the City's Unfunded Accrued Liability (UAL). On October 21, 2024, the Commission received a presentation regarding 115 Trusts and the potential impact such a trust could have on the City's pension obligations. At the October 21 meeting, the Commission also received updated information regarding the City's UAL.

As presented during the September 9 meeting, staff recommends the Commission determine an ideal funding percentage for the City's pension liabilities. Upon this determination, the City will begin budgeting toward reaching that funding percentage. This would include using funds in the City's PERS Reserve for this pre-payment.

As presented on October 21, 2024, the City's UAL is \$51.8 million and funding ratio is 70.92%. It is important to note that this data comes from the Fiscal Year 2023 actuarial data.

Staff recommends setting an ideal funding ratio (80%, 85%, 90%) and discussion on potentially establishing a 115 Trust.

ATTACHMENTS

1. September 9, 2024 Financial Commission report
2. September 9, 2024 presentation to Financial Commission
3. October 21, 2024 presentation to Financial Commission