



CITY OF NEWARK CITY COUNCIL

City Administration Building, City Council Chambers

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Minutes Special Meeting

Thursday, June 10, 2021
6:30 P.M

A. ROLL CALL

Mayor Nagy called the meeting to order at 6:30 p.m. Present were Council Members Hannon, Collazo, Freitas, and Bucci.

B. CITY MANAGER REPORTS

1. Resolution approving a \$10 Million Payment from the City's Pension and OPEB Reserve Fund to CalPERS to Reduce Unfunded Accrued Liability (UAL) and Generate Budgetary Savings and Amending the 2020-2022 Biennial Budget
Resolution No. 11207

Assistant City Manager Hovorka stated that the City Council approved a policy in 2017 to help accelerate the payment of the Unfunded Accrued Liability with the California Public Employees Retirement System (CalPERS). She recommended that the City Council approve a lump sum payment of \$10 million from the Fund to reduce the UAL. This would result in approximately \$1 million in savings in each of the next 16 years.

Finance Director Lee gave a presentation (on file with the City Clerk) recommending the \$10 Million payment to reduce the UAL towards the City's Safety Plan. She recommended retaining the \$6 million balance, after the payment, to prefund OPEB and address potential CalPERS rate changes.

No one from the public requested to speak.

Council Member Hannon stated that when City Staff presents pension information, he would like it noted that the City reduced the amortization from 30 to 20 years. This resulted in a significant savings to the City.

In response to Council Member Hannon, Finance Director Lee stated that staff will work with actuary and financial consultants to explore the best rate of return on the pension savings. She stated that staff will return with updated polices for Council consideration.

Council Member Hannon moved, Council Member Bucci seconded to approve the resolution authorizing the city manager to transfer \$10 million from the City's Pension and OPEB Reserve Fund to the General Fund and directing the use of such funds towards paying down a portion of the City's Unfunded Accrued Liability (UAL) with California Public Employees Retirement Systems (CalPERS) and amending the 2020-2022 Biennial Budget for Fiscal Year 2021. The motion passed, 5 AYES.

C. ADJOURNMENT

Mayor Nagy adjourned the special meeting at 6:57 p.m.

Sheila Harrington
City Clerk