



Livermore / Amador Valley Transit Authority

Pension Policy Development Update

OCTOBER 17, 2022



Presenters



- Andrew Flynn, Managing Director
California Municipal Advisors LLC – Independent Registered Municipal Advisor
(Fiduciary)
 - Assures Authority’s financial and policy interests are protected
 - Intermediary between Broker/Dealer or Placement Agent and Authority
 - Manages financial transaction details on behalf of Authority

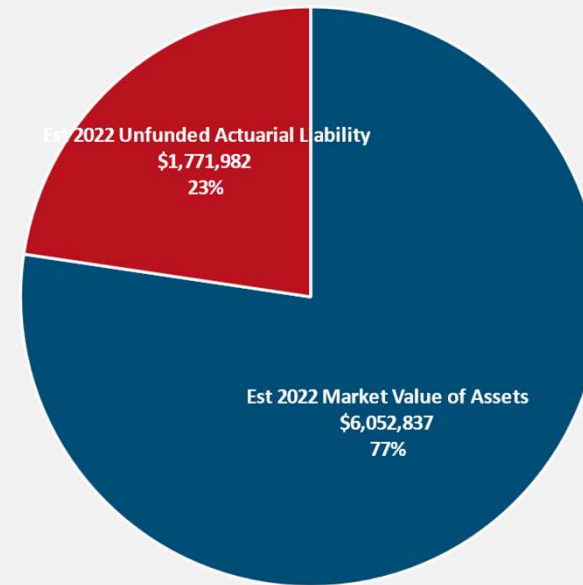
Pension Funding Status

2021 Pension Funding Status



- Total Accrued Liability = \$7.3M
- Market Value of Assets = \$6.4M
- Shortfall = \$904K (12.0% of what is needed)
 - Accrues interest at 6.8% interest rate = \$335.6K interest
 - Total Unfunded Liability with interest = **\$1.2M**
 - Amortizes over time (currently 15 years)

2022 Estimated Pension Funding Status



- Total Pension Obligations = \$7.8M
- Pension Assets = \$6.1M
- Shortfall = \$1.8M (22.7% of what is needed)
 - Accrues interest at 6.8% interest rate = \$1.4M interest
 - Total Unfunded Liability with interest = **\$3.2M**
 - Amortizes over time (currently 23 years)

Pension Funding Status

Description	Miscellaneous*	PEPRA - Misc*		Combined
2021 Total Accrued Liability	\$6,444,823	\$881,787	-	\$7,326,610
2021 Market Value of Assets	\$5,540,428	\$905,618	-	\$6,446,046
2021 Unfunded Actuarial Liability (UAL)	\$904,395	-\$23,831	-	\$880,564
2021 % Funded	86.0%	102.7%	-	88.0%
2022 New UAL Estimate	\$776,214	\$115,204	-	\$891,418
2022 Total UAL Estimate	\$1,680,609	\$91,373	-	\$1,771,982
2022 % Funded Estimate	75.6%	90.3%	-	77.4%

Source: CalPERS Actuarial Valuation as of June 30, 2021

* Included in analysis

Definitions:

- Total Accrued Liability = What You Need
- Market Value of Assets = What You Have
- Unfunded Actuarial Liability = What You Owe

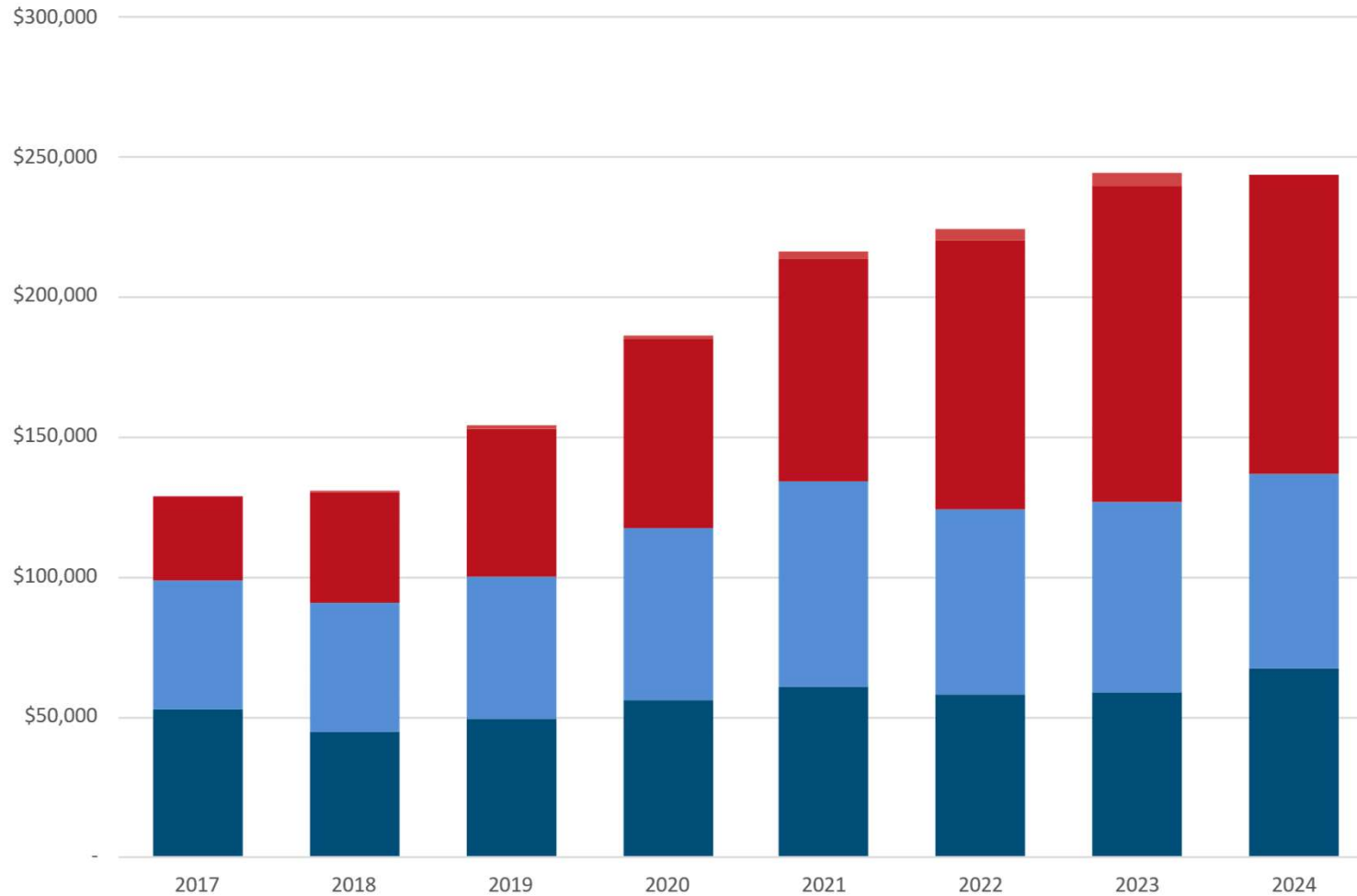
Two Pension Plans:

- Classic: Miscellaneous
- PEPRA: Miscellaneous

Miscellaneous

represents a significant savings opportunity

Pension Payments



	2017	2018	2019	2020	2021	2022	2023	2024
UAL - PEPR - Misc	-	867	1,184	1,693	2,628	3,877	4,542	-
UAL - Miscellaneous	30,279	39,011	52,764	67,324	79,210	96,237	113,208	107,045
Normal - PEPR - Misc	45,507	45,881	50,772	61,314	73,671	65,980	68,105	69,151
Normal - Miscellaneous	53,067	45,005	49,409	56,251	60,709	58,215	58,521	67,633

Annual Pension Payment Increase

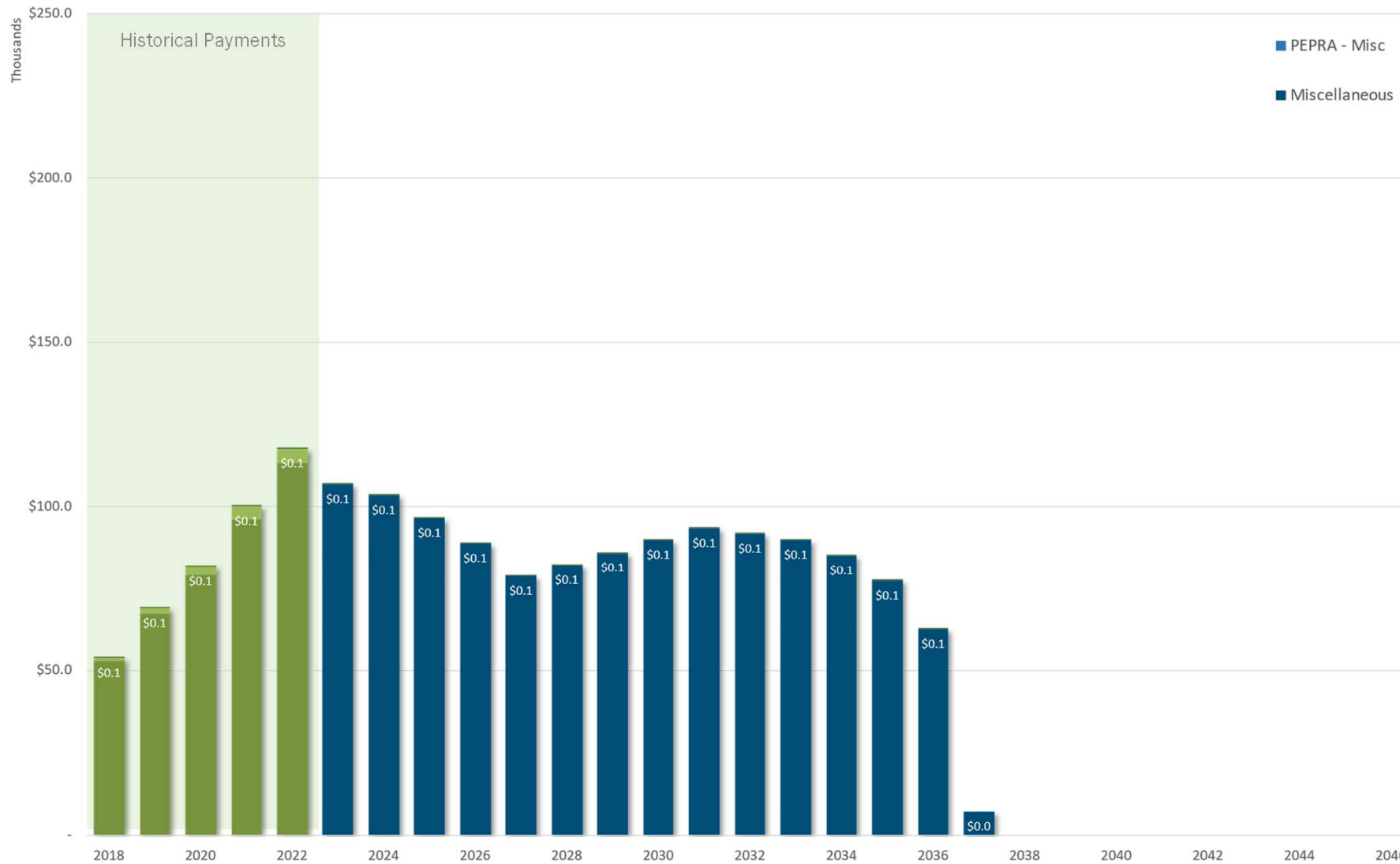
\$113K
in eight years

UAL as a Percent of Total Payments

2017: **23.5%** 2022: **43.9%**

Where Things Currently Stand

Current UAL Amortization Schedule



06/30/2021 Actuarial Valuation

Funded Percent
88.0%

INCLUDES:

- UAL Payments Only

DOES NOT INCLUDE:

- Misc – Normal Cost (12.5% of salaries)
- PEPR Misc – Normal Cost (7.7% of salaries)

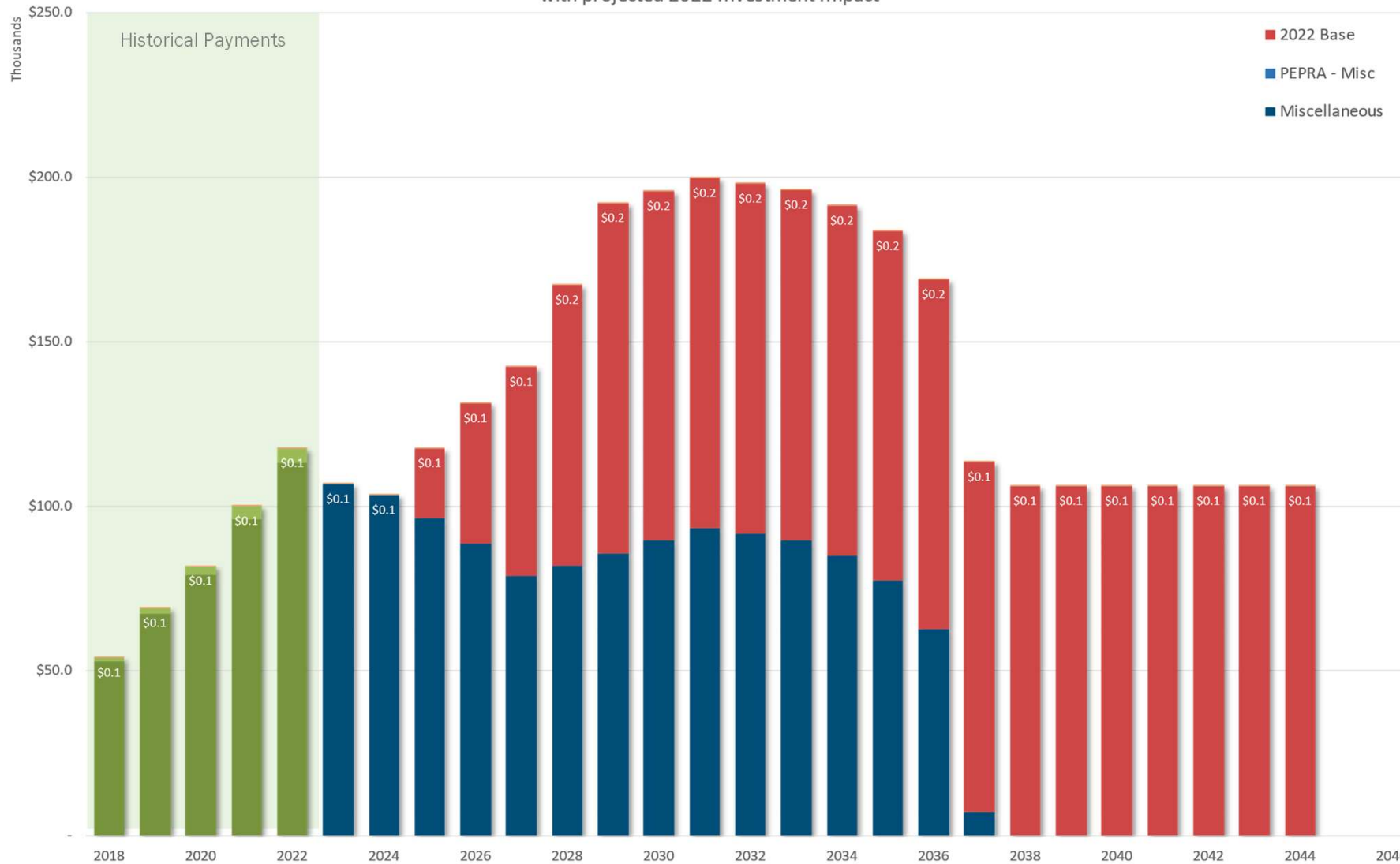
As of 2021

Principal	\$0.90M
Interest	\$0.34M
Total Due	\$1.24M

Estimated 2022 Investment Impact

Current UAL Amortization Schedule
with projected 2022 Investment Impact

06/30/2021 Actuarial Valuation



Funded Percent

77.4%

INCLUDES:

- UAL Payments Only
- Estimated impact of -6.1% Return

DOES NOT INCLUDE:

- Misc – Normal Cost (12.5% of salaries)
- PEPRA Misc – Normal Cost (7.7% of salaries)

As of 2021

Principal	\$1.77M
Interest	\$1.38M
Total Due	\$3.15M

Pension UAL Mitigation Techniques

The range of options available to address unfunded liabilities range from incremental items that are reviewed and considered annually, to one-time items that can potentially provide robust impact.

PAY DOWN

1. UAL Prepayment
 - Annual prepayment
 - From reserves, one-time revenues and fund surpluses
 - Base Targeting/Allocation
2. Fresh Start / Informal Fresh Start
3. New Sources of Revenue

REFINANCE

4. Savings from Debt Refundings
5. Capital Financing
 - From CIP Reserves
 - Pay-Go Programs
6. Pension Refinancing
 - Lease Financing/Enterprise/Other

STABILIZE – 115 Trust

- Annual Funding
 - Percent of Normal Cost
 - From Reserves & Fund Surpluses
- Refinancing Savings
 - Sequestered savings
 - Options for future Bond Calls

Decisions for the Board

- CalPERS Funding Target: Recommendation – 85%
- 115 Trust Funding Maximum: Recommendation – **110%**