

MINUTES
GARDEN GROVE CITY COUNCIL
Special Meeting
Monday, February 28, 2022
Community Meeting Center
11300 Stanford Avenue, Garden Grove, CA 92840

CONVENE MEETING

At 5:35 p.m., Mayor Jones convened the meeting telephonically.

ROLL CALL PRESENT: (5) Mayor Jones, Council Members Brietigam,
O'Neill, D. Nguyen, K. Nguyen

ABSENT: (2) Bui, Klopfenstein

Study Session

ORAL COMMUNICATIONS

Speakers: Brian Malley

DISCUSSION ON PENSION OBLIGATION BONDS (F: 60.1A)

City Manager Stiles prefaced the introduction of the presenters by thanking the City Council for adopting policies that serve to strengthen the City of Garden Grove's financial stability.

Finance Director, Patricia Song, introduced a PowerPoint presentation that was reviewed by consultants Sara Brown, Anna Saribian, and Brian Forbath. The following topics from the PowerPoint were covered:

The City's Standard and Poor's rating is AA+, which is very strong; however, the large unfunded pension liability can be detrimental for future upgrades for public facilities.

The primary cost driver is the growth of the Unfunded Accrued Liability (UAL) in excess of \$300 million as more people retire from the City driving up the UAL further.

California cities, counties and special districts that participate in CalPERS and are subject to the UAL have sold pension bonds with a span of credit rating between AAA and BBB+. With the City of Garden Grove's AA+ rating, the expected cost to borrow is between 2.20 percent and 3.72 percent.

A pension obligation bond offers a flexible timeline for paying down debt at significantly lowered interest rates. Risks would include extreme market returns and potential for squandered savings. Under the current payment plan, the City will be paying \$592 million over the next 23 years. Pension bond estimated savings would be from \$102.6 million to an accelerated payment plan savings of \$121.7 million.

ADJOURNMENT

At 6:55 p.m., Mayor Jones adjourned the meeting.

Teresa Pomeroy
City Clerk