



FOR IMMEDIATE RELEASE:

CalPERS Side Fund Debt Restructuring Achieves Significant Savings

BRAWLEY, California - As public agencies across the state struggle with pension contributions that far outpace economic growth, the City of Brawley sought an alternative financing mechanism to fix costs associated with the CalPERS Side Fund. The City restructured its debt to address more than \$16M in pension obligations.

The CalPERS Side Fund was originally established in 2003 when the City joined a risk pool in which unfunded pension benefits were deemed a liability. In January 2017, the Brawley City Council authorized a validation action for the issuance of Taxable Pension Obligation Bonds.

With completion of the transaction this week, the City paid off the CalPERS Side Fund in the amount of \$16,310,000. The new bond payments reduce the 30-year time horizon to 15 years.

Taking advantage of changes in rate and term, the City saves approximately \$300,000 per year, including \$190,000 annually for the General Fund. The Net Present Value (NPV) savings of the transaction represent \$7,546,000.

“We understand that we are public stewards of scarce and precious resources. This financial solution is a big way to improve our bottom line,” commented Mayor Couchman.

The City of Brawley’s financing team included Ramirez and Company as Underwriter, Norton Rose Fulbright as Bond and Disclosure Counsel, and Bartle Wells Associates as Financial Advisor.

“We set out to examine what alternatives would best serve our short and long term financial needs. This is a win for the City of Brawley,” stated Mayor Couchman.

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