CalPERS

Unfunded Accrued Liability (UAL)

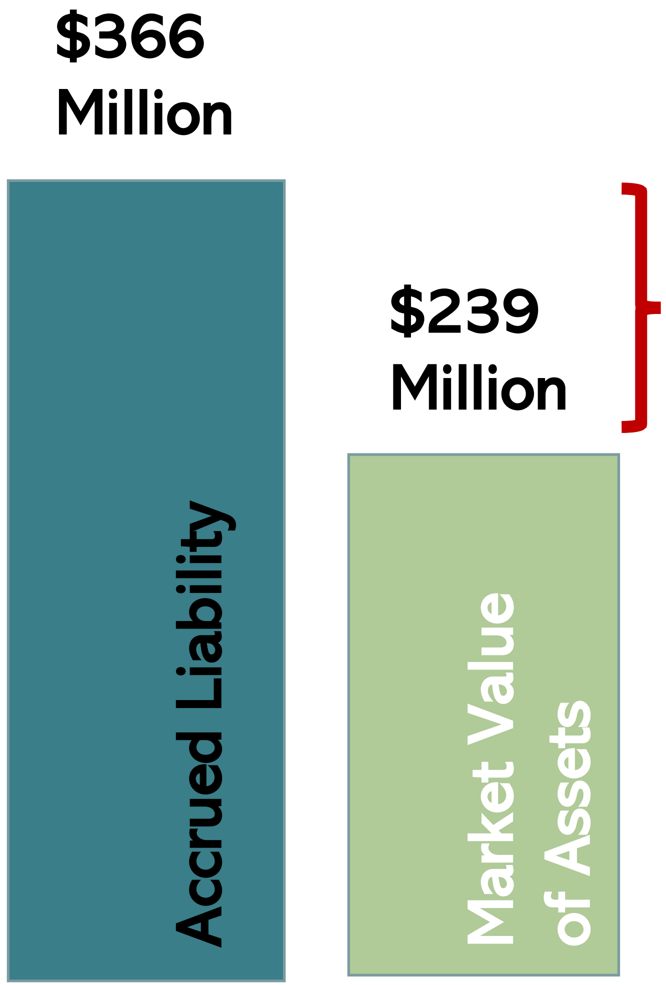
BLAST Strategy

City of Upland

City Council Update

April 11, 2022

Current UAL



$127,706,000

65% Funded

CalPERS Actuarial Report
June 30, 2020

"BLAST" CalPERS UAL STRATEGY

- B – Bond (tax-exempt utility COPs)
  - $15,750,000 Water Revenue Bond @ 1.92%
- L – Loan –
  - General Fund Lease Investment - $20.75 Million @ 1.92%
- A – Additional Discretionary Payments (ADPs)
  - $10 Million ADP – Police Plan
- S – Save
  - Savings given to Section 115 Trust for future bases & to make extra ADPs
- T – Transfer
  - Transfer Enterprise Funds' share of UAL to CalPERS to eliminate liability now

Funding Summary

Paid directly to CalPERS December 2021

ADP/Transfer from Current Reserves	
115 Trust (General Fund)	$10.00
Water UAL	$9.09
Sewer UAL	$1.56
Solid Waste UAL	$4.61
Pay Down UAL from Reserves	**$25.26**

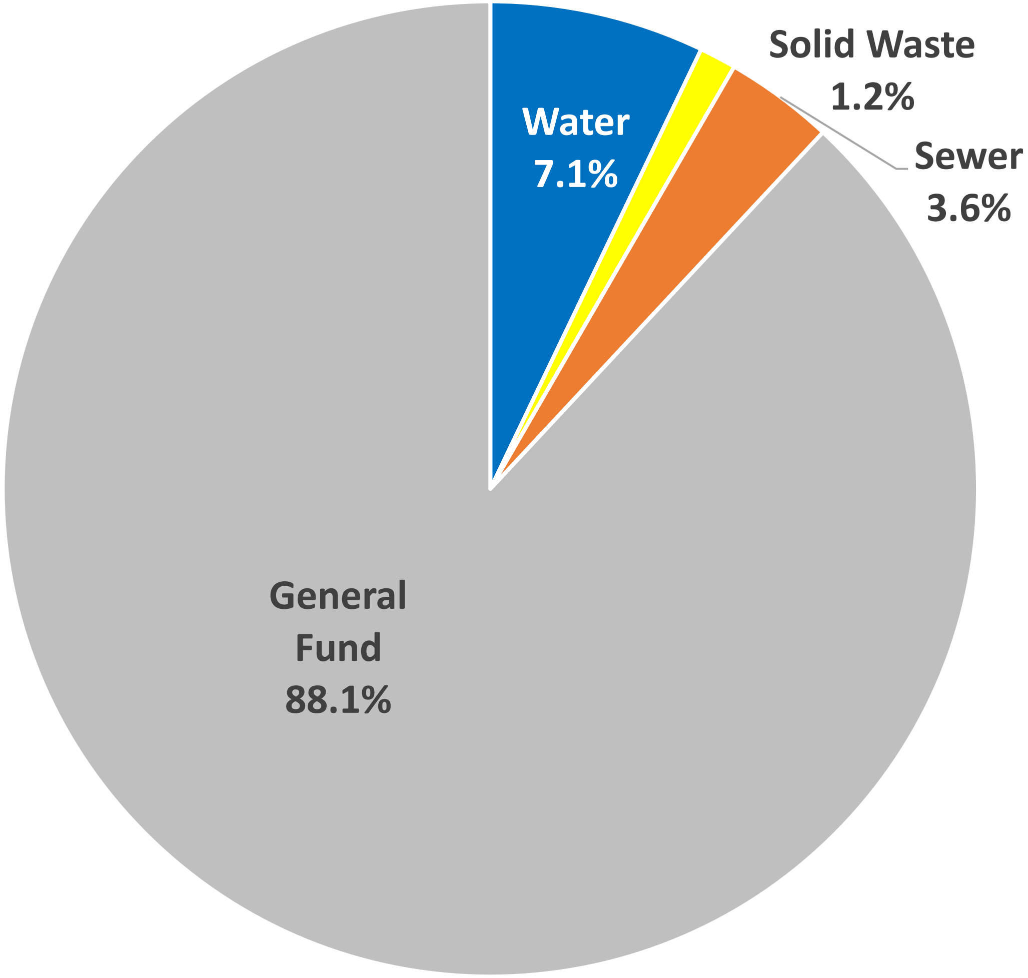
Bond Proceeds invested in General Fund Lease - same terms at Water Revenue Bonds $15,750,000 15-year @ 1.92% (less $250,000 COI)

Total General Fund investment proceeds = $20.5 Million used to pay UAL

15-Year Lease Investment @ 1.92%	
Proceeds from Water Revenue Bonds	$15.75
Capacity from Sewer Reserves	5.00
Investment	**$20.75**

TOTAL Applied toward UAL	$46.01

Enterprise Funds' Share of UAL



Fund	%	Amount
Water	**7.1%**	9,090,983
Solid Waste	**1.2%**	1,557,146
Sewer	**3.6%**	4,607,319
SubTotal		**$ 15,255,448**
General Fund	**88.1%**	$112,451,068
TOTAL		**$127,706,516**

Enterprise Funds ADP

					6/30/2022	12/21/2021
	ADP Base Selection				June 30, 2022	Dec 21, 2021
10	2012	Payment (Gain)/Loss	NO	22	(229,890)	(221,899)
11	2012	(Gain)/Loss	NO	22	6,101,523	5,889,422
12	2013	(Gain)/Loss	100%	23	13,003,111	12,551,095
14	2014	(Gain)/Loss	100%	24	(13,017,306)	(12,564,797)
15	2015	(Gain)/Loss	100%	25	4,991,223	4,817,717
17	2016	(Gain)/Loss	100%	26	4,956,197	4,783,909
					$ 15,804,858	**$ 15,255,448**

Enterprise Fund Reserves ($15.255 Million) used to pay-off $15.8 Million of UAL in Misc. Plan

$32,340,972 Combined Savings

		59.6%	10.2%	30.2%	100%
		Water	Solid Waste	Sewer	Combined
1	**2023**	656,171	112,392	332,548	1,101,110
2	**2024**	674,215	115,483	341,693	1,131,391
3	**2025**	692,756	118,659	351,089	1,162,504
4	**2026**	711,807	121,922	360,744	1,194,473
5	**2027**	731,382	125,274	370,665	1,227,321
6	**2028**	751,495	128,720	380,858	1,261,072
7	**2029**	772,161	132,259	391,332	1,295,752
8	**2030**	793,395	135,896	402,093	1,331,385
9	**2031**	815,213	139,634	413,151	1,367,998
10	**2032**	837,632	143,473	424,513	1,405,618
11	**2033**	860,667	147,419	436,187	1,444,272
12	**2034**	884,335	151,473	448,182	1,483,990
13	**2035**	908,654	155,639	460,507	1,524,800
14	**2036**	933,642	159,919	473,171	1,566,732
15	**2037**	959,317	164,316	486,183	1,609,817
16	**2038**	985,699	168,835	499,553	1,654,087
17	**2039**	1,012,805	173,478	513,291	1,699,574
18	**2040**	1,338,796	229,315	678,503	2,246,615
19	**2041**	1,508,496	258,382	764,507	2,531,385
20	**2042**	1,127,643	193,148	571,491	1,892,281
21	**2043**	995,627	170,536	504,585	1,670,747
22	**2044**	320,632	54,919	162,497	538,048
		$ 19,272,540	**$ 3,301,091**	**$ 9,767,342**	**$ 32,340,972**
	UAL	***9,418,386***	***1,613,225***	***4,773,247***	***$ 15,804,858***

General Fund ADP

- $10 Million ADP Police Plan
- Police Plan Bases #2, #3, #4 & #5 & 12.1% Base #1
- Paid **December 24, 2021** = $10,344,418 credit to UAL

$19,535,177 UAL Savings

		Base #2	Base #3	Base #4	Base #5	Base #1	Total ADP Savings
	Fiscal	**$ 652,199**	**$ 528,233**	**$ 487,380**	**$2,469,921**	**$ 6,206,685**	**$ 10,344,418**
1	**2023**	$ 61,003	$ 22,054	$ 44,475	$ 54,002	$ 474,862	$ 656,396
2	**2024**	61,003	33,081	44,475	108,004	487,920	734,483
3	**2025**	61,003	44,108	44,475	162,006	501,338	812,930
4	**2026**	61,003	55,135	44,475	216,008	515,125	891,746
5	**2027**	61,003	55,135	44,475	270,010	529,291	959,914
6	**2028**	61,003	55,135	44,475	270,010	543,846	974,469
7	**2029**	61,003	55,135	44,475	270,010	558,802	989,425
8	**2030**	61,003	55,135	44,475	270,010	574,169	1,004,792
9	**2031**	61,003	55,135	44,475	270,010	589,959	1,020,582
10	**2032**	61,003	55,135	44,475	270,010	606,183	1,036,806
11	**2033**	61,003	55,135	44,475	270,010	622,853	1,053,476
12	**2034**	61,003	55,135	44,475	270,010	639,981	1,070,604
13	**2035**	61,003	55,135	44,475	270,010	657,581	1,088,204
14	**2036**	61,003	55,135	44,475	270,010	675,664	1,106,287
15	**2037**	61,003	55,135	44,475	270,010	694,245	1,124,868
16	**2038**	61,003	55,135	44,475	270,010	713,337	1,143,960
17	**2039**	61,003	55,135	44,475	270,010	732,953	1,163,576
18	**2040**	61,003	55,135	44,475	270,010	753,110	1,183,733
19	**2041**	61,003	55,135	44,475	270,010	773,820	1,204,443
20	**2042**	-	-	44,475	270,010	-	314,485
	TOTAL	**$1,159,057**	**$ 981,403**	**$ 889,500**	**$4,860,180**	**$ 11,645,037**	**$ 19,535,177**

General Fund Lease Investment

- $15.5 Million Water Fund Investment
- $5.0 Million Sewer Fund Investment
- April 12, 2022 ADP = $20,793,785
- **Savings = $39,013,480**

General Fund Lease Investment

- 15-Year $20.75 Million @ 1.92%
- **Lease Payments = $24,089,193**

$14,924,287 Net UAL Savings

		Base #1 Lease ADPs	Police Base #1 After ADPs	Lease Investment	Police Net ADPs + Lease	*Net Savings*
	Fiscal	$ 20,793,785	$ 20,991,754	$ 20,750,000	$ 20,991,754	*$ 20,750,000*
1	2023	$ 1,590,892	$ 1,606,039	$ 1,488,793	3,094,832	*$ 102,099*
2	2024	1,634,642	1,650,205	1,505,689	3,155,893	*128,954*
3	2025	1,679,595	1,695,585	1,503,380	3,198,966	*176,214*
4	2026	1,725,784	1,742,214	1,507,217	3,249,431	*218,567*
5	2027	1,773,243	1,790,125	1,504,023	3,294,148	*269,219*
6	2028	1,822,007	1,839,353	1,506,974	3,346,328	*315,032*
7	2029	1,872,112	1,889,936	1,509,420	3,399,355	*362,692*
8	2030	1,923,595	1,941,909	1,504,835	3,446,744	*418,760*
9	2031	1,976,494	1,995,311	1,506,395	3,501,706	*470,099*
10	2032	2,030,847	2,050,182	1,507,449	3,557,631	*523,399*
11	2033	2,086,696	2,106,562	1,507,997	3,614,559	*578,699*
12	2034	2,144,080	2,164,493	1,508,039	3,672,532	*636,041*
13	2035	2,203,042	2,224,016	1,507,575	3,731,591	*695,467*
14	2036	2,263,626	2,285,177	1,506,605	3,791,782	*757,020*
15	2037	2,325,875	2,348,019	1,505,130	3,853,149	*820,746*
16	2038	2,389,837	2,412,590	1,509,673	3,922,262	*880,165*
17	2039	2,455,558	2,478,936		2,478,936	*2,455,558*
18	2040	2,523,085	2,547,107	-	2,547,107	*2,523,085*
19	2041	2,592,470	2,617,152	-	2,617,152	*2,592,470*
20	2042	-	-	-	-	-
	TOTAL	$ 39,013,480	$ 39,384,911	$ 24,089,193	*$ 63,474,104*	*$ 14,924,287*

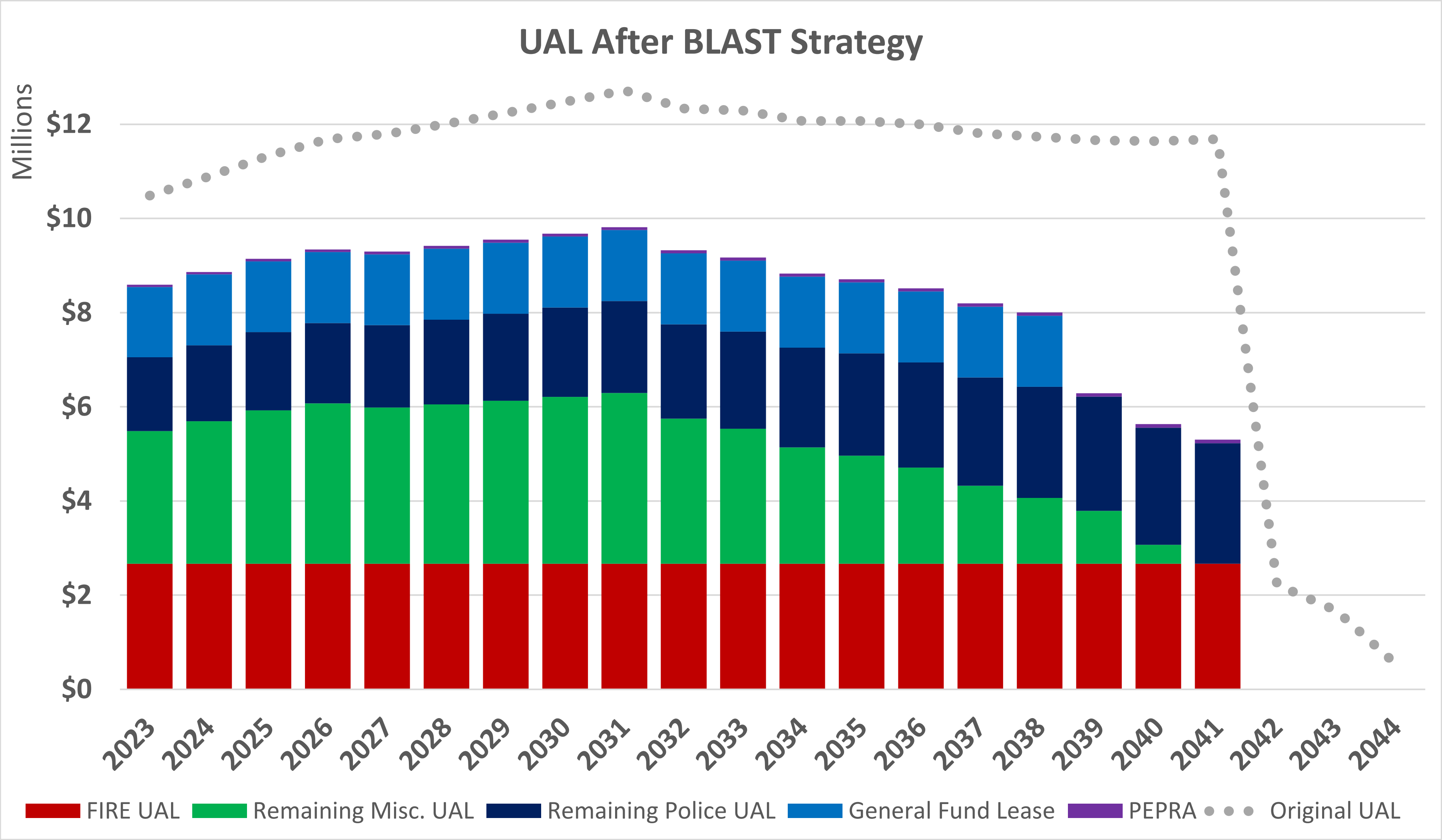
BLAST Net Savings

	Net UAL Savings
$15.26 Million Enterprise Fund Reserves • $9.1 Million Water Fund • $4.6 Million Sewer Fund • $1.6 Million Solid Waste Fund	$32,340,972
$10.0 Million General Fund ADP	$19,535,177
$20.75 Million General Fund Lease	$14,924,287
$46.01 Million	$66,800,436

BLAST Net Savings

		Original UAL	Remaining Misc. UAL	FIRE UAL	Remaining Police UAL	General Fund Lease	PEPRA	Combined	Savings
1	**2023**	*10,485,004*	*2,815,708*	2,667,808	1,569,726	1,488,793	50,329	8,592,364	1,892,640
2	**2024**	*10,893,296*	*3,024,121*	2,667,808	1,612,893	1,505,689	52,626	8,863,137	2,030,160
3	**2025**	*11,331,754*	*3,259,079*	2,667,808	1,657,248	1,503,380	54,942	9,142,457	2,189,297
4	**2026**	*11,685,890*	*3,405,984*	2,667,808	1,702,822	1,507,217	57,284	9,341,115	2,344,776
5	**2027**	*11,795,732*	*3,316,122*	2,667,808	1,749,650	1,504,023	59,484	9,297,088	2,498,644
6	**2028**	*12,009,833*	*3,383,212*	2,667,808	1,797,765	1,506,974	60,397	9,416,156	2,593,677
7	**2029**	*12,239,917*	*3,462,237*	2,667,808	1,847,204	1,509,420	61,337	9,548,005	2,691,912
8	**2030**	*12,476,325*	*3,543,435*	2,667,808	1,898,002	1,504,835	62,301	9,676,381	2,799,944
9	**2031**	*12,719,231*	*3,626,866*	2,667,808	1,950,197	1,506,395	63,290	9,814,556	2,904,675
10	**2032**	*12,336,626*	*3,080,395*	2,667,808	2,003,827	1,507,449	64,309	9,323,788	3,012,837
11	**2033**	*12,292,821*	*2,868,223*	2,667,808	2,058,933	1,507,997	65,354	9,168,314	3,124,507
12	**2034**	*12,068,620*	*2,471,018*	2,667,808	2,115,553	1,508,039	66,430	8,828,848	3,239,771
13	**2035**	*12,067,335*	*2,291,980*	2,667,808	2,173,731	1,507,575	67,532	8,708,626	3,358,708
14	**2036**	*11,998,933*	*2,040,930*	2,667,808	2,233,509	1,506,605	68,668	8,517,520	3,481,413
15	**2037**	*11,804,202*	*1,658,529*	2,667,808	2,294,930	1,505,130	69,834	8,196,231	3,607,970
16	**2038**	*11,736,961*	*1,398,458*	2,667,808	2,358,041	1,509,673	71,032	8,005,012	3,731,949
17	**2039**	*11,659,848*	*1,123,215*	2,667,808	2,422,887	-	72,262	6,286,172	5,373,676
18	**2040**	*11,641,918*	*401,405*	2,667,808	2,489,516	-	73,525	5,632,254	6,009,663
19	**2041**	*11,686,431*	-	2,667,798	2,557,978	-	74,825	5,300,601	6,385,830
20	**2042**	*2,221,556*	-	-	-	-	7,395	7,395	2,214,161
21	**2043**	*1,670,747*	-				-	-	1,670,747
22	**2044**	*538,048*	-		-		-	-	538,048
23	**2045**	-	-		-		-	-	-
24	**2046**	-	-		-		-	-	-
25	**2047**	-	-		-			-	-
26	**2048**	-	-		-			-	-
	TOTAL	***$ 229,361,027***	***$ 47,170,918***	***$ 50,688,342***	***$ 38,494,412***	***$ 24,089,193***	***$ 1,223,156***	***$ 161,666,021***	**$ 67,695,006**
	UAL	**$ 126,287,063**	**$ 29,645,227**	**$ 28,522,127**	**$ 20,517,127**	**$ -**	**$ 659,521**	***$ 79,344,001***	

BLAST Net Savings



FY 21 Credit

Projected Impact

FY22-23 UAL $126.3 Million

FY21 Return = 21.2% ($36.2) Million

Discount Rate 6.80% / Price Inflator 2.50% $6.9Million

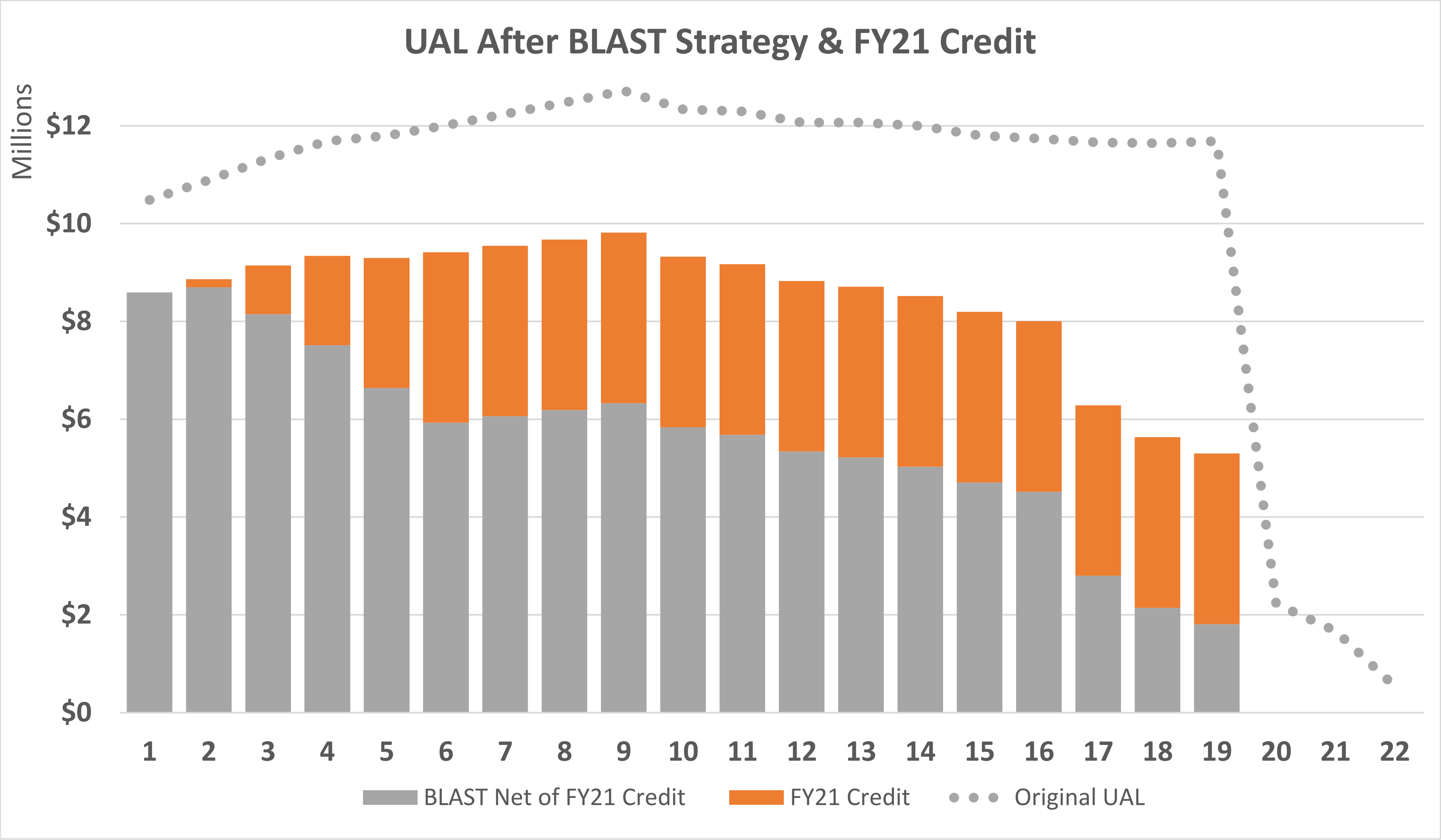
Net Credit ($29.39) Million

Adjusted UAL $97.0 Million

UAL Cash Flows

		Original UAL Payments	FY21 Return 21.2%	Discount Rate 6.80% + Price Inflator 2.30%	Net Impact	Projected UAL After FY21 Net Credit
1	2023	10,485,004	-	-	-	10,485,004
2	2024	10,893,296	(831,106)	666,939	(164,167)	10,729,130
3	2025	11,331,754	(1,662,211)	666,939	(995,272)	10,336,481
4	2026	11,685,890	(2,493,317)	666,939	(1,826,378)	9,859,513
5	2027	11,795,732	(3,324,422)	666,939	(2,657,483)	9,138,248
6	2028	12,009,833	(4,155,528)	666,939	(3,488,589)	8,521,244
7	2029	12,239,917	(4,155,528)	666,939	(3,488,589)	8,751,328
8	2030	12,476,325	(4,155,528)	666,939	(3,488,589)	8,987,736
9	2031	12,719,231	(4,155,528)	666,939	(3,488,589)	9,230,642
10	2032	12,336,626	(4,155,528)	666,939	(3,488,589)	8,848,037
11	2033	12,292,821	(4,155,528)	666,939	(3,488,589)	8,804,232
12	2034	12,068,620	(4,155,528)	666,939	(3,488,589)	8,580,031
13	2035	12,067,335	(4,155,528)	666,939	(3,488,589)	8,578,746
14	2036	11,998,933	(4,155,528)	666,939	(3,488,589)	8,510,344
15	2037	11,804,202	(4,155,528)	666,939	(3,488,589)	8,315,612
16	2038	11,736,961	(4,155,528)	666,939	(3,488,589)	8,248,371
17	2039	11,659,848	(4,155,528)	666,939	(3,488,589)	8,171,259
18	2040	11,641,918	(4,155,528)	666,939	(3,488,589)	8,153,329
19	2041	11,686,431	(4,155,528)	666,939	(3,488,589)	8,197,842
20	2042	2,221,556	(4,155,528)	666,939	(3,488,589)	(1,267,033)
21	2043	1,670,747	(4,155,528)	666,939	(3,488,589)	(1,817,842)
22	2044	538,048	-	-	-	538,048
23	2045	-	-	-	-	-
24	2046	-	-	-	-	-
25	2047	-	-	-	-	-
	TOTAL	$229,361,027	$ (74,799,504)	$ 13,338,778	$ (61,460,725)	$ 167,900,302
	UAL	$126,287,063	$ (36,203,761)	$ 6,944,506	$ (29,259,255)	$ 97,027,808
					Normal Costs	$ 124,738

Projected UAL Net FY21 Credit



Projected UAL Net FY21 Credit

		Original UAL	Remaining Misc. UAL	FIRE UAL	Remaining Police UAL	General Fund Lease	PEPRA	Combined	Net FY 21 Credit	BLAST Net of FY21 Credit
1	**2023**	*10,485,004*	*2,815,708*	*2,667,808*	*1,569,726*	*1,488,793*	*50,329*	8,592,364	-	8,592,364
2	**2024**	*10,893,296*	*3,024,121*	*2,667,808*	*1,612,893*	*1,505,689*	*52,626*	8,863,137	(164,167)	8,698,970
3	**2025**	*11,331,754*	*3,259,079*	*2,667,808*	*1,657,248*	*1,503,380*	*54,942*	9,142,457	(995,272)	8,147,185
4	**2026**	*11,685,890*	*3,405,984*	*2,667,808*	*1,702,822*	*1,507,217*	*57,284*	9,341,115	(1,826,378)	7,514,737
5	**2027**	*11,795,732*	*3,316,122*	*2,667,808*	*1,749,650*	*1,504,023*	*59,484*	9,297,088	(2,657,483)	6,639,604
6	**2028**	*12,009,833*	*3,383,212*	*2,667,808*	*1,797,765*	*1,506,974*	*60,397*	9,416,156	(3,488,589)	5,927,567
7	**2029**	*12,239,917*	*3,462,237*	*2,667,808*	*1,847,204*	*1,509,420*	*61,337*	9,548,005	(3,488,589)	6,059,416
8	**2030**	*12,476,325*	*3,543,435*	*2,667,808*	*1,898,002*	*1,504,835*	*62,301*	9,676,381	(3,488,589)	6,187,792
9	**2031**	*12,719,231*	*3,626,866*	*2,667,808*	*1,950,197*	*1,506,395*	*63,290*	9,814,556	(3,488,589)	6,325,967
10	**2032**	*12,336,626*	*3,080,395*	*2,667,808*	*2,003,827*	*1,507,449*	*64,309*	9,323,788	(3,488,589)	5,835,199
11	**2033**	*12,292,821*	*2,868,223*	*2,667,808*	*2,058,933*	*1,507,997*	*65,354*	9,168,314	(3,488,589)	5,679,725
12	**2034**	*12,068,620*	*2,471,018*	*2,667,808*	*2,115,553*	*1,508,039*	*66,430*	8,828,848	(3,488,589)	5,340,259
13	**2035**	*12,067,335*	*2,291,980*	*2,667,808*	*2,173,731*	*1,507,575*	*67,532*	8,708,626	(3,488,589)	5,220,037
14	**2036**	*11,998,933*	*2,040,930*	*2,667,808*	*2,233,509*	*1,506,605*	*68,668*	8,517,520	(3,488,589)	5,028,931
15	**2037**	*11,804,202*	*1,658,529*	*2,667,808*	*2,294,930*	*1,505,130*	*69,834*	8,196,231	(3,488,589)	4,707,642
16	**2038**	*11,736,961*	*1,398,458*	*2,667,808*	*2,358,041*	*1,509,673*	*71,032*	8,005,012	(3,488,589)	4,516,423
17	**2039**	*11,659,848*	*1,123,215*	*2,667,808*	*2,422,887*	-	*72,262*	6,286,172	(3,488,589)	2,797,583
18	**2040**	*11,641,918*	*401,405*	*2,667,808*	*2,489,516*	-	*73,525*	5,632,254	(3,488,589)	2,143,665
19	**2041**	*11,686,431*	-	*2,667,798*	*2,557,978*	-	*74,825*	5,300,601	(3,488,589)	1,812,012
20	**2042**	*2,221,556*	-	-	-	-	*7,395*	7,395	(3,488,589)	(3,481,194)
21	**2043**	*1,670,747*	-	-	-	-	-	-	(3,488,589)	(3,488,589)
22	**2044**	*538,048*	-	-	-	-	-	-	-	-
23	**2045**	-	-	-	-	-	-	-	-	-
24	**2046**	-	-	-	-	-	-	-	-	-
25	**2047**	-	-	-	-	-	-	-	-	-
26	**2048**	-	-	-	-	-	-	-		-
	TOTAL	***$ 229,361,027***	***$ 47,170,918***	***$ 50,688,342***	***$ 38,494,412***	***$ 24,089,193***	***$ 1,223,156***	***$ 161,666,021***	$ (61,460,725)	$ 100,205,295