



**COUNCILMEMBER DAVID ALVAREZ**

**City of San Diego  
Eighth District**

**MEMORANDUM**

**DATE:** August 31, 2011  
**TO:** Mark Hovey, CEO, SDCERS  
**FROM:** Councilmember David Alvarez  
**SUBJECT:** Effect of Payments on UAAL

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As the City continues to search for ways to reduce pension costs I believe it is important that we consider all methods of reducing our annual ARC and overall UAAL. One method that I would like to look at is the effect that making larger payments towards the UAAL would have on the overall amount paid by the city over our set amortization period. For instance, if the city were to issue pension obligation bonds to pay some or all of the UAAL, how much would it save over the course of thirty years? Additionally, is there a linear relationship between the amount the city contributes to the UAAL each year and the resulting reduction of the UAAL, or are there certain specific threshold amounts that have a larger impact?

Your timely response is greatly appreciated.

DAA/ks