

RESOLUTION NO. RES-2022-093

RESOLUTION OF THE COUNCIL OF THE CITY OF SANTA ROSA APPROVING AN ADOPTION AGREEMENT FOR THE POST-EMPLOYMENT BENEFITS TRUST BETWEEN THE CITY AND PFM ASSET MANAGEMENT LLC INCORPORATING AND ADOPTING THE TRUST AGREEMENT, TRUST ADMINISTRATIVE SERVICES AGREEMENT AND INVESTMENT POLICY STATEMENTS FOR THE POST-EMPLOYMENT BENEFITS TRUST, AND APPROVING INITIAL DEPOSITS TO THE TRUST

WHEREAS, the City has presented the Council with strategies to address rising pension costs including the City's CalPERS unfunded accrued liability cost; and

WHEREAS, an Internal Revenue Code Section 115 Post-Employment Benefits Trust can be used as part of a strategy to stabilize the City's structural deficit and stabilize future pension cost increases; and

WHEREAS, the City requested proposals from firms with expertise in administering post-employment benefits trusts; and

WHEREAS, the City developed a strategy to use a portion of Fiscal Stability funds as an initial deposit and to make annual contributions to the trust beginning in FY 2024-25 in a manner that will not increase the current budget; and

WHEREAS, a Section 115 Post-Employment Benefit Trust will be established with an account for the City's General Fund pensions and a separate account for Santa Rosa Water Fund pensions; and

WHEREAS, an Investment Policy Statement for the "City Pension Fund" and for the "Santa Rosa Water Pension Fund" have been drafted to document investment strategy, performance expectations, and investment guidelines; establish a strategy for managing Fund assets; establish investment guidelines to control overall risk and liquidity; establish periodic performance reporting requirements; and comply with fiduciary, prudence, due diligence and legal requirements;

NOW, THEREFORE, BE IT RESOLVED that the Council of the City of Santa Rosa approves the Adoption Agreement for the Post-Employment Benefits Trust between PFM Asset Management LLC ("PFM"), as Trust Administrator, and Principal Bank ("Principal Bank") as trustee, in substantially the same form as Exhibit A to the resolution, subject to approval as to form by the City Attorney.

BE IT FURTHER RESOLVED that the Adoption Agreement for the Post-Employment Benefits Trust incorporates the adoption of a Trust Agreement, the approval of a Trust Administrative Services Agreement between PFM Asset Management LLC ("PFM"), as Trust Administrator, and Principal Bank ("Principal Bank") as trustee, and Investment Policy Statement for the City Pension Fund and the Santa Rosa Water Pension Fund. .

BE IT FURTHER RESOLVED that the Council authorizes the City Manager, Assistant City Manager, and the Chief Financial Officer, as the appropriate officers to execute the necessary documents and agreements to signify its adoption including, but not limited to, an Adoption Agreement and Trust Administrative Services Agreement.

BE IT FURTHER RESOLVED that the Council approves, ratifies, and confirms the appointment of Principal Bank as the Trustee and PFM Asset Management LLC as the Trust Administrator as of the effective date of the Adoption Agreement.

BE IT FURTHER RESOLVED that the Council certifies that at the time of adoption of this resolution had, full power and lawful authority to adopt this resolution and to confer the powers therein granted to the persons named, and that such persons have full power and authority to exercise the same.

BE IT FURTHER RESOLVED that the Council certifies that the employees whose names appear on the Authorized Signers Certification now hold the offices in the Employer noted below their respective names, that the signatures appearing below their names are the authentic, official signatures of the said respective officers, that the authority of such persons may be relied upon until further notice is received from me, and that any other employees whose names appear on the Authorized Signers Certification are current employees and that the signatures appearing opposite their names are the authentic, official signatures of the said respective employees.

BE IT FURTHER RESOLVED that the Council approves an initial deposit of \$10,000,000.00 from the General Fund reserves assigned for Fiscal Stability to the Post-Employment Benefits Trust, City Pensions, for the purpose of pre-funding pension obligations.

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BE IT FURTHER RESOLVED that the Council approves an initial deposit of \$3,500,000 from the reserves of fund 1611 and \$900,000 from the reserves of fund 1621 to the Post-Employment Benefits Trust, Santa Rosa Water Pensions, for the purpose of pre-funding pension obligations.

IN COUNCIL DULY PASSED this 10th day of May, 2022.

AYES: (7) Mayor C. Rogers, Vice Mayor Alvarez, Council Members Fleming, MacDonald, N. Rogers, Sawyer, Schwedhelm

NOES: (0)

ABSENT: (0)

ABSTAIN: (0)

ATTEST: _____ APPROVED: _____
City Clerk Mayor

APPROVED AS TO FORM: _____
City Attorney

Exhibit A – Adoption Agreement for the Post-Employment Benefits Trust incorporating as exhibits Trust Agreement, Trust Administrative Services Agreement, Investment Policy Statement for City of Santa Rosa Section 115 Trust – City General Fund Pension Fund, and Investment Policy Statement for City of Santa Rosa Section 115 Trust – Santa Rosa Water Pension Fund