

RESOLUTION NO. RES-2024-076

RESOLUTION OF THE COUNCIL OF THE CITY OF SANTA ROSA (1) APPROVING THE INVESTMENT POLICY STATEMENT FOR CITY OF SANTA ROSA SECTION 115 TRUST PUBLIC EMPLOYEES MEDICAL AND HOSPITAL CARE ACT (PEMHCA) OTHER POST EMPLOYMENT BENEFIT (OPEB) FUND; (2) AUTHORIZING THE CHIEF FINANCIAL OFFICER TO EXECUTE ALL NECESSARY DOCUMENTS FOR THE CREATION OF SUCH A TRUST; AND (3) AUTHORIZING AN INITIAL DEPOSIT FROM 1722 OPEB FUND TO THE SECTION 115 TRUST, AND INCREASING APPROPRIATIONS ACCORDINGLY, FOR THE PURPOSE OF PRE-FUNDING PEMHCA OPEB EXPENSES

WHEREAS, the City has a growing unfunded actuarial liability associated with other post-employment benefits; and

WHEREAS, an Internal Revenue Code Section 115 Post-Employment Benefits Trust may be used as part of a strategy to stabilize future benefit cost increases; and

WHEREAS, the City developed a strategy to use an existing available fund balance within the OPEB Fund 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 PEMHCA other post-employment benefits; and

WHEREAS, an Investment Policy Statement for the "City of Santa Rosa Section 115 Trust PEMHCA Other Post-Employment Benefit ("OPEB") Fund has 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 Investment Policy Statement for City of Santa Rosa Section 115 Trust PEMHCA Other Post- Employment Benefit Fund attached as Exhibit A and made part herein.

BE IT FURTHER RESOLVED that the Council authorizes the Chief Financial Officer to execute any and all documents necessary to create an Internal Revenue Code Section 115 Trust consistent with that policy statement, subject to approval as to form by the City Attorney.

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BE IT FURTHER RESOLVED that the Council authorizes an initial deposit of \$12,281,000.00 to the Internal Revenue Section 115 Trust authorized by this Resolution for the purpose of pre-funding pension obligations and appropriates \$12,281,000.00 from the reserves of fund 1722 OPEB Fund for this purpose.

IN COUNCIL DULY PASSED this 21st day of May, 2024.

AYES: (6) Mayor N. Rogers, Vice Mayor Stapp, Council Members Alvarez, Fleming, MacDonald, Okrepkie

NOES: (0)

ABSENT: (1) Council Member C. Rogers

ABSTAIN/RECUSE: (0)

ATTEST: _____ APPROVED: _____
City Clerk Mayor

APPROVED AS TO FORM: _____
City Attorney

Exhibit A – Investment Policy Statement (PEMHCA Other Post-Employment Benefit (“OPEB”) Fund)