

RESOLUTION NO. ____-2022

RESOLUTION OF THE FORT BRAGG CITY COUNCIL

and

RESOLUTION NO. ID ____-2022

RESOLUTION OF THE FORT BRAGG MUNICIPAL IMPROVEMENT DISTRICT BOARD

APPROVING THE AGREEMENT WITH PUBLIC AGENCY RETIREMENT SERVICES (PARS) TO ESTABLISH A SECTION 115 TRUST AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE CONTRACT

WHEREAS, the City of Fort Bragg (“City”) provides its full-time miscellaneous and safety employees with a defined benefit pension program through the California Public Employee’s Retirement System (“CalPERS”); and

WHEREAS, the City issued Pension Obligated Bonds in November 2021 to pay off all or a portion of its Unfunded Accrued Liability (“UAL”) in connection with the CalPERS; and

WHEREAS, the City’s Pension Policy plan includes setting aside 50% of surplus funds in connection with the issuance of Pension Obligated Bonds into a Section 115 Trust to help mitigate future pension cost increases; and

WHEREAS, it is determined to be in the best interest of the City to set aside funds for the pre-funding of its CalPERS pension obligation to be held in trust for the exclusive purpose of making future contributions of the City’s required pension contributions and any employer contributions in excess of such required contributions at the discretion of the City; and

WHEREAS, the City procured the services of a Section 115 Trust Fund Administration and Investment Management Services in April 2021; and

WHEREAS, the City received two proposals from firms interested in providing Section 115 Pension Trust Fund Administration and Investment Management Services; and

WHEREAS, the Section 115 Trust program offered by PARS was determined to offer the best combination of member agencies, assets under management, and annualized returns; and

WHEREAS, the City’s establishment of the Section 115 trust does not require a minimum initial or annual contribution: and

WHEREAS, a tax-exempt trust performing an essential governmental function within the meaning of Section 115 of the Internal Revenue Code (as amended) and the Regulations issued thereunder, and is a tax-exempt trust under the relevant statutory provisions of the State of California; and

WHEREAS, the City’s adoption and operation of the Program has no effect on any current or former employee’s entitlement to post-employment benefits; and

WHEREAS, the City’s funding of the Program does not, and is not intended to, create any new vested right to any benefit nor strengthen any existing vested right; and

WHEREAS, the City reserves the right to make contributions, if any, to the Program;
and

WHEREAS, based on all the evidence presented, the City Council finds as follows:

1. The PARS proposal, as a sought service provider, meets the requirements of a Section 115 Trust.
2. Sufficient funds of \$1.1 million have been earmarked for the initial contribution towards the Trust.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Fort Bragg/District Board of the Fort Bragg Municipal Improvement District No. 1 does hereby;

1. Approve the City's participation in the PARS Public Agencies Post-Employment Benefits Trust Program (Section 115 Pension Trust Fund); and
2. The City Council hereby appoints the City Manager, or his/her successor or his/her designee as the City's Plan Administrator for the Program; and
3. The City's Plan Administrator is hereby authorized to execute the PARS legal and administrative documents on behalf of the City and to take whatever additional actions are necessary to maintain the City's participation in the Program and to maintain compliance of any relevant regulation issued or as may be issued; therefore, authorizing him/her to take whatever additional actions are required to administer the City's Program.

The above and foregoing Resolution was introduced by Council/Board Member _____, seconded by Council/Board Member _____, and passed and adopted at a regular meeting of the City Council of the City of Fort Bragg/District Board of the Fort Bragg Municipal Improvement District No. 1 held on the 27th day of June, 2022, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:
RECUSED:

BERNIE NORVELL
Mayor

ATTEST:

June Lemos, MMC
City Clerk