



CITY COUNCIL COMMUNICATION

September 8, 2009

SUBJECT: PARS Public Agencies Post-Retirement Health Care Plan Trust

SUBMITTED BY: Vicki Rodriguez, Director of Finance

REFERENCE NO: Resolution No. 09-1319

ACTION REQUESTED:

Consider Resolution No. 09-1319, authorizing participation in the PARS Public Agencies Post-Retirement Health Care Plan Trust to fund post employment benefits.

ALTERNATIVES:

- Deny, research other alternatives for OPEB trust services

SUMMARY OF SUBJECT:

On April 28, 2009, the City Council authorized the City Manager to establish a Post Employment Benefit Trust through First Southwest Securities "FSW" and Alerus Financial. Subsequently, FSW notified the City that they have re-evaluated their approach to Section 115 Trust administration and will not likely be ready to proceed by the September 30th implementation date. They have recommended Public Agency Retirement Services "PARS" as an alternative to their clients.

The Public Agency Retirement Services ("PARS") has established a multi-employer irrevocable trust in accordance with section 115 of the Internal Revenue Code and has obtained a private letter ruling from the Internal Revenue Service providing assurance of their trust as a tax-exempt prefunding vehicle for post-employment benefits. PARS offices in Dallas, TX and Irvine, CA and they are a leading provider of OPEB Trust Services for compliance with GASB 45. The firm has 25 years of post-employment healthcare trust experience and administers plans for the local cities of Garland, Haltom City, Tyler, Southlake, and Hurst.

PARS will administer the Trust with Union Bank of California serving as Trustee and Highmark Capital Management serving as investment manager. Union Bank has one of the largest trust departments in the nation and has an excellent reputation. The combined PARS and Union Bank administrative fee for amounts held in trust under \$5.0 million is 0.6% per year with a \$400 monthly minimum. The fee percentage

decreases as the amounts held in trust increase.

This action also includes appointing the City Manager or his designee as the Plan Administrator and authorizes the execution of the necessary documents to establish the trust. It also rescinds any documents that were executed pursuant to the City Council's authorization on April 28, 2009.

SUPPORTING DOCUMENTS:

- Resolution No. 09-1319

APPROVED BY:

_____ **LG** _____

City Manager's Office

_____ **SC** _____

City Secretary's Office