

RESOLUTION NO. _____ (N.C.S.)

**A RESOLUTION TO APPROVE THE ADOPTION AGREEMENT AND
THE TRUST ADMINISTRATIVE SERVICES AGREEMENT BETWEEN
PFM ASSETS MANAGEMENT LLC (“PFM”) AND THE CITY AND
AUTHORIZE AND DESIGNATE STAFF TO MANAGE THE TRUST**

WHEREAS, the Salinas City Council has identified that the City pension costs will dramatically increase to unsustainable levels; and

WHEREAS, the rising pension costs will nearly double what is paid to CalPERS in the next seven years from \$18.3 million to \$35 million; and

WHEREAS, the City has few options to address its growing pension liability; and

WHEREAS, as part of the strategy to stabilize the City’s structural deficit and stabilize future pension cost increases, a 115 Trust is being established to accumulate funds to be invested and used in the future to offset the future pension costs; and

WHEREAS, the 115 Trust allows the funds to be taken out at any time to reimburse the City for up to two years’ worth of pension costs, which makes the trust very liquid if the City needed the funds in an emergency; and

WHEREAS, the 115 Trust is one of the six recommendations included in the League of California Cities Retirement System Sustainability Study.

NOW, THEREFORE, be it resolved by the Council of Salinas, that the Council approves the Adoption Agreement between the City and PFM Assets Management LLC (“PFM”), approves the Trust Administrative Services Agreement between PFM and City, and authorizes the City Manager, Finance Director and Assistant Finance Director as officers with the authority to execute these agreements and other necessary documents and agreements, including Wells Fargo custody services, to carry out the trust services on behalf of the City.

PASSED AND APPROVED this 20th day of March, 2018, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Joe Gunter, Mayor

ATTEST:

Patricia M. Barajas, City Clerk