



**County Administrative
Office
COUNTY OF TULARE
AGENDA ITEM**

BOARD OF SUPERVISORS

KUYLER CROCKER
District One

PETE VANDER POEL
District Two

AMY SHUKLIAN
District Three

J. STEVEN WORTHLEY
District Four

MIKE ENNIS
District Five

AGENDA DATE: April 3, 2018

Public Hearing Required	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Scheduled Public Hearing w/Clerk	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Published Notice Required	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Advertised Published Notice	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Meet & Confer Required	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Electronic file(s) has been sent	Yes	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>
Budget Transfer (Aud 308) attached	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Personnel Resolution attached	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Agreements are attached and signature line for Chairman is marked with tab(s)/flag(s)	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>

CONTACT PERSON: Michael C. Spata PHONE: (559) 636-5005

SUBJECT: Approving the Adoption of the Public Agencies Post-Employment Benefits (Internal Revenue Code Section 115) Trust Administered by Public Agency Retirement Services (PARS)

REQUEST(S):

That the Board of Supervisors:

1. Approve the Resolution (Attachment A made a part hereof) adopting the Public Agencies Post-Employment Benefits (Internal Revenue Code Section 115) Trust Administered by Public Agency Retirement Services (PARS); and
2. Authorize the Auditor-Controller to transfer \$3,000,000 from the Pension Stabilization Trust Fund 593 to PARS for the Section 115 Trust Fund program, to be invested in the PARS conservative model investment portfolio.

SUMMARY:

During its regular meeting of February 27, 2018, the Board of Supervisors directed the County Administrative Officer to establish and fund an Internal Revenue Code (IRC) Section 115 Trust -- in the amount of \$3,000,000 -- as a pension stabilization and investment vehicle consistent with the Public Agencies Post-Employment Benefits Trust administered by Public Agency Retirement Services (PARS).

Adoption of the Resolution (Attachment A) will authorize Tulare County's participation in the PARS program and designate the County's Auditor-Controller as the "Plan Administrator" for Tulare County.

The Plan Administrator will be authorized to invest the funds in PARS' "conservative model investment portfolio" -- which is invested outside of the County Treasury's investment pool similar to the Millennium Fund -- and take all other administrative

SUBJECT: Approving the Adoption of the Public Agencies Post-Employment Benefits (Internal Revenue Code Section 115) Trust Administered by Public Agency Retirement Services (PARS)
DATE: April 3, 2018

action necessary to maintain the County's participation in the program. The timing and amount of any future distribution of funds from the Trust to TCERA to pay County pension obligations would be within the discretion and direction of the Board of Supervisors. The Trust would be irrevocable and the principal of and interest earned by the Trust could only be used for making such future pension payments.

Based on a private letter ruling PARS has obtained from the (Internal Revenue Service (IRS) for the Trust, interest earned on the invested funds will be non-taxable.

FISCAL IMPACT/FINANCING:

The proposed action will authorize the transfer of \$3,000,000 from the Pension Stabilization Trust Fund 593 to Public Agency Retirement Services (PARS). There is no setup fee or cost to establish the trust account with PARS. On-going fees vary by the amount of funds on deposit and are subject to increase in the future. Currently, with an initial deposit of \$3,000,000, trust administration and investment management fees would be \$15,000 per year. The complete fiscal impact analysis was considered by the Board of Supervisors during its meeting of February 27, 2018 and by the Strategic Financing Committee during meetings held in 2017.

LINKAGE TO THE COUNTY OF TULARE STRATEGIC BUSINESS PLAN:

Approval of this agenda item will fulfill the strategic goals of the Tulare County's Strategic Plan in that the proposed matter will implement the four strategic goals of the Plan, namely, (1) Public Safety and Security, (2) Economic Well-Being, (3) Quality of Life, and (4) Organizational Performance.

More specifically, by pursuing retirement funding options, all of these strategic goals will be implemented in that fiscal vitality and budgetary sustainability will be enhanced since the Board of Supervisors will be addressing the growing unfunded liability from the retirement system.

ADMINISTRATIVE SIGN-OFF:

Michael C. Spata
County Administrative Officer

cc: Auditor-Controller
County Counsel
County Administrative Office (2)

Attachment A - Resolution Approving the Adoption of the Public Agencies Post-Employment Benefits (Internal Revenue Code Section 115) Trust Administered by Public Agency Retirement Services (PARS)

**BEFORE THE BOARD OF SUPERVISORS
COUNTY OF TULARE, STATE OF CALIFORNIA**

IN THE MATTER OF Approving the
Adoption of the Public Agencies Post-
Employment Benefits (IRC Section 115)
Trust Administered by Public Agency
Retirement Services (PARS)

)
) **Resolution No.** _____
) **Agreement No.** _____
)

UPON MOTION OF SUPERVISOR _____, SECONDED BY
SUPERVISOR _____, THE FOLLOWING WAS ADOPTED BY THE
BOARD OF SUPERVISORS, AT AN OFFICIAL MEETING HELD _____
_____, BY THE FOLLOWING VOTE:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST: MICHAEL C. SPATA
 COUNTY ADMINISTRATIVE OFFICER/
 CLERK, BOARD OF SUPERVISORS

BY: _____
 Deputy Clerk

1. Approved the Resolution (Attachment A made a part hereof) adopting the Public Agencies Post-Employment Benefits (Internal Revenue Code Section 115) Trust Administered by Public Agency Retirement Services (PARS).
2. Authorized the Auditor-Controller to transfer \$3,000,000 from the Pension Stabilization Trust Fund 593 to PARS for the Section 115 Trust Fund program, to be invested in the PARS conservative model investment portfolio.

ATTACHMENT A
RESOLUTION NO. _____

**RESOLUTION OF THE BOARD OF SUPERVISORS
OF THE COUNTY OF TULARE
APPROVING THE ADOPTION OF THE
PUBLIC AGENCIES POST-EMPLOYMENT BENEFITS
(INTERNAL REVENUE CODE SECTION 115) TRUST
ADMINISTERED BY PUBLIC AGENCY RETIREMENT SERVICES (PARS)**

WHEREAS, Public Agency Retirement Services (“PARS”) has made available the PARS Public Agencies Post-Employment Benefits Trust (the “Program”) for the purpose of pre-funding pension obligations and/or OPEB obligations; and

WHEREAS, the County of Tulare (“County”) is eligible to participate in the Program, 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 County’s adoption and operation of the Program has no effect on any current or former employee’s entitlement to pension or other post-employment benefits; and

WHEREAS, the terms and conditions of pension and other post-employment benefit entitlements, if any, are governed by statutory, regulatory, and contractual provisions separate from and independent of the Program; and

WHEREAS, the County’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 County reserves the right to make contributions, if any, to the Program from time-to-time and in such amounts as the County deems appropriate.

NOW THEREFORE, BE IT RESOLVED THAT:

1. The Board of Supervisors hereby adopts the PARS Public Agencies Post-Employment Benefits Trust, effective April 1, 2018; and
2. The Board hereby appoints the County Auditor-Controller, or his or her successor, or his or her designee, as the County’s Plan Administrator for the Program; and
3. The County’s Plan Administrator is hereby authorized to execute the PARS legal and administrative documents on behalf of the County and to take whatever additional actions are necessary to maintain the County’s participation in the Program and to maintain compliance of any relevant regulation issued or as may be issued; therefore, authorizing him or her to take whatever additional actions are required to administer the County’s participation in the Program.

UPON MOTION OF SUPERVISOR _____, SECONDED BY
SUPERVISOR _____, THE FOREGOING WAS ADOPTED BY
THE BOARD OF SUPERVISORS AT AN OFFICIAL MEETING OF SAID BOARD HELD
ON APRIL ___, 2018, BY THE FOLLOWING VOTE:

AYES: _____
NOES: _____
ABSTAIN: _____
ABSENT: _____

ATTEST: MICHAEL C. SPATA
COUNTY ADMINISTRATIVE OFFICER/
CLERK, BOARD OF SUPERVISORS

BY: _____
Deputy Clerk

Approved as to Form:
COUNTY COUNSEL

By _____
Deputy

Matter No. 2017913