

RESOLUTION NUMBER: 6556 -2023

CITY OF SEBASTOPOL

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SEBASTOPOL AUTHORIZING APPROVAL OF THE 115 TRUST AND APPROVING A BUDGET AMENDMENT FOR THE INITIAL DEPOSIT

WHEREAS, the City of Sebastopol has previously taken steps to control pension costs, including setting aside funds in an internal City pension reserve, which has a current balance of approximately \$2.8 million; and,

WHEREAS, over the past few years, the City has discussed moving these internal funds into a Section 115 Trust to capture the benefits of a trust; and,

WHEREAS, assets in a Section 115 Trust are irrevocably committed to the government function specified in the applicable trust agreement; and,

WHEREAS, monies held in such trusts can be invested in accordance with the rules governing those trusts, which are different from the investment rules for the City's pooled investments; and,

WHEREAS, setting aside funds in a Section 115 Trust should, over time, allow the City to earn more interest from its reserves than it otherwise would if those funds were left in the General Fund. Especially in today's higher interest rate environment, even the more conservative/moderate Section 115 Trust investment options are generating a strong yield; and,

WHEREAS, after City Council approval of the Trust, City staff will work with Shuster to finalize the documents and optimize an investment portfolio for the City's Trust assets (based on the City's risk tolerance and expected time horizon for withdrawals from the Trust); and,

WHEREAS, once this step is completed, the Trust account will be set up and the \$1.8 million initial deposit can be made to the Trust; and,

WHEREAS, an appropriation of \$1.8 million to be transferred to the 115 Trust has not been appropriated in FY23-24 adopted budget.

NOW, THEREFORE, BE IT RESOLVED that the City of Sebastopol City Council hereby approve a budget amendment in the Pension Reserve Fund as necessary to fund the Trust account that will be set up and the \$1.8 million initial deposit can be made to the Trust.

The above and foregoing Resolution was duly passed, approved, and adopted at a meeting by the City Council on the 17th day of October, 2023.

I, the undersigned, hereby certify that the foregoing Resolution was duly adopted by City of Sebastopol City Council following a roll call vote:

**VOTE:**

Ayes: Councilmembers McLewis, Maurer, Zollman, Vice Mayor Rich and Mayor Hinton

Noes: None

Absent: None

Abstain: None

APPROVED:   
Mayor Neysa Hinton

ATTEST:   
Mary Gourley, Assistant City Manager/City Clerk, MMC

APPROVED AS TO FORM:   
Larry McLaughlin, City Attorney