



## Legislation Text

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**File #:** 18-0078, **Version:** 1

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Chief Administrative Office recommending the Board receive a presentation regarding options for establishing a public agency post-employment benefits trust program, Internal Revenue Code Section 115 Irrevocable Trust, as it relates to the County's CalPERS retirement and other post employment benefit liabilities, presented by Public Agency Retirement Services, and provide related direction to staff. (Est. Time: 45 Min.)

### **DEPARTMENT RECOMMENDATION**

Chief Administrative Office recommending the Board of Supervisors receive a presentation regarding options for establishing a public agency post-employment benefits trust program, Internal Revenue Code (IRC) Section 115 Irrevocable Trust, as it relates to the County's CalPERS retirement and other post employment benefit (OPEB) liabilities, presented by Public Agency Retirement Services (PARS), and provide related direction to staff.

### **DISCUSSION / BACKGROUND**

Escalating pension costs, driven recently by plan and assumption changes adopted by the CalPERS Board of Directors, has been recognized by the Board of Supervisors as a continuing threat to the County's financial stability. Initial discussion regarding establishing a Section 115 trust for pre-funding pensions and/or other post-employment benefits (i.e., health care obligations) occurred during the FY 2017-18 budget development process, and most recently at the FY 2017-18 Budget Hearing in September of 2017. During that hearing, and as part of the adoption of the FY 2017-18 Budget, the Board established a designated fund balance in the amount of \$1,360,391 for possible initial contribution to the CalPERS/OPEB trust.

Representatives from Public Agency Retirement Services (PARS) have been invited to provide a presentation on the Section 115 Irrevocable Trust programs. Following this presentation, it is requested that the Board provide staff with direction whether or not to pursue establishing the described trust.

The Chief Administrative Office will return to the Board at a subsequent meeting, based on the discussion and any follow-up direction provided to staff. If the Board desires to move forward with establishing a Section 115 Trust, necessary documents will be prepared and presented to the Board for approval.

### **FINANCIAL IMPACT**

During the adoption of the FY 2017-18 Budget, the Board established a designated fund balance in the amount of \$1,360,391 for possible initial contribution to a CalPERS/OPEB trust.

### **CLERK OF THE BOARD FOLLOW UP ACTIONS**

None at this time.

### **STRATEGIC PLAN COMPONENT**

Good Governance

**CONTACT**

Don Ashton, Chief Administrative Officer

Shawne Corley, Assistant Chief Administrative Officer