



AGENDA REPORT

Meeting Date: December 20, 2016

Item Number: D-12

To: Honorable Mayor & City Council

From: Don Rhoads, Director of Administrative Services/Chief Financial Officer
Tatiana Szerwinski, Sr. Budget & Financial Analyst

Subject: RESOLUTION OF THE COUNCIL OF THE CITY OF BEVERLY HILLS
APPROVING THE ADOPTION OF THE PUBLIC AGENCIES POST-
EMPLOYMENT BENEFITS TRUST ADMINISTERED BY PUBLIC
AGENCY RETIREMENT SERVICES (PARS)

Attachments:

1. Resolution
2. Agreement
3. US Bank Fee Schedule
4. Section 115 Trust Investment Committee Policy

RECOMMENDATION

At its meeting of December 6, 2016, the Council started discovery for this item, but due to time constraints the matter was continued to this meeting. This report transmits to the City Council a recommendation discussed earlier at this afternoon's Study Session to setup a Section 115 Trust to manage potential increases in the City's unfunded liabilities. It is recommended that the City Council approve the City's establishment of the PARS Post-Employment Benefits Trust Program and adopt a resolution authorizing the plan to be administered by Public Agency Retirement Services (PARS) and U.S. Bank, appointing the Director of Administrative Services/CFO as the City's Plan Administrator, and authorizing the City Clerk to execute the documents to implement the Program. It is also recommended that the City Council authorize the Director of Administrative Services/CFO, subject to the review and approval of the City's legal counsel, to sign all necessary documents.

INTRODUCTION

Unfunded pension and retiree medical obligations represent significant liabilities to the City and recent Governmental Accounting Standards Board (GASB) Statements are

Meeting Date: December 20, 2016

requiring that these liabilities be recognized on governmental employers' balance sheets. To address the funding of these liabilities, the Budget Review Committee had several meetings throughout the summer and fall of 2016 to discuss establishing a Section 115 Trust and met with potential vendors, including Public Agency Retirement Services (PARS) and The Public Financial Management (PFM) Group regarding their programs. A Section 115 Program offered by CalPERS was considered as well.

At its October 5, 2016 meeting, the Budget Review Committee reviewed several vendor options for establishing a Section 115 Trust and recommended that PARS be selected to administer the trust. Additionally, the City Treasurer and Director of Administrative Services/CFO drafted an Investment Committee Policy (included as attachment no. 4) to facilitate the trust's administrative and investment management functions.

DISCUSSION

Unfunded Pension Liability

In 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. GASB 68 requires that governmental employers that sponsor Defined Benefit plans (i.e., CalPERS) must recognize a net pension liability (unfunded accrued liability) on their balance sheet. This is the difference between the City's total pension liability (actuarial accrued liability) and the market value of actual plan assets. The City reported this liability for the first time in its June 30, 2015 Comprehensive Annual Financial Report (CAFR) and the current unfunded liability totals \$211.9 million.

Unfunded Other Post-Employment Benefits (OPEB) Liability

In 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB 75 requires the City to report costs and obligations for post-employment healthcare and other post-employment benefits (called "OPEBs"). The City must also report its \$99.3 million net OPEB liability on its financial statements starting in fiscal year 2017/18.

Managing Unfunded Liabilities

In an effort to help public agencies address and manage their pension (GASB 68) and OPEB (GASB 75) liabilities, PARS has developed a Post-Employment Benefits Trust Program which will provide the City with the necessary services required under one program to pre-fund pension and retiree health care liabilities through an IRS reviewed program. The program has been established as a multiple employer trust so that public agencies, regardless of size, can join the program to receive the necessary economies of scale to keep administrative fees low and avoid any setup costs. To properly offset liabilities, funds must be set aside in an exclusive benefit, irrevocable trust that cannot be accessed by creditors in order to be accounted for as assets to fund the liability on the City's financial statements. The trust permits the City, under federal and state law, to invest in a more diversified array of investments to maximize investment returns long term and reduce the City's liabilities. As opposed to the regular City investment policy, which limits the returns.

To reduce the net pension liability, the City's only prior option was to send additional funds to CalPERS (in excess of its annual required contributions). However,

Meeting Date: December 20, 2016

establishing a section 115 Trust would allow the City to "pre-fund" its CalPERS unfunded liability, which will allow for greater local control over assets invested by a professional fund management team selected and monitored by the City.

To date, forty-eight (48) public agencies have adopted the PARS pension trust program including the Cities of Coronado, Huntington Beach, Santa Ana, Brea, Rancho Cucamonga, Napa, Sausalito and Tiburon. Additionally, over 230 agencies, including cities, counties and special districts have adopted programs through PARS to fund their OPEB liabilities, including the City of Culver City, City of Lakewood, and City of Santa Clarita.

Expected benefits offered by the PARS Post-Employment Benefits Trust include:

- Contributions placed in an exclusive benefit trust to reduce CalPERS unfunded liability could lower City's Net Pension Liability and could lower the City's unfunded OPEB liability,
- Investment flexibility with Section 115 Trust compared to restrictions on general fund investments (Govt. Code 53216),
- Increased risk diversification of plan assets through different asset management
- Investments can be tailored to the City's unique demographics,
- Oversight and control of fund management selection, monitoring of performance and ability to replace fund management based on performance criteria,
- Increased flexibility on use of trust assets (i.e., trust assets can be accessed at any time as long as the assets are used to fund the City's pension obligations and defray reasonable expenses associated therewith),
- Ability to pre-fund OPEB (i.e., retiree health care) liabilities within the same trust,
- Potential for positive rating agency and investor consideration.

PARS has partnered with US Bank to serve as trustee and its sub-adviser HighMark Capital Management, Inc., to provide investment management services for the program.

FISCAL IMPACT

The City's current unfunded pension liability per the CalPERS actuarial report as of June 30, 2015 is \$129.1 for the safety plan and \$82.8M for the miscellaneous plan, totaling \$211.9M. The City's unfunded OPEB actuarial accrued liability, calculated by Bartel & Associates as of June 30, 2015, is \$99.3M.

The City currently has \$42.4 million reserved for unfunded OPEB liabilities and only \$4.5 million reserved for unfunded pension liabilities, both of which can be used to fund the trust, should the City Council authorize establishing the trust. However, no action will be taken to move funds into the trust until staff returns to City Council for direction on a funding plan.

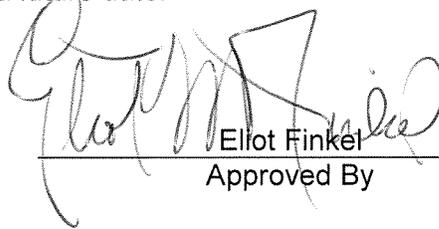
Total combined administrative, trustee and investment management fees for PARS, US Bank and HighMark Capital Management start at 0.60% of assets, are tiered and will become lower as assets in the program increase. For example, with currently available funding of \$46.9 million, the annual fee would be 0.35% of assets.

Meeting Date: December 20, 2016

Subsequent meetings with the Budget Review Committee and the Trust administrator, PARS, and investment management firm, HighMark Capital, will be scheduled to determine the investment strategies for the trust. Additionally, funding strategies will be discussed and brought back to City Council at a future date.



Don Rhoads
Approved By



Elliot Finkel
Approved By

ATTACHMENT 1

RESOLUTION NO. 16-R-_____

RESOLUTION OF THE COUNCIL OF THE CITY OF
BEVERLY HILLS APPROVING THE ADOPTION OF THE
PUBLIC AGENCIES POST-EMPLOYMENT BENEFITS TRUST
ADMINISTERED BY PUBLIC AGENCY RETIREMENT
SERVICES (PARS)

WHEREAS, the 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 City of Beverly Hills (“City”) 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 there under, and is a tax-exempt trust under the relevant statutory provisions of the State of California; and

WHEREAS, the City’s adoption and operation of the Program has no effect on any current or former employee’s entitlement to post-employment benefits; and

WHEREAS, the terms and conditions of post-employment benefit entitlement, if any, are governed by contracts separate from and independent of the Program; and

WHEREAS, the City’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 City reserves the right to make contributions, if any, to the Program.

NOW, THEREFORE, THE COUNCIL OF THE CITY OF BEVERLY HILLS DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The City Council hereby adopts the PARS Public Agencies Post-Employment Benefits Trust, effective December 6, 2016.

Section 2. The City Council hereby appoints the Director of Administrative Services/CFO, or his/her successor or his/her designee as the City’s Plan Administrator for the Program.

Section 3. The City’s Plan Administrator is hereby authorized to execute the PARS legal and administrative documents on behalf of the City and to take whatever additional actions are necessary to maintain the City’s participation in the Program and to maintain compliance of any relevant regulation issued or as may be issued; therefore, authorizing him/her to take whatever additional actions are required to administer the City’s Program.

Section 4. The City Clerk shall certify to the adoption of this resolution and shall cause this resolution and his certification to be entered in the Book of Resolutions of the Council of this City.

Adopted:

JOHN A. MIRISCH
Mayor of the City of Beverly Hills, California

ATTEST:

(SEAL)
BYRON POPE
City Clerk

APPROVED AS TO FORM:



LAURENCE S. WIENER
City Attorney

APPROVED AS TO CONTENT:

MAHDI ALUZRI
City Manager

ATTACHMENT 2

AGREEMENT FOR ADMINISTRATIVE SERVICES

This agreement (“Agreement”) is made this 20th day of December, 2016, between Phase II Systems, a corporation organized and existing under the laws of the State of California, doing business as Public Agency Retirement Services and PARS (hereinafter “PARS”) and the City of Beverly Hills (“Agency”).

WHEREAS, the Agency has adopted the PARS Public Agencies Post-Employment Benefits Trust for the purpose of pre-funding pension obligations and/or OPEB obligations (“Plan”), and is desirous of retaining PARS as Trust Administrator to the Trust, to provide administrative services.

NOW THEREFORE, the parties agree:

1. **Services.** PARS will provide the services pertaining to the Plan as described in the exhibit attached hereto as “Exhibit 1A” (“Services”) in a timely manner, subject to the further provisions of this Agreement.
2. **Fees for Services.** PARS will be compensated for performance of the Services as described in the exhibit attached hereto as “Exhibit 1B”.
3. **Payment Terms.** Payment for the Services will be remitted directly from Plan assets unless the Agency chooses to make payment directly to PARS. In the event that the Agency chooses to make payment directly to PARS, it shall be the responsibility of the Agency to remit payment directly to PARS based upon an invoice prepared by PARS and delivered to the Agency. If payment is not received by PARS within thirty (30) days of the invoice delivery date, the balance due shall bear interest at the rate of 1.5% per month. If payment is not received from the Agency within sixty (60) days of the invoice delivery date, payment plus accrued interest will be remitted directly from Plan assets, unless PARS has previously received written communication disputing the subject invoice that is signed by a duly authorized representative of the Agency.
4. **Fees for Services Beyond Scope.** Fees for services beyond those specified in this Agreement will be billed to the Agency at the rates indicated in the PARS’ standard fee schedule in effect at the time the services are provided and shall be payable as described in Section 3 of this Agreement. Before any such services are performed, PARS will provide the Agency with a detailed description of the services, terms, and applicable rates for such services. Such services, terms, and applicable rates shall be agreed upon in writing and executed by both parties.

Information Furnished to PARS. PARS will provide the Services contingent upon the Agency’s providing PARS the information specified in the exhibit attached hereto as “Exhibit 1C” (“Data”). It shall be the responsibility of the Agency to certify the accuracy, content and completeness of the Data so that PARS may rely on such information without further audit. It shall further be the responsibility of the Agency to deliver the Data to PARS in such a manner that allows for a reasonable amount of time for the Services to be performed. Unless specified in Exhibit 1A, PARS shall be under no duty to question Data received from the Agency, to compute contributions made to the

Plan, to determine or inquire whether contributions are adequate to meet and discharge liabilities under the Plan, or to determine or inquire whether contributions made to the Plan are in compliance with the Plan or applicable law. In addition, PARS shall not be liable for non performance of Services to the extent such non performance is caused by or results from erroneous and/or late delivery of Data from the Agency. In the event that the Agency fails to provide Data in a complete, accurate and timely manner and pursuant to the specifications in Exhibit 1C, PARS reserves the right, notwithstanding the further provisions of this Agreement, to terminate this Agreement upon no less than ninety (90) days written notice to the Agency.

5. **Records.** Throughout the duration of this Agreement, and for a period of five (5) years after termination of this Agreement, PARS shall provide duly authorized representatives of Agency access to all records and material relating to calculation of PARS' fees under this Agreement. Such access shall include the right to inspect, audit and reproduce such records and material and to verify reports furnished in compliance with the provisions of this Agreement. All information so obtained shall be accorded confidential treatment as provided under applicable law.
6. **Confidentiality.** Without the Agency's consent, PARS shall not disclose any information relating to the Plan except to duly authorized officials of the Agency, subject to applicable law, and to parties retained by PARS to perform specific services within this Agreement. The Agency shall not disclose any information relating to the Plan to individuals not employed by the Agency without the prior written consent of PARS, except as such disclosures may be required by applicable law.
7. **Independent Contractor.** PARS is and at all times hereunder shall be an independent contractor. As such, neither the Agency nor any of its officers, employees or agents shall have the power to control the conduct of PARS, its officers, employees or agents, except as specifically set forth and provided for herein. PARS shall pay all wages, salaries and other amounts due its employees in connection with this Agreement and shall be responsible for all reports and obligations respecting them, such as social security, income tax withholding, unemployment compensation, workers' compensation and similar matters.
8. **Indemnification.** PARS and Agency hereby indemnify each other and hold the other harmless, including their respective officers, directors, employees, agents and attorneys, from any claim, loss, demand, liability, or expense, including reasonable attorneys' fees and costs, incurred by the other as a consequence of, to the extent, PARS' or Agency's, as the case may be, negligent acts, errors or omissions with respect to the performance of their respective duties hereunder.
9. **Compliance with Applicable Law.** The Agency shall observe and comply with federal, state and local laws in effect when this Agreement is executed, or which may come into effect during the term of this Agreement, regarding the administration of the Plan. PARS shall observe and comply with federal, state and local laws in effect when this Agreement is executed, or which may come into effect during the term of this Agreement, regarding Plan administrative services provided under this Agreement.

10. **Applicable Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California. In the event any party institutes legal proceedings to enforce or interpret this Agreement, venue and jurisdiction shall be in any state court of competent jurisdiction.
11. **Force Majeure.** When a party's nonperformance hereunder was beyond the control and not due to the fault of the party not performing, a party shall be excused from performing its obligations under this Agreement during the time and to the extent that it is prevented from performing by such cause, including but not limited to: any incidence of fire, flood, acts of God, acts of terrorism or war, commandeering of material, products, plants or facilities by the federal, state or local government, or a material act or omission by the other party.
12. **Ownership of Reports and Documents.** The originals of all letters, documents, reports, and data produced for the purposes of this Agreement shall be delivered to, and become the property of the Agency. Copies may be made for PARS but shall not be furnished to others without written authorization from Agency.
13. **Designees.** The Plan Administrator of the Agency, or their designee, shall have the authority to act for and exercise any of the rights of the Agency as set forth in this Agreement, subsequent to and in accordance with the written authority granted by the Governing Body of the Agency, a copy of which writing shall be delivered to PARS. Any officer of PARS, or his or her designees, shall have the authority to act for and exercise any of the rights of PARS as set forth in this Agreement.
14. **Notices.** All notices hereunder and communications regarding the interpretation of the terms of this Agreement, or changes thereto, shall be effected by delivery of the notices in person or by depositing the notices in the U.S. mail, registered or certified mail, return receipt requested, postage prepaid and addressed as follows:
 - (A) To PARS: PARS; 4350 Von Karman Avenue, Suite 100, Newport Beach, CA 92660; Attention: President
 - (B) To Agency: City of Beverly Hills; 455 N. Rexford Drive, #350, Beverly Hills, CA 90210; Attention: Director of Administrative Services/CFONotices shall be deemed given on the date received by the addressee.
15. **Term of Agreement.** This Agreement shall remain in effect for the period beginning December 20, 2016 and ending December 31, 2019 ("Term"). This Agreement may be terminated at any time by giving thirty (30) days written notice to the other party of the intent to terminate. Absent a thirty (30) day written notice to the other party of the intent to terminate, this Agreement will continue unchanged for successive twelve month periods following the Term.
16. **Insurance.** At all times throughout the term of this agreement, PARS shall maintain the following insurance coverage and limits:
 - (A) Commercial General Liability-\$1M per occurrence/\$2M aggregate
 - (B) Auto Liability-\$1M combined single limit

(C) Workers Compensation-statutory limits/Employers Liability \$1M

(D) Professional Liability \$1M per claim/\$2M aggregate.

17. **Amendment.** This Agreement may not be amended orally, but only by a written instrument executed by the parties hereto.
18. **Entire Agreement.** This Agreement, including exhibits, contains the entire understanding of the parties with respect to the subject matter set forth in this Agreement. In the event a conflict arises between the parties with respect to any term, condition or provision of this Agreement, the remaining terms, conditions and provisions shall remain in full force and legal effect. No waiver of any term or condition of this Agreement by any party shall be construed by the other as a continuing waiver of such term or condition.
19. **Attorneys Fees.** In the event any action is taken by a party hereto to enforce the terms of this Agreement the prevailing party herein shall be entitled to receive its reasonable attorney's fees.
20. **Counterparts.** This Agreement may be executed in any number of counterparts, and in that event, each counterpart shall be deemed a complete original and be enforceable without reference to any other counterpart.
21. **Headings.** Headings in this Agreement are for convenience only and shall not be used to interpret or construe its provisions.
22. **Effective Date.** This Agreement shall be effective on the date first above written, and also shall be the date the Agreement is executed.

AGENCY:

BY: _____
Don Rhoads

TITLE: Director of Administrative Services/CFO

DATE: _____

PARS:

BY: _____
Tod Hammeras

TITLE: Chief Financial Officer

DATE: _____

EXHIBIT 1A

SERVICES

PARS will provide the following services for the City of Beverly Hills Public Agencies Post-Employment Benefits Trust:

1. Plan Installation Services:

- (A) Meeting with appropriate Agency personnel to discuss plan provisions, implementation timelines, actuarial valuation process, funding strategies, benefit communication strategies, data reporting, and submission requirements for contributions/reimbursements/distributions;
- (B) Providing the necessary analysis and advisory services to finalize these elements of the Plan;
- (C) Providing the documentation needed to establish the Plan to be reviewed and approved by Agency legal counsel. Resulting final Plan documentation must be approved by the Agency prior to the commencement of PARS Plan Administration Services outlined in Exhibit 1A, paragraph 2 below.

2. Plan Administration Services:

- (A) Monitoring the receipt of Plan contributions made by the Agency to the trustee of the PARS Public Agencies Post-Employment Benefits Trust (“Trustee”), based upon information received from the Agency and the Trustee;
- (B) Performing periodic accounting of Plan assets, reimbursements/distributions, and investment activity, based upon information received from the Agency and/or Trustee;
- (C) Coordinating the processing of distribution payments pursuant to authorized direction by the Agency, and the provisions of the Plan, and, to the extent possible, based upon Agency-provided Data;
- (D) Coordinating actions with the Trustee as directed by the Plan Administrator within the scope this Agreement;
- (E) Preparing and submitting a monthly report of Plan activity to the Agency, unless directed by the Agency otherwise;
- (F) Preparing and submitting an annual report of Plan activity to the Agency;
- (G) Facilitating actuarial valuation updates and funding modifications for compliance with GASB 45, if prefunding OPEB obligations;
- (H) Coordinating periodic audits of the Trust;
- (I) Monitoring Plan and Trust compliance with federal and state laws.

3. PARS is not licensed to provide and does not offer tax, accounting, legal, investment or actuarial advice.

EXHIBIT 1B
FEES FOR SERVICES

PARS will be compensated for performance of Services, as described in Exhibit 1A based upon the following schedule:

- (A) An annual asset fee paid by the Agency or paid from Plan Assets based on the following schedule:

<u>For Plan Assets from:</u>			<u>Annual Rate:</u>
\$0	to	\$10,000,000	0.25%
\$10,000,001	to	\$15,000,000	0.20%
\$15,000,001	to	\$50,000,000	0.15%
\$50,000,001	and	above	0.10%

Annual rates are prorated and paid monthly. The annual asset fee shall be calculated by the following formula [Annual Rate divided by 12 (months of the year) multiplied by the Plan asset balance at the end of the month]. Trustee and Investment Management Fees are not included.

- (B) The annual asset fee referenced above shall be paid as follows:

Annual Asset Fee Payment Option (Please select one option below):

- Annual Asset Fee shall be paid from Plan Assets.
- Annual Asset Fee shall be invoiced to and paid by the Agency.

EXHIBIT 1C
DATA REQUIREMENTS

PARS will provide the Services under this Agreement contingent upon receiving the following information:

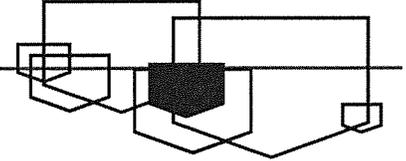
1. Executed Legal Documents:
 - (A) Certified Resolution
 - (B) Adoption Agreement to the Public Agencies Post-Employment Benefits Trust
 - (C) Trustee Investment Forms

2. Contribution – completed Contribution Transmittal Form signed by the Plan Administrator (or authorized Designee) which contains the following information:
 - (A) Agency name
 - (B) Contribution amount
 - (C) Contribution date
 - (D) Contribution method (Check, ACH, Wire)

3. Distribution – completed Payment Reimbursement/Distribution Form signed by the Plan Administrator (or authorized Designee) which contains the following information:
 - (A) Agency name
 - (B) Payment reimbursement/distribution amount
 - (C) Applicable statement date
 - (D) Copy of applicable premium, claim, statement, warrant, and/or administrative expense evidencing payment
 - (E) Signed certification of reimbursement/distribution from the Plan Administrator (or authorized Designee)

4. Other information pertinent to the Services as reasonably requested by PARS and Actuarial Provider.

ATTACHMENT 3



**DISCRETIONARY TRUSTEE
FEE SCHEDULE**

**PARS SECTION 115 POST-EMPLOYMENT
BENEFITS TRUST PROGRAM**

This document is entered into by client and U.S. Bank National Association ("U.S. Bank"), as trustee.

ANNUAL FEES

TRUST/CUSTODY FEES

- All Plan assets - waived

INVESTMENT MANAGEMENT FEES

Investment Management Fees are based on the Investment Strategy you select. Following is a list of the Investment Management Fees applicable to each Investment Strategy:

- **Liquidity — First American U.S. Treasury Money Market** – Fund level fees only (see prospectus)
- **Liquidity — First American Prime Obligation Fund Class Z** – Fund level fees only (see prospectus)
- **Diversified Portfolios (Conservative, Moderately Conservative, Moderate, Balanced, Capital Appreciation)**

Per Annum Charges*

.35% on the first	\$ 5,000,000
.25% on the next	\$ 5,000,000
.20% on the next	\$ 5,000,000
.15% on the next	\$35,000,000
.10% on all over	\$50,000,000

*waived for plan assets invested in First American and Nationwide/HighMark funds where HighMark Capital Management is the sub-adviser of the fund.

OTHER FEES

- First American Mutual Funds – See Prospectus

PAYMENT OF FEES

Market values used for fee calculations on fee invoices may differ slightly from market values on client statements due to posting of accruals, late pricing of securities and/or other timing issues.

Fees are calculated and charged to the account monthly. If account cannot be charged after 30 days, fees not paid will be subject to a late charge of 1% per month on the unpaid balance. Changes to this Fee Schedule may be made at any time by U.S. Bank upon reasonable notice.

ACKNOWLEDGED AND APPROVED

PARS Post-Employment Benefits Trust Program

Name of Trust

Don Rhoads

Name of Authorized Signer

Signature of Authorized Signer

OPEB & Pension Plans

Name of Plan

Director of Administrative Services/CFO

Title

12-14-16

Date

ATTACHMENT 4

The City of Beverly Hills Section 115 Trust Investment Committee Policy

The Section 115 Trust Investment Committee is a sub-committee of the ad hoc Budget Review Committee;

I. MEMBERSHIP

1. MEMBERS

Membership of the City of Beverly Hills Section 115 Trust Investment Committee (the "Committee") will be comprised of 5 members representing the City Treasurer, Director of Finance/CFO, and three community members. Community members will be appointed by the City Treasurer for 3 year terms.

2. COMPENSATION

Members of the Committee serve without compensation.

II. ADMINISTRATION

1. CHAIR

The City Treasurer shall serve as Chair of the Committee.

2. FILLING OF VACANCY IN OFFICE

In the event of a vacancy in the office of Chair, the Director of Finance/CFO shall assume the office of Chair until the vacancy is filled.

III. ACCOUNTABILITY

1. REVIEW OF FINANCIAL INFORMATION

The Committee shall receive quarterly financial performance reports from the Trust Administrator, and shall review all key financial information to ensure that resources are used and actions taken in compliance with the Trust Agreement for Administrative Services and the Investment Policy as approved by the Committee. The Committee shall review all audits and similar information to ensure compliance with financial control practices and accounting rules.

2. ANNUAL REPORTS

The Committee shall submit an annual report (fiscal year) of performance to the be filed with the Administrative Services Department within ninety days after the end of the fiscal year.

IV. MEETINGS

1. REGULAR MEETINGS

Regular meetings of the Committee shall be held semiannually.

2. SPECIAL MEETINGS

Special meetings of the Committee may be called with at least 72 hours' notice to the Committee members.

3. CONSENSUS

A majority vote of the Committee members in attendance shall be required for action. There must be quorum present at all Committee meetings.

4. ITINERARY

Meeting itineraries shall be made available to Committee members at least 5 business days in advance of a Regular Meeting and at the time a Special Meeting is called. Members of the Committee may request an item to be included on the meeting itinerary by contacting the Chair of the Committee.

5. NOTES

Notes shall be recorded to document the time and place of each meeting, the names of members present, all official acts of the Committee and shall cause the notes to be written forthwith and presented for approval at the next regular meeting. The notes shall form part of the permanent records of the Committee maintained by the Administrative Services Department.

IV. CONFLICT OF INTEREST REGULATIONS

A Committee member shall not engage in any employment, activity, or enterprise for compensation which is inconsistent, incompatible, in conflict with, or inimical to his or her duties, functions or responsibilities on the Committee. Such member shall not perform any work, service, or counsel for compensation outside of his or her Committee responsibilities where any part of his or her efforts will be subject to approval by the Committee.