



STAFF REPORT

DATE: 10/15/2025
TO: Honorable Mayor and City Council Members
FROM: Finance Department

2025-372

REQUEST FOR CITY COUNCIL ACTION

SUBJECT:

AMEND THE PENSION STABILIZATION TRUST AGREEMENT AND THE PENSION STABILIZATION TRUST INVESTMENT POLICY

EXECUTIVE SUMMARY:

This staff report asks the City Council to approve resolutions amending the Pension Stabilization Trust Agreement, revising the Trust Board's governance structure and meeting frequency, and updating the Pension Stabilization Trust Investment Policy, which includes changes related to the revised Trust Agreement.

RECOMMENDED ACTION:

That the City Council:

- a. Adopt Resolution No. 2025-102, amending the Trust Agreement Governing the City of Corona Pension Stabilization Trust Pursuant to Section 115 of the Internal Revenue Code.
- b. Adopt Resolution No. 2025-103, approving the City of Corona's Pension Stabilization Trust Investment Policy.

BACKGROUND & HISTORY:

On January 19, 2022, the City Council approved the establishment of a Section 115 Trust, or Pension Stabilization Trust, to set aside funds for future pension contributions. At the

same time, the Pension Stabilization Trust Agreement (“Trust Agreement”) was approved. The Trust Agreement identified the purpose and duration of the Trust Fund, created the Trust Board, and set forth the terms for administering the Trust Fund. The Trust Board has met twice per year since 2022, as required in the Trust Agreement.

The Trust Agreement mandates two meetings annually, following Brown Act guidelines. These meetings generally occur in October and January and are scheduled based on the availability of Trust Board members rather than specific days within those months. They are held at City Hall during regular business hours. Per the Brown Act requirements, the agenda is posted at least 72 hours in advance of the meeting. Along with the agenda, the presentation materials are included.

ANALYSIS:

The current Trust Agreement mandates two meetings per year. The purpose of the October meeting is to discuss updated CalPERS information after receiving and reviewing the actuarial reports. The January meeting’s purpose is to discuss a Trust Fund contribution based on the previous fiscal year’s General Fund surplus. A large portion of the January presentation is repeated information from October.

Staff is recommending amendments to the Trust Agreement as follows:

1. Update the Trust Agreement to change the composition of the Board of Trustees. The current Board of Trustees is the City Treasurer, City Manager, Assistant City Manager, Finance Director, and Accounting Manager. The proposed amendment changes the Board of Trustees members to the City Council members.
2. Change the meeting frequency to once per year, in January, to align with the annual budget process and after completion of the Annual Comprehensive Financial Report (ACFR). At a regularly scheduled Council meeting, staff will present the CalPERS actuarial report analysis and provide a recommendation for a Pension Trust contribution. The City Council, acting as the Board of Trustees, can discuss the recommendation and provide direction to staff.
3. Assign the investment monitoring activity to the Treasury Committee. The Treasury Committee is defined in the City’s Investment Policy and is comprised of the City Treasurer, City Manager, Assistant City Manager, and Finance Director.

As the Board of Trustees, the City Council will review information and act as fiduciaries of the Trust Fund. In a fiduciary role, the Trustees’ perspective is not just to consider the best interests of the City, but also the best interests of the Trust. The fiduciary standards are noted in Section 5.4 of the original Trust Agreement (attached as Exhibit 4).

The Pension Stabilization Trust Investment Policy changes reflect the updates to the amended Trust Agreement, including the change in the Board of Trustees and assigning the oversight of the investment monitoring activity to the Treasury Committee.

The changes to the Trust Agreement and the Pension Stabilization Investment Policy aim to enhance transparency with the Council, staff, and the public. Communicating this

information at a regular Council meeting will help reach a broader audience and ensure that key information is discussed in a more open and inclusive forum. This shift also allows for greater documentation and formalization of decisions, ensuring that stakeholders can trace how and why certain decisions were made.

FINANCIAL IMPACT:

There is no financial impact associated with this item.

ENVIRONMENTAL ANALYSIS:

This action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the common sense exemption that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. This action is to approve a resolution to amend the Pension Stabilization Trust Agreement and Pension Stabilization Trust Investment Policy, and there is no possibility that approval of the recommended actions will have a significant effect on the environment. Therefore, no environmental analysis is required.

PREPARED BY: KIM SITTON, FINANCE DIRECTOR

REVIEWED BY: BRETT CHANNING, ASSISTANT CITY MANAGER

ATTACHMENTS:

1. Exhibit 1 – Resolution No. 2025-102 Amending the Pension Stabilization Trust Agreement
2. Exhibit 2 – Resolution No. 2025-103 Approving the Pension Stabilization Trust Investment Policy.
3. Exhibit 3 – Pension Stabilization Trust Investment Policy 10.15.25 – Redline
4. Exhibit 4 – Pension Stabilization Trust Agreement Effective January 19, 2022.