

RESOLUTION NO. 2025-102

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORONA, CALIFORNIA, AMENDING THE TRUST AGREEMENT GOVERNING THE CITY OF CORONA PENSION STABILIZATION TRUST PURSUANT TO SECTION 115 OF THE INTERNAL REVENUE CODE

WHEREAS, the City of Corona (“City”) currently provides employees with retirement benefits through CalPERS, a defined benefit pension program; and

WHEREAS, the CalPERS pension system is not currently 100% funded, meaning that there is a gap between what CalPERS members have contributed to CalPERS and the benefits owed to retirees, which has created an unfunded accrued liability (“UAL”) in the CalPERS pension system; and

WHEREAS, in an effort to stabilize the overall pension fund, CalPERS has instituted new programs that require employers such as the City to accelerate payments to pay-down existing UAL account balances; and

WHEREAS, to cost-effectively manage the City’s obligation to pay its UAL to the CalPERS system, the City issued the City of Corona 2021 Taxable Pension Obligation Bonds in October 2021 in the amount of \$276.7 Million for a term of 13 years and prepaid all of its current UAL to CalPERS in the amount of \$275.6 Million; and

WHEREAS, to institute added fiscal discipline and future financial stability, the City has adopted a Pension Management Policy that would mandate budgetary actions to facilitate the accelerated payoff of any future UAL account balances; and

WHEREAS, on January 19, 2022 the City Council approved the Trust Agreement Governing the Pension Stabilization Trust (“Trust Agreement”), which established a Section 115 Trust, a tax-exempt trust authorized by Section 115 of the Internal Revenue Code, as amended, and the Regulations issued thereunder, used to segregate City funds from general assets and irrevocably commit such funds for essential governmental purposes, such as pension obligations; and

WHEREAS, the City Council has determined that it is in the best interests of the City to amend the Trust Agreement to change the composition of the Board of Trustees to be the City Council members, change the frequency of the meetings, and make associated changes to the Trust Agreement.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CORONA, CALIFORNIA, AS FOLLOWS:

SECTION 1. Findings. The City Council hereby finds and determines that the above stated recitals are true and correct.

SECTION 2. Trust Agreement Amendment No. 1. The City Council hereby adopts Amendment No. 1 to the Trust Agreement Governing City of Corona Pension Stabilization Trust attached hereto as Exhibit “A” and incorporated herein by reference.

SECTION 3. Effective Date. This Resolution shall become effective on October 15, 2025.

PASSED, APPROVED AND ADOPTED this 15th day of October, 2025.

Mayor of the City of Corona, California

ATTEST:

City Clerk of the City of Corona, California

CERTIFICATION

I, Sylvia Edwards, City Clerk of the City of Corona, California, do hereby certify that the foregoing Resolution was regularly passed and adopted by the City Council of the City of Corona, California, at a regular meeting thereof held on the 15th day of October 2025 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINED:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Corona, California, this 15th day of October 2025.

City Clerk of the City of Corona, California

[SEAL]

EXHIBIT A

**AMENDMENT NO. 1
to the
TRUST AGREEMENT GOVERNING
CITY OF CORONA PENSION STABILIZATION TRUST**

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WHEREAS, on or about January 19, 2022, the City of Corona (the “City”) adopted that certain Trust Agreement Governing City of Corona Pension Stabilization Trust (the “Trust Agreement”) to administer the pension stabilization trust fund created by the City to hold funds set aside by the City for future pension contributions to CalPERS;

WHEREAS, the City Council of the City does hereby adopt this Amendment No. 1 to the Trust Agreement, effective October 15, 2025, as follows:

1. Board of Trustees Composition. Section 3.4 of the Trust Agreement is deleted and revised to read as follows:

“3.4 Board of Trustees Members and Terms

The shall be five Trustees. The Trustees shall be the current City Council members. Their terms as Trustees shall correspond to their City Council terms in office. In the event that a City Council member is removed from office, resigns, dies or otherwise terminates his or her term early, the City Manager may appoint another City employee or elected official of the City to fill the Trustee position until a new City Council member is elected.”

2. Trustee Requirements and Disqualification. Sections 3.5, 3.6, and 3.8 through 3.11 of the Trust Agreement are deleted in their entirety. Sections 3.12 and 3.13 of the Trust Agreement are renumbered as Section 3.6 and 3.7, respectively. Section 3.7 of the Trust Agreement is renumbered as Section 3.5 and revised to read as follows:

“3.5 Disqualification and Removal of Trustees

The City shall apply City of Corona Municipal Code Section 2.09.060 to remove Trustees that are disqualified from serving as a Trustee or not fulfilling their responsibilities as a Trustee. A Trustee who fails to attend two (2) consecutive meetings of the Board of Trustees, without being excused from attendance by the Chairperson, is not fulfilling their responsibilities as a Trustee. An individual who is convicted of a felony, or accused, found guilty or held liable for a breach of trust, or declared mentally incompetent, is disqualified from holding a Trustee position.”

3. Frequency of Meetings. Section 4.5 of the Trust Agreement is deleted and revised to read as follows:

“4.5 Regular Meetings

The Trustees shall hold regular periodic meetings consistent with the needs of Trust Fund business, provided that there shall be at least one regular meeting held during

each calendar year. The Trustees shall determine the time and place of all such meetings, and comply with all applicable provisions for open meetings pursuant to the Ralph M. Brown Act, Cal. Govt. Code Section 54950 et seq.

4. Chairperson and Secretary. Section 4.7 of the Trust Agreement is deleted and revised to read as follows:

“4.7 Chairperson and Secretary

The Mayor shall act as the Chairperson of the Board of Trustees and the Vice Mayor shall act as the Secretary of the Board of Trustees.”

5. No Trustee Compensation. Section 4.10 is deleted and revised to read as follows:

“4.10 Compensation and Expenses

No Trustee shall receive any compensation from the Trust Fund for services as a Trustee. Each Trustee shall be reimbursed out of the Trust Fund for all reasonable expenses properly and actually incurred by the Trustee in the administration of the Trust Fund. The Board of Trustees may establish a policy and procedures for the reimbursement of expenses.”

6. Delegation of Investment Responsibilities. Section 6.2 of the Trust Agreement is deleted and revised to read as follows:

“6.2 Delegation of Investment Responsibilities

The Trustees shall delegate their responsibilities for the management of the Trust Fund investments to one or more qualified investment managers, who shall be registered as an investment adviser under the Investment Advisers Act of 1940 and who shall contractually accept fiduciary responsibility and discretion for investment management of the Trust Fund investments. The delegation shall be effective when the investment manager accepts the delegation and acknowledges in writing his status as a fiduciary with respect to the Trust Fund.

The Board of Trustees shall have authority to select and hire the Investment Manager, as defined in the City’s Investment Policy – Pension Stabilization Trust (Policy 01200.606, as may be revised in the future) (the “Trust Investment Policy”). The Treasury Committee, as defined in the City’s Investment Policy (Policy 01200.602, as may be revised in the future), shall have responsibility to oversee the Investment Manager, and review investment reports and results, as stated in the Trust Investment Policy. The Treasury Committee shall report to the Board of Trustees at least annually on the performance of the Trust Fund’s investments and compliance with the Trust Investment Policy. If the Treasury Committee has concerns about any aspect of the Trust’s investments, the Treasury Committee shall report such concerns to the Investment Manager and to the Board of Trustees, as soon as practical.”

7. Amendments. Section 10.1 of the Trust Agreement is deleted and revised to read as follows:

“This Trust Agreement may be amended in writing at any time by action of the City Council.”

8. Termination. Section 10.2 of the Trust Agreement is deleted and revised to read as follows:

“10.2 Termination

This Trust Agreement may be terminated at any time by action of the City Council, subject to the allocation requirements in Section 10.3 hereof.

As part of the termination process, the Trustees or the City may arrange for retention of an independent Trustee to administer the wasting trust and pay obligations for pension benefit contributions on behalf of the City employees and/or retirees, until such time as there are no obligations remaining. When all pension obligations of the City are paid, the remaining assets of the Trust Fund may revert to the City or may be paid into another trust fund which is tax exempt under Code Section 115.”

This Amendment No. 1 to the Trust Agreement was adopted by the City Council on this 15th day of October, 2025 and shall be effective immediately after acknowledgement by the Board of Trustees.

For the CITY COUNCIL:

Acknowledged by BOARD OF TRUSTEES:

Signature

Trustee

Print Name

Print Name

Date

Date

Trustee

Print Name

Date