



# Hotsheet

## July 2010

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*-Vicki Rodriguez,  
Director of Finance, City of Euless*

## THE CITIES OF EULESS, NORTH RICHLAND HILLS AND SOUTHLAKE ADOPT THE PARS OPEB TRUST

Pre-funding other post employment benefits (OPEB) is still a relatively new concept to city management, as well as to city councils. PARS, a specialist in the design and administration of retirement plans and of multiple-employer trusts for public agencies, has developed the PARS OPEB Trust to provide government agencies with a comprehensive trust solution to assist them in meeting the requirements of GASB 45. Recently, the cities of Euless, North Richland Hills and Southlake adopted the PARS OPEB Trust. Here are their stories.

### CITY OF EULESS

In 2008, the City of Euless engaged a company to begin pre-funding into a Post Employment Benefit Trust. Ultimately this entity was not able to satisfy the City's expectations and referred them to PARS because of its reputation.

PARS already had an IRS-approved trust established and was able to begin administration of the City of Euless' plan by their desired implementation date. *“Knowing we were in a time crunch, we asked PARS if they could set up a trust to allow us to pre-fund the following week and they were able to meet our needs. Their responsiveness made the difference and convinced us we made the right choice for our OPEB trust provider,”* says Vicki Rodriguez, Director of Finance for the City of Euless.

### CITY OF NORTH RICHLAND HILLS

The City of North Richland Hills began researching ways to fund both current and future retiree health care benefits back in September 2009. The City believed it had a fiduciary responsibility to plan for these future benefits. Although there is no benchmark for funding retiree health benefits, the City knew that the plan should be based on the desired level of benefits, the cost to provide those benefits today and in the future and the ability to pay for those benefits. The City needed to consider the welfare of current and future retirees as well as the impact on the City and its taxpayers. *“The PARS program was selected because it offered flexibility of investment options based on our risk tolerance. The section 115 trust also has IRS approval and is a tax-exempt vehicle for pre-funding post-employment benefits,”* says Larry Koonce, Finance Director for the City of North Richland Hills.

### CITY OF SOUTHLAKE

The City initiated an actuarial valuation that examined what the Unfunded Actuarial Liability (UAL) and Annual Requirement Contribution (ARC) of its post-retirement healthcare liabilities would be under two scenarios: 1) A pay-as-you-go approach and 2) an irrevocable trust to pre-fund retiree healthcare.

FOR MORE INFORMATION ON HOW PARS CAN ASSIST YOUR AGENCY, CONTACT:

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The pay-as-you-go approach resulted in a higher ARC to fund the actuarial liability. In contrast, the ARC was significantly lower if funds were placed in an irrevocable trust and invested long term in a diversified manner for higher rates of return.

The City chose the second option and selected the PARS Trust since it was already established on a multiple-employer basis and had the requisite IRS approvals. The City uses PARS to administer another plan and was pleased with quality of the company's services. The City invested its Annual Required Contribution of \$130,000 into the Trust and plans to contribute each year to ensure that retiree healthcare obligations are well funded in the future.

## THE PARS OPEB TRUST

Many governmental agencies are joining the PARS OPEB Trust program in compliance with GASB 45 standards. The advantages of the PARS approach are:

- Seventeen years of successful OPEB trust experience with Union Bank as Trustee and Investment Manager
- IRS-approved 115 Trust vetted by prominent Texas counsel
- Maximum fiduciary protection
- Investment flexibility on asset allocation strategy and risk tolerance
- Highest degree of personal service
- 90-day termination option

PARS has provided retirement plan design and administration for 27 years and serves governmental agencies exclusively. PARS began providing OPEB consulting services in 1994. Union Bank, the PARS Trustee, has provided services to post-retirement healthcare plans for 17 years. The program provides OPEB trust services to over 70 public agencies.

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The contents of this publication reflect PARS' understanding of the facts.

Before taking any action based on this information,

we recommend that you consult professional advisors regarding your agency's specific objectives and circumstances.

Join these Texas agencies in a  
PARS Retirement Plan:

*City of Beaumont*

*City of Coppell*

*City of Duncanville*

*City of Euless - OPEB*

*City of Fort Worth - OPEB*

*City of Garland - OPEB*

*City of Grand Prairie*

*City of Grapevine*

*City of Haltom City - OPEB*

*City of Hurst - OPEB*

*City of Irving*

*City of La Porte*

*City of Longview*

*City of Mansfield - OPEB*

*City of Mesquite*

*City of North Richland Hills - OPEB*

*City of Odessa*

*City of Rowlett*

*City of San Angelo*

*City of Southlake - OPEB*

*City of Tyler - OPEB*

*City of Watauga*

*County of Dallas*



Making retirement work for you.

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