



## Legislation Details (With Text)

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**File created:** 2/28/2017    **In control:** City Council  
**On agenda:** 4/4/2017    **Final action:** 4/4/2017  
**Title:** Resolution Authorizing City of Greensboro to Establish an Irrevocable Local Government Law Enforcement Special Separation Allowance ("LEOSSA") Trust, Appoint Trustees and Contribute to the Ancillary Governmental Participant Investment Program ("Program") Established by the North Carolina Department of State Treasurer for the Purpose of Accumulating Funds to Pay Special Separation Allowance Benefits to Eligible Law Enforcement Officers as Permitted by North Carolina General Statutes ("NCGS") Section 147-69.2 or 147-69.5

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. LEOSSA Trust Agreement April 2017.pdf, 2. North Carolina Ancillary Governmental Participant Investment Program thru Appendix B.pdf, 3. 17-0161 Resolution for April 4 2017 Meeting LEOSSA Trust.pdf

Date	Ver.	Action By	Action	Result
4/4/2017	1	City Council	adopt	Pass

Resolution Authorizing City of Greensboro to Establish an Irrevocable Local Government Law Enforcement Special Separation Allowance ("LEOSSA") Trust, Appoint Trustees and Contribute to the Ancillary Governmental Participant Investment Program ("Program") Established by the North Carolina Department of State Treasurer for the Purpose of Accumulating Funds to Pay Special Separation Allowance Benefits to Eligible Law Enforcement Officers as Permitted by North Carolina General Statutes ("NCGS") Section 147-69.2 or 147-69.5

Department: Financial and Administrative Services  
Council District: All

Public Hearing: N/A  
Advertising Date: N/A

Contact 1 and Phone: Richard Lusk, Finance Director, 373-2077  
Contact 2 and Phone: Marlene Druga, Deputy Finance Director, 373-2094

**PURPOSE:**

Effective January 1, 1987, the City is statutorily required to provide an annual separation allowance to eligible sworn law enforcement officers based on a defined formula and officers' number of years of creditable service. (NCGS 143-166.42) In order to accumulate sufficient funds to pay these benefits when due, the City desires to establish an irrevocable LEOSSA Trust, appoint Trustees and to make contributions to an Investment Program administered by the North Carolina Department of State Treasurer. A similar-type irrevocable Trust and investment arrangement was authorized and established by the City Council in 2011 for the sole purpose of accumulating funds to pay post-employment health benefits of all retirees until age 65.

## **BACKGROUND:**

In FY 2017, the City is required to implement new accounting standards whereby the expense of providing LEOSA benefits to eligible sworn law enforcement officers is recognized over the period that the officer is actively employed, rather than recognize all of the expense at the end of the employee's career when payments are ultimately due, as is the City's current pay-as-you go practice. An actuary will provide an estimate of the City's LEOSA obligation and amounts the City should set aside and contribute each year, in order to accumulate sufficient funds to pay these future benefits when due.

There were 136 law enforcement retirees who received approximately \$2.5 million of LEOSA benefits in 2016 and almost 700 more active members could be eligible to receive such benefits in the future.

To date, approximately \$6.4 million has been accumulated to pay future LEOSA benefits, currently recorded as "Committed Fund Balance" in the General Fund until such time as a Trust can be established and amounts held would be transferred and reported in a new, separate Trust fund. The assets of the LEOSA Trust are to be held for the exclusive purpose of providing LEOSA benefits to eligible law enforcement officers and/or their beneficiaries and to pay reasonable administrative and actuarial expenses of the LEOSA Trust. Assets accumulated and held in Trust are not subject to the claims of the City's creditors.

Establishing a LEOSA Trust not only adds a measure of safekeeping over these assets, it also allows the City to participate in the State Treasurer's Investment Program, among other investments tailored for long-term assets, with the potential to earn higher investment returns as are experienced with the State's pension funds (and, thus, reducing the City's estimated LEOSA liability). The State Treasurer has established this Program to help local governments benefit from low cost professional investment management and to leverage the State's relationships with more than \$15 billion of existing investments in pension funds.

In order to effect these actions, City Council is requested to appoint the City Manager, the Financial and Administrative Services Director and the Human Resources Director as Authorized Representatives and as Trustees, to act in the name of and on behalf of the City of Greensboro in matters related to the LEOSA Trust and the North Carolina State Treasurer's Investment Program and to execute all documents in connection therewith. It is requested that the Financial and Administrative Services Director be further appointed to act as Plan Administrator of the LEOSA Trust.

## **BUDGET IMPACT:**

A budget ordinance is required to appropriate \$6,365,580 from fund balance in the General Fund (currently shown as "Committed") with an associated expense to transfer the balance accumulated for LEOSA benefits to a new Trust Fund to be accounted for separately, in accordance with new accounting standards. Any contributions made to the LEOSA Trust Fund in future years would be included in that year's appropriations.

## **RECOMMENDATION / ACTION REQUESTED:**

The Financial and Administrative Services and Legal Departments recommend City Council approval of the attached resolution authorizing establishment of the City of Greensboro's Local Government Law Enforcement Special Separation Allowance Trust, appointing Trustees thereto, authorizing deposits to the State Treasurer's Investment Program and approving the authorized representatives to take any other actions deemed necessary or appropriate to consummate the transactions provided for herein.