

**RESOLUTION NO. 1794**

A RESOLUTION OF THE COUNCIL OF THE CITY OF SALISBURY  
TO JOIN THE RETIREE HEALTH PLAN TRUST PREVIOUSLY CREATED BY  
THE WICOMICO COUNTY BOARD OF EDUCATION AND WICOMICO COUNTY,  
MARYLAND AND TO NAME THE CITY OF SALISBURY'S TRUSTEES.

WHEREAS; Wicomico County, Maryland and the Board of Education of Wicomico County sponsor a Retiree Health Insurance Trust, established to provide other post-employment benefits (OPEB) for eligible employees after they retire; and

WHEREAS, to satisfy Statement 45 of the Governmental Accounting Standards Board (GASB), the City of Salisbury desires to join the previously created Trust; and

WHEREAS, the current Board of Trustees has recommended and the County Council and the Board of Education have approved the City of Salisbury joining the previously created Trust; and

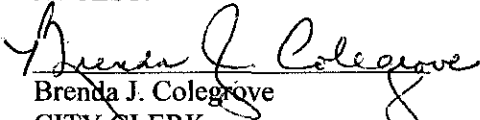
WHEREAS, the City will appoint John R. Pick, City Administrator, Pamela B. Oland, Director of Internal Service, and Brenda J. Colegrove, City Clerk as the City's Trustees.

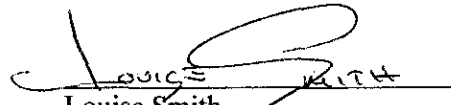
NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Salisbury, Maryland that John R. Pick, Pamela B. Oland and Brenda J. Colegrove are hereby appointed to act as the City's Trustees on the Retiree Health Insurance Trust; and

BE IT FUTHER RESOLVED, that the City Council hereby authorizes the Mayor and/or the appointed Trustees to sign all necessary documents to allow the City to join and open an account for the Retiree Health Insurance Trust.

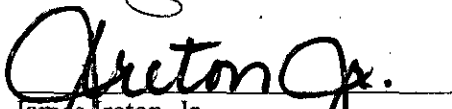
THE ABOVE RESOLUTION was introduced and read and passed at the regular meeting of the Council of the City of Salisbury held on this 22<sup>nd</sup> of June, 2009 and is to become effective immediately upon adoption.

ATTEST:

  
Brenda J. Colegrove  
CITY CLERK

  
Louise Smith  
CITY COUNCIL PRESIDENT

APPROVED by me this 23<sup>rd</sup>  
day of June, 2009.

  
James Ireton, Jr.  
MAYOR, City of Salisbury

# Memo

**To:** John R. Pick, City Administrator  
**From:** Pamela B. Oland, Director of Internal Services *PBO*  
**Date:** June 12, 2009  
**Re:** GASB 45 Trust

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As previously discussed with City Council, in FY 2009 the City of Salisbury will be required to implement GASB 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB 45 states that OPEB (postemployment health care and other benefit liabilities) are earned and should be recognized when the employee provides services just like wages or salaries paid at the end of each pay period. The City currently recognizes OPEB on a "pay-as-you-go" basis. During FY 2007, the City contracted with and received from Bolton Partners an actuarial study calculating the City's OPEB liability. The City Council received a copy of this study during the FY 2009 budget process.

During the October 6, 2008 City Council work session, Council decided to move forward with creating a trust fund for our OPEB liabilities. Based on this decision, the management of the City of Salisbury has been looking at ways to accomplish this task. The Wicomico County Board of Education (BOE) and Wicomico County (County) have already created such a trust. After internal discussions, management recommends that we join the trust that has already been created by the BOE and the County. This recommendation would eliminate the need to write a new trust document (and incur legal fees associated with creating our own document). The City would not have to go through the bidding process for selecting a trustee and an asset manager. The original BOE and County trust agreement was created with the idea that other government units could join at a later date.

The County Council and the Wicomico Board of Education have both voted to allow the City of Salisbury to join the Trust. Attached please find a resolution that allows the City of Salisbury to join the previously created Trust and allows the Mayor and/or the designated Trustees to sign all required documents to create the amended Trust and any associated accounts needed.

The City plans to use excess funds in the Health Care Reserve Account for our first years Trust deposit. Currently, the City has over \$1.5 million in that account. We are required to maintain a balance of at least \$300,000 in this account. As a benchmark, the City will maintain approximately 2 years of the required minimum funding in the account. Accordingly, the City will withdraw \$900,000 from the Health Care Reserve Account and deposit these funds into the GASB 45 Trust prior to June 30, 2009.

The City Council also agreed by consensus to appoint John Pick, Pamela Oland and Brenda Colegrove as the City's Trustees on the Board of the Trust.

If you have any further questions, please let me know.