



Andy Alejandro <talejandro@cityofkyle.com>

Fwd: Questions regarding RFP NO. 2014-03-PM - OPEB Trust

Perwez Moheet <pmoheet@cityofkyle.com>
To: Andy Alejandro <talejandro@cityofkyle.com>

Fri, Sep 19, 2014 at 1:33 AM

Andy,

Please help me post the two emails below, questions and response, as Addendum No. 1 under RFP No. 2014-03-PM posted on the City's website.

Thanks...
Perwez

----- Forwarded message -----

From: **Perwez Moheet** <pmoheet@cityofkyle.com>
Date: Friday, September 19, 2014
Subject: Questions regarding RFP NO. 2014-03-PM - OPEB Trust
To: Brian Whitworth <Brian.Whitworth@firstsw.com>
Cc: "Chris W. Allen" <Chris.Allen@firstsw.com>, Vickie Hall <Vickie.Hall@firstsw.com>

Brian,

For its OPEB, the City of Kyle intends to benefit from the type of investments typically available and utilized by public pension systems in Texas. The City does not wish to require its OPEB trust provider to provide a risk pool and an associated board of trustees.

Regards,
Perwez

On Thursday, September 18, 2014, Brian Whitworth <Brian.Whitworth@firstsw.com> wrote:

The City's RFP states:

XI. FISCAL SECURITY/COLLATERAL REQUIREMENTS

The City of Kyle requires the selected firm and or banking institution to provide security of its investments by depositing adequate funds and or agency security instruments to be pledged as collateral and held by a third party in the name of City of Kyle to cover the total cash/market value of all investments in the City's trust account. The City expects and requires that the selected firm and or banking institution comply with the requirements of the City's Investment Policy and the Texas Public Funds Investment Act (PFIA). **(All proposals must respond to this requirement)**

The actuarial study included with the RFP states:

“if the choice is made to pre-fund there will be assets to invest; the investment return applied to the liabilities will reflect the expected long-term yield of the assets used to finance the payment of the benefits. If these assets are invested similarly to those in a typical retirement plan, an interest discount rate in the range of 7 to 8 percent might be used. A higher interest discount rate will mean the reported overall liability will be smaller.”

Does the City intend to limit investments in its OPEB Trust to those in the PFIA and the City’s general fund Investment Policy? Or, would the City expect to use broader investment authority available to risk pools under Texas Local Government Code Section 172 (which could include investments typically used by pension systems, such as long term bonds, equities, and mutual funds)? If the City expects to use broader investment authority, does it wish to require that the OPEB trust provider also provide a Texas risk pool and board of trustees under Section 172?

Best Regards,

Brian Whitworth
Senior Vice President
FirstSouthwest

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1620 26th Street, Suite 230 South, Santa Monica, CA 90404

And

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