

TO: James L. App, City Manager
FROM: Jim Throop, Administrative Services Director
SUBJECT: Sale of Principal Financial Group Stock
DATE: November 5, 2013

NEED: For the City Council to consider selling Principal Financial Group stock.

FACTS:

1. The City's dental insurance carrier in 2001 was the Principal Group Insurance.
2. The Principal Group Insurance became a publicly traded company known as the Principal Financial Group (PFG) in 2001. As a result, the City was issued 269 shares of common stock in PFG.
3. The City does not typically hold financial instruments, such as stock. Proceeds from the sale of the stock would be deposited in the General Fund.

ANALYSIS &

CONCLUSION: The City's dental insurance in 2001 was with Principal Insurance. In October 2001, Principal Insurance 'demutualized', which means they converted from a mutual insurance company to a publicly traded company. The newly formed public company - Principal Financial Group (PFG) issued 269 shares of common stock to the City.

Sale of the stock would result in approximately \$11,000 for deposit into the City General Fund.

FISCAL

IMPACT: The sale of the 269 shares of common stock is currently valued at approximately \$11,000. The actual value will be determined on the day of the sale. There will be a broker fee for selling the stock of \$15, plus \$0.12/share for a total price of approximately \$48. The funds from the sale of the stock will be placed into the City's General Fund.

OPTIONS:

- a. Adopt Resolution 13-XXX authorizing the City Manager to sign the documents related to the sale of the Principal Group Financial common stock, or
- b. Amend, modify or reject the above option.

RESOLUTION NO. 13-xxx

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES
AUTHORIZING THE CITY MANAGER TO SIGN FOR THE SALE OF PRINCIPAL
FINANCIAL GROUP STOCK

WHEREAS, the City's dental insurance carrier in 2001 was Principal Group Insurance; and

WHEREAS, Principal Group Insurance 'demutualized' in 2001 and became a publicly traded company called the Principal Financial Group ("PFG"); and

WHEREAS, the City, being an owner of a policy at the time of demutualization, received 269 shares of the PFG stock; and

WHEREAS, it is in the City's best interest to sell the PFG stock and deposit the sales proceeds into the General Fund;

NOW THEREFORE BE IT HEREBY RESOLVED by the City Council of the City of El Paso de Robles hereby approves and authorizes the sale of the PFG stock and authorizes the City Manager to execute all documents necessary to effectuate the sale of such stock and to have the sales proceeds deposited into the City's General Fund.

PASSED AND ADOPTED by the City Council of the City of El Paso de Robles this 5th day of November 2013 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Duane Picanco, Mayor

ATTEST:

Caryn Jackson, Deputy City Clerk