

APPROVED  
BY THE CITY COUNCIL

DEC 16 1997

OFFICE OF THE  
CITY CLERK



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AG97-194

AG97-195

AG97-196

AG97-199

AG97-200

OFFICE OF THE  
CITY TREASURER

THOMAS P. FRIERY  
TREASURER

CITY OF SACRAMENTO  
CALIFORNIA

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December 10, 1997  
A2585SMW.DOC

City Council  
Sacramento, California

Honorable Members in Session:

**SUBJECT: DEFERRED COMPENSATION AGREEMENTS**

**LOCATION / COUNCIL DISTRICT:** Citywide.

**RECOMMENDATION**

Adopt the attached resolutions which

1. Extend for two years City Agreement No. 95-115 between the City and ICMA Retirement Corporation (ICMA/RC) as the exclusive provider of administrative services for the City's 457 Plan until September 30, 2002, and
2. Establish a City 401A Money Purchase Plan ((401A Plan) and authorize the City Manager to execute an agreement with ICMA/RC to provide all 401A Plan administrative services from January 1, 1998 through September 30, 2002.

<b>CONTACT PERSON:</b> Thomas P. Friery, City Treasurer	264-5168
Dee Contreras, Director of Labor Relations	264-5424

**FOR COUNCIL MEETING OF:** December 16, 1997

**SUMMARY**

On December 2, 1997 the City Council approved in concept the recommendation of the Director of Labor Relations to establish a 401A Plan for exempt management staff and members of the City Council. This report recommends that the City Council establish a 401A Plan with administrative services provided by ICMA/RC, the current provider of administrative services for the City's 457 Plan.

**COMMITTEE / COMMISSION ACTION**            None.

**BACKGROUND INFORMATION**

City Agreement No. 95-115 between the City and ICMA/RC provides, in part, that ICMA/RC shall be the exclusive provider of administrative services for the City's 457 Plan through September 30, 2000. The City agreed to the exclusive provider clause due to very favorable fee terms offered by ICMA/RC which benefited the participating City employees, and ICMA/RC's offer to provide staff support formerly provided by the General Fund.

While investigating the 401 A Plan option, staff determined that

1. 401A Plans are more complex than 457 Plans and therefore, more costly to administer,
2. Initially, the 401A Plan would have minimal assets and therefore not be an attractive account for 401A Plan administrative service providers to pursue, and
3. ICMA/RC would agree to offer even more favorable fee terms to the 457 Plan and the 401A Plan if the City would agree to a two-year extension of City Agreement No. 95-115.

The City Treasurer (as the City's 457 Plan Administrator) and the Director of Labor Relations believe that it is in the best interests of the City and the City's employees to accept ICMA/RC's offer and to agree to a two-year extension of City Agreement No. 95-115.

**FINANCIAL CONSIDERATIONS**

Selecting ICMA/RC to provide administrative services for the 401A Plan will accomplish the following:

1. Eliminates the need to develop and evaluate responses to an RFP for 401A Plan Administrative Services. Staff estimates this saves a General Fund expense of at least \$5,000;
2. Results in additional administrative services cost savings for 457 Plan participants. The aggregate annual savings should exceed approximately \$342,000 in 1998.

**POLICY CONSIDERATIONS**

The Director of Labor Relations notified the recognized employee representation groups regarding the proposed 457 plan extension and the appointment of ICMA/RC as the administrative services provider of the 401A Plan pursuant to City policy.

**ENVIRONMENTAL CONSIDERATIONS**


Ongoing administrative and maintenance activities which are not for purposes of a public works construction project do not constitute a "project" and are exempt from the California Environmental Quality Act (CEQA). CEQA Guidelines, Sections 15061(b)(1), 15378(b)(3).

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**MBE / WBE EFFORTS**

ICMA/RC is committed by policy and by practice to affirmative action and investment with MBE/WBE firms.

Respectfully submitted,

  
Thomas P. Friery  
City Treasurer



Dee Contreras.  
Director of Labor Relations

Recommendation approved:

  
William H. Edgar, City Manager

APPROVED  
BY THE CITY COUNCIL

DEC 16 1997

OFFICE OF THE  
CITY CLERK

**RESOLUTION NO. 97-676**

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF \_\_\_\_\_

**A RESOLUTION AUTHORIZING THE CITY MANAGER  
TO EXECUTE AN AMENDMENT TO THE AGREEMENT  
WITH THE ICMA RETIREMENT CORPORATION  
RELATING TO ADMINISTRATIVE SERVICES FOR THE  
CITY'S 457 DEFERRED COMPENSATION PLAN (CITY  
AGREEMENT NO. 95-115)**

**BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:**

1. The City Manager is hereby authorized to execute an amendment to the agreement between the City of Sacramento and the ICMA Retirement Corporation relating to administrative services for the City's 457 Deferred Compensation Plan (City Agreement No. 95-155) to extend the term of the agreement for an additional two years, to provide that ICMA Retirement Corporation shall be the exclusive provider of administrative services for the City's 457 Plan until September 30, 2002.

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO. \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_



APPROVED  
BY THE CITY COUNCIL

DEC 16 1997

OFFICE OF THE  
CITY CLERK

**RESOLUTION NO. 97-677**

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF \_\_\_\_\_

**A RESOLUTION ESTABLISHING A 401(A) MONEY PURCHASE RETIREMENT PLAN FOR EXEMPT MANAGEMENT EMPLOYEES AND AUTHORIZING THE CITY MANAGER TO EXECUTE AN AGREEMENT WITH THE ICMA RETIREMENT CORPORATION (ICMA/RC) TO PROVIDE ADMINISTRATIVE SERVICES FOR A 401A MONEY PURCHASE PLAN ON AN EXCLUSIVE BASIS FOR A DEFINED PERIOD AND OTHER INCIDENTAL AGREEMENTS NECESSARY TO ITS ADMINISTRATION**

**BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:**

WHEREAS, on December 2, 1997, the Director of Labor Relations recommended that the City offer a 401A money purchase retirement plan for exempt management staff and members of the City Council; and

WHEREAS, the establishment of a money purchase retirement plan benefits employees by providing funds for retirement and funds for their beneficiaries in the event of death; and

WHEREAS, the City currently has an exclusive contract with ICMA/RC to provide 457 Deferred Compensation Plan administrative services at reduced plan administration fees; and

WHEREAS, appointing ICMA/RC as the exclusive provider for the 401A money purchase retirement plan will result in the same very favorable reduced plan administration fees as are charged to the 457 Deferred Compensation Plan, and

WHEREAS, the City desires that its money purchase retirement plan be administered by the ICMA Retirement Corporation and that the funds held under such plan be invested in the ICMA Retirement Trust, a trust established by public employers for the collective investment of funds held under their retirement and deferred compensation plans.

FOR CITY CLERK USE ONLY

RESOLUTION NO. \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_

NOW, THEREFORE,

1. The City of Sacramento hereby establishes a 401A Money Purchase Retirement Plan (the "Plan") in the form of the ICMA Retirement Corporation Prototype Money Purchase Plan and Trust, pursuant to the specific provisions of the Adoption Agreement. The Plan shall be maintained for the exclusive benefit of eligible employees and their beneficiaries.

2. The City of Sacramento hereby executes the Declaration of Trust of the ICMA Retirement Trust, attached hereto, intending this execution to be operative with respect to any retirement or deferred compensation plan subsequently established by the City of Sacramento, if the assets of the plan are to be invested in the ICMA Retirement Trust. The City of Sacramento hereby agrees to serve as trustee under the Plan and to invest funds held under the Plan in the ICMA Retirement Trust.

3. The City Treasurer shall be the coordinator for the Plan, shall receive necessary reports, notices, etc., from the ICMA Retirement Corporation or the ICMA Retirement Trust, shall cast, on behalf of the City of Sacramento, any required votes under the ICMA Retirement Trust, and may delegate any administrative duties relating to the Plan to appropriate persons.

4. The City Manager is hereby authorized to execute an agreement with ICMA/RC pursuant to which ICMA/RC shall exclusively provide all 401A Money Purchase Retirement Plan administrative services from January 1, 1998 through September 30, 2002, and any other necessary agreements incidental to the administration of the Plan.

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

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RESOLUTION NO. \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_

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