

BEFORE THE COUNCIL OF THE
METROPOLITAN SERVICE DISTRICT

A RESOLUTION RELATING TO)	RESOLUTION NO. 81-292
RETIREMENT AND ADOPTING A)	
DEFINED CONTRIBUTION PENSION PLAN)	Submitted by the Council
)	Coordinating Committee

WHEREAS, The Council has previously approved a new six percent employer-paid pension plan for all Metro employees (except employees in PERS) in lieu of a six percent cost of living salary adjustment; and

WHEREAS, Staff has reviewed several such plans and has recommended a plan consistent with the Council's previous action; now, therefore,

BE IT RESOLVED,

1. That a six percent employer-paid defined contribution plan, as outlined in the attached Plan Description, is hereby adopted and shall be effective as of December 1, 1981.

2. That the Bank of California shall be the trustee of the plan funds.

3. That plan asset reporting shall be provided quarterly by Employee Benefit Service Corporation.

4. That the Metro Executive Officer be and hereby is authorized and directed to execute in the name and on behalf of Metro such agreement or agreements as may be necessary for the initiation and continuity of the plan.

5. That such sums of money as may be necessary according to the said agreement or agreements to provide benefits and to meet

the expenses incurred in the administration of the plan, shall, from time to time, be paid out of Metro funds to the order of Employee Benefit Service Corporation.

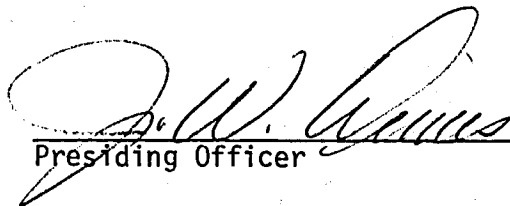
6. That the Metro Executive Officer be and hereby is authorized, directed and designated as administrator under said agreement to administer the plan and the funds entrusted to it under said agreement for such plan.

7. That the Executive Officer be and hereby is authorized and directed to execute in the name of and on behalf of Metro any amendments to the adoption agreement attached to the plan, to meet the requirements of Section 401(a) of the Internal Revenue Code of 1954, as amended.

8. That the Executive Officer be and hereby is authorized to approve a master plan document consistent with the Plan Description attached hereto.

AJ/srb
4723B/283
12/04/81

ADOPTED by the Council of the Metropolitan Service District this 22nd day of December, 1981.



Presiding Officer

PLAN DESCRIPTION

SIX PERCENT DEFINED CONTRIBUTION PLAN FOR EMPLOYEES OF
THE METROPOLITAN SERVICE DISTRICT (Metro)

EFFECTIVE DATE: December 1, 1981

ELIGIBILITY: All ~~full-time~~ regular employees of Metro are covered on the first day of employment.

EMPLOYER CONTRIBUTION: The employer contribution shall be six percent of compensation.

VOLUNTARY EMPLOYEE
IRA CONTRIBUTION: Each employee shall be allowed to contribute on a voluntary basis to an IRA.

VESTING: Each employee is 100 percent vested at all time in all accounts.

DEATH, TERMINATION,
RETIREMENT: The account balance(s) are payable in the event of death, termination or retirement.

AJ/gl
4723B/283



METROPOLITAN SERVICE DISTRICT
527 S.W. HALL ST., PORTLAND, OR. 97201, 503/221-1646

Res # 81-292

MEMORANDUM

Date: January 7, 1982
To: Metro Council
From: Andy Jordan, General Counsel

Regarding: Metro Defined Contribution Pension Plan

At the regular Council meeting on December 22, 1981, Councilor Williamson requested a response from legal counsel regarding the effect of deleting the words "full-time" which appeared on line 4 of the Plan Description attached to Resolution No. 81-292. Specifically, will that deletion make it possible for part-time regular employees who might not qualify for participation under the terms of the Plan to demand participation or compensation as though they had participated. For the reasons stated below we believe they could not.

First, the Plan Description is simply a very brief outline of the Plan itself. The Plan is more detailed and clearly describes who may and may not participate. The Plan Description outline is not a carefully constructed attempt to precisely define classes of beneficiaries; it is a shorthand outline of the major features of the Plan. The Plan itself will define regular employees and it is the regular employees as defined in the Plan who are included, not regular employees as defined in our Personnel Rules or elsewhere.

Second, neither the Plan Description outline nor the Resolution are a grant of rights to employees. The Resolution and appended Plan Description outline merely direct the Executive Officer to execute the necessary agreements to initiate and continue the pension plan.

Third, and most importantly, the deletion of the words "full-time" was made because the Plan will allow participation by some part-time regular employees under the plan's definition of regular employee. The deletion was merely to make it clear that those part-time regular employees would not be excluded. The discussion at the December 22 Council meeting reflects this legislative intent.

For the above reasons we believe that it is clear that only those regular employees as defined in the Pension Plan itself could assert a right to participate in the Plan.

MAH/gl
4992B/D2

c: S. Klobertanz
S. Woodford



METRO

2000 SW First Ave.
Portland, OR 97201-5398
(503) 221-1646

Procurement Review Summary

To: Procurement and Contracts Division

Vendor
WM Trust and Benefit Service Co

From _____ Date Ongoing since 12/31/81

Department Executive Management

1201 Third Ave., Suite 1200

Division Personnel

Seattle, Washington 98101

Name Sarah Keele

Bid Contract

Vendor no. _____

Title Benefits Officer

RFP Other

Contract no. 902675

Administrative Agreement

Extension 180

Purpose Recordkeeping and administrative services for the Metro Salary Savings Plan

Expense

Procurement Personal/professional services Services (LM) Construction IGA

Revenue

Contract

Grant

Other

Budget code(s)

610-090000-512300 *

*Please see "Comments" on reverse side of form

This project is listed in the 199 2 -199 3 budget.

Yes Type A

No Ongoing Type B

Price basis

Unit

Total

Other

Payment required

Lump sum

Progress payments

Term

Completion

Annual

Multi-year**

12/31/81

Beginning date

* * * *

Ending date

Total commitment	Original amount	\$ 33,000	estimated
	Previous amendments	\$ 0	
	This transaction	\$ 4,000	*
	Total	\$ 4,000	"
	A. Amount of contract to be spent fiscal year <u>92</u> - <u>93</u>	\$ 37,000	"
	B. Amount budgeted for contract	\$ 33,000	"
	C. Uncommitted/discretionary funds remaining as of _____	\$ 33,000	" ***

PLEASE SEE ATTACHED MEMO OF EXPLANATION

Approvals

Division manager _____

Department director _____

Labor _____

Fiscal _____

Budget _____

Risk _____

Legal _____

* See instructions on reverse. ** If multi-year, attach schedule of expenditures. *** If A or B is less than C, and other line item(s) utilized, attach explanation/justification.

A G E N D A M A N A G E M E N T S U M M A R Y

TO: Metro Council
FROM: Executive Officer *PLH*
SUBJECT: Retirement and Adopting a Defined Contribution Pension Plan

I. RECOMMENDATIONS:

- A. ACTION REQUESTED: Approval of Resolution adopting a previously approved six percent employer-paid pension plan for all Metro employees (except employees in PERS) in lieu of a six percent cost of living salary adjustment.
- B. POLICY IMPACT: Retirement benefits, plans and designation of an Administrator require Council approval. Staff has researched several plans, reviewed over 20 proposals and selected Western Retirement Trust, administered by Employee Benefit Service Corporation. The plan is a qualified plan under IRS Regulations and has guaranteed principal and interest (tied to short-term investments). Approval of the Resolution will allow Metro to implement this negotiated benefit approved by the Council September 24, 1981.
- C. BUDGET IMPACT: Allocation of funds to cover the cost of the six percent Metro Defined Contribution Plan was approved by the Metro Council on September 24, 1981.

II. ANALYSIS:

- A. BACKGROUND: The administration's goals for FY 82 salary increases were: 1) to effect a pension plan "pick up" or increases for all regular employees, both union and non-union, 2) to terminate the old MSD pension plan and bring all regular employees under the newer Metro plan (except PERS employees), and 3) grant a COLA for the difference between the pension benefit increase and eight percent. In order to effect the pension "pick up" a new funding agent was sought for the six percent employer-paid contribution. Criteria was developed for the plan and requests for proposals were distributed by Metro's Broker of Record, Bill Lovejoy of Alexander and Alexander. An evaluation was made of the over 20 plans submitted by insurance companies and pension administrators. A selection was made from the group of plans presented which most fully met the criteria. Criteria included: qualifications by IRS as meeting 401 regulations, guaranteed principal and interest, service which provided frequent and easily understood reports and fast turnaround in processing terminations and retirement claims, modest administrative expenses, ease of administration which would allow Metro to drop the plan or the administrator

without termination penalties. Western Retirement Trust administered through Employee Benefit Service Corporation with investments by the Bank of California met all of Metro's criteria.

- B. ALTERNATIVES CONSIDERED: Over 20 other plans were reviewed and rejected because of costs, lack of guarantees on interest, penalties for early withdrawal, complicated participant statements and distance between the administering agency and Metro which causes undue delays in processing terminations and retirements.
- C. CONCLUSION: Approve the attached Resolution adopting a Defined Contribution Pension Plan and appointing Metro's Executive Officer as Administrator.

AJ/gl
4753B/287
12/04/81



METROPOLITAN SERVICE DISTRICT
527 SW. HALL ST., PORTLAND, OR. 97201, 503/221-1646

MEMORANDUM

Date: September 13, 1983
To: All Participants in Great-West Life Deferred
Compensation Plan
From: Dick Karnuth, Personnel Assistant
Regarding: Participant Statement

Attached is the statement of your account current through July 31, 1983. The annual report ending December 31, 1982 was found to be in error and not distributed until all participants' accounts were audited and corrected.

BACKGROUND

This is an "inactive" deferred compensation plan except for employees who have signed a joinder agreement for voluntary contributions. Metro continues to pay expenses for maintenance and administration on all accounts. This plan was established December 1, 1978. The employer's match of five percent of your annual salary contribution was also effective on December 1, 1978 (and remains) in Bankers Life #39174, a defined contribution plan. On December 1, 1981, the Great-West Plan became inactive when the employee's mandatory portion of five percent of annual salary contribution was picked up by Metro, another one percent was added, and the total six percent placed (and remains) in Western Retirement Trust, a defined contribution plan.

PLAN OPERATIONS

Plan Expenses

Great-West charges and deducts monthly from your account an expense to cover administration and maintenance costs. Those deductions are \$2.00, plus 1/16 of one percent of the interest credited to your account.

Metro Contribution

To offset expenses, Metro contributes \$2.00 per month to each employee's account.

WITHDRAWAL OPTIONS

At termination, if you select an annuity (at retirement only) or payment over a three-year period, there is no penalty. If you elect