

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ADOPTING) RESOLUTION NO. 03-3387
THE OREGON SAVINGS GROWTH)
PLAN) Introduced by Michael J. Jordan, Chief Operating Officer
) with the concurrence of the Council President David Bragdon

WHEREAS, Metro desires to offer its employees the benefit of participation in a tax-qualified deferred compensation plan under Section 457 of the Internal Revenue Code; and

WHEREAS, the provisions of Oregon Revised Statutes (“ORS”) 243.474 provide in part that “[a] local government that establishes a deferred compensation plan may invest all or part of the plan’s assets through the deferred compensation investment program established by the Oregon Investment Council (“OIC”) under ORS 243.421”; now, therefore,

BE IT RESOLVED,

1. That the Metro Council hereby decides that Metro should be included in the State of Oregon Deferred Compensation Investment Program, also known as the Oregon Savings Growth Plan, established by the OIC under ORS 243.421 and regulated by the Public Employees Retirement Board according to ORS 243.435 for its eligible personnel.

2. That the Chief Operating Officer and his delegates are herewith authorized and directed to take all actions and make such reductions and submit such deferrals as are required by the Public Employees Retirement Board of the State of Oregon pursuant to ORS 243.478(1).

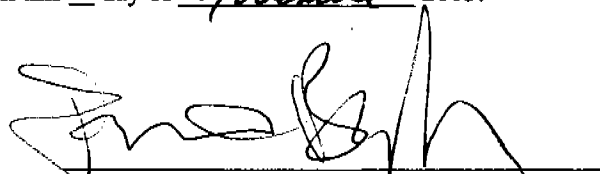
3. That Metro agrees to be bound by the terms and conditions of the contracts between the State, its investment providers and record keeping company, and the “Plan Document” as identified in ORS 243.401 to 243.507 and TPA services as amended from time to time. Specifically, without limitation, Metro agrees to appoint the Metro Council as Trustees of its Plan, pursuant to Section 457(g)(2) of the Internal Revenue Code (“IRC”). Metro certifies it has received a copy of the Plan Document and TPA Services.

4. That the Metro Council authorizes the Chief Operating Officer to enter into an administrative services agreement with the Oregon Public Employees’ Retirement System and the third party administrator State Street Bank and Trust Company for the administration of the plan.

5. That Metro shall submit a certified copy of this resolution and "Notification Memo" to the State of Oregon, Public Employees Retirement System ("PERS") as the Plan Administrator.

6. That the Metro Council recognizes the PERS Board's responsibility for maintaining the integrity of the Plan, and Metro hereby agrees to cooperate fully with the Plan Administrator in accordance with procedures established by PERS in processing requests for withdrawal in case of an unforeseeable emergency as defined in Section 457(b)(5) and Section 1.457-2(h)(4) and (5) of the Internal Revenue Code.

ADOPTED by the Metro Council this 20th day of November 2003.



David Bragdon, Council President

Approved as to Form:



Daniel B. Cooper, Metro Attorney



STAFF REPORT

IN CONSIDERATION OF RESOLUTION 03-3387, FOR THE PURPOSE OF ADOPTING THE OREGON SAVINGS GROWTH PLAN.

Date: 11/20/03

Prepared by: Kerry Gilbreth, Benefits Manager

PROPOSED ACTION

Adopt the Oregon Savings Growth Plan (OSGP) as an IRC 457 plan investment provider.

EXISTING LAW

The OSGP was established under Section 457 of the Internal Revenue Code & ORS 243.400 – 243.507. ORS 243.474 authorizes the state to offer their 457 deferred compensation program to all Oregon public employers including special districts, local governments, and school districts. The Public Employees Retirement Board administers the plan, and regulates it.

BACKGROUND AND ANALYSIS

The OSGP was established by PERS in 1980 and until recently was available only to state of Oregon employees. ORS 243.474 authorizes the state to offer their 457 deferred compensation program to all Oregon public employers including special districts, local governments, and school districts.

The Oregon Savings Growth Plan is the state's 457 deferred compensation plan that provides public employees with a convenient way to save for retirement. It allows employees of an OSGP participating employer to contribute a portion of their salary on a pre-tax basis. Contributions and earnings continue to grow tax-deferred until distribution. Participants can contribute up to 100% of their monthly salary or as little as \$25 per month as their before-tax contribution. The maximum annual contribution amount in 2003 is \$12,000 or 100% of income whichever is less. Contributions will be deducted automatically from the participant's paycheck..

376 employees participated in the 401(k) savings plan in 2002. 11.5% of those employees contributed the maximum pretax limit for the calendar year. Adoption of the OSGP would offer a second deferred compensation plan to employees, effectively doubling their options and their pretax annual contribution limit.

FISCAL IMPACT: The cost to administer this plan is paid for by the participants. There is no expense to Metro.

RECOMMENDED ACTION

The Chief Operating Officer recommends Council adoption of the Oregon Savings Growth Plan.