

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF EXTENDING)	RESOLUTION NO. 98-2591
THE CURRENT CONTRACTS FOR)	
THE METRO 401(k) EMPLOYEE)	
SALARY SAVINGS PLAN WITH)	
WILLIAM M. MERCER, INC.)	
(RECORDKEEPER) and NORTHWESTERN)	Introduced by
TRUST (TRUSTEE) TO COMPLETE)	Mike Burton
CONVERSION TO THE VANGUARD GROUP)	Executive Officer

WHEREAS, the Metro Council established the Metro 401(k) Employee Salary Savings Plan in 1992.

WHEREAS, Metro established a personal services agreement with William M. Mercer, Inc. to provide administrative recordkeeping services and with Northwestern Trust to provide trust services for the Metro 401(k) Employee Salary Savings Plan effective August 1, 1995 through June 30, 1997;

WHEREAS, the 401(k) Advisory Committee has completed an RFP process and interviewed potential vendors;

WHEREAS, the 401(k) Advisory Committee has selected The Vanguard Group as the new vendor for 401(k) recordkeeping and trust services,

WHEREAS, the conversion from William M. Mercer, Inc. and Northwestern Trust is scheduled to be completed by March 31, 1998;


WHEREAS, extensions for William M. Mercer, Inc. and Northwestern Trust have been executed through January 31, 1998;

WHEREAS, additional extensions are required for William M. Mercer, Inc. and Northwestern Trust to March 31, 1998 now, therefore,

BE IT RESOLVED

That the Metro Council authorizes the Executive Officer to extend the current contracts with William M. Mercer, Inc. (recordkeeper) and Northwestern Trust (trustee) from February 1, 1998 to March 31, 1998 to complete conversion to The Vanguard Group.

ADOPTED by the Metro Council on this 12th day of February



Jon Kvistad, Presiding Officer

Approved as to Form:



Daniel B. Cooper, Legal Counsel

METRO

AMENDMENT NO: 4
CONTRACT NO: 904621

This Agreement hereby amends the above-titled contract between Metro, a metropolitan service district, and William M. Mercer, Inc. hereinafter referred to as Contractor".

This amendment is a change order to the original Scope of Work as follows:

Termination date extended from February 1, 1998 to March 31, 1998. Fees agreed to between William M. Mercer and Metro to are as follows:

- Monthly Allocations: (February, March 1998) \$3,645.00
- Confirmations: \$2.00 each
- Quarterly Newsletter: \$190.00
- Manual Adjustments/Transfers: \$50.00

Except for the above, all other conditions and covenants remain in full force and effect.

In witness to the above, the following duly-authorized representatives of the parties referenced have executed this agreement.

WILLIAM M. MERCER, INC.

METRO

(Signature)

(Signature)

(Name)

(Name)

(Title)

(Title)

METRO

AMENDMENT NO: 4
CONTRACT NO: 904881

This Agreement hereby amends the above-titled contract between Metro, a metropolitan service district, and Northwestern Trust hereinafter referred to as Contractor.

This amendment is a change order to the original Scope of Work as follows:

Extend the current terms and conditions of the contract from February 1, 1998 through March 31, 1998.

Except for the above, all other conditions and covenants remain in full force and effect.

In witness to the above, the following duly-authorized representatives of the parties referenced have executed this agreement.

NORTHWESTERN TRUST

METRO

(Signature)

(Signature)

(Name)

(Name)

(Title)

(Title)

FINANCE COMMITTEE REPORT

CONSIDERATION OF RESOLUTION NO. 98-2591, FOR THE PURPOSE OF EXTENDING THE CURRENT CONTRACTS FOR THE METRO 401(K) SALARY SAVINGS PLAN WITH WILLIAM M. MERCER, INC. (RECORDKEEPER) AND NORTHWESTERN TRUST (TRUSTEE) TO COMPLETE CONVERSION TO THE VANGUARD GROUP

Date: February 11, 1998 Presented by: Councilor Morissette

Committee Recommendation: At its February 5 meeting, the Committee considered Resolution No. 98-2591 and voted unanimously to send the resolution to the Council with a do pass recommendation. Voting in favor: Councilors Kvistad, McFarland, McLain, Morissette, Naito, Washington and Chair McCaig.

Background

Metro has a 401 (k) salary savings plan for its employees. The plan is administered by a trustee and a recorder that are selected by a competitive bidding process. Metro also has created an internal employee committee that oversees the program.

Committee Issues/Discussion: Andy Cotugno, Chair, Metro 401(k) Advisory Committee, presented the staff report. Cotugno explained that the purpose of the resolution was to extend the existing 401(k) program recordkeeper and trustee contracts until the newly selected recordkeeper and trustee can begin administration of the program on April 1, 1998. The reason that the resolution is before the Council is that the Metro Code does not permit contract extensions for contracts of this type in excess of \$25,000. The proposed extension is \$20,000, but when added to earlier smaller extensions that did not require Council approval, the total amount exceeds the \$25,000 limit.

STAFF REPORT

RESOLUTION NO. 98-2591, FOR THE PURPOSE OF EXTENDING THE CURRENT CONTRACTS FOR THE METRO 401(k) SALARY SAVINGS PLAN WITH WILLIAM M. MERCER, INC. (RECORDKEEPER) AND NORTHWESTERN TRUST (TRUSTEE) TO COMPLETE CONVERSION TO THE VANGUARD GROUP.

January 15, 1998

Presented by: Andy Cotugno, Chair
401(k) Advisory Committee

PROPOSED ACTION

Adoption of this resolution extends the current contract with William M. Mercer, Inc. (recordkeeper) and Northwestern Trust (trustee) from February 1, 1998 to March 31, 1998, when conversion to The Vanguard Group, Metro's newly-selected 401(k) provider, is scheduled to be complete.

BACKGROUND

For a number of years, Metro has sponsored the 401(k) Employee Salary Savings Plan, a voluntary savings plan for employees. Participants can elect to defer up to 20% of their income to a maximum of \$9,500 on a pre-tax basis into this plan. Metro currently provides eight (8) different investment choices for employees to consider.

In 1992 Metro's two separate retirement plans were merged into this 401(k) program and from that point forward Metro's pension program shifted to PERS. Following a succession of vendors, the program now has William M. Mercer, Inc. as recordkeeper and Northwestern Trust as trustee. Those contracts expired on June 30, 1997 although contract extensions have been executed through December 31, 1997.

At Mike Burton's request, a more formal process for selecting Advisory Committee members was developed. Employees were invited to submit proposals to the Executive Officer indicating their interest and qualifications. Ultimately, five (5) Advisory Committee members were confirmed by the Metro Council by Resolution No.96-2382. Committee members work at a number of

different Metro facilities and include both represented and non-represented individuals. They are:

Andy Cotugno, Chair
Kathie Brodie, Zoo
Bruce Burnett, Civic Stadium
Howard Hansen, Administrative Services Department
Gerry Uba, Growth Management

This newly-appointed Committee began meeting on March 5, 1997 and all meetings were open to all employees. The Committee's first order of business was to elect a chair and develop a mission statement, goals, bylaws and operating procedures. The Committee's next charge was to develop an RFP for recordkeeping and trustee services. The RFP was completed and 14 proposals were received and evaluated. After extensive meetings of the Committee and final evaluation of the proposals, the Committee made a preliminary decision on October 22, 1997 to select Vanguard as the combined recordkeeper and trustee for Metro's 401(k) Employee Salary Savings Plan. After consideration of input from employees, at the November 17, 1997 meeting, the Committee made a final selection of The Vanguard Group. This contract is currently being executed.

Since The Vanguard Group is not scheduled to complete conversion until March 31, 1998, the 401(k) Advisory Committee is seeking approval for extension of the current contracts with William M. Mercer, Inc. and Northwestern Trust until conversion with The Vanguard Group is complete. Extension of these contracts from February 1, 1998 to March 31, 1998 will cost approximately \$ 20,000. Please see the proposed contract amendments attached as Exhibits "A & B".

BUDGET IMPACT

The budget for these contracts for last fiscal year was approximately \$75,000. The anticipated cost for FY 97-98 with the Mercer/Northwestern Trust extensions and initiating the Vanguard contract is \$72,000.

EXECUTIVE OFFICER RECOMMENDATION

The Executive Officer recommends approval of this resolution.