

RESOLUTION NO. 222

A RESOLUTION OF THE CITY OF UNIVERSITY PLACE, WASHINGTON, AUTHORIZING EXECUTION OF AN AGREEMENT WITH THE ICMA RETIREMENT TRUST TO ADMINISTER A MONEY PURCHASE RETIREMENT PLAN.

WHEREAS, the Employer has employees rendering valuable services; 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 Employer desires that its money purchase retirement plan be administered by the ICMA Retirement Corporation and that the funds held 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 compensations plans:

NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF UNIVERSITY PLACE that the Employer hereby establishes or has established a money purchase retirement plan (the "Plan") in the for of (select one):

- The ICMA Retirement Corporation Governmental Money Purchase & Trust, pursuant to the specific provisions of the Adoption Agreement (executed copy attached hereto).
- The Plan and Trust provided by the Employer (executed copy attached hereto).

The Plan shall be maintained for the exclusive benefit of eligible employees and their beneficiaries; and

BE IT FURTHER RESOLVED that the Employer hereby executes the Declaration of Trust of the ICMA Retirement Trust, and attached hereto, intending this execution to the operative with respect to any retirement or deferred compensation plan subsequently established by the Employer, if the assets of the pan are to be invested in the ICMA Retirement Trust; and

BE IT FURTHER that the Human Resources Director shall be the coordinator for the Plan; shall receive reports, notices, etc., from the ICMA Retirement Corporation or the ICMA Retirement Trust; shall cast, on behalf of the Employer, any required votes under the ICMA Retirement Trust; may delegate any administrative duties relating to the Plan to appropriate departments; and

Section 1. Authorization. The Employer hereby authorizes the Human Resources Director to execute all necessary agreements with the ICMA Retirement Corporation incidental to the administration of the Plan.

Section 2. Ratification and Confirmation. Any acts made consistent with the authority and prior to the effective date of this resolution are ratified and confirmed.

Section 3. Effective Date. This resolution shall take effect immediately upon adoption.

ADOPTED BY THE CITY COUNCIL ON JUNE 7, 1999:


Debbie Klosowski, Mayor

ATTEST:


Susan Matthew, City Clerk

- All Full-Time Employees
- Salaried Employees
- Non-union Employees
- Management Employees
- Public Safety Employees
- General Employees
- Other (specify below)
ALL FULL-TIME AND PART-TIME REGULAR EMPLOYEES

The group specified must correspond to a group of the same designation that is defined in the statutes, ordinances, rules, regulations, personnel manuals or other material in effect in the state or locality of the Employer.

2. The Employer hereby waives or reduces the requirement of a twelve (12) month Period of Service for participation. The required Period of Service shall be N/A (write N/A if an Employee is eligible to participate upon employment).

If this waiver or reduction is elected, it shall apply to all Employees within the Covered Employment Classification.

3. A minimum age requirement is hereby specified for eligibility to participate. The minimum age requirement is N/A (not to exceed age 21. Write N/A if no minimum age is declared.)

VI. CONTRIBUTION PROVISIONS

1. The Employer shall contribute as follows (choose one):

- () **Fixed Employer Contributions With Or Without Mandatory Participant Contributions.**

The Employer shall contribute on behalf of each Participant _____ % of Earnings or \$ _____ for the Plan Year (subject to the limitations of Article V of the Plan). Each Participant is required to contribute _____ % of Earnings

or \$ _____ for the Plan Year as a condition of participation in the Plan. (Write "0" if no contribution is required.) If Participant Contributions are required under this option, a Participant shall not have the right to discontinue or vary the rate of such contributions after becoming a Plan Participant.

The Employer hereby elects to "pick up" the Mandatory/Required Participant Contribution.

___ Yes ___ No

[Note to Employer: A determination letter issued to an adopting Employer is not a ruling by the Internal Revenue Service that Participant contributions that are picked up by the Employer are not includable in the Participant's gross income for federal income tax purposes. The Employer may seek such a ruling.

Picked up contributions are excludable from the Participant's gross income under section 414(h)(2) of the Internal Revenue Code of 1986 only if they meet the requirements of Rev. Rul. 81-35, 1981-1 C.B. 255. Those requirements are (1) that the Employer must specify that the contributions, although designated as employee contributions, are being paid by the Employer in lieu of contributions by the employee; and (2) the employee must not have the option of receiving the contributed amounts directly instead of having them paid by the Employer to the plan.]

Fixed Employer Match of Participant Contributions.

The Employer shall contribute on behalf of each Participant 5.25 % of Earnings for the Plan Year (subject to the limitations of Article V of the Plan) for each Plan Year that such Participant has contributed 3.0 % of Earnings or \$ _____. Under this option, there is a single, fixed rate of Employer contributions, but a Participant may decline to make the required Participant contributions in any Plan Year, in which case no Employer contribution will be made on the Participant's behalf in that Plan Year.

Variable Employer Match Of Participant Contributions.

The Employer shall contribute on behalf of each Participant an amount determined as follows (subject to the limitations of Article V of the Plan):

_____ % of the contributions made by the Participant for the Plan Year (not including Participant contributions exceeding _____ % of Earnings or \$ _____);

PLUS _____ % of the contributions made by the Participant for the Plan Year in excess of those included in the above paragraph (but not including Participant contributions exceeding in the aggregate _____ % of Earnings or \$ _____).

Employer Contributions on behalf of a Participant for a Plan Year shall not exceed \$ _____ or _____ % of Earnings, whichever is _____ more or _____ less.

2. Each Participant may make a voluntary (unmatched), after-tax contribution, subject to the limitations of Section 4.05 and Article V of the Plan.

X Yes _____ No

3. Employer contributions and Participant contributions shall be contributed to the Trust in accordance with the following payment schedule:

PER PAY PERIOD, SEMI-MONTHLY

VII. EARNINGS

Earnings, as defined under Section 2.09 of the Plan, shall include:

- (a) Overtime

X Yes _____ No

- (b) Bonuses

X Yes _____ No

VIII. LIMITATION ON ALLOCATIONS

If the Employer maintains or ever maintained another qualified plan in which any Participant in this Plan is (or was) a participant or could possibly become a participant, the Employer hereby agrees to limit contributions to all such plans as provided herein, if necessary in order to avoid excess contributions (as described in Sections 5.02 and 5.03 of the Plan).

1. If the Participant is covered under another qualified defined contribution plan maintained by the Employer, the provisions of Section 5.02(a) through (f) of the Plan will apply unless another method has been indicated below.

- () Other Method. (Provide the method under which the plans will limit total Annual Additions to the Maximum Permissible Amount, and will properly reduce any excess amounts, in a manner that precludes Employer discretion.)

2. If the Participant is or has ever been a participant in a defined benefit plan maintained by the Employer, and if the limitation in Section 5.03 of the Plan would be exceeded, then the Participant's Projected Annual Benefit under the defined benefit plan shall be reduced in accordance with the terms thereof to the extent necessary to satisfy such limitation. If such plan does not provide for such reduction, or if the limitation is still exceeded after the reduction, annual additions shall be reduced to the extent necessary in the manner described in Sections 5.02 and 5.02. The methods of avoiding the limitation described in this paragraph will not apply if the Employer indicates another method below.

() Other Method. (Note to Employer: Provide below language which will satisfy the 1.0 limitation of section 415(e) of the Code. Such language must preclude Employer discretion. See section 1.415-1 of the Regulations for guidance.)

3. The limitation year is the following 12-consecutive month period: _____

IX. VESTING PROVISIONS

The Employer hereby specifies the following vesting schedule, subject to (1) the minimum vesting requirements as noted and (2) the concurrence of the Plan Administrator.

<u>Years of Service Completed</u>	<u>Percent Vesting</u>
Zero	_____ %
One	<u>33 1/3</u> %
Two	<u>66.7</u> %
Three	<u>100</u> %
Four	_____ %
Five	_____ %
Six	_____ %
Seven	_____ %
Eight	_____ %
Nine	_____ %
Ten	_____ %

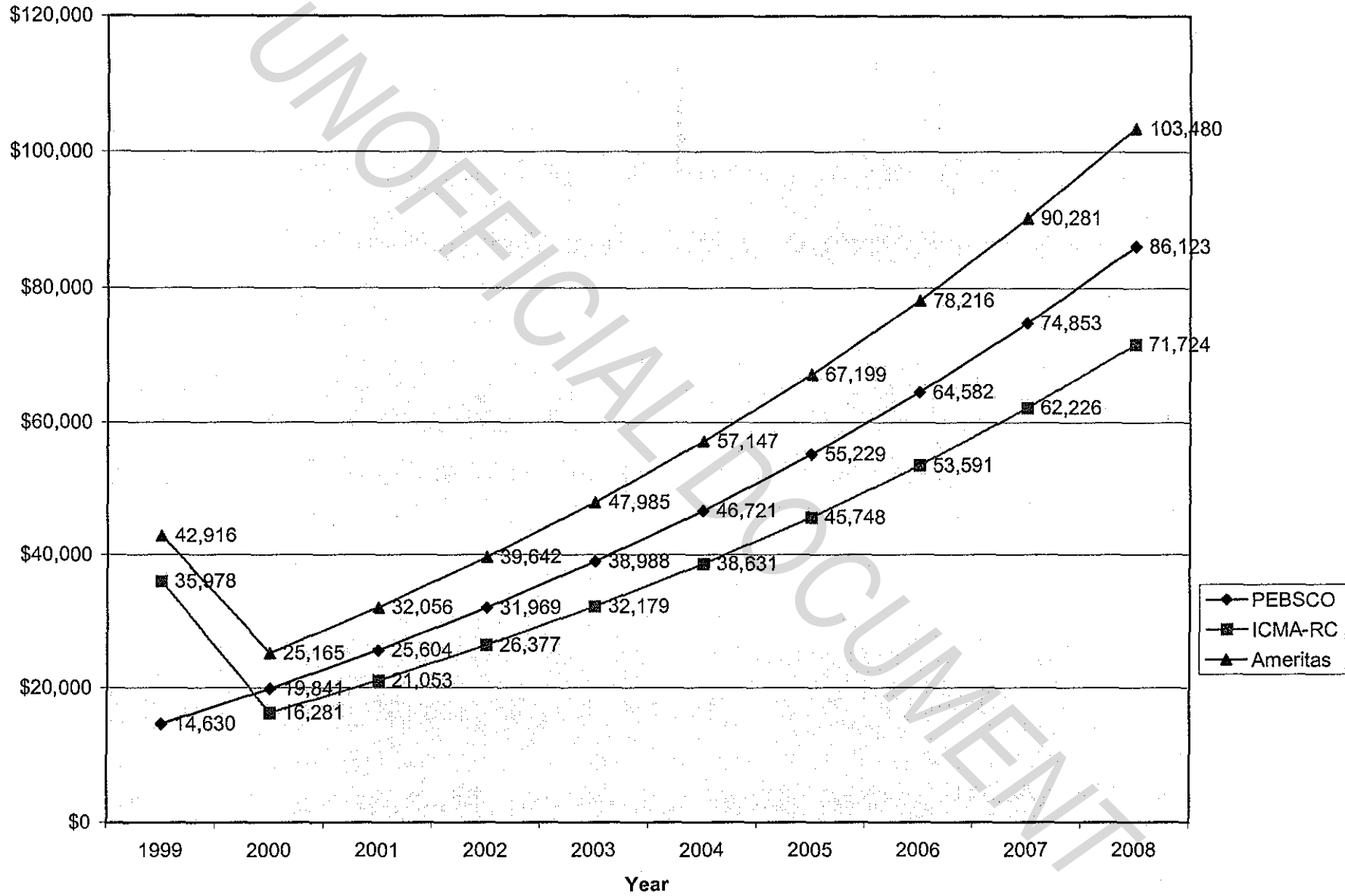
Comparison 401(a) Plan Administration Fees

Unit Costs:	Nationwide Life Insurance		Ameritas Life Insurance	ICMA-RC
	Current	New Proposal		
<i>Costs to the City</i>				
Plan Installation (One Time)	\$0	\$0	\$250 + \$3/employee	\$0
Annual Contract Renewal Charge	\$0	\$0	\$800	\$0
Annual Compliance Testing	\$0	\$0	\$250	\$0
<i>Costs to the Employee</i>				
Plan Administration Fee	1.55%	0.95%	1.15%	0.55%
Mutual Fund Expenses and 12-b-1 Fees	0.96%	0.96%	0.93%	0.85%
Total Fees and Expenses	2.51%	1.91%	2.08%	1.40%
<i>Add Annual Lump Sum Fees:</i>				
Annual Account Maintenance Charge Per Employee	\$18	\$0	\$20	\$0

Actual Costs to the City & Employees, Assuming 50 Employees and \$600,000 in Total Plan Assets:				
	Nationwide Life Insurance		Ameritas Life Insurance	ICMA-RC
	Current	New Proposal		
<i>Annual Costs to the City</i>				
Plan Installation (One Time)	\$0	\$0	\$400	\$0
Annual Contract Renewal Charge	\$0	\$0	\$800	\$0
Annual Compliance Testing	\$0	\$0	\$250	\$0
Subtotal	\$0	\$0	\$1,450	\$0
<i>Annual Costs to the Employees</i>				
Fees and Expenses	\$15,060	\$11,460	\$12,480	\$8,400
Annual Account Maintenance Charges	\$900	\$0	\$1,000	\$0
Subtotal	\$15,960	\$11,460	\$13,480	\$8,400
Total City & Employee Costs	\$15,960	\$11,460	\$14,930	\$8,400

Actual Annual Costs to an Individual Employee, Assuming a \$10,000 Account Balance:				
	Nationwide Life Insurance		Ameritas Life Insurance	ICMA-RC
	Current	New Proposal		
Fees and Expenses	\$251	\$191	\$208	\$140
Annual Account Maintenance Charge Per Employee	\$18	\$0	\$20	\$0
Total	\$269	\$191	\$228	\$140

Annual Fees Comparison: PEBSCO v. Ameritas v. ICMA-RC



Analysis of 401(a) Plan Administration Fees 1999-2008

Nationwide--Proposed

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Salaries & Wages	2,397,381	2,576,558	2,653,855	2,733,470	2,815,474	2,899,939	2,986,937	3,076,545	3,168,841	3,263,907
401(a) Contributions (City & Employee)	197,784	212,566	218,943	225,511	232,277	239,245	246,422	253,815	261,429	269,272
Plus Year End Total from Previous Year	580,000	855,562	1,160,311	1,497,338	1,869,530	2,280,018	2,732,201	3,229,765	3,776,709	4,377,371
Subtotal	777,784	1,068,128	1,379,254	1,722,849	2,101,807	2,519,263	2,978,624	3,483,580	4,038,139	4,646,643
Plus 10% Interest	77,778	106,813	137,925	172,285	210,181	251,926	297,862	348,358	403,814	464,664
Minus Fees From Previous Year	N/A	-14,630	-19,841	-25,604	-31,969	-38,988	-46,721	-55,229	-64,582	-74,853
Total 401(a) Assets	855,562	1,160,311	1,497,338	1,869,530	2,280,018	2,732,201	3,229,765	3,776,709	4,377,371	5,036,454

Amount Paid in Administration Fees & Charges:

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Total	NPV
Nationwide-Proposed	14,630	19,841	25,604	31,969	38,988	46,721	55,229	64,582	74,853	86,123	458,541	244,770



**Analysis of 401(a) Plan Administration Fees
1999-2008**

Ameritas

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Salaries & Wages	2,397,381	2,576,558	2,653,855	2,733,470	2,815,474	2,899,939	2,986,937	3,076,545	3,168,841	3,263,907
401(a) Contributions (City & Employee)	197,784	212,566	218,943	225,511	232,277	239,245	246,422	253,815	261,429	269,272
Plus Year End Total from Previous Year	580,000	855,562	1,156,026	1,487,300	1,852,037	2,253,102	2,693,597	3,176,875	3,706,560	4,286,572
Subtotal	777,784	1,068,128	1,374,969	1,712,811	2,084,313	2,492,347	2,940,020	3,430,690	3,967,989	4,555,844
Plus 10% Interest	77,778	106,813	137,497	171,281	208,431	249,235	294,002	343,069	396,799	455,584
Minus Fees From Previous Year	N/A	-18,916	-25,165	-32,056	-39,642	-47,985	-57,147	-67,199	-78,216	-90,281
Total 401(a) Assets	855,562	1,156,026	1,487,300	1,852,037	2,253,102	2,693,597	3,176,875	3,706,560	4,286,572	4,921,148

Amount Paid in Administration Fees & Charges:

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Total	
PEBSCO's CDSC (one-time charge)	24000											
Ameritas	18,916	25,165	32,056	39,642	47,985	57,147	67,199	78,216	90,281	103,480	560,087	NPV
Total	42,916	25,165	32,056	39,642	47,985	57,147	67,199	78,216	90,281	103,480	584,087	322,181



Analysis of 401(a) Plan Administration Fees 1999-2008

ICMA-RC

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Salaries & Wages	2,397,381	2,576,558	2,653,855	2,733,470	2,815,474	2,899,939	2,986,937	3,076,545	3,168,841	3,263,907
401(a) Contributions (City & Employee)	197,784	212,566	218,943	225,511	232,277	239,245	246,422	253,815	261,429	269,272
Plus Year End Total from Previous Year	580,000	855,562	1,162,963	1,503,815	1,881,206	2,298,494	2,759,334	3,267,701	3,827,920	4,444,694
Subtotal	777,784	1,068,128	1,381,906	1,729,327	2,113,483	2,537,739	3,005,756	3,521,516	4,089,349	4,713,966
Plus 10% Interest	77,778	106,813	138,191	172,933	211,348	253,774	300,576	352,152	408,935	471,397
Minus Fees From Previous Year	N/A	-11,978	-16,281	-21,053	-26,337	-32,179	-38,631	-45,748	-53,591	-62,226
Total 401(a) Assets	855,562	1,162,963	1,503,815	1,881,206	2,298,494	2,759,334	3,267,701	3,827,920	4,444,694	5,123,137

Amount Paid in Administration Fees & Charges:

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Total	NPV
PEBSCO's CDSC (one-time charge)	24000											
ICMA-RC	11,978	16,281	21,053	26,337	32,179	38,631	45,748	53,591	62,226	71,724	379,748	
Total	35,978	16,281	21,053	26,337	32,179	38,631	45,748	53,591	62,226	71,724	403,748	224,275

