



# COUNCIL COMMUNICATION

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|---|----------------------------|---|-----------------|---|--|
| <b>Meeting Date</b><br>December 15, 2020  | <b>Agenda Item:</b><br>10D | <b>Agenda Location:</b><br>Consent Calendar | <b>Goal(s):</b> | <b>Legal Review:</b><br>                            | <input type="checkbox"/> 1 <sup>st</sup> Reading<br><input type="checkbox"/> 2 <sup>nd</sup> Reading |
| <b>Subject:</b> A resolution approving the amended Adoption Agreements for Nationwide Financial Services, Inc. for the 457 Deferred Compensation Plan and the General Employees, Police, Fire, and City Manager Money Purchase Plans. |                            |   |                 |   |  |
| <b>Recommended by:</b> Joyce Hunt <i>JH</i>   |                            |   |                 | <b>Approved by:</b> Kevin S. Woods <i>KW</i>        |  |
| <b>Presenter(s):</b> Joyce Hunt, Assistant City Manager   |                            |   |                 | <b>Ordinance previously introduced by:</b><br>_____ |  |

## SYNOPSIS:

This resolution approves the amended Adoption Agreements for Nationwide Financial Services, Inc. for the 457 Deferred Compensation Plan and the General Employees, Police, Fire, and City Manager Money Purchase Plans to incorporate changes approved by the City. The change to the 457 Deferred Compensation Plan Adoption Agreement removes the requirement that probationary firefighters must complete one year of service before becoming eligible to receive the Employer Matching Contribution set forth in the Collective Bargaining Agreement between the City and the International Association of Firefighters Local No. 2376. In addition, the 457 Deferred Compensation Plan Adoption Agreement is being amended to include the optional Coronavirus-Related Distribution provision, as set forth in the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was approved by Council on May 12, 2020. The change to the General Employee Money Purchase Adoption Agreement raises the employer contribution from 6.85% to 7.6%. The changes to the Police and Fire Money Purchase Adoption Agreements increase employer and employee contribution rates incrementally rising to 12% employee and 12% employer by 2028. The change to the City Manager Adoption Agreement reflects a change in the employee and employer agreement as approved by the Council and City Manager. The changes become effective on the pay period starting December 20, 2020.

## RECOMMENDATION:

Staff recommends Alternative No. 1, approval of the resolution in order to incorporate changes in contribution rates for the employer and employees previously approved by City Council.

## BUDGET/STAFF IMPLICATIONS:

None.

## ALTERNATIVES:

1. Approve the amended Adoption Agreements for Nationwide Financial Services, Inc. for the 457 Deferred Compensation Plan and the General Employees, Police, Fire, and City Manager Money Purchase Plans to incorporate changes approved by the City Council.
2. Do not approve the amended Adoption Agreements.

## BACKGROUND (ANALYSIS/NEXT STEPS/HISTORY): (includes previous City Council action)

City Council approved the Administrative Services Agreement for the Governmental 457(b) Deferred Compensation Plan and 401(a) Defined Contribution Plan of the City with Nationwide Retirement

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Solutions, Inc. to provide recordkeeping services and other administrative services; approving the 457(b) Deferred Compensation Plan document; approving the Nationwide Financial Services, Inc. Governmental Defined Contribution Volume Submitter Plan that covers six separate 401(a) Money Purchase Plans; approving the Adoption Agreements associated with the Governmental 457(b) Deferred Compensation Plan and the 401(a) Money Purchase Plans for General Employees, Police, Fire, City Manager, City Attorney, and Presiding Municipal Judge; approving the Nationwide Trust Company, FSB 457 Trust Agreement; and approving six Nationwide Trust Company, FSB 401(a) Trust Agreements for the 401(a) Money Purchase Plans for the General Employees, Police, Fire, City Manager, City Attorney, and Presiding Municipal Judge, by Resolution C.D. No. 2020-165, at the October 27, 2020 Council meeting.

At the November 17, 2020 Council meeting, the City Council approved a Memorandum of Understanding eliminating the waiting period for a probationary firefighter to be eligible to receive the employer match to the Deferred Compensation Plan (457) set forth in the Collective Bargaining Agreement between the City and the International Association of Firefighters Local No. 2376 beginning the first pay period in 2021.

The City Council approved Resolution C.D. No. 2020-079 at the May 12, 2020 Council meeting adding the optional provision provided in the CARES Act, which allows qualified participants to withdraw up to \$100,000 from their Deferred Compensation Plan balances no later than December 31, 2020. This Adoption Agreement is being amended to include this provision as required by the CARES Act.

The active members of the City 401(a) Money Purchase Plan for Police Officers approved a change in their contributions rates from 10% to increase incrementally by 0.5% per year starting in 2025 to 12% by 2028. The employer contribution will also increase in the same manner to 12% by 2028.

The active members of the City 401(a) Money Purchase Plan for Firefighters approved a change in their contributions rates from 8% to increase incrementally by 0.5% per year starting in 2021 to 12% by 2028. The employer contribution will also increase in the same manner to 12% by 2028.

The City Council approved an increase in the employer contribution to the General Employee Money Purchase Plan from 6.85% to 7.6% as part of adopting the Budget and Pay Plans for 2021.

City Council approved an increase in the employer and employee contribution rates to the City Manager Money Purchase Plan as part of the employment agreement.