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#14
JUL 31 2008

MEMORANDUM

DATE: July 28, 2008

TO: Mayor and Council

THROUGH: W. Mark Pentz, City Manager 
Rich Dlugas, Assistant City Manager RD
Greg Fretz, Acting Director, Human Resources 

FROM: Glyn Soehner, Benefit Programs Supervisor 

SUBJECT: Amendment to ICMA-RC contract

Recommendation:

Approve Resolution 4221 authorizing the Mayor to execute an amendment to the ICMA-RC Administrative Services Agreement for Plan Number 301601 (Deferred Compensation), to accept ICMA-RC's elimination of Plan Administration and Mutual Fund Fees for participants' 457 accounts and the City's agreement to re-negotiate the Agreement if the City chooses to implement additional mutual funds outside of the ICMA-RC Mutual Fund Alliance.

Background/Discussion:

City of Chandler ranks in the top 100 of all ICMA-RC's deferred compensation (457) plan clients. It is common practice in this industry that vendors charge fees to administer plans on behalf of the participants. Oftentimes, these fees can be lessened or waived when the aggregate of the client's total fund balance, the average balance per account, etc. reach certain levels.

Following negotiations between the City and ICMA-RC, the deferred compensation administrator agreed to eliminate Plan Administration and Mutual Fund Fees sooner than their normal schedule would dictate. This equates to approximately \$250,000 annually in savings. This agreement benefits all City of Chandler participants.

Proposed Motion:

Move to approve Resolution 4221 authorizing the Mayor to execute an amendment to the ICMA-RC Administrative Services Agreement for Plan Number 301601 (Deferred Compensation), to accept ICMA-RC's elimination of Plan Administration and Mutual Fund Fees for participants' 457 accounts and the City's agreement to re-negotiate the Agreement if the City chooses to implement additional mutual funds outside of the ICMA-RC Mutual Fund Alliance.

RESOLUTION NO. 4221

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHANDLER, MARICOPA COUNTY, ARIZONA, AUTHORIZING AN AMENDMENT TO THE CITY OF CHANDLER DEFERRED COMPENSATION PLAN AND TRUST ADMINISTERED BY THE ICMA RETIREMENT CORPORATION (PLAN No. 301601)

WHEREAS, the City of Chandler (hereinafter "City") has employees rendering valuable services; and

WHEREAS, pursuant to Resolution No. 2698 approved by the Council of the City of Chandler on September 4, 1997 the City established the Chandler Deferred Compensation and Trust (Plan No. 301601) (hereinafter referred to as "Plan") for such employees that serves the interest of the Employer by enabling it to provide reasonable retirement security for its employees, by providing increased flexibility in its personnel management system, and by assisting in the attraction and retention of competent personnel; and

WHEREAS, as part of the City's Deferred Compensation Plan the City approved and entered into an Administrative Services Agreement with ICMA,

WHEREAS, ICMA has agreed to waive all extrinsic fees assessed on each participants' account and the City will acknowledge and agree that compensation and payment under the Agreement will be subject to re-negotiation in the event that the City chooses to implement additional mutual funds outside of the ICMA-RC Mutual Fund Alliance,

NOW THEREFORE BE IT ORDAINED by the City Council of the City of Chandler, Arizona, as follows:

Section 1. That the Mayor and City Council of the City of Chandler hereby approve Resolution 4221 authorizing an amendment to the City of Chandler Deferred Compensation Plan and Trust (Plan No. 301601) to provide that ICMA will waive all extrinsic fees assessed on each participants' account and that the City acknowledges and agrees that compensation and payment under the Agreement will be subject to re-negotiation in the event that the City chooses to implement additional mutual funds outside of the ICMA-RC Mutual Fund Alliance.

Section 2. That the Mayor is authorized to execute the Amendment to the Administrative Services Agreement attached hereto as Exhibit A for Plan Number 301601 providing for the amendments set forth in Section 1 of this Resolution.

Section 3. That the Plan is hereby amended to provide that ICMA will waive all extrinsic fees assessed on each participants' account and that the City acknowledges and agrees that compensation and payment under the Agreement will be subject to re-negotiation in the event that the City chooses to implement additional mutual funds outside of the ICMA-RC Mutual Fund Alliance.

Section 4. That the various City officers and employees be and they are hereby authorized and directed to perform all acts necessary to give effect to this Resolution effect.

PASSED AND ADOPTED by the City Council of the City of Chandler, Arizona this ___ day of _____, 2008.

ATTEST:

CITY CLERK

MAYOR

CERTIFICATION

I HEREBY CERTIFY that the above and foregoing Resolution No. 4221 was duly passed and approved by the City Council of the City of Chandler, Arizona, at a regular meeting held on the ___ day of _____, 2008, and that a quorum was present thereat.

CITY CLERK

PUBLISHED:

APPROVED AS TO FORM:

CITY ATTORNEY



**AMENDMENT
TO THE
Administrative Services Agreement
for Plan Number 301601**

This Amendment to the Administrative Services Agreement (“Agreement”) for Plan number 301601 (the “Plan”) is entered by and between City of Chandler, Arizona (“Employer”) and ICMA Retirement Corporation (“ICMA-RC”), effective as of the date of execution by the Employer below (“Execution Date”).

WHEREAS, the Employer sponsors the Plans on behalf of its eligible employees and retirees; and

WHEREAS, the Employer entered the Agreement to engage ICMA-RC to provide administrative services and investments for the Plan under the terms specified in the Agreement; and

WHEREAS, the parties wish to amend the Agreement to provide for an elimination of the Plan Administration Fee and Mutual Funds Fee under the Agreement for the Plan over the term of the Agreement contingent on the Employer’s use of EZ Link for enrollment and contribution processing over the term of the Agreement and contribution funds are submitted through wire transfer or ACH; and

WHEREAS, Section 10(a) of the Agreement provides that the Agreement may be amended pursuant to a written instrument signed by the parties;

NOW, THEREFORE, the Agreement are hereby amended as follows:

FIRST

Section 6 of the Agreement, titled “Compensation and Payment” is amended by replacing subsections (a) and (d) with the following:

- (a) Plan Administration Fee. The amount to be paid for plan administration services under this Agreement shall be 0.0% of the amount of Plan assets invested in the Trust.

Such fee shall be computed based on average daily net Plan assets in the Trust.

- (d) Mutual Fund Services Fee. There is an annual charge of 0.00% assessed against average daily net Plan assets invested in the Trust’s non-proprietary funds of VantageTrust.

The compensation and payment set forth in this section 6 is contingent upon the Employer's use of ICMA-RC's EZLink system for contribution processing and submitting contribution funds by ACH or wire transfer on a consistent basis over the term of this Agreement.

Employer further acknowledges and agrees that compensation and payment under this Agreement shall be subject to re-negotiation in the event that the Employer chooses to implement additional mutual funds outside of the ICMA-RC Mutual Fund Alliance. The Mutual Fund Alliance is defined as Mutual Fund Firms that ICMA-RC currently has existing trading agreements established. At no cost, ICMA-RC will administer funds a) that are offered by fund companies for which it has a trading relationship, and b) are of the share class defined by ICMA-RC as the primary share class administered for funds offered by the fund company.

SECOND

Section 9 of the Agreement, titled "Term" is amended to provide as follows:

This Agreement shall be in effect for an initial term beginning on the Execution Date of April 1st, 2008 and ending 1 year after the Execution Date. This Agreement will be renewed automatically for each succeeding 90-day period unless written notice of termination is provided by either party to the other to be effective no less than the 1st day of the month following the 90-day termination notification.

The fee amendment specified in section 6 of the Agreement will take effect April 1st, 2008.

In all other respects, the Agreement is hereby ratified and affirmed.

IN WITNESS WHEREOF, Employer has caused this Amendment to be executed by its duly authorized officer this _____ day of _____, 2008.

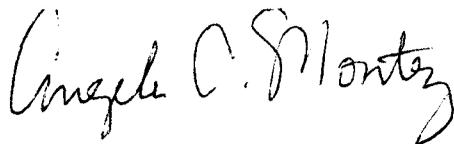
CITY OF CHANDLER, ARIZONA

By: _____

Print Name: _____

Title: _____

INTERNATIONAL CITY/COUNTY MANAGEMENT ASSOCIATION
RETIREMENT CORPORATION



By _____

Angela C. Montez
Assistant Corporate Secretary

APPROVED AS TO FORM

CITY ATTORNEY