

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
10	08/24/09	Open	Action	08/17/09

Subject: Second or Third Amendment to the Retirement Plans for Employees Who Are MCEG, AEA and/or Members of AFSCME, ATU or IBEW.

ISSUE

Whether to approve the Second Amendment to the Salaried Retirement Plan for employees who are Non-Represented Employees (MCEG); Members of the Administrative Employees Association (AEA); American Federation of State, County and Municipal Employees, District Council 57, Local Union 146 (AFSCME); and the Third Amendment to the Contract Retirement Plans for employees who are members of Amalgamated Transit Union, Local 256 (ATU); and International Brotherhood of Electrical Workers Union, Local 1245 (IBEW).

RECOMMENDED ACTION

Adopt Resolution No. 09-08-____, Approving the Second Amendment to the Retirement Plan for Salaried Employees of the Sacramento Regional Transit District, the Third Amendment to the Retirement Plan For RT Employees who are Members of ATU, Local 256 and the Third Amendment to the Retirement Plan For RT Employees who are Members of IBEW, Local 1245

FISCAL IMPACT

Over the past 5 years, together the Salaried and ATU/IBEW Plans have paid on average, \$1,105,195 in custodial fees. This is a combined Plan average of \$221,039 per fiscal year. By commingling the funds, the Salaried and ATU/IBEW Plans will be able to reduce the combined custodial fees over the next 5 fiscal years, by approximately \$588,000, which is estimated to save both Plans a combined \$117,600 per fiscal year.

DISCUSSION

RT's Retirement Boards are comprised of an equal number of representatives from management and labor. Each of the five (5) separate RT Retirement Boards consists of two members appointed by the respective represented group and two members from the District. The Retirement Boards are responsible for administering all provisions of the Retirement Plan. One of their duties includes employment of actuarial and other professional services as they may deem appropriate.

On June 4, 2008, the Retirement Board authorized solicitations of proposals for Retirement Fund Custodian Services and on September 15, 2008, the Board of Directors awarded a contract to State Street Bank and Trust to provide custodian services for the Retirement Board. Shortly after awarding the contract, the Retirement Boards determined that the existing arrangement of investing fund assets through the custodian services would be improved by entering into an agreement to commingle plan assets with the other District sponsored Retirement Plans for

Approved:


General Manager/CEO

Presented:


Director, Labor Relations

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investment purposes. The current ATU and IBEW Retirement Plan documents do not allow for comingling of plan assets with other Plans such as the Salaried Employees Retirement Plan. The second and third amendments to the Retirement Plan will allow the Retirement Plans to comeingle plan assets with other Plans, regardless of whether the plan benefits include unionized employees, employees who are members of an employee association, or employees who are not represented by a bargaining unit. This amendment would result in a savings for the Plans.

Further, the RT Retirement Boards are seeking authorization for the General Manager/CEO to delegate his/her authority to approve service retirements if he/she is going to be absent for a period greater than 5 business days. Currently the General Manager/CEO cannot delegate his authority to approve service retirements because the Plan documents do not permit it.

The Agreements have been memorialized in the Second and Third Amendments to the Retirement Plans and are attached hereto as Exhibits. Staff recommends approval of the amendments to the RT Retirement Plans.

RESOLUTION NO. 09-08-_____

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

August 24, 2009

APPROVING THE SECOND AMENDMENT TO THE RETIREMENT PLAN FOR SALARIED EMPLOYEES OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT, THE THIRD AMENDMENT TO THE RETIREMENT PLAN FOR RT EMPLOYEES WHO ARE MEMBERS OF ATU, LOCAL 256 AND THE THIRD AMENDMENT TO THE RETIREMENT PLAN FOR RT EMPLOYEES WHO ARE MEMBERS OF IBEW, LOCAL 1245

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the Second Amendment to the Retirement Plan for Salaried Employees of Sacramento Regional Transit District, attached hereto as Exhibit A, whereby the plan assets of the Salaried Plan Retirement Fund can be commingled with the plan assets of any other RT sponsored Retirement Plan regardless of whether the employees benefiting from the Plan are represented by a union, an employee association or are non-represented; and authorizing the General Manager/CEO to delegate his/her authority to approve service retirements if he/she will be absent from RT for at least 5 business days is hereby approved.

THAT, the Third Amendment to the Retirement Plan for RT Employees who are members of the Amalgamated Transit Union (ATU), Local 256, attached hereto as Exhibit B, whereby the plan assets of the ATU Plan Retirement Fund can be commingled with the plan assets of any other RT sponsored retirement plan regardless of whether the employees benefiting from the Plan are represented by a union, an employee association or are non-represented; and authorizing the General Manager/CEO to delegate his/her authority to approve service retirements if he/she will be absent from RT for at least 5 business days is hereby approved.

THAT, the Third Amendment to the Retirement Plan for RT Employees who are members of the International Brotherhood of Electrical Workers (IBEW), Local 1245, attached hereto as Exhibit C, whereby the plan assets of the IBEW Plan Retirement Fund can be commingled with the plan assets of any other RT-sponsored retirement plan regardless of whether the employees benefiting from the Plan are represented by a union, an employee association or are non-represented; and authorizing the General Manager/CEO to delegate his/her authority to approve service retirements if he/she will be absent from RT for at least 5 business days is hereby approved.

THAT, the Chair and General Manager/CEO are hereby authorized and directed to execute each amendment described hereinabove and take any actions necessary to implement the terms of each.

STEVE COHN, Chair

ATTEST:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary

SECOND AMENDMENT TO RETIREMENT PLAN FOR SALARIED EMPLOYEES OF SACRAMENTO REGIONAL TRANSIT DISTRICT

THIS SECOND AMENDMENT to the Retirement Plan document for Salaried Employees of Sacramento Regional Transit District ("Plan") approved by and between the **SACRAMENTO REGIONAL TRANSIT DISTRICT ("RT")**, the **ADMINISTRATIVE EMPLOYEES ASSOCIATION ("AEA")**, the **AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEES, District Council 57, Local Union 146 ("AFSCME")**, and all Non-represented RT Employees ("MCEG") on this _____ day of _____, 2009. RT, AEA, AFSCME and MCEG are referred to herein individually and collectively as the "Parties."

PURPOSE

Section 17 of the Plan addresses the Retirement Board's duties regarding the investment of plan assets for purposes of fully funding the Plan's obligations. However, the Plan does not authorize the Retirement Boards to commingle Plan assets for investment purposes with any other RT-sponsored retirement plan. The Retirement Boards for RT's Retirement Plans have been advised that if they commingle their plan assets for investment purposes, the plans will achieve significant cost savings. However, as drafted, the Salaried Plan document does not authorize commingling of Plan assets for investment purposes with other RT-sponsored Retirement Plans. In order to permit commingling of assets with all RT-sponsored Retirement Plans, Section 17 of the Plan must be modified to authorize commingling of Plan assets with the assets of any RT-sponsored Retirement Plan regardless of whether the employees benefiting from the plan are represented by a union, an employee association or are non-represented. In order to achieve this, the parties wish to amend the Salaried Retirement Plan document to allow commingling of Retirement Plan assets with the Retirement Plan assets of any RT-sponsored Retirement Plan regardless of whether the employee members are unionized, members of an employee association or non-represented employees.

Additionally, in 2005, the parties amended the Salaried Retirement Plan document to authorize the Retirement Boards to delegate their authority to approve service retirements to RT's General Manager/CEO. However, the provision does not authorize the General Manager/CEO to delegate his/her authority to approve service retirements during an absence from the office by the General Manager/CEO. As such, if the General Manager/CEO is absent from the office for an extended period of time, the relevant Retirement Board must convene to approve any service retirements during the General Manager/CEO's absence from RT. In order to continue to expedite the approval process for all Salaried Plan service retirements, the parties desire to amend Section 16 of the Plan document to authorize the General Manager/CEO to delegate his/her authority to approve service retirements if he/she will be absent from RT for at least five business days.

AMENDMENT

Section 1: METHOD OF FUNDING

Section 17 subsection D. is hereby added and reads as follows:

“D. The Retirement Board is permitted to commingle funds of this Retirement Plan with any other retirement plan covering RT employees whether said employees are unionized, members of an employee association at RT, or are non-represented RT employees.”

Section 2: ADMINISTRATION

Section 16 subsection A.3. is hereby deleted in its entirety and replaced with the following provision:

“3. It shall authorize payment of retirement benefits under the Plan, however, the Board may delegate its authority to approve retirement benefits for service retirements to the General Manager/CEO of the District if a majority of the Board members vote to approve such delegation. The Board will set the conditions and limitations of the delegation and may require quarterly reports to the Board from the General Manager/CEO regarding all service retirements approved each quarter. The General Manager/CEO must provide written notification to the applicable Salaried employee group or bargaining unit of any service retirement approved pursuant to this delegation within two-business days of approval. The General Manager/CEO must provide the required notification via first class mail to the address provided by the applicable Salaried employee group or bargaining unit.

“If the Retirement Board delegates its authority to approve service retirements to the General Manager/CEO, the General Manager/CEO is hereby authorized to delegate such authority to a subordinate if he/she will be absent from RT for a time period of five or more consecutive business days, to the same extent that such authority was delegated to him/her by the Retirement Board.”

Section 3: EFFECT

The effect of this Second Amendment to the Plan document is to authorize the Retirement Board to commingle Retirement Plan funds for investment purposes with any RT-sponsored retirement fund benefiting RT employees whether they are unionized employees, members of an employee association or are non-represented RT employees and to authorize RT's General Manager/CEO to delegate his/her authority to approve service retirements if he/she will be absent from RT for five or more consecutive business days.

Section 4: AMBIGUITIES

The parties have each carefully reviewed this Amendment and have agreed to each term of this Amendment. No ambiguity will be presumed to be construed against either party.

Section 5: FULL FORCE AND EFFECT

To the extent not inconsistent herewith, all other terms and provisions of the Principal Agreement will remain the same and in full force and effect.

Section 6: AUTHORITY TO BIND

Each of the signatories to this amendment represent that they are authorized to sign this Agreement on behalf of such party and that all approvals, resolutions and consents that must be obtained to bind such party have been obtained and that no further approvals, acts or consents are required to bind such party to this Agreement.

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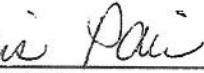
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IN WITNESS WHEREOF, the parties have entered into this Second Amendment to the Principal Agreement on the day and year set out in the last line of the first paragraph hereinabove appearing.


ADMINISTRATIVE EMPLOYEES ASSOCIATION

By: 
ELAINE SANCHEZ
Acting Chair

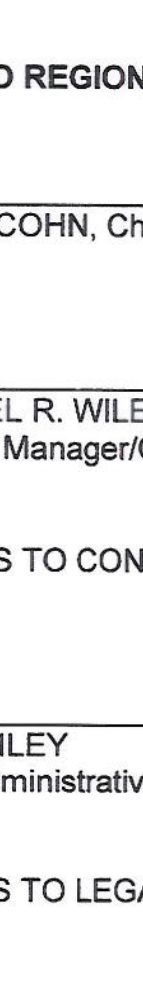
By: 
CHRIS PAIR
Treasurer

By: 
LARRY MADURAS
Secretary

AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEES LOCAL 146

By: 
FELIX HUERTA JR.
Business Agent

By: 
DOUG COOK
President

By: 
JOHN GOMEZ
Vice President

By: 
GLENDA MCKINNEY
Recording Secretary

SACRAMENTO REGIONAL TRANSIT DISTRICT

By: _____
STEVE COHN, Chair

By: _____
MICHAEL R. WILEY
General Manager/CEO

APPROVED AS TO CONTENT:

By: _____
DAN BAILEY
Chief Administrative Officer

APPROVED AS TO LEGAL FORM:

By: _____
BRUCE A. BEHRENS
Chief Legal Counsel

**THIRD AMENDMENT TO RETIREMENT PLAN AGREEMENT
BETWEEN AMALGAMATED TRANSIT UNION LOCAL DIVISION 256/AFL-CIO AND
SACRAMENTO REGIONAL TRANSIT DISTRICT**

THIS THIRD AMENDMENT to the Retirement Plan for RT Employees who are Members of ATU Local 256 (the "Plan") made and entered into on March 1, 2000, by and between the **SACRAMENTO REGIONAL TRANSIT DISTRICT** ("RT"), and **Local Division 256 of the AMALGAMATED TRANSIT UNION, AFL-CIO** ("ATU") on this _____ day of _____, 2009. RT and ATU are referred to herein individually and collectively as the "Parties."

PURPOSE

Section 16 of the Plan addresses the Retirement Board's duties regarding the investment of plan assets for purposes of fully funding the Plan's obligations. Section 16.d. authorizes the Retirement Board to commingle plan assets with the plan assets of any other RT Retirement Plan that provides benefits to unionized RT employees. The Retirement Boards for RT's Retirement Plans have been advised that if they commingle their plan assets for investment purposes, the plans will achieve significant cost savings. However, as drafted, the ATU Plan document only permits commingling for investment purposes with other RT-sponsored Retirement Plans that benefit other unionized RT employees. In order to permit commingling of assets with all RT-sponsored Retirement Plans, Section 16.d. of the Plan must be modified to permit commingling of Retirement Plan assets with the assets of any RT-sponsored Retirement Plan regardless of whether the employees benefiting from the plan are represented by a union, an employee association or are non-represented. In order to achieve this, the parties wish to amend the ATU Retirement Plan document to allow commingling of Retirement Plan assets with the Retirement Plan assets of any RT-sponsored Retirement Plan regardless of whether the employee members are unionized, members of an employee association or non-represented employees.

Additionally, in 2005, the parties amended the ATU Retirement Plan document authorize the Retirement Board to delegate its authority to approve service retirements to RT's General Manager/CEO. However, the provision does not authorize the General Manager/CEO to delegate his/her authority to approve service retirements during an absence from the office by the General Manager/CEO. As such, if the General Manager/CEO is absent from the office for an extended period of time, the Retirement Board must convene to approve any service retirements during the General Manager/CEO's absence from RT. In order to continue to expedite the approval process for all ATU service retirements, the parties desire to amend Section 15 of the Plan document to authorize the General Manager/CEO to delegate his/her authority to approve service retirements if he/she will be absent from RT for at least five business days.

AMENDMENT

Section 1: METHOD OF FUNDING

Section 16 subsection d. is hereby deleted in its entirety and replaced with the following provision:

“d. The Retirement Board is permitted to commingle funds of this Retirement Plan with any other retirement plan covering RT employees whether said employees are unionized, members of an employee association at RT, or are non-represented RT employees.”

Section 2: ADMINISTRATION

Section 15 subsection a.3. is hereby deleted in its entirety and replaced with the following provision:

“3. It shall authorize payment of retirement benefits under the Plan, however, the Board may delegate its authority to approve retirement benefits for service retirements to the General Manager/CEO of the District if a majority of the Board members vote to approve such delegation. The Board will set the conditions and limitations of the delegation and may require quarterly reports to the Board from the General Manager/CEO regarding all service retirements approved each quarter. The General Manager/CEO must provide written notification to the ATU of any service retirement approved pursuant to this delegation within two-business days of approval. The General Manager/CEO must provide the required notification via first class mail to the address provided by the ATU.

“If the Retirement Board delegates its authority to approve service retirements to the General Manager/CEO, the General Manager/CEO is hereby authorized to delegate such authority to a subordinate if he/she will be absent from RT for a time period of five or more consecutive business days, to the same extent that such authority was delegated to him/her by the Retirement Board.”

Section 3: EFFECT

The effect of this Third Amendment to the Plan document is to authorize the Retirement Board to commingle Retirement Plan funds for investment purposes with any RT-sponsored retirement fund benefiting RT employees whether they are unionized employees, members of an employee association or are non-represented RT employees and to authorize RT's General Manager/CEO to delegate his/her authority to approve service retirements if he/she will be absent from RT for five or more consecutive business days.

Section 4: AMBIGUITIES

The parties have each carefully reviewed this Amendment and have agreed to each term of this Amendment. No ambiguity will be presumed to be construed against either party.

Section 5: FULL FORCE AND EFFECT

To the extent not inconsistent herewith, all other terms and provisions of the Principal Agreement will remain the same and in full force and effect.

Section 6: AUTHORITY TO BIND

Each of the signatories to this amendment represent that they are authorized to sign this Agreement on behalf of such party and that all approvals, resolutions and consents that must be obtained to bind such party have been obtained and that no further approvals, acts or consents are required to bind such party to this Agreement.

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IN WITNESS WHEREOF, the parties have entered into this Third Amendment to the Principal Agreement on the day and year set out in the last line of the first paragraph hereinabove appearing.

**AMALGAMATED TRANSIT UNION
LOCAL 256, AFL-CIO**

By: *Victor M. Guerra*
VICTOR GUERRA
President

By: *Ralph Niz*
RALPH NIZ
Vice President

By: *Clyde Beckham, Jr.*
CLYDE BECKHAM, JR.
Financial Secretary

By: *Corina De La Torre*
CORINA DE LA TORRE
Recording Secretary

**SACRAMENTO REGIONAL TRANSIT
DISTRICT**

By: _____
STEVE COHN, Chair

By: _____
MICHAEL R. WILEY
General Manager/CEO

APPROVED AS TO CONTENT:

By: _____
DAN BAILEY
Chief Administrative Officer

APPROVED AS TO LEGAL FORM:

By: _____
BRUCE A. BEHRENS
Chief Legal Counsel

**THIRD AMENDMENT TO RETIREMENT PLAN AGREEMENT
BETWEEN INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS UNION
1245, AFL-CIO AND SACRAMENTO REGIONAL TRANSIT DISTRICT**

THIS THIRD AMENDMENT to the Retirement Plan for RT Employees who are Members of IBEW Local 256 (the "Plan") made and entered into on November 1, 2007, by and between the **SACRAMENTO REGIONAL TRANSIT DISTRICT ("RT")**, and **Local Division 1245 of the INTERNATIONAL BROTHERHOOD OF ELECTRICAL WOKERS UNION, AFL-CIO ("IBEW")** on this _____ day of _____, 2009. RT and IBEW are referred to herein individually and collectively as the "Parties."

PURPOSE

Article 16 of the Plan addresses how investments for the Plan are to be handled by the Retirement Board. Specifically, Article 16 addresses the Retirement Board's duties regarding the investment of plan assets for purposes of fully funding the Plan's obligations. Article 16.4. permits the Retirement Board to commingle plan assets with the plan assets of any other RT Retirement Plan that provides benefits to unionized RT employees. The Retirement Boards for RT's Retirement Plans have been advised that if the plans commingle their assets together for investment purposes, the plans will achieve significant cost savings. However, as drafted, the IBEW Plan document only permits commingling for investment purposes with other RT-sponsored Retirement Plans that benefit other unionized RT employees. In order to permit commingling of assets with all RT-sponsored Retirement Plans, Article 16.4. of the Plan must be modified to permit commingling of Retirement Plan assets with the assets of any RT-sponsored Retirement Plan regardless of whether the employees benefiting from the plan are represented by a union, an employee association or are non-represented. In order to achieve this, the parties wish to amend the IBEW Retirement Plan document to allow commingling of Retirement Plan assets with the Retirement Plan assets of any RT-sponsored Retirement Plan regardless of whether the employee members are unionized, members of an employee association or non-represented employees.

Additionally, Article 15.1 (d) of the IBEW Retirement Plan document authorizes the Retirement Board to delegate its authority to approve service retirements to RT's General Manager/CEO. However, the provision does not authorize the General Manager/CEO to delegate his/her authority to approve service retirements during an absence from RT by the General Manager/CEO. As such, if the General Manager/CEO is absent from the office for an extended period of time, the Retirement Board must convene to approve any service retirements during the General Manager/CEO's absence from RT. In order to continue to expedite the approval process for all IBEW service retirements, the parties desire to amend Article 15.1 (d) of the Plan document to authorize the General Manager/CEO to delegate his/her authority to approve service retirements if he/she will be absent from RT for at least five business days.

AMENDMENT

Section 1: INVESTMENTS

Article 16.4 is hereby deleted in its entirety and replaced with the following provision:

“16.4. The Retirement Board is permitted to commingle funds of this Retirement Plan with any other retirement plan covering RT employees whether said employees are unionized, members of an employee association at RT, or are non-represented RT employees.”

Section 2: ADMINISTRATION

Article 15 subarticle (d) is hereby deleted in its entirety and replaced with the following provision:

“(d). It shall authorize payment of retirement benefits under the Plan, however, the Board may delegate its authority to approve retirement benefits for service retirements to the General Manager/CEO of the District if a majority of the Board members vote to approve such delegation. The Board will set the conditions and limitations of the delegation and may require quarterly reports to the Board from the General Manager/CEO regarding all service retirements approved each quarter. The General Manager/CEO must provide written notification to the IBEW of any service retirement approved pursuant to this delegation within two-business days of approval. The General Manager/CEO must provide the required notification via first class mail to the address provided by the IBEW.

“If the Retirement Board delegates its authority to approve service retirements to the General Manager/CEO, the General Manager/CEO is hereby authorized to delegate such authority to a subordinate if he/she will be absent from RT for a time period of five or more consecutive business days, to the same extent that such authority was delegated to him/her by the Retirement Board.”

Section 3: EFFECT

The effect of this Third Amendment to the Plan document is to authorize the Retirement Board to commingle Retirement Plan funds for investment purposes with any RT-sponsored retirement fund benefiting RT employees whether they are unionized employees, members of an employee association or are non-represented RT employees and to authorize RT's General Manager/CEO to delegate his/her authority to approve service retirements if he/she will be absent from RT for five or more consecutive business days.

Section 4: AMBIGUITIES

The parties have each carefully reviewed this Amendment and have agreed to each term of this Amendment. No ambiguity will be presumed to be construed against either party.

Section 5: FULL FORCE AND EFFECT

To the extent not inconsistent herewith, all other terms and provisions of the Principal Agreement will remain the same and in full force and effect.

Section 6: AUTHORITY TO BIND

Each of the signatories to this amendment represent that they are authorized to sign this Agreement on behalf of such party and that all approvals, resolutions and consents that must be obtained to bind such party have been obtained and that no further approvals, acts or consents are required to bind such party to this Agreement.

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IN WITNESS WHEREOF, the parties have entered into this Third Amendment to the Principal Agreement on the day and year set out in the last line of the first paragraph hereinabove appearing.

**INTERNATIONAL BROTHERHOOD OF
ELECTRICAL WORKERS**

**SACRAMENTO REGIONAL TRANSIT
DISTRICT**

By: 
TOM DALZELL
Business Manager

By: _____
STEVE COHN, Chair

By: _____
MICHAEL R. WILEY
General Manager/CEO

APPROVED AS TO CONTENT:

By: _____
DAN BAILEY
Chief Administrative Officer

APPROVED AS TO LEGAL FORM:

By: _____
BRUCE A. BEHRENS
Chief Legal Counsel