

# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
4	07/24/17	Open	Action	07/11/17

Subject: Delegating Authority to the General Manager/CEO to Execute Retroactive 457(b) Plan Document changes.

## ISSUE

Whether or not to delegate authority to the General Manager/CEO to adopt and execute a revised 457(b) Deferred Compensation Plan document that retroactively applies changes required under federal law to maintain the Plan's tax qualified status.

## RECOMMENDED ACTION

Adopt Resolution No. 17-07-\_\_\_\_, Delegating Authority to the General Manager/CEO to Adopt and Execute a Revised 457(b) Deferred Compensation Plan Document with Retroactive Applicability to 2011, and All Documents Necessary to Update and Implement the Revised Plan Document.

## FISCAL IMPACT

There is no fiscal impact associated with this action.

## DISCUSSION

On December 12, 2011, the SacRT Board delegated authority to the General Manager/CEO to adopt and execute a revised 457(b) Deferred Compensation Plan Document and any other documents necessary to implement the revised Plan Document (Resolution No. 11-12-0161). Delegation was necessary to revise the Plan Document to incorporate a number of Federal Laws related to the administration of 457(b) plans.

SacRT should have adopted the revised Plan Document by the Internal Revenue Service (IRS) deadline of December 31, 2011, however, Staff discovered that the Plan document had not been amended nor adopted by that deadline. At the time that the delegation was provided and changes were approved, SacRT's plan was being administered by The Hartford. In 2015, The Hartford transferred its contract with SacRT to administer its 457(b) Plan to MassMutual.

Though the plan document itself was not amended, SacRT and its plan administrator, The Hartford, changed their administrative practices to comply with the new laws and other Plan provisions that were proposed in 2011. Since the 2015 transition, MassMutual has also been fully compliant with the revised practices.

In order to correct the plan document error and continue to maintain compliance with federal law, SacRT must retroactively amend the 457(b) Plan Document, effective December 31, 2011, so that the document aligns with SacRT and MassMutual's administration of the 457(b) Plan. Failure to correct the Plan Documents could lead to the loss of the Plan's tax qualified status. HR staff and MassMutual have confirmed that the Plan has been administered in compliance with Federal

Approved:

Presented:

Final 07/19/17

General Manager/CEO

Director, Human Resources

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provisions and all other provisions of the proposed Plan Document. Although the Plan Document language is significantly different from the language in the current 2008 Plan Document, this amendment should be seamless for plan participants because SacRT has already been administering the Plan in compliance with the federal statutes and nothing will change for employees. For example, several of the changes to the Plan Document affect the loan program, however, the provisions will continue to be governed by Loan Procedures developed at the introduction of the loan program and are consistent with current federal requirements.

Though the Board authorized the General Manager/CEO to adopt a revised 457(b) Plan Document in 2011, the Resolution authorized changes to its Plan as administered by The Hartford. Because the plan administrator has changed, SacRT staff is requesting that the Board authorize the General Manager/CEO to adopt and execute a revised Plan Document as governed by MassMutual. Upon completion of the revised Plan Document from MassMutual, SacRT staff will review the document, in coordination with SacRT's Chief Counsel, to ensure compliance with all applicable provisions and submit the Plan Document to the General Manager/CEO for his adoption and execution on behalf of SacRT.

RESOLUTION NO. 17-07-\_\_\_\_\_

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

July 24, 2017

**DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO ADOPT AND EXECUTE A REVISED 457(b) DEFERRED COMPENSATION PLAN DOCUMENT WITH RETROACTIVE APPLICABILITY TO 2011, AND ALL DOCUMENTS NECESSARY TO UPDATE AND IMPLEMENT THE REVISED PLAN DOCUMENT**

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

THAT, the Board hereby delegates authority to the General Manager/CEO to adopt and execute a revised 457(b) Deferred Compensation Plan Document with an Effective Date of December 31, 2011, to be prepared by MassMutual incorporating several plan provisions required under federal statute to maintain the Plan's tax qualified status.

THAT, the Board hereby delegates authority to the General Manager/CEO to execute all agreements, documents and any other required forms necessary to update and implement the revised Plan Document.

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ANDREW J. MORIN, Chair

A T T E S T:

HENRY LI, Secretary

By: \_\_\_\_\_  
Cindy Brooks, Assistant Secretary