

**CITY COUNCIL AGENDA ITEM**  
**CITY OF SHORELINE, WASHINGTON**

|                      |                                                                                     |
|----------------------|-------------------------------------------------------------------------------------|
| <b>AGENDA TITLE:</b> | Resolution No. 185 Amending the §401 Qualified Retirement Plan for the City Manager |
| <b>DEPARTMENT:</b>   | Human Resources; City Attorney                                                      |
| <b>PRESENTED BY:</b> | Marci Wright, Human Resources Director<br>Ian Sievers, City Attorney                |

**EXECUTIVE / COUNCIL SUMMARY.**

The City's employment contract with City Manager Steve Burkett established a retirement benefit, with the City Manager given flexibility in selecting qualified plans for the investment of this benefit. Mr. Burkett selected a §401(a) plan administered by the ICMA Retirement Corporation which was approved by Council by Resolution No. 174 on June 11, 2001. At that time the plan called for a City contribution of 7.8% of his contractual retirement benefit to this account. It was noted in the staff report for Resolution No 174 that no employee contribution was added at that time, but the plan might be amended in the future to provide an employee contribution.

The City Manager has requested an amendment to the Plan and Trust document for this §401(a) to now allow a mandatory employee contribution to the plan of 15% of base salary in addition to the 7.8% employer contribution. This contribution is "picked up" by the employer, which means salary is diverted to the retirement account by the City. The percentage is fixed and irrevocable once participation by the employee begins, and as such the contribution qualifies as a pre-tax payment. The two contributions are well within limits for deferred compensation paid into the plan account.

All other features of this §401(a) plan remain the same. These defined contribution plans are established for a covered class of employees; the City Manager is the sole participant in this plan based on the unique treatment of this position in the City organization and employee benefit/compensation program. Nondiscrimination restrictions on establishing plans for highly compensated employees have been removed in past years from the tax code as a potential problem for these plans. The Human Resources Director is designated as the Plan Coordinator and the Mayor is authorized by the proposed resolution to sign the Plan documents for the City as Trustee since the City Manager is the plan beneficiary.

### **RECOMMENDATION**

Staff recommends that Council approve Resolution No. amending the §401(a) qualified retirement plan for the City Manager.

### **ATTACHMENTS**

A. Resolution No. 185

Approved By:

City Manager

LB

City Attorney



**Attachment A**

**RESOLUTION NO. 185**

**A RESOLUTION OF THE CITY OF SHORELINE, WASHINGTON  
AMENDING A 401a MONEY PURCHASE PLAN UNDER ICMA  
ACCOUNT NUMBER 10-7576**

**WHEREAS**, the City wishes to amend the money purchase retirement plan selected by the City Manager pursuant to his employment contract and administered by ICMA Retirement Corporation under Account Number 10-7576 to include a mandatory employee contribution to be paid by the City from employee salary.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE  
CITY OF SHORELINE, WASHINGTON THAT**

1. The City hereby amends the money purchase retirement plan (the "Plan") in the form of the ICMA Retirement Corporation Governmental Money Purchase Plan & Trust, Account No. 10-7576, pursuant to the terms of the Adoption Agreement attached hereto as Exhibit A. The Mayor is authorized to execute these agreements. The Plan shall be maintained for the exclusive benefit of the eligible employee and his beneficiaries.

**ADOPTED BY THE CITY COUNCIL ON March 25, 2002.**

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Mayor Scott Jepsen

**ATTEST:**

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Sharon Mattioli, CMC  
City Clerk

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