

Introduced By: Mayor Jerry Cleworth
Date: February 25, 2013

RESOLUTION NO. 4564

**A RESOLUTION REGARDING CITY IRS SECTION 457 DEFERRED
COMPENSATION PLANS**

WHEREAS, employees of participating local governments are offered the option to invest a portion of their wages in tax deferred IRS Section 457 plans on terms very similar to private sector IRS Section 401(K) plans; and

WHEREAS, since 1978, the City has sponsored a 457 Plan with no City matching contribution; and

WHEREAS, over the years, the City has allowed a growing number of vendors to offer their products. Currently the City's plan has five vendors, each offering a wide variety of investment options, with some vendors have fewer than ten participants; and

WHEREAS, because of the concerns of City management, a review of various 457 plan issues has begun, examining:

1. The extent of the City's fiduciary duties under the laws relating to 457 Plans;
2. Reduction of the number of vendors in an effort to reduce administrative time and expense and lower participant fees; and
3. Drafting of new 457 Plan documents.

WHEREAS, the 2013 City Budget Estimate included funds to retain legal counsel with expertise in this area of law, which has been done,

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAIRBANKS, that Mayor Jerry Cleworth is hereby authorized to take the following actions:

1. To formally appoint a Deferred Compensation Committee ("DCC") consisting of the Chief Financial Officer, the City Attorney, the Chief of Staff, the Human Resource/Risk/Purchasing Director and an Accounting Specialist assigned to Payroll to collectively act as the City's 457 Plan Administrator.

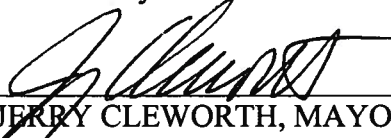
2. The DCC is directed to present recommendations to the Council on the following issues:

- (a) Reduction of the number of plan vendors.

(b) A draft Request for Proposals ("RFP") for selection of a single vendor based upon an equally weighted ranked evaluation of (i) adequate number of investment options suitable for retirement planning, (ii) proven record of delivering participant service, education and safety, and (iii) low investment fees. The RFP should be for a term of five years, starting in 2014 if possible, with a right of the City to renew for additional five year terms.

(c) The terms of the 457 Plan.

PASSED and APPROVED this 25th day of February 2013.




JERRY CLEWORTH, MAYOR

AYES: PASSED and APPROVED on the Consent Agenda
NAYS:
ABSENT: Eberhart
APPROVED: February 25, 2013

ATTEST:

APPROVED AS TO FORM:

for


Janey Hovenden, CMC, CITY CLERK



Paul J. Ewers, CITY ATTORNEY