

Date: April 27, 2022**To:** Board of Directors**From:** Sam Desue, Jr.**Subject:** **RESOLUTION NO. 22-04-27 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AMENDING TRIMET'S DEFINED CONTRIBUTION (DC) RETIREMENT PLAN FOR MANAGEMENT AND STAFF EMPLOYEES TO INCREASE THE NON-ELECTIVE EMPLOYER CONTRIBUTION****1. Purpose of Item**

This Resolution requests that the TriMet Board of Directors (Board) authorize the General Manager or his designee to direct the administrator of TriMet's Defined Contribution (DC) Retirement Plan for Management and Staff Employees (Plan) to amend it to increase the Non-Elective Employer Contribution under the Plan from eight percent (8%) to ten percent (10%) of Considered Compensation (as defined below).

2. Type of Agenda Item

- Initial Contract
- Contract Modification
- Other: Amend DC Retirement Plan for Management and Staff Employees

3. Reason for Board Action

The Board's authorization is required to amend the Plan in order to increase the amount of the Non-Elective Employer Contribution.

4. Type of Action

- Resolution
- Ordinance 1st Reading
- Ordinance 2nd Reading
- Other _____

5. Background

TriMet closed the Defined Benefit (DB) Retirement Plan for Management and Non-Staff Employees to new entrants in 2003. At the same time, TriMet established the DC Retirement Plan for Management and Staff Employees as the replacement retirement Plan. The Plan has both an employer and employee contribution. The employee contribution allows for a 0% to 15% irrevocable decision from the employee within 30 days of the date of hire. The employer contribution is set at 8% of Considered Compensation and has not changed since 2003. Considered Compensation generally includes the taxable amount of the employee's regular base wages or salary, plus amounts the employee elects to contribute or defer to TriMet's transportation fringe, cafeteria, or retirement plans (including contributions elected by the employee under the Plan and made by TriMet on the employee's behalf).

At the Plan's inception, a DC Retirement Plan Committee (Committee) was established to oversee the plan and meets quarterly with investment advisors to monitor investment performance and growth. Members of the Committee include the Executive Director of Labor Relations/Human Resources, the Executive Director of Finance & Administration, the Director of Financial Services and the General Counsel.

TriMet is increasingly experiencing significant challenges in both recruiting new employees and retaining existing employees due to the highly competitive job market TriMet now faces. The two major areas where TriMet's Leadership believes the Agency can make gains toward improving both recruitment and retention are 1) improving wages; and 2) increasing the value of the employer retirement contribution.

Following considerable review, which included benchmarking with both public and private entities regionally and nationally, the General Manager authorized an increase in the (non-elective) employer contribution to the Plan from 8% to 10%, starting with the first pay period in May 2022.

Changes to the plan documents require Board approval. Therefore, this Resolution seeks Board approval of this change and of the adoption of the Fourth Amendment to the TriMet Defined Contribution Retirement Plan for Non-Union Management and Staff, attached to the Resolution as Exhibit A.

6. Financial/Budget Impact

These changes will impact TriMet's operating budget by increasing the retirement contribution to the DC Retirement Plan for Non-Union Management and Staff by approximately \$940,000 per year. TriMet's financial forecast demonstrates that this is affordable due to the higher than forecasted return of payroll tax revenue and the receipt of federal funding during the pandemic, which allows for the use of funds to retain and recruit as well as supplement operations to maintain service levels.

7. Impact if Not Approved

If this Resolution is not adopted, the Non-Elective Employer Contribution under the Defined Contribution Retirement Plan for Management and Staff Employees will remain the same, at eight percent (8%) of Considered Compensation and may continue to be a less attractive benefit to potential new and existing employees.

RESOLUTION NO. 22-04-27

**RESOLUTION NO. 22-04-27 OF THE TRI-COUNTY METROPOLITAN
TRANSPORTATION DISTRICT OF OREGON (TRIMET) TO
AMEND TRIMET'S DEFINED CONTRIBUTION RETIREMENT
PLAN FOR MANAGEMENT AND STAFF EMPLOYEES TO
INCREASE THE NON-ELECTIVE EMPLOYER CONTRIBUTION**

WHEREAS, TriMet has authority under ORS 267.200 to sponsor and maintain retirement plans for the benefit of its employees; and

WHEREAS, in addition to other retirement and benefit plans, TriMet currently sponsors and maintains the TriMet Defined Contribution Retirement Plan for Management and Staff Employees (Plan); and

WHEREAS, the Plan Committee and TriMet staff have recommended that the Plan be amended to increase the Employer Non-Elective Contribution under the Plan in order to more effectively recruit and retain employees; and

WHEREAS, the TriMet Board of Directors (Board) has decided to amend the Plan to increase the Employer Non-Elective Contribution, as shown on the Fourth Amendment to the TriMet Defined Contribution Retirement Plan for Management and Staff Employees, attached hereto as Exhibit A;

NOW, THEREFORE, BE IT RESOLVED:

1. That the TriMet Defined Contribution Retirement Plan for Management and Staff Employees be amended in accordance with the recommendation of the Plan Committee to increase the Employer Non-Elective Contribution under the Plan from eight percent (8%) of Considered Compensation to ten percent (10%) of Considered Compensation.
2. That the Fourth Amendment to the Plan shall conform to applicable law and be effective May 1, 2022.
3. That the General Manager or his designee is authorized to direct the administrators of the Plan to adopt the Fourth Amendment to the Plan, as shown on the attached Exhibit A and as described herein.

Dated: April 27, 2022

Attest:

Presiding Officer

Recording Secretary

Approved as to Legal Sufficiency:

Gregory E. Skillman

Legal Department

[EXHIBIT A]

**TRIMET DEFINED CONTRIBUTION
RETIREMENT PLAN FOR
MANAGEMENT AND STAFF EMPLOYEES

FOURTH AMENDMENT**

PARTIES

THIS AMENDMENT is adopted by Tri-County Metropolitan Transportation District of Oregon, hereinafter referred to as “TriMet.”

RECITALS

TriMet established the TriMet Defined Contribution Retirement Plan for Management and Staff Employees (the “Plan”), effective April 27, 2003.

The Plan was last amended and restated effective January 1, 2013, and subsequently amended three times effective September 1, 2014, August 9, 2018, and March 27, 2020.

TriMet desires to amend the Plan again in certain respects.

AMENDMENT

The TriMet Defined Contribution Plan for Management and Staff Employees is hereby amended as set forth on the page attached hereto that is incorporated by reference herein as follows, effective May 1, 2022:

1. ARTICLE 4 – CONTRIBUTIONS
 - a. 4.3.1 at page 11.

TriMet has caused this amendment to be executed by its duly authorized representative as of the date set forth below.

TRI-COUNTY METROPOLITAN
TRANSPORTATION DISTRICT OF OREGON

By _____

Title _____

Date _____

ARTICLE 4

CONTRIBUTIONS

4.1 Types of Contributions and Accounts

This Plan provides for five different types of contributions, the terms and conditions of which are described in this Article 4. The contribution types are:

- (a) Transfers of Accrued Pension Benefits (section 4.2);
- (b) Non-elective Employer Contributions (section 4.3);
- (c) Pick-up Contributions (section 4.4);
- (d) Rollover Contributions (section 4.7); and
- (e) Discretionary Non-elective Contributions (section 4.8).

The contributions shall be allocated to a Plan Account maintained on behalf of each Participant in accordance with the provisions of this Article.

Prior to August 9, 2018, the Plan allowed Voluntary Employee Contributions. The Plan continues to maintain Plan Accounts on behalf of Participants who made such contributions.

4.2 Transfer of Accrued Pension Benefits

This section 4.2 applies to each Eligible Employee who (a) elects Option 2 under section 3.1.2 and (b) has an Accrued Pension Benefit under the Defined Benefit Pension Plan. If an Option 2 Employee so elects, the vested and non-vested portions of his or her Accrued Pension Benefit will be transferred from the Defined Benefit Pension Plan to this Plan in a direct plan-to-plan transfer as soon as practicable after the date of the election. This election is irrevocable and must be made during the election period described in section 3.1.2(c). Neither the election to participate in this Plan nor the transfer of the Accrued Pension Benefit shall give the Eligible Employee any right to receive an immediate distribution of the Accrued Pension Benefit. Rather, the Eligible Employee's distribution rights shall be determined under the Defined Benefit Pension Plan prior to the date of transfer and under this Plan after the date of transfer. Option 1 Employees are not eligible to transfer Accrued Pension Benefits under this section.

4.3 Non-elective Employer Contributions

4.3.1 Basic Contribution. Effective as of the payroll period beginning May 1, 2022, TriMet shall make a Non-elective Employer Contribution to the Plan equal to ten percent (10%) of the Considered Compensation of each Participant, except that no contribution shall be made on behalf of Option 1 Employees.