



Agenda Date: 10/24/2006
Agenda Placement: 6H

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors
FROM: Patricia Tyrrell for Robert Westmeyer - County Counsel
County Counsel
REPORT BY: Patricia Tyrrell, Attorney IV , 259-8251
SUBJECT: Resolution allowing 457 Plan participants to receive loans from their 457 Plan account

RECOMMENDATION

County Counsel and the Napa County Deferred Compensation Board of Control request adoption of a resolution amending the 457 Deferred Compensation Plan to allow Plan Participants to receive loans from their 457 Plan Accounts.

EXECUTIVE SUMMARY

This Resolution would amend the County's 457 Deferred Compensation Plan to allow Plan Participants to receive loans from their 457 Plan Account.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

The County of Napa offers a 457 Deferred Compensation Plan to its employees. The Plan allows employees, as Plan Participants, to receive funds directly from their 457 Plan Account under circumstances specified in the Plan

while still employees of the County -- such as unforeseeable financial hardship. However, the Plan does not presently allow Plan Participants to receive loans from their 457 Plan Account. Loans are legally permitted and may be added as a provision to the Plan so that a Plan Participant may receive loans from his or her account balance.

The proposed resolution adds a new Section 8.8 to the County's 457 Plan with language provided by the Hartford (the County's investment provider for the 457 Plan) which is based on IRS recommended language. Section 8.8 specifies minimum and maximum loan amounts, as well as security, interest rate, repayment and other terms governing the loan.

The effective date of the amendment is December 1, 2004, to comport with the former 457 Plan investment provider (Nationwide) offering this service from that date prior to the County amending its 457 Plan. Nationwide is no longer the investment provider of County's 457 Plan, but in order for the current investment provider (Hartford) to rightfully provide this service, the County's 457 Plan needs to be amended.

If the resolution is not adopted, Plan Participants would not be able to receive loans from their 457 Plan Account.

The Napa County Deferred Compensation Board of Control has reviewed the resolution and recommends adoption.

SUPPORTING DOCUMENTS

A . Resolution

CEO Recommendation: Approve

Reviewed By: Maiko Klieman