



Agenda Date: 5/9/2006  
Agenda Placement: 6P

## NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

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**TO:** Board of Supervisors

**FROM:** Susan Ingalls for Robert Westmeyer - County Counsel  
County Counsel

**REPORT BY:** Patricia Tyrrell, Attorney IV , 259-8251

**SUBJECT:** Exclusive Plan Provider for the 457 and 457-PST Deferred Compensation Plans and the 401(a) Retirement Savings Plan, Directed Trustee and Self-Directed Brokerage Accounts

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### **RECOMMENDATION**

County Counsel and the Napa County Deferred Compensation Board of Control request adoption of a resolution, designating the Hartford as the Exclusive Plan Provider for the various Deferred Compensation and Retirement Savings Plans offered to Employees, approving and authorizing execution of an Administrative Services Agreement, appointing Investors Bank & Trust Company as a Directed Trustee, approving and authorizing execution of Trust Agreements, approving and authorizing execution of Group Funding Agreements for the 401(a) and 457 PST Plans and approving a Group Funding Agreement Endorsement for the 457 Plan, and providing authorization and direction to the Trustee, the Napa County Deferred Compensation Board of Control and County Officers to implement the change to the Hartford.

### **EXECUTIVE SUMMARY**

This resolution designates the Hartford to be the single exclusive plan provider for the various Deferred Compensation and Retirement Savings Plans offered to Employees and appoints Investors Bank & Trust Company to be a Directed Trustee so that employees may participate in a self-directed brokerage account program. The resolution also approves and authorizes execution of various agreements and provides other authorization and direction necessary to implement the change.

### **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 Napa County 457 Deferred Compensation Plan, the 401(a) Retirement Savings Plan, and 457 Part-Time, Extra Help, Seasonal, and Temporary (PST) Deferred Compensation Plan are currently administered by several plan providers.

After conducting an RFP, the Deferred Compensation Board of Control (BOC) determined that transitioning to one exclusive plan provider would benefit the employees participating in the various plans and that the Hartford should be the sole exclusive plan provider. This transition to Hartford will reduce plan expenses and costs by approximately \$200,000.00.

Additionally, the BOC recommends that employees be allowed to participate in a self-directed brokerage account program. This self-directed program will provide employees with expanded investment options. To implement this program, it is necessary to appoint Investors Bank & Trust Company (IBT) to serve as a Directed Trustee. Investors Bank & Trust Company would serve as a Directed Trustee in conjunction with the Hartford at no additional expense to the plans.

To implement the transition to the Hartford as an exclusive plan provider and to provide a self-directed brokerage account program, the following actions are needed:

1. Designate the Hartford to be the exclusive Plan Provider of the Plan, effective upon the approval and execution of the Administrative Services Agreement;
2. Approve and authorize the Chair to execute the Hartford Administrative Services Agreement;
3. Authorize the the Napa County Counsel to provide Hartford with the required Securities and Exchange Commission representations;
4. Authorize the Napa County Executive Officer and the Napa County Auditor to approve Participant enrollment forms, notification of change forms or any other transaction processing forms;
5. Appoint IBT to be the Directed Trustee of the 457 Trust, the 457 PST Trust, and the 401(a) Trust by approving and authorizing execution of Trust Agreements;
6. Direct that the Plan assets shall be held for the exclusive benefit of the Plan Participants and their beneficiaries, and the assets shall not be diverted for any other purpose;
7. Authorize and direct IBT to execute and submit Master Applications for Group Funding Agreements for the 401(a) and 457 PST Plans and the Investment Restriction Addenda to Schwab Personal Choice Retirement Account Plan Applications for the 401(a) and 457 Plans;
8. Approve the Group Funding Agreement Endorsement for the 457 Plan;
9. Authorize the BOC to provide direction to IBT and/or act where IBT is not otherwise authorized to act as a trustee; and
10. Authorize the BOC Chair to execute all necessary administrative or other agreements with the Hartford incidental to the administration of the Plan, and such other documents involving Hartford as are necessary to ensure continued compliance with the regulations of the Internal Revenue Service, Department of the Treasury, the Securities and Exchange Commission (the "SEC") and any other federal or state agency having jurisdiction, and do all other things necessary and proper to implement the above.

The BOC has reviewed the resolution and at its May 1, 2006 special meeting voted unanimously to recommend that the Board of Supervisors adopt the resolution.

**RECOMMENDATION:** That the Board adopt the attached Resolution which will implement all of the above described actions.

**SUPPORTING DOCUMENTS**

- A . Resolution
- B . Exhibit A
- C . Exhibit B
- D . Exhibit C-1
- E . Exhibit C-2
- F . Exhibit C-3
- G . Exhibit D-1
- H . Exhibit D-2
- I . Exhibit E-1
- J . Exhibit E-2
- K . Exhibit F

CEO Recommendation: Approve

Reviewed By: Maiko Klieman