Council Meeting
May 25, 2010

Honorable Mayor and Members
Of the Torrance City Council
City Hall
Torrance, California

Members of the City Council:

SUBJECT: **Adopt RESOLUTION establishing Deferred Compensation Plan Committee.**

RECOMMENDATION:

Recommendation of the City Treasurer that the City Council adopt a **RESOLUTION** establishing a City of Torrance Deferred Compensation Plan Committee to serve as Plan Administrator of the City's Deferred Compensation Plans.

FUNDING

N/A

BACKGROUND AND ANALYSIS

In 1974, an IRS 457 Deferred Compensation Plan was adopted, with the City Treasurer appointed as Plan Administrator, to provide a tax exempt method for employees to defer income for retirement. The funds are currently invested with Great West Life & Annuity Insurance Company.

The City Council has the authority to appoint one or more persons as Plan Administrator to control and manage the Plans' operation. Historically the City Treasurer has served as the Plan Administrator. In order to better manage the Plan, the City Treasurer believes it is in the best interest of the City for the City Council to establish a Deferred Compensation Committee to serve as the Plan Administrator of the City of Torrance Deferred Compensation Plans. The proposed committee would be composed of the City Treasurer, Finance Director, Human Resource Director, Assistant City Manager and City Attorney

So that roles and responsibilities may be clearly defined as delegated by the City Council to the Deferred Compensation Plan Committee, proposed Committee Bylaws have been attached to the resolution establishing the Committee. Delegated responsibilities include, but are not limited to:

1. acting as Plan Administrator and Named Fiduciary for the City's deferred compensation plans;
2. monitoring the performance of investment managers and other investment fiduciaries to the plans;
3. appointing, removing and replacing any investment manager; and

4. performing all non-fiduciary functions for the plans on behalf of the City (to the extent that such actions do not increase the City's costs)

The Resolution and Bylaws have been reviewed by the City Treasurer's Office and the City Attorney's Office and have been approved as to form.

Respectfully submitted,

Linda M. Barnett
City Treasurer

Noted:

LeRoy J. Jackson
City Manager

ATTACHMENTS:
(1) Resolution

Attachment I

RESOLUTION NO._____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TORRANCE ESTABLISHING A DEFERRED COMPENSATION PLAN COMMITTEE

WHEREAS, City of Torrance maintains the City of Torrance 457 and 401(a) Deferred Compensation Plans for the benefit of its eligible employees;

WHEREAS, the City Council of the City of Torrance has the authority to appoint one or more persons as Plan Administrator to control and manage the Plans' operation;

WHEREAS, the City Treasurer has historically served as the Plan Administrator;

WHEREAS, the City Treasurer and the City Council of the City of Torrance have determined that it is in the City's best interest to replace the Treasurer by appointing as Plan Administrator a Deferred Compensation Plan Committee composed of the City Treasurer; the Finance Director; the Human Resource Director; the Assistant City Manager; and the City Attorney;

WHEREAS, the City Council also wishes to grant authority to the Committee to act on the City's behalf in a **settlor** capacity; and

WHEREAS, the City Council wishes to approve bylaws setting out the powers, duties, responsibilities, and general governance procedures of the Committee.

NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF TORRANCE DOES RESOLVE AS FOLLOWS:

1. The City of Torrance establishes as Plan Administrator a Deferred Compensation Plan Committee composed of the City Treasurer; Finance Director; Human Resource Director; Assistant City Manager; and the City Attorney;

2. The City of Torrance approves Bylaws for the Deferred Compensation Plan Committee, in the form attached as Exhibit A to this Resolution; and

3. That to the extent required by the California Constitution and Employee Retirement Income Security Act of 1974, as amended, the City Council will monitor the activities of the Deferred Compensation Plan Committee, in order to ensure that the Committee is meeting its duties and responsibilities as Plan Administrator.

INTRODUCED, APPROVED AND ADOPTED this ____ day of_____ 2010.

_____
Mayor Frank Scotto

APPROVED AS TO FORM:
JOHN L. FELLOWS III, City Attorney

by _____
Patrick Q. Sullivan, Assistant City Attorney

ATTEST:

_____
Sue Herbers
City Clerk

Exhibit A

BYLAWS
CITY OF TORRANCE
DEFERRED COMPENSATION PLAN COMMITTEE

The City of Torrance Deferred Compensation Plan Committee (the "Committee") is appointed by the City of Torrance City Council to oversee the City of Torrance 457 and 401(a) Plans (collectively, the "Plans") in a fiduciary and **settlor** capacity. The Committee is authorized to manage and administer business relationships with the Plans' Custodians and Trustees, including satisfaction of legal requirements and operational responsibilities. The Committee is comprised of persons holding the following offices in the City:

1. City Treasurer
2. Human Resources Director
3. Finance Director
4. Assistant City Manager
5. City Attorney

The Committee will be responsible for exercising the general powers and duties of Plan Administrator, as set forth in the Plans' documents. The duties of the Committee include, without limitation, the following duties:

- In its settlor capacity, to:
  - oversee the administration and operation of the Plans other than investment-related issues;
  - select and/or recommend and monitor the Plans' administrative and compliance providers and advisors; and
  - perform such other duties as may be necessary or appropriate for the administration of the Plans.

- In its fiduciary capacity, to:
  - act as the Plans' Administrator and Named Fiduciary;
  - develop the investment structure and policies for the Plans;
  - select and/or recommend and monitor the investments offered to the Plans' participants;

- determine the Plans' providers and advisors, as they relate to investment issues and services;
- make such other decisions as are necessary and appropriate to manage the Plans' selection of investments and investment-related services in a prudent manner; and
- develop participant eligibility and Plan rules.

The City Council delegates to the Committee the responsibility and authority to perform the functions listed in these Bylaws. The City Council retains the oversight responsibility to monitor the performance of the Committee to determine that the members of the Committee continue to be qualified to fulfill their responsibilities and that the Committee is operating in furtherance of these purposes.