



AGENDA REPORT

Meeting Date: September 20, 2012
Item Number: F-5
To: Honorable Mayor & City Council
From: Dr. Scott G. Miller, Director of Administrative Services /CFO
Subject: APPROVAL FOR THE CITY'S PLAN ADMINISTRATOR TO SIGN THE AMENDMENT TO THE AGREEMENT WITH ICMA-RC FOR INVESTMENT MANAGEMENT SERVICES AND PLAN ADMINISTRATION
Attachments: Amendment to ICMA Retirement Corporation Agreement

RECOMMENDATION

Staff recommends the City Council authorize the City's ICMA Retirement Corporation Plan Administrator (Chief Financial Officer) to amend the agreement terms.

INTRODUCTION

ICMA-RC (Retirement Corporation) provides investment management services and plan administration for City employees who elect to participate in the offered retirement plans. The current agreement between the City of Beverly Hills and ICMA-RC expires on December 31, 2012.

DISCUSSION

The City has negotiated an amendment agreement that eliminates fees for plan administration and Mutual Fund fees and extends the agreement term for 5 years. Additionally, the City negotiated an annual payment of \$80,000, paid directly to the City of Beverly Hills for administration of the plans. No other ICMA-RC client is provided this level of benefit.

The City and employees are very happy with the services ICMA-RC provides for our plans and have had zero issues with the Company.

FISCAL IMPACT

The agreement will generate \$80,000 annually for the City of Beverly Hills.



Dr. Scott G. Miller / CFO
Finance Approval

Attachment 1

**AMENDMENT
TO THE
Administrative Services Agreements
for Plan Numbers 302249, 106874, 108314, 108315, 108316, 108317**

This Amendment to the Administrative Services Agreements (“Agreements”) for Plan numbers 302249, 106874, 108314, 108315, 108316, 108317 (the “Plans”) is entered by and between City of Beverly Hills (“Employer”) and ICMA Retirement Corporation (“ICMA-RC”), effective as of the date of execution by the Employer below (“Execution Date”).

WHEREAS, the Employer sponsors the Plans on behalf of its eligible employees and retirees; and

WHEREAS, the Employer entered the Agreements to engage ICMA-RC to provide administrative services and investments for the Plan under the terms specified in the Agreements; and

WHEREAS, the parties wish to amend the Agreements to provide for the continued elimination of the Plan Administration fee and the Mutual Funds Fee under the Agreements contingent upon ICMA-RC acting as the exclusive provider of administrative and investment services for the Plans over the term of the Agreement and contingent upon the Employer’s use of EZLink for contribution processing over the term of the Agreement and upon contribution funds being submitted through wire transfer or ACH; and

WHEREAS, Section 10(a) of the Agreement provides that the Agreements may be amended pursuant to a written instrument signed by the parties;

NOW, THEREFORE, the Agreements are hereby amended as follows:

FIRST

Section 7(d) of the Agreements, included in the section titled “Compensation and Payment”, is amended by replacing that specific subsection with the following:

7(d) **Administrative Allowance.** ICMA-RC shall provide an annual administrative allowance of \$80,000, which shall be paid quarterly to the Employer or to the Plan. Such payments reflect ICMA-RC’s assumptions regarding the aggregate level of revenue received from the investment options offered by the Plan at the initiation of this Agreement. In the event that the Employer chooses to replace investment options during the term of this Agreement, the revenue assumptions with respect to the new investment options will be re-evaluated and the administrative allowance will be adjusted commensurately. Employer understands that the Plan administrative allowance is to be used only to pay for reasonable plan administrative expenses of the Plan or allocated to participant accounts under the Plan at the instruction of the Employer.

SECOND

Section 10 of the Agreements, titled "Term" is amended to provide as follows:

This Agreement shall be in effect and commence on January 1, 2013 ("Inception Date"). The term of this Agreement will commence on the Inception Date and extend five (5) years from that date ("Initial Term"); provided, however, that the Employer may terminate this Agreement for cause prior to the end of the Initial Term in the event that ICMA-RC is determined to have materially breached the Agreement and failed to cure such breach to the satisfaction of the Employer within 30 days following written notice of such breach and the Employer's intention to terminate the Agreement. Following the Initial Term of the Agreement, the Agreement may be terminated by Employer on sixty days advance notice in writing to ICMA-RC.

Following the Initial Term, this Agreement will be renewed automatically for succeeding terms of one (1) year (each a "Successive Term"). If not sooner terminated as provided herein, for the first two Successive Terms the Employer will have the sole and exclusive option to renew by providing no less than 60 days written notice before the end of the Initial Term or before the end of the first and second Successive Terms. Beginning with the third Successive Term, if not sooner terminated as provided herein, this Agreement will be renewed automatically for each succeeding year unless written notice of termination is provided by either party to the other no less than 60 days before the end of such Agreement year.

The Employer understands and agrees that, in the event the Employer terminates this Agreement (or replaces the VantageTrust PLUS Fund as an investment option in its investment line-up), ICMA-RC retains full discretion to release Plan assets invested in the VantageTrust PLUS Fund in an orderly manner over a period of up to 12 months from the date ICMA-RC receives written notification from the Employer that it has made a final and binding selection of a replacement for ICMA-RC as administrator of the Plan (or a replacement investment option for the VantageTrust PLUS Fund).

The fee amendment specified in Section 7 of the Agreement will take effect following the Inception Date and ICMA-RC's receipt of one fully executed copy of this Amendment.

In all other respects, the Agreements are hereby ratified and affirmed.

IN WITNESS WHEREOF, Employer has caused this Amendment to be executed by its duly authorized officer this _____ day of _____, 2012.

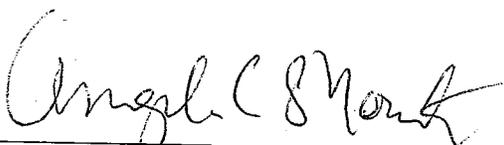
CITY OF BEVERLY HILLS

By: _____

Print Name: _____

Title: _____

INTERNATIONAL CITY/COUNTY MANAGEMENT ASSOCIATION
RETIREMENT CORPORATION

By 

Angela C. Montez
Assistant Corporate Secretary