

SOUND TRANSIT

RESOLUTION NO. R99-31

**Election to Terminate Participation in Public Employees' Retirement System
BACKGROUND AND COMMENTS**

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Executive Committee	10/15/99	Discussion/Recommend Board Approval	Jan Hendrickson, Director of Finance and Administration	206-398-5097
Board of Directors	10/28/99	Approval		

ACTION:

Approval of a Resolution authorizing the Executive Director to terminate Sound Transit's status as a participant in the Public Employees' Retirement System (PERS) for all employees hired after 12/31/99.

BACKGROUND:

Sound Transit employees currently have two options available for retirement planning. Through the Washington State Department of Retirement Services Sound Transit employees are able to participate in PERS or through Resolution No. 32 Sound Transit employees are able to participate in ICMA's 401(a) retirement plan. At the time of hiring, employees are required to select either plan and cannot change status during the course of their employment.

During the last Washington State Legislative session, the state law (RCW 41.40.109) governing PERS was amended to require employers to participate in either PERS or a 401(a) retirement plan, not both. This change affects all employees hired after 12/31/99. If Sound Transit terminates its status as participating employer in PERS, existing employees hired before 1/1/2000 may continue participating in PERS. Once Sound Transit has terminated its participation in PERS, if employees who currently participate in PERS terminate employment with Sound Transit and are later re-hired as Sound Transit employees after 12/31/99, they will not be eligible for participation in PERS upon re-hire.

RELEVANT BOARD POLICIES AND PREVIOUS ACTIONS TAKEN:

- Resolution No. 32, approving a retirement plan that provides an alternative to the Public Employees' Retirement System (August 12, 1994).

KEY FEATURES:

- Staff is requesting that the Board authorize the Executive Director to terminate Sound Transit's status as a participating employer in the PERS program prior to 12/31/99.

- Employees hired after 12/31/99 will be required to participate in Sound Transit's 401 (a) retirement plan.
- Existing employees hired before 1/1/2000 may continue participating in PERS, if applicable.
- Existing employees who participate in PERS and terminate their employment with Sound Transit, and are re-hired after 12/31/99 will not be eligible for participation in PERS upon re-hire.

FUNDING:

N/A

ALTERNATIVES:

Sound Transit could choose to be an exclusive PERS employer. However, out of 192 employees currently employed at Sound Transit, 178 participate in the 401(a) retirement plan and 14 in PERS.

CONSEQUENCES OF DELAY:

If Sound Transit does not make an election by 12/31/99, by default, Sound Transit will become a PERS employer. Thus, all new employees after 12/31/99 will only be able to participate in the PERS program.

LEGAL REVIEW:

The Legal Department has reviewed and approved the Background and Comments and the Resolution .

SOUND TRANSIT

RESOLUTION NO. R99-31

A RESOLUTION of the Board of the Central Puget Sound Regional Transit Authority terminating its status as a participating employer in the Public Employees' Retirement System and authorizing the Executive Director to take administrative action to effectuate such termination.

WHEREAS, the Central Puget Sound Regional Transit Authority ("Sound Transit") is a duly organized regional transit authority existing under RCW Chapters 81.104 and 81.112 and has powers necessary to implement a high capacity transportation system; and

WHEREAS, on November 5, 1996, central Puget Sound area voters approved local funding for Sound Move, Sound Transit's ten-year plan for regional high-capacity transit; and

WHEREAS, by Resolution No. 32, Sound Transit (formerly called the "Regional Transit Authority for Pierce, King and Snohomish Counties") adopted a pension plan qualified under section 401(a) of the Internal Revenue Code ("Code"), and a deferred compensation plan described in Code Section 457 (hereinafter referred to as the "Independent Plans"); and

WHEREAS, Sound Transit is a participating employer in the Washington Public Employees' Retirement System ("PERS"); and

WHEREAS, upon hire, Sound Transit employees have a choice of participating either or the Independent Plans; and

WHEREAS, the Washington State Legislature recently amended the laws governing PERS to require employers that have excluded employees from participation in PERS due to their participation in a 401(a) plan to make an election by December 31, 1999 to either terminate their participation in PERS on a prospective basis, or permit all new employees to participate in PERS regardless of their simultaneous participation in a 401(a) plan; and

WHEREAS, Sound Transit desires to terminate its participation in PERS prospectively for all persons hired as employees after December 31, 1999.

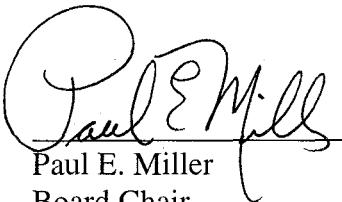
NOW, THEREFORE, BE IT RESOLVED by the Board of the Central Puget Sound Regional Transit Authority as follows:

Section 1. Effective December 31, 1999, Sound Transit shall terminate its status as a PERS employer with regard to all persons hired as employees by Sound Transit after December 31, 1999, and such persons shall not have the option of participating in PERS as Sound Transit employees.

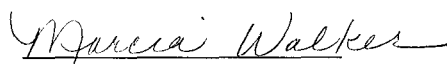
Section 2. Individuals who are active members in PERS as Sound Transit employees on December 31, 1999 shall be eligible to continue their membership in PERS, if otherwise eligible for PERS participation, for the duration of their continuous employment with Sound Transit.

Section 3. The Executive Director, or designee, is hereby authorized to take such actions and adopt such amendments to the Independent Plans as deemed necessary or advisable to terminate Sound Transit's participation in PERS prospectively and to otherwise accomplish the intent of this Resolution.

ADOPTED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on the 28th day of October, 1999.


Paul E. Miller
Board Chair

ATTEST:


Marcia Walker
Board Administrator