

Financial Affairs  
Richard H. Hinds, Chief Financial Officer

**SUBJECT: REQUEST FOR AUTHORIZATION TO CONTRACT WITH ICMA  
RETIREMENT CORPORATION TO ESTABLISH A SECTION 457  
DEFERRED COMPENSATION PLAN**

At the Board meeting of May 12, 1999, the Board established the Miami-Dade County School Board's Money Purchase Plan, in the form of the ICMA Retirement Corporation Governmental Money Purchase Plan and Trust, for eligible Board members, pursuant to the guidelines established for the Elected State and County Officers' Class (ESCOC) under the Florida Retirement System (FRS). At the Board meeting of December 12, 2001, the Board authorized the plan to be amended to allow personnel in the Senior Management Service Class (SMSC) to have their retirement contributions directed to ICMA.

As a result of the changes made by The Economic Growth and Tax Relief Reconciliation Act (EGTRRA) of 2001, as well as The Job Creation and Worker Assistance Act (JCWAA) of 2002, employees may defer additional amounts of income than in the past for current programs offered by the Board including the 401(k) and 403(b) programs. One aspect of the law provides for catch up contributions allowing older participants to contribute additional deferrals to plans currently offered by the Board, as well as 457(b) plans, which the Board does not currently offer.

Following meetings with the Board's employee benefit legal consultant, Mr. Steve Lapidus, Greenberg, Traurig, P.A., and representatives from ICMA Retirement Corporation, it is being recommended that the Board contract with ICMA Retirement Corporation to establish a Deferred Compensation Plan, pursuant to Section 457 of the Internal Revenue Code (457 Plan) to provide employees and additional deferred compensation opportunity. Because of ICMA's current relationship with the Board, and their very competitive fee structure as a not for profit annuity company which deals exclusively with governmental entities, it is recommended that the initial program be established with them.

**REPLACEMENT  
G-50**

The 457 Plan will be available to all employees and will not involve any Board money, as all invested monies will be through a pre-tax reduction of employee's money. Staff from the Office of Risk and Benefits Management, Office of Information Technology, and Office of Management and Compliance Audits have met with ICMA to effectuate a process whereby employees who choose to invest money on a pre-tax basis in the 457 Plan will be able to enroll through the internet. That information will then be transmitted back to OIT, with payroll reductions being sent to ICMA on a per-payroll basis.

A marketing campaign to make employees aware of this newly offered plan is being constructed and is set to be conducted in the fall, in conjunction with the other financial plans offered to Board employees who want to defer income for retirement purposes. While the plan would support a small amount of employee's terminal pay being invested, the Board's consultants feel that it would be in the employee and Board's best interests to continue looking at the creation of a Terminal Leave Retirement Plan (TLRP), which would provide employees an opportunity to shelter greater amounts of their sick pay at retirement and/or DROP. Additional information regarding the establishment of the TLRP plan will be brought back to the Board at a future Board meeting.

Copies of the Administrative Service Agreement, Plan Resolutions, and Loan Provisions are being sent to the Board as back-up information to this item.

RECOMMENDED: That The School Board of Miami-Dade County, Florida:

1. adopt the deferred compensation plan in the form of the ICMA Retirement Corporation Deferred Compensation Plan and Trust;
2. execute the Declaration of Trust of the Vantage Trust Company, intending this execution to be operative with respect to any retirement or deferred compensation plan subsequently established, if such assets of the Plan are to be invested in the Vantage Trust Company;
3. declare that the assets of the Plan shall be held in trust, with the School Board serving as trustee, for the exclusive benefit of the Plan participants and their beneficiaries, and that the assets shall not be diverted to any other purpose;
4. adopt and approve the stipulated 457 Plan Loan Guidelines;
5. adopt and approve the Administrative Services Agreement with the International City Management Association Retirement Corporation (ICMA);

6. appoint the Treasurer, or designee, to be the coordinator of the plan, receiving necessary reports and notices from ICMA Retirement Corporation or the Vantage Trust Company; authorizing that position to cast, on behalf of the Board, and required votes under Vantage Trust Company, with administrative duties to carry out the plan assigned to the Office of Risk and Benefits Management to execute all necessary agreements with ICMA Retirement Corporation incidental to the administration of the plan; and
7. authorize all forms of resolutions necessary to effectuate the 457 Plan, to become effective July 1, 2002; and

The appropriate for this item will be included in the 2002-2003 Adopted Budget.

RHH:sc