

Date: July 25, 2012

To: Board of Directors

From: Neil McFarlane

Subject: **RESOLUTION 12-07-72 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) REGARDING ESTABLISHMENT OF THE TRIMET DEFINED CONTRIBUTION RETIREMENT PLAN FOR UNION-REPRESENTED EMPLOYEES**

1. Issue or Purpose of Item

The purpose of this agenda item is to authorize establishment of the TriMet Defined Contribution Retirement Plan for Union-Represented Employees (the “Union Plan”.)

2. Reason for Board Action

On July 12, 2012, Arbitrator David Gaba issued an award (the Award) in the interest arbitration between TriMet and Amalgamated Transit Union Division 757 (the Union). Among other points, the Award requires TriMet to enroll Union-represented employees hired by TriMet after July 31, 2012 “in a Defined Contribution Plan, which shall have the same elements as that currently offered to all TriMet non-union employees.” The attached Resolution carries out the aspect of the Award described above, authorizes preparation and execution of a Plan document for the Union Plan and appoints Administrative Committee members to administer the Union Plan.

3. Background

At present, eligible Union-represented employees are covered by a defined benefit pension plan funded by TriMet, under which all investment risk falls upon TriMet. The defined benefit pension plan provides for fixed monthly benefits for retirees, subject to post-retirement cost-of-living adjustments. Due to the expense of that benefit, TriMet submitted the proposal described above, to enroll newly hired Union-represented employees in a defined contribution retirement plan instead of the existing defined benefit plan. As noted above, the Arbitrator selected that proposal, and TriMet is now obligated to establish that defined contribution plan to enroll Union-represented employees hired after July 31, 2012.

The terms of the new defined contribution plan for Union-represented employees are intended to be substantially identical in all relevant respects to the terms of the TriMet Defined Contribution Retirement Plan for Management and Staff Employees (the Management Plan). Both plans would be defined contribution plans that are “profit sharing” plans as defined by the Internal Revenue Service. Each Plan participant has an individual account in a trust to which contributions are made and from which distributions are made. TriMet contributes 8% of eligible participants’ base

compensation each pay period, and participants may elect to contribute additional amounts. No benefit amount is guaranteed; the benefit is the amount in the participant's account at the time of distribution.

The Management Plan is administered by a Committee consisting of TriMet's Executive Director of Finance & Administration, Executive Director of Labor Relations & Human Resources, General Counsel, Director of Financial Services and Director of Employee Services. TriMet's Executive Director of Labor Relations & Human Resources has proposed that the Administrative Committee for the Union Plan consist of TriMet's Executive Director of Finance & Administration, Executive Director of Labor Relations & Human Resources and General Counsel, plus the President, Vice President and Financial Secretary/Treasurer of the Union.

Due to pressures created by the proximity in time of the Award to this Board meeting and the effective date of the Union Plan, a proposed Plan document for the Union Plan is not attached to this memorandum. Rather, the Resolution is an outline of the terms on which the Union Plan would be established and administered. The Resolution allows a formal Plan document consistent with this outline to be prepared by counsel for TriMet and, if acceptable, signed by the General Manager.

4. Options

If the Resolution is adopted, TriMet management may direct counsel to prepare a Plan document for the Union Plan, execute that document and proceed to administer the Union Plan with an Administrative Committee populated by the TriMet officers listed in item 3 above and such Union officers as may be determined after consultation with the Union by the Executive Director of Labor Relations & Human Resources.

5. Recommendation

The General Manager recommends the Board adopt the Resolution.

RESOLUTION 07-12-72

RESOLUTION OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) REGARDING ESTABLISHMENT OF THE TRIMET DEFINED CONTRIBUTION RETIREMENT PLAN FOR UNION-REPRESENTED EMPLOYEES

WHEREAS, an arbitration award entered on July 12, 2012 in the interest arbitration between TriMet and the Amalgamated Transit Union Division 757 (the Award) provides that TriMet employees represented by the Amalgamated Transit Union Division 757 (the Union) hired by TriMet after July 31, 2012 shall be eligible for and become participants “in a Defined Contribution Plan, which shall have the same elements as that currently offered to all TriMet non-union employees;” and

WHEREAS, a plan document for the new plan described above for Union-represented employees (the Union Plan) must be drafted and executed to comply with the terms of the Award, and an Administrative Committee appointed to administer the Union Plan; and

WHEREAS, the TriMet Board of Directors (the Board) appointed as the members of the Administrative Committee for the TriMet Defined Contribution Retirement Plan for Management and Staff Employees (the Management Plan) TriMet’s Executive Director of Finance & Administration, Executive Director of Labor Relations & Human Resources, General Counsel, Director of Financial Services and Director of Employee Services;

NOW, THEREFORE, BE IT RESOLVED:

1. That the Union Plan is established effective with respect to Union-represented employees hired by TriMet after July 31, 2012 and shall have terms substantially identical in all relevant respects to the terms of the Management Plan, as amended up to the effective date of the Union Plan;
2. That the General Manager shall direct counsel for TriMet to have a formal Plan document for the Union Plan prepared consistent with the Award and this Resolution and, once the Union Plan document is satisfactory to the General Manager and upon advice of counsel, to execute such Plan document on behalf of TriMet.
3. That the following TriMet officers shall be members of the Administrative Committee for the Union Plan, in addition to representatives of the Union, as negotiated by the Executive Director of Labor Relations & Human Resources: TriMet’s Executive Director of Finance & Administration, Executive Director of Labor Relations & Human Resources and General Counsel.

4. That the General Manager is authorized and directed to execute such other documents and take such other actions not inconsistent with this Resolution that the General Manager, in his judgment and on advice of counsel, deems necessary or desirable to carry out the Award and this Resolution.

Dated: July 25, 2012

Presiding Officer

Attest:

Recording Secretary

Approved as to Legal Sufficiency

Legal Counsel