

Date: December 14, 2022

To: Board of Directors

From: Sam Desue, Jr.

Subject: RESOLUTION NO. 22-12-64 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AMENDING AND RESTATING THE TRIMET DEFINED BENEFIT RETIREMENT PLAN FOR MANAGEMENT AND STAFF EMPLOYEES

1. Purpose of Item

This Resolution requests that the TriMet Board of Directors (Board) approve and authorize the General Manager to execute the 2023 restatement (Restatement) of the TriMet Defined Benefit Retirement Plan for Management and Staff Employees (Plan).

2. Type of Agenda Item

- Initial Contract
- Contract Modification
- Other: Adoption of Restated TriMet Defined Benefit Retirement Plan for Management and Staff Employees

3. Reason for Board Action

Under Section 8.1 of the Plan, TriMet’s Board must approve any Plan amendment or restatement that goes beyond an update to the Plan’s Actuarial Appendix.

4. Type of Action

- Resolution
- Ordinance 1st Reading
- Ordinance 2nd Reading
- Other _____

5. Background

It is a best practice to periodically review and restate the Plan to bring it up to date and to incorporate discretionary and legal-compliance amendments. The Plan was last restated effective July 1, 2013 and has been amended twice since that date. The Trustees of the Plan reviewed and approved this proposed Restatement on December 13, 2021. Although previously approved by the Trustees, TriMet’s Board must approve any substantive Plan amendments or proposed Restatement.

Substantive changes to the Plan under the proposed Restatement are as follows:

- a) Sections 5.2 and 5.10 of the Plan were revised to incorporate changes to the Required Beginning Date, as mandated by the Setting Every Community Up for Retirement Enhancement (“SECURE”) Act of 2019. The SECURE Act revised from age 70½ to age 72

the age at which a retiree must generally begin to receive retirement plan distributions under Section 401(a)(9) of the Internal Revenue Code. This change only applies to individuals who did not reach age 70½ before January 1, 2020.

b) The First and Second Amendments to the Plan, as recommended by the Trustees and approved by TriMet's General Manager, revised the actuarial assumptions and factors used by the Plan's actuaries to calculate the actuarially equivalent present value of two payments or payment streams under the Plan: a single life annuity, which is the normal form of benefit under the Plan, and either a lump sum or a joint and survivor annuity. The actuarial factors and assumptions are described in Appendix I, but at the Plan actuary's recommendation the actuarial tables previously in Appendix I were removed in favor of using tables prepared by the Plan actuary outside the Plan. The proposed Restatement has been updated accordingly to incorporate the assumptions under the Second Amendment (which made the changes under the First Amendment obsolete), to remove the conversion tables under Appendix I, and to remove references to those tables throughout the document.

c) At the June 2021 quarterly Trustee meeting, the Trustees recommended a new Plan provision that would suspend the optional lump sum form of benefit if the Plan's funding ratio drops below 70%. This provision has been incorporated into the proposed Restatement under Section 5.4(c).

Most of the above-described changes to the proposed Restatement to the Plan require Board approval. Therefore, this Resolution seeks the Board's formal adoption of the proposed Restatement, attached hereto as Exhibit A.

6. Financial/Budget Impact

These changes do not directly impact TriMet's operating budget.

7. Impact if Not Approved

If this Resolution is not adopted, the Plan will not be up to date with legal-compliance amendments and the discretionary amendment previously recommended by the Plan's Trustees.

[EXHIBIT A]

**TRIMET DEFINED BENEFIT
RETIREMENT PLAN FOR
MANAGEMENT AND STAFF EMPLOYEES**

Amended and Restated

Effective January 1, 2023

RESOLUTION NO. 22-12-64

**RESOLUTION NO. 22-12-64 OF THE TRI-COUNTY METROPOLITAN
TRANSPORTATION DISTRICT OF OREGON (TRIMET) TO
RESTATE THE TRIMET DEFINED BENEFIT RETIREMENT PLAN
FOR MANAGEMENT AND STAFF EMPLOYEES**

WHEREAS, TriMet has authority under ORS 267.200 to sponsor and maintain retirement plans for the benefit of its employees; and

WHEREAS, in addition to other retirement and benefit plans maintained for eligible employees, TriMet currently sponsors and maintains the TriMet Defined Benefit Retirement Plan for Management and Staff Employees (Plan); and

WHEREAS, the Plan Trustees have reviewed and recommended that the Plan be restated in order to bring the Plan up to date and to incorporate discretionary and legal-compliance amendments; and

WHEREAS, the TriMet Board of Directors (Board) wishes to adopt the amended and restated Plan (Restatement), attached hereto as Exhibit A, effective as of January 1, 2023;

NOW, THEREFORE, BE IT RESOLVED:

1. That the TriMet Defined Benefit Retirement Plan for Management and Staff Employees be amended and restated as shown on the attached Exhibit A, in accordance with the recommendation of the Plan Trustees to bring the Plan up to date and to incorporate discretionary and legal-compliance amendments.
2. That the Restatement shall conform to applicable law and be effective January 1, 2023.
3. That the General Manager is authorized to execute the Restatement, as shown on the attached Exhibit A and as described herein.

Dated: December 14, 2022

Attest:

Presiding Officer

Recording Secretary

Approved as to Legal Sufficiency:

Gregory E. Skillman
Legal Department