

COUNCIL ACTION FORM

SUBJECT: DEFERRED COMPENSATION PLAN ADMINISTRATOR

BACKGROUND:

The City of Ames is the plan sponsor for an IRS Section 457(b) Employee Deferred Compensation Plan. The plan is fully funded through voluntary employee payroll deductions, with the ICMA Retirement Corporation (ICMA-RC) acting as trustee and plan administrator.

Prior to 2007, ICMA-RC deducted an annual administrative fee from each employee's account balance. The City of Ames and ICMA-RC entered into an agreement to eliminate the annual fees in August of 2007. That agreement is now expiring. ICMA-RC has again offered to eliminate the annual fee provided the City of Ames, and the City will continue with ICMA as a 457(b) plan administrator through June 30, 2017. The agreement may be terminated by either party on sixty days advance notice in writing to the other.

ALTERNATIVES:

1. Approval an agreement with ICMA-RC to act as 457(b) plan administrator through June 30, 2017.
2. Reject the agreement with ICMA-RC.

MANAGER'S RECOMMENDED ACTION:

As Plan Sponsor, the City of Ames has a fiduciary duty to act in the best interest of the plan participants. Eliminating the annual fee provides a substantial savings and enhances the value of the plan to participating employees. This may also create an incentive to increase participation by employees who are not currently enrolled.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving an agreement with ICMA-RC to act as 457(b) plan administrator through June 30, 2017.

**AMENDMENT
TO THE
Administrative Services Agreement
for Plan Number 300253**

This Amendment to the Administrative Services Agreement (“Agreement”) for Plan number 300253 (the “Plan”) is entered by and between City of Ames (“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 Plan on behalf of its eligible employees and retirees; and

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

WHEREAS, the parties wish to amend the Agreement to provide for the continued elimination of the Plan Administration fee and the Mutual Funds Fee under the Agreement contingent upon ICMA-RC acting as the exclusive provider of administrative and investment services for the Plan 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 contribution funds are submitted through wire transfer or ACH; and

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

NOW, THEREFORE, the Agreement is hereby amended as follows:

FIRST

The following is added as a new section 3 to the Agreement, and the current provisions of the Agreement are re-numbered accordingly:

Employer agrees that for the initial or succeeding term of this Agreement specified in Section 10, so long as ICMA-RC continues to perform in all material respects the services to be performed by it under this Agreement, Employer shall not obtain plan administration from anyone other than ICMA-RC with the exception of the existing plan administrators during the term of this Agreement. Employer agrees that no new plan administrators may be added.

Employer acknowledges that ICMA-RC has agreed to the compensation to be paid to ICMA-RC under this Agreement in the expectation that ICMA-RC will be

able to offset costs allocable to performing this Agreement with revenues arising from Employer's exclusive use of ICMA-RC at the rates provided herein throughout the initial or succeeding term.

SECOND

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

This Agreement shall be in effect and commence on the date all parties have signed and executed this Agreement ("Inception Date"). The term of this Agreement will commence on the Inception Date and extend five (5) years from that date.

Following the initial term of the Agreement, the Agreement may be terminated by either party on sixty days advance notice in writing to the other. 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).

If the Agreement is not renewed, ICMA-RC will provide an orderly transition of assets and records to the new record keeper. A transition letter will be provided to the Employer which outlines the process and the responsibilities of ICMA-RC after the transition of assets and records has been completed.

The term amendment specified in section 10 of the Agreement will take effect following the Retirement Corporation's receipt of one fully-executed copy of this Amendment.

In all other respects, the Agreement 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 AMES

By: _____

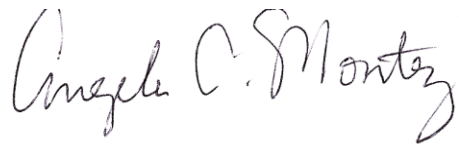
Print Name: _____

Title: _____

APPROVED AS TO FORM

Douglas R. Marek
City Attorney

INTERNATIONAL CITY/COUNTY MANAGEMENT ASSOCIATION
RETIREMENT CORPORATION

A handwritten signature in black ink that reads "Angela C. Montez". The signature is written in a cursive style with a large initial 'A' and a stylized 'M'.

By _____
Angela C. Montez
Assistant Corporate Secretary