



MOUNTAINS RECREATION & CONSERVATION AUTHORITY

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MEMORANDUM

TO: The Governing Board

FROM:  Joseph T. Edmiston, FAICP, Hon. ASLA, Executive Officer

DATE: April 4, 2012

SUBJECT: **Agenda Item VII: Consideration of resolution modifying the MRCA Section 457 Deferred Compensation Plan Administered by ICMA-RC.**

Staff Recommendation: That the Governing Board adopt the attached resolution which modifies Resolution 98-54 and authorizes that MRCA employees be allowed to take loans from his or her Section 457 Deferred Compensation Plan (the "Plan")

Background: On August 17, 1998 the MRCA board approved Resolution 98-54 which authorized the adoption of a section 401 (a) Money Purchase Plan and Trust for eligible employees. This plan subsequently became know as the MRCA Section 457 Deferred Compensation Plan. Over the years this plan has been well utilized by MRCA employees. As of March 28, 2012 the Plan reported that 68 current employees along with 34 former employees have assets in the Plan. Also as of March 28, 2012, Plan assets totaled \$4,175,402.28.

The Plan offers an option where current employees are allowed to take loans against an employees balance in the Plan under the following conditions:

1. A person may borrow up to 50% of their account value, to a maximum of \$50,000.
2. Interest and principle are paid back by the participant, back into their account.
3. A person may take only one loan per year, and you may allow someone to have up to five loans.
4. Loan repayments must be made by direct debit from an individual participant's checking or savings account.

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Current interest rate is 3.75%. ICMA-RC charges the employee a Loan Origination fee of \$75 and an Annual Maintenance fee of \$50. The attached booklet provides more information.