

Consent Item (C) 05-13-2021

Washington Metropolitan Area Transit Authority
Board Action/Information Summary

☐ Action ☒ Information

MEAD Number:
202268

Resolution:
☒ Yes ☐ No

TITLE:

Local 2 Retirement Plan

PRESENTATION SUMMARY:

Amend the Washington Metropolitan Area Transit Authority (WMATA)/ Local 2 Retirement Plan to eliminate the Retirement Committee.

PURPOSE:

On behalf of the WMATA/Local 2 Retirement Plan Trustees, management is seeking Board approval of a Plan amendment that would eliminate the Retirement Committee as the day-to-day administrator of the Plan, allowing the Trustees to assume the duties.

DESCRIPTION:

The Plan currently vests the day-to-day administration to a three-member Retirement Committee. The Trustees of WMATA/Local 2 Retirement Plan have determined the administration of the Plan will be more efficient with the Trustees assuming responsibility for the day-to-day administration.

Key Highlights:

The WMATA/Local 2 Retirement Plan currently has a three-member Retirement Committee that has responsibility for day-to-day administration. Previous members of this committee have left the Authority and the Trustees would now like to assume daily administration oversight.

Background and History:

The Local 2 Retirement Plan currently vests responsibility for the day-to-day administration, including the execution of any documents, papers, or other forms and the supervision of the payment of all benefits to retired participants, their joint pensioners and beneficiaries, to a Retirement Committee. The Retirement Committee is composed of the "General Manager, the Treasurer, and the Director of the Office of Human Resources Management & Planning" (§13.08), or their respective designee.

The Retirement Committee has the authority to administer and interpret the

Plan and to adopt such rules and regulations deemed necessary. Any rule or regulation approved by the Retirement Committee which involves a question of policy, as contrasted with a ministerial function, are first submitted to and approved by the Trustees before they are put into effect.

The Resolution creates a more efficient process by eliminating the Retirement Committee and transferring the day-to-day management of the Plan directly to the Board of Trustees. It allows the Trustees to appoint subcommittees as deemed appropriate and to authorize one or more of its members or any agent to carry out any activities necessary and proper in the administration of the Plan. There is no financial impact to eliminating the Retirement Committee.

Discussion:

The Trustees of the WMATA/Local 2 Retirement Plan have reviewed the responsibilities of the Plan's Retirement Committee and determined that the administration of the Plan would be more efficient with the Trustees assuming the responsibility for the day-to-day administration of the Plan. Such efficiencies include having one body responsible for all reviews and approvals which would serve to streamline the daily execution of administration matters. Currently, any rule or regulation approved by the Retirement Committee must first be submitted and approved by the Trustees. This resolution would streamline that effort.

FUNDING IMPACT:

There is no cost associated with this amendment to WMATA/Local 2 Retirement Plan	
Project Manager:	Sherri Thompson Dickerson, SVP & Chief Human Capital Officer Wanda Mims, Manager, Retirement Planning
Project Department/Office:	IBOP/Human Capital/Total Rewards

TIMELINE:

Previous Actions	The WMATA/Local 2 Retirement Plan Trustees have discussed this matter at their previous quarterly meetings and agreed to assume the responsibilities of the Retirement Committee.
Anticipated actions after presentation	The WMATA/Local 2 Retirement Plan will be amended to eliminate the Retirement Committee and the Plan Trustees will assume the Committee's responsibilities going forward.

RECOMMENDATION:

Approval to amend the WMATA/Local 2 Retirement Plan to eliminate the Retirement Committee to allow for more efficient administration of the Plan by having the day-to-day administration of the Plan performed by the Plan Trustees.

SUBJECT: AMENDMENT OF THE WMATA/LOCAL 2 RETIREMENT PLAN TO MAKE TRUSTEES RESPONSIBLE FOR DAY-TO-DAY PLAN ADMINISTRATION

RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

WHEREAS, Section 10.01 of the WMATA/Local 2 Retirement Plan ("Retirement Plan") reserves to the Board of Directors the right to modify or amend the Retirement Plan; and

WHEREAS, In Resolution 2014-17, the Board approved a restatement of the Retirement Plan effective January 31, 2014, that provided for trustees to manage funds required to pay Retirement Plan benefits pursuant to the terms of a trust agreement; and

WHEREAS, Articles 11 and 13 of the Retirement Plan established a three-member Retirement Committee responsible for day-to-day administration of the Retirement Plan; and

WHEREAS, The Trustees believe that the administration of the Retirement Plan would be more efficient if they perform the day-to-day administration of the Retirement Plan and recommend that the Board amend the Retirement Plan accordingly; and

WHEREAS, Section 9.01 of the Trust Agreement for the Washington Metropolitan Area Transit Authority/Local 2 Retirement Plan ("Trust") provides the Authority the right to amend the Trust at any time;

NOW, THEREFORE, be it

RESOLVED, That §§ 11.03 through 11.11 of the WMATA/Local 2 Retirement Plan effective January 31, 2014, is amended and restated as follows:

11.03 Delegation of Authority. The Authority is designated as "Plan Sponsor" and the Trustees as the "Plan Administrator." Specific duties will be delegated to fiduciaries including the Trustees. The Authority will maintain, or cause to be maintained, records on the employment and compensation history of each Participant in sufficient detail to permit an accurate determination of any benefits to which the Participants may be entitled under the Plan. The Trustees will direct their duties with respect to the Plan solely in the interest of the Plan's participants and beneficiaries

for the exclusive purpose of providing benefits to the Plan's Participants and beneficiaries and defraying reasonable expenses of administering the Plan.

11.04 Day-to-Day Administration of the Plan. The day-to-day administration of the Plan, as provided in the Plan document, including the supervision of the payment of all benefits to retired Participants, their joint pensioners and beneficiaries, will be vested in and be the responsibility of the Trustees as part of their duties as Trustees.

11.05 Conduct of Business. The Trustees will conduct their business and hold meetings as determined by it from time to time. A majority of the Trustees will have the power to act. The concurrence of any Trustee may be in person or by telephone, electronic mail or other method agreed upon by the Trustees. The Trustees may designate any one of its members to carry out specific duties and to sign appropriate forms and authorizations. In carrying out its duties, the Trustees may, from time to time, employ an administrative organization and agents and may delegate to them ministerial and limited discretionary duties as they see fit. The Trustees may consult with counsel, who may be of counsel to the Authority.

11.06 Trustee Subcommittees and Agents. The Trustees may appoint such subcommittees as it will deem appropriate, and may authorize one or more of its number or any agent to execute or deliver any instrument on its behalf and do any and all other things necessary and proper in the administration of the Plan.

11.07 Expenses of the Trustees and Plan Costs. The expenses of administering the Plan, including the printing of literature and forms related thereto, the disbursement of benefits thereunder, the compensation of administrative organizations, agents, actuary, counsel, or Trustees will be paid by the Trustees from the Trust Fund.

11.08 Reserved for future use.

11.09 Trustees' Right to Administer and Interpret the Plan. The Trustees will have the power and authority to administer and interpret the Plan and to adopt such rules and regulations as in the opinion of the Trustees are necessary or advisable to implement, administer and interpret the Plan, or to transact its business. Such rules and regulations as are adopted by the Trustees, will be binding upon any persons having an interest in or under the Plan.

11.10 Claims Procedure. The Trustees will establish the procedure for the submission, processing and disposition of claims for benefits and requests for interpretations of the Plan submitted by employees or their beneficiaries.

11.11 Responsibility and Authority of the Trustees. The responsibility and authority of the Trustees shall be as set forth in the Trust Agreement. The Trustees may direct the appropriate trust department of a bank or an insurance company to pay Plan Participants and their beneficiaries benefits as provided under the Plan and to pay the expenses of the Trustees. The Authority will indemnify the Trustees and its members for any claim against the Trustees for any action made in good faith and without gross negligence. The Authority may purchase appropriate insurance to protect the Trustees and its members, but the Authority's obligation to indemnify the Trustees and its members will not be limited by such insurance policy; and be it further

RESOLVED, That § 12.03 of the WMATA/Local 2 Retirement Plan effective January 31, 2014, is amended and restated as follows:

12.03 Report to Participants. Each Participant will be notified on an annual basis of the facts of his specific participation in the Plan and the participation of the Authority as it pertains to both his account and to the overall Plan. The Trustees will adopt the form and manner of the notification; and be it further

RESOLVED, That § 12.05 of the WMATA/Local 2 Retirement Plan effective January 31, 2014, is amended and restated as follows:

12.05 Settlement of Small Pensions. In the event that the pension provided for any Participant of the Plan is less than \$50 a month, the Trustees may, but will not be required to, cause such pension to be satisfied by the payment to the Participant entitled thereto of a pension of Actuarial Equivalent value in quarterly, semi-annual or annual installments or in a lump sum which the Trustees determine to be the Actuarial Equivalent of the pension to which the Participant is entitled. Should the Actuarial Equivalent value of the pension equal or exceed \$5,000.00 this section shall not be applicable and the pension will be paid it as otherwise provided in the Plan; and be it further

RESOLVED, That the WMATA/Local 2 Retirement Plan effective January 31, 2014, is amended by deleting in its entirety § 13.08 and reserving that section for future use; and be it further

RESOLVED, That § 19.01 of the WMATA/Local 2 Retirement Plan effective January 31, 2014, is amended and restated as follows:

19.01 Right to Trustee-to-Trustee Transfer of Eligible Rollover Distributions. For all Eligible Rollover Distributions (as defined in Plan § 19.02(c)) occurring after December 31, 1992, a Distributee (as defined in Plan § 19.02(a)) may elect, at the time and in the manner prescribed by the Trustees, to have any portion of an Eligible Rollover Distribution paid to an Eligible Retirement Plan (as defined in § 19.02(b)) specified by the Distributee in a direct Plan to receiving Eligible Retirement Plan payment; and be it further

RESOLVED, That § 3.10 of the Trust Agreement for the Washington Metropolitan Area Transit Authority/Local 2 Retirement Plan effective September 30, 2003 is amended and restated as follows:

3.10 Administration of the Plan. The Trustees shall have the sole duty and authority to construe and interpret the provisions of the Plan, to decide any disputes which may arise with regard to the rights of employees under the terms of the Plan or the Agreement and, in general, to direct the administration of the Plan. The administration of the Plan and the implementation of the Trustees' determinations with respect to the Plan shall be carried out by the staff of the Plan or a single Trustee. Staff or a single Trustee, as designated by the Trustees, shall have the responsibility and the authority to execute such documents and other papers and forms as may be required in their day-to-day administration of the Plan; and be it finally

RESOLVED, That this Resolution shall be effective 30 days after adoption in accordance with § 8(b) of the Compact.

Reviewed as to form and legal sufficiency,

/s/ Patricia Y. Lee

Patricia Y. Lee

Executive Vice President and General Counsel