

Board Office Use: Legislative File Info.	
File ID Number	12-0633
Introduction Date	3/14/12
Enactment Number	12-0851
Enactment Date	3-14-12 RJ



OAKLAND UNIFIED
SCHOOL DISTRICT

Community Schools, Thriving Students

Memo

To Board of Education

From Vernon Hal, Deputy Superintendent Business and Operations
Brigitte Marshall, Associate Superintendent, Human Resources

Board Meeting Date March 14, 2012

Subject **Authorizing Public Agency Retirement Services Supplemental Retirement Plan to STRS And PERS For District Employees; An Agreement For Administrative Services For Design And Administration Of The Supplementary Retirement Plan**

Action Requested **Adopt Resolution No. 1112-0179 - Authorizing Public Agency Retirement Services Supplemental Retirement Plan to CAL STRS And PERS For District Employees; An Agreement For Administrative Services For Design And Administration of the Supplementary Retirement Plan Based On Fees Specified In Said Agreement And Requiring A Report From Superintendent Of Schools, As Specified In Said Resolution**

Background In 2010-2011, the District has worked with Public Agency Retirement Services (PARS) to design a Supplementary Retirement Plan (SRP), a retirement incentive that may encourage certain certificated and classified non-management and management employees to retire early.

As the administrator of the Supplementary Retirement Plan (SRP), PARS will assist the District in the initial design, perform plan communication and enrollment, and conduct all ongoing administration of the program. PARS will hold orientation meetings at District locations to provide information regarding the program to eligible employees and will be available for questions and additional information throughout the enrollment period. Pacific Life Insurance Company will serve as the plan insurer. Pacific Life is rated excellent, very strong and superior by the Rating Agencies.

PARS administers the third largest multiple employer public retirement system in California. Over 125 California school districts, including as the Los Angeles Unified School District, Long Beach Unified School District, Rialto Unified School District, Sacramento Unified School District, San Diego Unified School District and others are members of PARS.

The District is studying the feasibility of offering an early retirement incentive for 2011-2012 which is substantially the same as the program, offered in 2010-2011, but which is targeted to a much smaller group of employees.

Discussion The Supplementary Retirement Plan (SRP) would provide participating certificated, classified and management employees with a monthly benefit of 75% of their final year salary, paid over a five-year period. The program requires all employees to retire from the District on June 30, 2012. To be eligible for the program, the employee must be:

1. Employed in one of the following job classifications or specifically designated:



- Employees in closing schools
 - All employees in secondary schools
 - All employees in SIG schools
 - All UAOS members (certificated and classified)
 - All Confidential Managers
2. Employed by the District as of March 14, 2012 (date of Board adoption of the Resolution);
 3. For certificated employees, at least 55 years of age with a minimum of 5 years of District service as of the date the resolution is adopted
 4. For classified employees, at least 50 years of age with a minimum of 5 years of District service as of the date the resolution is adopted

The following is the proposed implementation timeline:

1. Board adopts resolution to approve Plan (March 14, 2012);
2. Enrollment packets mailed to eligible employees (Mid March, 2012);
3. Employee orientation meetings (Late March, 2012) ;
4. Employee Workshops (Late April, 2012);
5. Enrollment window closes (April 30, 2012);
6. No later than May 9, 2012, the District announces if the Supplementary Retirement Plan (SRP) will be offered ;
7. Employees resign/retire from District employment (effective June 30, 2012); and
8. PARS benefits commence (August 1, 2012).

Recommendation

Adopt Resolution No. 1112-0179- Authorizing Public Agency Retirement Services Supplemental Retirement Plan to CAL STRS And PERS For District Employees; An Agreement For Administrative Services For Design And Administration Of The Supplementary Retirement Plan Based On Fees Specified In Said Agreement And Requiring A Report From Superintendent Of Schools, As Specified In Said Resolution

Fiscal Impact

Assuming 100% of program participants (i.e., retirees) are replaced with new hires, we project that the fiscal impact will be less than \$1 Million Dollars, which can be absorbed using available one time funds. The actual savings or cost of the program will be determined based on the specific enrolled employees and the final assumptions used. A final analysis based on the actual enrolled employees will be presented to the Board after the close of the enrollment window April 30, 2012. If the Plan is implemented, PARS' administrative fee is 4.40% of all premiums paid on behalf of Participants in the Plan. If the District cancels the plan due to insufficient participation, a one-time fee of \$5,000 will be due to PARS.

Attachments

- Resolution No. 1112-0179
- Agreement with PARS for Administrative Services

A944100

**RESOLUTION
OF THE
BOARD OF EDUCATION
OF THE
OAKLAND UNIFIED SCHOOL DISTRICT**

RESOLUTION NO.1112-0179

Authorizing Public Agency Retirement Services Supplemental Retirement Plan To CAL STRS And PERS For District Employees; An Agreement For Administrative Services For Design and Administration Of The Supplementary Retirement Plan Based On Fees Specified In Said Agreement And Requiring A Report From Superintendent Of Schools, As Specified In Said Resolution

WHEREAS, the District has worked with Public Agency Retirement Services (PARS) to design a Supplementary Retirement Plan (SRP), a retirement incentive that may encourage certain certificated and classified non-management and management employees to retire early;

WHEREAS, PARS has made available to the District a retirement incentive program known as SRP which supplements STRS/PERS, and qualifies under the relevant sections of Section 403(b) of the Internal Revenue Code;

WHEREAS, assuming conservatively that 100% of program participants (i.e., retirees) are replaced with new hires, the District projects that the fiscal impact will be less than \$1 million dollars, for which one time funds may be used;

WHEREAS, if there are savings, the District will not know the full extent of potential savings until the window closes for employees to finalize their statement of intent to participate in the retirement incentive program;

WHEREAS, the program allows the District to offer the plan, conduct enrollments, analyze the participation, and elect to move forward or cancel the program depending on the participation and overall cost of the program;

WHEREAS, as the administrator of the Supplementary Retirement Plan, PARS will assist the District in the initial design, plan communications, including employee orientations and workshops, and enrollment, and conduct all ongoing administration of the program;

WHEREAS, the Supplementary Retirement Plan provides participating certificated, classified and management employees with a monthly benefit of 75% of their final year salary, paid over a minimum five-year period;

WHEREAS, to be eligible for the program, the employee must be:

1. Employed in one of the following job classifications or specifically designated:
 - Employees in closing schools
 - All employees in secondary schools
 - All employees in SIG schools
 - All UAOS members (certificated and classified)
 - All Confidential Managers

2. Employed by the District as of March 14, 2012 (date of Board adoption of the Resolution);
3. For certificated employees, at least 55 years of age with a minimum of 5 years of District service as of the date the resolution is adopted
4. For classified employees, at least 50 years of age with a minimum of 5 years of District service as of the date the resolution is adopted

WHEREAS, the following is the implementation timeline for the retirement incentive program:

- 1) Board adopted resolution to approve Plan (March 14, 2012);
- 2) Enrollment packets mailed to eligible employees (Mid March, 2012);
- 3) Employee orientation meetings (Late March, 2012);
- 4) Employee Workshops (Late April, 2012);
- 5) Enrollment window closes (April 30, 2012);
- 6) No later than May 9, 2012, the District announces if the Supplementary Retirement Plan (SRP) will be offered;
- 7) Employees resign/retire from District employment (effective June 30, 2012);
- 8) PARS benefits commence (August 1, 2012).

WHEREAS, there is no cash option available to employees in lieu of the retirement incentive offer;

WHEREAS, the District desires to adopt the Supplementary Retirement Plan and to fund the incentive through non-elective employer, post-employment contributions to the PARS designated 403(b) provider.

NOW THEREFORE BE IT RESOLVED THAT:

1. The Board of Education of the District hereby adopts the PARS Supplementary Retirement Plan, as part of the District Retirement Program, effective March 14, 2012; and
2. The Board of Education of the District hereby approves the Agreement for Administrative Services with Phase II Systems, dba the Public Agency Retirement Services to design and administer the Supplementary Retirement Plan; and
3. The District may, at its sole election, withdraw the retirement incentive. If the District withdraws the retirement incentive, employees may rescind their resignations/retirements; and
4. The Board of Education of the District hereby appoints Associate Superintendent, Human Resources or her successor or her designee as the District's Plan Administrator; and
5. The Board of Education of the District hereby authorizes the Superintendent to execute the custodial agreement facilitating the payment of contributions to the 403(b) arrangement, and other legal documents related to a trust or the plan on behalf of the District and to take whatever additional actions are necessary to maintain the District's participation in the plan and to maintain compliance of any relevant regulations issued, provided however, any substantial changes to the terms and conditions as set forth in this Resolution must be approved by the Board of Education; and

BE IT FURTHER RESOLVED THAT, the Superintendent or his designee shall report to the Board of Education in early May 2012 the status of the implementation of the PARS Supplementary Retirement Plan, including fiscal impact and the number of participants.

Passed by the following vote:

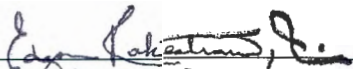
AYES: Gary Yee, David Kakishiba, Noel Gallo, Christopher Dobbins,
Alice Spearman, Vice President Hinton Hodge,
President Jody London

NOES: None

ABSTAINED: None

ABSENT: None

I hereby certify that the foregoing is a full, true and correct copy of a Resolution adopted, at a Regular Meeting of the Governing Board of the Oakland Unified School District held on March 14, 2012.



Edgar Rakestraw, Jr.
Secretary, Board of Education

Attachment:
Agreement for Administrative Services

LEGISLATIVE FILE

FILE ID No. 12-0633
Introduction Date 3/14/12
Enactment No. 12-0851
Enactment Date 3-14-12 *BJ*

AGREEMENT FOR ADMINISTRATIVE SERVICES

This Agreement ("Agreement") is made this 14 day of March, 2012, by and between Phase II Systems, a corporation organized and existing under the laws of the State of California, doing business as Public Agency Retirement Services (hereinafter "PARS") and the Oakland Unified School District ("Agency").

WHEREAS, the Agency is desirous of retaining PARS to act as administrator to assist the Agency in the establishment of early retirement incentive programs through contributions to purchase an *IRC 403(b)* fixed annuity contract (the "Plan"), for the benefit of Agency's eligible employees and their beneficiaries ("Participants"); and

WHEREAS, the Agency wishes for PARS to provide consulting, analytical, and administrative services necessary to implement the Plan; and

WHEREAS, in performance of the duties set forth hereinafter PARS shall designate from time to time a custodian to receive Employer Plan contributions ("Custodian") designated for Participants; and

WHEREAS, in performance of the duties set forth hereinafter, PARS shall designate from time to time an insurance company for the purpose of paying Participants a specified amount of money on a regular basis over a specified period of time ("Insurance Company") pursuant to the terms of the Plan.

NOW THEREFORE, the parties agree:

- 1. Services.** PARS will provide the services pertaining to the Plan as described in the exhibit attached hereto as "Exhibit 1A" ("Services") in a timely manner, subject to the further provisions of this Agreement.
- 2. Fees for Services.** PARS will be compensated for performance of the Services as described in the exhibit attached hereto as "Exhibit 1B".
- 3. Payment Terms.** Payment for the Services will be remitted directly from contributions for the Plan that Agency has made to the Custodian unless otherwise stated in Exhibit 1B. In the event that the Agency chooses to make payment directly to PARS, it shall be the responsibility of the Agency to remit payment directly to PARS based upon an invoice prepared by PARS and delivered to the Agency. If payment is not received by PARS within thirty (30) days of the invoice delivery date, the balance due shall bear interest at the rate of 1.5% per month.
- 4. Fees for Services Beyond Scope.** Fees for services beyond those specified in this Agreement will be billed to the Agency at the rates indicated in the PARS standard fee schedule in effect at the time the services are provided and shall be payable as described in Section 3 of this Agreement, provided Agency has agreed in writing, prior to the commencement of the work outside the scope of this Agreement, to pay the

additional fees. Before any such services are performed, PARS will provide the Agency with written notice of the subject services, terms, and an estimate of the fees therefore.

5. Information Furnished to PARS. PARS will provide the Services contingent upon the Agency's providing PARS the information specified in the exhibit attached hereto as "Exhibit 1C" ("Data"). It shall be the responsibility of the Agency to certify the accuracy, content and completeness of the Data so that PARS may rely on such information without further audit. It shall further be the responsibility of the Agency to deliver the Data to PARS in such a manner that allows for a reasonable amount of time for the Services to be performed. Unless specified in Exhibit 1A, PARS shall be under no duty to question Data received from the Agency, to compute contributions made to the Plan, to determine or inquire whether contributions are adequate to meet and discharge liabilities under the Plan, or to determine or inquire whether contributions made to the Plan are in compliance with the Plan or applicable law. In addition, PARS shall not be liable for non-performance of Services if such non-performance is caused by or results from erroneous and/or late delivery of Data from the Agency. In the event that the Agency fails to provide Data in a complete, accurate and timely manner and pursuant to the specifications in Exhibit 1C, PARS reserves the right, notwithstanding the further provisions of this Agreement, to terminate this Agreement upon no less than ninety (90) days written notice to the Agency.

6. Suspension of Contributions. In the event contributions are suspended, either temporarily or permanently, prior to the complete discharge of PARS' obligations under this Agreement, PARS reserves the right to bill the Agency for Services under this Agreement at the rates indicated in PARS' standard fee schedule in effect at the time the services are provided, subject to the terms established in Section 3 of this Agreement, provided however the amount billed shall not exceed \$5,000.00. Before any such services are performed, PARS will provide the Agency with written notice of the subject services, terms, and an estimate of the fees therefore.

7. Records. During the term of this Agreement, and for a period of five (5) years after termination of this Agreement, PARS shall provide duly authorized representatives of the Agency access to all records and material relating to calculation of PARS' fees under this Agreement. Such access shall include the right to inspect, audit and reproduce such records and material and to verify reports furnished in compliance with the provisions of this Agreement. All information so obtained shall be accorded confidential treatment as provided under applicable law.

8. Confidentiality. Without the Agency's consent, PARS shall not disclose any information relating to the Plan except to duly authorized officials of the Agency and to parties retained by PARS to perform specific services within this Agreement. The Agency shall not disclose any information relating to the Plan to individuals not employed by the Agency without the prior written consent of PARS, except as such disclosures may be required by applicable law.

9. Independent Contractor. PARS is and at all times hereunder shall be an independent contractor. As such, neither the Agency nor any of its officers, employees or agents shall have the power to control the conduct of PARS, its officers, employees or

agents, except as specifically set forth and provided for herein. PARS shall pay all wages, salaries and other amounts due its employees in connection with this Agreement and shall be responsible for all reports and obligations respecting them, such as social security, income tax withholding, unemployment compensation, workers' compensation and similar matters.

10. **Indemnification.** PARS and Agency hereby indemnify each other and hold the other harmless, including their respective officers, directors, employees, agents and attorneys, from any claim, loss, demand, liability, or expense, including reasonable attorneys' fees and costs, incurred by the other as a consequence of PARS' or Agency's, as the case may be, acts, errors, or omissions with respect to the performance of their respective duties hereunder.

11. **Compliance with Applicable Law.** The Agency shall observe and comply with federal, state and local laws in effect when this Agreement is executed, or which may come into effect during the term of this Agreement, regarding the administration of the Plan. PARS shall observe and comply with federal, state and local laws in effect when this Agreement is executed, or which may come into effect during the term of this Agreement, regarding Plan administrative services provided under this Agreement.

12. **Applicable Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California. In the event any party institutes legal proceedings to enforce or interpret this Agreement, venue and jurisdiction shall be in any state court of competent jurisdiction.

13. **Force Majeure.** When satisfactory evidence of a cause beyond a party's control is presented to the other party, and nonperformance was unforeseeable, beyond the control and not due to the fault of the party not performing, a party shall be excused from performing its obligations under this Agreement during the time and to the extent that it is prevented from performing by such cause, including but not limited to: any incidence of fire, flood, acts of God, acts of terrorism or war, commandeering of material, products, plants or facilities by the federal, state or local government, or a material act or omission by the other party.

14. **Ownership of Reports and Documents.** The originals of all letters, documents, reports, and data produced for the purposes of this Agreement shall be delivered to, and become the property of the Agency. Copies may be made for PARS but shall not be furnished to others without written authorization from Agency.

15. **Designees.** The Agency, or their designee, shall have the authority to act for and exercise any of the rights of the Agency as set forth in this Agreement, subsequent to and in accordance with the written authority granted by the Governing Board of the Agency through adoption of a Resolution, a copy of which writing shall be delivered to PARS. Any officer of PARS, or his or her designees, shall have the authority to act for and exercise any of the rights of PARS as set forth in this Agreement.

16. **Notices.** All notices hereunder and communications regarding the interpretation of the terms of this Agreement, or changes thereto, shall be effected by delivery of the

notices in person or by depositing the notices in the U.S. mail, registered or certified mail, return receipt requested, postage prepaid and addressed as follows:

To PARS:

PARS
4350 Von Karman Avenue
Suite 100
Newport Beach, CA 92660
Attention: President

To Agency:

Oakland Unified School District
1025 Second Avenue
Oakland, CA 94606
Attention: Associate Superintendent, Human Resources, Plan Administrator

Notices shall be deemed given on the date received by the addressee.

17. **Term of Agreement.** This Agreement shall remain in effect for the period beginning March 14, 2012 and ending June 30, 2017 ("Term"). This Agreement will continue unchanged for successive twelve-month periods following the Term unless either party gives written notice to the other party of the intent to terminate prior to ninety (90) days before the end of the Term.

18. **Amendment.** This Agreement may not be amended orally, but only by a written instrument executed by the parties hereto.

19. **Entire Agreement.** This Agreement, including exhibits, contains the entire understanding of the parties with respect to the subject matter set forth in this Agreement. In the event a conflict arises between the parties with respect to any term, condition or provision of this Agreement, the remaining terms, conditions and provisions shall remain in full force and legal effect. No waiver of any term or condition of this Agreement by any party shall be construed by the other as a continuing waiver of such term or condition.

20. **Attorney's Fees.** In the event any action is taken by a party hereto to enforce the terms of this Agreement, the prevailing party therein shall be entitled to receive its reasonable attorney's fees.

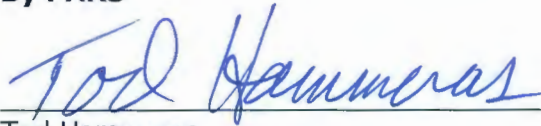
21. **Counterparts.** This Agreement may be executed in any number of counterparts, and in that event, each counterpart shall be deemed a complete original and be enforceable without reference to any other counterpart.

22. **Headings.** Headings in this Agreement are for convenience only and shall not be used to interpret or construe its provisions.

23. **Effective Date.** This Agreement shall be effective on the date first above written, and also shall be the date the Agreement is executed.

24. **Further Acts.** The Parties shall execute all such further and additional documents as shall be reasonable, convenient, necessary, or desirable to carry out the provisions of this Agreement, including but not limited to any Custodial Agreement as shall be required by PARS and /or the Custodian.

By PARS


 3/5/2012

Tod Hammeras
Chief Financial Officer

By Agency

 for T.S.

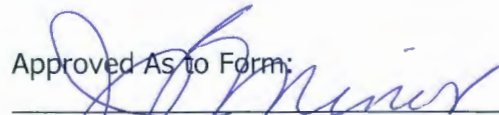
Anthony Smith, Ph.D.
Superintendent



Jody London
President, Board of Education
Oakland Unified School District



Edgar Rakestraw, Jr.
Secretary, Board of Education
Oakland Unified School District

Approved As to Form:


Jacqueline Minor
General Counsel

LEGISLATIVE FILE


File ID Number 12-0633
Introduction Date 3-14-12
Enactment Number 12-0851
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EXHIBIT 1A
SERVICES

PARS will provide the following services for the Oakland Unified School District:

1. Plan Consultation Services:

(A) Meeting with Agency personnel to discuss the impact to the Agency of implementing a Plan;

(B) If appropriate, completing a fiscal analysis, based on data and assumptions provided by Agency, to determine the fiscal feasibility of a Plan;

(C) Meeting with Agency personnel to discuss the fiscal analysis and receive feedback on the analysis, data, and assumptions made;

(D) Making appropriate revisions to the fiscal analysis as directed by Agency.

2. Plan Installation Services:

(A) Meeting with Agency personnel to finalize plan provisions, implementation timelines, benefit communication strategies, data reporting and contribution submission requirements;

(B) Providing the necessary analysis and advisory services to finalize these elements of the Plan;

(C) Providing the documentation needed to establish the Plan for review by Agency legal counsel.

3. Plan Administration Services:

(A) Monitoring the receipt of Plan contributions made by the Agency to the Custodian, based upon information received from the Agency and the Custodian;

(B) Performing periodic accounting of custodial assets, including the allocation of employer contributions, payments to the Insurance Company, investment activity and expenses (if applicable), based upon information received from the Agency and/or Custodian;

(C) Acting as ongoing liaison between the Participant and the Agency in regard to the Plan, which shall include use by the Participants of toll-free telephone communication to PARS;

(D) Producing benefit illustrations and processing enrollments;

(E) Coordinating the processing of contribution payments to the Insurance Company pursuant to authorized written Agency certification of eligibility, authorized direction by

the Agency, and the provisions of the Plan, and, to the extent possible, based upon Agency-provided Data;

(F) Coordinating actions with the Custodian as directed by the Plan Administrator within the scope of this Agreement.

4. PARS is not licensed to provide and does not offer tax, accounting, legal, investment or actuarial advice. In providing the services specified above, PARS will retain qualified professional service providers at its cost as it deems necessary if the service lies outside its area of expertise.

5. Any analysis provided by PARS is subject to the receipt of accurate information and assumptions as may be provided by Agency. The Agency is responsible for integrating the PARS analysis into any Agency budgetary analysis or decision-making processes. The fiscal projections in the PARS analysis are dependent upon future experience conforming to the assumptions used and the results will be altered to the extent that future experience deviates from these assumptions. It is certain that actual experience will not conform exactly to the assumptions used in the analysis.

EXHIBIT 1B
FEES FOR SERVICES

PARS will be compensated for performance of Services, as described in Exhibit IA based upon the following schedule:

1. Upon implementation of the Plan associated with this Agreement, the Agency agrees to pay an administration fee equal to four and four tenths percent (4.40%) of all premiums made by the Agency on behalf of Participants in the subject Plan. Fees will be billed to the Custodian as contributions are made by the Agency, and it will be the responsibility of the Custodian to pay those fees from the custodial assets of the Plan.

2. In the event that the Plan associated with this Agreement is not implemented, the Agency agrees to pay a one-time fee equal to \$5,000.00. The fee will be billed to the Agency upon notice of cancellation of the Plan and it will be the responsibility of the Agency to pay this fee.

EXHIBIT 1C
DATA REQUIREMENTS

PARS will provide the Services under this Agreement contingent upon receiving the following information:

1. Fiscal Analysis Data (provided by Agency):

- (A) Participant's Legal Name
- (B) Participant's Position
- (C) Participant's Birth Date
- (D) Participant's Hire Date
- (E) Participant's Contract Salary
- (F) Years of Agency Service
- (G) Completed Request for Information Form, including applicable Salary Schedules, Collective Bargaining Agreements, and Board Policies

2. Participant Data (provided by Agency):

- (A) Participant's Legal Name
- (B) Participant's Position
- (C) Participant's Address
- (D) Participant's Birth Date
- (E) Participant's Hire Date
- (F) Participant's Contract Salary
- (G) Years of Agency Service
- (H) Retirement Date

3. Executed Legal Documents (provided by Agency):

- (A) Certified Board Resolution
- (B) Addendum for Supplementary Retirement Plan/Execution Agreement
- (C) Custodial Agreements/Disclosure Forms
- (D) 403(b) Annuity Contracts & Disclosures

4. Completed Funding Documents (provided by Agency):

- (A) Authorization to Pay Benefits Form

5. Completed Enrollment Forms (timely submitted by Participant):

- (A) Correction Form
- (B) Enrollment Form
- (C) Beneficiary Designation Form
- (D) Tax Withholding Form
- (E) Proof of Age
- (F) Letter of Resignation