

RESOLUTION NO. 2019-072

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALISTOGA, COUNTY OF NAPA, STATE OF CALIFORNIA TERMINATING THE AGREEMENT BETWEEN INTERNATIONAL CITY MANAGEMENT ASSOCIATION RETIREMENT CORPORATION (ICMA-RC) PLAN #109453 AND THE CITY OF CALISTOGA

WHEREAS, in June 2018, the City adopted the ICMA-RC 401A Plan (Plan) which allowed the prior City Manager to accumulate assets for future retirement needs; and

WHEREAS the City has determined that the establishment of the Plan administered by the ICMA Retirement Corporation and/or its affiliates is no longer needed; and

WHEREAS, the City desires Plan #109453 be terminated with ICMA Retirement Corporation and/or its affiliates;

NOW THEREFORE BE IT RESOLVED THAT, the City Council of the City of Calistoga that:

1. The City of Calistoga hereby terminates the Plan with ICMA Retirement Corporation; and
2. The Plan Termination Request, Exhibit A is hereby adopted by the City of Calistoga; and

PASSED, APPROVED AND ADOPTED by the City Council of the City of Calistoga at a regular meeting held this **20th day of August 2019**, by the following vote:

AYES: Councilmembers Kraus, Lopez-Ortega, and Williams,
Vice Mayor Dunsford and Mayor Canning
NOES: None
ABSTAIN: None
ABSENT: None



CHRIS CANNING, Mayor

ATTEST:



IRENE CAMACHO-WERBY,
City Clerk



RE: Plan Termination Request

Effective date:

Dear Plan Sponsor:

ICMA-RC received a notification/resolution and/or board minutes approving to terminate the above-noted plan. Per your request, the termination will be effective as of the date noted above. In accordance with terms of the signed plan document and applicable regulations, some suggested guidelines for terminating your plan are shown below:

Participant Communications

- ▶ As the Plan Sponsor, notify all participants and beneficiaries of the plan termination between 60-90 days in advance of the effective termination date.
 - Communications should describe the effect the plan's termination will have on contributions, loans, vesting, distribution/rollover options, taxes, etc. (as applicable).
- ▶ ICMA-RC will provide a letter to participants along with the *Special Tax Notice Regarding Plan Payments* (attached), as of the effective date of the plan's termination; outlining distribution options and the time frame in which an election should be made. All participants and beneficiaries remaining with balances will be included.

Forfeiture Account Assets

If applicable, any assets remaining in the forfeiture/suspense account(s) should be used according to the terms set forth in the plan documents. After all liabilities of the plan to the participants and beneficiaries have been satisfied, remaining assets will be returned to the plan.

Distributions from the Plan

- ▶ In accordance with IRS guidelines, all assets in the plan should be disbursed within 12 months following the effective date of the termination. This is known as the automatic distribution date.
- ▶ Participants and beneficiaries need to be provided with a reasonable period to make their distribution election. If no election is made, you may request that an account holder's entire account balance be paid in a single lump sum.
- ▶ If the plan does not choose an automatic distribution date within the IRS guidelines, ICMA-RC will impose a default of 120 days from the effective date of the termination.
 - Your plan has chosen an automatic distribution date of:
 - If no date is written above, ICMA-RC will assume the automatic distribution date is approximately 120 days following the effective date of the termination.

AC: 27430-0216-8250

Fees Payable to ICMA-RC

If your plan has an Annual Plan Fee, please review any outstanding invoices. Annual Plan Fees are billed quarterly and should be paid in full for the quarter that includes the effective date of termination. **ICMA-RC will continue to bill you and provide quarterly invoices for each quarter the plan has accounts with a positive balance**, including quarters following the effective date of the plan's termination.

As of the effective date of the plan's termination, the following information is applicable and should be included in your communication to participants:

Vesting

All participants will become 100% vested.

Contributions and Loans

- ▶ No future contributions or loan repayments will be accepted. In the event that a contribution or loan repayment is received after the effective termination date, it will be returned.
- ▶ No new loans will be issued.
- ▶ Outstanding loan amounts will be treated as taxable distributions.

Distributions

Participants and beneficiaries can withdraw their assets at any time after the effective termination date. They must make an election to withdraw or roll over their assets by the automatic distribution date.

- ▶ For tax reporting purposes, participants and beneficiaries will receive an IRS Form 1099-R the January following the year in which they receive a distribution.

Serving your plan and helping your participants build retirement security has been a pleasure.

Sincerely,



Renee Briggs
Vice President, Client Services

PLAN TERMINATION PROCESS APPROVAL

Employer agrees and understands the termination process and dates as defined in this letter.

Authorized Employer Signature: _____ Date: _____

Full Name (printed): _____