

**ORDINANCE NO. 04-11**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF COVINGTON, KING COUNTY, WASHINGTON RESCINDING ORDINANCE NO. 36-97 AND AUTHORIZING PARTICIPATION BY CITY EMPLOYEES, APPOINTIVE AND ELECTIVE OFFICIALS, IN THE ICMA-RC, AS THE CITY'S QUALIFYING RETIREMENT PROGRAM IN LIEU OF PARTICIPATION BY THE CITY IN THE FEDERAL SOCIAL SECURITY SYSTEM, BY ADDING A MONEY PURCHASE PENSION PLAN ESTABLISHED PURSUANT TO SECTION 401(a) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, AND ADMINISTERED BY ICMA-RC, AS A COMPONENT OF THE CITY'S SOCIAL SECURITY REPLACEMENT PROGRAM.**

WHEREAS, pursuant to RCW 41.48.450, the City of Covington ("City") has elected not to enter into a section 218 Agreement for voluntary Social Security coverage; and

WHEREAS, the Washington Public Employees' Retirement System (PERS) does not provide coverage for certain part-time, temporary and seasonal employees of the City; and

WHEREAS, the City must either contribute to Social Security or provide a social security replacement program which covers all employees of the City; and

WHEREAS, the City previously contracted with Nationwide to administer the City's retirement plan—that contract expires on July 2011 and is not being renewed; and

WHEREAS, the City completed a RFP process for a new retirement plan administrator and staff determined that ICMA-RC is the best and most responsive applicant to administer the City's retirement plan—ICMA-RC administers a money purchase plan for municipal employees nationwide, organized pursuant to Section 401(a) of the Internal Revenue Code of 1986, as amended, which has been held to be a qualified Social Security replacement program; and

WHEREAS, the City wishes employees, appointive and elected officials to participate in the ICMA-RC money purchase plan as a component of the City's Social Security replacement program;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COVINGTON, KING COUNTY, WASHINGTON, DOES ORDAIN AS FOLLOWS:**

**Section 1.** Ordinance 36-97 is hereby rescinded.

**Section 2.** The City authorizes and approves participation and membership of its eligible employees and appointive and elected officials in the money purchase pension plan administered by the ICMA-RC ("Plan"), pursuant to Section 401(a) of the Internal Revenue Code of 1986, as

amended, and authorizes the expenditure of the necessary funds to cover its proportionate share for participation in the money purchase pension plan, in lieu of contributions to the Federal Social Security Program. Participation in the money purchase pension plan and/or the PERS Plan is hereby declared to be the City's qualifying retirement program in lieu of participation in the Federal Social Security System under Code Section 312 (B)(7).

**Section 3.** Appointing ICMA-RC. The City of Covington appoints ICMA-RC to provide record keeping, employee education and other technical and administrative services relating to the Plan.

**Section 4.** Authorizing Plan Implementation. The City of Covington hereby authorizes and directs the City Manager or designee to perform all acts and sign all documents necessary to put said Plan into operation. The City Manager or designee shall be the coordinator of the Plan and upon acceptance, by executing the Adoption Agreement of said Plan, shall receive the necessary reports, notices, etc. from ICMA-RC or the VantageTrust; shall cast on behalf of the Employer, any required votes under the VantageTrust. The Employer hereby agrees to serve as trustee under the Plan and to invest funds held under the Plan in the VantageTrust.

**Section 5.** Severability. Should any section, paragraph, sentence, clause, or phrase of the Ordinance, or its application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this Ordinance be pre-empted by state or federal law or regulation, such decision or pre-emption shall not affect the validity of the remaining portions of this Ordinance or its application to other persons or circumstances.

**Section 6.** Effective Date and Publication. A summary of this Ordinance consisting of its title shall be published in the official newspaper of the City. This Ordinance shall take effect and be in full force five days after publication.

Passed by the City Council on the 22nd day of March, 2011.

  
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Mayor/Margaret Harto

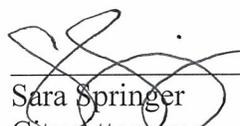
PUBLISHED: March 25, 2011

EFFECTIVE: March 30, 2011

ATTESTED:

  
\_\_\_\_\_  
Sharon Scott  
City Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Sara Springer  
City Attorney