



CITY OF COMMERCE AGENDA REPORT

TO: Honorable City Council **Item No.** _____

FROM: City Manager

SUBJECT: CARES Act Provisions for the City's Deferred Compensation Plans

MEETING DATE: May 5, 2020

SUMMARY:

The City Council will consider approving optional changes to the City's deferred compensation plans as provided by the CARES (Coronavirus Aid, Relief, and Economic Security) Act.

RECOMMENDATION:

Staff recommends that the City Council approve the following optional changes to the City's deferred compensation plans. These changes are:

- Coronavirus related distributions are allowed penalty-free and can be repaid;
- Temporary maximum loan amounts may be increased up to \$100,000;
- Loan repayment periods may be extended by one year; and
- Required minimum distributions may be suspended.

BACKGROUND/ANALYSIS:

Congress recently passed the CARES (Coronavirus Aid, Relief, and Economic Security) Act which has provided deferred compensation plan administrators the ability to make changes to their plans. The changes are intended to provide plan participants who have been impacted by the novel coronavirus with additional tools and resources to help navigate these challenging times. If these changes are approved by City Council staff will move forward in implementing these changes. The City's record keeper, Mass Mutual, will handle participant communications to City employees regarding these changes.

ALTERNATIVES:

1. Approve staff recommendation
2. Provide staff with further direction

FISCAL IMPACT:

There is no fiscal impact to the City. These provisions are intended to provide plan participants with additional tools and resources to navigate this unprecedented pandemic.

RELATIONSHIP TO STRATEGIC GOALS:

This report before the Council is not applicable to any specific 2016 Strategic Plan goal; however, it is related to the following: Fiscal Sustainability – *The City of Commerce will implement innovative and responsible policies and business practices to effectively manage its fiscal and human resources. The City will maintain a stable financial environment that is transparent and supports an outstanding quality of life for our community. City business practices will be efficient, business friendly and ensure exceptional customer service.*

Recommended by: Josh Brooks, Acting Director of Finance

Approved as to form: Noel Tapia, City Attorney

Respectfully submitted: Edgar P. Cisneros, City Manager