

COUNCIL OF THE COUNTY OF MAUI

**POLICY, ECONOMIC DEVELOPMENT,
AND AGRICULTURE COMMITTEE**

October 6, 2017

**Committee
Report No. _____**

Honorable Chair and Members
of the County Council
County of Maui
Wailuku, Maui, Hawaii

Chair and Members:

Your Policy, Economic Development, and Agriculture Committee, having met on August 8, 2017, and September 18, 2017, makes reference to County Communication 17-295, from Councilmember Stacy Crivello, transmitting a proposed resolution entitled "URGING THE MAYOR TO PROVIDE FOR AN ADDITIONAL DEFERRED COMPENSATION PLAN FOR COUNTY EMPLOYEES." The purpose of the proposed resolution is to urge the Mayor to provide for an additional deferred compensation plan for County employees, allowing for an alternative fixed annuity option to save for retirement on a tax-deferred basis.

By correspondence dated September 7, 2017, the Department of the Corporation Counsel transmitted a proposed resolution entitled "AUTHORIZING THE MAYOR TO TERMINATE THE AGREEMENT WITH THE STATE OF HAWAII ISLAND SAVINGS PLAN AND PROCURE FOR A DEFERRED COMPENSATION PLAN FOR THE COUNTY OF MAUI." The purpose of the proposed resolution is to urge the Mayor to terminate the agreement with the State of Hawaii Island Savings Plan and procure for a new deferred compensation plan for the County of Maui through the appropriate request for proposals process.

Your Committee notes pursuant to Chapter 88E, Hawaii Revised Statutes ("HRS"), the State and the County entered into a formal agreement to extend the State Deferred Compensation Plan to County employees. The State plan, also known as the Island Savings Plan, is currently administered by Prudential Retirement.

Your Committee notes pursuant to Section 88E-14, HRS, the County may establish deferred compensation plans for their respective

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employees. Participation in deferred compensation plans by County employees is voluntary and contributions are 100 percent employee funded.

Your Committee further notes pension plans like the Employee Retirement System, differ from deferred compensation plans because employee participation is mandatory and contributions are made by the employer and may be made by the employee.

The Mayor said he supports the idea of exploring other deferred compensation plans to better identify retirement-saving alternatives for County employees. He said broadening our options to include those on a national level may provide more opportunities to leverage County monies on a larger scale.

Your Committee expressed support for using the Request for Proposals ("RFP") process to identify other viable deferred compensation plan alternatives. Should the RFP process result in a better plan option for County employees, your Committee expressed the need for a seamless transition with no impacts to balances, interest earned, or payments made, and better educational opportunities and board representation so County employees can better manage their retirement monies.

The Department of the Corporation Counsel confirmed the Mayor has the authority to terminate the current contract agreement with Island Savings Plan, providing at least 60 days notice as the State master agreement dated November 30, 1983 suggests, without Council approval.

Your Committee expressed concern with terminating the current contract agreement with Island Savings Plan until the Mayor completes the RFP process to explore other alternatives.

Your Committee revised the proposed resolution to include wording to urge, rather than authorize, the Mayor to explore additional deferred compensation plan alternatives for County employees, and require that

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the Mayor meet with the Council with his findings before terminating the current plan.

Your Committee voted 6-0 to recommend adoption of the revised proposed resolution, entitled "URGING THE MAYOR TO EXPLORE ADDITIONAL DEFERRED COMPENSATION PLAN ALTERNATIVES FOR COUNTY EMPLOYEES," and filing of County Communication 17-295. Committee Chair Sugimura, Vice-Chair Crivello, and members Cochran, Guzman, Hokama, and White voted "aye." Committee members Atay, Carroll, and King were excused.

Your Committee is in receipt of a revised proposed resolution, approved as to form and legality, by the Department of the Corporation Counsel, incorporating your Committee's revisions.

Your Policy, Economic Development, and Agriculture Committee RECOMMENDS the following:

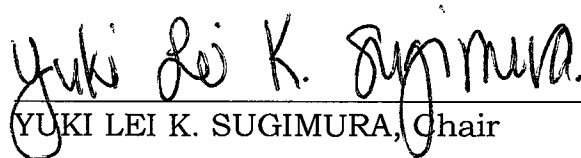
1. That Resolution _____, as revised herein and attached hereto, entitled "URGING THE MAYOR TO EXPLORE ADDITIONAL DEFERRED COMPENSATION PLAN ALTERNATIVES FOR COUNTY EMPLOYEES," be ADOPTED; and
2. That County Communication 17-295 be FILED.

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This report is submitted in accordance with Rule 8 of the Rules of the Council.



YUKI LEI K. SUGIMURA, Chair

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Resolution

No. _____

URGING THE MAYOR TO EXPLORE ADDITIONAL DEFERRED COMPENSATION PLAN ALTERNATIVES FOR COUNTY EMPLOYEES

WHEREAS, deferred compensation plans allow employees to voluntarily defer a portion of their compensation to a future time with the advantage of lowering taxable income and saving for their retirement; and

WHEREAS, Chapter 88E, Hawaii Revised Statutes, authorizes a Board of Trustees, comprised of seven gubernatorial appointees, to establish and maintain the State's deferred compensation plan; and

WHEREAS, the Board of Trustees has established the State of Hawaii Island Savings Plan, administered by Prudential Retirement Insurance and Annuity Company, as the State's deferred compensation plan; and

WHEREAS, the County currently provides its employees with access to the State of Hawaii Island Savings Plan; and

WHEREAS, pursuant to Section 88E-14, Hawaii Revised Statutes, the County may establish deferred compensation plans for their respective employees which shall be in compliance with Section 457 of the Internal Revenue Code, and applicable federal laws and regulations; and

WHEREAS, there may be more favorable terms available through other deferred compensation plan providers; now, therefore,

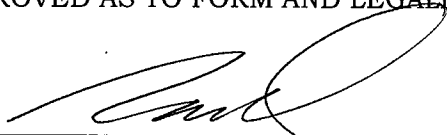
BE IT RESOLVED by the Council of the County of Maui:

1. That it does hereby urge the Mayor to explore additional deferred compensation plan alternatives for County employees, the selection of which is handled through the appropriate request for proposals process; and
2. That certified copies of this resolution be provided to the Mayor; the Director of Finance; the Director of Personnel

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Services; the Corporation Counsel; the Board of Trustees for the State's deferred compensation plan; and Prudential Retirement Insurance and Annuity Company.

APPROVED AS TO FORM AND LEGALITY



JEFFREY UEOKA
Deputy Corporation Counsel
County of Maui



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