

- Report on 401(k) and 457 Plans

## Summary

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This report summarizes the activities related to the 401(k) and 457 plans for the period July 1, 2008 through March 31, 2009

## Attachments

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None.

## Detailed Report

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Metropolitan employees may participate in both 457 and 401(k) deferred compensation plans. Metropolitan has offered the 457 plan since February 1977 and the 401(k) plan since May 1985. The board has requested semi-annual reports on the plans, including activities and status of the plan.

Pursuant to the Administrative Code, the General Manager is responsible for administering the plans. The General Manager has delegated authority to the Benefits and Employee Services Manager to act as the Plan Administrator. The Treasurer serves as Trustee for the plans. In addition, a Deferred Compensation Advisory Committee provides oversight of the plans and advises the General Manager on plan activities.

### Deferred Compensation Advisory Committee

The Deferred Compensation Advisory Committee is responsible for meeting on a quarterly basis to discuss administrative issues concerning the plans, including plan regulations, recommendations and amendments to plan documents. The Committee is chaired by the Chief Financial Officer and includes:

- AFSCME Local 1902 representative
- Management and Professional Employees' Association representative
- Supervisors' Association representative
- Association of Confidential Employees representative
- General Counsel representative
- Plan Trustee (Treasurer)
- Plan Administrator (HRIS and Benefits Manager)

The Deferred Compensation Advisory Committee meets quarterly. The following summarizes major actions and discussions of the Deferred Compensation Advisory Committee and Plan Administrator:

- a. Committee was updated on performance of core investment options as well as financial stability of CalPERS and Great-West.
- b. Arnerich Massena was selected as consultant to audit and benchmark plan fees and features and to evaluate feasibility of a long term contract with Great-West; or proceed with RFP for new investment provider. Results of the audit show Great-West's fees as reasonable and competitive. Initiated negotiations to renew contract with Great-West.
- c. Provided input and monitored Great-West's and CalPERS' education programs, including Reality Investing advisory service. Discussed enhancing participant investment and retirement education.

## Board Report (Report on 401(k) and 457 Plans)

### Contract Amendments

Extended current contract with Great-West Retirement Services for 12 months, pending results of Plan fee benchmarking study to determine if fees charged are appropriate. Extending contract resulted in the reduction of Stable Value Fund management fee from 50 basis points to 28 basis points and reduction in overall cost to operate the Plan to 12 basis points annual revenue to Great-West.

### Plan Qualification

Application submitted to IRS for advance determination as to whether the Plan continues to meet qualification requirements of the Internal Revenue Code section 401 with respect to the Plan's most recent amendments and restatement.

### Asset/Activity Summary

The following summarizes investment and transfer activities in the plans.

Plan Statistics	401(k) Plan (as of 6/30/2008)	401(k) Plan (as of 3/31/2009)	457 Plan (as of 6/30/2008)	457 Plan (as of 3/31/2009)
Current Number of Participants (includes retiree accounts)	2,080	2,124	1,420	1,458
Active Employees Eligible to Participate	1,856	1,911	1,967	1,958
Active Employees Contributing	1,660	1,655	852	845
Percentage of Contributing Participants	89%	87%	43%	43%

Plan Statistics	401(k) Plan	457 Plan
New Enrollments since July 1, 2008	61	67
Plan Assets as of March 31, 2009	\$164,126,906	\$59,677,295
Employee Contributions from July 1, 2008 to March 31, 2009	\$11,209,994	\$5,148,042
Employer Matching Contributions from July 1, 2008 to March 31, 2009	\$5,537,775	N/A
Number of loans processed	158	44
Employee payroll loan payments from July 1, 2008 to March 31, 2009	\$1,713,389	\$315,048
Total disbursements from July 1, 2008 to March 31, 2009	\$8,479,961	\$2,925,864
Service Credit Transfers from Plan	33	11
Disbursed amounts	\$2,017,972	\$430,612
Revenue Sharing Account Balance as of March 31, 2009	\$69,521	\$24,633