

RESOLUTION NO. 7591

**CITY OF SOUTH GATE
LOS ANGELES COUNTY, CALIFORNIA**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SOUTH GATE APPROVING THE LOAN GUIDELINES AGREEMENT AND 457 PLAN LOAN ADMINISTRATION AGREEMENT WITH THE INTERNATIONAL CITY MANAGEMENT ASSOCIATION RETIREMENT CORPORATION (ICMA-RC) AMENDING THE ADMINISTRATIVE SERVICES AGREEMENT (457 DEFERRED COMPENSATION PLAN DOCUMENT) TO OFFER LOANS TO PARTICIPANTS

WHEREAS, on October 27, 1992, the City Council adopted Resolution No. 6042 establishing a 457 Deferred Compensation Plan (“the Plan”) and entered into an Administrative Services Agreement with International City Management Association Retirement Corporation (“ICMA-RC”) to administer the Plan; and

WHEREAS, the Plan is the equivalent to a 401K Plan in the private sector; and

WHEREAS, the Plan is an investment of retirement funds and other deferred benefits for such employees which serve the interest of the City by enabling it to provide reasonable retirement security for its employees, by providing increased flexibility in its personnel management system, and by assisting in the attraction and retention of competent personnel; and

WHEREAS, the Plan and the investment options available continue to provide valuable benefits to City employees; and

WHEREAS, the City Council has determined that permitting participants in the Plan to take loans from the Plan will make financial sense for the participant;

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF SOUTH GATE DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The City Council hereby approves the Loan Guidelines Agreement attached hereto as Exhibit “A” and the 457 Plan Loan Administration Agreement attached hereto as Exhibit “B”, offering loans to participants and effective March 25, 2014.

[Remainder of page left blank intentionally]

SECTION 2. The City Council hereby authorizes the Director of Finance, currently the City's Plan Administrator, to execute the Loan Guidelines Agreement and the 457 Plan Loan Administration Agreement, and to provide ICMA-RC with such information and cooperation as may be needed on an ongoing basis in the administration of the loan program.

SECTION 3. The City Clerk shall certify to the adoption of this Resolution which shall be effective upon its adoption.

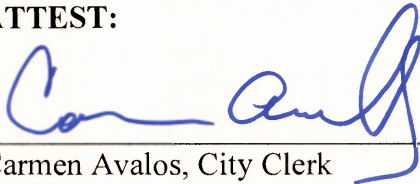
PASSED, APPROVED and ADOPTED this 25th day of March 2014.

CITY OF SOUTH GATE:



Gil Hurtado, Mayor

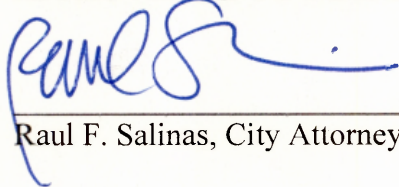
ATTEST:



Carmen Avalos, City Clerk

(SEAL)

APPROVED AS TO FORM:



Raul F. Salinas, City Attorney

Exhibit A



LOAN GUIDELINES AGREEMENT

The purpose of this agreement is to establish the terms and conditions under which the Employer will grant loans to participants. You should consider each option carefully before making your selections because your selections will apply to all loans made while the selection is in effect. If you later change any provision, the changes will apply only to loans made after the change is adopted. Loans in existence at the time of any future changes will continue to operate under the guidelines that were in effect at the time the loan was originally made.

Please read the instructions and carefully complete all sections of this agreement.

I. EMPLOYER PLAN INFORMATION

Name of Plan (Enter the complete Employer name, including state): CITY OF SOUTH GATE

Plan Type: 457 Deferred Compensation Plan 401(a) Money Purchase Plan 401 Profit-Sharing Plan

ICMA-RC Plan Number: 3 0 3 8 0 6

II. ELIGIBILITY & LOAN SOURCE

Loans are available to all active employees, except those with an existing loan in default.

401 Plans — If your 401 plan is funded by a combination of Employer and Employee contributions, you must specify whether one or both of the following can be used as a source for participant loans. (Select one or both options below)

- Employer Contribution Account (vested balances only)
- Participant Contribution Accounts (pre- and post-tax, if applicable, including Employee Mandatory, Employee Voluntary, Employer Rollover, and Portable Benefits Accounts, but excluding the Deductible Employee Contribution/Qualified Voluntary Employee Contribution Account)

Roth Assets (if applicable) — If your 457 or 401(k) plan allows Roth contributions, a participant's Designated Roth Account balance will be included when calculating the amount a participant is eligible to borrow. However, you must specify whether or not a participant's Designated Roth Account can be used as a source for participant loans. (Select one option below)

- A participant's Designated Roth Account **will not** be available as a source for loans under the plan (default option)
- A participant's Designated Roth Account **will** be available as a source for loans under the Plan.

Note: If Roth assets are available as a source for loans, a loan that is deemed distributed will not satisfy the requirements for a qualified (tax-free) distribution of Roth assets. This may result in participants paying taxes on assets that would otherwise be available tax-free.

III. LOAN PURPOSE

Loans are available for the following purposes and must be requested in the corresponding method (select one):

- All Purposes** — With this option, participants can request a loan for any reason. Participants will be able to request new loans or refinance existing loans using the Online Loans and Loans by Call Center options.
- Hardship Only** — With this option, loans shall only be granted in the event of a participant's hardship or for the purpose of enabling a participant to meet certain specified financial situations. Participants will need to complete the loan application form for your plan and obtain your approval (Online Loans and Loans by Call Center are not available).

The employer shall approve the participant's loan application after determining, based on all relevant facts and circumstances that the amount of the loan is not in excess of the amount required to relieve the financial need, as defined by the employer. For this purpose, financial need shall include, but not be limited to: unreimbursed medical expenses of the participant or members of the participant's immediate family, establishing or substantially rehabilitating the principal residence of the participant, or paying for a college education (including graduate studies) for the participant or his/her dependents.