



April 28, 2011

Communication to TriMet Union Employees Regarding the 457 Plan

TriMet is pleased to announce that ICMA Retirement Corporation (“ICMA-RC”) has been selected to serve the TriMet 457 Deferred Compensation retirement plan. ICMA-RC was approved yesterday by the TriMet Board of Directors at its regular board meeting. The firm was selected following an extensive Request for Proposal (RFP) process. Six firms, including three of the four firms currently providing services, submitted proposals in response to the RFP.

ICMA-RC proposed the lowest average fees of the responding firms, and was ranked the highest on a combination of firm strength, experience, technical expertise, transition plan and participant services. ICMA-RC is a Washington, D.C based not-for-profit corporation, founded in 1972, which has over 4,800 public sector clients with 920,000 participants and total assets under administration of over \$35 billion. Examples of ICMA-RC clients include Washington County, Clark County, Eugene Water and Electric Board, the Cities of Vancouver, Tacoma and Spokane; other transit clients of ICMA-RC include Chicago Transit, Santa Clara Valley, Sound Transit and Spokane Transit.

A transition from the four current providers of 457 Deferred Compensation Plan to ICMA-RC will occur by the fall of 2011. The revised plan will provide a new, professionally selected investment menu, and participant accounts will automatically be mapped into investment options that are most similar to current investments. If participants wish to change how they are allocated through the mapping process, they will be able to do so as soon as the account transition is completed.

Highlights of the new program and the transition process include the following:

- The transition to the new service provider will be automated for participants.
- For participants who wish to invest their plan assets in mutual funds not found within the revised plan, a self-directed brokerage option (SDBO) will be available, through which thousands of mutual funds can be accessed.
- Participant educational meetings about the transition and individual counseling sessions will be made available at multiple TriMet locations in the coming months. These meetings will be at no cost to the participants.
- A custom TriMet Plan Transition website will be launched that will provide transition and plan related information, as well as the schedule of meetings and the new fund option menu.
- No participant will be charged any termination fees in association with this transition.
- Finally, while savings to participants will vary based upon how they are invested, the average “plan administration type” fees to participants are estimated to be less than half the levels under the prior providers. Information about the new provider’s fees, and the savings participants will see, will be provided in the informational sessions and materials. Plan fee and expense information and will be far more transparent than in the past.



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Please see the attached FAQ for additional information about the decision to seek a new Administrator for the Deferred Compensation Plan.

A Selection and Evaluation Committee of TriMet staff from the Finance, Human Resources and the Communication departments, as well as a representative from ATU-757, reviewed and ranked proposals under a variety of criteria, with the assistance of the Hyas Group, an independent investment and retirement consulting firm. These criteria included not only proposed fees, but also firm strength and experience, services provided to participants, record keeping capabilities, investment options, and the transition plan to move accounts from the current providers. As a result of this evaluation and a finalist interview process, the Selection and Evaluation Committee unanimously recommended the ICMA-RC to serve the TriMet 457 retirement plan.

Beth A. deHamel
CFO, TriMet

Evette Farra
Financial Secretary-Treasurer, ATU 757



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FREQUENTLY ASKED QUESTIONS (FAQs)

Background on the Deferred Compensation Plan

TriMet offers all employees a Deferred Compensation plan that was created in accordance with the IRS Code, Section 457(b). This plan, referred to as either the “Deferred Compensation Plan” or the “457 Plan,” permits employees to defer a portion of their current salary until they are terminated, retire, die or have an approved financial hardship. TriMet is the Plan Sponsor, and has fiduciary responsibility for the Plan. The TriMet Board has appointed an Administrative Committee to monitor and provide oversight to the Plan. The Administrative Committee consists of TriMet’s General Counsel, the Executive Director of Finance and Administration, and the Director of Financial Services. Total assets in the Deferred Compensation Plan as of December 31, 2010 were approximately \$66 million, and there were 960 active participants.

Why are changes being made?

As fiduciaries, TriMet and the Committee are responsible for acting *solely* in the interest of plan participants (and their beneficiaries). The decision to evaluate new firms to provide investment services to participants was made after an in-depth review of the current providers, their fees, and the investments and services offered to participants. The review, conducted with the help and expertise of a consultant specializing in similar public plans, concluded that the fees charged by the current providers were no longer competitive, and that the array of funds being offered was so large that monitoring investment performance was difficult and there was much duplication, leading to confusion for participants. It was also noted that education and counseling for participants could be improved. As a result, the Selection and Evaluation Committee decided to send out a Request for Proposal (RFP) to potential providers. All of the current providers were invited to respond.

Who was on the Selection and Evaluation Committee?

Lori Baker, Director of Financial Services
Beth deHamel, Executive Director of Finance and Administration
Evette Farra, Financial Secretary-Treasurer, ATU
Windy Graham, Financial Accountant – Pension/Retirement
Colleen Sexton, Director of Human Resources
Carolyn Young, Executive Director of Communications and Marketing

Jim Fronk, Director of Procurement, was responsible for the procurement process including the RFP. Greg Settle, Senior Consultant with the Hyas Group, worked closely with the Selection and Evaluation Committee to review and evaluate all responses.

The Selection and Evaluation Committee was unanimous in their recommendation of ICMA-RC.