

Town Council

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Hilary Hobbs, Neighborhood Services & Sustainability Director

Tuesday, December 9<sup>th</sup>, 2025

Chantal Birnberg, Kyle Vickers, and Riley Morrison  
Truckee Mid-Management Association (TMMA) Employee Group

**Re:** Implementation of a 401(a) Deferred Compensation Plan

To Chantal, Kyle, and Riley:

This side letter memorializes changes to the TMMA group Memorandum of Understanding (MOU) pertaining to the implementation of a 401(a) deferred compensation plan and the reallocation of employer contributions from the 457 deferred compensation plan to the newly created 401(a) plan.

The language listed in blue is the language that will be changed or added into the MOU. The remainder is to provide context and for informational purposes only.

**Dental Fixed Rates:**

The Town currently provides employees with deferred compensation access through individual 457(b) accounts provided through Nationwide or CalPERS. The limit for 457(b) accounts is set by the IRS and is currently capped at \$23,500 for 2025 and \$24,500 for 2026. Several employees in TMMA have reached or exceeded this limit over the past few years, through a combination of employer and employee contributions. When the limit is exceeded it is difficult to unwind and may result in the employee incurring penalties for over-contributing.

As a solution, the Town will establish a 401(a) plan account for each employee in the TMMA. All non-optional, employer contributions to the deferred comp plan will be contributed on behalf of the employee to the 401(a) plan. The 401(a) plan has a limit of \$72,000 for calendar year 2026. This will leave the full \$24,500 457(b) contribution cap available for employee contributions, including the employee portion of the sick payout.

The following language will be added to Article 23 *Deferred Compensation Contribution* –

The Town shall match an employee's contribution to an approved deferred compensation plan up to \$2,000 per calendar year. **The Town's match amount will be contributed to a 401(a) plan whereas the employee's contribution will be contributed to a 457(b) plan.** This amount will be paid pro-rata over the Town's 26 pay periods.

**Starting January 1, 2026, all non-optional employer contributions to deferred compensation shall be contributed to an approved 401(a) deferred compensation plan.**

These contributions shall include any amounts eligible under section 401(a) of the Internal Revenue Code, including but not limited to, the 40 hours of vacation accrued over the employees 240-hour accrual cap per fiscal year and the employer match portion of the sick payout, as outlined in Section 15 *Leaves of Absence* subsection E. *Annual Vacation Leave* and subsection F. *Sick Leave*, respectively.

All other provisions of the existing TMMA MOU remain unchanged. If this side letter accurately delineates our agreement, please indicate your consent by signing below.

**Signatures:**

\_\_\_\_\_  
Chantal Birnberg, Mid-Management Employees Group      Date \_\_\_\_\_

\_\_\_\_\_  
Kyle Vickers, Mid-Management Employees Group      Date \_\_\_\_\_

\_\_\_\_\_  
Riley Morrison, Mid-Management Employees Group      Date \_\_\_\_\_

\_\_\_\_\_  
Jen Callaway, Town Manager      Date \_\_\_\_\_

\_\_\_\_\_  
Nicole Casey, Administrative Services Director      Date \_\_\_\_\_