

**COUNCIL MEMORANDUM
#2009-08**

DATE: June 10, 2009

TO: Honorable Mayor Michael T. McElroy and City Council

FROM: Ryan P. McCrady, City Manager

SUBJECT: Retirement Health Savings Plan for Police Management Staff

SUMMARY RECOMMENDATION: Staff recommends approval of the attached resolution authorizing the City to enter into an agreement with the International City/County Managers Association – Retirement Corporation (ICMA-RC) to establish a Retirement Health Savings (RHS) plan for senior Police Management staff (including the Chief, Deputy Chiefs, and Lieutenants).

BACKGROUND: For the past two years, the Police Union has had a retirement health savings plan with ICMA-RC that requires the deposit of all sick leave “buy back” moneys at retirement into a tax-exempt trust for payment of employees’ post retirement health care expenses. Senior Police management employees have an identical sick leave pay out benefit at retirement, but they are not included in the union RHS plan, and therefore cannot exempt the payment from income taxes. The attached resolution would establish an RHS plan for Police management staff, with funding rules identical to those of the Union.

POTENTIAL OBJECTIONS: There are no known objectors to this request.

INPUT FROM OTHER SOURCES: Julie Crouse of the ICMA-RC has provided the documentation for the establishment of this plan for the benefit of the Police management staff.

STAFF REFERENCE: Assistant City Manager, Jerry Bauer, and Human Resources Manager, French Wilson, are working with ICMA-RC to set up this plan.

BUDGET/TIME IMPLICATIONS: There are no impacts on the budget from the establishment of this plan. The administrative costs for this plan are born by the participants. Contributions to the plan will come from the sick leave “buy backs” of retiring senior Police management employees, and are included in the Police Department operating budget.

attachment

RESOLUTION NO. R_____

**RESOLUTION ESTABLISHING
RETIREMENT HEALTH SAVINGS PLAN**

-- ICMA RETIREMENT CORPORATION VANTAGECARE --

WHEREAS, The City of Decatur, Illinois, has considered the establishment of a Retirement Health Savings Plan for such employees which will serve the interests of the Employer by enabling it to provide reasonable security regarding such employees' health needs during retirement, by providing increased flexibility in its personnel management system, and by assisting in the attraction and retention of competent personnel; and

WHEREAS, the Employer has determined that the establishment of the retiree health savings plan (the "Plan") serves the above objectives.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DECATUR, ILLINOIS:

Section 1. That the City Council of the City of Decatur does hereby adopt the ICMA Retirement Corporation's VantageCare Retirement Health Savings Program and hereby establishes the City of Decatur Retirement Health Savings Plan for the voluntary participation of all eligible employees.

Section 2. That the assets of the Plan shall be held in trust, for the exclusive benefit of the Plan participants and their survivors, and the assets of the Plan shall not be diverted to any other purpose prior to the satisfaction of all liabilities of the Plan.

Section 3. That the Mayor and City Clerk be, and they are hereby, authorized and directed to execute on behalf of the City of Decatur the Administrative Services Agreement for the Plan, and any other applications, agreements and contracts as are necessary to implement the program.

Section 4. That the Human Resources Manager be, and she is hereby, authorized to act as Coordinator and contact for the Plan with the ICMA Retirement Corporation, and to send and receive any necessary reports, notices, and forms to and from the ICMA Retirement Corporation on the City's behalf for the operation of the program.

PRESENTED and ADOPTED this 15th day of June, 2009.

ATTEST:

MICHAEL T. MC ELROY, MAYOR

CITY CLERK