



City of Rochester Hills
AGENDA SUMMARY
NON-FINANCIAL ITEMS

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Legislative File No: 2013-0099

TO: Mayor and City Council Members
FROM: Keith Sawdon, Finance Director, Ext 2535
DATE: March 18, 2013
SUBJECT: Amendment to the City's Retiree Health Care Funding (VEBA) Plan and Trust

REQUEST:

We are requesting that City Council approve an amendment to the City's Retiree Health Care Funding (VEBA) Plan and Trust to help the Trust become exempt from filing Form 990.

BACKGROUND:

On February 24, 2012 (effective date of exemption - August of 2011) the City's Retiree Health Care Funding (VEBA) Plan and Trust received tax exempt status under Section 501 (c) (9) of the Internal Revenue Code. With that exemption also came the requirement that the Trust file an annual (Form) 990 report.

In July of 2012, the City made a formal request to be exempt from filing the 990 since the Trust is an affiliate of the governmental unit. We have recently learned that they (IRS) have an issue with the fact that the City Treasurer and the City Finance Director are essentially trustees by virtue of their position as opposed to a direct appointment by the City.

The attached resolution will amend our current Trust agreement which will allow the IRS to remove the annual 990 filing requirement.

RECOMMENDATION:

We are recommending that you adopt the attached resolution which amends our Trust Agreement which will allow the IRS to remove the 990 filing requirement.

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Mayor		
City Council Liaison		