



**City of Rochester Hills  
AGENDA SUMMARY  
NON-FINANCIAL ITEMS**

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**Legislative File No: 2009-0256**

**TO: Mayor and City Council Members**

**FROM: Keith Sawdon, Director of Finance, Ext 2535**

**DATE: June 18, 2009**

**SUBJECT: Adoption of Resolution to allow for the investment of funds, in the Retiree Health Care Benefit Trust, similar to those that may be held in pension funds, by following Public Act 314 of 1965 (public pension fund investment act), as amended.**

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**REQUEST:**

We are requesting City Council to allow, by adoption of the attached resolution, for the investment of funds held in the Retiree Health Care Benefit Trust similar to funds held in pension plans.

**BACKGROUND:**

The City Council recently adopted a Retiree Health Care Benefit Trust and provided for partial funding of the Trust.

Trusts designed for this propose, have very long lives and, as such, the funds placed in them should also be considered long-term. Therefore, it would be appropriate that funds in the trust be invested based on this long-term approach.

Public Act 149 recognized the long-term nature of these trust funds and provided the ability for funds placed in Retiree Health Care Benefit Trusts to be able to invest long-term, like pension funds, following P.A. 314 of 1965 (public pension fund investment act), as amended. Before the funds can be invested following P.A. 314, the governing body must authorize it by resolution.

In addition, the retiree health care benefit liability amount that was provided to City Council, by the actuary, was based on the trust fund earning returns, on its investments, closer to returns earned by pension funds.

**RECOMMENDATION:**

We recommend that City Council adopt the attached resolution and allow the funds placed in the Retiree Health Care Benefit Trust be invested following those allowed in P.A. 314 of 1965, as amended.

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**RESOLUTION**

See the attached resolution.

**NEXT AGENDA ITEM**

**RETURN TO AGENDA**

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<b>APPROVALS:</b>	<b>SIGNATURE</b>	<b>DATE</b>
<b>Department Review</b>		
<b>Department Director</b>		
<b>Mayor</b>		
<b>City Council Liaison</b>		

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