



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

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Legislative File No: 2011-0086

TO: Mayor and City Council Members

FROM: Keith Sawdon, Director of Finance and Pension Plan Co-Trustee, and
Kurt Dawson, Assessor/Treasurer and Pension Plan Co-Trustee

DATE: June 20, 2011

SUBJECT: Documents related to a combined Investment Provider for Pension, 457 and
Retirement Healthcare Plans

REQUEST:

The Pension, 457 and Retirement Healthcare Plan Trustees are requesting City Council's approval related to proposed documents that will complete our August 1, 2011 transition to one investment provider for all of our three retirement plans.

BACKGROUND:

On February 28, 2011 the Plan(s) Trustees requested and received City Council approval to combine all of our retirement plans (pension, 457 and healthcare) under Diversified Investment Advisor as the City's only investment provider. At that same meeting, we also indicated that we would bring back necessary documents, if required, to complete that transition.

We currently have all the necessary documents in place for the pension plan since no transition is taking place with the program. In addition, the current 457 plan document that is in place and used by the City before the transition is a transportable document so no new documents are being proposed at this time for that plan.

Our focus on new documents was on the retirement healthcare program. As we reported at the February 28th meeting, one of several items the group liked about working with Diversified was that a VEBA Trust and Plan document would be made available to the City to pattern our current program and process around. Working with Cynthia Billings, the City's Retirement Attorney, Diversified, the third party that will be processing reimbursements for our retirees and the Employee Representative Committee Members, the Trustees have been able to structure the VEBA Trust and Plan documents to meet the needs of the City's current retirement healthcare program. It should also be pointed out that the VEBA Trust and Plan documents, being presented to Council, will be City documents making them portable in the future.

In front of you tonight are several documents. The first is a VEBA Trust document, which will be the document submitted to the IRS as we seek tax exempt status for participant earnings related to their individual accounts. In addition the trust will be the organization which will hold the funds, on behalf of participants, until they request reimbursement for qualified medical expenses in retirement.

The second document is the Plan document which, as the name implies, describes our current retirement healthcare program, responsibilities of parties involved in the program and the process retirees must take to receive reimbursement for qualified medical expenses.

The third document is the Adoption Agreement which describes in more detail administrative related processes and practices, which relate directly to previously approved benefit agreements.

The fourth document is the Administrative Service Agreement which describes in more detail the roles and responsibilities of the third party that will be processing requests made by retirees for medical expense reimbursement.

It is important to note that through out this process participant communication has been a key element. Either through direct discussion with their employee representative or through direct mailings to all participants, participants have been included and shown support for a single provider and for the selection of Diversified as a provider.

RECOMMENDATION:

The Plan Trustees and Pension Committee Members recommend City Council approve the attached documents as we move toward our August 1, 2011 transition to Diversified as our investment provider.

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