



City Hall, 215 Sycamore St.
Muscatine, IA 52761-3840
(563) 264-1550
Fax (563) 264-0750

HUMAN RESOURCES

To: Gregg Mandsager, City Administrator
From: Stephanie Romagnoli, Human Resources Manager
Cc: Nancy Lueck, Finance Director
Date: July 15, 2014
Re: Resolution to Establish a Pass through Trust

Included with this memo is a resolution to adopt a pass through trust for the money in the Nationwide Post Employment Health Plan (PEHP).

Several years ago the City stopped making deposits to the PEHP plan and set up an alternative plan with ICMA-RC. These accounts provide employees with funds that can be used post-employment to assist with medical care expenses. There are still a number of employees and retirees with money in the PEHP plan. At this time, the City would like to transfer the money remaining in the PEHP plan to the accounts at ICMA-RC.

In order to do this, a trust must be set up for the money to pass through and this resolution establishes the necessary authority to do this. The City has no responsibility to manage this trust, the money will simply pass through it from Nationwide to ICMA-RC in order to accommodate the transfer.

I am requesting City Council adopt the resolution allowing for the creation of this trust. Please let me know if there are any questions or if additional information is needed.

City of Muscatine
POST EMPLOYMENT HEALTH PLAN
FOR PUBLIC EMPLOYEES

WHEREAS, the City of Muscatine (the “Employer”) is a State or a political subdivision thereof, or an agency or instrumentality of any of the foregoing;

WHEREAS, the Non-represented employees, Chauffeur’s, Teamster’s, and Helpers Blue/White Collar Bargaining Local #638, and the Muscatine Association of Firefighter’s Local #608 (the “Union”) represents certain employees of the Employer;

WHEREAS, the Union and the Employer have agreed that the Employer will maintain the City of Muscatine Post Employment Health Plan for Public Employees (the “Plan”);

WHEREAS, the Plan provides post-employment reimbursement of qualifying medical care expenses for the benefit of the Employer’s employees and their dependents;

WHEREAS, the Union and the Employer have agreed that the Plan will be funded through a trust which is part of a voluntary employee beneficiary association (“VEBA”) under section 501(c)(9) of the Internal Revenue Code of 1986, as amended (the “Code”);

WHEREAS, the VEBA is administered by the Public Employees Benefits Services Corporation Inc. and is maintained by more than one employer (the “Multiple Employer VEBA”);

WHEREAS, the Union and the Employer have determined that it is preferable to fund the Plan through a single employer VEBA;

WHEREAS, the Union and the Employer have decided to establish a new single employer VEBA (the “Single Employer VEBA”); and

WHEREAS, the Single Employer VEBA will receive a transfer of the assets from the Multiple Employer VEBA attributable to the Employer’s employees and their dependents, and may also receive future contributions from the Employer;

NOW, THEREFORE, be it resolved that the Employer and the Union hereby agree as follows, effective as of July 18, 2014:

1. The Single Employer VEBA shall be funded through a trust, which trust is governed by the Declaration of Trust of City of Muscatine (the “Trust Agreement”) attached hereto **[this is the ICMA-RC Integral Part Trust]**;
2. Notwithstanding anything in the Trust Agreement to the contrary, no assets of the Trust shall revert to the Employer, and any provision of the Trust or Plan contemplating such a reversion shall be void, during any period in which the trust is part of a voluntary employee beneficiary association under Code section 501(c)(9);

3. The assets of the Multiple Employer VEBA that are attributable to the Employer's employees and their dependents shall be transferred to the Single Employer VEBA; and
4. The terms of the Plan, effective as of July 18, 2014 shall cease to apply as of the effective date and the Plan shall be governed by the duly executed VantageCare RHS Plan documents as of such date.

IN WITNESS WHEREOF, the Union, the Employer and the Trustee have caused this Agreement to be executed by their duly authorized officers, effective as provided above.

PASSED, APPROVED, AND ADOPTED this 17th day of July, 2014.

Mayor DeWayne Hopkins

EMPLOYER:

By: _____ Title: _____

UNION:

By: _____ Title: _____

By: _____ Title: _____

ATTEST:

Gregg Mandsager, City Clerk