



City of Grand Island

Tuesday, October 28, 2008

Council Session

Item F1

#9195 - Consideration to Amend and Restate the City of Grand Island, Nebraska Police Officers' Retirement System Plan and Trust

Staff Contact: Brenda Sutherland

Council Agenda Memo

From: Brenda Sutherland, Human Resources Director

Meeting: October 28, 2008

Subject: Amend and Restate City of Grand Island Police Officer's and Firefighter's Retirement System Plan and Trust

Item #'s: F-1 & F-2

Presenter(s): Brenda Sutherland, Human Resources Director and Greg Anderson, Vice President and Trust Officer, Wells Fargo

Background

Wells Fargo is the administrator of the City of Grand Island's Police Officer's and Firefighter's Retirement System Plan and Trust. As administrator of this plan, Wells Fargo is charged with making sure that the plan stays in compliance with IRS rules that regulate these types of plans.

Discussion

Attached is a synopsis of the changes that are being recommended by Wells Fargo to maintain IRS compliance for the City's Police Officer's and Firefighter's Retirement System Plan and Trust.

As you can see in the attachment, these are plan changes that are reflected in IRS code and need to be adopted by our plan for compliance purposes.

A copy of both plans are available at the Clerk's office for review.

Alternatives

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve
2. Refer the issue to a Committee
3. Postpone the issue to future date

4. Take no action on the issue

Recommendation

City Administration recommends that the Council approve to amend the Police Officer's and Firefighter's Retirement System Plan and Trust as outlined by Wells Fargo.

Sample Motion

Move to approve to amend the Police Officer's and Firefighter's Retirement System Plan and Trust.

Municipal Retirement Plans 2008 Restatement

Synopsis of Changes

The IRS has placed all retirement plans on a staggered restatement schedule. Under the schedule, governmental plans must be restated to incorporate all amendments and changes in the tax laws and related guidance, and if desired filed with the IRS for a determination letter, by January 31, 2009; and then every five years thereafter. Following is a synopsis of the primary changes made to the restated Basic Plan Document (2008) and accompanying Adoption Agreements provided for review and consideration.

1. Incorporate periodic changes to tax laws since 2001; the most significant being the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA"). Changes included the following:
 - Increased dollar limits on benefits and contributions under Code section 415. (Section 415 generally limits annual contributions to the lesser of 100% of participant compensation and \$40,000; for governmental defined benefit plans, the annual benefits limit is \$160,000. Dollar limits are subject to periodic cost of living adjustment.)
 - Compensation for plan purposes under Code section 401(a)(17) increased from \$150,000 to \$200,000, subject to periodic cost of living adjustment.
 - Expanded rollovers between plans are permitted, including greater flexibility for rollovers involving different plans, contributions and distributees.
2. Integration into the plan document of required and discretionary amendments adopted by the employer since the plan was last restated. Required amendments included changes to:
 - Reflect new minimum required distribution regulations adopted in 2002.
 - Provide for automatic rollover of cash out distributions in excess of \$1,000 to IRAs, or lowering of cash out amount, effective March 28, 2005.
3. Incorporate extensive new Treasury Regulations under Code section 415 adopted in 2007 and effective for limitation years beginning on or after July 1, 2007.
4. Other revisions were made to incorporate desired plan provisions published by the IRS and integrate the foregoing changes and applicable state law.

ORDINANCE NO. 9195

An ordinance to amend and restate the City of Grand Island, Nebraska Police Officers' Retirement System Plan and Trust; to authorize further actions and repeal conflicting ordinances previously enacted; and to provide for severability and an effective date hereof.

BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA:

SECTION 1. Pursuant to Nebraska Statutes, Sections 16-1001 through 16-1019, the Mayor and Council of the City of Grand Island maintain the City of Grand Island, Nebraska Police Officers' Retirement System Plan and Trust ("Plan") for its paid police officers, embodied in plan documents including an adoption agreement and basic plan document attached thereto and constituting an integral part thereof, as well as various amendments required by applicable law.

SECTION 2. Applicable tax law requires that the Plan be amended and restated, and for this purpose, there has been presented to the City a proposed retirement plan and trust embodied in instruments entitled "Adoption Agreement" and "Basic Municipal Employees Plan and Trust Agreement" as an integral part thereof ("Basic Plan Document"; and together the Adoption Agreement and Basic Plan Document sometimes are referred to herein together as "Agreements"), which Agreements have been reviewed by legal counsel for the City.

SECTION 3. The City does hereby approve and adopt said Agreements as the amendment and restatement of the Plan, and makes the designations and elections with respect to the Plan as indicated in the Adoption Agreement, to be effective on the date(s) specified in the Adoption Agreement or Basic Plan Document.

ORDINANCE NO. 9195 (Cont.)

SECTION 4. That the Mayor is authorized to execute said Adoption Agreement and Basic Plan Document on behalf of the City, and the City Administrator is authorized and directed to provide the same to the Trustee (for its written acceptance, if determined necessary or appropriate), and if directed herein or otherwise determined necessary or advisable, to cause said Agreements to be submitted, together with such supporting data as may be necessary or advisable and applicable application fee, to the Internal Revenue Service for ruling as to whether the same complies with the pertinent provisions of the Internal Revenue Code of the United States and, in particular, Sections 401(a) and 501(a) thereof, with authority to make any changes in or to the designations, elections or provisions under or of said Adoption Agreement or Basic Plan Document and take such further actions as he or she determines necessary or appropriate to obtain a favorable ruling.

SECTION 5. Repeal of Conflicting Ordinances. All ordinances and parts of ordinances as previously enacted that are in conflict with this ordinance or any part hereof are hereby repealed.

SECTION 6. Severability Clause. If any section, subsection, sentence, clause or phrase of this Ordinance is, for any reason, held to be unconstitutional or invalid, such unconstitutionality or invalidity shall not affect the validity of the remaining portions of this ordinance. The Mayor and City Council hereby declare that it would have passed this Ordinance and each section, subsection, sentence, clause or phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared unconstitutional or invalid.

SECTION 7. Effective Date. This Ordinance shall be in force and take effect from and after passage, approval and publication as provided by law.

ORDINANCE NO. 9195 (Cont.)

Enacted: October 28, 2008

Margaret Hornady, Mayor

Attest:

RaNae Edwards, City Clerk