



APPROVED

Police
Fire
Treasury
Finance

RESOLUTION

AMENDED - 5/1/07
POSTPONED - 4/17/07

NO. 103 Revised

A RESOLUTION ESTABLISHING A POLICE AND FIRE RETIREE HEALTH CARE INSURANCE BOARD

BATTLE CREEK, MICHIGAN May 1, 2007

Resolved by the Commission of the City of Battle Creek:

There is established a Police and Fire Retiree Health Care Insurance Board (Board) consisting of five persons, serving staggered three-year terms, whose duty shall be, consistent with any decisions of the City Commission making such funds available, the adoption of policies governing the further allocation of any funds that may be available pursuant to Section 401(h) of the Internal Revenue Code through the levy of the millage authorized by Public Act 345 of 1937;

Members of the Board, whose terms shall commence June 1, 2007 and continue until each appointee's successor is approved, shall be appointed by the Mayor, with the approval of the City Commission;

The Board shall consist of: (1) a City Commissioner for an initial term of one year; (2) a *currently employed City fire fighter with at least ten years of service*, ~~member of the Police and Fire Pension Board~~ and (3) a City resident, each for an initial term of two years; (4) a ~~City Police Department retiree or City Fire Department retiree or the spouse of a retired City police officer or retired City fire fighter~~ *currently employed City police officer with at least ten years of service*, and (5) a City resident, each for an initial term of three years;

Provided further, that City resident appointees to the Board shall be registered City electors, and shall not be a City Police or Fire Department retiree, or the spouse, child or grandchild of a City Police or Fire Department retiree;

The Board shall adopt bylaws and rules of procedure to govern the conduct of its meetings, such meetings being the subject to the provisions of the Open Meetings Act, MCL 15.261, et seq. and the City Manager shall make available staff to assist the Board in its duties;

Decisions of the Board allocating any available funds to classes of retirees or their surviving spouses may be made on the basis of demonstrated need, hardship, equity or other similar grounds, such decisions being quasi-judicial in nature and only reviewable by writ of certiorari;

~~Be it further resolved that this Resolution and the appointments so provided shall not become effective or take place until a resolution conforming to this Resolution is approved by the City Police and Fire Pension Board.~~

ACTION AT 4/17/07 CITY COMMISSION MEETING:

MOTION: A motion was made by Comm. Macfarlane, supported by Vice Mayor Walker, to postpone Resolution 103 to the first Commission meeting in May. All yes. Motion carried.

ACTION AT 5/1/07 CITY COMMISSION MEETING:

MOTION: A motion was made by Comm. Yankama, supported by Comm. Behnke, to increase the Police and Fire Retiree Health Care Insurance Board to six members by appointing a current police or fire retiree.

VOTE ON MOTION: Yes - 3, No - 6 (Baldwin, Franklin, Godfrey, Macfarlane, Owens, Walker)

AMENDMENT: A motion was made by Comm. Baldwin, supported by Comm. Owens, to add a police or fire retiree, who is in the \$22,500 or less pension bracket prior to any adjustment for an Eligible Domestic Relations Order, in a non-voting Liaison position for the first two years.

VOTE ON AMENDMENT: Yes - 8, No - 1 (Yankama)

VOTE ON AMENDED RESOLUTION: Yes - 7, No - 2 (Hersha and Yankama)

Amended resolution carried.

Comm. Susan Baldwin

Comm. Wanda C. Beland



Battle Creek City Commission
April 17, 2007 Commission Meeting

Action Summary

Staff member: Clyde J. Robinson
Department: Legal

Police and Fire Retiree Health Care Insurance Board

A) Brief Summary: This resolution creates a Police and Fire Retiree Health Care Insurance Board. The purpose of the Board will be to establish a system for allocating and distributing 401(h) funds that may be available among police and fire retirees for their health care benefit.

B) Budgetary considerations: The Board would be allocating 401(h) funds as established through the City's budgeting process.

C) Background: Due to rapidly increasing health care costs and government limitations on retiree health care benefit funding within the Police and Fire Pension Fund, the City faces an inability to continue the current retiree health care structure. The Police and Fire Pension Fund is projected to have, on an ongoing basis, approximately \$500,000 per year of available funds for retiree health care. The Fund also no longer has a balance to carry forward to use for retiree health care. The current health plan is estimated to cost \$1.98 million in fiscal year 2007/2008, leaving a \$1.48 million shortfall.

As a long-term strategy for addressing the P & F retiree health care issue, a recommendation was made at the March 13, 2007 City Commission workshop to establish a separate body to determine how to allocate any funds available through 401(h) or any other source identified by the City Commission.

The initial draft of this Resolution contemplated that one member of this new Board would also be a member of the Pension Board and another member a retired police officer or firefighter or the spouse of a retired police officer or fire fighter. As this was being considered Commissioner Macfarlane questioned whether these appointments might create a possible conflict of interest. This observation resulted in the Commission postponing action on the matter for one week. Commissioner Behnke requested that any solution attempt to take

advantage of the expertise and experience of police officers and fire fighters. Resolution 103 has been revised to require the appointment of a currently employed police officer and fire fighter, each with at least ten years of service. As long-term employees, it is anticipated that these two appointees would have the knowledge that Commissioner Behnke sought to preserve, while avoiding the potential for conflict pointed out by Commissioner Macfarlane that the appointment of a police or fire retiree might have created.

Finally, as a result of the City Commissioners' cumulative actions at the April 10, 2007 meeting, and the above suggested change, it is no longer necessary that the Pension Board take action.

D) Attachments: Revised Resolution Establishing A Police and Fire Retiree Health Care Insurance Board.