



CITY OF DANBURY
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MEMORANDUM

TO: Mayor Mark D. Boughton via the City Council
FROM: David W. St. Hilaire, Director of Finance *DWS*
DATE: July 30, 2012

SUBJECT: Resolutions Implementing Negotiated Pension Changes

Attached to this correspondence are two resolutions for your consideration.

As you may recall, the recently negotiated 2011-2015 collective bargaining agreements with the Danbury Municipal Employees Association and the Teamsters Local 677 which have already been ratified by the Council contain certain changes to pension benefits. These resolutions are necessary to implement the negotiated pension provisions.

The first resolution serves to formally adopt the new defined contribution plan that will now be applicable to Teamsters Local 677 members who are hired on or after July 1, 2011 and DMEA members who are hired on or after July 1, 2012 pursuant to the above-referenced collective bargaining agreements. Specifically, it authorizes the Mayor to execute the required plan documents, trust agreements and/or required filings with the Internal Revenue Service. Furthermore, it allows the employee contributions that will now be required under the defined contribution plan to be made by employees on a pre-tax basis consistent with the applicable labor contracts and utilizing the "pick up" language required by the Internal Revenue Service.

As you may recall, the above-referenced collective bargaining agreements also require current employees to commence making employee contributions to the existing General Employees Pension Plan as of July 1, 2013. Accordingly, the second resolution serves as the vehicle to allow any required employee contributions, including but not limited to those currently being made by non-union employees, to the General Employees Pension Plan to be made on a pre-tax basis. Here again, the resolution employs the standard "pick up" language required by the Internal Revenue Service. Please note that supporting documentation will be available in the Legislative Assistant's Office.

Since these resolutions merely implement the negotiated pension changes that have already been ratified by you as in the long-term interest of the City, I respectfully recommend their passage.

DWS/jgb

Attach.

RESOLUTION

CITY OF DANBURY, STATE OF CONNECTICUT

_____ A.D. 2012



RESOLVED BY THE CITY COUNCIL OF THE CITY OF DANBURY

WHEREAS the City of Danbury (the "City") has bargained in good faith pursuant to collective bargaining, to implement a separate Defined Contribution Plan, to be named the City of Danbury 401(a) Retirement Plan, (the "Plan") codified in Section 401(a) of the Internal Revenue Code for the benefit of employees who are members of Local 677, International Brotherhood of Teamsters, hired on or after July 1, 2011, and employees who are members of the DMEA, UPSEU, Local 424, Unit 14, City Employees hired on or after July 1, 2012 (collectively "Employees").

NOW THEREFORE BE IT RESOLVED THAT as agreed to pursuant to collective bargaining, the City hereby adopts the Plan, effective as of October 1, 2012, but with all benefits retroactive to July 1, 2011.

BE IT FURTHER RESOLVED THAT as of July 1, 2011, or such later date as specified in the Plan, the City shall "pick-up" mandatory employee contributions to the Plan, in accordance with the provisions of Section 414(h)(2) of the Internal Revenue Code. Mandatory employee contributions will be made on a pre-tax basis in the amount set forth in the applicable sections of the Plan and the collective bargaining agreement. As set forth in the first sentence above, such contributions, although designated as employee contributions in the Plan, will be paid by the City in lieu of contributions by the Participant. Participants shall not have the option of electing to receive the contributed amounts directly rather than having such amounts paid to the Plan.

BE IT FURTHER RESOLVED THAT Mayor Mark D. Boughton ("Mayor Boughton") or in his place, any duly authorized official of the City, is authorized to execute a final version of the Plan and the group funding agreement, on behalf of the City as approved for execution by the Office of the Corporation Counsel and the Director of Finance.

BE IT FURTHER RESOLVED THAT Mayor Boughton, or in his place, any duly authorized official of the City, is authorized to execute the group funding agreement with respect to the Plan, or, if necessary, a trust agreement.

BE IT FURTHER RESOLVED THAT Mayor Boughton, or in his place, any duly authorized official of the City, is authorized to execute whatever filings are necessary or appropriate with the Internal Revenue Service with regard to the submission of the Plan to the Internal Revenue Service for a determination as to its qualification under the Internal Revenue Code and for its continuing qualification in form and operation thereafter.

BE IT FURTHER RESOLVED THAT Mayor Boughton, or in his place, any duly authorized official of the City, is authorized on behalf of the City and the Plan to execute any other documents or agreements and to perform such acts deemed to be in the best interest of the City and the Plan to implement the Plan and the above resolutions; as he deems appropriate.



RESOLUTION

CITY OF DANBURY, STATE OF CONNECTICUT

A.D. 2012

RESOLVED BY THE CITY COUNCIL OF THE CITY OF DANBURY

WHEREAS, the City of Danbury (the "City") maintains the General Employees Pension Plan ("Plan"), pursuant to Article I of Chapter 14 of the Danbury, Connecticut, Code of Ordinances, as amended from time to time, for the benefit of those present, former or future employees of the City who are eligible under the terms of the Plan (collectively "Employees"); and

WHEREAS, certain Employees who are eligible to participate in the Plan are required to make mandatory employee contributions to the Plan as a requirement to participate in the Plan.

NOW THEREFORE, BE IT RESOLVED THAT the Plan be amended, as necessary, to include the applicable terms and conditions governing mandatory employee contributions and also the provisions incorporating into the Plan the requirements of Section 414(h)(2) of the Internal Revenue Code, with respect to all Employees who are required to make such mandatory employee contributions as a condition of participating in the Plan, so that such contributions will be made into the Plan on a pre-tax basis.

BE IT FURTHER RESOLVED THAT as of the first payroll period commencing on or after September 1, 2012, or such later date as specified in the Plan or Plan Amendment, the City shall "pick-up" such mandatory employee contributions to the Plan, in accordance with the provisions of Section 414(h)(2) of the Internal Revenue Code, with respect to all Employees who are required to make such mandatory employee contributions as a condition of participating in the Plan. Accordingly, such mandatory employee contributions will be made on a pre-tax basis in the amount set forth in the applicable sections of the Plan or applicable collective bargaining agreement, and such contributions, although designated as employee contributions in the Plan, will be paid by the City in lieu of contributions by the Participant. Participants shall not have the option of electing to receive the contributed amounts directly rather than having such amounts paid to the Plan.

BE IT FURTHER RESOLVED THAT Mayor Mark D. Boughton ("Mayor Boughton") or in his place, any duly authorized official of the City, is authorized to execute any necessary Plan Amendment on behalf of the City in order to incorporate into the Plan and implement the terms of the Plan's Section 414(h)(2) "pick-up" provision specified in the above Resolution.

BE IT FURTHER RESOLVED THAT Mayor Boughton, or in his place, any duly authorized official of the City, is authorized on behalf of the City and the Plan to execute any other documents or agreements and to perform such acts deemed to be in the best interest of the City and the Plan to implement the Plan's Section 414(h)(2) "pick-up" provision specified in the above Resolutions, as he deems appropriate.