



Memphis City Council Summary Sheet Instructions

Please provide a brief summary of the item, in bullet form, not to exceed one page:

1. Describe item (Resolution, Ordinance, etc.)
Resolution approves plan to hold referendum for employees who are not covered by Medicare.
2. Identify initiating party (e.g., Public Works; at request of City Council, etc.)
Personnel/Finance
3. State whether this is a change to an existing ordinance or resolution, if applicable.
Change to current retirement plan.
4. State whether this requires a new contract, or amends an existing contract, if applicable.
Yes modification to existing plan
5. State whether this requires an expenditure of funds/requires a budget amendment.
Yes \$5.0 million.

RESOLUTION
CITY COUNCIL
CITY OF MEMPHIS, TENNESSEE

WHEREAS, the State of Tennessee Old Age and Survivors Insurance Agency has established procedures in accordance with Section 218 of the Social Security Act, as adopted by the State of Tennessee (the "Tennessee Section 218 Agreement"), and Tenn. Code Ann. §8-38-101 *et seq.*, whereby eligible members of a retirement system in a political subdivision of the State of Tennessee may obtain Hospital Insurance-Medicare Only Coverage ("Medicare-Only (HI) Coverage"); and

WHEREAS, the City of Memphis, a political subdivision of the State of Tennessee (the "City), maintains the City of Memphis Retirement System (the "Retirement System") for its eligible officers and employees; and

WHEREAS, the City desires to offer Medicare-Only (HI) Coverage to its eligible officers and employees who participate in the Retirement System, in accordance with the following resolutions; and

WHEREAS, City Council desires to approve the City's conduct of a Medicare Referendum Process for a Divided Vote Medicare Referendum as set forth below;

NOW, THEREFORE, BE IT RESOLVED:

1. That pursuant to the Medicare Referendum Process for a Divided Vote Medicare Referendum as set forth in the Tennessee Section 218 Agreement, the City extend to eligible City officers and employees (officers and employees whose date of hire is prior to April 1, 1986 and who currently are not covered by Medicare-Only (HI) Coverage) the opportunity to elect to be covered by and participate in Medicare-Only (HI) Coverage;
2. That in pursuance of the above, the City request the State of Tennessee Old Age & Survivors Insurance Agency, or its designee (the "OASI Agency") to conduct a Divided Vote Medicare Referendum, under Section 218(d)(6)(c) of the Social Security Act, for eligible City officers and employees (officers and employees whose date of hire is prior to April 1, 1986 and who currently are not covered by Medicare-Only (HI) Coverage);
3. That the City participate with the OASI Agency in the conduct of the Divided Vote Medicare Referendum to be conducted pursuant to applicable state and federal laws and regulations for the purpose of allowing eligible officers and employees the option to obtain the Medicare-Only Coverage;
4. That for those eligible officers and employees who elect affirmatively in the Divided Vote Medicare Referendum to participate in Medicare-Only (HI) Coverage, the

effective date of such participation be the earliest date permitted by the Tennessee Section 218 Agreement (the "Effective Date");

5. That for those eligible officers and employees who elect affirmatively in the Divided Vote Medicare Referendum to participate in Medicare-Only (HI) Coverage, the City, by signature of the City Mayor, enter into a Section 218 Agreement with the OASI Agency (the "City Section 218 Medicare-Only Coverage Agreement") to effectuate the results of the Divided Vote Medicare Referendum;
6. That for those eligible officers and employees who elect affirmatively in the Divided Vote Medicare Referendum to participate in Medicare-Only (HI) Coverage, that to the extent permitted by law the City pay the cost of coverage, both the employer portion of the Medicare tax (currently 1.45% of covered wages) and the employee's portion of the Medicare tax (currently 1.45% of covered wages) for the period beginning with the Effective Date and ending on the date of the first payroll following the date the City and the OASI Agency enter into the City Section 218 Medicare-Only Coverage Agreement (or if later, then the earliest date following such first payroll date that occurs within an administratively reasonable time for the City's payroll system to initiate employee withholding for the employee's portion of the Medicare tax (currently 1.45% of covered wages)(the "Payroll Withholding Date") and remit such payments to the Internal Revenue Service in accordance with applicable federal laws and regulations;
7. That effective the Payroll Withholding Date and thereafter, in order to collect the officer and employee portion of the Medicare tax from the officer and employee's wages in accordance with applicable law the City make such adjustments to its payroll system as required to provide for withholding from officer and employee wages of those eligible officers and employees who elect in the Divided Vote Medicare Referendum to participate in Medicare-Only (HI) Coverage, and remit such withholding to the Internal Revenue Service in accordance with applicable federal laws and regulations;
8. That the City maintain such records, enter into such agreements and documents, including without limitation the issuance of Form W-2 or other income notices to the extent required by applicable law to eligible officers and employees who elect in the Divided Vote Referendum to participate in Medicare-Only (HI) Coverage, submit such reports, and take such other and further actions as required or necessary to effectuate this resolution and the results of the Divided Vote Medicare Referendum.

This Resolution is hereby adopted this ___ day of _____, 20__ (the "Adoption Date") and shall take effect and be in full force from and after the Adoption Date.