

VILLAGE OF LOMBARD
REQUEST FOR BOARD OF TRUSTEES ACTION


 X Resolution or Ordinance (Blue) *Waiver of First requested*
 Recommendations of Boards, Commissions & Committees (Green)
 Other Business (Pink)

TO: PRESIDENT AND BOARD OF TRUSTEES

FROM: William T. Lichter, Village Manager

DATE: September 1, 2004 (B of T) Date: September 16, 2004

TITLE: ICMA VantageCare Retirement Health Savings (RHS) Plan

SUBMITTED BY: Joanne Jakubowski, Human Resources Manager 

BACKGROUND/POLICY IMPLICATIONS:

See attached VantageCare Retirement Health Savings (RHS) Plan Documents for implementation of post employment health care expenses program.

FISCAL IMPACT/FUNDING SOURCE: \$

Village Attorney _____ Date _____
Finance Director _____ Date _____
Village Manager W.T. Lichter _____ Date 9/1/04

July 6, 2004

Joanne Jakubowski
Human Resources Manager
Village of Lombard
255 East Wilson Avenue
Lombard IL 60148-3931

RE: VantageCare Retirement Health Savings Plans Account Numbers **800859**

Dear Ms. Jakubowski:

We are pleased that RC's VantageCare Retirement Health Savings Plan has been selected for your employees.

Enclosed is everything you need to adopt and implement RC's VantageCare Retirement Health Savings Plan including:

- 1) the VantageCare Retirement Health Savings Plan **Return Booklet**. It contains:
 - A Suggested Resolution for adoption of the plan;
 - An Employer VantageCare Retirement Health Savings Plan Adoption Agreement ;
 - A VantageCare Retirement Health Savings Plan Implementation Data Form; and
 - Two Administrative Services Agreement Addendums.
- 2) the VantageCare Retirement Health Savings Plan **Retain Booklet**. It contains:
 - the Trust Document;
 - a Private Letter Ruling;
 - a Model Welfare Benefit Plan;
- 3) the VantageCare Retiree's Health Savings **Enrollment Kit**;
- 4) The ICMA Retirement Corporation's **EZ Link Access Application**;
- 5) **Two Addendums to the Administrative Services Agreement**;
- 6) Pre-paid, pre-addressed **Return Envelope**.



ICMA RETIREMENT CORPORATION
The Public Sector Expert

Additionally, the VantageCare Retirement Health Savings Plan employer manual will be made available to you on-line once your plan has been implemented.

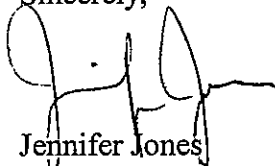
Please ensure that the following items are returned to me in the enclosed pre-addressed envelope or at the address shown above:

- Resolution adopting the plan (if required);
- Completed Adoption Agreement;
- Completed Implementation Data Form;
- One executed Administrative Services Agreement Addendum;
- Completed EZ Link Access Form.

After reviewing the enclosed materials, please contact your Retirement Plans Specialist at (800) 326-7272 with any questions you may have.

Thank you for your interest in RC.

Sincerely,



Jennifer Jones
Sr. New Business Analyst

Enclosures

RESOLUTION
R_____05

A RESOLUTION AUTHORIZING SIGNATURE OF THE VILLAGE MANAGER AND/OR DESGNEES ON AN AGREEMENT

WHEREAS, the Corporate Authorities of the Village of Lombard have reviewed the proposed Agreements for the VantageCare Retirement Health Savings (RHS) Plan between ICMA and the Village of Lombard as attached herto and

WHEREAS, the Corporate Authorities deem it to be in the best interest of the Village of Lombard to approve such agreement.

NOW, THEREFORE, BE IT RESOLVED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF LOMBARD, DU PAGE COUNTY, ILLINOIS as follows:

SECTION 1: That the Village Manager and/or his designee(s) be and hereby is authorized to sign on behalf of the Village of Lombard said agreement.

Adopted this _____ day of _____, 2004.

Ayes: _____

Nays: _____

Absent: _____

Approved this _____ day of _____, 2004.

William J. Mueller
Village President

ATTEST:

Barbara A. Johnson
Deputy Village Clerk

**EMPLOYER VANTAGECARE RETIREMENT HEALTH
SAVINGS (RHS) PLAN ADOPTION AGREEMENT**

Plan Number: 8 00859

Employer Retirement Health Savings Plan Name: Village of Lombard RHS Plan

I. Employer Name: Village of Lombard State: IL

II. The Employer hereby attests that it is a unit of a state or local government or an agency or instrumentality of one or more units of a state or local government.

III. The Effective Date of the Plan: January 1, 2005

IV. The Employer intends to utilize the Trust to fund only welfare benefits pursuant to the following welfare benefit plan(s) established by the Employer:

The Village of Lombard Post Employment Health Expense Reimbursement Plan providing health insurance, dental insurance, and other expenses and premiums allowable under IRC 213.

V. Eligible Groups and Participant Eligibility Requirements

A. The following group or groups of Employees are eligible to participate in the VantageCare Retirement Health Savings Plan:

- All Employees
- All Full-Time Employees
- Non-Union Employees
- Public Safety Employees -- Police
- Public Safety Employees -- Firefighters
- General Employees
- Collectively-Bargained Employees (Specify unit) _____
- Other (specify below)

All regular full and part time employees of the Village but those who are Public Safety IAFF members

The group specified must correspond to a group of the same designation that is defined in the statutes, ordinances, rules, regulations, personnel manuals or other material in effect in the state or locality of the Employer.

If this box is checked, in lieu of mandatory participation, the Employer provides for a one-time irrevocable election by eligible Employees to participate in RHS. Until such time as the election is made, the Employee shall not participate in the Plan or receive contributions pursuant to Section VI.

Newly eligible Employees shall be provided an election window of 30 days (no more than 60 calendar days) from the date of initial eligibility during which they may make the election to participate. Participation may begin no earlier than the calendar month following the end of the election window.

If the Employee does not make the election in the year of initial eligibility, the election to participate may be made in a later year. An annual election window of 60 days (no more than 60 calendar days) shall be provided during which the election may be made. The election window shall run from October 1 to November 29 (insert your annual time frame for the election window, e.g. October 1 to November 29). Participation may begin no earlier than the calendar year following the year of the election.

Once made, the election is irrevocable and may not be revoked while the participant is a member of the group covered by the RHS plan.

If the Employer's underlying welfare benefit plan or funding under this VantageCare Retirement Health Savings Plan is in whole or part a non-collectively bargained, self-insured plan, the nondiscrimination requirements of Internal Revenue Code (IRC) Section 105(h) will apply. These rules may impose taxation on the benefits received

by highly compensated Employees if the Plan discriminates in favor of highly compensated Employees in terms of eligibility or benefits. The Employer should discuss these rules with appropriate counsel.

B. Participant Eligibility

1. Minimum period of service required for participation is NA (write N/A if an Employee is eligible to participate or to elect to participate immediately upon employment).

2. Minimum age required for eligibility to participate is NA (write N/A if no minimum age is required).

VI. Contribution Sources and Amounts

A. Mandatory Contributions (NA)

1. Direct Employer Contributions

The Employer shall contribute on behalf of each Participant _____% of earnings or \$_____ for the Plan Year.

Definition of earnings:

Gross wages

2. Mandatory Leave Contributions (NA)

The Employer will make mandatory contributions of leave as follows:

Accrued Sick Leave* Yes No

Accrued Vacation* Yes No

Other* (describe) _____ Yes No

* Please provide the formula for determining the Accrued Leave contribution:

An Employee shall not have the right to discontinue or vary the rate of annual leave contributions.

3. Mandatory Employee Compensation Contributions (NA)

The Employer will make mandatory contributions of Employee compensation as follows:

Reduction in Salary - _____% of earnings (as defined in VI.A.1.) or \$_____ will be contributed for the Plan Year.

Decreased Merit or Pay Plan Adjustment - All or a portion of the Employees' annual merit or pay plan adjustment will be contributed as follows:

An Employee shall not have the right to discontinue or vary the rate of mandatory contributions of Employee compensation.

B. Elective Contributions

1. Elective Pre-Tax Contributions

The Employer will permit each Employee to make the following elections to make pre-tax contributions to the Plan:

- a. Irrevocable Election for Pre-Tax Contributions from Compensation: A one-time, irrevocable election of the amount of Employer contributions of compensation made on his or her behalf.

The Employer limits the amount elected to either a fixed percentage or a range of percentages of an Employee's earnings

A. _____% of earnings (as defined in VI.A.1.) or up to 100% of earnings (as defined in VI.A.1) for the Plan Year.

B. Up to 100% of severance pay.
Newly eligible Employees shall be provided an election window of 30 days (no more than 60) from the date of initial eligibility during which they may make the election to contribute. Contributions may begin no earlier than the calendar month following the end of the election window.

If the Employee does not make the election in the year of initial eligibility, the election to contribute may be made in a later year. An annual election window of 60 days (no more than 60) shall be provided during which the election may be made. The election window shall run from October to Nov. 29 (insert your annual time frame for the election window). Contributions may begin no earlier than the calendar year following the year of the election.

Once made, the election is irrevocable and may not be revoked.

- b. Irrevocable Election for Pre-Tax Contributions of Accrued Leave: A one-time, irrevocable election of the amount of employer contributions of Employee accrued

sick vacation other _____ (describe) leave made on his or her behalf.
 Yes No

The Employer limits the amount elected as shown below:

Employees may contribute up to 100% of sick and vacation that would otherwise be payable at separation from service.

Newly eligible Employees shall be provided an election window of 30 days (no more than 60 calendar days) from the date of initial eligibility during which they may make the election to contribute. Contributions may begin no earlier than the calendar month following the end of the election window.

If the Employee does not make the election in the year of initial eligibility, the election to contribute may be made in a later year. An annual election window of 60 days (no more than 60 calendar days) shall be provided during which the election may be made. The election window shall run from Oct. 1 to November 29 (insert your annual time frame for the election window). Contributions may begin no earlier than the calendar year following the year of the election.

Once made, the election is irrevocable and may not be revoked.

- c. Annual Prospective Election for Pre-Tax Contributions of Leave: An annual, irrevocable election to have his or her sick vacation other _____ (describe) leave to be accrued in the next calendar year contributed to the Plan on his or her behalf. (NA)

The Employer limits the amount elected as shown below:

Contributions of future leave accruals will be remitted to the Plan

as earned at the end of the calendar year.

The election to contribute must be made in the calendar year before the year in which contributions are to begin. Once made, the election shall apply to succeeding calendar years unless otherwise revised or revoked by the Employee on an annual basis.

An annual election window of _____ days (no more than 60 calendar days) is provided during which eligible Employees may make the election to contribute. The election window shall run from _____ to _____ (insert your annual time frame for the election window).

In adopting section a, b, and/or c, the Employer acknowledges that the Internal Revenue Service has not ruled on irrevocable election contributions in an integral part trust. ICMA-RC has obtained the advice of counsel that such contributions are allowable under the conditions outlined in this Adoption Agreement. The Employer should discuss this issue with appropriate counsel.

2. Voluntary After-Tax Contributions

Each Employee may contribute up to 25 % of earnings (as defined in VI.A.1.) or \$25,000 for the Plan Year on a voluntary after-tax basis. In no event may aggregate Employee voluntary after-tax contributions exceed 25% of total contributions in any Plan Year.

An Employee shall have the right to discontinue or vary the rate of elective after-tax contributions of Employee earnings.

By adopting this section, the Employer acknowledges that the Internal Revenue Service has declined to rule on Employee after tax contributions in an integral part trust. ICMA-RC has obtained the advice of counsel that such contributions are allowable in an insubstantial amount (i.e. no more than 25% of total contributions in any Plan Year). The Employer should discuss this issue with appropriate counsel.

C. Limits on Total Contributions

The total contribution on behalf of each Participant (including both Mandatory and Elective Contributions) for each Plan Year shall not exceed the following limit(s):

- _____% of earnings (as defined in VI.A.1.).
- \$_____.
- There is no Plan-defined limit on the percentage or dollar amount of earnings that may be contributed.

Limits on individual contribution types are defined within the appropriate section above.

See Section V.A. for a discussion of nondiscrimination rules that may apply to non-collectively bargained self-insured Plans.

B. Termination prior to general benefit eligibility: A Participant who separates from the service of the Employer prior to attaining benefit eligibility as outlined in Section IX.A. or C. will be eligible to receive benefits:

- Immediately upon separation from service.
- At age _____.

C. A Participant who dies or becomes totally and permanently disabled (as defined by the Social Security Administration) will become immediately eligible to receive medical benefit payments from his/her VantageCare Retirement Health Savings Plan account.

X. Permissible Medical Benefit Payments

Benefits eligible for payment consist of:

- A. All Medical Expenses eligible under IRC Section 213* other than direct long-term care expenses, **OR**
- B. The following Medical Expenses (select only the expenses you wish to cover under the VantageCare Retirement Health Savings Plan):

- _____ Medical Insurance Premiums
 - _____ Medical Out-of-Pocket Expenses*
 - _____ Medicare Part B Insurance Premiums
 - _____ Medicare Supplement Insurance Premiums
 - _____ COBRA Premiums
 - _____ Dental Insurance Premiums
 - _____ Dental Out-of-Pocket Expenses*
 - _____ Long Term Care Insurance Premiums
 - _____ Other (Must be eligible under IRC Section 213)*
-

* See Section V.A. for a discussion of nondiscrimination rules which may apply to non-collectively bargained, self-insured Plans.

XI. Death Benefit

In the event of a Participant's death, the following shall apply:

Account Transfer: The surviving spouse and/or surviving eligible dependents (as defined in Section XIII.F.) of the deceased Participant are immediately eligible to maintain the account and utilize it to fund eligible medical benefits specified in Section X above.

Upon notification of a Participant's death, the Participant's account balance will be transferred into the Vantagepoint Money Market Fund*. The account balance may be reallocated by the surviving spouse or dependents.

** Please read the current prospectus carefully prior to investing. An investment in this fund is neither insured nor guaranteed and there can be no assurance that the Fund will be able to maintain a stable net asset value of \$1.00 per share. Vantagepoint Mutual Funds are distributed by ICMA-RC Services, LLC, a controlled affiliate of ICMA Retirement Corporation. Member NASD/SIPC.*

If a Participant's account balance has not been fully utilized upon the death of the eligible spouse, the account balance may continue to be utilized to pay benefits of eligible dependents. Upon the death of all eligible dependents, the balance will be available for medical benefits for the designated beneficiary of the last dependent or spouse to die. Assets remaining upon the death of a designated beneficiary shall be available for medical benefits of the beneficiary's designated beneficiary. If there is no living beneficiary(ies), the account will revert to the Plan to be applied as specified in Section VIII.

There will be no elective withholding of federal, state, or local taxes for medical benefit payments to the Participant's spouse's or dependent's designated beneficiary(ies).

If there are no living spouse or dependents at the time of death of the Participant, the account will be available for medical benefits for the designated beneficiary(ies) of the Participant. Assets remaining upon the death of all designated beneficiaries shall be available for medical benefits of the beneficiary's beneficiary. If there is no living beneficiary(ies), the account will revert to the Plan to be applied as specified in Section VIII.

There will be no elective withholding of federal, state, or local taxes for medical benefit payments to the Participant's beneficiary(ies) or any beneficiary's beneficiary.

XII. De Minimis Accounts

Upon separation from the service of the Employer prior to a Participant becoming eligible for medical benefits from a VantageCare Retirement Health Savings Plan account, Participant accounts that are considered de minimis as specified below will be paid to the Participant.

- The de minimis account value shall be \$5,000 or less.
- The de minimis account value shall be \$_____ (insert dollar amount between \$0 and \$5,000) or less.
- The Plan shall not allow de minimis account distributions.

XIII. The Plan will operate according to the following provisions:

A. Employer Responsibilities

1. The Employer will submit all VantageCare Retirement Health Savings Plan contribution data via electronic submission.
2. Participant status updates and/or changes or personal information updates and/or changes (Participants' termination dates, Participants' benefit eligibility dates, etc.) will be provided via electronic submission.

B. Participant account administration fees will be paid through the redemption of Participant account shares, unless agreed upon otherwise in the Administrative Services Agreement.

C. Employer plan fees will be paid by the Employer as outlined in the Administrative Services Agreement.

D. Assignment of benefits is not permitted.

E. Payments to an alternate payee (payee other than a Participant) are not permitted with the exception of reimbursement of health insurance premiums to the Employer.

F. An eligible dependent is the Participant's lawful spouse and any other individual who is a person described in IRC Section 152(a).

G. The Employer will be responsible for withholding, reporting and remitting any applicable taxes, as outlined in the VantageCare Retirement Health Savings Plan Employer Manual.

XIV. The Employer hereby acknowledges it understands that failure to properly fill out this Employer VantageCare Retirement Health Savings Plan Adoption Agreement may result in the loss of tax exemption of the Trust and/or loss of tax-deferred status for Employer contributions.

EMPLOYER

By: _____

Title: _____

Attest: _____

Accepted: Vantagepoint Transfer Agents, LLC

Paul a Branch

Corporate Treasurer

**VantageCare Retirement Health Savings Plan
Implementation Data Form - Page 1**



ICMA RETIREMENT CORPORATION

Instructions to Employer: Provide necessary information to establish your plan properly.
Please contact your New Business Analyst at 1-800-326-7272, if you have any questions.

ICMA-RC Use Only
1. Employer # _____

General Information

2. (902) Employer's Full Name: Village of Lombard

3. (924) Street Address: 255 East Wilson Avenue
(925) _____

4. (918) City: Lombard
(919) State: IL (920) Zip Code: 60148

5. (633) Primary Contact: Joanne Jakubowski

6. (634) Primary Contact Title: Human Resources Manager

7. (631) Primary Contact Telephone #: (630) 620-5714

8. (632) Fax #: (630) 620-8222

9. (PT00) E-mail Address: jakubowskij@villageoflombard.org

10. (882) Employer's Federal Tax Identification Number: 36-6005975

11. # of Employees: 275 12. # of Employees Eligible for Plan Participation: 225

13. # of Employees Eligible to Receive Medical Benefits: 0

Plan Implementation Information

14. Plan Level Quarterly Statements: (Note: * = default)

a. Sort Order: (629) S=SSN* N=Name

b. Output Media: (627) P=Paper* M=Microfiche B=Bound

c. Type: (626) S=Summary* D=Detail

15. (611) Contribution Information: (Note: * = default)

a. Frequency: (check one): (0) Bi-weekly* (4) Monthly (8) Semi-quarterly
 (1) Weekly (5) Semi-Monthly (9) Bi-annually
 (2) Semi-weekly (6) Bi-quarterly (10) Annually
 (3) Bi-monthly (7) Quarterly (11) Semi-annually
 () Other: _____

b. Deposit Medium: (624) Check * Wire EFT

c. Data Medium: EZ Link Required to participate in RHS Plan

d. First Contribution Date Following Implementation: 1-14-05

**VantageCare Retirement Health Savings Plan
Implementation Data Form - Page 2**



ICMA RETIREMENT CORPORATION

Plan Contacts

(If any item #16-21 is left blank, the Primary Contact in #5 will receive mailings)

Payroll Contact Information Please indicate alternate addresses in Comments Section	16. PT01	Contact Signature: <u>Kathleen Dunne</u>
	(200)	Contact Name: <u>Kathleen Dunne</u>
	(200)	Contact Title: <u>Human Resources Generalist</u>
	(420)	Telephone: <u>(630) 620-5918</u> Fax: <u>(630) 620-8222</u>
	17. PT08	Contact Signature: <u>Linda Hanlon</u>
	(200)	Contact Name: <u>Linda Hanlon</u>
	(200)	Contact Title: <u>Human Resources Clerk</u>
	(420)	Telephone: <u>(630) 620-5929</u> Fax: <u>(630) 620-8222</u>
	18. PT09	Contact Signature: <u>Joanne Jakubowski</u>
	(200)	Contact Name: <u>Joanne Jakubowski</u>
	(200)	Contact Title: <u>Human Resources Manager</u>
	(420)	Telephone: <u>(630) 620-5714</u> Fax: <u>(630) 620-8222</u>
Contribution Contact Information	19. PT02	(200) Contact Name: <u>Brian Koehler</u>
	(200)	Contact Title: <u>Accountant</u>
	(420)	Telephone: <u>(630) 620-5919</u> Fax: <u>(630) 620-8222</u>
Trustee Contact Information	20. PT10	(200) Trustee Name: <u>Village of Lombard</u>
	(200)	Trustee Title: <u>Village Manager</u>
	(200)	Trustee Address: <u>255 E. Wilson Avenue</u>
		Street _____
	(420)	City <u>Lombard</u> State <u>IL</u> Zip <u>60148</u> Telephone: <u>(630) 620-5717</u> Fax: <u>(630) 620-8222</u>
Billing (Fees) Contact Information	21. PT06	(200) Contact Name: <u>Joanne Jakubowski</u>
	(200)	Contact Title: <u>HR Manager</u>
	(420)	Telephone: <u>(630) 620-5714</u> Fax: <u>(630) 620-8222</u>
Comments: (Alternate Addresses for #16-21)	_____	

Internal Use Only	641 _____	912 _____
	608 _____	

July 6, 2004

Joanne Jakubowski
Village of Lombard
255 East Wilson Avenue
Lombard, Illinois 60148-3931

Re: VantageCare Retirement Health Savings Plan No. 800859

Dear Ms. Jakubowski:

This letter agreement will serve to amend the existing Administrative Services Agreement between Village of Lombard (the "Employer") and the ICMA Retirement Corporation ("ICMA-RC") to provide the Village of Lombard VantageCare Retirement Health Savings (RHS) Plan for Employer's eligible employees ("Accountholders").

The existing Agreement between Employer and ICMA-RC is hereby amended as follows:

1. Employer desires to make the RHS plan administered by ICMA-RC available to its employees. The details of the RHS plan shall be as mutually agreed between Employer and ICMA-RC, but in general shall be as set forth in the RHS plan materials developed by ICMA-RC and provided to Employer. RHS plan materials shall include the *VantageCare RHS Employer Manual*, available electronically through the EZ Link System upon plan adoption.
2. Employer agrees that this Addendum and the terms set forth and referenced herein shall be in effect for an initial term beginning on the date the Addendum is executed by the Employer below and ending 5 years after that date. The Addendum will be renewed automatically for each succeeding year unless written notice of termination is provided by either party no less than 60 days before the end of such extension year.
3. Absent an explicit agreement to the contrary between ICMA-RC and Employer, Accountholder fees and expenses shall be payable from RHS assets, in accordance with the requirements of the RHS plan as set forth in paragraph 9 below.
4. Each Accountholder will receive a consolidated quarterly statement providing information for any deferred compensation plan, qualified plan or RHS account maintained by each Accountholder and administered by ICMA-RC.
5. Tax withholding and reporting will be provided by ICMA-RC and its agents in conjunction with the Employer for each RHS Account administered by ICMA-RC.
6. Information required to be retained by the employer shall be set forth in the RHS plan materials developed by ICMA-RC and provided to Employer.
7. The details of ICMA-RC's administration of the RHS plan, as well as other features of the RHS plan, shall be as set forth in RHS plan materials. The RHS plan materials are hereby incorporated by reference and made a part of this Agreement, except that Employer and ICMA-RC may from time to time mutually agree in writing to terms that vary from the RHS plan materials.
8. The Employer understands that, as a general matter, the Internal Revenue Service ("IRS") may decline to rule on certain design features or provisions that the Employer may request to have added to the RHS plan materials. The Employer agrees to hold

ICMA-RC harmless in connection with the addition and administration of any RHS plan feature or provision requested by the Employer for which the IRS will not provide express interpretive guidance.

9. Accountholder's account administration fees will be paid from RHS assets according to the following schedule:

a. Employer with ICMA-RC §401 and §457 retirement plan average participant account balances of \$25,000 or more:

A \$30 annual account fee will be charged to each Accountholder's account. The fee will be charged against the account on a quarterly basis. In addition, an annual asset fee of 0.30% (30 basis points) will be charged on a quarterly basis, based on the balance in the account on the last day of the previous quarter.

b. Employer with ICMA-RC §401 and §457 retirement plan average participant account balances of less than \$25,000, or Employer who does not currently have a retirement plan with ICMA-RC:

A \$30 annual account fee will be charged to each Accountholder's account. The fee will be charged against the account on a quarterly basis. In addition, an annual asset fee of 0.40% (40 basis points) will be charged on a quarterly basis, based on the balance in the account on the last day of the previous quarter.

When the average participant account balance of the Employer's §401 and §457 retirement plans with ICMA-RC totals \$25,000 or more (based on the balances in the Employer's retirement plans on the last day of the previous quarter), the pricing detailed in paragraph 9.a. shall apply beginning in the subsequent quarter.

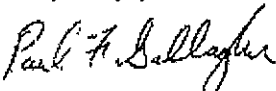
c. ICMA-RC agrees to indemnify and hold harmless and defend employer, its officers, agents and employees, from and against all liability for any claims, liens, suits, demands, and/or actions for damages and expenses, including court costs and attorney's fees and other reasonable costs arising out of or resulting from the negligent acts or omissions of ICMA-RC, its officers, agents, employees, subcontractors, or licensees.

For De Minimis account payments (as defined in the RHS plan materials), there will be a fee of \$25 collected at the time of disbursement.

Account administration fees are subject to change with appropriate prior notification.

If Village of Lombard finds these terms agreeable, please so indicate by having the appropriate person sign and date this letter agreement in the space indicated below.

Very truly yours,



Paul Gallagher
Corporate Secretary

Agreed:

_____ / _____
Authorized Official Date

USING THE VANTAGECARE RETIREMENT HEALTH SAVINGS PLAN RETAIN BOOKLET

This is one of two booklets containing information to establish your VantageCare Retirement Health Savings (RHS) Plan with the ICMA Retirement Corporation (ICMA-RC).

This booklet includes:

- Model Integral Part Trust Document
- Private Letter Ruling
- Sample Welfare Benefit Plan

Please read the information and retain it for your files.

MODEL INTEGRAL PART TRUST DOCUMENT

You will need to execute a trust document; you may execute the model trust document in this retain booklet by inserting your information on pages 3, 4, 6, and 12. If you do not use the ICMA-RC model trust document, your individually designed document must be reviewed and approved by ICMA-RC prior to your joining the RHS program. This will ensure that ICMA-RC can administer all provisions of your plan.

The ICMA-RC model trust document has been worded broadly to encompass any employer's RHS program. In most situations, as with your 457 or 401 plans, the Employer will act as Trustee. In this case, the terms Administrator and Trustee will refer to the Employer. Each reference to the Employer, Administrator, or Trustee refers to the Employer acting in the appropriate capacity. The Trust agreement is not an agreement between you and ICMA-RC; it provides for the legal establishment of the RHS Trust and lays out the duties of the Employer and Trustee with respect to the trust. The agreement gives the Employer (acting as Administrator) the ability to designate another entity (i.e. ICMA-RC) to perform administrative services for the RHS plan. The Administrative Services Agreement contained in the return booklet constitutes the contract between you and ICMA-RC for these services.

The ICMA-RC model trust document may also be used in the situation where the Employer retains the services of an outside third-party trustee. In this case, the term Trustee refers to that third-party trustee.

In no case may ICMA-RC be named as trustee for your RHS plan.

PRIVATE LETTER RULING

ICMA-RC has obtained a private letter ruling from the IRS approving one employer's RHS Plan trust. Your use of ICMA-RC's model trust document will provide you with comfort that the trust for your Plan is also within the IRS' requirements. (This is similar to the comfort provided when you use ICMA-RC's model 457 plan document.) Of course, you may want to talk to your legal counsel about whether or not you should obtain a private letter ruling on your own RHS trust document if you choose not to use the ICMA-RC model document.

Note that the plan upon which the IRS private letter ruling was based did not include certain features that have subsequently been added to the RHS program. These features include

- the irrevocable election to participate in the program,
- the irrevocable election to contribute compensation or accrued leave*,
- the irrevocable prospective election to contribute leave to be earned in the coming year*, and
- voluntary employee after-tax contributions (Article 7.2 of the Trust).

*These contribution types are treated as Employer contributions under Article 7.1 and 7.3 of the Trust.

However, ICMA-RC has obtained the opinion of counsel that these features should be allowed as long as the requirements outlined in the Trust and Adoption Agreement are met. Any questions regarding these features of the RHS program can be directed to your ICMA-RC Retirement Plans Specialist.

SAMPLE WELFARE BENEFIT PLAN

You will need to execute a welfare benefit plan if you do not already have one in place. You may execute the sample welfare benefit plan provided herein or you may execute your own welfare benefit plan. It can be a simple document, but it must be in writing in order for your employees to enjoy tax-free treatment of the benefits they receive from this plan or any other welfare benefit plan you provide.

FOR ASSISTANCE

Please contact your VantageCare Retirement Health Savings Plan New Business Analyst at 1-800-326-7272.

Please note that the information in this booklet and the documents herein take into account only the federal tax rules related to ICMA-RC's VantageCare Retirement Health Savings Plan. Prior to implementing an RHS plan, the employer is responsible for determining that there are no state or local laws that would prohibit it from offering the plan to its employees. The employer must also determine that the options it selects in the VantageCare Retirement Health Savings Plan Adoption Agreement fall within state/local requirements.

DECLARATION OF TRUST OF THE

Village of Lombard INTEGRAL PART TRUST
NAME OF EMPLOYER

DECLARATION OF TRUST OF THE

Village of Lombard
NAME OF EMPLOYER

INTEGRAL PART TRUST

Declaration of Trust made as of the 16th day of September, 2004,
by and between the Village of Lombard, Illinois a village
Name of Employer State Type of Entity
(hereinafter referred to as the "Employer") and Village of Lombard's designee (hereinafter
Name of Trustee
referred to as the "Trustee").

RECITALS

WHEREAS, the Employer is a political subdivision of the State of Illinois
State
exempt from federal income tax under the Internal Revenue Code of 1986; and

WHEREAS, the Employer provides for the security and welfare of its eligible employees (hereinafter referred to as "Participants"), their Spouses, Dependents and Beneficiaries by the maintenance of one or more post-retirement welfare benefit plans, programs or arrangements which provide for life, sickness, medical, disability, severance and other similar benefits through insurance and self-funded reimbursement plans (collectively the "Plan"); and

WHEREAS, it is an essential function and integral part of the exempt activities of the Employer to assist Participants, their Spouses, Dependents and Beneficiaries by making contributions to and accumulating assets in the trust, a segregated fund, for post-retirement welfare benefits under the Plan; and

WHEREAS, the authority to conduct the general operation and administration of the Plan is vested in the Employer or its designee, who has the authority and shall be subject to the duties with respect to the trust specified in this Declaration of Trust; and

WHEREAS, the Employer wishes to establish this trust to hold assets and income of the Plan for the exclusive benefit of Plan Participants, their Spouses, Dependents and Beneficiaries;

NOW, THEREFORE, the parties hereto do hereby establish this trust, by executing the Declaration of Trust of the Village of Lombard Integral Part Trust (hereinafter referred to
Name of Employer
as the "Trust"), and agree that the following constitute the Declaration of Trust (hereinafter referred to as the "Declaration"):

ARTICLE I

Definitions

1.1 *Definitions.* For the purposes of this Declaration, the following terms shall have the respective meanings set forth below unless otherwise expressly provided.

- (a) "**Account**" means the individual recordkeeping account maintained under the Plan to record the interest of a Participant in the Plan in accordance with Section 7.4.
- (b) "**Administrator**" means the Employer or the entity designated by the Employer to carry out administrative services as are necessary to implement the Plan.
- (c) "**Beneficiary**" means the Spouse and Dependents, or the person or persons designated by the Participant pursuant to the terms of the Plan, who will receive any benefits payable hereunder in the event of the Participant's death. A Beneficiary may also designate a beneficiary(ies) to receive any benefits payable hereunder in the event of the preceding Beneficiary's death, until the satisfaction of all liabilities under the Plan to provide benefits. In the case where there is no designated Beneficiary, any amount of contributions, plus accrued earnings thereon, remaining in the Account must, under the terms of the Plan, be returned to the Trust.
- (d) "**Code**" means the Internal Revenue Code of 1986, as amended from time to time.
- (e) "**Dependent**" means an individual who is a person described in Code Section 152(a).
- (f) "**Investment Fund**" means any separate investment option or vehicle selected by the Employer in which all or a portion of the Trust assets may be separately invested as herein provided. The Trustee shall not be required to select any Investment Fund.
- (g) "**Nonforfeitable Interest**" means the interest of the Participant or the Participant's Spouse, Dependent or Beneficiary (whichever is applicable) in the percentage of Participant's Employer's contribution which has vested pursuant to the vesting schedule specified in the Employer's Plan. A Participant shall, at all times, have a one hundred percent (100%) Nonforfeitable Interest in the Participant's own contributions.
- (h) "**Spouse**" means the Participant's lawful spouse as determined under the laws of the state in which the Participant has his primary place of residence.
- (i) "**Trust**" means the trust established by this Declaration.
- (j) "**Trustee**" means the Employer or the person or persons appointed by the Employer to serve in that capacity.

ARTICLE II

Establishment of Trust

2.1 The Trust is hereby established as of the date set forth above for the exclusive benefit of Participants, their Spouses, Dependents and Beneficiaries.

ARTICLE III

Construction

3.1 This Trust and its validity, construction and effect shall be governed by the laws of the State of Illinois
State

3.2 Pronouns and other similar words used herein in the masculine gender shall be read as the feminine gender where appropriate, and the singular form of words shall be read as the plural where appropriate.

3.3 If any provision of this Trust shall be held illegal or invalid for any reason, such determination shall not affect the remaining provisions, and such provisions shall be construed to effectuate the purpose of this Trust.

ARTICLE IV

Benefits

4.1 *Benefits.* This Trust may provide benefits to the Participant, the Participant's Spouse, Dependents and Beneficiary(ies) pursuant to the terms of the Plan.

4.2 *Form of Benefits.* This Trust may provide benefits by cash payment. This Trust may reimburse the Participant, his Spouse, Dependents or Beneficiary(ies) for insurance premiums or other payments expended for permissible benefits described under the Plan. This trust may reimburse the Employer, or the Administrator for insurance premiums.

ARTICLE V

General Duties

5.1 It shall be the duty of the Trustee to hold title to assets held in respect of the Plan in the Trustee's name as directed by the Employer or its designees in writing. The Trustee shall not be under any duty to compute the amount of contributions to be paid by the Employer or to take any steps to collect such amounts as may be due to be held in trust under the Plan. The Trustee shall not be responsible for the custody, investment, safekeeping or disposition of any assets comprising the Trust, to the extent such functions are performed by the Employer or the Administrator, or both.

5.2 It shall be the duty of the Employer, subject to the provisions of the Plan, to pay over to the Administrator or other person designated hereunder from time to time the Employer's contributions and Participants' contributions under the Plan and to inform the Trustee in writing as to the identity and value of the assets titled in the Trustee's name hereunder and to keep accurate books and records with respect to the Participants of the Plan.

ARTICLE VI

Investments

6.1 The Employer may appoint one or more investment managers to manage and control all or part of the assets of the Trust and the Employer shall notify the Trustee in writing of any such appointment.

6.2 The Trustee shall not have any discretion or authority with regard to the investment of the Trust and shall act solely as a directed Trustee of the assets of which it holds title. To the extent directed by the Employer (or Participants, their Spouses and Dependents, or Beneficiaries to the extent provided herein) the Trustee is authorized and empowered with the following powers, rights and duties, each of which the Trustee shall exercise in a nondiscretionary manner:

- (a) To cause stocks, bonds, securities, or other investments to be registered in its name as Trustee or in the name of a nominee, or to take and keep the same unregistered;
- (b) To employ such agents and legal counsel as it deems advisable or proper in connection with its duties and to pay such agents and legal counsel a reasonable fee. The Trustee shall not be liable for the acts of such agents and counsel or for the acts done in good faith and in reliance upon the advice of such agents and legal counsel, provided it has used reasonable care in selecting such agents and legal counsel;
- (c) To exercise where applicable and appropriate any rights of ownership in any contracts of insurance in which any part of the Trust may be invested and to pay the premiums thereon; and
- (d) At the direction of the Employer (or Participants, their Spouses, their Dependents, their Beneficiaries, or the investment manager, as the case may be) to sell, write options on, convey or transfer, invest and reinvest any part thereof in each and every kind of property, whether real, personal or mixed, tangible or intangible, whether income or non-income producing and wherever situated, including but not limited to, time deposits (including time deposits in the Trustee or its affiliates, or any successor thereto, if the deposits bear a reasonable rate of interest), shares of common and preferred stock, mortgages, bonds, leases, notes, debentures, equipment or collateral trust certificates, rights, warrants, convertible or exchangeable securities and other corporate, individual or government securities or obligations, annuity, retirement or other insurance contracts, mutual funds (including funds for which the Trustee or its affiliates serve as investment advisor, custodian or in a similar or related capacity), or in units of any other common, collective or commingled trust fund.

6.3 Notwithstanding anything to the contrary herein, the assets of the Plan shall be held by the Trustee as title holder only. Persons holding custody or possession of assets titled to the Trust shall include the Employer, the Administrator, the investment manager, and any agents and subagents, but not the Trustee. The Trustee shall not be responsible or liable for any loss or expense which may arise from or result from compliance with any direction from the Employer, the Administrator, the investment manager, or such agents to take title to any assets nor shall the Trustee be responsible or liable for any loss or expense which may result from the Trustee's refusal or failure to comply with any direction to hold title, except if the same shall involve or result from the Trustee's negligence or intentional misconduct. The Trustee may refuse to comply with any direction from the Employer, the Administrator, the investment manager, or such agents in the event that the Trustee, in its sole and absolute discretion, deems such direction illegal.

6.4 The Employer hereby indemnifies and holds the Trustee harmless from any and all actions, claims, demands, liabilities, losses, damages or reasonable expenses of whatsoever kind and nature in connection with or arising out of (i) any action taken or omitted in good faith by the Trustee in accordance with the directions of the Employer or its agents and subagents hereunder, or (ii) any disbursements of any part of the Trust made by the Trustee in accordance with the directions of the Employer, or (iii) any action taken by or omitted in good faith by the Trustee with respect to an investment managed by an investment manager in accordance with any direction of the investment manager or any inaction with respect to any

such investment in the absence of directions from the investment manager. Notwithstanding anything to the contrary herein, the Employer shall have no responsibility to the Trustee under the foregoing indemnification if the Trustee fails negligently, intentionally or recklessly to perform any of the duties undertaken by it under the provisions of this Trust.

6.5 Notwithstanding anything to the contrary herein, the Employer or, if so designated by the Employer, the Administrator and the investment manager or another agent of the Employer, will be responsible for valuing all assets so acquired for all purposes of the Trust and of holding, investing, trading and disposing of the same. The Employer will indemnify and hold the Trustee harmless against any and all claims, actions, demands, liabilities, losses, damages, or expenses of whatsoever kind and nature, which arise from or are related to any use of such valuation by the Trustee or holding, trading, or disposition of such assets.

6.6 The Trustee shall and hereby does indemnify and hold harmless the Employer from any and all actions, claims, demands, liabilities, losses, damages and reasonable expenses of whatsoever kind and nature in connection with or arising out of (a) the Trustee's failure to follow the directions of the Employer, the Administrator, the investment manager, or agents thereof, except as permitted by the last sentence of Section 6.3 above; (b) any disbursements made without the direction of the Employer, the Administrator, the investment manager or agents thereof; and (c) the Trustee's negligence, willful misconduct, or recklessness with respect to the Trustee's duties under this Declaration.

ARTICLE VII

Contributions

7.1 *Employer Contributions.* The Employer shall contribute to the Trust such amounts as specified in the Plan or by resolution.

7.2 *Participant Contributions.* If specified in the Plan, each Participant may make voluntary after-tax contributions. Under no circumstances shall Participant Contributions exceed an insubstantial amount. These contributions shall be collected by the Employer and remitted to the Trust for deposit at such time or times as required under the terms of the Plan.

7.3 *Accrued Leave.* Contributions up to an amount equal to the value of accrued sick leave, vacation leave, or other type of accrued leave, as permitted under the Plan. The Employer's Plan must provide a formula for determining the value of the Participant's contribution of accrued leave. The Employer's Plan must contain a forfeiture provision that will prevent Participants from receiving the accrued leave in cash in lieu of a contribution to the Trust.

7.4 *Accounts.* Employer contributions, Participant contributions, and contributions of accrued leave, all investment income and realized and unrealized gains and losses, and forfeitures allocable thereto will be deposited into an Account in the name of the Participant for the exclusive benefit of the Participant, his Spouse, Dependents and Beneficiaries. The assets in each Participant's Account may be invested in Investment Funds as directed by the Participant (or, after the Participant's death, by the Spouse, Dependents or Beneficiaries) from among the Investment Funds selected by the Employer.

7.5 *Receipt of Contributions.* The Employer or, if so designated by the Employer, the Administrator or investment manager or another agent of the Employer, shall receive all contributions paid or delivered to it hereunder and shall hold, invest, reinvest and administer such contributions pursuant to this Declaration, without distinction between principal and income. The Trustee shall not be responsible for the calculation or collection of any contribution under the Plan, but shall hold title to property received in respect of the Plan in the Trustee's name as directed by the Employer or its designee pursuant to this Declaration.

7.6 No amount in any Account maintained under this Trust shall be subject to transfer, assignment, or alienation, whether voluntary or involuntary, in favor of any creditor, transferee, or assignee of the Employer, the Trustee, any Participant, his Spouse, Dependent, or Beneficiaries.

7.7 Upon the satisfaction of all liabilities under the Plan to provide such benefits, any amount of Employer contributions, plus accrued earnings thereon, remaining in such separate Accounts must, under the terms of the Plan, be returned to the Employer.

ARTICLE VIII

Other Plans

If the Employer hereafter adopts one or more other plans providing life, sickness, accident, medical, disability, severance, or other benefits and designates the Trust hereby created as part of such other plan, the Employer or, if so designated by the Employer, the Administrator or an investment manager or another agent of the Employer shall, subject to the terms of this Declaration, accept and hold hereunder contributions to such other plans. In that event (a) the Employer or, if so designated by the Employer, the Administrator or an investment manager or another agent of the Employer, may commingle for investment purposes the contributions received under such other plan or plans with the contributions previously received by the Trust, but the books and records of the Employer or, if so designated by the Employer, the Administrator or an investment manager or another agent of the Employer, shall at all times show the portion of the Trust Fund allocable to each plan; (b) the term "Plan" as used herein shall be deemed to refer separately to each other plan; and (c) the term "Employer" as used herein shall be deemed to refer to the person or group of persons which have been designated by the terms of such other plans as having the authority to control and manage the operation and administration of such other plan.

ARTICLE IX

Disbursements and Expenses

9.1 The Employer or its designee shall make such payments from the Trust at such time to such persons and in such amounts as shall be authorized by the provisions of the Plan provided, however, that no payment shall be made, either during the existence of or upon the discontinuance of the Plan (subject to Section 7.7), which would cause any part of the Trust to be used for or diverted to purposes other than the exclusive benefit of the Participants, their Spouses and Dependents, and Beneficiaries pursuant to the provisions of the Plan.

9.2 All payments of benefits under the Plan shall be made exclusively from the assets of the Accounts of the Participants to whom or to whose Spouse, Dependents, or Beneficiaries such payments are to be made, and no person shall be entitled to look to any other source for such payments.

9.3 The Employer, Trustee and Administrator may be reimbursed for expenses reasonably incurred by them in the administration of the Trust. All such expenses, including, without limitation, reasonable fees of accountants and legal counsel to the extent not otherwise reimbursed, shall constitute a charge against and shall be paid from the Trust upon the direction of the Employer.

ARTICLE X

Accounting

10.1 The Trustee shall not be required to keep accounts of the investments, receipts, disbursements, and other transactions of the Trust, except as necessary to perform its title-holding function hereunder. All accounts, books, and records relating thereto shall be maintained by the Employer or its designee.

10.2 As promptly as possible following the close of each year, the Trustee shall file with the Employer a written account setting forth assets titled to the Trust as reported to the Trustee by the Employer or its designee.

ARTICLE XI

Miscellaneous Provisions

11.1 Neither the Trustee nor any affiliate thereof shall be required to give any bond or to qualify before, be appointed by, or account to any court of law in the exercise of its powers hereunder.

11.2 No person transferring title or receiving a transfer of title from the Trustee shall be obligated to look to the propriety of the acts of the Trustee in connection therewith.

11.3 The Employer may engage the Trustee as its agent in the performance of any duties required of the Employer under the Plan, but such agency shall not be deemed to increase the responsibility or liability of the Trustee under this Declaration.

11.4 The Employer shall have the right at all reasonable times during the term of this Declaration and for three (3) years after the termination of this Declaration to examine, audit, inspect, review, extract information from, and copy all books, records, accounts, and other documents of the Trustee relating to this Declaration and the Trustees' performance hereunder.

ARTICLE XII

Amendment and Termination

12.1 The Employer reserves the right to alter, amend, or (subject to Section 9.1) terminate this Declaration at any time for any reason without the consent of the Trustee or any other person, provided that no amendment affecting the rights, duties, or responsibilities of the Trustee shall be adopted without the execution of the Trustee to the amendment. Any such amendment shall become effective as of the date provided in the amendment, if requiring the Trustee's execution, or on delivery of the amendment to the Trustee, if the Trustee's execution is not required.

12.2 Upon termination of this Declaration and upon the satisfaction of all liabilities under the Plan to provide such benefits, any amount of Employer contributions, plus accrued earnings thereon, remaining in such separate Accounts must, under the terms of the Plan, be returned to the Employer.

ARTICLE XIII

Successor Trustees

13.1 The Employer reserves the right to discharge the Trustee for any or no reason, at any time by giving ninety (90) days' advance written notice.

13.2 The Trustee reserves the right to resign at any time by giving ninety (90) days' advance written notice to the Employer.

13.3 In the event of discharge or resignation of the Trustee, the Employer may appoint a successor Trustee who shall succeed to all rights, duties, and responsibilities of the former Trustee under this Declaration, and the terminated Trustee shall be deemed discharged of all duties under this Declaration and responsibilities for the Trust.

ARTICLE XIV

Limited Effect of Plan and Trust

Neither the establishment of the Plan and the Trust or any modification thereof, the creation of any fund or account, nor the payment of any benefits, shall be construed as giving to any person covered under the Plan or other person any legal or equitable right against the Trustee, the Administrator, the Employer or any officer or employee thereof, except as may otherwise be expressly provided in the Plan or in this Declaration.

ARTICLE XV

Protective Clause

Neither the Administrator, the Employer, nor the Trustee shall be responsible for the validity of any contract of insurance or other arrangement maintained in connection with the Plan, or for the failure on the part of the insurer or provider to make payments provided by such contract, or for the action of any person which may delay payment or render a contract void or unenforceable in whole or in part.

IN WITNESS WHEREOF, the Employer and the Trustee have executed this Declaration by their respective duly authorized officers, as of the date first hereinabove mentioned.

EMPLOYER:

By: _____

Title: _____

TRUSTEES:

By: _____

Title: _____

By: _____

Title: _____

By: _____

Title: _____

Internal Revenue Service

Department of the Treasury

Index Number: 115.02-00

Washington, DC 20224

Contact Person:

Telephone Number:

In Reference to:
CC:DOM:FI&P:2 PLR-116685-99

Date:
December 28, 1999

City =

Trust =

State =

Dear :

This is in response to a letter dated October 12, 1999, and prior correspondence, requesting a private letter ruling that Trust is an integral part of City.

FACTS

City is a political subdivision of State. City currently maintains one or more post-retirement welfare benefit plans (collectively, the "Plan") that provide its eligible employees ("Participants") and their beneficiaries ("Beneficiaries") with life, sickness, medical, disability, severance and other similar benefits through insurance and self-funded reimbursement plans.

City intends to establish Trust to hold assets and income of the Plan for the exclusive benefit of Participants and their Beneficiaries.

Trust's Declaration defines "Beneficiaries" to include a Participant's spouse, any child of the Participant or the Participant's spouse who is a minor or a student within the meaning of section 151(c)(4) of the Internal Revenue Code, any other minor child residing with the Participant, and any other individual who is a person described in section 152(a) of the Code. Death benefits may be provided to any Beneficiary designated by a Participant under the terms of a death benefit program or an insurance contract forming part of the Plan. Trust

may provide benefits by cash payment, and may reimburse a Participant, City, or Trust's Administrator for insurance premiums or other payments expended for permissible benefits under the Plan.

Under Trust's Declaration, City will be the Administrator of Trust. City may appoint one or more investment managers to manage and control all or part of the assets of Trust. Under Trust's Declaration, the Trustee will hold assets only as titleholder. Persons having custody or possession of assets may include City, the Administrator of Trust, the investment manager, and their agents and subagents, but not the Trustee. The Trustee will have no discretion or authority with regard to the investments of Trust and will act solely as a directed Trustee with respect to the assets to which it holds title.

The Trustee will not be responsible or liable for any loss or expense that may arise or result from complying with any direction from the City, the Administrator, the investment manager, or such agents to take title to any assets, or from the Trustee's refusal or failure to comply with any direction to hold title, unless it involves or results from the Trustee's negligence or intentional misconduct. The Trustee may refuse to comply with any direction if it deems such direction illegal.

City indemnifies and holds the Trustee harmless from any actions, claims, demands, liabilities, losses, damages or reasonable expenses of any kind in connection with or arising out of (i) any action taken or omitted in good faith in accordance with its directions, (ii) any disbursements made in accordance with directions, or (iii) any action taken by or omitted by the Trustee with respect to an investment managed by an investment manager in accordance with any direction of the investment manager or any inaction regarding any investment in the absence of directions from the investment manager. City, however, has no responsibility to the Trustee under the indemnification if the Trustee fails negligently, intentionally, or reckless to perform its duties.

City will contribute to Trust such amounts as specified in the Plan or by resolution. No other person or persons will be permitted to make any contributions.

The Plan must provide a formula for determining the value of a Participant's accrued vacation leave, sick leave, or both, in excess of a threshold number of hours of such leave. City may contribute amounts so determined to Trust. The Plan will contain a forfeiture provision that will prevent Participants and their Beneficiaries from receiving cash in lieu of a contribution to Trust in their behalf. Contributions, investment income, realized and unrealized gains and losses, and forfeitures will be deposited into an account in Trust in the name of the Participant

for the exclusive benefit of the Participant and his or her Beneficiaries. A Participant may direct the investment of amounts in her or his account among investments selected by City. No amount in any account will be subject to transfer, assignment, or alienation, whether voluntary or involuntary, in favor of any creditor, transferee, or assignee of City, the Trustee, Participant or Beneficiary.

City or the Administrator, investment manager, or other agent designated by City will receive contributions and will hold, invest, and administer contributions without distinction between principal and income. The Trustee will not be responsible for the calculation or collection of contributions, but will hold title to property received as directed by City or its designee. The Trustee will not be required to keep accounts of the investments, receipts, disbursements, and other transaction of Trust except as necessary to perform its title-holding function. City or its designee will maintain all books and records.

City reserves the right to alter, amend, or terminate Trust at any time for any reason without the consent of any person. No amendment affecting the Trustee is effective without the Trustee's consent, and no termination can result in any part of Trust's assets being used for or diverted to purposes other than the exclusive benefit of Participants and Beneficiaries.

If City adopts other plans providing life, sickness, accident, medical, disability, severance, or other benefits and designates Trust as part of such plan, City or its agent will hold contributions to such plan in Trust. The contributions may be commingled for investment purposes, but the books and record of Trust must show the portion of Trust allocable to each plan.

Upon the satisfaction of all liabilities under the Plan to provide benefits, any amounts remaining in any account must be returned to City.

LAW & ANALYSIS

Income of an integral part of a state or political subdivision of a state is not taxable absent specific statutory authorization. See Rev. Rul. 87-2, 1987-1 C.B. 18; section 511(a)(2)(B) of the Code, GCM 14407, C.B. XIV-1, 103 (1935), superseded by Rev. Rul. 71-131, 1971-1 C.B. 28. Whether an enterprise is an integral part depends on facts and circumstances such as the state's degree of control over the enterprise and its financial commitment to the enterprise. If an enterprise is an integral part of a state or political subdivision of a state, it will not be treated as a separate entity for federal tax purposes, though it may have been formed as a separate entity

PLR-116685-99

4

under state law. Section 301.7701-1(a)(3) of the Procedural and Administrative Regulations.

City has made a substantial financial commitment to Trust by providing all of its funding. City retains complete control over Trust because it may amend or terminate Trust at any time. City retains control over the daily operation of Trust by its power to appoint or remove agents who manage daily operation. The Trustee is merely a title holder with no power to manage Trust.

CONCLUSION

Provided that City is the only person that makes contributions to Trust, and Trust accepts or holds only amounts of money contributed by City, Trust will be an integral part of City, and any income earned on amounts in Trust will not be subject to federal income tax.

This ruling is directed only to the taxpayer that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

Except as specifically provided otherwise, no opinion is expressed on the federal income tax consequences of the transaction described above.

In accordance with the terms of a power of attorney on file in this office, a copy of this letter is being sent to your authorized representative.

Sincerely,

Assistant Chief Counsel
(Financial Institutions & Products)

By: William Coppersmith _____
William E. Coppersmith
Chief, Branch 2

Village of Lombard Post Employment Health Expense Reimbursement Plan

ARTICLE I

Preamble

THIS INSTRUMENT made and published by the Village of Lombard (hereinafter called "Employer") on the 16th day of September, 2004, creates the Village of Lombard Post Employment Health Expense Reimbursement Plan, as follows:

1.01 Establishment of Plan

The Employer named above hereby establishes a Post Employment Health Expense Reimbursement Plan as of the 1st day of January, 2005.

1.02 Purpose of Plan

This Plan has been established to reimburse the eligible Retirees of the Employer for eligible medical and dental expenses and premiums eligible under IRC Section 213 incurred by them, their Spouses, Dependents, and Beneficiaries pursuant to the Employer's VantageCare Retirement Health Savings (RHS) Plan.

ARTICLE II

Definitions

The following words and phrases as used herein shall have the following meanings, unless a different meaning is plainly required by the context:

2.01 "Beneficiary" means the person or persons designated pursuant to the terms of the Plan, who will receive any Benefits payable hereunder in the event of the Participant's death. A Beneficiary may also designate a beneficiary(ies) to receive any benefits payable hereunder in the event of the preceding Beneficiary's death until the satisfaction of all liabilities under the Plan to provide benefits.

2.02 "Benefits" means any amounts paid to a Participant or Beneficiary in the Plan as reimbursement for Eligible Medical and Dental Expenses incurred by the Participant or Beneficiary during a Plan Year by him, his Spouse, his Dependents, or his Beneficiary.

2.03 "Code" means the Internal Revenue Code of 1986, as amended.

2.04 "Dependent" means any individual who is a dependent of the Participant within the meaning of Code Sec. 152.

2.05 "Eligible Medical or Dental Expenses" means those expenses designated by the Employer as eligible for reimbursement in the VantageCare Retirement Health Savings Plan Adoption Agreement.

2.06 "Employer" means the Village of Lombard, Illinois.

2.07 "Entry Date" means the first day the Participant meets the eligibility requirements

of Article III as of such Date.

2.08 "Participant" means any Retiree or former employee who has met the eligibility requirements set forth in Article III.

2.09 "Plan Administrator" means the Employer or other person appointed by the Employer who has the authority and responsibility to manage and direct the operation and administration of the Plan.

2.10 "Plan Year" means the annual accounting period of the Plan, which begins on the 1st day of January, 2005, and ends on the 31st day of December, 2005, with respect to the first Plan Year, and thereafter as long as this Plan remains in effect, the period that begins on January 1st and ends on December 31st.

2.11 "Retiree" means any individual who, while in the service of the Employer, was considered to be in a legal employer-employee relationship with the Employer for federal withholding tax purposes, and who was part of the classification of employees designated as covered by the Employer's VantageCare Retirement Health Savings Plan.

2.12 "Spouse" means the Participant's lawful spouse as determined under the laws of the state in which the Participant has his primary place of residence.

All other defined terms in this Plan shall have the meanings specified in the various Articles of the Plan in which they appear.

ARTICLE III

Eligibility

Each Retiree or former employee who meets the eligibility requirements outlined in the Employer's VantageCare Retirement Health Savings Plan shall be eligible to participate in this Plan.

ARTICLE IV

Amount of Benefits

4.01 Annual Benefits Provided by the Plan

Each Participant shall be entitled to reimbursement for his/her documented, Eligible Medical or Dental Expenses and Premiums incurred during the Plan Year in an annual amount not to exceed the account balance of the Participant in the Employer's VantageCare Retirement Health Savings Plan.

4.02 Cost of Coverage

The expense of providing the benefits set out in Section 4.01 shall be contributed as outlined in the Employer's VantageCare Retirement Health Savings Plan.

ARTICLE V

Payment of Benefits

5.01 Eligibility for Benefits

(a) Each Participant in the Plan shall be entitled to a benefit hereunder for all Eligible Medical and Dental Expenses and Premiums under IRC Section 213 incurred by the Participant on or after the Entry Date of his or her participation (and after the effective date of the Plan), subject to the limitations contained in this Article V, regardless whether the mental or physical condition for which the Participant makes application for benefits under this Plan was detected, diagnosed, or treated before the Participant became covered by the Plan.

(b) In order to be eligible for benefits, the Participant must meet the benefit eligibility criteria outlined in the Employer's VantageCare Retirement Health Savings Plan Adoption Agreement.

(c) A Participant who becomes totally and permanently disabled (as defined by the Social Security Administration) will become immediately eligible to receive medical benefit payments from the Plan. Pursuant to Section 9.02 and Employer's VantageCare Retirement Health Savings Plan Adoption Agreement, the surviving Spouse and Dependents, or Beneficiary(ies) shall become immediately eligible to receive or to continue receiving medical benefit payments from the Plan upon the death of the Participant.

5.02 Claims for Benefits

No benefit shall be paid hereunder unless a Participant, his Spouse, Dependent or Beneficiary has first submitted a written claim for benefits to the Plan Administrator on a form specified by the Plan Administrator, and pursuant to the procedures set out in Article VI, below. Upon receipt of a properly documented claim, the Plan Administrator shall pay the Participant, his Spouse, Dependent or Beneficiary the benefits provided under this Plan as soon as is administratively feasible.

ARTICLE VI

Plan Administration

6.01 Allocation of Authority

The Employer shall control and manage the operation and administration of the Plan. The Employer shall have the exclusive right to interpret the Plan and to decide all matters arising thereunder, including the right to remedy possible ambiguities, inconsistencies, or omissions. All determinations of the Employer with respect to any matter hereunder shall be conclusive and binding on all persons.

Without limiting the generality of the foregoing, the Employer shall have the following powers and duties:

- (a) To decide on questions concerning the Plan and the eligibility of any Employee to participate in the Plan, in accordance with the provisions of the Plan;
- (b) To determine the amount of benefits that shall be payable to any person in accordance with the provisions of the Plan; to inform the Plan Administrator, as appropriate, of the amount of such Benefits; and to provide a full and fair review to any Participant whose claim for benefits has been denied in whole or in part;
- (c) To designate other persons to carry out any duty or power which would otherwise be a fiduciary responsibility of the Plan Administrator, under the terms of the Plan.
- (d) To require any person to furnish such reasonable information as the Employer may request for the purpose of the proper administration of the

Plan as a condition to receiving any benefits under the Plan; and

- (e) To make and enforce such rules and regulations and prescribe the use of such forms as the Employer shall deem necessary for the efficient administration of the Plan.

6.02 Provision for Third-Party Plan Service Providers

The Plan Administrator, subject to approval of the Employer, may employ the services of such persons, as the Plan Administrator may deem necessary or desirable in connection with operation of the Plan. The Plan Administrator, the Employer (and any person to whom the Plan Administrator may delegate any duty or power in connection with the administration of the Plan), and all persons connected therewith may rely upon all tables, valuations, certificates, reports and opinions furnished by any duly appointed actuary, accountant, (including Employees who are actuaries or accountants), consultant, third party administration service provider, legal counsel, or other specialist, and they shall be fully protected in respect to any action taken or permitted in good faith in reliance thereon. All actions so taken or permitted shall be conclusive and binding as to all persons.

6.03 Several Fiduciary Liability

To the extent permitted by law, neither the Plan Administrator nor any other person shall incur any liability for any acts or for failure to act except for his own willful misconduct or willful breach of this Plan.

6.04 Compensation of Plan Administrator

Unless otherwise agreed to by the Employer, the Plan Administrator shall serve without

compensation for services rendered in such capacity, but all reasonable expenses incurred in the performance of his duties shall be paid by the Employer.

6.05 Bonding

Unless otherwise determined by the Employer, or unless required by any Federal or State law, the Plan Administrator shall not be required to give any bond or other security in any jurisdiction in connection with the administration of this Plan.

6.06 Payment of Administrative Expenses

All reasonable expenses incurred in administering the Plan, including but not limited to administrative fees and expenses owing to any third party administrative service provider, actuary, consultant, accountant, attorney, specialist, or other person or organization that may be employed by the Plan Administrator in connection with the administration thereof, shall be paid by the Employer, provided, however that each Participant shall bear the monthly cost (if any) charged by a third party administrator for maintenance of his Benefit Account unless otherwise paid by the Employer.

6.07 Timeliness of Payment for Benefits

Payment for Benefits shall be made as soon as administratively feasible after the required forms and documentation have been received by the Plan Administrator.

6.08 Annual Statements

The Plan Administrator shall furnish each Participant with an annual statement of his medical and dental expense reimbursement account within ninety (90) days after the close of each Plan Year.

ARTICLE VII

Claims Procedure

7.01 Procedure if Benefits are Denied Under the Plan

Any Participant, Spouse, Dependent, or Beneficiary, or his duly authorized representative may file a claim for a Plan Benefit to which the claimant believes that he is entitled. Such a claim must be in writing on a form provided by the Plan Administrator and delivered to the Plan Administrator, in person or by mail, postage paid. Within thirty (30) days after receipt of such claim, the Plan Administrator shall send to the claimant, by mail, postage prepaid, notice of the granting or denying, in whole or in part, of such claim, unless special circumstances require an extension of time for processing the claim. In no event may the extension exceed ninety (90) days from the end of the initial period. If such extension is necessary, the claimant will be given a written notice to this effect prior to the expiration of the initial 30-day period. The Plan Administrator shall have full discretion to deny or grant a claim in whole or in part. If notice of the denial of a claim is not furnished in accordance with this Section, the claim shall be deemed denied and the claimant shall be permitted to exercise his right to review pursuant to Sections 7.03 and 7.04.

Any claim for benefits underwritten by an insurance contract or policy shall be made to the insurance company, which issued the contract or policy, in question. If the insurance company denies any claim, the Participant or beneficiary shall follow the insurance company's claims review procedure. Any other claim for benefits shall be made to the Plan Administrator.

7.02 Requirement for Written Notice of Claim Denial

The Plan Administrator shall provide, to every claimant who is denied a claim for

benefits, written notice setting forth in a manner calculated to be understood by the claimant:

- (a) The specific reason or reasons for the denial;
- (b) Specific reference to pertinent Plan provisions on which the denial is based;
- (c) A description of any additional material of information necessary for the claimant to perfect the claim and an explanation of why such material is necessary, and
- (d) An explanation of the Plan's claim review procedure.

7.03 Right to Request Hearing on Benefit Denial

Within sixty (60) days after the receipt by the claimant of written notification of the denial (in whole or in part) of his claim, the claimant or his duly authorized representative, upon written application to the Plan Administrator, in person or by certified mail, postage prepaid, may request a review of such denial, may review pertinent documents, and may submit issues and comments in writing.

7.04 Disposition of Disputed Claims

Upon its receipt of notice of a request for review, the Plan Administrator shall make a prompt decision on the review. The decision on review shall be written in a manner calculated to be understood by the claimant and shall include specific reasons for the decision and specific references to the pertinent plan provisions on which the decision is based. The decision on review shall be made not later than sixty (60) days after the Plan

Administrator's receipt of a request for a review, unless special circumstances require an extension of time for processing, in which case a decision shall be rendered not later than one hundred twenty (120) days after receipt of a request for review. If an extension is necessary, the claimant shall be given written notice of the extension prior to the expiration of the initial sixty (60) day period. If notice of the decision on the review is not furnished in accordance with this Section, the claim shall be deemed denied and the claimant shall be permitted to exercise his right to legal remedy pursuant to Section 7.05.

7.05 Decisions of Plan Administrator

Subject to applicable federal or State law, any denial of a claim for Benefits under the Plan is final and binding on all Participants and Beneficiaries.

ARTICLE VIII

Amendment or Termination of Plan

8.01 Permanency

While the Employer fully expects that this Plan will continue indefinitely, due to unforeseen, future business contingencies, permanency of the Plan will be subject to the Employer's right to amend or terminate the Plan, as provided in Sections 8.02 and 8.03, below.

8.02 Employer's Right to Amend

The Employer reserves the right to amend the Plan at any time and from time-to-time, and retroactively if deemed necessary or appropriate to meet the requirements of the Code, or any similar provisions of subsequent revenue or other laws, or the rules and regulations in effect under any of such laws or to conform with governmental regulations or other policies, to modify or amend in whole or in part any or all of the provisions of the Plan.

8.03 Employer's Right to Terminate

The Employer reserves the right to discontinue or terminate the Plan at any time without prejudice.

ARTICLE IX

General Provisions

9.01 No Employment Rights Conferred

Neither this Plan nor any action taken with respect to it shall confer upon any person the right to be continued in the employment of the Employer.

9.02 Payments After Death of Participant

Any benefits otherwise payable to a Participant following the date of death of such Participant shall be paid as outlined in the Employer's VantageCare Retirement Health Savings Plan Adoption Agreement.

9.03 Nonalienation of Benefits

No benefit under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any attempt to do so shall be void. No benefit under the Plan shall in any manner be liable for or subject to the debts, contracts, liabilities, engagements or torts of any person. If any person entitled to benefits under the Plan becomes bankrupt or attempts to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge any benefit under the Plan, or if any attempt is made to subject any such benefit to the debts, contracts, liabilities, engagements or torts of the person entitled to any such benefit, except as specifically provided in the Plan, then such benefit shall cease and terminate in the discretion of the Plan Administrator, and he may hold or apply the same or any part thereof to the benefit of any dependent or beneficiary of such person, in such manner and proportion as he may deem proper.

9.04 Mental or Physical Incompetency

If the Plan Administrator determines that any person entitled to payments under the Plan is incompetent by reason of physical or mental disability, he may cause all payments thereafter becoming due to such person to be made to any other person for his benefit, without responsibility to follow the application of amounts so paid. Payments made pursuant to this Section shall completely discharge the Plan Administrator and the Employer.

9.05 Inability to Locate Payee

If the Plan Administrator is unable to make payment to any Participant or other person to whom a payment is due under the Plan because he cannot ascertain the identity or whereabouts of such Participant or other person after reasonable efforts have been made to identify or locate such person (including a notice of the payment so due mailed to the last known address of such Participant or other person as shown on the records of the Employer), such payment and all subsequent payments otherwise due to such Participant or other person shall be escheated under the laws of the State of Illinois.

9.06 Requirement of Proper Forms

All communications in connection with the Plan made by a Participant shall become effective only when duly executed on forms provided by and filed with the Plan Administrator.

9.07 Source of Payments

Any Benefits under the Plan which are underwritten by an insurance contract or policy shall be paid exclusively by the insurance company which issued the contract or policy in question, and the Employer assumes no obligation to pay Benefits due under any applicable policy or contract of insurance. Any other claim for benefits shall be made to the Plan Administrator. The general assets of the Employer shall be the sole source of all other Benefits under the Plan. No Employee or Beneficiary shall have any right to, or interest in, any assets of the Employer upon termination of employment or otherwise, except as provided from time to time under the Plan, and then only to the extent of the benefits payable under the Plan to such Employee or Beneficiary.

9.08 Tax Effects

Neither the Employer nor the Plan Administrator makes any warranty or other representation as to whether any payments received by a Participant, his Spouse, Dependents, or Beneficiary(ies) hereunder will be treated as excludible from gross income for federal or state income tax purposes.

9.09 Multiple Functions

Any person or group of persons may serve in more than one fiduciary capacity with respect to the Plan.

9.10 Gender and Number

Masculine pronouns include the feminine as well as the neuter gender, and the singular shall include the plural, unless indicated otherwise by the context.

9.11 Headings

The Article and Section headings contained herein are for convenience of reference only, and shall not be construed as defining or limiting the matter contained thereunder.

9.12 Applicable Laws

The provisions of the Plan shall be construed, administered and enforced according to the laws of the State of Illinois.

Notwithstanding anything in the Plan to the contrary, in the event any benefit under this Plan which is subject to the continuation coverage requirement of Section 4980B of the Internal Revenue Code of 1986, as amended (the "Code"), becomes unavailable, each Participant will be entitled to continuation of coverage as prescribed in Code Section 4980B.

Notwithstanding anything in the Plan to the contrary, in the event any benefit under this Plan becomes subject to the requirements of the Family and Medical Leave Act and the regulations thereunder, the Plan shall be operated in accordance with Proposed Treasury Regulation 1.125-3.

9.13 Severability

Should any part of this Plan subsequently be invalidated by a court of competent jurisdiction, the remainder thereof shall be given effect to the maximum extent possible.

IN WITNESS WHEREOF, we have executed this Plan Agreement the date and year first written above.

_____(Employer)

By: _____

ATTEST _____

Secretary