



COPY

Resolution No. 2000-850

A RESOLUTION AUTHORIZING THE MAYOR TO NEGOTIATE AND AMEND THE CONTRACT AGREEMENT WITH THE CITY MANAGER RELATIVE TO DISABILITY INSURANCE.

WHEREAS, the Council contracted with the City Manager to provide \$7,500 per month in disability insurance coverage as part of the initial employment contract passed by Resolution No.99-832; and

WHEREAS, there is presently no insurance carrier who can provide this level of coverage.

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

Section 1. Authorization. The Mayor is hereby authorized to amend the terms of the disability coverage outlined in the City Manager's employment contract which changes are shown in Exhibit A to this document.

Section 2. Effective Date. This resolution shall become effective upon adoption.

Duly passed by the City Council this 25th day of January 2000.

A handwritten signature in cursive script that reads "Walt Hitchcock".

Walt Hitchcock, Mayor

ATTEST:

A handwritten signature in cursive script that reads "C.L. Wiley".
C.L. Wiley, City Recorder

**SYNOPSIS OF CURRENT
DISABILITY PLAN AND A NEW PLAN FOR
JOHN MORGAN, SHERWOOD CITY MANAGER**

CURRENT SITUATION:

Current employment agreement, provision # 11, calls for a disability benefit of \$7,500 per month (90% of current salary) adjusted for cost of living, with the City of Sherwood (City) paying the premium for the existing group long-term disability plan (LTD). The provision does not define disability, it does not provide benefit start and stop dates and it does not clearly state if the group long-term disability benefit is intended to be a part of the total benefit. If the City is paying the \$7,500, as an insurance company would, the problem of FASB 112 must be addressed so the City will not be required to establish reserves for promised benefits that exceed the LTD benefits.

SUGGESTED REVISED DISABILITY PLAN:

Rescind current provision # 11 of the employment agreement. Replace it with a comprehensive salary continuation plan as follows:

1. Sick days (not currently specified in agreement) to be determined to cover short-term inability to work. (Example: twelve days per year, no doctor's care required).
2. Salary continuation plan created to cover sickness/accident related work absence beyond sick day allowance. Plan will guarantee an amount equal to 100% of salary following the eighth day of disability until the 60th day of disability, with disability determined by a medical professional. Funding for this portion of the salary continuation is provided by any benefits to which the City Manager may be entitled including PERS, Workers Compensation and any benefit paid for by the City as well as City funds in order to reach the 100% level.
3. Salary continuation from the 61st day of disability to the 180th day will be provided at 80% of salary using the same criteria as in item #2, above.

Group long-term disability income insurance is currently available paying up to 50% of income with a limit of \$3,000 per month. Individual disability income should be applied for in whatever amount an insurance company may be willing to provide in order to fill in the gap between the salary continuation plan amount and the group insurance benefit. The individual policy will be owned by the insured with the City paying the premium. Benefits are payable to the insured. The benefit of the individual policy will begin no later than the 91st day and will be payable to age 65, including a COLA benefit. If a disability continues beyond the 180th day, the policy benefits, and/or any PERS or other disability benefits available will constitute the total amount payable to the City Manager.

NOTE: The above is intended only as suggestions, so that counsel may use this as a guide to modify provision # 11 of the existing employment agreement between the City of Sherwood and its City Manager, John Morgan.