AGENDA
Committee on Ways and Means
Tuesday, May 9, 2017 @ 3:30 p.m.
Council Conference Room, City Hall

Councilmember Jody Washington, Chair
Councilmember Kathie Dunbar, Vice Chair
Councilmember Carol Wood, Member

1. **Call to Order**

2. **Roll Call**

3. **Minutes**
   - April 25, 2017

4. **Public Comment on Agenda Items**

5. **Discussion/Action:**

   A.) Police Pension Ordinance Amendments CCLP Sups and Non-Sups

6. **Other**

7. **Adjourn**

DRAFT

MINUTES
Committee on Ways and Means
April 25, 2017 @ 3:30 p.m.
10th Floor Conference Room, City Hall

CALL TO ORDER
The meeting was called to order at 3:30 p.m.

ROLL CALL
Councilmember Jody Washington, Chair
Councilmember Kathie Dunbar, Vice Chair
Councilmember Carol Wood, Member

OTHERS PRESENT
Sherrie Boak, Council Staff
Eric Brewer, Internal Auditor
Brett Kaschinske, Parks and Recreation Director
Joseph Abood, Chief Deputy City Attorney
Brandon Waddell, Assistant City Attorney
Andy Kilpatrick, Public Service

Minutes
MOTION BY COUNCIL MEMBER WOOD TO APPROVE THE MINUTES FROM APRIL 11, 2017. MOTION CARRIED 3-0.

Public Comment on Agenda Items
No public comment.

Discussion/Action
RESOLUTION – Grant Acceptance; Parks Millage Public Access Grant, Funding 12 Projects within the Trail System
Mr. Kaschinske began the discussion by stating this is a county wide trail millage and will be 3 rounds of work combined together. All trail projects are maintenance projects except for the $734,177 on the 127 expansion project. The maintenance will involve bank stabilization, asphalt patching and overlay, and then bridges in 3 categories. The City of Lansing gives over $900,000 annually to the County, in terms of taxes, and in 2017 these will reflect huge renovations. Mr. Kaschinske asked for Council's assistance in communicating and informing the residents on the proposed projects. Any bridge project will be shut down during non-peak hours. Mr. Kaschinske outlined the twelve (12) projects that totaled $4,509,093. This included two overlay/over band projects that are all asphalt at $83,200 and $419,663. There will

be a bridge repair under Oakland for $86,000; a boardwalk repair at Michigan Avenue for $281,000; two bridge replacements for $1,806,000 and $335,000, then a deck replacement near Moores Park for $50,000. Embankment projects will include one on Elm for $215,393 and on Moores River for $381,160. Lastly, the funds will also cover a bank stabilization on Grand River for $100,000 and $17,500 towards a volunteer trail ambassador coordinator.

Council Member Wood asked about the bridge near Potter Park. Mr. Kaschinske stated the bridge is not in this project, but the river trail bridge to the south will be extended to remove some of it from the flooding.

Council Member Wood asked if they were using wood for the deck replacements or the new composite material. Mr. Kaschinske confirmed it will be the composite non-treated and less corrosive.

Council Member Washington asked for details on the work on Michigan Avenue. Mr. Kaschinske stated the work will start on the south side, similar to the staircase in Old Town which will be closer to the embankments on the East side of the trail. This project will require MDOT and MDEQ approval, and once the approvals are granted it will be installed. The project will then move to the north side where they will remove and replace with a grate style step, and correct the current concrete. There is accessibility near Museum Drive to the trail, Mr. Kaschinske pointed out.

Council Member Wood asked Mr. Kaschinske to reach out to Peckham for their input on the accessibility. Mr. Kaschinske agreed to once there is a design, but assured the Committee that they will follow all current standards.

MOTION BY COUNCIL MEMBER WOOD TO APPROVE THE RESOLUTION FOR THE GRANT ACCEPTANCE FOR THE PARK MILLAGE PUBLIC ACCESS FUNDING. CARRIED 3-0.

<u>RESOLUTION – Introduction and Setting the Public Hearing; Ordinance Amendments Chapter 294; Police Officers' and Firefighters' Retirement System</u>
Council Member Wood, as the representative from the Police & Fire Retirement Board, referred the Committee to page 6-8 which represented the changes made to the ordinance. Part of the agreement was that after ratification of contracts, there was supposed to be a 90 day turn-around to make the changes. This ordinance will address everything back to the 2014 contract, and this was based on the labor agreement, and there were no changes made that weren't made in the labor agreement.

Council Member Wood also let the Committee know that the Retirement Board is also reviewing language changes that would state once an employee has retired and part of the retirement system; they can only come back and work for the City for one year.

Council Staff was asked to correct the language to reflect the group as CCLP not FOP, and label the Ordinance as Draft #3.

MOTION BY COUNCIL MEMBER DUNBAR TO APPROVE THE RESOLUTION TO SET THE PUBLIC HEARING FOR MAY 15TH. MOTION CARRIED 3-0.

Council Member Washington asked Mr. Abood if there was an urgency for passage, and Mr. Abood confirmed. Council Member Washington schedule the consideration for approval for the

May 9th Committee meeting, with the hearing and passage the same night on May 15th, unless the Council hears issues at the public hearing.

ADJOURN

Adjourn at 3:52 p.m.
Submitted by,
Sherrie Boak, Recording Secretary
Lansing City Council
Approved by the Committee on________________

OFFICE OF THE MAYOR
9th Floor, City Hall
124 W. Michigan Avenue
Lansing, Michigan 48933-1694
(517) 483-4141 (voice)
(517) 483-4479 (TDD)
(517) 483-6066 (Fax)

Virg Bernero, Mayor

TO: City Council President Patricia Spitzley and Councilmembers

FROM: Mayor Virg Bernero

DATE: 2-9-17

RE: Police Pension Ordinance Amendments FOP Sups and Non-Sups

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The attached correspondence is forwarded for your review and appropriate action.

VB/rh
Attachment

Virg Bernero, Mayor

City of Lansing

Inter-Departmental Memorandum

To: Virg Bernero, Mayor

From: Mary Riley, HR Director

Subject: Police Pension Ordinance Amendments FOP Sups and Non-Sups

Date: 2-9-17

Please forward this resolution to City Council for placement on the Agenda.

If you have any questions, or need additional information, please give me a call.

Attachments

AN ORDINANCE OF THE CITY OF LANSING, MICHIGAN, TO AMEND THE LANSING CODIFIED ORDINANCES BY AMENDING CHAPTER 294, SECTIONS 294.02(a), 294.02(i), 294.02(k) AND 294.02(r) TO CONFORM TO THE POLICE OFFICERS' PENSION BENEFIT CHANGES CONTAINED IN THE COLLECTIVE BARGAINING AGREEMENTS BETWEEN THE CITY AND CCLP LOCAL #141 SUPERVISORY AND NON-SUPERVISORY DIVISIONS, BOTH RATIFIED IN 2015, BY ADDING THE DEFINITION OF BASE WAGE; PROVIDING A MINIMUM RETIREMENT AGE OF 50 FOR NEW HIRED POLICE OFFICERS; LIMITING PENSIONS TO 115% AND 110% OF A BASE WAGE; AMENDING THE POLICE OFFICER EMPLOYEE PENSION CONTRIBUTION; AND REDUCING THE PENSION BENEFIT MULTIPLIER FOR NEW HIRED POLICE OFFICERS.

THE CITY OF LANSING ORDAINS:

Section 1. That Chapter 294, Sections 294.02(a), 294.02(i), 294.02(k) and 294.02(r), of the Codified Ordinances of the City of Lansing, Michigan, be and is hereby amended to read as follows:

Approved as to form:

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City Attorney

Dated: ____________________________

294.02. Pensions.

(a) *Definitions.* As used in this chapter, unless a different meaning is clearly required by the context:

Accumulated contributions means the sum of all amounts deducted from the compensation of a member or contributed by the member as allowed in this chapter, and credited to his or her individual account in the employees' savings fund, together with regular interest thereon.

Annual base salary means the salary paid by the City to a police officer or firefighter for 12 consecutive months of credited service.

Base wage means a ~~firefighters base wage~~ MEMBER'S SALARY DETERMINED BY HIS OR HER POLICE OFFICER OR FIREFIGHTER CLASSIFICATION AND ANNUALIZED RATE OF PAY CONTAINED IN THE APPENDIX OF THE COLLECTIVE BARGAINING AGREEMENT COVERING THE MEMBER AND IN EFFECT ON THE DATE OF THE MEMBER'S SEPARATION FROM CITY SERVICE.

Beneficiary means any person, except a retiree, who is in receipt of, or who is designated and eligible to receive, a retirement allowance or other benefit payable by the retirement system.

Board of Trustees or *Board* means the Board of Trustees provided for in this chapter.

Credited service means the number of years, and fraction of a year, of service (as defined in this chapter) standing to a member's credit in the member's service account. Any future reference in this chapter to "credited service" shall have the same meaning as "service credit".

Dependent means a child, children or parent for whom a police officer or firefighter provides at least 50 percent of the persons financial support and who was claimed as a dependent, pursuant to the United States Internal Revenue Code of 1986, as amended, by the police officer or firefighter on his or her Federal Income Tax Return for the most recently ending tax year.

Final average compensation means the monthly average of the member's final compensation that is included in "included compensation," as defined in this subsection, paid during the period of the member's 24 highest consecutive months of credited service as a police officer, or firefighter. If the member has less than 24 months of credited service, the member's final average compensation shall be the monthly average of the included compensation paid for his or her total period of credited service. For a police officer member, included compensation is defined as annual base salary, overtime pay (including holiday pay), longevity, gun allowance, clothing allowances, sick leave reimbursement (buy-back), shift premium and retroactive pay (prorated by effective date). For a Police Supervisory Division Unit member, the definition of included compensation also includes compensatory time buy-back (up to a maximum of 160 hours), provided that the compensatory time was earned in the same 24 months on which final average compensation is based. For a firefighter member, included compensation is defined as annual base salary, overtime pay, acting pay, ambulance wage differential pay, longevity, holiday pay, field training instructor pay and retroactive pay (prorated by effective date).

Final compensation means a member's monthly rate of compensation at the time his or her employment by the City as a police officer or firefighter last terminates.

Firefighter means a permanent employee in the Fire Department who holds the rank of firefighter or higher rank and who has taken the oath required in Section 4-303.4 of the City Charter. "Firefighter " does not include the civilian employees in the Department.

~~*Firefighter's base wage* means a firefighter's salary determined by his or her classification and annualized rate of pay contained in appendix a of the collective bargaining agreement covering the member and in effect on the date of the firefighter's separation from city service.~~

Member means any person who is included in the membership of the retirement system whether or not such person was represented by a collective bargaining unit upon the effective date of his or her retirement.

Membership service means service rendered after December 31, 1943, to the extent credited a member by the Board of Trustees.

Police officer means a permanent employee in the Police Department who holds the rank of patrolman or higher rank and who has taken the oath required in Section 4-307.4 of the City Charter, but it shall not include the civilian employees in the Police Department.

Regular interest means such rate or rates of interest per annum, compounded annually, as the Board of Trustees shall from time to time adopt, subject to the approval of Council.

[30745:4:20170426:104509]Approved as to form:

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City Attorney

Dated: ____________________________

Retiree means a former member who meets the eligibility requirements of this chapter and retires with a retirement allowance payable by the retirement system.

Retirement allowance means a monthly amount payable throughout the future life of a person, or for a temporary period, as provided in this Chapter.

Retirement allowance reserve means the present value of all payments to be made on account of any retirement allowance. The retirement allowance reserve shall be computed upon the basis of such mortality and other tables of experience, and regular interest, as the Board of Trustees shall from time to time adopt.

Retirement system means the Police and Fire Retirement System of the City.

Service means personal service rendered as a police officer or firefighter in the employ of the City and paid for by the City or purchased by the member pursuant to this chapter.

The masculine gender shall include the feminine, and the plural form shall include the singular.

(i) *Voluntary Retirement.*

(1) A member may retire upon his or her written application filed with the Board of Trustees setting forth at what time, not less than 30 days nor more than 90 days subsequent to the execution and filing thereof, he or she wishes to be retired, provided that such member is eligible to retire according to subsection (i)(2) upon his or her

retirement, he or she shall receive a retirement allowance as provided in subsection (k)(1) hereof.

(2) A member may retire after 25 or more years of credited service, or after his or her attainment of age 55, except that a firefighter ~~who becomes a member~~ WHOSE MEMBERSHIP COMMENCED on or after May 19, 2014, AND A POLICE OFFICER WHOSE MEMBERSHIP COMMENCED ON OR AFTER AUGUST 1, 2014, with 25 or more years of credited service may not retire before attainment of age 50.

(k) *Retirement Allowance.*

(1) *Generally.*

A. ~~Upon a~~ A police officer ~~member's retirement, he or she~~ WHOSE MEMBERSHIP COMMENCED BEFORE AUGUST 1, 2014, AND WHO RETIRES, shall receive a retirement allowance equal to THE SUM OF 3.2 percent of ~~the member's~~ HIS OR HER final average compensation multiplied by the number of years, and fraction of a year, of credited service not to exceed 25 years. IN ADDITION TO THE LIMITATION IN THE PRIOR SENTENCE, A POLICE OFFICER'S RETIREMENT ALLOWANCE SHALL ALSO NOT EXCEED THE FOLLOWING: THE RETIREMENT ALLOWANCE FOR A POLICE SUPERVISORY DIVISION MEMBER WHO SEPARATES FROM CITY EMPLOYMENT ON OR AFTER JULY 16, 2015 AND PRIOR TO JULY 14, 2019, SHALL NOT EXCEED 115% OF THE MEMBER'S BASE WAGE; THE

RETIREMENT ALLOWANCE FOR A POLICE SUPERVISORY DIVISION MEMBER WHO SEPARATES FROM CITY EMPLOYMENT ON OR AFTER JULY 15, 2019, SHALL NOT EXCEED 110% OF THE MEMBER'S BASE WAGE; THE RETIREMENT ALLOWANCE FOR A POLICE NONSUPERVISORY DIVISION MEMBER WHO RETIRES ON OR AFTER JULY 1, 2015, SHALL NOT EXCEED 110% OF THE MEMBER'S BASE WAGE.

B. A POLICE OFFICER WHOSE MEMBERSHIP COMMENCED ON OR AFTER AUGUST 1, 2014, AND WHO RETIRES, SHALL RECEIVE A RETIREMENT ALLOWANCE EQUAL TO THE SUM OF 2.5 PERCENT OF HIS OR HER FINAL AVERAGE COMPENSATION MULTIPLIED BY THE NUMBER OF YEARS, AND FRACTION OF A YEAR, OF HIS OR HER CREDITED SERVICE NOT TO EXCEED 25 YEARS, EXCEPT THAT THE RETIREMENT ALLOWANCE SHALL NOT EXCEED 110% OF THE MEMBER'S BASE WAGE.

~~B~~C. ~~FOR a~~ A firefighter ~~who is a member~~ WHOSE MEMBERSHIP COMMENCED before May 20, 2014, and WHO retires, ~~he or she~~ shall receive a retirement allowance equal to the sum of 3.2 percent of his or her final average compensation multiplied by the number of years, and fraction of a year, of his or her credited service, not to exceed 25 years, except that for a member who separates from City employment on or after October 1, 2014, the retirement allowance shall not exceed 110% of the ~~firefighter's~~ MEMBER'S base wage ~~at the time of separation~~.

~~C~~D. ~~For a~~ A firefighter ~~who becomes a member~~ WHOSE MEMBERSHIP COMMENCED on or after May 20, 2014, and WHO retires, ~~he or she~~ shall receive a retirement allowance equal to the sum of 2.5 percent of his or her final average compensation, multiplied by the number of years, and fraction of a year, of his or her credited service, not to exceed 25 years, except that the retirement allowance shall not exceed 110% of the ~~firefighter's~~ MEMBER'S base wage ~~at the time of separation from city employment~~.

~~D~~E. If a retiree dies before he or she has received in retirement allowance payments an aggregate amount equal to his or her accumulated contributions standing to his or her credit in the employees' savings fund at the time of his or her retirement and does not have a beneficiary who will receive a retirement allowance under this chapter, the difference between his or her accumulated contributions and the aggregate amount of retirement allowance payments received by him or her shall be paid from the retirement reserve fund to such person or persons as the retiree has nominated by written designation, duly executed and filed with the Board of Trustees. If there is no such designated person or persons surviving the retiree, such difference, if any, shall be paid to the retiree's legal representative. No benefits shall be paid under this section on account of the death of a retiree if a retirement allowance becomes payable under subsections (k)(3) and (k)(4) hereof on account of his or her death.

(2) *Deferred allowance.* Should any member, who has ten or more years of credited service, leave the employ of the City before becoming eligible to retire as provided in section (i) hereof for any reason except his or her discharge, retirement or death, he or she shall be entitled to a retirement allowance, as provided in subsection (k)(1) hereof pursuant to its provisions in force at the time he or she left City employment, provided that he or she does not withdraw his or her accumulated contributions from the employees' savings fund. His or her retirement allowance shall begin the first day of the calendar month next following the month in which his or her written application on the approved form for the same is filed with the Board of Trustees, within 30 days before, on or after his or her attainment of age 55.

(3) *Retirement options.*

A. A police officer member, within 30 days prior to retirement, may select one of the following four survivor election options by making an election on a form agreed upon by the collective bargaining unit for which the employee is a member and the City:

Option I. Under this option, the member at retirement shall receive the full retirement allowance as provided in subsection(k)(1)A and upon the retiree's death, his or her surviving spouse, who was his or her legally married spouse at the time of retirement, shall receive a retirement allowance equal to 50 percent of the retiree's retirement allowance until the spouse's death.

Option II. Under this option, the member at retirement shall receive 93 percent of the full retirement allowance as provided in subsection (k)(1)A and upon the retiree's death, his or her surviving spouse, who was his or her legally married spouse at the time of retirement, shall receive a retirement allowance equal to 75 percent of the retiree's retirement allowance until the spouse's death.

Option III. Under this option, the member at retirement shall receive 86 percent of the full retirement allowance as provided in subsection (k)(1)A and upon the retiree's death, his or her surviving spouse, who was his or her legally married spouse at the time of retirement, shall receive a retirement allowance equal to 86 percent of the retiree's retirement allowance until the spouse's death.

Option IV. Non-spousal beneficiary. A member may select a reduced pension naming a parent, brother, sister, child or grandchild as beneficiary. The reduced pension shall be actuarially determined based on the age of the member and the beneficiary at the time of retirement, and shall not be actuarially more costly than Option I. For this option to be made and take effect, the member who is married must first have filed with the Board a voluntary written spousal relinquishment of beneficiary agreement on a form approved by the Board that has been duly and voluntarily executed by the member's spouse.

B. A firefighter member, within 30 days prior to retirement, may select one of the following four survivor election options by making an election on a form agreed upon by the Collective Bargaining Unit for which the employee is a member and the City:

Option I. Under this option, the member at retirement shall receive the full retirement allowance as provided in subsection (k)(1)B and upon the retiree’s death, his or her surviving spouse, who was his or her legally married spouse at the time of retirement, shall receive a retirement allowance equal to 50 percent of the retiree’s retirement allowance until the spouse's death.

Option II. Under this option, the member at retirement shall receive 93 percent of the full retirement allowance as provided in subsection (k)(1)B and upon the retiree’s death, his and her surviving spouse, who was his or her legally married spouse at the time of retirement, shall receive a retirement allowance equal to 75 percent of the retiree’s retirement allowance until the spouse's death.

Option III. Under this option, the member at retirement shall receive 86 percent of the full retirement allowance as provided in subsection (k)(1)B and upon the retiree’s death, his or her surviving spouse, who was his or her legally married spouse at the time of retirement, shall receive a retirement allowance equal to 86 percent of the retiree's retirement allowance until the member's spouse's death.

Option IV. Non-spousal beneficiary. A member may select a reduced pension naming a parent, brother, sister, child or grandchild as beneficiary. The reduced pension shall be actuarially determined based on the age of the employee and the beneficiary at the time of retirement, and shall not be actuarially more costly than Option 1 above. For this option to be made and take effect, the member who is married must first have filed with the Board a voluntarily written spousal relinquishment of beneficiary agreement on a form approved by the Board that has been duly and voluntarily executed by the member's spouse. Regardless of the indicated beneficiary, retiree health care shall be passed on only to the member's spouse.

If the non-spousal beneficiary is a minor child, health care shall be available until the age of 19 or up to the age of 25 if the non-spousal beneficiary is unmarried and is a full-time student for at least five months of the year.

C. If a retiree who retired under subsection (i)(1) hereof dies prior to the earlier of his or her attainment of age 55 or the date upon which he or she would have achieved 25 years of credited service but for the disability, his or her widow or widower, who was his or her legally married spouse at the time of his or her retirement, shall receive a retirement allowance computed according to subsection (k)(1) hereof. In computing the retirement allowance, the retiree's credited service shall be increased to include the period he or she was in receipt of a disability retirement allowance provided in subsection (i)(3) hereof, and his or her final average compensation shall be recomputed using the monthly rates of compensation as of the date of his or her death for the rank or ranks held by him or her during the period used in computing his or her final average compensation at the time of his or her retirement. For Fire Department employees, if the employee incurred the disability while "acting" at a higher rank, the final average compensation of the employee shall be based upon the pay he or she would have received in the "acting" rank for the applicable service period. The widow or widower retirement allowance shall not be less than 20 percent of the retiree's recomputed final average compensation and shall be subject to subsection (k)(3)C. hereof.

D. No retirement allowance shall be paid thereunder on account of the death of a retiree if any retirement allowance is paid or payable under subsection (n) hereof on account of his or her death. Any retirement allowance payable under this section shall be subject to subsection (o) hereof.

(4) *Allowance for spouse of deceased member.* If a member, who has ten or more years of credited service, dies on or after the effective date of this revised chapter (September 1, 1966) while in the employ of the City, and leaves a widow or widower, the widow or widower shall receive a retirement allowance equal to one-half of the members accrued

retirement allowance computed according to subsection (k)(1) hereof in the same manner in all respects as if the member had retired the day preceding the date or his or her death, notwithstanding that he or she might not have satisfied the applicable provisions of subsection (1) hereof. However, the widow or widowers retirement allowance shall not be less than 20 percent of the member's final average compensation and shall be subject to subsection (o) hereof. No retirement allowance shall be paid or payable under this section on account of the death of a member if any retirement allowance is paid or payable under subsection (n) hereof on account of his or her death.

(r) *Retirement System Funds.*

(1) *Generally*. The employees' savings fund, the pension accumulation fund and the retirement reserve fund are hereby established. Effective January 1, 1999, the health insurance fund is additionally established. The Board of Trustees may from time to time establish such other funds as shall be required for the proper operation of the retirement system. The funds shall be held and administered for the exclusive purpose of providing benefits to the members and their beneficiaries and defraying reasonable expenses of the retirement system. The entire amount of all moneys paid into the fund shall constitute an irrevocable contribution by the City, and the City shall have no further rights or claims to said funds other than such amounts as remain in the funds upon the retirement system's termination because of erroneous actuarial computations after the satisfaction of all fixed and contingent obligations to the members and their

beneficiaries. A balance due to an erroneous actuarial computation shall mean any surplus arising because actual requirements differed from expected requirements based on previous actuarial valuations of liabilities or determinations of costs of providing pension benefits under the retirement system in accordance with reasonable assumptions as to mortality, interest, etc., and correct procedures relating to the method of funding, all as made by the City upon and with the advice of an actuary. Notwithstanding the foregoing, any contributions made by the City by a mistake of fact shall be returned to the City, upon its request, within one year after such contribution was made.

(2) *Employees' savings fund.*

A. The employees' savings fund shall be the fund in which shall be accumulated, at regular interest the contributions deducted from the compensations of members, and from which shall be made transfers and paid refunds of accumulated contributions as provided in this section.

B. The contributions of a member shall be calculated as a percentage of the member’s compensation and paid into the system IN THE FOLLOWING PERCENTAGES as provided in this subsection (r)(2)B: ~~for the Police Nonsupervisory division the member’s contribution shall be 8.5 percent. For the Police Supervisory division the member’s contribution shall be 9.52 percent.~~

POLICE NONSUPERVISORY DIVISION MEMBERS, WHOSE MEMBERSHIP COMMENCED BEFORE AUGUST 1, 2014, SHALL EACH CONTRIBUTE NINE PERCENT (9%) OF THE MEMBER'S COMPENSATION PAID BY THE CITY.

POLICE NONSUPERVISORY DIVISION MEMBERS, WHOSE MEMBERSHIP COMMENCED ON OR AFTER AUGUST 1, 2014, SHALL EACH CONTRIBUTE SEVEN PERCENT (7%) OF THE MEMBER'S COMPENSATION PAID BY THE CITY.

POLICE SUPERVISORY DIVISION MEMBERS, WHOSE MEMBERSHIP COMMENCED BEFORE AUGUST 1, 2014, SHALL EACH CONTRIBUTE NINE AND FIFTY-TWO HUNDREDS PERCENT (9.52%) OF THE MEMBER'S COMPENSATION PAID BY THE CITY.

POLICE SUPERVISORY DIVISION MEMBERS, WHOSE MEMBERSHIP COMMENCED ON OR AFTER AUGUST 1, 2014, SHALL EACH CONTRIBUTE SEVEN PERCENT (7%) OF THE MEMBER'S COMPENSATION PAID BY THE CITY.

~~For f~~ Firefighters ~~who were members~~, WHOSE MEMBERSHIP COMMENCED before May 20, 2014, ~~the contribution shall be 10~~ SHALL EACH CONTRIBUTE TEN percent (10%) OF THE MEMBER'S COMPENSATION PAID BY THE CITY.

Approved as to form:

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City Attorney

Dated: ____________________________

~~For f~~ Firefighters ~~who become members~~, WHOSE MEMBERSHIP COMMENCED on or after May 19, 2014, ~~the contribution~~ shall EACH CONTRIBUTE SEVEN ~~be 7~~ percent (7%) OF THE MEMBER'S COMPENSATION PAID BY THE CITY.

The Director of Finance or other officer responsible for making up the payroll shall cause the contributions to be deducted from the compensation of each member on each and every payroll, for each and every payroll period, from the date of his or her entrance in the system to the date his or her membership terminates.

C. The contributions provided in this subsection shall be made notwithstanding that the minimum compensation provided by law for any member shall be changed thereby. Every member shall be deemed to consent and agree to the deductions made and provided for in this subsection, and payment of his or her compensations less such deductions shall be a full and complete discharge and acquaintance of all claims and demands whatsoever for the services rendered by such person, except as to benefits provided under this chapter. When deducted, the contributions of each member shall be paid into the retirement system and shall be credited to his or her individual account in the employees' savings fund.

D. In addition to the contributions deducted from the compensations of a member, as hereinbefore provided, he or she shall deposit in the fund, by a single payment or by an increased rate of contribution as determined by the Board of Trustees, an amount equal to the amount he or she might have withdrawn therefrom, together with regular interest from the date of withdrawal to the date of repayment. In no case shall any member be given credit for service rendered prior to the date he or she withdrew his or her accumulated contributions until he or she repays to the fund all amounts due such fund by him or her.

E. Upon the retirement of a member, his or her accumulated contributions shall be transferred from the employees' savings fund to the retirement reserve fund. At the expiration of a period of five years from and after the date an employee ceases to be a member, any balance standing to his or her credit in the employees' savings fund that is unclaimed by the member or his or her legal representative shall remain a part of the moneys of the retirement system and shall be transferred to the pension accumulation fund, if no retirement allowance will become payable by the retirement system on account of his or her City employment.

F. The employer shall, for tax purposes, pick up the Fire members, Police Supervisory and Police Nonsupervisory Department member contributions required by this section for all compensation earned after the later of the execution or effective date of this subsection (January 1, 1996). The contributions so picked up shall be treated as employer contributions in determining tax treatment under the United States Internal Revenue Code. The employer shall pick up the member contributions from funds established and available in the salaries account, which funds would otherwise have been designated as member contributions and paid to the retirement system. Member contributions picked up by the employer pursuant to this subsection shall be treated for all other purposes of this and other laws of the employer in the same manner and to the same extent as member contributions made prior to the effective date of this subsection. The member does not have the option of receiving the picked up member contributions in cash instead of having it paid into the retirement system.

(3) *Pension accumulation fund.* The pension accumulation fund shall be the fund in which shall be accumulated reserves resulting from contributions provided by the City. Upon the basis of mortality tables and other tables of experience, and regular interest, as the Board of Trustees shall from time to time adopt, the actuary shall annually compute the retirement allowance reserve liabilities for retirement allowances being paid retirements and beneficiaries and covering service rendered and to be rendered by members. The liabilities so computed shall be financed by appropriations, to be made by Council determined according to this section. The board shall annually report to council the amount of contributions to be paid by the City to the retirement system during the ensuing fiscal year. When paid, the City's contributions shall be credited to the pension accumulation fund.

A. The City's appropriations for members' current service shall be a percentage of their annual compensation which will produce an amount which if paid annually by the

City during the members' periods of future service would be sufficient, together with the future service portions of their accumulated contributions, to provide the retirement allowance reserves for the future service portions of the retirement allowances to be paid them.

B. The City's appropriations for members' accrued service shall be a percentage of their annual compensation which will produce an amount which if paid annually by the City for a number of years, to be determined by the Board, would amortize, at regular interest, the unfunded retirement allowance reserves, if any, for the accrued service portions of the retirement allowances to be paid them.

C. The City's appropriations for retirement allowances being paid retiree and beneficiaries shall be a percentage of the annual compensations of members which will produce an amount which if paid annually by the City for a number of years, to be determined by the Board, would amortize, at regular interest, the unfunded retirement allowance reserves, if any, for the retirement allowances being paid retirees and beneficiaries.

(4) *General fund.* The administrative expenses of the retirement system shall be paid by the City from its General Fund.

(5) *Retirement reserve fund.* The retirement reserve fund shall be the fund from which shall be paid all retirement allowances payable as provided in this chapter. Should a disability retiree return to the employ of the City, his or her retirement allowance reserve,

computed as of the date of his or her return, shall be transferred from the retirement reserve fund to the employees' savings fund and the pension accumulation fund in the same proportions as the retirement allowance reserve was originally transferred. The portion transferred to the employees' savings fund shall be credited to the member's individual account therein. Each December 31, after receipt of the annual actuarial valuation, the balance in the retirement reserve fund shall be brought into balance with the actuarial present value of retirement allowances to be paid after December 31 to all retiree and beneficiaries in receipt of retirement allowances at December 31, by a transfer between the retirement reserve fund and the pension accumulation fund.

(6) *Health Insurance Fund.* The health insurance fund shall be the fund for receiving contributions for post-retirement health insurance benefits. The initial balance as of January 1, 1998, shall be $3,584,840.14, which amount is equal to the December 31, 1997, asset receivable allocated to health insurance advance funding from the City's general fund. City contributions, as specified in this paragraph, for post-retirement health insurance benefits, including dental insurance and Medicare reimbursement benefits, shall be credited to the health insurance fund. Notwithstanding the provisions of subsection 294.02(r)(8), the health insurance fund shall be credited investment income at a rate consistent with the method used to determine the actuarial value of assets in the annual actuarial report. Premiums or charges, as specified in this subsection, for post-retirement health insurance benefits, including dental insurance and Medicare reimbursement benefits, shall be paid from the health insurance fund.

A. Beginning July, 1 1999, the City's annual contribution to the health insurance fund may equal the sum of the actuarially computed normal cost for the year plus an amortization of the cumulative net actuarial gains and losses arising from the experience of active members on or after January 1, 1998. Using an amortization period adopted by the board of trustees for this purpose. However, in no case shall the city's annual contribution to the health insurance fund be less than 2.48 percent of active member payroll, and in no case shall the City's annual contribution to the health insurance fund exceed the limitation imposed by Internal Revenue Code section 401(h) and the regulations thereunder. The amount, if any, by which the contribution must be reduced, in order to comply with the limitation imposed by section 401(h), shall instead be contributed to a voluntary employee's beneficiary association established by the City for this purpose.

B. Beginning July 1, 1999, and each year thereafter, a portion of the premiums or charges for post-retirement health insurance benefits, including dental insurance and Medicare reimbursement benefits, shall be paid from the health insurance fund on behalf of eligible retiree and beneficiaries of the retirement system in accordance with the applicable collective bargaining agreements and personnel rules of the City. The portion of the premiums or charges that will be paid from the health insurance fund is a percentage of such premiums or charges paid on behalf of persons with retirement effective dates on or after January 1, 1999. The percentage shall be four percent in the fiscal year beginning July 1, 1998, increasing four percent each year thereafter until it reaches 100 percent. The amount of premiums or charges paid from the health insurance fund shall be reduced by the amount, if any, paid from a voluntary employee's beneficiary association established by the City for this purpose. Notwithstanding the method specified in this subparagraph to compute the portion of the premiums of charges that are paid from the health insurance fund, the fund balance of the health insurance fund at any point in time is reserved to support the post-retirement health insurance benefits, including dental insurance and Medicare reimbursement benefits, of all eligible retiree and beneficiaries of the retirement system regardless of retirement effective date.

C. Notwithstanding the creation or maintenance within the retirement system of the health insurance fund, this section is not to be construed or deemed to have established or removed any benefits, financial or otherwise, subject to Article IX, Section 24 of the 1963 Constitution of the State of Michigan. Nor shall the creation and maintenance of the health insurance fund preclude the City from giving consideration to and implementing cost containment measures as provided by law. Instead, the purpose of this section is to put in place a mechanism for the advance funding of post-retirement health insurance benefits for eligible retiree, and not, apart from the advance funding obligation, to grant additional rights or to take away any rights which eligible retiree may already have.

[30745:4:20170426:104509]Approved as to form:

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City Attorney

Dated: ____________________________

(7) *Investment of funds.*

A. The Board of Trustees shall be the trustees of the funds of the retirement system and may invest and reinvest such funds as now or hereafter permitted by law. The Board may hold, purchase, sell, assign, transfer and dispose of any securities and investments in which any of the moneys of the retirement system have been invested, as well as the proceeds of such investments.

B. Except as otherwise provided in this chapter, no trustee or officer or employees of the retirement system shall have any direct or indirect interest in the gains or profits of any investments made by the Board. No such person, directly or indirectly, for himself or herself or as an agent or partner of others, shall borrow any of the moneys or deposits of the system or in any manner use such moneys or deposits, except to make such current and necessary payments as are authorized by the Board. No such person shall become an endorser or surety or become in any manner an obligor for any moneys loaned by or borrowed from the system.

(8) *Allowance of regular interest.* The Board annually shall allow and credit regular interest on the mean balances in each of the funds of the retirement system for the preceding year; provided, however, that interest to be credited members' individual balances in the employees' savings fund shall be computed on the balances standing to their credit at the beginning of the calendar year and shall be credited at the end of the calendar year, the amounts so allowed and credited shall be paid from interest and other earnings on

investments of the system. Any additional amount necessary to allow regular interest, as provided in this system, shall be paid from the pension accumulation fund. AU interest, dividends and other income derived from the deposit and investment of moneys of the system not required for the allowance of regular interest, shall be credited to the pension accumulation fund.

(9) *Method of making payments.* All payments from the funds of the retirement system shall be made according to provisions of the City Charter only upon regular City vouchers signed by two persons designated by the Board of Trustees. A duly attested copy of a resolution of the Board designating such persons, and bearing upon its face specimen signatures of such persons, shall be filed with the City Treasurer as his or her authority to make payments upon such vouchers. No voucher shall be drawn unless it has been previously authorized by a specific or continuing resolution adopted by the Board.

Section 2. All ordinances, resolutions or rules, parts of ordinances, resolutions or rules inconsistent with the provisions hereof are hereby repealed.

Section 3. Should any section, clause or phrase of this ordinance be declared to be invalid, the same shall not affect the validity of the ordinance as a whole, or any part thereof other than the part so declared to be invalid.

[30745:4:20170426:104509]Approved as to form:

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City Attorney

Dated: ______________________________

Section 4. This ordinance shall take effect on the 30th day after enactment unless given immediate effect by City Council.

(Attorney_Staff/ ORDINANCES/ Police & Fire/ Draft Police and Fire Ordinance Amendment 04.25.16)

[30745:4:20170426:104509]Approved as to form:

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City Attorney

Dated: __________________________