

Legacy Cost Committee
10 N Division St Suite 302A
November 5, 2018 2:00pm

Attendees: City Manager Rebecca Fleury, Commissioner Susan Baldwin, IAFF President Chris Love, Finance Director Linda Morrison, Labor Relations Attorney Nancy Mullett, The Planning Group's Rick Tsoumas

Absent: DPW Director Chris Dopp, Mike Sherzer, SEIU President Eric Campbell

Also present: Sarah McGinnis, Brandon Fornier

Meeting started at 2:00pm

PA202 Corrective Action Plan for 45 day extension:

Linda Morrison stated the original waiver application for the MERS Pension Plan was denied by the State of Michigan in May 2018. We are now preparing to file a draft of the required corrective action plan with a 45 day extension request (from 11/13 until 12/28). Linda has requested an actuarial report with funding percentages from MERS but it can take 4-5 weeks.

Discussion on 10/18/18 Memo-focus on MERS pension:

Brandon Fornier stated that MERS recently announced the rate of return assumption is being reduced to 7.5%. Rick Tsumous asked if the current employees have been surveyed or asked. Nancy Mullett stated that employees and union leaders have spoken about it and are open to changes. Brandon stated MERS has some hybrid plans available but defined contributions are preferred. A hybrid is two plans in one-part defined benefit and part defined contribution. Chris Love asked where the MERS target employee contribution percentages in the letter came from. He recommended bringing every employee with the 2.5% multiplier, including Commission appointed positions, up to the contribution of 7% and suggested that the open groups have contribution percentages in relation to the related closed group with a percent based on the relative multipliers. It was also suggested to have the Hybrid participants make a contribution. Rick commented that he is highly in favor of a completely DC plan. This is the moment to position the City for the future. Discussion followed about retention and recruitment impacts, as well as the culture of the organization.

Auto enrollment into the 457 plan is recommended based on Committee comments.

There was discussion about the possibility of service purchases being allowed only in the last 5 years of employment. This possibility, depending on MERS requirements, is favored by the Committee.

Rebecca asked if there were any further suggestions that she may have missed following the October 18, 2018 memo. She asked if the City should include non-represented employees FAQ's in the CAP extension. Brandon suggested that the City be general in the details.

Committee Q&A:

Commissioner Baldwin requested a workshop or individual meetings with each Commissioner to ensure they understand the situation before they take a vote. Many of the Commissioners do not have experience with personal pension plans or how they work.

Next meeting date: December 3rd at 3:30pm Room 302A

Adjourned: 4:00pm