City of Detroit
CITY COUNCIL
FISCAL ANALYSIS DIVISION
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ASSISTANT FISCAL ANALYST
(313) 224-1078

TO: COUNCILMEMBERS

FROM: Irvin Corley, Jr., Director
Anne Marie Langan, Deputy Director

DATE: December 4, 2007

RE: Proposed Changes to the Pension Ordinance

During the week of November 14, 2007, Councilmembers received in their offices a set of documents from the Law Department concerning three proposed changes to the ordinances covering pension and pension related benefits. The first was an amendment to Chapter 13 of the 1984 Detroit City Code regarding "Membership In Plan" that will allow employees who are or who become members of the 1998 Defined Contribution Plan of the General Retirement System, to be included as members in the Employees' Hospital, Surgical and Death Benefit Plan. The other two are amendments to Chapters 47 for the General Retirement System, and Chapter 54 for the Police and Fire Retirement System, expanding the definition of qualified military service for pension purposes to include pre-employment military service or time served prior to employment with the city.

These ordinance amendments appeared as line items on the Internal Operations Committee agenda on November 29, 2007 and were referred to the Fiscal Analysis Division. The amendments will appear as line items this Thursday December 6th again in the Internal Operations Committee.

The Fiscal Analysis Division questions the appropriateness of trustee-initiated pension benefit improvements since benefit improvements are now subject to collective bargaining. The Law Department has asked on behalf of the pension trustees that these ordinances be brought to the Council's agenda for a vote.

While these proposed ordinance amendments were originally brought before Council in April 2006 and public hearings were scheduled and held in May 2006, there were missing pieces of data as required by charter as well as subsequent

discussions in which Council requested additional information, which to our knowledge has not been received.

Recommended Action on Amendments

1. The Fiscal Analysis Division would recommend Council's approval of the amendment to Chapter 13 of the ordinance that will allow employees who are members of the 1998 Defined Contribution Plan to be included as members in and receive benefits from the "Employee's Hospital, Surgical and Death Benefit Plan" upon receipt of the following:

    a. Written opinion from Law with Research and Analysis Division concurrence that an actuarial study is not required.
    b. Written documentation that the original negotiated plan design intended to include benefits for members of the 1998 Defined Contribution Plan.
    c. Written documentation that members of the 1998 Defined Contribution Plan are included in the language of the proposed ordinance amendment when it refers to "*Extension of membership*. An individual who is a member and who complies with the provisions of Section 13-8-10 of this Code shall continue to be a member of the Plan: (3) After his or her retirement from City service with a pension or ~~Workman's~~ workers' compensation benefits paid in whole or part out of funds provided by the City;"
    d. Confirmation that the benefits for the 1998 Defined Contribution Plan members will not exceed or be different than what the existing plan members are eligible for.
    e. Explanation of existing or required union agreement language amendments.

2. The Fiscal Analysis Division does not recommend adoption of the amendments for Chapters 47 and 54. These pension ordinance changes would expand the definition of qualified military service that can be included for pension purposes. The Fiscal Analysis Division does not support the adoption of the amendments for the following reasons:

    a. The ordinance amendments increase costs to the General Fund, in fact all funds, without an increase in service.
    b. The amendments address military time served prior to the existence of any employer/employee relationship.
    c. Employee benefit improvements should be initiated in the collective bargaining process.
    d. Current employees jobs and military time service credit is already covered by existing rules.
    e. The ordinance language for Chapter 54, Police and Fire Retirement System, does not match the assumption in the actuarial valuation report.

f. If the benefit increase is granted it should be on an "actuarially neutral" basis to the city. Rather than the cost being applied to the city, it should be spread to the members, either all members of the systems or to the group who are eligible to receive the benefit.

Additional Details Relating to Proposed Ordinance Amendments

Amendment to Chapter 13

As we understand it, the intent of this amendment will grant the same medical benefits to members of the 1998 Defined Contribution Plan as that members of the 1973 Defined Benefit Retirement Plan are eligible to receive.

Since a great deal of time has passed since the introduction and approval of the 1998 Defined Contribution Plan, we suggest that Council request written documentation from the administration that clearly supports inclusion of this group into the "Employees' Hospital, Surgical and Death Benefit Plan", as a part of the original Defined Contribution Plan. This documentation should be included as part of the official record for the ordinance amendment. Another question that should be addressed is, do the union contracts already include this appropriate language or does this remain to be negotiated and contracts amended?

We have been told that since this is a change to the makeup of the actual membership of the medical benefit plan, specifically to include any employee who chooses to be a member of the 1998 Defined Contribution Plan, and not a change to any pension benefits, that an actuarial study is not required. We suggest that Council require a written opinion to that effect prior to approving this amendment. A public hearing on the proposed amendment to Chapter 13 was held in May 2006 and it was explained by the Law Department that an actuarial report was not necessary for this amendment. If Research and Analysis agrees that an actuarial report is not required for approval of the ordinance amendment by Council, then Council may take action.

Also, as we stated earlier in this report under 1(c), the proposed amendment, while clearly attempting to include active employees, seems silent as to those employees who separate or retire under the 1998 Defined Contribution Plan. It is not clear to us if "retirement from City service with a pension paid in whole or in part out of funds provided by the City" as written in 13-8-3 (e) is sufficient language to include those employees who retire through the 1998 Defined Contribution Plan.

Additionally, the new language that was included under 13-8-3 (3), which says "all individuals included within Subsections (2) and (3) of this section….", we believe is miswritten and meant to be written as "Subsections (1) and (2)", as those are the sections that include all current employees and all prospective employees. We would ask Council to request an opinion from the Law Department with concurrence from the Research and Analysis Division.

As outlined above, upon receipt of the supporting documentation of the original intent the Fiscal Analysis Division would wish to recommend approval of this ordinance amendment. Approval of this amendment may be required, or at the minimum should assist the administration in the actual implementation of the 1998 Defined Contribution Plan, a plan designed to reduce future pension costs for the city. However there seem to be some inconsistencies that need to be cleaned up first, before Council takes action on this.

Council should note, however, that if it was not at first intended for the 1998 Defined Contribution Plan members to receive employee health, surgical and death benefits upon retirement and now the intent is to do so, costs to the General Fund will increase.

Amendments to Chapters 47 & 54

These ordinance amendments will increase the cost to the General Fund, in fact for all funds, for pension benefits without a clear public policy rationale. The proposed amendments address military time served, prior to any employee/ employer relationship between the city and individual. The ordinance amendments do not affect current employees who are called to active military duty, as current employees' jobs and time are already covered and preserved, according to long standing existing rules. An additional problem is the proposed ordinance amending Chapter 54 for the Police and Fire Retirement System does not match the actuarial assumption. This issue is explained in greater detail further in this report. This is a conflict that must be remedied prior to Council's consideration of the amendment.

While the 2 public hearings for Chapters 47 and 54 were also held in May 2006, the pertinent actuarial reports had not yet been completed. No one from the Police and Fire Pension Trustees, the General Retirement System Pension Trustees or the Administration attended the public hearing to explain the public policy rationale for these amendments.

The required actuarial reports, that actually start the clock ticking for the proposed ordinance to lay on the table for ninety days, were finally provided to Council in September 2006, four months later, which then generated a discussion at the table. The actuary's reports for both systems stated that there would be a $10 million annual cost to the General Fund.

It was the Fiscal Analysis Division's overarching concern during that September 2006 discussion at the Council table as to how this additional benefit could be funded at a time when fiscal resources for basic city services were so limited.

It is noted in the City Clerk's notes from that discussion that Councilmember Sheila Cockrel asked that these proposed ordinance amendments be sent to Finance, Law and Labor Relations for review and asked that Roger Short weigh in on this proposal as Chief Financial Officer. We do not believe that responses were ever returned to City Council.

Additionally in September 2006, the Fiscal Analysis Division pointed out that the language in the proposed ordinance to amend Chapter 54, which pertains to the Police and Fire pension system doesn't even allow for any military service after 1975 as it is still written "during time of war". This is in conflict with the actuary reports of September 2006 and January 2007. The package sent last week still contains the same language. Council President Cockrel in September 2006 asked that the language also be reviewed before this item came back for a continued discussion with in a month. We do not believe that the continued discussion took place, nor did the pension trustees or the administration respond in writing.

In January 2007, another four months later, a second set of actuarial reports were sent to our office, with no cover letter and no explanation as to why the actuary reports had been revised and now had an annual cost to the city of $500,000, far less than the original $10 million. This office is doubtful that they were sent to the Clerk's office as well to be a line item on Council's calendar. We heard no subsequent communication from the pension trustees or the Administration until last week. Our interpretation of the charter language would indicate that the January 2007 revised actuary reports were not made public at a meeting of the City Council until November 2007, which is required to initiate the three-month waiting period before final action.

The Fiscal Analysis Division continues to be extremely perplexed as to the public policy rationale of amending this ordinance to include the purchase of any pre-employment military service up to three years compared with the current ordinance that permits purchase of pre-employment military service during times that have been designated as wartime.

This ordinance change will cost the General Fund, which has been in a deficit position for multiple years. This ordinance amendment does not help current employees who were called up to service as those employees' jobs and time are preserved while they are on military assignment, according to long-time existing rules.

Council may want to inquire who the initiating parties are of this request and their reasons for this request in a time where the city has not been able to balance the General Fund for a number of years. Additionally, this ordinance amendment would only affect non-union employees. Have the unions chosen to request this improved benefit in recent bargaining negotiations? If the unions are not asking for this in their own bargaining requests, why should the ordinance be amended prior to any good-faith bargaining, if this is not a priority for the employees?

Council may want to ask why the pension trustees are initiating ordinance changes for pension improvements. The pension trustees' role is to guarantee the proper funding of the pension system and the proper processing of pension payments. The lines do not always seem clear between pension trustee duties and union representation duty.

The chapter 13 amendment can be considered a technical requirement to ensure proper implementation of the 1998 Defined Contribution without creating additional costs to the city; in fact completion of this amendment may encourage usage of the DC Plan, which is a potential savings to the city.

On the other hand the chapter 47 and 54 amendments are true benefit increases with substantial long-standing increased costs to the city.

Finally, Council may want to ask the opinion of the Research and Analysis Division as to whether a public hearing that is held on a pension benefit improvement without the actuarial report available for review until after the public hearing is held, satisfies the charter rule and/or spirit of the charter that would seem to encourage any person who attends the public hearing to have access to the pertinent financial facts.

Attachments

cc: Council Divisions
Roger Short, Finance Director
Barbara Wise-Johnson, Labor Relations Director
John Johnson, Corporation Counsel
Valerie Colbert-Osamuede, Law Department
Walter Stampor, Pension Executive Secretary
Pamela Scales, Budget Director
Kathleen Leavey, Law Department and General Retirement System Trustee
Kandia Milton, Mayor's Office

From: Anne Marie Langan
To: City Council Members; Council Staff
Date: 9/14/06 6:06PM
Subject: Ordinance amendments for both systems pension systems on military credit

Council,

The actuarial reports are line items 25 and 26. This change by both systems is estimated by the actuary to cost the city $10 M for the next 30 years - that's $300 M.

We believe this cost is so great because the ordinances are moving from providing military credit to those who served in a war to providing military credit to Anyone who served at anytime since May 8, 1975.

The public hearings for these ordinance amendments were held on May 8 and May 11 during budget time. Kay Schloff does recall that she was the only one who appeared from either - no one else from the Administration and no one from either pension board.

Needless to say we didn't pay close attention to it first, because we were in the throes of budget deliberations and second, because we were under the impression that the Pension boards wanted to change the date of the Korean conflict and of course we knew that would be a minimal cost. Plus, we didn't have the actuary report until now to ask a question of what they were financially proposing.

The receiving of the actuary report is what "starts the clock" on the 90 day waiting period - which will not be completed until mid-December, after recess begins.

However, we have serious concerns that this additional benefit would be provided at a time when funds are so limited for basic city services.

Again, I think we should hear from staff familiar with the intent of these proposed ordinances and see if the amendments as written, express that.

We would also propose that future public hearings be held with all interested parties present and with all pertinent documents in order to tell the real story.

Hope this helps.

Anne Marie Langan
City Council Deputy Fiscal Analyst
313.224.1078 phone
313.224.2783 fax

CC: Corley, Irvin; Pokorski, Jerry; Whitaker, David

FRIDAY, SEPTEMBER 15, 2006 – LINE ITEM NO. 25

RE: STATUS OF POLICE AND FIRE RETIREMENT SYSTEM – SUBMITTING **SUPPLEMENTAL ACTUARIAL VALUATIONS** REGARDING RESO. AND REPORT FROM ITS ACTUARY REGARDING ESTIMATE OF COSTS INVOLVING AMENDMENTS TO THE ORDINANCE PROVIDING FOR PURCHASE OF PRE-EMPLOYMENT MILITARY SERVICE CREDIT

KENYATTA: This is also related to line item No. 26.

S. COCKREL: We were having a public hearing on this and I asked whether the actuarial study was done and that has now been done. I believe there is a memo from Mr. Corley raising some concerns. It is going to cost the city, if we were to implement this, an additional $10 million contribution a year for the next 30 years which is $300 million. I'd like to hear from Fiscal on this and where is the Finance Department on it? Because what I understand is what this does is literally say that anybody who has participated in any war any where and at anytime, is now eligible, and with our current fiscal situation, I think we have to be really careful about do we really need to do this at this time because it is going to come out of the general fund. ***I'd like to hear from the chief financial officer on this prior to acting on it.*** If we could hear from Mr. Corley, I'd like to hear him now.

IRVIN CORLEY (Fiscal Analysis Div.): Just to add to Ms. Cockrel's comments, the way we read it is that anyone that has served any type of military service, so even if you were not involved in a war, and that really opens up the population obviously. Now, there is some conflict of language in the ordinance for the General Retirement System and the Police & Firemen Retirement System. The Police & Firemen Retirement System does not include any military service. It says, *" . . . any military service related to a war."* It is my understanding that they were trying to mirror the language for both ordinances – both General and Police & Fire, so that needs to be clarified. If Council was to approve these ordinances, it could cost the city $10 million a year and at this point and time, as we all know, we are in dire straits budgetary-wise. So, I think you really need to proceed slowly on this.

Also, we understand that the trustees were the ones that proposed this ordinance amendment and we feel this constitutes a benefit change and benefit changes typically are negotiated between the administration and the union, so we think this should go back to the Law Department, Human Resources, and of course we can weigh in with Finance on the budgetary impact.

S. COCKREL: I concur. ***I would like to see us send it back*** and slow this down and really make sure that a) the language in both systems, if we are going to do it, tracks; b) look at these other questions because if it needs a benefit change, then it really ought to be negotiated like it is supposed to, given by the

pension boards because basically they are making suggestions not about money of theirs they are going to spend, but general fund dollars and I think we need to be very careful, given our current fiscal crisis. ***I support the recommendation to send this to Finance, Law, Human Resources-Labor Relations, and ask specifically Mr. Roger Short to weigh in as chief financial officer.***

K. COCKREL: I think all of the concerns that have been raised are very valid concerns and frankly I agree with most of them; however, in the interest of keeping this process on track and moving it forward, what I would like to suggest in addition to everything that has already been recommended by Council Member Cockrel, is that we ***set a continued discussion on this maybe for the end of next month (a month from today)*** because I would think that by then, all of the departments will have had time to evaluate the language and weigh in on it. I was also under the impression that the two ordinances were supposed to mirror each other, so I'm not sure exactly how that difference came about. I'm a little baffled by that also and perhaps that can be directed by that as well.

S. COCKREL: This has been introduced and we have had a public hearing.

Denise Young

FRIDAY, SEPTEMBER 15, 2005 – LINE ITEM NO. 26

RE: STATUS OF POLICE AND FIRE RETIREMENT SYSTEM AND GENERAL RETIREMENT SYSTEM – **SUBMITTING SUPPLEMENTAL ACTUARIAL VALUATIONS** OF PROPOSED ORDINANCE TO AMEND CHAPTER 54, ARTICLE 30, OF THE 1964 DETROIT CITY CODE TITLED, *"Crediting of "Pre-Employment Service [up to three (3) years] to Qualified Members of the Police and Fire Retirement System;"* TO PROVIDE FOR THE PURCHASE OF PRE-EMPLOYMENT MILITARY SERVICE CREDITED BY EMPLOYEES ON THE ACTIVE PAYROLL ON OR AFTER OCTOBER 1, 2005 AND TO PROVIDE FOR A REVISED CESSATION DATE OF THE KOREAN CONFLICT

(See line item No. 25 notes)

Denise Young

Daily Calendar

DETROIT CITY COUNCIL

COMMITTEE OF THE WHOLE

Kenneth V. Cockrel, Jr.
President

Monica Conyers
President Pro Tem

Sheila M. Cockrel

Barbara-Rose Collins

Brenda Jones
Kwame Kenyatta
Martha Reeves
Alberta Tinsley-Talabi
JoAnn Watson
Janice M. Winfrey
City Clerk

CHAIRPERSON - COUNCIL MEMBER
KWAME KENYATTA

FRIDAY, SEPTEMBER 15, 2006
Asst. City Council Committee Clerk
Ms. Denise Young (dpc)

COMMITTEE OF THE WHOLE BEGINS AT 9:45 A.M

FINANCE DEPARTMENT/PURCHASING DIVISION CONTRACTS ATTACHED

_DY__ A. **10:00 A.M. - DISCUSSION - RE:** Effectiveness of the problem solving agencies within the City of Detroit (Mayor's Office and City of Detroit Ombudsperson) (JW) **TO BE RESCHEDULED, PER J. WATSON**

_DY__ B. **10:30 A.M. - DISCUSSION - RE:** Mayor's recommendations relative to the procedures surrounding writs of restitution (Mayor's Office, Thirty-Sixth District Court, Public Works Department and AFSCME Council 25) (JW/SMC) **CANCELED, PER K. KENYATTA**

_DY__ C. **11:00 A.M. - DISCUSSION - RE:** Auditor General - Report relative to City of Detroit Annual Financial Report for the year ending June 30, 2005 (Auditor General, Finance Department and KPMG) **DISCUSSION HELD**

_____ D. **12:30 P.M. ENVIRONMENTAL/RECYCLING/ALTERNATE ENERGY/WASTE DISPOSAL TASK FORCE MEETING**
13TH FLOOR COMMITTEE OF THE WHOLE ROOM
COLEMAN A. YOUNG MUNICIPAL CENTER (JW)

_RA__ E. **2:00 P.M. - CONTINUED DISCUSSION AMONGST COUNCIL MEMBERS - RE -** Committee Structure Reorganization

_____ F. **3:00 P.M. - HOUSING TASK FORCE**
13TH FLOOR COMMITTEE OF THE WHOLE ROOM
COLEMAN A. YOUNG MUNICIPAL CENTER (JW)

LAW DEPARTMENT

1. _KN_ Submitting Greektown Casino Garage Entrance Indemnification and Maintenance Agreement. (Copy given Council)
RECEIVE AND PLACE ON FILE

AUDITOR GENERAL'S OFFICE

2. _DY_ Submitting report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards (ICOFR) for Fiscal Year 2004-2005 and the Single Audit Report for June 30, 2004. **(Reports were hand delivered to City Council) (Related to Discussion "C")**
RECEIVE (RELATED TO "C")

BUILDINGS AND SAFETY ENGINEERING DEPARTMENT

3. _SFS_ Submitting two (2) responses to requests for **DEFERRAL OF DEMOLITION ORDERS** for the following properties: **(Department states recent inspections found the buildings to be secure and appear to be sound and repairable. Therefore, it is recommended that the demolition orders be DEFERRED FOR A PERIOD OF THREE (3) MONTHS.)** (Copies given to Council)

(a) 7547 Stockton
(b) 13999 Heyden

CONCUR

CITY COUNCIL RESEARCH AND ANALYSIS DIVISION

4. _RH_ Submitting response to City Council's request regarding Local Initiatives Support Coalition (LISC) Involvement in the Establishment of Land Banks. (Copy given Council)
RECEIVE

5. _RH_ Submitting response to City Council's request regarding Revised Detroit Land Bank Authority Proposal Continued Discussion Scheduled for September 19, 2006. (Copy given Council)
RECEIVE

PLANNING AND DEVELOPMENT DEPARTMENT

6. _RH_ Submitting response to Council Member Alberta Tinsley Talabi's concerns regarding Petition of Cynthia Dawson, (#0841) requesting time extension to complete lead abatement repairs; due to revocation of lead abatement grant; for property located at 295 Newport and 14140 Korte. (Copy given Council)
RECEIVE

PENDING ITEMS

7. _JR_ Status of Claim #A32750.002727 regarding property at 1451 Illinois (**AWAITING REPORT FROM LAW DEPARTMENT) (BROUGHT BACK AS DIRECTED ON 9-11-06)**
RECEIVE LAW DEPARTMENT'S REPORT AND COPY TO PETITIONER;

8. _DC_ Status of **Public Works Department** submitting response to Council Member Kwame Kenyatta's request for information regarding Traffic Light Installation on Archdale and Fenkell. (**BROUGHT BACK AS DIRECTED ON 9-13-06)**
BRING BACK IN ONE WEEK

9. _DC_ Status of **Buildings & Safety Engineering and Finance Departments** submitting report relative to issues concerning property development by Glenn Wash and Associates, Inc., in the City of Detroit. **(AWAITING REPORTS FROM CITY COUNCIL RESEARCH AND ANALYSIS DIVISION AND LAW DEPARTMENT) (BROUGHT BACK AS DIRECTED ON 9-8-06)** (SC)
BRING BACK ON MONDAY

10. _RH_ Status of Placement of Parking Meters on Gratiot. (**BROUGHT BACK AS DIRECTED ON 9-8-06) (AWAITING REPORT FROM THE MUNICIPAL PARKING DEPARTMENT)** (MC)
RECEIVE AND REMOVE FROM CALENDAR

11. _DC_ Status of **City Council Research and Analysis Division** submitting report regarding Dangerous Building Deferral Process. **(BROUGHT BACK AS DIRECTED ON 9-11-06)** (KVC)
RECEIVE; BRING BACK WEDNESDAY

12. _DC_ Status of **Planning and Development Department** Submitting reso. autho. that the Assessment Roll numbered S.W.A. 005 in the amount of $365,214.71 for repairing and/or constructing cement sidewalks in front of and adjoining the lots and parcels of land described therein is hereby approved and confirmed, that the description of premises and the names of persons contained therein are received as correct; and that the sums set forth in said assessment rolls are the correct ones to be assessed against the respective property described therein and the assessments be collected from the several persons

liable to pay the same according to law. **(BROUGHT BACK AS DIRECTED ON 9-11-06)**
BRING BACK THURSDAY

13. _DC_ Status of five (5) dangerous buildings between Puritan and McNichols. **(AWAITING RESPONSE FROM BUILDINGS AND SAFETY ENGINEERING DEPARTMENT) (BROUGHT BACK AS DIRECTED ON 9-7-06)** (KK)
BRING BACK WEDNESDAY

14. _RH_ Status of Sheridan Place One. **(AWAITING RESPONSE FROM DEPARTMENT OF HEALTH AND WELLNESS PROMOTION) (BROUGHT BACK AS DIRECTED ON 9-7-06)** (MC)
RECEIVE HEALTH DEPARTMENT'S REPORT

15. _KB_ Status of **Buildings and Safety Engineering Department** submitting report relative to Petition of Bonita A. Canty, (#0764) complaint and request for investigation into abandoned, dangerous property ; allegedly used as a haven for squatters, drug dealers and illegal dumping; located at 17935 Goddard Street. (Copy given Council) **(AWAITING REPORT FROM PLANNING AND DEVELOPMENT DEPARTMENT)**
REMOVE Pⅅ BRING BACK IN TWO WEEKS; AND REFER TO B&SED (MORE)

16. _RH_ Submitting response to Council Member Barbara-Rose Collins' concerns regarding Ground Transportation for Travel. **(BROUGHT BACK AS DIRECTED ON 9-14-06)** (BJ)
RECEIVE

17. _RH_ Status of **City Council Research and Analysis Division** submitting report relative to lawsuits between Manuel Maroun and the City of Detroit. **(BROUGHT BACK AS DIRECTED ON 9-14-06) (AWAITING REPORTS FROM THE CITY PLANNING COMMISSION AND LAW DEPARTMENT** (BJ)
RECEIVE

18. _RH_ Status of **Water and Sewerage Department** submitting report regarding report of standing water over a manhole cover located in the area of 8827-8845 Marygrove. **(BROUGHT BACK AS DIRECTED ON 9-14-06)**
RECEIVE

19. _RH_ Status of Dangerous Building at 4317 Buena Vista. **(AWAITING REPORT FROM THE BUILDINGS AND SAFETY ENGINEERING DEPARTMENT)** (KVC) **(BROUGHT BACK AS DIRECTED ON 9-14-06)**
RECEIVE B&SED REPORT

20. _RH_ Status of **Buildings and Safety Engineering Department** submitting report regarding dangerous building at 2254 W. Chicago. **(BROUGHT BACK AS DIRECTED ON 9-14-06)**
RECEIVE

21. _DC_ Status of **Planning and Development Department** submitting report regarding illegal dumping in the 2200 block of Leland. **(DISCUSSION HELD ON JUNE 19, 2006) (BROUGHT BACK AS DIRECTED ON 9-7-06) (AWAITING REPORT BUILDINGS AND SAFETY ENGINEERING DEPARTMENT)** (BJ)
BRING BACK WEDNESDAY

22. _LJ_ Status of Pro Care Health Plan. **(BROUGHT BACK AS DIRECTED ON 9-14-06)** (BJ)
BRING BACK IN ONE WEEK (MORE)

23. _RH_ Status of **Water and Sewerage Department** submitting report regarding Petition of Christine McCoy (#0824) relative to complaint regarding continued excessive water bill for property located at 6433 Burns, from invoice period January 20, 2005 through June 26, 2006. **(BROUGHT BACK AS DIRECTED ON 9-13-06)** (BJ)
RECEIVE

24. _DC_ Status of **Planning and Development Department** submitting **second** report in response to Council President Pro Tem Monica Conyers' request relative to Petition of Tina Jones, (#0117) regarding inaccurate information given regarding property located at 19431 Sorrento. **(BROUGHT BACK AS DIRECTED ON 9-14-06) (AWAITING REPORT FROM WATER AND SEWERAGE DEPARTMENT)** (BJ)
BRING BACK IN TWO WEEKS

25. _SM_ Status of Status of **The Police and Fire Retirement System** submitting **Supplemental Actuarial Valuations** regarding reso. and report from its actuary regarding estimate of costs involving amendments to the ordinance providing for purchase of pre-employment military service credit. **(BROUGHT BACK AS DIRECTED ON 9-13-06)** (SMC) **(Related to Item #26)**
SCHEDULE CONTINUED DISCUSSION IN ONE MONTH (MORE)

26. _SM_ Status of **The Police and Fire Retirement System and General Retirement System** submitting **Supplemental Actuarial Valuations** of Proposed Ordinance to Amend Chapter 54, Article 30, of the 1964 Detroit City Code, Titled 'Crediting of Pre-employment Service (Up to 3 Years) to Qualified Members of the Police and Fire retirement System' to Provide for the purchase of Pre-Employment Military Service Credited by Employees on the Active Payroll on or after October 1, 2005 and to Provide for a Revised Cessation Date of the Korean Conflict. **(BROUGHT BACK AS DIRECTED ON 09-14-06) (Related to Item #25)**
SEE LINE ITEM #25

MISCELLANEOUS ITEMS

27. _DC_ Advanced Calendar for September 18, 2006 through September 29, 2006

CITY OF DETROIT
LAW DEPARTMENT

FIRST NATIONAL BUILDING
660 WOODWARD AVE., STE. 1650
DETROIT, MICHIGAN 48226-3535
PHONE 313•224•4550
FAX 313•224•5505
WWW.CI.DETROIT.MI.US

November 15, 2007

Detroit City Council
1340 Coleman A. Young
Municipal Center
Detroit, Michigan

Re: Proposed Ordinances: 1) to Amend Chapter 47 of the 1984 Detroit City Code, *Retirement System*, by Amending Section 47-1-26, *Service Credit; Qualified Military Service (Pre-Employment Service);* 2) to Amend Chapter 54, Article 30, of the 1964 Detroit City Code, *Crediting of Pre-employment Military Service (up to three years) to Qualified Members of the Police and Fire Retirement System;* and 3) to Amend Sections 13-8-3 of the 1984 Detroit City Code, *Membership in Plan,* and 13-9-4 of the 1984 Detroit City Code, *Classification of Members.*

Honorable City Council:

Pursuant to the applicable provisions of the 1997 Detroit City Charter, the above-referenced proposed ordinances are being submitted to your Honorable Body for a return to the formal agenda and passage. All three proposed ordinances were introduced and public hearings were held in 2006 as follows: the first proposed ordinance to amend Chapter 47 of the 1984 Detroit City Code had a public hearing on May 1, 2006 and again on May 8, 2006; the second proposed ordinance to amend Chapter 54 of the 1964 Detroit City Code had a public hearing on May 11, 2006; and the third proposed ordinance to amend Chapter 13 of the 1984 Detroit City Code had a public hearing on May 15, 2006.

Actuarial reports required by Section 11-104 of the 1997 Detroit City Charter were submitted to City Council for revisions to Chapter 47 and Chapter 54. The supplemental actuarial valuations were requested by City Council for both amendments and were obtained and submitted to City Council on January 30, 2007. The supplemental valuations were required because of a flawed assumption used by the actuary in arriving at the costs of the amendments wherein all employees were assumed to have served in the military. The supplemental valuations used more accurate data which indicated that only approximately five (5%)percent of current active General System members and four (4%) percent of Police and Fire System members have an average of 2.4 years of qualifying military service. The supplemental actuarial valuations have now been in the possession of City Council for the time required by Section 11-104 of the 1997 Detroit City Charter.

The proposed amendment to Section 13-8-3 of the 1984 Detroit City Code clarifies that employees who elect to join the 1998 Defined Contribution Plan will have the same benefits as those employees under the 1973 Defined Benefit/Defined Contribution (Annuity) Plan. Because this proposed ordinance does not alter the benefits received by employees, but is merely a clarification, no actuarial study is needed.

The three proposed ordinances were held by City Council under the assumption that it would be more efficient to handle all expected pension ordinance amendments at one time. While there are other amendments that will be submitted to City Council, these will not come forth in the immediate future. Therefore, the Law Department, the City of Detroit General Retirement System, and the Police and Fire Retirement System respectfully request that Your Honorable Body return these proposed ordinances to the agenda for passage.

Thank you for your consideration. If you have any questions, we are available to respond.

Respectfully submitted

John E. Johnson, Jr.
Corporation Counsel

JEJ:kl

Attachments

CITY OF DETROIT
LAW DEPARTMENT

660 WOODWARD AVENUE
1650 FIRST NATIONAL BUILDING
DETROIT, MICHIGAN 48226-3535
PHONE 313•224•4550
FAX 313•224•5505
WWW.CI.DETROIT.MI.US

April 4, 2006

Detroit City Council
1340 Coleman A. Young
Municipal Center
Detroit, Michigan

Re: Proposed Ordinance to Amend Sections 13-8-3 of the 1984 Detroit City Code, *Membership in Plan*, and 13-9-4 of the 1984 Detroit City Code, *Classification of Members*

Honorable City Council:

Pursuant to the applicable provisions of the 1997 Detroit City Charter, the above-referenced proposed ordinance is being submitted to Your Honorable Body for consideration. This proposed amendment to Chapter 13, Article VIII, Section 13-8-3, *Membership in Plan*, and Article IX, Section 13-9-4 of the 1984 Detroit City Code, *Classification of Members*, specifically includes employees who are, or become, members of the 1998 Defined Contribution Plan of the General Retirement System.

The enactment of this proposed amendment will alleviate any concerns of current and future employees that their membership in the new *1998 Defined Contribution Plan* could result in a reduction of the benefits enjoyed under the *1973 Defined Benefit/Defined Contribution (Annuity) Plan*. It is imperative that the amendment be introduced and set for hearing at your earliest possible session.

We are available to answer any questions that you may have concerning this proposed ordinance. Thank you for your consideration.

Respectfully submitted,

Brenda E. Braceful
Deputy Corporation Counsel

BEB:KDS
Enclosure

G:\DOCS\MUNIC\SCHLK\A28000\ORDLEG\DMZ1399.WPD;1

SUMMARY

This proposed ordinance amends Chapter 13, Article VIII, of the 1984 Detroit City Code, *Employees' Hospital, Surgical and Death Benefit Plan,* by amending Section 13-8-3, *Membership in Plan,* and Chapter 13, Article IX, of the 1984 Detroit City Code, *Employees' Group Insurance Protection Plan,* by amending Section 13-9-4, *Classification of Members*, to specifically include employees who are, or become members of the 1998 Defined Contribution Plan of the General Retirement System.

BY COUNCIL MEMBER _____:

AN ORDINANCE to amend Chapter 13, Article VIII, of the 1984 Detroit City Code, *Employees' Hospital, Surgical and Death Benefit Plan,* by amending Section 13-8-3, *Membership in Plan,* and Chapter 13, Article IX, of the 1984 Detroit City Code, *Employees' Group Insurance Protection Plan,* by amending Section 13-9-4, *Classification of Members*, to specifically include employees who are, or become members of the 1998 Defined Contribution Plan of the General Retirement System.

IT IS HEREBY ORDAINED BY THE PEOPLE OF THE CITY OF DETROIT THAT:

Section 1. Chapter 13, Articles VII and Article IX, of the 1984 Detroit City Code be amended by amending Section 13-8-3, *Membership in Plan,* and 13-9-4, *Classification of Members*, to read as follows:

ARTICLE VIII. EMPLOYEES' AND DUTY DISABILITY RETIREES' HOSPITAL, SURGICAL, AND DEATH BENEFIT PLAN

DIVISION 1. GENERALLY

Sec. 13-8-3. Membership in Plan.

(a) *Generally.* Except as provided for in this article, the membership of the Plan shall include:

(1) All officers and employees of the City who were employed by the City on the day preceding the effective date of the Plan and who continue in the employ of the City on and after the effective date of the Plan; ~~and~~

(2) All individuals who become employed by the City on and after the effective date of the Plan, except as herein provided ; and

(3) All individuals included within Subsections (2) and (3) of this section who are members of either the *1973 Defined Benefit/Defined Contribution (Annuity) Plan*[1] or the *1998 Defined Contribution Plan*[2] of the General Retirement System.

(b) ~~*Employees*~~ *Individuals not included in membership.* The following employees shall not be included in the membership of the Plan:

(1) Individuals whose City services are compensated for on a contractual or fee basis;

(2) Employees whose compensation in a period of three (3) consecutive years average less than eight hundred dollars ($800.00) a year;

(3) Officers and employees of the Detroit Board of Education;

(4) ~~Policemen~~ Police and ~~firemen~~ Fire Department employees who come under the provisions of the ~~retirement and pensions systems provided by the city in title IV, chapters XV and XXI and title IX, chapter VII of the 1918 City Charter.~~ *Police and Fire Retirement System*, established under Title IX, Chapter VII, of the 1918 Detroit City Charter and continued in the 1974 and 1997 Detroit City Charters.

(c) *Employees of boards, commissions, etc.* The employees of any board, commission, or court serving the City may be included as employees of the City, for the purpose of coming under the provisions of this article, at such time as they are eligible and is mutually agreeable between the City Council and their governing body, board or commission. However, if the employees of a board, commission or court are permitted to come under the provisions of this article, then all employees of the board, commission or court within the meaning of this section shall be included.

---

[1] 1984 Detroit City Code Sections 47-2-1 *et seq.*

[2] 1984 Detroit City Code Sections 47-3-1 *et seq.*

(d) *Membership terminates.* Except as provided in Subsection (e) of this section, the membership of an individual shall terminate as of the date he or she ceases to be an officer or employee of the City.

(e) *Extension of membership.* An individual who is a member and who complies with the provisions of Section 13-8-10 of this Code shall continue to be a member of the Plan:

(1) During the period of his or her absence from City service, not to exceed four (4) months, with a leave of absence approved by the Civil Service Commission; and

(2) During the period of his or her absence from City service, not to exceed four (4) years, with a leave or (leaves) of absence, for health purposes only, approved by the Civil Service Commission; and

(3) After his or her retirement from City service with a pension or ~~Workman's~~ workers' compensation benefits paid in whole or in part out of funds provided by the City; and

(4) If he or she is transferred to, and so long as he or she is employed by, a department of subdivision of the City whose employees are not included in the membership of the Plan, provided he or she files ~~his~~ a written application for membership with the board within thirty (30) days following his or her transfer.

(f) *Board may decide who is a member.* In all cases of doubt, the Board shall decide who is a member of the Plan within the meaning of ~~the provisions of~~ this article.

ARTICLE IX. EMPLOYEES' GROUP INSURANCE PROTECTION PLAN

Sec. 13-9-4. Classification of members.[3]

Any of the following persons may be members:

(1) General City employees, ~~Including those in the employ of the Department of Transportation,~~ whether those employees are members of the *1973 Defined Benefit/Defined Contribution (Annuity) Plan*[4] or the *1998 Defined Contribution Plan*[5] of the General Retirement System;

(2) ~~Noncivilian~~ Uniform employees of the Police Department; and

(3) ~~Noncivilian~~ Uniform employees of the Fire Department.

Section 2. All ordinances, or parts of ordinances, that conflict with this ordinance are repealed.

Section 3. This ordinance is declared necessary for the preservation of the public peace, health, safety, and welfare of the People of the City of Detroit.

---

[3] 1984 Detroit City Code Section 13-9-3, *Membership*, provides that "membership of this plan shall include any of the following persons:

> (1) Any active officer or employee of the city who qualifies as a member as defined in section 13-9-4 and has selected coverage within this plan on or after the effective date of coverage." (Emphasis added.)

[4] 1984 Detroit City Code, Sections 47-2-1 *et seq.*

[5] 1984 Detroit City Code, Sections 47-3-1 *et seq.*

Section 4. In the event that this ordinance is approved by a two-thirds (⅔) majority of City Council members serving, it shall be given immediate effect and shall become effective upon publication in accordance with Section 4-116 of the 1997 Detroit City Charter. Otherwise, this ordinance shall become effective on the thirtieth (30th) day after enactment in accordance with Section 4-115 of the 1997 Detroit City Charter.

Approved as to form only:

Brenda E. Braceful KDS DAM
Deputy Corporation Counsel

Law Department

April 4, 2006

Honorable City Council:

Re: Proposed Ordinance to Amend Sections 13-8-3 of the 1984 Detroit City Code, *Membership in Plan,* and 13-9-4 of the 1984 Detroit City Code, *Classification of Members.*

Pursuant to the applicable provisions of the 1997 Detroit City Charter, the above-referenced proposed ordinance is being submitted to your Honorable Body for consideration. This proposed amendment to Chapter 13, Article VIII, Section 13-8-3, *Membership in Plan,* and Article IX, Section 13-9-4 of the 1984 Detroit City Code, titled *Classification of Members,* specifically includes employees who are, or become members of the 1998 Defined Contribution Plan of the General Retirement System.

The enactment of this proposed amendment will alleviate any concerns of current and future employees that their membership in the new *1998 Defined Contribution Plan* could result in a reduction of the benefits enjoyed under the *1973 Defined Benefit/Defined Contribution (Annuity) Plan.* It is imperative that the amendment be introduced and set for hearing at your earliest possible session.

We are available to answer any questions that you may have concerning this proposed ordinance. Thank you for your consideration.

Respectfully submitted,
BRENDA E. BRACEFUL
Deputy Corporation Counsel

By Council Member Reeves:

AN ORDINANCE to amend Chapter 13, Article VIII, of the 1984 Detroit City Code, *Employees' Hospital, Surgical and Death Benefit Plan,* by amending Section 13-8-3, *Membership in Plan,* and Chapter 13, Article IX, of the 1984 Detroit City Code, *Employees' Group Insurance Protection Plan,* by amending Section 13-9-4, *Classification of Members,* to specifically include employees who are, or become members of the 1998 Defined Contribution Plan of the General Retirement System.

IT IS HEREBY ORDAINED BY THE PEOPLE OF THE CITY OF DETROIT THAT:

Section 1. Chapter 13, Articles VII and Article IX, of the 1984 Detroit City Code be amended by amending Section 13-8-3, *Membership in Plan,* and 13-9-4, *Classification of Members,* to read as follows:

ARTICLE VIII. EMPLOYEES' AND DUTY DISABILITY RETIREE'S HOSPITAL, SURGICAL, AND DEATH BENEFIT PLAN

DIVISION 1. GENERALLY

SEC. 13-8-3. Membership in Plan.

(a) *Generally.* Except as provided for in this article, the membership of the Plan shall include:

(1) All officers and employees of the City who were employed by the City on the day preceding the effective date of the Plan and who continue in the employ of the City on and after the effective date of the Plan; ~~and~~

(2) All individuals who become employed by the City on and after the effective date of the Plan, except as herein provided; and

(3) All individuals included within Subsections (2) and (3) of this section who are members of either the *1973 Defined Benefit/Defined Contribution (Annuity) Plan*[1] or the *1998 Defined Contribution Plan*[2] of the General Retirement System.

(b) ~~Employees~~ *Individuals not included in membership.* The following employees shall not be included in the membership of the Plan:

(1) Individuals whose City services are compensated for on a contractual or fee basis;

(2) Employees whose compensation in a period of three (3) consecutive years

Detroit Board of Education;

(4) ~~Policemen~~ Police and ~~firemen~~ Fire Department employees who come under the provisions of the ~~retirement and pensions systems provided by the city in title IV, chapters XV and XXI and title IX, chapter VII of the 1918 City Charter.~~ *Police and Fire Retirement System,* established under Title IX, Chapter VII, of the 1918 Detroit City Charter and continued in the 1974 and 1997 Detroit City Charters.

(c) *Employees of boards, commissions, etc.* The employees of any board, commission or court serving the City may be included as employees of the City, for the purpose of coming under the provisions of this article, at such time as they are eligible and is mutually agreeable between the City Council and their governing body, board or commission. However, if the employees of a board, commission or court are permitted to come under the provisions of this article, then all employees of the board, commission or court within the meaning of this section shall be included.

(d) *Membership terminates.* Except as provided in Subsection (e) of this section, the membership of an individual shall terminate as of the date he or she ceases to be an officer or employee of the City.

(e) *Extension of membership.* An individual who is a member and who complies with the provisions of Section 13-8-10 of this Code shall continue to be a member of the Plan:

(1) During the period of his or her absence from City service, not to exceed four (4) months, with a leave of absence approved by the Civil Service Commission; and

(2) During the period of his or her absence from City service, not to exceed four (4) years, with a leave or (leaves) of absence, for health purposes only, approved by the Civil Service Commission; and

(3) After his or her retirement from City service with a pension or ~~Workman's~~ workers' compensation benefits paid in whole or in part out of funds provided by the City; and

(4) If he or she is transferred to, and so long as he or she is employed by, a department of subdivision of the City whose employees are not included in the membership of the Plan, provided he or she files ~~his a~~ written application for membership with the board within thirty (30) days following his or her transfer.

(f) *Board may decide who is a member.* In all cases of doubt, the Board shall decide who is a member of the Plan within the meaning of ~~the provisions of~~ this article.

[1]1984 Detroit City Code Sections 47-2-1 *et seq.*

[2]1984 Detroit City Code Sections 47-3-1 *et seq.*

ARTICLE IX. EMPLOYEES' GROUP INSURANCE PROTECTION PLAN

Sec. 13-9-4. Classification of members.[3]

Any of the following persons may be members:

(1) General City employees, ~~including those in the employ of the Department of Transportation,~~ whether those employees are members of the *1973 Defined Benefit/Defined Contribution (Annuity) Plan*[4] or the *1998 Defined Contribution Plan*[5] of the General Retirement System;

(2) ~~Noncivilian~~ Uniform employees of the Police Department; and

(3) ~~Noncivilian~~ Uniform employees of the Fire Department.

Section 2. All ordinances, or parts of ordinances, that conflict with this ordinance are repealed.

Section 3. This ordinance is declared necessary for the preservation of the public peace, health, safety and welfare of the People of the City of Detroit.

Section 4. In the event that this ordinance is approved by a two-thirds (2/3) majority of City Council Members serving, it shall be given immediate effect and shall become effective upon publication in accordance with Section 4-116 of the 1997 Detroit City Charter. Otherwise, this ordinance shall become effective on the thirtieth (30th) day after enactment in accordance with Section 4-115 of the 1997 Detroit City Charter.

[3]1984 Detroit City Code Section 13-9-3, *Membership,* provides that "membership of this plan shall include any of the following persons:

(1) Any active officer or employee of the city who qualifies as a member as defined in section 13-9-4 and has selected coverage within this plan on or after the effective date of coverage." (Emphasis added.)

[4]1984 Detroit City Code Sections 47-2-1 *et seq.*

[5]1984 Detroit City Code Sections 47-3-1 *et seq.*

Approved as to form only:

By: BRENDA E. BRACEFUL
Deputy Corporation Counsel

Read twice by title, ordered printed and laid on table.

RESOLUTION SETTING HEARING

By COUNCIL MEMBER REEVES:

RESOLVED, That a public hearing will be held by this body on the 13th Floor of the Coleman A. Young Municipal Center, on **MONDAY, MAY 15, 2006**, for the purpose of considering the advisability of adopting the foregoing proposed Ordinance to amend Chapter 13, Article VIII, of the 1984 Detroit City Code 'Employees' Hospital, Surgical and Death Benefit Plan, by amending Section 13-8-3, Membership in Plan, and Chapter 13, Article IX, of the 1984 Detroit City Code, Employees' Group Insurance Protection plan, by amending Section 13-9-4 Classification of Members, to specifically include employees who are, or become members of the 1998 Defined Contribution Plan of the General Retirement System.

All interested persons are invited to be present to be heard as to their views.

Adopted as follows:

Yeas — Council Members S. Cockrel, Collins, Jones, Kenyatta, Reeves, Tinsley-Talabi, Watson, and President K. Cockrel, Jr. — 8.

Nays — None.

NOTICE OF PUBLIC HEARINGS

The Detroit City Council will hold the following PUBLIC HEARINGS in the Council Committee Room, 13th Floor of the Coleman A. Young Municipal Center on **MONDAY, MAY 15, 2006** at times indicated relative to:

9:50 A.M. — proposed Ordinance to amend Chapter 13, Article VIII, of the 1984 Detroit City Code 'Employees' Hospital, Surgical and Death Benefit Plan, by amending Section 13-8-3, Membership in Plan, and Chapter 13, Article IX, of the 1984 Detroit City Code, Employees' Group Insurance Protection plan, by amending Section 13-9-4, Classification of Members, to specifically include employees who are, or become members of the 1998 Defined Contribution Plan of the General Retirement System.

CITY OF DETROIT
LAW DEPARTMENT

660 WOODWARD AVENUE
1650 FIRST NATIONAL BUILDING
DETROIT, MICHIGAN 48226-3535
PHONE 313•224•4550
FAX 313•224•5505
WWW.CI.DETROIT.MI.US

March 24, 2006

Detroit City Council
1340 Coleman A. Young
Municipal Center
Detroit, Michigan

Re: Proposed Ordinance to Amend Chapter 47 of the 1984 Detroit City Code, *Retirement Systems*, by amending Section 47-1-26, *Service Credit; Qualified Military Service (Pre-Employment Service)*

Honorable City Council:

Pursuant to the applicable provisions of the 1997 Detroit City Charter, the above-referenced proposed ordinance amendment is being submitted to your Honorable Body for consideration and approval. The proposed ordinance amends Chapter 47 of the 1984 Detroit City Code, *Retirement Systems*, by amending Section 47-1-26, *Service Credit; Qualified Military Service (Pre-Employment Service)*, to revise the cessation date of the Korean Conflict from December 31, 1953 to January 31, 1955; to eliminate the requirement for the issuance of a presidential proclamation, or a presidential executive order, and the receipt of the Armed Forces Expeditionary or other Campaign Service Medal authorized by the Federal Government; and to provide for Military Service Credit to be purchased by any employees on the active payroll on or after October 1, 2005 for any military service beginning on or after May 8, 1975.

We request that this proposed ordinance be introduced and that a public hearing be scheduled at the earliest possible dates. In addition, we are available to answer any questions that you may have concerning this proposed ordinance.

Thank you for your consideration.

Respectfully submitted,

John E. Johnson, Jr.
Corporation Counsel

JEJ:KL

Enclosure

SUMMARY

This proposed ordinance amends Chapter 47 of the 1984 Detroit City Code, titled 'Retirement Systems,' by amending Section 47-1-26, titled 'Service Credit; Qualified Military Service (Pre-Employment Service),' to revise the cessation date of the Korean Conflict from December 31, 1953 to January 31, 1955; to eliminate the requirement for the issuance of a presidential proclamation, or a presidential executive order, and the receipt of the Armed Forces Expeditionary or other Campaign Service Medal authorized by the Federal Government; and to provide for Military Service Credit to be purchased by any employees on the active payroll on or after October 1, 2005 for any military service beginning on or after May 8, 1975.

BY COUNCIL MEMBER _____:

AN ORDINANCE to amend Chapter 47 of the 1984 Detroit City Code, titled 'Retirement Systems,' by amending Section 47-1-26, titled 'Service Credit; Qualified Military Service (Pre-Employment Service),' to revise the cessation date of the Korean Conflict from December 31, 1953 to January 31, 1955; to eliminate the requirement for the issuance of a presidential proclamation, or a presidential executive order, and the receipt of the Armed Forces Expeditionary or other Campaign Service Medal authorized by the Federal Government; and to provide for Military Service Credit to be purchased by any employees on the active payroll on or after October 1, 2005 for any military service beginning on or after May 8, 1975.

IT IS HEREBY ORDAINED BY THE PEOPLE OF THE CITY OF DETROIT THAT:

Section 1. Chapter 47 of the 1984 Detroit City Code be amended by amending Section 47-1-26, to read as follows:

CHAPTER 47. RETIREMENT SYSTEMS

ARTICLE I. COMMON PROVISIONS OF THE GENERAL RETIREMENT SYSTEM.

Sec. 47-1-26. Service Credit; Qualified Military Service (Pre-Employment Service).

(a) ~~Notwithstanding any provision of this Chapter to the contrary, contributions, benefits, and service credit with respect to qualified military service, shall be provided in accordance with Section 414(u) of the Internal Revenue Code.~~ Up to three (3) years of pre-employment service credit, but not less than ninety (90), may be purchased :

(1) For the ~~following~~ periods ~~: service for a period of not less than ninety days~~ between the date of declaration of war by Congress and the recognized date of cessation of

military hostilities ~~;~~ , including, but not limited to, ~~2)~~ the onset of World War II on December 8, 1941 to its conclusion on July 1, 1946; ~~3)~~ the onset of the Korean Conflict on June 27, 1950 to its conclusion on ~~December 31, 1953~~ January 31, 1955; and ~~4)~~ the onset of the Vietnam Conflict on February 28, 1961 to its conclusion on May 7, 1975; or ~~5) beginning on the date of the recognition of an emergency condition by the issuance of a presidential proclamation or a presidential executive order, during which emergency condition the member received the Armed Forces Expeditionary or other Campaign Service Medal authorized by the Federal for the Expedition or Campaign.~~

(2) With respect to employees who are on the active payroll on or after October 1, 2005, for any military service beginning on or after May 8, 1975 evidenced by a DD214 or equivalent form provided to the Board of Trustees of the City of Detroit General Retirement System. The payment for the pre-employment military service shall be consistent with this Chapter. In cases of doubt, the Board of Trustees of the General Retirement System shall determine whether a member is entitled to the benefits of this section and the implementation of this section consistent with its terms.

(b) This time may be applied toward a member's credited service and may be used in meeting the minimum time needed for an automatic Option Two or automatic Option Three pension.

(c) This time shall not apply toward meeting the minimum service and age requirements for vesting, for a non-duty disability pension, or for a service pension.

Section 2. All ordinances, or parts of ordinances, which conflict with this ordinance are repealed.

Section 3. This ordinance is declared necessary to preserve the public peace, health, safety, and welfare of the People of the City of Detroit.

Section 4. In the event that this ordinance is passed by a two-thirds (2/3) majority of City Council Members serving, it shall be given immediate effect and shall become effective upon publication in accordance with Section 4-116 of the 1997 Detroit City Charter. Where this ordinance is passed by less than a two-thirds (2/3) majority of City Council Members serving, it shall become effective no later than thirty (30) days after enactment, or on the first business day thereafter in accordance with Section 4-115 of the 1997 Detroit City Charter.

Approved as to form:

John E. Johnson, Jr.
Corporation Counsel

KL
DAM

GRS

Gabriel Roeder Smith & Company
Consultants & Actuaries

One Towne Square
Suite 800
Southfield, MI 48076-3723

248.799.9000 phone
248.799.9020 fax
www.gabrielroeder.com

January 30, 2007

Mr. Myron Terrell
City of Detroit General Retirement System
2 Woodward Avenue – Suite 908
Detroit, Michigan 48226

Re: City of Detroit General Retirement System
Proposals under Consideration

Dear Myron:

Enclosed are 20 copies of a memorandum presenting results of supplemental actuarial valuations of proposals under consideration for the General Retirement System.

Sincerely,

Kenneth G. Alberts

KGA:bd
Enclosures

cc: Walter Stampor
Norman L. Jones (GRS)
Judith A. Kermans (GRS)

CITY OF DETROIT GENERAL RETIREMENT SYSTEM
SUPPLEMENTAL ACTUARIAL VALUATIONS OF
PROPOSALS UNDER CONSIDERATION AS OF JUNE 30, 2005

Requested By: Board of Trustees
City of Detroit General Retirement System

Date: January 30, 2007

Submitted By: Kenneth G. Alberts and Norman L. Jones, F.S.A.
Gabriel, Roeder, Smith & Company

Presented in this memorandum are the results of supplemental actuarial valuations to measure the financial effect of allowing members to purchase up to 3 years of military time served on or after May 8, 1975 upon proof of service.

The valuations were based upon the same member data and actuarial methods and assumptions that were used in the regular annual actuarial valuation as of June 30, 2005. Increases in active member accrued liabilities were amortized as a level percent of payroll over a period of 30 years, in accordance with Board policy. Actuarial assumptions are adopted by the Retirement Board of Trustees. In particular:

- The assumed rate of investment return was 7.9%.
- The valuation method was entry-age normal cost.
- For purposes of amortizing unfunded accrued liabilities, payroll was assumed to increase 4% per year.

Supplemental valuations do not predict the result of future actuarial valuations. (Future activities can affect future valuation results in an unpredictable manner.) Rather, supplemental valuations give an indication of the probable effect of the change only on future valuations without comment on the complete end result of the future valuations.

The calculations contained herein are based upon assumptions regarding future events, which may or may not materialize. They are also based upon present and proposed plan provisions that are outlined in the regular valuation report. If you have reason to believe that the assumptions that were used are unreasonable, that the plan provisions are incorrectly described, that important and relevant plan provisions are not described, or that conditions have changed since the calculations were made, you should contact the author of this report prior to relying on information in the report.

CITY OF DETROIT GENERAL RETIREMENT SYSTEM
SUPPLEMENTAL ACTUARIAL VALUATIONS OF
PROPOSALS UNDER CONSIDERATION AS OF JUNE 30, 2005

Active member data used in the valuation is summarized below:

	General	D.O.T.	Water	Sewage	Library	Total
Number	5,414	1,529	1,472	973	432	9,820
Annual payroll ($ millions)	$223.1	$52.5	$56.6	$43.5	$14.9	$390.6

Since this proposal only applies to employees who were active on or after October 1, 2005, a vast majority of retired and deferred members are unaffected. For this reason, and because of insufficient data, we have not included costs for any retired or deferred members terminating after October 1, 2005 who may be eligible to purchase military service due to this change. We expect any costs associated with these individuals to be very small.

The Retirement System provided data for members that have reported military service time. Comparing this with the valuation data as of June 30, 2005, we found 3,132 current retirees and 546 current actives with reported military service of approximately 2.4 years on average.

Supplemental valuation results are shown for all divisions combined. Results for individual divisions will vary somewhat.

CITY OF DETROIT GENERAL RETIREMENT SYSTEM
MILITARY SERVICE PURCHASE
AS OF JUNE 30, 2005

Present Provision: Military service up to 3 years may be purchased for select periods of time prior to 1975. The purchased service applies for determining the benefits payable but not for eligibility purposes.

Proposed Provision: Allow for the purchase of up to 3 years of military service served at any time upon receipt of proof of service provided by the member. The purchased service applies for determining the benefits payable but not for pension eligibility. The member cost for such service would be 5% of annual salary at the time of purchase.

ACTUARIAL STATEMENT

Computed Increase In	% of Member Payroll
Employer Normal Cost	0.02%
Accrued Liabilities (30 Years)	0.04
Total Increase in Employer Rate	0.06%
First Year ($ thousands)	$234 4

Comments:

- The increase shown above assumes that active members will purchase 1 month of military service on average. This average was based on reported data which indicates that approximately 5% of current active members have an average of 2.4 years of qualifying military service.
- If actual experience is higher/lower, the increase in the contribution rate would be proportionally higher/lower than indicated.

Law Department

March 24, 2006

Honorable City Council:

Re: Proposed Ordinance to Amend Chapter 47 of the 1984 Detroit City Code, *Retirement Systems*, by amending Section 47-1-26, *Service Credit; Qualified Military Service (Pre-Employment Service).*

Pursuant to the applicable provisions of the 1997 Detroit City Charter, the above-referenced proposed ordinance amendment is being submitted to your Honorable Body for consideration and approval. The proposed ordinance amends Chapter 47 of the 1984 Detroit City Code, *Retirement Systems*, by amending Section 47-1-26, *Service Credit; Qualified Military Service (Pre-Employment Service)*, to revise the cessation date of the Korean Conflict from December 31, 1953 to January 31, 1955; to eliminate the requirement for the issuance of a presidential proclamation, or a presidential executive order, and the receipt of the Armed Forces Expeditionary or other Campaign Service Medal authorized by the Federal Government; and to provide for Military Service Credit to be purchased by any employees on the active payroll on or after October 1, 2005 for any military service beginning on or after May 8, 1975.

We request that this proposed ordinance be introduced and that a public hearing be scheduled at the earliest possible dates. In addition, we are available to answer any questions that you may have concerning this proposed ordinance.

Thank you for your consideration.

Respectfully submitted,

JOHN E. JOHNSON, JR.

Corporation Counsel

By Council Member Collins on Behalf of President K. V. Cockrel, Jr.:

AN ORDINANCE to amend Chapter 47 of the 1984 Detroit City Code, titled 'Retirement Systems,' by amending Section 47-1-26, titled 'Service Credit; Qualified Military Service (Pre-Employment Service),' to revise the cessation date of the Korean Conflict from December 31, 1953 to January 31, 1955; to eliminate the requirement for the issuance of a presidential proclamation, or a presidential executive order, and the receipt of the Armed Forces Expeditionary or other Campaign Service Medal authorized by the Federal Government; and to provide for Military Service Credit to be purchased by any employees on the active payroll on or after October 1, 2005 for any military service beginning on or after May 8, 1975.

IT IS HEREBY ORDAINED BY THE PEOPLE OF THE CITY OF DETROIT THAT:

Section 1. Chapter 47, of the 1984 Detroit City Code be amended by amending Section 47-1-26, to read as follows:

CHAPTER 47. RETIREMENT SYSTEMS

ARTICLE I. COMMON PROVISIONS OF THE GENERAL RETIREMENT SYSTEM.

Sec. 47-1-26. Service Credit; Qualified Military Service (Pre-Employment Service).

(a) ~~Notwithstanding any provision of this Chapter to the contrary, contributions, benefits, and service credit with respect to qualified military service, shall be provided in accordance with Section 414(u) of the Internal Revenue Code.~~ Up to three (3) years of pre-employment service credit, but not less than ninety (90), may be purchased;

(1) For the ~~following~~ periods~~: service for a period of not less than ninety days~~ between the date of declaration of war by Congress and the recognized date of cessation of military hostilities~~;~~, including, but not limited to, ~~2)~~ the onset of World War II on December 8, 1941 to its conclusion on July 1, 1946; ~~3)~~ the onset of the Korean Conflict on June 27, 1950 to its conclusion on ~~December 31, 1953~~ January 31, 1955; and ~~4)~~ the onset of the Vietnam Conflict on February 28, 1961 to its conclusion on May 7, 1975, or ~~5) beginning on the date of the recognition of an emergency condition by the issuance of a presidential proclamation or a presidential executive order, during which emergency condition the member received the Armed Forces Expeditionary or other Campaign Service Medal authorized by the Federal for the Expedition or Campaign.~~

(2) With respect to employees who are on the active payroll on or after October 1, 2005, for any military service beginning on or after May 8, 1975 evidenced by a DD214 or equivalent form provided to the Board of Trustees of the City of Detroit General Retirement System. The payment for the pre-employment military service shall be consistent with this Chapter. In cases of doubt, the Board of Trustees of the General Retirement Sysem shall determine whether a member is entitled to the benefits of this section and the implementation of this section consistent with its terms.

(b) This time may be applied toward a member's credited service and may be used in meeting the minimum time needed for an automatic Option Two or automatic Option Three pension.

(c) This time shall not apply toward meeting the minimum service and age requirements for vesting, for a non-duty disability pension, or for a service pension.

Section 2. All ordinances, or parts of ordinances, which conflict with this ordinance are repealed.

Section 3. This ordinance is declared necessary to preserve the public peace, health, safety, and welfare of the People of the City of Detroit.

Section 4. In the event that this ordinance is approved by a two-thirds (2/3) majority of City Council Members serving, it shall be given immediate effect and become effective upon publication in accordance with Section 4-116 of the 1997 Detroit City Charter. Where this ordinance is passed by less than a two-thirds (2/3) majority of City Council Members serving, it shall become effective no later than thirty (30) days after enactment, or on the first business day thereafter in accordance with Section 4-115 of the 1997 Detroit City Charter.

Approved as to form only:

JOHN E. JOHNSON, JR.

Corporation Counsel

Read twice by title, ordered printed and laid on table.

RESOLUTION SETTING HEARING

By Council Member Conyers:

Resolved, That a public hearing will be held by this body in the Committee Room, 13th Floor of the Coleman A. Young Municipal Center on MONDAY, MAY 8, 2006 AT 9:45 A.M., for the purpose of amending Chapter 47 of the 1984 Detroit City Code, *Retirement Systems*, by amending Section 47-1-26, *Service Credit; Qualified Military Service (Pre-Employment Service).*

All interested persons are invited to be present to be heard as to their views.

Adopted as follows:

Yeas — Council Members S. Cockrel, Collins, Conyers, Jones, Kenyatta, Reeves, Tinsley-Talabi, Watson, and President K. Cockrel, Jr. — 9.

Nays — None.

CITY OF DETROIT
LAW DEPARTMENT

660 WOODWARD AVENUE
1650 FIRST NATIONAL BUILDING
DETROIT, MICHIGAN 48226-3535
PHONE 313•224•4550
FAX 313•224•5505
WWW.CI.DETROIT.MI.US

April 26, 2006

Detroit City Council
1340 Coleman A. Young
Municipal Center
Detroit, Michigan

Re: Proposed Ordinance to Amend Chapter 54, Article 30, of the 1964 Detroit City Code, Titled 'Crediting of Pre-employment Military Service (Up to 3 Years) to Qualified Members of the Police and Fire Retirement System,' to Provide for the Purchase of Pre-Employment Military Service Credit by Employees on the Active Payroll on or after October 1, 2005 and to Provide for a Revised Cessation Date of the Korean Conflict

Honorable City Council:

Pursuant to the applicable provisions of the 1997 Detroit City Charter, the above-referenced proposed ordinance is being submitted to your Honorable Body for consideration and passage. The proposed ordinance amends Chapter 54, Section 30, of the 1964 Detroit City Code, titled 'Crediting of Pre-employment Military Service (up to three (3) years) to Qualified Members of the Police and Fire Retirement System,' to revise the cessation date of the Korean Conflict from December 31, 1953 to January 31, 1955; and to provide for Military Service Credit to be purchased in accordance with Chapter 54 by any employee on the active payroll on or after October 1, 2005 for any military service beginning on or after May 8, 1975.

We request that this proposed ordinance be introduced at your next formal session and that a public hearing be scheduled and held within the next thirty (30) days. We are available to answer any questions.

Thank you for your consideration.

Respectfully submitted,

Brenda E. Braceful
Deputy Corporation Counsel

BEB:KL
Enclosure

SUMMARY

This proposed ordinance amends Chapter 54, Article 30, of the 1964 Detroit City Code, titled *Crediting of Pre-Employment Military Service (Up to 3 Years) to Qualified Members of the Police and Firemen Retirement System,* which was saved from repeal by Section 11-102 of the 1997 Detroit City Charter and Section 47-1-1 of the 1984 Detroit City Code, by amending Section 54-30-3(b) to revise the cessation date of the Korean Conflict from December 31, 1953 to January 31, 1955; and to provide for Military Service Credit to be purchased on any employees on the active payroll on or after October 1, 2005 for any military service beginning on or after May 8, 1975. This Ordinance does not rescind any substantive rights, entitlements or obligations with respect to benefits earned or accrued of members, retirees or beneficiaries of the System or supersede any conflicting provision of any collective bargaining agreements, or Act 312 Arbitration Awards.

BY COUNCIL MEMBER _____:

AN ORDINANCE to amend Chapter 54, Article 30, of the 1964 Detroit City Code, titled *Crediting of Pre-Employment Military Service (Up to 3 Years) to Qualified Members of the Police and Firemen Retirement System,* which was saved from repeal by Section 11-102 of the 1997 Detroit City Charter and Section 47-1-1 of the 1984 Detroit City Code, by amending Section 54-30-3(b) to revise the cessation date of the Korean Conflict from December 31, 1953 to January 31, 1955; and to provide for Military Service Credit to be purchased on any employees on the active payroll on or after October 1, 2005 for any military service beginning on or after May 8, 1975. This Ordinance does not rescind any substantive rights, entitlements or obligations with respect to benefits earned or accrued of members, retirees or beneficiaries of the System or supersede any conflicting provision of any collective bargaining agreements, or Act 312 Arbitration Awards.

IT IS HEREBY ORDAINED BY THE PEOPLE OF THE CITY OF DETROIT THAT:

Section 1. Chapter 54, Article 30, of the 1964 Detroit City Code, which was saved from repeal by Section 11-102 of the 1997 Detroit City Charter and Section 47-1-1 of the 1984 Detroit City Code, be amended by amending Section 54-30-3(b), to read as follows:

Sec. 54-30-3(b). Pre-employment Military Service Credit.[1]

A member on the City payroll on or after ~~January 1, 1979~~ October 1, 2005, who, prior to employment in the City service, was called to or entered or is called to or enters any full time miliary service of the United States, beginning on or after May 8, 1975, during

[1] This section was enacted as Ordinance 356-H, effective December 30, 1979. The ordinance was added to T.9, C. 7, A. 5, §§2, 3 of the 1918 Detroit City Charter as Section 54-30-3(b). Section 54-30-3(a) referenced in Ordinance 356-H cannot be located.

time of war, ~~period of compulsory military service, or period of national emergency as defined in this ordinance,~~ shall have the required period of active duty credited him or her as membership service, subject to the following conditions and limitations:

(1) The member files a written election with the Board of Trustees, within one hundred eighty (180) days following the effective date of this ordinance or one hundred eighty (180) days from the date of his or her first employment in the City service, whichever is most recent, to claim military service credit under the provisions of this section. A member who is included in a collective bargaining unit shall file a written election to claim military service credit with the Board of Trustees within one hundred eighty (180) days following the date of a negotiated approval and acceptance of this section by ~~his~~ the member's duly authorized bargaining agent as transmitted to the Board of Trustees by the Labor Relations Director or, in the case of members hired subsequent to the transmittal of approval and acceptance by ~~his~~ the member's duly authorized bargaining agent, within one hundred eighty (180) days from the date of ~~his~~ the member's first employment in the City service.

(2) The member furnishes the Board of Trustees a DD214 or equivalent form or such other information as the Board of Trustees determines necessary to verify the amount of military service claimed.

(3) The member pays to the Pension Accumulation Fund of the Retirement System an amount of five ~~(5)~~ percent (5%) of the member's annual rate of compensation at the time of payment multiplied by the years or parts of years of military service claimed.

(4) The required payment shall be made under one of the following options:

a. Payment in full within thirty (30) days of the election to claim military service.

b. Payment in equal bi-weekly installments by payroll deduction over a 36-month period starting thirty (30) days following the election to claim military service. Interest shall accrue during the period of installment payments at the compound rate of ~~5~~ five percent (5%) per annum. Payments must be completed prior to application for retirement.

c. If a member has sufficient funds in the principal portion of his or her annuity, ~~he~~ the member may authorize the Pension Bureau to transfer such funds to the Pension Accumulation Fund to meet the required payment.

(5) In the event a member, who has filed the required election of this benefit, and who would be eligible for a pension in all respects except for paying the full amount, dies prior to completion of the payment required in ~~Item~~ Subsection (4) ~~preceding~~ of this section, the person otherwise entitled to a retirement allowance may pay the full amount due within thirty (30) days of the member's death to become eligible for an additional pension credit under this section.

(6) Military service credited under the provisions of 54-30-3(a)[2] shall not be claimed or credited under the provisions of this section.

(7) Military service which is or will be the basis of service credit under any other public employee retirement program shall not be claimed or credited under

[2] This section has not been located.

the provisions of this section.

(8) In no case shall more than ~~3~~ three (3) years of pre-employment military service be credited a member on account of military service. For the purposes of this limitation __,__ military service credited pursuant to Section 54-30-3(a)[3] shall be combined with military service created pursuant to this section.

(9) The required payments made to the Pension Accumulation Fund for military service credit pursuant to this section shall, upon application by the member or ~~his~~ the member's estate, be returned without interest to any member who dies or leaves City employment prior to being eligible for a pension.

~~(10) Only honorable military service during the following periods:~~

~~World War II - December 8, 1941 to July 1, 1946.~~

~~Korean Conflict – June 27, 1050 to December 31, 1953.~~

~~Vietnam Conflict – August 5, 1964 to May 7, 1975~~

~~are applicable to this section.~~

(10) Up to three (3) years of pre-employment service credit, but not less than ninety (90) days, may be purchased for the period between the date of declaration of war by Congress and the recognized date of cessation of military hostilities, including but not limited to, the onset of World War II on December 8, 1941 to its conclusion on July 1, 1946; the onset of the Korean Conflict on June 27, 1950 to its conclusion on January 31, 1955; the onset of the Viet Nam Conflict on February 28, 1961 to its conclusion on May 7, 1975.

---

[3] *Ibid.*

(11) The military service credit pursuant to this section shall not apply toward meeting the minimum service and age requirements for vesting, for a non-duty disability pension , or for a service pension. Such service credit may be applied toward a member's credited service and may be used in meeting the minimum time needed for an automatic Option Two Pension in case of death of a member.

(12) In no case shall benefits be based on the military service credit provided by this section unless the member shall have been credited a minimum of eight (8) years of service credit not including military service credit.

(13) Special service, contractual, part-time, seasonal and summer camp employees are not eligible for the military service credit.

(14) In cases of doubt, the Board of Trustees will determine whether a member is entitled to the benefits of this section consistent with the requirements and limitations ~~herein~~ that are contain in this section.

Section 2. If any word, clause, sentence, paragraph, provision, or section of this ordinance is invalidated by any Court of competent jurisdiction, the remaining words, clauses, provisions, paragraphs, and sections shall not be affected and shall continue in full force and effect.

Section 3. All ordinances, or parts of ordinances, that are in conflict with this ordinance are repealed.

Section 4. This ordinance is declared necessary to preserve the public peace, health, safety, and welfare of the People of the City of Detroit.

Section 5. In the event that this ordinance is approved by a two-thirds (⅔) majority of City Council Members serving, this ordinance shall be given immediate effect and shall become effective upon publication in accordance with Section 4-116 of the 1997 Detroit City Charter. Otherwise, this ordinance shall become effective on the thirtieth day after enactment in accordance with Section 4-115 of the 1997 Detroit City Charter.

Approved as to form only:

Brenda E. Braceful KDS DAM
Deputy Corporation Counsel

GRS

Gabriel Roeder Smith & Company
Consultants & Actuaries

One Towne Square
Suite 800
Southfield, MI 48076-3723

248.799.9000 phone
248.799.9020 fax
www.gabrielroeder.com

January 30, 2007

Ms. Cynthia Thomas
The Police and Fire Retirement System of the City of Detroit
2 Woodward Avenue – Suite 908
Detroit, Michigan 48226

Re: The Police and Fire Retirement System of the City of Detroit
Valuation of an Alternate Benefit Provision

Dear Cynthia:

Enclosed are 20 copies of a memorandum presenting results of supplemental actuarial valuations of proposals under consideration for the Police and Fire Retirement System of the City of Detroit.

Sincerely,

Kenneth G. Alberts

KGA:bd
Enclosures

cc: Walter Stampor
Norman L. Jones (GRS)
Judith A. Kermans (GRS)

THE POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT SUPPLEMENTAL ACTUARIAL VALUATIONS OF PROPOSALS UNDER CONSIDERATION AS OF JUNE 30, 2005

Requested By: Board of Trustees
The Police and Fire Retirement System of the City of Detroit

Date: January 30, 2007

Submitted By: Kenneth G. Alberts and Norman L. Jones
Gabriel, Roeder, Smith & Company

Presented in this memorandum are the results of supplemental actuarial valuations to measure the financial effect of allowing members to purchase up to 3 years of military time served on or after May 8, 1975 upon proof of service.

The valuations were based upon the same member data and actuarial methods and assumptions that were used in the regular annual actuarial valuation as of June 30, 2005. Increases in active member accrued liabilities were amortized as a level percent of payroll over a period of 30 years, in accordance with the Board policy. Actuarial assumptions are adopted by the Retirement Board of Trustees. In particular:

- The assumed rate of investment return was 7.8%.
- The valuation method was entry-age normal cost.
- For purposes of amortizing unfunded accrued liabilities, payroll was assumed to increase 4.8% per year.

Supplemental valuations do not predict the result of future actuarial valuations. (Future activities can affect future valuation results in an unpredictable manner.) Rather, supplemental valuations give an indication of the probable effect of the change only on future valuations without comment on the complete end result of the future valuations.

The calculations contained herein are based upon assumptions regarding future events, which may or may not materialize. They are also based upon present and proposed plan provisions that are outlined in the report. If you have reason to believe that the assumptions that were used are unreasonable, that the plan provisions are incorrectly described, that important and relevant plan provisions are not described, or that conditions have changed since the calculations were made, you should contact the author of this report prior to relying on information in the report.

Active member data used in the valuation is summarized below:

	Active Members 6/30/2005
Number	4,799
Annual Payroll ($ millions)	$ 250.5
Average Age (years)	40.0
Average Service (years)	13.7
Average Payroll	$52,197

Since this proposal only applies to employees who were active on or after October 1, 2005, a vast majority of retired and deferred members are unaffected. For this reason, and because of insufficient data, we have not included costs for any retired or deferred members terminating after October 1, 2005 who may be eligible to purchase military service due to this change. We expect any costs associated with these individuals to be very small.

The Retirement System provided data for members that have reported military service time. Comparing this with the valuation data as of June 30, 2005, we found 637 current retirees and 179 current actives with reported military service of approximately 2.2 years on average.

Supplemental valuation results are shown for all divisions combined. Results for individual divisions will vary somewhat.

Benefit changes are often inter-related so that the cost of multiple changes may exceed the sum of individual costs. Any additional changes under consideration could affect the financial impact of this proposal.

THE POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT
MILITARY SERVICE PURCHASE
AS OF JUNE 30, 2005

Present Provision: Military service up to 3 years may be purchased for select periods of time served prior to 1975. The purchased service applies for determining the benefits payable but not for eligibility purposes.

Proposed Provision: Allow for the purchase of up to 3 years of military service served at any time upon receipt of proof of service provided by the member. The purchased service applies for determining the benefits payable but not for eligibility.

ACTUARIAL STATEMENT

Computed Increase In	% of Member Payroll
Employer Normal Cost	0.06%
Accrued Liabilities (30 Years)	0.04
Total Increase in Employer Rate	0.10%
First Year ($ thousands)	$250.5

Comments:

- The increase shown above assumes that active members will purchase 1 month of military service on average. This average was based on reported data which indicates that approximately 4% of current active members have an average of 2.2 years of qualifying military service.
- If actual experience is higher/lower then the increase in the contribution rate would be proportionally higher/lower than indicated.

ue to live on in the memory of his famly and friends and all of those who have been indelibly touched by his passing. NOW, THEREFORE, BE IT

RESOLVED, That the Detroit City Council remembers Grady Maurice Jeffries, Jr. and acknowledges the profound lesson of life, love and giving that he has taught us. May Grady Maurice Jeffries, Jr. walk in the company of Almighty God and rest in the beauty of Heaven forever.

Adopted as follows:

Yeas — Council Members S. Cockrel, Collins, Conyers, Jones, Kenyatta, Reeves, Tinsley-Talabi, Watson, and President K. Cockrel, Jr. — 9.

Nays — None.

RESOLUTION
IN MEMORIAM
FOR
DR. HUGH WILBUR ROLLOCKS, MD, FACOG, FACS, FRCS

By COUNCIL MEMBER REEVES:

WHEREAS, Hugh Wilbur Rollocks was born to Rev. and Mrs. Nathaniel James Rollocks on May 6, 1931 in Charlotte Amalie, St. Thomas, United States Virgin Islands; and

WHEREAS, Hugh Wilbur Rollocks attend Boys High School in Brooklyn, New York where his voice studies began. Following his graduation in 1949 he attended Howard University in Washington, D.C.; and

WHEREAS, His passion for music was great however, his passion for Medicine and helping others was greater. He went on to study medicine and the Howard University Medical School and upon graduation he completed his internship at Freedmen's Hospital in Washington D.C.; and

WHEREAS, Hugh Wilbur Rollocks joined the United States Air Force and Served at Selfridge Air Force Base where he attained the rank of Captain. He was also a member of the American Legion Air Force; and

WHEREAS, In 1965 Dr. Rollocks moved to Detroit, Michigan where he began a private medical practice at Grace, Mount Carmel, Harper, and Kirkwood Hospitals; and

WHEREAS, Dr. Rollocks always wanted to provide quality care for those who could not afford to pay for such services. This wish came into fruition when he traveled to Jamaica under the auspices of the National Association of Jamaican and Supportive Organizations; and

WHEREAS, Dr. Rollocks was a part of many organizations including the American Society for Colposcopy and Cervical Pathology, the Detroit Medical Society, and the Detroit Surgical Society. For as long as he was able, Dr. Rollocks remained active in his Fraternity, Omega Psi Phi, the Nu Omega Chapter. He was also a member of the Union of Black Episcopalians and he served as a Board Member of the Bishop H. Irving Mayson Scholarship Fund; NOW, THEREFORE BE IT

RESOLVED, That the Detroit City Council honors the memory of Dr. Hugh Wilbur Rollocks for his contributions to this community and beyond during his lifetime.

Adopted as follows:

Yeas — Council Members S. Cockrel, Collins, Conyers, Jones, Kenyatta, Reeves, Tinsley-Talabi, Watson, and President K. Cockrel, Jr. — 9.

Nays — None.

RESOLUTION
IN MEMORIAM
FOR
WILLIE ALBERT WYNN

By COUNCIL MEMBER JONES:

WHEREAS, Willie Albert Wynn was born on March 28, 1919 in Dublin, Georgia. He graduated from Booker T.

6:30 p.m. to 8:00 p.m.
Barton McFarlane Community Center
8222 Joy Road
Detroit, MI 48204

Copies of the proposed ordinances may be reviewed at the Commission Clerk's Office, 462 Wayne County Building, 600 Randolph, Detroit, MI 48226. (313) 224-0903.

W.C.C.- 6

NOTICE OF PUBLIC HEARING ON PROPOSED ORDINANCE TO AMEND CHAPTER 54, ARTICLE 30, POLICE AND FIRE RETIREMENT SYSTEMS

Notice is hereby given that a PUBLIC HEARING will be held by the City Council of Detroit, Michigan, in the Committee Room, 13th Floor of the Coleman A. Young Municipal Center on **THURSDAY, MAY 11, 2006 AT 9:45 A.M.** at which time all interested persons are invited to be present and heard as to their views on the above proposed ordinance amendment described as follows:

SUMMARY

This proposed ordinance amends Chapter 54, Article 30, of the 1963 Detroit City Code, titled "Crediting of Pre-Employment Military Service (Up to 3 Years) to Qualified Members of the Police and Firemen Retirement System," which was saved from repeal by Section 11-102 of the 1997 Detroit City Charter and Section 47-1-1 of the 1984 Detroit City Code, by amending Sections 54-30-3(b) to revise the cessation date of the Korean Conflict from December 31, 1953 to January 31, 1955; and to provide for Military Service Credit to be purchased on any employees on the active payroll on or after October 1, 2005 for any military service beginning on or after May 8, 1975. This Ordinance does not rescind any substantive rights, entitlements or obligations with respect to benefits earned or accrued of members, retirees or beneficiaries of the System or supersede any conflicting provision of any collective bargaining agreements, or Act 312 Arbitration Awards.

Copies of the ordinance are available in the office of the City Clerk, Coleman A. Young Municipal Center, Room 200.

JANICE M. WINFREY
City Clerk

NOTICE TO THE HEARING IMPAIRED:

If you would like a sign language interpreter to be present at the public hearing, please call the Council's Research & Analysis Division at 224-4946 at least 48 hours before the scheduled hearing time.

City Clk.- 35

Thought Provokers

Every man, even the most blessed, needs more than average luck to survive this world.

—Vance Bourjaily

* * *

Would that life were like the shadow cast by a wall or a tree, but it is like the shadow of a bird in flight.

—The Talmud

* * *

Everyone is a moon and has a dark side which he never shows to anybody.

—Mark Twain

* * *

An ideal committee is one with me as chairman, and two other members in bed with the flu.

Lord Milverton

Guilford	Edsel Ford (I-94)
Hampshire	Annsbury
Hancock	Mt. Elliott
Harlow	Cambridge
Harvard	Warren
Hathon	Strong
Heidelberg	Ellery
Helen	Edsel Ford (I-94)
Helen	Eight Mile (M-102)
Hern	Dickerson
Heyden	Grand River (M-5)
Holcomb	Georgia
Hull	Nevada
Hull	State Fair
Ilene	Pickford
Inverness	Puritan

DETROIT WATER AND SEWERA

Kwame M. Kilpatrick, M
City of Detroit

May 4, 2006

ANNOUNCEMENT FOR REQUEST I FOR DESIGN-BUILD CONTRAC

NORTHEAST WATER TREATMENT PLAN CRITICAL IMPROVEMI

The Detroit Water and Sewerage Department (DV provide design-build services under a negotiatec included will be located in two areas of the Northea

Low Lift PS — Refurbishment of gate valves; replacement of vacuum priming piping; hydro-pnei gate valves from new hydro-pneumatic system locat electrical and control work as required; and lea associated with the project.

High Lift PS — Refurbishment of a 52 MGD pur refurbishment of a butterfly valve, cone valves and cone valves, gate valves and valve operators; repla uum priming system; demolition of existing hydraulic ic system to replace the existing oil accumulator sys of dehumidification system; header piping repai structural repairs; concrete repairs to walls; walkv replacement/painting; associated electrical and co paint abatement of all areas associated with the pr

The Work shall include architectural, structural, electrical, instrumentation and control, testing and a to provide a complete and fully functional facility, ar intended purpose, all in accordance with the Requi

Services to be provided by the design-builder ge design, engineering, permitting, coordination, proc construction, quality control, start-up, testing, trai spare parts, maintenance and all other activities ne

In addition to the requirements stated in this Re element of the following minimum qualifications is r member of Proposer's team: (a) a minimum of fiv design, construction, operation and maintenance c facilities: cone valves, butterfly valves, gate valve systems and structural improvements. (b) a minimu in the design, construction, operation and maint hydropneumatic mechanical systems. (c) ability to requirements and procedures during the performar local conditions and **DWSD** requirements and proce ulatory agencies, (f) knowledge of associated regula of standards and specifications required in the RF employees on operating and maintaining such faci demonstrate available performance and payment b the proposal price.

The **Design/Build (D/B) Contractor** will be rec Detroit Executive Orders No. 2003-3, 2003-4, 200 Details of these Executive Orders are included in th

The **D/B Contractor** and all subcontractors will from the Detroit Human Rights Department and the

Proposers are asked to submit non-economic ar for selection based on the criteria set forth in the RI proposals, **DWSD** will enter into Contract n Proposers. Should **DWSD** determine, in its sole and negotiations are unproductive, **DWSD** may termina and initiate negotiations with another Proposer.

Beginning **May 9, 2006,** an RFP package may be c Section, 15th floor room, 1501 Water Board Buildi Michigan 48226 on business days between the ho non-refundable $200.00 fee in the form of a certifiec to the "Detroit Board of Water Commissioners" package. Please call Bernadine Holt at (313) 964-9 distribution of RFP.

A site tour for all prospective proposers will be co on May 25, 2006. The tour will include all sites spe improvements. The tour will begin at the No Administration Building located at 11000 E. Eight Mi provide hard hats and safety glasses. Proposers ma facility by contacting DWSD's Engineering represe 964-9842 to make an appointment.

A pre-proposal conference will be held at 2:00 p.