

MINUTES OF THE MEETING OF THE COMMITTEE-OF-THE-WHOLE OF THE CITY OF GROSSE POINTE WOODS HELD ON MONDAY, NOVEMBER 30, 2015, IN THE CONFERENCE ROOM OF THE MUNICIPAL BUILDING, 20025 MACK AVENUE, GROSSE POINTE WOODS, MICHIGAN.

PRESENT: Mayor Novitke
Council Members Bryant, Granger, Ketels, Koester, Shetler
ABSENT: McConaghy

ALSO PRESENT: City Administrator Fincham
Treasurer/Comptroller Irby
City Clerk Hathaway
Assessor Colombo
Pension Attorney VanOverbeke

Mayor Novitke called the meeting to order at 7:31 p.m.

Motion by Bryant, seconded by McConaghy, that Council Member McConaghy be excused from tonight's meeting.

Motion carried by the following vote:

Yes: Bryant, Granger, Ketels, Koester, Novitke, Shetler
No: None
Absent: McConaghy

Motion by Granger, seconded by Shetler, that all items on tonight's agenda be received, placed on file, taken in order of appearance.

Motion carried by the following vote:

Yes: Bryant, Granger, Ketels, Koester, Novitke, Shetler
No: None
Absent: McConaghy

The purpose of tonight's meeting was to discuss **defined benefit versus defined contribution pension plans**. As follow-up to a previous meeting, Mr. VanOverbeke returned to reported on additional information. He distributed a document entitled, *Hybrid Pension Plans – Alternatives to Traditional Defined Benefit and Defined Contribution Pension Plans dated November 30, 2015*. There is a necessity to reduce legacy and OPEB costs.

Mr. VanOverbeke is to determine if bonding is still allowed regarding accrued health care costs.

The Chair declared a recess at 8:45 p.m., and reconvened at 8:52 p.m.

Following discussion, Mr. VanOverbeke recommended the City put together a side-by-side defined benefit/defined contribution plan with the long-term goal of lowering the normal cost. He suggested for example the defined benefit could have a reduced multiplier, and that wages be redefined, to a certain degree, that are included in final average compensation. The defined contribution could include creating a plan that is attractive to the employees to save for retirement and to provide predictability. It would include an employee match. He said the City needs to reduce the defined benefit and over time increase the reduction.

He also stated that a buy-in is needed from both the employer and the employee sides, and that a discussion with Sandy Rodwan is needed to design a plan based on figuring accrued liability. The Treasurer/Comptroller provided suggestions to consider when designing the hybrid defined benefit/defined contribution plan.

The Mayor asked the Treasurer/Comptroller, City Administrator, Mr. Colombo, and Mr. VanOverbeke to meet with the Labor Attorney to discuss whether controlling pension costs will play a part in union negotiations and to discuss with Sandy Rodwan if appropriate. The Treasurer/Comptroller provided an overview reporting on the other Grosse Pointe communities' plans. There was a consensus of the committee that the Treasurer/Comptroller is to obtain the other Grosse Pointe communities' actuarial reports, copy of pensions, and summary of annual reports through Freedom of Information.

This item is to remain on the Committee-of-the-Whole.

Motion by Granger, seconded by Ketels, that the meeting of the Committee-of-the-Whole be adjourned at 10:49 p.m. PASSED UNANIMOUSLY.

Respectfully submitted,

Lisa Kay Hathaway
City Clerk