

# **SPECIAL COMMITTEE OF THE WHOLE**

Wednesday ~ August 4, 2010  
Menominee County Courthouse  
Courtroom A

**APPROVED 9.14.2010**

The meeting was called to order at 6:00 p.m. (CST) by Vice Chairman, Charlie Meintz

The Pledge of Allegiance was recited.

Roll call was taken with the following in attendance:

Present: Commissioners Furlong, Anderson & Lang

Excused: Commissioner Eichhorn

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**Public Comment:** None

**Department Head Reports/Comments:** None

**Approval of the Agenda:** Com. Furlong approved the agenda, Com. Anderson seconded. Motion carried 4/0.

**Approval of the Previous Meeting Minutes:** There are no previous minutes for this special meeting.

**Presentations:** Tony Radjenovich – Regional Manager for MERS, Northern MI. and Lynda Pittman, Retirement Outreach Director.

Retirement plan for Men. Co. Employees – Annual Actuarial Valuation Report will be referred to during this meeting– Menominee County administers a defined benefit plan. Lang: Would you explain the difference between Defined Benefit and Defined Contribution sometime in this meeting? Lynda: Absolutely, we'll get into that. Page 22 of the valuation report. The annual overall cost for the Menominee Co. nest is estimated at \$583,392 which is compiled of (long term) Normal Costs and Unfunded Accrued Liability. There are three divisions that don't have active employees (Sheriff Non Union, Bldg Grnds Superintendent, and Administrator). Example, pg. 18 Division 1, Airport Employees; Percent funded is 193% meaning each employee has \$1.93 for every dollar of liability for the airport employees. Furlong: is there a way to take \$ from those that are over funded and put that with another group to help fund it? Yes, there is a way though MERS cautions the move if a union is involved. You want to be sure the move doesn't affect employees (or under fund employees). Sheriff non union has no active employees but does have retirees at a liability of 381,427 with assets at only 166,073 so they are only 43.5% funded. That means the county will need to pay a flat rate into this division to pay for the retirees. Page 6 – B-3 = a 2.25% multiplier with 80% max. The multiplier "x" years of service "x" wages determines the benefit. If the formula is equal to higher than 80%, it will remain at 80%. Anderson: How is our retirement plan funded? The county pays the contribution. Anderson: How does our employee get paid? Lynda: You mean how do they receive retirement? Yes. The money comes in from the employer and the employee payroll determines how much is paid by employee contribution for the county. MERS pools the money into stocks and other investments and it is governed by public act 314. Anderson: If the stock market drops Menominee County is liable for the retirement. Yes. Lang: How does MERS determine on how much we pay. Lynda: All pages of this report determine how much you pay. You, as the county board have agreed to the terms of retirement which is 80% max. You can not change anything until those divisions are 80% funded. You made a

promise to the employee to provide that. Anderson: are you saying that we are not allowed to make changes until we are 80% funded? That is correct. Anderson: what does under funded actually mean? Page 20 – overall the entire municipality is 76% funded. You’ve got a liability for everyone and assets for everyone they are either over funded or under funded. Anderson: Because we’re under funded, we’re paying more retirement dollars in? Yes. Meintz: What is the most common reason for the gov. bodies to be under funded. The number one reason is benefit improvements and the number two reason is temporary benefit improvements and the third thing is your payroll. If you were 100% funded, you would still pay normal costs (Pg. 22). Anderson: Even after the employee retires, the county is responsible for paying retirement until death? Lynda: Yes. You could merge some divisions that don’t have active members. Linking divisions; you could negotiate for new hires to have a lesser multiplier than 2.25%. (B-3). Bridged benefits: MI constitution article 9 section 24 states that public employees pension can not be diminished. You can freeze what they have already accrued and bridge to accrue at a lesser multiplier. But it will freeze what is already there, and the employee will pay the new multiplier from that point on. The average multiplier in the MERS system is the B-4 2.5% with a 10 year vesting with a 55 year old retirement age. You should get with Tony to get some actuaries together for the negotiation process. This will help you determine what can be negotiated to possibly save the county money in the long term. You may want to look at merging some divisions. You are allowed 5 divisions any after that, you’re being charged \$1,000 per year for each additional division. We (MERS) can come in to the negotiation process and answer questions during the negotiation process.

**Agenda Items:**

**1. Personnel Items:**

a. None

**2. Building and Grounds/ Parks Items:**

a. None

**3. Miscellaneous Items:**

a. None

**4. Finance Items:**

a. None

**Other Items Members may wish to present:**

- a. Lang: PILT – to be discussed for approval at the MAC summer conference. This is to discontinue to allow the DNR purchasing of new properties until taxes are paid in full to the counties. Also there is discussion about the Severed mineral rights to protect surface owners.

**Correspondence:** None

**Public Comment:** Glen Lindstrom - Take the suggestion to have MERS come to help with negotiating. (To MERS) When a person retires, would the retirement money fluctuate with the economy? Lynda: It depends on whether you have a cost of living rider. Furlong: when you say 100% funded, That means you don’t have to pay unfunded costs, you will still have to pay normal costs. Yes. Glen Lindstrom: What inspired me to come here tonight is the article in the paper. Where two employees were terminated and the county has to continue to pay for their retirement, is that correct? Tony: They were terminated with a liability still due for the service they gave to the county toward their retirement program. Glen: Can you terminate an employee and not pay retirement? Lynda: Not unless you want to get sued. The MI constitution protects their approved benefit when they’re vested, vested means ownership of that benefit, ten years is the vested schedule that the county has. Those

people had over ten years of service. Those people are entitled to that benefit. You have to continue to make contributions to fully fund that benefit.

**Adjournment:** Moved by Comm. Anderson, supported by Comm. Meintz to adjourn this meeting at 7:41 pm. Motion carried, 4-0.