



CITY OF PONTIAC
OFFICE OF THE EMERGENCY MANAGER
LOUIS H. SCHIMMEL

47450 Woodward Avenue
Pontiac, Michigan 48342
Telephone: (248) 758-3133
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Dated: April 18, 2012

ORDER NO. S-183

RE: Approval of Employee Compensation Plan

TO: ✓ Sherikia Hawkins, City Clerk
Cathy Square, Human Resources Director
Joseph M. Sobota, Assistant to the Emergency Manager
Don Mannix, Sarcom

The Local Government and School District Fiscal Accountability Act (Public Act 4 of 2011) in Section 17(1) empowers an Emergency Manager to issue the orders the Manager considers necessary to accomplish the purposes of the Act and any such orders are binding on the local officials or employees to whom they are issued. Section 19(1) provides that an Emergency Manager may take on one or more additional actions with respect to a local government in receivership: (g) Make, approve or disapprove any appropriation, contract, expenditure...; (dd) Exercise solely, for and on behalf of the local government, all other authority and responsibilities of the local government of the chief administrative officer and governing body concerning the adoption, amendment and enforcement of ordinances or resolutions of the local government...; and 19(2) ...the authority of the chief administrative officer and governing body to exercise power for and on behalf of the local government under law, charter, and ordinance shall be suspended and vested in the Emergency Manager.

It is hereby ordered:

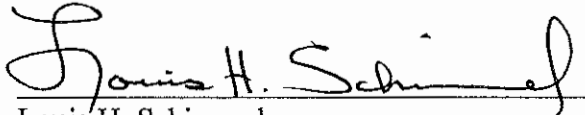
1. The attached City of Pontiac Employee Compensation Plan is adopted.
2. The Assistant to the Emergency Manager shall submit a copy of this employee compensation plan, in accordance with the provisions of Public Act 63 of 2011, section 951(3)(c), to the Michigan Department of Treasury.
3. The City Clerk shall make this employee compensation plan available for public viewing in the clerk's office.
4. Sarcom shall post this employee compensation plan on the City's web site.

5. The Human Resources Director shall insure that all collective bargaining agreements and ordinances requiring an amendment to comply with all the provisions in this plan are identified and presented for appropriate changes and amendments.

The Order shall have immediate effect.

Copies of the documents referenced in this Order are to be maintained in the offices of the City Clerk and may be reviewed and/or copies may be obtained upon submission of a written request consistent with the requirements of the Michigan Freedom of Information Act and subject to any exemptions contained in that state statute and subject to any exemptions allowed under that statute (**Public Act 442 of 1976, MCL 15.231, et. seq.**).

This Order is necessary in order to carry out the duties and responsibilities required of the Emergency Manager as set forth in the **Local Government and School District Fiscal Accountability Act (Public Act 4 of 2011)** and the contract between the State of Michigan and the Emergency Manager.



Louis H. Schimmel
City of Pontiac
Emergency Manager

cc: State of Michigan Department of Treasury
Mayor Leon B. Jukowski
Pontiac City Council

City of Pontiac

Employee Compensation Plan

Effective May 1, 2012

Employees Covered under a Collective Bargaining Agreement

For any new, modified, or extended collective bargaining agreement signed by the City of Pontiac after May 1, 2012, the following components shall be included:

- All new hires will be placed on a defined contribution plan where the City's contribution is limited to five percent (5%) of base salary. The GERS system shall be closed to all new hires. **Presently, the members of the Teamsters and AFSCME hired after July 1, 2010 are in compliance with this provision.**
- For defined benefit pension plans for current employees, a maximum multiplier of 1.5% for all employees who are eligible for social security benefits, except, where postemployment health care is not provided, the maximum multiplier shall be 2.25%. For all employees who are not eligible for social security benefits, a maximum multiplier of 2.25%, except, where postemployment health care is not provided, the maximum multiplier shall be 3.0%.
- For defined benefit pension plans for current employees, final average compensation for all employees is calculated using a minimum of 3 years of compensation and shall not include more than a total of 240 hours of paid leave. Overtime hours shall not be used in computing the final average compensation for an employee.
- Health care premium costs for all employees shall include a minimum employee share of 20% of the premium or the difference between the cost of the premium and the hard cap identified in Public Act 152 of 2011, whichever is more advantageous to the City. **This provision has already been enacted.**

Employees Not Covered under a Collective Bargaining Agreement

For all current and future non-union employees hired by the City of Pontiac, excluding elected officials and employees of the 50th District Court, the following employee compensation plan is effective:

Retirement

- Any new full-time employee who is not covered by a collective bargaining agreement hired after May 1, 2012 shall be placed in the ICMA Defined Contribution Plan if the employee chooses to participate. The City shall make a contribution equal to five percent (5%) of the employee's base salary to the plan if the employee chooses to participate in the plan. The employee may contribute any amount as determined by the employee to the plan. The GERS defined benefit plan shall be closed to all new hires and to any current employee who is not an active participant in the GERS defined benefit plan upon the effective date of this plan.
- For defined benefit pension plans for current employees, a maximum multiplier of 1.5% for all employees who are eligible for social security benefits, except, where postemployment health care is not provided, the maximum multiplier shall be 2.25%. For all employees who are not

eligible for social security benefits, a maximum multiplier of 2.25%, except, where postemployment health care is not provided, the maximum multiplier shall be 3.0%.

- For defined benefit pension plans for current employees, final average compensation for all employees is calculated using a minimum of 3 years of compensation and shall not include more than a total of 240 hours of paid leave. Overtime hours shall not be used in computing the final average compensation for an employee.
- The GERS defined-benefit plan shall be modified to the extent necessary to comply with this plan for current employees enrolled in the GERS defined benefit plan.

Health Insurance

- Any future full-time or current employee who is not covered by a collective bargaining agreement or other employment agreement in which the employee is not granted health insurance coverage may be provided Humana Health Inc Plan PPO 8 or a comparable plan with another carrier. The employee shall be responsible for paying twenty percent (20%) of the premium for health and prescription drug insurance or the difference between the premium and hard cap defined in Public Act 152 of 2011, whichever is a greater cost to the employee. All such payments will be deducted from the employee's payroll using pre-tax dollars. New employees shall be eligible to receive health insurance benefits after sixty (60) calendar days of employment. Health insurance benefits shall cease upon separation from employment or any unpaid leave of absence that exceeds two weeks. Coverage shall be offered to the employee, employee's spouse, and children under the age of 19. The City will provide a family continuation rider at the employee's expense for eligible dependent children between the ages of 19 and 25 in accordance with the following unless otherwise mandated by Federal Statute: 1. Be unmarried and between the ages of 19 and 25 and be dependent on the member for their support as defined by the United States Internal Revenue Code, and be a student is a recognized college or university carrying at least twelve (12) credit hours per semester.
- Any full-time employee who is not covered by a collective bargaining agreement, is an active member of the GERS pension plan, and is receiving health insurance coverage provided by the City at date of this order shall be entitled to the same health insurance coverage as identified above upon retirement under the provisions of the GERS plan. Upon reaching eligibility to enroll in Medicare, the retiree and/or spouse shall be required to participate in a Medicare Advantage or equivalent plan. The retiree shall be responsible for all Medicare Part B payments. Conversely, any full-time employee who is not covered by a collective bargaining agreement and is not an active member of the GERS pension plan shall not be eligible for any health insurance benefit upon retirement.
- Any full-time or current employee who is not covered by a collective bargaining agreement or other employment agreement in which the employee is not granted health insurance coverage and may opt out of City provided health insurance coverage upon proof of sufficient outside health care coverage and receive two thousand dollars (\$2,000) annually paid in equal monthly installments.

Dental Insurance

- Any current or future full-time employee who is not covered by a collective bargaining agreement or other employment agreement in which the employee is not granted dental insurance coverage may be provided Delta Dental Core Plan A or a comparable plan with another carrier. Employees may opt to buy an enhanced plan at the employee's sole expense. Any full-time employee who is not covered by a collective bargaining agreement, is an active member of the GERS pension plan, and is receiving dental insurance coverage provided by the City at date of this order shall be entitled to the same dental insurance coverage as identified above upon retirement under the provisions of the GERS plan. The retirement dental benefit described herein shall be provided only to the employee and the employee's spouse.

Life Insurance

- The City shall not provide any life insurance benefit to any employee not covered by a collective bargaining agreement who has been hired after May 1, 2012 or to any current employee who is not presently receiving a life insurance benefit.
- The City may provide life insurance valued at twice the rate of their then existing annual base salary only to the following employees: Ty Hinton, Clarissa Cayton-Grigsby, Phyllis Long, Tamartha Green-McCarty, Sheryl Stubblefield, and Pamela Fladger, and upon retirement from the City under the GERS system, the City shall provide a life insurance benefit equal to the employee's last annual base salary.

Hearing, Optical, Disability Insurance

- The City shall not provide any hearing, optical, or disability insurance.

