



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

Amendment to City of Pontiac Emergency Manager Order S-273 of May 28, 2013:

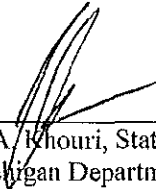
1. **Recommended Change to EM Order** – It has been recommended to amend Emergency Manager Order S-273 to grant health and dental insurance benefits, and payment in lieu of such benefits as described in the MERS Health Care Savings Program Participation Agreement, and a MERS defined contribution pension plan as described in the MERS Defined Contribution Plan Adoption Agreement, to be effective August 1, 2015. The RTAB reviewed this request and determined the changes will not have any negative impact upon City operations.
2. **Justification for Recommendation** – This Employee Compensation Plan shall replace the Employee Compensation Plan dated July 1, 2013 and amended by authorization of the State Treasurer on November 7, 2013.

State Treasurer Approval:

I, Nick A. Khouri, State Treasurer for the State of Michigan, pursuant to the authority assigned by the Governor of the State of Michigan at the time of appointment of the Receivership Transition Advisory Board, do hereby:

Approve Submitted Recommendation

Deny Submitted Recommendation



N. A. Khouri, State Treasurer
Michigan Department of Treasury

Date 7/6/15



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

47450 Woodward Avenue
Pontiac, Michigan 48342
Telephone: (248) 758-3133
Fax: (248) 758-3292

Dated: May 28, 2013

ORDER NO. S-273 – REVISED

Amended: July 06, 2015

RE: S-222 Revised - Approval of Employee Compensation Plan

TO: Sherikia Hawkins, City Clerk
John Naglick, Finance Director
Ken Martin, Team Leader, SARCOM

The Local Financial Stability and Choice Act (Act 436 of 2012/MCL 141.15411, et. seq.) in Section 10 empowers an Emergency Manager to issue orders to the appropriate local elected and appointed officials and employees, agents, and contractors of the local government a Manager considers necessary to accomplish the purposes of the Act and any such orders are binding on the local elected and appointed officials and employees, agents, and contractors of the local government to whom they are issued.

Section 12(1) of the Act provides that “[a]n emergency manager may take 1 or more of the following additional actions with respect to a local government that is in receivership, notwithstanding any charter provision to the contrary: (ee) [t]ake any other action or exercise any power or authority of any officer, employee, department, board, commission, or other similar entity of the local government, whether elected or appointed, relating to the operation of the local government. The power of the emergency manager shall be superior to and supersede the power of any of the foregoing officers or entities.”

It is hereby ordered:

1. The attached City of Pontiac Employee Compensation Plan effective August 1, 2015 is adopted.
2. The City Clerk shall make this employee compensation plan available for public viewing in the clerk’s office.
3. SARCOM shall post this employee compensation plan on the City’s web site.
4. 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 effective as indicated and is necessary to carry out the duties and responsibilities required of the Emergency Manager as set forth in the Local Financial Stability and Choice Act (Act 436 of 2012/MCL 141.15411, et. seq.) and the contract between the Local Emergency Financial Assistance Loan Board 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 August 1, 2015

This Employee Compensation Plan shall replace the Employee Compensation Plan dated July 1, 2013 and amended by authorization of the State Treasurer on November 7, 2013.

Employees Covered under a Collective Bargaining Agreement

For any new, modified, or extended collective bargaining agreement signed by the City of Pontiac or 50th District Court after May 24, 2013, the following components shall be included:

- Any new employee hired shall not be allowed to participate in the City GERS defined benefit plan. The GERS plan shall be closed. For employees who will retire under the GERS system, 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%, and the 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.
- In addition, the City will permit all employees to participate in a 457(b) deferred compensation plan with a plan designated by the City. At this time of this agreement, the City has selected the ICMA Retirement Corporation. Participation in this plan is voluntary, and the City shall not make contributions to this plan.
- All future collective bargaining agreements of which the City is the funding unit will permit all employees who are not a member of GERS to participate in the MERS Defined Contribution Plan as described in the MERS Defined Contribution Plan Adoption Agreement approved by the Transition Advisory Board on June 17, 2015.
- If it is determined that any of these provision are in violation of IRS tax codes or other relevant laws, rules or regulations, the parties shall meet and agree to alternative contract language to bring these provisions into full compliance.
- At no time shall the City permit the establishment of any defined contribution or deferred compensation plan that requires the City to actively manage the plan or file any reports with the IRS.
- Health care premium costs shall include a minimum employee share of 20%; or, an employer's share of the local health care plan costs shall be cost competitive with the new state preferred provider organization health plan, on a per employee basis whichever is more advantageous to the City (i.e. "hard cap"). **The option selected by the City will effect all classes of employees. All such payments will be deducted from the employee's payroll using pre-tax dollars.**

Employees Not Covered under a Collective Bargaining Agreement

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

Retirement

- The GERS defined benefit plan shall be closed to all new hires.
- The City will permit all full-time employees who are not a member of GERS to participate in the MERS Defined Contribution Plan as described in the MERS Defined Contribution Plan Adoption Agreement approved by the Transition Advisory Board on June 17, 2015.
- The City will permit all employees to participate in a 457(b) deferred compensation plan with a plan designated by the City. At this time of this agreement, the City has selected the ICMA Retirement Corporation. Participation in this plan is voluntary, and the City shall not make contributions to this plan.

Health Insurance

- Any 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 Blue Cross Glidepath or a comparable plan with another carrier. Health care premium costs shall include a minimum employee share of 20%; or, an employer's share of the local health care plan costs shall be cost competitive with the new state preferred provider organization health plan, on a per employee basis, whichever is a greater cost to the employee (i.e. "hard cap"). The option selected by the City will effect all classes of employees. All such payments will be deducted from the employee's payroll using pre-tax dollars. 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. **The cost sharing option selected by the City will affect all classes of employees. No employee shall be entitled to health insurance upon retirement, unless the employee signed an employment agreement with the City before August 19, 2013 which permits the employee to have health insurance coverage upon retirement, provided health insurance is provided to other City retirees.**
- Any full-time employee of the City or 50th District Court hired as a full-time employee after January 1, 2011 and is not a member in GERS who opts out of receiving health insurance described above shall have the option of receiving either in cash, forty percent of the of the biweekly cost to the City as limited by law of the appropriate health insurance package for the employee based on marital status, or fifty percent of the of the biweekly cost to the City as limited by law of the appropriate health insurance package for the employee based on marital status, as a contribution to the MERS Health Care Savings Program as described in the MERS Health Care Savings Program Participation Agreement approved by the Transition Advisory Board on June 17, 2015.
- 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.

Dental Insurance

- Any current 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 while employed with the City only. 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 as of May 28, 2013 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 coverage to non-union employees who retire after July 1, 2013, to the extent that such coverage is provided in their employment agreement, provided other retirees are receiving a life insurance benefit.

Hearing, Optical, Disability Insurance

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