



Legislation Details (With Text)

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**File created:** 7/18/2011      **In control:** City Council  
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**Enactment date:** 7/18/2011      **Enactment #:** ORD-11-14

**Title:** An Ordinance to Amend Sections 1:552(1) and Section 1:572(b) of Chapter 18, Employees Retirement System, Title I of the Code of the City of Ann Arbor to Implement a "Pick-Up" Provision Allowed by Internal Revenue Code 414(h) and Increase the Contribution Level for Members Represented by the Ann Arbor Police Officers Association for Police Service Specialists and to Renumber Section 1:552 (Ordinance No. ORD-11-14)

**Sponsors:**

**Indexes:**

**Code sections:** Chapter 18 - Employees Retirement System

**Attachments:** 1. 11-14 Briefed and Approved, 2. ORD-11-14 Briefed, 3. Pick up Amendment PD Specialist, 4. 11-14 Approval Notice.pdf

Date	Ver.	Action By	Action	Result
8/4/2011	1	City Council	Held and Closed	
8/4/2011	1	City Council	Adopted on Second Reading	Pass
7/18/2011	1	City Council	Approved on First Reading	Pass

An Ordinance to Amend Sections 1:552(1) and Section 1:572(b) of Chapter 18, Employees Retirement System, Title I of the Code of the City of Ann Arbor to Implement a "Pick-Up" Provision Allowed by Internal Revenue Code 414(h) and Increase the Contribution Level for Members Represented by the Ann Arbor Police Officers Association for Police Service Specialists and to Renumber Section 1:552 (Ordinance No. ORD-11-14)

Human Resources Services recommends approval of amendment of the pension ordinance. The amendments to the pension ordinance implement a pick up feature as permitted by the Internal Revenue Code and increases the current contribution to the Pension System made by members of the Police Service Specialists from 5% to 6%. This change is a result of collective bargaining with this unit which resulted in a successor contract approved by Council on June 20, 2011.

This pick up feature will convert the current post-tax 5% pension contribution made by members of the Police Service Specialists to a 6% pre-tax contribution. The amendment becomes effective with the pay period beginning August 14, 2011.

In addition, renumbering of the definition section, separating the section into new smaller sections is being recommended. Section 7.3(g) of the City Charter requires that when a section of an ordinance is amended or revised it be reenacted and published at length. By separating a long definitional section into smaller sections future amendment will only have to restate/publish the smaller section that includes the amendment.

Prepared by: Nancy Niemela, Senior Assistant City Attorney

Reviewed by: Robyn Wilkerson, Director, Human Resources and Labor Relations

Approved by: Tom Crawford, Interim City Administrator

ORDINANCE NO. ORD-11-14

First Reading : July 18, 2011

Approved: August 4, 2011

Public Hearing : August 4, 2011

Published: August 16, 2011

Effective: August 26, 2011

EMPLOYEES' RETIREMENT SYSTEM

An Ordinance to Amend Sections 1:552(1) and Section 1:572(b) of Chapter 18, Employees Retirement System, Title I of the Code of the City of Ann Arbor to Implement a "Pick-Up" Provision Allowed by Internal Revenue Code 414(h) and Increase the Contribution Level for Members Represented by the Ann Arbor Police Officers Association for Police Service Specialists and to Renumber Section 1:552.

The City of Ann Arbor Ordains:

Section 1. That Section 1:552 be renumbered and text of Section 1:552(1) of Chapter 18 of Title 1 of the Code of the City of Ann Arbor be amended to read as follows:

**1:552.1 Definitions A-F.**

The following words and phrases used in this chapter shall have the following meanings, unless a different meaning is clearly required by the context:

(1) *Accumulated Contribution.* The sum of all amounts deducted from the Compensation of a Member and credited to the Member's individual account to the Annuity Savings Fund under section 1:572, together with applicable interest thereon, at the Accumulated Contribution Interest Rate set forth in section 1:552(2). Prior to January 1, 2010, such contributions were deducted from non-union Members' Compensation and made on an after-tax basis. Beginning with the first pay period which begins in January 2010, non-union Member contributions are made on a pre-tax basis pursuant to the "Pick-Up" Feature (as provided at Code Section 414 (h)) of section 1:572(b). Prior to August 1, 2010, such contributions were deducted from the compensation of members of the Teamsters Police Deputy Chiefs bargaining unit, Local 214 Teamsters Civilian Supervisors bargaining unit and Teamsters Police Professional Assistants bargaining unit on an after tax basis. Beginning with the first pay period which begins in August 2010, the member contributions of the employees of the Teamsters Police Deputy Chiefs bargaining unit, Local 214 Teamsters Civilian Supervisors bargaining unit and Teamsters Police Professional Assistants bargaining unit are made on a pre-tax basis, pursuant to the "pick-up" feature of section 1.572(b). Prior to August 14, 2011, such contributions were deducted from the compensation of Members of the Police Service Specialists bargaining unit on an after tax basis. Beginning with the pay period beginning August 14, 2011, the member contributions of the employees of the Police Service Specialists bargaining unit are made on a pre-tax basis, pursuant to the "pick-up" feature of Section

1:572(b).

(2) *Accumulated Contribution Interest Rate*. Effective as of February 1, 2011, the interest rate used for the growth of Accumulated Contributions credited to a Member's individual account in the Annuity Savings Fund which rate shall be set by the Board annually. Such interest credited under this section 1:552(2) shall be compounded quarterly.

(3) "*Actuarial Equivalency*" or "*Actuarially Equivalent*" means a benefit of equivalent value to the benefit it replaces, as further provided in section 1:585.

(4) *Actuarial Equivalency Interest Rate*. Effective as of February 1, 2011, the interest rate used for Actuarial Equivalency purposes, including (without limitation) calculating the effect of an annuity withdrawal under section 1:566(2) on a Member's Retirement Allowance, which is currently 7% per annum. This rate shall be subject to change by Ordinance amendment, and pursuant to collective bargaining where applicable.

(5) *Annuity*. An annual amount derived from the Accumulated Contributions of a Member, payable in equal monthly installments throughout the future life of a person.

(6) *Annuity Reserve*. The present value of all payments to be made on account of any annuity. The Annuity Reserve shall be computed upon the basis of the RP 2000 combined mortality table projected to 2007 set forward two years for males, set back three years for females and 7% interest rate, per annum.

(7) *Annuity Savings Fund*. The accounting fund established within the Retirement System as described in section 1:572.

(8) *Beneficiary*. Any person or persons designated as such by the Member on a form supplied by the Board and filed with the Retirement System to receive benefits payable upon the Member's death under the provisions of section 1:566, 1:567, 1:568, 1:570 and 1:571.

(a) If no such designation is in effect at the time of the death of the Member, or if no person so designated shall survive the Member, the Beneficiary shall be the Spouse of the Member, if then living; otherwise his children in equal shares with the then living children of a Member's deceased child taking their parent's share equally; or if the deceased Member has no surviving Spouse, children, or grandchildren, the legal representative of such deceased Member; or if there shall be no such legal representative duly appointed and qualified within six months of the date of death of such deceased Member, then such persons as, at the date of his death, would be entitled to share in the distribution of such deceased Member's estate under the provisions of the statute governing intestate succession, then in force and effect in the State of Michigan.

(b) In the event a Beneficiary designated by the Member or determined under (a) above survives the death of the Member but subsequently dies before receiving the benefits to which he/she was entitled, the successor Beneficiary shall be any successor Beneficiary who was designated by the Member, or, if none, the Member's benefits shall be paid to the legal representative of the deceased Beneficiary; or if there shall be no such legal representative duly appointed and qualified within six months of the date of death of such deceased Beneficiary, then to such persons as, at the date of his death, would be entitled to share in the distribution of such deceased Beneficiary's personal estate under the provisions of the statute governing the descent of intestate property, then in force and effect in the State of Michigan.

(c) A Member's designation of the Member's Spouse as the Beneficiary shall be automatically revoked as of the date of such Member's divorce from such Spouse unless otherwise provided in qualified domestic relations order or domestic relations order described in section 1.576; provided that a Member may, after the divorce, file a new written designation of his or her former spouse as the Beneficiary.

The determination by the Board of the identity of such person or persons shall be final, conclusive and binding on all persons, and the Board shall be fully protected and shall incur no liability regardless of any error that it may make in such determination.

(9) *Board*. Board of Trustees or Board of the Retirement System provided for in this chapter.

(10) *Break in Service*. A period during which the Member is not contributing to the Retirement System, except that a period of payment under workers' compensation shall not constitute a Break in Service nor shall a period of temporary employment preceding permanent status for which the employee elects to purchase service credit, in accordance with section 1:561. For an employee who does not return from a leave of absence, the break starts with the last day of pay status.

(11) *City*. The City of Ann Arbor, Michigan.

(12) *City Council*. City Council or Council means the City Council of Ann Arbor, Michigan.

(13) *Code*. The Internal Revenue Code ("IRC") of 1986, as amended from time to time, including applicable regulations thereunder. Reference to any section or subsection of the Code includes reference to any comparable or succeeding provision of any legislation which amends or replaces such section or subsection.

(14) *Compensation*. The taxable W-2 salary or wages paid a Member by the City for personal services rendered while in the employ of the City as reported in Box 1 of IRS Form W-2.

(a) Compensation shall be increased by:

- (i) amounts deferred by a Member under a deferred compensation plan under Code Section 457(b),
- (ii) amounts deferred in accordance with the City's 125 flexible spending plan and/or voluntary employees beneficiary association (VEBA),
- (iii) any pre-tax employee contributions to the Retirement System, and
- (iv) worker's compensation benefits paid to a Member for a period of 52 weeks after the injury giving rise to the worker's compensation benefits.

(b) Compensation shall not include:

- (i) car allowance payments,
- (ii) cell phone stipends,
- (iii) allowances for clothing and equipment,
- (iv) amounts contributed by the City for a Member under a deferred compensation plan,
- (v) fire meals pay,
- (vi) severance pay,
- (vii) taxable life insurance premiums paid by the City on behalf of a Member,
- (viii) taxable City vehicle use,
- (ix) worker's compensation benefits paid to a Member after 52 weeks for the injury giving rise to the worker's compensation benefits, and
- (x) differential wage payments as described in Code Section 3401(h)(2).

(c) In case a Member's remuneration is not all paid in money, the City Administrator shall fix the value of that

part of the remuneration which is not paid in money.

(d) Lump sum payments paid upon retirement for accumulated time banks to Members of the following employee groups shall be includable or excludable in the calculation of Final Average Compensation as follows:

(i) Non-Union - For Members hired prior to January 1, 1980, Final Average Compensation shall include lump sum payments for up to 960 hours sick time, up to 2 years vacation time, accumulated comp time and up to 32 hours personal leave time. For Members hired on or after January 1, 1980, but prior to January 25, 1982, Final Average Compensation shall include lump sum payments for up to 480 hours sick time, up to 2 years vacation time, accumulated comp time and up to 32 hours personal leave time. For Members hired on or after January 25, 1982, Final Average Compensation shall include lump sum payments for up to 2 years vacation time, accumulated comp time and up to 32 hours personal leave time but shall not include any payment for accumulated sick time.

(ii) AFSCME - For Members hired prior to January 1, 1982, Final Average Compensation shall include lump sum payments for up to 60 days sick time, up to 2 years vacation time, accumulated comp time and up to 32 hours of personal leave time. For Members hired on or after January 1, 1982, Final Average Compensation shall include up to 2 years vacation time, accumulated comp time and up to 32 hours personal leave time but shall not include any payment for accumulated sick time.

(iii) Ann Arbor Police Officer Association - For Members hired into the department after January 1, 1982, Final Average Compensation shall include lump sum payments for accumulated personal leave time up to the annual maximum but shall not include any payments for accumulated sick, vacation and/or compensatory time banks.

(iv) Command Officers Association of Michigan - For Members hired into the department after January 1, 1982, Final Average Compensation shall include lump sum payments for accumulated personal leave time up to the annual maximum but shall not include any payments for accumulated sick, vacation and/or compensatory time banks.

(v) Police Deputy Chiefs - For Members hired into the department after January 1, 1982, Final Average Compensation shall not include any lump sum payments for accumulated sick, personal leave, vacation and/or comp time banks.

(vi) Firefighters - For Members hired into the department after July 1, 1982, Final Average Compensation shall not include any lump sum payments for accumulated sick, vacation and/or comp time banks.

(vii) Safety Service Dispatcher and former Communications Operators - For members hired into the department after June 30, 1982, Final Average Compensation shall include lump sum payments for up to 32 hours of personal leave time but shall not include any payments for accumulated sick, vacation and/or comp time banks.

(viii) Police Service Specialists - For Members hired prior to January 1, 1982, Final Average Compensation shall include lump sum payments for up to 960 hours sick time, up to 2 years vacation time, accumulated comp time and up to 32 hours of personal leave time. For Members hired into the department on or after January 1, 1982, but on or before June 30, 1982, Final Average Compensation shall include lump sum payments for up to 2 years vacation time, accumulated comp time and up to 32 hours of personal leave time but shall not include payment for accumulated sick time. For Members hired into the department after June 30, 1982, Final Average Compensation shall include lump sum payment for up to 32

hours personal leave time but shall not include any payments for accumulated sick, vacation time banks.

(ix) Police Professional Assistants - For Members hired on or after June 30, 1981, Final Average Compensation shall include lump sum payment for accumulated comp time and for up to 32 hours of personal leave time but shall not include any payments for accumulated sick, or vacation time banks.

(x) Teamsters (Supervisors) Civilian - For Members hired on or after July 1, 1980, Final Average Compensation shall include lump sum payments for up to 2 years vacation time, accumulated comp time and up to 32 hours personal leave time but shall not include any payment for accumulated sick time bank (unless the Member entering the this bargaining unit transferred from another City position in which case said Member shall continue to have the same amount of sick leave included in Final Average Compensation as said Member had before.)

(e) In the event a Retirant is paid Compensation for personal services rendered to the City as a Member prior to retirement (including, without limitation, payments for retroactive collectively bargained pay increases relating to periods of employment prior to retirement), such Compensation, for Final Average Compensation purposes only, shall be considered as received by the Retirant on the day prior to his/her effective retirement date. Member contributions, if otherwise applicable, shall be deducted from such Compensation. The amount of the Retirant's pension provided in section 1:564(1) shall be recomputed to the Retirant's date of retirement if the payment of such Compensation results in an increase in the Retirant's Final Average Compensation. No interest shall be payable to a Retirant or Beneficiary for increased benefits paid after commencement of a pension pursuant to this provision.

(f) Annual Compensation in excess of the following amounts shall not be taken into account for any purpose of the Retirement Ordinance:

(i) For plan years beginning on or after January 1, 1989 and before July 1, 1996, the annual Compensation of each Member taken into account for determining all benefits provided under the Retirement Ordinance for any determination period shall not include any amounts in excess of the annual compensation limit (originally \$200,000) provided for in IRC § 401(a)(17) prior to the Omnibus Budget Reconciliation Act of 1993 ("OBRA '93") and adjusted for inflation in the manner provided by IRC § 401(a)(17); and

(ii) For plan years beginning on or after July 1, 1996, the annual compensation of each Member taken into account for determining all benefits under the Retirement Ordinance shall not exceed the annual compensation limit provided for in IRC § 401(a)(17), as amended by the Omnibus Budget Reconciliation Act of 1993 ("OBRA '93") (\$200,000 in 2002). This limit may be adjusted as required by federal law for qualified government plans (as defined at Code Section 414(d)) and shall be further adjusted for inflation in the manner provided by IRC § 401(a)(17).

For purposes of Code Section 401(a)(17), Annual Compensation means compensation recognized under the Retirement Ordinance during the Retirement System's Fiscal Year or such other consecutive 12-month period over which Compensation is otherwise determined under the Retirement Ordinance. The cost-of-living adjustment in effect for a calendar year under Code Section 401(a)(17) applies to annual Compensation for the determination period that begins with or within such calendar year.

(15) *Credited Service*. The sum of a Member's prior Service and membership Service to the extent credited the Member by the Board of Trustees determined pursuant to section 1:561.

(16) *Custodian*. Any person or corporate entity designated as the Custodian pursuant to section 1:556(3).

(17) *Deferred Vested Retirement Allowance*. The Retirement Allowance as provided at section 1:565.

(18) *Early Retirement Allowance.* The Retirement Allowance as provided at section 1:564(2).

(19) *Final Average Compensation.*

(a) The average annual Compensation amount determined by dividing (i) a Member's total Compensation paid during the Member's highest paid 36 consecutive calendar months of Credited Service (excluding any Breaks in Service) within the last 10 years of the Member's employment with the City; by (ii) 3; PROVIDED that in calculating the Member's highest paid 36 consecutive calendar months, no more than the number of normal pay dates for a 36-month period shall be taken into account.

(b) If a Member has fewer than 3 years of Credited Service, the Final Average Compensation shall be the average of the annual Compensation paid to a Member for the total period of Credited Service.

(c) If less than 12 months of Service was credited in a year, the Compensation utilized for the year shall be annualized by dividing the Compensation earned by the Service credited;

(20) *Firefighter.* Any employee of the fire services unit holding the rank of firefighter, including probationary firefighter, or higher rank, but shall not include:

(a) Any person temporarily employed by the City as a firefighter; or

(b) Any civilian employee of the fire services unit.

(21) *Funding Interest Rate.* Effective as of February 1, 2011, the interest rate used by the System for actuarial funding purposes as set by the Board, subject to review not less frequently than every six years, which rate is currently 7% per annum.

### **1:552.2 Definitions G-O.**

The following words and phrases used in this chapter shall have the following meanings, unless a different meaning is clearly required by the context:

(1) *General City Member.* Any Member except a Police Officer or Firefighter member.

(2) *Health Benefit Fund.* The accounting fund established within the Retirement System pursuant to Code Section 401(h) which provides for the payment of benefits for medical expenses of Retirants and qualified beneficiaries, all of which is more fully defined and described in section 1:595.

(3) *Member.* Any person who is included in the membership of the Retirement System pursuant to section 1:559.

(4) *Normal Retirement Allowance.* The Retirement Allowance as provided at section 1:564(1).

(5) *Other Qualified Adult.* As used in section 1:570, the term 'Other Qualified Adult' means, to the extent permitted by law, the one unmarried adult person so designated by the unmarried Member provided the following requirements are met with respect to the Member and the Other Qualified Adult:

(a) The Member and the Other Qualified Adult share a common residence and have done so for at least the past eighteen (18) months.

(b) The Other Qualified Adult cannot inherit from the Member under the laws of intestate succession in the State of Michigan.

(c) At least one of the following is true:

(i) The Member and the Other Qualified Adult have a durable power of attorney for health care for the other; or

(ii) The Member and the Other Qualified Adult have a durable power of attorney for financial management of the other.

### 1:552.3 Definitions P-T.

(1) *Pension*. An annual amount, derived from money provided by the City, payable in equal monthly installments throughout the future life of a person or for a temporary period as provided in this chapter.

(2) *Pension Contingency Reserve*. A reserve in addition to the actuarially determined Annuity Reserve and Pension Reserve for Retirants and Beneficiaries as determined by the Board at an amount not to exceed 20% of the Annuity Reserve and Pension Reserve for Retirants and Beneficiaries.

(3) *Pension Reserve*. The present value of all payments to be made on account of any Pension. The Pension Reserve shall be computed upon the basis of the RP 2000 combined mortality table projected to 2007 set forward two years for males, set back three years for females and 7% interest rate per annum.

(4) *Pension Reserve Fund*. The accounting fund established within the Retirement System as described in section 1:580.

(5) 'Pick-up' Feature. A feature under Code Section 414(h) that converts the mandatory after-tax employee Accumulated Contribution under section 1:552(1) into a City contribution, with the resulting tax-treatment for the Member being that the Accumulated Contribution is considered made on a pre-tax basis rather than an after-tax basis. "Pick up" when used as a verb refers to the processing of such a contribution.

(6) *Police Officer*. Any employee of the police services unit of the City holding the rank of patrol officer, including probationary patrol officer, or higher rank; but shall not include:

(a) Any person temporarily employed by the City as a Police Officer, or

(b) Any civilian employee of the police services units.

(7) *Qualified Transfer*. A transfer of excess assets to the Health Benefit Fund described in sections 1:552(28) and 1:595, and which further satisfies the requirements of Code Section 420.

(8) *Retirant*. Any Member who retired with an immediate pension or Retirement Allowance payable by the Retirement System.

(9) *Retirement Allowance*. The straight-life annual pension benefit prescribed at sections 1:564, 1:565 or 1:568.

(10) *Retirement Reserve Fund*. The accounting fund established within the Retirement System as described in section 1:573.

(11) *Retirement System* or *System*. The City of Ann Arbor Employees Retirement System created and maintained in accordance with the provisions of the Retirement Ordinance pursuant to this chapter.

(12) *Retirement System Fiscal Year* or "*Plan Year*". The twelve (12) consecutive month period beginning with July 1 and ending on June 30.

(13) *Service*. Personal service rendered to the City by an officer or employee while a Member of the Retirement System as defined in section 1:561, military service qualifying under sections 1:561(b) and 1:561(c), and service recognized under the Reciprocal Retirement Act, in accordance with section 1:561(e) of the Retirement Ordinance.

(14) *Services Area Administrator*. The person holding such job title in a City department. As used in section 1:568, if an employee is employed in a unit or office that is not within a services area headed by a Services

Area Administrator, the term Services Area Administrator means instead the City Administrator, City Attorney, Administrator of the Fifteenth District Court, Executive Director of the Housing Commission, Executive Director of the Retirement System or Executive Director of the Downtown Development Authority, as appropriate, who has responsibility for oversight of the office, unit or agency where the employee is employed.

(15) *Social Security Salary*. A Member's annual salary, or the portion thereof, which is subject to Federal Social Security Taxes.

(16) *Spouse*. As used in section 1:570, the term "spouse" means a person of the opposite sex to whom the deceased Member or Retirant was legally married at the termination of employment with the City.

(17) *Terminated Vested Member*. A former Member who terminates City employment without entitlement to an immediate Retirement Allowance under section 1:564, but who retains entitlement to a Deferred Vested Retirement Allowance as described in section 1:565.

(18) *Trust Fund or Fund*. All the money, securities and other property held by the Board of Trustees as Trustee pursuant to this Retirement Ordinance and with any trust instrument(s) executed in connection therewith.

(19) *Trustee*. Each of the persons appointed or elected pursuant to section 1:553 or 1:554 for the administration and management of funds of the Retirement System.

Section 2. That Section 1:572 of Chapter 18 of Title 1 of the Code of the City of Ann Arbor be amended to read as follows:

### **1:572. Annuity Savings Fund.**

(a) The Annuity Savings Fund is the accounting fund which shall be credited with (i) Member mandatory contributions as provided at 1:572(b) below, (ii) repayment of Accumulated Contributions by rehired Members including any applicable interest charges, and (iii) any interest allocated at the Accumulated Contribution Interest Rate set forth in section 1:552(2) to Accumulated Contributions; and which shall be charged with refunds, payments and transfers of Accumulated Contributions as provided in this Retirement Ordinance.

(b) Effective February 1, 2010, contributions of members who are represented by the International Association of Fire Fighters (IAFF), Local 693 shall be 6% of the Compensation paid by the City. Effective July 1, 2010, contributions of non-union employees shall be 6% of the compensation paid by the City. Effective August 1, 2010, contributions of members who are represented by the Teamsters Police Deputy Chiefs bargaining unit, Local 214 Teamsters Civilian Supervisors bargaining unit and Teamsters Police Professional Assistants, shall be 6% of the compensation paid by the City. Effective August 14, 2011, contributions of Members who are represented by the Police Specialists bargaining unit, shall be 6% of Compensation paid by the City. The contributions of any other Member shall be 5% of the Compensation paid by the City. Member contributions shall be deducted only from amounts paid to a Member which are considered Compensation for purposes of this Chapter.

Prior to January 1, 2010, non-union employee Member contributions were made on an after-tax basis. Effective with the first payroll checks issued in January, 2010, the City shall "pick-up" the non-union employee Member contributions for all Compensation earned on and after January 1, 2010. Prior to August 1, 2010, member contributions of the Teamsters Police Deputy Chiefs bargaining unit, Local 214 Teamsters Civilian Supervisors bargaining unit and Teamsters Police Professional Assistants bargaining unit were made on an

after-tax basis. Effective with the first payroll checks issued in August, 2010, the City shall “pick-up” the Teamsters Police Deputy Chiefs bargaining unit, Local 214 Teamsters Civilian Supervisors bargaining unit and Teamsters Police Professional Assistants bargaining unit contributions for all compensation earned on and after August 1, 2010. Prior to August 14, 2011, Member contributions of the Police Service Specialists collective bargaining unit were made on an after tax basis. Effective with the pay period beginning August 14, 2011, the City shall “pick-up” the Police Service Specialists bargaining unit contributions for all compensation earned on or after August 14, 2011. The contributions so picked up shall be treated as City contributions in determining tax treatment under the Code. The City shall pick up the non-union employee Member contributions and the member contributions of the Teamsters Police Deputy Chiefs bargaining unit, Local 214 Teamsters Civilian Supervisors bargaining unit Teamsters Police Professional Assistants bargaining unit, and Police Service Specialists bargaining unit from funds established and available for non-union employee Member salaries and member salaries of the Teamsters Police Deputy Chiefs bargaining unit, Local 214 Teamsters Civilian Supervisors bargaining unit Teamsters Police Professional Assistants bargaining unit, and Police Service Specialists bargaining unit which funds would otherwise have been designated as Member contributions and paid to the pension fund. Non-union employee Member contributions and member contributions of the Teamsters Police Deputy Chiefs bargaining unit, Local 214 Teamsters Civilian Supervisors bargaining unit Teamsters Police Professional Assistants bargaining unit, and Police Service Specialists bargaining unit picked up by the City pursuant to this subsection shall be treated for all other purposes of this and other laws of the City in the same manner and to the same extent as non-union employee Member contributions and member contributions of the Teamsters Police Deputy Chiefs bargaining unit, Local 214 Teamsters Civilian Supervisors bargaining unit Teamsters Police Professional Assistants bargaining unit, and Police Service Specialists bargaining unit made prior to the effective date of this subsection. The non-union employee Member contributions and contributions of the Teamsters Police Deputy Chiefs bargaining unit, Local 214 Teamsters Civilian Supervisors bargaining unit Teamsters Police Professional Assistants bargaining unit, and Police Service Specialists bargaining unit so picked up shall not be included in gross income for tax purposes until such time as they are distributed by refund or benefit payment.

Monies contributed under subsection (b) shall be accounted for, by non-union employee Member and members of the Teamsters Police Deputy Chiefs bargaining unit, Local 214 Teamsters Civilian Supervisors bargaining unit Teamsters Police Professional Assistants bargaining unit, and Police Service Specialists bargaining unit, so as to separately reflect each non-union employee Member’s and members of the Teamsters Police Deputy Chiefs bargaining unit’s, Local 214 Teamsters Civilian Supervisors bargaining unit’s Teamsters Police Professional Assistants bargaining unit’s, and Police Service Specialists bargaining unit’s after-tax Accumulated Contributions (and interest thereon, at the Accumulated Contribution Interest Rate set forth in section 1:552(2) applicable thereto) and pick-up Accumulated Contributions (and the interest thereon, at the Accumulated Contribution Interest Rate set forth in section 1:552(2) applicable thereto).

The officer or officers responsible for making up the payroll shall cause the contributions provided for in this section to be deducted from the Compensations of each Member on each and every payroll, for each and every payroll period so long as such Member remains a Member in the employ of the City. The Member’s contributions provided for herein shall be made notwithstanding that the minimum compensation provided by law for any Member shall be changed thereby. Every Member shall be deemed to consent and agree to the deductions made and provided for herein and payment of Compensation less said deductions shall be a full and complete discharge and acquittance of all claims and demands whatsoever for the services rendered by said person during the period covered by such payment, except as to benefits provided by this chapter. The amount of contributions to be deducted from the Compensation of each Member for each and every payroll when deducted shall be paid to the Retirement System and shall be credited to the individual Annuity Savings

Fund account of the Member from whose Compensation the deduction was made.

(c) In addition to the Member contributions, as provided in (b) above, a Member shall deposit in the Annuity Savings Fund, by a single contribution or by an increased rate of contribution as approved by the Board, all amounts previously withdrawn from, and not repaid to, the Annuity Savings Fund, together with interest computed from the date of withdrawal to the date of repayment of Accumulated Contributions at the Accumulated Contribution Interest Rate set forth in section 1:552(2). An agreement to repay must be signed by the Member by November 1, 1980, or within 1 year of the Member's return to City employment, whichever is later, and repayment with interest must be made by means of contributions at not less than double the amounts required by section 1:572(b). When such an agreement is signed, Service shall be reinstated in accordance with section 1:560. In case the Member terminates from City employment before repayment is completed, the Retirement Allowance otherwise payable shall be reduced by the Actuarial Equivalent of the repayment amount outstanding at the time of termination.

(d) Upon retirement, the balance of Accumulated Contributions of any Member shall be transferred from the Annuity Savings Fund to the Retirement Reserve Fund.

Section 3: In the event any court of competent jurisdiction shall hold any provision of this Ordinance invalid or unenforceable, such holding shall not invalidate or render unenforceable any other provision thereof.

Section 4: This Ordinance shall take effect ten days after passage and publication.

#### **CERTIFICATION**

I hereby certify that the Council of the City of Ann Arbor, Michigan, adopted the foregoing ordinance at its regular session of August 4, 2011.

Date

Jacqueline Beaudry, City Clerk

John Hieftje, Mayor

I hereby certify that the foregoing ordinance received legal publication on the Ann Arbor City Clerk's Webpage on August 11, 2011.

Jacqueline Beaudry, City Clerk