



Legislation Text

File #: 11-1022, Version: 1

Resolution to Order Election and to Determine Ballot Question for Charter Amendment to Alter the Number of Appointed Citizen Trustees and Elected General Member Trustees of the City Employee Retirement System Board of Trustees **(7 Votes Required)**

In 2004, City Council established a Blue Ribbon Committee of interested citizens, financial professionals, and City retirement system beneficiaries with the charge of reviewing the policies, administration, and management of the City of Ann Arbor Employees' Retirement System ("Retirement System").

In reviewing best practices for administration and management of a retirement system the Blue Ribbon Committee analyzed based on available research the appropriate size and composition for a Board of Trustees for the Retirement System. On the basis of that due diligence a recommendation was included in the Final Report of the Blue Ribbon Committee to strength the independence and technical skills of the requirements of the Trustees to better address the complex issues presented in the administration of the Retirement System.

In order to do so it was recommended that

- the Trustees appointed by City Council be increased. It was recommended that Council adopt requirements for appointees that should include professional degrees/certifications and significant relevant experience to retirement systems (e.g. actuarial, investment management, finance).
- the City Administrator be removed from the Board

These changes to the Retirement System governance were recommended with the full knowledge that such changes were only possible with the concurrence of the voters of the City of Ann Arbor since the composition of the Board of Trustees is established by City Charter and if approved, the further concurrence under current Michigan law of the City bargaining units.

This Resolution adopts the recommendations of the Blue Ribbon Committee in part by proposing for voter approval the removal of the City Administrator as a member of the Board and increasing the citizen trustee membership from three to five, with the additional change of decreasing the general City membership from two to one.

This Resolution and the placement of the Ballot Question on the November 8, 2011 election is the first step in the potential implementation of the restructuring of the Board of Trustees of the Retirement System.

Prepared by: Mary Joan Fales, Senior Assistant City Attorney

Sponsored by: CM Higgins, Rapundalo, and Taylor

Whereas, The Ann Arbor City Charter provides in Section 17.2 that the general administration, management and responsibility for proper operation of the City Employee Retirement System ("Retirement System") be under the direction and control of a Board of Trustees of nine members;

Whereas, Of the current nine member Board, four are elected to their position, two serve by virtue of

their City offices, and the remaining members are appointed by and serve at the pleasure of City Council;

Whereas, In 2004, City Council established a Blue Ribbon Committee composed of interested citizens, financial professionals, and retirement system beneficiaries, with the charge of reviewing the policies, administration, and management of the Retirement System;

Whereas, The Final Report of the Blue Ribbon Committee non-binding recommendation to City Council on the Retirement System's governance recognized the role of an independent, knowledgeable decision-making body in sustaining the long-term viability of the Retirement System and for that reason recommended increasing the composition of the Board by the additional independent, qualified professions with no vested interest in the Retirement System other than being City taxpayers and the removal of the City Administration as a member of the Board;

Whereas, Restructuring of the Board of Trustees is deemed in the best interest of the Retirement System and it is proposed that the recommendation of the Blue Ribbon Committee be presented to the voters with the following modification:

- removal of the City Administrator as a member of the Board
- increasing the citizen trustee membership from three to five,
- decreasing the general City membership from two to one.

Whereas, In making these non-binding recommendations to City Council; the Blue Ribbon Committee recognized that these recommendation would require amendment of the City Charter, and if approved by the voters, amendment of the City Code, and collective bargaining with the City unions;

Whereas, It is in the best interest of the City to present this recommendation to the voters for their consideration;

RESOLVED, That City Council propose that Section 17.2(a) of the City Charter be amended to read as follows:

Board of Trustees

Section 17.2

- (a) The general administration, management, and responsibility for the proper operation of the retirement system and for making effective and construing the provisions of the retirement system ordinance adopted pursuant to the Charter, shall be vested in the Board of Trustees, previously established in this Charter. The Board shall consist of nine trustees as follows:
1. The ~~City Administrator and~~ Controller to serve by virtue of their respective offices.
 2. ~~Three~~ Five citizen Trustees appointed by the Council and to serve at the pleasure of the Council.
 3. ~~Two~~ One Trustees elected by the general City members from their own number, including retirees. (general city members being members other than Policemen and Firemen members); and
 4. ~~Two~~ One Trustees elected by the Policemen and Firemen members from their own number, including retirees.
 5. One Trustee elected by the Fire members from their own number, including

retirees.

RESOLVED, That November 8, 2011 is designated as the day for holding an election on the proposed Charter amendment;

RESOLVED, That the Clerk shall transmit a copy of the proposed amendment to the Attorney General and the Governor of Michigan and shall perform all other acts required by law for holding the election;

RESOLVED, The proposed Charter amendment shall appear on the ballot in the following form:

PROPOSAL THREE

ANN ARBOR CITY CHARTER AMENDMENT
RESTRUCTURING THE NUMBER OF APPOINTED CITIZEN TRUSTEES AND ELECTED
GENERAL MEMBER TRUSTEES ON THE ANN ARBOR CITY EMPLOYEES RETIREMENT BOARD
OF TRUSTEES

For the purpose of adding two additional citizen trustees, removal of the City Administrator as a member of the Board, and decreasing the number of elected general member trustees, shall Section 17.2 (a) of the Charter be amended to restructure the composition of the nine-member City Employees Retirement Board of Trustees to a membership of 5 appointed citizen trustees, one elected trustee each for City general members, fire members, and police members, along with the continued membership of the City Controller?

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Yes

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No

RESOLVED, That the proposed Charter amendment and proposed ballot question shall be published in full not fewer than two times in the Washtenaw County Legal News;

RESOLVED, That if the amendment is adopted, the City Administrator and City Attorney shall immediate commence negotiation with the City's collective bargaining units to implement the amendment and present to Council the necessary ordinance and contract documents for adoption to make the amendment effective.

A motion was made by Councilmember Higgins, seconded by Councilmember Rapundalo, that the resolution be approved. On a voice vote, the Mayor declared the motion carried unanimously with 11 members present (Councilmembers Smith, Briere, Rapundalo, Derezinski, Taylor, Kunselman, Higgins, Teall, Hohnke, Anglin and Mayor Hieftje), thus satisfying the seven-vote requirement.