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TO: Jeff Irwin, Chair
Ways & Means Committee

THROUGH: Robert E. Guenzel
County Administrator

FROM: Verna J. McDaniel
Director, Human Resources

DATE: May 17, 2006

SUBJECT: A summary of amended sections within the Washtenaw County Employees' Retirement System for consideration by the Washtenaw County Board of Commissioners for amendment and restatement by Ordinance.

Please note that the amendment before the Board of Commissioners does not include any substantive changes, rather is a compilation of approved Collective Bargaining Agreements, system Ordinances and Internal Revenue Code ("IRC" or "Code") amendments that have occurred since the last restatement by Ordinance January 1, 1994. As such the resulting restatement simply creates a consolidated reference document. The majority of the changes within the document were of a grammatical nature, or for clarity purposes other than the following:

Definitions Section 3: Collective Bargaining Update - This section now clearly links the definitions of "Compensation" and "Final Average Compensation" to those definitions specifically referenced in the applicable collective bargaining agreement.

Credited Service – Purchase of Prior Public Service Section 11a: Ordinance Update 97-0191 - This section now includes the provisions approved as of October 8, 1997 for the purchase of prior public service, and the eligibility and process associated with such purchases.

Normal Retirement – Age and Service Requirements Section 17: Ordinance Update 97-0264 – This section has been updated to include existing collective bargaining agreement language for eligibility purposes to include the "Rule of 75" in addition to original eligibility criteria of age 60 with 8 or more years of service.

Normal Retirement – Amount of Pension Section 19: Arbitration Award Update – This section has been amended to include language relating to the Arbitration Award May 27, 1999 for employees with the Sheriff group that eliminated the age 62 multiplier reduction.

Form of Payment of a Pension – Section 24: Ordinance Update 99-0113 – This section now includes the provisions approved under Ordinance 99-0113 allowing for the pop-up provisions for Options 2 and 3.

Survivor Pension - Section 32: Collective Bargaining Update – As a result of collective bargaining this section has been updated to include reference to eligibility criteria as defined within the current applicable agreement.

Medical Benefits – Section 42: Creation of VEBA – This section now indicates that the Retirement System no longer administers medical benefits (as a result of VEBA), and refers members to the applicable health plan documents or collective bargaining agreements regarding medical benefits.

Member Contributions – Section 43: Collective Bargaining Update / IRC Update – This amendment notes the increase in member contributions for Benefit Group D (Sheriff) from 5% to 7%. Further this amendment confirms that as of January 1, 1997 the County in its sole discretion shall direct member contributions to be credited to the Retirement System and/or the VEBA Plan and Trust. In addition this section now includes the required IRS language approved July 1, 1999 regarding Employer Pick-up Contributions, in relation to income tax obligations.

Retirement Commission – Composition – Section 46: Ordinance Update 03-095 – This section has been updated to include the two additional trustee seats that were created as a result of collective bargaining and subsequent Ordinance amended as of June 4, 2003.

Retirement Commission – Term of Office; Oath of Office; Vacancies – Section 47: Ordinance Update 03-095 – This section has been updated as well by the Ordinance amended as of June 4, 2003 regarding the resulting term of office for the two additional seats that allows for the staggering with the other 5 members' terms.

Internal Revenue Code Qualifications – Section 65: Ordinance Update 02-0019 / IRC Update – This section has been updated to include the required IRC amendments as of January 16, 2002.