



CITY OF BURTON
BURTON CITY COUNCIL MEETING
OCTOBER 28, 2014
MINUTES

Council Chambers

Committee of the Whole

6:00 PM

4303 S. CENTER ROAD
BURTON, MI 48519

This meeting was opened by President Tom Martinbianco at 6:07 PM.

A. CALL TO ORDER

Attendee Name	Title	Status	Arrived
Tom Martinbianco	President	Present	
Duane Haskins	Vice-President	Excused	
Dennis O'Keefe	Councilman	Present	
Steven Heffner	Councilman	Present	
Ellen Ellenburg	Councilwoman	Present	
Vaughn Smith	Councilman	Present	
Steven Hatfield	Councilman	Present	

B. STAFF PRESENT

Paula Zelenko, Mayor
 Ginger Burke-Miller, Controller
 Pam Hill, Plante Moran
 Teresa Karsney, Clerk

Rik Hayman, Chief of Staff
 Jospeh Rankin, Plante Moran
 Sue Warren, Human Resources

C. AUDIENCE PARTICIPATION

None

D. AGENDA ITEMS

1. Plante Moran presentation, discussion and possible recommendations regarding the City's pension plan (MERS) and other post-employment benefits (OPEB).

Pam Hill from Plante Moran introduced Mr. Joe Rankin from Plante Moran who is their Employee Benefits Consultant. Joe has been with Plante Moran for over 17 years.

Mr. Rankin explained the workings of a defined benefit plan.

- How the establishment and funding.
- Crediting of past service.
- Effects of benefits Levels and features.

Then Mr. Rankin went over the City of Burton's Defined Benefit Plan

1. History
 - How the Conversion of our defined contribution plan was started with only modest asset transfer.
 - Rich benefits and COLI
 - Historically a commonly employed approach to providing benefits.
2. Current status

- Contribution
- Liabilities as of 12/31/13
- a. Assets of \$17.603 million
- b. Prospective changes to active employee benefits likely produces only modest changes to the funding.
- c. Unfunded liabilities \$28.322 million - \$41.009 million.
- d. Funded Ratio 30-30%.
- 3. Summary
- The way the plan was established dictates current liabilities.
- Historically, expensive benefits and subsidies (such as bridge benefits) were provide to participants; not too unusual.
- Market crashes of 2000 and 2008 contributed to underfunding.
- Unfunded liability is large and continues to grow.
- Employee and employer contributions are largely paying for other retiree benefits.

Mrs. Ellenburg asked if a Hybred System Program would help us and are we eligible for one.

Mr. Rankin stated that yes it would but you would have to be 50% funded to move to this type of plan. With MERS you are getting about 8% rate on your return.

Mr. Smith stated that at the MERS conference he heard that it is dropping to a 6% rate on our return.

Mr. Smith asked about the timing of our additional payments.

Mr. Rankin said that the timing of payments does make a difference. The more money you put in shows you are making an effort to pay down your debit.

Martinbianco said since we can't pay it off should we put our money into a sinking fund instead of paying down MERS. This way we can use the money for other items needed in the City.

Mr. Rankin said you could do a sinking fund but you may not get a 9% rate of return on your money. He has seen other City or Township do a dedicated millage to help pay down their unfunded liabilities. Or maybe do a bond for pay down the unfunded liability.

Mrs. Burke-Miller stated that our bond rating is not high enough for us to get a bond for the unfunded liability.

Mr. Smith asked what would be best to pay down the pension plan or the OPEB.

Mr. Rankin stated that it is State law that we pay down the pension plan. OPEB is just a unfunded liability, there is no law yet stated that we must pay this down.

Ms. Hill stated that GASB 68 will be in effect as of June 30, 2015. The unfunded liability will have to be put on the balance sheet.

Mr. Martinbianco asked how GASB 68 would affect our S & P rating.

Ms. Hill stated that were told the GASB 68 shouldn't affect our rating because they already know that we have always had this unfunded liability.

Mr. O'Keefe stated that Genesee County has an uphill climb still ahead of them. Can

we get external help from the Governor?

Mr. Rankin stated he didn't think it was possible to get external help.

Ms. Hill asked they are working on the 5 year forecast.

Mr. O'Keefe would like to see it be a 10 year forecast.

Meeting was adjourned at 7:21 PM.



Burton City Council
4303 S. Center Road
Burton, MI 48519

Meeting: 10/28/14 06:00 PM
Department: Clerk's Office
Category: Presentation
Prepared By: Teresa M. Karsney
Department Head: Teresa M. Karsney

D.1

SCHEDULED

AGENDA ITEM (ID # 1252)

DOC ID: 1252

**Plante Moran presentation, discussion and possible
recommendations regarding the City's pension plan (MERS)
and other post-employment benefits (OPEB).**