

EFM SUBMISSION NO.: 2012EFM162

PRESENTED: 11-20-12

ADOPTED: 11-20-12

BY THE EMERGENCY FINANCIAL MANAGER:


Resolution Authorizing Gabriel, Roeder, Smith & Company

Gabriel, Roeder, Smith & Company was hired by the City of Flint Employees Retirement System (System) to calculate the System's Annual Valuation. As a result of changes being implemented to employee retirement benefits the City is in need of Actuarial analysis of changes to the retirement multiplier and Final Average Compensation pursuant to "Best Practices" detailed by the Governor of the State of Michigan. GRS has submitted a fee for these actuarial services in the amount of \$9,000.00; and


Risk Management is recommending that GRS be engaged to provide the required actuarial calculation. Funding for these services is to come from Risk Management & Benefits Administration Professional Services account 677-174.100-801.000 in the amount of \$9,000.00;

IT IS RESOLVED, that the appropriate city officials are authorized to engage GRS to provide Retirement Actuarial services at a cost not to exceed \$9,000.00.


APPROVED AS TO FORM:


Peter M. Bade, City Attorney

APPROVED AS TO FINANCE:


Gerald Ambrose, Finance Director

for


Michael K. Brown, City Administrator

EFM DISPOSITION:

ENACT ☒ REFER TO COUNCIL ☐ FAIL ☐


Edward J. Kurtz, Emergency Financial Manager

DATED: 11-20-12

RESOLUTION STAFF REVIEW

DATE: 11-08-12

Agenda Item Title: Retiree Multiplier Studies – Gabriel, Roeder, Smith & Company

Prepared By: Robert C. Erlenbeck – Risk Management and Benefits Administrator

Background/Summary of Proposed Action: The Governor has stipulated that a portion of State Revenue Sharing be tied to “Best Practices”. One of those “Best Practices” is to change the multiplier and Final Average Compensation calculation for pensions. The City has been in contract negotiations with various unions and these changes in Pension calculations have been presented to the unions. In order for the City and the Unions to be able to assign a dollar value to these changes it will be necessary to undertake an Actuary study. The City of Flint Employees Retirement System has utilized Gabriel Roeder Smith (GRS) to perform the annual valuations for the Retirement System and has extensive knowledge of the City’s current multipliers and Final Average Compensation calculations. Utilizing a company other than GRS to calculate these changes would result in increased cost and time delays due to the necessity of supplying the actuary with current base information to be reviewed prior to analyzing changes to the proposed changes. GRS submitted a proposal to perform all of the necessary calculations for an amount not to exceed \$9,000.00.

Financial Implications: Failure to obtain the Actuary study and incorporate the changes into the union contracts could result in the loss of State Revenue Sharing.

Budgeted Expenditure? x Yes No Please explain if no:

Account No.: 677-174.100-801.000

Pre-encumbered? Yes x No Requisition #

Other Implications (i.e., collective bargaining): Yes, Collective Bargaining.

Staff Recommendation: It is Risk Management and Benefit Administration’s recommendation that the City of Flint engage Gabriel, Roeder, Smith & Company to provide Actuarial studies with a not to exceed amount of \$9,000.00.

Staff Person: RSW/11/12 **Approval:** _____
Risk Mgmt. & Benefits Administrator City Administration