

**ANN ARBOR CITY COUNCIL MINUTES
WORKING SESSION - FEBRUARY 28, 2000**

The working session of the Ann Arbor City Council was called to order at 7:06 p.m. in the City Hall Council Chamber by Mayor Ingrid B. Sheldon.

ROLL CALL OF COUNCIL

PRESENT : Councilmembers John Hieftje, Dee Freiberg, Heidi Cowing Herrell, Marcia Higgins, Christopher Kolb, Mayor Ingrid B. Sheldon, 6;

ABSENT : Councilmembers Tobi Hanna-Davies, Joseph Upton, Jean Carlberg, Stephen C. Hartwell, 4.

PENSION BOARD PRESENTATION

Larry Hahn, Chair of the Employees= Retirement System Board of Trustees, gave an overview of the Pension System operation. Mr. Hahn explained that the Pension Board has the responsibility of providing City of Ann Arbor employees with the pension that the City has committed to. He indicated that the pension system has done well within the last 15 years, and that investments have helped employees dramatically. Mr. Hahn reported that 90% of pension assets come from earnings of the pension system. He stated that the City will not be contributing to the pension system next year and that the system will be self-supporting.

Mr. Hahn reported that the VEBA Trust Fund has accumulated 7.5 million in one year, which is ahead of the projected schedule. He explained that the primary responsibilities of the VEBA Trust Board is socially responsible investing and getting the best market rate return for the organization. The goal of the VEBA Trust is to become self-sufficient as the Pension Trust.

Pension Executive Director Willie Powell highlighted the benefits of the amendments to the pension ordinance. He stated that the benefit improvements for employees under the new ordinance is substantial. Some of the changes include single rate benefit calculations, reduction of the number of years from five to three on which final average compensation is calculated, reduction in vesting requirements from 10 to five years, 5% contribution on total compensation, post retirement benefit increase adjustments, and decrease in the early retirement penalty.

Brad Armstrong, representing Gabriel Roeder, Smith and Company, stated that his

company, as the pension system's actuary, looks at future events in terms of today's dollars. He referred to the submitted actuary report and stated that it is an assumption of the future and is evaluated every five years. Michael Van Overbeke, Pension Board Attorney, gave a brief overview of the Pension System's Annual Report and emphasized that the Ann Arbor Pension System is doing well.

ADJOURNMENT

There being no further business to come before Council, Mayor Sheldon declared the meeting adjourned at 8:30 p.m.

W. Northcross
Clerk of the Council

Frances M. McMullan
Recording Secretary