

Membership Alert!!!

March 22, 2010

General Retirement System of the City of Detroit

Re: SB 1239 & 1240 (State takeover of GRSD)

On March 18, proposed legislation was introduced in the Michigan House and Senate that, if passed, would take control of the General Retirement System of the City of Detroit and the Police and Fire Retirement System of the City of Detroit from the Funds' employee-elected Boards of Trustees and turn it over to the Municipal Employees Retirement System (MERS).

We believe that on its face this proposed legislation is not only unconstitutional, it directly violates other statutes, including the Home Rule Cities Act and the Public Employees Relations Act, and is clearly another in a series of ongoing attacks on Detroit and its right to govern itself.

The General Retirement System and the Police and Fire Retirement System exist because the people of Detroit voted to amend the Detroit City Charter to create our two entities. It was the will of the people.

It is most unfortunate that our city's Chief Executive Officer has chosen to ignore this will and support the proposed takeover legislation as a way of avoiding or reducing employer contributions that are legally required to be paid to the pension funds and their members.

Further, it is inconceivable that the state legislature would consider taking control of a well-funded (compared to other public trust funds of similar size) local pension plan whose primary losses were caused by the world-wide economic downturn and place it with a statewide pension plan that is only 50 percent funded (as stated in the most recent report (2007) on the MERS web site). According to the most recent GRSD annual report (2008), the GRSD is approximately 100 percent funded.

As chair of the Board of Trustees of the General Retirement System, I want to assure our members that we are going to fight this attempted takeover on every front. We cannot and will not let this proposed legislation, which is so obviously based on misleading news stories, become law.

Please be assured that the GRSD Board of Trustees will continue its history of taking the appropriate action to protect the interests of its members and beneficiaries of the trust, as well as the citizens of the City of Detroit.

We will continue to keep you informed as more information becomes available. More importantly, we will be sure to let you know how you can help us in this fight.

Sincerely,

Sheila Wade Kneeshaw

Chairperson