

**SUBSTITUTE ORDINANCE**  
**November 20, 2001**

**S U M M A R Y**

This proposed ordinance amends Chapter 47 of the 1984 Detroit City Code, which pursuant to Section 11-102 of the 1997 Detroit City Charter incorporates by reference and saves from repeal certain provisions contained in the 1918 Detroit City Charter and in the 1964 Detroit City Code regarding the General Retirement System of the City of Detroit, to codify certain provisions of the 1918 Detroit City Charter, to codify ordinances which previously were incorporated by reference only, and to add an alternative Defined Contribution Investment Plan.

This proposed ordinance amends Chapter 47 of the 1984 Detroit City Code by adding *Article I*, titled *Common Provisions of the General Retirement System*, by amending Section 47-1-1 to save certain ordinances and Charter provisions from repeal; by adding Sections 47-1-2 through 47-1-20 to establish the General Retirement System of the City of Detroit, to create the General Retirement System Board of Trustees, to provide for the composition of the Board, to provide for the method of appointment or election and term of office of Board members, to provide for the filling of Board vacancies, to establish compensation for attendance at Board meetings, to provide for an oath of office, to establish the quorum of the Board, and to authorize the Board to promulgate administrative rules to perform its duties, to provide for the Board's officers and employees, to require an actuarial valuation of the system, to require that a record of proceedings be kept, to require an annual report, to provide for the services of an actuary, legal counsel and medical director, to require the adoption of mortality and other tables of experience and rates of interest, to require periodic actuarial experience studies and an annual actuarial valuation of assets and liabilities; by adding Section 47-1-21 to define *accrued service, accumulated contributions, administrative board of trustees, administrative rules and regulations, attainment of age, annuity, annuity reserve, average final compensation, beneficiary, Board of Trustees, City, City Council, compensation, conversion, credited service, 1998 Defined Contribution Plan implementation date, Detroit General Retirement System, employee, employer, final compensation, member, notice, pension, pension reserve, regular interest, retiree, retirement, retirement allowance, retirement system, service, service credit for purposes of the 1973 Defined Benefit/Defined Contribution (Annuity) Plan*; by adding Sections 47-1-22 to 47-1-26 to require that an accurate record of accumulated service credit be kept, to provide for service credit for former employees of the *Founder's Society/Detroit Institute of Arts*, to provide for transfer to other governmental service, and

to provide credit for military service (pre-employment and re-employment); by adding *Article II*, titled *1973 Defined Benefit/Defined Contribution (Annuity) Plan of the General Retirement System*, by adding Sections 47-2-1 through 47-2-20 to define *Article II* Plan membership and eligibility, to provide for cessation of membership and re-employment, to provide an election to transfer to the *1998 Defined Contribution Plan*, to provide for service retirement after specified years of service and/or attainment of age, to provide a service retirement allowance, to provide for disability retirement, to provide a survivor benefit for accidental death in the performance of duty, to require the return of accumulated contributions, to provide for retirement allowance options, to provide benefits for a surviving spouse and for a surviving spouse of a disability retiree, to provide for the disposition of surplus benefits upon the death of the retiree and beneficiary, to provide for an offset of Workers' Compensation or other pension benefits against pension benefits, to provide for the reexamination of disability retirees, to provide for a retirement allowance in the event of a transfer of a department or function, to provide for a pension improvement factor, to provide that the *1973 Defined Benefit/Defined Contribution (Annuity) Plan* shall consist of the Annuity Savings Fund, the Annuity Reserve Fund, the Pension Accumulation Fund, the Pension Reserve Fund and the Income Fund, to provide a method of financing, to provide for the determination of City's annual contribution, and grant to the Board the authority to manage and invest pension funds; by adding *Article III*, titled *1998 Defined Contribution Plan of the General Retirement System*, an alternative Defined Contribution Pension Investment Plan, by adding Section 47-3-1 to provide that the *1998 Defined Contribution Plan of the General Retirement System* shall consist of the Employee Contribution Account, the Employee Rollover Account, the Employer Contribution Account, and such other accounts as may become necessary; by adding Section 47-3-2 to define *accumulated balance, actuarial present value of credited benefits, annual additions, administrative rules of the Plan, annuity savings account, beneficiary, coverage group, Defined Contribution Plan implementation date, designated component funds, effective date of the 1998 Defined Contribution Plan, Employee Contribution Account, Employee Rollover Account, employer, Employer Contribution Account, fiduciary, financial investment trustee, former participant, measurement date, participant, Plan, Plan Year, resignation, termination of employment, and trust*; by adding Sections 47-3-3 through 47-3-14 to provide for participation in the Plan, to define eligibility for participation in the Plan, to prohibit simultaneous participation in other plans, to provide for termination of participation in the Plan, to establish an Employer Contribution Account, to establish an Employee Contribution Account, to limit maximum annual additions to the Employee Contribution Account, to provide for transfers to the Employee Rollover Account, to establish rules for vesting in the 1998 Defined Contribution Plan, to provide for participant-directed investments, to provide for eligibility for benefits and for the designation of a beneficiary, to provide for the payment of benefits, to authorize the Board to administer the Plan, to establish limitations upon the authority of the Board, to provide a procedure for an appeal from the denial of claims, to establish a participant loan program, to establish a Plan trust fund, to authorize the selection of a financial investment trustee and to establish the duties

of the financial investment trustee, to provide for amendments to *Article III* or for the termination of the *Article III* Plan, to provide that the Plan does not create any guarantee of employment, to provide that there is no right to trust assets, to provide that benefits are non-forfeitable and non-alienable, to provide for the right of setoff to recover overpayments or claims due to embezzlement or fraud committed by employees or other persons, to provide that this ordinance shall not modify any provision of a collective bargaining agreement, to provide that any collective bargaining agreements which accept the terms of this ordinance agree to be subject to the Board's power to modify or amend the *Article III* Plan, to provide for enforcement of the terms of this Plan; by adding Article IV, titled *Miscellaneous Provisions of the General Retirement System*, by adding Sections 47-4-1 to 47-4-7 to prohibit the assignment of any rights under this Plan, to provide for protection against fraud, to provide for a civil action to enforce the *Article III* Plan, to provide for amendments or termination of the Plan, to provide for correction by the Board of any errors in records under the Plan, to limit the application of other laws to participants in this Plan, and to provide rules for the construction of the provisions of this ordinance. This ordinance does not supersede any conflicting provisions of any collective bargaining agreements.

**BY COUNCIL MEMBER \_\_\_\_\_:**

1           **AN ORDINANCE** to amend Chapter 47 of the 1984 Detroit City Code by adding  
2           *Article I, titled Common Provisions of the General Retirement System,* by amending  
3           Section 47-1-1 to save certain ordinances and Charter provisions from repeal; by adding  
4           Sections 47-1-2 through 47-1-20 to establish the General Retirement System of the City  
5           of Detroit, to create the General Retirement System Board of Trustees, to provide for the  
6           composition of the Board, to provide for the method of appointment or election and term  
7           of office of Board members, to provide for the filling of Board vacancies, to establish  
8           compensation for attendance at Board meetings, to provide for an oath of office, to  
9           establish the quorum of the Board, and to authorize the Board to promulgate administrative  
10          rules to perform its duties, to provide for the Board's officers and employees, to require an  
11          actuarial valuation of the system, to require that a record of proceedings be kept, to require  
12          an annual report, to provide for the services of an actuary, legal counsel and medical  
13          director, to require the adoption of mortality and other tables of experience and rates of  
14          interest, to require periodic actuarial experience studies and an annual actuarial valuation

1 of assets and liabilities; by adding Section 47-1-21 to define *accrued service, accumulated*  
2 *contributions, administrative board of trustees, administrative rules and regulations,*  
3 *attainment of age, annuity, annuity reserve, average final compensation, beneficiary, Board*  
4 *of Trustees, City, City Council, compensation, conversion, credited service, 1998 Defined*  
5 *Contribution Plan implementation date, Detroit General Retirement System, employee,*  
6 *employer, final compensation, member, notice, pension, pension reserve, regular interest,*  
7 *retiree, retirement, retirement allowance, retirement system, service, service credit for*  
8 *purposes of the 1973 Defined Benefit/Defined Contribution (Annuity) Plan; by adding*  
9 Sections 47-1-22 to 47-1-26 to require that an accurate record of accumulated service  
10 credit be kept, to provide for service credit for former employees of the *Founder's*  
11 *Society/Detroit Institute of Arts*, to provide for transfer to other governmental service, and  
12 to provide credit for military service (pre-employment and re-employment); by adding  
13 *Article II, titled 1973 Defined Benefit/Defined Contribution (Annuity) Plan of the General*  
14 *Retirement System*, by adding Sections 47-2-1 through 47-2-20 to define *Article II Plan*  
15 membership and eligibility, to provide for cessation of membership and re-employment, to

1 provide an election to transfer to the *1998 Defined Contribution Plan*, to provide for service  
2 retirement after specified years of service and/or attainment of age, to provide a service  
3 retirement allowance, to provide for disability retirement, to provide a survivor benefit for  
4 accidental death in the performance of duty, to require the return of accumulated  
5 contributions, to provide for retirement allowance options, to provide benefits for a  
6 surviving spouse and for a surviving spouse of a disability retiree, to provide for the  
7 disposition of surplus benefits upon the death of the retiree and beneficiary, to provide for  
8 an offset of Workers' Compensation or other pension benefits against pension benefits,  
9 to provide for the reexamination of disability retirees, to provide for a retirement allowance  
10 in the event of a transfer of a department or function, to provide for a pension improvement  
11 factor, to provide that the *1973 Defined Benefit/Defined Contribution (Annuity) Plan* shall  
12 consist of the Annuity Savings Fund, the Annuity Reserve Funds, the Pension  
13 Accumulation Fund, the Pension Reserve Fund and the Income Fund, to provide a method  
14 of financing, to provide for the determination of City's annual contribution, and grant to the  
15 Board the authority to manage and invest pension funds; by adding *Article III*, titled *1998*

1     *Defined Contribution Plan of the General Retirement System*, an alternative Defined  
2     Contribution Pension Investment Plan, by adding Section 47-3-1 to provide that the 1998  
3     *Defined Contribution Plan of the General Retirement System* shall consist of the Employee  
4     Contribution Account, the Employee Rollover Account, the Employer Contribution Account,  
5     and such other accounts as may become necessary; by adding Section 47-3-2 to define  
6     *accumulated balance, actuarial present value of credited benefits, annual additions,*  
7     *administrative rules of the Plan, annuity savings account, beneficiary, coverage group,*  
8     *Defined Contribution Plan implementation date, designated component funds, effective*  
9     *date of the 1998 Defined Contribution Plan, Employee Contribution Account, Employee*  
10    *Rollover Account, employer, Employer Contribution Account, fiduciary, financial investment*  
11    *trustee, former participant, measurement date, participant, Plan, Plan Year, resignation,*  
12    *termination of employment, and trust;* by adding Sections 47-3-3 through 47-3-14 to  
13    provide for participation in the Plan, to define eligibility for participation in the Plan, to  
14    prohibit simultaneous participation in other plans, to provide for termination of participation  
15    in the Plan, to establish an Employer Contribution Account, to establish an Employee

1 Contribution Account, to limit maximum annual additions to the Employee Contribution  
2 Account, to provide for transfers to the Employee Rollover Account, to establish rules for  
3 vesting in the 1998 Defined Contribution Plan, to provide for participant-directed  
4 investments, to provide for eligibility for benefits and for the designation of a beneficiary,  
5 to provide for the payment of benefits, to authorize the Board to administer the Plan, to  
6 establish limitations upon the authority of the Board, to provide a procedure for an appeal  
7 from the denial of claims, to establish a participant loan program, to establish a Plan trust  
8 fund, to authorize the selection of a financial investment trustee and to establish the duties  
9 of the financial investment trustee, to provide for amendments to *Article III* or for the  
10 termination of the *Article III* Plan, to provide that the Plan does not create any guarantee  
11 of employment, to provide that there is no right to trust assets, to provide that benefits are  
12 non-forfeitable and non-alienable, to provide for the right of setoff to recover overpayments  
13 or claims due to embezzlement or fraud committed by employees or other persons, to  
14 provide that this ordinance shall not modify any provision of a collective bargaining  
15 agreement, to provide that any collective bargaining agreements which accept the terms

1 of this ordinance agree to be subject to the Board's power to modify or amend the *Article*  
2 *III Plan*, to provide for enforcement of the terms of this Plan; by adding Article IV, titled  
3 *Miscellaneous Provisions of the General Retirement System*, by adding Sections 47-4-1  
4 to 47-4-7 to prohibit the assignment of any rights under this Plan, to provide for protection  
5 against fraud, to provide for a civil action to enforce the *Article III Plan*, to provide for  
6 amendments or termination of the Plan, to provide for correction by the Board of any errors  
7 in records under the Plan, to limit the application of other laws to participants in this Plan,  
8 and to provide rules for the construction of the provisions of this ordinance. This  
9 ordinance does not supersede any conflicting provisions of any collective bargaining  
10 agreements.

11 **IT IS HEREBY ORDAINED BY THE PEOPLE OF THE CITY OF DETROIT THAT:**

12 **Section 1.** Chapter 47 of the 1984 Detroit City Code, which pursuant to Section 11-  
13 102 of the 1997 Detroit City Charter incorporates by reference and saves from repeal  
14 certain provisions contained in the 1918 Detroit City Charter and in the 1964 Detroit City  
15 Code regarding the General Retirement System of the City of Detroit, be amended by

1 amending Section 47-1-1, and by adding Sections 47-1-2 through 47-4-7 to read as

2 follows:

Page

Page