

**VILLAGE OF GROSSE POINTE SHORES, A MICHIGAN CITY
MINUTES OF FINANCE COMMITTEE MEETING
THURSDAY, JULY 5, 2018**

A meeting of the Finance Committee of the Village of Grosse Pointe Shores, A Michigan City was held on Thursday, July 5, 2018 in the Council Chambers of the Grosse Pointe Shores Municipal Building. The meeting was called to order at 10:01 am, by Chairman Bisballe.

Present: Council Member Bisballe, Chair
Council Member Tina Ellis
Council Member Robert Gesell
Committee Member Chuck Ruifrok

Also Present: City Manager Mark Wollenweber
Public Works Director Brett Smith
Public Safety Director John Schulte
Detective Scott Rohr

All items pertinent to this meeting are either attached or placed on file.

APPROVAL OF MINUTES – JUNE 12, 2018

Motion by Committee Member Gesell to approve, seconded by Member Ruifrok Passed 4-0.

ITEM 4 OLD BUSINESS:

IT was the consensus of the Committee to move up Item B, Rocket Fiber and after discussion it was the consensus of the Committee to not proceed further with participation in the Rocket Fiber project. They felt there was little or no return for the investment needed by GP Shores.

On the DROP plan the committee discussed and presented questions. The Chairman pointed out that one of the issues was the potential loss of the 20% that the employees currently contribute. Staff was asked to check on whether or not employees who elect to enter the DROP plan can stay in the regular employee group which would then not affect the OPEB liability as their health care cost would be maintained in the General Fund and not in the Retiree Health Care Fund. It was pointed out that the 20% employee contribution is worth about \$3000 per year per employee and that if they could not be kept in the regular employee group that we could transfer the illustrative rates to the retiree health care fund and that would make it revenue neutral. It was pointed out that at roughly \$3000 per employee in the DROP we are buying time to plan while keeping good employees as well as saving health care costs for the replacements. Just for the 7 Public Safety Employees the savings would be nearly \$100,000 per year in avoided

health care costs. The committee had made arrangements to conference call with Sandy Rodwan our actuary but was not able to get through by phone. She had indicated previously that the DROP plan based upon the concept information submitted would not on its own result in an increase in liability for the pension system. She had indicated that one of the actuarial assumptions was that only 30% of those eligible to retire would do so when they hit the eligibility requirements. That would be reviewed based upon actual numbers. Staff was asked to prepare a citywide list of those potentially eligible and forward it to the actuary for her review. It was also suggested that staff would continue to try to contact Sandy by phone to get her comments. The Chairman polled the members of the committee and made a MOTION to recommend to the City Council for approval of the DROP plan subject to the actuarial neutrality or known actual costs as well as final language being reviewed by the city's labor attorney and outside pension attorney. SECONDED by Committee Member Gesell. PASSED 4-0.

ITEM 5 NEW BUSINESS

None

ITEM 6 OTHER

None

ITEM 7 PUBLIC COMMENT:

None

ITEM 8 NEXT MEETING:

The next Finance Committee meeting will be scheduled in September or as needed after the auditor's work.

The meeting was adjourned at 12:25 p.m.

Mark Wollenweber
City Manager