

RESOLUTION 76-19

For the City of Bloomington to Elect to Join the
Public Employees Retirement Fund

WHEREAS, the Common Council is the governing body of the City of Bloomington in Monroe County, in the State of Indiana, and

WHEREAS, the Actuary for the Public Employees' Retirement Fund has furnished the Common Council with certain cost estimates to become a participant in such Fund as established by the Acts of 1945, Chapter 340 and all Acts amendatory and supplemental thereto, and

WHEREAS, such Common Council is fully cognizant that the percentage of cost of gross annual payroll of covered employees has been set at 4.60% by the actuary of the Fund, and that at five year intervals, or more often if directed by the Board of Trustees of the Public Employees Retirement Fund, the actuary will review the status of the employees covered and shall adjust the cost percentage accordingly so that the Fund will remain on an actuarially sound basis, and

WHEREAS, such Common Council acknowledges its liability and that, pursuant to law, it and its successors in office must appropriate sufficient funds each year to retire the employees' prior service liability in an orderly manner and also fund the current costs accruing annually.

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE COMMON COUNCIL OF THE CITY OF BLOOMINGTON, MONROE COUNTY, INDIANA THAT:

SECTION I. The City of Bloomington, Indiana, elects to become a participant in the Public Employees Retirement Fund as established by the Acts of 1945, Chapter 340 and all Acts amendatory and supplemental thereto.

SECTION II. The City of Bloomington, Indiana, agrees to make the required contributions under the Public Employees Retirement Fund Act which are the Acts of 1945, Chapter 340, and all Acts amendatory thereof and supplemental thereto, including specifically the Acts of 1955, Chapter 329, commonly designated as "The Indiana Public Employees Social Security Integration and Supplemental Retirement Benefits Act."


SECTION III. The following are declared to be covered by the Fund: All full-time Civil City and Utility employees (including full-time elected officials) with the following exceptions: sworn police and fire personnel; temporary, part-time and seasonal employees.

SECTION IV. It is hereby declared that none of the classifications or positions specified in Section III are compensated on a fee basis or of an emergency nature, or in a part-time category.

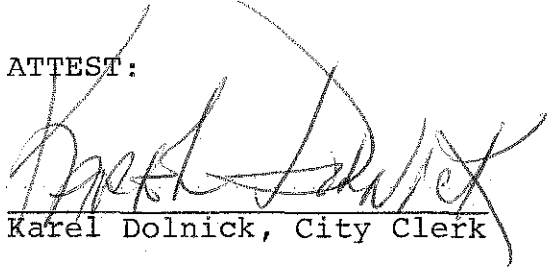
SECTION V. The active participating membership of the City of Bloomington, Monroe County, Indiana, shall begin on July 1, 1976.

SECTION VI. This resolution shall be in full force and effect from and after its passage and upon approval of the Board of Trustees of the Public Employees Retirement Fund of Indiana, except that active participation membership shall begin on the date set forth in Section V.


PASSED and ADOPTED by the Common Council of the City of Bloomington, Monroe County, Indiana upon the 3 day of June, 1976.


Clem J. Blume, President
Bloomington Common Council

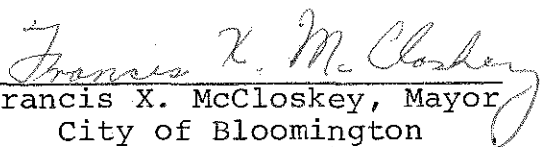
ATTEST:


Karel Dolnick, City Clerk

PRESENTED by me to the Mayor of the City of Bloomington, Monroe County, Indiana upon the 4 day of June, 1976.


Nora M. Connors, Deputy City Clerk

SIGNED and APPROVED by me upon the 8 day of June, 1976, at the hour of 10, o'clock, a.m.


Francis X. McCloskey, Mayor
City of Bloomington

SYNOPSIS

RESOLUTION 76-19

To Approve the Public Employees Retirement Fund for City Employees

In keeping with the union wage agreement for 1976, this resolution provides for approval of the Council to enroll the City of Bloomington in the Public Employees Retirement Fund program as of July 1, 1976. The cost to the City will be 4.6% of payroll.

CITY OF BLOOMINGTON

Interdepartmental Memo

TO: Mayor SUBJ: Resolution 76-17

FROM: Mayor's Office DATE: 4/23/76

In keeping with the union wage agreement for 1976, this resolution provides for approval of the Council to enroll the City of Bloomington in the Public Employees Retirement Fund program as of July 1, 1976. Cost to the City will be 4.6% of payroll.

Statutes used:

IC 5-10-1-1 -- 5-10-1-32 Public Employees Retirement Fund
IC 5-10-3-1 -- 5-10-3-31 Supplemental Retirement Benefits

PREFACE

The following memo is a general outline of some of the major provisions of the Indiana Code dealing with the Public Employees Retirement Fund (PERF), which has been merged with the Indiana Public Employees Social Security Integration and Supplemental Retirement Benefit Act (Supplemental Act). Many detailed qualifications, formulas, or cross-references have been left out to facilitate ease of understanding and reading.

PURPOSE OF THE FUND (5-10-1-2; 16-1692 Burns)

The purpose of the fund is to provide officers and employees of municipalities an orderly means of retirement from active service without prejudice and without inflicting a hardship upon the employees retired, thus promoting efficiency and economy in the administration of local governments in the State of Indiana.

INITIATION OF PARTICIPATION IN FUND (5-10-1-19; Burns 60-1619)

Any City may elect, by ordinance or resolution, by the governing body, to become a participant in the fund. A duly certified copy of the resolution shall be with the Board of Trustees of the fund and shall also designate by departmental, divisional, occupational, or other definable classification the employees who are to become members of the fund. All persons within the group designated by the City for participation in the fund shall be required to become members. Membership by the City in the fund is subject to Board approval and acceptance.

The effective date of the City's participation for the original and any additional employees shall be the earlier of January 1 or July 1 following the date of approval in the fund. The City may request a preliminary survey of estimated costs, benefits, or other pertinent information prepared by the Board. The survey cost is borne by the City at a basic rate of \$25.00 plus \$.50 per employee.

PARTICIPATION AND TAX LEVY (5-10-3-26; Burns 60-1935)

Any City subject to the Supplemental Act due to its participation in PERF is authorized to increase its annual tax base above the limitation now or hereafter enjoined by law if necessary to meet the cost of the employer's contribution for its employees. The contribution is determined in the same manner as the state's contribution under 5-10-3-24; Burns 60-1933 (discussed below). The amount to be appropriated by the city for its contribution, along with a share of the fund's administrative expense, shall be certified to each city and be due and payable as required under PERF provisions 5-10-1-23; Burns 60-1623 (discussed below).

THE CITY'S CONTRIBUTION

1) Determination of City's contribution (5-10-3-24; Burns 60-1923)
Each board administering a retirement system whose members are subject to the supplemental benefit provisions shall have an actuarial survey made to establish a sound actuarial basis for the retirement benefits provided under the Supplemental Act. This will allow a determination of the amount of annual contribution of each participating city necessary to carry out the terms of the Act. Such factors as the following are considered: number of members; retirement and withdrawal benefits provided; years of accrued creditable service; rates of mortality; retirement, employment turnover; interest and earnable compensation; obligations to previously retired members; and any other relevant actuarial factors. Upon the basis of such a survey, the board shall: adopt mortality rates and tables; determine contribution rates.

2) Alternate rate of payment of contribution (5-10-3-26; Burns 60-1935)

If in any year the annual cost of participation of a city towards its liability exceeds 15% of its payroll for the year the governing body may request an alternate rate of payment for the then existing liability to be discharged over a succeeding 15 years. The city may pay the alternate rate or an amount equal to 15% of the annual payroll, whichever is higher, in lieu of the pre-existing rate.

3) Times of payment (5-10-1-23; Burns 60-1623)

On January 1 and July 1 of each year the board shall determine the amounts which shall be paid for the preceeding six months by each participating city. The amounts may be expressed as a percentage of the payroll of the city covering the contributing members. Such contribution to the fund shall be due and payable by the city within 30 days after the end of the six month period to which such contribution relates and is mandatory. An appeal to a city's assessment is provided.

4) Depositing of contribution (5-10-3-15; Burns 60-1925)

The city shall deposit its contributions in a "retirement allowance account" in amounts necessary to provide the Supplemental Act benefits provided. When retirement or annuity survivor benefits are due and owing to a retired member or his dependent survivor (under 5-10-3-18d) the employer's retirement allowance account is charged with the actuarial reserve of the employee's retirement allowance and the state's account is credited with the same amount. It then becomes the state's responsibility to pay out retirement or annuity survivor benefits.

5) Termination of city's participating in fund (5-10-1-23; Burns 60-1923)

A city may withdraw from the fund with six years notice, with all amounts refunded to the city at the end of the six year period. The six year period begins on the first day of the next fiscal year after which notice is given.

EMPLOYEES' CONTRIBUTIONS (5-10-3-14; Burns 60-1924)

All employees shall contribute 3% of their compensation in addition to their contributions to social security. An employee contribution shall be deposited in an "annuity savings account" with interest compounded annually. In the event of a member's death before retirement, all contributions by him plus interest shall be paid to his beneficiary or estate (subject to annuity survivor election). All employee contributions and interest belong to the employee.

A member may elect to make additional annuity contributions to be deposited in a separate account with interest credited thereon. Such additional contributions may be withdrawn by the member prior to retirement. Upon retirement, the additional annuity contributions shall be paid by the state therefrom.

MEMBERSHIP OF EMPLOYEES

1) On initiation of PERF participation (5-10-1-5; Burns 60-1605)

Any person who is an employee of a participating city on the date when the city begins participation ("effective date") shall become a member of the fund unless 60 days prior to the effective date an election of waiver has been filed with the board. An employee may elect to become a member at any future time, but without credit for prior services.

2) Once PERF is established (5-10-3-14; Burns 60-1924)

Any person under 60 years of age who for the first time in a position covered by PERF becomes an employee on or after July 1, 1959, may elect between the first and twelfth months of continuous service, without a break of more than two months, to become a member of PERF. If an employee elects not to become a member he shall become a member of the fund after twelve months of continuous employment, without a break of more than two months.

3) Definition of an "employee" (5-10-1-4; Burns 60-1804)

Employee shall mean any person in the employ of a city or of any institution, board, commission, office, bureau, or any other agency maintained by a city. An employee shall not mean: officials of a city elected by vote of the people except where the governing body of a city specifically provides for the participation of certain locally elected officials; employees in positions requiring less than 300 hours per year; independent contractors, officers, or employees paid wholly on a fee basis; employees who are members of other pension plans or funds maintained in whole or part by state or city appropriations or who are presently eligible for such memberships or by reason of their employment will become eligible for membership in other pension or retirement funds or plans.

EMPLOYEE SERVICE CREDIT

1) Prior service (5-10-1-6; Burns 60-1601)

Each employee who is on active service when the city becomes a participant in the fund shall receive credit for all service rendered his immediate employer prior to such participation in any position in which he has received compensation. A prescribed form detailing all such service shall be filed with the board for verification. Thereafter, a certificate of prior service which is conclusive and binding shall be issued. Any employee who was an employee in a position now covered by PERF who reenters service with the city where he had previously served shall receive prior service credit after one year of membership service.

Prior service is computed as follows: less than three months employment equals no service; more than three months and less than six months equals one-half year prior service; more than six months and less than nine months equals three-fourths year prior service; more than nine months and less than twelve months equals one year prior service.

2) Membership service (5-10-1-6; Burns 60-1606)

After the effective date of the city's participation in the fund all service for which contributions shall be made is membership service. An employee who had acted by election not to become a member during the first twelve months of service and who shall become a member thereafter may receive membership service credit for those twelve months if within 60 months after becoming a member a sum equal to the amount that would have been deducted, plus compounded interest of 2 1/2%, is paid into the fund. Creditable service is prior service and membership service combined.

3) Military service (5-10-1-7; Burns 60-1607)

An employee who entered the Armed Forces prior to the city's participation in the fund shall receive credit for prior service and armed service if within 120 days after discharge and re-employment he elects to become a member of the fund. Otherwise the employee loses it all.

PARTICIPATION IN SUPPLEMENTAL RETIREMENT BENEFIT ACT (5-10-3-10)

Any political subdivision eligible to become a participant in PERF may obtain the benefits of the Supplemental Act by becoming a participant in PERF in the prescribed manner.

BENEFITS OF SUPPLEMENTAL ACT FOR PERF MEMBERS (5-10-3-13; Burns 60-1923)

All employees of any political subdivision subject to Federal Social Security Act which shall hereafter become a participant in PERF shall thereafter receive in addition to the benefits of such social security the supplemental benefits of the Supplemental Retirement Act and shall make those contributions required therein. The benefits of the Supplemental Act shall be in lieu of all benefits to which such employees would or might have become entitled as members of any existing retirement system. Each retirement system shall be administered as before except where those terms and conditions are inconsistent with the Supplemental Act.

RETIREMENT - DISABILITY BENEFITS - SURVIVOR ANNUITY

1) Retirement Times (5-10-3-17; Burns 60-1927)

An employee who is age 50 with at least fifteen years of creditable service is eligible for early retirement. An employee who is age 65 with at least ten years of creditable service is eligible for normal retirement. When it is certain that an employee cannot complete ten years of creditable service before age 70, he may receive all contributions and interest in a lump sum.

2) Retirement-survivor benefits (5-10-3-18; Burns 60-1928)

a) Normal retirement -- An employee subject to the Supplemental Act who retires at age 65 with ten years of creditable service will be entitled to receive a monthly retirement income, guaranteed for five years and as long thereafter as he shall live, consisting of a pension provided by employer contributions and an annuity provided by employee contributions.

b) Early retirement -- An employee who retires before age 65 with 15 years service will receive a reduced amount of retirement income from his employer's contributions to the employer's pension and whatever annuity is purchasable by the employee's contributions and interest thereon. No guarantee is specified.

c) Retirement options -- Each employee may elect one of four options for retirement benefits in lieu of the Supplemental Act's retirement benefits otherwise payable with such option revocable at any time prior to retirement.

OPTION 1. The employee may elect to receive a decreased retirement benefit during his lifetime and have such retirement benefit continue after his death to another designated person during the lifetime of such person. This option must be elected at least twelve months prior to retirement or if in less time with satisfactory evidence of good health. If employee dies before retirement the designated beneficiary receives the amount of survivor annuity in 5-10-3-18d. If the designated beneficiary dies before employee goes on retirement the election is cancelled automatically. If designated beneficiary dies while employee is on retirement, the amount of received benefits of employee is not affected.

OPTION 2. The employee may elect to receive an increased retirement benefit in the form of a life annuity without any guarantee.

OPTION 3. If an employee retires prior to eligibility for social security he may elect to receive an increased retirement benefit up to such age and decreased retirement benefit thereafter, producing a more nearly level retirement benefit when the decreased benefit is added to the employee's anticipated primary social security benefits.

OPTION 4. The employee may elect to receive the portion of his retirement benefits provided by his own contributions in the form of a cash refund annuity which shall provide for payment to his beneficiary at the time of his death of the excess of (a) the total amount of his contributions and interest used at retirement to provide such annuity, over (b) the total payments which shall have become due under such annuity prior to the date of his death.

d) Survivor annuity benefits -- If an employee with 15 years of creditable service shall designate a beneficiary, or if none is designated, he may elect, or his spouse may elect upon his death in service, to provide annuity survivor benefits as follows: upon death in service of an employee, if the spouse survives him and has been married to the member for at least three years, or if a designated beneficiary who is a dependent shall have been so designated for six months, a survivor annuity shall be payable in an amount equal to that which would have been paid under early retirement (age 50) or at the time of his death, whichever would have been later, under an OPTION 1 election. If a survivor annuity becomes payable with respect to a deceased employee, such annuity shall be in lieu of all benefits otherwise payable under this Supplemental Act, except for any death benefits under 5-10-3-14f

(entire amount of contributions plus interest paid to estate or beneficiary).

3) Disability benefits (5-10-3-21; Burns 60-1930)

An employee may be temporarily or permanently retired for disability on a benefit after not less than seven years of creditable service. The retirement is continued until disability is removed or relieved. The employee shall receive \$100 a month plus \$1.00 per month for each year of service credit over seven years. No disability payment shall commence unless and until the board orders a medical exam by its physician and no disability payment shall be paid if the board finds after a physical exam by a physician that such disability has been removed. Any benefits for any disability of less than six months continuous duration shall be charged to the employee's annuity account.

If a disability beneficiary refuses to submit to one medical exam in any year his benefits shall be discontinued until an exam is held. Continual refusal to be examined for one year cancels all rights and benefits. If at any time on or after July 1, 1969, the disabled person becomes eligible for a regular retirement benefit greater than his disability benefit the disability payments shall cease and retirement benefits shall commence.

WITHDRAWAL FROM SERVICE (5-10-3-22; Burns 60-1931)

Any employee who ceases to be in service may at any time prior to death, retirement, or resumption of service elect to suspend his membership. Membership of an employee with less than seven years service and after a continuous five year period of no service, if not suspended by his own election, is suspended automatically. On suspension, automatic or by election, all contributions of employee plus interest thereon shall be paid in a single sum. In the event of death of an employee while not in service his designated beneficiary, or if none, his estate be paid. On return to active service an employee may again claim service credit for the prior period of employment.

REEMPLOYMENT OF RETIRED MEMBERS (5-10-3-20; Burns 60-1929)

If a member receiving retirement income becomes reemployed in a position covered by the Supplemental Act his retirement benefits cease after 30 consecutive working days. When reemployment is terminated by death all contributions and interest thereon during the reemployment period are to be paid to the employee's beneficiary. If such reemployment period is for less than 60 consecutive working days there shall be paid to the employee all contributions by him during such period. If such reemployment is for 60 or more consecutive working days there shall be payable an additional supplemental pension and annuity based on such reemployment.

ADDENDUM

TO THE SECTION ON THE CITY'S CONTRIBUTION

1) Prior service contribution (IC 1971, 5-10-1-23; Burns 60-1623)

During the month of July or January in which a city becomes a member of the fund an actuarial survey shall determine the cost of all prior service the employee has rendered to the employer and for which the employer must contribute. The prior service cost of the employer may be amortized over a 15 year period and shall not exceed 15 years. The rate of interest shall not be less than 2 1/2% on the unpaid balance payable in semi-annual amounts.

2) Times of prior service payments (IC 1971, 5-10-1-23; Burns 60-1623)

The first payment for prior service pensions shall be due and payable within 60 days of the city's start of participation in the fund. Each subsequent payment shall be on each March 1 and September 1 thereafter.

COMMITTEE Utilities / Public facilities
 LEGISLATIVE NUMBER Resolution 76-19
 SUBJECT MATTER PECF
 ORIGIN Controller / Mayor
 DATE OF MEETING May 13, 1976
 READING Second

RECOMMENDATION: DO PASS NO RECOMMENDATION AT THIS TIME
 TENTATIVE DO PASS; SUBJECT TO CONDITIONS BELOW
 MINORITY REPORT FILED NONE

COMMITTEE DISCUSSION

This resolution had no opposition
 It is legal action required to
 fulfill the provisions of the memorandum of
 understanding.

SIGNATURES OF COMMITTEE MEMBERS

[Signature] Chairperson
[Signature]
[Signature]

CITY OF BLOOMINGTON

Interdepartmental Memo

TO: Members of the Utilities/Public Facilities Committee SUBJ: Amendment to the PERF Resolution

FROM: Pat Gross/Bill Finch DATE: May 13, 1976

In order to avoid having to make PERF payroll deductions for City employees for whom PERF benefits would be inappropriate and costly, we would ask that section three of Resolution 76-19 be amended to read:

SECTION THREE: The following are declared to be covered by the Fund: All full-time Civil City and Utility employees (including full-time elected officials) with the following exceptions: sworn police and fire personnel; temporary, part-time and seasonal employees, that is any employee who works less than 35 hours per calendar week and/or whose term of employment is intended to last less than six consecutive months.

CITY OF BLOOMINGTON

Interdepartmental Memo

TO: Pat Kinzer SUBJ: PERF Resolution 76-19

FROM: Common Council Office DATE: 27 April 1976

Bill Finch, Personnel Director has advised the Common Council staff of two corrections to be made on this Resolution 76-19.

1. 3rd WHEREAS clause, the amount "4.6%" should read "4.60%" as this might make a difference in amounts at a later date
2. Section 4. "portions" should read "positions"

Pat Gross, City Controller informs the UPF Committee that the PERF representative will be unable to attend the Committee meeting, but will be available sometime before the May 6th meeting for information if necessary.

COMMITTEE REPORT SHEET

COMMITTEE Utilities/Public Facilities

LEGISLATIVE NUMBER Resolution 76-19

SUBJECT MATTER PERF

ORIGIN Mayor's Office

DATE OF MEETING May 27, 1976

READING Second

RECOMMENDATION: DO PASS NO RECOMMENDATION AT THIS TIME

TENTATIVE DO PASS; SUBJECT TO CONDITIONS BELOW

MINORITY REPORT FILED NONE

COMMITTEE DISCUSSION

1. SPECIFIC STATEMENTS RELATIVE TO CITY'S FLEXIBILITY IN DEGREE OF COVERAGE FOR ALL OR RESTRICTED NUMBER OF CITY EMPLOYEES WILL BE REQUESTED BY PERF STATE HEADQUARTERS BY BILL FINCH BEFORE ANY FURTHER DISCUSSION TAKES PLACE
2. THIS INFORMATION WILL BE GIVEN TO EVERY COUNCILMEMBER.

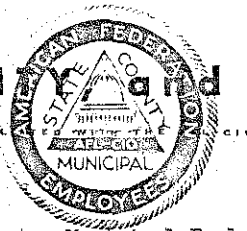
SIGNATURES OF COMMITTEE MEMBERS

Pat Kinzer Chairperson

D.W. O'Connell

STATE, COUNTY AND MUNICIPAL

Employees



LOCAL UNION NAME City of Bloomington Municipal Employees No. 2487

SECRETARY: Larry Sherfield

ADDRESS: 1969 So. Henderson St.
(STREET)

Bloomington, Indiana 47401
(CITY, ZONE AND STATE)

DATE: 3 June 1976

Mr. Clem Blume, President
Bloomington Common Council
220 E. Third Street,
Bloomington, Indiana 47401

Dear Mr. Blume and Council members:

The leadership of the city's municipal employee union has made the decision to no longer formally challenge the proposed resolution to adopt the Public Employee Retirement Fund.

This decision -- which has prompted us to withdraw a proposed amendment to limit the scope of coverage for the PERP program -- has not altered our convictions with regard to the proposed ordinance to adopt PERP for "all municipal employees", including notably appointed and elected officials of the City of Bloomington. It is still our belief that -- adopted as such -- the long-run economic consequences of this program for the vast majority of lower-echelon employees (both union and non-union) may quite conceivably lead ultimately to an untenable and unrealistic dead-end. The alternative which we sought -- a staged, progressive adoption of the program based upon an economic analysis of each expansion groups liability and cost factors -- was aimed at retarding this eventuality in the hope that an economically more feasible and sounder arrangement might be reached in the not-too-distant-future. The artless characterization of our efforts as mere "backdoor negotiations" fails to recognize the obvious: that, as employees of this community, we have a legitimate right to take a reasoned and responsible concern for our future welfare and well-being. The plausible possibility that the time may come when we are no longer able to take responsible steps to safeguard these concerns gives us ample reason to hesitate.

These convictions aside, the decision has been reached to withdraw from any formal challenge to the proposed resolution to adopt the Public Employee Retirement Fund for "all municipal employees".

The reason for this decision is quite clear.

The absence of any substantive evidence to support our contention that PERP was exclusively negotiated for members

of the collective bargaining unit forces us to honor our commitment to adopt the program, regardless of its proposed structure. In fact, our investigations -- as well as discussions with City officials -- tend to lend some credible support to the belief that last year's negotiators may well have been at least partially cognizant of the "possibility" that the program might include "all municipal employees". Their feeling at the time, apparently, was that they didn't think they could control the ultimate determination of the scope of the unit to be covered.

Thus, the consensus of opinion of the union leadership is that to pursue the issue further might well constitute an act of questionable faith on our part.

Respectfully,

Duane A. Conkey, Jr.
Duane A. Conkey, Jr.
President, Local 2487, AFSCME