

**CITY OF PONTIAC, MICHIGAN  
GENERAL EMPLOYEES RETIREMENT SYSTEM  
BOARD OF TRUSTEES  
SEPTEMBER 14, 2018**

A special meeting of the Board of Trustees was held on Friday, September 14, 2018 at the Retirement Office at 2201 Auburn Road, Suite B, Auburn Hills, Michigan 48326. The meeting was called to order at 10:02 a.m.

**TRUSTEES PRESENT**

Sheldon Albritton  
Jane Arndt  
Janice Gaffney  
Robert Giddings  
Walter Moore, Chairman (*By Zoom*)  
Billie Swazer  
Kevin Williams, Vice Chair

**TRUSTEES ABSENT**

James Walker (*excused*)  
Deirdre Waterman, Mayor (*excused*)  
Patrice Waterman, City Council (*excused*)

**OTHERS PRESENT**

Deborah Munson, Executive Director

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**PUBLIC COMMENT** – None

**AGENDA CHANGES**

Miss Munson reported that she has two agenda changes. The first addition is to approve an exception to the Training and Education Policy allowing the Trustees attending the IFEBP Conference in October to stay an additional night. The Travel Policy indicates that Trustees are to return from a conference if there are flights available that land by 7:00 p.m.

The other change is to approve another exception to the Training and Education Policy and authorize the use and expense of a rental car at the ValueEdge Conference totaling \$246.39.

**EXECUTIVE ASSISTANT EMPLOYMENT AGREEMENT**

Miss Munson reported that the purpose of the meeting is to approve the salary, benefits package and Employment Agreement for Kristy Neumann.

She reviewed the salary and benefits package that committee settled on. Ms. Neumann has been offered a starting salary of \$58,000. The System will match the 100% of the first 2% that Ms. Neumann contributes to the 457 plan. She will receive the health care, dental, optical and short-term disability that current employees receive. She will not receive System-provided life insurance. The vacation, sick and personal leave banks have been converted to a consolidated

Paid Time Off (PTO) bank. Ms. Neumann will receive 23 PTO days annually with one additional day accrued for the each of her first five years for a total of 28 PTO days and 13 paid holidays.

Miss Munson reminded the Board that at the last meeting, the Board approved for the panel to negotiate a starting salary of between \$52,000 and \$60,000. The panel negotiated a salary of \$58,000.00 and an employer match of 2% to the 457 Plan. The package that was negotiated saved the System \$848.00 over what would have been offered otherwise...

Trustee Gaffney explained that the panel felt that twelve sick days, two weeks' vacation and three personal days were too many days. They converted the leave to 23 days of PTO time which can be used for either sick, vacation or personal time. They felt that this is a more reasonable number of days.

Miss Munson referred to Ms. Neumann's résumé and employee evaluations included in the agenda. Ms. Neumann received positive reviews that indicated she is friendly, competent and is not afraid to ask questions which Miss Munson said would benefit her in this position.

Trustee Swazer asked when Ms. Neumann will be allowed to use her leave time.

Miss Munson responded that leave time is available as soon as it is accrued.

Trustee Swazer felt that there should be a probationary period.

Trustee Giddings questioned the language which addressed the accrual of the additional PTO day per year.

Trustee Gaffney stated that the employee will accumulate one additional day each year for five years with a maximum total of twenty-eight PTO days after five years.

Miss Munson indicated that the accrual formula is included in the PTO Policy and the Employment Agreement refers to the policy. She told the Board that the System's legal counsel has reviewed and edited the agreement. She stated that she briefly discussed the policy with the attorney. There are certain items that are included in the policy, such as the accrual formula and maximum, that are not in the Employment Agreement. The Agreement sets forth how much PTO an employee will accrue and the policy sets forth the broader guidelines regarding how PTO is administered.

Trustee Giddings felt the language could be changed and better defined in the agreement.

Trustee Swazer agreed with Trustee Giddings that the contract should show the accrual rate.

Trustee Gaffney questioned why the wording should be changed in the agreement versus the policy with regard to the PTO days. Trustee Gaffney also indicated that the agreement could be approved subject to legal revisions.

There was further discussion and it was determined that the agreement would be revised to include each year's accrual rate.

Chairman Moore questioned whether the bank can be rolled over.

Miss Munson responded that the panel has determined that the PTO will be capped at a maximum 1.5 times an employee's annual accrual. Once the PTO balance reaches the maximum, the accrual will stop until the balance is below the maximum. This information is also included in the policy.

Chairman Moore felt that in the absence of a policy the language should be in the Employment Agreement.

Vice-Chair Williams suggested language be added to the agreement that the PTO Policy will supersede language in the agreement.

He also referred to the language with regard to the employee's annual evaluation. He believes this should say that the Executive Director will perform the evaluation and provide a report to the Personnel Committee.

Trustee Swazer reiterated that she would like to see a probationary period of six months to one year.

There was discussion regarding the pros and cons of probationary periods.

Vice-Chair Williams stated that – although you don't want employees abusing the leave benefit - you don't want sick people coming into the office.

Trustee Swazer indicated that she is concerned that without a probationary period there could be abuse of their PTO leave.

Miss Munson stated that during the panel meeting there was no discussion of a probationary period other than the one for dental.

Chairman Moore stated that the Board has final approval of whatever is offered and the Board has the ability to make changes.

Trustee Albritton stated that he felt this matter has been rushed. He asked how many candidates applied for the position and indicated that he feels the Board was being asked to rubber stamp the decision.

Trustee Swazer stated there were seven interviews.

Miss Munson said that the panel has been given the authority to screen the applicants and select which ones would be interviewed by the full panel. Of the seventy candidates, eight were selected for

the panel interview. One of the candidates dropped out of the process and another was interviewed by Mr. Moore and her on August 24, 2018 due to a scheduling issue.

Chairman Moore stated that he feels Trustees Albritton's and Swazer's concerns are legitimate. He also feels that the Board is now in the position that we have to move forward.

Trustee Gaffney and Chairman Moore concurred that a process can be put in place to avoid issues in the future.

Vice-Chair Williams stated that the holidays should indicate Federal holidays so they are not confused with holidays that are not recognized on that list.

Trustee Arndt stated that the Board has always approved the City of Pontiac's holiday schedule for staff.

The Board agreed that the paid holidays in the agreement would be revised to indicate 'holidays as determined annually by the Board.'

Trustee Albritton asked about the 3-year vesting schedule for the employer contributions to the 457 plan and suggested that it be revised to 5 years to provide an incentive for the employee to stay with the System.

Miss Munson concurred that this is what she was trying to accomplish with the 3 year schedule. The Board had discussed looking at an employer match in the 457 when Phillip Moore was hired last year. She explained that Phillip Moore does not participate in the 457 plan. He is in retirement mode and had requested a health savings account versus a defined contribution plan. Unfortunately, UnitedHealthcare will not offer an HSA to staff because it is only a 3-person plan.

Miss Munson explained that there are different rules for cliff vesting which is when there is no vesting of employer contributions for the first certain number of years. After that certain number of years, the employee becomes 100% vested in the employer contributions. She continued that the gradual vesting schedule provides a small savings in the employer FICA.

Trustee Swazer questioned why the Board was not provided with Ms. Billings-Dunn's legal opinion.

Miss Munson said that she sent Ms. Neumann's agreement, which was a revision of Phillip Moore's to the attorney who made some revisions. The attorney called her the next morning and she made some additional tweaks over the telephone to come up with the final version.

There was additional discussion.

Vice-Chair Williams confirmed that Ms. Neumann has not seen Appendix A.

Chairman Moore suggested that section 2 should be changed to indicate that the Executive Director will perform the evaluations. He also suggested striking the last sentence of that section.

Trustee Gaffney stated that the Executive Director's evaluations should be forwarded to the personnel committee for recommendation.

Trustee Giddings stated that he understands why a probationary period has a purpose in a union environment but noted that this is a non-union environment and employment in Michigan is at-will. The employee can be terminated at any time for any cause or none at all so he is not sure that a probationary period is necessary for this situation.

Trustee Swazer still called for a six month probationary period.

Trustee Giddings asked if there is a PTO Policy.

Miss Munson confirmed that the System has the outline of a PTO Policy but it has not yet been reviewed by the attorney.

Trustee Giddings also asked why the employee is not receiving life insurance.

Miss Munson explained that some the panel members did not feel that life insurance should be part of the benefits package.

Chairman Moore explained that Ms. Neumann's original salary was \$57,500.00 and that she made a counter-offer of \$58,000.00 to cover the cost of obtaining life insurance.

Trustee Swazer noted that the System has no standard benefit package.

Miss Munson confirmed for the Board the requested changes: make clear that the additional day of PTO earned each year does not occur on the first of the year; include in the Agreement the maximum PTO that can be accrued; add language to the Agreement that the PTO Policy will supersede language in the Agreement; change the language in the Agreement to reflect that the Executive Director is responsible to perform the annual evaluation and provide a report to the personnel committee and remove the last sentence in section 2; change the paid holidays to reflect that they are 'determined annually by the Board'; change the 457 vesting schedule to reflect a 5 year vesting period.

**RESOLUTION 18-110** By Gaffney, Supported by Giddings

Resolved, That the Board approves the hiring of Kristy Neumann as the Executive Assistant of the General Employees' Retirement System, her compensation package as described and the Employment Agreement, with a target start date of September 28, 2018, subject to the satisfactory results of a background check and contract revisions approval by attorney.

Yeas: 7 – Nays: 0

**RESOLUTION 18-111** By Giddings, Supported by Arndt

Resolved, That the Board approves the attendees of the IFEBP Conference to extend their stay by one night.

Yeas: 7 – Nays: 0

**RESOLUTION 18-112** By Gaffney, Supported by Giddings

Resolved, That the Board approves the reimbursement of the cost of the rental car for the ValueEdge Public Funds Forum.

Yeas: 7 – Nays: 0

## **ADJOURNMENT**

**RESOLUTION 18-113** By Moore, Supported by Gaffney

Resolved, That the meeting be adjourned at 11:29 a.m.

Yeas: 7 – Nays: 0

I certify that the foregoing are the true and correct minutes of the special meeting of the General Employees Retirement System held on September 14, 2018.

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*As recorded by Jane Arndt*