



**CITY OF SUMMERVILLE  
SPECIAL CALLED MEETING  
APRIL 25, 2016  
6 PM**



**CALLED TO ORDER:** Mayor Harvey called the meeting to order.

**ROLL CALL:** Mayor Harry Harvey gave roll call. Council Members David Ford, Earl H. Parris, Joe Money, Jr. and Zachary Martin were present. Also present was City Manager Russell Thompson. Mayor Pro Tem Lloyd "Buddy" Windle was absent.

**INVOCATION:** Mayor Harry Harvey gave the invocation.

**PLEDGE OF ALLEGIANCE:** Council Member Earl Parris led the pledge of allegiance.

**AGENDA:** Mayor Harvey asked if there are any additions or changes to the agenda. With no changes recommended, Council Member David Ford made a motion to approve the meeting agenda as presented. The motion was seconded by Council Member Earl Parris and carried unanimously.

**MAYOR'S ANNOUNCEMENTS:** Mayor Harvey stated that he wanted to congratulate the Main Street and Chamber of Commerce folks for the Outdoor Expo held this past weekend. Mayor Harvey stated that he thinks the event went well. Mayor Harvey also announced the Downtown Destination Dinner will be held at the Depot this coming weekend and encourages everyone to come out and enjoy the good food. Mayor Harvey announced also that the first 2016 musical festival will be held on May 28<sup>th</sup> featuring Small Town Rumors. Mayor Harvey reminded everyone of the train coming to the Depot on June 4<sup>th</sup>.

**GMA RETIREMENT REPRESENTATIVE RANDY LOGAN:** Mayor Harvey stated that this work session has been set as an informational meeting to hear about the city's current retirement plan and what options are available. Mayor Harvey requested GMA's representative to introduce himself.

Randy Logan introduced himself by stating that he has worked with the Georgia Municipal Association for 18 years with focus on the GMA retirement plan facet of the GEMEBS organization. Randy explained that in the late 60s a group of municipalities tried to join the state retirement plan but legislation was not passed to allow that to happen. Randy explained that as a result of that effort hitting a wall the municipalities banded together to develop their own municipal retirement plan called the Georgia Municipal Employee Benefit System (GEMEBS). Randy explained that GEMEBS is spearheaded by a 15-member board of trustees all of whom are elected or appointed officials from member municipalities.

Randy presented Council with a handout of Summerville's retirement valuation summary. Randy reviewed the summary sheet which listed the 2015 and 2016 contribution requirements to fund the existing retirement plan. Randy explained that the city currently funds their retirement plan at 91.33%. Randy explained that 100% funding is not necessary because everyone would not retire at the same time. Randy explained further that if the city hits difficult times GMA can help work through that issue by calculating a modification to the funding level; within state and federal guidelines.

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**GMA RETIREMENT REPRESENTATIVE RANDY LOGAN CONTINUED:**

Randy stated that the beauty of the GMA retirement plan is that GMA runs the plan, does all the accounting, files all the required state and federal reports, and handles all the investment strategy. Randy stated that Summerville is with 285 other member cities that have over 2 billion dollars with an average return of 9.2% over the last 36 years.

Randy reviewed the City of Summerville GMA retirement plan explaining that the current plan document provides a 100% city funded retirement program with full time employees becoming participants at date of hire. Randy stated that the plan benefits document lists the normal retirement age of 62 for regular employees with full vesting after 10 years of service. Randy stated that the plan document also provides regular employees with 30 years of service the ability to retire at age 55 with full benefits. Randy explained that elected officials are immediately vested and provided a benefit based on their years served. Randy stated that early retirement benefits are available for fully vested employees at age 50 but the benefit is greatly reduced. Randy stated that the city's plan document has retirement benefits calculated with a formula based on 1.75% of the employee's final average earnings multiplied by years of total credited service. Randy explained that the final average earnings are determined by the employee's 5 highest consecutive years' earnings divided by 5. Randy stated that retirement experts say that it is best to have three funding sources when retired. Randy explained that the city's retirement plan provides a 30-year employee with 52.5% of their salary as a retirement benefit. Council Member Earl Parris stated that Bartow County's old plan had an employee with 30/35 years of service getting a benefit of 80% of their average annual earnings but their new plan has been reduced to 60% of their average annual earnings. City Manager Thompson asked Randy to explain local municipalities having local control over the retirement plans. Randy stated that the details of a city's plan document benefits are set by the elected officials; Council. Randy stated that recent research shows that providing a retirement benefit for employees is beneficial to the community. Randy explained that a retiree that has access to funds will spend those monies within their community and stimulate the economy. Randy stated that statistics show that for every dollar spent on employee retirement there is a return of 4.75 to communities. Randy explained further that having a solid retirement plan fosters the desire for employees to stay with the municipality. Randy explained that the city's plan document also provides a disability benefit that is calculated the same as normal retirement benefit but has a minimum of 20% of an employee's average annual earnings. Randy explained that Summerville's plan provides an annual cost of living adjustment (COLA) which is based on the federally determined cost of living. Randy stated that Summerville's COLA is set annually and does not exceed 3% for a given year. Randy stated that the city's defined benefits provide a pre-retirement death benefit that is actuarially equivalent to the reserve required for the employee's anticipated normal retirement benefit. Randy explained that for the purposes of calculating the actuarial reserve death benefit the employee's total credited service shall include 1/2 of the service between their date of death and what would have been the employee's normal retirement date up to 10 additional years. Randy explained that the plan provides a monthly benefit to a designated pre-retirement beneficiary, of a vested employee's choosing, equal to the normal retirement benefit that would be paid if said employee elected a 100% joint survivor benefit.

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**GMA RETIREMENT REPRESENTATIVE RANDY LOGAN CONTINUED:**

Randy explained further that the death benefit to a surviving spouse can be deferred until the deceased's date they would have reached normal retirement age. Randy explained that all beneficiaries, other than a spouse, begin the benefit on the first full months after the participant's death.

**CITY OF SUMMERVILLE'S GMA RETIREMENT PARTICIPANT DYNAMICS:**

Randy reviewed the city's valuation results sheet showing the number of active annual participants from February 28, 2007 through December 31, 2015. Randy explained that the sheet shows that there has been some fluctuation of participants with the lowest year being 2012 which had 72 participants and 2008 having 92 participants which is the highest year of enrollment for the span listed. Randy reviewed the report sheet showing that for this year's valuation there are 88 active participants with an average age of 45.9 having an average of 10.9 years of service with an average payroll of \$37,336. Randy also reviewed the distribution of active participants as of December 31, 2015. A copy of the handout presented to Council by Randy Logan is attached and becomes part of these minutes.

**401K PLANS:** City Manager Russell Thompson asked Randy to give information on 401K plans. Randy explained that 401K plans are for the private sector. Randy stated that a lot of people went with 401K plans in the private sector for two main reasons. Randy explained that the first reason is that 401Ks work for companies that are not guaranteed of being around long term. Randy explained that the second reason 401Ks are used is that the full responsibility falls to the employee. Randy explained that if an investment tanks then the employee is the one that suffers. Randy said that the City's defined benefit plan is far better because the chances of the City of Summerville not existing in the future is extremely slim and GMA makes investment choices based on highly educated and market smart staff members. During the market crash of 2008 GMA held solid with minimal losses due to conservative investments. Randy explained that with the employee investment thought, about 20 of the cities participating in the GMA program have a cost share in their defined benefit. Randy explained that (cost share) has been done in larger metro areas. Randy explained further that if a 401K type plan is established participation would have to be mandatory. The 401K type plan also has different dynamics in that employees have rights to how the plan is handled. Randy stated that from his experience when a defined benefit plan is changed there is a direct effect to the employee base; talented employees move to a job providing better benefits. Council Member Earl Parris asked if there has been a trend on types of plans and the difference in 5 and 10 year vesting. Randy Logan responded that in the last ten years the defined plan program sector has grown from 278 cities to 286. Randy explained that there is actually little cost difference between 5 and 10 year vesting; roughly \$8,000 to \$10,000 annually. Randy explained further that about half of the City's employees are not vested. Brief mention was made about 457 plans designed for governments. City Manager Thompson explained that consideration has been given to offering employees an opportunity for additional savings plans but it has not been done.

**THANK YOU:** Mayor Harvey and Council thanked Randy Logan for his informative presentation.

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**QUESTIONS:** Mayor Harvey asked if there are any questions from Council. No further questions were voiced by Council. Jason Espy of the *Summerville News* asked how many cities are there in Georgia and how many participate in GMA retirement plans. Randy answered that there are 538 cities in Georgia with 286 of them GMA participants.

**MAYOR'S COMMENT:** Mayor Harvey stated that there is a budget meeting this coming Monday beginning at 6 pm. Mayor Harvey stated that more budget meeting dates will be established at Monday's meeting. Mayor Harvey commented further that Council has regular meetings at 6 pm on the second Monday of each month.

**JASON ESPY:** Jason Espy of the *Summerville News* asked that he have a copy of the details for the bids received on auditing services for the city. Jason stated that he is making the request for auditing bid information based on the Open Records Act. City Manager Thompson responded stated that he has talked with the city attorney about the request for information. City Manager Thompson stated that Attorney Palmour advised that under O.C.G.A. 50-18-72 sub section A (10) the information does not have to be shared at this time due to pending action. Jason asked why the audit bid information is being kept from the public. Mayor Harvey responded that the information is still being reviewed. Jason reiterated his opinion that the city is hiding something from the public. City Manager Thompson responded that anyone can call him (City Mgr) or Council with questions noting that since the article was published in the paper no calls have been received.

**ADJOURN:** All business having been completed, Council Member David Ford made a motion to adjourn. The motion was seconded by Council Member Zachary Martin and carried unanimously.

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**HARRY HARVEY – MAYOR**

Attest:

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**JILL DURHAM – CITY CLERK, G.C.M.C.**

