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February 21, 2011

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VIA E-MAIL & U.S. MAIL

Mr. David Davidson
City Attorney
City of Roswell
38 Hill Street, Ste 205
Roswell, GA 30075

RE: **Restatement of City of Roswell Retirement Plan; Amendment of Retirement Plan to: 1) Prohibit Participation by Employees Hired or Re-Hired on or after March 1, 2011; 2) Prohibit Participation by Elected Officials or Municipal Legal Officers Who First Take Such Office or Return to Such Office (Following a Vacation of Office) on or after March 1, 2011; 3) Change Pension Committee Secretary; 4) Clarify that City Attorney Hired on or after December 18, 2000 Will be Treated as Eligible Regular Employee under Plan; and 5) Make a Technical Correction Relating to Participation by Municipal Court Judge**

Dear Mr. Davidson:

Per the City's request, enclosed please find two (2) copies of a draft amended and restated Adoption Agreement (AA) and two (2) copies of a draft amended and restated General Addendum for the City of Roswell. The amendments to the Adoption Agreement and Addendum will: 1) prohibit participation in the Plan by employees who are first hired or re-hired on or after March 1, 2011 (see AA p. 5 and General Addendum Sections 2 and 13); 2) prohibit participation in the Plan by any elected official or Municipal Legal Officer who first holds such office or who returns to such office (following a vacation of office) on or after March 1, 2011 (see AA p. 6 and General Addendum Sections 2 and 13); 3) change the Pension Committee Secretary from the Director of Human Resources to the Benefits Manager (see AA p. 3); 4) provide that any City Attorney or Assistant City Attorney who was hired on or after December 18, 2000 and who meets the eligibility requirements for Eligible Regular Employees will be treated as an Eligible Regular Employee under the Plan and not as a Municipal Legal Officer, and that a City Attorney or Assistant City Attorney hired on or after December 18, 2000 may not participate in the Plan as a Municipal Legal Officer (see AA p. 6); and 5) make a technical amendment clarifying that a Municipal Court Judge who holds office after December 1, 1987 will be qualified to apply for participation in the Plan on the first day of the month following or coinciding with the first date after December 1, 1987 that he occupies the office of Municipal Court Judge (see AA p. 6). The amendments will become effective on March 1, 2011.

Regarding the amendments prohibiting participation in the Plan by a current or former employee, elected official or Municipal Legal Officer who returns to service on or after March 1, 2011, Sections 2 and 13 of the General Addendum specify that if such an employee, elected official or Municipal Legal Officer returns to service, he or she will not be eligible to participate in the DB Plan (this Plan) with respect to his or her Service and Earnings with the City on or after the date on which he or she is rehired or returns to office. In addition, the employee's, elected official's or Municipal Legal Officer's eligibility for retirement and pre-retirement death benefits and the amount of any benefits payable under the Plan with respect to his or her Service with the City prior to the date on which he or she becomes reemployed or returns to office will be determined in accordance with the applicable terms of the Plan in effect as of his or

her most recent termination date preceding the date on which he or she is first rehired or returns to office on or after March 1, 2011 and his or her Credited Service and (for an employee) Final Average Earnings with the City as of said termination date. Service and Earnings, as applicable, after the date on which the employee, elected official or Municipal Legal Officer first becomes reemployed or returns to office on or after March 1, 2011 will not be taken into account for any purpose under the Plan. Please note that it is our understanding that reelection to a successive term of office with no break in service would not constitute a vacation of office for purposes of prohibiting an elected official or Municipal Legal Officer from continuing to participate in the DB Plan.

Additionally, as part of the amendments prohibiting participation in the Plan by an employee who is rehired on or after March 1, 2011, Section 2(d) of the draft General Addendum says that credited service with other GMEBS Retirement Fund member employers (GMEBS portability service) will continue to be taken into account (solely for purposes of determining vested status and eligibility for retirement benefits). However, if current or former employees become reemployed with the City on or after March 1, 2011, their portability service credit will be "frozen" as of their reemployment date.

The City's request for a plan amendment coincides with the restatement of the GMEBS Master Defined Benefit (DB) Plan Document and the GMEBS DB Adoption Agreement form (Plan). In order to protect the Plan's tax-qualified status, draft restated plan documents, updated to reflect master plan amendments and to comply with changes in federal tax law, were filed with the IRS on January 31, 2008. Following the filing, GMEBS' tax counsel made further modifications to the draft plan documents in order to meet IRS requirements and to reflect further updates in federal tax law requirements. On March 31, 2010, the IRS issued a favorable advisory letter (IRS determination letter) for the restated Plan documents.

To ensure continued tax-qualified status for all GMEBS-member retirement plans, we are now asking all participating employers to adopt the IRS-approved plan documents, including the restated Master Plan, Adoption Agreement, and General Addendum. We have completed the enclosed restated Adoption Agreement and General Addendum to reflect the above amendments that you requested, as well as the other benefit and eligibility provisions that you currently have in place. We have also enclosed a copy of the restated Master Plan document (which does not need to be signed by the City).

Please note we are in the process of preparing a more detailed explanation of the changes included in the restated plan documents, and we will be sending this out to you in the near future. We do want to point out two changes included in the restatement that you may want to be aware of immediately. First, at the top of page 3 of the restated Adoption Agreement (Section 5), there is a space for listing the members of your Pension Committee (by position). We left this section blank in order to reflect what is in your current Adoption Agreement. Since this section is left blank (with no positions listed), then the Pension Committee will "by default" (i.e., in the absence of a different designation by the member employer) include the positions listed in Section 15.01 of the restated master plan. The default listing included in the restated master plan includes the City Clerk, City Manager (if applicable), two employee representatives appointed by the Governing Authority, and three appointed members of the Governing Authority. Since the City's list of Pension Committee members in Section 5 of the Adoption Agreement is blank (with no positions listed) then the Pension Committee will be made up of the positions listed above, unless you request that the Adoption Agreement be further revised to include a different listing.

The second change relates to the City's Early Retirement Reduction Factors. While the current General Addendum contains the City's Early Retirement Reduction Table (Section 6 of the City's current General Addendum), the Early Retirement Reduction Table is now located in the new Adoption Agreement (new AA, p. 21).

In addition to the amendments and changes listed above, we have also amended the City's General Addendum provision relating to the Joint and Survivor Retirement Benefit Option (see Addendum Section 14). The City of Roswell currently subsidizes the Joint and Survivor Pop-up Option so that

the Retiree does not experience a reduction in his or her retirement benefit (as compared with the Standard Joint and Survivor Retirement Benefit) as a result of the pop-up feature. The GMEBS Board of Trustees voted in December 2010 to make the Joint and Survivor Benefit with Pop-up the standard Joint and Survivor Option (at no additional cost to the Participant), effective with respect to retirement applications received on or after July 1, 2011. We have enclosed a copy of the amendment (Amendment 1 to restated master plan) which implements this change. Please note the amendment also makes certain other changes with respect to retirement benefit payment options, including eliminating the social security payment option.

We will be following up with you and other member cities between now and July 1, 2011 regarding implementation of the new joint and survivor benefit. In the meantime, it is necessary to revise the City's special Addendum provision on the pop-up joint and survivor benefit (Section 14) to take into account the recent master plan amendment concerning the pop-up feature. With the revised joint and survivor factors provided for under the master plan amendment, the amount of the Joint and Survivor Benefit with Pop-up will no longer be reduced from what the Standard Joint and Survivor Benefit would have been. Since under the terms of the master plan amendment there will not be a reduction in benefit as a result of a Retiree selecting the pop-up feature, we have revised the City's special Addendum provision to say that effective with respect to retirement applications received on or after July 1, 2011, the City's special Addendum provision relating to the pop-up feature will no longer apply and the terms of the master plan (as amended) will govern.

Please note, however, that as part of the Board's action, the joint and survivor pop-up feature will apply with respect to a retiree's divorce from his or her survivor beneficiary (i.e., when the retiree elects a joint and survivor benefit, designates his or her spouse as the survivor beneficiary, but subsequently becomes divorced from such spouse), in addition to its applying where the survivor beneficiary predeceases the retiree (the current provision allows for pop-up only in the case of the beneficiary's death following retirement). Unless Section 14 of the enclosed draft Addendum is further amended, the pop-up feature will apply in case of the participant's divorce from the spouse as well as the death of the participant's spouse following retirement, provided the conditions for payment of the pop-up are satisfied. Please review the terms of draft Addendum Section 14 and the recent amendment to the restated master plan, and let us know if you have any questions or revisions to Addendum Section 14 as drafted.

Please note the City's General Addendum contains certain "outside-the-box" provisions (Addendum Sec. 14-15) which do not fit squarely within the standard GMEBS Adoption Agreement and Addendum format. For this reason, it may be necessary to file the City's General Addendum with the IRS for a separate IRS determination letter in order for the City to be able to rely on the IRS determination letter received by GMEBS. We are currently working with GMEBS tax counsel to determine which member employer plans will require a separate IRS filing (on IRS Form 5307) based on their General Addendum provisions. We will be back in touch with you if tax counsel recommends a separate Form 5307 filing for the City's plan.

If the amended and restated Adoption Agreement and General Addendum are acceptable as drafted, please have the designated representatives sign and date the two (2) copies of the amended Adoption Agreement and Addendum where indicated (on p. 33 and p. 7, respectively) and return both executed originals of the Adoption Agreement and Addendum to me. We will then countersign the originals. We will keep one amended Adoption Agreement and Addendum for our files, and we will return the other amended Adoption Agreement and General Addendum for you to put in the retirement plan notebook that was previously provided to you.

Upon adoption, the amended Adoption Agreement and General Addendum will replace the previous Adoption Agreement and Addendum that became effective September 1, 2003. If you wish to keep the previous Adoption Agreement and Addendum for record-keeping purposes, we suggest that you mark the previous Adoption Agreement and Addendum, "superseded by March 1, 2011 Adoption Agreement/ Addendum".

Mr. David Davidson
February 21, 2011
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Please let me know if you have any questions or revisions to the draft Adoption Agreement or General Addendum.

Sincerely,

A handwritten signature in black ink that reads "Gwin C. Hall". The signature is written in a cursive, flowing style.

Gwin Hall
GMEBS Associate Legal Counsel

Encl.

C: Ms. Karin Grinstad, Benefits Manager, City of Roswell (w/ encl.)
Ms. Kay Love, City Administrator, City of Roswell (w/ encl.)
Ms. Angela Nixon, GMEBS Legal Counsel (w/o encl.)
Mr. Cal Wray, Director, Risk Management & Employee Benefit Services (w/o encl.)
Ms. Linda Gady, Manager, Employee Benefit Services (w/o encl.)
Mr. Randy Logan, Employee Benefits Counselor (w/o encl.)