



**RISK MANAGEMENT AND
EMPLOYEE BENEFIT SERVICES
BOARD OF TRUSTEES**

February 8, 2011

Chairperson

Mickey Thompson
Mayor, Douglasville

Vice Chairperson

John Bennett
City Manager, Rome

Secretary-Treasurer

Jim E. Higdon
GMA Executive Director

Trustees:

Boyd Austin
Mayor, Dallas

Phil Best
Mayor, Dublin

Keith Brady
Mayor, Newnan

James V. Burgess, Jr.
Mayor, Social Circle

Ronnie Dixon
Mayor, Vidalia

Elizabeth M. English
Councilmember, Vienna

Myrtle Figueras
Mayor, Gainesville

Meg Kelsey
Deputy City Manager
Finance Officer, LaGrange

Bill Lewis
City Manager, Dahlonega

Joe Morton
City Manager, Fayetteville

David Nunn
City Manager, Madison

James F. Palmer
Mayor, Calhoun

Kenneth E. Smith, Sr.
Mayor, Kingsland

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 on or after March 1, 2011; 2) Prohibit Participation by Elected Officials or Municipal Court Judges who First Take Such 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 on or after March 1, 2011 (see AA p. 5 and General Addendum Section 13); 2) prohibit participation in the Plan by any elected official or Municipal Court Judge who first holds such office on or after March 1, 2011 (see AA p. 6 and General Addendum Section 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.

Please note that, per the City's instructions, the draft amended Adoption Agreement and General Addendum do not address whether current or former employees who become reemployed by the City on or after March 1, 2011, or current or former elected officials or Municipal Court Judges who (following a vacation of office) return to such office

on or after March 1, 2011, will be eligible to participate in the City's Defined Benefit Plan following reemployment or returning to office. In fact, Section 13 of the General Addendum specifically addresses employees who are "first hired" on or after March 1, 2011 and elected officials and Municipal Court Judges who "first hold such office" on or after March 1, 2011. While we understand the City's request for additional time to determine how to treat re-hired employees and elected officials and Municipal Court Judges who return to office, we recommend that the City take action as soon as possible to address this matter. Unless further action to the contrary is taken, current or former employees who become reemployed by the City on or after March 1, 2011 will be eligible to participate in the Defined Benefit Plan upon reemployment. Likewise, current or former elected officials or Municipal Court Judges who return to such office (following a vacation of office) on or after March 1, 2011 will be eligible to participate in the Defined Benefit Plan upon return to service.

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. 4,

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".

Please let me know if you have any questions or revisions to the draft Adoption Agreement or General Addendum.

Sincerely,



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.)