SPECIAL MEETING
BOARD OF MAYOR AND ALDERMEN
(PUBLIC HEARING)

September 1, 1998 **6:00 PM**

Mayor Wieczorek called the meeting to order.

Mayor Wieczorek called for the Pledge of Allegiance.

A moment of silent prayer was observed, this function being led by Alderman Pinard.

The Clerk called the roll.

Present: Aldermen Wihby (late), Klock, Sysyn, Clancy, Pinard, Shea, O'Neil, Girard, Rivard, Pariseau, Cashin, Thibault

Absent: Aldermen Wihby, Reiniger, Rivard, and Hirschmann

Mayor Wieczorek advised that the purpose of the special meeting is to hear those wishing to speak in favor of or in opposition to placing the following question on the ballot for the November 1998 General Election ; that the Clerk will present question for discussion at which time those wishing to speak in favor will be heard, followed by those wishing to speak in opposition; that anyone wishing to speak must first step to the nearest microphone when recognized and recite his/her name and address in a clear, loud voice for the record; that each person will be given only one opportunity to speak and any questions must be directed to the Chair.

The Clerk presented the proposed question:

> "Are you in favor of amending the City of Manchester Employees' Contributory Retirement System, effective January 1, 1999, as follows:
>
> Amending the contributory retirement system established by Laws 1973, Chapter 218 and Laws 1976, Chapter 24 by deleting the phrase "two and one half percent" of section 5 (I), Chapter 218 and replacing it with "three and seventy-five hundredths percent (3.75%).
>
> Amending the contributory retirement system established by Laws 1973, Chapter 218 and Laws 1976, Chapter 24 by deleting section 7 (I), Chapter 218 and inserting a new section 7 (I) as follows:
>
>> Any member of the retirement system who either (a) has attained the age of sixty-two years or (b) having been in the service of the city on January 1, 1974, has completed at least twenty years of service shall be eligible for retirement for superannuation under the provisions of this act. Any such member may retire from service by filing with the retirement board a written statement duly attested setting forth at what time subsequent to the date of filing thereof, but not later than sixty calendar days subsequent to such date, he desires to be retired, or the retirement board may, at its option, retire any eligible member, furnishing him written notice thereof at least sixty calendar days in advance of the specified date of such retirement.

Amending the contributory retirement system established by Laws 1973, Chapter 218 and Laws 1976, Chapter 24 by deleting section 8 (I), Chapter 218 and inserting a new section 8 (I) as follows:

Superannuation. The retirement board shall pay to each member who has been retired for superannuation under this act, an annual pension payable during his lifetime in an amount equal to the sum of:

(a) one and one-half percent (1.5%) of the member's final average earnings multiplied by the number of years, including the fractions of years represented by full months, of his service completed prior to January 1, 1999, plus

(b) two percent (2%) of the member's final average earnings multiplied by the number of years, including the fractions of years represented by full months, of his service completed after December 31, 1998.

However, in the case of a member who both was in the employ of the city on January 1, 1974 and has completed not less than twenty years of service at the time of retirement, the annual pension payable during his lifetime shall be equal to the greater of: (i) the sum of the amounts determined in accordance with (a) and (b) of this section 8 or (ii) fifty percent (50%) of his final average earnings.

Amending the contributory retirement system established by Laws 1973, Chapter 218 and Laws 1976, Chapter 24 by deleting section 12, Chapter 218 and inserting a new section 12 as follows:

Each member whose age plus years of service equal eighty may have the option, to be exercised by a written notice to the board, to retire at any time thereafter, prior to his normal retirement date. The amount of retirement benefits payable to such retired member shall be computed as provided in section 8 of this act, except that the date of such early retirement shall be used in determining his service, and the amount thus obtained will be reduced, such reduction to be determined by the actuary in accordance with accepted actuarial practice, if such retirement benefit is to commence prior to such members normal retirement date.

Each member, regardless of age, who as of January 1, 1974 was either enrolled in the System or a permanent employee of the City of Manchester shall be eligible for early retirement if credited with no less than twenty (20) years of service. Such member shall be entitled to receive an unreduced early retirement benefit equal to the greater of:

(i) Fifty percent (50%) of the member's final average earnings, or

(ii) The sum of:

(1) one and one-half percent (1.5%) of the member's final average earnings multiplied by the number of years, including fractions of years represented by full months, of his service completed prior to January 1, 1999, plus

(2) two percent (2%) of the member's final average earnings multiplied by the number of years, including fractions of years represented by full months, of his service completed after December 31, 1998.

The contingent annuitant and ten-year certain options provided for in sections 10 and 11 of this act may be elected by a member who elects to retire early under this section, in which case the term "retirement date" shall be deemed to mean early retirement date wherever applicable in sections 10 and 11 of this act.

_____YES _____NO

Mayor Wieczorek requested that Robert Stanton, Executive Director of the City of Manchester Employees' Contributory Retirement System, make a presentation.

Mr. Stanton stated on behalf of the Retirement Board of Trustees and the Systems membership, I wish to thank the Board of Mayor and Aldermen for the opportunity to express our appreciation for many years of support in a partnership that has truly benefited all concerned. It gives me a great deal of pleasure, on behalf of the system, to submit to you on an ongoing basis the statistics of our healthy retirement trust fund and the solid investment performance over the years that supports the charter member in here proposed. In addition to what you received in your agendas tonight, I have passed out a red-lined version which I think will assist you in going through these amendments. I know the amendments are quite lengthy and quite wordy but I guess what I will attempt to do is just to simplify them for you if I may. If we start with the first amendment that Ms. Johnson has read off, qualifications of retirement, which you find under 218:7 which would be underlined 24 of the package that I submitted to you. What you will find there is that what is underlined is going to be replacing what has been red-lined out and what this does, it allows those members who were employed prior to 1974 the ability to retire after January 1, 1994 without any age restrictions to them. That is a change, certainly, on a going forward basis that is not provided right now. The second amendment that was read to you this evening is under 218:8 and that is under underline 34 of your packet which is 218:8 a) Retirement Benefits and Their Payment. What this amendment does would increase the person's service credit which is currently at 1.5% to 2% per year. So if a person works 20 years currently, that person would end up with 30% of pay of final average earnings. With the new amendment, that amount would increase to 2% per year. So anytime after January 1, 1999, a person would receive 2%. So that same example, that person the first 20 years would end up with 30% and the last 10 years would end up with an additional 2% per year or another 20% so that person would end up with a 50% benefit with 30 years of service. 1.5% for the first 20 and 2% per year for the remaining 10 years of service. Basically, it is just an increase in service credit from 1.5% to 2%. The third amendment as well would again allow a pre-1974 employee the ability to retire without any reduction which is currently but it actually takes out, as you can see, with no less than 20 years of service and it takes out the 80 point rule which simply allows that person to leave with, again, service credit in excess of 20 years. Just to let you know that there are about 23 or 24 individuals that are pre-1974 at this time who are currently working for the City. This would allow those members to retire on January 1, 1999 without any reduction in benefits once they have completed, again, the 20 years of service. Those members currently have in excess of 25 years of service. The people that are in question that are pre-1974. That is pretty much what the amendments do in a nutshell. Let me say that the contribution going from 2.5% to 3.75% is a 50% increase in benefit to the plan participants and as we have submitted to you in the past, the Board of Trustees felt that the appropriate way to move forward with these charter amendments was to do a cost sharing with the City of Manchester and that is what has been presented to you in the past and we hope it is something that you move with the retirement

system in doing for those members that are, again, pre-1974 and those who are a good part of the plan that are post-1974.

Alderman Wihby stated I want to apologize for coming in late. Could you tell me, is there a cost to the City general fund because of this?

Mr. Stanton replied yes there is and I will go through that.

Alderman Wihby asked is that somewhere in these documents.

Mr. Stanton answered not in the documents you have received this evening, Alderman, but they were submitted in the past to you. We can certainly provide those to you. The cost to increase the employees' service credit from 1.5% to 2% per year would cost the City approximately $395,000 in additional funding. Of that $395,000 which is to the City, the employees are picking up $348,000 in addition to what the City would put in at $395,000.

Alderman Wihby asked so is it $395,000 minus $348,000 or...

Mr. Stanton answered no $395,000 and the employees would contribute an additional $348,000. If the City were to pick up the whole thing it would be the $395,000 plus the $348,000.

Alderman Wihby asked does the City get anything out of the $395,000 other than them being able to retire. I mean what does the City...are we going to be able to have more retirees and then hire people for less pay?

Mr. Stanton answered as part of the amendments that are being presented, Mark Hobson had done a study for us that if people were to take advantage that are eligible to take advantage, he had projected a savings of about $203,000 a year.

Alderman Wihby asked so that is off the $395,000.

Mr. Stanton answered actually to the City, correct.

Alderman Pariseau asked are we going to continue to have the two systems. The old system?

Mr. Stanton answered if these amendments were to pass, I believe you possibly would get people who are currently still under the old retirement system possibly joining our system and the reason I say that is currently there are number of, or everybody who was in the old system is currently eligible to retire. A lot of them have not retired and I think the enticement to get them to join our system is that if they could get after 20 years, well they can get out after 20 years currently but they continue to work. The reason some of them haven't joined our system is that if they were to lose their jobs today, at least they could draw half pay from the City under the

old retirement system. Now if these same people were to join our system and they were to be terminated, a lot of them could not retire because they are not age 62 or possibly don't have the 80 points. So I think from the City's side of it, I think it would be a benefit to them if those individuals could join our system, thereby, I know the City has some $20 million unfunded liability out there for those people in the old system. Certainly the advantage of them joining this system is that their final pay is based on their gross earnings as opposed to base earnings as well as...the most important thing is that there are contingent annuitive beneficiary payments that continue on to a spouse or dependent children in case of death so I think those are some of the highlights that would get people into the system.

Alderman Pariseau asked so if a member of the old system...there is a case that I am aware of that he has 24 years of service with the City, plans on retiring I believe the first of January or thereabouts and is anticipating retirement equaling 36% of his current salary. If that individual was to join the new system, would that still remain that 36% of his salary.

Mr. Stanton answered well two things. One, the individual, if he were in the old system he would be getting 50% so he wouldn't be in this new system getting 36%. That individual who you are describing would have to be in the current retirement system because under the old retirement system once you have 20 years of service you get 50%. So that individual would be in the new system and the benefit structure as it is today for each year of service you get a percent and a half. So if you have 24 years, you would end up with 36% of pay. That is correct. In order to get 50% of your pay, you have to work thirty-three and a third years.

Mayor Wieczorek stated you touched on a question I had. How many people do we still have in the pre-1974 retirement system.

Mr. Stanton replied the pre-1974 that are in the old system, I am not sure. Maybe around 65 people.

Mayor Wieczorek stated that is the unfunded part that we pay every year. Now if these folks go into the new system, you are talking about wiping out...whatever number of people get into the new system we reduce the unfunded liability.

Mr. Stanton replied well that would be contingent upon the number of people that join the system.

Mayor Wieczorek stated well lets say they all join. We would have no unfunded liability then, correct.

Mr. Stanton replied you would have the liability for those people who are currently retired but those future retirees, that liability would be transferred over to the retirement system and we do have people on an ongoing basis, and I wouldn't say an awful lot of them, that do come from the

old system into the new system because of those advantages. One, there is a spousal benefit. Two, it is final average earnings based upon gross pay and also inclusive is sick leave and vacation. So those are the incentives for people. That would be the big plus for these people joining our system.

Mayor Wieczorek stated well the example that he gave you where a fellow under the old system would get 50% of this pay and under the new system he gets 36% so am I right in this assumption so far that he gets 36% if he goes into the new system.

Mr. Stanton replied no. That individual he is describing is not in the old system because if he was in the old system he would get 50% already because he is on the old system. He has got 20 years of service and he gets half pay automatically under the old retirement system. So anybody who is currently in the old retirement system, if they would join our system their benefit would be no less than 50%.

Mayor Wieczorek stated but one of the major differences it seems to me that if you are in the old system and you retire and you get one check and you die that is it, nobody else gets paid but in the new system I am assuming you have a joint and survivor benefit.

Mr. Stanton replied that is correct.

Mayor Wieczorek stated well that is pretty important.

Alderman Girard stated as you know, I have had a couple of questions and I just want to make sure that I am clear on the information I have asked you. As you know, I have been approached by some new system employees who are concerned that if you make these changes and old system pensioners join the new system employees they will be able to get the half pay benefit rather than be treated as new system employees.

Mr. Stanton replied they can still get that benefit as of today without any changes.

Alderman Girard asked if they were to move into the new system.

Mr. Stanton answered as of today, yes.

Alderman Girard asked so that is not a result of any of the changes you are proposing here. That is a result of the way the system was initially structured back in 1974.

Mr. Stanton answered that is correct.

Alderman Girard asked the $395,000 cost to the City. Is that a one time cost or is that an ongoing cost?

Mr. Stanton answered that is an ongoing cost over a 30 year period.

Alderman Girard asked so it is $395,000 a year for 30 years.

Mr. Stanton answered yes and that will fluctuate depending on certain, these are assumptions that are being made and if everything comes true it is $395,000 but not in excess of that. Now if everything does not come true, then it is different.

Alderman Girard asked and the $200,000 or so worth of savings as a result of these changes are they one time savings or are they continual or do they become voided costs in the future.

Mr. Stanton answered I would have to defer that to Mr. Hobson. I assume, well I guess what he was taking into consideration was if those individuals were to terminate or retire then they would have to hire these people certainly at a lower pay grade so I assume the savings wouldn't be that throughout I am sure.

Alderman Girard stated the other item of concern is after you change these ratios, if someone from the old system buys in, they don't buy all their back time at the new ratio, they buy it historically. In other words, if it was 1.5% for how many ever years, they get 1.5%. It is all as if they started from day one in other words.

Mr. Stanton replied that is correct. An individual, if they come to us on January 2, 1999, they are going to pay whatever years of service, again their contribution based on 2.5% up and through that period of time that is correct and that has to be paid into the retirement system in full before they can join the retirement system.

Alderman Girard stated so these changes provide no benefits that don't already exist to old system pensioners who would move into the new system.

Mr. Stanton replied people that are currently employed for the City in the old retirement system, there is no enhancement for them. They currently can do that as of today.

Alderman Clancy asked say I have 30 years of service and I want to get into the new system then I probably want to work maybe two or three more years so I will get 30 years. Now I am not buying back my time so 30 years still gives you half pay right in the old system? Or doesn't it?

Mr. Stanton answered in the old retirement system you work 20 years or 40 years and it is still 50%.

Alderman Clancy asked if I want to go back to 1974, do I have to pay the difference between 2.5% and 1.5%. I would have to 1% difference for 30 years in order to get into the new system.

Mr. Stanton answered no, all you would have to do...the way it actually works is we refer to as a buy back, the employee who is in the old system wants to join the new system. He would pay his contributions at 2.5%, what he normally would have paid had he joined the system back in 1974. In addition to that 2.5% contribution based on his earnings, he is also or she is also assessed a 7.5% interest compounded yearly in addition to their contributions because when an old employee joins our system, the retirement system loses approximately $150,000 to $200,000. It becomes an actuarial loss to us automatically when these people join our system so we have a loss when we take these people into the retirement system simply because the City has not contributed from 1974 and again I will use as an example through 1998. So it becomes an immediate loss to us because that has never been funded for because they didn't join the system but they are required to fund their portion of the contribution for what they earned from 1974 through 1998.

Alderman Clancy asked as far as the survivorship benefit, in other words if a guy is married and he wants to get out in maybe a couple of years and he wants to protect his wife, is there any cost for that. Is there a pop up clause?

Mr. Stanton answered the cost is simply on the type of benefit, whether it be a 10 year certain or a contingent annuant. Yes, there is a reduction in benefit certainly because you are guaranteed a benefit to a spouse or surviving children.

Alderman Clancy stated so in other words say if a guy was going to get out at 75% and he took his wife does that reduction automatically go down.

Mr. Stanton replied yes it would go down depending on her age in relationship to his age using that example. So certainly if she is older than he is then the reductions are not as much because the chances of her living longer are less and conversely if she is younger the reductions are greater because her chances of living longer are greater than his because he is older.

Alderman Thibault stated I just wondered, I guess I didn't hear you before when you answered the Mayor's question. How many people do we have left on the old system and isn't there a cut-off date? I was always under the impression that there was a cut-off date. From that point on they must either be in the old system or the new system and is that still in effect?

Mr. Stanton replied in answer to your first question, there are about 65 people in the old retirement system. In answer to your question with respect to a cut-off date, there is no cut-off date with respect to those people joining the new retirement system. There was, a number of years ago and I think what you may be referring to which was out of the tax reform of 1986 which was discriminatory which was that once a person reached their 57th birthday if they were

in five years of normal retirement they couldn't join the plan but as a result of TRA of 1986 that has been still in the plan but certainly we allow people in the plan.

Alderman Wihby stated we said $395,000 or whatever was the cost minus $140,000 or whatever from Mark Hobson so we are talking a couple of hundred thousand. Also on top of that what the Mayor touched upon about the liability that we have, the unfunded liability, as five people switch over do we have less liability then from the old one?

Mr. Stanton answered that is correct.

Alderman Wihby stated so the number of people who switch over that liability that we have is going to diminish.

Mr. Stanton replied that is correct.

Alderman Wihby stated so that is actually a cost to the City that we are not going to have anymore.

Mr. Stanton replied on a yearly basis that is correct because the old retirement system is a pay as you go system and has never been funded. It is funded as you know under general revenues.

Alderman Wihby asked couldn't that be substantial if a lot of people switched.

Mr. Stanton answered from my understanding, I know you have some $20 million in unfunded liability so certainly we could gather some members and what that liability would be.

Alderman Wihby asked would it be fair to say that it wouldn't cost anything to the taxpayer because of the money coming off of the unfunded liability plus the decrease in the salaries between a retiree versus a new employee.

Mr. Stanton answered well ultimately you would have to certainly fund their benefit but it is done over a period of time because what happens is those people that come over from the old system into the new system, the City has not contributed on their behalf since 1974 so that is figured into our actuarials but it is not a cost that you bear up front. It is over time and that is what we attempt to do in our funding that you get a level funding so you don't have these spikes in funding so one year your contribution rate is not $500,000 and the next year it goes to $2.5 million so we do a smoothing technique.

Alderman Wihby asked so explain to me how you are going to...if the referendum goes through and it is going to be on the ballot how do you sell this to an average taxpayer out there. What do you tell them?

Mr. Stanton answered I think to increase the benefits. I think if you look at the history of the retirement system as hopefully the Board can attest to because of the fact that the system has done so well over the last 25 years as you can well attest to the City's contribution for 1998 including all enterprise funds is $514,000. That is about $400 a person. The employees right now are contributing more to their retirement system than the City of Manchester is because of the fact that the system is done so well and their contributions have gone down and you have seen a City decline in employer contributions through the years and that is certainly a testament to the diversity of the diversification the retirement system has taken so to sell it to the taxpayer...

Alderman Wihby asked if they want to know a cost, would you say there is no cost.

Mr. Stanton answered there is always a cost, Alderman Wihby. There is a cost as I pointed out to the taxpayer because their funds will ultimately pay the bill of $395,000. In addition, the employees' contribution will increase as well. The attempt, I think, at our Board level was to come before you understanding that if this Board were to say we would like to fund another million per year in addition to your normal contribution, we thought that was certainly not the appropriate way to go. We felt that a cost sharing method would be the more appropriate method to go and that is what we went with as being that the cost sharing was probably the most...you know not expecting the taxpayer to pick up the burden and the employees certainly are more than happy. The other thing that I will mention that people may not know is although the City's contribution has steadily gone down, the employees contribution never, they never get a holiday from their contribution rate. So they are always paying, currently they are 2.5% and that is something that will always be. They don't get any relief when the system does well, although the City does. Hopefully, the City will continue to have their funding at half a million. We just did some numbers recently and were looking back in 1988 when the City's contribution was in excess of $2 million in 1988. Almost $2.3 million in 1989 and in 1998 it has dropped down to $514,000, but again our assets in 1989 was a little less than $28 million and as of 1998 we have assets in excess of $83 million.

Mayor Wieczorek asked even after yesterday.

Mr. Stanton answered even after yesterday, yes the market was up 218 points today. Certainly over the long-term and certainly we don't look at a day's event in the market because we are a long-term investor.

Mayor Wieczorek called for those wishing to speak in favor. There were none.

Mayor Wieczorek called for those wishing to speak in opposition.

Normand Coutu, 458 Kelley Street, Manchester, NH stated I am from the Parks, Recreation & Cemetery Department stated I am against this proposal for a few reasons. Brief examples, a

person hired by the City prior to 1974, 36 years service, gets into the new system, pays into it for eight years and retires. Their pension? 66%. Pretty good. Paid into the system for eight years. Anybody who started after January of 1974 up to this date have at least 24, 23, 22, 21, 20 years what are we going to get? The most is 36%. I don't think there is any justice here. I think if they are going to change the system, don't change it for the pre-1974. You have done plenty for them already and they deserve it they have paid their dues but so have we. We paid our dues since 1974, 1975, right up through 1998 and I don't think that the system is looking at the complete picture. I plan on retiring July of 1999. Now the system wants me to pay 3.75% for six months but they are going to give me nothing. So why should I pay 1.25% more for six months and not get any benefits from it? The old system, those who are in the old system who do not pay into the new system, it is too costly for them to join now. It would cost them an enormous amount of money and those who are in the old system and who never paid a dime and they are still working, they are going to get half pay which is fine but don't neglect those who started in 1974, 1975 right up through who have at least 20 years of service. I don't think that the Retirement Board is looking at the complete picture. We have paid our dues too. If a person started in December of 1973 and retires in July of 1999, half pay. January 2, 1974 and retired January of 1999, 36%. That is all I have to say. Thank you very much.

Mayor Wieczorek asked, Bob, do you have a response to that.

Alderman Wihby asked is it basically because you have to start somewhere.

Mr. Stanton answered what happens, in 1973, you have to go back 25 years. What happened in 1973, the City of Manchester decided that they could not continue on the path of providing half pay for employees after 20 years of service. They recognized that fact and moved forward and developed a contributory retirement system. For those people who had employment prior to 1974, they had an option to remain in the old system or to join the contributory retirement system. A lot of people opted to join the retirement system and at that particular time and I don't want to belabor these old issues that we used to have, they were promised if they were to join the system and contribute they could retire after 20 years. This was told 25 years ago. That never occurred, never happened. So those people were asked to join the system, but by joining that system they were given this caveat that all they would have to work is 20 years and have age 62 and they could retire to 50% of their pay. What you are not told here is that the individual who joined the system in 1974, between the 20th year and the 33.3 year he does not get any increase in benefit. That individual has been paying in for 13.3 years contribution and he is not getting any benefit for that, as well. So, in answer to your question any individual in the old retirement system, they are going to have to pick up their expense. It is not a free ride for them. Those were the conditions at that particular time to get people into the contributory plan and that was the times.

Alderman Wihby asked do you have people coming from the old system or will come in.

Mr. Stanton answered I have an individual who will be on the agenda next Tuesday who has 36 years plus of service who is joining the retirement system and ponying up substantial money but he has the benefit of joining our system. He has a spouse and he knows that he receives overtime and that is going to be inclusive as well as sick leave and vacation. It is a win-win for these people. I mean we are not out there selling the plan but certainly I would be more than happy to speak to the people in the old retirement system about the benefits of getting them off the old system.

Alderman Thibault stated well, your Honor, if in fact this gentleman just brought up a point here that we should be looking at, I think it is something that both the Retirement Board and this Board should be looking at and if there were some infringements on anybody's part, I think they should be addressed. Not understanding exactly what has happened here, I would certainly like to have some idea as to how this happened and if, in fact, these people were short changed in any way, I think that would be a good thing for this Board to find out and if someone was, in fact, short changed I think that a correction might be in order. I don't know. I am just looking at what I heard from this gentleman as compared to what it seems the Board's feeling is.
Mr. Stanton asked if I can respond to that. The question he had is the individual was hired after January 1, 1974. That individual is receiving exactly what the City of Manchester told him he is going to receive at the time of retirement. Nobody is getting short changed. Those are the terms he took employment with the City of Manchester.

Alderman Thibault asked so he knew that at the time.

Mr. Stanton answered absolutely, no question.

Alderman Thibault asked so in other words after this thing was settled he joined into the City and he took the job according to these conditions. Is that what you are saying?

Mr. Stanton answered absolutely because as of January 1, 1974 those employees had to work a minimum of 33.3 years to get 50% benefit at age 62. Now they could retire prior to with 80 points but there is an actuarial reduction if you get out prior to age 62. So certainly those were the terms of the plan back in 1974. They have not changed for those people. So it is not a case where people aren't getting what they were told they were getting. They are exactly getting what they were told.

Alderman Thibault asked so in other words they are not being short changed.

Mr. Stanton answered no, they are getting what the plan document called at the time they joined the system. That is correct.

Alderman Thibault stated I wonder if the gentleman could speak again. He has got his hand up and I would like to find out if he has any more to say on it. I would certainly like to get his side of the story on it.

Mr. Coutu stated we are not being short changed per se. What I am saying is make the system fair for every City employee. Make it one pension plan for everybody. Not an old plan, a new plan and an added plan. Make it one plan for everybody.

Alderman Thibault stated well on that, listening to this, I would say that I think the City has tried to address that and has come up with a plan. Am I right in saying that? That the City, in fact, has come up with this new plan in 1974 that treats everybody as evenly as possible. Is that what I am hearing?

Mr. Stanton stated we looked into allowing post-1974 people the opportunity to get out at 50% pay again on the 80 point rule. That cost, if that were to be enacted, you are looking at an increase in contribution of $872,000 over the next 30 years so if the City is going to pony up $26 million over the next 30 years then certainly that is what they will get but we didn't think that was a very prudent thing to come to this Board and ask for in addition to the normal contribution.

Alderman Cashin stated back in 1973 we went into the new pension plan for a reason. We could no longer afford the old pension plan. It just wasn't working. If we would have continued, and I don't know what the numbers would be at this time but the unfunded debt would be astronomical. That is why when we looked at it we said we can't continue this we have got to start a new plan. Now yes there are still people in the old plan and they can still retire at 50% but eventually they will die out. There is only one plan in the City of Manchester today and that is the new plan and everybody is in it. Now unfortunately this fellow happened to fall in just after and that is unfortunate but a line had to be drawn someplace. No one is taking any benefits away from this fellow that he was entitled to. We didn't do that. This plan

was very well thought out. This was not something we just decided over night. I think we worked on this for probably a year and everybody was told and everybody had an opportunity at that time to stay in the old plan or get into the new. The difference with the new plan, the caveat that we had with the new plan was if you wanted you could take your wife or your spouse and that was the caveat and that is why we went into it and it is a good plan and I think everybody is being treated fairly. I hope that answers your question, Alderman.

Alderman Shea stated I think I brought up that example at one time. I know a woman that goes down to Dunkin Donuts and her husband worked for the City and after he retired under the old plan he died two months later. She was left with absolutely nothing. Nothing at all. That is the choice he took but I am just saying that the caveat is very, very important. I mean for all of us who do have people in our families so that is just an example of why it is beneficial to join the new plan if you have a wife or...

Michael Roach, 373 Pickering Street, Manchester, NH stated I just want to say a little background as to how we got to this point. I am on the Board of Trustees, Chairman of the Board, now in my 21st year and I also where another hat. I am a Union President at the Water Works and represent one of the six unions that are covered by this plan but we started and this is...I want to repeat because we were before you two other times last month, but we started this process in July of 1997. We sent out questionnaires to all of the employee groups, including the non-affiliated group and we got back quite a few requests and we whittled it down to these two changes. Now the Board, and it was unanimous, there was no trustee who was against these proposals, thought it was very fair and equitable and we weren't looking for pie in the sky, we wanted something that was reasonable that we thought would get approved by you people and also by the voters come November. We put together this package. Now in the 21 years I was on the Board, many things haven't changed and we keep talking about this retirement plan being a new retirement plan. Well it is in its 26th year and if you own an automobile you can get antique plates after 25 years. So it is a new plan, however, many things haven't changed positively for the employees and things are doing so well, we are at 172% funding which is incredible. We are off the charts if you look across the country. It is unheard of, but the reasons for that was because the management by the trustees and the staff and we have had some good markers. Now as Bobby gave you figures earlier, you can see in the nine year period you are paying 80% less than you were paying in 1989 and the last major change for the employees was a referendum 10 years ago where it changed for the pre-1974 employees that a lot of people are talking about this evening. Out of those 130 people that it affected back then and this is 10 years ago, only 29 of them took advantage and retired under those provisions which was an early retirement, age and years of service. To answer Alderman Wihby's question earlier, what would you tell the taxpayers, well I would tell the taxpayers that in addition to potential savings, your employees are your number one asset and I hear a lot of you people say that. The Mayor has been quoted as saying that in the local newspaper and the other newspaper that exists in this State, the Concord Monitor, on August 13 on the front page they showed how the retirees saved the City big bucks where 25 people retired and in addition to their regular pay they gave them a

15% bonus for their last year of salary. In our proposal this evening, there is no added bonuses, there is no early retirement points like other things that have been brought before you people, we are not asking for medical insurance or anything else. No caveat. Just a plain entitlement of many employees, but we think and I am speaking for myself, that the Retirement Board thought it was a fair proposal and hopefully, well no one spoke against it, hopefully it does get on the ballot. It is long overdue I am afraid and hopefully the voters will pass it in November. Thank you very much.

Mayor Wieczorek advised that all wishing to speak having been heard, the testimony presented will be referred to the Committee on Bills on Second Reading to be taken under advisement with reports to be made to the Board of Mayor and Aldermen at a later date.

Mayor Wieczorek advised that this being a special meeting of the Board, no further business can be presented. On motion of Alderman Cashin, duly seconded by Alderman Thibault, it was voted to adjourn.

A True Record. Attest.

City Clerk