

**Detroit Public Schools Community District
Steven W. Rhodes, Transition Manager**

Order 2016-TMSR-05

**ORDER OF THE TRANSITION MANAGER OF THE DETROIT PUBLIC SCHOOLS
COMMUNITY DISTRICT REGARDING MEMBER INVESTMENT PLAN (“MIP”)
AND BUY BACK UNDER THE MICHIGAN PUBLIC SCHOOL EMPLOYEES
RETIREMENT SYSTEM**

WHEREAS, on June 21, 2016, Public Act 192 of 2016 (“Act 192”) amending The Revised School Code, 1976 PA 451, as amended, MCL 380.1 to 380.1853 (the “Code”), was enacted with immediate effect; and

WHEREAS, once Act 192 took effect, the School District of the City of Detroit (“DPS”) became a qualifying school district under section 12b of the Code, MCL 380.12b, and a community district was created for the same geographic area of DPS to provide public educational services for residents of that geographic area (the “Community District”) under section 383 of the Code, MCL 380.383; and

WHEREAS, on June 21, 2016, acting pursuant to section 12b(3) of the Code, MCL 380.12b(3), Governor Richard D. Snyder designated Steven W. Rhodes, the emergency manager for DPS under the Local Financial Stability and Choice Act, 2012 PA 436, as amended, MCL 141.1541 to MCL 141.1575, as the transition manager for the Community District (the “Transition Manager”); and

WHEREAS, under section 12b(3) of the Code, the Transition Manager performs the functions and satisfies the responsibilities of the Community District, of the Board of Education and superintendent of schools of the Community District, and of the transition manager under section 12b of the Code, MCL 380.12b, until the elected members of the school board of the Community District are elected and take office under section 384 of the Code, MCL 380.384; and

WHEREAS, on June 21, 2016, Transition Manager Steven W. Rhodes issued an Order of the Transition Manager of the Detroit Public Schools Community District Designating Community District Name, Appointing Executive Leadership, Establishing Bank Accounts, Approving Publication of Budget Hearing Notice, and Other Matters, including, but not limited to the authorization of the actions by officers, administrators, agents, staff and attorneys of the Community District to execute and deliver all other agreements document and certificates and to take all other actions necessary to enable the Community District to carry out its purposes , powers and obligation in accordance with Act 192; and

WHEREAS, officers, employees, agents, and contractors of the Community District are subject to direction and supervision by the Transition Manager and shall actively cooperate with the Transition Manager in the Transition Manager's performance of functions and responsibilities; and

WHEREAS, certain employees of the Community District are covered for retirement pension purposes under the Michigan Public School Employees System Retirement Act being Act 300 of the Public Acts of 1980 as amended; and

WHEREAS, Internal Revenue Code (IRC) Section 414(h)(2) permits employer "pick-up" of employee portion of contributions to the retirement plan, thereby resulting in tax deferral of employee contributions"; and

WHEREAS, under the Michigan Public School Employees Retirement System (the "Retirement System"), members who have elected to participate in the Member Investment Plan ("MIP") pursuant to special, one-time irrevocable elections under either M.C.L.A. Section 38.1343a(3) or Section 38.1343d, in addition to making the standard MIP contribution of 3.9% of current wages, are required to contribute additional "buy-back" amounts calculated by the Retirement System and relating to service prior to their election date (plus interest etc.).


NOW, THEREFORE, BE IT HEREBY ORDERED by the Transition Manager that:

1. In order to permit tax deferral for these additional "buy-back" amounts, an employee shall enter into a binding irrevocable payroll deduction authorization and such employee shall not have the option of choosing to receive the amounts directly instead of having them paid by the Community District to the Retirement System.

2. Any and all additional "buy-back" amounts herein specified, through payroll deduction from salary, are designated as being "picked up" and paid by the Community District to the Retirement System in accordance with plan requirements.

This Order may be amended, modified, repealed or terminated by any subsequent Order issued by the Transition Manager.

Detroit Public Schools Community District
Charter County of Wayne
State of Michigan

By: 

Steven Rhodes
Its: Transition Manager

Dated: June 30, 2016