

STATE OF MINNESOTA
OFFICE OF ADMINISTRATIVE HEARINGS

FOR THE PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

In the Matter of the PERA Salary
Determinations Affecting Retired and Active
Employees of the City of Duluth

AFFIDAVIT OF DOUGLAS MICHOG

OAH DOCKET NO. 4-3600-2080902

Allen Johnson, et al., Petitioners

STATE OF MINNESOTA)
) ss.
COUNTY OF ST. LOUIS)

Douglas Michog, being first duly sworn, on oath deposes and says:

1. I am a retired firefighter of the City of Duluth, and make this Affidavit in support of the Petitioners.

2. I was employed by the City of Duluth under the Firefighters contract between May 14, 1979 and December 31, 2007. In September of 2007, I met the age requirement of 55 and the number of years of service plus two years of military time. I worked with PERA and the City to advise me as to the amount of the monthly annuity that I would receive from PERA.

3. I am very skeptical of the City's calculations, since on May 4, 2004, based upon the numbers calculated by the City of Duluth, I used my deferred compensation account to purchase two years of military time for \$38,500 to add to my account. I then received an overpayment notice from PERA and a check for \$529.17. I have attached to this Affidavit as Exhibit 1 the confirmation of the error and overpayment. I do not know the reason I received the overpayment check. The City determined that the military time was worth \$38,500, however, my refund check came from PERA. PERA must have recalculated the City's numbers and found an error. I also wish to point out that

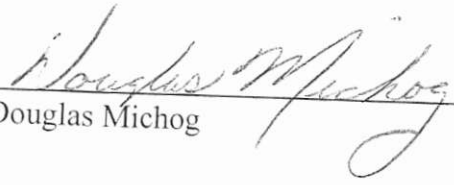
my deferred compensation account was available to me to purchase those years, while I was still an active employee.

4. The amount of my monthly annuity reduction is \$220.27 per month. This is a significant amount in our monthly budget, and my wife and I had not planned on that reduction.

5. I am most particularly concerned because I have now learned that in July of 2007, the City ceased including deferred compensation payments on the income side of total compensation on employee paystubs and changed the reporting of deferred compensation as salary to PERA. The City had actual knowledge in July of 2007 of a potential problem. PERA also was receiving differing amounts of contribution for the same employees. However, the City and PERA allowed me to proceed to retire on December 31, 2007, based upon the calculations including the deferred compensation as salary for all those years. Only after I was fully retired and receiving my annuity was I notified that the annuity would be reduced by more than \$220 per month. I believe that PERA and the City with due diligence could have prevented this harm to me.

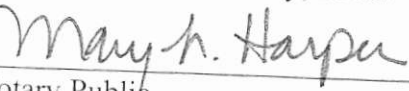
6. I have also enclosed herewith as Exhibit 2, a copy of the chart I received from PERA based upon the numbers provided to PERA by the City of Duluth including contributions toward deferred compensation, flexible spending and/or insurance premiums. The numbers on my chart differ from those of Lee Youngblom for the years 1997, 1998, 1999 and 2000, and from Paul Ostman's numbers for the years 1997, 1998, 1999, 2002, 2003 and 2004. I do not believe the numbers provided to PERA by the City of Duluth are reliable or verifiable. Since we were all under the same contract, the numbers in that column should be identical.

FURTHER YOUR AFFIANT SAYS NOT.

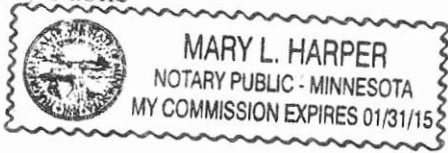


Douglas Michog

Subscribed and sworn to before me this
9th day of February, 2010.



Notary Public





Payment Receipt Confirmation

DOUGLAS MICHOG

Member ID: _____

We received the following payment:

Payment ID	Check Number	Amount	Received Date
334953	00323220	38500	05/04/2004

Actuarial Buyback - Member Transaction Allocation:

Description	Amount Credited
Member Contr - Other	37970.83
Overpayment - Buyback	529.17

If there has been an overpayment, this amount will be refunded within 30 days. If you have any questions regarding this payment, please call us at 651-215-1508 or toll free at 1-800-652-9026.

Sincerely,

David Andrews
Accounting Officer

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA)
 EMPLOYER-PAID AMOUNTS THAT DULUTH CITY REPORTED
 AS SALARY BETWEEN JANUARY 1, 1997 AND OCTOBER 23, 2008**

Name of PERA Member DOUGLAS MICHOG	SID 544689
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Information provided by the City of Duluth indicates that the following amounts have been reported to PERA as salary. PERA staff has determined that these amounts are not salary under the laws governing the retirement plan. This breakdown is provided for informational purposes. PERA staff is not in a position to evaluate the accuracy of the dollar amounts listed; therefore, any questions about these dollar amounts must be directed to the City of Duluth at either 1-888-635-2537 or locally at 218-730-5333. If any of these dollar amounts are incorrect, the City must immediately report the necessary correction to PERA.

YEAR	EMPLOYER-PAID CONTRIBUTIONS TOWARD DEFERRED COMP. PLAN, FLEXIBLE SPENDING ACCOUNT, AND/OR INSURANCE PREMIUMS	TOOL ALLOWANCE	UNUSED PERSONAL LEAVE	ANNUAL TOTAL
1997	\$ 600.08	\$.00		\$ 600.08
1998	\$1,537.66	\$.00		\$1,537.66
1999	\$1,500.20	\$.00		\$1,500.20
2000	\$1,799.98	\$.00		\$1,799.98
2001	\$2,100.02	\$.00		\$2,100.02
2002	\$2,400.06	\$.00		\$2,400.06
2003	\$2,400.06	\$.00		\$2,400.06
2004	\$2,566.11	\$.00		\$2,566.11
2005	\$2,687.88	\$.00	\$1,227.36	\$3,915.24
2006	\$2,687.88	\$.00	\$1,276.18	\$3,964.06
2007	\$1,883.07	\$.00	\$ 644.60	\$2,527.67
2008	\$.00	\$.00	\$.00	\$.00
TOTAL ALL YRS	\$22,163.00	\$.00	\$3,148.14	\$25,311.14