

## Protecting Local Government Retirement and Benefits Act Corrective Action Plan: Retirement Health Benefit Systems

Issued under authority of Public Act 202 of 2017 (the Act).

### 1. LOCAL GOVERNMENT INFORMATION

Local Government Name: Township of Ishpeming, Michigan Six-Digit Muni Code: 521070

Retirement Health Benefit System Name: Ishpeming Township OPEB Plan

Contact Name (Administrative Officer): Jim Nankervis

Title if not Administrative Officer: Township Supervisor Telephone: (906) 485-5411

Email (Communication will be sent here): supervisor@ishpemingtownship.com

Fiscal Year System was Determined to be Underfunded: 2019

### 2. GENERAL INFORMATION

**Corrective Action Plan:** An underfunded local government shall develop and submit for approval a corrective action plan for the local government. The local government shall determine the components of the corrective action plan. This corrective action plan shall be submitted by any local government with at least one retirement health benefit system that has been determined to have an underfunded status. Underfunded status for a retirement health system is defined as being less than 40% funded according to the most recent audited financial statements, and, if the local government is a city, village, township, or county, the actuarially determined contribution (ADC) for all of the retirement health systems of the local government is greater than 12% of the local government's annual governmental fund revenues, based on the most recent fiscal year.

**Due Date:** The local government has 180 days from the date of notification to submit a corrective action plan to the Municipal Stability Board (the Board). The Board may extend the 180-day deadline by up to an additional 45 days if the local government submits a reasonable draft of a corrective action plan and requests an extension.

**Filing:** Per Sec. 10(1) of the Act, this corrective action plan must be approved by the local government's administrative officer and its governing body. *You must provide proof of your governing body approving this corrective action plan and attach the documentation as a separate PDF document.* Failure to provide documentation that demonstrates approval from your governing body will automatically result in a disapproval of the corrective action plan.

The submitted plan must demonstrate through distinct supporting documentation how and when the local government will reach the 40% funded ratio. Or, if the local government is a city, village, township, or county, the submitted plan may demonstrate how and when the ADC for all retirement health systems will be less than 12% of annual governmental fund revenues, as defined by the Act. Supporting documentation for the funding ratio and/or ADC must include an actuarial projection, an actuarial valuation, or an internally developed analysis. The local government must project governmental fund revenues using a reasonable forecast based on historical trends and projected rates of inflation.

The completed plan must be submitted via email to Treasury at [LocalRetirementReporting@michigan.gov](mailto:LocalRetirementReporting@michigan.gov) for review by the Board. If you have multiple underfunded retirement systems, you are required to complete separate plans and send a separate email for each underfunded system. Please attach each plan as a separate PDF document in addition to all applicable supporting documentation.

The subject line of the email(s) should be in the following format: **Corrective Action Plan-20XX, Local Government Name, Retirement System Name** (e.g. Corrective Action Plan-2019, City of Lansing, Employees' Retirement System OPEB Plan). Treasury will send an automatic reply acknowledging receipt of the email. Your individual email settings must allow for receipt of Treasury's automatic reply. This will be the only notification confirming receipt of the application(s).

**Municipal Stability Board:** The Board shall review and vote on the approval of a corrective action plan submitted by a local government. If a corrective action plan is approved, the Board will monitor the corrective action plan and report on the local government's compliance with the Act not less than every two years.

**Review Process:** Following receipt of the email by Treasury, the Board will receive the corrective action plan submission at the Board's next scheduled meeting. The Board shall then approve or reject the corrective action plan within 45 days from the date of the meeting.

**Considerations for Approval:** A successful corrective action plan will demonstrate the actions for correcting underfunded status as set forth in Sec. 10(7) of the Act (listed below), as well as any additional solutions to address the underfunded status. Please also include steps already taken to address your underfunded status, as well as the date prospective actions will be taken. A local government may also include in its corrective action plan a review of the local government's budget and finances to determine any alternative methods available to address its underfunded status. A corrective action plan under this section may include the development and implementation of corrective options for the local government to address its underfunded status. The corrective options as described in Sec. 10(7) may include, but are not limited to, any of the following:

- (i) Requiring cost sharing of premiums and sufficient copays;
- (ii) Capping employer costs.

**Implementation:** The local government has up to 180 days after the approval of a corrective action plan to begin to implement the corrective action plan to address its underfunded status. The Board shall monitor each underfunded local government's compliance with this act and any corrective action plan. The Board shall adopt a schedule, not less than every 2 years, to certify that the underfunded local government is in substantial compliance with the Act. If the Board determines that an underfunded local government is not in substantial compliance under this subsection, the Board shall within 15 days provide notification and report to the local government detailing the reasons for the determination of noncompliance with the corrective action plan. The local government has 60 days from the date of the notification to address the determination of noncompliance.

### 3. DESCRIPTION OF PRIOR ACTIONS

Prior actions are separated into three categories below: System Design Changes, Additional Funding, and Other Considerations. Please provide a brief description of the prior actions implemented by the local government to address the retirement system's underfunded status within the appropriate category section. Within each category are sample statements that you may choose to use to indicate the changes to your system that will positively affect your funded status. For retirement systems that have multiple divisions, departments, or plans within the same retirement system, please indicate how these changes impact the retirement system as a whole.

- If applicable, prior actions listed within your waiver application(s) may also be included in your corrective action plan.

Please indicate where in the attached supporting documentation these changes are described and the impact of those changes (i.e. what has the local government done to improve its underfunded status, and which attachment(s) supports your actions).

- Please provide the name of the system impacted, the date you made the change, the relevant page number(s) within the supporting documentation, and the resulting change to the system's funded ratio.

**Category of Prior Actions:**

- System Design Changes** - System design changes may include the following: changes to coverage levels (including retiree co-payments, deductibles, and Medicare eligibility), changes to premium cost-sharing, eligibility changes, switch to defined contribution retiree health care plan, changes to retiree health care coverage for new hires, etc.

**Sample Statement:** *Benefit levels of the retired membership mirrors the current collective bargaining agreement for each class of employee. On January 1, 2019, the local government entered into new collective bargaining agreements with the Command Officers Association and Internal Association of Firefighters that increased employee co-payments and deductibles for health care. These coverage changes resulted in an improvement to the retirement system's funded ratio. Please see page 12 of the attached actuarial analysis that indicates the system is 40% funded as of June 30, 2019.*

See Attached.

- Additional Funding** – Additional funding may include the following: paying the ADC in addition to retiree premiums, voluntary contributions above the ADC, bonding, millage increases, restricted funds, etc.

**Sample Statement:** *The local government created a qualified trust to receive, invest, and accumulate assets for retirement health care on June 23, 2016. The local government adopted a policy to change its funding methodology from Pay-Go to full funding of the ADC. Furthermore, the local government committed to contributing \$500,000 annually, in addition to the ADC for the next five fiscal years. The additional contributions will increase the retirement system's funded ratio to 40% by 2022. Please see page 10 of the attached resolution from our governing body demonstrating the commitment to contribute the ADC and additional \$500,000 for the next five years.*

See Attached.

- Other Considerations** – Other considerations may include the following: outdated Form 5572 information, actuarial assumption changes, amortization policy changes, etc.

**Sample Statement:** *The information provided on the Form 5572 from the audit used actuarial data from 2017. Attached is an updated actuarial valuation from 2019 that shows our funded ratio has improved to 42% as indicated on page 13.*

See Attached.

#### 4. DESCRIPTION OF PROSPECTIVE ACTIONS

The corrective action plan allows you to submit a plan of prospective actions which are separated into three categories below: System Design Changes, Additional Funding, and Other Considerations. Please provide a brief description of the prospective actions implemented by the local government to address the retirement system's underfunded status within the appropriate category section. Within each category are sample statements that you may choose to use to indicate the changes to your system that will positively affect your funded status. For retirement systems that have multiple divisions, departments, or plans within the same retirement system, please indicate how these changes impact the retirement system as a whole.

Please indicate where in the attached supporting documentation these changes are described and the impact of those changes (i.e. what will the local government do to improve its underfunded status, and which attachment(s) supports your actions).

##### Category of Prospective Actions:

- System Design Changes** - System design changes may include the following: changes to coverage levels (including retiree co-payments, deductibles, and Medicare eligibility), changes to premium cost-sharing, eligibility changes, switch to defined contribution retiree health care plan, changes to retiree health care coverage for new hires, etc.

**Sample Statement:** *The local government will seek to align benefit levels for the retired membership with each class of active employees. Beginning with summer 2020 contract negotiations, the local government will seek revised collective bargaining agreements with the Command Officers Association and Internal Association of Firefighters to increase employee co-payments and deductibles for health care. These coverage changes would result in an improvement to the retirement system's funded ratio. Please see page 12 of the attached actuarial analysis that indicates the system would be 40% funded by fiscal year 2030 if these changes were adopted and implemented by fiscal year 2021.*

- Additional Funding** – Additional funding may include the following: meeting the ADC in addition to retiree premiums, voluntary contributions above the ADC, bonding, millage increases, restricted funds, etc.

**Sample Statement:** *The local government will create a qualified trust to receive, invest, and accumulate assets for retirement health care by December 31, 2020. The local government will adopt a policy to change its funding methodology from Pay-Go to full funding of the ADC by December 31, 2020. Additionally, beginning in fiscal year 2021, the local government will contribute \$500,000 annually in addition to the ADC for the next five fiscal years. The additional contributions will increase the retirement system's funded ratio to 40% by 2023. Please see page 10 of the attached resolution from our governing body demonstrating the commitment to contribute the ADC and additional \$500,000 for the next five years.*

- Other Considerations** – Other considerations may include the following: outdated Form 5572 information, actuarial assumption changes, amortization policy changes, etc.

**Sample Statement:** *Beginning in fiscal year 2020, the local government will begin amortizing the unfunded portion of the health care liability using a level-dollar amortization method over a closed period of 10 years. This will allow the health system to reach a funded status of 42% by 2023 as shown in the attached actuarial analysis on page 13.*

## 5. CONFIRMATION OF FUNDING

Please check the applicable answer:

Do the corrective actions listed in this plan allow for your local government to make, at a minimum, the retiree premium payment, as well as the normal cost payments for all new hires (if applicable), for the retirement health benefit system according to your long-term budget forecast?

Yes

No, Explain:

## 6. DOCUMENTATION ATTACHED TO THIS CORRECTIVE ACTION PLAN

Documentation should be attached as a PDF to this corrective action plan. The documentation should detail the corrective action plan that would be implemented to adequately address the local government's underfunded status. Please check all documents that are included as part of this plan and attach in successive order as provided below:

**Naming Convention:** When attaching documents, please use the naming convention shown below. If there is more than one document in a specific category that needs to be submitted, include a, b, or c for each document. For example, if you are submitting two supplemental valuations, you would name the first document "Attachment 2a" and the second document "Attachment 2b".

**Naming Convention:**

**Type of Document:**

Attachment – 1

This corrective action plan (required);

Attachment – 1a

Documentation from the governing body approving this corrective action plan (required);

Attachment – 2a

An actuarial projection, an actuarial valuation, or an internally developed analysis (in accordance with GASB and/or actuarial standards of practice), which illustrates how and when the local government will reach the 40% funded ratio. Or, if the local government is a city, village, township, or county, how and when the ADC will be less than 12% of governmental fund revenues, as defined by the Act (required);

Attachment – 3a

Documentation of additional payments in past years that are not reflected in your audited financial statements (e.g. enacted budget, system provided information);

Attachment – 4a

Documentation of commitment to additional payments in future years (e.g. resolution, ordinance);

Attachment – 5a

A separate corrective action plan that the local government has approved to address its underfunded status, which includes documentation of prior actions, prospective actions, and the positive impact on the system's funded ratio;

Attachment – 6a

Other documentation, not categorized above.

**7. CORRECTIVE ACTION PLAN CRITERIA**

Please confirm that each of the three corrective action plan criteria listed below have been satisfied when submitting this document. Specific detail on corrective action plan criteria can be found in the Corrective Action Plan Development: Best Practices and Strategies document.

**Corrective Action Plan Criteria:**

**Description:**

Underfunded Status

Is there a description and adequate supporting documentation of how and when the retirement system will reach the 40% funded ratio? Or, if your local government is a city, village, township, or county, how and when the ADC of all retirement health care systems will be less than 12% of governmental fund revenues? Do the corrective actions address the underfunded status in a reasonable timeframe?

Legality

Does the corrective action plan follow all applicable laws? Are all required administrative certifications and governing body approvals included?

Affordability

Do the corrective action(s) listed allow the local government to make the retiree health care premium payment, as well as normal cost payments for new hires now and into the future without additional changes to this corrective action plan?

**8. LOCAL GOVERNMENT'S ADMINISTRATIVE OFFICER APPROVAL OF CORRECTIVE ACTION PLAN**

I, JAMES NANKERVIS, as the government's administrative officer (Ex. City/Township Manager, Executive Director, Chief Executive Officer, etc.) (insert title) ICHPEMING TOWNSHIP SUPERVISOR approve this corrective action plan and will implement the prospective actions contained in this corrective action plan.

I confirm to the best of my knowledge that because of the changes listed above, one of the following statements will occur:

The \_\_\_\_\_ (insert retirement health system name) will achieve a funded status of at least 40% by fiscal year \_\_\_\_\_ as demonstrated by the required supporting documentation listed in Section 6.

OR, if the local government is a city, village, township, or county:

The ADC for all the retirement health benefit systems of the local government will be less than 12% of the local government's annual governmental fund revenues by fiscal year 2019 as demonstrated by required supporting documentation listed in Section 6.

Signature:

James Nankervis

Date: 1/15/2020

Ishpeming Township  
OPEB Corrective Action  
Fiscal Year 2019

Fiscal year 2019 resulted in total governmental fund revenues of \$1,369,580 per the audit report. The internally calculated annual contributions to the retiree health plan are \$3,360 per year for the next five years, and \$840 in year six. These amounts are based on \$280 per month until the one remaining employee on the plan turns 65, at which time the plan terminates. No new employees are eligible for the plan. These amounts are less than 1% of total governmental fund revenues based on 2019, and well below the 12% threshold determined above for reporting. Additionally, the total liability reported for the retiree health plan was \$17,640 for 2019, which is also well below the 12% threshold determined above if the township were to pay the entire liability in one payment.



Township of Ishpeming, Michigan

GOVERNMENTAL FUNDS

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended March 31, 2019

	General Fund	Fire Fund	Street Improvement Fund	Police Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>						
Taxes	\$ 170,821	\$ 219,578	\$ 106,707	\$ 108,958	\$ 60,737	\$ 666,801
State sources	300,506	-	-	-	-	300,506
Charges for services	249,782	62,867	-	-	-	312,649
Interest and rents	28,260	-	483	-	-	28,743
Other revenues	17,548	1,816	-	480	41,037	60,881
<b>TOTAL REVENUES</b>	<b>766,917</b>	<b>284,261</b>	<b>107,190</b>	<b>109,438</b>	<b>101,774</b>	<b>1,369,580</b>
<b>EXPENDITURES:</b>						
Current Operations						
Legislative	12,765	-	-	-	-	12,765
Elections	-	-	-	-	-	-
General services and administration	184,634	-	-	-	-	184,634
Public safety	5,991	154,391	-	86,609	-	247,191
Public works	217,825	-	3,042	-	52,184	273,051
Health and welfare	-	-	-	-	-	-
Community and economic development	8,832	-	-	-	-	8,832
Recreation and culture	17,125	-	-	-	6,954	24,079
Other	68,419	-	-	-	-	68,419
Capital outlay	35,451	50,243	-	8,760	-	94,454
Debt service	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>551,042</b>	<b>204,634</b>	<b>3,042</b>	<b>95,569</b>	<b>59,138</b>	<b>913,425</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>215,875</b>	<b>79,627</b>	<b>104,148</b>	<b>13,869</b>	<b>42,636</b>	<b>456,155</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN FUND BALANCE</b>	<b>215,875</b>	<b>79,627</b>	<b>104,148</b>	<b>13,869</b>	<b>42,636</b>	<b>456,155</b>
Fund balance beginning of year	1,669,654	683,109	339,593	144,945	392,812	3,230,113
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 1,885,529</b>	<b>\$ 762,736</b>	<b>\$ 443,741</b>	<b>\$ 158,814</b>	<b>\$ 435,448</b>	<b>\$ 3,686,268</b>

The accompanying notes are an integral part of these financial statements.



**ISHPEMING TOWNSHIP MINUTES**  
**1575 U. S. Highway 41 W**  
**Ishpeming, MI 49849**

A regular meeting of the Ishpeming Township Board was held on Tuesday, January 14, 2020 at 6:00 P.M.

1. **Roll Call: Present** - Supervisor James Nankervis, Treasurer Kristin Thornton, Clerk Cory Beth Grigg, Trustee Curtis Sjöholm and Trustee Charles Johnson

2. **Salute to Flag:** The Pledge of Allegiance was recited.

3. **Approval of Agenda:** Motion by: Clerk Grigg Support by: Treasurer Thornton  
 All Ayes, Motion Carried.

4. **Dispense Reading of Minutes** from December 10, 2019: Motion by: Treasurer Thornton Support by: Clerk Grigg and passed to dispense with the reading of above minutes. All Ayes, Motion Carried.

5. **Reading of Expenditures:** Motion by: Trustee Johnson Support by: Clerk Grigg and passed to accept the bills and order them paid.

Roll Call Vote: Sjöholm - Aye, Nankervis – Aye, Thornton – Aye, Grigg- Aye, Johnson – Aye; with the abstention of the Auto Value bill.

All Ayes. Motion Carried.

	<b>CHECKS</b>	<b>AMOUNT</b>
Township Operating	43906-43981	\$107,452.88
Township Payroll	31873-31926	\$31,886.41
MERS, AFLAC, St of MI, etc.		\$17,627.60
<b>Total</b>		<b>\$156,966.89</b>
General Fund		\$77,198.09
Police		\$8,006.50
Fire Fund		\$28,373.18
Street Lighting Fund		\$4,331.54
Water Fund		\$13,790.00
Sewer Fund		\$25,267.58
<b>Total</b>		<b>\$156,966.89</b>

6. **Consent Agenda- Department Reports:**

- A. Animal
- B. Assessor – no report
- C. DPW/Water
- D. Fire
- E. Police
- F. Zoning
- G. Revenue/Expenditure Account Balance

**Approval of Consent Agenda Items A, C, D, E, F & G:** Motion by: Treasurer Thornton Support by: Trustee Johnson All Ayes, Motion Carried.

7. **Public Comment:** Jake Putala, representing Senator Ed McBroom’s office, stopping by local municipalities to keep up with current events.

8. **Communications:**

- a. Motion by: Trustee Johnson, Support by: Trustee Sjöholm to donate funds of \$1,000 to UPSET program. 5 Ayes, 0 No. Motion Carried.
- b. Fire Department-
  - i. Reviewed 2019 fire calls for Ishpeming Township, Tilden Township, Ely Township, and Ishpeming City.
  - ii. Fire Department and Board agree to move ahead with CPR certification of members
  - iii. Motion by: Trustee Johnson, Support by: Treasurer Thornton to approve letter written by Chief Mann regarding membership of a firefighter previously a member of a neighboring department, which will enter information into Fire Department By-Laws.
  - iv. Discussion about opening up Fire Department Auxiliary to community members, following same boundary guidelines as membership.
  - v. Motion by: Treasurer Thornton, Support by: Trustee Johnson to purchase dry erase board.

9. **Supervisor Comments:** See Attached

10. **Unfinished Business:**

- a. Reviewed letters to Ely and Tilden Township regarding budget and retainers.

11. **New Business:**

- a. Motion by: Trustee Sjöholm, Support by: Clerk Grigg to approve contract with 906 Technologies.
- b. Motion by: Clerk Grigg, Support by: Treasurer Thornton to approve Corrective Action Plan regarding Retirement Health Benefit Systems.
- c. Motion by Trustee Johnson, Support by: Treasurer Thornton to approve Board Appointments as of January 14, 2020.
- d. Resignation of Brittany Yohe, Deputy Treasurer
- e. Motion by: Clerk Grigg, Support by: Trustee Johnson to have Supervisor Nankervis and Treasurer Thornton review applications and hire Deputy Treasurer/Billing Clerk.

12. **Board Comment:**

- a. Treasurer Thornton discussed Poverty Exemption Resolution for February Board Meeting.
- b. Trustee Johnson discussed updating of Ordinances' status
- c. Supervisor Nankervis discussed recycling; grant funding for containers

13. **Public Comment:** NONE

14. **Adjournment:** Motion by: Treasurer Thornton Support by: Clerk Grigg and passed to adjourn. 5 Ayes 0 No. All Ayes. Time: 6:40 p.m.

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Cory Beth Grigg, Township Clerk

SUPERVISOR COMMENTS  
FOR January 14, 2020 BOARD MEETING

1. The Michigan Par Plan will be meeting on January 24, 2020. We will be notified after that time if we received a grant for the cameras on the building.
2. Attended the Michigan Township Association meeting in Lansing on December 13, 2019.
3. The December 2019 Newsletter was completed and can be picked up at the office or read on line.
4. I will be starting on the Budget for Fiscal Year April 1, 2020 to March 31, 2021 soon. If you have anything you want included let me know.
5. Sent letters to Ely and Tilden Townships that we would like to talk with them about Fire Department Rates. Plan on meeting with them later this month.
6. Met with Eric Merrill from UP International Trucks, Inc. and he looked at the truck frame which has the pack rust on it. He will be sending a letter with his recommendations.
7. Attended the Planning Commission meeting on January 7, 2020 at 5:00 p.m.. New member Tom Lucas, was at meeting. Kevin Yohe has resigned, and Kari Dunphy would like to replace him on the commission.
8. Attended the Board of Review training at Marquette Township on Monday, January 13, 2020.