

Municipal Stability Board

Wednesday, March 17, 2021 at 11:00 a.m.
Virtual Public Meeting
via Microsoft TEAMS
<https://bit.ly/msb03172021>

I. Call to Order

- A. Roll Call
- B. Approval of February 17, 2021 Minutes

II. Public Comment

- A. 2-minute limit

III. Correspondence

- A. Treasury Update
- B. Retirement Pension Payment Deficiency Update
- C. Open Meetings Act Update

IV. New Business

- A. Receipt of Corrective Action Plans
 - i. Bruce Township
 - ii. Muskegon Housing Commission
 - iii. Saginaw Community Mental Health Authority
 - iv. Woodlands Behavioral Healthcare Network
- B. Corrective Action Plan Monitoring Certifications of Compliance (Resolution 2021-9)
 - i. City of Bay City
 - ii. Crawford County Road Commission (2 systems)
 - iii. City of Dearborn
 - iv. City of Eaton Rapids (2 systems)

- v. City of Flushing (2 systems)
- vi. City of Hamtramck
- vii. City of Hazel Park (2 systems)
- viii. City of Iron Mountain (2 systems)
- ix. City of Lansing (3 systems)
- x. City of Madison Heights (3 systems)
- xi. City of Manistique
- xii. City of Midland
- xiii. City of Port Huron
- xiv. City of Romulus
- xv. City of Saginaw (2 systems)
- xvi. City of Southgate (2 systems)
- xvii. City of St Clair Shores (2 systems)
- xviii. State of Michigan 41B District - Clinton Charter Township & Mt Clemens
- xix. City of Trenton
- xx. City of Westland (2 systems)

C. Request for Removal from Corrective Action (Resolution 2021-10)

- i. City of Marine City
- ii. Capital Region Airport Authority
- iii. Redford Township District Library

D. Board Removal from Corrective Action (Resolution 2021-11)

- i. City of Dearborn
- ii. State of Michigan 41B District Court

V. Public Comment

A. 2-minute limit

VI. Board Comment

VII. Adjournment

MUNICIPAL STABILITY BOARD

Wednesday, February 17, 2021
11:00 a.m.

Virtual Public Meeting via Microsoft TEAMS

Draft Meeting Minutes

CALL TO ORDER

Chairman Eric Scorsone called the meeting to order at 11:00 a.m.

ROLL CALL

Members Present: Three

Eric Scorsone – Flint, MI

John Lamerato – Big Creek Township, MI

Barry Howard – Longboat Key, FL

Let the record show that three board members eligible to vote were present. A quorum was present.

APPROVAL OF MINUTES

A motion was made to approve the January 20, 2021 board meeting minutes by Barry Howard and supported by John Lamerato. The Board unanimously approved the January 20, 2021 meeting minutes. 3 ayes and 0 nays.

PUBLIC COMMENT

No public comment.

CORRESPONDENCE

Nick Brousseau presented the Board with the Treasury update, which included an upcoming Board corrective action plan and monitoring review schedule. Kayla Rosen presented the Board with Retirement Pension Payment Deficiency Update for the Village of Ontonagon. Nick also made the Board aware that Treasury will be presenting on PA 202 of 2017 during the Senate Finance Committee on February 17, 2021 at noon.

NEW BUSINESS

CORRECTIVE ACTION PLAN MONITORING CERTIFICATIONS OF COMPLIANCE FROM 11 LOCAL GOVERNMENTS (14 PLANS) (RESOLUTION 2021-5)

Kayla Rosen and Nick Brousseau were asked to review the Corrective Action Plan Monitoring Certifications of Compliance (Resolution 2021-5) with the Board:

- Bay Metropolitan Transportation Authority (2 systems) (Compliant)
- Beecher Metropolitan District (Compliant)
- City of East Lansing (Compliant)
- City of Escanaba (Compliant)
- City of Fraser (2 systems) (Compliant)
- Gratiot County Road Commission (Compliant)
- Marquette City Board of Light and Power (Compliant)
- City of St. Johns (Compliant)
- City of Southfield (2 systems) (Compliant)
- Suburban Mobility Authority for Regional Transportation (Noncompliant)
- Wexford County Road Commission (Compliant)

A motion was made to approve the Corrective Action Plan Monitoring Certifications of Compliance (Resolution 2021-5) by John Lamerato and supported by Barry Howard.

The Board unanimously approved the Corrective Action Plan Monitoring Certifications of Compliance (Resolution 2021-5). 3 ayes and 0 nays. Resolution 2021-5 was passed.

LOCAL GOVERNMENT REQUEST FOR REMOVAL FROM CORRECTIVE ACTION (RESOLUTION 2021-6)

Nick Brousseau was asked to review the Local Government Request for Removal from Corrective Action (Resolution 2021-6) with the Board:

- Cadillac Housing Commission (OPEB)

Barry Howard asked what the next steps were after they are removed and requested letters sent to be reviewed for ways to congratulate local governments for addressing underfunded status and be brought to the next meeting to be reviewed by the Board.

A motion was made to approve the Local Government Request for Removal from Corrective Action (Resolution 2021-6) by Barry Howard and supported by John Lamerato.

The Board unanimously approved the Local Government Request for Removal from Corrective Action (Resolution 2021-6). 3 ayes and 0 nays. Resolution 2021-6 was passed.

BOARD REMOVAL FROM CORRECTIVE ACTION (RESOLUTION 2021-7)

Nick Brousseau was asked to review the Board Removal from Corrective Action (Resolution 2021-7) with the Board:

- Gratiot County Road Commission
- Marquette Board of Light and Power
- Wexford County Road Commission

**FEBRUARY 2021 MSB
DRAFT MEETING MINUTES**

Barry Howard asked whether there is a publicized list of local governments that have been removed for the corrective action plan process. Mr. Howard wants to acknowledge those who have been removed and further note the success of Treasury and the Board.

A motion was made to approve the Board Removal from Corrective Action (Resolution 2021-7) by John Lamerato and supported by Barry Howard.

The Board unanimously approved the Board Removal from Corrective Action (Resolution 2021-7). 3 ayes and 0 nays. Resolution 2021-7 was passed.

CORRECTIVE ACTION PLAN NONCOMPLIANCE (RESOLUTION 2021-8)

Nick Brousseau was asked to review the Corrective Action Plan Noncompliance (Resolution 2021-8) with the Board:

- Alma City Housing Commission

Barry Howard asked how Treasury communicated with Alma City Housing Commission which was via email and phone. Treasury left a voicemail. Barry Howard asked if Treasury sent anything via certified mail and Nick Brousseau responded that was not the standard process but that Treasury will review certified mail and report back at the next meeting.

A motion was made to approve Corrective Action Plan Noncompliance (Resolution 2021-8) by Barry Howard and supported by John Lamerato.

The Board unanimously approved Corrective Action Plan Noncompliance (Resolution 2021-8). 3 ayes and 0 nays. Resolution 2021-8 was passed.

PUBLIC COMMENT

No public comment.

BOARD COMMENT

John Lamerato requested a review of what is going to be presented to the Senate Fiscal Committee. Rodney Taylor went over the overview of Treasury's presentation which included the background, stages of the Act, and the data and statistics from reporting, as well as the changes we have seen and the direct engagement we have utilized. We anticipate several questions from the committee.

Barry Howard asked if Treasury anticipates any modifications or changes. Rodney Taylor said that at this time, Treasury thinks it is just informational. The Michigan Municipal League will also be presenting. The Michigan Association of Counties and Michigan Township Association may talk at a future meeting. Barry Howard asked if there was anything negative discussed with the Act or the Board. Rodney Taylor responded that there was nothing he was aware of. Barry Howard also asked if there would be copies of the testimony and a recording of the hearing. Rodney Taylor shared the link so people can watch it live. Treasury can also share a copy of the PowerPoint in the next meeting notice. Barry Howard said he would appreciate it.

NEXT MEETING

The next regular meeting will be on March 17, 2021 at 11:00 a.m.

ADJOURNMENT

**FEBRUARY 2021 MSB
DRAFT MEETING MINUTES**

A motion was made to adjourn by Barry Howard and supported by John Lamerato.
The Board unanimously approved the motion to adjourn. The motion was passed with 3 ayes and 0 nays.
There being no further business, the meeting adjourned at 11:53 a.m.

Treasury's Public Act 202 of 2017 Update

As of 3/11/2021

Table 1: Upcoming CAP Reviews

| Public Act 202 of 2017: Corrective Action Plan Review Schedule | | | | | |
|--|--|----------|----------|----------|----------|
| LOCAL GOVERNMENT TYPE | Tentative Month of Corrective Action Plan Review | | | | |
| | March | April | May | June | July |
| Non Primary | 0 | 3 | 0 | 0 | 0 |
| Primary | 0 | 1 | 0 | 2 | 0 |
| Total | 0 | 4 | 0 | 2 | 0 |

CAP Monitoring Notifications and Reviews

- A total of 143 local governments have been sent monitoring certification requests to date
- 84 local governments have returned requested monitoring submission(s) to Treasury

Table 2: CAP Monitoring Certification of Compliance Reviews

| Public Act 202 of 2017: Corrective Action Plan Monitoring Schedule | | | | | | | |
|--|--|-----------|-----------|-----------|-----------|----------|-----------|
| Monitoring Phase | Tentative Month of Corrective Action Plan Monitoring Certification | | | | | | |
| | March | April | May | June | July | August | September |
| Monitoring Certification Sent | 4 | 6 | 6 | 6 | 5 | 4 | 2 |
| Monitoring Certification Due | 19 | 9 | 4 | 6 | 6 | 6 | 5 |
| Board to Review | 20 | 20 | 20 | 20 | 19 | 9 | 4 |

Treasury Department Communication and Outreach Report

- 273 one-on-one 30-minute calls scheduled by local governments to discuss the Public Act 202 process
 - 10 individual calls since the February Board meeting

Removal from Corrective Action

- Updated Treasury letters sent to local governments removed from corrective action to include commendation from the Board for efforts in addressing legacy costs (Attachment A)
- Update to website for Municipal Stability to highlight those local governments removed from corrective action on page with approved plans. www.Michigan.gov/MSB

Noncompliance Procedures

- For local governments delinquent in submitting required documentation, to avoid recommendations of noncompliance, Treasury's procedures for reaching out to local governments are as follows:
 - Reminder email(s) to address on file and alternate address if one can be found
 - Reminder phone call(s) to number listed on previous filings and/or number found on website
 - Reminder to local government association (MML, MAC, MTA, CRAM, etc.) if applicable

MI Senate Finance Committee Testimony 2/17/2021

- Treasury staff testified before the Michigan Senate Finance Committee re: PA 202 on 2/17/2021
 - [Treasury Presentation](#)
 - [Meeting Minutes](#) (Attachment B)

Treasury's Public Act 202 of 2017 Update

As of 3/11/2021

Local Government COVID-19 Webpage

- www.Michigan.gov/Treasury | Local Government | COVID-19 Updates for Local Governments and School Districts
 - Local government resources and Treasury guidance
 - Registration for Treasury webinars and links to previous webinars
 - Treasury will continue to provide additional webinars as information becomes available



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

Attachment A

March 11, 2021

**Public Act 202 of 2017:
Removal from Corrective Action**

Fiscal Year:
Municipality Code

Local Government Name
Email

Dear Administrative Officer or Designee:

According to Public Act 202 of 2017 (the Act), your retirement system(s) in corrective action no longer meets the definition of underfunded status. Pursuant to the [Corrective Action Plan Monitoring Policies and Procedures](#), **the Municipal Stability Board (the Board) has removed your local government from the corrective action process and purview of the Board, thereby removing underfunded status.** The Board thanks you for your commitment to proactively address retirement legacy costs and encourages you to continue these efforts.

Continued Compliance with the Act

Removal from the corrective action process does not preclude your local government from the requirements of the Act in future fiscal years. If your local government meets one of the definitions of underfunded status as defined in Section 5(4) of the Act in a future fiscal year, the result may be a determination of underfunded status.

Annual Reporting Requirement - Form 5572

As a reminder, the Form 5572 is an annual report due to the Michigan Department of Treasury, regardless of funding status. Your subsequent Form 5572 is due no later than six months after the end of your next fiscal year.

Required Payments for Retirement Health Benefits

Pursuant to Section 4(1)(a) of the Act, local governments that offer a retirement health benefit system are required to pay the following:

- 1.) Normal costs for employees first hired after June 30, 2018.
- 2.) Any retiree premiums that are due for retirants in the retirement system.

Thank you for your commitment to fiscal stability and compliance with the Act. For more information regarding the Act, please visit Michigan.gov/LocalRetirementReporting for

step-by-step reporting instructions and helpful FAQs. If you would like to speak with a member of our team, please email our office at LocalRetirementReporting@michigan.gov or schedule a phone call appointment using the [Local Retirement Calendar](#). A team member will contact you with a conference number to call at your scheduled time.

Sincerely,

Local Retirement Reporting Team
Community Engagement and Finance Division



MEMBERS:

SEN. ARIC NESBITT, MAJORITY VICE CHAIR
SEN. KEVIN DALEY
SEN. JON C. BUMSTEAD
SEN. CURTIS S. VANDERWALL
SEN. STEPHANIE CHANG, MINORITY VICE CHAIR
SEN. BETTY JEAN ALEXANDER

THE SENATE
COMMITTEE ON FINANCE
SENATOR JIM RUNESTAD
CHAIR

7500 BINSFELD OFFICE BUILDING
P.O. BOX 30036
LANSING, MICHIGAN 48909-7536
PHONE: (517) 373-1758
FAX: (517) 373-0938

Attachment B

COMMITTEE MEETING MINUTES
February 17, 2021

A meeting of the Senate Committee on Finance was scheduled for Wednesday, February 17, 2021, at 12:00 p.m., in room 403 of the Capitol Building.

The agenda summary is as follows:

1. Adoption of 2021-2022 Committee Rules.
2. Presentation by Rodney Taylor, Michigan Department of Treasury.

The Chair called the meeting to order at 12:05 p.m. He instructed the Clerk to call the roll. At that time, the following members were present: Chairman Runestad, Sen.(s) Nesbitt, Daley, Bumstead, VanderWall, Chang, and Alexander, a quorum was present.

The Chair entertained a motion by Sen. Nesbitt to adopt the 2021-2022 committee rules. The vote was as follows:

Yeas: Chair Runestad, Sen.(s) Nesbitt, Daley, Bumstead, VanderWall, Chang, and Alexander

Nays: None

The motion prevailed and the rules were adopted.

The Chair invited Rodney Taylor, Administrator Bureau of Local Government and School Services, Michigan Department of Treasury, to give the committee a presentation on Other Postemployment Benefits (OPEB) and Pension Systems 2017 Reforms and Data Collected Since Implantation. Member questions and discussion followed. Joyce Parker, Deputy State Treasurer, State/Local Finance, Michigan Department of Treasury contributed to the discussion.

There being no further business before the committee, the Chairman moved to adjourn the meeting. Without objection, the committee was adjourned at 1:05 p.m.

Date Adopted by Committee: 02/24/2021



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RACHAEL EUBANKS
STATE TREASURER

DATE: March 17, 2021

TO: The Municipal Stability Board (the Board)

FROM: Community Engagement and Finance Division (CEFD), Department of Treasury

SUBJECT: Failure to Make Required Pension Contribution(s): Underfunded Local Government

Current Status: On February 25, 2021, the Municipal Employees' Retirement System (MERS) notified the State Treasurer that the Village of Ontonagon has still failed to make a portion of its required minimum pension payment in September 2020. Per MERS policy, failure to make a payment for more than 90 days may lead to the pursuant of a judgment levy or removal from the MERS system.

According to Public Act 202 of 2017 (the Act), the Village is required to submit a corrective action plan (CAP) for its underfunded MERS pension system. The Municipal Stability Board (MSB) approved the Village's OPEB CAP but denied the MERS pension CAP for being unaffordable since the pension Actuarially Determined Contribution (ADC) payment in 2035 will account for nearly 100% of the Village's 2017 governmental revenues.

Next Steps: No action is required by the MSB at this time. If the Village submits a revised CAP for its MERS pension system that is approved by the Board, the Village will be reviewed by the MSB as part of the monitoring process for all underfunded systems which is scheduled to occur approximately every two years.

At any time, the Village may submit a new pension corrective action plan for the Board for review to become compliant with the Act.

As previously approved by the Board at their June 2020 meeting, local governments with the most significant sustainability concerns may be proactively identified by Treasury for a comprehensive individualized review. The CEFD is working with the Village to assist in becoming compliant with the Act. In the summer of 2020, Treasury funded a third-party review of the Villages' pension system. The CEFD continues to provide technical support to the Village to assist with the implementation and recommendations from the pension system review.



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

DATE: March 17, 2021

TO: The Municipal Stability Board (the Board)

FROM: Community Engagement and Finance Division, Department of Treasury

SUBJECT: Receipt of Corrective Action Plan(s)

Suggested Action: The Board motions to receive the following corrective action plans, which will be considered at their next scheduled meeting:

Fiscal Year 2017 Plans

- I. Bruce Township
 - A. OPEB

Fiscal Year 2019 Plans

- I. Muskegon Housing Commission
 - A. Pension

- II. Saginaw Community Mental Health Authority
 - A. Pension

- III. Woodlands Behavioral Healthcare Network
 - A. OPEB

Corrective Action Plan Review: Following receipt of these corrective action plans, the Board shall approve or disapprove each corrective action plan within 45 days. The Board will vote on these corrective action plans at their next scheduled meeting. Corrective action plan resubmissions that fail to materially address the reason(s) for prior disapproval, or are withdrawn by a local government, may not be reviewed by the Board.

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).

I. LOCAL GOVERNMENT INFORMATION

Local Government Name: Township of Bruce Six-Digit Muni Code: 501020
Retirement Health Benefit System Name: Township of Bruce Post Employment Benefits Plan
Contact Name (Administrative Officer): Rhonda Ricketts
Title if not Administrative Officer: Accounting Manager Telephone: 586 752 4585
Email (Communication will be sent here): rricketts@brucetwp.org
Fiscal Year System was Determined to be Underfunded: 2017

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 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**.*

The Township of Bruce has made system design changes in preparation of correcting our long-term liability obligations which is currently in an underfunded status. In 2009, the Township Board voted to no longer have any new elected official(s) eligible for retiree healthcare. The Township has also entered into a new collective bargaining agreement with the Bruce Township Administrative Employees Association to change coverage levels for Medicare supplemental coverage resulting in a minimum \$250,000 savings to the unit. New hires will not be eligible for this premium coverage.

- 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.*

The Township of Bruce has created a Retiree Health Funding Vehicle with MERS. Initial funding was made to this account in December 2020 with funds previously set aside in the Township's Fund Balance in the amount of \$259,843.78. An additional contribution of \$70,000 was made in February 2021. The Township of Bruce will continue to make annual contributions of \$70,000 at a minimum to this fund. The additional contributions plus investment earnings in this funding vehicle are projected to exceed \$7.3 million after 30 years.

- 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**.*

Form 5572 for fiscal year ending 03/31/2020 provided an upward trend in our funding level from 12.5% in 2019 to 36.9% in 2020 - Line 9. Line 32 also increased from 12.9% to 38.0%.

The Township of Bruce will continue to pay actual retiree health care costs each fiscal year from the General, Fire and ALS funds.

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**.*

Negotiations with the collective bargaining units will always include proposed cost saving measures in regards to post employment benefits.

- 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.*

Annual contributions to the MERS retiree health funding vehicle will continue along with review of actuarial reporting.

- 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:

- Attachment – 1
- Attachment – 1a
- Attachment – 2a

- Attachment – 3a
- Attachment – 4a
- Attachment – 5a
- Attachment – 6a

Type of Document:

- This corrective action plan (required);**
- Documentation from the governing body approving this corrective action plan (required);**
- 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);**
- Documentation of additional payments in past years that are not reflected in your audited financial statements (e.g. enacted budget, system provided information);
- Documentation of commitment to additional payments in future years (e.g. resolution, ordinance);
- 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;
- 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, Mike Fillbrook, as the government's administrative officer (Ex. City/Township Manager, Executive Director, Chief Executive Officer, etc.) (insert title) Township Supervisor approve this corrective action plan and will implement the prospective actions contained in this corrective action plan.

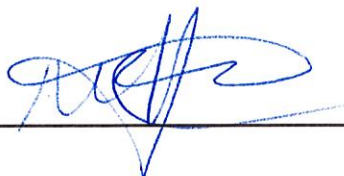
I confirm to the best of my knowledge that because of the changes listed above, one of the following statements will occur:

The Township of Bruce Post Employment Benefit Plan (insert retirement health system name) will achieve a funded status of at least 40% by fiscal year 2041 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 _____ as demonstrated by required supporting documentation listed in Section 6.

Signature:



Date:

Feb, 18 2021

Public Act 202 of 2017 Pension Report

| | | |
|---|--|---|
| Enter Local Unit Name | Muskegon Housing Commission | Instructions/Questions: For a list of detailed instructions on how to complete and submit this form, visit michigan.gov/LocalRetirementReporting . For questions, please email LocalRetirementReporting@michigan.gov . Return this original Excel file. Do not submit a scanned image or PDF. |
| Enter Six-Digit Municode | 617520 | |
| Unit Type | Authority | |
| Fiscal Year (four-digit year only, e.g. 2018) | 2019 | |
| Contact Name (Chief Administrative Officer) | Angela Mayeaux | |
| Title if not CAO | Executive Director | |
| CAO (or designee) Email Address | angela.mayeaux@muskegonhousing.org | |
| Contact Telephone Number | 231-722-2647 | |

| | | |
|--------------------------------------|------------------|---|
| Pension System Name (not division) 1 | MERS Of Michigan | If your pension system is separated by divisions, you would only enter one system. For example, one could have different divisions of the same system for union and non-union employees. However, these would be only one system and should be reported as such on this form. |
| Pension System Name (not division) 2 | | |
| Pension System Name (not division) 3 | | |
| Pension System Name (not division) 4 | | |
| Pension System Name (not division) 5 | | |

| Line | Description | Source of Data | Statute Reference | System 1 | System 2 | System 3 | System 4 | System 5 | |
|------|---|---|-------------------|------------------|----------|----------|----------|----------|--|
| 1 | Provide the name of your retirement pension system | Calculated From Above | Sec. 5(6) | MERS Of Michigan | | | | | |
| 2 | Enter retirement pension system's assets (system fiduciary net position) | Most Recent Audit Report | Sec. 5(4)(b) | 684,841 | | | | | |
| 3 | Enter retirement pension system's liabilities (total pension liability) | Most Recent Audit Report | Sec. 5(4)(b) | 925,100 | | | | | |
| 4 | Date (system year ending) of valuation of system's assets and liabilities (e.g. 12/31/2017) | Most Recent Audit Report | Sec. 5(6) | 12/31/17 | | | | | |
| 5 | Actuarially Determined Contribution (ADC) | Most Recent Audit Report | Sec. 5(4)(b) | 47,196 | | | | | |
| 6 | Governmental Fund Revenues | Most Recent Audit Report | Sec. 5(4)(b) | 1,398,937 | | | | | |
| 7 | Pension Trigger Summary | | | | | | | | |
| 8 | Is this unit a primary unit (County, Township, City, Village)? | From Municode | | NO | NO | NO | NO | NO | |
| 9 | Funded ratio | Calculated | Sec. 5(4)(b) | 74.0% | | | | | |
| 10 | All systems combined ADC/Governmental fund revenues | Calculated | Sec. 5(4)(b) | 3.4% | 0.0% | 0.0% | 0.0% | 0.0% | |
| 11 | Does this system trigger "underfunded status" as defined by PA 202 of 2017? | Primary units trigger: Less than 60% funded AND greater than 10% ADC/Governmental fund revenues. Non-Primary units trigger: Less than 60% funded | Sec. 5(4)(b) | NO | NO | NO | NO | NO | |

By emailing this report to the Michigan Department of Treasury, the local unit of government acknowledges that this report is complete and accurate in all known respects. Public Act 202 of 2017 also requires the local unit of government to electronically submit the report to its governing body.

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).

I. LOCAL GOVERNMENT INFORMATION

Local Government Name: Saginaw County Community Mental Health Authority Six-Digit Muni Code: 737516

Retirement Health Benefit System Name: Saginaw Co CMH Pension

Contact Name (Administrative Officer): Laura Argyle

Title if not Administrative Officer: CFO/COO Telephone: (989) 753-3507

Email (Communication will be sent here): largyle@sccmha.org

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 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**.*

- 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.*

- 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**.*

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.*

The local government made an additional contribution of \$575,000 in September 2020 to increase the retirement system's funded ratio from 57% to over 60%.

- 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:

The additional contribution representing the corrective action and future required contributions are included in the operating budget.

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:

Attachment – 1

Attachment – 1a

Attachment – 2a

Attachment – 3a

Attachment – 4a

Attachment – 5a

Attachment – 6a

Type of Document:

This corrective action plan (required);

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

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);

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

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

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;

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, Sandra Lindsey, as the government's administrative officer (Ex. City/Township Manager, Executive Director, Chief Executive Officer, etc.) **(insert title)** Chief Executive Officer 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 Saginaw Co CMH Pension System **(insert retirement health system name)** will achieve a funded status of at least 40% by fiscal year 2020 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 _____ as demonstrated by required supporting documentation listed in Section 6.

Signature: _____

Date: _____

The Protecting Local Government Retirement and Benefits Act (PA 202 of 2017) Health Care (OPEB) Report

| | | |
|---|---|--|
| Enter Local Government Name | Woodlands Behavioral Healthcare Network | Instructions: For a list of detailed instructions on how to complete and submit this form, visit michigan.gov/LocalRetirementReporting . |
| Enter Six-Digit Municode | 147514 | |
| Unit Type | Authority | |
| Fiscal Year End Month | September | |
| Fiscal Year (four-digit year only, e.g. 2019) | 2019 | |
| Contact Name (Chief Administrative Officer) | John Ruddell | Questions: For questions, please email LocalRetirementReporting@michigan.gov . Return this original Excel file. Do not submit a scanned image or PDF. |
| Title if not CAO | CFO | |
| CAO (or designee) Email Address | johnr@woodlandsbhn.org | |
| Contact Telephone Number | 269-228-5130 | |

| | | |
|-----------------------------------|-----------|--|
| OPEB System Name (not division) 1 | OPEB Plan | If your OPEB system is separated by divisions, you would only enter one system. For example, one could have different divisions of the same system for union and non-union employees. However, these would be only one system and should be reported as such on this form. |
| OPEB System Name (not division) 2 | | |
| OPEB System Name (not division) 3 | | |
| OPEB System Name (not division) 4 | | |
| OPEB System Name (not division) 5 | | |

| Line | Descriptive Information | Source of Data | System 1 | System 2 | System 3 | System 4 | System 5 |
|----------------------------------|--|--|--------------|----------|----------|----------|----------|
| 1 | Is this unit a primary government (County, Township, City, Village)? | Calculated | NO | NO | NO | NO | NO |
| 2 | Provide the name of your retirement health care system | Calculated from above | OPEB Plan | | | | |
| 3 Financial Information | | | | | | | |
| 4 | Enter retirement health care system's assets (system fiduciary net position ending) | Most Recent Audit Report | 769,494 | | | | |
| 5 | Enter retirement health care system's liabilities (total OPEB liability) | Most Recent Audit Report | 497,786 | | | | |
| 6 | Funded ratio | Calculated | 154.6% | | | | |
| 7 | Actuarially determined contribution (ADC) | Most Recent Audit Report | - | | | | |
| 7a | Do the financial statements include an ADC calculated in compliance with Numbered Letter 2018-3? | Most Recent Audit Report | YES | | | | |
| 8 | Governmental Fund Revenues | Most Recent Audit Report | 13,002,380 | | | | |
| 9 | All systems combined ADC/Governmental fund revenues | Calculated | 0.0% | | | | |
| 10 Membership | | | | | | | |
| 11 | Indicate number of active members | Actuarial Funding Valuation used in Most Recent Audit Report | 27 | | | | |
| 12 | Indicate number of inactive members | Actuarial Funding Valuation used in Most Recent Audit Report | - | | | | |
| 13 | Indicate number of retirees and beneficiaries | Actuarial Funding Valuation used in Most Recent Audit Report | - | | | | |
| 14 | Provide the amount of premiums paid on behalf of the retirants | Most Recent Audit Report or Accounting Records | 51,500 | | | | |
| 15 Investment Performance | | | | | | | |
| 16 | Enter actual rate of return - prior 1-year period | Actuarial Funding Valuation used in Most Recent Audit Report or System Investment Provider | | | | | |
| 17 | Enter actual rate of return - prior 5-year period | Actuarial Funding Valuation used in Most Recent Audit Report or System Investment Provider | | | | | |
| 18 | Enter actual rate of return - prior 10-year period | Actuarial Funding Valuation used in Most Recent Audit Report or System Investment Provider | | | | | |
| 19 Actuarial Assumptions | | | | | | | |
| 20 | Assumed Rate of Investment Return | Actuarial Funding Valuation used in Most Recent Audit Report | 4.81% | | | | |
| 21 | Enter discount rate | Actuarial Funding Valuation used in Most Recent Audit Report | 4.81% | | | | |
| 22 | Amortization method utilized for funding the system's unfunded actuarial accrued liability, if any | Actuarial Funding Valuation used in Most Recent Audit Report | Level Dollar | | | | |
| 23 | Amortization period utilized for funding the system's unfunded actuarial accrued liability, if any | Actuarial Funding Valuation used in Most Recent Audit Report | 3 | | | | |
| 24 | Is each division within the system closed to new employees? | Actuarial Funding Valuation used in Most Recent Audit Report | Yes | | | | |
| 25 | Health care inflation assumption for the next year | Actuarial Funding Valuation used in Most Recent Audit Report | N/A | | | | |
| 26 | Health care inflation assumption - Long-Term Trend Rate | Actuarial Funding Valuation used in Most Recent Audit Report | 0.00% | | | | |
| 27 Uniform Assumptions | | | | | | | |
| 28 | Enter retirement health care system's actuarial value of assets using uniform assumptions | Actuarial Funding Valuation used in Most Recent Audit Report | 769,494 | | | | |
| 29 | Enter retirement health care system's actuarial accrued liabilities using uniform assumptions | Actuarial Funding Valuation used in Most Recent Audit Report | 496,204 | | | | |
| 30 | Funded ratio using uniform assumptions | Calculated | 155.1% | | | | |
| 31 | Actuarially Determined Contribution (ADC) using uniform assumptions | Actuarial Funding Valuation used in Most Recent Audit Report | - | | | | |
| 32 | All systems combined ADC/Governmental fund revenues | Calculated | 0.0% | | | | |
| 33 Summary Report | | | | | | | |
| 34 | Did the local government pay the retiree insurance premiums for the year? | Accounting Records | YES | | | | |
| 35 | Did the local government pay the normal cost for employees hired after June 30, 2018? | Accounting Records | N/A | | | | |
| 36 | Does this system trigger "underfunded status" as defined by PA 202 of 2017? | Primary government triggers: Less than 40% funded AND greater than 12% ARC/Governmental fund revenues. Non-Primary government triggers: Less than 40% funded | NO | NO | NO | NO | NO |

Requirements (For your information, the following are requirements of P.A. 202 of 2017)

| |
|---|
| Local governments must post the current year report on their website or in a public place |
| The local government must electronically submit the form to its governing body. |
| Local governments must have had an actuarial experience study conducted by the plan actuary for each retirement system at least every 5 years |
| Local governments must have had a peer actuarial audit conducted by an actuary that is not the plan actuary OR replace the plan actuary at least every 8 years. |

By emailing this report to the Michigan Department of Treasury, the local government acknowledges that this report is complete and accurate in all known respects.

**MUNICIPAL STABILITY BOARD
RESOLUTION 2021-9**

CORRECTIVE ACTION PLAN MONITORING COMPLIANCE

WHEREAS, the Michigan legislature passed the Protecting Local Government Retirement and Benefits Act, MCL 38.2801 et. seq. (the “Act”), creating the Municipal Stability Board (the “Board”) for the purpose of reviewing and approving corrective action plans submitted by municipalities addressing the underfunded status of their municipal retirement systems (the “Corrective Action Plan”) as well as for monitoring compliance with those plans;

WHEREAS, the Michigan Department of Treasury (“Treasury”) provides administrative services to the Board;

WHEREAS, the Act requires the Board to certify not less than every 2 years a local unit of government’s (a “Municipality”) compliance with the Act and any Corrective Action Plan.

WHEREAS, the Board passed Resolution 2020-11 adopting the Corrective Action Plan Monitoring Policy and Procedures (“Monitoring Procedures”);

WHEREAS, the Board previously approved the Municipalities’, listed on Appendix A and attached to this Resolution, Corrective Action Plans;

WHEREAS, Treasury and the Board have reviewed the Municipalities’ compliance with their respective Corrective Action Plans and the Act pursuant to the Monitoring Procedures; and

WHEREAS, Treasury has submitted recommendations whether to certify that the municipalities listed on Appendix A attached hereto are in substantial compliance with the Act.

NOW THEREFORE, BE IT RESOLVED, the Board hereby certifies that the Municipalities Corrective Action Plans listed on Appendix A notated as Compliant are in substantial compliance with the Act and their respective Corrective Action Plans;

BE IT FURTHER RESOLVED, the Board hereby certifies that the Municipalities Corrective Action Plans listed on Appendix A notated as Compliant with Conditions are in substantial compliance with the Act and their respective Corrective Action Plans, provided that the Municipalities meet the requirements identified by the Board by the next certification date (the “Compliance Conditions”);

BE IT FURTHER RESOLVED, the Board determines the Municipalities’ notated as noncompliant are not in substantial compliance with their respective Corrective Action Plan and/or the Act (the “Noncompliance Determination”);

BE IT FURTHER RESOLVED, that Treasury is directed to provide relevant Municipalities with notification of the Board's detailed Compliance Conditions and reasons for the Noncompliance Determination within fifteen days of this resolution;

BE IT FURTHER RESOLVED, that Municipalities will have sixty days to address the reasons for the Noncompliance Determination from the date of the notification of such reasons; and

BE IT FURTHER RESOLVED, that Municipalities who fail to address the reasons for the Noncompliance Determination within sixty days will be deemed in noncompliance with the Act pursuant to MCL 38.2810(6).

Ayes:

Nays:

Recused:

Lansing, Michigan

March 17, 2021

Municipal Stability Board Appendix A, March 17, 2021

| Color Code Key |
|--|
| Green meets CAP Monitoring Criteria |
| Yellow partially meets CAP Monitoring Criteria |
| Red does not meet CAP Monitoring Criteria |

| CAP Monitoring Criteria Key | |
|-----------------------------|---|
| Underfunded Status | Is the local government addressing their underfunded status in the same timeframe or less, as the approved CAP? |
| Substantial Changes | Does the corrective action plan remain substantially the same as the original approved submission? |
| Sustainability | The local government must certify the plan is still affordable, though detailed supporting documentation. This includes documentation that the local government's retirement costs are not increasing at a rate greater than what can be afforded |

| # | Local Government | Municode | Fiscal Year | System Type | Date Received | Underfunded Status | Substantial Changes | Sustainability | Treasury Recommendation | CAP Monitoring Certification Form | |
|----|--|----------|-------------|--------------------------|---------------|--------------------|---------------------|----------------|---------------------------|---|------|
| | | | | | | | | | | Underfunded | Link |
| 1 | City of Bay City | 092020 | | 2017 OPEB | 10/27/2020 | Met | Met | Partially Met | Compliant | City of Bay City-OPEB | |
| 2 | Crawford County Road Commission | 200100 | | 2017 Pension | 12/4/2020 | Met | Met | Met | Compliant | Crawford County Road Commission-Pension | |
| 3 | Crawford County Road Commission | 200100 | | 2017 OPEB | 1/6/2021 | Met | Met | Met | Compliant | Crawford County Road Commission-OPEB | |
| 4 | City of Dearborn | 822030 | | 2017 OPEB | 1/7/2021 | Met | Met | Partially Met | Compliant | City of Dearborn-OPEB | |
| 5 | City of Eaton Rapids | 232020 | | 2017 Pension | 10/27/2020 | Met | Met | Partially Met | Compliant | City of Eaton Rapids-Pension | |
| 6 | City of Eaton Rapids | 232020 | | 2017 OPEB | 10/27/2020 | Partially Met | Met | Partially Met | Compliant | City of Eaton Rapids-OPEB | |
| 7 | City of Flushing | 252050 | | 2017 OPEB | 1/27/2021 | Met | Met | Partially Met | Compliant | City of Flushing-OPEB | |
| 8 | City of Flushing | 252050 | | 2017 Pension | 1/27/2021 | Met | Met | Partially Met | Compliant | City of Flushing-Pension | |
| 9 | City of Hamtramck | 822140 | | 2017 Pension | 2/8/2021 | Met | Met | Not Met | Compliant with Conditions | City of Hamtramck-Pension | |
| 10 | City of Hazel Park | 632070 | | 2017 Pension | 11/25/2020 | Met | Met | Not Met | Compliant with Conditions | City of Hazel Park-Pension | |
| 11 | City of Hazel Park | 632070 | | 2017 OPEB | 11/25/2020 | Met | Met | Not Met | Compliant with Conditions | City of Hazel Park-OPEB | |
| 12 | City of Iron Mountain | 222010 | | 2017 Pension | 11/25/2020 | Met | Met | Not Met | Compliant with Conditions | City of Iron Mountain-Pension | |
| 13 | City of Iron Mountain | 222010 | | 2017 OPEB | 11/25/2020 | Met | Met | Not Met | Compliant with Conditions | City of Iron Mountain-OPEB | |
| 14 | City of Lansing | 332020 | | OPEB - Police and Fire | 2/18/2021 | Met | Met | Partially Met | Compliant | City of Lansing-OPEB Police and Fire | |
| 15 | City of Lansing | 332020 | | OPEB - General Employees | 2/18/2021 | Met | Met | Partially Met | Compliant | City of Lansing-OPEB General Employees | |
| 16 | City of Lansing | 332020 | | 2017 Pension | 2/18/2021 | Met | Met | Partially Met | Compliant | City of Lansing-Pension | |
| 17 | City of Madison Heights | 632110 | | OPEB - Police and Fire | 12/15/2020 | Met | Met | Partially Met | Compliant | City of Madison Heights-OPEB Police and Fire | |
| 18 | City of Madison Heights | 632110 | | OPEB-General Employees | 12/15/2020 | Met | Met | Partially Met | Compliant | City of Madison Heights-OPEB General Employees | |
| 19 | City of Madison Heights | 632110 | | 2017 Pension | 12/15/2020 | Met | Met | Partially Met | Compliant | City of Madison Heights-Pension | |
| 20 | City of Manistique | 772010 | | 2017 Pension | 2/16/2021 | Met | Met | Partially Met | Compliant | City of Manistique-Pension | |
| 21 | City of Midland | 562020 | | 2017 Pension | 12/29/2020 | Met | Met | Partially Met | Compliant | City of Midland-Pension | |
| 22 | City of Port Huron | 742060 | | 2017 Pension | 12/7/2020 | Met | Met | Partially Met | Compliant | City of Port Huron-Pension | |
| 23 | City of Romulus | 822260 | | 2017 OPEB | 12/1/2020 | Met | Met | Partially Met | Compliant | City of Romulus-OPEB | |
| 24 | City of Saginaw | 732020 | | 2017 OPEB | 12/1/2020 | Met | Met | Not Met | Compliant with Conditions | City of Saginaw-OPEB | |
| 25 | City of Saginaw | 732020 | | 2017 Pension | 12/1/2020 | Met | Met | Not Met | Compliant with Conditions | City of Saginaw-Pension | |
| 26 | City of Southgate | 822270 | | OPEB- Police and Fire | 11/18/2020 | Partially Met | Met | Partially Met | Compliant | City of Southgate-OPEB Police and Fire | |
| 27 | City of Southgate | 822270 | | OPEB - General Employees | 11/18/2020 | Partially Met | Met | Partially Met | Compliant | City of Southgate-OPEB General Employees | |
| 28 | City of St. Clair Shores | 502090 | | OPEB - Police and Fire | N/A | Not Met | Not Met | Not Met | Noncompliant | Failed to File | |
| 29 | City of St. Clair Shores | 502090 | | OPEB - General Employees | N/A | Not Met | Not Met | Not Met | Noncompliant | Failed to File | |
| 30 | State of Michigan 41B District - Clinton Chart | 507536 | | 2017 OPEB | 2/9/2021 | Met | Met | Met | Compliant | State of Michigan 41B District - Clinton Charter Township & Mt Clemens-OPEB | |
| 31 | City of Trenton | 822290 | | 2017 OPEB | 11/23/2020 | Met | Met | Partially Met | Compliant | City of Trenton-OPEB | |
| 32 | City of Westland | 822310 | | 2017 Pension | 11/25/2020 | Met | Met | Partially Met | Compliant | City of Westland-Pension | |
| 33 | City of Westland | 822310 | | 2017 OPEB | 11/25/2020 | Met | Met | Partially Met | Compliant | City of Westland-OPEB | |

Treasury Recommendation
City of Bay City OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 092020

| Name of Systems | Type of System | Assets | Liabilities | Funded Ratio | ADC | Revenues | ADC/Revenue | CAP required? |
|---|----------------|----------------------|----------------------|--------------|--------------------|---------------------|--------------|---------------|
| MERS | Pension | \$59,154,335 | \$74,080,218 | 79.9% | \$5,642,354 | \$32,779,665 | 21.9% | NO |
| Bay City Public Safety and Fire Pension and Retirement System | Pension | \$49,019,314 | \$82,652,312 | 59.3% | \$1,528,480 | | | NO |
| <i>City of Bay City OPEB</i> | <i>OPEB</i> | <i>\$25,503,496</i> | <i>76,830,366</i> | <i>33.2%</i> | <i>\$5,726,041</i> | | <i>17.5%</i> | <i>YES</i> |
| Total | | \$133,677,145 | \$159,482,678 | | \$7,254,521 | \$32,779,665 | 39.4% | |

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance for the OPEB corrective action plan monitoring certification of compliance submitted by City of Bay City. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- Yes, City of Bay City is addressing underfunded status by fiscal year 2028 as projected in originally approved plan.

Substantial Changes

CAP Changes Implemented:

- The City states that they have been implementing their CAP actions. While the City notes that their liabilities have increased, they also note that their OPEB trust was 33.2% funded as of June 30, 2020; which was higher than their original CAP projection of being 21.93% funded as of June 30, 2020. The City's most recent actuarial report projects them to be fully funded by 2034.

CAP Changes Not Implemented:

- None listed.

Treasury Recommendation
City of Bay City OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 092020

Additional Changes Implemented

- None listed.

Revised Corrective Action Plan Submitted? No

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2021
- Percentage of Revenues: 31.0%

Do the projected annual payments increase by an amount greater than an average of 5% per year over the next five fiscal years?

- **No**
 - After fiscal year 2020, the projected annual contributions remain around 21% of general fund revenues plus the percentage of enterprise funds used for retirement costs

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- **Yes**

System Status for All Divisions: Open

Plan size: members 563

- Inactive employees or beneficiaries currently receiving benefits: **422**
- Inactive employees entitled to but not yet receiving benefits: **0**
- Active employees: **141**

Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - City of Bay City has met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:
 - City of Bay City has met the Board's published monitoring criteria for substantial changes.
- Sustainability:
 - City of Bay City has Partially Met the Board's published monitoring criteria for sustainability.
 - Current or future payments are greater than 22% or projected payments are increasing at a rate greater than 5% per year.

Treasury Recommendation
City of Bay City OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 092020

Supplemental Information:

While the total retirement costs for the City decrease to around 22% starting in fiscal year 2022, it is important to monitor the City to ensure the plan remains affordable

| FYE | Year | AAL (7.0%) | Funded % | NC | Amort # | Amortization of UAAL | ARC |
|-----------|------|--------------|----------|-----------|---------|----------------------|-------------|
| 6/30/2020 | 1 | \$76,805,894 | 28.8% | \$548,249 | 19 | \$4,945,620 | \$5,878,440 |
| 6/30/2021 | 2 | \$78,233,934 | 32.4% | \$502,663 | 18 | \$4,916,105 | \$5,798,082 |
| 6/30/2022 | 3 | \$79,390,030 | 35.6% | \$445,279 | 17 | \$4,893,464 | \$5,712,455 |
| 6/30/2023 | 4 | \$80,261,898 | 39.1% | \$391,682 | 16 | \$4,832,296 | \$5,589,656 |
| 6/30/2024 | 5 | \$80,967,784 | 43.0% | \$329,020 | 15 | \$4,739,679 | \$5,423,507 |
| 6/30/2025 | 6 | \$81,412,379 | 47.1% | \$281,208 | 14 | \$4,600,359 | \$5,223,276 |
| 6/30/2026 | 7 | \$81,672,564 | 51.7% | \$237,807 | 13 | \$4,414,840 | \$4,978,333 |
| 6/30/2027 | 8 | \$81,807,076 | 56.6% | \$195,347 | 12 | \$4,180,508 | \$4,682,165 |
| 6/30/2028 | 9 | \$81,708,105 | 62.0% | \$164,624 | 11 | \$3,872,095 | \$4,319,289 |
| 6/30/2029 | 10 | \$81,390,619 | 67.9% | \$135,499 | 10 | \$3,472,256 | \$3,860,298 |
| 6/30/2030 | 11 | \$80,862,029 | 74.5% | \$107,938 | 9 | \$2,954,484 | \$3,276,792 |
| 6/30/2031 | 12 | \$80,103,313 | 81.9% | \$85,028 | 8 | \$2,274,624 | \$2,524,828 |
| 6/30/2032 | 13 | \$79,199,850 | 89.9% | \$66,157 | 7 | \$1,381,682 | \$1,549,188 |
| 6/30/2033 | 14 | \$78,162,865 | 98.9% | \$51,358 | 6 | \$173,834 | \$240,956 |
| 6/30/2034 | 15 | \$76,980,406 | 108.8% | \$37,900 | 5 | (\$1,537,937) | \$0 |

Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet

[Instructions](#)

| Fiscal Year | Pension Payments | | OPEB Payments | | Projected (Actual) Governmental Revenues | Projected Enterprise Funds used for Retirement Costs | Projected Retirement Contributions as a Percent of Revenues |
|---|---------------------------------|--|---|---|--|--|---|
| | Total Pension ADC (All Systems) | Additional Pension Contributions (All Systems) | Total OPEB Benefit Payment Amount (All Systems) | Additional OPEB Contributions (All Systems) | | | |
| 2019 | | | | | \$35,930,190 | | |
| 2020 | \$7,998,740 | \$0 | \$5,847,967 | \$0 | \$36,648,794 | \$7,798,346 | 31% |
| 2021 | \$3,068,627 | \$0 | \$5,906,447 | \$0 | \$37,381,770 | \$5,054,684 | 21% |
| 2022 | \$3,016,294 | \$0 | \$5,965,511 | \$0 | \$38,129,405 | \$5,058,475 | 21% |
| 2023 | \$3,140,041 | \$0 | \$6,025,166 | \$0 | \$38,891,993 | \$5,161,766 | 21% |
| 2024 | \$3,311,697 | \$0 | \$6,085,418 | \$0 | \$39,669,833 | \$5,292,374 | 21% |
| Projected Annual Revenue Growth (Please select) | 2% | | | | | | |

The Community Engagement and Finance Division (CEFD) contact:

- None

Treasury Recommendation
Crawford County Road Commission Pension Corrective Action Plan (CAP) Monitoring Compliance
Certification
Primary Government 200100

| Name of Systems | Type of System | Assets | Liabilities | Funded Ratio | ADC | Revenues | ADC/Revenue | CAP required? |
|-----------------|----------------|--------------------|---------------------|--------------|------------------|--------------------|-------------|---------------|
| MERS | Pension | \$3,886,134 | \$9,842,049 | 39.5% | \$559,096 | \$7,201,393 | 7.8% | YES |
| MERS RHFV | OPEB | \$170,000 | \$1,259,641 | 13.5% | \$72,936 | | 1.0% | YES |
| Total | | \$4,056,134 | \$11,101,690 | | \$632,032 | \$7,201,393 | 8.8% | |

Source: Retirement Report Fiscal Year 2019, Audited Financial Statements

Staff Recommendation: Compliance for the Pension corrective action plan monitoring certification of compliance submitted by Crawford County Road Commission. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- Yes, Crawford County Road Commission is addressing underfunded status by fiscal year 2037 as projected in originally approved plan.
 - They listed 2037 in their previously approved CAP, however their MERS valuation shows the Road Commission reaching 60% by approximately 2030-2032.

Substantial Changes

CAP Changes Implemented:

- Road commission is paying \$15K per month (annually \$180,000) above the ADC (this is greater than the approved CAP amount of \$8500/month).

CAP Changes Not Implemented:

- None listed.

Additional Changes Implemented

- None listed.

Revised Corrective Action Plan Submitted? No

Treasury Recommendation
Crawford County Road Commission Pension Corrective Action Plan (CAP) Monitoring Compliance
Certification
Primary Government 200100

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2021
- Percentage of Revenues: 14.2%

Do the projected annual payments increase by an amount greater than an average of 5% per year over the next five fiscal years?

- No

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- Yes

System Status for All Divisions: Open

Plan size: members 56

- Inactive employees or beneficiaries currently receiving benefits: **26**
- Inactive employees entitled to but not yet receiving benefits: **0**
- Active employees: **30**

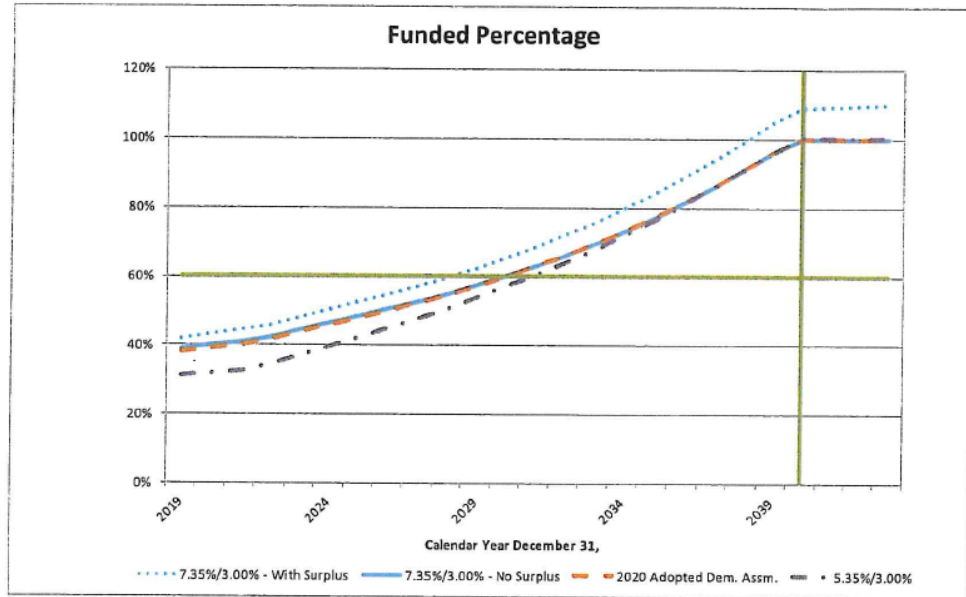
Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - Crawford County Road Commission has met the Board's published monitoring criteria for underfunded status
- Substantial Changes:
 - Crawford County Road Commission has met the Board's published monitoring criteria for substantial changes
- Sustainability:
 - Crawford County Road Commission has met the Board's published monitoring criteria for sustainability

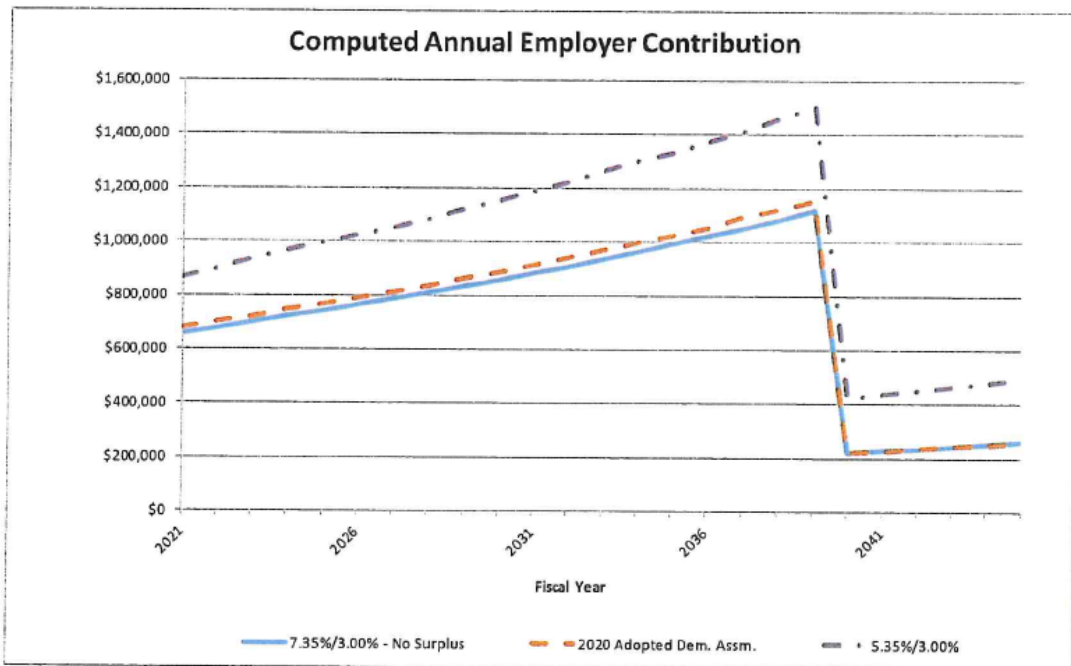
Supplemental Information:

The Road Commission provided their most recent MERS valuation, which includes a chart showing that it will be 60% funded in 2029, consistent with the originally approved plan. It also includes the projection of future employer contributions. This chart shows that pension payments are projected to increase by approximately 77% over the next 19 years (4%/year). Treasury also used provided documentation to create an estimated sustainability worksheet showing that in 2021, projected retirements are estimated to be approximately 14.2%.

Treasury Recommendation
Crawford County Road Commission Pension Corrective Action Plan (CAP) Monitoring Compliance
Certification
Primary Government 200100



Notes:
 All projected funded percentages are shown with no phase-in.
 Assumes assets from Surplus divisions will not be used to lower employer contributions during the projection period.
 The green indicator lines have been added at 60% funded and 21 years following the valuation date for PA 202 purposes.



Notes:
 All projected contributions are shown with no phase-in.
 Projected employer contributions do not reflect the use of any assets from the Surplus divisions.

The Community Engagement and Finance Division (CEFD) contact:

- None

Treasury Recommendation
Crawford County Road Commission OPEB Corrective Action Plan Monitoring Compliance Certification
Primary Government 200100

| Name of Systems | Type of System | Assets | Liabilities | Funded Ratio | ADC | Revenues | ADC/Revenue | CAP required? |
|------------------|----------------|--------------------|---------------------|--------------|------------------|--------------------|-------------|---------------|
| MERS | Pension | \$3,886,134 | \$9,842,049 | 39.5% | \$559,096 | \$7,201,393 | 7.8% | YES |
| <i>MERS RHFV</i> | <i>OPEB</i> | <i>\$170,000</i> | <i>\$1,259,641</i> | <i>13.5%</i> | <i>\$72,936</i> | | 1.0% | YES |
| Total | | \$4,056,134 | \$11,101,690 | | \$632,032 | \$7,201,393 | 8.8% | |

Source: Retirement Report Fiscal Year 2019, Audited Financial Statements

Staff Recommendation: Compliance for the OPEB corrective action plan monitoring certification of compliance submitted by Crawford County Road Commission. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- Yes, Crawford County Road Commission is addressing underfunded status by fiscal year 2024 as projected in originally approved plan.

The OPEB system's funding amounts are different than what was provided in the originally approved plan. The monitoring submission documents funding amounts higher than what was originally approved in the Road Commission's CAP.

Substantial Changes

CAP Changes Implemented:

- In 2019, contributions of \$136,424 were made to the OPEB trust (the reviewed total in the 2019 audit was \$164,274). The Road Commission made an additional payment of \$100K in 2020, and intends to make another \$100K payment in 2021. The Road Commission contends that these payments will bring them to 40% funded by the end of 2021.

CAP Changes Not Implemented:

- None listed.

Additional Changes Implemented

- None listed.

Treasury Recommendation
Crawford County Road Commission OPEB Corrective Action Plan Monitoring Compliance Certification
Primary Government 200100

Revised Corrective Action Plan Submitted? No

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2021
- Percentage of Revenues: 14.2%

Do the projected annual payments increase by an amount greater than an average of 5% per year over the next five fiscal years?

- No

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- Yes

System Status for All Divisions: Open

Plan size: members 56

- Inactive employees or beneficiaries currently receiving benefits: **26**
- Inactive employees entitled to but not yet receiving benefits: **0**
- Active employees: **30**

Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - Crawford County Road Commission has met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:
 - Crawford County Road Commission has met the Board's published monitoring criteria for substantial changes.
- Sustainability:
 - Crawford County Road Commission has met the Board's published monitoring criteria for sustainability.

Supplemental Information:

The Road Commission provided its actuarial valuation, showing that its current asset balance for its OPEB system was \$293,940, making it approximately 25% funded in FY 2020. The monitoring submission documents funding amounts higher than what was originally approved in the Road Commission's CAP. Treasury created an estimated sustainability worksheet, showing that the likely highest year of retirement payments being in FY 2021 at 14.2%.

Treasury Recommendation
Crawford County Road Commission OPEB Corrective Action Plan Monitoring Compliance Certification
Primary Government 200100

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

State of Michigan Public Acts 530 and 202 Information

| Financial information | 2020 |
|---|-----------|
| Assets (Fiduciary net position) | 293,940 |
| Liabilities (Total OPEB Liability) | 1,179,390 |
| Funded ratio for the Plan Year | 24.92% |
| Actuarially Determined Contribution | \$185,330 |
| Is ADC calculated in compliance with No. Letter 2018-3? | Yes |

| Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet | | | | | | | | |
|---|---------------------------------|--|---|---|--|--|---|---------------------------------|
| Instructions | | | | | | | | |
| Fiscal Year | Pension Payments | | OPEB Payments | | Projected (Actual) Governmental Revenues | Projected Enterprise Funds used for Retirement Costs | Projected Retirement Contributions as a Percent of Revenues | Annual Retirement Cost Increase |
| | Total Pension ADC (All Systems) | Additional Pension Contributions (All Systems) | Total OPEB Benefit Payment Amount (All Systems) | Additional OPEB Contributions (All Systems) | | | | |
| 2019 | | | | | \$7,201,393 | | | |
| 2020 | \$600,000 | \$180,000 | \$126,563 | \$100,000 | \$7,345,421 | | 13.7% | |
| 2021 | \$655,428 | \$180,000 | \$129,094 | \$100,000 | \$7,492,329 | | 14.2% | 5.8% |
| 2022 | \$675,000 | \$180,000 | \$131,676 | \$0 | \$7,642,176 | | 12.9% | -7.3% |
| 2023 | \$697,000 | \$180,000 | \$134,310 | \$0 | \$7,795,019 | | 13.0% | 2.5% |
| 2024 | \$723,000 | \$180,000 | \$136,996 | \$0 | \$7,950,920 | | 13.1% | 2.8% |
| Projected Annual Revenue Growth (Please select) | 2% | | | | | | | |

The Community Engagement and Finance Division (CEFD) contact:

- None

Treasury Recommendation
City of Dearborn OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 822030

| Name of Systems | Type of System | Assets | Liabilities | Funded Ratio | ADC | Revenues | ADC/Revenue | CAP required? |
|-----------------------------|----------------|----------------------|----------------------|--------------|---------------------|----------------------|--------------|---------------|
| Chapter 22 Pension | Pension | \$153,416,682 | \$197,027,869 | 77.9% | \$2,739,863 | \$148,032,278 | 12.5% | NO |
| Chapter 23 Pension | Pension | \$279,154,424 | \$426,935,211 | 65.4% | \$13,656,682 | | | NO |
| MERS | Pension | \$21,767,301 | \$22,263,643 | 97.8% | \$2,076,980 | | | NO |
| Chapter 21 Pension | Pension | \$23,815,187 | \$7,573,736 | 314.4% | \$0 | | | NO |
| Post Employment Health Care | OPEB | \$126,145,511 | \$278,347,839 | 45.3% | \$15,762,276 | | | 10.6% |
| Total | | \$604,299,105 | \$932,148,298 | | \$34,235,801 | \$148,032,278 | 23.1% | |

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance for the OPEB corrective action plan monitoring certification of compliance submitted by City of Dearborn. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- Yes, City of Dearborn is addressing underfunded status by fiscal year 2019 as projected in originally approved plan.

Substantial Changes

CAP Changes Implemented:

- In December of 2018, the City issues limited tax general obligation bonds to pay part of the unfunded liabilities. This resulted in the City's funding ratio exceeding 40% funded. The City submitted its fiscal year 2019 5572 showing that they were 49.1% funded.
- The City submitted its fiscal year 2020 5572 showing that they are 45% funded. The fiscal year 2020 report is still under review by Treasury.

Treasury Recommendation
City of Dearborn OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 822030

- In July 1, 2019 the negotiated health care benefit changes for active and future retirees took effect. In fiscal year 2019, the City contributed \$36,526,003 in addition to its paygo amount and \$1,674,815 in fiscal year 2020.

CAP Changes Not Implemented:

- The City is still discussing the draft ballot proposal to dedicate the residual funding from their Police and Fire Trust to their OPEB plan.

Additional Changes Implemented

- None listed.

Revised Corrective Action Plan Submitted? No

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2024
- Percentage of Revenues: 24.0%

Do the projected annual payments increase by an amount greater than an average of 5% per year over the next five fiscal years?

- No

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- Yes

System Status for All Divisions: Closed

Plan size: members 1247

- Inactive employees or beneficiaries currently receiving benefits: **829**
- Inactive employees entitled to but not yet receiving benefits: **17**
- Active employees: **401**

Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - City of Dearborn has met the Board's published monitoring criteria for underfunded status.

Treasury Recommendation
City of Dearborn OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 822030

- Substantial Changes:
 - City of Dearborn has met the Board’s published monitoring criteria for substantial changes.

- Sustainability:
 - City of Dearborn has partially met the Board’s published monitoring criteria for sustainability.
 - Current or future payments are greater than 22% or projected payments are increasing at a rate greater than 5% per year.

Supplemental Information:

The City of Dearborn included their Post Employment Health Care projected schedule which shows their increasing pay-go employer contributions increase approximately 45% between fiscal year 2019 and fiscal year 2035, or roughly 3% per year. Even with these increases, the City certifies that the benefit is affordable and only shows a 2% increase projected retirement contributions as a portion of its revenue from fiscal year 2021 to 2025 in its sustainability certification worksheet. The last two submitted Form 5572's have shown the local government's OPEB system above 40% funded.

City of Dearborn
Sustainability Worksheet

Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet
[Instructions](#)

| Fiscal Year | Pension Payments | | OPEB Payments | | Projected (Actual) Governmental Revenues | Projected Enterprise Funds used for Retirement Costs | Projected Retirement Contributions as a Percent of Revenues |
|-------------|---------------------------------|--|---|---|--|--|---|
| | Total Pension ADC (All Systems) | Additional Pension Contributions (All Systems) | Total OPEB Benefit Payment Amount (All Systems) | Additional OPEB Contributions (All Systems) | | | |
| 2020 | \$18,473,525 | \$79,314 | \$11,722,626 | \$1,674,815 | \$148,032,278 | | |
| 2021 | \$19,673,525 | \$0 | \$11,650,700 | \$1,744,155 | \$149,512,601 | \$3,275,799 | 22% |
| 2022 | \$20,873,525 | \$0 | \$11,835,700 | \$1,664,300 | \$151,007,727 | \$3,308,557 | 22% |
| 2023 | \$22,073,525 | \$0 | \$12,020,700 | \$1,479,300 | \$152,517,804 | \$3,341,643 | 23% |
| 2024 | \$23,273,525 | \$0 | \$12,205,700 | \$1,294,300 | \$154,042,982 | \$3,375,059 | 23% |
| 2025 | \$24,473,525 | \$0 | \$12,390,700 | \$1,109,300 | \$155,583,412 | \$3,408,810 | 24% |

| Year to Year Pension/OPEB Payment Increase | |
|--|-------------------------|
| 3.74% | |
| 4.42% | |
| 4.23% | |
| 4.06% | |
| 3.90% | |
| 4.07% | 5-year Average Increase |

| | |
|---|----|
| Projected Annual Revenue Growth (Please select) | 1% |
|---|----|

**Treasury Recommendation
City of Dearborn OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 822030**

ATTACHMENT 2A

City of Dearborn Retiree Health Care Plan Projection Schedule

| Fiscal Year | Actuarial Accrued Liability (AAL) Projection | | | | Market Value of Asset Projection | | | | | | | Unfunded Liability (EOY) | Funded Percentage |
|----------------------|--|------------------|----------------|---------------|----------------------------------|---|----------------------------------|------------------|-------------------------|----------------|--------------------------------|--------------------------|-------------------|
| | Normal Cost | Benefit Payments | 6.00% Interest | AAL EOY | Employee Contribution | Pay-Go Employer Contribution ⁽¹⁾ | Additional Employer Contribution | Benefit Payments | Administrative Expenses | 6.00% Interest | Asset Value EOY ⁽²⁾ | | |
| 7/1/2017 - 6/30/2018 | | | | \$264,880,680 | | | | | | | \$82,023,006 | (c) = (a) - (b) | (d) = (b) / (a) |
| 7/1/2018 - 6/30/2019 | \$2,563,487 | \$14,001,690 | \$15,554,693 | 268,997,170 | \$0 | \$14,001,690 | \$1,000,000 | \$14,001,690 | \$0 | \$4,950,943 | 87,973,949 | \$182,857,674 | 30.97% |
| 7/1/2019 - 6/30/2020 | 2,487,290 | 15,022,665 | 15,769,247 | 272,231,042 | 0 | 15,022,665 | 1,000,000 | 15,022,665 | 0 | 5,308,000 | 94,281,949 | 177,949,093 | 34.63% |
| 7/1/2020 - 6/30/2021 | 2,409,383 | 15,908,849 | 15,934,778 | 274,666,354 | 0 | 15,908,849 | 1,000,000 | 15,908,849 | 0 | 5,686,480 | 100,968,429 | 173,697,925 | 36.76% |
| 7/1/2021 - 6/30/2022 | 2,334,128 | 16,786,202 | 16,052,734 | 276,267,014 | 0 | 16,786,202 | 1,000,000 | 16,786,202 | 0 | 6,087,669 | 108,056,098 | 168,210,916 | 39.11% |
| 7/1/2022 - 6/30/2023 | 2,253,372 | 17,455,836 | 16,126,590 | 277,191,140 | 0 | 17,455,836 | 1,000,000 | 17,455,836 | 0 | 6,512,929 | 115,569,027 | 161,622,113 | 41.69% |
| 7/1/2023 - 6/30/2024 | 2,168,466 | 18,091,059 | 16,160,749 | 277,429,296 | 0 | 18,091,059 | 1,000,000 | 18,091,059 | 0 | 6,963,705 | 123,532,732 | 153,896,564 | 44.53% |
| 7/1/2024 - 6/30/2025 | 2,084,203 | 18,627,911 | 16,156,676 | 277,042,264 | 0 | 18,627,911 | 1,000,000 | 18,627,911 | 0 | 7,441,527 | 131,974,259 | 145,068,005 | 47.64% |
| 7/1/2025 - 6/30/2026 | 2,000,091 | 19,068,675 | 16,117,937 | 276,091,617 | 0 | 19,068,675 | 1,000,000 | 19,068,675 | 0 | 7,948,019 | 140,922,278 | 135,169,339 | 51.04% |
| 7/1/2026 - 6/30/2027 | 1,909,220 | 19,378,549 | 16,049,051 | 274,671,339 | 0 | 19,378,549 | 1,000,000 | 19,378,549 | 0 | 8,484,900 | 150,407,178 | 124,264,161 | 54.76% |
| 7/1/2027 - 6/30/2028 | 1,807,476 | 19,633,552 | 15,953,288 | 272,798,551 | 0 | 19,633,552 | 1,000,000 | 19,633,552 | 0 | 9,053,994 | 160,461,172 | 112,337,379 | 58.82% |
| 7/1/2028 - 6/30/2029 | 1,701,974 | 19,764,864 | 15,833,920 | 270,569,581 | 0 | 19,764,864 | 1,000,000 | 19,764,864 | 0 | 9,657,233 | 171,118,405 | 99,451,176 | 63.24% |
| 7/1/2029 - 6/30/2030 | 1,607,109 | 19,889,282 | 15,693,699 | 267,981,107 | 0 | 19,889,282 | 1,000,000 | 19,889,282 | 0 | 10,296,667 | 182,415,072 | 85,566,035 | 68.07% |
| 7/1/2030 - 6/30/2031 | 1,512,490 | 20,013,199 | 15,531,930 | 265,012,328 | 0 | 20,013,199 | 1,000,000 | 20,013,199 | 0 | 10,974,467 | 194,389,539 | 70,622,789 | 73.35% |
| 7/1/2031 - 6/30/2032 | 1,409,714 | 20,103,523 | 15,348,094 | 261,666,613 | 0 | 20,103,523 | 1,000,000 | 20,103,523 | 0 | 11,692,935 | 207,082,474 | 54,584,139 | 79.14% |
| 7/1/2032 - 6/30/2033 | 1,305,312 | 20,156,441 | 15,142,701 | 257,958,185 | 0 | 20,156,441 | 1,000,000 | 20,156,441 | 0 | 12,454,511 | 220,536,985 | 37,421,200 | 85.49% |
| 7/1/2033 - 6/30/2034 | 1,199,376 | 20,272,528 | 14,913,631 | 253,798,664 | 0 | 20,272,528 | 1,000,000 | 20,272,528 | 0 | 13,261,782 | 234,798,767 | 18,999,897 | 92.51% |
| 7/1/2034 - 6/30/2035 | 1,080,027 | 20,333,621 | 14,658,726 | 249,203,796 | 0 | 20,333,621 | 1,000,000 | 20,333,621 | 0 | 14,117,489 | 249,916,256 | -712,460 | 100.29% |

⁽¹⁾ Includes benefit payments and administrative expenses.

⁽²⁾ Projected values with the exception of the June 30, 2018 value.

The Community Engagement and Finance Division (CEFD) contact:

- None

Treasury Recommendation
City of Eaton Rapids Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 232020

| Name of Systems | Type of System | Assets | Liabilities | Funded Ratio | ADC | Revenues | ADC/Revenue | CAP required? |
|-----------------|----------------|--------------------|---------------------|--------------|--------------------|--------------------|--------------|---------------|
| MERS | Pension | \$9,057,614 | \$16,401,608 | 55.2% | \$451,558 | \$4,077,671 | 11.1% | YES |
| OPEB | OPEB | \$282,786 | \$3,701,762 | 7.6% | \$1,178,224 | | 28.9% | YES |
| Total | | \$9,340,400 | \$20,103,370 | | \$1,629,782 | \$4,077,671 | 40.0% | |

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance for the Pension corrective action plan monitoring certification of compliance submitted by City of Eaton Rapids. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- No, underfunded status will be now be addressed by fiscal year 2025, which is within the Board's required timeframe.

The originally approved plan showed them having already reached 60% funded using valuation assets and would be reflected in their audit in FY 2019. Lower previous returns have resulted in a decrease in net assets. However, the plan calls for increased payments to be made as shown in the City's MERS actuarial report for the 60% funded ratio to be achieved in 2025. Treasury believes 2026 more likely.

Substantial Changes

CAP Changes Implemented:

- The City closed all but two divisions. Additionally, the employee contributions in hybrid plans were increased to 4.5%. Treasury was unable to verify the employee contribution increase to 4.5% but did find one divisions that had an updated employee contribution rate of 6.25% changed in calendar year 2019, as mentioned in their original CAP.

CAP Changes Not Implemented:

- None listed.

Additional Changes Implemented

- The City stated that it closed all pension systems; however, Treasury was unable to verify this. According to 2019 valuation, two divisions remain open. The City also stated it increased contributions and/or budgeted to lower multiplier in future years. Treasury was

Treasury Recommendation
City of Eaton Rapids Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 232020

able to verify these changes for some divisions, including the division mentioned in the original CAP.

Revised Corrective Action Plan Submitted? No

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2024
- Percentage of Revenues: 28.6%

Do the projected annual payments increase by an amount greater than an average of 5% per year over the next five fiscal years?

- **No**
 - Sustainability section created by Treasury.

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- **Yes**

System Status for All Divisions: Open

Plan size: members 93

- Inactive employees or beneficiaries currently receiving benefits: **37**
- Inactive employees entitled to but not yet receiving benefits: **22**
- Active employees: **34**

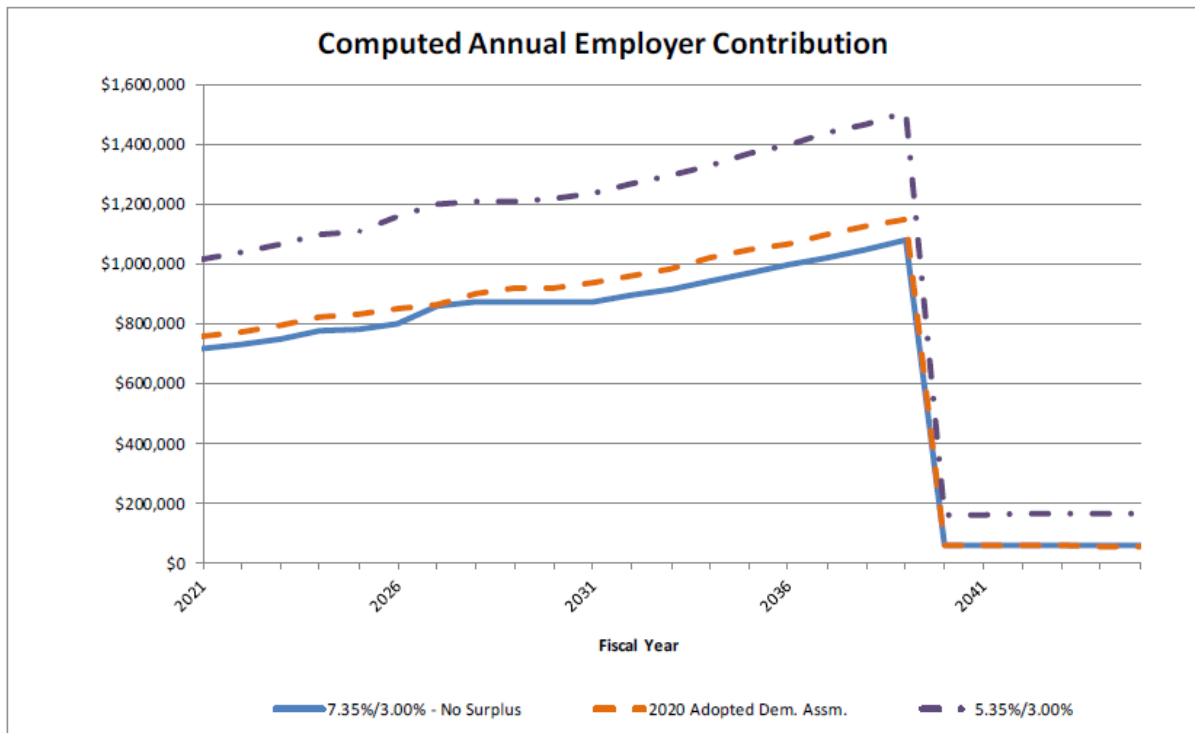
Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - City of Eaton Rapids has met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:
 - City of Eaton Rapids has met the Board's published monitoring criteria for substantial changes.
- Sustainability:
 - City of Eaton Rapids has partially met the Board's published monitoring criteria for sustainability.
 - Current or future payments are greater than 22% or projected payments are increasing at a rate greater than 5% per year.

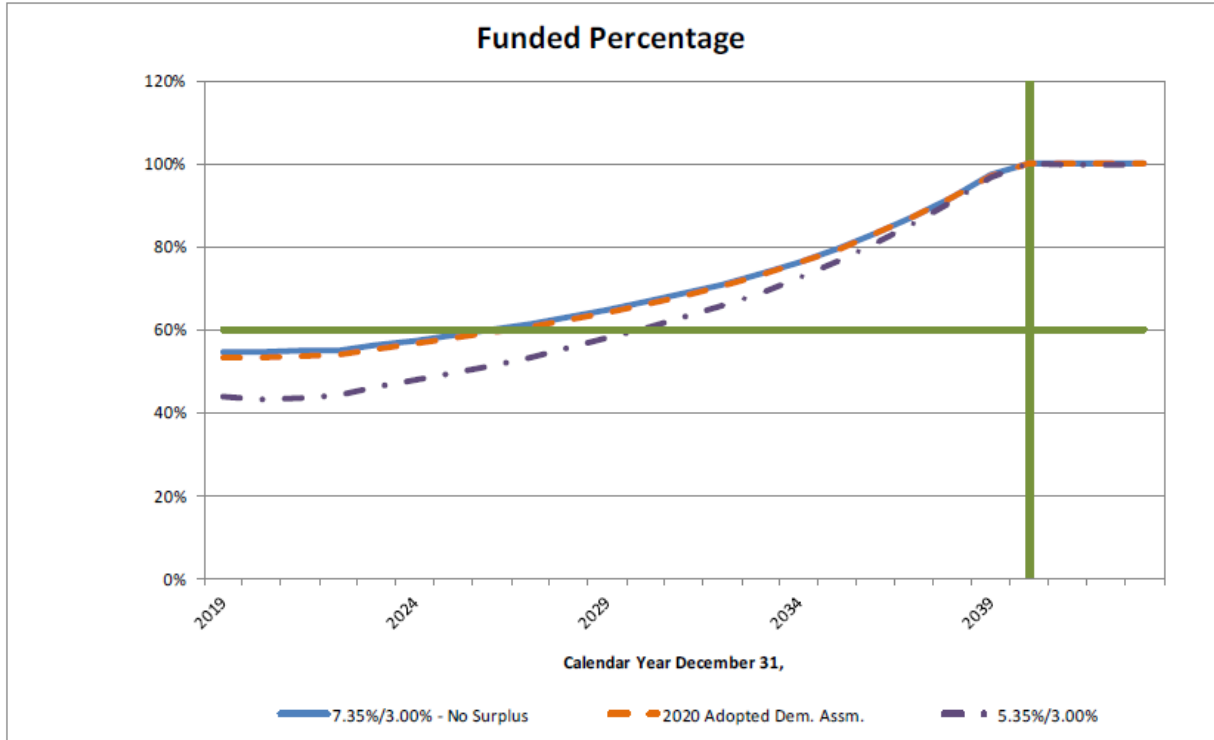
Treasury Recommendation
City of Eaton Rapids Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 232020

Supplemental Information:

The original CAP stated that the local government would reach 60% funded by 2019. However, according to their 2019 valuation, the system is 55.2% funded. The City stated they would be 60% funded by 2025; however, according to the valuation, 2026 appears more likely. Additionally, the City's employer contributions increase approximately 50% between 2021 and 2040 which is about 2.5% per year.



Treasury Recommendation
City of Eaton Rapids Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 232020



Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet

Instructions

| Fiscal Year | Pension Payments | | OPEB Payments | | Projected (Actual) Governmental Revenues | Projected Enterprise Funds used for Retirement Costs | Projected Retirement Contributions as a Percent of Revenues |
|---|---------------------------------|--|---|---|--|--|---|
| | Total Pension ADC (All Systems) | Additional Pension Contributions (All Systems) | Total OPEB Benefit Payment Amount (All Systems) | Additional OPEB Contributions (All Systems) | | | |
| 2019 | | | | | \$3,921,826 | | |
| 2020 | \$732,000 | | \$325,000 | \$52,882 | \$4,000,263 | | 27.7% |
| 2021 | \$750,000 | | \$339,625 | \$52,882 | \$4,080,268 | | 28.0% |
| 2022 | \$776,000 | | \$354,908 | \$52,882 | \$4,161,873 | | 28.4% |
| 2023 | \$784,000 | | \$369,104 | \$52,882 | \$4,245,111 | | 28.4% |
| 2024 | \$800,000 | | \$383,869 | \$52,882 | \$4,330,013 | | 28.6% |
| Projected Annual Revenue Growth (Please select) | 2% | | | | | | Average |

The Community Engagement and Finance Division (CEFD) contact:

- On 2/23/2021, Treasury emailed the local government requesting documentation for the sustainability worksheet.

Treasury Recommendation
City of Eaton Rapids OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 232020

| Name of Systems | Type of System | Assets | Liabilities | Funded Ratio | ADC | Revenues | ADC/Revenue | CAP required? |
|-----------------|----------------|--------------------|---------------------|--------------|--------------------|--------------------|--------------|---------------|
| MERS | Pension | \$9,057,614 | \$16,401,608 | 55.2% | \$451,558 | \$4,077,671 | 11.1% | YES |
| OPEB | OPEB | \$282,786 | \$3,701,762 | 7.6% | \$1,178,224 | | 28.9% | YES |
| Total | | \$9,340,400 | \$20,103,370 | | \$1,629,782 | \$4,077,671 | 40.0% | |

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance for the OPEB corrective action plan monitoring certification of compliance submitted by City of Eaton Rapids. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- Yes, the City of Eaton Rapids is addressing its underfunded status by fiscal year 2048 as projected in the originally approved plan.

Substantial Changes

CAP Changes Implemented:

- The City stated the system was closed system to future retirees; however, Treasury was unable to verify.

CAP Changes Not Implemented:

- The City stated they have not changed to a defined contribution plan.

Additional Changes Implemented

- None listed.

Revised Corrective Action Plan Submitted? No

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2024
- Percentage of Revenues: 28.6%

Treasury Recommendation

City of Eaton Rapids OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification Primary Government 232020

Do the projected annual payments increase by an amount greater than an average of 5% per year over the next five fiscal years?

- No

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- Yes

System Status for All Divisions: Open

Plan size: members 54

- Inactive employees or beneficiaries currently receiving benefits: **25**
- Inactive employees entitled to but not yet receiving benefits: **0**
- Active employees: **29**

Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - City of Eaton Rapids has partially met the Board's published monitoring criteria for underfunded status.
 - The local unit did not provide clear documentation that demonstrates the retirement system will address underfunded status. Based on other information presented in the corrective action plan monitoring submission, we have determined the plan may continue to address underfunded status if the plan's assumptions remain accurate.
- Substantial Changes:
 - City of Eaton Rapids has met the Board's published monitoring criteria for substantial changes.
- Sustainability:
 - City of Eaton Rapids has partially met the Board's published monitoring criteria for sustainability.
 - Current or future payments are greater than 22% or projected payments are increasing at a rate greater than 5% per year.

Supplemental Information:

According to the most recent valuation, the City is currently 7.6% funded. The City appears to be making payments as stated in their CAP. The CAP appears to be being implemented with the exception of closing the plan. The additional contributions documented are less than the amounts listed in the originally approved plan; however, upon further communication from the City, this seems to be due to reduced liabilities, and therefore a reduced annual amount necessary to reach 40% funded.

Treasury Recommendation
City of Eaton Rapids OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 232020

Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet

[Instructions](#)

| Fiscal Year | Pension Payments | | OPEB Payments | | Projected (Actual) Governmental Revenues | Projected Enterprise Funds used for Retirement Costs | Projected Retirement Contributions as a Percent of Revenues |
|---|---------------------------------|--|---|---|--|--|---|
| | Total Pension ADC (All Systems) | Additional Pension Contributions (All Systems) | Total OPEB Benefit Payment Amount (All Systems) | Additional OPEB Contributions (All Systems) | | | |
| 2019 | | | | | \$3,921,826 | | |
| 2020 | \$732,000 | | \$325,000 | \$52,882 | \$4,000,263 | | 27.7% |
| 2021 | \$750,000 | | \$339,625 | \$52,882 | \$4,080,268 | | 28.0% |
| 2022 | \$776,000 | | \$354,908 | \$52,882 | \$4,161,873 | | 28.4% |
| 2023 | \$784,000 | | \$369,104 | \$52,882 | \$4,245,111 | | 28.4% |
| 2024 | \$800,000 | | \$383,869 | \$52,882 | \$4,330,013 | | 28.6% |
| Projected Annual Revenue Growth (Please select) | 2% | | | | | | Average |

The Community Engagement and Finance Division (CEFD) contact:

- On 2/23/2021, Treasury emailed the local government requesting documentation for the sustainability worksheet.

Treasury Recommendation
City of Flushing OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 252050

| Name of Systems | Type of System | Assets | Liabilities | Funded Ratio | ADC | Revenues | ADC/Revenue | CAP required? |
|--|----------------|---------------------|---------------------|--------------|--------------------|--------------------|--------------|---------------|
| MERS | Pension | \$11,073,258 | \$21,455,005 | 51.6% | \$1,025,109 | \$5,951,969 | 17.2% | YES |
| <i>City of Flushing Other Post-Employment Benefit Plan</i> | <i>OPEB</i> | <i>\$1,740,599</i> | <i>\$9,426,859</i> | <i>18.5%</i> | <i>\$661,811</i> | | <i>11.1%</i> | <i>YES</i> |
| Total | | \$12,813,857 | \$30,881,864 | | \$1,686,920 | \$5,951,969 | 28.3% | |

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance for the OPEB corrective action plan monitoring certification of compliance submitted by City of Flushing. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- Yes, City of Flushing is addressing underfunded status by fiscal year 2025 as projected in originally approved plan

Substantial Changes

CAP Changes Implemented:

- In January 2020, the City and the ASFME negotiated that current active full time employees that were not enrolled in the HCSP would receive a retiree healthcare stipend at age 55 for medical, prescription, dental, or vision insurance coverage. The City and the POLC negotiated in November 2020 that once retirees reached Medicare eligibility, a 80% cost of supplemental policy healthcare stipend would be provided in lieu of continued health care.
- The City will no longer provide City-paid retiree health care for future full time Admin employees as of January 15, 2019. The City has continued to make additional payments into its Retiree Health Funding Vehicle (RHFV).

CAP Changes Not Implemented:

- None listed.

Treasury Recommendation
City of Flushing OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 252050

Additional Changes Implemented

- The City's collective bargaining agreement with POLC expires on 6/30/2021. Negotiations include a one time payout at retirement in lieu of healthcare benefits for employees that do participate in the MERS HCSP. The City's Healthcare Committee meets annually.

Revised Corrective Action Plan Submitted? No

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2025
- Percentage of Revenues: 30.8%

Do the projected annual payments increase by an amount greater than an average of 5% per year over the next five fiscal years?

- **No**
 - While the projected annual payment does not increase by an average of more than 5%; in fiscal year 2024, the annual increase is approximately 6%.

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- **Yes**

System Status for All Divisions: Closed

Plan size: members 44

- Inactive employees or beneficiaries currently receiving benefits: **32**
- Inactive employees entitled to but not yet receiving benefits: **0**
- Active employees: **12**

Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - City of Flushing has met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:
 - City of Flushing has met the Board's published monitoring criteria for substantial changes.

Treasury Recommendation
City of Flushing OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 252050

- Sustainability:
 - City of Flushing has partially met the Board’s published monitoring criteria for sustainability
 - Current or future payments are greater than 22% or projected payments are increasing at a rate greater than 5% per year.

Supplemental Information:

While the City did not provided an updated valuation showing that they will reach 40%, their net OPEB liability did decrease and the City should still be able to address its underfunded status by 2025.

Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet

[Instructions](#)

| Fiscal Year | Pension Payments | | OPEB Payments | | Projected (Actual) Governmental Revenues | Projected Enterprise Funds used for Retirement Costs | Projected Retirement Contributions as a Percent of Revenues | Annual Retirement Cost Increase |
|-------------|---------------------------------|--|---|---|--|--|---|---------------------------------|
| | Total Pension ADC (All Systems) | Additional Pension Contributions (All Systems) | Total OPEB Benefit Payment Amount (All Systems) | Additional OPEB Contributions (All Systems) | | | | |
| 2020 | | | | | \$5,951,969 | | | |
| 2021 | \$939,888 | \$140,000 | 308,047 | 400,000 | \$6,071,008 | | 29.5% | |
| 2022 | \$968,000 | \$140,000 | 314,982 | 400,000 | \$6,192,429 | | 29.4% | 2.0% |
| 2023 | \$1,000,000 | \$140,000 | 320,777 | 400,000 | \$6,316,277 | | 29.5% | 2.1% |
| 2024 | \$1,050,000 | \$140,000 | 381,907 | 400,000 | \$6,442,603 | | 30.6% | 6.0% |
| 2025 | \$1,060,000 | \$140,000 | 426,952 | 400,000 | \$6,571,455 | | 30.8% | 2.8% |

| | |
|---|----|
| Projected Annual Revenue Growth (Please select) | 2% |
|---|----|

The Community Engagement and Finance Division (CEFD) contact:

- None

Treasury Recommendation
City of Flushing Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 252050

| Name of Systems | Type of System | Assets | Liabilities | Funded Ratio | ADC | Revenues | ADC/Revenue | CAP required? |
|---|----------------|---------------------|---------------------|--------------|--------------------|--------------------|--------------|---------------|
| MERS | Pension | \$11,073,258 | \$21,455,005 | 51.6% | \$1,025,109 | \$5,951,969 | 17.2% | YES |
| City of Flushing Other Post-Employment Benefit Plan | OPEB | \$1,740,599 | \$9,426,859 | 18.5% | \$661,811 | | 11.1% | YES |
| Total | | \$12,813,857 | \$30,881,864 | | \$1,686,920 | \$5,951,969 | 28.3% | |

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance for the Pension corrective action plan monitoring certification of compliance submitted by City of Flushing. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- Yes, City of Flushing is addressing underfunded status by fiscal year 2028 as projected in originally approved plan.

Substantial Changes

CAP Changes Implemented:

- The City has made system design changes including changing their Final Average Compensation (FAC) from 3 years to 5 years and is now calculating their FAC with base wages only.
- The City also increased their employee contribution rates for one division by 3%.
- In November 2020, the Police division closed the hybrid plan and negotiated new hires into a defined contribution plan.
- The City is making additional contributions above its ADC.

CAP Changes Not Implemented:

- None listed.

Additional Changes Implemented

- The City is working with MERS to conduct an actuarial study to potential bond for their pension debt. Additionally, the City is exploring lump sum annual payments.

**Treasury Recommendation
City of Flushing Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 252050**

Revised Corrective Action Plan Submitted? No

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2025
- Percentage of Revenues: 30.8%

Do the projected annual payments increase by an amount greater than an average of 5% per year over the next five fiscal years?

- **No**
 - While the projected annual payment does not increase by an average of more than 5%; in fiscal year 2024, the annual increase is approximately 6%.

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- **Yes**

System Status for All Divisions: Open

Plan size: members 59

- Inactive employees or beneficiaries currently receiving benefits: **40**
- Inactive employees entitled to but not yet receiving benefits: **6**
- Active employees: **13**

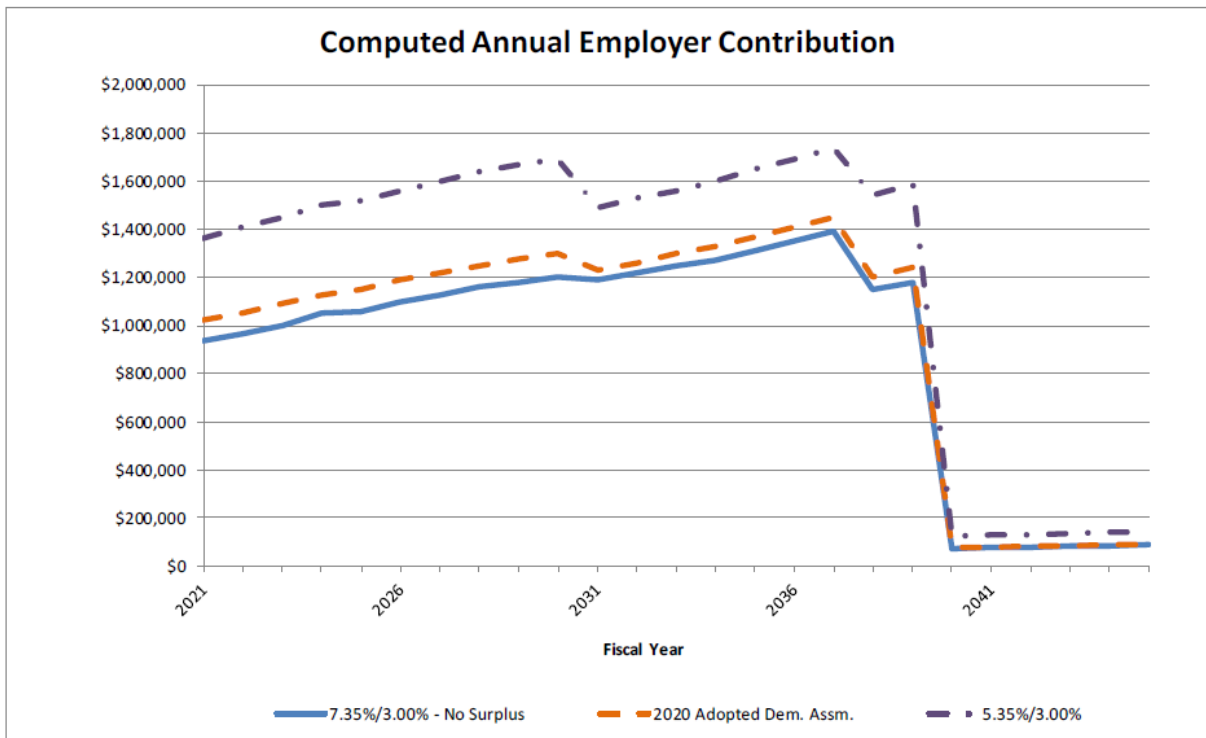
Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - City of Flushing has met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:
 - City of Flushing has met the Board's published monitoring criteria for substantial changes.
- Sustainability:
 - City of Flushing has partially met the Board's published monitoring criteria for sustainability.
 - Current or future payments are greater than 22% or projected payments are increasing at a rate greater than 5% per year.

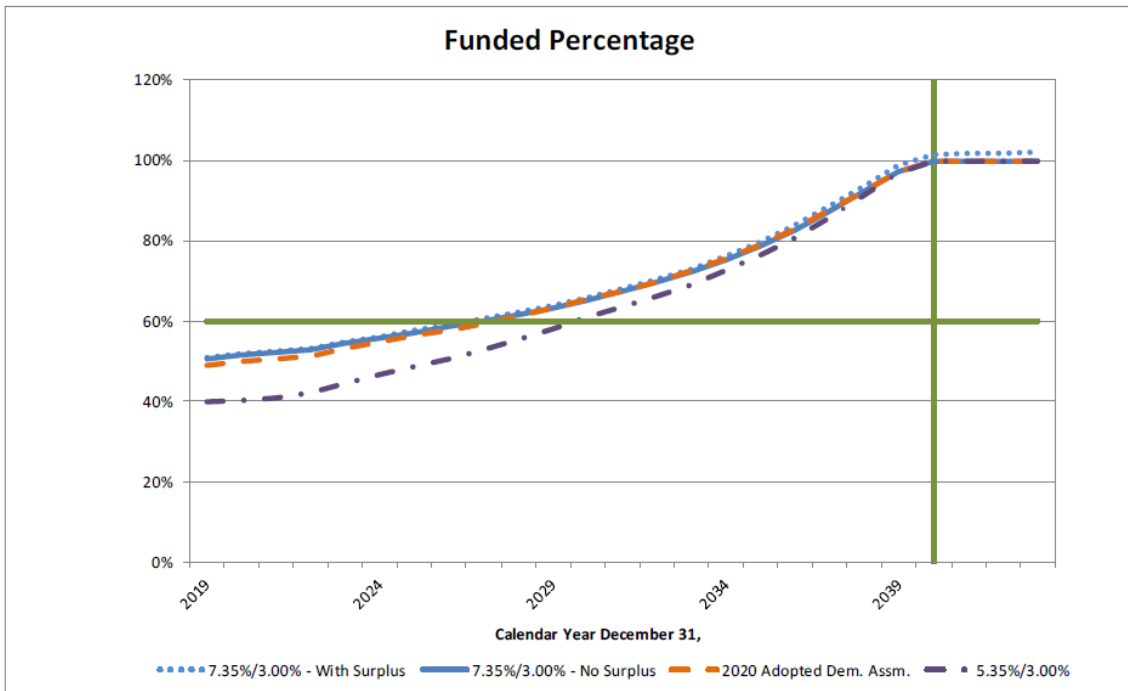
Treasury Recommendation
City of Flushing Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 252050

Supplemental Information:

The City included documentation showing that from their valuation that they will reach 60% in 2028. They also included their estimated annual employer contributions which as projected to increase approximately 55% between 2021 and 2036, or about 4% a year.



**Treasury Recommendation
City of Flushing Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 252050**



Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet

[Instructions](#)

| Fiscal Year | Pension Payments | | OPEB Payments | | Projected (Actual) Governmental Revenues | Projected Enterprise Funds used for Retirement Costs | Projected Retirement Contributions as a Percent of Revenues | Annual Retirement Cost Increase |
|-------------|---------------------------------|--|---|---|--|--|---|---------------------------------|
| | Total Pension ADC (All Systems) | Additional Pension Contributions (All Systems) | Total OPEB Benefit Payment Amount (All Systems) | Additional OPEB Contributions (All Systems) | | | | |
| 2020 | | | | | \$5,951,969 | | | |
| 2021 | \$939,888 | \$140,000 | 308,047 | 400,000 | \$6,071,008 | | 29.5% | |
| 2022 | \$968,000 | \$140,000 | 314,982 | 400,000 | \$6,192,429 | | 29.4% | 2.0% |
| 2023 | \$1,000,000 | \$140,000 | 320,777 | 400,000 | \$6,316,277 | | 29.5% | 2.1% |
| 2024 | \$1,050,000 | \$140,000 | 381,907 | 400,000 | \$6,442,603 | | 30.6% | 6.0% |
| 2025 | \$1,060,000 | \$140,000 | 426,952 | 400,000 | \$6,571,455 | | 30.8% | 2.8% |

| | |
|---|----|
| Projected Annual Revenue Growth (Please select) | 2% |
|---|----|

The Community Engagement and Finance Division (CEFD) contact:

- None

Treasury Recommendation
City of Hamtramck Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 822140

| Name of Systems | Type of System | Assets | Liabilities | Funded Ratio | ADC | Revenues | ADC/Revenue | CAP required? |
|--------------------|----------------|---------------------|----------------------|--------------|--------------------|---------------------|--------------|---------------|
| MERS | Pension | \$41,109,276 | \$100,930,944 | 40.7% | \$4,588,008 | \$19,262,470 | 23.8% | YES |
| Retiree Healthcare | OPEB | \$0 | \$6,072,479 | 0.0% | \$1,850,377 | | 9.6% | NO |
| Total | | \$41,109,276 | \$107,003,423 | | \$6,438,385 | \$19,262,470 | 33.4% | |

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance with conditions for the Pension corrective action plan monitoring certification of compliance submitted by City of Hamtramck. If voted as compliant with conditions by the Board, City of Hamtramck, will receive a detailed letter from the Board listing the reasons for compliance with conditions and required next steps. Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- Yes, City of Hamtramck is addressing underfunded status by fiscal year 2037 as projected in originally approved plan

The City's originally approved plan demonstrated them reaching 60% in 2029/2030, but 2037 was the maximum, as they were "severely underfunded". Monitoring submission shows reaching 60% in approx. 2032.

Substantial Changes

CAP Changes Implemented:

- None listed.

CAP Changes Not Implemented:

- The City pledged proceeds from the sale of property that was delayed. A target market analysis has been completed and the City is taking action to complete an auction sale of these properties in the spring of 2021 with the transactions completed in the su

Additional Changes Implemented

The City pledged proceeds from the sale of property that was delayed. A target market analysis has been completed and the City is taking action to complete an auction sale of

Treasury Recommendation
City of Hamtramck Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 822140

these properties in the spring of 2021 with the transactions completed in the summer of 2021.

Revised Corrective Action Plan Submitted? No

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2024
- Percentage of Revenues: 30.4%

Do the projected annual payments increase by an amount greater than an average of 5% per year over the next five fiscal years?

- **Yes**
 - The City worked with MERS to combine several divisions and smooth the ADC over several years. The City included a report titled "Hamtramck, City of (8205) - All Divisions Retirement Plan Options" that outlines the plan. City Council selected and implemented scenario 1 . The result of this action is an annual retirement cost increase in excess of 5% for FY 2021 and 2022 and then a lower annual increase subsequently.

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- **Yes**
 - The City is working the the State of Michigan Treasury to ensure a sustainable plan.
 - In addition, in FY 2021 the City eliminated retiree health care to all current and future retirees, unless retirement was the result of duty disability.

System Status for All Divisions: Open

Plan size: members 410

- Inactive employees or beneficiaries currently receiving benefits: **223**
- Inactive employees entitled to but not yet receiving benefits: **100**
- Active employees: **87**

Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - City of Hamtramck has met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:
 - City of Hamtramck has met the Board's published monitoring criteria for substantial changes.

Treasury Recommendation
City of Hamtramck Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 822140

- Sustainability:
 - City of Hamtramck has not met the Board’s published monitoring criteria for sustainability
 - The local government’s projected annual retirement costs are increasing at an approximate rate of 5% per year or greater AND the projected costs are substantial.

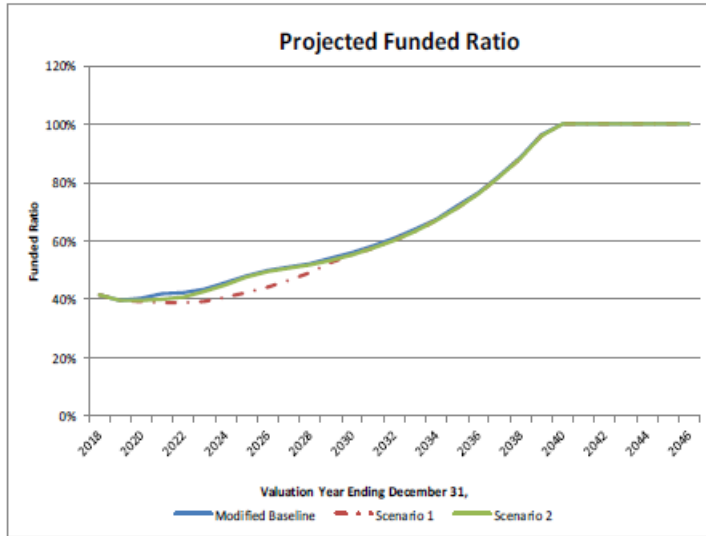
Supplemental Information:

The City provided a MERS alternate scenario projection and their most recent actuarial valuation to document future projected costs. The MERS projection shows that with the City council approved alternate scenario, the City projects to reach 60% funded by 2032, which is slightly longer than the originally approved CAP, but within the 20-year timeframe the Board allows. This alternate scenario also projects the future costs associated that the City used in its sustainability projection. This scenario shows that within the next 5 years, the projected employer contribution increases from just over \$5 million to \$7.2 million, increasing by over 5% per year before it begins to decrease to a payment equivalent to what they are paying in FY 2020, which for FY 2020, was approximately 23.8% of revenues, with the City projecting revenues to decline. At its peak in 2027, the projected employer cost as a percent of revenue was nearly 33%. These projected costs may be unsustainable without additional actions taken to increase revenues and/or lower annual costs. The sustainability worksheet below was recreated by Treasury to utilize governmental fund revenues, the City’s submission only included general fund revenues.

| Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet | | | | | | | |
|--|---------------------------------|--|---|---|--|--|---|
| Instructions | | | | | | | |
| Fiscal Year | Pension Payments | | OPEB Payments | | Projected (Actual) Governmental Revenues | Projected Enterprise Funds used for Retirement Costs | Projected Retirement Contributions as a Percent of Revenues |
| | Total Pension ADC (All Systems) | Additional Pension Contributions (All Systems) | Total OPEB Benefit Payment Amount (All Systems) | Additional OPEB Contributions (All Systems) | | | |
| 2019 | | | | | \$19,262,470 | | |
| 2020 | \$5,100,000 | \$0 | \$31,250 | \$0 | \$19,262,470 | \$0 | 26.6% |
| 2021 | \$5,460,000 | \$0 | \$27,000 | \$0 | \$19,647,719 | \$0 | 27.9% |
| 2022 | \$5,690,000 | \$90,000 | \$28,350 | \$0 | \$20,040,674 | \$0 | 29.0% |
| 2023 | \$5,940,000 | \$90,000 | \$29,768 | \$0 | \$20,441,487 | \$0 | 29.6% |
| 2024 | \$6,210,000 | \$90,000 | \$31,256 | \$0 | \$20,850,317 | \$0 | 30.4% |
| 2025 | \$6,630,000 | \$0 | \$31,250 | \$0 | \$21,267,323 | \$0 | 31.3% |
| 2026 | \$7,040,000 | \$0 | \$31,250 | \$0 | \$21,692,670 | \$0 | 32.6% |
| 2027 | \$7,240,000 | \$0 | \$31,250 | \$0 | \$22,126,523 | \$0 | 32.9% |
| Projected Annual Revenue Growth (Please select) | 2.0% | | | | | | |

Treasury Recommendation
City of Hamtramck Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 822140

Hamtramck, City of (8205) – All Divisions
Projections of Actuarial Accrued Liability, Valuation Assets, and Funded Ratios
Investment Return Assumption: 7.35%; Wage Increase Assumption: 3.00%



| Valuation Year Ending December 31, | Modified Baseline | | | Scenario 1 | | | Scenario 2 | | |
|------------------------------------|-----------------------------|------------------|--------------|-----------------------------|------------------|--------------|-----------------------------|------------------|--------------|
| | Actuarial Accrued Liability | Valuation Assets | Funded Ratio | Actuarial Accrued Liability | Valuation Assets | Funded Ratio | Actuarial Accrued Liability | Valuation Assets | Funded Ratio |
| 2018 | \$103,200,000 | \$42,900,000 | 42% | \$103,200,000 | \$42,900,000 | 42% | \$103,200,000 | \$42,900,000 | 42% |
| 2019 | 102,400,000 | 40,500,000 | 40% | 102,400,000 | 40,500,000 | 40% | 102,400,000 | 40,500,000 | 40% |
| 2020 | 102,000,000 | 41,200,000 | 40% | 102,000,000 | 39,900,000 | 39% | 102,000,000 | 40,300,000 | 40% |
| 2021 | 101,500,000 | 42,400,000 | 42% | 101,500,000 | 39,500,000 | 39% | 101,500,000 | 40,700,000 | 40% |
| 2022 | 100,900,000 | 42,600,000 | 42% | 100,900,000 | 39,100,000 | 39% | 100,900,000 | 41,200,000 | 41% |
| 2023 | 100,300,000 | 43,700,000 | 44% | 100,300,000 | 39,600,000 | 39% | 100,300,000 | 42,600,000 | 43% |
| 2024 | 99,600,000 | 45,400,000 | 46% | 99,600,000 | 40,500,000 | 41% | 99,600,000 | 44,700,000 | 45% |
| 2025 | 98,800,000 | 47,400,000 | 48% | 98,800,000 | 41,800,000 | 42% | 98,800,000 | 47,100,000 | 48% |
| 2026 | 97,900,000 | 48,800,000 | 50% | 97,900,000 | 43,300,000 | 44% | 97,900,000 | 48,600,000 | 50% |
| 2027 | 97,000,000 | 49,400,000 | 51% | 97,000,000 | 45,100,000 | 47% | 97,000,000 | 49,100,000 | 51% |
| 2028 | 96,000,000 | 50,200,000 | 52% | 96,000,000 | 47,300,000 | 49% | 96,000,000 | 49,800,000 | 52% |

Notes:

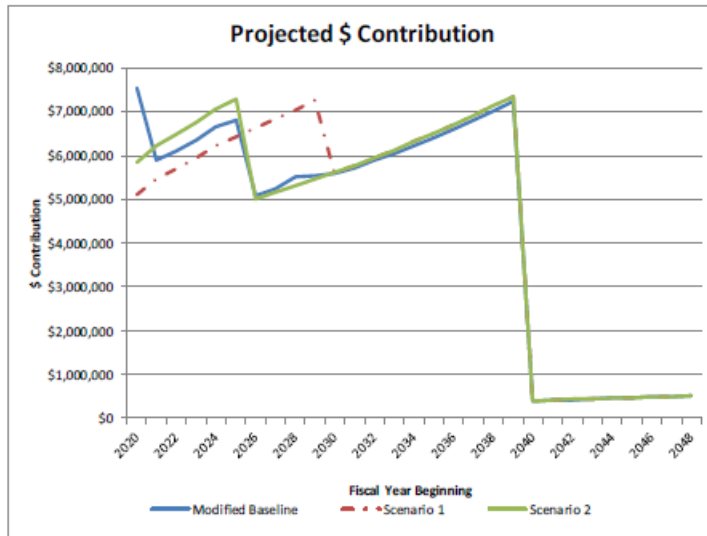
- (1) The results shown above are based on the December 31, 2018 assumptions without any phase-in.
- (2) A projection is not a prediction. Future costs will be determined by future valuations and may change based on actual experience.

This report may be provided to parties other than the municipality only in its entirety.

Treasury Recommendation
City of Hamtramck Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 822140

Hamtramck, City of (8205) – All Divisions
Projections of Employer Contributions

Investment Return Assumption: 7.35%; Wage Increase Assumption: 3.00%



| Fiscal Year Beginning July 1, | Modified Baseline | Scenario 1 | Scenario 2 |
|-------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | Total Employer Contribution | Total Employer Contribution | Total Employer Contribution |
| 2020 | \$7,530,000 | \$5,100,000 | \$5,840,000 |
| 2021 | 5,900,000 | 5,460,000 | 6,230,000 |
| 2022 | 6,090,000 | 5,690,000 | 6,480,000 |
| 2023 | 6,340,000 | 5,940,000 | 6,750,000 |
| 2024 | 6,640,000 | 6,210,000 | 7,050,000 |
| 2025 | 6,800,000 | 6,430,000 | 7,290,000 |
| 2026 | 5,070,000 | 6,630,000 | 4,990,000 |
| 2027 | 5,230,000 | 6,840,000 | 5,140,000 |
| 2028 | 5,500,000 | 7,040,000 | 5,300,000 |
| 2029 | 5,530,000 | 7,240,000 | 5,450,000 |
| 2030 | 5,570,000 | 5,600,000 | 5,600,000 |

Notes:

- (1) The results shown above are based on the December 31, 2018 assumptions without any phase-in.
- (2) A projection is not a prediction. Future costs will be determined by future valuations and may change based on actual experience.

This report may be provided to parties other than the municipality only in its entirety.

The Community Engagement and Finance Division (CEFD) contact:

- CEFD reached out to request additional information regarding the City's revenue projections on 2/23/2021.

Treasury Recommendation
City of Hazel Park Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 632070

| Name of Systems | Type of System | Assets | Liabilities | Funded Ratio | ADC | Revenues | ADC/Revenue | CAP required? |
|--|----------------|---------------------|----------------------|--------------|--------------------|---------------------|--------------|---------------|
| MERS | Pension | \$30,609,966 | \$71,375,244 | 42.9% | \$2,703,087 | \$24,482,415 | 11.0% | YES |
| City of Hazel Park Retiree Health System | OPEB | \$142,252 | \$50,076,746 | 0.3% | \$6,738,702 | | 27.5% | YES |
| Total | | \$30,752,218 | \$121,451,990 | | \$9,441,789 | \$24,482,415 | 38.5% | |

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance with conditions for the Pension corrective action plan monitoring certification of compliance submitted by City of Hazel Park. If voted as compliant with conditions by the Board, City of Hazel Park, will receive a detailed letter from the Board listing the reasons for compliance with conditions and required next steps. Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- Yes, City of Hazel Park is addressing underfunded status by fiscal year 2032 as projected in originally approved plan

Substantial Changes

CAP Changes Implemented:

- The City continues to make all required obligations timely and in-full, as required by the Municipal Employees' Retirement System (MERS).
- The City continues to be innovative in creating additional revenues, and as stated in our CAP, has issued licenses for medical marijuana facilities, generating revenues for licenses, permits, inspections and tax on product that will be distributed by the State of Michigan.

CAP Changes Not Implemented:

- None listed.

Additional Changes Implemented

- Effective January 1, 2021, the City has made incremental changes to retiree health care benefits to better align with current employees and as a means to cut additional health care

Treasury Recommendation
City of Hazel Park Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 632070

costs. These changes will allow continuous savings each year. The changes implemented relate to both pre and post-65 retirees and increase the retirees' deductible contributions and drug coverage costs. The City anticipates these changes will save approximately \$300,000 per year and will greatly reduce future retiree health care liabilities. While this does not directly affect the pension plan, it does reduce overall expenditures, allowing the City to better absorb yearly increases in pension costs and meet those obligations.

Revised Corrective Action Plan Submitted? No

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2025
- Percentage of Revenues: 30.7%

Do the projected annual payments increase by an amount greater than an average of 5% per year over the next five fiscal years?

- **No**
 - The City's costs are projected to increase by a rate of 4.6% per year over the next 5 years. A slight additional increase in retirement costs would cause the City's costs to be increasing at 5% or greater.

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- **Yes**

System Status for All Divisions: Open

Plan size: members 289

- Inactive employees or beneficiaries currently receiving benefits: **173**
- Inactive employees entitled to but not yet receiving benefits: **15**
- Active employees: **101**

Corrective Action Plan Monitoring Criteria:

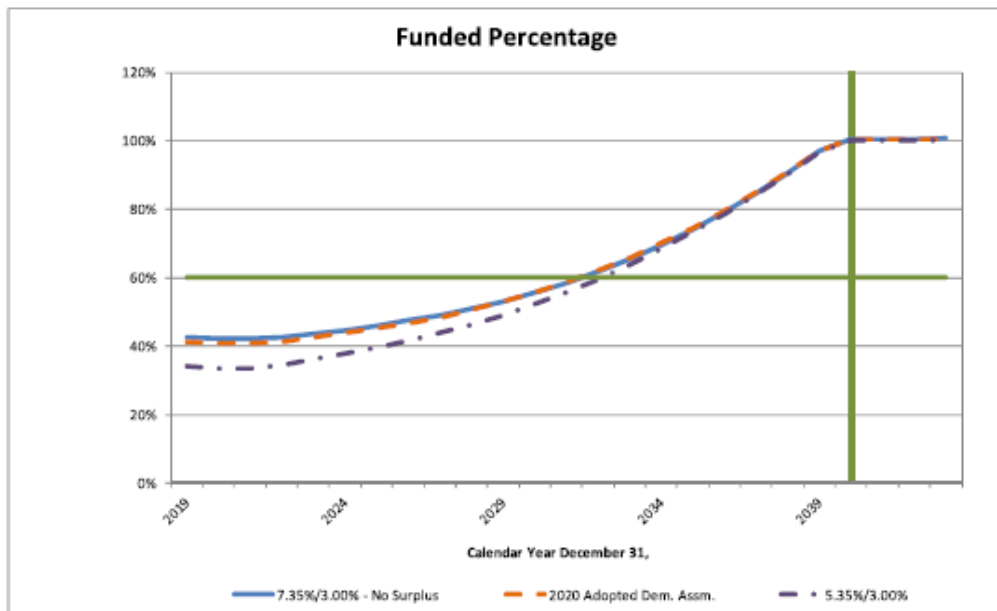
- Underfunded Status:
 - City of Hazel Park has met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:
 - City of Hazel Park has met the Board's published monitoring criteria for substantial changes

Treasury Recommendation
City of Hazel Park Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 632070

- Sustainability:
 - City of Hazel Park has not met the Board’s published monitoring criteria for sustainability
 - The local government’s projected annual retirement costs are increasing at an approximate rate of 5% per year or greater AND the projected costs are substantial.

Supplemental Information:

The City provided its MERS funding projection showing that the system is scheduled to reach 60% funded in approximately 2032, which is in-line with the originally approved plan. The City also provided the MERS projection of annual cost, and the sustainability calculation for the next 5 years. Over the next approximately 19 years, the annual pension ADC increases from just under \$4 million per year to nearly \$7 million. This is an increase of 70% (3.6%/year). Additionally, the City provided data for the sustainability projection shows that over the next 5 years, which was revised by Treasury to include governmental fund revenues rather than general fund. Based on this analysis, the total retirement cost ranges from nearly 28%% to nearly 31%% of annual governmental revenues. It will be important to continue to monitor the City in future monitoring submissions, as this may not be sustainable, particularly in the long-term if costs remain extremely high, or increase at a higher rate.

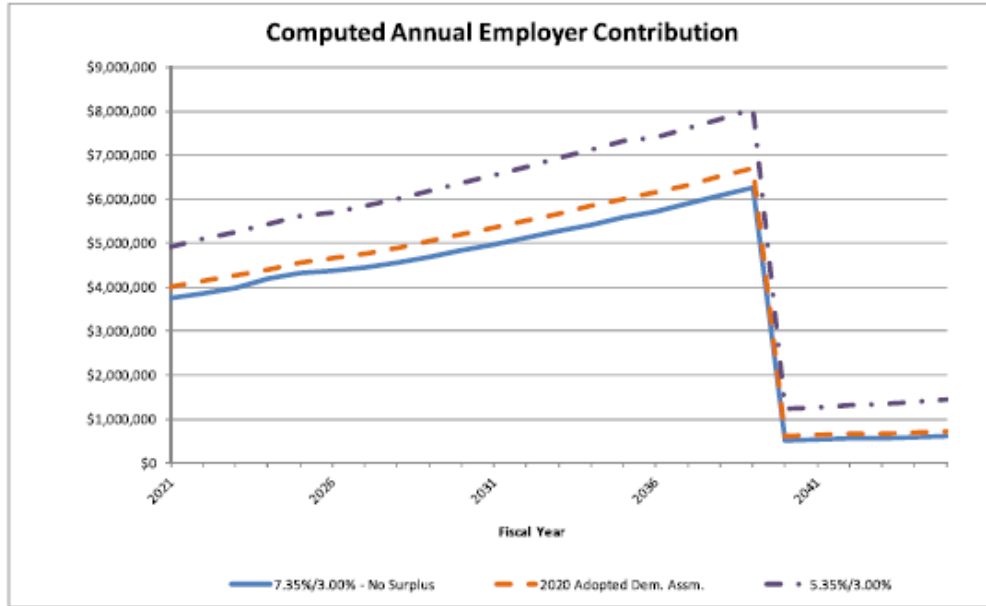


Notes:

All projected funded percentages are shown with no phase-in.

The green indicator lines have been added at 60% funded and 21 years following the valuation date for PA 202 purposes.

Treasury Recommendation
City of Hazel Park Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 632070



Notes:
 All projected contributions are shown with no phase-in.

Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet

Instructions

| Fiscal Year | Pension Payments | | OPEB Payments | | Projected (Actual) Governmental Revenues | Projected Enterprise Funds used for Retirement Costs | Projected Retirement Contributions as a Percent of Revenues | Annual Retirement Cost Increase |
|---|---------------------------------|--|---|---|--|--|---|---------------------------------|
| | Total Pension ADC (All Systems) | Additional Pension Contributions (All Systems) | Total OPEB Benefit Payment Amount (All Systems) | Additional OPEB Contributions (All Systems) | | | | |
| 2020 | | | | | \$24,482,415 | | | |
| 2021 | \$4,006,068 | | \$2,792,474 | \$150,000 | \$24,972,063 | | 27.8% | |
| 2022 | \$4,130,000 | | \$2,976,391 | \$150,000 | \$25,471,505 | | 28.5% | 4.4% |
| 2023 | \$4,260,000 | | \$3,131,920 | \$150,000 | \$25,980,935 | | 29.0% | 3.9% |
| 2024 | \$4,410,000 | | \$3,311,781 | \$150,000 | \$26,500,553 | | 29.7% | 4.4% |
| 2025 | \$4,560,000 | | \$3,593,376 | \$150,000 | \$27,030,564 | | 30.7% | 5.5% |
| Projected Annual Revenue Growth (Please select) | 2% | | | | | | | 4.6% |

The Community Engagement and Finance Division (CEFD) contact:

- None

Treasury Recommendation
City of Hazel Park OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 632070

| Name of Systems | Type of System | Assets | Liabilities | Funded Ratio | ADC | Revenues | ADC/Revenue | CAP required? |
|---|----------------|---------------------|----------------------|--------------|--------------------|---------------------|--------------|---------------|
| MERS | Pension | \$30,609,966 | \$71,375,244 | 42.9% | \$2,703,087 | \$24,482,415 | 11.0% | YES |
| <i>City of Hazel Park Retiree Health System</i> | <i>OPEB</i> | <i>\$142,252</i> | <i>\$50,076,746</i> | <i>0.3%</i> | <i>\$6,738,702</i> | | 27.5% | YES |
| Total | | \$30,752,218 | \$121,451,990 | | \$9,441,789 | \$24,482,415 | 38.5% | |

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance with conditions for the OPEB corrective action plan monitoring certification of compliance submitted by City of Hazel Park. If voted as compliant with conditions by the Board, City of Hazel Park, will receive a detailed letter from the Board listing the reasons for compliance with conditions and required next steps. Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- Yes, City of Hazel Park is addressing underfunded status by fiscal year 2045 as projected in originally approved plan

Substantial Changes

CAP Changes Implemented:

- The City established a Retiree Health Funding Vehicle (RHFV) with MERS and contributed \$150,000 above pay-go requirements as stated in our initial CAP. Per the attached actuarial valuation the City is now 0.29% funded and is still on target to be 40% funded by 2045.
- The City will again contribute \$150,000 in December 2020.

CAP Changes Not Implemented:

- None listed.

Additional Changes Implemented

- Effective January 1, 2021, the City has made incremental changes to retiree health care benefits to better align with current employees and as a means to cut additional health care costs. These changes will allow continuous savings each year. The change implemented relate to both pre and post-65 retirees and increase the retirees' deductible contributions and drug coverage costs. The City anticipates these changes will save approximately \$300,000 per year and will greatly reduce future retiree health care liabilities.

Treasury Recommendation
City of Hazel Park OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 632070

Revised Corrective Action Plan Submitted? No

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2025
- Percentage of Revenues: 31.7%

Do the projected annual payments increase by an amount greater than an average of 5% per year over the next five fiscal years?

- **No**
 - The City's costs are projected to increase by a rate of 4.6% per year over the next 5 years. A slight additional increase in retirement costs would cause the City's costs to be increasing at 5% or greater.

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- **Yes**

System Status for All Divisions: Closed

Plan size: members 197

- Inactive employees or beneficiaries currently receiving benefits: **161**
- Inactive employees entitled to but not yet receiving benefits: **0**
- Active employees: **36**

Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - City of Hazel Park has met the Board's published monitoring criteria for underfunded status
- Substantial Changes:
 - City of Hazel Park has met the Board's published monitoring criteria for substantial changes
- Sustainability:
 - City of Hazel Park has not met the Board's published monitoring criteria for sustainability
 - The local government's projected annual retirement costs are increasing at an approximate rate of 5% per year or greater AND the projected costs are substantial.

Treasury Recommendation
City of Hazel Park OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 632070

Supplemental Information:

The City provided its actuarial funding projection (payments and asset balance) showing that based on its future projection of liabilities as provided in the originally approved plan, the system is scheduled to reach 40% funded in roughly 2045, which is in-line with the originally approved plan. However, this funding projection is dependent upon assumptions remaining accurate and future liabilities being significantly lower than the current level. Over the next approximately 14 years, the annual OPEB payment increases from just under \$2.8 million per year to \$4.7 million. This is an increase of 68% (4.9%/year). Additionally, the City provided data for the sustainability projection shows that over the next 5 years, which was revised by Treasury to include governmental fund revenues rather than general fund. Based on this analysis, the total retirement cost ranges from nearly 28% to nearly 31% of annual governmental revenues. It will be important to continue to monitor the City in future monitoring submissions, as this may not be sustainable, particularly in the long-term if costs remain extremely high, or increase at a higher rate.

City of Hazel Park Retiree Health Care Plan
Projection Schedule

| Fiscal Year | Years Since First Funding | Actuarial Accrued Liability (AAL) Projection | | | | Market Value of Asset Projection | | | | Unfunded Liability (EOY) | Funded Percentage | |
|----------------------|---------------------------|--|------------------|--------------|-----------------------|----------------------------------|-------------------------|------------------|----------|--------------------------|-------------------|------------------|
| | | Normal Cost | Benefit Payments | Interest | AAL End of Year (EOY) | Pay-Go Contribution | Additional Contribution | Benefit Payments | Interest | | | Asset Value* EOY |
| | | | | | (a) | | | | | (b) | (c) = (a) - (b) | (d) = (b) / (a) |
| 7/1/2017 - 6/30/2018 | 0 | | | | \$ 45,871,170 | | | | | \$ - | \$ 45,871,170 | 0.00% |
| 7/1/2018 - 6/30/2019 | 1 | \$ 293,506 | \$ 2,521,316 | \$ 3,133,009 | 46,776,369 | \$2,521,316 | \$150,000 | \$2,521,316 | \$5,250 | 155,250 | 46,621,119 | 0.33% |
| 7/1/2019 - 6/30/2020 | 2 | 272,098 | 2,671,516 | 3,190,366 | 47,567,317 | 2,671,516 | 150,000 | 2,671,516 | 16,118 | 321,368 | 47,245,949 | 0.68% |
| 7/1/2020 - 6/30/2021 | 3 | 249,230 | 2,836,892 | 3,239,144 | 48,218,799 | 2,836,892 | 150,000 | 2,836,892 | 27,746 | 499,114 | 47,719,685 | 1.04% |
| 7/1/2021 - 6/30/2022 | 4 | 225,681 | 3,032,004 | 3,277,095 | 48,689,571 | 3,032,004 | 150,000 | 3,032,004 | 40,188 | 689,302 | 48,000,269 | 1.42% |
| 7/1/2022 - 6/30/2023 | 5 | 201,738 | 3,189,348 | 3,303,704 | 49,005,665 | 3,189,348 | 150,000 | 3,189,348 | 53,501 | 892,803 | 48,112,862 | 1.82% |
| 7/1/2023 - 6/30/2024 | 6 | 177,190 | 3,326,220 | 3,320,181 | 49,176,816 | 3,326,220 | 150,000 | 3,326,220 | 67,746 | 1,110,549 | 48,066,267 | 2.26% |
| 7/1/2024 - 6/30/2025 | 7 | 152,990 | 3,529,948 | 3,324,184 | 49,124,042 | 3,529,948 | 150,000 | 3,529,948 | 82,988 | 1,343,537 | 47,780,505 | 2.73% |
| 7/1/2025 - 6/30/2026 | 8 | 131,018 | 3,712,569 | 3,313,329 | 48,855,820 | 3,712,569 | 150,000 | 3,712,569 | 99,298 | 1,592,835 | 47,262,985 | 3.26% |
| 7/1/2026 - 6/30/2027 | 9 | 112,173 | 3,787,187 | 3,291,282 | 48,472,088 | 3,787,187 | 150,000 | 3,787,187 | 116,748 | 1,859,583 | 46,612,505 | 3.84% |
| 7/1/2027 - 6/30/2028 | 10 | 94,960 | 3,855,123 | 3,261,440 | 47,973,365 | 3,855,123 | 150,000 | 3,855,123 | 135,421 | 2,145,004 | 45,828,361 | 4.47% |
| 7/1/2028 - 6/30/2029 | 11 | 78,809 | 3,930,628 | 3,223,322 | 47,344,868 | 3,930,628 | 150,000 | 3,930,628 | 155,400 | 2,450,404 | 44,894,464 | 5.18% |
| 7/1/2029 - 6/30/2030 | 12 | 64,414 | 3,950,509 | 3,178,127 | 46,636,900 | 3,950,509 | 150,000 | 3,950,509 | 176,778 | 2,777,182 | 43,859,718 | 5.95% |
| 7/1/2030 - 6/30/2031 | 13 | 52,409 | 3,996,782 | 3,126,530 | 45,819,057 | 3,996,782 | 150,000 | 3,996,782 | 199,653 | 3,126,835 | 42,692,222 | 6.82% |
| 7/1/2031 - 6/30/2032 | 14 | 42,803 | 4,072,299 | 3,066,302 | 44,855,863 | 4,072,299 | 150,000 | 4,072,299 | 224,128 | 3,500,963 | 41,354,900 | 7.80% |
| 7/1/2032 - 6/30/2033 | 15 | 35,050 | 4,087,969 | 2,998,058 | 43,801,002 | 4,087,969 | 150,000 | 4,087,969 | 250,317 | 3,901,280 | 39,899,722 | 8.91% |
| 7/1/2033 - 6/30/2034 | 16 | 28,554 | 4,065,405 | 2,924,780 | 42,688,931 | 4,065,405 | 150,000 | 4,065,405 | 278,340 | 4,329,620 | 38,359,311 | 10.14% |
| 7/1/2034 - 6/30/2035 | 17 | 22,728 | 4,029,075 | 2,848,003 | 41,530,587 | 4,029,075 | 150,000 | 4,029,075 | 308,323 | 4,787,943 | 36,742,644 | 11.53% |
| 7/1/2035 - 6/30/2036 | 18 | 17,664 | 3,970,999 | 2,768,774 | 40,346,026 | 3,970,999 | 150,000 | 3,970,999 | 340,406 | 5,278,349 | 35,068,677 | 13.08% |
| 7/1/2036 - 6/30/2037 | 19 | 13,657 | 3,939,321 | 2,686,824 | 39,107,186 | 3,939,321 | 150,000 | 3,939,321 | 374,734 | 5,803,083 | 33,304,103 | 14.84% |
| 7/1/2037 - 6/30/2038 | 20 | 10,523 | 3,925,658 | 2,600,473 | 37,792,524 | 3,925,658 | 150,000 | 3,925,658 | 411,466 | 6,364,549 | 31,427,975 | 16.84% |
| 7/1/2038 - 6/30/2039 | 21 | 8,033 | 3,868,052 | 2,510,376 | 36,442,881 | 3,868,052 | 150,000 | 3,868,052 | 450,768 | 6,965,317 | 29,477,564 | 19.11% |
| 7/1/2039 - 6/30/2040 | 22 | 6,071 | 3,796,342 | 2,418,342 | 35,070,952 | 3,796,342 | 150,000 | 3,796,342 | 492,822 | 7,608,139 | 27,462,813 | 21.69% |
| 7/1/2040 - 6/30/2041 | 23 | 4,557 | 3,709,716 | 2,325,286 | 33,691,079 | 3,709,716 | 150,000 | 3,709,716 | 537,820 | 8,295,959 | 25,395,120 | 24.62% |
| 7/1/2041 - 6/30/2042 | 24 | 3,418 | 3,587,475 | 2,232,934 | 32,339,956 | 3,587,475 | 150,000 | 3,587,475 | 585,967 | 9,031,926 | 23,308,030 | 27.93% |
| 7/1/2042 - 6/30/2043 | 25 | 2,527 | 3,473,486 | 2,142,313 | 31,011,310 | 3,473,486 | 150,000 | 3,473,486 | 637,485 | 9,819,411 | 21,191,899 | 31.66% |
| 7/1/2043 - 6/30/2044 | 26 | 1,822 | 3,375,312 | 2,052,720 | 29,690,540 | 3,375,312 | 150,000 | 3,375,312 | 692,609 | 10,662,020 | 19,028,520 | 35.91% |
| 7/1/2044 - 6/30/2045 | 27 | 1,304 | 3,277,245 | 1,963,680 | 28,378,279 | 3,277,245 | 150,000 | 3,277,245 | 751,591 | 11,563,611 | 16,814,668 | 40.75% |

* Projected values with the exception of the June 30, 2018 value.
 There may be cases where the schedule does not add due to rounding.

Treasury Recommendation
City of Hazel Park OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 632070

| Year | Projected Beginning Plan Net Position | Projected Total Contributions | Projected Benefit Payments | Projected Investment Earnings at 7.00% | Projected Ending Plan Net Position |
|------|---------------------------------------|-------------------------------|----------------------------|--|------------------------------------|
| | (a) | (b) | (c) | (d) | (e)=(a)+(b)-(c)+(d) |
| 1 | \$ 145,152 | \$ 2,792,474 | \$ 2,642,474 | \$ 15,322 | \$ 310,474 |
| 2 | 310,474 | 2,976,391 | 2,826,391 | 26,894 | 487,368 |
| 3 | 487,368 | 3,131,920 | 2,981,920 | 39,277 | 676,645 |
| 4 | 676,645 | 3,311,781 | 3,161,781 | 52,526 | 879,172 |
| 5 | 879,172 | 3,593,376 | 3,443,376 | 66,703 | 1,095,875 |
| 6 | 1,095,875 | 3,833,958 | 3,683,958 | 81,872 | 1,327,747 |
| 7 | 1,327,747 | 3,969,689 | 3,819,689 | 98,104 | 1,575,851 |
| 8 | 1,575,851 | 4,154,027 | 4,004,027 | 115,471 | 1,841,322 |
| 9 | 1,841,322 | 4,328,788 | 4,178,788 | 134,054 | 2,125,375 |
| 10 | 2,125,375 | 4,361,857 | 4,211,857 | 153,937 | 2,429,313 |
| 11 | 2,429,313 | 4,466,778 | 4,316,778 | 175,213 | 2,754,526 |
| 12 | 2,754,526 | 4,632,989 | 4,482,989 | 197,978 | 3,102,504 |
| 13 | 3,102,504 | 4,682,193 | 4,532,193 | 222,336 | 3,474,840 |
| 14 | 3,474,840 | 4,694,863 | 4,544,863 | 248,400 | 3,873,240 |
| 15 | 3,873,240 | 4,670,269 | 4,520,269 | 276,288 | 4,299,528 |
| 16 | 4,299,528 | 4,580,549 | 4,430,549 | 306,128 | 4,755,657 |
| 17 | 4,755,657 | 4,559,090 | 4,409,090 | 338,057 | 5,243,714 |
| 18 | 5,243,714 | 4,581,554 | 4,431,554 | 372,221 | 5,765,935 |
| 19 | 5,765,935 | 4,558,312 | 4,408,312 | 408,777 | 6,324,711 |
| 20 | 6,324,711 | 4,535,757 | 4,385,757 | 447,891 | 6,922,602 |
| 21 | 6,922,602 | 4,449,363 | 4,299,363 | 489,743 | 7,562,346 |
| 22 | 7,562,346 | 4,281,856 | 4,131,856 | 534,525 | 8,246,871 |
| 23 | 8,246,871 | 4,166,241 | 4,016,241 | 582,442 | 8,979,313 |
| 24 | 8,979,313 | 4,054,743 | 3,904,743 | 633,713 | 9,763,027 |
| 25 | 9,763,027 | 3,907,819 | 3,757,819 | 688,573 | 10,601,600 |
| 26 | 10,601,600 | 3,806,237 | 3,656,237 | 747,273 | 11,498,873 |
| 27 | 11,498,873 | 3,746,634 | 3,596,634 | 810,082 | 12,458,955 |
| 28 | 12,458,955 | 3,684,646 | 3,534,646 | 877,288 | 13,486,243 |
| 29 | 13,486,243 | 3,618,202 | 3,468,202 | 949,198 | 14,585,442 |
| 30 | 14,585,442 | 3,559,078 | 3,409,078 | 1,026,142 | 15,761,584 |
| 31 | 15,761,584 | 3,499,442 | 3,349,442 | 1,108,472 | 17,020,056 |
| 32 | 17,020,056 | 3,429,920 | 3,279,920 | 1,196,565 | 18,366,621 |
| 33 | 18,366,621 | 3,350,621 | 3,200,621 | 1,290,825 | 19,807,445 |
| 34 | 19,807,445 | 3,261,659 | 3,111,659 | 1,391,682 | 21,349,128 |
| 35 | 21,349,128 | 391,008 | 3,013,091 | 1,404,218 | 20,131,263 |
| 36 | 20,131,263 | 0 | 2,905,159 | 1,309,228 | 18,535,331 |

| Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet | | | | | | | | |
|---|---------------------------------|--|---|---|--|--|---|---------------------------------|
| Instructions | | | | | | | | |
| Fiscal Year | Pension Payments | | OPEB Payments | | Projected (Actual) Governmental Revenues | Projected Enterprise Funds used for Retirement Costs | Projected Retirement Contributions as a Percent of Revenues | Annual Retirement Cost Increase |
| | Total Pension ADC (All Systems) | Additional Pension Contributions (All Systems) | Total OPEB Benefit Payment Amount (All Systems) | Additional OPEB Contributions (All Systems) | | | | |
| 2020 | | | | | \$24,482,415 | | | |
| 2021 | \$4,006,068 | | \$2,792,474 | \$150,000 | \$24,972,063 | | 27.8% | |
| 2022 | \$4,130,000 | | \$2,976,391 | \$150,000 | \$25,471,505 | | 28.5% | 4.4% |
| 2023 | \$4,260,000 | | \$3,131,920 | \$150,000 | \$25,980,935 | | 29.0% | 3.9% |
| 2024 | \$4,410,000 | | \$3,311,781 | \$150,000 | \$26,500,553 | | 29.7% | 4.4% |
| 2025 | \$4,560,000 | | \$3,593,376 | \$150,000 | \$27,030,564 | | 30.7% | 5.5% |
| Projected Annual Revenue Growth (Please select) | 2% | | | | | | | 4.6% |

The Community Engagement and Finance Division (CEFD) contact:

- None

Treasury Recommendation
City of Iron Mountain MERS Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 222010

| Name of Systems | Type of System | Assets | Liabilities | Funded Ratio | ADC | Revenues | ADC/Revenue | CAP required? |
|---|----------------|---------------------|---------------------|--------------|--------------------|-------------|--------------------|---------------|
| MERS | Pension | \$4,462,091 | \$13,165,180 | 33.9% | \$651,333 | \$8,884,716 | 25.3% | YES |
| Supplemental Pension | Pension | \$0 | \$11,229,601 | 0.0% | \$901,516 | | YES | |
| Policemen and Firemen Retirement System | Pension | \$11,295,617 | \$18,868,240 | 59.9% | \$695,859 | | NO | |
| Retiree Health Insurance | OPEB | \$283,408 | \$27,559,256 | 1.0% | \$1,678,098 | | 18.9% | YES |
| Total | | \$16,041,116 | \$70,822,277 | | \$3,926,806 | | \$8,884,716 | 44.2% |

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance with conditions for the Pension corrective action plan monitoring certification of compliance submitted by City of Iron Mountain. If voted as compliant with conditions by the Board, City of Iron Mountain, will receive a detailed letter from the Board listing the reasons for compliance with conditions and required next steps. Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- Yes, City of Iron Mountain is addressing underfunded status by fiscal year 2033 as projected in originally approved plan

Substantial Changes

CAP Changes Implemented:

- The City continues to pay its ADC which will allow the City to reach 60% funding by 2033.

CAP Changes Not Implemented:

- None listed.

Additional Changes Implemented

Treasury Recommendation
City of Iron Mountain MERS Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 222010

- None listed.

Revised Corrective Action Plan Submitted? No

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2024
- Percentage of Revenues: 42.8%

Do the projected annual payments increase by an amount greater than an average of 5% per year over the next five fiscal years?

- **Yes**
 - While the City said no to this question, the projected annual payments increase by an average of 10.9% per year for the next five years.

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- **Yes**

System Status for All Divisions: Open

Plan size: members 72

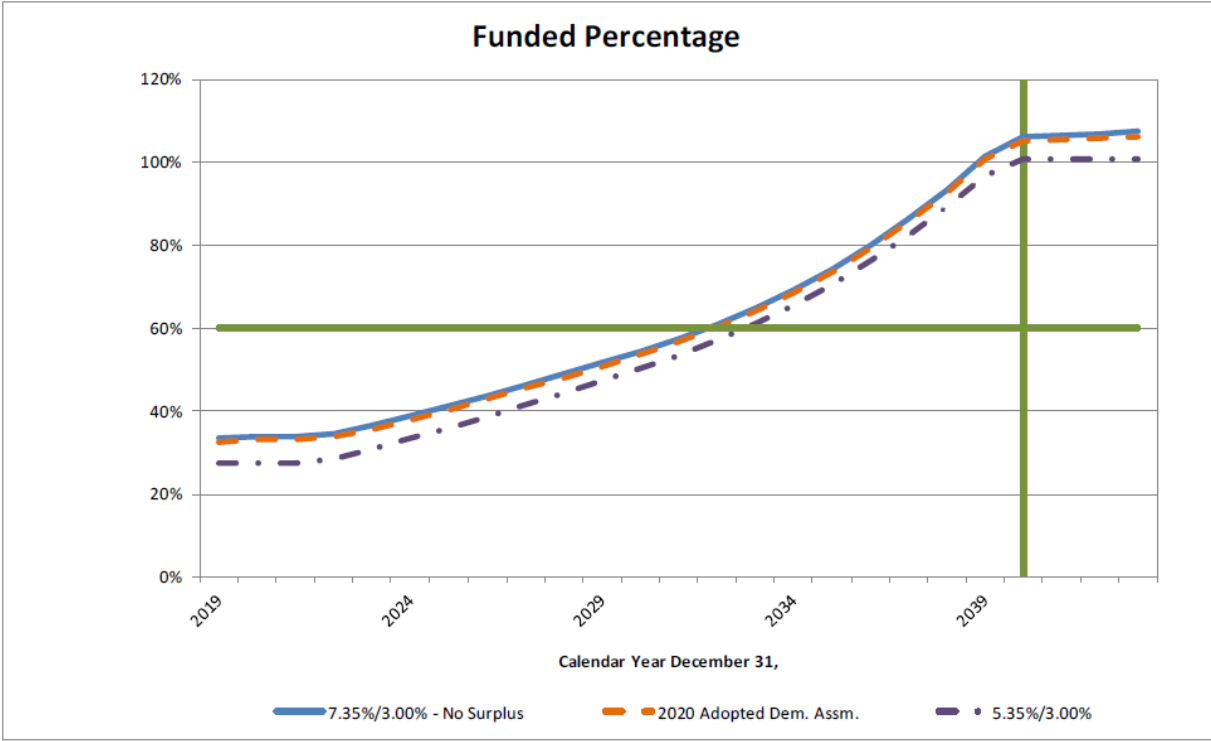
- Inactive employees or beneficiaries currently receiving benefits: **47**
- Inactive employees entitled to but not yet receiving benefits: **5**
- Active employees: **20**

Corrective Action Plan Monitoring Criteria:

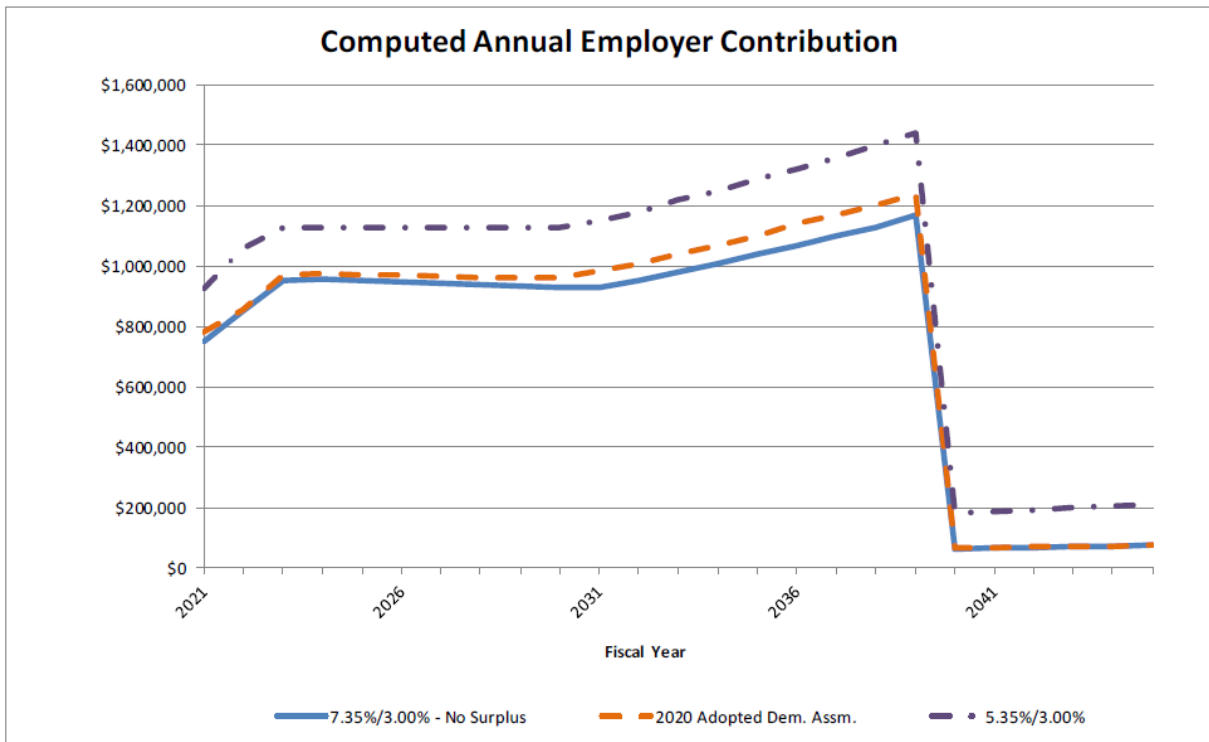
- Underfunded Status:
 - City of Iron Mountain has met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:
 - City of Iron Mountain has met the Board's published monitoring criteria for substantial changes.
- Sustainability:
 - City of Iron Mountain has not met the Board's published monitoring criteria for sustainability.
 - The local government's projected annual retirement costs are increasing at an approximate rate of 5% per year or greater AND the projected costs are substantial.

Treasury Recommendation
City of Iron Mountain MERS Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 222010
Supplemental Information:

While supporting documentation from the City was limited, the FY 2020 audit shows the local government has been making required contributions. Treasury reached out to the City requesting their valuations. The City submitted a valuation showing that they will be 60% funded in 2023. The City's annual MERS pension payments are projected to increase approximately 65% between 2021 and 2040 which is about 3% per year.



Treasury Recommendation
City of Iron Mountain MERS Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 222010



| Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet | | | | | | | | |
|---|---------------------------------|--|---|---|--|--|---|---------------------------------|
| Instructions | | | | | | | | |
| Fiscal Year | Pension Payments | | OPEB Payments | | Projected (Actual) Governmental Revenues | Projected Enterprise Funds used for Retirement Costs | Projected Retirement Contributions as a Percent of Revenues | Annual Retirement Cost Increase |
| | Total Pension ADC (All Systems) | Additional Pension Contributions (All Systems) | Total OPEB Benefit Payment Amount (All Systems) | Additional OPEB Contributions (All Systems) | | | | |
| 2019 | | | | | \$8,619,905 | | | |
| 2020 | \$1,346,933 | \$0 | \$1,295,925 | \$139,000 | \$8,792,303 | \$228,442 | 30.8% | |
| 2021 | \$1,516,695 | \$0 | \$1,425,518 | \$139,000 | \$8,968,149 | \$251,286 | 33.4% | 10.8% |
| 2022 | \$1,709,255 | \$0 | \$1,568,070 | \$139,000 | \$9,147,512 | \$276,415 | 36.3% | 10.9% |
| 2023 | \$1,928,229 | \$0 | \$1,724,876 | \$139,000 | \$9,330,462 | \$304,056 | 39.4% | 11.0% |
| 2024 | \$2,177,468 | \$0 | \$1,897,364 | \$139,000 | \$9,517,072 | \$334,462 | 42.8% | 11.1% |
| Projected Annual Revenue Growth (Please select) | 2% | | | | | | Average: | 10.9% |

The Community Engagement and Finance Division (CEFD) contact:

- On 2/22/2021, Treasury contacted the City to request supporting documentation for the sustainability section.

Treasury Recommendation
City of Iron Mountain OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 222010

| Name of Systems | Type of System | Assets | Liabilities | Funded Ratio | ADC | Revenues | ADC/Revenue | CAP required? |
|---|----------------|---------------------|---------------------|--------------|--------------------|--------------------|--------------|---------------|
| MERS | Pension | \$4,462,091 | \$13,165,180 | 33.9% | \$651,333 | \$8,884,716 | 25.3% | YES |
| Supplemental Pension | Pension | \$0 | \$11,229,601 | 0.0% | \$901,516 | | | YES |
| Policemen and Firemen Retirement System | Pension | \$11,295,617 | \$18,868,240 | 59.9% | \$695,859 | | | NO |
| Retiree Health Insurance | OPEB | \$283,408 | \$27,559,256 | 1.0% | \$1,678,098 | | | 18.9% |
| Total | | \$16,041,116 | \$70,822,277 | | \$3,926,806 | \$8,884,716 | 44.2% | |

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance with conditions for the OPEB corrective action plan monitoring certification of compliance submitted by City of Iron Mountain. If voted as compliant with conditions by the Board, City of Iron Mountain, will receive a detailed letter from the Board listing the reasons for compliance with conditions and required next steps. Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- Yes, City of Iron Mountain is addressing underfunded status by fiscal year 2049 as projected in originally approved plan.

Substantial Changes

CAP Changes Implemented:

- In 2018, the City began contributing \$139,000 a year to a trust fund dedicated to prefunding retiree health insurance. The City's projection shows that this should get them to 40% funding by 2049.

Treasury Recommendation
City of Iron Mountain OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 222010

CAP Changes Not Implemented:

- None listed.

Additional Changes Implemented

- None listed.

Revised Corrective Action Plan Submitted? No

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2024
- Percentage of Revenues: 42.8%

Do the projected annual payments increase by an amount greater than an average of 5% per year over the next five fiscal years?

- **Yes**
 - While the City said no to this question, the projected annual payments increase by an average of 10.9% per year for the next five years.

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- **Yes**

System Status for All Divisions: Closed

Plan size: members 105

- Inactive employees or beneficiaries currently receiving benefits: **68**
- Inactive employees entitled to but not yet receiving benefits: **0**
- Active employees: **37**

Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - City of Iron Mountain has met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:
 - City of Iron Mountain has met the Board's published monitoring criteria for substantial changes.

Treasury Recommendation
City of Iron Mountain OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 222010

- Sustainability:
 - City of Iron Mountain has partially met the Board’s published monitoring criteria for sustainability.
 - The local government’s projected annual retirement costs are increasing at an approximate rate of 5% per year or greater AND the projected costs are substantial.

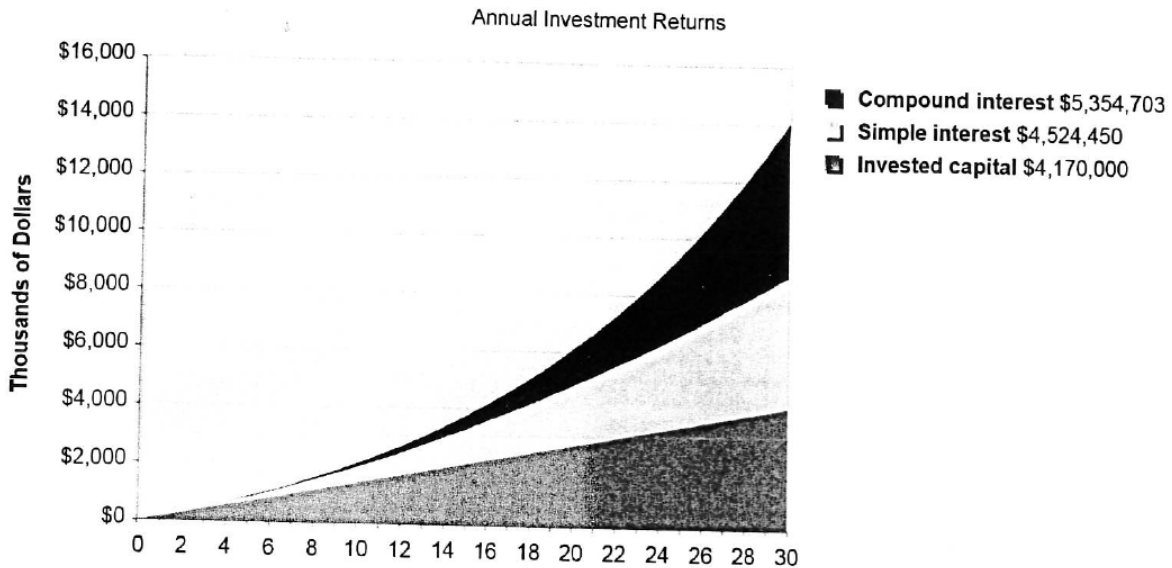
Supplemental Information:

While the City provided limited supporting documentation, the FY 2020 audit shows that the local government has contributed \$283,408 toward the OPEB system. Treasury reached out to the City requesting their valuations. The City submitted a potential asset return projection that shows that after 30 years they might have \$14,049,152.75.

| Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet | | | | | | | | |
|---|---------------------------------|--|---|---|--|--|---|---------------------------------|
| Instructions | | | | | | | | |
| Fiscal Year | Pension Payments | | OPEB Payments | | Projected (Actual) Governmental Revenues | Projected Enterprise Funds used for Retirement Costs | Projected Retirement Contributions as a Percent of Revenues | Annual Retirement Cost Increase |
| | Total Pension ADC (All Systems) | Additional Pension Contributions (All Systems) | Total OPEB Benefit Payment Amount (All Systems) | Additional OPEB Contributions (All Systems) | | | | |
| 2019 | | | | | \$8,619,905 | | | |
| 2020 | \$1,346,933 | \$0 | \$1,295,925 | \$139,000 | \$8,792,303 | \$228,442 | 30.8% | |
| 2021 | \$1,516,695 | \$0 | \$1,425,518 | \$139,000 | \$8,968,149 | \$251,286 | 33.4% | 10.8% |
| 2022 | \$1,709,255 | \$0 | \$1,568,070 | \$139,000 | \$9,147,512 | \$276,415 | 36.3% | 10.9% |
| 2023 | \$1,928,229 | \$0 | \$1,724,876 | \$139,000 | \$9,330,462 | \$304,056 | 39.4% | 11.0% |
| 2024 | \$2,177,468 | \$0 | \$1,897,364 | \$139,000 | \$9,517,072 | \$334,462 | 42.8% | 11.1% |
| Projected Annual Revenue Growth (Please select) | 2% | | | | | | Average: | 10.9% |

After 30 years you could have \$14,049,152.75.

Your original investment of \$0.00 plus your annual investments of \$139,000.00 could be worth \$14,049,152.75 after 30 years. This assumes an annual rate of return of 7% and all of your annual investments happen at the beginning of the year. All values are shown before inflation is taken into account.



The Community Engagement and Finance Division (CEFD) contact:

Treasury Recommendation

**City of Iron Mountain OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 222010**

- On 2/22/2021, Treasury contacted the City to request supporting documentation for the sustainability section.

Treasury Recommendation
City of Lansing OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 332020

| Name of Systems | Type of System | Assets | Liabilities | Funded Ratio | ADC | Revenues | ADC/Revenue | CAP required? |
|---|----------------|----------------------|------------------------|--------------|---------------------|----------------------|--------------|---------------|
| Employees Retirement System | Pension | \$152,888,463 | \$310,941,585 | 49.2% | \$10,698,401 | \$164,663,527 | 15.9% | Yes |
| Police and Fire Retirement System | Pension | \$280,136,810 | \$465,521,706 | 60.2% | \$15,457,647 | | | NO |
| Employees Health Care System | OPEB | \$68,228,558 | \$256,120,135 | 26.6% | \$10,504,140 | | 15.9% | Yes |
| <i>Police and Fire Health Care System</i> | <i>OPEB</i> | <i>\$43,508,802</i> | <i>\$419,130,520</i> | <i>10.4%</i> | <i>\$15,674,604</i> | | | Yes |
| Total | | \$544,762,633 | \$1,451,713,946 | | \$52,334,792 | \$164,663,527 | 31.8% | |

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance for the OPEB corrective action plan monitoring certification of compliance submitted by City of Lansing. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- Yes, City of Lansing is addressing underfunded status by fiscal year 2031 as projected in originally approved plan.

The City is now addressing its underfunded status for its Police and Fire OPEB system four years early.

Substantial Changes

CAP Changes Implemented:

- The City made several actuarial assumption changes and changes to benefit levels in the Police and Fire OPEB system (reduced investment rate of return from 7.25% to 7.00%, reduction of blended discount rate from 5.19% to 3.62%, updated mortality tables and healthcare trends).
- The City continues to look for changes to positively benefit all plans of the City.
- The City has is working to get closer to paying its ADC amount.

Treasury Recommendation
City of Lansing OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 332020

CAP Changes Not Implemented:

- None listed.

Additional Changes Implemented

- The City notes that they will continue to work to reduce costs, positively modify benefits for the overall benefit of the plan's funding status and while maintaining key services for its residents.

Revised Corrective Action Plan Submitted? No

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2025
- Percentage of Revenues: 32.0%

Do the projected annual payments increase by an amount greater than an average of 5% per year over the next five fiscal years?

- **No**
 - While the City's annual payments do not increase by an amount greater than an average of 5% a year in the next fiscal years, their annual required payments are 32% of their revenues.

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

System Status for All Divisions:

Plan size: members 1126

- Inactive employees or beneficiaries currently receiving benefits: **755**
- Inactive employees entitled to but not yet receiving benefits: **13**
- Active employees: **358**

Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - City of Lansing has met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:
 - City of Lansing has met the Board's published monitoring criteria for substantial changes.

Treasury Recommendation
City of Lansing OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 332020

- Sustainability:
 - City of Lansing has partially met the Board’s published monitoring criteria for sustainability.
 - Current or future payments are greater than 22% or projected payments are increasing at a rate greater than 5% per year.

Supplemental Information:

The City included a projection getting to 40% in fiscal year 2031 which is faster than then original plan. They did not include any projections of their annual costs and only provided an average from from fiscal year 2017 to 2020. The City's provided sustainability worksheet included only the projected benefit costs, without any additional contributions. The City states that they would like get closer to paying its full ADC ; if additional payments are made in future years, the projected retirement costs as a percentage of revenue will increase above the provided rate.

Treasury is recommending compliance as the City of Lansing meets the Board's sustainability criteria, with the City's projected annual payments increasing at less than an average of 5% per year over the next five fiscal years. However, it should be noted that the City's projected budgets submitted to Treasury in reporting required for City, Village, and Township Revenue Sharing (CVTRS) show a projected general fund deficit of nearly (\$6.7 million) in FY 2022, and growing to over (\$23 million) by FY 2026 if changes are not made to their OPEB system(s). The City projects lesser deficits if immediate changes are made in the next 6 months.

Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet

[Instructions](#)

| Fiscal Year | Pension Payments | | OPEB Payments | | Projected (Actual) Governmental Revenues | Projected Enterprise Funds used for Retirement Costs | Projected Retirement Contributions as a Percent of Revenues | | |
|-------------|---------------------------------|--|---|---|--|--|---|--------------|-------|
| | Total Pension ADC (All Systems) | Additional Pension Contributions (All Systems) | Total OPEB Benefit Payment Amount (All Systems) | Additional OPEB Contributions (All Systems) | | | | | |
| 2020 | | | | | \$164,663,527 | | | | |
| 2021 | \$29,300,000 | | \$22,462,000 | | \$169,603,433 | | 31% | \$51,762,000 | |
| 2022 | \$29,900,000 | | \$24,090,495 | | \$174,691,536 | | 31% | \$53,990,495 | 4.31% |
| 2023 | \$30,300,000 | | \$25,776,830 | | \$179,932,282 | | 31% | \$56,076,830 | 3.86% |
| 2024 | \$31,200,000 | | \$27,516,766 | | \$185,330,250 | | 32% | \$58,716,766 | 4.71% |
| 2025 | \$31,300,000 | | \$29,305,355 | | \$190,890,158 | | 32% | \$60,605,355 | 3.22% |

| | | |
|---|----|-------|
| Projected Annual Revenue Growth (Please select) | 3% | 4.02% |
|---|----|-------|

The Community Engagement and Finance Division (CEFD) contact:

- The CEFD reached out to the City since both OPEB forms had text cut off. The City sent back updated forms that included all key texts.

Treasury Recommendation
City of Lansing OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 332020

| Name of Systems | Type of System | Assets | Liabilities | Funded Ratio | ADC | Revenues | ADC/Revenue | CAP required? |
|------------------------------------|----------------|----------------------|------------------------|--------------|---------------------|----------------------|--------------|---------------|
| Employees Retirement System | Pension | \$152,888,463 | \$310,941,585 | 49.2% | \$10,698,401 | \$164,663,527 | 15.9% | Yes |
| Police and Fire Retirement System | Pension | \$280,136,810 | \$465,521,706 | 60.2% | \$15,457,647 | | | NO |
| Employees Health Care System | OPEB | \$68,228,558 | \$256,120,135 | 26.6% | \$10,504,140 | | 15.9% | Yes |
| Police and Fire Health Care System | OPEB | \$43,508,802 | \$419,130,520 | 10.4% | \$15,674,604 | | | Yes |
| Total | | \$544,762,633 | \$1,451,713,946 | | \$52,334,792 | \$164,663,527 | 31.8% | |

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance for the OPEB corrective action plan monitoring certification of compliance submitted by City of Lansing. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- Yes, City of Lansing is addressing underfunded status by fiscal year 2021 as projected in originally approved plan.

The City is addressing its underfunded status six years earlier than expected.

Substantial Changes

CAP Changes Implemented:

- The City made several actuarial assumption changes and changes to benefit levels in the ERS OPEB system (reduced investment rate of return from 7.25% to 7.00%, reduction of blended discount rate from 5.77% to 4.48%, updated mortality assumptions and healthcare trends).
- The City continues to look for changes to positively benefit all plans of the City. Additionally,

Treasury Recommendation
City of Lansing OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 332020

the City has made excess contributions over the ADC amount the last 4 years totaling over \$3.8 million to help fund the plan while also slightly adding to General Fund fund balance in 2020.

CAP Changes Not Implemented:

- None listed.

Additional Changes Implemented

- The City notes that they will continue to work to reduce costs, positively modify benefits for the overall benefit of the plan's funding status and while maintaining key services for its residents.

Revised Corrective Action Plan Submitted? No

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2025
- Percentage of Revenues: 32.0%

Do the projected annual payments increase by an amount greater than an average of 5% per year over the next five fiscal years?

- **No**
 - While the City's annual payments do not increase by an amount greater than an average of 5% a year in the next fiscal years, their annual required payments are 32% of their revenues.

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- **Yes**

System Status for All Divisions: Open

Plan size: members 1384

- Inactive employees or beneficiaries currently receiving benefits: **908**
- Inactive employees entitled to but not yet receiving benefits: **43**
- Active employees: **433**

Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - City of Lansing has met the Board's published monitoring criteria for underfunded status.

Treasury Recommendation
City of Lansing OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 332020

- Substantial Changes:
 - City of Lansing has met the Board’s published monitoring criteria for substantial changes.

- Sustainability:
 - City of Lansing has partially met the Board’s published monitoring criteria for sustainability.
 - Current or future payments are greater than 22% or projected payments are increasing at a rate greater than 5% per year.

Supplemental Information:

The City included a projection reaching 40% in fiscal year 2022, which is faster than than the original plan. They did not include any projections of their annual costs and only did an average from from fiscal year 2017 to 2020. The City's provided sustainability worksheet included only the projected benefit costs, without any additional contributions. During the last several years, additional payments above the ADC have been made; if that trend continues in future years, the projected retirement costs as a percentage of revenue will increase above the provided rate.

Treasury is recommending compliance as the City of Lansing meets the Board's sustainability criteria, with the City's projected annual payments increasing at less than an average of 5% per year over the next five fiscal years. However, it should be noted that the City's projected budgets submitted to Treasury in reporting required for City, Village, and Township Revenue Sharing (CVTRS) show a projected general fund deficit of nearly (\$6.7 million) in FY 2022, and growing to over (\$23 million) by FY 2026 if changes are not made to their OPEB system(s). The City projects lesser deficits if immediate changes are made in the next 6 months.

Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet

| Fiscal Year | Pension Payments | | OPEB Payments | | Projected (Actual) Governmental Revenues | Projected Enterprise Funds used for Retirement Costs | Projected Retirement Contributions as a Percent of Revenues | | |
|-------------|---------------------------------|--|---|---|--|--|---|--------------|-------|
| | Total Pension ADC (All Systems) | Additional Pension Contributions (All Systems) | Total OPEB Benefit Payment Amount (All Systems) | Additional OPEB Contributions (All Systems) | | | | | |
| 2020 | | | | | \$164,663,527 | | | | |
| 2021 | \$29,300,000 | | \$22,462,000 | | \$169,603,433 | | 31% | \$51,762,000 | |
| 2022 | \$29,900,000 | | \$24,090,495 | | \$174,691,536 | | 31% | \$53,990,495 | 4.31% |
| 2023 | \$30,300,000 | | \$25,776,830 | | \$179,932,282 | | 31% | \$56,076,830 | 3.86% |
| 2024 | \$31,200,000 | | \$27,516,766 | | \$185,330,250 | | 32% | \$58,716,766 | 4.71% |
| 2025 | \$31,300,000 | | \$29,305,355 | | \$190,890,158 | | 32% | \$60,605,355 | 3.22% |

| | | |
|---|----|-------|
| Projected Annual Revenue Growth (Please select) | 3% | 4.02% |
|---|----|-------|

The Community Engagement and Finance Division (CEFD) contact:

- The CEFD reached out to the City since both OPEB forms had text cut off. The City sent back updated forms that included all key texts.

Treasury Recommendation
City of Lansing Employees Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 332020

| Name of Systems | Type of System | Assets | Liabilities | Funded Ratio | ADC | Revenues | ADC/Revenue | CAP required? |
|------------------------------------|----------------|----------------------|------------------------|--------------|---------------------|----------------------|--------------|---------------|
| Employees Retirement System | Pension | \$152,888,463 | \$310,941,585 | 49.2% | \$10,698,401 | \$164,663,527 | 15.9% | Yes |
| Police and Fire Retirement System | Pension | \$280,136,810 | \$465,521,706 | 60.2% | \$15,457,647 | | | NO |
| Employees Health Care System | OPEB | \$68,228,558 | \$256,120,135 | 26.6% | \$10,504,140 | \$164,663,527 | 15.9% | Yes |
| Police and Fire Health Care System | OPEB | \$43,508,802 | \$419,130,520 | 10.4% | \$15,674,604 | | | Yes |
| Total | | \$544,762,633 | \$1,451,713,946 | | \$52,334,792 | \$164,663,527 | 31.8% | |

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance for the Pension corrective action plan monitoring certification of compliance submitted by City of Lansing. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- No, underfunded status will be now be addressed by fiscal year 2032, which is within the Board's required timeframe.

The original corrective action plan addressed underfunded status in fiscal year 2025. The City now projects addressing underfunded status in 2032. This is still in the Board's approved timeframe.

Substantial Changes

CAP Changes Implemented:

- There were several actuarial assumption changes and benefit level changes in the ERS pension system (the City did not specifically list what these changes were and Treasury was unable to confirm).

CAP Changes Not Implemented:

Treasury Recommendation
City of Lansing Employees Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 332020

- None listed.

Additional Changes Implemented

- The City noted that they are trying to reduce costs and positively modify benefits to address the funded status while also maintain City services with its limited financial resources.

Revised Corrective Action Plan Submitted? No

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2025
- Percentage of Revenues: 32.0%

Do the projected annual payments increase by an amount greater than an average of 5% per year over the next five fiscal years?

- **No**
 - While the City's annual payments do not increase by an amount greater than an average of 5% a year in the next fiscal years, their annual required payments are 32% of their revenues.

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- **Yes**

System Status for All Divisions: Open

Plan size: members 1505

- Inactive employees or beneficiaries currently receiving benefits: **940**
- Inactive employees entitled to but not yet receiving benefits: **152**
- Active employees: **413**

Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - City of Lansing has met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:
 - City of Lansing has met the Board's published monitoring criteria for substantial changes.
- Sustainability:
 - City of Lansing has partially met the Board's published monitoring criteria for sustainability.

Treasury Recommendation
City of Lansing Employees Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 332020

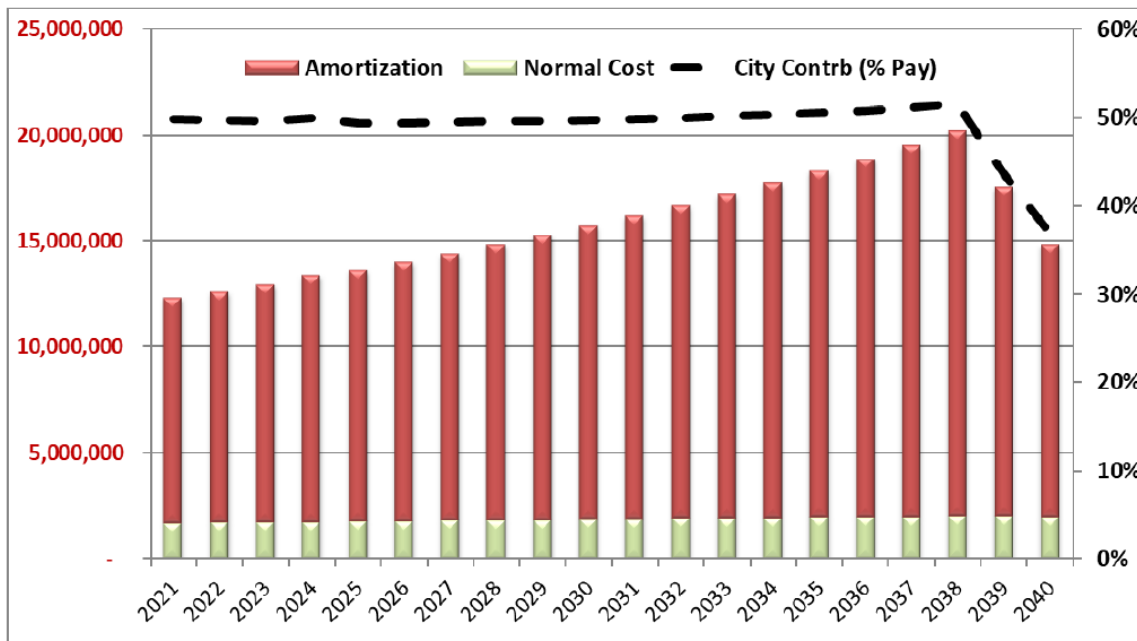
➤ Current or future payments are greater than 22% or projected payments are increasing at a rate greater than 5% per year.

Supplemental Information:

The City of Lansing submitted a projection showing that they will now be 60% funded in fiscal year 2032. The City's annual required pension payments increase by approximately 65% between 2021 and 2038, which is about 4% a year. If assumptions do not hold true, or assumptions change, then the projected annual costs will likely increase, and the addressing of underfunded status may be delayed further.

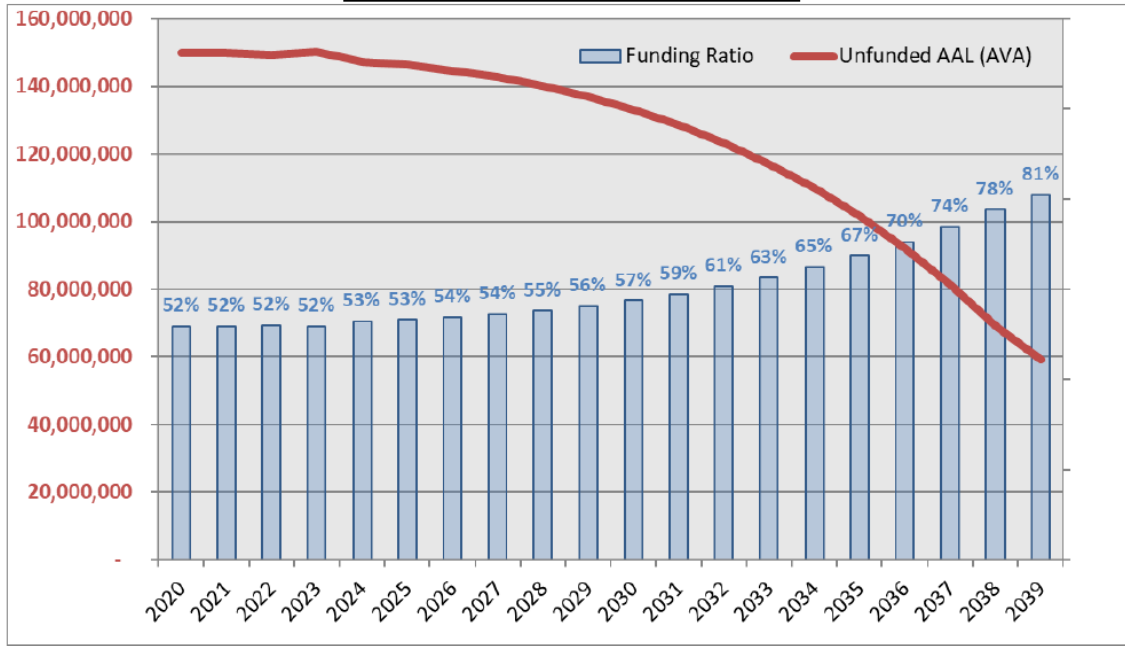
Treasury is recommending compliance as the City of Lansing meets the Board's sustainability criteria, with the City's projected annual payments increasing at less than an average of 5% per year over the next five fiscal years. However, it should be noted that the City's projected budgets submitted to Treasury in reporting required for City, Village, and Township Revenue Sharing (CVTRS) show a projected general fund deficit of nearly (\$6.7 million) in FY 2022, and growing to over (\$23 million) by FY 2026 if changes are not made to their OPEB system(s). The City projects lesser deficits if immediate changes are made in the next 6 months.

Projection of City Contributions



Treasury Recommendation
City of Lansing Employees Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 332020

Projection of Funding Progress



Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet
[Instructions](#)

| Fiscal Year | Pension Payments | | OPEB Payments | | Projected (Actual) Governmental Revenues | Projected Enterprise Funds used for Retirement Costs | Projected Retirement Contributions as a Percent of Revenues |
|-------------|---------------------------------|--|---|---|--|--|---|
| | Total Pension ADC (All Systems) | Additional Pension Contributions (All Systems) | Total OPEB Benefit Payment Amount (All Systems) | Additional OPEB Contributions (All Systems) | | | |
| 2020 | | | | | \$164,663,527 | | |
| 2021 | \$29,300,000 | | \$22,462,000 | | \$169,603,433 | | 31% |
| 2022 | \$29,900,000 | | \$24,090,495 | | \$174,691,536 | | 31% |
| 2023 | \$30,300,000 | | \$25,776,830 | | \$179,932,282 | | 31% |
| 2024 | \$31,200,000 | | \$27,516,766 | | \$185,330,250 | | 32% |
| 2025 | \$31,300,000 | | \$29,305,355 | | \$190,890,158 | | 32% |

\$51,762,000
 \$53,990,495 4.31%
 \$56,076,830 3.86%
 \$58,716,766 4.71%
 \$60,605,355 3.22%

| | |
|---|----|
| Projected Annual Revenue Growth (Please select) | 3% |
|---|----|

4.02%

The Community Engagement and Finance Division (CEFD) contact:

- The CEFD reached out to the City since both OPEB forms had text cut off. The City sent back updated forms that included all key texts.

Treasury Recommendation
City of Madison Heights Police and Fire OPEB Corrective Action Plan (CAP) Monitoring Compliance
Certification
Primary Government 632110

| Name of Systems | Type of System | Assets | Liabilities | Funded Ratio | ADC | Revenues | ADC/Revenue | CAP required? |
|-----------------------------------|----------------|----------------------|----------------------|--------------|--------------------|---------------------|--------------|---------------|
| General Employees MERS System | Pension | \$40,266,410 | \$42,015,490 | 95.8% | \$212,184 | \$36,383,950 | 10.3% | NO |
| Police and Fire Retirement System | Pension | \$42,710,504 | \$91,525,564 | 46.7% | \$3,549,842 | | | YES |
| Police and Fire OPEB | OPEB | \$21,161,059 | \$54,603,265 | 38.8% | \$3,572,263 | | 14.3% | YES |
| General Employees OPEB | OPEB | \$14,373,335 | \$31,533,172 | 45.6% | \$1,642,937 | | | YES |
| Total | | \$118,511,308 | \$219,677,491 | | \$8,977,226 | \$36,383,950 | 24.6% | |

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance for the OPEB corrective action plan monitoring certification of compliance submitted by City of Madison Heights. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- Yes, City of Madison Heights is addressing underfunded status by fiscal year 2023 as projected in originally approved plan

The City originally planned to address its underfunded status in 2022, their monitoring submission has them addressing underfunded status in 2023.

Substantial Changes

CAP Changes Implemented:

- The City eliminated retiree healthcare for all employees hired after 7/1/2009.

CAP Changes Not Implemented:

- None listed.

Additional Changes Implemented

Treasury Recommendation
City of Madison Heights Police and Fire OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 632110

- Once retirees are eligible for Medicare, they receive a \$300 stipend to purchase Medicare supplemental insurance, instead of City provided healthcare.

Revised Corrective Action Plan Submitted? No

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2024
- Percentage of Revenues: 25.7%

Do the projected annual payments increase by an amount greater than an average of 5% per year over the next five fiscal years?

- **Yes**
 - The data submitted by the City did not include the OPEB benefit payment amounts, only additional payments to the OPEB trusts. When adding these benefit costs with a rate of increase equivalent to the long term health care inflation rate, increases average 6.0%

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- **Yes**

System Status for All Divisions: Closed

Plan size: members 147

- Inactive employees or beneficiaries currently receiving benefits: **113**
- Inactive employees entitled to but not yet receiving benefits: **0**
- Active employees: **34**

Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - City of Madison Heights has met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:
 - City of Madison Heights has met the Board's published monitoring criteria for substantial changes.

Treasury Recommendation
City of Madison Heights Police and Fire OPEB Corrective Action Plan (CAP) Monitoring Compliance
Certification
Primary Government 632110

- **Sustainability:**
 - City of Madison Heights has partially met the Board’s published monitoring criteria for sustainability.
 - Current or future payments are greater than 22% or projected payments are increasing at a rate greater than 5% per year.

Supplemental Information:

The City submitted a projection showing they will be 40% funded in fiscal year 2023.

City of Madison Heights, Municipal Code 632110
 OPEB - Police and Fire Employees
 Estimated Net OPEB Liability and Related Ratios
 as of December 14, 2020

| | Actual | | | | Estimate | | | | | | | |
|---|-------------------|-------------------|--------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
| Total OPEB - Police and Fire Liability | | | | | | | | | | | | |
| Service Cost | 507,002 | 489,003 | 368,534 | 358,745 | 340,808 | 323,767 | 304,341 | 286,081 | 266,055 | 247,431 | 227,637 | 209,426 |
| Interest | 3,624,938 | 4,114,003 | 4,277,153 | 3,818,598 | 3,818,598 | 3,818,598 | 3,818,598 | 3,818,598 | 3,818,598 | 3,818,598 | 3,818,598 | 3,818,598 |
| Changes in Benefits | 0 | 0 | 0 | (4,437,289) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Difference between expected and actual experience | 0 | 0 | (7,209,429) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Changes in assumptions | 0 | 0 | (2,064,080) | (2,450,498) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Benefits Payments | (1,297,565) | (1,730,921) | (2,334,948) | (2,503,295) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Change | 3,134,374 | 2,872,085 | (6,962,470) | (5,219,676) | 4,159,406 | 4,142,365 | 4,122,939 | 4,104,679 | 4,084,653 | 4,066,029 | 4,046,235 | 4,028,024 |
| Total OPEB - Police and Fire Beginning | 60,778,948 | 63,913,320 | 66,785,405 | 58,822,935 | 54,603,265 | 58,762,671 | 62,905,036 | 67,027,975 | 71,132,654 | 75,217,307 | 79,283,337 | 83,329,572 |
| Total OPEB - Police and Fire Ending | 63,913,320 | 66,785,405 | 59,822,935 | 54,603,265 | 58,762,671 | 62,905,036 | 67,027,975 | 71,132,654 | 75,217,307 | 79,283,337 | 83,329,572 | 87,367,595 |
| Plan Fiduciary Net Position | | | | | | | | | | | | |
| Contribution - Employer | 2,887,125 | 2,413,374 | 489,003 | 377,310 | 373,900 | 373,900 | 373,900 | 373,900 | 373,900 | 373,900 | 373,900 | 373,900 |
| Net Investment Income | 1,493,640 | 1,436,553 | 1,072,887 | 853,093 | 1,399,772 | 1,515,061 | 1,637,843 | 1,768,907 | 1,907,870 | 2,056,185 | 2,214,140 | 2,382,363 |
| Benefit payments | (1,297,566) | (1,730,921) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| OPEB plan administrative expense | 0 | 0 | (53,364) | (51,040) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Change in Plan Net Position | 3,063,199 | 2,119,006 | 1,508,526 | 1,179,353 | 1,773,672 | 1,888,961 | 2,011,743 | 2,142,507 | 2,281,770 | 2,430,085 | 2,588,040 | 2,756,263 |
| Plan Fiduciary Net Position - Beginning of year | 13,300,964 | 16,364,163 | 18,473,169 | 19,981,895 | 21,161,058 | 22,934,730 | 24,823,691 | 26,835,435 | 28,977,941 | 31,259,711 | 33,689,796 | 36,277,836 |
| Plan Fiduciary Net Position - End of year | 16,354,163 | 18,473,169 | 19,991,695 | 21,161,058 | 22,934,730 | 24,823,691 | 26,835,435 | 28,977,941 | 31,259,711 | 33,689,796 | 36,277,836 | 38,034,099 |
| Net Pension Liability - Ending | 47,559,157 | 48,312,236 | 39,841,240 | 33,442,207 | 35,827,940 | 38,081,345 | 40,192,541 | 42,154,713 | 43,957,598 | 45,593,541 | 47,051,736 | 48,323,497 |
| Plan Fiduciary Net Position as a % of Total Pension Liability | 25.59% | 27.66% | 33.40% | 38.75% | 39.03% | 39.46% | 40.04% | 40.74% | 41.58% | 42.49% | 43.54% | 44.68% |

Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet

Instructions

| Fiscal Year | Pension Payments | | OPEB Payments | | Projected (Actual) Governmental Revenues | Projected Enterprise Funds used for Retirement Costs | Projected Retirement Contributions as a Percent of Revenues | Annual Retirement Cost Increase |
|---|---------------------------------|--|---|---|--|--|---|---------------------------------|
| | Total Pension ADC (All Systems) | Additional Pension Contributions (All Systems) | Total OPEB Benefit Payment Amount (All Systems) | Additional OPEB Contributions (All Systems) | | | | |
| 2019 | | | | | \$36,383,950 | | | |
| 2020 | \$3,549,842 | \$0 | \$4,117,289 | \$496,259 | \$37,111,629 | \$34,432 | 22.0% | |
| 2021 | \$3,946,475 | \$0 | \$4,487,845 | \$492,849 | \$37,853,862 | \$31,806 | 23.6% | 9.4% |
| 2022 | \$3,953,547 | \$0 | \$4,873,800 | \$492,849 | \$38,610,939 | \$31,806 | 24.1% | 4.4% |
| 2023 | \$4,045,281 | \$0 | \$5,273,451 | \$492,849 | \$39,383,158 | \$31,806 | 24.9% | 5.3% |
| 2024 | \$4,140,835 | \$0 | \$5,684,780 | \$492,849 | \$40,170,821 | \$31,806 | 25.7% | 5.2% |
| Projected Annual Revenue Growth (Please select) | 2% | | | | | | | 6.0% |

The Community Engagement and Finance Division (CEFD) contact:

- Treasury emailed the City on 3/9/2021 to clarify the total OPEB benefit payment amounts in the Sustainability Worksheet.

**Treasury Recommendation
City of Madison Heights General Employees OPEB Corrective Action Plan (CAP) Monitoring
Compliance Certification
Primary Government 632110**

| Name of Systems | Type of System | Assets | Liabilities | Funded Ratio | ADC | Revenues | ADC/Revenue | CAP required? |
|-----------------------------------|----------------|----------------------|----------------------|--------------|--------------------|---------------------|--------------|---------------|
| General Employees MERS System | Pension | \$40,266,410 | \$42,015,490 | 95.8% | \$212,184 | \$36,383,950 | 10.3% | NO |
| Police and Fire Retirement System | Pension | \$42,710,504 | \$91,525,564 | 46.7% | \$3,549,842 | | | YES |
| Police and Fire OPEB | OPEB | \$21,161,059 | \$54,603,265 | 38.8% | \$3,572,263 | | 14.3% | YES |
| General Employees OPEB | OPEB | \$14,373,335 | \$31,533,172 | 45.6% | \$1,642,937 | | | YES |
| Total | | \$118,511,308 | \$219,677,491 | | \$8,977,226 | \$36,383,950 | 24.6% | |

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance for the OPEB corrective action plan monitoring certification of compliance submitted by City of Madison Heights. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- Yes, City of Madison Heights is addressing underfunded status by fiscal year 2023 as projected in originally approved plan.

Substantial Changes

CAP Changes Implemented:

- As of June 30, 2019 the City's general employees OPEB system is above 40% funded. The City eliminated retiree health care for all employees hired after 7/1/2009. Members must have 25 years of service to be eligible and the benefit levels mirror the prescription benefits of active members. Retired members must enroll in Medicare once they are eligible.

CAP Changes Not Implemented:

- None listed.

Additional Changes Implemented

Treasury Recommendation
City of Madison Heights General Employees OPEB Corrective Action Plan (CAP) Monitoring
Compliance Certification
Primary Government 632110

- Effective 3/1/2019, all newly retired eligible employees, and their eligible spouses will receive a \$300 monthly Medicare to purchase Medicare supplemental insurance after attaining Medicare eligibility. At this time, City obligations for health benefits cease.

Revised Corrective Action Plan Submitted? No

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2024
- Percentage of Revenues: 25.7%

Do the projected annual payments increase by an amount greater than an average of 5% per year over the next five fiscal years?

- **Yes**
 - The data submitted by the City did not include the OPEB benefit payment amounts, only additional payments to the OPEB trusts. When adding these benefit costs with a rate of increase equivalent to the long term health care inflation rate, increases average 6.0%

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- **Yes**

System Status for All Divisions: Closed

Plan size: members 109

- Inactive employees or beneficiaries currently receiving benefits: **65**
- Inactive employees entitled to but not yet receiving benefits: **0**
- Active employees: **44**

Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - City of Madison Heights has met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:
 - City of Madison Heights has met the Board's published monitoring criteria for substantial changes.

Treasury Recommendation
City of Madison Heights General Employees OPEB Corrective Action Plan (CAP) Monitoring
Compliance Certification
Primary Government 632110

- **Sustainability:**
 - City of Madison Heights has partially met the Board’s published monitoring criteria for sustainability.
 - Current or future payments are greater than 22% or projected payments are increasing at a rate greater than 5% per year.

Supplemental Information:

The City provided an analysis demonstrating that they are over 40% funded. Additionally, it shows that they will continue to improve their funding ratio annually.

City of Madison Heights, Municipal Code 632110
 OPEB - General Employees
 Estimated Net OPEB Liability and Related Ratios
 as of December 14, 2020

| | Actual | | | | Estimate | | | | | | | |
|---|-------------|------------|--------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
| Total OPEB - General Liability | | | | | | | | | | | | |
| Service Cost | 292,159 | 287,951 | 143,139 | 135,788 | 128,997 | 122,547 | 115,194 | 108,282 | 100,703 | 93,653 | 86,161 | 79,288 |
| Interest | 2,435,322 | 2,552,025 | 2,659,993 | 2,050,180 | 2,050,180 | 2,050,180 | 2,050,180 | 2,050,180 | 2,050,180 | 2,050,180 | 2,050,180 | 2,050,180 |
| Changes in Benefits | 0 | 0 | (10,400,203) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Difference between expected and actual experience | 0 | 0 | 897,012 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Changes in assumptions | 0 | 0 | (1,097,904) | (1,322,130) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Benefits Payments | (1,007,802) | (852,076) | (1,453,543) | (1,608,004) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Change | 1,718,679 | 1,987,900 | (9,254,516) | (744,168) | 2,179,177 | 2,172,727 | 2,165,374 | 2,158,462 | 2,150,883 | 2,143,833 | 2,136,341 | 2,129,448 |
| Total OPEB - General Beginning | 37,824,307 | 39,543,986 | 41,531,886 | 32,277,370 | 31,333,202 | 33,712,379 | 35,885,106 | 38,050,480 | 40,208,942 | 42,359,823 | 44,503,638 | 46,639,959 |
| Total OPEB - General Ending | 39,543,986 | 41,531,886 | 32,277,370 | 31,533,202 | 33,712,379 | 35,885,106 | 38,050,480 | 40,208,942 | 42,359,823 | 44,503,638 | 46,639,959 | 48,769,448 |
| Plan Fiduciary Net Position | | | | | | | | | | | | |
| Contribution - Employer | 2,168,478 | 849,323 | 287,921 | 118,949 | 118,949 | 118,949 | 118,949 | 118,949 | 118,949 | 118,949 | 118,949 | 118,949 |
| Net Investment Income | 1,207,938 | 1,010,577 | 812,866 | 483,255 | 941,998 | 1,010,960 | 1,084,404 | 1,162,622 | 1,245,924 | 1,334,641 | 1,426,124 | 1,529,749 |
| Benefit payments | (1,007,802) | (852,076) | (523,819) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| OPEB plan administrative expense | 0 | 0 | (34,638) | (35,345) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Change in Plan Net Position | 2,369,614 | 1,007,824 | 542,330 | 566,859 | 1,080,947 | 1,129,909 | 1,203,353 | 1,281,571 | 1,364,873 | 1,453,590 | 1,548,073 | 1,648,698 |
| Plan Fiduciary Net Position - Beginning of year | 9,885,708 | 12,256,322 | 13,264,146 | 13,806,476 | 14,373,335 | 15,434,282 | 16,564,192 | 17,767,545 | 19,049,116 | 20,413,989 | 21,867,579 | 23,415,652 |
| Plan Fiduciary Net Position - End of year | 12,256,322 | 13,264,146 | 13,806,476 | 14,373,335 | 15,434,282 | 16,564,192 | 17,767,545 | 19,049,116 | 20,413,989 | 21,867,579 | 23,415,652 | 25,064,350 |
| Net Pension Liability - Ending | 27,287,864 | 28,267,740 | 18,470,894 | 17,159,867 | 18,278,096 | 19,320,914 | 20,282,935 | 21,159,826 | 21,945,836 | 22,636,079 | 23,224,347 | 23,705,097 |
| Plan Fiduciary Net Position as a % of Total Pension Liability | 30.99% | 31.94% | 42.77% | 45.58% | 45.78% | 46.16% | 46.89% | 47.88% | 48.19% | 49.14% | 50.21% | 51.39% |

Corrective OPEB Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet

Instructions

| Fiscal Year | Pension Payments | | OPEB Payments | | Projected (Actual) Governmental Revenues | Projected Enterprise Funds used for Retirement Costs | Projected Retirement Contributions as a Percent of Revenues | Annual Retirement Cost Increase |
|---|---------------------------------|--|---|---|--|--|---|---------------------------------|
| | Total Pension ADC (All Systems) | Additional Pension Contributions (All Systems) | Total OPEB Benefit Payment Amount (All Systems) | Additional OPEB Contributions (All Systems) | | | | |
| 2019 | | | | | \$36,383,950 | | | |
| 2020 | \$3,549,842 | \$0 | \$4,117,289 | \$496,259 | \$37,111,629 | \$34,432 | 22.0% | |
| 2021 | \$3,946,475 | \$0 | \$4,487,845 | \$492,849 | \$37,853,862 | \$31,806 | 23.6% | 9.4% |
| 2022 | \$3,953,547 | \$0 | \$4,873,800 | \$492,849 | \$38,610,939 | \$31,806 | 24.1% | 4.4% |
| 2023 | \$4,045,281 | \$0 | \$5,273,451 | \$492,849 | \$39,383,158 | \$31,806 | 24.9% | 5.3% |
| 2024 | \$4,140,835 | \$0 | \$5,684,780 | \$492,849 | \$40,170,821 | \$31,806 | 25.7% | 5.2% |
| | | | | | | | | 6.0% |
| Projected Annual Revenue Growth (Please select) | 2% | | | | | | | |

The Community Engagement and Finance Division (CEFD) contact:

- Treasury emailed the City on 3/9/2021 to clarify the total OPEB benefit payment amounts in the Sustainability Worksheet.

Treasury Recommendation
City of Madison Heights Police and Fire Pension Corrective Action Plan (CAP) Monitoring Compliance
Certification
Primary Government 632110

| Name of Systems | Type of System | Assets | Liabilities | Funded Ratio | ADC | Revenues | ADC/Revenue | CAP required? |
|-----------------------------------|----------------|----------------------|----------------------|--------------|--------------------|---------------------|--------------|---------------|
| General Employees MERS System | Pension | \$40,266,410 | \$42,015,490 | 95.8% | \$212,184 | \$36,383,950 | 10.3% | NO |
| Police and Fire Retirement System | Pension | \$42,710,504 | \$91,525,564 | 46.7% | \$3,549,842 | | | YES |
| Police and Fire OPEB | OPEB | \$21,161,059 | \$54,603,265 | 38.8% | \$3,572,263 | | 14.3% | YES |
| General Employees OPEB | OPEB | \$14,373,335 | \$31,533,172 | 45.6% | \$1,642,937 | | | YES |
| Total | | \$118,511,308 | \$219,677,491 | | \$8,977,226 | \$36,383,950 | 24.6% | |

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance for the Pension corrective action plan monitoring certification of compliance submitted by City of Madison Heights. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- No, underfunded status will be now be addressed by fiscal year 2031, which is within the Board's required timeframe.

The City notes that the time need to address their underfunded status has been extended from 2026 to 2031 due to a variety of factors including lower than anticipated rate of returns and updated life expectancy tables.

Substantial Changes

CAP Changes Implemented:

- The City negotiated with the Police and Fire unions to reduce the multiplier for new hires after 7/1/2009; have the final average compensation (FAC) include only base pay; have a mandatory minimum retiree age of 55 years with 25 years of service; and increase employee contributions to 8.9%.

Treasury Recommendation
City of Madison Heights Police and Fire Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 632110

- Additionally, the City contributed an additional \$220,793 above the actuarially required contribution in 2017.

CAP Changes Not Implemented:

- None listed.

Additional Changes Implemented

- The City negotiated with the Police and Fire unions onto freeze the annuity for employees hired before 6/30/2009 as off 12/31/2020; and 7/1/2019 for employees hired after 7/1/2009. Additionally, the City eliminated interest on annuity effective 1/1/2020.
- In June 2019, the City's pension board changed their assumptions including reducing the rate of return from 7.5% to 6.75% and reducing the wage inflation from 4% to 3.5%.
- The pension board switched to a closed amortization period of 27 years

Revised Corrective Action Plan Submitted? No

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2024
- Percentage of Revenues: 25.7%

Do the projected annual payments increase by an amount greater than an average of 5% per year over the next five fiscal years?

- Yes
 - The data submitted by the City did not include the OPEB benefit payment amounts, only additional payments to the OPEB trusts. When adding these benefit costs with a rate of increase equivalent to the long term health care inflation rate, increases average 6.0%

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- Yes

System Status for All Divisions: Open

Plan size: members 226

- Inactive employees or beneficiaries currently receiving benefits: **146**
- Inactive employees entitled to but not yet receiving benefits: **6**
- Active employees: **74**

Treasury Recommendation
City of Madison Heights Police and Fire Pension Corrective Action Plan (CAP) Monitoring Compliance
Certification
Primary Government 632110

Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - City of Madison Heights has met the Board’s published monitoring criteria for underfunded status.

- Substantial Changes:
 - City of Madison Heights has met the Board’s published monitoring criteria for substantial changes.

- Sustainability:
 - City of Madison Heights has partially met the Board’s published monitoring criteria for sustainability.
 - Current or future payments are greater than 22% or projected payments are increasing at a rate greater than 5% per year.

Supplemental Information:

The City provided an estimate of their funding ratio showing that they will get to 60% funded in fiscal year 2031.

City of Madison Heights, Municipal Code 632110
Police and Fire Employees Pension
Estimated Net Pension Liability and Related Ratios
as of December 14, 2020

| | Estimate | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2021 | 2022 | 2023 | 2024 | 2025 |
| Total Pension Liability | | | | | |
| Service Cost | 1,036,122 | 1,030,900 | 994,994 | 947,158 | 890,290 |
| Interest | 5,909,797 | 5,720,972 | 5,506,919 | 5,269,544 | 4,987,729 |
| Changes in Benefits | 0 | 0 | 0 | 0 | 0 |
| Differences between expected and actual experience | 0 | 0 | 0 | 0 | 0 |
| Changes in assumption | 0 | 0 | 0 | 0 | 0 |
| Benefits Payments | (5,764,447) | (5,953,272) | (6,167,325) | (6,404,700) | (6,686,515) |
| Net Change | 1,181,472 | 798,600 | 334,588 | (187,998) | (808,496) |
| Total Pension Begin | 91,525,561 | 92,707,033 | 93,505,633 | 93,840,221 | 93,652,223 |
| Total Pension Ending | 92,707,033 | 93,505,633 | 93,840,221 | 93,652,223 | 92,843,727 |
| Plan Fiduciary Net Position | | | | | |
| Contribution - Employer | 3,946,475 | 3,953,547 | 4,045,281 | 4,140,835 | 4,229,582 |
| Contribution - Members | 529,295 | 526,296 | 508,520 | 486,161 | 459,294 |
| Net Investment Income | 2,760,246 | 2,823,692 | 2,883,095 | 2,936,528 | 2,980,024 |
| Administrative expenses | (349,883) | (347,900) | (336,150) | (321,369) | (303,609) |
| Benefit payments | (5,764,447) | (5,953,272) | (6,167,325) | (6,404,700) | (6,686,515) |
| Other | 0 | 0 | 0 | 0 | 0 |
| Net Change in Plan Net Position | 1,121,686 | 1,002,363 | 933,421 | 837,455 | 678,776 |
| Plan Fiduciary Net Position - Beginning of year | 42,710,507 | 43,832,193 | 44,834,556 | 45,767,976 | 46,605,431 |
| Plan Fiduciary Net Position - End of year | 43,832,193 | 44,834,556 | 45,767,976 | 46,605,431 | 47,284,206 |
| Net Pension Liability - Ending | 48,874,840 | 48,671,077 | 48,072,245 | 47,046,792 | 45,559,521 |
| Plan Fiduciary Net Position as a % of Total Pension Liability | 47.28% | 47.95% | 48.77% | 49.76% | 50.93% |

Treasury Recommendation
City of Madison Heights Police and Fire Pension Corrective Action Plan (CAP) Monitoring Compliance
Certification
Primary Government 632110

City of Madison Heights, Municipal Code 632110
 Police and Fire Employees Pension
 Estimated Net Pension Liability and Related Ratios
 as of December 14, 2020

| | Estimate | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 |
| Total Pension Liability | | | | | | |
| Service Cost | 838,832 | 789,993 | 734,102 | 693,040 | 649,825 | 594,957 |
| Interest | 4,870,521 | 4,558,867 | 4,409,171 | 4,341,805 | 4,128,516 | 3,962,833 |
| Changes in Benefits | 0 | 0 | 0 | 0 | 0 | 0 |
| Differences between expected and actual experience | 0 | 0 | 0 | 0 | 0 | 0 |
| Changes in assumption | 0 | 0 | 0 | 0 | 0 | 0 |
| Benefits Payments | (6,803,723) | (7,115,377) | (7,265,073) | (7,332,439) | (7,545,728) | (7,711,411) |
| Net Change | (1,094,370) | (1,766,517) | (2,121,800) | (2,297,594) | (2,767,387) | (3,153,621) |
| Total Pension Begin | 92,843,727 | 91,749,357 | 89,982,840 | 87,861,040 | 85,563,446 | 82,796,059 |
| Total Pension Ending | 91,749,357 | 89,982,840 | 87,861,040 | 85,563,446 | 82,796,059 | 79,642,438 |
| Plan Fiduciary Net Position | | | | | | |
| Contribution - Employer | 4,286,651 | 4,349,866 | 4,409,671 | 4,488,065 | 4,568,188 | 4,640,667 |
| Contribution - Members | 434,684 | 412,416 | 387,055 | 368,563 | 348,305 | 321,808 |
| Net Investment Income | 3,021,782 | 3,049,025 | 3,071,531 | 3,095,720 | 3,112,130 | 3,122,893 |
| Administrative expenses | (287,342) | (272,621) | (255,856) | (243,633) | (230,242) | (212,726) |
| Benefit payments | (6,803,723) | (7,115,377) | (7,265,073) | (7,332,439) | (7,545,728) | (7,711,411) |
| Other | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Change in Plan Net Position | 652,052 | 423,309 | 347,328 | 376,276 | 252,653 | 161,231 |
| Plan Fiduciary Net Position - Beginning of year | 47,284,206 | 47,936,258 | 48,359,567 | 48,706,896 | 49,083,172 | 49,335,825 |
| Plan Fiduciary Net Position - End of year | 47,936,258 | 48,359,567 | 48,706,896 | 49,083,172 | 49,335,825 | 49,497,056 |
| Net Pension Liability - Ending | 43,813,099 | 41,623,273 | 39,154,144 | 36,480,274 | 33,460,234 | 30,145,382 |
| Plan Fiduciary Net Position as a % of Total Pension Liability | 52.25% | 53.74% | 55.44% | 57.36% | 59.59% | 62.15% |

| Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet | | | | | | | | |
|---|---------------------------------|--|---|---|--|--|---|---------------------------------|
| Instructions | | | | | | | | |
| Fiscal Year | Pension Payments | | OPEB Payments | | Projected (Actual) Governmental Revenues | Projected Enterprise Funds used for Retirement Costs | Projected Retirement Contributions as a Percent of Revenues | Annual Retirement Cost Increase |
| | Total Pension ADC (All Systems) | Additional Pension Contributions (All Systems) | Total OPEB Benefit Payment Amount (All Systems) | Additional OPEB Contributions (All Systems) | | | | |
| 2019 | | | | | \$36,383,950 | | | |
| 2020 | \$3,549,842 | \$0 | \$4,117,289 | \$496,259 | \$37,111,629 | \$34,432 | 22.0% | |
| 2021 | \$3,946,475 | \$0 | \$4,487,845 | \$492,849 | \$37,853,862 | \$31,806 | 23.6% | 9.4% |
| 2022 | \$3,953,547 | \$0 | \$4,873,800 | \$492,849 | \$38,610,939 | \$31,806 | 24.1% | 4.4% |
| 2023 | \$4,045,281 | \$0 | \$5,273,451 | \$492,849 | \$39,383,158 | \$31,806 | 24.9% | 5.3% |
| 2024 | \$4,140,835 | \$0 | \$5,684,780 | \$492,849 | \$40,170,821 | \$31,806 | 25.7% | 5.2% |
| | | | | | | | | 6.0% |
| Projected Annual Revenue Growth (Please select) | 2% | | | | | | | |

The Community Engagement and Finance Division (CEFD) contact:

- Treasury emailed the City on 3/9/2021 to clarify the total OPEB benefit payment amounts in the Sustainability Worksheet.

**Treasury Recommendation
City of Manistique Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 772010**

| Name of Systems | Type of System | Assets | Liabilities | Funded Ratio | ADC | Revenues | ADC/Revenue | CAP required? |
|-----------------|----------------|--------------------|---------------------|--------------|--------------------|--------------------|--------------|---------------|
| MERS | Pension | \$6,655,673 | \$16,415,100 | 40.5% | \$754,136 | \$3,556,305 | 21.2% | YES |
| OPEB | OPEB | \$2,585 | \$2,317,857 | 0.1% | \$387,775 | | 10.9% | NO |
| Total | | \$6,658,258 | \$18,732,957 | | \$1,141,911 | \$3,556,305 | 32.1% | |

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance for the Pension corrective action plan monitoring certification of compliance submitted by City of Manistique. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- No, underfunded status will be now be addressed by fiscal year 2029, which is within the Board's required timeframe.

The City's updated actuarial valuation from MERS shows the City reaching 60% funded in 2029 rather than 2024 as projected in the originally approved CAP. This is within the Board's generally accepted timeframe for addressing underfunded status.

Substantial Changes

CAP Changes Implemented:

- The City of Manistique increased their contributions to fit the 15 year/100% scenerio, beginning in FY2019.

CAP Changes Not Implemented:

- None Listed.

Additional Changes Implemented

- None Listed.

Revised Corrective Action Plan Submitted? No

Sustainability

Highest combined annual employer contribution over the next 5 years?

Treasury Recommendation
City of Manistique Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 772010

- Fiscal Year: 2024
- Percentage of Revenues: 28.9%

Do the projected annual payments increase by an amount greater than an average of 5% per year over the next five fiscal years?

- **No**

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- **No**

System Status for All Divisions: Open

Plan size: members 62

- Inactive employees or beneficiaries currently receiving benefits: **35**
- Inactive employees entitled to but not yet receiving benefits: **2**
- Active employees: **25**

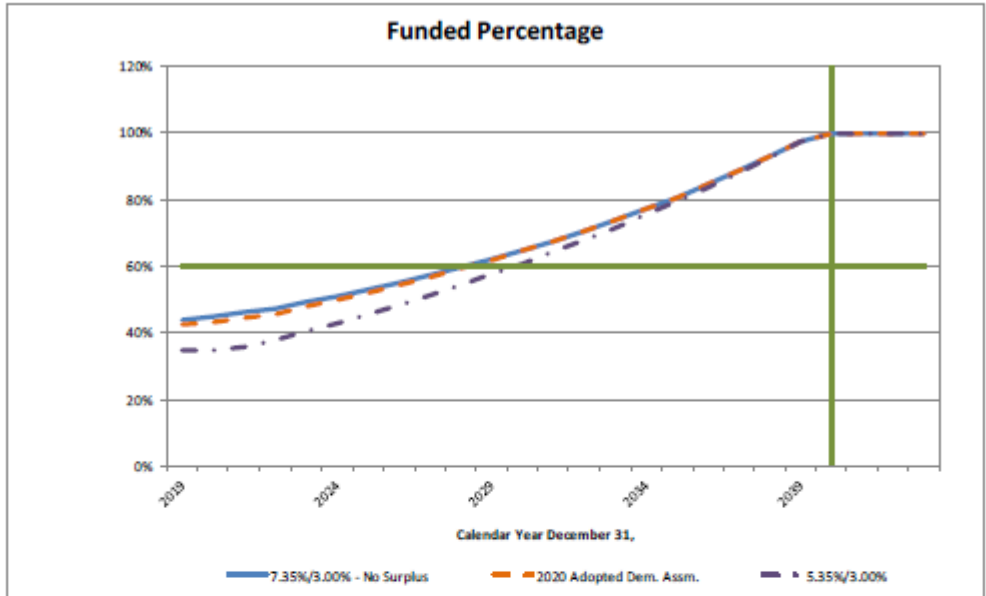
Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - City of Manistique has met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:
 - City of Manistique has met the Board's published monitoring criteria for substantial changes.
- Sustainability:
 - City of Manistique has partially met the Board's published monitoring criteria for sustainability.
 - Current or future payments are greater than 22% or projected payments are increasing at a rate greater than 5% per year.

Supplemental Information:

The City provided a sustainability worksheet demonstrating the projected costs for the City's required retirement obligations. Additionally, the MERS charts show the projected funded status of the system. The sustainability worksheet shows that the MERS pension ADC increases about 70% between 2020 and 2039, which is about 4% per year.

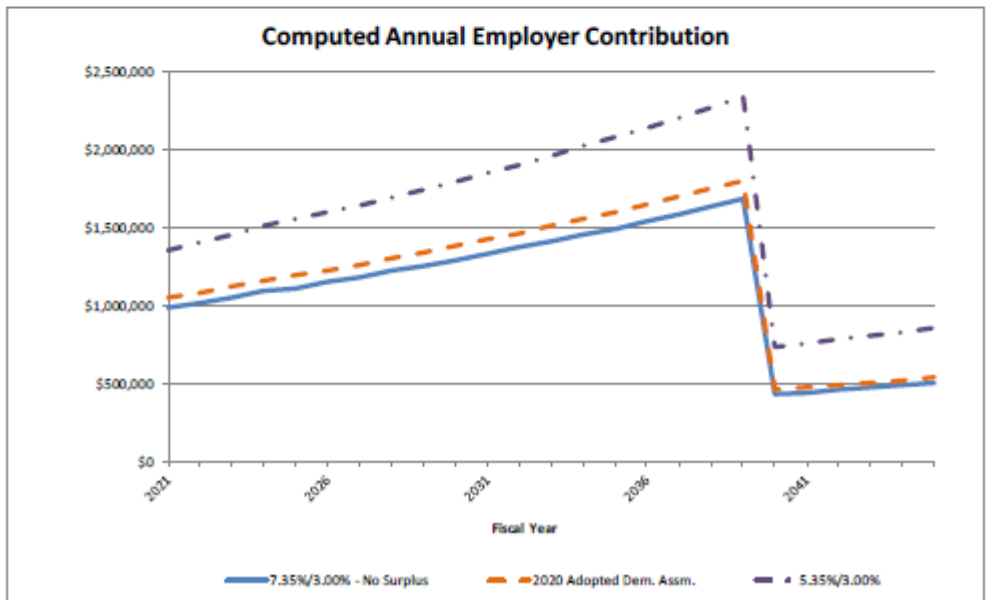
Treasury Recommendation
City of Manistique Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 772010



Notes:

All projected funded percentages are shown with no phase-in.

The green indicator lines have been added at 60% funded and 21 years following the valuation date for PA 202 purposes.



Notes:

All projected contributions are shown with no phase-in.

Treasury Recommendation
City of Manistique Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 772010

| Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet | | | | | | | | |
|---|---------------------------------|--|---|---|--|--|---|---------------------------------|
| Instructions | | | | | | | | |
| Fiscal Year | Pension Payments | | OPEB Payments | | Projected (Actual) Governmental Revenues | Projected Enterprise Funds used for Retirement Costs | Projected Retirement Contributions as a Percent of Revenues | Annual Retirement Cost Increase |
| | Total Pension ADC (All Systems) | Additional Pension Contributions (All Systems) | Total OPEB Benefit Payment Amount (All Systems) | Additional OPEB Contributions (All Systems) | | | | |
| 2019 | | | | | \$3,766,636 | | | |
| 2020 | \$1,010,000 | | \$116,799 | | \$3,841,969 | \$393,900 | 26.6% | |
| 2021 | \$1,120,000 | | \$117,967 | | \$3,918,808 | \$436,800 | 28.4% | 9.9% |
| 2022 | \$1,160,000 | | \$119,147 | | \$3,997,184 | \$452,400 | 28.7% | 3.3% |
| 2023 | \$1,190,000 | | \$120,338 | | \$4,077,128 | \$464,100 | 28.9% | 2.4% |
| 2024 | \$1,220,000 | | \$121,542 | | \$4,158,671 | \$475,800 | 28.9% | 2.4% |
| | | | | | | | | 4.5% |
| Projected Annual Revenue Growth (Please select) | 2% | | | | | | | |

The Community Engagement and Finance Division (CEFD) contact:

- Emailed the City to request the most recent MERS valuation.

Treasury Recommendation
City of Midland Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 562020

| Name of Systems | Type of System | Assets | Liabilities | Funded Ratio | ADC | Revenues | ADC/Revenue | CAP required? |
|--------------------------------|----------------|----------------------|----------------------|--------------|---------------------|---------------------|--------------|---------------|
| Police and Fire Pension System | Pension | \$67,758,602 | \$93,294,788 | 72.6% | \$3,143,313 | \$67,987,172 | 11.5% | NO |
| MERS | Pension | \$82,143,098 | \$150,710,465 | 54.5% | \$4,708,896 | | | YES |
| Retiree Health Care | OPEB | \$52,622,578 | \$96,781,812 | 54.4% | \$5,155,295 | | 7.6% | NO |
| Total | | \$202,524,278 | \$340,787,065 | | \$13,007,504 | \$67,987,172 | 19.1% | |

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance for the Pension corrective action plan monitoring certification of compliance submitted by City of Midland. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- No, underfunded status will be now be addressed by fiscal year 2028, which is within the Board's required timeframe.

Due to MERS rate of return changes, the CAP 60% funded date needs to be extended. The City's originally approved plan showed them reaching 60% in 2020.

Substantial Changes

CAP Changes Implemented:

- The City has frozen bridged benefits with reduced multipliers from 2.5% down to 2.25%. New hires go into hybrid plan with 1.0% multiplier.
- The City increased employee contributions from 0% to 4%. Confidential staff remains at 5%.
- FAC compensation includes only base wages and overtime (all accumulated unpaid banks are now excluded from FAC).
- The City is paying over the ARC.
 - The June 30, 2019 FY ARC was \$5.5 million, and the City paid \$6.5 million.
 - The June 30, 2020 FY ARC was \$4.7 million, and the City paid \$9 million.
 - The June 30, 2021 FY ARC was \$5.5 million, and the City paid \$7.2 million.

CAP Changes Not Implemented:

- None listed.

Treasury Recommendation
City of Midland Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 562020

Additional Changes Implemented

- None listed.

Revised Corrective Action Plan Submitted? No

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 28
- Percentage of Revenues: 27.5%

Do the projected annual payments increase by an amount greater than an average of 5% per year over the next five fiscal years?

- **No**
 - The 2021/22 year has a 9.68% increase due to MERS reducing the rate of return assumption from 7.75% to 7.35%. It should be noted that the MERS projections only include payment of the ARC, not all recent additional contributions. For years thereafter are 4.68%, 2.45%, and 2.84%. The City will budget to make all required payments and if there is additional funding available, will appropriate additional payments for unfunded liabilities. Treasury recreated the sustainability worksheet for this portion of the review.

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- **Yes**

System Status for All Divisions: Open

Plan size: members 522

- Inactive employees or beneficiaries currently receiving benefits: **349**
- Inactive employees entitled to but not yet receiving benefits: **26**
- Active employees: **147**

Corrective Action Plan Monitoring Criteria:

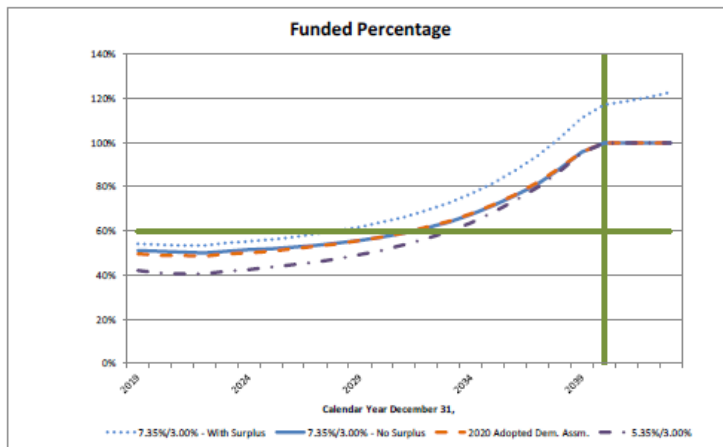
- Underfunded Status:
 - City of Midland has met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:
 - City of Midland has met the Board's published monitoring criteria for substantial changes.

Treasury Recommendation City of Midland Pension Corrective Action Plan (CAP) Monitoring Compliance Certification Primary Government 562020

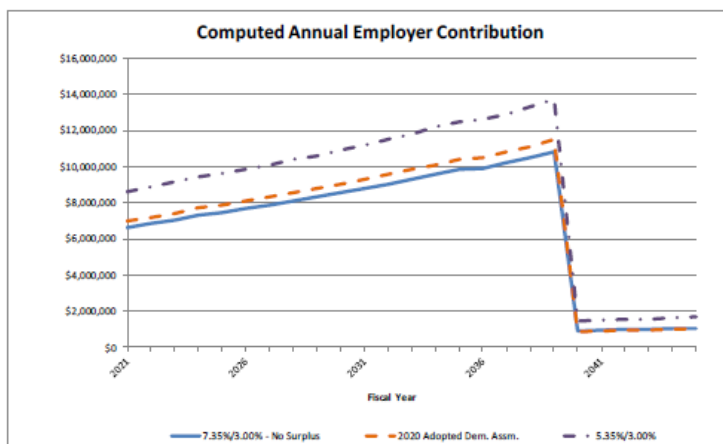
- Sustainability:
 - City of Midland has partially met the Board’s published monitoring criteria for sustainability.
 - Current or future payments are greater than 22% or projected payments are increasing at a rate greater than 5% per year.

Supplemental Information:

The City appears to be implementing their corrective action plan and is on track for reaching 60% funded status within the Board's timeframe despite a slight delay in reaching funded status due to rate of return changes within the MERS system. The City is marked as partially sustainable since the projected annual payments are more than 22% of total governmental fund revenues. Over the next five fiscal years, MERS pension costs are projected to increase by \$2,255,136, or by 43.3%.



Notes:
 All projected funded percentages are shown with no phase-in.
 Assumes assets from Surplus divisions will not be used to lower employer contributions during the projection period.
 The green indicator lines have been added at 60% funded and 21 years following the valuation date for PA 202 purposes.



Notes:
 All projected contributions are shown with no phase-in.
 Projected employer contributions do not reflect the use of any assets from the Surplus divisions.
 The above required annual employer contribution does not reflect future changes in the employee contribution rates due to the impact of a cap, if any, on employer contributions.

Treasury Recommendation
City of Midland Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 56200

| Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet | | | | | | | | |
|---|---------------------------------|--|---|---|--|--|---|---------------------------------|
| Instructions | | | | | | | | |
| Fiscal Year | Pension Payments | | OPEB Payments | | Projected (Actual) Governmental Revenues | Projected Enterprise Funds used for Retirement Costs | Projected Retirement Contributions as a Percent of Revenues | Annual Retirement Cost Increase |
| | Total Pension ADC (All Systems) | Additional Pension Contributions (All Systems) | Total OPEB Benefit Payment Amount (All Systems) | Additional OPEB Contributions (All Systems) | | | | |
| 2020 | | | | | \$71,662,501 | | | |
| 2021 | \$8,538,581 | \$1,045,136 | \$5,143,635 | | \$74,203,370 | \$2,540,869 | 19.2% | |
| 2022 | \$9,760,261 | | \$5,246,508 | | \$75,155,588 | \$2,847,297 | 19.2% | 1.9% |
| 2023 | \$10,356,923 | | \$5,351,438 | | \$76,003,045 | \$3,004,183 | 19.9% | 4.7% |
| 2024 | \$10,634,577 | | \$5,458,467 | | \$76,631,351 | \$3,084,997 | 20.2% | 2.4% |
| 2025 | \$10,982,946 | | \$5,567,636 | | \$77,281,052 | \$3,183,099 | 20.6% | 2.8% |
| Projected Annual Revenue Growth (Please select) | | | | | | | | |

The Community Engagement and Finance Division (CEFD) contact:

- 2/25/2021 CEFD called to ask if their OPEB amount listed in the sustainability section was the full ARC or just what they plan on paying.

Treasury Recommendation
City of Port Huron Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 742060

| Name of Systems | Type of System | Assets | Liabilities | Funded Ratio | ADC | Revenues | ADC/Revenue | CAP required? |
|---------------------|----------------|----------------------|----------------------|--------------|--------------------|---------------------|--------------|---------------|
| MERS | Pension | \$80,044,361 | \$156,892,633 | 51.0% | \$3,942,578 | \$36,628,341 | 10.8% | YES |
| Retiree Health Care | OPEB | \$20,876,873 | \$71,174,522 | 29.3% | \$4,246,075 | | 11.6% | NO |
| Total | | \$100,921,234 | \$228,067,155 | | \$8,188,653 | \$36,628,341 | 22.4% | |

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance for the Pension corrective action plan monitoring certification of compliance submitted by City of Port Huron. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- Yes, City of Port Huron is addressing underfunded status by fiscal year 2030 as projected in originally approved plan.

The City issued pension obligation bonds for that should show the pension system as above 80% funded in its next valuation.

Substantial Changes

CAP Changes Implemented:

- The City of Port Huron has made lump sum payments to MERS in the amount of \$500,000 for each of the fiscal years ended June 30, 2016, 2017 and 2019.

CAP Changes Not Implemented:

- None listed.

Additional Changes Implemented

- On March 31, 2020, bond proceeds of \$52 million were transferred directly to MERS. We anticipate that the MERS Annual Actuarial Valuation Report as of December 31, 2020 will show that the City's pension plan is funded in excess of 80%.

Revised Corrective Action Plan Submitted? No

Treasury Recommendation
City of Port Huron Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 742060

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2021
- Percentage of Revenues: 13.6%

Do the projected annual payments increase by an amount greater than an average of 5% per year over the next five fiscal years?

- **No**
 - The City did not complete the sustainability section; however upon further communication with the City, they provided that an additional payment of approximately \$1.6 million would be required for existing pension contributions and would continue for the next several years. Using this projection and their current OPEB payment, the future payments would be expected to remain around 13%. There would be additional payments required for the repayment of bonds; however that cost is no longer reflected as a retirement payment.

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- **Yes**

System Status for All Divisions: Closed

Plan size: members 683

- Inactive employees or beneficiaries currently receiving benefits: **388**
- Inactive employees entitled to but not yet receiving benefits: **54**
- Active employees: **241**

Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - City of Port Huron has met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:
 - City of Port Huron has met the Board's published monitoring criteria for substantial changes.
- Sustainability:
 - City of Port Huron has partially met the Board's published monitoring criteria for sustainability.
 - Current or future payments are greater than 22% or projected payments are increasing at a rate greater than 5% per year.

Treasury Recommendation
City of Port Huron Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 742060

Supplemental Information:

The City's originally approved plan did not include bonding as a future action; however, these actions would have been approved by the City's governing body and will address its pension system's underfunded status. Upon receipt of an actuarial valuation or Form 5572 submission reflecting the increase in funded ratio because of bond assets, the City will potentially be recommended for removal from corrective action.

On March 31, 2020 the City issued \$52,710,000 of 2020 General Obligation Limited Tax Pension Bonds. Proceeds of these bonds in the amount of \$52,000,000 was transferred directly to the Municipal Employees' Retirement System of Michigan (MERS) to finance employee benefits in the Insurance and Fringe Benefits Fund (an Internal Service Fund). This substantially increased personal services expense in the Insurance and Fringe Benefits Fund and in Governmental Activities on the Statement of Activities. The pension bonding substantially decreased personal services expense (including pension recovery) in the Water Fund, Wastewater Fund, McMorran Fund, Motor Vehicle Fund and Data Processing Fund. In all five of these funds, the pension bonding created negative expense in the personal services line. In addition, the Business-type activities saw a substantial reduction in expenses in Water, Wastewater and McMorran due to the effects of pension bonding.

| Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet | | | | | | | | |
|---|---------------------------------|--|---|---|--|--|---|---------------------------------|
| Instructions | | | | | | | | |
| Fiscal Year | Pension Payments | | OPEB Payments | | Projected (Actual) Governmental Revenues | Projected Enterprise Funds used for Retirement Costs | Projected Retirement Contributions as a Percent of Revenues | Annual Retirement Cost Increase |
| | Total Pension ADC (All Systems) | Additional Pension Contributions (All Systems) | Total OPEB Benefit Payment Amount (All Systems) | Additional OPEB Contributions (All Systems) | | | | |
| 2020 | | | | | \$36,628,341 | | | |
| 2021 | \$1,638,000 | | \$3,429,293 | | \$37,360,908 | | 13.6% | |
| 2022 | \$1,638,000 | | \$3,429,293 | | \$38,108,126 | | 13.3% | 0.0% |
| 2023 | \$1,638,000 | | \$3,429,293 | | \$38,870,288 | | 13.0% | 0.0% |
| 2024 | \$1,638,000 | | \$3,429,293 | | \$39,647,694 | | 12.8% | 0.0% |
| 2025 | \$1,638,000 | | \$3,429,293 | | \$40,440,648 | | 12.5% | 0.0% |
| Projected Annual Revenue Growth (Please select) | 2% | | | | | | | |

The Community Engagement and Finance Division (CEFD) contact:

- A request for future ADC projections was sent to the City on 2/25/21.

Treasury Recommendation
City of Romulus OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 822260

| Name of Systems | Type of System | Assets | Liabilities | Funded Ratio | ADC | Revenues | ADC/Revenue | CAP required? |
|---|----------------|---------------------|----------------------|--------------|--------------------|---------------------|--------------|---------------|
| MERS | Pension | \$22,851,198 | \$54,556,510 | 41.9% | \$2,820,400 | \$34,684,520 | 8.1% | NO |
| <i>City of Romulus Public Health Care Fund and Trust Fund</i> | <i>OPEB</i> | <i>\$5,431,198</i> | <i>\$63,578,647</i> | <i>8.5%</i> | <i>\$5,563,947</i> | | 16.0% | YES |
| Total | | \$28,282,396 | \$118,135,157 | | \$8,384,347 | \$34,684,520 | 24.1% | |

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance for the OPEB corrective action plan monitoring certification of compliance submitted by City of Romulus. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- Yes, City of Romulus is addressing underfunded status by fiscal year 2043 as projected in originally approved plan.

Substantial Changes

CAP Changes Implemented:

- The City's originally approved CAP relied on the interest earnings of the assets already existing in the Retiree Health Care Fund. Unfunded status will continue to be monitored.

CAP Changes Not Implemented:

- None listed.

Additional Changes Implemented

- None listed.

Revised Corrective Action Plan Submitted? No

Sustainability

Treasury Recommendation
City of Romulus OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 822260
Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2024
- Percentage of Revenues: 20.7%

Do the projected annual payments increase by an amount greater than an average of 5% per year over the next five fiscal years?

- **Yes**
 - The City indicated no, but a review of the annual costs showed that the retirement costs were increasing over the next 5 years at approximately 5.1%/year. Additionally, the City provided general fund revenues in the calculation, which was over inflating the annual costs. A revised sustainability worksheet was developed by Treasury to reflect a more accurate cost.

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- **Yes**

System Status for All Divisions: Closed

Plan size: members 277

- Inactive employees or beneficiaries currently receiving benefits: **133**
- Inactive employees entitled to but not yet receiving benefits: **0**
- Active employees: **144**

Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - City of Romulus has met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:
 - City of Romulus has met the Board's published monitoring criteria for substantial changes.
- Sustainability:
 - City of Romulus has partially met the Board's published monitoring criteria for sustainability.
 - Current or future payments are greater than 22% or projected payments are increasing at a rate greater than 5% per year.

Supplemental Information:

The City provided the previously developed actuarial projection shows that the interest earnings from the OPEB systems assets will cause the system to achieve 40% funded in approximately 2043.

Treasury Recommendation
City of Romulus OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 822260

ATTACHMENT 2a

City of Romulus Retiree Health Care Plan
Projection Schedule

| Fiscal Year | Actuarial Accrued Liability (AAL) Projection | | | | Market Value of Asset Projection | | | | Funded Percentage |
|-------------------------|--|------------------|--------------|---------------|------------------------------------|------------------|------------|------------------|-------------------|
| | Normal Cost | Benefit Payments | Interest | AAL EOY | Employer Contribution [^] | Benefit Payments | Interest | Asset Value* EOY | |
| | (a) | | | | (b) | | | | (c) = (b) / (a) |
| 07/01/2017 - 06/30/2018 | | | | \$ 63,214,686 | | | | \$ 4,658,613 | 7.37% |
| 07/01/2018 - 06/30/2019 | \$640,557 | \$ 2,924,279 | \$ 3,725,367 | 64,656,331 | \$2,924,279 | \$ 2,924,279 | \$ 279,517 | 4,938,130 | 7.64% |
| 07/01/2019 - 06/30/2020 | 609,003 | 3,126,783 | 3,804,947 | 65,943,498 | 3,126,783 | 3,126,783 | 296,288 | 5,234,418 | 7.94% |
| 07/01/2020 - 06/30/2021 | 581,793 | 3,318,649 | 3,875,700 | 67,082,342 | 3,318,649 | 3,318,649 | 314,065 | 5,548,483 | 8.27% |
| 07/01/2021 - 06/30/2022 | 554,208 | 3,456,179 | 3,939,149 | 68,119,520 | 3,456,179 | 3,456,179 | 332,909 | 5,881,392 | 8.63% |
| 07/01/2022 - 06/30/2023 | 522,715 | 3,630,579 | 3,995,293 | 69,006,950 | 3,630,579 | 3,630,579 | 352,884 | 6,234,275 | 9.03% |
| 07/01/2023 - 06/30/2024 | 486,257 | 3,844,906 | 4,041,125 | 69,689,426 | 3,844,906 | 3,844,906 | 374,057 | 6,608,332 | 9.48% |
| 07/01/2024 - 06/30/2025 | 448,777 | 4,037,546 | 4,075,271 | 70,175,928 | 4,037,546 | 4,037,546 | 396,500 | 7,004,832 | 9.98% |
| 07/01/2025 - 06/30/2026 | 411,432 | 4,151,358 | 4,099,992 | 70,535,995 | 4,151,358 | 4,151,358 | 420,290 | 7,425,122 | 10.53% |
| 07/01/2026 - 06/30/2027 | 366,789 | 4,345,251 | 4,114,544 | 70,672,077 | 4,345,251 | 4,345,251 | 445,507 | 7,870,629 | 11.14% |
| 07/01/2027 - 06/30/2028 | 324,394 | 4,558,349 | 4,115,156 | 70,553,279 | 4,558,349 | 4,558,349 | 472,238 | 8,342,867 | 11.82% |
| 07/01/2028 - 06/30/2029 | 289,246 | 4,742,741 | 4,101,538 | 70,201,322 | 4,742,741 | 4,742,741 | 500,572 | 8,843,439 | 12.60% |
| 07/01/2029 - 06/30/2030 | 259,212 | 4,912,824 | 4,074,504 | 69,622,214 | 4,912,824 | 4,912,824 | 530,606 | 9,374,045 | 13.46% |
| 07/01/2030 - 06/30/2031 | 230,599 | 5,035,419 | 4,035,288 | 68,852,681 | 5,035,419 | 5,035,419 | 562,443 | 9,936,488 | 14.43% |
| 07/01/2031 - 06/30/2032 | 199,830 | 5,117,477 | 3,985,780 | 67,920,815 | 5,117,477 | 5,117,477 | 596,189 | 10,532,677 | 15.51% |
| 07/01/2032 - 06/30/2033 | 171,193 | 5,170,877 | 3,927,443 | 66,848,575 | 5,170,877 | 5,170,877 | 631,961 | 11,164,638 | 16.70% |
| 07/01/2033 - 06/30/2034 | 146,401 | 5,219,230 | 3,860,946 | 65,636,692 | 5,219,230 | 5,219,230 | 669,878 | 11,834,516 | 18.03% |
| 07/01/2034 - 06/30/2035 | 122,695 | 5,239,138 | 3,786,944 | 64,307,192 | 5,239,138 | 5,239,138 | 710,071 | 12,544,587 | 19.51% |
| 07/01/2035 - 06/30/2036 | 98,601 | 5,300,517 | 3,704,647 | 62,809,924 | 5,300,517 | 5,300,517 | 752,675 | 13,297,262 | 21.17% |
| 07/01/2036 - 06/30/2037 | 77,197 | 5,346,519 | 3,612,818 | 61,153,420 | 5,346,519 | 5,346,519 | 797,836 | 14,095,098 | 23.05% |
| 07/01/2037 - 06/30/2038 | 59,299 | 5,366,196 | 3,512,317 | 59,358,841 | 5,366,196 | 5,366,196 | 845,706 | 14,940,804 | 25.17% |
| 07/01/2038 - 06/30/2039 | 44,711 | 5,344,418 | 3,404,855 | 57,463,989 | 5,344,418 | 5,344,418 | 896,448 | 15,837,252 | 27.56% |
| 07/01/2039 - 06/30/2040 | 33,529 | 5,282,954 | 3,292,650 | 55,507,214 | 5,282,954 | 5,282,954 | 950,235 | 16,787,487 | 30.24% |
| 07/01/2040 - 06/30/2041 | 25,015 | 5,227,950 | 3,176,618 | 53,480,898 | 5,227,950 | 5,227,950 | 1,007,249 | 17,794,736 | 33.27% |
| 07/01/2041 - 06/30/2042 | 18,544 | 5,188,816 | 3,056,005 | 51,366,631 | 5,188,816 | 5,188,816 | 1,067,684 | 18,862,421 | 36.72% |
| 07/01/2042 - 06/30/2043 | 13,652 | 5,106,249 | 2,931,445 | 49,205,479 | 5,106,249 | 5,106,249 | 1,131,745 | 19,994,166 | 40.63% |

[^] Pay-go cost (estimated premiums paid for retirees).

* Projected values with the exception of the June 30, 2018 value.

There may be cases where the schedule does not add due to rounding.

Assuming all assumptions are met (including but not limited to the following) the Plan is projected to obtain a 40% funded level, on a market value basis, by the fiscal year ending June 30, 2043.

- Employer Contributions are assumed to be equal to the estimated premiums paid for retirees;
- The assumed rate of interest was 6.00%; and
- Contributions, normal cost accruals, and benefit payments occur halfway through the year.

Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet

Instructions

| Fiscal Year | Pension Payments | | OPEB Payments | | Projected (Actual) Governmental Revenues | Projected Enterprise Funds used for Retirement Costs | Projected Retirement Contributions as a Percent of Revenues | Annual Retirement Cost Increase |
|---|---------------------------------|--|---|---|--|--|---|---------------------------------|
| | Total Pension ADC (All Systems) | Additional Pension Contributions (All Systems) | Total OPEB Benefit Payment Amount (All Systems) | Additional OPEB Contributions (All Systems) | | | | |
| 2019 | | | | | \$36,628,341 | | | |
| 2020 | \$3,290,000 | | \$3,126,783 | | \$34,684,520 | | 18.5% | |
| 2021 | \$3,560,000 | | \$3,318,649 | | \$35,378,210 | | 19.4% | 7.2% |
| 2022 | \$3,700,000 | | \$3,456,179 | | \$36,085,775 | | 19.8% | 4.0% |
| 2023 | \$3,800,000 | | \$3,630,579 | | \$36,807,490 | | 20.2% | 3.8% |
| 2024 | \$3,910,000 | | \$3,844,906 | | \$37,543,640 | | 20.7% | 4.4% |
| | | | | | | | | 4.9% |
| Projected Annual Revenue Growth (Please select) | 2% | | | | | | | |

The Community Engagement and Finance Division (CEFD) contact:

- Treasury discussed monitoring requirements with the City in a scheduled call.

**Treasury Recommendation
City of Saginaw OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 732020**

| Name of Systems | Type of System | Assets | Liabilities | Funded Ratio | ADC | Revenues | ADC/Revenue | CAP required? |
|---|----------------|----------------------|----------------------|--------------|---------------------|---------------------|--------------|---------------|
| MERS | Pension | \$165,572,815 | \$346,808,851 | 47.7% | \$14,180,747 | \$52,390,660 | 27.1% | YES |
| <i>City of Saginaw Other Post Employment Benefits</i> | <i>OPEB</i> | <i>\$1,001,752</i> | <i>\$312,002,831</i> | <i>0.3%</i> | <i>\$17,744,097</i> | | 33.9% | YES |
| Total | | \$166,574,567 | \$658,811,682 | | \$31,924,844 | \$52,390,660 | 61.0% | |

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance with conditions for the OPEB corrective action plan monitoring certification of compliance submitted by City of Saginaw. If voted as compliant with conditions by the Board, City of Saginaw, will receive a detailed letter from the Board listing the reasons for compliance with conditions and required next steps. Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- Yes, City of Saginaw is addressing underfunded status by fiscal year 2048 as projected in originally approved plan.

Substantial Changes

CAP Changes Implemented:

- In June 2019, the City opened a trust within the MERS Retiree Healthcare Funding Vehicle to pay for future retiree healthcare costs. For both of the past two fiscal years, the City has contributed \$973,430 and will continue to do so as the budget allows.
- Additionally, when negotiating the union contracts for July 2019 - June 2022, the City was able to increase the employee cost sharing portion for both active and retirees, beginning in fiscal year 2022.

CAP Changes Not Implemented:

- None listed.

Additional Changes Implemented

- None listed.

**Treasury Recommendation
City of Saginaw OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 732020**

Revised Corrective Action Plan Submitted? No

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2024
- Percentage of Revenues: 47.0%

Do the projected annual payments increase by an amount greater than an average of 5% per year over the next five fiscal years?

- **Yes**
 - The City indicated "No" that costs do not increase at greater than 5% per year, but a review indicated that on average, annual retirement costs increase by 7.3% over the next 5 years.

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- **Yes**

System Status for All Divisions: Closed

Plan size: members 1294

- Inactive employees or beneficiaries currently receiving benefits: **1134**
- Inactive employees entitled to but not yet receiving benefits: **0**
- Active employees: **160**

Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - City of Saginaw has met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:
 - City of Saginaw has met the Board's published monitoring criteria for substantial changes.
- Sustainability:
 - City of Saginaw has not met the Board's published monitoring criteria for sustainability.
 - The local government's projected annual retirement costs are increasing at an approximate rate of 5% per year or greater AND the projected costs are substantial.

Treasury Recommendation
City of Saginaw OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 732020

Supplemental Information:

In the originally approved plan from FY 2017, the City approved the establishment of retirement healthcare trust, and a plan to fund the OPEB system to 40% over 30 years by annually contributing \$973K. The City began funding the trust in FY 2019. An actuarial review in 2018 showed that this plan would allow them to reach 40% funded in 30 years.

The City provided a sustainability worksheet documenting the total retirement costs as a percentage of revenue over the next 5 years. This projection shows that the annual costs as documented in their approved corrective action plans have them paying from 40% of total revenues in 2020 to 47% in 2024, and based on previous actuarial cost projections, the costs appear to continue increasing after that. While the City certified that they would be able to continue making all required payments in accordance with their approved plan; however, with retirement costs accounting for 40+% of revenues for the foreseeable future, it is questionable as to whether these costs and this plan is sustainable.

August 6, 2018

Dennis Jordan SPHR
Director of Human Resources
City of Saginaw
1315 S. Washington Avenue
Saginaw, Michigan 48601

Re: Minimum Corrective Action Plan under Public Act 202 of 2017

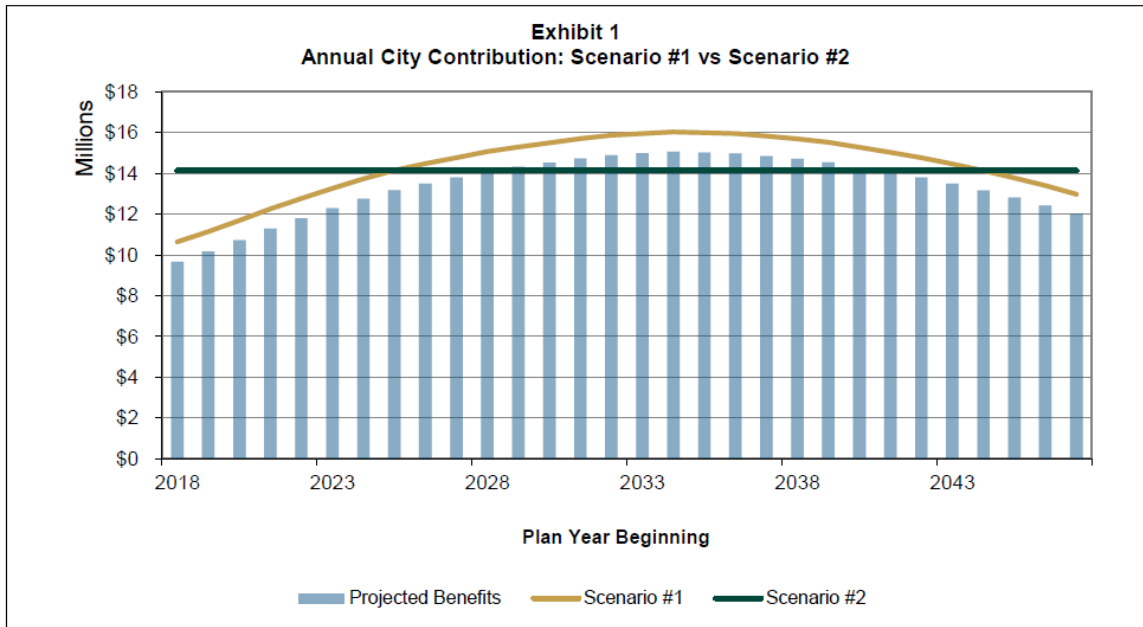
As requested by the City of Saginaw, we prepared this letter to illustrate a minimum Employer Contribution strategy to fund the Total OPEB Liability ("TOL") to 40% over a 30-year period. The calculations are based on all participant data, plan provisions, and actuarial assumptions and methods disclosed in the Actuarial Valuation of Other Post-Employment Benefits (OPEBs) dated December 31, 2017.

This analysis considered two scenarios, both of which assume a 3.20% discount rate and annual rate of return on OPEB assets, based on the municipal bond market as of the valuation date. Furthermore, contributions and benefit payments are assumed to be made uniformly throughout each year. Further detail is included later in this report. In summary:

1. **Scenario #1** – the City continues its current pay-as-you-go policy, while simultaneously contributing an additional level-dollar amount into the OPEB Trust over 30 years. Under this scenario, the City's annual Trust contribution is estimated to be **\$973,430**. Coupled with pay-as-you-go benefits, the City's total annual contribution over the next 30 years would vary.

**Treasury Recommendation
City of Saginaw OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 732020**

Annual City Contributions vs Projected Benefit Payments



Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet

[Instructions](#)

| Fiscal Year | Pension Payments | | OPEB Payments | | Projected (Actual) Governmental Revenues | Projected Enterprise Funds used for Retirement Costs | Projected Retirement Contributions as a Percent of Revenues |
|-------------|---------------------------------|--|---|---|--|--|---|
| | Total Pension ADC (All Systems) | Additional Pension Contributions (All Systems) | Total OPEB Benefit Payment Amount (All Systems) | Additional OPEB Contributions (All Systems) | | | |
| 2019 | | | | | \$56,339,909 | | |
| 2020 | \$14,091,492 | \$1,000,000 | \$9,291,580 | \$973,340 | \$57,466,707 | \$6,600,826.17 | 40% |
| 2021 | \$15,300,000 | \$1,000,000 | \$9,852,457 | \$973,340 | \$58,616,041 | \$7,089,721.14 | 41% |
| 2022 | \$18,811,248 | \$1,000,000 | \$10,371,761 | \$973,340 | \$59,788,362 | \$8,341,412.18 | 46% |
| 2023 | \$19,400,000 | \$1,000,000 | \$10,897,012 | \$973,340 | \$60,984,129 | \$8,617,893.50 | 46% |
| 2024 | \$20,100,000 | \$1,000,000 | \$11,422,496 | \$973,340 | \$62,203,812 | \$8,931,567.07 | 47% |

| | |
|---|----|
| Projected Annual Revenue Growth (Please select) | 2% |
|---|----|

The Community Engagement and Finance Division (CEFD) contact:

- None.

**Treasury Recommendation
City of Saginaw Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 732020**

| Name of Systems | Type of System | Assets | Liabilities | Funded Ratio | ADC | Revenues | ADC/Revenue | CAP required? |
|-----------------|----------------|----------------------|----------------------|--------------|---------------------|---------------------|--------------|---------------|
| MERS | Pension | \$165,572,815 | \$346,808,851 | 47.7% | \$14,180,747 | \$52,390,660 | 27.1% | YES |
| OPEB | OPEB | \$1,001,752 | \$312,002,831 | 0.3% | \$17,744,097 | | 33.9% | YES |
| Total | | \$166,574,567 | \$658,811,682 | | \$31,924,844 | \$52,390,660 | 61.0% | |

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance with conditions for the Pension corrective action plan monitoring certification of compliance submitted by City of Saginaw. If voted as compliant with conditions by the Board, City of Saginaw, will receive a detailed letter from the Board listing the reasons for compliance with conditions and required next steps. Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- Yes, City of Saginaw is addressing underfunded status by fiscal year 2030 as projected in originally approved plan.

Substantial Changes

CAP Changes Implemented:

- The City of Saginaw has committed to making additional contributions to MERS. In January 2018, City Council approved the opening of a surplus division with MERS to assist in funding the pension liability. As of the December 31, 2019, actuarial valuation, the City has contributed \$3.2 million to the Surplus Division and contributed an additional \$1M before the end of fiscal year 2020.

CAP Changes Not Implemented:

- During contract negotiations for the labor contracts expired on June 30, 2019, the City was unable to lower the multiplier and to reduce the compensation added to the final average compensation for all current employees that are in the defined benefit plan.

Additional Changes Implemented

- None listed.

Revised Corrective Action Plan Submitted? No

Treasury Recommendation
City of Saginaw Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 732020

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2024
- Percentage of Revenues: 47.0%

Do the projected annual payments increase by an amount greater than an average of 5% per year over the next five fiscal years?

- **Yes**
 - The City indicated "No" that costs do not increase at greater than 5% per year, but a review indicated that on average, annual retirement costs increase by 7.3% over the next 5 years.

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

System Status for All Divisions: Open

Plan size: members 1108

- Inactive employees or beneficiaries currently receiving benefits: **837**
- Inactive employees entitled to but not yet receiving benefits: **35**
- Active employees: **236**

Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - City of Saginaw has met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:
 - City of Saginaw has met the Board's published monitoring criteria for substantial changes.
- Sustainability:
 - City of Saginaw has not met the Board's published monitoring criteria for sustainability.
 - The local government's projected annual retirement costs are increasing at an approximate rate of 5% per year or greater AND the projected costs are substantial.

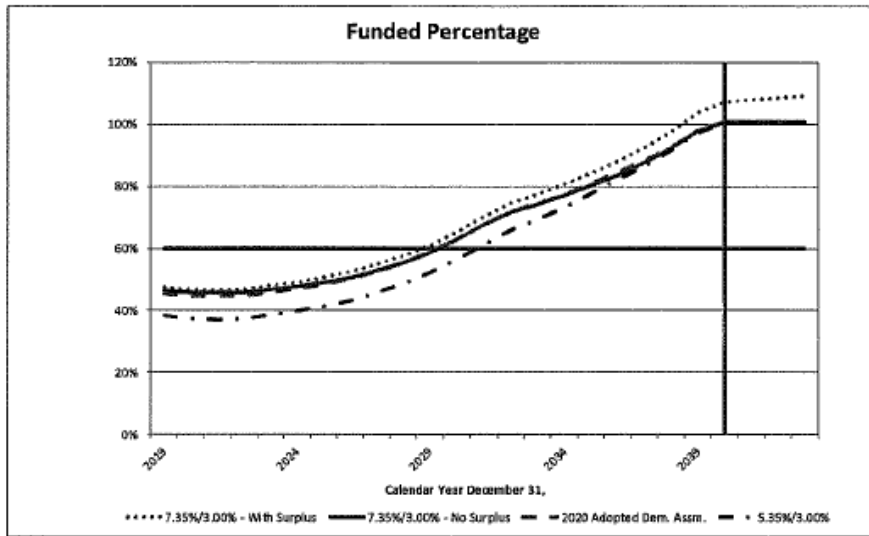
Supplemental Information:

In the originally approved plan from FY 2017, the City committed to contributing an additional \$1 million annually above the ADC. The provided MERS funding chart showed that this plan would allow them to reach 60% funded by approximately 2030 consistent with the originally approved plan.

The City provided a sustainability worksheet documenting the total retirement costs as a percentage of revenue over the next 5 years. This projection shows that the annual costs as documented in their approved corrective action plans have them paying from 40% of total revenues in 2020 to 47% in 2024,

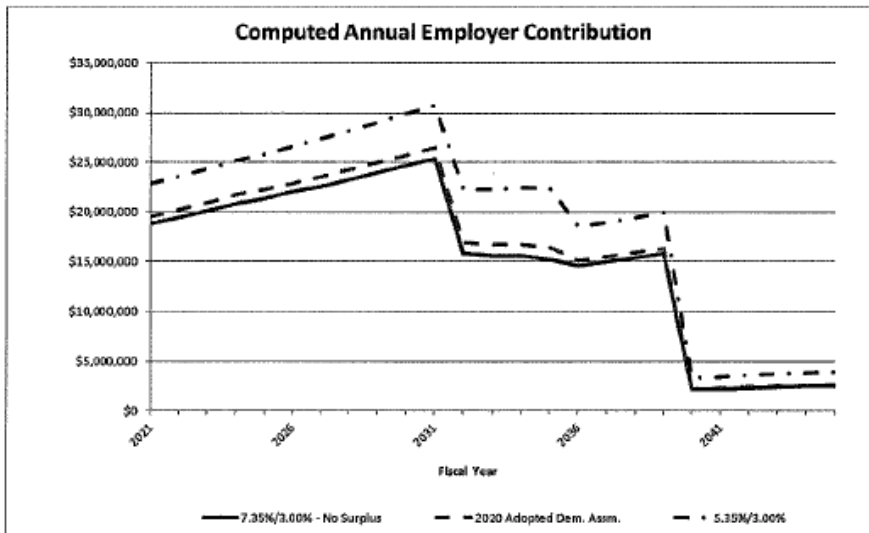
Treasury Recommendation
City of Saginaw Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 732020

and based on previous actuarial cost projections, the costs appear to continue increasing beyond that in subsequent years. While the City certified that they would be able to continue making all required payments in accordance with their approved plan; however, with retirement costs accounting for 40+% of revenues for the foreseeable future, it is questionable as to whether these costs and this plan is sustainable.



Notes:

All projected funded percentages are shown with no phase-in.
 Assumes assets from Surplus divisions will not be used to lower employer contributions during the projection period.
 The green indicator lines have been added at 60% funded and 21 years following the valuation date for PA 202 purposes.



Notes:

All projected contributions are shown with no phase-in.
 Projected employer contributions do not reflect the use of any assets from the Surplus divisions.
 The above required annual employer contribution does not reflect future changes in the employee contribution rates due to the impact of a cap, if any, on employer contributions.

Treasury Recommendation

City of Saginaw Pension Corrective Action Plan (CAP) Monitoring Compliance Certification

Primary Government 732020

August 9, 2018

City of Saginaw (7301) – All Divisions

Our understanding of the purpose for the employer's request is to provide a baseline projection of the current plan (with no phase-in) using the results of the 2017 Actuarial Valuation. Divisions HC, HD, and HE have since merged into HC. Please note we changed the employee rate to 0.0% for this group because the merged or blended employer rate is less than the 10% cap.

Saginaw, City of (7301) - All Divisions Estimated Projected Employer Contributions and Funded Ratios

| Valuation Year Ending 12/31 | Fiscal Year Beginning 7/1 | Modified Baseline - Merge Divisions HD and HE into HC with 0% Member Rate | | | Required Annual Employer Contribution |
|-----------------------------|---------------------------|---|------------------|----------|---------------------------------------|
| | | Actuarial Accrued Liability | Valuation Assets | Funded % | |
| 2017 | 2019 | 341,911,166 | 181,573,905 | 53% | \$14,669,436 |
| 2018 | 2020 | 339,548,511 | 175,871,634 | 52% | \$15,558,984 |
| 2019 | 2021 | 336,629,658 | 170,047,780 | 51% | \$16,397,820 |
| 2020 | 2022 | 333,033,351 | 169,975,138 | 51% | \$16,794,180 |
| 2021 | 2023 | 328,775,144 | 169,903,920 | 52% | \$17,254,428 |
| 2022 | 2024 | 323,945,434 | 168,635,356 | 52% | \$17,885,364 |
| 2023 | 2025 | 318,548,251 | 167,494,049 | 53% | \$18,543,996 |
| 2024 | 2026 | 312,662,894 | 166,729,200 | 53% | \$19,232,376 |
| 2025 | 2027 | 306,377,097 | 166,591,709 | 54% | \$19,948,752 |
| 2026 | 2028 | 299,777,321 | 167,271,079 | 56% | \$20,694,312 |
| 2027 | 2029 | 292,927,149 | 168,943,438 | 58% | \$21,464,112 |
| 2028 | 2030 | 285,926,783 | 171,831,855 | 60% | \$22,265,700 |
| 2029 | 2031 | 278,855,526 | 176,146,387 | 63% | \$23,098,368 |
| 2030 | 2032 | 271,786,773 | 182,102,526 | 67% | \$12,834,588 |
| 2031 | 2033 | 264,782,104 | 189,918,830 | 72% | \$12,578,772 |
| 2032 | 2034 | 257,914,853 | 194,058,413 | 75% | \$12,555,012 |
| 2033 | 2035 | 251,248,166 | 193,721,205 | 77% | \$12,694,536 |
| 2034 | 2036 | 244,846,351 | 193,924,412 | 79% | \$13,168,740 |
| 2035 | 2037 | 238,779,316 | 194,961,813 | 82% | \$13,661,736 |
| 2036 | 2038 | 233,126,638 | 197,207,486 | 85% | \$14,174,460 |
| 2037 | 2039 | 227,976,212 | 200,991,295 | 88% | \$14,705,196 |
| 2038 | 2040 | 223,397,356 | 206,479,673 | 92% | \$2,407,176 |
| 2039 | 2041 | 219,450,013 | 213,836,634 | 97% | \$2,499,132 |
| 2040 | 2042 | 216,188,898 | 216,555,583 | 100% | \$2,599,752 |

Notes: the discount rate and assumed future annual investment return is 7.75%.

The employer cap on Division HC was disregarded however the employer rate did not exceed 10%.

Please read the Important Comments on the following page.

Ballpark Estimate Disclosure Statement

This document is not an actuarial report nor are the contribution amounts or rates certified by an actuary. The contribution amounts and rates in this document are estimates (not actual contribution amounts or rates) and are for illustrative purposes only. Neither the employer, nor any other party receiving or reviewing this document may rely on these calculations as indicative of future contribution amounts or rates. By requesting and accepting this document, the employer agrees that MERS shall have no liability arising out of the provision of these amounts and rates, and agrees to indemnify MERS for any liability arising from same due to the provision of this letter or any information therein to any other party or individual. Pursuant to MCL 38.1140h and Section 46 of the MERS Plan Document, there must be a supplemental actuarial analysis conducted before any proposed benefit change is implemented for any currently active or prior employees.

Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet

[Instructions](#)

| Fiscal Year | Pension Payments | | OPEB Payments | | Projected (Actual) Governmental Revenues | Projected Enterprise Funds used for Retirement Costs | Projected Retirement Contributions as a Percent of Revenues |
|-------------|---------------------------------|--|---|---|--|--|---|
| | Total Pension ADC (All Systems) | Additional Pension Contributions (All Systems) | Total OPEB Benefit Payment Amount (All Systems) | Additional OPEB Contributions (All Systems) | | | |
| 2019 | | | | | \$56,339,909 | | |
| 2020 | \$14,091,492 | \$1,000,000 | \$9,291,580 | \$973,340 | \$57,466,707 | \$6,600,826.17 | 40% |
| 2021 | \$15,300,000 | \$1,000,000 | \$9,852,457 | \$973,340 | \$58,616,041 | \$7,089,721.14 | 41% |
| 2022 | \$18,811,248 | \$1,000,000 | \$10,371,761 | \$973,340 | \$59,788,362 | \$8,341,412.18 | 46% |
| 2023 | \$19,400,000 | \$1,000,000 | \$10,897,012 | \$973,340 | \$60,984,129 | \$8,617,893.50 | 46% |
| 2024 | \$20,100,000 | \$1,000,000 | \$11,422,496 | \$973,340 | \$62,203,812 | \$8,931,567.07 | 47% |

| | |
|---|----|
| Projected Annual Revenue Growth (Please select) | 2% |
|---|----|

Treasury Recommendation

City of Saginaw Pension Corrective Action Plan (CAP) Monitoring Compliance Certification

Primary Government 732020

The Community Engagement and Finance Division (CEFD) contact:

- None

Treasury Recommendation
City of Southgate Police and Fire OPEB Corrective Action Plan (CAP) Monitoring Compliance
Certification
Primary Government 822270

| Name of Systems | Type of System | Assets | Liabilities | Funded Ratio | ADC | Revenues | ADC/Revenue | CAP required? |
|--|----------------|---------------------|----------------------|--------------|---------------------|--------------|---------------------|---------------|
| MERS | Pension | \$19,277,640 | \$30,994,328 | 62.2% | \$784,296 | \$31,676,966 | 15.3% | NO |
| Policemen and Firemen Retirement System | Pension | \$44,862,168 | \$76,199,231 | 58.9% | \$4,071,175 | | | NO |
| Municipal Employees' Retiree Healthcare System | OPEB | \$3,338,944 | \$32,624,052 | 10.2% | \$2,696,785 | | 22.2% | YES |
| <i>Policemen and Firemen Retiree Healthcare System</i> | OPEB | \$3,025,981 | \$57,797,947 | 5.2% | \$4,344,059 | | | YES |
| Total | | \$70,504,733 | \$197,615,558 | | \$11,896,315 | | \$31,676,966 | 37.5% |

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance for the OPEB corrective action plan monitoring certification of compliance submitted by City of Southgate. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- Yes, City of Southgate is addressing underfunded status by fiscal year 2038 as projected in originally approved plan.

Substantial Changes

CAP Changes Implemented:

- The City continues to put \$2,000 per employee in the trust in addition to the additional funds from retiree contributions (5% for their HMO and 20% for the PPO).

Treasury Recommendation
City of Southgate Police and Fire OPEB Corrective Action Plan (CAP) Monitoring Compliance
Certification
Primary Government 822270

CAP Changes Not Implemented:

- None listed.

Additional Changes Implemented

- None listed.

Revised Corrective Action Plan Submitted? No

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2021
- Percentage of Revenues: 25.5%

Do the projected annual payments increase by an amount greater than an average of 5% per year over the next five fiscal years?

- **No**
 - The projected payments submitted by the City were not totaled amongst all systems. Updated data has been provided combining both general employee retirement costs and Police and Fire. Costs do not appear to be increasing by greater than 5% per year.

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- **Yes**

System Status for All Divisions: Closed

Plan size: members 138

- Inactive employees or beneficiaries currently receiving benefits: **86**
- Inactive employees entitled to but not yet receiving benefits: **0**
- Active employees: **52**

Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - City of Southgate has partially met the Board's published monitoring criteria for underfunded status.
 - The local unit did not provide clear documentation that demonstrates the retirement system will address underfunded status. Based on other information presented in the corrective action plan monitoring submission, we have determined the plan may continue to address underfunded status if the plan's assumptions remain accurate.

Treasury Recommendation
City of Southgate Police and Fire OPEB Corrective Action Plan (CAP) Monitoring Compliance
Certification
Primary Government 822270

- **Substantial Changes:**
 - City of Southgate has met the Board’s published monitoring criteria for substantial changes.
- **Sustainability:**
 - City of Southgate has partially met the Board’s published monitoring criteria for sustainability.
 - Current or future payments are greater than 22% or projected payments are increasing at a rate greater than 5% per year.

Supplemental Information:

While the City did not include a clear projection demonstrating that they will reach 40% funded in fiscal year 2038, based on previously approved submissions, it is reasonable to assume that it will they will reach this level if assumptions hold true.

| Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet | | | | | | | | |
|--|---------------------------------|--|---|---|--|--|---|---------------------------------|
| Instructions | | | | | | | | |
| Fiscal Year | Pension Payments | | OPEB Payments | | Projected (Actual) Governmental Revenues | Projected Enterprise Funds used for Retirement Costs | Projected Retirement Contributions as a Percent of Revenues | Annual Retirement Cost Increase |
| | Total Pension ADC (All Systems) | Additional Pension Contributions (All Systems) | Total OPEB Benefit Payment Amount (All Systems) | Additional OPEB Contributions (All Systems) | | | | |
| 2019 | | | | | \$31,676,966 | | | |
| 2020 | \$5,085,322 | \$0 | \$2,563,252 | \$196,000 | \$32,627,275 | \$470,595 | 23.7% | |
| 2021 | \$5,412,766 | \$500,000 | \$2,614,517 | \$196,000 | \$33,606,093 | \$592,949 | 25.5% | 11.2% |
| 2022 | \$5,600,363 | \$500,000 | \$2,666,808 | \$196,000 | \$34,614,276 | \$646,315 | 25.4% | 2.7% |
| 2023 | \$5,816,770 | \$0 | \$2,720,144 | \$196,000 | \$35,652,704 | \$710,946 | 24.0% | -2.6% |
| 2024 | \$6,095,975 | \$0 | \$2,755,951 | \$196,000 | \$36,722,285 | \$710,946 | 24.2% | 3.6% |
| Projected Annual Revenue Growth (Please select) | 3% | | | | | | | 3.7% |

The Community Engagement and Finance Division (CEFD) contact:

- None

**Treasury Recommendation
City of Southgate Municipal Employees OPEB Corrective Action Plan (CAP) Monitoring Compliance
Certification
Primary Government 822270**

| Name of Systems | Type of System | Assets | Liabilities | Funded Ratio | ADC | Revenues | ADC/Revenue | CAP required? |
|---|----------------|---------------------|----------------------|--------------|---------------------|--------------|---------------------|---------------|
| MERS | Pension | \$19,277,640 | \$30,994,328 | 62.2% | \$784,296 | \$31,676,966 | 15.3% | NO |
| Policemen and Firemen Retirement System | | \$44,862,168 | \$76,199,231 | 58.9% | \$4,071,175 | | | NO |
| <i>Municipal Employees' Retiree Healthcare System</i> | <i>OPEB</i> | <i>\$3,338,944</i> | <i>\$32,624,052</i> | <i>10.2%</i> | <i>\$2,696,785</i> | | 22.2% | YES |
| Policemen and Firemen Retiree Healthcare System | | \$3,025,981 | \$57,797,947 | 5.2% | \$4,344,059 | | | YES |
| Total | | \$70,504,733 | \$197,615,558 | | \$11,896,315 | | \$31,676,966 | 37.5% |

Source: Retirement Report Fiscal Year, Audited Financial Statements

Staff Recommendation: Compliance for the OPEB corrective action plan monitoring certification of compliance submitted by City of Southgate. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- Yes, City of Southgate is addressing underfunded status by fiscal year 2038 as projected in originally approved plan

Substantial Changes

CAP Changes Implemented:

- All future retirees after 1/1/2020 now contribute 5% of their retirement healthcare for HMO plans and 20% for PPO plans. The city continues to pay these benefits pay as you go to ensure their funding ratio continues to increase.

Treasury Recommendation
City of Southgate Municipal Employees OPEB Corrective Action Plan (CAP) Monitoring Compliance
Certification
Primary Government 822270

CAP Changes Not Implemented:

- None Noted.

Additional Changes Implemented

- None Noted.

Revised Corrective Action Plan Submitted? No

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2021
- Percentage of Revenues: 25.5%

Do the projected annual payments increase by an amount greater than an average of 5% per year over the next five fiscal years?

- **Yes**
 - The projected payments submitted by the City were not totaled amongst all systems. Updated data has been provided combining both general employee retirement costs and Police and Fire. Costs do not appear to be increasing by greater than 5%/year.

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- **Yes**

System Status for All Divisions: Closed

Plan size: members 116

- Inactive employees or beneficiaries currently receiving benefits: **76**
- Inactive employees entitled to but not yet receiving benefits: **0**
- Active employees: **40**

Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - City of Southgate has Met the Board's published monitoring criteria for underfunded status
- Substantial Changes:

Treasury Recommendation
City of Southgate Municipal Employees OPEB Corrective Action Plan (CAP) Monitoring Compliance
Certification
Primary Government 822270

- Substantial Changes:
 - City of Southgate has met the Board’s published monitoring criteria for substantial changes

- Sustainability:
 - City of Southgate has partially met the Board’s published monitoring criteria for sustainability
 - Current or future payments are greater than 22% or projected payments are increasing at a rate greater than 5% per year.

Supplemental Information:

While the city did not include a clear projection demonstrating that they will reach 40% funded in fiscal year 2038, based on previously approved submissions, it is reasonable to assume that it will they will reach this level if assumptions hold true.

| Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet | | | | | | | | |
|--|---------------------------------|--|---|---|--|--|---|---------------------------------|
| Instructions | | | | | | | | |
| Fiscal Year | Pension Payments | | OPEB Payments | | Projected (Actual) Governmental Revenues | Projected Enterprise Funds used for Retirement Costs | Projected Retirement Contributions as a Percent of Revenues | Annual Retirement Cost Increase |
| | Total Pension ADC (All Systems) | Additional Pension Contributions (All Systems) | Total OPEB Benefit Payment Amount (All Systems) | Additional OPEB Contributions (All Systems) | | | | |
| 2019 | | | | | \$31,676,966 | | | |
| 2020 | \$5,085,322 | \$0 | \$2,563,252 | \$196,000 | \$32,627,275 | \$470,595 | 23.7% | |
| 2021 | \$5,412,766 | \$500,000 | \$2,614,517 | \$196,000 | \$33,606,093 | \$592,949 | 25.5% | 11.2% |
| 2022 | \$5,600,363 | \$500,000 | \$2,666,808 | \$196,000 | \$34,614,276 | \$646,315 | 25.4% | 2.7% |
| 2023 | \$5,816,770 | \$0 | \$2,720,144 | \$196,000 | \$35,652,704 | \$710,946 | 24.0% | -2.6% |
| 2024 | \$6,095,975 | \$0 | \$2,755,951 | \$196,000 | \$36,722,285 | \$710,946 | 24.2% | 3.6% |
| Projected Annual Revenue Growth (Please select) | 3% | | | | | | | 3.7% |

The Community Engagement and Finance Division (CEFD) contact:

- None

Treasury Recommendation
City of Southgate Municipal Employees OPEB Corrective Action Plan (CAP) Monitoring Compliance
Certification
Primary Government 822270

| Name of Systems | Type of System | Assets | Liabilities | Funded Ratio | ADC | Revenues | ADC/Revenue | CAP required? |
|---|----------------|---------------------|----------------------|--------------|---------------------|--------------|---------------------|---------------|
| MERS | Pension | \$19,277,640 | \$30,994,328 | 62.2% | \$784,296 | \$31,676,966 | 15.3% | NO |
| Policemen and Firemen Retirement System | Pension | \$44,862,168 | \$76,199,231 | 58.9% | \$4,071,175 | | | NO |
| <i>Municipal Employees' Retiree Healthcare System</i> | <i>OPEB</i> | <i>\$3,338,944</i> | <i>\$32,624,052</i> | <i>10.2%</i> | <i>\$2,696,785</i> | | 22.2% | YES |
| Policemen and Firemen Retiree Healthcare System | <i>OPEB</i> | \$3,025,981 | \$57,797,947 | 5.2% | \$4,344,059 | | | YES |
| Total | | \$70,504,733 | \$197,615,558 | | \$11,896,315 | | \$31,676,966 | 37.5% |

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance for the OPEB corrective action plan monitoring certification of compliance submitted by City of Southgate. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- Yes, City of Southgate is addressing underfunded status by fiscal year 2038 as projected in originally approved plan.

Substantial Changes

CAP Changes Implemented:

- All future retirees after 1/1/2020 now contribute 5% of their retirement healthcare for HMO plans and 20% for PPO plans. The City continues to pay these benefits pay as you go to ensure their funding ratio continues to increase.

Treasury Recommendation
City of Southgate Municipal Employees OPEB Corrective Action Plan (CAP) Monitoring Compliance
Certification
Primary Government 822270

CAP Changes Not Implemented:

- None listed.

Additional Changes Implemented

- None listed.

Revised Corrective Action Plan Submitted? No

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2021
- Percentage of Revenues: 25.5%

Do the projected annual payments increase by an amount greater than an average of 5% per year over the next five fiscal years?

- **Yes**
 - The projected payments submitted by the City were not totaled amongst all systems. Updated data has been provided combining both general employee retirement costs and Police and Fire. Costs do not appear to be increasing by greater than 5% per year.

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- **Yes**

System Status for All Divisions: Closed

Plan size: members 116

- Inactive employees or beneficiaries currently receiving benefits: **76**
- Inactive employees entitled to but not yet receiving benefits: **0**
- Active employees: **40**

Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - City of Southgate has partially met the Board's published monitoring criteria for underfunded status.
 - The local unit did not provide clear documentation that demonstrates the retirement system will address underfunded status. Based on other information presented in the corrective action plan monitoring submission, we have determined the plan may continue to address underfunded status if the plan's assumptions remain accurate.

Treasury Recommendation
City of Southgate Municipal Employees OPEB Corrective Action Plan (CAP) Monitoring Compliance
Certification
Primary Government 822270

- Substantial Changes:
 - City of Southgate has met the Board’s published monitoring criteria for substantial changes.

- Sustainability:
 - City of Southgate has partially met the Board’s published monitoring criteria for sustainability.
 - Current or future payments are greater than 22% or projected payments are increasing at a rate greater than 5% per year.

Supplemental Information:

While the City did not include a clear projection demonstrating that they will reach 40% funded in fiscal year 2038, based on previously approved submissions, it is reasonable to assume that it will they will reach this level if assumptions hold true.

| Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet | | | | | | | | |
|--|---------------------------------|--|---|---|--|--|---|---------------------------------|
| Instructions | | | | | | | | |
| Fiscal Year | Pension Payments | | OPEB Payments | | Projected (Actual) Governmental Revenues | Projected Enterprise Funds used for Retirement Costs | Projected Retirement Contributions as a Percent of Revenues | Annual Retirement Cost Increase |
| | Total Pension ADC (All Systems) | Additional Pension Contributions (All Systems) | Total OPEB Benefit Payment Amount (All Systems) | Additional OPEB Contributions (All Systems) | | | | |
| 2019 | | | | | \$31,676,966 | | | |
| 2020 | \$5,085,322 | \$0 | \$2,563,252 | \$196,000 | \$32,627,275 | \$470,595 | 23.7% | |
| 2021 | \$5,412,766 | \$500,000 | \$2,614,517 | \$196,000 | \$33,606,093 | \$592,949 | 25.5% | 11.2% |
| 2022 | \$5,600,363 | \$500,000 | \$2,666,808 | \$196,000 | \$34,614,276 | \$646,315 | 25.4% | 2.7% |
| 2023 | \$5,816,770 | \$0 | \$2,720,144 | \$196,000 | \$35,652,704 | \$710,946 | 24.0% | -2.6% |
| 2024 | \$6,095,975 | \$0 | \$2,755,951 | \$196,000 | \$36,722,285 | \$710,946 | 24.2% | 3.6% |
| Projected Annual Revenue Growth (Please select) | 3% | | | | | | | 3.7% |

The Community Engagement and Finance Division (CEFD) contact:

- None

Treasury Recommendation
State of Michigan 41B District - Clinton Charter Township & Mt Clemens OPEB Corrective Action Plan
(CAP) Monitoring Compliance Certification
Primary Government 507536

| Name of Systems | Type of System | Assets | Liabilities | Funded Ratio | ADC | Revenues | ADC/Revenue | CAP required? |
|---|----------------|---------------------|---------------------|--------------|------------------|--------------------|--------------|---------------|
| MERS | Pension | \$6,914,844 | \$10,160,317 | 68.1% | \$270,240 | \$5,610,376 | 4.8% | NO |
| 41B District Court Retiree Health Care Plan | OPEB | \$3,841,224 | \$6,775,981 | 56.7% | \$397,031 | | 7.1% | YES |
| Total | | \$10,756,068 | \$16,936,298 | | \$667,271 | \$5,610,376 | 11.9% | |

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance for the OPEB corrective action plan monitoring certification of compliance submitted by State of Michigan 41B District - Clinton Charter Township & Mt Clemens. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- Yes, State of Michigan 41B District - Clinton Charter Township & Mt Clemens is addressing underfunded status by fiscal year 2018 as projected in originally approved plan.

Substantial Changes

CAP Changes Implemented:

- The information provided on the Form 5572 from fiscal year 2016 audit was using old actuarial data from 2015 which resulted in a funding ratio of 27.4%. An updated valuation for 2017 resulted in a funding ratio of 41.48%. Additionally, an updated valuation for 12/31/2019 resulted in a funding ratio of 56.69%. The Court continues to fund the actuarially determined contribution in full and monitor the funding level.

CAP Changes Not Implemented:

- None listed.

Additional Changes Implemented

- None listed.

Treasury Recommendation
State of Michigan 41B District - Clinton Charter Township & Mt Clemens OPEB Corrective Action Plan
(CAP) Monitoring Compliance Certification
Primary Government 507536

Revised Corrective Action Plan Submitted? No

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2024
- Percentage of Revenues: 16.6%

Do the projected annual payments increase by an amount greater than an average of 5% per year over the next five fiscal years?

- No

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- Yes

System Status for All Divisions: Closed

Plan size: members 72

- Inactive employees or beneficiaries currently receiving benefits: **54**
- Inactive employees entitled to but not yet receiving benefits: **2**
- Active employees: **16**

Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - State of Michigan 41B District - Clinton Charter Township & Mt Clemens has met the Board's published monitoring criteria for underfunded status
- Substantial Changes:
 - State of Michigan 41B District - Clinton Charter Township & Mt Clemens has met the Board's published monitoring criteria for substantial changes
- Sustainability:
 - State of Michigan 41B District - Clinton Charter Township & Mt Clemens has met the Board's published monitoring criteria for sustainability

Supplemental Information:

Treasury Recommendation
State of Michigan 41B District - Clinton Charter Township & Mt Clemens OPEB Corrective Action Plan
(CAP) Monitoring Compliance Certification
Primary Government 507536

The local government's funded ratio according to the most recent valuation is 56.69%, above the PA 202 minimum funding ratio. Treasury recommends the Board consider the local government for removal from corrective action. Over the next four years, the OPEB payment is increasing by \$84,524, or 1.35%.

Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet

Instructions

| Fiscal Year | Pension Payments | | OPEB Payments | | Projected (Actual) Governmental Revenues | Projected Enterprise Funds used for Retirement Costs | Projected Retirement Contributions as a Percent of Revenues | Annual Retirement Cost Increase |
|-------------|---------------------------------|--|---|---|--|--|---|---------------------------------|
| | Total Pension ADC (All Systems) | Additional Pension Contributions (All Systems) | Total OPEB Benefit Payment Amount (All Systems) | Additional OPEB Contributions (All Systems) | | | | |
| 2019 | | | | | \$5,610,376 | | | |
| 2020 | \$386,000 | | \$395,883 | | \$5,666,480 | | 13.8% | |
| 2021 | \$401,000 | | \$432,217 | | \$5,723,145 | | 14.6% | 6.6% |
| 2022 | \$421,000 | | \$438,974 | | \$5,780,376 | | 14.9% | 3.2% |
| 2023 | \$428,000 | | \$480,407 | | \$5,838,180 | | 15.6% | 5.6% |
| 2024 | \$440,000 | | \$478,966 | | \$5,896,562 | | 15.6% | 1.2% |

| | |
|---|----|
| Projected Annual Revenue Growth (Please select) | 1% |
|---|----|

| Valuation Year Ending 12/31 | Fiscal Year Beginning 1/1 | Actuarial Accrued Liability | Valuation Assets ² | Funded Percentage | Computed Annual Employer Contribution |
|---|---------------------------|-----------------------------|-------------------------------|-------------------|---------------------------------------|
| 7.35%¹/3.00% - Current Demographic Assumptions | | | | | |
| NO 5-YEAR PHASE-IN | | | | | |
| 2019 | 2021 | \$ 11,016,315 | \$ 7,572,152 | 69% | \$ 374,448 |
| 2020 | 2022 | \$ 11,200,000 | \$ 7,700,000 | 69% | \$ 386,000 |
| 2021 | 2023 | \$ 11,400,000 | \$ 7,860,000 | 69% | \$ 401,000 |
| 2022 | 2024 | \$ 11,600,000 | \$ 7,980,000 | 69% | \$ 421,000 |
| 2023 | 2025 | \$ 11,800,000 | \$ 8,270,000 | 70% | \$ 428,000 |
| 2024 | 2026 | \$ 11,900,000 | \$ 8,510,000 | 71% | \$ 440,000 |
| 7.35%¹/3.00% - Adopted 2020 Demographic Assumptions | | | | | |
| NO 5-YEAR PHASE-IN | | | | | |
| 2019 | 2021 | \$ 11,528,374 | \$ 7,572,152 | 66% | \$ 422,004 |
| 2020 | 2022 | \$ 11,800,000 | \$ 7,710,000 | 66% | \$ 435,000 |
| 2021 | 2023 | \$ 12,000,000 | \$ 7,950,000 | 66% | \$ 452,000 |
| 2022 | 2024 | \$ 12,300,000 | \$ 8,140,000 | 66% | \$ 474,000 |
| 2023 | 2025 | \$ 12,500,000 | \$ 8,500,000 | 68% | \$ 481,000 |
| 2024 | 2026 | \$ 12,800,000 | \$ 8,820,000 | 69% | \$ 495,000 |
| 5.35%¹/3.00% - Current Demographic Assumptions | | | | | |
| NO 5-YEAR PHASE-IN | | | | | |
| 2019 | 2021 | \$ 13,580,803 | \$ 7,572,152 | 56% | \$ 609,828 |
| 2020 | 2022 | \$ 13,800,000 | \$ 7,550,000 | 55% | \$ 636,000 |
| 2021 | 2023 | \$ 14,000,000 | \$ 7,790,000 | 56% | \$ 658,000 |
| 2022 | 2024 | \$ 14,200,000 | \$ 8,010,000 | 56% | \$ 686,000 |
| 2023 | 2025 | \$ 14,400,000 | \$ 8,420,000 | 58% | \$ 701,000 |
| 2024 | 2026 | \$ 14,600,000 | \$ 8,770,000 | 60% | \$ 721,000 |

| Plan Year Beginning January 1 | Total |
|-------------------------------|------------|
| 2020 | \$ 395,883 |
| 2021 | 432,217 |
| 2022 | 438,974 |
| 2023 | 480,407 |
| 2024 | 478,966 |
| 2025 | 508,073 |
| 2026 | 526,965 |
| 2027 | 557,401 |
| 2028 | 576,920 |
| 2029 | \$ 599,605 |

Treasury Recommendation
State of Michigan 41B District - Clinton Charter Township & Mt Clemens OPEB Corrective Action Plan
(CAP) Monitoring Compliance Certification
Primary Government 507536

State of Michigan 41-B Judicial District Court

Statement of Activities/Governmental Fund Statement of Revenue,
Expenditures, and Changes in Fund Balances

Year Ended December 31, 2019

| | General Fund - Modified Accrual Basis | MIDC Fund - Modified Accrual Basis | GASB No. 34 Adjustments (Note 3) | Statement of Activities - Full Accrual Basis |
|--|---|--|--|--|
| Revenue | | | | |
| Fines and fees collected from within: | | | | |
| Charter Township of Clinton | \$ 2,788,322 | \$ - | \$ - | \$ 2,788,322 |
| Charter Township of Harrison | 589,082 | - | - | 589,082 |
| City of Mount Clemens, Michigan | 549,810 | - | - | 549,810 |
| Building fund fines | 461,898 | - | - | 461,898 |
| Probation revenue | 465,246 | - | - | 465,246 |
| Interest and dividends | 24,411 | - | - | 24,411 |
| Other revenue: | | | | |
| State reimbursement - Judges' salaries | 132,951 | - | - | 132,951 |
| Other revenue | 356,784 | 259,293 | - | 616,077 |
| Federal revenue | 241,872 | - | - | 241,872 |
| | <u>5,610,376</u> | <u>259,293</u> | <u>-</u> | <u>5,869,669</u> |
| Total revenue | 5,610,376 | 259,293 | - | 5,869,669 |

The Community Engagement and Finance Division (CEFD) contact:

- None

**Treasury Recommendation
City of Trenton OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 822290**

| Name of Systems | Type of System | Assets | Liabilities | Funded Ratio | ADC | Revenues | ADC/Revenue | CAP required? |
|---------------------------|----------------|---------------------|----------------------|--------------|---------------------|---------------------|--------------|---------------|
| Police and Fire Pension | Pension | \$47,332,281 | \$68,564,993 | 69.0% | \$1,788,696 | \$22,996,133 | 23.5% | NO |
| MERS | Pension | \$28,702,004 | \$46,560,210 | 61.6% | \$3,622,970 | | | NO |
| City of Trenton OPEB Plan | OPEB | \$12,685,808 | \$62,554,799 | 20.3% | \$5,527,783 | | 24.0% | YES |
| Total | | \$88,720,093 | \$177,680,002 | | \$10,939,449 | \$22,996,133 | 47.5% | |

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance for the OPEB corrective action plan monitoring certification of compliance submitted by City of Trenton. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- Yes, City of Trenton is addressing underfunded status by fiscal year 2045 as projected in originally approved plan.

Substantial Changes

CAP Changes Implemented:

- The City has contributed an additional \$50K above the pay-go payment to the OPEB trust each fiscal year since the plan was approved in December 2018.

CAP Changes Not Implemented:

- None listed.

Additional Changes Implemented

- None listed.

Revised Corrective Action Plan Submitted? No

Treasury Recommendation
City of Trenton OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 822290

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2024
- Percentage of Revenues: 42.7%

Do the projected annual payments increase by an amount greater than an average of 5% per year over the next five fiscal years?

- No

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- Yes

System Status for All Divisions: Closed

Plan size: members 351

- Inactive employees or beneficiaries currently receiving benefits: **208**
- Inactive employees entitled to but not yet receiving benefits: **0**
- Active employees: **143**

Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - City of Trenton has met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:
 - City of Trenton has met the Board's published monitoring criteria for substantial changes.
- Sustainability:
 - City of Trenton has partially met the Board's published monitoring criteria for sustainability.
 - Current or future payments are greater than 22% or projected payments are increasing at a rate greater than 5% per year.

Supplemental Information:

The City's OPEB CAP monitoring submission including a funding projection showing that the City would reach 40% in 2045 assuming that certain payment criterion are met, which based on a review of subsequent audits and the sustainability worksheet, appear to be the case. The sustainability worksheet documents that the annual retirement cost when factoring all pension and OPEB required payments

Treasury Recommendation
City of Trenton OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 822290

ranges from 39% to 42% of annual governmental revenues over the next 5-years. These payments may be unsustainable as they are currently structured . A review of future MERS pension payments show a steep projected decline, so it will be important in future monitoring submissions to review future projected payments are sustainable.

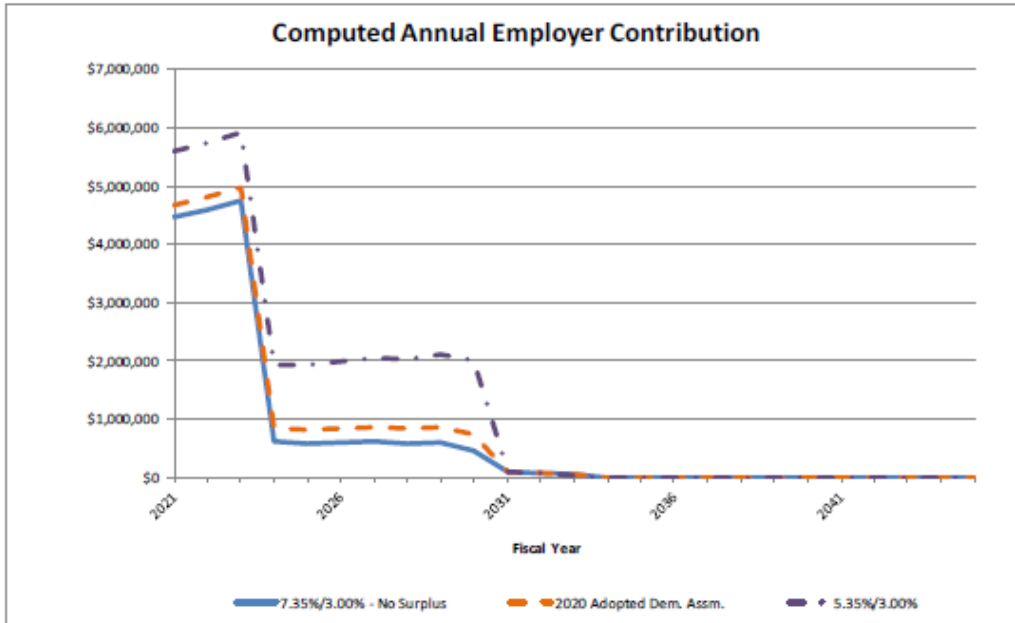
City of Trenton Retiree Health Care Plan
Projection Schedule

| Fiscal Year | Actuarial Accrued Liability (AAL) Projection | | | | Market Value of Asset Projection | | | | Unfunded Liability (EOY) | Funded Percentage |
|----------------------|--|------------------|--------------|-----------------------|------------------------------------|------------------|-----------|------------------|--------------------------|-------------------|
| | Normal Cost | Benefit Payments | Interest | AAL End of Year (EOY) | Employer Contribution [^] | Benefit Payments | Interest | Asset Value* EOY | | |
| | | | | (a) | | | | (b) | (c) = (a) - (b) | (d) = (b) / (a) |
| 7/1/2017 - 6/30/2018 | | | | \$ 92,424,709 | | | | \$ 10,336,899 | \$ 82,087,810 | 11.18% |
| 7/1/2018 - 6/30/2019 | \$1,528,281 | \$3,588,143 | \$ 3,655,791 | 94,020,638 | \$4,012,305 | \$3,588,143 | \$421,959 | 11,183,020 | 82,837,618 | 11.89% |
| 7/1/2019 - 6/30/2020 | 1,423,581 | 3,934,066 | 3,710,616 | 95,220,769 | 4,286,693 | 3,934,066 | 454,373 | 11,990,020 | 83,230,749 | 12.59% |
| 7/1/2020 - 6/30/2021 | 1,342,702 | 4,112,533 | 3,753,434 | 96,204,372 | 4,429,045 | 4,112,533 | 485,931 | 12,792,463 | 83,411,909 | 13.30% |
| 7/1/2021 - 6/30/2022 | 1,276,631 | 4,341,515 | 3,786,877 | 96,926,365 | 4,623,539 | 4,341,515 | 517,339 | 13,591,826 | 83,334,539 | 14.02% |
| 7/1/2022 - 6/30/2023 | 1,223,030 | 4,586,646 | 3,809,782 | 97,372,531 | 4,820,243 | 4,586,646 | 548,345 | 14,373,768 | 82,998,763 | 14.76% |
| 7/1/2023 - 6/30/2024 | 1,184,844 | 4,770,169 | 3,823,195 | 97,610,401 | 4,965,211 | 4,770,169 | 578,852 | 15,147,662 | 82,462,739 | 15.52% |
| 7/1/2024 - 6/30/2025 | 1,161,346 | 4,878,433 | 3,830,074 | 97,723,388 | 5,073,339 | 4,878,433 | 609,805 | 15,952,373 | 81,771,015 | 16.32% |
| 7/1/2025 - 6/30/2026 | 1,140,031 | 4,995,274 | 3,831,831 | 97,699,976 | 5,160,892 | 4,995,274 | 641,407 | 16,759,398 | 80,940,578 | 17.15% |
| 7/1/2026 - 6/30/2027 | 1,119,538 | 5,042,569 | 3,829,538 | 97,606,483 | 5,180,228 | 5,042,569 | 673,129 | 17,570,186 | 80,036,297 | 18.00% |
| 7/1/2027 - 6/30/2028 | 1,107,223 | 5,046,050 | 3,825,483 | 97,493,139 | 5,169,120 | 5,046,050 | 705,269 | 18,398,525 | 79,094,614 | 18.87% |
| 7/1/2028 - 6/30/2029 | 1,098,538 | 5,031,003 | 3,821,076 | 97,381,750 | 5,147,200 | 5,031,003 | 738,265 | 19,252,987 | 78,128,763 | 19.77% |
| 7/1/2029 - 6/30/2030 | 1,090,855 | 5,026,374 | 3,816,560 | 97,262,791 | 5,128,581 | 5,026,374 | 772,164 | 20,127,358 | 77,135,433 | 20.69% |
| 7/1/2030 - 6/30/2031 | 1,077,964 | 4,987,515 | 3,812,321 | 97,165,561 | 5,078,120 | 4,987,515 | 806,906 | 21,024,869 | 76,140,692 | 21.64% |
| 7/1/2031 - 6/30/2032 | 1,052,128 | 5,022,727 | 3,807,210 | 97,002,172 | 5,102,653 | 5,022,727 | 842,593 | 21,947,388 | 75,054,784 | 22.63% |
| 7/1/2032 - 6/30/2033 | 1,011,218 | 5,119,288 | 3,797,925 | 96,692,027 | 5,189,817 | 5,119,288 | 879,306 | 22,897,223 | 73,794,804 | 23.68% |
| 7/1/2033 - 6/30/2034 | 950,043 | 5,197,691 | 3,782,728 | 96,227,107 | 5,269,746 | 5,197,691 | 917,330 | 23,886,608 | 72,340,499 | 24.82% |
| 7/1/2034 - 6/30/2035 | 877,113 | 5,289,562 | 3,760,835 | 95,575,493 | 5,376,058 | 5,289,562 | 957,194 | 24,930,298 | 70,645,195 | 26.08% |
| 7/1/2035 - 6/30/2036 | 809,750 | 5,406,362 | 3,731,087 | 94,709,968 | 5,488,885 | 5,406,362 | 998,862 | 26,011,683 | 68,698,285 | 27.46% |
| 7/1/2036 - 6/30/2037 | 740,068 | 5,414,632 | 3,694,907 | 93,730,311 | 5,505,371 | 5,414,632 | 1,042,282 | 27,144,704 | 66,585,607 | 28.96% |
| 7/1/2037 - 6/30/2038 | 643,872 | 5,475,273 | 3,652,584 | 92,551,494 | 5,587,064 | 5,475,273 | 1,088,024 | 28,344,519 | 64,206,975 | 30.63% |
| 7/1/2038 - 6/30/2039 | 540,558 | 5,595,406 | 3,600,963 | 91,097,609 | 4,859,082 | 5,595,406 | 1,119,054 | 28,727,249 | 62,370,360 | 31.53% |
| 7/1/2039 - 6/30/2040 | 455,873 | 5,684,921 | 3,539,323 | 89,407,884 | 4,964,583 | 5,684,921 | 1,134,683 | 29,141,594 | 60,266,290 | 32.59% |
| 7/1/2040 - 6/30/2041 | 388,641 | 5,760,773 | 3,468,873 | 87,504,625 | 5,061,230 | 5,760,773 | 1,151,673 | 29,593,724 | 57,910,901 | 33.82% |
| 7/1/2041 - 6/30/2042 | 332,859 | 5,787,509 | 3,391,092 | 85,441,067 | 5,097,200 | 5,787,509 | 1,169,943 | 30,073,358 | 55,367,709 | 35.20% |
| 7/1/2042 - 6/30/2043 | 271,047 | 5,818,705 | 3,306,690 | 83,200,099 | 5,140,215 | 5,818,705 | 1,189,365 | 30,584,233 | 52,615,866 | 36.76% |
| 7/1/2043 - 6/30/2044 | 209,851 | 5,885,458 | 3,214,492 | 80,738,984 | 5,221,757 | 5,885,458 | 1,210,095 | 31,130,627 | 49,608,357 | 38.56% |
| 7/1/2044 - 6/30/2045 | 167,849 | 5,897,929 | 3,114,958 | 78,123,862 | 5,251,419 | 5,897,929 | 1,232,295 | 31,716,412 | 46,407,450 | 40.60% |

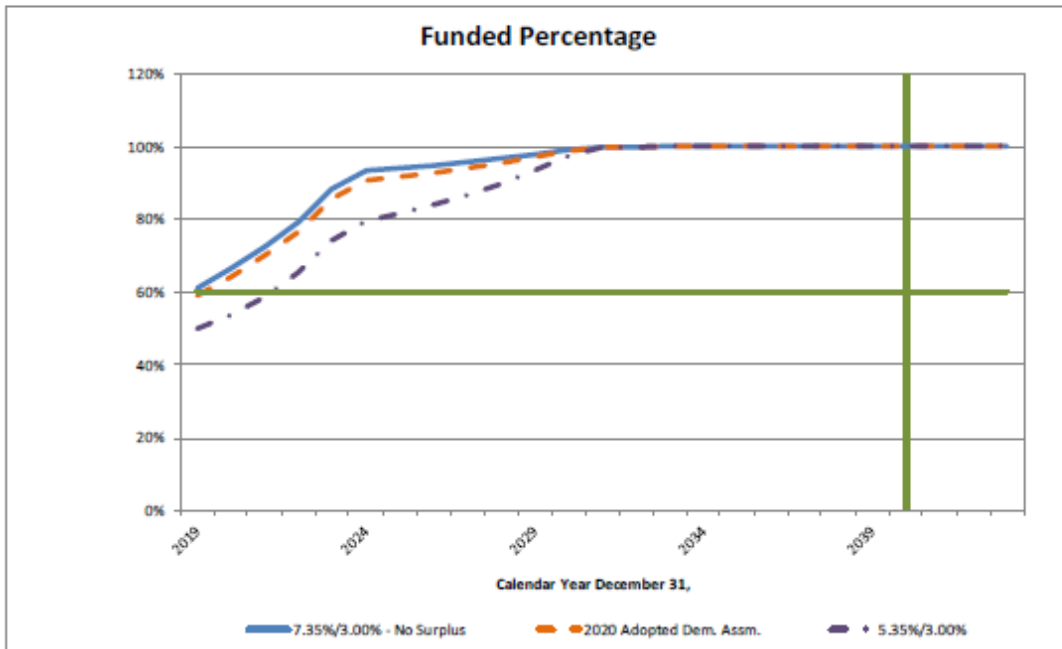
[^] Includes payment of the Actuarially Computed Employer Contribution for the Water/WWTP group and payment of the projected retiree health benefits for all other groups.

* Projected values with the exception of the June 30, 2018 value.

Treasury Recommendation
City of Trenton OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 822290



Notes:
 All projected contributions are shown with no phase-in.



Notes:
 All projected funded percentages are shown with no phase-in.
 The green indicator lines have been added at 60% funded and 21 years following the valuation date for PA 202 purpos

Treasury Recommendation
City of Trenton OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 822290

Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet

[Instructions](#)

| Fiscal Year | Pension Payments | | OPEB Payments | | Projected (Actual) Governmental Revenues | Projected Enterprise Funds used for Retirement Costs | Projected Retirement Contributions as a Percent of Revenues | | |
|-------------|---------------------------------|--|---|---|--|--|---|--------------|--------|
| | Total Pension ADC (All Systems) | Additional Pension Contributions (All Systems) | Total OPEB Benefit Payment Amount (All Systems) | Additional OPEB Contributions (All Systems) | | | | | |
| 2019 | | | | | \$25,596,750 | | | | |
| 2020 | \$5,411,664 | | \$4,286,693 | \$50,000 | \$22,996,133 | \$660,136 | 41% | \$9,748,357 | |
| 2021 | \$4,412,113 | | \$4,429,045 | \$50,000 | \$22,726,094.33 | \$250,734 | 39% | \$8,891,158 | -8.79% |
| 2022 | \$4,645,255 | | \$4,623,539 | \$50,000 | \$22,953,355 | \$300,000 | 40% | \$9,318,794 | 4.81% |
| 2023 | \$4,859,780 | | \$4,820,243 | \$50,000 | \$23,182,889 | \$315,000 | 41% | \$9,730,023 | 4.41% |
| 2024 | \$5,095,758 | | \$4,965,211 | | \$23,414,718 | \$346,500 | 42% | \$10,060,969 | 3.40% |

| | |
|---|----|
| Projected Annual Revenue Growth (Please select) | 1% |
|---|----|

The Community Engagement and Finance Division (CEFD) contact:

- None

Treasury Recommendation
City of Westland MERS Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 822310

| Name of Systems | Type of System | Assets | Liabilities | Funded Ratio | ADC | Revenues | ADC/Revenue | CAP required? |
|-----------------------------------|----------------|----------------------|----------------------|--------------|---------------------|---------------------|--------------|---------------|
| Police and Fire Retirement System | Pension | \$167,850,726 | \$237,762,188 | 70.6% | \$6,930,726 | \$78,278,701 | 17.7% | NO |
| MERS | Pension | \$58,006,090 | \$142,672,169 | 40.7% | \$6,914,328 | | | YES |
| Westland Post Employment Benefits | OPEB | \$992,188 | \$156,742,769 | 0.6% | \$11,987,116 | | 15.3% | YES |
| Total | | \$226,849,004 | \$537,177,126 | | \$25,832,170 | \$78,278,701 | 33.0% | |

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance for the Pension corrective action plan monitoring certification of compliance submitted by City of Westland. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- Yes, City of Westland is addressing underfunded status by fiscal year 2022 as projected in originally approved plan.

Per the CAP, the City stated it would reach 60 percent funded by approximately the year 2030. Treasury has updated this date to 2022 with the updated actions with the intent to bond.

Substantial Changes

CAP Changes Implemented:

- On March 4, 2020, dispatch services were approved by City Council to be contracted with the City of Dearborn starting July 1, 2020. The dispatch division within the MERS Pension plan was closed to new hires on June 30, 2019. The last open division for the MERS pension plan was closed on June 30, 2019. As of June 30, 2019, all open MERS DB pension plan divisions were closed to new hires.
- The City also has exceeded the minimum annual required contribution.

Treasury Recommendation
City of Westland MERS Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 822310

CAP Changes Not Implemented:

- The POAM union, which is included in the Police & Fire Pension system and not in corrective action, did not close the DB pension plan for new hires. However, an optional DC plan alternative was included in their recently approved contract on May 4, 2020.

Additional Changes Implemented

- Given the favorable taxable bond interest rates, the City is planning to issue bonds to fund a portion of its pension liability. On June 1, 2020 Council approved the 2020-2021 fiscal year budget, which includes MERS Pension Bonds Funding. On October 5, 2020, Council approved the City's Comprehensive Financial Plan and Notice of Intent for the MERS Pension Bonds in accordance with Section 518 of Public Act 34. On November 16, 2020, Council approved the resolution authorizing limited tax general obligation pension obligation bonds, series 2021 (federally taxable). In addition, on November 16, 2020, Council approved the amendment to the original Corrective Action Plan for the MERS Defined Benefit Pension Plan to include the MERS Pension bonds as described in the City's Comprehensive Financial Plan approved on October 5, 2020.
- The bond proceeds would fund the plan in the 2021 calendar year, which would be reported in the City's Financial Statements for fiscal year ending 2022. This amended corrective action plan addresses the underfunded status in less time than originally approved.

Revised Corrective Action Plan Submitted? No

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2021
- Percentage of Revenues: 28.0%

Do the projected annual payments increase by an amount greater than an average of 5% per year over the next five fiscal years?

- No

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- Yes

System Status for All Divisions: Closed

Plan size: members 426

- Inactive employees or beneficiaries currently receiving benefits: **309**
- Inactive employees entitled to but not yet receiving benefits: **45**
- Active employees: **72**

Treasury Recommendation
City of Westland MERS Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 822310

Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - City of Westland has met the Board’s published monitoring criteria for underfunded status.

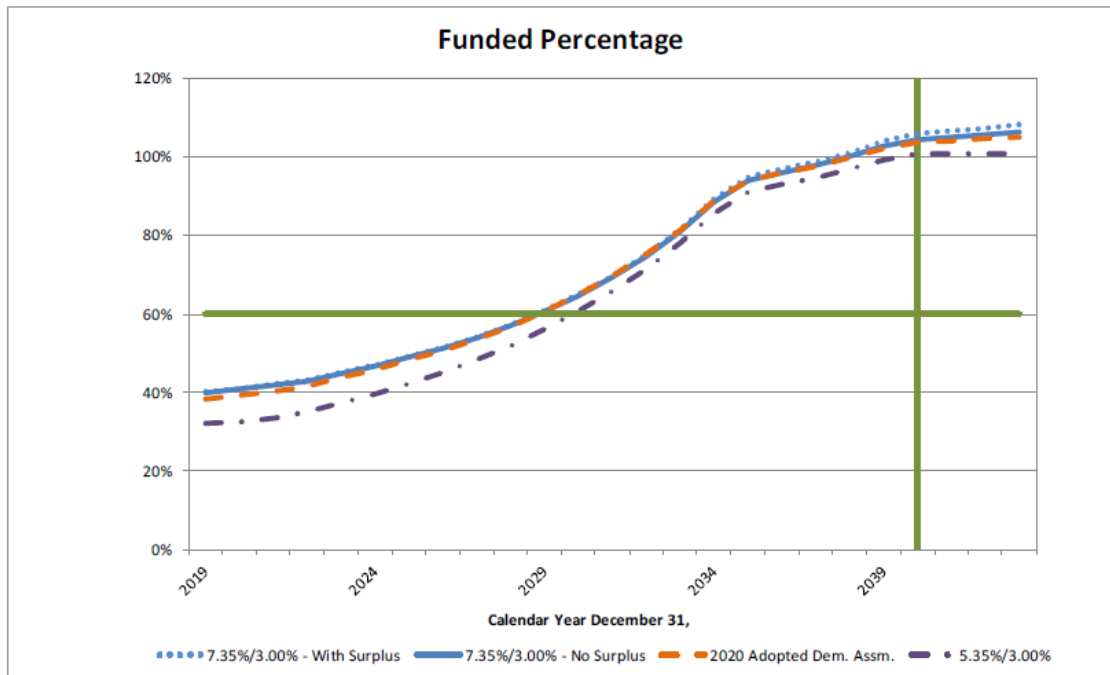
- Substantial Changes:
 - City of Westland has met the Board’s published monitoring criteria for substantial changes.

- Sustainability:
 - City of Westland has partially met the Board’s published monitoring criteria for sustainability.
 - Current or future payments are greater than 22% or projected payments are increasing at a rate greater than 5% per year.

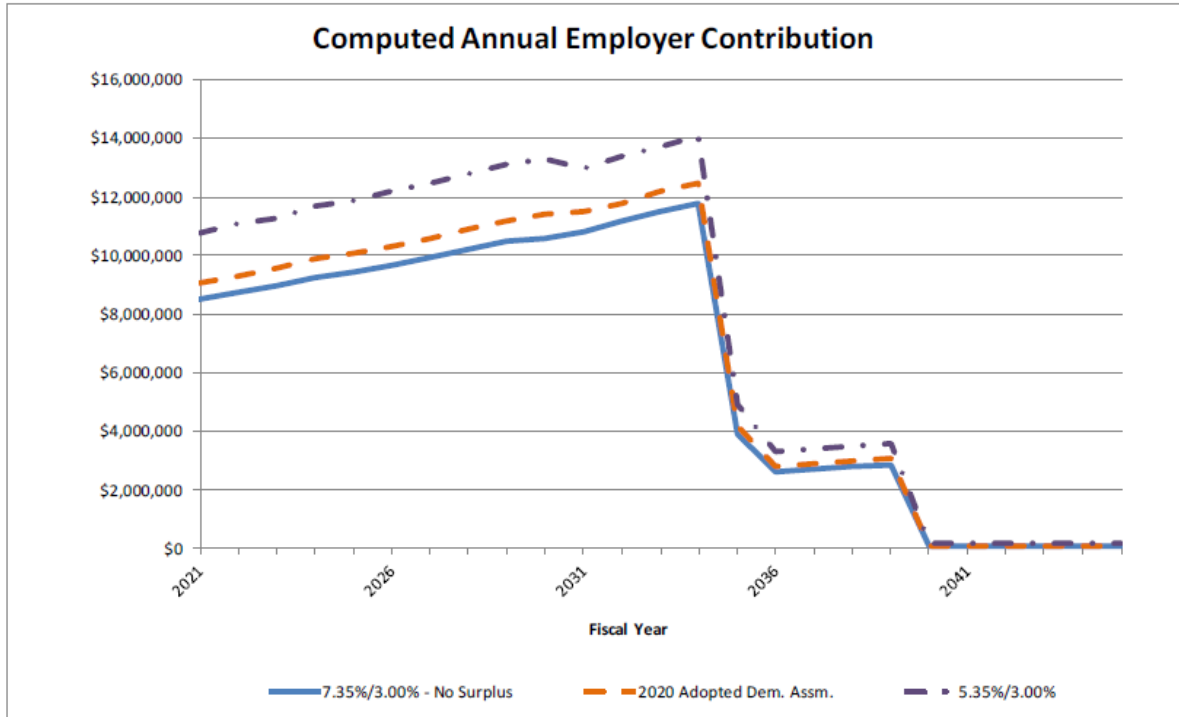
Supplemental Information:

The City submitted and updated corrective action plan with the intent to bond included below. The Board will need to review the additional action to the CAP. The City appears to be following its corrective action plan to address underfunded status. If the City does not bond, the MERS pension annual employer contribution increases 27% between 2021 and 2034, which is about 2% per year

Attachment 2a



Treasury Recommendation
City of Westland MERS Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 822310



Treasury Recommendation
City of Westland MERS Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 822310

Attachment 3a

City of Westland

Richard LeBlanc
City Clerk



(734) 467-3185
Fax (734) 422-1208
clerk@cityofwestland.com

RESOLUTION NO. 2020-11-235

Motion by Londeau supported by Godbout

WHEREAS: On November 5, 2018, Westland City Council approved the MERS Defined Benefit Pension Retirement System Corrective Action Plan, and, on June 1, 2020, the Westland City Council approved the 2020-2021 Fiscal Year Budget, which includes MERS Pension Bonds Funding, and

WHEREAS: On October 5, 2020, Council approved the City's Comprehensive Financial Plan and Notice of Intent for the MERS Pension Bonds in accordance with Section 518 of Public Act 34, and

WHEREAS: As part of this process, it is recommended that Council amend the approved MERS Defined Benefit Pension Retirement System Corrective Action Plan to include the MERS Pension Bonds as described in the City's Comprehensive Financial Plan.

NOW, THEREFORE, BE IT RESOLVED, that the City of Westland grants approval to amend the MERS Defined Benefit Pension Retirement System Corrective Action Plan to include the MERS Pension Bonds as described in the City's Comprehensive Financial Plan approved on October 5, 2020.

CERTIFICATION

I, Richard LeBlanc, City Clerk for the City of Westland, hereby certify that the foregoing is a true and accurate copy of a resolution (Resolution No. 2020-11-235) adopted by the City Council of the City of Westland, Wayne County, at a regular meeting held November 16, 2020, and that public notice of said meeting was given pursuant to Act. No. 267, Public Acts of Michigan, 1976, including in the case of a special or rescheduled meeting, or a meeting recessed for more than thirty-six hours, notice by posting at least eighteen hours prior to the time set for the meeting.

A handwritten signature in blue ink, appearing to read "Richard LeBlanc".

Richard LeBlanc
Westland City Clerk

Treasury Recommendation
City of Westland MERS Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 822310

| Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet | | | | | | | | | |
|---|--|---------------------------|---------------------------------|--|---|---|--|--|---|
| Instructions | | | | | | | | | |
| Fiscal Year | Pension Payments | | | | OPEB Payments | | Projected (Actual) Governmental Revenues | Projected Enterprise Funds used for Retirement Costs | Projected Retirement Contributions as a Percent of Revenues |
| | MERS Estimated Bond, Normal and UAL Payments | Police & Fire Pension ADC | Total Pension ADC (All Systems) | Additional Pension Contributions (All Systems) | Total OPEB Benefit Payment Amount (All Systems) | Additional OPEB Contributions (All Systems) | | | |
| 2020 | | | | | | | \$78,278,701 | | |
| 2021 | \$7,291,000 | \$7,785,279 | \$15,076,279 | \$0 | \$8,063,899 | \$500,000 | \$83,145,816 | \$2,813,036 | 28% |
| 2022 | \$5,226,535 | \$7,704,446 | \$12,930,981 | \$0 | \$8,568,682 | \$500,000 | \$84,524,333 | \$2,382,727 | 25% |
| 2023 | \$5,148,013 | \$7,789,325 | \$12,937,338 | \$0 | \$8,960,548 | \$500,000 | \$85,640,688 | \$2,412,944 | 25% |
| 2024 | \$5,097,848 | \$7,964,625 | \$13,062,473 | \$0 | \$9,340,572 | \$500,000 | \$87,036,942 | \$2,448,457 | 26% |
| 2025 | \$5,046,525 | \$8,097,321 | \$13,143,846 | \$0 | \$9,670,022 | \$500,000 | \$88,330,652 | \$2,477,372 | 26% |

The Community Engagement and Finance Division (CEFD) contact:

- None

Treasury Recommendation
City of Westland OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 822310

| Name of Systems | Type of System | Assets | Liabilities | Funded Ratio | ADC | Revenues | ADC/Revenue | CAP required? |
|--|----------------|----------------------|----------------------|--------------|---------------------|---------------------|--------------|---------------|
| Police and Fire Retirement System | Pension | \$167,850,726 | \$237,762,188 | 70.6% | \$6,930,726 | \$78,278,701 | 17.7% | NO |
| MERS | Pension | \$58,006,090 | \$142,672,169 | 40.7% | \$6,914,328 | | | YES |
| <i>Westland Post Employment Benefits</i> | <i>OPEB</i> | <i>\$992,188</i> | <i>\$156,742,769</i> | <i>0.6%</i> | <i>\$11,987,116</i> | | 15.3% | YES |
| Total | | \$226,849,004 | \$537,177,126 | | \$25,832,170 | \$78,278,701 | 33.0% | |

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance for the OPEB corrective action plan monitoring certification of compliance submitted by City of Westland. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- Yes, City of Westland is addressing underfunded status by fiscal year 2043 as projected in originally approved plan

Substantial Changes

CAP Changes Implemented:

- Per the CAP, the City stated it would establish a trust fund and would contribute \$500,000 in addition to the pay-go costs each year from fiscal year June 30, 2019 through June 30, 2034. This additional contribution would then increase to \$3,000,000 from fiscal year June 30, 2035 through June 30, 2039. This additional contribution would then increase to \$6,000,000 from June 30, 2040 through June 30, 2047. This showed that we would be funded at least 40 percent by 2043 and 100 percent funded by 2048. This analysis shows that if the City continues to contribute funds in accordance with the originally approved corrective action plan, that the City would be at least 40 percent funded by the year 2043.
- On February 19, 2019, City Council approved a resolution to establish the MERS Retiree Health Funding Vehicle Trust Fund.

Treasury Recommendation
City of Westland OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 822310

- On April 29, 2019, \$500,000 was contributed into the MERS Retiree Health Funding Vehicle for fiscal year ending June 30, 2019.
- On February 24, 2020, \$500,000 was contributed into the MERS Retiree Health Funding Vehicle for fiscal year ending June 30, 2020.
- On November 24, 2020, \$500,000 was contributed into the MERS Retiree Health Funding Vehicle for fiscal year ending June 30, 2021. The balance in the MERS Retiree Health Funding Vehicle Trust Fund at November 24, 2020 with the above contributions will be \$1,625,746.

CAP Changes Not Implemented:

- All items in the original corrective action plan are still being investigated to further limit and reduce the overall OPEB liability and provide additional funding.

Additional Changes Implemented

- On June 1, 2020, City Council approved the 2020-2021 Budget, which included \$150,000 to look into ways to further limit or reduce the overall OPEB liability. This is still ongoing in the current fiscal year. On May 4, 2020, City Council approved the Police Officers union contract that included the removal of retiree life insurance for all new retirees as of the ratification of the contract. On November 16, 2020, City Council approved the Lieutenants and Sergeants collective bargaining agreement that included the removal of retiree life insurance for all new retirees as of ratification of the contract.

Revised Corrective Action Plan Submitted? No

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2021
- Percentage of Revenues: 28.0%

Do the projected annual payments increase by an amount greater than an average of 5% per year over the next five fiscal years?

- No

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- Yes

System Status for All Divisions:

Plan size: members 0

- Inactive employees or beneficiaries currently receiving benefits: **0**
- Inactive employees entitled to but not yet receiving benefits: **0**

Treasury Recommendation
City of Westland OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 822310

- Active employees: 0

Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - City of Westland has met the Board’s published monitoring criteria for underfunded status.
- Substantial Changes:
 - City of Westland has met the Board’s published monitoring criteria for substantial changes.
- Sustainability:
 - City of Westland has partially met the Board’s published monitoring criteria for sustainability.
 - Current or future payments are greater than 22% or projected payments are increasing at a rate greater than 5% per year.

Supplemental Information:

The City appears to be in compliance with their corrective action plan and is making progress toward their underfunded status. In the next five years, the OPEB benefit payment amount is increasing by approx. \$1.6 million dollars or by about 20%.

| Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet | | | | | | | | | |
|---|--|---------------------------|---------------------------------|--|---|---|--|--|---|
| Instructions | | | | | | | | | |
| Fiscal Year | Pension Payments | | | | OPEB Payments | | Projected (Actual) Governmental Revenues | Projected Enterprise Funds used for Retirement Costs | Projected Retirement Contributions as a Percent of Revenues |
| | MERS Estimated Bond, Normal and UAL Payments | Police & Fire Pension ADC | Total Pension ADC (All Systems) | Additional Pension Contributions (All Systems) | Total OPEB Benefit Payment Amount (All Systems) | Additional OPEB Contributions (All Systems) | | | |
| 2020 | | | | | | | \$78,278,701 | | |
| 2021 | \$7,291,000 | \$7,785,279 | \$15,076,279 | \$0 | \$8,063,899 | \$500,000 | \$83,145,816 | \$2,813,036 | 28% |
| 2022 | \$5,226,535 | \$7,704,446 | \$12,930,981 | \$0 | \$8,568,682 | \$500,000 | \$84,524,333 | \$2,382,727 | 25% |
| 2023 | \$5,148,013 | \$7,789,325 | \$12,937,338 | \$0 | \$8,960,548 | \$500,000 | \$85,640,688 | \$2,412,944 | 25% |
| 2024 | \$5,097,848 | \$7,964,625 | \$13,062,473 | \$0 | \$9,340,572 | \$500,000 | \$87,036,942 | \$2,448,457 | 26% |
| 2025 | \$5,046,525 | \$8,097,321 | \$13,143,846 | \$0 | \$9,670,022 | \$500,000 | \$88,330,652 | \$2,477,372 | 26% |

The Community Engagement and Finance Division (CEFD) contact:

- None

**MUNICIPAL STABILITY BOARD
RESOLUTION 2021-10**

APPROVAL OF REQUEST TO RELEASE FROM MONITORING

WHEREAS, the Michigan legislature passed the Protecting Local Government Retirement and Benefits Act, MCL 38.2801 et. seq. (the “Act”), creating the Municipal Stability Board (the “Board”) for the purpose of reviewing and approving corrective action plans submitted by local units of government addressing the underfunded status of their municipal retirement systems (the “Corrective Action Plan”) as well as for monitoring compliance with those plans;

WHEREAS, the Michigan Department of Treasury (“Treasury”) provides administrative services to the Board;

WHEREAS, the Board passed “Requirements for Removal from Underfunded Status and Corrective Action Plan Monitoring” adopting the Corrective Action Plan Monitoring Removal Policy and Procedures (the “Monitoring Procedures”);

WHEREAS, The Board has previously approved Corrective Action Plans for the local units of government outlined on the attached Exhibit A (the “Local Governments”), all of which are now subject to the Monitoring Procedures;

WHEREAS, the Local Governments have submitted requests to be released from the Board’s Monitoring Procedures;

WHEREAS, Treasury has verified the Local Governments are no longer underfunded local units of government for purposes of the Act.

NOW, THEREFORE, BE IT RESOLVED, the Local Governments are released from the Monitoring Procedures and their approved Corrective Action Plans.

Ayes:

Nays:

Recused:

Lansing, Michigan

March 17, 2021



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

DATE: March 17, 2020 **Resolution 2021-10 Exhibit A**

TO: The Municipal Stability Board (the Board)

FROM: Community Engagement and Finance Division, Department of Treasury

SUBJECT: Removal from the Corrective Action Process and the Purview of Board

Suggested Action: The Board motions to remove the local governments listed below from the corrective action process and the purview of the Board for subsequently filing the Retirement System Annual Report (Form 5572), showing that each local government now meets the funding requirements established under PA 202 of 2017 (the Act). Furthermore, each local government has requested removal from underfunded status per the Board's approved procedures.

I. City of Marine City

- a. OPEB - Most recent retirement submission (Form 5572) shows 5.7% funded with an Actuarially Determined Contribution (ADC) that is 9.4% of governmental revenues

II. Capital Region Airport Authority

- a. OPEB - Most recent retirement submission (Form 5572) shows 85.1% funded

III. Redford Township District Library

- a. OPEB - Most recent retirement submission (Form 5572) shows 49.4% funded

Requirements for Removal from Underfunded Status and Corrective Action Plan

Monitoring: A local government in corrective action for failure to meet the Act's funding requirements may request to be released by the Board from the corrective action plan process and purview of the Board if a subsequent year's Form 5572 shows that they now meet the Act's funding requirements. The Board may vote to release these local governments from the CAP process and purview of the Board, thereby removing underfunded status.

From: [Elaine Leven](#)
To: [LocalRetirementReporting](#)
Cc: [Megan Pearce](#)
Subject: RE: 742020 2017 Retirement Corrective Action Plan(s): Corrective Action Plan Monitoring
Date: Tuesday, January 26, 2021 12:43:54 PM

CAUTION: This is an External email. Please send suspicious emails to abuse@michigan.gov

I have spoken with our auditor and since we have taken corrective action and are no longer considered underfunded, I would request that we be removed from the CAP process and purview of the Board.

From: LocalRetirementReporting <LocalRetirementReporting@michigan.gov>
Sent: Friday, January 15, 2021 8:26 AM
To: Megan Pearce <treasurer@cityofmarinecity.org>; Elaine Leven <eleven@cityofmarinecity.org>
Subject: FW: 742020 2017 Retirement Corrective Action Plan(s): Corrective Action Plan Monitoring
Importance: High

Good Morning,

The forwarded email was sent regarding the corrective action plan monitoring process for your local government's retirement system(s) under Public Act 202 of 2017. The attached Form 5720, Corrective Action Plan Monitoring Application for Certification of Compliance, is due to be completed and returned within 90 days of receipt of the email. The email was originally sent on October 8, 2020, but according to our records we have not received the completed form(s) back. If you could please review and return the requested documentation as soon as possible, it would be greatly appreciated.

If you have any questions or would like to discuss this further with Treasury staff, please email our office at LocalRetirementReporting@michigan.gov or schedule a phone call appointment using the [Local Retirement Calendar](#). A team member will email you a conference number to call at your scheduled time.

Local Retirement Reporting Team
Community Engagement and Finance Division
www.michigan.gov/LocalRetirementReporting
[File and Search Reports](#) | [Treasury Covid-19 Information](#)
[Local Retirement Reporting](#) | [Sign up for Email Alerts](#)

From: LocalRetirementReporting
Sent: Thursday, October 8, 2020 11:48 AM
To: eleven@marinecity-mi.org
Subject: 742020 2017 Retirement Corrective Action Plan(s): Corrective Action Plan Monitoring

From: [Sophie Giviyán](#)
To: [LocalRetirementReporting](#)
Subject: Removal from Corrective Action Municipality Code 337500
Date: Tuesday, March 9, 2021 11:23:07 AM

CAUTION: This is an External email. Please send suspicious emails to abuse@michigan.gov

Good afternoon,

Please remove Municipality 337500 from Corrective Action as the two last annual Form 5572 do not meet definition of underfunded status.

Thank you,

Sophie Giviyán
Director of Finance and Accounting
Capital Region Airport Authority
4100 Capital City Blvd. | Lansing, MI 48906
Office Phone: 517-886-3713 ext 3711
sgiviyán@craa.com | www.flylansing.com | www.portlansing.com



CONFIDENTIALITY NOTICE: This e-mail message, including any attachments, is for the sole use of the intended recipients(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited. If you are not the intended recipient, please contact the sender by reply e-mail and destroy all copies of the original message.

From: [Garrett Hungerford](#)
To: [LocalRetirementReporting](#)
Subject: Corrective Action Plan, Redford Township District Library, Retiree Health Funding Vehicle
Date: Thursday, March 11, 2021 3:42:26 PM
Attachments: [Sustainability Calculation Spreadsheet 703693 7 \(1\).pdf](#)
[Form 5720 Corrective Action Plan Monitoring Application for Certification of Compliance.pdf](#)

CAUTION: This is an External email. Please send suspicious emails to abuse@michigan.gov

Attached is form 5720 as requested. Currently, the library meets all criteria to be removed from CAP monitoring. For that reason, I am requesting that our removal be considered by the board.

Thanks,

Garrett Hungerford, Director
Redford Township District Library
25320 W. Six Mile
Redford, MI 48240
Phone: (313) 531-2640
Fax: (313) 794-9031

ghungerford@rtdl.org
<https://www.rtdl.org/>

**MUNICIPAL STABILITY BOARD
RESOLUTION 2021-11**

RELEASE FROM MONITORING

WHEREAS, the Michigan legislature passed the Protecting Local Government Retirement and Benefits Act, MCL 38.2801 et. seq. (the “Act”), creating the Municipal Stability Board (the “Board”) for the purpose of reviewing and approving corrective action plans submitted by local units of government addressing the underfunded status of their municipal retirement systems (the “Corrective Action Plan”) as well as for monitoring compliance with those plans;

WHEREAS, the Michigan Department of Treasury (“Treasury”) provides administrative services to the Board;

WHEREAS, the Board passed Resolution 2020-11 adopting the Corrective Action Plan Monitoring Policy and Procedures (the “Monitoring Procedures”);

WHEREAS, the Board passed “Requirements for Removal from Underfunded Status and Corrective Action Plan Monitoring” adopting the Requirements for Removal from Underfunded Status and Corrective Action Plan Monitoring (the “Removal Requirements”);

WHEREAS, the Board has previously approved Corrective Action Plans for the local units of government outlined on the attached Exhibit B (the “Local Governments”), all of which are now subject to the Monitoring Procedures;

WHEREAS, Treasury has verified the Local Governments are no longer underfunded local units of government for purposes of the Act.

NOW, THEREFORE, BE IT RESOLVED, the Local Governments have sufficiently met the Removal Requirements;

BE IT FURTHER RESOLVED, the Local Governments are released from the Monitoring Procedures and their approved Corrective Action Plans.

Ayes:

Nays:

Recused:

Lansing, Michigan

March 17, 2021



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

DATE: March 17, 2021 **Resolution 2021-11 Exhibit B**

TO: The Municipal Stability Board (the Board)

FROM: Community Engagement and Finance Division, Department of Treasury

SUBJECT: Board Removal from the Corrective Action Process and the Purview of Board

Suggested Action: The Board motions to remove the local governments listed below from the corrective action process and the purview of the Board following the local government submission of the Corrective Action Plan Monitoring: Application for Certification of Compliance (Form 5720), showing that each local government now meets the Board's established criteria for removal from underfunded status and purview of the Board.

- I. City of Dearborn
 - a. OPEB – Most recent retirement submission (Form 5572) shows 45.3% funded
- II. State of Michigan 41B District Court
 - a. OPEB – Most recent retirement submission (Form 5572) shows 56.7% funded

Requirements for Removal from Underfunded Status and Corrective Action Plan

Monitoring: The local government may be removed during the CAP monitoring process if the underfunded system has failed to trigger as underfunded during the last two annual Form 5572 submissions. Alternatively, the local government may be removed during the CAP monitoring process if the underfunded system(s) funded ratio is at least 5% greater than the Act's designated minimum funded ratio in the most recent Form 5572 submission (e.g. an OPEB system is 45% funded when underfunded status is below 40%).

The Board may vote to release these local governments from the CAP process and purview of the Board, thereby removing underfunded status.