

# **Municipal Stability Board Minutes**

Wednesday, September 12, 2018 at 10:30 a.m.

Austin Building  
State Treasurer's Boardroom  
430 W. Allegan Street  
Lansing, MI 48922

## **Call to Order**

Chairman Eric Scorsone called the meeting to order at 10:40 a.m.

## **Roll Call**

### **Members Present – 3**

Eric Scorsone  
Daryl Delabbio  
Barry Howard

Let the record show that 3 Board members eligible to vote were present. A quorum was present.

## **Approval of Minutes**

Motion was made to approve the minutes regarding August 15, 2018 board meeting.

Motion moved by B. Howard supported by D. Delabbio, the Board unanimously approved the August 15, 2018 meeting minutes. 3 ayes, 0 nays.

## **Public Comment**

No public comment.

## **Correspondence**

- PA 202 Treasury Update – Kevin Kubacki reviewed the new resolution technique that the Board will utilize to vote on corrective action plans (CAPs). The team has drafted a color coded appendix to show if each CAP meets Approval Criteria established by the Board. In the appendix, if a cell is green, the CAP met that CAP approval criteria. If it is yellow, the CAP partially met the CAP approval criteria. If it is red, the CAP did not meet the CAP approval criteria. Mr. Kubacki addressed questions from the board. Each CAP will now be summarized in the

color-coded appendix, which will include a hyperlink to the CAP in its entirety.

- Responding to the Board's Questions - Kevin Kubacki reported to the Board that last month Treasury was asked to provide references to PA 202 of 2017 regarding the definition of general fund operating revenues and the authority the Treasurer has to grant waivers. There was a question at last month's board meeting about the use of enterprise funds as revenue in the determination of underfunded status. Section 3(g) of Public Act 202 of 2017 provides the definition of general fund operating revenues. Mr. Howard noted that the use of enterprise fund revenue in the determination of underfunded status is unclear to many local units, such as Escanaba, that have employee benefits that are charged to enterprise funds. Mr. Howard asked if enterprise funds are used to supplement the local unit's health care fund payments, would those funds be allowable to be included in the calculations of fiscal viability. The Act states that the Treasurer is to determine the waiver results, but it is the Board's decision to evaluate the corrective action plan. Mr. Howard asked the Attorney General's (AG) representatives if they had an advisory opinion about how the Board should consider this revenue. At this time, the AG's office does not have an opinion but offered to look into it if the Board would like. Mr. Howard noted it is up to the Treasurer to decide.
- Extension Request – Kevin Kubacki gave an update to the Board regarding instructions and example language local governments can use when applying for a 45 day extension of a CAP. Klein Allison from the Attorney General's office clarified for the board there is no mechanism within statute that allows Treasury or the board to request an extension of reviewing CAPs once received.
- Corrective Action Plan Letters (Disapprove, Split, Approve) – Kevin Kubacki gave a detailed update on the CAP result letters Treasury will issue to local governments on the Board's behalf once CAP results have been determined. If the Board disapproves a CAP they have 15 days to provide the detailed reasons to the local units.

## **Old Business**

### **Feedback on the Best Practices and Corrective Action Plan Criteria (Resolution 2018-12)**

Kevin Kubacki reviewed the comments and changes made to the document with the Board. This document was put back up for public comment and there was no public comment received. Treasury made some technical clean up in the document. Treasury asks the Board to review the document.

Motion was made to approve the Feedback on the Best Practices and Corrective Action Plan Criteria (Resolution 2018-12). Kristin called the roll to vote. 3 ayes, 0 nays.

## **New Business**

## **Receipt of Corrective Action Plan**

Kevin Kubacki provided the Board with the Bloomfield Township Public Library, City of Hart, Kalamazoo Lake Sewer and Water Authority, Ottawa County Road Commission (2 systems) and City of Ionia Corrective Action Plans. The Board has 45 days from receipt to approve or deny the Corrective Action Plans. The decision is scheduled to be made at the next scheduled board meeting on October 17, 2018. Mr. Kubacki answered questions from the board.

Motion was made to receive the Bloomfield Township Public Library, City of Hart, Kalamazoo Lake Sewer and Water Authority, Ottawa County Road Commission (2 systems) and City of Ionia Corrective Action Plans.

Motion moved by B. Howard, supported by D. Delabbio, the Board unanimously approved the designation. 3 ayes. 0 nays.

## **Approvals and Denials of Corrective Action Plans**

### **Resolution 2018-13: Approval of Corrective Action Plans**

- **Crawford County Road Commission Municipal Employees Retirement (MERS) of Michigan and Crawford County Road Commission MERS Health Care Savings Program**– Kevin Kubacki was asked to review the Crawford County Road Commission Municipal Employees Retirement (MERS) of Michigan and Crawford County Road Commission MERS Health Care Savings Program corrective action plans with the board. Using the Board adopted Corrective Action Plan Development: Best Practices and Strategies as the criteria to provide its recommendation, Treasury recommended approval of the Crawford County Road Commission Municipal Employees Retirement (MERS) of Michigan corrective action plan and Treasury recommended denial of the Crawford County Road Commission MERS Health Care Savings Program corrective action plan. The board deliberated on the resolution language and asked the public in attendance for comment on pay-go funding policies.

Karl Kramer from Genesee County Drain Commission made a comment regarding PayGo as a way to fund a retirement plan.

Lauri Siskind from the City of Southfield made a comment regarding PayGo as a way to fund a retirement plan.

Motion to approve Appendix A, which included approving the Crawford County Road Commission Municipal Employees Retirement (MERS) of Michigan corrective action plan and disapproving the Crawford County Road Commission MERS Health Care Savings Program corrective action plan.

Motion moved by B. Howard, supported by D. Delabbio, the Board unanimously approved Appendix A, which included approving the Crawford County Road Commission Municipal Employees Retirement (MERS) of Michigan and disapproving the Crawford County Road Commission MERS Health Care Savings Program.

### **Public Comment**

No public comment.

### **Board Comment**

No board comment.

### **Next Meeting**

Next regular meeting will be on October 17, 2018 at 10:30am

### **Adjournment**

Motion made to adjourn. Motion moved by D. Delabbio, supported by B. Howard, the Board unanimously approved the motion to adjourn.

There being no further business, the meeting adjourned at 11:19 a.m.