

# Municipal Stability Board

Wednesday, May 18, 2022 at 11:00 a.m.

Austin Building

State Treasurer's Boardroom

430 W. Allegan Street

Lansing, MI 48922

via Microsoft TEAMS

<https://bit.ly/msb20220518>

## I. Call to Order

- A. Roll Call
- B. Approval of April 20, 2022 Minutes

## II. Public Comment

- A. 2-minute limit

## III. Correspondence

- A. Treasury Update
- B. Failure to Make Required Pension Contribution(s): Underfunded Local Government

## IV. New Business

- A. Approvals and Disapprovals of Corrective Action Plans (Resolution 2022-12)
  - i. City of Ferndale (2 systems)
- B. Corrective Action Plan Monitoring Certifications of Compliance (Resolution 2022-13)
  - i. City of Charlotte (2 systems)
  - ii. Copper Country Community Mental Health Services Board
  - iii. Iron County Road Commission
  - iv. Monroe Community Mental Health Authority
- C. Removal From Corrective Action Plan (Resolution 2022-14)

- i. Davison Township
- ii. City of Parchment

**V. Public Comment**

- A. 2-minute limit

**VI. Board Comment**

**VII. Adjournment**

# MUNICIPAL STABILITY BOARD

Wednesday, April 20, 2022  
11:00 a.m.

Virtual Public Meeting via Microsoft TEAMS

## Draft Meeting Minutes

### **CALL TO ORDER**

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

### **ROLL CALL**

Members Present: Three  
Eric Scorsone – Present  
John Lamerato – Present  
Bob Cinabro – Absent

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

### **APPROVAL OF MINUTES**

A motion was made to approve the March 16, 2022, board meeting minutes by John Lamerato and supported by Eric Scorsone. The Board unanimously approved the March 16, 2022 meeting minutes. 2 ayes and 0 nays.

### **PUBLIC COMMENT**

No public comment.

### **CORRESPONDENCE**

Nick Brousseau provided an update on Treasury's outreach and communication with the Board.

### **NEW BUSINESS**

#### **CORRECTIVE ACTION PLAN RECEIPTS**

Nick Brousseau was asked to review the Corrective Action Plan Receipts.

- City of Ferndale (2 systems)

A motion was made to approve the Corrective Action Plan Receipt from the City of Ferndale by John Lamerato and supported by Eric Scorsone.

The Board unanimously approved the Corrective Action Plan Receipt from the City of Ferndale. 2 ayes and 0 nays. The motion passed.

**APPROVALS AND DISAPPROVALS OF CORRECTIVE ACTION PLANS (RESOLUTION 2022-9)**

Nick Brousseau was asked to review the Approvals and Disapprovals of Corrective Action Plans (Resolution 2022-9) with the Board:

- Flint Charter Township (Approval)

A motion was made to approve the Approvals and Disapprovals of Corrective Action Plans (Resolution 2022-9) by John Lamerato and supported by Eric Scorsone.

The Board unanimously approved the Approvals and Disapprovals of Corrective Action Plans (Resolution 2022-9). 2 ayes and 0 nays. Resolution 2022-9 passed.

**CORRECTIVE ACTION PLAN MONITORING CERTIFICATIONS OF COMPLIANCE (RESOLUTION 2022-10)**

Nick Brousseau was asked to review the Corrective Action Plan Monitoring Certifications of Compliance (Resolution 2022-10) with the Board:

- Gladwin City-County Transit (Compliant)
- Gladwin City Housing Commission (Compliant)
- City of Luna Pier (2 systems) (Compliant)

A motion was made to approve the Corrective Action Plan Monitoring Certifications of Compliance (Resolution 2022-10) by John Lamerato and supported by Eric Scorsone.

The Board unanimously approved the Corrective Action Plan Monitoring Certifications of Compliance (Resolution 2022-10). 2 ayes and 0 nays. Resolution 2022-10 passed.

**CORRECTIVE ACTION PLAN NONCOMPLIANCE (RESOLUTION 2022-11)**

Nick Brousseau was asked to review the Corrective Action Plan Noncompliance (Resolution 2022-11) with the Board:

- Village of Stockbridge (No retirement submission)

A motion was made to approve the Corrective Action Plan Noncompliance (Resolution 2022-11) by John Lamerato and supported by Eric Scorsone.

The Board unanimously approved the Corrective Action Plan Monitoring Noncompliance (Resolution 2022-11). 2 ayes and 0 nays. Resolution 2022-11 passed.

**PUBLIC COMMENT**

No public comment.

**BOARD COMMENT**

John Lamerato raised a question regarding a list of local units in noncompliance. Eric Scorsone thanks Treasury staff for all of their hard work.

**APRIL 2022 MSB  
DRAFT MEETING MINUTES**

**NEXT MEETING**

The next regular meeting will be on May 18, 2022 at 11:00 a.m.

**ADJOURNMENT**

A motion was made to adjourn by John Lamerato and supported by Eric Scorsone.

The Board unanimously approved the motion to adjourn. The motion passed with 2 ayes and 0 nays. There being no further business, the meeting adjourned at 11:13 a.m.

# Treasury's Public Act 202 of 2017 Update

As of 5/11/2022

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			
	April 2022	May 2022	June	July
Non-Primary	0	0	0	0
Primary	1	1	0	1
<b>Total</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>1</b>

## CAP Monitoring Notifications and Reviews

- A total of 193 local governments have been sent monitoring certification requests to date
- 177 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			
	May	June	July	August
Monitoring Certification Sent	0	7	5	4
Monitoring Certification Due	4	0	3	0
<b>Board to Review</b>	<b>1</b>	<b>4</b>	<b>1</b>	<b>4</b>

## Treasury Department Communication and Outreach Report

- 304 one-on-one 30-minute calls scheduled by local governments to discuss the Public Act 202 process
  - 0 calls since the April Board meeting

## Upcoming Policy Review and Document Updates

- Review Best Practices and Corrective Action Plan Approval Criteria document for updates and revisions
- Review Corrective Action Plan Monitoring Policies and Procedures document for updates and revisions

## Local Government COVID-19 Webpage

- <https://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
- <https://www.michigan.gov/ARPA> | Local Government | American Rescue Plan Act (ARPA): Coronavirus Local Fiscal Recovery Fund (CLFRF)
  - Information and updates regarding the CLFRF



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RACHAEL EUBANKS  
STATE TREASURER

**DATE:** May 18, 2022

**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 April 21, 2022, the Municipal Employees' Retirement System (MERS) notified the State Treasurer that the Village of Ontonagon had failed to make a portion of its required minimum pension payment in each month from September 2021 through December 2021. Per MERS policy, failure to make a payment for more than 90 days may lead to the seeking 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.

**MUNICIPAL STABILITY BOARD  
RESOLUTION 2022-12**

**APPROVAL OR DISAPPROVAL OF CORRECTIVE ACTION PLANS**

**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”);

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

**WHEREAS**, on September 16, 2020 by Resolution 2020-13, the Board adopted the Best Practices (“Best Practices” and Corrective Action Plans Approval Criteria (“Approval Criteria”) pursuant to MCL 38.2808;

**WHEREAS**, the Best Practices generally require that a plan (i) will sustain legacy costs and future retirement benefits; (ii) utilizes modern plan design; and (iii) is administered as effectively as possible to maintain a fiscally stable retirement system;

**WHEREAS**, the Approval Criteria generally requires that a plan (i) demonstrate how and when a retirement system will reach a sixty percent funded ratio for pension systems and/or a forty percent funded ratio for retirement health systems within a reasonable timeframe; (ii) is legal and feasible; and (iii) is affordable;

**WHEREAS**, the Board previously received the municipalities’ listed on Appendix A attached to this Resolution (the “Municipalities”), Corrective Action Plans;

**WHEREAS**, Treasury and the Board have reviewed the Municipalities’ Corrective Action Plans pursuant to the Best Practices and Approval Criteria; and

**WHEREAS**, Treasury is recommending the Board approve or disapprove the Corrective Action Plans as detailed on Appendix A attached hereto.

**NOW THEREFORE, BE IT RESOLVED**, the Board determines that the Municipalities’ Corrective Action Plans Treasury is recommending for approval listed on Appendix A, sufficiently meet the Best Practices and Approval Criteria;

**BE IT FURTHER RESOLVED**, the Board determines the Municipalities’ Corrective Action Plans Treasury is recommending for disapproval listed on Appendix A, do not sufficiently meet the Best Practices and Approval Criteria;



**BE IT FURTHER RESOLVED**, the Board approves or disapproves the Municipalities' Corrective Action Plans in agreement with Treasury's recommendation as listed on Appendix A;

**BE IT FURTHER RESOLVED**, that Treasury is directed to oversee the approved Corrective Action Plans are implemented pursuant to MCL 38.2810 and to report to the Board the status of the implementation on a regular basis;

**BE IT FURTHER RESOLVED**, that Treasury is directed to provide to Municipalities notification of the Board's detailed reasons for disapproval of their Municipality's Corrective Action Plan (the "Disapproval Letter") within fifteen days of this resolution pursuant to MCL 38.2810(4); and

**BE IT FURTHER RESOLVED**, that Municipalities who fail to resubmit a Corrective Action Plan materially addressing the reasons for disapproval within 60 days of the Disapproval Letter as required by MCL 38.2810(4), shall be deemed in noncompliance with the Act.

Ayes:

Nays:

Recused:

Lansing, Michigan

May 18, 2022

Municipal Stability Board Appendix A, May 18, 2022

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

CAP Criteria Key	
<b>Underfunded Status</b>	Was there description and adequate supporting documentation of how and when the retirement system will address the Underfunded Status criteria as defined by the Municipal Stability Board?
<b>Legality</b>	Does the corrective action plan follow all applicable laws? Are all required administrative certifications and governing body approvals included? Are the actions listed feasible?
<b>Affordable</b>	The local government must confirm that corrective actions listed in the CAP allow for the local government to make, at a minimum, the annual required contribution (ARC) payment for pension plans and/or the retiree healthcare premium payment, as well as the normal cost payment for new hires for retirement health benefits

#	Local Government	Municode	Fiscal Year	System Type	Date Received	<u>Underfunded</u> Status	Legality	Affordable	<u>Treasury</u> Recommendation	<u>Corrective Action Plan Link</u>
1	City of Ferndale General Employees' Retirement System	632060	2020	Pension	4/20/2022	Yes	Yes	Yes	Approve	<a href="#">City of Ferndale - General Employees Pension</a>
2	City of Ferndale Police and Firemen's Retirement	632060	2020	Pension	4/20/2022	Yes	Yes	Yes	Approve	<a href="#">City of Ferndale Police and Fire Pension</a>



**Treasury Recommendation**  
**City of Ferndale Pension Corrective Action Plan (CAP)**  
**Primary Unit 632060**

- Active employees: 61

**Corrective Action Plan Criteria:**

The following corrective action plan approval criteria are met:

- Underfunded Status:
  - The local government has demonstrated through supporting documentation that it has already reached the PA 202 established funding level of 60% funded. (2020)
- Legal and Feasible:
  - In section 7 of the corrective action plan template, the local unit confirms that the plan is legal and feasible because the plan follows all applicable laws, the actions listed are feasible, and the plan is approved by the governing body.
- Affordable:
  - The local unit confirms in section 5 of the corrective action plan template that the corrective actions listed will allow for the local unit to make, at a minimum, the annual required contribution payment according to the long-term budget forecast.

**Supplemental Information:**

None

**The Community Engagement and Finance Division (CEFD) contact:**

- None



**Treasury Recommendation**  
**City of Ferndale Pension Corrective Action Plan (CAP)**  
**Primary Unit 632060**

- Active employees: 17

**Corrective Action Plan Criteria:**

The following corrective action plan approval criteria are met:

- Underfunded Status:
  - The local government has demonstrated through supporting documentation that it has already reached the PA 202 established funding level of 60% funded. (2020)
- Legal and Feasible:
  - In section 7 of the corrective action plan template, the local unit confirms that the plan is legal and feasible because the plan follows all applicable laws, the actions listed are feasible, and the plan is approved by the governing body.
- Affordable:
  - The local unit confirms in section 5 of the corrective action plan template that the corrective actions listed will allow for the local unit to make, at a minimum, the annual required contribution payment according to the long-term budget forecast.

**Supplemental Information:**

None

**The Community Engagement and Finance Division (CEFD) contact:**

- None

**MUNICIPAL STABILITY BOARD  
RESOLUTION 2022-13**

**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 B 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 B 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 B 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 B 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

May 18, 2022



Municipal Stability Board Appendix B, May 18, 2022

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	
<b>Underfunded Status</b>	Is the local government addressing their underfunded status in the same timeframe or less, as the approved CAP?
<b>Substantial Changes</b>	Does the corrective action plan remain substantially the same as the original approved submission?
<b>Sustainability</b>	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 through reasonable revenue growth. Retirement costs also must not have substantially increased above the original projection in their approved CAP.

#	Local Government	Municode	Fiscal Year Underfunded	System Type	Underfunded Status	Substantial Changes	Sustainability	Treasury Recommendation	CAP Monitoring Certification Form Link
1	City of Charlotte	232010	2018	Pension	Met	Met	Met	Compliant	<a href="#">City of Charlotte Pension</a>
2	City of Charlotte	232010	2018	OPEB	Met	Met	Met	Compliant	<a href="#">City of Charlotte OPEB</a>



**Treasury Recommendation**  
**City of Charlotte Pension Corrective Action Plan (CAP) Monitoring Compliance Certification**  
**Primary Government 232010**

**Sustainability**

**Highest combined annual employer contribution over the next 5 years?**

- Fiscal Year: 2021
- Percentage of Revenues: 19.1%

**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 129**

- Inactive employees or beneficiaries currently receiving benefits: **75**
- Inactive employees entitled to but not yet receiving benefits: **10**
- Active employees: **44**

**Corrective Action Plan Monitoring Criteria:**

**Underfunded Status:**

- City of Charlotte has Met the Board's published monitoring criteria for underfunded status.

**Substantial Changes:**

- City of Charlotte has Met the Board's published monitoring criteria for substantial changes.

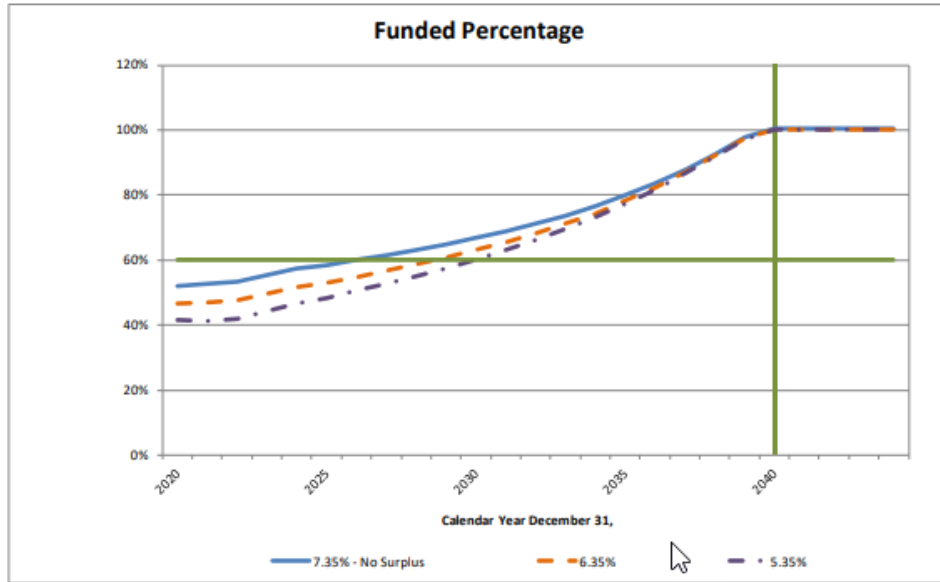
**Sustainability:**

- City of Charlotte has Met the Board's published monitoring criteria for sustainability.

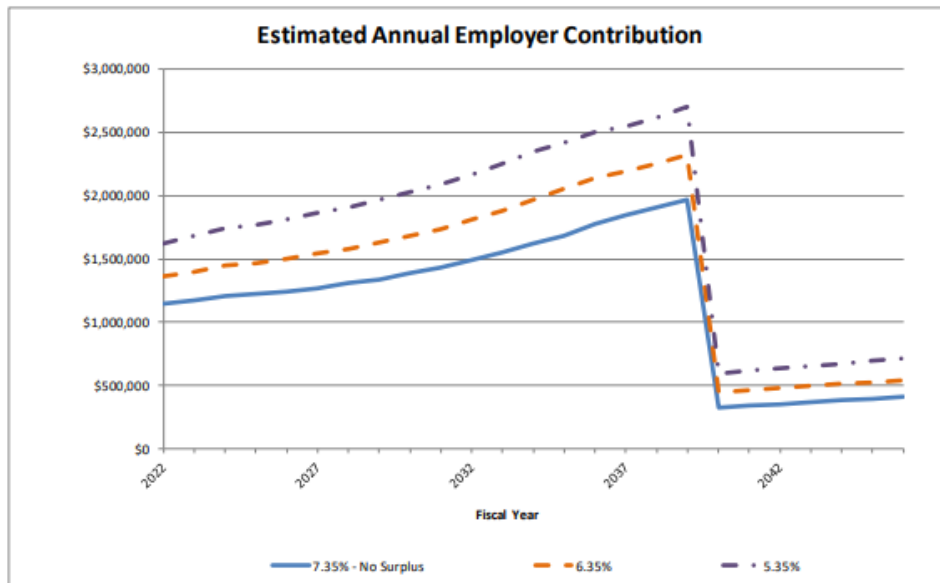
**Supplemental Information:**

Local government is reaching 60% funding as outlined in original plan, with no significant changes. Remains sustainable with annual increases of 2.7%.

**Treasury Recommendation**  
**City of Charlotte Pension Corrective Action Plan (CAP) Monitoring Compliance Certification**  
**Primary Government 232010**



**Notes:**  
 All projected funded percentages are shown with no phase-in.  
 The green indicator lines have been added at 60% funded and 20 years following the valuation date for PA 202 purposes.



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

**Treasury Recommendation**  
**City of Charlotte Pension Corrective Action Plan (CAP) Monitoring Compliance Certification**  
**Primary Government 232010**

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								
2020	\$1,147,488		\$87,100	\$0	\$6,740,031		18.3%	
2021	\$1,170,000		\$107,146	\$200,000	\$7,753,876		19.1%	19.6%
2022	\$1,210,000	\$86,040	\$137,150	\$0	\$7,908,954		18.1%	-3.0%
2023	\$1,220,000		\$103,422	\$0	\$8,067,133		16.4%	-7.7%
2024	\$1,240,000		\$106,025	\$0	\$8,228,475		16.4%	1.7%

Projected Annual Revenue Growth (Please select)	2%
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Average Annual Retirement Cost Increase	2.7%
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The Community Engagement and Finance Division (CEFD) contact:

- None

**Treasury Recommendation**  
**City of Charlotte OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification**  
**Primary Government 232010**

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
MERS	Pension	\$13,381,396	\$24,333,180	55.0 %	\$911,923	\$7,753,876	11.8%	YES
MERS	OPEB	\$222,325	\$1,643,701	13.5%	\$87,086		1.1%	YES
<b>Total</b>		<b>\$13,603,721</b>	<b>\$25,976,881</b>		<b>\$999,009</b>	<b>\$7,753,876</b>	<b>12.9%</b>	

**Source: Retirement Report Fiscal Year, Audited Financial Statements**

**Staff Recommendation:**

**Compliance** for the Retiree Health Care OPEB corrective action plan monitoring certification of compliance submitted by City of Charlotte. 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 Charlotte is addressing underfunded status by fiscal year 2031 as projected in originally approved plan

In July 2020, the City established a Retiree Health Care Trust Fund in the amount of \$200,000.

**Substantial Changes**

**CAP Changes Implemented:**

- In July 2020, the City established a Retiree Health Care Trust fund in the amount of \$200,000.

**CAP Changes Not Implemented:**

- None

**Additional Changes Implemented**

- None

**Revised Corrective Action Plan Submitted? No**

**Sustainability**

**Highest combined annual employer contribution over the next 5 years?**

- Fiscal Year: 0
- Percentage of Revenues: 19.1%

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

- No

**Treasury Recommendation**  
**City of Charlotte OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification**  
**Primary Government 232010**

**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 13**

- Inactive employees or beneficiaries currently receiving benefits: **0**
- Inactive employees entitled to but not yet receiving benefits: **13**
- Active employees: **0**

**Corrective Action Plan Monitoring Criteria:**

**Underfunded Status:**

- City of Charlotte has Met the Board’s published monitoring criteria for underfunded status.

**Substantial Changes:**

- City of Charlotte has Met the Board’s published monitoring criteria for substantial changes.

**Sustainability:**

- City of Charlotte has Met the Board’s published monitoring criteria for sustainability.

**Supplemental Information:**

Local government complies with approved CAP plan by establishing \$200,000 Retiree Health Care Trust which will bring them to at least 40% funding by 2031. Future 5572 submissions will verify the established \$200,000 Retiree Health Care Trust.

**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								
2020	\$1,147,488		\$87,100	\$0	\$6,740,031		18.3%	
2021	\$1,170,000		\$107,146	\$200,000	\$7,753,876		19.1%	19.6%
2022	\$1,210,000	\$86,040	\$137,150	\$0	\$7,908,954		18.1%	-3.0%
2023	\$1,220,000		\$103,422	\$0	\$8,067,133		16.4%	-7.7%
2024	\$1,240,000		\$106,025	\$0	\$8,228,475		16.4%	1.7%

Projected Annual Revenue Growth (Please select)	2%	Average Annual Retirement Cost Increase	2.7%
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The Community Engagement and Finance Division (CEFD) contact:

- None







STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

**DATE:** May 18, 2022 **Exhibit A**

**TO:** The Municipal Stability Board (the Board)

**FROM:** Community Engagement and Finance Division, Department of Treasury

**SUBJECT:** Request for Release 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. Davison Township
  - a. OPEB system - Not underfunded in FY 2021 reporting
- II. City of Parchment
  - a. OPEB system - Not underfunded in FY 2021 reporting

**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.