

Municipal Stability Board

Wednesday, April 15, 2020 at 11:00 a.m.
Virtual Public Meeting
via Microsoft TEAMS

I. Call to Order

- A. Roll Call
- B. Approval of January 15, 2020 Minutes

II. Public Comment

- A. 2 minute limit

III. Correspondence

- A. Treasury Update
- B. Administrative Receipt of Corrective Action Plans
 - i. Cheboygan County Road Commission
 - ii. Dickinson County Road Commission
 - iii. Gladwin City Housing Commission
 - iv. Gladwin City-County Transit Authority
 - v. City of Grosse Pointe Park
 - vi. City of Inkster
 - vii. Iron County Road Commission
 - viii. Ishpeming Township
 - ix. Manistee County Medical Care Facility
 - x. Presque Isle County Road Commission
 - xi. Van Buren Charter Township
 - xii. City of Walled Lake

IV. Old Business

V. New Business

- A. Discuss Corrective Action Plan Monitoring: Policies and Procedures.

B. Corrective Action Plan Extension Request

- i. Genesee County

C. Receipt of Corrective Action Plans

- i. Brownstown Charter Township
- ii. East China Township
- iii. Genesee County
- iv. Montmorency County (2 plans)
- v. Sanilac County Road Commission

D. Approvals and Disapprovals of Corrective Action Plans (Resolution 2020-2)

- i. Cheboygan County Road Commission
- ii. Dickinson County Road Commission
- iii. Gladwin City Housing Commission
- iv. Gladwin City-County Transit
- v. City of Grosse Pointe Park
- vi. City of Inkster
- vii. Iron County Road Commission
- viii. Ishpeming Township
- ix. Manistee County Medical Care Facility
- x. Presque Isle County Road Commission
- xi. Van Buren Charter Township
- xii. City of Walled Lake

VI. Public Comment

- A. 2 minute limit

VII. Board Comment

VIII. Adjournment

MUNICIPAL STABILITY BOARD

**Wednesday, January 15, 2020
11:00 a.m.**

**Richard H. Austin Building
State Treasurer's Board Room
430 W. Allegan Street, 1st Floor
Lansing, MI 48922**

DRAFT MINUTES

CALL TO ORDER

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

ROLL CALL

Members Present: Two

Eric Scorsone

John Lamerato

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 December 18, 2019 board meeting minutes by John Lamerato and supported by Eric Scorsone. The Board unanimously approved the December 18, 2019 meeting minutes. 2 Ayes and 0 Nays.

PUBLIC COMMENT

No public comment.

CORRESPONDENCE

Nick Brousseau presented the Board with Treasury updates, which included an updated report on the Department of Treasury's communication and outreach, a review of retirement funding and liability changes from fiscal year 2017 to 2018, as well as a Corrective Action Plan withdrawal request from Brownstown Charter Township. Mr. Lamerato inquired as to whether the included comparison graphs had been shared online or otherwise. Mr. Brousseau commented that the data is posted online, and the charts have been used in presentations by the Department of Treasury.

NEW BUSINESS

RECEIPT OF 1 LOCAL GOVERNMENT'S CORRECTIVE ACTION PLAN (1 PLAN)

Nick Brousseau provided the Board with the following local government's corrective action plan (1 system):

- City of Durand

A motion was made to receive the corrective action plan by John Lamerato and supported by Eric Scorsone.

The Board unanimously received the corrective action plan. 2 Ayes and 0 Nays.

APPROVALS AND DISAPPROVALS OF CORRECTIVE ACTION PLANS FROM 3 LOCAL GOVERNMENTS' (3 PLANS) (RESOLUTION 2020-1)

Nick Brousseau was asked to review the Treasury recommendations for Approval and Disapproval of Corrective Action Plans (Resolution 2020-1) with the Board.

A motion was made to amend Appendix A to include the Treasury recommendation of approval for the City of Durand by John Lamerato and supported by Eric Scorsone. The Board unanimously approved the addition of the Treasury recommendation for approval for the City of Durand to Appendix A. 2 Ayes, and 0 Nays.

A motion was made to approve the Appendix A of the Approvals and Disapprovals of Corrective Action Plans as amended (Resolution 2020-1) by John Lamerato and supported by and Eric Scorsone. Appendix A as amended included the following local governments:

- City of Belleville (Disapproval)
- Monroe Community Mental Health Authority (Approval)
- Reed City Housing Commission (Approval)
- City of Durand (Approval)

The Board unanimously approved the amended Approvals and Disapprovals of Corrective Action Plans (Resolution 2020-1). 2 Ayes and 0 Nays. Resolution 2020-1 was passed.

PUBLIC COMMENT

No public comment.

NEXT MEETING

As there are no corrective action plans to review at meeting on February 19th, the meeting will be cancelled. The next regular meeting will be on March 18, 2020 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. 2 Ayes and 0 Nays.

There being no further business, the meeting adjourned at 11:21 a.m.

Treasury's Public Act 202 of 2017 Update

As of 4/9/2020

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					
	May	June	July	August	September	October
NON-PRIMARY	1	2	0	0	0	3
PRIMARY	4	6	1	0	2	16
TOTAL	5	8	1	0	2	19

Treasury Department Communication and Outreach Report

- **214 one-on-one 30-minute calls scheduled by local governments to discuss the Public Act 202 process**
 - 16 individual calls since the January Board meeting

Treasury's 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



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

DATE: April 15, 2020
TO: The Municipal Stability Board (the Board)
FROM: Community Engagement and Finance Division, Department of Treasury
SUBJECT: Administrative Receipt of Corrective Action Plan(s) by Treasury

Suggested Action: None required per Resolution 2019-21. Each corrective action plan will have an administrative receipt date of February 19, 2020 or March 15, 2020, corresponding to the previously scheduled Board meeting date.

Fiscal Year 2018 Plans

Received February 19, 2020

- I. Gladwin City Housing Commission
 - A. OPEB
- II. Gladwin City-County Transit
 - A. OPEB
- III. City of Grosse Pointe Park
 - A. OPEB
- IV. City of Inkster
 - A. OPEB
- V. Iron County Road Commission
 - A. Pension
- VI. Ishpeming Township
 - A. OPEB
- VII. Manistee County Medical Care Facility
 - A. OPEB
- VIII. Presque Isle County Road Commission
 - A. OPEB

- IX. City of Walled Lake
 - A. Pension

Received March 15, 2020

- I. Cheboygan County Road Commission
 - A. Pension
- II. Dickinson County Road Commission
 - A. OPEB
- III. Van Buren Township
 - 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.



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

DATE: April 15, 2020
TO: The Municipal Stability Board (the Board)
FROM: Community Engagement and Finance Division, Department of Treasury
SUBJECT: Corrective Action Plan Extension Requests

Suggested Action: The Board motions to approve the following corrective action plan extension requests, extending the 180-day deadline by up to an additional 45 days.

- I. Genesee County
 - a. OPEB: Genesee County Retirees' Health Care Plan and Trust- [Request and Draft Corrective Action Plan](#)

Per Section 10(1) of Public Act 202 of 2017: "The board may extend the 180-day deadline by up to an additional 45 days if the local unit of government submits a reasonable draft of a corrective action plan and requests an extension."



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

DATE: April 15, 2020
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 2018 Plans

- I. Brownstown Charter Township
 - A. OPEB
- II. East China Township
 - A. Pension
- III. Genesee County
 - A. OPEB
- IV. Montmorency County
 - A. Pension
 - B. OPEB
- V. Sanilac County Road Commission
 - 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.

I. MUNICIPALITY INFORMATION

Local Unit Name: Brownstown Charter Township Six-Digit Muni Code: 821010
Retirement Health Benefit System Name: Charter Township of Brownstown OPEB
Contact Name (Administrative Officer): Amy Whipple
Title if not Administrative Officer: Deputy Clerk
Email: AmyW@brownstown-mi.org Telephone: (734) 675-0910

2. GENERAL INFORMATION

Corrective Action Plan: An underfunded local unit of government shall develop and submit for approval a corrective action plan for the local unit of government. The local unit of government shall determine the components of the corrective action plan. This Corrective Action Plan shall be submitted by any local unit of 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 unit of government is a city, village, township, or county, the annual required contribution (ARC) for all of the retirement health systems of the local unit of government is greater than 12% of the local unit of government's annual governmental fund revenues, based on the most recent fiscal year.

Due Date: The local unit of government has **180 days from the date of notification** to submit a corrective action plan to the Municipal Stability Board. The Board may extend the 180-day deadline by up to an additional 45 days if the local unit of 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.** Per Sec. 10(4) of the Act, failure to provide documentation that demonstrates approval from your governing body will result in a determination of noncompliance by the Board.

The submitted plan must demonstrate through distinct supporting documentation how and when the local unit will reach the 40% funded ratio. Or, if the local unit is a city, village, township, or county, the submitted plan may demonstrate how and when the ARC for all of the retirement healthcare systems will be less than 12% of annual governmental fund revenues, as defined by the Act. Supporting documentation for the funding ratio and/or ARC must include an actuarial projection, an actuarial valuation, or an internally developed analysis. The local unit 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-2017, Local Unit Name, Retirement System Name** (e.g. Corrective Action Plan-2017, 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 Municipal Stability Board (the Board) shall review and vote on the approval of a corrective action plan submitted by a local unit of government. If a corrective action plan is approved, the Board will monitor the corrective action plan for the following two years, and the Board will report on the local unit of government's compliance with the Act not less than every two years.

Review Process: Following receipt of the email by Treasury, the Board will accept the corrective action plan submission at the next scheduled meeting of the Board. 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 unit of government may also include in its corrective action plan a review of the local unit of 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 unit of 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 unit of 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 unit of 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 unit of government is in substantial compliance with the Act. If the Board determines that an underfunded local unit of government is not in substantial compliance under this subsection, the Board shall within 15 days provide notification and report to the local unit of government detailing the reasons for the determination of noncompliance with the corrective action plan. The local unit of 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.

- **Please Note:** 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 unit of government done to improve its underfunded status, and where can we find the proof of these changes in the supporting documentation?).

Note: 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, 2017**, the local unit entered into new collective bargaining agreements with the **Command Officers Association** and **Internal Association of Firefighters** that increased employee co-payments and deductibles for healthcare. 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, 2017**.*

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

Sample Statement: *The local unit created a qualified trust to receive, invest, and accumulate assets for retirement healthcare on **June 23, 2016**. The local unit of government has adopted a policy to change its funding methodology from Pay-Go to full funding of the Annual Required Contribution (ARC). Additionally, the local unit has committed to contributing **\$500,000** annually, in addition to the ARC 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 ARC 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 **2015**. Attached is an updated actuarial valuation for **2017** that shows our funded ratio has improved to **42%** as indicated on page **13**.*

Please refer to Attachment 6a. The information added indicates the system does not trigger "underfunded status".

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 unit of government do to improve its underfunded status, and where can we find the proof of these changes in the supporting documentation?).

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 unit will seek to align benefit levels for the retired membership with each class of active employees. Beginning with **summer 2018** contract negotiations, the local unit will seek revised collective bargaining agreements with the **Command Officers Association** and **Internal Association of Firefighters** to increase employee co-payments and deductibles for healthcare. 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 2020** if these changes were adopted and implemented by **fiscal year 2019**.*

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

Sample Statement: *The local unit will create a qualified trust to receive, invest, and accumulate assets for retirement healthcare by **December 31, 2018**. The local unit of government will adopt a policy to change its funding methodology from Pay-Go to full funding of the Annual Required Contribution (ARC) by **December 31, 2018**. Additionally, beginning in fiscal year 2019, the local unit will contribute **\$500,000** annually in addition to the ARC 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 ARC and additional **\$500,000** for the next five years.*

In addition to the \$2,747,456 of assets in the OPEB trust as of December 31, 2018, the Township has \$671,713 of General Fund assets assigned for retiree insurance (see Attachment 2a). This amount is available for future benefit payments or contributions to the trust, but the Township intends to continue making pay-as-you-go premium payments from unassigned resources. This will allow the assigned resources to remain intact for the foreseeable future.

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 2019**, the local unit will begin amortizing the unfunded portion of the healthcare 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 **2022** 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 (insert local unit name) Brownstown Charter Township 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

If 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 unit of government's underfunded status. Please check all documents that are included as part of this plan and attach in successive order as provided below:

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

Naming Convention	Type of Document
<input checked="" type="checkbox"/> Attachment – 1	This Corrective Action Plan (Required)
<input checked="" type="checkbox"/> Attachment – 1a	Documentation from the governing body approving this Corrective Action Plan (Required)
<input checked="" type="checkbox"/> Attachment – 2a	An actuarial projection, an actuarial valuation, or an internally developed analysis, which illustrates how and when the local unit will reach the 40% funded ratio. Or, if the local unit is a city, village, township, or county, ARC will be less than 12% of governmental fund revenues, as defined by the Act. (Required)
<input type="checkbox"/> Attachment – 3a	Documentation of additional payments in past years that is not reflected in your audited financial statements (e.g. enacted budget, system provided information).
<input type="checkbox"/> Attachment – 4a	Documentation of commitment to additional payments in future years (e.g. resolution, ordinance)
<input type="checkbox"/> Attachment – 5a	A separate corrective action plan that the local unit 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
<input checked="" type="checkbox"/> Attachment – 6a	Other documentation, not categorized above

7. CORRECTIVE ACTION PLAN CRITERIA

Please confirm that each of the four 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
<input checked="" type="checkbox"/> 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 unit is a city, village, township, or county, how and when the ARC of all retirement healthcare systems will be less than 12 percent of governmental fund revenues?
<input checked="" type="checkbox"/> Reasonable Timeframe	Do the corrective actions address the underfunded status in a reasonable timeframe (<u>see CAP criteria issued by the Board</u>)?
<input checked="" type="checkbox"/> Legal and Feasible	Does the corrective action plan follow all applicable laws? Are all required administrative certifications and governing body approvals included? Are the actions listed feasible?
<input checked="" type="checkbox"/> Affordability	Do the corrective action(s) listed allow the local unit to make the retiree healthcare premium payment, as well as normal cost payment for new hires now and into the future without additional changes to this corrective action plan?

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

I, Amy Whipple, as the government's administrative officer (insert title) Deputy Clerk (Ex: City/Township Manager, Executive director, and Chief Executive Officer, etc.) approve this Corrective Action Plan and will implement the prospective actions contained in this Corrective Action Plan.

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

- The _____ (Insert Retirement Healthcare System Name) will achieve a funded status of at least 40% by Fiscal Year _____ as demonstrated by required supporting documentation listed in section 6.

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

- The ARC for all of the retirement healthcare systems of Brownstown Charter Township (Insert local unit name) will be less than 12% of the local unit of government's annual governmental fund revenues by Fiscal Year 2018 as demonstrated by required supporting documentation listed in section 6.

Signature Amy Whipple

Date 3-12-2020

Protecting Local Government Retirement and Benefits Act

Corrective Action Plan:

Defined Benefit Pension Retirement Systems

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

1. LOCAL GOVERNMENT INFORMATION

Local Government Name: _____ Six-Digit Muni Code: _____

Defined Benefit Pension System Name: _____

Contact Name (Administrative Officer): _____

Title if not Administrative Officer: _____ Telephone: _____

Email (Communication will be sent here): _____

Fiscal Year System was Determined to be Underfunded: _____

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 defined benefit pension retirement system that has been determined to have an underfunded status. Underfunded status for a defined benefit pension system is defined as being less than 60% 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 defined benefit pension retirement systems of the local government is greater than 10% 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 PA 202 of 2017 (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 60% 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 defined benefit pension systems will be less than 10% 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-2017, City of Lansing, Employees' Retirement System Pension 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) Closing the current defined benefit plan;
- (ii) Implementing a multiplier limit;
- (iii) Reducing or eliminating new accrued benefits;
- (iv) Implementing final average compensation standards.

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. DESCRIPTIONS 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: lower tier of benefits for new hires, final average compensation limitations, freeze future benefit accruals for active employees in the defined benefit system, defined contribution system for new hires, hybrid system for new hires, bridged multiplier for active employees, etc.

Sample Statement: *The system's multiplier for current employees was lowered from 2.5X to 2X for the **General Employees' Retirement System** on **January 1, 2019**. On page **8** of the attached actuarial supplemental valuation, it shows our funded ratio will be **60%** by fiscal year **2022**.*

<Insert User Entry Box>

- Additional Funding** – Additional funding may include the following: voluntary contributions above the ADC, bonding, millage increases, restricted funds, etc.

Sample Statement: *The local government provided a lump sum payment of **\$1 million** to the **General Employees' Retirement System** on **January 1, 2019**. This lump sum payment was in addition to the ADC of the system. The additional contribution will increase the retirement system's funded ratio to **61% by 2027**. Please see page **10** of the attached enacted budget, which highlights this contribution of **\$1 million**.*

<Insert User Entry Box>

- 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 **62%** as indicated on page **13**.*

<Insert User Entry Box>

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 additional actions the local government is planning to implement 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 funding 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: Lower tier of benefits for new hires, final average compensation limitations, freeze future benefit accruals for active employees in the defined benefit system, defined contribution system for new hires, hybrid system for new hires, bridged multiplier for active employees, etc.

Sample Statement: Beginning with **summer 2019** contract negotiations, the local government will seek to lower the system's multiplier for current employees from 2.5X to 2X for the **General Employees' Retirement System**. On page **8** of the attached actuarial supplemental valuation, it shows our funded ratio would be **60%** funded by **fiscal year 2021** if these changes were adopted and implemented by **fiscal year 2020**.

<Insert User Entry Box>

- Additional Funding** – Additional funding may include the following: voluntary contributions above the ADC, bonding, millage increases, restricted funds, etc.

Sample Statement: Beginning in **fiscal year 2020**, the local government will provide a lump sum payment of **\$1 million** to the **General Employees' Retirement System**. This lump sum payment will be in addition to the ADC of the system. The additional contribution will increase the retirement system's funded ratio to **61% by 2026**. Please see page **10** of the attached enacted budget, which highlights this contribution of **\$1 million**. Please see page **12** of the attached supplemental actuarial valuation showing the projected change to the system's funded ratio with this additional contribution.

- 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 pension liability using a **level-dollar amortization method over a closed period of 10 years**. This will allow the retirement system to reach a funded status of **62% 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 ADC payment for the defined benefit pension 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 form (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 60% funded ratio. Or, if the local government is a city, village, township, or county, how and when the ADC will be less than 10% 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:

- | | |
|---|--|
| <input type="checkbox"/> Underfunded Status | Is there a description and adequate supporting documentation of how and when the retirement system will reach the 60% funded ratio? Or, if your local government is a city, village, township, or county, how and when the ADC of all pension systems will be less than 10% of governmental fund revenues? Do the corrective actions address the underfunded status in a reasonable timeframe? |
| <input type="checkbox"/> Legality | Does the corrective action plan follow all applicable laws? Are all required administrative certifications and governing body approvals included? |
| <input type="checkbox"/> Affordability | Do the corrective action(s) listed allow the local government to make the ADC payment for the pension system 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, <insert name>, as the government's administrative officer (Ex. City/Township Manager, Executive Director, Chief Executive Officer, etc.) (<insert title>) approve this corrective action plan and will implement the prospective actions contained in this corrective action plan.

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

- The <insert Retirement Pension System Name> (*insert retirement pension system name*) will achieve a funded status of at least 60% by fiscal year <insert fiscal year> as demonstrated by required supporting documentation listed in Section 6.

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

- The ADC for all the defined benefit pension retirement systems of the local government will be less than 10% of the local government's annual governmental fund revenues by fiscal year <insert Fiscal Year> as demonstrated by required supporting documentation listed in Section 6.

Signature: <insert signature>

Date: <insert date>

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

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

1. LOCAL GOVERNMENT INFORMATION

Local Government Name: Genesee County Six-Digit Muni Code: 250000
Retirement Health Benefit System Name: Genesee County Retirees' Health Care Plan and Trust
Contact Name (Administrative Officer): Chrystal Simpson
Title if not Administrative Officer: Chief Financial Officer Telephone: (810) 257-3092
Email (Communication will be sent here): csimpson@co.genesee.mi.us
Fiscal Year System was Determined to be Underfunded: 2018

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**.*

Genesee County closed the retiree health care plan in 2011. Employees hired after 3/23/2011 receive a deposit of a flat amount per pay to be used toward IRS approved healthcare expenses in retirement. The new plan has a 15 year vesting period. The administrator of the new plan is now Municipal Employees Retirement System (MERS).

- 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**.*

The County is currently working with a health care consultant for potential system design changes that will aid in transition to the 40% funding status within 30 years. The consultant has provided preliminary data and we are now in the process of moving forward with the next steps to bid out the benefit package to quantify the potential cost savings. Nyhart was hired to do an actuarial projection based on the information provided by Plante & Moran for possible changes to the plan, 25% of covered payroll contributions going forward, and additional General Fund contributions which arrived at the 40% funded status within the required timeframe.

- 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.*

In the current year, the General Fund budget included an additional \$9,000,000 contribution of which \$7,000,000 has already been transferred to the trust account. In the actuarial projection, additional amounts are included for each fiscal year which will increase the system's funded ratio to 40% by 2050. See attachment 2a for more information.

- 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 County will pay the retiree premium payment from the Trust and will continue to make contributions out of the governmental, proprietary, and internal service funds where applicable of 25% of covered payroll and additional funding from General Fund. New hires are not eligible for this benefit.

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, Chrystal Simpson, as the government's administrative officer (Ex. City/Township Manager, Executive Director, Chief Executive Officer, etc.) **(insert title)** Chief Financial 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 Genesee County Retiree's Healthcare Plan **(insert retirement health system name)** will achieve a funded status of at least 40% by fiscal year September 30, 2050 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:

Chrystal Simpson

Date:

4/7/20

Protecting Local Government Retirement and Benefits Act

Corrective Action Plan:

Defined Benefit Pension Retirement Systems

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

1. LOCAL GOVERNMENT INFORMATION

Local Government Name: MONTMORENCY COUNTY Six-Digit Muni Code: 600000
Defined Benefit Pension System Name: MERS
Contact Name (Administrative Officer): ALBERT LAFLECHE
Title if not Administrative Officer: BOARD CHAIRMAN Telephone: (989) 785-8002
Email (Communication will be sent here): BERTLAF@HOTMAIL.COM
Fiscal Year System was Determined to be Underfunded: 2018

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 defined benefit pension retirement system that has been determined to have an underfunded status. Underfunded status for a defined benefit pension system is defined as being less than 60% 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 defined benefit pension retirement systems of the local government is greater than 10% 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 PA 202 of 2017 (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 60% 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 defined benefit pension systems will be less than 10% 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-2017, City of Lansing, Employees' Retirement System Pension 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) Closing the current defined benefit plan;
- (ii) Implementing a multiplier limit;
- (iii) Reducing or eliminating new accrued benefits;
- (iv) Implementing final average compensation standards.

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. DESCRIPTIONS 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: lower tier of benefits for new hires, final average compensation limitations, freeze future benefit accruals for active employees in the defined benefit system, defined contribution system for new hires, hybrid system for new hires, bridged multiplier for active employees, etc.

Sample Statement: *The system's multiplier for current employees was lowered from 2.5X to 2X for the **General Employees' Retirement System** on **January 1, 2019**. On page **8** of the attached actuarial supplemental valuation, it shows our funded ratio will be **60%** by fiscal year **2022**.*

Effective January 1, 2019 new non-union employees will be eligible for a defined contribution plan with a matching 457. Refer to pages 1 -2 of Attachment - 6a for the board's passing of this change and pages 7-26 for the board resolution. On page 13 of the attached actuarial supplemental valuation (Attachment - 2a), it shows our funded ratio will be 60% by fiscal year 2028.

- Additional Funding** – Additional funding may include the following: voluntary contributions above the ADC, bonding, millage increases, restricted funds, etc.

Sample Statement: *The local government provided a lump sum payment of **\$1 million** to the **General Employees' Retirement System** on **January 1, 2019**. This lump sum payment was in addition to the ADC of the system. The additional contribution will increase the retirement system's funded ratio to **61% by 2027**. Please see page **10** of the attached enacted budget, which highlights this contribution of **\$1 million**.*

- 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 **62%** 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 additional actions the local government is planning to implement 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 funding 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: Lower tier of benefits for new hires, final average compensation limitations, freeze future benefit accruals for active employees in the defined benefit system, defined contribution system for new hires, hybrid system for new hires, bridged multiplier for active employees, etc.

Sample Statement: Beginning with **summer 2019** contract negotiations, the local government will seek to lower the system's multiplier for current employees from 2.5X to 2X for the **General Employees' Retirement System**. On page 8 of the attached actuarial supplemental valuation, it shows our funded ratio would be **60%** funded by **fiscal year 2021** if these changes were adopted and implemented by **fiscal year 2020**.

- Additional Funding** – Additional funding may include the following: voluntary contributions above the ADC, bonding, millage increases, restricted funds, etc.

Sample Statement: Beginning in **fiscal year 2020**, the local government will provide a lump sum payment of **\$1 million** to the **General Employees' Retirement System**. This lump sum payment will be in addition to the ADC of the system. The additional contribution will increase the retirement system's funded ratio to **61% by 2026**. Please see page 10 of the attached enacted budget, which highlights this contribution of **\$1 million**. Please see page 12 of the attached supplemental actuarial valuation showing the projected change to the system's funded ratio with this additional contribution.

The county board of commissioners is in the research stage of bonding. Refer to Attachment - 6a page 27, the December 4, 2019 board minutes.

- 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 pension liability using a **level-dollar amortization method over a closed period of 10 years**. This will allow the retirement system to reach a funded status of **62% 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 ADC payment for the defined benefit pension 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 form (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 60% funded ratio. Or, if the local government is a city, village, township, or county, how and when the ADC will be less than 10% 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.

MERS

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:
<input checked="" type="checkbox"/> Underfunded Status	Is there a description and adequate supporting documentation of how and when the retirement system will reach the 60% funded ratio? Or, if your local government is a city, village, township, or county, how and when the ADC of all pension systems will be less than 10% of governmental fund revenues? Do the corrective actions address the underfunded status in a reasonable timeframe?
<input checked="" type="checkbox"/> Legality	Does the corrective action plan follow all applicable laws? Are all required administrative certifications and governing body approvals included?
<input checked="" type="checkbox"/> Affordability	Do the corrective action(s) listed allow the local government to make the ADC payment for the pension system 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, Albert Lafleche, as the government's administrative officer (Ex. City/Township Manager, Executive Director, Chief Executive Officer, etc.) **(insert title)** BOARD CHAIRMAN 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 Mont County Inexpension Plan **(insert retirement pension system name)** will achieve a funded status of at least 60% by fiscal year 2028 as demonstrated by required supporting documentation listed in Section 6.

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

The ADC for all the defined benefit pension retirement systems of the local government will be less than 10% of the local government's annual governmental fund revenues by fiscal year 2028 as demonstrated by required supporting documentation listed in Section 6.

Signature: Albert Lafleche

Date: 3-10-20

Protecting Local Government Retirement and Benefits Act

Corrective Action Plan:

Defined Benefit Pension Retirement Systems

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

1. LOCAL GOVERNMENT INFORMATION

Local Government Name: MONTMORENCY COUNTY Six-Digit Muni Code: 600000
Defined Benefit Pension System Name: MONTMORENCY COUNTY RETIREE HEALTH PLAN
Contact Name (Administrative Officer): ALBERT LAFLECHE
Title if not Administrative Officer: BOARD CHAIRMAN Telephone: (989) 785-8002
Email (Communication will be sent here): BERTLAF@HOTMAIL.COM
Fiscal Year System was Determined to be Underfunded: 2018

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 defined benefit pension retirement system that has been determined to have an underfunded status. Underfunded status for a defined benefit pension system is defined as being less than 60% 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 defined benefit pension retirement systems of the local government is greater than 10% 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 PA 202 of 2017 (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 60% 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 defined benefit pension systems will be less than 10% 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-2017, City of Lansing, Employees' Retirement System Pension 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) Closing the current defined benefit plan;
- (ii) Implementing a multiplier limit;
- (iii) Reducing or eliminating new accrued benefits;
- (iv) Implementing final average compensation standards.

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. DESCRIPTIONS 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: lower tier of benefits for new hires, final average compensation limitations, freeze future benefit accruals for active employees in the defined benefit system, defined contribution system for new hires, hybrid system for new hires, bridged multiplier for active employees, etc.

Sample Statement: *The system's multiplier for current employees was lowered from 2.5X to 2X for the **General Employees' Retirement System** on **January 1, 2019**. On page **8** of the attached actuarial supplemental valuation, it shows our funded ratio will be **60%** by fiscal year **2022**.*

The board has voted to eliminate retiree over 65 (Medicare eligible age) supplemental health care effective March 1, 2020. Refer to the board minutes in Attachment - 6a page 2. With the elimination of the over 65 healthcare the estimated ADC will be \$11,919.42. Refer to Attachment - 2a.

- Additional Funding** – Additional funding may include the following: voluntary contributions above the ADC, bonding, millage increases, restricted funds, etc.

Sample Statement: *The local government provided a lump sum payment of **\$1 million** to the **General Employees' Retirement System** on **January 1, 2019**. This lump sum payment was in addition to the ADC of the system. The additional contribution will increase the retirement system's funded ratio to **61% by 2027**. Please see page **10** of the attached enacted budget, which highlights this contribution of **\$1 million**.*

- 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 **62%** 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 additional actions the local government is planning to implement 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 funding 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: Lower tier of benefits for new hires, final average compensation limitations, freeze future benefit accruals for active employees in the defined benefit system, defined contribution system for new hires, hybrid system for new hires, bridged multiplier for active employees, etc.

Sample Statement: Beginning with **summer 2019** contract negotiations, the local government will seek to lower the system's multiplier for current employees from 2.5X to 2X for the **General Employees' Retirement System**. On page 8 of the attached actuarial supplemental valuation, it shows our funded ratio would be **60%** funded by **fiscal year 2021** if these changes were adopted and implemented by **fiscal year 2020**.

- Additional Funding** – Additional funding may include the following: voluntary contributions above the ADC, bonding, millage increases, restricted funds, etc.

Sample Statement: Beginning in **fiscal year 2020**, the local government will provide a lump sum payment of **\$1 million** to the **General Employees' Retirement System**. This lump sum payment will be in addition to the ADC of the system. The additional contribution will increase the retirement system's funded ratio to **61% by 2026**. Please see page 10 of the attached enacted budget, which highlights this contribution of **\$1 million**. Please see page 12 of the attached supplemental actuarial valuation showing the projected change to the system's funded ratio with this additional contribution.

- 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 pension liability using a **level-dollar amortization method over a closed period of 10 years**. This will allow the retirement system to reach a funded status of **62% 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 ADC payment for the defined benefit pension 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 form (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 60% funded ratio. Or, if the local government is a city, village, township, or county, how and when the ADC will be less than 10% 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 60% funded ratio? Or, if your local government is a city, village, township, or county, how and when the ADC of all pension systems will be less than 10% 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 ADC payment for the pension system 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, ALBERT LAFLECHE, as the government's administrative officer (Ex. City/Township Manager, Executive Director, Chief Executive Officer, etc.) **(insert title)** BOARD CHAIRMAN 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 W.C. Retiree Health Plan **(insert retirement pension system name)** will achieve a funded status of at least 60% by fiscal year 20-20 as demonstrated by required supporting documentation listed in Section 6.

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

The ADC for all the defined benefit pension retirement systems of the local government will be less than 10% of the local government's annual governmental fund revenues by fiscal year 2020 as demonstrated by required supporting documentation listed in Section 6.

Signature: Albert Lafleche

Date: 3-18-20

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

Issued under authority of Public Act 202 of 2017.

I. MUNICIPALITY INFORMATION

Local Unit Name: Sanilac County Road Commission Six-Digit Muni Code: 760100
Retirement Health Benefit System Name: Sanilac County Road Commission OPEB
Contact Name (Administrative Officer): Terri Taylor
Title if not Administrative Officer: Finance Director
Email: ttaylor@sanilacroads.com Telephone: (810) 648-2185

2. GENERAL INFORMATION

Corrective Action Plan: An underfunded local unit of government shall develop and submit for approval a corrective action plan for the local unit of government. The local unit of government shall determine the components of the corrective action plan. This Corrective Action Plan shall be submitted by any local unit of 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 unit of government is a city, village, township, or county, the annual required contribution (ARC) for all of the retirement health systems of the local unit of government is greater than 12% of the local unit of government's annual governmental fund revenues, based on the most recent fiscal year.

Due Date: The local unit of government has **180 days from the date of notification** to submit a corrective action plan to the Municipal Stability Board. The Board may extend the 180-day deadline by up to an additional 45 days if the local unit of 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.** Per Sec. 10(4) of the Act, failure to provide documentation that demonstrates approval from your governing body will result in a determination of noncompliance by the Board.

The submitted plan must demonstrate through distinct supporting documentation how and when the local unit will reach the 40% funded ratio. Or, if the local unit is a city, village, township, or county, the submitted plan may demonstrate how and when the ARC for all of the retirement healthcare systems will be less than 12% of annual governmental fund revenues, as defined by the Act. Supporting documentation for the funding ratio and/or ARC must include an actuarial projection, an actuarial valuation, or an internally developed analysis. The local unit 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-2017, Local Unit Name, Retirement System Name** (e.g. Corrective Action Plan-2017, 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 Municipal Stability Board (the Board) shall review and vote on the approval of a corrective action plan submitted by a local unit of government. If a corrective action plan is approved, the Board will monitor the corrective action plan for the following two years, and the Board will report on the local unit of government's compliance with the Act not less than every two years.

Review Process: Following receipt of the email by Treasury, the Board will accept the corrective action plan submission at the next scheduled meeting of the Board. 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 unit of government may also include in its corrective action plan a review of the local unit of 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 unit of 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 unit of 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 unit of 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 unit of government is in substantial compliance with the Act. If the Board determines that an underfunded local unit of government is not in substantial compliance under this subsection, the Board shall within 15 days provide notification and report to the local unit of government detailing the reasons for the determination of noncompliance with the corrective action plan. The local unit of 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.

- **Please Note:** 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 unit of government done to improve its underfunded status, and where can we find the proof of these changes in the supporting documentation?).

Note: 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, 2017**, the local unit entered into new collective bargaining agreements with the **Command Officers Association and Internal Association of Firefighters** that increased employee co-payments and deductibles for healthcare. 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, 2017**.*

Please see attached sheet "Responses for CAP".

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

Sample Statement: *The local unit created a qualified trust to receive, invest, and accumulate assets for retirement healthcare on **June 23, 2016**. The local unit of government has adopted a policy to change its funding methodology from Pay-Go to full funding of the Annual Required Contribution (ARC). Additionally, the local unit has committed to contributing **\$500,000** annually, in addition to the ARC 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 ARC and additional **\$500,000** for the next five years.*

Please see attached sheet "Responses for CAP".

- 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 **2015**. Attached is an updated actuarial valuation for **2017** 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 unit of government do to improve its underfunded status, and where can we find the proof of these changes in the supporting documentation?).

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 unit will seek to align benefit levels for the retired membership with each class of active employees. Beginning with **summer 2018** contract negotiations, the local unit will seek revised collective bargaining agreements with the **Command Officers Association** and **Internal Association of Firefighters** to increase employee co-payments and deductibles for healthcare. 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 2020** if these changes were adopted and implemented by **fiscal year 2019**.*

Please see attached sheet "Responses for CAP".

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

Sample Statement: *The local unit will create a qualified trust to receive, invest, and accumulate assets for retirement healthcare by **December 31, 2018**. The local unit of government will adopt a policy to change its funding methodology from Pay-Go to full funding of the Annual Required Contribution (ARC) by **December 31, 2018**. Additionally, beginning in fiscal year 2019, the local unit will contribute **\$500,000** annually in addition to the ARC 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 ARC and additional **\$500,000** for the next five years.*

Please see attached sheet "Responses for CAP".

- 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 2019**, the local unit will begin amortizing the unfunded portion of the healthcare 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 **2022** 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 (insert local unit name) Sanilac County Road Commission 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
If 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 unit of government's underfunded status. Please check all documents that are included as part of this plan and attach in successive order as provided below:

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

Naming Convention

Type of Document

- | | |
|---|---|
| <input checked="" type="checkbox"/> Attachment – 1 | This Corrective Action Plan (Required) |
| <input checked="" type="checkbox"/> Attachment – 1a | Documentation from the governing body approving this Corrective Action Plan (Required) |
| <input checked="" type="checkbox"/> Attachment – 2a | An actuarial projection, an actuarial valuation, or an internally developed analysis, which illustrates how and when the local unit will reach the 40% funded ratio. Or, if the local unit is a city, village, township, or county, ARC will be less than 12% of governmental fund revenues, as defined by the Act. (Required) |
| <input type="checkbox"/> Attachment – 3a | Documentation of additional payments in past years that is not reflected in your audited financial statements (e.g. enacted budget, system provided information). |
| <input checked="" type="checkbox"/> Attachment – 4a | Documentation of commitment to additional payments in future years (e.g. resolution, ordinance) |
| <input type="checkbox"/> Attachment – 5a | A separate corrective action plan that the local unit 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 |
| <input checked="" type="checkbox"/> Attachment – 6a | Other documentation, not categorized above |

7. CORRECTIVE ACTION PLAN CRITERIA

Please confirm that each of the four 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
<input checked="" type="checkbox"/> 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 unit is a city, village, township, or county, how and when the ARC of all retirement healthcare systems will be less than 12 percent of governmental fund revenues?
<input checked="" type="checkbox"/> Reasonable Timeframe	Do the corrective actions address the underfunded status in a reasonable timeframe (see CAP criteria issued by the Board)?
<input checked="" type="checkbox"/> Legal and Feasible	Does the corrective action plan follow all applicable laws? Are all required administrative certifications and governing body approvals included? Are the actions listed feasible?
<input checked="" type="checkbox"/> Affordability	Do the corrective action(s) listed allow the local unit to make the retiree healthcare premium payment, as well as normal cost payment for new hires now and into the future without additional changes to this corrective action plan?

8. LOCAL UNIT OF GOVERNMENT’S ADMINISTRATIVE OFFICER APPROVAL OF CORRECTIVE ACTION PLAN

I, Robb Falls, as the government’s administrative officer (insert title) Engineer-Manager (Ex: City/Township Manager, Executive director, and Chief Executive Officer, etc.) 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 Sanilac County Road Commission (Insert Retirement Healthcare System Name) will achieve a funded status of at least 40% by Fiscal Year 2023 as demonstrated by required supporting documentation listed in section 6.

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

The ARC for all of the retirement healthcare systems of _____ (Insert local unit name) will be less than 12% of the local unit of government’s annual governmental fund revenues by Fiscal Year _____ as demonstrated by required supporting documentation listed in section 6.

Signature *Robb Falls*
ENGINEER-MANAGER

Date 3-18-2020

**MUNICIPAL STABILITY BOARD
RESOLUTION 2020-2**

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 July 17, 2019 by Resolution 2019-18, the Board adopted the 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

April 15, 2020

Municipal Stability Board Appendix A, April 15, 2020

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

CAP Criteria Key	
Underfunded Status	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?
Legality	Does the corrective action plan follow all applicable laws? Are all required administrative certifications and governing body approvals included? Are the actions listed feasible?
Affordable	The local government must confirm that corrective actions listed in the CAP allow for the local unit 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

#	Local Government	Municode	Fiscal Year	System Type	Date Received	Underfunded Status	Legality	Affordable	Treasury Recommendation	Corrective Action Plan Link
1	Cheboygan County Road Commission	170100	2018	Pension	3/18/2020	Yes	Yes	Yes	Approve	Cheboygan County Road Commission - Pension
2	Dickinson County Road Commission	220100	2018	OPEB	3/18/2020	Yes	Yes	Yes	Approve	Dickinson County Road Commission - OPEB
3	Gladwin City Housing Commission	267505	2018	OPEB	2/19/2020	Partial	Yes	Yes	Approve	Gladwin City Housing Commission - OPEB
4	Gladwin City-County Transit	267506	2018	OPEB	2/19/2020	Partial	Yes	Yes	Approve	Gladwin City-County Transit - OPEB
5	City of Grosse Pointe Park	822130	2018	OPEB	2/19/2020	Yes	Yes	Partial	Approve	City of Grosse Pointe Park - OPEB
6	City of Inkster	632240	2018	OPEB	2/19/2020	Yes	Yes	Yes	Approve	City of Inkster - OPEB
7	Iron County Road Commission	360100	2018	Pension	2/19/2020	Yes	Yes	Yes	Approve	Iron County Road Commission - Pension
8	Ishpeming Township	521070	2018	OPEB	2/19/2020	Yes	Yes	Yes	Approve	Ishpeming Township - OPEB
9	Manistee County Medical Care Facility	517513	2018	OPEB	2/19/2020	Partial	Partial	Yes	Approve	Manistee County Medical Care Facility - OPEB
10	Presque Isle County Road Commission	710100	2018	OPEB	2/19/2020	Yes	Yes	Yes	Approve	Presque Isle County Road Commission - OPEB
11	Van Buren Charter Township	821100	2018	OPEB	3/18/2020	Yes	Yes	Yes	Approve	Van Buren Charter Township - OPEB
12	City of Walled Lake	632240	2018	Pension	2/19/2020	Yes	Yes	Yes	Approve	City of Walled Lake - Pension

Treasury Recommendation
Cheboygan County Road Commission Pension Corrective Action Plan (CAP)
Non-Primary Unit 160100

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
Municipal Employees Retirement System	Pension	\$9,232,303	\$20,983,501	44.0 %	\$960,108	\$11,396,461	8.4%	YES
Healthcare	OPEB	\$877,723	\$12,827,222	6.8 %	\$817,661		7.2%	NO
Total		\$10,110,026	\$33,810,723		\$1,777,769	\$11,396,461	15.6%	

Source: Retirement Report 2018, Audited Financial Statements

Staff Recommendation: Approval of the pension corrective action plan submitted by Cheboygan County Road Commission, which was received by the Municipal Stability Board (the Board) on 3/18/2020. If approved by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and implementation of their corrective action plan.

Changes Made:

- Modern Plan Design:
 - In 2013, employees in the General Unit and Supervisor unit had multipliers reduced from 2.5X to 2.0X.
 - In 2016/2017, all new hires of all divisions had additional employee contributions required as follows: 2016-1.5%, 2017-2.5% and 2018-3%.
 - Final average compensation (FAC), lump sum sick payouts are an excluded item, as well as health insurance opt out payouts and safety equipment payouts.
 - Plan was closed to all new hires after May 2016. Defined Benefit plans are closed to new hires for all divisions after 2016.
- Plan Funding:
 - The Road Commission has made additional contributions in addition to the ADC with MERS. Additional contributions have been made as follows: 2011-\$25,000, 2014-\$106,834, 2015-\$21,765, 2016-\$117,138, 2017-\$264,817, 2018-\$304,413 and 2019-\$277,912.95. The Road Contribution continues to make additional employer contributions. The Board committed \$200,000 in 2019, but made \$277,912.95 in additional contributions, due to the various refunds received throughout the year that are split between the OPEB and unfunded pension liability. For 2020, \$303,547.43 additional contribution has been made.
- Other Considerations:
 - The Road Commission follows MERS established fiscal best practices. Fixed amortization schedule for all known obligations to be fully funded. MERS conducts an experience study every 5 years to ensure assumptions match actual experience and makes adjustments where necessary, encourages extra contributions, which we have elected to do, and requires 100% funding before there can be any new benefit enhancements. The Road Commission has elected our required contributions be calculated based on the no phase amount.
 - The Road Commission Combined ADC/Governmental fund revenue for 2018 was 8.4% which is under the 10% primary trigger for primary local governments.

Treasury Recommendation
Cheboygan County Road Commission Pension Corrective Action Plan (CAP)
Non-Primary Unit 160100

Prospective Changes:

- Modern Plan Design:
 - None Listed
- Plan Funding:
 - The Road Commission has committed additional contribution in 2020 of \$300,000. To date, additional contributions made in 2020 amount to \$303,547.43, with the Board committing to additional contributions if insurance refunds are received throughout the year.
 - The 2018 actuarial valuation shows a funded level of 47%, an internal projection worksheet (flow of assets) shows with the additional minimum contributions of \$300,000, we can be 60.2% funded by the year 2029.
 - The percentage of contributions to revenue estimate for 2019-9.5%, 2020-9.1% and 2021-2038 projection at around 10.7%, which is at or under the 10% primary unit trigger, employee contributions were kept constant even though there are raises anticipated in the future years and investment income was kept constant for illustrative conservative purposes.
- Other Considerations:
 - MERS feels if the plan meets actuarial assumptions, the Road Commission could accelerate to 100% funding in 10 years with contributions of \$130,589, instead of the \$83,557, at that level of contributions the percentage of contribution to revenue would rise to around 13%, which we feel was high and therefore staying at the 10% mark is what the proposed plan meets. With the additional contribution of \$300,000 committed and the monthly no phase in contribution of \$83,557, the calculated contribution the Road Commission will be making is \$108,557 monthly for 2020.

System Status for All Divisions: CLOSED

Plan size: members 96

- Inactive employees or beneficiaries currently receiving benefits: 60
- Inactive employees entitled to but not yet receiving benefits: 6
- Active employees: 30

Treasury Recommendation
Cheboygan County Road Commission Pension Corrective Action Plan (CAP)
Non-Primary Unit 160100

Corrective Action Plan Criteria:

The following corrective action plan approval criteria are met:

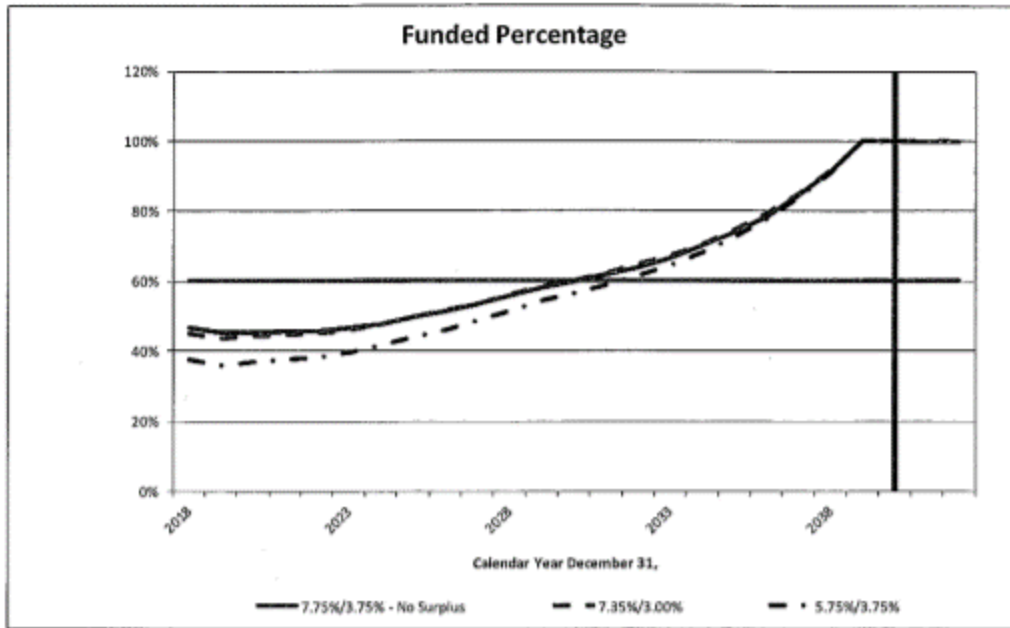
- Underfunded Status:
 - The corrective action plan demonstrates it will reach the PA 202 established funding level of 60% funded as demonstrated by the internal analysis/actuarial projection/actuarial valuation found in the corrective action plan (2029).
- Legal and Feasible:
 - In section 7 of the 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:

The local government provided a MERS valuation and additional internal analysis demonstrating that the actions taken in combination with proposed actions should allow local government to reach 60% funded by 2029.

Cheboygan County Road Commission Projection of future funding of MERS Retirement system											Attachment 2b			
Flow of Assets		Total Employer		% Contributions		2018 Actuary Ending Asset Balance					\$	10,112,529.00	% funded	
Employer Contributions	Additional Employer	Contributions	Revenue	to Revenues	Employee Contributions	Investment Income	Benefit Payments	Increase	Benefit Pym	Valuation	Asset Balance	AAL		
2019 \$	937,332.00	\$ 277,912.95	\$ 1,215,244.95	\$ 12,819,905.00	\$ 0.095	\$ 40,895.45	\$ 1,235,128.00	\$ (1,362,853.00)		\$	11,240,944.40	\$	22,428,095.00	0.501199
2020 \$	1,002,684.00	\$ 303,547.43	\$ 1,306,231.43	\$ 14,400,000.00	\$ 0.091	\$ 40,895.45	\$ 450,000.00	\$ (1,362,853.00)	\$ (20,000.00)	\$	11,655,218.28	\$	22,800,000.00	0.511194
2021 \$	1,002,684.00	\$ 300,000.00	\$ 1,302,684.00	\$ 12,200,000.00	\$ 0.107	\$ 40,895.45	\$ 450,000.00	\$ (1,382,853.00)	\$ (20,000.00)	\$	12,045,944.73	\$	23,200,000.00	0.519222
2022 \$	1,002,684.00	\$ 300,000.00	\$ 1,302,684.00	\$ 12,200,000.00	\$ 0.107	\$ 40,895.45	\$ 450,000.00	\$ (1,402,853.00)	\$ (20,000.00)	\$	12,416,671.18	\$	23,500,000.00	0.528369
2023 \$	1,002,684.00	\$ 300,000.00	\$ 1,302,684.00	\$ 12,200,000.00	\$ 0.107	\$ 40,895.45	\$ 450,000.00	\$ (1,422,853.00)	\$ (20,000.00)	\$	12,767,397.63	\$	23,800,000.00	0.536445
2024 \$	1,002,684.00	\$ 300,000.00	\$ 1,302,684.00	\$ 12,200,000.00	\$ 0.107	\$ 40,895.45	\$ 450,000.00	\$ (1,442,853.00)	\$ (20,000.00)	\$	13,098,124.08	\$	24,000,000.00	0.545755
2025 \$	1,002,684.00	\$ 300,000.00	\$ 1,302,684.00	\$ 12,200,000.00	\$ 0.107	\$ 40,895.45	\$ 450,000.00	\$ (1,462,853.00)	\$ (20,000.00)	\$	13,408,850.53	\$	24,000,000.00	0.558702
2026 \$	1,002,684.00	\$ 300,000.00	\$ 1,302,684.00	\$ 12,200,000.00	\$ 0.107	\$ 40,895.45	\$ 450,000.00	\$ (1,482,853.00)	\$ (20,000.00)	\$	13,699,576.98	\$	24,000,000.00	0.570816
2027 \$	1,002,684.00	\$ 300,000.00	\$ 1,302,684.00	\$ 12,200,000.00	\$ 0.107	\$ 40,895.45	\$ 450,000.00	\$ (1,502,853.00)	\$ (20,000.00)	\$	13,970,303.43	\$	24,000,000.00	0.582096
2028 \$	1,002,684.00	\$ 300,000.00	\$ 1,302,684.00	\$ 12,200,000.00	\$ 0.107	\$ 40,895.45	\$ 450,000.00	\$ (1,522,853.00)	\$ (20,000.00)	\$	14,221,029.88	\$	24,000,000.00	0.592543
2029 \$	1,002,684.00	\$ 300,000.00	\$ 1,302,684.00	\$ 12,200,000.00	\$ 0.107	\$ 40,895.45	\$ 450,000.00	\$ (1,542,853.00)	\$ (20,000.00)	\$	14,451,756.33	\$	24,000,000.00	0.602157

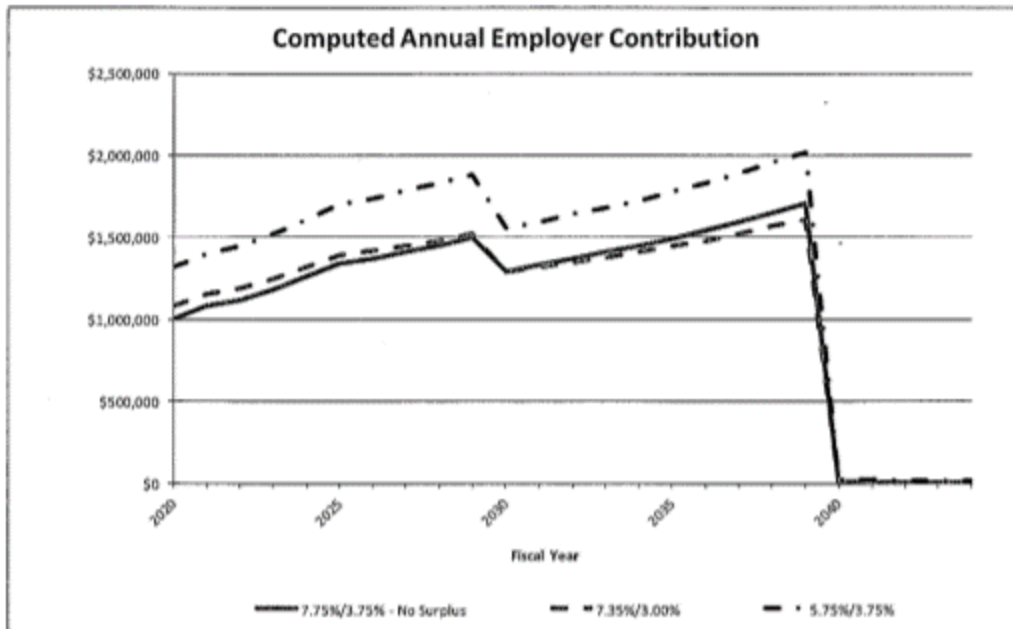
Treasury Recommendation
Cheboygan County Road Commission Pension Corrective Action Plan (CAP)
Non-Primary Unit 160100



Notes:

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

The green indicator lines have been added at 60% funded and 22 years following the valuation date for PA 202 purposes.



The Community Engagement and Finance Division (CEFD) contact:

- None

Treasury Recommendation
Dickinson County Road Commission OPEB Corrective Action Plan (CAP)
Non-Primary Unit 220100

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
MERS	Pension	\$5,160,373	\$10,557,201	48.9%	\$542,040	\$7,235,962	7.5%	NO
OPEB	OPEB	\$0	\$4,236,552	0.0%	\$428,996		5.9%	YES
Total		\$5,160,373	\$14,793,753		\$971,036	\$7,235,962	13.4%	

Source: Retirement Report 2018, Audited Financial Statements

Staff Recommendation: Approval of the OPEB corrective action plan submitted by Dickinson County Road Commission, which was received by the Municipal Stability Board (the Board) on 3/18/2020. If approved by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and implementation of their corrective action plan.

Changes Made:

- Modern Plan Design:
 - On January 1, 2018 post retirement health insurance is no longer being offered to new hires.
 - In 2012, the Road Commission eliminated the lifetime benefit for post retirement health insurance for the administrative group.
 - The Road Commission established an additional group for retirees over 65 with significant premium savings.
- Plan Funding:
 - The Road Commission created a qualified trust in 2018. Starting on January 1, 2019, they are contributing \$5,000 a month (\$60,000 annually) into the trust.
 - The Road Commission transitioned from a paygo system to paying the ADC. Effective January 1, 2020, the Road Commission has increasing their monthly contributions to \$10,000 monthly (\$120,000 annually). This rate will continue until 2022.
 - Starting January 1, 2022, they will increase their monthly contributions to \$20,000 a month (\$240,000 annually) until they are 40% funded by 2026 or an updated date from their actuarial projections.
- Other Considerations:
 - The Road Commission noted that their OPEB ARC/Revenue is 5.9%, which is below the threshold for primary governments.

Prospective Changes:

- Modern Plan Design:
 - None listed.
- Plan Funding:
 - None listed.
- Other Considerations:
 - None listed.

System Status for All Divisions: CLOSED

Treasury Recommendation
Dickinson County Road Commission OPEB Corrective Action Plan (CAP)
Non-Primary Unit 220100

Plan size: members 54

- Inactive employees or beneficiaries currently receiving benefits: 27
- Inactive employees entitled to but not yet receiving benefits: 0
- Active employees: 27

Corrective Action Plan Criteria:

The following corrective action plan approval criteria are met:

- Underfunded Status:
 - The corrective action plan demonstrates it will reach the PA 202 established funding level of 40% funded as demonstrated by the internal analysis/actuarial projection/actuarial valuation found in the corrective action plan within a reasonable timeframe (2026).
- Legal and Feasible:
 - In section 7 of the corrective action plan template, the local government 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 government 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 retiree premium payment, as well as the normal cost payment for all new hires (if applicable) according to the long-term budget forecast.

Supplemental Information:

The Road Commission provided an actuarial analysis showing that they are projected to reach 40% funded in 2027. The Road Commission's total contributions increase 96% from fiscal year 2019 to fiscal year 2027.

**Treasury Recommendation
Dickinson County Road Commission OPEB Corrective Action Plan (CAP)
Non-Primary Unit 220100**

**Dickinson County Road Commission
2020 funding projection (based on December 31, 2019 GASB liability)**

			Discount 3.26%		Return 7.35%		
Year ending	Liability	Assets	Contribution during the year	+ Benefit payments during the year	=Total contribution	Funded percent	
12/31/2019	4,251,373	63,401	60,000	218,839	278,839	1.5%	
12/31/2020			120,000	245,610	365,610	4.5%	
12/31/2021			120,000	225,772	345,772	7.5%	
12/31/2022			240,000	246,641	486,641	13.3%	
12/31/2023			240,000	237,574	477,574	19.1%	
12/31/2024			240,000	217,128	457,128	24.8%	
12/31/2025			240,000	223,628	463,628	30.6%	
12/31/2026			240,000	255,225	495,225	36.6%	
12/31/2027	5,522,552	2,379,913	240,000	306,542	546,542	43.1%	

The Community Engagement and Finance Division (CEFD) contact:

- None

Treasury Recommendation
Gladwin City Housing Commission OPEB Corrective Action Plan (CAP)
Non-Primary Unit 267505

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
MERS	Pension	\$2,898,937	\$3,765,307	77.0%	\$61,663	\$378,003	16.3%	NO
OPEB	OPEB	\$0	\$139,072	0.0%	\$0		0.0%	YES
Total		\$2,898,937	\$3,904,379		\$61,663	\$378,003	16.3%	

Source: Retirement Report 2018, Audited Financial Statements

Staff Recommendation: Approval of the OPEB corrective action plan submitted by Gladwin City Housing Commission, which was received by the Municipal Stability Board (the Board) on 2/19/2020. If approved by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and implementation of their corrective action plan.

Changes Made:

- Modern Plan Design:
 - None listed.
- Plan Funding:
 - None listed.
- Other Considerations:
 - None listed.

Prospective Changes:

- Modern Plan Design:
 - The Housing Commission's board approved on May 14, 2019 to stop offering the post-employment health benefit coverage for employees with 30 years of service, grandfathering in the existing participant of the program. This became effective immediately on May 14, 2019, regardless of the years of employment.
- Plan Funding:
 - The Housing Commission has a life insurance policy on the existing participant, that the Housing Commission is the beneficiary for. Upon the death of the participant, the Housing Commission will receive payout from the life insurance policy. As of June 30, 2019, the cash value of the life insurance plan was \$79,098.81.
- Other Considerations:
 - The Housing Commission has less than 100 participants, which allows them to use the alternative measurement method to calculate for their OPEB liability. According to PA 202 of 2017, local governments are required to be 40% funded within 30 years. With the Housing Commission being the beneficiary on the participants life insurance policy and receiving the cash value upon the participants death, the Housing Commission no longer triggers an "underfunded status." Also the life expectancy of the participant is 16 years, according to the mortality tables from the National Center for Health Service, which is funding requirement.

System Status for All Divisions: CLOSED

Treasury Recommendation
Gladwin City Housing Commission OPEB Corrective Action Plan (CAP)
Non-Primary Unit 267505

Plan size: members 20

- Inactive employees or beneficiaries currently receiving benefits: 0
- Inactive employees entitled to but not yet receiving benefits: 2
- Active employees: 0

Corrective Action Plan Criteria: 2019

The following corrective action plan approval criteria are met:

- Legal and Feasible:
 - The local unit's corrective action plan appears to follow all applicable laws. The actions listed appear reasonable and the corrective action plan has been approved by the governing body.
- Affordable:
 - The local government confirms in section 5 of the corrective action plan template that the corrective actions listed will allow for the local government to make, at a minimum, the retiree premium payment, as well as the normal cost payment for all new hires (if applicable) according to the long-term budget forecast.

The following corrective action plan approval criteria are partially met:

- Underfunded Status:
 - The local government did not provide clear documentation that demonstrates the retirement system will reach 40% funded. Based on other information presented in the corrective action plan, we have determined the plan may be able to reach a funded ratio of 40% if the plan's assumptions remain accurate.

Supplemental Information:

Plan to reach 40% funding is based up having a life insurance policy on the participant. When the participant dies they will receive funds and their liability will be reduced, this plan gets them to 40%.

Treasury Recommendation
Gladwin City Housing Commission OPEB Corrective Action Plan (CAP)
Non-Primary Unit 267505

Gladwin City Housing Commission - Public Housing
OPEB Underfunded Calculation
June 30, 2019

	As of June 30, 2019	
Total OPEB liability	\$ 137,892.00	Calculated using the Alternative Measurement Method - Page 2
Life Insurance cash value	79,098.81	Received upon death of the participant - Attachment 4a
Net Total OPEB liability	<u>\$ 58,793.19</u>	
Funded Ratio	42.64%	Greater than 40%

According to PA 202 of 2017, Local Governments are required to be 40% funded.

14 National Vital Statistics Reports, Vol. 66, No. 3, April 11, 2017

As of June 30, 2019, the participant was 72 years old

Table 3. Life table for females: United States, 2013—Con.

Spreadsheet version available from: ftp://ftp.cdc.gov/pub/Health_Statistics/NCHS/Publications/NVSR/66_03/Table03.xlsx.

Age (years)	Probability of dying between ages x and $x + 1$	Number surviving to age x	Number dying between ages x and $x + 1$	Person-years lived between ages x and $x + 1$	Total number of person-years lived above age x	Expectation of life at age x
	q_x	l_x	d_x	L_x	T_x	e_x
61-62	0.007083	90,905	644	90,583	2,160,479	23.8
62-63	0.007638	90,261	689	89,916	2,069,896	22.9
63-64	0.008279	89,571	742	89,201	1,979,980	22.1
64-65	0.009003	88,830	800	88,430	1,890,779	21.3
65-66	0.009813	88,030	864	87,598	1,802,349	20.5
66-67	0.010703	87,166	933	86,700	1,714,751	19.7
67-68	0.011675	86,233	1,007	85,730	1,628,051	18.9
68-69	0.012753	85,227	1,087	84,683	1,542,321	18.1
69-70	0.013958	84,140	1,174	83,552	1,457,638	17.3
70-71	0.015325	82,965	1,271	82,329	1,374,086	16.6
71-72	0.016892	81,694	1,380	81,004	1,291,756	15.8
72-73	0.018650	80,314	1,498	79,565	1,210,752	15.1

16 years

The Community Engagement and Finance Division (CEFD) contact:

- None

**Treasury Recommendation
Gladwin City-County Transit OPEB Corrective Action Plan (CAP)
Non-Primary Unit 267506**

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
MERS	Pension	\$2,898,937	\$3,765,307	77.0%	\$61,663	\$1,800,908	3.4%	NO
Housing Commission Retiree Healthcare Plan	OPEB	\$0	\$239,040	0.0%	\$0		0.0%	YES
Total		\$2,898,937	\$4,004,347		\$61,663	\$1,800,908	3.4%	

Source: Retirement Report 2018, Audited Financial Statements

Staff Recommendation: Approval of the OPEB corrective action plan submitted by Gladwin City-County Transit, which was received by the Municipal Stability Board (the Board) on 2/19/2020. If approved by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and implementation of their corrective action plan.

Changes Made:

- Modern Plan Design:
 - None listed.
- Plan Funding:
 - None listed.
- Other Considerations:
 - None listed.

Prospective Changes:

- Modern Plan Design:
 - Gladwin City-County Transit's board approved on May 14, 2019 to stop offering the post-employment health benefit coverage for employees with 30 years of service, grandfathering in the existing participant of the program.
 - This became effective immediately on May 14, 2019, regardless of the years of employment (refer to Attachment 6a).
- Plan Funding:
 - Gladwin City-County Transit has a life insurance policy on the existing participant, that Transit is the beneficiary for. Upon the death of the participant, Transit will receive payout from the life insurance policy.
 - As of November 30, 2019, the cash value of the life insurance plan was \$63,126.09 (Refer to Attachment 4a).
- Other Considerations:
 - Transit has less than 100 participants, which allows them to use the alternative measurement method to calculate their OPEB liability. According to PA 202 of 2017, local governments are required to be 40% funded within 30 years.
 - With the Transit being the beneficiary on the participants life insurance policy and receiving the cash value upon the participants death, Transit will be 23.01% funded as of 9/30.19 (Attachment 2a).

Treasury Recommendation
Gladwin City-County Transit OPEB Corrective Action Plan (CAP)
Non-Primary Unit 267506

- Also the life expectancy of the participant is 12 years and spouse is 16 years, according to the mortality tables from the National Center for Health Service, which is under funding requirement.

System Status for All Divisions: CLOSED

Plan size: members 2

- Inactive employees or beneficiaries currently receiving benefits: 0
- Inactive employees entitled to but not yet receiving benefits: 2
- Active employees: 0

Corrective Action Plan Criteria:

The following corrective action plan approval criteria are met:

- Legal and Feasible:
 - In section 7 of the corrective action plan template, the local government 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 government confirms in section 5 of the corrective action plan template that the corrective actions listed will allow for the local government to make, at a minimum, the retiree premium payment, as well as the normal cost payment for all new hires (if applicable) according to the long-term budget forecast.

The following corrective action plan approval criteria are partially met:

- Underfunded Status:
 - The local government did not provide clear documentation that demonstrates the retirement system will reach 40% funded. Based on other information presented in the corrective action plan, we have determined the plan may be able to reach a funded ratio of 40% if the plan's assumptions remain accurate.

Supplemental Information:

Plan to reach 40% funding is based up having a life insurance policy on the participant. When the participant dies they will receive funds and their liability will be reduced, this plan gets them to 40%.

**Treasury Recommendation
Gladwin City-County Transit OPEB Corrective Action Plan (CAP)
Non-Primary Unit 267506**

Gladwin City-County Transit
OPEB Underfunded Calculation
September 30, 2019

	<u>As of</u> <u>September 30, 2019</u>	
Total OPEB liability	\$ 274,353.00	Calculated using the Alternative Measurement Method - Page 2
Life Insurance cash value	<u>63,126.09</u>	Received upon death of the participant - Attachment 4a
Net Total OPEB liability	<u>\$ 211,226.91</u>	
Funded Ratio	23.01%	Less than 40%

According to PA 202 of 2017, Local Governments are required to be 40% funded within 30 years.

<u>Life Expectancy</u>	<u># of years</u>	
Participant	12	Attachment 6b
Spouse	16	Attachment 6b

Year funded based on current Life Expectancy per the Mortality Tables

2020	1	
2021	2	
2022	3	
2023	4	
2024	5	
2025	6	
2026	7	
2027	8	
2028	9	
2029	10	
2030	11	
2031	12	Life expectancy of the participant
2032	13	
2033	14	
2034	15	
2035	16	Life expectancy of the spouse and year greater than 40% funded

Based on the mortality tables (Attachment 6b) the life expectancy of each individual is less than 30 years, which is when PA 202 of 2017, requires local governments to be 40% funded.

If one of the individuals pass away then Transit would essentially be over the 40% funded ratio due to the insurance policy and the Total OPEB liability decreasing by at least half. Refer to the calculation below:

	<u>As of</u> <u>September 30, 2019</u>	
Total OPEB liability	\$ 137,176.50	Total OPEB liability above - divided in half to show only one participant
Life Insurance cash value	<u>63,126.09</u>	Received upon death of the participant - Attachment 4a
Net Total OPEB liability	<u>\$ 74,050.41</u>	
Funded Ratio	46.02%	Greater than 40%

According to PA 202 of 2017, Local Governments are required to be 40% funded within 30 years.

The Community Engagement and Finance Division (CEFD) contact:

- None

Treasury Recommendation
Grosse Pointe Park OPEB Corrective Action Plan (CAP)
Primary Unit 822120

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
MERS	Pension	\$26,147,897	\$46,030,105	56.8%	\$1,446,796	\$15,174,788	9.5%	NO
OPEB	OPEB	\$0	\$26,176,863	0.0%	\$2,052,693		13.5%	YES
Total		\$26,147,897	\$72,206,968		\$3,499,489	\$15,174,788	23%	

Source: Retirement Report 2018, Audited Financial Statements

Staff Recommendation: Approval of the OPEB corrective action plan submitted by Grosse Pointe Park, which was received by the Municipal Stability Board (the Board) on 2/19/2020. If approved by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and implementation of their corrective action plan.

Changes Made:

- Modern Plan Design:
 - Dispatch Union retiree coverage was limited to a two-person contract effective 7/1/07. DPW employees retiree coverage was reduced to a two-person contract effective 7/1/09. Administration and non-union employees follow the DPW/Clerical Contract for active employees. Non-union employees will not receive coverage at retirement. There are six administrators who will receive coverage. Public Safety was reduced from family coverage to a two-person contract effective 7/1/12. All employees hired on or after 4/1/14, will not receive coverage upon retirement. DPW employees will receive coverage until they reach Medicare age at 65 with 30 years of service. Employee must have at least 25 years of service and for each year deficient of 30 years would be responsible for 5% per year of such premium, once 65 is reached, coverage is terminated. Currently there are 68 full time employees, of those 26 will not receive coverage, and 12 will receive coverage until 65. Employees eligible for coverage contribute 1.5% annually hired prior to 4/1/14.
- Plan Funding:
 - None listed.
- Other Considerations:
 - None listed.

Prospective Changes:

- Modern Plan Design:
 - None listed.
- Plan Funding:
 - The City established a qualified trust through Municipal Employees Retirement System to receive, invest, and accumulate assets for retirement health care on January 1, 2020 and has committed to an annual contribution to the trust.

Treasury Recommendation
Grosse Pointe Park OPEB Corrective Action Plan (CAP)
Primary Unit 822120

- Other Considerations:
 - The information on Form 5572 for fiscal year ending June 30, 2019 determined that total ARC for benefits is below 12% of the City's total governmental fund revenues. The City included its form 5572 for 2019 and Fiscal Year End June 30, 2019 Audit information.
 - The City included a supplemental report from GRS projecting the required contributions for the City of Grosse Pointe Park to reach the required 40% funding level for retiree health care.

System Status for All Divisions: CLOSED

Plan size: members 104

- Inactive employees or beneficiaries currently receiving benefits: 54
- Inactive employees entitled to but not yet receiving benefits: 0
- Active employees: 50

Corrective Action Plan Criteria:

The following corrective action plan approval criteria are met:

- Underfunded Status:
 - The corrective action plan demonstrates it will no longer trigger underfunded status because the local unit's annual required contribution will be less than 12% of general fund operating revenues.
- Legal and Feasible:
 - In section 7 of the corrective action plan template, the local government 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.

The following corrective action plan approval criteria are partially met:

- Affordable:
 - The local government confirms in section 5 of the corrective action plan template that the corrective actions listed will allow for the local government to make, at a minimum, the retiree premium payment, as well as the normal cost payment for all new hires (if applicable) according to the long-term budget forecast. However, our review indicates the plan's annual required contribution as a percentage of general fund operating revenues is 23.1%. This reflects a significant portion of the local government's budget.

Supplemental Information:

The local government provided documentation showing that the ADC as a percentage of their governmental revenues is less than the PA 202 threshold of 12% in 2019. Additionally, the local

**Treasury Recommendation
Grosse Pointe Park OPEB Corrective Action Plan (CAP)
Primary Unit 822120**

government provides a longer term projection showing it reaching 40% funded in 2048. During this time, the projected annual benefit payments increase by 95% over 14 years (6.8% per year).

Michigan Department of Treasury Form 5572 (2-19) The Protecting Local Government Retirement and Benefits Act (PA 202 of 2017) Health Care (OPEB) Report			
Enter Local Unit Name	City of Grosse Pointe Park	Instructions: For a list of detailed instructions on how to complete and submit this form, visit michigan.gov/LocalRetirementReporting .	
Enter Six-Digit Municipality Code	822120		
Unit Type	City		
Fiscal Year End Month	June		
Fiscal Year (four-digit year only, e.g. 2019)	2019		
Contact Name (Chief Administrative Officer)	Jane M. Blahut	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	Finance Director		
CAO (or designee) Email Address	blahutj@grossepointepark.org		
Contact Telephone Number	313-822-4375		
OPEB System Name (not division)	1 Blue Cross Blue Shield	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
1	Is this unit a primary unit (County, Township, City, Village)?	Calculated	YES
2	Provide the name of your retirement health care system	Calculated from above	Blue Cross Blue Shield
Financial Information			
4	Enter retirement health care system's assets (system fiduciary net position ending)	Most Recent Audit Report	-
5	Enter retirement health care system's liabilities (total OPEB liability)	Most Recent Audit Report	30,305,092
6	Funded ratio	Calculated	0.0%
7	Actuarially determined contribution (ADC)	Most Recent Audit Report	2,064,895
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	17,482,188
9	All systems combined ADC/Governmental fund revenues	Calculated	11.8%
10	Membership		

**City of Grosse Pointe Park Retiree Health Care Plan
Projection Schedule**

Fiscal Year	Years Since First Funding	Annual 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)	
7/1/2019 - 6/30/2020	0				\$ 18,721,587					\$ 0	\$ 18,721,587	0.0%
7/1/2020 - 6/30/2021	1	\$ 157,769	\$ 921,331	\$ 1,283,786	19,241,811	\$ 921,331	\$ 0	\$ 921,331	\$ 1,750	51,750	18,190,061	0.3%
7/1/2021 - 6/30/2022	2	148,643	1,004,081	1,316,988	19,703,410	1,004,081	60,000	1,034,081	5,728	117,478	18,585,937	0.6%
7/1/2022 - 6/30/2023	3	135,068	1,089,503	1,345,973	20,098,948	1,089,503	60,000	1,089,503	20,323	187,796	19,911,152	0.9%
7/1/2023 - 6/30/2024	4	130,566	1,172,975	1,370,442	20,426,981	1,172,975	60,000	1,172,975	15,246	203,042	20,183,939	1.3%
7/1/2024 - 6/30/2025	5	123,283	1,262,122	1,390,029	20,678,171	1,262,122	60,000	1,262,122	20,513	343,555	20,334,616	1.7%
7/1/2025 - 6/30/2026	6	115,756	1,337,288	1,404,718	20,861,357	1,337,288	60,000	1,337,288	26,549	429,704	20,431,653	2.3%
7/1/2026 - 6/30/2027	7	106,993	1,402,526	1,414,952	20,980,782	1,402,526	60,000	1,402,526	32,179	521,883	20,458,869	2.9%
7/1/2027 - 6/30/2028	8	97,240	1,472,896	1,420,507	21,025,633	1,472,896	60,000	1,472,896	38,632	620,515	20,465,118	3.0%
7/1/2028 - 6/30/2029	9	86,812	1,519,677	1,421,644	21,014,412	1,519,677	60,000	1,519,677	45,536	726,051	20,288,361	3.5%
7/1/2029 - 6/30/2030	10	75,168	1,584,517	1,418,224	20,924,483	1,584,517	60,000	1,584,517	52,924	836,975	20,085,512	4.0%
7/1/2030 - 6/30/2031	11	66,674	1,686,007	1,408,057	20,713,191	1,686,007	60,000	1,686,007	60,828	950,803	19,753,388	4.6%
7/1/2031 - 6/30/2032	12	58,291	1,748,218	1,390,776	20,434,040	1,748,218	60,000	1,748,218	68,286	1,089,989	19,324,561	5.3%
7/1/2032 - 6/30/2033	13	51,114	1,764,861	1,369,022	20,069,295	1,764,861	60,000	1,764,861	78,236	1,227,425	18,841,870	6.2%
7/1/2033 - 6/30/2034	14	44,704	1,783,948	1,343,977	19,674,028	1,783,948	60,000	1,783,948	88,020	1,375,445	18,298,583	7.0%
7/1/2034 - 6/30/2035	15	38,913	1,801,382	1,315,496	19,227,075	1,801,382	60,000	1,801,382	98,381	1,531,826	17,695,249	8.0%
7/1/2035 - 6/30/2036	16	33,578	1,791,100	1,284,382	18,753,935	1,791,100	60,000	1,791,100	109,468	1,705,294	17,050,641	9.2%
7/1/2036 - 6/30/2037	17	28,733	1,753,426	1,252,411	18,281,659	1,753,426	60,000	1,753,426	121,331	1,884,525	16,397,134	10.3%
7/1/2037 - 6/30/2038	18	24,625	1,720,547	1,220,359	17,806,086	1,720,547	60,000	1,720,547	134,024	2,078,549	15,727,447	11.7%
7/1/2038 - 6/30/2039	19	21,277	1,719,975	1,186,972	17,294,370	1,719,975	60,000	1,719,975	147,605	2,284,254	15,008,116	13.2%
7/1/2039 - 6/30/2040	20	18,362	1,717,608	1,151,132	16,746,256	1,717,608	60,000	1,717,608	162,138	2,506,392	14,239,864	15.0%
7/1/2040 - 6/30/2041	21	15,400	1,672,802	1,114,229	16,203,083	1,672,802	60,000	1,672,802	177,667	2,746,079	13,457,004	16.9%
7/1/2041 - 6/30/2042	22	12,566	1,618,548	1,078,006	15,675,107	1,618,548	60,000	1,618,548	194,326	3,006,405	12,671,707	19.1%
7/1/2042 - 6/30/2043	23	10,067	1,591,478	1,041,908	15,135,609	1,591,478	60,000	1,591,478	212,128	3,272,533	11,863,076	21.6%
7/1/2043 - 6/30/2044	24	7,905	1,557,244	1,005,256	14,591,526	1,557,244	60,000	1,557,244	231,177	3,563,710	11,027,816	24.4%
7/1/2044 - 6/30/2045	25	6,176	1,503,315	969,008	14,051,405	1,503,315	60,000	1,503,315	251,560	3,875,270	10,188,135	27.6%
7/1/2045 - 6/30/2046	26	4,801	1,471,487	932,097	13,529,018	1,471,487	60,000	1,471,487	273,969	4,208,639	9,320,379	31.1%
7/1/2046 - 6/30/2047	27	3,705	1,467,044	895,856	12,962,136	1,467,044	60,000	1,467,044	296,705	4,565,344	8,396,792	35.2%
7/1/2047 - 6/30/2048	28	2,880	1,445,031	858,874	12,379,859	1,445,031	60,000	1,445,031	321,674	4,947,018	7,423,841	40.0%

**Treasury Recommendation
Grosse Pointe Park OPEB Corrective Action Plan (CAP)
Primary Unit 822120**

The Community Engagement and Finance Division (CEFD) contact:

- None

**Treasury Recommendation
City of Inkster OPEB Corrective Action Plan (CAP)
Primary Unit 822170**

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
Policemen and Firemen Retirement System	Pension	\$26,566,944	\$37,062,262	71.7%	\$684,561	\$18,669,129	7.0%	NO
General Employees' Retirement System	Pension	\$10,089,541	\$12,583,686	80.2%	\$625,402			NO
Retiree Healthcare Plan	OPEB	\$0	\$7,851,408	0.0%	\$0		0.0%	YES
Total		\$36,656,485	\$57,497,356		\$1,309,963	\$18,669,129	7.0 %	

Source: Retirement Report 2018, Audited Financial Statements

Staff Recommendation: Approval of the OPEB corrective action plan submitted by City of Inkster, which was received by the Municipal Stability Board (the Board) on 2/19/2020. If approved by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and implementation of their corrective action plan.

Changes Made:

- Modern Plan Design:
 - None listed.
- Plan Funding:
 - None listed.
- Other Considerations:
 - None listed.

Prospective Changes:

- Modern Plan Design:
 - None listed.
- Plan Funding:
 - None listed.
- Other Considerations:
 - Based on the City's GASB 75 report dated June 30, 2019, the Actuarially Determined Contribution (ADC) for FY 18/19 is \$509,379 (Page 13 of the report).
 - Based on this, the City's ADC is less than 12% of governmental fund revenues. As a result of the ADC comprising less than 12% of governmental revenues, no Corrective Action Plan is required under P.A. 202.

System Status for All Divisions: OPEN

**Treasury Recommendation
City of Inkster OPEB Corrective Action Plan (CAP)
Primary Unit 822170**

Plan size: members 178

- Inactive employees or beneficiaries currently receiving benefits: 0
- Inactive employees entitled to but not yet receiving benefits: 77
- Active employees: 101

Corrective Action Plan Criteria:

The following corrective action plan approval criteria are met:

- Underfunded Status:
 - The corrective action plan demonstrates it will no longer trigger underfunded status because the local unit's annual required contribution will be less than 12% of general fund operating revenues within a reasonable timeframe (2019).
- Legal and Feasible:
 - In section 7 of the corrective action plan template, the local government 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 government confirms in section 5 of the corrective action plan template that the corrective actions listed will allow for the local government to make, at a minimum, the retiree premium payment, as well as the normal cost payment for all new hires (if applicable) according to the long-term budget forecast.

Supplemental Information:

The local government provided valuation data showing that the ADC is below the PA 202 of 2017 threshold of 12%. This ADC was calculated using a discount rate of 7%.

Appendix

City of Inkster Interim GASB 75 Valuation for Fiscal Year Ending June 30, 2019

PA 202 Uniform Assumption Disclosures

The information presented below is for the purposes of filing Form No. 5572 under PA 202 uniform assumption requirements. Per regulation, Form No. 5572 must be filed no later than six months after the end of the fiscal year. Governmental fund revenues are not shown below and should not be determined by the City. Refer to the Michigan Department of Treasury website for additional information.

Form 5572 Line	Description	City of Inkster
Line 28	Actuarial Value of Assets	\$ 0
Line 29	Actuarial Accrued Liability	\$ 8,330,144
Line 31	Actuarially Determined Contribution for FY 2018/19	\$ 509,379

Line 31 (Actuarially Determined Contribution) was calculated using level dollar amortization with a 7% discount rate. The amortization period is a closed, 30-year period.

Under PA 202 requirements, uniform assumption setting is mandated in reporting of liabilities, assets, and ADC. The following is a description of the PA 202 uniform assumption guidance and final assumption used for the City for purposes of calculating the figures above.

The Community Engagement and Finance Division (CEFD) contact:

- Treasury was in contact with the City regarding the requirements of their corrective action plan.

Treasury Recommendation
Iron County Road Commission Pension Corrective Action Plan (CAP)
Non-Primary Unit 360100

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
MERS	Pension	\$5,300,966	\$12,882,205	41.1%	\$582,080	\$5,985,869	9.7%	YES
Healthcare	OPEB	\$0	\$3,261,663	0.0%	\$384,752		6.4%	NO
Total		\$5,300,966	\$16,143,868		\$966,832	\$5,985,869	16.2%	

Source: Retirement Report 2018, Audited Financial Statements

Staff Recommendation:

Approval of the pension corrective action plan submitted by Iron County Road Commission, which was received by the Municipal Stability Board (the Board) on 3/18/2020. If approved by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and implementation of their corrective action plan.

Changes Made:

- Modern Plan Design:
 - The Road Commission closed three divisions to new hires in October of 2011. Two divisions were closed to new non-union hires in October of 2014. There have been no non union new hires in between 2000 and October 2014. The multiplier was reduced from 2.5% to 1.7%. The FAC was increased to 5 years from 3 years. Vesting is held to 10 years. All these steps reduced the liability going forward. The lowered benefit provisions in 2011 and 2014 for new hires also reduced liability going forward. Additional contributions were made for the last eight years in addition to the ADC. For 2018 and 2019 we met the MERS accelerated 100% funding in 10 years estimated employer contribution and will continue to use this benchmark for payments. MERS is completing regular experience studies to ensure alignment with real-world experience. Increased benefits are not allowed until the plan is fully funded.
- Plan Funding:
 - The Road Commission provided year by year detail. MERS 10 year 100% funding estimated employer contribution was used for 2018, 2019 and will be used for 2020. See pages under Attachments 6b. See also charts under 2a for baseline without surplus estimated 62% funding at year 2034.
- Other Considerations:
 - The Road Commission added an additional \$480,000 in 2018 and 2019. It plans to contribute an additional \$480,000 in 2020. 18 retirees and 8 beneficiaries are 80+ years old and comprise 25% of the pension expense in dollars and 57% of our population of retirees. MERS Amortization policy changes with the amortizing period declining by one year each year will continue to raise the ADC to hasten the fully funded level in 19 years without surplus funding. In 2020 the Road Commission will be amortizing to 19 years.

**Treasury Recommendation
Iron County Road Commission Pension Corrective Action Plan (CAP)
Non-Primary Unit 360100**

Prospective Changes:

- Modern Plan Design:
 - None listed.
- Plan Funding:
 - None listed.
- Other Considerations:
 - None listed.

System Status for All Divisions: OPEN

Plan size: members 69

- Inactive employees or beneficiaries currently receiving benefits: 46
- Inactive employees entitled to but not yet receiving benefits: 2
- Active employees: 21

Corrective Action Plan Criteria:

The following corrective action plan approval criteria are met:

- Underfunded Status:
 - The corrective action plan demonstrates it will reach the PA 202 established funding level of 60% funded as demonstrated by the internal analysis/actuarial projection/ actuarial valuation found in the corrective action plan within a reasonable timeframe (2034).
- 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:

The Road Commission provided a projection from MERS to document when they will reach 60% funded. This projection also documents that the annual employer contribution increases by 103% over the next 20 years (5.1% per year).

**Treasury Recommendation
Iron County Road Commission Pension Corrective Action Plan (CAP)
Non-Primary Unit 360100**



**Iron CRC (3602) - All Divisions
Estimated Projected Employer Contributions and Funded Ratios**

Valuation Year Ending 12/31	Fiscal Year Beginning In Year	Baseline Without Surplus - Current Plan (Excluding Surplus Division)				Baseline With Surplus - Current Plan Including Surplus Division (\$345,940 as of 12/31/2017) Assuming No Future Contributions/Withdrawals to/from Surplus Division			
		Actuarial Accrued Liability	Valuation Assets	Funded %	Required Annual Employer Contribution	Actuarial Accrued Liability	Valuation Assets	Funded %	Required Annual Employer Contribution
2017	2019	13,047,231	5,123,590	39%	\$671,904	13,047,231	5,473,345	42%	\$671,904
2018	2020	13,170,968	5,054,737	38%	\$703,644	13,170,968	5,427,380	41%	\$703,644
2019	2021	13,275,033	5,009,142	38%	\$734,916	13,275,033	5,403,057	41%	\$734,916
2020	2022	13,363,536	5,125,901	38%	\$754,332	13,363,536	5,554,854	42%	\$754,332
2021	2023	13,430,369	5,243,092	39%	\$775,656	13,430,369	5,709,263	43%	\$775,656
2022	2024	13,472,420	5,312,283	39%	\$801,660	13,472,420	5,814,582	43%	\$801,660
2023	2025	13,485,219	5,376,431	40%	\$828,168	13,485,219	5,917,650	44%	\$828,168
2024	2026	13,461,553	5,435,274	40%	\$855,924	13,461,553	6,018,446	45%	\$855,924
2025	2027	13,400,292	5,491,093	41%	\$885,792	13,400,292	6,119,461	46%	\$885,792
2026	2028	13,303,716	5,549,646	42%	\$917,304	13,303,716	6,226,715	47%	\$917,304
2027	2029	13,178,558	5,621,899	43%	\$950,412	13,178,558	6,351,439	48%	\$950,412
2028	2030	13,029,790	5,717,054	44%	\$984,996	13,029,790	6,503,133	50%	\$984,996
2029	2031	12,861,512	5,843,866	45%	\$1,021,212	12,861,512	6,690,866	52%	\$1,021,212
2030	2032	12,675,647	6,009,541	47%	\$1,059,132	12,675,647	6,922,183	55%	\$1,059,132
2031	2033	12,477,278	6,224,643	50%	\$1,095,936	12,477,278	7,208,015	58%	\$1,095,936
2032	2034	12,271,401	6,500,059	53%	\$1,133,520	12,271,401	7,559,642	62%	\$1,133,520
2033	2035	12,063,910	6,845,373	57%	\$1,174,176	12,063,910	7,987,074	66%	\$1,174,176
2034	2036	11,862,650	7,274,232	61%	\$1,217,688	11,862,650	8,504,415	72%	\$1,217,688
2035	2037	11,670,595	7,798,618	67%	\$1,264,596	11,670,595	9,124,140	78%	\$1,264,596
2036	2038	11,492,316	8,432,385	73%	\$1,313,568	11,492,316	9,860,635	86%	\$1,313,568
2037	2039	11,335,742	9,193,939	81%	\$1,363,500	11,335,742	10,732,678	95%	\$1,363,500
2038	2040	11,209,084	10,101,596	90%	\$162,924	11,209,084	11,759,803	105%	\$162,924
2039	2041	11,119,093	11,171,888	100%	\$169,788	11,119,093	12,958,606	117%	\$169,788
2040	2042	11,072,569	11,122,158	100%	\$176,640	11,072,569	13,047,347	118%	\$176,640
2041	2043	11,076,490	11,123,158	100%	\$183,792	11,076,490	13,197,549	119%	\$183,792

*Notes: The phase-in was excluded for ballpark and comparison purposes.
The amortization schedule in the proposed scenario is the same as the baseline.
A description of the amortization policy can be found on page 24 of the annual valuation appendix:
<http://www.mersofmich.com/Portals/0/Assets/Resources/MAY-Appendix/MERS-2017AnnualActuarialValuation-Appendix.pdf>
The assumed future annual investment return is 7.75%.*

Ballpark Estimate Disclosure Statement

This 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 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 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 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 10h 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 new or prior employees.

The Community Engagement and Finance Division (CEFD) contact:

- None.

**Treasury Recommendation
Ishpeming Township OPEB Corrective Action Plan (CAP)
Primary Unit 521070**

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
MERS	Pension	\$1,635,413	\$1,776,022	92.1%	\$37,139	\$1,369,580	2.8%	NO
OPEB	OPEB	\$0	\$17,640	0.0%	\$0		0.0%	YES
Total		\$1,635,413	\$1,793,662		\$37,139	\$1,369,580	2.8%	

Source: Retirement Report 2018, Audited Financial Statements

Staff Recommendation: Approval of the OPEB corrective action plan submitted by Ishpeming Township, which was received by the Municipal Stability Board (the Board) on 2/19/2020. If approved by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and implementation of their corrective action plan.

Changes Made:

- Modern Plan Design:
 - None listed.
- Plan Funding:
 - None listed.
- Other Considerations:
 - Fiscal year 2019 resulted in total governmental fund revenues of \$1,369,580 per the audit report. The internally calculated annual contributions to the retiree health plan are \$3,360 per year for the next five years, and \$840 in year six. These amounts are based on \$280 per month until the one remaining employee on the plan turns 65, at which time the plan terminates. No new employees are eligible for the plan. These amounts are less than 1% of total governmental fund revenues based on 2019, and well below the 12% threshold determined above for reporting. Additionally, the total liability reported for the retiree health plan was \$17,640 for 2019, which is also well below the 12% threshold determined above if the township were to pay the entire liability in one payment.

Prospective Changes:

- Modern Plan Design:
 - None listed.
- Plan Funding:
 - None listed.
- Other Considerations:
 - None listed.

System Status for All Divisions: CLOSED

Plan size: members 1

- Inactive employees or beneficiaries currently receiving benefits:
- Inactive employees entitled to but not yet receiving benefits: 1
- Active employees: 0

**Treasury Recommendation
Ishpeming Township OPEB Corrective Action Plan (CAP)
Primary Unit 521070**

Corrective Action Plan Criteria:

The following corrective action plan approval criteria are met:

- Underfunded Status:
 - The corrective action plan demonstrates it will no longer trigger underfunded status because the local unit's annual required contribution will be less than 12% of general fund operating revenues within a reasonable timeframe.
- Legal and Feasible:
 - In section 7 of the corrective action plan template, the local government 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 government confirms in section 5 of the corrective action plan template that the corrective actions listed will allow for the local government to make, at a minimum, the retiree premium payment, as well as the normal cost payment for all new hires (if applicable) according to the long-term budget forecast.

Supplemental Information:

The local government states the annual required contribution as a percentage of the total governmental fund revenues is less than 1% from internal calculations. Additionally, the total liability is less than 2% of revenues, and well below the PA 202 threshold for underfunded status.

The Community Engagement and Finance Division (CEFD) contact:

- None.

Treasury Recommendation
Manistee County Medical Care Facility OPEB Corrective Action Plan (CAP)
Non-Primary Unit 517513

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
MERS	Pension	\$15,284,139	\$20,644,544	74.0%	\$606,746	\$9,883,047	6.1%	NO
OPEB	OPEB	\$0	\$286,963	0.0%	\$0		0.0%	YES
Total		\$15,284,139	\$20,931,507		\$606,746	\$9,883,047	6.1%	

Source: Retirement Report 2018, Audited Financial Statements

Staff Recommendation: Approval of the OPEB corrective action plan submitted by Manistee County Medical Care Facility, which was received by the Municipal Stability Board (the Board) on 2/19/2020. If approved by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and implementation of their corrective action plan.

Changes Made:

- Modern Plan Design:
 - None listed.
- Plan Funding:
 - None listed.
- Other Considerations:
 - None listed.

Prospective Changes:

- Modern Plan Design:
 - None listed.
- Plan Funding:
 - None listed.
- Other Considerations:
 - None listed.

System Status for All Divisions:

Plan size: members 2

- Inactive employees or beneficiaries currently receiving benefits: 0
- Inactive employees entitled to but not yet receiving benefits: 2
- Active employees: 0

Treasury Recommendation
Manistee County Medical Care Facility OPEB Corrective Action Plan (CAP)
Non-Primary Unit 517513

Corrective Action Plan Criteria:

The following corrective action plan approval criteria are met:

- 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 retiree premium payment, as well as the normal cost payment for all new hires (if applicable) according to the long-term budget forecast.

The following corrective action plan approval criteria are partially met:

- Underfunded Status:
 - The local government did not provide clear documentation that demonstrates the retirement system will reach 40% funded. Based on other information presented in the corrective action plan, we have determined the plan may be able to reach a funded ratio of 40% if the plan's assumptions remain accurate.
- Legal and Feasible:
 - The local unit indicated its corrective action plan was legal and feasible in Section 7 of the corrective action plan template; however, our review indicates the governing body approval was for a waiver application. Despite this, the components of the plan were approved by the body.

Supplemental Information:

The local government made the claim that the two remaining member's liabilities will expire prior to the 30 year timeframe the Board allows for a local government to address their underfunded status. An alternative measure method analysis was provided.

Treasury Recommendation

Manistee County Medical Care Facility OPEB Corrective Action Plan (CAP)

Non-Primary Unit 517513

Manistee County MCF
OPEB Calculation
9/30/2018

GASB 75 Guidance: This Statement includes an option for the use of a specified alternative measurement method in place of an actuarial valuation for purposes of determining the total OPEB liability for benefits provided through an OPEB plan in which fewer than 100 employees (active and inactive) are provided with OPEB through the plan. The alternative measurement method is an approach that includes the same broad measurement steps as an actuarial valuation (projecting benefit payments, discounting projected benefit payments to a present value, and attributing the present value of projected benefit payments to periods using an actuarial cost method). However, it permits simplification of certain assumptions.

How and when the Facility will reach the 40% funded ratio- As can be seen below, annual premium payments are not significant. The OPEB plan is closed to new employees, and only two prior administrators who are retired are included in the plan. Additionally, based on life expectancy tables used within the measurement calculation, participants are projected to expire in less than 20 years, resulting in premium payments that are not expected to extend more than 20 years. Therefore, the liability will be fully funded within the next 20 years as well.

Assumptions:

Premium Inflation	6.00% [2]	
Discount Rate	3.75% [2]	
Total		\$286,963

Age	74																
Life Expectancy	13.54 [1]																
Projected End Date	2032																
	[4]																
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total Gross
October	\$ 602.10	\$ 644.94	\$ 683.64	\$ 724.65	\$ 768.13	\$ 814.22	\$ 863.08	\$ 914.86	\$ 969.75	\$ 1,027.94	\$ 1,089.61	\$ 1,154.99	\$ 1,224.29	\$ 1,297.75	\$ 1,375.61	\$ 1,458.15	
November	602.10	644.94	683.64	724.65	768.13	814.22	863.08	914.86	969.75	1,027.94	1,089.61	1,154.99	1,224.29	1,297.75	1,375.61	1,458.15	
December	644.04	659.46	699.03	740.97	785.43	832.55	882.51	935.46	991.58	1,051.08	1,114.14	1,180.99	1,251.85	1,326.96	1,406.58	1,490.98	
January	644.04	659.46	699.03	740.97	785.43	832.55	882.51	935.46	991.58	1,051.08	1,114.14	1,180.99	1,251.85	1,326.96	1,406.58	1,490.98	
February	644.04	659.46	699.03	740.97	785.43	832.55	882.51	935.46	991.58	1,051.08	1,114.14	1,180.99	1,251.85	1,326.96	1,406.58	1,490.98	
March	644.04	659.46	699.03	740.97	785.43	832.55	882.51	935.46	991.58	1,051.08	1,114.14	1,180.99	1,251.85	1,326.96	1,406.58	1,490.98	
April	644.04	659.46	699.03	740.97	785.43	832.55	882.51	935.46	991.58	1,051.08	1,114.14	1,180.99	1,251.85	1,326.96	1,406.58	1,490.98	
May	644.04	659.46	699.03	740.97	785.43	832.55	882.51	935.46	991.58	1,051.08	1,114.14	1,180.99	1,251.85	1,326.96	1,406.58	1,490.98	
June	644.04	659.46	699.03	740.97	785.43	832.55	882.51	935.46	991.58	1,051.08	1,114.14	1,180.99	1,251.85	1,326.96	1,406.58	1,490.98	
July	644.04	659.46	699.03	740.97	785.43	832.55	882.51	935.46	991.58	1,051.08	1,114.14	1,180.99	1,251.85	1,326.96	1,406.58	1,490.98	
August	644.04	659.46	699.03	740.97	785.43	832.55	882.51	935.46	991.58	1,051.08	1,114.14	1,180.99	1,251.85	1,326.96	1,406.58	1,490.98	
September	644.04	659.46	699.03	740.97	785.43	832.55	882.51	935.46	991.58	1,051.08	1,114.14	1,180.99	1,251.85	1,326.96	1,406.58	1,490.98	
Total Annual Amount	\$ 7,648.20	\$ 7,884.98	\$ 8,357.97	\$ 8,859.45	\$ 9,391.02	\$ 9,954.48	\$ 10,551.75	\$ 11,184.85	\$ 11,855.94	\$ 12,567.30	\$ 13,321.34	\$ 14,120.62	\$ 14,967.66	\$ 15,865.63	\$ 16,817.88	\$ 8,881.10	\$ 182,230.58
NPV Total	\$129,482.62																

Age	69																				
Life Expectancy	17.2 [1]																				
Projected End Date	2036																				
	[4]																				
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
October	\$ 538.81	\$ 586.52	\$ 621.71	\$ 659.01	\$ 698.55	\$ 740.47	\$ 784.90	\$ 831.99	\$ 881.91	\$ 934.82	\$ 990.91	\$ 1,050.37	\$ 1,113.39	\$ 1,180.19	\$ 1,251.01	\$ 1,326.07	\$ 1,405.63	\$ 1,489.97	\$ 1,579.37	\$ 1,674.13	
November	538.81	586.52	621.71	659.01	698.55	740.47	784.90	831.99	881.91	934.82	990.91	1,050.37	1,113.39	1,180.19	1,251.01	1,326.07	1,405.63	1,489.97	1,579.37	1,674.13	
December	580.75	601.44	637.53	681.98	722.90	766.27	812.25	860.98	912.64	967.40	1,025.45	1,086.97	1,152.19	1,221.32	1,294.60	1,372.28	1,454.61	1,541.89	1,634.41	1,731.54	
January	580.75	601.44	637.53	681.98	722.90	766.27	812.25	860.98	912.64	967.40	1,025.45	1,086.97	1,152.19	1,221.32	1,294.60	1,372.28	1,454.61	1,541.89	1,634.41	1,731.54	
February	580.75	601.44	637.53	681.98	722.90	766.27	812.25	860.98	912.64	967.40	1,025.45	1,086.97	1,152.19	1,221.32	1,294.60	1,372.28	1,454.61	1,541.89	1,634.41	1,731.54	
March	586.42	606.96	643.38	681.98	722.90	766.27	812.25	860.98	912.64	967.40	1,025.45	1,086.97	1,152.19	1,221.32	1,294.60	1,372.28	1,454.61	1,541.89	1,634.41	1,731.54	
April	586.42	606.96	643.38	681.98	722.90	766.27	812.25	860.98	912.64	967.40	1,025.45	1,086.97	1,152.19	1,221.32	1,294.60	1,372.28	1,454.61	1,541.89	1,634.41	1,731.54	
May	586.42	606.96	643.38	681.98	722.90	766.27	812.25	860.98	912.64	967.40	1,025.45	1,086.97	1,152.19	1,221.32	1,294.60	1,372.28	1,454.61	1,541.89	1,634.41	1,731.54	
June	586.52	606.96	643.38	681.98	722.90	766.27	812.25	860.98	912.64	967.40	1,025.45	1,086.97	1,152.19	1,221.32	1,294.60	1,372.28	1,454.61	1,541.89	1,634.41	1,731.54	
July	586.52	606.96	643.38	681.98	722.90	766.27	812.25	860.98	912.64	967.40	1,025.45	1,086.97	1,152.19	1,221.32	1,294.60	1,372.28	1,454.61	1,541.89	1,634.41	1,731.54	
August	586.52	606.96	643.38	681.98	722.90	766.27	812.25	860.98	912.64	967.40	1,025.45	1,086.97	1,152.19	1,221.32	1,294.60	1,372.28	1,454.61	1,541.89	1,634.41	1,731.54	
September	586.52	606.96	643.38	681.98	722.90	766.27	812.25	860.98	912.64	967.40	1,025.45	1,086.97	1,152.19	1,221.32	1,294.60	1,372.28	1,454.61	1,541.89	1,634.41	1,731.54	
Total Annual Amount	\$ 6,925.21	\$ 7,237.12	\$ 7,671.35	\$ 8,131.63	\$ 8,619.53	\$ 9,136.70	\$ 9,684.90	\$ 10,265.99	\$ 10,881.95	\$ 11,534.87	\$ 12,226.96	\$ 12,960.58	\$ 13,736.21	\$ 14,562.51	\$ 15,436.26	\$ 16,362.43	\$ 17,344.18	\$ 18,384.83	\$ 19,487.92	\$ 3,348.25	\$ 233,941.38
NPV Total	\$157,480.05																				

The Community Engagement and Finance Division (CEFD) contact:

- Treasury reached out to the local government as the local government had not provided updated governing body approval.

Treasury Recommendation
Presque Isle County Road Commission OPEB Corrective Action Plan (CAP)
Non-Primary Unit 710100

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
MERS	Pension	\$5,157,405	\$9,900,473	52.1%	\$379,464	\$7,028,825	5.4%	NO
Other Post-Employment Benefits Plan	OPEB	\$0	\$2,226,771	0.0%	\$641,092		9.1%	YES
Total		\$5,157,405	\$12,127,244		\$1,020,556	\$7,028,825	14.5%	

Source: Retirement Report 2018, Audited Financial Statements

Staff Recommendation: Approval of the OPEB corrective action plan submitted by Presque Isle County Road Commission, which was received by the Municipal Stability Board (the Board) on 3/18/2020. If approved by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and implementation of their corrective action plan.

Changes Made:

- Modern Plan Design:
 - Benefit level reduced for employees hired after January 1, 1996. Full time employees hired after this date will not receive health insurance upon retirement. Effective August 1, 2005, all retirees and eligible dependents eligible for Medicare will be dropped from Presque Isle County Road Commission group health insurance and reimbursed for a Medigap Supplemental Policy. Benefit levels of the retired employees mirrors the active employee coverage. Effective August 6, 2012, any employee eligible for health care benefits after retirement will be required to participate as a percentage of the premium for amounts above the limits outlined in PA 152. Effective August 6, 2012, the amount reimbursed to retirees for purchase of supplemental Medigap policy is capped \$150 per person and \$300 per couple. Health care plans and options are reviewed annually and employee.
- Plan Funding:
 - None listed.
- Other Considerations:
 - The health insurance expense paid out for fiscal year 2018 was \$193,054.95, which was 2.74% of total Governmental Revenues. Presque Isle CRC maintains a cash fund balance of \$1,000,000 and does not foresee any issue that would prevent payment of the retiree health care costs. Our net OPEB liability at December 31, 2017 was \$2,341,252 and on December 31, 2018 was \$7,226,771, a reduction of \$114,481. This trend will continue as the benefit was closed to new employees in 1996 and only four active employees are eligible for the benefit if they retire prior to age 65.

Prospective Changes:

- Modern Plan Design:
 - None listed.
- Plan Funding:

Treasury Recommendation
Presque Isle County Road Commission OPEB Corrective Action Plan (CAP)
Non-Primary Unit 710100

- Effective February 1, 2020, \$5,000 per month (\$60,000 per year) will be placed into a investment pool account for payment of unfunded health care liability. On February 1, 2026 the Actuarial Determined Contribution of \$641,092 will be attained and on July 1, 2013 the total OPEB liability of \$2,226,771 will be attained.
- Other Considerations:
 - None listed.

System Status for All Divisions: OPEN

Plan size: members 73

- Inactive employees or beneficiaries currently receiving benefits: 45
- Inactive employees entitled to but not yet receiving benefits: 0
- Active employees: 28

Corrective Action Plan Criteria: 2027

The following corrective action plan approval criteria are met:

- Underfunded Status:
 - The corrective action plan demonstrates it will reach the PA 202 established funding level of 40% funded as demonstrated by the internal analysis/actuarial projection/ actuarial valuation found in the corrective action plan within a reasonable timeframe.
- Legal and Feasible:
 - The local unit's corrective action plan appears to follow all applicable laws. The actions listed appear reasonable and the corrective action plan has been 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 retiree premium payment, as well as the normal cost payment for all new hires (if applicable) according to the long-term budget forecast.

Supplemental Information:

Local government estimates reaching 40% funding level by 2027. This projection is based on adding \$60,000 per year to investment pool.

Treasury Recommendation
Presque Isle County Road Commission OPEB Corrective Action Plan (CAP)
Non-Primary Unit 710100

June 1, 2027 40% of Total OPEB Liability

Future Value Calculator

Number of Periods (N)

Starting Amount

Interest Rate (I/Y)

Periodic Deposit (PMT) /period

PMT made at the beginning end of each compound period

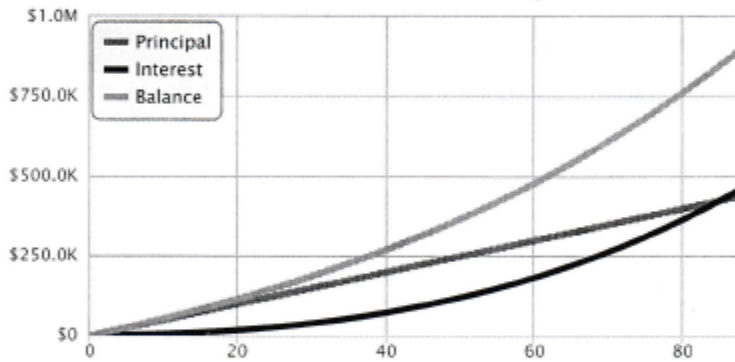
Calculate ▶

Results

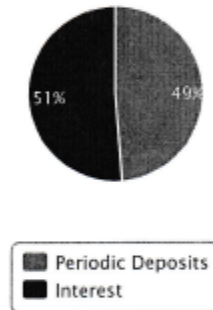
Future Value: \$902,302.41

PV (Present Value)	\$243,411.11
N (Number of Periods)	88.000
I/Y (Interest Rate)	1.500
PMT (Periodic Deposit)	\$5,000.00
Starting Amount	\$0.00
Total Periodic Deposits	\$440,000.00
Total Interest	\$462,302.41

Balance Accumulation Graph



Breakdown



Schedule

	start principal	start balance	interest	end balance	end principal
1	\$0.00	\$0.00	\$0.00	\$5,000.00	\$5,000.00
2	\$5,000.00	\$5,000.00	\$75.00	\$10,075.00	\$10,000.00
3	\$10,000.00	\$10,075.00	\$151.12	\$15,226.13	\$15,000.00
4	\$15,000.00	\$15,226.13	\$228.39	\$20,454.52	\$20,000.00
5	\$20,000.00	\$20,454.52	\$306.82	\$25,761.33	\$25,000.00
6	\$25,000.00	\$25,761.33	\$386.42	\$31,147.75	\$30,000.00
7	\$30,000.00	\$31,147.75	\$467.22	\$36,614.97	\$35,000.00
8	\$35,000.00	\$36,614.97	\$549.22	\$42,164.20	\$40,000.00
9	\$40,000.00	\$42,164.20	\$632.46	\$47,796.66	\$45,000.00
10	\$45,000.00	\$47,796.66	\$716.95	\$53,513.61	\$50,000.00

Treasury Recommendation
Presque Isle County Road Commission OPEB Corrective Action Plan (CAP)
Non-Primary Unit 710100

1/15/2020 <https://www.calculator.net/future-value-calculator.html?type=end&amount=&years=88&startingprinciple=0&interestrate=1.5&contrib...>

11	\$50,000.00	\$53,513.61	\$802.70	\$59,316.31	\$55,000.00
12	\$55,000.00	\$59,316.31	\$889.74	\$65,206.06	\$60,000.00
13	\$60,000.00	\$65,206.06	\$978.09	\$71,184.15	\$65,000.00
14	\$65,000.00	\$71,184.15	\$1,067.76	\$77,251.91	\$70,000.00
15	\$70,000.00	\$77,251.91	\$1,158.78	\$83,410.69	\$75,000.00
16	\$75,000.00	\$83,410.69	\$1,251.16	\$89,661.85	\$80,000.00
17	\$80,000.00	\$89,661.85	\$1,344.93	\$96,006.78	\$85,000.00
18	\$85,000.00	\$96,006.78	\$1,440.10	\$102,446.88	\$90,000.00
19	\$90,000.00	\$102,446.88	\$1,536.70	\$108,983.58	\$95,000.00
20	\$95,000.00	\$108,983.58	\$1,634.75	\$115,618.34	\$100,000.00
21	\$100,000.00	\$115,618.34	\$1,734.28	\$122,352.61	\$105,000.00
22	\$105,000.00	\$122,352.61	\$1,835.29	\$129,187.90	\$110,000.00
23	\$110,000.00	\$129,187.90	\$1,937.82	\$136,125.72	\$115,000.00
24	\$115,000.00	\$136,125.72	\$2,041.89	\$143,167.60	\$120,000.00
25	\$120,000.00	\$143,167.60	\$2,147.51	\$150,315.12	\$125,000.00
26	\$125,000.00	\$150,315.12	\$2,254.73	\$157,569.84	\$130,000.00
27	\$130,000.00	\$157,569.84	\$2,363.55	\$164,933.39	\$135,000.00
28	\$135,000.00	\$164,933.39	\$2,474.00	\$172,407.39	\$140,000.00
29	\$140,000.00	\$172,407.39	\$2,586.11	\$179,993.50	\$145,000.00
30	\$145,000.00	\$179,993.50	\$2,699.90	\$187,693.41	\$150,000.00
31	\$150,000.00	\$187,693.41	\$2,815.40	\$195,508.81	\$155,000.00
32	\$155,000.00	\$195,508.81	\$2,932.63	\$203,441.44	\$160,000.00
33	\$160,000.00	\$203,441.44	\$3,051.62	\$211,493.06	\$165,000.00
34	\$165,000.00	\$211,493.06	\$3,172.40	\$219,665.46	\$170,000.00
35	\$170,000.00	\$219,665.46	\$3,294.98	\$227,960.44	\$175,000.00
36	\$175,000.00	\$227,960.44	\$3,419.41	\$236,379.85	\$180,000.00
37	\$180,000.00	\$236,379.85	\$3,545.70	\$244,925.54	\$185,000.00
38	\$185,000.00	\$244,925.54	\$3,673.88	\$253,599.43	\$190,000.00
39	\$190,000.00	\$253,599.43	\$3,803.99	\$262,403.42	\$195,000.00
40	\$195,000.00	\$262,403.42	\$3,936.05	\$271,339.47	\$200,000.00
41	\$200,000.00	\$271,339.47	\$4,070.09	\$280,409.56	\$205,000.00
42	\$205,000.00	\$280,409.56	\$4,206.14	\$289,615.71	\$210,000.00
43	\$210,000.00	\$289,615.71	\$4,344.24	\$298,959.94	\$215,000.00
44	\$215,000.00	\$298,959.94	\$4,484.40	\$308,444.34	\$220,000.00
45	\$220,000.00	\$308,444.34	\$4,626.67	\$318,071.00	\$225,000.00
46	\$225,000.00	\$318,071.00	\$4,771.07	\$327,842.07	\$230,000.00
47	\$230,000.00	\$327,842.07	\$4,917.63	\$337,759.70	\$235,000.00

Treasury Recommendation
Presque Isle County Road Commission OPEB Corrective Action Plan (CAP)
Non-Primary Unit 710100

48	\$235,000.00	\$337,759.70	\$5,066.40	\$347,826.10	\$240,000.00
49	\$240,000.00	\$347,826.10	\$5,217.39	\$358,043.49	\$245,000.00
50	\$245,000.00	\$358,043.49	\$5,370.65	\$368,414.14	\$250,000.00
51	\$250,000.00	\$368,414.14	\$5,526.21	\$378,940.35	\$255,000.00
52	\$255,000.00	\$378,940.35	\$5,684.11	\$389,624.46	\$260,000.00
53	\$260,000.00	\$389,624.46	\$5,844.37	\$400,468.82	\$265,000.00
54	\$265,000.00	\$400,468.82	\$6,007.03	\$411,475.86	\$270,000.00
55	\$270,000.00	\$411,475.86	\$6,172.14	\$422,647.99	\$275,000.00
56	\$275,000.00	\$422,647.99	\$6,339.72	\$433,987.71	\$280,000.00
57	\$280,000.00	\$433,987.71	\$6,509.82	\$445,497.53	\$285,000.00
58	\$285,000.00	\$445,497.53	\$6,682.46	\$457,179.99	\$290,000.00
59	\$290,000.00	\$457,179.99	\$6,857.70	\$469,037.69	\$295,000.00
60	\$295,000.00	\$469,037.69	\$7,035.57	\$481,073.26	\$300,000.00
61	\$300,000.00	\$481,073.26	\$7,216.10	\$493,289.36	\$305,000.00
62	\$305,000.00	\$493,289.36	\$7,399.34	\$505,688.70	\$310,000.00
63	\$310,000.00	\$505,688.70	\$7,585.33	\$518,274.03	\$315,000.00
64	\$315,000.00	\$518,274.03	\$7,774.11	\$531,048.14	\$320,000.00
65	\$320,000.00	\$531,048.14	\$7,965.72	\$544,013.86	\$325,000.00
66	\$325,000.00	\$544,013.86	\$8,160.21	\$557,174.07	\$330,000.00
67	\$330,000.00	\$557,174.07	\$8,357.61	\$570,531.68	\$335,000.00
68	\$335,000.00	\$570,531.68	\$8,557.98	\$584,089.65	\$340,000.00
69	\$340,000.00	\$584,089.65	\$8,761.34	\$597,851.00	\$345,000.00
70	\$345,000.00	\$597,851.00	\$8,967.76	\$611,818.76	\$350,000.00
71	\$350,000.00	\$611,818.76	\$9,177.28	\$625,996.05	\$355,000.00
72	\$355,000.00	\$625,996.05	\$9,389.94	\$640,385.99	\$360,000.00
73	\$360,000.00	\$640,385.99	\$9,605.79	\$654,991.78	\$365,000.00
74	\$365,000.00	\$654,991.78	\$9,824.88	\$669,816.65	\$370,000.00
75	\$370,000.00	\$669,816.65	\$10,047.25	\$684,863.90	\$375,000.00
76	\$375,000.00	\$684,863.90	\$10,272.96	\$700,136.86	\$380,000.00
77	\$380,000.00	\$700,136.86	\$10,502.05	\$715,638.91	\$385,000.00
78	\$385,000.00	\$715,638.91	\$10,734.58	\$731,373.50	\$390,000.00
79	\$390,000.00	\$731,373.50	\$10,970.60	\$747,344.10	\$395,000.00
80	\$395,000.00	\$747,344.10	\$11,210.16	\$763,554.26	\$400,000.00
81	\$400,000.00	\$763,554.26	\$11,453.31	\$780,007.58	\$405,000.00
82	\$405,000.00	\$780,007.58	\$11,700.11	\$796,707.69	\$410,000.00
83	\$410,000.00	\$796,707.69	\$11,950.62	\$813,658.31	\$415,000.00
84	\$415,000.00	\$813,658.31	\$12,204.87	\$830,863.18	\$420,000.00

<https://www.calculator.net/future-value-calculator.html?ctype=endamount&cyarsv=88&cstartingprinciplev=0&cinterestratev=1.5&ccontributeamountv=...> 3/4

1/15/2020	https://www.calculator.net/future-value-calculator.html?ctype=endamount&cyarsv=88&cstartingprinciplev=0&cinterestratev=1.5&ccontrib...				
85	\$420,000.00	\$830,863.18	\$12,462.95	\$848,326.13	\$425,000.00
86	\$425,000.00	\$848,326.13	\$12,724.89	\$866,051.02	\$430,000.00
87	\$430,000.00	\$866,051.02	\$12,990.77	\$884,041.78	\$435,000.00

Treasury Recommendation
Presque Isle County Road Commission OPEB Corrective Action Plan (CAP)
Non-Primary Unit 710100

The Community Engagement and Finance Division (CEFD) contact:

- Reached out to local government to clarify whether the investment pool was a qualified trust. Local government said it was not, but that upon approval, a qualified trust would be researched prior to monitoring.

**Treasury Recommendation
Charter Township of Van Buren Corrective Action Plan (CAP)
Primary Unit 821100**

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
MERS	Pension	\$15,106,239	\$19,062,011	79.2%	\$515,299	\$20,622,618	2.5%	NO
OPEB Plan	OPEB	\$3,271,667	\$23,713,054	13.8%	\$3,819,375		18.5%	YES
Total		\$18,377,906	\$42,775,065		\$4,334,674	\$20,622,618	21.0%	

Source: Retirement Report 2018, Audited Financial Statements

Staff Recommendation: Approval of the OPEB corrective action plan submitted by Charter Township of Van Buren, which was received by the Municipal Stability Board (the Board) on 3/18/2020. If approved by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and implementation of their corrective action plan.

Changes Made:

- Modern Plan Design:
 - The Township recently passed a new policy where all new hires are now on a defined contribution retiree health care plan versus the existing defined benefit retiree health care plan. New hires as of September, 2019 now get an annual contribution to a "retiree health care savings account".
- Plan Funding:
 - The Township Board recently approved the 2020 budget which increased the General Fund's annual contribution to the Township's Retiree Health Care qualified trust account from \$100,000 to \$125,000. Additionally, the Township Water Fund will continue to contribute \$333,848 annually, which results in a 100% funded status for the Water Fund, by year 2024 (see attached actuarial valuation as supporting documentation).
- Other Considerations:
 - The Township will continue to pay for annual retiree health care premiums from operating budgets, without accessing the Retiree Health Care Trust. Per the attachment (2a), the Township will reach the required 40% funded threshold by 2042, which is within the 30 year requirement.

Prospective Changes:

- Modern Plan Design:
 - The Township is in the process of evaluating the possibility of offering employee buyouts for those employees covered by the Retiree Health Care Plan. Any employees taking advantage of this buyout would relinquish any future claims to retiree health care in exchange for a monetary deposit into a retiree health care savings plan. The result of any employees "opting out" of the retiree health care benefit, would result in an overall lower OPEB liability for the Twp.
- Plan Funding:
 - The Township has a projected 12/31/19 fund balance in its Long Term Debt Fund of \$14,473,060. This money has been allocated for the specific purpose of having savings for the OPEB obligation. This money has not been placed in the qualified trust account, to allow some flexibility with these funds, but this was specifically what these funds

Treasury Recommendation
Charter Township of Van Buren Corrective Action Plan (CAP)
Primary Unit 821100

were set aside for. The Township asks that this be taken into account when evaluating the Township's affordability criteria.

- Other Considerations:
 - None listed.

System Status for All Divisions: CLOSED

Plan size: members 139

- Inactive employees or beneficiaries currently receiving benefits:
- Inactive employees entitled to but not yet receiving benefits: 28
- Active employees: 111

Corrective Action Plan Criteria:

The following corrective action plan approval criteria are met:

- Underfunded Status:
 - The corrective action plan demonstrates it will reach the PA 202 established funding level of 40% funded as demonstrated by the internal analysis/actuarial projection/actuarial valuation found in the corrective action plan (2042).
- Legal and Feasible:
 - In section 7 of the corrective action plan template, the local government 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 government 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 retiree premium payment, as well as the normal cost payment for all new hires (if applicable) according to the long-term budget forecast.

Supplemental Information:

The Township provided an actuarial projection showing that with annual additional contributions deposited in a trust, their OPEB system is expected to reach 40% funded in 2042. During this time period, annual contributions increase by 242% (10% per year). These numbers are calculated using a discount rate of 6.54% This increase should be mitigated somewhat by the funds that the Township has saved in its Long Term Debt Fund to be used for its OPEB obligation. As of 12/31/2019, the balance was \$14,473,060.

Treasury Recommendation
Charter Township of Van Buren Corrective Action Plan (CAP)
Primary Unit 821100

Charter Township of Van Buren
2019 funding projection (based on December 31, 2018 actuarial valuation)
Discount
6.54% Return
6.54%

31-Dec liability	Assets	Contribution	+Benefit payments	=total contribution	funded percent
2019 25,594,837	4,294,123	433,848	547,920	981,768	16.8%
2020		458,848	651,417	1,110,265	18.3%
2021		458,848	758,887	1,217,735	19.9%
2022		458,848	886,547	1,345,395	21.5%
2023		458,848	1,017,576	1,476,424	23.1%
2024		458,848	1,127,949	1,586,797	24.8%
2025		125,000	1,277,550	1,402,550	25.1%
2026		125,000	1,417,818	1,542,818	25.4%
2027		125,000	1,556,594	1,681,594	25.8%
2028		125,000	1,708,750	1,833,750	26.1%
2029		125,000	1,856,864	1,981,864	26.6%
2030		125,000	2,002,930	2,127,930	27.0%
2031		125,000	2,166,283	2,291,283	27.5%
2032		125,000	2,289,689	2,414,689	28.1%
2033		125,000	2,437,184	2,562,184	28.8%
2034		125,000	2,546,698	2,671,698	29.6%
2035		125,000	2,650,468	2,775,468	30.4%
2036		125,000	2,773,146	2,898,146	32.3%
2037		125,000	2,850,009	2,975,009	33.4%
2038		125,000	2,909,135	3,034,135	34.7%
2039		125,000	3,000,170	3,125,170	36.0%
2040		125,000	3,104,384	3,229,384	37.5%
2041		125,000	3,152,675	3,277,675	39.1%
2042 45,366,088	18,573,371	125,000	3,233,234	3,358,234	40.9%

The Community Engagement and Finance Division (CEFD) contact:

- None

**Treasury Recommendation
City of Walled Lake Pension Corrective Action Plan (CAP)
Primary Unit 632240**

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
MERS	Pension	\$4,756,508	\$14,900,275	31.9%	\$839,587	\$5,927,270	14.2%	YES
Healthcare	OPEB	\$0	\$1,719,354	0.0%	\$162,988		2.7%	NO
Total		\$4,756,508	\$16,619,629		\$1,002,575	\$5,927,270	16.9%	

Source: Retirement Report 2018, Audited Financial Statements

Staff Recommendation: Approval of the pension corrective action plan submitted by City of Walled Lake, which was received by the Municipal Stability Board (the Board) on 2/19/2020. If approved by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and implementation of their corrective action plan.

Changes Made:

- Modern Plan Design:
 - The multiplier has been reduced to 1.5% from 2.5% for all new Admin hires beginning July 1, 2013.
 - Four divisions have had the benefit multiplier bridged down, as per MERS Annual Actuarial Valuation Report dated Dec 31, 2017, on pages 16 and 17 of the attached Benefit Provisions table 2.
 - Pensionable wages on base pay only; eliminating overtime, longevity, vacation, and sick payouts.
 - The City closed the Police Command pension division in 2011.
- Plan Funding:
 - None listed.
- Other Considerations:
 - None listed.

Prospective Changes:

- Modern Plan Design:
 - Beginning July 1, 2020 three members in the Admin unit will bridge down from 2.5% multiplier to 1.5% multiplier.
 - The City is currently in negotiations with the Municipal Employees Association for Public Works and Clerical Collective Bargaining Agreement which proposes all new hires as of July 1, 2019 will have a multiplier of 1.25, 5% employee contribution, and no COLA. Currently new hires after July 2016 have a multiplier of 1.5%
- Plan Funding:
 - In November 2019, the City of Walled Lake opened a Surplus Division with MERS. The City plans to contribute additional funding into the surplus division with each fiscal year's amount being determined during the budget approval process. The City has requested a projection study from MERS to identify an appropriate additional

Treasury Recommendation
City of Walled Lake Pension Corrective Action Plan (CAP)
Primary Unit 632240

contribution amount that will have an impact on reducing the number of years to reach a 60% funded outstanding liability.

- Other Considerations:
 - None listed.

System Status for All Divisions: OPEN

Plan size: members 67

- Inactive employees or beneficiaries currently receiving benefits: 32
- Inactive employees entitled to but not yet receiving benefits: 14
- Active employees: 21

Corrective Action Plan Criteria:

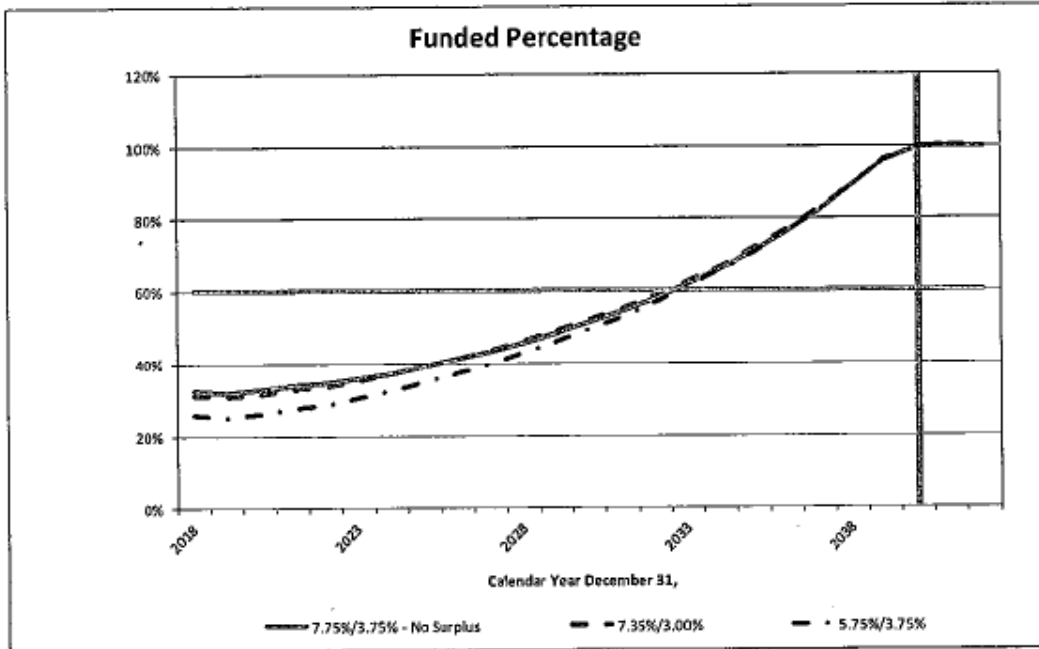
The following corrective action plan approval criteria are met:

- Underfunded Status:
 - The corrective action plan demonstrates it will reach the PA 202 established funding level of 60% funded as demonstrated by the internal analysis/actuarial projection/actuarial valuation found in the corrective action plan within a reasonable timeframe (2032).
- 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:

The actuarial valuation shows the local government will reach 60% funded in 2033. ADC will increase by approximately 95% between 2020 and 2039, which would equal approximately 5% a year increase.

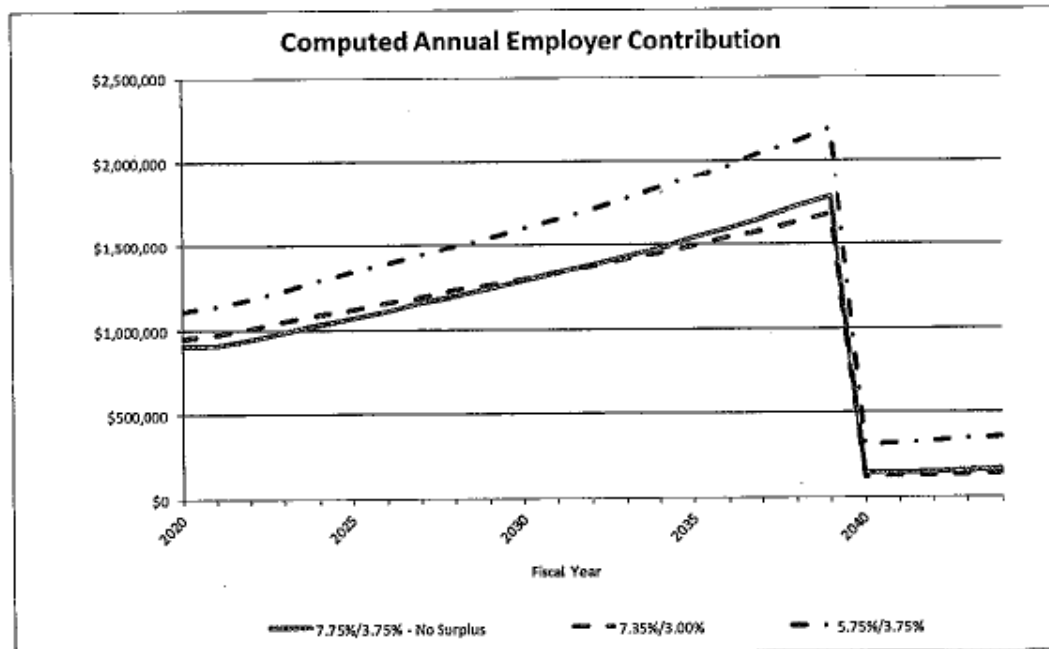
**Treasury Recommendation
City of Walled Lake Pension Corrective Action Plan (CAP)
Primary Unit 632240**



Notes:

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

The green indicator lines have been added at 60% funded and 22 years following the valuation date for PA 202 purposes.



Notes:

All projected contributions are shown with no phase-in.

The Community Engagement and Finance Division (CEFD) contact:

- None.