

# **Municipal Stability Board**

## **REGULAR MEETING**

Wednesday, September 18, 2019 at 10:00 a.m.  
Austin Building  
State Treasurer's Boardroom  
430 W. Allegan Street  
Lansing, MI 48922

### **I. Call to Order**

- A. Roll Call
- B. Approval of August 21, 2019 Minutes

### **II. Public Comment**

- A. 2-minute limit

### **III. Correspondence**

- A. Treasury Update

### **IV. Old Business**

- A. Approval of South Haven Area Emergency Services Authority (Resolution 2019-24)
- B. Adoption of Monitoring Procedures (Resolution 2019-25)
  - i. Corrective Action Plan Monitoring Public Comment Memo

### **V. New Business**

- A. Receipt of Corrective Action Plans
  - i. Capital Area Transportation Authority
  - ii. Copper Country Mental Health Services Board
  - iii. Grosse Ile Township
  - iv. City of Harper Woods
  - v. City of Riverview
  - vi. St. Clair River Sewer and Water Authority
- B. Approvals and Disapprovals of Corrective Action Plans (Resolution 2019-26)
  - i. Alpena County Road Commission

- ii. Blackman Charter Township
- iii. City of Highland Park (3 systems)
- iv. Iosco County Road Commission
- v. Martha T. Berry Medical Care Facility (2 systems)
- vi. Monroe Community Mental Health Authority
- vii. Shiawassee Council on Aging
- viii. Village of Capac

C. Public Act 202 of 2017 Corrective Action Plan Noncompliance (Resolution 2019-27)

**VI. Public Comment**

- A. 2-minute limit

**VII. Board Comment**

**VIII. Adjournment**

# **Municipal Stability Board Minutes**

Wednesday, August 21, 2019 at 10:00 a.m.  
Richard H. Austin Building  
State Treasurer's Boardroom  
430 W. Allegan Street  
Lansing, MI 48922

## **CALL TO ORDER**

Chairman Eric Scorsone called the meeting to order at 10:04 a.m.

## **ROLL CALL**

### **Members Present: Three**

Eric Scorsone  
Barry Howard  
John Lamerato

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

## **APPROVAL OF MINUTES**

A motion was made to approve the July 17, 2019 board meeting minutes by John Lamerato and supported by Barry Howard and Eric Scorsone. The Board unanimously approved the July 17, 2019 meeting minutes. 3 ayes, and 0 nays.

## **PUBLIC COMMENT**

Nick Brousseau reviewed emails sent to the Board from the Kalkaska County Road Commission and Marcia Robovitsky, a resident of Bloomfield Charter Township.

Following the review of the emails submitted during public comment, Barry Howard asked to clarify that Bloomfield Charter Township presented multiple alternatives to the special assessment district to the Board at the May 2019 regular Board meeting.

## **CORRESPONDENCE**

Nick Brousseau presented the Board with Treasury updates.

Nick Brousseau reviewed the Failure to Resubmit memo. It was indicated that Alpena County Road Commission, which was listed on the memo for failure to submit a revised Corrective Action Plan, had submitted a plan after the Board packet had been distributed. Therefore, Treasury would not be administratively placing the Road Commission into noncompliance.

## **OLD BUSINESS**

### **CORRECTIVE ACTION PLAN MONITORING UPDATE**

Nick Brousseau provided the Board with a review of the Corrective Action Plan Monitoring Update memo.

It was requested that the public comment period on the Corrective Action Plan Monitoring Process be extended for 30 days and reported back at the next Board meeting. A motion was made to extend the public comment period by Barry Howard and supported by John Lamerato and Eric Scorsone. The Board unanimously approved extending the public comment period. 3 ayes, 0 nays.

## **NEW BUSINESS**

### **CORRECTIVE ACTION PLAN REMOVAL PROCESS (RESOLUTION 2019-20)**

Nick Brousseau provided the Board with a review of the Corrective Action Plan Removal Process. John Lamerato questioned how the criteria of a local government being 5% above the PA 202 minimum funding ratio was determined. Mr. Brousseau clarified that the additional 5% was only used as a criteria for the Board to administratively remove the local government from the Corrective Action Plan process. Local governments may request to be removed any time after they no longer trigger as underfunded on the annual retirement report. Eric Scorsone questioned why the document stated that the Board may vote to remove a local government instead of shall. Mr. Brousseau clarified that it was stated that way to provide the Board flexibility within the removal process.

A motion was made to approve the resolution by Barry Howard and supported by John Lamerato and Eric Scorsone. The Board unanimously approved Resolution 2019-20. 3 ayes, and 0 nays.

### **TREASURY RECEIPT OF CORRECTIVE ACTION PLANS (RESOLUTION 2019-21)**

Nick Brousseau provided the Board with a review of the Treasury Receipt of Corrective Action Plans (Resolution 2019-21). Barry Howard sought clarification that this resolution remained consistent with the Board's bylaws to meet at least once per quarter. Mr. Brousseau confirmed that Mr. Howard's assertion was correct.

A motion was made to approve the resolution by Barry Howard and supported by John Lamerato and Eric Scorsone. The Board unanimously approved Resolution 2019-21. 3 ayes, and 0 nays.

### **RECEIPT OF 8 LOCAL GOVERNMENTS' CORRECTIVE ACTION PLANS (11 SYSTEMS)**

Nick Brousseau provided the Board with the following 8 local governments' Corrective Action Plans (11 systems):

- Alpena County Road Commission
- Blackman Charter Township
- Village of Capac
- City of Highland Park (3 systems)
- Iosco County Road Commission
- Martha T. Berry Medical Care Facility (2 systems)
- Monroe Community Mental Health Authority
- Shiawassee Council on Aging

Nick Brousseau noted that the plan for the Alpena County Road Commission was received after the Board packet was distributed and therefore suggested that a motion be made to amend the received plans to include it.

A motion was made to amend the receipt memo to include the OPEB Corrective Action Plan from the Alpena County Road Commission by John Lamerato and supported by Barry Howard and Eric Scorsone. The Board unanimously approved the motion to amend the receipt memo to include the Alpena County Road Commission's OPEB Corrective Action Plan. 3 ayes, and 0 nays.

A motion was made to receive the Corrective Action Plans as amended by Barry Howard and supported by John Lamerato and Eric Scorsone. The Board unanimously received the Corrective Action Plans as amended. 3 ayes, and 0 nays.

**APPROVALS AND DISAPPROVALS OF CORRECTIVE ACTION PLANS FROM 8 LOCAL GOVERNMENTS (10 SYSTEMS) (RESOLUTION 2019-22)**

Nick Brousseau was asked to review the Treasury recommendations for approval or disapproval of the Corrective Action Plans (Resolution 2019-22) with the Board.

Mr. Brousseau noted a couple items that he wanted to make the Board aware of. The Cadillac City Housing Commission plan was received during the prior meeting, however, upon review, the plan submitted had already been reviewed and approved, so the housing commission was not included in Appendix A. Secondly, Antrim County Road Commission had electronically submitted two plans prior to the previous Board meeting, which due to an administrative error, were not received. Subsequently, the two plans were reviewed, and recommendations were provided on this month's Appendix A. Finally, Harrison Charter Township provided three Corrective Action Plans, but upon review, the two submitted OPEB plans were for one OPEB system.

Mr. Brousseau highlighted the local governments that Treasury felt did not meet the Board's criteria. Mr. Brousseau addressed Kalkaska County Road Commission, and the reasons for Treasury's recommendation for disapproval. Dan Horn from Treasury provided additional clarification regarding the Corrective Action Plan recommendation from Treasury to the Board. Mr. Brousseau also addressed the South Haven Area Emergency Services Authority (SHAES) reasons for disapproval with the Board. The Board asked Treasury to provide additional information about qualified health care-

trusts and restricted funds as it related to OPEB assets. Mr. Brousseau and Mr. Horn agreed to gather additional information and report back to the Board. The Board requested that Treasury contact SHAES to discuss their Corrective Action Plan submission, and questions from the Board. The Board further discussed the plan submitted by Kalkaska County Road Commission.

Mr. Brousseau also discussed the Corrective Action Plans of Harrison Charter Township.

A motion was made to remove the Kalkaska County Road Commission from Appendix A by Barry Howard and supported by John Lamerato and Eric Scorsone. The Board unanimously approved the removal of Kalkaska County Road Commission from Appendix A. 3 ayes, and 0 nays.

A motion was made to remove SHAES from Appendix A and table discussion by Barry Howard and supported by John Lamerato and Eric Scorsone. The Board unanimously approved the removal of SHAES from Appendix A and to table discussion. 3 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 2019-22) by Barry Howard and supported by John Lamerato and Eric Scorsone. Appendix A as amended included the following local governments:

- 35th District Court (2 systems) (Approve)
- Antrim County Road Commission (2 systems) (Approve)
- City of Gladstone (Approve)
- Harrison Charter Township (2 systems) (Approve)
- Henika District Library (Approve)
- Kingsford City Housing Commission (Approve)
- Monroe Housing Commission (Approve)
- Negaunee Housing Commission (Approve)

The Board unanimously approved the Approvals and Disapprovals of Corrective Action Plans as amended (Resolution 2019-22). 3 ayes, and 0 nays.

A motion was made to approve the Kalkaska County Road Commission Corrective Action Plan (Resolution 2019-23) by Barry Howard and supported by John Lamerato and Eric Scorsone. The Board unanimously approved the Kalkaska County Road Commission Corrective Action Plan (Resolution 2019-23). 3 ayes, and 0 nays.

## **PUBLIC COMMENT**

No public comment.

## **BOARD COMMENT**

No Board comment.

## **NEXT MEETING**

The next regular meeting will be on September 18, 2019 at 10:00 am.

## **ADJOURNMENT**

A motion was made to adjourn by John Lamerato and supported by Barry Howard and Eric Scorsone. The Board unanimously approved the motion to adjourn. 3 ayes, 0 nays.

There being no further business, the meeting adjourned at 10:51 a.m.

DRAFT

# P.A. 202 of 2017 Status Update from Treasury

As of 9/11/2019

Table 1: Upcoming CAP Reviews

PA 202: Corrective Action Plan Review Schedule						
LOCAL UNIT TYPE	Tentative Month of Corrective Action Plan Review					
	October	November	December	January	February	March
NON-PRIMARY	3	0	0	3	0	4
PRIMARY	3	1	3	3	0	9
<b>TOTAL</b>	<b>6</b>	<b>1</b>	<b>1</b>	<b>6</b>	<b>0</b>	<b>13</b>

## Treasury Department Communication and Outreach Report

- **178 one-on-one 30-minute calls scheduled by local governments to discuss the P.A. 202 process**
  - 5 individual calls since August MSB Meeting
- **Calls to 33 local governments delinquent in filing Form 5572**
- **Calls to 5 local governments with corrective action plans due for September MSB meeting**

## Update Re: OPEB Qualified Trust and Criteria

- **GASB Definition of OPEB Assets**
  - If an OPEB plan is not administered through a trust that meets the 3 criteria listed below, any assets accumulated for OPEB purposes should continue to be reported as assets of the employer or nonemployer contributing entity. [GASBS 74, ¶158]
    - a) Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
    - b) OPEB plan assets are dedicated to providing other postemployment benefits (OPEB) to plan members in accordance with the benefit terms.
    - c) OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, the OPEB plan administrator, and plan members.
  - PA 202 Underfunded Status
    - Public Act 202 determines underfunded status by using data found in the local government's most recent audited financial statements (Section 5.4(a)(b))
- **Previous CAP Determinations<sup>1</sup>**
  - **Disapproval Recommendation for failure to have qualified trust examples**
    - Bloomfield Township Public Library
    - Copper Country Community Mental Health
    - Ypsilanti City Housing Commission
  - **Approval Recommendation for opening a trust in the future examples**
    - City of Taylor
    - Village of Romeo
    - Gogebic County Road Commission
    - City of Hazel Park
    - MBS International Airport Commission
    - City of Westland
    - City of Woodhaven
    - City of Iron Mountain
    - City of Eaton Rapids

<sup>1</sup> These are examples, not comprehensive lists

**MUNICIPAL STABILITY BOARD  
RESOLUTION 2019-24**

**APPROVAL OF THE SOUTH HAVEN AREA EMERGENCY SERVICES AUTHORITY  
CORRECTIVE ACTION PLAN**

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

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

**WHEREAS**, on September 12, 2018, by Resolution 2018-10, the Board adopted the Corrective Action Plans Best Practices and Strategies (the “Best Practices”) and Corrective Action Plans Approval Criteria (the “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; (ii) address the underfunded status within a reasonable timeframe; (iii) is legal and feasible; and (iv) is affordable;

**WHEREAS**, the Board previously received the South Haven Area Emergency Services Authority’s (the “Municipality”) Corrective Action Plan;

**WHEREAS**, Treasury and the Board have reviewed the Municipality’s Corrective Action Plan pursuant to the Best Practices and Approval Criteria; and

**WHEREAS**, Treasury has provided a recommendation to the Board for the Municipality’s Corrective Action Plan.

**NOW THEREFORE, BE IT RESOLVED**, the Board determines that the Municipality’s Corrective Action Plan sufficiently meets the Best Practices and the Approval Criteria;

**BE IT FURTHER RESOLVED**, the Board approves the Municipality’s Corrective Action Plan; and

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

Ayes:

Nays:

Recused:

Lansing, Michigan

September 18, 2019

**Treasury Recommendation**  
**South Haven Area Emergency Services Authority OPEB Corrective Action Plan (CAP)**  
**Non-Primary Unit 807515**

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
MERS	Pension	\$5,326,284	\$7,843,874	67.9%	\$235,392	\$2,572,195	9.2%	NO
Retiree Health Plan	OPEB	\$0	\$593,140	0.0%	\$37,129		1.4%	YES
<b>Total</b>		<b>\$5,326,284</b>	<b>\$8,437,014</b>		<b>\$272,521</b>	<b>\$2,572,195</b>	<b>10.6%</b>	

**Source: Retirement Report 2017, Audited Financial Statements**

**Staff Recommendation:** Approval of the OPEB corrective action plan submitted by South Haven Area Emergency Services Authority, which was received by the Municipal Stability Board (the Board) on 7/17/2019. 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:
  - Attachment 1 is a 30-year projection prepared by Watkins Ross for SHAES. The projection provides a path for SHAES to obtain 41 percent funding in 30 years for its retiree health plan.
- Other Considerations:
  - None Listed.

**Prospective Changes:**

- Modern Plan Design:
  - None Listed.
- Plan Funding:
  - Attachment 6b to the March 15, 2019 CAP is the SHAES Authority Joint Emergency Services Restated Agreement. Section 2.2(a) of that Agreement calls for the SHAES Board to prepare an annual budget, divided into the Fire Service and the Ambulance Service.
  - Attached as Attachment 2 is the SHAES line item budget for the period ending June 30, 2019, adding half of the required annual contribution to the Fire budget and the other half of the required annual contribution to the Ambulance budget.
  - By means of those combined annual contributions, SHAES will achieve 41 percent funding for its retiree health plan in 30 years.
- Other Considerations:
  - New account information was provided that was received by SHAES from Chemical Bank for the establishment of a new account to receive required annual contributions that will enable SHAES to obtain 41 percent funding in 30 years for its retiree health plan.
  - The new account information will be signed when Mr. Charles Ross Stein, Jr. returns to town.

**Treasury Recommendation**  
**South Haven Area Emergency Services Authority OPEB Corrective Action Plan (CAP)**  
**Non-Primary Unit 807515**

**System Status for All Divisions: OPEN**

**Plan size: members 21**

- Inactive employees or beneficiaries currently receiving benefits: 15
- Inactive employees entitled to but not yet receiving benefits: 0
- Active employees: 6

**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.
- Reasonable Timeframe:
  - The corrective action plan demonstrates the local unit reaches the PA 202 established funding level of 40% within a reasonable timeframe (2049).
- 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:**

The local government provided an actuarial projection showing that they will reach 40% funded in 2049. Planned payments and benefit costs will increase approximately 15% a year until 2039. Upon clarification from the local government, the account to which the additional payments being deposited is not a qualified trust, and therefore does not qualify as assets under the Governmental Accounting Standards Board. After conversation between SHAES and Treasury, SHAES submitted supplemental documentation indicating that they feel that the plan as it was originally submitted is adequate, however, if the Board feels that if the Municipal Stability Board cannot approve the plan as submitted, that SHAES will commit to establish a trust in the next two years for the system assets to be deposited into. Treasury recommends approval with the expectation that the local government establishes an irrevocable qualified trust for these funds.

**Treasury Recommendation**  
**South Haven Area Emergency Services Authority OPEB Corrective Action Plan (CAP)**  
**Non-Primary Unit 807515**

**South Haven Area Emergency Services**  
**2019 funding projection (based on December 31, 2018 actuarial valuation)**

Discount                      Return  
3.00%                              3.00%

	31-Dec liability	Assets	Contribution	+Benefit payments	=total contribution	funded percent
2019	891,964	4,100	4,100	30,349	34,449	0.5%
2020			4,100	39,174	43,274	0.9%
2021			4,100	34,820	38,920	1.3%
2022			4,100	34,806	38,906	1.7%
2023			4,100	29,189	33,289	2.1%
2024			4,100	31,726	35,826	2.4%
2025			4,100	31,150	35,250	2.8%
2026			4,100	33,931	38,031	3.1%
2027			4,100	44,433	48,533	3.4%
2028			4,100	44,394	48,494	3.8%
2029			4,100	48,284	52,384	4.1%
2030			4,100	52,279	56,379	4.5%
2031			4,100	56,326	60,426	4.9%
2032			4,100	69,974	74,074	5.3%
2033			4,100	72,067	76,167	5.7%
2034			4,100	77,005	81,105	6.2%
2035			4,100	82,675	86,775	6.8%
2036			4,100	115,072	119,172	7.4%
2037			4,100	105,743	109,843	8.4%
2038			4,100	125,283	129,383	9.4%
2039			4,100	133,178	137,278	10.8%
2040			4,100	103,470	107,570	12.5%
2041			4,100	110,185	114,285	14.2%
2042			4,100	95,254	99,354	16.4%
2043			4,100	79,923	84,023	18.7%
2044			4,100	85,253	89,353	21.0%
2045			4,100	65,724	69,824	23.9%
2046			4,100	86,923	91,023	26.5%
2047			4,100	66,507	70,607	31.1%
2048			4,100	71,273	75,373	35.7%
2049	490,138	200,911		76,298	76,298	41.0%

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

- CEFD contacted the director of SHAES to clarify whether or not the account used for additional funding was a qualified trust. SHAES indicated that it was not.
- CEFD had a phone conference with SHAES and their attorney to discuss their CAP submission at the request of the Municipal Stability Board.



200 OTTAWA AVENUE, N.W., SUITE 1000  
GRAND RAPIDS, MI 49503-2427  
TELEPHONE: (616) 458-1300  
FACSIMILE: (844) 670-6009  
[http //www.dickinsonwright.com](http://www.dickinsonwright.com)

RONALD A. BULTJE  
RBultje@dickinsonwright.com  
(616) 336-1007

To: Michigan Department of Treasury  
Local Retirement Reporting Team

**VIA EMAIL ONLY**

From: Ronald A. Bultje

Date: June 26, 2019

Re: Corrective Action Plan Supplement  
Local Unit Name: South Haven Area Emergency Services  
Six-Digit Muni Code: 807515  
Retirement Health Benefit System Name: Retiree Health Plan  
Contact Name: Ron Wise  
Title: Executive Director  
Email: [rwise@shaes.org](mailto:rwise@shaes.org)  
Telephone: 269-637-5151

On behalf of the South Haven Area Emergency Services Authority (“SHAES”), I submitted a Corrective Action Plan (“CAP”) on March 15, 2019. That CAP is now supplemented by the following and the attached.

Attached as Attachment 1 is a 30-year projection prepared by Watkins Ross for SHAES. The projection provides a path for SHAES to obtain 41 percent funding in 30 years for its retiree health plan.

Attachment 6b to the March 15, 2019 CAP is the SHAES Authority Joint Emergency Services Restated Agreement. Section 2.2(a) of that Agreement calls for the SHAES Board to prepare an annual budget, divided into the Fire Service and the Ambulance Service. Attached as Attachment 2 is the SHAES line item budget for the period ending June 30, 2019, adding half of the required annual contribution to the Fire budget and the other half of the required annual contribution to the Ambulance budget. By means of those combined annual contributions, SHAES will achieve 41 percent funding for its retiree health plan in 30 years.

Finally, attached as Attachment 3 is the new account information received by SHAES from Chemical Bank for the establishment of a new account to receive required annual contributions that will enable SHAES to obtain 41 percent funding in 30 years for its retiree health plan. The new account information will be signed when Mr. Charles Ross Stein, Jr. returns to town.

Michigan Department of Treasury  
Local Retirement Reporting Team  
June 26, 2019  
Page 2

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Please advise if there are questions.

Very truly yours,

DICKINSON WRIGHT PLLC



Ronald A. Bultje

RAB:jl

Enclosures

cc(w/enc.):

Brian Dissette, South Haven City Manager  
Ron Wise, SHAES Chief  
Ross Stein, South Haven Charter Township Supervisor  
Allan Overhuser, Casco Township Supervisor  
Nancy Whaley, Geneva Township Supervisor

GRAPIDS 57671-1 564224v1

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# **ATTACHMENT 1**

## Jennifer L. Smith

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**From:** Ron Wise <rwise@shaes.org>  
**Sent:** Friday, June 7, 2019 2:14 PM  
**To:** Ronald A. Bultje; Brian Dissette  
**Cc:** Jennifer L. Smith  
**Subject:** EXTERNAL: RE: South Haven (SHAES) Outline re Status of Retiree Health Insurance Plan Underfunding  
**Attachments:** Projected liability and funding plan.pdf

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Caution: External Email

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Ron,

Attached is a 30-year projection with contributions intended to obtain 40% funded status. Corrective Action Plans (CAP) for other clients have been submitted with a 40% funding goal which have been accepted by the State of Michigan so we are interpreting your edict that the "lowest possible contribution" be determined with that objective in mind.

Note the following:

- In addition to the \$4,100 shown to be deposited in an OPEB trust, you will continue to make retiree healthcare payments from general operating funds – i.e. don't use these money's until the plan has obtained and can maintain the 40% funded status
- The results are based on a projection of the liabilities, costs and census data associated with the last valuation; Given the relatively low annual required amount, we would advise that there wouldn't be much added value to the analysis at this point to re-do the valuation to reflect any of the possible adjustments you've identified
- As this projection is based on a closed group, as new hires come into the plan, and as experience plays out other than expected, future adjustments to the contribution to meet your target may have to be made
- Another funding requirement under the State of Michigan Public Act 202 is that the "normal cost" for any new hires after June 30, 2018 be contributed to an OPEB trust; currently your normal cost is approximately 2.5% of covered payroll so if at some point in the future, 2.5% of payroll for new hires exceeds \$4,100, that would become the new contribution requirement

If you have any questions, let me know.

Chris



**Christian R. Veenstra, FCA, ASA, MAAA | President**

**Enrolled Actuary**

200 Ottawa Ave. N.W. Suite 600

Grand Rapids MI 49503-2426

Phone: 616.742.9244 Fax: 616.456.5021

Retirement Plan Consultants, Actuaries and Administrators



**From:** Ronald A. Bultje <[RBultje@dickinson-wright.com](mailto:RBultje@dickinson-wright.com)>  
**Sent:** Monday, June 3, 2019 2:30 PM  
**To:** Brian Dissette <[bdissette@south-haven.com](mailto:bdissette@south-haven.com)>; Ron Wise <[rwise@shaes.org](mailto:rwise@shaes.org)>  
**Cc:** Jennifer L. Smith <[JLSmith@dickinson-wright.com](mailto:JLSmith@dickinson-wright.com)>  
**Subject:** FW: South Haven (SHAES) Outline re Status of Retiree Health Insurance Plan Underfunding

Caution: External Email

Gentlemen: please see the attached one page status summary regarding the retiree health insurance plan sponsored by SHAES, for consideration at the SHAES Board meeting this week Wednesday.

Please note that a response to the state is currently due by July 1, 2019.

Let me know if you have any questions or comments. Otherwise, please let me know what the SHAES Board decides, and how I can assist you going forward. Thanks very much.

**Ronald A. Bultje Member**

200 Ottawa Ave., N.W. Phone 616-336-1007  
Suite 1000 Fax 844-670-6009  
Grand Rapids MI 49503 Email [RBultje@dickinsonwright.com](mailto:RBultje@dickinsonwright.com)

[Profile](#) [V-Card](#)

**DICKINSON WRIGHT** P L L C

ARIZONA CALIFORNIA FLORIDA KENTUCKY MICHIGAN NEVADA OHIO  
PENNSYLVANIA TEXAS WASHINGTON DC TORONTO

**From:** Jennifer L. Smith <[JLSmith@dickinson-wright.com](mailto:JLSmith@dickinson-wright.com)>  
**Sent:** Monday, June 3, 2019 2:07 PM  
**To:** Ronald A. Bultje <[RBultje@dickinson-wright.com](mailto:RBultje@dickinson-wright.com)>  
**Subject:** South Haven (SHAES) Outline re Status of Retiree Health Insurance Plan Underfunding

**Jennifer L. Smith Legal Secretary**

200 Ottawa Ave., N.W. Phone 616-336-1067  
Suite 1000 Fax 844-670-6009  
Grand Rapids MI 49503 Email [JLSmith@dickinsonwright.com](mailto:JLSmith@dickinsonwright.com)

**DICKINSON WRIGHT** P L L C

ARIZONA CALIFORNIA FLORIDA KENTUCKY MICHIGAN NEVADA OHIO  
PENNSYLVANIA TEXAS WASHINGTON DC TORONTO

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Neither this transmission nor any attachment shall be deemed for any purpose to be a "signature" or "signed" under any electronic transmission acts, unless otherwise specifically stated herein. Thank you.

**South Haven Area Emergency Services**  
**2019 funding projection (based on December 31, 2018 actuarial valuation)**

Discount                      Return  
3.00%                              3.00%

	31-Dec liability	Assets	Contribution	+Benefit payments	=total contribution	funded percent
2019	891,964	4,100	4,100	30,349	34,449	0.5%
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2022			4,100	34,806	38,906	1.7%
2023			4,100	29,189	33,289	2.1%
2024			4,100	31,726	35,826	2.4%
2025			4,100	31,150	35,250	2.8%
2026			4,100	33,931	38,031	3.1%
2027			4,100	44,433	48,533	3.4%
2028			4,100	44,394	48,494	3.8%
2029			4,100	48,284	52,384	4.1%
2030			4,100	52,279	56,379	4.5%
2031			4,100	56,326	60,426	4.9%
2032			4,100	69,974	74,074	5.3%
2033			4,100	72,067	76,167	5.7%
2034			4,100	77,005	81,105	6.2%
2035			4,100	82,675	86,775	6.8%
2036			4,100	115,072	119,172	7.4%
2037			4,100	105,743	109,843	8.4%
2038			4,100	125,283	129,383	9.4%
2039			4,100	133,178	137,278	10.8%
2040			4,100	103,470	107,570	12.5%
2041			4,100	110,185	114,285	14.2%
2042			4,100	95,254	99,354	16.4%
2043			4,100	79,923	84,023	18.7%
2044			4,100	85,253	89,353	21.0%
2045			4,100	65,724	69,824	23.9%
2046			4,100	86,923	91,023	26.5%
2047			4,100	66,507	70,607	31.1%
2048			4,100	71,273	75,373	35.7%
2049	490,138	200,911		76,298	76,298	41.0%

# **ATTACHMENT 2**

06/13/2019 TRIAL BALANCE REPORT FOR SOUTH HAVEN SHAES

PERIOD ENDING 06/30/2019

GL NUMBER	DESCRIPTION	2019		2019 AMENDED Budget	END BALANCE 06/30/2019	Budget Change
		END BALANCE 12/31/2018	ORIGINAL BUDGET			
<b>Fund 577 - BEACH SAFETY</b>						
577-000-654-000	CHARGES FOR SERVICES	24,312.00	24,312	24,312	0.00	0
577-000-690-000	SUNDRY	0.00	0	0	600.00	0
<b>Total Dept 000</b>		<b>24,312.00</b>	<b>24,312</b>	<b>24,312</b>	<b>600.00</b>	<b>0</b>
<b>Dept 757 - BEACH</b>						
577-757-704-000	WAGES - PART TIME	18,000.00	18,000	18,000	3,404.00	0
577-757-709-000	PART-TIME - OVERTIME	555.00	555	555	0.00	0
577-757-712-000	WORKER'S COMPENSATION	0.00	0	0	0.00	0
577-757-713-000	PAYROLL TAXES	1,419.48	1,420	1,420	260.43	0
577-757-713-001	UNEMPLOYMENT INSURANCE	9.01	10	10	0.00	0
577-757-729-002	UNIFORMS - PART TIME	0.00	0	600	600.00	600
577-757-748-000	MOTOR FUEL/LUBRICANTS	30.46	31	31	0.00	0
577-757-900-000	NEWSPAPER PUBLISHING	220.00	220	220	0.00	0
577-757-977-577	EQUIPMENT - RESCUE	590.44	591	591	0.00	0
<b>Total Dept 757 - BEACH</b>		<b>20,824.39</b>	<b>20,827</b>	<b>21,427</b>	<b>4,264.43</b>	<b>600</b>
<b>Revenue over (under) expenditures</b>		<b>3,487.61</b>	<b>3,485</b>	<b>2,885</b>	<b>(3,664.43)</b>	<b>(600)</b>
<b>Fund 598 - SHAES</b>						
598-000-403-000	COUNTY MILLAGE	182,675.47	199,000	199,000	48,813.60	0
598-000-506-000	FEDERAL GRANT	0.00	0	0	0.00	0
598-000-588-000	VB COUNTY MILLAGE .0006 TAX	342,084.35	387,858	387,858	92,623.76	0
598-000-588-001	CASCO TOWNSHIP-FIRE CONTRIBUT	342,099.00	356,525	356,525	178,262.50	0
598-000-588-002	CASCO TOWNSHIP-AMBULANCE CONTR	108,856.00	115,243	115,243	57,621.50	0
598-000-588-003	GENEVA TOWNSHIP-FIRE CONTRIBUT	147,566.00	154,050	154,050	77,025.00	0
598-000-588-004	GENEVA TOWNSHIP-AMBULANCE CONT	85,281.00	89,545	89,545	44,772.50	0
598-000-588-005	SOUTH HAVEN CITY-FIRE CONTRIBUT	585,268.00	599,949	599,949	149,987.25	0
598-000-588-006	SOUTH HAVEN CITY-AMBULANCE CON	0.00	0	0	0.00	0
598-000-588-007	SOUTH HAVEN TOWNSHIP-FIRE CONT	234,094.00	244,521	244,521	122,260.50	0
598-000-588-008	SOUTH HAVEN TOWNSHIP-AMBUL CON	70,293.00	73,237	73,237	36,618.50	0
598-000-630-000	CURRENT AMBULANCE BILLINGS	832,877.32	850,000	850,000	164,020.29	0
598-000-630-001	PRIOR AMBULANCE BILLINGS	1,523.67	0	0	(3,248.11)	0
598-000-631-000	CONTRACTUAL ALLOWANCES	(357,854.88)	(300,000)	(300,000)	(64,403.50)	0
598-000-642-000	SALES-LIFE SIGNS	0.00	0	0	0.00	0
598-000-654-101	CHARGES FOR SERVICES - CITY	16,625.00	0	75,000	11,975.00	75,000
598-000-665-000	INTEREST	11,871.29	6,500	6,500	1,805.21	0
	inspection fees					75,000

598-000-665-598	MARKET VALUE ADJUSTMENT	(4,668.50)	0	0	0	0.00	0	0	0
598-000-673-000	SALE OF FIXED ASSET	0.00	0	0	0	0.00	0	0	0
598-000-678-000	PAYROLL REIMBURSEMENT	0.00	0	0	0	0.00	0	0	0
598-000-678-001	CALL CENTER REIMBURSEMENT	0.00	0	0	0	0.00	0	0	0
598-000-690-000	SUNDRY	13,157.05	15,000	15,000	15,000	2,109.00	0	0	0
Total Dept 000		2,611,747.77	2,791,428	2,866,428	2,866,428	920,243.00	75,000		
Dept 336 - FIRE DEPARTMENT									
598-336-703-000	WAGES - FULL TIME	479,693.61	489,932	489,932	489,932	211,072.25	0	0	0
598-336-703-003	CALL CENTER-FULL TIME	0.00	0	0	0	0.00	0	0	0
598-336-704-000	WAGES - PART TIME	65,263.11	67,409	67,409	67,409	26,531.94	0	0	0
598-336-704-003	CALL CENTER-PART TIME	0.00	0	0	0	0.00	0	0	0
598-336-708-000	OVERTIME WAGES	49,599.28	50,459	50,459	50,459	21,902.11	0	0	0
598-336-708-003	CALL CENTER-FULL TIME OVERTIME	0.00	0	0	0	0.00	0	0	0
598-336-709-000	PART-TIME - OVERTIME	0.00	0	0	0	0.00	0	0	0
598-336-709-003	CALL CENTER-PART TIME OVERTIME	0.00	0	0	0	0.00	0	0	0
598-336-710-000	HEALTH/LIFE INSURANCE	109,394.55	111,605	111,605	111,605	60,725.63	0	0	0
598-336-710-001	INSURANCE OPT OUT	0.00	0	9,800	9,800	4,900.00	9,800	0	0
598-336-710-003	CALL CENTER HEALTH INSURANCE	0.00	0	0	0	0.00	0	0	0
598-336-712-000	WORKER'S COMPENSATION	59,170.52	60,100	60,100	60,100	29,363.00	0	0	0
598-336-712-003	CALL CENTER-WORKER'S COMP	0.00	0	0	0	0.00	0	0	0
598-336-713-000	PAYROLL TAXES	12,121.74	12,992	12,992	12,992	5,576.73	0	0	0
598-336-713-001	UNEMPLOYMENT INSURANCE	131.04	260	260	260	142.92	0	0	0
598-336-713-002	RETIREMENT CONTRIBUTION	127,296.49	133,785	133,785	133,785	67,468.57	0	0	0
598-336-713-003	CALL CENTER-PAYROLL TAXES	0.00	0	0	0	0.00	0	0	0
598-336-713-004	CALL CENTER-UNEMPLOYMENT	0.00	0	0	0	0.00	0	0	0
598-336-713-005	CALL CENTER-RETIREMENT	0.00	0	0	0	0.00	0	0	0
598-336-713-006	ER CONTRIBUTION TO MERS HCSP	0.00	0	200	200	64.88	200	0	0
598-336-713-007	CONTRIBUTION TO OPEB TRUST			2,050	2,050		2,050	0	0
598-336-727-000	OFFICE SUPPLIES	1,664.88	1,680	1,680	1,680	563.22	0	0	0
598-336-727-001	PRINTING SERVICES	557.34	1,140	1,140	1,140	465.84	0	0	0
598-336-729-001	UNIFORMS - FULL TIME	2,761.27	3,200	3,200	3,200	1,613.12	0	0	0
598-336-729-002	UNIFORMS - PART TIME	1,382.42	2,600	2,600	2,600	496.16	0	0	0
598-336-729-003	TURN OUT GEAR	27,095.71	22,200	22,200	22,200	683.22	0	0	0
598-336-741-000	OPERATING SUPPLIES	7,821.86	10,460	10,460	10,460	3,340.61	0	0	0
598-336-741-001	CLEANING SUPPLIES	1,617.34	1,200	1,200	1,200	344.54	0	0	0
598-336-742-000	SMALL TOOLS	336.00	360	360	360	24.03	0	0	0
598-336-748-000	MOTOR FUEL/LUBRICANTS	13,733.09	16,800	16,800	16,800	4,424.42	0	0	0
598-336-801-000	PROFESSIONAL SERVICES	16,809.94	24,720	24,720	24,720	7,604.65	0	0	0
598-336-801-001	LEGAL COUNSEL	760.00	900	900	900	0.00	0	0	0
598-336-801-002	OFFICE ASSISTANCE	3,000.00	5,100	5,100	5,100	1,250.00	0	0	0
598-336-801-003	DISPATCH SERVICES	20,250.00	24,000	24,000	24,000	8,437.50	0	0	0

598-336-802-000	OTHER CONTRACTURAL	FIRE DEPARMI	3,421.94	6,300	6,300	746.50	0
598-336-802-001	FOOD ALLOWANCE	FIRE DEPARMI	5,400.00	5,400	5,400	3,060.00	0
598-336-802-002	LAUNDRY/DRY CLEANING	FIRE DEPARMI	0.00	150	150	0.00	0
598-336-850-000	TELEPHONE	FIRE DEPARMI	6,778.56	7,200	7,200	2,827.54	0
598-336-855-000	POSTAGE/MAILING FEES	FIRE DEPARMI	502.37	520	520	65.59	0
598-336-860-000	TRAVEL/CONFERENCE/TRAINING	FIRE DEPARMI	9,736.97	8,000	8,000	1,874.25	0
598-336-900-000	NEWSPAPER PUBLISHING	FIRE DEPARMI	0.00	360	360	0.00	0
598-336-911-000	PROPERTY/FLEET/LIABILITY	FIRE DEPARMI	24,785.92	26,200	26,200	6,920.97	0
598-336-921-000	ELECTRIC	FIRE DEPARMI	24,885.10	28,800	28,800	10,364.74	0
598-336-922-000	WATER & SEWER	FIRE DEPARMI	3,151.97	3,120	3,120	1,312.50	0
598-336-923-000	HEATING	FIRE DEPARMI	13,359.81	10,381	10,381	3,362.50	0
598-336-931-000	BUILDING MAINTENANCE	FIRE DEPARMI	14,827.77	17,000	17,000	5,384.47	0
598-336-933-000	EQUIPMENT MAINTENANCE	FIRE DEPARMI	10,038.06	15,960	15,960	6,506.67	0
598-336-935-000	VEHICLE MAINTENANCE	FIRE DEPARMI	13,031.56	16,800	16,800	5,834.47	0
598-336-941-000	HYDRANT RENT	FIRE DEPARMI	9,328.00	10,200	10,200	4,240.00	0
598-336-942-000	EQUIPMENT RENT	FIRE DEPARMI	0.00	0	0	0.00	0
598-336-943-000	CAPITAL IMPROVEMENT TRANSFER	FIRE DEPARMI	174,000.00	177,000	177,000	73,750.00	0
598-336-958-000	SUBSCRIPTION/MEMBERSHIPS	FIRE DEPARMI	840.00	3,600	3,600	448.30	0
598-336-968-000	DEPRECIATION	FIRE DEPARMI	0.00	0	0	0.00	0
598-336-975-000	BUILDINGS	FIRE DEPARMI	0.00	0	0	0.00	0
598-336-977-000	EQUIPMENT/SHOP	FIRE DEPARMI	16,057.52	18,000	18,000	1,049.66	0
598-336-983-000	LEASE PURCHASE-OLD	FIRE DEPARMI	0.00	0	0	0.00	0
598-336-983-001	LEASE PURCHASE-NEW	FIRE DEPARMI	0.00	0	0	0.00	0
598-336-985-000	CAPITAL REPLACEMENT	FIRE DEPARMI	0.00	0	0	0.00	0
598-336-994-000	BUILDING LEASES	FIRE DEPARMI	43,050.00	43,200	43,374	17,937.50	174
598-336-998-000	DEBT INTEREST	FIRE DEPARMI	0.00	0	0	0.00	0
Total Dept 336 - FIRE DEPARTMENT			1,373,655.74	1,439,093	1,451,317	602,681.00	12,224
Dept 651 - AMBULANCE							
598-651-703-000	WAGES - FULL TIME	AMBULANCE	477,796.38	489,932	489,932	211,057.75	0
598-651-703-003	CALL CENTER-FULL TIME	AMBULANCE	0.00	0	0	0.00	0
598-651-704-000	WAGES - PART TIME	AMBULANCE	19,755.90	18,523	18,523	9,645.81	0
598-651-704-003	CALL CENTER-PART TIME	AMBULANCE	0.00	0	0	0.00	0
598-651-708-000	OVERTIME WAGES	AMBULANCE	84,310.90	85,038	85,038	52,759.17	0
598-651-708-003	CALL CENTER-FULL TIME OVERTIME	AMBULANCE	0.00	0	0	0.00	0
598-651-709-000	PART-TIME - OVERTIME	AMBULANCE	0.00	0	0	0.00	0
598-651-709-003	CALL CENTER-PART TIME OVERTIME	AMBULANCE	0.00	0	0	0.00	0
598-651-710-000	HEALTH/LIFE INSURANCE	AMBULANCE	109,394.34	111,605	111,605	60,725.56	0
598-651-710-001	INSURANCE OPT OUT	AMBULANCE	0.00	0	0	0.00	0
598-651-710-003	CALL CENTER HEALTH INSURANCE	AMBULANCE	0.00	0	0	0.00	0
598-651-712-000	WORKER'S COMPENSATION	AMBULANCE	59,170.48	60,100	60,100	29,363.00	0
598-651-712-003	CALL CENTER-WORKER'S COMP	AMBULANCE	0.00	0	0	0.00	0

598-651-713-000	PAYROLL TAXES	AMBULANCE	9,071.21	9,904	9,904	4,623.09	0
598-651-713-001	UNEMPLOYMENT INSURANCE	AMBULANCE	131.02	260	260	142.92	0
598-651-713-002	RETIREMENT CONTRIBUTION	AMBULANCE	127,296.51	141,673	141,673	67,468.57	0
598-651-713-006	ER CONTRIBUTION TO MERS HCSP	AMBULANCE	0.00	0	200	64.88	200
598-336-713-007	CONTRIBUTION TO OPEB TRUST	FIRE DEPARTMENT		2,050	2,050		2,050
598-651-727-000	OFFICE SUPPLIES	AMBULANCE	964.05	720	720	256.24	0
598-651-727-001	PRINTING SUPPLIES	AMBULANCE	540.36	780	780	205.36	0
598-651-729-001	UNIFORMS - FULL TIME	AMBULANCE	2,761.14	3,200	3,200	519.31	0
598-651-729-002	UNIFORMS - PART TIME	AMBULANCE	923.24	2,600	2,600	643.49	0
598-651-741-000	OPERATING SUPPLIES	AMBULANCE	24,384.27	24,600	24,600	5,016.50	0
598-651-741-001	CLEANING SUPPLIES	AMBULANCE	420.50	552	552	102.65	0
598-651-742-000	SMALL TOOLS	AMBULANCE	44.24	150	160	(155.59)	10
598-651-748-000	MOTOR FUEL/LUBRICANTS	AMBULANCE	8,078.04	9,000	9,000	2,373.02	0
598-651-801-000	PROFESSIONAL SERVICES	AMBULANCE	12,738.01	20,520	20,520	6,438.62	0
598-651-801-001	LEGAL COUNSEL	AMBULANCE	0.00	1,200	1,200	0.00	0
598-651-801-002	OFFICE ASSISTANCE	AMBULANCE	3,000.00	5,100	5,100	1,250.00	0
598-651-801-003	DISPATCH SERVICES	AMBULANCE	20,250.00	24,000	24,000	8,437.50	0
598-651-802-000	OTHER CONTRACTUAL	AMBULANCE	37,802.58	41,400	41,400	15,032.02	0
598-651-802-001	FOOD ALLOWANCE	AMBULANCE	5,400.00	5,400	5,400	3,060.00	0
598-651-802-002	LAUNDRY/DRY CLEANING	AMBULANCE	0.00	120	120	0.00	0
598-651-803-000	LICENSE & FEES	AMBULANCE	555.00	900	2,100	2,098.91	1,200
598-651-803-001	CREDIT CARD FEES	AMBULANCE	2,396.29	0	2,500	1,164.89	2,500
598-651-820-000	EMS WRITE-OFFS	AMBULANCE	84,336.20	90,000	90,000	22,474.91	0
598-651-850-000	TELEPHONE	AMBULANCE	2,802.44	3,120	3,120	2,161.38	0
598-651-855-000	POSTAGE/MAILING FEES	AMBULANCE	213.62	300	300	23.77	0
598-651-860-000	TRAVEL/CONFERENCE/TRAINING	AMBULANCE	4,967.81	4,400	4,400	3,021.95	0
598-651-860-001	EMT TRAINING	AMBULANCE	1,350.00	0	1,400	1,400.00	1,400
598-651-900-000	NEWSPAPER PUBLISHING	AMBULANCE	0.00	300	300	0.00	0
598-651-911-000	PROPERTY/FLEET/LIABILITY	AMBULANCE	14,057.98	15,200	15,200	3,743.87	0
598-651-921-000	ELECTRIC	AMBULANCE	8,901.07	8,240	8,240	3,821.58	0
598-651-922-000	WATER & SEWER	AMBULANCE	1,350.85	1,200	1,200	562.50	0
598-651-923-000	HEATING	AMBULANCE	4,362.66	4,088	4,088	1,204.06	0
598-651-931-000	BUILDING MAINTENANCE	AMBULANCE	5,696.72	6,300	6,300	1,588.64	0
598-651-933-000	EQUIPMENT MAINTENANCE	AMBULANCE	3,054.12	4,560	4,560	661.36	0
598-651-935-000	VEHICLE MAINTENANCE	AMBULANCE	26,685.67	7,800	7,800	1,872.42	0
598-651-942-000	EQUIPMENT RENT	AMBULANCE	0.00	0	0	0.00	0
598-651-943-000	CAPITAL IMPROVEMENT TRANSFER	AMBULANCE	123,000.00	124,500	124,500	51,250.00	0
598-651-958-000	SUBSCRIPTION/MEMBERSHIPS	AMBULANCE	0.00	600	600	112.84	0
598-651-977-000	EQUIPMENT/SHOP	AMBULANCE	4,411.01	6,000	6,000	0.00	0
598-651-994-000	BUILDING LEASES	AMBULANCE	18,450.00	18,450	18,589	7,687.50	139
598-651-998-000	DEBT INTEREST	AMBULANCE	0.00	0	0	0.00	0
Total Dept 651 - AMBULANCE			1,310,824.61	1,352,335	1,359,834	583,880.45	7,499

Quality Assurance Assessment

Total Expenditures	2,684,480.35	2,791,428	2,811,151	1,186,561.45	19,723
Revenue over (under) expenditures	(72,732.58)	0	55,277	(266,318.45)	55,277
Fund 661 - CAPITAL IMPROVEMENTS					
661-000-507-000 DONATIONS	0.00	0	0	0.00	0
661-000-654-336 CHARGES FOR SERVICE - FIRE	174,000.00	177,000	177,000	73,750.00	0
661-000-654-651 CHARGES FOR SERVICE- AMBULANCE	123,000.00	124,500	124,500	51,250.00	0
661-000-665-000 INTEREST	1,513.00	5,093	2,000	0.00	(3,093)
661-000-673-000 SALE OF FIXED ASSET	3,000.00	0	0	0.00	0
661-000-675-000 PRIVATE GRANTS	12,750.00	0	40,000	2,550.35	40,000
Total Dept 000	314,263.00	306,593	343,500	127,550.35	36,907

Dept 450 - CAPITAL IMPROVEMENT					
661-450-968-336 DEPRECIATION - FIRE	219,862.30	0	272,226	0.00	272,226
661-450-968-651 DEPRECIATION - AMBULANCE	47,716.70	0	49,190	0.00	49,190
661-450-975-000 LAND AND BUILDINGS	0.00	0	0	0.00	0
661-450-977-336 EQUIPMENT - FIRE	862.77	0	1,000	0.00	1,000
661-450-977-651 EQUIPMENT - AMBULANCE	918.10	0	1,000	0.00	1,000
661-450-977-999 INTEREST EXPENSE	17,407.57	0	25,000	7,471.45	25,000 includes int for new rescue
661-450-985-336 VEHICLES - FIRE	4,500.00	0	5,000	0.00	5,000
661-450-985-651 VEHICLES - AMBULANCE	10,207.31	0	5,000	0.00	5,000
661-450-994-000 CASCO STATION	0.00	0	0	0.00	0
Total Dept 450 - CAPITAL IMPROVEMENT	301,474.75	0	358,416	7,471.45	358,416

Revenue over (under) expenditures	12,788.25	306,593	(14,916)	120,078.90	(321,509)
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Fund 736 - PUBLIC EMPLOYEE HEALTH CARE FUND					
736-000-665-000 INTEREST	0.00	0	250	0.00	250
736-000-686-000 EMPLOYER CONTRIB RETIREE HEALTH CARE	0.00	0	4,100	0.00	4,100
Total Dept 000	0.00	0	4,350	0.00	4,350

Revenue over (under) expenditures	0.00	0.00	4,350.00	0.00	4,350.00
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# **ATTACHMENT 3**

<b>NEW ACCOUNT INFORMATION</b>		<b>Financial Institution Name and Address</b>	
DATE 06/20/2019		Chemical Bank	
Check if applicable: <input type="checkbox"/> TEMPORARY <input checked="" type="checkbox"/> REPLACEMENT		433 Phoenix Street PO Box 449	
		South Haven, MI 49090-1309	
		5001	
<b>ACCOUNT INFORMATION</b>		ACCOUNT NUMBER 05410534168	
AMOUNT OF DEPOSIT \$ 0.00		ACCOUNT T.I.N. 38-3270534	
TITLE OF ACCOUNT South Haven Area Emergency Services			
90 Blue Star Hwy South Haven MI 49090-2411			
OWNERSHIP TYPE Government Body			
PRODUCT NAME Municipal Money Market			
Words, numbers or phrases preceded by a <input type="checkbox"/> are applicable only when marked, i.e., <input checked="" type="checkbox"/> . Opened By Senora Norman			
<b>BUSINESS ENTITY INFORMATION</b>		<b>BUSINESS FILING STATE</b>	
<b>BUSINESS NAME AND ADDRESS</b>		ENTITY DOCUMENT	
South Haven Area Emergency Services		LAST FILING DATE	
		FILING EXPIRATION	
90 Blue Star Hwy		DATE ESTABLISHED 04/07/1997	
South Haven, MI 49090-2411		NATURE OF BUSINESS Non-Profit	
ASSUMED NAME IF D/B/A		PRIMARY LOCATION	
		RESOLUTION DATE	
		E-MAIL ADDRESS Iceman7004@gmail.com	
<b>CONTACT NAME</b>		FACSIMILE AUTHORIZATION ON FILE <input type="checkbox"/> YES <input type="checkbox"/> NO	
<b>CONTACT TITLE</b>		LIMITED LIABILITY COMPANY TAX CLASSIFICATION _____	
<b>CONTACT PHONE</b>		BUSINESS ENGAGES IN INTERNET GAMBLING* <input type="checkbox"/>	
<b>OTHER</b>		*If box is checked you must provide evidence of authority to engage in Internet Gambling.	
<b>SIGNER #1 INFORMATION</b>		<b>TAX ID NUMBER</b>	
<b>NAME AND ADDRESS</b>		DATE OF BIRTH	
Charles Ross Stein Jr		ID TYPE	
		ID NUMBER	
TITLE /CAPACITY Auth Signer		ID ISSUED BY	
PRIMARY PHONE		ID ISSUING LOCATION	
SECONDARY PHONE		ID ISSUE DATE	
CELL PHONE		ID EXPIRATION	
		E-MAIL ADDRESS	
<b>SIGNER #2 INFORMATION</b>		<b>TAX ID NUMBER</b>	
<b>NAME AND ADDRESS</b>		DATE OF BIRTH	
Ronald Letcher Wise		ID TYPE	
		ID NUMBER	
TITLE /CAPACITY Auth Signer		ID ISSUED BY	
PRIMARY PHONE		ID ISSUING LOCATION	
SECONDARY PHONE		ID ISSUE DATE	
CELL PHONE		ID EXPIRATION	
		E-MAIL ADDRESS	
<b>SIGNER #3 INFORMATION</b>		<b>TAX ID NUMBER</b>	
<b>NAME AND ADDRESS</b>		DATE OF BIRTH	
		ID TYPE	
TITLE /CAPACITY		ID NUMBER	
PRIMARY PHONE		ID ISSUED BY	
SECONDARY PHONE		ID ISSUING LOCATION	
CELL PHONE		ID ISSUE DATE	
		ID EXPIRATION	
		E-MAIL ADDRESS	
<b>SIGNER #4 INFORMATION</b>		<b>TAX ID NUMBER</b>	
<b>NAME AND ADDRESS</b>		DATE OF BIRTH	
		ID TYPE	
TITLE /CAPACITY		ID NUMBER	
PRIMARY PHONE		ID ISSUED BY	
SECONDARY PHONE		ID ISSUING LOCATION	
CELL PHONE		ID ISSUE DATE	
		ID EXPIRATION	
		E-MAIL ADDRESS	

VERIFICATION / FOLLOW-UP

ADDITIONAL INSTRUCTIONS OR COMMENTS

TAXPAYER IDENTIFICATION NUMBER CERTIFICATION

Under penalties of perjury, I certify that:

Exempt payee code, if any:

Exemption from FATCA reporting code, if any:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding (Notice: If you are subject to backup withholding, cross out this line), and
3. I am a U.S. citizen or other U.S. person (defined in the W-9 Instructions), and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Taxpayer Identification Number: 38-3270534

SIGNATURE Charles Ross Stein Jr

DATE

ADDITIONAL TERMS

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account.

What this means for you: When you open an account, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

ACKNOWLEDGMENT

By signing this document, the undersigned, if not specified below as an Authorized Signer only, acknowledge that they have authority to open and have opened the type of account designated above. The undersigned acknowledge that they have received, understand and agree to be bound by the terms of the Account Agreement for that account type. The undersigned certify that all information provided to the institution is true and accurate. All signers acknowledge that they are acting on behalf of the business entity, and they have the authority to act on behalf of the business entity to the extent indicated in a validly executed business resolution. The undersigned acknowledge receipt of a copy of this institution's Privacy Policy, and where applicable, the Funds Availability Policy. All signers authorize this institution to make inquiries from any consumer reporting agency, including a check protection service, in connection with this account.

NUMBER OF SIGNATURES REQUIRED:

FACSIMILE ALLOWED

Authorized Signer only. Title: Auth Signer

Authorized Signer only. Title: Auth Signer

x

Charles Ross Stein Jr

Date

x

Ronald Letcher Wise

Date

Authorized Signer only. Title:

Authorized Signer only. Title:

x

Date

x

Date

FOR INSTITUTION USE

# Business Deposit Account Resolution

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**Resolution Date:**

Company Name: South Haven Area Emergency Services  
 Address: 90 Blue Star Hwy  
 City, State, Zip: South Haven, MI 49090-2411  
 Tax ID #: 38-3270534  
 Corporation  Limited Liability Company  Partnership  
 DBA/Sole Proprietorship  Other Government Body

With: Chemical Bank  
 333 E Main St.  
 Midland, MI 48640-0569

*The entity named above is referred to in this document as "Company"*

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**Option 1**

Blanket Resolution (Pertains to all Company accounts)  
 \*All Authorized signers are the same on ALL accounts for this Company

**Option 2**

Account(s) Specific Resolution  
 \*Authorized signers are NOT the same on all accounts for this Company. For each account, or for each group of accounts that have the same authorized signers, a separate Business Deposit Account Resolution is required

\*\*Note: Use either Option 1 or Option 2 for a Company; never both.

Account Number(s): 5410534168

**AGENTS** Any Agent listed below, is authorized to exercise all the powers set forth below:

Type Name and Title or Position		Signature
A. <u>Charles Ross Stein Jr</u>	X	_____
B. <u>Ronald Letcher Wise</u>	X	_____
C. _____	X	_____
D. _____	X	_____
E. _____	X	_____
F. _____	X	_____

**POWERS GRANTED** Each Agent listed above has the following powers associated with the Company's account(s):

- (1) Open any deposit account(s) in the name of the Company.
- (2) Sign checks drawn on the account(s) manually or with a signature stamp or facsimile signature.
- (3) Enter into written agreements on behalf and in the name of the Company and related to services for or related to the account(s), including agreements for merchant services, remote check capture, treasury management service, or other services offered by Chemical Bank.
- (4) Endorse checks, issue orders for the payment of money, authorize wire transfers, approve business debit card access devices, or otherwise withdraw or transfer funds in the account(s).
- (5) Give instructions to Chemical Bank with respect to the account(s), including instructions concerning changes of address or other information associated with the account(s).
- (6) Enter into a written lease(s) for the purpose of renting, maintaining, accessing and terminating a safe deposit box or night drop (Depository) box with Chemical Bank.

# Business Deposit Account Resolution

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The Company named on this resolution resolves that,

- (1) Chemical Bank is designated as a depository for the funds of the Company and to provide other financial accommodations indicated in this resolution.
- (2) This resolution shall continue to have effect until express written notice of its rescission or modification has been received and recorded by Chemical Bank. Any and all prior resolutions adopted by the Company and certified to Chemical Bank as governing the operation of this Company's account(s), are in full force and effect, until Chemical Bank receives and acknowledges an express written notice of its revocation, modification or replacement. Any revocation, modification or replacement of a resolution must be accompanied by documentation, satisfactory to Chemical Bank, establishing the authority for the changes.
- (3) The signature of an Agent on this resolution is conclusive evidence of their authority to act on behalf of the Company. Any Agent, so long as the Agent acts in a representative capacity as an agent of the Company, is authorized to make any and all other contracts, agreements, stipulations and orders which they may deem advisable for the effective exercise of the powers indicated on page one, from time to time with Chemical Bank, subject to any restrictions on this resolution or otherwise agreed to in writing.
- (4) All actions and transactions, if any, related to the account(s) which occurred prior to the adoption of this resolution are hereby ratified, approved and confirmed.
- (5) The Company agrees to the terms and conditions of any account agreement, properly opened by any Agent of the Company.
- (6) The Company acknowledges and agrees that the Bank may furnish at its discretion automated access devices to Agents of the Company to facilitate those powers authorized by this resolution or other resolutions in effect at the time of issuance. The term "automated access device" includes, but is not limited to, credit cards, automated teller machines (ATM), debit cards, online access and phone access.
- (7) The Company agrees that in the event the Company is indebted to Chemical Bank, Chemical Bank may offset against such indebtedness any balance in the account(s).

**CERTIFICATION OF AUTHORITY**

I further certify that the Company has, and at the time of adoption of this resolution had, full power and lawful authority to adopt the resolutions and to confer the powers granted above to the persons named who have full power and lawful authority to exercise the same.

X \_\_\_\_\_ (Date)  
 (Authorized Signature)  
 Charles Ross Stein Jr.  
 Printed Name and Title

X \_\_\_\_\_ (Date)  
 (Attest by one other Authorized Signer)  
 Ronald Letcher Wise  
 Printed Name and Title

FOR BANK USE ONLY

Acknowledged and received on \_\_\_\_\_ (date) by \_\_\_\_\_ (initials)

Send document to imaging department



200 OTTAWA AVENUE, N.W., SUITE 1000  
GRAND RAPIDS, MI 49503-2427  
TELEPHONE: (616) 458-1300  
FACSIMILE: (844) 670-6009  
<http://www.dickinsonwright.com>

RONALD A. BULTJE  
RBultje@dickinsonwright.com  
(616) 336-1007

To: Michigan Department of Treasury  
Local Retirement Reporting Team

**VIA EMAIL ONLY**

From: Ronald A. Bultje

Date: September 13, 2019

Re: Corrective Action Plan Supplement  
Local Unit Name: South Haven Area Emergency Services  
Six-Digit Muni Code: 807515  
Retirement Health Benefit System Name: Retiree Health Plan  
Contact Name: Ron Wise  
Title: Executive Director  
Email: [rwise@shaes.org](mailto:rwise@shaes.org)  
Telephone: 269-637-5151

On behalf of the South Haven Area Emergency Services Authority (“SHAES”), I am submitting this follow up correspondence to the Corrective Action Plan (“CAP”) submitted March 15, 2019 and supplemented June 26, 2019. Please note the following.

1. SHAES has bargained away the retiree health insurance benefit for new employees.
2. If SHAES was a city or a township, it would be exempt because its annual required contribution for the retiree health insurance benefit is only 1.2 percent of its annual revenues. SHAES is an entity formed by a city and townships.
3. Only one retiree from SHAES has elected to receive the retiree health insurance benefit.
4. Nonetheless, SHAES has completed an actuarial study, designed to reach 41 percent funding in 30 years for this retiree health insurance plan.
5. SHAES has budgeted amounts per the actuarial study, to obtain 41 percent funding in 30 years for its retiree health insurance plan.

Per the above, SHAES asks that its CAP be approved. However, if the CAP cannot be approved as submitted, SHAES will commit to establish a trust in the next two years to which the annual required contributions for the retiree health insurance benefit will be made.

Michigan Department of Treasury  
Local Retirement Reporting Team  
September 13, 2019  
Page 2

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Thank you for your consideration.

**Very truly yours,**

**DICKINSON WRIGHT PLLC**



Ronald A. Bultje

RAB:jls

cc: Brian Dissette, South Haven City Manager  
Ron Wise, SHAES Chief  
Ross Stein, South Haven Charter Township Supervisor  
Allan Overhuser, Casco Township Supervisor  
Nancy Whaley, Geneva Township Supervisor

GRAPIDS 57671-49 577022v1

**MUNICIPAL STABILITY BOARD  
RESOLUTION 2019-25**

**ADOPTION OF MONITORING PROCEDURES**

**WHEREAS**, the Michigan legislature passed the Protecting Local Government Retirement and Benefits ACT, MCL 38.2801 et. seq. (the “Act”), creating the Municipal Stability Board (the Board) for the purpose of reviewing and approving corrective action plans submitted by local units of government addressing the underfunded status of their municipal retirement systems;

**WHEREAS**, Section 10(6) of the Act requires the Board to monitor local units of government’s compliance with the Act and correction action plans;

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

**WHEREAS**, Treasury staff has developed monitoring procedures pursuant to the Act, detailed in the memorandum attached to this Resolution as Exhibit A (the “Monitoring Procedures”);

**WHEREAS**, Treasury staff recommends the approval and adoption of the Monitoring Procedures; and

**WHEREAS**, the Board concurs in that recommendation and wishes to approve and adopt the attached Monitoring Procedures.

**NOW, THEREFORE, BE IT RESOLVED**, the Board approves and adopts the Monitoring Procedures attached to this Resolution as Exhibit A; and

**BE IT FURTHER RESOLVED**, any and all previous versions of the Monitoring Procedures are rescinded and replaced with the Monitoring Procedures attached to this Resolution.

Ayes:

Nays:

Recused:

Lansing, Michigan

September 18, 2019



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RACHAEL EUBANKS  
STATE TREASURER

Resolution 2019-25 Exhibit A

**DATE:** September 18, 2019

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

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

**SUBJECT:** Public Comments on Municipal Stability Board Corrective Action Plan (CAP) Monitoring Policy and Procedures document

**Suggested Action:** The Board votes on Resolution 2019-25 Adoption of Corrective Action Plan Monitoring Procedures. The following documents include an updated version of the Corrective Action Plan Monitoring based on the feedback the Municipal Stability Board received during the public comment period.

The Community Engagement and Finance Division solicited comments on the proposed CAP Monitoring Policy and Procedures document. The document was posted on Treasury’s website for 51 days. Emails were also distributed, inviting all stakeholders, and the public to participate in the public comment period. Treasury also attended multiple meetings with stakeholders to solicit additional feedback. A total of five public comments were received related to this topic.

	Name(s)	Local Government/ Assoc.	Summary of Comments	Action
1	Derek Diederich	Waterford Township (personal comment of Derek Deiderich, not necessarily Waterford Township as a whole)	<p>First, when looking at the calculation of Retiree Health Care Expenses as related to overall ‘governmental revenues.’ I can see what is trying to be measured and achieved, but also feel that including Enterprise Fund Revenues or a portion of those would make sense. In our case, and many other communities similarly situated a portion of the unfunded liability and the current pay as you go Retiree Health Care or Pension Obligation was derived and belongs to our Water-Sewer Enterprise Fund and those expenses/liabilities are being combined with all the general gov’t expenses/liabilities and only the general gov’t revenues are being utilized to derive the % of gov’t resources being allocated for the legacy systems. While this is not a complete game changer a tweak here may provide and even more accurate measurement of the problem.</p> <p>My next comment is not something that can be instituted by the Treasury Dept. but maybe a memo or</p>	<p><b>Changes Recommended</b></p> <ul style="list-style-type: none"> <li>Added section to allow enterprise funds specifically used to pay retirement benefits to be used in the calculation of projected governmental revenues.</li> </ul>

			<p>communication could be sent to the legislative side as a recommendation from Treasury. The idea is like this, if a community does not meet the funded 'stress test' for Pension or Retiree Health Care they would be eligible for some additional state resources as long as they have instituted a checklist of necessary and required reforms. Examples of these reforms may include; closing all Defined Benefit based programs to new hires, having all the available trusts in place, instituting PA 212 'Hard Cap' reforms on current employees health care etc. I think rewarding good behavior or incentivizing mid and long term fixes should be the guiding light of these issues.</p>	
2	Steven Flayer	Shiawassee District Library	<p>1. I believe that there needs to be different levels of CAP monitoring. An entity that is funded at 90% or better is looking after it's obligations far better than an entity funded at 40%. I would suggest that the higher the funded level of an entity the longer between monitoring. As written every entity would be monitored "for substantial compliance with the Act every two years." Perhaps, for entities over a certain level of funding (i.e. 85%, 90%) that could be every three years with the time between monitoring decreasing with the increasing of the unfunded liability (i.e. below 75% every 30 months, below 60% every 24 months, etc.).</p> <p>2. How will this act handle changes in assumptions from the funds themselves? Our retirement is through MERS and a couple of years ago they changed the assumptions on mortality age and rate of return, this year they again changed assumptions on rate of return and wage inflation rate. Both of these changes have affected our payment schedule by increasing the amount our library pays in over and above the employee contributions.</p> <p>Since becoming Director in 2008, I have tried to keep a healthy retirement balance in MERS. We have probably added over \$30,000 to our balance above and beyond employee and MERS mandated employer contributions.</p>	<b>No changes recommended</b>
3	Ted Makowiec	Segal	<p>Questioned CAP changes section to inquire as to whether it should state "must" rather than "may"</p> <p>Edited Underfunded Status Supporting Documentation section for clarity</p>	<b>No changes recommended</b>
4	Leon Hank	MERS	<p>Edited for clarity and grammar</p>	<p><b>Changes Recommended:</b></p> <ul style="list-style-type: none"> <li>Adopted a selection of proposed changes to clarify the previous language</li> </ul>

5	Chris Veenstra	Watkins Ross	<p>While doing projections for clients, the following two concerns have arisen:</p> <ol style="list-style-type: none"> <li>1. <b>Supporting documentation</b>, “It is recommended that ... a projection for the duration of the plan ... includes ... assets, liabilities funded rations, normal cost payments” etc.             <ol style="list-style-type: none"> <li>a. Given that local governments may utilize an Alternative Method - or, at least a roll-forward for interim periods - for performing actuarial calculations under GASB for reporting purposes, we as an actuarial firm are concerned that we would not be controlling our work product as a client might use these projected values for reporting; When we perform a projection that shows liabilities and normal costs for every year of the CAP projection period we have avoided that thus far by <i>not</i> showing interim values, instead, limiting our exhibit to the latest valuation results and the year in which the CAP is projected to attain the desired funded status)</li> </ol> </li> <li>2. <b>Sustainability</b>,             <ol style="list-style-type: none"> <li>a. “It is recommended that supporting documentation include a projection of ... governmental fund revenue for the duration of the plan”                 <ol style="list-style-type: none"> <li>i. Obtaining the information necessary to project revenue and the associated assumptions – particularly over the duration of the CAP, would be difficult and potentially cost prohibitive for the local government</li> </ol> </li> <li>b. “The local government must confirm that the corrective actions listed in the CAP allow for the local government to make, at a minimum, the actuarially determined contribution (ADC) payment ... as well as the normal cost for new hires”; This seems to be                 <ol style="list-style-type: none"> <li>i. Unnecessary: The ADC taking into account the normal cost for new hires will be determined with each actuarial valuation and will serve as a minimum required contribution regardless of the CAP – if the ADC taking into account normal cost for new hires is less, the CAP would</li> </ol> </li> </ol> </li> </ol>	<p><b>Changes Recommended:</b></p> <ul style="list-style-type: none"> <li>• Provide guidance to local governments related to the intent and use of these projections</li> <li>• A definition of how governmental funds should be calculated was added to recommended supporting documentation for Sustainability criteria.</li> <li>• The timeframe for the Sustainability criteria supporting documentation was modified to the ensuing 5 years, rather than the duration of the plan.</li> </ul>
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			<p>(should) be the required amount, but, if there is a point at which the ADC is greater, it will override the CAP and progress towards meeting the funding goals will not be compromised – we recommend that alternative, clarifying language be included in the monitoring process</p> <p>ii. Problematic: The projection of future normal costs for new hires will depend heavily on assumptions regarding the demographics, covered pay, etc. of the new hires which would be highly speculative, at best</p> <p>So, our recommendation is that the nature of the monitoring process be simplified such that every two years the original CAP be measured against the updated liability and assets calculated for PA 202 reporting purposes. And, the recommended assessments such as 5% annual growth as a percentage of revenue, and any other reasonable measurement parameters be determined and reported at that time on a retrospective rather than a projected basis.</p>	
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## Corrective Action Plan Monitoring: Policy and Procedures

**PA 202 of 2017 Sec. 10(6):** The Municipal Stability Board (the Board) shall monitor each underfunded local unit of government's compliance with Public Act 202 of 2017 (the 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 this act.

**Monitoring Methodology and Intent:** Corrective action plans (CAP) thus far have been approved under a broad scope in support of locally developed plans. As such, ~~the Board has provided~~ great flexibility in approval of these CAPs ~~has been given~~ to allow local governments to determine the components of their plan. CAPs were approved based on the CAP Approval Criteria, but much of the supporting documentation provided to support the approval criteria ~~was~~ ~~has been~~ imprecise. ~~In order to~~ To ensure that the local governments are reaching the goals outlined in their CAPs, the CAP monitoring process is intended to provide greater scrutiny and validation of the components and details of local governments plans. This process will ensure that local governments are taking the necessary steps to address their underfunded status.

**Timeline:** Local governments must begin implementation within 180 days of CAP approval and will be monitored for substantial compliance with the Act every two years.

**CAP Changes:** If at any time after a CAP has been approved, a local government determines ~~their~~ ~~its~~ previous submission is no longer substantially in effect, ~~an~~ ~~the local government may file an~~ updated CAP ~~may be filed~~ for review by the ~~Municipal Stability~~ Board.

### Corrective Action Plan Monitoring Process<sup>1</sup>

#### Local Government Communication: Monitoring Notifications

- **Step 1: 180-Day Implementation Notification**
  - 180 days after a ~~local government is notified that its~~ CAP is approved, a letter is sent to the local government informing them that ~~they have~~ ~~it has~~ reached the 180-day deadline. ~~They should have begun to begin~~ implementing ~~the~~ actions listed in their CAP as required by the Act.
  - Treasury will provide guidance in this notification that local governments should be receiving projections within their annual valuations in accordance with the Board's best practices document as follows:
    - Actuarially Determined Contributions (ADC's), retirement benefit payments, assets, liabilities, and discount rate
    - ~~It is recommended that~~ The Board recommends that local governments utilize these projections as part of their monitoring certification
- **Step 2: CAP Monitoring Form – Sent 1.5 years after initial CAP approval**
  - In the CAP monitoring notification, local governments will be reminded that the Retirement System Annual Report (Form 5572) is due annually six months after their fiscal year end
  - Failure to submit the Form 5572 could result in a determination of noncompliance
  - **Local governments will be required to submit the proposed "CAP Monitoring Form" to be used by the Board when evaluating CAP compliance and implementation**
  - The completed CAP monitoring form is due 3 months after receipt
  - Treasury will provide administrative support by preparing a detailed review and recommendation for the Board's compliance certification
  - The Board will review and certify the local government for compliance with the Act every 2 years

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<sup>1</sup> A local government's CAP monitoring timeline for all underfunded systems is established by the notification date of the first CAP to be approved by the Board

## Proposed Municipal Stability Board Corrective Action Plan Monitoring Criteria

To assist local governments in preparing for the statutorily required monitoring process for their approved CAP(s), the Board is publishing CAP monitoring approval criteria. The Board will ~~be considering these~~consider this criteria when monitoring corrective action plan implementation and ~~determining will determine~~ if the local government has made funding progress ~~has been made~~ as outlined ~~by each underfunded local government in the CAP~~. Local governments are encouraged to continue to use a balanced approach to address their underfunded status by using one or more of the best practice principles published by the Board. Additionally, local governments may use CAP monitoring approval criteria to ensure their approved corrective actions are ~~in compliance~~compliant with ~~the Act and~~ the Board's requirements.

### CAP Monitoring Criteria:

#### 1. Underfunded Status

- Using detailed supporting documentation, is the local government addressing their underfunded status in the same timeframe or less, as the approved CAP?
  - **Supporting documentation**
    - ~~It is recommended~~The Board recommends that supporting documentation show a projection for the duration of the plan-CAP that includes, but is not limited to, assets, liabilities, funded ratios, normal cost payments (if applicable), actuarial assumptions, and retiree benefit payments, using reasonable calculations
  - **If underfunded status is not being addressed in a timeframe less than or equal to the approved CAP timeframe:**
    - If a corrective action plan by a local government is not addressing its underfunded status within the original approval criteria timeframe (20 years for pension or 30 years for OPEB, for severely underfunded systems), the local government may be found noncompliant with the Board's CAP monitoring criteria
    - As general guidance, a local government with a severely underfunded pension system is 45% funded or less. A local government with a severely underfunded retirement health care system (OPEB) is 25% or less

#### 2. Substantial Changes

- A local government must certify that the corrective action plan remains substantially the same as the original approved submission.
  - **If a local government cannot certify that their-its plan is substantially the same as the approved submission, the local government must provide the following with their-its CAP Monitoring Form:**
    - All proposed actions the local government was *able* to implement
    - All proposed actions the local government was *unable* to implement.
    - Any actions in addition to the original CAP
      - Governing body approval is required for additional actions
- The Board will use the CAP criteria from the initial CAP approval to approve or disapprove CAP changes, thereby certifying ~~their~~ compliance with the Act or finding ~~them~~ the local government in noncompliance

#### 3. Sustainability

- **Local governments must certify sustainability**
  - -The local government must certify the plan is still affordable, through detailed supporting documentation. This includes documentation that the local government's retirement costs are not increasing at a rate greater than what can be afforded through reasonable revenue growth. Retirement costs also must not have substantially increased above the original projection in their approved CAP.
    - Local governments with a combined payment that increases by greater than 5% annually as a percentage of governmental fund revenues, ~~which is also greater than the rate documented in the approved CAP,~~ may be determined to be unsustainable by the Board.



## Corrective Action Plan Monitoring: Policy and Procedures

**PA 202 of 2017 Sec. 10(6):** The Municipal Stability Board (the Board) shall monitor each underfunded local unit of government's compliance with Public Act 202 of 2017 (the 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 this act.

**Monitoring Methodology and Intent:** Corrective action plans (CAP) thus far have been approved under a broad scope in support of locally developed plans. As such, the Board has provided great flexibility in approval of these CAPs to allow local governments to determine the components of their plan. CAPs were approved based on the CAP Approval Criteria, but much of the supporting documentation provided to support the approval criteria has been imprecise. To ensure that the local governments are reaching the goals outlined in their CAPs, the CAP monitoring process is intended to provide greater scrutiny and validation of the components and details of local government plans. This process will ensure that local governments are taking the necessary steps to address their underfunded status.

**Timeline:** Local governments must begin implementation within 180 days of CAP approval and will be monitored for substantial compliance with the Act every two years.

**CAP Changes:** If at any time after a CAP has been approved, a local government determines its previous submission is no longer substantially in effect, the local government may file an updated CAP for review by the Board.

### Corrective Action Plan Monitoring Process<sup>1</sup>

#### Local Government Communication: Monitoring Notifications

- **Step 1: 180-Day Implementation Notification**
  - 180 days after a local government is notified that its CAP is approved, a letter is sent to the local government informing them that it has reached the 180-day deadline to begin implementing the actions listed in their CAP as required by the Act.
  - Treasury will provide guidance in this notification that local governments should be receiving projections within their annual valuations in accordance with the Board's best practices document as follows:
    - Actuarially Determined Contributions (ADC), retirement benefit payments, assets, liabilities, and discount rate
    - The Board recommends that local governments utilize these projections as part of their monitoring certification
- **Step 2: CAP Monitoring Form – Sent 1.5 years after initial CAP approval**
  - In the CAP monitoring notification, local governments will be reminded that the Retirement System Annual Report (Form 5572) is due annually six months after their fiscal year end
  - Failure to submit the Form 5572 could result in a determination of noncompliance
  - **Local governments will be required to submit the proposed "CAP Monitoring Form" to be used by the Board when evaluating CAP compliance and implementation**
  - The completed CAP monitoring form is due 3 months after receipt
  - Treasury will provide administrative support by preparing a detailed review and recommendation for the Board's compliance certification
  - The Board will review and certify the local government for compliance with the Act every 2 years

#### Proposed Municipal Stability Board Corrective Action Plan Monitoring Criteria

To assist local governments in preparing for the statutorily required monitoring process for their approved CAP(s), the Board is publishing CAP monitoring approval criteria. The Board will consider this criteria when monitoring corrective

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<sup>1</sup> A local government's CAP monitoring timeline for all underfunded systems is established by the notification date of the first CAP to be approved by the Board

action plan implementation and will determine if the local government has made funding progress as outlined in the CAP. Local governments are encouraged to continue to use a balanced approach to address their underfunded status by using one or more of the [best practice principles](#) published by the Board. Additionally, local governments may use CAP monitoring approval criteria to ensure their approved corrective actions are compliant with the Act and the Board's requirements.

## **CAP Monitoring Criteria:**

### **1. Underfunded Status**

- Using detailed supporting documentation, is the local government addressing their underfunded status in the same timeframe or less, as the approved CAP?
  - **Supporting documentation**
    - The Board recommends that supporting documentation show a projection for the duration of the CAP that includes, but is not limited to, assets, liabilities, funded ratios, normal cost payments (if applicable), actuarial assumptions, and retiree benefit payments, using reasonable calculations
  - **If underfunded status is not being addressed in a timeframe less than or equal to the approved CAP timeframe:**
    - If a corrective action plan by a local government is not addressing its underfunded status within the original approval criteria timeframe (20 years for pension or 30 years for OPEB, for severely underfunded systems), the local government may be found noncompliant with the Board's CAP monitoring criteria
    - As general guidance, a local government with a severely underfunded pension system is 45% funded or less. A local government with a severely underfunded retirement health care system (OPEB) is 25% or less

### **2. Substantial Changes**

- A local government must certify that the corrective action plan remains substantially the same as the original approved submission.
  - **If a local government cannot certify that its plan is substantially the same as the approved submission, the local government must provide the following with its CAP Monitoring Form:**
    - All proposed actions the local government was *able* to implement
    - All proposed actions the local government was *unable* to implement.
    - Any actions in addition to the original CAP
      - Governing body approval is required for additional actions
- The Board will use the CAP criteria from the initial CAP approval to approve or disapprove CAP changes, thereby certifying compliance with the Act or finding the local government in noncompliance

### **3. Sustainability**

- **Local governments must certify sustainability**
  - The local government must certify the plan is still affordable, through detailed supporting documentation. This includes documentation that the local government's retirement costs are not increasing at a rate greater than what can be afforded through reasonable revenue growth. Retirement costs also must not have substantially increased above the original projection in their approved CAP.
    - Local governments with a combined payment that increases by greater than 5% annually as a percentage of governmental fund revenues may be determined to be unsustainable by the Board.
      - The Board recommends that supporting documentation include a projection of all annual retirement payments (Pension ADC(s)+OPEB Benefit Payments(s)+all additional contributions) as a percentage of projected governmental fund revenues for the ensuing 5 years. A local government should project governmental fund revenues using a reasonable forecast based on historical trends and projected rates of inflation. This analysis may include projected enterprise funds allocated specifically to pay retirement costs.

- The local government must confirm that corrective actions listed in the CAP allow for the local government to make, at a minimum, the actuarially determined contribution (ADC) payment for pension plans and/or the retiree health care premium payment, as well as the normal cost payment for new hires for retirement health benefits (*Sec. 4(1) of the Act, MCL 38.2804*). This confirms that local governments have linked long-term future payment expectations with revenue expectations and have concluded that those payments are sustainable now and into the future, without additional changes to their CAP.
- **If the local government cannot document that the CAP will continue to be sustainable or the Board determines that the plan may no longer be sustainable:**
  - The Board may certify compliance; however, the Board will note that the local government is not on track, as its annual payments have significantly increased. Prior to the next monitoring period, the local government must address the change in affordability, or it may be determined noncompliant.

### Step 3: Certification of Compliance

- **Compliant:** If a local government has met all published CAP monitoring criteria and satisfied all reporting requirements:
  - The Board certifies the local government is in compliance with the Act.
- **Compliant with Conditions:** If a local government is unable to certify sustainability or determined to be unsustainable, but all other criteria and reporting requirements are met:
  - The Board certifies the local government is in compliance with conditions.
    - Affordability concerns must be addressed prior to the subsequent monitoring period, to the Board's satisfaction.
- **Noncompliant:** If a local government does not meet CAP monitoring criteria or did not satisfy annual reporting requirements:
  - The Board may determine the local government noncompliant
    - The local government will have 60 days to address the reasons for noncompliance.



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RACHAEL EUBANKS  
STATE TREASURER

**DATE:** September 18, 2019  
**TO:** The Municipal Stability Board (the Board)  
**FROM:** Community Engagement and Finance Division, Department of Treasury  
**SUBJECT:** Receipt of Corrective Action Plan(s)

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

**Fiscal Year 2017 Plans**

- I. Capital Area Transportation Authority
  - A. OPEB, Capital Area Transportation Authority Retiree Medical Plan
- II. Copper Country Mental Health Services Board
  - A. OPEB
- III. City of Harper Woods
  - A. OPEB
- IV. City of Riverview
  - A. OPEB, City of Riverview Health Care Benefits
- V. St. Clair River Sewer and Water Authority
  - A. OPEB, Healthcare Plan

**Fiscal Year 2018 Plans**

- I. Grosse Ile Township
  - A. OPEB, Grosse Ile Township Retirement Health Benefit System

**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: Capital Area Transportation Authority Six-Digit Muni Code: 337510  
Retirement Health Benefit System Name: Retiree Healthcare Benefit Plan  
Contact Name (Administrative Officer): Bradley T. Funkhouser  
Title if not Administrative Officer: Chief Executive Officer  
Email: bfunkhouser@cata.org Telephone Number: (517) 999-2532

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

The subject line of the email(s) should be in the following format: **Corrective Action Plan-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 corrective action is approved, the Board will monitor the corrective action 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.**

See attached memorandum.

- 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.*

See attached memorandum.

- 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.*

See attached memorandum.

#### 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**.

See attached memorandum.

- 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.

See attached memorandum.

- 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**.

See attached memorandum.

## 5. CONFIRMATION OF FUNDING

Please check the applicable answer:

Do the corrective actions listed in this plan allow for (insert local unit name) CATA 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	<b>This Corrective Action Plan (Required)</b>
<input checked="" type="checkbox"/> Attachment – 1a	<b>Documentation from the governing body approving this Corrective Action Plan (Required)</b>
<input checked="" type="checkbox"/> Attachment – 2a	Actuarial Analysis (annual valuation, supplemental valuation, projection)
<input type="checkbox"/> Attachment – 3a	Internally Developed Projection Study
<input type="checkbox"/> Attachment – 4a	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 – 5a	Documentation of commitment to additional payments in future years (e.g. resolution, ordinance)
<input type="checkbox"/> Attachment – 6a	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 – 7a	Other documentation, not categorized above

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

I Bradley T. Funkhouser, as the government’s administrative officer (*enter title*) Chief Executive Officer (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.

Signature Bradley T. Funkhouser Date 8-26-2019



# COPPER COUNTRY MENTAL HEALTH SERVICES

SERVING BARAGA, HOUGHTON, KEWEENAW & ONTONAGON COUNTIES

September 9, 2019

Michigan Department of Treasury  
Local Retirement Reporting  
Municipal Stability Board

Corrective Action Plan for retirement Health Benefit Systems

Re: Muni Code 077501

Dear Stability Board:

The Copper Country Mental Health Services Board August 28, 2019 meeting did not have a quorum, thus no action was taken on the revised CAP. The next board meeting will be on September 25, 2019 with minutes to be approved at the Oct 30, 2019 meeting. Steps taken to achieve compliance are:

1. In August 2019, a Trust Account for OPEB was established with a local financial institution. Assets totaling \$ 1,500,000.00 in certifications of deposit have been transferred into the account. An additional \$ 100,000 in cash will be transferred on August 22, 2019
2. The policy was changed in 2010 to limit eligibility to staff hired before December 31, 2010 resulting in a decrease of 67 participants.
3. As of September 30, 2018, the local unit has an unrestricted fund balance/net position of \$ 4,157,260 net of the OBEB liability

If you have any questions, please contact me at 906-483-5515 or [sserafini@cccmh.org](mailto:sserafini@cccmh.org).

Sincerely,

Susan D Serafini  
Finance Director

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## Houghton County

RICE MEMORIAL CENTER  
901 W. Memorial Drive  
Houghton, MI 49931  
(906) 482-9400  
Fax: (906) 482-9794

## Keweenaw County

CALUMET (CLK) CENTER  
56938 Calumet Avenue  
Calumet, MI 49913  
(906) 337-5810  
Fax: (906) 337-2108

## Baraga County

BARAGA CO CENTER  
15644 Skanee Road  
L'Anse, MI 49946-9003  
(906) 524-5885  
Fax: (906) 524-5866

## Ontonagon County

ONTONAGON CO CENTER  
515 Quartz Street  
Ontonagon, MI 49953  
(906) 884-4804  
Fax: (906) 884-4856

## Training & Prevention

THE INSTITUTE  
900 West Sharon Avenue  
Houghton, MI 49931  
(906) 482-4880  
Fax: (906) 482-7657

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

Issued under authority of Public Act 202 of 2017.

1. MUNICIPALITY INFORMATION	
Local Unit Name: <u>Grosse Ile Township</u>	Six-Digit Muni Code: <u>821030</u>
Retirement Health Benefit System Name: <u>Grosse Ile Township Retirement Health Benefit System</u>	
Contact Name (Administrative Officer): <u>Ann M. Darzniek</u>	
Title if not Administrative Officer: <u>Finance Director</u>	
Email: <u>annd@grosseile.com</u>	Telephone: <u>(734) 676-4422</u>

2. GENERAL INFORMATION
<p><b>Corrective Action Plan:</b> 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.</p> <p><b>Due Date:</b> The local unit of government has <b>180 days from the date of notification</b> 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.</p> <p><b>Filing:</b> 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. <b>You must provide proof of your governing body approving this Corrective Action Plan and attach the documentation as a separate PDF document.</b> 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.</p> <p>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.</p> <p>The completed plan must be submitted via email to Treasury at <a href="mailto:LocalRetirementReporting@michigan.gov">LocalRetirementReporting@michigan.gov</a> for review by the Board. <b>If you have multiple underfunded retirement systems, you are required to complete separate plans and send a separate email for each underfunded system.</b> Please attach each plan as a separate PDF document in addition to all applicable supporting documentation.</p> <p>The subject line of the email(s) should be in the following format: <b>Corrective Action Plan-2017, Local Unit Name, Retirement System Name</b> (e.g. Corrective Action Plan-2017, City of Lansing, Employees' Retirement System OPEB</p>

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**.*

See attached

- 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.*

See attached

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

**Sample Statement:** *The information provided on the Form 5572 from the audit used actuarial data from **2015**. Attached is an updated actuarial valuation for **2017** that shows our funded ratio has improved to **42%** as indicated on page **13**.*

See Attached

**4. DESCRIPTION OF PROSPECTIVE ACTIONS**

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

Please indicate where in the attached supporting documentation these changes are described and the impact of those changes (i.e. what will the local 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**.*

Continue to monitor retiree health care costs

- 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.*

Continue same methods to fund trust as stated above

- 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) Township of Grosse Ile 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  | <b>This Corrective Action Plan (Required)</b>   |
| <input checked="" type="checkbox"/> Attachment – 1a | <b>Documentation from the governing body approving this Corrective Action Plan (Required)</b>   |
| <input checked="" type="checkbox"/> Attachment – 2a | <b>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)</b> |
| <input checked="" 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, Ann M. DARZNIK, as the government's administrative officer (insert title)  
Finance Director (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 Township of Grosse Ile (Insert local unit name) will be less than 12% of the local unit of government's annual governmental fund revenues by Fiscal Year 2019 as demonstrated by required supporting documentation listed in section 6.

Signature Ann M. Darznick

Date 9-11-19

## 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: City of Harper Woods Six-Digit Muni Code: 822150  
Retirement Health Benefit System Name: City of Harper Woods  
Contact Name (Administrative Officer): Joseph Rheker  
Title if not Administrative Officer: City Manager  
Email: jrheker@harperwoods.net Telephone: (313) 343-2505

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

The subject line of the email(s) should be in the following format: **Corrective Action Plan-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**.*

See Attachment 2a

- 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**.*

**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**.*

See Attachment 2a

- 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.*

- 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) City of Harper Woods 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  | <b>This Corrective Action Plan (Required)</b>   |
| <input checked="" type="checkbox"/> Attachment – 1a | <b>Documentation from the governing body approving this Corrective Action Plan (Required)</b>   |
| <input checked="" type="checkbox"/> Attachment – 2a | <b>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)</b> |
| <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 ( <a href="#">see CAP criteria issued by the Board</a> )?
<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, Joseph Rheker, as the government's administrative officer (insert title)  
City 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 \_\_\_\_\_ (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 City of Harper Woods (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 

Date 6 MAY 2019

# 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: City Of Riverview Six-Digit Muni Code: 822240  
Retirement Health Benefit System Name: City of Riverview Retiree Health Care Benefits  
Contact Name (Administrative Officer): Douglas W. Drysdale  
Title if not Administrative Officer: City Manager  
Email: ddrysdale@cityofriverview.com Telephone Number: (734) 281-7402

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

The subject line of the email(s) should be in the following format: **Corrective Action Plan-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 corrective action is approved, the Board will monitor the corrective action 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.**

- City of Riverview retirees get taken off City Blue Cross Blue Shield plans, once they turn 65 years old, and are moved to a Medicare plan with a Humana supplement. This saves the City, on average, \$17,658.72 per person per year.
- As of December of 2016 the retiree health care system has been closed to all new City employees.
- Retiree Health Savings Plans have been created and are utilized for all employees not eligible for retiree health benefits, across all government units.

- 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.*

- The City of Riverview has established an Other Post-Employment Benefits Trust Agreement to receive, invest, and accumulate assets for retirement healthcare.
- City Administration, along with the two most recently negotiated union contracts, require eligible employees to contribute a portion of wages for other post employment benefit expenses.

- 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.*

- The City of Riverview has kept current on a "pay as you go" method.

#### 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**.

- The City of Riverview plans to continue negotiating language that changes the age at which an employee can start receiving retiree medical benefits, from 55 to 60, into all collectively bargained contracts.

**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.

**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) City of Riverview 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**

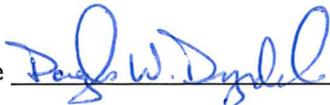
Documentation should be attached as a .pdf to this corrective action plan. The documentation should detail the corrective action plan that would be implemented to adequately address the local unit of government’s underfunded status. Please check all documents that are included as part of this plan and 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	<b>This Corrective Action Plan (Required)</b>
<input checked="" type="checkbox"/> Attachment – 1a	<b>Documentation from the governing body approving this Corrective Action Plan (Required)</b>
<input checked="" type="checkbox"/> Attachment – 2a	Actuarial Analysis (annual valuation, supplemental valuation, projection)
<input type="checkbox"/> Attachment – 3a	Internally Developed Projection Study
<input type="checkbox"/> Attachment – 4a	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 – 5a	Documentation of commitment to additional payments in future years (e.g. resolution, ordinance)
<input type="checkbox"/> Attachment – 6a	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 type="checkbox"/> Attachment – 7a	Other documentation, not categorized above

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

I Douglas W. Drysdale, as the government’s administrative officer (*enter title*) City Manager (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.

Signature  Date 8-22-2019

# Protecting Local Government Retirement and Benefits Act

## Corrective Action Plan:

### Retirement Health Benefit Systems

Issued under authority of Public Act 202 of 2017.

#### 1. MUNICIPALITY INFORMATION

Local Unit Name: St. Clair River Sewer and Water Authority Six-Digit Muni Code: 747520

Retirement Health Benefit System Name: Healthcare Plan

Contact Name (Administrative Officer): Cynthia Paparelli

Title if not Administrative Officer: East China Township Manager

Email: Cindy@eastchinatownship.org Telephone: (810) 765-8879

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

The subject line of the email(s) should be in the following format: **Corrective Action Plan-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**.*

The information provided on the Form 5572 from the 2017 audit used contribution data and calculation of funding under previous GASB guidelines. The updated calculation of the Net OPEB Liability was presented on a cost-sharing basis with the Charter Township of East China and was 50% funded at the end of 2018 as indicated on Attachment 2a.

**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.*

- 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) St. Clair River Sewer and Water 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

Attachment – 1

**This Corrective Action Plan (Required)**

Attachment – 1a

**Documentation from the governing body approving this Corrective Action Plan (Required)**

Attachment – 2a

**An actuarial projection, an actuarial valuation, or an internally developed analysis, 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)**

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).

Attachment – 4a

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

Attachment – 5a

A separate corrective action plan that the local 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

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 ( <a href="#">see CAP criteria issued by the Board</a> )?  |
| <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, Cynthia Paparelli, as the government's administrative officer (insert title)  
East China Township 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 Healthcare Plan (**Insert Retirement Healthcare System Name**) will achieve a funded status of at least 40% by Fiscal Year 2018 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 Cynthia Paparelli

Date 08/28/2019

**MUNICIPAL STABILITY BOARD  
RESOLUTION 2019-26**

**APPROVAL OR DISAPPROVAL OF CORRECTIVE ACTION PLANS**

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

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

**WHEREAS**, on September 12, 2018, by Resolution 2018-12, the Board adopted the Corrective Action Plans Best Practices and Strategies 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; (ii) address the underfunded status within a reasonable timeframe; (iii) is legal and feasible; and (iv) 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

September 18, 2019

Municipal Stability Board Appendix A, August 21, 2019

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

CAP Criteria Key	
<b>Underfunded Status</b>	Was there description and adequate supporting documentation of how and when the retirement system will address the Underfunded Status criteria as defined by the Municipal Stability Board?
<b>Timeframe</b>	Does this corrective action for this plan meet the Reasonable Timeframe criteria as defined by the Municipal Stability Board?
<b>Legal/Feasible</b>	Does the corrective action plan follow all applicable laws? Are all required administrative certifications and governing body approvals included? Are the actions listed feasible?
<b>Affordable</b>	The local unit 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 health benefits

#	Local Unit	Municode	System Type	Date Received	Underfunded Status	Timeframe	Legal/Feasible	Affordable	Treasury Recommendation	Corrective Action Plan Link
1	Alpena County Road Commission	040100	OPEB	8/21/2019	Partial	Partial	Yes	Yes	Approve	<a href="#">Alpena County Road Commission-Pension</a>
2	Blackman Charter Township	381010	OPEB	7/17/2019	Partial	Partial	Yes	Partial	Approve	<a href="#">Blackman Charter Township-Pension</a>
3	Village of Capac	743010	OPEB	7/17/2019	Yes	Yes	Yes	Yes	Approve	<a href="#">Village of Capac-Pension</a>
4	City of Highland Park	822160	Pension-Public Safety	7/17/2019	Partial	Partial	Yes	Partial	Approve	<a href="#">City of Highland Park-Pension-Public Safety</a>
5	City of Highland Park	822160	Pension-General Employees	7/17/2019	Partial	Partial	Yes	Partial	Approve	<a href="#">City of Highland Park-Pension-General Employees</a>
6	City of Highland Park	822160	Pension-Police and Firemen	7/17/2019	Partial	Partial	Yes	Partial	Approve	<a href="#">City of Highland Park-Pension-Police and Firemen</a>
7	Iosco County Road Commission	350100	OPEB	7/17/2019	Yes	Yes	Yes	Yes	Approve	<a href="#">Iosco County Road Commission-Pension</a>
8	Martha T. Berry Medical Care Facility	507568	Pension	7/17/2019	Yes	Yes	Yes	Yes	Approve	<a href="#">Martha T. Berry Medical Care Facility-Pension</a>
9	Martha T. Berry Medical Care Facility	507568	OPEB	7/17/2019	Yes	Yes	Yes	Yes	Approve	<a href="#">Martha T. Berry Medical Care Facility-Pension</a>
10	Monroe Community Mental Health	587515	OPEB	7/17/2019	Yes	Yes	No	Yes	Disapprove	<a href="#">Monroe Community Mental Health-Pension</a>
11	Shiawassee Council on Aging	787533	Pension	7/17/2019	Yes	Yes	Yes	Yes	Approve	<a href="#">Shiawassee Council on Aging-Pension</a>

**Treasury Recommendation  
Alpena County Road Commission OPEB Corrective Action Plan (CAP)  
Non-Primary Unit 040100**

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
MERS	Pension	\$9,185,718	\$12,427,308	73.9%	\$352,368	\$6,339,188	5.6%	NO
ACRC OPEB	OPEB	\$0	\$865,216	0.0%	\$132,138		2.1%	YES
<b>Total</b>		<b>\$9,185,718</b>	<b>\$13,292,524</b>		<b>\$484,506</b>	<b>\$6,339,188</b>	<b>7.6%</b>	

**Source: Retirement Report 2017, Audited Financial Statements**

**Staff Recommendation:** Approval of the OPEB corrective action plan submitted by Alpena County Road Commission, which was received by the Municipal Stability Board (the Board) on 8/21/2019. 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:**
  - Medicare reimbursement was capped for retirees at \$96.40 per month and eliminated for employees hired after 11/1/10.
- **Plan Funding:**
  - The Alpena County Road Commission will create a qualified trust in 2019 with MERS. Two options are being considered at this time: 1. One-time trust investment of \$180,000 which would give us the 40% funded status or 2. An annual contribution of \$20,000 over a period of 5 years in a qualified trust with a higher discounted rate.
- **Other Considerations:**
  - The information that was used on Form 5572 was from our 2015 Actuarial. I have attached a copy of the valuation report that was completed in March of 2019 for the year ending December 31, 2018.

**Prospective Changes:**

- **Modern Plan Design:**
  - Benefit levels of the refined membership have been changed to reduce long-term liability and are biased on current Collective Bargaining Agreement effective November 1, 2017.
- **Plan Funding:**
  - The Alpena County Road Commission will continue to pay the annual retirees monthly Medicare reimbursement of \$96.40 per retiree as well as the fund the qualified trust.
- **Other Considerations:**
  - Provided an updated actuarial valuation report.

**System Status for All Divisions: CLOSED**

**Treasury Recommendation**  
**Alpena County Road Commission OPEB Corrective Action Plan (CAP)**  
**Non-Primary Unit 040100**

**Plan size: members 37**

- Inactive employees or beneficiaries currently receiving benefits: 25
- Inactive employees entitled to but not yet receiving benefits: 0
- Active employees: 12

**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 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 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 unit 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.
- Reasonable Timeframe:
  - The administrative officer indicates the plan will achieve a funded ratio of 40% by 2023; however, the local unit did not provide clear documentation that demonstrates this. Based on other information presented in the corrective action plan, we have determined the local government may be able to achieve the 40% funded ratio within this timeframe.

**Supplemental Information:**

Included extensive projection and individual employee service and retirement ages, and cost projection. This projection includes an updated total OPEB Liability, which is significantly less than the number reported in their 2017 audit. There were two funding proposals listed as options, the first of which was to make a 1 time contribution of \$180,000, which based on the updated OPEB liability, would exceed 40% funded. The other option was to make 5 annual contributions of \$20,000 to a trust. This alone would not allow the system to exceed 40% funded, but with the interest earned from the trust, it may eventually exceed 40% funded. However, by using a discount rate other than the risk-free municipal bond rate, it may understate the future liabilities.

**Treasury Recommendation  
Alpena County Road Commission OPEB Corrective Action Plan (CAP)  
Non-Primary Unit 040100**

**Summary Recap of Calculations**

Total benefits to be paid, current dollars	961,301	
Total benefits to be paid, future dollars	849,893	
Total benefits to be paid, discounted	683,843	
Total benefits earned, allocated over working lifetime	683,843	Agree
Total wages to be paid, current dollars	20,869,714	
Total wages to be paid, future dollars	19,370,046	
Total contributions expected to be paid to trust	-	
Trust fund, years with positive balance	-	
Trust fund, years without positive balance	99	
Total OPEB liability before probability reductions	404,693	
Probability reductions	(703)	
Total OPEB liability	403,990	
Fiduciary net position of OPEB trust	-	
Net OPEB liability	403,990	
Average remaining service life of plan participants	3	

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balances, beginning of year	416,772	-	416,772
Changes for current year:			
Service cost	4,841	-	4,841
Interest	14,189	-	14,189
Changes in benefits	-	-	-
Differences in experience	-	-	-
Employer contributions	-	31,812	(31,812)
Employee contributions	-	-	-
Net investment income	-	-	-
Benefit payments	(31,812)	(31,812)	-
Administrative expense	-	-	-
Net changes	(12,782)	-	(12,782)
Balances, end of year	403,990	-	403,990

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

- None Noted.

**Treasury Recommendation**  
**Blackman Charter Township OPEB Corrective Action Plan (CAP)**  
**Primary Unit 381010**

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
MERS	Pension	\$7,724,042	\$12,377,473	62.4%	\$312,369	\$5,795,256	5.4%	NO
OPEB	OPEB	\$0	\$14,711,775	0.0%	\$861,285		14.9%	YES
<b>Total</b>		<b>\$7,724,042</b>	<b>\$27,089,248</b>		<b>\$1,173,654</b>		<b>20.3%</b>	

**Source: Retirement Report 2017, Audited Financial Statements**

**Staff Recommendation:** Approval of the OPEB corrective action plan submitted by Blackman Charter Township, which was received by the Municipal Stability Board (the Board) on 8/21/2019. 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:
  - Effective 1/1/2014 for non-union and 4/1/2014 for union employees and retirees will contribute 20% of the total annual costs of health insurance premiums.
  - Effective 5/12/14 allowed retirees to opt out of group health insurance and receive 50% of the Township's cost of providing such insurance coverage.
- Plan Funding:
  - None Listed.
- Other Considerations:
  - None Listed.

**Prospective Changes:**

- Modern Plan Design:
  - None Listed.
- Plan Funding:
  - The Township approved a resolution to contribute \$100,000 annually to the MERS RHFV. Future premium payments will not be funded from this trust.
- Other Considerations:
  - None Listed.

**System Status for All Divisions: OPEN**

**Plan size: members 86**

- Inactive employees or beneficiaries currently receiving benefits: 44
- Inactive employees entitled to but not yet receiving benefits: 0
- Active employees: 42

**Treasury Recommendation**  
**Blackman Charter Township OPEB Corrective Action Plan (CAP)**  
**Primary Unit 381010**

**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 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.

The following corrective action plan approval criteria are partially met:

- Underfunded Status:
  - The local unit 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.
- Reasonable Timeframe:
  - The administrative officer indicates the plan will achieve a funded ratio of 40% by 2047; however, the local unit did not provide clear documentation that demonstrates this. Based on other information presented in the corrective action plan, we have determined the local government may be able to achieve the 40% funded ratio within this timeframe.
- 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; however, there is not projection of normal cost payment amounts for new hires after 6/30/2018.

**Supplemental Information:**

The local government provided an actuarial projection using a 3% discount rate and 5% assumed rate of return documenting that they would reach 40% funded by 2047. While this projection does show the local government reaching 40% funded, since the system is still open to new hires, it may have increased volatility that will need to be monitored. The analysis also shows that the total annual contribution increases from \$559,531 to \$1,041,067, an average annual increase of approximately 3% over the life of the plan. Additionally, PA 202 requires the normal cost to be paid for all new hires after 6/30/2018. This payment was unable to be verified from the submitted documentation. Based on this calculation, required annual contributions may increase.

**Treasury Recommendation**  
**Blackman Charter Township OPEB Corrective Action Plan (CAP)**  
**Primary Unit 381010**

**Blackman Charter Township**  
**2019 funding projection (based on December 31, 2017 actuarial valuation)**

Discount                      Return  
3.00%                              5.50%

	31-Dec liability	Assets	Contribution	+Benefit payments	=total contribution	funded percent
2019	16,779,252	116,601	116,601	442,930	559,531	0.7%
2020	17,150,645	223,014	100,000	462,689	562,689	1.3%
2021	17,502,409	335,280	100,000	488,227	588,227	1.9%
2022	17,821,239	453,720	100,000	493,864	593,864	2.5%
2023	18,129,635	578,675	100,000	515,669	615,669	3.2%
2024	18,413,441	710,502	100,000	535,945	635,945	3.9%
2025	18,667,493	849,580	100,000	552,494	652,494	4.6%
2026	18,898,184	996,306	100,000	586,502	686,502	5.3%
2027	19,087,379	1,151,103	100,000	598,104	698,104	6.0%
2028	19,258,231	1,314,414	100,000	622,344	722,344	6.8%
2029	19,397,232	1,486,707	100,000	651,736	751,736	7.7%
2030	19,501,561	1,668,476	100,000	672,373	772,373	8.6%
2031	19,581,537	1,860,242	100,000	723,150	823,150	9.5%
2032	19,606,299	2,062,555	100,000	753,032	853,032	10.5%
2033	19,589,668	2,275,996	100,000	792,062	892,062	11.6%
2034	19,524,621	2,501,175	100,000	797,709	897,709	12.8%
2035	19,445,513	2,738,740	100,000	769,032	869,032	14.1%
2036	19,387,971	2,989,371	100,000	817,488	917,488	15.4%
2037	19,255,447	3,253,786	100,000	865,975	965,975	16.9%
2038	19,047,380	3,532,744	100,000	854,309	954,309	18.5%
2039	18,820,021	3,827,045	100,000	879,965	979,965	20.3%
2040	18,535,281	4,137,533	100,000	897,088	997,088	22.3%
2041	18,217,543	4,465,097	100,000	919,698	1,019,698	24.5%
2042	17,861,702	4,810,677	100,000	928,165	1,028,165	26.9%
2043	17,479,820	5,175,265	100,000	914,062	1,014,062	29.6%
2044	17,093,406	5,559,904	100,000	939,169	1,039,169	32.5%
2045	16,664,291	5,965,699	100,000	942,795	1,042,795	35.8%
2046	16,213,914	6,393,812	100,000	945,633	1,045,633	39.4%
2047	15,743,073	6,845,472	100,000	941,067	1,041,067	43.5%

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

- None Noted.

**Treasury Recommendation  
Village of Capac OPEB Corrective Action Plan (CAP)  
Primary Unit 743010**

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
MERS	Pension	\$625,901	\$2,586,540	24.2%	\$62,094	\$1,156,142	5.8%	NO
The Village of Capac OPEB Plan	OPEB	\$0	\$1,815,072	0.0%	\$150,175		13.0 %	YES
<b>Total</b>		<b>\$625,901</b>	<b>\$4,401,612</b>		<b>\$212,269</b>	<b>\$1,156,142</b>	<b>20.6%</b>	

**Source: Retirement Report 2018, Audited Financial Statements**

**Staff Recommendation:** Approval of the OPEB corrective action plan submitted by Village of Capac, which was received by the Municipal Stability Board (the Board) on 8/19/2019. 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:
  - Switched the Retirees to the Mercer Health exchange; giving the retiree's a monthly stipend.
- Plan Funding:
  - Established MERS Retiree Health Funding Vehicle in May 2019, and will be making a \$20,000 annual contribution.
- Other Considerations:
  - Eliminated the defined benefit for all full time, new hires.

**Prospective Changes:**

- Modern Plan Design:
  - The Village council made the motion to change to Mercer 365
- Plan Funding:
  - Contributing annual \$20,000 payment to health trust until 2042.
- Other Considerations:
  - None Listed.

**System Status for All Divisions: CLOSED**

**Plan size: members 9**

- Inactive employees or beneficiaries currently receiving benefits: 8
- Inactive employees entitled to but not yet receiving benefits: 0
- Active employees: 1

**Treasury Recommendation**  
**Village of Capac OPEB Corrective Action Plan (CAP)**  
**Primary Unit 743010**

**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.
- 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 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 an actuarial projection showing that they are anticipated to reach 40% funded in 2042. Additionally, the projections shows the annual employer contribution will increase by approximately 58% from 2019 to 2037, or roughly 3.2% per year.

**Treasury Recommendation  
Village of Capac OPEB Corrective Action Plan (CAP)  
Primary Unit 743010**

**Village of Capac  
2019 funding projection (based on June 30, 2018 actuarial valuation)**

Discount                      Return  
3.00%                              3.00%

	30-Jun liability	Assets	Contribution	+Benefit payments	=total contribution	funded percent
2018	1,815,072	0	20,000	63,769	83,769	0.0%
2019	1,831,608	20,000	20,000	63,694	83,694	1.1%
2020	1,849,521	40,600	20,000	64,485	84,485	2.2%
2021	1,867,997	61,818	20,000	65,525	85,525	3.3%
2022	1,886,824	83,673	20,000	66,589	86,589	4.4%
2023	1,906,015	106,183	20,000	67,588	87,588	5.6%
2024	1,925,673	129,368	20,000	68,709	88,709	6.7%
2025	1,945,716	153,249	20,000	69,751	89,751	7.9%
2026	1,966,262	177,847	20,000	68,700	88,700	9.0%
2027	1,989,480	203,182	20,000	69,625	89,625	10.2%
2028	2,013,474	229,278	20,000	70,608	90,608	11.4%
2029	2,038,240	256,156	20,000	71,631	91,631	12.6%
2030	2,063,792	283,841	20,000	72,668	92,668	13.8%
2031	2,090,169	312,356	20,000	73,686	93,686	14.9%
2032	2,117,452	341,726	20,000	98,762	118,762	16.1%
2033	2,080,743	371,978	20,000	101,749	121,749	17.9%
2034	2,039,901	403,138	20,000	104,642	124,642	19.8%
2035	1,994,898	435,232	20,000	107,027	127,027	21.8%
2036	1,946,124	468,289	20,000	109,599	129,599	24.1%
2037	1,893,277	502,337	20,000	111,701	131,701	26.5%
2038	1,836,712	537,407	20,000	109,498	129,498	29.3%
2039	1,780,685	573,530	20,000	110,460	130,460	32.2%
2040	1,722,000	610,736	20,000	110,933	130,933	35.5%
2041	1,661,076	649,058	20,000	108,728	128,728	39.1%
2042	1,600,561	688,529	20,000	108,074	128,074	43.0%

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

- None Noted.

**Treasury Recommendation**  
**City of Highland Park Public Safety Pension Corrective Action Plan (CAP)**  
**Primary Unit 822160**

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
General Employees	Pension	\$230,925	\$6,173,544	2.0%	\$872,000	\$16,874,119	32.6%	Yes
Public Safety	Pension	\$652,623	\$31,847,236	3.7%	\$4,032,000			Yes
Police and Firemen	Pension	\$295,487	\$4,052,265	7.3%	\$594,000			Yes
Retiree Medical	OPEB	\$0	\$24,087,834	0.0%	\$557,966		3.3%	No
<b>Total</b>		<b>\$1,179,035</b>	<b>\$66,160,879</b>		<b>\$6,055,966</b>	<b>\$16,874,119</b>	<b>35.9%</b>	

**Source: Retirement Report 2017, Audited Financial Statements**

**Staff Recommendation:** Approval of the Public Safety pension corrective action plan submitted by City of Highland Park, which was received by the Municipal Stability Board (the Board) on 8/21/2019. 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 plan is closed to new hires.
- Plan Funding:
  - None Listed.
- Other Considerations:
  - On October 30, 2014 the City was ordered a consent judgment levy, which required the City to levy annually an amount necessary to fund the expected benefit payments needed to participants within the plan. This gives the plan a dedicated source of revenue to ensure all benefits will be paid in their entirety each year. Please see attached for the Order of Consent and Writ of Mandamus in their full corrective action plan.

**Prospective Changes:**

- Modern Plan Design:
  - None Listed.
- Plan Funding:
  - An analysis was performed indicating that the City could provide an additional \$210,000 annually to achieve a 60% funding ratio by 2035, which would be sustainable and feasible. Providing this in addition to the dedicated levy revenue for of current benefit payments would allow for sustainability in the City's pension funds.
- Other Considerations:
  - The City's actuary performed a study on the assumptions and calculation of the Actuarially Determined Contribution, and provided a report dated July 19, 2019 in which the amortization period was changed from an 8 year open amortization to a 20 year closed amortization, which allows the system to reach over 60% funding by 2035.

**Treasury Recommendation  
City of Highland Park Public Safety Pension Corrective Action Plan (CAP)  
Primary Unit 822160**

**System Status for All Divisions: CLOSED**

**Plan size: members 69**

- Inactive employees or beneficiaries currently receiving benefits: 61
- Inactive employees entitled to but not yet receiving benefits: 4
- Active employees: 4

**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 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.

The following corrective action plan approval criteria are partially met:

- Underfunded Status:
  - The local unit did not provide clear documentation that demonstrates the retirement system will reach 60% 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 60% if the plan's assumptions remain accurate.
- Reasonable Timeframe:
  - The administrative officer indicates the plan will achieve a funded ratio of 60% by 2035; however, the local unit did not provide clear documentation that demonstrates this. Based on other information presented in the corrective action plan, we have determined the local government may be able to achieve the 60% funded ratio within this timeframe.
- 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. However, our review indicates the plan's annual required contribution as a percentage of general fund operating revenues is 35.9%. This reflects a significant portion of the local government's budget.

**Supplemental Information:**

The City of Highland Park provided an analysis that documents the projected funding status when using an updated amortization schedule of a closed 20 year schedule. This accounts for an additional \$210,000 to be contributed from the general fund to pay the ADC, which would be combined with the court levied judgement levy that is responsible for funding the annual benefit payment. Using this projection based

**Treasury Recommendation**  
**City of Highland Park Public Safety Pension Corrective Action Plan (CAP)**  
**Primary Unit 822160**

on the increased contributions above the benefit payment amount along with decreasing liabilities, the Public Safety Pension system is projected to be 60% funded in approximately 2035. This projection shows the consent judgement amount to remain constant throughout the plan.

Public Safety Retirement									
A	B	C = F - D	D	E (C+D)	F	G	H	I = F - G - H	
210,000									
Year	Calendar Year Beginning January 1	Dedicated Revenue (Judgment Levy) [1]	General Fund Contribution [2]	Total Revenues Appropriated to Pension Expenditures	Actuarially Determined Contribution [3]	Highland Park Projected Benefit Payments [4]	Estimated Normal Cost	Net Revenues After Benefit Payments and Normal Cost	
1	2018	1,985,113	210,000	2,195,113	2,195,113	2,000,335	93,350	101,428	
2	2019	1,989,390	210,000	2,199,390	2,199,390	1,977,442	97,760	124,188	
3	2020	1,989,390	210,000	2,199,390	2,199,390	1,963,085	97,760	138,545	
4	2021	1,989,390	210,000	2,199,390	2,199,390	1,944,337	97,760	157,293	
5	2022	1,989,390	210,000	2,199,390	2,199,390	1,921,724	97,760	179,906	
6	2023	1,989,390	210,000	2,199,390	2,199,390	1,896,423	97,760	205,207	
7	2024	1,989,390	210,000	2,199,390	2,199,390	1,875,592	97,760	226,038	
8	2025	1,989,390	210,000	2,199,390	2,199,390	1,848,474	97,760	253,156	
9	2026	1,989,390	210,000	2,199,390	2,199,390	1,817,531	97,760	284,099	
10	2027	1,989,390	210,000	2,199,390	2,199,390	1,783,099	97,760	318,531	
11	2028	1,989,390	210,000	2,199,390	2,199,390	1,783,099	97,760	318,531	
12	2029	1,989,390	210,000	2,199,390	2,199,390	1,783,099	97,760	318,531	
13	2030	1,989,390	210,000	2,199,390	2,199,390	1,476,917	97,760	624,713	
14	2031	1,989,390	210,000	2,199,390	2,199,390	1,476,917	97,760	624,713	
15	2032	1,989,390	210,000	2,199,390	2,199,390	1,476,917	97,760	624,713	
16	2033	1,989,390	210,000	2,199,390	2,199,390	1,476,917	97,760	624,713	
17	2034	1,989,390	210,000	2,199,390	2,199,390	1,476,917	97,760	624,713	
18	2035	1,989,390	210,000	2,199,390	2,199,390	1,166,050	97,760	935,580	
19	2036	1,989,390	210,000	2,199,390	2,199,390	1,166,050	97,760	935,580	
20	2037	1,989,390	210,000	2,199,390	2,199,390	1,166,050	97,760	935,580	
21	2038					1,166,050		(1,166,050)	
22	2039					1,166,050		(1,166,050)	
23	2040					838,398		(838,398)	
24	2041					838,398		(838,398)	
25	2042					838,398		(838,398)	
26	2043					838,398		(838,398)	
27	2044					838,398		(838,398)	
28	2045					548,362		(548,362)	
29	2046					548,362		(548,362)	
30	2047					548,362		(548,362)	
31	2048					548,362		(548,362)	
32	2049					548,362		(548,362)	
33	2050					321,028		(321,028)	
34	2051					321,028		(321,028)	
35	2052					321,028		(321,028)	
36	2053					321,028		(321,028)	
37	2054					321,028		(321,028)	
38	2055					175,754		(175,754)	
39	2056					175,754		(175,754)	
40	2057					175,754		(175,754)	
41	2058					175,754		(175,754)	
42	2059					175,754		(175,754)	
43	2060					91,568		(91,568)	
44	2061					91,568		(91,568)	
45	2062					91,568		(91,568)	
46	2063					91,568		(91,568)	
47	2064					91,568		(91,568)	
		39,783,523	4,200,000	43,983,523	43,983,523	45,684,625	1,950,790	(3,651,892)	

[1] Amounts shown in the dedicated revenue column show the proceeds from the consent judgement levy, which assumes the specified amount is funded each July 1 to August 31.

**Treasury Recommendation**  
**City of Highland Park Public Safety Pension Corrective Action Plan (CAP)**  
**Primary Unit 822160**

System								
J = Prior L x 1.025		K = I	L = J + K		M	N = M - L	O = L/G	P = L/M
2.50%					3.20%			
Assets [5]	Deposit to PSRS Assets	Assets After Deposit into PSRS Assets	Total Pension Liability [6]	Unfunded Liability		Asset Coverage Ratio of Benefit Payments For Each Year	Funding Percentage	
524,463	101,428	625,891	31,681,209	31,055,318		0.31x	1.98%	
641,538	124,188	765,726	29,153,617	28,387,893		0.39x	2.63%	
784,869	138,545	923,414	28,109,091	27,185,676		0.47x	3.29%	
946,500	157,293	1,103,793	27,045,497	25,941,704		0.57x	4.08%	
1,131,388	178,906	1,311,294	25,966,616	24,655,322		0.68x	5.05%	
1,344,076	205,207	1,549,283	24,875,823	23,326,540		0.82x	6.23%	
1,588,015	226,038	1,814,053	23,775,427	21,961,374		0.97x	7.63%	
1,859,404	253,156	2,112,560	22,660,648	20,548,088		1.14x	9.32%	
2,165,374	284,099	2,449,473	21,537,315	19,087,842		1.35x	11.37%	
2,510,710	318,531	2,829,241	20,408,978	17,579,737		1.59x	13.86%	
2,899,972	318,531	3,218,503	19,278,956	16,060,463		1.81x	16.69%	
3,298,966	318,531	3,617,497	18,112,794	14,495,298		2.03x	19.97%	
3,707,934	624,713	4,332,647	16,909,305	12,576,658		2.93x	25.62%	
4,440,963	624,713	5,065,676	15,973,486	10,907,809		3.43x	31.71%	
5,192,318	624,713	5,817,031	15,007,720	9,190,689		3.94x	38.76%	
5,962,457	624,713	6,587,170	14,011,050	7,423,880		4.46x	47.01%	
6,751,849	624,713	7,376,562	12,982,487	5,605,924		4.99x	56.82%	
7,560,976	935,580	8,496,556	11,921,009	3,424,453		7.29x	71.27%	
8,708,970	935,580	9,644,550	11,136,432	1,491,881		8.27x	86.60%	
9,885,664	935,580	10,821,244	10,326,747	(494,497)		9.28x	104.79%	
11,091,775	(1,166,050)	9,925,725	9,491,153	(434,572)		8.51x	104.58%	
10,173,868	(1,166,050)	9,007,818	8,628,820	(378,998)		7.73x	104.39%	
9,233,014	(838,398)	8,394,616	7,738,892	(655,723)		10.01x	108.47%	
8,504,481	(838,398)	7,666,083	7,148,139	(617,944)		9.26x	108.64%	
7,960,235	(838,398)	7,121,837	6,538,481	(583,356)		8.49x	108.52%	
7,293,883	(838,398)	6,461,485	5,909,315	(552,170)		7.71x	109.34%	
6,623,022	(838,398)	5,784,624	5,260,015	(524,609)		6.9x	109.97%	
5,929,240	(548,362)	5,380,878	4,589,937	(790,940)		9.81x	117.23%	
5,515,400	(548,362)	4,967,038	4,188,453	(778,584)		9.06x	118.59%	
5,091,214	(548,362)	4,542,852	3,774,122	(768,730)		8.28x	120.37%	
4,656,423	(548,362)	4,108,061	3,346,532	(761,529)		7.49x	122.76%	
4,210,763	(548,362)	3,662,401	2,905,259	(757,142)		6.68x	126.06%	
3,753,961	(321,028)	3,432,933	2,449,865	(983,067)		10.69x	140.13%	
3,518,756	(321,028)	3,197,728	2,207,233	(990,495)		9.96x	144.87%	
3,277,671	(321,028)	2,956,643	1,956,836	(999,807)		9.21x	151.09%	
3,030,559	(321,028)	2,709,531	1,698,437	(1,011,104)		8.44x	159.53%	
2,777,270	(321,028)	2,456,242	1,431,749	(1,024,493)		7.65x	171.56%	
2,517,648	(175,754)	2,341,894	1,156,537	(1,185,357)		13.32x	202.49%	
2,400,441	(175,754)	2,224,687	1,017,792	(1,206,895)		12.66x	218.58%	
2,280,304	(175,754)	2,104,550	874,607	(1,229,943)		11.97x	240.63%	
2,157,164	(175,754)	1,981,410	726,841	(1,254,569)		11.27x	272.61%	
2,030,945	(175,754)	1,855,191	574,346	(1,280,846)		10.56x	323.01%	
1,901,571	(91,568)	1,810,003	416,971	(1,393,032)		19.77x	434.08%	
1,855,253	(91,568)	1,763,685	338,746	(1,424,939)		19.26x	520.65%	
1,807,777	(91,568)	1,716,209	258,018	(1,458,192)		18.74x	665.15%	
1,759,114	(91,568)	1,667,546	174,706	(1,492,840)		18.21x	954.49%	
1,709,235	(91,568)	1,617,667	88,729	(1,528,938)		17.67x	1823.16%	

The Community Engagement and Finance Division (CEFD) contact:

- None Noted.

**Treasury Recommendation**  
**City of Highland Park General Employees Pension Corrective Action Plan (CAP)**  
**Primary Unit 822160**

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
General Employees	Pension	\$230,925	\$6,173,544	2.0%	\$872,000	\$16,874,119	32.6%	Yes
Public Safety	Pension	\$652,623	\$31,847,236	3.7%	\$4,032,000			Yes
Police and Firemen	Pension	\$295,487	\$4,052,265	7.3%	\$594,000			Yes
Retiree Medical	OPEB	\$0	\$24,087,834	0.0%	\$557,966		3.3%	No
<b>Total</b>		<b>\$1,179,035</b>	<b>\$66,160,879</b>		<b>\$6,055,966</b>	<b>\$16,874,119</b>	<b>35.9%</b>	

**Source: Retirement Report 2017, Audited Financial Statements**

**Staff Recommendation:** Approval of the General Employees' pension corrective action plan submitted by City of Highland Park, which was received by the Municipal Stability Board (the Board) on 8/21/2019. 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 plan is closed to new hires.
- Plan Funding:
  - None Listed.
- Other Considerations:
  - On October 30, 2014 the City was ordered a consent judgment levy, which required the City to levy annually an amount necessary to fund the expected benefit payments needed to participants within the plan. This gives the plan a dedicated source of revenue to ensure all benefits will be paid in their entirety each year. Please see attached for the Order of Consent and Writ of Mandamus in their full corrective action plan.

**Prospective Changes:**

- Modern Plan Design:
  - None Listed.
- Plan Funding:
  - An analysis was performed indicating that the City could provide an additional \$20,000 annually to achieve a 60% funding ratio by 2026, which would be sustainable and feasible. Providing this in addition to the dedicated levy revenue for of current benefit payments would allow for sustainability in the City's pension funds.
- Other Considerations:
  - The City's actuary performed a study on the assumptions and calculation of the Actuarially Determined Contribution, and provided a report dated July 19, 2019 in which the amortization period was changed from an 8 year open amortization to a 10 year closed amortization, which allows the system to reach over 60% funding by 2026.

**Treasury Recommendation**  
**City of Highland Park General Employees Pension Corrective Action Plan (CAP)**  
**Primary Unit 822160**

**System Status for All Divisions: CLOSED**

**Plan size: members 53**

- Inactive employees or beneficiaries currently receiving benefits: 52
- Inactive employees entitled to but not yet receiving benefits: 1
- 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 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.

The following corrective action plan approval criteria are partially met:

- Underfunded Status:
  - The local unit did not provide clear documentation that demonstrates the retirement system will reach 60% 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 60% if the plan's assumptions remain accurate.
- Reasonable Timeframe:
  - The administrative officer indicates the plan will achieve a funded ratio of 60% by 2026; however, the local unit did not provide clear documentation that demonstrates this. Based on other information presented in the corrective action plan, we have determined the local government may be able to achieve the 60% funded ratio within this timeframe.
- 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. However, our review indicates the plan's annual required contribution as a percentage of general fund operating revenues is 35.9%. This reflects a significant portion of the local government's budget.

**Supplemental Information:**

The City of Highland Park provided an analysis that documents the projected funding status when using an updated amortization schedule of a closed 10 year schedule. This accounts for an additional \$20,000 to be contributed from the general fund to pay the ADC, which would be combined with the court levied judgement levy that is responsible for funding the annual benefit payment. Using this projection based

**Treasury Recommendation**  
**City of Highland Park General Employees Pension Corrective Action Plan (CAP)**  
**Primary Unit 822160**

on the increased contributions above the benefit payment amount along with decreasing liabilities, the General Employees Pension system is projected to be 60% funded in approximately 2026. This projection shows the consent judgement amount to remain constant throughout the plan.

General Employees Retirement										
A	B	C = F - D		D	E (C+D)		F	G	H	I = F - G - H
210,000										
Year	Calendar Year Beginning January 1	Dedicated Revenue (Judgment Levy) [1]	General Fund Contribution [2]	Total Revenues Appropriated to Pension Expenditures	Actuarially Determined Contribution [3]	Highland Park Projected Benefit Payments [4]	Estimated Normal Cost	Net Revenues After Benefit Payments and Normal Cost		
1	2018	596,447	20,000	616,447	616,447	594,214	-	22,233		
2	2019	596,447	20,000	616,447	616,447	555,893	-	60,554		
3	2020	596,447	20,000	616,447	616,447	519,217	-	97,230		
4	2021	596,447	20,000	616,447	616,447	484,240	-	132,207		
5	2022	596,447	20,000	616,447	616,447	451,001	-	165,446		
6	2023	596,447	20,000	616,447	616,447	419,501	-	196,946		
7	2024	596,447	20,000	616,447	616,447	389,716	-	226,731		
8	2025	596,447	20,000	616,447	616,447	361,593	-	254,854		
9	2026	596,447	20,000	616,447	616,447	335,067	-	281,380		
10	2027	596,447	20,000	616,447	616,447	310,075	-	306,372		
11	2028					310,075	-	(310,075)		
12	2029					310,075	-	(310,075)		
13	2030					194,853	-	(194,853)		
14	2031					194,853	-	(194,853)		
15	2032					194,853	-	(194,853)		
16	2033					194,853	-	(194,853)		
17	2034					194,853	-	(194,853)		
18	2035					110,819	-	(110,819)		
19	2036					110,819	-	(110,819)		
20	2037					110,819	-	(110,819)		
21	2038					110,819	-	(110,819)		
22	2039					110,819	-	(110,819)		
23	2040					58,053	-	(58,053)		
24	2041					58,053	-	(58,053)		
25	2042					58,053	-	(58,053)		
26	2043					58,053	-	(58,053)		
27	2044					58,053	-	(58,053)		
28	2045					30,129	-	(30,129)		
29	2046					30,129	-	(30,129)		
30	2047					30,129	-	(30,129)		
31	2048					30,129	-	(30,129)		
32	2049					30,129	-	(30,129)		
33	2050					17,965	-	(17,965)		
34	2051					17,965	-	(17,965)		
35	2052					17,965	-	(17,965)		
36	2053					17,965	-	(17,965)		
37	2054					17,965	-	(17,965)		
38	2055					13,390	-	(13,390)		
39	2056					13,390	-	(13,390)		
40	2057					13,390	-	(13,390)		
41	2058					13,390	-	(13,390)		
42	2059					13,390	-	(13,390)		
43	2060					11,292	-	(11,292)		
44	2061					11,292	-	(11,292)		
45	2062					11,292	-	(11,292)		
46	2063					11,292	-	(11,292)		
47	2064					11,292	-	(11,292)		
		5,964,470	200,000	6,164,470	6,164,470	7,223,172	-	(1,058,702)		

**Treasury Recommendation**  
**City of Highland Park General Employees Pension Corrective Action Plan (CAP)**  
**Primary Unit 822160**

nt System						
J = Prior L x 1.025	K = I	L = J + K	M	N = M - L	O = L/G	P = L/M
2.50%			3.20%			
Assets [5]	Deposit to GERS Assets	Assets After Deposit into GERS Assets	Total Pension Liability [6]	Unfunded Liability	Asset Coverage Ratio of Benefit Payments For Each Year	Funding Percentage
352,000	22,233	374,233	5,638,826	5,264,593	0.63x	6.64%
383,589	60,554	444,143	4,968,727	4,524,584	0.8x	8.94%
455,246	97,230	552,476	4,571,833	4,019,357	1.06x	12.08%
566,288	132,207	698,495	4,198,915	3,500,419	1.44x	16.64%
715,958	165,446	881,404	3,849,040	2,967,636	1.95x	22.90%
903,439	196,946	1,100,385	3,521,208	2,420,824	2.62x	31.25%
1,127,894	226,731	1,354,625	3,214,386	1,859,761	3.48x	42.14%
1,388,491	254,854	1,643,345	2,927,530	1,284,185	4.54x	56.13%
1,684,429	281,380	1,965,809	2,659,618	693,810	5.87x	73.91%
2,014,954	306,372	2,321,326	2,409,659	88,333	7.49x	96.33%
2,379,359	(310,075)	2,069,284	2,176,693	107,409	6.67x	95.07%
2,121,016	(310,075)	1,810,941	1,936,272	125,331	5.84x	93.53%
1,856,215	(194,853)	1,661,362	1,688,158	26,796	8.53x	98.41%
1,702,896	(194,853)	1,508,043	1,547,326	39,283	7.74x	97.46%
1,545,744	(194,853)	1,350,891	1,401,988	51,097	6.93x	96.36%
1,384,663	(194,853)	1,189,810	1,251,998	62,188	6.11x	95.03%
1,219,555	(194,853)	1,024,702	1,097,209	72,507	5.26x	93.39%
1,050,320	(110,819)	939,501	937,467	(2,034)	8.48x	100.22%
962,988	(110,819)	852,169	856,647	4,477	7.69x	99.48%
873,474	(110,819)	762,655	773,240	10,586	6.88x	98.63%
781,721	(110,819)	670,902	687,165	16,263	6.05x	97.63%
687,675	(110,819)	576,856	598,335	21,480	5.21x	96.41%
591,277	(58,053)	533,224	506,663	(26,561)	9.19x	105.24%
546,554	(58,053)	488,501	464,823	(23,678)	8.41x	105.09%
500,714	(58,053)	442,661	421,645	(21,016)	7.63x	104.98%
453,728	(58,053)	395,675	377,084	(18,590)	6.82x	104.93%
405,566	(58,053)	347,513	331,098	(16,415)	5.99x	104.96%
356,201	(30,129)	326,072	283,640	(42,432)	10.82x	114.96%
334,224	(30,129)	304,095	262,588	(41,507)	10.09x	115.81%
311,697	(30,129)	281,568	240,861	(40,707)	9.35x	116.90%
288,608	(30,129)	258,479	218,440	(40,039)	8.58x	118.33%
264,941	(30,129)	234,812	195,301	(39,511)	7.79x	120.23%
240,682	(17,965)	222,717	171,422	(51,295)	12.4x	129.92%
228,285	(17,965)	210,320	158,942	(51,378)	11.71x	132.32%
215,578	(17,965)	197,613	146,063	(51,549)	11x	135.29%
202,553	(17,965)	184,588	132,772	(51,816)	10.27x	139.03%
189,203	(17,965)	171,238	119,056	(52,182)	9.53x	143.83%
175,519	(13,390)	162,129	104,901	(57,228)	12.11x	154.55%
166,182	(13,390)	152,792	94,868	(57,924)	11.41x	161.06%
156,612	(13,390)	143,222	84,514	(58,708)	10.7x	169.47%
146,802	(13,390)	133,412	73,828	(59,584)	9.96x	180.71%
136,748	(13,390)	123,358	62,800	(60,557)	9.21x	196.43%
126,442	(11,292)	115,150	51,420	(63,730)	10.2x	223.94%
118,028	(11,292)	106,736	41,774	(64,963)	9.45x	255.51%
109,405	(11,292)	98,113	31,818	(66,295)	8.69x	308.35%
100,566	(11,292)	89,274	21,544	(67,729)	7.91x	414.37%
91,505	(11,292)	80,213	10,942	(69,272)	7.1x	733.09%

The Community Engagement and Finance Division (CEFD) contact:

- None Noted.

**Treasury Recommendation**  
**City of Highland Park Police and Firemen Pension Corrective Action Plan (CAP)**  
**Primary Unit 822160**

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
General Employees	Pension	\$230,925	\$6,173,544	2.0%	\$872,000	\$16,874,119	32.6%	Yes
Public Safety	Pension	\$652,623	\$31,847,236	3.7%	\$4,032,000			Yes
Police and Firemen	Pension	\$295,487	\$4,052,265	7.3%	\$594,000			Yes
Retiree Medical	OPEB	\$0	\$24,087,834	0.0%	\$557,966		3.3%	No
<b>Total</b>		<b>\$1,179,035</b>	<b>\$66,160,879</b>		<b>\$6,055,966</b>	<b>\$16,874,119</b>	<b>35.9%</b>	

**Source: Retirement Report 2017, Audited Financial Statements**

**Staff Recommendation:** Approval of the Police and Firemen pension corrective action plan submitted by the City of Highland Park, which was received by the Municipal Stability Board (the Board) on 8/21/2019. 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 plan is closed to new hires.
- Plan Funding:
  - None Listed.
- Other Considerations:
  - On October 30, 2014 the City was ordered a consent judgment levy, which required the City to levy annually an amount necessary to fund the expected benefit payments needed to participants within the plan. This gives the plan a dedicated source of revenue to ensure all benefits will be paid in their entirety each year. Please see attached for the Order of Consent and Writ of Mandamus in their full corrective action plan.

**Prospective Changes:**

- Modern Plan Design:
  - None Listed.
- Plan Funding:
  - An analysis was performed indicating that the City could provide an additional \$30,000 annually to achieve a 60% funding ratio by 2027, which would be sustainable and feasible. Providing this in addition to the dedicated levy revenue for of current benefit payments would allow for sustainability in the City's pension funds.
- Other Considerations:
  - The City's actuary performed a study on the assumptions and calculation of the Actuarially Determined Contribution, and provided a report dated July 19, 2019 in which the amortization period was changed from an 8 year open amortization to a 7 year closed amortization, which allows the system to reach over 60% funding by 2023.

**Treasury Recommendation**  
**City of Highland Park Police and Firemen Pension Corrective Action Plan (CAP)**  
**Primary Unit 822160**

**System Status for All Divisions: CLOSED**

**Plan size: members 45**

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

The following corrective action plan approval criteria are partially met:

- Underfunded Status:
  - The local unit did not provide clear documentation that demonstrates the retirement system will reach 60% 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 60% if the plan's assumptions remain accurate.
- Reasonable Timeframe:
  - The administrative officer indicates the plan will achieve a funded ratio of 60% by 2023; however, the local unit did not provide clear documentation that demonstrates this. Based on other information presented in the corrective action plan, we have determined the local government may be able to achieve the 60% funded ratio within this timeframe.
- 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. However, our review indicates the plan's annual required contribution as a percentage of general fund operating revenues is 35.9%. This reflects a significant portion of the local government's budget.

**Supplemental Information:**

The City of Highland Park provided an analysis that documents the projected funding status when using an updated amortization schedule of a closed 7 year schedule. This accounts for an additional \$30,000 to be contributed from the general fund to pay the ADC, which would be combined with the court levied judgement levy that is responsible for funding the annual benefit payment. Using this projection based

**Treasury Recommendation**  
**City of Highland Park Police and Firemen Pension Corrective Action Plan (CAP)**  
**Primary Unit 822160**

on the increased contributions above the benefit payment amount along with decreasing liabilities, the Police and Firemen's Pension system is projected to be 60% funded in approximately 2023. This projection shows the consent judgement amount to remain constant throughout the plan.

Police & Fire Retirement System									
A	B	C = F - D		D	E (C+D)	F	G	H	I = F - G - H
210,000									
Year	Calendar Year Beginning January 1	Dedicated Revenue (Judgment Levy) [1]	General Fund Contribution [2]	Total Revenues Appropriated to Pension Expenditures	Actuarially Determined Contribution [3]	Highland Park Projected Benefit Payments [4]	Estimated Normal Cost	Net Revenues After Benefit Payments and Normal Cost	
1	2018	539,191	30,000	569,191	569,191	529,358	-	39,833	
2	2019	539,191	30,000	569,191	569,191	491,643	-	77,548	
3	2020	539,191	30,000	569,191	569,191	452,916	-	116,275	
4	2021	539,191	30,000	569,191	569,191	414,223	-	154,968	
5	2022	539,191	30,000	569,191	569,191	376,292	-	192,899	
6	2023	539,191	30,000	569,191	569,191	339,634	-	229,557	
7	2024	539,191	30,000	569,191	569,191	304,605	-	264,586	
8	2025	539,191	30,000	569,191	569,191	271,450	-	297,741	
9	2026					240,338	-	(240,338)	
10	2027					211,383	-	(211,383)	
11	2028					211,383	-	(211,383)	
12	2029					211,383	-	(211,383)	
13	2030					90,829	-	(90,829)	
14	2031					90,829	-	(90,829)	
15	2032					90,829	-	(90,829)	
16	2033					90,829	-	(90,829)	
17	2034					90,829	-	(90,829)	
18	2035					32,135	-	(32,135)	
19	2036					32,135	-	(32,135)	
20	2037					32,135	-	(32,135)	
21	2038					32,135	-	(32,135)	
22	2039					32,135	-	(32,135)	
23	2040					8,430	-	(8,430)	
24	2041					8,430	-	(8,430)	
25	2042					8,430	-	(8,430)	
26	2043					8,430	-	(8,430)	
27	2044					8,430	-	(8,430)	
28	2045					1,729	-	(1,729)	
29	2046					1,729	-	(1,729)	
30	2047					1,729	-	(1,729)	
31	2048					1,729	-	(1,729)	
32	2049					1,729	-	(1,729)	
33	2050					311	-	(311)	
34	2051					311	-	(311)	
35	2052					311	-	(311)	
36	2053					311	-	(311)	
37	2054					311	-	(311)	
38	2055					39	-	(39)	
39	2056					39	-	(39)	
40	2057					39	-	(39)	
41	2058					39	-	(39)	
42	2059					39	-	(39)	
43	2060					2	-	(2)	
44	2061					2	-	(2)	
45	2062					2	-	(2)	
46	2063					2	-	(2)	
47	2064					2	-	(2)	
		4,313,528	240,000	4,553,528	4,553,528	4,721,983	-	(168,455)	

**Treasury Recommendation**  
**City of Highland Park Police and Firemen Pension Corrective Action Plan (CAP)**  
**Primary Unit 822160**

System		J = Prior L x 1.025	K = I	L = J + K	M	N = M - L	O = L/G	P = L/M
		2.50%			3.20%			
Assets [5]	Deposit to PFRS Assets	Assets After Deposit into PFRS Assets	Total Pension Liability [6]	Unfunded Liability	Asset Coverage Ratio of Benefit Payments For Each Year	Funding Percentage		
352,000	39,833	391,833	5,638,826	5,246,993	0.74x	6.95%		
401,629	77,548	479,177	3,424,836	2,945,660	0.97x	13.99%		
491,156	116,275	607,431	3,042,788	2,435,357	1.34x	19.96%		
622,617	154,968	777,585	2,687,241	1,909,656	1.88x	28.94%		
797,025	192,899	989,924	2,359,010	1,369,086	2.63x	41.96%		
1,014,672	229,557	1,244,229	2,058,206	813,978	3.66x	60.45%		
1,275,334	264,586	1,539,920	1,764,435	244,515	5.06x	86.30%		
1,578,418	297,741	1,876,159	1,536,932	(339,228)	6.91x	122.07%		
1,923,063	(240,338)	1,682,725	1,314,664	(368,062)	7x	128.00%		
1,724,794	(211,383)	1,513,411	1,116,395	(397,016)	7.16x	135.56%		
1,551,246	(211,383)	1,339,863	940,737	(399,126)	6.34x	142.43%		
1,373,359	(211,383)	1,161,976	759,457	(402,519)	5.5x	153.00%		
1,191,026	(90,829)	1,100,197	572,377	(527,820)	12.11x	192.22%		
1,127,702	(90,829)	1,036,873	499,864	(537,009)	11.42x	207.43%		
1,062,795	(90,829)	971,966	425,031	(546,935)	10.7x	228.68%		
996,265	(90,829)	905,436	347,803	(557,633)	9.97x	260.33%		
928,072	(90,829)	837,243	268,103	(569,139)	9.22x	312.28%		
858,174	(32,135)	826,039	185,854	(640,185)	25.71x	444.46%		
846,690	(32,135)	814,555	159,666	(654,889)	25.35x	510.16%		
834,919	(32,135)	802,784	132,640	(670,143)	24.98x	605.23%		
822,853	(32,135)	790,718	104,750	(685,968)	24.61x	754.86%		
810,486	(32,135)	778,351	75,967	(702,384)	24.22x	1024.60%		
797,810	(8,430)	789,380	46,263	(743,117)	93.64x	1706.30%		
809,114	(8,430)	800,684	39,313	(761,371)	94.98x	2036.69%		
820,701	(8,430)	812,171	32,141	(780,130)	96.35x	2527.21%		
832,578	(8,430)	824,148	24,740	(799,409)	97.76x	3331.30%		
844,752	(8,430)	836,322	17,101	(819,221)	99.21x	4890.44%		
857,230	(1,729)	855,501	9,218	(846,283)	494.8x	9280.35%		
876,889	(1,729)	875,160	7,784	(867,375)	506.17x	11242.48%		
897,038	(1,729)	895,309	6,305	(889,005)	517.82x	14201.11%		
917,692	(1,729)	915,963	4,777	(911,186)	529.76x	19173.46%		
938,862	(1,729)	937,133	3,201	(933,932)	542.01x	29275.19%		
960,562	(311)	960,251	1,575	(958,676)	3087.62x	60985.60%		
984,257	(311)	983,946	1,314	(982,632)	3163.81x	74885.21%		
1,008,545	(311)	1,008,234	1,045	(1,007,189)	3241.91x	96483.07%		
1,033,439	(311)	1,033,128	767	(1,032,361)	3321.96x	134622.82%		
1,058,957	(311)	1,058,646	481	(1,058,165)	3404.01x	220100.87%		
1,085,112	(39)	1,085,073	185	(1,084,887)	27822.38x	585344.24%		
1,112,200	(39)	1,112,161	152	(1,112,008)	28516.94x	730217.47%		
1,139,965	(39)	1,139,926	118	(1,139,807)	29228.86x	964574.10%		
1,168,424	(39)	1,168,385	83	(1,168,302)	29958.58x	1408355.98%		
1,197,594	(39)	1,197,555	47	(1,197,509)	30706.55x	2568998.86%		
1,227,494	(2)	1,227,492	9	(1,227,483)	613746.11x	13478049.24%		
1,258,180	(2)	1,258,178	7	(1,258,170)	629088.76x	17005206.41%		
1,289,632	(2)	1,289,630	6	(1,289,624)	644814.98x	22883878.78%		
1,321,871	(2)	1,321,869	4	(1,321,865)	660934.35x	34641286.86%		
1,354,915	(2)	1,354,913	2	(1,354,911)	677456.71x	69913532.73%		

The Community Engagement and Finance Division (CEFD) contact:

- None Noted.

**Treasury Recommendation**  
**Iosco County Road Commission OPEB Corrective Action Plan (CAP)**  
**Non-Primary Unit 350100**

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
MERS	Pension	\$8,647,101	\$11,588,958	74.6%	\$214,896	\$7,993,823	2.7%	NO
Iosco County Road Commission	OPEB	\$0	\$295,429	0.0%	\$24,031		0.3%	YES
<b>Total</b>		<b>\$8,647,101</b>	<b>\$11,884,387</b>		<b>\$238,927</b>	<b>\$7,993,823</b>	<b>3.0%</b>	

**Source: Retirement Report 2017, Audited Financial Statements**

**Staff Recommendation:** Approval of the OPEB corrective action plan submitted by Iosco County Road Commission, which was received by the Municipal Stability Board (the Board) on 8/21/2019. 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:
  - The Iosco County Road Commission has created an IRS Section 115 Trust through Municipal Employees' Retirement System to receive, invest and accumulate assets for post retirement health care. The road commission will deposit funds in the amount of \$372,000 to reach a funding level of 100% by August 1, 2019.
- Other Considerations:
  - None Listed.

**System Status for All Divisions: OPEN**

**Plan size: members 53**

- Inactive employees or beneficiaries currently receiving benefits: 24
- Inactive employees entitled to but not yet receiving benefits: 0
- Active employees: 29

**Treasury Recommendation**  
**Iosco County Road Commission OPEB Corrective Action Plan (CAP)**  
**Non-Primary Unit 350100**

**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 within a reasonable timeframe, as demonstrated by the internal analysis/actuarial projection/ actuarial valuation found in the corrective action plan within a reasonable timeframe.
- 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 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 has included the resolution for the MERS trust fund. The local government did not provide documentation indicating if the normal cost payment has been paid for employees hired after 6/30/2018.

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

- None Noted.

**Treasury Recommendation  
Martha T. Berry MCF Pension Corrective Action Plan (CAP)  
Non-Primary Unit 507568**

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
MCERS - Pension	Pension	\$17,968,922	\$19,220,493	93.5%	\$603,959	\$29,682,802	2.0%	YES
Retiree Health Care Trust	OPEB	\$15,650,601	\$32,814,328	47.7%	\$1,982,739		6.7%	YES
<b>Total</b>		<b>\$33,619,523</b>	<b>\$52,034,821</b>		<b>\$2,586,698</b>	<b>\$29,682,802</b>	<b>8.7%</b>	

**Source: Retirement Report 2017, Audited Financial Statements**

**Staff Recommendation:** Approval of the pension corrective action plan submitted by Martha T. Berry MCF, which was received by the Municipal Stability Board (the Board) on 8/21/2019. 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:
  - Please review the report that was submitted for year 2018 by County of Macomb in which it states the plan in not underfunded. We also are a component of County of Macomb who manages the Macomb County Employee's Retirement System. We have no ability to report on or change how the plan is funded.

**Prospective Changes:**

- Modern Plan Design:
  - None Listed.
- Plan Funding:
  - None Listed.
- Other Considerations:
  - Please review the corrective action plan that was submitted for year 2018 by County of Macomb in which it states the plan in not underfunded. We also are a component of County of Macomb who manages the Macomb County Employee's Retirement System. We have no ability to report on or change how the plan is funded.
  - There was no corrective action required as we already had the plan funded. This was just a result of late filing.

**System Status for All Divisions: CLOSED**

**Treasury Recommendation**  
**Martha T. Berry MCF Pension Corrective Action Plan (CAP)**  
**Non-Primary Unit 507568**

**Plan size: members 240**

- Inactive employees or beneficiaries currently receiving benefits: 175
- Inactive employees entitled to but not yet receiving benefits: 11
- Active employees: 54

**Corrective Action Plan Criteria:**

The following corrective action plan approval criteria are met:

- Underfunded Status:
  - The local government has demonstrated through supporting documentation that it has already reached the PA 202 established funding level of 60% funded.
- Reasonable Timeframe:
  - The corrective action plan demonstrates through supporting documentation that it has already reached the PA 202 established funding level of 60%.
- 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 submitted the Form 5572 submission indicating that they are not underfunded.

**Public Act 202 of 2017 Pension Report**

Enter Local Unit Name	Martha T Berry Medical Care Facility	<b>Instructions/Questions:</b> For a list of detailed instructions on how to complete and submit this form, visit <a href="http://michigan.gov/LocalRetirementReporting">michigan.gov/LocalRetirementReporting</a> . For questions, please email <a href="mailto:LocalRetirementReporting@michigan.gov">LocalRetirementReporting@michigan.gov</a> . <a href="#">Return this original Excel file. Do not submit a scanned image or PDF.</a>
Enter Six-Digit Municode	507568	
Unit Type	Authority	
Fiscal Year (four-digit year only, e.g. 2018)	2018	
Contact Name (Chief Administrative Officer)	Kevin Evans	
Title if not CAO		
CAO (or designee) Email Address	<a href="mailto:kevin.evans@mcmcb.org">kevin.evans@mcmcb.org</a>	
Contact Telephone Number	586.469.6981	
Pension System Name (not division) 1	Macomb County Employees' Retirement System (MCERS)	If your pension system is separated by divisions, you would only enter one system. For example, one could have different divisions of the same system for union and non-union employees. However, these would be only one system and should be reported as such on this form.
Pension System Name (not division) 2		
Pension System Name (not division) 3		
Pension System Name (not division) 4		
Pension System Name (not division) 5		

Line	Description	Source of Data	Statute Reference	System 1
1	Provide the name of your retirement pension system	Calculated From Above	Sec. 5(6)	Macomb County
2	Enter retirement pension system's assets (system fiduciary net position)	Most Recent Audit Report	Sec. 5(4)(b)	17,968,922
3	Enter retirement pension system's liabilities (total pension liability)	Most Recent Audit Report	Sec. 5(4)(b)	19,220,493
4	Date (system year ending) of valuation of system's assets and liabilities (e.g. 12/31/2017)	Most Recent Audit Report	Sec. 5(6)	12/31/16
5	Actuarially Determined Contribution (ADC)	Most Recent Audit Report	Sec. 5(4)(b)	603,959
6	Governmental Fund Revenues	Most Recent Audit Report	Sec. 5(4)(b)	29,682,802
<b>7</b>	<b>Pension Trigger Summary</b>			
8	Is this unit a primary unit (County, Township, City, Village)?	From Municode		NO
9	Funded ratio	Calculated	Sec. 5(4)(b)	93.5%
10	All systems combined ADC/Governmental fund revenues	Calculated	Sec. 5(4)(b)	2.0%
11	Does this system trigger "underfunded status" as defined by PA 202 of 2017?	Primary units trigger: Less than 60% funded AND greater than 10% ADC/Governmental fund revenues. Non-Primary units trigger: Less than 60% funded		NO

**Treasury Recommendation**  
**Martha T. Berry MCF Pension Corrective Action Plan (CAP)**  
**Non-Primary Unit 507568**

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

- None Noted.

**Treasury Recommendation**  
**Martha T. Berry Medical Care Facility OPEB Corrective Action Plan (CAP)**  
**Non-Primary Unit 507568**

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
MCERS - Pension	Pension	\$17,968,922	\$19,220,493	93.5%	\$603,959	\$29,682,802	2.0%	YES
Retiree Health Care Trust	OPEB	\$15,650,601	\$32,814,328	47.7%	\$1,982,739		6.7%	YES
<b>Total</b>		<b>\$33,619,523</b>	<b>\$52,034,821</b>		<b>\$2,586,698</b>	<b>\$29,682,802</b>	<b>8.7%</b>	

**Source: Retirement Report 2017, Audited Financial Statements**

**Staff Recommendation:** Approval of the OPEB corrective action plan submitted by Martha T. Berry Medical Care Facility, which was received by the Municipal Stability Board (the Board) on 8/21/2019. 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:
  - Please review the report that was submitted for year 2018 by County of Macomb in which it states the plan is not underfunded. We also are a component of County of Macomb who manages the Macomb County Employee's Retirement System. We have no ability to report on or change how the plan is funded.

**Prospective Changes:**

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

**System Status for All Divisions:**

**Treasury Recommendation  
Martha T. Berry Medical Care Facility OPEB Corrective Action Plan (CAP)  
Non-Primary Unit 507568**

**Corrective Action Plan Criteria:**

The following corrective action plan approval criteria are met:

- Underfunded Status:
  - The local government has demonstrated through supporting documentation that it has already reached the PA 202 established funding level of 40% funded.
- 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 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 submitted the Form 5572 submission indicating that they are not underfunded.

Michigan Department of Treasury  
5572 (09-18)

**Public Act 202 of 2017 Health Care (OPEB) Report**

Enter Local Unit Name	Martha T Berry Medical Care Facility	<b>Instructions/Questions:</b> For a list of detailed instructions on how to complete and submit this form, visit <a href="http://michigan.gov/LocalRetirementReporting">michigan.gov/LocalRetirementReporting</a> . For questions, please email <a href="mailto:LocalRetirementReporting@michigan.gov">LocalRetirementReporting@michigan.gov</a> . Return this original Excel file. Do not submit a scanned image or PDF.
Enter Six-Digit Municode	507568	
Unit Type	Authority	
Fiscal Year (four-digit year only, e.g. 2018)	2018	
Contact Name (Chief Administrative Officer)	Kevin Evans	
Title if not CAO		
CAO (or designee) Email Address	kevin.evans@mcmcb.org	
Contact Telephone Number	586.469.6981	
OPEB System Name (not division) 1	Retiree Health Care Trust Fund	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	Description	Source of Data	Statute Reference	System 1
1	Provide the name of your retirement health care system	Calculated From Above	Sec. 5(6)	Retiree Health Care Trust Fund
2	Enter retirement health care system's assets (system fiduciary net position)	Most Recent Audit Report	Sec. 5(4)(a)	15,650,601
3	Enter retirement health care system's liabilities (total OPEB liability)	Most Recent Audit Report	Sec. 5(4)(a)	32,814,328
4	Date (system year ending) of valuation of system's assets and liabilities (e.g. 12/31/2017)	Most Recent Audit Report	Sec. 5(6)	12/31/16
5	Actuarially Determined Contribution (ADC)	Most Recent Audit Report	Sec. 5(4)(a)	1,982,739
5a	Do the financial statements include an ADC calculated in compliance with <a href="#">numbered Letter 2018-3?</a>	Most Recent Audit Report	Sec. 5(4)(a)	YES
6	Governmental Fund Revenues	Most Recent Audit Report	Sec. 5(4)(a)	29,682,802
<b>7</b>	<b>Health Care Trigger Summary</b>			
8	Is this unit a primary unit (County, Township, City, Village)?	From Municode		NO
9	Funded ratio	Calculated	Sec. 5(4)(a)	47.7%
10	All systems combined ADC/Governmental fund revenues	Calculated	Sec. 5(4)(a)	6.7%
11	Did the local government pay the retiree insurance premiums for the year?	Accounting Records	Sec. 4(1)(ii)	YES
12	Did the local government pay the normal cost for employees hired after June 30, 2018?	Accounting Records	Sec. 4(1)(i)	YES
13	Does this system trigger "underfunded status" as defined by PA 202 of 2017?	Primary units trigger: Less than 40% funded AND greater than 12% ADC/Governmental fund revenues. If No ADC is provided, will trigger if less than 40% funded. Non-Primary units trigger: Less than 40% funded. All units trigger: Failure to make required retirement system payments.	Sec. 5(4)(a)	NO

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

- None Noted

**Treasury Recommendation  
Monroe Community Mental Health Authority OPEB Corrective Action Plan (CAP)  
Non-Primary Unit 587515**

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
MERS	Pension	\$13,079,556	\$19,417,194	67.4%	\$605,211	\$33,147,616	1.8%	NO
Defined Benefit Healthcare Plan	OPEB	\$2,120,089	\$10,335,973	20.5%	\$491,302		1.5%	YES
<b>Total</b>		<b>\$15,199,645</b>	<b>\$29,753,167</b>		<b>\$1,096,513</b>	<b>\$33,147,616</b>	<b>3.3%</b>	

**Source: Retirement Report 2017, Audited Financial Statements**

**Staff Recommendation:** Disapproval of the OPEB corrective action plan submitted by Monroe Community Mental Health Authority, which was received by the Municipal Stability Board (the Board) on 8/21/2019. If disapproved, Monroe Community Mental Health Authority, will receive a detailed letter from the Board listing the reasons for disapproval. Monroe Community Mental Health Authority will have 60 days from the date of the notification to address the reason for disapproval and resubmit a corrective action plan for approval.

**Changes Made:**

- Modern Plan Design:
  - Closed plan to new hires July 2012. Moved from a 8% return on investment to a 7% return in compliance with the standard rate of return in order to increase the contribution.
- Plan Funding:
  - None Listed.
- Other Considerations:
  - None Listed.

**Prospective Changes:**

- Modern Plan Design:
  - None Listed.
- Plan Funding:
  - None Listed.
- Other Considerations:
  - Use current statements to fund liability to 60% by 2038. Form 5572 has shown an increase from 25% funded liability to a 30% funding rate.

**System Status for All Divisions: CLOSED**

**Treasury Recommendation**  
**Monroe Community Mental Health Authority OPEB Corrective Action Plan (CAP)**  
**Non-Primary Unit 587515**

**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.
- Reasonable Timeframe:
  - The corrective action plan demonstrates the local unit reaches the PA 202 established funding level of 40% within a reasonable timeframe (2025).
- 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 were not met:

- Legal and Feasible:
  - The local unit failed to attach supporting documentation indicating the corrective action plan was approved by the governing body.

**Supplemental Information:**

The local government provided an actuarial projection indicating that by using a discount rate of 7.00%, the local government will reach 40% funded in 2025, and 100% funded in 2048. This discount rate however, is dependent on the local government maintaining a funding and investment strategy to finance the benefits as they come due. Based on the projection and analysis, it is stated that the presented strategy is sufficient to finance all future contributions through the trust. Using a discount rate of 7.00% may understate liabilities.

**Treasury Recommendation  
 Monroe Community Mental Health Authority OPEB Corrective Action Plan (CAP)  
 Non-Primary Unit 587515**

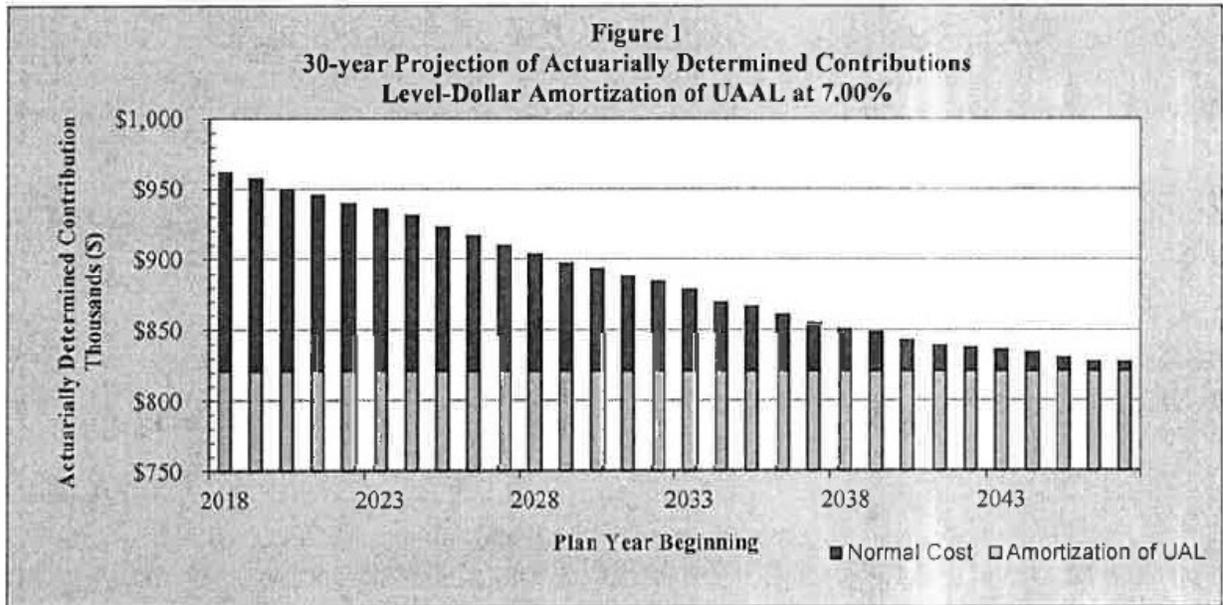
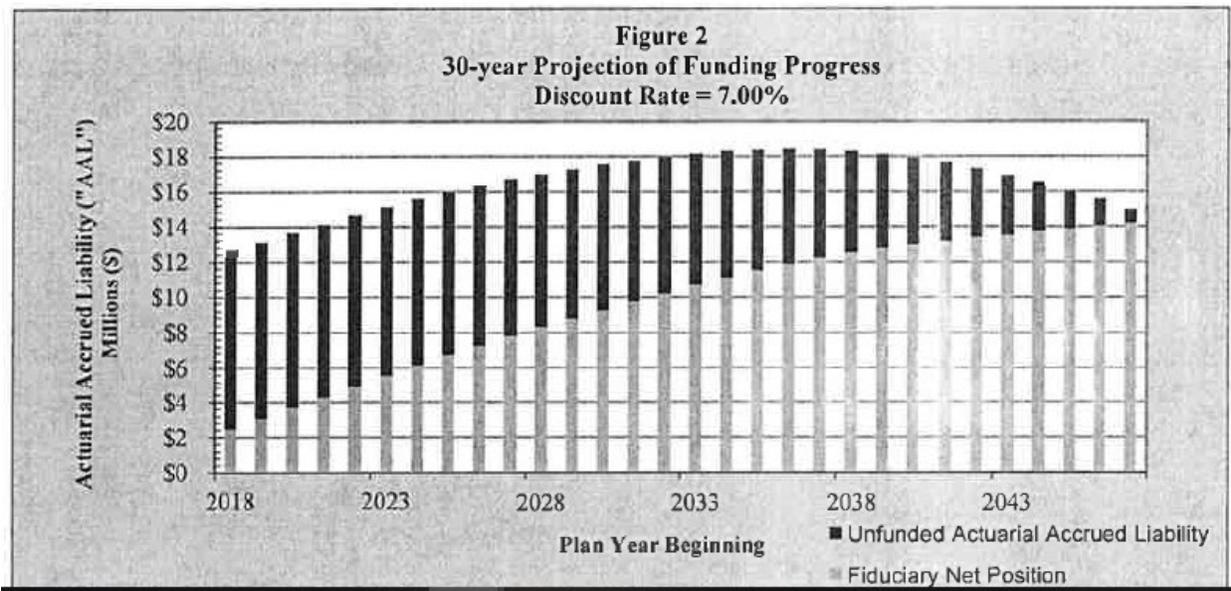


Figure 2, below, illustrates the projected funding progress under the scenario above.



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

- The Community Engagement and Finance Division reached out to the Authority to inquire regarding the governing body approval.

**Treasury Recommendation**  
**Shiawassee Council on Aging Pension Corrective Action Plan (CAP)**  
**Non-Primary Unit 787533**

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
MERS	Pension	\$502,714	\$808,051	62.2%	\$21,009	\$1,361,716	1.5%	YES

**Source: Retirement Report 2017, Audited Financial Statements**

**Staff Recommendation:** Approval of the pension corrective action plan submitted by Shiawassee Council on Aging, which was received by the Municipal Stability Board (the Board) on 8/21/2019. 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:
  - SCOA made additional contributions to the retirement fund in 2017 for \$5,687.81, and in 2018 for \$6,196.30.
- Other Considerations:
  - None Listed.

**Prospective Changes:**

- Modern Plan Design:
  - None Listed.
- Plan Funding:
  - Beginning in fiscal year 2019 the local unit will provide annual voluntary contributions of \$18,000 until 75% funded in 5 Years. See page 4 of the MERS Ballpark estimate that the SCOA Board of Directors received on June 19, 2018. A voluntary payment of \$18,000 was paid on 5/21/2019, which according to the estimated calculation shows the plan funded at 68% for 2019. The additional contribution is in addition to the 14.27% employer contribution.
- Other Considerations:
  - None Listed.

**System Status for All Divisions: OPEN**

**Plan size: members 14**

- Inactive employees or beneficiaries currently receiving benefits: 9
- Inactive employees entitled to but not yet receiving benefits: 0
- Active employees: 5

**Treasury Recommendation**  
**Shiawassee Council on Aging Pension Corrective Action Plan (CAP)**  
**Non-Primary Unit 787533**

**Corrective Action Plan Criteria:**

The following corrective action plan approval criteria are met:

- Underfunded Status:
  - The local government has demonstrated through supporting documentation that it has already reached the PA 202 established funding level of 60% funded.
- 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 was determined to be underfunded for failure to file their 2017 Form 5572. The provided data shows that they are not below the PA 202 funding ratio threshold. Additionally, the MERS ballpark projection shows that they will be at 75% funded in 2019.

**Shiawassee COA (7605) - Division 01**  
**Estimated Projected Employer Contributions and Funded Ratios**

Valuation Year Ending 12/31	Fiscal Year Beginning in Year	Baseline - Current Benefit				Scenario 1 - Additional Lump Sum Contribution of \$86,500 Towards Division on 7/1/2018 (75% Funded in 1 Year)			
		Actuarial Accrued Liability	Valuation Assets	Funded %	Required Annual Employer Contribution	Actuarial Accrued Liability	Valuation Assets	Funded %	Required Annual Employer Contribution
2017	2019	811,116	532,227	66%	\$23,496	811,116	616,463	76%	\$15,852
2018	2020	802,164	512,162	64%	\$25,152	802,164	601,910	75%	\$18,060
2019	2021	797,853	496,193	62%	\$26,904	797,853	583,274	73%	\$20,400
2020	2022	795,780	498,745	63%	\$27,408	795,780	586,268	74%	\$20,580
2021	2023	795,636	503,829	63%	\$28,008	795,636	592,190	74%	\$20,856
2022	2024	797,018	506,588	64%	\$29,064	797,018	594,704	75%	\$21,636
2023	2025	800,024	511,538	64%	\$30,132	800,024	599,053	75%	\$22,428
2024	2026	804,800	519,335	65%	\$31,284	804,800	605,917	75%	\$23,268
2025	2027	811,506	530,238	65%	\$32,388	811,506	615,527	76%	\$24,120
2026	2028	820,413	544,719	66%	\$33,576	820,413	628,291	77%	\$24,984
2027	2029	831,733	563,060	68%	\$34,764	831,733	644,521	77%	\$25,836
2028	2030	844,826	584,805	69%	\$36,048	844,826	663,655	79%	\$26,796
2029	2031	858,106	608,466	71%	\$37,428	858,106	684,153	80%	\$27,816
2030	2032	870,993	633,674	73%	\$38,808	870,993	705,617	81%	\$28,836
2031	2033	884,508	661,692	75%	\$40,284	884,508	729,226	82%	\$29,952
2032	2034	898,815	692,835	77%	\$41,796	898,815	755,244	84%	\$31,068
2033	2035	912,997	726,437	80%	\$43,428	912,997	782,950	86%	\$32,292
2034	2036	926,908	762,562	82%	\$45,084	926,908	812,311	88%	\$33,540
2035	2037	942,290	803,290	85%	\$46,764	942,290	845,327	90%	\$34,788
2036	2038	959,546	849,313	89%	\$48,528	959,546	882,617	92%	\$36,096
2037	2039	979,525	901,761	92%	\$50,376	979,525	925,206	94%	\$37,512
2038	2040	1,003,626	962,368	96%	\$8,208	1,003,626	974,717	97%	\$8,208
2039	2041	1,031,650	1,031,321	100%	\$8,508	1,031,650	1,031,265	100%	\$8,508
2040	2042	1,064,468	1,064,108	100%	\$8,868	1,064,468	1,064,047	100%	\$8,868

Notes: The same phase-in of the 12/31/2015 assumption change as in the 2017 Actuarial Valuation was reflected.

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/AAV-Appendix/MERS-2017AnnualActuarialValuation-Appendix.pdf>

The assumed future annual investment return is 7.75%.

**Treasury Recommendation**  
**Shiawassee Council on Aging Pension Corrective Action Plan (CAP)**  
**Non-Primary Unit 787533**

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

- None Noted.

**MUNICIPAL STABILITY BOARD  
RESOLUTION 2019-27**

**PUBLIC ACT 202 OF 2017  
CORRECTIVE ACTION PLAN NONCOMPLIANCE**

**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**, the local units of government listed on Exhibit B were notified by Treasury of their underfunded status pursuant to MCL 38.2805 (the “Municipalities”);

**WHEREAS**, MCL 38.2810 requires the Municipalities to submit a Corrective Action Plan within 180 days from the date underfunded status was determined; and

**WHEREAS**, the Municipalities failed to submit their Corrective Action Plans to the Board by the 180-day deadline.

**NOW THEREFORE, BE IT RESOLVED**, the Board finds the Municipalities to be in noncompliance with the Act; and

**BE IT FURTHER RESOLVED**, the Board directs the Municipalities to immediately submit their respective Corrective Action Plans to the Board.

Ayes:

Nays:

Recused:

Lansing, Michigan

September 18, 2019



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

Resolution 2019-27 Exhibit B

**DATE:** September 18, 2019  
**TO:** The Municipal Stability Board (the Board)  
**FROM:** Community Engagement and Finance Division, Department of Treasury  
**SUBJECT:** Delinquent Corrective Action Plan(s)

**Suggested Action:** The Board motions to notify the following local unit(s) that they are in noncompliance with Public Act 202 of 2017 (the Act) for failure to submit a corrective action plan(s) to the Board within 180 days after the determination of underfunded status:

**Fiscal Year 2018**

1. City of Ferndale
  - a. No retirement submission
2. Village of Otisville
  - a. No retirement submission
3. City of Pottersville
  - a. No retirement submission
4. Reed City Housing Commission
  - a. No retirement submission
5. Romeo District Library
  - a. No retirement submission

**Corrective Action Plan Noncompliance:** Per Section 10(6) of 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."