

MUNICIPAL STABILITY BOARD

Wednesday, April 15, 2020
11:00 a.m.

Virtual Public Meeting via Microsoft TEAMS

APPROVED Meeting Minutes

CALL TO ORDER

Chairman Eric Scorsone called the meeting to order at 11:09 a.m.

ROLL CALL

Members Present: Three

Eric Scorsone

John Lamerato

Barry Howard

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

APPROVAL OF MINUTES

A motion was made to approve the January 15, 2020 board meeting minutes by John Lamerato and supported by Eric Scorsone. The Board unanimously approved the January 15, 2020 meeting minutes. 2 Ayes, 0 Nays, and 1 Abstain. Let it be known that Barry Howard was absent during the January 15, 2020 meeting; therefore, chose to abstain from the vote to approve the minutes.

PUBLIC COMMENT

An email addressed to the Board from the Luce County Road Commission regarding their previously approved corrective action plan was read by Nick Brousseau during public comment (included as Attachment A).

CORRESPONDENCE

Nick Brousseau presented the Board with Treasury updates, which included an updated report on the Department of Treasury's communication and outreach, information regarding the Bureau of Local Government and School Services' [COVID-19 website](#), and a review of the local government corrective action plans administratively received by the Department of Treasury in February and March, when the Board did not meet.

Corrective action plans from the month of February were administratively received for the following local governments:

- Gladwin City Housing Commission
- Gladwin City-County Transit Authority
- City of Grosse Pointe Park

- City of Inkster
- Iron County Road Commission
- Manistee County Medical Care Facility
- Presque Isle County Road Commission
- Van Buren Charter Township
- City of Walled Lake

Corrective action plans from the month of March were administratively received for the following local governments:

- Cheboygan County Road Commission
- Dickinson County Road Commission
- Ishpeming Township

NEW BUSINESS

DISCUSS CORRECTIVE ACTION PLAN MONITORING: POLICIES AND PROCEDURES

Nick Brousseau reviewed the Corrective Action Plan Monitoring: Policies and Procedures agenda item with the Board via a memo and exhibit. The memo and exhibit requested that the Board approve a two-month delay to the implementation of the corrective action plan monitoring certification process for local governments scheduled to begin between the dates of March 20, 2020 and June 30, 2020 (included as Attachment B).

Barry Howard stated that he felt that additional action may be needed to be taken from the Board, and that input from local governments should be considered as well.

A motion was made to approve the two-month delay for the implementation of the CAP monitoring certification process by Barry Howard and supported by John Lamerato and Eric Scorsone.

The Board unanimously approved the two-month delay for the implementation of the CAP monitoring certification process. 3 Ayes and 0 Nays.

CORRECTIVE ACTION PLAN EXTENSION REQUESTS

Nick Brousseau provided the Board with extension requests from the following local governments:

- Genesee County

Nick Brousseau provided the board with an additional corrective action plan extension request not originally included in the meeting packet:

- Dexter Area Fire Department (included as Attachment C)

A motion was made to approve the addition of the Dexter Area Fire Department to the CAP Extension Requests memo by John Lamerato and supported by Barry Howard and Eric Scorsone.

The Board unanimously approved the addition of the Dexter Area Fire Department to the CAP Extension Requests memo. 3 Ayes and 0 Nays.

A motion was made to approve the Corrective Action Plan Extension Requests for Genesee County and Dexter Area Fire Department by Barry Howard and supported by John Lamerato and Eric Scorsone.

The Board unanimously approved the Corrective Action Plan Extension Requests for Genesee County and Dexter Area Fire Department. 3 Ayes and 0 Nays.

RECEIPT OF CORRECTIVE ACTION PLANS FROM 5 LOCAL GOVERNMENTS (6 PLANS)

Nick Brousseau provided the Board with corrective action plans for the following 5 local governments (6 plans):

- Brownstown Charter Township
- East China Township
- Genesee County
- Montmorency County (2 plans)
- Sanilac County Road Commission

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

The Board unanimously received the corrective action plan. 3 Ayes and 0 Nays.

APPROVALS AND DISAPPROVALS OF CORRECTIVE ACTION PLANS FROM 12 LOCAL GOVERNMENTS (12 PLANS) (RESOLUTION 2020-2)

Nick Brousseau was asked to review the Treasury recommendations for Approval and Disapproval of Corrective Action Plans (Resolution 2020-2) with the Board.

A motion was made to approve the Approvals and Disapprovals of Corrective Action Plans (Resolution 2020-2) by Barry Howard and supported by John Lamerato and Eric Scorsone for the following local governments:

- Cheboygan County Road Commission (Approved)
- Dickinson County Road Commission (Approved)
- Gladwin City Housing Commission (Approved)
- Gladwin City-County Transit Authority (Approved)
- City of Grosse Pointe Park (Approved)
- City of Inkster (Approved)
- Iron County Road Commission (Approved)
- Ishpeming Township (Approved)
- Manistee County Medical Care Facility (Approved)
- Presque Isle County Road Commission (Approved)
- Van Buren Charter Township (Approved)
- City of Walled Lake (Approved)

The Board unanimously approved the Approvals and Disapprovals of Corrective Action Plans (Resolution 2020-2). 3 Ayes and 0 Nays. Resolution 2020-2 was passed.

PUBLIC COMMENT

No public comment.

BOARD COMMENT

The Board members each stated that there would likely need to be additional discussions about retirement issues in the future once the full scope of the current situation is realized.

NEXT MEETING

The next regular meeting will be on May 20, 2020 at 11:00 a.m.

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 and 0 Nays.

There being no further business, the meeting adjourned at 11:40 a.m.

From: [LocalRetirementReporting](#)
To: [Bob Bowler](#)
Cc: [Stuart "Mike" McTiver](#)
Subject: RE: Proposed changes to corrective action plan
Date: Tuesday, April 14, 2020 4:22:35 PM

Good Afternoon Bob,

Thank you for your question regarding the modification of the Luce County Road Commission's approved corrective action plan (CAP) under Public Act 202 of 2017 (the Act). The Municipal Stability Board's (the Board) Best Practices and Strategies document states that "as a local unit implements prospective changes, there is a recognition that specific solutions may need to be adjusted to address its underfunded status." Below are two options to update a local government's approved CAP:

Option 1

At their discretion, a local government may choose to modify an approved corrective action plan and submit it to Treasury for receipt by the Board. The updated plan should continue to follow all [CAP approval criteria](#), including approval by the local governing body. If utilizing this option, the local government should request to replace the prior approved plan with the modified CAP. Your local government may submit an updated CAP form and supporting documentation to the Board for review by sending an email to LocalRetirementReporting@michigan.gov. The subject line of the email should be in the following format: Updated Corrective Action Plan-20XX, Local Government Name, Retirement System Name (e.g. Updated Corrective Action Plan-2019, City of Lansing, Employees' Retirement System OPEB Plan).

Option 2

Alternatively, there is a [CAP monitoring process](#). The monitoring process will occur approximately every two years and will involve the Board reviewing all approved corrective action plans for substantial compliance with the Act. One component of the CAP monitoring process is to document any substantial changes to the approved CAP.

When implementing changes to an approved corrective action plan, a local government may choose either option listed above to report the changes, while continuing to address underfunded status in accordance with the established criteria.

As this email was addressed to the Board, this correspondence will also be presented during the public comment portion of the Wednesday, April 15, 2020 Board meeting. You may go to the Board's website at www.Michigan.gov/MSB for information on how to attend this meeting virtually.

If you have further questions, please feel free to email LocalRetirementReporting@michigan.gov or schedule a phone call appointment using the [Local Retirement Calendar](#). A team member will email you a conference number to call at your scheduled time.

Thank you,

Michigan Department of Treasury
Local Retirement Reporting Team
www.michigan.gov/LocalRetirementReporting

Nick Brousseau

Michigan Department of Treasury
Community Engagement and Finance Division
Office: 517-241-4234

From: Bob Bowler <finance@lcrc48.org>
Sent: Tuesday, April 14, 2020 9:04 AM
To: LocalRetirementReporting <LocalRetirementReporting@michigan.gov>
Cc: Stuart "Mike" McTiver <engineer@lcrc48.org>
Subject: Proposed changes to corrective action plan

To the Municipal Stability Board;

Luce County Road Commission supplied a corrective action plan for OPEB (retiree healthcare) to the Municipal Stability Board in the fall of 2018. We received notice that our corrective action plan for OPEB (retiree healthcare) was approved at the January 16, 2019 meeting. Our corrective action plan stated we had set up a 115 trust with Morgan Stanley and intended to make \$20,000 payments each month. We have followed those actions and over the course of time have made deposits totaling \$460,000. During our Board of Commissioners meeting on Monday April 13, 2020, I asked our Board to pass a resolution changing the monthly deposit amount from \$20,000 to \$5,000 per month starting the beginning of June 2020. The reasons I asked for this change are as follows:

1. Due to the uncertainty of MTF revenue due to the COVID-19 pandemic, I feel a tightening of expenses is necessary at a savings of \$105,000 for the remainder of this year. We have and will continue to pay normal costs for retiree expenses since the beginning of our corrective action plan.
2. We are in the process of having a new actuarial completed for 2019 from GRS. Due to the changes in retiree benefits, we should see a significant reduction in OPEB liability.
3. Due to the volatility of the stock market, our 115 trust through Morgan Stanley is underperforming for the entire first quarter of 2020.
4. The payments of \$20,000 per month with an appropriate rate of return assumption showed we should be 100% funded in just over 7 years. By changing our payments to \$5,000 per month we will still reach over the 40% funded status within the time allotted with the thought the stock market will begin to stabilize.

We are asking the Municipal Stability Board to accept these changes to our corrective action plan for OPEB (retiree healthcare) based on the above actions and reasoning. I can supply a copy of the

resolution after the minutes from our April meeting are approved at our May meeting. I can also supply a copy of the new actuarial when I receive it. Our form 5572 should be completed and submitted next month. Please let me know if you need me to submit any further documentation at this time.

Respectfully,

Bob Bowler
Finance Director
Luce County Road Commission



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

DATE: April 15, 2020

TO: The Municipal Stability Board (the Board)

FROM: Community Engagement and Finance Division, Department of Treasury

SUBJECT: Corrective Action Plan (CAP) Monitoring Timeline Extension

Suggested Action: The Board motions to delay the implementation of the CAP monitoring certification process for all local governments for two months beginning March 20, 2020 through June 30, 2020.

Background: Per resolution 2019-25, the Board approved Exhibit A, the *CAP Monitoring: Policy and Procedures* document which details the process, criteria, procedures, and timelines of the monitoring process for underfunded local governments as required in Section 10(6) of Public Act 202 of 2017. This document details the CAP monitoring certification process beginning one year and six months after the local government was sent notification of their CAP being approved by the Board.

A state of emergency has been declared across the state of Michigan related to COVID-19 and Governor Whitmer has issued a [Stay Home, Stay Safe Executive Order](#) effective through April 30. As a result, the Michigan Department of Treasury and the Board recognize that many local governments are closed or scaling back operations, and employees are working remotely with varied technological capabilities.

For all local governments scheduled to begin the monitoring certification process between March 20, 2020 and June 30, 2020, an additional two months is being granted for submission. For example, local governments that were set to begin the monitoring process on April 20, 2020 will now be begin on June 20, 2020.

Per Section 10(6) of Public Act 202 of 2017: “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 this act.”

**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>Changes Recommended</p> <ul style="list-style-type: none"> Added section to allow enterprise funds specifically used to pay retirement benefits to be used in the calculation of projected governmental revenues.

			<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>	No changes recommended
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>	No changes recommended
4	Leon Hank	MERS	<p>Edited for clarity and grammar</p>	<p>Changes Recommended:</p> <ul style="list-style-type: none"> Adopted a selection of proposed changes to clarify the previous language

5	Chris Veenstra	Watkins Ross	<p>While doing projections for clients, the following two concerns have arisen:</p> <ol style="list-style-type: none"> 1. Supporting documentation, “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"> 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) 2. Sustainability, <ol style="list-style-type: none"> 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"> 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 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"> 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 	<p>Changes Recommended:</p> <ul style="list-style-type: none"> • Provide guidance to local governments related to the intent and use of these projections • A definition of how governmental funds should be calculated was added to recommended supporting documentation for Sustainability criteria. • The timeframe for the Sustainability criteria supporting documentation was modified to the ensuing 5 years, rather than the duration of the plan.
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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 Process¹

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

¹ 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 Process¹

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

¹ 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.

Brousseau, Nicholas (TREASURY)

From: Karl L. Drake <kdrakecpa@gmail.com>
Sent: Tuesday, April 14, 2020 2:09 PM
To: LocalRetirementReporting; chief
Subject: Dexter Area Fire Department Corrective Action Plan
Attachments: 2019 Dexter Area Fire Dept Corrective Action Plan.pdf

Dexter Area Fire Department is requesting a 45 day extension for completion of its corrective action plan related to its Retiree Health Benefit plan. The plan was determined to be underfunded in 2018.

--
Karl L. Drake, CPA



Virus-free. www.avg.com

Protecting Local Government Retirement and Benefits Act

Corrective Action Plan:

Retirement Health Benefit Systems

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

1. LOCAL GOVERNMENT INFORMATION

Local Government Name: _____ Six-Digit Muni Code: _____
Retirement Health Benefit System Name: _____
Contact Name (Administrative Officer): _____
Title if not Administrative Officer: _____ Telephone: _____
Email (Communication will be sent here): _____
Fiscal Year System was Determined to be Underfunded: _____

2. GENERAL INFORMATION

Corrective Action Plan: An underfunded local government shall develop and submit for approval a corrective action plan for the local government. The local government shall determine the components of the corrective action plan. This corrective action plan shall be submitted by any local government with at least one retirement health benefit system that has been determined to have an underfunded status. Underfunded status for a retirement health system is defined as being less than 40% funded according to the most recent audited financial statements, and, if the local government is a city, village, township, or county, the actuarially determined contribution (ADC) for all of the retirement health systems of the local government is greater than 12% of the local government's annual governmental fund revenues, based on the most recent fiscal year.

Due Date: The local government has **180 days from the date of notification** to submit a corrective action plan to the Municipal Stability Board (the Board). The Board may extend the 180-day deadline by up to an additional 45 days if the local government submits a reasonable draft of a corrective action plan and requests an extension.

Filing: Per Sec. 10(1) of the Act, this corrective action plan must be approved by the local government's administrative officer and its governing body. **You must provide proof of your governing body approving this corrective action plan and attach the documentation as a separate PDF document.** Failure to provide documentation that demonstrates approval from your governing body will automatically result in a disapproval of the corrective action plan.

The submitted plan must demonstrate through distinct supporting documentation how and when the local government will reach the 40% funded ratio. Or, if the local government is a city, village, township, or county, the submitted plan may demonstrate how and when the ADC for all retirement health systems will be less than 12% of annual governmental fund revenues, as defined by the Act. Supporting documentation for the funding ratio and/or ADC must include an actuarial projection, an actuarial valuation, or an internally developed analysis. The local government must project governmental fund revenues using a reasonable forecast based on historical trends and projected rates of inflation.

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

The subject line of the email(s) should be in the following format: **Corrective Action Plan-20XX, Local Government Name, Retirement System Name** (e.g. Corrective Action Plan-2019, City of Lansing, Employees' Retirement System OPEB Plan). Treasury will send an automatic reply acknowledging receipt of the email. Your individual email settings must allow for receipt of Treasury's automatic reply. This will be the only notification confirming receipt of the application(s).

Municipal Stability Board: The Board shall review and vote on the approval of a corrective action plan submitted by a local government. If a corrective action plan is approved, the Board will monitor the corrective action plan and report on the local government's compliance with the Act not less than every two years.

Review Process: Following receipt of the email by Treasury, the Board will receive the corrective action plan submission at the Board's next scheduled meeting. The Board shall then approve or reject the corrective action plan within 45 days from the date of the meeting.

Considerations for Approval: A successful corrective action plan will demonstrate the actions for correcting underfunded status as set forth in Sec. 10(7) of the Act (listed below), as well as any additional solutions to address the underfunded status. Please also include steps already taken to address your underfunded status, as well as the date prospective actions will be taken. A local government may also include in its corrective action plan a review of the local government's budget and finances to determine any alternative methods available to address its underfunded status. A corrective action plan under this section may include the development and implementation of corrective options for the local government to address its underfunded status. The corrective options as described in Sec. 10(7) may include, but are not limited to, any of the following:

- (i) Requiring cost sharing of premiums and sufficient copays;
- (ii) Capping employer costs.

Implementation: The local government has up to 180 days after the approval of a corrective action plan to begin to implement the corrective action plan to address its underfunded status. The Board shall monitor each underfunded local government's compliance with this act and any corrective action plan. The Board shall adopt a schedule, not less than every 2 years, to certify that the underfunded local government is in substantial compliance with the Act. If the Board determines that an underfunded local government is not in substantial compliance under this subsection, the Board shall within 15 days provide notification and report to the local government detailing the reasons for the determination of noncompliance with the corrective action plan. The local government has 60 days from the date of the notification to address the determination of noncompliance.

3. DESCRIPTION OF PRIOR ACTIONS

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

- If applicable, prior actions listed within your waiver application(s) may also be included in your corrective action plan.

Please indicate where in the attached supporting documentation these changes are described and the impact of those changes (i.e. what has the local government done to improve its underfunded status, and which attachment(s) supports your actions).

- Please provide the name of the system impacted, the date you made the change, the relevant page number(s) within the supporting documentation, and the resulting change to the system's funded ratio.

Category of Prior Actions:

- System Design Changes** - System design changes may include the following: changes to coverage levels (including retiree co-payments, deductibles, and Medicare eligibility), changes to premium cost-sharing, eligibility changes, switch to defined contribution retiree health care plan, changes to retiree health care coverage for new hires, etc.

Sample Statement: *Benefit levels of the retired membership mirrors the current collective bargaining agreement for each class of employee. On **January 1, 2019**, the local government entered into new collective bargaining agreements with the **Command Officers Association** and **Internal Association of Firefighters** that increased employee co-payments and deductibles for health care. These coverage changes resulted in an improvement to the retirement system's funded ratio. Please see page **12** of the attached actuarial analysis that indicates the system is **40%** funded as of **June 30, 2019**.*

<Insert User Entry Box>

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

Sample Statement: *The local government created a qualified trust to receive, invest, and accumulate assets for retirement health care on **June 23, 2016**. The local government adopted a policy to change its funding methodology from Pay-Go to full funding of the ADC. Furthermore, the local government committed to contributing **\$500,000** annually, in addition to the ADC for the next five fiscal years. The additional contributions will increase the retirement system's funded ratio to **40%** by **2022**. Please see page **10** of the attached resolution from our governing body demonstrating the commitment to contribute the ADC and additional **\$500,000** for the next five years.*

<Insert User Entry Box>

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

Sample Statement: *The information provided on the Form 5572 from the audit used actuarial data from **2017**. Attached is an updated actuarial valuation from **2019** that shows our funded ratio has improved to **42%** as indicated on page **13**.*

<Insert User Entry Box>

4. DESCRIPTION OF PROSPECTIVE ACTIONS

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

Please indicate where in the attached supporting documentation these changes are described and the impact of those changes (i.e. what will the local government do to improve its underfunded status, and which attachment(s) supports your actions).

Category of Prospective Actions:

- System Design Changes** - System design changes may include the following: changes to coverage levels (including retiree co-payments, deductibles, and Medicare eligibility), changes to premium cost-sharing, eligibility changes, switch to defined contribution retiree health care plan, changes to retiree health care coverage for new hires, etc.

Sample Statement: *The local government will seek to align benefit levels for the retired membership with each class of active employees. Beginning with **summer 2020** contract negotiations, the local government will seek revised collective bargaining agreements with the **Command Officers Association** and **Internal Association of Firefighters** to increase employee co-payments and deductibles for health care. These coverage changes would result in an improvement to the retirement system's funded ratio. Please see page **12** of the attached actuarial analysis that indicates the system would be **40%** funded by **fiscal year 2030** if these changes were adopted and implemented by **fiscal year 2021**.*

<Insert User Entry Box>

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

Sample Statement: *The local government will create a qualified trust to receive, invest, and accumulate assets for retirement health care by **December 31, 2020**. The local government will adopt a policy to change its funding methodology from Pay-Go to full funding of the ADC by **December 31, 2020**. Additionally, beginning in fiscal year 2021, the local government will contribute **\$500,000** annually in addition to the ADC for the next five fiscal years. The additional contributions will increase the retirement system's funded ratio to **40%** by **2023**. Please see page **10** of the attached resolution from our governing body demonstrating the commitment to contribute the ADC and additional **\$500,000** for the next five years.*

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

Sample Statement: *Beginning in **fiscal year 2020**, the local government will begin amortizing the unfunded portion of the health care liability using a **level-dollar amortization method over a closed period of 10 years**. This will allow the health system to reach a funded status of **42%** by **2023** as shown in the attached actuarial analysis on page **13**.*

5. CONFIRMATION OF FUNDING

Please check the applicable answer:

Do the corrective actions listed in this plan allow for your local government to make, at a minimum, the retiree premium payment, as well as the normal cost payments for all new hires (if applicable), for the retirement health benefit system according to your long-term budget forecast?

- Yes
- No, Explain:

6. DOCUMENTATION ATTACHED TO THIS CORRECTIVE ACTION PLAN

Documentation should be attached as a PDF to this corrective action plan. The documentation should detail the corrective action plan that would be implemented to adequately address the local government's underfunded status. Please check all documents that are included as part of this plan and attach in successive order as provided below:

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

Naming Convention:

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

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

- Attachment – 6a

Type of Document:

This corrective action plan (required);

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

An actuarial projection, an actuarial valuation, or an internally developed analysis (in accordance with GASB and/or actuarial standards of practice), which illustrates how and when the local government will reach the 40% funded ratio. Or, if the local government is a city, village, township, or county, how and when the ADC will be less than 12% of governmental fund revenues, as defined by the Act (required);

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

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

A separate corrective action plan that the local government has approved to address its underfunded status, which includes documentation of prior actions, prospective actions, and the positive impact on the system's funded ratio;

Other documentation, not categorized above.

7. CORRECTIVE ACTION PLAN CRITERIA

Please confirm that each of the three corrective action plan criteria listed below have been satisfied when submitting this document. Specific detail on corrective action plan criteria can be found in the [Corrective Action Plan Development: Best Practices and Strategies](#) document.

Corrective Action Plan Criteria:

Description:

- | | |
|---|---|
| <input 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 government is a city, village, township, or county, how and when the ADC of all retirement health care systems will be less than 12% of governmental fund revenues? Do the corrective actions address the underfunded status in a reasonable timeframe? |
| <input type="checkbox"/> Legality | Does the corrective action plan follow all applicable laws? Are all required administrative certifications and governing body approvals included? |
| <input type="checkbox"/> Affordability | Do the corrective action(s) listed allow the local government to make the retiree health care premium payment, as well as normal cost payments for new hires now and into the future without additional changes to this corrective action plan? |

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

I, <insert name>, as the government's administrative officer (Ex. City/Township Manager, Executive Director, Chief Executive Officer, etc.) (insert title) approve this corrective action plan and will implement the prospective actions contained in this corrective action plan.

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

- The <insert Retirement Health Benefit System Name> (insert retirement health system name) will achieve a funded status of at least 40% by fiscal year <insert Fiscal Year> as demonstrated by the required supporting documentation listed in Section 6.

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

- The ADC for all the retirement health benefit systems of the local government will be less than 12% of the local government's annual governmental fund revenues by fiscal year <insert Fiscal Year> as demonstrated by required supporting documentation listed in Section 6.

Signature:

Date:

Dexter Area Fire Department

Corrective Action Plan

Underfunded Status

Based on an actuarial study performed for the year ended December 31, 2018, Dexter Area Fire Department had an unfunded liability related to its retiree health care of \$3,042,193. The Department had \$0 assets set aside to fund this liability.

Legality

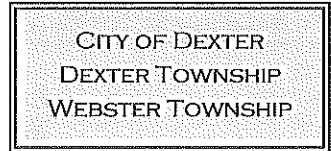
The Board of Directors, during various Board meetings in 2019, approved the establishment of an account with the Municipal Employees Retirement System (MERS), to set-aside amounts to fund future retiree health care.

Affordability

The Board of Directors has determined to set-aside \$75,000 per year, to attempt to achieve a funding status in excess of 40% within 20 years. This will be done by making this amount (\$75,000) part of the budget that will be funded by the participating municipalities that make up Dexter Area Fire Department. The funding level (\$75,000) is within legal limits, and will allow the Department to continue its current funding of retiree health care, and fund the operations of the Department.



**Dexter Area Fire Department
Fire Administration Board
Board Meeting Minutes
November 21, 2019 – 6:00 p.m.
Dexter Township, Fire Station 2
12154 N. Territorial, Dexter, MI**



A. Call to Order:

Chair Rider called the meeting to order at 6:00 p.m.

B. Roll Call: Chair Rider declared a quorum was present.

Members Present: Chair Harley Rider (Dexter Township); Vice-Chair John Westman (Webster Township); Treasurer Libby Brushaber (Dexter Township); Shawn Keough (City of Dexter), Dan Munzel (Webster Township); Jim Seta (Member at Large); Jim Smith (City of Dexter). **Members Absent:** None.

Also, Present: Chief Robert Smith; Janis Miller, Recording Secretary.

C. Approval of Meeting Minutes:

Motion by Smith to approve the October 17, 2019 meeting minutes as presented. Motion second by Westman. **Motion carried 7-0.**

Motion by Smith to approve the October 17, 2019 Closed Session minutes as amended. Motion second by Westman. **Motion carried 7-0.**

D. Audience Participation: None.

E. Approval of the Agenda:

Motion by Smith to approve the agenda as presented. Motion second by Seta. **Motion carried 7-0.**

Recess: 6:04 pm The Board toured the fire station and inspected the new fire trucks.

Back in session: 6:31 pm

Financial report by Tim John Anderson, 7th Rule Accounting.

F. Approval of the Bills and Payroll:

Motion by Smith to approve bills and payroll from October 11, 2019 through November 17, 2019, totaling \$ 177,837.14. Motion second by Munzel.

Roll Call Vote: Yeas – Munzel, Brushaber, Smith, Seta, Westman, Keough, Rider; Nays – None; Abstain – None; Absent – None. Motion carried 7-0.

G. Reports:

1. Chief's Report:

Chief Smith gave a report and answered questions from the board. Chief Smith introduced new concept of specialty reports completed and reported by individual fire personnel.

Cpt. Dettling – Fire Prevention and Inspection report.

Lt. Grissom – Communication (dispatch, local agencies scheduling events) including programming of radios and pagers report.

Lt. Burke – Apparatus and Building Maintenance report.

Firefighter Hilberer – Health and Safety report.

Motion by Smith to receive and file the Chief's report. Motion second by Brushaber.
Motion carried 7-0.

2. Financial Report:

Motion by Munzel to receive and file the financial report. Motion second by Keough.
Motion carried 7-0.

H. Unfinished Business:

1. Final Approval of the 2020 Spending Plan

Motion by Keough to approve the 2020 Spending Plan as presented by Chief Smith.
Motion second by Smith.

Roll Call Vote: Yeas – Munzel, Seta, Smith, Brushaber, Keough, Westman, Rider; Nays – None; Abstain – None; Absent – None. Motion carried 7-0.

I. New Business:

1. MERS Budget Adjustment

Motion by Keough to distribute from the budget surplus, \$25,000 towards MERS Defined Benefit and \$50,000 toward the Other Post Employment Benefit (OPEB) health plan. Motion seconded by Westman.

Roll Call Vote: Yeas – Brushaber, Seta, Smith, Munzel, Westman, Keough, Rider; Nays – None; Abstain – None; Absent – None. Motion carried 7-0.

J. Dexter Fire Fighters' Association Report: Firefighter Tim Andrews – Holiday lights are up at the main fire station.

K. Non-Arranged Audience Participation: None.

L. Future Agenda Items – January 16, 2020

1. Investment Policy

2. Fire Code

3. Cost Recovery

4. Election of Board Officers for December meeting - (completed at November meeting as December meeting cancelled)

Motion by Smith to cancel the December fire board meeting and move the election of 2020 officers to the current meeting. Motion second by Westman. **Motion carried 7-0.**

Motion by Smith to maintain the current slate of Fire Board Officers through 2020. Motion second by Munzel. **Motion carried 7-0.**

M. Concerns of Fire Board Members:

Keough – What to do with the extra trucks? Would like a maintenance report on both to see if it is worth keeping one.

Munzel – Will keep the board informed of progress regarding Webster Fire Substation. Webster Township Board has expressed some level of confidence, from the fire board, that

Webster's substation will be staffed. Fireworks display (approved) in Webster Township at 7 pm December 1st.

Chief Smith – Contract negotiations for firefighters will start in January 2020. Intent is to staff Webster Substation as quickly as possible. Dispatch tour dates for the board?

Rider – Appreciated everyone moving tonight's meeting to Station 2. Appreciate the firefighters sharing the new apparatus with the Board. Appreciate the individual reports from the firefighter personnel. Thanked the Board for the past years work.

N. Adjournment:

Chair Rider declared the meeting adjourned at 8:00 pm

Respectfully submitted,

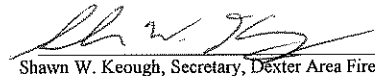


Shawn W. Keough, DAFD Secretary



Janis Miller, Recording Secretary

I, the undersigned, Shawn W. Keough, the duly elected Secretary of the Dexter Area Fire Department Board, DO HEREBY CERTIFY that the forgoing is a true and complete copy of certain proceedings taken by the Dexter Area Fire Department Board at a regular meeting held on the 21st day of November 2019, and that the forgoing minutes have been approved by a majority vote of the Board at a scheduled meeting held on the 16th day of January, 2020.



Shawn W. Keough, Secretary, Dexter Area Fire Department Board

Approved 01/16/2020

6/20/2020

Dexter Area Fire Department
 Corrective Action Plan
 Internal Analysis of Funding Status

	Contribution	Assets	Unfunded Liability	Funding Status
2018		0	3,042,193	0.00%
2019	75,000	75,000	2,967,193	2.47%
2020	75,000	150,000	2,892,193	4.93%
2021	75,000	225,000	2,817,193	7.40%
2022	75,000	300,000	2,742,193	9.86%
2023	75,000	375,000	2,667,193	12.33%
2024	75,000	450,000	2,592,193	14.79%
2025	75,000	525,000	2,517,193	17.26%
2026	75,000	600,000	2,442,193	19.72%
2027	75,000	675,000	2,367,193	22.19%
2028	75,000	750,000	2,292,193	24.65%
2029	75,000	825,000	2,217,193	27.12%
2030	75,000	900,000	2,142,193	29.58%
2031	75,000	975,000	2,067,193	32.05%
2032	75,000	1,050,000	1,992,193	34.51%
2033	75,000	1,125,000	1,917,193	36.98%
2034	75,000	1,200,000	1,842,193	39.45%
2035	75,000	1,275,000	1,767,193	41.91%
2036	75,000	1,350,000	1,692,193	44.38%
2037	75,000	1,425,000	1,617,193	46.84%
2038	75,000	1,500,000	1,542,193	49.31%
2039	75,000	1,575,000	1,467,193	51.77%