

# **Municipal Stability Board**

Wednesday, December 16, 2020 at 11:00 a.m.  
Virtual Public Meeting  
via Microsoft TEAMS  
<https://bit.ly/msb121620>

## **I. Call to Order**

- A. Roll Call
- B. Approval of November 17, 2020 Minutes

## **II. Public Comment**

- A. 2-minute limit

## **III. Correspondence**

- A. Treasury Update
- B. Open Meetings Act
- C. Supplemental Pension CAP Reviews

## **IV. New Business**

- A. Adoption of 2021 Municipal Stability Board Regular Meeting Schedule (Resolution 2020-20)
- B. Receipt of Corrective Action Plans
  - i. St. Clair City Housing Commission
- C. Approvals and Disapprovals of Corrective Action Plans (Resolution 2020-21)
  - i. City of Bangor
  - ii. City of Fenton
- D. Corrective Action Plan Monitoring Certifications of Compliance (Resolution 2020-22)
  - i. Milan Public Library
- E. Removal from Corrective Action (Resolution 2020-23)

## **V. Public Comment**

- A. 2-minute limit

## **VI. Board Comment**

## **VII. Adjournment**

# **MUNICIPAL STABILITY BOARD**

**Tuesday, November 17, 2020  
1:00 p.m.**

**Virtual Public Meeting via Microsoft TEAMS**

## **DRAFT Meeting Minutes**

### **CALL TO ORDER**

Chairman Eric Scorsone called the meeting to order at 11:02 a.m.

### **ROLL CALL**

Members Present: Three

Eric Scorsone – East Lansing, MI

John Lamerato – Sterling Heights, MI

Barry Howard – West Bloomfield, MI

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 October 28, 2020 board meeting minutes by Barry Howard and supported by John Lamerato. The Board unanimously approved the October 28, 2020 meeting minutes. 3 ayes and 0 nays.

### **PUBLIC COMMENT**

No public comment.

### **CORRESPONDENCE**

Nick Brousseau presented the Board with the Treasury update, which included an updated report on the Michigan Department of Treasury's communication and outreach, the Corrective Action Plan Monitoring Notifications & Reviews, the upcoming 2021 Municipal Stability Board schedule to be drafted for next month's meeting, and the COVID-19 webinar series.

Christopher Greathouse provided an overview of the OPEB unfunded liability analysis follow up to the Board.

### **OLD BUSINESS**

#### **CORRECTIVE ACTION PLAN MONITORING FORM 5720 PUBLIC COMMENT REVIEW**

Nick Brousseau provided the Board with the Corrective Action Plan Monitoring Form 5720 Public Comment Review and the Board's request for public comment. A few local governments contacted Treasury to discuss their specific timing for corrective action plan monitoring; however, no public comments or proposed changes were received.

## **NEW BUSINESS**

### **RECEIPT OF CORRECTIVE ACTION PLANS FROM 3 LOCAL GOVERNMENTS (3 PLANS)**

Nick Brousseau provided the Board with corrective action plans for the following three local governments (3 plans):

- City of Bangor
- City of Fenton
- City of Lincoln Park

A motion was made to approve the receipt of the corrective action plans by John Lamerato and supported by Barry Howard. The Board unanimously approved the receipt of corrective action plans. 3 ayes and 0 nays. The motion was passed.

### **APPROVALS AND DISAPPROVALS OF CORRECTIVE ACTION PLANS FROM 4 LOCAL GOVERNMENTS (4 PLANS) (RESOLUTION 2020-18)**

Nick Brousseau was asked to review the Treasury recommendations for Approval and Disapproval of Corrective Action Plans from four local governments (Resolution 2020-18) with the Board:

- City of Flat Rock (Approval)
- Ogemaw County Road Commission (Approval)
- St. Clair River Water and Sewer Authority (Approval)
- White Cloud/Sherman Utilities Authority (Approval)

A motion was made to approve the Approvals and Disapprovals of Corrective Action Plans (Resolution 2020-18) by Barry Howard and supported by John Lamerato.

The Board unanimously approved the Approvals and Disapprovals of Corrective Action Plans (Resolution 2020-18). 3 ayes and 0 nays. Resolution 2020-18 was passed.

### **CITY OF IRON MOUNTAIN SUPPLEMENTAL PENSION CORRECTIVE ACTION PLAN**

Nick Brousseau was asked to review the City of Iron Mountain Supplemental Pension Corrective Action Plan. Nick explained that as a supplemental pension, Treasury was reviewing how this system should be reviewed under PA 202 of 2017, and that Treasury is still in the process of gathering information. An update will be provided at the December Board meeting.

A motion was made to delay action on the City of Iron Mountain's Supplemental Pension Corrective Action Plan by John Lamerato and supported by Barry Howard.

The Board unanimously approved the delay of action for the City of Iron Mountain Supplemental Pension Corrective Action Plan. 3 ayes and 0 nays. The motion was passed.

### **CORRECTIVE ACTION PLAN MONITORING CERTIFICATIONS OF COMPLIANCE FROM 2 LOCAL GOVERNMENTS (2 PLANS) (RESOLUTION 2020-19)**

Nick Brousseau was asked to review the Corrective Action Plan Monitoring Certifications of Compliance (Resolution 2020-19) with the Board:

- City of Ecorse
- White Pine District Library

A motion was made to approve the Corrective Action Plan Monitoring Certifications of Compliance (Resolution 2020-19) by Barry Howard and supported by John Lamerato.

**NOVEMBER 2020 MSB  
DRAFT MEETING MINUTES**

The Board unanimously approved the Corrective Action Plan Monitoring Certifications of Compliance (Resolution 2020-19). 3 ayes and 0 nays. Resolution 2020-19 was passed.

**PUBLIC COMMENT**

No public comment.

**BOARD COMMENT**

Eric Scorsone thanked Treasury staff.

**NEXT MEETING**

The next regular meeting will be on December 16, 2020 at 11:00 a.m.

**ADJOURNMENT**

A motion was made to adjourn by John Lamerato and supported by Barry Howard.

The Board unanimously approved the motion to adjourn. The motion was passed with 3 ayes and 0 nays.

There being no further business, the meeting adjourned at 11:41 a.m.

# Treasury's Public Act 202 of 2017 Update

As of 12/8/2020

Table 1: Upcoming Corrective Action Plan (CAP) Reviews

Public Act 202 of 2017: Corrective Action Plan Review Schedule				
LOCAL GOVERNMENT TYPE	Tentative Month of Corrective Action Plan Review			
	December	January 21	February 21	March 21
Non Primary	0	1	6	1
Primary	2	0	0	1
<b>Total</b>	<b>2</b>	<b>1</b>	<b>6</b>	<b>2</b>

## CAP Monitoring Notifications and Reviews

- A total of 96 monitoring certification requests have been sent to date
- 42 monitoring certifications (34 local governments) have been returned to Treasury

Table 2: CAP Monitoring Certification of Compliance Reviews

Public Act 202 of 2017: Corrective Action Plan Monitoring Schedule							
Monitoring Phase	Tentative Month of Corrective Action Plan Monitoring Certification						
	September	October	November	December	January 21	February 21	March 21
Monitoring Certification Sent	20	20	20	20	19	9	4
Monitoring Certification Due	5	11	20	20	20	20	19
<b>Board to Review</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>11</b>	<b>20</b>

## Treasury Department Communication and Outreach Report

- 249 one-on-one 30-minute calls scheduled by local governments to discuss the Public Act 202 process
  - 4 individual calls since the November Board meeting

## Local Government COVID-19 Webpage

- [www.Michigan.gov/Treasury](http://www.Michigan.gov/Treasury) | Local Government | COVID-19 Updates for Local Governments and School Districts
  - Local government resources and Treasury guidance
  - Registration for Treasury webinars and links to previous webinars
  - Treasury will continue to provide additional webinars as information becomes available



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RACHAEL EUBANKS  
STATE TREASURER

**DATE:** December 16, 2020

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

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

**SUBJECT:** City of Iron Mountain and City of Lincoln Park: Corrective Action Plan Reviews for Supplemental Pension Systems

**Suggested Action:** No Action Required from the Board

**Summary:** The Cities of Iron Mountain and Lincoln Park submitted corrective action plans (CAP) for their respective supplemental pension systems (“systems”) that were determined to be underfunded in fiscal year 2019 and received by the Board for review. Upon Treasury’s review of the submitted plans, and in consultation with accounting professionals and legal counsel, it was determined that these systems should be considered as a “Retirement pension benefit” as defined under Public Act 202 of 2017 (the Act). As a result, these systems should be required to meet the Board’s criteria for addressing underfunded status for pension systems.<sup>1</sup> In general, this criterion requires an underfunded pension system to achieve a 60% funded ratio.

**Next Steps:** To further clarify that these local governments must address the underfunded status of these systems according to the Board’s pension criteria, the CEFD will be re-issuing the determination of underfunded status to both local governments. The re-issued determination of underfunded status letter and subsequent communication will provide additional guidance, and the expectation that the local government CAPs will address the supplemental pension systems’ underfunded status in accordance with the Board’s published criteria for pension systems. The statutory deadlines for these CAPs will be reset and provided as defined in the Act.

Additionally, Treasury will work to review procedures that will properly identify other local governments with “supplemental pension” systems so that compliance recommendations can be provided for all local governments with these systems.

**Background:** In the review of the Act’s annual reporting data, it was discovered that several local governments were reporting retirement systems categorized as “supplemental pension” systems within the local government’s audit report. Upon further review of these supplemental pension systems, it appears that the liabilities typically represent payments for retirees meeting the following two conditions: 1.) the retiree has opted out of retiree health care benefits that were previously reported as OPEB; and 2.) the supplemental pension is an additional monthly cash payment to retirees and beneficiaries that is not limited to payment of healthcare costs.

<sup>1</sup> [https://www.michigan.gov/documents/treasury/MSB\\_Best\\_Practices\\_and\\_Strategies\\_661181\\_7.pdf](https://www.michigan.gov/documents/treasury/MSB_Best_Practices_and_Strategies_661181_7.pdf)

As some of these supplemental pension benefits were previously reported as OPEB liabilities, they may be included in the local government's approved OPEB CAP under the Act. In general, OPEB CAPs provide a funding plan to reach 40% funded, as required in the Act, which is less than the 60% funding ratio required of pension systems.

**MUNICIPAL STABILITY BOARD  
RESOLUTION 2020-20**

**PUBLIC ACT 202 OF 2017**

**APPROVING AND ADOPTING NOTICE OF REGULAR MEETINGS  
OF THE MUNICIPAL STABILITY BOARD FOR 2021**

**WHEREAS**, Public Act 202 of 2017, the Protecting Local Government Retirement and Benefits Act (the “Act”), allows for the creation of the Municipal Stability Board (the “Board”) within the Michigan Department of Treasury; And

**WHEREAS**, Section 7 of the Act provides, in part, that the Board shall exercise its duties through a three member board; And

**WHEREAS**, members of the Board, in the interest of promoting transparency in the discharge of its duties, deems the Board to be a “public body” as that term is used in Section 2(a) of the Open Meetings Act; And

**WHEREAS**, Section 5(2) of the Open Meetings Act, provides that “for regular meetings of a public body, there shall be posted within 10 days after the first meeting of the public body in each calendar or fiscal year a public notice stating the dates, times, and places of its regular meetings”; and

**NOW THEREFORE, BE IT RESOLVED** by the Board as follows:

1. That the Notice of Regular Meetings, attached as **Exhibit A** to this Resolution, is approved and adopted by the Board.
2. That the persons designated in Resolution 2018-2 are hereby directed to post the Notice of Regular Meetings within 10 days pursuant to Section 5(2) of Public Act 267 of 1976, the Open Meetings Act.
3. That the minutes of the Board meeting at which this Resolution is adopted take notice of the adoption of this Resolution.
4. This Resolution shall have immediate effect.

Ayes:

Nays:

Recused:

Lansing, Michigan

December 16, 2020



# MUNICIPAL STABILITY BOARD

Exhibit A

Austin Building • 430 W. Allegan Street • Lansing, MI 48922

## 2021 NOTICE OF REGULAR MEETINGS

The **Municipal Stability Board** will hold its regular meetings during the calendar year ending December 31, 2021, on the following times at the Richard S. Austin Building, 430 W. Allegan Street, Lansing, MI 48922.

Date	Location	Meeting Time	Meeting Type
Wednesday, January 20, 2021	State Treasurer's Boardroom	11:00am	Board Meeting
Wednesday, February 17, 2021	State Treasurer's Boardroom	11:00am	Board Meeting
Wednesday, March 17, 2021	State Treasurer's Boardroom	11:00am	Board Meeting
Wednesday, April 21, 2021	State Treasurer's Boardroom	11:00am	Board Meeting
Wednesday, May 19, 2021	State Treasurer's Boardroom	11:00am	Board Meeting
Wednesday, June 16, 2021	State Treasurer's Boardroom	11:00am	Board Meeting
Wednesday, July 21, 2021	State Treasurer's Boardroom	11:00am	Board Meeting
Wednesday, August 18, 2021	State Treasurer's Boardroom	11:00am	Board Meeting
Wednesday, September 15, 2021	State Treasurer's Boardroom	11:00am	Board Meeting
Wednesday, October 20, 2021	State Treasurer's Boardroom	11:00am	Board Meeting
Wednesday, November 17, 2021	State Treasurer's Boardroom	11:00am	Board Meeting
Wednesday, December 15, 2021	State Treasurer's Boardroom	11:00am	Board Meeting

The meeting is open to the public and this notice is provided under the Open Meetings Act, 1976 PA 267, MCL 15.261 to 15.275.

The meeting location is barrier-free and accessible to individuals with special needs. Individuals needing special accommodations or assistance to attend or address the Municipal Stability Board should contact Kristin Brown at (517) 335-7469 prior to the meeting to assure compliance with Subtitle A of Title II of the Americans with Disabilities Act of 1990, Public Law 101-336, 42 USC 12131 to 12134.

A copy of the proposed minutes of the meeting will be available for public inspection at the principal office of the Board within 8 business days. A copy of the approved minutes of the meeting, including any corrections, will be available for public inspection at the principal office of the Board within 7 business days after approval by the Board.

The Board may hold special meetings, in addition to the regular meetings above. Special meetings are also open to the public and separate notice will be posted in advance of special meetings.



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RACHAEL EUBANKS  
STATE TREASURER

**DATE:** December 16, 2020

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

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

**SUBJECT:** Receipt of Corrective Action Plan(s)

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

**Fiscal Year 2019 Plans**

- I. St. Clair Housing Commission
  - A. Pension - MERS

**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:

### Defined Benefit Pension Retirement Systems

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

#### 1. LOCAL GOVERNMENT INFORMATION

Local Government Name: St. Clair Housing Commission Six-Digit Muni Code: 747515  
Defined Benefit Pension System Name: MERS Defined Benefit  
Contact Name (Administrative Officer): James A. Dewey  
Title if not Administrative Officer: Executive Director Telephone: (810) 984-3173  
Email (Communication will be sent here): jdewey@phhousing.org  
Fiscal Year System was Determined to be Underfunded: 2019

#### 2. GENERAL INFORMATION

**Corrective Action Plan:** An underfunded local government shall develop and submit for approval a corrective action plan for the local government. The local government shall determine the components of the corrective action plan. This corrective action plan shall be submitted by any local government with at least one defined benefit pension retirement system that has been determined to have an underfunded status. Underfunded status for a defined benefit pension system is defined as being less than 60% funded according to the most recent audited financial statements, and, if the local government is a city, village, township, or county, the actuarially determined contribution (ADC) for all of the defined benefit pension retirement systems of the local government is greater than 10% of the local government's annual governmental fund revenues, based on the most recent fiscal year.

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

**Filing:** Per Sec. 10(1) of PA 202 of 2017 (the Act), this corrective action plan must be approved by the local government's administrative officer and its governing body. ***You must provide proof of your governing body approving this corrective action plan and attach the documentation as a separate PDF document.*** Failure to provide documentation that demonstrates approval from your governing body will automatically result in a disapproval of the corrective action plan.

The submitted plan must demonstrate through distinct supporting documentation how and when the local government will reach the 60% funded ratio. Or, if the local government is a city, village, township, or county, the submitted plan may demonstrate how and when the ADC for all defined benefit pension systems will be less than 10% of annual governmental fund revenues, as defined by the Act. Supporting documentation for the funding ratio and/or ADC must include an actuarial projection, an actuarial valuation, or an internally developed analysis. The local government must project governmental fund revenues using a reasonable forecast based on historical trends and projected rates of inflation.

The completed plan must be submitted via email to Treasury at [LocalRetirementReporting@michigan.gov](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-20XX, Local Government Name, Retirement System Name** (e.g. Corrective Action Plan-2017, City of Lansing, Employees' Retirement System Pension Plan). Treasury will send an automatic reply acknowledging receipt of the email. Your individual email settings must allow for receipt of Treasury's automatic reply. This will be the only notification confirming receipt of the application(s).

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

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

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

- (i) Closing the current defined benefit plan;
- (ii) Implementing a multiplier limit;
- (iii) Reducing or eliminating new accrued benefits;
- (iv) Implementing final average compensation standards.

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

### 3. DESCRIPTIONS OF PRIOR ACTIONS

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

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

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

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

#### Category of Prior Actions:

- ☒ **System Design Changes** - System design changes may include the following: lower tier of benefits for new hires, final average compensation limitations, freeze future benefit accruals for active employees in the defined benefit system, defined contribution system for new hires, hybrid system for new hires, bridged multiplier for active employees, etc.

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

The St. Clair Housing Commission made changes to the employee benefit package effective January 1st, 2017 for current and new employees. The defined benefit retirement plan has been closed and no current employees qualify for this plan.

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

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

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

**Sample Statement:** *The information provided on the Form 5572 from the audit used actuarial data from **2017**. Attached is an updated actuarial valuation from **2019** that shows our funded ratio has improved to **62%** as indicated on page **13**.*



#### 4. DESCRIPTION OF PROSPECTIVE ACTIONS

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

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

##### Category of Prospective Actions:

- ☐ **System Design Changes** - System design changes may include the following: Lower tier of benefits for new hires, final average compensation limitations, freeze future benefit accruals for active employees in the defined benefit system, defined contribution system for new hires, hybrid system for new hires, bridged multiplier for active employees, etc.

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

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

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

The St. Clair Housing Commission has budgeted \$56,544 total payments in their current 2021 fiscal year to MERS to help fund the pension, see attached budget. This is more than the required monthly payment of \$3,760 as seen on page 2 of the Annual Actuarial Valuation Report December 31, 2018 and \$4,549 on page 2 of the Annual Actuarial Valuation Report December 31, 2019.

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

**Sample Statement:** Beginning in **fiscal year 2020**, the local government will begin amortizing the unfunded portion of the pension liability using a **level-dollar amortization method over a closed period of 10 years**. This will allow the retirement system to reach a funded status of **62% by 2023** as shown in the attached actuarial analysis on page 13.

The St. Clair Housing Commission has a MERS defined benefit plan for the retirees only. The MERS Annual Actuarial Valuation Report December 31, 2018 and December 31, 2019 shows the annual determined contribution (ADC) on page 2. It also shows on page 6 that by paying the "no phase-in" monthly ADC amount the St. Clair Housing Commission will be funded up to 60% by calendar year 2028 and fully funded by calendar year 2031. The St. Clair Housing Commission is planning on continuing to pay additional funds each year so it should be funded sooner.

## 5. CONFIRMATION OF FUNDING

Please check the applicable answer:

Do the corrective actions listed in this plan allow for your local government to make, at a minimum, the ADC payment for the defined benefit pension system according to your long-term budget forecast?

☒ Yes

☐ No, Explain:

## 6. DOCUMENTATION ATTACHED TO THIS CORRECTIVE ACTION PLAN

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

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

### Naming Convention:

☒ Attachment – 1

☒ Attachment – 1a

☒ Attachment – 2a

☐ Attachment – 3a

☒ Attachment – 4a

☐ Attachment – 5a

☐ Attachment – 6a

### Type of Document:

This corrective action plan form (required);

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

An actuarial projection, an actuarial valuation, or an internally developed analysis (in accordance with GASB and/or actuarial standards of practice), which illustrates how and when the local government will reach the 60% funded ratio. Or, if the local government is a city, village, township, or county, how and when the ADC will be less than 10% of governmental fund revenues, as defined by the Act (required);

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

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

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

Other documentation not categorized above.



## 7. CORRECTIVE ACTION PLAN CRITERIA

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

### Corrective Action Plan Criteria:

### Description:

☒ Underfunded Status

Is there a description and adequate supporting documentation of how and when the retirement system will reach the 60% funded ratio? Or, if your local government is a city, village, township, or county, how and when the ADC of all pension systems will be less than 10% of governmental fund revenues? Do the corrective actions address the underfunded status in a reasonable timeframe?

☒ Legality

Does the corrective action plan follow all applicable laws? Are all required administrative certifications and governing body approvals included?

☒ Affordability

Do the corrective action(s) listed allow the local government to make the ADC payment for the pension system now and into the future without additional changes to this corrective action plan?

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

I, James A. Dewey, as the government's administrative officer (Ex. City/Township Manager, Executive Director, Chief Executive Officer, etc.) (**insert title**) Executive Director 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 MERS Defined Benefit Plan (**insert retirement pension system name**) will achieve a funded status of at least 60% by fiscal year 2029 as demonstrated by required supporting documentation listed in Section 6.

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

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

Signature: James A. Dewey

Date: 10/13/20



**MUNICIPAL STABILITY BOARD  
RESOLUTION 2020-21**

**APPROVAL OR DISAPPROVAL OF CORRECTIVE ACTION PLANS**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Ayes:

Nays:

Recused:

Lansing, Michigan

December 16, 2020

Municipal Stability Board Appendix A, December 16, 2020

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

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

#	Local Government	Municode	Fiscal Year	System Type	Date Received	Underfunded Status	Legality	Affordable	Treasury Recommendation	Corrective Action Plan Link
1	City of Bangor	802010	2018	OPEB	11/17/2020	Yes	Yes	Yes	Approve	<a href="#">City of Bangor-OPEB</a>
2	City of Fenton	252030	2019	OPEB	11/17/2020	Yes	Yes	Partial	Approve	<a href="#">City of Fenton - OPEB</a>

**Treasury Recommendation**  
**City of Bangor OPEB Corrective Action Plan (CAP)**  
**Primary Unit 802010**

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
MERS	Pension	\$2,126,198	\$1,680,375	126.5%	-	\$1,420,976	-	NO
Postemployment Healthcare Plan	OPEB	-	\$1,103,263	0.0%	\$1,333,881		93.9%	YES
<b>Total</b>		<b>\$2,126,198</b>	<b>\$2,783,638</b>		<b>\$1,333,881</b>	<b>\$1,420,976</b>	<b>93.9%</b>	

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

**Staff Recommendation:** Approval of the OPEB corrective action plan submitted by City of Bangor, which was received by the Municipal Stability Board (the Board) on 11/17/2020. If approved by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and implementation of their corrective action plan.

**Changes Made:**

- Modern Plan Design:
  - None listed.
- Plan Funding:
  - None listed.
- Other Considerations:
  - The City notes that while the fiscal year 2018 ADC was above 12%, the fiscal year 2019 ADC is below 12% and therefore, no longer meets the definition of underfunded status.

**Prospective Changes:**

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

**System Status for All Divisions: Closed**

**Plan size: members 11**

- Inactive employees or beneficiaries currently receiving benefits: 11
- 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:

**Treasury Recommendation**  
**City of Bangor OPEB Corrective Action Plan (CAP)**  
**Primary Unit 802010**

- Underfunded Status:
  - The corrective action plan demonstrates it will no longer trigger underfunded status because the local unit's annual required contribution will be less than 12% of general fund operating revenues within a reasonable timeframe.
- Legal and Feasible:
  - In section 7 of the corrective action plan template, the local 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 city's fiscal year 2019 Form 5572 confirms that the city's OPEB system does not trigger as underfunded in fiscal year 2019. While the city incorrectly answered the question about paying normal costs for employees hired after June 30, 2018, their fiscal year 2018 and 2019 audit document that the plan is only offered to current retirees.

Line	Descriptive Information	Source of Data	System 1
1	Is this unit a primary unit (County, Township, City, Village)?	Calculated	YES
2	Provide the name of your retirement health care system	Calculated from above	City of Bangor
3	<b>Financial Information</b>		
4	Enter retirement health care system's assets (system fiduciary net position ending)	Most Recent Audit Report	-
5	Enter retirement health care system's liabilities (total OPEB liability)	Most Recent Audit Report	1,406,336
6	Funded ratio	Calculated	0.0%
7	Actuarially determined contribution (ADC)	Most Recent Audit Report	69,227
7a	Do the financial statements include an ADC calculated in compliance with Numbered Letter 2018-3?	Most Recent Audit Report	YES
8	Governmental Fund Revenues	Most Recent Audit Report	1,572,803
9	All systems combined ADC/Governmental fund revenues	Calculated	4.4%
10	Membership		

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

- None

**Treasury Recommendation**  
**City of Fenton OPEB Corrective Action Plan (CAP)**  
**Primary Unit 252030**

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
MERS	Pension	\$10,959,744	\$17,788,188	61.6%	\$700,944	\$9,000,223	7.8%	NO
OPEB	OPEB	-	\$6,709,643	0.0%	\$489,023		5.4%	YES
<b>Total</b>		<b>\$10,959,744</b>	<b>\$24,497,831</b>		<b>\$1,189,967</b>	<b>\$9,000,223</b>	<b>13.2%</b>	

**Source: Retirement Report 2019, Audited Financial Statements**

**Staff Recommendation:** Approval of the OPEB corrective action plan submitted by City of Fenton, which was received by the Municipal Stability Board (the Board) on 11/17/2020. If approved by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and implementation of their corrective action plan.

**Changes Made:**

- Modern Plan Design:
  - The city terminated the healthcare benefit for any employees hired after June 30, 2018.
- Plan Funding:
  - None listed.
- Other Considerations:
  - None listed.

**Prospective Changes:**

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

**System Status for All Divisions: CLOSED**

**Plan size: members 82**

- Inactive employees or beneficiaries currently receiving benefits: 33
- Inactive employees entitled to but not yet receiving benefits: 0
- Active employees: 49

**Treasury Recommendation  
City of Fenton OPEB Corrective Action Plan (CAP)  
Primary Unit 252030**

**Corrective Action Plan Criteria:**

The following corrective action plan approval criteria are met:

- Underfunded Status:
  - The corrective action plan demonstrates it will no longer trigger underfunded status because the local unit's annual required contribution will be less than 12% of general fund operating revenues within a reasonable timeframe.
- Legal and Feasible:
  - 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.

The following corrective action plan approval criteria are partially met:

- Affordable:
  - The local unit did not confirm in section 5 or 7 of the corrective action plan template that its corrective action plan was affordable; however, there does not appear to be any indication that the plan will not be affordable.

**Supplemental Information:**

Public Act 202 of 2017 requires local governments to pay the normal costs for all new hire after June 30, 2018. The city triggered as underfunded for failure to pay these normal costs. In Resolution 20-25, the city changed its retiree health care plan so employees hired after June 30, 2018 will not be eligible for retiree healthcare.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Fenton as follows:

1. City employees hired after June 30, 2018 are not eligible for health care coverage, or subsidy payments offered to retired City employees, unless the City Council provides for such health care coverage or subsidy payments by resolution and, as part of its annual budgetary deliberations, determines that it has sufficient funds to offer some form of benefit for a particular budget year.
2. Any prior resolutions in conflict with this Resolution are hereby repealed.

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

- None

**MUNICIPAL STABILITY BOARD  
RESOLUTION 2020-22**

**CORRECTIVE ACTION PLAN MONITORING COMPLIANCE**

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

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

**WHEREAS**, the Act requires the Board to certify not less than every 2 years a local unit of government’s (a “Municipality”) compliance with the Act and any Corrective Action Plan.

**WHEREAS**, the Board passed Resolution 2020-11 adopting the Corrective Action Plan Monitoring Policy and Procedures (“Monitoring Procedures”);

**WHEREAS**, the Board previously approved the Municipalities’, listed on Appendix B and attached to this Resolution, Corrective Action Plans;

**WHEREAS**, Treasury and the Board have reviewed the Municipalities’ compliance with their respective Corrective Action Plans and the Act pursuant to the Monitoring Procedures; and

**WHEREAS**, Treasury has submitted recommendations whether to certify that the municipalities listed on Appendix A attached hereto are in substantial compliance with the Act.

**NOW THEREFORE, BE IT RESOLVED**, the Board hereby certifies that the Municipalities Corrective Action Plans listed on Appendix A notated as Compliant are in substantial compliance with the Act and their respective Corrective Action Plans;

**BE IT FURTHER RESOLVED**, the Board hereby certifies that the Municipalities Corrective Action Plans listed on Appendix A notated as Compliant with Conditions are in substantial compliance with the Act and their respective Corrective Action Plans, provided that the Municipalities meet the requirements identified by the Board by the next certification date (the “Compliance Conditions”);

**BE IT FURTHER RESOLVED**, the Board determines the Municipalities’ notated as noncompliant are not in substantial compliance with their respective Corrective Action Plan and/or the Act (the “Noncompliance Determination”);

**BE IT FURTHER RESOLVED**, that Treasury is directed to provide relevant Municipalities with notification of the Board’s detailed Compliance Conditions and reasons for the Noncompliance Determination within fifteen days of this resolution;

**BE IT FURTHER RESOLVED**, that Municipalities will have sixty days to address the reasons for the Noncompliance Determination from the date of the notification of such reasons; and



**BE IT FURTHER RESOLVED,** that Municipalities who fail to address the reasons for the Noncompliance Determination within sixty days will be deemed in noncompliance with the Act pursuant to MCL 38.2810(6).

Ayes:

Nays:

Recused:

Lansing, Michigan

December 16, 2020

Municipal Stability Board Appendix B, December 16, 2020

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

CAP Monitoring Criteria Key	
<b>Underfunded Status</b>	Is the local government addressing their underfunded status in the same timeframe or less, as the approved CAP?
<b>Substantial Changes</b>	Does the corrective action plan remain substantially the same as the original approved submission?
<b>Sustainability</b>	The local government must certify the plan is still affordable, though detailed supporting documentation. This includes documentation that the local government's retirement costs are not increasing at a rate greater than what can be afforded through reasonable revenue growth. Retirement costs also must not have substantially increased above the original projection in their approved CAP.

#	Local Government	Municode	Fiscal Year Underfunded	System Type	Date Received	Underfunded Status	Substantial Changes	Sustainability	Treasury Recommendation	CAP Monitoring Certification Form Link
1	Milan Public Library	818007	2017	Pension	10/7/2020	Yes	Yes	Yes	Compliant	<a href="#">Milan Public Library - Pension</a>

**Treasury Recommendation**  
**Milan Public Library Pension Corrective Action Plan (CAP) Monitoring Compliance Certification**  
**Non-Primary Government 818007**

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
MERS	Pension	\$229,938	\$404,908	56.79%	\$14,129	\$382,776	3.69%	YES

**Source: Retirement Report 2019, Audited Financial Statements**

**Staff Recommendation:** Compliance for the pension corrective action plan monitoring certification of compliance submitted by Milan Public Library on October 7, 2020. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

**Underfunded Status**

**Is the local government addressing its underfunded status in the same timeframe or less than the approved CAP?**

- Yes, Milan Public Library is addressing underfunded status by fiscal year 2022 as originally approved.

**Substantial Changes**

**CAP Changes Implemented:**

- A total of \$25K has been made in surplus payments since implementation of the CAP. The library plans to make another payment of \$25k in 2021, and \$15K in 2022 (Treasury noted that this is greater than the \$10K maximum annual payment authorized in approved CAP).

**CAP Changes Not Implemented:**

- None listed.

**Additional Changes Implemented**

- None listed.

**Revised Corrective Action Plan Submitted? NO**

**Sustainability**

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

- Fiscal Year: 2021
- Percentage of Revenues: 11.1%

**System Status for All Divisions: OPEN**

**Treasury Recommendation**  
**Milan Public Library Pension Corrective Action Plan (CAP) Monitoring Compliance Certification**  
**Non-Primary Government 818007**

**Plan size: members: 4**

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

**Corrective Action Plan Monitoring Criteria:**

The following corrective action plan monitoring criteria are met:

- Underfunded Status:
  - The local government continues to address its retirement system's underfunded status consistent with the timeline date listed in its approved corrective action plan (2022).
- Substantial Changes:
  - There were no documented changes to the corrective action plan monitoring certification of compliance plan which substantially deviated from the approved corrective action plan.
- Sustainability:
  - The local government certified in section 4 of the Corrective Action Plan Monitoring: Application for Certification of Compliance form that the plan allowed for the local government to continue to make, at a minimum, the ADC payment for the defined benefit pension system(s) and/or any applicable statutorily required payments for retirement health benefit system(s), according to its long-term budget forecast. Additionally, the projected retirement costs do not appear to be increasing at a rate that can not be addressed through reasonably achievable revenue growth.

**Supplemental Information:**

In Milan Public Library's original corrective action plan, the Library Board only approved additional annual payments above the ADC up to \$10K, but the monitoring form documents additional payments above that amount in future years. The Library has not submitted additional governing body documentation showing that they approved the additional payments of \$25K in FY21 and \$15K in FY22. Therefore, it will be important to continue monitoring the library again in two years.

**Treasury Recommendation**  
**Milan Public Library Pension Corrective Action Plan (CAP) Monitoring Compliance Certification**  
**Non-Primary Government 818007**

The Library provided a funding analysis and retirement cost analysis as part of the supporting documentation. The Library failed to include it's most recent MERS valuation, so Treasury was unable to verify the numbers provided in the analyses, however, the projections and analyses appear largely reasonable, and in line with previously provided data. In the retirement cost analysis, the Library did use a projected annual revenue growth estimate of 4%, which is on the high end of what is reasonable.

Corrective Action Plan Monitoring Certification of Compliance: Section 5 - Projection illustrating how Milan Public Library plans to reach required Funding Ratio

Fiscal Year	Pension Payments		Benefit Payments	Projections			Notes
	Total Pension ADC (All Systems)	Additional Pension Contributions (All Systems)	Total Benefit Payments during FY	Pension Assets at End of FY (projected after 2019)	Pension Liability (Projected)	Funded Ratio	
2019				\$ 268,629.00	\$ 458,258.00	59%	per Annual Actuarial valuation report 12/31/2019, p. 73
2020				\$ 270,194.00	\$ 446,686.00	60%	2020 Adopted Demographic Assumptions per 12/31/19 Annual Actuarial Valuation Report, p.5
2021	\$26,640	\$25,000	\$31,059	\$ 281,001.76	\$ 475,000.00	59%	uses projected 4% rate of return on assets
2022	\$27,600	\$15,000	\$31,059	\$ 292,241.83	\$ 490,000.00	60%	uses projected 4% rate of return on assets

Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet

Fiscal Year	Pension Payments		OPEB Payments		Projected (Actual) Governmental Revenues	Projected Enterprise Funds used for Retirement Costs	Projected Retirement Contributions as a Percent of Revenues
	Total Pension ADC (All Systems)	Additional Pension Contributions (All Systems)	Total OPEB Benefit Payment Amount (All Systems)	Additional OPEB Contributions (All Systems)			
2019					428,051		
2020	\$23,908	\$10,000			\$445,173		8%
2021	\$26,640	\$25,000			\$462,980		11%
2022	\$27,600	\$15,000			\$481,499		9%
2023	\$28,500	\$10,000			\$500,759		8%
2024	\$29,700	\$10,000			\$520,789		8%

  

Projected Annual Revenue Growth (Please select)	4%
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**The Community Engagement and Finance Division (CEFD) contact:**

- Treasury emailed the Library on 12/2/2020, and left a voicemail for the Library on 12/3/2020 requesting additional documentation.

**MUNICIPAL STABILITY BOARD  
RESOLUTION 2020-23**

**COMPLIANCE WITH ANNUAL REPORTING**

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

**WHEREAS**, MCL 38.2805(6) requires local units of government to submit an annual report to Treasury (Treasury Retirement System Annual Report, Form 5572) (the “Annual Report”).

**WHEREAS**, the local units of government listed on Exhibit A (the “Local Governments”) failed to file the Annual Report for fiscal year 2017 and were subsequently determined to be noncompliant with the Act by the Board.

**WHEREAS**, the Local Governments filed the Annual Reports for fiscal year 2018 and were not found to be underfunded pursuant to MCL 38.2805(4).

**NOW, THEREFORE, BE IT RESOLVED**, the Board determines the Local Governments are now compliant with the Act and are currently no longer under the purview of the Board and not currently required to file a corrective action plan under MCL 38.2809.

Ayes:

Nays:

Recused:

Lansing, Michigan

December 16, 2020



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RACHAEL EUBANKS  
STATE TREASURER

**DATE:** December 16, 2020 Exhibit A

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

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

**SUBJECT:** Removal from the Corrective Action Process and the Purview of Board

**Suggested Action:** The Board motions to remove the following local governments from the corrective action process and the purview of the Board for subsequently filing the Retirement System Annual Report (Form 5572) showing that they meet the Act's funding requirements:

**I.** Sturgis City Housing Commission

**Requirements for Removal from Underfunded Status and Corrective Action Plan**

**Monitoring:** A local government in corrective action for failure to file the Form 5572 may be released by the Board from the corrective action plan process and purview of the Board. This will remove the local governments underfunded status, if the local government subsequently filed the Form 5572 showing that they meet the Act's funding requirements.