

Municipal Stability Board

Wednesday, May 19, 2021 at 11:00 a.m.
Virtual Public Meeting
via Microsoft TEAMS
<https://bit.ly/msb05192021>

I. Call to Order

- A. Roll Call
- B. Approval of April 21, 2021 Minutes

II. Public Comment

- A. 2-minute limit

III. Correspondence

- A. Treasury Update

IV. New Business

- A. Receipt of Corrective Action Plans
 - i. Delta County Road Commission
- B. Approvals and Disapprovals of Corrective Action Plans (Resolution 2021-16)
 - i. District Health Department No. 4
 - ii. Ontonagon County Economic Development Corporation
 - iii. Schoolcraft County Road Commission
- C. Corrective Action Plan Monitoring Certifications of Compliance (Resolution 2021-17)
 - i. City of Battle Creek
 - ii. City of Benton Harbor
 - iii. Bloomfield Township Public Library
 - iv. City of Center Line

- v. City of Crystal Falls
- vi. City of Dearborn Heights
- vii. Eastern Upper Peninsula Transportation Authority
- viii. Lansing Housing Commission
- ix. Marquette County Road Commission
- x. Michigan Works! Region B Consortium
- xi. Montcalm County Road Commission
- xii. City of Mount Clemens
- xiii. Otsego County Road Commission
- xiv. Ottawa County Road Commission
- xv. City of Pontiac
- xvi. Presque Isle County Road Commission
- xvii. City of Taylor
- xviii. Wayne County Airport Authority
- xix. West Iron County Sewer Authority

D. Board Removal from Corrective Action (Resolution 2021-18)

- i. Lansing Housing Commission
- ii. Michigan Works! Region B Consortium
- iii. Wayne County Airport Authority

E. Request for Removal from Corrective Action (Resolution 2021-19)

- i. Village of Romeo

V. Public Comment

A. 2-minute limit

VI. Board Comment

VII. Adjournment

MUNICIPAL STABILITY BOARD

Wednesday, April 21, 2021

11:00 a.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 – Flint, MI

John Lamerato – Sterling Heights, MI

Barry Howard – Longboat Key, FL

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 March 17, 2021 board meeting minutes by Barry Howard and supported by John Lamerato. The Board unanimously approved the March 17, 2021 meeting minutes. 3 ayes and 0 nays.

PUBLIC COMMENT

No public comment.

CORRESPONDENCE

Nick Brousseau discussed the Treasury update on upcoming corrective action plan reviews and corrective action plan monitoring reviews. Additionally, Brousseau gave an update on Treasury's outreach and updated schedule for Uniform Assumptions, Best Practices and Corrective Action Plan Development Criteria, and Corrective Action Plan Monitoring Criteria.

Kayla Rosen discussed the Failure to Make Required Pension Contribution(s): Underfunded Local Government memo.

NEW BUSINESS

RECEIPT OF CORRECTIVE ACTION PLANS

Nick Brousseau was asked to review the receipt of Corrective Action Plans from 3 local governments (3 systems).

- District Health Department No. 4
- Ontonagon County Economic Development Corporation
- Schoolcraft County Road Commission

A motion was made to receive the Receipt of Corrective Action Plans by John Lamerato and supported by Barry Howard.

The Board unanimously approved to receive the Receipt of Corrective Action Plans. 3 ayes and 0 nays. The motion has passed.

APPROVALS AND DISAPPROVALS OF CORRECTIVE ACTION PLANS (RESOLUTION 2021-12)

Nick Brousseau was asked to review the Approvals and Disapprovals of Corrective Action Plans (Resolution 2021-12) with the Board:

- Bruce Township (Approval)
- City of Marshall (Approval)
- Muskegon Housing Commission (Approval)
- Saginaw Community Mental Health Authority (Approval)
- Woodlands Behavioral Healthcare Network (Approval)

A motion was made to approve the Approvals and Disapprovals of Corrective Action Plans (Resolution 2021-12) by Barry Howard and supported by John Lamerato.

The Board unanimously approved the Approvals and Disapprovals of Corrective Action Plans (Resolution 2021-12). 3 ayes and 0 nays. Resolution 2021-12 was passed.

CORRECTIVE ACTION PLAN MONITORING CERTIFICATIONS OF COMPLIANCE FROM 18 LOCAL GOVERNMENTS (18 PLANS) (RESOLUTION 2021-13)

Kayla Rosen and Nick Brousseau were asked to review the Corrective Action Plan Monitoring Certifications of Compliance (Resolution 2021-13) with the Board:

- City of Allen Park (Compliant)
- City of Berkley (Compliant)
- City of Burton (Compliant)
- City of Dowagiac (Compliant)
- City of Grosse Pointe Farms (Compliant)
- Village of Holly (Compliant)
- City of Ironwood (Compliant)
- City of Jackson (Compliant)
- Village of L'Anse (Compliant)
- City of Marysville (Compliant)
- City of Norton Shores (Compliant)

**APRIL 2021 MSB
DRAFT MEETING MINUTES**

- City of Norway (Compliant with Conditions)
- Ogemaw County Road Commission (Compliant)
- City of Pontiac (Removed from Appendix B, tabled until next month)
- City of Rogers City (Compliant)
- City of Sault Ste. Marie (Compliant)
- City of St. Clair Shores (Compliant)
- Tawas Policy Authority (Compliant)

Kayla Rosen discussed the local governments that Treasury is recommending for compliance. Nick Brousseau discussed the local governments that are recommended for compliance with conditions. Additionally, Nick Brousseau noted that the City of Pontiac submitted their monitoring documentation after the packet was sent out. Treasury recommends removing the City of Pontiac from Appendix B.

A motion was made to approve remove the City of Pontiac from Appendix B by John Lamerato. Eric Scorsone made a motion to table the City of Pontiac and was supported by Barry Howard.

The Board unanimously approved the removal of the City of Pontiac from Appendix B and to table discussion until next month. 3 ayes and 0 nays.

A motion was made to approve the amended Corrective Action Plan Monitoring Certifications of Compliance (Resolution 2021-13 by Barry Howard and supported by John Lamerato.

The Board unanimously approved the amended Corrective Action Plan Monitoring Certifications of Compliance (Resolution 2021-13). 3 ayes and 0 nays. Resolution 2021-13 was passed.

BOARD REMOVAL FROM CORRECTIVE ACTION (RESOLUTION 2021-14)

Nick Brousseau was asked to review the Board Removal from Corrective Action (Resolution 2021-14) with the Board:

- City of Burton
- City of Grosse Pointe Farms
- City of Rogers City

A motion was made to approve the Board Removal from Corrective Action (Resolution 2021-14) by John Lamerato and supported by Barry Howard.

The Board unanimously approved the Board Removal from Corrective Action (Resolution 2021-14). 3 ayes and 0 nays. Resolution 2021-14 was passed.

LOCAL GOVERNMENT REQUEST FOR REMOVAL FROM CORRECTIVE ACTION (RESOLUTION 2021-15)

Nick Brousseau was asked to review the Local Government Request for Removal from Corrective Action (Resolution 2021-15) with the Board:

- City of Clawson
- Richfield Township

Nick Brousseau reviewed the local governments that no longer meet the definition of underfunded status and have requested to be removed.

**APRIL 2021 MSB
DRAFT MEETING MINUTES**

A motion was made to approve the Local Government Request for Removal from Corrective Action (Resolution 2021-15) by Barry Howard and supported by John Lamerato.

The Board unanimously approved the Local Government Request for Removal from Corrective Action (Resolution 2021-15). 3 ayes and 0 nays. Resolution 2021-15 was passed.

PUBLIC COMMENT

No public comment.

BOARD COMMENT

Barry Howard requested additional information about the Village of Ontonagon, such as the state statute that gives authority for a judgment levy and how it impacts to the Board. John Lamerato thanks Treasury for all their hard work and action items. Eric Scorsone thanks Treasury staff for all their hard work.

NEXT MEETING

The next regular meeting will be on May 19, 2021 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 11:37 a.m.

Treasury's Public Act 202 of 2017 Update

As of 5/19/2021

Table 1: Upcoming CAP Reviews

Public Act 202 of 2017: Corrective Action Plan Review Schedule					
LOCAL GOVERNMENT TYPE	Tentative Month of Corrective Action Plan Review				
	May	June	July	August	September
Non Primary	3	1	0	1	1
Primary	0	0	2	4	2
Total	3	1	2	5	3

CAP Monitoring Notifications and Reviews

- A total of 154 local governments have been sent monitoring certification requests to date
- 126 local governments have returned requested monitoring submission(s) to Treasury

Table 2: CAP Monitoring Certification of Compliance Reviews

Public Act 202 of 2017: Corrective Action Plan Monitoring Schedule							
Monitoring Phase	Tentative Month of Corrective Action Plan Monitoring Certification						
	May	June	July	August	September	October	November
Monitoring Certification Sent	6	6	5	4	2	0	0
Monitoring Certification Due	9	4	6	6	6	5	4
Board to Review	20	20	20	19	9	4	6

Treasury Department Communication and Outreach Report

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

Local Government COVID-19 Webpage

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



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

DATE: May 19, 2021
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. Delta County Road Commission
 - A. Pension

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).

I. LOCAL GOVERNMENT INFORMATION

Local Government Name: Delta County Road Commission Six-Digit Muni Code: 210100
Defined Benefit Pension System Name: Municipal Employees Retirement System
Contact Name (Administrative Officer): Jody Norman
Title if not Administrative Officer: Manager Telephone: (906) 786-3200
Email (Communication will be sent here): pam@deltacrc.org
Fiscal Year System was Determined to be Underfunded: 2020

2. GENERAL INFORMATION

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

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

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

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

The completed plan must be submitted via email to Treasury at LocalRetirementReporting@michigan.gov for review by the Board. **If you have multiple underfunded retirement systems, you are required to**

complete separate plans and send a separate email for each underfunded system. Please attach each plan as a separate PDF document in addition to all applicable supporting documentation.

The subject line of the email(s) should be in the following format: **Corrective Action Plan-20XX, Local Government Name, Retirement System Name** (e.g. Corrective Action Plan-2017, City of Lansing, Employees' Retirement System Pension Plan). Treasury will send an automatic reply acknowledging receipt of the email. Your individual email settings must allow for receipt of Treasury's automatic reply. This will be the only notification confirming receipt of the application(s).

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

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

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

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

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

3. DESCRIPTIONS OF PRIOR ACTIONS

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

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

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

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

Category of Prior Actions:

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

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

Division 01-Teamsters (benefit B-2 2% multiplier) was closed to new hires 4/1/2012 & new Division 13 was created for anyone hired after that date with lower benefits (B-1 1.7% multiplier) as well as added 3% member contribution rate for all new hires. Division 10-Non Union/Administrative Employees (benefit B-4 2.5% multiplier) was closed to new hires 9/1/2012 & new Division 14 was created for any administrative employees hired after that date with lower benefits (B-3 2.25% multiplier). On page 7 of the attached actuarial valuation, it shows our funded ratio will be 60% by fiscal year 2022/2023.

- 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**.*

Since 2011 we have made additional lump-sum payments toward our unfunded liability as our budget & financial conditions allowed. The breakdown of the extra payments made are as follows:
2011-\$200,000, 2012-\$200,000, 2013-\$200,000, 2014- \$300,000, 2015-\$500,000, 2017-\$200,000, 2018-\$600,000, 2020-\$300,000
Beginning with the 2017 payment we opened a "surplus division" so that these payments will not lower our regular payments. See attached data list highlighting additional payments made since 2011 increasing the system's funded ratio to 60% by FY2022/2023

- 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.

In fiscal year 2021, the Delta County Road Commission will provide a lump sum payment of \$600,000 to the surplus division. See page 2 of attached proposed FY 2021 Budget which highlights this contribution of \$600,000. Our goal is to continue making additional surplus payments to get our unfunded liability paid off in a timely manner. See page 7 of the attached actuarial valuation, showing our funded ratio will be 60% by fiscal year 2022/2023.

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

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

5. CONFIRMATION OF FUNDING

Please check the applicable answer:

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

Yes

No, Explain:

6. DOCUMENTATION ATTACHED TO THIS CORRECTIVE ACTION PLAN

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

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

Naming Convention:

Attachment – 1

Attachment – 1a

Attachment – 2a

Attachment – 3a

Attachment – 4a

Attachment – 5a

Attachment – 6a

Type of Document:

This corrective action plan form (required);

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

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

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

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

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

Other documentation not categorized above.

7. CORRECTIVE ACTION PLAN CRITERIA

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

Corrective Action Plan Criteria:

Description:

Underfunded Status

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

Legality

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

Affordability

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

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

I, Jody Norman _____, as the government's administrative officer (Ex. City/Township Manager, Executive Director, Chief Executive Officer, etc.) **(insert title)** Manager 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 Municipal Employees Retirement System **(insert retirement pension system name)** will achieve a funded status of at least 60% by fiscal year 2022/2023 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: <insert signature>

Date: 04/27/2021

**MUNICIPAL STABILITY BOARD
RESOLUTION 2021-16**

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

May 19, 2021

Municipal Stability Board Appendix A, May 19, 2021

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

CAP Criteria Key	
Underfunded Status	Was there description and adequate supporting documentation of how and when the retirement system will address the Underfunded Status criteria as defined by the Municipal Stability Board?
Legality	Does the corrective action plan follow all applicable laws? Are all required administrative certifications and governing body approvals included? Are the actions listed feasible?
Affordable	The local government must confirm that corrective actions listed in the CAP allow for the local 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	District Health Department # 4	047509	2019	Pension	4/21/2021	Yes	Yes	Yes	Approve	District Health Department # 4 - Pension
2	Ontonagon County Economic Development Corporation	667506	2019	Pension	4/21/2021	Yes	Yes	Partial	Approve	Ontonagon County Economic Development Corporation - Pension
3	Schoolcraft County Road Commission	770100	2019	Pension	4/21/2021	Yes	Yes	Yes	Approve	Schoolcraft County Road Commission - Pension

Treasury Recommendation
District Health Department #4 Pension Corrective Action Plan (CAP)
Non-Primary Unit 047509

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
MERS	Pension	\$12,273,915	\$21,827,337	56.2%	\$724,668	\$3,925,114	18.5%	YES

Source: Retirement Report 2019, Audited Financial Statements

Staff Recommendation: Approval of the pension corrective action plan submitted by District Health Department #4, which was received by the Municipal Stability Board (the Board) on 4/21/2021. 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:
 - Beginning 1/1/12, all newly hired employees were enrolled in the Hybrid Plan. Table 6 of the Annual Actuarial Valuation report shows the Hybrid plan being 112% funded. (Reduces the future liability accrual based on future benefits lower. Hybrid has 1.25% DB multiplier).
 - Beginning 1/1/15, all DB participants began contributing 15% of gross salaries.
 - The Agreement between DHD4 Board of Health and Employees limits the allowable vacation leave accumulation to be no more than 30 days in any given year. Sick leave payouts do not count towards retirement FAC. (Reduces the benefits amounts, therefore, decreasing total liability. Also mitigates FAC padding/spiking, which would lead to the immediate development of UAL.
- Plan Funding:
 - DHD4 has made additional contributions to the MERS DB plan as outlined in Table 5 of the Annual Actuarial Valuation Report. (Additional payments made into the plan go toward funding the accrued liability. In addition, those extra dollars are invested and have the ability to recognize market return.)
- Other Considerations:
 - Following MERS Best Practices, DHD4:
 1. Implement a fixed amortization policy – gives plans a specific date by which all known obligations will be fully funded.
 2. Conduct an Experience Study every 5-years – ensure assumptions match actual experience and make adjustments where necessary.
 3. Show market volatility scenarios – encourages extra contributions.
 4. Establish a minimum funding threshold – prevents plans from running out of assets.
 5. Requires 100% funding before a plan can make benefit enhancements – reduces the likelihood that a municipality will incur UAL due to benefit improvements.
 6. Provide actuarial reporting – reports illustrate financial impacts of benefit changes by providing cost projects of at least 5 years.
 7. Mitigate pension spiking – eliminates unexpected pension spikes and applies actuarial loads to groups that have demonstrated a history of FAC increase.
 8. Assumption Changes – have occurred 7 times since 2008 resulting in a negative impact to the agency.

Treasury Recommendation
District Health Department #4 Pension Corrective Action Plan (CAP)
Non-Primary Unit 047509

Prospective Changes:

- Modern Plan Design:
 - None listed.
- Plan Funding:
 - DHD4 will begin to use forfeiture funds to cover the Employer portion of the DC and Hybrid plan. The funds budgeted for both plans will be redirected to the DB plan resulting in an additional approximately \$38,000 in 2021.
 - DHD4 will increase contributions to No-Phase in Amount beginning in March for 2021 - resulting in an additional \$48,870 funding.
 - Additional lump sum payment will occur in 2020 once amount is determined. DHD4 will contribute an additional \$50,000 each year beginning in 2022 towards UAL.
 - Unrestricted funds will be utilized to reduce the unfunded liability for the DB plan based on department budget guidelines.
- Other Considerations:
 - Statement of Fiduciary Net Position for the Year Ending 12/31/2020 shows an increase in DHD4 balance.

System Status for All Divisions: OPEN

Plan size: members 114

- Inactive employees or beneficiaries currently receiving benefits: 12
- Inactive employees entitled to but not yet receiving benefits: 64
- Active employees: 38

Corrective Action Plan Criteria:

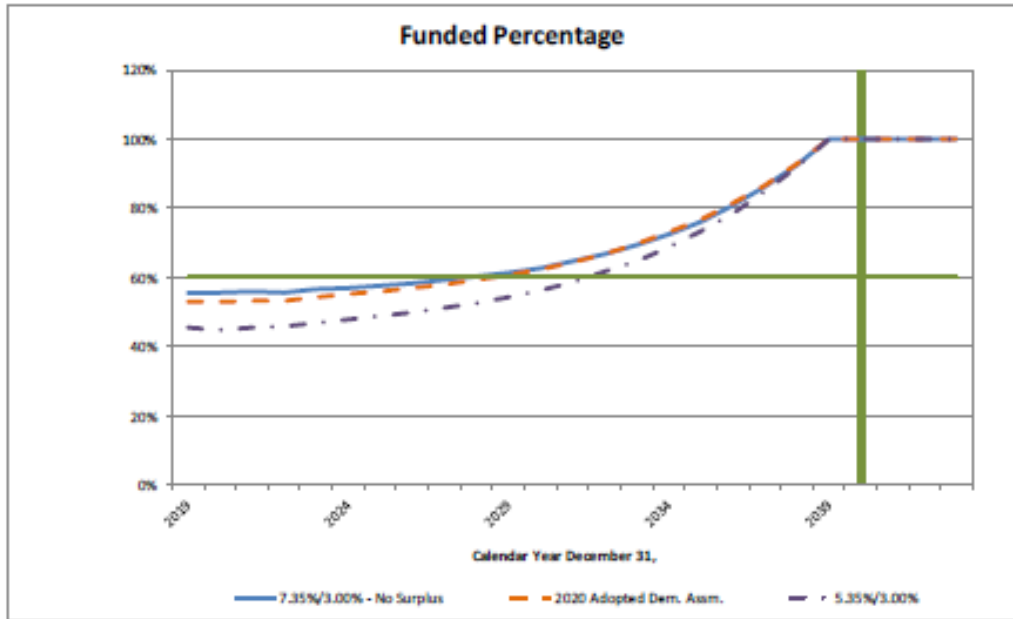
The following corrective action plan approval criteria are met:

- Underfunded Status:
 - The corrective action plan demonstrates it will reach the PA 202 established funding level of 60% funded as demonstrated by the internal analysis/actuarial projection/actuarial valuation found in the corrective action plan within a reasonable timeframe (2028).
- Legal and Feasible:
 - In section 7 of the corrective action plan template, the local unit confirms that the plan is legal and feasible because the plan follows all applicable laws, the actions listed are feasible, and the plan is approved by the governing body.
- Affordable:
 - The local unit confirms in section 5 of the corrective action plan template that the corrective actions listed will allow for the local unit to make, at a minimum, the annual required contribution payment according to the long-term budget forecast.

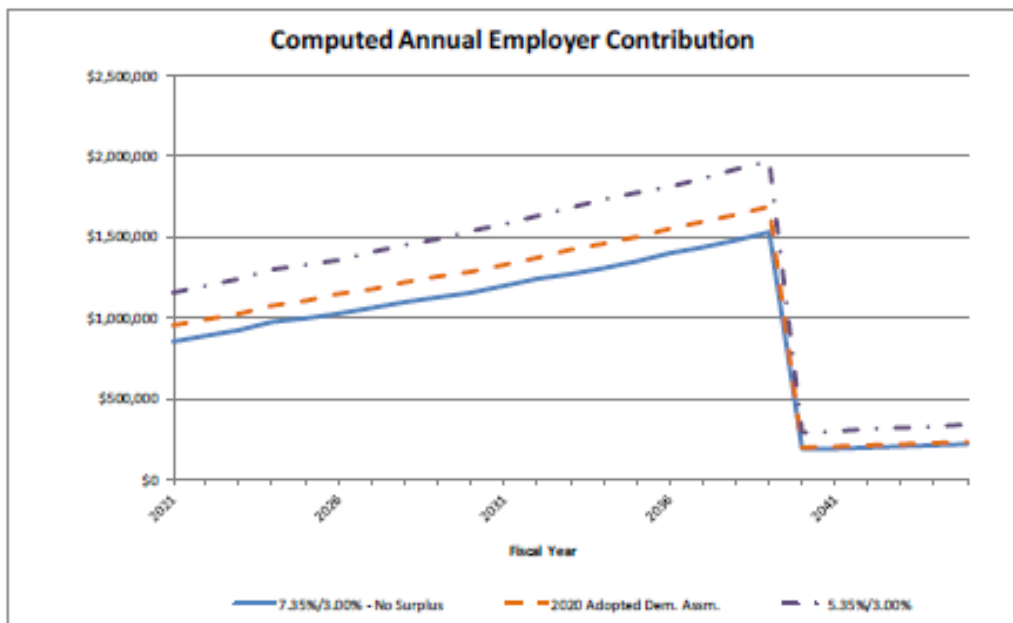
**Treasury Recommendation
 District Health Department #4 Pension Corrective Action Plan (CAP)
 Non-Primary Unit 047509**

Supplemental Information:

The District Health Department provided the MERS valuation documenting its funded ratio and annual employer costs. From FY 2021 to 2039, the annual payment increases by approximately 83%, which is about 4.0% per year.



Notes:
 All projected funded percentages are shown with no phase-in.
 The green indicator lines have been added at 60% funded and 21 years following the valuation date for PA 202 purpo



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

The Community Engagement and Finance Division (CEFD) contact:

- None

Treasury Recommendation
Ontonagon County EDC Pension Corrective Action Plan (CAP)
Non-Primary Unit 667506

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
MERS Gen. Emps.	Pension	\$48,222	\$97,055	49.7%	\$6,819	\$11,225	60.7%	YES

Source: Retirement Report 2019, Audited Financial Statements

Staff Recommendation: Approval of the pension corrective action plan submitted by Ontonagon County EDC, which was received by the Municipal Stability Board (the Board) on 4/21/2021. If approved by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and implementation of their corrective action plan.

Changes Made:

- Modern Plan Design:
 - The plan has been closed more than ten years and has one inactive employee currently receiving benefits at a fixed rate.
 - The Economic Development Corporation reach 60% funding during 2022 and be fully funded by 2031.
- Plan Funding:
 - None listed.
- Other Considerations:
 - None listed.

Prospective Changes:

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

System Status for All Divisions:

Plan size: members 1

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

Treasury Recommendation
Ontonagon County EDC Pension Corrective Action Plan (CAP)
Non-Primary Unit 667506

Corrective Action Plan Criteria:

The following corrective action plan approval criteria are met:

- Underfunded Status:
 - The corrective action plan demonstrates it will reach the PA 202 established funding level of 60% funded as demonstrated by the internal analysis/actuarial projection/actuarial valuation found in the corrective action plan (2022).
- Legal and Feasible:
 - In section 7 of the corrective action plan template, the local unit confirms that the plan is legal and feasible because the plan follows all applicable laws, the actions listed are feasible, and the plan is approved by the governing body.

The following corrective action plan approval criteria are partially met:

- Affordable:
 - The local unit confirms in section 5 of the corrective action plan template that the corrective actions listed will allow for the local unit to make, at a minimum, the annual required contribution payment according to the long-term budget forecast. However, our review indicates the plan's annual required contribution as a percentage of general fund operating revenues is 60.7%. This reflects a significant portion of the local government's budget.

Supplemental Information:

The Economic Development Corporation submitted documentation showing they will reach 60% funded by 2023. Additionally, the Economic Development Corporation's annual employer costs increase in 2021, 2022, and 2023 before decreasing significantly in 2024.

**Treasury Recommendation
Ontonagon County EDC Pension Corrective Action Plan (CAP)
Non-Primary Unit 667506**

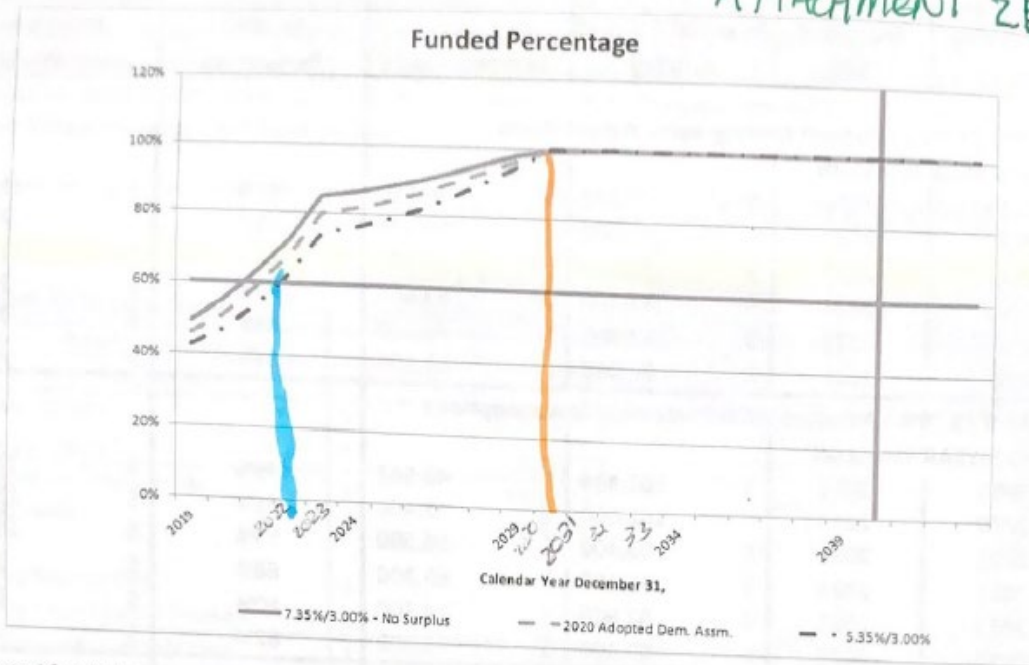
ATTACHMENT 2a

Valuation Year Ending 12/31	Fiscal Year Beginning 1/1	Actuarial Accrued Liability	Valuation Assets ²	Funded Percentage	Computed Annual Employer Contribution
7.35%¹/3.00% - Current Demographic Assumptions					
NO 5-YEAR PHASE-IN					
2019	2021	\$ 98,347	\$ 48,562	49%	\$ 11,820
2020	2022	\$ 94,900	\$ 52,400	55%	\$ 12,200
2021	2023	\$ 91,300	\$ 57,700	63%	\$ 12,600
2022	2024	\$ 87,700	\$ 63,400	72%	\$ 2,500
2023	2025	\$ 83,900	\$ 71,300	85%	\$ 2,500
2024	2026	\$ 80,000	\$ 69,100	86%	\$ 2,600
7.35%¹/3.00% - Adopted 2020 Demographic Assumptions					
NO 5-YEAR PHASE-IN					
2019	2021	\$ 105,415	\$ 48,562	46%	\$ 12,768
2020	2022	\$ 102,000	\$ 52,400	51%	\$ 13,200
2021	2023	\$ 99,400	\$ 58,600	59%	\$ 13,600
2022	2024	\$ 96,200	\$ 65,200	68%	\$ 3,500
2023	2025	\$ 92,900	\$ 74,100	80%	\$ 3,600
2024	2026	\$ 89,400	\$ 73,000	82%	\$ 3,700
5.35%¹/3.00% - Current Demographic Assumptions					
NO 5-YEAR PHASE-IN					
2019	2021	\$ 114,277	\$ 48,562	42%	\$ 13,200
2020	2022	\$ 110,000	\$ 51,400	47%	\$ 13,600
2021	2023	\$ 105,000	\$ 57,000	54%	\$ 14,000
2022	2024	\$ 101,000	\$ 63,000	63%	\$ 4,300
2023	2025	\$ 95,900	\$ 71,100	74%	\$ 4,300
2024	2026	\$ 91,100	\$ 69,400	76%	\$ 4,500

- ¹ Represents both the interest rate for discounting liabilities and the future investment return assumption on the Market Value of assets.
- ² Valuation Assets do not include assets from Surplus divisions, if any.

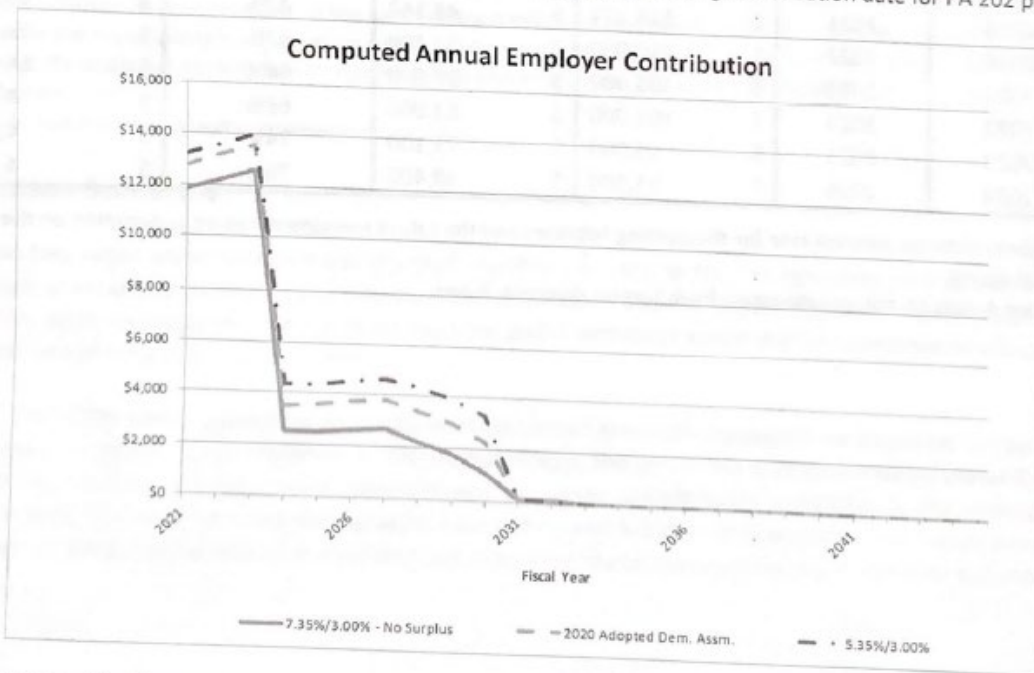
**Treasury Recommendation
Ontonagon County EDC Pension Corrective Action Plan (CAP)
Non-Primary Unit 667506**

ATTACHMENT 2B



Notes:

All projected funded percentages are shown with no phase-in.
The green indicator lines have been added at 60% funded and 21 years following the valuation date for PA 202 purposes.



Notes:

All projected contributions are shown with no phase-in.

The Community Engagement and Finance Division (CEFD) contact:

- None

Treasury Recommendation
Schoolcraft County Road Commission Pension Corrective Action Plan (CAP)
Non-Primary Unit 770100

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
MERS	Pension	\$6,776,123	\$15,462,147	43.8%	\$637,855	\$6,198,577	10.3%	YES
OPEB	OPEB	\$812,166	\$1,604,152	50.6%	\$226,461		4.0%	NO
Total		\$6,776,123	\$15,462,147		\$637,855	\$6,198,577	14.9%	

Source: Retirement Report 2019, Audited Financial Statements

Staff Recommendation: Approval of the pension corrective action plan submitted by Schoolcraft County Road Commission, which was received by the Municipal Stability Board (the Board) on 4/21/2021. If approved by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and implementation of their corrective action plan.

Changes Made:

- Modern Plan Design:
 - The Road Commission reduced the multiplier from 2.5x to 2x for new hires after March 21, 2013.
 - The Road Commission adopted a defined benefit surplus division effective December 2020.
 - On December 21, 2020, the Road Commission requested an actuarial supplemental valuation from MERS to calculate the amount of additional contributions necessary to reach 60% in 5 years. The study showed that they would need to contribute \$275,000 annually.
- Plan Funding:
 - The Road Commission has made additional contributions to MERS since 2011. The FY21 budget projects additional contributions of \$505,000 (\$15,000 per month and \$325,000 at the year-end).
- Other Considerations:
 - The Road Commission notes that the actuarial assumptions changed between 2018 and 2019.
 - The investment rate of return decreased from 7.75% to 7.35%; the rate of wage inflation decreased from 3.75% to 3%; and the amortization period was reduced from 20 years to 19 years.

Prospective Changes:

- Modern Plan Design:
 - None listed.
- Plan Funding:
 - The Road Commission will contribute at least \$275,000 above the required actuarially determined contribution beginning Oct. 1, 2020 through Dec. 31, 2025 to reach 60% funding by fiscal year end 2026.

Treasury Recommendation
Schoolcraft County Road Commission Pension Corrective Action Plan (CAP)
Non-Primary Unit 770100

- Other Considerations:
 - None listed.

System Status for All Divisions: OPEN

Plan size: members 66

- Inactive employees or beneficiaries currently receiving benefits: 42
- Inactive employees entitled to but not yet receiving benefits: 4
- Active employees: 20

Corrective Action Plan Criteria:

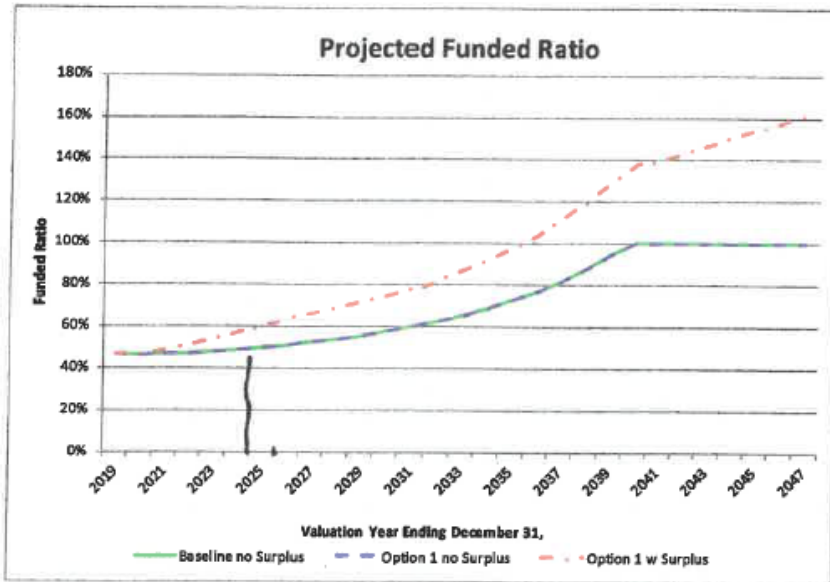
The following corrective action plan approval criteria are met:

- Underfunded Status:
 - The corrective action plan demonstrates it will reach the PA 202 established funding level of 60% funded as demonstrated by the internal analysis/actuarial projection/actuarial valuation found in the corrective action plan within a reasonable timeframe (2026).
- Legal and Feasible:
 - In section 7 of the corrective action plan template, the local unit confirms that the plan is legal and feasible because the plan follows all applicable laws, the actions listed are feasible, and the plan is approved by the governing body.
- Affordable:
 - The local unit confirms in section 5 of the corrective action plan template that the corrective actions listed will allow for the local unit to make, at a minimum, the annual required contribution payment according to the long-term budget forecast.

Supplemental Information:

The Road Commission provided a valuation showing that they will reach 60% funded by 2025. This valuation also shows their projected annual contributions. While the estimated employer contributions do increase from \$811,000 in 2021 to \$1,080,000 in 2031; the amount the Road Commission is paying will decrease when the surplus contributions are included.

Treasury Recommendation
Schoolcraft County Road Commission Pension Corrective Action Plan (CAP)
Non-Primary Unit 770100



Valuation Year Ending December 31,	Baseline			Option 1			Funded Ratio no Surplus	Funded Ratio w Surplus
	Actuarial Accrued Liability	Valuation Assets no Surplus	Funded Ratio no Surplus	Actuarial Accrued Liability	Valuation Assets no Surplus	Valuation Assets w Surplus		
2019	\$16,600,000	\$7,780,000	47%	\$16,600,000	\$7,780,000	\$7,780,000	47%	47%
2020	16,700,000	7,810,000	47%	16,700,000	7,810,000	7,880,000	47%	47%
2021	16,800,000	7,860,000	47%	16,800,000	7,860,000	8,230,000	47%	49%
2022	16,900,000	7,910,000	47%	16,900,000	7,910,000	8,580,000	47%	51%
2023	17,000,000	8,150,000	48%	17,000,000	8,150,000	9,150,000	48%	54%
2024	17,100,000	8,350,000	49%	17,100,000	8,350,000	9,710,000	49%	57%
2025	17,100,000	8,540,000	50%	17,100,000	8,540,000	10,300,000	50%	60%
2026	17,200,000	8,760,000	51%	17,200,000	8,760,000	10,900,000	51%	63%
2027	17,200,000	9,010,000	52%	17,200,000	9,010,000	11,300,000	52%	66%
2028	17,200,000	9,300,000	54%	17,200,000	9,300,000	11,700,000	54%	68%
2029	17,200,000	9,600,000	56%	17,200,000	9,600,000	12,200,000	56%	71%

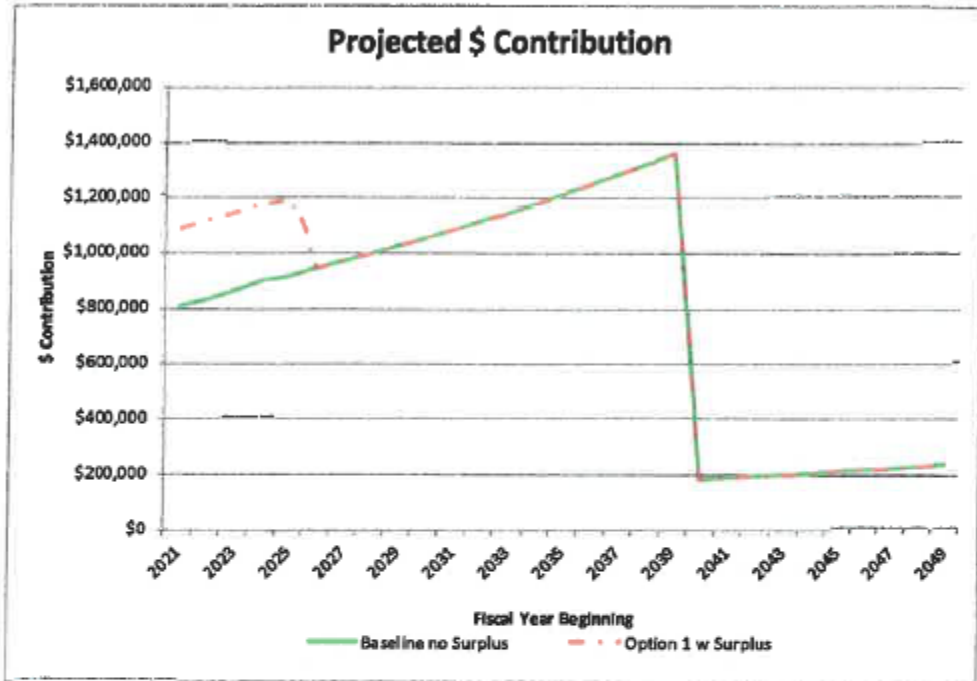
Notes:

- (1) The results shown above are based on the December 31, 2019 assumptions without any phase-in, with adopted 2020 demographic assumptions.
- (2) The valuation assets and funded ratio are shown both including and excluding the Surplus assets. The graph including the Surplus assets assumes the Surplus assets grow with interest and are not used to lower future employer contributions. Projections including the Surplus assets are modeled in this fashion because the use of the assets is discretionary by the employer and it is unknown how and when the employer will use them.
- (3) The funded ratio without Surplus assets is the same in the Baseline and Option 1 since there is no difference in benefit provisions between these two options.
- (4) A projection is not a prediction. Future costs will be determined by future valuations and may change based on actual experience.

This report may be provided to parties other than the municipality only in its entirety.

Treasury Recommendation
 Schoolcraft County Road Commission Pension Corrective Action Plan (CAP)
 Non-Primary Unit 770100

Long Term Impact – Option 1
Schoolcraft CRC (7501) – All Divisions
Projections of Employer Contributions



Fiscal Year Beginning October 1,	Baseline	Option 1		
	Total Employer Contribution	For Existing DB Plan	Additional Contributions to Surplus	Total Employer Contribution
2021	\$811,000	\$811,000	\$275,000	\$1,086,000
2022	837,000	837,000	275,000	1,112,000
2023	865,000	865,000	275,000	1,140,000
2024	899,000	899,000	275,000	1,174,000
2025	919,000	919,000	275,000	1,194,000
2026	945,000	945,000	0	945,000
2027	972,000	972,000	0	972,000
2028	999,000	999,000	0	999,000
2029	1,030,000	1,030,000	0	1,030,000
2030	1,050,000	1,050,000	0	1,050,000
2031	1,080,000	1,080,000	0	1,080,000

The Community Engagement and Finance Division (CEFD) contact:

- None

**MUNICIPAL STABILITY BOARD
RESOLUTION 2021-17**

CORRECTIVE ACTION PLAN MONITORING COMPLIANCE

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

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

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

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

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

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

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

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

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

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

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

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

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

Ayes:

Nays:

Recused:

Lansing, Michigan

May 19, 2021

Municipal Stability Board Appendix B, May 19, 2021

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	
Underfunded Status	Is the local government addressing their underfunded status in the same timeframe or less, as the approved CAP?
Substantial Changes	Does the corrective action plan remain substantially the same as the original approved submission?
Sustainability	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

#	Local Government	Municode	Fiscal Year	System Type	Date Received	CAP Monitoring Criteria			Treasury Recommendation	CAP Monitoring Certification Form
						Underfunded Status	Substantial Changes	Sustainability		Link
1	City of Battle Creek	132020	2017	Pension	2/4/2021	Met	Met	Partially Met	Compliant	City of Battle Creek-Pension
2	City of Benton Harbor	112010	2017	Pension	4/26/2021	Met	Met	Met	Compliant	City of Benton Harbor-Pension
3	Bloomfield Township Public Library	638006	2017	OPEB	11/12/2020	Met	Met	Met	Compliant	Bloomfield Township Public Library-OPEB
4	City of Center Line	502010	2017	Pension	12/21/2020	Met	Met	Partially Met	Compliant	City of Center Line-Pension
5	City of Center Line	502010	2017	OPEB	12/21/2020	Partially Met	Met	Partially Met	Compliant	City of Center Line-OPEB
6	City of Crystal Falls	362020	2017	OPEB	12/31/2020	Met	Met	Not Met	Compliant with Conditions	City of Crystal Falls-OPEB
7	City of Dearborn Heights	822040	2017	OPEB	N/A	Not Met	Not Met	Not Met	Noncompliant	No Submission
8	Eastern Upper Peninsula Transportation Authority	177516	2017	Pension	12/31/2020	Met	Met	Met	Compliant	Transportation Authority-Pension
9	Lansing Housing Commission	337534	2017	OPEB	11/9/2020	Met	Met	Met	Compliant	Lansing Housing Commission-OPEB
10	Marquette County Road Commission	520100	2017	Pension	1/18/2021	Met	Met	Met	Compliant	Marquette County Road Commission-Pension
11	Marquette County Road Commission	520100	2017	OPEB	1/18/2021	Met	Met	Met	Compliant	Marquette County Road Commission-OPEB
12	Montcalm County Road Commission	590100	2017	Pension	1/29/2021	Met	Met	Met	Compliant	Montcalm County Road Commission-Pension
13	Montcalm County Road Commission	590100	2017	OPEB	1/29/2021	Partially Met	Met	Met	Compliant	Montcalm County Road Commission-OPEB
14	City of Mount Clemens	502050	2017	OPEB	3/16/2021	Met	Met	Partially Met	Compliant	City of Mount Clemens-OPEB
15	Otsego County Road Commission	690100	2017	Pension	1/21/2021	Met	Met	Met	Compliant	Otsego County Road Commission-Pension
16	Otsego County Road Commission	690100	2017	OPEB	1/21/2021	Met	Met	Met	Compliant	Otsego County Road Commission-OPEB
17	Ottawa County Road Commission	700100	2017	Pension	1/25/2021	Met	Met	Met	Compliant	Ottawa County Road Commission-Pension
18	Ottawa County Road Commission	700100	2017	OPEB	1/21/2021	Met	Met	Met	Compliant	Ottawa County Road Commission-OPEB
19	City of Pontiac	632170	2017	OPEB	4/20/2021	Met	Met	Met	Compliant	City of Pontiac-OPEB
20	Presque Isle County Road Commission	710100	2017	OPEB	1/25/2021	Met	Met	Met	Compliant	Presque Isle County Road Commission-OPEB
21	Presque Isle County Road Commission	710100	2017	Pension	1/25/2021	Met	Met	Met	Compliant	Presque Isle County Road Commission-Pension
22	City of Taylor	822280	2017	Pension-General	2/1/2021	Met	Met	Partially Met	Compliant	City of Taylor-Pension-General
23	City of Taylor	822280	2017	OPEB	2/2/2021	Met	Met	Partially Met	Compliant	City of Taylor-OPEB
24	City of Taylor	822280	2017	Pension-Police and Fire	2/1/2021	Met	Met	Partially Met	Compliant	City of Taylor-Pension-Police and Fire
25	Wayne County Airport Authority	827585	2017	OPEB	3/23/2021	Met	Met	Met	Compliant	Wayne County Airport Authority-OPEB
26	West Iron County Sewer Authority	367501	2017	OPEB	N/A	Not Met	Not Met	Not Met	Noncompliant	No Submission

Treasury Recommendation
City of Battle Creek Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 132020

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
Battle Creek Police and Fire Retirement System	Pension	\$154,958,172	\$203,308,697	76.2%	\$5,869,972	\$64,646,295	17.8%	NO
MERS	Pension	\$85,878,625	\$153,769,909	55.8%	\$5,607,397			YES
City of Battle Creek Other Post Employment Benefits	OPEB	\$6,312,198	\$68,870,210	9.2%	\$5,676,569		8.8%	NO
Total		\$247,148,995	\$425,948,816		\$17,153,938	\$64,646,295	26.6%	

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance for the MERS Pension corrective action plan monitoring certification of compliance submitted by City of Battle Creek. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- No, underfunded status will now be addressed by fiscal year 2026, which is within the Board's required timeframe.

The City is now addressing underfunded status in 2026, instead of 2020. The City verified it would reach funded status in 2023; however, Treasury review indicates 2026 is more likely.

Substantial Changes

CAP Changes Implemented:

- Effective 7/1/19, the City increased its employee contributions over the five year period noted in the CAP are in place for settled collective bargaining agreements for both Commission-appointed employees and non-represented employees.
- The City continues to make contributions to the surplus divisions at MERS to accumulate funds representing increases in employee contributions with no corresponding decrease in employer contributions. The amount for the fiscal year ended 6/30/20 was \$118,810.

Treasury Recommendation
City of Battle Creek Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 132020

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: 2024
- Percentage of Revenues: 22.4%

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

- **Yes**
 - Treasury reached out to the City to request supporting documentation for the City's sustainability section and the portion of enterprise revenues that are used for pension and OPEB benefits. The City provided their valuations. Additionally, the City states that the actions taken thus far will help reduce the projected annual payments, as some became effective 7/1/20 and the impact will be reflected in the next actuarial analysis.

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- **Yes**

System Status for All Divisions: Open

Plan size: members 915

- Inactive employees or beneficiaries currently receiving benefits: **423**
- Inactive employees entitled to but not yet receiving benefits: **150**
- Active employees: **342**

Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - City of Battle Creek has met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:

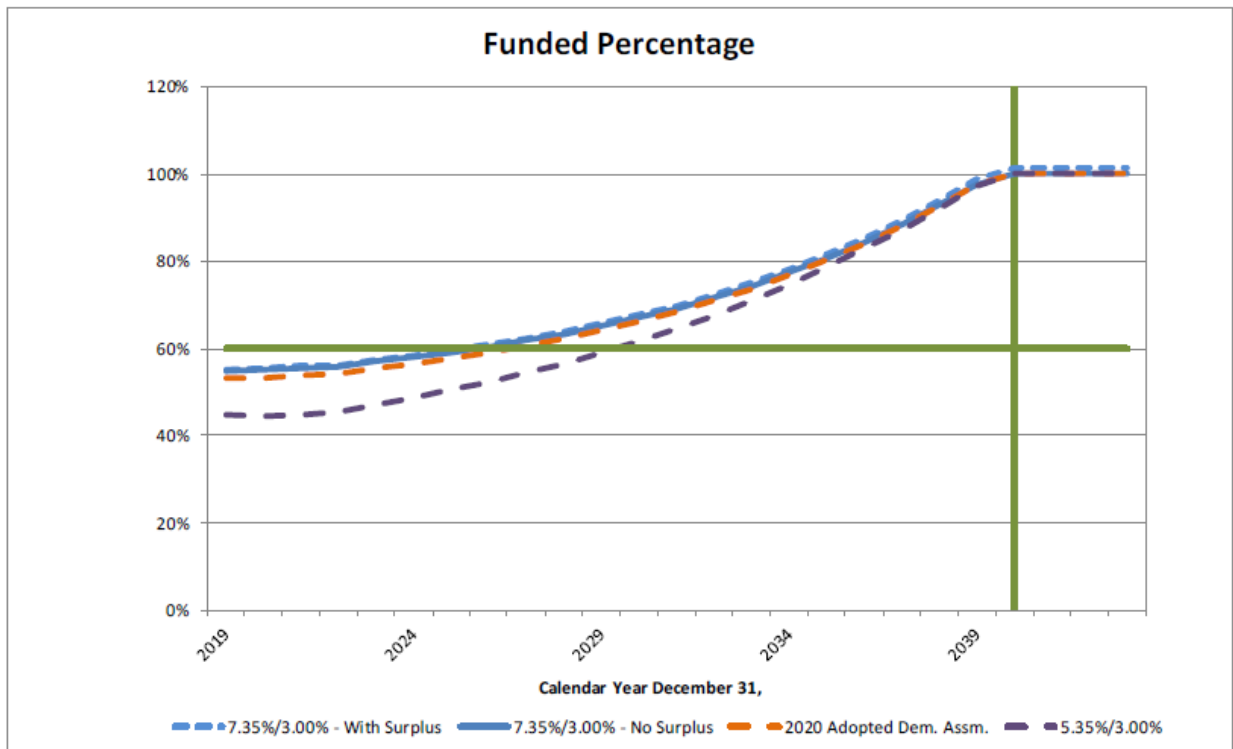
Treasury Recommendation
City of Battle Creek Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 132020

- City of Battle Creek has met the Board’s published monitoring criteria for substantial changes.

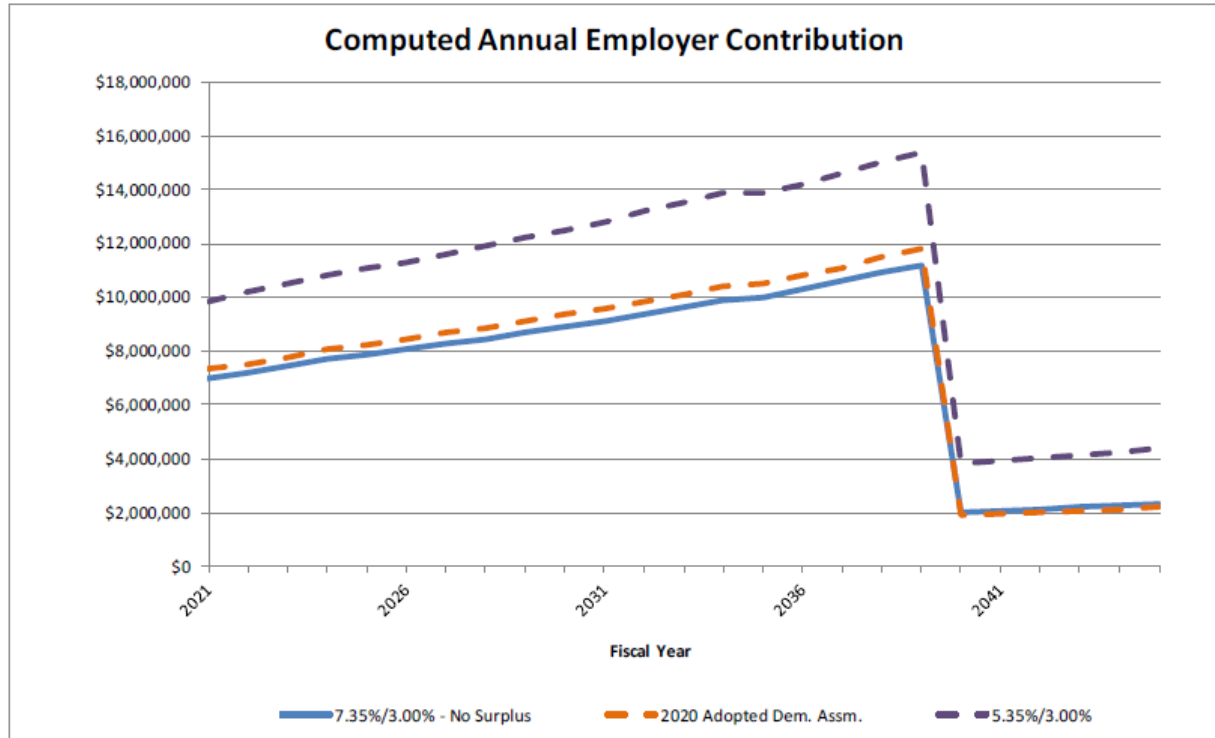
- Sustainability:
 - City of Battle Creek has partially met the Board’s published monitoring criteria for sustainability.

Supplemental Information:

The City submitted screenshots of their MERS pension valuation showing that they will reach 60% in 2026-2030. Additionally, the City's MERS pension annual employer contributions appear to increase approximately 30% between 2021 and 2040, which is about 2% per year.



Treasury Recommendation
City of Battle Creek Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 132020



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

Instructions

Fiscal Year	Pension Payments		OPEB Payments		Projected (Actual) Governmental Revenues	Projected Enterprise Funds used for Retirement Costs	Projected Retirement Contributions as a Percent of Revenues	Annual Retirement Cost Increase
	Total Pension ADC (All Systems)	Additional Pension Contributions (All Systems)	Total OPEB Benefit Payment Amount (All Systems)	Additional OPEB Contributions (All Systems)				
2019					\$64,646,295			
2020	\$11,477,369	\$118,810	\$1,410,390	\$0	\$65,292,758	\$3,891,525	18.8%	
2021	\$13,430,000	\$121,186	\$1,057,793	\$0	\$65,945,686	\$3,969,356	20.9%	12.3%
2022	\$13,910,000	\$123,610	\$1,163,572	\$0	\$66,605,142	\$4,048,743	21.5%	4.0%
2023	\$14,240,000	\$126,082	\$1,279,929	\$0	\$67,271,194	\$4,129,717	21.9%	3.0%
2024	\$14,650,000	\$128,604	\$1,407,922	\$0	\$67,943,906	\$4,212,312	22.4%	3.5%

Projected Annual Revenue Growth (Please select)	1%
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The Community Engagement and Finance Division (CEFD) contact:

- On 4/28/2021 Treasury emailed the City requesting their sustainability worksheet and supporting documentation.

Treasury Recommendation
City of Benton Harbor Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 112010

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
MERS	Pension	\$9,838,375	\$26,840,128	36.7%	\$1,095,020	\$9,737,775	11.2%	YES

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance for the MERS Pension corrective action plan monitoring certification of compliance submitted by City of Benton Harbor. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- No, underfunded status will now be addressed by fiscal year 2035, which is within the Board’s required timeframe.

Due to actuarial adjustments taking into account the past investment losses, the City of Benton Harbor is expected to reach a 60% funded ratio by year 2035, rather than 2034, one year past the assumption in the 2017 Annual Actuarial Valuation Report.

Substantial Changes

CAP Changes Implemented:

- The City has continued to contribute over 10% more than the required ADC.

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: 2025
- Percentage of Revenues: 16.5%

Treasury Recommendation

City of Benton Harbor Pension Corrective Action Plan (CAP) Monitoring Compliance Certification Primary Government 112010

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

- **No**
 - Treasury included additional contributions of 10% above the pension ADC in a revised sustainability worksheet. Annual increases remained consistent.

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- **Yes**

System Status for All Divisions: Open

Plan size: members 147

- Inactive employees or beneficiaries currently receiving benefits: **82**
- Inactive employees entitled to but not yet receiving benefits: **15**
- Active employees: **50**

Corrective Action Plan Monitoring Criteria:

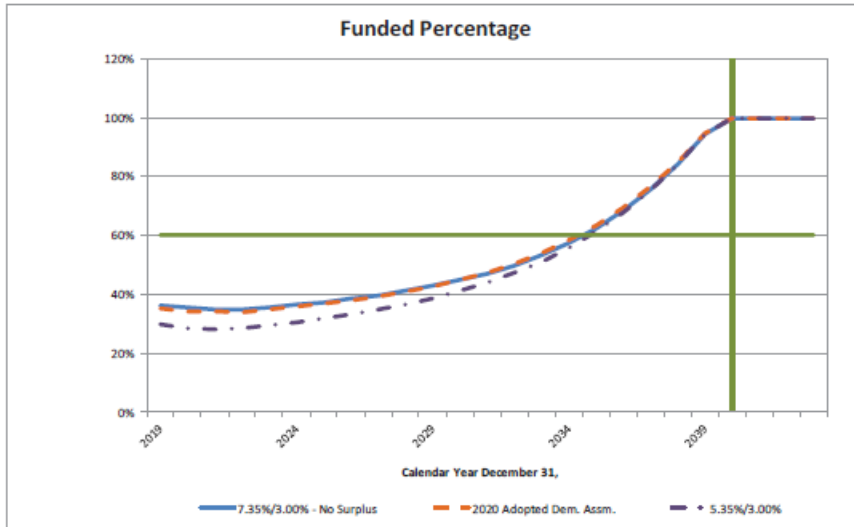
- Underfunded Status:
 - City of Benton Harbor has met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:
 - City of Benton Harbor has met the Board's published monitoring criteria for substantial changes.
- Sustainability:
 - City of Benton Harbor has met the Board's published monitoring criteria for sustainability.

Supplemental Information:

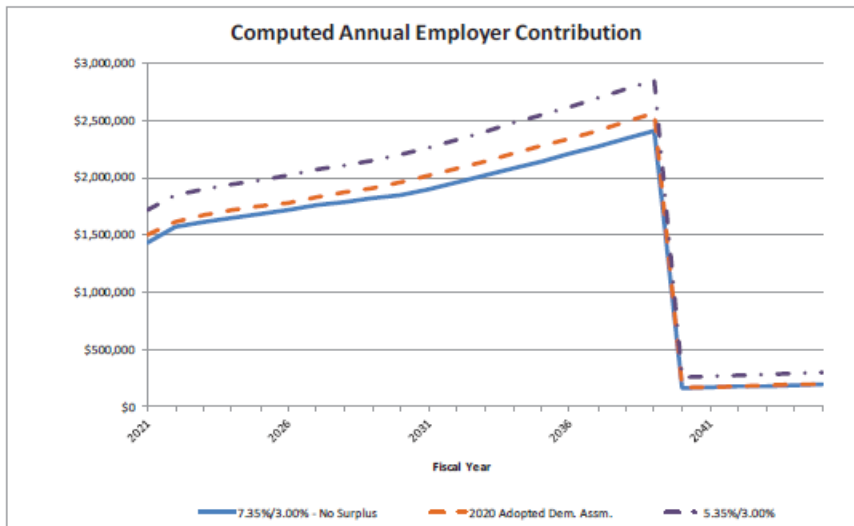
The City provided MERS charts showing the City reaching 60% funded in approximately 2035. Additional the annual employer contribution graph shows annual employer costing increasing by 60% between 2021 and 2040 which is about 3% per year).

Treasury Recommendation
City of Benton Harbor Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 112010

Attachment - 2a
Page 5



Notes:
 All projected funded percentages are shown with no phase-in.
 The green indicator lines have been added at 60% funded and 21 years following the valuation date for PA 202 purposes.



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

Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet								
Instructions								
Fiscal Year	Pension Payments		OPEB Payments		Projected (Actual) Governmental Revenues	Projected Enterprise Funds used for Retirement Costs	Projected Retirement Contributions as a Percent of Revenues	Annual Retirement Cost Increase
	Total Pension ADC (All Systems)	Additional Pension Contributions (All Systems)	Total OPEB Benefit Payment Amount (All Systems)	Additional OPEB Contributions (All Systems)				
2020					\$9,737,775			
2021	\$1,431,156	\$143,116	\$0	\$0	\$9,932,531	\$397,707	15.2%	
2022	\$1,570,000	\$157,000	\$0	\$0	\$10,131,181	\$436,291	16.3%	9.7%
2023	\$1,610,000	\$161,000	\$0	\$0	\$10,333,805	\$447,406	16.4%	2.5%
2024	\$1,650,000	\$165,000	\$0	\$0	\$10,540,481	\$458,522	16.5%	2.5%
2025	\$1,680,000	\$168,000	\$0	\$0	\$10,751,290	\$466,859	16.5%	1.8%
Projected Annual Revenue Growth (Please select)	2%						Average Annual Retirement Cost Increase	4.1%

Treasury Recommendation
City of Benton Harbor Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 112010

The Community Engagement and Finance Division (CEFD) contact:

- Reached out to City on 5/3/2021 regarding sustainability worksheet.

Treasury Recommendation
Bloomfield Township Public Library OPEB Corrective Action Plan (CAP) Monitoring Compliance
Certification
Non-Primary Government 638006

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
Township of Bloomfield Retirement Income Plan	Pension	\$7,144,265	\$8,743,302	81.7%	\$127,285	\$8,102,589	1.6%	NO
Bloomfield Twp. Public Library OPEB Program	OPEB	\$2,052,320	\$5,329,830	38.5%	\$383,241		4.7%	YES
Total		\$9,196,585	\$14,073,132		\$510,526	\$8,102,589	6.3%	

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance for the Bloomfield Township Public Library OPEB Program OPEB corrective action plan monitoring certification of compliance submitted by Bloomfield Township Public Library. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- Yes, Bloomfield Township Public Library is addressing underfunded status by fiscal year 2019 as projected in originally approved plan.

Substantial Changes

CAP Changes Implemented:

- In 2019, the Library funded 40% of the health care liability in a Section 115 Trust and has maintained a 40% funded level. During a temporary market decline at the fiscal year end 3/31/20 due to COVID-19, the funding level fell slightly below 40%. In April 2020, the Library funded an additional amount of \$80,000 as determined by the actuary to maintain the 40% funding level.

CAP Changes Not Implemented:

- None listed.

Additional Changes Implemented

Treasury Recommendation
Bloomfield Township Public Library OPEB Corrective Action Plan (CAP) Monitoring Compliance
Certification
Non-Primary Government 638006

- None listed.

Revised Corrective Action Plan Submitted? NO

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2024
- Percentage of Revenues: 5.0%

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

- No

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- Yes

System Status for All Divisions: Closed

Plan size: members 37

- Inactive employees or beneficiaries currently receiving benefits: **24**
- Inactive employees entitled to but not yet receiving benefits: **0**
- Active employees: **13**

Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - Bloomfield Township Public Library has met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:
 - Bloomfield Township Public Library has met the Board's published monitoring criteria for substantial changes.
- Sustainability:
 - Bloomfield Township Public Library has met the Board's published monitoring criteria for sustainability.

Supplemental Information:

Treasury Recommendation
Bloomfield Township Public Library OPEB Corrective Action Plan (CAP) Monitoring Compliance
Certification
Non-Primary Government 638006

The Library followed their CAP and is now funded as of fiscal year 2019. The Library included a sustainability worksheet which Treasury was able to verify. Sustainability worksheet and funding levels attached.

Milliman Actuarial Valuation

Valuation Date	Actuarial Value of Assets	Accrued Liability	Unfunded Accrued Liability	Funded Ratio
July 1, 2013	\$0	\$5,024,164	\$5,024,164	0.0%
July 1, 2015	0	5,257,680	5,257,680	0.0%
July 1, 2016	0	5,644,310	5,644,310	0.0%
April 1, 2018	2,084,056	5,217,971	3,133,915	39.9%
April 1, 2020	2,052,320	4,528,817	2,476,497	45.3%

Section III - Development of Contribution
D. Long Range Forecast

This forecast is based on the results of the April 1, 2020 actuarial valuation and assumes that the Library contributes the benefit payments each year, the assets will return the assumed interest rate on a market value basis each year, and there are no future changes in the actuarial methods or assumptions or in the plan provisions. Actual results at each point in time will yield different values, reflecting the actual experience of the plan membership and assets.

Valuation Date	Values as of the Valuation Date				Fiscal Year	Cash Flows Projected to the Following Fiscal Year			
	Accrued Liability	Value of Assets	Unfunded Accrued Liability	Funded Ratio		Library Contributions	Member Contributions	Benefit Payments	Net Cash Flows
4/1/2020	\$4,528,817	\$2,052,320	\$2,476,497	45.3%	2021-22	\$242,418	\$0	(\$242,418)	\$0
4/1/2021	4,636,000	2,164,000	2,472,000	46.7%	2022-23	261,000	0	(261,000)	0
4/1/2022	4,741,000	2,282,000	2,459,000	48.1%	2023-24	271,000	0	(271,000)	0
4/1/2023	4,830,000	2,406,000	2,424,000	49.8%	2024-25	267,000	0	(267,000)	0
4/1/2024	4,912,000	2,538,000	2,374,000	51.7%	2025-26	289,000	0	(289,000)	0
4/1/2025	4,994,000	2,677,000	2,317,000	53.6%	2026-27	304,000	0	(304,000)	0
4/1/2026	5,053,000	2,824,000	2,229,000	55.9%	2027-28	316,000	0	(316,000)	0
4/1/2027	5,095,000	2,979,000	2,116,000	58.5%	2028-29	333,000	0	(333,000)	0
4/1/2028	5,122,000	3,144,000	1,978,000	61.4%	2029-30	347,000	0	(347,000)	0
4/1/2029	5,130,000	3,318,000	1,812,000	64.7%	2030-31	356,000	0	(356,000)	0
4/1/2030	5,117,000	3,502,000	1,615,000	68.4%	2031-32	363,000	0	(363,000)	0
4/1/2031	5,091,000	3,696,000	1,395,000	72.6%	2032-33	381,000	0	(381,000)	0
4/1/2032	5,053,000	3,902,000	1,151,000	77.2%	2033-34	362,000	0	(362,000)	0
4/1/2033	4,991,000	4,119,000	872,000	82.5%	2034-35	356,000	0	(356,000)	0
4/1/2034	4,943,000	4,349,000	594,000	88.0%	2035-36	365,000	0	(365,000)	0
4/1/2035	4,896,000	4,592,000	304,000	93.8%	2036-37	380,000	0	(380,000)	0
4/1/2036	4,836,000	4,850,000	(14,000)	100.3%	2037-38	368,000	0	(368,000)	0
4/1/2037	4,754,000	5,122,000	(368,000)	107.7%	2038-39	353,000	0	(353,000)	0
4/1/2038	4,678,000	5,410,000	(732,000)	115.6%	2039-40	367,000	0	(367,000)	0
4/1/2039	4,611,000	5,715,000	(1,104,000)	123.9%	2040-41	381,000	0	(381,000)	0

Treasury Recommendation
Bloomfield Township Public Library OPEB Corrective Action Plan (CAP) Monitoring Compliance
Certification
Non-Primary Government 638006

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

[Instructions](#)

Fiscal Year	Pension Payments		OPEB Payments		Projected (Actual) Governmental Revenues	Projected Enterprise Funds used for Retirement Costs	Projected Retirement Contributions as a Percent of Revenues	
	Total Pension ADC (All Systems)	Additional Pension Contributions (All Systems)	Total OPEB Benefit Payment Amount (All Systems)	Additional OPEB Contributions (All Systems)				
2019					\$8,102,589			
2020	\$190,401	\$0	\$242,418	\$0	\$8,345,667	\$0	5%	\$432,819
2021	\$196,800	\$0	\$261,000	\$0	\$8,596,037	\$0	5%	\$457,800
2022	\$199,400	\$0	\$271,000	\$0	\$8,853,918	\$0	5%	\$470,400
2023	\$202,700	\$0	\$267,000	\$0	\$9,119,535	\$0	5%	\$469,700
2024	\$190,500	\$0	\$289,000	\$0	\$9,393,121	\$0	5%	\$479,500

Projected Annual Revenue Growth (Please select)	3%
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The Community Engagement and Finance Division (CEFD) contact:

- None

Treasury Recommendation
City of Center Line Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 502010

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
Center Line P & F Retirement	Pension	\$11,867,269	\$20,280,460	58.5%	\$902,766	\$10,712,084	11.3%	NO
Center Line MERS	Pension	\$3,799,363	\$8,404,581	45.2%	\$308,393			YES
OPEB	OPEB	\$6,530,969	\$17,862,452	36.6%	\$1,541,549		14.4%	YES
Total		\$22,197,601	\$46,547,493		\$2,752,708	\$10,712,084	25.7%	

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance for the MERS Pension corrective action plan monitoring certification of compliance submitted by City of Center Line. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- No, underfunded status will now be addressed by fiscal year 2034, which is within the Board's required timeframe.

The City estimates that they will now reach 60% funded status in 2034, instead of 2028.

Substantial Changes

CAP Changes Implemented:

- The City is still contributing to its surplus division.

CAP Changes Not Implemented:

- None listed.

Additional Changes Implemented

- The City notes that they closed the plan to DPW new hires on July 1, 2018 and that they will make an additional contribution in fiscal year 2021.

Revised Corrective Action Plan Submitted? No

Treasury Recommendation
City of Center Line Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 502010

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2024
- Percentage of Revenues: 24.0%

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

- **No**
 - The City included all of their enterprise fund revenues on their original submission. Treasury reached out the City and updated the sustainability worksheet to only include enterprise funds used to pay for retirement costs.

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- **Yes**

System Status for All Divisions: Open

Plan size: members 70

- Inactive employees or beneficiaries currently receiving benefits: **43**
- Inactive employees entitled to but not yet receiving benefits: **15**
- Active employees: **12**

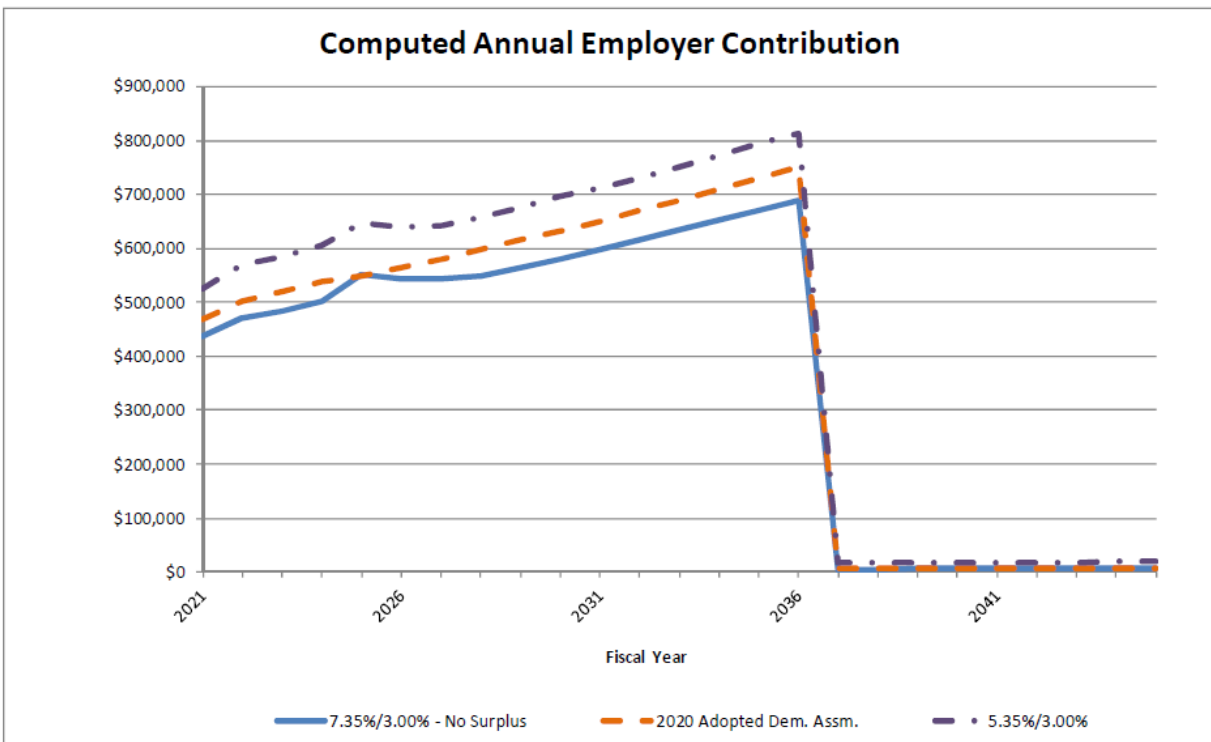
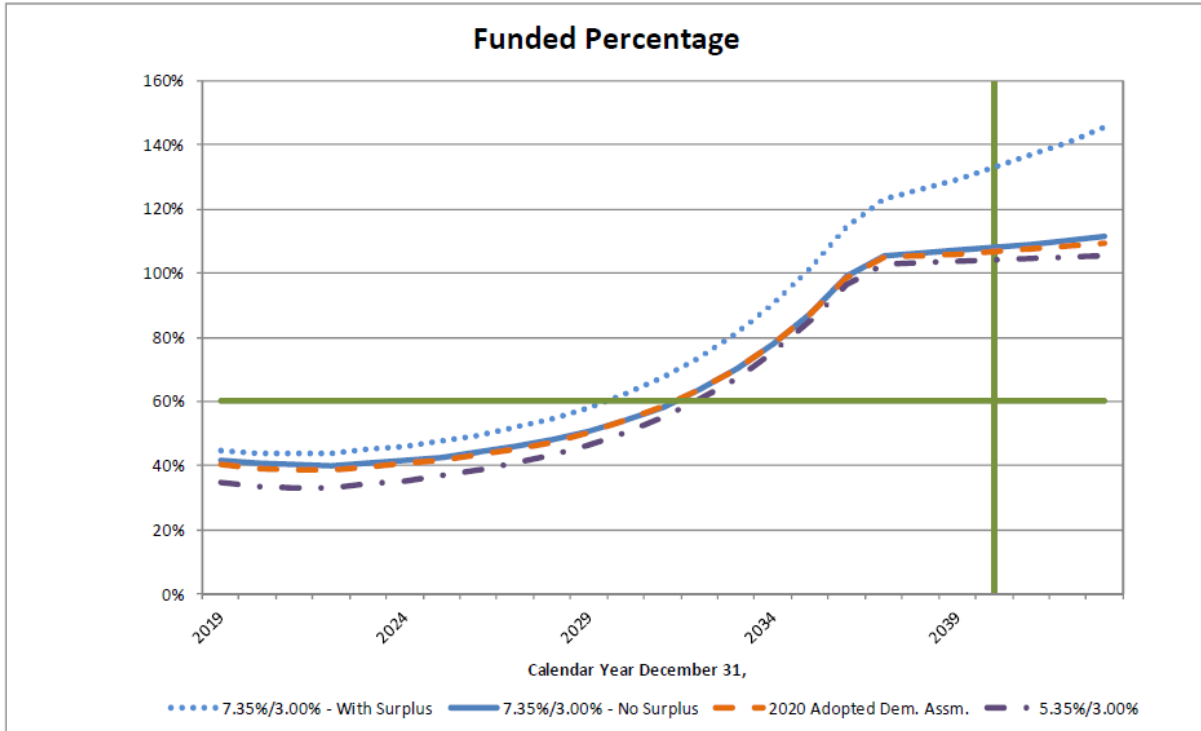
Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - City of Center Line has met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:
 - City of Center Line has met the Board's published monitoring criteria for substantial changes.
- Sustainability:
 - City of Center Line has partially met the Board's published monitoring criteria for sustainability.

Supplemental Information:

The City included their MERS valuation showing they will reach 60% funded in 2030 with their surplus. Additionally, the valuation shows that the City's annual employer costs will increase approximately 60% between 2021 and 2037, which is about 4% per year.

Treasury Recommendation
City of Center Line Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 502010



Treasury Recommendation
City of Center Line Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 502010

Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet								
Instructions								
Fiscal Year	Pension Payments		OPEB Payments		Projected (Actual) Governmental Revenues	Projected Enterprise Funds used for Retirement Costs	Projected Retirement Contributions as a Percent of Revenues	Annual Retirement Cost Increase
	Total Pension ADC (All Systems)	Additional Pension Contributions (All Systems)	Total OPEB Benefit Payment Amount (All Systems)	Additional OPEB Contributions (All Systems)				
2019								
2020	\$1,399,168	\$0	\$1,015,699	\$0	\$10,712,084	\$195,959	22%	
2021	\$1,440,450	\$0	\$1,282,212	\$0	\$10,926,326	\$199,878	24%	12.7%
2022	\$1,492,817	\$0	\$1,256,115	\$0	\$11,144,852	\$203,876	24%	1.0%
2023	\$1,528,274	\$0	\$1,281,237	\$0	\$11,367,749	\$207,953	24%	2.2%
2024	\$1,544,275	\$0	\$1,306,862	\$0	\$11,595,104	\$212,112	24%	1.5%
Projected Annual Revenue Growth (Please select)	2%	City Of Center Line					Average Annual Retirement Cost Increase	4.3%

The Community Engagement and Finance Division (CEFD) contact:

- On 5/3/2021 Treasury emailed the City asking for the specific dollar amount of enterprise revenues used for the City's pension and OPEB systems.

**Treasury Recommendation
City of Center Line OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 502010**

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
Center Line P & F Retirement	Pension	\$11,867,269	\$20,280,460	58.5%	\$902,766	\$10,712,084	11.3%	NO
Center Line MERS	Pension	\$3,799,363	\$8,404,581	45.2%	\$308,393			YES
OPEB	OPEB	\$6,530,969	\$17,862,452	36.6%	\$1,541,549		14.4%	YES
Total		\$22,197,601	\$46,547,493		\$2,752,708	\$10,712,084	25.7%	

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance for the OPEB Trust OPEB corrective action plan monitoring certification of compliance submitted by City of Center Line. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- Yes, City of Center Line is addressing underfunded status by fiscal year 2022 as projected in originally approved plan.

Substantial Changes

CAP Changes Implemented:

- None listed.

CAP Changes Not Implemented:

- None listed.

Additional Changes Implemented

- The City established a health reimbursement account in 2020.

Revised Corrective Action Plan Submitted? No

Sustainability

Highest combined annual employer contribution over the next 5 years?

Treasury Recommendation
City of Center Line OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 502010

- Fiscal Year: 2024
- Percentage of Revenues: 24.0%

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

- **No**
 - The City included all of their enterprise fund revenues on their original submission. Treasury reached out the City and updated the sustainability worksheet to only include enterprise funds used to pay for retirement costs.

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- **Yes**

System Status for All Divisions: Open

Plan size: members 81

- Inactive employees or beneficiaries currently receiving benefits: **64**
- Inactive employees entitled to but not yet receiving benefits: **0**
- Active employees: **17**

Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - City of Center Line has partially met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:
 - City of Center Line has met the Board's published monitoring criteria for substantial changes.
- Sustainability:
 - City of Center Line has partially met the Board's published monitoring criteria for sustainability.

Supplemental Information:

While the City did not provide clear documentation of when they will reach 40% funded, their funding ratio has improved to 36.6% according to their 2020 audited financial statements.

Treasury Recommendation
City of Center Line OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 502010

Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet								
Instructions								
Fiscal Year	Pension Payments		OPEB Payments		Projected (Actual) Governmental Revenues	Projected Enterprise Funds used for Retirement Costs	Projected Retirement Contributions as a Percent of Revenues	Annual Retirement Cost Increase
	Total Pension ADC (All Systems)	Additional Pension Contributions (All Systems)	Total OPEB Benefit Payment Amount (All Systems)	Additional OPEB Contributions (All Systems)				
2019								
2020	\$1,399,168	\$0	\$1,015,699	\$0	\$10,712,084	\$195,959	22%	
2021	\$1,440,450	\$0	\$1,282,212	\$0	\$10,926,326	\$199,878	24%	12.7%
2022	\$1,492,817	\$0	\$1,256,115	\$0	\$11,144,852	\$203,876	24%	1.0%
2023	\$1,528,274	\$0	\$1,281,237	\$0	\$11,367,749	\$207,953	24%	2.2%
2024	\$1,544,275	\$0	\$1,306,862	\$0	\$11,595,104	\$212,112	24%	1.5%
Projected Annual Revenue Growth (Please select)	2%	City Of Center Line					Average Annual Retirement Cost Increase	4.3%

The Community Engagement and Finance Division (CEFD) contact:

- On 5/3/2021 Treasury emailed the City asking for the specific dollar amount of enterprise revenues used for the City's pension and OPEB systems.

Treasury Recommendation
City of Crystal Falls OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 362020

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
MERS	Pension	\$5,213,078	\$9,265,533	56.3%	\$377,827	\$1,684,154	22.4%	NO
City of Crystal Falls Retiree Health Care Plan (RHCP)	OPEB	\$224,871	\$1,943,787	11.6%	\$0		0.0%	YES
Total		\$5,437,949	\$11,209,320		\$377,827	\$1,684,154	22.4%	

Source: Retirement Report Fiscal Year 2019, Audited Financial Statements

Staff Recommendation: Compliance with conditions for the OPEB corrective action plan monitoring certification of compliance submitted by City of Crystal Falls. If voted as compliant with conditions by the Board, City of Crystal Falls, will receive a detailed letter from the Board listing the reasons for compliance with conditions and required next steps. Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- Yes, City of Crystal Falls is addressing underfunded status by fiscal year 2024 as projected in originally approved plan.

The City indicated 2019 on the Form 5720, but supporting documentation showed 2024, consistent with approved plan.

Substantial Changes

CAP Changes Implemented:

- In 2012, the City adopted a benefit change for employees that provides retiree healthcare for new retirees only until the age of 65, at which point the retiree is eligible for Medicare and is removed from the City's health insurance plan.
- In 2017, the City entered into a new agreement with both POAM and IBEW unions that increased all new hires portion of insurance premiums from 0% to 20%. Current IBEW employees also agreed to begin paying 10% of premiums.

Treasury Recommendation
City of Crystal Falls OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 362020

- As of January 1, 2016, the City created a qualified RHFV with MERS and funded it at an average of \$3,404.42/month.
- As of September 30, 2019, the City's OPEB obligation was \$1,943,787, which will require a MERS RHFV plan value of \$777,514.80 to meet the 40% funded ratio.
- As of September 30, 2020, this account has \$330,724.45.

CAP Changes Not Implemented:

- None listed.

Additional Changes Implemented

- In February 2020, the City contracted the firm of Milliman, Inc. of Brookfield, WI to perform an actuarial valuation of the City's RHFV. According to this analysis, the City shall reach the 40% funded threshold for its OPEB system.
- by 2024 by making \$7,500 in monthly contributions to the RHFV, which the City Council has approved by resolution.

Revised Corrective Action Plan Submitted? No

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2024
- Percentage of Revenues: 38.2%

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

- **No**
 - City projected costs increase by an average of 3.3% per year over the next 5 years. This is based on additional contributions for both pension and OPEB, with the OPEB benefit payment increasing at a rate of 3% per year. When using the pre-Medicare rates of inflation from the valuation, increase is 4.3% per year over the next 5 years.

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- **Yes**

System Status for All Divisions: Open

Plan size: members 33

- Inactive employees or beneficiaries currently receiving benefits: **18**
- Inactive employees entitled to but not yet receiving benefits: **0**
- Active employees: **15**

Treasury Recommendation
City of Crystal Falls OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 362020

Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - City of Crystal Falls has met the Board's published monitoring criteria for underfunded status.

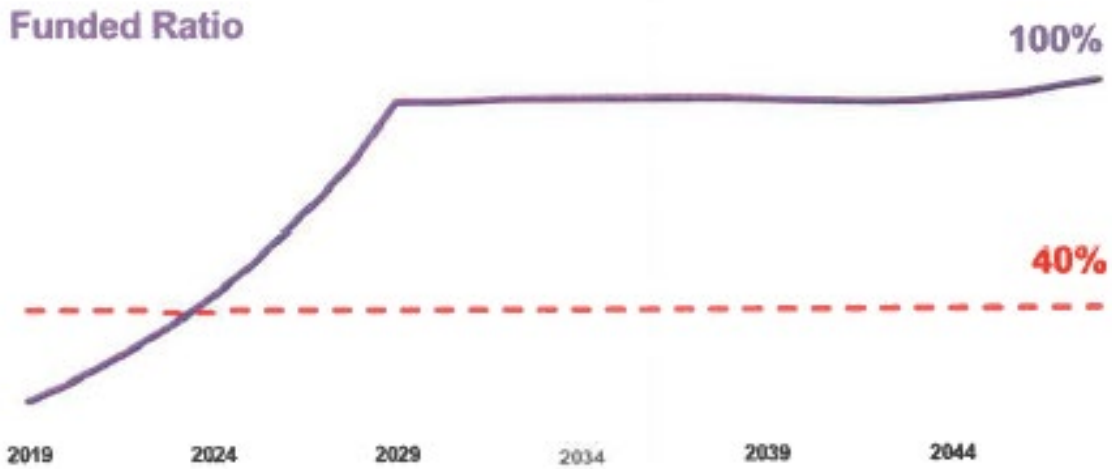
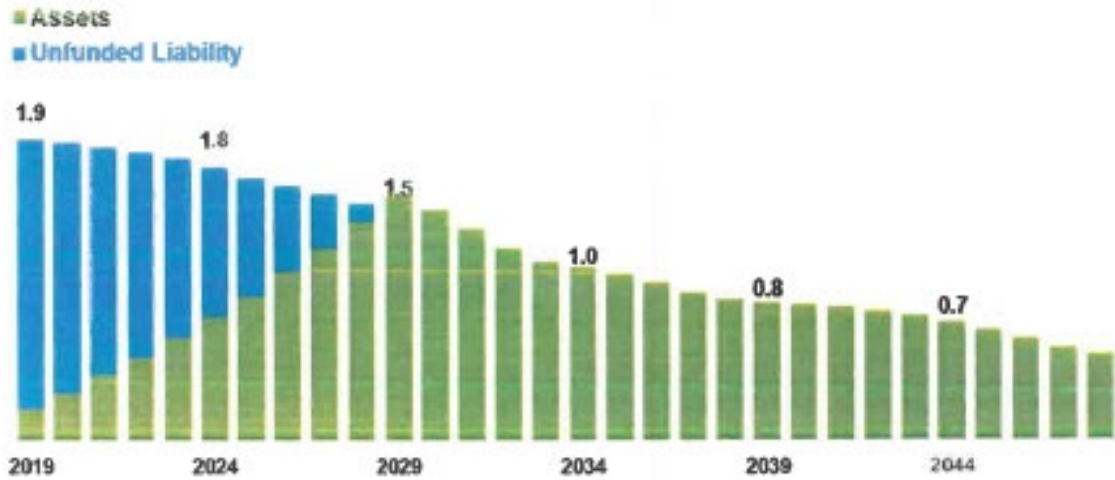
- Substantial Changes:
 - City of Crystal Falls has met the Board's published monitoring criteria for substantial changes.

- Sustainability:
 - City of Crystal Falls has not met the Board's published monitoring criteria for sustainability

Supplemental Information:

Attached is the actuarial projection showing that based on the current funding policy, the City's OPEB system will reach 40% funded in 2024 and 100% funded in 2029. Additionally, a sustainability worksheet was provided showing the projected costs over the next 5 years. While the City's annual rate of increase does not directly show an annual average rate of increase over 5%, the projection is based on a static rate of increase without actuarial assumptions, so the actual average rate of increase may be higher than what is currently projected. With the imprecise estimates for OPEB benefit payments, and the very high percentage of revenues projected to be used for total retirement costs, Treasury projects these costs may not be sustainable.

Treasury Recommendation
City of Crystal Falls OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 362020



Treasury created sustainability worksheet

Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet								
<u>Instructions</u>								
Fiscal Year	Pension Payments		OPEB Payments		Projected (Actual) Governmental Revenues	Projected Enterprise Funds used for Retirement Costs	Projected Retirement Contributions as a Percent of Revenues	Annual Retirement Cost Increase
	Total Pension ADC (All Systems)	Additional Pension Contributions (All Systems)	Total OPEB Benefit Payment Amount (All Systems)	Additional OPEB Contributions (All Systems)				
2019					\$1,684,154			
2020	\$454,452	\$30,000	\$150,647	\$90,000	\$1,717,837	\$268,287	36.5%	
2021	\$477,048	\$30,000	\$162,322	\$90,000	\$1,752,194	\$278,319	37.4%	4.7%
2022	\$499,000	\$30,000	\$174,496	\$90,000	\$1,787,238	\$288,164	38.2%	4.5%
2023	\$515,000	\$30,000	\$187,147	\$90,000	\$1,822,982	\$295,858	38.8%	3.6%
2024	\$537,000	\$30,000	\$200,248	\$90,000	\$1,859,442	\$305,825	39.6%	4.3%
Projected Annual Revenue Growth (Please select)	2%						Average Annual Retirement Cost Increase	4.3%

City created sustainability worksheet

Treasury Recommendation
City of Crystal Falls OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 362020

Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet								
Instructions								
Fiscal Year	Pension Payments		OPEB Payments		Projected (Actual) Governmental Revenues	Projected Enterprise Funds used for Retirement Costs	Projected Retirement Contributions as a Percent of Revenues	Annual Retirement Cost Increase
	Total Pension ADC (All Systems)	Additional Pension Contributions (All Systems)	Total OPEB Benefit Payment Amount (All Systems)	Additional OPEB Contributions (All Systems)				
2019					\$1,684,154			
2020	\$454,452	\$30,000	\$150,647	\$90,000	\$1,717,837	\$268,287	36.5%	
2021	\$477,048	\$30,000	\$155,166	\$90,000	\$1,752,194	\$278,319	37.0%	3.7%
2022	\$499,000	\$30,000	\$159,821	\$90,000	\$1,787,238	\$288,164	37.5%	3.5%
2023	\$515,000	\$30,000	\$164,616	\$90,000	\$1,822,982	\$295,858	37.7%	2.7%
2024	\$537,000	\$30,000	\$169,555	\$90,000	\$1,859,442	\$305,825	38.2%	3.4%
Projected Annual Revenue Growth (Please select)	2%						Average Annual Retirement Cost Increase	3.3%

The Community Engagement and Finance Division (CEFD) contact:

- None

**Treasury Recommendation
 Eastern Upper Peninsula Transportation Authority Pension Corrective Action Plan (CAP)
 Monitoring Compliance Certification
 Non-Primary Government 177516**

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
MERS	Pension	\$5,427,547	\$12,732,183	42.6%	\$548,734	\$6,356,565	8.6%	YES

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance for the MERS pension corrective action plan monitoring certification of compliance submitted by Eastern Upper Peninsula Transportation Authority. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- Yes, Eastern Upper Peninsula Transportation Authority is addressing underfunded status by fiscal year 2030 as projected in originally approved plan.

Substantial Changes

CAP Changes Implemented:

- The Authority states that they are paying the "no phase in" option as their employer contributions. This increased their contributions. The Authority offers a 1.5% multiplier for new hires.

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: 2024
- Percentage of Revenues: 12.7%

Treasury Recommendation
Eastern Upper Peninsula Transportation Authority Pension Corrective Action Plan (CAP)
Monitoring Compliance Certification
Non-Primary Government 177516

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

- **No**
 - Treasury recreated the sustainability worksheet to include the governmental revenues based on the Retirement System Annual Report (Form 5572) revenues.

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- **Yes**

System Status for All Divisions: Open

Plan size: members 55

- Inactive employees or beneficiaries currently receiving benefits: **31**
- Inactive employees entitled to but not yet receiving benefits: **3**
- Active employees: **21**

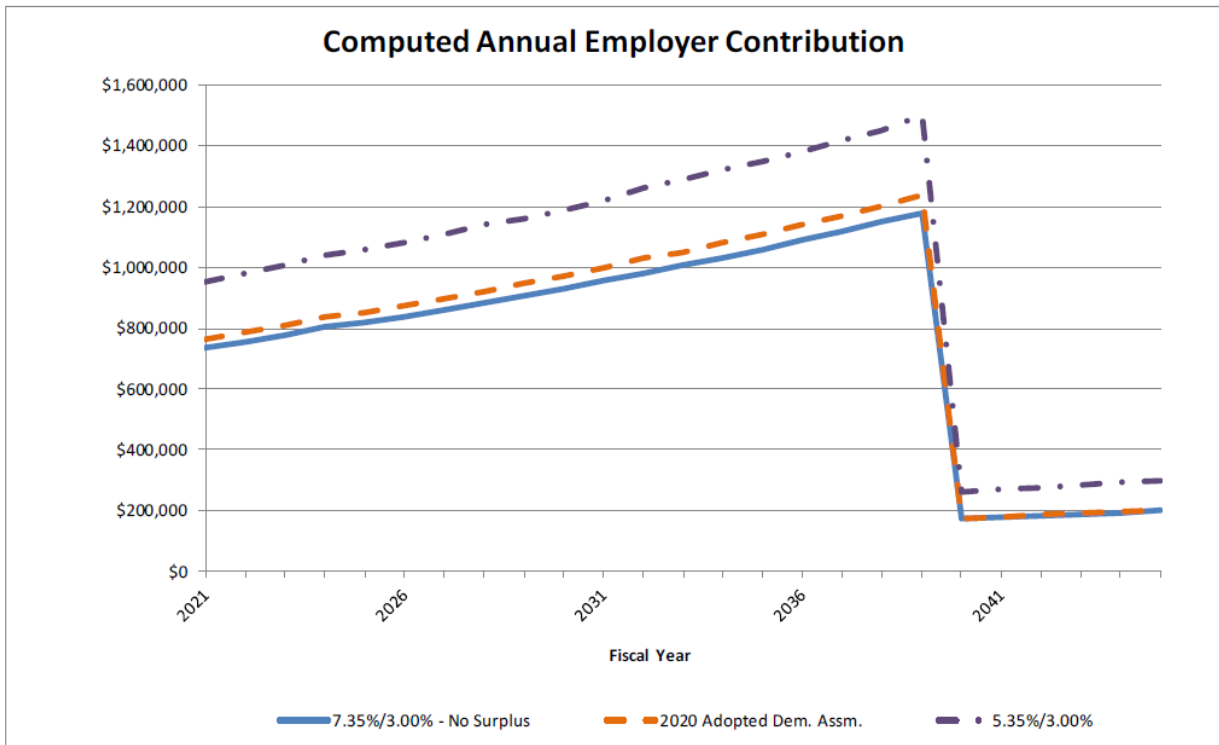
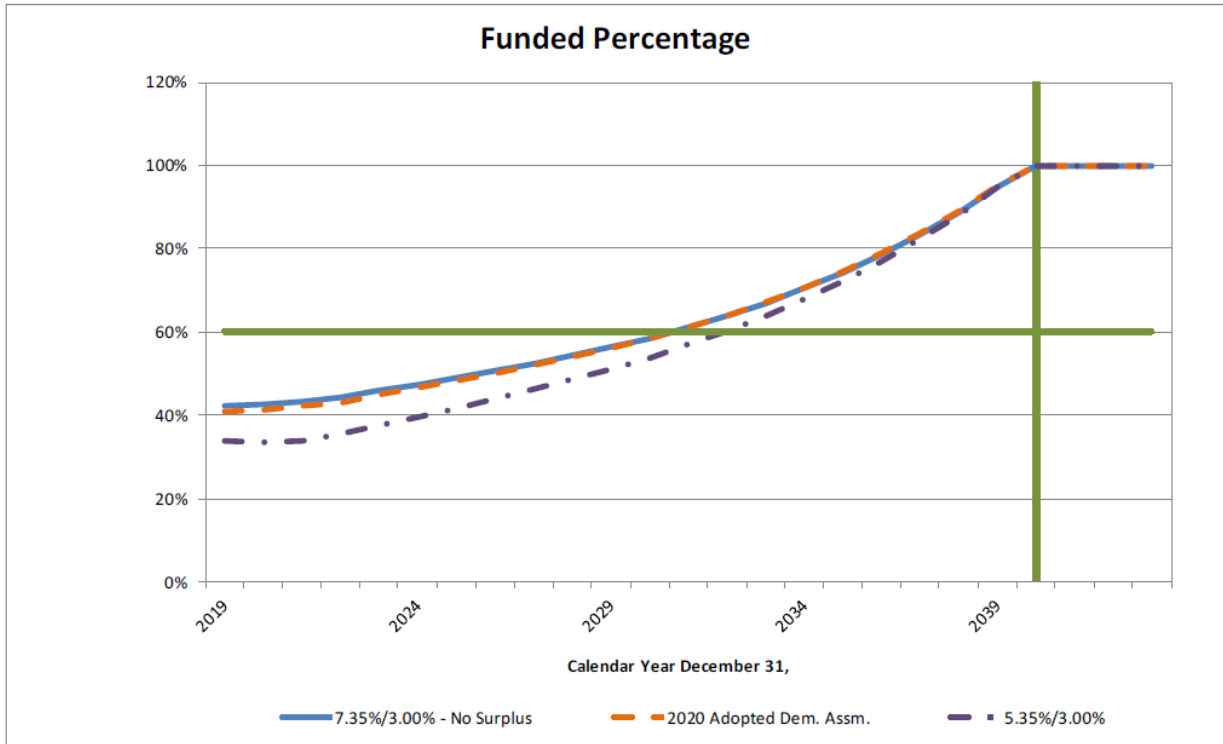
Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - Eastern Upper Peninsula Transportation Authority has met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:
 - Eastern Upper Peninsula Transportation Authority has met the Board's published monitoring criteria for substantial changes.
- Sustainability:
 - Eastern Upper Peninsula Transportation Authority has met the Board's published monitoring criteria for sustainability.

Supplemental Information:

The Authority submitted their MERS valuation showing that they will 60% funded in fiscal year 2030. Additionally, the valuation does show the annual employer costs are estimated to increase by about 65% between 2021 and 2040, which is about 3% per year.

Treasury Recommendation
Eastern Upper Peninsula Transportation Authority Pension Corrective Action Plan (CAP)
Monitoring Compliance Certification
Non-Primary Government 177516



Treasury Recommendation
Eastern Upper Peninsula Transportation Authority Pension Corrective Action Plan (CAP)
Monitoring Compliance Certification
Non-Primary Government 177516

Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet								
Instructions								
Fiscal Year	Pension Payments		OPEB Payments		Projected (Actual) Governmental Revenues	Projected Enterprise Funds used for Retirement Costs	Projected Retirement Contributions as a Percent of Revenues	Annual Retirement Cost Increase
	Total Pension ADC (All Systems)	Additional Pension Contributions (All Systems)	Total OPEB Benefit Payment Amount (All Systems)	Additional OPEB Contributions (All Systems)				
2019								
2020	\$786,000	\$0	\$0	\$0	\$6,356,565	\$0	12.4%	
2021	\$808,000	\$0	\$0	\$0	\$6,483,696	\$0	12.5%	2.8%
2022	\$836,000	\$0	\$0	\$0	\$6,613,370	\$0	12.6%	3.5%
2023	\$853,000	\$0	\$0	\$0	\$6,745,638	\$0	12.6%	2.0%
2024	\$875,000	\$0	\$0	\$0	\$6,880,550	\$0	12.7%	2.6%
Projected Annual Revenue Growth (Please select)	2%						Average Annual Retirement Cost Increase	2.7%

The Community Engagement and Finance Division (CEFD) contact:

- None

Treasury Recommendation
Lansing Housing Commission OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Non-Primary Government 337534

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
MERS	Pension	\$8,146,961	\$9,462,695	86.1%	\$80,707	\$21,878,848	0.4%	NO
Lansing Housing Commission OPEB Plan	OPEB	\$391,580	\$542,214	72.2%	\$19,251		0.1%	YES
Total		\$8,538,541	\$10,004,909		\$99,958	\$21,878,848	0.5%	

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance for the Lansing Housing Commission OPEB Plan OPEB corrective action plan monitoring certification of compliance submitted by Lansing Housing Commission. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- Yes, Lansing Housing Commission is addressing underfunded status by fiscal year 2020 as projected in originally approved plan.

Substantial Changes

CAP Changes Implemented:

- In June 2020, the Housing Commission put additional funds in their OPEB trust bringing them to 72% funded.

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?

Treasury Recommendation

Lansing Housing Commission OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification Non-Primary Government 337534

- Fiscal Year: 2021
- Percentage of Revenues: 1.5%

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

- **No**
 - The Housing Commission's sustainability section did not include the projected pension ADC or OPEB benefit payment amount. Treasury requested the pension valuation and recreated the sustainability worksheet based on the pension and OPEB valuations.

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- **Yes**

System Status for All Divisions: Closed

Plan size: members 33

- Inactive employees or beneficiaries currently receiving benefits: **15**
- Inactive employees entitled to but not yet receiving benefits: **0**
- Active employees: **18**

Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - Lansing Housing Commission has met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:
 - Lansing Housing Commission has met the Board's published monitoring criteria for substantial changes.
- Sustainability:
 - Lansing Housing Commission has met the Board's published monitoring criteria for sustainability.

Supplemental Information:

The Lansing City Housing Commission has documented that they are 72% funded.

Treasury Recommendation
Lansing Housing Commission OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Non-Primary Government 337534

Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet								
Instructions								
Fiscal Year	Pension Payments		OPEB Payments		Projected (Actual) Governmental Revenues	Projected Enterprise Funds used for Retirement Costs	Projected Retirement Contributions as a Percent of Revenues	Annual Retirement Cost Increase
	Total Pension ADC (All Systems)	Additional Pension Contributions (All Systems)	Total OPEB Benefit Payment Amount (All Systems)	Additional OPEB Contributions (All Systems)				
2019								
2020	\$164,832	\$0	\$80,400	\$0	\$16,462,935		1.5%	
2021	\$171,000	\$0	\$82,435	\$0	\$16,792,194		1.5%	3.3%
2022	\$179,000	\$0	\$59,885	\$0	\$17,128,038		1.4%	-5.7%
2023	\$191,000	\$0	\$61,318	\$0	\$17,470,598		1.4%	5.6%
2024	\$198,000	\$0	\$45,435	\$0	\$17,820,010		1.4%	-3.5%
Projected Annual Revenue Growth (Please select)	2%						Average Annual Retirement Cost Increase	-0.1%

The Community Engagement and Finance Division (CEFD) contact:

- On 1/4/2021 Treasury requested the Housing Commission's MERS valuation.

Treasury Recommendation
Marquette County Road Commission Pension Corrective Action Plan (CAP) Monitoring Compliance
Certification
Non-Primary Government 520100

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
MERS	Pension	\$13,261,761	\$29,940,589	44.3%	\$1,354,038	\$21,895,245	6.2%	YES
Retiree Health Care	OPEB	\$2,497,765	\$5,322,631	46.9%	\$594,376		2.7%	YES
Total		\$15,759,526	\$35,263,220		\$1,948,414	\$21,895,245	8.9%	

Source: Retirement Report Fiscal Year 2019, Audited Financial Statements

Staff Recommendation: Compliance for the MERS Pension corrective action plan monitoring certification of compliance submitted by Marquette County Road Commission. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- No, underfunded status will now be addressed by fiscal year 2027, which is within the Board's required timeframe.

The Road Commission is now addressing underfunded status in 2027, instead of 2020.

Substantial Changes

CAP Changes Implemented:

- Since fiscal year 2018, the Road Commission Board has committed to funding at the 10 year funding scheduled determined by MERS annually.

CAP Changes Not Implemented:

- None listed.

Additional Changes Implemented

- None listed.

Revised Corrective Action Plan Submitted? No

Sustainability

Treasury Recommendation
Marquette County Road Commission Pension Corrective Action Plan (CAP) Monitoring Compliance
Certification
Non-Primary Government 520100

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2024
- Percentage of Revenues: 17.3%

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

- **No**
 - Treasury recreated the sustainability worksheet using the Road Commission's revenue from their fiscal year 2020 audit.

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- **Yes**

System Status for All Divisions: Open

Plan size: members 157

- Inactive employees or beneficiaries currently receiving benefits: **78**
- Inactive employees entitled to but not yet receiving benefits: **25**
- Active employees: **54**

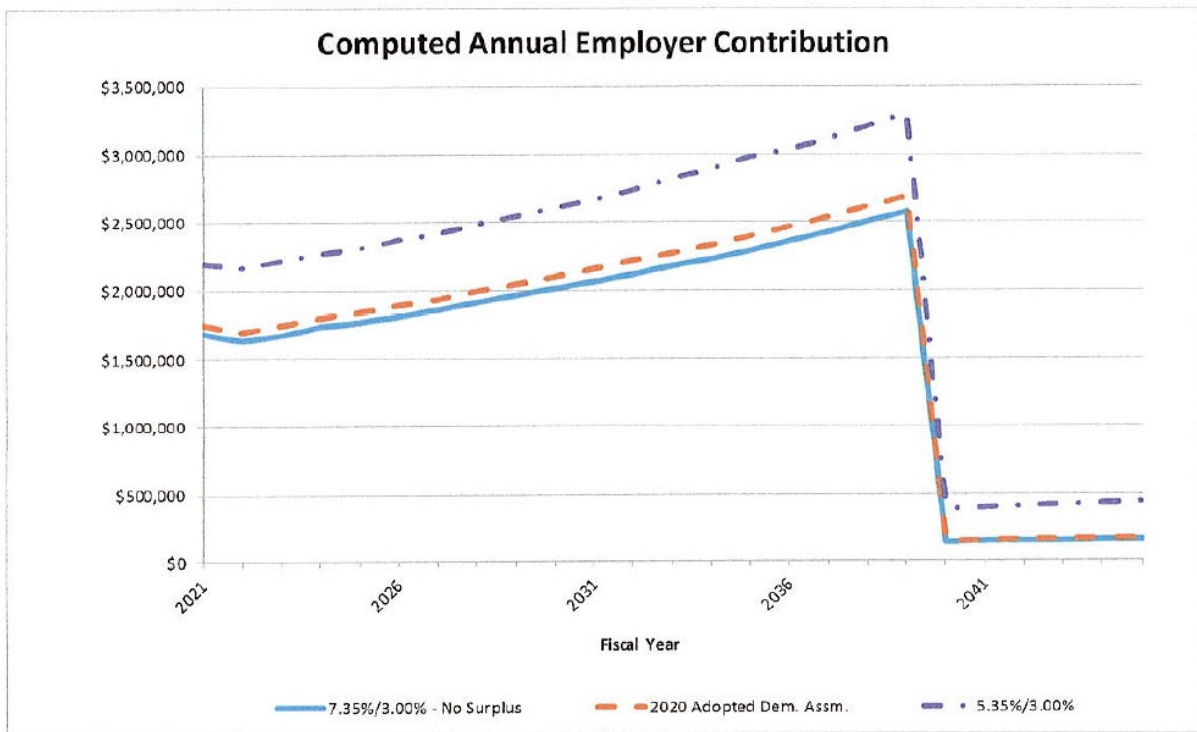
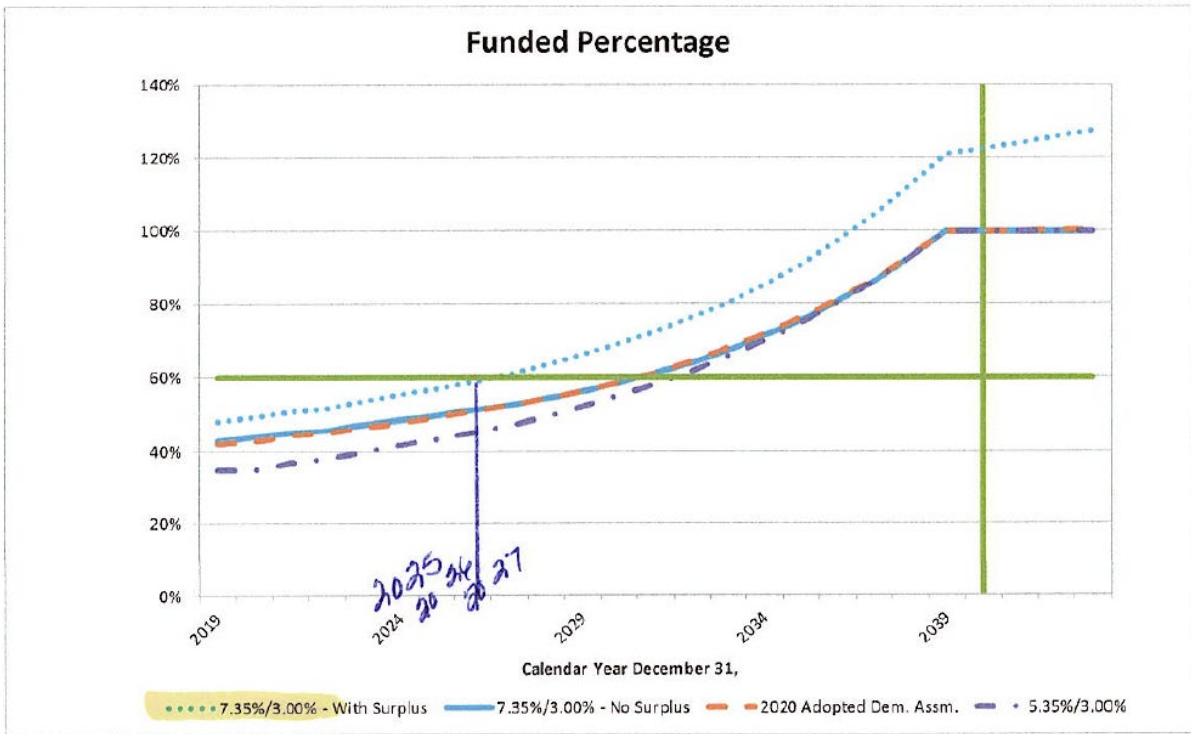
Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - Marquette County Road Commission has met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:
 - Marquette County Road Commission has met the Board's published monitoring criteria for substantial changes.
- Sustainability:
 - Marquette County Road Commission has met the Board's published monitoring criteria for sustainability.

Supplemental Information:

The Road Commission's documentation included their MERS valuation that shows the Road Commission reaching 60% in 2027. Additionally, the valuation showed that the Road Commission's employer contributions will increase about 45% between 2021 and 2040, which is about 2% per year.

Treasury Recommendation
Marquette County Road Commission Pension Corrective Action Plan (CAP) Monitoring Compliance
Certification
Non-Primary Government 520100



Treasury Recommendation
Marquette County Road Commission Pension Corrective Action Plan (CAP) Monitoring Compliance
Certification
Non-Primary Government 520100

Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet								
Instructions								
Fiscal Year	Pension Payments		OPEB Payments		Projected (Actual) Governmental Revenues	Projected Enterprise Funds used for Retirement Costs	Projected Retirement Contributions as a Percent of Revenues	Annual Retirement Cost Increase
	Total Pension ADC (All Systems)	Additional Pension Contributions (All Systems)	Total OPEB Benefit Payment Amount (All Systems)	Additional OPEB Contributions (All Systems)				
2019								
2020	\$1,640,000	\$830,716	\$375,287	\$592,684	\$19,897,773	\$0	17.3%	
2021	\$1,680,000	\$771,960	\$422,512	\$592,684	\$20,295,728	\$0	17.1%	0.8%
2022	\$1,740,000	\$799,530	\$453,080	\$592,684	\$20,701,643	\$0	17.3%	3.4%
2023	\$1,770,000	\$813,315	\$477,135	\$592,684	\$21,115,676	\$0	17.3%	1.9%
2024	\$1,810,000	\$831,695	\$500,050	\$592,684	\$21,537,989	\$0	17.3%	2.2%
Projected Annual Revenue Growth (Please select)	2%						Average Annual Retirement Cost Increase	2.1%

The Community Engagement and Finance Division (CEFD) contact:

- None

Treasury Recommendation
Marquette County Road Commission OPEB Corrective Action Plan (CAP) Monitoring Compliance
Certification
Non-Primary Government 520100

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
MERS	Pension	\$13,261,761	\$29,940,589	44.3%	\$1,354,038	\$21,895,245	6.2%	YES
Retiree Health Care	OPEB	\$2,497,765	\$5,322,631	46.9%	\$594,376		2.7%	YES
Total		\$15,759,526	\$35,263,220		\$1,948,414	\$21,895,245	8.9%	

Source: Retirement Report Fiscal Year 2019, Audited Financial Statements

Staff Recommendation: Compliance for the Retiree Health Care Plan OPEB corrective action plan monitoring certification of compliance submitted by Marquette County Road Commission. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- Yes, Marquette County Road Commission is addressing underfunded status by fiscal year 2020 as projected in originally approved plan.

Substantial Changes

CAP Changes Implemented:

- The Road Commission is now 46.94% funded according to their most recent valuation.

CAP Changes Not Implemented:

- None listed.

Additional Changes Implemented

- The fiscal year 2021 budget includes an additional OPEB contribution of \$594,384.

Revised Corrective Action Plan Submitted? No

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2024

Treasury Recommendation
Marquette County Road Commission OPEB Corrective Action Plan (CAP) Monitoring Compliance
Certification
Non-Primary Government 520100

- Percentage of Revenues: 17.3%

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

- **No**
 - Treasury recreated the sustainability worksheet using the Road Commission's revenue from their fiscal year 2020 audit. The Road Commission noted that since the plan is closed, there are no normal costs to pre-fund and that they are paying the benefits each month and putting additional money in their trust to increase their funded ratio.

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- **Yes**

System Status for All Divisions: Closed

Plan size: members 79

- Inactive employees or beneficiaries currently receiving benefits: **50**
- Inactive employees entitled to but not yet receiving benefits: **0**
- Active employees: **29**

Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - Marquette County Road Commission has met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:
 - Marquette County Road Commission has met the Board's published monitoring criteria for substantial changes.
- Sustainability:
 - Marquette County Road Commission has met the Board's published monitoring criteria for sustainability.

Supplemental Information:

The Road Commission included documentation showing they are 61% funded as of September 30, 2020. Additionally they include their OPEB plan net position; showing that the projected benefits decrease in year 7, which is about 2025.

Treasury Recommendation
Marquette County Road Commission OPEB Corrective Action Plan (CAP) Monitoring Compliance
Certification
Non-Primary Government 520100

Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet								
Instructions								
Fiscal Year	Pension Payments		OPEB Payments		Projected (Actual) Governmental Revenues	Projected Enterprise Funds used for Retirement Costs	Projected Retirement Contributions as a Percent of Revenues	Annual Retirement Cost Increase
	Total Pension ADC (All Systems)	Additional Pension Contributions (All Systems)	Total OPEB Benefit Payment Amount (All Systems)	Additional OPEB Contributions (All Systems)				
2019								
2020	\$1,640,000	\$830,716	\$375,287	\$592,684	\$19,897,773	\$0	17.3%	
2021	\$1,680,000	\$771,960	\$422,512	\$592,684	\$20,295,728	\$0	17.1%	0.8%
2022	\$1,740,000	\$799,530	\$453,080	\$592,684	\$20,701,643	\$0	17.3%	3.4%
2023	\$1,770,000	\$813,315	\$477,135	\$592,684	\$21,115,676	\$0	17.3%	1.9%
2024	\$1,810,000	\$831,695	\$500,050	\$592,684	\$21,537,989	\$0	17.3%	2.2%
Projected Annual Revenue Growth (Please select)	2%						Average Annual Retirement Cost Increase	2.1%

Treasury Recommendation
 Marquette County Road Commission OPEB Corrective Action Plan (CAP) Monitoring Compliance
 Certification
 Non-Primary Government 520100

Single Discount Rate Development

1 use

Projection of Plan Net Position

Year	Projected Beginning Plan Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Investment Earnings at 7.00%	Projected Ending Plan Net Position
<i>2019</i> 1	\$ 2,497,765	\$ 472,177	\$ 348,133	\$ 179,112	\$ 2,800,921
<i>2020</i> 2	2,800,921	469,192	375,287	199,296	3,094,122
<i>2021</i> 3	3,094,122	883,221	422,512	213,516	3,218,347
4	3,218,347	329,902	453,080	211,046	3,316,215
5	3,316,215	326,331	477,135	226,946	3,392,357
6	3,392,357	322,896	500,050	231,369	3,446,573
7	3,446,573	319,836	504,587	234,903	3,496,726
8	3,496,726	316,835	499,281	238,493	3,552,773
9	3,552,773	314,023	485,237	242,803	3,624,362
10	3,624,362	311,407	461,799	248,531	3,722,499
11	3,722,499	309,193	464,973	255,215	3,821,935
12	3,821,935	307,406	462,933	262,184	3,928,592
13	3,928,592	305,855	440,608	270,365	4,064,203
14	4,064,203	5,214	424,053	270,083	3,915,447
15	3,915,447	4,123	414,602	259,957	3,764,925
16	3,764,925	3,370	414,136	249,411	3,603,570
17	3,603,570	2,802	404,736	238,420	3,440,057
18	3,440,057	2,329	384,003	227,671	3,286,054
19	3,286,054	1,956	374,752	217,197	3,130,455
20	3,130,455	1,713	365,252	206,623	2,973,538
21	2,973,538	1,496	350,864	196,127	2,820,296
22	2,820,296	1,197	339,155	185,792	2,668,131
23	2,668,131	912	326,732	175,558	2,517,869
24	2,517,869	708	318,553	165,314	2,365,330
25	2,365,330	551	310,919	154,895	2,209,865
26	2,209,865	428	301,614	144,327	2,053,007
27	2,053,007	328	293,007	133,640	1,893,968
28	1,893,968	247	280,900	122,921	1,736,236
29	1,736,236	193	266,068	112,388	1,582,750
30	1,582,750	153	252,992	102,093	1,432,004
31	1,432,004	119	235,133	92,154	1,289,144
32	1,289,144	92	214,191	82,873	1,157,918
33	1,157,918	69	197,359	74,266	1,034,893
34	1,034,893	51	181,871	66,186	919,259
35	919,259	38	166,945	58,626	811,578
36	811,578	20	151,033	51,614	712,178
37	712,178	4	136,078	45,170	621,275
38	621,275	0	121,625	39,304	538,954
39	538,954	0	107,887	34,015	465,081
40	465,081	0	94,997	29,287	399,371
41	399,371	0	83,066	25,098	341,403
42	341,403	0	72,204	21,414	290,613
43	290,613	0	62,413	18,195	246,395
44	246,395	0	53,647	15,402	208,150
45	208,150	0	45,863	12,992	175,280
46	175,280	0	39,033	10,927	147,173
47	147,173	0	33,112	9,163	123,223
48	123,223	0	27,999	7,662	102,887
49	102,887	0	23,601	6,390	85,675
50	85,675	0	19,846	5,314	71,144

Total added OPEB Contributions
Total OPEB Benefit Payments

Treasury Recommendation
Marquette County Road Commission OPEB Corrective Action Plan (CAP) Monitoring Compliance
Certification
Non-Primary Government 520100

Executive Summary
as of September 30, 2020

*Attachment
Page 4 of*

	2020
Actuarial Valuation Date	December 31, 2018
Measurement Date of the Net OPEB Liability	September 30, 2020
Employer's Fiscal Year Ending Date (Reporting Date)	September 30, 2020
Membership	
Number of ¹	
- Retirees and Beneficiaries	50
- Inactive, Nonretired Members	0
- Active Members	29
- Total	79
Covered Payroll ²	\$ 1,651,797
Net OPEB Liability	
Total OPEB Liability	\$ 5,378,299
Plan Fiduciary Net Position	3,313,396
Net OPEB Liability	\$ 2,064,903
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	61.61 %
Net OPEB Liability as a Percentage of Covered Payroll	125.01 %
Development of the Single Discount Rate	
Single Discount Rate	7.00 %
Long-Term Expected Rate of Investment Return	7.00 %
Long-Term Municipal Bond Rate ³	2.41 %
Last year ending September 30 in the 2021 to 2120 projection period for which projected benefit payments are fully funded	2120
Total OPEB Expense	\$ (273,404)

Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet								
Instructions								
Fiscal Year	Pension Payments		OPEB Payments		Projected (Actual) Governmental Revenues	Projected Enterprise Funds used for Retirement Costs	Projected Retirement Contributions as a Percent of Revenues	Annual Retirement Cost Increase
	Total Pension ADC (All Systems)	Additional Pension Contributions (All Systems)	Total OPEB Benefit Payment Amount (All Systems)	Additional OPEB Contributions (All Systems)				
2019								
2020	\$1,640,000	\$830,716	\$375,287	\$592,684	\$19,897,773	\$0	17.3%	
2021	\$1,680,000	\$771,960	\$422,512	\$592,684	\$20,295,728	\$0	17.1%	0.8%
2022	\$1,740,000	\$799,530	\$453,080	\$592,684	\$20,701,643	\$0	17.3%	3.4%
2023	\$1,770,000	\$813,315	\$477,135	\$592,684	\$21,115,676	\$0	17.3%	1.9%
2024	\$1,810,000	\$831,695	\$500,050	\$592,684	\$21,537,989	\$0	17.3%	2.2%
Projected Annual Revenue Growth (Please select)	2%						Average Annual Retirement Cost Increase	2.1%

The Community Engagement and Finance Division (CEFD) contact:

- None

Treasury Recommendation
Montcalm County Road Commission Pension Corrective Action Plan (CAP) Monitoring Compliance
Certification
Non-Primary Government 590100

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
MERS	Pension	\$10,656,584	\$20,224,100	52.7%	\$903,660	\$14,894,406	6.1%	YES
Montcalm County Road Commission OPEB	OPEB	\$545,759	\$1,903,767	28.7%	\$235,676		1.6%	YES
Total		\$11,202,343	\$22,127,867		\$1,139,336	\$14,894,406	7.7%	

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance for the MERS Pension corrective action plan monitoring certification of compliance submitted by Montcalm County Road Commission. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- No, underfunded status will now be addressed by fiscal year 2030, which is within the Board's required timeframe.

The Road Commission is projected to reach 60% funded status in 2030, which is still within the Board's criteria. This Road Commission had originally planned to address underfunded status in 2023.

Substantial Changes

CAP Changes Implemented:

- Employee contributions were raised from 4%-5% to 5%-6% with another 0.5% increase scheduled in October 2021. There has been an increase of 1.5% in employee contributions since 2017.
- The Road Commission has also implemented the "No-Phase In" option and began paying the higher MERS contributions rather than phasing in the higher contributions.

CAP Changes Not Implemented:

- None listed.

Additional Changes Implemented

Treasury Recommendation
Montcalm County Road Commission Pension Corrective Action Plan (CAP) Monitoring Compliance
Certification
Non-Primary Government 590100

- MCRC increased the additional monthly pension contribution from \$20,000 to \$24,000. This increased the Road Commission's annual payment by \$48,000. This amount was also deposited into the surplus division set up in 2019. The total annual contribution is \$288,000 over their required ADC.

Revised Corrective Action Plan Submitted? No

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2024
- Percentage of Revenues: 09.7%

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

- **No**
 - Treasury updated the sustainability worksheet to reflect the governmental revenues in the Road Commission's fiscal year 2020 audit and to reflect the OPEB benefit payment amount from the actuarial projections provided.

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- **Yes**

System Status for All Divisions: Open

Plan size: members 107

- Inactive employees or beneficiaries currently receiving benefits: **52**
- Inactive employees entitled to but not yet receiving benefits: **5**
- Active employees: **50**

Corrective Action Plan Monitoring Criteria:

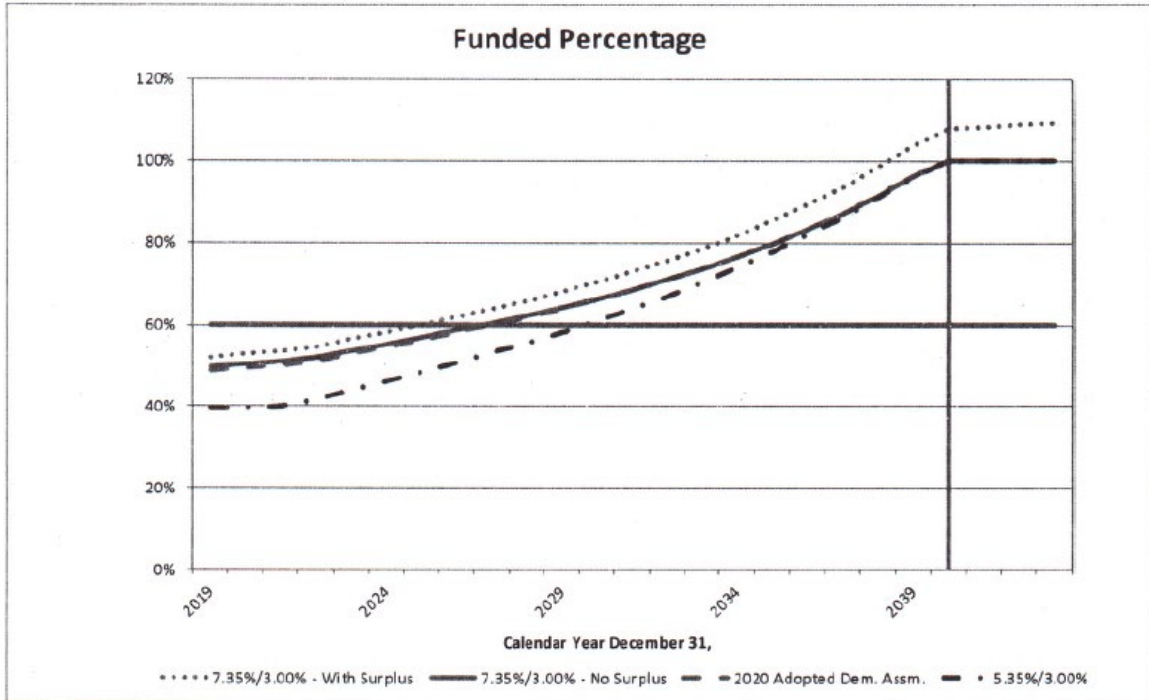
- Underfunded Status:
 - Montcalm County Road Commission has met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:
 - Montcalm County Road Commission has met the Board's published monitoring criteria for substantial changes.
- Sustainability:

Treasury Recommendation
Montcalm County Road Commission Pension Corrective Action Plan (CAP) Monitoring Compliance
Certification
Non-Primary Government 590100

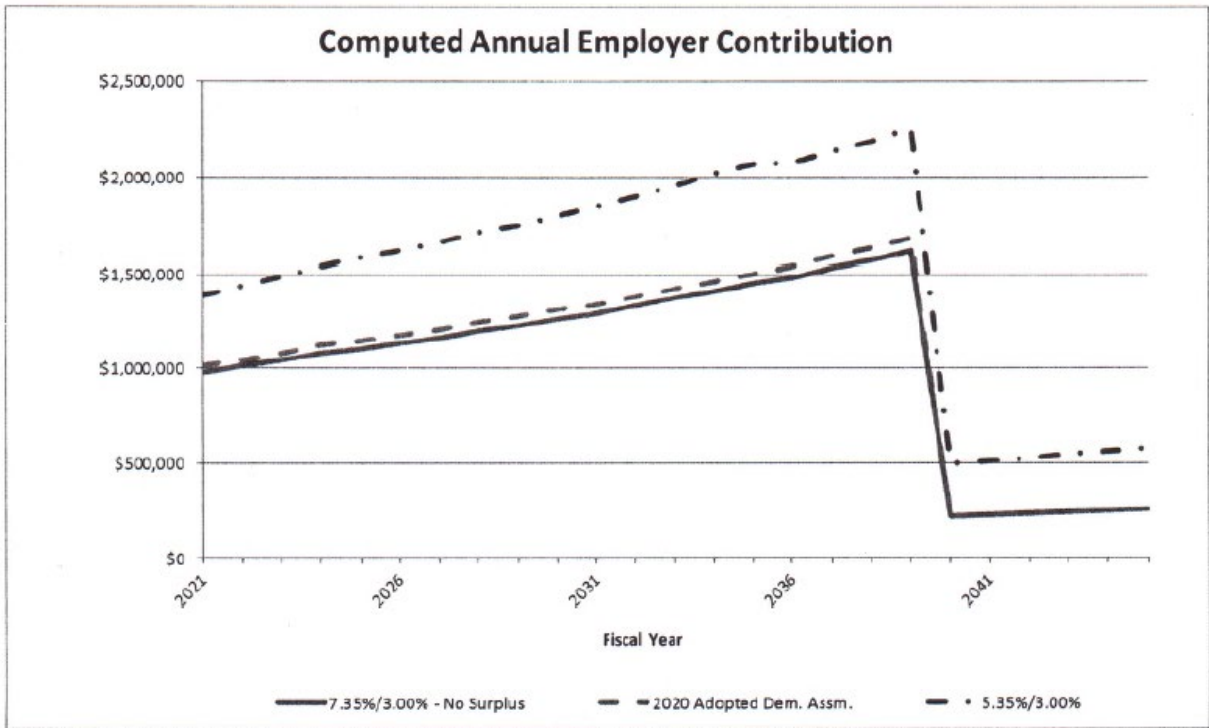
- Montcalm County Road Commission has met the Board's published monitoring criteria for sustainability.

Supplemental Information:

The Road Commission provided their MERS valuation showing they will be 60% funded between 2025 and 2030. Additionally, the valuation shows the Road Commission's annual employer costs increase approximately 60% between 2021 and 2040, which is about 3% per year.



Treasury Recommendation
Montcalm County Road Commission Pension Corrective Action Plan (CAP) Monitoring Compliance
Certification
Non-Primary Government 590100



Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet								
Instructions								
Fiscal Year	Pension Payments		OPEB Payments		Projected (Actual) Governmental Revenues	Projected Enterprise Funds used for Retirement Costs	Projected Retirement Contributions as a Percent of Revenues	Annual Retirement Cost Increase
	Total Pension ADC (All Systems)	Additional Pension Contributions (All Systems)	Total OPEB Benefit Payment Amount (All Systems)	Additional OPEB Contributions (All Systems)				
2019								
2020	\$1,010,000	\$288,000	\$119,491	\$12,000	\$14,894,406	\$0	9.6%	
2021	\$1,040,000	\$288,000	\$67,426	\$12,000	\$15,192,294	\$0	9.3%	-1.5%
2022	\$1,080,000	\$288,000	\$74,346	\$12,000	\$15,496,140	\$0	9.4%	3.3%
2023	\$1,100,000	\$288,000	\$86,087	\$12,000	\$15,806,063	\$0	9.4%	2.2%
2024	\$1,130,000	\$288,000	\$129,875	\$12,000	\$16,122,184	\$0	9.7%	5.0%
Projected Annual Revenue Growth (Please select)	2%						Average Annual Retirement Cost Increase	2.2%

The Community Engagement and Finance Division (CEFD) contact:

- None

Treasury Recommendation
Montcalm County Road Commission OPEB Corrective Action Plan (CAP) Monitoring Compliance
Certification
Non-Primary Government 590100

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
MERS	Pension	\$10,656,584	\$20,224,100	52.7%	\$903,660	\$14,894,406	6.1%	YES
Montcalm County Road Commission OPEB	OPEB	\$545,759	\$1,903,767	28.7%	\$235,676		1.6%	YES
Total		\$11,202,343	\$22,127,867		\$1,139,336	\$14,894,406	7.7%	

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance for the OPEB corrective action plan monitoring certification of compliance submitted by Montcalm County Road Commission. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- Yes, Montcalm County Road Commission is addressing underfunded status by fiscal year 2025 as projected in originally approved plan.

The Road Commission's supporting documentation shows that in order to reach 40% by 2025, they would need to increase their annual contributions from \$12,000 per year to \$32,000. Even if they do not increase their additional contributions to reach funded.

Substantial Changes

CAP Changes Implemented:

- The Road Commission implemented a health care savings plan for employees, 30% of employees elected to switch from the defined benefit OPEB to the health care savings plan.
- They increased their annual contribution to the OPEB Trust to \$12,000 per year.

CAP Changes Not Implemented:

- Not listed.

Additional Changes Implemented

- Not listed.

Treasury Recommendation
Montcalm County Road Commission OPEB Corrective Action Plan (CAP) Monitoring Compliance
Certification
Non-Primary Government 590100

Revised Corrective Action Plan Submitted? No

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2024
- Percentage of Revenues: 9.7%

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

- **No**
 - Treasury updated the sustainability worksheet to reflect the governmental revenues in the Road Commission's fiscal year 2020 audit and to reflect the OPEB benefit payment amount from the actuarial projections provided.

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- **Yes**

System Status for All Divisions: Closed

Plan size: members 60

- Inactive employees or beneficiaries currently receiving benefits: **12**
- Inactive employees entitled to but not yet receiving benefits: **0**
- Active employees: **48**

Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - Montcalm County Road Commission has partially met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:
 - Montcalm County Road Commission has met the Board's published monitoring criteria for substantial changes.
- Sustainability:
 - Montcalm County Road Commission has met the Board's published monitoring criteria for sustainability.

Supplemental Information:

Treasury Recommendation
Montcalm County Road Commission OPEB Corrective Action Plan (CAP) Monitoring Compliance
Certification
Non-Primary Government 590100

The Road Commission submitted an actuarially projection that shows they will reach 40% funded in the fiscal year ending on 9/30/2025; however, that projection includes a \$32,000 annual contribution from the Road Commission into the trust. The Road Commission's plan is to put \$12,000 annually into the trust. While the documentation does not show a projection for the reduced annual payment, it is reasonable that they will address their underfunded status within the Board's timeframe.

Watkins Ross Actuarial Projection 2021

Projection: Assuming annual contributions of \$32,000 to the OPEB trust

Montcalm CRC						
2020 funding projection (based on September 30, 2020 actuarial valuation)						
			Discount 4.27%	Return 4.27%		
Year ending	Liability	Assets at end of year	Contribution during the year	Benefit payments during the year	total contribution	funded percent
09/30/2020	1,903,767	545,760	32,000	119,491	151,491	29%
09/30/2021	1,908,417	601,740	32,000	67,426	99,426	32%
09/30/2022	1,967,246	660,110	32,000	74,346	106,346	34%
09/30/2023	2,019,132	720,973	32,000	86,087	118,087	36%
09/30/2024	2,058,619	784,434	32,000	129,875	161,875	38%
09/30/2025	2,052,009	850,606	32,000	166,477	198,477	41%
09/30/2026	2,004,144	919,603	32,000	156,734	188,734	46%
09/30/2027	1,964,098	991,546	32,000	167,524	199,524	50%
09/30/2028	1,907,415	1,066,561	32,000	224,802	256,802	56%
09/30/2029	1,780,845	1,144,779	32,000	269,874	301,874	64%
09/30/2030	1,595,017	1,226,337	32,000	349,625	381,625	77%
09/30/2031	1,307,951	1,311,378	32,000	361,242	32,000	100%

Treasury Recommendation
Montcalm County Road Commission OPEB Corrective Action Plan (CAP) Monitoring Compliance
Certification
Non-Primary Government 590100

Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet								
Instructions								
Fiscal Year	Pension Payments		OPEB Payments		Projected (Actual) Governmental Revenues	Projected Enterprise Funds used for Retirement Costs	Projected Retirement Contributions as a Percent of Revenues	Annual Retirement Cost Increase
	Total Pension ADC (All Systems)	Additional Pension Contributions (All Systems)	Total OPEB Benefit Payment Amount (All Systems)	Additional OPEB Contributions (All Systems)				
2019								
2020	\$1,010,000	\$288,000	\$119,491	\$12,000	\$14,894,406	\$0	9.6%	
2021	\$1,040,000	\$288,000	\$67,426	\$12,000	\$15,192,294	\$0	9.3%	-1.5%
2022	\$1,080,000	\$288,000	\$74,346	\$12,000	\$15,496,140	\$0	9.4%	3.3%
2023	\$1,100,000	\$288,000	\$86,087	\$12,000	\$15,806,063	\$0	9.4%	2.2%
2024	\$1,130,000	\$288,000	\$129,875	\$12,000	\$16,122,184	\$0	9.7%	5.0%
Projected Annual Revenue Growth (Please select)	2%						Average Annual Retirement Cost Increase	2.2%

The Community Engagement and Finance Division (CEFD) contact:

- None

Treasury Recommendation
City of Mount Clemens OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 502050

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
City of Mount Clemens, Michigan Employees' Retirement System	Pension	\$58,851,352	\$64,881,440	90.7%	\$650,467	\$13,324,162	4.9%	NO
City of Mount Clemens Retiree Healthcare Plan	OPEB	\$839,652	\$36,865,726	2.3%	\$2,610,867		19.6%	YES
Total		\$59,691,004	\$101,747,166		\$3,261,334	\$13,324,162	24.5%	

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance for the City of Mount Clemens Retiree Health Care Trust OPEB corrective action plan monitoring certification of compliance submitted by City of Mount Clemens. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- Yes, City of Mount Clemens is addressing underfunded status by fiscal year 2045 as projected in originally approved plan.

Substantial Changes

CAP Changes Implemented:

- The City of Mount Clemens has continued to contribute the Pay-Go amounts plus additional funding of \$50,000 in FY 19, \$500,000 in FY 2020, and \$500,000 in FY 2021. The FY 2022 budget that is currently in development contained additional funding of \$180,000 as originally indicated in the 2017 CAP.
- The original CAP projected the system to be at 1.8% funded by 6/30/2020. The City exceeded that goal by 0.5%.

CAP Changes Not Implemented:

Treasury Recommendation

City of Mount Clemens OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification Primary Government 502050

- The City of Mount Clemens has not negotiated with the International Association of Firefighters to revise the CBA to match other labor agreements' language for new hires to be eligible for only HRA upon retirement.

Additional Changes Implemented

- None listed.

Revised Corrective Action Plan Submitted? No

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2025
- Percentage of Revenues: 24.5%

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

- Yes
 - The City of Mount Clemens will continue to look for ways to modify the annual budget to accommodate these increased costs in order to steadily increase the funding ratio of the OPEB plan year over year. On average, the increase is 4.85% over the next 5 years. The City used an annual 2% increase for pension ADC projections, which was provided by the City's actuary who said was a fair and generous estimate.

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- Yes

System Status for All Divisions: Closed

Plan size: members 191

- Inactive employees or beneficiaries currently receiving benefits: **130**
- Inactive employees entitled to but not yet receiving benefits: **7**
- Active employees: **54**

Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - City of Mount Clemens has met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:

Treasury Recommendation
City of Mount Clemens OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 502050

- City of Mount Clemens has met the Board’s published monitoring criteria for substantial changes.
- Sustainability:
 - City of Mount Clemens has partially met the Board’s published monitoring criteria for sustainability.

Supplemental Information:

The City provided a projection based on the payment of the pay-go payment plus an additional payment of 180K until reaching 40% funded in 2048 (this projection is later than the projected date of 2045 certified by the City). This projection shows that costs increase by 50.7% over the next 10 years (5.7% per year).

City of Mount Clemens Retiree Health Program
Alternate 1

Fiscal Year	Projected Retiree Health Trust Revenue and Expense						AALEOY	Funded Percent
	Asset Value	City	Extra City	Benefit	Asset Value			
	BOY	Contribution	Contribution	Payments	Interest	EOY		
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(f)/(g)
7/1/2018 - 6/30/2019	\$ 149,258	\$1,910,075	\$50,000	\$1,910,075	\$ 10,441	\$ 209,699	\$ 39,665,495	0.5%
7/1/2019 - 6/30/2020	209,699	2,056,801	500,000	2,056,801	27,436	737,135	40,447,502	1.8%
7/1/2020 - 6/30/2021	737,135	2,175,292	500,000	2,175,292	59,082	1,296,218	41,154,945	3.1%
7/1/2021 - 6/30/2022	1,296,218	2,291,979	180,000	2,291,979	83,121	1,559,338	41,783,236	3.7%
7/1/2022 - 6/30/2023	1,559,338	2,453,808	180,000	2,453,808	98,908	1,838,246	42,276,326	4.3%
7/1/2023 - 6/30/2024	1,838,246	2,628,631	180,000	2,628,631	115,642	2,133,888	42,612,643	5.0%
7/1/2024 - 6/30/2025	2,133,888	2,760,073	180,000	2,760,073	133,381	2,447,269	42,827,470	5.7%
7/1/2025 - 6/30/2026	2,447,269	2,871,425	180,000	2,871,425	152,184	2,779,453	42,930,334	6.5%
7/1/2026 - 6/30/2027	2,779,453	2,965,063	180,000	2,965,063	172,115	3,131,568	42,931,992	7.3%
7/1/2027 - 6/30/2028	3,131,568	3,088,366	180,000	3,088,366	193,242	3,504,809	42,792,228	8.2%
7/1/2028 - 6/30/2029	3,504,809	3,100,000	180,000	3,181,637	213,211	3,816,383	42,532,262	9.0%
7/1/2029 - 6/30/2030	3,816,383	3,100,000	180,000	3,265,140	229,424	4,060,667	42,160,044	9.6%
7/1/2030 - 6/30/2031	4,060,667	3,100,000	180,000	3,297,989	243,106	4,285,784	41,722,651	10.3%
7/1/2031 - 6/30/2032	4,285,784	3,100,000	180,000	3,265,012	257,592	4,558,364	41,283,923	11.0%
7/1/2032 - 6/30/2033	4,558,364	3,100,000	180,000	3,289,056	273,233	4,822,540	40,785,690	11.8%
7/1/2033 - 6/30/2034	4,822,540	3,100,000	180,000	3,307,354	288,540	5,083,726	40,229,120	12.6%
7/1/2034 - 6/30/2035	5,083,726	3,100,000	180,000	3,278,939	305,055	5,389,843	39,657,034	13.6%
7/1/2035 - 6/30/2036	5,389,843	3,100,000	180,000	3,243,956	324,461	5,750,349	39,077,273	14.7%
7/1/2036 - 6/30/2037	5,750,349	3,100,000	180,000	3,260,325	345,605	6,115,629	38,435,729	15.9%
7/1/2037 - 6/30/2038	6,115,629	3,100,000	180,000	3,257,655	367,602	6,505,575	37,748,000	17.2%
7/1/2038 - 6/30/2039	6,505,575	3,100,000	180,000	3,246,416	391,332	6,930,491	37,025,931	18.7%
7/1/2039 - 6/30/2040	6,930,491	3,100,000	180,000	3,234,033	417,195	7,393,653	36,272,709	20.4%
7/1/2040 - 6/30/2041	7,393,653	3,100,000	180,000	3,199,959	445,997	7,919,691	35,509,756	22.3%
7/1/2041 - 6/30/2042	7,919,691	3,100,000	180,000	3,184,771	478,011	8,492,931	34,717,080	24.5%
7/1/2042 - 6/30/2043	8,492,931	3,100,000	180,000	3,068,233	515,867	9,220,565	33,998,815	27.1%
7/1/2043 - 6/30/2044	9,220,565	2,924,284	180,000	2,924,284	558,581	9,959,146	33,390,241	29.8%
7/1/2044 - 6/30/2045	9,959,146	2,850,379	180,000	2,850,379	602,896	10,742,042	32,827,104	32.7%
7/1/2045 - 6/30/2046	10,742,042	2,712,488	0	2,712,488	644,523	11,386,565	32,379,261	35.2%
7/1/2046 - 6/30/2047	11,386,565	2,566,958	0	2,566,958	683,194	12,069,759	32,062,276	37.6%
7/1/2047 - 6/30/2048	12,069,759	2,475,724	0	2,475,724	724,186	12,793,944	31,829,020	40.2%

There may be cases where the schedule does not add due to rounding.

Treasury Recommendation
City of Mount Clemens OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 502050

Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet								
Instructions								
Fiscal Year	Pension Payments		OPEB Payments		Projected (Actual) Governmental Revenues	Projected Enterprise Funds used for Retirement Costs	Projected Retirement Contributions as a Percent of Revenues	Annual Retirement Cost Increase
	Total Pension ADC (All Systems)	Additional Pension Contributions (All Systems)	Total OPEB Benefit Payment Amount (All Systems)	Additional OPEB Contributions (All Systems)				
2020					\$13,324,162			
2021	\$764,929		\$2,175,292	\$180,000	\$13,590,645	\$573,037	22.0%	
2022	\$780,228		\$2,291,979	\$180,000	\$13,862,458	\$597,949	22.5%	4.2%
2023	\$795,832		\$2,453,808	\$180,000	\$14,139,707	\$631,294	23.2%	5.5%
2024	\$811,749		\$2,628,631	\$180,000	\$14,422,501	\$667,114	24.0%	5.6%
2025	\$827,984		\$2,760,073	\$180,000	\$14,710,951	\$694,963	24.5%	4.1%
Projected Annual Revenue Growth (Please select)	2%							

The Community Engagement and Finance Division (CEFD) contact:

- CEFD requested pension cost projections from the City on 5/3/2021.

Treasury Recommendation
Otsego County Road Commission Pension Corrective Action Plan (CAP) Monitoring Compliance
Certification
Non-Primary Government 690100

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
Otsego County Road Commission MERS	Pension	\$8,521,841	\$12,916,236	66.0%	\$521,628	\$11,968,214	4.4%	YES
Otsego County Road Commission OPEB	OPEB	\$1,117,717	\$5,650,645	19.8%	\$1,344,332		11.2%	YES
Total		\$9,639,558	\$18,566,881		\$1,865,960	\$11,968,214	15.6%	

Source: Retirement Report Fiscal Year 2019, Audited Financial Statements

Staff Recommendation: Compliance for the MERS Pension corrective action plan monitoring certification of compliance submitted by Otsego County Road Commission. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- Yes, Otsego County Road Commission is addressing underfunded status by fiscal year 2022 as projected in originally approved plan.

Substantial Changes

CAP Changes Implemented:

- The Road Commission has been making \$500,000 contributions to the MERS pension fund over and above the \$10,000 additional payments per month. Employees contribute 7% towards their MERS benefits effective 1-1-21 which is over and above the amount contributed by the employer (2018, employees contributed 4%; 2019, 5%; 2020, 6%).

CAP Changes Not Implemented:

- None listed.

Additional Changes Implemented

- None listed.

Revised Corrective Action Plan Submitted? No

Treasury Recommendation
Otsego County Road Commission Pension Corrective Action Plan (CAP) Monitoring Compliance
Certification
Non-Primary Government 690100

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2020
- Percentage of Revenues: 19.0%

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

- **No**
 - Costs are much higher in FY 2020 and 2021, and then stabilize.

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- **Yes**

System Status for All Divisions: Open

Plan size: members 88

- Inactive employees or beneficiaries currently receiving benefits: **49**
- Inactive employees entitled to but not yet receiving benefits: **8**
- Active employees: **31**

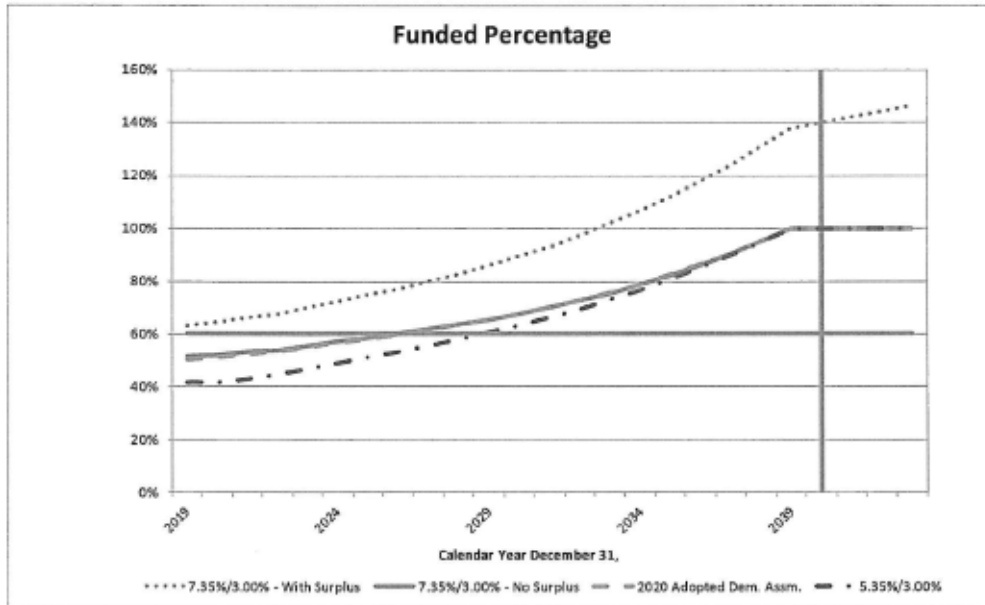
Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - Otsego County Road Commission has met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:
 - Otsego County Road Commission has met the Board's published monitoring criteria for substantial changes.
- Sustainability:
 - Otsego County Road Commission has met the Board's published monitoring criteria for sustainability.

Supplemental Information:

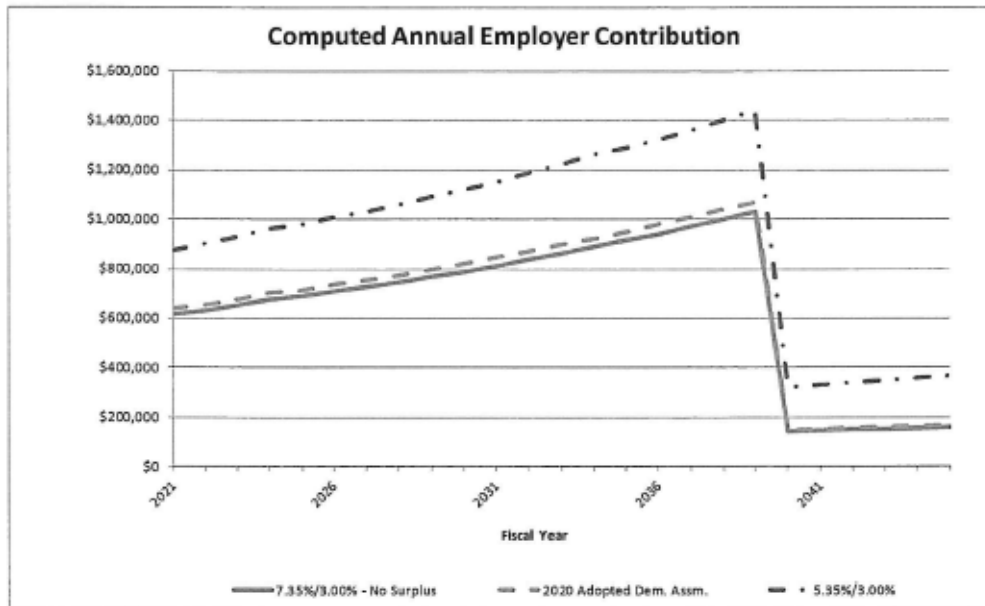
The Road Commission provided MERS charts documenting that they are projected to reach 60% funded by 2024. Additionally, the provided charts also document that pension costs are projected to increase by 75% over the next 18 years (4.1% per year). The Road Commission also provided a sustainability worksheet documenting the costs over the next 5 years.

Treasury Recommendation
Otsego County Road Commission Pension Corrective Action Plan (CAP) Monitoring Compliance
Certification
Non-Primary Government 690100



Notes:

All projected funded percentages are shown with no phase-in.
 Assumes assets from Surplus divisions will not be used to lower employer contributions during the projection period.
 The green indicator lines have been added at 60% funded and 21 years following the valuation date for PA 202 purposes.



Notes:

All projected contributions are shown with no phase-in.
 Projected employer contributions do not reflect the use of any assets from the Surplus divisions.

Treasury Recommendation
Otsego County Road Commission Pension Corrective Action Plan (CAP) Monitoring Compliance
Certification
Non-Primary Government 690100

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	Annual Retirement Cost Increase
	Total Pension ADC (All Systems)	Additional Pension Contributions (All Systems)	Total OPEB Benefit Payment Amount (All Systems)	Additional OPEB Contributions (All Systems)				
2019					\$11,968,214			
2020	\$632,000	\$520,000	\$383,544	\$800,008	\$12,207,579		19.1%	
2021	\$652,000	\$120,000	\$357,135	\$400,000	\$12,451,730		12.3%	-34.5%
2022	\$677,000	\$120,000	\$382,618		\$12,700,765		9.3%	-22.9%
2023	\$689,000	\$120,000	\$462,345		\$12,954,780		9.8%	7.8%
2024	\$707,000	\$120,000	\$486,108		\$13,213,876		9.9%	3.3%

Projected Annual Revenue Growth (Please select)	2%
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The Community Engagement and Finance Division (CEFD) contact:

- None

**Treasury Recommendation
Otsego County Road Commission OPEB Corrective Action Plan (CAP) Monitoring Compliance
Certification
Non-Primary Government 690100**

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
Otsego County Road Commission MERS	Pension	\$8,521,841	\$12,916,236	66.0%	\$521,628	\$11,968,214	4.4%	YES
Otsego County Road Commission OPEB	OPEB	\$1,117,717	\$5,650,645	19.8%	\$1,344,332		11.2%	YES
Total		\$9,639,558	\$18,566,881		\$1,865,960	\$11,968,214	15.6%	

Source: Retirement Report Fiscal Year 2019, Audited Financial Statements

Staff Recommendation: Compliance for the OPEB corrective action plan monitoring certification of compliance submitted by Otsego County Road Commission. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- Yes, Otsego County Road Commission is addressing underfunded status by fiscal year 2022 as projected in originally approved plan.

According to the data provided to Treasury, additional payments will allow the Road Commission to reach 40% in 2021, a year ahead of what the local government certified in their original CAP.

Substantial Changes

CAP Changes Implemented:

- The Road Commission has been making contributions to the OPEB trust of \$520,000 in 2018; \$500,000 in 2019; and \$800,008 in 2020. It should be noted that additional contributions have been made each year over the \$400,000 as proposed in the Road Commission's original Corrective Action Plan.

CAP Changes Not Implemented:

- None listed.

Additional Changes Implemented

Treasury Recommendation
Otsego County Road Commission OPEB Corrective Action Plan (CAP) Monitoring Compliance
Certification
Non-Primary Government 690100

- On January 16, 2020, the Road Commission Board approved an additional payment of \$100,000; and on August 20, 2020, an additional \$300,000 contribution was approved by the Board. These additional payments will help the Road Commission reach the required 40% by 2021, one year earlier than originally proposed.

Revised Corrective Action Plan Submitted? No

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2020
- Percentage of Revenues: 19.0%

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

- **No**
 - The Road Commission's costs are much higher in FY 2020 and 2021, and then stabilize.

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- **Yes**

System Status for All Divisions: Closed

Plan size: members 53

- Inactive employees or beneficiaries currently receiving benefits: **37**
- Inactive employees entitled to but not yet receiving benefits: **0**
- Active employees: **16**

Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - Otsego County Road Commission has met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:
 - Otsego County Road Commission has met the Board's published monitoring criteria for substantial changes.
- Sustainability:

Treasury Recommendation
Otsego County Road Commission OPEB Corrective Action Plan (CAP) Monitoring Compliance
Certification
Non-Primary Government 690100

- Otsego County Road Commission has met the Board’s published monitoring criteria for sustainability.

Supplemental Information: The Road Commission provided an actuarial projection showing when they will reach 40% funded. Additionally, a sustainability worksheet was provided showing projected costs over the next 5 years.

Otsego County Road Commission
2019 funding projection (based on December 31, 2018 actuarial valuation)

Discount Return
4.47% 4.47%

Year ending	liability	Assets at end of year	Contribution during the year	+Benefit payments during the year	=total contribution	funded percent
12/31/2019	5,650,645	1,117,717	500,000	269,649	769,649	19.8%
12/31/2020	5,578,878	1,985,372	800,008	383,544	1,183,552	35.6%
12/31/2021	5,534,017	2,482,960	400,000	357,135	757,135	44.9%
12/31/2022	5,441,700	2,593,948		382,618	382,618	47.7%
12/31/2023	5,240,345	2,709,898		462,345	462,345	51.7%
12/31/2024	4,995,718	2,831,030		486,108	486,108	56.7%
12/31/2025	4,764,370	2,957,577		463,852	463,852	62.1%
12/31/2026	4,529,164	3,089,781		458,595	458,595	68.2%
12/31/2027	4,241,587	3,227,894		491,901	491,901	76.1%
12/31/2028	3,998,522	3,372,181		429,669	429,669	84.3%
12/31/2029	3,733,557	3,522,918		440,743	440,743	94.4%
12/31/2030	3,413,388	3,680,392		472,605	0	107.8%

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	Annual Retirement Cost Increase
	Total Pension ADC (All Systems)	Additional Pension Contributions (All Systems)	Total OPEB Benefit Payment Amount (All Systems)	Additional OPEB Contributions (All Systems)				
2019					\$11,968,214			
2020	\$632,000	\$520,000	\$383,544	\$800,008	\$12,207,579		19.1%	
2021	\$652,000	\$120,000	\$357,135	\$400,000	\$12,451,730		12.3%	-34.5%
2022	\$677,000	\$120,000	\$382,618		\$12,700,765		9.3%	-22.9%
2023	\$689,000	\$120,000	\$462,345		\$12,954,780		9.8%	7.8%
2024	\$707,000	\$120,000	\$486,108		\$13,213,876		9.9%	3.3%

Projected Annual Revenue Growth (Please select)	2%
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The Community Engagement and Finance Division (CEFD) contact:

- None

Treasury Recommendation
Ottawa County Road Commission Pension Corrective Action Plan (CAP) Monitoring Compliance
Certification
Non-Primary Government 700100

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
MERS	Pension	\$33,959,209	\$58,264,576	58.3%	\$1,848,600	\$53,381,127	3.5%	YES
The Retiree Health Plan	OPEB	\$42,714	\$2,456,082	1.7%	\$529,491		1.0%	YES
Total		\$34,001,923	\$60,720,658		\$2,378,091	\$53,381,127	4.5%	

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance for the MERS Pension corrective action plan monitoring certification of compliance submitted by Ottawa County Road Commission. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- Yes, Ottawa County Road Commission is addressing underfunded status by fiscal year 2029 as projected in originally approved plan

The Road Commission listed 2040, but that is the year the system is projected to reach 100% funded. The year the system will reach 60% funded in 2029, as projected in their original CAP.

Substantial Changes

CAP Changes Implemented:

- The Road Commission has continued to make the annual required contribution. Additional contributions have been made for the last 8 years, with an additional \$800K made above the ADC in FY 2019.

CAP Changes Not Implemented:

- None listed.

Additional Changes Implemented

- None listed.

Revised Corrective Action Plan Submitted? No

Treasury Recommendation
Ottawa County Road Commission Pension Corrective Action Plan (CAP) Monitoring Compliance
Certification
Non-Primary Government 700100

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2021
- Percentage of Revenues: 6.8%

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

- **No**
 - The Road Commission listed 2024 however, based on the sustainability worksheet, 2021 seems to be the highest percentage of revenues.

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- **Yes**

System Status for All Divisions: Open

Plan size: members 235

- Inactive employees or beneficiaries currently receiving benefits: **138**
- Inactive employees entitled to but not yet receiving benefits: **21**
- Active employees: **76**

Corrective Action Plan Monitoring Criteria:

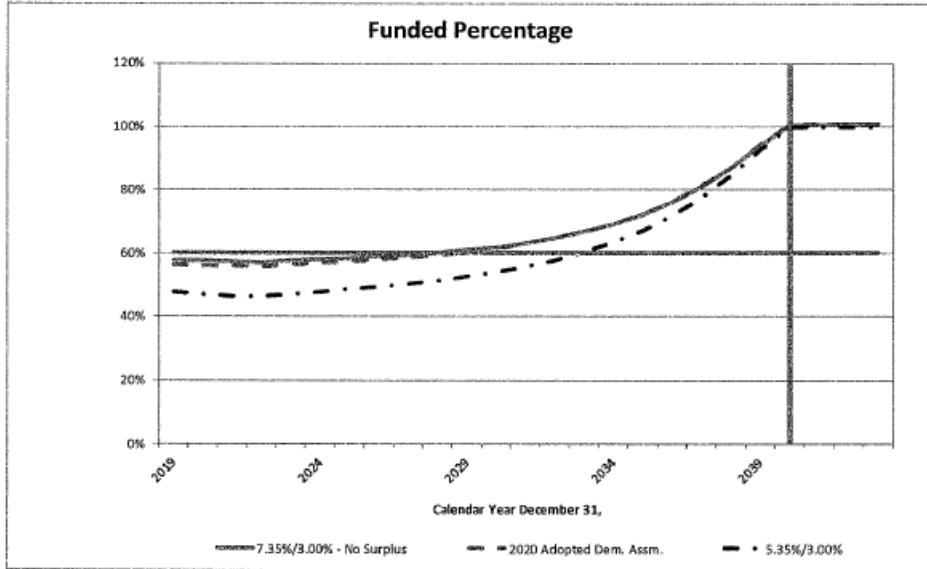
- Underfunded Status:
 - Ottawa County Road Commission has met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:
 - Ottawa County Road Commission has met the Board's published monitoring criteria for substantial changes.
- Sustainability:
 - Ottawa County Road Commission has met the Board's published monitoring criteria for sustainability.

Supplemental Information:

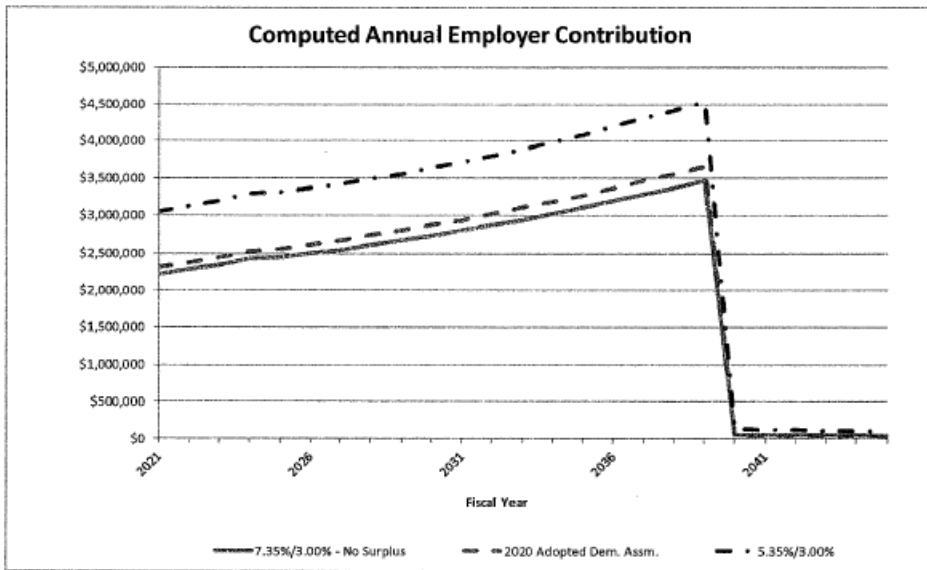
The Road Commission provided MERS charts projecting the funded status and annual employer contributions. Over the next 19 years, the annual contribution increases by approximately 52% (2.7%

Treasury Recommendation
Ottawa County Road Commission Pension Corrective Action Plan (CAP) Monitoring Compliance
Certification
Non-Primary Government 700100

per year). Additionally, the Road Commission provided a sustainability worksheet showing projected costs over the next 5 years.



Notes:
 All projected funded percentages are shown with no phase-in.
 The green indicator lines have been added at 60% funded and 21 years following the valuation date for PA 202 purposes.



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

Treasury Recommendation
Ottawa County Road Commission Pension Corrective Action Plan (CAP) Monitoring Compliance
Certification
Non-Primary Government 700100

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

Instructions

Fiscal Year	Pension Payments		OPEB Payments		Projected (Actual) Governmental Revenues	Projected Enterprise Funds used for Retirement Costs	Projected Retirement Contributions as a Percent of Revenues	Annual Retirement Cost Increase
	Total Pension ADC (All Systems)	Additional Pension Contributions (All Systems)	Total OPEB Benefit Payment Amount (All Systems)	Additional OPEB Contributions (All Systems)				
2019					\$48,158,483			
2020	\$2,280,000	\$800,000	\$191,415	\$20,000	\$49,121,653		6.7%	
2021	\$2,340,000	\$800,000	\$230,847	\$42,000	\$50,104,086		6.8%	3.7%
2022	\$2,430,000	\$800,000	\$227,975	\$20,000	\$51,106,167		6.8%	1.9%
2023	\$2,450,000	\$800,000	\$246,867	\$20,000	\$52,128,291		6.7%	1.1%
2024	\$2,500,000	\$800,000	\$264,104	\$20,000	\$53,170,857		6.7%	1.9%

Projected Annual Revenue Growth (Please select)	2%
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The Community Engagement and Finance Division (CEFD) contact:

- None

**Treasury Recommendation
Ottawa County Road Commission OPEB Corrective Action Plan (CAP) Monitoring Compliance
Certification
Non-Primary Government 700100**

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
MERS	Pension	\$33,959,209	\$58,264,576	58.3%	\$1,848,600	\$53,381,127	3.5%	YES
The Retiree Health Plan	OPEB	\$42,714	\$2,456,082	1.7%	\$529,491		1.0%	YES
Total		\$34,001,923	\$60,720,658		\$2,378,091	\$53,381,127	4.5%	

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance for the The Retiree Health Plan OPEB corrective action plan monitoring certification of compliance submitted by Ottawa County Road Commission. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- Yes, Ottawa County Road Commission is addressing underfunded status by fiscal year 2048 as projected in originally approved plan.

Substantial Changes

CAP Changes Implemented:

- In May 2019, the Road Commission utilized MERS retiree health funding vehicle to create an OPEB trust with funding of \$20K annually as stated in the Road Commission's corrective action plan in addition to the pay-go payment.

CAP Changes Not Implemented:

- None listed.

Additional Changes Implemented

- None listed.

Revised Corrective Action Plan Submitted? No

Sustainability

Treasury Recommendation
Ottawa County Road Commission OPEB Corrective Action Plan (CAP) Monitoring Compliance
Certification
Non-Primary Government 700100

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2021
- Percentage of Revenues: 6.8%

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

- **No**
 - The Road Commission listed FY 2024 as the highest year; however, the sustainability worksheet seems to indicate that the highest year is FY 2021.

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- **Yes**

System Status for All Divisions: Closed

Plan size: members 106

- Inactive employees or beneficiaries currently receiving benefits: **20**
- Inactive employees entitled to but not yet receiving benefits: **0**
- Active employees: **86**

Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - Ottawa County Road Commission has met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:
 - Ottawa County Road Commission has met the Board's published monitoring criteria for substantial changes.
- Sustainability:
 - Ottawa County Road Commission has met the Board's published monitoring criteria for sustainability.

Supplemental Information:

The Road Commission provided a projection of contributions over the next 30 years, indicating that they will likely reach 40% funded if assumptions remain accurate. Additionally, a sustainability worksheet was provided documenting the projected costs over the next 5 years.

Treasury Recommendation
Ottawa County Road Commission OPEB Corrective Action Plan (CAP) Monitoring Compliance
Certification
Non-Primary Government 700100

Projected MERS OPEB funding vehicle source and uses of funding and fund balance

Assumptions:

Expected annual rate of return on MERS OPEB fundings vehicle investments	6.00%
Annual contribution to MERS OPEB funding vehicle	\$ 20,000
Actuarial assumed health insurance rate for retiree and spouse including implicit subsidy (October 2018 actuarial valuation)	\$ 12,043
Actuarial assumed marital status – 10% of retirees are assumed to have a covered spouse at retirement (included in rate above)	
Actuarial assumed healthcare inflation rate (8.0% in 2019 graded down 0.5% per year to an ultimate rate of 5.0%)	
Plan closed to new participants	
Non-bargaining closed in 2013	
Bargaining closed in 2016	
Plan description	
Retiree pays same percentage of health insurance premiums as employees	
Health insurance benefits provide (retiree and spouse) with retirement at or after age 60 through age 65	

Years from 2018	Sources of funding		Uses of funding		Ending balance	Maximum number of eligible participants	Health insurance inflation	Insurance premium including inflation
	Trust earning	Contribution	Benefit payments					
2019	1	\$ -	\$ 20,000	\$ -	\$ 20,000	14	8.0%	\$ 13,006
2020	2	1,200	20,000	-	41,200	19	7.5%	13,981
2021	3	2,472	20,000	-	63,672	21	7.0%	14,960
2022	4	3,820	20,000	-	87,492	26	6.5%	15,932
2023	5	5,250	20,000	-	112,742	26	6.0%	16,888
2024	6	6,765	20,000	-	139,506	25	5.5%	17,817
2025	7	8,370	20,000	-	167,877	22	5.0%	18,708
2026	8	10,073	20,000	-	197,949	18	5.0%	19,644
2027	9	11,877	20,000	-	229,826	16	5.0%	20,626
2028	10	13,790	20,000	-	263,616	12	5.0%	21,657
2029	11	15,817	20,000	-	299,433	16	5.0%	22,740
2030	12	17,966	20,000	-	337,399	13	5.0%	23,877
2031	13	20,244	20,000	-	377,643	12	5.0%	25,071
2032	14	22,659	20,000	-	420,301	9	5.0%	26,324
2033	15	25,218	20,000	-	465,519	11	5.0%	27,640
2034	16	27,931	20,000	-	513,451	6	5.0%	29,022
2035	17	30,807	20,000	-	564,258	6	5.0%	30,474
2036	18	33,855	20,000	-	618,113	8	5.0%	31,997
2037	19	37,087	20,000	-	675,200	7	5.0%	33,597
2038	20	40,512	20,000	-	735,712	6	5.0%	35,277
2039	21	44,143	20,000	-	799,855	6	5.0%	37,041
2040	22	47,991	20,000	-	867,846	9	5.0%	38,893
2041	23	52,071	20,000	-	939,917	7	5.0%	40,837
2042	24	56,395	20,000	-	1,016,312	6	5.0%	42,879
2043	25	60,979	20,000	-	1,097,290	8	5.0%	45,023
2044	26	65,837	20,000	-	1,183,128	8	5.0%	47,274
2045	27	70,988	20,000	-	1,274,115	6	5.0%	49,638
2046	28	76,447	20,000	-	1,370,562	5	5.0%	52,120
2047	29	82,234	20,000	-	1,472,796	5	5.0%	54,726
2048	30	88,368	20,000	(172,387)	1,408,777	3	5.0%	57,462

Treasury Recommendation
Ottawa County Road Commission OPEB Corrective Action Plan (CAP) Monitoring Compliance
Certification
Non-Primary Government 700100

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

Instructions

Fiscal Year	Pension Payments		OPEB Payments		Projected (Actual) Governmental Revenues	Projected Enterprise Funds used for Retirement Costs	Projected Retirement Contributions as a Percent of Revenues	Annual Retirement Cost Increase
	Total Pension ADC (All Systems)	Additional Pension Contributions (All Systems)	Total OPEB Benefit Payment Amount (All Systems)	Additional OPEB Contributions (All Systems)				
2019					\$48,158,483			
2020	\$2,280,000	\$800,000	\$191,415	\$20,000	\$49,121,653		6.7%	
2021	\$2,340,000	\$800,000	\$230,847	\$42,000	\$50,104,086		6.8%	3.7%
2022	\$2,430,000	\$800,000	\$227,925	\$20,000	\$51,106,167		6.8%	1.9%
2023	\$2,450,000	\$800,000	\$246,867	\$20,000	\$52,128,291		6.7%	1.1%
2024	\$2,500,000	\$800,000	\$264,104	\$20,000	\$53,170,857		6.7%	1.9%

Projected Annual Revenue Growth (Please select)	2%
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The Community Engagement and Finance Division (CEFD) contact:

- None

Treasury Recommendation
City of Pontiac OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 632170

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
General Employees Retirement	Pension	\$512,817,268	\$256,234,235	200.1%	\$0	\$59,393,900	3.6%	NO
Police and Fire Retirement System	Pension	\$220,936,451	\$240,806,837	91.7%	\$2,133,428			NO
City of Pontiac Retiree Health Care Plan	OPEB	\$0	\$69,322,430	0.0%	\$0		0.0%	YES
Police and Fire VEBA	OPEB	\$43,448,886	\$38,746,589	112.1%	\$0			NO
Total		\$777,202,605	\$605,110,091		\$2,133,428	\$59,393,900	3.6%	

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance for the City of Pontiac Retiree Health Care Plan OPEB corrective action plan monitoring certification of compliance submitted by City of Pontiac. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- No, underfunded status will now be addressed by fiscal year 2022, which is within the Board's required timeframe.

The City's CAP planned to restructure a significantly over-funded pension system and transfer funds to fund the underfunded OPEB system. In order to proceed with this plan, the City needed IRS approval to move the funds. The IRS recently approved the plan.

Substantial Changes

CAP Changes Implemented:

- The actions in the previously approved CAP received IRS approval in March 2021. This approval allows the entity that will administer the health care benefits ("New VEBA") to move forward with implementation of the CAP. The CAP has appointed 7 trustees and they have been meeting regularly since 2020. The City has completed the required \$4.25 million contribution that was called for under the approved CAP.

CAP Changes Not Implemented:

Treasury Recommendation
City of Pontiac OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 632170

- The New VEBA has not received the assets that are to be transferred from the City's two overfunded pension funds. With the recent IRS approval this process can now move forward and each of the boards for the two pension funds have begun taking the steps needed to transfer these assets. The New VEBA has hired an investment manager who is working on the transfer of these assets and will help manage these assets post-transfer. Current projections have the transfer of assets and the benefits being provided to retirees by September 1, 2021.

Additional Changes Implemented

- None listed.

Revised Corrective Action Plan Submitted? No

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2022
- Percentage of Revenues: 06.0%

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

- **No**
 - The City is not projected to make any payments to the New VEBA as this entity will be receiving assets to cover its projected liabilities. Additionally, the City's maximum annual contribution for the OPEB liability of the New VEBA is \$1,500,000 annually. Even factoring in this contribution the total percentage for retirement costs would be 9%.

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- **Yes**

System Status for All Divisions: Open

Plan size: members 732

- Inactive employees or beneficiaries currently receiving benefits: **722**
- Inactive employees entitled to but not yet receiving benefits: **10**
- Active employees: **0**

Corrective Action Plan Monitoring Criteria:

- Underfunded Status:

Treasury Recommendation
City of Pontiac OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 632170

- City of Pontiac has met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:
 - City of Pontiac has met the Board's published monitoring criteria for substantial changes.
- Sustainability:
 - City of Pontiac has met the Board's published monitoring criteria for sustainability.

Supplemental Information:

The City's previously approved corrective action plan provided an analysis of the formation of the new VEBA that would cover health benefits for all employee groups. The only system that would remain with a projected unfunded liability is the Police and Fire pension. With recent approval of the transfer of assets and creation of this new VEBA, projected to occur in 2021, future reporting submissions should reflect this change. The City did not provide a projection of its future pension ADC's; however, with the plan being over 90% funded, it would not be anticipated to increase dramatically.

Current plans: Actuarial Balances as of 6/30/18

Retiree Groups	GERS & PF Pre-96	PF Post-96	PF Post-96	GERS & PF Pre-96	
System Name	GERS Pension System	P&F Pension System	P&F VEBA	Pontiac Retiree Health Plan	Total all plans
Total Assets	\$ 506,436,676	\$ 232,221,141	\$ 40,952,046	\$ -	\$ 779,609,865
Total Liabilities	\$ (267,204,399) 1	\$ (247,226,144)	\$ (47,032,505) 3	\$ (80,432,528) 4	\$ (641,895,568)
Net Assets	\$ 239,232,277	\$ (15,005,003)	\$ (6,080,459)	\$ (80,432,528)	\$ 137,714,287
Funding Ratio	190%	94%	87%	0%	121%

CPREA Agreement: System Design - creation of new GERS pension system and new VEBA

Retiree Groups	GERS & PF Pre-96	PF Post-96	GERS, PF Pre-96 & PF Post-96	
System Name	New GERS Pension System	P&F Pension System	New VEBA	Total all plans
Total Assets	\$ 506,436,676	\$ 232,221,141	\$ 40,952,046	\$ 779,609,865
Total Liabilities	\$ (267,204,399) 1	\$ (247,226,144)	\$ (127,465,033) 3+4	\$ (641,895,576)
Contribution to new VEBA	\$ (159,070,957)	\$ -	\$ 159,070,957	\$ -
Net Assets	\$ 80,161,320	\$ (15,005,003)	\$ 72,557,970	\$ 137,714,287
Funding Ratio	130%	94%	157%	121%

City Contribution to newly created VEBA

Retiree Groups	GERS, PF Pre-96 & PF Post-96
System Name	New VEBA
Total Assets	\$ 200,023,003
Total Liabilities	\$ (127,465,033)
City Contribution to new VEBA	\$ 4,250,000
Net Assets	\$ 76,807,970
Funding Ratio	160%

The Community Engagement and Finance Division (CEFD) contact:

- None

Treasury Recommendation
Presque Isle County Road Commission OPEB Corrective Action Plan (CAP) Monitoring Compliance
Certification
Non-Primary Government 710100

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
Municipal Employees Retirement System	Pension	\$4,784,622	\$9,968,529	48.0%	\$405,176	\$6,449,890	6.3%	YES
Presque Isle County Road Commission Other Post-Employment Benefits Plan	OPEB	\$0	\$2,126,487	0.0%	\$798,800		12.4%	YES
Total		\$4,784,622	\$12,095,016		\$1,203,976	\$6,449,890	18.7%	

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance for the Blue Care Network/Medigap Reimbursement OPEB corrective action plan monitoring certification of compliance submitted by Presque Isle County Road Commission. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- Yes, Presque Isle County Road Commission is addressing underfunded status by fiscal year 2027 as projected in originally approved plan

Substantial Changes

CAP Changes Implemented:

- Effective February 1, 2020, \$5,000 per month is placed into an investment pool account for payment of unfunded health insurance/reimbursement liability.

CAP Changes Not Implemented:

- None listed.

Additional Changes Implemented

- Effective February 1, 2021, a Section 115 Governmental Trust Account was established with MERS as a retiree health funding vehicle. A lump sum of \$60,000 will be contributed to the

Treasury Recommendation
Presque Isle County Road Commission OPEB Corrective Action Plan (CAP) Monitoring Compliance
Certification
Non-Primary Government 710100

trust upon opening and \$5,000 per month will be paid into the trust from February 1, 2021 forward.

Revised Corrective Action Plan Submitted? No

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2022
- Percentage of Revenues: 16.3%

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

- **No**
 - The sustainability worksheet was revised to use corrected governmental fund revenues.

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- **Yes**

System Status for All Divisions: Open

Plan size: members 38

- Inactive employees or beneficiaries currently receiving benefits: **32**
- Inactive employees entitled to but not yet receiving benefits: **0**
- Active employees: **6**

Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - Presque Isle County Road Commission has met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:
 - Presque Isle County Road Commission has met the Board's published monitoring criteria for substantial changes.
- Sustainability:
 - Presque Isle County Road Commission has met the Board's published monitoring criteria for sustainability.

Treasury Recommendation
Presque Isle County Road Commission OPEB Corrective Action Plan (CAP) Monitoring Compliance
Certification
Non-Primary Government 710100

Supplemental Information:

The Road Commission provided an asset projection and liability project showing that their funded status may reach 40% by 2027 if assumptions remain consistent.

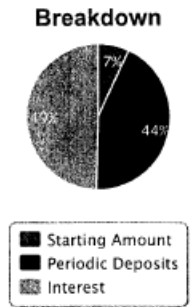
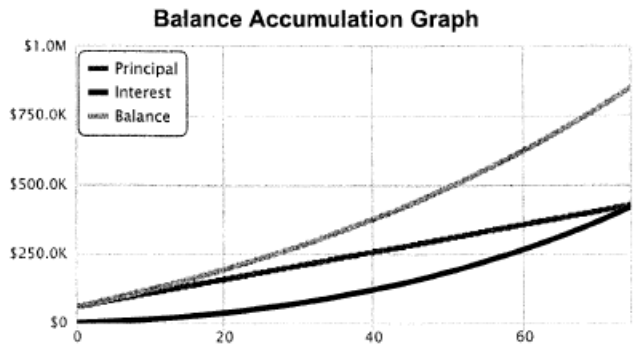
12/14/2020 <https://www.calculator.net/future-value-calculator.html?ctype=endamount&cyyears=74&cstartingprinciple=60000&cinterestrate=1.5&c...>

2A

Future Value Calculator

April 1, 2027 *40% of TOTAL OPEB Liability*

<p>Number of Periods (N) <input style="width: 50px;" type="text" value="74"/></p> <p>Starting Amount <input style="width: 50px;" type="text" value="60000"/></p> <p>Interest Rate (I/Y) <input style="width: 50px;" type="text" value="1.5"/></p> <p>Periodic Deposit (PMT) <input style="width: 50px;" type="text" value="5000"/> /period</p> <p>PMT made at the <input type="radio"/> beginning <input checked="" type="radio"/> end of each compound period</p> <p style="text-align: center;">Calculate </p>	<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;">Results</div> <p>Future Value: \$850,383.65</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">PV (Present Value)</td> <td style="text-align: right;">\$282,571.12</td> </tr> <tr> <td>N (Number of Periods)</td> <td style="text-align: right;">74.000</td> </tr> <tr> <td>I/Y (Interest Rate)</td> <td style="text-align: right;">1.500</td> </tr> <tr> <td>PMT (Periodic Deposit)</td> <td style="text-align: right;">\$5,000.00</td> </tr> <tr> <td>Starting Amount</td> <td style="text-align: right;">\$60,000.00</td> </tr> <tr> <td>Total Periodic Deposits</td> <td style="text-align: right;">\$370,000.00</td> </tr> <tr> <td>Total Interest</td> <td style="text-align: right;">\$420,383.65</td> </tr> </table>	PV (Present Value)	\$282,571.12	N (Number of Periods)	74.000	I/Y (Interest Rate)	1.500	PMT (Periodic Deposit)	\$5,000.00	Starting Amount	\$60,000.00	Total Periodic Deposits	\$370,000.00	Total Interest	\$420,383.65
PV (Present Value)	\$282,571.12														
N (Number of Periods)	74.000														
I/Y (Interest Rate)	1.500														
PMT (Periodic Deposit)	\$5,000.00														
Starting Amount	\$60,000.00														
Total Periodic Deposits	\$370,000.00														
Total Interest	\$420,383.65														



Treasury Recommendation
Presque Isle County Road Commission OPEB Corrective Action Plan (CAP) Monitoring Compliance
Certification
Non-Primary Government 710100

26

Presque Isle County Road Commission
 2019 funding projection (based on December 31, 2018 actuarial valuation)
 Discount
 3.26%

Year ending	Liability	Benefit payments during the year
12/31/2019	2,126,487	171,762
12/31/2020	1,976,499	220,274
12/31/2021	1,810,115	229,451
12/31/2022	1,625,510	237,934
12/31/2023	1,455,416	218,080
12/31/2024	1,307,323	191,429
12/31/2025	1,183,010	163,750
12/31/2026	1,089,402	130,117
12/31/2027	1,008,000	115,366
12/31/2028	927,830	111,629
12/31/2029	867,355	90,052
12/31/2030	787,656	104,565
12/31/2031	709,269	100,780
12/31/2032	631,318	97,882
12/31/2033	573,685	75,745
12/31/2034	517,596	72,429
12/31/2035	456,126	75,871
12/31/2036	395,612	73,003
12/31/2037	336,038	70,183
12/31/2038	277,380	67,416
12/31/2039	245,879	39,263
12/31/2040	216,822	35,902
12/31/2041	190,187	32,640
12/31/2042	165,930	29,495
12/31/2043	143,989	26,487
12/31/2044	124,277	23,636
12/31/2045	106,689	20,956
12/31/2046	91,104	18,461
12/31/2047	77,388	16,159
12/31/2048	65,399	14,054
12/31/2049	54,990	12,145
12/31/2050	46,015	10,428
12/31/2051	38,325	8,900
12/31/2052	31,776	7,552
12/31/2053	26,229	6,375
12/31/2054	21,555	5,355

Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet								
Instructions								
Fiscal Year	Pension Payments		OPEB Payments		Projected (Actual) Governmental Revenues	Projected Enterprise Funds used for Retirement Costs	Projected Retirement Contributions as a Percent of Revenues	Annual Retirement Cost Increase
	Total Pension ADC (All Systems)	Additional Pension Contributions (All Systems)	Total OPEB Benefit Payment Amount (All Systems)	Additional OPEB Contributions (All Systems)				
2019					\$6,449,890			
2020	\$487,920	\$300,000	\$220,274	\$60,000	\$6,578,888		16.2%	
2021	\$502,000	\$300,000	\$229,451	\$60,000	\$6,710,466		16.3%	2.2%
2022	\$518,000	\$300,000	\$237,934	\$60,000	\$6,844,675		16.3%	2.2%
2023	\$539,000	\$300,000	\$218,080	\$60,000	\$6,981,568		16.0%	0.1%
2024	\$549,000	\$300,000	\$191,429	\$60,000	\$7,121,200		15.5%	-1.5%
Projected Annual Revenue Growth (Please select)	2%						Average Annual Retirement Cost Increase	0.8%

The Community Engagement and Finance Division (CEFD) contact:

- None

Treasury Recommendation
Presque Isle County Road Commission Pension Corrective Action Plan (CAP) Monitoring Compliance
Certification
Non-Primary Government 710100

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
Municipal Employees Retirement System	Pension	\$4,784,622	\$9,968,529	48.0%	\$405,176	\$6,449,890	6.3%	YES
Presque Isle County Road Commission Other Post-Employment Benefits Plan	OPEB	\$0	\$2,126,487	0.0%	\$798,800		12.4%	YES
Total		\$4,784,622	\$12,095,016		\$1,203,976	\$6,449,890	18.7%	

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance for the MERS Pension corrective action plan monitoring certification of compliance submitted by Presque Isle County Road Commission. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- Yes, Presque Isle County Road Commission is addressing underfunded status by fiscal year 2030 as projected in originally approved plan.

Substantial Changes

CAP Changes Implemented:

- Effective January 1, 2019, additional funding (over the ADC) of \$20K per month has been paid into a surplus division which will raise the employee's overall funded status in future years.

CAP Changes Not Implemented:

- None listed.

Additional Changes Implemented

Treasury Recommendation
Presque Isle County Road Commission Pension Corrective Action Plan (CAP) Monitoring Compliance
Certification
Non-Primary Government 710100

- Effective January 1, 2020 additional funding (over actuarially determined contribution) of \$25,000 per month has been paid into surplus division which will raise the employer's overall funded status in future years.

Revised Corrective Action Plan Submitted? No

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2022
- Percentage of Revenues: 16.3%

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

- **No**
 - The sustainability worksheet was revised to use corrected governmental fund revenues.

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- **Yes**

System Status for All Divisions:

Plan size: members 71

- Inactive employees or beneficiaries currently receiving benefits: **44**
- Inactive employees entitled to but not yet receiving benefits: **0**
- Active employees: **27**

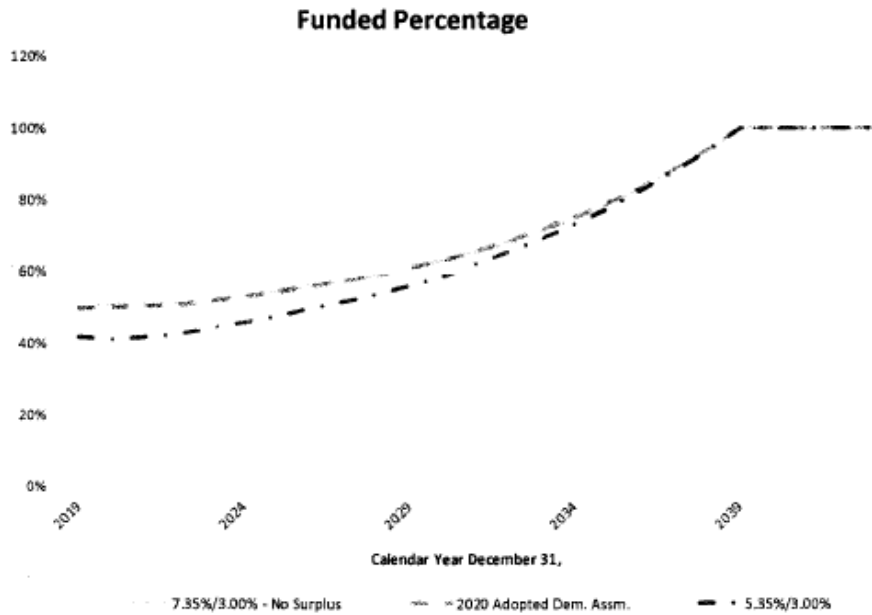
Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - Presque Isle County Road Commission has met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:
 - Presque Isle County Road Commission has met the Board's published monitoring criteria for substantial changes.
- Sustainability:
 - Presque Isle County Road Commission has met the Board's published monitoring criteria for sustainability.

Treasury Recommendation
Presque Isle County Road Commission Pension Corrective Action Plan (CAP) Monitoring Compliance
Certification
Non-Primary Government 710100

Supplemental Information:

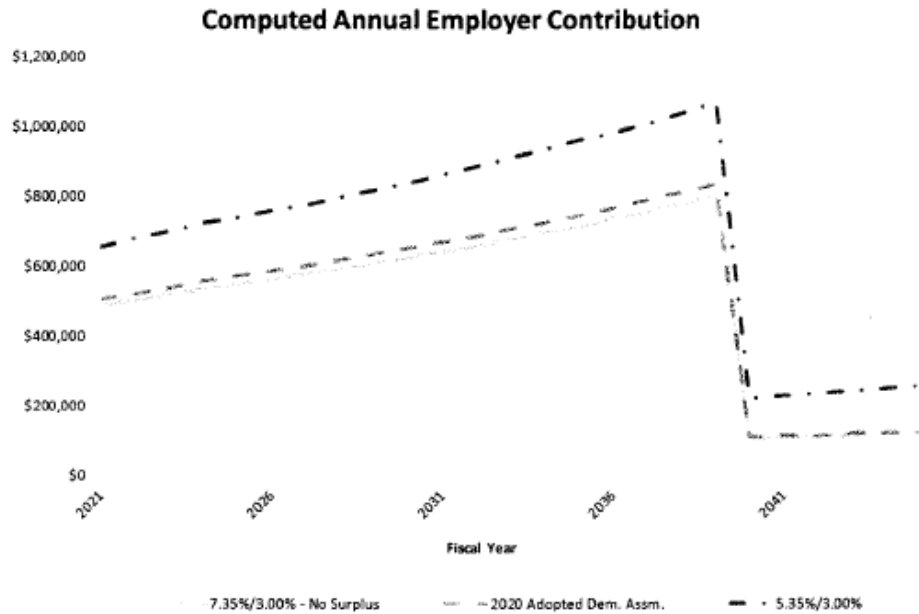
Attached MERS charts for funded status and annual employer contributions. Additionally, a sustainability worksheet shows the projected costs over the next 5 years.



Notes:

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

The green indicator lines have been added at 60% funded and 21 years following the valuation date for PA 202 purposes.



Treasury Recommendation
Presque Isle County Road Commission Pension Corrective Action Plan (CAP) Monitoring Compliance
Certification
Non-Primary Government 710100

Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet								
Instructions								
Fiscal Year	Pension Payments		OPEB Payments		Projected (Actual) Governmental Revenues	Projected Enterprise Funds used for Retirement Costs	Projected Retirement Contributions as a Percent of Revenues	Annual Retirement Cost Increase
	Total Pension ADC (All Systems)	Additional Pension Contributions (All Systems)	Total OPEB Benefit Payment Amount (All Systems)	Additional OPEB Contributions (All Systems)				
2019					\$6,449,890			
2020	\$487,920	\$300,000	\$220,274	\$60,000	\$6,578,888		16.2%	
2021	\$502,000	\$300,000	\$229,451	\$60,000	\$6,710,466		16.3%	2.2%
2022	\$518,000	\$300,000	\$237,934	\$60,000	\$6,844,675		16.3%	2.2%
2023	\$539,000	\$300,000	\$218,080	\$60,000	\$6,981,568		16.0%	0.1%
2024	\$549,000	\$300,000	\$191,429	\$60,000	\$7,121,200		15.5%	-1.5%
Projected Annual Revenue Growth (Please select)	2%						Average Annual Retirement Cost Increase	0.8%

The Community Engagement and Finance Division (CEFD) contact:

- None

Treasury Recommendation
City of Taylor Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 822280

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
Taylor Police and Fire Retirement System	Pension	\$124,779,728	\$198,485,686	62.9%	\$6,314,749	\$69,473,091	14.9%	YES
General Government Employees Retirement System	Pension	\$43,200,605	\$83,081,010	52.0%	\$3,964,651			YES
23rd District Court - MERS	Pension	\$2,937,663	\$4,312,821	68.1%	\$73,769			NO
Taylor OPEB	OPEB	\$3,319,998	\$126,645,254	2.6%	\$10,916,727		15.7%	YES
Total		\$174,237,994	\$412,524,771		\$21,269,896	\$69,473,091	30.6%	

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance for the General Government Employees' Retirement System Pension corrective action plan monitoring certification of compliance submitted by City of Taylor. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- Yes, City of Taylor is addressing underfunded status by fiscal year 2030 as projected in originally approved plan.

Substantial Changes

CAP Changes Implemented:

- None listed.

CAP Changes Not Implemented:

- None listed.

Additional Changes Implemented

- None listed.

Treasury Recommendation
City of Taylor Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 822280

Revised Corrective Action Plan Submitted? No

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2025
- Percentage of Revenues: 28.0%

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

- **No**
 - Average increase of 2.7%

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- **Yes**

System Status for All Divisions: Closed

Plan size: members 338

- Inactive employees or beneficiaries currently receiving benefits: **266**
- Inactive employees entitled to but not yet receiving benefits: **24**
- Active employees: **48**

Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - City of Taylor has met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:
 - City of Taylor has met the Board's published monitoring criteria for substantial changes.
- Sustainability:
 - City of Taylor has partially met the Board's published monitoring criteria for sustainability.

Supplemental Information:

Provided actuarial projection showing the City's general employees system is projected to reach 60% by 2030. Costs during that time are projected to decrease slightly year over year. Additionally, the City provided a sustainability worksheet showing the projected costs over the next 5-years.

Treasury Recommendation
City of Taylor Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 822280

In reviewing costs beyond 5 years, the costs are more concerning from a sustainability standpoint. While changes to the OPEB system have reduced future costs, the City will still need to be monitored for continued sustainability, as projected future costs for all retirement systems appear likely to increase beyond 30% of revenues.

City of Taylor General Employees Retirement System
Baseline Projections as of December 31, 2019 Actuarial Valuation

Valuation Date	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024	12/31/2025	12/31/2026	12/31/2027	12/31/2028	12/31/2029	12/31/2030
Present Value of All Past and Future Benefits	\$ 84,041,058	\$ 82,562,129	\$ 80,753,899	\$ 78,688,791	\$ 76,431,283	\$ 73,977,402	\$ 71,562,616	\$ 69,029,814	\$ 66,426,258	\$ 63,757,784	\$ 61,057,696	\$ 58,357,176
Present Value of Future Employee Contributions	454,629	356,275	272,889	212,962	168,833	134,686	106,727	85,351	66,110	49,357	35,777	24,536
Actuarial Value of Assets	41,281,274	41,500,252	41,627,257	40,971,227	41,076,244	40,238,433	39,399,161	38,513,090	37,643,290	36,807,973	36,063,582	35,452,775
Unfunded Present Value of Benefits	\$ 42,305,155	\$ 40,705,602	\$ 38,853,753	\$ 37,504,602	\$ 35,192,206	\$ 33,604,283	\$ 32,056,728	\$ 30,431,373	\$ 28,716,958	\$ 26,900,454	\$ 24,958,337	\$ 22,879,865
Prior Year Contribution Paid on 10/1	4,119,517	4,177,172	4,112,515	4,037,287	4,028,241	3,902,100	3,885,781	3,872,872	3,862,346	3,854,158	3,847,957	3,841,617
Roll forward to October 1, less prior contribution	40,543,663	38,797,299	36,906,887	35,557,764	33,125,525	31,575,235	29,957,741	28,254,699	26,455,251	24,545,686	22,501,519	20,313,536
Amortization Period	18	17	16	15	14	13	12	11	10	9	8	7
City's contribution with interest	\$ 4,177,172	\$ 4,112,515	\$ 4,037,287	\$ 4,028,241	\$ 3,902,100	\$ 3,885,781	\$ 3,872,872	\$ 3,862,346	\$ 3,854,158	\$ 3,847,957	\$ 3,841,617	\$ 3,835,202
Funded Percentage	49%	51%	52%	52%	54%	54%	55%	56%	57%	58%	59%	61%
Expected Benefit Payments	\$ 7,477,112	\$ 7,686,768	\$ 7,803,094	\$ 7,838,952	\$ 7,864,764	\$ 7,649,193	\$ 7,588,421	\$ 7,473,636	\$ 7,348,447	\$ 7,186,285	\$ 6,991,907	\$ 6,836,718
Funding Interest Rate	7.50%											
Mortality	RP-2006 Total with projections from 2006 to 2025 with Scale MP-2019											

The cost projections contained in this report are based on data as of December 31, 2019. Assumptions used in measuring the liabilities are consistent with the December 31, 2019 actuarial report unless stated otherwise. Reasonable actuarial techniques and assumptions were used to produce the cost projections. Actual results will vary from projections shown in this report due to actual participant data, actual asset returns, and any assumption changes that may be warranted. Depending on the use of this information, additional cost projections may be necessary to quantify the sensitivity of the results. These projections reflect numerous assumptions and one should focus on the general trend of the results rather than the absolute dollar amounts.

Attachment 2b

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)			
2020					\$69,473,091		
2021	\$10,726,643		\$8,788,148	\$255,000	\$70,862,553	\$1,101,731	27%
2022	\$11,030,326		\$9,136,939	\$255,000	\$72,279,804	\$1,123,766	28%
2023	\$11,071,716		\$9,609,141	\$255,000	\$73,725,400	\$1,146,241	28%
2024	\$11,120,820		\$10,030,441	\$255,000	\$75,199,908	\$1,169,166	28%
2025	\$11,116,620		\$10,635,294	\$255,000	\$76,703,906	\$1,192,549	28%

Projected Annual Revenue Growth (Please select)	2%
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* FY21 Projected Enterprise Funds is actual. 2% increase per year for FY22-FY25

The Community Engagement and Finance Division (CEFD) contact:

- None

**Treasury Recommendation
City of Taylor OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 822280**

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
Taylor Police and Fire Retirement System	Pension	\$124,779,728	\$198,485,686	62.9%	\$6,314,749	\$69,473,091	14.9%	YES
General Government Employees Retirement System	Pension	\$43,200,605	\$83,081,010	52.0%	\$3,964,651			YES
23rd District Court - MERS	Pension	\$2,937,663	\$4,312,821	68.1%	\$73,769			NO
Taylor OPEB	OPEB	\$3,319,998	\$126,645,254	2.6%	\$10,916,727		15.7%	YES
Total		\$174,237,994	\$412,524,771		\$21,269,896	\$69,473,091	30.6%	

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance for the Taylor OPEB System OPEB corrective action plan monitoring certification of compliance submitted by City of Taylor. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- Yes, City of Taylor is addressing underfunded status by fiscal year 2041 as projected in originally approved plan.

The City's projected funded year improved from 2047 to 2041.

Substantial Changes

CAP Changes Implemented:

- In July 2019, the City moved all Medicare eligible retirees to a Medicare Advantage plan which resulted in significant savings.

CAP Changes Not Implemented:

- None listed.

Treasury Recommendation
City of Taylor OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 822280

Additional Changes Implemented

- None listed.

Revised Corrective Action Plan Submitted? No

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2025
- Percentage of Revenues: 28.0%

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

- **No**
 - Average increase of 2.7%

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- **Yes**

System Status for All Divisions: Open

Plan size: members 631

- Inactive employees or beneficiaries currently receiving benefits: **384**
- Inactive employees entitled to but not yet receiving benefits: **24**
- Active employees: **223**

Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - City of Taylor has met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:
 - City of Taylor has met the Board's published monitoring criteria for substantial changes.
- Sustainability:
 - City of Taylor has partially met the Board's published monitoring criteria for sustainability.

Supplemental Information:

The City provided an updated projection documenting the projected funding progress as well as projected annual payments. This projection shows the City's OPEB system reaching 40% funded in 2041,

Treasury Recommendation
City of Taylor OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 822280

6 years earlier than originally projected. The City's provided sustainability worksheet also includes its next 5 years of retirement costs, documenting that they are not projected to increase at a rate that is unsustainable per the Board's monitoring criteria.

In reviewing costs beyond 5 years, the costs are more concerning from a sustainability standpoint. While changes to the OPEB system have reduced future costs, the City will still need to be monitored for continued sustainability, as projected future costs for all retirement systems appear likely to increase beyond 30% of revenues.

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)			
2020					\$69,473,091		
2021	\$10,726,643		\$8,788,148	\$255,000	\$70,862,553	\$1,101,731	27%
2022	\$11,030,326		\$9,136,939	\$255,000	\$72,279,804	\$1,123,766	28%
2023	\$11,071,716		\$9,609,141	\$255,000	\$73,725,400	\$1,146,241	28%
2024	\$11,120,820		\$10,030,441	\$255,000	\$75,199,908	\$1,169,166	28%
2025	\$11,116,620		\$10,635,294	\$255,000	\$76,703,906	\$1,192,549	28%

Projected Annual Revenue Growth (Please select)	2%
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* FY21 Projected Enterprise Funds is actual. 2% increase per year for FY22-FY25

City of Taylor FYE 2020 Other Postemployment Benefits
Proposed Funding Policy Projection

Fiscal Year	Asset Value BOY (a)	City Contribution (b)	Extra City Contribution (c)	Benefit Payments (d)	New Entrant Normal Cost (Paid from Trust Assets) (e)	Projected Admin Expenses (f)	Interest (g)	Asset Value EOY (h)	AAL EOY (i)	Funded Percent (h)/(i)
										(h)/(i)
7/1/2019 - 6/30/2020	3,000,000	8,389,421	255,000	(8,389,421)	-	(5,505)	70,503	3,319,998	126,652,479	2.6%
7/1/2020 - 6/30/2021	3,319,998	8,788,148	255,000	(8,707,142)	(81,006)	(3,320)	253,105	3,824,783	127,882,625	3.0%
7/1/2021 - 6/30/2022	3,824,783	9,136,939	255,000	(9,007,530)	(129,409)	(3,825)	290,189	4,366,147	128,757,367	3.4%
7/1/2022 - 6/30/2023	4,366,147	9,609,141	255,000	(9,440,119)	(169,022)	(4,366)	329,959	4,946,740	129,357,998	3.8%
7/1/2023 - 6/30/2024	4,946,740	10,030,441	255,000	(9,821,372)	(209,069)	(4,947)	372,612	5,569,405	129,517,927	4.3%
7/1/2024 - 6/30/2025	5,569,405	10,635,294	255,000	(10,384,691)	(250,603)	(5,569)	418,355	6,237,191	129,243,246	4.8%
7/1/2025 - 6/30/2026	6,237,191	10,862,614	255,000	(10,572,316)	(290,298)	(6,237)	467,414	6,953,368	128,309,944	5.4%
7/1/2026 - 6/30/2027	6,953,368	11,028,734	255,000	(10,703,109)	(325,625)	(6,953)	520,027	7,721,441	127,057,648	6.1%
7/1/2027 - 6/30/2028	7,721,441	11,293,596	255,000	(10,933,191)	(360,405)	(7,721)	576,452	8,545,172	125,552,409	6.8%
7/1/2028 - 6/30/2029	8,545,172	11,303,712	255,000	(10,908,893)	(394,819)	(8,545)	636,967	9,428,593	123,667,824	7.6%
7/1/2029 - 6/30/2030	9,428,593	11,431,478	255,000	(11,006,518)	(424,960)	(9,429)	701,866	10,376,031	121,651,508	8.5%
7/1/2030 - 6/30/2031	10,376,031	11,678,260	255,000	(11,218,284)	(459,976)	(10,376)	771,469	11,392,124	119,370,988	9.5%
7/1/2031 - 6/30/2032	11,392,124	11,724,001	255,000	(11,221,767)	(502,234)	(11,392)	846,115	12,481,847	116,691,375	10.7%
7/1/2032 - 6/30/2033	12,481,847	11,603,189	255,000	(11,057,950)	(545,239)	(12,482)	926,170	13,650,535	113,808,646	12.0%
7/1/2033 - 6/30/2034	13,650,535	11,597,468	255,000	(11,009,474)	(587,994)	(13,651)	1,012,027	14,903,911	110,881,129	13.4%
7/1/2034 - 6/30/2035	14,903,911	11,298,307	255,000	(10,670,278)	(628,029)	(14,904)	1,104,105	16,248,112	107,782,249	15.1%
7/1/2035 - 6/30/2036	16,248,112	11,082,347	255,000	(10,417,488)	(664,859)	(16,248)	1,202,855	17,689,718	104,804,891	16.9%
7/1/2036 - 6/30/2037	17,689,718	10,941,654	255,000	(10,233,118)	(708,536)	(17,690)	1,308,761	19,235,790	101,861,376	18.9%
7/1/2037 - 6/30/2038	19,235,790	10,892,921	255,000	(10,165,427)	(727,494)	(19,236)	1,422,341	20,893,895	98,889,926	21.1%
7/1/2038 - 6/30/2039	20,893,895	10,621,694	255,000	(9,853,833)	(767,861)	(20,894)	1,544,152	22,672,153	95,765,225	23.7%
7/1/2039 - 6/30/2040	22,672,153	10,538,622	7,000,000	(9,716,052)	(822,570)	(22,672)	1,918,274	31,567,755	92,715,233	34.0%
7/1/2040 - 6/30/2041	31,567,755	10,361,756	7,000,000	(9,489,138)	(872,618)	(31,568)	2,571,780	41,107,967	89,566,391	45.9%
7/1/2041 - 6/30/2042	41,107,967	10,062,569	7,000,000	(9,150,381)	(912,188)	(41,108)	3,272,641	51,339,500	86,420,051	59.4%
7/1/2042 - 6/30/2043	51,339,500	9,773,320	7,000,000	(8,806,412)	(966,908)	(51,339)	4,024,289	62,312,449	83,385,143	74.7%
7/1/2043 - 6/30/2044	62,312,449	9,483,543	7,000,000	(8,458,705)	(1,024,838)	(62,312)	4,830,405	74,080,542	80,459,000	92.1%
7/1/2044 - 6/30/2045	74,080,542	9,147,572	7,000,000	(8,075,917)	(1,070,655)	(74,081)	5,694,935	86,701,396	77,670,956	111.6%

* ORIGINAL CAP SHOWED FY 2047, THE NEW PROJECTION IS TO BE 40% FUNDED BY FY 2041.

The Community Engagement and Finance Division (CEFD) contact:

- None

Treasury Recommendation
City of Taylor Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 822280

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
Taylor Police and Fire Retirement System	Pension	\$124,779,728	\$198,485,686	62.9%	\$6,314,749	\$69,473,091	14.9%	YES
General Government Employees Retirement System	Pension	\$43,200,605	\$83,081,010	52.0%	\$3,964,651			YES
23rd District Court - MERS	Pension	\$2,937,663	\$4,312,821	68.1%	\$73,769			NO
Taylor OPEB	OPEB	\$3,319,998	\$126,645,254	2.6%	\$10,916,727		15.7%	YES
Total		\$174,237,994	\$412,524,771		\$21,269,896	\$69,473,091	30.6%	

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance for the Police and Fire Retirement System Pension corrective action plan monitoring certification of compliance submitted by City of Taylor. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- Yes, City of Taylor is addressing underfunded status by fiscal year 2019 as projected in originally approved plan.

Substantial Changes

CAP Changes Implemented:

- None listed.

CAP Changes Not Implemented:

- None listed.

Additional Changes Implemented

- None listed.

**Treasury Recommendation
City of Taylor Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 822280**

Revised Corrective Action Plan Submitted? No

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2025
- Percentage of Revenues: 28.4%

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

- **No**
 - Average increase of 2.7%

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- **Yes**

System Status for All Divisions: Open

Plan size: members 341

- Inactive employees or beneficiaries currently receiving benefits: **231**
- Inactive employees entitled to but not yet receiving benefits: **7**
- Active employees: **103**

Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - City of Taylor has met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:
 - City of Taylor has met the Board's published monitoring criteria for substantial changes.
- Sustainability:
 - City of Taylor has partially met the Board's published monitoring criteria for sustainability.

Supplemental Information:

The City provided a projection of future funding status and payments. From 2021 to 2038, total contributions increase from \$6.7 million to \$15.2 million, an increase of approximately 125% (7% per year). A sustainability worksheet was also provided showing total retirement costs over the next 5-years.

Treasury Recommendation
City of Taylor Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 822280

In reviewing costs beyond 5 years, the costs are more concerning from a sustainability standpoint. While changes to the OPEB system have reduced future costs, the City will still need to be monitored for continued sustainability, as projected future costs for all retirement systems appear likely to increase beyond 30% of revenues.

Table 2: Projection of the Pension Plan's Fiduciary Net Position

Year Beg. 7/1	Projected Beginning Fiduciary Net Position (a)	Projected Total Contributions* (b)	Projected Benefit Payments** (c)	Projected Administrative Expense*** (d)	Projected Investment Earnings**** (e)	Projected Fiduciary Ending Net Position (a)+(b)+(c)+(d)+(e)
2020	\$124,779,730	\$7,160,028	\$(14,705,201)	\$(113,862)	\$8,768,890	\$125,889,585
2021	125,889,585	7,324,730	(15,298,370)	(117,797)	8,833,680	126,631,828
2022	126,631,828	7,372,622	(15,798,198)	(121,646)	8,870,971	126,955,577
2023	126,955,577	7,440,026	(16,324,305)	(125,697)	8,877,668	126,823,269
2024	126,823,269	7,345,101	(17,033,056)	(131,155)	8,838,744	125,842,903
2025	125,842,903	7,387,243	(17,447,259)	(134,344)	8,754,065	124,402,608
2026	124,402,608	7,588,342	(17,570,360)	(135,292)	8,652,437	122,937,735
2027	122,937,735	7,868,576	(17,560,844)	(135,218)	8,556,739	121,666,988
2028	121,666,988	8,185,536	(17,514,513)	(134,862)	8,477,792	120,680,941
2029	120,680,941	8,567,091	(17,366,571)	(133,723)	8,425,540	120,173,278
2030	120,173,278	9,010,069	(17,197,135)	(132,418)	8,410,981	120,264,775
2031	120,264,775	9,491,904	(16,946,763)	(130,490)	8,444,227	121,123,653
2032	121,123,653	10,013,510	(16,682,728)	(128,457)	8,535,049	122,861,027
2033	122,861,027	10,585,504	(16,407,115)	(126,335)	8,691,811	125,604,892
2034	125,604,892	11,223,047	(16,118,576)	(124,113)	8,924,393	129,509,643
2035	129,509,643	11,950,461	(15,820,212)	(121,816)	9,244,755	134,762,831
2036	134,762,831	12,816,124	(15,578,522)	(119,955)	9,665,820	141,546,298
2037	141,546,298	13,893,721	(15,494,746)	(119,310)	10,199,744	150,025,707
2038	150,025,707	15,634,424	(15,456,693)	(119,017)	10,878,992	160,963,413
2039	160,963,413	2,399,846	(15,568,539)	(119,878)	11,188,137	158,862,979
2040	158,862,979	2,063,116	(15,771,405)	(121,440)	11,016,238	156,049,488
2041	156,049,488	1,948,333	(15,910,890)	(122,514)	10,803,004	152,767,421
2042	152,767,421	1,877,217	(16,005,353)	(123,241)	10,559,026	149,075,070
2043	149,075,070	1,783,476	(16,112,134)	(124,063)	10,284,031	144,906,380
2044	144,906,380	1,694,590	(16,158,258)	(124,419)	9,976,894	140,295,187

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)			
2020					\$69,473,091		
2021	\$10,726,643		\$8,788,148	\$255,000	\$70,862,553	\$1,101,731	27%
2022	\$11,030,326		\$9,136,939	\$255,000	\$72,279,804	\$1,123,766	28%
2023	\$11,071,716		\$9,609,141	\$255,000	\$73,725,400	\$1,146,241	28%
2024	\$11,120,820		\$10,030,441	\$255,000	\$75,199,908	\$1,169,166	28%
2025	\$11,116,620		\$10,635,294	\$255,000	\$76,703,906	\$1,192,549	28%

Projected Annual Revenue Growth (Please select)	2%
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* FY21 Projected Enterprise Funds is actual. 2% increase per year for FY22-FY25

The Community Engagement and Finance Division (CEFD) contact:

- None

Treasury Recommendation
Wayne County Airport Authority OPEB Corrective Action Plan (CAP) Monitoring Compliance
Certification
Non-Primary Government 827585

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
WCERS	Pension	\$128,126,682	\$173,783,415	73.7%	\$7,059,410	\$550,349,240	1.3%	NO
Wayne County Airport Authority Retirement Health Benefit System	OPEB	\$72,348,495	\$126,042,623	57.4%	\$6,738,758		1.2%	YES
Total		\$200,475,177	\$299,826,038		\$13,798,168	\$550,349,240	2.5%	

Source: Retirement Report Fiscal Year 2019, Audited Financial Statements

Staff Recommendation: Compliance for the Wayne County Airport Authority Retirement Health Benefit System OPEB corrective action plan monitoring certification of compliance submitted by Wayne County Airport Authority. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

Is the local government addressing underfunded status according to originally approved plan?

- Yes, Wayne County Airport Authority is addressing underfunded status by fiscal year 2018 as projected in originally approved plan.

Substantial Changes

CAP Changes Implemented:

- The Authority planned to continue to make contributions to the Wayne County Airport Authority Retirement Health Benefit System (System) that would meet or exceed the annual recommended contributions as reported in the System's actuarial valuation. The Authority has implemented this action and has made the recommended contributions. The required funding ratio of 40% was achieved in fiscal year 2018 as previously reported.

CAP Changes Not Implemented:

- None listed.

Treasury Recommendation
Wayne County Airport Authority OPEB Corrective Action Plan (CAP) Monitoring Compliance
Certification
Non-Primary Government 827585

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: 3.0%

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

- No

Do the approved corrective actions listed in this plan allow for the local government to continue to make all required retirement payments?

- Yes

System Status for All Divisions:

Plan size: members 667

- Inactive employees or beneficiaries currently receiving benefits: **414**
- Inactive employees entitled to but not yet receiving benefits: **0**
- Active employees: **253**

Corrective Action Plan Monitoring Criteria:

- Underfunded Status:
 - Wayne County Airport Authority has met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:
 - Wayne County Airport Authority has met the Board's published monitoring criteria for substantial changes.
- Sustainability:
 - Wayne County Airport Authority has met the Board's published monitoring criteria for sustainability.

Supplemental Information:

Treasury Recommendation
Wayne County Airport Authority OPEB Corrective Action Plan (CAP) Monitoring Compliance
Certification
Non-Primary Government 827585

The Airport Authority provided a sustainability worksheet documenting projected costs over the next 5 years. An actuarial projection of pension costs were not provided; however, the projected ADC's were reasonable and inline with prior year payments. The most recent audit and Form 5572 submission confirms that the OPEB system is now above 40% funded.

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

[Instructions](#)

Fiscal Year	Pension Payments		OPEB Payments		Projected (Actual) Governmental Revenues	Projected Enterprise Funds used for Retirement Costs	Projected Retirement Contributions as a Percent of Revenues	Annual Retirement Cost Increase
	Total Pension ADC (All Systems)	Additional Pension Contributions (All Systems)	Total OPEB Benefit Payment Amount (All Systems)	Additional OPEB Contributions (All Systems)				
2019								
2020	\$7,317,889	\$236,872	\$493,288	\$2,000,000	\$414,902,746	\$0	2.4%	
2021	\$6,798,961	\$0	\$5,799,903	\$0	\$423,200,801		3.0%	25.4%
2022	\$6,764,580	\$0	\$3,985,962	\$0	\$431,664,817		2.5%	-14.7%
2023	\$7,014,770	\$0	\$3,893,119	\$0	\$440,298,113		2.5%	1.5%
2024	\$7,289,928	\$0	\$3,802,364	\$0	\$449,104,076		2.5%	1.7%
							Average	3.5%

Projected Annual Revenue Growth (Please select)	2%
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The Community Engagement and Finance Division (CEFD) contact:

- None

**MUNICIPAL STABILITY BOARD
RESOLUTION 2021-18**

APPROVAL OF BOARD REMOVAL FROM CORRECTIVE ACTION

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

WHEREAS, the Board passed “Requirements for Removal from Underfunded Status and Corrective Action Plan Monitoring” adopting the Requirements for Removal from Underfunded Status and Corrective Action Plan Monitoring (the “Removal Requirements”);

WHEREAS, the Board has previously approved Corrective Action Plans for the local units of government outlined on the attached Exhibit A (the “Local Governments”), all of which are now subject to the Monitoring Procedures;

WHEREAS, Treasury has verified the Local Governments are no longer underfunded local units of government for purposes of the Act.

NOW, THEREFORE, BE IT RESOLVED, the Local Governments have sufficiently met the Removal Requirements;

BE IT FURTHER RESOLVED, the Local Governments are released from the Monitoring Procedures and their approved Corrective Action Plans.

Ayes:

Nays:

Recused:

Lansing, Michigan

May 19, 2021



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

DATE: May 19, 2021 **Resolution 2021-18 Exhibit A**

TO: The Municipal Stability Board (the Board)

FROM: Community Engagement and Finance Division, Department of Treasury

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

Suggested Action: The Board motions to remove the local governments listed below from the corrective action process and the purview of the Board following the local government submission of the Corrective Action Plan Monitoring: Application for Certification of Compliance (Form 5720), showing that each local government now meets the Board's established criteria for removal from underfunded status and purview of the Board.

I. Lansing Housing Commission

- a. OPEB – As of fiscal year 2020 Form 5572 and CAP monitoring review, the local government is 72.2% funded.

II. Michigan Works! Region B Consortium

- a. OPEB – Most recent audited financial statements show that the OPEB system has been eliminated and no further liabilities remain.

III. Wayne County Airport Authority

- a. OPEB – As of fiscal year 2019 Form 5572 and CAP monitoring review, the local government is 57.4% funded.

Requirements for Removal from Underfunded Status and Corrective Action Plan

Monitoring: The local government may be removed during the CAP monitoring process if the underfunded system has failed to trigger as underfunded during the last two annual Form 5572 submissions. Alternatively, the local government may be removed during the CAP monitoring process if the underfunded system(s) funded ratio is at least 5% greater than the Act's designated minimum funded ratio in the most recent Form 5572 submission (e.g. an OPEB system is 45% funded when underfunded status is below 40%).

The Board may vote to release these local governments from the CAP process and purview of the Board, thereby removing underfunded status.

**MUNICIPAL STABILITY BOARD
RESOLUTION 2021-19**

APPROVAL OF REQUEST FOR REMOVAL FROM CORRECTIVE ACTION

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 (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 Board passed “Requirements for Removal from Underfunded Status and Corrective Action Plan Monitoring” adopting the Corrective Action Plan Monitoring Policy and Procedures (the “Monitoring Procedures”);

WHEREAS, The Board has previously approved Corrective Action Plans for the local units of government outlined on the attached Exhibit B (the “Local Governments”), all of which are now subject to the Monitoring Procedures;

WHEREAS, the Local Governments have submitted requests to be released from the Board’s Monitoring Procedures;

WHEREAS, Treasury has verified the Local Governments are no longer underfunded local units of government for purposes of the Act.

NOW, THEREFORE, BE IT RESOLVED, the Local Governments are released from the Monitoring Procedures and their approved Corrective Action Plans.

Ayes:

Nays:

Recused:

Lansing, Michigan

May 19, 2021



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

DATE: May 19, 2020 **Resolution 2021-19 Exhibit B**

TO: The Municipal Stability Board (the Board)

FROM: Community Engagement and Finance Division, Department of Treasury

SUBJECT: Request for Release from the Corrective Action Process and the Purview of Board

Suggested Action: The Board motions to remove the local governments listed below from the corrective action process and the purview of the Board for subsequently filing the Retirement System Annual Report (Form 5572), showing that each local government now meets the funding requirements established under PA 202 of 2017 (the Act). Furthermore, each local government has requested removal from underfunded status per the Board's approved procedures.

I. Village of Romeo

- a. Pension – ADC/Revenue is calculated as 9.5% in last Form 5572

Requirements for Removal from Underfunded Status and Corrective Action Plan

Monitoring: A local government in corrective action for failure to meet the Act's funding requirements may request to be released by the Board from the corrective action plan process and purview of the Board if a subsequent year's Form 5572 shows that they now meet the Act's funding requirements. The Board may vote to release these local governments from the CAP process and purview of the Board, thereby removing underfunded status.

From: [Christine Malzahn](#)
To: [LocalRetirementReporting](#)
Cc: [Tim Sadowski](#); [Kathryn Trapp](#)
Subject: CAP Monitoring
Date: Friday, April 23, 2021 11:08:06 AM
Attachments: [Form 5572 - Village of Romeo - 2021.pdf](#)

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TO: The Municipal Stability Board

FROM: The Village of Romeo, Village President Christine Malzahn

The Village of Romeo respectfully requests to be removed from the Underfunded Status and Corrective Action Plan (CAP) Monitoring.

Please find attached a completed Form 5572 for this period for the Village of Romeo. As noted on the Form 5572, on page 2, line 9, "All systems combined ADC/Governmental fund revenues" is calculated as 9.5%. Consistent with the Department of Treasury's guidance, the calculated rate of 9.5% for the Village's OPEB system shows that Romeo's prior underfunded system now meets the Act's funding requirements.

If the Board requires any additional information to process the Village of Romeo's request to be removed from CAP Monitoring.

Thank you for your time and attention to this request. I look forward to your response and guidance.

Christine Malzahn | Village of Romeo President

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