

Municipal Stability Board

Wednesday, January 20, 2021 at 11:00 a.m.
Virtual Public Meeting
via Microsoft TEAMS
<https://bit.ly/msb012021>

I. Call to Order

- A. Roll Call
- B. Approval of December 16, 2020 Minutes

II. Public Comment

- A. 2-minute limit

III. Correspondence

- A. Treasury Update

IV. New Business

- A. Approvals and Disapprovals of Corrective Action Plans (Resolution 2021-1)
 - i. St. Clair City Housing Commission
- B. Corrective Action Plan Monitoring Certifications of Compliance (Resolution 2021-2)
 - i. City of Hart
 - ii. City of Ionia
- C. Removal from Corrective Action (Resolution 2021-3)
- D. Corrective Action Plan Noncompliance (Resolution 2021-4)

V. Public Comment

- A. 2-minute limit

VI. Board Comment

VII. Adjournment

MUNICIPAL STABILITY BOARD

**Wednesday, December 16, 2020
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 11:00 a.m.

ROLL CALL

Members Present: Three

Eric Scorsone – Flint, MI

John Lamerato – Sterling Heights, MI

Barry Howard – West Bloomfield, MI

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

APPROVAL OF MINUTES

A motion was made to approve the November 17, 2020 board meeting minutes by Barry Howard and supported by John Lamerato. The Board unanimously approved the November 17, 2020 meeting minutes. 3 ayes and 0 nays.

PUBLIC COMMENT

No public comment.

CORRESPONDENCE

Nick Brousseau presented the Board with the Treasury update, which included an updated report on the Michigan Department of Treasury's communication and outreach, the upcoming corrective action plan and corrective action plan monitoring schedule of reviews and submissions. Additionally, he went over the Supplemental Pension CAP Review memo. This included reissuing the determination of underfunded status for the cities of Iron Mountain and the Lincoln Park now that Treasury has received guidance on how to address their underfunded status.

Jon Stuckey, with the Michigan Attorney General's Office, reported that Ingham county extended their emergency order until Jan 31, 2021 which will allow all boards in the county to meet virtually. Additionally, there is a bill that passed the house, if the same one passes the senate and is signed, this will extend the ability to meet virtually until March 31, 2021.

NEW BUSINESS

ADOPTION OF THE 2021 MUNICIPAL STABILITY BOARD REGULAR MEETING SCHEDULE (RESOLUTION 2020-20)

Nick Brousseau was asked to review the Adoption of the 2021 Municipal Stability Board Regular Meeting Schedule.

A motion was made to approve the Adoption of the 2021 Municipal Stability Board Regular Meeting Schedule (Resolution 2020-20) by John Lamerato and supported by Barry Howard.

The Board unanimously approved the Adoption of the 2021 Municipal Stability Board Regular Meeting Schedule (Resolution 2020-20). 3 ayes and 0 nays. Resolution 2020-20 was passed.

RECEIPT OF 1 LOCAL GOVERNMENTS' CORRECTIVE ACTION PLAN (1 PLAN)

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

- St. Clair City Housing Commission (Pension)

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

APPROVALS AND DISAPPROVALS OF CORRECTIVE ACTION PLANS FROM 2 LOCAL GOVERNMENTS (2 PLANS) (RESOLUTION 2020-21)

Nick Brousseau was asked to review the Treasury recommendations for Approval and Disapproval of Corrective Action Plans from two local governments (Resolution 2020-21) with the Board:

- City of Bangor (Approval)
- City of Fenton (Approval)

A motion was made to approve the Approvals and Disapprovals of Corrective Action Plans (Resolution 2020-21) by John Lamerato and supported by Barry Howard.

The Board unanimously approved the Approvals and Disapprovals of Corrective Action Plans (Resolution 2020-21). 3 ayes and 0 nays. Resolution 2020-21 was passed.

CORRECTIVE ACTION PLAN MONITORING CERTIFICATIONS OF COMPLIANCE FROM 1 LOCAL GOVERNMENT (1 PLAN) (RESOLUTION 2020-22)

Nick Brousseau was asked to review the Corrective Action Plan Monitoring Certifications of Compliance (Resolution 2020-22) with the Board:

- Milan Public Library

A motion was made to approve the Corrective Action Plan Monitoring Certifications of Compliance (Resolution 2020-22) by Barry Howard and supported by John Lamerato.

The Board unanimously approved the Corrective Action Plan Monitoring Certifications of Compliance (Resolution 2020-22). 3 ayes and 0 nays. Resolution 2020-22 was passed.

REMOVAL FROM CORRECTIVE ACTION (RESOLUTION 2020-23)

Nick Brousseau was asked to review the Removal from Corrective Action (Resolution 2020-23) with the Board:

- Sturgis City Housing Commission

A motion was made to approve the Removal from Corrective Action (Resolution 2020-23) by John Lamerato and supported by Barry Howard.

The Board unanimously approved the Removal from Corrective Action (Resolution 2020-23). 3 ayes and 0 nays. Resolution 2020-23 was passed.

PUBLIC COMMENT

No public comment.

BOARD COMMENT

Eric Scorsone thanked Treasury staff.

NEXT MEETING

The next regular meeting will be on January 20, 2021 at 11:00 a.m.

ADJOURNMENT

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

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 11:25 a.m.

Treasury's Public Act 202 of 2017 Update

As of 1/13/2021

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			
	January 21	February 21	March 21	April 21
Non Primary	1	0	3	0
Primary	0	0	1	2
Total	1	0	4	2

CAP Monitoring Notifications and Reviews

- A total of 115 local governments have been sent monitoring certification requests to date
- 47 local governments have returned to Treasury

Table 2: CAP Monitoring Certification of Compliance Reviews

Public Act 202 of 2017: Corrective Action Plan Monitoring Schedule							
Monitoring Phase	Tentative Month of Corrective Action Plan Monitoring Certification						
	October	November	December	January 21	February 21	March 21	April 21
Monitoring Certification Sent	20	20	20	19	9	4	6
Monitoring Certification Due	11	20	20	20	20	19	9
Board to Review	-	2	1	2	11	20	20

Treasury Department Communication and Outreach Report

- 255 one-on-one 30-minute calls scheduled by local governments to discuss the Public Act 202 process
 - 5 individual calls since the November 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

**MUNICIPAL STABILITY BOARD
RESOLUTION 2021-1**

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

January 20, 2021

Municipal Stability Board Resolution 2021-1 Appendix A, January 20, 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	St. Clair Housing Commission	747515	2019	Pension	12/16/2020	Yes	Yes	Yes	Approve	St. Clair Housing Commission - Pension

Treasury Recommendation
St. Clair Housing Commission Pension Corrective Action Plan (CAP)
Non-Primary Unit 747515

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
MERS	Pension	\$284,790	\$743,663	38.3%	\$32,460	\$719,607	4.5%	YES
Total		\$284,790	\$743,663		\$32,460	\$719,607	4.5%	

Source: Retirement Report 2019, Audited Financial Statements

Staff Recommendation: Approval of the pension corrective action plan submitted by St. Clair Housing Commission, which was received by the Municipal Stability Board (the Board) on 12/16/2020. If approved by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and implementation of their corrective action plan.

Changes Made:

- Modern Plan Design:
 - The Housing Commission made changes to the employee benefit package effected 1/1/2017 for current and new employees. The defined benefit retirement plan has been closed and no current employees qualify for this plan.
- Plan Funding:
 - None Listed.
- Other Considerations:
 - None Listed.

Prospective Changes:

- Modern Plan Design:
 - None Listed.
- Plan Funding:
 - The Housing Commission has budgeted \$56,544 total payments in their current 2021 fiscal year to MERS to help fund the pension, see attached budget. This is more than the required monthly payment of \$3,760 as seen on page 2 of the valuation reported dated 12/31/2018 and \$4,549 on page 2 of the 12/31/2019 valuation. According to the most recent valuation, Treasury has calculated \$56,544 total payments for fiscal year 2021 represents an additional payment of \$1,956 for fiscal year 2021.
- Other Considerations:
 - The St. Clair Housing Commission has a MERS defined benefit plan for the retirees only. The MERS valuation from 2018 and 2019 show the ADC on page 2. It also shows on page 6 that by paying the "no phase-in" monthly ADC amount the Housing Commission will be funded up to 60% by calendar year 2028 and fully funded by calendar year 2031. The Housing Commission is planning on continuing to pay additional funds each year so it should be funded sooner.

Treasury Recommendation
St. Clair Housing Commission Pension Corrective Action Plan (CAP)
Non-Primary Unit 747515

System Status for All Divisions: CLOSED

Plan size: members 4

- Inactive employees or beneficiaries currently receiving benefits: 4
- Inactive employees entitled to but not yet receiving benefits: 0
- Active employees: 0

Corrective Action Plan Criteria:

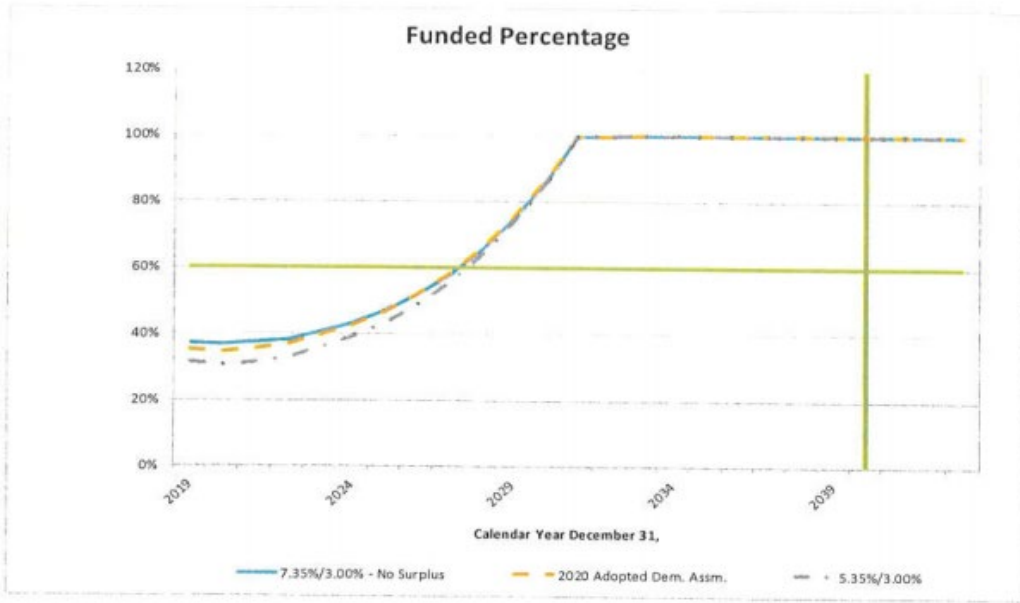
The following corrective action plan approval criteria are met:

- 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 (2029).
- Legal and Feasible:
 - In section 7 of the corrective action plan template, the local unit confirms that the plan is legal and feasible because the plan follows all applicable laws, the actions listed are feasible, and the plan is approved by the governing body.
- Affordable:
 - The local unit confirms in section 5 of the corrective action plan template that the corrective actions listed will allow for the local unit to make, at a minimum, the annual required contribution payment according to the long-term budget forecast.

Supplemental Information:

The local government provided their MERS valuation which includes a funding projection showing the pension system is projected to reach 60% funded in 2027-2028. From 2019 to 2031, the projected annual employer contribution is scheduled to increase by approximately 36.3% (3.3%/year).

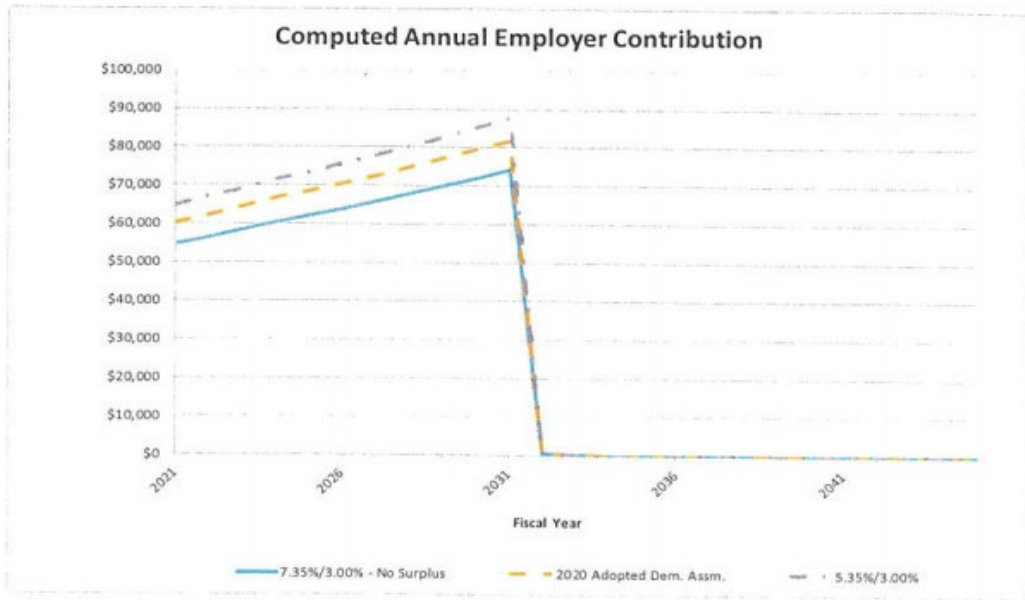
**Treasury Recommendation
St. Clair Housing Commission Pension Corrective Action Plan (CAP)
Non-Primary Unit 747515**



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.



The Community Engagement and Finance Division (CEFD) contact:

- None

**MUNICIPAL STABILITY BOARD
RESOLUTION 2021-2**

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

January 20, 2021

Municipal Stability Board Resolution 2021-2 Appendix B, January 20, 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 through reasonable revenue growth. Retirement costs also must not have substantially increased above the original projection in their approved CAP.

#	Local Government	Municode	Fiscal Year	System Underfunded Type	Date Received	Underfunded Status	Substantial Changes	Sustainability	Treasury Recommendation	CAP Monitoring Certification Form Link
1	City of Hart	642010	2017	OPEB	9/9/2020	Yes	Yes	Yes	Compliant	City of Hart - OPEB
2	City of Ionia	342020	2017	Pension	8/6/2020	Yes	Yes	Partial	Compliant	City of Ionia - Pension

**Treasury Recommendation
City of Hart OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 642010**

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
CITY OF HART	OPEB	\$481,439	\$2,423,598	12.0%	\$398,949	2,075,023	19.2%	YES
Total		\$481,439	\$2,423,598		\$398,949	2,075,023	19.2%	

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance for the OPEB corrective action plan monitoring certification of compliance submitted by City of Hart on 9/9/2020. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

- Yes, City of Hart certifies that it is addressing underfunded status by fiscal year 2024 as originally approved.

Substantial Changes

CAP Changes Implemented:

- In April 2018, City Council authorized annual contributions of \$100,000 to the MERS RHFV for 2018-2024. The city notes this will bring them to 33.12% funded in FY24.

CAP Changes Not Implemented:

- None Noted.

Additional Changes Implemented

- None Noted.

Revised Corrective Action Plan Submitted? NO

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2020
- Percentage of Revenues: 6.35%

System Status for All Divisions: Open

Plan size: members 29

- Inactive employees or beneficiaries currently receiving benefits: **8**
- Inactive employees entitled to but not yet receiving benefits: **0**
- Active employees: **21**

Treasury Recommendation
City of Hart OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 642010

Corrective Action Plan Monitoring Criteria:

The following corrective action plan monitoring criteria are met:

- **Underfunded Status:**
 - The local government continues to address its retirement system's underfunded status consistent with the timeline date listed in its approved corrective action plan (2024).
- **Substantial Changes:**
 - There were no documented changes to the corrective action plan monitoring certification of compliance plan which substantially deviated from the approved corrective action plan.
- **Sustainability:**
 - The local government certified in section 4 of the Corrective Action Plan Monitoring: Application for Certification of Compliance form that the plan allowed for the local government to continue to make, at a minimum, the ADC payment for the defined benefit pension system(s) and/or any applicable statutorily required payments for retirement health benefit system(s), according to its long-term budget forecast. Additionally, the projected retirement costs do not appear to be increasing at a rate that can not be addressed through reasonably achievable revenue growth.

Supplemental Information:

The city's originally approved corrective action plan certified that they will address underfunded status in fiscal year 2024; however, the city may need additional time to address its underfunded status if projected market returns or other assumptions do not hold true. The city will need to be monitored closely in future years for continued progress in addressing its underfunded status. While the highest projected annual cost burden is only 6.4% of revenues in fiscal year 2020, this number is only inclusive of the benefit payment amount and additional \$100,000.00 payment. The fiscal year 2020 actuarially determined contribution was 19.2% of the city's governmental revenues. This is a significant cost burden, and will need to continue to be monitored for future sustainability.

Treasury Recommendation
City of Hart OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 642010

City of Hart, MI
OPEB
5-year Internal Analysis
Projected Retirement Payouts

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Total OPEB Benefit payments ¹	\$33,140	\$34,134	\$35,158	\$36,213	\$37,299
Total Additional Contributions for OPEB	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Total Government Fund Revenues ¹	\$2,041,664	\$2,102,914	\$2,166,001	\$2,230,981	\$2,297,911
Enterprise Funds used to pay retirement costs ²	\$56,400	\$80,000	\$80,000	\$80,000	\$80,000
Total Percentage	6.35%	6.14%	6.02%	5.89%	5.77%

Assumptions

1) benefit costs and government revenues 3% year over year increases

2) percentage of additional paid by enterprise funds as an allocation of total revenue

The Community Engagement and Finance Division (CEFD) contact:

- Notes

**Treasury Recommendation
City of Ionia Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 342020**

Name of Systems	Type of System	Assets	Liabilities	Funded Ratio	ADC	Revenues	ADC/Revenue	CAP required?
MERS	Pension	\$13,260,483	\$24,396,986	54.4%	\$1,135,991	\$8,475,464	13.4%	YES
Total		\$13,260,483	\$24,396,986		\$1,135,991	\$8,475,464	13.4%	

Source: Retirement Report Fiscal Year 2020, Audited Financial Statements

Staff Recommendation: Compliance for the Pension corrective action plan monitoring certification of compliance submitted by City of Ionia on 8/6/2020. If voted as compliant by the Board, Treasury and the Board will continue to monitor them for compliance per Public Act 202 of 2017 and continued implementation of their corrective action plan.

Underfunded Status

- Yes, City of Ionia certifies that it is addressing underfunded status by fiscal year 2024 as originally approved.

Substantial Changes

CAP Changes Implemented:

- The city closed division 12 to all new hires as of 1/31/2019 and created a hybrid division starting 2/1/2019. The city contributed \$250,000 in calendar year 2018 and \$1,125,000 in calendar year 2019 to their trust. The city will continue to contribute \$250,000 per year for calendar years 2020-2022.

CAP Changes Not Implemented:

- None noted.

Additional Changes Implemented

- None noted.

Revised Corrective Action Plan Submitted? No

Sustainability

Highest combined annual employer contribution over the next 5 years?

- Fiscal Year: 2020
- Percentage of Revenues: 28.6%

System Status for All Divisions: Open

Treasury Recommendation
City of Ionia Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 342020

Plan size: members 107

- Inactive employees or beneficiaries currently receiving benefits: **53**
- Inactive employees entitled to but not yet receiving benefits: **9**
- Active employees: **45**

Corrective Action Plan Monitoring Criteria:

The following corrective action plan monitoring criteria are met:

- Underfunded Status:
 - The local government continues to address its retirement system's underfunded status consistent with the timeline date listed in its approved corrective action plan (2024).
- Substantial Changes:
 - There were no listed changes in the corrective action plan monitoring certification of compliance which substantially deviated from the approved corrective action plan

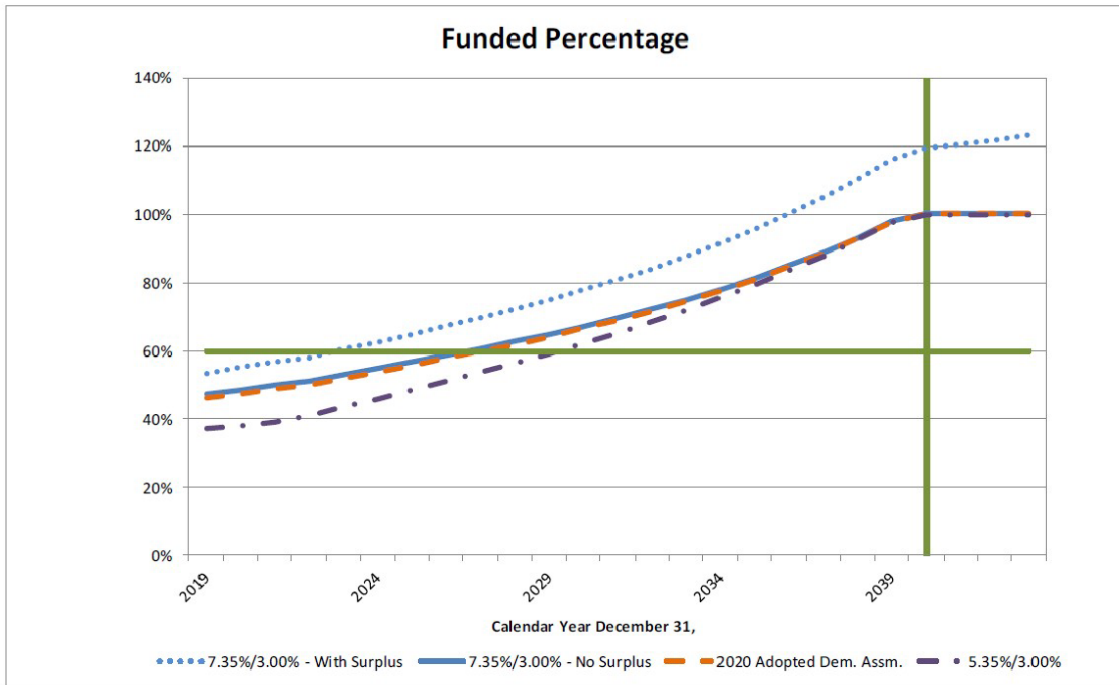
The following corrective action plan approval criteria are partially met:

- Sustainability:
 - The local government certified in section 4 of the Corrective Action Plan Monitoring: Application for Certification of Compliance form that the plan allowed for the local government to continue to make, at a minimum, the ADC payment for the defined benefit pension system(s) and/or any applicable statutorily required payments for retirement health benefit system(s), according to its long-term budget forecast. However, the local government indicated that the projected future retirement costs are increasing by greater than 5% per year.

Supplemental Information:

The city included all of its enterprise funds in its five year projection of costs instead of just the portion used to pay the pension ADC. A revised sustainability worksheet is included below, which excludes enterprise funds. Additionally, the city's employer contributions are projected to increase approximately 60% from 2021 to 2040, which is about 3% per year over that long-term timeframe. Since the fiscal year 2019 ADC/Revenue is 13.4%, it will be important to monitor ongoing sustainability and the ratio of annual payments as a percentage of available revenue. The city asserts its ratio of annual pension payments as a percentage of revenue will remain consistent.

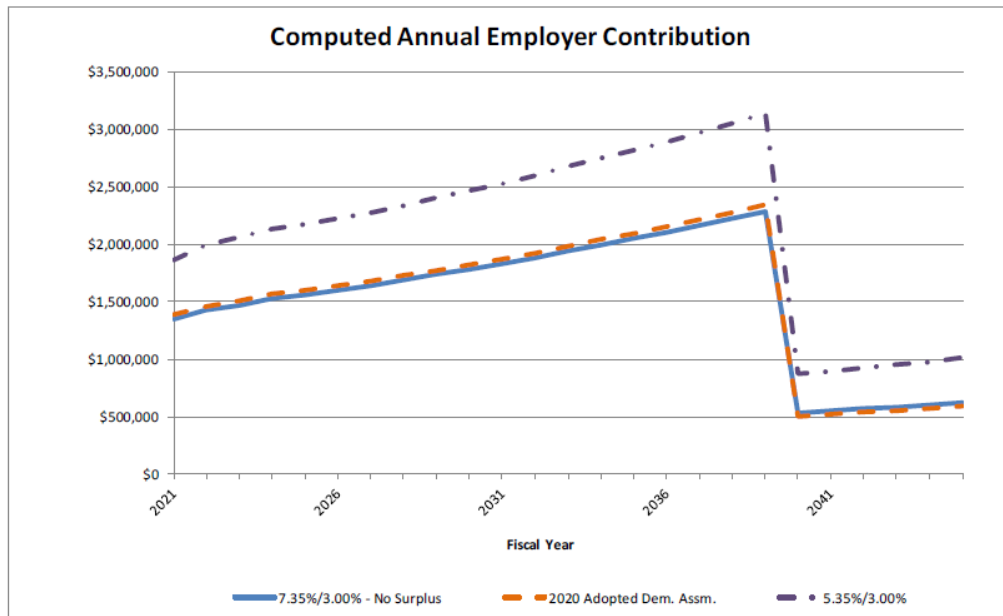
**Treasury Recommendation
City of Ionia Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 342020**



*Graph was taken from page 7 of the 2019 MERS Annual Actuarial Valuation Report 2019 for the Ionia, City of (3403)

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
City of Ionia Pension Corrective Action Plan (CAP) Monitoring Compliance Certification
Primary Government 342020

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							
2020	\$1,128,583	\$1,250,000	\$0	\$0	\$8,328,261		29%
2021	\$1,233,996	\$250,000	\$0	\$0	\$8,369,902		18%
2022	\$1,290,000	\$250,000	\$0	\$0	\$8,411,752		18%
2023	\$1,480,000	\$0	\$0	\$0	\$8,453,811		18%
2024	\$1,570,000	\$0	\$0	\$0	\$8,496,080		18%
Projected Annual Revenue Growth (Please select)	1%						

The Community Engagement and Finance Division (CEFD) contact:

- None

**MUNICIPAL STABILITY BOARD
RESOLUTION 2021-3**

APPROVAL OF REQUEST TO RELEASE FROM MONITORING

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 Removal 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 A (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
January 20, 2021



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

DATE: January 20, 2020 Exhibit A

TO: The Municipal Stability Board (the Board)

FROM: Community Engagement and Finance Division, Department of Treasury

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

Suggested Action: The Board motions to remove the 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. The City of Alpena
 - a. City of Alpena Retiree Health Care Plan - OPEB
- II. Mackinac County Road Commission
 - a. Mackinac County Road Commission OPEB - OPEB
- III. City of Montrose
 - a. City of Montrose Post Employee Benefits - OPEB

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.

Brousseau, Nicholas (TREASURY)

From: Soik, Anna <annas@ALPENA.MI.US>
Sent: Monday, December 21, 2020 9:10 AM
To: LocalRetirementReporting
Subject: Corrective Action Plan

Categories: Drafting Response

CAUTION: This is an External email. Please send suspicious emails to abuse@michigan.gov

Good morning,

Please remove the City of Alpena Retiree Health Care plan from being required to follow a corrective action plan. Thank you and Happy Holidays.

Anna Soik

City Clerk/Treasurer/Finance Director

Phone: (989) 354-1721

Fax: (989) 354-1709



706 North State Street
St. Ignace, MI 49781
Phone: (906) 643.7333
TDD Relay: 1.800.649.3777
Fax: (906) 643.7606
E-mail: roadcommission@mackinacounty.net



COMMISSIONERS
Thomas Doty
Lester Livermore
William Wagner

Dirk Heckman, Engineer/Manager
Vicki Hough, Office Manager

January 12, 2021

**Retirement Corrective action Plan:
Request to be Removed from the CAP Process and purview of the Board**

Municipality Code: 490100
Retirement Health Care System: Mackinac CRC

Sent via Email

LocalRetirementReporting@Michigan.gov

Dear Local Retirement Reporting Team:

The Mackinac County Road Commission is hereby requesting removal from the CAP Process and purview of the Municipal Stability Board, according to the process outlined in the CAP Removal Procedures for Local Governments No Longer Underfunded dated August 21, 2019.

The Mackinac County Road Commission Form 5572 for Fiscal Year 2019 shows that the underfunded system now meets the Act's funding requirements.

Please don't hesitate to contact me if you need any further information.

Sincerely,

A handwritten signature in black ink, appearing to read "Dirk Heckman". The signature is stylized and includes a long horizontal line extending to the right.

Dirk Heckman
Engineer/Manager
Mackinac County Road Commission

Brousseau, Nicholas (TREASURY)

From: treasurer@cityofmontrose.us
Sent: Monday, January 11, 2021 2:24 PM
To: LocalRetirementReporting
Cc: manager@cityofmontrose.us
Subject: Removal from CAP Monitoring

Categories: Waiting for Approval

CAUTION: This is an External email. Please send suspicious emails to abuse@michigan.gov

Good Afternoon,

For FY 2018 and FY 2019, the City of Montrose's OPEB system no longer triggered as being underfunded; therefore, the City of Montrose would like to be removed from the CAP Monitoring process. Please advise if any further action is needed.

Sincerely,
Chrystal Raible
City Treasurer
City of Montrose
139 S. Saginaw St.
Montrose, MI 48457
810-639-6168 x2

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**MUNICIPAL STABILITY BOARD
RESOLUTION 2021-4**

CORRECTIVE ACTION PLAN NONCOMPLIANCE

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

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

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

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

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

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

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

Ayes:
Nays:
Recused:
Lansing, Michigan
January 20, 2021



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

Resolution 2021-4 Exhibit B

DATE: January 20, 2021
TO: The Municipal Stability Board (the Board)
FROM: Community Engagement and Finance Division, Department of Treasury
SUBJECT: Delinquent Corrective Action Plan(s)

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

1. Muskegon Housing Commission
 - a. No Retirement Submission
2. Ontonagon County Economic Development Corporation
 - a. No Retirement Submission
3. Woodlands Behavioral Healthcare Network
 - a. No Retirement Submission

Corrective Action Plan Noncompliance: Per Section 10(6) of the Act, "If the board determines that an underfunded local unit of government is not in substantial compliance under this subsection, the board shall within 15 days provide notification and report to the local unit of government detailing the reasons for the determination of noncompliance with the corrective action plan. The local unit of government has 60 days from the date of the notification to address the determination of noncompliance."