

# Municipal Stability Board

Wednesday, February 17, 2021 at 11:00 a.m.  
Virtual Public Meeting  
via Microsoft TEAMS

<https://bit.ly/msb02172021>

## I. Call to Order

- A. Roll Call
- B. Approval of January 20, 2021 Minutes

## II. Public Comment

- A. 2-minute limit

## III. Correspondence

- A. Treasury Update
- B. Retirement Pension Payment Deficiency Update

## IV. New Business

- A. Corrective Action Plan Monitoring Certifications of Compliance (Resolution 2021-5)
  - i. Bay Metropolitan Transportation Authority (2 systems)
  - ii. Beecher Metropolitan District
  - iii. City of East Lansing
  - iv. City of Escanaba
  - v. City of Fraser (2 systems)
  - vi. Gratiot County Road Commission
  - vii. Marquette City Board of Light and Power
  - viii. City of St. Johns
  - ix. City of Southfield (2 systems)
  - x. Suburban Mobility Authority for Regional Transportation
  - xi. Wexford County Road Commission

- B. Local Government Request for Removal from Corrective Action (Resolution 2021-6)
  - i. Cadillac City Housing Commission
- C. Board Removal from Corrective Action (Resolution 2021-7)
  - i. Gratiot County Road Commission
  - ii. Marquette Board of Light and Power
  - iii. Wexford County Road Commission
- D. Corrective Action Plan Noncompliance (Resolution 2021-8)
  - i. Alma City Housing Commission

**V. Public Comment**

- A. 2-minute limit

**VI. Board Comment**

**VII. Adjournment**

# MUNICIPAL STABILITY BOARD

Wednesday, January 20, 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 December 16, 2020 board meeting minutes by Barry Howard and supported by John Lamerato. The Board unanimously approved the December 16, 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 upcoming Board corrective action plan and monitoring review schedule.

### **NEW BUSINESS**

#### **APPROVALS AND DISAPPROVALS OF CORRECTIVE ACTION PLAN(S) FROM 1 LOCAL GOVERNMENT(S) (1 PLAN) (RESOLUTION 2021-1)**

Nick Brousseau was asked to review the Treasury recommendations for Approval and Disapproval of Corrective Action Plans from one local government (Resolution 2021-1) with the Board:

- St. Clair City Housing Commission (Approval)

A motion was made to approve the Approvals and Disapprovals of Corrective Action Plans (Resolution 2021-1) by John Lamerato and supported by Barry Howard.

The Board unanimously approved the Approvals and Disapprovals of Corrective Action Plans (Resolution 2021-1). 3 ayes and 0 nays. Resolution 2021-1 was passed.

**CORRECTIVE ACTION PLAN MONITORING CERTIFICATIONS OF COMPLIANCE FROM 2 LOCAL GOVERNMENTS  
(2 PLANS) (RESOLUTION 2021-2)**

Nick Brousseau was asked to review the Corrective Action Plan Monitoring Certifications of Compliance (Resolution 2021-2) with the Board:

- City of Hart (Compliant)
- City of Ionia (Compliant)

A motion was made to approve the Corrective Action Plan Monitoring Certifications of Compliance (Resolution 2021-2) by Barry Howard and supported by John Lamerato.

The Board unanimously approved the Corrective Action Plan Monitoring Certifications of Compliance (Resolution 2021-2). 3 ayes and 0 nays. Resolution 2021-2 was passed.

**REMOVAL FROM CORRECTIVE ACTION PROCESS AND PURVIEW OF BOARD (RESOLUTION 2021-3)**

Nick Brousseau was asked to review the Removal from Corrective Action Process and Purview of Board (Resolution 2021-3) with the Board:

- City of Alpena (OPEB)
- Mackinaw County Road Commission (OPEB)
- City of Montrose (OPEB)

A motion was made to approve the Removal from Corrective Action Process and Purview of Board (Resolution 2021-3) by John Lamerato and supported by Barry Howard.

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

**CORRECTIVE ACTION PLAN NONCOMPLIANCE (RESOLUTION 2021-4)**

Nick Brousseau was asked to review the Corrective Action Plan Noncompliance (Resolution 2021-4) with the Board:

- Muskegon Housing Commission
- Ontonagon County Economic Development Corporation
- Woodlands Behavioral Healthcare Network

A motion was made to approve the Corrective Action Plan Noncompliance (Resolution 2021-4) by Barry Howard and supported by John Lamerato.

The Board unanimously approved the Corrective Action Plan Noncompliance (Resolution 2021-4). 3 ayes and 0 nays. Resolution 2021-4 was passed.

**PUBLIC COMMENT**

No public comment.

**BOARD COMMENT**

Eric Scorsone thanked Treasury staff.

**NEXT MEETING**

**JANUARY 2021 MSB  
DRAFT MEETING MINUTES**

The next regular meeting will be on February 17, 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 11:23 a.m.

# Treasury's Public Act 202 of 2017 Update

As of 2/11/2021

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 |          |          |          |          |
|  | February   | March    | April    | May      | June     |
| Non Primary  | 0  | 0        | 0        | 0        | 0        |
| Primary  | 0  | 0        | 0        | 0        | 0        |
| <b>Total</b>   | <b>0</b>   | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> |

## CAP Monitoring Notifications and Reviews

- A total of 132 local governments have been sent monitoring certification requests to date
- 66 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 |           |           |           |           |           |           |
|  | January  | February  | March     | April     | May       | June      | July      |
| Monitoring Certification Sent                                      | 19   | 9         | 4         | 6         | 6         | 6         | 5         |
| Monitoring Certification Due                                       | 20   | 20        | 19        | 9         | 4         | 6         | 6         |
| <b>Board to Review</b>   | <b>2</b>   | <b>11</b> | <b>20</b> | <b>20</b> | <b>20</b> | <b>20</b> | <b>19</b> |

## Treasury Department Communication and Outreach Report

- 264 one-on-one 30-minute calls scheduled by local governments to discuss the Public Act 202 process
  - 10 individual calls since the January Board meeting

## Local Government COVID-19 Webpage

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



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RACHAEL EUBANKS  
STATE TREASURER

**DATE:** February 17, 2021

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

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

**SUBJECT:** Failure to Make Required Pension Contribution(s): Underfunded Local Government

**Current Status:** On January 25, 2021, the Municipal Employees' Retirement System (MERS) notified the State Treasurer that the Village of Ontonagon again failed to make a portion of its required minimum pension payment in September 2020. Per MERS policy, failure to make a payment for more than 90 days may lead to the pursuant of a judgment levy or removal from the MERS system.

According to Public Act 202 of 2017 (the Act), the Village is required to submit a corrective action plan (CAP) for its underfunded MERS pension system. The Municipal Stability Board (the Board) approved the Village's OPEB CAP but denied the MERS pension CAP for being unaffordable since the pension Actuarially Determined Contribution (ADC) payment in 2035 will account for nearly 100% of the Village's 2017 governmental revenues.

**Next Steps:** No action is required by the Board at this time. If the Village submits a revised CAP for its MERS pension system that is approved by the Board, the Village will be reviewed by the Board as part of the monitoring process for all underfunded systems which is scheduled to occur approximately every two years.

At any time, the Village may submit a new pension corrective action plan for the Board for review to become compliant with the Act.

As previously approved by the Board at their June 2020 meeting, local governments with the most significant sustainability concerns may be proactively identified by Treasury for a comprehensive individualized review. The CEFD is working with the Village to assist in becoming compliant with the Act. In the summer of 2020, Treasury funded a third-party review of the Villages' pension system. The CEFD continues to provide technical support to the Village to assist with the implementation and recommendations from the pension system review.

**MUNICIPAL STABILITY BOARD  
RESOLUTION 2021-5**

**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 A and attached to this Resolution, Corrective Action Plans;

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

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

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

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

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



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

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

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

Ayes:

Nays:

Recused:

Lansing, Michigan

February 17, 2021

Municipal Stability Board Resolution 2021-5 Appendix A, February 17, 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 |   |
|-----------------------------|---|
| <b>Underfunded Status</b>   | Is the local government addressing their underfunded status in the same timeframe or less, as the approved CAP?   |
| <b>Substantial Changes</b>  | Does the corrective action plan remain substantially the same as the original approved submission?  |
| <b>Sustainability</b>       | The local government must certify the plan is still affordable, though detailed supporting documentation. This includes documentation that the local government's retirement costs are not increasing at a rate greater than what can be afforded through reasonable revenue growth. Retirement costs also must not have substantially increased above the original projection in their approved CAP. |

| #  | Local Government  | Municode | Fiscal Year | System Type                        | Date Received | Underfunded | Substantial | Sustainability | Treasury     | CAP Monitoring Certification Form                                       |  |
|----|---|----------|-------------|------------------------------------|---------------|-------------|-------------|----------------|--------------|---|--|
|    |   |          |             |                                    |               | Status      | Changes     | Recommendation | Link         | Link  |  |
| 1  | Bay Metropolitan Transportation Authority               | 097516   | 2017        | OPEB                               | 9/21/2020     | Yes         | Yes         | Yes            | Compliant    | <a href="#">Bay Metropolitan Transportation Authority - OPEB</a>        |  |
| 2  | Bay Metropolitan Transportation Authority               | 097516   | 2017        | Pension                            | 9/21/2020     | Yes         | Yes         | Yes            | Compliant    | <a href="#">Bay Metropolitan Transportation Authority - Pension</a>     |  |
| 3  | Beecher Metropolitan District                           | 257504   | 2017        | OPEB                               | 10/14/2020    | Yes         | Yes         | Yes            | Compliant    | <a href="#">Beecher Metropolitan District - OPEB</a>                    |  |
| 4  | City of East Lansing                                    | 332010   | 2017        | Pension                            | 11/12/2020    | Yes         | Yes         | Partial        | Compliant    | <a href="#">City of East Lansing - Pension</a>                          |  |
| 5  | City of Escanaba  | 212010   | 2017        | Pension                            | 10/13/2020    | Yes         | Yes         | Partial        | Compliant    | <a href="#">City of Escanaba - Pension</a>                              |  |
| 6  | City of Fraser  | 502030   | 2017        | OPEB                               | 1/7/2021      | Yes         | Yes         | Partial        | Compliant    | <a href="#">City of Fraser - OPEB</a>                                   |  |
| 7  | City of Fraser  | 502030   | 2017        | Pension                            | 1/7/2021      | Yes         | Yes         | Partial        | Compliant    | <a href="#">City of Fraser - Pension</a>                                |  |
| 8  | Gratiot County Road Commission                          | 290100   | 2017        | OPEB                               | 10/29/2020    | Yes         | Yes         | Yes            | Compliant    | <a href="#">Gratiot County Road Commission - OPEB</a>                   |  |
| 9  | Marquette City Board of Light and Power                 | 527513   | 2017        | OPEB                               | 10/13/2020    | Yes         | Yes         | Yes            | Compliant    | <a href="#">Marquette City Board of Light and Power - OPEB</a>          |  |
| 10 | City of Southfield                                      | 632200   | 2017        | OPEB - Police and Fire             | 10/22/2020    | Yes         | Yes         | Partial        | Compliant    | <a href="#">City of Southfield - OPEB - Police and Fire</a>             |  |
| 11 | City of Southfield                                      | 632200   | 2017        | OPEB - Employees Retirement System | 10/22/2020    | Yes         | Yes         | Partial        | Compliant    | <a href="#">City of Southfield - OPEB - Employees Retirement System</a> |  |
| 12 | City of St. Johns                                       | 192030   | 2017        | Pension                            | 11/3/2020     | Yes         | Yes         | Yes            | Compliant    | <a href="#">City of St. Johns - Pension</a>                             |  |
| 13 | Suburban Mobility Authority for Regional Transportation | 827550   | 2017        | OPEB                               | N/A           | No          | No          | No             | Noncompliant | Failed to File  |  |
| 14 | Wexford County Road Commission                          | 830100   | 2017        | OPEB                               | 8/6/2020      | Yes         | Yes         | Yes            | Compliant    | <a href="#">Wexford County Road Commission - OPEB</a>                   |  |

**Treasury Recommendation**  
**Bay Metropolitan Transportation Authority OPEB Corrective Action Plan (CAP) Monitoring Compliance**  
**Certification**  
**Primary Government 097516**

| Name of Systems                | Type of System | Assets              | Liabilities         | Funded Ratio | ADC                | Revenues           | ADC/Revenue  | CAP required? |
|--------------------------------|----------------|---------------------|---------------------|--------------|--------------------|--------------------|--------------|---------------|
| MERS                           | Pension        | \$10,495,075        | \$18,267,480        | 57.5%        | \$968,874          | \$8,215,275        | 11.8%        | YES           |
| Retiree Health Funding Vehicle | OPEB           | \$554,371           | \$1,177,319         | 47.1%        | \$138,294          |                    | 1.7%         | YES           |
| <b>Total</b>                   |                | <b>\$11,049,446</b> | <b>\$19,444,799</b> |              | <b>\$1,107,168</b> | <b>\$8,215,275</b> | <b>13.5%</b> |               |

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

**Staff Recommendation:**

**Compliance** for the OPEB corrective action plan monitoring certification of compliance submitted by Bay Metropolitan 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, Bay Metropolitan Transportation Authority is addressing underfunded status by fiscal year 2018 as projected in originally approved plan.

**Substantial Changes**

**CAP Changes Implemented:**

- Bay Metro Transit continued to pay additional funds into their trust. Their actuary report for GASB 74 and 75 show that in fiscal year 2019 they were 47.1%.

**CAP Changes Not Implemented:**

- None noted.

**Additional Changes Implemented**

- Bay Metro Transit plans on fully funding the plan by the end of fiscal year 2020.

**Revised Corrective Action Plan Submitted? No**

**Treasury Recommendation**  
**Bay Metropolitan Transportation Authority OPEB Corrective Action Plan (CAP) Monitoring Compliance**  
**Certification**  
**Primary Government 097516**

**Sustainability**

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

- Fiscal Year: 2021
- Percentage of Revenues: 21.0%

Bay Metro Transit's annual payments increase approximately 7% over the next 4 years which is about 2% per year.

**System Status for All Divisions: Open**

**Plan size: members 123**

- Inactive employees or beneficiaries currently receiving benefits: **41**
- Inactive employees entitled to but not yet receiving benefits: **0**
- Active employees: **82**

**Corrective Action Plan Monitoring Criteria:**

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

**Supplemental Information:**

Bay Metro Transit included their most recent valuation showing that they are 47.1% funded in fiscal year 2019. Additionally, they were 44.1% funded in fiscal year 2018. Treasury did reach out to them requesting additional supporting documentation for the sustainability section, which Bay Metro submitted. Also included is a Treasury created sustainability worksheet.

**Treasury Recommendation**  
**Bay Metropolitan Transportation Authority OPEB Corrective Action Plan (CAP) Monitoring Compliance**  
**Certification**  
**Primary Government 097516**

Bay Metropolitan Transportation Authority  
 Actuarial Report for GASB 74 & 75

September 30, 2019

**Net OPEB Liability**

The components of the net OPEB liability are as follows:

|   | <i>9/30/2019</i> | <i>9/30/2018</i> |
|---|------------------|------------------|
| Total OPEB Liability  | \$1,177,319      | \$798,669        |
| Plan Fiduciary Net Position   | \$554,371        | 352,412          |
| Net OPEB Liability  | \$622,948        | \$446,257        |
| Plan Fiduciary Net Position as a percentage of Total OPEB Liability | 47.1%            | 44.1%            |

| 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) |  |  |   |
| <b>2019</b>                                     |                                 |  |   |   |  |  |   |
| 2020  |                                 |  |   |   |  |  |   |
| 2021  | \$845,100                       | \$774,000                                      | \$116,760                                       | \$25,000                                    | \$8,407,022                              | \$0  | 21%   |
| 2022  | \$857,000                       | \$400,000                                      | \$114,915                                       | \$25,000                                    | \$8,096,805                              | \$0  | 18%   |
| 2023  | \$878,000                       | \$400,000                                      | \$118,573                                       | \$25,000                                    | \$8,271,843                              | \$0  | 18%   |
| 2024  | \$911,000                       | \$400,000                                      | \$114,300                                       | \$25,000                                    | \$8,437,789                              | \$0  | 17%   |
| Projected Annual Revenue Growth (Please select) | 2%                              |  |   |   |  |  |   |

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

- The CEFD reached out on 12/29/2020 requesting the valuation/internal analysis to confirm the pension/OPEB projections.

**Treasury Recommendation**  
**Bay Metropolitan Transportation Authority Pension Corrective Action Plan (CAP) Monitoring**  
**Compliance Certification**  
**Primary Government 097516**

| Name of Systems                | Type of System | Assets              | Liabilities         | Funded Ratio | ADC                | Revenues           | ADC/Revenue  | CAP required? |
|--------------------------------|----------------|---------------------|---------------------|--------------|--------------------|--------------------|--------------|---------------|
| MERS                           | Pension        | \$10,495,075        | \$18,267,480        | 57.5%        | \$968,874          | \$8,215,275        | 11.8%        | YES           |
| Retiree Health Funding Vehicle | OPEB           | \$554,371           | \$1,177,319         | 47.1%        | \$138,294          |                    | 1.7%         | YES           |
| <b>Total</b>                   |                | <b>\$11,049,446</b> | <b>\$19,444,799</b> |              | <b>\$1,107,168</b> | <b>\$8,215,275</b> | <b>13.5%</b> |               |

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

**Staff Recommendation:**

**Compliance** for the Pension corrective action plan monitoring certification of compliance submitted by Bay Metropolitan 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, Bay Metropolitan Transportation Authority is addressing underfunded status by fiscal year 2021 as projected in originally approved plan.

**Substantial Changes**

**CAP Changes Implemented:**

- Bay Metro created a surplus division with MERS and transferred additional funds into the surplus division. Their most recent valuation shows them reaching 61% funded in 2021.

**CAP Changes Not Implemented:**

- None noted.

**Additional Changes Implemented**

- For fiscal year 2021, their board approved additional payments of up to \$74,000 for their pension system. While they did not provide documentation for this, their most recent valuation shows them at 61% funded as of 12/31/2019.

**Revised Corrective Action Plan Submitted? No**

**Treasury Recommendation**  
**Bay Metropolitan Transportation Authority Pension Corrective Action Plan (CAP) Monitoring**  
**Compliance Certification**  
**Primary Government 097516**

**Sustainability**

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

- Fiscal Year: 2021
- Percentage of Revenues: 21.0%

Bay Metro's annual costs increase by approximately 7% from 2021 to 2024 which is about 2% a year.

**System Status for All Divisions: Open**

**Plan size: members 166**

- Inactive employees or beneficiaries currently receiving benefits: **67**
- Inactive employees entitled to but not yet receiving benefits: **14**
- Active employees: **85**

**Corrective Action Plan Monitoring Criteria:**

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

**Supplemental Information:**

Bay Metro Transit submitted their most recent valuation showing that they are over 60% funded. Treasury reach out to them requesting additional supporting documentation for the sustainability section, which Bay Metro submitted.

**Treasury Recommendation  
 Bay Metropolitan Transportation Authority Pension Corrective Action Plan (CAP) Monitoring  
 Compliance Certification  
 Primary Government 097516**

## Executive Summary

### Funded Ratio

The funded ratio of a plan is the percentage of the dollar value of the actuarial accrued liability that is covered by the actuarial value of assets. While funding ratio may be a useful plan measurement, understanding a plan's funding trend may be more important than a particular point in time. Refer to Table 7 to find a history of this information.

|               | 12/31/2019 | 12/31/2018 |
|---------------|------------|------------|
| Funded Ratio* | 62%        | 61%        |

\* Reflects assets from Surplus divisions, if any.

Throughout this report are references to valuation results generated prior to the 2018 valuation date. Results prior to 2018 were received directly from the prior actuary or extracted from the previous valuation system by MERS's technology service provider.

| 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  |                                 |  |   |   |  |  |   |
| 2021  | \$845,100                       | \$774,000                                      | \$116,760                                       | \$25,000                                    | \$8,407,022                              | \$0  | 21%   |
| 2022  | \$857,000                       | \$400,000                                      | \$114,915                                       | \$25,000                                    | \$8,096,805                              | \$0  | 18%   |
| 2023  | \$878,000                       | \$400,000                                      | \$118,573                                       | \$25,000                                    | \$8,271,843                              | \$0  | 18%   |
| 2024  | \$911,000                       | \$400,000                                      | \$114,300                                       | \$25,000                                    | \$8,437,789                              | \$0  | 17%   |
| Projected Annual Revenue Growth (Please select) | 2%                              |  |   |   |  |  |   |

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

- The CEFD reached out on 12/29/2020 requesting the valuation/internal analysis to confirm the pension/OPEB projections.



**Treasury Recommendation**  
**Beecher Metropolitan District OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification**  
**Primary Government 257504**

| Name of Systems                         | Type of System | Assets             | Liabilities        | Funded Ratio | ADC              | Revenues           | ADC/Revenue | CAP required? |
|---|----------------|--------------------|--------------------|--------------|------------------|--------------------|-------------|---------------|
| MERS                                    | Pension        | \$5,028,487        | \$7,253,858        | 69.3%        | \$325,212        | \$5,148,674        | 6.3%        | NO            |
| Beecher Metropolitan District OPEB Plan | OPEB           | \$25,895           | \$2,023,254        | 1.3%         | \$161,333        |                    | 1.3%        | YES           |
| <b>Total</b>                            |                | <b>\$4,546,427</b> | <b>\$8,763,895</b> |              | <b>\$451,613</b> | <b>\$5,595,737</b> | <b>6.5%</b> |               |

**Source: Retirement Report Fiscal Year 2020, Audited Financial Statements**

**Staff Recommendation:**

**Compliance** for the OPEB corrective action plan monitoring certification of compliance submitted by Beecher Metropolitan District. 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, Beecher Metropolitan District is addressing underfunded status by fiscal year 2032 as projected in originally approved plan.

**Substantial Changes**

**CAP Changes Implemented:**

- The District Board created a trust and has been investing \$25,000 per year starting in 2019. Their indepent CPA & Business consultant projected that with those annual payments they should be 40% funded by fiscal year 2032.

**CAP Changes Not Implemented:**

- None noted.

**Additional Changes Implemented**

- None noted.

**Revised Corrective Action Plan Submitted? No**

**Treasury Recommendation**  
**Beecher Metropolitan District OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification**  
**Primary Government 257504**

**Sustainability**

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

- Fiscal Year: 2022
- Percentage of Revenues: 11.0%

In the short term, the Beecher Metropolitan District's payments increase 47% from fiscal year 2020 to 2022. This is an increase of over 15% per year during those 3 years. After that, the costs decrease.

**System Status for All Divisions: Closed**

**Plan size: members 12**

- Inactive employees or beneficiaries currently receiving benefits: **7**
- Inactive employees entitled to but not yet receiving benefits: **0**
- Active employees: **5**

**Corrective Action Plan Monitoring Criteria:**

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

**Supplemental Information:**

Treasury emailed Beecher Metropolitan District requesting supporting documentation for the sustainability section which was submitted. Using the information they provided, the information in the sustainability section seems reasonable.

**Treasury Recommendation**  
**Beecher Metropolitan District OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification**  
**Primary Government 257504**

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) |  |  |   |
| <b>2019</b>                                     |                                 |  |   |   |  |  |   |
| 2020  | \$325,212                       | \$0  | \$39,643  | \$25,000                                    | \$5,148,674                              | \$364,855  | 7%  |
| 2021  | \$482,676                       | \$0  | \$39,643  | \$25,000                                    | \$5,251,647                              |  | 10%   |
| 2022  | \$509,000                       | \$0  | \$39,643  | \$25,000                                    | \$5,356,680                              |  | 11%   |
| 2023  | \$244,000                       | \$0  | \$39,643  | \$25,000                                    | \$5,463,814                              |  | 6%  |
| 2024  | \$296,000                       | \$0  | \$39,643  | \$25,000                                    | \$5,573,090                              |  | 6%  |
| Projected Annual Revenue Growth (Please select) | 2%                              |  |   |   |  |  |   |



September 17, 2018

Mr. Kevin Forbes  
 Beecher Metropolitan District  
 1057 Louis Avenue  
 Flint, MI 48505

Per your request, we looked at the impact of the District contributing \$25,000 per year beginning in the current fiscal year to an Other Post-Employment Benefit Trust, for the purpose of funding the long term obligation. We understand that you anticipate a rate of return of 7% on those assets over time and will continue to pay the current benefits through the operating account rather than the trust until funding is deemed sufficient.

We looked at the most recent changes you have made to your plan, as well as the most recent calculation completed on July 30, 2018 that incorporated those changes. When we apply the above factors, we believe the following bench marks will be met based on normal operations understanding that health care costs continue to rise as well as market returns are not guaranteed.

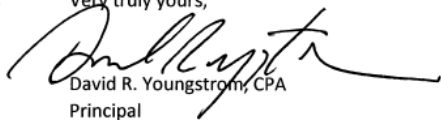
We expect the following:

- The OPEB Obligation to be funded at 20% at the end of fiscal year 2028.
- The OPEB Obligation to be funded at 40% at the end of fiscal year 2032.
- The OPEB Obligation to be funded at 60% at the end of fiscal year 2034.
- The OPEB Obligation to be funded at 80% at the end of fiscal year 2036.
- The OPEB Obligation to be fully funded at the end of fiscal year 2037.

Again these include all the facts and circumstances that we are aware of today as well as the assumption used in the July 30, 2018 calculation of value.

If you have any further questions, please let me know.

Very truly yours,

  
 David R. Youngstrom, CPA  
 Principal

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

- The CEFD emailed Beecher Metropolitan District requesting supporting documentation for the sustainability section which was submitted.

**Treasury Recommendation**  
**City of East Lansing Pension Corrective Action Plan (CAP) Monitoring Compliance Certification**  
**Primary Government 332010**

| Name of Systems | Type of System | Assets               | Liabilities          | Funded Ratio | ADC                 | Revenues            | ADC/Revenue  | CAP required? |
|-----------------|----------------|----------------------|----------------------|--------------|---------------------|---------------------|--------------|---------------|
| MERS            | Pension        | \$101,706,961        | \$195,206,509        | 52.1%        | \$8,029,429         | \$59,017,837        | 13.6%        | YES           |
| OPEB            | OPEB           | \$17,124,194         | \$45,108,865         | 38.0%        | \$3,060,802         |                     | 5.2%         | NO            |
| <b>Total</b>    |                | <b>\$118,831,155</b> | <b>\$240,315,374</b> |              | <b>\$11,090,231</b> | <b>\$59,017,837</b> | <b>18.8%</b> |               |

**Source: Retirement Report Fiscal Year, Audited Financial Statements**

**Staff Recommendation:**

**Compliance** for the Pension corrective action plan monitoring certification of compliance submitted by City of East Lansing. 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 East Lansing is addressing underfunded status by fiscal year 2025 as projected in originally approved plan

**Substantial Changes**

**CAP Changes Implemented:**

- The City states they have and will continue to make supplemental pension payments. The East Lansing income tax was effective January 1, 2019, of which 60% of net new revenue is required to be supplemental pension payments. In addition, the General Fund of the City has appropriated funds each year for supplemental payments.
- FY2021 budget includes approximately \$5 million of supplemental pension payments. With the income tax in place, the intent is for the City to make at least \$5 million of supplemental pension payments annually, which is an increase from the original plan of \$3 million annually. This increase is in large part due to the income tax revenue being greater than originally projected. Approximately \$4 million will come from income tax in FY2021, and this amount will increase as income tax revenue growth is experienced. The income tax expires after calendar year 2030.
- Per the latest actuarial projections, contributing supplemental payments of \$4-5 million per year, will result in a funding ratio greater than 60% by 2025. It will also level out the projected contributions in years after the income tax expires, leaving the annual payments much more manageable.

**Treasury Recommendation**  
**City of East Lansing Pension Corrective Action Plan (CAP) Monitoring Compliance Certification**  
**Primary Government 332010**

- The following supplemental pension payments have been made:
  - FY2016 - \$2,000,000
  - FY2017 - \$1,000,000
  - FY2018 - \$2,560,000
  - FY2019 - \$1,156,044
  - FY2020 - \$5,584,712

**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: 2022
- Percentage of Revenues: 29.0%

**System Status for All Divisions: Open**

**Plan size: members 772**

- Inactive employees or beneficiaries currently receiving benefits: **373**
- Inactive employees entitled to but not yet receiving benefits: **127**
- Active employees: **272**

**Corrective Action Plan Monitoring Criteria:**

- Underfunded Status:
  - City of East Lansing has met the Board's published monitoring criteria for underfunded status
- Substantial Changes:
  - City of East Lansing has met the Board's published monitoring criteria for substantial changes
- Sustainability:
  - City of East Lansing has partially met the Board's published monitoring criteria for sustainability
    - Current or future payments are greater than 22% or projected payments are increasing at a rate greater than 5% per year

**Treasury Recommendation**  
**City of East Lansing Pension Corrective Action Plan (CAP) Monitoring Compliance Certification**  
**Primary Government 332010**

**Supplemental Information:**

Due to additional contributions the local government is making in large part due to the implementation of a city income tax, the City is expected to reach 60% funded by the end of calendar year 2023. That is two years ahead of their expected funded date listed in their CAP of 2025. Over the next 4 years, the total projected employer contribution increases by \$1.5 million or 9%, but then declines in 2025. However, with the additional contributions of 5 million dollars a year, the local government's ADC/revenue for all retirement systems is substantial, ranging between 27% and 29% over the next 5 years. With that said, the payments as a percentage of revenues remains fairly consistent, peaking at 29% in 2022 and then declining slightly.

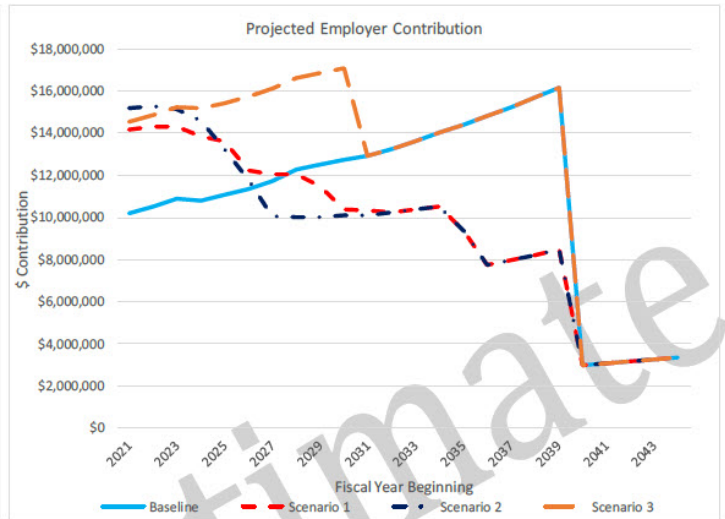
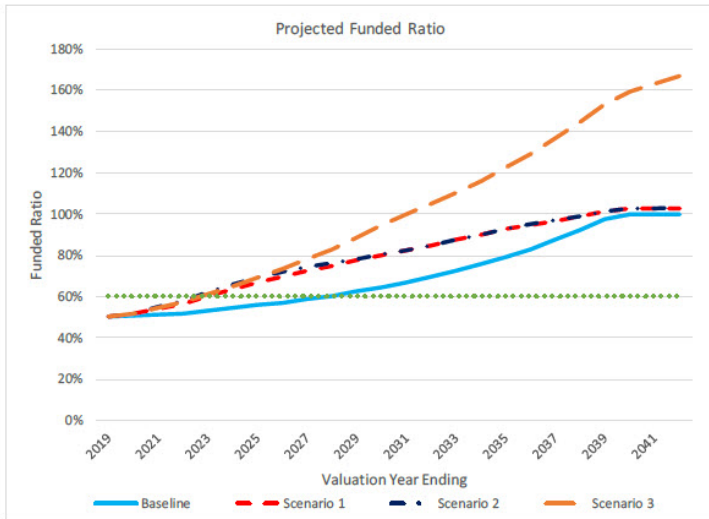
Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet

[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) |  |  |   |
| 2020        |                                 |  |   |   | \$59,017,837                             |  |   |
| 2021        | \$9,090,264                     | \$5,000,000                                    | \$2,646,523                                     | \$100,000                                   | \$60,198,194                             | \$781,763  | 27.6%   |
| 2022        | \$10,200,000                    | \$5,000,000                                    | \$2,772,028                                     | \$100,000                                   | \$61,402,158                             | \$877,200  | 29.0%   |
| 2023        | \$10,300,000                    | \$5,000,000                                    | \$2,851,983                                     | \$100,000                                   | \$62,630,201                             | \$885,800  | 28.7%   |
| 2024        | \$10,200,000                    | \$5,000,000                                    | \$3,046,746                                     | \$100,000                                   | \$63,882,805                             | \$877,200  | 28.3%   |
| 2025        | \$9,600,000                     | \$5,000,000                                    | \$3,248,767                                     | \$100,000                                   | \$65,160,461                             | \$825,600  | 27.7%   |

|   |    |
|---|----|
| Projected Annual Revenue Growth (Please select) | 2% |
|---|----|

**Projections of Funded Ratios and Employer Contributions – Total of All Divisions (Excluding 14)**



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

None.

**Treasury Recommendation**  
**City of Escanaba Pension Corrective Action Plan (CAP) Monitoring Compliance Certification**  
**Primary Government 212010**

| Name of Systems                         | Type of System | Assets              | Liabilities         | Funded Ratio | ADC                | Revenues            | ADC/Revenue  | CAP required? |
|---|----------------|---------------------|---------------------|--------------|--------------------|---------------------|--------------|---------------|
| MERS                                    | Pension        | \$23,642,564        | \$37,790,433        | 62.6%        | \$1,769,395        | \$12,115,350        | 22.0%        | YES           |
| Public Safety Officer Retirement System | Pension        | \$30,611,123        | \$36,002,332        | 85.0%        | \$897,598          |                     |              | NO            |
| <b>Total</b>                            |                | <b>\$54,253,687</b> | <b>\$73,792,765</b> |              | <b>\$2,666,993</b> | <b>\$12,115,350</b> | <b>22.0%</b> |               |

**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 Escanaba. 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 Escanaba is addressing underfunded status by fiscal year 2018 as projected in originally approved plan.

Originally approved CAP shows a FY reaching funded status of 2019, not 2018 as the City listed on their CAP monitoring form. As of their FY 2020 Form 5572, they no longer trigger as underfunded.

**Substantial Changes**

**CAP Changes Implemented:**

- On December 20, 2018, the City sent MERS a lump sum payment of 2.5 million dollars via wire transfer. The City was 64% funded following that payment. The City is currently 62% funded due to assumption changes that were implemented with the 2019 valuation.

**CAP Changes Not Implemented:**

- None noted.

**Additional Changes Implemented**

**Treasury Recommendation**  
**City of Escanaba Pension Corrective Action Plan (CAP) Monitoring Compliance Certification**  
**Primary Government 212010**

- None noted.

**Revised Corrective Action Plan Submitted? No**

**Sustainability**

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

- Fiscal Year: 2023
- Percentage of Revenues: 25.9%

The City excluded its public safety pension system from the originally submitted sustainability calculation. A revised worksheet was calculated using an estimated public safety pension ADC for the next 5 years. These numbers were calculated using a Treasury completed worksheet. Treasury was unable to confirm the revenue numbers, however they appear reasonable.

**System Status for All Divisions: Open**

**Plan size: members 165**

- Inactive employees or beneficiaries currently receiving benefits: **121**
- Inactive employees entitled to but not yet receiving benefits: **15**
- Active employees: **29**

**Corrective Action Plan Monitoring Criteria:**

- Underfunded Status:
  - City of Escanaba has met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:
  - City of Escanaba has met the Board's published monitoring criteria for substantial changes.
- Sustainability:
  - City of Escanaba has partially met the Board's published monitoring criteria for sustainability.
    - Current or future payments are greater than 22% or projected payments are increasing at a rate greater than 5% per year.

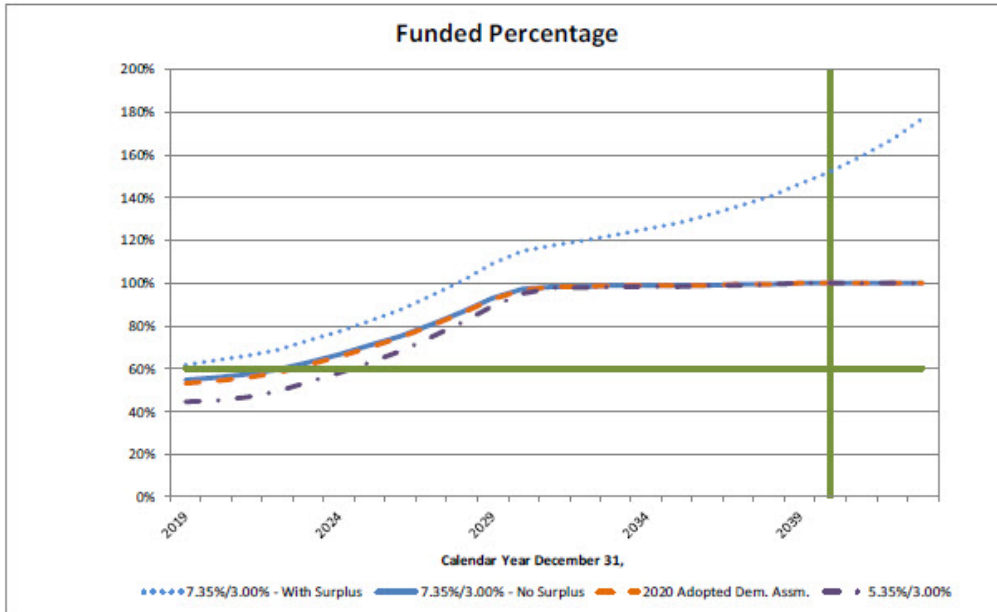
**Supplemental Information:**

Of the six divisions, one division is still open. The City is currently 62% funded and according to the most recent valuation, projected to remain funded according to the Act's requirements. The City's original CAP was to make a \$2.5 million lump sum payment, which the City did, to get the system to 65% funded; however, market volatility and no additional payments above the ADC has resulted in their

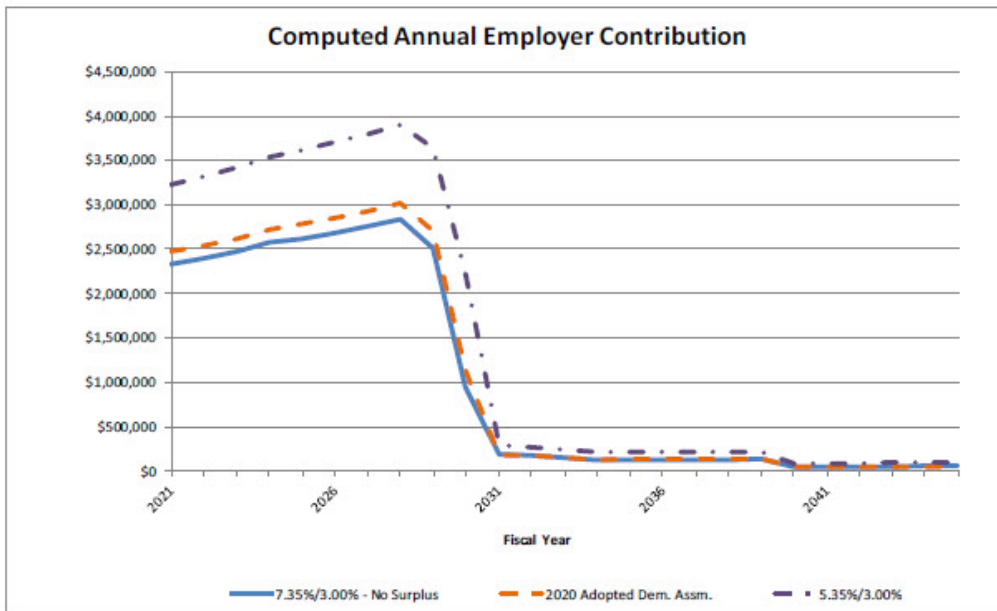


**Treasury Recommendation**  
**City of Escanaba Pension Corrective Action Plan (CAP) Monitoring Compliance Certification**  
**Primary Government 212010**

funding status slightly declining to 62%. The City's retirement costs remain high, with approximately 22% ADC/revenue for all systems combined. The MERS pension system ADC/revenues is increasing by 43.7%, or \$873,716 in the next five years.



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



**Treasury Recommendation**  
**City of Escanaba Pension Corrective Action Plan (CAP) Monitoring Compliance Certification**  
**Primary Government 212010**

| <b>Corrective Action Plan Monitoring Certification of Compliance: Section 4 Sustainability Certification Worksheet</b> |                                 |  |   |   |  |  |   |                                 |
|--|---------------------------------|--|---|---|--|--|---|---------------------------------|
| <a href="#">Instructions</a>   |                                 |  |   |   |  |  |   |                                 |
| 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   |                                 |  |   |   | \$11,158,487                             |  |   |                                 |
| 2021   | \$2,723,284                     |  |   |   | \$11,381,657                             | \$746,191  | 22.5%   |                                 |
| 2022   | \$2,921,680                     |  |   |   | \$11,609,290                             | \$778,800  | 23.6%   | 7.3%                            |
| 2023   | \$2,987,000                     |  |   |   | \$11,841,476                             | \$838,200  | 23.6%   | 2.2%                            |
| 2024   | \$3,206,000                     |  |   |   | \$12,078,305                             | \$904,200  | 24.7%   | 7.3%                            |
| 2025   | \$3,438,000                     |  |   |   | \$12,319,871                             | \$947,100  | 25.9%   | 7.2%                            |
| Projected Annual Revenue Growth (Please select)  | 2%                              |  |   |   |  |  |   |                                 |

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

- On 1/29/2021 the CEFD reached out to the City to request updated sustainability worksheet including ADC from the Public Safety pension as well as the Public Safety valuation.

**Treasury Recommendation**  
**City of Fraser OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification**  
**Primary Government 502030**

| Name of Systems     | Type of System | Assets              | Liabilities          | Funded Ratio | ADC                | Revenues            | ADC/Revenue  | CAP required? |
|---------------------|----------------|---------------------|----------------------|--------------|--------------------|---------------------|--------------|---------------|
| MERS                | Pension        | \$29,256,110        | \$60,362,900         | 48.5%        | \$1,982,549        | \$22,526,874        | 8.8%         | YES           |
| City of Fraser OPEB | OPEB           | \$210,096           | \$41,313,595         | 0.5%         | \$3,601,371        |                     | 16.0%        | YES           |
| <b>Total</b>        |                | <b>\$29,466,206</b> | <b>\$101,676,495</b> |              | <b>\$5,583,920</b> | <b>\$22,526,874</b> | <b>24.8%</b> |               |

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

**Staff Recommendation:**

**Compliance** for the OPEB corrective action plan monitoring certification of compliance submitted by City of Fraser. 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, the city of Fraser is addressing underfunded status by fiscal year 2049 as projected in originally approved plan.

**Substantial Changes**

**CAP Changes Implemented:**

- The city of Fraser has continued to make the annual payment of \$207,000 to the OPEB trust fund, most recently in 12/2020. Another payment will be made in 2021, and in subsequent years for a total of 30 payments. Based on previously approved assumptions, these additional contributions will increase the funded ratio to 40% by FY 2049.

**CAP Changes Not Implemented:**

- None noted.

**Additional Changes Implemented**

- None noted.

**Revised Corrective Action Plan Submitted? No**

**Treasury Recommendation**  
**City of Fraser OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification**  
**Primary Government 502030**

**Sustainability**

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

- Fiscal Year: 2023
- Percentage of Revenues: 22.3%

The City certified that their projected annual payments were not increasing by an amount greater than 5% per year over the next five fiscal years, but using updated information to calculate sustainability, the average rate of increase is 5.3% over the next 5 years. The majority of this increase is due to a large increase in projected OPEB premium payment from 2020 to 2021. Starting in 2021, the year-by-year rate of increase is well below 5%.

**System Status for All Divisions: Closed**

**Plan size: members 160**

- Inactive employees or beneficiaries currently receiving benefits: **106**
- Inactive employees entitled to but not yet receiving benefits: **14**
- Active employees: **40**

**Corrective Action Plan Monitoring Criteria:**

- Underfunded Status:
  - City of Fraser has met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:
  - City of Fraser has met the Board's published monitoring criteria for substantial changes.
- Sustainability:
  - City of Fraser has partially met the Board's published monitoring criteria for sustainability.
    - Current or future payments are greater than 22% or projected payments are increasing at a rate greater than 5% per year.

**Supplemental Information:**

The City provided its most recent valuation that included a projection of assets over the next 30+ years. Based on this projection, the City will reach 40% funded in 2049 as originally approved, assuming that liabilities remain relatively constant. Projected benefit payments are scheduled to increase by 69.5% over the next 15 years (4.6%/year) until the benefit payments begin to decrease. An updated sustainability projection is also included that was developed by Treasury using provided information. The worksheet was edited to only include actual projected payments for OPEB, rather than the full ADC.

**Treasury Recommendation  
City of Fraser OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification  
Primary Government 502030**

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

[Instructions](#)

| Fiscal Year   | Pension Payments                   |  | OPEB Payments   |   | Projected (Actual)<br>Governmental<br>Revenues | Projected Enterprise Funds<br>used for Retirement Costs | Projected Retirement<br>Contributions as a<br>Percent of Revenues | Annual<br>Retirement<br>Cost Increase |
|---|------------------------------------|--|---|---|--|---|---|---------------------------------------|
|   | Total Pension ADC (All<br>Systems) | Additional Pension<br>Contributions (All<br>Systems) | Total OPEB Benefit<br>Payment Amount (All<br>Systems) | Additional OPEB<br>Contributions (All<br>Systems) |  |   |   |                                       |
| 2019  |                                    |  |   |   | 22,526,874                                     |   |   |                                       |
| 2020  | \$2,985,588                        |  | \$1,195,101   | \$207,000   | \$22,977,411                                   |   | 19.1%   |                                       |
| 2021  | \$2,895,588                        |  | \$1,905,772   | \$207,000   | \$23,436,960                                   |   | 21.4%   | 14.1%                                 |
| 2022  | \$3,000,000                        |  | \$2,035,192   | \$207,000   | \$23,905,699                                   |   | 21.9%   | 4.7%                                  |
| 2023  | \$3,050,000                        |  | \$2,180,861   | \$207,000   | \$24,383,813                                   |   | 22.3%   | 3.7%                                  |
| 2024  | \$3,140,000                        |  | \$2,210,097   | \$207,000   | \$24,871,489                                   |   | 22.3%   | 2.2%                                  |
| Projected Annual<br>Revenue Growth<br>(Please select) | 2%                                 |  |   |   |  |   |   |                                       |

**Treasury Recommendation**  
**City of Fraser OPEB Corrective Action Plan (CAP) Monitoring Compliance Certification**  
**Primary Government 502030**  
**Single Discount Rate Development**  
**Projection of Plan Net Position**

| Year | Projected<br>Beginning<br>Plan Net Position | Projected<br>Total<br>Contributions | Projected<br>Benefit Payments | Projected Investment<br>Earnings at 6.500% | Projected<br>Ending<br>Plan Net Position |
|------|---|-------------------------------------|-------------------------------|--|--|
|      | (a)   | (b)                                 | (c)                           | (e)  | (f)=(a)+(b)-(c)-(d)+(e)                  |
| 1    | \$ 425,241                                  | \$ 2,112,772                        | \$ 1,905,772                  | \$ 34,262                                  | \$ 666,503                               |
| 2    | 666,503                                     | 2,242,192                           | 2,035,192                     | 49,944                                     | 923,448                                  |
| 3    | 923,448                                     | 2,315,861                           | 2,108,861                     | 66,646                                     | 1,197,093                                |
| 4    | 1,197,093                                   | 2,417,097                           | 2,210,097                     | 84,433                                     | 1,488,526                                |
| 5    | 1,488,526                                   | 2,581,454                           | 2,374,454                     | 103,376                                    | 1,798,902                                |
| 6    | 1,798,902                                   | 2,760,850                           | 2,553,850                     | 123,550                                    | 2,129,452                                |
| 7    | 2,129,452                                   | 2,907,877                           | 2,700,877                     | 145,036                                    | 2,481,488                                |
| 8    | 2,481,488                                   | 3,014,328                           | 2,807,328                     | 167,918                                    | 2,856,406                                |
| 9    | 2,856,406                                   | 3,112,102                           | 2,905,102                     | 192,288                                    | 3,255,694                                |
| 10   | 3,255,694                                   | 3,223,843                           | 3,016,843                     | 218,242                                    | 3,680,936                                |
| 11   | 3,680,936                                   | 3,327,248                           | 3,120,248                     | 245,882                                    | 4,133,818                                |
| 12   | 4,133,818                                   | 3,367,691                           | 3,160,691                     | 275,320                                    | 4,616,138                                |
| 13   | 4,616,138                                   | 3,381,526                           | 3,174,526                     | 306,671                                    | 5,129,809                                |
| 14   | 5,129,809                                   | 3,425,626                           | 3,218,626                     | 340,059                                    | 5,676,868                                |
| 15   | 5,676,868                                   | 3,437,997                           | 3,230,997                     | 375,618                                    | 6,259,486                                |
| 16   | 6,259,486                                   | 3,371,972                           | 3,164,972                     | 413,488                                    | 6,879,974                                |
| 17   | 6,879,974                                   | 3,278,163                           | 3,071,163                     | 453,820                                    | 7,540,794                                |
| 18   | 7,540,794                                   | 3,211,244                           | 3,004,244                     | 496,773                                    | 8,244,567                                |
| 19   | 8,244,567                                   | 3,183,660                           | 2,976,660                     | 542,518                                    | 8,994,085                                |
| 20   | 8,994,085                                   | 3,100,941                           | 2,893,941                     | 591,237                                    | 9,792,323                                |
| 21   | 9,792,323                                   | 3,055,112                           | 2,848,112                     | 643,123                                    | 10,642,445                               |
| 22   | 10,642,445                                  | 3,000,814                           | 2,793,814                     | 698,381                                    | 11,547,826                               |
| 23   | 11,547,826                                  | 2,943,485                           | 2,736,485                     | 757,230                                    | 12,512,056                               |
| 24   | 12,512,056                                  | 2,864,743                           | 2,657,743                     | 819,905                                    | 13,538,961                               |
| 25   | 13,538,961                                  | 2,749,920                           | 2,542,920                     | 886,654                                    | 14,632,615                               |
| 26   | 14,632,615                                  | 2,681,331                           | 2,474,331                     | 957,742                                    | 15,797,357                               |
| 27   | 15,797,357                                  | 2,621,929                           | 2,414,929                     | 1,033,450                                  | 17,037,807                               |
| 28   | 17,037,807                                  | 2,519,840                           | 2,312,840                     | 1,114,079                                  | 18,358,886                               |
| 29   | 18,358,886                                  | 2,453,284                           | 2,246,284                     | 1,199,949                                  | 19,765,835                               |
| 30   | 19,765,835                                  | 2,009,026                           | 2,221,603                     | 1,277,979                                  | 20,831,237                               |

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

- The CEFD discussed requirements and due dates with the City multiple times in December 2020.

**Treasury Recommendation**  
**City of Fraser Pension Corrective Action Plan (CAP) Monitoring Compliance Certification**  
**Primary Government 502030**

| Name of Systems     | Type of System | Assets              | Liabilities          | Funded Ratio | ADC                | Revenues            | ADC/Revenue  | CAP required? |
|---------------------|----------------|---------------------|----------------------|--------------|--------------------|---------------------|--------------|---------------|
| MERS                | Pension        | \$29,256,110        | \$60,362,900         | 48.5%        | \$1,982,549        | \$22,526,874        | 8.8%         | YES           |
| City of Fraser OPEB | OPEB           | \$210,096           | \$41,313,595         | 0.5%         | \$3,601,371        |                     | 16.0%        | YES           |
| <b>Total</b>        |                | <b>\$29,466,206</b> | <b>\$101,676,495</b> |              | <b>\$5,583,920</b> | <b>\$22,526,874</b> | <b>24.8%</b> |               |

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

**Staff Recommendation:**

**Compliance** for the Pension corrective action plan monitoring certification of compliance submitted by city of Fraser. 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, the city of Fraser is addressing underfunded status by fiscal year 2026 as projected in originally approved plan.

**Substantial Changes**

**CAP Changes Implemented:**

- The City has continued with the reduced multiplier for POAM members through collective bargaining as described in approved CAP.

**CAP Changes Not Implemented:**

- None noted.

**Additional Changes Implemented**

- The City made three supplemental payments to MERS: \$600,000 in July 2018, \$600,000 in February 2019, \$800,000 in July 2019.

**Revised Corrective Action Plan Submitted? No**

**Sustainability**

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

**Treasury Recommendation**  
**City of Fraser Pension Corrective Action Plan (CAP) Monitoring Compliance Certification**  
**Primary Government 502030**

- Fiscal Year: 2023
- Percentage of Revenues: 22.3%

The City certified that their projected annual payments were not increasing by an amount greater than 5% per year over the next five fiscal years, but using updated information to calculate sustainability, the average rate of increase is 5.3% over the next 5 years. The majority of this increase is due to a large increase in projected OPEB premium payment from 2020 to 2021. Starting in 2021, the year-by-year rate of increase is well below 5%.

**System Status for All Divisions: Open**

**Plan size: members 192**

- Inactive employees or beneficiaries currently receiving benefits: **109**
- Inactive employees entitled to but not yet receiving benefits: **27**
- Active employees: **56**

**Corrective Action Plan Monitoring Criteria:**

- Underfunded Status:
  - City of Fraser has met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:
  - City of Fraser has met the Board's published monitoring criteria for substantial changes.
- Sustainability:
  - City of Fraser has partially met the Board's published monitoring criteria for sustainability.
    - Current or future payments are greater than 22% or projected payments are increasing at a rate greater than 5% per year.

**Supplemental Information:**

The City provided MERS charts document that the City is projected to reach 60% in approximately 2026, in line with the originally approved CAP. Employer contributions for the pension system are projected to increase by 50% over the next 18 years (2.8%/year). An updated sustainability projection is also provided that was developed by Treasury using provided information. The worksheet was edited to only include actual projected payments for OPEB, rather than the full ADC.



**Treasury Recommendation**  
**City of Fraser Pension Corrective Action Plan (CAP) Monitoring Compliance Certification**  
**Primary Government 502030**

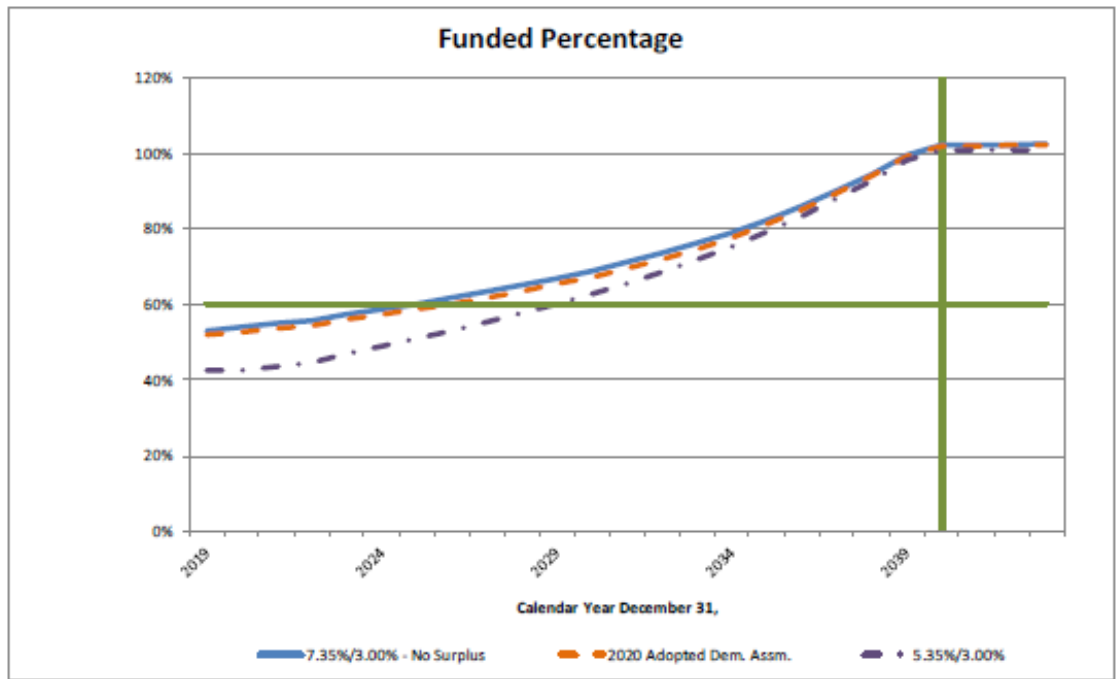
**Table 5: Flow of Valuation Assets**

| Year Ended 12/31 | Employer Contributions |            | Employee Contributions | Investment Income (Valuation Assets) | Benefit Payments | Employee Contribution Refunds | Net Transfers | Valuation Asset Balance |
|------------------|------------------------|------------|------------------------|--------------------------------------|------------------|-------------------------------|---------------|-------------------------|
|                  | Required               | Additional |                        |                                      |                  |                               |               |                         |
| 2009             | \$ 819,256             |            | \$ 0                   | \$ 768,323                           | \$ (1,494,803)   | \$ 0                          | \$ (2,899)    | \$ 19,844,840           |
| 2010             | 908,695                |            | 0                      | 978,807                              | (1,625,678)      | 0                             | 0             | 20,106,664              |
| 2011             | 1,012,258              | \$ 0       | 0                      | 968,017                              | (1,723,533)      | (26,218)                      | 5,560         | 20,342,748              |
| 2012             | 1,036,472              | 0          | 0                      | 854,518                              | (1,952,499)      | 0                             | 37,084        | 20,318,323              |
| 2013             | 1,091,448              | 0          | 0                      | 1,143,488                            | (2,006,077)      | 0                             | 0             | 20,547,182              |
| 2014             | 1,194,312              | 0          | 0                      | 1,148,027                            | (2,008,357)      | 0                             | 0             | 20,881,164              |
| 2015             | 1,293,868              | 0          | 0                      | 1,000,750                            | (2,103,651)      | 0                             | 0             | 21,072,131              |
| 2016             | 1,328,964              | 0          | 0                      | 1,038,593                            | (2,244,877)      | 0                             | 0             | 21,194,811              |
| 2017             | 1,399,555              | 0          | 0                      | 1,231,032                            | (2,445,051)      | 0                             | 0             | 21,380,347              |
| 2018             | 1,549,579              | 2,500,000  | 0                      | 980,720                              | (2,568,963)      | 0                             | 0             | 23,841,683              |
| 2019             | 1,699,472              | 0          | 0                      | 1,096,525                            | (2,683,531)      | 0                             | 0             | 23,954,149              |

2,500,000

Previous Next

Replace with

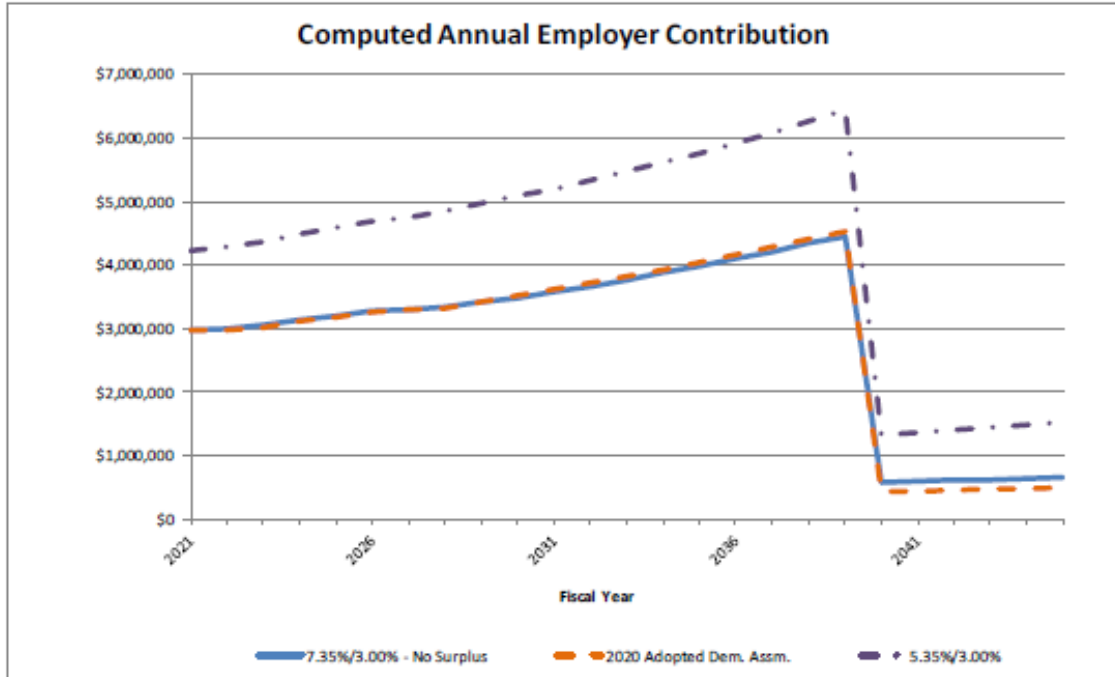


**Notes:**

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  
City of Fraser Pension Corrective Action Plan (CAP) Monitoring Compliance Certification  
Primary Government 502030**



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) |  |  |   |                                 |
| 2019  |                                 |  |   |   | 22,526,874                               |  |   |                                 |
| 2020  | \$2,985,588                     |  | \$1,195,101                                     | \$207,000                                   | \$22,977,411                             |  | 19.1%   |                                 |
| 2021  | \$2,895,588                     |  | \$1,905,772                                     | \$207,000                                   | \$23,436,960                             |  | 21.4%   | 14.1%                           |
| 2022  | \$3,000,000                     |  | \$2,035,192                                     | \$207,000                                   | \$23,905,699                             |  | 21.9%   | 4.7%                            |
| 2023  | \$3,050,000                     |  | \$2,180,861                                     | \$207,000                                   | \$24,383,813                             |  | 22.3%   | 3.7%                            |
| 2024  | \$3,140,000                     |  | \$2,210,097                                     | \$207,000                                   | \$24,871,489                             |  | 22.3%   | 2.2%                            |
| Projected Annual Revenue Growth (Please select) | 2%                              |  |   |   |  |  |   |                                 |

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

- The CEFD discussed requirements and due dates with the City multiple times in December 2020.

**Treasury Recommendation  
Gratiot County Road Commission OPEB Corrective Action Plan (CAP) Monitoring Compliance  
Certification  
Primary Government 290100**

| Name of Systems                     | Type of System | Assets              | Liabilities         | Funded Ratio | ADC              | Revenues            | ADC/Revenue | CAP required? |
|-------------------------------------|----------------|---------------------|---------------------|--------------|------------------|---------------------|-------------|---------------|
| MERS                                | Pension        | \$10,962,908        | \$18,809,947        | 58.3%        | \$655,672        | \$12,763,893        | 5.1%        | NO            |
| Gratiot County Road Commission OPEB | OPEB           | \$143,263           | \$88,700            | 161.5%       | \$0              |                     | 0.0%        | YES           |
| <b>Total</b>                        |                | <b>\$11,106,171</b> | <b>\$18,898,647</b> |              | <b>\$655,672</b> | <b>\$12,763,893</b> | <b>5.1%</b> |               |

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

**Staff Recommendation:**

**Compliance** for the OPEB corrective action plan monitoring certification of compliance submitted by Gratiot 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, Gratiot County Road Commission is addressing underfunded status by fiscal year 2018 as projected in originally approved plan.

**Substantial Changes**

**CAP Changes Implemented:**

- As of March 31, 2020 with the latest submission of Form 5572, the Road Commission's OPEB is funded at 161.5%. The future liability has been eliminated through the Road Commission's collective bargaining agreement.

**CAP Changes Not Implemented:**

- None noted.

**Additional Changes Implemented**

- None noted.

**Revised Corrective Action Plan Submitted? No**

**Treasury Recommendation**  
**Gratiot County Road Commission OPEB Corrective Action Plan (CAP) Monitoring Compliance**  
**Certification**  
**Primary Government 290100**

**Sustainability**

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

- Fiscal Year: 2020
- Percentage of Revenues: 12.0%

**System Status for All Divisions: Closed**

**Plan size: members 6**

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

**Corrective Action Plan Monitoring Criteria:**

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

**Supplemental Information:**

The Road Commission was 161% funded in its most recent Form 5572 submission. No projected benefit payments from general fund remaining. Treasury recommends removing the Road Commission from the corrective action since they have addressed their underfunded status.

**Treasury Recommendation**  
**Gratiot County Road Commission OPEB Corrective Action Plan (CAP) Monitoring Compliance**  
**Certification**  
**Primary Government 290100**

Michigan Department of Treasury  
 Form 5572 (2-19)

**The Protecting Local Government Retirement and Benefits Act (PA 202 of 2017) Health Care (OPEB) Report**

|   |                                |  |
|---|--------------------------------|--|
| Enter Local Unit Name                         | Gratiot County Road Commission | Instructions: For a list of detailed instructions on how to complete and submit this form, visit <a href="http://michigan.gov/LocalRetirementReporting">michigan.gov/LocalRetirementReporting</a> .  |
| <a href="#">Enter Six-Digit Municode</a>      | 290100                         |  |
| Unit Type                                     | Road Commission                |  |
| Fiscal Year End Month                         | September                      |  |
| Fiscal Year (four-digit year only, e.g. 2019) | 2019                           |  |
| Contact Name (Chief Administrative Officer)   | Alison Hamp                    | Questions: For questions, please email <a href="mailto:LocalRetirementReporting@michigan.gov">LocalRetirementReporting@michigan.gov</a> . Return this original Excel file. Do not submit a scanned image or PDF.   |
| Title if not CAO                              | Finance Director/Clerk         |  |
| CAO (or designee) Email Address               | alison@gratiotroads.org        |  |
| Contact Telephone Number                      | 989-763-6272                   |  |
|   |                                |  |
| OPEB System Name (not division) 1             | MERS - RHFV                    | If your OPEB system is separated by divisions, you would only enter one system. For example, one could have different divisions of the same system for union and non-union employees. However, these would be only one system and should be reported as such on this form. |
| OPEB System Name (not division) 2             |                                |  |
| OPEB System Name (not division) 3             |                                |  |
| OPEB System Name (not division) 4             |                                |  |
| OPEB System Name (not division) 5             |                                |  |

| Line | Descriptive Information  | Source of Data           | System 1    |
|------|--|--------------------------|-------------|
| 1    | Is this unit a primary unit (County, Township, City, Village)?   | Calculated               | NO          |
| 2    | Provide the name of your retirement health care system   | Calculated from above    | MERS - RHFV |
| 3    | <b>Financial Information</b>   |                          |             |
| 4    | Enter retirement health care system's assets (system fiduciary net position ending)                              | Most Recent Audit Report | 143,263     |
| 5    | Enter retirement health care system's liabilities (total OPEB liability)   | Most Recent Audit Report | 88,700      |
| 6    | Funded ratio   | Calculated               | 161.5%      |
| 7    | Actuarially determined contribution (ADC)  | Most Recent Audit Report | 49,500      |
| 7a   | Do the financial statements include an ADC calculated in compliance with <a href="#">Numbered Letter 2018-3?</a> | Most Recent Audit Report |             |
| 8    | Governmental Fund Revenues   | Most Recent Audit Report | 12,763,893  |
| 9    | All systems combined ADC/Governmental fund revenues  | Calculated               | 0.4%        |

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

- None

**Treasury Recommendation**  
**Marquette City Board of Light and Power OPEB Corrective Action Plan (CAP) Monitoring Compliance**  
**Certification**  
**Primary Government 527513**

| Name of Systems                | Type of System | Assets              | Liabilities         | Funded Ratio | ADC                | Revenues            | ADC/Revenue | CAP required? |
|--------------------------------|----------------|---------------------|---------------------|--------------|--------------------|---------------------|-------------|---------------|
| MERS                           | Pension        | \$28,336,961        | \$41,706,220        | 67.9%        | \$1,226,628        | \$50,078,669        | 2.4%        | NO            |
| Retiree Health Funding Vehicle | OPEB           | \$10,360,226        | \$19,953,175        | 51.9%        | \$1,328,449        |                     | 2.7%        | YES           |
| <b>Total</b>                   |                | <b>\$38,697,187</b> | <b>\$61,659,395</b> |              | <b>\$2,555,077</b> | <b>\$50,078,669</b> | <b>5.1%</b> |               |

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

**Staff Recommendation:**

**Compliance** for the OPEB corrective action plan monitoring certification of compliance submitted by Marquette City Board of Light and Power. 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 City Board of Light and Power is addressing underfunded status by fiscal year 2020 as projected in originally approved plan.

**Substantial Changes**

**CAP Changes Implemented:**

- The Authority paid retiree premiums and made additional contributions to the health trust in fiscal years 2018, 2019, and 2020. Based on the Authority's latest valuation, the system is currently 69% funded. Additionally, in 2020, the Authority made changes to the retire healthcare benefit that resulted in a \$2.6 million reduction in total OPEB liability.

**CAP Changes Not Implemented:**

- None noted.

**Additional Changes Implemented**

- None noted.

**Revised Corrective Action Plan Submitted? No**

**Treasury Recommendation**  
**Marquette City Board of Light and Power OPEB Corrective Action Plan (CAP) Monitoring Compliance**  
**Certification**  
**Primary Government 527513**

**Sustainability**

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

- Fiscal Year: 2024
- Percentage of Revenues: 8.3%

While documentation showing calculation of the sustainability section was not included, using the valuation provided, it appears the plan may be sustainable.

**System Status for All Divisions: Open**

**Plan size: members 213**

- Inactive employees or beneficiaries currently receiving benefits: **149**
- Inactive employees entitled to but not yet receiving benefits: **0**
- Active employees: **64**

**Corrective Action Plan Monitoring Criteria:**

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

**Supplemental Information:**

According to the 2019 valuation, the Authority is currently 69% funded. Treasury recommends the Board consider removal from corrective action.

**Treasury Recommendation**  
**Marquette City Board of Light and Power OPEB Corrective Action Plan (CAP) Monitoring Compliance**  
**Certification**  
**Primary Government 527513**

**Marquette Board of Light and Power**  
**Actuarial Valuation as of October 1, 2019**

**10-Year Schedule of Funding Progress**

| Actuarial<br>Valuation<br>Date | Fiduciary<br>Net<br>Position<br>(a) | Total<br>OPEB<br>Liability<br>(b) | Net<br>OPEB<br>Liability<br>(Asset)<br>(b - a) | Funded<br>Ratio<br>(a / b ) | Annual<br>Covered<br>Payroll<br>(c) | Net OPEB<br>Liability as a<br>Percent of<br>Payroll<br>(b - a) / c |
|--------------------------------|-------------------------------------|-----------------------------------|--|-----------------------------|-------------------------------------|--|
| 12/31/2006                     | \$0                                 | \$24,396,132                      | \$24,396,132                                   | 0.0%                        | \$4,492,842                         | 543.0%   |
| 12/31/2009                     | 562,398                             | 21,166,012                        | 20,603,614                                     | 2.7%                        | 5,929,296                           | 347.5%   |
| 12/31/2012                     | 1,065,569                           | 18,564,650                        | 17,499,081                                     | 5.7%                        | 6,330,267                           | 276.4%   |
| 10/1/2016                      | 2,489,643                           | 21,128,213                        | 18,638,570                                     | 11.8%                       | 5,202,116                           | 358.3%   |
| 10/1/2017                      | 4,757,174                           | 19,424,201                        | 14,667,027                                     | 24.5%                       | 5,121,373                           | 286.4%   |
| 10/1/2019                      | 10,360,226                          | 16,214,081                        | 5,853,855                                      | 63.9%                       | 5,890,344                           | 99.4%  |

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

- The CEFD contacted the Authority via email to request the information used to calculate their 2024 ADC for the sustainability section.



**Treasury Recommendation**  
**City of Southfield Police and Fire Retirement System OPEB Corrective Action Plan (CAP)**  
**Monitoring Compliance Certification**  
**Primary Government 632200**

| Name of Systems                         | Type of System | Assets               | Liabilities          | Funded Ratio | ADC                 | Revenues             | ADC/Revenue  | CAP required? |
|---|----------------|----------------------|----------------------|--------------|---------------------|----------------------|--------------|---------------|
| Southfield Employees' Retirement System | Pension        | \$105,964,641        | \$169,536,468        | 62.5%        | \$3,755,353         | \$120,010,306        | 9.0%         | NO            |
| Fire & Police Retirement System         | Pension        | \$179,070,290        | \$285,139,154        | 62.8%        | \$7,060,402         |                      |              | NO            |
| Fire and Police Retirement System       | OPEB           | \$54,813,196         | \$112,170,001        | 48.9%        | \$10,504,160        |                      | 16.5%        | YES           |
| Employees Retirement System             | OPEB           | \$23,491,370         | \$66,673,444         | 35.2%        | \$9,331,755         |                      |              | YES           |
| <b>Total</b>                            |                | <b>\$363,339,497</b> | <b>\$633,519,067</b> |              | <b>\$30,651,670</b> | <b>\$120,010,306</b> | <b>25.5%</b> |               |

**Source: Retirement Report Fiscal Year 2020, Audited Financial Statements**

**Staff Recommendation:**

**Compliance** for the Fire and Police Retirement System OPEB corrective action plan monitoring certification of compliance submitted by the city of Southfield. 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, the city of Southfield is addressing underfunded status by fiscal year 2019 as projected in originally approved plan.

On the monitoring form, the City stated the year their CAP would be funded was 2018. Further review indicated that the CAP stated year 2019.

**Substantial Changes**

**CAP Changes Implemented:**

- The city of Southfield transitioned our post-65 retirees to a Medicare Advantage platform resulting in cost savings from reduced MA premiums vs. claims and fees, and factoring drug

**Treasury Recommendation**  
**City of Southfield Police and Fire Retirement System OPEB Corrective Action Plan (CAP) Monitoring**  
**Compliance Certification**  
**Primary Government 632200**

rebates and RDS subsidy payments. This lowered projected actuarial premiums, stabilized trend increase, and reduced excise tax load.

**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: 2025
- Percentage of Revenues: 20.8%

The City will continue to negotiate with its labor groups to share increases in costs of pension and OPEB benefits provided. The City will also continue to explore option and identify cost savings relate to changes in our service delivery model for retiree health care similar to the changes already implemented.

**System Status for All Divisions: Closed**

**Plan size: members 464**

- Inactive employees or beneficiaries currently receiving benefits: **326**
- Inactive employees entitled to but not yet receiving benefits: **1**
- Active employees: **137**

**Corrective Action Plan Monitoring Criteria:**

- Underfunded Status:
  - City of Southfield has met the Board's published monitoring criteria for underfunded status.
- Substantial Changes:
  - City of Southfield has met the Board's published monitoring criteria for substantial changes.
- Sustainability:
  - City of Southfield has partially met the Board's published monitoring criteria for sustainability.
    - Current or future payments are greater than 22% or projected payments are increasing at a rate greater than 5% per year.

**Treasury Recommendation**  
**City of Southfield Police and Fire Retirement System OPEB Corrective Action Plan (CAP) Monitoring**  
**Compliance Certification**  
**Primary Government 632200**

**Supplemental Information:**

The City provided an actuarial projection documenting the projected costs over the next 5 years for both pension systems and both OPEB systems. Additionally, the City provided a long term funding projection. The City's police and fire system reached 40% funded in FY 2019 as indicated in their originally approved CAP. Benefit payments for Police and Fire OPEB increase at approximately 5.0% over the next 5 years, and increase by 69% over the next 18 years (3.8%/year) until the benefit payment begins to decrease.

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) |  |  |   |
| 2020        |                                 |  |   |   | \$120,580,952                            |  |   |
| 2021        | \$12,813,521                    |  | \$10,574,496                                    |   | \$124,198,381                            |  | 18.8%   |
| 2022        | \$13,494,740                    |  | \$11,390,614                                    |   | \$127,924,332                            |  | 19.5%   |
| 2023        | \$13,897,524                    |  | \$12,198,885                                    |   | \$131,762,062                            |  | 19.8%   |
| 2024        | \$14,472,621                    |  | \$13,121,510                                    |   | \$135,714,924                            |  | 20.3%   |
| 2025        | \$15,074,184                    |  | \$13,997,383                                    |   | \$139,786,372                            |  | 20.8%   |

|   |    |
|---|----|
| Projected Annual Revenue Growth (Please select) | 3% |
|---|----|

**City of Southfield Retiree Health Care Benefits Plan and Trust**  
**Projection Schedule – Fire and Police**

| Fiscal Year          | Actuarial Accrued Liability (AAL) Projection |                  |                |               | Market Value of Asset Projection     |                        |                  |                |                                | Unfunded Liability (EOY) | Funded Percentage |
|----------------------|--|------------------|----------------|---------------|--------------------------------------|------------------------|------------------|----------------|--------------------------------|--------------------------|-------------------|
|                      | Normal Cost                                  | Benefit Payments | 5.50% Interest | AAL EOY       | Employer Contribution <sup>(1)</sup> | Employee Contributions | Benefit Payments | 5.50% Interest | Asset Value EOY <sup>(2)</sup> |                          |                   |
|                      | (a)  |                  |                |               | (b)                                  |                        |                  |                |                                | (c) = (a) - (b)          | (d) = (b) / (a)   |
| 7/1/2018 - 6/30/2019 |  |                  |                | \$128,747,495 |                                      |                        |                  |                | \$51,495,050                   | \$77,252,445             | 40.00%            |
| 7/1/2019 - 6/30/2020 | \$1,894,467                                  | \$6,051,341      | \$6,968,328    | 131,558,949   | \$6,051,341                          | \$511,260              | \$6,051,341      | \$2,846,099    | 54,852,409                     | 76,706,540               | 41.69%            |
| 7/1/2020 - 6/30/2021 | 1,816,639                                    | 6,445,876        | 7,110,142      | 134,039,854   | 6,445,876                            | 478,652                | 6,445,876        | 3,029,869      | 58,360,930                     | 75,678,924               | 43.54%            |
| 7/1/2021 - 6/30/2022 | 1,728,131                                    | 6,933,991        | 7,230,947      | 136,064,941   | 6,933,991                            | 439,286                | 6,933,991        | 3,221,770      | 62,021,986                     | 74,042,955               | 45.58%            |
| 7/1/2022 - 6/30/2023 | 1,628,211                                    | 7,469,973        | 7,325,073      | 137,548,252   | 7,267,620                            | 392,070                | 7,469,973        | 3,416,357      | 65,628,060                     | 71,920,192               | 47.71%            |
| 7/1/2023 - 6/30/2024 | 1,480,944                                    | 8,165,097        | 7,383,800      | 138,247,899   | 7,189,746                            | 322,739                | 8,165,097        | 3,591,837      | 68,567,286                     | 69,680,613               | 49.60%            |
| 7/1/2024 - 6/30/2025 | 1,334,596                                    | 8,821,036        | 7,400,513      | 138,161,972   | 7,110,919                            | 255,282                | 8,821,036        | 3,731,728      | 70,844,179                     | 67,317,793               | 51.28%            |
| 7/1/2025 - 6/30/2026 | 1,237,199                                    | 9,361,346        | 7,378,485      | 137,416,310   | 7,059,971                            | 208,900                | 9,361,346        | 3,839,657      | 72,591,361                     | 64,824,949               | 52.83%            |
| 7/1/2026 - 6/30/2027 | 1,157,532                                    | 9,611,602        | 7,328,522      | 136,290,762   | 7,009,758                            | 179,515                | 9,611,602        | 3,926,802      | 74,095,833                     | 62,194,929               | 54.37%            |
| 7/1/2027 - 6/30/2028 | 1,086,879                                    | 9,897,189        | 7,256,951      | 134,737,403   | 6,952,768                            | 165,923                | 9,897,189        | 3,999,885      | 75,317,221                     | 59,420,182               | 55.90%            |
| 7/1/2028 - 6/30/2029 | 991,298                                      | 10,029,374       | 7,165,337      | 132,864,664   | 6,876,035                            | 147,150                | 10,029,374       | 4,060,883      | 76,371,915                     | 56,492,749               | 57.48%            |
| 7/1/2029 - 6/30/2030 | 870,295                                      | 10,088,816       | 7,057,440      | 130,703,583   | 6,777,028                            | 125,233                | 10,088,816       | 4,113,998      | 77,299,358                     | 53,404,225               | 59.14%            |
| 7/1/2030 - 6/30/2031 | 756,003                                      | 10,184,634       | 6,932,880      | 128,207,832   | 6,681,564                            | 106,489                | 10,184,634       | 4,159,309      | 78,062,086                     | 50,145,746               | 60.89%            |
| 7/1/2031 - 6/30/2032 | 659,343                                      | 10,226,369       | 6,791,859      | 125,432,665   | 6,600,103                            | 91,379                 | 10,226,369       | 4,197,506      | 78,724,706                     | 46,707,959               | 62.76%            |
| 7/1/2032 - 6/30/2033 | 563,015                                      | 10,280,186       | 6,635,151      | 122,350,645   | 6,518,175                            | 77,074                 | 10,280,186       | 4,229,879      | 79,269,648                     | 43,080,997               | 64.79%            |
| 7/1/2033 - 6/30/2034 | 448,907                                      | 10,102,634       | 6,467,361      | 119,164,279   | 6,420,278                            | 60,967                 | 10,102,634       | 4,261,575      | 79,909,834                     | 39,254,445               | 67.06%            |
| 7/1/2034 - 6/30/2035 | 329,455                                      | 10,084,172       | 6,289,371      | 115,698,933   | 6,317,380                            | 44,527                 | 10,084,172       | 4,294,049      | 80,481,618                     | 35,217,315               | 69.56%            |
| 7/1/2035 - 6/30/2036 | 231,339                                      | 10,170,243       | 6,093,780      | 111,853,809   | 6,232,879                            | 31,038                 | 10,170,243       | 4,320,503      | 80,895,795                     | 30,958,014               | 72.32%            |
| 7/1/2036 - 6/30/2037 | 159,660                                      | 10,221,577       | 5,878,960      | 107,670,852   | 6,171,152                            | 21,231                 | 10,221,577       | 4,339,949      | 81,206,550                     | 26,464,302               | 75.42%            |
| 7/1/2037 - 6/30/2038 | 104,455                                      | 10,124,855       | 5,650,024      | 103,300,476   | 6,123,540                            | 13,806                 | 10,124,855       | 4,358,171      | 81,577,213                     | 21,723,263               | 78.97%            |
| 7/1/2038 - 6/30/2039 | 59,294                                       | 10,063,284       | 5,410,099      | 98,706,585    | 6,084,587                            | 7,805                  | 10,063,284       | 4,379,009      | 81,985,330                     | 16,721,255               | 83.06%            |
| 7/1/2039 - 6/30/2040 | 29,705                                       | 10,056,713       | 5,156,810      | 93,836,387    | 6,059,165                            | 3,905                  | 10,056,713       | 4,400,838      | 82,392,524                     | 11,443,863               | 87.80%            |
| 7/1/2040 - 6/30/2041 | 14,350                                       | 9,818,616        | 4,894,993      | 88,927,114    | 6,046,220                            | 1,884                  | 9,818,616        | 4,429,288      | 83,051,301                     | 5,875,813                | 93.39%            |
| 7/1/2041 - 6/30/2042 | 6,765  | 9,374,510        | 4,636,826      | 84,196,195    | 6,041,117                            | 883                    | 9,374,510        | 4,477,404      | 84,196,195                     | 0                        | 100.00%           |
| 7/1/2042 - 6/30/2043 | 3,125  | 8,932,856        | 4,388,510      | 79,654,974    | 2,721                                | 404                    | 8,932,856        | 4,388,510      | 79,654,974                     | 0                        | 100.00%           |
| 7/1/2043 - 6/30/2044 | 1,331  | 8,562,421        | 4,148,745      | 75,242,629    | 1,159                                | 172                    | 8,562,421        | 4,148,745      | 75,242,629                     | 0                        | 100.00%           |

<sup>(1)</sup> Minimum of benefit payments and actuarially determined contributions.

<sup>(2)</sup> Projected values with the exception of the June 30, 2019 value.

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

- None

**Treasury Recommendation  
City of Southfield Employees Retirement System OPEB Corrective Action Plan (CAP) Monitoring  
Compliance Certification  
Primary Government 632200**

| Name of Systems                         | Type of System | Assets               | Liabilities          | Funded Ratio | ADC                 | Revenues             | ADC/Revenue  | CAP required? |
|---|----------------|----------------------|----------------------|--------------|---------------------|----------------------|--------------|---------------|
| Southfield Employees' Retirement System | Pension        | \$105,964,641        | \$169,536,468        | 62.5%        | \$3,755,353         | \$120,010,306        | 9.0%         | NO            |
| Fire & Police Retirement System         | Pension        | \$179,070,290        | \$285,139,154        | 62.8%        | \$7,060,402         |                      |              | NO            |
| Fire and Police Retirement System       | OPEB           | \$54,813,196         | \$112,170,001        | 48.9%        | \$10,504,160        | \$120,010,306        | 16.5%        | YES           |
| Employees Retirement System             | OPEB           | \$23,491,370         | \$66,673,444         | 35.2%        | \$9,331,755         |                      |              | YES           |
| <b>Total</b>                            |                | <b>\$363,339,497</b> | <b>\$633,519,067</b> |              | <b>\$30,651,670</b> | <b>\$120,010,306</b> | <b>25.5%</b> |               |

**Source: Retirement Report Fiscal Year 2020, Audited Financial Statements**

**Staff Recommendation:**

**Compliance** for the Employees Retirement System OPEB corrective action plan monitoring certification of compliance submitted by the city of Southfield. 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 revised data based on updated valuation data. Instead of being funded by 2025, they stated they will be funded by 2026. The updated funded year is still within Board's approved timeframe.

**Substantial Changes**

**CAP Changes Implemented:**

- The city of Southfield transitioned our post-65 retirees to a Medicare Advantage platform resulting in cost savings from reduced MA premiums vs. claims and fees, and factoring drug

**Treasury Recommendation**  
**City of Southfield Employees Retirement System OPEB Corrective Action Plan (CAP) Monitoring**  
**Compliance Certification**  
**Primary Government 632200**

rebates and RDS subsidy payments. This lowered projected actuarial premiums, stabilized trend increase, and reduced excise tax load.

**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: 2025
- Percentage of Revenues: 20.8%

The City will continue to negotiate with its labor groups to share increases in costs of pension and OPEB benefits provided. The City will also continue to explore option and identify cost savings relate to changes in our service delivery model for retiree health care similar to the changes already implemented.

**System Status for All Divisions: Closed**

**Plan size: members 482**

- Inactive employees or beneficiaries currently receiving benefits: **300**
- Inactive employees entitled to but not yet receiving benefits: **30**
- Active employees: **152**

**Corrective Action Plan Monitoring Criteria:**

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

**Treasury Recommendation**  
**City of Southfield Employees Retirement System OPEB Corrective Action Plan (CAP) Monitoring**  
**Compliance Certification**  
**Primary Government 632200**

- Sustainability:
  - City of Southfield has partially met the Board’s published monitoring criteria for sustainability.
    - Current or future payments are greater than 22% or projected payments are increasing at a rate greater than 5% per year.

**Supplemental Information:**

The City provided an actuarial projection documenting the projected costs over the next 5 years for both pension systems and both OPEB systems. Additionally, the City provided a long term funding projection. The City's SERS OPEB system projecting to reach 40% funded in FY 2026 which is slightly longer than the year of 2025 as originally documented in the approved CAP. The change in funded year was based on updated valuation numbers from a valuation in 2019. Benefit payments for Police and Fire OPEB increase at approximately 5.0% over the next 5 years, and increase by 59% over the next 18 years (4.6%/year) until the benefit payment begins to decrease.

**Treasury Recommendation**  
**City of Southfield Employees Retirement System OPEB Corrective Action Plan (CAP) Monitoring**  
**Compliance Certification**  
**Primary Government 632200**  
**City of Southfield Retiree Health Care Benefits Plan and Trust**  
**Projection Schedule – SERS**

| Fiscal Year          | Actuarial Accrued Liability (AAL) Projection |                  |                |              | Market Value of Asset Projection     |                        |                  |                |                                | Unfunded Liability (EOY) | Funded Percentage |
|----------------------|--|------------------|----------------|--------------|--------------------------------------|------------------------|------------------|----------------|--------------------------------|--------------------------|-------------------|
|                      | Normal Cost                                  | Benefit Payments | 5.50% Interest | AAL EOY      | Employer Contribution <sup>(1)</sup> | Employee Contributions | Benefit Payments | 5.50% Interest | Asset Value EOY <sup>(2)</sup> |                          |                   |
|                      | (a)  |                  |                |              | (b)                                  |                        |                  |                |                                | (c) = (a) - (b)          | (d) = (b) / (a)   |
| 7/1/2018 - 6/30/2019 |  |                  |                | \$76,657,893 |                                      |                        |                  |                | \$22,277,384                   | \$54,380,509             | 29.06%            |
| 7/1/2019 - 6/30/2020 | \$848,448                                    | \$3,944,076      | \$4,132,194    | 77,694,459   | \$3,944,076                          | \$171,294              | \$3,944,076      | \$1,229,904    | 23,678,582                     | 54,015,877               | 30.48%            |
| 7/1/2020 - 6/30/2021 | 792,148                                      | 4,128,620        | 4,182,670      | 78,540,657   | 4,128,620                            | 157,498                | 4,128,620        | 1,306,595      | 25,142,676                     | 53,397,981               | 32.01%            |
| 7/1/2021 - 6/30/2022 | 740,373                                      | 4,456,623        | 4,218,907      | 79,043,314   | 4,456,623                            | 146,267                | 4,456,623        | 1,386,816      | 26,675,759                     | 52,367,555               | 33.75%            |
| 7/1/2022 - 6/30/2023 | 688,801                                      | 4,728,912        | 4,237,766      | 79,240,969   | 4,728,912                            | 134,952                | 4,728,912        | 1,470,828      | 28,281,539                     | 50,959,430               | 35.69%            |
| 7/1/2023 - 6/30/2024 | 637,992                                      | 4,956,413        | 4,241,086      | 79,163,634   | 4,787,414                            | 124,258                | 4,956,413        | 1,554,271      | 29,791,069                     | 49,372,565               | 37.63%            |
| 7/1/2024 - 6/30/2025 | 586,029                                      | 5,176,347        | 4,229,456      | 78,802,772   | 4,745,722                            | 114,032                | 5,176,347        | 1,629,919      | 31,104,395                     | 47,698,377               | 39.47%            |
| 7/1/2025 - 6/30/2026 | 528,703                                      | 5,465,376        | 4,200,211      | 78,066,310   | 4,699,629                            | 102,847                | 5,465,376        | 1,692,756      | 32,134,251                     | 45,932,059               | 41.16%            |
| 7/1/2026 - 6/30/2027 | 467,859                                      | 5,660,828        | 4,152,752      | 77,026,093   | 4,650,727                            | 90,953                 | 5,660,828        | 1,742,446      | 32,957,549                     | 44,068,544               | 42.79%            |
| 7/1/2027 - 6/30/2028 | 400,656                                      | 5,783,744        | 4,090,382      | 75,733,387   | 4,597,112                            | 77,416                 | 5,783,744        | 1,782,570      | 33,630,903                     | 42,102,484               | 44.41%            |
| 7/1/2028 - 6/30/2029 | 333,112                                      | 5,949,006        | 4,012,966      | 74,130,459   | 4,543,020                            | 64,018                 | 5,949,006        | 1,813,289      | 34,102,224                     | 40,028,235               | 46.00%            |
| 7/1/2029 - 6/30/2030 | 272,284                                      | 6,144,465        | 3,917,852      | 72,176,130   | 4,494,044                            | 52,221                 | 6,144,465        | 1,832,260      | 34,336,284                     | 37,839,846               | 47.57%            |
| 7/1/2030 - 6/30/2031 | 214,956                                      | 6,268,789        | 3,805,435      | 69,927,732   | 4,447,994                            | 41,003                 | 6,268,789        | 1,840,206      | 34,396,699                     | 35,531,033               | 49.19%            |
| 7/1/2031 - 6/30/2032 | 166,299                                      | 6,307,829        | 3,679,394      | 67,465,596   | 4,408,790                            | 31,613                 | 6,307,829        | 1,841,152      | 34,370,424                     | 33,095,172               | 50.95%            |
| 7/1/2032 - 6/30/2033 | 128,723                                      | 6,296,571        | 3,543,262      | 64,841,010   | 4,378,409                            | 24,486                 | 6,296,571        | 1,838,994      | 34,315,742                     | 30,525,268               | 52.92%            |
| 7/1/2033 - 6/30/2034 | 99,325                                       | 6,247,710        | 3,399,438      | 62,092,063   | 4,354,706                            | 18,864                 | 6,247,710        | 1,836,517      | 34,278,119                     | 27,813,944               | 55.21%            |
| 7/1/2034 - 6/30/2035 | 77,027                                       | 6,167,622        | 3,249,814      | 59,251,282   | 4,336,785                            | 14,567                 | 6,167,622        | 1,836,018      | 34,297,867                     | 24,953,415               | 57.89%            |
| 7/1/2035 - 6/30/2036 | 57,422                                       | 6,076,275        | 3,095,517      | 56,327,946   | 4,321,032                            | 10,805                 | 6,076,275        | 1,839,053      | 34,392,482                     | 21,935,464               | 61.06%            |
| 7/1/2036 - 6/30/2037 | 40,965                                       | 6,006,689        | 2,936,175      | 53,298,397   | 4,307,775                            | 7,707                  | 6,006,689        | 1,845,701      | 34,546,977                     | 18,751,420               | 64.82%            |
| 7/1/2037 - 6/30/2038 | 29,702                                       | 5,656,757        | 2,778,739      | 50,450,081   | 4,298,697                            | 5,642                  | 5,656,757        | 1,863,390      | 35,057,949                     | 15,392,132               | 69.49%            |
| 7/1/2038 - 6/30/2039 | 21,533                                       | 5,311,840        | 2,631,218      | 47,790,992   | 4,292,180                            | 4,136                  | 5,311,840        | 1,900,634      | 35,943,059                     | 11,847,933               | 75.21%            |
| 7/1/2039 - 6/30/2040 | 15,474                                       | 5,114,464        | 2,490,159      | 45,182,161   | 4,287,456                            | 2,990                  | 5,114,464        | 1,954,511      | 37,073,552                     | 8,108,609                | 82.05%            |
| 7/1/2040 - 6/30/2041 | 11,315                                       | 4,788,160        | 2,355,414      | 42,760,730   | 4,284,388                            | 2,176                  | 4,788,160        | 2,025,436      | 38,597,392                     | 4,163,338                | 90.26%            |
| 7/1/2041 - 6/30/2042 | 8,322  | 4,503,090        | 2,229,888      | 40,495,850   | 4,283,021                            | 1,598                  | 4,503,090        | 2,116,929      | 40,495,850                     | 0                        | 100.00%           |
| 7/1/2042 - 6/30/2043 | 5,880  | 4,259,643        | 2,111,859      | 38,353,946   | 4,751                                | 1,129                  | 4,259,643        | 2,111,859      | 38,353,946                     | 0                        | 100.00%           |
| 7/1/2043 - 6/30/2044 | 4,163  | 4,069,634        | 1,999,163      | 36,287,638   | 3,377                                | 786                    | 4,069,634        | 1,999,163      | 36,287,638                     | 0                        | 100.00%           |

<sup>(1)</sup> Minimum of benefit payments and actuarially determined contributions.

<sup>(2)</sup> Projected values with the exception of the June 30, 2019 value.

**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) |  |  |   |
| 2020        |                                 |  |   |   | \$120,580,952                            |  |   |
| 2021        | \$12,813,521                    |  | \$10,574,496                                    |   | \$124,198,381                            |  | 18.8%   |
| 2022        | \$13,494,740                    |  | \$11,390,614                                    |   | \$127,924,332                            |  | 19.5%   |
| 2023        | \$13,897,524                    |  | \$12,198,885                                    |   | \$131,762,062                            |  | 19.8%   |
| 2024        | \$14,472,621                    |  | \$13,121,510                                    |   | \$135,714,924                            |  | 20.3%   |
| 2025        | \$15,074,184                    |  | \$13,997,383                                    |   | \$139,786,372                            |  | 20.8%   |

|   |    |
|---|----|
| Projected Annual Revenue Growth (Please select) | 3% |
|---|----|

The Community Engagement and Finance Division (CEFD) contact:

- None

**Treasury Recommendation  
City of St. Johns Pension Corrective Action Plan (CAP) Monitoring Compliance Certification  
Primary Government 192030**

| <b>Name of Systems</b> | <b>Type of System</b> | <b>Assets</b> | <b>Liabilities</b> | <b>Funded Ratio</b> | <b>ADC</b> | <b>Revenues</b> | <b>ADC/Revenue</b> | <b>CAP required?</b> |
|------------------------|-----------------------|---------------|--------------------|---------------------|------------|-----------------|--------------------|----------------------|
| MERS                   | Pension               | \$9,801,719   | \$17,878,254       | 54.8%               | \$962,484  | \$7,490,675     | 12.8%              | YES                  |

**Source: Retirement Report Fiscal Year 2020, Audited Financial Statements**

**Staff Recommendation:**

**Compliance** for the Pension corrective action plan monitoring certification of compliance submitted by the city of St. Johns. 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, the city of St. Johns is addressing underfunded status by fiscal year 2023 as projected in originally approved plan.

**Substantial Changes**

**CAP Changes Implemented:**

- The City committed to making additional surplus payments each fiscal year of \$37,500 to division 01; \$130,000 to division 02; and \$130,000 to division 11. In fiscal year 2018/2019, the City made additional payments totaling \$37,500 to division 01; \$150,000 to division 02; and \$350,000 to division 11. (\$75,000 on 8/23/18, \$350,000 on 8/28/18, \$112,500 on 6/25/19.) In fiscal year 2019/2020, the City made additional payments totaling \$37,500 to division 01; \$150,000 to division 02; and \$130,000 to division 11 (\$45,625 on 10/7/19 and \$271,875 on 12/13/19).

**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?**



**Treasury Recommendation**  
**City of St. Johns Pension Corrective Action Plan (CAP) Monitoring Compliance Certification**  
**Primary Government 192030**

- Fiscal Year: 2023
- Percentage of Revenues: 18.3%

**System Status for All Divisions: Closed**

**Plan size: members 71**

- Inactive employees or beneficiaries currently receiving benefits: **12**
- Inactive employees entitled to but not yet receiving benefits: **4**
- Active employees: **55**

**Corrective Action Plan Monitoring Criteria:**

- Underfunded Status:
  - City of St. Johns has Met the Board’s published monitoring criteria for underfunded status.
- Substantial Changes:
  - City of St. Johns has Met the Board’s published monitoring criteria for substantial changes.
- Sustainability:
  - City of St. Johns has Met the Board’s published monitoring criteria for sustainability.

**Supplemental Information:**

Treasury was unable to verify that all divisions are closed to new hires. Treasury utilized the FY 2020 audit to verify the additional contributions were made to the pension fund. The City appears to be following their CAP and is making progress on their underfunded status in the original timeframe. While the ADC payments increase approximately 40% between fiscal year 2020 and fiscal year 2026, the city's revenue appears to cover the rising cost, so the CAP appears to remain sustainable.

| Valuation Year Ending 12/31 | Fiscal year Beginning 7/1 | Actuarial Liability | Accrued Valuation Assets | Surplus not included in Valuation Assets | Additional Contribution Valuation of Assets | Surplus Updated Valuation Assets | Funded Percentage |
|-----------------------------|---------------------------|---------------------|--------------------------|--|---|----------------------------------|-------------------|
| 2019                        | 2021                      | \$ 18,298,396       | \$ 8,894,441             | \$ 1,353,954                             | \$ 317,500                                  | \$ 10,248,395                    | 56%               |
| 2020                        | 2022                      | \$ 18,300,000       | \$ 9,120,000             | \$ 1,671,454                             | \$ 317,500                                  | \$ 10,791,454                    | 59%               |
| 2021                        | 2023                      | \$ 18,300,000       | \$ 9,450,000             | \$ 1,988,954                             | \$ -  | \$ 11,438,954                    | 63%               |
| 2022                        | 2024                      | \$ 18,200,000       | \$ 9,810,000             | \$ 1,988,954                             | \$ -  | \$ 11,798,954                    | 65%               |
| 2023                        | 2025                      | \$ 18,200,000       | \$ 10,400,000            | \$ 1,988,954                             | \$ -  | \$ 12,388,954                    | 68%               |
| 2024                        | 2026                      | \$ 18,000,000       | \$ 11,000,000            | \$ 1,988,954                             | \$ -  | \$ 12,988,954                    | 72%               |

**Treasury Recommendation**  
**City of St. Johns Pension Corrective Action Plan (CAP) Monitoring Compliance Certification**  
**Primary Government 192030**

| Fiscal Year                                   | 2019/20      | 2020/21      | 2021/22      | 2022/23      | 2023/24      | 2024/25      | 2025/26      |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total Pension ADC                             | \$ 962,484   | \$ 1,037,328 | \$ 1,200,600 | \$ 1,230,000 | \$ 1,270,000 | \$ 1,310,000 | \$ 1,330,000 |
| Total Additional Contributions for Pension    | \$ 317,500   | \$ 317,500   | \$ 317,500   | \$ 317,500   | \$ -         | \$ -         | \$ -         |
| Total Governmental Fund Revenues              | \$ 7,350,883 | \$ 7,547,513 | \$ 7,698,463 | \$ 7,852,432 | \$ 8,009,481 | \$ 8,169,670 | \$ 8,333,064 |
| Enterprise Funds used to Pay Retirement Costs | \$ 535,888   | \$ 549,663   | \$ 574,948   | \$ 585,682   | \$ 466,944   | \$ 458,500   | \$ 465,500   |
| Total percental                               | 16.2%        | 16.7%        | 18.3%        | 18.3%        | 15.0%        | 15.2%        | 15.1%        |

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

- On 1/19/21 the CEFD reached out to City asking for the information that was cut off from their form during submission. They responded same day with the information.

**Treasury Recommendation**  
**Wexford County Road Commission OPEB Corrective Action Plan (CAP) Monitoring Compliance**  
**Certification**  
**Primary Government 830100**

| Name of Systems  | Type of System | Assets              | Liabilities         | Funded Ratio | ADC              | Revenues            | ADC/Revenue | CAP required? |
|------------------|----------------|---------------------|---------------------|--------------|------------------|---------------------|-------------|---------------|
| MERS             | Pension        | \$13,077,337        | \$15,022,437        | 87.1%        | \$532,102        | \$10,968,990        | 4.9%        | NO            |
| Wexford CRC OPEB | OPEB           | \$139,294           | \$458,819           | 30.4%        | \$103,773        |                     | 0.9%        | YES           |
| <b>Total</b>     |                | <b>\$13,216,631</b> | <b>\$15,481,256</b> |              | <b>\$635,875</b> | <b>\$10,968,990</b> | <b>5.8%</b> |               |

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

**Staff Recommendation:**

**Compliance** for the OPEB corrective action plan monitoring certification of compliance submitted by Wexford 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, Wexford County Road Commission is addressing underfunded status by fiscal year 2025 as projected in originally approved plan.

**Substantial Changes**

**CAP Changes Implemented:**

- The Road Commission closed its plan. The Road Commission funded its retiree health funding vehicle by paying its ARC/ADC each year. They anticipate their OPEB will be 100% funded by FY 2022.

**CAP Changes Not Implemented:**

- None noted.

**Additional Changes Implemented**

- In November 2018, the Board approved terminating the WCRC retiree healthcare. The Road Commission Board approved a \$300/month stipend for retirees to purchase their healthcare on the exchange and has funded its OPEB by paying the ARC/ADC each year.

**Treasury Recommendation**  
**Wexford County Road Commission OPEB Corrective Action Plan (CAP) Monitoring Compliance**  
**Certification**  
**Primary Government 830100**

**Revised Corrective Action Plan Submitted? No**

**Sustainability**

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

- Fiscal Year: 2020
- Percentage of Revenues: 11.7%

**System Status for All Divisions: Closed**

**Plan size: members 18**

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

**Corrective Action Plan Monitoring Criteria:**

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

**Supplemental Information:**

The CRC provided MERS statements showing they current assets would have them 45.95% funded assuming liabilities remain consistent from FY 2019. It is Treasury's recommendation that the Board review the CRC for potential removal from corrective action. According to the internal projection, over the next five years, the OPEB payments are decreasing by \$105,865, or 100%. According to the internal projection, by 2023, the CRC will not have an OPEB payment.

**Treasury Recommendation**  
**Wexford County Road Commission OPEB Corrective Action Plan (CAP) Monitoring Compliance**  
**Certification**  
**Primary Government 830100**

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN  
 1134 MUNICIPAL WAY  
 LANSING, MI 48917



CALL CENTER 800.767.MERS (6377)  
 WWW.MERSOFMICH.COM

PERIOD  
 04.01.2020 —  
 06.30.2020

YOUR TOTAL ACCOUNT BALANCE

**\$248,005.83**

WEXFORD CRC  
 WEXFORD COUNTY ROAD COMMISSION

**ACCOUNT SUMMARY**

|   | RHFV                |
|---|---------------------|
| <b>Beginning Balance on 04.01.2020</b>    | <b>\$121,925.31</b> |
| Contributions                             | 105,865.00          |
| Gain/Loss                                 | 20,314.29           |
| Distributions                             | 0.00                |
| Fees/Expenses                             | (98.77)             |
| Other                                     | 0.00                |
| <b>Ending Balance on 06.30.2020</b>       | <b>\$248,005.83</b> |
| Your Personal Rate of Return <sup>1</sup> |                     |

**WEXFORD COUNTY ROAD COMMISSION**

**5 YEAR PROJECTION**

|  | 2020         | 2021         | 2022         | 2023         | 2024         |
|--|--------------|--------------|--------------|--------------|--------------|
| <b>1 Total Pension ADC's</b>                           | 627,000.00   | 636,000.00   | 655,000.00   | 650,000.00   | 656,000.00   |
| <b>2 Total OPEB Benefit Payments</b>                   | 105,865.00   | 107,982.00   | 110,141.00   | 0.00         | 0.00         |
| <b>3 Total Additional Contributions for Pension</b>    | 460,000.00   | 460,000.00   | 460,000.00   | 460,000.00   | 460,000.00   |
| <b>4 Total Additional Contributions for OPEB</b>       | 0.00         | 0.00         | 0.00         | 0.00         | 0.00         |
| <b>5 Total Governmental Fund Revenues</b>              | 6,276,727.29 | 6,919,042.80 | 7,150,135.22 | 7,293,137.92 | 7,439,000.68 |
| <b>6 Enterprise Funds used to pay retirement costs</b> | N/A          | N/A          | N/A          | N/A          | N/A          |
| <b>Total Percentage</b>                                | 11.68%       | 10.75%       | 10.70%       | 8.91%        | 8.82%        |

1. See MERS Annual valuation page #6
2. Estimated 2% increase from 2019 Watkins Ross valuation. We will be fully funded by 12-31-2022
3. Per Board approval 3-14-13, 4-23-14 & 4-29-15
4. We are paying the ADC
5. Per Michigan Department of Treasury Estimated Distribution Schedule plus 2% increase in revenue for 2023 & 2024

**Treasury Recommendation**  
**Wexford County Road Commission OPEB Corrective Action Plan (CAP) Monitoring Compliance**  
**Certification**

**Primary Government 830100**

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

- None

**MUNICIPAL STABILITY BOARD  
RESOLUTION 2021-6**

**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

February 17, 2021



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

**DATE:** February 17, 2020 **Resolution 2021-6 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. Cadillac Housing Commission
  - a. 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.



**From:** [Housing Commission Director](#)  
**To:** [LocalRetirementReporting](#)  
**Subject:** FW: 837511 2017 Retirement Corrective Action Plan(s): Corrective Action Plan Monitoring  
**Date:** Monday, February 8, 2021 1:20:46 PM

---

**CAUTION: This is an External email. Please send suspicious emails to [abuse@michigan.gov](mailto:abuse@michigan.gov)**

Hello,

Please see e-mails below regarding our OPEB being 100% funded. I received an e-mail to fill out the 5572 but don't think we are required to. I'd like to be removed from the CAP monitoring process.

Please let me know if you require anything further.

Cadillac City Housing Commission Authority  
Municipality Code: 837511

Thank you,

**Carrie Ferguson, PHM**  
**Executive Director**  
**Cadillac Housing Commission**  
**(231) 775-9491 ext. 103**  
**[director@cadillachousing.org](mailto:director@cadillachousing.org)**

---

**From:** LocalRetirementReporting <[LocalRetirementReporting@michigan.gov](mailto:LocalRetirementReporting@michigan.gov)>  
**Sent:** Thursday, February 4, 2021 5:04 PM  
**To:** Housing Commission Director <[director@cadillachousing.org](mailto:director@cadillachousing.org)>  
**Subject:** RE: 837511 2017 Retirement Corrective Action Plan(s): Corrective Action Plan Monitoring

Good Afternoon,

Thank you for your email regarding the Cadillac City Housing Commission Authority Public Act 202 of 2017 reporting requirements.

In fiscal year (FY) 2017, the Housing Commission's Retiree Benefits Plan was determined to be underfunded. In subsequent years, including most recently in FY 2019, the Housing Commission's funded ratio for its OPEB system no longer triggered as underfunded on the Retirement System Annual Report (Form 5572) by at least 5% greater than the Act's minimum funded ratios.

However, local governments remain in corrective action until the Municipal Stability Board (Board) releases them from underfunded status and monitoring by the Board.

A local government that received a determination of underfunded status and request to file a CAP per Public Act 202 of 2017 (the Act), may be released from underfunded status and monitoring by the Board as follows:

- The local government filed a subsequent year's Form 5572 showing that the underfunded system now meets the Act's funding requirements.
  - Local governments meeting this criterion may request to be removed from the CAP process and purview of the Board.

**OR**

- 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%).

Therefore, the Housing Commission may request to be removed from CAP monitoring by emailing [localretirementreporting@michigan.gov](mailto:localretirementreporting@michigan.gov) or by completing the CAP Monitoring Form 5720 (which upon review by the Board may result in the City being removed from corrective action if underfunded status has been addressed). Either option will be submitted to the Board for review.

For more information regarding the Act, please visit [Michigan.gov/LocalRetirementReporting](https://Michigan.gov/LocalRetirementReporting) for step-by-step reporting instructions and helpful FAQs. If you would like to speak with a member of our team, please email our office at [LocalRetirementReporting@michigan.gov](mailto:LocalRetirementReporting@michigan.gov) or schedule a phone call appointment using the [Local Retirement Calendar](#). A team member will contact you with a conference number to call at your scheduled time.

Sincerely,

Local Retirement Reporting Team  
Community Engagement and Finance Division  
[www.michigan.gov/LocalRetirementReporting](https://www.michigan.gov/LocalRetirementReporting)  
[File and Search Reports](#) | [Treasury Covid-19 Information](#)  
[Local Retirement Reporting](#) | [Sign up for Email Alerts](#)

---

**From:** Housing Commission Director <[director@cadillachousing.org](mailto:director@cadillachousing.org)>

**Sent:** Thursday, February 4, 2021 9:57 AM

**To:** LocalRetirementReporting <[LocalRetirementReporting@michigan.gov](mailto:LocalRetirementReporting@michigan.gov)>

**Subject:** FW: 837511 2017 Retirement Corrective Action Plan(s): Corrective Action Plan Monitoring

---

**CAUTION: This is an External email. Please send suspicious emails to [abuse@michigan.gov](mailto:abuse@michigan.gov)**

Hello,

I received a letter from the Dept. of Treasury back on 7/8/20 for the fiscal year 2019 that stated the “none of your retirement systems meet the definition of underfunded status.”

Our OPEB is funded fully at 100%, we don't have to put any more funds into the account, and the ONE retiree that is grandfathered in on this retired in July of 2020, will be 65 years old next year, and then we will be done with this whole process.

My question is this: since we are (and you are aware that we are) fully funded, do I have to fill out these forms? I would be more than happy to send you a copy of the letter I am referring to. I do appreciate your time in this matter.

Cadillac City Housing Commission Authority  
Our municipality code is 837511

**Carrie Ferguson, PHM**  
**Executive Director**  
**Cadillac Housing Commission**  
**(231) 775-9491 ext. 103**  
[director@cadillachousing.org](mailto:director@cadillachousing.org)

---

**From:** LocalRetirementReporting <[LocalRetirementReporting@michigan.gov](mailto:LocalRetirementReporting@michigan.gov)>  
**Sent:** Tuesday, February 2, 2021 4:08 PM  
**To:** Housing Commission Director <[director@cadillachousing.org](mailto:director@cadillachousing.org)>  
**Subject:** 837511 2017 Retirement Corrective Action Plan(s): Corrective Action Plan Monitoring

Dear Administrative Officer or Designee,

Please review the attached letter regarding your local government's compliance with Public Act 202 of 2017.

Sincerely,

Michigan Department of Treasury  
Local Retirement Reporting Team  
[www.michigan.gov/LocalRetirementReporting](http://www.michigan.gov/LocalRetirementReporting)

-  
[File and Search Reports](#) | [Treasury Covid-19 Information](#)  
[Local Retirement Reporting](#) | [Sign up for Email Alerts](#)

**MUNICIPAL STABILITY BOARD  
RESOLUTION 2021-7**

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

**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 “Removal Requirements”);

**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**, 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

February 17, 2021



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

**DATE:** February 17, 2021 **Resolution 2021-7 Exhibit B**

**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. Gratiot County Road Commission
  - a. OPEB – Most recent retirement submission (Form 5572) shows 161% funded
- II. Marquette Board of Light and Power
  - a. OPEB – Most recent retirement submission (Form 5572) shows 51.9% funded
- III. Wexford County Road Commission
  - a. OPEB – Monitoring submission (Form 5720) shows 45.9% 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 2021-8**

**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 C 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

February 17, 2021



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

**DATE:** February 17, 2021

**Resolution 2021-8 Exhibit C**

**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:

- I. Alma City Housing Commission
  - 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."