

Protecting Local Government Retirement and Benefits Act

Corrective Action Plan:

Retirement Health Benefit Systems

Issued under authority of Public Act 202 of 2017.

1. MUNICIPALITY INFORMATION

Local Unit Name: CITY OF FLUSHING Six-Digit Muni Code: 252050

Retirement Health Benefit System Name: City of Flushing Retiree Health Care Plan

Contact Name (Administrative Officer): Brad Barrett

Title if not Administrative Officer: City Manager

Email: bbarrett@flushingcity.com Telephone: 810-659-3130

2. GENERAL INFORMATION

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

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

Filing: Per Sec. 10(1) of the Act, this Corrective Action Plan must be approved by the local government's administrative officer and its governing body. **You must provide proof of your governing body approving this Corrective Action Plan and attach the documentation as a separate PDF document.** Per Sec. 10(4) of the Act, failure to provide documentation that demonstrates approval from your governing body will result in a determination of noncompliance by the Board.

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

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

The subject line of the email(s) should be in the following format: **Corrective Action Plan-2017, Local Unit Name, Retirement System Name** (e.g. Corrective Action Plan-2017, City of Lansing, Employees' Retirement System OPEB

Plan). Treasury will send an automatic reply acknowledging receipt of the email. Your individual email settings must allow for receipt of Treasury's automatic reply. This will be the only notification confirming receipt of the application(s).

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

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

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

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

Implementation: The local unit of government has up to 180 days after the approval of a corrective action plan to begin to implement the corrective action plan to address its underfunded status. The Board shall monitor each underfunded local unit of government's compliance with this act and any corrective action plan. The Board shall adopt a schedule, not less than every 2 years, to certify that the underfunded local unit of government is in substantial compliance with 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.

3. DESCRIPTION OF PRIOR ACTIONS

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

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

Please indicate where in the attached supporting documentation these changes are described and the impact of those changes (i.e. what has the local unit of government done to improve its underfunded status, and where can we find the proof of these changes in the supporting documentation?).

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

Category of Prior Actions:

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

Sample Statement: *Benefit levels of the retired membership mirrors the current collective bargaining agreement for each class of employee. On **January 1, 2017**, the local unit entered into new collective bargaining agreements with the **Command Officers Association** and **Internal Association of Firefighters** that increased employee co-payments and deductibles for healthcare. These coverage changes resulted in an improvement to the retirement system's funded ratio. Please see page **12** of the attached actuarial analysis that indicates the system is **40%** funded as of **June 30, 2017**.*

See Attachment

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

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

See Attachment

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

Sample Statement: *The information provided on the Form 5572 from the audit used actuarial data from **2015**. Attached is an updated actuarial valuation for **2017** that shows our funded ratio has improved to **42%** as indicated on page **13**.*

See Attachment

4. DESCRIPTION OF PROSPECTIVE ACTIONS

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

Please indicate where in the attached supporting documentation these changes are described and the impact of those changes (i.e. what will the local unit of government do to improve its underfunded status, and where can we find the proof of these changes in the supporting documentation?).

Category of Prospective Actions:

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

Sample Statement: *The local unit will seek to align benefit levels for the retired membership with each class of active employees. Beginning with **summer 2018** contract negotiations, the local unit will seek revised collective bargaining agreements with the **Command Officers Association** and **Internal Association of Firefighters** to increase employee co-payments and deductibles for healthcare. These coverage changes would result in an improvement to the retirement system's funded ratio. Please see page **12** of the attached actuarial analysis that indicates the system would be **40%** funded by **fiscal year 2020** if these changes were adopted and implemented by **fiscal year 2019**.*

See Attachment

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

Sample Statement: *The local unit will create a qualified trust to receive, invest, and accumulate assets for retirement healthcare by **December 31, 2018**. The local unit of government will adopt a policy to change its funding methodology from Pay-Go to full funding of the Annual Required Contribution (ARC) by **December 31, 2018**. Additionally, beginning in fiscal year 2019, the local unit will contribute **\$500,000** annually in addition to the ARC for the next five fiscal years. The additional contributions will increase the retirement system's funded ratio to **40%** by **2022**. Please see page **10** of the attached resolution from our governing body demonstrating the commitment to contribute the ARC and additional **\$500,000** for the next five years.*

See Attachment

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

Sample Statement: *Beginning in **fiscal year 2019**, the local unit will begin amortizing the unfunded portion of the healthcare liability using a **level-dollar amortization method over a closed period of 10 years**. This will allow the health system to reach a funded status of **42%** by **2022** as shown in the attached actuarial analysis on page **13**.*

See Attachment

5. CONFIRMATION OF FUNDING

Please check the applicable answer:

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

☒ Yes

☐ No

If No, Explain

6. DOCUMENTATION ATTACHED TO THIS CORRECTIVE ACTION PLAN

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

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

Naming Convention

☒ Attachment – 1

☒ Attachment – 1a

☒ Attachment – 2a

☒ Attachment – 3a

☒ Attachment – 4a

☐ Attachment – 5a

☒ Attachment – 6a

Type of Document

This Corrective Action Plan (Required)

Documentation from the governing body approving this Corrective Action Plan (Required)

An actuarial projection, an actuarial valuation, or an internally developed analysis, which illustrates how and when the local unit will reach the 40% funded ratio. Or, if the local unit is a city, village, township, or county, ARC will be less than 12% of governmental fund revenues, as defined by the Act. (Required)

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

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

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

Other documentation, not categorized above

7. CORRECTIVE ACTION PLAN CRITERIA

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

Corrective Action Plan Criteria	Description
☒ Underfunded Status	Is there a description and adequate supporting documentation of how and when the retirement system will reach the 40% funded ratio? Or, if your local unit is a city, village, township, or county, how and when the ARC of all retirement healthcare systems will be less than 12 percent of governmental fund revenues?
☒ Reasonable Timeframe	Do the corrective actions address the underfunded status in a reasonable timeframe (see CAP criteria issued by the Board)?
☒ Legal and Feasible	Does the corrective action plan follow all applicable laws? Are all required administrative certifications and governing body approvals included? Are the actions listed feasible?
☒ Affordability	Do the corrective action(s) listed allow the local unit to make the retiree healthcare premium payment, as well as normal cost payment for new hires now and into the future without additional changes to this corrective action plan?

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

I, BRAD BARRETT, as the government's administrative officer (insert title)
CITY MANAGER (Ex: City/Township Manager, Executive director, and Chief Executive Officer, etc.) approve this Corrective Action Plan and will implement the prospective actions contained in this Corrective Action Plan.

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

- ☒ The City of Flushing Retiree Health Care Plan (**Insert Retirement Healthcare System Name**) will achieve a funded status of at least 40% by Fiscal Year 2025 as demonstrated by required supporting documentation listed in section 6.

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

- ☐ The ARC for all of the retirement healthcare systems of _____ (**Insert local unit name**) will be less than 12% of the local unit of government's annual governmental fund revenues by Fiscal Year _____ as demonstrated by required supporting documentation listed in section 6.

Signature BRAD BARRETT

Date November 15, 2018

CITY OF FLUSHING
Correction Action Plan: RETIREMENT HEALTH BENEFIT SYSTEMS

Description of Prior Actions

SYSTEM DESIGN CHANGES

1. As of March 1, 2016, post 65 retirees have been covered by Medicare Plus Blue group PPO (Medicare Advantage Plan)
2. All new hires (nonunion and union) have switched to MERS Healthcare Savings Plan with an employer monthly contribution of \$150 with a 5 year vesting period.
3. Five current nonunion employees switched to MERS Healthcare Savings Plan with an employer monthly contribution of \$275 with immediate vesting.
4. One current POLC employee switched to MERS Healthcare Savings Plan with an employer monthly contribution of \$250 with immediate vesting.
5. Two current AFSCME employees switched to MERS Healthcare Savings Plan with an employer monthly contribution of \$275 with immediate vesting.
6. The City of Flushing created a Retiree Health Funding Vehicle with MERS in June 2015.

ADDITIONAL FUNDING

1. The Retiree Health Funding Vehicle has a balance of \$816,667.11, as of 10/22/2018.
2. Each year a contribution has been made into the Retiree Health Funding Vehicle:
 - a. Calendar Year 2016: \$500,000
 - b. Calendar Year 2017: \$24,000
 - c. Calendar Year 2018: \$200,000

OTHER CONSIDERATIONS

Pre 65 retirees are on the same healthcare plan as active city employees. The healthcare plan is determined by their classification (POLC, AFSCME, Non union).

The City of Flushing has retained Watkins Ross to complete OPEB actuary studies for the Fiscal Year Ending June 30, 2015 and the Fiscal Year Ending June 30, 2017.

CITY OF FLUSHING
Correction Action Plan: RETIREMENT HEALTH BENEFIT SYSTEMS

Description of Prospective Actions

SYSTEM DESIGN CHANGES

1. Watkins and Ross has created a 3 option retiree healthcare stipend program for current employees who do not participate in the MERS Healthcare Savings Plan. This program will place the city at a 40% funding level in 5 years.

a. The City of Flushing and POLC are currently in union negotiations. This retiree healthcare stipend program has been introduced in negotiations. Both parties continue to negotiate at this time.

b. The City of Flushing and AFSCME are not currently in union negotiations. The current collect bargaining agreement does not expire until June 30, 2019. A special conference was held with union representatives on August 14, 2018 regarding required correction action plans under PA 202 of 2017 and the proposed retiree healthcare stipend plan.

2. The Healthcare Committee created under each collective bargaining agreement and the Administrative Code consisting of union representatives and nonunion representatives meet annually to review and discuss healthcare plan options and premium costs.

ADDITIONAL FUNDING

1. The Fiscal Year Ending June 30, 2019 Budget has a \$70,000 contribution to the Retiree Health Funding Vehicle.

2. The 3 tier option calculated by Waktins and Ross, if negotiated and adopted with union groups, indicates the City of Flushing will need to make an annual contribution in the range of \$240,000 - \$270,000 over the next five years to have a 40% funding level.

OTHER CONSIDERATION

The City of Flushing will have Watkins and Ross complete another accounting report for the fiscal year ending June 30, 2019 to be in compliance with Governmental Accounting Standards Board Statement Numbers 74 and 75 Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.

ATTACHMENT 2A

To: Brad Barrett, City Manager – City of Flushing

Fr: Watkins Ross; Christian Veenstra, ASA, MAAA, EA

Re: Plan change and contribution alternatives to attain 40% funding in five years

Executive summary:

In addition to making retiree benefit payments from general operating funds, annual contributions to an irrevocable trust were determined with the goal of attaining 40% funded status in five years. Four scenarios were considered including no changes to the plan provisions and three scenarios involving providing fixed stipend amounts to retirees with varying years of service required for retirement eligibility. The five-year annual contribution amounts for the plan are summarized below:

	Annual contribution to OPEB Trust ¹
No plan changes	725,000
Option 1	240,000
Option 2	245,000
Option 3	270,000

Plan design and options

For a complete summary of plan provisions, refer to the “Summary of Plan Provisions” section of the June 30, 2017 Actuarial valuation report issued June 29, 2017 in compliance with Governmental Accounting Standards Board (GASB) Statement Nos. 74 and 75.

Option 1: For Police, DPW and WWTP participants, provide pre-65 \$8,500 per person stipend and Medicare eligible \$3,500 per person stipend and require 25 years of service to be eligible for retirement (and remove contribution for police spouses)

Option 2: For Police, DPW and WWTP participants, provide pre-65 \$10,800 per person stipend and Medicare eligible \$3,900 per person stipend and require 28 years of service to be eligible for retirement (and remove contribution for police spouses)

Option 3: For Police, DPW and WWTP participants, provide pre-65 \$12,000 per person stipend and Medicare eligible \$4,900 per person stipend and require 30 years of service to be eligible for retirement (and remove contribution for police spouses)

Method and Assumptions

This study is considered a companion to the June 30, 2017 Actuarial report issued June 29, 2017 in compliance with Governmental Accounting Standards Board (GASB) Statement Nos. 74 and 75. Plan provisions valued, actuarial assumptions and methods are those used for and summarized in that report unless otherwise indicated.

¹ See Appendix for complete summary of results

Data exceptions and other considerations

All data was provided via spreadsheet from the City of Flushing as of June 30, 2017. No audit of the data was performed by Watkins Ross and it was generally accepted as complete and accurate.

Certification

The actuary certifying this report represents himself as meeting the Qualification Standards of the American Academy of Actuaries to render actuarial opinions contained in the report.



Christian R. Veenstra, ASA, MAAA
Enrolled Actuary #17-05668

Appendix

No change

Total

	Liability	Assets	Contributions	+ Benefits	=Total	percentage
2017	11,654,669	567,898	725,000	321,339	1,046,339	4.9%
2018	11,932,417	1,342,951	725,000	350,892	1,075,892	11.3%
2019	12,158,163	2,176,132	725,000	390,762	1,115,762	17.9%
2020	12,333,822	3,071,803	725,000	404,484	1,129,484	24.9%
2021	12,502,657	4,034,648	725,000	415,582	1,140,582	32.3%
2022	12,667,680	5,069,707		414,571	414,571	40.0%

Admin

2017	2,428,535	118,335	135,000	83,802	218,802	4.9%
2018	2,473,054	263,600	135,000	108,638	243,638	10.7%
2019	2,462,370	419,759	135,000	116,725	251,725	17.0%
2020	2,443,015	587,630	135,000	125,392	260,392	24.1%
2021	2,414,046	768,091	135,000	123,741	258,741	31.8%
2022	2,385,613	962,087		120,968	120,968	40.3%

Police

2017	5,314,404	258,955	350,000	106,313	456,313	4.9%
2018	5,495,383	631,979	350,000	112,846	462,846	11.5%
2019	5,676,468	1,032,979	350,000	139,375	489,375	18.2%
2020	5,819,921	1,464,054	350,000	148,253	498,253	25.2%
2021	5,960,728	1,927,459	350,000	156,874	506,874	32.3%
2022	6,099,440	2,425,620		154,142	154,142	39.8%

DPW

2017	2,575,485	125,496	160,000	84,740	244,740	4.9%
2018	2,613,230	296,555	160,000	80,570	240,570	11.3%
2019	2,656,097	480,443	160,000	83,752	243,752	18.1%
2020	2,696,857	678,122	160,000	86,875	246,875	25.1%
2021	2,735,581	890,628	160,000	89,812	249,812	32.6%
2022	2,772,547	1,119,071		93,025	93,025	40.4%

WWTP

2017	1,336,245	65,111	80,000	46,484	126,484	4.9%
2018	1,350,750	150,818	80,000	48,838	128,838	11.2%
2019	1,363,228	242,952	80,000	50,910	130,910	17.8%
2020	1,374,029	341,997	80,000	43,964	123,964	24.9%
2021	1,392,302	448,470	80,000	45,155	125,155	32.2%
2022	1,410,080	562,929		46,436	46,436	39.9%

Option 1: Police, DPW, WWTP: 8,500/3,500 stipend, 25 YOS

Total	<u>Operating funds</u>					Funded percentage
	Liability	Assets	Contributions	+ Benefits	=Total	
2017	5,660,296	567,898	240,000	266,663	506,663	10.0%
2018	5,681,612	852,960	240,000	284,561	524,561	15.0%
2019	5,653,281	1,159,402	240,000	273,770	513,770	20.5%
2020	5,634,330	1,488,827	240,000	306,422	546,422	26.4%
2021	5,575,274	1,842,958	240,000	302,363	542,363	33.1%
2022	5,517,632	2,223,650		291,055	291,055	40.3%
Admin						
2017	2,428,535	118,335	135,000	83,802	218,802	4.9%
2018	2,473,054	263,600	135,000	108,638	243,638	10.7%
2019	2,462,370	419,759	135,000	116,725	251,725	17.0%
2020	2,443,015	587,630	135,000	125,392	260,392	24.1%
2021	2,414,046	768,091	135,000	123,741	258,741	31.8%
2022	2,385,613	962,087		120,968	120,968	40.3%
Police						
2017	1,846,518	258,955	65,000	88,138	153,138	14.0%
2018	1,854,886	344,046	65,000	87,525	152,525	18.5%
2019	1,863,821	435,518	65,000	69,981	134,981	23.4%
2020	1,890,666	533,851	65,000	100,202	165,202	28.2%
2021	1,881,844	639,559	65,000	99,132	164,132	34.0%
2022	1,873,476	753,194		91,904	91,904	40.2%
DPW						
2017	902,366	125,496	25,000	62,958	87,958	13.9%
2018	880,853	160,165	25,000	56,916	81,916	18.2%
2019	864,498	197,435	25,000	55,900	80,900	22.8%
2020	848,398	237,500	25,000	54,904	79,904	28.0%
2021	832,559	280,570	25,000	53,915	78,915	33.7%
2022	817,011	326,870		52,998	52,998	40.0%
WWTP						
2017	482,877	65,111	15,000	31,765	46,765	13.5%
2018	472,819	85,149	15,000	31,482	46,482	18.0%
2019	462,592	106,690	15,000	31,164	46,164	23.1%
2020	452,251	129,846	15,000	25,924	40,924	28.7%
2021	446,825	154,738	15,000	25,575	40,575	34.6%
2022	441,532	181,498		25,185	25,185	41.1%

Option 2: Police, DPW, WWTP: 10,800/3,900 stipend, 28 YOS

Total	<u>Operating funds</u>					Funded percentage
	Liability	Assets	Contributions	+ Benefits	=Total	
2017	5,838,355	567,898	245,000	298,863	543,863	9.7%
2018	5,832,647	858,012	245,000	314,466	559,466	14.7%
2019	5,778,537	1,169,884	245,000	297,657	542,657	20.2%
2020	5,738,903	1,505,146	245,000	297,014	542,014	26.2%
2021	5,697,947	1,865,553	245,000	292,670	537,670	32.7%
2022	5,659,486	2,252,990		279,235	279,235	39.8%
Admin						
2017	2,428,535	118,335	135,000	83,802	218,802	4.9%
2018	2,473,054	263,600	135,000	108,638	243,638	10.7%
2019	2,462,370	419,759	135,000	116,725	251,725	17.0%
2020	2,443,015	587,630	135,000	125,392	260,392	24.1%
2021	2,414,046	768,091	135,000	123,741	258,741	31.8%
2022	2,385,613	962,087		120,968	120,968	40.3%
Police						
2017	1,834,280	258,955	60,000	105,138	165,138	14.1%
2018	1,821,961	338,995	60,000	104,341	164,341	18.6%
2019	1,809,586	425,037	60,000	80,993	140,993	23.5%
2020	1,820,204	517,532	60,000	79,995	139,995	28.4%
2021	1,832,014	616,964	60,000	78,844	138,844	33.7%
2022	1,845,259	723,854		69,697	69,697	39.2%
DPW						
2017	1,026,594	125,496	30,000	73,458	103,458	12.2%
2018	1,000,323	165,217	30,000	65,356	95,356	16.5%
2019	981,097	207,917	30,000	64,181	94,181	21.2%
2020	962,153	253,819	30,000	63,026	93,026	26.4%
2021	943,503	303,164	30,000	61,880	91,880	32.1%
2022	925,181	356,210		60,808	60,808	38.5%
WWTP						
2017	548,946	65,111	20,000	36,465	56,465	11.9%
2018	537,309	90,200	20,000	36,131	56,131	16.8%
2019	525,484	117,171	20,000	35,758	55,758	22.3%
2020	513,531	146,165	20,000	28,601	48,601	28.5%
2021	508,384	177,333	20,000	28,205	48,205	34.9%
2022	503,433	210,839		27,762	27,762	41.9%

Option 3: Police, DPW, WWTP: 12,000/4,800 stipend, 30 YOS

Total	<u>Operating funds</u>					Funded percentage
	Liability	Assets	Contributions	+ Benefits	=Total	
2017	6,272,544	567,898	270,000	331,563	601,563	9.1%
2018	6,254,742	883,269	270,000	346,171	616,171	14.1%
2019	6,188,970	1,222,292	270,000	327,762	597,762	19.7%
2020	6,138,740	1,586,743	270,000	326,094	596,094	25.8%
2021	6,087,692	1,978,527	270,000	321,002	591,002	32.5%
2022	6,039,375	2,399,694		306,512	306,512	39.7%
Admin						
2017	2,428,535	118,335	135,000	83,802	218,802	4.9%
2018	2,473,054	263,600	135,000	108,638	243,638	10.7%
2019	2,462,370	419,759	135,000	116,725	251,725	17.0%
2020	2,443,015	587,630	135,000	125,392	260,392	24.1%
2021	2,414,046	768,091	135,000	123,741	258,741	31.8%
2022	2,385,613	962,087		120,968	120,968	40.3%
Police						
2017	2,014,670	258,955	75,000	119,538	194,538	12.9%
2018	1,997,559	354,149	75,000	118,468	193,468	17.7%
2019	1,980,410	456,482	75,000	93,947	168,947	23.0%
2020	1,987,181	566,490	75,000	92,651	167,651	28.5%
2021	1,995,194	684,748	75,000	91,184	166,184	34.3%
2022	2,004,703	811,876		81,414	81,414	40.5%
DPW						
2017	1,178,216	125,496	40,000	85,158	125,158	10.7%
2018	1,146,697	175,320	40,000	76,420	116,420	15.3%
2019	1,122,643	228,880	40,000	74,912	114,912	20.4%
2020	1,099,001	286,458	40,000	73,426	113,426	26.1%
2021	1,075,789	348,354	40,000	71,957	111,957	32.4%
2022	1,053,042	414,892		70,571	70,571	39.4%
WWTP						
2017	651,123	65,111	25,000	43,065	68,065	10.0%
2018	637,432	95,252	25,000	42,645	67,645	14.9%
2019	623,547	127,653	25,000	42,178	67,178	20.5%
2020	609,543	162,484	25,000	34,625	59,625	26.7%
2021	602,663	199,928	25,000	34,120	59,120	33.2%
2022	596,017	240,180		33,559	33,559	40.3%



Period: 01/01/2018
through 03/31/2018
Plan #: 600299
CITY OF FLUSHING RHFV

CITY OF FLUSHING
KIMBERLY LYNCH

Contact Us

www.mersofmich.com

800-767-MERS (6377)

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Your Account Summary

Beginning Balance on 01/01/2018	\$623,542.13
Contributions	\$200,000.00
Gain/Loss	(\$2,708.62)
Distributions	\$0.00
Administrative Fees	(\$441.87)
Ending Balance on 03/31/2018	\$820,391.64

Plan Rate of Return

Your Plan's Rate of Return for the Period	(0.36)%
Your Plan's Year to Date Rate of Return	(0.36)%

Your Plan's Rate of Return is calculated using the Modified Dietz Method, a widely accepted rate of return calculation methodology supported by the Global Investment Presentation Standards (GIPS). This weighted return calculation assumes a constant rate of return during the period, weights each cash flow by the amount of time held, and takes into account the relative balances held in each investment.

The calculation represents the performance of your investment portfolio for the reporting period, or the date Alerus Retirement and Benefits began providing recordkeeping services for this plan, whichever is later. As is the case with all market-based investments, past performance does not guarantee future results.

Message Board

Have you reviewed your plan's current investment(s) lately? As a reminder, MERS has expanded the investment menu, providing more options to match your municipality's needs with a MERS-managed portfolio. Visit www.mersofmich.com for more information and to view the investment menu for your plan.



Period: 10/01/2017
through 12/31/2017
Plan #: 600299
CITY OF FLUSHING RHFV

CITY OF FLUSHING
CITY OF FLUSHING
725 E MAIN ST
FLUSHING, MI 48433

Contact Us

www.mersofmich.com

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Your Account Summary

Beginning Balance on 10/01/2017	\$583,555.47
Contributions	\$24,000.00
Gain/Loss	\$16,356.39
Distributions	\$0.00
Administrative Fees	(\$369.73)
Ending Balance on 12/31/2017	\$623,542.13

Plan Rate of Return

Your Plan's Rate of Return for the Period	2.70%
Your Plan's Year to Date Rate of Return	11.41%

Your Plan's Rate of Return is calculated using the Modified Dietz Method, a widely accepted rate of return calculation methodology supported by the Global Investment Presentation Standards (GIPS). This weighted return calculation assumes a constant rate of return during the period, weights each cash flow by the amount of time held, and takes into account the relative balances held in each investment.

The calculation represents the performance of your investment portfolio for the reporting period, or the date Alerus Retirement and Benefits began providing recordkeeping services for this plan, whichever is later. As is the case with all market-based investments, past performance does not guarantee future results.

Message Board

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Period: 01/01/2016
through 03/31/2016
Plan #: 600299
City of Flushing RHFV

CITY OF FLUSHING RHFV
CITY OF FLUSHING
725 E MAIN ST
FLUSHING, MI 48433

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Your Account Summary

Beginning Balance on 01/01/2016	\$0.00
Contributions	\$300,000.00
Gain/Loss	\$9,913.14
Distributions	\$0.00
Administrative Fees	(\$84.46)
Ending Balance on 03/31/2016	\$309,828.68

Plan Rate of Return

Your Plan's Rate of Return for the Period	7.66%
Your Plan's Year to Date Rate of Return	7.66%

Your Plan's Rate of Return is calculated using the Modified Dietz Method, a widely accepted rate of return calculation methodology supported by the Global Investment Presentation Standards (GIPS). This weighted return calculation assumes a constant rate of return during the period, weights each cash flow by the amount of time held, and takes into account the relative balances held in each investment.

The calculation represents the performance of your investment portfolio for the reporting period, or the date Alerus Retirement Solutions began providing recordkeeping services for this plan, whichever is later. As is the case with all market-based investments, past performance does not guarantee future results.

Message Board

Now is a great time to review your plan's current investment(s). As a reminder, MERS has expanded the investment menu, providing more options to match your municipality's needs with a MERS-managed portfolio. Visit www.mersofmich.com for more information and to view the investment menu for your plan.



Period: 04/01/2016
through 06/30/2016
Plan #: 600299
City of Flushing RHFV

CITY OF FLUSHING RHFV
CITY OF FLUSHING
725 E MAIN ST
FLUSHING, MI 48433

Contact Us

www.mersofmich.com

800-767-MERS (6377)

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Your Account Summary

Beginning Balance on 04/01/2016	\$309,828.68
Contributions	\$100,000.00
Gain/Loss	\$10,847.44
Distributions	\$0.00
Administrative Fees	(\$229.30)
Ending Balance on 06/30/2016	\$420,446.82

Plan Rate of Return

Your Plan's Rate of Return for the Period	2.99%
Your Plan's Year to Date Rate of Return	8.61%

Your Plan's Rate of Return is calculated using the Modified Dietz Method, a widely accepted rate of return calculation methodology supported by the Global Investment Presentation Standards (GIPS). This weighted return calculation assumes a constant rate of return during the period, weights each cash flow by the amount of time held, and takes into account the relative balances held in each investment.

The calculation represents the performance of your investment portfolio for the reporting period, or the date Aterus Retirement Solutions began providing recordkeeping services for this plan, whichever is later. As is the case with all market-based investments, past performance does not guarantee future results.

Message Board

It's a new year and a great time to review your plan's current investment(s). As a reminder, MERS has expanded the investment menu, providing more options to match your municipality's needs with a MERS-managed portfolio. Visit www.mersofmich.com for more information and to view the investment menu for your plan.



Period: 07/01/2016
through 09/30/2016
Plan #: 600299
City of Flushing RHFV

CITY OF FLUSHING
CITY OF FLUSHING
725 E MAIN ST
FLUSHING, MI 48433

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Your Account Summary

Beginning Balance on 07/01/2016	\$420,446.82
Contributions	\$100,000.00
Gain/Loss	\$16,642.52
Distributions	\$0.00
Administrative Fees	(\$334.94)
Ending Balance on 09/30/2016	\$536,754.40

Plan Rate of Return

Your Plan's Rate of Return for the Period	3.20%
Your Plan's Year to Date Rate of Return	11.44%

Your Plan's Rate of Return is calculated using the Modified Dietz Method, a widely accepted rate of return calculation methodology supported by the Global Investment Presentation Standards (GIPS). This weighted return calculation assumes a constant rate of return during the period, weights each cash flow by the amount of time held, and takes into account the relative balances held in each investment.

The calculation represents the performance of your investment portfolio for the reporting period, or the date Alerus Retirement and Benefits began providing recordkeeping services for this plan, whichever is later. As is the case with all market-based investments, past performance does not guarantee future results.

Message Board

It's a new year and a great time to review your plan's current investment(s). As a reminder, MERS has expanded the investment menu, providing more options to match your municipality's needs with a MERS-managed portfolio. Visit www.mersofmich.com for more information and to view the investment menu for your plan.

10/24/2018 07:35 PM
User: BRADBARRETT
DB: Flushing

BUDGET REPORT FOR CITY OF FLUSHING
Fund: 101 GENERAL FUND

ATTACHMENT 4A

GL NUMBER	DESCRIPTION	2017-18 AMENDED BUDGET	2017-18 PROJECTED ACTIVITY	2018-19 RECOMMENDED BUDGET	2018-19 APPROVED BUDGET
APPROPRIATIONS					
Dept 289 - GENERAL ADMINISTRATION					
101-289-718.000	RETIREMENT	206,639	206,639	220,185	220,185
101-289-718.100	RETIREE HEALTH CARE (OPEB)	200,000	200,000	70,000	70,000
101-289-719.000	FRINGE BENEFITS	199,610	199,610	175,290	175,290
101-289-719.100	WORKERS COMPENSATION	1,332	1,332	1,332	1,332
101-289-722.000	UNEMPLOYMENT	5,000	5,000	4,000	4,000
101-289-728.000	OFFICE SUPPLIES	8,000	8,000	8,000	8,000
101-289-730.000	POSTAGE (TAXES)	9,000	9,000	9,000	9,000
101-289-808.000	AUDIT	6,200	6,200	6,200	6,200
101-289-814.000	COMPUTER SERVICE	23,000	23,000	24,100	24,100
101-289-818.000	CONTRACTUAL SERVICES	23,000	23,000		
101-289-853.000	TELEPHONE	7,250	7,250	7,250	7,250
101-289-910.000	INSURANCE	62,710	62,710	65,845	65,845
101-289-960.000	SPECIAL PROJECTS	4,500	4,500	6,000	6,000
101-289-991.000	DEBT PAYMENT-CITY HALL	77,572	77,572	27,585	27,585
Totals for dept 289 - GENERAL ADMINISTRATION		833,813	833,813	624,787	624,787
TOTAL APPROPRIATIONS		833,813	833,813	624,787	624,787
NET OF REVENUES/APPROPRIATIONS - FUND 101		(833,813)	(833,813)	(624,787)	(624,787)
BEGINNING FUND BALANCE		1,727,353	1,727,353	893,540	893,540
ENDING FUND BALANCE		893,540	893,540	268,753	268,753

ATTACHMENT 6A

MERS Retiree Health Funding Vehicle Uniform Resolution



1134 Municipal Way Lansing, MI 48917 | 800.767.6377 | Fax 517.703.9707

www.mersofmich.com

WHEREAS, the Municipal Employees' Retirement System ("MERS") Plan Document of 1996, effective October 1, 1996, authorized the Municipal Employees' Retirement Board ("Board") to establish additional programs including but not limited to Defined Benefit and Defined Contribution programs (MERS Plan Document Section 36(2)(a)); and the Municipal Employees Retirement Act of 1984, Section 36(2)(a) as amended by 1996 PA 220, MCL 38.1536(2)(a));

WHEREAS, the Board has previously authorized MERS establishment of a retiree health funding vehicle ("RHFV" or "Program"), which a participating municipality or court, or another eligible public employer that is a political subdivision of the State which constitutes a "municipality" under MERS Plan Document Section 2B(4); MCL 38.1502b(2) ("Eligible Employer"), may adopt for its Eligible Employees;

WHEREAS, MERS has been determined by the Internal Revenue Service to be a tax qualified "governmental plan" and trust under Section 401(a) of the Internal Revenue Code of 1986, and all trust assets within MERS reserves are therefore exempt from taxation under Code Section 501(a) (IRS Letter of Favorable Determination dated June 15, 2005).

WHEREAS, the Board has established a governmental trust under Section 115 of the Internal Revenue Code (the "Trust Fund") to hold the assets of the RHFV, which Trust Fund shall be administered under the discretion of the Board as fiduciary, directly by (or through a combination of) MERS or MERS duly-appointed Program Administrator;

WHEREAS, 1999 PA 149, the Public Employee Health Care Fund Investment Act, MCL 38.1211 et seq. ("PA 149") provides for the creation by a public corporation of a public employee health care fund, and its administration, investment, and management, in order to accumulate funds to provide for the funding of health benefits for retirees and beneficiaries;

WHEREAS, a MERS health care trust fund constitutes a governmental trust established by a public corporation ("municipality") as an Eligible Employer, provided that all such employers shall be the State of Michigan, its political subdivisions, and any public entity the income of which is excluded from gross income under Section 115 of the Internal Revenue Code; provided further, that the health care trust shall not accept assets from any defined benefit health account established under Section 401(h) of the Internal Revenue Code;

WHEREAS, the Board acts as investment fiduciary for the pooled assets of each MERS participating municipality and court enrolled in MERS Defined Benefit Plan, Defined Contribution Plan, and Hybrid Plan, on whose behalf MERS performs all plan administration and investment functions, and such participating municipalities and courts have full membership, representation and voting rights at the MERS Annual Meeting as provided under Plan Section 45; MCL 38.1545.

WHEREAS, the Board also acts as investment fiduciary for those participating employers who are non-MERS participating municipalities and courts that have adopted the MERS Health Care Savings Program, Retiree Health Funding Vehicle, 457, or Investment Services Program, and such entities are not accorded membership, representation or voting rights provided to MERS participating municipalities and courts at the MERS Annual Meeting under Plan Section 45; MCL 38.1545.

MERS Retiree Health Funding Vehicle Uniform Resolution

WHEREAS, adoption of this Uniform Resolution (the "Uniform Resolution") by the Eligible Employer is necessary and required in order that the benefits available under the MERS Retiree Health Funding Vehicle may be extended;

WHEREAS, this Uniform Resolution has been approved by the Board under the authority of 1996 PA 220, MERS Plan Document Section 36(2)(a), MCL 38.1536(2)(a), declaring that the Board "shall determine . . . and establish" all provisions of the Retirement System. The MERS RHFV shall not be implemented with respect to any Eligible Employer unless in strict compliance with the terms and conditions of this Resolution, the Trust Document, and Trust Agreement.

- It is expressly agreed and understood as an integral and nonseverable part of extension or continuation of coverage under this Uniform Resolution Adopting MERS Retiree Health Funding Vehicle, that Section 43B of the MERS Plan Document shall not apply to this Uniform Resolution, its administration or interpretation.
- In the event any alteration of the language, terms or conditions stated in this Uniform Resolution Adopting MERS Retiree Health Funding Vehicle is made or occurs under MERS Plan Document Section 43B or other plan provision or other law, it is expressly recognized that MERS and the Board, as fiduciary of the MERS Plan and its trust reserves, and whose authority is nondelegable, shall have no obligation or duty: to administer (or to have administered) the MERS RHFV or its Trust Fund; or to continue administration.

NOW, THEREFORE, BE IT RESOLVED that the governing body adopts the MERS PA 149 Health Care Trust Fund as provided below.

I. MERS RETIREE HEALTH FUNDING VEHICLE

EFFECTIVE June 8, 2015, the MERS Retiree Health Funding

Vehicle is hereby adopted by the City of Flushing
(MERS municipality or court or other eligible employer)

CONTRIBUTIONS shall be made only by the Eligible Employer, remitted to MERS by the Eligible Employer, and credited to the Eligible Employer's separate fund within the trust sub-fund for MERS RHFV. As this Plan is funded solely by employer, on a cash or actuarial basis as determined by the employer, there is no requirement for a Participation Agreement establishing the schedule of contributions.

INVESTMENT of funds accumulated and held in the Fund shall be held in a separate reserve and invested on a pooled basis by MERS subject to the Public Employee Retirement System Investment Act ("PERSIA"), 1965 PA 314, as provided by MERS Plan Document Section 39; MCL 38.1539, and PA 149.

THE ELIGIBLE EMPLOYER shall abide by the terms of MERS RHFV, including all investment, administration, and service agreements, and all applicable provisions of the Code and other law. It is affirmed that no assets from any defined benefit health account established under Section 401(h) of the Internal Revenue Code shall be transferred to, or accepted by, MERS.

MERS Retiree Health Funding Vehicle Uniform Resolution

II. IMPLEMENTATION DIRECTIONS FOR MERS AS RHFV INVESTMENT FIDUCIARY AND TRUSTEE

- (A) The governing body of this Eligible Employer desires that all assets placed in its MERS RHFV (as a sub-fund within all pooled Trust Funds with MERS) be administered by MERS, which shall act as investment fiduciary with all powers provided under Public Employee Retirement System Investment Act, PA 149, all applicable provisions of the Internal Revenue Code and other relevant law.
- (B) The governing body desires, and MERS upon its approval of this Resolution agrees, that all funds accumulated and held in the MERS RHFV Trust Fund shall be invested and managed by MERS within the collective and commingled investment of all funds held in trust for all Eligible Employers.
- (C) The RHFV is designed as a PA 149 compliant trust. All assumptions, including the rate of investment return used in any OPEB valuation, are the responsibility of the employer in conjunction with any advice they may obtain from their health care actuary and/or auditor, if any. The Employer acknowledges and affirms the responsibility for selecting the investment option(s) from the MERS investment funds for their RHFV account.

The Participating Employer makes the following initial fund election (subsequent changes may be made by the RHFV Investment Change Form #RH-602). Percentage of assets to be invested in Fund selected:

Portfolios Built for You (Stocks/Bonds)			Funds to Build Your Own Portfolio		
MERS Total Market Portfolio	30	%	Large Cap Stock Index	10	%
MERS Global Stock Portfolio (100/0)		%	Mid Cap Stock Index	10	%
MERS Capital Appreciation Portfolio (80/20)		%	Small Cap Stock Index		%
MERS Established Market Portfolio (60/40)	10	%	International Stock Index		%
MERS Balanced Income Portfolio (40/60)	10	%	Emerging Market Stock		%
MERS Capital Preservation Portfolio (20/80)	15	%	Short-Term Income		%
MERS Diversified Bond Portfolio (0/100)	15	%			

All allocations must use a whole percentage, and the total percentage of amount allocated must equal 100%.

Please refer to the Fund Summary Sheets for information regarding each investment option, including potential redemption fees, and restrictions (www.mersofmich.com).

- (D) Changes in the fund choices or allocations made in paragraph (C) may be made in writing using the designated MERS form addressed to the MERS RHFV Program Administrator and shall be made by (select one):
- ☐ the Governing Body only (ongoing fund elections may be made only by the RHFV Investment Change Form #RH-602 and supporting certified minutes stating Governing Body approval).
- ☒ the designated employer contacts (ongoing fund elections may be made either through your online account or by the RHFV Investment Change Form #RH-602).

MERS Retiree Health Funding Vehicle Uniform Resolution

- (E) All monies in the MERS RHFV Trust Fund (and any earnings thereon, positive or negative) shall be held and invested for the sole purpose of paying health care benefits for the exclusive benefit of "Eligible Employees" who shall constitute "qualified persons" who have retired or separated from employment with the Eligible Employer, and for any expenses of administration, and shall not be used for any other purpose, and shall not be distributed to the State.
- (F) The Eligible Employer will fund its MERS RHFV Trust sub-fund to provide funds for health care benefits for "Eligible Employees" who shall constitute "qualified persons." Participation in and any coverage under RHFV shall not constitute nor be construed to constitute an "accrued financial benefit" under Article 9 Section 24 of the Michigan Constitution of 1963, nor shall any contribution method for Eligible Employer funding other than "pay as you go" cash funding be required or imposed, and all benefits, rights, and obligations conferred by or arising under RHFV shall be as provided under the RHFV documents.
- (G) The Eligible Employer generically designates the following groups of persons as "Eligible Employees" who shall constitute "qualified persons," to receive retiree health care benefits subsidized under the MERS RHFV trust sub-fund. Groups may include any dependent(s) as specified in your bargaining agreement and/or personnel policy (provide copies of any governing agreement or other policy): For example "non-union employees."
- | |
|--|
| non union employees
employees under POLC
employees under MI AFSCME Council 25, Local 1918.31 AFL-CIO |
|--|
- (H) The Eligible Employer may designate the appropriate employer contacts who shall direct payment of fund monies for the benefit of the Eligible Employees identified in paragraph (G) under any retiree health care benefit program, including, but not limited to, MERS HCSP; make investment allocations of the Employer's fund assets within MERS-approved funds to the extent authorized in paragraph (C); receive necessary reports, notices, etc.; shall act on behalf of the Eligible Employer; and may delegate any administrative duties relating to the Fund to appropriate departments.

SECTION 3. EFFECTIVENESS OF THIS RESOLUTION

This Resolution shall have no legal effect until a certified copy of this adopting Resolution shall be filed with MERS, and MERS determines that all necessary requirements under MERS Plan Document Section 36(2)(a), 1999 PA 149 and other relevant laws, and this Resolution have been met. Upon MERS determination that all necessary documents have been submitted, MERS shall record its formal approval upon this Resolution, and return a copy to the Eligible Employer's designated primary contact.

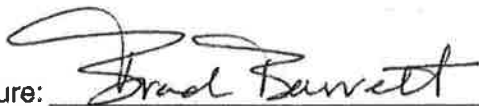
In the event an amendatory resolution or other action by the Eligible Employer is required by MERS, such Resolution or action shall be deemed effective as of the date of the initial Resolution or action where concurred in by this governing body and MERS (and the Program Administrator if necessary). Section 54 of the MERS Plan Document shall apply to this Resolution and all acts performed under its authority. The terms and conditions of this Resolution supersede and stand in place of any prior resolution, and its terms are controlling.

MERS Retiree Health Funding Vehicle Uniform Resolution

I hereby certify this above is a true copy of the Resolution Adopting the MERS Retiree Health Funding Vehicle adopted and approved on the 8th day of June, 2015 at the official meeting held by City of Flushing

(Name of approving employer)

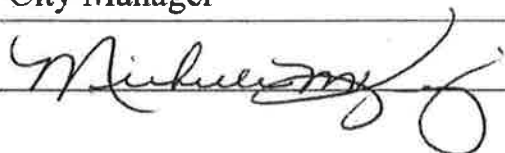
Authorized Signature: _____



Title: _____

City Manager

Witness Signature: _____



Received and Approved by the Municipal Employees' Retirement System of Michigan

Dated: July 13th, 2015


(Authorized MERS signatory)