

# **Regular City Council Meeting**

**November 23, 2020**

## **Agenda**

**7:30 p.m.**      **Call to Order**  
**Pledge of Allegiance**  
**Roll Call**  
**Approval of City Council Minutes: November 9, 2020**  
**Approval of Bills: None**  
**Approval of Agenda**  
**Consent Agenda**  
**1. Zoning Board of Appeals Appointment**

**Public Comment**

**Discussion - Downtown**

**Fire Chief Report**

**Police Chief Report**

**MERS Presentation**

**I. Old Business**

**II. New Business**

**1. MERS Defined Benefit Plan Adoption Agreement**

**III. Budget**

**IV. Manager's Report**

**V. Public Comment**

**VI. Council Comments**

**VII. Closed Session: "Closed session pursuant to Sections 8(e) and (h) of the Open Meetings Act, MCL 125.268e and (h), at the request of the City Manager to conduct performance evaluation."**

**VIII. Adjournment**

**\*Please see reverse side for rules of conduct for public comment at City Council meetings\***

City of South Lyon  
Regular City Council Meeting  
November 9, 2020

Mayor Pelchat called the meeting to order at 7:30 p.m.  
Mayor Pelchat led those present in the Pledge of Allegiance

Present: Mayor Pelchat, Councilmembers: Dilg, Kennedy, Kivell, Richards and Walton  
Also, present: City Manager Zelenak, Attorney Hamameh and Clerk/Treasurer Deaton

Mayor Pelchat stated Councilmember Kurtzweil informed him she would either be late attending the meeting or will be absent.

CM 11-1-20 MOTION TO APPROVE ABSENCE

Motion by Dilg, supported by Walton

Motion to approve Councilmember Kurtzweil's absence

VOTE: MOTION CARRIED UNANIMOUSLY

MINUTES

CM 11-2-20 MOTION TO APPROVE THE MINUTES

Motion by Kennedy, supported by Dilg

Motion to approve the minutes as presented

VOTE: MOTION CARRIED UNANIMOUSLY

BILLS

CM 11-3-20 MOTION TO APPROVE THE BILLS

Motion by Kennedy, supported by Dilg

Motion to approve the bills as presented

VOTE: MOTION CARRIED UNANIMOUSLY

AGENDA

CM 11-4-20 MOTION TO APPROVE THE AGENDA

Motion by Dilg, supported by Kennedy

Motion to approve the agenda as presented

VOTE: MOTION CARRIED UNANIMOUSLY

CONSENT AGENDA

CM 11-5-20 MOTION TO APPROVE THE CONSENT AGENDA

1. Kiwanis Christmas tree sale in McHattie Park

Motion by Kennedy, supported by Walton

Motion to approve the consent agenda as presented

VOTE: MOTION CARRIED UNANIMOUSLY

PUBLIC COMMENT- None

DISCUSSION- Downtown

Nate Mack stated he is working with the applicant for the tax abatement at 302 S Lafayette which is the Marathon gas station. He stated he has asked them for more documentation for their project. Mr. Mack

reminded everyone of the first of the two annual DDA meetings will be this Thursday after the regular DDA meeting and the 2<sup>nd</sup> one will be held November 19 from 6:30-7:30 and both will be electronic meetings. He further stated he attended the Cultural Arts Commission meeting and discussed the 390 S Lafayette proposal that was discussed at the last meeting and they had a lot of good ideas, they proposed a sculpture or art park and a few places for people to sit and they are considering approaching Jeff Heinanen regarding possibly a mural on the side of this building to add more vibrancy to that space. He further stated the DDA has been successful in getting a grant for \$500.00 for the mural on the side of the Grande Trunk building. He stated it will begin in the spring of 2021. He has spoken with Susan Stowe and the person she has in mind to paint the mural will not be available until the fall and we don't have money budgeted this year. Mr. Mack stated the Farmers Market wrapped up on Halloween and he wanted to thank Tim Davids for the great job he did despite all the problems caused by COVID, the market was very successful. Customer and vendor attendance were strong. Mr. Mack stated the winners of the downtown scarecrow contest have been announced, and the winners were Active Faith, the Dance Center and the Lyon Theatre. We had a total of 18 scarecrows. He then stated the Lyon Task Force was recognized for the Show Your Love for Lyon campaign was awarded the best marketing and promotions project for communities over 10,000. He stated we competed against Dearborn, Ferndale and Marquette and we are happy we received that award. Councilmember Kennedy stated we have issued 16 of the 18 checks to the businesses from the Patronicity campaign, and asked if pictures were taken while he was giving out the checks. Mr. Mack stated there were pictures taken and he will post them online, there are two more businesses he hasn't been able to be in contact with as of yet. Councilmember Richards asked who took the tree down at the 110 Detroit Street property. Mr. Mack stated the property owner had the tree removed and at a meeting the owner stated he was going to have the building demolished. He will be contacting the owner shortly. Discussion was held regarding the tax abatement for the Marathon station which will be discussed at a future Council meeting when the abatement comes before Council.

#### FIRE CHIEF REPORT

Fire Chief Vogel stated the ladder truck will be out of service again this week, the onboard generator seized and it will be going to the manufacturer, hopefully for a short time. Chief Vogel reminded everyone that you can't burn leaves in the City. We are a small town and we live close to each other and if you are burning leaves, the smoke affects everyone. We aren't Green Oak or Lyon Township; we don't issue burn permits. There is information on the Fire Departments website and we have had a few incidents recently and it stresses everyone out. Chief Vogel stated the smoke detector program has really taken off and we have recently installed another 10 detectors. He stated it has been really positive, but now we need more smoke detectors. He is asking Home Depot and Lowes for donations. Anyone can donate 10-year battery smoke detectors and he is asking for grants. He then stated he has a meeting with the State tomorrow about where the COVID numbers are going. Councilmember Kennedy congratulated Chief Vogel on the grant for the second LUCAS device. He then stated he gave Nate Mack someone's contact information from Lowe's that is looking to make a donation to the City a few weeks ago, he asked if he could reach out to that person again and ask if they would be interested in donating smoke detectors. He then stated that person made a donation to the Lyon Township Fire Department. Maybe they will make a donation to our Fire Department in the form of the smoke detectors Chief Vogel mentioned.

#### POLICE CHIEF REPORT

Chief Sovik stated Halloween was a success, although we didn't see the numbers as we have in years past, we were still able to give out all the candy and no complaints. It was a good event to get back to some normalcy. He stated the Police had a heavy presence at the polling locations and there were no

issues and everything was very peaceful and calm. He then thanked Lisa Deaton and her staff for everything that was done to prepare for the Election and he appreciates what she and her staff has done for the Election. Chief Sovik stated the new Police Officer Joseph Czapski will be starting on the 17<sup>th</sup> of this month and he is a 5-year veteran. Chief Sovik stated they are once again participating with the Wigs for Kids program which it's basically a no shave November where some of our Officers will be donning some facial hair for a monetary contribution they make. This is the 3<sup>rd</sup> year for this program. They provide money and funds who are suffering from diseases with hair loss, it provides them a new sense of pride for them. If you want to make a donation, you can stop by the station or go to their Facebook page. Councilmember Richards stated he has given out the current phone number to reach the Police Department and he asked when the new phone system will be installed. Chief Sovik stated their phones have been an issue for a long time, we have a phone number that is posted 248-348-0911. He further stated he will be meeting with Comcast tomorrow to see what new changes need to be made. We will keep pushing to get it in as soon as possible.

### OLD BUSINESS

1. Fieldstone planned development (PD) rezoning and final site plan approval

Kelly McIntyre of CIB Planning stated the Fieldstone Development is a 50 unit detached single family development. It is on an 11.65 acre of irregular shaped parcel which borders on the railroad and a dirt road. The applicant has chosen to use the planned development for the development. She stated the planned development is done in 4 stages. She stated during stage 1 & 2, a public hearing is conducted by the Planning Commission, then Council takes action on a rezoning, which would be first reading, and the approval of the preliminary plan development. In stage 3, the Planning Commission reviews and makes a recommendation to Council, and stage 4 is where we are today, a second reading of the rezoning and a final site plan approval and review. The first reading was done on June 22<sup>nd</sup> of this year. She stated the rezoning is changing it from multiple family to RM1 plan development PD and to approve the preliminary plan development site plan. The site plan locks in and approves the layout of the development, including the road circulation, the utilities, the number of housing units, the minimum unit acreage or square footage, setbacks and we ask them to show the buildability of the lots by showing the building envelope and the building footprint. The June preliminary site plan approval included a list of conditions and waivers that addressed lot size, width, coverage that were accepted and approved. The preliminary site plan approval and they are part of the planned development agreement between the developer and the City. She then stated the rezoning and the final site plan are tied together. The final site plan includes engineering details, house plans, elevations, and color. A majority was reviewed and addressed during the preliminary review. She then stated on September 24<sup>th</sup> the Planning Commission approved the planned development with conditions. The conditions have been addressed and are part of the site plan. The result is a complete site plan without any zoning issues at all. Ms. McIntyre stated an agreement, a master deed and an association bylaw are required to be submitted. The documents have all been reviewed by multiple people. She stated she recommends the second reading to amend the zoning map this property from RM1 to planned development (PD) and also to recommend the final site plan approval. Councilmember Kivell stated there was a reference about the wall that was going to be all siding. Ms. McIntyre stated that is referenced on page 2 of the agenda note, item 12. It states wainscoting be used on Units 27 and 28 side elevations. Councilmember Kivell then stated the other question is there seems to be some miscommunication between the developer's comments which reflected all the communities they typically are working in always use the same language about the antimonotony clause. He stated our language seems a bit more stringent than what they were suggesting. Ms. McIntyre stated the Planning Commission wanted more restrictions than what was originally discussed. We are now looking at an agreement that is consistent with the Knolls and so the applicant gave us more

clarification on what defines considered a separate façade or colors so we do not have monotony. Councilmember Kennedy stated he just wants to make sure the streets will remain private and will not become the property of the City, which it is reflected in the agreement. Councilmember Kivell asked about the private road construction. Ms. McIntyre stated the streets are required to meet City standards for public roads and they will remain private roads.

#### CM 11-6-20 MOTION TO APPROVE SECOND READING

Motion by Kennedy, supported by Dilg

Motion to approve the second reading of an ordinance to amend the Official Zoning Map of the City of South Lyon incorporated in to the South Lyon Zoning Ordinance by Section 102-182 by rezoning the property (parcel 21-19-126-002) more fully described in the attached Exhibit A (the property) from the RM-1 District (multiple family residential) to the PD District (planned development).

ROLL CALL VOTE:

Walton- Yes  
Richards- No  
Dilg- Yes  
Kivell- Yes  
Kennedy- Yes  
Pelchat- Yes

MOTION CARRIED- 1 OPPOSED

#### CM 11-7-20 MOTION TO APPROVE LANNED DEVELOPMENT FINAL PLAN FOR FIELDSTONE

Motion by Kennedy, supported by Kivell

Motion to approve the Planned Development Final (Stage II) site plan for Fieldstone for condominiums Parcel number 21-16-126-002, subject to: 1. Approval of and rezoning of Parcel No 21-19-126-002 from multiple family, RM1 To planned development, PD the planned development agreement, master deed, and bylaws be approved and recorded by the City; 3. Review, approval and permits of all other applicable City consultants, departments, etc. including EGLE (Environment, Great Lakes and Energy), and the Road Commission of Oakland County.

ROLL CALL VOTE:

Dilg- Yes  
Richards- No  
Walton- Yes  
Kennedy- Yes  
Kivell- Yes  
Pelchat- Yes

MOTION CARRIED- 1 OPPOSED

#### 2. Water and Sewer rate adjustment

City Manager Zelenak stated the City of South Lyon had a water and sewer rate analysis performed to ascertain the proper rate structure for the City. The recommendations were made at the May and July Council Meetings to adjust the rates to compensate for \$10 million in improvements that are currently underway and planned within the next several years. If rates are adjusted beginning with the next billing cycle, the customers will be billed beginning April 1<sup>st</sup>. Brian Camiller of Plante Moran stated there have been no changes to the analysis since the last discussion. He stated Council asked for a kind of split the difference option from the original options, so Plante Moran came up with option #3. He then showed a brief PowerPoint presentation that can be viewed in the council packet. Mr. Camiller stated there will

always be future construction, repairs and future reconstruction that will have to take place. He further stated in addition to the annual rate increase, there is a change in philosophy. Currently the City has a minimum bill and you have a modest meter charge. He recommends replacing both of those with a RTS which is a ready to service charge and the elimination of the minimum bill. The readiness to serve charge is a fixed fee on every bill that pays for a portion of the City's overhead to providing water and sewer service. So even if you don't turn on your faucet, there is still costs incurred in operating the system so when you do turn on the faucet, there is water. He stated the RTS will provide a portion of the overhead. Option 3 will provide the RTS charge will provide 18% of the overhead costs which is fairly modest. When you change to a higher fixed number on every bill, depending on the volume, the customer will be affected differently. A smaller bill may get hit harder, a larger may be hit less because the RTS is greater than your fixed meter charge was, but at the same time, if you use less water, you're not getting hit with the minimum fee. He explained that everyone will be treated differently in year 1, in year 2 and forward, rates change the same for everyone. Everyone will see a rate increase each year. Mr. Camiller explained option 1 called for a 10% increase, option 2 called for a 25% increase. Option 3 calls for an increase in water from \$2.46 up to \$2.48 per unit which is a 9% increase, and sewer has a 3.5% increase which is from \$4.50 per unit to \$4.68 per unit. The readiness to serve charge was \$6.00 a quarter and under option 3, it will be \$23.81 per quarter. He then explained again, if you are only using one unit, you are only paying for one unit instead of the old minimum bill which was a seven unit minimum. Mr. Camiller stated a low-end volume user will see a slight decrease, a family of four will see an increase because they are using a lot more water, the commercial high-volume customer will see a 6% increase. He stated the next step is for Council to approve the rate increase and an implementation date. As soon as the rate increase, the BS&A will need to be updated with the new rate structure. Councilmember Dilg asked how this information is going to be communicated to the residents. City Manager Zelenak stated the first avenue will be to add information on the next billing, social media and the website. We will have things posted at City Hall. He further stated we have had a good head start with the water tank so people can actually see the dollars are already at work. Providing examples of how we are saving money by not having to go out for a bond and over a 10-year period we will be saving money by not borrowing the money. Councilmember Kennedy stated this will be in the paper before the next bill is mailed so the press release should be ready ahead of time with that explanation. Councilmember Dilg asked if Council can get a copy of the speaking points. City Manager Zelenak answered yes. Councilmember Walton agreed that Council will need talking points. Councilmember Kivell stated this is a very important place for us to be for what our costs really need to be. Nobody wants to seem like we are trying to pick people's pockets but none of this stuff is inexpensive we need to be responsible and we have found a sweet spot to land in with this rate structure that we can accomplish the assets and improvements that we need to do without being really punitive on our residents and businesses. He is grateful this worked out the way it did. He further stated they have had this conversation for many different councils and no one was ever ready to follow through. This is a big step for us. Mayor Pelchat stated that says a lot and it needed to be addressed immediately. He then thanked Mr. Camiller for explaining this for us.

**CM 11-8-20 MOTION TO APPROVE WATER AND SEWER RATE CHANGES**

Motion by Kennedy, supported by Dilg

Motion to approve the recommended changes in the water and sewer rates for the upcoming year with option #3 which reflects the 18% increase

ROLL CALL VOTE:

Kennedy- Yes

Kivell- Yes

Dilg- Yes

Richards- Yes

Walton- Yes

Pelchat- Yes

MOTION CARRIED UNANIMOUSLY

NEW BUSINESS

1. Purchase to upgrade the electronic and controls for well house #6 and well house #7 at McHattie Park to improve communication and control the pumps at the wells from SCADA equipment

Superintendent Varney stated the pump for well #6 is currently controlled in a lead/lag configuration with the newly drilled well #7. The current configuration needs to be modified and was delayed by UIS until the dedicated line for #7 was complete. To run the new pump in the newly installed water lines as part of our normal rotation of pumps, we need to update both as the controls and power from #7 are ran from well #6. This is a scheduled purchase from this years budget and can be purchased from Capital Improvements account 592-556-970 for \$12, 475.00.

CM 11-9-20 MOTION TO WAIVE BID PROCESS

Motion by Kennedy, supported by Kivell

Motion to waive Sec 2-224 of the City of South Lyon Code of Ordinances, "approval for purchases or contracts over \$2,000; competitive bidding for purchases or bidding over \$5,000" because no advantage to the City will result from competitive bidding

ROLL CALL VOTE:

Kivell- Yes

Kennedy- Yes

Dilg- Yes

Richards- Yes

Walton- Yes

Pelchat- Yes

MOTION CARRIED UNANIMOUSLY

CM 11-10-20 MOTION TO APPROVE PURCHASE

Motion by Kennedy, supported by Dilg

Motion to approve the electrical and controls upgrade to well #6 and well #7 for the amount of \$12,475.00 under line item 592-556-970

ROLL CALL VOTE:

Kivell- Yes

Kennedy- Yes

Walton- Yes

Richards- Yes

Dilg- Yes

Pelchat- Yes

MOTION CARRIED UNANIMOUSLY

BUDGET- No discussion was held

MANAGER'S REPORT

City Manager Zelenak stated we have received a rezoning request for the proposed Holly Hills Development which is the industrial property on Dixboro Road. They are requesting to conditionally rezone the property to residential. The development has more than 60 lots with additional greenspace and that will come before the next Planning Commission meeting.

City Manager Zelenak stated the water tank walls are up. The roof is being installed and the interior work of the tank has begun. You can still visit the website to see up to the minute reports.

City Manager Zelenak stated we are reviewing proposals and inquiries that were submitted to develop on the former site of the SLARA building on West Lake Street. Our evaluation team has requested additional information from the interested parties to better determine the best candidate for the site. City Manager Zelenak stated now that the Election is over, we are now getting back to working on the Capital Improvement Plan and Purchases Plan for the City. He stated he's been meeting with department heads on future purchases of equipment, vehicles and updating their facilities. The plan will contain sections of City Hall, Downtown, Police, Fire, DPW, Water/Sewer, roads, parks and other City properties. City Manager Zelenak stated he is providing Council with updated information on the Nyhart report with an added appendix to the GASB 75 actuarial valuation. City Manager Zelenak stated staff have been meeting regarding the ever-changing environment with COVID and the Fire Chief has a meeting with the State tomorrow to get more information. City Manager Zelenak stated the City staff should be recognized for the exceptional job this year with processing and ensuring everyone's constitutional rights were able to be exercised in both the August and November Election. The Clerk's office and everyone else in City Hall, worked very hard to handle the infusion of hundreds of extra phone calls, visits from the public, and the 200% increase in absentee ballot applications and subsequent ballots. Our public safety staff provided added security at all the polling location, and the DPW employees helped out with the set up/take down of equipment. Clerk Deaton stated the Election was very busy and everyone worked really well together. The turnout was 80% and in 2016 the turnout was only 70%. She further stated of the 80%, 50% voted by absentee ballot which left 30% to vote in person. She then thanked the Police and Fire Department for again allowing us to use their training room as a polling location, and again thanked the Police Department for maintaining a police presence at all the polling locations, it was very much appreciated. Clerk Deaton thanked the DPW for assisting with the setup and tear down for the Election. She thanked all the Election Inspectors; we could not do this without them. Clerk Deaton then stated that Judy did a great job as always, and thanked Carol, Patricia, Mary and Tara and all the staff at City Hall for helping out the last few months. She further stated we have a wonderful group of people that work great as a team.

#### PUBLIC COMMENT

Kelly Breen stated she is the State Rep Elect, but she also wants Council to see her as a colleague. She is currently on the Novi City Council and she is passionate about local government and she would like to echo a statement someone mentioned earlier to the Clerk and her department regarding this Election. She stated she is very active with the Michigan Municipal League, especially on their legislative policy committee for municipal services and elections and she knows how hard this Election has been on local Clerks and their departments for these new ways that people are voting, and know that she has heard nothing but wonderful things and to your Clerk and her entire department, massive kudos to all the election workers with this unprecedented turnout. She further stated it has been a great day and month for democracy. She then stated she wants Council and the residents to know they can consider her an ally. When it comes to utility rates, increased costs for Elections, communications with the public, she is acquainted with Councilmember Dilg and she has asked her to give everyone her cell number during this period of transition, and of course when she officially takes her post, remember it is an open door. If you want to know anything about her, let her know. She wants to be as resourceful as possible and she wants to represent the entire district, not just Novi. She is here for everyone. She stated she has lived here her whole life, she is an attorney by trade, but her heart is in public service. She further stated she has two kids, her husband is an educator, her dad is 74 years old and is still teaching. She further stated her heart is here and she would normally be holding town hall meetings, and meeting for coffee, but until the virus is under control that isn't possible. She then stated she has spoken with the attorney general regarding



virtual town hall meetings, and we are all going to work together to be as resourceful as possible. She stated she is honored and grateful to serve the entire 38<sup>th</sup> District and contact her anytime.

### COUNCIL COMMENTS

Councilmember Dilg congratulated our local officials, first to our hometown County Commission Phil Wiepert who is the hardest working man in South Lyon and welcome him back to representing us at the County level. She congratulated and welcomed our new State House Rep Kelly Breen who has a great work ethic and she will make South Lyon a priority. She congratulated the South Lyon Community School Board members Dan Schwegler and Anthony Abbate for being re-elected. She then welcomed Martin Leftwich to the school board, and welcomed back to everyone in Lyon Township who kept their office. She then congratulated Haley Stevens on being re-elected. She then gave a shout out to Clerk Deaton, the office staff and the Election Inspectors, the South Lyon Police Department. She stated people were nervous about this Election and she told them that our City would do a great job and she is really glad to see she was right, our Election Day was organized, calm and the staff stayed friendly and smiling. Councilmember Dilg stated Halloween was great, people were energetic and positive, responsible and it was great seeing the Police out checking on everyone. She then congratulated the Lyon Task Force for the award. She stated working with Lyon Township was something she wanted to do since she has been on Council and we need to give an extra shout out to Tina Archer the Lyon Township DDA Director. She has worked very hard to ensure all the businesses are kept up to date. She then thanked Councilmember Kennedy for going to so many of the businesses and organizations and making everyone feel included. She then stated she was invited to a small business appreciation event at the Witches Hat Brewery and they welcomed Governor Whitmer to South Lyon. It was nice to introduce her to South Lyon and it was great to see the Witches Hat be recognized.

Councilmember Walton reminded the Fall leaf collection is still happening and according to the website, it looks like we are allowing for pick up into December. She then reminded everyone of the event on Veterans Day at the Veterans Memorial in town. It is set for 11:11 on Veteran's Day.

Councilmember Kivell stated the RCA building is moving right along and its very exciting. There is a lot of stuff that goes on that seems mundane and uneventful that has to take place before you can start making things look good. He stated it is astonishing how quick the water tank has been put together and for them to make all the components on site is staggeringly cool. He has enjoyed watching that and we will have another big asset that we are paying for with our new rates. It gives us the flexibility to know that our water system has redundancy where we don't have to be concerned about things failing and not being able to have the capacity that we need to provide for our residents and businesses. He then reminded everyone of the Veterans Memorial, he hopes everyone is responsible and it is always a meaningful event and its always nice to see the people that have provided us the freedoms that we enjoy. He then stated it is terrific to see Kiwanis putting the trees back in McHattie Park and he is happy about that. Councilmember Kivell stated Clerk Deaton and her staff took a herculean effort without even blinking and he is sure they were tired as could be, but they did what they needed to do. He is proud of all of them.

Councilmember Richards stated Larry Ledbetter who is the number one leader of the Historical group is out and about and doing well after his surgery. This weekend he oversaw the improvements at the Depot, the painting, the lighting, new lattice, gardens are wrapped up and lights that were installed in the windows. There was an Eagle Scout project done that stained the deck. He stated the DPW will be installing the Christmas Tree. Councilmember Richards stated the British Swim Club has a different

colored concrete and they confirmed dye was added to the concrete, he tried to find out who ordered it, but no one got back to him. He then stated 825 Lake Street is moving along, but someone should remind him there should be sidewalks to 10 Mile. He then stated the Marathon gas station has had roof repair, and seal coating done. He stated the VFW is on the go for the Memorial Event this Wednesday. The permits were filed and they are having the event.

Councilmember Kennedy stated the risk of being a bit redundant he wants to again recognize the efforts of our City staff, our volunteer poll workers, the South Lyon Police Department and our Department of Public Works for their efforts during the recent election. It truly was a team effort to ensure that everything went smoothly, so once again, thanks to everyone who helped make that possible. He then stated he has had a couple of DPW crew members contact him to remind residents to help the DPW help you. As you rake your leaves to the street to be collected, remember to keep them tight to the curb so the crews can effectively vacuum them. If they blow out into the middle of the street, please get a rake or broom and pull them back to the curb. He then stated to please remember to keep all branches and other materials out of the leaf piles, they will clog the equipment. And finally, do not cover the storm drains in the street with your leaves. The drains need to be open and clear in order to remove rain water from the street.

Mayor Pelchat stated thanked the City staff for the incredible Election, the Police, inspectors, staff. He stated South Lyon East made a great effort against Chelsea High School, but fell a bit short. The Cougars took the lead with 4 minutes left, but wasn't able to hang onto it. He then stated South Lyon High will advance to play North Farmington on Friday. He stated the holidays will be here before we know it, but he wants to remind everyone it is tough and we need to be good to everyone.

#### ADJOURNMENT

#### CM 11-11-20 MOTION TO AJOURN

Motion by Kennedy, supported by Walton

Motion to adjourn at 8:55 p.m.

VOTE:

MOTION CARRIED UNANIMOUSLY

Respectfully submitted,

\_\_\_\_\_  
Dan Pelchat, Mayor

\_\_\_\_\_  
Lisa Deaton, City Clerk

# **AGENDA NOTE**

## **Consent Agenda 1**

**MEETING DATE:** November 23, 2020

**PERSON PLACING ITEM ON AGENDA:** City Manager

**AGENDA TOPIC:** ZBA Board Appointment

**EXPLANATION OF TOPIC:** We currently have an opening on the ZBA board for one alternate member. Please see attached Candidate Questionnaire for Alex Hanson and his interest in serving on Zoning Board of Appeals.

**MATERIALS ATTACHED AS SUPPORTING DOCUMENTS:** Candidate Questionnaire from Alex Hanson for the ZBA Alternate Member.

**POSSIBLE COURSES OF ACTION:** Approve or not approve the nomination by the Mayor to appoint Alex Hanson for the ZBA Alternate Member.

**SUGGESTED MOTION:** Motion by \_\_\_\_\_, supported by \_\_\_\_\_ to approve Mayor Dan Pelchat's nomination of Alex Hanson for the ZBA Alternate Member.



RECEIVED

NOV - 5 2020

CITY OF SOUTH LYON  
OFFICE OF TREASURER

## CANDIDATE QUESTIONNAIRE

The City of South Lyon wishes to thank you for your interest in serving as a Volunteer Citizen Representative on a Board, Commission or Committee. Your Candidate Questionnaire will be kept on file and entered for consideration for posted openings on any Board, Commission or Committee that you expressed an interest in for a period of two years. Please feel free to submit an updated Candidate Questionnaire to the City Clerk at any time.

Please be advised that the information contained in this Questionnaire is not confidential, and will be reviewed by the Mayor, City Council and other appropriate personnel as vacancies or openings occur on the various Boards, Commissions and Committees. This Candidate Questionnaire may also be included in any City Council Meeting Packet which is published and made available for public inspection in print and on the Internet. Your address, phone numbers and email will not be published, even in the Meeting Packet.

Please be advised that even though you may submit an application to serve on a Board, Commission or Committee, it does not guarantee that you will be appointed to that Board, Commission or Committee.

**BOARDS/COMMISSIONS/COMMITTEES ON WHICH YOU WANT TO SERVE** (please check up to five applicable boxes; see attachment for descriptions):

Appointed by Mayor-Confirmed by City Council

- ☒ Planning Commission
- ☒ Zoning Board of Appeals
- ☐ Cable Commission
- ☐ Cultural Arts Commission
- ☐ Historical Commission
- ☐ Parks and Recreation Commission
- ☐ Downtown Development Authority
- ☐ Housing Commission
- ☐ Board of Ethics

RECEIVED

NOV - 5 2020

CITY OF SOUTH LYON  
OFFICE OF TREASURER



NAME Alex Hansen CITY OF SOUTH LYON RESIDENT FOR 0 YEARS (2 Months)

ADDRESS [REDACTED] ZIP 48178

PHONE (home) [REDACTED] PHONE (business or cell) [REDACTED]

EMAIL [REDACTED]

OCCUPATION: Branch Manager

ARE YOU A CITIZEN OF THE UNITED STATES? ☒ YES ☐ NO

IS ANY MEMBER OF YOUR FAMILY ON ANOTHER BOARD OR COMMISSION? ☐ YES ☒ NO  
IF SO, WHO? N/A

INTERESTS/REASONS/QUALIFICATIONS: (Resume may be attached)

Resume and Cover letter Attached.

BOARDS/COMMISSIONS/COMMITTEES ON WHICH YOU HAVE SERVED (LIST MUNICIPALITIES AND DATES):

Member, Howell Township Zoning Board of Appeals January 2018 - September 2020.

ELECTIVE OFFICES THAT YOU HAVE HELD:

Amber Oaks Homeowners Association (Treasurer and then President)

OTHER ORGANIZATIONS: (Ex. Homeowners Association, Volunteer Groups, PTA, etc...)

Amber Oaks Homeowners Association September 2016 - September 2019.

Member of the Lakes Area Chamber of Commerce.

ADDITIONAL INFORMATION:

Please see Resume.

Signature [Signature] Date 11-5-2020

Alexander M. Hansen

South Lyon, MI 48178

Zoning Board  
335 S. Warren St.  
South Lyon, MI 48178

To Whom It May Concern,

I am interested in being considered for a seat on the Zoning Board. I am confident that I am qualified and would be an asset to the South Lyon Community.

A quick summary of my qualifications:

I have a Bachelor's of Fine Arts from Northern Michigan University. I also have a Masters of Business Administration specializing in Finance from Davenport University. Within my graduate studies in Business Finance, I excelled in my coursework that I feel would benefit our local government, specifically corporate finance and management.

Throughout my life I have been extremely active in my community. Prior to my college years, I excelled as a 4-H leader and as a Boy Scout. Through my volunteerism in scouting, I earned by Eagle Scout rank. During my undergraduate studies, I was active in student government, Make a Difference Day, the local radio station, Housing and Residence Life, and the U.P. Children's Museum. Due to my involvement in local organizations, I earned the Superior Edge Award for exceeding 400 hours of community service.

Recently, I served for nearly three years on the Howell Township Zoning Board of Appeals as a member of the board. On the ZBA, we dealt with a variety of requests from residents ranging from variance interpretations to appeals. When I moved to South Lyon in September 2020, I had to resign from the board. Prior to serving on the ZBA for Howell Township, I served as a member of the Amber Oaks Community Home Owner's Association. For over a year, I served as the Treasurer before being appointed as the President of the board.

I would like to thank you in advance for taking time to consider me for this appointment with the City of South Lyon, and I look forward to hearing from you.

Respectfully,



Alexander M. Hansen

## Alexander M. Hansen

South Lyon, MI 48178

### Work Experience

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#### **COMMUNITY FINANCIAL CREDIT UNION**

(2014 – Present) Branch Manager, Assistant Branch Manager, Financial Sales Rep.

- Effectively utilizes sales and financial coaching resources.
- Handles member escalations and concerns.
- Coaches team members concerning policy and products.
- Leads daily meetings dealing with policy changes, announcements, sales, or training.
- Develops and maintains detailed relationships and strategies for each member.
- Complies with all credit union policies, procedures, and regulations.
- Represents Community Financial at local networking events.

#### **PNC BANK**

(2007 – 2014) Senior Coach, Business Specialist, Business Banking Consultant

- Managed relationships and a book of business.
- Trained and coached a call center team as a Senior Coach.
- Led daily team meetings addressing policy changes, announcements, sales or training.
- Provided assistance to business clients with deposit and loan relationships.
- Experienced in commercial loan products, documents, and procedures.
- Understanding of business and personal credit card accounts.
- Demonstrated knowledge of lending products and loan application practices.
- Represented PNC at the Chamber of Commerce through networking events.

### Achievements

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- ♦ Emerging Leaders Program Graduate ♦ Member, Howell Township Zoning Board of Appeals
- ♦ Top Branch Loan Sales 2015 ♦ Elite Financial Coach ♦ Morningstar Certified ♦ Ambassador, Plymouth Community Chamber of Commerce ♦ Grow Up Great Volunteer ♦ Community Financial Employees' & Employees' Children's Scholarship Recipient ♦ Dean's List President, Amber Oaks Homeowners Association ♦ Community Service Platinum Award ♦ Spirit of Diversity Award for work coordinating and securing financing for Edward James Olmos as Diversity Conference Keynote Speaker ♦ Superior Edge Award for 400+ hours of Community Service
- ♦ Volunteer at Kalamazoo Community Access Center ♦ 2011 Circle of Excellence Recipient
- ♦ Habitat for Humanity Volunteer ♦ Charles C. Spooner Grant Recipient ♦ Eagle Scout
- ♦ Official Selection, W. Michigan Area Art Show ♦ 2006 TLC Student Award
- ♦ Resident Advisor, Northern Michigan University ♦

### Education

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#### **DAVENPORT UNIVERSITY**

*Masters of Business Administration - Finance Concentration*

#### **WEBSTER UNIVERSITY**

#### **NORTHERN MICHIGAN UNIVERSITY**

*Bachelors of Fine Arts - Digital Cinema Major, Media Production Minor*

# **AGENDA NOTE**

**New Business # 1**

**MEETING DATE:** November 23, 2020

**PERSON PLACING ITEM ON AGENDA:** City Manager

**AGENDA TOPIC:** MERS Defined Benefit Plan Adoption Agreement

**EXPLANATION OF TOPIC:** MERS of Michigan will be at our next meeting to give a presentation on the most recent Actuarial Report. Additionally, at this meeting we will need to approve the Defined Benefit Plan Adoption Agreement Addendum for each of our working groups. A representative from MERS will be at the meeting to answer any questions you may have on the Report or the Agreements.

**MATERIALS ATTACHED AS SUPPORTING DOCUMENTS:** Defined Benefit Plan Adoption Agreement Addendum for each of our working groups.

**POSSIBLE COURSES OF ACTION:** Approve or not approve the Defined Benefit Plan Adoption Agreement Addendum for each of our working groups.

**SUGGESTED MOTION:** Motion by \_\_\_\_\_, supported by \_\_\_\_\_ to approve Defined Benefit Plan Adoption Agreement Addendum for each of our working groups.



**Defined Benefit Plan Adoption Agreement Addendum**

1134 Municipal Way Lansing, MI 48917 | 800.767.MERS (6377) | Fax 517.703.9711

www.mersomich.com

The employer, a participating municipality or court within the state of Michigan, hereby agrees to adopt and administer the MERS Defined Benefit (DB) Plan provided by the Municipal Employees' Retirement System of Michigan, as authorized by 1996 PA 220, in accordance with MERS Plan Document, as both may be amended, subject to the terms and conditions herein.

**I. Effective Date**

The effective date shall be the first day of **January, 2021**.

**II. Employer name** South Lyon, City of

**Municipality number** 631501

This is an amendment of the existing Adoption Agreement for the MERS Defined Benefit.

Any changes to plan provisions apply to employees in the division on the effective date, as well as to new hires ongoing. Definitions will apply for all service accrued after the effective date.

**Division number** 63150101

**Division name on file with MERS** AFSME

**III. Plan Eligibility**

Only those employees eligible for MERS membership may participate in the MERS Defined Benefit. If an employee classification is **included** in the plan, then employees that meet this definition will receive service credit if they work the required number of hours to meet the service credit qualification defined below. All eligible employees must be reported to MERS.

Using your Division Name above, expand on the employee classifications that are eligible to participate in MERS. For example, if Division is "General," please insert specific classifications that are eligible for MERS such as "Clerical Staff," "Elected Officials," "Library Director," etc.:

Employee classification contains **public safety employees**: ☒ Yes ☐ No

Public safety employees include: law enforcement, parole and probation officers, employees responsible for emergency response (911 dispatch, fire service, paramedics, etc.), public works, and other skilled support personnel (equipment operators, etc.).

## Defined Benefit Plan Adoption Agreement Addendum

EMPLOYER NAME: South Lyon, City of

DIV: 63150101

If you elect to include a special classification (chart below), then the employee will be required to meet the Service Credit Qualification as defined under section IV (Provisions) in order to earn a month of service. Excluded classification will require additional information below.

To further define eligibility (select all that apply):

Employee Classification	Included	Excluded	Not Employed
<b>Temporary Employees:</b> Those who will work for the municipality fewer than _____ months in total.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Part-Time Employees:</b> Those who regularly work fewer than _____ per _____.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Seasonal Employees:</b> Those who will work for the municipality from _____ to _____ only.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Voter-Elected Officials</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Appointed Officials:</b> An official appointed to a voter-elected office.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Contract Employees</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**Probationary Periods** (select one):

- ☐ Service will begin after the probationary period has been satisfied. Probationary periods are allowed in one-month increments, no longer than 12 months. During this probationary period, the employer will not report or provide service.

The probationary period will be \_\_\_\_\_ month(s).

Comments:

- ☒ Service will begin with the employee's date of hire (no Probationary Period). Effective with the date of hire, wages paid and any associated contributions must be submitted to MERS.

## Defined Benefit Plan Adoption Agreement Addendum

EMPLOYER NAME: South Lyon, City of

DIV: 63150101

### IV. Provisions

#### 1. Service Credit Qualification

To clarify how eligible employees earn service credit, please indicate how many hours per month an eligible employee needs to work. For example, if you require 10 eight-hour days, this would be 80 hours per month. If an 'hour per day' has been defined (like ten 7-hour days), electing 70 hours will be required. Employees must meet the definition of Plan Eligibility in order to earn service credit under the plan.

To receive one month of service credit, an employee shall work (or be paid for as if working)

X 160 hours in a month.

#### 2. Leaves of Absence

Indicate by checking the boxes below, whether the potential for service credit will be allowed if an eligible employee is on one of the following types of leave, regardless of meeting the service credit qualification criteria.

Regardless whether an eligible employee is awarded service credit while on the selected type(s) of leave:

- MERS will skip over these months when determining the FAC amount for benefit calculations.
- Third-party wages **are not** reported for leaves of absence.
- Employers **are not** required to remit employer contributions based on leaves of absence when no wages are paid by the employer. However, an employer may submit additional voluntary contributions for the period of the leave in an amount determined by the employer.
- For **contributory divisions**, employee contributions are required for service credit to be retained. Employee contributions will be collected based on the Service Credit Qualification. Employers will calculate employee contributions due using the employee's current hourly rate (prior to leave). For example if 120 hours is required for service credit, then employee contributions shall be equal to 120 hours times the employee's hourly rate. Employees have three times the length of leave, to a maximum of five years, to pay required employee contributions. Leaves of absence are required to be reported to MERS, including the employee's start and end date per month, along with the employee's hourly rate.

Type of Leave	Service Credit Granted	Service Credit Excluded
Short- and Long-Term Disability	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Workers' Compensation	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Unpaid Family Medical Leave Act (FMLA)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other: _____ For example, sick and accident, administrative, educational, sabbatical, etc.	<input type="checkbox"/>	<input type="checkbox"/>
Other 2: _____ Additional leave types as above	<input type="checkbox"/>	<input type="checkbox"/>

Leaves of absence due to military service are governed by the Federal *Uniformed Services Employment and Reemployment Rights Act* of 1994 (USERRA), IRC 414(u), effective January 1, 2007, IRC 401(a)(37).

## Defined Benefit Plan Adoption Agreement Addendum

EMPLOYER NAME: South Lyon, City of

DIV: 63150101

### 3. Definition of Compensation

The Definition of Compensation is used to calculate a participant's final average compensation and is used in determining both employer and employee contributions. Wages paid to employees, calculated using the elected definition, must be reported to MERS.

Select your Definition of Compensation here. If you choose to customize your definition, skip this table and proceed to page 5.

	Base Wages	Box 1 Wages	Gross Wages
<b>Types of Compensation</b>			
<b>Regular Wages</b> Salary or hourly wage X hours PTO used (sick, vacation, personal, bereavement, holiday leave, or unclassified) On-call pay	All Regular Wages included	All Regular Wages included	All Regular Wages included
<b>Other Wages</b> Shift differentials Overtime Severance issued over time (weekly/bi-weekly)	Excluded	All Other Wages included	All Other Wages included
<b>Lump Sum Payments</b> PTO cash-out Longevity Bonuses Merit pay Job certifications Educational degrees Moving expenses Sick payouts Severance (if issued as lump sum)	Excluded	All Lump Sum Payments included	All Lump Sum Payments included
<b>Taxable Payments</b> Travel through a non-accountable plan (i.e. mileage not tracked for reimbursement) Prizes, gift cards Personal use of a company car Car allowance	Excluded	All Taxable Payments included	All Taxable Payments included
<b>Reimbursement of Nontaxable Expenses</b> (as defined by the IRS) Gun, tools, equipment, uniform Phone Fitness Mileage reimbursement Travel through an accountable plan (i.e. tracking mileage for reimbursement)	Excluded	Excluded	Excluded
<b>Types of Deferrals</b>			
<b>Elective Deferrals of Employee Premiums/Contributions</b> 457 employee and employer contributions 125 cafeteria plan, FSAs and HSAs IRA contributions	All Elective Deferrals included	Excluded	All Elective Deferrals included
<b>Types of Benefits</b>			
<b>Nontaxable Fringe Benefits of Employees</b> Health plan, dental, vision benefits Workers compensation premiums Short- or Long-term disability premiums Group term or whole life insurance < \$50,000	All Nontaxable Fringe Benefits included	Excluded	All Nontaxable Fringe Benefits included
<b>Mandatory Contributions</b> Defined Benefit employee contributions MERS Health Care Savings Program employee contributions	All Mandatory Contributions included	Excluded	All Mandatory Contributions included
<b>Taxable Fringe Benefits</b> Clothing reimbursement Stipends for health insurance opt out payments Group term life insurance > \$50,000	Excluded	Excluded	All Taxable Fringe Benefits included
<b>Other Benefits / Lump Sum Payments</b> Workers compensation settlement payments	Excluded	Excluded	All Other Lump Sum Benefits included

## Defined Benefit Plan Adoption Agreement Addendum

EMPLOYER NAME: South Lyon, City of

DIV: 63150101

**SKIP THIS TABLE** if you selected one of the standard definitions of compensation on page 4.

**CUSTOM:** If you choose this option, you must select boxes in each section you would like to include in your Definition of Compensation. You will be responsible for additional reporting details to track custom definitions.

### Types of Compensation

#### Regular Wages

☒ Salary or hourly wage X hours

☒ PTO used (sick, vacation, personal, bereavement, holiday leave, or unclassified)

☒ On-call pay

☐ Other: \_\_\_\_\_

Other Wages apply: YES ☒ NO ☐

☒ Shift differentials

☒ Overtime

☐ Severance issued over time (weekly/bi-weekly)

☐ Other: \_\_\_\_\_

Lump Sum Payments apply: YES ☒ NO ☐

☒ PTO cash-out

☒ Longevity

☐ Bonuses

☒ Merit pay

☐ Job certifications

☒ Educational degrees

☐ Moving expenses

☐ Sick payouts

☐ Severance (if issued as lump sum)

☐ Other: \_\_\_\_\_

Taxable Payments apply: YES ☐ NO ☒

☐ Travel through a non-accountable plan (i.e. mileage not tracked for reimbursement)

☐ Prizes, gift cards

☐ Personal use of a company car

☐ Car allowance

☐ Other: \_\_\_\_\_

Reimbursement of Nontaxable Expenses (as defined by the IRS) apply: YES ☐ NO ☒

☐ Gun, tools, equipment, uniform

☐ Phone

☐ Fitness

☐ Mileage reimbursement

☐ Travel through an accountable plan (i.e. tracking mileage for reimbursement)

☐ Other: \_\_\_\_\_

### Types of Deferrals

Elective Deferrals of Employee Premiums/Contributions apply: YES ☒ NO ☐

☐ 457 employee and employer contributions

☒ 125 cafeteria plan, FSAs and HSAs

☐ IRA contributions

☒ Other: 457 EMPLOYEE CONTRIBUTIONS

### Types of Benefits

Nontaxable Fringe Benefits of Employees apply: YES ☐ NO ☒

☐ Health plan, dental, vision benefits

☐ Workers compensation premiums

☐ Short- or Long-term disability premiums

☐ Group term or whole life insurance < \$50,000

☐ Other: \_\_\_\_\_

Mandatory Contributions apply: YES ☐ NO ☒

☐ Defined Benefit employee contributions

☐ MERS Health Care Savings Program employee contributions

☐ Other: \_\_\_\_\_

Taxable Fringe Benefits apply: YES ☐ NO ☒

☐ Clothing reimbursement

☐ Stipends for health insurance opt out payments

☐ Group term life insurance > \$50,000

☐ Other: \_\_\_\_\_

Other Benefits / Lump Sum Payments apply: YES ☐ NO ☒

☐ Workers compensation settlement payments

☐ Other: \_\_\_\_\_

## Defined Benefit Plan Adoption Agreement Addendum

EMPLOYER NAME: South Lyon, City of

DIV: 63150101

### V. Execution:

**Authorized Designee of Governing Body of Municipality or Chief Judge of Court**

This foregoing Addendum is hereby approved by City of South Lyon

at a Board Meeting which took place on: \_\_\_\_\_  
(mm/dd/yyyy)

**Authorized Signature:** \_\_\_\_\_

**Printed Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

☐ I understand that approved board minutes are required to complete this request.

Board minutes should be sent to: DataCollectionProject@mersofmich.com

## Defined Benefit Plan Adoption Agreement Addendum



1134 Municipal Way Lansing, MI 48917 | 800.767.MERS (6377) | Fax 517.703.9711

www.mersofmich.com

The employer, a participating municipality or court within the state of Michigan, hereby agrees to adopt and administer the MERS Defined Benefit (DB) Plan provided by the Municipal Employees' Retirement System of Michigan, as authorized by 1996 PA 220, in accordance with MERS Plan Document, as both may be amended, subject to the terms and conditions herein.

### I. Effective Date

The effective date shall be the first day of **January, 2021**.

### II. Employer name South Lyon, City of

**Municipality number** 631501

This is an amendment of the existing Adoption Agreement for the MERS Defined Benefit.

Any changes to plan provisions apply to employees in the division on the effective date, as well as to new hires ongoing. Definitions will apply for all service accrued after the effective date.

**Division number** 63150102

**Division name on file with MERS** Pol/Fire

### III. Plan Eligibility

Only those employees eligible for MERS membership may participate in the MERS Defined Benefit. If an employee classification is **included** in the plan, then employees that meet this definition will receive service credit if they work the required number of hours to meet the service credit qualification defined below. All eligible employees must be reported to MERS.

Using your Division Name above, expand on the employee classifications that are eligible to participate in MERS. For example, if Division is "General," please insert specific classifications that are eligible for MERS such as "Clerical Staff," "Elected Officials," "Library Director," etc.:

Employee classification contains **public safety employees**: ☒ Yes ☐ No

Public safety employees include: law enforcement, parole and probation officers, employees responsible for emergency response (911 dispatch, fire service, paramedics, etc.), public works, and other skilled support personnel (equipment operators, etc.).

## Defined Benefit Plan Adoption Agreement Addendum

EMPLOYER NAME: South Lyon, City of

DIV: 63150102

If you elect to include a special classification (chart below), then the employee will be required to meet the Service Credit Qualification as defined under section IV (Provisions) in order to earn a month of service. Excluded classification will require additional information below.

To further define eligibility (select all that apply):

Employee Classification	Included	Excluded	Not Employed
<b>Temporary Employees:</b> Those who will work for the municipality fewer than _____ months in total.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Part-Time Employees:</b> Those who regularly work fewer than _____ per _____.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Seasonal Employees:</b> Those who will work for the municipality from _____ to _____ only.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Voter-Elected Officials</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Appointed Officials:</b> An official appointed to a voter-elected office.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Contract Employees</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**Probationary Periods** (select one):

- ☐ Service will begin after the probationary period has been satisfied. Probationary periods are allowed in one-month increments, no longer than 12 months. During this probationary period, the employer will not report or provide service.

The probationary period will be \_\_\_\_\_ month(s).

Comments:

- ☒ Service will begin with the employee's date of hire (no Probationary Period). Effective with the date of hire, wages paid and any associated contributions must be submitted to MERS.



## Defined Benefit Plan Adoption Agreement Addendum

EMPLOYER NAME: South Lyon, City of

DIV: 63150102

### IV. Provisions

#### 1. Service Credit Qualification

To clarify how eligible employees earn service credit, please indicate how many hours per month an eligible employee needs to work. For example, if you require 10 eight-hour days, this would be 80 hours per month. If an 'hour per day' has been defined (like ten 7-hour days), electing 70 hours will be required. Employees must meet the definition of Plan Eligibility in order to earn service credit under the plan.

To receive one month of service credit, an employee shall work (or be paid for as if working)

160 hours in a month.

#### 2. Leaves of Absence

Indicate by checking the boxes below, whether the potential for service credit will be allowed if an eligible employee is on one of the following types of leave, regardless of meeting the service credit qualification criteria.

Regardless whether an eligible employee is awarded service credit while on the selected type(s) of leave:

- MERS will skip over these months when determining the FAC amount for benefit calculations.
- Third-party wages **are not** reported for leaves of absence.
- Employers **are not** required to remit employer contributions based on leaves of absence when no wages are paid by the employer. However, an employer may submit additional voluntary contributions for the period of the leave in an amount determined by the employer.
- For **contributory divisions**, employee contributions are required for service credit to be retained. Employee contributions will be collected based on the Service Credit Qualification. Employers will calculate employee contributions due using the employee's current hourly rate (prior to leave). For example if 120 hours is required for service credit, then employee contributions shall be equal to 120 hours times the employee's hourly rate. Employees have three times the length of leave, to a maximum of five years, to pay required employee contributions. Leaves of absence are required to be reported to MERS, including the employee's start and end date per month, along with the employee's hourly rate.

Type of Leave	Service Credit Granted	Service Credit Excluded
Short- and Long-Term Disability	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Workers' Compensation	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Unpaid Family Medical Leave Act (FMLA)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other: _____ For example, sick and accident, administrative, educational, sabbatical, etc.	<input type="checkbox"/>	<input type="checkbox"/>
Other 2: _____ Additional leave types as above	<input type="checkbox"/>	<input type="checkbox"/>

Leaves of absence due to military service are governed by the Federal Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA), IRC 414(u), effective January 1, 2007, IRC 401(a)(37).

## Defined Benefit Plan Adoption Agreement Addendum

EMPLOYER NAME: South Lyon, City of

DIV: 63150102

### 3. Definition of Compensation

The Definition of Compensation is used to calculate a participant's final average compensation and is used in determining both employer and employee contributions. Wages paid to employees, calculated using the elected definition, must be reported to MERS.

Select your Definition of Compensation here. If you choose to customize your definition, skip this table and proceed to page 5.

	<input type="radio"/> Base Wages	<input type="radio"/> Box 1 Wages	<input type="radio"/> Gross Wages
<b>Types of Compensation</b>			
<b>Regular Wages</b> Salary or hourly wage X hours PTO used (sick, vacation, personal, bereavement, holiday leave, or unclassified) On-call pay	All Regular Wages included	All Regular Wages included	All Regular Wages included
<b>Other Wages</b> Shift differentials Overtime Severance issued over time (weekly/bi-weekly)	Excluded	All Other Wages included	All Other Wages included
<b>Lump Sum Payments</b> PTO cash-out Longevity Bonuses Merit pay Job certifications Educational degrees Moving expenses Sick payouts Severance (if issued as lump sum)	Excluded	All Lump Sum Payments included	All Lump Sum Payments included
<b>Taxable Payments</b> Travel through a non-accountable plan (i.e. mileage not tracked for reimbursement) Prizes, gift cards Personal use of a company car Car allowance	Excluded	All Taxable Payments included	All Taxable Payments included
<b>Reimbursement of Nontaxable Expenses</b> (as defined by the IRS) Gun, tools, equipment, uniform Phone Fitness Mileage reimbursement Travel through an accountable plan (i.e. tracking mileage for reimbursement)	Excluded	Excluded	Excluded
<b>Types of Deferrals</b>			
<b>Elective Deferrals of Employee Premiums/Contributions</b> 457 employee and employer contributions 125 cafeteria plan, FSAs and HSAs IRA contributions	All Elective Deferrals included	Excluded	All Elective Deferrals included
<b>Types of Benefits</b>			
<b>Nontaxable Fringe Benefits of Employees</b> Health plan, dental, vision benefits Workers compensation premiums Short- or Long-term disability premiums Group term or whole life insurance < \$50,000	All Nontaxable Fringe Benefits included	Excluded	All Nontaxable Fringe Benefits included
<b>Mandatory Contributions</b> Defined Benefit employee contributions MERS Health Care Savings Program employee contributions	All Mandatory Contributions included	Excluded	All Mandatory Contributions included
<b>Taxable Fringe Benefits</b> Clothing reimbursement Stipends for health insurance opt out payments Group term life insurance > \$50,000	Excluded	Excluded	All Taxable Fringe Benefits included
<b>Other Benefits / Lump Sum Payments</b> Workers compensation settlement payments	Excluded	Excluded	All Other Lump Sum Benefits included

## Defined Benefit Plan Adoption Agreement Addendum

EMPLOYER NAME: South Lyon, City of

DIV: 63150102

**SKIP THIS TABLE** if you selected one of the standard definitions of compensation on page 4.

**CUSTOM:** If you choose this option, you must select boxes in each section you would like to include in your Definition of Compensation. You will be responsible for additional reporting details to track custom definitions.

### Types of Compensation

#### Regular Wages

- ☒ Salary or hourly wage X hours
 ☒ On-call pay  
☒ PTO used (sick, vacation, personal, bereavement, holiday leave, or unclassified)
 ☐ Other: \_\_\_\_\_

#### Other Wages apply: YES ☒ NO ☐

- ☒ Shift differentials
 ☐ Severance issued over time (weekly/bi-weekly)  
☒ Overtime
 ☐ Other: \_\_\_\_\_

#### Lump Sum Payments apply: YES ☒ NO ☐

- ☒ PTO cash-out
 ☐ Educational degrees  
☒ Longevity
 ☐ Moving expenses  
☐ Bonuses
 ☐ Sick payouts  
☒ Merit pay
 ☐ Severance (if issued as lump sum)  
☐ Job certifications
 ☐ Other: \_\_\_\_\_

#### Taxable Payments apply: YES ☐ NO ☒

- ☐ Travel through a non-accountable plan (i.e. mileage not tracked for reimbursement)  
☐ Prizes, gift cards
 ☐ Car allowance  
☐ Personal use of a company car
 ☐ Other: \_\_\_\_\_

#### Reimbursement of Nontaxable Expenses (as defined by the IRS) apply: YES ☐ NO ☒

- ☐ Gun, tools, equipment, uniform
 ☐ Mileage reimbursement  
☐ Phone
 ☐ Travel through an accountable plan (i.e. tracking mileage for reimbursement)  
☐ Fitness
 ☐ Other: \_\_\_\_\_

### Types of Deferrals

#### Elective Deferrals of Employee Premiums/Contributions apply: YES ☒ NO ☐

- ☐ 457 employee and employer contributions
 ☐ IRA contributions  
☒ 125 cafeteria plan, FSAs and HSAs
 ☒ Other: 457 EMPLOYEE CONTRIBUTIONS

### Types of Benefits

#### Nontaxable Fringe Benefits of Employees apply: YES ☐ NO ☒

- ☐ Health plan, dental, vision benefits  
☐ Workers compensation premiums
 ☐ Group term or whole life insurance < \$50,000  
☐ Short- or Long-term disability premiums
 ☐ Other: \_\_\_\_\_

#### Mandatory Contributions apply: YES ☐ NO ☒

- ☐ Defined Benefit employee contributions  
☐ MERS Health Care Savings Program employee contributions
 ☐ Other: \_\_\_\_\_

#### Taxable Fringe Benefits apply: YES ☐ NO ☒

- ☐ Clothing reimbursement
 ☐ Group term life insurance > \$50,000  
☐ Stipends for health insurance opt out payments
 ☐ Other: \_\_\_\_\_

#### Other Benefits / Lump Sum Payments apply: YES ☐ NO ☒

- ☐ Workers compensation settlement payments
 ☐ Other: \_\_\_\_\_

## Defined Benefit Plan Adoption Agreement Addendum

EMPLOYER NAME: South Lyon, City of

DIV: 63150102

### V. Execution:

**Authorized Designee of Governing Body of Municipality or Chief Judge of Court**

This foregoing Addendum is hereby approved by City of South Lyon

at a Board Meeting which took place on: \_\_\_\_\_  
(mm/dd/yyyy)

**Authorized Signature:** \_\_\_\_\_

**Printed Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

☐ I understand that approved board minutes are required to complete this request.

Board minutes should be sent to: [DataCollectionProject@mersofmich.com](mailto:DataCollectionProject@mersofmich.com)

**Defined Benefit Plan Adoption Agreement Addendum**

1134 Municipal Way Lansing, MI 48917 | 800.767.MERS (6377) | Fax 517.703.9711

www.mers-mich.com

The employer, a participating municipality or court within the state of Michigan, hereby agrees to adopt and administer the MERS Defined Benefit (DB) Plan provided by the Municipal Employees' Retirement System of Michigan, as authorized by 1996 PA 220, in accordance with MERS Plan Document, as both may be amended, subject to the terms and conditions herein.

**I. Effective Date**

The effective date shall be the first day of **January, 2021**.

**II. Employer name** South Lyon, City of

**Municipality number** 631501

This is an amendment of the existing Adoption Agreement for the MERS Defined Benefit.

Any changes to plan provisions apply to employees in the division on the effective date, as well as to new hires ongoing. Definitions will apply for all service accrued after the effective date.

**Division number** 63150110

**Division name on file with MERS** Non Union

**III. Plan Eligibility**

Only those employees eligible for MERS membership may participate in the MERS Defined Benefit. If an employee classification is **included** in the plan, then employees that meet this definition will receive service credit if they work the required number of hours to meet the service credit qualification defined below. All eligible employees must be reported to MERS.

Using your Division Name above, expand on the employee classifications that are eligible to participate in MERS. For example, if Division is "General," please insert specific classifications that are eligible for MERS such as "Clerical Staff," "Elected Officials," "Library Director," etc.:

Employee classification contains **public safety employees**: ☐ Yes ☒ No

Public safety employees include: law enforcement, parole and probation officers, employees responsible for emergency response (911 dispatch, fire service, paramedics, etc.), public works, and other skilled support personnel (equipment operators, etc.).

## Defined Benefit Plan Adoption Agreement Addendum

EMPLOYER NAME: South Lyon, City of

DIV: 63150110

If you elect to include a special classification (chart below), then the employee will be required to meet the Service Credit Qualification as defined under section IV (Provisions) in order to earn a month of service. Excluded classification will require additional information below.

To further define eligibility (select all that apply):

Employee Classification	Included	Excluded	Not Employed
<b>Temporary Employees:</b> Those who will work for the municipality fewer than _____ months in total.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Part-Time Employees:</b> Those who regularly work fewer than _____ per _____.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Seasonal Employees:</b> Those who will work for the municipality from _____ to _____ only.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Voter-Elected Officials</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Appointed Officials:</b> An official appointed to a voter-elected office.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Contract Employees</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**Probationary Periods** (select one):

- ☐ Service will begin after the probationary period has been satisfied. Probationary periods are allowed in one-month increments, no longer than 12 months. During this probationary period, the employer will not report or provide service.

The probationary period will be \_\_\_\_\_ month(s).

Comments:

- ☒ Service will begin with the employee's date of hire (no Probationary Period). Effective with the date of hire, wages paid and any associated contributions must be submitted to MERS.

## Defined Benefit Plan Adoption Agreement Addendum

EMPLOYER NAME: South Lyon, City of

DIV: 63150110

### IV. Provisions

#### 1. Service Credit Qualification

To clarify how eligible employees earn service credit, please indicate how many hours per month an eligible employee needs to work. For example, if you require 10 eight-hour days, this would be 80 hours per month. If an 'hour per day' has been defined (like ten 7-hour days), electing 70 hours will be required. Employees must meet the definition of Plan Eligibility in order to earn service credit under the plan.

To receive one month of service credit, an employee shall work (or be paid for as if working)

160 hours in a month.

#### 2. Leaves of Absence

Indicate by checking the boxes below, whether the potential for service credit will be allowed if an eligible employee is on one of the following types of leave, regardless of meeting the service credit qualification criteria.

Regardless whether an eligible employee is awarded service credit while on the selected type(s) of leave:

- MERS will skip over these months when determining the FAC amount for benefit calculations.
- Third-party wages **are not** reported for leaves of absence.
- Employers **are not** required to remit employer contributions based on leaves of absence when no wages are paid by the employer. However, an employer may submit additional voluntary contributions for the period of the leave in an amount determined by the employer.
- For **contributory divisions**, employee contributions are required for service credit to be retained. Employee contributions will be collected based on the Service Credit Qualification. Employers will calculate employee contributions due using the employee's current hourly rate (prior to leave). For example if 120 hours is required for service credit, then employee contributions shall be equal to 120 hours times the employee's hourly rate. Employees have three times the length of leave, to a maximum of five years, to pay required employee contributions. Leaves of absence are required to be reported to MERS, including the employee's start and end date per month, along with the employee's hourly rate.

Type of Leave	Service Credit Granted	Service Credit Excluded
Short- and Long-Term Disability	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Workers' Compensation	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Unpaid Family Medical Leave Act (FMLA)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other: _____ For example, sick and accident, administrative, educational, sabbatical, etc.	<input type="checkbox"/>	<input type="checkbox"/>
Other 2: _____ Additional leave types as above	<input type="checkbox"/>	<input type="checkbox"/>

Leaves of absence due to military service are governed by the Federal Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA), IRC 414(u), effective January 1, 2007, IRC 401(a)(37).

## Defined Benefit Plan Adoption Agreement Addendum

EMPLOYER NAME: South Lyon, City of

DIV: 63150110

### 3. Definition of Compensation

The Definition of Compensation is used to calculate a participant's final average compensation and is used in determining both employer and employee contributions. Wages paid to employees, calculated using the elected definition, must be reported to MERS.

Select your Definition of Compensation here. If you choose to customize your definition, skip this table and proceed to page 5.

	Base Wages	Box 1 Wages	Gross Wages
<b>Types of Compensation</b>			
<b>Regular Wages</b> Salary or hourly wage X hours PTO used (sick, vacation, personal, bereavement, holiday leave, or unclassified) On-call pay	All Regular Wages included	All Regular Wages included	All Regular Wages included
<b>Other Wages</b> Shift differentials Overtime Severance issued over time (weekly/bi-weekly)	Excluded	All Other Wages included	All Other Wages included
<b>Lump Sum Payments</b> PTO cash-out Longevity Bonuses Merit pay Job certifications Educational degrees Moving expenses Sick payouts Severance (if issued as lump sum)	Excluded	All Lump Sum Payments included	All Lump Sum Payments included
<b>Taxable Payments</b> Travel through a non-accountable plan (i.e. mileage not tracked for reimbursement) Prizes, gift cards Personal use of a company car Car allowance	Excluded	All Taxable Payments included	All Taxable Payments included
<b>Reimbursement of Nontaxable Expenses</b> (as defined by the IRS) Gun, tools, equipment, uniform Phone Fitness Mileage reimbursement Travel through an accountable plan (i.e. tracking mileage for reimbursement)	Excluded	Excluded	Excluded
<b>Types of Deferrals</b>			
<b>Elective Deferrals of Employee Premiums/Contributions</b> 457 employee and employer contributions 125 cafeteria plan, FSAs and HSAs IRA contributions	All Elective Deferrals included	Excluded	All Elective Deferrals included
<b>Types of Benefits</b>			
<b>Nontaxable Fringe Benefits of Employees</b> Health plan, dental, vision benefits Workers compensation premiums Short- or Long-term disability premiums Group term or whole life insurance < \$50,000	All Nontaxable Fringe Benefits included	Excluded	All Nontaxable Fringe Benefits included
<b>Mandatory Contributions</b> Defined Benefit employee contributions MERS Health Care Savings Program employee contributions	All Mandatory Contributions included	Excluded	All Mandatory Contributions included
<b>Taxable Fringe Benefits</b> Clothing reimbursement Stipends for health insurance opt out payments Group term life insurance > \$50,000	Excluded	Excluded	All Taxable Fringe Benefits included
<b>Other Benefits / Lump Sum Payments</b> Workers compensation settlement payments	Excluded	Excluded	All Other Lump Sum Benefits included



## Defined Benefit Plan Adoption Agreement Addendum

EMPLOYER NAME: South Lyon, City of

DIV: 63150110

**SKIP THIS TABLE** if you selected one of the standard definitions of compensation on page 4.

☒ **CUSTOM:** If you choose this option, you must select boxes in each section you would like to include in your Definition of Compensation. You will be responsible for additional reporting details to track custom definitions.

### Types of Compensation

#### Regular Wages

- ☒ Salary or hourly wage X hours
 ☒ On-call pay  
☒ PTO used (sick, vacation, personal, bereavement, holiday leave, or unclassified)
 ☐ Other: \_\_\_\_\_

#### Other Wages apply: YES ☒ NO ☐

- ☒ Shift differentials
 ☐ Severance issued over time (weekly/bi-weekly)  
☒ Overtime
 ☐ Other: \_\_\_\_\_

#### Lump Sum Payments apply: YES ☒ NO ☐

- ☒ PTO cash-out
 ☒ Educational degrees  
☒ Longevity
 ☐ Moving expenses  
☐ Bonuses
 ☐ Sick payouts  
☒ Merit pay
 ☐ Severance (if issued as lump sum)  
☐ Job certifications
 ☐ Other: \_\_\_\_\_

#### Taxable Payments apply: YES ☒ NO ☐

- ☐ Travel through a non-accountable plan (i.e. mileage not tracked for reimbursement)  
☐ Prizes, gift cards
 ☒ Car allowance  
☐ Personal use of a company car
 ☐ Other: \_\_\_\_\_

#### Reimbursement of Nontaxable Expenses (as defined by the IRS) apply: YES ☐ NO ☒

- ☐ Gun, tools, equipment, uniform
 ☐ Mileage reimbursement  
☐ Phone
 ☐ Travel through an accountable plan (i.e. tracking mileage for reimbursement)  
☐ Fitness
 ☐ Other: \_\_\_\_\_

### Types of Deferrals

#### Elective Deferrals of Employee Premiums/Contributions apply: YES ☒ NO ☐

- ☐ 457 employee and employer contributions
 ☐ IRA contributions  
☒ 125 cafeteria plan, FSAs and HSAs
 ☒ Other: 457 EMPLOYEE CONTRIBUTIONS

### Types of Benefits

#### Nontaxable Fringe Benefits of Employees apply: YES ☐ NO ☒

- ☐ Health plan, dental, vision benefits  
☐ Workers compensation premiums
 ☐ Group term or whole life insurance < \$50,000  
☐ Short- or Long-term disability premiums
 ☐ Other: \_\_\_\_\_

#### Mandatory Contributions apply: YES ☐ NO ☒

- ☐ Defined Benefit employee contributions  
☐ MERS Health Care Savings Program employee contributions
 ☐ Other: \_\_\_\_\_

#### Taxable Fringe Benefits apply: YES ☐ NO ☒

- ☐ Clothing reimbursement
 ☐ Group term life insurance > \$50,000  
☐ Stipends for health insurance opt out payments
 ☐ Other: \_\_\_\_\_

#### Other Benefits / Lump Sum Payments apply: YES ☐ NO ☒

- ☐ Workers compensation settlement payments
 ☐ Other: \_\_\_\_\_

## Defined Benefit Plan Adoption Agreement Addendum

EMPLOYER NAME: South Lyon, City of

DIV: 63150110

### V. Execution:

**Authorized Designee of Governing Body of Municipality or Chief Judge of Court**

This foregoing Addendum is hereby approved by City of South Lyon

at a Board Meeting which took place on: \_\_\_\_\_  
(mm/dd/yyyy)

**Authorized Signature:** \_\_\_\_\_

**Printed Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

☐ I understand that approved board minutes are required to complete this request.

Board minutes should be sent to: DataCollectionProject@mersofmich.com

## Defined Benefit Plan Adoption Agreement Addendum



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www.mersomich.com

The employer, a participating municipality or court within the state of Michigan, hereby agrees to adopt and administer the MERS Defined Benefit (DB) Plan provided by the Municipal Employees' Retirement System of Michigan, as authorized by 1996 PA 220, in accordance with MERS Plan Document, as both may be amended, subject to the terms and conditions herein.

### I. Effective Date

The effective date shall be the first day of **January, 2021**.

II. Employer name South Lyon, City of

Municipality number 631501

This is an amendment of the existing Adoption Agreement for the MERS Defined Benefit.

Any changes to plan provisions apply to employees in the division on the effective date, as well as to new hires ongoing. Definitions will apply for all service accrued after the effective date.

Division number 63150111

Division name on file with MERS Clerical

### III. Plan Eligibility

Only those employees eligible for MERS membership may participate in the MERS Defined Benefit. If an employee classification is **included** in the plan, then employees that meet this definition will receive service credit if they work the required number of hours to meet the service credit qualification defined below. All eligible employees must be reported to MERS.

Using your Division Name above, expand on the employee classifications that are eligible to participate in MERS. For example, if Division is "General," please insert specific classifications that are eligible for MERS such as "Clerical Staff," "Elected Officials," "Library Director," etc.:

Employee classification contains **public safety employees**: ☐ Yes ☒ No

Public safety employees include: law enforcement, parole and probation officers, employees responsible for emergency response (911 dispatch, fire service, paramedics, etc.), public works, and other skilled support personnel (equipment operators, etc.).

## Defined Benefit Plan Adoption Agreement Addendum

EMPLOYER NAME: South Lyon, City of

DIV: 63150111

If you elect to include a special classification (chart below), then the employee will be required to meet the Service Credit Qualification as defined under section IV (Provisions) in order to earn a month of service. Excluded classification will require additional information below.

To further define eligibility (select all that apply):

Employee Classification	Included	Excluded	Not Employed
<b>Temporary Employees:</b> Those who will work for the municipality fewer than ____ months in total.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Part-Time Employees:</b> Those who regularly work fewer than ____ per ____.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Seasonal Employees:</b> Those who will work for the municipality from ____ to ____ only.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Voter-Elected Officials</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Appointed Officials:</b> An official appointed to a voter-elected office.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Contract Employees</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**Probationary Periods** (select one):

- ☐ Service will begin after the probationary period has been satisfied. Probationary periods are allowed in one-month increments, no longer than 12 months. During this probationary period, the employer will not report or provide service.

The probationary period will be \_\_\_\_ month(s).

Comments:

- ☒ Service will begin with the employee's date of hire (no Probationary Period). Effective with the date of hire, wages paid and any associated contributions must be submitted to MERS.

## Defined Benefit Plan Adoption Agreement Addendum

EMPLOYER NAME: South Lyon, City of

DIV: 63150111

### IV. Provisions

#### 1. Service Credit Qualification

To clarify how eligible employees earn service credit, please indicate how many hours per month an eligible employee needs to work. For example, if you require 10 eight-hour days, this would be 80 hours per month. If an 'hour per day' has been defined (like ten 7-hour days), electing 70 hours will be required. Employees must meet the definition of Plan Eligibility in order to earn service credit under the plan.

To receive one month of service credit, an employee shall work (or be paid for as if working) 160 hours in a month.

#### 2. Leaves of Absence

Indicate by checking the boxes below, whether the potential for service credit will be allowed if an eligible employee is on one of the following types of leave, regardless of meeting the service credit qualification criteria.

Regardless whether an eligible employee is awarded service credit while on the selected type(s) of leave:

- MERS will skip over these months when determining the FAC amount for benefit calculations.
- Third-party wages **are not** reported for leaves of absence.
- Employers **are not** required to remit employer contributions based on leaves of absence when no wages are paid by the employer. However, an employer may submit additional voluntary contributions for the period of the leave in an amount determined by the employer.
- For **contributory divisions**, employee contributions are required for service credit to be retained. Employee contributions will be collected based on the Service Credit Qualification. Employers will calculate employee contributions due using the employee's current hourly rate (prior to leave). For example if 120 hours is required for service credit, then employee contributions shall be equal to 120 hours times the employee's hourly rate. Employees have three times the length of leave, to a maximum of five years, to pay required employee contributions. Leaves of absence are required to be reported to MERS, including the employee's start and end date per month, along with the employee's hourly rate.

Type of Leave	Service Credit Granted	Service Credit Excluded
Short- and Long-Term Disability	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Workers' Compensation	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Unpaid Family Medical Leave Act (FMLA)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other: _____ For example, sick and accident, administrative, educational, sabbatical, etc.	<input type="checkbox"/>	<input type="checkbox"/>
Other 2: _____ Additional leave types as above	<input type="checkbox"/>	<input type="checkbox"/>

Leaves of absence due to military service are governed by the Federal *Uniformed Services Employment and Reemployment Rights Act* of 1994 (USERRA), IRC 414(u), effective January 1, 2007, IRC 401(a)(37).

## Defined Benefit Plan Adoption Agreement Addendum

EMPLOYER NAME: South Lyon, City of

DIV: 63150111

### 3. Definition of Compensation

The Definition of Compensation is used to calculate a participant's final average compensation and is used in determining both employer and employee contributions. Wages paid to employees, calculated using the elected definition, must be reported to MERS.

Select your Definition of Compensation here. If you choose to customize your definition, skip this table and proceed to page 5.

	<input type="radio"/> Base Wages	<input type="radio"/> Box 1 Wages	<input type="radio"/> Gross Wages
<b>Types of Compensation</b>			
<b>Regular Wages</b> Salary or hourly wage X hours PTO used (sick, vacation, personal, bereavement, holiday leave, or unclassified) On-call pay	All Regular Wages included	All Regular Wages included	All Regular Wages included
<b>Other Wages</b> Shift differentials Overtime Severance issued over time (weekly/bi-weekly)	Excluded	All Other Wages included	All Other Wages included
<b>Lump Sum Payments</b> PTO cash-out Longevity Bonuses Merit pay Job certifications Educational degrees Moving expenses Sick payouts Severance (if issued as lump sum)	Excluded	All Lump Sum Payments included	All Lump Sum Payments included
<b>Taxable Payments</b> Travel through a non-accountable plan (i.e. mileage not tracked for reimbursement) Prizes, gift cards Personal use of a company car Car allowance	Excluded	All Taxable Payments included	All Taxable Payments included
<b>Reimbursement of Nontaxable Expenses</b> (as defined by the IRS) Gun, tools, equipment, uniform Phone Fitness Mileage reimbursement Travel through an accountable plan (i.e. tracking mileage for reimbursement)	Excluded	Excluded	Excluded
<b>Types of Deferrals</b>			
<b>Elective Deferrals of Employee Premiums/Contributions</b> 457 employee and employer contributions 125 cafeteria plan, FSAs and HSAs IRA contributions	All Elective Deferrals included	Excluded	All Elective Deferrals included
<b>Types of Benefits</b>			
<b>Nontaxable Fringe Benefits of Employees</b> Health plan, dental, vision benefits Workers compensation premiums Short- or Long-term disability premiums Group term or whole life insurance < \$50,000	All Nontaxable Fringe Benefits included	Excluded	All Nontaxable Fringe Benefits included
<b>Mandatory Contributions</b> Defined Benefit employee contributions MERS Health Care Savings Program employee contributions	All Mandatory Contributions included	Excluded	All Mandatory Contributions included
<b>Taxable Fringe Benefits</b> Clothing reimbursement Stipends for health insurance opt out payments Group term life insurance > \$50,000	Excluded	Excluded	All Taxable Fringe Benefits included
<b>Other Benefits / Lump Sum Payments</b> Workers compensation settlement payments	Excluded	Excluded	All Other Lump Sum Benefits included

# Defined Benefit Plan Adoption Agreement Addendum

EMPLOYER NAME: South Lyon, City of

DIV: 63150111

**SKIP THIS TABLE** if you selected one of the standard definitions of compensation on page 4.

**CUSTOM:** If you choose this option, you must select boxes in each section you would like to include in your Definition of Compensation. You will be responsible for additional reporting details to track custom definitions.

## Types of Compensation

### Regular Wages

☒ Salary or hourly wage X hours

☒ PTO used (sick, vacation, personal, bereavement, holiday leave, or unclassified)

☒ On-call pay

☐ Other: \_\_\_\_\_

Other Wages apply: YES ☒ NO ☐

☒ Shift differentials

☒ Overtime

☐ Severance issued over time (weekly/bi-weekly)

☐ Other: \_\_\_\_\_

Lump Sum Payments apply: YES ☒ NO ☐

☒ PTO cash-out

☒ Longevity

☐ Bonuses

☒ Merit pay

☐ Job certifications

☒ Educational degrees

☐ Moving expenses

☐ Sick payouts

☐ Severance (if issued as lump sum)

☐ Other: \_\_\_\_\_

Taxable Payments apply: YES ☐ NO ☒

☐ Travel through a non-accountable plan (i.e. mileage not tracked for reimbursement)

☐ Prizes, gift cards

☐ Personal use of a company car

☐ Car allowance

☐ Other: \_\_\_\_\_

Reimbursement of Nontaxable Expenses (as defined by the IRS) apply: YES ☐ NO ☒

☐ Gun, tools, equipment, uniform

☐ Phone

☐ Fitness

☐ Mileage reimbursement

☐ Travel through an accountable plan (i.e. tracking mileage for reimbursement)

☐ Other: \_\_\_\_\_

## Types of Deferrals

Elective Deferrals of Employee Premiums/Contributions apply: YES ☒ NO ☐

☐ 457 employee and employer contributions

☒ 125 cafeteria plan, FSAs and HSAs

☐ IRA contributions

☒ Other: 457 EMPLOYEE CONTRIBUTIONS

## Types of Benefits

Nontaxable Fringe Benefits of Employees apply: YES ☐ NO ☒

☐ Health plan, dental, vision benefits

☐ Workers compensation premiums

☐ Short- or Long-term disability premiums

☐ Group term or whole life insurance < \$50,000

☐ Other: \_\_\_\_\_

Mandatory Contributions apply: YES ☐ NO ☒

☐ Defined Benefit employee contributions

☐ MERS Health Care Savings Program employee contributions

☐ Other: \_\_\_\_\_

Taxable Fringe Benefits apply: YES ☐ NO ☒

☐ Clothing reimbursement

☐ Stipends for health insurance opt out payments

☐ Group term life insurance > \$50,000

☐ Other: \_\_\_\_\_

Other Benefits / Lump Sum Payments apply: YES ☐ NO ☒

☐ Workers compensation settlement payments

☐ Other: \_\_\_\_\_

## Defined Benefit Plan Adoption Agreement Addendum

EMPLOYER NAME: South Lyon, City of

DIV: 63150111

### V. Execution:

#### Authorized Designee of Governing Body of Municipality or Chief Judge of Court

This foregoing Addendum is hereby approved by City of South Lyon

at a Board Meeting which took place on: \_\_\_\_\_  
(mm/dd/yyyy)

Authorized Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

☐ I understand that approved board minutes are required to complete this request.

Board minutes should be sent to: DataCollectionProject@mersofmich.com



# Defined Benefit Plan Adoption Agreement Addendum



1134 Municipal Way Lansing, MI 48917 | 800.767.MERS (6377) | Fax 517.703.9711

www.mersmich.com

The employer, a participating municipality or court within the state of Michigan, hereby agrees to adopt and administer the MERS Defined Benefit (DB) Plan provided by the Municipal Employees' Retirement System of Michigan, as authorized by 1996 PA 220, in accordance with MERS Plan Document, as both may be amended, subject to the terms and conditions herein.

## I. Effective Date

The effective date shall be the first day of **January, 2021**.

II. Employer name South Lyon, City of

Municipality number 631501

This is an amendment of the existing Adoption Agreement for the MERS Defined Benefit.

Any changes to plan provisions apply to employees in the division on the effective date, as well as to new hires ongoing. Definitions will apply for all service accrued after the effective date.

Division number 63150120

Division name on file with MERS Command

## III. Plan Eligibility

Only those employees eligible for MERS membership may participate in the MERS Defined Benefit. If an employee classification is **included** in the plan, then employees that meet this definition will receive service credit if they work the required number of hours to meet the service credit qualification defined below. All eligible employees must be reported to MERS.

Using your Division Name above, expand on the employee classifications that are eligible to participate in MERS. For example, if Division is "General," please insert specific classifications that are eligible for MERS such as "Clerical Staff," "Elected Officials," "Library Director," etc.:

Employee classification contains **public safety employees**: ☒ Yes ☐ No

Public safety employees include: law enforcement, parole and probation officers, employees responsible for emergency response (911 dispatch, fire service, paramedics, etc.), public works, and other skilled support personnel (equipment operators, etc.).

## Defined Benefit Plan Adoption Agreement Addendum

EMPLOYER NAME: South Lyon, City of

DIV: 63150120

If you elect to include a special classification (chart below), then the employee will be required to meet the Service Credit Qualification as defined under section IV (Provisions) in order to earn a month of service. Excluded classification will require additional information below.

To further define eligibility (select all that apply):

Employee Classification	Included	Excluded	Not Employed
<b>Temporary Employees:</b> Those who will work for the municipality fewer than _____ months in total.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Part-Time Employees:</b> Those who regularly work fewer than _____ per _____.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Seasonal Employees:</b> Those who will work for the municipality from _____ to _____ only.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Voter-Elected Officials</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Appointed Officials:</b> An official appointed to a voter-elected office.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Contract Employees</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**Probationary Periods** (select one):

- ☐ Service will begin after the probationary period has been satisfied. Probationary periods are allowed in one-month increments, no longer than 12 months. During this probationary period, the employer will not report or provide service.

The probationary period will be \_\_\_\_\_ month(s).

Comments:

- ☒ Service will begin with the employee's date of hire (no Probationary Period). Effective with the date of hire, wages paid and any associated contributions must be submitted to MERS.

## Defined Benefit Plan Adoption Agreement Addendum

EMPLOYER NAME: South Lyon, City of

DIV: 63150120

### IV. Provisions

#### 1. Service Credit Qualification

To clarify how eligible employees earn service credit, please indicate how many hours per month an eligible employee needs to work. For example, if you require 10 eight-hour days, this would be 80 hours per month. If an 'hour per day' has been defined (like ten 7-hour days), electing 70 hours will be required. Employees must meet the definition of Plan Eligibility in order to earn service credit under the plan.

To receive one month of service credit, an employee shall work (or be paid for as if working)

160 hours in a month.

#### 2. Leaves of Absence

Indicate by checking the boxes below, whether the potential for service credit will be allowed if an eligible employee is on one of the following types of leave, regardless of meeting the service credit qualification criteria.

Regardless whether an eligible employee is awarded service credit while on the selected type(s) of leave:

- MERS will skip over these months when determining the FAC amount for benefit calculations.
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- Employers **are not** required to remit employer contributions based on leaves of absence when no wages are paid by the employer. However, an employer may submit additional voluntary contributions for the period of the leave in an amount determined by the employer.
- For **contributory divisions**, employee contributions are required for service credit to be retained. Employee contributions will be collected based on the Service Credit Qualification. Employers will calculate employee contributions due using the employee's current hourly rate (prior to leave). For example if 120 hours is required for service credit, then employee contributions shall be equal to 120 hours times the employee's hourly rate. Employees have three times the length of leave, to a maximum of five years, to pay required employee contributions. Leaves of absence are required to be reported to MERS, including the employee's start and end date per month, along with the employee's hourly rate.

Type of Leave	Service Credit Granted	Service Credit Excluded
Short- and Long-Term Disability	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Workers' Compensation	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Unpaid Family Medical Leave Act (FMLA)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other: _____ For example, sick and accident, administrative, educational, sabbatical, etc.	<input type="checkbox"/>	<input type="checkbox"/>
Other 2: _____ Additional leave types as above	<input type="checkbox"/>	<input type="checkbox"/>

Leaves of absence due to military service are governed by the Federal Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA), IRC 414(u), effective January 1, 2007, IRC 401(a)(37).

## Defined Benefit Plan Adoption Agreement Addendum

EMPLOYER NAME: South Lyon, City of

DIV: 63150120

### 3. Definition of Compensation

The Definition of Compensation is used to calculate a participant's final average compensation and is used in determining both employer and employee contributions. Wages paid to employees, calculated using the elected definition, must be reported to MERS.

Select your Definition of Compensation here. If you choose to customize your definition, skip this table and proceed to page 5.

	<input type="radio"/> Base Wages	<input type="radio"/> Box 1 Wages	<input type="radio"/> Gross Wages
<b>Types of Compensation</b>			
<b>Regular Wages</b> Salary or hourly wage X hours PTO used (sick, vacation, personal, bereavement, holiday leave, or unclassified) On-call pay	All Regular Wages included	All Regular Wages included	All Regular Wages included
<b>Other Wages</b> Shift differentials Overtime Severance issued over time (weekly/bi-weekly)	Excluded	All Other Wages included	All Other Wages included
<b>Lump Sum Payments</b> PTO cash-out Longevity Bonuses Merit pay Job certifications Educational degrees Moving expenses Sick payouts Severance (if issued as lump sum)	Excluded	All Lump Sum Payments included	All Lump Sum Payments included
<b>Taxable Payments</b> Travel through a non-accountable plan (i.e. mileage not tracked for reimbursement) Prizes, gift cards Personal use of a company car Car allowance	Excluded	All Taxable Payments included	All Taxable Payments included
<b>Reimbursement of Nontaxable Expenses</b> (as defined by the IRS) Gun, tools, equipment, uniform Phone Fitness Mileage reimbursement Travel through an accountable plan (i.e. tracking mileage for reimbursement)	Excluded	Excluded	Excluded
<b>Types of Deferrals</b>			
<b>Elective Deferrals of Employee Premiums/Contributions</b> 457 employee and employer contributions 125 cafeteria plan, FSAs and HSAs IRA contributions	All Elective Deferrals included	Excluded	All Elective Deferrals included
<b>Types of Benefits</b>			
<b>Nontaxable Fringe Benefits of Employees</b> Health plan, dental, vision benefits Workers compensation premiums Short- or Long-term disability premiums Group term or whole life insurance < \$50,000	All Nontaxable Fringe Benefits included	Excluded	All Nontaxable Fringe Benefits included
<b>Mandatory Contributions</b> Defined Benefit employee contributions MERS Health Care Savings Program employee contributions	All Mandatory Contributions included	Excluded	All Mandatory Contributions included
<b>Taxable Fringe Benefits</b> Clothing reimbursement Stipends for health insurance opt out payments Group term life insurance > \$50,000	Excluded	Excluded	All Taxable Fringe Benefits included
<b>Other Benefits / Lump Sum Payments</b> Workers compensation settlement payments	Excluded	Excluded	All Other Lump Sum Benefits included

## Defined Benefit Plan Adoption Agreement Addendum

EMPLOYER NAME: South Lyon, City of

DIV: 63150120

**SKIP THIS TABLE** if you selected one of the standard definitions of compensation on page 4.

**CUSTOM:** If you choose this option, you must select boxes in each section you would like to include in your Definition of Compensation. You will be responsible for additional reporting details to track custom definitions.

### Types of Compensation

#### Regular Wages

☒ Salary or hourly wage X hours

☒ On-call pay

☒ PTO used (sick, vacation, personal, bereavement, holiday leave, or unclassified)

☐ Other: \_\_\_\_\_

Other Wages apply: YES ☒ NO ☐

☒ Shift differentials

☐ Severance issued over time (weekly/bi-weekly)

☒ Overtime

☐ Other: \_\_\_\_\_

Lump Sum Payments apply: YES ☒ NO ☐

☒ PTO cash-out

☒ Educational degrees

☒ Longevity

☐ Moving expenses

☐ Bonuses

☐ Sick payouts

☒ Merit pay

☐ Severance (if issued as lump sum)

☐ Job certifications

☐ Other: \_\_\_\_\_

Taxable Payments apply: YES ☐ NO ☒

☐ Travel through a non-accountable plan (i.e. mileage not tracked for reimbursement)

☐ Prizes, gift cards

☐ Car allowance

☐ Personal use of a company car

☐ Other: \_\_\_\_\_

Reimbursement of Nontaxable Expenses (as defined by the IRS) apply: YES ☐ NO ☒

☐ Gun, tools, equipment, uniform

☐ Mileage reimbursement

☐ Phone

☐ Travel through an accountable plan (i.e. tracking mileage for reimbursement)

☐ Fitness

☐ Other: \_\_\_\_\_

### Types of Deferrals

Elective Deferrals of Employee Premiums/Contributions apply: YES ☒ NO ☐

☐ 457 employee and employer contributions

☐ IRA contributions

☒ 125 cafeteria plan, FSAs and HSAs

☒ Other: 457 EMPLOYEE CONTRIBUTIONS

### Types of Benefits

Nontaxable Fringe Benefits of Employees apply: YES ☐ NO ☒

☐ Health plan, dental, vision benefits

☐ Group term or whole life insurance < \$50,000

☐ Workers compensation premiums

☐ Short- or Long-term disability premiums

☐ Other: \_\_\_\_\_

Mandatory Contributions apply: YES ☐ NO ☒

☐ Defined Benefit employee contributions

☐ MERS Health Care Savings Program employee contributions

☐ Other: \_\_\_\_\_

Taxable Fringe Benefits apply: YES ☐ NO ☒

☐ Clothing reimbursement

☐ Group term life insurance > \$50,000

☐ Stipends for health insurance opt out payments

☐ Other: \_\_\_\_\_

Other Benefits / Lump Sum Payments apply: YES ☐ NO ☒

☐ Workers compensation settlement payments

☐ Other: \_\_\_\_\_

## Defined Benefit Plan Adoption Agreement Addendum

EMPLOYER NAME: South Lyon, City of

DIV: 63150120

### V. Execution:

**Authorized Designee of Governing Body of Municipality or Chief Judge of Court**

This foregoing Addendum is hereby approved by City of South Lyon

at a Board Meeting which took place on: \_\_\_\_\_  
(mm/dd/yyyy)

**Authorized Signature:** \_\_\_\_\_

**Printed Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

☐ I understand that approved board minutes are required to complete this request.

Board minutes should be sent to: [DataCollectionProject@mersofmich.com](mailto:DataCollectionProject@mersofmich.com)

**Restated Plan Document of 2012**

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**Sec. 2A. Definitions; A through L. [MCL 38.1502a.]**

- (1) "Accumulated balance" means the total balance in a member's, vested former member's, or beneficiary's individual account under Benefit Program DC or the defined contribution component of the Hybrid Program.
- (2) "Accumulated contributions" means the sum of all amounts credited to a member's individual account in the reserve for employee contributions.
- (3) "Beneficiary" means an individual who is being paid or who has entitlement to the future payment of a retirement allowance or a return of contributions on account of a reason other than the individual's membership in the retirement system.
- (3)(a) "Board" means the Retirement Board.
- (4) "Certification date" means August 15, 1996. [MCL 38.1502a(1)]
- (5) "Chief judge" means the chief judge of a judicial circuit court, a judicial district court, or a judicial probate court as provided in the Revised Judicature Act of 1961, 1961 PA 236, MCL 600.101 to 600.9948. [MCL 38.1502a(2)]
- (6) "Compensation" means the salary or wages paid a member for personal services rendered the member's participating municipality or participating court while a member of the retirement system.
  - (a) "Compensation" shall include all of the following:
    - (i) Longevity pay, overtime pay, and shift differentials.
    - (ii) Pay for periods of absence from work by reason of vacation, holiday, and sickness.
    - (iii) Deferred compensation amounts under eligible deferred compensation programs and premiums for annuities and permanent life insurance policies that are transferred to the ownership of the member upon retirement.
    - (iv) Worker's compensation weekly benefits if the participating municipality or participating court reports the worker's compensation benefit to the retirement system and the payments are higher than regular earnings.
    - (v) A member's pre-tax contributions to a plan established under Section 125 of the Internal Revenue Code.
    - (vi) Transcript fees paid to a court reporter, net of expenses, for performing services at the request of the participating municipality or participating court that employs the court reporter.

## Restated Plan Document of 2012

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- (vii) A car allowance to the extent taxable on the member's W-2.
- (viii) Short term disability or long term disability benefit payments if the participating municipality or participating court reports the payments to the retirement system.
- (ix) Payments available to employees for achievement of established annual (or similar period) performance goals in the form of variable compensation (over base wages), merit compensation, or similar compensation.
- (x) Payments available to employees for attainment of educational degrees from an accredited college or university (associate, bachelor, or higher), or for attainment, maintenance or acquisition of job-related certification.
- (xi) Lump sum payments of included compensation to the extent that such payments are attributable to the member's personal service rendered during the period of years for which their final average compensation is based.

(b) "Compensation" shall not include any of the following:

- (i) Remuneration or reimbursement not specifically described in this subsection or recognized by the board, such as allowances for clothing, equipment, cleaning, and travel.
- (ii) Reimbursement of expenses.
- (iii) Bonus payments, except as provided under subsection (6)(a)(ix) and (x).
- (iv) Termination pay.
- (v) Severance pay.
- (vi) Payments in consideration of unused sick leave.
- (vii) The value of fringe benefits.
- (viii) Items of remuneration that are the basis of a potential or actual benefit from another retirement program.

- (c) A participating municipality or participating court may exclude any of the items of compensation listed in paragraph (a) by resolution of the governing body or administrative order of the chief judge. The resolution or administrative order shall be uniformly applicable to all members employed by the participating municipality or court who are covered by the same benefit program coverage classification. A certified copy of the



## Restated Plan Document of 2012

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resolution or administrative order shall be filed with the retirement board within 10 days after adoption or issuance. In the absence of a resolution or administrative order, compensation shall be reported in accordance with paragraphs (a) and (b).

- (d) Compensation under Benefit Program DC and under the defined contribution component of Benefit Program H shall be defined in accordance with Section 19A(4)(c)(ii).
- (7) "Defined Contribution," "DC," or "DC Program" means Benefit Program DC established under section 19A.
- (8) "Direct rollover" means a payment by the retirement system to the eligible retirement plan specified by the distributee.
- (9) "Distributee" includes a member or vested former member. Distributee also includes the member's or vested former member's surviving spouse or the member's or vested former member's spouse or former spouse under an eligible domestic relations order, with regard to the interest of the spouse or former spouse. Effective July 15, 2009, a distributee includes a nonspouse beneficiary who is a designated beneficiary as defined by section 401(a)(9)(E) of the Internal Revenue Code. A nonspouse beneficiary may rollover the distribution only to an individual retirement account or individual retirement annuity established for the purpose of receiving the distribution, and the account or annuity will be treated as an "inherited" individual retirement account or annuity.
- (10) "Eligible retirement plan." Beginning January 1, 2002, except as otherwise provided in this subsection, "eligible retirement plan" means the following types of plans established under the listed sections of the Internal Revenue Code:
  - (a) a qualified trust described in section 401(a);
  - (b) an annuity plan described in section 403(a);
  - (c) a tax-sheltered annuity described in section 403(b);
  - (d) an individual retirement account described in section 408(a);
  - (e) an individual retirement annuity described in section 408(b);
  - (f) a Roth IRA individual retirement account described in section 408A; and
  - (g) a deferred compensation plan under section 457(b) that is maintained by a state, or an agency or instrumentality of a state, a political subdivision of a state, or an agency or instrumentality of a political subdivision of a state,

that accepts the distributee's eligible rollover distribution. However, in the case of an eligible rollover distribution to a surviving spouse on or before December

## Restated Plan Document of 2012

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31, 2001, an eligible retirement plan means an individual retirement account or an individual retirement annuity.

- (11) "Eligible rollover distribution." Beginning January 1, 2002, "eligible rollover distribution" means a distribution of all or any portion of the balance to the credit of the distributee. Eligible rollover distribution does not include any of the following:
- (a) A distribution made for the life or life expectancy of the distributee or the joint lives or joint life expectancies of the distributee and the distributee's designated beneficiary.
  - (b) A distribution for a specified period of 10 years or more.
  - (c) A distribution to the extent that the distribution is required under section 401(a)(9) of the Internal Revenue Code.
  - (d) The portion of any distribution that is not includable in federal gross income, determined without regard to the exclusion for net unrealized appreciation with respect to employer securities; provided, that any portion of a distribution that is not included in federal gross income may be an eligible rollover distribution for purposes of a rollover to: (1)(i) an eligible retirement plan listed in subsection (10)(a) or (b) provided that the plan is a defined contribution plan that will separately account for the distribution, including the taxable and non-taxable portions of the distribution, and that the rollover is a direct trustee-to-trustee transfer, and (ii) beginning January 1, 2007, an eligible retirement plan listed in subsection (10)(a) that is a defined benefit plan or (10)(c) provided that the plan will separately account for the distribution, including the taxable and non-taxable portions of the distribution, and that the rollover is a direct trustee-to-trustee transfer, or; (2) an eligible retirement plan listed in subsection (10)(d) or (e), or; (iii) beginning January 1, 2008, an eligible retirement plan listed in subsection (10)(f).
- (12) "Final average compensation" means any of the following:
- (a) One-fifth of the aggregate amount of compensation paid and earned by a member during the period of 5 consecutive years of the member's credited service in which the aggregate amount of compensation paid and earned is highest, known as FAC-5. If the member has less than 5 years of credited service, final average compensation means the aggregate amount of compensation paid and earned by the member divided by the member's credited service. A member who has credited service in force with more than 1 participating municipality or participating court shall have a separate final average compensation computed based on the member's compensation record with each participating municipality and participating court.

## Restated Plan Document of 2012

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- (b) If the participating municipality or court has adopted benefit program FAC-N, where N shall be a whole number of years not less than three,  $1/N$  of the aggregate amount of compensation paid and earned by a member during the period of N consecutive years of the member's credited service in which the aggregate amount of compensation paid and earned is highest. If the member has less than N years of credited service, final average compensation means the aggregate amount of compensation paid and earned by the member divided by the member's credited service. A member who has credited service in force with more than 1 participating municipality or participating court shall have a separate final average compensation computed based on the member's compensation record with each participating municipality or participating court.
  - (c) For a member who is a judge of the district court, the recorder's court of the city of Detroit, or the circuit court, and has converted a portion or all of his or her state salary standardization payment as provided for in section 504 of the Judges Retirement Act of 1992, Act No. 234 of the Public Acts of 1992, being section 38.2504 of the Michigan Compiled Laws, as an addition to his or her state base salary under Act No. 234 of the Public Acts of 1992, being sections 38.2101 to 38.2670 of the Michigan Compiled Laws, the difference between the figure that would otherwise be used under subdivision (a) or (b) to compute the member's retirement benefits, and the amount of the state salary standardization payment converted.
- (13) "Governing body" means the representative legislative body of a municipality, or the administrative board or commission of a public corporation or instrumentality that does not have a representative legislative body. [MCL 38.1502a(3)]
  - (14) "Hybrid" or "Hybrid Program" means Benefit Program H established under section 19B.
  - (15) "Internal Revenue Code" means the United States Internal Revenue Code of 1986.
  - (16) "Judicial circuit court" means a judicial circuit of the circuit court as provided in section 11 of article VI of the state constitution of 1963. [MCL 38.1502a(4)]
  - (17) "Judicial district court" means a judicial district of the district court as provided in section 8101 of the Revised Judicature Act of 1961, 1961 PA 236, MCL 600.8101. [MCL 38.1502a(5)]
  - (18) "Judicial employee" means an individual who is paid compensation for personal service rendered for a participating court. Judicial employee does not include anyone who is a municipal employee under section 2B(3) or anyone who is specifically excluded as a municipal employee under section 2B(3).

## **Restated Plan Document of 2012**

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- (19) "Judicial probate court" means a county probate court or probate court district as provided in section 15 of article VI of the state constitution of 1963. [MCL 38.1502a(6)]
- (20) "Limitation year" means, for purposes of section 415 of the Internal Revenue Code, the calendar year.

**Implementing Form:** Resolution Defining "Compensation" for MERS Retirement Purposes (F96)

**History:** 1984 PA 427, Eff Jan 2, 1985; 1996 PA 220, Eff Aug 15, 1996; Plan Document of 1996, Eff Oct 1, 1996; Restated Plan Document of 2012, Eff July 1, 2012; Amended lmd Eff July 11, 2012.



# Municipal Employees' Retirement System of Michigan

Annual Actuarial Valuation Report

December 31, 2019 - South Lyon, City of (6315)





Spring, 2020

South Lyon, City of

In care of:  
Municipal Employees' Retirement System of Michigan  
1134 Municipal Way  
Lansing, Michigan 48917

This report presents the results of the Annual Actuarial Valuation, prepared for South Lyon, City of (6315) as of December 31, 2019. The report includes the determination of liabilities and contribution rates resulting from the participation in the Municipal Employees' Retirement System of Michigan ("MERS"). This report contains the minimum actuarially determined contribution requirement, in alignment with the MERS Plan Document, Actuarial Policy, and the Michigan Constitution and governing statutes. South Lyon, City of is responsible for the employer contributions needed to provide MERS benefits for its employees and former employees.

The purposes of this valuation are to:

- Measure funding progress as of December 31, 2019,
- Establish contribution requirements for the fiscal year beginning July 1, 2021,
- Provide information regarding the identification and assessment of risk,
- Provide actuarial information in connection with applicable Governmental Accounting Standards Board (GASB) statements, and
- Provide information to assist the local unit of government with state reporting requirements.

This valuation assumed the continuing ability of the plan sponsor to make the contributions necessary to fund this plan. A determination regarding whether or not the plan sponsor is actually able to do so is outside our scope of expertise and was not performed.

The findings in this report are based on data and other information through December 31, 2019. The valuation was based upon information furnished by MERS concerning Retirement System benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal reasonability and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by MERS.

The Municipal Employees' Retirement Act, PA 427 of 1984 and the MERS' Plan Document Article VI sec. 71 (1)(d), provides the MERS Board with the authority to set actuarial assumptions and methods after consultation with the actuary. As the fiduciary of the plan, MERS Retirement Board sets certain assumptions for funding and GASB purposes. These assumptions are checked regularly through a comprehensive study, called an Experience Study. A study was completed in 2015, as prepared by the prior actuary, and is the basis of the demographic assumptions and methods currently in place. At the February 28, 2019 board meeting, the MERS Retirement Board adopted new economic assumptions effective with the December 31, 2019 annual actuarial valuation, which will impact contributions beginning in 2021. **At the February 27, 2020 board meeting, the MERS Retirement Board adopted demographic assumptions effective with the December 31, 2020 annual actuarial valuation, which will impact contributions beginning in 2022.** An illustration of the potential impact is found in this report.

The Michigan Department of Treasury provides required assumptions to be used for purposes of Public Act 202 reporting. These assumptions are for reporting purposes only and do not impact required contributions. Please refer to the State Reporting page found at the end of this report for information for this filing.

For a full list of all the assumptions used, please refer to the division-specific assumptions described in table(s) in this report, and to the Appendix on the MERS website at:

<http://www.mersofmich.com/Portals/0/Assets/Resources/AAV-Appendix/MERS-2019AnnualActuarialValuation-Appendix.pdf>

**The actuarial assumptions used for this valuation are reasonable for purposes of the measurement.**

**This report does not reflect the recent and still developing impact of COVID-19, which is likely to influence demographic and economic experience, at least in the short-term. We will continue to monitor these developments and their impact on the MERS Defined Benefit and Hybrid plans. Actual experience will be reflected in each subsequent annual valuation, as experience emerges.**

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of South Lyon, City of as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board, and with applicable statutes.

David T. Kausch, Rebecca L. Stouffer, and Mark Buis are members of the American Academy of Actuaries. These actuaries meet the Academy's Qualification Standards to render the actuarial opinions contained herein. The signing actuaries are independent of the plan sponsor. GRS maintains independent consulting agreements with certain local units of government for services unrelated to the actuarial consulting services provided in this report.

The Retirement Board of the Municipal Employees' Retirement System of Michigan confirms that the System provides for payment of the required employer contribution as described in Section 20m of Act No. 314 of 1965 (MCL 38.1140m).



This information is purely actuarial in nature. It is not intended to serve as a substitute for legal, accounting or investment advice.

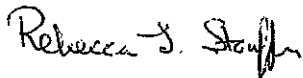
This report was prepared at the request of the MERS Retirement Board and may be provided only in its entirety by the municipality to other interested parties (MERS customarily provides the full report on request to associated third parties such as the auditor for the municipality). GRS is not responsible for the consequences of any unauthorized use. This report should not be relied on for any purpose other than the purposes described herein. Determinations of financial results, associated with the benefits described in this report, for purposes other than those identified above may be significantly different.

If you have reason to believe that the plan provisions are incorrectly described, that important plan provisions relevant to this valuation are not described, that conditions have changed since the calculations were made, that the information provided in this report is inaccurate or is in anyway incomplete, or if you need further information in order to make an informed decision on the subject matter in this report, please contact your Regional Manager at 1.800.767.MERS (6377).

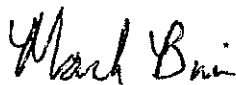
Sincerely,



David T. Kausch, FSA, FCA, EA, MAAA



Rebecca L. Stouffer, ASA, FCA, MAAA



Mark Buis, FSA, FCA, EA, MAAA





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## 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*	66%	68%

\* 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.



## Required Employer Contributions:

Your required employer contributions are shown in the following table. Employee contributions, if any, are in addition to the employer contributions. Changes to the actuarial assumptions and methods based on the 2015 Experience Study are fully phased-in with this valuation.

Effective this valuation, the MERS Retirement Board has adopted a reduction in the investment rate of return assumption from 7.75% to 7.35% and a reduction in the rate of wage inflation from 3.75% to 3.00%. Changes to these assumptions are effective for contributions beginning in 2021 and may be phased-in. This valuation reflects the first year of phase-in.

By default, MERS will invoice you based on the amount in the "No Phase-in" columns. This amount will be considered the minimum required contribution unless you request to be billed the "Phase-in" rates. If you wish to be billed using the phased-in rates, please contact MERS, at which point the alternate minimum required contribution will be the amount in the "Phase-in" columns. Please note that this approach is different than in years past.

	Percentage of Payroll				Monthly \$ Based on Projected Payroll			
	Phase-in	No Phase-in	Phase-in	No Phase-in	Phase-in	No Phase-in	Phase-in	No Phase-in
Valuation Date:	12/31/2019	12/31/2019	12/31/2018	12/31/2018	12/31/2019	12/31/2019	12/31/2018	12/31/2018
Fiscal Year Beginning:	July 1, 2021	July 1, 2021	July 1, 2020	July 1, 2020	July 1, 2021	July 1, 2021	July 1, 2020	July 1, 2020
Division								
01 - AFSME					\$ 18,574	\$ 19,597	\$ 18,280	\$ 18,639
02 - Pol/Fire					14,776	15,574	14,019	14,286
10 - Non Union					11,641	12,556	8,388	8,664
11 - Clerical					2,175	2,397	1,692	1,786
20 - Command	23.21%	24.52%	22.20%	22.66%	8,285	8,753	9,242	9,433
Municipality Total					\$ 55,451	\$ 58,877	\$ 51,621	\$ 52,808

Employee contribution rates:

Valuation Date:	Employee Contribution Rate	
	12/31/2019	12/31/2018
Division		
01 - AFSME	2.50%	2.50%
02 - Pol/Fire	1.00%	1.00%
10 - Non Union	1.27%	1.27%
11 - Clerical	2.09%	1.27%
20 - Command	2.00%	1.75%

The employer may contribute more than the minimum required contributions, as these additional contributions will earn investment income and may result in lower future contribution requirements. Employers making contributions in excess of the minimum requirements may elect to apply the excess contribution immediately to a particular division, or segregate the excess into one or more of what MERS calls "Surplus" divisions. An election in the first case would immediately reduce any unfunded accrued liability and lower the amortization payments throughout the remaining amortization period. An election to set up Surplus divisions would not immediately lower future contributions, however the assets from the Surplus division could be transferred to an unfunded division in the future to reduce the unfunded liability in future years, or to be used to pay all or a portion of the minimum required contribution in a future year. For purposes of this report, the assets in any Surplus division have been included in the municipality's total assets, unfunded accrued liability and funded status, however, these assets are not used in calculating the minimum required contribution.

**MERS strongly encourages employers to contribute more than the minimum contribution shown above.**



Assuming that experience of the plan meets actuarial assumptions:

- To accelerate to a 100% funding ratio in 10 years, estimated monthly employer contributions for the fiscal year beginning in 2021 for the entire employer would be \$84,031, instead of \$58,877.

### **How and Why Do These Numbers Change?**

In a defined benefit plan contributions vary from one annual actuarial valuation to the next as a result of the following:

- Changes in benefit provisions (see Table 2)
- Changes in actuarial assumptions and methods (see the Appendix)
- Experience of the plan (investment experience and demographic experience); this is the difference between actual experience of the plan and the actuarial assumptions.

### **Comments on Investment Rate of Return Assumption**

A defined benefit plan is funded by employer contributions, participant contributions, and investment earnings. Investment earnings have historically provided a significant portion of the funding. The larger the share of benefits being provided from investment returns, the smaller the required contributions, and vice versa. Determining the contributions required to prefund the promised retirement benefits requires an assumption of what investment earnings are expected to add to the fund over a long period of time. This is called the **Investment Return Assumption**.

The MERS Investment Return Assumption is **7.35%** per year. This, along with all of our other actuarial assumptions, is reviewed at least every five years in an Experience Study that compares the assumptions used against actual experience and recommends adjustments if necessary. If your municipality would like to explore contributions at lower assumed investment return assumptions, please review the “what if” projection scenarios later in this report.

### **Assumption Change in 2019**

At the February 28, 2019 board meeting, the MERS Retirement Board adjusted key economic assumptions. These assumptions, in particular the investment return assumption, have a significant effect on a plan’s required contribution and funding level. Historically low interest rates, along with high equity market valuations, have led to reductions in projected returns for most asset classes. This has resulted in a Board adopted reduction in the investment rate of return assumption from 7.75% to 7.35%, effective with the December 31, 2019 valuation, first impacting 2021 contributions. The Board also changed the assumed rate of wage inflation from 3.75% to 3.00%, with the same effective date.

### **Assumption Change in 2020**

A 5-year experience study analyzing historical experience from 2013 through 2018 was completed in February 2020. In addition to changes to the economic assumptions which will take effect with the Fiscal year 2021 contribution rates, the experience study recommends updated demographic assumptions, including adjustments to the following actuarial assumptions: mortality, retirement, disability, and termination rates. A complete description of the proposed assumptions may be found in the Appendix to the valuation. Changes to the demographic assumptions resulting from the experience study have been approved by the MERS Retirement Board and are to be effective beginning with the December 31, 2020 actuarial valuation first



impacting 2022 contributions. This report includes a “What If” scenario of the approved 2020 assumption changes in an effort to show employers the anticipated impact on contribution rates.

## Comments on Asset Smoothing

To avoid dramatic spikes and dips in annual contribution requirements due to short term fluctuations in asset markets, MERS applies a technique called **asset smoothing**. This spreads out each year’s investment gains or losses over the prior year and the following four years. This smoothing method is used to determine your actuarial value of assets (valuation assets), which is then used to determine both your funded ratio and your required contributions. The (smoothed) **actuarial rate of return for 2019 was 4.77%, while the actual market rate of return was 13.41%**. To see historical details of the market rate of return, compared to the smoothed actuarial rate of return, refer to this report’s Appendix, or view the [“How Smoothing Works” video](#) on the [Defined Benefit resource page](#) of the MERS website.

As of December 31, 2019, the actuarial value of assets is 101% of market value due to asset smoothing. This means that meeting the actuarial assumption in the next few years will require average annual market returns that exceed the 7.35% investment return assumption, or contribution requirements will continue to increase.

If the December 31, 2019 valuation results were based on market value instead of actuarial value:

- The funded percent of your entire municipality would be 65% (instead of 66%); and
- Your total employer contribution requirement for the fiscal year starting July 1, 2021 would be \$720,180 (instead of \$706,524).

## Alternate Scenarios to Estimate the Potential Volatility of Results ("What If Scenarios")

The calculations in this report are based on assumptions about long-term economic and demographic behavior. These assumptions will never materialize in a given year, except by coincidence. Therefore the results will vary from one year to the next. The volatility of the results depends upon the characteristics of the plan. For example:

- Open divisions that have substantial assets compared to their active employee payroll will have more volatile employer contribution rates due to investment return fluctuations.
- Open divisions that have substantial accrued liability compared to their active employee payroll will have more volatile employer contribution rates due to demographic experience fluctuations.
- Small divisions will have more volatile contribution patterns than larger divisions because statistical fluctuations are relatively larger among small populations.
- Shorter amortization periods result in more volatile contribution patterns.

Many assumptions are important in determining the required employer contributions. In the following table, we show the impact of varying the Investment Return assumption and the demographic assumptions. Lower investment returns would result in higher required employer contributions, and vice-versa. Alternate demographic assumptions may result in higher or lower employer contributions depending on the demographic characteristics of the plan participants.

The relative impact of the economic and demographic scenarios below will vary from year to year, as the participant demographics change. The impact of each scenario should be analyzed for a given year, not from year to year. The results in the table are based on the December 31, 2019 valuation, and are for the



municipality in total, not by division. These results do not reflect a phase in of the impact of the new actuarial assumptions.

It is important to note that calculations in this report are mathematical estimates based upon assumptions regarding future events, which may or may not materialize. Actuarial calculations can and do vary from one valuation to the next, sometimes significantly depending on the group's size. Projections are not predictions. Future valuations will be based on actual future experience.

In addition to economic assumption changes effective with Fiscal Year 2021 contributions, the Retirement Board has also adopted a change to certain demographic and other assumptions effective for the December 31, 2020 valuation which will impact the Fiscal Year 2022 contributions. Please see the section labeled "Assumption Change in 2020" for more information. The scenario shown using these assumptions as of December 31, 2019 is illustrative only. The actual impact of this change when reflected in the 2020 Annual Actuarial Valuation report will be different.

	Assumed Future Annual Smoothed Rate of Investment Return		
	Lower Future Annual Returns <sup>3</sup>	2020 Adopted Demographic Assumptions	Valuation Assumptions
<b>12/31/2019 Valuation Results</b>			
Investment Return Assumption	5.35%	7.35%	7.35%
Wage Increase Assumption	3.00%	3.00%	3.00%
Accrued Liability	\$ 23,627,042	\$ 19,089,435	\$ 18,599,406
Valuation Assets <sup>1</sup>	\$ 12,243,784	\$ 12,243,784	\$ 12,243,784
Unfunded Accrued Liability	\$ 11,383,258	\$ 6,845,651	\$ 6,355,622
<b>Funded Ratio</b>	52%	64%	66%
Monthly Normal Cost	\$ 31,683	\$ 17,793	\$ 17,417
Monthly Amortization Payment	\$ 64,028	\$ 44,964	\$ 41,460
<b>Total Employer Contribution<sup>2</sup></b>	\$ 95,711	\$ 62,757	\$ 58,877

<sup>1</sup> The Valuation Assets include assets from Surplus divisions, if any.

<sup>2</sup> If assets exceed accrued liabilities for a division, the division may have an overfunding credit to reduce the division's employer contribution requirement. If the overfunding credit is larger than the normal cost, the division's full credit is included in the municipality's amortization payment above but the division's total contribution requirement is zero. This can cause the displayed normal cost and amortization payment to not add up to the displayed total employer contribution.

<sup>3</sup> Based on current demographic assumptions.

## Projection Scenarios

The next two pages show projections of the plan's funded ratio and computed employer contributions under the actuarial assumptions used in the valuation and alternate economic and demographic assumption scenarios. All three projections take into account the past investment losses that will continue to affect the actuarial rate of return in the short term.

The 7.35%/3.00% scenario provides an estimate of computed employer contributions based on current actuarial assumptions, and a projected 7.35% market return. The other two scenarios may be useful if the municipality chooses to budget more conservatively, and make contributions in addition to the minimum requirements. The 2020 adopted demographic assumption and 5.35%/3.00% projection scenarios provide an indication of the potential required employer contribution if these assumptions were met over the long-term.

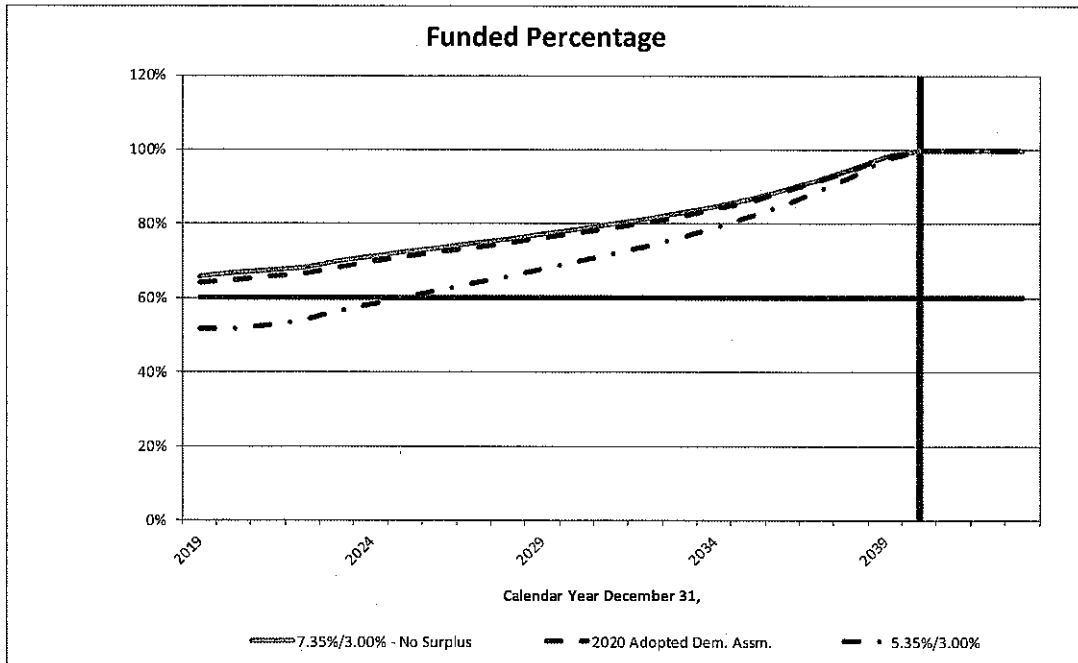


Valuation Year Ending 12/31	Fiscal Year Beginning 7/1	Actuarial Accrued Liability	Valuation Assets <sup>2</sup>	Funded Percentage	Computed Annual Employer Contribution
<b>7.35%<sup>1</sup>/3.00% - Current Demographic Assumptions</b>					
<b>NO 5-YEAR PHASE-IN</b>					
2019	2021	\$ 18,599,406	\$ 12,243,784	66%	\$ 706,524
2020	2022	\$ 19,300,000	\$ 12,900,000	67%	\$ 716,000
2021	2023	\$ 20,000,000	\$ 13,500,000	68%	\$ 730,000
2022	2024	\$ 20,800,000	\$ 14,100,000	68%	\$ 753,000
2023	2025	\$ 21,500,000	\$ 15,000,000	70%	\$ 750,000
2024	2026	\$ 22,100,000	\$ 15,800,000	71%	\$ 755,000
<b>7.35%<sup>1</sup>/3.00% - Adopted 2020 Demographic Assumptions</b>					
<b>NO 5-YEAR PHASE-IN</b>					
2019	2021	\$ 19,089,435	\$ 12,243,784	64%	\$ 753,084
2020	2022	\$ 19,800,000	\$ 12,900,000	65%	\$ 764,000
2021	2023	\$ 20,600,000	\$ 13,500,000	66%	\$ 780,000
2022	2024	\$ 21,400,000	\$ 14,200,000	66%	\$ 806,000
2023	2025	\$ 22,100,000	\$ 15,100,000	68%	\$ 803,000
2024	2026	\$ 22,800,000	\$ 15,900,000	70%	\$ 808,000
<b>5.35%<sup>1</sup>/3.00% - Current Demographic Assumptions</b>					
<b>NO 5-YEAR PHASE-IN</b>					
2019	2021	\$ 23,627,042	\$ 12,243,784	52%	\$ 1,148,532
2020	2022	\$ 24,400,000	\$ 12,600,000	52%	\$ 1,180,000
2021	2023	\$ 25,200,000	\$ 13,200,000	53%	\$ 1,200,000
2022	2024	\$ 26,000,000	\$ 14,000,000	54%	\$ 1,220,000
2023	2025	\$ 26,800,000	\$ 15,100,000	56%	\$ 1,220,000
2024	2026	\$ 27,400,000	\$ 16,000,000	58%	\$ 1,230,000

<sup>1</sup> Represents both the interest rate for discounting liabilities and the future investment return assumption on the Market Value of assets.

<sup>2</sup> Valuation Assets do not include assets from Surplus divisions, if any.

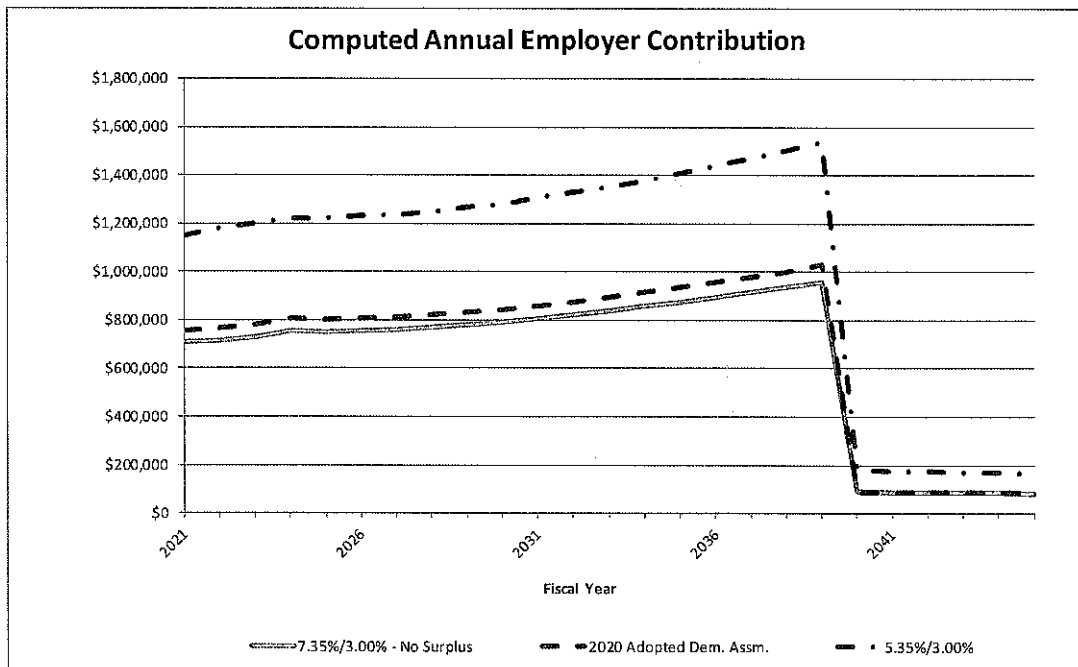




**Notes:**

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

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



**Notes:**

All projected contributions are shown with no phase-in.



**Table 1: Employer Contribution Details For the Fiscal Year Beginning July 1, 2021**

	Total Normal Cost	Employee Contribut. Rate	Employer Contributions <sup>1</sup>			Computed Employer Contribut. With Phase-In	Blended ER Rate No Phase-In <sup>5</sup>	Blended ER Rate With Phase-In <sup>5</sup>	Employee Contribut. Conversion Factor <sup>2</sup>
			Employer Normal Cost	Payment of the Unfunded Accrued Liability <sup>4</sup>	Computed Employer Contribut. No Phase-In				
Division									
Percentage of Payroll									
01 - AFSME	11.15%	2.50%	-	-	-	-	-	-	-
02 - Pol/Fire	10.90%	1.00%	-	-	-	-	-	-	-
10 - Non Union	11.24%	1.27%	-	-	-	-	-	-	-
11 - Clerical	12.35%	2.09%	-	-	-	-	-	-	-
20 - Command	10.04%	2.00%	8.04%	16.48%	24.52%	23.21%			0.91%
Estimated Monthly Contribution <sup>3</sup>									
01 - AFSME			\$ 6,273	\$ 13,324	\$ 19,597	\$ 18,574			
02 - Pol/Fire			5,691	9,883	15,574	14,776			
10 - Non Union			1,899	10,657	12,556	11,641			
11 - Clerical			684	1,713	2,397	2,175			
20 - Command			2,870	5,883	8,753	8,285			
Total Municipality			\$ 17,417	\$ 41,460	\$ 58,877	\$ 55,451			
Estimated Annual Contribution <sup>3</sup>			\$ 209,004	\$ 497,520	\$ 706,524	\$ 665,412			

<sup>1</sup> The above employer contribution requirements are in addition to the employee contributions, if any.

<sup>2</sup> If employee contributions are increased/decreased by 1.00% of pay, the employer contribution requirement will decrease/increase by the Employee Contribution Conversion Factor. The conversion factor is usually under 1%, because employee contributions may be refunded at termination of employment, and not used to fund retirement pensions. Employer contributions will all be used to fund pensions.

<sup>3</sup> For divisions that are open to new hires, estimated contributions are based on projected fiscal year payroll. Actual contributions will be based on actual reported monthly pays, and will be different from the above amounts. For divisions that will have no new hires (i.e., closed divisions), invoices will be based on the above dollar amounts which are based on projected fiscal year payroll. See description of Open Divisions and Closed Divisions in the Appendix.

<sup>4</sup> Note that if the overfunding credit is larger than the normal cost, the full credit is shown above but the total contribution requirement is zero. This will cause the displayed normal cost and unfunded accrued liability contributions to not add across.

<sup>5</sup> For linked divisions, the employer will be invoiced the Computed Employer Contribution No Phase-in rate shown above for each linked division (a contribution rate for the open division; a contribution dollar for the closed-but-linked division), unless the employer elects to contribute the Blended Employer Contribution rate shown above, by contacting MERS at 800-767-MERS (6377).

Please see the Comments on Asset Smoothing in the Executive Summary of this report.



## Table 2: Benefit Provisions

### 01 - AFSME: Closed to new hires

	2019 Valuation	2018 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)	2.50% Multiplier (80% max)
Normal Retirement Age:	60	60
Vesting:	10 years	10 years
Early Retirement (Unreduced):	55/25	55/25
Early Retirement (Reduced):	50/25	50/25
	55/15	55/15
Final Average Compensation:	5 years	5 years
Employee Contributions:	2.50%	2.50%
DC Plan for New Hires:	2/1/2018	2/1/2018
Act 88:	Yes (Adopted 11/3/1969)	Yes (Adopted 11/3/1969)

### 02 - Pol/Fire: Closed to new hires

	2019 Valuation	2018 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)	2.50% Multiplier (80% max)
Normal Retirement Age:	60	60
Vesting:	10 years	10 years
Early Retirement (Unreduced):	55/25	55/25
Early Retirement (Reduced):	50/25	50/25
	55/15	55/15
Final Average Compensation:	5 years	5 years
Employee Contributions:	1.00%	1.00%
DC Plan for New Hires:	4/1/2018	4/1/2018
Act 88:	Yes (Adopted 11/3/1969)	Yes (Adopted 11/3/1969)

### 10 - Non Union: Closed to new hires

	2019 Valuation	2018 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)	2.50% Multiplier (80% max)
Normal Retirement Age:	60	60
Vesting:	8 years	8 years
Early Retirement (Unreduced):	55/25	55/25
Early Retirement (Reduced):	50/25	50/25
	55/15	55/15
Final Average Compensation:	5 years	5 years
Employee Contributions:	1.27%	1.27%
DC Plan for New Hires:	1/1/2018	1/1/2018
Act 88:	Yes (Adopted 11/3/1969)	Yes (Adopted 11/3/1969)



**11 - Clerical: Closed to new hires**

	2019 Valuation	2018 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)	2.50% Multiplier (80% max)
Normal Retirement Age:	60	60
Vesting:	10 years	10 years
Early Retirement (Unreduced):	55/25	55/25
Early Retirement (Reduced):	50/25	50/25
	55/15	55/15
Final Average Compensation:	5 years	5 years
Employee Contributions:	2.09%	1.27%
DC Plan for New Hires:	3/1/2018	3/1/2018
Act 88:	Yes (Adopted 11/3/1969)	Yes (Adopted 11/3/1969)

**20 - Command: Open Division**

	2019 Valuation	2018 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)	2.50% Multiplier (80% max)
Normal Retirement Age:	60	60
Vesting:	10 years	10 years
Early Retirement (Unreduced):	55/25	55/25
Early Retirement (Reduced):	50/25	50/25
	55/15	55/15
Final Average Compensation:	5 years	5 years
Employee Contributions:	2.00%	1.75%
Act 88:	Yes (Adopted 11/3/1969)	Yes (Adopted 11/3/1969)



### Table 3: Participant Summary

Division	2019 Valuation		2018 Valuation		2019 Valuation		
	Number	Annual Payroll <sup>1</sup>	Number	Annual Payroll <sup>1</sup>	Average Age	Average Benefit Service <sup>2</sup>	Average Eligibility Service <sup>2</sup>
<b>01 - AFSME</b>							
Active Employees	15	\$ 918,533	16	\$ 951,771	42.3	11.2	11.2
Vested Former Employees	3	66,914	3	66,914	53.6	16.6	21.0
Retirees and Beneficiaries	9	260,058	9	250,743	67.6		
Pending Refunds	0		0				
<b>02 - Pol/Fire</b>							
Active Employees	8	\$ 670,884	9	\$ 724,996	48.0	21.7	22.3
Vested Former Employees	0	0	0	0	0.0	0.0	0.0
Retirees and Beneficiaries	7	122,656	7	122,654	67.4		
Pending Refunds	2		2				
<b>10 - Non Union</b>							
Active Employees	3	\$ 246,132	4	\$ 321,612	56.3	16.7	16.7
Vested Former Employees	5	53,143	5	53,141	52.9	6.4	13.2
Retirees and Beneficiaries	8	290,152	8	212,494	68.1		
Pending Refunds	3		3				
<b>11 - Clerical</b>							
Active Employees	2	\$ 87,804	3	\$ 134,465	56.5	12.2	12.2
Vested Former Employees	0	0	0	0	0.0	0.0	0.0
Retirees and Beneficiaries	6	98,688	5	58,553	67.0		
Pending Refunds	5		5				
<b>20 - Command</b>							
Active Employees	4	\$ 397,788	5	\$ 455,442	46.8	23.5	23.5
Vested Former Employees	1	38,280	0	0	44.6	17.8	17.8
Retirees and Beneficiaries	1	67,839	1	67,839	67.6		
Pending Refunds	0		0				
<b>Total Municipality</b>							
Active Employees	32	\$ 2,321,141	37	\$ 2,588,286	46.5	15.9	16.1
Vested Former Employees	9	158,337	8	120,055	52.2	11.1	16.3
Retirees and Beneficiaries	31	839,391	30	712,283	67.6		
Pending Refunds	<u>10</u>		<u>10</u>				
<b>Total Participants</b>	<b>82</b>		<b>85</b>				

<sup>1</sup> Annual payroll for active employees; annual deferred benefits payable for vested former employees; annual benefits being paid for retirees and beneficiaries.

<sup>2</sup> Descriptions can be found under Miscellaneous and Technical Assumptions in the Appendix.

### Table 4: Reported Assets (Market Value)

Division	2019 Valuation		2018 Valuation	
	Employer and Retiree <sup>1</sup>	Employee <sup>2</sup>	Employer and Retiree <sup>1</sup>	Employee <sup>2</sup>
01 - AFSME	\$ 3,386,891	\$ 150,228	\$ 3,001,382	\$ 141,888
02 - Pol/Fire	2,866,037	107,679	2,651,500	106,345
10 - Non Union	2,651,772	79,196	2,091,068	89,023
11 - Clerical	954,110	36,943	864,249	33,551
20 - Command	1,766,687	84,978	1,707,705	95,422
<b>Municipality Total<sup>3</sup></b>	<b>\$ 11,625,498</b>	<b>\$ 459,024</b>	<b>\$ 10,315,905</b>	<b>\$ 466,230</b>
<b>Combined Assets<sup>3</sup></b>	<b>\$12,084,522</b>		<b>\$10,782,135</b>	

<sup>1</sup> Reserve for Employer Contributions and Benefit Payments.

<sup>2</sup> Reserve for Employee Contributions.

<sup>3</sup> Totals may not add due to rounding.

The December 31, 2019 valuation assets (actuarial value of assets) are equal to 1.013179 times the reported market value of assets (compared to 1.095342 as of December 31, 2018). Refer to the Appendix for a description of the valuation asset derivation and a detailed calculation of valuation assets.

**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	\$ 377,646		\$ 27,207	\$ 417,514	\$ (245,918)	\$ 0	\$ 0	\$ 7,229,085
2010	373,267		29,381	465,669	(272,954)	0	0	7,824,448
2011	391,853	\$ 0	29,480	456,252	(318,755)	0	0	8,383,278
2012	382,514	0	28,224	425,240	(368,886)	0	0	8,850,370
2013	390,205	0	28,199	558,574	(410,472)	0	0	9,416,876
2014	407,859	9,252	27,803	554,736	(485,354)	0	0	9,931,172
2015	417,850	2,418	27,094	505,738	(578,427)	(383)	0	10,305,462
2016	469,769	676	29,301	557,986	(574,326)	(1,541)	0	10,787,327
2017	525,383	4,304	34,784	667,228	(591,459)	0	0	11,427,567
2018	547,683	11,471	45,616	430,388	(652,600)	0	0	11,810,125
2019	573,966	7,711	47,115	572,587	(767,721)	0	1	12,243,784

**Notes:**

Transfers in and out are usually related to the transfer of participants between municipalities, and to employer and employee payments for service credit purchases (if any) that the governing body has approved.

Additional employer contributions, if any, are shown separately starting in 2011. Prior to 2011, additional contributions are combined with the required employer contributions.

The investment income column reflects the recognized investment income based on Valuation Assets. It does not reflect the market value investment return in any given year.

The Valuation Asset balance includes assets from Surplus divisions, if any.

Years where historical information is not available, will be displayed with zero values.



**Table 6: Actuarial Accrued Liabilities and Valuation Assets  
as of December 31, 2019**

Division	Actuarial Accrued Liability					Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
	Active Employees	Vested Former Employees	Retirees and Beneficiaries	Pending Refunds	Total			
01 - AFSME	\$ 2,152,748	\$ 600,332	\$ 2,887,790	\$ 0	\$ 5,640,870	\$ 3,583,735	63.5%	\$ 2,057,135
02 - Pol/Fire	3,278,050	0	1,243,684	3,706	4,525,440	3,012,906	66.6%	1,512,534
10 - Non Union	1,039,844	365,144	2,967,381	5,651	4,378,020	2,766,960	63.2%	1,611,060
11 - Clerical	234,535	0	1,013,262	9,250	1,257,047	1,004,114	79.9%	252,933
20 - Command	2,012,817	141,917	643,295	0	2,798,029	1,876,069	67.1%	921,960
<b>Total</b>	<b>\$ 8,717,994</b>	<b>\$ 1,107,393</b>	<b>\$ 8,755,412</b>	<b>\$ 18,607</b>	<b>\$ 18,599,406</b>	<b>\$ 12,243,784</b>	<b>65.8%</b>	<b>\$ 6,355,622</b>

Please see the Comments on Asset Smoothing in the Executive Summary of this report.



## Table 7: Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2005	\$ 6,936,238	\$ 5,109,827	74%	\$ 1,826,411
2006	7,484,995	5,645,947	75%	1,839,048
2007	8,026,181	6,230,762	78%	1,795,419
2008	9,075,100	6,652,636	73%	2,422,464
2009	9,805,033	7,229,085	74%	2,575,948
2010	10,402,369	7,824,448	75%	2,577,921
2011	11,143,466	8,383,278	75%	2,760,188
2012	11,604,233	8,850,370	76%	2,753,863
2013	12,141,556	9,416,876	78%	2,724,680
2014	13,449,214	9,931,172	74%	3,518,042
2015	14,840,169	10,305,462	69%	4,534,707
2016	15,590,665	10,787,327	69%	4,803,338
2017	16,363,409	11,427,567	70%	4,935,842
2018	17,359,423	11,810,125	68%	5,549,298
2019	18,599,406	12,243,784	66%	6,355,622

Notes: Actuarial assumptions were revised for the 2008, 2009, 2010, 2011, 2012, 2015 and 2019 actuarial valuations.

The Valuation Assets include assets from Surplus divisions, if any.

Years where historical information is not available will be displayed with zero values.

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.



## Tables 8 and 9: Division-Based Comparative Schedules

### Division 01 - AFSME

**Table 8-01: Actuarial Accrued Liabilities - Comparative Schedule**

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2009	\$ 3,267,878	\$ 2,385,930	73%	\$ 881,948
2010	3,440,471	2,579,141	75%	861,330
2011	3,708,511	2,736,627	74%	971,884
2012	3,803,340	2,873,820	76%	929,520
2013	3,896,120	3,061,905	79%	834,215
2014	4,385,994	3,203,437	73%	1,182,557
2015	4,781,427	3,211,196	67%	1,570,231
2016	4,931,980	3,250,213	66%	1,681,767
2017	5,003,141	3,362,869	67%	1,640,272
2018	5,405,803	3,442,956	64%	1,962,847
2019	5,640,870	3,583,735	64%	2,057,135

Notes: Actuarial assumptions were revised for the 2009, 2010, 2011, 2015 and 2019 actuarial valuations.

**Table 9-01: Computed Employer Contributions - Comparative Schedule**

Valuation Date December 31	Active Employees		Computed Employer Contribution <sup>1</sup>	Employee Contribution Rate <sup>2</sup>
	Number	Annual Payroll		
2009	16	\$ 842,905	14.51%	1.23%
2010	16	814,745	14.83%	1.23%
2011	16	825,208	15.71%	1.23%
2012	16	820,436	16.08%	1.23%
2013	17	853,395	15.11%	1.23%
2014	16	710,251	19.53%	1.23%
2015	15	726,019	23.46%	1.23%
2016	16	808,272	22.93%	1.23%
2017	16	834,168	21.33%	2.50%
2018	16	951,771	\$ 18,639	2.50%
2019	15	918,533	\$ 19,597	2.50%

1 For open divisions, a percent of pay contribution is shown. For closed divisions, a monthly dollar contribution is shown.

2 For each valuation year, the computed employer contribution is based on the employee rate. If the employee rate changes during the applicable fiscal year, the computed employer contribution will be adjusted.

Note: The contributions shown in Table 9 for the 12/31/2015 through 12/31/2019 valuations do not reflect the phase-in of the increased contribution requirements associated with the new actuarial assumptions. The full contribution without phase-in is shown in Table 9 above.

See the Benefit Provision History, later in this report, for past benefit provision changes.

Years where historical information is not available, will be displayed with zero values.



## Division 02 - Pol/Fire

**Table 8-02: Actuarial Accrued Liabilities - Comparative Schedule**

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2009	\$ 2,044,070	\$ 1,450,389	71%	\$ 593,681
2010	2,165,598	1,580,636	73%	584,962
2011	2,380,367	1,722,033	72%	658,334
2012	2,544,835	1,862,267	73%	682,568
2013	2,573,181	1,930,008	75%	643,173
2014	3,004,646	2,207,453	74%	797,193
2015	3,417,339	2,385,610	70%	1,031,729
2016	3,644,116	2,587,869	71%	1,056,247
2017	3,963,032	2,827,916	71%	1,135,116
2018	4,321,387	3,020,783	70%	1,300,604
2019	4,525,440	3,012,906	67%	1,512,534

Notes: Actuarial assumptions were revised for the 2009, 2010, 2011, 2015 and 2019 actuarial valuations.

**Table 9-02: Computed Employer Contributions - Comparative Schedule**

Valuation Date December 31	Active Employees		Computed Employer Contribution <sup>1</sup>	Employee Contribution Rate <sup>2</sup>
	Number	Annual Payroll		
2009	11	\$ 814,022	13.27%	0.80%
2010	11	788,715	13.62%	0.80%
2011	11	792,314	14.20%	0.80%
2012	11	798,296	14.80%	0.80%
2013	10	714,630	15.18%	0.80%
2014	10	757,731	16.12%	0.80%
2015	10	756,733	18.62%	0.80%
2016	10	759,278	18.70%	1.00%
2017	10	780,165	19.31%	1.00%
2018	9	724,996	\$ 14,286	1.00%
2019	8	670,884	\$ 15,574	1.00%

<sup>1</sup> For open divisions, a percent of pay contribution is shown. For closed divisions, a monthly dollar contribution is shown.

<sup>2</sup> For each valuation year, the computed employer contribution is based on the employee rate. If the employee rate changes during the applicable fiscal year, the computed employer contribution will be adjusted.

Note: The contributions shown in Table 9 for the 12/31/2015 through 12/31/2019 valuations do not reflect the phase-in of the increased contribution requirements associated with the new actuarial assumptions. The full contribution without phase-in is shown in Table 9 above.

See the Benefit Provision History, later in this report, for past benefit provision changes.

Years where historical information is not available, will be displayed with zero values.



## Division 10 - Non Union

**Table 8-10: Actuarial Accrued Liabilities - Comparative Schedule**

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2009	\$ 2,596,724	\$ 1,869,141	72%	\$ 727,583
2010	2,722,477	1,957,119	72%	765,358
2011	2,780,252	2,029,117	73%	751,135
2012	2,875,321	2,034,475	71%	840,846
2013	2,899,374	2,145,607	74%	753,767
2014	3,050,324	2,200,607	72%	849,717
2015	3,246,469	2,248,232	69%	998,237
2016	3,344,356	2,311,190	69%	1,033,166
2017	3,531,675	2,403,779	68%	1,127,896
2018	3,562,997	2,387,946	67%	1,175,051
2019	4,378,020	2,766,960	63%	1,611,060

Notes: Actuarial assumptions were revised for the 2009, 2010, 2011, 2012, 2015 and 2019 actuarial valuations.

**Table 9-10: Computed Employer Contributions - Comparative Schedule**

Valuation Date December 31	Active Employees		Computed Employer Contribution <sup>1</sup>	Employee Contribution Rate <sup>2</sup>
	Number	Annual Payroll		
2009	8	\$ 555,215	16.83%	1.27%
2010	7	474,963	18.52%	1.27%
2011	6	409,759	20.47%	1.27%
2012	6	416,489	22.74%	1.27%
2013	4	282,712	25.67%	1.27%
2014	5	399,245	22.14%	1.27%
2015	5	387,215	26.24%	1.27%
2016	6	455,418	24.69%	1.27%
2017	5	411,702	\$ 9,202	1.27%
2018	4	321,612	\$ 8,664	1.27%
2019	3	246,132	\$ 12,556	1.27%

1. For open divisions, a percent of pay contribution is shown. For closed divisions, a monthly dollar contribution is shown.

2. For each valuation year, the computed employer contribution is based on the employee rate. If the employee rate changes during the applicable fiscal year, the computed employer contribution will be adjusted.

**Note:** The contributions shown in Table 9 for the 12/31/2015 through 12/31/2019 valuations do not reflect the phase-in of the increased contribution requirements associated with the new actuarial assumptions. The full contribution without phase-in is shown in Table 9 above.

See the Benefit Provision History, later in this report, for past benefit provision changes.

Years where historical information is not available, will be displayed with zero values.



## Division 11 - Clerical

**Table 8-11: Actuarial Accrued Liabilities - Comparative Schedule**

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2009	\$ 550,852	\$ 533,264	97%	\$ 17,588
2010	648,287	593,332	92%	54,955
2011	714,586	651,504	91%	63,082
2012	785,452	708,908	90%	76,544
2013	747,117	705,843	95%	41,274
2014	809,843	769,504	95%	40,339
2015	921,004	830,807	90%	90,197
2016	993,440	901,790	91%	91,650
2017	1,061,743	963,184	91%	98,559
2018	1,125,246	983,399	87%	141,847
2019	1,257,047	1,004,114	80%	252,933

Notes: Actuarial assumptions were revised for the 2009, 2010, 2011, 2012, 2015 and 2019 actuarial valuations.

**Table 9-11: Computed Employer Contributions - Comparative Schedule**

Valuation Date December 31	Active Employees		Computed Employer Contribution <sup>1</sup>	Employee Contribution Rate <sup>2</sup>
	Number	Annual Payroll		
2009	6	\$ 235,809	11.00%	0.00%
2010	6	233,246	12.54%	1.27%
2011	6	233,744	12.47%	1.27%
2012	6	241,452	12.92%	1.27%
2013	6	224,913	12.22%	1.27%
2014	6	230,861	12.14%	1.27%
2015	6	230,782	14.68%	1.27%
2016	6	250,196	14.40%	1.27%
2017	4	165,646	13.99%	1.27%
2018	3	134,465	\$ 1,786	1.27%
2019	2	87,804	\$ 2,397	2.09%

1 For open divisions, a percent of pay contribution is shown. For closed divisions, a monthly dollar contribution is shown.

2 For each valuation year, the computed employer contribution is based on the employee rate. If the employee rate changes during the applicable fiscal year, the computed employer contribution will be adjusted.

**Note:** The contributions shown in Table 9 for the 12/31/2015 through 12/31/2019 valuations do **not** reflect the phase-in of the increased contribution requirements associated with the new actuarial assumptions. The full contribution without phase-in is shown in Table 9 above.

See the Benefit Provision History, later in this report, for past benefit provision changes.

Years where historical information is not available, will be displayed with zero values.



## Division 20 - Command

**Table 8-20: Actuarial Accrued Liabilities - Comparative Schedule**

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2009	\$ 1,345,509	\$ 990,361	74%	\$ 355,148
2010	1,425,536	1,114,220	78%	311,316
2011	1,559,750	1,243,997	80%	315,753
2012	1,595,285	1,370,900	86%	224,385
2013	2,025,764	1,573,513	78%	452,251
2014	2,198,407	1,550,171	71%	648,236
2015	2,473,930	1,629,617	66%	844,313
2016	2,676,773	1,736,265	65%	940,508
2017	2,803,818	1,869,819	67%	933,999
2018	2,943,990	1,975,041	67%	968,949
2019	2,798,029	1,876,069	67%	921,960

Notes: Actuarial assumptions were revised for the 2009, 2010, 2011, 2012, 2015 and 2019 actuarial valuations.

**Table 9-20: Computed Employer Contributions - Comparative Schedule**

Valuation Date December 31	Active Employees		Computed Employer Contribution <sup>1</sup>	Employee Contribution Rate <sup>2</sup>
	Number	Annual Payroll		
2009	5	\$ 420,150	13.17%	0.86%
2010	5	401,619	13.08%	0.86%
2011	5	405,434	13.43%	0.86%
2012	5	396,590	12.51%	0.86%
2013	5	397,208	16.23%	0.86%
2014	5	430,243	18.38%	0.86%
2015	5	432,493	21.71%	0.86%
2016	5	452,336	22.54%	1.00%
2017	5	451,433	22.24%	1.50%
2018	5	455,442	22.66%	1.75%
2019	4	397,788	24.52%	2.00%

<sup>1</sup> For open divisions, a percent of pay contribution is shown. For closed divisions, a monthly dollar contribution is shown.

<sup>2</sup> For each valuation year, the computed employer contribution is based on the employee rate. If the employee rate changes during the applicable fiscal year, the computed employer contribution will be adjusted.

**Note:** The contributions shown in Table 9 for the 12/31/2015 through 12/31/2019 valuations do **not** reflect the phase-in of the increased contribution requirements associated with the new actuarial assumptions. The full contribution without phase-in is shown in Table 9 above.

See the Benefit Provision History, later in this report, for past benefit provision changes.

Years where historical information is not available, will be displayed with zero values.



## Table 10: Division-Based Layered Amortization Schedule

### Division 01 - AFSME

**Table 10-01: Layered Amortization Schedule**

Type of UAL	Date Established	Original Balance <sup>1</sup>	Original Amortization Period <sup>2</sup>	Amounts for Fiscal Year Beginning 7/1/2021		
				Outstanding UAL Balance <sup>3</sup>	Remaining Amortization Period <sup>2</sup>	Annual Amortization Payment
Initial	12/31/2015	\$ 1,570,231	23	\$ 1,693,174	19	\$ 130,572
(Gain)/Loss	12/31/2016	46,584	22	52,802	19	4,068
(Gain)/Loss	12/31/2017	(61,945)	21	(69,743)	19	(5,376)
Amendment	12/31/2017	(10,302)	21	(11,593)	19	(900)
(Gain)/Loss	12/31/2018	312,194	20	349,929	19	26,988
(Gain)/Loss	12/31/2019	(107,303)	19	(119,348)	19	(9,204)
Assumption	12/31/2019	170,211	19	178,153	19	13,740
<b>Total</b>				<b>\$ 2,073,374</b>		<b>\$ 159,888</b>

<sup>1</sup> For each type of UAL (layer), this is the original balance as of the date the layer was established.

<sup>2</sup> According to the MERS amortization policy, each type of UAL (layer) is amortized over a specific period (see Appendix on MERS website).

<sup>3</sup> This is the remaining balance as of the valuation date, projected to the beginning of the fiscal year shown above.

The unfunded accrued liability (UAL) as of December 31, 2019 (see Table 6) is projected to the beginning of the fiscal year for which the contributions are being calculated. This allows the 2019 valuation to take into account the expected future contributions that are based on past valuations. Each type of UAL (layer) is amortized over the appropriate period. Please see the Appendix on the MERS website for a detailed description of the amortization policy.

Note: The original balance and original amortization periods prior to 12/31/2018 were received from the prior actuary.



**Table 10-02: Layered Amortization Schedule**

Type of UAL	Date Established	Original Balance <sup>1</sup>	Original Amortization Period <sup>2</sup>	Amounts for Fiscal Year Beginning 7/1/2021		
				Outstanding UAL Balance <sup>3</sup>	Remaining Amortization Period <sup>2</sup>	Annual Amortization Payment
Initial	12/31/2015	\$ 1,031,729	23	\$ 1,105,319	19	\$ 85,236
(Gain)/Loss	12/31/2016	(9,120)	22	(10,344)	19	(804)
Amendment	12/31/2016	102	22	102	19	12
(Gain)/Loss	12/31/2017	59,683	21	67,194	19	5,184
(Gain)/Loss	12/31/2018	152,161	20	170,545	19	13,152
(Gain)/Loss	12/31/2019	53,077	19	59,035	19	4,548
Assumption	12/31/2019	138,668	19	146,078	19	11,268
<b>Total</b>				<b>\$ 1,537,929</b>		<b>\$ 118,596</b>

<sup>1</sup> For each type of UAL (layer), this is the original balance as of the date the layer was established.

<sup>2</sup> According to the MERS amortization policy, each type of UAL (layer) is amortized over a specific period (see Appendix on MERS website).

<sup>3</sup> This is the remaining balance as of the valuation date, projected to the beginning of the fiscal year shown above.

The unfunded accrued liability (UAL) as of December 31, 2019 (see Table 6) is projected to the beginning of the fiscal year for which the contributions are being calculated. This allows the 2019 valuation to take into account the expected future contributions that are based on past valuations. Each type of UAL (layer) is amortized over the appropriate period. Please see the Appendix on the MERS website for a detailed description of the amortization policy.

Note: The original balance and original amortization periods prior to 12/31/2018 were received from the prior actuary.

## Division 10 - Non Union

Table 10-10: Layered Amortization Schedule

Type of UAL	Date Established	Original Balance <sup>1</sup>	Original Amortization Period <sup>2</sup>	Amounts for Fiscal Year Beginning 7/1/2021		
				Outstanding UAL Balance <sup>3</sup>	Remaining Amortization Period <sup>2</sup>	Annual Amortization Payment
Initial	12/31/2015	\$ 998,237	23	\$ 1,054,864	19	\$ 81,348
(Gain)/Loss	12/31/2016	12,232	22	13,852	19	1,068
(Gain)/Loss	12/31/2017	79,154	21	89,116	19	6,876
(Gain)/Loss	12/31/2018	31,742	20	35,576	19	2,748
(Gain)/Loss	12/31/2019	279,457	19	310,827	19	23,976
Assumption	12/31/2019	146,256	19	153,932	19	11,868
<b>Total</b>				<b>\$ 1,658,167</b>		<b>\$ 127,884</b>

<sup>1</sup> For each type of UAL (layer), this is the original balance as of the date the layer was established.

<sup>2</sup> According to the MERS amortization policy, each type of UAL (layer) is amortized over a specific period (see Appendix on MERS website).

<sup>3</sup> This is the remaining balance as of the valuation date, projected to the beginning of the fiscal year shown above.

The unfunded accrued liability (UAL) as of December 31, 2019 (see Table 6) is projected to the beginning of the fiscal year for which the contributions are being calculated. This allows the 2019 valuation to take into account the expected future contributions that are based on past valuations. Each type of UAL (layer) is amortized over the appropriate period. Please see the Appendix on the MERS website for a detailed description of the amortization policy.

Note: The original balance and original amortization periods prior to 12/31/2018 were received from the prior actuary.





## Division 11 - Clerical

**Table 10-11: Layered Amortization Schedule**

Type of UAL	Date Established	Original Balance <sup>1</sup>	Original Amortization Period <sup>2</sup>	Amounts for Fiscal Year Beginning 7/1/2021		
				Outstanding UAL Balance <sup>3</sup>	Remaining Amortization Period <sup>2</sup>	Annual Amortization Payment
Initial	12/31/2015	\$ 90,197	23	\$ 102,733	19	\$ 7,920
(Gain)/Loss	12/31/2016	(5,246)	22	(5,945)	19	(456)
(Gain)/Loss	12/31/2017	3,351	21	3,769	19	288
(Gain)/Loss	12/31/2018	42,420	20	47,547	19	3,672
(Gain)/Loss	12/31/2019	70,604	19	78,529	19	6,060
Assumption	12/31/2019	37,383	19	40,273	19	3,108
Amendment	12/31/2019	(477)	19	(531)	19	(36)
<b>Total</b>				<b>\$ 266,375</b>		<b>\$ 20,556</b>

<sup>1</sup> For each type of UAL (layer), this is the original balance as of the date the layer was established.

<sup>2</sup> According to the MERS amortization policy, each type of UAL (layer) is amortized over a specific period (see Appendix on MERS website).

<sup>3</sup> This is the remaining balance as of the valuation date, projected to the beginning of the fiscal year shown above.

The unfunded accrued liability (UAL) as of December 31, 2019 (see Table 6) is projected to the beginning of the fiscal year for which the contributions are being calculated. This allows the 2019 valuation to take into account the expected future contributions that are based on past valuations. Each type of UAL (layer) is amortized over the appropriate period. Please see the Appendix on the MERS website for a detailed description of the amortization policy.

Note: The original balance and original amortization periods prior to 12/31/2018 were received from the prior actuary.



## Division 20 - Command

**Table 10-20: Layered Amortization Schedule**

Type of UAL	Date Established	Original Balance <sup>1</sup>	Original Amortization Period <sup>2</sup>	Amounts for Fiscal Year Beginning 7/1/2021		
				Outstanding UAL Balance <sup>3</sup>	Remaining Amortization Period <sup>2</sup>	Annual Amortization Payment
Initial	12/31/2015	\$ 844,313	23	\$ 904,746	19	\$ 69,768
(Gain)/Loss	12/31/2016	67,677	22	76,717	19	5,916
Amendment	12/31/2016	(295)	22	(333)	19	(24)
(Gain)/Loss	12/31/2017	(30,319)	21	(34,133)	19	(2,628)
Amendment	12/31/2017	3,487	21	3,920	19	300
(Gain)/Loss	12/31/2018	27,195	20	30,482	19	2,352
Amendment	12/31/2018	(640)	20	(722)	19	(60)
(Gain)/Loss	12/31/2019	(137,603)	19	(153,049)	19	(11,808)
Assumption	12/31/2019	83,852	19	88,354	19	6,816
Amendment	12/31/2019	(362)	19	(403)	19	(36)
<b>Total</b>				<b>\$ 915,579</b>		<b>\$ 70,596</b>

<sup>1</sup> For each type of UAL (layer), this is the original balance as of the date the layer was established.

<sup>2</sup> According to the MERS amortization policy, each type of UAL (layer) is amortized over a specific period (see Appendix on MERS website).

<sup>3</sup> This is the remaining balance as of the valuation date, projected to the beginning of the fiscal year shown above.

The unfunded accrued liability (UAL) as of December 31, 2019 (see Table 6) is projected to the beginning of the fiscal year for which the contributions are being calculated. This allows the 2019 valuation to take into account the expected future contributions that are based on past valuations. Each type of UAL (layer) is amortized over the appropriate period. Please see the Appendix on the MERS website for a detailed description of the amortization policy.

Note: The original balance and original amortization periods prior to 12/31/2018 were received from the prior actuary.



## GASB 68 Information

The following information has been prepared to provide some of the information necessary to complete GASB Statement No. 68 disclosures. Statement 68 is effective for fiscal years beginning after June 15, 2014. Additional resources, including an Implementation Guide, are available at <http://www.mersofmich.com/>.

Actuarial Valuation Date:	12/31/2019
Measurement Date of the Total Pension Liability (TPL):	12/31/2019
At 12/31/2019, the following employees were covered by the benefit terms:	
Inactive employees or beneficiaries currently receiving benefits:	31
Inactive employees entitled to but not yet receiving benefits (including refunds):	19
Active employees:	<u>32</u>
	82
Total Pension Liability as of 12/31/2018 measurement date:	\$ 16,883,924
Total Pension Liability as of 12/31/2019 measurement date:	\$ 18,084,604
Service Cost for the year ending on the 12/31/2019 measurement date:	\$ 238,655
Change in the Total Pension Liability due to:	
- Benefit changes <sup>1</sup> :	\$ (851)
- Differences between expected and actual experience <sup>2</sup> :	\$ (148,563)
- Changes in assumptions <sup>2</sup> :	\$ 549,607
Average expected remaining service lives of all employees (active and inactive):	4
<sup>1</sup> A change in liability due to benefit changes is immediately recognized when calculating pension expense for the year.	
<sup>2</sup> Changes in liability due to differences between actual and expected experience, and changes in assumptions, are recognized in pension expense over the average remaining service lives of all employees.	
Covered employee payroll: (Needed for Required Supplementary Information)	\$ 2,321,141
Sensitivity of the Net Pension Liability to changes in the discount rate:	

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
Change in Net Pension Liability as of 12/31/2019:	\$ 2,197,401	\$ -	\$ (1,858,146)

Note: The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because for GASB 68 purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes it is net of administrative expenses.



# Benefit Provision History

The following benefit provision history is provided by MERS. Any corrections to this history or discrepancies between this information and information displayed elsewhere in the valuation report should be reported to MERS. All provisions are listed by date of adoption.

## 01 - AFSME

2/1/2018	Non-Accelerated Amortization
2/1/2018	DC Adoption Date 02-01-2018
11/1/2017	Participant Contribution Rate 2.5%
12/1/2016	Service Credit Purchase Estimates - Yes
11/1/2008	Benefit B-4 (80% max)
11/1/2008	Member Contribution Rate 1.23%
2/1/2000	Benefit B-3 (80% max)
2/1/2000	Member Contribution Rate 0.00%
3/10/1998	Temporary 8 Year Vesting (03/10/1998 - 05/12/1998)
7/1/1994	Benefit B-2
7/1/1994	Member Contribution Rate 3.40%
7/1/1981	Benefit F55 (With 25 Years of Service)
7/1/1981	Member Contribution Rate 0.00%
1/1/1979	Benefit B-1
5/12/1975	Exclude Temporary Employees
11/3/1969	Covered by Act 88
7/1/1967	Benefit FAC-5 (5 Year Final Average Compensation)
7/1/1967	10 Year Vesting
7/1/1967	Benefit C-1 (Old)
7/1/1967	Member Contribution Rate 3.00% Under \$4,200.00 - Then 5.00%
7/1/1967	Fiscal Month - July
	Defined Benefit Normal Retirement Age - 60
	Early Reduced (.5%) at Age 50 with 25 Years or Age 55 with 15 Years

## 02 - Pol/Fire

4/1/2018	Non-Accelerated Amortization
4/1/2018	DC Adoption Date 04-01-2018
12/1/2016	Service Credit Purchase Estimates - Yes
9/1/2016	Participant Contribution Rate 1%
10/1/2008	Benefit B-4 (80% max)
10/1/2008	Member Contribution Rate 0.80%
7/1/2001	Benefit B-3 (80% max)
7/1/2001	Member Contribution Rate 0.00%
7/1/1993	Benefit B-2
7/1/1993	Member Contribution Rate 2.80%
7/1/1981	Member Contribution Rate 0.00%
7/1/1979	Benefit F55 (With 25 Years of Service)
1/1/1979	Benefit B-1
5/12/1975	Exclude Temporary Employees
11/3/1969	Covered by Act 88
7/1/1967	Benefit FAC-5 (5 Year Final Average Compensation)
7/1/1967	10 Year Vesting



## 02 - Pol/Fire

7/1/1967 Benefit C-1 (Old)  
7/1/1967 Member Contribution Rate 3.00% Under \$4,200.00 - Then 5.00%  
7/1/1967 Fiscal Month - July  
Defined Benefit Normal Retirement Age - 60  
Early Reduced (.5%) at Age 50 with 25 Years or Age 55 with 15 Years

## 10 - Non Union

1/1/2018 Non-Accelerated Amortization  
1/1/2018 DC Adoption Date 01-01-2018  
12/1/2016 Service Credit Purchase Estimates - Yes  
4/1/2009 8 Year Vesting  
4/1/2009 Benefit B-4 (80% max)  
4/1/2009 Member Contribution Rate 1.27%  
7/1/2001 Benefit B-3 (80% max)  
7/1/2001 Member Contribution Rate 0.00%  
9/1/1993 Benefit FAC-5 (5 Year Final Average Compensation)  
9/1/1993 10 Year Vesting  
9/1/1993 Benefit B-2  
9/1/1993 Benefit F55 (With 25 Years of Service)  
9/1/1993 Member Contribution Rate 3.40%  
5/12/1975 Exclude Temporary Employees  
11/3/1969 Covered by Act 88  
7/1/1967 Fiscal Month - July  
Defined Benefit Normal Retirement Age - 60  
Early Reduced (.5%) at Age 50 with 25 Years or Age 55 with 15 Years

## 11 - Clerical

7/1/2019 Participant Contribution Rate 2.09%  
3/1/2019 Participant Contribution Rate 1.68%  
3/1/2018 Non-Accelerated Amortization  
3/1/2018 DC Adoption Date 03-01-2018  
12/1/2016 Service Credit Purchase Estimates - Yes  
1/1/2010 Benefit B-4 (80% max)  
1/1/2010 Member Contribution Rate 1.27%  
7/1/2002 Benefit B-3 (80% max)  
7/1/2002 Member Contribution Rate 0.00%  
7/1/1995 Benefit B-2  
7/1/1995 Member Contribution Rate 3.40%  
7/1/1994 Benefit FAC-5 (5 Year Final Average Compensation)  
7/1/1994 10 Year Vesting  
7/1/1994 Benefit B-1  
7/1/1994 Benefit F55 (With 25 Years of Service)  
7/1/1994 Member Contribution Rate 0.00%  
5/12/1975 Exclude Temporary Employees  
11/3/1969 Covered by Act 88  
7/1/1967 Fiscal Month - July  
Defined Benefit Normal Retirement Age - 60  
Early Reduced (.5%) at Age 50 with 25 Years or Age 55 with 15 Years



## 20 - Command

7/1/2019	Participant Contribution Rate 2%
7/1/2018	Participant Contribution Rate 1.75%
7/1/2017	Participant Contribution Rate 1.5%
12/1/2016	Service Credit Purchase Estimates - Yes
9/1/2016	Participant Contribution Rate 1%
7/1/2008	Benefit FAC-5 (5 Year Final Average Compensation)
7/1/2008	Exclude Temporary Employees
7/1/2008	10 Year Vesting
7/1/2008	Benefit B-4 (80% max)
7/1/2008	Benefit F55 (With 25 Years of Service)
7/1/2008	Member Contribution Rate 0.86%
11/3/1969	Covered by Act 88
7/1/1967	Fiscal Month - July
	Defined Benefit Normal Retirement Age - 60
	Early Reduced (.5%) at Age 50 with 25 Years or Age 55 with 15 Years



## Plan Provisions, Actuarial Assumptions, and Actuarial Funding Method

Details on MERS plan provisions, actuarial assumptions, and actuarial methodology can be found in the Appendix. Some actuarial assumptions are specific to this municipality and its divisions. These are listed below.

### Increase in Final Average Compensation

Division	FAC Increase Assumption
All Divisions	4.00%

### Withdrawal Rate Scaling Factor

Division	Withdrawal Rate Scaling Factor
All Divisions	100%

## Miscellaneous and Technical Assumptions

Loads – None.

### Amortization Policy for Closed Divisions

Closed Division	Amortization Option
All Closed Divisions	Non-Accelerated Amortization

Please see the Appendix on MERS website for a detailed description of the amortization options available for closed divisions within an open municipality.



## Risk Commentary

Determination of the accrued liability, the employer contribution, and the funded ratio requires the use of assumptions regarding future economic and demographic experience. Risk measures, as illustrated in this report, are intended to aid in the understanding of the effects of future experience differing from the assumptions used in the course of the actuarial valuation. Risk measures may also help with illustrating the potential volatility in the accrued liability, the actuarially determined contribution and the funded ratio that result from the differences between actual experience and the actuarial assumptions.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions due to changing conditions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period, or additional cost or contribution requirements based on the Plan's funded status); and changes in plan provisions or applicable law. The scope of an actuarial valuation does not include an analysis of the potential range of such future measurements.

Examples of risk that may reasonably be anticipated to significantly affect the plan's future financial condition include:

- **Investment Risk** – actual investment returns may differ from the expected returns;
- **Asset/Liability Mismatch** – changes in asset values may not match changes in liabilities, thereby altering the gap between the accrued liability and assets and consequently altering the funded status and contribution requirements;
- **Salary and Payroll Risk** – actual salaries and total payroll may differ from expected, resulting in actual future accrued liability and contributions differing from expected;
- **Longevity Risk** – members may live longer or shorter than expected and receive pensions for a period of time other than assumed; and
- **Other Demographic Risks** – members may terminate, retire or become disabled at times or with benefits other than assumed resulting in actual future accrued liability and contributions differing from expected.

The effects of certain trends in experience can generally be anticipated. For example, if the investment return since the most recent actuarial valuation is less (or more) than the assumed rate, the cost of the plan can be expected to increase (or decrease). Likewise, if longevity is improving (or worsening), increases (or decreases) in cost can be anticipated.



## PLAN MATURITY MEASURES

Risks facing a pension plan evolve over time. A young plan with virtually no investments and paying few benefits may experience little investment risk. An older plan with a large number of members in pay status and a significant trust may be much more exposed to investment risk. Generally accepted plan maturity measures include the following:

	<u>12/31/2019</u>	<u>12/31/2018</u>
1. Ratio of the market value of assets to total payroll	5.2	4.2
2. Ratio of actuarial accrued liability to payroll	8.0	6.7
3. Ratio of actives to retirees and beneficiaries	1.0	1.2
4. Ratio of market value of assets to benefit payments	15.7	16.5
5. Ratio of net cash flow to market value of assets (boy)	-1.3%	-0.4%

### RATIO OF MARKET VALUE OF ASSETS TO TOTAL PAYROLL

The relationship between assets and payroll is a useful indicator of the potential volatility of contributions. For example, if the market value of assets is 2.0 times the payroll, a return on assets 5% different than assumed would equal 10% of payroll. A higher (lower) or increasing (decreasing) level of this maturity measure generally indicates a higher (lower) or increasing (decreasing) volatility in plan sponsor contributions as a percentage of payroll.

### RATIO OF ACTUARIAL ACCRUED LIABILITY TO PAYROLL

The relationship between actuarial accrued liability and payroll is a useful indicator of the potential volatility of contributions for a fully funded plan. A funding policy that targets a funded ratio of 100% is expected to result in the ratio of assets to payroll and the ratio of liability to payroll converging over time.

### RATIO OF ACTIVES TO RETIREES AND BENEFICIARIES

A young plan with many active members and few retirees will have a high ratio of active to retirees. A mature open plan may have close to the same number of actives to retirees resulting in a ratio near 1.0. A super-mature or closed plan may have significantly more retirees than actives resulting in a ratio below 1.0.

### RATIO OF MARKET VALUE OF ASSETS TO BENEFIT PAYMENTS

The MERS' Actuarial Policy requires a total minimum contribution equal to the excess (if any) of three times the expected annual benefit payments over the projected market value of assets as of the participating municipality or court's Fiscal Year for which the contribution applies. The ratio of market value of assets to benefit payments as of the valuation date provides an indication of whether the division is at risk for triggering the minimum contribution rule in the near term. If the division triggers this minimum contribution rule, the required employer contributions could increase dramatically relative to previous valuations.

### RATIO OF NET CASH FLOW TO MARKET VALUE OF ASSETS

A positive net cash flow means contributions exceed benefits and expenses. A negative cash flow means existing funds are being used to make payments. A certain amount of negative net cash flow is generally expected to occur when benefits are prefunded through a qualified trust. Large negative net cash flows as a percent of assets may indicate a super-mature plan or a need for additional contributions.



## State Reporting

The following information has been prepared to provide some of the information necessary to complete the pension reporting requirements for the State of Michigan's Local Government Retirement System Annual Report (Form No. 5572). Additional resources are available at [www.mersofmich.com](http://www.mersofmich.com) and on the State [website](#).

Form 5572		
Line Reference	Description	Result
<b>10</b>	<b>Membership as of December 31, 2019</b>	
11	Indicate number of active members	32
12	Indicate number of inactive members (excluding pending refunds)	9
13	Indicate number of retirees and beneficiaries	31
<b>14</b>	<b>Investment Performance for Calendar Year Ending December 31, 2019<sup>1</sup></b>	
15	Enter actual rate of return - prior 1-year period	14.02%
16	Enter actual rate of return - prior 5-year period	6.39%
17	Enter actual rate of return - prior 10-year period	7.97%
<b>18</b>	<b>Actuarial Assumptions</b>	
19	Actuarial assumed rate of investment return <sup>2</sup>	7.35%
20	Amortization method utilized for funding the system's unfunded actuarial accrued liability, if any	Level Percent
21	Amortization period utilized for funding the system's unfunded actuarial accrued liability, if any <sup>3</sup>	19
22	Is each division within the system closed to new employees? <sup>4</sup>	No
<b>23</b>	<b>Uniform Assumptions</b>	
24	Enter retirement pension system's actuarial value of assets using uniform assumptions	\$12,172,873
25	Enter retirement pension system's actuarial accrued liabilities using uniform assumptions	\$19,890,004
27	Actuarially Determined Contribution (ADC) using uniform assumptions, Fiscal Year Ending June 30, 2020	\$912,060

<sup>1</sup>. The Municipal Employees' Retirement System's investment performance has been provided to GRS from MERS Investment Staff and included here for reporting purposes. This investment performance figures reported are net of investment expenses on a rolling calendar-year basis for the previous 1-, 5-, and 10-year periods as required under PA 530.

<sup>2</sup>. Net of administrative and investment expenses.

<sup>3</sup>. Populated with the longest amortization period remaining in the amortization schedule, across all divisions in the plan. This is when each division and the plan in total is expected to reach 100% funded if all assumptions are met.

<sup>4</sup>. If all divisions within the employer are closed, "yes." If at least one division is open (including shadow divisions) indicate "no."

