

Protecting Local Government Retirement and Benefits Act Corrective Action Plan: Retirement Health Benefit Systems

Issued under authority of Public Act 202 of 2017.

1. MUNICIPALITY INFORMATION

Local Unit Name: Davison Township Six-Digit Muni Code: 251050
Retirement Health Benefit System Name: Davison Township MERS RHFV
Contact Name (Administrative Officer): Cindy Shields
Title if not Administrative Officer: Clerk
Email: cshields@davisontwp-mi.org Telephone: (810) 653-4156

2. GENERAL INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

3. DESCRIPTION OF PRIOR ACTIONS

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

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

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

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

Category of Prior Actions:

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

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

*As of July 1, 2017, newly hired police union personnel are no longer offered medical coverage in retirement. This is a result of negotiations with POLC Officers Union (Attachment 6c, Article XVII, Sec 3, Page 12) and POLC Lieutenants Union (Attachment 6d, Article XVII, Sec 3, page 10). *As of July 1, 2017, non-unionized new hires, including elected officials, are no longer offered medical coverage in retirement (Attachment 63, Ordinance 12-B, section 2).

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

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

From fiscal year 09/10 through current, Davison Township has made voluntary contributions, over and above PAYGo retiree health care premiums, of \$2,067,655.45 (Attachment 3a). The Davison Township Board passed Resolution 2019-3, committing to make annual contributions of at least \$220,000 (Attachment 4a).

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

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

Attached is an updated actuarial valuation for 2019 (Attachment 2a). Also, please see the 2019 Corrective Action Plan Supporting Statement (Attachment 6a).

4. DESCRIPTION OF PROSPECTIVE ACTIONS

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

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

Category of Prospective Actions:

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

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

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

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

At the September 9, 2019, board meeting Resolution 2019-25 (Attachment 4b) was passed authorizing an additional 2019/2020 \$220,000 OPEB contribution for a total contribution in FY 2019/2020 of \$440,000. Funding projections show the Davison Township RHFV being 40% funded in two years and 100% funded in approximately 10 years (Attachment 2b).

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

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

Due to assumption changes in the OPEB Plan Accounting Report for Period Ending June 30, 2019, the discount rate changed. Davison Township will continue to make benefit payments from general operating funds along with making additional contributions of \$220,000 annually resulting in no crossover point (see Attachment 2a Davison Township 2019 OPEB Accounting Report). See Attachment 6a 2019 Corrective Action Plan Supporting Statement.

5. CONFIRMATION OF FUNDING

Please check the applicable answer:

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

- Yes
 No
If No, Explain

6. DOCUMENTATION ATTACHED TO THIS CORRECTIVE ACTION PLAN

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

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

Naming Convention

Type of Document

- | | |
|---|---|
| <input checked="" type="checkbox"/> Attachment – 1 | This Corrective Action Plan (Required) |
| <input checked="" type="checkbox"/> Attachment – 1a | Documentation from the governing body approving this Corrective Action Plan (Required) |
| <input checked="" type="checkbox"/> Attachment – 2a | An actuarial projection, an actuarial valuation, or an internally developed analysis, which illustrates how and when the local unit will reach the 40% funded ratio. Or, if the local unit is a city, village, township, or county, ARC will be less than 12% of governmental fund revenues, as defined by the Act. (Required) |
| <input checked="" type="checkbox"/> Attachment – 3a | Documentation of additional payments in past years that is not reflected in your audited financial statements (e.g. enacted budget, system provided information). |
| <input checked="" type="checkbox"/> Attachment – 4a | Documentation of commitment to additional payments in future years (e.g. resolution, ordinance) |
| <input type="checkbox"/> Attachment – 5a | A separate corrective action plan that the local unit has approved to address its underfunded status, which includes documentation of prior actions, prospective actions, and the positive impact on the system's funded ratio |
| <input checked="" type="checkbox"/> Attachment – 6a | Other documentation, not categorized above |

7. CORRECTIVE ACTION PLAN CRITERIA

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

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

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

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

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

- The Davison Township RHFV Plan (Insert Retirement Healthcare System Name) will achieve a funded status of at least 40% by Fiscal Year 2021 as demonstrated by required supporting documentation listed in section 6.

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

- The ARC for all of the retirement healthcare systems of Davison Township MERS RHFV (Insert local unit name) will be less than 12% of the local unit of government's annual governmental fund revenues by Fiscal Year 2020 as demonstrated by required supporting documentation listed in section 6.

Signature Cindy K Shields

Date Sep 19, 2019

DAVISON TOWNSHIP ATTACHMENT LIST

Attachment:	Description:	Comments:
1	Corrective Action Plan	
1a	Minutes of September 18, 2019 Special Mtg	
2a	OPEB Actuarial Report FY end 6/30/2019	Available upon request
2b	RHFV Funding Projections	
3a	OPEB Contributions 2009-present	
4a	Resolution 2019-3	
4b	Resolution 2019-25	
6a	Supporting Statement	
6b	FY end 6/30/2019 Pre-audit Revenue Report	
6c	POLC Officer Contract	Available upon request
6d	POLC Lieutenants Contract	Available upon request
6e	Ordinance 12-B	

**DAVISON TOWNSHIP
SPECIAL MEETING
September 18, 2019**

MEMBERS PRESENT: Supervisor Tim Elkins, Clerk Cindy Shields, Trustees Matthew Karr and Travis Howell

Attorney David Lattie

Zoning/ Planning Admin. Jeremy Smith

Building Official Matt Place

MEMBERS ABSENT: Treasurer Pat Miller

OTHERS PRESENT: Cathy Pingot, Randy Minto, Joe Persi, Bill Persi, Nick Panchula, Lisa Miller, Brad Loiselle, Brannams, Carolyn Smith

CALL TO ORDER

The special meeting of the Davison Township Board of Trustees was called to order at 6 pm, Wednesday, September 18, 2019 at the Davison Township Municipal Building, 1280 N. Irish Road, Davison, MI 48423 and the pledge of allegiance was recited.

ADOPT THE AGENDA

MOTION BY SHIELDS, SECOND BY HOWELL to adopt the agenda as presented. Motion carried unanimously.

PUBLIC COMMENT

The public comment period was opened at 6:01 pm and there were no comments.

NEW BUSINESS

Public Hearing for DDA Expansion

Mr. Elkins explained that the board is asking to expand the Downtown Development Authority District with parcels that should have been included with the creation of the original district. This will allow the DDA to capture the increase in taxable value from other taxing authorities, if any, to develop and maintain our business areas with beautification or what may be needed.

Randy Minto-2391 Baxter Rd., asked how will this affect the property owners or help them.

Tim explained the goals of the DDA.

**DAVISON TOWNSHIP
SPECIAL MEETING
September 18, 2019**

Cathy Pingot-2085 Redwood Ct., asked if the captured funds are just for the business area.

Joe Persi-7049 New Hampshire Dr., asked how much will be collected

Tim stated it is different each year, depending on the increases in taxable value.

Nick Panchula-2329 Venezia Ct., asked if this will require particular maintenance of the property by the business owner.

Jeremy said that the ordinances already mandate what property owners can and cannot do.

Charles Brennam-2093 Redwood Ct., stated his concerns about the property that abuts the subdivision being lined with trees and the trees being cut down to develop the property.

Jeremy explained that all developments must go to the Planning Commission Board and there are strict setbacks and landscaping rules in place for such a thing.

Lisa Miller-2094 Redwood Ct., asked where she could find out what the abutting property is zoned and a copy of Ordinance 52.

Jeremy looked on the zoning map for her and stated that it is Residential Single Family.

The Public Hearing was closed at 6:30 pm.

Approval of OPEB Actuarial 2019 Report

Cindy explained the 2019 OPEB Actuarial Report from Watkins Ross contained a significant reduction of \$5.6 million to our liability. This is due to the calculations now factoring in pay-as-you-go retiree health care premiums. Davison Township has historically, and will continue to, pay retiree health care premiums from General Fund. Using Uniform Assumptions, we are 25.9% funded. She asked the board to accept the report as presented.

MOTION BY ELKINS, SECOND BY HOWELL to accept the Watkins Ross OPEB Actuarial 2019 Report as presented. Roll call: Yes-Elkins, Karr, Howell, Shields. Motion carried.

Approval of OPEB Corrective Action Plan

Cindy reminded the board that the OPEB Waiver report to the Michigan Department of Treasury submitted earlier this year triggered a required Corrective Action Plan. This CAP includes the commitment to pay-as-you-go retiree health care premiums from General Fund, the closing of the plan which began July 1, 2017, and the new 2019 actuarial report showing our funding level to be 25.9% with a significant reduction in liability. It shows that we meet the criteria of having a less than 12% ADC ratio and being 40% funded in two years. After the CAP is submitted and approved, we can request to be removed from the CAP requirement. She asked the board to approve the Corrective Action Plan as presented.

**DAVISON TOWNSHIP
SPECIAL MEETING
September 18, 2019**

MOTION BY KARR, SECOND BY HOWELL to approve the OPEB Corrective Action Plan proposal as presented. Roll call: Yes-Karr, Howell, Shields, Elkins. Motion carried.

Rezoning Case #16-RZ-91

Jeremy gave the administrative review stating the Davison Township Planning Commissioners met on September 11, 2019, reviewed this request then approved unanimously. The applicant is requesting a rezoning of the parcel from General Commercial to Residential Urban Single Family. The Planning Commission requests the consideration of their recommendation and approve the case as presented.

There was discussion about the change being different than Future Master Plan. Jeremy explained the use and location of the property is a good fit for the area. The property owner may request to split the property then use it for an out building.

MOTION BY KARR, SECOND BY HOWELL to approve Case #16-RZ-91 as presented. Roll call: Yes – Howell, Shields, Elkins, Karr. Motion carried.

Amend the Agenda

It was noted that an item was missing from the agenda and needed to be added.

MOTION BY SHIELDS, SECOND BY HOWELL to amend the agenda to add Item F, Promotion of Jeremy Smith. All aye; motion carried.

Promotion of Planning/Zoning Administrator

Cindy stated that the Personnel Committee recommends Jeremy Smith be promoted to Planning/Zoning Administrator, effective October 3, 2019, when Charm Healy retires.

MOTION BY SHIELDS, SECOND BY HOWELL to accept Jeremy Smith's promotion to Planning/Zoning Administrator beginning October 3, 2019. Motion carried unanimously.

INFORMATIONAL ITEMS

Mr. Howell mentioned the new electronic sign at the Davison Area Library.

Mr. Elkins mentioned clean up days at the Davison Cemetery on Monday, October 7th from 10-2 and Pine Grove Cemetery on Tuesday, October 8, 2019 from 10-2.

ADJOURNMENT

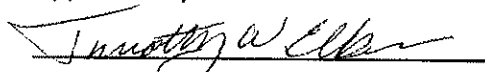
The special meeting was adjourned at 6:45 pm

Submitted by:



Cindy K. Shields, Clerk

Approved by:



Timothy W. Elkins, Supervisor

DAVISON TOWNSHIP RHFV FUNDING PROJECTIONS
Table of Annual Contributions over and above Pay-as-you-go Premium Payments

Compounded Annually		Current Principal as of 8/30/2019						
(\$220,000 19/20 ann'l contribution made Jul 2019; Yr 1 listed below is an add'l contribution for a total of \$440,00 for FY 19/20)								
Current Principal	Annual Additional Contribution	Interest Rate	Future Value	Years to Grow	Fiscal Year			
2,824,563.09	220,000.00	7.75%	3,280,516.73	1	2019/2020			
3,280,516.73	220,000.00	7.75%	3,771,806.78	2	2020/2021		40%	
3,771,806.78	220,000.00	7.75%	4,301,171.80	3	2021/2022			
4,301,171.80	220,000.00	7.75%	4,871,562.62	4	2022/2023			
4,871,562.62	220,000.00	7.75%	5,486,158.72	5	2023/2024			
5,486,158.72	220,000.00	7.75%	6,148,386.02	6	2024/2025			
6,148,386.02	220,000.00	7.75%	6,861,935.94	7	2025/2026			
6,861,935.94	220,000.00	7.75%	7,630,785.97	8	2026/2027			
7,630,785.97	220,000.00	7.75%	8,459,221.88	9	2027/2028			
8,459,221.88	220,000.00	7.75%	9,351,861.58	10	2028/2029		100%	

08/29/2019

VENDOR ACTIVITY REPORT FOR DAVISON TOWNSHIP
Activity From 07/01/2007 To 08/29/2019
VENDOR RANGE: 95122 TO 95122

Vendor Code	Vendor Name	Inv/Check #	Description	Check Amt
95122	MERS			
07/01/2009	CHECK	GEN 58127	POST EMPLOYEE BENEFIT 2009/2010	216,767.02
08/12/2010	CHECK	GEN 59751	MERS RHFV FOR FY 2010/2011	222,003.30
08/02/2011	CHECK	GEN 61288	POST EMPLOYEE BENEFIT 2011/2012	237,726.89
12/11/2012	CHECK	GEN 63443	POST EMPLOYEE BENEFIT 2012/2013	194,933.00
07/16/2013	CHECK	GEN 64332	POST EMPLOYEE BENEFIT 2013/2014	197,736.56
07/10/2014	CHECK	GEN 65835	POST EMPLOYEE BENEFIT 2014/2015	199,999.72
07/28/2015	CHECK	GEN 67652	POST EMPLOYEE BENEFIT 2015/2016	199,999.96
08/15/2017	CHECK	GEN 71262	POST EMPLOYEE BENEFIT 2017/2018	161,632.00
08/09/2018	CHECK	GEN 72994	POST EMPLOYEE BENEFIT 2018/2019	216,857.00
07/11/2019	CHECK	GEN 74744	POST EMPLOYEE BENEFIT 2019/2020	220,000.00

Total:

2,067,655.45

**Resolution of Intent
No. 2019-3
To Commit Funding of
Davison Township Retiree Healthcare Funding Vehicle**

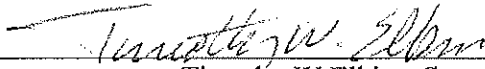
WHEREAS, Davison Township established a post-employment benefits funding vehicle with MERS of Michigan, on October 1, 1996,

WHEREAS, Davison Township is committed to funding OPEB within the limits of its annual budget by pay-as-you-go healthcare premiums as well as additional contributions, thereby reducing its liability,

NOW THEREFORE, BE IT RESOLVED, that the Township of Davison, Genesee County, agrees to commit annual voluntary contributions, over and above pay-as-you-go premiums, at a minimum \$220,000, to the MERS RHFV beginning in the 2019/2020 fiscal year.

ADOPTED: February 11, 2019

Roll Call:	<u> Y </u> T Elkins	<u> Y </u> C Shields
	<u> Y </u> P Miller	<u> Y </u> T Howell
	<u> Y </u> M Karr	



Timothy W Elkins, Supervisor



Cindy K Shields, Clerk

Feb 11, 2019

Date

Resolution of Intent
No. 2019-25
To Commit an Additional Contribution to
Davison Township Retiree Healthcare Funding Vehicle

WHEREAS, Davison Township established a post-employment benefits funding vehicle with MERS of Michigan, on October 1, 1996,

WHEREAS, Davison Township is committed to funding OPEB within the limits of its annual budget by pay-as-you-go healthcare premiums as well as additional contributions, thereby reducing its liability,

NOW THEREFORE, BE IT RESOLVED, that the Township of Davison, Genesee County, agrees to make an additional annual voluntary contribution for fiscal year 2019/2020, over and above pay-as-you-go premiums, in the amount of \$220,000, to the MERS Retiree Healthcare Funding Vehicle.

ADOPTED: September 9, 2019

Roll Call: Y T Elkins Y C Shields
 Y P Miller Y T Howell
 Y M Karr

Timothy W Elkins
Timothy W Elkins, Supervisor

Cindy K Shields
Cindy K Shields, Clerk

September 10, 2019 Date



DAVISON TOWNSHIP

1280 NORTH IRISH ROAD
DAVISON, MICHIGAN 48423
TELEPHONE (810) 653-4156
FAX (810) 653-2770 – Clerk/Treasurer
FAX (810) 658-3435 – Supervisor/Building/Assessing
www.davisonwp-mi.org

CINDY K. SHIELDS, Clerk
MATTHEW D. KARR, Trustee

TIMOTHY W. ELKINS, Supervisor

PATRICK R. MILLER, Treasurer
TRAVIS N. HOWELL, Trustee

RE: Corrective Action Plan Supporting Statement

This Supporting Statement summarizes and describes how and when Davison Township MERS RHFV Plan ratio of ADC to governmental fund revenue will be less than 12% and when the plan becomes 100% funded.

The first major point: Due to assumption changes in the OPEB Plan Accounting Report for Period Ending June 30, 2019, the discount rate was changed as Davison Township will continue to make benefit payments from general operating funds along with making additional contributions of \$220,000 annually resulting in no crossover point (excerpts from report below).

- The discount rate used to measure the total OPEB liability is 7.75%. Because the Township continues to make benefit payments on a pay-as-you-go basis, assets will theoretically not be depleted and no cross-over point will occur so the long-term expected rate of return above is used for the discount rate. However, it is our opinion that as benefits are paid from general operating funds, those benefits ought to be discounted at the municipal bond rate producing a lower effective rate and thus resulting in a higher liability.
- Changes in actuarial assumptions from the prior valuation resulted in a decrease in liability of \$5,597,916. The most significant of these assumption changes was the discount rate change to the long-term expected rate of return, resulting in a decrease in liability of \$6,617,294. This change and the other changes are described in the Actuarial Assumption Summary.
- Additionally, there was an overall decrease in liability of \$228,762 due to cost and demographic experience other than expected.

The result of these changes shows a significantly different picture of Davison Township’s OPEB Plan than previously reported. When filing the next Form 5572, I believe we will no longer trigger underfunded status.

Second: The following documentation shows Davison Township’s ADC ratio will be less than 8% when filing the 2019 Form 5572:

- Revenue report from BS&A of FY 2018/2019 pre-audit revenues (Attachment 6b)
 - Pre-audit revenues for FY 2018/2019 are \$7,873,846
- The ADC as calculated in the latest OPEB Accounting Report prepared by Watkins Ross is \$610,672
 - $\$610,672/\$7,873,846=0.0776$

It should also be noted that a portion of Water & Sewer Fund revenue is used to fund our OPEB Plan, as well as PAYGo premiums for active employees. This is calculated as a percentage of wages and benefits by department.

In conclusion, we already meet the less than 12% ratio of ADC/governmental fund revenue, will be 40% funded in two years and 100% funded in less than 10 years (see Attachment 2b RHFV Funding Projections Document).

Cindy Shields, Davison Township Clerk

To foster a vibrant, safe, desirable community in which future generations seek to live, work and play

REVENUE AND EXPENDITURE REPORT FOR DAVISON TOWNSHIP
 PERIOD ENDING 06/30/2019
 PRE-AUDIT FIGURES

GL NUMBER	DESCRIPTION	YTD BALANCE 06/30/2019 NORMAL (ABNORMAL)
Fund 101 - GENERAL FUND		
Revenues		
Dept 000 - 000101000		
101-000-403.100	CURRENT TAXES - GEN OPERATING	437,647.27
101-000-403.200	CURRENT TAXES - TWP. POLICE	770,604.01
101-000-403.201	SPECIAL ASSESSMENT POLICE	2,261,776.45
101-000-403.210	GRIFFIN LAKE SPEC ASSESS	5,460.56
101-000-403.300	CURR TAXES GARBAGE PICKUP-528	641,496.00
101-000-403.400	CURR TAXES STREETLIGHTS-450	158,290.35
101-000-403.600	CURRENT TAXES-MISCELLANEOUS	0.00
101-000-403.703	WALGREEN'S PROPERTY (425 AGREEMENT)	4,112.08
101-000-403.800	S.E.T. REIMBURSEMENT	16,880.00
101-000-417.000	DELQ PERSONAL PROP TAX	2,676.19
101-000-417.001	DELQ BROWNFD / LANDBK TAX	0.00
101-000-446.100	COLL. FEES & PENALTIES/WINTER &SUMM	189,516.18
101-000-451.000	LIC & PER-TRAILER PARK FEES	2,424.00
101-000-452.000	CRYSTALWOOD ROAD ASSESSMENT	8,651.00
101-000-475.000	LAND DIVISIONS OR COMB-371	375.00
101-000-476.100	SIGN PERMITS/NON-BUSINESS-371	1,579.00
101-000-476.300	BLDG/MOVING/DEMO PERMITS-371	151,419.00
101-000-476.301	EXTRA INSPECT/CALL BACKS-371	3,350.00
101-000-476.310	POND PERMITS/NON-BUS-371	250.00
101-000-476.400	TRAILER PER./NON-BUSINESS	1,875.00
101-000-476.500	REZONING-371	4,800.00
101-000-476.501	CONDITIONAL USE PERMITS-371	1,700.00
101-000-476.600	SEWER LICENSE & RENEW-371	1,575.00
101-000-476.700	TEMP USE PERMITS/NON-BUS-371	295.00
101-000-476.701	HOME OCCUPATION FEE-371	0.00
101-000-476.800	VARIANCE / NON-BUS-371	1,110.00
101-000-501.000	FEDERAL GRANTS	2.03
101-000-505.305	ACT 301/TRAIN FUNDS 60%-305	3,097.62
101-000-573.001	LOCAL COMMUNITY STABILIZATION	5,302.09
101-000-574.000	CONSTITUTIONAL SALES TAX	1,397,270.00
101-000-575.000	CVT POPULATION PAYMENTS	56,375.00
101-000-601.305	FINES / POLICE-305	22,120.07
101-000-601.306	RESTITUTION FEE/OUIL-305	0.00
101-000-601.309	IMPOUND/ABANDONED CARS-305	6,150.00
101-000-607.100	CHGS/SITE PLANS/AMENDED SP-371	21,852.00
101-000-607.300	CHARGES/ LIQUOR COMMISSION	517.50
101-000-607.501	CHARGES/FAX COPIES REV/ VOTER LIST	153.45
101-000-607.502	GARBAGE BAGS INCOME	3,923.55
101-000-607.600	CHGS / ZONING MAPS / BKS-371	3.00

101-000-626.305	SERVICE CHGS / POLICE RPTS-305	5,749.46
101-000-642.305	SALE FIXED ASSETS/POLICE-305	18,400.00
101-000-650.000	CHARGES FOR POLICE SERVICES	0.00
101-000-664.100	INTEREST/TIME CERTIFICATES	12,631.56
101-000-664.101	INTEREST / POND TIME CERTIFICATE	351.15
101-000-664.150	DAVISON CEMETERY SAVINGS INTEREST	11.77
101-000-664.151	PINE GROVE SAVINGS INT	0.04
101-000-664.153	DAVISON CEMETERY CD INTEREST	2,830.80
101-000-664.154	PINE GROVE CEMETERY CD INT REVENUE	737.22
101-000-665.000	INTEREST	1,688.98
101-000-669.000	SALE OF TWP PROPERTY/INCOME	229,925.27
101-000-694.000	OTHER REVENUE	2,012.75
101-000-694.002	OTHER REV/CHARTER COMM	330,943.36
101-000-694.195	ELECTION REIMBURSEMENTS	0.00
101-000-694.206	OTHER REVENUE - FIRE	1,839.57
101-000-694.305	OTHER REVENUE/POLICE-305	78,196.36
101-000-694.306	OTHER REV/DRUG FORFEIT-305	0.00
101-000-694.307	LIQUOR CONTROL INSPECTIONS	10,815.75
101-000-694.308	FINGER PRINTING CHARGE-305	0.00
101-000-694.310	DRUG FORFEITURE REVENUE	0.00
101-000-694.312	BRE QUARTERLY RIGHT OF WAY PMT	10,234.16
101-000-694.314	SCHOOL OFFICER REV-305	41,090.19
101-000-694.315	FANG OFFICER / GAIN-305	57,224.77
101-000-694.316	FEDERAL GRANTS / POLICE	0.00
101-000-694.317	FBI OFFICER	16,885.97
101-000-694.400	CDBG REVENUE	0.00
101-000-696.000	BOND PROCEEDS	449,000.00
101-000-698.600	DAILY PASSES	59,647.00
101-000-698.601	SPLASH PAD PASSES	33,628.00
101-000-698.602	ANNUAL PASSES	31,335.63
101-000-698.620	CONCESSIONS - NON TAXABLE	23,225.25
101-000-698.622	TAXABLE SALES - LK CALLIS	1,883.17
101-000-698.630	WATERCRAFT RENTALS	2,090.00
101-000-698.631	VB COURT RENTALS	0.00
101-000-698.632	SPECIAL EVENTS	29,527.00
101-000-698.633	TAXABLE SALES - SPECIAL EVENTS	1,014.04
101-000-698.640	FACILITY RENTALS - LAKE CALLIS	12,792.50
101-000-698.641	FACILITY RENTALS - DOG PARK	0.00
101-000-698.642	FACILITY RENTALS - WMS PK	17,200.00
101-000-698.643	FACILITY RENTALS - MISC	275.00
101-000-698.650	PROGRAM	11,291.08
101-000-698.651	ADVERTISING/ BROCHURE	450.00
101-000-698.690	SPONSORSHIPS	26,900.00
101-000-698.694	MISCELLANEOUS	8,836.22
101-000-698.696	CONTRIBUTIONS	14,741.00
101-000-698.697	GRANTS	93,671.39
101-000-699.100	LOT SALES	11,360.25
101-000-699.101	BURIALS	22,900.00
101-000-699.102	FOUNDATIONS	13,831.08
101-000-699.103	MISCELLANEOUS	250.00
101-000-700.100	LOT SALES - PINE GROVE	1,700.00
101-000-700.101	BURIALS - PINE GROVE	100.00
101-000-700.102	FOUNDATIONS - PINE GROVE	0.00

Total Dept 000 - 000101000

TOTAL REVENUES	<u>7,873,846.14</u>
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ORDINANCE NO: 12-B

**AN ORDINANCE TO AMEND ORDINANCE #12-A
WHICH PROVIDES QUALIFYING EMPLOYEES AND ELECTED
OFFICIALS MEDICAL, DENTAL AND VISION BENEFITS
AFTER THEY RETIRE OR LEAVE OFFICE WHERE OTHER
SIMILAR BENEFITS ARE UNAVAILABLE**

The Township Board of the Township of Davison hereby ordains:

Section 1 & 2 of the Ordinance is deleted and in its place shall be substituted the following:

SECTION 1

For those hired, appointed or elected prior to July 1, 2017:

The Township shall offer elected officials and non-unionized employees medical, dental and vision benefits during the term of their employment, or term of office. Those individuals who retire or voluntarily leave office shall be eligible to receive the same benefits available to current officials and employees, provided: employees have accumulated twenty (20) years of service with the Township, and reached the age of 55, and elected officials have served sixteen (16) years with the Township and reached the age of 55. The employee must be in the Employer's medical, dental and optical insurance prior to retirement. Recipients eligible for Medicare or Medicaid coverage shall have this coverage coordinated with Medicare or Medicaid coverages. In all respects, it is intended that this coverage shall be available only to those persons who have no similar coverage available to them.

SECTION 2

For those hired, appointed or elected on or after July 1, 2017:

The Township shall offer elected officials and non-unionized employees medical, dental and vision benefits during the term of their employment, or term of office. Those individuals hired, appointed or elected on or after July 1, 2017, shall not be eligible to have Employer provided retiree health insurance, but shall be entitled to participate in a retiree health care savings plan chosen by the Township but subject to the following: a) Employee required contribution of 2% of his/her total wages, deducted from pay by the employer, b) Employer contribution to be \$150 per pay. Qualified participants shall be 100% vested at the completion of 10 years of service and 0% vested prior to the completion of 10 years of service. Employees hired on or after July 1, 2017, and who retire from Davison Township after twenty (20) or more years of continuous service and having attained age fifty-five (55) or older, and elected officials who have served sixteen (16) years with the Township and having attained age fifty-five (55) or older, at the time of retirement shall be eligible to have Employer provided dental and optical insurance coverage of the type in effect at the date of retirement. The Township's obligation shall be restricted to Dental Insurance and Optical

Insurance for the retiree, his/her spouse and dependent children at the time of retirement. The employee must be in the Employer's dental and optical insurance prior to retirement. In the event a person retires and engages in other employment where similar dental and/or optical insurance is provided, the Township's obligation to pay premiums hereunder shall be suspended during the period of such other coverage.

SECTION 3

In all other respects, the Ordinance shall remain in full force and effect.

SECTION 4

This ordinance shall take effect upon adoption

Karen M. Miller
Supervisor

Cindy K. Shields
Clerk

CLERK'S CERTIFICATION

I, Cindy Shields, the duly elected, qualified and acting clerk of the township of Davison, Genesee County, Michigan do certify that the above Ordinance was adopted at a regular meeting of the Township Board held in the Government Center, 1280 N. Irish Road, Davison, Michigan on the 11 day of Sept, 2017 by a majority of the members of the board present and voting.

Cindy K. Shields
Clerk