



Wexford County

EXECUTIVE COMMITTEE

Gary Taylor, Chair

NOTICE OF MEETING

The Executive Committee of the Wexford County Board of Commissioners will hold a regular meeting on Tuesday, July 12, 2022, beginning at 4:00 p.m. in the Commissioners’ Room, 437 E. Division St., Cadillac, Michigan.

TENTATIVE AGENDA

- A. CALL TO ORDER
- B. ROLL CALL
- C. ADDITIONS / DELETIONS TO THE AGENDA
- D. APPROVAL OF THE AGENDA
- E. APPROVAL OF THE JUNE 14, 2022 REGUALR MEETING MINUTES 1
- F. PUBLIC COMMENTS
The Committee welcomes all public input.
- G. AGENDA ITEMS
 - 1. Discussion on Current Litigation Matters
 - 2. DPW Issues/Concerns
 - a. Infrastructure Alternatives Monthly Report 4
 - 3. Resolution 22-19 Amending Cedar Creek Connection & Service Fees 5
 - a. Cedar Creek Water Supply – Water Connection Permit Application 7
 - 4. MERS Addendum Agreements..... 9
- H. CORRESPONDENCE
- I. ADMINISTRATOR’S COMMENTS
- J. PUBLIC COMMENTS
- K. COMMITTEE COMMENTS
- L. CHAIR COMMENTS
- M. ADJOURN

COUNTY OF WEXFORD
EXECUTIVE COMMITTEE MEETING
 MEETING MINUTES
 June 14, 2022

The Executive Committee regular meeting was called to order by Chairman Gary Taylor at 4:00 p.m. in the Commissioners' Room, Historic Courthouse, 437 E. Division St. Cadillac, Michigan.

Members Present: Gary Taylor, Chair; Mike Bengelink, Mike Musta, and Julie Theobald.
 Members Absent: None.
 Also Present: Jami Bigger, Deputy County Administrator/ HR Director; Megan Kujawa, Senior Executive Administrative Assistant; Tom Lutke, Infrastructure Alternatives Inc.; Kristi Nottingham, Treasurer; Joe Porterfield, County Administrator/Equalization Director (via Zoom); and Sheriff Trent Taylor.

ADDITIONS OR DELETIONS TO THE AGENDA

ADDED: *G.5. L-4029 Tax Rate Request, G.6. Resolution 22-16 2022 Summer Millage Rate*

APPROVAL OF THE AGENDA

A motion was made by Comm. Bengelink and supported by Comm. Theobald to approve the agenda as amended. A vote was called, all in favor. Motion passed, 4-0.

APPROVAL OF THE MINUTES

A motion was made by Comm. Bengelink and supported by Comm. Musta to approve the May 10, 2022, Regular Meeting Minutes. A vote was called, all in favor. Motion passed, 4-0.

PUBLIC COMMENTS

None.

AGENDA ITEMS

G.1. Discussion on Current Litigation Matters

Administrator, Mr. Porterfield informed the committee that there is still expected monies to come in just unsure of when. It is being discussed to use some of the funds for mental health services in the jail.

G.2.a. Cedar Creek Water System

Infrastructure Alternatives Inc. (IAI) Monthly O&M Report for April 2022. Mr. Tom Lutke reported the following:

- 05/02/2022 – Call out for a customer complaint about the tap water causing residue on her houseplants. Checked chlorine residual and it was good.
- 05/19/2022 – Complete Metals and Nitrate samples were collected.
- 05/23/2022 – Instrument Tech was out to troubleshoot flow meter issues.
 - Flow meter was reprogrammed to calculate the reverse flow and to give a net total of flow. Should be reading correctly now.
- Replaced Chlorine discharge line in wellhouse.
- Annual spring flush of the water system took place on May 17 & 18. No issues or complaints.

Mr. Lutke informed the committee that he has obtained two proposals/quotes from contractors in the area to install water connection at two locations in the Cedar Creek area. One from Forbes Construction & Excavation for \$7,500.00 per service site, a total of \$15,000.00. The other from Salisbury Excavating for \$25,800.00. It was discussed that there is a connection fee and a lead service fee that is charged by the foot. Currently the connection fee is \$1631.00, and the service lead fee is \$19.57 per foot.

Committee discussed that due to rising costs that the current fee schedule is not applicable.

A motion was made by Comm. Bengelink and support by Comm. Theobald to increase the connection fee to \$3,000.00 and the service lead fee to \$25.00 per foot, effective August 1, 2022. A vote was called, all in favor. Motion passed 4-0.

A motion was made by Comm. Bengelink and supported by Comm. Musta to forward a recommendation to the full board to approve the Forbes Construction & Excavating Cedar Creek Water Service Connections in the amount of \$15,000.00. A vote was called, all in favor. Motion passed 4-0.

G.3./G.3.a Resolution 22-14 and Letter of Understanding

A motion was made by Comm. Theobald and supported by Comm. Bengelink to forward a recommendation to the full board for approval of Resolution 22-14 and the coinciding Letter of Understanding. A vote was called, all in favor. Motion passed 4-0.

Administrator, Mr. Porterfield asked the committee on how they would like the payment to take place and which party would be responsible for payment. Comm. Bengelink stated that he would like to move forward with however MERS would like to proceed, committee agreed.

G.4. Resolution 22-15

A motion was made by Comm. Bengelink and supported by Comm. Musta to forward a recommendation to the full board for approval of Resolution 22-15, opposing Michigan House Bills 4729, 4730, 4731, 4732. A vote was called, all in favor. Motion passed 4-0.

G.5. L-4029 Tax Rate Request

A motion was made by Comm. Theobald and supported by Comm. Bengelink to forward to the full board for approval the 2022-L4029 Summer Tax Millage Tax Rate Request. A vote was called, all in favor. Motion passed 4-0.

Equalization Director, Mr. Porterfield apologized to the committee for the short notice on the request.

G.6. Resolution 22-16 2022 Summer Millage Rate

A motion was made by Comm. Bengelink and supported by Comm. Musta to forward to the full board a recommendation to approve Resolution 22-16 Summer Millage Rate for Fiscal Year 2022 budget to the full board. A vote was called, all in favor. Motion passed 4-0.

CORRESPONDENCE

Alliance for Economic Success June 2022 Overview and The Community Infrastructure Center Support Program. No discussion took place.

ADMINISTRATOR'S COMMENTS

Mr. Porterfield stated that he is continuing to work with Community Mental Health and the other counties that are participating regarding mental health services throughout the counties of Wexford, Missaukee, Roscommon, Crawford, and Grand Traverse. There was a quote for a new metal detector and it was lower than anticipated. Mr. Porterfield has reached out to Mr. Steve Peacock to give review on the Wexford County 2021 Financial Audit.

PUBLIC COMMENTS

None.

COMMITTEE COMMENTS

None.

CHAIR COMMENTS

None.

ADJOURN

A motion was made by Comm. Theobald and supported by Comm. Musta to adjourn at 4:19 p.m. A vote was called. All in favor, motion passed.

Gary Taylor, Chair

Megan Kujawa, Recording Secretary

DRAFT

Monthly Operations & Maintenance Report

July 12, 2022

Report for Month: June 2022
Location: Wexford County
Facilities: Cedar Creek Water Plant & Distribution System
Operator in Charge: Ryan Longstreet, Certified Operator

Emergency Callouts/Customer Complaints

- ❑ 6/29/22 – Customer complained about sediment settling out of tap water. Advised customer to flush the service line to clear out any possible solids. – OK.

Significant Events:

- ❑ 6/1/22 – Peerless reinstalled Well 1 and flushed for 45 min.
- ❑ 6/14/22 – Flushed Well 1 for 45 minutes and put back into service.
- ❑ 6/27/22 – Shut off service at 3101 US 131 so customer could fix water leak. Approximately 76,000 gallons of water leaked from a connection underground.
 - Customer would like to know if there is any chance the bill could be reduced due to the water leak.
 - Water was turned back on the same day.
- ❑ 6/29/22 – Marked meter pit locations for the two new connections. Connection Fees were calculated, and customers were notified of amount due.
- ❑ System usage is still more than the wellhouse measured production. The difference is less than before but not back to normal. IAI will continue to troubleshoot this issue and explore other options.

Preventive Maintenance:

- ❑ IAI staff continues to regularly check chlorine residuals throughout the water system.

Facilities Data for the Month

Production at Well House	455,880 gallons
Metered Usage	470,853 gallons
Metered Flushing	95,630 gallons
Difference *(% Gain)	*110,603 gallons (24.26%)



Minutes of a regular meeting of the Wexford County Board of Commissioners, held at the Wexford County Courthouse, 437 E. Division St., Cadillac, Michigan on the twentieth day of July 2022 at 4:00 p.m.

PRESENT: _____

ABSENT: _____

The following preamble and resolution were offered by Commissioner _____ and supported by Commissioner _____.

**RESOLUTION NO. 22-19
AMENDING AND INCREASING CONNECTION AND SERVICE LEAD FEES FOR
CEDAR CREEK PUBLIC WATER SYSTEM**

- WHEREAS,** pursuant to the 2006 Host Agreement between Cedar Creek Township and Wexford County for construction of a public water system in Cedar Creek Township (the “Water System”), the Wexford County has title to the Water System and authority to fix user fees, including but not limited to connection fees and service fees; and,
- WHEREAS,** amongst establishing other fees, BPW resolution 13-01 initially established the connection fee to the Water System for tap at the main and installation of water meter, including meter pit, curb stop, corporation stop and associated valves (but not include installation of service lateral from the tap to the end of ROW, installation of private water piping, or the abandonment of private drinking water well, if one exists at a rate of (“Connection Fee”); and, also initially established a service lead installation fee for the cost of materials and installation of one water service lateral from the tap to the end of the Right-of-Way (but does not include installation of private (on-site) water piping at a rate of \$15.00 per foot (“Service Lead Fee”).
- WHEREAS,** when necessary to address increased costs associated with the Water System, Wexford County has undertaken to consider and adjust the user fees. The Connection Fee is fixed at a current rate of \$1631.00, and the Service Lead Fee is fixed at a current rate of \$19.57 ; and
- WHEREAS,** since the last action by Wexford County considering and adjusting the fees, there has been a significant increase in labor, material and other costs associated with the services contemplated by the Connection Fee and Service Lead Fee necessitating a recommendation to the Board of Commissioners to consider amending and increasing the Connection Fee and Service Lead Fee; and
- WHEREAS,** the 2006 Host Agreement and other existing lawsuit settlement and other agreements provide special consideration on costs of connecting a property to the Water System and for other fees and costs for certain defined qualified users of the Water System included in the RAP Area which had private water wells installed prior to the availability of public water and the where the property has/had not been sold or transferred after public water became available.

THEREFORE BE IT RESOLVED that Wexford County directs that the rates for the Water System be amended and fixed as follows effective for applicable to applications for connection filed with Wexford County on or after August 1, 2022:

Connection Fee:	\$3,000.00; and
Service Lead:	\$25.00 per foot.

BE IT FURTHER RESOLVED that the remaining commodity, inspection and administration fees are not affected by this Resolution and shall currently remain unchanged.

BE IT FURTHER RESOLVED, that this Resolution is not intended to contravene, and shall be interpreted as to scope and the applicability of fees consistent with the provisions of the Host Agreement, as well as the lawsuit settlement agreement and documents effectuating same.

A ROLL CALL VOTE WAS TAKEN AS FOLLOWS:

AYES: _____

NAYS: _____

RESOLUTION DECLARED ADOPTED.

Gary Taylor, Chairman, Wexford County Board of Commissioners

Alaina M. Nyman, County Clerk

STATE OF MICHIGAN)
) ss.
COUNTY OF WEXFORD)

I hereby certify that the foregoing is a true and complete copy of Resolution 22-19 adopted by the County Board of Commissioners of Wexford County at a regular meeting held on July 20, 2022, and I further certify that public notice of such meeting was given as provided by law.

Alaina M. Nyman, County Clerk

Date _____

Cedar Creek Water Supply
Water Connection Permit Application

Permit No. _____

Applicant Information:

Owners Name _____
Phone _____
Mailing Address _____

Owner's Representative _____
Phone _____
Mailing Address _____

Project Information:

Project Name _____

Type of Service (please check one)

- Residential _____
- Commercial _____
- Other (please specify) _____

Project Address (Location) _____

Project Tax ID _____

Fees for 2022:

- **Connection Fee- \$3,000.00**
- **Service Lead Fee- \$25.00/ft.**
- **Inspection Fee- \$45.67**

In consideration of the granting of this permit, the applicant agrees to comply with all applicable ordinances, rules, and regulations of the Water Supply. **The applicant shall notify the Township inspector (Infrastructure Alternatives) when the building water is ready for inspection and connection to the public system, but before any portion of the work is covered.**

The inspector can be reached at (231)-577-8793.

Signed: _____ Dated: _____
(applicant)

To be completed by Cedar Creek Water Supply:

Application received by _____
Date: _____

Total Feet of Service Line: _____
Total Connection Charge \$ _____
Inspection Fee \$ _____
Water Meter(s) Required _____ (quantity) _____ (size)

Permit Approved By _____ Date _____

Special Conditions/Notes:

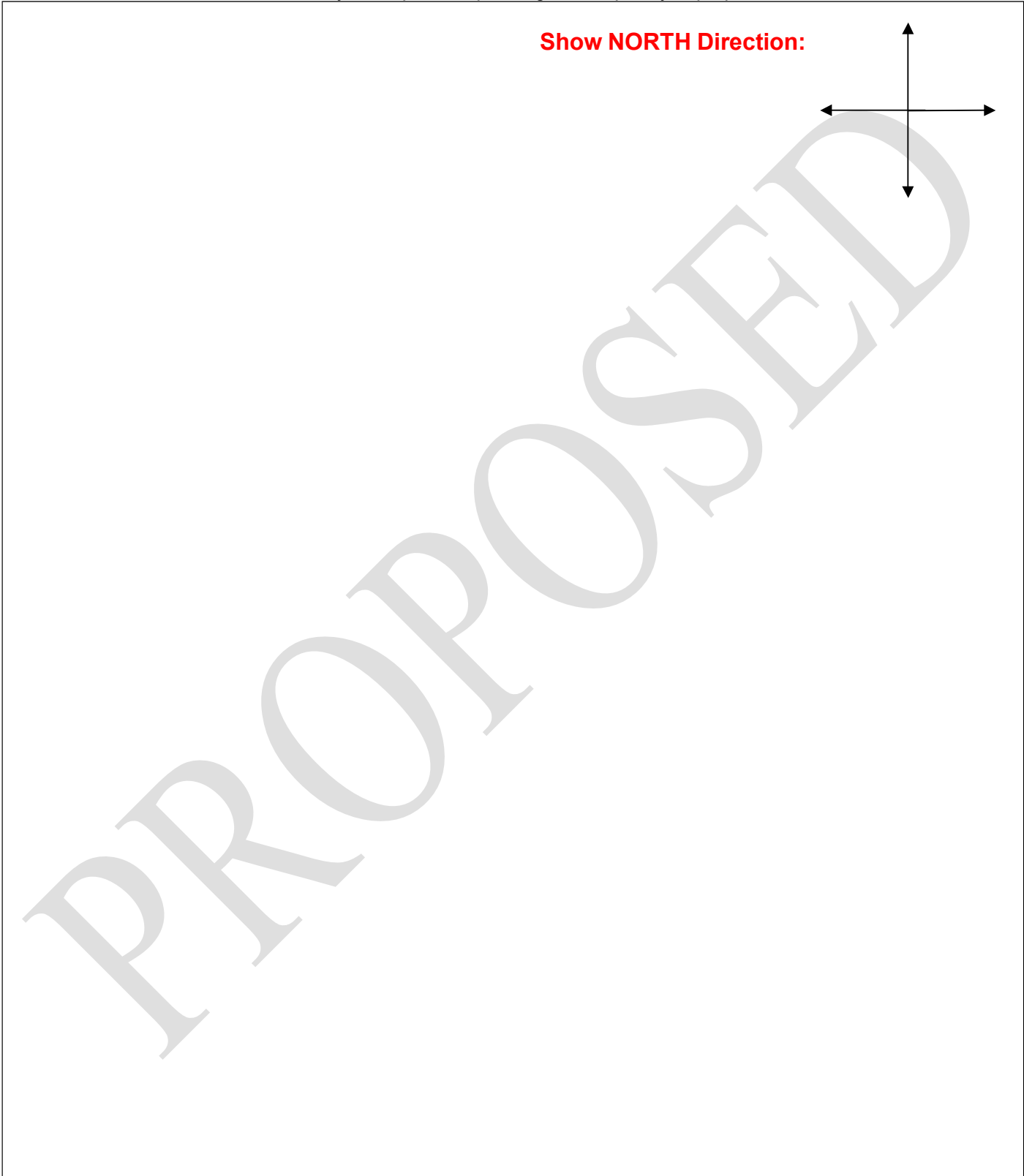
Total Fees Paid: \$ _____

All fees must be paid prior to the connection to the water system

DATE _____ INSPECTION APPROVED _____ SERVICE TO BEGIN _____
(Inspector)

DRAWING:

- Indicate North, road, building is and where you would prefer the meter pit.
- Additional information may be required depending on complexity of proposed connection



BOARD OF COMMISSIONERS COMMITTEE AGENDA ITEM

TO: Executive Committee
FROM: Administration
FOR MEETING DATE: July 12, 2022
SUBJECT: MERS Addendum Agreements

SUMMARY OF ITEM TO BE PRESENTED:

The following MERS addendum agreements require approval in conjunction with Resolution 22-14, from the June 14, 2022 Executive Committee meeting.

RECOMMENDATION:

Administrations recommends that the Executive Committee forwards a recommendation to the full board to approve the MERS addendum agreements as they are presented.

Defined Benefit Plan Adoption Agreement



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

www.mersofmich.com

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

I. Employer Name _____ **Municipality #:** _____

If new to MERS, please provide your municipality's fiscal year: _____ through _____.
Month Month

II. Effective Date

Check one:

A. If this is the **initial** Adoption Agreement for this group, the effective date shall be the first day of _____, 20__.

This municipality or division is new to MERS, so vesting credit prior to the **initial** MERS effective date by each eligible employee shall be credited as follows (choose one):

- All prior service from date of hire
- Prior service proportional to assets transferred; all service used for vesting
- Prior service and vesting service proportional to assets transferred
- No prior service but grant vesting credit
- No prior service or vesting credit

Link this new division to division number _____ for purposes of determining contributions (Unless otherwise specified, the standard transfer/rehire rules apply)

B. If this is an **amendment** of an existing Adoption Agreement (Defined Benefit division number _____), the effective date shall be the first day of **August/20_22_** (mm/yy). *Please note:* You only need to mark **changes** to your plan throughout the remainder of this Agreement.

C. If this is a **temporary benefit** (Defined Benefit division number(s) _____), select one of the following:

- This is a **temporary Benefit Window** with a duration of 2-6 months. Effective dates are from ___/01/___ through the last day of ___/20__ (mm/yy). Complete provisions as applicable under Section IV of this form.
- This is a **temporary Lump Sum Buyout Program** for terminated vested participants with a duration of 6-24 months. Effective dates are from ___/01/___ through the last day of ___/20__ (mm/yy). Payout will reflect ___% (1-100%) of the participant's present value of accrued benefit. For example, if 40% is used, the payout will be 40% of the present value of the benefit. This percentage cannot be changed once adopted.

Defined Benefit Plan Adoption Agreement

- D. If this is to **separate employees from an existing Defined Benefit division** (existing division number(s) _____) into a new division, the effective date shall be the first day of _____, 20____.
- E. If this is to merge division(s) _____ into division(s) _____, the effective date shall be the first of _____, 20____.
- F. If this is an amendment to close Defined Benefit division(s) # _____, with new hires, rehires, and transfers going into an **existing** Defined Benefit division # _____, the effective date shall be _____ (month/year).

Note: Closing this Defined Benefit division(s) will change future invoices to a flat dollar amount instead of a percentage of payroll, as provided in your most recent annual actuarial valuation.

(The amount may be adjusted for any benefit modifications that may have taken place since then).

III. Plan Eligibility

Division Title: _____

Only those employees eligible for MERS membership may participate in the MERS Defined Benefit Plan. 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. Please describe the specific classifications that are eligible for MERS within this division:

(For example: e.g., Full-time employees, Clerical staff, Union Employees participating in XXXX union)

This Division includes **public safety employees** (this information is used for actuarial purposes only. It does not relate to the additional tax for early distribution): Yes No

To further define eligibility (select all that apply):

Employee Classification	Included	Excluded	Not Employed
Temporary Employees: Those who will work for the municipality fewer than _____ months in total	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Part-Time Employees: Those who regularly work fewer than _____ per _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Seasonal Employees: Those who are employed for tasks that occur at specific times of the year	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Voter-Elected Officials	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Appointed Officials: An official appointed to a voter-elected office	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Contract Employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other: _____	<input type="checkbox"/>	<input type="checkbox"/>	
Other 2: _____	<input type="checkbox"/>	<input type="checkbox"/>	

Defined Benefit Plan Adoption Agreement

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. Service will begin to accrue and contributions must be reported when the Probationary Period ends.

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.

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 *hours and days* has been previously defined (like 10 seven-hour days), stating "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) _____ 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.
- For **contributory divisions**, employee contributions are required where service credit is granted and due at the time of monthly wage and contribution reporting. Employers may use the following formula to calculate employee contributions: the employee's current hourly rate (prior to leave), multiplied by service credit qualification (hours) multiplied by employee contribution. For example, if employees' hourly rate is \$20, the division requires 120 hours to obtain service credit, and employee contributions are 5%, the calculation will look like: $\$20/\text{hour} \times 120 \times .05 = \120 in employee contribution for that leave month. Employers may use another internal formula, if they choose and MERS will make note of it.

Defined Benefit Plan Adoption Agreement

Type of Leave	Service Credit Granted	Service Credit Excluded
Short-Term Disability	<input type="checkbox"/>	<input type="checkbox"/>
Long-Term Disability	<input type="checkbox"/>	<input type="checkbox"/>
Workers' Compensation	<input type="checkbox"/>	<input type="checkbox"/>
Unpaid Family Medical Leave Act (FMLA)	<input type="checkbox"/>	<input 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). Military reporting requires historical wage and contribution reporting for Defined Benefit as applicable.

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:

- Base Wages
 Box 1 Wages of W-2
 Gross Wages
 Custom Definition

Click here to view details of Base, Box 1, and Gross Wages

(To customize your definition, please complete the [Custom Definition of Compensation Addendum](#).)

V. Valuation-Required Provisions

Valuation Date: _____, 20____

1. Review the valuation results

It is recommended that your MERS representative presents and explains the valuation results to your municipality before adopting. Please choose one:

- Our MERS representative presented and explained the valuation results to the

_____ on _____.
(Board, Finance Cmte, etc.) (mm/dd/yyyy)

- As an authorized representative of this municipality, I _____
(Name)

_____ waive the right for a presentation of the results.
(Title)

This Adoption Agreement will be implemented in conjunction with a current actuarial valuation certified by a MERS actuary that sets contribution rates.

Annually, the MERS actuary will conduct an actuarial valuation to determine the employers' contribution rates. Employers are responsible for payment of said contributions at the rate, in the form and at the time that MERS determines.

Defined Benefit Plan Adoption Agreement

2. **Benefit Multiplier** (1%-2.5%, increments of 0.05%) _____ % (max 80% for multipliers over 2.25%)

Check here if multiplier will be effective for existing active members' future service only (Bridged Benefit as of effective date on page 1)

If checked, select one below:

Termination Final Average Compensation (calculated over the members entire wage history)

Frozen Final Average Compensation (FAC is calculated twice, once for the timeframe that matches the original multiplier, and once for the new multiplier)

3. **Final Average Compensation** (Min 3 yr, increments of 1 yr) _____ years

4. **Vesting** (5 -10 yrs, increments of 1 yr) _____ years

5. **Normal Retirement Age** will be the later of: _____ (any age from 60-70), or the vesting provision selected above (#4).

6. **Required employee contribution** (Increments of 0.01%) _____ %

7. **Unreduced Early Retirement/Service Requirements:**

Age 50 – 54 _____ Service between 25 and 30 years _____

Age 55 – 65 _____ Service between 15 and 30 years _____

Service only (must be any number from 20 – 30 years accrued service): _____

Age + Service Points (total must be from 70 – 90): _____ points

8. **Other**

Surviving Spouse will receive 50% of Straight Life benefit without a reduction to the employees' benefit (also known as an RS50)

Duty death or disability enhancement (add up to additional 10 years of service credit not to exceed 30 years of service)

Deferred Retirement Option Program (DROP) – If selected, complete the following:

• Credited interest rate: _____ % (please select either 0 or 3%)

• The employer, if selected, will delay a Cost of Living Adjustment (COLA) during the DROP period (skip if not applicable): Yes No

• Credited payment percentage will be: _____ % (enter a number from 10-100% in increments of 10%) throughout the duration of the DROP period.

Defined Benefit Plan Adoption Agreement

- Annuity Withdrawal Program (AWP)

Calculation of the actuarial equivalent of the lump sum distribution made under AWP will be done using:

- Interest rate for employee contributions as determined by the Retirement Board, or
- MERS' assumed rate of return as of the date of the distribution.

9. Cost-of-Living Adjustment

<input type="checkbox"/> All current retirees as of effective date <input type="checkbox"/> Retirees who retire between ___/01/___ and ___/01/___	<input type="checkbox"/> Future retirees who retire after effective date
Increase of ___% or \$___ per month	Increase of ___% or \$___ per month
Select one: <input type="checkbox"/> Annual automatic increase <input type="checkbox"/> One-time increase	<input type="checkbox"/> Annual automatic increase
Select one: <input type="checkbox"/> Compounding <input type="checkbox"/> Non-compounding	Select one: <input type="checkbox"/> Compounding <input type="checkbox"/> Non-compounding
Employees must be retired ___ months (6-12 months, increments of 1 month)	Employees must be retired ___ months (6-12 months, increments of 1 month)

- Check here if the existing COLA will be bridged for active participants as of the effective date selected on this form. Benefits accrued for service after the effective date will have no COLA increase applied.

10. Service Credit Purchase Estimates are:

- Not permitted
- Permitted

VI. Appointing MERS as the Plan Administrator

The Employer hereby agrees to the provisions of this *MERS Defined Benefit Plan Adoption Agreement* and appoints MERS as the Plan Administrator pursuant to the terms and conditions of the Plan. The Employer also agrees that in the event of any conflict between the MERS Plan Document and the MERS Defined Benefit Plan Adoption Agreement, the provisions of the Plan Document control.

VII. Modification Of The Terms Of The Adoption Agreement

If the Employer desires to amend any of its elections contained in this Adoption Agreement, including attachments, the Governing Body or Chief Judge, by resolution or official action accepted by MERS, must adopt a new Adoption Agreement. The amendment of the new Agreement is not effective until approved by MERS.

Defined Benefit Plan Adoption Agreement

VIII. Enforcement

1. The Employer acknowledges that the Michigan Constitution of 1963, Article 9, Section 24, provides that accrued financial benefits arising under a public Employer's retirement plan are a contractual obligation of the Employer that may not be diminished or impaired, and prohibits the use of the Employer's required current service funding to finance unfunded accrued liabilities.
2. The Employer agrees that, pursuant to the Michigan Constitution, its obligations to pay required contributions are contractual obligations to its employees and to MERS and may be enforced in a court of competent jurisdiction;
3. In accordance with the Constitution and this Agreement, if at any time the balance standing to the Employer's credit in the reserve for employer contributions and benefit payments is insufficient to pay all service benefits due and payable to the entity's retirees and beneficiaries, the Employer agrees and covenants to promptly remit to MERS the amount of such deficiency as determined by the Retirement Board within thirty (30) days notice of such deficiency.
4. The Employer acknowledges that wage and service reports are due monthly, and the employee contributions (if any) and Employer contributions are due and payable monthly, and must be submitted in accordance with the MERS Enforcement Procedure for Prompt Reporting and Payment, the terms of which are incorporated herein by reference.
5. Should the Employer fail to make its required contribution(s) when due, the retirement benefits due and payable by MERS on behalf of the entity to its retirees and beneficiaries may be suspended until the delinquent payment is received by MERS. MERS may implement any applicable interest charges and penalties pursuant to the MERS Enforcement Procedure for Prompt Reporting and Payment and Plan Document Section 79, and take any appropriate legal action, including but not limited to filing a lawsuit and reporting the entity to the Treasurer of the State of Michigan in accordance with MCL 141.1544(d), Section 44 of PA 436 of 2012, as may be amended.
6. The Employer acknowledges that changes to the Employer's MERS Defined Benefit Plan must be made in accordance with the MERS Plan Document and applicable law, and agrees that MERS will not administer any such changes unless the MERS Plan Document and applicable law permit same, and MERS is capable of administering same.

IX. Execution

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

The foregoing Adoption Agreement is hereby approved by _____ on
the _____ day of _____, 20____. (Name of Approving Employer)

Authorized signature: _____

Title: _____

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

Dated: _____, 20____ Signature: _____
(Authorized MERS Signatory)

Defined Benefit Plan Adoption Agreement



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

www.mersofmich.com

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

I. Employer Name _____ **Municipality #:** _____

If new to MERS, please provide your municipality's fiscal year: _____ through _____.
Month Month

II. Effective Date

Check one:

A. If this is the **initial** Adoption Agreement for this group, the effective date shall be the first day of _____, 20__.

This municipality or division is new to MERS, so vesting credit prior to the **initial** MERS effective date by each eligible employee shall be credited as follows (choose one):

- All prior service from date of hire
- Prior service proportional to assets transferred; all service used for vesting
- Prior service and vesting service proportional to assets transferred
- No prior service but grant vesting credit
- No prior service or vesting credit

Link this new division to division number _____ for purposes of determining contributions (Unless otherwise specified, the standard transfer/rehire rules apply)

B. If this is an **amendment** of an existing Adoption Agreement (Defined Benefit division number _____), the effective date shall be the first day of **August** /20__ (mm/yy). *Please note:* You only need to mark **changes** to your plan throughout the remainder of this Agreement.

C. If this is a **temporary benefit** (Defined Benefit division number(s) _____), select one of the following:

- This is a **temporary Benefit Window** with a duration of 2-6 months. Effective dates are from ___/01/___ through the last day of ___/20__ (mm/yy). Complete provisions as applicable under Section IV of this form.
- This is a **temporary Lump Sum Buyout Program** for terminated vested participants with a duration of 6-24 months. Effective dates are from ___/01/___ through the last day of ___/20__ (mm/yy). Payout will reflect ___% (1-100%) of the participant's present value of accrued benefit. For example, if 40% is used, the payout will be 40% of the present value of the benefit. This percentage cannot be changed once adopted.

Defined Benefit Plan Adoption Agreement

- D. If this is to **separate employees from an existing Defined Benefit division** (existing division number(s) _____) into a new division, the effective date shall be the first day of _____, 20____.
- E. If this is to merge division(s) _____ into division(s) _____, the effective date shall be the first of _____, 20____.
- F. If this is an amendment to close Defined Benefit division(s) # _____, with new hires, rehires, and transfers going into an **existing** Defined Benefit division # _____, the effective date shall be _____ (month/year).

Note: Closing this Defined Benefit division(s) will change future invoices to a flat dollar amount instead of a percentage of payroll, as provided in your most recent annual actuarial valuation.

(The amount may be adjusted for any benefit modifications that may have taken place since then).

III. Plan Eligibility

Division Title: _____

Only those employees eligible for MERS membership may participate in the MERS Defined Benefit Plan. 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. Please describe the specific classifications that are eligible for MERS within this division:

(For example: e.g., Full-time employees, Clerical staff, Union Employees participating in XXXX union)

This Division includes **public safety employees** (this information is used for actuarial purposes only. It does not relate to the additional tax for early distribution): Yes No

To further define eligibility (select all that apply):

Employee Classification	Included	Excluded	Not Employed
Temporary Employees: Those who will work for the municipality fewer than _____ months in total	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Part-Time Employees: Those who regularly work fewer than _____ per _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Seasonal Employees: Those who are employed for tasks that occur at specific times of the year	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Voter-Elected Officials	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Appointed Officials: An official appointed to a voter-elected office	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Contract Employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other: _____	<input type="checkbox"/>	<input type="checkbox"/>	
Other 2: _____	<input type="checkbox"/>	<input type="checkbox"/>	

Defined Benefit Plan Adoption Agreement

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. Service will begin to accrue and contributions must be reported when the Probationary Period ends.

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.

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 *hours and days* has been previously defined (like 10 seven-hour days), stating "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) _____ 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.
- For **contributory divisions**, employee contributions are required where service credit is granted and due at the time of monthly wage and contribution reporting. Employers may use the following formula to calculate employee contributions: the employee's current hourly rate (prior to leave), multiplied by service credit qualification (hours) multiplied by employee contribution. For example, if employees' hourly rate is \$20, the division requires 120 hours to obtain service credit, and employee contributions are 5%, the calculation will look like: $\$20/\text{hour} \times 120 \times .05 = \120 in employee contribution for that leave month. Employers may use another internal formula, if they choose and MERS will make note of it.

Defined Benefit Plan Adoption Agreement

Type of Leave	Service Credit Granted	Service Credit Excluded
Short-Term Disability	<input type="checkbox"/>	<input type="checkbox"/>
Long-Term Disability	<input type="checkbox"/>	<input type="checkbox"/>
Workers' Compensation	<input type="checkbox"/>	<input type="checkbox"/>
Unpaid Family Medical Leave Act (FMLA)	<input type="checkbox"/>	<input 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). Military reporting requires historical wage and contribution reporting for Defined Benefit as applicable.

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:

- Base Wages
 Box 1 Wages of W-2
 Gross Wages
 Custom Definition

Click here to view details of Base, Box 1, and Gross Wages

(To customize your definition, please complete the [Custom Definition of Compensation Addendum](#).)

V. Valuation-Required Provisions

Valuation Date: _____, 20____

1. Review the valuation results

It is recommended that your MERS representative presents and explains the valuation results to your municipality before adopting. Please choose one:

- Our MERS representative presented and explained the valuation results to the

_____ on _____.
(Board, Finance Cmte, etc.) (mm/dd/yyyy)

- As an authorized representative of this municipality, I _____
(Name)

_____ waive the right for a presentation of the results.
(Title)

This Adoption Agreement will be implemented in conjunction with a current actuarial valuation certified by a MERS actuary that sets contribution rates.

Annually, the MERS actuary will conduct an actuarial valuation to determine the employers' contribution rates. Employers are responsible for payment of said contributions at the rate, in the form and at the time that MERS determines.

Defined Benefit Plan Adoption Agreement

2. **Benefit Multiplier** (1%-2.5%, increments of 0.05%) _____ % (max 80% for multipliers over 2.25%)

Check here if multiplier will be effective for existing active members' future service only (Bridged Benefit as of effective date on page 1)

If checked, select one below:

Termination Final Average Compensation (calculated over the members entire wage history)

Frozen Final Average Compensation (FAC is calculated twice, once for the timeframe that matches the original multiplier, and once for the new multiplier)

3. **Final Average Compensation** (Min 3 yr, increments of 1 yr) _____ years

4. **Vesting** (5 -10 yrs, increments of 1 yr) _____ years

5. **Normal Retirement Age** will be the later of: _____ (any age from 60-70), or the vesting provision selected above (#4).

6. **Required employee contribution** (Increments of 0.01%) _____ %

7. **Unreduced Early Retirement/Service Requirements:**

Age 50 – 54 _____ Service between 25 and 30 years _____

Age 55 – 65 _____ Service between 15 and 30 years _____

Service only (must be any number from 20 – 30 years accrued service): _____

Age + Service Points (total must be from 70 – 90): _____ points

8. **Other**

Surviving Spouse will receive 50% of Straight Life benefit without a reduction to the employees' benefit (also known as an RS50)

Duty death or disability enhancement (add up to additional 10 years of service credit not to exceed 30 years of service)

Deferred Retirement Option Program (DROP) – If selected, complete the following:

• Credited interest rate: _____ % (please select either 0 or 3%)

• The employer, if selected, will delay a Cost of Living Adjustment (COLA) during the DROP period (skip if not applicable): Yes No

• Credited payment percentage will be: _____ % (enter a number from 10-100% in increments of 10%) throughout the duration of the DROP period.

Defined Benefit Plan Adoption Agreement

Annuity Withdrawal Program (AWP)

Calculation of the actuarial equivalent of the lump sum distribution made under AWP will be done using:

- Interest rate for employee contributions as determined by the Retirement Board, or
- MERS' assumed rate of return as of the date of the distribution.

9. Cost-of-Living Adjustment

<input type="checkbox"/> All current retirees as of effective date <input type="checkbox"/> Retirees who retire between ___/01/___ and ___/01/___	<input type="checkbox"/> Future retirees who retire after effective date
Increase of ___% or \$___ per month	Increase of ___% or \$___ per month
Select one: <input type="checkbox"/> Annual automatic increase <input type="checkbox"/> One-time increase	<input type="checkbox"/> Annual automatic increase
Select one: <input type="checkbox"/> Compounding <input type="checkbox"/> Non-compounding	Select one: <input type="checkbox"/> Compounding <input type="checkbox"/> Non-compounding
Employees must be retired ___ months (6-12 months, increments of 1 month)	Employees must be retired ___ months (6-12 months, increments of 1 month)

- Check here if the existing COLA will be bridged for active participants as of the effective date selected on this form. Benefits accrued for service after the effective date will have no COLA increase applied.

10. Service Credit Purchase Estimates are:

- Not permitted
- Permitted

VI. Appointing MERS as the Plan Administrator

The Employer hereby agrees to the provisions of this *MERS Defined Benefit Plan Adoption Agreement* and appoints MERS as the Plan Administrator pursuant to the terms and conditions of the Plan. The Employer also agrees that in the event of any conflict between the MERS Plan Document and the MERS Defined Benefit Plan Adoption Agreement, the provisions of the Plan Document control.

VII. Modification Of The Terms Of The Adoption Agreement

If the Employer desires to amend any of its elections contained in this Adoption Agreement, including attachments, the Governing Body or Chief Judge, by resolution or official action accepted by MERS, must adopt a new Adoption Agreement. The amendment of the new Agreement is not effective until approved by MERS.

Defined Benefit Plan Adoption Agreement

VIII. Enforcement

1. The Employer acknowledges that the Michigan Constitution of 1963, Article 9, Section 24, provides that accrued financial benefits arising under a public Employer's retirement plan are a contractual obligation of the Employer that may not be diminished or impaired, and prohibits the use of the Employer's required current service funding to finance unfunded accrued liabilities.
2. The Employer agrees that, pursuant to the Michigan Constitution, its obligations to pay required contributions are contractual obligations to its employees and to MERS and may be enforced in a court of competent jurisdiction;
3. In accordance with the Constitution and this Agreement, if at any time the balance standing to the Employer's credit in the reserve for employer contributions and benefit payments is insufficient to pay all service benefits due and payable to the entity's retirees and beneficiaries, the Employer agrees and covenants to promptly remit to MERS the amount of such deficiency as determined by the Retirement Board within thirty (30) days notice of such deficiency.
4. The Employer acknowledges that wage and service reports are due monthly, and the employee contributions (if any) and Employer contributions are due and payable monthly, and must be submitted in accordance with the MERS Enforcement Procedure for Prompt Reporting and Payment, the terms of which are incorporated herein by reference.
5. Should the Employer fail to make its required contribution(s) when due, the retirement benefits due and payable by MERS on behalf of the entity to its retirees and beneficiaries may be suspended until the delinquent payment is received by MERS. MERS may implement any applicable interest charges and penalties pursuant to the MERS Enforcement Procedure for Prompt Reporting and Payment and Plan Document Section 79, and take any appropriate legal action, including but not limited to filing a lawsuit and reporting the entity to the Treasurer of the State of Michigan in accordance with MCL 141.1544(d), Section 44 of PA 436 of 2012, as may be amended.
6. The Employer acknowledges that changes to the Employer's MERS Defined Benefit Plan must be made in accordance with the MERS Plan Document and applicable law, and agrees that MERS will not administer any such changes unless the MERS Plan Document and applicable law permit same, and MERS is capable of administering same.

IX. Execution

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

The foregoing Adoption Agreement is hereby approved by _____ on
the _____ day of _____, 20____. (Name of Approving Employer)

Authorized signature: _____

Title: _____

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

Dated: _____, 20____ Signature: _____
(Authorized MERS Signatory)