

City of Berkley Retiree Health Care Plan

CONFIDENTIAL

Requested By: Mr. Matthew Baumgarten, City Manager

Submitted By: Louise M. Gates, ASA, FCA, MAAA, and James D. Anderson, FSA, EA, FCA, MAAA
Gabriel, Roeder, Smith & Company

Subject: Retiree Health Care Plan Funding Projections

Date: August 28, 2018

This communication contains actuarial projections of the City of Berkley Retiree Health Care Plan (RHC Plan). The projections contained in this document were based on the forthcoming actuarial valuation as of June 30, 2017 and the direction provided by the City at our July 31, 2018 meeting. The purpose of this report is to provide decision makers with actuarial information needed to establish a RHC Plan funding policy in connection with Public Act 202 of 2017.

The projections provided in this communication and the underlying actuarial valuation do **not** predict the results of future actuarial valuations or future Plan activity. Rather, projections give an indication of the probable long-term costs of the Plan based on a set of actuarial assumptions. This report does not include sensitivity testing on rates of investment return or health care inflation. This additional analysis was beyond the scope of this assignment.

This report was based on information provided by the RHC Plan and was not audited by GRS. This communication may be distributed to parties other than the City only in its entirety and only with the permission of the City. GRS is not responsible for unauthorized use of this report.

Except where indicated, the actuarial assumptions and methods used in this study were the same as those used in the forthcoming actuarial valuation of the RHC Plan as of June 30, 2017.

Louise M. Gates and James D. Anderson are independent of the plan sponsor, are Members of the American Academy of Actuaries and meet the qualification standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

City of Berkeley Retiree Health Care Plan

Summary of Proposed Funding Policies

Background

The City provides lifetime retiree health care benefits to eligible individuals who retire from City employment. The RHC Plan has been closed to new City employees for a number of years. Currently, about \$5.0 million in assets are held in trust to provide for these benefits. Unlike the City sponsored pension plans, the City has not been prefunding the RHC Plan. The City has been paying RHC Plan benefits as they come due. This approach is known as pay-go funding. In some years, City contributions in excess of the pay-go costs have been made to the RHC Plan trust. The projections shown on the following pages illustrate four different plans for funding the obligations of the RHC Plan. These four alternatives are described below and on the following pages as Alternates 1 through 4.

Alternate 1

Under this funding plan, the City would continue to pay the cost of providing RHC Plan benefits for eligible retirees and their beneficiaries each year with a maximum annual City payment of \$1.2 million. During years when the cost of providing benefits exceeds \$1.2 million, the difference between the City's annual payment and actual benefits cost would be paid out of RHC trust assets. This funding plan is expected to be sufficient to pay the projected benefits of the Plan and achieve a funded percentage of 40% by the fiscal year ending June 30, 2043 (fiscal 2043) and 100% by fiscal 2052. After the year 2052, no additional City contributions are expected to be needed to maintain the fully funded status of the Plan.

Alternate 2

Under this funding plan, the City would pay \$1.2 million per year through fiscal 2043 at which time the City would pay for the annual cost of RHC Plan benefits. In the near term, annual benefits are projected to be less than \$1.2 million dollars. The additional contributions to the RHC trust in the early years will help to finance the cost of future benefits and help to strengthen the financial position of the Plan. This funding plan is expected to be sufficient to pay the projected benefits of the Plan and achieve a funded percentage of at least 40% by fiscal 2041 and 100% by fiscal 2050. After the year 2050, no additional City contributions are expected to be needed to maintain the fully funded status of the Plan.

Alternate 3

Under this funding plan, the City would continue to pay the cost of providing RHC Plan benefits for eligible retirees and their beneficiaries each year with a maximum annual City payment of \$1.1 million with additional City contributions of \$200,000 in each fiscal year during 2020-2023. This funding plan is expected to be sufficient to pay the projected benefits of the Plan and achieve a funded percentage of at least 40% by fiscal 2047 and 100% by fiscal 2056. After the year 2056, no additional City contributions are expected to be needed to maintain the fully funded status of the Plan.

Alternate 4

This funding plan is like Alternate 3, except the City would continue to pay the cost of providing RHC Plan benefits for eligible retirees and their beneficiaries each year with a maximum annual City payment of \$1.2 million. Like Alternate 3, additional annual City contributions of \$200,000 in each fiscal year during 2020–2023 would be made. This finance plan is expected to be sufficient to pay the projected benefits of the Plan and achieve a funded percentage of at least 40% by fiscal 2039 and 100% by fiscal 2049. After the year 2049, no additional City contributions are expected to be needed to maintain the fully funded status of the Plan.

City of Berkeley Retiree Health Care Plan Alternate 1

Fiscal Year	Projected Retiree Health Trust Revenue and Expense						AAL EOY	Funded Percent
	Asset Value BOY	City Contribution	Extra City Contribution	Benefit Payments	Interest	Asset Value EOY		
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(f)/(g)
7/1/2018 - 6/30/2019	\$ 5,007,973	\$1,058,941	\$0	\$1,058,941	\$ 181,289	\$ 5,189,262	\$ 25,186,127	20.6%
7/1/2019 - 6/30/2020	5,189,262	1,105,990	0	1,105,990	187,851	5,377,113	25,299,395	21.3%
7/1/2020 - 6/30/2021	5,377,113	1,147,886	0	1,147,886	194,651	5,571,764	25,358,403	22.0%
7/1/2021 - 6/30/2022	5,571,764	1,186,875	0	1,186,875	201,698	5,773,462	25,359,587	22.8%
7/1/2022 - 6/30/2023	5,773,462	1,200,000	0	1,259,768	207,927	5,921,621	25,254,536	23.4%
7/1/2023 - 6/30/2024	5,921,621	1,200,000	0	1,301,501	212,542	6,032,662	25,065,036	24.1%
7/1/2024 - 6/30/2025	6,032,662	1,200,000	0	1,348,916	215,711	6,099,457	24,786,333	24.6%
7/1/2025 - 6/30/2026	6,099,457	1,200,000	0	1,429,635	216,681	6,086,503	24,389,804	25.0%
7/1/2026 - 6/30/2027	6,086,503	1,200,000	0	1,458,910	215,687	6,043,280	23,932,287	25.3%
7/1/2027 - 6/30/2028	6,043,280	1,200,000	0	1,478,691	213,767	5,978,356	23,426,094	25.5%
7/1/2028 - 6/30/2029	5,978,356	1,200,000	0	1,511,746	210,824	5,877,434	22,857,588	25.7%
7/1/2029 - 6/30/2030	5,877,434	1,200,000	0	1,524,215	206,947	5,760,166	22,244,735	25.9%
7/1/2030 - 6/30/2031	5,760,166	1,200,000	0	1,515,148	202,865	5,647,883	21,607,503	26.1%
7/1/2031 - 6/30/2032	5,647,883	1,200,000	0	1,510,857	198,877	5,535,902	20,941,491	26.4%
7/1/2032 - 6/30/2033	5,535,902	1,200,000	0	1,483,061	195,322	5,448,164	20,263,552	26.9%
7/1/2033 - 6/30/2034	5,448,164	1,200,000	0	1,465,582	192,459	5,375,041	19,560,170	27.5%
7/1/2034 - 6/30/2035	5,375,041	1,200,000	0	1,478,854	189,574	5,285,761	18,802,596	28.1%
7/1/2035 - 6/30/2036	5,285,761	1,200,000	0	1,483,676	186,256	5,188,341	17,999,647	28.8%
7/1/2036 - 6/30/2037	5,188,341	1,200,000	0	1,469,654	182,981	5,101,668	17,172,392	29.7%
7/1/2037 - 6/30/2038	5,101,668	1,200,000	0	1,462,628	179,969	5,019,008	16,315,545	30.8%
7/1/2038 - 6/30/2039	5,019,008	1,200,000	0	1,448,590	177,229	4,947,647	15,438,058	32.0%
7/1/2039 - 6/30/2040	4,947,647	1,200,000	0	1,398,631	175,542	4,924,558	14,577,384	33.8%
7/1/2040 - 6/30/2041	4,924,558	1,200,000	0	1,360,177	175,396	4,939,777	13,723,283	36.0%
7/1/2041 - 6/30/2042	4,939,777	1,200,000	0	1,322,339	176,625	4,994,063	12,876,056	38.8%
7/1/2042 - 6/30/2043	4,994,063	1,200,000	0	1,246,372	179,953	5,127,644	12,074,890	42.5%
7/1/2043 - 6/30/2044	5,127,644	1,181,429	0	1,181,429	185,621	5,313,265	11,310,421	47.0%
7/1/2044 - 6/30/2045	5,313,265	1,124,029	0	1,124,029	192,340	5,505,605	10,576,361	52.1%
7/1/2045 - 6/30/2046	5,505,605	1,056,921	0	1,056,921	199,303	5,704,908	9,883,794	57.7%
7/1/2046 - 6/30/2047	5,704,908	1,003,045	0	1,003,045	206,518	5,911,426	9,220,870	64.1%
7/1/2047 - 6/30/2048	5,911,426	938,686	0	938,686	213,994	6,125,419	8,599,357	71.2%
7/1/2048 - 6/30/2049	6,125,419	880,320	0	880,320	221,740	6,347,159	8,014,707	79.2%
7/1/2049 - 6/30/2050	6,347,159	830,793	0	830,793	229,767	6,576,927	7,459,267	88.2%
7/1/2050 - 6/30/2051	6,576,927	754,217	0	754,217	238,085	6,815,011	6,961,638	97.9%
7/1/2051 - 6/30/2052	6,815,011	176,263	0	705,053	237,217	6,523,439	6,496,014	100.4%
7/1/2052 - 6/30/2053	6,523,439	0	0	664,084	224,235	6,083,591	6,055,200	100.5%
7/1/2053 - 6/30/2054	6,083,591	0	0	623,750	209,036	5,668,878	5,639,460	100.5%
7/1/2054 - 6/30/2055	5,668,878	0	0	592,513	194,584	5,270,948	5,240,465	100.6%
7/1/2055 - 6/30/2056	5,270,948	0	0	562,636	180,715	4,889,027	4,857,441	100.7%

There may be cases where the schedule does not add due to rounding.

City of Berkley Retiree Health Care Plan Alternate 2

Fiscal Year	Projected Retiree Health Trust Revenue and Expense						AAL EOY	Funded Percent
	Asset Value	City	Extra City	Benefit		Asset Value		
	BOY	Contribution	Contribution	Payments	Interest	EOY		
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(f)/(g)	
7/1/2018 - 6/30/2019	\$ 5,007,973	\$1,058,941	\$141,059	\$1,058,941	\$ 183,819	\$ 5,332,851	\$ 25,186,127	21.2%
7/1/2019 - 6/30/2020	5,332,851	1,105,990	94,010	1,105,990	194,736	5,621,597	25,299,395	22.2%
7/1/2020 - 6/30/2021	5,621,597	1,147,886	52,114	1,147,886	204,437	5,878,148	25,358,403	23.2%
7/1/2021 - 6/30/2022	5,878,148	1,186,875	13,125	1,186,875	213,024	6,104,297	25,359,587	24.1%
7/1/2022 - 6/30/2023	6,104,297	1,200,000	0	1,259,768	219,903	6,264,432	25,254,536	24.8%
7/1/2023 - 6/30/2024	6,264,432	1,200,000	0	1,301,501	224,952	6,387,883	25,065,036	25.5%
7/1/2024 - 6/30/2025	6,387,883	1,200,000	0	1,348,916	228,570	6,467,537	24,786,333	26.1%
7/1/2025 - 6/30/2026	6,467,537	1,200,000	0	1,429,635	230,005	6,467,908	24,389,804	26.5%
7/1/2026 - 6/30/2027	6,467,908	1,200,000	0	1,458,910	229,494	6,438,491	23,932,287	26.9%
7/1/2027 - 6/30/2028	6,438,491	1,200,000	0	1,478,691	228,074	6,387,874	23,426,094	27.3%
7/1/2028 - 6/30/2029	6,387,874	1,200,000	0	1,511,746	225,649	6,301,776	22,857,588	27.6%
7/1/2029 - 6/30/2030	6,301,776	1,200,000	0	1,524,215	222,308	6,199,870	22,244,735	27.9%
7/1/2030 - 6/30/2031	6,199,870	1,200,000	0	1,515,148	218,782	6,103,504	21,607,503	28.2%
7/1/2031 - 6/30/2032	6,103,504	1,200,000	0	1,510,857	215,370	6,008,017	20,941,491	28.7%
7/1/2032 - 6/30/2033	6,008,017	1,200,000	0	1,483,061	212,412	5,937,368	20,263,552	29.3%
7/1/2033 - 6/30/2034	5,937,368	1,200,000	0	1,465,582	210,168	5,881,955	19,560,170	30.1%
7/1/2034 - 6/30/2035	5,881,955	1,200,000	0	1,478,854	207,924	5,811,025	18,802,596	30.9%
7/1/2035 - 6/30/2036	5,811,025	1,200,000	0	1,483,676	205,270	5,732,620	17,999,647	31.8%
7/1/2036 - 6/30/2037	5,732,620	1,200,000	0	1,469,654	202,683	5,665,649	17,172,392	33.0%
7/1/2037 - 6/30/2038	5,665,649	1,200,000	0	1,462,628	200,385	5,603,406	16,315,545	34.3%
7/1/2038 - 6/30/2039	5,603,406	1,200,000	0	1,448,590	198,384	5,553,200	15,438,058	36.0%
7/1/2039 - 6/30/2040	5,553,200	1,200,000	0	1,398,631	197,463	5,552,032	14,577,384	38.1%
7/1/2040 - 6/30/2041	5,552,032	1,200,000	0	1,360,177	198,110	5,589,965	13,723,283	40.7%
7/1/2041 - 6/30/2042	5,589,965	1,200,000	0	1,322,339	200,162	5,667,788	12,876,056	44.0%
7/1/2042 - 6/30/2043	5,667,788	1,200,000	0	1,246,372	204,342	5,825,758	12,074,890	48.2%
7/1/2043 - 6/30/2044	5,825,758	1,181,429	0	1,181,429	210,892	6,036,651	11,310,421	53.4%
7/1/2044 - 6/30/2045	6,036,651	1,124,029	0	1,124,029	218,527	6,255,178	10,576,361	59.1%
7/1/2045 - 6/30/2046	6,255,178	1,056,921	0	1,056,921	226,437	6,481,615	9,883,794	65.6%
7/1/2046 - 6/30/2047	6,481,615	1,003,045	0	1,003,045	234,634	6,716,250	9,220,870	72.8%
7/1/2047 - 6/30/2048	6,716,250	938,686	0	938,686	243,128	6,959,378	8,599,357	80.9%
7/1/2048 - 6/30/2049	6,959,378	880,320	0	880,320	251,929	7,211,307	8,014,707	90.0%
7/1/2049 - 6/30/2050	7,211,307	830,793	0	830,793	261,049	7,472,357	7,459,267	100.2%
7/1/2050 - 6/30/2051	7,472,357	0	0	754,217	256,969	6,975,109	6,961,638	100.2%
7/1/2051 - 6/30/2052	6,975,109	0	0	705,053	239,851	6,509,907	6,496,014	100.2%
7/1/2052 - 6/30/2053	6,509,907	0	0	664,084	223,746	6,069,569	6,055,200	100.2%
7/1/2053 - 6/30/2054	6,069,569	0	0	623,750	208,529	5,654,348	5,639,460	100.3%
7/1/2054 - 6/30/2055	5,654,348	0	0	592,513	194,058	5,255,893	5,240,465	100.3%
7/1/2055 - 6/30/2056	5,255,893	0	0	562,636	180,170	4,873,427	4,857,441	100.3%

There may be cases where the schedule does not add due to rounding.

City of Berkley Retiree Health Care Plan Alternate 3

Fiscal Year	Projected Retiree Health Trust Revenue and Expense						AAL EOY	Funded Percent
	Asset Value	City	Extra City	Benefit		Asset Value		
	BOY	Contribution	Contribution	Payments	Interest	EOY		
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(f)/(g)	
7/1/2018 - 6/30/2019	\$ 5,007,973	\$1,058,941	\$0	\$1,058,941	\$ 181,289	\$ 5,189,262	\$ 25,186,127	20.6%
7/1/2019 - 6/30/2020	5,189,262	1,100,000	200,000	1,105,990	191,332	5,574,603	25,299,395	22.0%
7/1/2020 - 6/30/2021	5,574,603	1,100,000	200,000	1,147,886	204,529	5,931,246	25,358,403	23.4%
7/1/2021 - 6/30/2022	5,931,246	1,100,000	200,000	1,186,875	216,740	6,261,112	25,359,587	24.7%
7/1/2022 - 6/30/2023	6,261,112	1,100,000	200,000	1,259,768	227,374	6,528,718	25,254,536	25.9%
7/1/2023 - 6/30/2024	6,528,718	1,100,000	0	1,301,501	232,725	6,559,942	25,065,036	26.2%
7/1/2024 - 6/30/2025	6,559,942	1,100,000	0	1,348,916	233,005	6,544,031	24,786,333	26.4%
7/1/2025 - 6/30/2026	6,544,031	1,100,000	0	1,429,635	230,981	6,445,376	24,389,804	26.4%
7/1/2026 - 6/30/2027	6,445,376	1,100,000	0	1,458,910	226,884	6,313,350	23,932,287	26.4%
7/1/2027 - 6/30/2028	6,313,350	1,100,000	0	1,478,691	221,750	6,156,409	23,426,094	26.3%
7/1/2028 - 6/30/2029	6,156,409	1,100,000	0	1,511,746	215,476	5,960,138	22,857,588	26.1%
7/1/2029 - 6/30/2030	5,960,138	1,100,000	0	1,524,215	208,147	5,744,070	22,244,735	25.8%
7/1/2030 - 6/30/2031	5,744,070	1,100,000	0	1,515,148	200,488	5,529,411	21,607,503	25.6%
7/1/2031 - 6/30/2032	5,529,411	1,100,000	0	1,510,857	192,794	5,311,347	20,941,491	25.4%
7/1/2032 - 6/30/2033	5,311,347	1,100,000	0	1,483,061	185,399	5,113,686	20,263,552	25.2%
7/1/2033 - 6/30/2034	5,113,686	1,100,000	0	1,465,582	178,557	4,926,661	19,560,170	25.2%
7/1/2034 - 6/30/2035	4,926,661	1,100,000	0	1,478,854	171,549	4,719,356	18,802,596	25.1%
7/1/2035 - 6/30/2036	4,719,356	1,100,000	0	1,483,676	163,958	4,499,638	17,999,647	25.0%
7/1/2036 - 6/30/2037	4,499,638	1,100,000	0	1,469,654	156,256	4,286,240	17,172,392	25.0%
7/1/2037 - 6/30/2038	4,286,240	1,100,000	0	1,462,628	148,657	4,072,268	16,315,545	25.0%
7/1/2038 - 6/30/2039	4,072,268	1,100,000	0	1,448,590	141,163	3,864,841	15,438,058	25.0%
7/1/2039 - 6/30/2040	3,864,841	1,100,000	0	1,398,631	134,550	3,700,760	14,577,384	25.4%
7/1/2040 - 6/30/2041	3,700,760	1,100,000	0	1,360,177	129,300	3,569,884	13,723,283	26.0%
7/1/2041 - 6/30/2042	3,569,884	1,100,000	0	1,322,339	125,241	3,472,786	12,876,056	27.0%
7/1/2042 - 6/30/2043	3,472,786	1,100,000	0	1,246,372	123,089	3,449,503	12,074,890	28.6%
7/1/2043 - 6/30/2044	3,449,503	1,100,000	0	1,181,429	123,411	3,491,485	11,310,421	30.9%
7/1/2044 - 6/30/2045	3,491,485	1,100,000	0	1,124,029	125,961	3,593,416	10,576,361	34.0%
7/1/2045 - 6/30/2046	3,593,416	1,056,921	0	1,056,921	130,082	3,723,498	9,883,794	37.7%
7/1/2046 - 6/30/2047	3,723,498	1,003,045	0	1,003,045	134,791	3,858,289	9,220,870	41.8%
7/1/2047 - 6/30/2048	3,858,289	938,686	0	938,686	139,670	3,997,959	8,599,357	46.5%
7/1/2048 - 6/30/2049	3,997,959	880,320	0	880,320	144,726	4,142,685	8,014,707	51.7%
7/1/2049 - 6/30/2050	4,142,685	830,793	0	830,793	149,965	4,292,650	7,459,267	57.5%
7/1/2050 - 6/30/2051	4,292,650	754,217	0	754,217	155,394	4,448,044	6,961,638	63.9%
7/1/2051 - 6/30/2052	4,448,044	705,053	0	705,053	161,019	4,609,063	6,496,014	71.0%
7/1/2052 - 6/30/2053	4,609,063	664,084	0	664,084	166,848	4,775,911	6,055,200	78.9%
7/1/2053 - 6/30/2054	4,775,911	623,750	0	623,750	172,888	4,948,799	5,639,460	87.8%
7/1/2054 - 6/30/2055	4,948,799	592,513	0	592,513	179,147	5,127,946	5,240,465	97.9%
7/1/2055 - 6/30/2056	5,127,946	140,659	0	562,636	178,062	4,884,030	4,857,441	100.5%

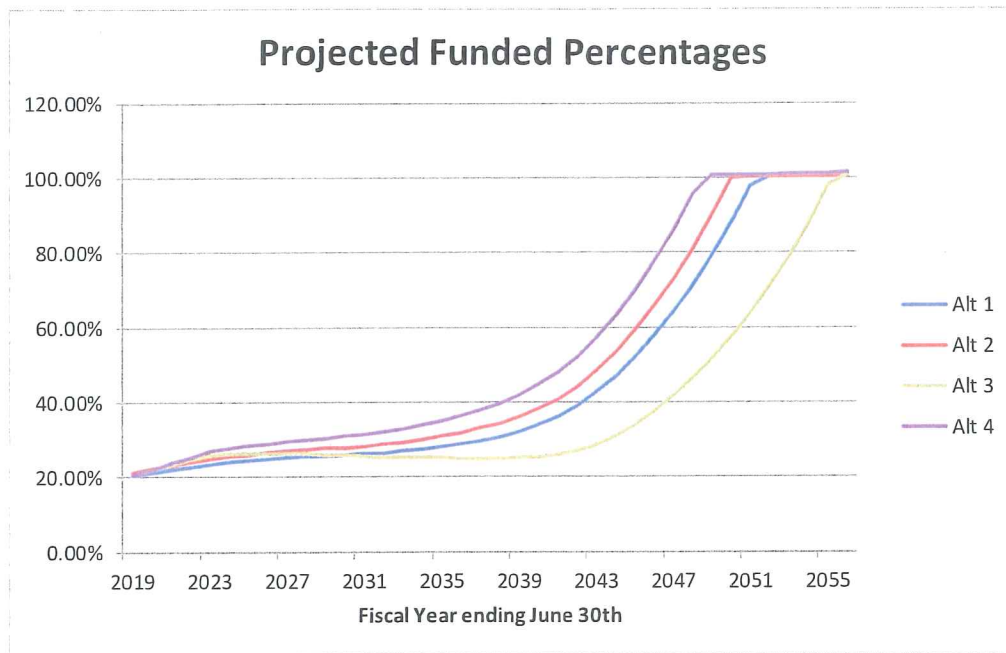
There may be cases where the schedule does not add due to rounding.

City of Berkley Retiree Health Care Plan Alternate 4

Fiscal Year	Projected Retiree Health Trust Revenue and Expense						AAL EOY	Funded Percent
	Asset Value	City	Extra City	Benefit		Asset Value		
	BOY	Contribution	Contribution	Payments	Interest	EOY		
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(f)/(g)	
7/1/2018 - 6/30/2019	\$ 5,007,973	\$1,058,941	\$0	\$1,058,941	\$ 181,289	\$ 5,189,262	\$ 25,186,127	20.6%
7/1/2019 - 6/30/2020	5,189,262	1,105,990	200,000	1,105,990	191,439	5,580,701	25,299,395	22.1%
7/1/2020 - 6/30/2021	5,580,701	1,147,886	200,000	1,147,886	205,609	5,986,310	25,358,403	23.6%
7/1/2021 - 6/30/2022	5,986,310	1,186,875	200,000	1,186,875	220,292	6,406,602	25,359,587	25.3%
7/1/2022 - 6/30/2023	6,406,602	1,200,000	200,000	1,259,768	234,435	6,781,268	25,254,536	26.9%
7/1/2023 - 6/30/2024	6,781,268	1,200,000	0	1,301,501	243,661	6,923,429	25,065,036	27.6%
7/1/2024 - 6/30/2025	6,923,429	1,200,000	0	1,348,916	247,957	7,022,470	24,786,333	28.3%
7/1/2025 - 6/30/2026	7,022,470	1,200,000	0	1,429,635	250,094	7,042,929	24,389,804	28.9%
7/1/2026 - 6/30/2027	7,042,929	1,200,000	0	1,458,910	250,309	7,034,328	23,932,287	29.4%
7/1/2027 - 6/30/2028	7,034,328	1,200,000	0	1,478,691	249,643	7,005,280	23,426,094	29.9%
7/1/2028 - 6/30/2029	7,005,280	1,200,000	0	1,511,746	247,999	6,941,533	22,857,588	30.4%
7/1/2029 - 6/30/2030	6,941,533	1,200,000	0	1,524,215	245,467	6,862,785	22,244,735	30.9%
7/1/2030 - 6/30/2031	6,862,785	1,200,000	0	1,515,148	242,779	6,790,417	21,607,503	31.4%
7/1/2031 - 6/30/2032	6,790,417	1,200,000	0	1,510,857	240,237	6,719,796	20,941,491	32.1%
7/1/2032 - 6/30/2033	6,719,796	1,200,000	0	1,483,061	238,179	6,674,914	20,263,552	32.9%
7/1/2033 - 6/30/2034	6,674,914	1,200,000	0	1,465,582	236,868	6,646,200	19,560,170	34.0%
7/1/2034 - 6/30/2035	6,646,200	1,200,000	0	1,478,854	235,590	6,602,936	18,802,596	35.1%
7/1/2035 - 6/30/2036	6,602,936	1,200,000	0	1,483,676	233,937	6,553,198	17,999,647	36.4%
7/1/2036 - 6/30/2037	6,553,198	1,200,000	0	1,469,654	232,388	6,515,932	17,172,392	37.9%
7/1/2037 - 6/30/2038	6,515,932	1,200,000	0	1,462,628	231,165	6,484,469	16,315,545	39.7%
7/1/2038 - 6/30/2039	6,484,469	1,200,000	0	1,448,590	230,278	6,466,157	15,438,058	41.9%
7/1/2039 - 6/30/2040	6,466,157	1,200,000	0	1,398,631	230,512	6,498,038	14,577,384	44.6%
7/1/2040 - 6/30/2041	6,498,038	1,200,000	0	1,360,177	232,356	6,570,217	13,723,283	47.9%
7/1/2041 - 6/30/2042	6,570,217	1,200,000	0	1,322,339	235,647	6,683,525	12,876,056	51.9%
7/1/2042 - 6/30/2043	6,683,525	1,200,000	0	1,246,372	241,112	6,878,265	12,074,890	57.0%
7/1/2043 - 6/30/2044	6,878,265	1,181,429	0	1,181,429	248,993	7,127,258	11,310,421	63.0%
7/1/2044 - 6/30/2045	7,127,258	1,124,029	0	1,124,029	258,007	7,385,265	10,576,361	69.8%
7/1/2045 - 6/30/2046	7,385,265	1,056,921	0	1,056,921	267,347	7,652,611	9,883,794	77.4%
7/1/2046 - 6/30/2047	7,652,611	1,003,045	0	1,003,045	277,025	7,929,636	9,220,870	86.0%
7/1/2047 - 6/30/2048	7,929,636	938,686	0	938,686	287,053	8,216,689	8,599,357	95.6%
7/1/2048 - 6/30/2049	8,216,689	440,160	0	880,320	289,548	8,066,077	8,014,707	100.6%
7/1/2049 - 6/30/2050	8,066,077	0	0	830,793	277,088	7,512,372	7,459,267	100.7%
7/1/2050 - 6/30/2051	7,512,372	0	0	754,217	258,418	7,016,573	6,961,638	100.8%
7/1/2051 - 6/30/2052	7,016,573	0	0	705,053	241,352	6,552,872	6,496,014	100.9%
7/1/2052 - 6/30/2053	6,552,872	0	0	664,084	225,301	6,114,089	6,055,200	101.0%
7/1/2053 - 6/30/2054	6,114,089	0	0	623,750	210,141	5,700,480	5,639,460	101.1%
7/1/2054 - 6/30/2055	5,700,480	0	0	592,513	195,728	5,303,695	5,240,465	101.2%
7/1/2055 - 6/30/2056	5,303,695	0	0	562,636	181,901	4,922,959	4,857,441	101.3%

There may be cases where the schedule does not add due to rounding.

City of Berkley Retiree Health Care Plan



Comments

Comment 1 — The calculations are based upon assumptions regarding future events, which may or may not materialize. They are also based upon present plan provisions that are outlined in the forthcoming 2017 actuarial valuation report. If you have reason to believe that the assumptions that were used are unreasonable, the plan provisions are incorrectly described, the information provided in this report is inaccurate, or is in any way incomplete, or that important plan provisions relevant to this proposal are not described, or that conditions have changed since the calculations were made, you should contact the authors of this report prior to relying on information in the report.

Comment 2 — The calculations shown in this communication do not include the premium payments for the City's post-retirement life insurance program. Annual City premium payments were reported to be less than \$5,000 per year over the last 3 years. We understand that the City intends to continue paying this benefit out of its general fund.

Comment 3 — Future actuarial measurements may differ significantly from those presented in this report due to such factors as Plan experience differing from that anticipated by actuarial assumptions, changes in plan provisions, federal programs or applicable law. Due to the limited scope of this assignment, we did not perform an analysis of the potential range of future measurements.

Comment 4 — Given the importance of benefit security to any retirement program decision makers may wish to contribute more to the retiree health care trust than the alternate funding plans shown in this report.

Draft

Michigan Department of Treasury
5597 (08-18)

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

Issued under authority of Public Act 202 of 2017.

I. MUNICIPALITY INFORMATION

Local Unit Name: City of Berkley, Michigan Six-Digit Muni Code: 632010

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

Contact Name (Administrative Officer): Matthew Baumgarten

Title if not Administrative Officer: _____

Email: mbaumgarten@berkleymich.net Telephone: (248) 658-3300

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**.*

The City of Berkley closed its retiree health care plan effective July 1, 2005 - July 1, 2015. Although most were closed by July 1, 2008 with only the Command Officers being July 1, 2015. See the attached collective bargaining agreements. All full time employees are allowed to participate in a retiree health care savings plan administered by MERS (a defined contribution plan).

- 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.*

The system created a retiree health funding vehicle with MERS for the now closed City of Berkley Retiree Health Care Plan during the quarter ended 09/30/2008 (a decade ago). See the attached statement attached for quarter ended 09/30/2008. That same MERS account is now valued at \$5,007,973. See the statement attached for quarter ended 06/30/2018.

- 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**.*

The information required to be provided on the Form 5572 from the audit used actuarial data from 2012. Attached is an updated actuarial valuation as of 2017 that shows our funded ratio has improved to 17.71%. In preparing our GASB 74 & 75 report our funded ratio again improved to 19.78%. See the attached document.

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**.*

As of July 1, 2018 the City changed from a traditional Blue Cross plan to a self-insured Blue Cross Plan. The traditional plan premiums were to have increased by 28%. This change was communicated to the actuary when the GASB 74 and 75 document for FYE 06/30/2018 was developed.

- 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.*

- 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**.*

5. CONFIRMATION OF FUNDING

Please check the applicable answer:

Do the corrective actions listed in this plan allow for (insert local unit name) City of Berkley, Michigan 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 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 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 (see CAP criteria issued by the Board)? |
| <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, Matthew Baumgarten, as the government's administrative officer (insert title)
City Manager (Ex: City/Township Manager, Executive director, and Chief Executive Officer, etc.) approve this Corrective Action Plan and will implement the prospective actions contained in this Corrective Action Plan.

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

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

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

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

Signature _____

Date 10/23/2018

AGREEMENT

BETWEEN

**LOCAL UNION NO. 1021
AFFILIATE WITH MICHIGAN A.F.S.C.M.E. COUNCIL 25., AND
A.F.S.C.M.E. INTERNATIONAL, AFL-CIO**

AND

CITY OF BERKLEY

July 1, 2015 – June 30, 2018

****As discussed on July 20, 2017**

APPENDIX B

POST EMPLOYMENT HEALTH CARE SAVINGS PROGRAM FOR THOSE FULL TIME DPW EMPLOYEES HIRED ON OR AFTER 7/1/2005

The health savings program is not a health savings account as prescribed by the Internal Revenue Service. This is an Internal Revenue Service Section 115 Trust Program.

Program Summary:

The post-employment Health Savings Program (HSP) is an employer-sponsored savings account designed for you and your spouse and/or legal dependents to set aside money to cover the cost of post-employment health care. Under the program, pre or post tax contributions are made while you are an active employee and then once you leave employment with the City, regardless of the reason you leave or the age you leave, you may be reimbursed for healthcare related expenses (i.e. insurance premiums, doctor co-pays, COBRA, drug co-pays, many over-the-counter medications, etc.). In the event of your death, your spouse and/or legal dependent(s) may continue to use the account for tax-free medical expenses.

CITY OF BERKLEY HEALTH SAVINGS PLAN DPW/AFSCME LOCAL 1021 EMPLOYEES

Eligible Employees:

Those employees classified as active AFSCME Local 1021 DPW Employees by the City of Berkley and hired on or after 7/1/2005 only and are not currently receiving a retiree health care package from the City of Berkley.

Mandatory Eligible Employee Contribution Pre-Tax:

The minimum mandatory pre-tax employee contribution is \$10.00 per month. There is no maximum amount of employee pre-tax contribution. Once a pre-tax contribution is selected, the employee may never decrease the original pre-tax contribution only increase said contribution.

Non-Mandatory Contribution Post Tax:

The participating employee can elect to also contribute on a post tax basis any amount the employee wishes to contribute to their account. This contribution can go up or go down on a periodic basis without penalty.

Change of Benefit Periods:

The City will provide at least two time periods within a fiscal year to allow for adjustment of pre and post tax contributions.

Employer Contributions on Pre and Post Tax Contributions:

The City will contribute \$100 per month.

A.F.S.C.M.E. LOCAL UNION NO. 1021

The employee can contribute as much as they wish within Internal Revenue Service guidelines. However, the maximum City contribution placed into the employees account per month will be \$100.00. The employee may not at this time deposit lump sum distributions paid by the City into this account.

Failure to Respond to Withhold:

If an employee fails to respond to the notice for withholding, the City will automatically withhold \$50.00/pay pre-tax contribution from the employees' bi-weekly payroll paycheck and match said amount as referenced above.

Interest Earned/Vesting:

The employee contribution and earned interest on the employee contribution will vest with the employee from the first deposit. The employer contribution along with earned interest on the employer contribution will be credited to the employee monthly, however, the employer amount contributed and corresponding interest earned will not vest with the employee until the employee has completed their sixth (6) year or (72 Months) of employment service with the City of Berkley.

Termination of employment for any reason by the employee will result in the benefits paid to be portable however, the employee cannot have the employer contribution and related interest unless said employee has completed six (6) years of service or (72 Months) with the City of Berkley only.

If the employee leaves City service for any reason prior to vesting, the employer contribution along with earned interest on the employer contribution will be transferred from the employees account on the date the employee terminates service back to the City of Berkley retiree health funding account at MERS.

Credited Service:

Purchase of Generic Time, Military time, or Public Act 88 of 1961 reciprocal retirement time cannot be utilized in vesting for the employer contribution only actual service time earned at the City of Berkley can be utilized to accrue the City of Berkley employer contribution.

REV: 7/20/17

Third Party Program Administrator:

The Health Savings Program Account will be maintained and serviced by the Municipal Employees Retirement System (MERS) as selected by the City of Berkley and approved by the Mayor and City Council.

Fees to be paid to MERS shall be reflected in the interest earnings rates earned by MERS and all accounts shall be credited interest net of MERS fees.

MERS will be required to report to the City of Berkley and the employee at least quarterly, amounts contributed by the employee, employer and interest earned on the account by employee and employer.

A.F.S.C.M.E. LOCAL UNION NO. 1021

Withdrawal:

Withdrawals from the account can only be made when the employee and beneficiary receive a monthly pension benefit from the MERS Pension System or the employee terminates City service.

The employees Health Savings Plan account requires a beneficiary designation in addition to your spouse and/or legal dependents. If the employee should expire, the account will immediately belong to the spouse and or legal dependents and if they have expired or are no longer a dependent the account would go to your designated beneficiary. Failure to designate a beneficiary would result in all dollars in the account to lapse to the City of Berkley.

Withdrawal for benefits from the account can only be made by the employee, employees spouse or the employees' beneficiary at the time of retirement or leaving of City service. Withdrawals must meet Internal Revenue Service guidelines for health savings accounts in order to be a tax free distribution. Withdrawals from the account for non-medical benefit as determined by the Internal Revenue Service will be a taxable distribution to the employee.

In all cases of withdrawal, MERS/Internal Revenue Service rules will be followed in determining pre or post tax withdrawals.

Plan Amendment:

This plan can be amended at any time to meet Internal Revenue Service, Municipal Employees Retirement System, City Council or any other rule changes that may occur.

Retroactivity - Contributions:

For those AFSCME Local 1021/DPW employees hired on or after 7/1/05 and still employed with the City on 7/1/07, the City will make a one time employer contribution of \$150.00 into each eligible individuals account for each month and prorated month the employee has worked for the City for the time period of 7/1/05 through 6/30/07. This contribution will be subject to all vesting requirements highlighted above.

This section will not apply to any employee hired on or after 7/1/07 or any AFSCME Local 1021/DPW employee who is currently receiving a City of Berkley retiree health care package in lieu of a regular employee health care package either from the City Merit System or other City of Berkley Union contract.

Retroactivity – Vesting:

For those AFSCME Local 1021 DPW employees hired on or after 7/1/05 and still employed with the City on 7/1/07 and not receiving a retiree health care benefit while on active duty, the City will allow the actual time earned between 7/1/05 and 6/30/07 by an eligible employee to count towards vesting in this plan.

Any employee hired on or after 7/1/07 will not have any retro activity credited service rights.

A.F.S.C.M.E. LOCAL UNION NO. 1021



AGREEMENT BETWEEN

**BERKLEY PUBLIC SAFETY OFFICERS ASSOCIATION
AND THE
CITY OF BERKLEY**

7/1/2015 - 6/30/2018

Codified on January 19, 2017

CITY OF BERKLEY
BERKLEY PUBLIC SAFETY OFFICERS ASSOCIATION

1702.81 Where available, the City may replace traditional coverage with the PPO form of coverage as described in Article XV, Section 1501.20. The provisions of Article XV, Section 1501.21 shall apply if a retired employee does not wish to participate in the PPO form of coverage and desires coverage under the traditional form of BC-BS coverage.

1702.90 Benefits paid by the City under Sections 1702.1 through 1702.9 of this Article XVII, for coverage's afforded a "spouse" or "surviving spouse" are limited only to those persons who are, or were, married to an employee covered under this agreement as of the employee's last day of employment with the City prior to terminating employment and immediately commencing receipt of the retirement benefits of the pension system described in Section 1701.1 of this Article.

1702.91 A person who marries a retired former employee, or the surviving spouse of a retired former employee shall be eligible, if accepted by the provider, to receive the same coverage as a spouse. However, the cost of such coverage shall be paid by the former employee or surviving spouse by means of deduction from regular pension payments.

1702.92 **MEDICARE COMPLIMENTARY COVERAGE** - When eligible Public Safety Officer retiree (hired prior to 7/1/2008) or their beneficiary, turns age 65, the City of Berkley will place the Public Safety Officer retiree or beneficiary on the City's complimentary health care coverage. The Public Safety Officer retiree and beneficiary at age 65 must also apply for and receive Medicare Part B health care coverage from the Federal Government. The retiree and beneficiary must submit a copy of their Medicare card highlighting said coverage to the City for verification. If the Public Safety Officer retiree and beneficiary prove they are not Medicare Part B eligible, the City will maintain their health care coverage at the same level of benefit prior to turning age of 65.

1702.93 **SPONSORED DEPENDENT** - Effective 7/1/2007, the City will provide sponsored dependent health care coverage with 100% of the monthly premium cost to be borne by the retiree or beneficiary and paid monthly via payroll deduction as required by the City as long as the retiree or beneficiary is still receiving a monthly pension benefit.

1702.100 **DEFINED CONTRIBUTION HEALTH CARE PROGRAM** - All new Berkley Public Safety Officer employees hired beginning July 1, 2008 will be eligible to receive the following defined contribution health insurance program in lieu of a defined benefit health care benefit program including dental, vision and prescription coverage as noted in 1702.1 through 1702.91. The Plan is as follows:

1702.101 Health Care Savings Accounts Plan Summary: The health savings program is not a health savings account as prescribed by the Internal Revenue Service. This is an Internal Revenue Service Section 115 Trust Program. The post-employment Health Savings Program (HSP) is an employer-sponsored savings account designed for the employee and employees spouse and/or legal dependents to set aside money to cover the cost of post-employment health care. Under the program, pre or post tax contributions are made while the employee is an active employee and then once the employee leaves employment with the City, regardless of the reason you leave or the age you leave, you may be reimbursed from your health care savings account for healthcare related expenses (i.e. insurance premiums, doctor co-pays, COBRA, drug co-pays, many over-the-counter medications, etc.). In the event of your death, your spouse and/or legal dependent(s) may continue to use the account for tax-free medical expenses.

CITY OF BERKLEY
BERKLEY PUBLIC SAFETY OFFICERS ASSOCIATION

1702.102 Health Care Savings Accounts – Eligibility - Those employees classified as active Public Safety Employees by the City of Berkley and hired on or after 7/1/08 and are not currently receiving a retiree health care package from the City of Berkley will be able to establish and maintain a health savings account as outlined in sections 1702.103 through 1702.114 through a third party vendor chosen and approved by the City of Berkley in lieu of health, dental, vision and drug card benefits at their retirement.

1702.103 Mandatory Eligible Employee Contribution Pre-Tax: The minimum mandatory pre-tax employee contribution is \$10.00 per month. There is no maximum amount of employee pre-tax contribution. Once a pre-tax contribution is selected, the employee may never decrease the original pre-tax contribution only increase said contribution.

Effective September 11, 2015 all newly hired members of the Bargaining Unit shall participate in the City's Retirement Health Care Savings Plan with the following mandatory contribution rates:

Employee Contribution: \$50.00 per month
Employer Contribution: \$100.00 per month

1702.104 Non-Mandatory Contribution Post Tax: The participating employee can elect to also contribute on a post tax basis any amount the employee wishes to contribute to their account. This contribution can go up or go down on a periodic basis without penalty at the discretion of the employee.

1702.105 Change of Benefit Periods: The City will provide at least two time periods within a fiscal year to allow for adjustment of pre and post tax contributions.

1702.106 Employer Contributions on Pre and Post Tax Contributions: The City will match \$2.00 for everyone \$1.00 dollar of contribution made by the employee up to a maximum of \$100 employer contribution per month. This will be done in lieu of a health care insurance, vision, dental and drug plan at retirement.

The employee can contribute as much as they wish within Internal Revenue Service guidelines. However, the maximum City contribution placed into the employees account per month will be \$100.00. The employee may not at this time deposit lump sum distributions paid by the City into this account.

1702.107 Failure to Respond to Withhold: If an employee fails to respond to the notice for withholding, the City will automatically withhold \$10.00/pay pre tax contribution from the employee's bi-weekly payroll paycheck and match said amount as referenced above.

1702.108 Interest Earned/Vesting: The employee contribution and earned interest on the employee contribution will vest with the employee from the first deposit. The employer contribution along with earned interest on the employer contribution will be credited to the employee monthly, however, the employer amount contributed and corresponding interest earned will not vest with the employee until the employee has completed their sixth (6) year or (72 Months) of employment service with the City of Berkley only. Termination of employment for any reason by the employee will result in the benefits paid to be portable, however the employee cannot have the employer contribution and related interest unless said employee has completed six (6) years of service or (72 Months) with the City of Berkley only. If the employee leaves City service for any reason prior to vesting, the employer



AGREEMENT BETWEEN

BERKLEY PUBLIC SAFETY
COMMAND OFFICERS ASSOCIATION
AND THE
CITY OF BERKLEY

July 1, 2015 - June 30, 2018

Codified on January 19, 2017 / Corrected March 23, 2017

1602 INSURANCE FOR RETIREES

For retired members of the Public Safety Department who are receiving regular retirement or disability pension payments pursuant to the provisions of the City of Berkley Policemen and Firemen Retirement System shall be eligible to receive hospitalization and life insurance coverage while said retirement payments continue to be paid to the employee or the employee's surviving spouse if the member was hired prior to July 1, 2008.

1602.1 A retired former employee who was hired prior to July 1, 2008 and who has used generic credited service, as 11 seq., to establish the minimum credited service necessary to retire, shall reimburse the City by means of deduction from his or her monthly pension for any health, dental, or optical care premiums or expenses which are attributable to, or provided coverage for, the first period of months of retirement equal to the number of months of generic credited service that used to establish retirement eligibility.

1602.2 Life Insurance shall be in the amount of \$30,000 from the date of retirement until the date the retiree becomes 65 years old regardless when the employee was hired or retired.

1602.3 At age 65 and above, life insurance shall be in the amount of \$30,000 provided this coverage level is available from the carrier without additional cost per \$1,000 of coverage. Otherwise coverage shall be \$5,000 regardless when the employee was hired or retired.

1602.4 The City shall assume the full expense of life insurance coverage provided pursuant to sections 1602.2 and 1602.3 regardless when the employee was hired or retired.

1602.5 Health insurance shall be the same as that provided for currently employed members pursuant to Article XIV, Section 1401, to the extent that coverage is available from the insurance company for those who were hired before July 1, 2008. Those who were hired after July 1, 2008 shall not receive retiree health insurance and will instead be covered by a Health Savings Account provisions of the Patrol Agreement and as required by 1602.18 of this Agreement if applicable.

1602.6 For those members who were hired prior to July 1, 2008, the City shall assume the full expense of the hospitalization insurance of the retiree, and the retiree's spouse. The retiree shall be responsible for any remaining portion of the expense not paid by the City. Retiree expenses shall be paid to the City by means of deduction from regular pension payments.

1602.7 For those members who were hired prior to July 1, 2008, dental insurance shall be the same as that provided for currently employed members, Section 3.0, to the extent that coverage is available from the insurance company.

CITY OF BERKLEY
BERKLEY PUBLIC SAFETY COMMAND OFFICERS ASSOCIATION

1602.8 For those members who were hired prior to July 1, 2008, the City shall assume the full expense of the dental insurance of the retiree, and the retiree's spouse. The retiree shall be responsible for any remaining portion of the expense not paid by the City. Retiree expenses shall be paid to the City by means of deduction from regular pension payments.

1602.9 For those members who were hired prior to July 1, 2008, optical insurance shall be the same as that provided for currently employed members pursuant to Article XIV, Section 5.0, to the extent that coverage is available from the insurance company.

1602.10 For those members who were hired prior to July 1, 2008, the City shall assume the full expense of the optical insurance of the retiree and covered dependents.

1602.11 For those employees who were hired prior to July 1, 2008, dental and optical insurance benefits will be limited to persons who have retired on or after July 1, 1984.

1602.12 As to any employees who were hired prior to July 1, 2008, the following Section 1602.13 shall apply which shall supersede and replace any conflicting language in this agreement.

1602.13 For those employees who were hired prior to July 1, 2008 where available, the City may replace traditional coverage with the PPO form of coverage as described in Article XIV, Section 1401.2. The provisions of Article XIV, Section 1401.3 shall apply if a retired employee does not wish to participate in the PPO form of coverage and desires coverage under the traditional form of BC-BS coverage.

1602.14 For those employees who were hired prior to July 1, 2008, benefits paid by the City under Sections 1602.2 through 1602.3 of this Article XVI, for coverage's afforded a "spouse" or "surviving spouse" are limited only to those persons who are, or were, married to an employee covered under this agreement as of the employee's last day of employment with the City prior to terminating employment and immediately commencing receipt of the retirement benefits of the pension system described in Section 1601.1 of this Article.

1602.15 For those employees hired prior to July 1, 2008, a person who marries a former employee, or the surviving spouse of a former employee after the employee commenced retirement shall be eligible, if accepted by the provider, to receive the same coverage as a spouse. The cost of such coverage shall be paid by the former employee or surviving spouse by means of deduction from regular pension payments.

1602.16 MEDICARE COMPLIMENTARY COVERAGE - For those employees hired prior to July 1, 2008, when any Public Safety Officer retiree or their beneficiary turns age 65, the City of Berkley will place the Public Safety Officer retiree or beneficiary on the City's complimentary health care coverage. The Public Safety Officer retiree and beneficiary at age 65 must also apply for and receive Medicare Part B health care coverage from the Federal Government. The retiree and beneficiary must submit a copy of their Medicare card highlighting said coverage to the City for verification. If the Public Safety Officer retiree and beneficiary prove they are not Medicare Part B eligible, the City will maintain their health care coverage at the same level of benefit prior to turning age of 65.

CITY OF BERKLEY
BERKLEY PUBLIC SAFETY COMMAND OFFICERS ASSOCIATION

1602.17 SPONSORED DEPENDENT - Effective 7/1/2007, For those employees who were hired prior to July 1, 2008, the City will provide sponsored dependent health care coverage with 100% of the monthly premium cost to be borne by the retiree or beneficiary and paid monthly via payroll deduction as required by the City as long as the retiree or beneficiary is still receiving a monthly pension benefit.

DEFINED CONTRIBUTION HEALTH CARE PROGRAM

1602.18 All Berkley Public Safety Officer employees hired beginning July 1, 2008 who promote up into the bargaining unit on or after 7/1/2008 will receive those retiree health care benefits which they received in the Public Safety Patrol bargaining unit unless those health care benefits are greater than those provided in the command bargaining unit.

1602.19 Effective September 11, 2015 all newly hired members of the Bargaining Unit shall participate in the City's Retirement Health Care Savings Plan with the following mandatory contribution rates:

Employee Contribution: \$50.00 per month
Employer Contribution: \$100.00 per month

1603 FUNDING OF CERTAIN RETIREMENT EXPENSES

Accumulated sick leave which is paid off at retirement pursuant to Article X, Section 1003 shall be considered an adjunct retirement benefit for state and local law including funding (and mileage) purposes but will not be a formal part of the retirement system trust fund provisions. The retirement system will be merely a funding pass-through relative to this adjunct retirement type benefit.

1603.1 The administration of, and obligations under, Article X, Section 1003 are that of the City and not the retirement system, and will continue to be governed by collective bargaining and applicable state law including the Public Employees Relations Act.

1603.2 This section 1603 through 1603.2 is expressly limited by and will be null and void as to the involvement of the retirement system, but not the City, in the event of any determination by any competent forum with appropriate jurisdiction that this provision, notwithstanding the intent of the City and the Association as described above, adversely affects the qualified status of the retirement system plan.

1604 PENSION BOARD

One member of the retirement board established pursuant to Section 1 of Act 345 of 1937 as amended shall be elected by a majority vote of the employees covered under this agreement. The selected retirement board member shall serve until a replacement is duly elected.

1604.1 If the position on the board elected by members of the Association is vacant for more than forty-five (45) calendar days, the president of the association representing Berkley Public Safety officers may designate one of its members to fill the vacancy temporarily, until a member is duly elected pursuant to Section 1604.



CITY OF BERKLEY MICHIGAN

**MERIT SYSTEM
OF
HUMAN RESOURCE MANAGEMENT**

R-38-16 11-21-16

CITY OF BERKLEY
MERIT SYSTEM OF HUMAN RESOURCE MANAGEMENT

continue to be 100% borne by the retiree or retiree dependent via payroll deduction or as required by the city.

1003.09 The city will institute an aggressive pursue and pay method of paying health care claims as defined by the city's insurance carrier. All retirees and beneficiaries must abide by all requests of the insurance carrier to verify coverage requests.

1003.10 When a Merit System retiree or their surviving spouse turn age 65, the City of Berkley will place the retiree or surviving spouse on the city health care coverage in conjunction with Sections 1003, or 1003.08. The Merit System retiree and/or their surviving spouse must apply for and receive Medicare Part B health care coverage from the Federal government.

The retiree and surviving spouse must submit a copy of their Medicare Card highlighting coverage to the city for verification. If the Merit System retiree or surviving spouse are not eligible for Medicare Part B, the city will maintain their health care coverage at the same level of benefit prior to turning age 65. Failure to purchase Medicare Part B is not criteria to keep a retiree or surviving spouse at the same level of health benefit prior to turning age 65 and the city will still move the retiree or surviving spouse on to the city's complimentary health care coverage if the retiree or surviving spouse fails to obtain the Medicare Part B insurance coverage as required by the Federal government.

1003.11 All Merit System employees hired on July 1, 2005 will be eligible to receive the following in lieu of a defined benefit health care benefit program that included dental, vision and prescription coverage (R27-07):

- a. **Health Care Savings Accounts Plan Summary:** The health savings program is not a health savings account as prescribed by the Internal Revenue Service. It is an Internal Revenue Service Section 115 Trust Program. The post-employment Health Savings Program (HSP) is an employer-sponsored savings account designed for an employee, your spouse and/or legal dependents to set aside money to cover the cost of post-employment health care. Under the program, pre or post tax contributions are made by an active employee. When city employment has ended, regardless of the reason or age, the individual may be reimbursed for healthcare related expenses (i.e. insurance premiums, doctor co-pays, COBRA, drug co-pays, many over-the-counter medications, etc.). In the event of death, the eligible spouse and/or legal dependent(s) may continue to use the account for tax-free medical expenses.
- b. **Health Care Savings Account Eligibility:** Active Merit System Employees hired on or after July 1, 2005 and who are not currently receiving a retiree health care package from the City of Berkley will be able to establish and maintain a health savings account as the

CITY OF BERKLEY
MERIT SYSTEM OF HUMAN RESOURCE MANAGEMENT

outlined in sections 1003.14 through 1003.25 through a third party vendor chosen and approved by the City of Berkley in lieu of health, dental, vision and drug card benefits at their retirement.

- 1003.12 Mandatory Pre-tax Contribution for Eligible Employees: The minimum mandatory pre-tax contribution is \$50.00 per month for all Merit employees hired after September 11, 2015. There is no maximum amount of employee pre-tax contribution. Once a pre-tax contribution is selected, the employee may never decrease the original pre-tax contribution but may increase said contribution.
- 1003.13 Non-Mandatory Contribution Post Tax: Eligible employees can also elect to contribute on a post-tax basis any amount the employee wishes to contribute to their account. This contribution can go up or go down on a periodic basis without penalty.
- 1003.14 Change of Benefit Periods: The city will provide at least two time periods within a fiscal year to allow for adjustment of pre and post-tax contributions.
- 1003.15 Employer Contributions on Pre and Post Tax Contributions: The city will match \$2.00 for everyone \$1.00 dollar of contribution made by the employee up to a maximum of \$100 employer contribution per month. This will be done in lieu of a health care insurance, vision, dental and drug plan at retirement. The employee can contribute as much as they wish within Internal Revenue Service guidelines. However, the maximum city contribution placed into the employees account per month will be \$100.00. The employee may not at this time deposit lump sum distributions paid by the city into this account.
- 1003.16 Failure to Respond to Withhold: If an employee fails to respond to the notice for withholding, the city will automatically withhold \$10.00/pay pre tax contribution from the employees' bi-weekly payroll paycheck and match said amount as referenced above.
- 1003.17 Interest Earned/Vesting: The employee contribution and earned interest on the employee contribution will vest with the employee from the first deposit. The employer contribution along with earned interest on the employer contribution will be credited to the employee monthly, however, the employer amount contributed and corresponding interest earned will not vest with the employee until the employee has completed their sixth (6) year or (72 months) of employment service with the City of Berkley.

Termination of employment for any reason by the employee will result in the benefits paid to be portable however, the employee cannot have the employer contribution and related interest unless said employee has completed six (6) years of service or (72 Months) with the City of Berkley only. If the employee leaves city service for any reason prior to vesting, the employer contribution along with earned interest on the employer contribution will be transferred from the employee's account on the date

Municipal Employees' Retirement System of Michigan

Retirement Health Funding Vehicle

Quarterly Statement of Account
For the period July 1, 2008 to September 30, 2008

CITY OF BERKLEY
DAVID SABUDA
3338 COOLIDGE HWY
BERKLEY, MI 48072

Account Summary

Beginning Account Balance	\$ 0.00
Employer Contributions	326,250.00
Administration & Investment Fee	0.00
Forfeitures	0.00
Distributions	0.00
Investment Results	<u>- 3,536.19</u>
Ending Account Balance	\$ 322,713.81

<u>Fund Name</u>	<u>Investment Elections</u>	<u>Current Account Balance Ratio</u>
MERS Total Market Fund	0%	100%

MERS Total Market Fund is a fully diversified portfolio that will fluctuate with the movement of world financial markets. Periodic interest may at times be positive or negative. The portfolio is designed to meet individual investor needs over extended market cycles with prudent industry established risk parameters.

For more information visit www.mersofmich.com, or call our office at (800)767-6377

MERS RHFV - 1134 Municipal Way - Lansing, MI 48917



Period: 04/01/2018
 through 06/30/2018
 Division Code: ~~637700~~
 CITY OF BERKLEY RHFV

CITY OF BERKLEY
 JOHN PEPPERMAN
 3338 COOLIDGE HWY
 BERKLEY, MI 48072

Contact Us

www.mersofmich.com
 800-767-MERS (6377)

In this Issue

Account Summary, Rate of Return, and Message Board 1

Activity Highlights 2

Allocation Overview 3

Investment Activity 4-5

Investment Performance 6

Disclosures/Expenses 7

Your Account Summary

Beginning Balance on 04/01/2018	\$4,998,979.95
Contributions	\$0.00
Gain/Loss	\$11,994.20
Distributions	\$0.00
Administrative Fees	(\$3,000.70)
Ending Balance on 06/30/2018	\$5,007,973.45

Plan Rate of Return

Your Plan's Rate of Return for the Period	0.24%
Your Plan's Year to Date Rate of Return	0.83%

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

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

Message Board

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

City of Berkley, Michigan

Required Supplemental Information OPEB System Schedule Year Ended June 30, 2017

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
6/30/06	\$ 100,000	\$ 21,807,213	\$ 21,707,213	0.5 %	\$ 3,651,406	594.5 %
6/30/09	1,035,664	17,655,852	16,620,188	5.9	3,344,839	496.9
6/30/12	2,223,325	27,663,815	25,440,490	8.0	2,635,197	965.4

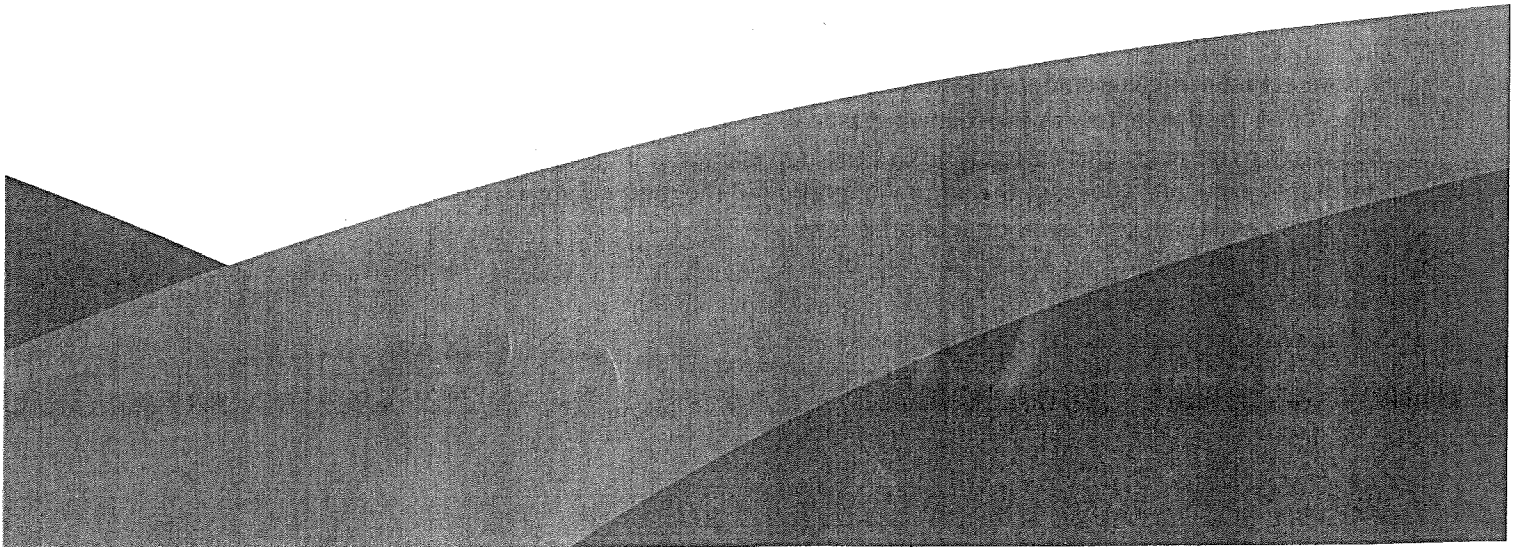
The schedule of employer contributions is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed
6/30/15	6/30/12	\$ 2,603,419	61.6 %
6/30/16	6/30/12	2,531,410	62.1
6/30/17	6/30/12	2,512,485	61.4

* The required contribution is expressed to the City as a percentage of payroll.

City of Berkeley Retiree Health Care Plan

GASB Statement No. 74, Financial Reporting for
Postemployment Benefit Plans Other Than Pension Plans
June 30, 2017



Executive Summary as of June 30, 2017

Actuarial Valuation Date	June 30, 2015
OPEB Plan's Fiscal Year Ending Date (Reporting Date)	June 30, 2017

Membership

Number of [#]		
- Retirees and Beneficiaries		101
- Inactive, Nonretired Members		0
- Active Members		70
- Total		171
Covered Payroll	\$	3,760,501

Net OPEB Liability

Total OPEB Liability	\$	26,275,808
Plan Fiduciary Net Position		4,653,003
Net OPEB Liability	\$	21,622,805
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability		17.71 %
Net OPEB Liability as a Percentage of Covered Payroll		575.00 %

Development of the Single Discount Rate

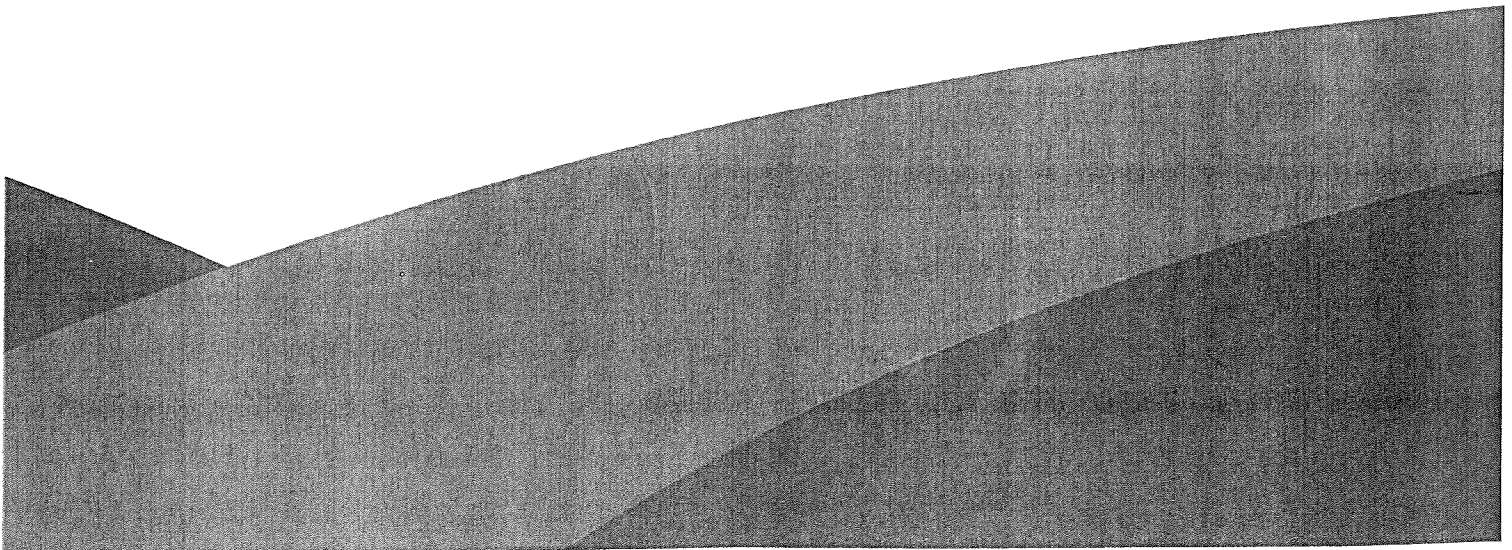
Single Discount Rate		3.56 %
Long-Term Expected Rate of Return		3.56 %
Long-Term Municipal Bond Rate [^]		3.56 %

[#] Counts provided as of the most recent available valuation date (June 30, 2015)

[^] Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2017. In describing this index, Fidelity notes that the municipal curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax exempt securities.

City of Berkeley Retiree Health Care Plan

GASB Statement Nos. 74 and 75, Accounting and Financial
Reporting for Postemployment Benefits Other Than Pensions
June 30, 2018



Executive Summary as of June 30, 2018

Actuarial Valuation Date	June 30, 2017
Measurement Date of the Net OPEB Liability	June 30, 2018
Employer's Fiscal Year Ending Date (Reporting Date)	June 30, 2018

Membership

Number of [#]	
- Retirees and Beneficiaries	100
- Inactive, Nonretired Members	0
- Active Members	69
- Total	169
Covered Payroll	\$ 3,722,725

Net OPEB Liability

Total OPEB Liability	\$ 25,313,374
Plan Fiduciary Net Position	5,007,973
Net OPEB Liability	\$ 20,305,401
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	19.78 %
Net OPEB Liability as a Percentage of Covered Payroll	545.44 %

Development of the Single Discount Rate

Single Discount Rate	3.62 %
Long-Term Expected Rate of Investment Return	3.62 %
Long-Term Municipal Bond Rate [^]	3.62 %

Total OPEB Expense	\$ 784,251
--------------------	------------

Deferred Outflows and Deferred Inflows of Resources by Source to be Recognized in Future OPEB Expenses

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 0	\$ 762,952
Changes in assumptions	0	150,140
Net difference between projected and actual earnings on OPEB plan investments	0	147,440
Total	\$ 0	\$ 1,060,532

[#] Counts provided as of the most recent available valuation date (June 30, 2017).

[^] Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 29, 2018. In describing this index, Fidelity notes that the municipal curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax exempt securities.