

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 Southgate to make, at a minimum, the retiree premium payment, as well as the normal cost payments for all new hires (if applicable), for the retirement health benefit system according to your long-term budget forecast?

☒ Yes

☐ No

If No, Explain

6. DOCUMENTATION ATTACHED TO THIS CORRECTIVE ACTION PLAN

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

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

Naming Convention

☒ Attachment – I

☒ Attachment – 1a

☒ Attachment – 2a

☐ Attachment – 3a

☐ Attachment – 4a

☐ Attachment – 5a

☐ Attachment – 6a

Type of Document

This Corrective Action Plan (Required)

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

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

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

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

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

Other documentation, not categorized above

7. CORRECTIVE ACTION PLAN CRITERIA

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

Corrective Action Plan Criteria

Description

☒ Underfunded Status

Is there a description and adequate supporting documentation of how and when the retirement system will reach the 40% funded ratio? Or, if your local unit is a city, village, township, or county, how and when the ARC of all retirement healthcare systems will be less than 12 percent of governmental fund revenues?

☐ Reasonable Timeframe

Do the corrective actions address the underfunded status in a reasonable timeframe (see CAP criteria issued by the Board)?

☒ Legal and Feasible

Does the corrective action plan follow all applicable laws? Are all required administrative certifications and governing body approvals included? Are the actions listed feasible?

☒ Affordability

Do the corrective action(s) listed allow the local unit to make the retiree healthcare premium payment, as well as normal cost payment for new hires now and into the future without additional changes to this corrective action plan?

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

I, Dustin Lent, as the government's administrative officer (insert title)
City Administrator (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 Police and Fire Retiree Healthcare System (Insert Retirement Healthcare System Name) will achieve a funded status of at least 40% by Fiscal Year 2038 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 Dustin Lent

Date 09/26/2018

City of Southgate
Retiree Health Care Plan
Actuarial Valuation Report
as of June 30, 2017

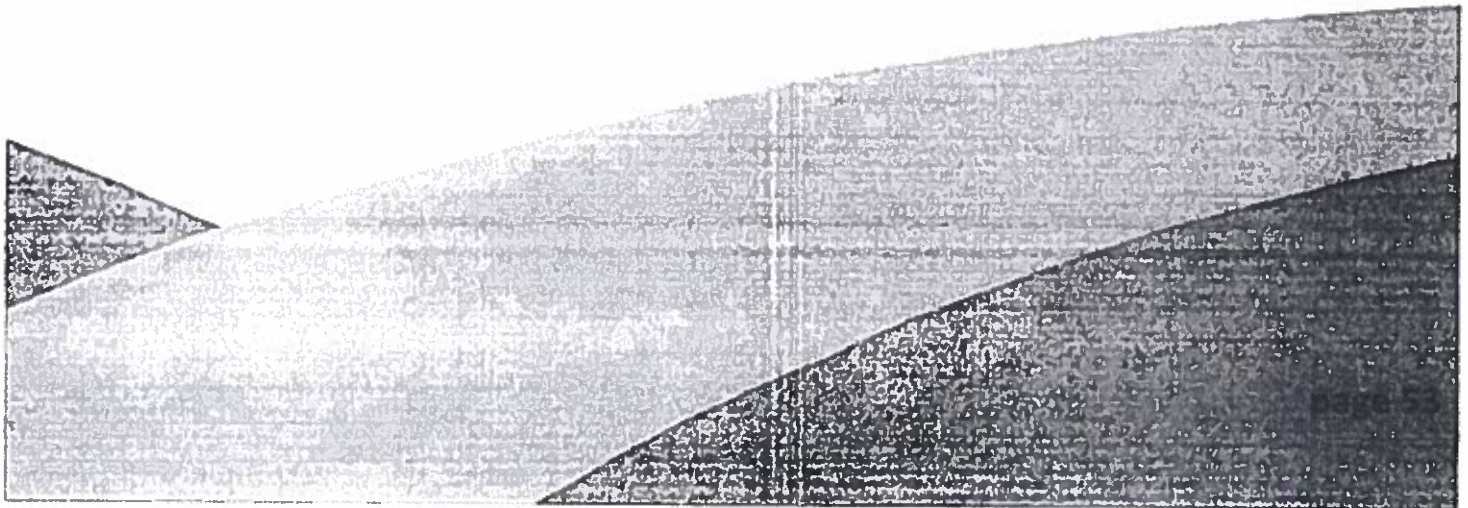


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August 15, 2018

Mr. David Angileri, Finance Director
City of Southgate
Retiree Health Care Plan
14400 Dix Toledo Road
Southgate, Michigan 48195

Dear Mr. Angileri:

Submitted in this report are the results of an Actuarial Valuation of the assets and liabilities associated with the employer financed retiree health benefits provided by the City of Southgate. The date of the valuation was June 30, 2017.

This report was prepared at the request of the City of Southgate and is intended for use by the City of Southgate and those designated or approved by the City of Southgate. This report may be provided to parties other than the City of Southgate only in its entirety and only with the permission of the City of Southgate. GRS is not responsible for unauthorized use of this report.

The purposes of the valuation are to measure the Plan's funding progress and to determine the Actuarially Computed Employer Contributions for the fiscal years ending June 30, 2019 and June 30, 2020. This report should not be relied on for any purpose other than the purposes described herein. Determinations of the liability associated with the benefits described in this report for purposes other than those identified above may be significantly different. This report does not satisfy Governmental Accounting Standards Board (GASB) Statement No. 74 or No. 75.

The findings in this report are based on data and other information through June 30, 2017. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. The scope of an actuarial valuation does not include an analysis of the potential range of such future measurements.

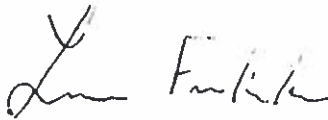
The valuation was based upon information furnished by the City of Southgate, concerning Retiree Health benefits, financial transactions, plan provisions and active members, retirees and beneficiaries. We checked for internal and year-to-year consistency with the last valuation, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by the City of Southgate.

Mr. David Angileri
City of Southgate
August 15, 2018
Page 2

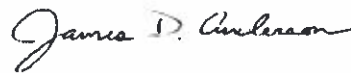
This report has been prepared by actuaries who have substantial experience valuing public employee retiree health plans. To the best of our knowledge, the information contained in this report is accurate and fairly presents the actuarial position of the City of Southgate as of the valuation date. All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

Laura Frankowiak and James D. Anderson are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Respectfully submitted,

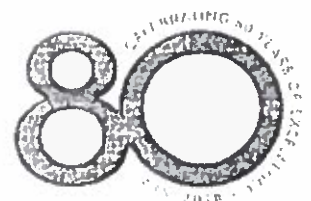


Laura Frankowiak, ASA, MAAA



James D. Anderson, FSA, EA, FCA, MAAA

LF/JDA:rmn



EXECUTIVE SUMMARY

Executive Summary

Actuarially Computed Employer Contribution

Please note that beginning with the fiscal year ending June 30, 2017, GASB Statement No. 43 was replaced by GASB Statement No. 74. Also, beginning with the fiscal year ending June 30, 2018, GASB Statement No. 45 will be replaced by GASB Statement No. 75. A separate GASB report will be required to comply with the actuarial requirements of GASB Statements No. 74 and No. 75 for the fiscal year ending June 30, 2018. As such, there is no longer an "Annual Required Contribution" calculated in this valuation report. Therefore, we have determined the "Actuarially Computed Employer Contribution."

We have calculated the Actuarially Computed Employer Contribution for the fiscal years ending June 30, 2019 and June 30, 2020, under an interest rate assumption of 3.56%. Below is a summary of the results. The Actuarially Computed Employer Contributions and estimated premiums shown below include an adjustment for any implicit rate subsidy.

For additional details please see the Section titled "Valuation Results."

Fiscal Year Ending	Actuarially Computed Employer Contribution	Estimated Claims and Premiums Paid for Retirees
June 30, 2019	\$7,025,212	\$2,552,628
June 30, 2020	7,039,817	2,742,869

Liabilities and Assets

1. Present Value of Future Benefit Payments	\$108,682,660
2. Actuarial Accrued Liability	82,947,627
3. Plan Assets	4,472,506
4. Unfunded Actuarial Accrued Liability (2) – (3)	78,475,121
5. Funded Ratio (3)/(2)	5.4%

The Present Value of Future Benefit Payments (PVFB) is the present value of all benefits projected to be paid from the plan for past and future service to current members. The Actuarial Accrued Liability is the portion of the PVFB allocated to past service by the Plan's funding method (see Section titled "Actuarial Cost Method and Actuarial Assumptions").

SECTION A

VALUATION RESULTS

City of Southgate – Results by Group as of June 30, 2017

Other Postemployment Benefit (OPEB) Group	Municipal	Police/Fire	Total
A. Present Value of Future Benefits			
i) Retirees and Beneficiaries	\$19,056,494	\$33,298,315	\$52,354,809
ii) Vested Terminated Members	0	0	0
iii) Active Members	<u>17,628,887</u>	<u>38,698,964</u>	<u>56,327,851</u>
Total Present Value of Future Benefits	36,685,381	71,997,279	108,682,660
B. Present Value of Future Normal Costs	5,493,954	20,241,079	25,735,033
C. Actuarial Accrued Liability (A.-B.)	31,191,427	51,756,200	82,947,627
D. Actuarial Value of Assets	2,739,101	1,733,405	4,472,506
E. Unfunded Actuarial Accrued Liability (C.-D.)	28,452,326	50,022,795	78,475,121
F. Funded Ratio (D./C.)	8.8%	3.4%	5.4%
G. Fiscal Year Ending June 30, 2019			
i) Employer Normal Cost	\$ 674,401	\$ 1,459,550	\$ 2,133,951
ii) Amortization of UAAL*	<u>2,048,230</u>	<u>2,843,031</u>	<u>4,891,261</u>
Actuarially Computed Employer Contribution	\$ 2,722,631	\$ 4,302,581	\$ 7,025,212
H. Fiscal Year Ending June 30, 2020			
Actuarially Computed Employer Contribution	\$ 2,696,758	\$ 4,343,059	\$ 7,039,817

* The Unfunded Actuarial Accrued Liabilities (UAAL) were amortized as a level dollar amount for Municipal over a closed period of 20 years and as a level dollar amount for Police/Fire over a closed period of 29 years for the fiscal year ending June 30, 2019 and decreasing by 1 each year thereafter.

The long-term rate of investment return used in this valuation is 3.56%.

Comments

COMMENT A: As a matter of course, liabilities and the resulting Actuarially Computed Employer Contributions will change from one valuation to the next. The net impact for the 2017 valuation was an overall decrease in total liability and an increase in resulting Actuarially Computed Employer Contributions for all groups. Factors contributing to the increases in liability and Actuarially Computed Employer Contributions include, but are not limited to:

- Decreasing the long-term rate of investment return from 4.00% to 3.56%. This update increased the total accrued liabilities by approximately \$5.4 million;
- Closing the Plan to new entrants for Police and Fire; and
- Resetting the health care trend cost rates.

Partially offsetting these factors were decreases due to:

- More favorable premiums and claims than projected; and
- Removal of the Excise Tax load to the liabilities to account for future excise taxes for Cadillac plans under the Patient Protection and Affordable Care Act (PPACA). The loads used in the June 30, 2015 valuation were:
 - Municipal Future Retirees: 2.50%
 - Municipal Current Retirees: 4.50%
 - Police/Fire Future Retirees: 3.50%
 - Police/Fire Current Retirees: 5.50%.

COMMENT B: One of the key assumptions used in any valuation of the cost of postemployment benefits is the rate of return on the assets that will be used to pay plan benefits. Higher assumed investment returns will result in a lower Actuarially Computer Employer Contribution. Lower returns will tend to increase the Actuarially Computed Employer Contribution. We have calculated the liability and the resulting Actuarially Computed Employer Contribution using an assumed annual rate of investment return of 3.56%, the municipal bond rate. The long-term expected rate of return was set to the June 30, 2017 municipal bond rate on the basis of the investment policy. The investment return assumption should not exceed reasonable market expectations.

COMMENT C: The plan sponsor is required by GASB to perform actuarial valuations at least biennially unless there are significant changes in the OPEB.

COMMENT D: The Health Care Plan is closed to new members. Because of the closure of the Plan, payments of the unfunded accrued liability have been calculated as level dollar amounts for all groups.

COMMENT E: The contribution rates shown include amortization of the unfunded actuarial accrued liability over a closed 20-year period for Municipal and a closed 29-year period for Police/Fire beginning with the fiscal year ending June 30, 2019.

Comments

COMMENT F: The “Cadillac” tax is a 40% excise tax paid by the coverage provider (employer and/or insurer) on the value of health plan costs in excess of certain thresholds, effective in 2022. The initial thresholds are \$10,200 for single coverage or \$27,500 for family coverage. Many plans are below the thresholds today, but are likely to exceed them in the next decade. The thresholds will be indexed at CPI U, which is lower than the medical inflation rates affecting the cost of the plans. There is considerable uncertainty about how the tax would be applied, and considerable latitude in grouping of participants for tax purposes. Combining early retiree and Medicare eligible retiree costs is allowed and can keep plans under the thresholds for a longer period of time. For this valuation, there was no load applied to the health care liabilities to approximate the cost for future excise tax, based on the current plan provisions and assumptions. We have not identified any other specific provision of health care reform that would be expected to have a significant impact on the measured obligation. As additional guidance on the legislation is issued, we will review and monitor the impact.

COMMENT G: The GASB issued Statement Nos. 74 and 75 for OPEB valuations similar to the GASB pension standards. GASB Statement No. 74 for the plan OPEB disclosures is effective for fiscal years beginning after June 15, 2016. GASB Statement No. 75 for employer OPEB disclosures is effective for employer fiscal years beginning after June 15, 2017. The recently finalized GASB implementation guides for Statement Nos. 74 and 75 provide additional clarification related to the implementation of these Statements. It is our understanding that the City is required to comply with both GASB Statements No. 74 and No. 75 for the fiscal year ending June 30, 2018. The information necessary for GASB Statements No. 74 and No. 75 for the June 30, 2018 fiscal year end will need to be developed at a later date. The basis for the June 30, 2018 GASB information is expected to be this valuation (as of June 30, 2017), where roll-forward techniques will be applied.

COMMENT H: Michigan Public Act 202 of 2017 created new reporting and other requirements for local units of government. As such, we can work with the City of Southgate Retiree Health Care Plan to develop a funding policy to document Plan procedures and facilitate compliance.

COMMENT I: Unless otherwise indicated, a funded status measurement presented in this report is based upon the actuarial accrued liability and the market value of assets. Unless otherwise indicated, with regards to any funded status measurements presented in this report:

- The measurement is inappropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan’s benefit obligations, and
- The measure is inappropriate for assessing the need for or the amount of future employer contributions.

SECTION B

RETIREE PREMIUM RATE DEVELOPMENT

Retiree Premium Rate Development

Initial premium rates were developed for the two classes of retirees (pre-65 and post-65). The 6/1/2018 BCBS pre-65, 1/1/2018 BCBS Medicare Advantage Post-65, and 6/1/2018 BCN fully-insured medical rates provided by the City of Southgate were utilized to determine the appropriate premium rates. The BCBS pre-65 fully-insured medical premiums are blended rates based on the combined experience of active and pre-65 retired members; therefore, there is an implicit employer subsidy for the non-Medicare eligible retirees, since the average costs of providing health care benefits to BCBS retirees under age 65 is higher than the average cost of providing health care benefits to active employees. The true per capita cost for the pre-65 retirees is developed by adjusting the demographic differences between the active employees and retirees to reflect this implicit rate subsidy for the retirees. For the post-65 retirees, the fully-insured premium rates included both medical and Rx and are used as the basis of the initial per capita cost without adjustments, since the rate reflects the demographics of the post-65 retiree group.

Since the pre-65 retiree self-insured drug claims data from Medtipster was not credible enough to develop separate per capita costs for the Police/Fire and Municipal groups, due to the lack of adequate exposure, the two groups were combined to develop the appropriate premium rate. In order to obtain Rx rates for the separate segments (Police/Fire and Municipal) each segment's individual experience was credibility weighed and blended with the combined experience.

Several of the post-65 suffixes are Medicare Advantage programs. In a Medicare Advantage Program, the liability is based on the difference between the present value of future claims minus the present value of future reimbursements from CMS. Each of these items will experience future growth under arguably differing forces. Recently announced changes to the Medicare Advantage Program will most likely result in decreases in the reimbursements from CMS within the next few years. This, in turn, will cause the net employer cost to trend upward at a rate above usual market trends for healthcare costs. When the plan is insured, this effect is buried in the rates being charged by the insurer. To account for this expectation, we have adjusted the Medicare rates to account for the expected CMS reimbursement lagging behind medical increases. This adjustment will be revisited at the time of the next valuation.

Age graded and sex distinct premiums are utilized by this valuation. The premiums developed by the preceding process are appropriate for the unique age and sex distribution currently existing. Over the future years covered by this valuation, the age and sex distribution will most likely change. Therefore, our process "distributes" the average premium over all age/sex combinations and assigns a unique premium for each combination. The age/sex specific premiums more accurately reflect the health care utilization and cost at that age.

Retiree Premium Rate Development

The combined monthly one-person medical and drug premiums at select ages are shown below. Note that we assumed everyone with medical coverage had the same members covered under the drug plan.

Municipal

For Those Not Eligible for Medicare (Pre-65)				
Age	Future Retirees		Current Retirees	
	Male	Female	Male	Female
40	\$ 332.32	\$ 540.00	\$ 332.32	\$ 540.00
50	538.69	663.61	538.69	663.61
60	915.53	901.48	915.53	901.48
64	1,113.30	1,050.66	1,113.30	1,050.66

For Those Eligible for Medicare (Post-65)				
Age	Future Retirees		Current Retirees	
	Male	Female	Male	Female
65	\$ 450.04	\$ 424.48	\$ 507.48	\$ 478.66
75	526.54	513.79	593.75	579.37
85	556.79	563.35	627.86	635.25

Police/Fire

For Those Not Eligible for Medicare (Pre-65)				
Age	Future Retirees		Current Retirees	
	Male	Female	Male	Female
40	\$ 444.88	\$ 722.90	\$ 444.88	\$ 722.90
50	721.15	888.38	721.15	888.38
60	1,225.62	1,206.81	1,225.62	1,206.81
64	1,490.39	1,406.52	1,490.39	1,406.52

For Those Eligible for Medicare (Post-65)				
Age	Future Retirees		Current Retirees	
	Male	Female	Male	Female
65	\$ 440.67	\$ 415.64	\$ 596.88	\$ 562.97
75	515.58	503.09	698.34	681.43
85	545.19	551.61	738.45	747.15

We have not "age graded" the dental premium rates for this valuation, since dental claims do not vary significantly by age. The monthly per member dental premium used in this valuation is \$37.11 for current Police and Fire retirees, \$29.78 for their spouses, \$25.51 for current Municipal retirees and \$20.67 for their spouses. The monthly per member dental premium used in this valuation is \$30.95 for future Police and Fire retirees, \$24.95 for their spouses, \$23.74 for future Municipal retirees and \$19.26 for their spouses.

James E. Pranschke is a Member of the American Academy of Actuaries (MAAA) and meets the Qualification Standards of the American Academy of Actuaries to certify the per capita retiree health care rates shown above.



James E. Pranschke, FSA, MAAA

SECTION C

SUMMARY OF BENEFITS

Summary of the Benefit Provisions for the Retiree Health Care Plan Municipal Employees Hired Prior to July 1, 2008

Group Name: Municipal

Leaving Employment as a Result of	Eligibility for Pension Benefit	Eligibility for Retiree Health Benefit (if different from pension benefit)	When do retiree health benefits commence?	Coverage provided by Employer		Type of Insurance	Retiree Share of Cost for		
				Retiree	Spouse		Retiree	Spouse (while retiree is alive)	Spouse (after retiree's death while re-married)
Normal Retirement (but reduced pension benefit)	Age 55 with 25 or more years of service Age 60 with 15 or more years of service Sum of age plus years of service equals 80 or more	Same as pension	Immediately	Medical Prescription Dental Life Insurance	Medical Prescription Dental	Full-insured Self-insured Fully-insured	0% 0% Amount over \$500 Not Eligible	0% 0% Amount over \$500 Not Eligible	0% 0% Amount over \$500 Not Eligible
Deferred Vesting Termination	15 or more years of service	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible
Non-Buy Disability	15 or more years of service	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible
Duty Disability	No 75% of service requirement Must be in receipt of worker's compensation	Same as pension	Immediately	Medical Prescription Dental Life Insurance	Medical Prescription Dental	Full-insured Self-insured Fully-insured	0% 0% Amount over \$500 Not Eligible	0% 0% Amount over \$500 Not Eligible	0% 0% Amount over \$500 Not Eligible
Non-Buy Disability Service	15 or more years of service Age 60 with 10 or more years of service	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible
Duty Death in Service	No age or service requirement Must be in receipt of worker's compensation	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible

* For certain retiring retirees, the City pays for \$15,000 of life insurance coverage for retirees. Retiree life insurance is no longer provided for those retiring after 7/1/2013.

Other Provisions

Those who choose to opt-out of retiree health care receive no incentive from the City.

If a member retires and receives a pension, but does not meet the retiree health care provisions stated above, the retiree may not purchase retiree health care through the City.

Retirees pay for Medicare Part A and/or Part B premiums with no reimbursement from the City. Retirees who are Medicare eligible are provided either a Medicare Advantage Plan or complementary coverage by the City.

Retiree Health Savings Account set up for employees hired after July 1, 2008. These new employees will not receive Health or Dental Insurance at retirement.

Summary of the Benefit Provisions for the Retiree Health Care Plan

Police/Fire Hired Prior to July 1, 2016

Group Name: Police and Fire

Terminating Employment as a Result of	Eligibility for Pension Benefit	Eligibility for Retiree Health Benefit (if different from pension benefit)	When do retiree health benefits commence?	Coverage Provided by Employer		Retiree Health Care Provider(s)	Type of Insurance	Retiree Share of Cost for		
				Retiree	Spouse/ Dependent*			Retiree	Spouse (while Retiree is alive)	Spouse (after Retiree's death and re-marriage)
Normal Retirement (Unreduced pension benefit)	Age 50 with 25 or more years of service	Age 50 with 25 or more years of service	Immediately	Medical Prescription Dental Life Insurance	Medical Prescription Dental Life Insurance	BOS, MAP Carmichael Della Dental	Fully-insured Self-insured Fully-insured	0% 0% Amount over \$500 Not Eligible*	0% 0% Amount over \$500 Not Eligible*	0% 0% Amount over \$500 Not Eligible*
	Age 50 with 25 or more years of service	Age 50 with 25 or more years of service	Immediately	Medical Prescription Dental Life Insurance	Medical Prescription Dental Life Insurance	BOS, MAP Carmichael Della Dental	Fully-insured Self-insured Fully-insured	0% 0% Amount over \$500 Not Eligible*	0% 0% Amount over \$500 Not Eligible*	0% 0% Amount over \$500 Not Eligible*
	Age 50 with 25 or more years of service	Age 50 with 25 or more years of service	Immediately	Medical Prescription Dental Life Insurance	Medical Prescription Dental Life Insurance	BOS, MAP Carmichael Della Dental	Fully-insured Self-insured Fully-insured	0% 0% Amount over \$500 Not Eligible*	0% 0% Amount over \$500 Not Eligible*	0% 0% Amount over \$500 Not Eligible*
Deferred Vested Termination	10 or more years of service	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible
Non-Duty Disability	Payable upon total and permanent disability of a member with 5 or more years of service	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible
Duty Disability	Payable upon total and permanent disability of a member in the line of duty	Same as pension	Immediately	Medical Prescription Dental Life Insurance	Medical Prescription Dental Life Insurance	BOS, MAP Carmichael Della Dental	Fully-insured Self-insured Fully-insured	0% 0% Not Eligible* Not Eligible*	0% 0% Not Eligible* Not Eligible*	0% 0% Not Eligible* Not Eligible*
Non-Duty Death-in-Service	Payable to a surviving spouse, if any, upon the death of a member with 10 or more years of service	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible
Duty Death-in-Service	Payable upon the expiration of worker's compensation to the survivors of a member who died in the line of duty	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible

* Dependents under the age of 19 or dependents up to the age of 25 if a full-time college student and covered under MAP insurance.
 * For certain retirees, the City pays for \$50,000 of life insurance coverage for retirees and \$10,000 of life insurance coverage for spouses. Beneficiary retiree only. Retiree life insurance for spouses is no longer provided for those retiring after 7/1/2013. Retiree life insurance is no longer provided for those retiring after 7/1/2013.

Other Provisions

Those who choose to opt-out of retiree health care receive no incentive from the City. Currently there is 1 retiree aging-out-of-retiree health care.
 If a member retires and receives a pension, but does not meet the retiree health care provisions listed above, the retiree may not purchase retiree health care through the City.
 Members who retire after January 1, 2014 are required to enroll in Med Care Part A and B; the retiree is responsible for premiums. The City will provide Supplemental Coverage.
 Members hired after 7/1/2016 are not eligible for retiree health insurance.

SECTION D

SUMMARY OF PARTICIPANT DATA

**City of Southgate – Total
Eligible Active Members as of June 30, 2017
by Age and Years of Service**

Age	Years of Service to Valuation Date							Totals
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.
20-24	1							1
25-29	4	1						5
30-34	1	13	2					16
35-39	1	3	3	6				13
40-44			4	13	2			19
45-49			5	13	10			28
50-54		1	3	4	5	2		15
55-59			1	3	2			6
60-64				2				2
65 & Over						1		1
Totals	7	18	18	41	19	3		106

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 43.2 years
Service: 15.3 years

**City of Southgate - Municipal
Eligible Active Members as of June 30, 2017
by Age and Years of Service**

Age	Years of Service to Valuation Date							Totals
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.
20-24								
25-29								
30-34			1					1
35-39			2	4				6
40-44			2	3				5
45-49			3	10	2			15
50-54		1	2	4	1	1		9
55-59			1	3	2			6
60-64				2				2
65 & Over						1		1
Totals		1	11	26	5	2		45

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 48.6 years
Service: 17.8 years

**City of Southgate - Police/Fire
Eligible Active Members as of June 30, 2017
by Age and Years of Service**

Age	Years of Service to Valuation Date							Totals
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.
20-24	1							1
25-29	4	1						5
30-34	1	13	1					15
35-39	1	3	1	2				7
40-44			2	10	2			14
45-49			2	3	8			13
50-54			1		4	1		6
55-59								
60-64								
65 & Over								
Totals	7	17	7	15	14	1		61

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 39.3 years
Service: 13.5 years

City of Southgate

Total Inactive Members as of June 30, 2017

by Age

Count of Retiree and Beneficiary Contracts^

	Opt-Out/ Ineligible	One-Person Coverage	Two-Person Coverage*	Total
Male	5	40	61	106
Female	13	37	15	65
Total	18	77	76	171

[^] Contract counts based on reported medical coverage only.

* Includes family coverage.

Age	Current Retirees		
	Number of Those Covered^		
	Municipal	Police/Fire	Total
0-44			
45-49	2	2	4
50-54	3	7	10
55-59	5	12	17
60-64	14	7	21
65-69	16	17	33
70-74	10	17	27
75-79	13	14	27
80-84	3	2	5
85-89	2	3	5
90-94	3	1	4
95 +			
Totals	71	82	153

[^] Contract counts based on reported medical coverage only.

There are 0 terminated members eligible for deferred plan benefits.

SECTION E

ACTUARIAL COST METHOD AND ACTUARIAL ASSUMPTIONS

Actuarial Methods for City of Southgate as of June 30, 2017

Actuarial Cost Method. Normal cost and the allocation of benefit values between service rendered before and after the valuation date was determined using an **Individual Entry-Age Actuarial Cost Method** having the following characteristics:

- (i) the annual normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement; and
- (ii) each annual normal cost is a constant percentage of the member's year by year projected covered pay.

Actuarial gains (losses), as they occur, reduce (increase) the Unfunded Actuarial Accrued Liability.

Financing of Unfunded Actuarial Accrued Liabilities. Unfunded actuarial accrued liabilities (UAAL) (full funding credit if assets exceed liabilities) were amortized as a level dollar amount since the divisions are closed to new hires. The UAAL was determined using the actuarial value of assets and actuarial accrued liability calculated as of the valuation date and projected to the beginning of the fiscal year at the assumed rate of investment return.

Actuarial Value Assets. The Actuarial Value of Assets is set equal to the reported market value of assets.

Amortization Factors. The following amortization factors were used in developing the Actuarially Computed Employer Contribution for the fiscal years shown:

Level Dollar	Fiscal Year Ending June 30,	
	2019	2020
Municipal	14.3857	13.8801
Police/Fire	18.2213	17.8522

Actuarial Assumptions for City of Southgate as of June 30, 2017

Assumption Rationale:

Municipal Members: Demographic assumptions were selected or affirmed for use in an experience study dated February 12, 2014 covering the 5-year period ending June 30, 2012.

Police and Fire Members: Demographic assumptions were selected or affirmed for use in an experience study dated September 9, 2016 covering the 5-year period ending June 30, 2014.

Other Assumptions were applied to both groups: Economic assumptions (price and base wage assumption) and Mortality assumptions based upon general conditions discussed in the September 9, 2016 report.

The assumed rate of investment return assumption: The long-term expected rate of return was set to the June 30, 2017 municipal bond rate on the basis of the investment policy.

The rate of investment return was 3.56% a year, compounded annually net after investment expenses.

Rates of price inflation are not specifically used for this valuation. A rate of price inflation of 2.75% was assumed.

The rates of salary increase used for individual members are in accordance with the following table.

Sample Ages	% Increase in Salary at Sample Ages				
	Merit and Seniority		Base (Economic)	Increase Next Year	
	Municipal	Police/Fire		Municipal	Police/Fire
20	7.6%	2.9%	3.5%	11.1%	6.4%
25	6.8%	2.3%	3.5%	10.3%	5.8%
30	4.0%	2.0%	3.5%	7.5%	5.5%
35	2.8%	1.8%	3.5%	6.3%	5.3%
40	1.9%	1.6%	3.5%	5.4%	5.1%
45	1.3%	1.3%	3.5%	4.8%	4.8%
50	0.9%	0.9%	3.5%	4.4%	4.4%
55	0.5%	0.5%	3.5%	4.0%	4.0%
60	0.0%	0.1%	3.5%	3.5%	3.6%
Ref	444	458	0.035		

Actuarial Assumptions for City of Southgate as of June 30, 2017

The rates of mortality used for individual members are in accordance with the following tables.

The same mortality tables are used for Municipal plan members and Police and Fire plan members. The **Post-Retirement Mortality** is the RP-2014 Healthy Annuitant Generational Mortality Tables, with blue collar adjustments and extended via cubic spline. The **Pre-Retirement Mortality** is the RP 2014 Employee Generational Mortality Tables, with blue collar adjustments and extended via cubic spline. The **Post-Retirement Disabled Mortality** is the RP-2014 Disabled Mortality Tables extended via cubic spline. All tables are adjusted backwards to 2006 with the MP-2014 scale. A base year of 2006 is utilized with future mortality improvements assumed each year using scale MP-2015.

Sample Attained Ages	Healthy Pre-Retirement Future Life Expectancy (Years)*		Healthy Post-Retirement Future Life Expectancy (Years)*		Disabled Retirement Future Life Expectancy (Years)*	
	Men	Women	Men	Women	Men	Women
55	30.39	35.57	29.20	32.11	22.07	25.88
60	25.54	30.57	24.63	27.36	18.99	22.26
65	20.99	25.66	20.29	22.78	15.99	18.67
70	16.80	20.88	16.23	18.43	13.06	15.15
75	12.97	16.33	12.54	14.42	10.32	11.93
80	9.58	12.06	9.34	10.88	7.90	9.17

* Based on retirements in 2017. Retirements in future years will reflect projected improvements in life expectancy.

For Police/Fire 95% of Pre-Retirement Deaths are assumed to be non-duty related and 5% are assumed to be duty related. For Municipal 100% of Pre-Retirement Deaths are assumed to be non-duty related and 0% are assumed to be duty related.

Actuarial Assumptions for City of Southgate as of June 30, 2017

Retirement Rates

The rates of retirement used to measure the probability of eligible members retiring during the next year, were as follows:

Year Eligible to Retire	Municipal Percent
1	50%
2	30%
3	30%
4	30%
5	30%
6	30%
7	30%
8	30%
9	100%

Age	Percent
65	100%

Retirement Ages	Percent of Eligible Active Members Retiring within Next Year
	Police/Fire
50	50%
51	35
52	30
53	25
54	25
55	25
56	25
57	20
58	20
59	30
60	100
Ref	557

Actuarial Assumptions for City of Southgate as of June 30, 2017

Rates of separation from active membership were as shown below (rates do not apply to members eligible to retire and do not include separation on account of death or disability). This assumption measures the probabilities of members remaining in employment.

Sample Ages	Service Index	Percent of Active Members Separating within Next Year			
		Municipal		Police/Fire	
		Males	Females	Males	Females
ALL	0	10.00%	10.00%	12.50%	12.50%
	1	8.00	8.00	8.50	8.50
	2	6.00	6.00	5.00	5.00
	3	4.00	4.00	3.00	3.00
	4	3.00	3.00	2.50	2.50
25	5 & Over	5.00	5.00	1.62	1.62
30		4.50	4.50	1.40	1.40
35		3.55	3.55	0.83	0.83
40		1.45	1.45	0.32	0.32
45		0.75	0.75	0.18	0.18
50		0.75	0.75	0.18	0.18
55		0.75	0.75	0.18	0.18
60		0.75	0.75	0.18	0.18
65		0.75	0.75	0.18	0.18
Ref		14	14	146	146
		#55x1	#55x1	#237x1	#237x1

Actuarial Assumptions for City of Southgate as of June 30, 2017

Disability Rates

Disability rates are used in the valuation to estimate the incidence of member disability in future years. The assumed rates of disablement at various ages are shown below:

Sample Ages	Percent Becoming Disabled within Next Year			
	Municipal		Police/Fire	
	Males	Females	Males	Females
20	0.08%	0.10%	0.06%	0.06%
25	0.08	0.10	0.07	0.07
30	0.08	0.10	0.10	0.10
35	0.08	0.10	0.13	0.13
40	0.20	0.36	0.19	0.19
45	0.26	0.41	0.29	0.29
50	0.49	0.57	0.48	0.48
55	0.89	0.77	0.82	0.82
Ref	#9x1	#10x1	#256x1.25	#256x1.25

10% of the disabilities are assumed to be non-duty and 90% of the disabilities are assumed to be duty related for the Police/Fire plan and 100% are assumed to be non-duty related for the Municipal plan.

Actuarial Assumptions for City of Southgate as of June 30, 2017

Health care cost trend rates are displayed in the following table:

Year After Valuation	Health Care Trend Inflation Rates	
	Medical/Drug	Dental
1	9.00%	3.50%
2	8.25	3.50
3	7.50	3.50
4	6.75	3.50
5	6.25	3.50
6	5.75	3.50
7	5.25	3.50
8	4.75	3.50
9	4.25	3.50
10	3.50	3.50
11	3.50	3.50
12	3.50	3.50
13	3.50	3.50
14	3.50	3.50
15	3.50	3.50
16 +	3.50	3.50

Miscellaneous and Technical Assumptions for City of Southgate as of June 30, 2017

Administrative Expenses	No explicit assumption has been made for administrative expenses.
Decrement Operation	Disability and mortality decrements do not operate during the first five years of service. Disability also does not operate during retirement eligibility.
Decrement Timing	Decrements of all types are assumed to occur mid-year.
Eligibility Testing	Eligibility for benefits is determined using the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
Incidence of Contributions	Contributions are assumed to be received continuously throughout the year.
Marriage Assumption	100% of males and 100% of females are assumed to be married at time of decrement. Male spouses are assumed to be three years older than female spouses for active member valuation purposes.
Medicare Coverage	Assumed to be available for all future Municipal retirees and Police/Fire retirees on attainment of age 65. Disabled retirees were assumed to be eligible for Medicare coverage at age 65.
Life Insurance	Valued life insurance amounts as provided by the City in the data (current retirees only).
Health Care Coverage at Retirement	The table below shows the assumed portion of future retirees electing one-person or two-person/family coverage, or opting-out of coverage entirely.

	One-Person	Two-Person/Family		Opt-Out
		Electing	Continuing	
Municipal				
Male	40%	60%	100%	0%
Female	40%	60%	100%	0%
Police/Fire				
Male	20%	80%	100%	0%
Female	20%	80%	100%	0%

APPENDIX

Glossary

Accrued Service. The service credited under the plan which was rendered before the date of the actuarial valuation.

Actuarial Accrued Liability. The difference between (i) the actuarial present value of future plan benefits, and (ii) the actuarial present value of future normal cost. Sometimes referred to as "accrued liability" or "past service liability."

Actuarial Assumptions. Estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

Actuarially Computed Employer Contribution. The Actuarially Computed Employer Contribution is the normal cost plus the portion of the unfunded actuarial accrued liability to be amortized in the current period. The Actuarially Computed employer Contribution is an amount that is actuarially determined so that, if paid on an ongoing basis, it would be expected to provide sufficient resources to fund both the normal cost for each year and the amortized unfunded liability.

Actuarial Cost Method. A mathematical budgeting procedure for allocating the dollar amount of the "actuarial present value of future plan benefits" between the actuarial present value of future normal cost and the actuarial accrued liability. Sometimes referred to as the "actuarial funding method."

Actuarial Equivalent. A single amount or series of amounts of equal value to another single amount or series of amounts, computed on the basis of the rate(s) of interest and mortality tables used by the plan.

Actuarial Present Value. The amount of funds presently required to provide a payment or series of payments in the future. It is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.

Amortization. Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

Governmental Accounting Standards Board (GASB). GASB is the private, nonpartisan, nonprofit organization that works to create and improve the rules U.S. state and local governments follow when accounting for their finances and reporting them to the public.

Implicit Rate Subsidy. It is common practice for employers to allow retirees to continue in the employer's group health insurance plan (which also covers active employees), often charging the retiree some portion of the premium charged for active employees. Under the theory that retirees have higher utilization of services, the difference between the true cost of providing retiree coverage and what the retiree is being charged is known as the implicit rate subsidy.

Glossary

Medical Trend Rate (Health Care Inflation). The increase in the cost of providing health care benefits over time. Trend includes such elements as pure price inflation, changes in utilization, advances in medical technology, and cost shifting.

Normal Cost. The annual cost assigned, under the actuarial funding method, to current and subsequent plan years. Sometimes referred to as "current service cost." Any payment toward the unfunded actuarial accrued liability is not part of the normal cost.

Other Postemployment Benefits (OPEB). OPEB are postemployment benefits other than pensions. OPEB generally takes the form of health insurance, dental, vision, prescription drugs, life insurance or other health care benefits.

Reserve Account. An account used to indicate that funds have been set aside for a specific purpose and are not generally available for other uses.

Unfunded Actuarial Accrued Liability. The difference between the actuarial accrued liability and valuation assets. Sometimes referred to as "unfunded actuarial accrued liability."

Valuation Assets. The value of current plan assets recognized for valuation purposes.



August 15, 2018

Mr. David Angileri
Finance Director
City of Southgate
Retiree Health Care Plan
14400 Dix-Toledo Road
Southgate, Michigan 48195

Re: City of Southgate Retiree Health Care Plan

Dear Mr. Angileri:

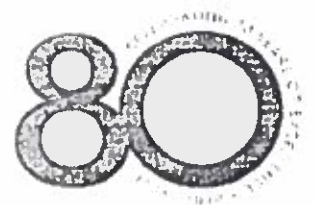
Enclosed are six copies of our report of the actuarial valuation of the City of Southgate Retiree Health Care Plan.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Laura Frankowiak".

Laura Frankowiak, ASA, MAAA

LF:rmn
Enclosures



JOSEPH G. KUSPA
Mayor

JANICE M. FERENCZ
City Clerk

JAMES E. DALLOS
Treasurer



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Celebrating 60 Years!

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Council President

MARK FARRAH

KAREN E. GEORGE

BILL COLOVOS

DALE W. ZAMECKI

PHILLIP J. RAUCH

CHRISTOPHER P. ROLLET

September 26, 2018

Honorable City Council Members
14400 Dix-Toledo Rd.
Southgate, Michigan 48195

Re: Bid Waiver for the Purchase of an F-550 Dump Truck – Water/Sewer Department

Ladies and Gentleman:

The Administration concurs with the DPS Directors recommendation to waive the bid procedure for the purchase of an F-550 dump truck for the Water/Sewer Department and award the purchase to Truck & Trailer Specialties, Inc. Truck & Trailer Specialties, Inc. has agreed to match the State Bid pricing in the amount of \$39,900.00.

Adequate funds are available in the Water and Sewer Department Fund Capital Outlay Vehicles for one F550 Dump Truck Body, for this purchase.

Your favorable consideration of this bid recommendation is greatly appreciated.

Sincerely,

Joseph G. Kuspa
Mayor

JOSEPH G. KUSPA
Mayor

JANICE M. FERENCZ
City Clerk

JAMES E. DALLOS
Treasurer



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PHILLIP J. RAUCH

CHRISTOPHER P. ROLLET

MEMORANDUM

TO: The Honorable Mayor and City Council

FROM: David Angileri, Assistant City Administrator/Finance Director

DATE: September 26, 2018

RE: Recommendation for Purchase F550 Dump Truck Body for Water/Sewer Department

I have reviewed the above with the DPS Director and concur with his recommendation to award this purchase to Truck & Trailer Specialties Inc. Howell, MI they has agreed to match the State of Michigan bid in the amount of \$39,900.00.

Adequate funds are available in the – in the Water and Sewer Department Fund Capital Outlay Vehicles for 1 F550 Dump Truck Body, for this purchase.

JOSEPH G. KUSPA
Mayor

JANICE M. FERENCZ
City Clerk

JAMES E. DALTON
Treasurer



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CHRISTOPHER P. ROULET

Memorandum

To: The Honorable Mayor and Members of City Council

From: Robert Tarabula, DPS Director *RT*

Date: September 26, 2018

Re: Request for Waiver of Bid – 2019 F-550 Dump Truck Body

The Water Department is need of replacing 1 aging F-550 Dump Truck Body with Plow and Spreader. Adequate funding has be set aside by the Finance Director for this purpose.

Truck & Trailer Specialties, Inc. has agreed to match the State of Michigan bid for a 2019 F-550 Dump Truck Body with Plow and Spreader. The following price includes standard manufacture equipment, options requested by the State contract (#RFP-RH-13-030), and options requested by the City. The cost for the 2019 F-550 Dump Truck Body with Plow and Spreader is \$39,900.00. This vehicle will replace a current vehicle in the Water Department fleet which in turn will be passed on to other departments.

I recommend that the purchase of one 2019 F-550 Dump Truck Body with Plow and Spreader be awarded to Truck & Trailer Specialties, Inc., 1200 Victory Drive, Howell, MI 48843, for the amount of \$39,900.00. I respectfully request this item be placed on the City Council's agenda for purposes of a waiver of bid request and purchase approval.

If you have any questions, please contact me. I would appreciate your favorable consideration of this request.

Enclosure

RT/sb

TRUCK & TRAILER *Specialties, Inc.*

1200 Victory Drive | Howell, MI 48843 | www.ttspec.com | Ph: (517) 552-3855 | Fx: (517) 552-3666

August 9, 2018

City of Southgate
14719 Schafer Court, Southgate, MI 48195
Attn: John Ianucci, phone: (734) 216-5639
QUOTE #HQ0001466

Equipment Quotation

The following pricing is based on City of Rochester Hills RFP-RH-13-030 contract awarded November 2013

Chassis: 2019 Ford 550, Reg Cab, DRW, 4x4, 145" WB, 60" CA, diesel engine, auto transmission with live PTO, chassis upfitter switches & snow plow prep

- Install Crysteel 9' S-Tipper Dump Body including the following:**
108" length, 87" inside width, 96" outside width (4.4 yard capacity)
Sides: 10 ga. 201 stainless steel, rigid sides, 22" high
Tailgate: 10 ga. 201 stainless steel, 3-panel, 22" high with quick-drop release handle
Floor: 3/16" AR450 floor
Understructure: Western-style crossmemberless
Boxed top rail
Single 6" oval cut-outs in each rear square pillar posts for STT lights
¾ integral full-width cabshield 10 ga. 201 stainless steel with no window punch in bulkhead
Install drop-steps with grab handle on driver-side front
Install two (2) shovel holders on bulkhead
Install Cougar box vibrator
- Install Crysteel Lo-Boy full-subframe scissor Hoist with body prop including the following:**
Model LBS10 with double-acting hydraulics, 50 degree dump angle
Capacity: 13.7 ton
- Install Central Hydraulic System to operate dump hoist, auger and spinner including the following:**
PTO with direct-mount pump
25 gal hydraulic tank with tank-mounted filter
Ball valve shut-off on supply line
Rexroth 3m4-12 Control Valve with sections for hoist and spreader
Stainless steel valve enclosure
Electric controls for the hoist in-cab
Rexroth CS520 Spreader Controller that can operate in closed-loop ground speed orientation, ground speed triggered or manual modes including pause & blast features
Stainless steel pipe hydraulic lines to rear for spreader
Stainless steel quick couplers for spreader with dust caps and plugs
All necessary hoses and fittings
- Install Custom Lighting & Electrical including the following:**
Chassis upfitter switches for warning lights and spreader work light
Six (6) SoundOff mPower (mo. EMP525MS3A) amber-only flashers located:
Four (4) flush-mounted on cabshield, two front-facing & two side-facing
Two (2) flush-mounted at top of rear pillar, one each side
Two (2) SoundOff 6" oval LED S/T/T in bottom cut-out of rear pillar, one each side
Two (2) SoundOff LED amber flashers mounted in cut-outs, rear facing through cabshield
One (1) SoundOff 4" round LED spreader work light at rear of dump, driver-side

TRUCK & TRAILER Specialties, Inc.

1200 Victory Drive | Howell, MI 48843 | www.ttspec.com | Ph: (517) 552-3855 | Fx: (517) 552-3666

Body-up light, in-cab with installed proximity switch
LED body clearance lights and reflectors
Betts junction box at rear of dump
Backup alarm

Install Monroe model MS956-RF-GB Undertailgate Spreader including the following:

Type 201 stainless steel construction, unpainted
7 ga. trough and 1/2" endplates, stainless steel inner tailgate shields
5:1 gear box with direct-mounted motor and application-rate sensor
6" auger with reverse-flighting and 4" flight spacing for center-left discharge
Trough-hung parallelogram spinner with 18" poly spinner disc
Spinner motor includes a seal-saver kit with grease zerk
Full top and bottom opening
Stainless steel hydraulic quick couplers for auger and spinner circuits

Install Rear Hitch Assembly including the following:

1/2" steel mounting plate, with multi-drill holes
Heavy-duty "D" rings for safety chains
Recess OEM STT lights in hitch plate
Pintle/Ball combination 2-5/16"
7-way RV flat-pin plug
Electric brake controller (to come with chassis/confirmed at chassis order)

Install Luverne serrated grip-step foot rails on both sides (mos. 415060 & 401721)

Install WeatherTech Floor Liners (mo. 4410541V)

Install Mudflaps before and after tires

Install Boss 9' 2" Power-V DXT Stainless Steel Blade Snow Plow including the following:

Stainless steel, full-trip moldboard with trip-edge
Rubber snow deflector, plow shoes and blade guides
Includes truck under-carriage mount, wiring harnesses and in-cab SmartTouch2 controls
Plow lights with SmartLight3 LED lighting

**Paint Dump underbody, hoist and rear hitch painted Black
Stainless steel dump not painted**

Above installed, non-stainless steel painted: \$39,900.00 ea.

Minimum full 1-year warranty on parts and labor on all equipment.

Crysteel dump body & hoist include 3-year 100% parts & labor warranty; additional 2 years, 50% parts & labor.

Payment Terms: Net 30. Pricing effective for 30 days.

Pricing does not include any of the Rochester Hills RFQ discounts that may be applicable.

2% discount off total taken at invoice if payment received within 30 days.

FOB: City of Southgate

Delivery: 180-210 days ARO

Thank you for the opportunity to quote.

Respectfully submitted by,
Jon Luea/Brian Bouwman

JOSEPH G. KUSPA
Mayor

JANICE M. FERENCZ
City Clerk

JAMES E. DALLOS
Treasurer



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DALE W. ZAMECKI

PHILLIP J. RAUCH

CHRISTOPHER P. ROLLET

September 26, 2018

Honorable City Council Members
14400 Dix-Toledo Rd.
Southgate, Michigan 48195

Re: Bid Waiver for the Purchase of an F-550 Chassis Cab – Water/Sewer Department

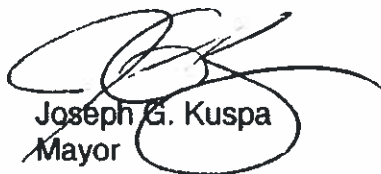
Ladies and Gentleman:

The Administration concurs with the DPS Directors recommendation to waive the bid procedure for the purchase of an F-550 Chassis Cab for the Water/Sewer Department and award the purchase to Southgate Ford. Southgate Ford has agreed to match the State Bid pricing in the amount of \$50,019.00.

Adequate funds are available in the Water and Sewer Department Fund Capital Outlay Vehicles for one F550 Chassis Cab, for this purchase.

Your favorable consideration of this bid recommendation is greatly appreciated.

Sincerely,


Joseph G. Kuspa
Mayor

JOSEPH G. KUSPA
Mayor

JANICE M. FERENCZ
City Clerk

JAMES E. DALLOS
Treasurer



City of Southgate
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PHILLIP J. RAUCH

CHRISTOPHER P. ROLLET

MEMORANDUM

TO: The Honorable Mayor and City Council

FROM: David Angileri, Assistant City Administrator/Finance Director

DATE: September 26, 2018

RE: Recommendation for Purchase F550 Chassis Cab for Water/Sewer Department

I have reviewed the above with the DPS Director and concur with his recommendation to award this purchase to Southgate Ford Southgate, MI they has agreed to match the State of Michigan bid in the amount of \$50,019.00.

Adequate funds are available in the — in the Water and Sewer Department Fund Capital Outlay Vehicles for 1 Truck Chassis Cab, for this purchase.

JOSEPH G. KUSPA
Mayor

JANICE M. TERRELL
City Clerk

JAMES E. DALLOS
Treasurer



City of Southgate
Celebrating 60 Years!

- CITY COUNCIL -

JOHN GRAZIANI
Council President

MARK FARRAH

KAREN E. GEORGE

BILL COLOVOS

DAN W. ZAMECKI

PHILIP J. RAUCH

CHRISTOPHER P. BOILETT

Memorandum

To: The Honorable Mayor and Members of City Council

From: Robert Tarabula, DPS Director *RT*

Date: September 26, 2018

Re: Request for Waiver of Bid – 2019 F-550 Chassis Cab 4 x 4

The Water Department is need of replacing 1 aging F-550 Chassis Cab 4x4. Adequate funding has be set aside by the Finance Director for this purpose.

Southgate Ford has agreed to match the State of Michigan bid for a 2019 F-550 Chassis Cab 4x4. The following price includes standard manufacture equipment, options requested by the State contract (#3958-0119D), and options requested by the City. The cost for the 2019 F-550 Chassis Cab 4x4 is \$50,019.00. This vehicle will replace a current vehicle in the Water Department fleet which in turn will be passed on to other departments.

I recommend that the purchase of one 2019 F-550 Chassis Cab 4x4 be awarded to Southgate Ford, 16501 Fort St., Southgate, MI 48195 for the amount of \$50,019.00. I respectfully request this item be placed on the City Council's agenda for purposes of a waiver of bid request and purchase approval.

If you have any questions, please contact me. I would appreciate your favorable consideration of this request.

Enclosure

RT/sb

SOUTHGATE FORD

"The Home Of Quality Sales & Service"

16501 Fort St. Southgate, MI 48195
Phone 734-282-3636 Fax 734-282-1770
southgateford.com



September 25, 2018

City of Southgate
Attention: Fleet Supervisor John Iannucci

Dear John,

The following bid (with attachment) reflects the State Bid Award for:

2019 Ford F-550 Chassis Cab 4x4 (State reference # 3958-0119D).

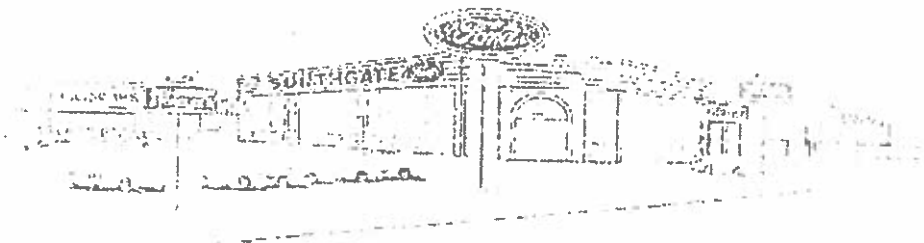
Your price \$50,019.00 with the following breakdown.

State Bid award = \$45,020.00
2019 Price increase = \$385.00
City of Southgate Upgrades = \$4445.00
Government Price Concession Reduction = \$154.00
Title Fee = \$15.00

Delivery is usually within 8-12 weeks. Add approximately 6 weeks for special paint.

Sincerely yours,

Don Daniel



JOSEPH G. KUSPA
Mayor

JANICE M. FERENCZ
City Clerk

JAMES E. DALLOS
Treasurer



City of Southgate
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Council President

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BILL COLOVOS

DALE W. ZAMECKI

PHILLIP J. RAUCH

CHRISTOPHER P. ROLLET

September 26, 2018

Honorable City Council Members
14400 Dix-Toledo Rd.
Southgate, Michigan 48195

Re: Bid Recommendation for Library Computers

Ladies and Gentleman:

The Administration concurs with the Library Director's recommendation to award the bid for the purchase of Computers for the Library to Dell Computers through the Library Network in the amount of \$17,213.17.

Funds are available in the Library Fund Balance for this Capital Expenditure.

Your favorable consideration of this bid recommendation is greatly appreciated.

Sincerely,

Joseph G. Kuspa
Mayor

JOSEPH G. KUSPA

Mayor

JANICE M. FERENCZ

City Clerk

JAMES E. DALLOS

Treasurer



City of Southgate
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Council President

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BILL COLOYOS


DALE W. ZAMECKI

PHILLIP J. RAUCH

CHRISTOPHER P. ROLLET

Memorandum

TO: The Honorable Mayor and City Council

FROM: David Angileri, Assistant City Administrator 

DATE: August 21, 2018

RE: Recommendation for Library Computers

I have reviewed the above with the Library Director and concur with his recommendation to award this bid for Computer for the Staff and Public to Dell Computers through the Library Network in the amount of \$17,213.17. The 23 workstations that are being replace on average are 5 years old.

Funds are now available in the Library Fund Balance for this Capital expenditure.

JOSEPH G. KUSPA
Mayor

JANICE M. FERENCZ
City Clerk

JAMES E. DALLOS
Treasurer



City of Southgate
NORMA J. WURLINGER
MUNICIPAL BUILDING

- CITY COUNCIL -

SHERYL D. DENMAN
Council President

JOHN GRAZIANI

KAREN E. GEORGE

PATRICIA C. GANZBERGER

MARK FARRAH

BILL COLOVOS

DALE W. ZANECKI

MEMO

TO: Mayor Kuspa

FROM: Don Priest, Southgate Veterans Memorial Library

DATE: September 17th, 2018

SUBJECT: Computer replacements

Situation: The computers in use at the Southgate Veterans Memorial Library are reaching, or in some cases are past, the end of their service cycle.

Proposed Solution: Purchasing new computers.

Options: The Southgate Veterans Memorial Library receives a significant discount for Dell products, through our membership in The Library Network. Because of this, I have not sought out bids from other sources. We purchased through Dell when we obtained the current computers, and they have served us well.

I propose the purchase of 23 new computers, along with necessary accessories, from Dell. The computers are \$658.31 apiece. Each computer will need a VGA/HDMI video adapter, to work with our current computer monitors; those are \$31.81 apiece. 19 of the 23 computers will need licenses for Microsoft Office 2016, valued at \$51.90 apiece. Additionally, because these computers will not have disc drives installed, I recommend purchasing 2 portable disc drives, with USB connections, to handle staff and public need for reading or writing optical discs. Each of these portable disc drives are \$32.16.

I also propose the purchase of one touch screen monitor, for use with the children's catalog computer. This monitor would make it easier for children to make use of the library catalog, and we can use the monitor currently in use for the children's catalog to replace a staff monitor that is not performing well. This touch screen monitor is \$289.99.

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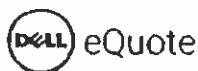
The total cost breakdown for these proposed purchases is

Computers: 23 @ \$658.31:	\$15,141.13
Video adapters: 23 @ \$31.81:	\$731.63
Touch screen monitor:	\$289.99
MS Office licenses: 19 @ 51.90:	\$986.10
Portable disc drives: 2 @ \$32.16:	\$64.32

Total:	\$17,213.17
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Set-up and installation of the computers would be handled by The Library Network. Attached, you will find quotes for these purchases (minus the Microsoft Office licenses, the price information for those were obtained directly from TLN). I hope to schedule receipt and installation of these computers for January, 2019.

Don Priest
Director
Southgate Veterans Memorial Library



Savings	\$12,169.72
Subtotal (47)	\$16,162.75
Estimated Shipping	\$8.00
Total	\$16,162.75

✓ Thank you, Don. We've emailed your cart to your list of recipients

x

Details Billing Shipping Payment method

SOGT Computer Upgrade Quote
Quote number # 1025689416788

Created August 14, 2018
Expires October 13, 2018
Created by
dellonline@tlm.lib.mi.us
Authorized buyer Angie Michelini

Order contact
Donald Priest, Southgate Veterans
Memorial Library
Dell Contract Code: 99AGZ
Customer agreement number:
MHEC-07012015
Phone number: (734) 258-3002
ext. 3003
Additional: (734) 258-3002
dpriest@southgate.lib.mi.us

Billing information
ANGELINA MICHELINI, LIBRARY
NETWORK
41365 VINCENTI CT, NOVI, MI
48375 1928
Customer number: 3974467
Phone number: (248) 536-3100
ext. 144
Additional:
AMICHELINI@TLN.LIB.MI.US

Tax exemption
I am tax exempt

Shipping Information
Donald Priest, Southgate Veterans
Memorial Library
14680 Dix Toledo Rd, Southgate,
MI, 48195
Phone number: (734) 258-3002
ext. 3003
Additional: (734) 258-3002
dpriest@southgate.lib.mi.us

Delivery method
no charge delivery

Trade compliance
No, I will not be exporting

Description

Quote for preparation, information

Items	Quantity	Unit Price	Item total
-------	----------	------------	------------

Bundle: OptiPlex 3060 SFF w/ 8GB RAM, 128GB SSD, w/o DVD Drive and Cyberlink Media Suite Essentials for W10



OptiPlex 3060 SFF w/ 8GB RAM,
128GB SSD, w/o DVD Drive and
Cyberlink Media Suite Essentials for
W10

23	\$1,186.14	\$27,281.22
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Discounted unit price: \$658.31
Dell Contract Code: 99AGZ
Estimated Ship Date
Ships In 8 - 10 business days

Premier discount	\$1,145.09
Catalog Number 84 / scrc818206-4982495	

Category	Description	Code	SKU	ID
OptiPlex 3060 SFF	OptiPlex 3060 Small Form Factor CTO	G0WPH74	[210-A0IN]	1
Processor	Intel Core™ i5-8500 (6 Cores/9MB/6T/ up to 4.1GHz/65W); supports Windows 10/Linux	GGDOJ90	[338-8NZU]	146

Category	Description	Code	SKU	ID
Operating System	Windows 10 Pro 64bit English, French, Spanish	GF48XA1	[619-AHKN]	11
Microsoft Application Software	Microsoft Office 30 Day Trial	GC70FJV	[658-BCSB]	1002
Memory	8GB 1X8GB 2666MHz DDR4 UDIMM Non-ECC	GFNRQ2B	[370-AEBK]	3
Hard Drive	M.2 128GB SATA Class 20 Solid State Drive	GAGMW1B	[340-ABIG] [400-AWFP] [773-BBBC]	8
Additional Hard Drive	No Additional Hard Drive	G780XKR	[401-AANH]	637
Video Card	Intel® Integrated Graphics	GZQDA24	[490-BBFG]	6
CD ROM/DVD ROM	No Optical Disk Drive	GS2HK65	[429-ABFI]	16
Additional Storage Devices - Media Reader	No Media Card Reader Selected	GW2K1D6	[379-BBHM]	10
Wireless	No Wireless LAN Card	GE7Y41P	[555-BBFO]	19
Driver	No Wireless Driver	GQMKF4C	[340-AFMQ]	7
PCI Card	No Parallel or Serial Port	GVEYOQ7	[492-BBFF]	698
Chassis Options	OptiPlex 3060 Small Form Factor with 200W up to 85% efficient Power Supply (80Plus Bronze)	GSL9Z7U	[329-BDRC]	116
Keyboard	Dell KB216 Wired Keyboard English Black	GZDPBC1	[580-AOJC]	4
Mouse	Dell MS116 Wired Mouse Black	GWJIAF2	[275-BBBW]	12
Back Cover	No Cable Cover	GDT2C7Z	[325-BCZQ]	376
Cables and Dongles	No Additional Cable	GIXOL8M	[379-BBCV]	592
External Speakers	No External Speaker	GTNM7E2	[817-BBBC]	200095
Stands and Mounts	No Integrated Stand option	GJO5ZSE	[575-BBBH]	558
Non-Microsoft Application Software	Windows 10 Non-Embedded	G9VSP3J	[525-BBCL] [640-BBLW] [658-BBMR] [658-BBRB] [658-BCUV] [658-BDVY]	1003
Protect Your New PC	No Security Software	NOSS	[650-AAAM]	1014
Operating System Recovery Options	OS-Windows Media Not Included	GLA90Q1	[620-AALW]	200013
E Star	Energy Star	G6J34SM	[387-BBLW]	122
FGA Module	No FGA	NOFGA	[817-BBBB]	572
Chassis Intrusion Switch	Chassis Intrusion Switch	GA6RJ41	[461-AAEE]	289
Hard Drive Cables and Brackets	M.2 Caddy	GGPQ1ML	[575-BBKX]	705
Optical Software	PowerDVD Software not included	G15LS2C	[632-BBBJ]	597
TPM Security	Trusted Platform Module (Discrete TPM Enabled)	GJMDKT6	[329-BBJL]	297
Power Cord	System Power Cord (English)	GA5894N	[450-AAOJ]	20

Category	Description	Code	SKU	ID
Processor Branding	8th Gen Intel® Core™ i5 processor label	GS8CVPI	[389-C6BB]	749
UPC Label	No UPC Label	GBWGTYN	[389-BCGW]	292
Documentation/Disks	Safety/Environment and Regulatory Guide (English/French Multi-Language)	G7RB0GY	[340-AGIK]	21
Hard Drive Software	NO INTEL RESPONSIVE	GH8DSLC	[551-BBBJ]	707
Systems Management	No Out-of-Band Systems Management	GS08BQ0	[631-ABSG]	49
CompuTrace Offerings + Stoptrack Label	No Computrace	G01F2XY	[461-AABF]	697
Canada Ship Options	US No Canada Ship Charge	G3IA0L8	[332-1286]	111
Regulatory Label	SFF: EPA Regulatory LBL for Mexico	GZH6OCY	[389-CMVL]	676
Packaging	Ship Material for OptiPlex SFF	G0K7N04	[340-CDWZ] [389-BBUU]	465
Placemat	Documentation, English, Spanish, Dell OptiPlex 3060	GXFZM3N	[340-CDWQ]	60
Pricing Information	Flexible Catalog Config 01	G4FOLRG	[610-BBYC]	200237
Transportation from ODM to region	Standard shipment	GQ78IGC	[800-BBQ]	200080
External Optical Device	No External ODD	GVTOW4N	[429-ABGY]	317
Additional Video Ports	No Additional Video Ports	GWFXAL0	[492-8CKH]	495
Hardware Support Services	3 Years ProSupport with Next Business Day Onsite Service	GSOUQGD	[803-8583] [803-8646] [803-8702] [989-3449]	29

Grouped with your OptiPlex 3060 SFF w/ 8GB RAM, 128GB SSD, w/o DVD Drive and Cyberlink Media Suite Essentials for W10



Dell - Video adapter - HDMI / VGA - black

23

\$36.99

\$850.77

Discounted unit price: \$31.81
Dell Contract Code: 99AGZ
Manufacturer Part#: KF3P2
Dell Part#: 470-ABZX

Premier discount

\$119.14

Bundle Total \$15,872.76



Dell 24 Touch Monitor - P2418HT

1

\$399.99

\$399.99

Discounted unit price: \$289.99
Dell Contract Code: 99AGZ
Estimated Ship Date
August 23, 2018

Premier discount

\$119.14

Catalog Number: 84 / rrc818206-4851801

Category	Description	Code	SKU	ID
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Item total: \$289.99				
Category	Description	Code	SKU	ID
Dell 24 Touch Monitor - P2418HT	Dell 24 Touch Monitor - P2418HT	P2418HT	{210-ALCS}	1
Hardware Support Services	3 Years Advanced Exchange Service	AE3Y	{814-5380} {814-5381}	29

Savings \$12,369.23
 Subtotal (47): \$16,162.75

Savings \$12,369.23
 Subtotal (47) \$16,162.75
 Estimated Shipping \$0.00
 Total \$16,162.75

Ultrabook, Celeron, Celeron Inside, Core Inside, Intel, Intel Logo, Intel Atom, Intel Atom Inside, Intel Core, Intel Inside, Intel Inside Logo, Intel vPro, Itanium, Itanium Inside, Pentium, Pentium Inside, vPro Inside, Xeon, Xeon Phi, Xeon Inside, and Intel Optane are trademarks of Intel Corporation or its subsidiaries in the U.S. and/or other countries.

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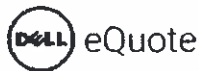
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Cookie Consent



Savings	\$5.66
Subtotal (2)	\$64.32
Estimated Shipping	\$0.00
Total	\$64.32

Details

SOGT Computer Upgrade Quote
part 2
Quote number # 1025581024185

Created August 15, 2018
Expires October 14, 2018
Created by
dellonline@tlh.lib.mi.us
Authorized buyer Angie Micheline

Billing

Order contact
Don Priest, Southgate Veterans
Memorial Library
Dell Contract Code: 99AGZ
Customer agreement number:
MHEC-07012015
Phone number: (734) 258-3002
ext. 3003
Additional:
dpriest@southgate.lib.mi.us

Billing Information
ANGELINA MICHELINI, LIBRARY
NETWORK
41365 VINCENTI CT, NOVI, MI,
48375-1928
Customer number: 3974467
Phone number: (248) 536-3100
ext. 144
Additional:
AMICHELINI@TLN.LIB.MI.US

Tax exemption
I am tax exempt


Shipping

Shipping Information
Donald Priest, Southgate Veterans
Memorial Library
14680 Dix Toledo Rd, Southgate,
MI, 48195
Phone number: (734) 258-3002
ext. 3003
Additional: (734) 258-3002
dpriest@southgate.lib.mi.us

Delivery method
no charge delivery

Trade compliance
No, I will not be exporting

Payment method

Items	Quantity	Unit Price	Item total
 BUFFALO MediaStation Portable DVD Writer - Disk drive - DVD±RW (±R DL) / DVD-RAM - 8x8x5x - USB 2.0 - external Discounted unit price: \$32.16 Dell Contract Code: 99AGZ Manufacturer Part# : DVSM-PT58U2VB Dell Part# A8348712 Estimated Ship Date August 16, 2018 Premier discount	2	\$34.99	\$69.98
			\$5.66 Item total \$64.32

Savings	\$5.66
Subtotal (2)	\$64.32
Savings	\$5.66
Subtotal (2)	\$64.32
Estimated Shipping	\$0.00
Total	\$64.32