

Southgate City Council Agenda

Council Chambers

Wednesday November 18, 2015

6:30pm **Work Study Session**

1. Presentations: Halloween Home Decorating Contest Awards
2. Officials Reports
3. Discussions regarding agenda items.

7:00 pm **Regular Meeting**

Pledge of Allegiance

Roll Call: Colovos, Farrah, George, Graziani, Rauch, Rollet, Zamecki.

Minutes:

1. Work Study Session Minutes dated November 4, 2015.
2. Regular City Council Meeting Minutes dated November 4, 2015.

Scheduled Persons in the Audience:

Consideration of Bids:

1. Letter from Mayor; Re: Purchase of Water & Sewer Management System.

Page 2

Scheduled Hearings:

Communications "A" –

1. Memo from Administrator; Re: Adoption of MERS Health Care Savings Program Page 11
2. Memo from Administrator; Re: Adoption of MERS Defined Contribution Plan Page 45
3. Memo from Administrator; Re: Lot Split Request; 16129 Poplar Page 66
4. Memo from Administrator; Re: Allen Park Knights of Columbus Request for Bucket Drive. Page 75
5. Letter from Mayor; Re: Appointments to TIFA Board Page 77
6. Letter from Mayor; Re: Appointment to Plan Commission Page 78
7. Memo from Council President; Re: Council Rules and Procedures Page 79

Communications "B" – (Receive and File)

Ordinances:

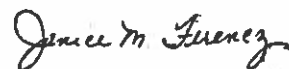
Old Business:

New Business:

Unscheduled Persons in the Audience:

Claims & Accounts: Warrant # 1293 - \$1,171,641.20

Adjournment:



Janice M. Ferencz, City Clerk

JOSEPH G. KUSPA
Mayor

JANICE M. FERENCZ
City Clerk

JAMES E. DALLOS
Treasurer



City of Southgate
NORMA J. WURMLINGER
MUNICIPAL BUILDING

- CITY COUNCIL -

JOHN GRAZIANI
Council President

KAREN E. GEORGE

MARK FARRAH

BILL COLOVOS

DALE W. ZAMECKI

PHILLIP J. RAUCH

CHRISTOPHER P. ROLLET

November 12, 2015

To the Honorable
City Council
Southgate, Michigan 48195

Re: Bid for the Purchase of Water and Sewer Operations Management System

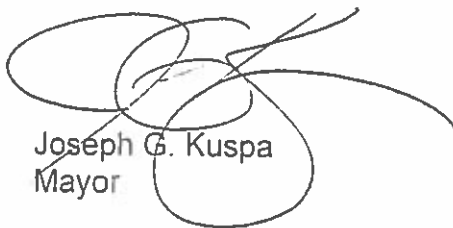
Ladies and Gentlemen:

Bids for the Purchase of Water and Sewer Operations Management System were received and reviewed by the administration. It is recommended by the DPS Director and I concur, that the bid be awarded to Cartegraph, Dubuque, Iowa in the amount of \$48,012.84, which only \$28,584.28 is due this year with the remainder being paid over the next two years.

Sufficient funds are available in the Water and Sewer – Capital Outlay – Machinery and Equipment Account to cover the costs associated with this purchase.

Your favorable consideration of this matter is requested.

Sincerely,



Joseph G. Kuspa
Mayor

JGK/law

page 2

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 10, 2014

RE: Recommendation for Purchase of Water and Sewer Operations Management System

I have reviewed the above with the DPS Director and concur with his recommendation to award this bid to Cartegraph 13600 Digital, Dubuque Iowa, in the amount of \$48,012.84. Only \$28,584.28 is due this year with the rest being paid over the next two years.

Adequate funds are available in the Water & Sewer Department – Capital Outlay-Machinery & Equipment Account for this purchase.

From the Desk of:
Robert Tarabula 
Director, D.P.S.
October 28, 2015

To: David Angileri
Finance Director

Re: Bid Recommendation – Operations Management System

I have received three qualified bids for our Operations Management System. After demoing all three systems and considerable consideration, we feel that Cartegraph will serve our department the best. Cartegraph has been in business since 1994 and has served over 700 government institutions. I recommend that Cartegraph be awarded the bid for Operations Management System and ask that this be put on the City Council agenda for the November 4, 2015 meeting.

Cartegraph
3600 Digital Drive
Dubuque, Iowa 52003
Phone 800-688-2656
Fax 563-556-8149

If you have any questions, please contact me.

RT/sb

Bid Tabulation Enclosed

(D/Bids-A: F4 Bid Recommendation: Operations Management System)

Here is the breakdown of the costs per year and total for all three years for the Operations Management Software.

COMPANY	YEAR 1	YEAR 2	YEAR 3	TOTAL
Cartegraph	28,584.28	9,714.28	9,714.28	48,012.84
HiperWeb	44,700.00	19,800.00	19,800.00	84,300.00
FutureNet/Accela	17,552.00	9,552.00	9,552.00	36,656.00

Purchase Agreement

Cartegraph is pleased to present this Purchase Agreement for the implementation of world class technology solutions. This Purchase Agreement is made and entered into between City of Southgate (hereinafter referred to as "Customer" or "Licensee" and Cartegraph Systems, Inc. (hereinafter referred to as "Cartegraph"). This Purchase Agreement is intended to supplement, clarify, and amend the Master Agreement previously executed between Cartegraph and Customer. In the case that any terms or conditions provided in the Master agreement differ from, are provided in more detail by, or are made irrelevant by the terms and conditions provided in this Purchase Agreement, the terms in this Purchase Agreement shall control. For all terms and conditions not addressed by this Purchase Agreement, the Master Agreement, #MA049 dated August 7, 2015 shall control.

Customer Bill To:	Customer Ship To:
Bob Tarabula City of Southgate 14400 Dix Toledo Road Southgate, MI 48195 734-258-3078	Same

Investment Summary

Cartegraph's proposed fees for this project are included in the summary below.

Date: August 7, 2015

Purchase Agreement Expiration Date: December 30, 2015

Purchase Agreement No.: #PA056

YEAR 1	Purchase Type	Citizen/Qty.	Unit Price	Total Price
SOFTWARE PRODUCTS				
Cartegraph OMS – Platform - Enterprise	Per-citizen Subscription, Cartegraph Cloud Deployment	30,047	\$0.14	\$4,206.58
Cartegraph OMS – Hosting	Cartegraph Cloud Shared Hosting Subscription, Included in Enterprise	1	\$0.00	\$0.00
Cartegraph OMS Extension	Advanced Asset Management per-citizen Subscription	30,047	\$0.15	\$4,507.05
Discount				
Cartegraph OMS Extension	Advanced Requests per-citizen Subscription	30,047	\$0.10	(\$3,001.70)
Discount				
Cartegraph OMS Users	User Pack Subscription – 5 Named Users	1	\$2,500.00	(\$1,502.35)
FIELD SERVICES				
Implementation Services	Fixed Fee Service	1	\$22,200.00	\$22,200.00
Discount				
YEAR 1 SUB-TOTAL				\$28,584.28

YEAR 2				
SOFTWARE PRODUCTS				
Cartegraph OMS – Platform - Enterprise	Per-citizen Subscription, Cartegraph Cloud Deployment	30,047	\$0.14	\$4,206.58
Cartegraph OMS – Hosting	Cartegraph Cloud Shared Hosting Subscription, Included in Enterprise	1	\$0.00	\$0.00
Cartegraph OMS Extension	Advanced Asset Management per-citizen Subscription	30,047	\$0.15	\$4,507.05
Discount				(\$3,001.70)
Cartegraph OMS Extension	Advanced Requests per-citizen Subscription	30,047	\$0.10	\$3,004.70
Discount				(\$1,502.35)
Cartegraph OMS Users	User Pack Subscription – 5 Named Users	1	\$2,500.00	\$2,500.00
YEAR 2 SUB-TOTAL				\$9,714.28
YEAR 3				
SOFTWARE PRODUCTS				
Cartegraph OMS – Platform - Enterprise	Per-citizen Subscription, Cartegraph Cloud Deployment	30,047	\$0.14	\$4,206.58
Cartegraph OMS – Hosting	Cartegraph Cloud Shared Hosting Subscription, Included in Enterprise	1	\$0.00	\$0.00
Cartegraph OMS Extension	Advanced Asset Management per-citizen Subscription	30,047	\$0.15	\$4,507.05
Discount				(\$3,001.70)
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Discount				(\$1,502.35)
Cartegraph OMS Users	User Pack Subscription – 5 Named Users	1	\$2,500.00	\$2,500.00
YEAR 3 SUB-TOTAL				\$9,714.28
TOTAL COST (3-YEAR TERM)				\$48,012.84



5. Costs & Contract Terms (Section 5)

Below is the cost for each functional objective during the implementation of the project:

Item	Price		Comments
	One Time	Annual	
Asset Management Module	Not Applicable	\$9,552.00	4 user licenses covered
Asset Management Module Configuration	\$8,000.00	Not Applicable	Please see the table below that provides the
Accela Citizen Access Portal	Not Applicable	Included in Asset Management Module	Please see the
Accela Mobile Office	Not Applicable	Included Asset Management Module	4 user licenses covered
Data Conversion	To be decided	None	RFP does not provide information to accurately estimate the data conversion cost. However, we assume small cost for this effort based on our experience and understanding.
Grand Total	\$8,000.00	\$9,552.00	

Generic Assumptions:

1. Our fixed-fee price is based on the scope, approach, resource estimates, deliverables and assumptions defined in this response to the City's RFP and support documentation. Our pricing assumes fixed price inclusive of all components. In the event the City removes scope, or makes changes to component pricing, we will have to review those elements to determine appropriate adjustments to estimates provided in this response.
2. The hours estimated for conversions, interfaces, scripting, reporting and Go Live Support are based upon our understanding of the requirements and objective of the City at the time of execution of this SOW. We will track hours towards tasks and, working in collaboration with the City, adjust as needed to meet the intent of the objectives stated herein. While hours can be moved from one task to another, the estimate provided represents the total, not to exceed hours.

Implementation assumptions:

3. Implementation price consists of providing solution features mentioned in the 'Asset Management Package is provided in Pricing Detail Sheet.'
4. We will be responsible for unit test and support the remaining testing processes and phases, correcting any defects based upon expected functionality captured in the approved design.
5. The City will develop the Acceptance Test Plan in collaboration with their staff/departments. The City will be responsible for executing the test scripts and validating and loading all required test data into the Test environment necessary for test execution.
6. The City is responsible for developing, within the framework of the agreed upon Test Plan and scripts, all test datasets and related database content to support integration, System and User Acceptance Testing.
7. We will provide a sample User Acceptance Test Plan.



Hiperweb

Response for
City of Southgate Michigan
Public Services Operations Management System

COST

In an effort to simplify licensing and pricing confusion, PSD offers HiperWeb as a Service. One annual subscription is the City's membership for unlimited departmental users. Included are;

This plan includes all licensing and support required to use HiperWeb on an annual basis

Hosting is provided by Venture Technologies, www.ventech.com. Data Center specifications, SLA and other due diligence provided as required.

HiperWeb SaaS – Hosted – Dedicated Server		
Description – Common Elements		Fees
HiperWeb Annual Subscription - Public Works Department		\$15,000.00
HiperWeb Installation		\$3,000.00
HiperWeb & GIS Interface Setup		\$3,000.00
Interface with 3 rd Party Solutions \$150/hr		
Dedicated Server Annual Subscription		\$4,800.00
Department Specific Utilities		
Implementation, Design & Project Management Training & Go-Live * Detail in attached schedule		\$18,900.00
Year 1		\$44,700.00
Year 2		\$19,800.00
Year 3		\$19,800.00



Response for
City of Southgate Michigan
Public Services Operations Management System

City of Southgate Implementation		Comments	Consulting Fees	Travel Expenses	
Phase I - Project Planning & Initiation		3 Days on site	\$3,600.00		
	Travel Airfare	1 round trip		1 Person	\$700.00
	Travel Meals/Lodging (State rate 140/day)	2 Days		1 Person	\$280.00
Phase II - System Requirements Analysis		No charge			
Phase III - Solution Definition & Design		1 day	\$1,200.00		
Phase IV		3 days	\$3,600.00		
	Build and Test	1 round trip		1 Person	\$700.00
	Travel Airfare	2 Days		1 Person	\$280.00
	Travel Meals/Lodging (State rate 140/day)	3 days	\$3,600.00		
Phase V		1 round trip		2 Persons	\$1,000.00
	Training	2 Days		2 Persons	\$560.00
	Travel Airfare	2 Day	\$2,400.00	1 Person	
	Travel Meals/Lodging (State rate 140/day)	1 round trip		1 Person	\$700.00
	Follow Up On site 30 days later	2 Day		1 Person	\$280.00
Post Go Live					
Total			\$14,400.00		\$4,500.00
Grand Total					\$18,900.00

CLOSING: Since 1993, our business model at PSD Software stresses the delivery of superior customer service to our clients. Many software vendors serve only in a vendor capacity. They charge high prices for system software and invest little effort and expense in deploying their systems in a way that maximizes value for the client and that ensures an efficient and effective deployment. PSD Software strives to work as a partner with our clients. Our software license fees are normally lower than our competitors, and we partner with our clients to ensure that both parties invest the effort needed to guarantee a smooth deployment that exceeds client expectations. Our goal is to develop a satisfied customer and a long-term business relationship focused on results.

Please consult with the numerous clients we have to find out more about the value we bring in our to our business partners.

We thank you in advance for the opportunity to demonstrate our software and methodology and look forward to a chance to be of service.



3855 Shallowford Road, Marietta, GA 30062

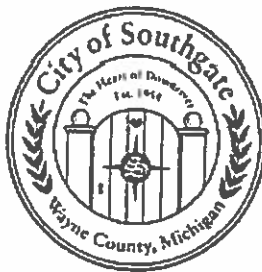
770.594.0061

www.epsdi.com

JOSEPH G. KUSPA
Mayor

JANICE M. FERENCZ
City Clerk

JAMES E. DALLOS
Treasurer



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CHRISTOPHER P. ROLLET

Memorandum

To: Mayor and City Council

From: Bryce Kelley, City Administrator *hsk*

Date: November 11, 2015

Re: Adoption of the Municipal Employees Retirement System of Michigan (MERS) Health Care Savings Program (HCSP)

Earlier this year City Council approved a resolution selecting the Municipal Employees Retirement System of Michigan (MERS) to manage and administer the City's Defined Benefit retirement funds for Municipal employees.

City Council is now asked to consider adopting a resolution approving the MERS Health Care Savings Program for Municipal employees with a hire date after July 1, 2008 and Public Safety employees, Police and Fire, with a hire date after June 30, 2016.

This resolution also authorizes the Mayor to execute any and all of the necessary required documents including the MERS HCSP Participation Agreement.

The Resolution and the Agreement detail the manner in which the City wishes the plan to be managed.

I will be happy to address any questions or comments by City Council Members.

Sincerely,

Bryce Kelley, City Administrator

MERS Health Care Savings Program Uniform Resolution



1134 Municipal Way Lansing, MI 48917 | 800.767.2308 | Fax 517.703.9711

www.mersofmich.com

WHEREAS, the Municipal Employees' Retirement System ("MERS") Plan Document of 1996, effective October 1, 1996, authorized the Municipal Employees' Retirement Board ("Board") to establish additional programs including but not limited to defined benefit and defined contribution program (MERS Plan Document Section 36(2)(a)); MCL 38.1536(2)(a)).

WHEREAS, the Board has authorized MERS' establishment of the health care savings program ("HCSP" or "Program"), which a participating municipality or court, or another eligible public employer that is a political subdivision of the State which constitutes a "municipality" under MERS Plan Document Section 2B(4); MCL 38.1502b(2) ("Eligible Employer"), may adopt for its Eligible Employees.

WHEREAS, MERS has been determined by the Internal Revenue Service to be a taxqualified "governmental plan" and trust under section 401(a) of the Internal Revenue Code of 1986, and all trust assets within MERS reserves are therefore exempt from taxation under Code section 501(a) (IRS Letter of Favorable Determination dated June 15, 2005).

WHEREAS, the Board has established a governmental trust (the "Trust Fund") to hold the assets of the HCSP, which Trust Fund shall be administered under the discretion of the Board as fiduciary, directly by (or through a combination of) MERS or MERS' duly-appointed Program Administrator.

WHEREAS, 1999 PA 149, the Public Employee Health Care Fund Investment Act, MCL 38.1211 et seq. ("PA 149") provides for the creation by a public corporation of a public employee health care fund, and its administration, investment, and management, in order to accumulate funds to provide for the funding of health benefits for retirees and beneficiaries.

WHEREAS, a separate MERS health care trust fund created under PA 149 also constitutes a governmental trust established by a public corporation ("municipality") as an Eligible Employer, provided that all such employers shall be the State of Michigan, its political subdivisions, and any public entity the income of which is excluded from gross income under Section 115 of the Internal Revenue Code; provided further, that the PA 149 trust shall not accept assets from any defined benefit health account established under Section 401(h) of the Internal Revenue Code.

WHEREAS, the Board acts as investment fiduciary for the pooled assets of each MERS participating municipality and court enrolled in MERS Defined Benefit Plan, Health Care Savings Program, the Retiree Health Funding Vehicle, and the Investment Services Pool Program, on whose behalf MERS performs all plan administration and investment functions, and such participating municipalities and courts have full membership, representation and voting rights at the Annual Meeting as provided under Plan Section 45; MCL 38.1545.

WHEREAS, the Board also acts as investment fiduciary for those participating employers who are non-MERS participating municipalities and courts that have adopted the MERS Health Care Savings Program, Retiree Health Funding Vehicle, or Investment Service Pool Program, and such entities are not accorded membership, representation or voting rights provided to MERS participating municipalities and courts at the Annual meeting under Plan Section 45; MCL 38.1545.

MERS Health Care Savings Program Uniform Resolution

WHEREAS, adoption of this Uniform Resolution and Participation Agreement (the "Uniform Resolution") by each Eligible Employer is necessary and required in order that the benefits available under the MERS HCSP may be extended.

- It is expressly agreed and understood as an integral and nonseverable part of extension or continuation of coverage under this HCSP Resolution that Section 43B of the MERS Plan Document shall not apply to this Uniform Resolution Adopting MERS HCSP, the Participation Agreement, the Trust Plan Document, the Trust Agreement, and their administration or interpretation.
- In the event any alteration of the language, terms or conditions stated in this Uniform Resolution Adopting MERS HCSP is made or occurs, under MERS Plan Document Section 43B or other plan provision or other law, it is expressly recognized that MERS and the Board, as fiduciary of the MERS Plan and its trust reserves, and whose authority is nondelegable, shall have no obligation or duty: to administer (or to have administered) the Trust; or to continue administration by the Program Administrator or by MERS directly.

WHEREAS, concurrent with this HCSP Uniform Resolution, and as a continuing obligation, this governing body has completed, approved, and submitted to MERS documents necessary for participation in and implementation of the HCSP. This obligation applies to any documents deemed necessary to the operation of the Trust by the Program Administrator.

NOW, THEREFORE, BE IT RESOLVED that the governing body adopts (or readopts) the MERS HCSP as provided below.

SECTION 1. HCSP PARTICIPATION

EFFECTIVE _____, 20____, (to be known as the ADOPTION DATE) the

MERS HCSP is hereby adopted by the City of Southgate

(MERS municipality or court or other eligible employer)

- CONTRIBUTIONS** shall be as allowed and specified in the MERS Health Care Savings Program Adoption Agreement. Basic Employer Contributions, Mandatory Salary Reduction Contributions, Mandatory Leave Conversion Contributions, and Post-Tax Employee Contributions, shall be remitted pursuant to MERS by the Eligible Employer, and credited to the Eligible Employer's separate fund within the MERS Trust Fund.
- INVESTMENT** of funds accumulated and held in the Health Care Savings Program Trust Fund shall be held in a separate reserve and invested on a pooled basis by MERS subject to the Public Employee Retirement System Investment Act ("PERSIA"), 1965 PA 314, as provided by MERS Plan Document Section 39; MCL 38.1539, and PA 149.
- THE ELIGIBLE EMPLOYER** shall abide by the terms of the HCSP, including all investment, administration, and service agreements, and all applicable provisions of the Code and other law. It is affirmed that no assets from any defined benefit health account established under Section 401(h) of the Internal Revenue Code shall be transferred to, or accepted by, MERS.

MERS Health Care Savings Program Uniform Resolution

SECTION 2. IMPLEMENTATION DIRECTIONS FOR MERS

- (A) The governing body of this Eligible Employer desires that all assets placed in its MERS HCSP Trust Fund (as a sub-fund within all pooled HCSP trust funds with MERS) be administered by MERS, which shall act as investment fiduciary with all powers provided under Public Employee Retirement System Investment Act, pursuant to PA 149, all applicable provisions of the Internal Revenue Code and other relevant law.
- (B) The governing body desires, and MERS upon its approval of this Resolution agrees, that all funds accumulated and held in the MERS HCSP Trust Fund shall be invested and managed by MERS within the collective and commingled investment of all HCSP funds held in trust for all Eligible Employers.
- (C) All monies in the MERS HCSP Trust Fund (and any earnings thereon, positive or negative) shall be held and invested for the sole purpose of paying health care benefits for the exclusive benefit of "Eligible Employees" who shall constitute "qualified persons" who have retired or separated from employment with the Eligible Employer, and for any expenses of administration, and shall not be used for any other purpose, and shall not be distributed to the State.
- (D) The Eligible Employer will fund on a defined contribution, individual account, basis its MERS HCSP Trust sub-fund to provide funds for health care benefits for "Eligible Employees" who shall constitute "qualified persons." Participation in and any coverage under HCSP shall not constitute nor be construed to constitute an "accrued financial benefit" under Article 9 Section 24 of the Michigan Constitution of 1963.
- (E) The Eligible Employer designates and incorporates as "Eligible Employees" who shall constitute "qualified persons" under this HCSP Resolution those who are "Eligible Employees" as defined in the HCSP Participation Agreement under this HCSP.
- (F) The Eligible Employer may designate the appropriate employer contacts who shall receive necessary reports, notices, etc.; shall act on behalf of the Eligible Employer; and may delegate any administrative duties relating to the Fund to appropriate departments.

SECTION 3. EFFECTIVENESS OF THIS HCSP UNIFORM RESOLUTION

This Resolution shall have no legal effect until a certified copy of this adopting Resolution is filed with MERS, and MERS determines that all necessary requirements under MERS Plan Document Section 36(2)(a), 1999 PA 149 and other relevant laws, and this Resolution have been met. Upon MERS' determination that all necessary documents have been submitted, MERS shall record its formal approval upon this Resolution, and return a copy to the Eligible Employer's designated primary contact.

In the event an amendatory resolution or other action by the Eligible Employer is required by MERS, such Resolution or action shall be deemed effective as of the date of the initial Resolution or action where concurred in by this governing body and MERS (and the Program Administrator if necessary). Section 54 of the MERS Plan Document shall apply to this Resolution and all acts performed under its authority. The terms and conditions of this Resolution supersede and stand in place of any prior resolution, and its terms are controlling.

MERS Health Care Savings Program Uniform Resolution

I hereby certify that the above is a true copy of the Uniform Resolution Adopting The MERS Health Care Savings Program, adopted at the official meeting held by the governing body of this municipality:

On _____, 20_____
(Signature of authorized official)

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

Dated: _____, 20_____
(Authorized MERS signatory)

MERS Health Care Savings Program Participation Agreement



1134 Municipal Way Lansing, MI 48917 | 800.767.2308 | Fax 517.703.9711

www.mersofmich.com

I. PARTICIPATING EMPLOYER

Employer Name: City of Southgate
(Name of municipality or court)
Municipality Number: 8262 Division Number: _____

II. EFFECTIVE DATE

1. If this is the initial Participation Agreement relating to the MERS Health Care Savings Program for this covered group, the effective date of the program here adopted shall be:
March 1st, 2016
(Date)
 2. If this is an amendment and restatement of an existing Participation Agreement relating to the MERS Health Care Savings Program for this covered group, the effective date of this amendment and restatement shall be effective: _____
(Date)
- This Participation Agreement is intended to replace and serve as an amendment of the Employer's preexisting program, which was originally effective: _____
(Date)

III. COVERED EMPLOYEE GROUPS

A participating Employer may cover all of its employee groups, bargaining units or personnel/ employee classifications ("Covered Group"), in Health Care Savings Program. **Contributions shall be made on the same basis within each Covered Group identified by this agreement, and remitted as directed by the Program Administrator.** If the Employer has varying coverage or contribution structures between groups, a separate agreement will need to be completed for each covered group. This agreement encompasses the following group(s):

Police and Fire Hired After 6/30/16
(Name/s of HCSP covered group/s)

IV. ELIGIBLE EMPLOYEES

Only Employees of a "municipality" may be covered by the Health Care Savings Program Participation Agreement. Independent contractors may not participate in the Health Care Savings Program. Subject to other conditions in the Trust Document and this Participation Agreement, the following Covered Group of Employees are deemed to be "qualified persons" eligible to participate in the Health Care Savings Program:

Check one or both:

- ☒ With respect to Covered Groups, this Participation Agreement covers all employees who are in a collective bargaining unit, subject to the terms of the collective bargaining agreement.
- ☐ With respect to Covered Groups, this Participation Agreement covers all employees who are subject to the same personnel policy, according to the terms of the policy.

MERS Health Care Savings Program Participation Agreement

The Employer shall provide MERS with the name, address, Social Security Number, and date of birth for each Eligible Employee, as defined by the Participation Agreement on Personal Information and Beneficiary Designation forms to be provided by MERS Health Care Savings Program.

V. EMPLOYER CONTRIBUTIONS TO THE HEALTH CARE SAVINGS PROGRAM

The Participating Employer hereby elects to make contributions to the Trust. Once you have determined the contribution structure, language should be added in the appropriate area below. Contributions shall be made on the same basis within each Covered Group specified in this agreement, and remitted to MERS as directed by the Employer, to be credited to the individual accounts of Eligible Employees as follows:

Check one or more (A, B, and/or C):

- A. ☒ **Basic Employer (Before-Tax) Contributions.** Before-tax employer contributions may be made as a percentage of salary and/or by a specified dollar amount. Identify below the basic employer contribution formula to be applied to the covered groups within the Health Care Savings Program identified in this agreement.

Contribution structure (specify):

2% of Gross Pay

Vesting Cycle For Basic Employer Contributions Only. The employer contributions identified in this Participation Agreement are subject to the following vesting cycle.

- ☐ Immediate Vesting upon Participation
- ☒ Cliff Vesting: The participant is 100% vested upon 10 year(s).
(Stated years)
- ☐ Graded Vesting Percentage per year of service: Employers can select the percentage of vesting with the corresponding years of service:

Years of Service	Percent Vested
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	100%

FORFEITURE PROVISION. Upon separation from service with the Employer prior to meeting the required vesting schedule set out above or in the event a Participant dies without Dependent(s) and/or a named Beneficiary, a Participant's account assets shall:

Check only one:

- ☐ Remain in the HCSP sub-trust to be reallocated among all Plan participants on an equal dollar basis
- ☒ Remain in the HCSP sub-trust to be used to offset future Employer Contributions
- ☐ Be transferred to the Retiree Health Funding Vehicle ("RHFV").

MERS Health Care Savings Program Participation Agreement

REINSTATEMENT OF FORFEITURES. If a Participant experiences Forfeiture, but is re-employed by the same employer within a defined period assets may be reinstated to the Participant's HCSP account.

Check only one:

- ☒ Yes, reinstate all Forfeitures for participants re-employed within 1 year period.
(Time period)
- ☐ No, do not reinstate Forfeitures.

- B. ☒ **Mandatory Salary Reduction (Before-Tax) Contributions.** Before-tax Employer Contributions to the Health Care Savings Program Sub-Trust shall be made that represent a mandatory salary reduction resulting from collective bargaining or the establishment of a personnel policy. These reductions may be made as a percentage of salary or a specific dollar amount.

Contribution structure (specify):

2% of Gross Pay

- C. ☐ **Mandatory Leave Conversion (Before-Tax) Contributions.** Before-tax Employer Contributions to the Health Care Savings Program Sub-Trust shall be made that represent a mandatory conversion of accrued leave including, but not limited to vacation, holiday, sick leave, or severance amounts otherwise paid out, to a cash contribution. These contributions may be calculated as a percentage of accrued leave or a specific dollar amount representing the accrued leave. Leave conversions may be made on an annual basis or at separation from service, or at such other time as the Employer indicates. (Note: The leave conversion program shall not permit employees the option of receiving cash in lieu of the employer contribution.)

Check one or more:

- ☐ As of _____, _____ % of _____
Annual date or X weeks before termination Percentage Type of Leave Conversion (sick, vacation, etc.)
must be contributed to the HCSP.
- ☐ As of _____, _____ % of _____
Annual date or X weeks before termination Percentage Type of Leave Conversion (sick, vacation, etc.)
must be contributed to the HCSP.
- ☐ As of _____, _____ % of _____
Annual date or X weeks before termination Percentage Type of Leave Conversion (sick, vacation, etc.)
must be contributed to the HCSP.
- ☐ As of _____, _____ % of _____
Annual date or X weeks before termination Percentage Type of Leave Conversion (sick, vacation, etc.)
must be contributed to the HCSP.

MERS Health Care Savings Program Participation Agreement

Post-Tax Employee Contributions. Post-tax Employee Contributions made by Eligible Employees within the Covered Group(s) shall be remitted as directed by the Program Administrator, to be credited to the individual accounts of Eligible Employees. All Employee Contributions must be remitted to MERS along with the Participation Report.

VI. MODIFICATION OF THE TERMS OF THE PARTICIPATION AGREEMENT

If a Participating Employer desires to amend any of its previous elections contained in this Participation Agreement, including attachments, the Governing Body by official action must adopt a new Participation Agreement and forward it to the Board for approval. The amendment of the new Participation Agreement is not effective until approved by the Board and other procedures required by the Trust Agreement and Plan Document have been implemented.

VII. STATE LAW

To the extent not preempted by federal law, this agreement shall be interpreted in accordance with Michigan law.

VIII. TERMINATION OF THE PARTICIPATION AGREEMENT

This Participation Agreement may be terminated only in accordance with the Trust Agreement.

IX. EXECUTION BY GOVERNING BODY OF MUNICIPALITY

The foregoing Participation Agreement is hereby adopted and approved on the ____ day of _____, 20____ at the official meeting held by City of Southgate
(Name of approving employer)

Authorized Signature: _____

Title: _____

Witness Signature: _____

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

Dated: _____, 20____

(Authorized MERS signatory)

MERS Health Care Savings Program Participation Agreement



1134 Municipal Way Lansing, MI 48917 | 800.767.2308 | Fax 517.703.9711

www.mersomich.com

I. PARTICIPATING EMPLOYER

Employer Name: City of Southgate

(Name of municipality or court)

Municipality Number: 8262

Division Number: _____

II. EFFECTIVE DATE

1. If this is the initial Participation Agreement relating to the MERS Health Care Savings Program for this covered group, the effective date of the program here adopted shall be:
March 1st, 2016

(Date)

2. If this is an amendment and restatement of an existing Participation Agreement relating to the MERS Health Care Savings Program for this covered group, the effective date of this amendment and restatement shall be effective: _____

(Date)

This Participation Agreement is intended to replace and serve as an amendment of the Employer's preexisting program, which was originally effective: _____

(Date)

III. COVERED EMPLOYEE GROUPS

A participating Employer may cover all of its employee groups, bargaining units or personnel/ employee classifications ("Covered Group"), in Health Care Savings Program. **Contributions shall be made on the same basis within each Covered Group identified by this agreement, and remitted as directed by the Program Administrator.** If the Employer has varying coverage or contribution structures between groups, a separate agreement will need to be completed for each covered group. This agreement encompasses the following group(s):

Municipal Employees Hired After 7/1/08

(Name/s of HCSP covered group/s)

IV. ELIGIBLE EMPLOYEES

Only Employees of a "municipality" may be covered by the Health Care Savings Program Participation Agreement. Independent contractors may not participate in the Health Care Savings Program. Subject to other conditions in the Trust Document and this Participation Agreement, the following Covered Group of Employees are deemed to be "qualified persons" eligible to participate in the Health Care Savings Program:

Check one or both:

☒ With respect to Covered Groups, this Participation Agreement covers all employees who are in a collective bargaining unit, subject to the terms of the collective bargaining agreement.

☒ With respect to Covered Groups, this Participation Agreement covers all employees who are subject to the same personnel policy, according to the terms of the policy.

MERS Health Care Savings Program Participation Agreement

The Employer shall provide MERS with the name, address, Social Security Number, and date of birth for each Eligible Employee, as defined by the Participation Agreement on Personal Information and Beneficiary Designation forms to be provided by MERS Health Care Savings Program.

V. EMPLOYER CONTRIBUTIONS TO THE HEALTH CARE SAVINGS PROGRAM

The Participating Employer hereby elects to make contributions to the Trust. Once you have determined the contribution structure, language should be added in the appropriate area below. Contributions shall be made on the same basis within each Covered Group specified in this agreement, and remitted to MERS as directed by the Employer, to be credited to the individual accounts of Eligible Employees as follows:

Check one or more (A, B, and/or C):

- A. ☒ **Basic Employer (Before-Tax) Contributions.** Before-tax employer contributions may be made as a percentage of salary and/or by a specified dollar amount. Identify below the basic employer contribution formula to be applied to the covered groups within the Health Care Savings Program identified in this agreement.

Contribution structure (specify):

2% of Gross Pay

Vesting Cycle For Basic Employer Contributions Only. The employer contributions identified in this Participation Agreement are subject to the following vesting cycle.

- ☐ Immediate Vesting upon Participation
- ☒ Cliff Vesting: The participant is 100% vested upon 10 (Stated years) year(s).
- ☐ Graded Vesting Percentage per year of service: Employers can select the percentage of vesting with the corresponding years of service:

Years of Service	Percent Vested
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	100%

FORFEITURE PROVISION. Upon separation from service with the Employer prior to meeting the required vesting schedule set out above or in the event a Participant dies without Dependent(s) and/or a named Beneficiary, a Participant's account assets shall:

Check only one:

- ☐ Remain in the HCSP sub-trust to be reallocated among all Plan participants on an equal dollar basis
- ☒ Remain in the HCSP sub-trust to be used to offset future Employer Contributions
- ☐ Be transferred to the Retiree Health Funding Vehicle ("RHFV").

MERS Health Care Savings Program Participation Agreement

REINSTATEMENT OF FORFEITURES. If a Participant experiences Forfeiture, but is re-employed by the same employer within a defined period assets may be reinstated to the Participant's HCSP account.

Check only one:

- ☒ Yes, reinstate all Forfeitures for participants re-employed within 1 year period.
(Time period)
- ☐ No, do not reinstate Forfeitures.

- B. ☒ **Mandatory Salary Reduction (Before-Tax) Contributions.** Before-tax Employer Contributions to the Health Care Savings Program Sub-Trust shall be made that represent a mandatory salary reduction resulting from collective bargaining or the establishment of a personnel policy. These reductions may be made as a percentage of salary or a specific dollar amount.

Contribution structure (specify):

2% of Gross Pay

- C. ☐ **Mandatory Leave Conversion (Before-Tax) Contributions.** Before-tax Employer Contributions to the Health Care Savings Program Sub-Trust shall be made that represent a mandatory conversion of accrued leave including, but not limited to vacation, holiday, sick leave, or severance amounts otherwise paid out, to a cash contribution. These contributions may be calculated as a percentage of accrued leave or a specific dollar amount representing the accrued leave. Leave conversions may be made on an annual basis or at separation from service, or at such other time as the Employer indicates. (Note: The leave conversion program shall not permit employees the option of receiving cash in lieu of the employer contribution.)

Check one or more:

- ☐ As of _____, _____ % of _____
Annual date or X weeks before termination Percentage Type of Leave Conversion (sick, vacation, etc.)
must be contributed to the HCSP.
- ☐ As of _____, _____ % of _____
Annual date or X weeks before termination Percentage Type of Leave Conversion (sick, vacation, etc.)
must be contributed to the HCSP.
- ☐ As of _____, _____ % of _____
Annual date or X weeks before termination Percentage Type of Leave Conversion (sick, vacation, etc.)
must be contributed to the HCSP.
- ☐ As of _____, _____ % of _____
Annual date or X weeks before termination Percentage Type of Leave Conversion (sick, vacation, etc.)
must be contributed to the HCSP.

MERS Health Care Savings Program Participation Agreement

Post-Tax Employee Contributions. Post-tax Employee Contributions made by Eligible Employees within the Covered Group(s) shall be remitted as directed by the Program Administrator, to be credited to the individual accounts of Eligible Employees. All Employee Contributions must be remitted to MERS along with the Participation Report.

VI. MODIFICATION OF THE TERMS OF THE PARTICIPATION AGREEMENT

If a Participating Employer desires to amend any of its previous elections contained in this Participation Agreement, including attachments, the Governing Body by official action must adopt a new Participation Agreement and forward it to the Board for approval. The amendment of the new Participation Agreement is not effective until approved by the Board and other procedures required by the Trust Agreement and Plan Document have been implemented.

VII. STATE LAW

To the extent not preempted by federal law, this agreement shall be interpreted in accordance with Michigan law.

VIII. TERMINATION OF THE PARTICIPATION AGREEMENT

This Participation Agreement may be terminated only in accordance with the Trust Agreement.

IX. EXECUTION BY GOVERNING BODY OF MUNICIPALITY

The foregoing Participation Agreement is hereby adopted and approved on the ____ day of _____, 20____ at the official meeting held by City of Southgate

(Name of approving employer)

Authorized Signature: _____

Title: _____

Witness Signature: _____

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

Dated: _____, 20____

(Authorized MERS signatory)

Restated MERS Plan Document
For Health Care Savings Program and Retiree Health Funding Vehicle

1134 Municipal Way Lansing, MI 48917 | 517.703.9030



www.mers-mich.com

"HCSP and RHFV Plan Document"

Effective: May 14, 2003

Restated: December 31, 2005

Amended: January 14, 2009,
November 12, 2009, July 13, 2011,
October 1, 2013, January 1, 2015

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RESTATED MERS HEALTH CARE SAVINGS PROGRAM and RETIREE HEALTH FUNDING VEHICLE PLAN DOCUMENT

("HCSP and RHFV Plan Document")

ARTICLE I - INTRODUCTION

Section 1. Overview

The Municipal Employees Retirement Act of 1984, 1984 PA 427, section 36, MCL 38.1536(2)(a); Plan Document Section 36(2)(a) confers authority on the Municipal Employees' Retirement System of Michigan ("MERS") Board ("Board") beginning August 15, 1996 ("the certification date"), to establish additional programs including but not limited to defined benefit and defined contribution programs. In accordance with such authorization, the Board has approved MERS' establishment of a Trust which consists of two programs: the Health Care Savings Program ("HCSP"), and the Retiree Health Funding Vehicle ("RHFV"). Any eligible public employer in Michigan that is a "municipality" under MCL 38.1502b(2); MERS Plan Document Section 2B(4), may adopt the programs for their employees. MERS is authorized to make available one or more governmental trusts for these purposes:

- 1) The Health Care Savings Program is an employer-sponsored program that allows employers and employees to save assets for the use of post-employment medical expenses; and
- 2) The Retiree Health Funding Vehicle is an employer trust that allows employers to advance fund their retiree health care liability.

This HCSP and RHFV Plan Document, and the related Program Resolution and Agreements, may only be used by an entity that meets the MERS definition of "municipality."

Section 2. Definitions

- 2.1 "Accounts" means a Participant's HCSP Non-Vested Accounts and HCSP Vested Accounts.
- 2.2 "Applicable Form" means the appropriate form as designated and furnished by the Program Administrator to make an election or provide a notice as required by the Program.
- 2.3 "Board" refers to the Retirement Board of MERS.
- 2.4 "Code" means the Internal Revenue Code of 1986, as amended.
- 2.5 "Covered Division" means the employee classifications or divisions designated in the HCSP Participation Agreement.
- 2.6 "Dependent" means the spouse of a Participant or any person who may be claimed as a dependent of the Participant, as defined in Section 105(b) of the Code.
- 2.7 "Eligible Employee" means an Employee who under the HCSP Participation Agreement is eligible to participate in the HCSP.
- 2.8 "Eligible Former Employee" means a former Employee who under the HCSP Participation Agreement is eligible to participate in HCSP.
- 2.9 "Eligible Employer" means an Employer who executes a valid Program Resolution and Agreement to participate in any of the Programs. Such an employer includes and is limited to any MERS participating municipalities and courts, and any other eligible public employer in Michigan that is a "municipality" under MCL 38.1502b(2); MERS Plan Document Section 2B(4), provided that all such employers shall be the State of Michigan, its political subdivisions, and

- any public entity the income of which is excluded from gross income under section 115 of the Internal Revenue Code.
- 2.10 **"Eligible Retiree"** means a former Employee who has a Separation from Service from a Participating Employer and who meets the criteria for coverage under a health insurance program established by a Participating Employer who participates in the RHFV.
- 2.11 **"Employee"** means any common law employee of an Eligible Employer and may include elected and appointed officials. However, the term does not include independent contractors.
- 2.12 **"Employee Contributions"** are defined in Article II Section 3.2 and refer only to Employee Contributions to the HCSP Vested Accounts.
- 2.13 **"Employer Contributions"** are defined in Article II Section 3.2. Employer Contributions include contributions to the HCSP and/or to the RHFV.
- 2.14 **"Governing Body"** means the entity authorized by law to act for the Eligible Employer and adopt a Program or Programs through the Program Resolution and Agreements.
- 2.15 **"Health Care Savings Program (HCSP)"** means an employer-sponsored program administered by MERS that allows employers and employees to save money to pay post-employment Medical Expenses, and the Medical Expenses of Dependents, following the Eligible Employees' Separation from Service. The program consists of both Vested and Non-Vested individual employee accounts.
- 2.16 **"HCSP Non-Vested Accounts"** means the forfeitable non-vested account maintained for each Participant. The HCSP Non-Vested Accounts is a sub-trust of the Trust Fund.
- 2.17 **"HCSP Participation Agreement"** means the document in which the Participating Employer identifies the covered employee groups and contribution structure into the HCSP.
- 2.18 **"HCSP Vested Accounts"** means the non-forfeitable vested account maintained for each Participant. The HCSP Vested Accounts is a sub-trust of the Trust Fund.
- 2.19 **"Investment Fund"** means an investment fund that forms part of the Trust Funds established by the Board.
- 2.20 **"Investment Manager"** means an investment manager selected by the Board.
- 2.21 **"Medical Expenses"** are defined by the Code Section 213 and excludable from income under Code Sections 105 and 106, as amended from time to time. An expense shall only be a "Medical Expense" to the extent that the Participant or other person incurring the expense is not reimbursed for the expense through Social Security, Medicaid, Medicare, or any other medical and health insurance contracts held by the Participants, their Dependents, or the Participating Employers (other than the HCSP), and only to the extent that the Participant or his or her Dependents are legally obligated to pay for the expense.
- 2.22 **"MERS"** means the Municipal Employees' Retirement System of Michigan.
- 2.23 **"MERS Participating Municipalities and Courts"** refers to those municipalities and courts that participate in the MERS retirement plan.
- 2.24 **"MERS Plan Document"** refers to the Michigan Employees' Retirement System Plan Document of 1996, as amended.
- 2.25 **"Participant"** means: (i) an Eligible Employee or Eligible Former Employee who participates under the HCSP by enrolling and maintaining an account balance; or (ii) after death of an Eligible Employee or Eligible Former Employee, his/her Dependents are considered Participants for purposes of the Programs.

- 2.26 **"Participating Employer"** means any Eligible Employer who elects to participate in any of Programs.
- 2.27 **"Plan Sponsor"** means the participating employer, except that, for purposes of Code Section 4376, Plan Sponsor means the Retirement Board.
- 2.28 **"Plan Year"** means the plan year of the program, which is the calendar year.
- 2.29 **"Program" or "Programs"** refers to the RHFV and/or the HCSP set forth in the Trust Plan Document, along with the provisions set forth in the Program Resolutions and Agreements of any Participating Employer, and any amendments to these documents.
- 2.30 **"Program Administrator"** means MERS or any third party administrator with which MERS contracts to perform some or all its functions as Program Administrator.
- 2.31 **"Program Resolutions and Agreements"** means either the (i) HCSP Uniform Resolution and Participation Agreement adopting the HCSP or (ii) the RHFV Uniform Resolution adopting the RHFV.
- 2.32 **"Property"** refers to any property, real or personal, or part interest therein, wherever situated, including, but without being limited to, preferred and common stocks, shares of investment companies, bonds, notes, debentures and mortgages, equipment trust certificates, investment trust certificates, interest in partnerships whether limited or general or in any insurance contract, policy, annuity, or other investment media offered by an insurance company, in which trust assets may be invested pursuant to the Public Employee Retirement System Investment Act.
- 2.33 **"Retiree Health Funding Vehicle (RHFV)"** means an employer savings trust that allows employers to advance fund their retiree health care liability.
- 2.34 **"RHFV Program Account"** means the account maintained for each Participating Employer who elects to establish the RHFV. The RHFV is a sub-trust of the Trust Fund.
- 2.35 **"Rule"** as applied to action of the Retirement Board means any Regulation, Policy, Statement, or other official action approved by at least 5 concurring votes, as provided by MCL 38.1536(6); MERS Plan Document Section 36(6).
- 2.36 **"State"** refers to the State of Michigan.
- 2.37 **"Separation from Service"** means a Participant's separation from employment with the Participating Employer for any reason, including retirement, within the meaning of Code Section 402(e)(4)(D)(i)(III). A Participant shall be deemed to have separated employment with the Participating Employer for purposes of the Program when, in accordance with the established personnel practices of the Participating Employer, the employment relationship is considered actually terminated. If a Participant has not been terminated, but the Participant has not performed services for the Participating Employer for a period of twelve (12) consecutive months and the Participant is not on a paid leave of absence, the Participant shall be deemed Separated from Service for purposes of this Program at the end of the twelve (12) month period.
- 2.38 **"Trust" or "Trust Agreement"** means the trust established pursuant under the Restated MERS Trust Agreement for Health Care Savings Program and Retiree Health Funding Vehicle, which constitutes a valid trust under Michigan law.
- 2.39 **"Trust Fund"** means all such money, Property, and all investments made therewith and proceeds thereof and all earnings and profits thereon, less payment made by the Board as authorized herein.
- 2.40 **"Trust Year"** means the calendar year, on which the books and records of the Trust are maintained.

Section 3. Administration of the Trust

3.1 Compliance with Code and Governing Law

At all times, the Program shall be administered in accordance with and construed to be consistent with applicable provisions of the Code and its accompanying regulations, federal and state law, and the MERS Plan Document.

3.2 Duties and Powers of the Board

The Board has such duties and powers as are prescribed by: federal and state law; the Program, vesting in the Board the sole power and authority to amend the MERS Plan Document; the HCSP and RHFV Plan Document; and the form of the related Program Resolution and Agreements. The Board has the sole power to select and remove the Program Administrator, the custodian for the Programs, and any third party administrator, and prescribe their duties and powers.

3.3 Duties and Powers of the Program Administrator

The Program Administrator shall have the authority to control and manage the operation and administration of the Program. The Program Administrator shall have such power and authority (including discretion with respect to the exercise of that power and authority) as may be necessary, advisable, desirable or convenient to enable the Program Administrator to carry out its duties under the Program. By way of illustration and not limitation, the Program Administrator is empowered and authorized:

- (a) To establish procedures with respect to administration of the Program, not inconsistent with the Program and the Code, and to amend or rescind such procedures;
- (b) To determine, consistent with the Program, applicable law, rules or regulations, all questions of law or fact that may arise as to the eligibility for participation in the Program and eligibility for distribution of benefits from the Program, and the status of any person claiming benefits under the Program, including without limitation Participants, former Participants, Dependents, former Dependents, Eligible Employees and Eligible Former Employees;
- (c) Pursuant to the HCSP and RHFV Plan Document, to make payments from the Trust Fund;
- (d) To employ one or more persons to render advice with regard to its responsibilities under the Program;
- (e) Subject to and consistent with the Code, to construe and interpret the Program as to administrative issues and to correct any defect, supply any omission or reconcile any inconsistency in the Program with respect to same.

Any action by the Program Administrator, which is not found to be an abuse of discretion, shall be final, conclusive and binding on all individuals affected thereby. The Program Administrator may take any such action in such manner and to such extent as the Program Administrator in its sole discretion may deem expedient, and the Program Administrator shall be the sole and final judge of such expediency.

3.4 Delegation by Program Administrator

In addition to the powers stated in Article I Section 3.3, the Program Administrator may delegate to an individual, committee or organization certain of its fiduciary or other responsibilities under the Program. Any such individual, committee or organization shall remain a fiduciary until the delegation of fiduciary duty is revoked by the Program Administrator, which revocation may be without cause and without advance notice. Such individual, committee or organization shall have power and authority with respect to such delegated fiduciary or other responsibilities as the Program Administrator has under the Program.

Section 4. Amendment of the Program

4.1 Amendment of Program Document and the Participation Agreement

Subject to the provisions of any applicable law, the Board may at any time amend or modify this HCSP and RHFV Plan Document without the consent of the Participating Employers or of the Participants. Any modification, alteration, or amendment of the HCSP and RHFV Plan Document, made in accordance with this section, may be made retroactively, if deemed necessary or appropriate by the Board.

A certified copy of the resolution of the Board making such amendment shall be delivered to the Program Administrator, and the HCSP and RHFV Plan Document shall be amended in the manner and effective as of the date set forth in such resolution, and the Participating Employers, Eligible Employees, Eligible Former Employees, Participants, Dependents, and Program Administrator shall be bound by the amendment. A Participating Employer may not amend the HCSP and RHFV Plan Document in any way.

Subject to provisions of applicable law, the Board may at any time amend or modify the form of the Program Resolution and Agreements with the consent of the Participating Employer(s) who may be affected by any change.

4.2 Amendment for Qualification of Program

It is the intent of the Board that the Program shall be and remain a medical expense plan for tax purposes under Code Section 105(b) and other applicable Code provisions. The Board shall promptly submit the Programs to the Internal Revenue Service for appropriate rulings under the Code and all expenses incident thereto shall be borne by the Trust. The Board may make any modifications, alterations, or amendments to the HCSP and RHFV Plan Document, the Trust, and the Program Resolutions and Agreements necessary to obtain and retain approval of the Secretary of the Treasury or his delegate as may be necessary to establish and maintain the status of the Programs under the provisions of the Code or other federal legislation, as now in effect or hereafter enacted, and the regulations issued thereunder.

Any modification, alteration, or amendment of the HCSP and RHFV Plan Document, the Trust, and the Program Resolutions and Agreements, made in accordance with this Section, may be made retroactively, if necessary or appropriate. A certified copy of the resolution of the Board making such amendment shall be delivered to the Program Administrator. The HCSP and RHFV Plan Document, the Trust, and the Program Resolution and Agreements shall be amended in the manner and effective as of the date set forth in such resolution, and the Participating Employers, Eligible Employees, Eligible Former Employees, Participants, Dependents, Program Administrator, and all others having any interest under the Program shall be bound thereby.

4.3 Amendment of Participation Agreement by Participating Employer

The Governing Body shall have the right at any time to amend, in whole or in part, any or all of its elections under the Program Resolution and Agreements. However, no such amendment shall:

- (a) Deprive any Participant or their Dependent of any of the benefits to which the Participant or their Dependent is entitled under this Program with respect to amounts credited prior to the effective date of the amendment; or
- (b) Authorize or permit any part of the Trust Fund to be diverted to purposes other than for the exclusive benefit of Participants or their Dependents; or
- (c) Become effective until approved by the Board. In order to be approved by the Board, any amendment must comply with the HCSP and RHFV Plan Document, the MERS Plan Document, and all applicable state and federal laws, including the Code as applicable to governmental trusts. If the Board does not approve an amendment, the

Program Administrator shall continue to administer the Program as if such amendment had not been made.

A Participating Employer must notify the Program Administrator of any proposed change to the Participation Agreement at least forty-five (45) days prior to the proposed effective date of the change.

Section 5. Confidentiality

5.1 Open Records

The records of the Program Administrator shall be open to public inspection and copying under the Freedom of Information Act, except for the following, which shall be excluded to the fullest extent of the law, except with the written authorization of the individual concerned:

- (a) The individual's statement of previous service and other information that must or may be kept confidential under Michigan or federal law;
- (b) The amount of a benefit paid from the Trust to the individual for Medical Expenses;
- (c) The individual's personal history record, which means information maintained by the Program Administrator on an individual who is a Participant, former Participant, or Dependent that includes the address, telephone number, social security number, record of contributions, correspondence with the Program Administrator, or other information the Program Administrator determines to be confidential.

5.2 Privileged Records

All medical reports and recommendations required by this Program are privileged, except that copies of such medical reports or recommendations shall be made available to the personal physician, attorney, or authorized agent of the individual concerned upon written release from the individual or the individual's agent, or when necessary for the proper administration of the Program, to the physician or medical personnel assigned by the Program Administrator.

Section 6. Nonassignability

6.1 Rights

The rights of Participants or their Dependents under this Program shall not be subject to the rights of their creditors, and shall be exempt from execution, attachment, prior assignment or any other judicial relief or order for the benefit of creditors or other third person, as further provided in Section 53 of the MERS Plan Document.

ARTICLE II - HEALTH CARE SAVINGS PROGRAM ("HCSP")

Section 1. HCSP Participation by Eligible Employers

- 1.1 **Adoption by Eligible Employer.** MERS shall determine whether the Eligible Employer complies with this section. The Board and MERS may request any additional information it considers necessary or appropriate if the Eligible Employer meets all conditions established by the Board and if all requirements of the Program and Trust are met, MERS shall execute the HCSP Uniform Resolution and Participation Agreement. Any Eligible Employer may make the HCSP available to its Eligible Employees and Eligible Former Employees if it takes the following actions:
- (a) The Governing Body of the Eligible Employer must approve the HCSP Uniform Resolution and Participation Agreement formally adopting the HCSP for its Eligible Employees and/or its Eligible Former Employees.
 - (b) The resolution must be completed in its entirety, including the date of adoption. The resolution must specify that the Eligible Employer shall abide by the terms of the Program and the Trust, including all investment, administrative, and service agreements of the Program, and all applicable provisions of the Code and other applicable law.

Section 2. Eligible Employee and Eligible Former Employee Participation

- 2.1 **Participation Procedure for the HCSP.** The Participation Agreement shall define who may be Participants in a HCSP. The Program Administrator shall prescribe the Applicable Form for Eligible Employees and/or Eligible Former Employees to become Participants in the Program, and default election shall be required.
- 2.2 **Cessation of Participation in HCSP.** A Participant, or a Dependent shall cease to be a Participant in the HCSP on the distribution and/or forfeiture of the Participant's entire interest in the Program.

Section 3. HCSP Contributions

- 3.1 **HCSP Contributions**
Employer Contributions shall and Employee Contributions may be made to the Program in accordance with this Article and the HCSP Participation Agreement. Contributions shall be made in accordance with the formula and method specified by the Participating Employer in the Participation Agreement. It is the Participating Employer's responsibility to correctly calculate and remit the appropriate Employer and Employee Contributions.
The Participation Agreement establishing the amount and method of calculating Contributions continues in effect from Plan Year to Plan Year until amended or repealed by the Governing Body or until the Participating Employer's participation in the Program is terminated.
- 3.2 **Types of HCSP Contributions**
Contributions may be derived from one or more of the following sources, as determined by the Participation Agreement.
- (a) **Basic Employer Contributions:** Contributions may be made to the HCSP Vested or Non-Vested Accounts in addition to the salary and other benefits provided to Eligible Employees. Basic Employer Contributions may be made to the HCSP Vested Accounts for Eligible Former Employees.
 - (b) **Mandatory Salary Reduction Contributions:** In HCSP Vested Accounts only, the Participating Employer may mandate that Eligible Employees' salaries be reduced to

offset the contributions. These contributions shall not be made to HCSP Non-Vested Accounts.

- (c) **Leave Conversion Contributions:** In HCSP Vested Accounts only, the Participating Employer may mandate that all or a portion of unused leave (including, but not limited to, annual leave, personal time, sick leave) and severance pay shall be paid to the Trust Fund and that pre-retirement leave balances shall be converted to a cash contribution on an annual basis or upon end of service for Eligible Employees. These contributions shall not be made to the HCSP Non-Vested Accounts. Leave Conversion Contributions may only be made in the form approved by the Board, unless the Employer secures a favorable letter ruling from the Internal Revenue Service.
- (d) **Voluntary Employee Contributions.** Post-tax Voluntary Employee Contributions may be made to the HCSP Vested Accounts by Eligible Employees if permitted by the Participation Agreement. Post-tax Employee Contributions shall not be made to the HCSP Non- Vested Accounts. Contributions are not permitted by Eligible Former Employees.

3.3 **Changes in Contributions for the HCSP**

A Participating Employer may adjust the amount or method of Contributions throughout the Plan Year by adopting a resolution to amend its Participation Agreement. The resolution must be sent to the Program Administrator. MERS must approve or disapprove the amendment and, if approved, establish the effective date of any change to the Contributions.

3.4 **Delinquent Contributions**

It is the Participating Employer's responsibility to correctly calculate and remit the appropriate Contributions. The Program Administrator reserves the right to give notice to the highest elected official, the designated representative of the Eligible Employer and/or the Eligible Employees and Eligible Former Employees of any delinquency in the event it comes to the Program Administrator's attention that Contributions are not being remitted in a timely manner. The Program Administrator may, with the approval of the Board, establish enforcement procedures for prompt reporting and payment.

Neither MERS nor the Board has any liability for the delinquency of a Participating Employer. MERS liability is limited to the contributions made to the Trust. MERS does not have any additional liability with respect to any obligation to fund the Trust to any Eligible Employee, Eligible Former Employee, Participant, former Participant, Dependent, or any of their respective heirs, assigns or other representatives.

Section 4. HCSP Accounts

- 4.1 **Separate Accounts.** The Program Administrator shall maintain separate accounts, if applicable, with respect to each Participant and each Employer:
 - (a) HCSP Non-Vested Account – Employer Contributions for Eligible Employees only;
 - (b) HCSP Vested Account – Employer Contributions for Eligible Employees and Eligible Former Employees;
 - (c) HCSP Vested Account – Eligible Employee Contributions.

The balance of the Participant's HCSP Vested and Non-Vested Accounts shall be adjusted periodically to reflect any distribution to the Participant and all interest, dividends, account charges and changes of market value, positive or negative, resulting from the investment of the Participant's HCSP Accounts.

4.2 Valuation

The Program Administrator shall mark to market the investments in the Programs at least quarterly.

4.3 Deposits

In all cases, deposits of contributions shall be treated as actually made only as of the date the funds are accepted as in good order by the Program Administrator.

The Program Administrator may prescribe such minimum deposits to Participant's HCSP Program Accounts.

Section 5. HCSP Reports

5.1 HCSP Participant Account Statements

A written report of the status of each Participant's HCSP Vested and Non-Vested Accounts shall be furnished to the Participant by the Program Administrator within a reasonable time after the quarter ends, in accordance with standard industry practices. All reports to Participants shall be based on the fair market value of investments credited to their HCSP Accounts as of the quarter-end. Participant reports shall be deemed to have been accepted by the Participant as correct unless written notice to the contrary is received by the Program Administrator within ninety (90) days after the mailing or distribution of a report to the Participant.

5.2 Employer HCSP Contributions Report

The Program Administrator shall provide a report for each Participating Employer of the aggregate Employer Contributions and any Employee Contributions made by the Participating Employer semi-annually.

5.3 Report from Program Administrator to Board

The Program Administrator shall provide a report to the Board concerning the valuation of HCSP Accounts within the period established by agreement.

5.4 Year-End Reports

Within one-hundred eighty days (180) days after the end of each Plan Year, a written report shall be prepared and maintained on file by the Program Administrator showing the assets held under the Programs, a schedule of all receipts and disbursements, and all material transactions of the Programs during the preceding year. This report shall be in a form and shall contain other information as the Program Administrator requires. The report shall also contain such information as is necessary to enable the Board to prepare its accounting due under the Trust. This report may be included as part of the MERS Comprehensive Annual Financial Report.

Section 6. Investment of HCSP Accounts

6.1 Investment

The investment of HCSP Vested and Non-Vested Accounts is governed by the Trust Agreement creating the Trust. See Trust Agreement, Section 2.3.

Section 7. Medical Expenses

7.1 Medical Expense Payments

Medical Expense Payments under the HCSP shall be paid from the Trust Fund in accordance with this Section. A Participant's HCSP Vested Account balance may be used for the purpose of reimbursing post-employment Medical Expenses for a Participant or the Participant's Dependents.

7.2 Source of Medical Benefits

The liability of the Program, Participating Employers, Program Administrator, Board, and the Trust to any Participant or Dependent for Medical Expenses under the Program shall be limited to the balance in such Participant's Accounts. The State of Michigan, its agencies, MERS and the Board, and their officers, employees, and contractors shall not be responsible for any Medical Expenses and their funding under the Program in any respect.

7.3 Termination of Public Service

Participants are eligible to seek reimbursement from their vested Accounts for Medical Expenses under one or more of the following circumstances:

- (a) An Eligible Employee may seek reimbursement from the Eligible Employee's Accounts for Medical Expenses:
 - Upon Separation from Service;
 - Upon receipt of a duty or non-duty disability benefit from any public pension plan; or
 - Upon being on a medical leave for six months or longer.
- (b) An Eligible Former Employee may seek reimbursement from the Eligible Former Employee's HCSP Vested Account after: (i) enrollment; and (ii) a Participating Employer has made a Basic Employer Contribution to the Eligible Former Employee's HCSP Vested Account.

7.4 Payment of Expenses

Hardship withdrawals, advance reimbursements, or loans are not permitted under the HCSP. The Board by Rule may make the following determinations:

- (a) To pay Medical Expenses only on a reimbursement basis;
- (b) To pay Medical Expenses on both a reimbursement or a direct payment basis;
- (c) To limit the amount of Medical Expenses to the limits established by the Board; and
- (d) To allow the reimbursement and/or direct payment of Medical Expenses in excess of limits established by the Board and establish a maximum for these excess amounts.

7.5 Payouts--Proof of Expenses

In order to receive reimbursement for allowable expenses, a Participant must complete the Applicable Form. The Program Administrator shall establish any procedures necessary to process payments and transfer funds to Participants. Any claim that is denied can be appealed in accordance with the appeal process set forth in this HCSP and RHFV Plan Document.

Section 8. HCSP Termination

- 8.1 Automatic Participant Account Termination.** The Program Administrator shall terminate all payments for Medical Expenses when the Participant's Accounts have no funds remaining. After the death of the Participant's last Dependent, any funds then remaining in the Participant's Account shall be paid to the designated Beneficiary for Medical Expenses.

- 8.2 HCSP Termination and Plan Asset Transfers.** A Participating Employer may terminate its participation in the HCSP and transfer the assets of their Participants to a Successor Plan that is a trust, if it takes the following actions:

- (a) The Governing Body of the Participating Employer must adopt a resolution terminating its participation in the HCSP;

- (b) The resolution must specify when the HCSP will be closed to any additional contributions; and
- (c) The resolution must name the Successor Plan and identify the legal structure of the Successor Plan. The Program Administrator will identify if the Successor Plan is eligible to accept a transfer of plan assets from the Trust funds.

The Plan Administrator shall determine whether the resolution complies with this section, and all applicable federal and state laws. After such determination, the Program Administrator will supply the Employer with the Applicable Form for termination. The Program Administrator will transfer the Plan assets on a mutually agreed upon date, and by a direct trustee-to-trustee basis only. Such plan-to-plan transfers are NOT, and shall not be construed as, a distribution to individual participants resulting in issuance of a 1099-R by MERS as the transferring plan.

Section 9. Claims Procedure

9.1 Program Administrator

Any Participant may present a claim in writing to the Program Administrator for any issue involving the Participant's HCSP Accounts record-keeping, medical review, nonpayment of claims, and any other function designated for the Program Administrator by the Board. The Program Administrator shall resolve any such claim presented to it. If a Participant is not satisfied with the resolution determined by the Program Administrator, the Participant may request in writing a claim review under Section 9.3. A Participant who requests a claims review is referred to in this Article as the "Claimant."

9.2 HCSP Accounts

Notwithstanding anything contained herein to the contrary, in any issue involving information shown on the Participant HCSP Accounts statement, including but not limited to the amount of the account balances, the investment funds directed to, transfers and contributions occurring during that quarter, the Participant must give notice of any questions or disputes within ninety (90) days of issuance of the statement.

9.3 Claims Review

- (a) Within sixty (60) days of the date of mailing a demand under Section 9.1, the Claimant may appeal the decision and request a hearing to be conducted by a Hearing Officer designated by the Program Administrator. If such request is not filed within sixty (60) days, the decision of the Program Administrator, as applicable, shall be final and binding. The sixty (60) day period may be waived for good cause shown.
- (b) Hearings shall be conducted in accordance with the provisions of Chapter IV of the Administrative Procedures Act, 1969 PA 306, MCL 24.271 - 24.287. At the hearing, the claimant may appear in person, by authorized agent or through counsel. The Program Administrator may be represented by staff or through counsel.
- (c) The Hearing Officer shall issue a final decision.
- (d) A Participant must exhaust his or her administrative remedies under this Article before seeking judicial review.

ARTICLE III - RETIREE HEALTH FUNDING VEHICLE ("RHFV")

Section 1. RHFV Participation by Eligible Employers

1.1 Adoption by Eligible Employer

Any Eligible Employer may adopt the RHFV if it takes the following actions:

- (a) The Governing Body of the Eligible Employer must approve the RHFV Uniform Resolution formally adopting the RHFV.
- (b) The resolution must be completed in its entirety, including the date of the adoption. The resolution must specify that the Eligible Employer shall abide by the terms of the Program and the Trust, including all investment, administrative, and service agreements of the Program, and all applicable provisions of the Code and other applicable law. MERS shall determine whether the resolution complies with this section.
- (c) However, the Board and MERS may request additional information it considers necessary or appropriate. If the Eligible Employer meets all conditions necessary or appropriate, and if all requirements of the Program and Trust are met, MERS shall execute the RHFV Uniform Resolution.

1.2 Cessation of Participation in RHFV

An Eligible Employer shall cease to be a Participant in the Program on the distribution of the Employer's entire interest in the Program.

Section 2. RHFV Contributions

2.1 RHFV Contributions

Employer Contributions may be made to the Program in accordance with this Article. No contribution method other than "pay as you go" cash funding shall be required or imposed on the Participating Employer.

2.2 Delinquent Contributions

Neither MERS nor the Board has any liability for the delinquency of a Participating Employer's contributions. MERS liability is limited to the contributions made to the Trust. MERS does not have any additional liability with respect to any obligation to fund the Trust.

Section 3. RHFV Accounts

3.1 RHFV Accounts

The Program Administrator shall maintain a separate RHFV Account for each Participating Employer. The balance of the Participating Employer's RHFV Account shall be adjusted periodically to reflect any distribution to the Employer and all interest, dividends, account charges, and changes of market value, positive or negative, resulting from the investment of the RHFV Account.

3.2 Valuation

The Program Administrator shall mark to market the investments in the RHFV at least quarterly.

3.3 Deposits

In all cases, deposits of contributions shall be treated as actually made only as of the date the funds are accepted as in good order by the Program Administrator.

Section 4. RHFV Reports

4.1 Statement of RHFV Program Accounts

A written report of the status of each Employer's RHFV Account shall be furnished to the Employer by the Program Administrator within a reasonable time after the quarter ends, in accordance with standard industry practices. All reports shall be based on the fair market value of investments credited to their RHFV Accounts as of the quarter-end. Reports shall be deemed to have been accepted by the Employer as correct unless written notice to the contrary is received by the Program Administrator within ninety (90) days after the mailing or distribution of a report to the Employer.

4.2 Report from Program Administrator to Board

The Program Administrator shall provide a report to the Board concerning the valuation of RHFV Accounts within the period established by agreement.

4.3 Year-End Reports

Within one-hundred eighty days (180) days after the end of each Plan Year, a written report shall be prepared and maintained on file by the Program Administrator showing the assets held under the Programs, a schedule of all receipts and disbursements, and all material transactions of the Programs during the preceding year. This report shall be in a form and shall contain other information, as the Program Administrator requires. The report shall also contain such information as is necessary to enable the Board to prepare its accounting due under the Trust. This report may be included as part of the MERS Comprehensive Annual Financial Report.

Section 5. Investment of RHFV Accounts

5.1 Investment

The investment of RHFV Accounts is governed by the Trust Agreement creating the Trust. See Trust Agreement, Section 2.03.

Section 6. Retiree Health Care Expenses

6.1 Retiree Health Care Expense Payments

Retiree health care expenses under the RHFV shall be paid from the Trust Fund in accordance with this Article.

6.2 Health Insurance Payment or Subsidy

Amounts in a Participating Employer's RHFV account shall be used to provide or subsidize the provision of health insurance for Eligible Retirees to provide health benefits as defined by Code Section 213 and excludable from income under Code Sections 105 and 106 as may be amended from time to time. The liability for health benefits shall be determined under the terms of the Resolution.

6.3 Source of Retiree Health Care

The liability of the Program, Participating Employers, Program Administrator, Board and the Trust to any Participant or Dependent for retiree health care expenses under the Program shall be limited to the balance in such Participating Employer's Accounts. The State of Michigan, its agencies, MERS and the Board, and their officers, employees, and contractors shall not be responsible for any retiree health care expenses and their funding under the Program in any respect.

6.4 Payouts-Proof of Expenses

In order to receive distribution for allowable expenses, an Employer must complete the Applicable Form. The Program Administrator shall establish any procedures necessary to process payments and transfer funds to Participants.

Section 7. RHFV Termination

7.1 Automatic RHFV Termination

All payments for retiree health care expenses shall be terminated by the Program Administrator when the Participating Employer's Account has no funds remaining. The Participating Employer's participation in the RHFV shall be deemed terminated if the account balance remains zero for a consecutive period of 5 years, or as amended by Rule.

7.2 Termination—Plan Asset Transfers

A Participating Employer may initiate the termination of its participation in the RHFV and the transfer of available RHFV assets to a Successor Plan that is a trust, if it takes the following actions:

- (a) The Governing Body of the Participating Employer must adopt a resolution terminating its participation in the RHFV, subject to the terms and conditions of this section;
- (b) The resolution must specify when the RHFV will be closed to any additional contributions; and
- (c) The resolution must name the Successor Plan and identify the legal structure of the Successor Plan. The Program Administrator will identify whether [if] the Successor Plan is eligible to accept a transfer of plan assets from the Trust funds.

The Program Administrator shall determine whether the resolution complies with this section, this HCSP and RHFV Plan Document, and the Trust Agreement, and all applicable federal and state laws. After such determination, the Program Administrator will supply the Employer with the appropriate form for termination. The Program Administrator will transfer the Plan assets on a mutually agreed upon date, and by a direct trustee-to-trustee basis only.

7.3 Termination—Satisfaction of RHFV Liabilities

A Participating Employer may initiate termination of its participation in the RHFV upon demonstrating to the Program Administrator that it has clearly satisfied all of its liabilities for providing medical benefits for Eligible Retirees, if it takes all the following actions:

- (a) The Governing Body of the Participating Employer must adopt a resolution terminating its participation in the RHFV subject to the terms and conditions of this section;
- (b) The resolution must specify the full extent of the Participating Employer's liabilities for providing medical benefits for Eligible Retirees, and the manner in which they have been satisfied; and
- (c) The Participating Employer must submit full supporting documentation of the satisfaction of all liabilities for providing medical benefits for Eligible Retirees and any additional relevant documentation that may be requested or required by the Board or the Plan Administrator.

The Program Administrator shall determine whether the Participating Employer's resolution and documentation clearly demonstrate the satisfaction of all of the Participating Employer's liabilities for medical benefits for Eligible Retirees, and whether they comply with this section, this HCSP and RHFV Plan Document, the Trust Agreement, and all applicable federal and state laws. After such determination, the Program Administrator will supply the Participating Employer with the appropriate form for termination. The Program Administrator will return the assets remaining in the RHFV to the Participating Employer only (or Transfer the same as provided under Section 7.2) after the satisfaction of all liabilities for medical benefits for Eligible Retirees.

ARTICLE IV - MISCELLANEOUS

1.1 Federal Taxes

The Board, the Eligible Employers, and the Program Administrator do not guarantee that any particular Federal or State income, payroll or other tax consequence will occur because of participation in the Programs.

1.2 Entire Agreement

The HCSP and RHFV Plan Document, the Trust Agreement, and the Program Resolution and Agreements, including any properly adopted or executed amendments thereof, shall constitute the total agreement between the Participating Employer and any Participant regarding the Programs. No oral statement regarding the Programs may be relied upon by any Participant or other person.

1.3 Conflicts

In resolving any conflict between provisions of the Program and in resolving any other uncertainty as to the meaning or intention of any provision of the Program, the interpretation that (i) causes the Program to constitute a medical benefits program under the provisions of Code and the Trust to be exempt from tax under the Code, (ii) causes the Program to comply with all applicable requirements of the Code, and (iii) causes the Program to comply with all applicable statutes and rules, shall prevail over any different interpretation.

1.4 Limitation on Rights

Neither the establishment nor maintenance of a Program (including the Program Resolution and Agreements), nor any amendment thereof nor any act or omission under a Program (or resulting from the operation of a Program) shall be construed:

- (a) as conferring upon any Participant, Dependent, or any other person a right or claim against the Trust, Board, Participating Employers or Program Administrator, except to the extent that such right or claim shall be specifically expressed and provided in the Program;
- (b) as creating any responsibility or liability of the Participating Employers for the validity or effect of the Program;
- (c) as a contract between the Participating Employers and any Participant or other person;
- (d) as being consideration for, or an inducement or condition of, employment of any Participant or other person, or as affecting or restricting in any manner or to any extent whatsoever the rights or obligations of the Participating Employers or any Participant or other person to continue or terminate the employment relationship at any time; or
- (e) as giving any Participant the right to be retained in the service of the Participating Employers or to interfere with the right of the Participating Employers to discharge any Participant or other person at any time.

1.5 USERRA Compliance

Notwithstanding any provision of this HCSP and RHFV Plan Document that may be to the contrary, contributions, benefits and service credit with respect to qualified military service shall be provided as required by the Uniformed Services Employment and Reemployment Rights Act ("USERRA").

1.6 Erroneous Payments

If the Board or Program Administrator makes any payment that according to the terms of a Program and the benefits provided hereunder should not have been made, the Board or Program Administrator may recover that incorrect payment, by whatever means necessary, whether or not it was made due to the error of the Board or Program

Administrator, from the person to whom it was made or from any other appropriate party. For example, if any such incorrect payment is made directly to a Participant, the Board or Program Administrator may deduct it when making any future payments directly to that Participant.

1.7 Release

Any payment to any Participant shall, to the extent thereof, be in full satisfaction of the claim of such Participant being paid thereby and the Board or Program Administrator may condition payment thereof on the delivery by the Participant of the duly executed receipt and release in such form as may be determined by the Board or Program Administrator.

1.8 Liability

The Program Administrator shall not incur any liability in acting upon any notice, request, signed letter, telegram or other paper or document or electronic transmission believed by the Program Administrator to be genuine or to be executed or sent by an authorized person.

1.9 Governing Laws

Except to the extent pre-empted by federal law, the laws of the State of Michigan shall apply in determining the construction and validity of a Program.

1.10 Necessary Parties to Disputes

Necessary parties to any accounting, litigation or other proceedings relating to the Program shall include only the Board and the Program Administrator. The settlement or judgment in any such case in which the Board is duly served shall be binding upon all affected Participating Employers, Participants and their Dependents, and upon all persons claiming by, through, or under them.

1.11 Rules of Construction

Words used herein in the masculine gender shall be construed to include the feminine gender where appropriate, and words used herein in the singular or plural shall be construed as being in the plural or singular where appropriate.

1.12 Severability

If any provision of a Program shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions of the Program shall continue to be fully effective.

1.13 Supersession

The terms of the HCSP and RHFV Plan Document shall supersede any previous Agreement between the parties pertaining to a Program.

1.14 Counterparts

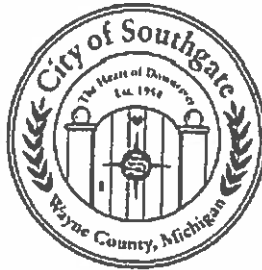
This HCSP and RHFV Plan Document may be executed in one (1) or more counterparts, each of which shall constitute an original.

End of Document.

JOSEPH G. KUSPA
Mayor

JANICE M. FERENCZ
City Clerk

JAMES E. DALLOS
Treasurer



City of Southgate

NORMA J. WURLINGER
MUNICIPAL BUILDING

- CITY COUNCIL -

JOHN GRAZIANI
Council President

KAREN E. GEORGE

MARK FARRAH

BILL COLOVOS

DALE W. ZAMECKI

PHILLIP J. RAUCH

CHRISTOPHER P. ROLLET

Memorandum

To: Mayor and City Council

From: Bryce Kelley, City Administrator *To do*

Date: November 11, 2015

Re: Adoption of the Municipal Employees Retirement System of Michigan (MERS)
Defined Contribution Plan

Earlier this year City Council approved a resolution selecting the Municipal Employees Retirement System of Michigan (MERS) to manage and administer the Southgate Defined Benefit Retirement Plan for current and retired Municipal employees.

City Council is now asked to consider adopting a resolution approving the MERS Defined Contribution Plan for Municipal employees with a hire date after July 1, 2008.

This resolution also authorizes the Mayor to execute any and all of the necessary required documents including the MERS Defined Contribution Plan Adoption Agreement.

The Resolution and the Agreement detail the manner in which the City wishes the plan to be managed.

I will be happy to address any questions or comments by City Council Members.

Sincerely,

Bryce Kelley, City Administrator

Resolution Adopting the MERS Defined Contribution Plan



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

www.mersofmi.com

This Resolution is entered into under the provisions of 1996 PA 220 and the Municipal Employees' Retirement System of Michigan ("MERS") Plan Document, as each may be amended.

WHEREAS, the participating entity desires to adopt the MERS Defined Contribution Plan for its designated employees;

WHEREAS, the participating entity has furnished MERS with required data regarding each eligible employee and retiree;

WHEREAS, as a condition of MERS membership, and pursuant to the MERS Retirement Board's power as plan administrator and trustee under Plan Document Section 71 and MCL 38.1536, as each may be amended, it is appropriate and necessary to enter into a binding agreement providing for the administration of the Defined Contribution Plan, the reporting of wages, and the payment of the required contributions of a participating entity and withholding of employee contributions; now, therefore,

IT IS HEREBY RESOLVED:

1. On behalf of the participating entity, the governing body of
City of Southgate adopts the MERS Defined Contribution Plan in accordance with Plan Section 4 for its eligible employees as described in the MERS Defined Contribution Adoption Agreement, subject to the MERS Plan Document and as authorized by 1996 PA 220, as both may be amended;
2. The governing body agrees to the terms of and authorizes
(title) _____ to execute the initial MERS Defined Contribution Adoption Agreement, a copy of which is attached hereto and which is hereby incorporated by reference; and

I hereby certify that the above is a true copy of the Defined Contribution Resolution adopted at the official meeting held by the governing body of this municipality:

Dated: _____, 20____.

(Signature of Authorized Official)

This Resolution shall have no legal effect under the MERS Plan Document until a certified copy of this adopting Resolution is filed with MERS, MERS determines that all necessary requirements under the Plan Document, the Adoption Agreement, and this Resolution have been met, and MERS certifies the Resolution below.

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

Dated: _____, 20____.

(Authorized MERS Signatory)

MERS Defined Contribution Plan Adoption Agreement



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

www.mersofmich.com

The Employer, a participating municipality or court within the state of Michigan that has adopted MERS coverage, hereby establishes the following Defined Contribution Plan provided by the Municipal Employees' Retirement System of Michigan, as authorized by 1996 PA 220 in accordance with the MERS Plan Document.

I. Employer Name City of Southgate

Municipality #: 8262

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

II. Effective Date

Check one:

A. ☒ If this is the initial Adoption Agreement for this group, the effective date shall be the first day of March 1st, 2016.

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

- ☐ Vesting credit from date of hire
- ☐ No vesting credit

☐ This division is currently in the MERS Defined Benefit Plan or Hybrid Plan and meets the applicable funding level requirements to adopt MERS Defined Contribution, as set forth in Plan Document Section 46. Unless otherwise specified, the standard transfer/rehire rules will apply.

*** Closing this division will change future invoices to a flat dollar amount instead of a percentage of payroll, as provided in your most recent annual actuarial valuation. (The amount may be adjusted for any benefit modifications that may have taken place since then.)**

☐ This division is for new hires, rehires, and transfers of current Defined Benefit division # and/or current Hybrid division #

☐ We elect to offer a one-time conversion from the existing plan into the new MERS Defined Contribution Plan (see attached MERS Defined Contribution Conversion Addendum incorporated herein by reference).

Review the projection study results

MERS recommends that your MERS representative presents the projection study results to your municipality before adopting MERS Defined Contribution.

☐ Our MERS representative presented and explained the projection study results to the (ex. Board, Finance Committee, etc.) on (MM/DD/YYYY).

☐ As an authorized representative of this municipality, I (Name) (Title) waive the right for a presentation of the projection study results.

Amortization option election

After review of the *Amended Amortization Policy for Closed Divisions Within Open Municipalities*, which offers two options for amortization of Unfunded Accrued Liability, effective with the adoption of Defined Contribution for the divisions listed above, our municipality selects:

- ☐ Option A amortization
- ☐ Option B amortization (irrevocable once selected)

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MERS Defined Contribution Plan Adoption Agreement

- B. ☐ If this is an **amendment** of an existing Adoption Agreement (Defined Contribution division number _____), the effective date shall be the first day of _____, 20____.
Please note: You only need to mark **changes** to your plan throughout the remainder of this Agreement.
- C. ☐ If this is to **separate employees from an existing Defined Contribution division** (existing division number(s) _____) into a new division, the effective date shall be the first day of _____, 20____.
- D. ☐ If this is to **merge division(s)** _____ into division(s) _____, the effective date shall be the first of _____, 20____.

III. Eligible Employees

Only those Employees eligible for MERS membership may participate in the MERS Defined Contribution Plan. A copy of ALL employee enrollment forms must be submitted to MERS. The following groups of employees are eligible to participate:

Municipal Employees Hired After 7/1/08

(Name of Defined Contribution division – e.g. All Full Time Employees, or General After 7/01/13)

These employees are (check one or both):

- ☒ In a collective bargaining unit (attach cover page, retirement section, and signature page)
☒ Subject to the same personnel policy

To further define eligibility, (check all that apply):

- ☐ **Probationary periods** are allowed in one-month increments, no longer than 12 months. During this introductory period the Employer will not report or make contributions for this period, including retroactively. Service will begin after the probationary period has been satisfied.
The probationary period will be _____ month(s).
- ☒ **Temporary employees** in a position normally requiring less than a total of 12 whole months of work in the position may be *excluded* from membership. These employees must be notified in writing by the participating municipality that they are excluded from membership within 10 business days of date of hire or execution of this Agreement.
The temporary exclusion period will be 12 month(s).

MERS Defined Contribution Plan Adoption Agreement

IV. Provisions

1. Vesting (Check one):

- ☒ Immediate
- ☐ Cliff Vesting (fully vested after below number years of service)
☐ 1 year ☐ 2 years ☐ 3 years ☐ 4 years ☐ 5 years
- ☐ Graded Vesting
_____ % after 1 year of service
_____ % after 2 years of service
_____ % after 3 years of service (min 25%)
_____ % after 4 years of service (min 50%)
_____ % after 5 years of service (min 75%)
_____ % after 6 years of service (min 100%)

Vesting will be credited using (check one):

- ☒ Elapsed time method – Participants will be credited with one vesting year for each 12 months of continuous employment from the date of hire.
- ☐ Hours reported method – Participants will be credited with one vesting year for each calendar year in which _____ hours are worked

In the event of disability or death, a participant's (or his/her beneficiary's) entire employer contribution account shall be 100% vested, to the extent that the balance of such account has not previously been forfeited.

Normal Retirement Age (presumed to be age 60 unless otherwise specified) 60

If an employee is still employed with the municipality at the age specified here, their entire employer contribution will become 100% vested regardless of years of service.

2. Contributions

a. Will be remitted (check one):

- ☐ Weekly ☒ Bi-Weekly ☐ Monthly

b. Employee/Employer contribution structure (subject to limitations of Section 415(c) of the Internal Revenue Code)

	Enter % or \$ for contribution amounts						
Employee Contribution	7%						
Employer Contribution	7%						

☒ Direct mandatory employee contributions as pre-tax

c. Voluntary employee contributions may be made after-tax, subject to the Section 415(c) limitations of the Internal Revenue Code

MERS Defined Contribution Plan Adoption Agreement

3. Compensation:

Employers may designate the definition of compensation per division participating in Defined Contribution pursuant to section 49 of the MERS Plan Document (check one):

- ☐ Medicare taxable wages reported in Box 5 of Form W-2
☒ All income subject to income tax reported in Box 1 of Form W-2, plus elective deferrals.

NOTE: In either of the above elections, an employee's compensation shall not exceed the annual limit under section 401(a)(17) of the Internal Revenue Code.

4. **Loans:** ☐ shall be permitted ☒ shall not be permitted
If Loans are elected, please complete and attach the *MERS Defined Contribution Loan Addendum*.

5. Rollovers from qualified plans are permitted and the plan will account separately for pre-tax and post-tax contributions and earnings thereon.

V. Appointing MERS as the Plan Administrator

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

VI. Modification of the terms of the Adoption Agreement

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

VII. Enforcement

1. The Employer acknowledges that the Michigan Constitution of 1963, Article 9, Section 24, provides that accrued financial benefits arising under a public Employer's retirement plan are a contractual obligation of the Employer that may not be diminished or impaired.
2. The Employer agrees that, pursuant to the Michigan Constitution, its obligations to pay required contributions are contractual obligations to its employees and to MERS and may be enforced in a court of competent jurisdiction;
3. The Employer acknowledges that employee contributions (if any) and employer contributions must be submitted in accordance with the MERS Enforcement Procedure for Prompt Reporting and Payment, the terms of which are incorporated herein by reference;
4. The Employer acknowledges that late or missed contributions will be required to be made up, including any applicable gains, pursuant to the Internal Revenue Code;
5. Should the Employer fail to make its required contribution(s) when due, MERS may implement any applicable interest charges and penalties pursuant to the MERS Enforcement Procedure for Prompt Reporting and Payment and Plan Document Section 79, and take any appropriate legal action, including but not limited to filing a lawsuit and reporting the entity to the Treasurer of the State of Michigan in accordance with MCL 141.1544(d), Section 44 of PA 436 of 2012, as may be amended.

MERS Defined Contribution Plan Adoption Agreement

6. It is expressly agreed and understood as an integral and non-severable part of this Agreement that Section 43 of the Plan Document shall not apply to this Agreement and its administration or interpretation. In the event any alteration of the terms or conditions of this Agreement is made or occurs, under Section 43 or other plan provision or law, MERS and the Retirement Board, as sole trustee and fiduciary of the MERS plan and its trust reserves, and whose authority is non-delegable, shall have no obligation or duty to administer (or to have administered) the MERS Defined Contribution Plan, to authorize the transfer of any defined benefit assets to the MERS Defined Contribution Plan, or to continue administration by MERS or any third-party administrator of the MERS Defined Contribution Plan.

VIII. Execution

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

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

Authorized signature: _____

Title: _____

Witness signature: _____

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

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

ARTICLE IV – DEFINED CONTRIBUTION PLAN

Sec. 47. Defined Contribution Plan; Adoption; Eligibility; Modification.

- (1) This Article applies only to participants under the Defined Contribution Plan and, except as otherwise provided under Article V, the Defined Contribution Component of the Hybrid Plan. Participation in the Defined Contribution Plan shall be governed by this Article, together with the Resolution or Administrative Order Adopting the Defined Contribution Plan, the Defined Contribution Plan Adoption Agreement, and other sections of the Plan Document related to the provisions of the Defined Contribution Plan.
- (2) The participating municipality or court shall designate in the Adoption Agreement the classification(s) of employees eligible for participation in the Defined Contribution Plan.
- (3) In the event of any alteration of the Defined Contribution Plan through collective bargaining, adoption of the Defined Contribution Plan shall not be recognized, other than in accordance with this Article, the Defined Contribution Plan Adoption Agreement, and other sections of the Plan Document related to the provisions of the Defined Contribution Plan.

Sec. 48. Funding Requirements; Contributions; Definitions.

- (1) A participating municipality or court may adopt the Defined Contribution Plan for new hires only where the participating municipality or court, and the affected division, is not less than 50% actuarially funded as of the most recent annual actuarial valuation. The municipality or court may make additional contributions to the Retirement System or reallocate assets among Defined Benefit Plan coverage classifications in order to meet the conditions of this subsection. The municipality or court shall comply with the Retirement Board's *Amended Amortization Policy for Closed Divisions Within Open Municipalities*.
- (2) In the Resolution Adopting the Defined Contribution Plan, the municipality or court shall provide for the contribution of a percentage or amount of the participant's compensation to the Retirement System. Specific contribution amounts shall be specified in the Adoption Agreement for each plan year. The municipality or court shall choose the percentage or amount from the available contribution programs. The contribution programs available for selection are any percentage or amount of compensation allowed by federal law. The municipality or court shall choose the same contribution rate or plan for all participants in the same benefit program coverage classification. The Retirement System shall determine the timing and mechanism for the remittance of employer contributions. The Retirement Board may establish a program for making transfers from the reserve for employer contributions and benefit payments to the reserve for defined contribution plan for the purpose of meeting all or a part of the municipality's or court's contribution under this subsection. Contributions shall be contributed to the Trust in accordance with the payment schedule set forth in the Adoption Agreement. If so elected by the employer in the Adoption Agreement, a participant shall be required to make contributions as provided in subsection (5) and in the Adoption Agreement in order to be eligible for employer contributions to be made on his/her behalf.

MERS Plan Document

- (3) To the extent required under 415(c) of the IRC, in no event shall the Annual Addition for a participant for any plan year exceed the lesser of:
- (a) Forty Thousand Dollars (\$40,000) (as increased by the cost-of-living in accordance with IRC 415(d)); or
 - (b) One hundred percent (100%) of the compensation of such participant received from an employer during the plan year. The compensation limit described in this paragraph (b) shall not apply to any contribution for medical benefits after separation from service (within the meaning of IRC 401(h) or IRC 419A(f)(2)) which is otherwise treated as an Annual Addition.

The defined contribution plan shall be administered so as to comply with the limitations of IRC 415. Notwithstanding anything in this subsection, the contributions on behalf of any participant shall be reduced to the extent necessary to comply with such limitations.

If, as of any allocation date, the Annual Additions allocated to any participant's account exceed the limitations of IRC section 415, the excess Annual Additions will be corrected as permitted under the Employee Plans Compliance Resolutions System (or similar IRS correction program).

- (4) For purposes of this Article, the following definitions apply:
- (a) Annual Addition means the sum of the following amounts credited to a participant's account for the Limitation Year:
 - (i) Employer contributions;
 - (ii) Forfeitures;
 - (iii) Employee contributions; and
 - (iv) Allocations under a simplified employee pension.

Amounts allocated, after March 31, 1984, to an individual medical account, as defined in section 415(l)(2) of the IRC, which is part of a pension or annuity plan maintained by the employer, are treated as Annual Additions to a defined contribution plan.

- (b) Limitation Year means a calendar year, or the 12 consecutive month period elected by the employer in the Adoption Agreement.

Sec. 49. Compensation.

- (1) For purposes of applying 415(c) of the IRC and for no other purpose, the definition of compensation where applicable will be compensation actually paid or made available during a limitation year, except as noted below and as permitted by Treasury Regulation 1.415(c)-2, or successor regulation; provided, however, that participant contributions picked up under 414(h) of the IRC shall not be treated as compensation.
- (2) For purposes of computing contributions or benefits, the employer shall elect in the Adoption Agreement to define compensation as:
 - (i) Medicare taxable wages reported by the employer on the participant's federal form W-2 wage and tax statement; or
 - (ii) Wages within the meaning of 3401(a) of the IRC and all other payments of compensation to an employee by an employer for which the employer is required to furnish the employee a written statement under 6041(d), 6051(a)(3) and 6052 of the IRC and will be determined without regard to any rules under 3401(a) of the IRC that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in 3401(a)(2) of the IRC). Compensation will also include amounts that would otherwise be included in compensation but for an election under 125(a), 402(e)(3), 402(h)(1)(B), 402(k), or 457(b) of the IRC; any elective amounts that are not includible in the gross income of the participant by reason of 132(f)(4) of the IRC; and, any pre-tax contributions (excluding direct employer contributions) to an integral part trust of the employer providing retiree health care benefits.
- (3) For limitation years beginning on and after January 1, 2009, compensation for the limitation year shall also include compensation paid by the later of 2½ months after a participant's severance from employment or the end of the limitation year that includes the date of the participant's severance from employment if:
 - (i) The payment is regular compensation for services during the participant's regular working hours, or compensation for services outside the participant's regular working hours (such as overtime or shift differential), commissions, bonuses or other similar payments, and, absent a severance from employment, the payments would have been paid to the participant while the participant continued in employment with the employer;
 - (ii) The payment is for unused accrued bona fide sick, vacation or other leave that the participant would have been able to use if employment had continued; or
 - (iii) Payments pursuant to a nonqualified unfunded deferred compensation plan, but only if the payments would have been paid to the participant at the same time if the participant had continued employment with the employer and only to the extent that the payment is includible in the participant's gross income.

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- (4) Back pay, within the meaning of Treasury Regulation section 1.415(c)-2(g)(8), shall be treated as compensation for the limitation year to which the back pay relates to the extent the back pay represents wages and compensation that would otherwise be included under this definition.
- (5) Any payments not described above are not considered compensation if paid after severance from employment, even if they are paid within 2½ months following severance from employment, except for payments to the individual who does not currently perform services for the employer by reason of qualified military service (within the meaning of 414(u)(1) of the IRC) to the extent these payments do not exceed the amounts the individual would have received if the individual had continued to perform services for the employer rather than entering qualified military service.
- (6) Pursuant to section 8, an employee who is in qualified military service (within the meaning of 414(u)(1) of the IRC) shall be treated as receiving compensation from the employer during such period of qualified military service equal to (i) the compensation the employee would have received during such period if the employee were not in qualified military service, determined based on the rate of pay the employee would have received from the employer but for the absence during the period of qualified military service, or (ii) if the compensation the employee would have received during such period was not reasonably certain, the employee's average compensation from the employer during the twelve (12) month period immediately preceding the qualified military service (or, if shorter, the period of employment immediately preceding the qualified military service).
- (7) For limitation years beginning on or after January 1, 2009, the compensation of each participant taken into account in determining allocations shall not exceed the annual limit under 401(a)(17) of the IRC.

Sec. 50. Contributions.

- (1) Employer contributions.

The employer shall contribute the amount of compensation specified in the Adoption Agreement.

- (2) Mandatory participant contributions.

- (a) If the employer so elects in the Adoption Agreement, each eligible participant shall make contributions at a rate prescribed by the employer or at any of a range of specified rates, as set forth by the employer in the Adoption Agreement, as a requirement for his/her participation in the defined contribution plan. Once an eligible employee becomes a participant, he/she shall not thereafter have the right to discontinue or vary the rate of such mandatory participant contributions. Such contributions shall be accounted for separately in the participant contribution account. Such account shall be at all times nonforfeitable by the participant.
- (b) If the employer so elects in the Adoption Agreement, the mandatory participant contributions shall be "picked up" by the employer in accordance with IRC section

414(h)(2). The contributions so picked up shall be treated as an employer contributions pursuant to IRC section 414(h)(2). The employer shall pay these picked-up contributions directly to the System, instead of paying such amounts to the participants, and such contributions shall be paid from the same funds that are used in paying salaries to the participants. Such contributions, although designated as employee contributions, shall be paid by the employer in lieu of contributions by participants. Participants may not elect to receive such contributions directly instead of having them paid by the employer to the System. Employee contributions so picked up shall be treated for all purposes of the Plan Document and Michigan law, other than federal tax law, in the same manner as employee contributions made before the date picked up.

(3) Voluntary participant contributions.

A participant may also voluntarily contribute additional amounts on an after-tax basis to his or her individual account in the reserve for defined contribution plan for any plan year in any amount to the extent allowed by federal law and subject to procedures established by the Retirement Board. A participant may roll over qualified distributions from other qualified retirement plans into this Retirement System, to the extent allowed by federal law and as specified in the Adoption Agreement. A participant is immediately 100% vested in the participant's accumulated balance for all participant contributions.

Sec. 51. Forfeitures.

- (1) Except as otherwise provided in this Article, a participant who separates from service prior to obtaining full vesting shall forfeit that percentage of his/her employer contribution account balance which has not vested as of the date such participant incurs a break in service of 12 consecutive months, or if earlier, the date such participant receives, or is deemed to have received, distribution of the entire vested interest in his/her employer contribution account.
- (2) Forfeitures arising under this subsection must not be applied to increase the benefits any participant would otherwise receive under the plan at any time prior to the termination of the plan or the complete discontinuance of employer contributions. The amounts so forfeited must be used as soon as possible to offset the employer's contributions under this Article. Under this Article, the forfeited amounts can be used in determining the costs under the plan.

Séc. 52. Period of Service.

- (1) For purposes of vesting under section 53, service shall be credited pursuant to the elapsed time method of crediting service as provided under Treasury Regulation section 1.410(A)(7). The employee's period of service shall be calculated starting with the date he/she first performs an hour of service as an eligible participant and ends with the earlier of the date the employee quits, is discharged, retires or dies, or the first anniversary of the date the employee is absent from service for any other reason.
- (2) Alternatively, a participating municipality or court, by resolution of its governing body or administrative order of its chief judge, may elect to credit service under section 53 based on actual days or hours worked pursuant to section 16(1).

Sec. 53. Vesting; Vesting Schedule; Vesting Upon Normal Retirement Age; Vesting Upon Death or Disability.

- (1) A participant vests in employer contributions as provided in the vesting schedule adopted by the employer in the Adoption Agreement, subject to subsection (3). The vesting schedule may provide for one of the following:
 - (a) Immediate vesting upon participation.
 - (b) 100% vesting after year certain, not to exceed 5 years maximum ("cliff" vesting).
 - (c) Graded percentage vesting based on years of service, provided:
 - (i) Not less than 25% after 3 years of service.
 - (ii) Not less than 50% after 4 years of service.
 - (iii) Not less than 75% after 5 years of service.
 - (iv) Not less than 100% after 6 years of service.
- (2) Notwithstanding the above, a participant shall be vested in his/her entire employer contribution account, to the extent that the balance of such account has not previously been forfeited, if he/she is employed on or after his/her Normal Retirement Age. "Normal Retirement Age" is age 60 or as otherwise specified by the employer in the Adoption Agreement.
- (3) In the event of the disability or death of an active participant, the employee or his/her beneficiary shall be vested in his/her entire employer contribution account.

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Sec. 54. Combining Service.

- (1) Except as provided in subsection (2), service acquired in the employ of any participating municipality or court may be combined for the sole purpose of satisfying the Defined Contribution Plan vesting schedule for employer contributions. Service shall be credited in accordance with procedures established by the Retirement System. The following service may not be combined:
 - (a) Credited service of less than 1 year.
 - (b) Credited service that has been forfeited or which preceded a break in membership of more than 240 consecutive months (20 years).
 - (c) Credited service concurrently acquired in more than 1 participating municipality or court.
- (2) Service cannot be combined under this section, or under the Reciprocal Retirement Act, 1961 PA 88, to reinstate Defined Contribution Plan employer contributions that have been forfeited pursuant to section 51.

Sec. 55. Loans to Participants.

- (1) If the employer has elected in the Adoption Agreement to make loans available to participants, a participant may apply for a loan from the defined contribution plan pursuant to uniform guidelines that have been approved by the plan administrator and subject to IRC 72(p). The employer shall establish a written policy governing the granting of loans that is not inconsistent with the provisions of this Article, and which makes loans available to all participants on a reasonably equivalent basis. If the employer has elected in the Adoption Agreement to make loans available to participants, loan repayments will be suspended under the defined contribution plan as permitted under 414(u)(4) of the IRC.
- (2) Beginning January 1, 2009, to the extent required by 414(u)(12) of the IRC, an individual receiving differential wage payments (as defined under 3401(h)(2) of the IRC) from an employer shall be treated as employed by that employer, and the differential wage payment shall be treated as compensation for purposes of applying the limits on annual additions under 415(c) of the IRC. This provision shall be applied to all similarly situated individuals in a reasonably equivalent manner.

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Sec. 56. Investments.

- (1) The Retirement Board may contract with private investment managers to invest the assets in the Reserve for Defined Contribution Plan. A participant, vested former participant, and beneficiary may direct the investment of the individual's accumulated balance to 1 or more of the available categories of investment provided by the investment managers; provided, however, that the participant's investment directions shall not violate any investment restrictions established by the employer and shall not include any investment in collectibles, as defined in 408(m) of the IRC. At least 3 categories of Investment shall be made available to participants, vested former participants, and beneficiaries:
 - (a) Short-term securities.
 - (b) Fixed income securities.
 - (c) Equity securities.
- (2) The Retirement Board shall determine the investment category for the accumulated balance of a participant, vested former participant, or beneficiary, if that individual does not choose to direct his or her own investments under this section.

Sec. 57. Beneficiaries.

- (1) Upon the death of a participant or vested former participant, the accumulated balance of the deceased participant or deceased vested former participant is considered to belong to the beneficiary or beneficiaries, if any, nominated by the deceased participant or deceased vested former participant.
- (2) To nominate a beneficiary or beneficiaries, a participant shall file a written nomination with the Retirement System based on procedures established by the Retirement Board. Written consent by the participant's spouse to the beneficiary named is required unless the spouse is beneficiary to 100% of the balance; this requirement may be waived by the Retirement System if the signature of the participant's spouse cannot be obtained because of extenuating circumstances.

Sec. 58. Forms of Benefit.

Upon termination of participation, a vested former participant or a beneficiary, as applicable, shall elect 1 or a combination of several of the following methods of distribution of the vested former participant's or beneficiary's accumulated balance, to the extent allowed by federal law and subject to section (57)(2) and procedures established by the Retirement Board:

- (1) Lump sum distribution of all or part of the vested balance to the former participant or beneficiary.

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- (2) Lump sum direct rollover of all or part of the vested balance to another eligible retirement plan, to the extent allowed by federal law.
- (3) Annuity for the life or elected period certain of the vested former participant or beneficiary.
- (4) Annuity for the joint lives of the vested former participant and a beneficiary.
- (5) A period or amount certain not extending beyond the life expectancy of the vested former participant.
- (6) A period or amount certain not extending beyond the joint and last survivor life expectancy of the vested former participant and a beneficiary.
- (7) No distribution, in which case the accumulated balance shall remain in the Retirement System, to the extent allowed by federal law.

If at the time the payment of a participant's vested accumulated balance (including that portion of the balance that is attributable to rollover contributions and earnings allocable thereto) is \$1,000 or less, such vested balance shall be paid to the participant in a lump sum as soon as administratively possible on or after the date the benefit payment is otherwise payable unless the participant elects to have such lump sum rolled over to an eligible retirement plan or remain in the Retirement System subject to Plan procedures.

Sec 59. Commencement of Benefits.

- (1) A participant who retires, becomes disabled or incurs a severance from employment for any other reason may elect by written notice to the plan administrator to have his or her vested account balance benefits commence on any date. A participant will be considered to be disabled if it is determined by the Retirement System that he or she is unable to engage in any substantial gainful activity due to any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration, as provided in IRC 72(m)(7).
- (2) Notwithstanding anything to the contrary in this section, if the value of a participant's vested account balance is greater than \$1,000, and the account balance is immediately distributable, the participant must consent to any distribution of such account balance. The participant's consent shall be obtained in writing during the ninety (90) day period ending on the date as of which benefit payments are to commence. No consent shall be required, however, to the extent that a distribution is required to satisfy 401(a)(9) or 415 of the IRC.
- (3) A participant may upon written request withdraw a part of or the full amount of his/her voluntary contribution account. Such withdrawals may be made at any time, provided that no more than two (2) such withdrawals may be made during any calendar year. No forfeiture will occur solely as the result of any such withdrawal.
- (4) Where elected by the employer in the Adoption Agreement, a participant that has a separate account attributable to rollover contributions to the defined contribution plan, may at any time elect to receive a distribution of all or any portion of the amount held in the rollover account.

- (5) Unless otherwise elected by the employer in the Adoption Agreement, a participant who has reached age seventy and one-half (70½) regardless of his/her vested interest in his/her entire employer contribution account, shall, upon written request, receive a distribution of a part of or the full amount of the balance in any or all of his/her vested accounts. Such distributions may be requested at any time, provided that no more than two (2) such distributions may be made during any calendar year. Notwithstanding anything to the contrary in this section, benefits shall begin no later than the participant's required beginning date, or as otherwise provided in this Article. The "required beginning date" is April 1 of the calendar year following the later of the calendar year in which the participant attains age seventy and one-half (70½), or the calendar year in which the participant retires.

Sec. 60. Distribution Requirements.

- (1) Pursuant to section 27(8) of the MERS Plan Document, the Retirement System will pay all benefits in accordance with a good faith interpretation of the requirements of 401(a)(9) of the IRC and the regulations in effect under that section, as applicable to a governmental plan within the meaning of 414(d) of the IRC.
- (2) The participant's entire interest will be distributed, or begin to be distributed, to the participant no later than the participant's required beginning date. If the participant dies before distributions begin, the participant's entire interest will be distributed, or begin to be distributed, no later than as follows:
- (a) If the participant's surviving spouse is the participant's sole designated beneficiary, then, distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the participant died, or by December 31 of the calendar year in which the participant would have attained age seventy and one-half (70½), if later.
 - (b) If the participant's surviving spouse is not the participant's sole designated beneficiary, then distributions to the designated beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the participant died.
 - (c) If there is no designated beneficiary as of September 30 of the year following the year of the participant's death, the participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the participant's death.
 - (d) If the participant's surviving spouse is the participant's sole designated beneficiary and the surviving spouse dies after the participant but before distributions to the surviving spouse begin, this subsection, other than paragraph (a), will apply as if the surviving spouse were the participant.

For purposes of this Article, unless paragraph (d) above applies, distributions are considered to begin on the participant's required beginning date. If paragraph (d) applies, distributions are considered to begin on the date distributions are required to begin to the surviving spouse under paragraph (a). If distributions under an annuity purchased from an insurance company

MERS Plan Document

irrevocably commence to the participant before the participant's required beginning date (or to the participant's surviving spouse before the date distributions are required to begin to the surviving spouse under paragraph (a)), the date distributions are considered to begin is the date distributions actually commence.

- (3) Notwithstanding any other provision herein, a participant or beneficiary who would have been required to receive a minimum required distribution during 2009 and who would have satisfied that requirement with a distribution equal to the 2009 minimum required distribution or with a payment that was part of a series of substantially equal periodic payments received that distribution unless the participant or beneficiary chose not to receive such distribution. Participants and beneficiaries were given the opportunity to elect to not receive such distribution during 2009.

Sec. 61. Eligible Rollover Distributions.

A distributee may elect, at the time and in the manner prescribed by the Board, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover. For purposes of compliance with 401(a)(31) of the IRC, this section and sections 2(7)-(11) and 87(10) of the Plan Document apply notwithstanding any contrary provision or retirement law that would otherwise limit a distributee's election to make a rollover.

Sec. 62. Plan Amendment.

The employer reserves the right, subject to the following paragraphs, to amend its Defined Contribution Plan from time to time by filing an amended Adoption Agreement to change, delete, or add any optional provision.

- (1) No amendment to the Defined Contribution Plan shall be effective to the extent that it has the effect of decreasing a participant's accrued benefit.
- (2) No amendment to the Defined Contribution Plan shall be effective to eliminate or restrict an optional form of benefit. The preceding sentence shall not apply to a Defined Contribution Plan amendment that eliminates or restricts the ability of a participant to receive payment of his or her account balance under a particular optional form of benefit if the amendment provides a single-sum distribution form that is otherwise identical to the optional form of benefit being eliminated or restricted.
- (3) If the Defined Contribution Plan's vesting schedule is amended, or the Defined Contribution Plan is amended in any way that directly or indirectly affects the computation of the participant's nonforfeitable percentage, each participant may elect, within a reasonable period after the adoption of the amendment or change, to have the nonforfeitable percentage computed under the Defined Contribution Plan without regard to such amendment or change.

Sec. 63. Plan Termination.

- (1) The Retirement Board reserves the right to terminate this Defined Contribution Plan. In the event of such termination no part of the Trust shall be used or diverted to any purpose other than for the exclusive benefit of the participants or their beneficiaries, except as provided in this subsection. Upon termination or partial termination, all account balances shall be valued at their fair market value and the participant's right to his/her employer contribution account shall be one hundred percent (100%) vested and nonforfeitable. Such amount and any other amounts held in the participant's other accounts shall be maintained for the participant until paid pursuant to the terms of the Defined Contribution Plan.
- (2) A permanent discontinuance of contributions to the Defined Contribution Plan by the employer, unless an amended and restated plan is established, shall constitute a plan termination. In the event of a complete discontinuance of contributions under the Defined Contribution Plan, the account balance of each affected participant shall be nonforfeitable.

Sec. 64. Conversion for Current Members of the Defined Benefit Plan or Hybrid Plan.

- (1) In the Resolution or Administrative Order Adopting the Defined Contribution Plan for new hires, the participating municipality or court may provide an opportunity for current members of the Defined Benefit Plan or Hybrid Plan to elect coverage under the Defined Contribution Plan if each of the following conditions are met:
 - (a) The municipality or court elects under section 7 or 8 to change the benefit plan from the Defined Benefit Plan or Hybrid Plan to the Defined Contribution Plan for members in a benefit program coverage classification who are first hired after the effective date of the change.
 - (b) On the effective date of the change to the Defined Contribution Plan, the member is a member of the Retirement System and is in the benefit program coverage classification described in subsection (a).
 - (c) On the date of the Resolution or Administrative Order Adopting the Defined Contribution Plan, the participating municipality or court, and the affected division, shall not be less than 80% actuarially funded as of the most recent annual actuarial valuation. The municipality or court may make additional contributions to the Retirement System or reallocate assets among Defined Benefit Plan coverage classifications in order to meet the conditions of this subsection. This paragraph shall not apply to subsection (5).
 - (d) The municipality or court shall comply with the Retirement Board's *Amended Amortization Policy For Closed Divisions Within Open Municipalities*.
- (2) The Retirement System shall offer 1 opportunity for a member who satisfies the conditions of subsection (1) to elect coverage under the Defined Contribution Plan, and once made, the election is irrevocable. The member shall make the election under this subsection in writing, based on procedures established by the Retirement Board. The Retirement System shall begin accepting written elections from members on and after the effective date of the change

MERS Plan Document

of benefit program pursuant to subsection (1), and shall not accept written elections from members:

- (a) Earlier than the end of the third month following the month in which the resolution is adopted and received by MERS; and
- (b) Later than the first day of the first calendar month that is at least 6 months after MERS receipt of the resolution.

If the member is married at the time of election, the election is not effective unless the election is signed by the member's spouse, except that this requirement may be waived by the Retirement System if the signature of the member's spouse cannot be obtained because of extenuating circumstances.

- (3) A member who makes a written election under subsection (2) shall elect to do all of the following:
 - (a) Cease to be covered by the previous benefit plan effective 12:01 a.m. on the first day of the first calendar month that is at least 3 months after the effective date of the change of benefit plan.
 - (b) Become covered by the Defined Contribution Plan effective 12:01 a.m. on the first day of the first calendar month that is at least 3 months after the effective date of the change of benefit plan.
 - (c) Except as provided in subsection (4), waive all of his or her rights to a retirement allowance or any other benefit provided under the previous benefit plan.
- (4) For each member who, under subsection (2), elects coverage under the Defined Contribution Plan, the Retirement System shall transfer the following amounts from the Reserve for Employee Contributions and the Reserve for Employer Contributions and Benefit Payments to the Reserve for Defined Contribution Plan:
 - (a) The member's accumulated contributions, if any, as of 12:01 a.m. on the day the member becomes covered by the Defined Contribution Plan shall be transferred from the Reserve for Employee Contributions to the Reserve for Defined Contribution Plan.
 - (b) Pursuant to procedures established by the Retirement Board, the excess, if any, of the actuarial present value of the accrued benefit associated with the participant's coverage under the previous benefit plan, over the amount specified in subdivision (a), based upon the funded level percentage selected by the governing body in the Defined Contribution Plan Adoption Agreement (which shall not be less than 80% nor exceed 100% funded level percentage in any case), shall be transferred from the Reserve for Employer Contributions and Benefit Payments to the participant's credit in the Reserve for Defined Contribution Plan. For purposes of this sub-paragraph:
 - (i) The actuarial present value shall be computed as of 12:01 a.m. on the day the participant becomes covered by Defined Contribution Plan and shall be based on the actuarial assumptions adopted by the Retirement Board.

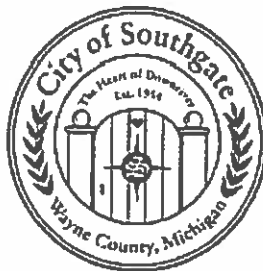
- (ii) In determining final average compensation there shall not be included any accrued annual leave, and the employer's defined benefit vesting schedule shall be disregarded.
 - (iii) The earliest retirement date (for an unreduced benefit) assumption under the previous benefit plan in effect on the effective date of the change of the benefit program shall be utilized.
 - (iv) For purposes of the actuarial present value calculation, any future benefit otherwise payable under Benefit Program COLA shall be disregarded.
 - (v) Upon conversion, the total dollar amount of the present value (as calculated under (1)(c) above) shall be immediately transferred or cash funded (or both) by the employer to the credit of the participant in the Reserve for Defined Contribution Plan.
- (5) For current members in the Defined Benefit Plan, a participating municipality or court may adopt the Defined Contribution Plan, and, as an alternative to the conversion opportunity described in subsections (2) through (4), either terminate future participation in the Defined Benefit Plan or provide current members with a one-time irrevocable opportunity to terminate future participation in the Defined Benefit Plan. A current member whose participation in the Defined Benefit Plan is terminated shall become covered by the Defined Contribution Plan and cease to accrue additional benefits under the former Defined Benefit Plan as of the Defined Contribution Plan effective date.
 - (a) A current member of the Defined Benefit Plan who terminates participation under this subsection and enrolls in the Defined Contribution Plan shall be credited with continuous credited service for purposes of satisfying vesting and eligibility requirements under both the Defined Benefit Plan and Defined Contribution Plan.
 - (b) In calculating the Defined Benefit Plan retirement allowance under this subsection, final average compensation shall be determined as of the Defined Contribution Plan effective date.
- (6) A participating municipality or court may provide a current member whose participation in the Defined Benefit Plan is terminated under subsection (5) with an opportunity to convert their accrued benefit to the Defined Contribution Plan by transferring the amounts specified under subsection (4). A member who makes such an election waives all of his or her rights to a retirement allowance or any other benefit provided under the previous benefit plan. If the member is married at the time of election, the election is not effective unless the election is signed by the member's spouse, except that this requirement may be waived by the Retirement System if the signature of the member's spouse cannot be obtained because of extenuating circumstances. A participating municipality or court that provides this conversion option must satisfy the funding requirement under subsection (1)(c).

END OF ARTICLE IV

JOSEPH G. KUSPA
Mayor

JANICE M. FERENCZ
City Clerk

JAMES E. DALLOS
Treasurer



City of Southgate
NORMA J. WURMLINGER
MUNICIPAL BUILDING

- CITY COUNCIL -

JOHN GRAZIANI
Council President

KAREN E. GEORGE

MARK FARRAH

BILL COLOVOS

DALE W. ZAMECKI

PHILLIP J. RAUCH

CHRISTOPHER P. ROLLET

Memorandum

To: Mayor and City Council
From: Bryce Kelley, City Administrator *BK*
Date: November 5, 2015
Re: Lot split request; 16129 Poplar Land Division, Parcel No. 53-027-01-0034-000

The City has received a lot split application for the property known as 16129 Poplar, Southgate, MI. After investigation by the Assessing, Building and Engineering Departments this request is ready for City Council action. Since the parcel was created by the recorded Penn Gardens Subdivision Plat this request must be considered and acted on by City Council as noted in the section of the Southgate Zoning Ordinance included in you packet.

Investigation of the property discovered two conditions that must be addressed; a substandard utility easement and access to utilities as cited in the Engineer's findings. The utility easement has been removed and the property owner has been informed that a building permit for any structures on the newly created lot will not be approved until there is proof that utilities will be available on site to provide service.

The request is in a form for City Council to consider and your favorable consideration would be greatly appreciated. I look forward to addressing Council's questions and comments.

Sincerely,

Bryce Kelley

JOSEPH G. KUSPA
Mayor

JANICE M. FERENCZ
City Clerk

JAMES E. DALLOS
Treasurer



City of Southgate
NORMA J. WURMLINGER
MUNICIPAL BUILDING

- CITY COUNCIL -

SHERYL D. DENMAN
Council President

JOHN GRAZIANI

KAREN E. GEORGE

PATRICIA C. GANZBERGER

MARK FARRAH

BILL COLOVOS

DALE W. ZAMECKI

MEMORANDUM

TO: Bryce Kelley, City Administrator

FROM: Esther Graves, Deputy City Assessor *Ur*

DATE: October 26, 2015

RE: Lot split - 53 027-01-0034-000
16129 Poplar St., Southgate, MI 48195

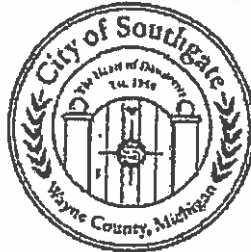
Please forward the attached lot split request to Council for a resolution.

After reviewing the proposed split, Building Inspections Director, Bob Casanova and City Engineer, John Hennessey recommend proceeding with the split.

JOSEPH G. KUSPA
Mayor

JANICE M. FERENCZ
City Clerk

JAMES E. DALLOS
Treasurer



City of Southgate
NORMA J. WURMLINGER
MUNICIPAL BUILDING

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PATRICIA C. GANZBERGER

MARK FARRAH

BILL COLOVOS

DALE W. ZAMECKI

MEMORANDUM:

TO: Robert Casanova, Building Director
FROM: Esther Graves, Deputy City Assessor *ur*
DATE: September 14, 2015
RE: Lot Split/Combination - 16129 Poplar, Southgate, MI 48195

Attached please find the application and supporting documents for a proposed lot split.

They are requesting to split the current lot in half. Because this is located within a platted subdivision, it must also go to council for approval; so your timely review is very much appreciated.

If you have any questions, please let me know.

Thank you.



August 12, 2015

Ms. Esther A. Graves
Deputy City Assessor
City of Southgate
14400 Dix-Toledo Road
Southgate, MI 48195

Re: 16129 Polar Land Division
Parcel No. 53-027-01-0034-000
Hennessey Project No. 11002

Dear Ms. Esther:

Hennessey Engineers, Inc. has completed our review of the proposed land division of the property at 16129 Poplar. The parent parcel consists of 0.396 acres and has frontage on Poplar that extends to the unimproved Ford Line Road with a right of way of 43 feet. Because the proposed land division will result in the new parcel having frontage on Ford Line Road it does meet our land division requirements and is acceptable.

The boundary survey accompanying the land division application show a 6 foot easement for utilities to service the new parcel. This does NOT meet our engineering standards, which require a minimum of a 12 foot easement. The purpose of the easement is to ensure appropriate access to service the utility extensions and a 6 foot easement will not facilitate this. The applicant will have to revise drawing to remove the proposed 6 ft. easement for public utilities.

Therefore the land division is acceptable but parcel B is an unbuildable parcel until utilities are extended within the Ford Line right of way to service the lot. As with other parcels on the west side of Ford Line the applicant will be required to dedicated 43 feet of the parcel B to facilitate the Master Planned 86 foot right of way of Ford Line Road.

If you have any questions or require further information, please do not hesitate to contact me at the above telephone number / address or at jjhennessey@hengineers.com.

Very Truly Yours,

HENNESSEY ENGINEERS, INC

A handwritten signature in dark ink, appearing to read 'John J. Hennessey'.

John J. Hennessey, P.E.
Vice President

JJH

CC: File B4

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 08-12-2015 BY 60322

15100 Boeck Road Southgate, MI 48195 | 734 780 5500 Fax 734 282 5506 | www.hengineers.com

Engineering
for Results

(h) Building and Set-Back Lines. Building and set-back lines shall conform to the Zoning Code.

(i) Industrial or Commercial Lots. No lot or parcel zones as industrial or commercial shall be platted that is less than fifty feet in width. The area of such lot or parcel shall be sufficient in size to provide sufficient area for off-street parking and loading in accordance with the Zoning Code.

(Ord. 260. Passed 12-7-77.)

(j) Lot Division or Split.

(1) Generally. No lot or parcel contained in a recorded plat, nor any unplatted lot or parcel, shall be divided into more than four parts. Lots resulting from any such division shall each comply with and conform to at least the minimum area permitted by this Zoning Code, and the other provisions of this section. No building permit shall be issued, nor any building construction commenced, until the land for building sites has been approved by the County Health Department, where applicable. The division of a lot in a recorded plat is prohibited, unless it is approved following application to Council. The division of an unplatted lot, outlot or parcel of land is prohibited, unless approved by the Building Director in accordance, to the extent possible, with the provisions of subsections (a) through (m) hereof, the Zoning Code, and the City's plan for future development.

(2) Submittal and lot split fee or lot combination. Any person desiring a lot split shall submit to the City Assessor a written application therefor and five copies of a survey, prepared by a registered engineer or land surveyor, which shows the proposed division, depicts the location of any existing buildings, fences and structures, and includes a proper legal description of each separate lot or parcel proposed and of the lot or parcel to be divided. For a lot combination, the property owner shall provide an accurate and complete description of the parcels to be combined and submit the same to the Assessor. Fees for both splits and combinations shall be set by resolution of the City Council.

(3) Duties of City Assessor. The City Assessor shall review the proposed lot split to determine its compliance with these Subdivision Regulations and with the Subdivision Control Act, and shall submit the proposed lot split for the appropriate approval.

(4) Taxes. No lot or parcel of land shall be split until all taxes and special assessments have been paid. A receipt for payment of the same shall be submitted with the proposed lot split plan.

(Ord. 477. Passed 5-9-90.)

City of Southgate

APPLICATION FOR PROPERTY DIVISION

I, Jo Gardner (owner) request that the property identified as parcel # 53 027 01 0034 000 be divided per the attached legal descriptions, *Attach copy of deed and survey.

If applicable, indicate the parcel(s) with existing buildings: A

Mailing address for each proposed parcel:

Parcel A: 16129 Poplar Parcel C: _____

Parcel B: _____ Parcel D: _____

Remarks:

Date: 08-12-15

Jo Gardner
Signature of Owner

Approved

Justin Harris
City Representative

Justin Harris
Title

RECEIVED
AUG 13 2015
CITY OF SOUTHGATE
ASSESSOR'S OFFICE



WARRANTY DEED STATUTORY FORM FOR INDIVIDUALS

WARRANTY DEED

#32-122880

MYRTLE ANGELINE KWIATKOWSKI REVOCABLE LIVING TRUST DATED JUNE 8, 2007, BY
LARRY KWIATKOWSKI, SUCCESSOR TRUSTEE

Address: 16129 POPLAR ST, SOUTHGATE, MI 48195

Conveys and Warrants to:

JO GARDNER, Single Woman

Address: 15304 MC CANN, SOUTHGATE, MI 48195

Land in the CITY OF SOUTHGATE, County of Wayne and State of Michigan, described as:

LOT(s) 34, "PENN GARDENS SUBDIVISION", according to the plat thereof as recorded in Liber
70 of Plats, Page 49, Wayne County Records.

16129 POPLAR ST, SOUTHGATE, MICHIGAN

SIDWELL NUMBER: 53-027-01-0034-000

for the sum of FORTY-EIGHT THOUSAND FIVE HUNDRED AND 00/100 — (\$48,500.00) — Dollars,
subject to: Building and use restriction and easements of record, if any.

Date: October 21, 2014

Larry L. Kwiatkowski
MYRTLE ANGELINE KWIATKOWSKI
REVOCABLE LIVING TRUST DATED JUNE 8,
2007, BY LARRY KWIATKOWSKI, SUCCESSOR
TRUSTEE

STATE OF MICHIGAN
COUNTY OF WAYNE

On October 21, 2014 before me personally appeared MYRTLE ANGELINE KWIATKOWSKI
REVOCABLE LIVING TRUST DATED JUNE 8, 2007, BY LARRY KWIATKOWSKI, SUCCESSOR
TRUSTEE to me known to be the person(s) described in and who executed the foregoing instrument and
acknowledged that they/she/he executed the same as their/her/his free act and deed.

ADAM DROBET
NOTARY PUBLIC, Wayne County, MI
My Commission Expires March 10, 2018
Acting in Wayne County

Notary Public Wayne County, Mich.

My Commission expires:

Instrument Drafted by LINDA L. ANDREW whose business address is 3225 VAN HORN, TRENTON, MI
48183

(Return to)

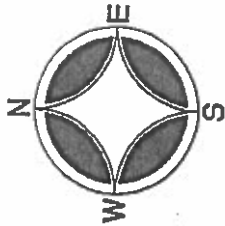
Register of Deeds Office

JO GARDNER
16129 POPLAR ST
SOUTHGATE, MI

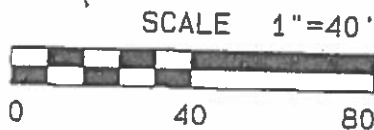
This is to certify that there are no delinquent property taxes or of
this date owed to our office on this property. No representation is made
as to the status of any tax liens or titles owed to any other entities.
No 12523 Re-File Not Examined
Date 11-7-14 WAYNE COUNTY REGISTER OF DEEDS *Dr. [Signature]*

MICHIGAN TITLE INSURANCE AGENCY, INC.

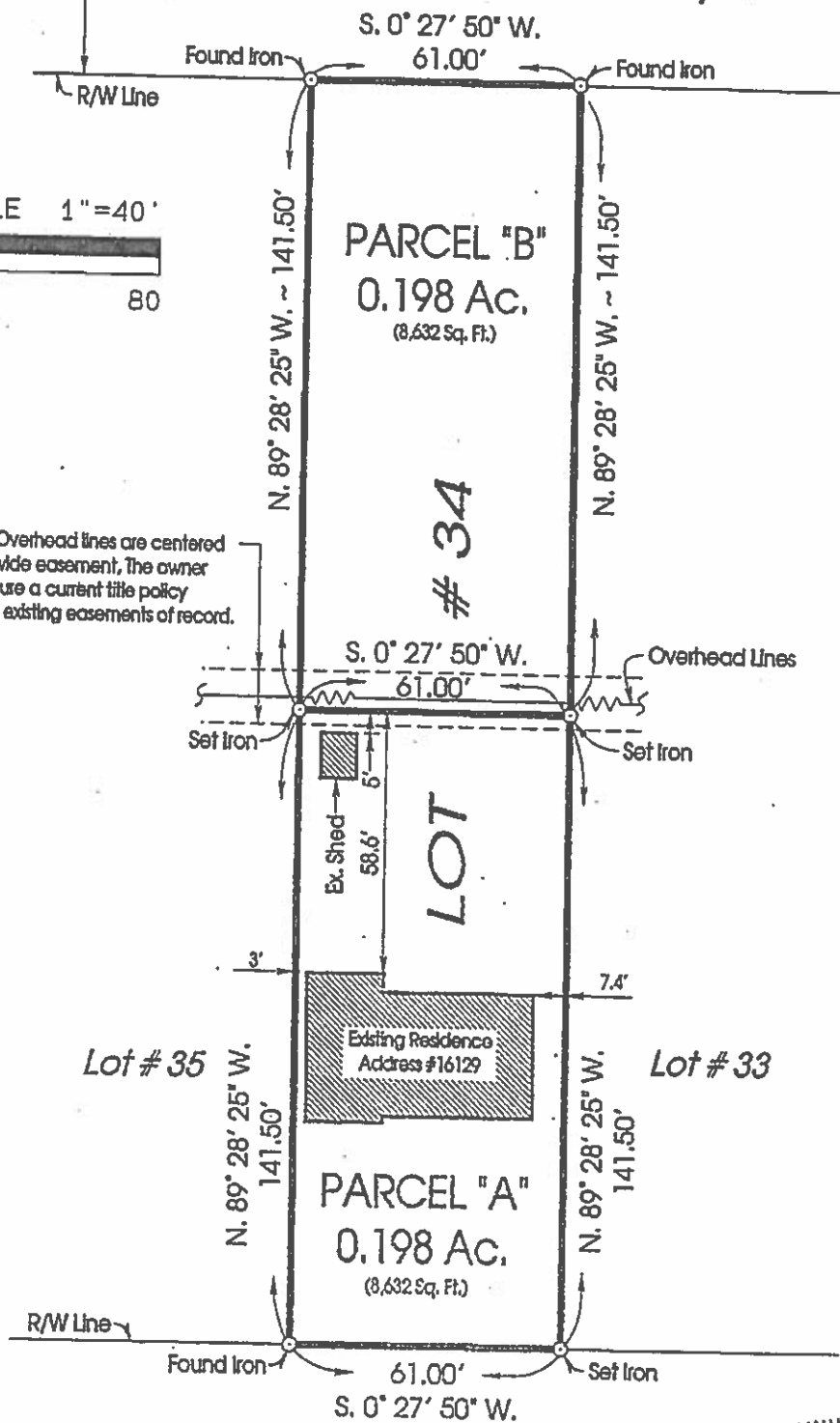
CERTIFICATE OF SURVEY



FORD LINE ROAD 43 FT. R/W



Normally, Overhead lines are centered in a 12 ft. wide easement. The owner should secure a current title policy to disclose existing easements of record.



POPLAR STREET 60 FT. R/W



CERTIFICATE OF SURVEY

LEGAL DESCRIPTION:

PARCEL "A":

The West 1/2 of Lot 34, "PENN GARDENS SUBDIVISION", of the E. 1/2 of the S.W. 1/4 of Section 36, T. 3 S., R. 10 E., City of Southgate, Wayne County, Michigan, as recorded in Liber 70, Page 49 of Plats, W.C.R.
Containing 0.198 Acres of Land.
Subject to easements and restrictions of record.

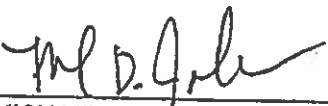
PARCEL "B":

The East 1/2 of Lot 34, "PENN GARDENS SUBDIVISION", of the E. 1/2 of the S.W. 1/4 of Section 36, T. 3 S., R. 10 E., City of Southgate, Wayne County, Michigan, as recorded in Liber 70, Page 49 of Plats, W.C.R.
Containing 0.198 Acres of Land.
Subject to easements and restrictions of record.

CERTIFICATE OF SURVEY:

BEARINGS SHOWN HEREON ARE BASED ON THE RECORDED PLAT OF
"PENN GARDENS SUB.", CITY OF SOUTHGATE, WAYNE COUNTY, MICHIGAN.
AS RECORDED IN LIBER 70, PAGE 49 OF PLATS WAYNE COUNTY RECORDS.

I HEREBY CERTIFY THAT I HAVE SURVEYED AND MAPPED THE LAND
ABOVE PLATTED AND/OR DESCRIBED ON 7/23/2015, THAT SAID SURVEY
WAS PERFORMED WITH AN ERROR OF CLOSURE NO GREATER THAN 1 TO
5000 AND THAT ALL OF THE REQUIREMENTS OF P.A. 132, 1970 AS AMENDED
BY P.A. 280, 1972 HAVE BEEN COMPLIED WITH.



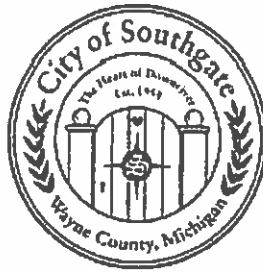
MICHAEL D. JOHNSON
PROFESSIONAL SURVEYOR #52457



JOSEPH C. KUSPA
Mayor

JANICE M. FERENCZ
City Clerk

JAMES E. DALLOS
Treasurer



City of Southgate
NORMA J. WURLINGER
MUNICIPAL BUILDING

- CITY COUNCIL -

JOHN GRAZIANI
Council President

KAREN E. GEORGE

MARK FARRAH

BILL COLOVOS

DALE W. ZAMECKI

PHILLIP J. RAUCH

CHRISTOPHER P. ROLLET

Memorandum

To: Mayor and City Council
From: Bryce Kelley, City Administrator *BK*
Date: November 9, 2015
Re: Request by the Allen Park Knight of Columbus to conduct a Bucket Drive

The Knights of Columbus, Monsignor Francis J. Antwerp Assembly of Allen Park, is requesting Council approval to conduct a two day fundraising bucket drive. This is the third consecutive request by the K of C. Collections from this holiday season event will benefit the Fish & Loaves Bread Bank of Taylor, and the Downriver Community Food Bank of Wyandotte. Each serves members of our Southgate community.

The Knights plan to place volunteers at Dix Toledo & Northline, Dix Toledo & Eureka, Eureka & Trenton Roads. These are the same locations where the K of C conducted its 2014 and 2013 fundraising bucket drives.

The Departments of Public Safety and Public Services are aware of the event.

I look forward to addressing Council's questions and comments.

Sincerely,

Bryce Kelley



SK George Honer
Faithful Navigator

**KNIGHTS OF COLUMBUS
FOURTH DEGREE
MSGR. FRANCIS J. VAN ANTWERP
DOWNRIVER ASSEMBLY NO. 0475**



SK Marcos Dias
Faithful Comptroller

October 22, 2015

Dear Mayor Joseph Kuspa and City Council Members,

The Knights of Columbus is requesting permission to have a Bucket Drive which would raise funds for two Downriver Charities. One of the charities is Fish and Loaves Food Bank the other The Downriver Community Food Bank. This Charity fundraiser would take place on Friday December 18 and Saturday December 19, 2015 between the hours of 9:00 am to 4:00p.m. on both days. We would be collecting at the following intersection, Dix and Northline, Dix and Eureka, and Eureka and Trenton Road. Our team would be dressed appropriately to ensure safety with bright reflective vests. Our goal is to raise \$12,000 for this great cause and to ensure the safety of our team throughout the two days.

One of the Knights of Columbus main mission is to promote "Charity" and we have been very successful the past two years in the Southgate Community. Last year we raised \$9,800 for the food bank, which provided food for the less fortunate in our Downriver Communities. Between these two Food Banks food is provided for those in the Downriver Communities who are in need.

Your support was greatly appreciated the past two years and we thank you in advance for your consideration and look forward to your response for this year. If you have any questions concerning this event please feel free to contact me by email at qshoner@hotmail.com or by phone at 734-675-3055.

Sincerely,

George S. Honer,
Navigator Assembly No. 475

Gary Maveal
Fund Raising Chairman Assembly No. 475

JOSEPH G. KUSPA
Mayor

JANICE M. FERENCZ
City Clerk

JAMES E. DALLOS
Treasurer



City of Southgate

NORMA J. WURLINGER
MUNICIPAL BUILDING

- CITY COUNCIL -

JOHN GRAZIANI
Council President

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MARK FARRAH

BILL COLOVOS

DALE W. ZAMECKI

PHILLIP J. RAUCH

CHRISTOPHER P. ROLLET

November 12, 2015

To The Honorable
Southgate City Council
Southgate, Michigan 48195

Re: Appointments to Boards/Commissions

Ladies and Gentlemen:

Please be advised I have made the following appointments:

Tax Increment Finance Authority – for a term expiring December 2019

Ronald Moran	17101 Michigan Ave.	Dearborn, Michigan 48126
Tony DiCarlo	15568 Applewood	Southgate, Michigan 48195

Your concurrence on these appointments is greatly appreciated.

Sincerely,

Joseph G. Kuspa
Mayor

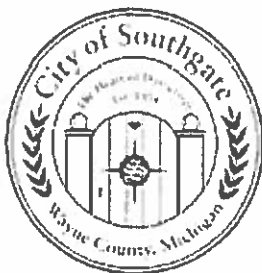
Cc: Janice Ferencz, City Clerk

JGK/law

JOSEPH G. KUSPA
Mayor

JANICE M. FERENCZ
City Clerk

JAMES E. DALLOS
Treasurer



City of Southgate

NORMA J. WURLINGER
MUNICIPAL BUILDING

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PHILLIP J. RAUCH

CHRISTOPHER P. ROLLET

November 12, 2015

To The Honorable
Southgate City Council
Southgate, Michigan 48195

Re: Appointments to Boards/Commissions

Ladies and Gentlemen:

Please be advised I have made the following appointment:

Plan Commission – for a term expiring December 2018

Joseph Charney	16600 Melba Jean	Southgate, Michigan 48195
Marcy Lemerand	13478 Phelps	Southgate, Michigan 48195
Anna Renaud	12835 Cherry	Southgate, Michigan 48195

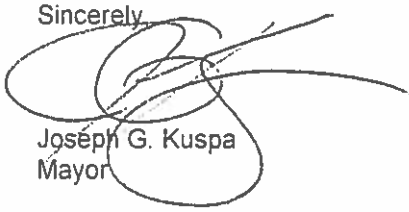
Plan Commission – for a term expiring December 2017

Sheryl Denman 16080 Holz Dr Unit 130 Southgate, Michigan 48195

Mrs. Denman will be filling the remainder of the term vacated by the resignation of Mrs. Ridenour.

Your concurrence on these appointments is greatly appreciated.

Sincerely,


Joseph G. Kuspa
Mayor

Cc: Janice Ferencz, City Clerk

JGK/law

JOSEPH G. KUSPA
Mayor

JANICE M. FERENCZ
City Clerk

JAMES E. DALLOS
Treasurer



City of Southgate
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JOHN GRAZIANI
Council President

KAREN E. GEORGE

MARK FARRAH

BILL COLOVOS

DALE W. ZAMECKI

PHILLIP J. RAUCH

CHRISTOPHER P. ROLLET

Memorandum

To: City Council Members
From: John Graziani, Council President
Date: November 12, 2015
Re: Council Rules and Procedures

The City Council establishes its Rules and Procedures after each local election.

Please find a copy of the current Council Rules & Procedures attached for your review and consideration.

It will be necessary to pass a resolution to adopt the "Council Rules & Procedures" either as presented or as amended.

Thank you.

City of Southgate

COUNCIL RULES AND PROCEDURES

1. Meetings shall open with Pledge of Allegiance.
2. The order of roll call and roll call votes shall be rotated.
3. Matters referred to an ad hoc (Impromptu or Informal) committee shall appear on the next meeting's agenda unless otherwise specified.
4. Officials shall be referred to by their respective titles.
5. Only persons recognized by the Chair shall be noted in the minutes.
6. Individuals and organizations acknowledged by the Chair under Persons In The Audience – Scheduled and Unscheduled, will be afforded a three (3) minute time limit to address the City Council. The time limit may be extended at the discretion of the Chair.
7. All persons in attendance at a Council Meeting shall maintain a proper decorum in the Council Chambers. The use of vulgar, obscene, threatening or otherwise inappropriate language or gestures shall result in a verbal warning and/or ejection from the Council Chambers at the discretion of the Chair.
8. The deadline for matters (including communications) to appear on the agenda shall be Thursday at 4:00 P.M. prior to the Council meeting. This shall also apply to Council members. Those people desiring to be placed on the agenda shall state in writing their reasons and the subject matter to be presented.
9. All communications requiring Council action shall be listed and read under "Communications A"; all others shall be listed under "Communications B" and read only if required or requested.
10. All Council members shall receive copies of all communications with the tentative agenda. The agenda shall be available to the members on the Friday prior to the regular meeting.
11. Meetings are to be conducted according to rules of Parliamentary Procedure, as outlined in "Parliamentary Procedure at a Glance" by O. Garfield Jones.
12. All Council members are to be notified of any commission/committee meetings.
13. All emailed correspondence from the City (Administration, Departments, Personnel...) shall be sent directly to each Council Member's City Email Account.
14. The City Attorney shall act as Parliamentarian and Sergeant-At-Arms to the Council.
15. To reconsider a motion, the following procedure applies:
 - a) Only a Council member who voted with the prevailing side may bring a motion to reconsider, but the motion to reconsider may be seconded by any Council member.
 - b) A motion to reconsider must either be made at the same meeting as the motion sought to be reconsidered, or, if the City Clerk is notified within seventy-two (72) hours after said meeting, the motion to reconsider shall be placed on the agenda for the next scheduled Council meeting.
 - c) If a majority of the Council votes in favor of the motion to reconsider, the motion sought to be reconsidered shall then be independently voted upon by the Council.
 - d) Motions shall not be reconsidered twice.

City of Southgate

COUNCIL RULES AND PROCEDURES

16. Changing a vote:

- a) Any individual Council member may change his or her vote up to the time the vote is announced. After that he or she can make the change only with the permission of the Council. If no Council member objects, the change may be made. If an objection is raised, a motion may be made to allow the change, which motion is undebatable. A majority vote is necessary to adopt the motion and allow the change.
- b) A motion to allow a Council member to change his or her vote must be made either at the same meeting as the vote sought to be changed, or, if the City Clerk is notified within seventy-two (72) hours of said meeting. The motion to allow a vote to be changed shall be placed on the agenda of the next scheduled Council meeting.

17. Emergency Expenditures:

- a) Whenever an emergency expenditure is required, the matter shall first be referred to the Finance Director for pertinent information and written recommendation as to where the money to pay for said expenditure will come from.
- b) When other matters requiring emergency polling of the Council result, an attempt will be made to contact all members within a six-hour time frame. After the six-hour time frame, the results will be finalized. The results will be provided to Council members as soon as possible afterwards.

18. Ordinances:

- a) All ordinances which amend classifications of land (rezoning) and are recommended for approval by the Planning Commission after a public hearing, shall be forwarded to the next appropriate regular meeting of the Council for a first reading. A Work Study Session will be scheduled prior to the Regular Meeting in order to address specific Council questions.
- b) All other proposed ordinances, including zoning ordinance amendments, shall be placed on a Work Study Session Agenda for consideration by Council, prior to the first reading at a Regular Council Meeting.
- c) In the event the City Administrator deems a proposed ordinance requires immediate attention, the proposed ordinance may be placed on the next Council agenda for consideration by the Council.
- d) Ordinances shall be introduced at one meeting and adopted at the following meeting. In the event the Council deems it necessary to immediately adopt an ordinance, the ordinance may be introduced and adopted at the same meeting.
- e) If practical, ordinances shall be read once in their entirety. Otherwise, ordinances may be read by title only.

19. At any time during the effective period of these "Rules of Procedure", the Council may amend such rules and regulations by a majority vote.

November, 2013

City of Southgate

Work Study Rules of Procedure

1. Work Study shall be called to order by the Council President at 6:30 p.m.
2. The Council President shall call for Officials' reports; Elected Officials shall be mindful of time constraints and make every effort to limit reports to three minutes or less.
3. The Council President shall call for presentations.
4. The Council President shall call for discussions regarding agenda items.
5. The Council President shall end the Work Study session and open the City Council Meeting at 7:00 p.m.
6. All persons in attendance at a Work Study Session shall maintain a proper decorum in the Council Chambers. The use of vulgar, obscene, threatening or otherwise inappropriate language or gestures shall result in a verbal warning and/or ejection from the Council Chambers at the discretion of the Chair.
7. At any time during the effective period of these "Rules of Procedure", the Council may amend such rules and regulations by a majority vote.

Adopted by City Council October 21, 2015