



AGENDA ITEM SUMMARY FORM

MEETING DATE: May 8, 2023

PREPARED BY: Linda Kunath, Finance Director/Treasurer

AGENDA ITEM CONTENT: Protecting MI Pension grant program application

AGENDA ITEM SECTION: Consent Agenda

BUDGETED AMOUNT:

FUNDS REQUESTED:

FUND:

EXECUTIVE SUMMARY:

The grant application for the Protecting MI Pension: Michigan Local Pension Grant Program requires a review of the grant program and City Council resolution authorizing the City Manager to file a claim for the grant program, in accordance with Michigan Department of Treasury issued parameters. The City of Madison Heights Police and Fire PA 345 Retirement System was deemed qualified to apply for this grant since the funding level as of December 31, 2021 for this pension system was 56.1%, which is below 60%.

The estimated grant award from the Protecting MI Pension grant program is \$3,631,364. Additional grant program requirements include annually funding the minimum actuary determined contribution, not providing contractual benefit enhancement to this pension system unless 100% funded, and corrective action plan monitoring by the municipal stability board for 5 years.

RECOMMENDATION:

I recommend that Council approve the resolution authorizing the City Manager to apply for the Protecting MI Pension grant program.



CITY OF MADISON HEIGHTS
300 WEST 13 MILE ROAD, MADISON HEIGHTS, MI 48071

FINANCE/TREASURER DEPARTMENT

Linda A. Kunath,
Finance Director/Treasurer

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MEMORANDUM

DATE: May 1, 2023
TO: Melissa R. Marsh, City Manager
FROM: Linda A. Kunath, Finance Director/Treasurer
SUBJECT: Protecting MI Pension grant program

Michigan Department of Treasury issued parameters for the Protecting MI Pension: Michigan Local Pension Grant Program. The City of Madison Heights Police and Fire PA 345 Retirement System was deemed qualified to apply for this grant since the funding level of this pension system was below 60% as of December 31, 2021. The estimated grant award from the Protecting MI Pension grant program is \$3,631,364. The grant application includes requiring a review of the grant program and City Council resolution authorizing the City Manager to file a claim for the grant program.

Annually, form 5572 is filed in compliance with Public Act (PA) 202 of 2017, MCL 38.2805. Using uniform assumptions of PA 202 for December 31, 2021, the Police and Fire Retirement System was calculated to be funded at 56.1%. This Protecting MI Pension grant program proposes to fund the difference between the Fiduciary Net Position and 60% of the Pension Liability as of December 31, 2021. This amount equates to \$3,631,364. Once the grant program award is issued, the City will have to meet program requirements that include annually funding the minimum actuary determined contribution, not providing contractual benefit enhancement to this pension system unless 100% funded, and will be subject to corrective action plan monitoring by the municipal stability board for 5 years.

I am respectfully requesting this resolution in support of the Protecting MI Pension grant be reviewed and approved. If you have any questions or additional information is needed, please contact me.

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MADISON HEIGHTS
PROTECTING MI PENSION GRANT PROGRAM
RESOLUTION OF AUTHORIZATION**

WHEREAS, the City Council of the City of Madison Heights supports the submission of an application titled, "Protecting MI Pension Grant Application, form 5886" to the Michigan Department of Treasury for qualified retirement systems with a funded ratio below 60% as defined in the Protecting Local Government Retirement and Benefits Act, Public Act 202 of 2017. Section 3, MCL 38.2803,

WHEREAS, qualified units of local government operating a qualified retirement system with a funding ration below 60% based on the last Form 5572 report filed as required by section 5 of the protecting local government retirement and benefits act, 2017 PA 202, MCL 38.2805, as of December 31, 2021; and,

WHEREAS, the City of Madison Heights Police and Fire PA 345 Retirement System funding level was 56.1% as of December 31, 2021; and,

WHEREAS, beginning May 8, 2023 the City of Madison Heights are to review the Protecting MI Pension Grant Program with the governing body and approve by way of resolution, authorization for the City Manager to file a claim for grant payment for the Protecting MI Pension Grant Program;

NOW, THEREFORE, BE IT RESOLVED that the City Council hereby authorizes submission of the Protecting MI Pension: Michigan Local Pension Grant Program, form 5886.