



Pamela Colestock – *Mayor*  
William Steele – *Mayor Pro Tem*  
Deb Malewski – *Council Member*  
Rick Loftus – *Council Member*  
Ken Nicholas – *Council Member*

Yvonne Ridge – *City Manager*  
Larry Joe Weeks – *Police Chief*  
Roger McNutt – *Fire Chief*  
LeRoy Hummel – *Building Official*  
Rob Pierce – *Public Works/Utilities Director*  
Genny Allen – *Treasurer/Finance Director*  
Robin Webb – *City Clerk*  
Corey Cagle – *Director of Parks, Recreation and Events*  
Lisa Barna – *Community and Economic Development Specialist*  
Randy Jewell – *City Assessor*  
Cullen Harkness – *City Attorney*

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**CITY OF EATON RAPIDS  
WORK SESSION AGENDA**

November 11, 2024  
5:00 pm  
200 S. Main Street

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This meeting will be streamed live for viewing only at:

<https://us06web.zoom.us/j/85394331944>

Meeting ID: 853 9433 1944

*Please note all public comments must be made in person.*

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**Call to Order**

**Public Comments**

**Unfinished and Special Business**

**New Business**

1. Pontem Software Proposal
2. Employer/Employee Health Care Cost Option – 2011 Public Act 152
3. Credit Card Policy
4. Municipal Employees' Retirement System Defined Benefit Plan Adoption Agreements for Division 20

**Closed Session** under 8(e) of the Open Meetings Act, to consider a matter of Attorney Client privilege (MCL - 15.268)

**Closed Session** under 8(e) of the Open Meetings Act, to consider a matter of Attorney Client privilege (MCL - 15.268)

**Closed Session** under 8(a) of the Open Meetings Act, for annual personnel evaluation  
(MCL - 15.268)

**Board and Committee Reports**

**Public Comments**

**Adjourn**



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MEETING DATE: NOVEMBER 11, 2024

CITY MANAGER

To: Mayor and City Council  Work Session

From: Yvonne Ridge, City Manager  Regular Meeting

Submitted: November 5, 2024

Subject: Cemetery Software - Pontem

### **SUMMARY**

The Pontem Software for the Cemetery has been approved in the Fiscal Year 2024/2025 budget. We are now in the process of taking the next steps to get the project underway.

### **Statement of Work and Initial Costs**

Pontem has been requested to prepare a Statement of Work for the project. This requires a signed Budgetary Proposal and an initial payment of **\$2,500**. The total estimated cost for the project is **\$33,565**.

### **Payment Plan and Budget Considerations**

Originally, the budget was structured to accommodate a three-year payment plan. However, upon reviewing the details from Pontem, it was noted that the proposed payment schedule included interest charges totaling **\$1,706.19** over the three-year period.

### **Revised Payment Plan**

After discussions with Clerk Webb and Pontem, we have successfully negotiated an alternative payment plan that eliminates any interest charges. This adjustment benefits our financial planning and aligns with our budget goals.

### **Budget Analysis**

I met with Treasurer/Finance Director Allen to review the budget implications. The FY 2024/2025 budget allocated **\$11,660** for this project. This leaves us over budget by **\$2,392.50**. However, due to savings from other Capital Projects, a budget amendment is not deemed necessary at this time.

### **Next Steps**

To proceed, the Pontem Software Budgetary Proposal must receive approval from the Council. Your support in this matter will ensure the timely and efficient initiation of the project.

<b>Projected Project Cost</b>	<b>FY 2024/2025</b>	<b>FY 2025/2026</b>	<b>TOTAL</b>
Integrated GIS Mapping	\$1,312.50	\$1,312.50	\$2,625.00
Annual Support-Maintenance Subscription: Integrated GIS Mapping	\$330.00	\$330.00	\$660.00
GIS Map Services	\$11,700.00	\$11,700.00	\$23,400.00
Esri ArcEngine Single Use License x 2	\$650.00	\$650.00	\$1,300.00
Online Burial Search Setup/Customization		\$1,800.00	\$1,800.00
Online Burial Search GIS Mapping Setup - First Cemetery Group		\$900.00	\$900.00
Online Burial Search SaaS (Billed October Each Year)		\$2,880.00	\$2,880.00
<b>TOTAL</b>	<b>\$13,992.50</b>	<b>\$19,572.50</b>	<b>\$33,565.00</b>

### **STAFF RECOMMENDATION/MOTION**

Motion to Adopt Resolution 2024-37 to approve Pontem Software Budgetary Proposal in the amount of \$33,565.00.

### **LIST OF SUPPORTING DOCUMENTS**

Pontem Software Budgetary Proposal

Resolution 2024-37



# Budgetary Proposal

PO Box 988  
 Jackson, MI 49204  
 Phone: 888.742.2378

DATE: October 23, 2024  
 Valid Until: 12/31/2024

**Prepared For:**

City Of Eaton Rapids  
 Robin Webb  
 200 S Main St  
 Eaton Rapids, MI 48827  
[rwebb@cityofeatonrapids.gov](mailto:rwebb@cityofeatonrapids.gov)

Description	Type	Price
CM Integrated GIS Mapping	L	\$ 2,625.00
Annual Support-Maintenance Subscription: CM Integrated GIS Mapping	SS	\$ 660.00
CM GIS Map Services	P	\$ 23,400.00
Esri ArcEngine Single Use License x 2	3P	\$ 1,300.00
CM Online Burial Search Setup/Customization	SU	\$ 1,800.00
CM Online Burial Search GIS Mapping Setup - First Cemetery Group	SU	\$ 900.00
CM Online Burial Search SaaS	A	\$ 2,880.00
<b>Total Cost</b>		<b>\$33,565.00</b>
Due Upon Approval*		\$2,500.00

Billing Types Key	
<b>L</b>	Software license purchase - A one-time fee - Subject to Annual Support
<b>A</b>	Services such as remote hosting and storage - Billed annually in advance
<b>P</b>	Professional Services - A one-time fee for custom services provided
<b>SU</b>	Setup and Configuration - A one-time fee
<b>CS</b>	Customer-Supplied License
<b>3P</b>	Third-Party/Partner Product - One time fee - Billed by partner future years
<b>SB</b>	Billable Support and Training Including Travel Reimbursement
<b>MISC</b>	Miscellaneous one-time fees and discounts

Summary:	
License Cost	\$2,625.00
Total Prof. Services	\$23,400.00
Services Deposit	\$11,700.00
Misc. and 3rd Party	\$1,300.00
Set-up Costs	\$2,700.00
Billable Support	\$0.00
Annual Hosting	\$2,880.00
* Annual Maintenance	\$660.00

\* The above summary of costs represents actual fees for all license, setup, and maintenance items. These costs are fixed and not subject to change. Estimates have been provided for professional services. By signing this estimate, and providing a non-refundable payment as outlined above, you are authorizing Pontem staff to thoroughly analyze and evaluate the scope of the professional services to be provided. Your initial payment will be applied to the total project cost. Upon completion of the analysis and discovery phase Pontem will deliver a detailed Scope of Work outlining the services to be provided, which will include:

- Final determination of service costs
- A project timeline and description of major milestones and deliverables
- A description of anticipated collaborative effort on the part of Cemetery staff, including interim and final project approvals.
- Summaries of project assumptions
- Milestone Billing Timeline

Proposal Line Item Description	Billing Type
Integrated GIS Mapping Single User License (One-time License Fee) GIS (Geographic Information Systems) mapping engineered using ESRI technology coupled with geographically accurate parameters for sophisticated mapping at its best <ul style="list-style-type: none"> <li>•State-of-the-art mapping solution featuring standard map layers including layers for: Cemetery, Section, Block/Lot, Grave Space Boundaries, and Roads</li> <li>•Additional layers (buildings, sprinkler lines, etc.) - Quoted upon request</li> <li>•Color-coded grave spaces - user-defined</li> <li>•Zooming capabilities allow views of an entire cemetery boundary with topographical features and structures to the refined details of lot and grave positioning</li> <li>•Locate and view any grave location using powerful search and identify features</li> <li>•Adjust transparency with easy-to-use slider bar</li> <li>•GIS mapping is also available for use with Pontem's Online Burial Services</li> <li>•Possible to capture GPS Points from GIS Maps</li> </ul> NOTE: Prices do not include map data creation - See professional services below for more information	L
Annual Support-Maintenance Subscription: CM Integrated GIS Mapping Pontem offers unlimited tech support, remote training, and software upgrades to clients with active support subscriptions.	SS
<b>CM GIS Map Services - BUDGETARY ESTIMATE</b> <ul style="list-style-type: none"> <li>•Layers to include: Roads, Sections, Lot Boundaries, Grave Spaces</li> <li>•Integration with Pontem database</li> <li>•GPS Center Points (latitude/longitude) - Needed for Satellite Imagery</li> <li>•Installation, Setup, Training</li> <li>•Aerial imagery</li> </ul> <p>This proposal is based on a high level review of maps supplied in April 2024. Should this budgetary proposal be accepted, Pontem's professional service team will thoroughly review the data with the objective of providing a written plan detailing any issues found, prerequisites, and anticipated milestone deliveries.</p>	P
Esri ArcEngine Desktop License - Required for GIS mapping <ul style="list-style-type: none"> <li>•\$ 650.00/workstation</li> <li>•Includes license procurement, registration and installation</li> </ul> <p>NOTE: License will be registered directly with Esri. Esri provides one year of support plan with purchase. It is Esri's standard procedure to deliver a renewal invoice upon expiration of the term. Pontem customers do not require or typically use this technical support. it is recommended the support not be renewed.</p>	3P
<b>Pontem Online Burial Search (OBS) Setup</b> Pontem's Online Burial Search is launched directly from your organization's home page and will be designed to carry forward your website's design scheme. Basic setup includes: <ul style="list-style-type: none"> <li>•Customized Search and Result pages themed to match your organization's website</li> <li>•Designed with Mobile First, device responsive technology</li> <li>•Integrated mapping allowing public to locate a grave space on your map with option to navigate to the grave using a smart device</li> <li>•Real-time updating of data to the web</li> <li>•Genealogical information with public submission form</li> </ul> <p>NOTE: Pontem Web Hosting Services required</p>	SU

CM Online Burial Search GIS Mapping Setup - First Cemetery Group

SU

The cost of the additional effort required to convert and configure a GIS map for use on the Online Burial Search

Online Burial Search SaaS

A

- Required for Pontem Online Burial Search
- Cost based on volume of records stored
- Regularly enhanced to perform with current technology
- This is a recurring fee billed annually

**PLACE YOUR ORDER**

City Of Eaton Rapids  
 Robin Webb  
 200 S Main St  
 Eaton Rapids, MI 48827  
[rwebb@cityofeatonrapids.gov](mailto:rwebb@cityofeatonrapids.gov)

Signed: \_\_\_\_\_

Print Name: \_\_\_\_\_

Today's Date: \_\_\_\_\_ Contact Telephone # \_\_\_\_\_

Item Summary	Type	Price
CM Integrated GIS Mapping	L	\$ 2,625.00
Annual Support-Maintenance Subscription: CM Integrated GIS Mapping	SS	\$ 660.00
CM GIS Map Services	P	\$ 23,400.00
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Due Upon Approval*		\$2,500.00

\* The above summary of costs represents actual fees for all license, setup, and maintenance items. These costs are fixed and not subject to change. Estimates have been provided for professional services. By signing this estimate, and providing a non-refundable payment as outlined above, you are authorizing Pontem staff to thoroughly analyze and evaluate the scope of the professional services to be provided. Your initial payment will be applied to the total project cost. Upon completion of the analysis and discovery phase Pontem will deliver a detailed Scope of Work outlining the services to be provided, which will include:

- Final determination of service costs
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- A description of anticipated collaborative effort on the part of Cemetery staff, including interim and final project approvals.
- Summaries of project assumptions
- Milestone Billing Timeline

Karina Kimpell  
 karinak@pontem.com  
 Toll-free 888.742.2378  
<http://www.pontem.com>



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MEETING DATE: NOVEMBER 11, 2024

CITY MANAGER

To: Mayor and City Council  Work Session

From: Yvonne Ridge, City Manager  Regular Meeting

Submitted: November 5, 2024

Subject: Public Act 152 Employer/Employee Health Care Cost Option

### **SUMMARY**

Public Act 152, also known as the "Publicly Funded Health Insurance Contribution Act," was enacted in Michigan to address the escalating costs of health insurance for public sector employees. This law is particularly relevant for public employers, including school districts, municipalities, and other government entities.

#### **1. Hard Cap Option**

Under the Hard Cap Option, the law establishes maximum amounts that a public employer can contribute annually to employee health insurance plans. These caps are adjusted for inflation each year and are categorized based on coverage type:

- **Single coverage**
- **Two-person coverage**
- **Family coverage**

Employers must ensure that their contributions do not exceed these specified caps.

#### **2. 80/20 Option**

Alternatively, public employers can adopt the 80/20 Option, where the employer covers no more than 80% of the total annual costs of the health insurance plans, leaving at least 20% to be paid by the employees.

#### **3. Opt-Out Provision**

Public employers also have the option to opt out of the requirements of Public Act 152. However, this decision requires a two-thirds majority vote from the governing body of the public employer.

In the past the city has adopted the 80%/20% option. This option ensures that the City covers 80% of healthcare costs, while employees are responsible for the remaining 20%. Resolution 2024-38 formally adopts the 80%/20% option as the City's choice for compliance under the Act, reinforcing its commitment to balancing financial responsibility between the City and its employees.

### **STAFF RECOMMENDATION/MOTION**

Motion to adopt Resolution 2024-38 to approve 80%/20% employer/employee health care cost option as set forth in 2011 Public Act 152, the publicly funded health insurance contribution act.

### **LIST OF SUPPORTING DOCUMENTS**

Resolution 2024-38



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MEETING DATE: 11/11/2024

TREASURER/FINANCE DIRECTOR

To: Mayor and City Council

Work Session

From: Genny Allen

Regular Meeting

Submitted: 11/01/2024

Subject: Credit Card Policy and Procedures

### **SUMMARY**

The City's Credit Card Policy is the initial step in a series of policies and procedures that staff will introduce to the City Council. The resolution aims to establish clear guidelines and procedures for City employees regarding the use of municipal credit cards. This policy ensures that all credit card usage is strictly for official city business, promoting accountability and transparency in financial practices.

### **STAFF RECOMMENDATION/MOTION**

Motion to Adopt Resolution 2024-40 to establish Credit Card Policy and Procedures for the City of Eaton Rapids pursuant to Public Act 266 of 1995.

### **LIST OF SUPPORTING DOCUMENTS**

Resolution 2024-40

Monthly Credit Card Expense Report

Credit Card Policy & Procedures/Acknowledgment Signature Form



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## City of Eaton Rapids Credit Card Policy and Procedures

Adopted: November 11, 2024

- **PURPOSE**

The purpose of this policy is to establish guidelines for the use of City of Eaton Rapids credit cards. This policy will help prevent fraud and inappropriate use of company funds and provide clear expectations for cardholders. This policy follows the municipality's Purchase Policy, ensuring oversight of purchases and authorization of purchases above a certain threshold.

- **SCOPE**

This policy applies to all employees and officials of the City of Eaton Rapids who are issued a City credit card for official use. It outlines the responsibilities and procedures for the use of these credit cards.

- **AUTHORITY**

Municipality credit cards are available to department heads and other employees who frequently make business purchases. The City Manager will authorize the issue of credit cards, and the City Treasurer/Finance Director will work with the credit card company to obtain a card.

- **RESPONSIBILITIES OF CARDHOLDERS**

Cardholders are responsible for:

- **Understanding and Adhering to Policies:** Familiarizing themselves with both the Credit Card Use Policy and the Purchase Policy to ensure compliance.
- **Maintaining Security:** Keeping the credit card secure and reporting any loss or theft immediately to [Myaccountaccess.com](http://Myaccountaccess.com)|866-552-8855 and providing incident details to the Treasurer/Finance Director.
- **Appropriate Use:** Using the credit card solely for legitimate business expenses as defined by the City of Eaton Rapids.

- **Record Keeping:** Retaining all receipts and documentation related to credit card transactions.
- **Monthly Report:** Submit a monthly credit card expense report by the 10<sup>th</sup> of the month following the month in which the expenses were incurred to the Treasurer/Finance Director. All applicable receipts shall be attached to the monthly report.
- **Expired/Damaged Cards:** Any City credit card that is expired or damaged must be returned to the Treasurer/Finance Director before a new card is issued.
- **Termination:** Employees issued City credit cards shall return the credit card immediately upon termination of his or her employment or service with the City of Eaton Rapids.

- **TAX EXEMPT STATUS**

An authorized employee using a City credit card shall notify the vendor or merchant that the credit card transaction is tax exempt for goods and services purchased in the State of Michigan (use the attached document certifying the City's tax-exempt status).

- **AUTHORIZED USE**

Credit cards may be used for:

- **Official Purchases:** Acquiring goods and services necessary for city operations.
- **Travel Expenses:** Including accommodation, transportation, and meals for official city business trips. (i.e., conference registrations, hotel stays, webinars, and other learning opportunities)
- **Emergency Situations:** Unforeseen circumstances requiring immediate attention and expenditure.

- **PROHIBITED USE**

The following uses of City credit cards are strictly prohibited:

- **Personal Purchases:** Any expenditure not directly related to official City business.
- **Cash Advances:** Obtaining cash through credit card transactions is not allowed.
- **Unauthorized Transactions:** Purchases without prior approval, when required by the Purchase Policy.

- **OVERSIGHT**

- **Regular Audits:** All transactions will be subject to regular audits to ensure compliance with City policies and to detect any unauthorized activities.

- **VIOLATIONS AND CONSEQUENCES**

Non-compliance with this policy may result in:

- **Disciplinary Action:** Including but not limited to revocation of credit card privileges, reimbursement of unauthored expenses, or further disciplinary measures in accordance with city employment policies.
- **Legal Action:** In cases of fraud or significant misuse, the city reserves the right to pursue legal action.

- **POLICY REVIEW**

This policy will be reviewed from time to time to ensure its effectiveness and alignment with current city operations and financial management practices. Any amendments will be communicated promptly to all cardholders.



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## **POLICY ACKNOWLEDGEMENT**

### **City of Eaton Rapids Credit Card Policy and Procedures**

Before signing this document, please ensure you have thoroughly read and understand the City of Eaton Rapids Credit Card Policy. This policy contains essential guidelines and requirements for using a City-issued credit card.

#### **Acknowledgement**

- I have read and been informed about the City of Eaton Rapids Credit Card Policy.
- I have received a copy of the policy.
- I agree to abide by the policy guidelines.

#### **Assistance**

- For questions or further clarification regarding this policy, you can contact the City Treasurer/Finance Director.

**Credit Cardholder's Signature:** \_\_\_\_\_

**Printed Name:** \_\_\_\_\_

**Date:** \_\_\_\_\_

By signing above, you acknowledge your understanding and agreement to adhere to the City of Eaton Rapids Credit Card Policy.



# Michigan Sales and Use Tax Certificate of Exemption

This exemption claim should be completed by the purchaser, provided to the seller, and is not valid unless the information in all four sections is complete. Do not send a copy to Treasury unless one is requested.

## SECTION 1: TYPE OF PURCHASE

 Check one of the following:

- A. One-Time Purchase  
Order or Invoice Number: \_\_\_\_\_
- C. Blanket Certificate  
Expiration Date (maximum of four years): \_\_\_\_\_
- B. Blanket Certificate, Recurring Business Relationship

The purchaser completing this form hereby claims exemption from tax on the purchase of tangible personal property or services purchased from the seller named below. This claim is based upon: the purchaser's proposed use of the property or services; OR the purchaser's exempt status.

Seller's Name and Address

## SECTION 2: ITEMS COVERED BY THIS CERTIFICATE

Check one of the following:

1.  All items purchased.
2.  Limited to the following items: \_\_\_\_\_

## SECTION 3: BASIS FOR EXEMPTION CLAIM

Check one of the following:

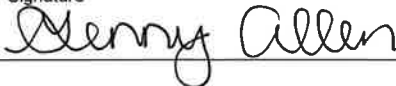
1.  For Lease. Purchaser will lease the property and elects to pay tax based on rental receipts. Enter sales tax license or use tax registration number: \_\_\_\_\_
2.  For Resale at Retail. Enter Sales Tax License Number: \_\_\_\_\_
3.  Direct Pay - Authorized to pay use tax on qualified transactions directly to Michigan Treasury under account number: \_\_\_\_\_

The following exemptions DO NOT require the purchaser to provide a number:

4.  Agricultural Production. Enter percentage: \_\_\_\_\_%
5.  Government Entity (U.S. or its instrumentalities, State of Michigan or its political subdivisions), Nonprofit School, Nonprofit Hospital, Church or House of Religious Worship (circle type of organization)
6.  Contractor (provide *Michigan Sales and Use Tax Contractor Eligibility Statement* (Form 3520)).
7.  For Resale at Wholesale.
8.  Industrial Processing. Enter percentage: \_\_\_\_\_%
9.  Nonprofit Internal Revenue Code Section 501(c)(3), 501(c)(4), or 501(c)(19) Exempt Organization.
10.  Nonprofit Organization with an authorized letter issued by Michigan Department of Treasury prior to July 17, 1998 (sales tax) or June 13, 1994 (use tax).
11.  Rolling Stock purchased by an Interstate Motor Carrier.
12.  Other (explain): \_\_\_\_\_

## SECTION 4: CERTIFICATION

I declare, under penalty of perjury, that the information on this certificate is true, that I have consulted the statutes, administrative rules and other sources of law applicable to my exemption, and that I have exercised reasonable care in assuring that my claim of exemption is valid under Michigan law. In the event this claim is disallowed, I accept full responsibility for the payment of tax, penalty and any accrued interest, including, if necessary, reimbursement to the vendor for tax and accrued interest.

Business Name <b>City of Eaton Rapids</b>		Type of Business (see codes on page 2) <b>05</b>
Business Address <b>200 S. Main Street</b>		City, State, ZIP Code <b>Eaton Rapids, MI 48827</b>
Business Telephone Number (include area code) <b>517-663-8118</b>		Name (Print or Type) <b>Genny Allen</b>
Signature 	Title <b>Treasurer/Finance Director</b>	Date Signed <b>11/01/2024</b>



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MEETING DATE: NOVEMBER 11, 2024

CITY MANAGER

To: Mayor and City Council

Work Session

From: Yvonne Ridge, City Manager

Regular Meeting

Submitted: November 5, 2024

Subject: Municipal Employees' Retirement System (MERS)

### **SUMMARY**

In 2019 when the Police Department Non-Supervisory employees negotiated their contract there was a change to the B-1 pension plan. In working with MERS, it was discovered that the documents to make the change were never submitted by the City of Eaton Rapids. The Defined Benefit Adoption Agreements provided are required to make the change.

*Capitol City Labor Program Non-Supervisory Police Officers*

*Article 20.11 Pension*

*The Pension Plan for each regular full-time employee in the B-1 Plan will pay a step increased amount of their wages to assist in the funding of the B-1 benefit (July 1, 2019" 1.5%; July 1, 2020: 3%; July 1, 2021:*

### **STAFF RECOMMENDATION/MOTION**

Motion to Adopt Resolution 2024-41 to approve Municipal Employees' Retirement Services (MERS) Defined Benefit Plan Adoption agreements for Division 20.

### **LIST OF SUPPORTING DOCUMENTS**

Defined Benefit Adoption Agreements (2019, 2020 & 2021)

Resolution 2024-41

# Defined Benefit Plan Adoption Agreement



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

www.mersofmich.com

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

**I. Employer Name** \_\_\_\_\_ **Municipality #:** \_\_\_\_\_

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

## II. Effective Date

Check one:

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

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

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

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

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

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

This is a **temporary Benefit Window** with a duration of 2-6 months. Effective dates are from \_\_\_/01/\_\_\_ through the last day of \_\_\_/20\_\_ (mm/yy). Complete provisions as applicable under Section IV of this form.

This is a **temporary Lump Sum Buyout Program** for terminated vested participants with a duration of 6-24 months. Effective dates are from \_\_\_/01/\_\_\_ through the last day of \_\_\_/20\_\_ (mm/yy). Payout will reflect \_\_\_% (1-100%) of the participant's present value of accrued benefit. For example, if 40% is used, the payout will be 40% of the present value of the benefit. This percentage cannot be changed once adopted.

# Defined Benefit Plan Adoption Agreement

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

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

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

- G.  If this is to close Defined Contribution or Hybrid division # \_\_\_\_\_ with its current and/or future active participants enrolling in existing DB division # \_\_\_\_\_ (previously closed, now re-opened), the effective date shall be the first of \_\_\_\_\_, 20\_\_\_\_.

Please complete all subsequent sections of this Defined Benefit Adoption Agreement (including all provisions in effect) and the [Addendum for Plan Freeze, Closure and Conversions](#).

- H.  If this is to close Defined Contribution or Hybrid division # \_\_\_\_\_ with its current and/or future active participants enrolling in a new Defined Benefit division, the effective date shall be the first of \_\_\_\_\_, 20\_\_\_\_.

Please complete all subsequent sections of this Defined Benefit Adoption Agreement (including all provisions in effect) and the [Addendum for Plan Freeze, Closure and Conversions](#).

# Defined Benefit Plan Adoption Agreement

## III. Plan Eligibility

Division Title: \_\_\_\_\_

Only those employees eligible for MERS membership may participate in the MERS Defined Benefit Plan. If an employee classification is **included** in the plan, then employees that meet this definition will receive service credit if they work the required number of hours to meet the service credit qualification defined below. All eligible employees must be reported to MERS. Please describe the specific classifications that are eligible for MERS within this division:

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

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

To further define eligibility (select all that apply):

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

**Probationary Periods** (select one):

- Service will begin after the probationary period has been satisfied. Probationary periods are allowed in one-month increments, no longer than 12 months. During this probationary period, the employer will not report or provide service. Service will begin to accrue and contributions must be reported when the Probationary Period ends.

The probationary period will be \_\_\_\_\_ month(s).

Comments:

- Service will begin with the employee's date of hire (no Probationary Period). Effective with the date of hire, wages paid and any associated contributions must be submitted to MERS.

# Defined Benefit Plan Adoption Agreement

## IV. Provisions

### 1. Service Credit Qualification

To clarify how eligible employees earn service credit, please indicate how many hours per month an eligible employee needs to work. For example, if you require 10 eight-hour days, this would be 80 hours per month. If an *hours and days* has been previously defined (like 10 seven-hour days), stating “70 hours” will be required. Employees must meet the definition of Plan Eligibility in order to earn service credit under the plan.

To receive one month of service credit, an employee shall work (or be paid for as if working) \_\_\_\_\_ hours in a month.

### 2. Leaves of Absence

Indicate by checking the boxes below, whether the potential for service credit will be allowed if an eligible employee is on one of the following types of leave, regardless of meeting the service credit qualification criteria.

Regardless whether an eligible employee is awarded service credit while on the selected type(s) of leave:

- MERS will skip over these months when determining the FAC amount for benefit calculations.
- Third-party wages **are not** reported for leaves of absence.
- Employers **are not** required to remit employer contributions based on leaves of absence when no wages are paid by the employer.
- For **contributory divisions**, employee contributions are required where service credit is granted and due at the time of monthly wage and contribution reporting. Employers may use the following formula to calculate employee contributions: the employee’s current hourly rate (prior to leave), multiplied by service credit qualification (hours) multiplied by employee contribution. For example, if employees’ hourly rate is \$20, the division requires 120 hours to obtain service credit, and employee contributions are 5%, the calculation will look like: \$20/hour X 120 X .05 = \$120 in employee contribution for that leave month. Employers may use another internal formula, if they choose and MERS will make note of it.

If an alternative formula is going to be used, please describe that here:

Type of Leave	Service Credit Granted	Service Credit Excluded
Short-Term Disability	<input type="checkbox"/>	<input type="checkbox"/>
Long-Term Disability	<input type="checkbox"/>	<input type="checkbox"/>
Workers’ Compensation	<input type="checkbox"/>	<input type="checkbox"/>
Unpaid Family Medical Leave Act (FMLA)	<input type="checkbox"/>	<input type="checkbox"/>
Other: _____ For example, sick and accident, administrative, educational, sabbatical, etc.	<input type="checkbox"/>	<input type="checkbox"/>
Other 2: _____ Additional leave types as above	<input type="checkbox"/>	<input type="checkbox"/>

Leaves of absence due to military service are governed by the Federal *Uniformed Services Employment and Reemployment Rights Act* of 1994 (USERRA), IRC 414(u), effective January 1, 2007, IRC 401(a)(37). Military reporting requires historical wage and contribution reporting for Defined Benefit as applicable.

# Defined Benefit Plan Adoption Agreement

### 3. Definition of Compensation

The Definition of Compensation is used to calculate a participant's final average compensation and is used in determining both employer and employee contributions. Wages paid to employees, calculated using the elected definition, must be reported to MERS.

Select your Definition of Compensation:

Base Wages     Box 1 Wages of W-2     Gross Wages

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

Custom Definition

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

### V. Valuation-Required Provisions

Valuation Date: \_\_\_\_\_, 20\_\_\_\_

#### 1. Review the valuation results

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

Our MERS representative presented and explained the valuation results to the

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

As an authorized representative of this municipality, I \_\_\_\_\_  
(Name)

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

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

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

# Defined Benefit Plan Adoption Agreement

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

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

If checked, select one below:

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

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

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

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

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

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

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

Age 50 – 54 \_\_\_\_\_ Service between 25 and 30 years \_\_\_\_\_

Age 55 – 65 \_\_\_\_\_ Service between 15 and 30 years \_\_\_\_\_

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

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

8. **Other**

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

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

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

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

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

• Credited payment percentage will be: \_\_\_\_\_ % (enter a number from 1-100% in increments of 1%) throughout the duration of the DROP period.

# Defined Benefit Plan Adoption Agreement

Annuity Withdrawal Program (AWP)

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

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

## 9. Cost-of-Living Adjustment

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

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

## 10. Service Credit Purchase Estimates are:

- Not permitted
- Permitted

## VI. Appointing MERS as the Plan Administrator

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

## VII. Modification Of The Terms Of The Adoption Agreement

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

# Defined Benefit Plan Adoption Agreement

## VIII. Enforcement

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

## IX. Execution

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

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

Authorized signature: \_\_\_\_\_

Title: \_\_\_\_\_

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

Dated: \_\_\_\_\_, 20\_\_\_\_ Signature: \_\_\_\_\_  
(Authorized MERS Signatory)