

PITTSFIELD CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN
RES #20-14

RESOLUTION ADOPTING THE TOWNSHIP'S
OTHER POST-EMPLOYMENT BENEFITS (OPEB) FUNDING POLICY

March 25, 2020

At a Regular Meeting of the Township Board of Pittsfield Charter Township, Washtenaw County, Michigan, held at the Township Administration Building located at 6201 W. Michigan Avenue, in said Township, on the 25th day of March, 2020 at 6:30 p.m.

Present: Grewal, Anzaldi, Scribner, Edwards-Brown, Jaffer, Krone, Ralph
Absent: None

The following preamble and resolution were offered by Trustee Edwards-Brown and supported by Trustee Krone.

WHEREAS, according to the Governmental Accounting Standards Board (GASB) standards, the township is required to have an actuarial valuation done for its Other Post-Employment Benefits (OPEB) no less than every two years; and

WHEREAS, the Government Finance Officers Association (GFOA) recommends that OPEB plans are sustainable; and

WHEREAS, adopting a funding policy for OPEB will establish the overall funding goals for Pittsfield Charter Township's Retiree Health Funding Vehicle (RHFV), the benchmarks that will be used to measure progress in achieving those goals, and the methods and assumptions that will be employed to develop the benchmarks;

NOW THEREFORE BE IT RESOLVED, that the Pittsfield Charter Township Board of Trustees adopts the attached OPEB Funding Policy, effective March 25, 2020.

ROLL CALL VOTE:

AYES: Grewal, Anzaldi, Scribner, Edwards-Brown, Jaffer, Krone, Ralph
NAYS: None
ABSENT: None
ABSTAIN: None

RESOLUTION DECLARED ADOPTED.



Mandy Grewal, Supervisor
Pittsfield Charter Township

Dated: March 27, 2020

	Pittsfield Charter Township Other Post-Employment Benefits (OPEB) Funding Policy	GENERAL OPERATIONS:	
		<i>Resolution Number:</i> 20-14	<i>Effective Date:</i> 03/25/2020

PURPOSE

The purpose of this funding policy is to state the overall funding goals for Pittsfield Charter Township. The Government Finance Officers Association (GFOA) recommends that government officials ensure that Other Post-Employment Benefits (OPEB) plans are sustainable. Sustainability requires governments that offer OPEB to contribute the full amount of their Actuarially Determined Contribution (ADC) each year. Failing to fund the ADC during recessionary periods impairs investment returns by providing inadequate funds to invest when stock prices are low. As a result, long-term investment performance can suffer and ultimately require higher contributions.

BACKGROUND

The Township established the Retiree Health Funding Vehicle (RHFV) in 2007 to fund its OPEB. The RHFV is a Section 115 Governmental Integral Part Trust and considered a qualified medical trust that uses MERS' cost-effective diversified investments. The RHFV was established in an effort to accumulate sufficient assets to fully finance the benefits eligible retired employees receive throughout their retirement, it has been the Township's practice to fully fund the ADC (and when financially possible to contribute additional funds above the ADC), into the Township's RHFV.

POLICY

The OPEB Funding Policy is intended to develop a practice of stable and regular contributions when expressed as a percentage of payroll as measured by valuations prepared in accordance with the principles of practice prescribed by the Actuarial Standards Board, with a minimum employer contribution at least equal to the ADC. The Township's policy will be to continue its current practice to fund the ADC, or annual employer contribution for OPEB, which previously was equivalent to the Annual Recommend Contribution (ARC). This policy also has a target funded ratio of 100% or more (full funding) with a goal to reach full funding on a predicable funding schedule. To do this, the unfunded liability will be amortized over a closed 30-year period starting January 1, 2021. Additionally, the policy states that all future retiree health insurance benefit changes that would impact OPEB liabilities will be subject to an actuarial review included for any changes recommended to the Board of Trustees.

AMENDMENTS

Based upon recommendations from the Plan's actuary the Board of Trustees has the authority to amend this document.

ADOPTION

This funding policy was adopted by the Board of Trustees on March 25, 2020 for a ten-year period with a recommendation for a five-year review.