



Minutes

**YPSILANTI COMMUNITY UTILITIES AUTHORITY
BOARD OF COMMISSIONERS MEETING
Wednesday, November 28, 2018 – 4:00 p.m.
YCUA Administration Building
2777 State Road
Ypsilanti, MI 48198-9112**

Members Present: Brenda L. Stumbo, Michael Bodary, Jon R. Ichescio, Keith P. Jason, and Larry J. Doe.

Members Absent: None.

1. **CALL TO ORDER:** Ms. Stumbo called the meeting to order at 4:00 p.m.
2. **MINUTES OF THE PREVIOUS MEETING:** Motion by Bodary to receive and file the minutes of the October 24, 2018 meeting as presented. Support by Doe. In favor: All. Opposed: None. (Motion carried.)
3. **NEW BUSINESS:**
 - A. **Request to Approve - Authorization to Seek Construction Engineering Proposal re: Willow Run Pump Station Generator Replacement (O & M Expense Account No. 901-555) – Scott D. Westover**

Motion by Bodary to provide Authorization to Seek Construction Engineering Proposal re: Willow Run Pump Station Generator Replacement (O & M Expense Account No. 901-555). Support by Jason. In favor: All. Opposed: None. (Motion carried.)
 - B. **Request to Approve - Award of Contract re: Willow Run Pump Station Generator Replacement in the Amount of \$289,700 (O & M Expense Account No. 901-555) – Scott D. Westover**

Motion by Bodary to approve the Award of Contract re Willow Run Pump Station Generator Replacement in the Amount of \$289,700 (O & M Expense Account No. 901-555). Support by Ichescio.

Mr. Westover advised the Board that this is a construction contract related to the previous item. He indicated that three very favorable bids were received with the low bid from Shaw Electric.

Ms. Stumbo inquired as to whether this was reviewed by counsel. YCUA attorney Thomas E. Daniels responded affirmatively.

In favor: All. Opposed: None. (Motion carried.)

C. Request to Approve - Authorization to Seek Bids re: Stone Tower Repairs and Painting (O & M Expense Account No. 901-540) – Scott D. Westover

Motion by Doe to provide Authorization to Seek Bids re: Stone Tower Repairs and Painting (O & M Expense Account No. 901-540). Support by Jason. In favor: All. Opposed: None. (Motion carried.)

D. Request to Approve – Engineering Proposal re: WWTP Incinerator Rehabilitation in the Not-to-Exceed Amount of \$470,000 (Restricted Funds Account No. 902-173) – Scott D. Westover

Motion by Bodary to approve the Engineering Proposal re: WWTP Incinerator Rehabilitation in the Not-to-Exceed Amount of \$470,000 (Restricted Funds Account No. 902-173). Support by Doe.

Mr. Westover reminded the Board that, during the September meeting, they authorized a request for qualifications on this State Revolving Fund loan project to replace key components of the incinerator. He indicated that this is the conclusion of that process. Mr. Westover explained that in October, statements of qualifications were received from several interested firms and Tetra Tech was determined to be the best fit for this project. He pointed out that this proposal was negotiated between receipt of those qualifications and November 21st. Mr. Westover also explained that the total budget is for design and construction engineering, which is a little different from what was originally requested but it was determined to make the most sense after negotiations were completed.

Mr. Bodary inquired as to what improvements are expected. Mr. Westover responded that staff has identified three key pieces in the SRF plan that was submitted to the state: the primary heat exchanger, the secondary heat exchanger, and the Venturi scrubber. He further advised that these are all components of the system downstream of the incinerator associated with air emissions quality control. Mr. Westover stated that the most critical piece is the primary heat exchanger because there was significant failure with that unit about four or five years ago that resulted in lengthy downtime. He acknowledged that staff expects to get another seven to 12 years out this replacement item with 12 years into the existing unit with repairs.

Mr. Westover confirmed that the Venturi scrubber has experienced some failures in the bottom of the unit that were not as critical as the primary heat exchanger. He explained that the secondary heat exchanger will be evaluated during the initial state of the design with the hope that it might

not need to be replaced. Mr. Westover pointed out that the secondary unit doesn't quite see the rough atmosphere that the primary unit and Venturi experience.

YCUA Maintenance Director Stacey Reynolds then addressed the Board and outlined the issues in greater detail.

Ms. Stumbo inquired as to the estimated cost. Mr. Westover responded that the current construction cost opinion is \$3.25 million with a significant portion of that being the removal and replacement of the roof. He also stated that this portion is right in the range of expectation at about 14.5%, which is in the normal range for a project of this nature.

Ms. Stumbo inquired as to whether this would be a good time to re-examine odor control. Mr. Westover responded that these items are far downstream from where odors are experienced. Mr. Castro interjected that there are several odorous areas that can be further evaluated.

In favor: All. Opposed: None. (Motion carried.)

E. Request to Approve – Engineering Proposal re: WWTP West Tertiary Filters Improvements in the Not-to-Exceed Amount of \$554,000 (O & M Expense Account No. 902-175) – Scott D. Westover

Motion by Bodary to approve Engineering Proposal re: WWTP West Tertiary Filters Improvements in the Not-to-Exceed Amount of \$554,000 (O & M Expense Account No. 902-175). Support by Ichesco.

Mr. Westover advised the Board that this is the second SRF loan project to be pursued this fiscal year and the same qualifications process was used following the Board's authorization in September. He indicated that staff determined that OHM is the best fit for this project and negotiated the proposal as presented.

Ms. Stumbo inquired as to the projected cost for the overall project. Mr. Westover responded that the construction cost opinion is \$3.125 million, which puts the engineering a little higher percentage-wise but still within the normal range at just under 18%. Mr. Westover explained that there are a lot more moving parts in the filter project as opposed to the incinerator project that require much more detailed sequencing.

Ms. Stumbo inquired as to whether this is OHM's first time working on YCUA's wastewater infrastructure. Mr. Westover responded affirmatively and indicated that they have added some key staff and expanded their capabilities on the process side in recent years. He pointed out that a couple of the people added came over from Tetra Tech and, as such, are knowledgeable about the plant and experienced the expansion project. Mr. Westover also explained that Jennifer Drinan, Tom Allbaugh, and Chris Wilson will assist with this project.

In favor: All. Opposed: None. (Motion carried.)

F. Request to Approve – Change Order No. 2 re: Tyler Pond Trestle Replacement in the Deduct Amount of \$60,976.21 (Restricted Account No. 902-386) – Scott D. Westover

Motion by Doe to approve Change Order No. 2 re: Tyler Pond Trestle Replacement in the Deduct Amount of \$60,976.21 (Restricted Account No. 902-386). Support by Jason.

Mr. Westover advised the Board that this project was a cooperative effort between Ypsilanti Township and YCUA and this change order decreases the final cost of the project quite substantially to just over \$320,000 from an original cost of just over \$1.9 million.

In favor: All. Opposed: None. (Motion carried.)

G. Request to Approve – Purchase of Sand, Stone, and Cold Patch in the Amount of \$82,442.50 (O & M Expense Account No. 560-806) – Bob Fry

Motion by Jason to approve the Purchase of Sand, Stone, and Cold Patch in the Amount of \$82,442.50 (O & M Expense Account No. 560-806). Support by Doe.

Mr. Fry advised the Board that Farmer Underwood was the second-lowest bidder however, staff has worked with them for the last four years and are very good at getting materials on time. He indicated that they are also a local vendor, located in Belleville. Mr. Castro interjected the low bidder was not chosen but that he supports Mr. Fry's decision.

Mr. Fry explained that the low bid came in \$4,500 lower; the biggest cost difference being the cold patch.

In favor: All. Opposed: None. (Motion carried.)

H. Request to Approve – YCUA Resolution No. 18-8 re: PA 202 Corrective Action Plan: YCUA Defined Benefit Pension Retirement Systems – Kevin M. Welch

Mr. Welch advised the Board that the State of Michigan passed Public Act 202 in 2017, which required all public entities with defined benefit retirement and healthcare plans to submit their financials by a certain date. He indicated that YCUA responded accordingly and was determined to be underfunded based on their 60% criteria for an Authority.

Mr. Welch explained that the first option was to submit a waiver because YCUA came in at 58%. He pointed out that the Board approved this approach but that it was denied by the state.

Mr. Welch also explained that the next step is to submit a corrective action plan to the state by January 1, 2019, which outlines how the Authority

intends to raise the funding level to 60%. He further advised that YCUA's plan includes items that have already been done, including changes to the pension system as well as various changes to the amount of money that is put into the system.

Mr. Welch stated that the Authority's auditor has projected that YCUA's funding level will be 59.7875% but the state would not allow the figure to be rounded up to 60%. He acknowledged that he expects the Authority's funding level to be over 60% within a year but this cannot be verified until the next audit. Mr. Welch confirmed that he and Mr. Harrigan have spent a great deal of time communicating with the state and he anticipates the plan will be approved.

Mr. Doe inquired as to the amount of funding would be required to reach 100%. Mr. Harrigan responded that \$22 million dollars is needed. Mr. Welch and Mr. Harrigan then addressed questions from the Board.

Ms. Stumbo requested that a reference be added to the plan to the dramatically changed assumptions regarding the assessment and age of retirement.

Motion by Ichesco to approve YCUA Resolution No. 18-8 re: PA 202 Corrective Action Plan: YCUA Defined Benefit Pension Retirement Systems. Support by Bodary. In favor: All. Opposed: None. (Motion carried.)

I. Fund Balance Report – Dwayne Harrigan

Informational only; no motion from the Board required.

J. Financial Report – Authority Net Assets – Dwayne Harrigan

Informational only; no motion from the Board required.

K. Usage Report – Consumption Report – Jeff Castro

Informational only; no motion from the Board required.

L. Attorney's Report – Thomas E. Daniels

There was no Attorney's Report for the month.

M. Human Resources Report – Kevin M. Welch

Mr. Welch advised the Board that there were 14 training sessions this month, mostly safety related, as well as a couple relating to professional development. He indicated that the mechanic position is in the process of being filled but that won't be finalized for a few weeks. Mr. Welch explained that there have been no new licenses to report but that some are expected in December after testing takes place on November 1st.

N. Director's Report - Jeff Castro

There was no Director's Report for the month.

4. **OLD BUSINESS:** There was no Old Business for the month.
5. **OTHER BUSINESS:** There was no Other Business for the month.
6. **STATEMENTS AND CHECKS:** Motion by Ichesco to pay the current month's bills in the amount of \$2,976,824.25. Support by Doe. In favor: All. Opposed: None. (Motion carried.)
7. **PUBLIC COMMENTS:** There were no Public Comments for the month.
8. **CLOSED SESSION:** Ms. Stumbo recommended adjourning the open session and calling to order a closed session in order to discuss Teamsters negotiations. Motion by Jason to accept the recommendation for adjourning the open session and calling to order a closed session. Support by Doe. By roll call vote: Ayes: Brenda L. Stumbo, Michael Bodary, Jon R. Ichesco, Larry J. Doe, and Keith P. Jason. Nays: None. (Motion carried.)

(Board then met in closed session at 4:33 p.m.)

9. **RETURN TO OPEN SESSION AND ADJOURNMENT:** Motion by Ichesco to approve the Collective Bargaining Agreement between Ypsilanti Community Utilities Authority and Teamsters Local 214 for July 1, 2019 – December 31, 2022 as negotiated. Support by Doe. In favor: All. Opposed: None. (Motion carried.)

Motion by Doe to approve the Resolution 18-7 regarding the MERS Defined Benefit Plan Adoption Agreement changing Teamsters contribution from 4% to 5%. Support by Bodary. In favor: All. Opposed: None. (Motion carried.)

Motion by Doe to adjourn the meeting at 4:56 p.m. Support by Bodary. In favor: All. Opposed: None. (Motion carried.)

Respectfully submitted,



MICHAEL BODARY, Vice-Chair

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 participant 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___. *Please note:* You only need to mark **changes** to your plan throughout the remainder of this Agreement.

C. If this is a **temporary benefit** that lasts 2-6 months, the effective dates of this temporary benefit are from ___/01/___ through ___/___/___ for Defined Benefit division number _____.
Last day of month
Please note: You only need to mark **changes** to your plan throughout the remainder of this 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__.

Defined Benefit Plan Adoption Agreement

III. Eligible Employees

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

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

Only retirees will be in this division.

These employees are (check one or both):

In a collective bargaining unit (attach cover page, retirement section, signature page)

Subject to the same personnel policy

To receive one month of service credit (check one):

An employee shall work 10 _____ hour days.

An employee shall work _____ hours in a month.

All employees as classified under eligible employees, whether full or part time, who meet this criteria must be reported to MERS. If you change your current day of work definition to be more restrictive, the new definition only applies to employees hired after the effective date.

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 provide service time 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 _____ month(s).

IV. 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)

Defined Benefit Plan Adoption Agreement

2. This Adoption Agreement will be implemented in conjunction with a current actuarial valuation certified by a MERS actuary that sets contribution rates.
3. 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.
4. 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)

5. Final Average Compensation (Min 3 yr, increments of 1 yr) _____ years
6. Vesting (5 -10 yrs, increments of 1 yr) _____ years
7. Required employee contribution (Max 10%, increments of 0.01%) _____ %
8. Compensation, for retirement purposes, is defined as base wages and all of the following. Check applicable boxes to *exclude* these types from your MERS reported wages:
 - Longevity pay
 - Overtime pay
 - Shift differentials
 - Pay for periods of absence from work by reason of vacation, holiday, and sickness
 - Workers' compensation weekly benefits (if reported and are higher than regular earnings)
 - A member's pre-tax contributions to a plan established under Section 125 of the IRC
 - Transcript fees paid to a court reporter
 - A taxable car allowance
 - Short term or long term disability payments
 - Payments for achievement of established annual (or similar period) performance goals
 - Payment for attainment of educational degrees from accredited colleges, universities, or for acquisition of job-related certifications
 - Lump sum payments attributable to the member's personal service rendered during the FAC period
 - Other: _____
 - Other 2: _____

Defined Benefit Plan Adoption Agreement

9. Early Normal Retirement with unreduced benefits

- | | |
|--|--|
| <input type="checkbox"/> Age 50 with 25 years of service | <input type="checkbox"/> Age 50 with 30 years of service |
| <input type="checkbox"/> Age 55 with 15 years of service | <input type="checkbox"/> Age 55 with 20 years of service |
| <input type="checkbox"/> Age 55 with 25 years of service | <input type="checkbox"/> Age 55 with 30 years of service |
| <input type="checkbox"/> Any age with (20-30 yrs, in 1 yr increments) _____ years of service | |
| <input type="checkbox"/> _____ | |

10. Other

- Surviving Spouse will receive _____% of Straight Life benefit without a reduction to the participant's benefit
- 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)
- 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.

11. Cost-of-Living Adjustment

<input type="checkbox"/> All current retirees as of effective date <input type="checkbox"/> Retirees who retire between ____/01/____ and ____/01/____ <i>(one time increase only)</i>	<input type="checkbox"/> Future 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)

V. 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 any conflict between MERS Plan Document and the MERS Defined Benefit Plan, the provisions of the Plan Document control.

Defined Benefit Plan Adoption Agreement

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, 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.

Defined Benefit Plan Adoption Agreement

VIII. 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: *Dorenda L. Strumb*

Title: _____

Witness signature: *Kevin M. Welch*
KEVIN M. WELCH

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

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

YCUA RESOLUTION NO. 18-8
APPROVING PUBLIC ACT 202 CORRECTIVE ACTION PLAN:
YCUA DEFINED BENEFIT PENSION RETIREMENT SYSTEM

Minutes of a meeting of the Board of Commissioners of the Ypsilanti Community Utilities Authority, County of Washtenaw, Michigan, held in the Authority, on the 28th day of November 2018 at 4:00 o'clock p.m., prevailing Eastern Time.

prevailing Eastern Time.

PRESENT: Commissioners Brenda L. Stumbo, Michael Bodary, Jon R. Ichesco, Larry J. Doe,
and Keith P. Jason.

ABSENT: Commissioners None.

The following preamble and resolution were offered by Commissioner Ichesco and supported by Commissioner Bodary.

WHEREAS, the Ypsilanti Community Utilities Authority ("YCUA") is required to submit a Defined Benefit Pension Retirement Corrective Action Plan (form 5598) to the Michigan Department of Treasury, as required by Public Act 202 of 2017, and

WHEREAS, YCUA requests authorization from the YCUA Board of Commissioners for YCUA's Executive Director to sign the Plan and for YCUA's Human Resources Director to submit the completed Plan to the Michigan State Treasurer no later than January 1, 2019.


NOW, THEREFORE, BE IT RESOLVED THAT the Public Act 202 Corrective Action Plan for YCUA's Defined Benefit Pension Retirement System and the request for YCUA's Director to sign the plan (form 5598) and for YCUA's Human Resources Director to submit the completed plan and attachments to the Michigan State Treasurer no later than January 1, 2019 are hereby approved by the Board of Commissioners of the Ypsilanti Community Utilities Authority.

AYES: Commissioners Brenda L. Stumbo, Michael Bodary, Jon R. Ichesco, Larry J. Doe,
and Keith P. Jason.

NAYS: Commissioners None.

RESOLUTION DECEARED ADOPTED.





JON R. ICHESCO, Secretary - Treasurer

I hereby certify that the attached is a true and complete copy of a resolution adopted by the Board of Commissioners of the Ypsilanti Community Utilities Authority, County of Washtenaw, State of Michigan, at a meeting held on the 28th day of November 2018 and that public notice of said meeting was given pursuant to and in full compliance with Act No. 267, Public Acts of Michigan, 1976 and that minutes of the meeting were kept and will be or have been made available as required by said Act.





JON R. ICHESCO, Secretary - Treasurer