STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

December 27, 2018

Notice of Approval
Fiscal Year: 2017
Municipality Code: 337500

Sent Via Email
Capital Region Airport Authority
wsieloff@craa.com

Re: Corrective Action Plan

Dear Administrative Officer or Designee:

Thank you for submitting your retirement corrective action plan pursuant to Public Act 202 of 2017 (the Act). **Based upon review, your corrective action plan for OPEB has been approved by the Municipal Stability Board (the Board).**

<u>Next Steps (Pursuant to the Act):</u>

- You must begin to implement your corrective action plan within 180 days of the date of this letter.

- Your approved corrective action plan must be posted publicly on your website or in a public place. While this approved corrective action plan is in effect for your local unit, you are not required to submit an additional corrective action plan for this system.

- You are required to continue to file the Form 5572 Retirement System Annual Report annually, which is due six months after the end of your fiscal year.

- The Board shall monitor your compliance with the Act and your corrective action plan. The Board shall detail any reasons for a determination of noncompliance. Additional guidance will be forthcoming regarding the monitoring process.

Thank you for your commitment to fiscal stability and continued compliance with the Act. If you have any questions, please email our office at LocalRetirementReporting@michigan.gov or visit Michigan.gov/LocalRetirementReporting.

Sincerely,

Michigan Department of Treasury
Local Retirement Reporting Team

CAPITAL REGION AIRPORT AUTHORITY

Protecting Local Government Retirement and Benefits Act

Corrective Action Plan: Retirement Health Benefit System

Naming Convention	Type of Document
Attachment – 1	The Corrective Action Plan – 9/17/18
Attachment – 1a	Resolution 18-31, Protecting Local Government Retirement and Benefits Act – Corrective Action Plan for CRAA's Retirement Health Benefit System – 9/17/18
Attachment – 2a	Actuarial Valuation – 6/30/18
Attachment – 3a	MERS contribution confirmation – 6/30/18
Attachment – 4a	Resolution 18-32, Annual Budget Commitment to funding the Authority's OPEB Trust (Retiree Health Funding Vehicle) – 9/17/18
Attachment – 6a	Resolution 17-29, Establishment of a Retiree Health Funding Vehicle – 10/16/17
	Resolution 17-32, Establishment of a Health Care Savings Plan – 11/20/17
	Resolution 17-33, Revisions to the Authority's Employee Policy Manual, Personnel Provisions and Benefits Sections – 11/20/17
	Resolution 17-34, Labor Agreement between CRAA and AFSCME – 11/20/17
	Resolution 17-35, Labor Agreement between CRAA and POAM – 12/11/17
	Resolution 17-38, Approval of Initial Health Care Savings Program/ Participation Agreements – 12/11/17
	Resolution 18-07, Publicly Funded Health Insurance Contribution Act Exemption – 3/19/18
	Resolution 18-18, Revisions to the Authority's Employee Policy Manual, Personnel Provision and Benefits Sections – 6/18/18
	Resolution 18-19, Establishment of a Health Insurance Premium Deduction Plan – 6/18/18
	Resolution 18-20, Approval of Additional Health Care Savings Program Participation Agreements – 6/18/18
	Resolution 18-21, Appreciation to Staff Providing Input on Alternative Medical Insurance Plans – 6/18/18

Protecting Local Government Retirement and Benefits Act Corrective Action Plan:
Retirement Health Benefit Systems

Issued under authority of Public Act 202 of 2017.

1. MUNICIPALITY INFORMATION

Local Unit Name: Capital Region Airport Authority Six-Digit Muni Code: 337500

Retirement Health Benefit System Name: n/a

Contact Name (Administrative Officer): Wayne G. Sieloff

Title if not Administrative Officer: Chief Executive Officer

Email: wsieloff@craa.com Telephone: (517) 886-3711

2. GENERAL INFORMATION

Corrective Action Plan: An underfunded local unit of government shall develop and submit for approval a corrective action plan for the local unit of government. The local unit of government shall determine the components of the corrective action plan. This Corrective Action Plan shall be submitted by any local unit of government with at least one retirement health benefit system that has been determined to have an underfunded status. Underfunded status for a retirement health system is defined as being less than 40% funded according to the most recent audited financial statements, and, if the local unit of government is a city, village, township, or county, the annual required contribution (ARC) for all of the retirement health systems of the local unit of government is greater than 12% of the local unit of government's annual governmental fund revenues, based on the most recent fiscal year.

Due Date: The local unit of government has **180 days from the date of notification** to submit a corrective action plan to the Municipal Stability Board. The Board may extend the 180-day deadline by up to an additional 45 days if the local unit of government submits a reasonable draft of a corrective action plan and requests an extension.

Filing: Per Sec. 10(1) of the Act, this Corrective Action Plan must be approved by the local government's administrative officer and its governing body. ***You must provide proof of your governing body approving this Corrective Action Plan and attach the documentation as a separate PDF document.*** Per Sec. 10(4) of the Act, failure to provide documentation that demonstrates approval from your governing body will result in a determination of noncompliance by the Board.

The submitted plan must demonstrate through distinct supporting documentation how and when the local unit will reach the 40% funded ratio. Or, if the local unit is a city, village, township, or county, the submitted plan may demonstrate how and when the ARC for all of the retirement healthcare systems will be less than 12% of annual governmental fund revenues, as defined by the Act. Supporting documentation for the funding ratio and/or ARC must include an actuarial projection, an actuarial valuation, or an internally developed analysis. The local unit must project governmental fund revenues using a reasonable forecast based on historical trends and projected rates of inflation.

The completed plan must be submitted via email to Treasury at LocalRetirementReporting@michigan.gov for review by the Board. **If you have multiple underfunded retirement systems, you are required to complete separate plans and send a separate email for each underfunded system.** Please attach each plan as a separate PDF document in addition to all applicable supporting documentation.

The subject line of the email(s) should be in the following format: **Corrective Action Plan-2017, Local Unit Name, Retirement System Name** (e.g. Corrective Action Plan-2017, City of Lansing, Employees' Retirement System OPEB

Plan). Treasury will send an automatic reply acknowledging receipt of the email. Your individual email settings must allow for receipt of Treasury's automatic reply. This will be the only notification confirming receipt of the application(s).

Municipal Stability Board: The Municipal Stability Board (the Board) shall review and vote on the approval of a corrective action plan submitted by a local unit of government. If a corrective action plan is approved, the Board will monitor the corrective action plan for the following two years, and the Board will report on the local unit of government's compliance with the Act not less than every two years.

Review Process: Following receipt of the email by Treasury, the Board will accept the corrective action plan submission at the next scheduled meeting of the Board. The Board shall then approve or reject the corrective action plan within 45 days from the date of the meeting.

Considerations for Approval: A successful corrective action plan will demonstrate the actions for correcting underfunded status as set forth in Sec. 10(7) of the Act (listed below), as well as any additional solutions to address the underfunded status. Please also include steps already taken to address your underfunded status, as well as the date prospective actions will be taken. A local unit of government may also include in its corrective action plan a review of the local unit of government's budget and finances to determine any alternative methods available to address its underfunded status. A corrective action plan under this section may include the development and implementation of corrective options for the local unit of government to address its underfunded status. The corrective options as described in Sec. 10(7) may include, but are not limited to, any of the following:

(i) Requiring cost sharing of premiums and sufficient copays.

(ii) Capping employer costs.

Implementation: The local unit of government has up to 180 days after the approval of a corrective action plan to begin to implement the corrective action plan to address its underfunded status. The Board shall monitor each underfunded local unit of government's compliance with this act and any corrective action plan. The Board shall adopt a schedule, not less than every 2 years, to certify that the underfunded local unit of government is in substantial compliance with the Act. If the Board determines that an underfunded local unit of government is not in substantial compliance under this subsection, the Board shall within 15 days provide notification and report to the local unit of government detailing the reasons for the determination of noncompliance with the corrective action plan. The local unit of government has 60 days from the date of the notification to address the determination of noncompliance.

3. DESCRIPTION OF PRIOR ACTIONS

Prior actions are separated into three categories below: System Design Changes, Additional Funding, and Other Considerations. Please provide a brief description of the prior actions implemented by the local government to address the retirement system's underfunded status within the appropriate category section. Within each category are sample statements that you may choose to use to indicate the changes to your system that will positively affect your funded status. For retirement systems that have multiple divisions, departments, or plans within the same retirement system, please indicate how these changes impact the retirement **system** as a whole.

- **Please Note:** If applicable, prior actions listed within your waiver application(s) may also be included in your corrective action plan.

Please indicate where in the attached supporting documentation these changes are described and the impact of those changes (i.e. what has the local unit of government done to improve its underfunded status, and where can we find the proof of these changes in the supporting documentation?).

Note: Please provide the name of the system impacted, the date you made the change, the relevant page number(s) within the supporting documentation, and the resulting change to the system's funded ratio.

Category of Prior Actions:

☒ **System Design Changes -** System design changes may include the following: Changes to coverage levels (including retiree co-payments, deductibles, and Medicare eligibility), changes to premium cost-sharing, eligibility changes, switch to defined contribution retiree health care plan, changes to retiree health care coverage for new hires, etc.

Sample Statement: *Benefit levels of the retired membership mirrors the current collective bargaining agreement for each class of employee. On* ***January 1, 2017****, the local unit entered into new collective bargaining agreements with the* ***Command Officers Association*** *and* ***Internal Association of Firefighters*** *that increased employee co-payments and deductibles for healthcare. These coverage changes resulted in an improvement to the retirement system's funded ratio. Please see page* ***12*** *of the attached actuarial analysis that indicates the system is* ***40%*** *funded as of* ***June 30, 2017****.*

The Authority's system design changes are many and significant in nature. These changes are outlined on page 13 of the Actuarial Valuation (attachment 2a). The approval of these changes are found in the Board Resolutions (attachment 6a). These system changes produced (as expected) a favorable Funded Ratio of 66.85% as of June 30, 2018. (see Actuarial Valuation page 2)The implementation of these changes began in November 2017.

☒ **Additional Funding –** Additional funding may include the following: paying the annual required contribution in addition to retiree premiums, voluntary contributions above the annual required contribution, bonding, millage increases, restricted funds, etc.

Sample Statement: *The local unit created a qualified trust to receive, invest, and accumulate assets for retirement healthcare on* ***June 23, 2016****. The local unit of government has adopted a policy to change its funding methodology from Pay-Go to full funding of the Annual Required Contribution (ARC). Additionally, the local unit has committed to contributing* ***$500,000*** *annually, in addition to the ARC for the next five fiscal years. The additional contributions will increase the retirement system's funded ratio to* ***40%*** *by* ***2022.*** *Please see page* ***10*** *of the attached resolution from our governing body demonstrating the commitment to contribute the ARC and additional* ***$500,000*** *for the next five years.*

The Authority created a qualified Health Care Funding Vehicle (Trust) [Resolution 17-29] into which (From January to June 2018) $2,050,000 was deposited. This extraordinary funding contributed significantly to the Authority's OPEB funded ratio of 66.85%.
See attachment 3a for confirmation of these contributions into the MERS Health Care Funding Vehicle. June 30, 2018 Audited financial statements will be available by December 31, 2018.

☐ **Other Considerations** – Other considerations may include the following: outdated Form 5572 information, actuarial assumption changes, amortization policy changes, etc.

Sample Statement: *The information provided on the Form 5572 from the audit used actuarial data from* ***2015****. Attached is an updated actuarial valuation for* ***2017*** *that shows our funded ratio has improved to* ***42%*** *as indicated on page* ***13****.*

4. DESCRIPTION OF PROSPECTIVE ACTIONS

The corrective action plan allows you to submit a plan of prospective actions which are separated into three categories below: System Design Changes, Additional Funding, and Other Considerations. Please provide a brief description of the prospective actions implemented by the local government to address the retirement system's underfunded status within the appropriate category section. Within each category are sample statements that you may choose to use to indicate the changes to your system that will positively affect your funded status. For retirement systems that have multiple divisions, departments, or plans within the same retirement system, please indicate how these changes impact the retirement **system** as a whole.

Please indicate where in the attached supporting documentation these changes are described and the impact of those changes (i.e. what will the local unit of government do to improve its underfunded status, and where can we find the proof of these changes in the supporting documentation?).

Category of Prospective Actions:

☐ **System Design Changes -** System design changes may include the following: Changes to coverage levels (including retiree co-payments, deductibles, and Medicare eligibility), changes to premium cost-sharing, eligibility changes, switch to defined contribution retiree health care plan, changes to retiree health care coverage for new hires, etc.

Sample Statement: *The local unit will seek to align benefit levels for the retired membership with each class of active employees. Beginning with* ***summer 2018*** *contract negotiations, the local unit will seek revised collective bargaining agreements with the* ***Command Officers Association*** *and* ***Internal Association of Firefighters*** *to increase employee co-payments and deductibles for healthcare. These coverage changes would result in an improvement to the retirement system's funded ratio. Please see page* ***12*** *of the attached actuarial analysis that indicates the system would be* ***40%*** *funded by* ***fiscal year 2020*** *if these changes were adopted and implemented by* ***fiscal year 2019****.*

☒ **Additional Funding –** Additional funding may include the following: meeting the annual required contribution in addition to retiree premiums, voluntary contributions above the annual required contribution, bonding, millage increases, restricted funds, etc.

Sample Statement: *The local unit will create a qualified trust to receive, invest, and accumulate assets for retirement healthcare by* ***December 31, 2018****. The local unit of government will adopt a policy to change its funding methodology from Pay-Go to full funding of the Annual Required Contribution (ARC) by* ***December 31, 2018****. Additionally, beginning in fiscal year 2019, the local unit will contribute* ***$500,000*** *annually in addition to the ARC for the next five fiscal years. The additional contributions will increase the retirement system's funded ratio to* ***40%*** *by* ***2022.*** *Please see page* ***10*** *of the attached resolution from our governing body demonstrating the commitment to contribute the ARC and additional* ***$500,000*** *for the next five years.*

The Airport Authority adopted at its September 2018 board meeting, a new funding policy to change its funding methodology from Pay-Go to a system funded plan beginning on July 1, 2019. Additionally, the Authority will contribute five annual payments of $500,000. This payment far exceeds the ARC. See OPEB Funding Resolution 18-32 (attachment 4a).

☐ **Other Considerations** – Other considerations may include the following: outdated Form 5572 information, actuarial assumption changes, amortization policy changes, etc.

Sample Statement: *Beginning in* ***fiscal year 2019****, the local unit will begin amortizing the unfunded portion of the healthcare liability using a* ***level-dollar amortization method over a closed period of 10 years****. This will allow the health system to reach a funded status of* ***42%*** *by* ***2022*** *as shown in the attached actuarial analysis on page* ***13****.*

5. CONFIRMATION OF FUNDING

Please check the applicable answer:

Do the corrective actions listed in this plan allow for *(insert local unit name)* Capital Region Airport Authority to make, at a minimum, the retiree premium payment, as well as the normal cost payments for all new hires (if applicable), for the retirement health benefit system according to your long-term budget forecast?

☒ **Yes**
☐ **No**
If No, Explain

6. DOCUMENTATION ATTACHED TO THIS CORRECTIVE ACTION PLAN

Documentation should be attached as a .pdf to this corrective action plan. The documentation should detail the corrective action plan that would be implemented to adequately address the local unit of government's underfunded status. Please check all documents that are included as part of this plan and attach in successive order as provided below:

Naming convention: when attaching documents please use the naming convention shown below. If there is more than one document in a specific category that needs to be submitted, include a, b, or c for each document. For example, if you are submitting two supplemental valuations, you would name the first document "Attachment 2a" and the second document "Attachment 2b".

Naming Convention	Type of Document
☒ Attachment – 1	**This Corrective Action Plan (Required)**
☒ Attachment – 1a	**Documentation from the governing body approving this Corrective Action Plan (Required)**
☒ Attachment – 2a	**An actuarial projection, an actuarial valuation, or an internally developed analysis, which illustrates how and when the local unit will reach the 40% funded ratio. Or, if the local unit is a city, village, township, or county, ARC will be less than 12% of governmental fund revenues, as defined by the Act. (Required)**
☒ Attachment – 3a	Documentation of additional payments in past years that is not reflected in your audited financial statements (e.g. enacted budget, system provided information).
☒ Attachment – 4a	Documentation of commitment to additional payments in future years (e.g. resolution, ordinance)
☐ Attachment – 5a	A separate corrective action plan that the local unit has approved to address its underfunded status, which includes documentation of prior actions, prospective actions, and the positive impact on the system's funded ratio
☒ Attachment – 6a	Other documentation, not categorized above

7. CORRECTIVE ACTION PLAN CRITERIA

Please confirm that each of the four corrective action plan criteria listed below have been satisfied when submitting this document. Specific detail on corrective action plan criteria can be found in the Corrective Action Plan Development: Best Practices and Strategies document.

Corrective Action Plan Criteria	Description
☐ Underfunded Status	Is there a description and adequate supporting documentation of how and when the retirement system will reach the 40% funded ratio? Or, if your local unit is a city, village, township, or county, how and when the ARC of all retirement healthcare systems will be less than 12 percent of governmental fund revenues?
☐ Reasonable Timeframe	Do the corrective actions address the underfunded status in a reasonable timeframe (see CAP criteria issued by the Board)?
☐ Legal and Feasible	Does the corrective action plan follow all applicable laws? Are all required administrative certifications and governing body approvals included? Are the actions listed feasible?
☐ Affordability	Do the corrective action(s) listed allow the local unit to make the retiree healthcare premium payment, as well as normal cost payment for new hires now and into the future without additional changes to this corrective action plan?

8. LOCAL UNIT OF GOVERNMENT'S ADMINISTRATIVE OFFICER APPROVAL OF CORRECTIVE ACTION PLAN

I, Wayne Sieloff, as the government's administrative officer (insert title) Chief Executive Officer (Ex: City/Township Manager, Executive director, and Chief Executive Officer, etc.) approve this Corrective Action Plan and will implement the prospective actions contained in this Corrective Action Plan.

I confirm to the best of my knowledge that because of the changes listed above, one of the following statements will occur:

☒ The Capital Region Airport Authority Retiree Health Funding Vehicle **(Insert Retirement Healthcare System Name)** will achieve a funded status of at least 40% by Fiscal Year 2018 as demonstrated by required supporting documentation listed in section 6.

OR, if the local unit is a city, village, township, or county:

☐ The ARC for all of the retirement healthcare systems of ____________________ **(Insert local unit name)** will be less than 12% of the local unit of government's annual governmental fund revenues by Fiscal Year __________ as demonstrated by required supporting documentation listed in section 6.

Signature WGSieloff

Date 10/17/2018

Capital Region Airport Authority

RESOLUTION # 18-31

September 17, 2018

Subject/Title
Protecting Local Government Retirement and Benefits Act.
Corrective Action Plan for CRAA's Retirement Health Benefit System

Proposed Action
The Capital Region Airport Authority Board hereby approves the attached Corrective Action Plan (form 5597 and required attachments) and authorizes the President – CEO to sign all related documents on behalf of the Authority.

Chris Holman

Chris Holman, Chairman

Bonnie Wohlfert

Bonnie Wohlfert, Secretary

Protecting Local Government Retirement and Benefits Act.
Corrective Action Plan for CRAA's Retirement Health Benefit System
Resolution 18-31
September 17, 2018

Summary & Background

Public Act 202 of 2017 (Effective: 12/20/2017) required the Authority to report to the Department of Treasury its funded status. Since the Authority's Retiree Health Plan was underfunded (under 40%), the Authority was required to apply for a waiver. The Department of Treasury denied the CRAA's waiver, and thus, a Corrective Action Plan is required to be filed.

The Authority's corrective action plan outlines everything that has been and will be done to adequately fund the OPEB liability. The Authority executed the following:

- Closed plan participation to those hired on or after December 1, 2017.
- Participants are offered a "buy-out" payment in lieu of retiree healthcare benefits provided under this plan. Those accepting this payment will be removed from the valuation computation.
- Established an irrevocable OPEB Trust through MERS of Michigan to pre-fund the benefits under this plan.
- Funded the OPEB Trust at $2,050,000 prior to June 30, 2018.
- Continue to fund the OPEB trust with five (5) annual payments of $500,000.
- Changed Medicare Supplemental plans, thus reducing the premium due.
- Changed pre-Medicare health plans from the Platinum $500 to Gold $1000, thus reducing the premium due.
- Capped its share of current and future Medicare supplemental premiums at $350 per month for all current and future retirees and their spouse.
- Pre-Medicare retirees and spouses are now required to pay 10% of the premium equivalent rates.

Copies of supporting documentation that may be attached to this Corrective Action Plan include:

- Board resolutions for the above policy changes.
- Bargaining Unit agreements
- Proof of payments into OPEB trust
- OPEB Valuation Report – dated June 30, 2018
- Other documentation, not categorized above

Actuarial Valuation
of
Other Post Employment Benefits (OPEBs)
as of June 30, 2018
and
GASB Statements No. 74 and 75

Capital Region Airport Authority

Report Prepared August 29, 2018

CBIZ

Capital Region Airport Authority
Actuarial Valuation as of June 30, 2018

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Capital Region Airport Authority
Actuarial Valuation as of June 30, 2018

Actuarial Certification

We, the undersigned, are consulting actuaries associated with the firm CBIZ Retirement Plan Services. We are members of the American Academy of Actuaries and meet its qualification standards to provide statements of actuarial opinion for actuarial valuations of Other Postemployment Benefits (OPEBs). We have completed an actuarial valuation of the OPEB plan for the Capital Region Airport Authority as of June 30, 2018. This report contains the results of the valuation.

To the best of our knowledge, the information supplied in this report is complete and accurate. In our opinion, the methods and assumptions used in the valuation comply with the Governmental Accounting Standards Board (GASB), particularly GASB Statements No. 74 and 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pension". The assumptions are related reasonably to the past experience of the Plan, and they represent our best estimate of anticipated experience under the Plan. Nevertheless, the actual costs of the plan in the future will differ from the results of the valuation, as the emerging experience varies from the assumptions projected in the valuation.

We have relied on the Authority for the accuracy and completeness of the benefit plans, assets, claims and premium data, and the employee census. While we have not audited the data, we have reviewed if for reasonableness and consistency. A summary of our understanding of the plan features is provided in this report.

This report has been prepared for the use and benefit of the Authority in assessing the effect of GASB Statements No. 74 and 75 on accounting for OPEB plans. It should not be relied upon for other purposes, and it is not intended to benefit any other party. It may be shared in its entirety with all auditors and the general public.

Neither CBIZ nor any of the employees working on this engagement has any relationship with the Capital Region Airport Authority that may impair, or appear to impair, the independence and objectivity of our work.

This actuarial valuation was prepared in accordance with the applicable Statements of the Governmental Accounting Standards Board and the Actuarial Standards of Practice issued by the American Academy of Actuaries.

Frank T. Vedegys, FSA

Frank T. Vedegys, FSA, EA, MAAA
Senior Consulting Actuary

August 29, 2018
Date

Capital Region Airport Authority
Actuarial Valuation as of June 30, 2018

Summary of Valuation Results - After Plan Change

Valuation Date		June 30, 2018
Participant Data		
Active Employees		31
Retirees and Covered Spouses		58
Total		89
Present Value of Future Benefits (PVFB)		
Active Employees	$	1,506,089
Retirees and Covered Spouses		1,890,304
Present Value of Future Benefits	$	3,396,393
Total OPEB Liability (TOL)		
Active Employees	$	1,155,489
Retirees and Covered Spouses		1,890,304
Total OPEB Liability	$	3,045,793
Fiduciary Net Position (FNP)		(2,036,260)
Net OPEB Liability (NOL)	$	1,009,533
FNP as a Percentage of TOL		66.85%
Actuarial Determined Contribution (ADC) for Year Ending:		
June 30, 2019	$	191,144
June 30, 2020		196,708

Capital Region Airport Authority
Actuarial Valuation as of June 30, 2018

Reconciliation of Fiduciary Net Position

Statement of Changes in Fiduciary Net Position

	7/1/2017 - 6/30/2018		
	OPEB Trust	Pay-as-you-go	Total
Balance as of Beginning of Year	$ -	$ -	$ -
Employer Contributions*	2,050,000	273,762	2,323,762
Participant Contributions	-	-	-
Implicit Subsidy	-	-	-
Investment Income, net of investment expenses	(12,843)	-	(12,843)
Total Additions	$ 2,037,157	$ 273,762	$ 2,310,919
Benefit Payments, including implicit subsidy*	-	(273,762)	(273,762)
Non-Investment Expenses	(897)	-	(897)
Total Deductions	$ (897)	$ (273,762)	$ (274,659)
Net Change	$ 2,036,260	$ -	$ 2,036,260
Balance as of End of Year	$ 2,036,260	$ -	$ 2,036,260
Money-Weighted Rate of Return	-3.94%	0.00%	-3.94%

* Includes $10,000 paid to two employees who elected a $5,000 payment in lieu of retiree healthcare coverage

Development of Actuarially Determined Contribution (ADC)

The Actuarially Determined Contribution (ADC) is calculated in accordance with the employer's funding and investment policy. Under GASB Nos. 74 and 75, if the employer does not have a formal, written funding policy, the ADC is calculated based on the 5-year average historical contributions as a percentage of either the ADC or the Covered Payroll.

The employer does have a qualified, irrevocable OPEB Trust, per GASB Standards. Per Resolution #18-08 dated March 19, 2018, the employer is to annually contribute the lesser of $500,000 or the Actuarially Determined Contribution. As the employer's share of retiree benefits is not projected to exceed $500,000 for the life of the plan, it is assumed that the employer will pay its share of retiree benefits as they come due ('pay-as-you-go'). The employer is expected to have the ability and willingness to make benefit payments from its own resources for the life of the plan.

Actuarially Determined Contribution for Year Ending June 30, 2019	**$**	**191,144**
Expected Covered Payroll for Year Ending June 30, 2019		1,730,548
ADC as a % of Covered Payroll		11%
Actuarially Determined Contribution for Year Ending June 30, 2020	**$**	**196,708**
Expected Covered Payroll for Year Ending June 30, 2020		1,619,686
ADC as a % of Covered Payroll		12%

Capital Region Airport Authority
Actuarial Valuation as of June 30, 2018

10-Year Schedule of Funding Progress

Actuarial Valuation Date	Fiduciary Net Position (a)	Total OPEB Liability (b)	Net OPEB Liability (Asset) (b - a)	Funded Ratio (a / b)	Annual Covered Payroll (c)	Net OPEB Liability as a Percent of Payroll (b - a) / c
12/31/2009	$ -	$ 14,349,642	$ 14,349,642	0.0%	$ -	0.0%
6/30/2013	-	10,164,495	10,164,495	0.0%	2,166,000	469.3%
6/30/2016	-	15,114,881	15,114,881	0.0%	2,391,793	631.9%
6/30/2017	-	10,873,367	10,873,367	0.0%	2,305,022	471.7%
6/30/2018	2,036,260	3,045,793	1,009,533	66.9%	1,688,340	59.8%

Payroll information prior to 6/30/2013 was not disclosed in the Employer's Comprehensive Annual Financial Reports

Capital Region Airport Authority
Actuarial Valuation as of June 30, 2018

10-Year Schedule of Employer Contributions

Fiscal Year Ended	Actuarially Determined Contribution (a)	Historical Contribution (b)	Contribution Deficiency (Excess) (a) - (b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b) / (c)
6/30/2010	$ 896,059	$ 359,831	$ 536,228	$ 2,174,944	16.54%
6/30/2011	936,381	394,051	542,330	2,103,851	18.73%
6/30/2012	978,518	412,115	566,403	2,110,270	19.53%
6/30/2013	773,240	280,388	492,852	2,265,712	12.38%
6/30/2014	777,552	330,808	446,744	2,381,066	13.89%
6/30/2015	781,993	389,105	392,888	2,507,144	15.52%
6/30/2016	1,206,929	347,742	859,187	2,391,793	14.54%
6/30/2017	1,214,279	321,947	892,332	2,305,022	13.97%
6/30/2018	263,388	2,323,762	(2,060,374)	1,688,340	137.64%
6/30/2019	191,144	*191,144*	-	*1,730,548*	11.05%

Beginning Fiscal Year Ending 2018, the ADC is calculated in accordance with the Employer's funding policy, if one exists. Prior to Fiscal Year Ending 2018, the ADC is equal to the Annual Required Contribution (ARC) as calculated under GASB No. 45.

To be determined

Projected Retiree Benefit Payments

Exhibit A is a graph that shows the projection of expected benefit payments under the OPEB plan. These payments only reflect those participants who have already been hired or who are retired. Expected benefit payments are equal to the number of retirees each year times the per retiree cost to the employer. The first year's projected benefit payments total $191,144 As the last participants retire and then reach the end of their benefit period, the benefit payments decline and eventually would reach zero. Exhibit B is a table showing the first 10 years of expected benefit payments.

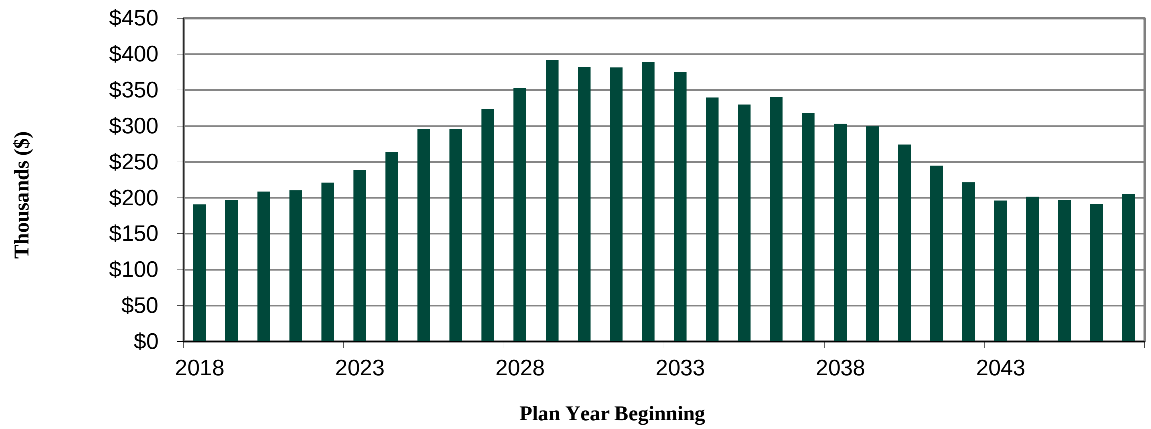

Exhibit B: First 10 Years of Expected Benefit Payments

Plan Year Beginning July 1,	Total Projected Benefits
2018	$ 191,144
2019	196,708
2020	208,974
2021	210,585
2022	221,053
2023	238,574
2024	263,870
2025	295,846
2026	295,680
2027	323,477

Capital Region Airport Authority
GASB Statements No. 74 and 75

OPEB Expense (Income)

OPEB Expense (Income)	Fiscal Year Ending 6/30/2019 *Estimate*	Fiscal Year Ending 6/30/2018 *Actual*
1. Service Cost	$ 53,401	$ 367,874
2. Interest Cost	228,642	332,831
3. Non-Investment Administrative Expenses	4,073	897
4. Expected Return On Plan Assets	(157,652)	0
5. Recognition of Deferred Outflows/(Inflows) related to:		
Net difference between projected and actual earnings	2,569	2,569
Differences between expected and actual experience	15,820	15,820
Changes in assumptions	(315,440)	(315,440)
Contributions subsequent to measurement date	0	0
6. Preliminary OPEB Expense (Income)	$ (168,587)	$ 404,551
7. Plan Amendment or Other Material Change	0	(6,891,244)
8. OPEB Expense (Income)	(168,587)	(6,486,693)

Key Assumptions for OPEB Expense (Income)

	6/30/2019	6/30/2018
Discount Rate	7.75%	3.10%
Salary Scale	2.50%	2.50%
Expected Return on Assets	7.75%	N/A

Deferred Outflows/(Inflows) - Amortization Schedules

Fiscal Year Established	Original Amount	Amortization Amount	Original Amortization Period	Outstanding Balance at End of Year	Outstanding Balance at End of Year
Net difference between projected and actual earnings					
2019	$ 0	$ 0	5.00	$ 0	$ N/A
2018	12,843	2,569	5.00	7,705	10,274
Differences between expected and actual experience					
2019	$ 0	$ 0	4.30	$ 0	$ N/A
2018	71,979	15,820	4.55	40,339	56,159
Changes in assumptions					
2019	$ 0	$ 0	4.30	$ 0	$ N/A
2018	(1,435,252)	(315,440)	4.55	(804,372)	(1,119,812)

Capital Region Airport Authority
GASB Statements No. 74 and 75

Net OPEB Liability

	Fiscal Year Ending	
	6/30/2019	**6/30/2018**
Reconciliation of Total OPEB Liability	*Estimate*	*Actual*
1. Total OPEB Liability at Beginning of Year	$ 3,045,793	$ 10,873,367
2. Service Cost	53,401	367,874
3. Interest Cost	228,642	332,831
4. Plan Amendment or Other Material Change	0	(6,891,244)
5. Net Benefits Paid by Employer	(191,144)	(273,762)
6. Differences between expected and actual experience	0	71,979
7. Changes in assumptions	0	(1,435,252)
8. Total OPEB Liability at End of Year	$ 3,136,692	$ 3,045,793
Reconciliation of Fiduciary Net Position		
1. Fiduciary Net Position at Beginning of Year	$ 2,036,260	$ 0
2. Projected Earnings on Fiduciary Net Position	157,652	0
3. Net Difference Between Projected and Actual Earnings	0	(12,843)
4. Employer Contributions	191,144	2,323,762
5. Total Benefits Paid	(191,144)	(273,762)
6. Non-Investment Administrative Expenses	(4,073)	(897)
7. Participant Contributions	0	0
8. Fiduciary Net Position at End of Year	$ 2,189,839	$ 2,036,260
Money-Weighted Rate of Return	7.75%	-3.94%
Net OPEB Liability (Asset)		
1. Total OPEB Liability	$ 3,136,692	$ 3,045,793
2. Fiduciary Net Position	(2,189,839)	(2,036,260)
3. Net OPEB Liability (Asset)	$ 946,853	$ 1,009,533
Fiduciary Net Position as % of Total OPEB Liability	69.81%	66.85%
Net OPEB Liability: 1% increase in the discount rate	$ 660,043	$ 752,605
Net OPEB Liability: 1% decrease in the discount rate	1,276,943	1,304,272
Net OPEB Liability: 1% increase in healthcare trend	$ 1,114,056	$ 1,157,595
Net OPEB Liability: 1% decrease in healthcare trend	800,542	879,547
Key Assumptions for Net OPEB Liability		
Discount Rate	7.75%	7.75%
Salary Scale	2.50%	2.50%
Expected Return on Assets	7.75%	7.75%

Capital Region Airport Authority
GASB Statements No. 74 and 75

Deferred Outflows (Inflows)

	Fiscal Year Ending			
	6/30/2019		6/30/2018	
Deferred Inflows of Resources Related to OPEB	*Estimate*		*Actual*	
1. Net difference between projected and actual earnings	$	0	$	0
2. Differences between expected and actual experience		0		0
3. Changes in assumptions		804,372		1,119,812
4. Total	$	804,372	$	1,119,812
Deferred Outflows of Resources Related to OPEB				
1. Net difference between projected and actual earnings	$	7,705	$	10,274
2. Differences between expected and actual experience		40,339		56,159
3. Changes in assumptions		0		0
4. Total	$	48,044	$	66,433

Schedule of Deferred Outflows (Inflows)

Amounts reported as deferred outflows or deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

FYE 6/30/2019		
2020	$	(297,051)
2021		(297,051)
2022		(162,226)
2023		-
2024		-
2025+		-

FYE 6/30/2018		
2019	$	(297,051)
2020		(297,051)
2021		(297,051)
2022		(162,226)
2023		-
2024+		-

Capital Region Airport Authority
Actuarial Valuation as of June 30, 2018

Participant Summary

Participant Summary

Metric	Active Employees	Deferred Vested Participants	Retirees, Beneficiaries and Spouses
Covered Participants	31	9	40
Average Age	45.6	51.8	69.3
Average Service	12.8	N/A	N/A
Percentage Male	83.9	77.8	50.0

Age and Service Chart

Attained Age	Years of Credited Service										
	<1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40+	Total
Under 25	0	1	0	0	0	0	0	0	0	0	**1**
25 to 29	0	3	0	0	0	0	0	0	0	0	**3**
30 to 34	0	1	1	1	0	0	0	0	0	0	**3**
35 to 39	0	0	0	0	0	0	0	0	0	0	**0**
40 to 44	0	3	0	3	1	0	0	0	0	0	**7**
45 to 49	0	1	0	1	1	1	1	0	0	0	**5**
50 to 54	0	1	0	3	0	0	2	0	0	0	**6**
55 to 59	0	0	0	2	0	0	1	0	0	0	**3**
60 to 64	0	0	0	0	1	0	2	0	0	0	**3**
65 to 70	0	0	0	0	0	0	0	0	0	0	**0**
70+	0	0	0	0	0	0	0	0	0	0	**0**
Total	**0**	**10**	**1**	**10**	**3**	**1**	**6**	**0**	**0**	**0**	**31**

Plan Provisions

Retiree Benefits and Eligibility	The Employer provides medical, pharmacy, vision, and life insurance benefits for eligible retirees hired before December 1, 2017, and their spouse. Benefits are provided through fully-insured plans administered by Blue Cross Blue Shield of Michigan. Life insurance coverage in retirement is equal to 50% of the employee's salary in their final year of service. *Retirement* Age 60 with 10 years of full-time service, or Age 55 with 15 years of full-time service, or Age 50 with 25 years of full-time service *Termination and Disability (excludes life insurance)* 10 years of full-time service Benefits commence upon attainment of retirement age 60
Length of Benefits	*Retiree* : Life *Spouse* : Life
Retiree Contributions	*Pre-Medicare:* Retirees and spouses contribute 10% of the premium equivalent rates shown on the next page. *Medicare Eligible:* The Employer will contribute a maximum of $350 per month toward the cost of each the retiree and spouse premium equivalent rates shown on the next page. Any premium in excess of this cap is the responsibility of the retiree/spouse.

Plan Provisions

Annual Healthcare Premium Equivalent Rates

Age	Medical/Rx
45	$ 6,175
46	6,415
47	6,684
48	6,992
49	7,296
50	7,638
51	7,976
52	8,348
53	8,724
54	9,131
55	9,537
56	9,978
57	10,422
58	10,897
59	11,132
60	11,607
61	12,017
62	12,287
63	12,625
64	12,830
65+	3,820

Life Insurance Premium: $3.60 per $1,000 of coverage

Changes Since Prior Valuation

1. The Employer closed plan participation to those hired on or after December 1, 2017.
2. Certain participants received a "buy-out" payment in lieu of retiree healthcare benefits provided under this plan. Said participants have been removed from the participant data for valuation.
3. An irrevocable OPEB Trust was established through MERS of Michigan to pre-fund the benefits under this plan.
4. The Employer changed Medicare Supplemental plans, it's premium is reflected above.
5. The Employer changed pre-Medicare health plans from the Platinum $500 to Gold $1000, it's premiums are reflected above.
6. The Employer capped its share of current and future Medicare supplemental premiums to $350 per month for all current and future retirees and their spouse.
7. Pre-Medicare retirees and spouses are now required to pay 10% of the premium equivalent rates.

Actuarial Methods and Assumptions

Actuarial Valuation Date June 30, 2018

Actuarial Cost Method Individual Entry Age Normal as a level percentage of payroll

Discount Rate 7.75%

Annual Wage Increases 2.50%

Price Inflation 2.50%

Investment Rate of Return 7.75%

Actuarial Value of Assets Market Value

Annual Per-Capita Claims Costs Starting per capita costs are based on the fully-insured premium rates provided by the insurer. Premiums are developed on an age-specific per-member basis; therefore, no further adjustments were made to account for the relationship between costs and increasing age. Fixed costs and fees are included in these costs to the extent that the insurer has applied them to the premiums.

Annual Healthcare Trend

Years after Valuation	Medical & Pharmacy
1	9.00%
2	8.50
3	8.00
4	7.50
5	7.00
6	6.50
7	6.00
8	5.50
9	5.00
10+	4.50

Claims costs and premium equivalent rates are assumed to increase according to the above healthcare trend. Fixed costs and fees are assumed to increase with inflation.

Actuarial Methods and Assumptions

Participation

Future Retirees: 60% of future retirees are assumed to elect coverage at retirement. 40% of vested participants who terminate employment or become disabled prior to retirement are assumed to elect coverage upon retirement eligibility. It is assumed that no one will opt in or opt out of coverage once initial retirement election is made.

Current Retirees: Based on current coverage election. It is assumed that no one will opt in or opt out of coverage once initial retirement election is made.

Spousal Participation

Future Retirees: 70% of participating retirees are assumed to be married and cover their spouse.

Current Retirees: Based on current coverage election.

Spouse Age

Male spouses are assumed to be 3 years older, and female spouses are assumed to be 3 years younger. Actual age is used for spouses of current retirees, if provided.

Mortality

Healthy:

50% Male-50% Female blend of the following tables:

1. The RP-2014 Health Annuitant Mortality Tables, with rates multiplied by 105%
2. The RP-2014 Employee Mortality Tables
2. The RP-2014 Juvenile Mortality Tables

For ages 0-17 use the rates in Table 3, for ages 18-49 use the rates in Table 2, for ages 70 and older use the rates in Table 1, and for ages 50-69 blend Table 2 and Table 1 as follows:

a. Age 50, use 60% of Table 2 and 40% of Table 1
b. Age 51, use 57% of Table 2 and 43% of Table 1
c. Etc. …
d. Age 69, use 3% of Table 2 and 97% of Table 1

Disabled:

50% Male-50% Female blend of the RP-2014 Disabled Retiree Mortality Tables.

The mortality assumptions include a 10% margin for future mortality improvements, relative to the actual mortality experience seen in the 2000-2013 Experience Study.

Actuarial Methods and Assumptions

Withdrawal

Participants are assumed to terminate employment for reasons other than death, disability or retirement in accordance with annual rates varying by service. Sample rates are as follows:

Service	Rate
0	19.60%
1	16.30
2	13.30
3	10.50
4	8.60
5	6.90
10	4.60
15	3.40
20	2.60
25+	2.20

Retirement

Participants are assumed to retire in accordance with annual rates varying by retirement type, age, and service. Rates are based the Retirement rates used in the most recent MERS pension valuation. Sample rates are as follows:

Normal/Early Unreduced Retirement	
Service	**Rate**
10-15	19.5%
16-17	20.0
18	20.5
19-23	21.0
24	22.0
25-28	24.0
29	25.0
30	26.0
31	27.0
32+	30.0

Early Reduced Retirement	
Age	**Rate**
50	2.0%
51	2.0
52	3.3
53	3.8
54	5.6

100% Retirement at age 70

Actuarial Methods and Assumptions

Disability

Participants are assumed to become disabled in accordance with annual rates varying by age. Sample rates are as follows:

Age	Rate
25	0.02%
30	0.02
35	0.05
40	0.08
45	0.21
50	0.29
55	0.38
60+	0.39

Changes Since Prior Valuation

1. Discount rate was increased from 3.10% to 7.75%, based on the long-term rate of return on plan assets and applicable considerations per GASB Nos. 74 and 75.
2. Per-capita costs were updated to reflect plan changes and experience since the prior valuation.
3. The assumed rate of benefit election for vested employees who terminated or became disabled before retirement eligibility was increased from 25% to 40%, per discussions with the Employer.

Rationale for Key Assumptions

Discount Rate

The discount rate is the single rate that reflects (1) the long-term expected rate of return on OPEB plan investments that are expected to be used to finance the payment of benefits, to the extent that the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments and OPEB plan assets are expected to be invested using a strategy to achieve that return, and (2) a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another scale), to the extent that the conditions for use of the long-term expected rate of return are not met.

Single Equivalent Interest Rate (SEIR)

Long-Term Expected Rate of Return	7.75%
Municipal Bond Index Rate*	3.45%
Fiscal Year in which Fiduciary Net Position is Projected to be Depleted	N/A
Single Equivalent Interest Rate	7.75%

* Source: S&P Municipal Bond 20 Year High Grade Rate Index

Expected Long-Term Rate of Return on Assets Selection

The investment policy of the Employer is determined based on the goals and objectives of the Plan and the risk tolerance of the Employer. As new information regarding the economic environment becomes available the investment policy may need to be revised. Asset allocations fluctuate due to market performance, however, the targeted OPEB asset allocation is as described below. The Employer's objective in selecting the Expected Long-Term rate of return on Assets is to estimate the single rate of return that reflects the historical returns, future expectations for each asset class, and the asset mix of the plan assets. The Employer is currently invested in the MERS Total Market Portfolio, with the target asset allocation and expected long-term return reflected below.

Asset Class	Target Allocation (a)	Inflation (b)	Real Rate of Return (c)	Arithmetic Mean (a) x [(b) + (c)]
Global Equity	55.5%	2.50%	6.15%	4.80%
Global Fixed Income	18.5%	2.50%	1.26%	0.70%
Real Assets	13.5%	2.50%	7.22%	1.31%
Diversifying Strategies	12.5%	2.50%	5.00%	0.94%
Other	0.0%	2.50%	0.00%	0.00%
Total	**100.0%**	**2.50%**	**5.25%**	**7.75%**

Rationale for Key Assumptions

Annual Healthcare Trend

Trend rates are based on plan experience, historical trends, and industry norms. The immediate trend rates are assumed to decrease to an ultimate trend rate over a period of 5 to 10 years. Healthcare costs are currently approximately 17% of the Gross Domestic Product (GDP). The ultimate rate is decreased over time to maintain this relationship.

Healthcare Reform

Based on our analysis, potential excise taxes on "Cadillac" plan benefits were deemed to be immaterial for this plan given the nature of benefits provided by the employer. Other legislative changes related to the Affordable Care Act were included in the valuation only to the extent they have already been implemented in the plan.

Mortality, Withdrawal, Disability, Retirement

Because the Employer does not have enough data to conduct a fully credible experience analysis with respect to these assumptions, the current assumptions are based on those used in the most recent actuarial valuation of pension benefits through MERS. Said assumptions are based on an experience study conducted using actual MERS experience from 2009 - 2013.
MERS retirement rates are based on pension replacement ratio; for purposes of this valuation, they have been converted to service-related rates to reflect similar expectations.

Participation

The assumed rate of participation incorporated into these measurements is based on observations of the plan's past experience, and discussions with the Employer.

Marriage and Spousal Age

Because the Employer does not have enough data to conduct a fully credible experience analysis with respect to these assumptions, the current assumptions are based on those used in the most recent actuarial valuation of pension benefits through MERS. Said assumptions are based on an experience study conducted using actual MERS experience from 2009 - 2013.

Public Act 530 of 2016 - Compliance Guide

Sec. 13(1)(d):

(i)	**Name of system**	Capital Region Airport Authority
(ii)	**Names Investment fiduciaries**	Not provided
(iii)	**System's service providers**	Blue Cross Blue Shield of Michigan - Healthcare Insurer The Standard - Life Insurer MERS of Michigan - retiree health funding vehicle
(iv)	**System's assets and liabilities**	See Summary of Valuation Results, page 2
(v)	**System's funded ratio**	See Summary of Valuation Results, page 2
(vi)	**Investment performance, net of fees**	Most recent year is provided on page 3. For historical performance, contact investment advisors.
(vii)	**System admin & invest expenses**	Non-investment expenses = 0.2% For investment expenses, contact investment advisors
(viii)	**System's budget**	Not applicable
(ix)		
(A)	Number of actives	See Participant Summary, page 13
(B)	Number of retirees/beneficiaries	See Participant Summary, page 13
(C)	Average annual retirement allowance	See Projected Retiree Benefit Payments, page 7 *Divide by number of retirees and spouses in Participant Summary*
(D)	Total annual retirement allowance	See Projected Retiree Benefit Payments, page 7
(E)	Valuation Payroll at Valuation Date	$1,688,340
(F)	Normal Cost as a % of payroll	2.64%
(G)	ADC as a % of payroll	11.05%
(H)	Weighted average member contributions	Member premium cost sharing is described in the Plan Provisions beginning on page 11
(I)	Actuarial expected investment return	7.75%
(J)	Actuarial long-term inflation rate	2.50%
(K)	Asset smoothing method	None
(L)	Amortization Method	Not applicable
(M)	Actuarial Cost Method	Individual Entry Age Normal as a level percentage of payroll
(N)	Open or Closed membership	Closed
(O)	Healthcare inflation	See Actuarial Methods and Assumptions, beginning on page 14
(x)	**Travel report**	Not applicable

Sec. 20(h)(1):

(7)	If below 60% funded, actions taken to reduce the system's Unfunded Liability	Not applicable

Definitions

Actuarial Present Value of Projected Benefits	Projected benefit payments discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment.
Actuarial Valuation Date	The date as of which the service cost, total OPEB liability, and related actuarial present value of projected benefit payments is determined in conformity with Actuarial Standards of Practice unless otherwise specified by the GASB.
Actuarially Determined Contribution (ADC)	A target or recommended contribution to a defined benefit plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.
Closed Period	A specific number of years that is counted from one date and declines to zero with the passage of time. For example, if the recognition period initially is five years on a closed basis, four years remain after the first year, three years after the second year, and so forth.
Contributions	Additions to a OPEB plan's fiduciary net position for amounts from employers, nonemployer contributing entities (for example, state government contributions to a local government plan), or employees. Contributions can result from cash receipts by the OPEB plan or from recognition by the OPEB plan of a receivable from one of these sources.
Cost-of-Living Adjustments	Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.
Covered Employee Payroll	The payroll of employees that are provided with OPEBs through the OPEB plan.
Deferred Outflows and Inflows of Resources Related to OPEBs	Deferred outflows of resources and deferred inflows of resources related to OPEBs arising from certain changes in the net OPEB liability.

Definitions

Defined Benefit OPEB	OPEB for which the benefits that the employee will receive at or after separation from employment are defined by the benefit terms. The OPEB may be stated as (a) a specified dollar amount; (b) an amount that is calculated based on one or more factors such as age, years of service, and compensation; or (c) a type or level of coverage such as prescription drug coverage or a percentage of health insurance premiums.
Defined Contribution OPEB	OPEB having terms that (a) provide an individual account for each employee; (b) define the contributions that an employer or nonemployer contributing entity is required to make (or the credits that it is required to provide) to an active employee's account for periods in which that employee renders service; and (c) provide that the OPEB an employee will receive will depend only on the contributions (or credits) to the employee's account, actual earning on investments of those contributions (or credits), and the effects of forfeitures of contributions (or credits) made for other employees, as well as OPEB plan administrative costs, that are allocated to the employee's account.
Discount Rate	The single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the following: 1. The actuarial present value of benefit payments projected to be made in future periods in which (1) the amount of the OPEB plan's fiduciary net position is projected (under the requirements of Statement 75) to be greater than the benefit payments that are projected to be made in that period and (2) OPEB plan assets up to that point are expected to be invested using a strategy to achieve the long-term expected rate of return, calculated using the long-term expected rate of return on OPEB plan investments. 2. The actuarial present value of projected benefit payments not included in (a), calculated using a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

Definitions

Entry Age Actuarial Cost Method	A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the *normal cost.* The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the *actuarial accrued liability* .
Healthcare Cost Trend Rates	The rates of change in per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.
Money-Weighted Rate of Return	A method of calculating period-by-period returns on OPEB plan investments that adjusts for the changing amounts actually invested. For purposes of Statement 74, money-weighted rate of return is calculated as the internal rate of return on OPEB plan investments, net of OPEB plan investment expense.
Net OPEB Liability	The liability of employers and nonemployer contributing entities to employees for benefits provided through a defined benefit OPEB plan.
OPEB Expense	OPEB expense arising from certain changes in the net OPEB liability.
Other Postemployment Benefits (OPEB)	Benefits (such as death benefits, life insurance, disability, and long-term care) that are paid in the period after employment and that are provided separately from a pension plan, as well as healthcare benefits paid in the period after employment, regardless of the manner in which they are provided. OPEB does not include termination benefits or termination payments for sick leave.
Postemployment Healthcare Benefits	Medical, dental, vision, and other health-related benefits paid subsequent to the termination of employment.

Definitions

Projected Benefit Payments	All benefits (including refunds of employee contributions) estimated to be payable through the OPEB plan (including amounts to be paid by employers or nonemployer contributing entities as the benefits come due) to current active and inactive employees as a result of their past service and their expected future service.
Real Rate of Return	The rate of return on an investment after adjustment to eliminate inflation.
Service Costs	The portions of the actuarial present value of projected benefit payments that are attributed to valuation years.
Termination Benefits	Inducements offered by employers to active employees to hasten the termination of services, or payments made in consequence of the early termination of services. Termination benefits include early-retirement incentives, severance benefits, and other termination-related benefits.
Total OPEB Liability	The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of Statement 75. The total OPEB liability is the liability of employers and nonemployer contributing entities to employees for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria of paragraph 4 of Statement 75.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN
1134 MUNICIPAL WAY
LANSING MI 48917

MERS
Municipal Employees' Retirement System

Period: 04/01/2018
through 06/30/2018
Division Code: 600322
CAPITAL REGION AIRPORT AUTHORITY RHFV

CAPITAL REGION AIRPORT AUTHOR
CAPITAL REGION AIRPORT AUTHORITY

Contact Us

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800-767-MERS (6377)

In this Issue

Your Account Summary

Beginning Balance on 04/01/2018	$586,011.48
Contributions	$1,450,000.00
Gain/Loss	$923.91
Distributions	$0.00
Administrative Fees	($675.52)
Ending Balance on 06/30/2018	$2,036,259.87

Plan Rate of Return

Your Plan's Rate of Return for the Period	0.08%
Your Plan's Year to Date Rate of Return	(1.65)%

Your Plan's Rate of Return is calculated using the Modified Dietz Method, a widely accepted rate of return calculation methodology supported by the Global Investment Presentation Standards (GIPS). This weighted return calculation assumes a constant rate of return during the period, weights each cash flow by the amount of time held, and takes into account the relative balances held in each investment.

The calculation represents the performance of your investment portfolio for the reporting period, or the date Alerus Retirement and Benefits began providing recordkeeping services for this plan, whichever is later. As is the case with all market-based investments, past performance does not guarantee future results.

Message Board

Have you reviewed your plan's current investment(s) lately? As a reminder, MERS has expanded the investment menu, providing more options to match your municipality's needs with a MERS-managed portfolio. Visit www.mersofmich.com for more information and to view the investment menu for your plan.

Activity Highlights for the Period

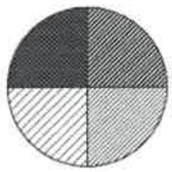
Source	Beginning Balance	Contributions	Gain/Loss	Distributions	Administrative Fees	Ending Balance	Plan Balance
EMPLOYER	$586,011.48	$1,450,000.00	$923.91	$0.00	($675.52)	$2,036,259.87	$2,036,259.87
TOTAL	$586,011.48	$1,450,000.00	$923.91	$0.00	($675.52)	$2,036,259.87	$2,036,259.87

Asset Allocation Overview

You should periodically review the asset allocation of your Plan to ensure that it reflects your governing body's investment goals.

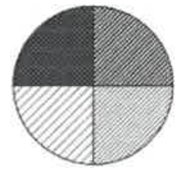
In doing so, you should consider these important aspects of your account. Investment Election: shows your instructions for the investment of all new deposits to your account from all sources. The percentages listed below will be used to purchase investments proportionately with each deposit. Account Balance: shows the value of your investments as a percentage of the total account as of the period end date. These percentages change as the value of each investment fluctuates. You may change these investments by realigning your account balance, transferring a specific amount, or setting up an automated account realignment. Automated Account Realignment: Your account is not currently scheduled to rebalance automatically. If you would like to set up an Automated Account Realignment, please log in to your account at www.mersofmich.com and click on "Change my Investments", then on "Schedule Automated Account Realignment."

Investment Election



- AGGRESSIVE BALANCED (25 %)
  25 % MERS CAPITAL APPR PORT (80/20)
- MODERATELY AGGRESSIVE BALANCED (25 %)
  25 % MERS EST MARKET PORT (60/40)
- MODERATELY CONSERVATIVE BALANCED (25 %)
  25 % MERS BALANCED INC PORT (40/60)
- CONSERVATIVE BALANCED (25 %)
  25 % MERS CAPITAL PRES PORT (20/80)

Account Balance



- Aggressive Balanced (25 %)
  25 % MERS CAPITAL APPR PORT (80/20)
- Moderately Aggressive Balanced (25 %)
  25 % MERS EST MARKET PORT (60/40)
- Moderately Conservative Balanced (25 %)
  25 % MERS BALANCED INC PORT (40/60)
- Conservative Balanced (25 %)
  25 % MERS CAPITAL PRES PORT (20/80)

Contribution Summary

Source	Period To Date	Year To Date
EMPLOYER	$1,450,000.00	$2,050,000.00
TOTAL	$1,450,000.00	$2,050,000.00

From the date of your participation with MERS RHFV/ISP program.
Net of withdrawals.

Investment Activity

Reporting Period: 04/01/2018 - 06/30/2018

Fund Name	Beginning of Period Number of Units/Shares	Beginning of Period Value of Units/Shares	Beginning Balance	Contributions	Gain/Loss	Dividends	Admin Fees
MERS CAPITAL APPR PORT (80/20)	11,019.2656	$13.19	$145,354.11	$362,500.00	$951.99	$0.00	($169.00)
MERS EST MARKET PORT (60/40)	5,702.4538	$25.62	$146,092.94	$362,500.00	$258.60	$0.00	($168.84)
MERS BALANCED INC PORT (40/60)	12,579.8970	$11.68	$146,961.30	$362,500.00	($173.79)	$0.00	($168.82)
MERS CAPITAL PRES PORT (20/80)	13,011.1124	$11.34	$147,603.13	$362,500.00	($112.89)	$0.00	($168.86)
Total			$586,011.48	$1,450,000.00	$923.91	$0.00	($675.52)

Distributions	Transfers	Ending Balance	End of Period Number of Units/Shares	End of Period Value of Units/Shares	Fund Type
$0.00	$0.00	$508,637.10	37,768.4991	$13.47	AGGRESSIVE BALANCED
$0.00	$0.00	$508,682.70	19,596.6158	$25.96	MODERATELY AGGRESSIVE BALANCED
$0.00	$0.00	$509,118.69	43,301.7030	$11.76	MODERATELY CONSERVATIVE BALANCED
$0.00	$0.00	$509,821.38	44,850.1968	$11.37	CONSERVATIVE BALANCED
$0.00	$0.00	$2,036,259.87			

Investment Performance

Fund Name	Total Return Quarter	Total Return YTD	Annualized Total Return 1 Year	Annualized Total Return 3 Year	Annualized Total Return 5 Year	10 Year	Investment Exp Ratio	Admin Expense	Fund Type
SHORT-TERM INCOME	0.24%	0.29%	0.44%	0.69%	0.59%	1.15%	0.25%	0.00%	Short Term Bonds
MERS DIVERS BOND PORT (0/100)	(0.68)%	(2.07)%	(0.55)%	2.38%	2.40%	4.19%	0.40%	0.00%	Global Bonds
INTERNATIONAL STOCK INDEX	(0.97)%	(2.65)%	6.84%	4.72%	6.08%	0.00%	0.29%	0.00%	Diversified International Equities
EMERGING MARKET STOCK	(8.15)%	(5.20)%	5.48%	6.26%	4.99%	0.00%	1.11%	0.00%	Emerging Market Equities
MERS GLOBAL STOCK PORT (100/0)	2.80%	2.61%	14.33%	10.14%	10.97%	0.00%	0.58%	0.00%	Global Equities
LARGE CAP STOCK INDEX	3.40%	2.61%	14.28%	11.78%	13.17%	10.21%	0.25%	0.00%	Large Cap Core Equities
MERS CAPITAL APPR PORT (80/20)	2.09%	2.20%	11.48%	9.16%	9.78%	0.00%	0.46%	0.00%	Aggressive Balanced
MERS EST MARKET PORT (60/40)	1.32%	1.02%	8.25%	7.67%	8.13%	6.74%	0.45%	0.00%	Moderately Aggressive Balanced
MID CAP STOCK INDEX	4.39%	3.61%	13.55%	11.07%	12.69%	10.81%	0.25%	0.00%	Mid Cap Core
MERS TOTAL MARKET PORTFOLIO	0.24%	0.83%	7.78%	7.11%	7.72%	5.72%	0.48%	0.00%	Moderately Conservative Balanced
MERS BALANCED INC PORT (40/60)	0.64%	0.00%	5.30%	5.78%	6.24%	0.00%	0.43%	0.00%	Moderately Conservative Balanced
MERS CAPITAL PRES PORT (20/80)	0.20%	(0.92)%	2.62%	4.36%	4.68%	0.00%	0.38%	0.00%	Conservative Balanced
SMALL CAP STOCK INDEX	8.68%	9.69%	20.77%	13.92%	0.00%	0.00%	0.25%	0.00%	Small Cap Core Equities

Highlighted item indicates funds in which you have a balance.

Benchmark Comparisons	Total Return Quarter	Annualized Total Return 1 Year	Annualized Total Return 3 Year	5 Year	10 Year	Fund Type
USTREAS T-Bill Auction Ave 3 Mon	0.48%	1.47%	0.75%	0.46%	0.33%	Stable Value/Money Mkt
Barclays US Agg Bond TR USD	(0.16)%	(0.40)%	1.72%	2.27%	3.72%	Bond
DJ Moderate TR USD	0.44%	7.83%	6.57%	7.33%	6.40%	Balanced
S&P 500 TR	3.43%	14.37%	11.93%	13.42%	10.17%	Large Cap
Russell Mid Cap TR USD	2.82%	12.33%	9.58%	12.22%	10.23%	Mid Cap
Russell 2000 TR USD	7.75%	17.57%	10.96%	12.46%	10.60%	Small Cap
MSCI EAFE NR USD	(1.24)%	6.84%	4.90%	6.44%	2.84%	International/Global

The products offered: (1) are not FDIC insured, (2) are not deposits or other obligations of the bank or guaranteed by a bank, and (3) involve investment risks, including possible loss of principal amount invested.

The performance information set forth herein was obtained from sources which we believe reliable, but we do not guarantee its accuracy. Performance data quoted represents past performance and is not indicative of future results. The rates of return may fluctuate greatly in the short term and are not adjusted for actual timing of your share trades and any applicable trust, contract or fund redemption fees.

Investment return and principal value will fluctuate and redemption value may be more or less than original cost. You should periodically review the objectives of each of the investment elections and review your asset allocation to ensure that it reflects your personal objectives, risk tolerance and time horizon. Remember, the purpose of this plan is to provide the opportunity to invest for retirement. You should therefore view your investment selections according to your projected retirement timeframe. Investment returns for the benchmarks are shown for comparative purposes only, as investors cannot directly purchase an index.

Disclosures

Returns: Returns are presented after the Investment Expense. Returns for periods greater than one year are annualized. Past performance is no guarantee of future results. Current performance may be higher or lower. Funds are subject to investment risk from a number of sources, including the management style of the fund and market volatility. Markets are volatile and can rise or decline significantly in response to company, political, regulatory, market, or economic developments. A fund's total return, like securities prices generally, will fluctuate within a wide range. As a result, you could lose money over short or even long periods. Funds are also subject to investment-related risk, which is the chance that returns from companies invested in by the fund will trail returns from other asset classes or the overall market.

Fees: The Total Annual Operating Expense consists of MERS operating costs, custody and recordkeeping costs, and investment management expenses.

Diversification: To help achieve a long-term security, you should give careful consideration to the benefits of a well-balanced investment portfolio. Spreading assets among different types of investment categories can help achieve a favorable rate of return while minimizing overall risk of losing money. This is because market or other economic conditions that cause one category of assets — or particular fund — to perform very well often causes another asset category — or another particular fund — to perform poorly. Diversification is not a guarantee against loss; however, it is an effective strategy to help you manage risk.

This summary is designed to provide descriptive information only. You should research all possible investment choices by reading each fund's summary sheet. MERS, as a governmental plan, is exempted by state and federal law from registration from the SEC. The MERS Funds consist of a portfolio of assets in a separate account in a collective trust, specifically for MERS Plans. Unlike a mutual fund, only the participants in a MERS Plan can invest in the MERS Funds.

It is important to periodically review investments, investment objectives, and investment options on a regular basis.

MERS has made every effort to ensure that the information provided is accurate and up to date. Please see MERS website at mersofmich.com for recent information, or contact MERS at 800.767.MERS (6377).

Capital Region Airport Authority

RESOLUTION # 18-32

September 17, 2018

Subject/Title
Annual budget commitment to funding the Authority's OPEB Trust (Retiree Health Funding Vehicle)

Proposed Action
The Capital Region Airport Authority Board hereby authorizes an OPEB funding plan to include five (5) annual payments of $500,000.These contributions will be made to the Authority's OPEB Trust Account (Retiree Health Funding Vehicle), and future retiree benefits will be paid from this Trust Account.

This resolution also authorizes the President and CEO, or designee, to sign all related documents.

Chris Holman

Chris Holman, Chairman

Bonnie Wohlfert

Bonnie Wohlfert, Secretary

Annual budget commitment to funding the Authority's OPEB Trust
(Retiree Health Funding Vehicle)
Resolution 18-32
September 17, 2018

Summary & Background

As part of the Authority's plan to address the under-funding of the Authority's OPEB liability, staff recommends 5 annual payments of $500,000 into the OPEB Trust. The attached Funding Schedule prepared by CBIZ actuaries indicates that this will fully fund the Authority's OPEB requirement.

Funding will be made available through the regular annual budgeting process of the Authority.

CBIZ Retirement Plan Services
CBIZ Benefits & Insurance Services, Inc.
6050 Oak Tree Blvd. S., Ste. 500
Cleveland, OH 44131
http://retirement.cbiz.com

August 30, 2018

Dale Feldpausch, CPA, CM
Vice President, Chief Financial Officer
Capital Region International Airport
4100 Capital City Boulevard
Lansing, Michigan 48906

Re: Actuarial Funding Analysis of the Retiree Healthcare Plan for Capital Region Airport Authority

As requested by the Capital Region Airport Authority, the following is a summary of our funding analysis of the Other Post-Employment Benefits (OPEBs) provided to retirees and their spouse.

This analysis assumed the following parameters (most provided by the Authority):

1. The OPEB Trust will earn an annual 6% return on investments
2. The Authority will begin paying its share of retiree benefits from the Trust beginning July 1, 2019.
3. The Authority will begin contributing $500,000 to the Trust annually for 5 years, beginning immediately.
4. All annual cash flows to and from the Trust are made uniformly throughout the year.
5. Non-investment expenses paid from the Trust are 0.20% of the balance.
6. All other actuarial assumptions, methods, and plan provisions remain the same as those disclosed in the GASB 75 Actuarial Valuation as of June 30, 2018.

Enclosed in this letter is Exhibit A, a 30-year projection of funds to supplement the results. In summary:

- The requested funding strategy **is sufficient to finance the Authority's share of projected** future retiree benefits, and non-investment expenses.
- NOTE: the Authority's **total funding requirement** in the 1st year is $691,144, as benefits paid outside of the Trust are projected to total $191,144.
- The Total OPEB Liability would become 100% funded in the fiscal year ending 2022. The Total OPEB Liability will be more than 100% funded for some time as this funding strategy pre-funds future normal costs to some extent.
- This funding strategy yields a bit of a surplus after 30 years, which could act as protection against adverse experience in following years. Adjustments can be made during the funding period if warranted by plan experience.

The purpose of this letter is to determine the minimum annual Employer contribution strategy to allow OPEB Trust assets to sufficiently finance the Authority's share of retiree benefits for the life of the OPEB plan.

The undersigned actuary is a Member of the American Academy of Actuaries (MAAA) and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. Please see page 3 of this document for additional disclosures required by the Actuarial Standards of Practice.

Sincerely,

Frank T. Vedegys, FSA

Frank T. Vedegys, FSA, EA, MAAA
Senior Consulting Actuary

FTV:ajj

Additional Disclosures Required by Actuarial Standards of Practice No. 41

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements.

This report should not be relied on for any purpose other than the purpose described in the primary communication. Determination of the financial results associated with the benefits described in this report in a manner other than the intended purpose may produce significantly different results.

The calculation was based upon information furnished by the Employer, concerning Retirement benefits and member information. CBIZ Retirement Plan Services is not responsible for the accuracy or completeness of the information provided to us for these calculations.

The developed findings included in this report consider data or other information through August 28, 2018.

Exhibit A

Projection of the Fiduciary Net Position, Total OPEB Liability, and Funded Status

Plan Year Beginning July 1,	Projected Beginning Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Expenses 0.2% x (a) (d)	Projected Investment Earnings (e)	Projected Ending Fiduciary Net Position (f)=(a)+(b)-(c)-(d)+(e)	Total OPEB Liability at Beginning of Year (g)	Funded % at Beginning of Year (h) = (a)/(g)
2018	2,036,260	500,000	-	(4,073)	137,053	2,677,386	3,590,580	57%
2019	2,677,386	500,000	(196,708)	(5,355)	169,581	3,144,904	3,685,400	73%
2020	3,144,904	500,000	(208,974)	(6,290)	197,236	3,626,877	3,775,200	83%
2021	3,626,877	500,000	(210,585)	(7,254)	226,077	4,135,116	3,853,561	94%
2022	4,135,116	500,000	(221,053)	(8,270)	256,227	4,662,020	3,931,617	105%
2023	4,662,020	-	(238,574)	(9,324)	272,284	4,686,406	3,999,432	117%
2024	4,686,406	-	(263,870)	(9,373)	272,987	4,686,150	4,049,082	116%
2025	4,686,150	-	(295,846)	(9,372)	272,012	4,652,945	4,070,826	115%
2026	4,652,945	-	(295,680)	(9,306)	270,027	4,617,986	4,057,308	115%
2027	4,617,986	-	(323,477)	(9,236)	267,098	4,552,371	4,039,442	114%
2028	4,552,371	-	(352,994)	(9,105)	262,279	4,452,551	3,988,860	114%
2029	4,452,551	-	(391,980)	(8,905)	255,127	4,306,793	3,902,215	114%
2030	4,306,793	-	(382,283)	(8,614)	246,681	4,162,577	3,767,952	114%
2031	4,162,577	-	(381,708)	(8,325)	238,054	4,010,597	3,632,903	115%
2032	4,010,597	-	(389,210)	(8,021)	228,719	3,842,085	3,486,882	115%
2033	3,842,085	-	(375,271)	(7,684)	219,036	3,678,166	3,320,652	116%
2034	3,678,166	-	(339,573)	(7,356)	210,282	3,541,519	3,155,334	117%
2035	3,541,519	-	(329,751)	(7,083)	202,386	3,407,072	3,014,109	117%
2036	3,407,072	-	(340,578)	(6,814)	194,003	3,253,683	2,872,245	119%
2037	3,253,683	-	(318,221)	(6,507)	185,479	3,114,434	2,709,091	120%
2038	3,114,434	-	(302,989)	(6,229)	177,589	2,982,805	2,557,908	122%
2039	2,982,805	-	(299,449)	(5,966)	169,806	2,847,196	2,412,266	124%
2040	2,847,196	-	(274,208)	(5,694)	162,435	2,729,728	2,260,534	126%
2041	2,729,728	-	(244,807)	(5,459)	156,276	2,635,738	2,124,303	128%
2042	2,635,738	-	(221,691)	(5,271)	151,335	2,560,110	2,009,151	131%
2043	2,560,110	-	(196,080)	(5,120)	147,571	2,506,480	1,910,096	134%
2044	2,506,480	-	(201,628)	(5,013)	144,190	2,444,029	1,830,561	137%
2045	2,444,029	-	(196,873)	(4,888)	140,589	2,382,858	1,739,828	140%
2046	2,382,858	-	(191,468)	(4,766)	137,084	2,323,708	1,647,253	145%
2047	2,323,708	-	(205,355)	(4,647)	133,122	2,246,828	1,553,435	150%

Capital Region Airport Authority

RESOLUTION # 17-29

October 16, 2017

Subject/Title
Establishment of a Retiree Health Funding Vehicle

Proposed Action
The Capital Region Airport Authority Board hereby approves the establishment of a Retiree Health Funding Vehicle through the Michigan Employee Retirement System (MERS). Additionally, the board adopts the attached uniform resolution and authorizes the President - CEO, or his designee, to be named the designated employer contacts and sign all related documents.

Chris Holman
Chris Holman, Chairman

Bonnie Wohlfert
Bonnie Wohlfert, Secretary

Summary

Authority staff recommends establishing a Retiree Health Funding Vehicle (Trust) to begin the pre-funding of retiree health benefits commonly referred to as Other Post-Employment Benefits (OPEB).

The Authority will begin funding this Trust with funds determined through the annual budgeting process. These funds will accumulate and will be used to fund retiree health benefits.

MERS is recommended as the administrator of this Trust as they currently administer the Authority's pension retirement fund, thus enabling MERS to easily withhold any future cost sharing withdrawals required of participants.

MERS Retiree Health Funding Vehicle Uniform Resolution

MERS
Municipal Employees' Retirement System

1134 Municipal Way Lansing, MI 48917 | 800.767.6377 | Fax 517.703.9707 | 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 programs (MERS Plan Document Section 71(2)(a)); and the Municipal Employees Retirement Act of 1984, Section 36(2)(a) as amended by 1996 PA 220, MCL 38.1536(2)(a));

WHEREAS, the Board has previously authorized MERS establishment of a retiree health funding vehicle ("RHFV" 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 2(23); 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 tax qualified "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 under Section 115 of the Internal Revenue Code (the "Trust Fund") to hold the assets of the RHFV, 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 MERS health care trust fund 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 health care 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, Defined Contribution Plan, and Hybrid Plan, 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 MERS Annual Meeting as provided under Plan Section 78; 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, 457, or Investment Services Program, and such entities are not accorded membership, representation or voting rights provided to MERS participating municipalities and courts at the MERS Annual Meeting under Plan Section 78; MCL 38.1545.

WHEREAS, adoption of this Uniform Resolution (the "Uniform Resolution") by the Eligible Employer is necessary and required in order that the benefits available under the MERS Retiree Health Funding Vehicle may be extended;

WHEREAS, this Uniform Resolution has been approved by the Board under the authority of 1996 PA 220, MERS Plan Document Section 71(2)(a), MCL 38.1536(2)(a), declaring that the Board "shall determine . . . and establish" all provisions of the Retirement System. The MERS RHFV shall not be implemented with respect to any Eligible Employer unless in strict compliance with the terms and conditions of this Resolution, the Trust Document, and Trust Agreement.

- It is expressly agreed and understood as an integral and nonseverable part of extension or continuation of coverage under this Uniform Resolution Adopting MERS Retiree Health Funding Vehicle, that Section 43 of the MERS Plan Document shall not apply to this Uniform Resolution, its administration or interpretation.

- In the event any alteration of the language, terms or conditions stated in this Uniform Resolution Adopting MERS Retiree Health Funding Vehicle is made or occurs under MERS Plan Document Section 43 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 MERS RHFV or its Trust Fund; or to continue administration.

NOW, THEREFORE, BE IT RESOLVED that the governing body adopts the MERS PA 149 Health Care Trust Fund as provided below.

I. MERS RETIREE HEALTH FUNDING VEHICLE

EFFECTIVE January 1, 20 18, the MERS Retiree Health Funding Vehicle is hereby adopted by the Capital Region Airport Authority.
(MERS municipality or court or other eligible employer)

CONTRIBUTIONS shall be made only by the Eligible Employer, remitted to MERS by the Eligible Employer, and credited to the Eligible Employer's separate fund within the trust sub-fund for MERS RHFV. As this Plan is funded solely by employer, on a cash or actuarial basis as determined by the employer, there is no requirement for a Participation Agreement establishing the schedule of contributions.

INVESTMENT of funds accumulated and held in the 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 76; MCL 38.1539, and PA 149.

THE ELIGIBLE EMPLOYER shall abide by the terms of MERS RHFV, 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.

II. IMPLEMENTATION DIRECTIONS FOR MERS AS RHFV INVESTMENT FIDUCIARY AND TRUSTEE

(A) The governing body of this Eligible Employer desires that all assets placed in its MERS RHFV (as a sub-fund within all pooled 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, 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 RHFV Trust Fund shall be invested and managed by MERS within the collective and commingled investment of all funds held in trust for all Eligible Employers.

(C) The RHFV is designed as a PA 149 compliant trust. All assumptions, including the rate of investment return used in any OPEB valuation, are the responsibility of the employer in conjunction with any advice they may obtain from their health care actuary and/or auditor, if any. The Employer acknowledges and affirms the responsibility for selecting the investment option(s) from the MERS investment funds for their RHFV account.

The Participating Employer makes the following initial fund election (subsequent changes may be made by the RHFV Investment Change Form #RH-602). Percentage of assets to be invested in Fund selected:

Portfolios Built for You *(Stocks/Bonds)*	
MERS Total Market Portfolio	%
MERS Global Stock Portfolio (100/0)	%
MERS Capital Appreciation Portfolio (80/20)	25 %
MERS Established Market Portfolio (60/40)	25 %
MERS Balanced Income Portfolio (40/60)	25 %
MERS Capital Preservation Portfolio (20/80)	25 %
MERS Diversified Bond Portfolio (0/100)	%

Funds to Build Your Own Portfolio	
Large Cap Stock Index	%
Mid Cap Stock Index	%
Small Cap Stock Index	%
International Stock Index	%
Emerging Market Stock	%
Short-Term Income	%

All allocations must use a whole percentage, and the total percentage of amount allocated must equal 100%.

Please refer to the Fund Summary Sheets for information regarding each investment option, including potential redemption fees, and restrictions (www.mersofmich.com).

(D) Changes in the fund choices or allocations made in paragraph (C) may be made in writing using the designated MERS form addressed to the MERS RHFV Program Administrator and shall be made by (select one):

☐ the Governing Body only (ongoing fund elections may be made only by the RHFV Investment Change Form #RH-602 and supporting certified minutes stating Governing Body approval).

☒ the designated employer contacts (ongoing fund elections may be made either through your online account or by the RHFV Investment Change Form #RH-602).

(E) All monies in the MERS RHFV 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.

(F) The Eligible Employer will fund its MERS RHFV Trust sub-fund to provide funds for health care benefits for "Eligible Employees" who shall constitute "qualified persons." Participation in and any coverage under RHFV shall not constitute nor be construed to constitute an "accrued financial benefit" under Article 9 Section 24 of the Michigan Constitution of 1963, nor shall any contribution method for Eligible Employer funding other than "pay as you go" cash funding be required or imposed, and all benefits, rights, and obligations conferred by or arising under RHFV shall be as provided under the RHFV documents.

(G) The Eligible Employer generically designates the following groups of persons as "Eligible Employees" who shall constitute "qualified persons," to receive retiree health care benefits subsidized under the MERS RHFV trust sub-fund. Groups may include any dependent(s) as specified in your bargaining agreement and/or personnel policy (provide copies of any governing agreement or other policy): For example "non-union employees."

Union and Non-union Employees

(H) The Eligible Employer may designate the appropriate employer contacts who shall direct payment of fund monies for the benefit of the Eligible Employees identified in paragraph (G) under any retiree health care benefit program, including, but not limited to, MERS HCSP; make investment allocations of the Employer's fund assets within MERS-approved funds to the extent authorized in paragraph (C); 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 RESOLUTION

This Resolution shall have no legal effect until a certified copy of this adopting Resolution shall be filed with MERS, and MERS determines that all necessary requirements under MERS Plan Document Section 71(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 86 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.

I hereby certify this above is a true copy of the Resolution Adopting the MERS Retiree Health Funding Vehicle adopted and approved on the 16th **day of** October**, 20**17 **at the official meeting held by** Capital Region Airport Authority**.**

(Name of approving employer)

Authorized Signature: [signature]

Title: President - CEO

Witness Signature: Bonna Wallfort

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

Dated: ____________________, 20___

____

(Authorized MERS signatory)

Capital Region Airport Authority

RESOLUTION # 17-32

November 20, 2017

Subject/Title
Establishment of a Health Care Savings Program

Proposed Action
The Capital Region Airport Authority Board hereby approves the establishment of a Health Care Savings Program through the Michigan Employee Retirement System (MERS). Additionally, the board adopts the attached uniform resolution and authorizes the President - CEO, or his designee, to sign all related documents.

Chris Holman

Chris Holman, Chairman

Bonnie Wohlfert

Bonnie Wohlfert, Secretary

Summary

A Health Care Savings Program (HCSP) is an innovative way for employees to pay for healthcare costs with a savings/investment account for use after leaving employment. Contributions fixed by the plan documents are tax-free and are invested and grow tax-free.

Employees may also make post-tax contributions to their HCSP. HCSP's are portable as an employee may at any time after leaving employment utilize his/her contribution and vested employer contributions from his/her available account balance for tax-free reimbursement of IRS-approved health care expenses for the employee or their eligible dependents.

Establishing a HCSP at the CRAA will assist the Airport Authority in its efforts to stabilize health care legacy costs over the long term.

The HCSP will be the replacement post-employment health care funding mechanism for employees hired on or after December 1, 2017 and will, where applicable, provide a supplement to retiree health care benefits for eligible employees hired prior to December 1, 2017.

Initially, contributions to an employee's HCSP can be by conversion of a portion of a current employee's sick time bank in excess of 300 hours. Additionally, a contribution of $77.00/pay period will be made by the CRAA for each employee hired on or after December 1, 2017.

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.

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 November 20, 2017, (to be known as the ADOPTION DATE) the

MERS HCSP is hereby adopted by the Capital Region Airport Authority
(MERS municipality or court or other eligible employer)

(A) **CONTRIBUTIONS** shall be as allowed and specified in the MERS Health Care Savings Program Participation 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.

(B) **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.

(C) **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.

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.

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 NOVEMBER 21, 2017 ______________________
(Signature of authorized official)

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

Dated: ______________________, 20____ ______________________
(Authorized MERS signatory)

Capital Region Airport Authority

RESOLUTION # 17-33

November 20, 2017

Subject/Title
Revisions to the Authority's Employee Policies and Procedures Manual, specifically the Personnel Provisions and the Benefits Sections.

Proposed Action
The Capital Region Airport Authority Board hereby approves amending the Employee Policies and Procedures Manual per the attachment and authorizes the President and CEO, or designee, to revise, develop, and implement all guidelines and procedures related to these changes.

Chris Holman, Chairman

Bonnie Wohlfert, Secretary

Summary

The current Policies & Procedure Manual require modifications to accurately reflect current and/or upcoming administrative and operational practices as well as align policies with negotiated Union contracts. A summary of the modifications is as follows:

1. **New Policy in Section 400 – Benefits, Section 400.17 - Health Care Savings Plan**

   Section 400.17 - Health Care Savings Plan

   Full-time employees hired on or after December 1, 2017 will be enrolled in a Health Care Savings Plan (HCSP) administered by MERS for the purpose of assisting the employees in saving for health care related expenses at the time of retirement or at any time after employment with the CRAA. The CRAA will make contributions periodically into the employee's HCSP account in lieu of providing retiree health care, vision, and life insurance benefits. Additionally, employees may make post-tax contributions to their HCSP. Employer contributions will be vested after six (6) years of service from the employee's date of hire.

   Employees hired prior to December 1, 2017 will have the option to enroll in a Health Care Savings Plan (HCSP) administered by MERS for the purpose of saving for health care costs at the time of retirement or at any time after employment with the CRAA. Employees may make post-tax contributions to their HCSP. Any employer contributions made will be vested after six (6) years of service from the employee's date of hire.

   The Authority may modify the HCSP Plan, as required, in to accommodate distributions, leave conversions, and/or employee paid contributions.

2. **Revise Policy in Section 400 – Benefits 400.05 – Retirement, Subsection C**

   Add the following language as a subsection preamble:

   "Other Post-Employment Benefits identified within the Retirement Policy (400.05) applies only to CRAA employees or retirees with hire dates prior to December 1, 2017 that meet plan vesting requirements."

3. **Revise Policy in Section 400 – Benefits, 400.08 – Sick Leave, Subsection A, item 1**

   Modify the language to set each employee's accrued sick bank at a maximum of four hundred (400) hours.

   1. Each full-time employee shall earn paid sick leave at the rate of four (4) hours for every Employer-compensated eighty (80)-hour pay period with a maximum accrued balance of four hundred (400) sick hours. This accrual equals thirteen (13) days per year. Employees are not eligible to use sick leave until they have completed six (6) months of service and are no longer on probation. If their employment is terminated prior to the completion of the six (6) month period of service, all sick leave is forfeited.

4. **Revise Policy in Section 300 – Personnel Provisions, 300.02 – Employee Defined**

Add the following language creating a subsection identifying Per Diem/Casual Employees

H. Per Diem/Casual Employees

An "at-will" employee that is not part of a department's regular work schedule and is scheduled to work on an "as needed" basis. Work may be scheduled prospectively but should be considered as "elected" by the employee.

Per Diem/Casual employees shall be paid for hours worked at a rate established by the Authority. They shall not accrue vacation, sick, or personal time, nor will they be eligible for benefits including but not limited to health, dental, vision, long-term disability, short-term disability, life, and accidental death and dismemberment insurances, unless otherwise require by law.

No retroactive claim for wages, benefits, or retirement exists in the event that a Per Diem/Casual employee were to obtain an alternative position with the Capital Region Airport Authority.

5. **Revise Policy in Section 300 – Personnel Provisions 300.08 - Pay Practices and Employee Evaluations Subsection E) Longevity Payment**

Delete Subsection E) Longevity Payment in its entirety as this pay practice was eliminated in 2010.

6. **Title Change and Formatting**
   1. Replace all uses of the title "Executive Director" with "President & CEO"
   2. Format using Arial font as the organizational standard

Capital Region Airport Authority

RESOLUTION # 17-34

November 20, 2017

Subject/Title
Labor agreement between the Capital Region Airport Authority and the American Federation of State, County and Municipal Employees (AFSCME) for Maintenance Department Bargaining Unit members.

Proposed Action
The Capital Region Airport Authority Board hereby approves the adoption of a new two (2) year agreement, including the terms of the agreement with the Maintenance Department Unit of the American Federation of State, County and Municipal Employees (AFSCME) beginning January 1, 2018 through December 31, 2019, and hereby authorizes the President & CEO to sign all related documents on behalf of the Authority

Chris Holman

Chris Holman, Chairman

Bonnie Wohlfert

Bonnie Wohlfert, Secretary

Summary

Authority staff and the AFSCME Unit have reached an agreement, and was ratified by bargaining unit employees on November 14, 2017. The agreement includes the following changes over the next two (2) years:

Year 1 (2018)

1. Instituted a cap for accrued and unused sick time at four hundred (400) hours. As part of the initial change, a fifty (50) percent buy-out option will be implemented by the end of the calendar year with the option for cashing out and/or investing into a Health Care Savings Plan.
2. New language was added to enable the Authority to make carrier changes and/or modify, alter, or amend the health care plan however, no changes will be made to the health care plan for benefit year 2018.
3. Included a non-incursion (runways) bonus (similar to the bonus negotiated in the last contract) which will be paid at one-half percent (0.5%) of the employee's base wage and paid in January 2019 if earned.
4. Revisions made to the wage schedule so to create consistent increases of approximately 5% at each step from the starting wage to the newly added step 6. Safeguards were included to ensure that all employees of the unit received a wage increase in 2018.
5. New language was added to allow for new employees to be hired in at wage steps greater than the starting step, based on relevant work experience as determined by the Authority.
6. Various language changes throughout the contract to better reflect the current operational environment between the Authority and the bargaining unit.

Year 2 (2019)

1. Instituted a ten percent (10%) health care cost share for all coverage levels, to be expressed as a percentage of the total premium or premium equivalent.
2. Increased the health care opt-out from $2,000/$3,000 to $4,500 annually.
3. Continued the non-incursion bonus to be paid at one-half percent (0.5%) of the employee's base wage and paid in January 2020 if earned.
4. Added a step 7 with an approximate increase of 2.5% over step 6.

Capital Region Airport Authority

RESOLUTION # 17-35

December 11, 2017

Subject/Title
Labor agreement between the Capital Region Airport Authority and the Police Officers Association of Michigan (POAM) for the Public Safety and Operations Bargaining Unit members.

Proposed Action
The Capital Region Airport Authority Board hereby approves the adoption of a new two (2) year agreement, including the terms of the agreement with the Police Officers Association of Michigan (POAM) for the Public Safety and Operations Unit beginning January 1, 2018 through December 31, 2019, and hereby authorizes the President & CEO to sign all related documents on behalf of the Authority.

Chris Holman

Chris Holman, Chairman

Bonnie Wohlfert

Bonnie Wohlfert, Secretary

Summary

Authority staff and the POAM Unit have reached an agreement, and was ratified by bargaining unit employees on November 27, 2017. The agreement includes the following changes over the next two (2) years:

Year 1 (2018)

1. Instituted a cap for accrued and unused sick time at four hundred (400) hours. As part of the initial change, a fifty (50) percent buy-out option will be implemented by the end of the calendar year with the option for cashing out and/or investing into a Health Care Savings Plan.
2. New language was added to enable the Authority to make carrier changes and/or modify, alter, or amend the health care plan however, no changes will be made to the health care plan for benefit year 2018.
3. Included a non-incursion (runways) bonus (similar to the bonus negotiated in the last contract) which will be paid at one-half percent (0.5%) of the employee's base wage and paid in January 2019 if earned.
4. Revisions made to the wage schedule to create consistent increases of approximately 5% at each step from the starting wage to the newly added step 6. Safeguards were included to ensure that all employees of the unit received a wage increase in 2018.
5. New language was added to allow for new employees to be hired in at wage steps greater than the starting step, based on relevant work experience as determined by the Authority.
6. Revisions made to provide a two hundred dollar ($200) annual stipend for the purchase of work equipment. Previous reimbursement was provided biannually.
7. New language was added to create a shift differential of one dollar ($1) per hour for Operations Officers cross-trained in Airport Rescue and Fire Fighting (ARFF) during hours worked as a Firefighter and hours spent maintaining ARFF training competencies.
8. Revisions made to paid Holiday language to include two (2) additional holidays (Memorial Day and Labor Day) in which the employee would receive time and one half (1 ½) pay for hours worked.
9. Various language changes throughout the contract to better reflect the current operational environment between the Authority and the bargaining unit.

Year 2 (2019)

1. Instituted a ten percent (10%) health care cost share for all coverage levels, to be expressed as a percentage of the total premium or premium equivalent.
2. Increased the health care opt-out from $2,000/$3,000 to $4,500 annually.
3. Continued the non-incursion (runways) bonus to be paid at one-half percent (0.5%) of the employee's base wage and paid in January 2020 if earned.
4. Added a step 7 with an approximate increase of 2.0% over step 6.

Capital Region Airport Authority

RESOLUTION # 17-38

December 11, 2017

Subject/Title
Approval of Initial Health Care Savings Program Participation Agreements

Proposed Action
The Capital Region Airport Authority Board hereby adopts the attached two (2) initial Participation Agreements associated with the Health Care Savings Program with the Michigan Employee Retirement System (MERS). Additionally, the board authorizes the President - CEO, or his designee, to sign all related documents and make modifications to the participation agreement if any are required by MERS.

Chris Holman, Chairman

Bonnie Wohlfert, Secretary

Summary

These Health Care Savings Program (HCSP) participation agreements are associated with the establishment of the HCSP and revisions to the Authority's Employee Policies and Procedures Manual approved by the Board on November 20, 2017.

These two (2) initial HCSP participation agreements pertain to establishment of HSCPs for:

- New employees hired on or after December 1, 2017 and includes provisions related to the CRAA's contribution into the employee's HCSP.

- Existing employees hired before December 1, 2017 and includes provisions to convert a portion of an employee's sick time to a contribution into the employee's HCSP.

MERS Health Care Savings Program
Participation Agreement

MERS® Municipal Employees' Retirement System

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I. PARTICIPATING EMPLOYER

Employer Name: Capital Region Airport Authority
(Name of municipality or court)

Municipality Number: 3305 **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:
December 11, 2017.
(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)

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):

Full-time employees hired before December 1, 2017
(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.

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.

V. EMPLOYER CONTRIBUTIONS TO THE HEALTH CARE SAVINGS PROGRAM

The Participating Employer hereby elects to make contributions to the Trust. 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)**:

None at this time.

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 six (6) 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 equally
☐ Remain in the HCSP sub-trust to be used to offset future Employer Contributions
☒ Be transferred to the Retiree Health Funding Vehicle ("RHFV")

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)**:

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 December 2, 2017, 60 % of 50% of sick time over 304 hours
(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.

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 11 day of December, 2017 at the official meeting held by Capital Region Airport Authority.

(Name of approving employer)

Authorized Signature: [signature]

Title: President & CEO

Witness Signature: Bonnie Wallfur

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

Dated: ____________________, 20____

____

(Authorized MERS signatory)

MERS Health Care Savings Program
Participation Agreement

MERS® Municipal Employees' Retirement System

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I. PARTICIPATING EMPLOYER

Employer Name: Capital Region Airport Authority
(Name of municipality or court)

Municipality Number: 3305 **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: December 11, 2017.
(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)

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):

Full-time employees hired on or after December 1, 2017
(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.

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.

V. EMPLOYER CONTRIBUTIONS TO THE HEALTH CARE SAVINGS PROGRAM

The Participating Employer hereby elects to make contributions to the Trust. 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)**:

The CRAA will contribute a fixed $77.00 for each pay period the employee is employed by the CRAA regardless of actual hours worked provided the employee is not receiving any long-term disability benefits during the pay period. The maximum CRAA contribution per employee is $2,002 per an employee's service year.

Note: vesting of the employer's contribution shall be upon six (6) years of the employee's date of hire.

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 6 (six) (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 equally
☐ Remain in the HCSP sub-trust to be used to offset future Employer Contributions
☒ Be transferred to the Retiree Health Funding Vehicle ("RHFV")

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)**:

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.

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 11 day of December, 2017 at the official meeting held by Capital Region Airport Authority.

(Name of approving employer)

Authorized Signature: [signature]

Title: President & CEO

Witness Signature: Bonnie Wallfr

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

Dated: ____________________, 20____

____

(Authorized MERS signatory)

Capital Region Airport Authority

RESOLUTION #18-07

March 19, 2018

Subject/Title
Publicly Funded Health Insurance Contribution Act Exemption

Proposed Action
The Capital Region Airport Authority Board authorizes the Airport Authority to adopt the annual Exemption option as its choice to comply with the Publicly Funded Health Insurance Contribution Act. As part of the exemption, the Airport Authority will implement an alternative cost share of a 10% equivalent of health care premium for 2019 for all employees enrolled in the health plan. The President and CEO, or designee, is authorized to sign all related documents.

Chris Holman, Chairman

Bonnie Wohlfert, Secretary

Publicly Funded Health Insurance Contribution Act Exemption Election
Resolution 18-07
March 19, 2018

Summary and Background

The Publicly Funded Health Insurance Contribution Act (Act 152 of 2011) imposes limits on the portion of employee medical benefit plan coverage paid for by public employers. The measure contains two means of limiting public employer contributions: a hard cap on the amount a public employer can pay towards premiums, or an optional 80/20 contribution split between the public employer and the employee.

The law was effective January 1, 2012. Public employers are authorized to deduct the covered employee's portion of the health costs from the employee's salary without express consent from the employee.

Public employers may elect Exemption option to opt out of the requirements of the Publicly Funded Health Insurance Contribution Act with a two-thirds vote of the governing body. Additionally, an employer may elect an alternative cost share structure where the employee contribution is less than the State defined Hard Caps and an 80/20 contribution.

The Airport Authority has elected the Exemption option since the inception of the Act. Staff recommends that the Authority Board continue the Exemption option and include an employee contribution or "cost share" of a 10% equivalent for total health care premium costs for 2019. This 10% equivalent will establish a tiered cost share structure to be applied to all active employees (union and non-union) participating in the Authority's health plans effective January 1, 2019. This recommendation also aligns non-union employees with the contribution or cost share established during the collective bargaining process with Authority employees represented by the Police Officers Association of Michigan (POAM) and the American Federation of State, County and Municipal Employees, AFL-CIO (AFSCME) in the Fall of 2018.

Capital Region Airport Authority

RESOLUTION # 18-18

June 18, 2018

Subject/Title
Revisions to the Authority's Employee Policy Manual, specifically the Personnel Provisions and the Benefits Sections.

Proposed Action
The Capital Region Airport Authority Board hereby approves amending certain sections of the Employee Policy Manual as attached and authorizes the President and CEO, or designee, to revise, develop, and implement all guidelines and procedures related to these changes.

Chris Holman, Chairman

Bonnie Wohlfert, Secretary

Revisions to the Authority's Employee Policy Manual, specifically, the Personnel Provisions and the Benefits Sections
Resolution 18-18
June 18, 2018

Summary

The modifications to the current Employee Policy Manual are required to accurately reflect current and upcoming administrative and operational practices, as well as align policies with negotiated union contracts. Both the existing and new policies are attached. A summary of the modifications is as follows:

1. **Proposed replacement Medical and Dental Insurance Policy 400.01**

   Additions/changes include:
   - Revised the "Employee Payment In Lieu of Health Insurance Coverage" commonly referred to as health care opt out to be consistent with administrative practices;
   - Increased health care opt-out payment from $2,000/$3,000 to $4,500 annually for all benefit eligible employees effective January 1, 2019 (consistent with provisions negotiated with the AFSCME and POAM Bargaining Units approved by Board in November 2017 and December 2017 respectively)
   - Added verbiage to exclude waiver/opt out payments from Final Average Compensation;
   - Established an employee cost share of a 10% premium equivalent for all benefit eligible employees enrolled in the CRAA's medical insurance effective 1/1/2019 (consistent with cost share negotiated with the AFSCME and POAM Bargaining Units approved by Board in November 2017 and December 2017 respectively)
   - Added a section to address Consolidated Omnibus Budget Reconciliation Act (COBRA)
   - Expanded language related to termination of benefits upon separation.

2. **Proposed New Retirement Programs and Post-Employment Savings Policy 400.05 Section A**

   Created two (2) policies from the existing Retirement Policy – 400.05.
   Policy 400.05, Section A additions/changes included:
   - Restated and/or clarified provisions and vesting of the Retirement Programs (Defined Benefit, Defined Compensation, Hybrid) and Post-Employment Savings Programs (457[b] and HCSP Plans)
   - Added for current and former employees hired before December 1, 2017 who chose the option of waiving their retiree and spouse benefits a one-time contribution in the amount of $5,000 per eligible employee/former employee to their HCSP with vesting upon contribution to the HCSP.
   - Added for active employees hired before December 1, 2017 who elect the option of waiving their retiree and spousal benefits they will receive the same on-going HCSP contribution with the same eligibility requirements and vesting as employees hired on or after December 1, 2017.

3. **Proposed New Retiree Benefits Policy 400.05 Section B**

Created two (2) policies from the existing Retirement Policy – 400.05.
Policy 400.05, Section B additions/changes included:

- Restated and/or clarified the Retiree Benefits (Medical and Life Insurance)
- Removed PA 88 – Reciprocity language from retiree medical insurance. PA 88 will only apply to plans identified in the Post-Employment Savings Policy.
- Established retiree cost share of a 10% premium equivalent for all benefit eligible employees enrolled in the Authority's medical insurance effective January 1, 2019 (consistent with cost share negotiated with the AFSCME and POAM Bargaining Units approved by Board in November 2017 and December 2017 respectively).
- Established a fixed cap the Authority will pay for those enrolled in a Medicare Advantage Plan in the amount of $350 per month per person (retiree and spouse) effective January 1, 2019 with any additional cost (if any) the responsibility of the retiree and/or spouse.
- Included provision for the new Health Insurance Premium Deduction plan

Proposed replacement of Policy 400.01 Medical and Dental Insurance

Date: 6/18/2018

1. Purpose

To establish a standard for medical insurance offered to benefit-eligible Capital Region Airport Authority (Authority) employees, including the Waiver of Medical Insurance, employee cost share and COBRA eligibility.

2. Reservation of Rights

Although it is the Authority's intent to continue paying for a portion of the cost of medical and dental insurance for its active employees and dependents for the foreseeable future, the Authority reserves the unilateral right at its sole discretion at any time to modify, alter, or terminate any amount the Authority pays for, actual benefits, and/or coverage outlined in this policy.

3. Medical Insurance and Premium Contribution

The Authority provides access to medical insurance for active and benefit eligible employees. The cost of the medical insurance plan shall be shared by the Authority and benefit eligible employees enrolled in the plan. The Authority reserves the right to change carriers and/or modify, alter or amend the medical insurance plan and its cost share amount.

Effective January 1, 2019, cost share for benefit eligible and enrolled employees will be expressed as a percentage of the total premium or premium equivalent. Employee cost share will be 10% of the monthly equivalent premium cost withheld via payroll deductions on a pre-tax basis every pay period.

Employees on a family and medical leave (FMLA) will continue to receive CRAA medical insurance through the duration of the leave. Accommodations must be made prior to the leave or as soon as reasonably possible to establish a payment plan for the employee's cost share of the medical insurance during their leave.

a. Eligibility
   A benefit eligible employee of the Authority is eligible for medical insurance on their first day of employment, also known as their hire date.

b. Waiver of Medical Insurance
   Employees eligible to enroll in medical insurance may elect to waive their medical insurance coverage offered through the Authority by completing the Waiver of Medical Insurance Election Form. In waiving Authority medical insurance and providing proof of coverage, eligible employees may receive a monthly cash waiver payment via normal payroll processing for each full month in which medical benefits are waived. This payment is considered taxable income and is not subject to the computation of Final Average Compensation (FAC).

   i. From December 1, 2017 to December 31, 2018, full-time employees who are eligible for medical insurance may receive Two Hundred Fifty ($250) per month if

30% of all Authority employees elect not to be covered by the Employer's medical insurance program. If less than 30% of Authority employees waive medical insurance, full-time employees who are eligible for medical insurance may receive up to Two Thousand Dollars ($2,000) annually, at the rate of One Hundred Sixty-Six Dollars and Sixty-Six Cents ($166.66) per month if they elect not to be covered by the Employer's medical insurance program. Employees electing the payment must be covered by health insurance from another source to be eligible and must sign an Employer waiver form.

ii. Effective January 1, 2019, benefit eligible employees may receive up to Four Thousand Five Hundred dollars ($4,500.00) annually, which will be paid to the employee monthly at a rate of Three Hundred Seventy-Five dollars ($375) via payroll processing in lieu of receiving Authority medical insurance. Employees electing the payment must be covered by health insurance from another source to be eligible and must sign an Employer waiver form.

c. Consolidated Omnibus Budget Reconciliation Act (COBRA)
In accordance with the Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA), group medical insurance for eligible employees and their dependents may be continued either post-employment or if there is a qualifying life event for the employee and/or their dependents. Continuation of benefits under COBRA are fully-funded by the covered employee or their covered dependent.

4. Dental Insurance

The Authority provides access to dental insurance for active and benefit eligible employees. Benefit levels and policy provisions shall be subject to change at the discretion of the Authority.

5. Termination of Benefits upon Separation

Employees separating employment from the Authority and are enrolled in Authority offered benefits will have benefits terminated using the following criteria:

a. Medical Insurance
    i. Employees separating employment with the CRAA prior to January 1, 2019, will have medical insurance coverage through the end of the month in which the employee separates employment.
    ii. Effective January 1, 2019, existing medical insurance coverage will terminate at the end of the pay period in which the employee separates employment from the Authority
b. Short-Term and Long-Term Disability – the last day worked.
c. Dental Insurance – the last day of the month of the last day worked.
d. Vision Insurance – the last day of the month of the last day worked.
e. Life Insurance – the last day worked.
f. Accidental Death & Dismemberment and Supplemental Life Insurance – the last day worked.
g. Flexible Spending Account – the last day of the pay period in which the employee retirees.
h. Dependent coverage terminates as above. In addition, certain changes to dependent status may terminate coverage for dependents, (i.e., end of the year in which the dependent turns age 26).

Current Policy 400.01 Medical and Dental Insurance to be replaced

400.01 Medical and Dental Insurance

A. Medical Insurance
   1. The Employer provides health insurance coverage. Benefit levels and policy provisions shall be subject to change at the discretion of the Employer.
   2. Employee Payment In Lieu of Health Insurance Coverage
      a. Full-time employees covered by their spouse's health insurance plans may, upon submission of proof of coverage, receive up to Two Thousand Five Hundred Dollars ($2,500) annually, at the rate of Two Hundred Eight Dollars and thirty-four cents ($208.34) per month, if 30% of all employees elect NOT to be covered by the Employer's health insurance program. If less than 30% of employees waive medical, full-time employees who are eligible for health insurance may receive up to One Thousand Five Hundred Dollars ($1,500.00) annually, at the rate of One Hundred Twenty-Five Dollars ($125.00) per month, if they elect not to be covered by the Employer's health insurance program. Subject to the health carrier's rules, employees will still be eligible for Employer-paid dental coverage.
      b. Employees electing the payment must sign an Employer waiver form. Such employee assumes the risk of a pre-existing condition not being covered if he/she later desires to re-enroll, and the employee is subject to the open enrollment periods designated by the Employer's current health insurance carrier(s).

B. Dental Insurance
   The Employer provides dental insurance coverage. Benefit levels and policy provisions shall be subject to change at the discretion of the Employer.

Current Policy 400.05 Retirement,
Section D. Benefits Terminating Upon Retirement to be replaced

D. Benefits Terminating Upon Retirement
1. When retired, the following benefits will be terminated:
   a. Short-Term and long-term Disability – the last day worked.
   b. Dental Insurance – the last day of the moth of the last day worked.

Proposed new Policy 400.05, Section A. Retirement Programs and Post-Employment Savings Programs

Date: 6/18/2018

1. Purpose

To establish a standard for retirement programs and post-employment savings programs offered by the Capital Region Airport Authority (Authority) in order to assist benefit eligible employees and retirees in paying for post-employment costs.

2. Overview

All benefit eligible employees have the option to enroll in retirement and/or post-employment savings programs offered by the Authority. The Authority may, at its discretion, alter or modify any post-employment savings program offered to the benefit eligible employees and retirees at any time.

3. Reservation of Rights

Although it is the Airport's intent to continue to offer retirement programs and post-employment savings programs for its benefit eligible employees for the foreseeable future, the Authority reserves the unilateral right at its sole discretion to at any time to modify, alter, or terminate any and all programs outlined in this policy.

4. Retirement Programs

a. Pension and Contribution Plans

1. All eligible employees will be enrolled in one of the following retirement programs based on date of hire, eligibility, and/or position: Defined Benefit (DB), Hybrid Benefit, or Defined Contribution (DC) Programs and are members of the Municipal Employees Retirement System (MERS).

b. Eligibility & Vesting

i. A pension or a contribution program will be offered to eligible employees who are fully vested in accordance with the Authority's plan documents. Benefits may differ, based on age, hire date, and/or vesting schedule.

ii. Employees are eligible for benefits under their plan once they meet the age and/or service requirements under the Authority's plan provisions. The standard age for retirement is 60 for vested employees.

- For benefit eligible employees enrolled in the Defined Benefit Plan, the vesting schedule is 10 years.
- For benefit-eligible employees enrolled in the Hybrid Retirement Plan, the vesting schedule is 6 years for the defined benefit component, and a 6-year graded vesting schedule for the defined contribution component.

- For benefit-eligible employees enrolled in a Defined Contribution Plan, the vesting has a 6-year graded vesting schedule.

iii. In accordance with Public Act 88 – Reciprocal Retirement Act of 1961, benefit eligible employees and retirees who have been enrolled in more than one Michigan eligible governmental retirement system will be able to combine years of service from more than one public employer for vesting purposes only.

5. **Post-Employment Savings Programs**

a. Deferred Compensation Program

All eligible employees may also choose to participate in the optional Authority offered 457(b) Deferred Compensation Program.

b. Health Care Savings Programs

The Authority has established a Health Care Savings Program (HCSP) administered by MERS for the purpose of assisting the employees in saving for health care related expenses at the time of retirement or at any time after employment with the Authority. The Authority may modify the HCSP Plans, as required, at any time, to accommodate distributions, leave conversions, and/or employee paid contributions.

i. Employees hired on or after December 1, 2017

For employees hired on or after December 1, 2017, the Authority will make a contribution to the employee's HCSP account in the amount of $77 per pay period regardless of the actual hours worked provided the employee still employed by the Authority and is not receiving any long-term disability benefits during the pay period. The maximum Authority contribution per employee is $2,002 per an employee's service year. The Authority's HCSP contribution for this employee group is in lieu of providing retiree health care, vision, and life insurance benefits. Deposits made on an ongoing basis will be vested after six (6) years of service from the employee's date of hire.

Employees may make post-tax contributions to their HCSP with vested upon deposit into the HCSP.

Any employee or employer contributions made as a one-time offer for the purpose of conversions, etc. will be vested upon deposit into the HCSP.

ii. Employees hired before December 1, 2017

Employees hired prior to December 1, 2017 will have the option to enroll in a Health Care Savings Plan (HCSP) administered by MERS for the purpose of assisting the employees in saving for health care related expenses at the time of retirement or at any time after employment with the Authority.

Employees may make post-tax contributions to their HCSP with vested upon deposit into the HCSP.

Any employee or employer contributions made as a one-time offer for the purpose of conversions, etc. will be vested upon deposit into the HCSP.

Effective July 1, 2018, for current and former employees hired before December 1, 2017 who chose the option of waiving their retiree and spouse benefits, the Authority will make a one-time contribution in the amount of $5,000 per eligible employee/former employee to their HCSP with vesting upon contribution to the HCSP.

Effective July 1, 2018, if an active employee hired before December 1, 2017 elects the option of waiving their retiree and spousal benefits they will receive the same on-going HCSP contribution with the same eligibility requirements and vesting as employees hired on or after December 1, 2017, beginning the pay period after the above referenced one-time contribution is made.

Definitions

Term	Definition
Benefit eligible employees	A regular, full-time Authority employee that works at least 30 hours per week.
457(b) Plan	Refers to Plans of deferred compensation described in Internal Revenue Code (IRC) section 457 are available for certain state and local governments and non-governmental entities tax exempt under IRC Section 501. They can be either eligible plans under IRC 457(b) or ineligible plans under IRC 457(f). Plans eligible under 457(b) allow employees of sponsoring organizations, including the CRAA, to defer income taxation on retirement savings into future years. Ineligible plans may trigger different tax treatment under IRC 457(f).
Health Care Savings Program	Refers to a program that will help benefit-eligible employees prepare for future healthcare costs through a tax-free medical savings account that can be used post-employment.
Hybrid Benefit Program	Refers to an intended program with the overall benefit being a combination of funding from the Authority and the benefit-eligible employee.
Defined Contribution Program	Refers to an intended program with the overall benefit dependent on the funding from the benefit-eligible employee.
Vested	Refers to the point in time when the benefit-eligible employees are given full rights to their post-employment program or account.

Current Policy 400.05 Retirement, Sections A, B and C to be replaced

A. Municipal Employees Retirement System

2. All full-time employees are members of the Municipal Employees Retirement System (MERS).

3. The Municipal Employees Retirement System (MERS) establishes the various benefit programs available for member governmental units such as the CRAA. The Employer has selected the B-4 Program, with the F-55 (with 15 years) option. The Employer may, in its discretion, alter or modify retirement benefits provided to employees.

B. Deferred Compensation Plan

1. The CRAA has established a Deferred Compensation Plan. Plan documents are available from the Human Resources Manager.

C. Benefits Upon Retirement

1. Health Insurance

a. When receiving MERS retirement benefits commencing immediately upon retirement from this Employer, the retired employee, if less than 65 years of age, and not eligible for Medicare, along with his/her eligible dependents, shall be provided, during retirement, with the same health insurance plan made available to active employees, subject to contribution requirements, if any. If applicable, the contribution requirements will be paid in a timely fashion, as determined by the Employer.

b. If the retiree, and/or his/her eligible dependent, is 65 years of age or older and/or eligible for Medicare, the retiree will be provided with a Medicare eligible supplemental plan, as provided by the Carrier.

c. The Employer's obligation to provide health insurance shall terminate if and when a retiree becomes eligible for health insurance from another source equal to that being provided by the Employer, such as, but not limited to, other employment, spousal coverage, and military benefits. However, an otherwise eligible retiree, who is disqualified under this provision, shall have the right to reenroll in the Employer's health plan, if the retiree is no longer eligible for coverage from another source, and is able to meet the insurance provider's terms for re-enrollment under the Employer's health insurance program in place at that time.

d. Employees are considered vested with retiree health insurance benefits at the same time they are considered vested in the MERS retirement program. However, retiring employees are not eligible to receive retiree health insurance benefits until they reach the age of 55. Eligible employees retiring at age 50 may continue to receive health insurance benefits until age 55, at employee cost. Employees retiring, or otherwise leaving employment, before age 55, where there is a break with the health insurance program, continue to remain eligible for health insurance benefits once they reach age 55, and may be re-enrolled as long as they are able to meet the insurance provider's terms for re-enrollment under the Employer's health insurance program in place at that time. Employees, retiring and choosing to initiate a break in health insurance, or otherwise leaving employment, who are unable to meet the insurance provider's re-enrollment terms, shall no longer be eligible for retiree health insurance benefits.

e. As soon as a retiree, and/or covered dependent, becomes eligible for Medicare, Medicaid, or similar Federal program benefits, the retiree, and/or his/her covered dependent, must enroll. If an eligible retiree, and/or covered dependent, fails to enroll, when eligible, in Medicare, Medicaid, or similar Federal program benefits, the Employer's obligation to provide health insurance to a retiree shall terminate until such time as the retiree and/or dependent enrolls. In the event the name of any of the Federal coverage/benefits referred to herein are changed, this section applies to any and all similar or replacement programs subsequently designated.

Proposed new Policy 400.05 Retirement, Section B. Retiree Benefits

Date: 6/18/2018

1. **Purpose**

To establish a standard for Capital Region Airport Authority (Authority) offered Retiree Benefits for benefit eligible employees hired prior to December 1, 2017, including those no longer employed by the Authority if they meet vesting requirements.

2. **Overview**

The Authority offers retiree benefits to benefit eligible retirees hired prior to December 1, 2017. Eligibility for retirees and their spouses is determined by length of service, etc. The Authority may, at its sole discretion, alter or modify any retiree benefits offered to benefit eligible retirees and their spouses. Eligibility for all retiree benefits is subject to carrier eligibility criteria.

3. **Reservation of Rights**

Although it is the Airport's intent to continue paying for a portion of the cost of medical insurance for its benefit eligible retirees and their benefit eligible spouses for the foreseeable future, the Authority reserves the unilateral right at its sole discretion at any time to modify, alter, or terminate any amount the Authority pays for, actual benefits, and/or coverage outlined in this policy.

4. **Medical Insurance**

   a. Eligibility

      i. Retirees

      Retiring employees hired prior to December 1, 2017 are eligible to receive retiree medical insurance benefits, if the vesting requirement of 10 years is met when they retire at age of 55 or older with 10 years of service with the Authority.

      Retirees eligible for Medicare due to disability or age (65 years or older) are required to enroll themselves in Medicare Part A and Medicare Part B, or other similar program(s) if eligible.

      ii. Spouse of Retiree

      If a retiree dies before his/her benefit eligible spouse, the surviving spouse may continue with the Authority medical insurance subject to the provisions of this and associated Authority policies.

      Spouses eligible for Medicare due to disability or age (65 years or older) are required to enroll themselves in Medicare Part A and Medicare Part B, or other similar program(s) if eligible.

iii. Dependent Children of Retiree

Dependent children of benefit eligible retirees and spouses are not eligible to receive medical insurance coverage or any other benefit from the Authority other than those available as a beneficiary under an Authority paid life insurance policy.

b. Alternative Medical Insurance Exclusion

i. The Authority provided medical insurance shall terminate if and when a benefit eligible retiree becomes eligible for medical insurance from another source such as, but not limited to, other employment or spousal coverage. However, if the retiree loses the other source of coverage, he/she shall have the opportunity to re-enroll in the Authority's retiree medical insurance plan, subject to the provisions of this and associated Authority policies.

ii. As soon as a benefit eligible retiree spouse becomes eligible for Medicare, Medicaid, or similar federal program benefits, they must enroll in the program(s). If a benefit eligible retiree or benefit eligible spouse fails to enroll, when eligible, in Medicare, Medicaid, or similar Federal program benefits, the Authority's obligation to provide medical insurance shall end until such time as the retiree or spouse enrolls in said plan. In the event the name of any of the Federal coverage/benefits referred to herein are changed or similar programs are established, this section applies to any and all similar subsequent programs.

c. Premium Contribution
Effective on January 1, 2019, retirees and/or eligible spouses utilizing the offered medical insurance plans from the Authority will be responsible for a contribution toward the cost of their monthly premium on a per person basis as follows:

i. Those enrolled in the Authority offered, medical insurance and are not eligible for Medicare, will pay Ten (10%) percent of the monthly premium equivalent cost. These monthly contributions must be received in full by the Authority by the 15th day of the month of coverage. Payment may be made directly by the retiree or spouse or by monthly contribution withheld from the retirees or surviving spouse's monthly MERS benefit payment via the established Health Insurance Premium Deduction Plan. If monthly contributions are not received, individual medical insurance is subject termination.

ii. Those enrolled in the Authority offered, Medicare supplemental plan will be responsible for any cost of the monthly premium over Three Hundred Fifty ($350.00) dollars. This monthly contribution will be withheld from the retirees or surviving spouse's monthly MERS benefit payment via the established Health Insurance Premium Deduction Plan. If monthly contributions are not received, individual medical insurance is subject termination.

5. Life Insurance

Eligible retirees shall receive a term life insurance policy, with premiums paid by the Authority, with a death value of one-half (1/2) of the annual salary in the calendar year immediately prior to the year of retirement, subject to the insurance company providing/making available this insurance. Retiree life insurance participants are responsible for completing and keeping current and accurate all term life insurance beneficiary election forms and providing copies to the Authority.

a. Eligibility

   i. Retiring employees hired prior to December 1, 2017 are eligible to receive retiree term life insurance when they reach the age of 55 and upon meeting the vesting requirement of 10 years.

   ii. Employees who separate employment from the Authority prior to retirement or have a break in service other than that permitted by Authority approved leave time (ie. sick, vacation, without pay, etc.) are not eligible to enroll in Authority provided retiree term life insurance.

Current Policy 400.05 Retirement, Section C Retiree Benefits to be replaced

C. Benefits Upon Retirement

1. Health Insurance

a. When receiving MERS retirement benefits commencing immediately upon retirement from this Employer, the retired employee, if less than 65 years of age, and not eligible for Medicare, along with his/her eligible dependents, shall be provided, during retirement, with the same health insurance plan made available to active employees, subject to contribution requirements, if any. If applicable, the contribution requirements will be paid in a timely fashion, as determined by the Employer.

b. If the retiree, and/or his/her eligible dependent, is 65 years of age or older and/or eligible for Medicare, the retiree will be provided with a Medicare eligible supplemental plan, as provided by the Carrier.

c. The Employer's obligation to provide health insurance shall terminate if and when a retiree becomes eligible for health insurance from another source equal to that being provided by the Employer, such as, but not limited to, other employment, spousal coverage, and military benefits. However, an otherwise eligible retiree, who is disqualified under this provision, shall have the right to reenroll in the Employer's health plan, if the retiree is no longer eligible for coverage from another source, and is able to meet the insurance provider's terms for re-enrollment under the Employer's health insurance program in place at that time.

d. Employees are considered vested with retiree health insurance benefits at the same time they are considered vested in the MERS retirement program. However, retiring employees are not eligible to receive retiree health insurance benefits until they reach the age of 55. Eligible employees retiring at age 50 may continue to receive health insurance benefits until age 55, at employee cost. Employees retiring, or otherwise leaving employment, before age 55, where there is a break with the health insurance program, continue to remain eligible for health insurance benefits once they reach age 55, and may be re-enrolled as long as they are able to meet the insurance provider's terms for re-enrollment under the Employer's health insurance program in place at that time. Employees, retiring and choosing to initiate a break in health insurance, or otherwise leaving employment, who are unable to meet the insurance provider's re-enrollment terms, shall no longer be eligible for retiree health insurance benefits.

e. As soon as a retiree, and/or covered dependent, becomes eligible for Medicare, Medicaid, or similar Federal program benefits, the retiree, and/or his/her covered dependent, must enroll. If an eligible retiree, and/or covered dependent, fails to enroll, when eligible, in Medicare, Medicaid, or similar Federal program benefits, the Employer's obligation to provide health insurance to a retiree shall terminate until such time as the retiree and/or dependent enrolls. In the event the name of any of the Federal coverage/benefits referred to herein are changed, this section applies to any and all similar or replacement programs subsequently designated.

f. If a retiree passes away before his/her covered dependents, the survivor may continue with the Capital Region Airport Authority's health benefits following the above guidelines.

2. Life Insurance

a. When receiving MERS retirement benefits, immediately upon retirement from this Employer, the retired employee shall receive a term life insurance policy, with premiums paid by the Employer, with a death value of one-half (1/2) of the annual salary in the calendar year immediately prior to the year of retirement, subject to the insurance company providing/making available this insurance. The death value of the term life insurance policy will be subject to an age based benefit reduction schedule as defined in the Certificate of Coverage. This benefit is not provided to employees who leave and have a break in service prior to receipt of MERS benefits.

Capital Region Airport Authority

RESOLUTION # 18-19

June 18, 2018

Subject/Title
Establishment of a Health Insurance Premium Deduction Plan

Proposed Action
The Capital Region Airport Authority Board hereby approves the establishment of a Health Insurance Premium Deduction plan through the Michigan Employee Retirement System (MERS). Additionally, the board authorizes the President - CEO, or his designee, be named the authorized designee and sign all related documents.

Chris Holman, Chairman

Bonnie Wohlfert, Secretary

Establishment of a Health Insurance Premium Deduction Plan
Resolution 18-19
June 18, 2018

Summary

Authority staff recommends establishing a Health Insurance Premium Deduction Plan, effective January 1, 2019 for retiree contributions to their Authority offered medical insurance via withholding from the retiree's monthly pension or contribution plan benefit. To be eligible for the Premium Deduction Plan an eligible retiree and eligible spouse (if applicable) must:

- Be receiving monthly benefits from MERS either as the retiree or the spousal beneficiary; and
- Be enrolled in the Authority's Retiree Health Insurance and/or Medicare Advantage Plan; and
- Understand their obligation to pay the 10% cost share of the equivalent premium cost of health insurance or understand their obligation to pay any amount of the monthly cost of the Medicare Advantage Plan that is greater than Three Hundred Fifty ($350.00) dollars; and
- Meet the eligibility requirements outlined in the Retiree Benefits Policy approved in Board Resolution #18-18.

Capital Region Airport Authority

RESOLUTION # 18-20

June 18, 2018

Subject/Title
Approval of Additional Health Care Savings Program Participation Agreements

Proposed Action
The Capital Region Airport Authority Board hereby adopts the attached two (2) additional Participation Agreements associated with the Health Care Savings Program with the Michigan Employee Retirement System (MERS). Additionally, the Board authorizes the President - CEO, or his designee, to sign all related documents and make modifications to the participation agreements if any are required by MERS.

Chris Holman, Chairman

Bonnie Wohlfert, Secretary

Approval of Additional Health Care Savings Program Participation Agreements
Resolution 18-20
June 18, 2018

History and Background

As the Board may recall, a Health Care Savings Program (HCSP) was established for the CRAA by the Board in November 2017.

A Health Care Savings Program (HCSP) is a way for employees to pay for healthcare costs with a savings/investment account for use after leaving employment at the Authority. Contributions fixed by the plan documents are tax-free, are invested, and grow tax-free.

In December 2017, the Board approved two (2) initial HCSP participation agreements. The first agreement established a HCSP for employees hired on or after December 1, 2017 in which the Authority contributes $77 per pay period with a maximum of $2,002 per employee's service year with vesting after six (6) years of service. This HCSP is provided to employees in lieu of the Authority providing retiree benefits. The second HCSP provided existing employees hired before December 1, 2017 an HCSP to convert a portion of an employee's sick time as a contribution into the employee's HCSP.

Summary Information for this Resolution

The two (2) additional Health Care Savings Program (HCSP) participation agreements covered by this resolution relate to the establishment of HCSPs for:

A. Active employees hired before December 1, 2017 who choose the option to opt out of retiree and spousal benefits (other than Defined Benefit, Hybrid, or Defined Contribution) in which the following two (2) HCSP contributions will be made by the CRAA to the employee's HCSP:

   1. A one-time fixed sum in the amount of $5,000 with immediate vesting; and

   2. An on-going $77 per pay period with maximum of $2,002 per employee's service year with vesting after six (6) years of service. Note: This plan is the same as the plan established for employees hired after December 1, 2017 which was approved by the Board in December 2017.

B. Former employees hired before December 1, 2017 who choose the option to opt out of retiree and spousal benefits (other than Defined Benefit, Hybrid, or Defined Contribution) in which the Authority will contribute a one-time fixed sum in the amount of $5,000 to the former employee's HCSP. Vesting occurs upon deposit of funds to the former employee's HCSP.

MERS Health Care Savings Program
Participation Agreement

MERS
Municipal Employees' Retirement System

1134 Municipal Way Lansing, MI 48917 | 800.767.2308 | Fax 517.703.9711 | www.mersofmich.com

I. PARTICIPATING EMPLOYER

Employer Name: Capital Region Airport Authority
(Name of municipality or court)

Municipality Number: 3305 **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:
July 1, 2018.
(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)

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):

Full-time employees hired before December 1, 2017 who opt out of retirement benefits (retiree and spousal) excluding DB, Hybrid or DC.
(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.

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.

V. EMPLOYER CONTRIBUTIONS TO THE HEALTH CARE SAVINGS PROGRAM

The Participating Employer hereby elects to make contributions to the Trust. 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)**:

A one-time fixed sum in the amount of $5,000 per eligible employee with immediate vesting.

A fixed sum in the amount of $77.00 for each pay period the eligible employee is employed by the CRAA regardless of actual hours worked provided the employee is not receiving any long-term disability benefits during the pay period. The maximum CRAA contribution per employee under this participation agreement is $2,002 per an employee's service year. Vesting for this contribution is upon 6 years of service.

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 (for $5,000 contribution only)
- ■ Cliff Vesting: The participant is 100% vested upon 6 (six) year(s). (for $77 contribution only)
  (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 equally
- ☐ Remain in the HCSP sub-trust to be used to offset future Employer Contributions
- ☐ Be transferred to the Retiree Health Funding Vehicle ("RHFV")

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):**

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

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

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

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

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 18th day of June, 2018 at the official meeting held by Capital Region Airport Authority.
(Name of approving employer)

Authorized Signature: ______________________

Title: President & CEO

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

MERS
Municipal Employees' Retirement System

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

I. PARTICIPATING EMPLOYER

Employer Name: Capital Region Airport Authority
(Name of municipality or court)

Municipality Number: 3305 **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: July 1, 2018.
(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)

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):

Former employees with vested CRAA retiree/spousal health care benefits who have waived all CRAA retiree and spousal health care benefits.
(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.

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.

V. EMPLOYER CONTRIBUTIONS TO THE HEALTH CARE SAVINGS PROGRAM

The Participating Employer hereby elects to make contributions to the Trust. 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)**:

The CRAA will contribute a fixed sum in the amount of $5,000 for each eligible former CRAA employee who has voluntarily chosen to enter into an irrevocable agreement with the CRAA to waive all CRAA retiree and spousal medical insurance benefits he/she and his/her spouse currently utilizes or may be entitled to in the future.

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 ____________ (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 equally
- ☐ Remain in the HCSP sub-trust to be used to offset future Employer Contributions
- ◉ Be transferred to the Retiree Health Funding Vehicle ("RHFV")

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)**:

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

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

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

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

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 18th day of June, 2018 at the official meeting held by Capital Region Airport Authority.
(Name of approving employer)

Authorized Signature: ______________________

Title: President & CEO

Witness Signature: ______________________

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

Dated: ______________________, 20____

____
(Authorized MERS signatory)

Capital Region Airport Authority

RESOLUTION # 18-21

June 18, 2018

Subject/Title
Appreciation to Staff Providing Input on Alternative Medical Insurance Plans

Proposed Action
The Capital Region Airport Authority Board is appreciative and formally thanks staff who served on the Health Care Committee and/or those who reviewed medical insurance plans and provided input. The projected 19% savings through medical insurance plan changes is very close to the original goal established in fall 2018 to achieve a 20% to 30% savings for 2019.

The input received from staff was critical to the evaluation of alternative medical insurance plans and the decision to change from a Blue Cross Blue Shield Community Blue PPO Platinum $500 plan, to a Simply Blue PPO Gold $1000, beginning on January 1, 2019. These medical insurance change for active and former employees will assist in lowering premium costs for the CRAA, employees, and retirees.

The Board appreciates staff's work to improve CRAA's financial sustainability and reduce the CRAA's Other Post Employment Benefit (OPEB) Liability. The Board requests the President – CEO convey the Board's gratitude and sincere thanks to staff who served and provided input.

Chris Holman

Chris Holman, Chairman

Bonnie Wohlfert

Bonnie Wohlfert, Secretary

Appreciation to Staff Providing Input on Changes to Health Care Plan
Resolution 18-21
June 18, 2018

In March and April of 2018, the following CRAA employees actively reviewed and provided input on a variety of Blue Cross/Blue Shield medical insurance alternatives:

List of Staff who Served on Health Care Committee

Karissa Weight
Dale Feldpausch
Eric Patrick
Rob Benstein
Sean Nobach
Jason Cotton
Julianne Stenger

List of Other Staff who Provided Input

Mike Forsyth
Jason Lovato