



City of Fraser

CENTENNIAL COMMUNITY

CITY MANAGER
D. Wayne O'Neal

CITY CLERK
Kelly Dolland

January 16, 2019

City Manager
33000 Garfield Rd
Fraser, MI 48026

Re: Request for City Council Action – MERS Voluntary Contribution

I am recommending a February 2018 Voluntary Contribution to MERS in the amount of \$600,000. \$300,000 to be applied towards Division 20 POLC with a percent funded of 46% and unfunded liabilities of \$12,786,879 as of December 31, 2017. \$300,000 to be applied towards the closed Division 21 POAM with a percent funded of 59% and unfunded liabilities of \$6,219,891 as of December 31, 2017. The funding is available from reduced expenditures in the current 2018-2019 Amended Budget which was created from excess cost savings by city departments. The voluntary contribution will reduce future pension expenditures.

There were a total of \$96,971 in POLC and POAM 2017-2018 MERS Pension Deferments as outlined in the August 28, 2018 memo. There have been \$683,002 in employer contributions to the POLC and POAM MERS Divisions from July 1, 2018 through December 31, 2018 (six months). The monthly anticipated employer contribution is \$81,755 into the Division 20 POLC and \$70,039 into the Division 21 POAM for a combined total of \$151,794 per month based on the December 31, 2016 Valuation. \$151,794 per month multiplied by six months' totals \$910,764. The six-month deferment equals \$910,764 (six-months of expected monthly contributions) less \$683,002 in actual employer contributions for a total of \$227,762. The 2018-2019 Fiscal Year anticipated deferment is a total of \$455,524 (double the six-month deferment of \$227,762).

\$96,971	2017-2018 POLC and POAM MERS Deferment
<u>\$455,524</u>	<u>2018-2019 POLC and POAM MERS Deferment</u>
\$552,495	2017-2019 POLC and POAM MERS Deferment

Very truly yours,
Timothy Matthew Sadowski
Timothy Matthew Sadowski
City Treasurer
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