



Memo

To: Honorable Mayor Armitage; City Council
From: Mary LaRocque, City Clerk
Date: August 31, 2022
Re: Resolution 2022-23 Amend HCSP Participation Agreement

Background

In January, 2020 Resolution 2020-04 was adopted to approve the opening of a HCSP for a particular employee. It was recently found this plan was never implemented and after research and review, MERS determined the language to the plan needed to be updated and that Council would again need to approve it. The amendments to HCSP division 300132 include these changes:

- City match up to \$1,000 per year
- Employee contribution \$40/pay
- Immediate vesting
- Division name- Division, 02 Police NSU hired 08/22/2005 - 07/01/2012

Recommendation

Council approve the amended HCSP as presented

Financial Impacts

No changes will result to the financial impact from old to new updated plan

Suggested Motion

The Council hereby approves the enclosed HCSP Participation Agreement modifications with the employee classification - Division, 02 Police NSU hired 08/22/2005 - 07/01/2012.

**RESOLUTION 2022-23
A RESOLUTION TO AMEND
HCSP PARTICIPATION AGREEMENT**

WHEREAS, Resolution 2020-04 - HCSP Participation agreement was approved January 15, 2020, and

WHEREAS, MERS has been thus far been unable to properly open the plan as intended, and

WHEREAS, After MERS performed a review of the current HCSP for Division -02 Police NSU hired 08/22/2005 - 07/01/2012 it was found the documents were outdated and needed to be updated, and approved by Council

THEREFORE, Be it resolved, the City Council hereby approves the enclosed HCSP Participation Agreement modifications with the employee classification - Division, 02 Police NSU hired 08/22/2005 - 07/01/2012.

The foregoing resolution was presented by _____ and supported by _____ for approval.
Carried/Failed with the following roll call vote; Yea ; Nay ; Absent .

CERTIFICATION

I, Mary LaRocque, City Clerk for the City of Charlotte, County of Eaton, State of Michigan, do hereby certify that the foregoing is a true and complete copy of a resolution duly adopted by the City Council of the City of Charlotte during its regular meeting held on September 06, 2022, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being 1976 P.A. 267, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

Mary LaRocque, City Clerk

MERS Health Care Savings Program Participation Agreement



1134 Municipal Way Lansing, MI 48917 | 800.767.2308 | Fax 517.703.9707

www.mersmich.com

I. PARTICIPATING EMPLOYER

Employer Name: City of Charlotte
(Name of municipality or court)

Municipality Number: 2301 Division Number: 300132

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:

(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)

Note: You only need to mark **changes** to your plan throughout the remainder of this Agreement.



COVERED EMPLOYEE GROUPS

A participating Employer may cover all of its employee groups, bargaining units, or personnel/employee classifications ("Covered Group") in the same Health Care Savings Program plan. **Contributions shall be made on the same basis within each Covered Group according to the associated HCSP Contribution Addendum, remitted as directed by the Program Administrator.** This agreement encompasses the following group(s):

Div, 02 Police NSU hired 08/22/2005 - 07/01/2012

(Name/s of HCSP covered group/s)

Note: To maintain the tax-favored status of the employer's Health Care Savings Program and to comply with federal law, the Employer may not provide coverage or benefit levels to highly-compensated employees that are not provided to non highly-compensated employees.

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 according to the associated Contribution Addendum.

MERS Health Care Savings Program Participation Agreement

Vesting Cycle For Basic Employer Contributions Only. The employer contributions identified in this Participation Agreement are subject to the following vesting cycle (where vesting is different, separate participation agreement must be completed).

☒ **Immediate Vesting upon Participation**

☐ **Cliff Vesting:** The participant is 100% vested upon _____ 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 (where forfeiture is different, separate participation agreement must be completed):

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")

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. APPOINTING MERS AS THE PROGRAM ADMINISTRATOR

The Employer hereby agrees to the provisions of the MERS Health Care Savings Program Plan Document ("Plan Document") and Trust Agreement and appoints MERS as the Program Administrator pursuant to the terms and conditions of the Plan Document and Trust Agreement. The Employer also agrees that in the event of any conflict between the Plan Document or the Trust Agreement and this Participation Agreement, the Plan Document and Trust Agreement control.

VIII. FEES AND EXPENSES

Employer acknowledges that investment selection and associated participant fees and operating expenses are established and charged by MERS as set forth in the Investment Fund and Fee Summary sheets available at www.mersofmich.com and may be amended by MERS.

MERS Health Care Savings Program Participation Agreement

IX. STATE LAW

To the extent not preempted by federal law, this agreement shall be interpreted in accordance with Michigan law.

X. TERMINATION OF THE PARTICIPATION AGREEMENT

This Participation Agreement may be terminated only in accordance with the Trust Agreement.

XI. EXECUTION BY GOVERNING BODY OF MUNICIPALITY

The foregoing Participation Agreement is hereby adopted and approved on
the ____ day of _____, 20____ at the official meeting held
by _____ City of Charlotte
(Name of approving employer)

Authorized Signature: _____

Name: _____

Title: _____

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

Dated: _____, 20____

(Authorized MERS signatory)

Contribution Addendum for MERS Health Care Savings Program (HCSP)

- D. ☐ Mandatory Leave Conversion (Before-Tax) Contributions.** Before-tax Employer Contributions 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 here if the covered employee group has the option to direct any/all of the leave conversion lump sum to an existing 457 program.

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.

Contribution Addendum for MERS Health Care Savings Program (HCSP)



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

www.mersmi.com

This is an Addendum to the Participation Agreement completed by City of Charlotte
Name of Participating Employer
for Div, 02 Police NSU hired 08/22/2005 - 07/01/2012 of 300132
Covered Employee Group Division Code

The Addendum modifies the *MERS Health Care Savings Program Participation Agreement*. Please complete this addendum for each contribution structure associated with the covered employee group.

Check one or more (A or B, C and/or D):

- A. ☐ Employer Contributions for Retirees / Former Employees.** Employer contributions may be made according to any frequency. Identify below the contribution formula or amount that will apply to all in this covered group. *Note: If this contribution is selected, Sections B, C, and D do not apply.*

Contribution structure (specify \$ or %): _____

For active employees, please check one or more below (B, C, and/or D).

- B. ☒ 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 addendum.

Contribution structure (specify \$ or % and, if a %, include the basis for that contribution. For example: Employer will contribute 3% of base wages):

Matching Contributions up to \$1,000 per year

- C. ☒ Mandatory Salary Reduction (Before-Tax) Contributions.** Before-tax Employer Contributions 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 \$ or % and, if a %, include the basis for that contribution. For example: Employees will contribute 3% of base wages):

\$40/pay

A. CONSIDER APPROVAL OF RESOLUTION NO. 2020-04 HCSP AGREEMENT - POORTVLIET:

**RESOLUTION NO. 2020-04
A RESOLUTION TO APPROVE
HCSP PARTICIPATION AGREEMENT**

WHEREAS, the City of Charlotte allows for employees in the POLC Non-Supervisory Unit to participate in the MERS Health Care Savings Program on a voluntarily basis; and

WHEREAS, Jeremy Poortvliet has requested to participate in this program; and


WHEREAS, the City of Charlotte has to approve this agreement for each individual in this unit by hire date; and

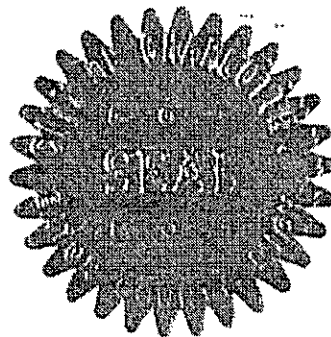
THEREFORE, BE IT RESOLVED, that this employee be allowed to participate in the MERS Health Care Savings Program as provided for by the guidelines of the POLC Non-Supervisory Unit contract.

Council member Dyer moved, supported by Armitage to approve Resolution 2020-04 HCSP Agreement - Poortvliet as presented. Carried. 7 Yes. 0 No.

I, the undersigned, the duly qualified and acting Clerk of the City of Charlotte, County of Eaton, State of Michigan, do hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City of Charlotte at a regularly scheduled meeting held on Monday, January 13, 2020, relevant to the Michigan Open Meetings Act, the original of which is on file in my office as part of council minutes.

IN WITNESS WHEREOF, I have hereunto set my official signature this 15th day of January 2020.


Ginger Terpstra, City Clerk, CMMC
City of Charlotte
Eaton County, Michigan



MERS Health Care Savings Program Participation Agreement

1134 Municipal Way Lansing, MI 48917 | 800.767.2308 | Fax 517.703.9707



I. PARTICIPATING EMPLOYER

Employer Name: City of Charlotte

(Name of municipality or court)

Municipality Number: 2301

Division Number: 300132

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:

January 1, 2020
(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)

Note: You only need to mark *changes* to your plan throughout the remainder of this Agreement.

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):

NSU hired between (03-24-2000) and July 1, 2012

(Name/s of HCSP covered group/s)

Note: To maintain the tax-favored status of the employer's Health Care Savings Program and to comply with federal law, the Employer may not provide coverage or benefit levels to highly-compensated employees that are not provided to non highly-compensated employees.

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 (next page):

MERS Health Care Savings Program Participation Agreement

Check one or more (A or B, C and/or D):

- A. ☐ Employer Contributions for Retirees / Former Employees.** Employer contributions may be made according to any frequency. Identify below the contribution formula or amount that will apply to all in this covered group. *Note: If this contribution is selected, Sections B, C, and D do not apply.*

Contribution structure (specify):

For active employees, please check one or more below (B, C, and/or D).

- B. ☒ 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):

Employer will match bi-weekly contributions.

Employer will match up to \$1,000 annually.

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 _____ 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

Years of Service	All Employees	Employees Covered by the Plan
0-10	100%	80%
11-20	80%	100%
21-30	20%	20%
31-40	0%	0%
41-50	0%	0%
51-60	0%	0%
61-70	0%	0%
71-80	0%	0%
81-90	0%	0%
91-100	0%	0%

Percent Vested

Percent Vested	All Employees	Employees Covered by the Plan
0-20	100%	80%
21-40	80%	100%
41-60	20%	20%
61-80	0%	0%
81-100	0%	0%

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")

MERS Health Care Savings Program Participation Agreement

- ☒ **C. 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):

\$40.00/ pay

- ☐ **D. 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 here if the covered employee group has the option to direct any/all of the leave conversion lump sum to an existing 457 program.

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

MERS Health Care Savings Program Participation Agreement

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 26 day of June, 2020 at the official meeting held by City of Charlotte
(Name of approving employer)

Authorized Signature: _____

Name: _____

Title: _____

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

Dated: _____, 20____

(Authorized MERS signatory)