

**Grand Traverse County**  
**MERS Defined Benefit Pension Funding Policy**

- I. **Policy Statement:** The purpose of the policy is provide the Board of Commissioners, County Administration, and County Finance Department guidelines to follow to insure that the County's pension obligation is fully funded in compliance with the Amortization Extension Agreement executed in 2017.
  
- II. **Statutory Authority:** Grand Traverse County must fully fund its pension obligation pursuant to various constitutional and statutory provisions including Article 9, Section 24 of the Constitution of Michigan of 1963 and the Municipal Employees Retirement Act of 1984, MCL 38.1501, *et seq.* The Board of Commissioners may also establish rules and regulations to manage the interest and business of the County under Section 11 of the County Boards of Commissioners Act, MCL 46.11.
  
- III. **Policy Standards:**
  - a. In 2017, the Board of Commissioners executed an Amortization Extension Agreement with MERS to fund the County's pension liability over 16 years. This agreement requires annual payments of \$5.9 million beginning in 2018 with an assumed 7.75% investment return assumption. In February 2019, County Administration learned that MERS will be adjusting their investment return assumption to 7.35%, which may affect future payments beginning in 2021.
  - b. To maintain the Board of Commissioners commitment to fund the pension liability within the current amortization period, the Board of Commissioners will establish an annual minimum payment policy of \$7.0 million beginning in 2020 which is approximately equivalent to funding at a lower 5.75% investment return assumption.
  - c. This policy will require County Administration and the Finance Department's continued annual review of the County's Actuarial Valuations from MERS to evaluate progress towards funding the pension liability within the 16 year amortization period, and to make a recommendation to the Board of Commissioners to take any further action, which may be required to achieve 100% funding of the pension liability under the terms of the Amortization Extension Agreement. Such recommendation to the Board of Commissioners may include adjusting downward the assumed investment rate of return and making additional payments to MERS above the minimum amount of \$6.5 million.
  
- IV. **Policy Review.** The Board of Commissioners shall review this policy at least every three years .