



**CITY COUNCIL WORKSHOP AGENDA
October 22, 2020 – 4:00 P.M.**

NOTICE:

This public meeting will be held using Zoom video/audio conference technology due to the COVID-19 restrictions currently in place.

Join online by visiting:

<https://us02web.zoom.us/j/2698572603>

Join by phone by dialing:

**(312) 626-6799 -or-
(646) 518-9805**

Then enter “Meeting ID”:

2698572603

Please send questions or comments regarding meeting agenda items prior to meeting to:

citymanager@saugatuckcity.com

1. CALL TO ORDER
2. ATTENDANCE (*ROLL CALL*)
3. AGENDA CHANGES (ADDITIONS/DELETIONS)
4. PUBLIC COMMENT AGENDA ITEMS ONLY (*Limit 3 minutes*) Select “unmute” mic in the Zoom interface and speak your name to be recognized or press *6 if you are calling in by phone to unmute your phone to speak.
5. DISCUSSION ITEMS
 - 5.A. Wicks Park Bandshell Project
 - 5.B. Eurasian Water Milfoil Study Group Work Plan
 - 5.C. City 457 Plan – Move to MERS
 - 5.D. Halloween
6. PUBLIC COMMENT (*Limit 3 minutes*) Select “unmute” mic in the Zoom interface and speak your name to be recognized or press *6 if you are calling in by phone to unmute your phone to speak.
7. COUNCIL COMMENTS
8. ADJOURN (*ROLL CALL*)

Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please contact Saugatuck City Clerk at 269-857-2603 or kirk@saugatuckcity.com for further information.



City Council Workshop Discussion Item Report

TO: Saugatuck City Council

FROM: Karen Doyle Homan

MEETING DATE: October 22, 2020

SUBJECT: Balas/Sellman Band Shell at Wicks Park Project

The donation agreement between the David Balas Jim Sellman Living Trust and the City of Saugatuck stated, “The construction of the Band Shell shall be completed as soon as can be properly accomplished but no later than May 15, 2021 unless otherwise agreed to by the parties in writing. If construction of the Band Shell is not completed by May 15, 2021 or such other date as agreed to by the parties, the City shall return any outstanding Securities, or funds derived therefrom, to the Trust.” The amount of the donation was \$100,000.

The City approved a service agreement with Fleis and VandenBrink for project planning and the FY 2020-2021 budget appropriated \$180,000 for engineering and construction.

Rick Stout and Jon Moxley need direction from City Council to continue developing a design concept. Following this memo are many possible design concepts. If Council could pick the top two or three favorites that would be helpful. Rick and Jon will be in attendance both at this meeting and the November 19th meeting to gather input to proceed with project planning.

Also attached:

City of Saugatuck Park & Recreation Plan 2019-2023 Wicks Park Section

Donation Agreement

Peg Sanford Letter Re History of Wicks Park Bandstand



Preliminary Site Plan

Wicks Park - City of Saugatuck



0' 20' 40'
January 17, 2017





Option A fabric structure

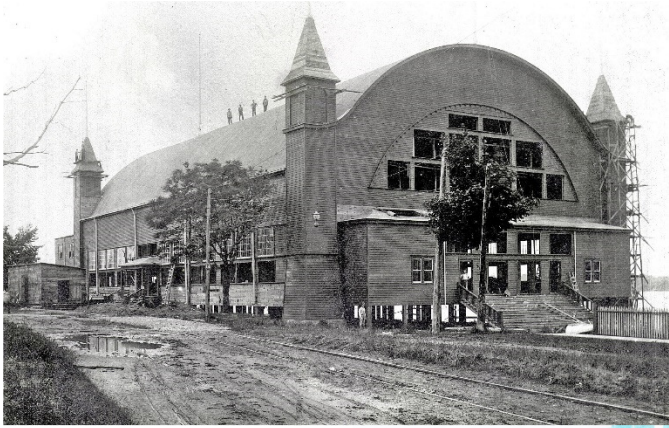
20', 30', 40' options plus 1' increments as well





Option B - Approx 35' x 25' size





Homage to the "Big Pavilion"
20' x 25' shell



1



2

Wood Option C - Approx 35' x 25' size



3



4



1



2

Option D - Double Gable Approx 30' x 30' size



3



4



1



2

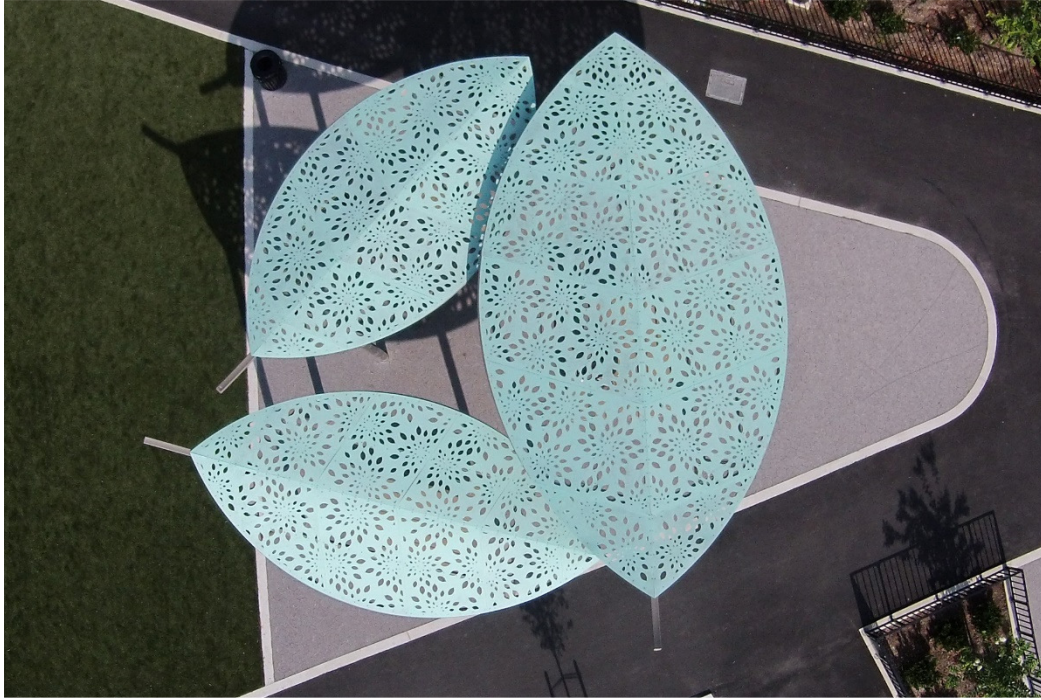
Option E monoslope structure



3



4

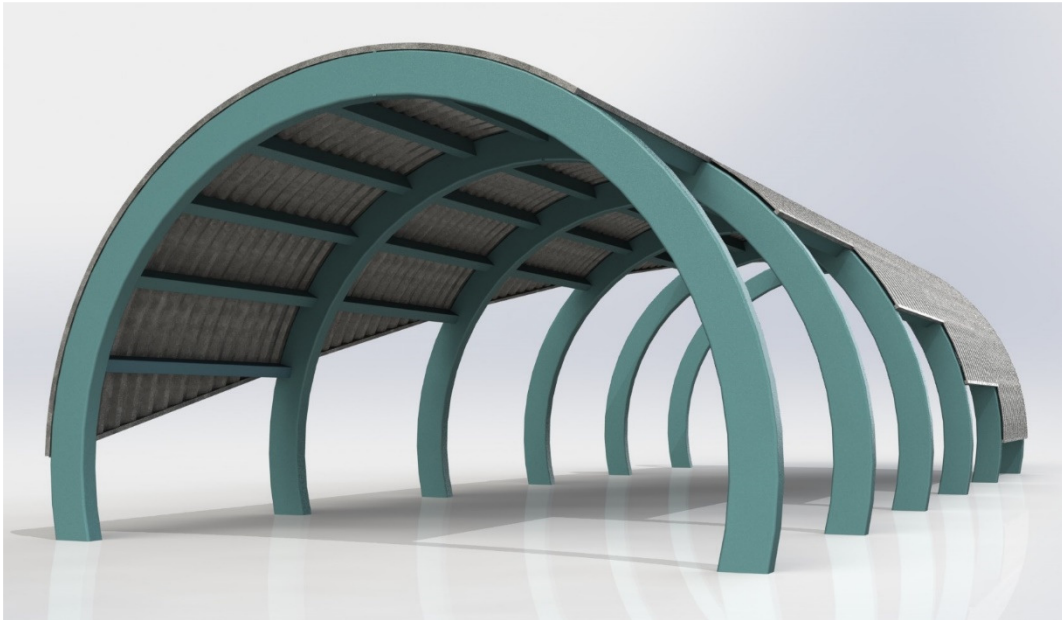


1a

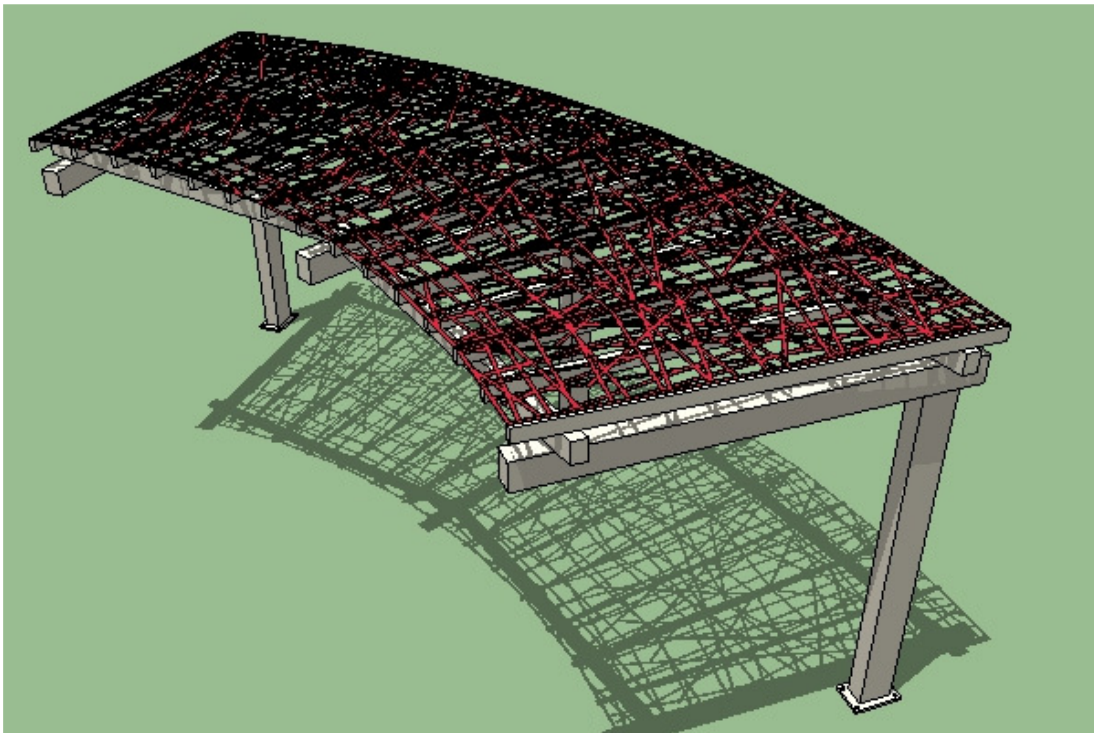


1b

Option F specialty structure



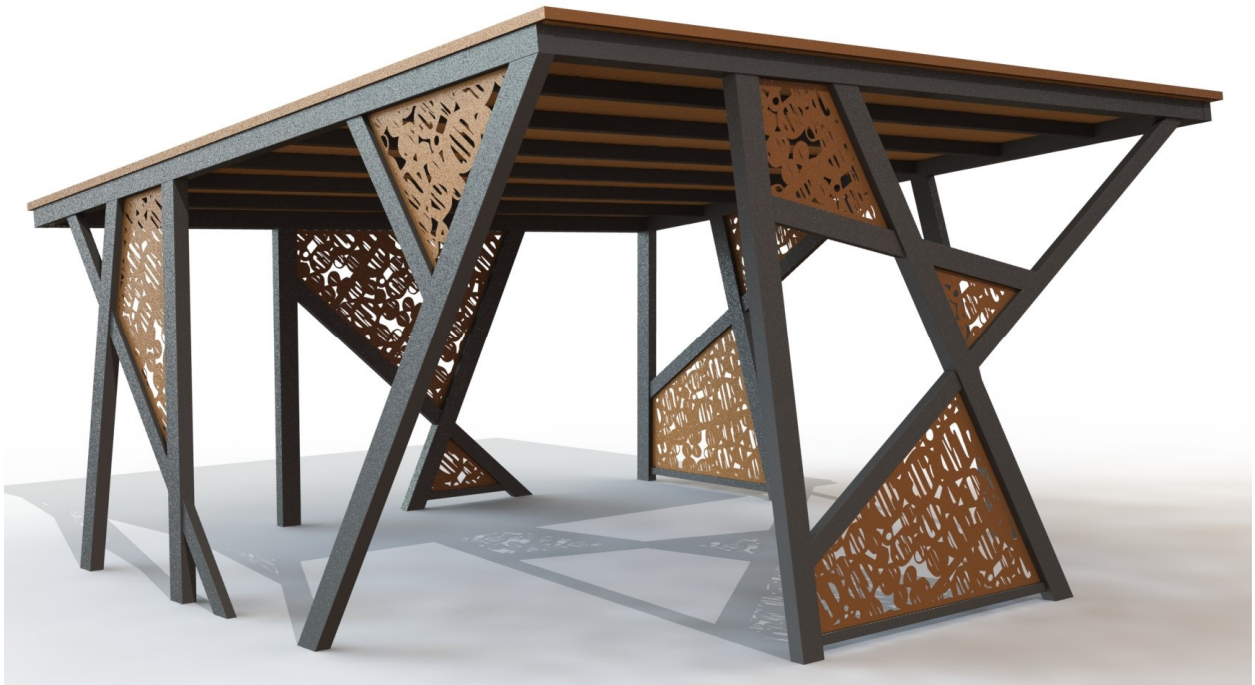
2



3



4



5



1



2

Option G Octagon Victorian structure



3



4



1



2

Option H Unique Ideas



3



4

SECTION D – EXISTING RECREATIONAL INVENTORY

An essential element of a recreation plan is the inventory of local and regional, public and private recreation facilities that are available to a community's resident. Such an inventory provides a basis from which a comparison can be made of existing recreation opportunities with the community's identified recreation needs. This inventory process also identifies barrier-free facilities. This will ensure that citizens with disabilities will fully enjoy these facilities. Involving advocate organizations and utilizing the knowledge of the City staff will help facilitate this element of the inventory process. Further, this facility inventory establishes the foundation from which a recreational improvement program can be developed and implemented.

1 – CITY RECREATIONAL FACILITIES

Coghlin Park contains 0.5 acres with 200' Kalamazoo River frontage. Park is primarily open space that is utilized for the Venetian Festival. The need for open space to host the event dictates much of the park's character. The existing shelter/gazebo has fixed picnic tables that allow for some seating but overall the structure is not configured for other types of uses such as music in the park. During special events, a separate temporary stage has been utilized in the south-east corner of the park.

Opportunities for improvements discussed include

- A restroom building in the northeast corner of the park
- Optional restroom location in the public parking lot north of the park
- Expanded floating shoppers dock
- Permanent bandshell.



DONATION AGREEMENT

THIS DONATION AGREEMENT (“Agreement”) is made this 23rd day of December, 2019, by and between the David Balas Jim Sellman Living Trust (the “Trust”) and the City of Saugatuck, a municipal corporation in the County of Allegan, State of Michigan (the “City”).

RECITALS

WHEREAS, the Trust holds sole title to certain securities (the “Securities”); and

WHEREAS, Trust intends to irrevocably convey the Securities to the City for the purpose of increasing the aesthetic appeal of Wicks Park and the promotion of the performing arts at Wicks Park; and

WHEREAS, the City intends to accept the Securities and utilize them for purposes not inconsistent with this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the respective covenants contained herein, and other good and valuable consideration, the sufficiency of which is acknowledged, the parties agree as follows:

1. This Agreement is deemed to have been adopted and entered into by the Trust upon the signature of its representative below and after the passage of a resolution by the City Council approving this Agreement. This Agreement is deemed to have been adopted and entered into by the City upon the signature of its representative below and after the passage of a resolution by the City Council approving this Agreement (the “Effective Date”)
2. The parties affirm and acknowledge the accuracy of the recitals set forth above and incorporate the provisions of the same herein as if fully restated.
3. The Trust conveys the Securities to the City to be used in a manner not inconsistent with this Agreement.
4. This Agreement, as of its Effective Date, shall serve as constructive conveyance of the Securities until such time as actual conveyance can be made.
5. The City, as of the Effective Date, accepts the Securities as conveyed by the Trust.
6. Implied in the conveyance of the Securities is the City’s right to and ownership of any funds derived therefrom.

7. The City shall not use the Securities, or any funds derived therefrom, for any purpose inconsistent with this Agreement.
8. The City shall use the Securities, and any funds derived therefrom, for the installation and construction of a permanent band shell (the “**Band Shell**”) in the City’s Wicks Park consistent with the City’s Master Plan for Park Improvement and Development.
9. The name of the Band Shell shall be the “Balas Sellman Band Shell at Wicks Park” in perpetuity.
10. The construction of the Band Shell shall be completed as soon as can be properly accomplished but no later than May 15, 2021 unless otherwise agreed to by the parties in writing. If construction of the Band Shell is not completed by May 15, 2021 or such other date as agreed to by the parties, the City shall return any outstanding Securities, or funds derived therefrom, to the Trust; however, the City shall not be liable for nor responsible to return any funds which have already been spent in a manner not inconsistent with this Agreement.
11. The parties acknowledge that this is a one-time gift of the Securities by the Trust.
12. The Band Shell shall be the exclusive property of the City and the Trust disclaims any interest in the same except as provided for in this Agreement.
13. Should there be remaining Securities, or funds derived therefrom, following the completion of the Band Shell, the City may utilize them for landscaping around the Band Shell, general maintenance and upkeep of the Band Shell, or reinvestment provided the future funds are used for purposes not inconsistent with this Agreement.
14. The parties shall take all actions reasonably necessary to effectuate this Agreement.
15. This Agreement may be altered or modified only in writing signed by the parties.
16. The signatories to this Agreement affirm that they are authorized to bind their respective parties.
17. This Agreement shall be construed in accordance with the laws of the State of Michigan

IN WITNESS WHEREOF, the parties execute this Agreement as of the day and year first above written.

CITY OF SAUGATUCK

By: _____
Ken Trester, Mayor

By: _____
Monica Nagel, Clerk

STATE OF MICHIGAN)
) ss.
COUNTY OF ALLEGAN)

Acknowledged before me in Allegan County, Michigan, on _____, by Ken Trester and Monica Nagel, respectively the Mayor and Clerk of the City of Saugatuck, a Michigan municipal corporation, on behalf of the corporation, who are personally known to me or who produced their drivers' licenses as identification.

* _____

Notary Public, Allegan County, Michigan
Acting in Allegan County
My commission expires: _____

(Remainder of page left intentionally blank.)

THE DAVID BALAS JAMES SELLMAN
LIVING TRUST,

By: James Sellman

Its: _____

STATE OF MICHIGAN)
) ss.
COUNTY OF _____)

Acknowledged before me in _____ County, _____, on _____, 2019,
by _____, the _____, of the David Balas James Sellman Living
Trust, on behalf of the trustee, who is personally known to me or who produced ____ driver's
license as identification.

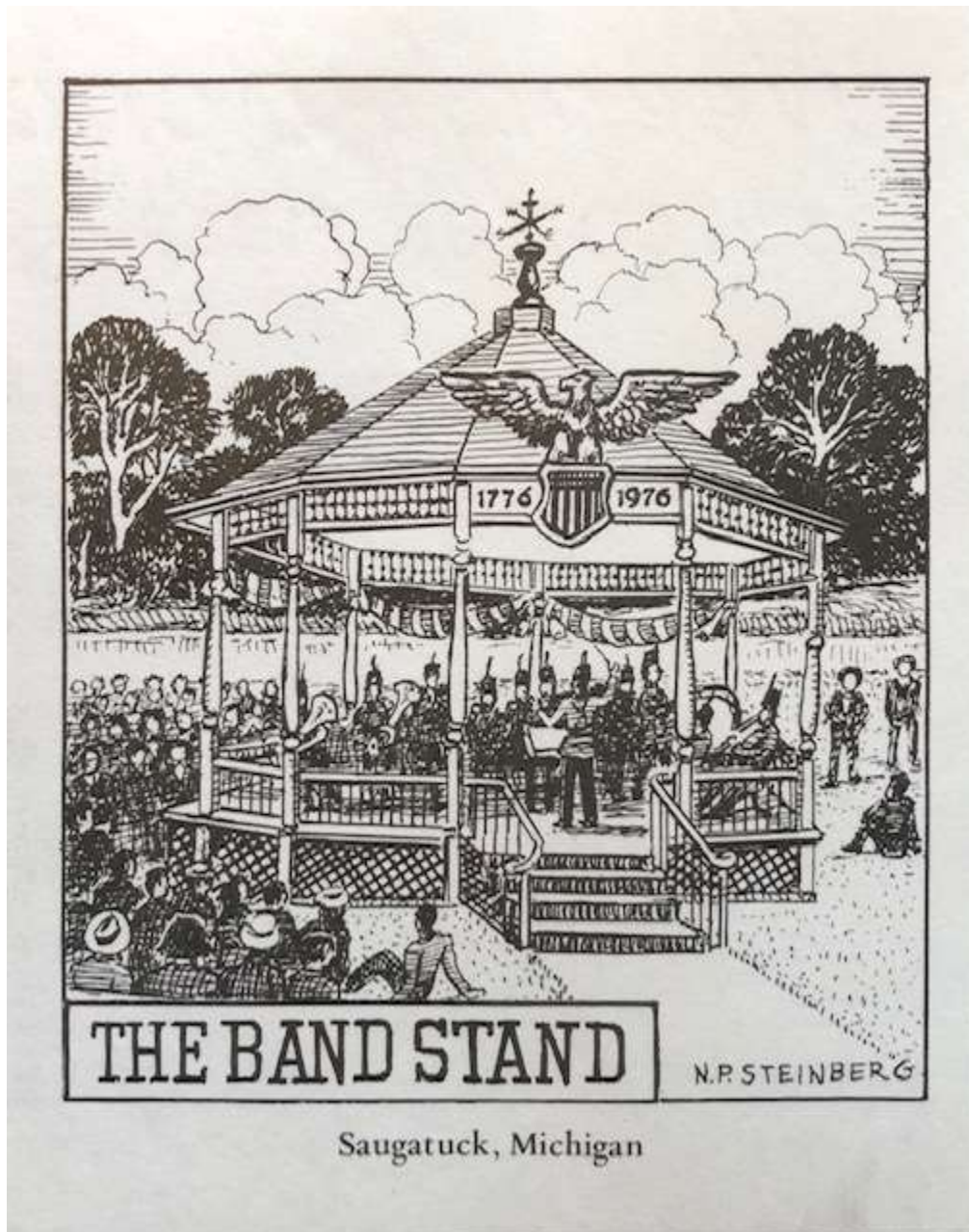
* _____

Notary Public, _____ County, _____
Acting in _____ County
My commission expires: _____

(Remainder of page left intentionally blank.)

August 8, 2020

Dear City Council Members and citizens of Saugatuck: It is with a sad heart I write this, but I cannot be silent. I thought you would appreciate an abbreviated history of what is the jewel of Wicks Park - the Bandstand.



Setting the scene: In 1976 the Village of Saugatuck and the Village of Douglas existed within the government unit of Saugatuck Township. When plans were made for the

Bicentennial celebrations everything was planned through a Saugatuck Township Committee. Saugatuck Township was the fiduciary agent and the committee's legal name was Saugatuck Township American Revolution Bicentennial Committee. (STARBC). Committee members came from all over the township. Those included Ben and Alice Wrobel, Bob Wolbrink Sr., not yet Senator Patty Birkholz, Jean Hallgren, Sally Erlandson, Peg Sanford, Nat Steinberg, Penny and Joe Omarzu, and many others. It is sad to say I think am the only one left from the committee. (Am I missing some names, if so, please let me know.)

The major goals of the STARBC was 1) planning the festivities 2) building a Bandstand on the Saugatuck waterfront 3) having that piece of property officially designated a Park by the Saugatuck Village Council and 4) producing a historical map of the township including residences as they appeared in June of 1975; important township historical dates; and a page of historical photographs. Needless to say, these were a lofty list of goals of an upstart committee without funding.

Why a Victorian Bandstand on the banks of the Kalamazoo River?

We were looking back with nostalgia at 200 years of our country's history, and we were looking forward in hopes of having the Saugatuck Village Council dedicate the three lots as a waterfront park for the future. The river has always been a focal point of the activities of the people and we wanted to have a place on the waterfront where people could congregate. And congregate they did and still do!

The project was quoted at \$15,508. excluding the electrical work, lattice work, paint and painting. Funds were raised from citizens from a Michigan Bicentennial Grant program, local governments, the 3 local communities, summer residents, businesses, services, social organizations and numerous exhausting fund raisers of the STARBC committee.

Nat Steinberg, an editorial artist for the Chicago American newspaper, retired to Douglas in 1967 and immediately again drawing posters for local events. As a member of the Committee he volunteered to draw an artist's rendition of a Victorian Bandstand. That picture was used to raise money for the bandstand and served as the model of the finished bandstand. Architect Joe Omarzu, one of our summer residents, volunteered to design and do the necessary drawings needed to build. The low bidder was well known contractor Robert Kobernik. The wonderful Douglas Garden Club gave \$1000 for landscaping. Volunteers under the supervision of Frank Pluta, Village of Saugatuck Park Superintendent, planned the landscape, and laid the sod. Another group of local musicians and friends came forward to finish the lattice, to paint, and even lay sod. What was missing? A weathervane! Committee member Sally Erlandson not only found the perfect weathervane, she purchased it and had it installed. We were a devoted group!

The Bandstand, even though it wasn't finished, was dedicated on the 4th of July, 1976.

You, as Council members, need to know the history of the Bandstand and the Park before you determine to destroy a Historical Structure in the Historical District that is full of memories shared by the whole community. The Bandstand was and is a gift given to Saugatuck by over 100 volunteers. Councils over the last forty-four years have not treated it well! The Bandstand has been part of numerous and varied activities public & private over the last 44 years, from weddings, commemorations, and Memorial Days, to cruise ship docking, music in the park, art fairs, and Taste of Saugatuck, but it has not received the care it has needed. As a symbol of our counties bi-centennial, community involvement and volunteer spirit, it should be restored and commemorated as its' 50th year anniversary approaches.

A new structure for larger events would be much better suited in other areas, say Coghlin Park, where the sloped hill and open view to the water would be an excellent location and still draw the community downtown to the water, leaving the open-air bandstand properly situated in the historic downtown with unimpeded views to the river as a symbol of the history and citizens of our community and country.

Peg Sanford 616-566-0967 sanfordpeg3@gmail.com

ITEM #5.B.



City Council Workshop Discussion Item Report

TO: Saugatuck City Council

FROM: Karen Doyle Homan

MEETING DATE: October 22, 2020

SUBJECT: Eurasian Water Milfoil Study Group Work Plan

Please find attached a work plan that the new Eurasian Water Milfoil Study Group will follow in its efforts to recommend to City Council by its first meeting in February 2021 the preferred method to eradicate Eurasian Water Milfoil pods and control its spread.

Eurasian Water Milfoil Study Group Work Plan

Purpose of Study Group

Eurasian Water Milfoil is an invasive aquatic plant. It prefers shallow water three to ten feet deep but can root in up to twenty (+) feet of water. It spreads through fragmentation of plant tips and through root expansion. Even tiny pieces can float away with water currents or by boat propellers and fishing gear to new areas where they establish new plants. And the cycle continues.

It is a perennial that easily survives Michigan's cold winters. It competes aggressively with native plants by blocking out the sun, degrading or destroying food sources and habitat. When it dies off in the fall, the decaying plants reduce oxygen levels in the water which in turn kills fish. The thick mats are an ideal habitat for mosquitos and hinder recreational activities such as swimming, boating and fishing.

Eurasian Water Milfoil adversely affects our local tourist-dependent economy and our residents' enjoyment of Kalamazoo Lake and Harbor. There are two dense patches that grow in the shallower parts of the lake, making boating in those areas dangerous if not impossible. The City of Douglas has also experienced this problem in Wade's Bayou, and successfully treated the Milfoil this past summer. The mayor and city manager of Douglas have offered to combine forces with Saugatuck if we proceed with a mitigation program.

The Study Group is made up of two city council members and two city residents with staff assistance provided by the city manager. It is advisory, serves temporarily and without compensation. It will meet every other week as needed. The Group will recommend the preferred method(s) to eradicate existing pods and to control its spread. The Study Group is to make their recommendation(s) to City Council by their first meeting in Feb. 2021.

Steps/Timeline

1. Work Group Appointed by Mayor - November 9, 2020
2. Review background material and communications already existing from city archives and consult with neighboring communities, experts, contractors and appropriate state agencies - November 10, 2020 through December 4, 2020
3. Identify cost of harvesting vs aquatic herbicide and identify available financing sources - December 1, 2020 – December 15, 2020
 - a. Taxes, user fees, special assessment
 - b. Develop plan to get permits from Riparian owners
4. Formulate recommendation - December 15, 2020 – December 30, 2020
5. Present preliminary report to City Council - Workshop of January 7, 2021
6. Hold public meeting to present the plan to interested citizens – January 18, 2021
7. City Council Approves/Denies Recommendation – Regular meeting February 8, 2021

Potential Further Work Group Study

1. Identify target area and develop Request for Proposals
2. Consider up-stream causes/solutions
 - a. Paper mill legacy contamination, river sediment, farming run-off.



City Council Workshop Discussion Item Report

TO: Saugatuck City Council

FROM: Karen Doyle Homan

MEETING DATE: October 22, 2020

SUBJECT: Proposed Change to Employees' 457 Deferred Compensation Plan

Employees' 457 Deferred Compensation Plan has been with Variable Annuity Life Insurance Co. (VALIC) since 1996, a company headquartered in Texas and who provides services primarily to schools. Since rebranding in 2019, VALIC Retirement Services is now a division of American International Group (AIG).

In January of this year, the City's customer service representative left VALIC, and despite phone calls and emails, Finance Director/Treasurer Peter Stanislawski has yet to be contacted by them. To their credit, they did contact Clerk Erin Wilkinsin when she joined.

Peter, in the attached, is asking City Council to exit the relationship with VALIC and move Employees' 457 Plan to Michigan Employees Retirement System (MERS). At this time, if City Council is willing to entertain a move, Peter would like to meet with all employees, explain the benefits of switching to MERS, and gauge their reactions. Also of note, employees would have the option to leave funds already at VALIC where they are or roll them to MERS. All new contributions would go to MERS.

If employees are supportive, this will come back to City Council as an action item at a regular meeting.



From: Peter Stanislawski, Finance

Meeting Date: October 24, 2020

Subject: 457 Supplemental Retirement Program

Currently, the City of Saugatuck full time employees have the option to participate in a voluntary supplemental retirement program that the city offers through VALIC. The program was established by the city council in 1996. The council offered the program in lieu of retiree health insurance. The city encourages the participation of its full time employees by offering a 100% match up to 4% of their salary deferral. Currently, 100% of all of the full time employees are active in the program.

The proposed change is for the City to exit the relationship with VALIC and creates a new relationship with Municipal Employees Retirement System (MERS) 457 Supplemental Retirement Program effective January 2021. The MERS 457 would offer the same 100% match up 4% of salary deferral. Located within the MERS 457 investment options are lower annual operating expense, the Roth 457 option and continued educational opportunities for our employees for their retirement throughout the State of Michigan. MERS' services local governments only in Michigan and currently serves the City of Saugatuck hybrid retirement option and other local area government unit's retirement programs. This change is neutral based towards the current budget.

- Lower operating expense charge against the employee returns
- Continued education on retirement options throughout the State of Michigan
- Roth option
- MERS was created for Michigan local government employees. It's local!
- There are two resolutions that need to be approved by the city council.
 - MERS Uniform 457 Supplemental Retirement Program
 - Authorized Signatories for MERS contracts

MERS Uniform 457 Supplemental Retirement Program Resolution



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

www.mersofmich.com

This Resolution, together with the MERS 457(b) Supplemental Retirement Program Plan Document and the MERS 457 Supplemental Retirement Program Participation Agreement and any Addendum thereto, constitute the entire MERS 457 Deferred Compensation Plan Document.

WHEREAS, the Municipal Employees Retirement Act of 1984, Section 36(2)(a), MCL 38.1536(2)(a) (MERS Plan Document (Section 36(2)(a)) authorizes the Municipal Employees' Retirement Board (the "Board") to "establish additional programs including but not limited to defined benefit, defined contribution, ancillary benefits, health and welfare benefits, and other postemployment benefit programs," and on November 8, 2011, the Municipal Employees' Retirement Board adopted the MERS 457 Deferred Compensation Plan.

WHEREAS, this Uniform Resolution has been approved by the Board under the authority of Section 36(2)(a), and the Board has authorized the MERS 457 Deferred Compensation Plan, which shall not be implemented unless in strict compliance with the terms and conditions of this Resolution.

WHEREAS, the Participating Employer, a participating "municipality" (as defined in Section 2b(2) in the Municipal Employees Retirement Act of 1984; MCL 38.1502b(2); Plan Document Section 2b(4)) or participating "court" (circuit, district or probate court as defined in Section 2a(4) – (6) of the Act, MCL 38.1502a(4) – (6); Plan Document Section 2a(4) – (6)) within the State of Michigan has determined that in the interest of attracting and retaining qualified employees, it wishes to offer a deferred compensation plan;

WHEREAS, the Participating Employer has also determined that it wishes to encourage employees' saving for retirement by offering salary reduction contributions;

WHEREAS, the Participating Employer has reviewed the MERS 457 Supplemental Retirement Program ("Plan");

WHEREAS, the Participating Employer wishes to participate in the Plan to provide certain benefits to its employees, reduce overall administrative costs, and afford attractive investment opportunities;

WHEREAS, the Participating Employer is an Employer as defined in the Plan;

WHEREAS, concurrent with this Resolution, and as a continuing obligation, this Governing Body has completed and approved, and submitted to MERS and the Board documents necessary for adoption and implementation of the Plan; and

WHEREAS, the Governing Body for and on behalf of the Participating Employer is authorized by law to adopt this Resolution approving the Participation Agreement on behalf of the Participating Employer. In the event any alteration of the terms or conditions stated in this Resolution is made or occurs, it is expressly recognized that MERS and the Retirement Board, as sole trustee and fiduciary of the Plan and its trust reserves, and whose authority is nondelegable, shall have no obligation or duty to continue to administer (or to have administered) the MERS 457 Supplemental Retirement Program for the Participating Employer.

NOW, THEREFORE, BE IT RESOLVED that the Governing Body adopts the MERS 457 Supplemental Retirement Program as provided below.

MERS Uniform 457 Supplemental Retirement Program Resolution

- I. The Participating Employer adopts the Plan for its Employees.
- II. The Participating Employer hereby adopts the terms of the Participation Agreement, which is attached hereto and made a part of this Resolution. The Participation Agreement sets forth the Employees to be covered by the Plan, the benefits to be provided by the Participating Employer under the Plan, and any conditions imposed by the Participating Employer with respect to, but not inconsistent with, the Plan. The Participating Employer reserves the right to amend its elections under the Participation Agreement, so long as the amendment is not inconsistent with the Plan or the Internal Revenue Code or other applicable law and is approved by the Board.
- III. The Participating Employer shall abide by the terms of the Plan, including amendments to the Plan made by the Board, all investment, administrative, and other service agreements of the Plan and the Trust, and all applicable provisions of the Internal Revenue Code and other applicable law.
- IV. The Participating Employer acknowledges that the Board is only responsible for the Plan and any other plans of the Employer administered by MERS and that the Board has no responsibility for other employee benefit plans maintained by the Employer that are not part of MERS.
- V. The Participating Employer accepts the administrative services to be provided by MERS and any services provided by a Service Manager as delegated by the Board. The Participating Employer acknowledges that fees will be imposed with respect to the services provided and that such fees may be deducted from the Participants' accounts.
- VI. The Participating Employer acknowledges that the Plan contains provisions for involuntary Plan termination.
- VII. The Participating Employer acknowledges that all assets held in connection with the Plan, including all contributions to the Plan, all property and rights acquired or purchased with such amounts and all income attributable to such amounts, property or rights shall be held in trust for the exclusive benefit of Participants and their Beneficiaries under the Plan. No part of the assets and income of the Plan shall be used for, or diverted to, purposes other than for the exclusive benefit of Participants and their Beneficiaries and for defraying reasonable expenses of the Plan. All amounts of compensation deferred pursuant to the Plan, all property and rights acquired or purchased with such amounts and all income attributable to such amounts, property or rights held as part of the Plan, shall be transferred to the Board to be held, managed, invested and distributed as part of the Trust Fund in accordance with the provisions of the Plan. All contributions to the Plan must be transferred by the Participating Employer to the Trust Fund. All benefits under the Plan shall be distributed solely from the Trust Fund pursuant to the Plan.
- VIII. This Resolution and the Participation Agreement shall be submitted to the Board for its approval. The Board shall determine whether the Resolution complies with the Plan, and, if it does, shall provide appropriate forms to the Participating Employer to implement participation in the Plan. The Board may refuse to approve a Participation Agreement by an Employer that does not possess State statutory authority to participate in the Plan. The Governing Body hereby acknowledges that it is responsible to assure that this Resolution and the Participation Agreement are adopted and executed in accordance with the requirements of applicable law.

MERS Uniform 457 Supplemental Retirement Program Resolution

BE IT FINALLY RESOLVED: This Resolution shall have no legal effect under the Plan until a certified copy of this adopting Resolution is filed with MERS, and MERS determines that all necessary requirements under the 457 Supplemental Retirement Program Plan and Trust, the Participation Agreement, and this Resolution have been met. All dates for implementation of the Plan shall be determined by MERS from the date of filing with MERS of this Resolution in proper form and content. Upon MERS determination that all necessary documents have been submitted to MERS, MERS shall record its formal approval upon this Resolution, and return a copy to the Employer.

In the event an amendatory Resolution or other action by the municipality is required, such Resolution or action shall be deemed effective as of the date of the initial Resolution or action where concurred by this Governing Body and MERS (and a third-party administrator, if applicable and necessary). 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 a Resolution adopted at the official meeting held on

_____, 20____. _____
(Signature of authorized official)

Printed name: _____ (Authorized Official - printed) Position title: _____ (Authorized Official - position)

Municipality name: _____

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

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

MERS 457 Participation Agreement



1134 Municipal Way Lansing, MI 48917 | 800.767.2308 | Fax 517.703.9707 www.mersofmich.com

The Employer, a participating municipality or participating court within the state of Michigan, hereby agrees to adopt and administer the MERS 457 Program provided by the Municipal Employees' Retirement System of Michigan, in accordance with the MERS Plan Document, as both may be amended, subject to the terms and conditions herein.

I. **Employer Name:** City of Saugatuck
(Name of municipality or court)

Municipality Number: 0307 **Division Number (if amendment):** _____

II. **Effective Date:** The MERS 457(b) Program will be effective as follows (choose one):

Original Adoption. The MERS 457(b) Program will be effective Jan 2021,
(Month and year)
with respect to contributions upon approval by the Program Administrator.

To establish a new plan or replace current 457 carrier with the MERS 457 Program.

To add the MERS 457 Program in addition to: _____
(Other plan provider)

VERY IMPORTANT: All eligible programs of a Participating Employer are considered to be a single plan for purposes of compliance with Code Section 457(b). Thus, if a Participating Employer has more than one eligible 457 (or additional investment options under a 457(b) arrangement with more than one vendor), the Participating Employer is responsible for ensuring that all of its arrangements, treated as a single program, comply with the 457(b) requirements. In order to fulfill its responsibility for monitoring coordination of multiple programs, the Participating Employer must carefully review the Master Plan Document provisions.

Amendment and Restatement. The amended and restated MERS 457(b) Program will be effective _____,
(Month and year)
Program Administrator. *Please note:* You only need to mark *changes* to your plan throughout the remainder of this Agreement.

III. **Eligible Employees:** Only Employees as defined in the Program may be covered by the Participation Agreement. Subject to other conditions in the Program, this Agreement, and Addendum (if applicable), the following Employees are eligible to participate in the Program:

Full time employees

IV. **Contributions will be submitted (check one):**

Contributions will be remitted according to Employer's "Payroll Period" which represents the actual period amounts are withheld from participant paychecks, or within the month during which amounts are withheld.

- | | |
|--|--|
| <input type="checkbox"/> Weekly | <input type="checkbox"/> Semi-Monthly (twice each month) |
| <input checked="" type="checkbox"/> Bi-Weekly (every other week) | <input type="checkbox"/> Monthly |

MERS 457 Participation Agreement



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

www.mersofmich.com

Compensation

Employers may designate the definition of compensation per division participating in MERS 457(b) Supplemental Retirement Program Plan Document (check one):

- All income subject to income tax reported in Box 1 of Form W-2, plus elective deferrals
- Medicare taxable wages reported in Box 5 of Form W-2
- Base wages, to which any of the following may be included:
 - Longevity pay
 - Overtime pay
 - Shift differentials
 - Pay for periods of absence from work by reason of vacation, holiday, and sickness
 - Workers' compensation weekly benefits (if reported and are higher than regular earnings)
 - A member's pre-tax contributions to a plan established under Section 125 of the IRC
 - Transcript fees paid to a court reporter
 - A taxable car allowance
 - Short term or long term disability payments
 - Payments for achievement of established annual (or similar period) performance goals
 - Payment for attainment of educational degrees from accredited colleges, universities, or for acquisition of job-related certifications
 - Lump sum payments attributable to the member's personal service rendered during the FAC period
 - Other: _____
 - Other 2: _____

NOTE: For purposes of applying the Internal Revenue Code Section 415(c) limits on annual additions, compensation shall be defined as required under that law.

V. **Roth Deferral Contributions:** shall be permitted shall not be permitted

If **Roth Deferral Contributions** are elected, the Program will allow Roth rollover contributions from other designated Roth 457(b), 401(k), or 403(b) Plans. Roth in-plan rollovers will also be allowed. Roth in-plan rollovers allow a participant who has reached 70½ or who has incurred a severance from employment to elect to have all or a portion of his or her pre-tax contribution account directly rolled into a designated Roth rollover account under the plan if the amount would otherwise be permitted to be distributed as an eligible rollover distribution. Any amounts that are rolled to the Roth rollover account are considered to be irrevocable and may not be rolled back to the pre-tax account.

MERS 457 Participation Agreement

VI. Loans: shall be permitted shall not be permitted

If Loans are elected, please refer to the [Defined Contribution & 457 Loan Addendum](#).

VII. Automatic Enrollment: shall be permitted shall not be permitted

If selected, please complete and attach the [457 Eligible Automatic Contribution Arrangement \(EACA\) Addendum](#).

VIII. Employer Contributions: shall be permitted shall not be permitted

If selected, please complete and attach the [457 Employer Contribution Addendum](#).

IX. Modification of the Terms of the Participation Agreement

If the employer desires to amend any of its elections contained in the Participation Agreement, including attachments/addendums, the Governing Body or Chief Judge, by resolution or official action accepted by MERS, must adopt a new Participation Agreement. The amendment of the new agreement is not effective until approved by MERS.

X. Enforcement

1. This Participation Agreement, including attachments/addendums may be terminated only in accordance with the Master Plan Document
2. The Employer hereby agrees to the provisions of the *MERS 457 Supplemental Retirement Program and Trust Master Plan Document*.
3. The employer hereby acknowledges it understands that failure to properly fill out this Participation Agreement may result in the ineligibility of the program.

XI. Execution

Authorized Designee of Governing Body of Municipality or Chief Judge of Court

The foregoing Participation Agreement is hereby approved by _____
on the ____ day of _____, 20____. (Name of Approving Employer)

Authorized signature: _____

Title: _____

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

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

MERS 457 Employer Contribution Addendum



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

www.mersofmich.com

This is an Addendum to the Participation Agreement completed by City of Saugatuck
Name of Employer

for Full time employees of _____
Employee Group Division Number

The Addendum modifies the Participation Agreement by providing for employer matching and/or non-matching contributions to the Program.

I. Employer Contributions

The Participating Employer may make matching contributions and/or non-matching contributions. In no event will the employers' matching contributions and participant contributions combined exceed IRS maximums established annually, Section 457(e)(5).

The Participating Employer elects to make contributions as follows (check *Matching*, *Non-Matching*, or both as applicable):

A. Matching Contributions

Employer Contributions shall be made to match all or a portion of a participant's compensation deferred into this Program. The Employer elects the following matching contribution formula (check and complete *Percentage* or *Flat Dollar* and *Employer Cap*, if applicable, below):

Percentage: For each payroll period in which the participant deferred compensation into the Program, the Employer will contribute 100 % of the deferral amount.
For example, if an Employer elects a 50% match, then for every \$10 the participant defers to the Program, the Employer will contribute \$5 to the Program.

Flat Dollar: For each payroll period in which the participant deferred at least \$ _____ to the Program, the Participating Employer will contribute \$ _____ per payroll period.

Employer Cap: The Employer elects to establish a cap on its matching contributions, so that the match amount cannot exceed a certain amount. The Employer elects the following cap on its matching contribution:

Flat Dollar Cap: In no event will matching contributions made on behalf of a participant exceed a flat dollar amount equal to \$ _____ per _____ (pay period / year / etc.)

Cap Equal to Percentage of Total Compensation: In no event will matching contributions made on behalf of a participant exceed 4 % of the participant's compensation as defined by Section 1.9 of the Plan Document.

B. Non-Matching Contributions

The Employer hereby elects to make contributions to the Program without regard to a participant's contribution to the Program. The Employer elects the following contribution formula (check one):

Annual Contributions: A one-time annual contribution of \$ _____ or _____ % of compensation per participant.

\$ _____ or _____ % of compensation per participant for each payroll period.

Resolution Establishing Authorized Signatories for MERS Contracts and Service Credit Purchase Approvals



1134 Municipal Way Lansing, MI 48917 | 800.767.MERS (6377) | Fax 517.703.9711

www.mersofmich.com

This Resolution is entered into under the provisions of 1996 PA 220 and the Municipal Employees' Retirement System of Michigan ("MERS") Plan Document, as each may be amended.

This resolution is being adopted by the governing body of the participating entity and applies to all reporting units of said participating entity.

WHEREAS, _____ ("Employer") is a participating municipality with the Municipal Employees' Retirement System of Michigan ("MERS") and has adopted one or more retirement, insurance, investment or other post-employment benefit products administered by MERS;

WHEREAS, MERS requires signatures of an authorized representative of the Employer to execute contracts with MERS, the entry of which is authorized by the governing body and permitted under the applicable MERS Plan Document(s);

WHEREAS, the Employer wishes to designate certain job position(s), the holder(s) of which may sign MERS' contracts relating to the adoption, amendment and termination of MERS' products, and defined benefit service credit purchase approvals on behalf of Employer to implement decisions and actions of the governing body;

WHEREAS, this Resolution is not intended to apply to MERS forms or any other MERS document except as specifically mentioned herein,

Therefore, the Governing Body resolves:

The holders of the following job position(s) are hereby *Authorized Officials* that can sign: (1) MERS Adoption Agreements, Resolutions, Participation Agreements, Administrative Services Agreements, Withdrawal Agreements and any other contracts between MERS and the Employer with respect to Employer's participation in any MERS-administered product and any amendments and addendums thereto, and (2) MERS Defined Benefit service credit purchase approvals:

1. _____

Optional additional job positions:

2. _____

3. _____

This Resolution may be revoked in writing or amended by the Governing Body at any time, provided that it will not be effective until such writing or amended Resolution is received by MERS. The Governing Body agrees that MERS may rely upon this Resolution as conferring signing authority upon the holders of the above job position(s) to bind Employer with respect to MERS.

Adopted at a regular/special meeting of the Governing Body on _____, 20_____.

Authorized signature (must be currently in a position named above): _____

Name: _____

Title: _____

Witness signature: _____

Witness name: _____

Witness title: _____

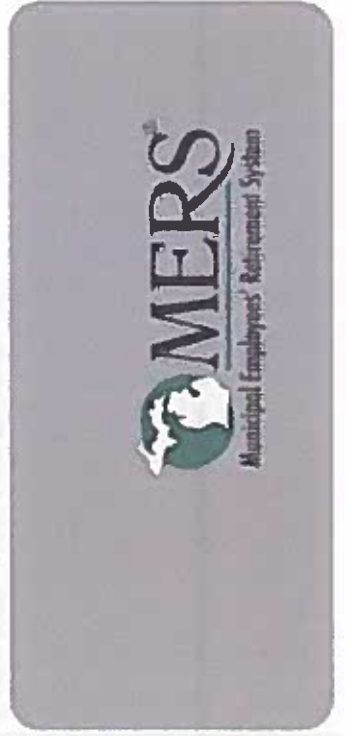


City of Saugatuck

MERS 457 Supplemental Retirement Program

Prepared: October 2018

Data: June 30, 2018



About MERS of Michigan

MERS is an independent, professional retirement services company that was **created to administer** the retirement plans for Michigan municipalities on a **not-for-profit basis**

BY THE NUMBERS



An Independent Elected Board

- MERS is governed by an elected board that operates without compensation
- Our board is committed to accountability and transparency; holding the line on costs; and watching out for the best interest of our members
- MERS provides customers with peace of mind because the ***MERS Retirement Board takes on the sole fiduciary responsibility of their plan***



MERS Retirement Board

is responsible for administration of the system with fiduciary responsibility for the investment of assets and oversight.

Municipal Retirement Plan Experts

We provide one-stop access to shared professional retirement services:

- Plan governance**
- Administration**
- Portfolio management**
- Investment options**
- Participant education**
- Legal counsel**
- Plan compliance, including tax qualification**

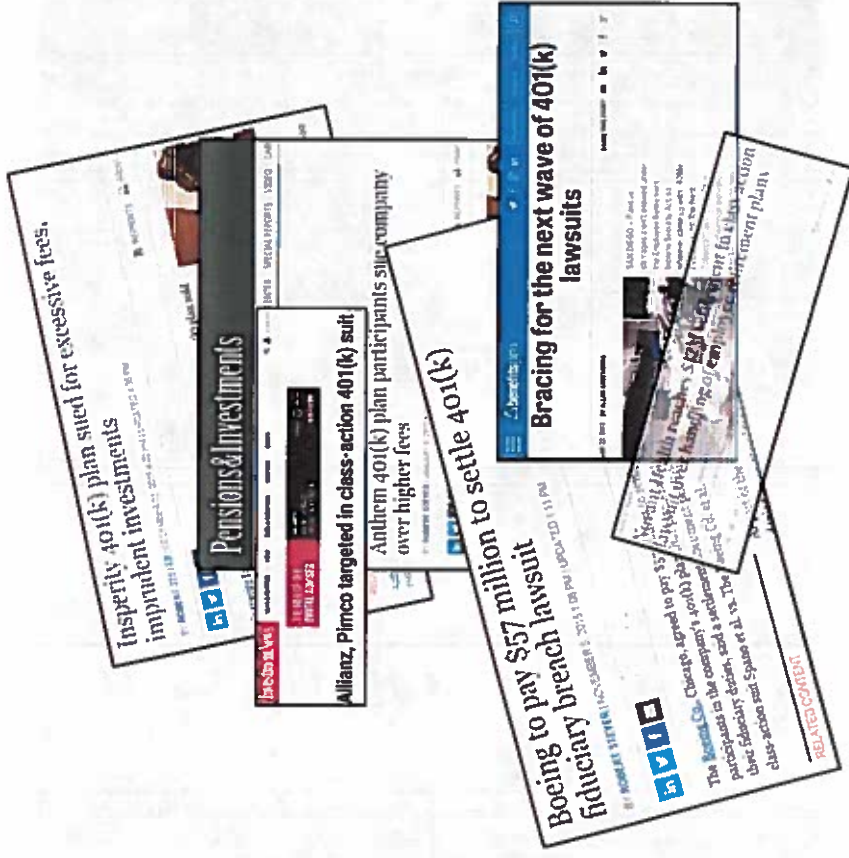


Fiduciary Responsibility



A Hot Topic Facing Municipalities

- With recent high-profile class action suits alleging violation of fiduciary duty, employers need to manage fiduciary risks
- When fiduciary breaches occur there can be:
 - Personal liability
 - Fines and penalties
 - Legal action
 - Plan disqualification
 - Higher operating expenses



Fiduciary Oversight

- A fiduciary is anyone who has discretionary authority over:
 - Plan assets
 - The administration of the plan
 - The management of the plan
- Fiduciaries are subject to standards of conduct and must act on behalf of participants
- Responsibilities:
 - Adherence to Plan Document
 - Investment oversight
 - Ensure reasonable expenses

MERS provides employers with peace of mind because the **MERS Retirement Board takes on the sole fiduciary responsibility of their plan.**

Degrees of Fiduciary Responsibility

When it comes to the fiduciary responsibility for your retirement plan, not all plan providers assume the role of sole fiduciary.



Plan Provider

In some instances, the plan provider takes fiduciary responsibility, establishes the plan document, determines the investment options available and monitors performance.

MERS provides employers with this level of confidence.

Co-Fiduciary Responsibility

Many plan providers act as co-fiduciaries. The provider offers investment information and makes recommendations. The employer is responsible for selecting and monitoring the performance of the funds.

The plan provider and employer share fiduciary responsibility for the plan.

Employer

Most plan providers act only as a record keeper and leave decisions regarding the plan document, investment options and performance monitoring to the employer.

The employer has unlimited choices under this scenario, but risks being held liable for fiduciary violations.



MERS Investments



Is a Bigger Investment Menu Better?

Psychologists have concluded that an overload of options can paralyze people or push them into decisions that are against their own best interest.



When Less is Actually More

A study on shopping behavior experimented with jam displays. One table held 24 varieties of gourmet jam; the other held only 6 varieties. The large display attracted more interest, but people were 1/10th as likely to buy from the large display as from the small display.

The same principle of “less is more” was found to apply to participation rates in retirement programs. A large number of fund choices actually *discourages* participation amongst even well informed participants.^{1, 2}

¹ Mollola, Gary and Ulkus, Stephen. “Can There Be Too Much Choice In a Retirement Savings Plan?” The Vanguard Center for Retirement Research, June 2003

² Schwartz, Barry. “More Isn’t Always Better.” Harvard Business Review, 01 June 2006 Web 24 Feb 2016

Simplified Investment Options

- Our streamlined investment menu is a sophisticated set of selections by our experienced investment professionals
- MERS performs the necessary research, due diligence and monitoring to ensure high-quality options
- MERS offers several fully diversified, professionally managed portfolios that provide access to funds not otherwise available with other providers
- Our pre-built portfolio funds use outside institutional investment managers that are selected and monitored by the MERS Office of Investments and Retirement Board

Investment Categories

1

“Do it for me”

Fully diversified target date funds that automatically adjust over time

2

“Help me do it”

Prebuilt portfolios that are monitored and rebalanced quarterly

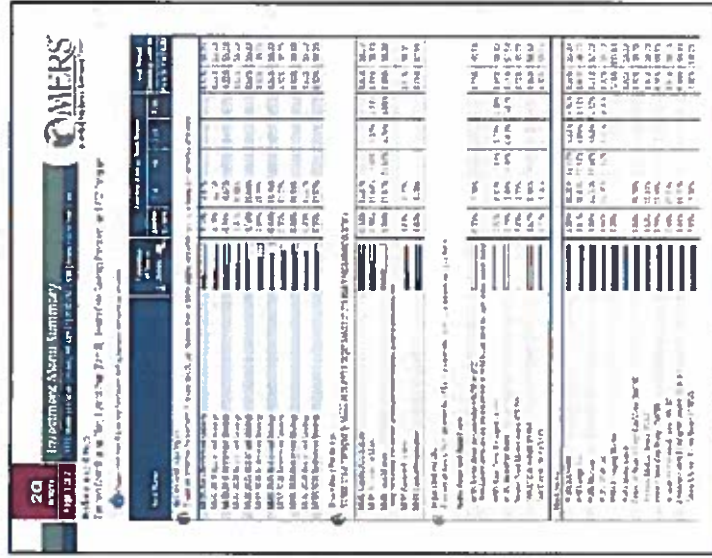
3

“I’ll do it myself”

Self-Directed Brokerage Account to access funds outside of MERS

MERS Investment Menu Resources

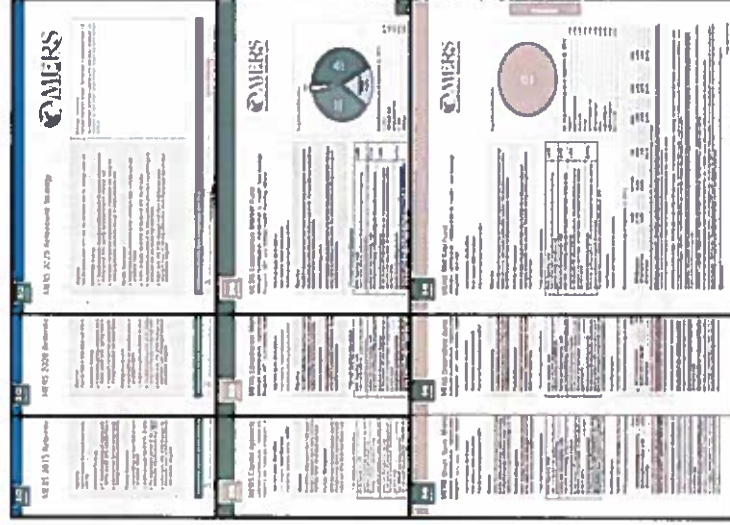
Using research and best practices, MERS developed our investment information to assist investors of every experience level:



Performance and Fee Summary with Categories



Overview Booklet with Glossary of Terms



Detailed Fund Sheets

Straightforward Costs

Our members benefit from the economies of scale and low administrative costs that come with being part of a large pool of assets.

As of 12/31/2017, our asset-weighted average fund cost is just 0.43%.

1 MERS clearly discloses the fees charged for custodial, recordkeeping, operating and investment management costs, following the Department of Labor guidelines.

2 MERS charges the same administrative fees and recordkeeping costs on each of our professionally managed portfolios.

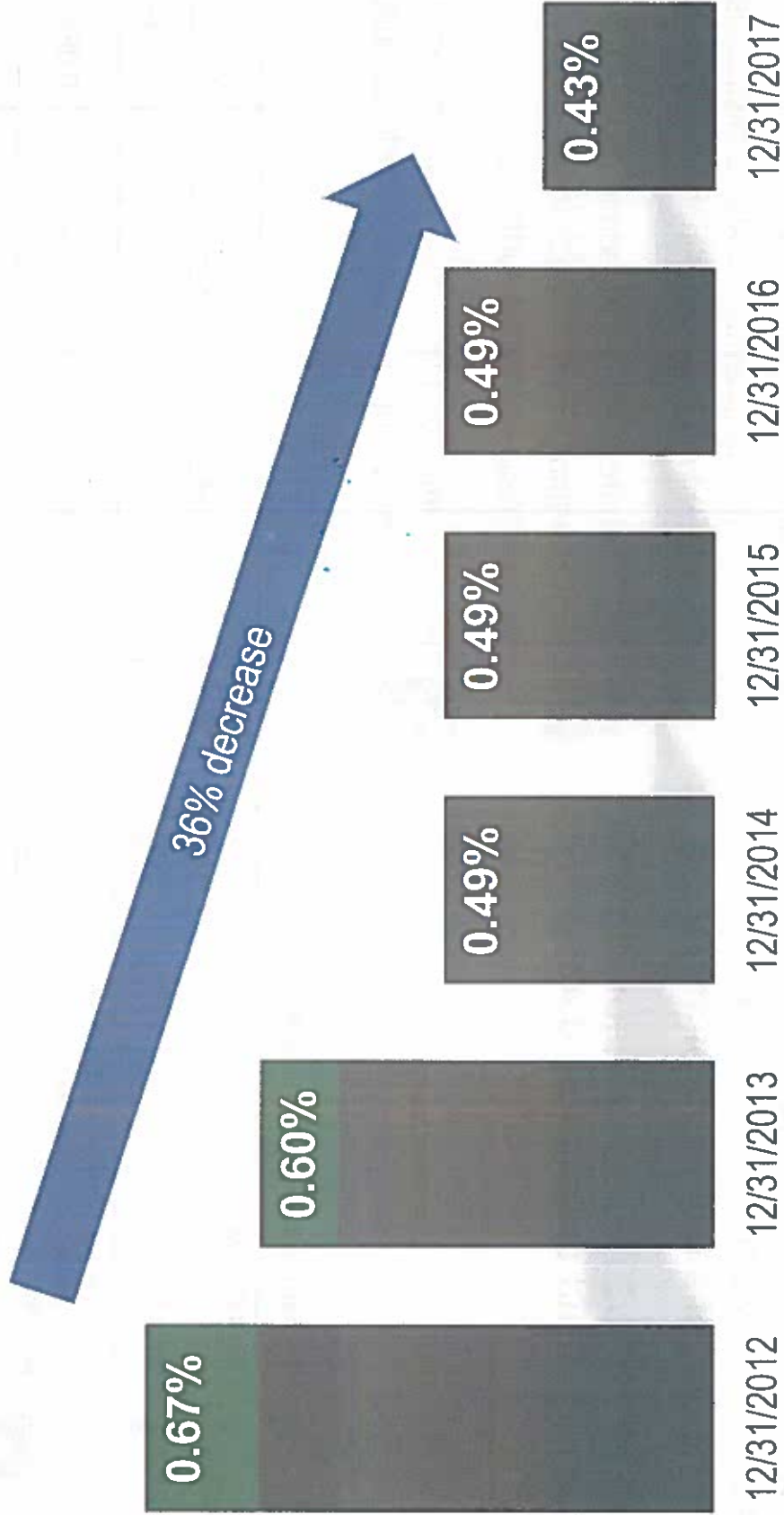
3 MERS reimburses all revenue sharing received from outside mutual funds directly to participants.

International Stock Index Fund (as of 12/31/2017)

MERS Operating Costs: Costs to run the day-to-day operations of the plan, which include legal, accounting, auditing, compliance, printing and overhead costs.	0.15%
Custody and Recordkeeping Costs: Costs related to bookkeeping, settling trade activity, and holding assets in custody at a bank.	0.15%
Investment Management Expense: All costs incurred in the overall management of the fund. The Investment Management Expense varies based on the level of assets. As assets increase, the Investment Management Expense is expected to decline.	0.09%
Fund Company Rebate: The Fund Company Rebate is a reimbursement from the fund company for services provided by our recordkeeper.	0.00%
Total Annual Operating Expense: The Total Annual Operating Expense reduces the rate of return of the investment option. A Total Annual Operating Expense of 0.39% means that for every \$1,000 invested in the fund, a participant is charged \$3.90 in fees a year.	0.39%

A History of Cost Reduction

Asset-Weighted Average Fund Expense



The MERS asset-weighted average fund cost is determined by the percentage of assets participants invest in each fund offered on the MERS Defined Contribution Plan and MERS 457 Program Investment Menu.

Provider Comparison *Asset-Weighted Comparison*

Asset-Weighted Plan Averages (Appendix III)	Valic	MERS	Difference
Expense			
Asset-Weighted Average Expense	1.52%	0.43%	-1.09%
Total Impact (Performance, Less Fund Fees)			
1-Year Asset-Weighted Average Performance	8.76%	12.06%	3.30%
3-Year Asset-Weighted Average Performance	7.13%	9.72%	2.59%
5-Year Asset-Weighted Average Performance	8.59%	10.76%	2.17%

Asset-Weighted Average is calculated by multiplying expense or performance by the percentage of assets held in each fund. Additional notes:

- 1) The City of Saugatuck provided MERS with its Valic "Asset List" report, which showed the amount invested in each fund on 6/30/2018. The City of Saugatuck provided MERS with its "Valic Portfolio Director (A079) UITG-194-SWMC" report, which provided each fund's performance and expenses, as of 6/30/2018. Note that the "non-standard" performance data was used, which does not include "Surrender or Withdrawal charges."
- 2) The funds are mapped to the closest "like-style" asset class available on the MERS investment menu. Note that the assets invested in the "Fixed Account Plus" and "Short Term Fixed Account" were *not* included in the comparison because MERS does not have a fixed account on its investment menu. This is shown in Appendix III.
- 3) 1, 3, and 5-Year Impact (Performance, Less Fund Fees) are used because several funds do not have longer performance history.
- 4) The fees reflected for Valic include each fund's "Expense Ratio," as shown in the City of Saugatuck's Valic Portfolio Director (A079) UITG-194-SWMC" report, for 6/30/2018. These fees are shown in Appendix I. The fees reflected for MERS include all operating, custody, recordkeeping, and investment management expense charged by MERS on all of its funds, as shown in Appendix II.
- 5) The asset-weighted averages shown above are *not intended to show actual expense or performance* experienced by the plan during the periods shown because the calculation does not account for plan activity (i.e. contributions, distributions, participant transfers between investment options) during the periods. The asset-weighted averages reflect a hypothetical illustration based on assets held in each investment option as reported at a specific point in time.

The City of Saugatuck provided its Plan details (disclosed above). MERS data is as of 6/30/2018.

Why Fund Costs Matter *Hypothetical Example*

Meet John

- John is 30 years old
- He currently makes \$42,000/year, and anticipates a 2% annual salary increase
- John makes bi-weekly contributions of 5% of his salary into his 457 account
- His 457 account currently has \$5,000
- He anticipates a 7% investment return *before factoring in the investment expenses*
- John plans to retire at age 62
 - He plans to receive his balance through equal monthly payments until age 90 (28 years of payments)
 - He anticipates a lower investment return of 5% during his retirement, before factoring in the investment expenses



Impact of Fees on John's Account Growth

Hypothetical Account Growth Illustration (Appendix IV)

In this comparison, MERS' low fund expenses would provide John with 25% more at retirement!

- John's 457 Account Balance
- Amount John Lost to Higher Fees



Asset-Weighted Average Expense Ratios: Valic – 1.52%; and MERS – 0.43%.

Impact of Fees on John's Retirement Income

Hypothetical Account Distribution Illustration (Appendix V)

MERS' low fund expenses would provide John with 43% more in monthly income during retirement!

- John's Monthly 457 Income
- Income John Lost to Higher Fees



Asset-Weighted Average Expense Ratios: Valic – 1.52%; and MERS – 0.43%.



Participant Education and Resources



Retirement Readiness Reports

- Plan providers often offer financial planning for a fee
- MERS provides a solution that reaches a broader percentage of participants
- Retirement Readiness reports provide individual guidance at no additional cost to the participant or the employer

Retirement Readiness Snapshot Reports



Developing the Full Retirement Picture

The “Full Picture” report allows participants to:

- ⊕ Add spouse and outside investment information online to build their “Full Picture” report
- ⊕ Identify their risk tolerance and receive customized suggestions for improving their retirement readiness
- 🐷 Increase retirement savings
- 📊 Review investment selections
- 🕒 Consider delaying retirement
- % Adjust retirement income replacement rate



MERS Investment Guidance

- Online investment guidance available to participants through *Guidance Plus!*
- Risk Advisor helps participants determine their personal tolerance for risk
- Resource for information on key investing concepts:
 - Plan Ahead - importance of time, effect of inflation, etc.
 - Save for the Future - rate of return, pre-tax vs. Roth savings, employer contributions, rollovers, etc.
 - Invest Wisely - investment categories, management styles, glossary of terms, risk vs. return, diversification, etc.

Resources



One Click Away

- To keep up with trending information related to retirement follow us on Facebook, Twitter, LinkedIn and YouTube
- Our website provides helpful calculators and other retirement resources



Quick Bite Webinars

- Our webinar series delivers online education
- Participants can tune in live and ask questions or view recorded sessions from the library of topics any time



Pizza & Planning

- Free, local education for employees held after traditional work hours
- Hosted at various locations throughout the state



On-site education

- Group presentation can be held at your location during work hours or whenever is convenient for your employees
- Attend benefit fairs
- One-on-one meetings for all MERS programs



Benefits of Partnering with MERS

- ✓ **Fiduciary responsibility and plan compliance**
- ✓ **Customer service excellence**
 - Participant education
 - Employer resources
 - MERS Regional Team
- ✓ **Cost effective benefits**
 - No cost to the employer
 - Low participant fees
 - Oversight and administration
- ✓ **Participant Resources**
 - Guidance Plus
 - Retirement readiness



Appendices

Appendix I Valic Fund Expenses

Valic Fund	Expense Ratio	Valic Fund	Expense Ratio	Valic Fund	Expense Ratio
TRP Retirement 2015	1.84%	Stock Index	1.34%	Capital Conserv	1.64%
TRP Retirement 2020	1.88%	AmBn Brdwy LC Gr	2.20%	Core Bond	1.52%
TRP Retirement 2025	1.92%	Blue Chip Gr	1.84%	Govt Securities	1.64%
TRP Retirement 2030	1.94%	Cap Appr	1.60%	Infln Protected	1.58%
TRP Retirement 2035	1.97%	Growth	1.76%	Strategic Bond	1.63%
TRP Retirement 2040	1.99%	LC Gr	1.75%	VG LT Treasury	1.20%
TRP Retirement 2045	1.99%	NASDAQ 100 Idx	1.53%	VG LT Inv-Grd	1.22%
TRP Retirement 2050	1.99%	MC Val	1.80%	Intl Govt Bond	1.64%
TRP Retirement 2055	1.99%	MC Idx	1.36%	High Yield	1.71%
TRP Retirement 2060	1.99%	MC Gr	1.60%	Govt MM I	1.53%
<i>Average Target Date Fund</i>	<i>1.95%</i>	MC Strg Gr	1.82%	Govt MM II	1.30%
Aggr Gr Lifestyle	1.62%	SC Special Val	1.87%	Fixed Plus	0.00%
Mod Gr Lifestyle	1.62%	SC Val	1.70%	ST Fixed	0.00%
Cons Gr Lifestyle	1.65%	SC Fund	1.93%	<i>Average Fixed Income Fund</i>	<i>1.28%</i>
VG LS Gr	1.39%	SC Idx	1.41%	Arithmetic Average Fund Exp—	1.68%
VG LS Mod	1.38%	SC Aggr Gr	1.99%	ALL FUNDS	
VG LS Cons	1.37%	SC Gr	1.91%		
Asset Alloc	1.74%	Sm-Mid Gr	1.95%		
VG Wellington	1.50%	Gbl Soc Awareness	1.62%		
<i>Average Asset Allocation Fund</i>	<i>1.53%</i>	Gbl Strat	1.66%		
Broad Cap Val	1.85%	EM Econ	1.94%		
Dividend Val	1.82%	Foreign Val	1.80%		
LC Val	1.56%	Intl Gr	2.01%		
Value	1.85%	Intl Eq Idx	1.45%		
VG Windsor II	1.59%	Intl Opp	1.75%		
Core Eq	1.80%	Gbl Real Est	1.85%		
Gr & Inc	1.85%	Invsc Bal Risk Cmdty	2.25%		
LC Core	1.83%	Sci & Tech	1.99%		
Soc Responsible	1.31%	Hlth Sci	2.07%		
		<i>Average Stock Fund</i>	<i>1.77%</i>		

The City of Saugatuck provided its Plan details (disclosed on page 16). MERS data is as of 6/30/2018.

Appendix II MERS Average Fund Expenses

MERS Funds (as of 6/30/2018):						
Target Date Funds	Investment Management Expense ¹	Fund Rebate ²	Custody & Record-keeping Costs ³	MERS Operating ¹	Total Annual Expense	
2005 Retirement Strategy	0.12%	0.00%	0.15%	0.15%	0.42%	
2010 Retirement Strategy	0.12%	0.00%	0.15%	0.15%	0.42%	
2015 Retirement Strategy	0.12%	0.00%	0.15%	0.15%	0.42%	
2020 Retirement Strategy	0.13%	0.00%	0.15%	0.15%	0.43%	
2025 Retirement Strategy	0.13%	0.00%	0.15%	0.15%	0.43%	
2030 Retirement Strategy	0.13%	0.00%	0.15%	0.15%	0.43%	
2035 Retirement Strategy	0.13%	0.00%	0.15%	0.15%	0.43%	
2040 Retirement Strategy	0.13%	0.00%	0.15%	0.15%	0.43%	
2045 Retirement Strategy	0.12%	0.00%	0.15%	0.15%	0.42%	
2050 Retirement Strategy	0.12%	0.00%	0.15%	0.15%	0.42%	
2055 Retirement Strategy	0.12%	0.00%	0.15%	0.15%	0.42%	
2060 Retirement Strategy	0.12%	0.00%	0.15%	0.15%	0.42%	
Average Target Date Fund					0.42%	
Target Risk/Balanced Funds						
MERS Global Stock Portfolio (100/0)	0.38%	0.00%	0.15%	0.15%	0.68%	
MERS Capital Appreciation Portfolio (80/20)	0.26%	0.00%	0.15%	0.15%	0.56%	
MERS Established Market Portfolio (60/40)	0.25%	0.00%	0.15%	0.15%	0.55%	
MERS Total Market Portfolio	0.28%	0.00%	0.15%	0.15%	0.58%	
MERS Balanced Income Portfolio (40/60)	0.23%	0.00%	0.15%	0.15%	0.53%	
MERS Capital Preservation Portfolio (20/80)	0.18%	0.00%	0.15%	0.15%	0.48%	
MERS Diversified Bond Portfolio (0/100)	0.20%	0.00%	0.15%	0.15%	0.50%	
Average Asset Allocation Fund					0.55%	

Appendix II MERS Average Fund Expenses

MERS Funds (as of 6/30/2018):						
Stock Funds	Investment Management Expense ¹	Fund Rebate ²	Custody & Record-keeping Costs ³	MERS Operating ⁴	Total Annual Expense	
Large Cap Stock Index	0.05%	0.00%	0.15%	0.15%	0.35%	
Mid Cap Stock Index	0.05%	0.00%	0.15%	0.15%	0.35%	
Small Cap Stock Index	0.05%	0.00%	0.15%	0.15%	0.35%	
International Stock Index	0.09%	0.00%	0.15%	0.15%	0.39%	
Emerging Market Stock	0.91%	0.00%	0.15%	0.15%	1.21%	
Real Estate Stock	0.96%	-0.45%	0.15%	0.15%	0.81%	
Average Stock Fund					0.58%	
Fixed Income Funds						
Stable Value	0.30%	0.00%	0.15%	0.15%	0.60%	
Short-Term Income	0.05%	0.00%	0.15%	0.15%	0.35%	
Bond Index	0.15%	0.00%	0.15%	0.15%	0.45%	
High Yield Bond	0.55%	0.00%	0.15%	0.15%	0.85%	
Average Fixed Income Fund					0.56%	
MERS Average of ALL Funds					0.50%	

¹Investment Management Expense: All costs incurred in the overall management of the fund. The Investment Management Expense varies based on the level of assets.

²Fund Company Rebate: The Fund Company Rebate is a reimbursement from the fund company for services provided by our recordkeeper.

³Custody and Recordkeeping Costs: Costs related to bookkeeping, settling trade activity, and holding assets in custody at a bank.

⁴MERS Operating Costs: Costs to run the day-to-day operations of the plan, which include legal, accounting, auditing, compliance, printing, and overhead costs.

Appendix III Valic Asset-Weighted Calculation

Current Provider	Plan Assets	% of Plan	Exp.	1 Yr	3 Yr	5 Yr	Wtd Exp	Wtd 1 Yr	Wtd 3 Yr	Wtd 5 Yr	MERS	Exp.	1 Yr	3 Yr	5 Yr	Wtd Exp	Wtd 1 Yr	Wtd 3 Yr	Wtd 5 Yr
Aggr Gr Lifestyle Asset Alloc	\$944	0.2%	1.62%	8.47%	6.37%	7.75%	0.00%	0.02%	0.02%	0.02%	MERS Cap Appr Portfolio	0.56%	11.16%	8.85%	9.60%	0.00%	0.03%	0.02%	0.02%
VG Wellington	\$1,621	0.4%	1.74%	4.97%	3.96%	5.69%	0.01%	0.02%	0.02%	0.02%	MERS Cap Appr Portfolio	0.56%	11.16%	8.85%	9.60%	0.00%	0.04%	0.04%	0.04%
Dividend Val	\$51,814	12.9%	1.50%	5.47%	6.54%	7.42%	0.19%	0.70%	0.82%	0.93%	MERS Est Mkt Portfolio	0.55%	7.94%	7.32%	7.87%	0.07%	1.02%	0.94%	1.01%
VG Windsor II	\$10,451	2.6%	1.82%	7.03%	8.95%	9.34%	0.05%	0.18%	0.23%	0.24%	Large Cap Stock Index	0.35%	13.96%	11.43%	12.94%	0.01%	0.36%	0.30%	0.34%
Soc Responsible Stock Index	\$55,042	13.7%	1.59%	6.18%	6.68%	8.63%	0.22%	0.84%	0.89%	1.15%	Large Cap Stock Index	0.35%	13.96%	11.43%	12.94%	0.05%	1.91%	1.58%	1.77%
Blue Chip Gr	\$4,496	1.1%	1.31%	12.65%	10.22%	12.46%	0.01%	0.14%	0.11%	0.14%	Large Cap Stock Index	0.35%	13.96%	11.43%	12.94%	0.00%	0.16%	0.13%	0.14%
NASDAQ 100 Idx	\$71,251	17.7%	1.34%	12.86%	10.46%	11.90%	0.24%	2.28%	1.82%	2.07%	Large Cap Stock Index	0.35%	13.96%	11.43%	12.94%	0.06%	2.47%	2.02%	2.29%
MC Val	\$921	0.2%	1.84%	26.42%	15.83%	17.39%	0.00%	0.06%	0.04%	0.04%	Large Cap Stock Index	0.35%	13.96%	11.43%	12.94%	0.00%	0.03%	0.03%	0.03%
MC Idx	\$4,380	1.1%	1.53%	24.00%	16.60%	18.96%	0.02%	0.26%	0.16%	0.20%	Large Cap Stock Index	0.35%	13.96%	11.43%	12.94%	0.00%	0.15%	0.12%	0.14%
SC Val	\$4,557	1.1%	1.80%	7.71%	7.12%	9.31%	0.02%	0.09%	0.08%	0.10%	Mid Cap Stock Index	0.35%	13.24%	10.72%	12.46%	0.00%	0.15%	0.12%	0.14%
SC Idx	\$49,403	12.3%	1.36%	12.00%	9.52%	11.25%	0.17%	1.47%	1.14%	1.36%	Mid Cap Stock Index	0.35%	13.24%	10.72%	12.46%	0.04%	1.62%	1.32%	1.53%
Global Strat	\$2,608	0.6%	1.70%	10.83%	8.43%	9.71%	0.01%	0.07%	0.05%	0.06%	Small Cap Stock Index	0.35%	20.45%	13.81%	14.25%	0.00%	0.13%	0.09%	0.09%
EM Econ	\$42,174	10.5%	1.41%	16.16%	9.70%	11.19%	0.15%	1.69%	1.00%	1.15%	Small Cap Stock Index	0.35%	20.45%	13.81%	14.25%	0.04%	2.14%	1.45%	1.49%
Foreign Val	\$32,787	8.1%	1.66%	2.02%	1.98%	4.23%	0.14%	0.16%	0.14%	0.33%	MERS Glob Slt Portfolio	0.68%	14.33%	10.14%	10.97%	0.06%	1.17%	0.83%	0.89%
Intl Eq Idx	\$3,140	0.8%	1.94%	4.22%	4.36%	3.17%	0.02%	0.03%	0.03%	0.02%	Emerging Market Stock	1.21%	5.48%	6.26%	4.99%	0.01%	0.04%	0.05%	0.04%
Intl Opp	\$3,350	0.8%	1.80%	0.92%	2.62%	4.06%	0.01%	0.01%	0.02%	0.03%	International Stock Index	0.39%	6.84%	4.72%	6.08%	0.00%	0.06%	0.04%	0.05%
Global Real Est	\$3,405	0.8%	1.45%	5.41%	3.58%	5.04%	0.01%	0.05%	0.03%	0.04%	International Stock Index	0.39%	6.84%	4.72%	6.08%	0.00%	0.06%	0.04%	0.05%
Invsc Bal Risk Cmndy	\$12,104	3.0%	1.75%	16.89%	10.90%	9.92%	0.05%	0.51%	0.32%	0.29%	International Stock Index	0.39%	6.84%	4.72%	6.08%	0.01%	0.21%	0.14%	0.18%
Sci & Tech	\$993	0.2%	1.85%	6.09%	4.82%	5.03%	0.00%	0.02%	0.01%	0.01%	Real Estate Stock	0.81%	4.28%	10.52%	8.31%	0.00%	0.01%	0.03%	0.02%
Hlth Sci	\$2,026	0.5%	2.25%	8.98%	-1.43%	-4.40%	0.01%	0.05%	-0.01%	-0.02%	Small Cap Stock Index	0.35%	20.45%	13.81%	14.25%	0.00%	0.10%	0.07%	0.07%
Capital Consvr	\$728	0.2%	1.99%	30.15%	19.53%	20.61%	0.00%	0.05%	0.03%	0.04%	Small Cap Stock Index	0.35%	20.45%	13.81%	14.25%	0.00%	0.04%	0.02%	0.03%
Core Bond	\$4,616	1.1%	2.07%	13.90%	3.81%	17.05%	0.02%	0.16%	0.04%	0.19%	Small Cap Stock Index	0.35%	20.45%	13.81%	14.25%	0.00%	0.23%	0.16%	0.16%
Infln Protected	\$5,527	1.4%	1.64%	-2.03%	0.28%	1.00%	0.02%	-0.03%	0.00%	0.01%	MERS Div Bond Portfolio	0.50%	-0.85%	2.04%	2.13%	0.01%	-0.01%	0.03%	0.03%
Strategic Bond	\$13,185	3.3%	1.52%	-1.46%	0.95%	1.54%	0.05%	-0.05%	0.02%	0.04%	MERS Div Bond Portfolio	0.50%	-0.85%	2.04%	2.13%	0.02%	-0.03%	0.07%	0.07%
High Yield	\$2,315	0.6%	1.58%	0.38%	0.70%	0.33%	0.01%	0.00%	0.00%	0.00%	MERS Div Bond Portfolio	0.50%	-0.85%	2.04%	2.13%	0.00%	0.00%	0.01%	0.01%
Plan Totals (Without Fixed Accounts)	\$16,327	4.1%	1.63%	-0.95%	2.16%	2.63%	0.07%	-0.04%	0.08%	0.10%	MERS Div Bond Portfolio	0.50%	-0.85%	2.04%	2.13%	0.02%	-0.03%	0.08%	0.09%
Fixed Plus	\$2,464	0.6%	1.71%	1.81%	3.76%	3.91%	0.01%	0.01%	0.02%	0.02%	High Yield Bond	0.85%	0.83%	4.36%	4.62%	0.01%	0.01%	0.03%	0.03%
ST Fixed	\$402,630	100.0%									MERS Totals	0.43%	12.06%	9.72%	10.76%		9.72%	10.76%	
Plan Totals (With Fixed Accounts)	\$175,301										Difference in Weighted Averages	-1.09%	3.30%	2.59%	2.17%		3.30%	2.59%	2.17%

The City of Saugatuck provided its Plan details (disclosed on page 16). MERS data is as of 6/30/2018.

Appendix IV John's Retirement Account Growth Illustration

John's Details	
Current Salary	\$42,000
Salary Growth Rate	2%
457 Contribution Rate	5%

Return Assumptions		VALIC		MERS	
Market Return		7.00%		7.00%	
Investment Expense		1.52%		0.43%	
Net Investment Return		5.48%		6.57%	

Age	Salary	Contr.	VALIC			MERS		
			Start	Growth	End	Start	Growth	End
30	\$42,000	\$2,100	\$5,000	\$338	\$7,438	\$5,000	\$407	\$7,507
31	\$42,840	\$2,142	\$7,438	\$476	\$10,056	\$7,507	\$578	\$10,227
32	\$43,697	\$2,185	\$10,056	\$624	\$12,865	\$10,227	\$764	\$13,176
33	\$44,571	\$2,229	\$12,865	\$784	\$15,877	\$13,176	\$965	\$16,370
34	\$45,462	\$2,273	\$15,877	\$954	\$19,104	\$16,370	\$1,183	\$19,826
35	\$46,371	\$2,319	\$19,104	\$1,137	\$22,560	\$19,826	\$1,419	\$23,564
36	\$47,299	\$2,365	\$22,560	\$1,333	\$26,258	\$23,564	\$1,674	\$27,603
37	\$48,245	\$2,412	\$26,258	\$1,542	\$30,212	\$27,603	\$1,950	\$31,965
38	\$49,210	\$2,460	\$30,212	\$1,766	\$34,438	\$31,965	\$2,247	\$36,673
39	\$50,194	\$2,510	\$34,438	\$2,005	\$38,953	\$36,673	\$2,568	\$41,751
40	\$51,198	\$2,560	\$38,953	\$2,260	\$43,773	\$41,751	\$2,914	\$47,224
41	\$52,222	\$2,611	\$43,773	\$2,533	\$48,917	\$47,224	\$3,287	\$53,122
42	\$53,266	\$2,663	\$48,917	\$2,824	\$54,405	\$53,122	\$3,688	\$59,474
43	\$54,331	\$2,717	\$54,405	\$3,134	\$60,255	\$59,474	\$4,121	\$66,312
44	\$55,418	\$2,771	\$60,255	\$3,465	\$66,491	\$66,312	\$4,586	\$73,669
45	\$56,526	\$2,826	\$66,491	\$3,817	\$73,134	\$73,669	\$5,087	\$81,583
46	\$57,657	\$2,883	\$73,134	\$4,192	\$80,210	\$81,583	\$5,626	\$90,091
47	\$58,810	\$2,941	\$80,210	\$4,592	\$87,742	\$90,091	\$6,205	\$99,236
48	\$59,986	\$2,999	\$87,742	\$5,017	\$95,759	\$99,236	\$6,827	\$109,062
49	\$61,186	\$3,059	\$95,759	\$5,470	\$104,288	\$109,062	\$7,495	\$119,616
50	\$62,410	\$3,120	\$104,288	\$5,952	\$113,361	\$119,616	\$8,213	\$130,950
51	\$63,658	\$3,183	\$113,361	\$6,464	\$123,007	\$130,950	\$8,983	\$143,116
52	\$64,931	\$3,247	\$123,007	\$7,008	\$133,262	\$143,116	\$9,810	\$156,173
53	\$66,230	\$3,311	\$133,262	\$7,587	\$144,161	\$156,173	\$10,698	\$170,182
54	\$67,554	\$3,378	\$144,161	\$8,202	\$155,741	\$170,182	\$11,650	\$185,210
55	\$68,905	\$3,445	\$155,741	\$8,856	\$168,042	\$185,210	\$12,672	\$201,327
56	\$70,284	\$3,514	\$168,042	\$9,550	\$181,106	\$201,327	\$13,767	\$218,608
57	\$71,689	\$3,584	\$181,106	\$10,287	\$194,977	\$218,608	\$14,941	\$237,134
58	\$73,123	\$3,656	\$194,977	\$11,069	\$209,702	\$237,134	\$16,200	\$256,990
59	\$74,585	\$3,729	\$209,702	\$11,900	\$225,331	\$256,990	\$17,549	\$278,268
60	\$76,077	\$3,804	\$225,331	\$12,781	\$241,916	\$278,268	\$18,994	\$301,066
61	\$77,599	\$3,880	\$241,916	\$13,716	\$259,512	\$301,066	\$20,543	\$325,488

The City of Saugatuck provided its Plan details (disclosed on page 16). MERS data is as of 6/30/2018.

Appendix V John's Retirement Distribution Calculation

John's Distribution Illustration		
Assumptions	VALIC	MERS
Balance at Retirement (PV)	\$259,512	\$325,488
Balance after Retirement (FV)	\$0	\$0
<i>Equal Monthly Payment (PMT)</i>	\$1,159	\$1,656
Years of Payments	30	30
Total Monthly Payments (N)	360	360
Market Return	5.00%	5.00%
Average Fee	1.52%	0.43%
<i>Net Investment Return (Rate)</i>	3.48%	4.57%
Annual Income	\$13,909	\$19,877
Total of All Payments	\$417,264	\$596,325

Calculation uses the Time Value of Money (TVM), where PV=Payment; FV=Future Value; PMT=Payment; N=Number of Periods; ip=Interest Rate per period, and k=1 if payment made at the end of period, or 1+ip if made at the beginning:

$$PMT = \left(PV + \frac{PV + FV}{(1 + ip)^N - 1} \right) \times \frac{-ip}{k}$$

The City of Saugatuck provided its Plan details (disclosed on page 16). MERS data is as of 6/30/2018.



This publication contains a summary description of MERS benefits, policies or procedures. MERS has made every effort to ensure that the information provided is accurate and up to date as of the date of publication. Where the publication conflicts with the relevant Plan Document, the Plan Document controls. MERS, as a governmental plan, is exempted by federal and state law from registration with the SEC. However, it employs registered investment advisors to manage the trust fund in compliance with Michigan Public Employee Retirement System Investment Act. Past performance is not a guarantee of future returns. Please make independent investment decisions carefully and seek the assistance of independent experts when appropriate.

Municipal Employees' Retirement System of Michigan

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City Council Workshop Discussion Item Report

TO: Saugatuck City Council

FROM: Karen Doyle Homan

MEETING DATE: October 22, 2020

SUBJECT: Halloween

Council person Verplank brought up that Halloween is on a Saturday night and may bring lots of children downtown. We seem to be very busy on weekends late into the season, especially when the weather is good. This could mean that the streets will be lined with cars and children will be darting in and out. Pop-ups are still open and lighting isn't great. Bars are open and people are drinking.

Lieutenant Ensfield is planning to ask the full-time deputy to work a couple hours later than normal plus have two reserves on duty. If Council would like more coverage we can have more reserves.