

## AGENDA

Regular Meeting – Wednesday, July 12, 2023 – 9:30 a.m.

[Oak Park City Hall, 14000 Oak Park Blvd.](#)

1. Meeting Called to Order
2. A. Roll Call, Recognition of Visitors & Public Comment  
B. Public Comments
3. Approval of Agenda
4. Consent Agenda  
All items listed on the Consent Agenda are considered to be routine by the Board of Trustees, will be enacted by one motion and approved by a roll call vote. There will be no separate discussion of these items unless a Board Member or visitor so requests, in which event the item will be removed from the consent agenda and considered as the last item of business.
  - A. Approval of Minutes – Regular Meeting – June 14, 2023
  - B. Approval of Warrants – No. RA 847
  - C. Information Reports
    - 1) Tonnage Analysis – June 2023
    - 2) Tonnage Percentages – June 2023
    - 3) Budget Analysis – June 2023
    - 4) Budget Analysis – July 2022 to June 2023
    - 5) Financial Status Summary – June 2023
    - 6) Compost Delivered to Members
  - D. Scale Software Upgrade

5. Administrative Reports (No Board Action Requested)
  - A. Operations Update
  - B. Annual Actuarial Valuation – MERS
  - C. 2022/23 Audit
6. Future Business (Communication from Board Members)
7. Items for Decision (Board Action Requested)
  - A. Closed Session – Negotiations for Teamsters Labor Agreements
8. Adjournment

*Notice: The Southeastern Oakland County Resource Recovery Authority will provide necessary, reasonable auxiliary aids and services, such as signers, for the hearing impaired, or audiotapes of printed materials being considered at the meeting to individuals with disabilities. All such requests must be made at least five days prior to said meeting. Individuals with disabilities requiring auxiliary aids or services should contact the Southeastern Oakland County Resource Recovery Authority by writing or calling: General Manager's Office, 3910 W. Webster Road, Royal Oak, MI 48073; (248) 288-5150.*

**SOCRRA**  
Regular Meeting – June 14, 2023  
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SOCRRA  
REGULAR MEETING MINUTES

Wednesday, June 14, 2023 – Ferndale Public Library

The meeting was called to order at 9:30 a.m. by Mr. Chris Wilson, Chair

<u>Present</u>	<u>Votes</u>	<u>Municipality</u>
Shawn Young	4	Berkley
Tom Markus	6	Birmingham
Trever Zablocki	3	Clawson
Dan Antosik	5	Ferndale
Andy LeCureaux	4	Hazel Park
Chris Wilson	2	Huntington Woods
Susan Montenegro	1	Lathrup Village
Dave DeCoster	5	Oak Park
Aaron Filipski	14	Royal Oak
Ashely Tebedo (Alternate)	<u>15</u>	Troy
<b>Total</b>	<b>59</b>	

<u>Absent</u>	<u>Votes</u>	<u>Municipality</u>
Jeffrey Campbell	3	Beverly Hills
Jim Breuckman	1	Pleasant Ridge

Also Present

Jeff McKeen, General Manager  
 Robert Jackovich, Operations Manager  
 Robert Davis, General Counsel  
 Colette Farris, Organizational Development Manager  
 Scott Zielinski, Birmingham

-13416-

The Chair recognized visitors and called for public comment. There being no persons present who wished to be heard, the Chair closed the public comment segment.

-13417-

Motion by Mr. A. LeCureaux, supported by Ms. S. Montenegro:

That the Agenda be approved as submitted.

Yeas: Young, Markus, Zablocki, Antosik, LeCureaux, Wilson, Montenegro,  
DeCoster, Filipski, Tebedo (59 votes)  
Nays: None  
Absent: Campbell (3 votes), Breuckman (1 vote)

**Motion carried.**

-13418-

#### **APPROVAL OF CONSENT AGENDA**

Motion by Mr. A. LeCureaux, supported by Ms. S. Montenegro:

That the Consent Agenda be approved.

#### **APPROVAL OF MEETING MINUTES**

That the minutes of the Regular Meeting of May 10, 2023 be approved as submitted.

#### **APPROVAL OF WARRANT – NO. RA-846**

That Warrant RA-846 in the amount of \$2,153,076.99 be approved and payments authorized.

#### **INFORMATION REPORTS**

That the monthly information reports be received and filed.

#### **GRANT AGREEMENT WITH FOODSERVICE PACKAGING INSTITUTE**

That the Board approves the grant agreement between SOCRRA and the Foodservice Packaging Institute, as modified by Mr. Davis, and authorizes the General Manager to execute the agreement.

**ROLL CALL VOTE**

Yeas: Young, Markus, Zablocki, Antosik, LeCureaux, Wilson, Montenegro,  
DeCoster, Filipski, Tebedo (59 votes)  
Nays: None  
Absent: Campbell (3 votes), Breuckman (1 vote)

**Motion carried.**

-13419-

Motion by Ms. S. Montenegro, supported by Mr. A. LeCureaux:

That the report on Operations Update be received and filed.

Yeas: Young, Markus, Zablocki, Antosik, LeCureaux, Wilson, Montenegro,  
DeCoster, Filipski, Tebedo (59 votes)  
Nays: None  
Absent: Campbell (3 votes), Breuckman (1 vote)

**Motion carried.**

-13420-

The General Manager offered the Board the opportunity to ask questions or provide comments regarding the SOCRRA budget for 2023/24. No questions or comments were provided.

-13421-

Motion by Mr. A. LeCureaux, supported by Mr. A. Filipski:

That the Moody's Credit Rating report is received and filed.

Yeas: Young, Markus, Zablocki, Antosik, LeCureaux, Wilson, Montenegro,  
DeCoster, Filipski, Tebedo (59 votes)  
Nays: None  
Absent: Campbell (3 votes), Breuckman (1 vote)

**Motion carried.**

-13422-

The Chair declared the public hearing on the proposed Budget open at 10:19 a.m. No comments were provided. The Chair declared the public hearing closed at 10:20 a.m.

-13423-

Motion by Mr. T. Markus, supported by Mr. A. LeCureaux:

WHEREAS, this Board is required to adopt an annual budget for the fiscal year 2023/24, which budget will be effective July 1, 2023, and

WHEREAS, the adoption of this budget requires the establishing of disposal rates to be effective during the period of said budget, and

WHEREAS, the General Manager has reviewed the current disposal rates and recommends that the disposal rates be adjusted to provide revenues to the Authority for payment of the expenses of operation and improvements to the disposal system;

NOW THEREFORE BE IT RESOLVED, that the following rates for disposal services be approved effective July 1, 2023:

Community	Total 2023/24 Cost	Cost per Billing	Monthly Surcharge
Berkley	\$1,178,196	\$49,091	\$6,304
Beverly Hills	822,259	34,261	4,227
Birmingham	1,843,227	76,801	9,401
Clawson	990,572	41,274	5,410
Ferndale	2,186,387	91,099	10,135
Hazel Park	1,419,745	59,156	6,488
Huntington Woods	449,430	18,726	1,097
Lathrup Village	367,519	15,313	1,648
Oak Park	2,079,174	86,632	9,774
Pleasant Ridge	230,628	9,610	1,169
Royal Oak	5,666,744	236,114	11,000
Troy	<u>5,387,511</u>	<u>224,480</u>	<u>27,348</u>
	\$22,621,392	\$942,558	\$94,001

The following rates are embedded in the Total Service Costs:

		Rate Per Ton	
		2023/24	2022/23
Municipal Solid Waste		\$32.00	\$30.00
Yard Waste	Leaves & Grass	32.00	30.00
	Wood Chips	10.00	10.00
Household Hazardous Waste		\$38/visit	\$35/visit

Recyclables Credit	Credit Per Ton	
	2023/24	2022/23
Mixed Recyclables	\$25.00	\$25.00
Separated Office Paper	40.00	40.00
Separated Cardboard	40.00	40.00

Also embedded in the Total Service Costs are the current service unit counts for each municipality.

The following rate structure is proposed for non-members:

NON-MEMBERS			
		Rate Per Ton	
		2023/24	2022/23
Municipal Solid Waste & Bulky Waste		\$70.00	\$67.00
Yard Waste	Leaves & Grass	70.00	67.00
Minimum Charge (1,000 lbs.)		50.00	45.00
Municipal Solid Waste (with signed contract)		37.00	34.00
Mixed Recyclables (without contract)		100.00	85.00

**ROLL CALL VOTE**

Yeas: Young, Markus, Zablocki, Antosik, LeCureaux, Wilson, Montenegro, DeCoster, Filipski, Tebedo (59 votes)

Nays: None

Absent: Campbell (3 votes), Breuckman (1 vote)

**Motion carried.**

-13424-

Motion by Mr. A. Filipski, supported by Ms. A. Tebedo:

WHEREAS, this Board is required to adopt an annual budget for the fiscal year 2023/24, which budget will be effective July 1, 2023, and

WHEREAS, a notice has been published of a public hearing on the budget in compliance with the provisions of Public Act No. 43 of the Acts of the State Legislature of 1963, and

WHEREAS, a public hearing on the budget was held on June 14, 2023, at 9:30 a.m.,

NOW THEREFORE BE IT RESOLVED, that the budget for the fiscal year 2023/24 be adopted in the following form:



**SOCRRA BUDGET**  
**JULY 1, 2023 THROUGH JUNE 30, 2024**

**ESTIMATED REVENUES**

Member Rates		\$22,621,392
Member Surcharge		\$1,128,012
Non-Member Refuse	2,100,000	
Non-Member Yard Waste	<u>30,000</u>	2,130,000
Recyclable Materials		1,990,000
Interest on Investments	80,000	
Rental on Homes	125,000	
Compost Sales	160,000	
Miscellaneous Income	<u>25,000</u>	<u>390,000</u>

**TOTAL ESTIMATED REVENUES:** \$28,259,404

**ESTIMATED EXPENDITURES**

Madison Heights Facility	\$160,000	
Transfer Station – Troy	4,642,000	
Material Recovery Facility	2,622,900	
Household Hazardous Waste	499,000	
Compost Operation	637,500	
Administrative & General	<u>1,443,400</u>	<u>\$10,004,800</u>

Collection Contract Expenses 15,800,000

**TOTAL OPERATING EXPENDITURES:** \$25,804,800

Revenue Minus Operating Expenditures \$2,454,604

Bond Principal and Interest (\$1,404,500)

Capital & Landfill Expenditures (858,000)

Working Capital Generated \$192,104

**ROLL CALL VOTE**

Yeas: Young, Markus, Zablocki, Antosik, LeCureaux, Wilson, Montenegro,  
DeCoster, Filipski, Tebedo (59 votes)

Nays: None

Absent: Campbell (3 votes), Breuckman (1 vote)

**Motion carried.**

Motion by Mr. T. Markus, supported by Mr. A. LeCureaux:

That the report on the Annual Organization Meeting and election of officers which is scheduled for Wednesday, July 12, 2023 at 9:30 a.m. be received and filed and that the Chair appoint a Nominating Committee composed of three members of the Board who should meet to select candidates to the various offices, for consideration of the Board of Trustees at the Organization Meeting.

Yeas: Young, Markus, Zablocki, Antosik, LeCureaux, Wilson, Montenegro,  
DeCoster, Filipski, Tebedo (59 votes)

Nays: None

Absent: Campbell (3 votes), Breuckman (1 vote)

**Motion carried.**

-13426-

Motion by Mr. A. LeCureaux, supported by Ms. S. Montenegro:

That the Board approve the Legal Counsel Retainer Agreement with Davis Listman PLLC for the period from July 1, 2023 to June 30, 2027 and the General Manager is authorized to sign the agreement.

#### **ROLL CALL VOTE**

Yeas: Young, Markus, Zablocki, Antosik, LeCureaux, Wilson, Montenegro,  
DeCoster, Filipski, Tebedo (59 votes)

Nays: None

Absent: Campbell (3 votes), Breuckman (1 vote)

**Motion carried.**

-13427-

Motion by Mr. A. LeCureaux, supported by Ms. A. Tebedo:

That the Board approve contracting with the MML for Workers' Compensation Insurance at a cost of \$34,439 for the period July 1, 2023 through June 30, 2024.

#### **ROLL CALL VOTE**

Yeas: Young, Markus, Zablocki, Antosik, LeCureaux, Wilson, Montenegro,  
DeCoster, Filipski, Tebedo (59 votes)

Nays: None

Absent: Campbell (3 votes), Breuckman (1 vote)

**Motion carried.**

-13428-

Motion by Mr. A. LeCureaux, supported by Ms. S. Montenegro:

That the Board approve contracting with the MMRMA for liability and property insurance in the amount of \$97,982 per year for the period July 1, 2023 through June 30, 2024 at the current level of insurance coverage.

**ROLL CALL VOTE**

Yeas: Young, Markus, Zablocki, Antosik, LeCureaux, Wilson, Montenegro,  
DeCoster, Filipski, Tebedo (59 votes)  
Nays: None  
Absent: Campbell (3 votes), Breuckman (1 vote)

**Motion carried.**

-13429-

Motion by Mr. D. DeCoster, supported by Mr. A. Filipski:

That the Board approves the grant agreement between SOCRRA and The Recycling Partnership and authorizes the General Manager to execute the agreement.

**ROLL CALL VOTE**

Yeas: Young, Markus, Zablocki, Antosik, LeCureaux, Wilson, Montenegro,  
DeCoster, Filipski, Tebedo (59 votes)  
Nays: None  
Absent: Campbell (3 votes), Breuckman (1 vote)

**Motion carried.**

-13430-

Motion by Mr. T. Markus, supported by Mr. A. LeCureaux:

That the Board convene in closed session at 10:33 a.m.

**ROLL CALL VOTE**

Yeas: Young, Markus, Zablocki, Antosik, LeCureaux, Wilson, Montenegro,  
DeCoster, Filipski, Tebedo (59 votes)  
Nays: None  
Absent: Campbell (3 votes), Breuckman (1 vote)

**Motion carried.**

The meeting was called back to order at 10:53.

-13431-

Motion by Ms. S. Montenegro, supported by Mr. A. LeCureaux:

That the meeting be adjourned.

Yeas: Young, Markus, Zablocki, Antosik, LeCureaux, Wilson, Montenegro,  
DeCoster, Filipski, Tebedo (59 votes)  
Nays: None  
Absent: Campbell (3 votes), Breuckman (1 vote)

**Motion carried.**

The Chair ordered the meeting adjourned at 10:53 a.m.

APPROVED: \_\_\_\_\_  
Chair

\_\_\_\_\_  
Secretary

SOCRRA  
CHECK WARRANT  
JUNE 2023

RRA 847  
ACCT. 1009

CHECK #	PAYEE	AMOUNT	PURPOSE
79413	Alta Equipment Company	1,321.94	Maintenance of Equipment - CS
79414	Car Trucking	45,081.37	Collection Contract
79415	RKA Petroleum Cos., Inc.	1,786.27	Fuel - CS
79416	Specialty Employment Services, Inc.	2,117.96	Temporary Staffing - MRF
79417	Standard Insurance Company	516.30	Life Insurance
79418	SOCWA	11,329.42	Reimburse SOCWA Payroll
79419	Fontenot Landscape Services LLC	38,924.00	Brush Chipping
79420	IDF Clean-up Inc	5,000.00	Equipment Rental - MRF
79421	Great Lakes Lubricants	1,556.49	Maintenance of Equipment - TS, CS
79422	Routeware	6,713.40	Waste Wizard Annual Subscription
79423	Cadillac Asphalt, LLC	774.00	Maintenance of Property & Grounds - TS
79424	Deluxe	2,119.50	Office Expense, check stock
79425	Alerus Financial	1,484.84	Deferred Compensation
79426	IMEG	1,520.00	Programming for Landfill Sewer Meter
79427	Progressive Sweeping Contractors, Inc.	1,999.80	Maintenance of Property & Grounds - TS, CS
79428	AMP Robotics Corporation	984.60	Maintenance of Equipment - MRF
79429	ERG Environmental Services	2,444.00	HHW Drop-Off Service
79430	GFL Environmental USA	5,775.00	Collection Contract
79431	GFL Environmental USA	103,727.45	Collection Contract
79432	Tringali Sanitation	621.64	Collection Contract
79433	Tringali Sanitation	11,776.71	Collection Contract
79434	Tringali Sanitation	63,802.24	Collection Contract
79435	Tringali Sanitation	621.64	Collection Contract
79436	Tringali Sanitation	6,029.92	Collection Contract
79437	Acton Trucking	120.00	Haul Compost - CS
79438	Cintas Corporation	215.19	Maintenance of Building - MRF
79439	Davis Listman PLLC	1,517.62	Legal Services
79440	Fairbanks Scales, Inc.	3,857.00	Maintenance of Equipment - MRF
79441	GFL Environmental USA	103,000.00	Collection Contract
79442	J & J Ace Hardware	18.96	Supplies - CS
79443	Jay's Septic Tank Service	360.00	Maintenance of Equipment - TS
79444	Michigan Cat	1,446.28	Maintenance of Equipment TS
79445	Specialty Employment Services, Inc.	1,593.90	Temporary Staffing - MRF
79446	Teamsters Local #214	905.00	Union Dues
79447	Leadpoint	63,277.30	Temporary Staffing - MRF

SOCRRA  
CHECK WARRANT  
JUNE 2023

RRA 847  
ACCT. 1009

CHECK #	PAYEE	AMOUNT	PURPOSE
79448	ERG Environmental Services	30,733.03	HHW Service
79449	Fire Rover, LLC	2,210.00	Maintenance of Equipment - MRF
79450	Metro Wireless	0.00	Voided Check
79451	Center for Employment Opportunities	24,215.63	Temporary Staffing - MRF
79452	Metro Airport Truck	1,249.15	Maintenance of Equipment - TS
79453	Tringali Sanitation	16,879.17	Collection Contract
79454	Tringali Sanitation	24,272.66	Collection Contract
79455	Tringali Sanitation	53,399.88	Collection Contract
79456	Tringali Sanitation	1,243.28	Collection Contract
79457	Tringali Sanitation	16,287.00	Collection Contract
79458	Airgas USA, LLC	285.28	Supplies - TS, CS
79459	Car Trucking	45,081.37	Collection Contract
79460	Cintas Corporation	215.19	Maintenance of Building - MRF
79461	Fire Defense Equipment Co	735.54	Maintenance of Equipment - MH
79462	Home Depot Credit Services	386.85	Tools - MRF, TS
79463	J & J Ace Hardware	15.86	Supplies - CS
79464	The City of Madison Heights	362.72	Utilities - MH
79465	Mannik & Smith	1,425.00	Landfill Monitoring
79466	Messina Trucking, Inc.	3,680.00	Maintenance of Property & Grounds - CS
79467	Michigan Cat	609.65	Maintenance of Equipment - TS
79468	Michigan Municipal Risk Management Authority ECP	12,833.63	Utilities - MRF, TS
79469	RISI Inc	1,530.36	Yellow Sheet Subscription
79470	RKA Petroleum Cos., Inc.	4,860.45	Fuel - CS
79471	The City of Rochester Hills Water and Sewer	14,002.45	Landfill Sewer
79472	Rose Pest Solutions	216.00	Maintenance of Property & Grounds - TS
79473	Specialty Employment Services, Inc.	3,081.54	Temporary Staffing - MRF
79474	Tringali Sanitation	302,224.33	Collection Contract
79475	SOCWA	15,000.00	Office Rental
79476	Leadpoint	29,408.27	Temporary Staffing - MRF
79477	Premier Properties & Management	4,088.51	Rental Properties Maintenance, Management
79478	eCycle Opportunities, LLC	10,180.70	Electronics Recycling - MRF
79479	Progressive Sweeping Contractors, Inc.	666.60	Maintenance of Property & Grounds - TS
79480	TIREMAXX	1,262.00	Maintenance of Property & Grounds - CS
79481	TWN Consulting LLC	300.00	Consulting
79482	GFL Environmental USA	196.00	Collection Contract

SOCRRA  
CHECK WARRANT  
JUNE 2023

RRA 847  
ACCT. 1009

CHECK #	PAYEE	AMOUNT	PURPOSE
79483	GFL Environmental USA	1,236.32	Collection Contract
79484	GFL Environmental USA	96,822.02	Collection Contract
79485	GFL Environmental USA	103,000.00	Collection Contract
79486	A.R.C. Welding & Repair	12,165.00	West Compactor Hopper Project - TS
79487	Car Trucking	97,714.08	Collection Contract
79488	GFL Environmental USA (Adv)	278,043.58	Waste Disposal
79489	Accent Wire Holdings, LLC	22,755.85	Baler Expenses
79490	Alta Equipment Company	547.80	Maintenance of Equipment - CS
79491	Car Trucking	119,293.81	Collection Contract
79492	Cintas Corporation	645.57	Maintenance of Building - MRF
79493	Fire Defense Equipment Co	506.06	Maintenance of Equipment - CS
79494	GFL Environmental USA	6,862.50	Collection Contract
79495	Home Depot Credit Services	620.22	Maintenance of Equipment - MRF, CS, Supplies - MRF
79496	Infoview Systems, Inc.	5,000.00	Construction in Process - New Scale Software
79497	Michigan Cat	5,967.14	Maintenance of Equipment - MRF, TS
79498	O'Reilly Auto Parts	13.28	Maintenance of Equipment - CS
79499	Plante & Moran	568.75	PM GAP Consulting
79500	The Print Stop Inc.	680.00	Miscellaneous Expense
79501	Propane Services/Superior Plus Energy Services	782.60	Fuel - MRF
79502	RKA Petroleum Cos., Inc.	2,421.27	Fuel - TS
79503	Specialty Employment Services, Inc.	1,842.65	Temporary Staffing - MRF
79504	Standard Insurance Company	516.30	Life Insurance
79505	City of Troy - Water	484.47	Utilities
79506	Uline	1,441.70	Supplies - MRF
79507	SOCWA	11,307.31	Reimburse SOCWA Payroll
79508	Hubbell, Roth & Clark, Inc	7,987.97	Construction in Process - Troy Exit Repair Project, Stack Inspection
79509	Leadpoint	52,429.86	Temporary Staffing - MRF
79510	Great Lakes Lubricants	224.40	Maintenance of Equipment - CS
79511	Strategic Materials, Inc	14,644.39	Glass Recycling
79512	Alerus Financial	2,192.35	Deferred Compensation
79513	The Huntington National Bank	17,339.10	Compost Screener & Grinder
79514	Michigan Conference of Teamsters Welfare Fund	16,685.50	Health Insurance
79515	Progressive Sweeping Contractors, Inc.	2,066.46	Maintenance of Property & Grounds - TS
79516	Green Meadows Lawnscape, Inc	709.29	Maintenance of Property & Grounds - TS
79517	Center for Employment Opportunities	22,985.63	Temporary Staffing - MRF

SOCRRRA  
CHECK WARRANT  
JUNE 2023

RRA 847  
ACCT. 1009

CHECK #	PAYEE	AMOUNT	PURPOSE
79518	Tringali Sanitation	777.05	Collection Contract
79519	Tringali Sanitation	1,554.10	Collection Contract
79520	Tringali Sanitation	6,496.15	Collection Contract
79521	Tringali Sanitation	580.00	Collection Contract
EPAY	Alerus Financial	16,440.17	Defined Benefit Pension
EPAY	Comcast	196.13	Internet/Security - MRF, CS
EPAY	Consumers Energy	1,233.46	Natural Gas Service - MRF, CS
EPAY	DTE Energy	2,935.14	Electric Service - Landfill, MH
EPAY	Flagstar Bank	4,583.93	Credit Card - Detail on Page 5
EPAY	Metro Wireless	275.55	Internet/Security - MRF, CS
EPAY	WOW! Business	250.15	Internet/Security - MH
WIRE	Zions Bank	677,917.93	Bond Payable Series B

**2,739,220.83**

1020 OPERATION & MAINTENANCE FUND

**2,739,220.83**

I HEREBY CERTIFY THAT I HAVE EXAMINED THE INVOICES COVERED BY THE ABOVE VOUCHERS FOR RECEIPT OF MATERIALS OR SERVICES RENDERED AND THAT THE PRICES AND COMPUTATIONS ARE CORRECT.

\_\_\_\_\_  
Treasurer

\_\_\_\_\_  
General Manager

\_\_\_\_\_  
Secretary

The payments listed above were presented to the board of Trustees and were reviewed with no objection July 12, 2023.



SOCRRA  
CHECK WARRANT  
JUNE 2023

RRA 847  
ACCT. 1009

PAYEE		AMOUNT	PURPOSE
EPAY	Flagstar Credit Card - Detail	57.27	Personnel Improvement
		59.67	Administrative and Office
		35.00	PayPal/Square Fees
		38.70	Personal Safety Equipment
		47.46	Personnel Improvement
		320.71	Travel and Conference
		11.77	Personal Safety Equipment
		55.88	Personnel Improvement
		34.90	Supplies
		12.90	Supplies
		391.65	Administrative and Office
		39.94	Administrative and Office
		68.07	Personnel Improvement
		259.99	Maintenance of Building
		49.25	Personnel Improvement
		77.92	Fuel
		40.16	Personnel Improvement
		533.08	Personnel Improvement
		55.85	Personnel Improvement
		213.17	Personnel Improvement
		264.21	Personnel Improvement
		34.15	Personnel Improvement
		34.49	Personnel Improvement
		20.00	Maintenance of Equipment
		107.64	Maintenance of Equipment
		294.42	Personnel Improvement
		138.10	Administrative and Office
		34.67	Personnel Improvement
		468.97	Personnel Improvement
		676.30	Personnel Improvement
		107.64	Maintenance of Equipment (charged twice in error, no receipt. Credit in July)

**4,583.93**

**SOCRRA TONNAGE ANALYSIS**  
June 2023

Municipality	MSW			Compost			Recyclables			Total		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Berkley	598.32	573.47	584.49	213.82	249.17	202.50	139.88	129.79	123.87	952.02	952.43	910.86
Beverly Hills	405.15	338.13	284.83	231.25	235.00	171.25	133.51	106.11	88.86	769.91	679.24	544.94
Birmingham	894.17	910.38	917.48	225.00	275.83	279.17	235.31	220.89	223.08	1,354.48	1,407.10	1,419.73
Clawson	581.73	576.53	533.95	177.50	238.75	176.25	105.88	95.60	81.91	865.11	910.88	792.11
Ferndale	1,000.25	943.34	882.49	230.00	240.00	182.50	198.24	165.05	150.90	1,428.49	1,348.39	1,215.89
Hazel Park	730.66	688.31	648.39	174.00	192.00	156.00	76.79	87.27	67.47	981.45	967.58	871.86
Huntington Woods	227.03	231.29	165.12	86.25	110.00	65.00	103.76	86.46	61.01	417.04	427.75	291.13
Lathrup Village	179.32	162.80	124.79	70.00	65.00	47.50	28.71	20.21	23.90	278.03	248.01	196.19
Oak Park	940.58	875.24	1,077.58	222.50	376.00	192.00	127.34	87.69	120.34	1,290.42	1,338.93	1,389.92
Pleasant Ridge	92.31	69.44	76.79	55.00	48.75	40.00	37.53	33.09	18.03	184.84	151.28	134.82
Royal Oak	2,220.99	2,118.99	2,026.69	876.00	1,068.83	894.33	528.53	456.14	466.59	3,625.52	3,643.96	3,387.61
Troy	<u>2,876.96</u>	<u>2,752.85</u>	<u>2,492.53</u>	<u>1,131.25</u>	<u>1,193.33</u>	<u>1,003.75</u>	<u>621.59</u>	<u>566.67</u>	<u>503.61</u>	<u>4,629.80</u>	<u>4,512.85</u>	<u>3,999.89</u>
	10,747.47	10,240.77	9,815.13	3,692.57	4,292.66	3,410.25	2,337.07	2,054.97	1,929.57	16,777.11	16,588.40	15,154.95
Other Customers	4,047.03	5,358.62	3,736.86	0.00	0.00	0.00	726.66	680.59	810.13	4,773.69	6,039.21	4,546.99
Authority	14,794.50	15,599.39	13,551.99	3,692.57	4,292.66	3,410.25	3,063.73	2,735.56	2,739.70	21,550.80	22,627.61	19,701.94

**SOCRRA TONNAGE PERCENTAGES**

**June 2023**

	<b>MSW</b>	<b>Compost</b>	<b>Recyclables</b>
	Percentage of City's	Percentage of City's	Percentage of City's
	Total Waste Stream	Total Waste Stream	Total Waste Stream
<u>Municipality</u>			
Berkley	63%	24%	13%
Beverly Hills	52%	32%	16%
Birmingham	65%	20%	15%
Clawson	68%	22%	10%
Ferndale	73%	15%	12%
Hazel Park	74%	18%	8%
Huntington Woods	57%	22%	21%
Lathrup Village	64%	24%	12%
Oak Park	77%	14%	9%
Pleasant Ridge	57%	30%	13%
Royal Oak	60%	26%	14%
Troy	62%	25%	13%

**SOCRRA**  
**Income Statement**  
**06/01/23 - 06/30/23**

	<b>Actual-Period</b>	<b>Budget-Period</b>	<b>Variance</b>
<b>REVENUES</b>			
MEMBER MSW	1,825,335.81	1,795,344.00	29,991.81
MONTHLY SURCHARGE	94,001.00	94,001.00	0.00
NON-MEMBER MSW	146,227.95	150,000.00	(3,772.05)
NON-MEMBER YARD WASTE	0.00	3,000.00	(3,000.00)
<b>TOTAL REVENUES</b>	<b>2,065,564.76</b>	<b>2,042,345.00</b>	<b>23,219.76</b>
<b>SALE OF RECYCLED MATERIAL</b>			
MIXED PAPER	18,958.70	47,000.00	(28,041.30)
NEWSPAPER	0.00	0.00	0.00
CARDBOARD	47,856.30	68,000.00	(20,143.70)
SORTED OFFICE PAPER	0.00	1,000.00	(1,000.00)
PLASTICS	28,633.98	19,000.00	9,633.98
SCRAP METAL	10,684.45	10,000.00	684.45
ALUMINUM CANS	24,142.80	10,000.00	14,142.80
TIN CANS	7,651.70	11,000.00	(3,348.30)
MIXED RECYCLING - OTHERS	63,234.95	50,000.00	13,234.95
BATTERIES	0.00	500.00	(500.00)
<b>TOTAL SALE OF RECYCLED MATERIAL</b>	<b>201,162.88</b>	<b>216,500.00</b>	<b>(15,337.12)</b>
<b>OTHER INCOME</b>			
COMPOST	37,918.00	25,000.00	12,918.00
RENTAL INCOME	11,115.00	10,500.00	615.00
INTEREST ON INVESTMENTS	8,315.85	2,500.00	5,815.85
GRANT REVENUE	0.00	0.00	0.00
MISC INCOME	109,991.18	2,000.00	107,991.18
<b>TOTAL OTHER INCOME</b>	<b>167,340.03</b>	<b>40,000.00</b>	<b>127,340.03</b>
<b>TOTAL REVENUES</b>	<b>2,434,067.67</b>	<b>2,298,845.00</b>	<b>135,222.67</b>
<b>EXPENSES</b>			
MADISON HEIGHTS TRANSFER STATION	3,529.03	6,000.00	(2,470.97)
TROY TRANSFER STATION	332,855.53	1,108,527.00	(775,671.47)
MATERIAL RECOVERY FACILITY	302,014.85	180,800.00	121,214.85
HOUSEHOLD HAZARDOUS WASTE	13,566.71	57,750.00	(44,183.29)
COMPOST FACILITY	27,616.89	50,850.00	(23,233.11)
ADMINISTRATIVE AND GENERAL	63,883.65	131,479.00	(67,595.35)
COLLECTION CONTRACT EXPENSES	1,099,732.40	3,275,003.00	(2,175,270.60)
<b>TOTAL EXPENSES</b>	<b>1,843,199.06</b>	<b>4,810,409.00</b>	<b>(2,967,209.94)</b>
<b>REVENUE OVER EXPENSES</b>	<b>590,868.61</b>	<b>(2,511,564.00)</b>	<b>3,102,432.61</b>

**SOCRRA**  
**Income Statement**  
**07/01/22 - 06/30/23**

	<b>Actual-Period</b>	<b>Budget-Period</b>	<b>Variance</b>
<b>REVENUES</b>			
MEMBER MSW	21,923,313.19	21,544,183.00	379,130.19
MONTHLY SURCHARGE	1,128,012.00	1,128,012.00	0.00
NON-MEMBER MSW	1,782,295.54	1,615,000.00	167,295.54
NON-MEMBER YARD WASTE	19,070.00	30,000.00	(10,930.00)
<b>TOTAL REVENUES</b>	<b>24,852,690.73</b>	<b>24,317,195.00</b>	<b>535,495.73</b>
<b>SALE OF RECYCLED MATERIAL</b>			
MIXED PAPER	205,045.24	569,000.00	(363,954.76)
NEWSPAPER	60,799.14	6,000.00	54,799.14
CARDBOARD	591,971.14	821,000.00	(229,028.86)
SORTED OFFICE PAPER	19,715.27	8,000.00	11,715.27
PLASTICS	277,916.58	240,000.00	37,916.58
SCRAP METAL	101,349.04	109,000.00	(7,650.96)
ALUMINUM CANS	192,628.46	130,000.00	62,628.46
TIN CANS	105,040.10	129,000.00	(23,959.90)
MIXED RECYCLING - OTHERS	636,487.96	615,000.00	21,487.96
BATTERIES	513.00	5,000.00	(4,487.00)
<b>TOTAL SALE OF RECYCLED MATERIAL</b>	<b>2,191,465.93</b>	<b>2,632,000.00</b>	<b>(440,534.07)</b>
<b>OTHER INCOME</b>			
COMPOST	140,399.00	160,000.00	(19,601.00)
RENTAL INCOME	127,680.00	125,000.00	2,680.00
INTEREST ON INVESTMENTS	83,966.07	30,000.00	53,966.07
GRANT REVENUE	131,843.05	0.00	131,843.05
MISC INCOME	165,931.90	25,000.00	140,931.90
<b>TOTAL OTHER INCOME</b>	<b>649,820.02</b>	<b>340,000.00</b>	<b>309,820.02</b>
<b>TOTAL REVENUES</b>	<b>27,693,976.68</b>	<b>27,289,195.00</b>	<b>404,781.68</b>
<b>EXPENSES</b>			
MADISON HEIGHTS TRANSFER STATION	38,744.35	176,000.00	(137,255.65)
TROY TRANSFER STATION	3,547,479.32	4,399,400.00	(851,920.68)
MATERIAL RECOVERY FACILITY	2,754,395.04	2,303,000.00	451,395.04
HOUSEHOLD HAZARDOUS WASTE	468,542.57	508,000.00	(39,457.43)
COMPOST FACILITY	494,441.68	626,000.00	(131,558.32)
ADMINISTRATIVE AND GENERAL	1,436,344.47	1,426,600.00	9,744.47
COLLECTION CONTRACT EXPENSES	13,195,192.23	15,100,000.00	(1,904,807.77)
IN TRANSIT	3,205,813.23	0.00	3,205,813.23
<b>TOTAL EXPENSES</b>	<b>25,140,952.89</b>	<b>24,539,000.00</b>	<b>601,952.89</b>
<b>REVENUE OVER EXPENSES</b>	<b>2,553,023.79</b>	<b>2,750,195.00</b>	<b>(197,171.21)</b>

**SOCRRA**  
**FINANCIAL STATUS SUMMARY**  
**JUNE 2022 - JUNE 2023**

<u>Date</u>	<u>Unrestricted Cash</u>	<u>Working Capital</u>	<u>% of Goal</u>
6/30/2022	2,888,685	2,123,953	120.3%
7/29/2022	3,288,096	2,295,756	124.7%
8/31/2022	2,928,549	2,467,394	134.1%
9/30/2022	3,886,196	2,726,868	143.2%
10/31/2022	4,245,763	3,025,790	164.4%
11/30/2022	3,755,618	3,038,595	165.1%
12/29/2022	3,106,580	2,182,677	118.6%
1/31/2023	3,925,624	2,233,300	121.3%
2/28/2023	3,810,234	2,220,114	120.6%
3/31/2023	3,069,583	2,413,364	131.1%
4/28/2023	3,491,970	2,611,986	141.9%
5/31/2023	3,566,140	2,746,573	149.2%
6/30/2023	3,222,095	2,279,178	123.8%

**COMPOST PRODUCED & DELIVERED**  
*October 3, 2022 to July 1, 2023*

<b>Community</b>	<b>Finished Compost Received (cu. yds.)</b>	<b>Estimated Value</b>
Berkley	540	\$8,100
Beverly Hills	240	\$3,600
Birmingham	360	\$5,400
Clawson	600	\$9,000
Ferndale	0	\$0
Hazel Park	1,080	\$16,200
Huntington Woods	300	\$4,500
Lathrup Village	60	\$900
Oak Park	660	\$9,900
Pleasant Ridge	180	\$2,700
Royal Oak	1,380	\$20,700
Troy	842	\$12,630
	6,242	\$93,630
<b>SOCRRA activities</b>	0	\$0
<b>Rochester Hills residents</b>	215	\$3,225
<b>Cash Customers</b>	1,234	\$18,515
<b>Account Customers</b>	12,289	\$122,890
<b>Donations</b>	17	\$255
<b>TOTAL YARDS</b>	19,997	

June 20, 2023

Board of Trustees  
SOCRRA

Subject: Scale Software Upgrade

Board Members:

We have completed and implemented the upgrade of our scale software to a modern web-based platform. We are now ready to begin improving the software to meet our business needs. I have attached a proposal from Infoview systems, our scale software vendor, to make six improvements to the software. The improvements on the attached proposal consist of several software revisions that improve both our daily operations in the field and improve our ticket processing in the office.

I am recommending that the Board authorize our IT consultant, Infoview Systems, to revise the scale software at a cost not to exceed \$8,295 under the Professional Services section of SOCRRA's Purchasing Policy. This will be a capital expenditure and is budgeted in our capital improvement program for 2023/24.

We anticipate several additional software revisions in the next several months.

Respectfully submitted,

Jeffrey A. McKeen, P.E.  
General Manager

Suggested Resolution: "That the Board authorize Infoview Services to revise the scale software at a cost not to exceed \$8,295 under the Professional Services section of SOCRRA's Purchasing Policy."



## **CS60208 - Socrra Scale Application Change Request v1.0**

Proposal Presented by Infoview Systems Inc.

Michael O'Meara, President

Dmitriy Kuznetsov, VP Integration & Cloud Solutions

Satya Sekhar Das Mandal, CTO

## Revision History

Version	Date	Author	Notes
1.0	06/13/2023	Mike O'Meara	Initial release of document first 5 requirements
2.0	06/27/2023	Mike O'Meara	Update per Socrra requirements priority

## Overview

SOCRRA is a municipal corporation founded in the early '50s. SOCRRA consists of twelve member municipalities with a total population of approximately 283,000 and covers an area of 75 square miles. Member cities are Berkley, Beverly Hills, Birmingham, Clawson, Ferndale, Hazel Park, Huntington Woods, Lathrup Village, Oak Park, Pleasant Ridge, Royal Oak and Troy.

SOCRRA is governed by a twelve member Board of Trustees, one member representing each of the constituent municipalities. Member voting power is based on individual member municipality refuse tonnage delivered to the Authority's facilities.

SOCRRA operates a Transfer Station in Troy (on Coolidge north of 14 Mile) and a compost site in Rochester Hills. The Troy facility receives and compacts the mixed municipal solid waste for transfer to a private landfill for disposal. SOCRRA also operates a Material Recovery Facility (MRF) on Coolidge north of 14 Mile that receives recyclable materials collected at curbside by the member municipalities. These recyclables are delivered to the MRF where the material is weighed and placed on the various processing conveyors for further sorting and baling for shipment to markets. The MRF is designed to process 100 tons per day in an eight-hour shift, or 26,000 tons per year.

SOCRRA requests changes – enhancements to the recently deployed (June 1, 2023) WasteDB Scale Application as defined in this document.

The purpose of this document is to provide the scope and the estimated level of effort for enhancing the recent production deployment of the WasteDB Scale Application as per SOCRRA change request requirements below.

## Scope and Success Criteria

SOCRRA defined requirements documented by Infoview Systems SME (system matter expert) are developed and internally tested by Infoview Systems, and ultimately approved via SOCRRA user acceptance testing and migrated to the production environment.

### Change Request for WasteDB Scale Application:

1. Ticket Record (Admin & POS)
  - Credit memo's will be assigned the date of the original ticket instead of using the current date/time for its start/end dates.
2. Invoice omit certain items
  - Omit items from the invoice per PDF specification from SME
3. Invoice allow for discount
  - Modify customer table, UI maintenance over customer table adding fields for Discount (bit), Discount Item (int), Discount Percent (decimal), Tonnage Threshold (decimal).
  - When invoice is generated, if Discount (bit) is turned on, check if the Discount Item exists on the invoice and, if so, check if the total quantity meets or exceeds the Tonnage Threshold. If it does, then apply Discount Percent to the invoice total and show it on the summary page.
4. Truck Edit
  - Add a button to delete a truck tare from the popup screen that displays a trucks stored tares.
5. Rate Table Pricing
  - Provide ease of updating rate tables at fiscal yearend
  - Modify rate table (tblRateTableDetail) with
    - Next - Price, date, Min Charge, Min Charge Date
    - Last - Price, Min Charge
  - Modify daily SQL routine to incorporate updating rate tables with customer(s) and material(s)
6. Compost Quick Ticket
  - Create truck called Compost for SOCRRA that weighs a fixed amount.
  - Create new compost ticket entry screen by quick ticket that receives yards or cylinders as the quantity of the material
  - Add to configuration the ability to equate one yard or one cylinder weighs X amount of pounds or tons

## Assumptions and Out of Scope items

1. SOCRRA team will provide necessary infrastructure to deploy the application. All the cost will be borne by SOCRRA team only.
2. SOCRRA team will provide access and necessary user credentials to the development team to all project resources in the test and productions environments.

3. SOCRRA team will provide detailed requirements, data models, filtering rules, DB queries, and detailed mapping / transformations (if any).
4. SOCRRA team will provide contact information for third party project teams as needed.
5. SOCRRA along with Infoview Systems SME / project lead will organize and lead joint project design and testing sessions with internal and third parties.

### Project Cost Model:

The project is offered as a good faith time and material estimate and determined based on the scope discussions, assumptions above, and fully align with IT SDLC standards. A breakdown of the total costs by project phase is featured below in USD for budgeting and planning purposes and will be invoiced according to the exact schedule and terms as featured under *Invoice and Payment Terms*.

Task	Cost, USD
Analysis, Build, Unit testing, Regression Testing	6,175
User Acceptance Test, Deployment to Production Environment	660
SME, Project Management	800
Hyper Care Post Deployment to Production	660
<b>Total Cost, USD</b>	<b>8,295</b>

1. Discovery, Architecture, Design - workshops or sessions with the teams, analysis of most recent documents and source code
2. Build - incremental delivery of the requirements in scope, and internal testing
3. SME and developer testing, troubleshooting, regression testing
4. UAT - regression testing with business teams, troubleshooting

### Project Timelines

Provided for budgeting and planning purposes. Actual delivery time of the phases and deliverables reflected below may slightly differ from actual implementation time.

Week 1	Week 2	Week 3
Analysis, Build, Unit testing, Regression Testing		
UAT, Deployment Prod, SME, PM, Hyper Care		

## Terms of Engagement

The project costs are determined on a time and material basis, per scope, deliverables, and assumptions specified in this document. Please refer to the *Invoice and Payment Terms* section for more details regarding the payment schedule.

The following items are excluded from the costs and timeline estimates:

1. Costs associated with changes in scope - refer to *Change Management* section below for more details
2. Costs associated with loss of time due to outages and system unavailability
3. Travel expenses for onsite tasks
4. Applicable taxes

## Change Management

After the baseline requirements and budget have been finalized, any material deviations will be handled via *Change Request* for Socrra approval.

## Travel Expenses

This document does not include the travel expenses estimate. Where onsite presence is required, Socrra will reimburse Infoview Systems Inc for any travel expenses that occur during this engagement, subject to Socrra approval and policies.

## Invoice and Payment Terms

Upon receipt of the project authorization to proceed, Socrra will ensure Infoview Systems, Inc. receives an approved purchase order or signed SOW. Should purchase order be issued the amount should reflect the suggested total effort. Infoview Systems will invoice Socrra monthly and Socrra will pay Infoview Systems Inc within thirty (30) days of the invoice date of each invoice, properly prepared, and submitted. Invoice currency will be USD. A PDF copy of the executed purchase order or executed SOW should be sent to

[Accounting@InfoviewSystems.com](mailto:Accounting@InfoviewSystems.com).

## Works for Hire

Infoview Systems Inc. shall perform faithfully and diligently for Socrra the professional services described within this Statement of Work. Infoview Systems Inc. shall provide labor necessary to perform the Services. Infoview Systems Inc. will coordinate its activities with and report to a representative to be designated by Socrra, or its designee. Infoview Systems Inc. shall devote such working time as is necessary to the proper performance of the Services as promptly as possible.

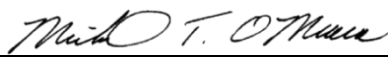


Infoview Systems Inc. agrees that any deliverables provided to Socrra in connection with the Services, unless otherwise specified within this Statement of Work, shall constitute “works for hire” within the meaning of the United States copyright laws, 17 U.S.C. Sec. 101 et seq.; a “work made in the course of employment” within the meaning of the Canadian Copyright Act Sec. 13(3); and equivalent status under any other applicable copyright statutes and regulations, and hereby conveys all right, title and interest in such deliverables to Socrra.

## Approvals

Socrra

Name	Title	Signature	Date

Infoview Systems Inc.

Name	Title	Signature	Date
Mike O’Meara	President		06/27/2023
Dmitriy Kuznetsov	VP Integration and Cloud Solutions		06/27/2023
Satya Sekhar Das Mandal	CTO		06/27/2023

# Business Requirements Document

Socrra Scale Application Change Request – CS60208 CR v1.0

## Revision History

Version	Date	Author	Notes
1.0	06/13/2023	Mike O'Meara	Initial release of the document first 5 requirements
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## Estimates time and material

Task	Estimated hours
Analysis, Build, Unit testing, Regression Testing	95
User Acceptance Test, Deployment to Production Environment	8
SME, Project Management	8
Hyper Care Post Deployment to Production	8
<b>Total</b>	<b>119</b>

The costs above are provided as good faith time and material estimates and are determined based on the scope discussions, assumptions above, and fully align with IT SDLC standards:

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2. Build - incremental delivery of the requirements in scope, and internal testing
3. SME and developer testing, troubleshooting, regression testing
4. UAT - regression testing with business teams, troubleshooting

July 6, 2023

Board of Trustees  
SOCRRA

Subject: Operations Update

Board Members:

SOCRRA operations have continued in a normal fashion during June.

#### Collection

The collection contractors were able to remain on schedule for all of June. GFL and Tringali continue to collect later into the evenings as has been typical in recent months.

June 2023 had the same number of collection days as June 2022, therefore we would expect to see no change in tonnage if everything else was equal. Both refuse and recycling tonnage was lower than expected. Yard waste was significantly lower than last year, probably due to the dry weather for most of June. Refuse tonnage was lower than the same week in the prior year for 13 of the 18 weeks between March and June of 2023. It appears that the lower refuse tonnage trend is continuing.

	<u>June</u> <u>2023 tons</u>	<u>June</u> <u>2022 tons</u>	<u>% change</u>
Refuse	9,815	10,241	- 4.2%
Recycling	1,930	2,055	- 6.1%
Yard Waste	<u>3,410</u>	<u>4,293</u>	- <u>20.6%</u>
TOTAL	15,155	16,589	- 8.6%

#### SOCRRA Operations

SOCRRA operations at the Transfer Station were normal throughout June but we did have several days when we were unable to clean the floor. These were caused by a combination of late refuse deliveries by our contractors, GFL having an inadequate number of empty trailers available throughout the day and landfill issues. Mr. Davis and I submitted the appropriate penalty letter to GFL for the days when not having the floor cleaned was clearly the fault of GFL. We also brought in another hauling contractor on Tuesday, June 27, in order to place additional pressure on GFL to improve their performance. GFL's performance has been consistently better since then. The construction work to address the damaged concrete beam over the exit door of the Transfer Station has been completed and GFL has been billed for the repairs.

The amount of non-SOCRRA trash was 31% lower in June 2023 compared with June 2022 and was 18% lower than budgeted. The reduced tonnage was partly due to GFL's operating problems discussed above.

Between Leadpoint and CEO, the MRF is close to being fully staffed with sorters on most days.

The AMP sorting robot has been fully operational since August 1. For the month of June, the robot had 99% uptime with an average of 59 pick attempts per minute (attempts to pick up PP or HDPE natural objects) from the average 140 PP or HDPE natural objects per minute that were available on the container line. This is consistent with the performance specifications provided by AMP. The robot uptime was at least 96% every day of June.

EGLE and Glacier Robotics are working to complete their grant agreement. We have supplied some comments to Glacier regarding EGLE's treatment of costs that will be incurred by SOCRRA. With this draft agreement in hand, we can complete the other agreements required for the Glacier Project. These include agreements between SOCRRA and Glacier Robotics, The Carton Council, The Recycling Partnership and The Food Packaging Institute. These grant agreements will be presented to the Board as they are completed.

We have received proposals from AMP Robotics for three potential robot applications: on the container line between the existing robot and the magnet that would sort paper from the container line, on the residue line (at the end of the container line) to recover recyclables that did not get recovered during initial sorting and on the newspaper line to remove plastic film. SOCRRA staff is reviewing the proposals and determining our priorities. I have reviewed these projects, along with the installation of an optical sort system, with representatives of The Closed Loop Fund (CLF). CLF provides low interest loans for MRF improvement projects. These projects may be eligible for grant funding from both EGLE and The Recycling Partnership.

The optical sort system would be installed at the beginning of the container line and would sort and recover residual paper from the container stream and PET (water bottles). Optical sort systems are similar to robotic systems in that they use an artificial intelligence system to identify the materials on the conveyor. However, they use a series of compressed air nozzles to blow the selected materials off the conveyor belt into the appropriate conveyor for delivery to a storage bunker. Optical sort systems can handle a significantly higher number of items when compared with robotic systems. However, they are significantly more expensive since they require the installation of several new conveyor belts.

We are awaiting feedback from the CLF before developing a formal plan for MRF improvements.

Our grant application to EGLE's Recycling Quality Improvement grant program for the communities of Berkley, Oak Park and Troy was funded by EGLE. We are working with The Recycling Partnership, which is running this grant program for EGLE, to develop the data necessary for this project. We will be working with the three communities to develop a schedule for the grant activities.

We have interviewed two good candidates for our open mechanic positions at the MRF. They are at various stages in our hiring process.

July prices for cardboard and mixed paper were unchanged after steady increases over the past three months. Both prices are higher than budgeted for the new fiscal year. Sorted office paper, which is a minor product for SOCRRA, declined by 8% and has declined for nine consecutive months. Plastic prices for July decreased for all types, 27% for natural PE, 11% for PE color and by 30% for PET. We are continuing to receive new pricing for each load of plastic we ship.

This is a sign of continuing volatility in the plastics market. Prices for all three types of plastic are lower than budgeted for this year.

Metal prices for June decreased by 15% for tin cans, by 18% for scrap metal and by 9% for aluminum. Revenue from the sale of recycled material was 17% below budget in June. For the fiscal year, revenue from the sale of recycled material is 23% below budget.

The number of recycling drop-off appointments increased in June to 4,172 compared with 4,104 in May and 3,859 appointments in June of 2022. Every day in June was fully booked but we were able to maintain availability of next day appointments until late in the afternoon throughout the month. We routinely have five to seven days with available appointments. For the fiscal year, we had a total of 43,871 appointments, which is a 5% increase from the number of appointments made in 2021/22.

We are continuing our schedule of Saturday appointments being available about every other week. We had Saturday appointments available for three Saturdays in May. None of those Saturdays were fully booked with appointments. Our current Saturday schedule is as follows:

July 8, 22  
August 5, 19, 26  
September 9, 23

We continue to closely monitor the number of available appointments. We also successfully tested opening additional appointments for the Friday before Memorial Day when the typical number of appointments were filled early on the previous day. We closely monitor available appointments to determine if additional appointments should be opened.

The Compost Site staff is working through the material that was stockpiled while the grinder was out of service. We have a large amount of finished compost on hand. Please let the SOCRRA office know if you need compost delivered. Compost sales during June were 34% greater than planned.

We are continuing to work with Plante Moran GAP to implement a process for handling fixed assets in our accounting system. This is an area of historic weakness in our audit preparation work which should be addressed for the 2023 audit. The plan includes handling our fixed asset work for 2023 and cleaning up the lingering items from prior years. Our goal is to have this work complete before the beginning of the annual audit.

Respectfully submitted,

Jeffrey A. McKeen, P.E.  
General Manager

Suggested Resolution: "That the report on Operations Update be received and filed."

June 15, 2023

Board of Trustees  
SOCRRA

Subject: Annual Actuarial Valuation Report - MERS

Board Members:

We have received a copy of the Annual Actuarial Valuation Report as of December 31, 2022, covering SOCRRA's participation in the Michigan Municipal Employees' Retirement System (MERS). A copy of this report is attached.

Funding Level

As of December 31, 2022, the Authority's retirement program was 79% funded, which is a slight decrease from the 80% funding as of December 31, 2021. The decrease in funding level was primarily due to the -10.6% return on the MERS investment portfolio during 2022. The impact of the 2022 market losses was mitigated by MERS' asset smoothing policy, which is described below, and the incremental pension contribution we made in 2022. The funding level for each of the last five years is listed below. The funding levels for 2022 were 83% for the plan for non-supervisory employees, 63% for the plan for supervisory employees and 97% for employees hired after July 1, 2010.

SOCRRA shares the responsibility for the pension plan for the SOCRRA/SOCWA administrative employees. This plan was 107% funded as of December 31, 2022, and there was no unfunded liability.

<b>Valuation Date December 31,</b>	<b>Funded Percent</b>
2018	67%
2019	63%
2020	71%
2021	80%
2022	79%

Based on MERS' investment returns in the first quarter of 2023, I estimate that SOCWA's overall funding level was 81% as of March 31, 2023.

Unfunded Accrued Liability

As of December 31, 2022, the Authority's unfunded accrued liability was \$1,395,511. This is an increase of \$124,523 (9.8%) over the unfunded accrued liability as of December 31, 2021. Our unfunded liability has decreased by over \$920,000 during the last three fiscal years.

Changes in Actuarial Calculations

MERS adopted a dedicated gains policy for the 2021 valuation. This policy uses excess market gains to lower the first-year impact on employer contributions. MERS reports that this policy

resulted in no change from the assumption of 7.0% annual rate of return in the valuation assets used in this actuarial study. MERS made no other assumption changes for the 2022 valuation.

MERS is continuing to offer the opportunity to phase-in the prior year assumption changes over several years. This results in lower pension contributions during the phase-in period but probably results in higher pension contributions after the phase-in period. SOCRRA's projected pension contributions for 2024/25 are presented in the table below for both the phase-in approach and for the full recognition of the assumption changes. MERS requires that the pension contributions for 2024/25 be at least the phase-in contribution amount, but they recommend that the full impact contributions be used to avoid significantly larger pension contributions in future years. We will decide which level of pension contributions to use as we develop our budget for 2024/25.

#### Asset Smoothing

In 2016, MERS revised the smoothing period used to value the plan assets from ten years to five years. MERS uses asset smoothing to reduce the amount of volatility in the actuarial funded percentage and the required employee contribution. As of December 31, 2022, the actuarial value of our plan assets was 116% of the market value, which is an increase from the 99% of market value that was used as of December 31, 2021. This means that meeting the actuarial assumption in the next few years will require average annual market returns that are greater than the 7.0% annual investment return assumption. MERS' average rate of return has been higher than the 7.0% assumption in three of the most recent five years.

#### Annual Cost

The following is a tabulation of the cost to SOCRRA for the Retirement Program:

<b>Fiscal Year</b>	<b>Percent of Payroll</b>	<b>Cost</b>
2020/21	19.18%	\$221,412
2021/22	22.58%	\$252,972
2022/23	16.89%	\$193,452
2023/24	15.12%	\$159,792
2024/25 full impact	16.50%	\$181,344
2024/25 phase-in	16.06%	\$176,448

The phased-in amount listed above allows SOCRRA to spread the increase of the new actuarial assumptions over several fiscal years.

As of December 31, 2022, 33 retirees and beneficiaries received annual pension benefits of \$454,683.

The 2023/24 budget for both SOCWA and SOCRRA include the full impact of the MERS assumption changes. In addition, we budgeted for an incremental \$195,000 contribution to the SOCRRA pension plan this fiscal year. The amount of incremental pension and OPEB trust contributions will be reviewed with the Board at the November Board meeting after we have finished calculating our OPEB unfunded liability as of June 30, 2023.

It is recommended that the Annual Actuarial Valuation Report be received and filed.

Respectfully submitted,

Jeffrey A. McKeen, P.E.  
General Manager

Suggested Resolution: "That the Annual Actuarial Valuation Report, covering SOCRRA's participation in the Michigan Municipal Employees Retirement System (MERS), be received and filed."





# Municipal Employees' Retirement System of Michigan

Annual Actuarial Valuation Report

December 31, 2022 - SE Oakland Co Rsrc Rec Auth (6310)





Spring 2023

SE Oakland Co Rsrc Rec Auth

In care of:  
Municipal Employees' Retirement System of Michigan  
1134 Municipal Way  
Lansing, Michigan 48917

This report presents the results of the Annual Actuarial Valuation, prepared for SE Oakland Co Rsrc Rec Auth (6310) as of December 31, 2022. The report includes the determination of liabilities and contribution rates resulting from the participation in the Municipal Employees' Retirement System of Michigan ("MERS"). This report contains the minimum actuarially determined contribution requirement, in alignment with the MERS Plan Document, Actuarial Policy, the Michigan Constitution, and governing statutes. SE Oakland Co Rsrc Rec Auth is responsible for the employer contributions needed to provide MERS benefits for its employees and former employees.

The purposes of this valuation are to:

- Measure funding progress as of December 31, 2022,
- Establish contribution requirements for the fiscal year beginning July 1, 2024,
- Provide information regarding the identification and assessment of risk,
- Provide actuarial information in connection with applicable Governmental Accounting Standards Board (GASB) statements, and
- Provide information to assist the local unit of government with state reporting requirements.

This valuation assumed the continuing ability of the plan sponsor to make the contributions necessary to fund this plan. A determination regarding whether or not the plan sponsor is actually able to do so is outside our scope of expertise and was not performed.

The findings in this report are based on data and other information through December 31, 2022. The valuation was based upon information furnished by MERS concerning Retirement System benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal reasonability and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by MERS.

The Municipal Employees' Retirement Act, PA 427 of 1984 and the MERS' Plan Document Article VI Sec. 71 (1)(d), provides the MERS Board with the authority to set actuarial assumptions and methods after consultation with the actuary. As the fiduciary of the plan, the MERS Retirement Board sets certain assumptions for funding and GASB purposes. These assumptions are reviewed regularly through a comprehensive study, most recently in the Fall of 2021. The MERS Retirement Board adopted a Dedicated Gains Policy at the February 17, 2022 Board meeting. The Dedicated Gains Policy automatically reduces the assumed rate of investment return in conjunction with recognizing excess investment gains to mitigate the impact on employer contributions the first year. The policy was effective with the December 31, 2021 annual actuarial valuation.

The Michigan Department of Treasury provides required assumptions to be used for purposes of Public Act 202 reporting. These assumptions are for reporting purposes only and do not impact required contributions. Please refer to the State Reporting page found at the end of this report for information for this filing.

For a full list of all the assumptions used, please refer to the division-specific assumptions described in table(s) in this report, and to the Appendix on the MERS website at:

<https://www.mersofmich.com/Portals/0/Assets/Resources/AAV-Appendix/MERS-2022AnnualActuarialValuation-Appendix.pdf>

**The actuarial assumptions used for this valuation, including the assumed rate of investment return, are reasonable for purposes of the measurement.**

This report reflects the impact of COVID-19 experience through December 31, 2022. At this time, no future assumptions have been adjusted as a result of COVID-19. Actual future experience will be reflected in each subsequent annual valuation, as experience emerges.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge, the information contained in this report is accurate and fairly presents the actuarial position of SE Oakland Co Rsrc Rec Auth as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board, and with applicable statutes.

Rebecca L. Stouffer, Mark Buis, Kurt Dosson, and Shana M. Neeson are members of the American Academy of Actuaries. These actuaries meet the Academy's Qualification Standards to render the actuarial opinions contained herein. The signing actuaries are independent of the plan sponsor. GRS maintains independent consulting agreements with certain local units of government for services unrelated to the actuarial consulting services provided in this report.



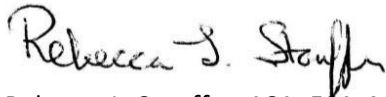
The Retirement Board of the Municipal Employees' Retirement System of Michigan confirms that the System provides for payment of the required employer contribution as described in Section 20m of Act No. 314 of 1965 (MCL 38.1140m).

This information is purely actuarial in nature. It is not intended to serve as a substitute for legal, accounting, or investment advice.

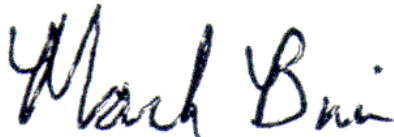
This report was prepared at the request of the MERS Retirement Board and may be provided only in its entirety by the municipality to other interested parties (MERS customarily provides the full report on request to associated third parties such as the auditor for the municipality). GRS is not responsible for the consequences of any unauthorized use. This report should not be relied on for any purpose other than the purposes described herein. Determinations of financial results, associated with the benefits described in this report, for purposes other than those identified above may be significantly different.

If you have reason to believe that the plan provisions are incorrectly described, that important plan provisions relevant to this valuation are not described, that conditions have changed since the calculations were made, that the information provided in this report is inaccurate or is in anyway incomplete, or if you need further information in order to make an informed decision on the subject matter in this report, please contact your Regional Manager at 1.800.767.MERS (6377).

Sincerely,  
Gabriel, Roeder, Smith & Company



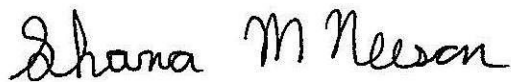
Rebecca L. Stouffer, ASA, FCA, MAAA



Mark Buis, FSA, FCA, EA, MAAA



Kurt Dosson, ASA, FCA, MAAA



Shana M. Neeson, ASA, FCA, MAAA



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# Executive Summary

## Funded Ratio

The funded ratio of a plan is the percentage of the dollar value of the actuarial accrued liability that is covered by the actuarial value of assets. While the funded ratio may be a useful plan measurement, understanding a plan's funding trend may be more important than a particular point in time. Refer to Table 7 to find a history of this information.

	12/31/2022	12/31/2021
Funded Ratio*	79%	80%

\* Reflects assets from Surplus divisions, if any.

Throughout this report are references to valuation results generated prior to the 2018 valuation date. Results prior to 2018 were received directly from the prior actuary or extracted from the previous valuation system by MERS's technology service provider.

## Required Employer Contributions

Your required employer contributions are shown in the following table. Employee contributions, if any, are in addition to the employer contributions.

Effective with the December 31, 2021 valuation, the MERS Retirement Board adopted a Dedicated Gains Policy which allows for recognition of asset gains in excess of a set threshold in combination with lowering the assumed rate of investment return. Effective with the 2020 and 2019 valuations respectively, the MERS Retirement Board adopted updated demographic and economic assumptions. The combined impact of the prior 2020 and 2019 demographic and economic assumption changes may be phased in. This valuation reflects the last year of phase-in. The combined impact of the past economic and demographic changes will be fully reflected in the 2023 annual actuarial valuation.

By default, MERS will invoice you based on the amount in the “No Phase-in” columns. This amount will be considered the minimum required contribution unless you request to be billed the “Phase-in” rates. If you wish to be billed using the phased-in rates, please contact MERS, at which point the alternate minimum required contribution will be the amount in the “Phase-in” columns.

	Percentage of Payroll				Monthly \$ Based on Projected Payroll			
	Phase-in	No Phase-in	Phase-in	No Phase-in	Phase-in	No Phase-in	Phase-in	No Phase-in
Valuation Date:	12/31/2022	12/31/2022	12/31/2021	12/31/2021	12/31/2022	12/31/2022	12/31/2021	12/31/2021
Fiscal Year Beginning:	July 1, 2024	July 1, 2024	July 1, 2023	July 1, 2023	July 1, 2024	July 1, 2024	July 1, 2023	July 1, 2023
Division								
01 - General	-	-	-	-	\$ 7,384	\$ 7,738	\$ 5,860	\$ 6,568
10 - Supervisory	28.70%	29.02%	26.99%	27.69%	4,802	4,856	4,183	4,291
HA - General after 7/1/10	4.92%	4.92%	4.85%	4.85%	2,518	2,518	2,457	2,457
<b>Total Municipality -</b>								
<b>Estimated Monthly Contribution</b>					\$ 14,704	\$ 15,112	\$ 12,500	\$ 13,316
<b>Total Municipality -</b>								
<b>Estimated Annual Contribution</b>					\$ 176,448	\$ 181,344	\$ 150,000	\$ 159,792

Employee contribution rates:

Valuation Date:	Employee Contribution Rate	
	12/31/2022	12/31/2021
Division		
01 - General	2.50%	2.50%
10 - Supervisory	2.50%	2.50%
HA - General after 7/1/10	0.00%	0.00%

The employer may contribute more than the minimum required contributions, as these additional contributions will earn investment income and may result in lower future contribution requirements. Employers making contributions in excess of the minimum requirements may elect to apply the excess contribution immediately to a particular division, or segregate the excess into one or more “Surplus” divisions. An election in the first case would immediately reduce any unfunded accrued liability and lower the amortization payments throughout the remaining amortization period. An election to set up one or more Surplus divisions would not immediately lower future contributions, however the assets from the Surplus division(s) could be transferred to an unfunded division in the future to reduce the unfunded liability in future years, or to be used to pay all or a portion of the minimum required contribution in a future year. For purposes of this report, the assets in any Surplus division have been included in the municipality’s total assets, unfunded accrued liability, and funded status; however, these assets are not used in calculating the minimum required contribution.

**MERS strongly encourages employers to contribute more than the minimum contribution shown above. With the implemented Dedicated Gains policy, market gains and losses will continue to be smoothed over**



**five years; however, since excess returns are used to lower the investment assumption, there will be fewer gains to smooth in down markets. Having additional funds in Surplus divisions will assist plans with navigating any market volatility.**

Assuming that experience of the plan meets actuarial assumptions:

- To accelerate to a 100% funding ratio in 10 years, estimated monthly employer contributions for the fiscal year beginning in 2024 for the entire employer would be \$19,377, instead of \$15,112.

### **How and Why Do These Numbers Change?**

In a defined benefit plan, contributions vary from one annual actuarial valuation to the next as a result of the following:

- Changes in benefit provisions (see Table 2),
- Changes in actuarial assumptions and methods (see the Appendix), and
- Experience of the plan (investment experience and demographic experience); this is the difference between actual experience of the plan and the actuarial assumptions.

These impacts are reflected in various tables in the report. For more information, please contact your Regional Manager.

## **Comments on Investment Rate of Return Assumption**

A defined benefit plan is funded by employer contributions, participant contributions, and investment earnings. Investment earnings have historically provided a significant portion of the funding. The larger the share of benefits being provided from investment returns, the smaller the required contributions, and vice versa. Determining the contributions required to prefund the promised retirement benefits requires an assumption of what investment earnings are expected to add to the fund over a long period of time. This is called the **Investment Return Assumption**.

The MERS Investment Return Assumption is **7.00%** per year. This, along with all of our other actuarial assumptions, is reviewed at least every five years in an Experience Study that compares the assumptions used against actual experience and recommends adjustments if necessary. If your municipality would like to explore contributions at lower assumed investment return assumptions, please review the “What If” projection scenarios later in this report.

## **Assumption and Method Change in 2022**

Effective February 17, 2022, the MERS Retirement Board adopted a dedicated gains policy that automatically lowers the assumed rate of investment return by using excess asset gains to mitigate large increases in required contributions to the Plan. Full details of this dedicated gains policy are available in the Actuarial Policy found on the MERS [website](#). Some goals of the dedicated gains policy are to:

- Provide a systematic approach to lower the assumed rate of investment return between experience studies, and
- Use excess gains to cover both the increase in normal cost and any increase in UAL payment the first contribution year after application (i.e., minimize the first-year impact (i.e., increase) in employer contributions).





The dedicated gains policy was implemented with the December 31, 2021 annual actuarial valuation and was reflected in the computed employer contribution amounts beginning in fiscal year 2023.

Investment performance measured for the one-year period ending December 31, 2022 did not result in excess gains for use in lowering the assumed rate of investment return. As a result, this assumption remains at 7.00%.

Furthermore, there were no other assumption or method changes in 2022.

## Protecting MI Pension Grant Program

On July 1, 2022, Michigan lawmakers passed the state budget for the 2022-23 fiscal year. As a part of the budget, \$750 million was earmarked for underfunded municipal pension plans in counties, cities, townships, villages and road commissions across the state. Known as the **Protecting MI Pension Grant Program**, the legislation is designed to support municipal plans that are under 60% funded.

As of the valuation date the amount of funds and list of grant recipients is not yet known. Any funds received by municipalities will be considered in a future valuation.

## Comments on Asset Smoothing

To avoid dramatic spikes and dips in annual contribution requirements due to short-term fluctuations in asset markets, MERS applies a technique called **asset smoothing**. This spreads out each year's investment gains or losses over the prior year and the following four years. After initial application of asset smoothing, remaining excess market gains are used to buy down the assumed rate of investment return and increase the level of valuation assets, to the extent allowed by the dedicated gains policy. This smoothing method is used to determine your actuarial value of assets (valuation assets), which is then used to determine both your funded ratio and your required contributions. **The (smoothed) actuarial rate of return for 2022 was 3.51%, while the actual market rate of return was (10.61%).** To see historical details of the market rate of return compared to the smoothed actuarial rate of return, refer to this report's Appendix or view the "[How Smoothing Works](#)" [video](#) on the [Defined Benefit resource page](#) of the MERS website.

As of December 31, 2022, the actuarial value of assets is 116% of market value due to asset smoothing. This means that there are deferred investment losses, which will put upward pressure on contributions in the short term.

If the December 31, 2022 valuation results were based on market value instead of actuarial value:

- The funded percent of your entire municipality would be 68% (instead of 79%); and
- Your total employer contribution requirement for the fiscal year starting July 1, 2024 would be \$249,504 (instead of \$181,344).

## Alternate Scenarios to Estimate the Potential Volatility of Results ("What If Scenarios")

The calculations in this report are based on assumptions about long-term economic and demographic behavior. These assumptions will never materialize in a given year, except by coincidence. Therefore, the results will vary from one year to the next. The volatility of the results depends upon the characteristics of the plan. For example:

- Open divisions that have substantial assets compared to their active employee payroll will have more



- volatile employer contribution rates due to investment return fluctuations.
- Open divisions that have substantial accrued liability compared to their active employee payroll will have more volatile employer contribution rates due to demographic experience fluctuations.
- Small divisions will have more volatile contribution patterns than larger divisions because statistical fluctuations are relatively larger among small populations.
- Shorter amortization periods result in more volatile contribution patterns.

Many assumptions are important in determining the required employer contributions. In the following table, we show the impact of varying the Investment Return assumption. Lower investment returns would generally result in higher required employer contributions, and vice versa. The three economic scenarios below provide a quantitative risk assessment for the impact of investment returns on the plan's projected financial condition for funding purposes.

The relative impact of the economic scenarios below will vary from year to year, as the participant demographics change. The impact of each scenario should be analyzed for a given year, not from year to year. The results in the table are based on the December 31, 2022 valuation and are for the municipality in total, not by division. These results do not reflect a phase-in of the impact of the actuarial assumptions updated in the 2020 and 2019 valuations. There is no phase-in of dedicated gains.

It is important to note that calculations in this report are mathematical estimates based upon assumptions regarding future events, which may or may not materialize. Actuarial calculations can and do vary from one valuation to the next, sometimes significantly depending on the group's size. Projections are not predictions. Future valuations will be based on actual future experience.

<b>12/31/2022 Valuation Results</b>	<b>Lower Future Annual Returns</b>	<b>Lower Future Annual Returns</b>	<b>Valuation Assumptions</b>
<b>Investment Return Assumption</b>	<b>5.00%</b>	<b>6.00%</b>	<b>7.00%</b>
Accrued Liability	\$ 8,476,877	\$ 7,520,492	\$ 6,721,606
Valuation Assets <sup>1</sup>	\$ 5,326,095	\$ 5,326,095	\$ 5,326,095
Unfunded Accrued Liability	\$ 3,150,782	\$ 2,194,397	\$ 1,395,511
<b>Funded Ratio</b>	63%	71%	79%
Monthly Normal Cost	\$ 10,267	\$ 7,472	\$ 5,420
Monthly Amortization Payment	\$ 19,820	\$ 14,682	\$ 9,692
<b>Total Employer Contribution<sup>2</sup></b>	\$ 30,087	\$ 22,154	\$ 15,112

<sup>1</sup> The Valuation Assets include assets from Surplus divisions, if any.

<sup>2</sup> If assets exceed accrued liabilities for a division, the division may have an overfunding credit to reduce the division's employer contribution requirement. If the overfunding credit is larger than the normal cost, the division's full credit is included in the municipality's amortization payment above but the division's total contribution requirement is zero. This can cause the displayed normal cost and amortization payment to not add up to the displayed total employer contribution.

## Projection Scenarios

The next two pages show projections of the plan's funded ratio and computed employer contributions under the actuarial assumptions used in the valuation and alternate economic assumption scenarios. All three projections account for the past investment experience that will continue to affect the actuarial rate of return in the short term.

The 7.00% scenario provides an estimate of computed employer contributions based on current actuarial



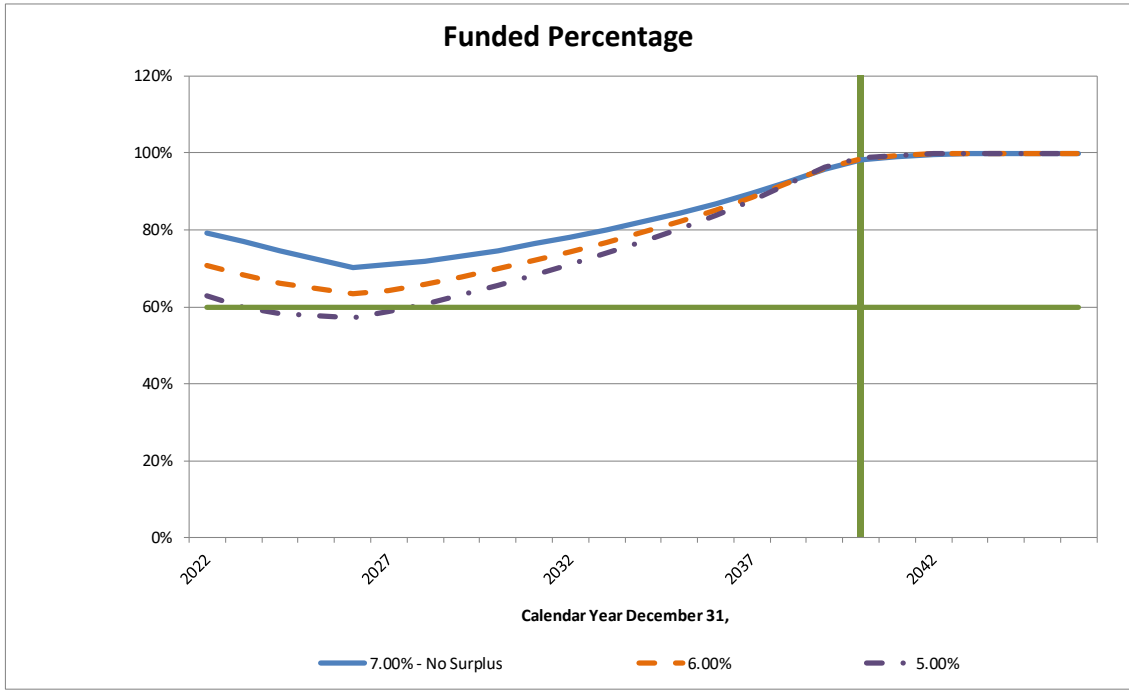
assumptions, and a projected 7.00% market return. The other two scenarios may be useful if the municipality chooses to budget more conservatively and make contributions in addition to the minimum requirements. The 6.00% and 5.00% projection scenarios provide an indication of the potential required employer contribution if these assumptions were met over the long term.

Valuation Year Ending 12/31	Fiscal Year Beginning 7/1	Actuarial Accrued Liability	Valuation Assets <sup>2</sup>	Funded Percentage	Estimated Annual Employer Contribution <sup>3</sup>
<b>7.00%<sup>1</sup> - NO PHASE-IN</b>					
2022	2024	\$ 6,721,606	\$ 5,326,095	79%	\$ 181,344
2023	2025	\$ 6,860,000	\$ 5,280,000	77%	\$ 207,000
2024	2026	\$ 7,000,000	\$ 5,210,000	74%	\$ 233,000
2025	2027	\$ 7,140,000	\$ 5,160,000	72%	\$ 259,000
2026	2028	\$ 7,270,000	\$ 5,110,000	70%	\$ 286,000
2027	2029	\$ 7,400,000	\$ 5,250,000	71%	\$ 296,000
<b>6.00%<sup>1</sup> - NO PHASE-IN</b>					
2022	2024	\$ 7,520,492	\$ 5,326,095	71%	\$ 265,848
2023	2025	\$ 7,670,000	\$ 5,230,000	68%	\$ 294,000
2024	2026	\$ 7,810,000	\$ 5,160,000	66%	\$ 322,000
2025	2027	\$ 7,960,000	\$ 5,150,000	65%	\$ 348,000
2026	2028	\$ 8,090,000	\$ 5,140,000	63%	\$ 376,000
2027	2029	\$ 8,230,000	\$ 5,290,000	64%	\$ 390,000
<b>5.00%<sup>1</sup> - NO PHASE-IN</b>					
2022	2024	\$ 8,476,877	\$ 5,326,095	63%	\$ 361,044
2023	2025	\$ 8,630,000	\$ 5,180,000	60%	\$ 393,000
2024	2026	\$ 8,790,000	\$ 5,110,000	58%	\$ 422,000
2025	2027	\$ 8,940,000	\$ 5,150,000	58%	\$ 450,000
2026	2028	\$ 9,080,000	\$ 5,190,000	57%	\$ 478,000
2027	2029	\$ 9,220,000	\$ 5,410,000	59%	\$ 494,000

<sup>1</sup> Represents both the interest rate for discounting liabilities and the future investment return assumption on the Market Value of assets.

<sup>2</sup> Valuation Assets do not include assets from Surplus divisions, if any.

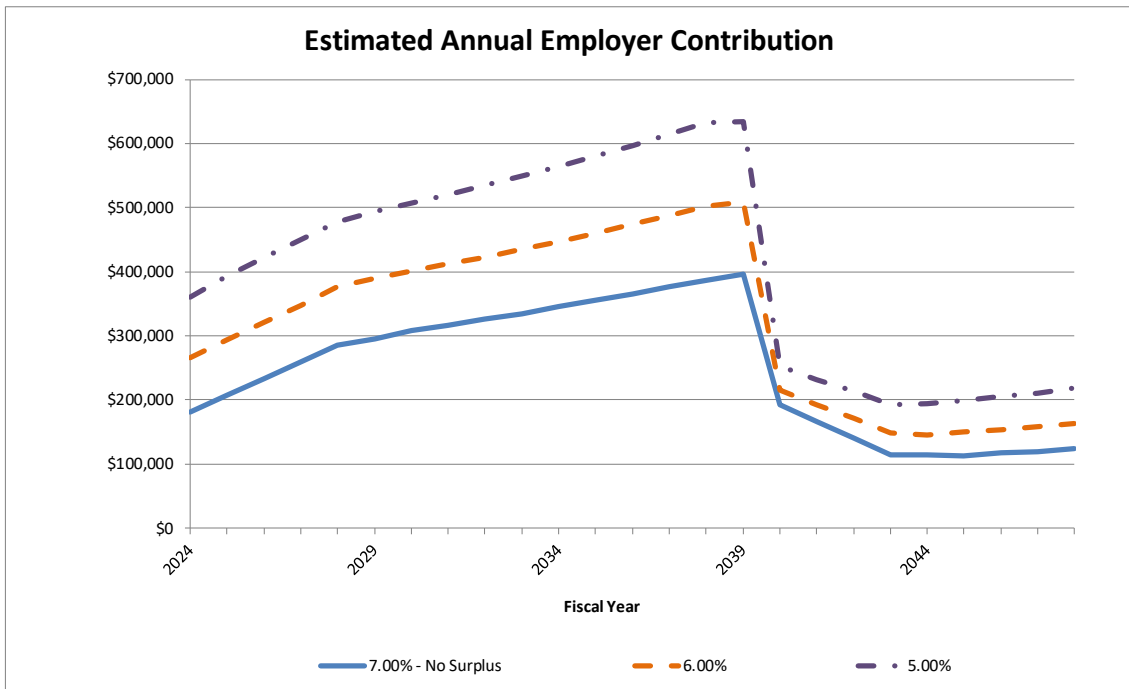
<sup>3</sup> All projected contributions are shown with no phase-in.



**Notes:**

All projected funded percentages are shown with no phase-in.

The green indicator lines have been added at 60% funded and 18 years following the valuation date for PA 202 purposes.



**Notes:**

All projected contributions are shown with no phase-in.

## Table 1: Employer Contribution Details for the Fiscal Year Beginning July 1, 2024

Division	Total Normal Cost	Employee Contribution Rate	Employer Contributions <sup>1</sup>			Computed Employer Contribution With Phase-In	Blended ER Rate No Phase-In <sup>5</sup>	Blended ER Rate With Phase-In <sup>5</sup>	Employee Contribution Conversion Factor <sup>2</sup>
			Employer Normal Cost <sup>6</sup>	Payment of the Unfunded Accrued Liability <sup>4</sup>	Computed Employer Contribution No Phase-In				
<b>Percentage of Payroll</b>									
01 - General	8.22%	2.50%	-	-	-	-	12.53%	12.09%	
10 - Supervisory	9.75%	2.50%	7.25%	21.77%	29.02%	28.70%			0.74%
HA - General after 7/1/10	4.79%	0.00%	4.79%	0.13%	4.92%	4.92%	12.53%	12.09%	
<b>Estimated Monthly Contribution<sup>3</sup></b>									
01 - General			\$ 1,754	\$ 5,984	\$ 7,738	\$ 7,384			
10 - Supervisory			1,213	3,643	4,856	4,802			
HA - General after 7/1/10			2,453	65	2,518	2,518			
<b>Total Municipality</b>			<b>\$ 5,420</b>	<b>\$ 9,692</b>	<b>\$ 15,112</b>	<b>\$ 14,704</b>			
<b>Estimated Annual Contribution<sup>3</sup></b>			<b>\$ 65,040</b>	<b>\$ 116,304</b>	<b>\$ 181,344</b>	<b>\$ 176,448</b>			

- <sup>1</sup> The above employer contribution requirements are in addition to the employee contributions, if any.
- <sup>2</sup> If employee contributions are increased/decreased by 1.00% of pay, the employer contribution requirement will decrease/increase by the Employee Contribution Conversion Factor. The conversion factor is usually under 1% because employee contributions may be refunded at termination of employment and not used to fund retirement pensions. Employer contributions will all be used to fund pensions.
- <sup>3</sup> For divisions that are open to new hires, estimated contributions are based on projected fiscal year payroll. Actual contributions will be based on actual reported monthly pays, and will be different from the above amounts. For divisions that will have no new hires (i.e., closed divisions), invoices will be based on the above dollar amounts which are based on projected fiscal year payroll. See description of Open Divisions and Closed Divisions in the Appendix.
- <sup>4</sup> Note that if the overfunding credit is larger than the normal cost, the full credit is shown above but the total contribution requirement is zero. This will cause the displayed normal cost and unfunded accrued liability contributions not to add across.
- <sup>5</sup> For linked divisions, the employer will be invoiced the Computed Employer Contribution No Phase-in rate shown above for each linked division (a contribution rate for the open division; a contribution dollar for the closed-but-linked division), unless the employer elects to contribute the Blended Employer Contribution rate shown above, by contacting MERS at 800-767-MERS (6377).
- <sup>6</sup> For divisions with a negative employer normal cost, employee contributions cover the normal cost and a portion of the payment of any unfunded accrued liability.

**Please see the Comments on Asset Smoothing in the Executive Summary of this report.**



## Table 2: Benefit Provisions

### 01 - General: Closed to new hires, linked to Division HA

	2022 Valuation	2021 Valuation
<b>Benefit Multiplier:</b>	2.00% Multiplier (no max)	2.00% Multiplier (no max)
<b>Normal Retirement Age:</b>	60	60
<b>Vesting:</b>	10 years	10 years
<b>Early Retirement (Unreduced):</b>	55/25	55/25
<b>Early Retirement (Reduced):</b>	50/25	50/25
	55/15	55/15
<b>Final Average Compensation:</b>	5 years	5 years
<b>Employee Contributions:</b>	2.50%	2.50%
<b>Act 88:</b>	No	No

### 10 - Supervisory: Open Division

	2022 Valuation	2021 Valuation
<b>Benefit Multiplier:</b>	2.25% Multiplier (80% max)	2.25% Multiplier (80% max)
<b>Normal Retirement Age:</b>	60	60
<b>Vesting:</b>	10 years	10 years
<b>Early Retirement (Unreduced):</b>	55/25	55/25
<b>Early Retirement (Reduced):</b>	50/25	50/25
	55/15	55/15
<b>Final Average Compensation:</b>	3 years	3 years
<b>Employee Contributions:</b>	2.50%	2.50%
<b>Act 88:</b>	No	No

### HA - General after 7/1/10: Open Division, linked to Division 01

	2022 Valuation	2021 Valuation
<b>Benefit Multiplier:</b>	1.00% Multiplier (no max)	1.00% Multiplier (no max)
<b>Normal Retirement Age:</b>	60	60
<b>Vesting:</b>	6 years	6 years
<b>Early Retirement (Unreduced):</b>	-	-
<b>Early Retirement (Reduced):</b>	-	-
<b>Final Average Compensation:</b>	3 years	3 years
<b>Employee Contributions:</b>	0.00%	0.00%
<b>Act 88:</b>	No	No



### Table 3: Participant Summary

Division	2022 Valuation		2021 Valuation		2022 Valuation		
	Number	Annual Payroll <sup>1</sup>	Number	Annual Payroll <sup>1</sup>	Average Age	Average Benefit Service <sup>2</sup>	Average Eligibility Service <sup>2</sup>
<b>01 - General</b>							
Active Employees	6	\$ 390,160	6	\$ 352,083	48.2	23.0	23.0
Vested Former Employees	5	65,863	5	65,863	50.5	13.0	13.0
Retirees and Beneficiaries	25	336,294	25	336,294	75.6		
Pending Refunds	0		0				
<b>10 - Supervisory</b>							
Active Employees	2	\$ 186,457	2	\$ 172,663	52.1	25.2	25.2
Vested Former Employees	0	0	0	0	0.0	0.0	0.0
Retirees and Beneficiaries	1	44,231	1	44,231	68.0		
Pending Refunds	0		0				
<b>HA - General after 7/1/10</b>							
Active Employees	10	\$ 522,284	10	\$ 532,319	38.8	4.6	4.6
Vested Former Employees	1	1,196	1	1,196	28.4	2.4	3.5
Retirees and Beneficiaries	1	7,099	0	0	65.3		
Pending Refunds	0		0				
<b>Total Municipality</b>							
<b>Active Employees</b>	<b>18</b>	<b>\$ 1,098,901</b>	<b>18</b>	<b>\$ 1,057,065</b>	<b>43.4</b>	<b>13.0</b>	<b>13.0</b>
<b>Vested Former Employees</b>	<b>6</b>	<b>67,059</b>	<b>6</b>	<b>67,059</b>	<b>46.8</b>	<b>11.2</b>	<b>11.4</b>
<b>Retirees and Beneficiaries</b>	<b>27</b>	<b>387,624</b>	<b>26</b>	<b>380,525</b>	<b>74.9</b>		
<b>Pending Refunds</b>	<b>0</b>		<b>0</b>				
<b>Total Participants</b>	<b>51</b>		<b>50</b>				

<sup>1</sup> Annual payroll for active employees; annual deferred benefits payable for vested former employees; annual benefits being paid for retirees and beneficiaries.

<sup>2</sup> Descriptions can be found under Miscellaneous and Technical Assumptions in the Appendix.

## Table 4: Reported Assets (Market Value)

Division	2022 Valuation		2021 Valuation	
	Employer and Retiree <sup>1</sup>	Employee <sup>2</sup>	Employer and Retiree <sup>1</sup>	Employee <sup>2</sup>
01 - General	\$ 3,475,960	\$ 139,301	\$ 3,919,155	\$ 123,889
10 - Supervisory	711,834	53,231	778,958	46,491
HA - General after 7/1/10	220,396	0	220,538	0
<b>Municipality Total<sup>3</sup></b>	<b>\$ 4,408,190</b>	<b>\$ 192,533</b>	<b>\$ 4,918,651</b>	<b>\$ 170,380</b>
<b>Combined Assets<sup>3</sup></b>	<b>\$4,600,722</b>		<b>\$5,089,031</b>	

<sup>1</sup> Reserve for Employer Contributions and Benefit Payments.

<sup>2</sup> Reserve for Employee Contributions.

<sup>3</sup> Totals may not add due to rounding.

The December 31, 2022 valuation assets (actuarial value of assets) are equal to 1.157665 times the reported market value of assets (compared to 0.998523 as of December 31, 2021). Refer to the Appendix for a description of the valuation asset derivation and a detailed calculation of valuation assets.



### Table 5: Flow of Valuation Assets

Year Ended 12/31	Employer Contributions		Employee Contributions	Investment Income (Valuation Assets)	Benefit Payments	Employee Contribution Refunds	Net Transfers	Valuation Asset Balance
	Required	Additional						
2012	\$ 100,206	\$ 0	\$ 20,610	\$ 144,167	\$ (409,279)	\$ (1,004)	\$ 0	\$ 3,825,400
2013	122,316	0	20,363	199,446	(413,400)	0	0	3,754,125
2014	149,837	0	20,705	202,496	(399,419)	0	0	3,727,744
2015	165,865	0	18,919	171,578	(392,360)	0	0	3,691,746
2016	165,711	0	21,342	176,213	(380,202)	0	0	3,674,810
2017	172,106	206,672	18,370	214,939	(397,050)	0	0	3,889,847
2018	196,813	213,317	17,804	156,840	(428,056)	0	0	4,046,565
2019	204,817	16,747	14,977	182,987	(445,779)	0	0	4,020,314
2020	206,044	201,507	14,078	306,511	(425,385)	0	0	4,323,069
2021	224,647	197,133	14,395	726,408	(404,137)	0	0	5,081,515
2022	219,198	195,000	14,092	198,590	(382,300)	0	0	5,326,095

**Notes:**

Transfers in and out are usually related to the transfer of participants between municipalities, and to employer and employee payments for service credit purchases (if any) that the governing body has approved.

The investment income column reflects the recognized investment income based on Valuation Assets. It does not reflect the market value investment return in any given year.

The Valuation Asset balance includes assets from Surplus divisions, if any.

Years where historical information is not available will be displayed with zero values.



**Table 6: Actuarial Accrued Liabilities and Valuation Assets  
as of December 31, 2022**

Division	Actuarial Accrued Liability					Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
	Active Employees	Vested Former Employees	Retirees and Beneficiaries	Pending Refunds	Total			
01 - General	\$ 1,735,828	\$ 454,390	\$ 2,860,875	\$ 0	\$ 5,051,093	\$ 4,185,262	82.9%	\$ 865,831
10 - Supervisory	973,336	0	434,198	0	1,407,534	885,689	62.9%	521,845
HA - General after 7/1/10	186,941	1,585	74,453	0	262,979	255,144	97.0%	7,835
<b>Total</b>	<b>\$ 2,896,105</b>	<b>\$ 455,975</b>	<b>\$ 3,369,526</b>	<b>\$ 0</b>	<b>\$ 6,721,606</b>	<b>\$ 5,326,095</b>	<b>79.2%</b>	<b>\$ 1,395,511</b>

The following results show the combined accrued liabilities and assets for each set of linked divisions. These results are already shown in the table on the prior page(s).

**Table 6 (continued)**

Division	Actuarial Accrued Liability					Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
	Active Employees	Vested Former Employees	Retirees and Beneficiaries	Pending Refunds	Total			
Linked Divisions HA, 01	\$ 1,922,769	\$ 455,975	\$ 2,935,328	\$ 0	\$ 5,314,072	\$ 4,440,406	83.6%	\$ 873,666

**Please see the Comments on Asset Smoothing in the Executive Summary of this report.**

The December 31, 2022 valuation assets (actuarial value of assets) are equal to 1.157665 times the reported market value of assets. Refer to the Appendix for a description of the valuation asset derivation and a detailed calculation of valuation assets.

## Table 7: Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2008	\$ 4,985,767	\$ 4,351,882	87%	\$ 633,885
2009	4,891,421	4,227,956	86%	663,465
2010	5,078,985	4,093,378	81%	985,607
2011	5,198,212	3,970,700	76%	1,227,512
2012	5,367,821	3,825,400	71%	1,542,421
2013	5,300,561	3,754,125	71%	1,546,436
2014	5,479,858	3,727,744	68%	1,752,114
2015	5,628,418	3,691,746	66%	1,936,672
2016	5,775,242	3,674,810	64%	2,100,432
2017	5,879,604	3,889,847	66%	1,989,757
2018	6,083,860	4,046,565	67%	2,037,295
2019	6,336,541	4,020,314	63%	2,316,227
2020	6,048,388	4,323,069	71%	1,725,319
2021	6,352,503	5,081,515	80%	1,270,988
2022	6,721,606	5,326,095	79%	1,395,511

Notes: Actuarial assumptions were revised for the 2008, 2009, 2010, 2011, 2012, 2015, 2019, 2020 and 2021 actuarial valuations.

The Valuation Assets include assets from Surplus divisions, if any.

Years where historical information is not available will be displayed with zero values.

Throughout this report are references to valuation results generated prior to the 2018 valuation date. Results prior to 2018 were received directly from the prior actuary or extracted from the previous valuation system by MERS's technology service provider.

# Tables 8 and 9: Division-Based Comparative Schedules

## Division 01 - General

**Table 8-01: Actuarial Accrued Liabilities - Comparative Schedule**

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2012	\$ 4,246,956	\$ 3,273,001	77%	\$ 973,955
2013	4,103,717	3,199,098	78%	904,619
2014	4,206,040	3,155,120	75%	1,050,920
2015	4,223,100	3,092,817	73%	1,130,283
2016	4,357,565	3,055,041	70%	1,302,524
2017	4,406,287	3,240,639	74%	1,165,648
2018	4,527,692	3,356,024	74%	1,171,668
2019	4,706,766	3,274,399	70%	1,432,367
2020	4,655,441	3,482,420	75%	1,173,021
2021	4,835,013	4,037,073	83%	797,940
2022	5,051,093	4,185,262	83%	865,831

Notes: Actuarial assumptions were revised for the 2012, 2015, 2019, 2020 and 2021 actuarial valuations.

The percent funded does not reflect valuation assets from Surplus divisions, if any.

**Table 9-01: Computed Employer Contributions - Comparative Schedule**

Valuation Date December 31	Active Employees		Computed Employer Contribution <sup>1</sup>	Employee Contribution Rate <sup>2</sup>
	Number	Annual Payroll		
2012	14	\$ 633,802	\$ 8,061	2.50%
2013	13	655,674	\$ 7,983	2.50%
2014	13	671,770	\$ 9,071	2.50%
2015	13	650,027	\$ 9,792	2.50%
2016	12	623,135	\$ 10,616	2.50%
2017	10	557,861	\$ 9,482	2.50%
2018	8	478,917	\$ 9,718	2.50%
2019	7	457,648	\$ 11,822	2.50%
2020	7	394,233	\$ 9,394	2.50%
2021	6	352,083	\$ 6,568	2.50%
2022	6	390,160	\$ 7,738	2.50%

<sup>1</sup> For open divisions, a percent of pay contribution is shown. For closed divisions, a monthly dollar contribution is shown.

<sup>2</sup> For each valuation year, the computed employer contribution is based on the employee rate. If the employee rate changes during the applicable fiscal year, the computed employer contribution will be adjusted.

Note: The contributions shown in Table 9 reflect the employer contribution requirement without phase-in. If applicable, the current phase-in contribution is shown in Table 1.

See the Benefit Provision History, later in this report, for past benefit provision changes.

Years where historical information is not available will be displayed with zero values.



## Division 10 - Supervisory

**Table 8-10: Actuarial Accrued Liabilities - Comparative Schedule**

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2012	\$ 1,117,301	\$ 550,883	49%	\$ 566,418
2013	1,191,539	550,020	46%	641,519
2014	1,259,891	558,862	44%	701,029
2015	1,375,055	569,500	41%	805,555
2016	1,369,662	574,248	42%	795,414
2017	1,401,064	587,819	42%	813,245
2018	1,450,239	600,564	41%	849,675
2019	1,494,502	623,231	42%	871,271
2020	1,226,623	674,943	55%	551,680
2021	1,318,744	824,229	63%	494,515
2022	1,407,534	885,689	63%	521,845

Notes: Actuarial assumptions were revised for the 2012, 2015, 2019, 2020 and 2021 actuarial valuations.

The percent funded does not reflect valuation assets from Surplus divisions, if any.

**Table 9-10: Computed Employer Contributions - Comparative Schedule**

Valuation Date December 31	Active Employees		Computed Employer Contribution <sup>1</sup>	Employee Contribution Rate <sup>2</sup>
	Number	Annual Payroll		
2012	2	\$ 133,564	32.65%	2.50%
2013	2	150,884	32.72%	2.50%
2014	2	165,508	32.50%	2.50%
2015	2	172,061	36.59%	2.50%
2016	2	161,771	38.58%	2.50%
2017	2	160,344	40.33%	2.50%
2018	2	174,912	40.05%	2.50%
2019	2	170,971	43.97%	2.50%
2020	2	168,867	28.78%	2.50%
2021	2	172,663	27.69%	2.50%
2022	2	186,457	29.02%	2.50%

1 For open divisions, a percent of pay contribution is shown. For closed divisions, a monthly dollar contribution is shown.

2 For each valuation year, the computed employer contribution is based on the employee rate. If the employee rate changes during the applicable fiscal year, the computed employer contribution will be adjusted.

Note: The contributions shown in Table 9 reflect the employer contribution requirement without phase-in. If applicable, the current phase-in contribution is shown in Table 1.

See the Benefit Provision History, later in this report, for past benefit provision changes.

Years where historical information is not available will be displayed with zero values.

## Division HA - General after 7/1/10

**Table 8-HA: Actuarial Accrued Liabilities - Comparative Schedule**

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2012	\$ 3,564	\$ 1,516	43%	\$ 2,048
2013	5,305	5,007	94%	298
2014	13,927	13,762	99%	165
2015	30,263	29,429	97%	834
2016	48,015	45,521	95%	2,494
2017	72,253	61,389	85%	10,864
2018	105,929	89,977	85%	15,952
2019	135,273	122,684	91%	12,589
2020	166,324	165,706	100%	618
2021	198,746	220,213	111%	(21,467)
2022	262,979	255,144	97%	7,835

Notes: Actuarial assumptions were revised for the 2012, 2015, 2019, 2020 and 2021 actuarial valuations.

The percent funded does not reflect valuation assets from Surplus divisions, if any.

**Table 9-HA: Computed Employer Contributions - Comparative Schedule**

Valuation Date December 31	Active Employees		Computed Employer Contribution <sup>1</sup>	Employee Contribution Rate <sup>2</sup>
	Number	Annual Payroll		
2012	2	\$ 76,929	5.52%	0.00%
2013	1	43,873	5.38%	0.00%
2014	3	166,239	5.06%	0.00%
2015	5	248,536	4.81%	0.00%
2016	4	232,995	5.10%	0.00%
2017	4	247,214	5.32%	0.00%
2018	9	500,779	4.86%	0.00%
2019	11	576,745	4.66%	0.00%
2020	11	582,090	4.32%	0.00%
2021	10	532,319	4.85%	0.00%
2022	10	522,284	4.92%	0.00%

1 For open divisions, a percent of pay contribution is shown. For closed divisions, a monthly dollar contribution is shown.

2 For each valuation year, the computed employer contribution is based on the employee rate. If the employee rate changes during the applicable fiscal year, the computed employer contribution will be adjusted.

Note: The contributions shown in Table 9 reflect the employer contribution requirement without phase-in. If applicable, the current phase-in contribution is shown in Table 1.

See the Benefit Provision History, later in this report, for past benefit provision changes.

Years where historical information is not available will be displayed with zero values.

# Table 10: Division-Based Layered Amortization Schedule

## Division 01 - General

**Table 10-01: Layered Amortization Schedule**

Type of UAL	Date Established	Original Balance <sup>1</sup>	Original Amortization Period <sup>2</sup>	Amounts for Fiscal Year Beginning 7/1/2024		
				Outstanding UAL Balance <sup>3</sup>	Remaining Amortization Period <sup>2</sup>	Annual Amortization Payment
Initial	12/31/2015	\$ 1,130,283	23	\$ 1,157,081	16	\$ 98,016
(Gain)/Loss	12/31/2016	146,243	22	160,886	16	13,632
(Gain)/Loss	12/31/2017	(162,331)	21	(177,404)	16	(15,024)
(Gain)/Loss	12/31/2018	2,286	20	2,486	16	216
(Gain)/Loss	12/31/2019	130,157	19	140,520	16	11,904
Assumption	12/31/2019	130,581	19	133,466	16	11,304
Experience	12/31/2020	(277,929)	18	(301,980)	16	(25,584)
Experience	12/31/2021	(364,330)	17	(397,642)	16	(33,684)
Experience	12/31/2022	117,651	16	130,218	16	11,028
<b>Total</b>				<b>\$ 847,631</b>		<b>\$ 71,808</b>

<sup>1</sup> For each type of UAL (layer), this is the original balance as of the date the layer was established.

<sup>2</sup> According to the MERS amortization policy, each type of UAL (layer) is amortized over a specific period (see Appendix on MERS website).

<sup>3</sup> This is the remaining balance as of the valuation date, projected to the beginning of the fiscal year shown above.

The unfunded accrued liability (UAL) as of December 31, 2022 (see Table 6) is projected to the beginning of the fiscal year for which the contributions are being calculated. This allows the 2022 valuation to take into account the expected future contributions that are based on past valuations. Each type of UAL (layer) is amortized over the appropriate period. Please see the Appendix on the MERS website for a detailed description of the amortization policy.

Note: The original balance and original amortization periods prior to 12/31/2018 were received from the prior actuary.



## Division 10 - Supervisory

**Table 10-10: Layered Amortization Schedule**

Type of UAL	Date Established	Original Balance <sup>1</sup>	Original Amortization Period <sup>2</sup>	Amounts for Fiscal Year Beginning 7/1/2024		
				Outstanding UAL Balance <sup>3</sup>	Remaining Amortization Period <sup>2</sup>	Annual Amortization Payment
Initial	12/31/2015	\$ 805,555	23	\$ 822,988	16	\$ 69,708
(Gain)/Loss	12/31/2016	(23,815)	22	(26,189)	16	(2,220)
(Gain)/Loss	12/31/2017	6,438	21	7,032	16	600
(Gain)/Loss	12/31/2018	30,050	20	32,688	16	2,772
(Gain)/Loss	12/31/2019	(23,086)	19	(24,919)	16	(2,112)
Assumption	12/31/2019	37,373	19	35,554	16	3,012
Experience	12/31/2020	(321,367)	18	(349,180)	16	(29,580)
Experience	12/31/2021	(32,917)	17	(35,929)	16	(3,048)
Experience	12/31/2022	48,850	16	54,068	16	4,584
<b>Total</b>				<b>\$ 516,113</b>		<b>\$ 43,716</b>

<sup>1</sup> For each type of UAL (layer), this is the original balance as of the date the layer was established.

<sup>2</sup> According to the MERS amortization policy, each type of UAL (layer) is amortized over a specific period (see Appendix on MERS website).

<sup>3</sup> This is the remaining balance as of the valuation date, projected to the beginning of the fiscal year shown above.

The unfunded accrued liability (UAL) as of December 31, 2022 (see Table 6) is projected to the beginning of the fiscal year for which the contributions are being calculated. This allows the 2022 valuation to take into account the expected future contributions that are based on past valuations. Each type of UAL (layer) is amortized over the appropriate period. Please see the Appendix on the MERS website for a detailed description of the amortization policy.

Note: The original balance and original amortization periods prior to 12/31/2018 were received from the prior actuary.

## Division HA - General after 7/1/10

**Table 10-HA: Layered Amortization Schedule**

Type of UAL	Date Established	Original Balance <sup>1</sup>	Original Amortization Period <sup>2</sup>	Amounts for Fiscal Year Beginning 7/1/2024		
				Outstanding UAL Balance <sup>3</sup>	Remaining Amortization Period <sup>2</sup>	Annual Amortization Payment
Experience	12/31/2022	\$ 7,900	15	\$ 8,744	15	\$ 780
<b>Total</b>				<b>\$ 8,744</b>		<b>\$ 780</b>

<sup>1</sup> For each type of UAL (layer), this is the original balance as of the date the layer was established.

<sup>2</sup> According to the MERS amortization policy, each type of UAL (layer) is amortized over a specific period (see Appendix on MERS website).

<sup>3</sup> This is the remaining balance as of the valuation date, projected to the beginning of the fiscal year shown above.

The unfunded accrued liability (UAL) as of December 31, 2022 (see Table 6) is projected to the beginning of the fiscal year for which the contributions are being calculated. This allows the 2022 valuation to take into account the expected future contributions that are based on past valuations. Each type of UAL (layer) is amortized over the appropriate period. Please see the Appendix on the MERS website for a detailed description of the amortization policy.

Note: The original balance and original amortization periods prior to 12/31/2018 were received from the prior actuary.

## GASB Statement No. 68 Information

The following information has been prepared to provide some of the information necessary to complete GASB Statement No. 68 disclosures. GASB Statement No. 68 is effective for fiscal years beginning after June 15, 2014. Additional resources, including an Implementation Guide, are available at <http://www.mersofmich.com/>.

Actuarial Valuation Date:		12/31/2022
Measurement Date of the Total Pension Liability (TPL):		12/31/2022
At 12/31/2022, the following employees were covered by the benefit terms:		
Inactive employees or beneficiaries currently receiving benefits:		27
Inactive employees entitled to but not yet receiving benefits (including refunds):		6
Active employees:		<u>18</u>
		51
Total Pension Liability as of 12/31/2021 measurement date:	\$	6,182,904
Total Pension Liability as of 12/31/2022 measurement date:	\$	6,542,738
Service Cost for the year ending on the 12/31/2022 measurement date:	\$	70,929
Change in the Total Pension Liability due to:		
- Benefit changes <sup>1</sup> :	\$	0
- Differences between expected and actual experience <sup>2</sup> :	\$	234,232
- Changes in assumptions <sup>2</sup> :	\$	0
Average expected remaining service lives of all employees (active and inactive):		4

<sup>1</sup> A change in liability due to benefit changes is immediately recognized when calculating pension expense for the year.

<sup>2</sup> Changes in liability due to differences between actual and expected experience, and changes in assumptions, are recognized in pension expense over the average remaining service lives of all employees.

Covered employee payroll (Needed for Required Supplementary Information):	\$	1,098,901
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Note: Covered employee payroll may differ from the GASB Statement No. 68 definition.

Sensitivity of the Net Pension Liability to changes in the discount rate:

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Change in Net Pension Liability as of 12/31/2022: \$	764,599	\$ 0	\$ (644,529)

Note: The current discount rate shown for GASB Statement No. 68 purposes is higher than the MERS assumed rate of return. This is because for GASB Statement No. 68 purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes it is net of administrative expenses.

# Benefit Provision History

The following benefit provision history is provided by MERS. Any corrections to this history or discrepancies between this information and information displayed elsewhere in the valuation report should be reported to MERS. All provisions are listed by date of adoption.

## 01 - General

1/1/2021	Other Leave - Service Granted
1/1/2021	Service Credit Qualification - 80 hours
1/1/2021	Base Wages
12/1/2016	Service Credit Purchase Estimates - Yes
10/1/2010	Member Contribution Rate 2.50%
1/1/2003	Flexible E 1% COLA Adopted (01/01/2003)
7/1/2002	Benefit B-2 (No Max)
7/1/1997	Benefit C-2/Base B-1 (No Max)
1/1/1992	Flexible E 2% COLA Adopted (01/01/1992)
2/1/1990	Benefit F55 (With 25 Years of Service)
10/1/1986	Benefit B-1 (No Max)
7/1/1985	Benefit C-1 (Old) (No Max)
7/1/1981	Member Contribution Rate 0.00%
1/8/1975	Exclude Temporary Employees
7/1/1959	Benefit FAC-5 (5 Year Final Average Compensation)
7/1/1959	10 Year Vesting
7/1/1959	Benefit C (Old) (No Max)
7/1/1959	Member Contribution Rate 3.00% Under \$4,200.00 - Then 5.00%
7/1/1959	Fiscal Month - July
	Defined Benefit Normal Retirement Age - 60
	Early Reduced (.5%) at Age 50 with 25 Years or Age 55 with 15 Years

## 10 - Supervisory

1/1/2021	Other Leave - Service Granted
1/1/2021	Service Credit Qualification - 80 hours
1/1/2021	Base Wages
12/1/2016	Service Credit Purchase Estimates - Yes
12/1/2010	Member Contribution Rate 2.50%
11/1/2006	Benefit FAC-3 (3 Year Final Average Compensation)
11/1/2006	10 Year Vesting
11/1/2006	Benefit B-3 (80% max)
11/1/2006	Benefit F55 (With 25 Years of Service)
11/1/2006	Member Contribution Rate 0.00%
1/1/1975	Exclude Temporary Employees
7/1/1959	Fiscal Month - July
	Defined Benefit Normal Retirement Age - 60
	Early Reduced (.5%) at Age 50 with 25 Years or Age 55 with 15 Years

## HA - General after 7/1/10

1/1/2021	Base Wages
1/1/2021	Other Leave - Service Granted
1/1/2021	Service Credit Qualification - 80 hours



## HA - General after 7/1/10

7/1/2010	Day of work defined as 8 Hours a Day for Group employees.
7/1/2010	Benefit FAC-3 (3 Year Final Average Compensation)
7/1/2010	6 Year Vesting
7/1/2010	1.0% Multiplier
7/1/1959	Fiscal Month - July
	Defined Benefit Normal Retirement Age - 60
	No Early Reduced Conditions

# Plan Provisions, Actuarial Assumptions, and Actuarial Funding Method

Details on MERS plan provisions, actuarial assumptions, and actuarial methodology can be found in the Appendix. Some actuarial assumptions are specific to this municipality and its divisions. These are listed below.

## Increase in Final Average Compensation

Division	FAC Increase Assumption
All Divisions	1.00%

## Miscellaneous and Technical Assumptions

Loads – None.

**Amortization Policy for Closed Not Linked Divisions:** The default funding policy for closed not linked divisions, including open divisions with zero active members, is to follow a non-accelerated amortization, where each closed period decreases by one year each year until the period is exhausted. In select instances, closed not linked division(s) may follow an accelerated amortization policy.

## Risk Commentary

Determination of the accrued liability, the employer contribution, and the funded ratio requires the use of assumptions regarding future economic and demographic experience. Risk measures, as illustrated in this report, are intended to aid in the understanding of the effects of future experience differing from the assumptions used in the course of the actuarial valuation. Risk measures may also help with illustrating the potential volatility in the accrued liability, the actuarially determined contribution and the funded ratio that result from the differences between actual experience and the actuarial assumptions.

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

Examples of risk that may reasonably be anticipated to significantly affect the plan's future financial condition include:

- **Investment Risk** – actual investment returns may differ from the expected returns;
- **Asset/Liability Mismatch** – changes in asset values may not match changes in liabilities, thereby altering the gap between the accrued liability and assets and consequently altering the funded status and contribution requirements;
- **Salary and Payroll Risk** – actual salaries and total payroll may differ from expected, resulting in actual future accrued liability and contributions differing from expected;
- **Longevity Risk** – members may live longer or shorter than expected and receive pensions for a period of time other than assumed; and
- **Other Demographic Risks** – members may terminate, retire or become disabled at times or with benefits other than assumed resulting in actual future accrued liability and contributions differing from expected.

The effects of certain trends in experience can generally be anticipated. For example, if the investment return since the most recent actuarial valuation is less (or more) than the assumed rate, the cost of the plan can be expected to increase (or decrease). Likewise, if longevity is improving (or worsening), increases (or decreases) in cost can be anticipated.

## PLAN MATURITY MEASURES

Risks facing a pension plan evolve over time. A young plan with virtually no investments and paying few benefits may experience little investment risk. An older plan with a large number of members in pay status and a significant trust may be much more exposed to investment risk. Generally accepted plan maturity measures include the following:

	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>
1. Ratio of the market value of assets to total payroll	4.2	4.8	3.9	3.3	3.2
2. Ratio of actuarial accrued liability to payroll	6.1	6.0	5.3	5.3	5.3
3. Ratio of actives to retirees and beneficiaries	0.7	0.7	0.7	0.7	0.6
4. Ratio of market value of assets to benefit payments	12.0	12.6	10.5	8.9	8.6
5. Ratio of net cash flow to market value of assets (boy)	0.9%	0.7%	-0.1%	-5.7%	0.0%

### RATIO OF MARKET VALUE OF ASSETS TO TOTAL PAYROLL

The relationship between assets and payroll is a useful indicator of the potential volatility of contributions. For example, if the market value of assets is 2.0 times the payroll, a return on assets 5% different than assumed would equal 10% of payroll. A higher (lower) or increasing (decreasing) level of this maturity measure generally indicates a higher (lower) or increasing (decreasing) volatility in plan sponsor contributions as a percentage of payroll.

### RATIO OF ACTUARIAL ACCRUED LIABILITY TO PAYROLL

The relationship between actuarial accrued liability and payroll is a useful indicator of the potential volatility of contributions for a fully funded plan. A funding policy that targets a funded ratio of 100% is expected to result in the ratio of assets to payroll and the ratio of liability to payroll converging over time.

### RATIO OF ACTIVES TO RETIREES AND BENEFICIARIES

A young plan with many active members and few retirees will have a high ratio of actives to retirees. A mature open plan may have close to the same number of actives to retirees resulting in a ratio near 1.0. A super-mature or closed plan may have significantly more retirees than actives resulting in a ratio below 1.0.

### RATIO OF MARKET VALUE OF ASSETS TO BENEFIT PAYMENTS

The MERS' Actuarial Policy requires a total minimum contribution equal to the excess (if any) of three times the expected annual benefit payments over the projected market value of assets as of the participating municipality or court's Fiscal Year for which the contribution applies. The ratio of market value of assets to benefit payments as of the valuation date provides an indication of whether the division is at risk for triggering the minimum contribution rule in the near term. If the division triggers this minimum contribution rule, the required employer contributions could increase dramatically relative to previous valuations.

### RATIO OF NET CASH FLOW TO MARKET VALUE OF ASSETS

A positive net cash flow means contributions exceed benefits and expenses. A negative cash flow means existing funds are being used to make payments. A certain amount of negative net cash flow is generally expected to occur when benefits are prefunded through a qualified trust. Large negative net cash flows as a percent of assets may indicate a super-mature plan or a need for additional contributions.



## State Reporting

The following information has been prepared to provide some of the information necessary to complete the Public Act 202 pension reporting requirements for the State of Michigan’s Local Government Retirement System Annual Report (Form No. 5572). Additional resources are available at [www.mersofmich.com](http://www.mersofmich.com) and on the State [website](#).

Form 5572		
Line Reference	Description	Result
<b>10</b>	<b>Membership as of December 31, 2022</b>	
11	Indicate number of active members	18
12	Indicate number of inactive members (excluding pending refunds)	6
13	Indicate number of retirees and beneficiaries	27
<b>14</b>	<b>Investment Performance for Calendar Year Ending December 31, 2022<sup>1</sup></b>	
15	Enter actual rate of return - prior 1-year period	(10.37)%
16	Enter actual rate of return - prior 5-year period	4.95%
17	Enter actual rate of return - prior 10-year period	6.79%
<b>18</b>	<b>Actuarial Assumptions</b>	
19	Actuarial assumed rate of investment return <sup>2</sup>	7.00%
20	Amortization method utilized for funding the system's unfunded actuarial accrued liability, if any	Level Percent
21	Amortization period utilized for funding the system's unfunded actuarial accrued liability, if any <sup>3</sup>	16
22	Is each division within the system closed to new employees? <sup>4</sup>	No
<b>23</b>	<b>Uniform Assumptions</b>	
24	Enter retirement pension system's actuarial value of assets using uniform assumptions	\$4,969,842
25	Enter retirement pension system's actuarial accrued liabilities using uniform assumptions <sup>5</sup>	\$6,832,691
27	Actuarially Determined Contribution (ADC) using uniform assumptions, Fiscal Year Ending June 30, 2023	\$214,668

1. The Municipal Employees’ Retirement System’s investment performance has been provided to GRS from MERS Investment Staff and is included here for reporting purposes. The investment performance figures reported are net of investment expenses on a rolling calendar year basis for the previous 1-, 5-, and 10-year periods as required under PA 530.
2. Net of administrative and investment expenses.
3. Populated with the longest amortization period remaining in the amortization schedule, across all divisions in the plan. This is when each division and the plan in total is expected to reach 100% funded if all assumptions are met.
4. If all divisions within the employer are closed, “yes.” If at least one division is open (including shadow divisions), “no.”
5. Line 25 actuarial accrued liability is determined under PA 202 uniform assumptions which differ from the valuation assumptions. In particular, the assumed rate of return for PA 202 purposes is 6.85%.

June 16, 2023

Board of Trustees  
SOCRRA

Subject: 2022/23 Audit

Board Members:

Plante Moran has prepared the attached letter regarding the 2022/23 audit. The first two pages outline the audit for this year. The fee for this year's audit is \$29,850. Plante Moran's fee estimate does not include time related to the implementation of GASB96, Subscription-Based Information Technology Arrangements. Our initial investigation into this topic has revealed that SOCRRA has only a small number of software subscriptions that would require additional audit work under GASB96 and that work should be very minor.

The remainder of the letter is the annual engagement letter for the 2022/23 audit. This letter is substantially the same as the letter for the 2021/22 audit except for several slight modifications that do not change the agreement. I have executed the letter.

Plante Moran has already begun the preparation of the 2022/23 audit. We anticipate that the audit will be conducted largely in person and will begin on September 5, 2023. The bulk of the audit work will be completed during early September. I anticipate that we will review a draft audit with the Audit Committee in October and that the final audit will be reviewed with the Board at the November Board meeting.

The pre-audit meeting with the Audit Committee and representatives of Plante Moran will be held immediately before the August Board meeting.

Respectfully submitted,

Jeffrey A. McKeen, P.E.  
General Manager

Suggested Resolution: "That the report on the 2022/23 audit be received and filed."



**Plante & Moran, PLLC**  
P.O. Box 307  
3000 Town Center, Suite 100  
Southfield, MI 48075  
Tel: 248.352.2500  
Fax: 248.352.0018  
plantemoran.com

May 22, 2023

Jeffrey McKeen  
Southeastern Oakland County  
Resource Recovery Authority  
3910 W. Webster Road  
Royal Oak, MI 48073

Dear Jeff:

Thank you for selecting Plante & Moran, PLLC ("PM") to assist you. We are sending this letter and the accompanying Professional Services Agreement, the terms of which are incorporated into this engagement letter, to confirm the nature, limitations, and terms of the services we will provide to the Southeastern Oakland County Resource Recovery Authority ("Client").

### **Scope of Services**

We will audit Client's financial statements as of and for the year ended June 30, 2023.

In addition, the supplemental information accompanying the financial statements will be subjected to the auditing procedures applied in our audit of the financial statements.

In connection with our audit engagement, we will assist you in drafting your financial statements, supplementary information, and related notes. This assistance is considered a non-audit service; you agree to the contemporaneous provision of these audit and non-audit services.

Martin Olejnik is the engagement partner for the services specified in this letter and is responsible for supervising PM's services performed as part of this engagement.

If you determine that you need additional services, including accounting, consulting, or tax assistance, PM may be available to provide them under the terms of separate engagement letters and for additional fees.

### **Timing of Services**

We expect to perform the procedures starting September 5, 2023.

### **Fees and Payment Terms**

Our fee for this engagement will be based on the value of the services provided, which is primarily a function of the time that PM staff expend at our current hourly rates. We estimate that our fee for this engagement will be approximately \$29,850, plus all reasonable and necessary travel and out-of-pocket costs incurred (expected to be none).

Any fee estimate for the engagement does not include time related to the implementation of GASB 96, *Subscription-Based Information Technology Arrangements*. These services include assistance with the identification and reporting of SBITAs. Our fee for any such services will be based on the value of the services provided, which is primarily a function of the time that PM staff expend at our current hourly rates.

Jeffrey McKeen  
Southeastern Oakland County  
Resource Recovery Authority

May 22, 2023

Invoices for audit services, other services, and out-of-pocket costs will be rendered as services are provided and are due when received. In the event an invoice is not paid timely, a late charge in the amount of 1.25 percent per month will be added, beginning 30 days after the date of the invoice.

If you agree with our understanding of this engagement, as set forth in this engagement letter and the accompanying Professional Services Agreement, please sign the enclosed copy of this letter and return it to us with the accompanying Professional Services Agreement.

Thank you for the opportunity to serve you.

Very truly yours,

**Plante & Moran, PLLC**



Martin J. Olejnik, CPA  
Partner

**Agreed and Accepted**

**We accept this engagement letter and the accompanying Professional Services Agreement (collectively, "Agreement"), which set forth the entire agreement between the Southeastern Oakland County Resource Recovery Authority and Plante & Moran, PLLC with respect to the services specified in the Scope of Services section of this engagement letter.**

Southeastern Oakland County Resource Recovery Authority

\_\_\_\_\_  
Jeffrey McKeen

\_\_\_\_\_  
Date

General Manager  
\_\_\_\_\_  
Title

## **Professional Services Agreement – Audit Services Addendum to Plante & Moran, PLLC Engagement Letter**

This Professional Services Agreement is part of the engagement letter (collectively, “Agreement”) for audit services dated May 22, 2023 between Plante & Moran, PLLC (referred to herein as “PM”) and the Southeastern Oakland County Resource Recovery Authority (referred to herein as “Client”). Any work performed in connection with the engagement before the date of this letter will also be governed by the terms and conditions of this Agreement.

- 1. Financial Statements** – The financial statements of Client being audited by PM are to be presented in accordance with accounting principles generally accepted in the United States of America (GAAP).
- 2. Management Responsibilities** – Client management is responsible for the preparation and fair presentation of these financial statements in accordance with the applicable financial reporting framework, including compliance with the requirements of accounting principles generally accepted in the United States of America and the completeness and accuracy of the information presented and disclosed therein. Management is also responsible for the capability and integrity of Client personnel responsible for Client’s underlying accounting and financial records.

Client personnel will provide PM, in a timely and orderly manner, with access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and additional information that the auditor may request from management for the purpose of the audit.

This includes providing assistance and information PM requests during the course of its audit, including retrieval of records and preparation of schedules, analyses of accounts, and confirmations. A written request for information to be provided will be submitted under separate cover and supplemented by additional written and oral requests as necessary during the course of PM’s audit. In addition, Client will provide PM with all information in its possession that has a material impact on any material transaction and that information will be complete, truthful, and accurate. Client will allow PM unrestricted access to personnel within Client from whom PM determines it necessary to obtain audit evidence.

Client represents and warrants that any and all information that it transmits, or otherwise makes available, to PM will be done so in full compliance with all applicable federal, state, local, and foreign privacy and data protection laws, as well as all other applicable regulations and directives, as may be amended from time to time (collectively, “Data Privacy Laws”). Client shall not disclose personal data of data subjects (“Personal Data”) who are entitled to certain rights and protections afforded by Data Privacy Laws to PM without prior notification to PM. Client shall make reasonable efforts to limit the disclosure of Personal Data to PM to the minimum necessary to accomplish the intended purpose of the disclosure to PM.

Management is responsible for making all management decisions and performing all management functions relating to the financial statements, supplementary financial information, and related notes and for accepting full responsibility for such decisions, even if PM provides advice as to the application of accounting principles or assists in drafting the financial statements, supplementary financial information, and related notes. Client has designated Jeffrey McKeen to oversee financial statement related services PM provides. Management will be required to acknowledge in the management representation letter that it has reviewed and approved the financial statements, supplementary financial information, and related notes prior to their issuance and have accepted responsibility for the adequacy of the financial statements.

Management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing PM about all known or suspected fraud affecting Client involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements. Management’s responsibilities include informing PM of its knowledge of any allegations of fraud or suspected fraud affecting Client received in communications from employees, former employees, regulators, or others. In addition, management is responsible for identifying and ensuring that the entity complies with applicable laws and regulations.

Management is responsible for providing PM with complete, accurate, and timely information that could bear on PM’s independence under applicable professional standards, including, but not limited to, information and representations regarding affiliates of Client, business or personal relationships between Client and PM, and business, personal and employment relationships between those in a financial reporting oversight role, including members of governance, and PM (collectively, Independence Information). Client represents and warrants (a) that it has provided PM any and all Independence Information existing as of the date of this Agreement; (b) that such Independence Information is accurate and complete as of the date of this Agreement; (c) that it will notify PM of any changes to Independence Information that has been provided as of the date of this Agreement; and (d) that,

**Professional Services Agreement – Audit Services**

after the date of this Agreement, it will provide any new Independence Information to PM as soon as it becomes known to Client.

- 3. Objective of an Audit of Financial Statements** – The objective of PM's audit is the expression of an opinion on the Client's financial statements specified in the accompanying engagement letter. PM offers no guarantee, express or implied, that its opinion will be unmodified or that it will be able to form an opinion about these financial statements in the event that Client's internal controls or accounting and financial records prove to be unreliable or otherwise not auditable. If PM's opinion is to be modified, PM will discuss the reasons with Client management in advance of the issuance of its audit report. If, for any reason, PM is prevented from completing its audit or is unable to form an opinion on these financial statements, PM may terminate the engagement and decline to issue a report.
- 4. Supplementary Information** – In any document that contains supplementary information to the basic financial statements that indicates that the auditor has reported on such supplementary information, management agrees to include the auditor's report on that supplementary information. In addition, management agrees to present the supplementary information with the audited financial statements or to make the audited financial statements readily available no later than the date of issuance by Client of the supplementary information and the auditor's report thereon.
- 5. Internal Controls** – Client is responsible for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including controls established for the purpose of preventing or detecting errors in financial reporting, preventing fraud or misappropriation of assets, and identifying and complying with applicable laws and regulations. PM, in making its risk assessments, will consider internal control relevant to Client's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. PM's audit will not be designed to provide assurance on the design or operating effectiveness of Client's internal controls or to identify all conditions that represent significant deficiencies in those internal controls. PM will communicate all significant deficiencies and material weaknesses in internal controls relevant to the audit of the financial statements, instances of fraud, or misappropriation of assets that come to PM's attention.
- 6. Audit Procedures and Limitations** – PM's audit will be conducted in accordance with auditing standards generally accepted in the United States of America (GAAS) and will include examination, on a test basis, of evidence supporting the amounts and disclosures in the Client financial statements specified in this engagement letter. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. An audit in accordance with GAAS involves judgment about the number of transactions to be tested and the overall approach to testing in each area. As a result, PM's audit can only be designed to provide reasonable rather than absolute assurance that these financial statements are free from material misstatement. In addition, an audit in accordance with GAAS is not designed to detect errors or fraud that are immaterial to the financial statements. Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected always exists, even in an audit properly planned and performed in accordance with GAAS. In recognition of these limitations, Client acknowledges that PM's audit cannot guarantee that all instances of error or fraud will be identified.
- 7. Auditor Communications** – PM is obligated to communicate certain matters related to the audit to those responsible for governance of Client, including instances of error or fraud and significant deficiencies and material weaknesses in internal control that PM identifies during its audit. PM will communicate these matters to the members of Client's governing board, and Client acknowledges and agrees that communication in this manner is sufficient for Client's purposes.
- 8. Communication to Group Auditor** – In instances where PM has been engaged as a component auditor for the purposes of a Group Audit, the terms of the engagement may include communication of certain matters related to the audit to the Group Auditor. Client permits such communication. PM will discuss matters being communicated with those responsible for governance of Client.
- 9. Accounting and Financial Records** – Client agrees that it is responsible for providing PM with accounting and financial records that are closed, complete, accurate, and in conformity with the requirements of GAAP, for providing schedules and analyses of accounts that PM requests, and for making all Client financial records and related information available to PM for purposes of PM's audit, whether obtained from within or outside of the general ledger and subsidiary ledgers. Where PM has provided estimates of the timing of its work and completion of PM's engagement and issuance of PM's report, those estimates are dependent on Client providing PM with all such accounting and financial records, schedules, and analyses on the date PM's work commences. PM will assess the condition of Client's accounting and financial records, schedules, and analyses of accounts prior to commencing its work. In the event that such records, schedules, and analyses are not closed, complete, accurate, or in conformity with GAAP, PM may have to reschedule its work, including the dates on which PM expects to complete its on-site procedures and issue its audit report.



**Professional Services Agreement – Audit Services**

In any circumstance where PM's work is rescheduled due to Client's failure to provide information as described in the preceding paragraph, PM offers no guarantee, express or implied, that PM will be able to meet any previously established deadlines related to the completion of the audit work or issuance of its audit report. Because rescheduling audit work imposes additional costs on PM, in any circumstance where PM has provided estimated fees, those estimated fees may be adjusted for the additional time PM incurs as a result of rescheduling its work. These fee adjustments will be determined in accordance with the Fee Adjustments provision of this Agreement.

**10. Audit Adjustments** – PM will recommend adjustments to Client's accounting records that PM believes are appropriate. Client management is responsible for adjusting Client accounting records and financial statements to correct material misstatements and for affirming to PM in writing that the effects of any unrecorded adjustments identified during PM's audit are immaterial, both individually and in the aggregate, to the Client's financial statements specified in this Agreement.

**11. Management Representations** – Client is responsible for the financial statements being audited and the implicit and explicit representations and assertions regarding the recognition, measurement, presentation, and disclosure of information therein. During the course of the audit, PM will request information and explanations from Client officers, management, and other personnel regarding accounting and financial matters, including information regarding internal controls, operations, future plans, and the nature and purpose of specific transactions. PM will also require that management make certain representations to PM in writing as a precondition to issuance of PM's report.

PM's audit procedures will be significantly affected by the representations and assertions PM receives from management and, accordingly, false representations could cause material error or fraud to go undetected by PM's procedures. Accordingly, Client acknowledges and agrees that it will instruct each person providing information, explanations, or representations to an auditor to provide true and complete information, to the best of his or her knowledge and belief. It is also agreed that any deliberate misrepresentation by any director, officer, or member of management, or any other person acting under the direction thereof ("Client Personnel"), intended to influence, coerce, manipulate, or mislead PM in the conduct of its audit of the financial statements will be considered a material breach of this Agreement. In addition, as a condition of its audit engagement, Client agrees to indemnify and hold PM and its partners, affiliates, and employees harmless from any and all claims, including associated attorneys' fees and costs, based on PM's failure to detect material misstatements in Client's financial statements resulting in whole or in part from deliberate false or misleading representations, whether oral or written, made to PM by Client Personnel. This indemnity will be inoperative only if, and to the extent that, a court having competent jurisdiction has determined that PM failed to conduct its audit in accordance with generally accepted auditing standards and such failure resulted in PM not determining such misrepresentation by Client Personnel was false.

**12. Use of Report** – PM's report on the financial statements must be associated only with the financial statements that were the subject of PM's audit engagement. Client may make copies of the audit report, but only if the entire financial statements (including related footnotes and supplemental information, as appropriate) are reproduced and distributed with that report. Client agrees not to reproduce or associate PM's audit report with any other financial statements, or portions thereof, that are not the subject of this engagement.

If PM's report on the financial statements being audited is to be published in any manner or if Client intends to make reference to PM in a publication of any type, Client agrees to submit proofs of the publication to PM for review prior to such publication and cooperate with PM in PM's performance of any additional audit procedures PM deems necessary in the circumstances, the nature and extent of which will be at PM's sole discretion. Client acknowledges and agrees that additional fees for such work will be determined in accordance with the Fee Adjustments provision of this Agreement. With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on Client's Internet website, Client understands that electronic sites are a means to distribute information and, therefore, PM is not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

**13. Securities Offerings** – PM's audit does not contemplate, and does not include, any services in connection with any offering of securities, whether registered or exempt from registration. In the event Client elects to incorporate or make reference to PM's report in connection with any offering of debt or equity securities and requests PM's consent to such incorporation or reference, Client understands that additional procedures will need to be performed. In the event PM agrees in writing to perform such additional procedures, the nature and extent of which will be at PM's sole discretion, it is agreed and acknowledged that PM's performance of such additional procedures will be subject to all of the terms and conditions of this Agreement. Additional fees for such work will be determined based on the actual time that PM staff expend at current hourly rates, plus all reasonable and necessary travel and out-of-pocket costs incurred, and that payment for all such additional fees will be made in accordance with the payment terms provided in this Agreement.

## **Professional Services Agreement – Audit Services**

If Client incorporates or makes reference to PM's report in connection with any offering of debt or equity securities without obtaining consent from PM as described above, Client agrees to include the following provision in the offering document:

Plante & Moran, PLLC, our independent auditor, has not performed or been engaged to perform any services in connection with the offering of securities. Nor has Plante & Moran, PLLC performed or been engaged to perform any procedures on the financial statements of Client since the date of the Plante & Moran, PLLC report included herein. Plante & Moran, PLLC also has not performed any procedures relating to this offering document.

- 14. Tax Return Preparation** – This engagement does not include preparation of any tax returns or filings. If Client requires tax services, including tax consulting or preparation of tax returns, those services will be detailed in a separate engagement letter.
- 15. Confidentiality, Ownership, and Retention of Workpapers** – During the course of this engagement, PM and PM staff may have access to Client's confidential, proprietary information, including, but not limited to, information regarding general ledger balances, financial transactions, trade secrets, business methods, plans, or projects. PM acknowledges that such information, regardless of its form, is confidential and proprietary to Client. PM will comply with all applicable ethical standards, laws, and regulations as to the retention, protection, use and distribution of such confidential client information. Except to the extent set forth herein, PM will not disclose such information to any third party without the prior written consent of Client.

In the interest of facilitating PM's services to Client, PM may communicate or exchange data by internet, e-mail, facsimile transmission, or other electronic method. While PM will use its best efforts to keep such communications and transmissions secure in accordance with PM's obligations under applicable laws and professional standards, Client recognizes and accepts that PM has no control over the unauthorized interception of these communications or transmissions once they have been sent, and consents to PM's use of these electronic devices during this engagement.

Professional standards require that PM create and retain certain workpapers for engagements of this nature. All workpapers created in the course of this engagement are and shall remain the property of PM. PM will maintain the confidentiality of all such workpapers as long as they remain in PM's possession.

Both Client and PM acknowledge, however, that PM may be required to make its workpapers available to regulatory authorities or by court order or subpoena in a legal, administrative, arbitration, or similar proceeding in which PM is not a party. Disclosure of confidential information in accordance with requirements of regulatory authorities or pursuant to court order or subpoena shall not constitute a breach of the provisions of this Agreement. In the event that a request for any confidential information or workpapers covered by this Agreement is made by regulatory authorities or pursuant to a court order or subpoena, PM agrees to inform Client in a timely manner of such request and to cooperate with Client should it attempt, at Client's cost, to limit such access. This provision will survive the termination of this Agreement. PM's efforts in complying with such requests will be deemed billable to Client as a separate engagement. PM shall be entitled to compensation for its time and reasonable reimbursement of its expenses (including legal fees) in complying with the request.

Both Client and PM acknowledge that upon completion of the audit PM is required to send an electronic copy of Client's financial report, PM's official letter of comments and recommendations, and auditing procedures report directly to the State of Michigan pursuant to Michigan Department of Treasury Regulations. Client authorizes and directs PM to provide such information and disclosure of such information shall not constitute a breach of the provisions of this Agreement.

PM reserves the right to destroy, and it is understood that PM will destroy, workpapers created in the course of this engagement in accordance with PM's record retention and destruction policies, which are designed to meet all relevant regulatory requirements for retention of workpapers. PM has no obligation to maintain workpapers other than for its own purposes or to meet those regulatory requirements.

Upon Client's written request, PM may, at its sole discretion, allow others to view any workpapers remaining in its possession if there is a specific business purpose for such a review. PM will evaluate each written request independently. Client acknowledges and agrees that PM will have no obligation to provide such access or to provide copies of PM's workpapers, without regard to whether access had been granted with respect to any prior requests.

- 16. Consent to Disclosures to Service Providers** – In some circumstances, PM may use third-party service providers in connection with its services, including affiliates of PM within or outside the United States. In those circumstances, PM will be solely responsible for the provision of any services by any such third-party service providers and for the protection of any information provided to such third-party service providers. PM will require any such third-party service provider to: (i) maintain the confidentiality of any information furnished and (ii) not use



### **Professional Services Agreement – Audit Services**

any information for any purpose unrelated to PM's services. Client, by its duly authorized signature on the accompanying engagement letter, consents to PM's disclosure of all or any portion of Client's information, including tax return information, to such third-party service providers, including affiliates of PM outside of the United States, if and to the extent such information is relevant to the services such third-party service providers may provide and agrees that PM's disclosure of such information for such purposes shall not constitute a breach of the provisions of this Agreement. Client's foregoing consent shall be continuing until the services provided for this Agreement are completed.

**17. Fee Quotes** – In any circumstance where PM has provided estimated fees, fixed fees, or not-to-exceed fees ("Fee Quotes"), these Fee Quotes are based on information provided by Client regarding the nature and condition of its accounting, financial, and tax records; the nature and character of transactions reflected in those records; and the design and operating effectiveness of its internal controls. Client acknowledges that the following circumstances may result in an increase in fees:

- Client's failure to prepare for the audit as evidenced by accounts and records that have not been subject to normal year-end closing and reconciliation procedures;
- Client's failure to complete the audit preparation work by the applicable due dates;
- Significant unanticipated or undisclosed transactions, audit issues, or other such unforeseeable circumstances;
- Delays by Client causing scheduling changes or disruption of fieldwork;
- After audit or post fieldwork circumstances requiring revisions to work previously completed or delays in resolution of issues that extend the period of time necessary to complete the audit;
- Issues with the prior audit firm, prior year account balances, or report disclosures that impact the current year engagement;
- An excessive number of audit adjustments.

PM will use best efforts to advise Client in the event these circumstances occur; however, it is acknowledged that the exact impact on the Fee Quotes may not be determinable until the conclusion of the engagement. Such fee adjustments will be determined in accordance with the Fee Adjustments provision of this Agreement.

**18. Payment Terms** – PM's invoices for professional services are due upon receipt unless otherwise specified in the engagement letter. In the event any of PM's invoices are not paid in accordance with the terms of this Agreement, PM may elect, at PM's sole discretion, to suspend work until PM receives payment in full for all amounts due or terminate this engagement. In the event that work is suspended, for nonpayment or other reasons, and subsequently resumed, PM offers no guarantee, express or implied, that PM will be able to meet any previously established deadlines related to the completion of PM's services or issuance of PM's report upon resumption of PM's work, whether imposed by agreement or by law. Client agrees that in the event PM stops work or terminates this Agreement as a result of Client's failure to pay fees on a timely basis for services rendered by PM as provided in this Agreement, or if PM terminates this Agreement for any other reason, PM shall not be liable for any damages that occur as a result of PM ceasing to render services.

**19. Fee Adjustments** – Any fee adjustments for reasons described in this Agreement will be determined based on the actual time expended by PM staff at PM's current hourly rates, plus all reasonable and necessary travel and out-of-pocket costs incurred, and included as an adjustment to PM's invoices related to this engagement. Client acknowledges and agrees that payment for all such fee adjustments will be made in accordance with the payment terms provided in this Agreement.

**20. Conditions of PM Visit to Client Facilities** – Client agrees that some or all of PM's services may be provided remotely. In order to facilitate the provision of services remotely, Client agrees to provide documentation and other information reasonably required by PM for PM's performance of the engaged services electronically to the extent possible throughout the course of the engagement. In the event in-person visits to Client's facility(ies) are requested by Client or otherwise determined by PM to be necessary for the performance of the engaged services, Client agrees, upon PM's request, to provide to PM Client's policies and procedures that Client has implemented relating to workplace safety and the prevention of the transmission of disease at its facility(ies). In addition, Client affirms that it is in compliance with applicable Centers for Disease Control and Prevention and OSHA guidance pertaining to the prevention of the transmission of disease (collectively, "Applicable Preventative Guidance") and agrees that it shall continue to comply with Applicable Preventative Guidance throughout any in-person visits by PM to Client's facility(ies). Notwithstanding the foregoing, PM reserves the right to suspend or refrain from any in-person visit by PM to Client's facility(ies) or impose further conditions on any such in-person visit if and as PM deems necessary. Client agrees and acknowledges that any determination by PM to visit Client's facility(ies) is not

**Professional Services Agreement – Audit Services**

and shall not be construed to be or relied on by Client as a determination by PM of Client's compliance with Applicable Preventative Guidance.

- 21. Release for Biological Agent Liability** – Client acknowledges that there is an inherent risk of exposure to infectious diseases associated with any in-person interaction or in-person visit to property. Accordingly, Client, for itself and its successors and assigns, hereby releases PM and each of PM's officers, directors, partners, members, managers, employees, affiliated, parent or subsidiary entities, and approved third-party service providers (collectively, "PM Persons") from any and all claims or causes of action that the Client has, or hereafter may or shall have, against any of them in connection with, related to, or arising out of infectious diseases or the transmission thereof associated with a visit by one or more of the PM Persons to any Client facility(ies) or other in-person interaction with Client personnel.
- 22. Exclusion of Certain Damages** – Unless arising from gross negligence, in no event shall either party be liable to the other, whether a claim be in tort, contract, or otherwise, for any indirect, consequential, punitive, exemplary, lost profits, or similar damages in claims relating to PM's services provided under this engagement.
- 23. Receipt of Legal Process** – In the event PM is required to respond to a subpoena, court order, or other legal process (in a matter involving Client but not PM) for the production of documents and/or testimony relative to information PM obtained and/or prepared during the course of this engagement, Client agrees to compensate PM for the affected PM staff's time at such staff's current hourly rates, and to reimburse PM for all of PM's out-of-pocket costs incurred associated with PM's response unless otherwise reimbursed by a third party.
- 24. Subsequent Discovery of Facts** – After the date of PM's report on the financial statements, PM has no obligation to make any further or continuing inquiry or perform any other auditing procedures with respect to the audited financial statements covered by PM's report, unless new information that may affect the report comes to PM's attention. If PM becomes aware of information that relates to these financial statements but was not known to PM at the date of its report, and that is of such a nature and from such a source that PM would have investigated it had it come to PM's attention during the course of the audit, PM will, as soon as practicable, undertake to determine whether the information is reliable and whether the facts existed at the date of PM's report. In this connection, PM will discuss the matter with Client and request cooperation in whatever investigation and modification of the financial statements that may be necessary. Additional fees for such work will be determined based on the actual time that PM staff expend at PM's current hourly rates, plus all reasonable and necessary travel and out-of-pocket costs incurred, and Client acknowledges and agrees that payment for all such additional fees will be made in accordance with the payment terms provided in this Agreement.
- 25. Termination of Engagement** – This engagement may be terminated by either party upon written notice. Upon notification of termination of this engagement, PM will cease providing services under the engagement. Client shall compensate PM for all time expended and reimburse PM for all out-of-pocket expenditures incurred by PM through the date of termination of this engagement.
- 26. Entire Agreement** – This Agreement is contractual in nature and includes all of the relevant terms that will govern the engagement for which it has been prepared. The terms of this Agreement supersede any prior oral or written representations or commitments by or between the parties regarding the subject matter hereof. Any material changes or additions to the terms set forth in this Agreement will only become effective if evidenced by a written amendment to this Agreement, signed by all of the parties.
- 27. Severability** – If any provision of this Agreement (in whole or part) is held to be invalid or otherwise unenforceable, the other provisions shall remain in full force and effect.
- 28. Force Majeure** – Neither party shall be deemed to be in breach of this Agreement as a result of any delays or nonperformance directly or indirectly resulting from circumstances or causes beyond its reasonable control, including, without limitation, fire or other casualty, acts of God, war, other violence, epidemic, pandemic or other public health emergency or government mandated shut down (each individually a "Force Majeure Event"). A Force Majeure Event shall not excuse any payment obligation relating to fees or costs incurred prior to any such Force Majeure Event.
- 29. Electronic Signatures** – The parties intend that any electronic signature shall be given full legal effect as if it were a handwritten signature.
- 30. Governing Law** – This Agreement shall be governed by and construed in accordance with the laws of the State of Michigan, and jurisdiction over any action to enforce this Agreement, or any dispute arising from or relating to this Agreement shall reside exclusively within the State of Michigan.

**End of Professional Services Agreement – Audit Services**

June 30, 2023

Board of Trustees  
SOCRRA

Subject: Closed Session-Negotiations for Teamsters' Labor Agreements

Board Members:

The labor agreement between the Authority and the Teamsters expires on June 30, 2023. We have reached a tentative agreement with both bargaining units of the Teamsters. I am proposing that we go into closed session per MCL 15.268(c) to discuss the tentative agreement.

When we return to open session following the conclusion of the closed session discussions, I will be proposing that the Board approve the tentative agreements with the Teamsters.

Respectfully submitted,

Jeffrey A. McKeen, P.E.  
General Manager

Suggested Resolution: "That the Board convene in closed session to discuss the Negotiations for Teamsters' Labor Agreements pursuant to MCL 15.268(c)." and "That the Board approve the tentative agreements between SOCRRA and the Teamsters."

## **TENTATIVE AGREEMENTS WITH TEAMSTERS**

1. 3-year contract term ending July 1, 2026.
2. Wage increases of \$1.50 as of July 1, 2023, 4% as of July 1, 2024 and 3% as of July 1, 2025.
3. Continue to provide health insurance through a BCBS PPO Gold plan (low deductible, low co-pay) offered through the Teamsters with an employee contribution of 20% of premium. SOCRRA remains compliant with the 20% requirement of PA152. No increase in health insurance premiums until April 2024. Health insurance costs known for entire contract period.
4. Employees eligible for retiree health insurance (only 3 employees) that retire during the term of the contract will contribute 20% of the health insurance costs for either COBRA coverage or an individual health insurance plan chosen by the retiree. This arrangement is a bridge until existing Medicare supplemental reimbursement program begins at Medicare eligibility.
5. Annual uniform allowance increased to \$600 from current allowance of \$500.
6. Increase cap on dental/optical reimbursement account to \$6,000 from current level of \$5,000.
7. Add one 8-hour undesignated holiday to be used at employee discretion but must be pre-approved by supervision.
8. Replace current 8-hour paternity leave language with 80-hour paternity leave.
9. Add annual Retention Bonus for employees not covered by existing longevity payments (hired after 11/10/99)
  - a. 1-5 years \$ 500
  - b. 6-10 years \$1,000
  - c. 11-15 years \$1,500
  - d. 16-20+ years \$2,000
10. Contract language changes to make contract language consistent with current HR and payroll policies. No financial impact.
11. Supervisory unit includes all of the above except 6% wage increase in first year and increase in sick time payout at retirement to 62.5% of bank from 50% of bank.

The first year financial impact of this tentative agreement is as follows:

Health Insurance Costs	+\$ 2,603
Wage Increase	+\$56,160

Uniforms	+\$ 1,800	
Undesignated Holiday	+\$ 2,880	
Retention Bonus	<u>+\$18,000</u>	
TOTAL	+\$81,443	7.4% of payroll

Wages were budgeted at 4% increase; health insurance budgeted at 5% increase.