



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RACHAEL EUBANKS  
STATE TREASURER

March 1, 2019

**Disapproval of Corrective Action Plan(s) and  
Need to Resubmit a Corrective Action Plan(s)**

Fiscal Year: 2017

Municipality Code: 337510

**Sent Via Email**

Capital Area Transportation Authority  
bfunkhouser@cata.org

Re: Corrective Action Plan(s)

Dear Administrative Officer or Designee:

Thank you for submitting your retirement corrective action plan(s) pursuant to Public Act 202 of 2017 (the Act). **Upon review, the following corrective action plan(s) has been disapproved:**

**Plan Name(s) and reason(s) for disapproval:**

Retiree Healthcare Benefit Plan

- The corrective action plan failed to demonstrate the retirement system will reach 40% funded.
- The corrective action plan does not demonstrate when the retirement system will reach 40% funded.
- The local unit did not confirm in section 5 of the corrective action plan template that the corrective actions listed will allow for the local unit to make, at a minimum, the retiree premium payment, as well as the normal cost payment for all new hires (if applicable) according to the long-term budget forecast.

**As a result, your municipality is required to submit a revised corrective action plan(s) within 60 days of this notification.**

### How to reapply for a Corrective Action Plan:

Pursuant to Section 10 of the Act, you **must** resubmit a corrective action plan **for each underfunded system**. The *attached* corrective action plan form has a cover sheet with detailed instructions on how to complete the corrective action plan. The completed corrective action plan is due back to the Department of Treasury (Treasury) **within 60 days of this notification** via email to [LocalRetirementReporting@Michigan.gov](mailto:LocalRetirementReporting@Michigan.gov).

Please attach each corrective action plan as a separate PDF document in addition to all applicable supporting documentation. The subject line of the email should be in the following format: **Corrective Action Plan-2017, Local Unit Name, Retirement System Name** (e.g. Corrective Action Plan-2017, City of Lansing, Employees' Retirement System Pension Plan). Treasury will send an automatic reply acknowledging receipt of the email.

### Next Steps:

- Once your corrective action plan(s) is resubmitted, the Board will officially receive your plan(s) at their next scheduled meeting.
  - The Board shall then approve or reject the updated corrective action plan(s) within 45 days from the date of the meeting.
- ❖ **Please note:** Failure to submit an approved corrective action plan within 60 days of this letter will result in your local unit being in noncompliance with the Act.

### Noncompliance has the following impact on your local unit:

- Pursuant to Section 5 of the Act, your local unit has been listed on the Michigan Department of Treasury website as noncompliant.
- Pursuant to Section 518 (5)(i) of Public Act 34 of 2001, your local unit is not eligible to issue a municipal security for the purpose of funding defined benefit pension retirement plans or postemployment health care plans.
- Potential legislative changes could have additional impacts.

The Board has approved their Best Practices and Corrective Action Plan Criteria, which can be viewed at [Michigan.gov/MSB](http://Michigan.gov/MSB). This document includes detailed corrective action plan approval criteria including funding ratios, reasonable timeframes, affordability, legality, and feasibility.

If you have any questions regarding your underfunded status, please visit [Michigan.gov/LocalRetirementReporting](http://Michigan.gov/LocalRetirementReporting) for step-by-step reporting instructions and helpful FAQs, or email our office at [LocalRetirementReporting@michigan.gov](mailto:LocalRetirementReporting@michigan.gov). If you would prefer to speak with a member of our team, please schedule a phone

appointment using the [Local Retirement Calendar](#). A staff member will contact you via the phone number you provide at your scheduled time.

Sincerely,

Michigan Department of Treasury  
Local Retirement Reporting Team