A special meeting of the Superiorland Library Cooperative Board of Directors was held at the Superiorland Library Cooperative, Marquette and via interactive video conference (IVC) at the Dickinson County Library. Other participants dialed in via ReadyTalk audio conferencing service. The public was invited to participate at the Superiorland Library Cooperative headquarters (1615 Presque Isle Avenue, Marquette) or the Dickinson County Library (401 Iron Mountain Street). The purpose of the meeting was to consider a recommendation for adoption of a Municipal Employees Retirement System (MERS) Defined Contribution employee retirement plan.

**ATTENDANCE:** Attendance Codes: RT: ReadyTalk audio conferencing, SLC: Superiorland Library Cooperative IVC, DCL: Dickinson County Library IVC

**SLC BOARD MEMBERS PRESENT** (*denotes voting member): Caroline Jordan* (SLC), Chair; Dwight Sunday* (SLC), Vice-Chair; Pat Cheski*(RT), Secretary; Pat Houle* (RT), Cris Roll* (RT), Deb Grabowski* (DCL), Pamela Adams* (RT), Deb Friedman (RT), and Shawn Andary, Director (SLC)

**SLC STAFF PRESENT:** Pamela Malmsten (SLC) (Recorder)

**LIBRARY DIRECTORS/STAFF/BOARD MEMBERS PRESENT:** Megan Buck, Dickinson County Library (DCL); Dillon Geshel, Portage Lake District Library (RT); and Denise Engel, Wakefield Public Library (RT)

**VOTING BOARD MEMBERS ABSENT:** Sharon Scholke and Mary Kay McNamara

**CALL TO ORDER:** The Chair, Caroline Jordan, called the meeting to order at 2:02 p.m. eastern. It was noted that the meeting was being recorded.

**APPROVAL OF THE AGENDA:** Cris Roll moved that the agenda be accepted as presented. The motion was seconded by Dwight Sunday, unanimously approved, and carried.

**PUBLIC PARTICIPATION:** There was no public participation.

**RECOMMENDATION FOR ADOPTION OF SLC MERS DEFINED CONTRIBUTION PLAN:** A proposed MERS Defined Contribution (DC) Plan Adoption Agreement was sent to the Board in advance of the meeting.

Pat Cheski moved that the Superiorland Library Cooperative Board of Directors Adopt the MERS Defined Contribution Plan. The motion was seconded by Pam Adams.

Discussion: Shawn Andary presented background information on the proposed DC plan and the recommendation of the Personnel and Finance Committee meeting
that was held on August 2, 2018. MERS was asked to provide estimated projected employer contributions and fund ratios for two pension plan scenarios. Scenario 1: No actives in the defined benefit (DB) plan and seven employees enrolled in a defined contribution (DC) plan with a 9% employer contribution. Scenario 2: One active (Director) in a DB plan with lower benefits (No Cost of Living or Early Retirement Rider), and the remaining 6 employees in a DC plan with a 9% employer contribution. MERS provided the projection on July 19 and it was sent to the full Board that day. At the July 20 Board meeting, a motion was passed that the retirement plan options be considered by the Finance and Personnel Committees.

The Personnel and Finance Committees (along with the full Board) had also received documents that summarized the prior SLC retirement plan history and estimated costs of a DC plan versus the costs of the current plan. Under the current retirement plan, which has been in effect for non-defined benefit employees since the mid-1990’s, SLC would provide extra salary payments that employees were asked to deposit in IRA accounts that they set up in financial institutions of their choice. This arrangement demonstrates that SLC contributions to employee retirement plans are not unprecedented.

At the August 2nd meeting, the Finance and Personnel Committees unanimously passed a resolution stating that “the Personnel and Finance Committees recommend that the SLC Board of Directors adopt a MERS Defined Contribution Plan with 9% employer contribution and 3-year vesting period, and that all current employees would be given service credit for years of service prior to the date the DC plan is adopted.” Committee members agreed that the DC plan would be a consistent (9% employer contribution) retirement plan benefit for all eligible employees. Shawn noted that adoption of the DC plan would allow employees to take advantage of MERS employee education and retirement planning tools.

Pam Malmsten reviewed the estimated costs of the proposed DC plan and explained that the 9% employer contribution figure was chosen because it represents the approximate average of the percentage of salary of each employee’s yearly IRA payment. Pat Houle asked if employees were on board with the proposed DC plan and Shawn indicated that everyone was agreeable to the change. Pat Cheski commented that the DC plan would be easier to administer than the former IRA plan payment arrangement, and plan costs would be easier to budget compared to a defined benefit plan. It was noted that the DC plan would cover all non-temporary employees who work more than 15 hours per week, including those whose salaries are reimbursed partially, or wholly, by the Upper Peninsula Region of Library Cooperation (UPRLC). Megan Buck commented that the Administrative Contract between SLC and UPRLC states that SLC will provide staffing for the automated system; therefore, a DC retirement plan is consistent with the contract provisions. It was noted that the proposed DC plan is retroactive to June 1, 2018, since employees were paid for only 50% of their budgeted IRA payments. After discussion, Board members agreed that the original motion should be amended.

Pat Cheski amended her motion to state that the Superiorland Library Cooperative Board of Directors adopt the MERS Defined Contribution Plan as presented in the MERS Defined Contribution Plan Adoption Agreement considered at the meeting. The amended motion was seconded by Pam Adams.
Roll Call: Caroline Jordan: Yes, Dwight Sunday: Yes, Deb Grabowski: Yes, Pat Cheski: Yes, Cris Roll: Yes, Pat Houle: Yes, Pam Adams: Yes. **Total:** Yes: (7), No: (0), Abstain: (0). Motion carries unanimously.

[Note: The MERS DC Plan Resolution and Adoption Agreement are attached at the end of these minutes.]

**ADJOURNMENT:** There being no further business, the Chair declared the meeting adjourned at 2:28 p.m. eastern.

Respectfully submitted,

Pat Cheski, Secretary

Pamela Malmsten, Recorder
Resolution Adopting the MERS Defined Contribution Plan

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

WHEREAS, the participating entity desires to adopt the MERS Defined Contribution Plan for its designated employees;

WHEREAS, the participating entity has furnished MERS with required data regarding each eligible employee and retiree;

WHEREAS, as a condition of MERS membership, and pursuant to the MERS Retirement Board’s power as plan administrator and trustee under Plan Document Section 71 and MCL 38.1536, as each may be amended, it is appropriate and necessary to enter into a binding agreement providing for the administration of the Defined Contribution Plan, the reporting of wages, and the payment of the required contributions of a participating entity and withholding of employee contributions; now, therefore,

IT IS HEREBY RESOLVED:

1. On behalf of the participating entity, the governing body of Superiorland Library Cooperative adopts the MERS Defined Contribution Plan in accordance with Plan Section 4 for its eligible employees as described in the MERS Defined Contribution Adoption Agreement, subject to the MERS Plan Document and as authorized by 1996 PA 220, as both may be amended;

2. The governing body agrees to the terms of and authorizes (title) Chair, Board of Directors to execute the initial MERS Defined Contribution Adoption Agreement, a copy of which is attached hereto and which is hereby incorporated by reference; and

I hereby certify that the above is a true copy of the Defined Contribution Resolution adopted at the official meeting held by the governing body of this municipality:

Dated: August 20, 2018. 

(Signature of Authorized Official)

This Resolution shall have no legal effect under the MERS Plan Document until a certified copy of this adopting Resolution is filed with MERS, MERS determines that all necessary requirements under the Plan Document, the Adoption Agreement, and this Resolution have been met, and MERS certifies the Resolution below.

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

Dated: ____________, 20__.

(Authorized MERS Signatory)
MERS Defined Contribution Plan Adoption Agreement

The Employer, a participating municipality or court within the state of Michigan that has adopted MERS coverage, hereby establishes the following Defined Contribution Plan provided by MERS of Michigan, as authorized by 1986 PA 220 in accordance with the MERS Plan Document.

I. Employer Name: Superiorland Library Cooperative
   Municipality #: 5208

   If new to MERS, provide your municipality’s/court’s fiscal year: ___________ through ___________.

II. Effective Date
   Check one:
   A. ☐ If this is the initial Adoption Agreement for this group, the effective date shall be the first day
      of ___________.
   ☐ June 1, 2018.

   ☐ This municipality or division is new to MERS, so vesting credit prior to the initial MERS
      effective date by each eligible employee shall be credited as follows (choose one):
      ☐ Vesting credit from date of hire
      ☐ No vesting credit

   ☐ This division is for new hires, rehires, and transfers of current Defined Benefit* division
      # 01 _______ and/or current Hybrid division # _________.

   ☐ Closing this division will change future invoices to a flat dollar amount instead of a percentage
      of payroll, as provided in your most recent annual actuarial valuation. (The amount may be
      adjusted for any benefit modifications that may have taken place since then.)

   Current active (defined benefit or hybrid) employees (select one of the following and see Plan
   Document, Section 64 for more information):
   ☐ Will have a one-time opportunity to convert the value of their current defined benefit
      from the existing defined benefit or hybrid plan into the new Defined Contribution
      Plan as a lump sum, or continue accruing service in the Defined Benefit. (Complete
      MERS Defined Contribution Conversion Addendum.)

   ☐ Will have a one-time opportunity to cease service accrual in the current plan and
      transfer to the new Defined Contribution plan for future service accrual, or continue
      accruing service in the Defined Benefit. The deadline for employees to make their
      election is: __/__/______

   ☐ Will be required to cease service accrual in Defined Benefit and will transfer to
      Defined Contribution for future service accrual.

* By completing the section above, the Employer acknowledges receiving Projection Study results and understands the
   municipality’s obligation to continue funding the liability associated with the closed Defined Benefit division.

B. ☐ If this is an amendment of an existing Adoption Agreement (existing division number
     _______________), the effective date shall be the first day of _______________, 20______.

   Note: You only need to mark changes to your plan throughout the remainder of this Agreement.
MERS Defined Contribution Plan Adoption Agreement

C. [ ] If this is to **separate employees** from an existing Defined Contribution division (existing division number(s) ___________________________), into a new division,
   the effective date shall be the first day of ________________, 20___.
D. [ ] If this is to **merge division(s)_________________________** into division(s) __________________________, the effective date shall be the first of ________________, 20___.

III. Eligible Employees

Only those Employees eligible for MERS membership may participate in the MERS Defined Contribution Plan. A copy of ALL employee enrollment forms must be submitted to MERS. The following groups of employees are eligible to participate:

All General on or after 1/1/2018 and all employees who are scheduled to work more than 15 hours per week

(Name of Defined Contribution division – e.g. All Full Time Employees, or General After 7/01/13)

To further define eligibility, (check all that apply):

☐ **Probationary periods** are allowed in one-month increments, no longer than 12 months. During this introductory period the Employer will not report or make contributions for this period, including retroactively. Service will begin after the probationary period has been satisfied.
   The probationary period will be ______ month(s).

☑ **Temporary employees** in a position normally requiring less than a total of 12 whole months of work in the position may be excluded from membership. These employees must be notified in writing by the participating municipality that they are excluded from membership within 10 business days of date of hire or execution of this Agreement.
   The temporary exclusion period will be 12 month(s).
MERS Defined Contribution Plan Adoption Agreement

IV. Provisions

1. Vesting (Check one):
   - Immediate
   - Cliff Vesting (fully vested after below number years of service)
     - 1 year
     - 2 years
     - 3 years
     - 4 years
     - 5 years
   - Graded Vesting
     - ___% after 1 year of service
     - ___% after 2 years of service
     - ___% after 3 years of service (min 25%)
     - ___% after 4 years of service (min 50%)
     - ___% after 5 years of service (min 75%)
     - ___% after 6 years of service (min 100%)

Vesting will be credited using (check one):
   - Elapsed time method – Employees will be credited with one vesting year for each 12 months of continuous employment from the date of hire.
   - Hours reported method – Employees will be credited with one vesting year for each calendar year in which ___ hours are worked

In the event of disability or death, an employee's (or his/her beneficiary's) entire employer contribution account shall be 100% vested, to the extent that the balance of such account has not previously been forfeited.

Normal Retirement Age (presumed to be age 60 unless otherwise specified) 65

If an employee is still employed with the municipality at the age specified here, their entire employer contribution balance will become 100% vested regardless of years of service.

2. Contributions
   - Will be remitted according to Employer’s payroll withholding which represents the actual period amounts are withheld from employee paychecks, or within the month during which amounts are withheld (check one):
     - Weekly
     - Bi-Weekly (every other week)
     - Semi-Monthly (twice each month)
     - Monthly
     - Other (must specify) ____________________________

   - Required Employee Contribution Structure to DC (subject to Internal Revenue Code 415(c) limitations). Select one:
     - Employees are required to contribute per payroll period, the percentage ___% OR flat dollar amount $ ___
     - Employees are required to contribute within the following range for each payroll:
       Percentage range from ___% to ___% OR
dollar amount range $ ____ to $ ______
     - Direct Required Employee Contributions pre-tax
MERS Defined Contribution Plan Adoption Agreement

C. Employer Contributions
   ☑ Non-Matching Contributions

   The Employer hereby elects to make contributions to the Program without regard to an employee's contribution to the Program. The Employer elects the following contribution formula (check one):
   ☐ Annual Contributions: A one-time annual contribution of $_______ OR ______% of compensation per employee.
   ☑ $_______ or 9____% of compensation per employee for each payroll period.

   ☐ Matching Contributions

   The Participating Employer may make matching contributions and/or non-matching contributions into the Defined Contribution plan based on an employee's voluntary election into the MERS 457 (or any other 457 qualified plan where MERS is the Defined Contribution administrator). See attached Matching Employer Contribution Addendum (MD-073).

d. Post-tax voluntary employee contributions are allowable into a Defined Contribution account subject to Section 415(c) limitations of the Internal Revenue Code.

3. Compensation

   Employers may designate the definition of compensation per division participating in Defined Contribution pursuant to section 49 of the MERS Plan Document (check one):
   ☑ All income subject to income tax reported in Box 1 of Form W-2, plus elective deferrals
     (Note: this definition aligns to MERS' 457 definition of compensation)
   ☐ Medicare taxable wages reported in Box 5 of Form W-2
   ☐ Compensation, for retirement purposes, is defined as base wages. Any of the following may be included:
     ☐ Longevity pay
     ☐ Overtime pay
     ☐ Shift differentials
     ☐ Pay for periods of absence from work by reason of vacation, holiday, and sickness
     ☐ Workers' compensation weekly benefits (if reported and are higher than regular earnings)
     ☐ A member's pre-tax contributions to a plan established under Section 125 of the IRC
     ☐ Transcript fees paid to a court reporter
     ☐ A taxable car allowance
     ☐ Short term or long term disability payments
     ☐ Payments for achievement of established annual (or similar period) performance goals
     ☐ Payment for attainment of educational degrees from accredited colleges, universities, or for acquisition of job-related certifications
     ☐ Lump sum payments attributable to the member's personal service rendered during the FAC period
     ☐ Other: ________________________________
     ☐ Other 2: ______________________________

   NOTE: In either of the above elections, an employee's compensation shall not exceed the annual limit under section 401(a)(17) of the Internal Revenue Code.
MERS Defined Contribution Plan Adoption Agreement

4. **Loans:** ☐ shall be permitted ☐ shall not be permitted
   If Loans are elected, please complete and attach the MERS Defined Contribution Loan Addendum.

5. **Rollovers** from qualified plans are permitted and the plan will account separately for pre-tax and post-tax contributions and earnings thereon.

VI. **Appointing MERS as the Plan Administrator**

The Employer hereby agrees to the provisions of this MERS Defined Contribution Plan Adoption Agreement and appoints MERS as the Plan Administrator pursuant to the terms and conditions of the Plan. The Employer also agrees that in the event of any conflict between the MERS Plan Document and the MERS Defined Contribution Plan Adoption Agreement, the provisions of the Plan Document control.

VI. **Modification of the terms of the Adoption Agreement**

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

VII. **Enforcement**

1. The Employer acknowledges that the Michigan Constitution of 1963, Article 9, Section 24, provides that accrued financial benefits arising under a public Employer's retirement plan are a contractual obligation of the Employer that may not be diminished or impaired.

2. The Employer agrees that, pursuant to the Michigan Constitution, its obligations to pay required contributions are contractual obligations to its employees and to MERS and may be enforced in a court of competent jurisdiction;

3. The Employer acknowledges that employee contributions (if any) and employer contributions must be submitted in accordance with the MERS Reporting and Contribution Enforcement Policy, the terms of which are incorporated herein by reference;

4. The Employer acknowledges that late or missed contributions will be required to be made up, including any applicable gains, pursuant to the Internal Revenue Code;

5. Should the Employer fail to make its required contribution(s) when due, MERS may implement any applicable interest charges and penalties pursuant to the MERS Reporting and Contribution Enforcement Policy and Plan Document Section 79, and take any appropriate legal action, including but not limited to filing a lawsuit and reporting the entity to the Treasurer of the State of Michigan in accordance with MCL 141.1544(d), Section 44 of PA 436 of 2012, as may be amended.

6. It is expressly agreed and understood as an integral and non-severable part of this Agreement that Section 43 of the Plan Document shall not apply to this Agreement and its administration or interpretation. In the event any alteration of the terms or conditions of this Agreement is made or occurs, under Section 43 or other plan provision or law, MERS and the Retirement Board, as sole trustee and fiduciary of the MERS plan and its trust reserves, and whose authority is non-delegable, shall have no obligation or duty to administer (or to have administered) the MERS Defined Contribution Plan, to authorize the transfer of any defined benefit assets to the MERS Defined Contribution Plan, or to continue administration by MERS or any third-party administrator of the MERS Defined Contribution Plan.
MERS Defined Contribution Plan Adoption Agreement

VIII. Execution

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

The foregoing Adoption Agreement is hereby approved by Superiorland Library Cooperative on the 20th day of August 2018.

Name of Approving Employer: Superiorland Library Cooperative

Authorized signature: Caroline D. Jordan

Title: Chair, Board of Directors

Witness signature: Sharm C. Andang

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

Dated: ______________________, 20____ Signature: ______________________

[Authorized MERS Signatory]