

RESOLUTION

No. 2018-794

By Commissioner Varga

RESOLVED, by the Wayne County Commission this 1st day of November, 2018 that approval be, and is hereby, granted authorizing a renewal to a three-year contract with a two-year option to renew between the Charter County of Wayne and Municipal Employees' Retirement System (MERS) (of Lansing) not to exceed \$72,500 exercising the option to renew to continue assisting in the transfer and management of Section 115 Employee Healthcare Benefit Trust assets and Retiree Medical Savings Account (RMSA) administration, as recommended by the Chief Executive Officer; and be it further

RESOLVED, that the renewal increases the total contract amount from \$75,000 to \$147,500; the term of the renewal is from September 1, 2018 through August 31, 2020 and the cost of the renewal will be charged to Account No. 676 86501 815000 (Health Insurance); and be it further

RESOLVED, that performance on this contract was performed prior to Commission approval in violation of Section 120-50 of the Wayne County Procurement Ordinance (Ordinance No. 2006-1101, as amended) and Section 5.143 of the Home Rule Charter for the County of Wayne; and be it further

RESOLVED, that the Wayne County Commission calls for the County Executive to determine if the County incurred damages as a result of premature performance in violation of the Procurement Ordinance and if damages were incurred to institute a civil action pursuant to the Procurement Ordinance; and be it further

RESOLVED, that the County Executive, in conjunction with the Department of Corporation Counsel, shall report to the Commission on this matter within 90 days; and be it further

RESOLVED, that the Chief Executive Officer be, and is hereby, duly authorized to execute the aforementioned renewal on behalf of the Charter County of Wayne.

[Renewal on File]

(2015-37-036M1)

**Renewal of Contract
between
County of Wayne
and
Municipal Employees' Retirement System of Michigan (MERS)**

This is a Renewal of Contract, #37-15-036, between the County of Wayne, Michigan, a body corporate and Charter County, acting through its Department of Management & Budget¹ (the "County") and Municipal Employees' Retirement System of Michigan, a Michigan corporation ("MERS" or "Contractor"), which was approved by the Wayne County Commission on August 20, 2015 by Resolution No. 2015-440.

RECITALS

1. Section 4.01 of the Contract referenced above provides that the "parties may renew the contract for one 2 year renewal period."
2. The Parties believe it is now in their best interests to exercise the renewal option.

IT IS UNDERSTOOD AND AGREED AS FOLLOWS:

1. The Parties wish to enter into and execute this two year renewal period pursuant to Section 4.01, beginning on September 1, 2018 and ending on August 31, 2020. The new contract term is from September 1, 2015 to August 31, 2020.
2. The services identified in Appendix A shall continue to be provided at the rates indicated in Appendix B throughout the term of this renewal.
3. Section 19.01 is modified as follows:

19.01 All notices, consents, approvals, requests and other communications ("Notices") required or permitted under this Contract must be given in writing and mailed by first-class mail and addressed as follows:

If to the County:

Department of Management & Budget -
Benefit Administration Division
Director of Administration & Risk Management
500 Griswold, 14th Floor
Detroit, Michigan 48226
Phone: 313-224-0571

With copies to:

Chief Financial Officer
500 Griswold, 14th Floor
Detroit, Michigan 48226

Wayne County Corporation Counsel
500 Griswold, 30th Floor
Detroit, Michigan 48226

¹ Formerly through the Department of Personnel/Human Resources

4. That all other terms and conditions of the original contract (including any exhibits, modifications, addenda and attachments) remain in full force and effect unless modified by this Renewal and attachments.
5. Each party warrants that its agent signing this Renewal is authorized to bind its principal.
6. This Renewal is subject to the County's policies regarding modification of contracts and shall become effective upon Commission approval and execution by the County Executive.

MUNICIPAL EMPLOYEES'
RETIREMENT SYSTEM OF MICHIGAN

By: Carrie A. Lombardo
CARRIE LOMBARDO

Its: CHIEF STRATEGIC AND
EXTERNAL AFFAIRS OFFICER

COUNTY OF WAYNE

By: Warren C. Evans
WARREN C. EVANS

Its: COUNTY EXECUTIVE

APPROVED AS TO FORM

By: [Signature]
DEPT OF CORPORATION COUNSEL

Doc #317175

APPENDIX A

SCOPE OF SERVICES

The Charter County of Wayne (County) submitted a Request for Proposals (RFP) for the operation of a Section 115 Trust for both the defined benefit and defined contribution retiree health care plans for employees and retirees of the Charter County of Wayne. The County has established a Section 115 Employee healthcare benefit trust (the "Special Purpose Government Trust" or "Trust"), currently held by US Bank. The County wishes to transfer assets into the Section 115 trust sponsored by MERS, by adoption of the MERS Health Care Savings Program and the MERS Retiree Health Funding Vehicle, and to have an investment manager to manage these funds. The County did not want to create an independent board to manage these assets and as a result the contracted fund manager will manage the Trust assets.

The County has also established a funded Retiree Medical Savings Accounts Plan (RMSAP) (also known as a health care savings plan) as part of its post-employment health plan, designed to allow the County to set aside money for the payment of post-employment qualified medical expenses incurred by participating and former employees. The County is amending and restating the RMSAP by adoption of the MERS Health Care Savings Program and the MERS Retiree Healthcare Funding Vehicle.

Contractor is required to complete the following services as further indicated in the response to the RFP::

- a) Trust administration for accounts established for the benefit of employees and retirees.
- b) Offer investment options within the program that will meet the needs of the County and its members.
- c) Provide a fully transparent program to include (but not limited to) full disclosure of pricing, commissions, reimbursements, administrative and other fees, and any other monetary compensation received.
- d) Administration of the HCSP, including review of all claims and claim appeals, and the RHFV.
- e) Provide comprehensive and reliable customer and account / administrative services.
- f) Provide comprehensive and reliable member support.
- g) Investment Policy
 - i) Conduct a comprehensive review and analysis of investment policies, objectives, asset allocation and portfolio structure, and recommend changes, if appropriate;
 - ii) The County does not want to create an independent board to manage these assets. The County expects the hired fund manager to manage this process;
- h) Transition
 - i) Prepare a written transition plan including timeline to be reviewed and approved by the County;
 - ii) Transition fund assets, as applicable, to investment managers/mutual funds;
 - iii) Coordinate and assist with the transition of funds, investment advisors and any other third parties to ensure that the Special Purpose Government Trust assets are transitioned in the most efficient and cost effective manner possible.
- i) Develop and prepare all plan and trust documents.
- j) The selected vendor will be required to maintain all documents, papers, account records, and other evidence pertaining to work performed under any agreement with the County. This information and materials must be available at the office of the vendor(s) at all reasonable times for the duration of the agreement and thereafter up to seven (7) years for audit or inspection by Charter County of Wayne, State Auditor, or any other authorized individuals.
- k) Investment Policy and Asset Liability Studies
 - i) Work with the County and the County's actuary with respect to the County conducting an asset/liability study of the fund at least every two (2) years by providing data and reports to support and/or assist the County.
 - ii) Develop policies, guidelines and procedures for rebalancing the asset mix;
 - iii) Make County aware of new investment and portfolio options, including providing summaries of investment menu options and advising of changes to the investment menu.
- l) Performance Evaluation Reporting

- i) Compare the investment performance of the total fund, asset classes and investment managers to relevant benchmarks and "peer group" samples;
- ii) Present performance reports on a quarterly basis to the County;
- m) Client Service and Education
 - i) Communicate and provide updates regarding the performance of the Trust, as well as special meetings pertaining to OPEB investments that may be necessary from time to time;
 - ii) Report any significant changes in the Contractor's ownership, organizational structure and personnel in a timely manner;
 - iii) Provide all participants with information regarding investment menu options and decision support tools.
 - iv) Communicate with affected participants in writing regarding removal of funds from the investment menu; communicate with all participants in writing and/or electronically regarding the addition of funds to the investment menu.
 - v) Provide all participants with information regarding the plan and participant reporting or notice obligations under the plan.

APPENDIX B - Fees

The following describes the administrative fees of the **MERS Health Care Savings Plan**:

1. \$2 monthly account fee per participant to offset administrative expenses to be paid out of the forfeiture account; to the extent that forfeitures are not available, to be paid by Wayne County; and
2. Asset based fees as provided in the following table to be applied to participant accounts:

| Health Care Savings Program Investment Option | Investment Management Expense | Fund Company Rebate | Custody & Record-keeping Costs | MERS Operating Costs | Investment Option Annual Expenses: |
|---|-------------------------------|---------------------|--------------------------------|----------------------|------------------------------------|
| 2005 Retirement Strategy | 0.14% | 0.00% | 0.15% | 0.20% | 0.49% |
| 2010 Retirement Strategy | 0.14% | 0.00% | 0.15% | 0.20% | 0.49% |
| 2015 Retirement Strategy | 0.14% | 0.00% | 0.15% | 0.20% | 0.49% |
| 2020 Retirement Strategy | 0.14% | 0.00% | 0.15% | 0.20% | 0.49% |
| 2025 Retirement Strategy | 0.14% | 0.00% | 0.15% | 0.20% | 0.49% |
| 2030 Retirement Strategy | 0.14% | 0.00% | 0.15% | 0.20% | 0.49% |
| 2035 Retirement Strategy | 0.14% | 0.00% | 0.15% | 0.20% | 0.49% |
| 2040 Retirement Strategy | 0.14% | 0.00% | 0.15% | 0.20% | 0.49% |
| 2045 Retirement Strategy | 0.14% | 0.00% | 0.15% | 0.20% | 0.49% |
| 2050 Retirement Strategy | 0.14% | 0.00% | 0.15% | 0.20% | 0.49% |
| 2055 Retirement Strategy | 0.14% | 0.00% | 0.15% | 0.20% | 0.49% |
| MERS Global Stock Portfolio (100/0) | 0.40% | 0.00% | 0.15% | 0.20% | 0.75% |
| MERS Capital Appreciation Portfolio (80/20) | 0.36% | 0.00% | 0.15% | 0.20% | 0.71% |
| MERS Established Market Portfolio (60/0) | 0.35% | 0.00% | 0.15% | 0.20% | 0.70% |
| MERS Total Market Portfolio | 0.26% | 0.00% | 0.15% | 0.20% | 0.61% |
| MERS Balanced Income Portfolio (40/60) | 0.33% | 0.00% | 0.15% | 0.20% | 0.68% |
| MERS Capital Preservation Portfolio (20/80) | 0.29% | 0.00% | 0.15% | 0.20% | 0.64% |
| MERS Diversified Bond Portfolio (0/100) | 0.30% | 0.00% | 0.15% | 0.20% | 0.65% |
| Large Cap Stock Index | 0.05% | 0.00% | 0.15% | 0.20% | 0.40% |
| Mid Cap Stock Index | 0.05% | 0.00% | 0.15% | 0.20% | 0.40% |
| Small Cap Stock Index | 0.05% | 0.00% | 0.15% | 0.20% | 0.40% |
| International Stock Index | 0.23% | -0.02% | 0.15% | 0.20% | 0.56% |
| Emerging Market Stock | 0.69% | 0.00% | 0.15% | 0.20% | 1.04% |
| Real Estate Stock | 0.97% | -0.38% | 0.15% | 0.20% | 0.94% |
| Short-Term Income | 0.19% | 0.00% | 0.15% | 0.20% | 0.54% |
| Bond Index | 0.15% | -0.03% | 0.15% | 0.20% | 0.47% |
| High Yield Bond | 0.55% | 0.00% | 0.15% | 0.20% | 0.90% |

All fees for the **MERS Retiree Health Funding Vehicle** are asset-based fees, as shown in the following chart:

| Retiree Health Care Vehicle Fund Name | Investment Management Expense¹ | Administrative Fees² | Total Annual Operating Expense |
|--|--|--|---------------------------------------|
| MERS Total Market Portfolio | 0.26% | 0.25% | 0.51% |
| MERS Global Stock Portfolio (100/0) | 0.40% | 0.25% | 0.65% |
| MERS Capital Appreciation Portfolio (80/20) | 0.36% | 0.25% | 0.61% |
| MERS Established Market Portfolio (60/0) | 0.35% | 0.25% | 0.60% |
| MERS Balanced Income Portfolio (40/60) | 0.33% | 0.25% | 0.58% |
| MERS Capital Preservation Portfolio (20/80) | 0.29% | 0.25% | 0.54% |
| MERS Diversified Bond Portfolio (0/100) | 0.30% | 0.25% | 0.55% |
| Large Cap Stock Index | 0.05% | 0.25% | 0.30% |
| Mid Cap Stock Index | 0.05% | 0.25% | 0.30% |
| Small Cap Stock Index | 0.05% | 0.25% | 0.30% |
| International Stock Index | 0.23% | 0.25% | 0.48% |
| Emerging Market Stock | 0.69% | 0.25% | 0.94% |
| Short-Term Income | 0.19% | 0.25% | 0.44% |

- 1 The investment management expense are the costs incurred in the overall management of the fund, less any fund reimbursement provided from the Fund Company Rebate for services provided by our Recordkeeper.
- 2 The Administrative Fees are the costs to run the day-to-day operations of the plan, which include legal, accounting, auditing, compliance, printing, and overhead costs, as well as costs related to bookkeeping, settling trade activity, and holding assets in custody at a bank. This fee is not charged on the daily valuation of the fund, but is charged at the end of each month based on the average daily balance of the account.