IF YOU WISH TO ADDRESS THE CITY COUNCIL,
PLEASE COMPLETE FORM LOCATED ON DESK AT ENTRANCE AND PASS TO MAYOR.

AGENDA – CITY COUNCIL MEETING

June 28, 2016
6:30 p.m.

1. **CALL TO ORDER.**

2. **PLEDGE OF ALLEGIANCE** – Invocation by Daniel P. Greer, 3rd Ward City Councilmember.

3. **ROLL CALL**.

4. **ADOPTION OF AGENDA**.

5. **CITIZEN COMMENTS** (3-Minute Limit).

6. **PRESENTATIONS/PROCLAMATIONS**.

   A. **Special Tribute – Consumers Energy.**
   The Mayor and City Council will present a Special Tribute honoring Consumers Energy for their continued commitment to the Jackson Community by creating and locating its Innovation Center in downtown Jackson.

7. **PETITIONS & COMMUNICATION (Accept & Place on File)**.

8. **CONSENT CALENDAR**.

   A. **Minutes of the Regular Meeting of June 14, 2016:**
   Approve the minutes of the regular City Council meeting of June 14, 2016.

   B. **Jackson County Comprehensive Traffic Safety Project:**
   Approve the appointment of Councilmember Craig Pappin to the Jackson County Comprehensive Traffic Safety Project, serving as the City Council representative, beginning immediately, and ending April 1, 2017, and recommend appointment to the Jackson County Board of Commissioners.

C. Establishment of a Public Hearing – 2016 Edward Byrne Memorial Justice Assistance Grant (JAG) Program:
Schedule a public hearing to be held at the July 12, 2016, City Council meeting regarding the use of approximately $24,899.00 in FY 2016 Justice Assistance Grant (JAG) funds by the City for the purchase of a new canine and necessary associated equipment.

9. PUBLIC HEARINGS.

A. Public Hearing - PA 255 Commercial Redevelopment District.
Public hearing to establish a Commercial Redevelopment District within the area bounded by Louis Glick, North Jackson, Pearl Street, and Blackstone, along with the City owned property in the block south.

B. Public Hearing – PA 210 Commercial Rehabilitation District.
Public hearing to establish a Commercial Rehabilitation District within the area bounded by Louis Glick, North Jackson, Pearl Street, and Blackstone, along with the City owned property in the block south.

C. Public Hearing – Meterless Parking.
Public hearing on the necessity of continuing the meterless parking system in the downtown area of the City for FY 2016-2017.

10. OTHER BUSINESS.

A. Ordinance – Fire Prevention and Protection (Second/Final Reading).
Recommendation: Final adoption of Ordinance No. 2016-13, amending Chapter 10, City Code, to adopt language from the International Code Council's 2015 International Fire Code.

B. Ordinance – NOORP Registration and Inspection Cycle (Second/Final Reading).
Recommendation: Final adoption of Ordinance No. 2016-14, amending Chapter 14, Sections 14-9.1 and 14-42.1, City Code, to eliminate the optional three year non-owner occupied residential property registration and inspection cycle.

C. Ordinance – Employee Retirement System (ERS) Pension (Second/Final Reading).
Recommendation: Final adoption of Ordinance No. 2016-15, amending Chapter 2, Section 2-509, City Code, to establish age and length of service provisions for retirement from the City of Jackson Employee Retirement System.

D. Resolution – Meterless Parking.
Recommendation: Resolution determining the necessity of continuing the meterless parking system, ordering the City Assessor to prepare Special Assessment Roll No. 4268, and establishing July 12, 2016, at the City Council meeting as the time and place to hold a public hearing confirming the meterless parking system assessment roll.

E. Corrective Resolution – Special Assessment Roll 4253.
Recommendation: Approve a Corrective Resolution for Special Assessment Roll No. 4253 for Delinquent Miscellaneous Code Enforcement Account Receivables, confirmed April 24, 2015.

F. Amendment 1 – Engineering and Design Contract, Kibby Road – West Avenue to City Limits.
Recommendation: Approve Amendment 1 to the contract for Kibby Road Design and Engineering with Mannik Smith Group, Monroe, at a not-to-exceed cost of $23,500.00, and authorize the City Manager and City Engineer to sign the contract documents.

G. Renewal of Liability and Property Insurance with Michigan Municipal League Liability & Property Pool.
Recommendation: Approve the renewal of the City of Jackson's liability and property insurance with the Michigan Municipal League's Liability and Property Pool.

11. NEW BUSINESS.

A. Ordinance – Chapter 18 (First Reading).
Recommendation: Consider an ordinance amending Chapter 18, City Code, to eliminate language no longer applicable for the health, safety, and welfare of the citizens of the City of Jackson, Michigan.

B. Ordinance – 2016-17 Non-Union Pay Scale (First Reading).
Recommendation: Consider Ordinance establishing compensation rates for non-union administrative and supervisory employees of the City of Jackson.

C. Resolution – Establishing a Commercial Redevelopment District.
Recommendation: Resolution establishing a Commercial Redevelopment District.

D. Resolution – Establishing a Commercial Rehabilitation District.
Recommendation: Resolution establishing a Commercial Rehabilitation District.

E. Resolution – Budget Amendments for Fiscal Year 2015-16.
Recommendation: Approve a Budget Resolution amending the budget for Fiscal Year 2015-16.

F. Resolution - Tax Reverted Property Acquisitions.
Recommendation: Approve a resolution to exercise the City of Jackson's Right of First Refusal under PA 123 of 1999, for inclusion in the Help for Hardest Hit Blight Elimination Program.

G. Resolution – Amend the FY 2015-16 HOME Investment Partnerships Budget.
Recommendation: Approve a resolution to amend the HOME Investment Partnerships budget for fiscal year 2015-16, and reallocate unutilized excess program income and interest for use in the Community Housing Development Organization (CHDO) Acquisition/Development/ Rehabilitation funding.

H. Funding Letters for Pension Systems.
Recommendation: Receive the actuarial valuations as of June 30, 2015, for the ACT 345 Retirement System, the Employees Retirement System, and the Policemen's and Firemen's Retirement System, and approve the actuarial funding necessary for the fiscal year 2016-2017.

I. Region 2 Planning Commission Request for a Unified Work Program Amendment.
Recommendation: Consider a request from Region 2 Planning Commission for the City's participation in a Non-motorized Plan for the entirety of Jackson County with a local match of $5,000.00 from the City, and authorize the Mayor to sign the appropriate document(s).

J. Employee Uniform Supply Contract.
Recommendation: Approve the 2016-2018 Employee Uniform Supply Contract with Cintas Corporation, Westland, in the amount of $17,296.24.

K. Property Transfer and Development Agreement – 1125 Woodbridge.
Recommendation: Approve a Property Transfer and Development Agreement for 1125 Woodbridge, and authorize the Mayor to sign the agreement and Quit Claim deed.

L. Property Transfer and Development Agreement – 840 Backus St.
Recommendation: Approve a Property Transfer and Development Agreement for 840 Backus St., and authorize the Mayor to sign the Agreement and Quit Claim Deed.

M. Consumers Energy Invoice – Louis Glick & Jackson Street Relocation.
Recommendation: Approve payment of an invoice from Consumers Energy for the relocation of Louis Glick and Jackson Street, in the amount of $74,500.00.

N. **Purchase Agreement – Jackson Downtown Partners, LLC.**
Recommendation: Approve the Purchase Agreement with Jackson Downtown Partners, LLC, and authorize the City Manager to sign the Agreement.

O. **Option Agreement – Home Renewal System, LLC.**
Recommendation: Approve the Option Agreement with Home Renewal System, LLC, and authorize the City Manager to sign the agreement.

P. **Resolution – Liquor License for Urban Restaurants LLC.**
Recommendation: Approve the Resolution for Local Government Approval using the Michigan Liquor Control Commission form for Urban Restaurants, LLC, and separate Resolution placing conditions on the Resolution for Local Approval for a new bar permit on property west of 151 W. Michigan Avenue.

12. CITY COUNCILMEMBERS' COMMENTS.

13. MANAGER'S COMMENTS.

14. EXECUTIVE SESSION to discuss collective bargaining and a written legal opinion.

15. RETURN TO OPEN SESSION.

***16. OTHER BUSINESS (Continuation).**

A. **Consider MAPE collective bargaining proposal.**

B. **Purchase Agreement – Detroit Entrepreneur Development LLC.**
Recommendation: Approve the Purchase Agreement with Detroit Entrepreneur, and authorize the City Manager to sign the Agreement.

C. **Development Agreement – Detroit Entrepreneur Development LLC.**
Recommendation: Approve the Development Agreement with Detroit Entrepreneur Development LLC, and authorize the City Manager to sign the Agreement.

17. ADJOURNMENT.

SPECIAL TRIBUTE

WHEREAS, Consumers Energy expended considerable time, energy and money to complete its Innovation Center in downtown Jackson, Michigan; and

WHEREAS, the utility opened the four-story, 32,192 square-foot building in April 2016, utilizing a structure that had been vacant and unused for a decade in downtown Jackson; and

WHEREAS, Consumers Energy officials proclaim the new project as a "center of excellence that will help integrate new technologies, services and ideas that will better serve customers"; and

WHEREAS, the center will house the Anchor Initiative and provide workspaces to promote collaboration between Jackson businesses, stakeholders and the community at large; and

WHEREAS, Consumers Energy made a concerted effort to construct the center to be energy efficient and serve as a model for 21st Century design; and

WHEREAS, Consumers Energy continues to lead the City as one of its largest and most reliable businesses partners, and continues to serve as a shining example of a Jackson success story,

IN SPECIAL TRIBUTE, THEREFORE, this document is signed by the City of Jackson Council, to hereby applaud Consumers Energy for their continued commitment to the Jackson community and urge all area residents to commemorate them in an appropriate manner.

DATED this 28th day of June, 2016:

William C. Jors, Mayor	Derek Dobies, Vice Mayor/6th Ward Councilmember
Arlene Robinson, 1st Ward Councilmember	Freddie Dancy, 2nd Ward Councilmember
Daniel P. Greer, 3rd Ward Councilmember	Craig Pappin, 4th Ward Councilmember

Andrew R. Frounfelker, 5th Ward Councilmember

CITY COUNCIL MEETING MINUTES

June 14, 2016

CALL TO ORDER:

The Jackson City Council met in regular session in the City Hall and was called to order at 6:30 p.m. by Mayor Bill Jors.

PLEDGE OF ALLEGIANCE – INVOCATION: –

The Council joined in the Pledge of Allegiance. Invocation was given by Freddie Dancy, 2nd Ward City Councilmember.

ROLL CALL:

Present: Mayor Bill Jors, Councilmembers Arlene Robinson, Freddie Dancy, Daniel P. Greer, Craig Pappin, Andrew R. Frounfelker, and Derek J. Dobies.

Also present: City Manager Patrick Burtch, City Attorney Bethany Smith, Record Coordinator Melanie J. Curran, City Assessor David Taylor, Director of Police and Fire Matthew Heins, Deputy Fire Chief Dave Wooden, Director of Public Works Todd Knepper, Director of Neighborhood and Economic Operations Jennifer Morris, and Assistant City Manager/Operations Jonathan Greene.

ADOPTION OF AGENDA:

Motion was made by Councilmember Dobies, seconded by Councilmember Greer to adopt the Agenda. Votes - Yeas: Mayor Jors, Councilmembers Robinson, Dancy, Greer, Pappin, Frounfelker, and Dobies (7). Nays: none. Motion carried. Agenda was adopted.

CITIZEN COMMENTS:

Public comment time was opened. Comments were heard and the meeting resumed.

PRESENTATIONS/PROCLAMATIONS:

A. Special Tribute – Great Lakes Caring Home Health & Hospice.

The Mayor and City Council presented a Special Tribute honoring William Deary, Chief Executive Officer of Great Lakes Caring Home Health & Hospice, for economic development growth and commitment to the City of Jackson.

PETITIONS & COMMUNICATION: none.

CONSENT CALENDAR:

A. Minutes of the Regular City Council Meeting of May 24, 2016:
Approve the minutes of the regular City Council meeting of May 24, 2016.

B. DDA Appointment:
Mayor's recommendation to appoint Charles George Dunigan to the Downtown Development Authority, filling a current vacancy, beginning immediately, and ending March 31, 2018.

C. CDBG and HOME Financial Statements through May 31, 2016:
Receive the Community Development Block Grant (CDBG) and HOME Financial Summaries through May 31, 2016.

D. Special Event Application for Activate Jackson 2016: Lighter, Quicker, Cheaper Placemaking:
Consider a request from the Jackson Area Association of Realtors to conduct its 3rd Annual Activate Jackson 2016: Lighter, Quicker, Cheaper Placemaking in downtown Jackson at the Grand River Farmers Market and Park.

Motion was made by Councilmember Dobies, seconded by Councilmember Greer to approve the Consent Calendar. Votes - Yeas: Mayor Jors, Councilmembers Robinson, Dancy, Greer, Pappin, Frounfelker, and Dobies (7). Nays: none. Motion carried.

PUBLIC HEARINGS: none.

OTHER BUSINESS:

A. Ordinance No. 2016-12 – Building Code Board of Examiners and Appeals Membership (Second/Final Reading).
Recommendation: Final adoption of Ordinance No. 2016-12, amending Chapter 5, Article 2, City Code, to reduce the minimum number of members on the Building Code Board of Examiners and Appeals (BCBEA) from seven (7) to five (5), to change some of the requirements to be a member on the board, and to permit the Building Code Board of Examiners and Appeals to act as the City's Construction Board of Appeals.

Motion was made by Councilmember Greer, seconded by Councilmember Frounfelker to adopt the ordinance. Votes - Yeas: Mayor Jors, Councilmembers Robinson, Dancy, Greer, Pappin, Frounfelker, and Dobies (7). Nays: none. Motion carried.

B. Revised Final Allocation of HOME Investment Partnerships Program Funds for FY 2016-17.

Recommendation: Approve the revised final allocation of HOME Investment Partnerships Program (HOME) Funds for Fiscal Year 2016-2017, and authorize the Mayor to sign the required documents for submission to HUD.

Motion was made by Councilmember Frounfelker, seconded by Councilmember Greer to approve. Votes - Yeas: Mayor Jors, Councilmembers Robinson, Dancy, Greer, Pappin, Frounfelker, and Dobies (7). Nays: none. Motion carried.

NEW BUSINESS:

A. Resolution – Reimbursement for Street Improvement Projects.

Recommendation: Approve the Reimbursement Resolution for the special assessment portion of Street Improvement Projects.

Motion was made by Councilmember Greer, seconded by Councilmember Dobies to approve the resolution. Votes - Yeas: Mayor Jors, Councilmembers Robinson, Dancy, Greer, Pappin, Frounfelker, and Dobies (7). Nays: none. Motion carried.

B. Resolution – MDOT Contract For Street Reconstruction-Mechanic Street from Morrell Street to Washington Avenue.

Recommendation: Approve a resolution to enter into a contract with the Michigan Department of Transportation (MDOT) for street reconstruction on Mechanic Street from Morrell Street to Washington Avenue, and authorize the Mayor and City Treasurer/Clerk to execute the appropriate documents.

Motion was made by Councilmember Greer, seconded by Councilmember Dancy to approve the resolution. Votes - Yeas: Mayor Jors, Councilmembers Robinson, Dancy, Greer, Pappin, Frounfelker, and Dobies (7). Nays: none. Motion carried.

C. Ordinance – Fire Prevention and Protection (First Reading).

Recommendation: Consider an ordinance amending Chapter 10, City Code, to adopt language from the International Code Council's 2015 International Fire Code.

Motion was made by Councilmember Greer, seconded by Councilmember Frounfelker to approve and advance to the second reading. Votes - Yeas: Mayor Jors, Councilmembers Robinson, Dancy, Greer, Pappin, Frounfelker, and Dobies (7). Nays: none. Motion carried.

D. Ordinance – NOORP Registration and Inspection Cycle (First Reading).
Recommendation: Consider an ordinance amending Chapter 14, Sections 14-9.1 and 14-42.1, City Code, to eliminate the optional three year non-owner occupied residential property registration and inspection cycle.

Motion was made by Councilmember Greer, seconded by Councilmember Frounfelker to approve and advance to the second reading. Votes - Yeas: Councilmembers Robinson, Dancy, Greer, Pappin, and Frounfelker (5). Nays: Mayor Jors, and Councilmember Dobies (2). Motion carried.

E. Street Sweeping Contract.
Recommendation: Award a street sweeping contract to National Industrial Maintenance, Inc., Dearborn, in the amount of $74,202.00 per sweeping cycle.

Motion was made by Councilmember Greer, seconded by Councilmember Dobies to approve. Votes - Yeas: Mayor Jors, Councilmembers Robinson, Dancy, Greer, Pappin, Frounfelker, and Dobies (7). Nays: none. Motion carried.

F. Annual Purchase of Water and Wastewater Treatment Chemicals.
Recommendation: Award the various water and wastewater treatment chemical purchases, as presented via the annual supply bid.

Motion was made by Councilmember Dobies, seconded by Councilmember Frounfelker to approve. Votes - Yeas: Mayor Jors, Councilmembers Robinson, Dancy, Greer, Pappin, Frounfelker, and Dobies (7). Nays: none. Motion carried.

G. Establishment of a Public Hearing - PA 255 Commercial Redevelopment District.
Recommendation: Establish a public hearing for the City Council meeting on June 28, 2016, to establish a Commercial Redevelopment District within the area bounded by Louis Glick, North Jackson, Pearl Street, and Blackstone, along with the City owned property in the block south.

Motion was made by Councilmember Greer, seconded by Councilmember Frounfelker to approve. Votes - Yeas: Mayor Jors,

Councilmembers Robinson, Greer, Pappin, Frounfelker, and Dobies (6). Nays: Councilmember Dancy (1). Motion carried.

H. Establishment of a Public Hearing - PA 210 Commercial Rehabilitation District.

Recommendation: Establish a public hearing for the City Council meeting on June 28, 2016, to establish a Commercial Rehabilitation District within the area bounded by Louis Glick, North Jackson, Pearl Street, and Blackstone, along with the City owned property in the block south.

Motion was made by Councilmember Dobies, seconded by Councilmember Frounfelker to approve. Votes - Yeas: Mayor Jors, Councilmembers Robinson, Greer, Pappin, Frounfelker, and Dobies (6). Nays: Councilmember Dancy (1). Motion carried.

I. Demolition Contract.

Recommendation: Award a Demolition Contract in the total amount of $279,040.00 to Smalley Construction through the Help for Hardest Hit Blight Elimination Program.

Motion was made by Councilmember Greer, seconded by Councilmember Frounfelker to approve. Votes - Yeas: Mayor Jors, Councilmembers Dancy, Greer, Pappin, Frounfelker, and Dobies (6). Nays: Councilmember Robinson (1). Motion carried.

J. Ordinance – Employee Retirement System (ERS) Pension.

Recommendation: Approve the Ordinance to revise the age and years of service requirements for retirement from the benefit group general retirement system.

Motion was made by Councilmember Dobies, seconded by Councilmember Frounfelker to approve. Motion was made by Councilmember Greer, seconded by Councilmember Dobies to modify the motion to include advancement to a second reading. Votes - Yeas: Mayor Jors, Councilmembers Dancy, Greer, Pappin, Frounfelker, and Dobies (6). Nays: Councilmember Robinson (1). Motion carried.

EXECUTIVE SESSION to discuss collective bargaining, and a written opinion:

Motion was made to suspend the regular open meeting and go into executive session by Councilmember Greer, seconded by Councilmember Dobies. Roll call vote. Yeas: Mayor Jors, Councilmembers Robinson, Dancy, Greer, Pappin, Frounfelker, and Dobies (7). Motion carried.

RETURN TO OPEN SESSION:

Motion to return to the regular open meeting was made by Councilmember Greer, seconded by Councilmember Robinson. Roll call vote. Yeas: Mayor Jors, Councilmembers Robinson, Dancy, Greer, Pappin, Frounfelker, and Dobies (7). Motion carried.

CITY COUNCILMEMBERS' COMMENTS.

MANAGER'S COMMENTS.

ADJOURNMENT:

No further business being presented, Motion was received to adjourn by Councilmember Dobies, seconded by Councilmember Dancy. Motion carried. Mayor Jors closed the meeting at 7:55 p.m.

CITY OF
JACKSON
Founded 1829

Office of the Mayor

161 W. Michigan Ave. • Jackson, MI 49201
Phone: (517) 788-4028 • Facsimile: (866) 384-1772

MEMO TO: City Councilmembers

FROM: William C. Jors, Mayor

DATE: June 28, 2016

SUBJECT: Jackson County Comprehensive Traffic Safety Project

RECOMMENDATION:

Approve the appointment of Councilmember Craig Pappin to the Jackson County Comprehensive Traffic Safety Project serving as the City Council representative, beginning immediately, and ending April 1, 2017, and recommend appointment to the Jackson County Board of Commissioners.

The Jackson City Council is identified in the Jackson County Comprehensive Traffic Safety Project proposal to select a representative to this policy making board.

It is my recommendation, therefore, to appoint Craig Pappin, 4th Ward City Councilmember, to the Jackson County Comprehensive Traffic Safety Project, beginning immediately, and ending April 1, 2017. This position serves as a representative of the City Council.

WCJ:skh

Please Type or Print
With Black Ballpoint

Please Type or Print
with Black Ballpoint

COUNTY OF JACKSON
REQUEST FOR BOARD OR COMMISSION APPOINTMENT

Mail or personally deliver to: *County of Jackson -- Administrator/Controller's Office -- 6th Floor*
120 West Michigan Avenue, Jackson, MI 49201
(517) 788-4335 *FAX (517) 780-4755*

The Jackson County Board of Commissioners appoints individuals to numerous Boards and Commissions. Persons who wish to serve should complete the following information.

NAME: PAPPIN (Last) CRAIG (First) T (Middle Initial)

HOME ADDRESS: 800 NORTH WISNER (Street) JACKSON (City) 49202 (Zip Code)

TELEPHONE: 517-769-4244 (Home, Work, Cell, or Business (Include Area Code)) PAPPINCRAIG@GMAIL.COM (E-mail Address)

Name of Board(s) or Commission(s) to which Appointment is requested:

1. Traffic Safety Program
2.
3.

Community Activities/Civic Organization/Boards/Commissions:

Activity / Organization:	Length of Service	Position (s) Held:
Jackson City Council	6 months	4th Ward City Councilman

Employment:

Current Employer:	Position:	Dates of Employment:
Engle & Associates	Attorney	June 2016

Education:

JD, B, AA, AA, AA

Please indicate why you are requesting appointment to this Board (s) /Commission (s):

To serve community needs.

Additional Information you feel may be helpful in considering your request for appointment:

Craig Pappin
Signature:

June 16, 2016
Date:

Bdcommapptform 8-20-08

Submit Reset

APPOINTEE
ROLES AND RESPONSIBILITIES FOR INDIVIDUALS
SERVING ON STATUTORY BOARDS AND COMMISSIONS*

Introduction

The County Board of Commissioners in each Michigan County has the statutory responsibility of making various appointments to boards and commissions. Each statutory board or commission varies in terms of:

1) the duties of the individuals appointed
2) the length of the appointment
3) compensation, if any, that is to be received
4) the time of the year in which the appointment is made
5) whether County Commissioners may serve as members of the board or commission
6) the date and time of meetings and the number of meetings per year

Appointment Process

1) Nomination - A person can be nominated for the position by others – either at the applicable Standing Committee (normally County Affairs) or Board of Commissioners meeting.

2) Solicitation – The board or commission opening is advertised in the local media for all but Commissioner positions or for positions that don't require solicitation.

3) Application – A person completes an application form – whether they are nominated or solicited. The forms are available in Administrator/Controller's Office and on the County's internet website www.co.jackson.mi.us

   Completed applications are submitted to the Administrator/Controller's Office – 6th Floor, County Tower Building, 120 W. Michigan Avenue, Jackson, MI 49201; fax # 517-780-4755; or submitted on-line on the County's website.

Applicant Requirements

Potential nominees to boards and commissions should:

- Have an interest in the board or commission they are applying for
- Be willing to become knowledgeable about the particular board or commission
- Be committed and willing to serve as a representative of the County on the board or commission
- Have no conflict of interest in regard to the board or commission they are applying for
- Apply or accept a nomination willingly, and not out of a sense of obligation
- Be available on the dates/times of the meetings of the particular board or commission. Attendance at meetings is encouraged. Board Rule Policy 4090, Section 9.6 applies: Positions of Commissioner appointees may become vacant if three (3) unexcused consecutive or five (5) unexcused absences in a year. The determination of unexcused absences shall be made by the respective committee. A recommendation for removal from office shall be forwarded to the Board of Commissioners. This Section shall not apply to statutory boards which have other procedures for removal of members

Roles and Responsibilities - The roles of individuals appointed to various boards and commissions vary depending on the statutory nature of the appointment.

1) Some board or commission appointments serve only in an **advisory capacity** while other positions may be both **advisory and policy management**. The statutes govern the nature of the role of the board or commission.

   a) **Advisory Boards** - Boards and commissions which are advisory in nature function as a sounding board to the agency director or management personnel. The board member is appointed to solicit feedback from the community and to advise the management staff on such issues as program priorities, the success of the agency in meeting stated objectives and to provide assistance to management staff in addressing issues and concerns which may develop in relationship to the agency functioning in the community. Separating an advisory role from a policy management role is a fine line which may have to be defined by mutual agreement between the board and management staff. The internal day-to-day management and operation of an agency is not the function of an advisory board unless the management staff solicits input. If the operation, management and performance is below desired levels (assuming it is known what those levels are), the advisory body has an obligation to provide feedback to the management staff and actively seek resolution of the deficiencies.

   b) **Advisory and Policy Management Boards** - Boards or commissions which have both advisory and policy management responsibilities, such as hiring the agency director, performing evaluation of management, approving contracts, and approving and reviewing budgets, require a more active role on the part of appointed board members. Such boards or commissions require the appointee to gain an in-depth understanding not only of the financing arrangements but of the operating policies and guidelines which contribute to the operation of the agency. However, the day-to-day management of the agency remains with the management staff.

2) After Appointment:

   a) Once appointed, board and commission members have the responsibility to become familiar with the goals and objectives of the agency, and any state and/or county statutes which guide the operation of the agency and its financing arrangements. Some agencies have a complex financing arrangement with federal, state and local funds involved. Developing a knowledge base of the financing arrangement is important if the board member is to fulfill their role as a contributing member to the advisory body.

   b) Appointees should be mindful that they are serving as a representative of the County on the board or commission.

   c) Appointees should come prepared to meetings. Board members should take the time to become familiar with the agency, its challenges, problems and programs. In addition, gaining operational knowledge of the financial condition is paramount to becoming an effective board member.

---

*Excludes the Road Commission

CITY OF JACKSON
Founded 1829

City Manager's Office

161 W. Michigan Ave. - Jackson, MI 49201
Phone: (517) 788-4035 • Facsimile: (517) 768-5820

MEMO TO: Mayor and City Councilmembers

FROM: Patrick H. Burtch, City Manager

DATE: June 28, 2016

SUBJECT: Establishment of Public Hearing for Public Comment regarding the 2016 Edward Byrne Memorial Justice Assistance Grant (JAG) Program

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Recommendation:

To schedule a public hearing at the July 12, 2016, City Council meeting regarding the use of approximately $24,899 in FY2016 JAG funds by the City for the purchase of a new canine and necessary associated equipment.

Attached is a memorandum from Director Matthew Heins regarding the necessity of this purchase.

I recommend approval of this request. Your consideration and concurrence is appreciated.

PHB

DEPARTMENTAL REPORT

MEMO TO: Patrick Burtch, City Manager

FROM: Matthew Heins, Director of Police and Fire Services

DATE: June 28, 2016

RECOMMENDATION: Approval of Scheduling a Public Hearing

SUMMARY

The Jackson Police Department and Jackson County Sheriff's Department were notified of the eligibility to receive FY2016 Edward Byrne Memorial Justice Assistance Grant (JAG) funding in the amount of $35,801.

One of the JAG requirements is that a hearing be held allowing for citizen comment on the proposed use of the grant funds. A second requirement is the City and County sign a Memorandum of Understanding identifying the grant fiscal agent and the allocation of funds. It was agreed the City will continue to be the fiscal agent for the grant.

BUDGETARY CONSIDERATIONS

If approved, the Jackson Police Department will receive $24,899 and will use the money to purchase a new police K9, including training and necessary equipment.

The Jackson County Sheriff's Department will receive $10,902 and will use their funds to purchase new bulletproof vests.

HISTORY, BACKGROUND and DISCUSSION

Each year, the City of Jackson and/or Jackson County receive JAG funds in order to purchase equipment. In the two most recent fiscal years, grant funds were used to purchase a firearm simulator (FY2015) and to purchase lights for duty weapons, along with other necessary equipment (FY2016).

DISCUSSION OF THE ISSUE

The Justice Assistance Grant helps to offset the general fund costs of operations for both the City and County, and must be used for specific law enforcement purchases. In February 2017, the Jackson Police Department's only K9 Officer, William Mills, will retire. A K9 officer/dog team is useful in tracking suspects and missing persons, as well as locating contraband.

A Memorandum of Understanding (MOU) between the City of Jackson and County of Jackson is required; a proposed MOU is attached.

POSITIONS

I recommend scheduling a Public Hearing at the July 12, 2016 City Council meeting, as well as signing the MOU with Jackson County.

The State of Michigan
County of Jackson

Known By All These Present

MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF JACKSON, MICHIGAN AND THE COUNTY OF JACKSON, MICHIGAN

2016 JUSTICE ASSISTANCE GRANT (JAG) PROGRAM AWARD

This agreement is made and entered into this _____ day of _____, 2016 by and between the COUNTY of Jackson, acting by and through its Administrator, Michael Overton, hereinafter referred to as COUNTY and the CITY of Jackson, acting by and through its City Manager, Patrick Burtch, hereinafter referred to as CITY, both of Jackson County, State of Michigan, witnesseth:

WHEREAS, the City of Jackson and Jackson County have been notified of their joint eligibility to receive $35,801 in Justice Assistance Grant funds through the 2016 Edward Byrne Memorial Justice Assistance Grant (JAG) Program.

WHEREAS, JAG guidelines require that jurisdictions identify a fiscal agent that will submit a joint application for the total eligible allocation. Both jurisdictions agree that the CITY will apply for and serve as the fiscal agent for the 2016 Edward Byrne Justice Assistance Grant award of $35,801.

NOW, THEREFORE, the CITY and COUNTY agree as follows: The City will utilize their portion, $24,899 for the purchase of a Police K-9 including training and equipment. The County will use their portion, $10,902 for the purchase of bullet proof vests.

CITY of Jackson, Michigan	COUNTY of Jackson, Michigan
_____	_____
Patrick Burtch, City Manager	Michael Overton, Administrator
_____	_____
Date	Date

CITY OF JACKSON
Founded 1829

City Manager's Office

161 W. Michigan Ave. - Jackson, MI 49201
Phone: (517) 788-4035 • Facsimile: (517) 768-5820

MEMO TO: Mayor and City Councilmembers

FROM: Patrick H. Burtch, City Manager

DATE: June 28, 2016

SUBJECT: Creation of a Commercial Redevelopment District PHB

Recommendation:

Hold the public hearing to establish the Commercial Redevelopment District within the area bounded by Louis Glick, North Jackson, Pearl Street, and Blackstone, along with the City owned property in the block south and approve the Resolution.

Attached is a memo from Jennifer Morris, Director of Neighborhood and Economic Operations, regarding the potential establishment of a Commercial Redevelopment District within the area principally bounded by Louis Glick, North Jackson, Pearl Street, and Blackstone, along with the City owned property in the block south. Establishment of the District is the first step of providing a means for supporting the redevelopment of the properties in the above noted portions of the Downtown Development Authority. While holding the public hearing and approval of the associated Resolution does not authorize the up to 50% exemption on the number of mills levied on the commercial component of a project for up to 12 years, it does provide a means of gap financing for future development projects.

I recommend holding the public hearing and adopting the Resolution establishing the district boundaries. Your consideration and concurrence is appreciated.

PHB

DEPARTMENTAL REPORT

MEMO TO: Patrick Burtch, City Manager

FROM: Jennifer Morris, Director of Neighborhood and Economic Operations

DATE: June 28, 2016

RECOMMENDATION: Hold the public hearing to establish the Commercial Redevelopment District within the area bounded by Louis Glick, North Jackson, Pearl Street, and Blackstone, along with the City owned property in the block south and consider adopting the Resolution

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SUMMARY

As a means of promoting the redevelopment of the properties within the downtown area, specifically the parcels bounded by Louis Glick, North Jackson, Pearl Street, and Blackstone, along with the City owned properties in the block south, the City can establish a Commercial Redevelopment District as per Public Act 244 of 1978. The establishment of the district permits up to a 50% exemption on the number of mills levied on the commercial component of a project within the district for a period of up to 12 years.

BUDGETARY CONSIDERATIONS

Because each of the properties contained with the proposed Commercial Redevelopment District are currently owned by the City and tax exempt, the budgetary considerations are nil. However, the budgetary considerations of each future project (all of which will require a secondary public hearing) cannot be determined at this time because the taxable value is unknown. Ultimately, the City could be relinquishing up to 50% of the mills levied on the commercial component of each of these projects for a period of up to 12 years while the non-commercial component would still be taxed at the full millage rate.

BACKGROUND and DISCUSSION

While the City has received numerous inquiries about the properties in question, several of which have or are coming to fruition, many of these projects have a demonstrated need for gap financing. The Commercial Redevelopment District can fill that gap during the pivotal start up years of these projects. However, the initial step of setting up the district does not commit the City to any financial assistance, it only creates the means. Each of the potential development projects would have to be reviewed on their own merits and would be subject to a public hearing for consideration of the respective proposals.

POSITIONS

Following the public hearing, for which all owners of real property were notified via certified mail, the Council may consider adoption of the Resolution creating the Commercial Redevelopment District for the area noted in Attachment A.

ATTACHMENT

ATTACHMENT A

PROPOSED DISTRICT BOUNDARY

CITY OF JACKSON
Founded 1829

City Manager's Office

161 W. Michigan Ave. - Jackson, MI 49201
Phone: (517) 788-4035 • Facsimile: (517) 768-5820

MEMO TO: Mayor and City Councilmembers

FROM: Patrick H. Burtch, City Manager PHB

DATE: June 28, 2016

SUBJECT: Creation of a Commercial Rehabilitation District

Recommendation:

Hold the public hearing to establish the Commercial Rehabilitation District within the area bounded by Louis Glick, North Jackson, Pearl Street, and Blackstone, along with the City owned property in the block south and approve the Resolution.

Attached is a memo from Jennifer Morris, Director of Neighborhood and Economic Operations, regarding the potential establishment of a Commercial Rehabilitation District within the area principally bounded by Louis Glick, North Jackson, Pearl Street, and Blackstone, along with the City owned property in the block south. Establishment of the District is the first step, and could complement the Commercial Redevelopment District, as a means for incentivizing the redevelopment of the properties in the above noted portions of the Downtown Development Authority. While holding the public hearing and approval of the associated Resolution does not authorize the 100% property tax abatement on the new investment for up to 10 years, it does provide a means of gap financing for future development projects.

I recommend holding the public hearing and adopting the Resolution establishing the district boundaries. Your consideration and concurrence is appreciated.

PHB

DEPARTMENTAL REPORT

MEMO TO:	Patrick Burtch, City Manager
FROM:	Jennifer Morris, Director of Neighborhood and Economic Operations
DATE:	June 28, 2016
RECOMMENDATION:	Hold the public hearing to establish the Commercial Rehabilitation District within the area bounded by Louis Glick, North Jackson, Pearl Street, and Blackstone, along with the City owned property in the block south and consider adopting the Resolution

SUMMARY

As a supplemental means of promoting the redevelopment of the properties within the downtown area, specifically the parcels bounded by Louis Glick, North Jackson, Pearl Street, and Blackstone, along with the City owned properties in the block south, the City can establish a Commercial Rehabilitation District as per Public Act 210 of 2005. The establishment of the district, unlike the Commercial Redevelopment District, permits a 100% property tax abatement on the taxes generated from the new investment for a period up to 10 years.

BUDGETARY CONSIDERATIONS

Because each of the properties contained with the proposed Commercial Redevelopment District are currently owned by the City and tax exempt, the budgetary considerations are nil. However, the budgetary considerations of each future project cannot be determined at this time because the taxable value is unknown. Ultimately, the City and all other taxing jurisdictions (following a secondary public hearing) could be relinquishing all property taxes associated with the new investmeut into each of these projects for a period of up to 10 years. Unlike the Commercial Redevelopment District, the abatement would be on all components of the project.

BACKGROUND and DISCUSSION

While the City has received numerous inquiries about the properties in question, several of which have or are coming to fruition, many of these projects have a demonstrated need for gap financing. The Commercial Rehabilitation District can fill that gap during the pivotal start up years of these projects. However, the initial step of setting up the district does not commit the City to any financial assistance, it only creates the means, assuming the County Board of Commissioners concurs with its establishment. A unique element in the establishment of the District is that the County has up to 28 days to accept or reject the district and its boundaries. Subsequent to that decision, each of the potential development projects would have to be

reviewed on their own merits and would be subject to a public hearing for consideration of the respective proposals.

POSITIONS

Following the public hearing, for which all owners of real property along with the County Board of Commissioners were notified via certified mail, the Council may consider adoption of the Resolution creating the Commercial Rehabilitation District for the area noted in Attachment A. An affirmative decision by the Council will subsequently require consideration by the Board of County Commissioners which has the ultimate authority in creating the District.

ATTACHMENT

ATTACHMENT A

PROPOSED DISTRICT BOUNDARY

CITY OF JACKSON
Founded 1829

City Treasurer/City Clerk

161 W. Michigan Ave. - Jackson, MI 49201
Treasurer: (517) 788-4043 • Clerk: (517) 788-4025

MEMO TO: Mayor and City Councilmembers

FROM: Andrew J. Wrozek, Jr., City Treasurer/Clerk ajw

DATE: June 28, 2016

SUBJECT: Meterless Parking for 2016-2017

Recommendation:

PUBLIC HEARING:

A. Public hearing on the necessity of continuing the meterless parking system in the downtown area of the City for 2016-2017.

1. Consider a resolution determining the necessity of continuing the meterless parking system, ordering the City Assessor to prepare Special Assessment Roll No. 4268 and establishing July 12, 2016, at the City Council meeting as the time and place to hold a public hearing confirming the meterless parking system assessment roll.

Attached for your consideration is a resolution determining the necessity of continuing the meterless parking system in the downtown area of the City for 2016-2017.

I recommended adoption of the resolution after the public hearing is held. Your consideration and concurrence is appreciated.

CITY OF JACKSON
Founded 1829

City Treasurer/City Clerk

161 W. Michigan Ave. - Jackson, MI 49201
Treasurer: (517) 788-4043 • Clerk: (517) 788-4025

MEMO TO: Mayor and City Councilmembers

FROM: Andrew J. Wrozek, Jr., City Treasurer/Clerk ajw

DATE: June 28, 2016

SUBJECT: Second Reading and Adoption of Ordinance 2016-13

Recommendation:

Adopt Ordinance 2016-13 amending Chapter 10 of the Code of Ordinances of the City of Jackson, Michigan to adopt language from the International Code Council's 2015 International Fire Code for the health, safety and welfare of the Citizens of the City of Jackson.

Attached is Ordinance 2016-13. Ordinance 2016-13 was considered for approval and moved for 2nd reading by the Council at the June 14, 2016, City Council meeting.

I recommend approval of Ordinance 2016-13. Your consideration and concurrence is appreciated.

ORDINANCE 2016 - 13

An Ordinance amending Chapter 10 of the Code of Ordinances of the City of Jackson, Michigan to adopt language from the International Code Council's 2015 International Fire Code for the health, safety and welfare of the Citizens of the City of Jackson.

THE PEOPLE OF THE CITY OF JACKSON ORDAIN:

Section 1. Purpose.

The City Council adopts this ordinance to incorporate language from the International Code Council's 2015 International Fire Code for the health, safety and welfare of the Citizens of the City of Jackson.

Section 2.

That Chapter 10 of the City of Jackson, Michigan Code of Ordinances, be amended to read as follows:

ARTICLE I. - IN GENERAL

Secs. 10-1—10-25. - Reserved.

ARTICLE II. - FIRE Division

Sec. 10-26. - Purpose.

The purpose of the fire prevention code of the city is to protect the health, safety and welfare of the people living and working in the city by regulating and governing conditions hazardous or potentially hazardous to life and property from fire and/or explosion or both.

Sec. 10-27. - Director of Police and Fire Services.

The fire division shall be headed by the director of police and fire services or his designee ("director") and shall be charged with the prevention and extinguishment of fires, the protection of life and property against fire, the removal of fire hazards, the performance of other public services of an emergency nature assigned to it, and the conducting of an educational fire prevention program.

Sec. 10-28. - Fire prevention duties.

The fire division shall be responsible for inspecting potential fire hazards, and abatement of existing fire hazards, in accordance with the provisions of this chapter.

Sec. 10-29. - Division rules.

The director of police and fire services shall adopt rules and regulations for the government of the fire division, subject to the approval of the city manager, and may change and repeal the same upon notice to and approval by the city manager. Such rules and regulations shall designate the chain of command for the fire division, so that in the absence or disability of the director or any officer of the fire division, the responsibility for the operation of the division shall immediately and automatically be vested in the next ranking officer or member of the division on duty at the time of a fire.

Sec. 10-30. - Division equipment.

The director shall be responsible for the maintenance and care of all property and equipment used by the fire department.

Secs. 10-31—10-51. - Reserved.

ARTICLE III. - FIRE PREVENTION CODE

Sec. 10-52. - Adoption by reference.

There is hereby adopted by reference as the fire prevention code of the City the International Code Council ("ICC"), 2015 International Fire Code, with all appendices, references and supplements therein printed, with the exception of appendices A, J, and M. The ICC, 2015 International Fire Code, which may be amended from time to time, is hereby adopted by reference as the Fire Prevention Code of the City of Jackson, excluding amendments, deletions, and additions contained within section 10-53.

Sec. 10-53. - Amendments, deletions and additions.

The following sections and subsections of the ICC, 2015 International Fire Code, are hereby amended or deleted as set forth, and additional sections and subsections are added as indicated. Subsequent section numbers used in this section shall refer to the like-numbered sections of such fire prevention code.

Sec. 101.1. The following portions of Section 101.1 are amended to provide as follows:

Title. These regulations shall be known as the Fire Prevention Code of the City of Jackson, hereinafter referred to as "this Code".

Sec.108.1. The following portions of Section 108.1 are amended to provide as follows:

Application for appeal. Whenever the director shall disapprove of an application or refuse to grant a permit hereunder, or when it is claimed the provisions of this code do

not apply or the true intent of the code has been misinterpreted, the applicant may appeal in writing to the City of Jackson Building Code Board of Examiners and Appeals (the "Board") within thirty (30) days from the date of the disapproval of the application or refusal to grant a permit.

Section 108.3 is deleted in its entirety.

Sec. 109.3. Notice of Violation. The following portions of Section 109.3 are amended to provide as follows:

Violation Penalties. Person who shall violate a provision of this code or shall fail to comply with any of the requirements thereof or who shall erect, install, alter, repair or do work in violation of the approved construction documents or directive of the fire code official, or of a permit or certificate used under provisions of this code, shall be guilty of a misdemeanor, punishable by a fine of not more than $500.00 or by imprisonment not exceeding 90 days, or both such fine or imprisonment. Each day that a violation continues after due notice has been served shall be deemed a separate offense.

Sec. 113.1. Fees. The following portions of Section 113.1 are amended to provide as follows:

Fees. A permit shall not be issued until the fees have been paid, nor shall an amendment to a permit be released until the additional fee, if any, has been paid. Fees shall be set by Resolution of the City Council.

Sections 307, 308, 309, 310, 311, 312, 313, and 314. Outdoor burning. The following portions of Section 307, 308, 309, 310, 311, 312, 313, and 314 are amended to provide as follows:

307.1 This section applies to all outdoor burning and open burning within the City of Jackson.

307.2 Definitions.

307.2.1 Clean wood means seasoned, dry, and natural wood which has not been painted, varnished or coated with a similar material, has not been pressure treated with preservatives, and does not contain resins or glues as in plywood or other composite wood products.

307.2.2 Construction and demolition waste means building waste materials, including but not limited to waste shingles, insulation, lumber, treated wood, painted wood, wiring, plastics, packaging, and rubble that results from construction, remodeling, repair, and demolition operations on a house, commercial or industrial building, or other structure.

307.2.3 Manufactured gas fire device means a manufactured gas burning device used for outdoor recreation and/or heating.

307.2.4 Open burning means kindling or maintaining a fire where the products of combustion are emitted into the ambient air without passing through a stack or a chimney.

307.2.5 *Outdoor burning* means open burning, burning in a wood-burning unit, or burning in a manufactured gas fire device.

307.2.6 *Wood-burning unit* means a manufactured wood burning device (including a chiminea) used for outdoor recreation and/or heating.

307.3 General prohibition on outdoor burning. Outdoor burning is prohibited unless specifically permitted by this section.

307.4 Outdoor burning of refuse, brush, leaves, waste, and grass clippings prohibited. Outdoor burning of refuse is prohibited including the burning of brush, leaves, waste, and grass clippings.

307.5 A wood-burning unit may be used in the City of Jackson only if it is used in accordance with all of the following provisions:

307.5.1 The wood-burning unit shall only be used to burn clean wood. The wood-burning unit shall not be used to burn refuse, waste, brush, leaves, grass clippings, or any material or substance other than clean wood.

307.5.2 The wood-burning unit shall be located in the rear yard only. For the purpose of this section only, on corner lots, the rear yard shall be considered the yard opposite the street on which the front door of the house faces.

307.5.3 The wood-burning unit shall be located no closer than twenty-five (25) feet from any structure. The wood-burning unit shall be located no closer than fifteen (15) feet from any neighboring property line.

307.5.4. The wood-burning unit or burning materials within the unit shall not cause a nuisance to neighbors. Reasonably objectionable smoke, odor, or smell shall be deemed a nuisance and is prohibited.

307.5.5 Operational hours for any wood-burning unit shall be limited to the time between 9:00 a.m. through 11:00 p.m.

307.5.6 All fires shall be diligently supervised by at least one person who is eighteen (18) years of age or older.

307.5.7 There shall be a minimum of a garden hose connected to a reliable water supply, a bucket filled with no less than two (2) gallons of clean water, or a properly functioning portable fire extinguisher, rated 2-A; 10-B, C, in plain view and within fifteen (15) feet from any wood-burning unit.

307.5.8 The wood-burning unit shall be no wider than three (3) feet in diameter and no higher than three (3) feet above the base of the wood-burning unit, which makes direct contact with the bottom of the burning materials in the wood-burning unit. A chiminea shall be no higher than five (5) feet above the base, which makes direct contact with the bottom of the burning materials in the chiminea.

307.5.9 The wood-burning unit shall be enclosed on all sides and the bottom, and shall have a metallic screen or cover that completely covers the top of the wood-burning unit. The metallic screen or cover covering the top of the wood-burning unit shall be no larger than one-third-inch metallic meshing. Burning materials shall be completely contained within the wood-burning unit. The wood-burning unit shall only be constructed of metal, concrete, clay, or other similar non-combustible materials.

307.5.10 The materials being burned in the wood-burning unit shall not make direct contact with the ground. The base of the wood-burning unit, which makes direct contact with the bottom of the burning materials in the wood-burning unit, shall not make direct contact with the ground.

307.5.11 The wood-burning unit shall only be used with the express permission of the property owner or tenant.

307.5.12 The wood-burning unit shall only be used at a one-family or two-family dwelling.

307.5.13 Any user of a wood-burning unit shall comply with the directions, instructions, and warnings provided by the manufacturer of the wood-burning unit. If the directions, instructions, and warnings provided by the manufacturer conflict with any provision in this section, the provision in this section shall control.

307.5.14 There shall only be one (1) active wood-burning unit at a property at a time.

308.1 A manufactured gas fire device may be used in the City of Jackson at one or two-family dwellings and non-residential property only if it is used in accordance with all of the following provisions:

308.1.1 The manufactured gas fire device shall only be used to burn flammable gas. The manufactured gas fire device shall not be used to burn refuse, waste, brush, leaves, grass clippings, wood, or any material or substance other than flammable gas.

308.1.2 At one or two family dwellings, the manufactured gas fire device shall be located in the rear yard only. For the purpose of this section, on corner lots, the rear yard shall be considered the yard opposite the street on which the front door of the house faces.

308.1.3 The manufactured gas fire device shall be located no closer than five (5) feet from any portion of a structure in any direction, including above the manufactured gas fire device. The manufactured gas fire device shall be located no closer than fifteen (15) feet from any neighboring property line. The manufactured gas fire device shall be located no closer than ten (10) feet from any other manufactured gas fire device, wood-burning unit, or outdoor burning.

308.1.4 The manufactured gas fire device shall not cause a nuisance to neighbors. Reasonably objectionable smoke, odor, or smell shall be deemed a nuisance and is prohibited.

308.1.5 At one or two family dwellings, operation of a manufactured gas fire device shall be limited to the time between 9:00 a.m. through 11:00 p.m.

308.1.6 All manufactured gas fire devices shall be diligently supervised by at least one person who is eighteen (18) years of age or older when the gas fire device is in use.

308.1.7 The manufactured gas fire device shall only be used with the express permission of the property owner or tenant.

308.1.8 Any user of a manufactured gas fire device shall comply with the directions, instructions, and warnings provided by the manufacturer of the manufactured gas fire device. If the directions, instructions, and warnings provided by the manufacturer conflict with any provision in this section, the provision in this section shall control.

308.1.9 At a non-residential property, the owner of a manufactured gas fire device that will be placed in a public right-of-way shall complete an application for revocable

license and pay the required fee to the Clerk's office. The application must also include a general liability insurance certificate verifying that the owner of the manufactured gas fire device is insured against personal injury and property damage arising out of the use or possession of the manufactured gas fire device. The owner shall also provide to the City of Jackson an insurance endorsement stating that the City of Jackson is an additional insured, and it must be in a reasonable coverage amount established by the City Attorney to ensure the City's protection. Upon receipt of a completed application for a revocable license, the application shall be placed on the next regularly scheduled City Council meeting for City Council action. All complete applications for a revocable license must either be denied or approved and executed within sixty (60) days of receipt. If the application for the revocable license is approved by the City Council, the Mayor and Clerk shall execute the revocable license. Any complete application that is not denied within sixty (60) days of receipt shall be deemed approved.

308.1.10 At non-residential property, a manufactured gas fire device shall only be in use during the hours that the business is open.

309.1 Exceptions. Subsections 307.3, 307.5, and 308.1 do not apply to:

309.1.1 Grilling or cooking food using charcoal cookers, propane or natural gas in cooking appliances, braziers, hibachis, grills, outdoor fireplaces or gas-fired stoves.

309.1.2 The temporary use of propane, acetylene, natural gas, gasoline or kerosene in a device intended for construction or maintenance activities.

309.1.3 The temporary use of non-ash producing fuels being used not less than fifteen (15) feet from combustible materials, when used in metal containers for the heating of building materials or for the warmth of workers.

309.1.4 Outdoor burning by the City Fire Division in connection with training and performance of its duties.

310.1 The department of police and fire services is authorized to enforce this section.

311.1 A City official or employee enforcing this section may require the owner, tenant, occupant, guest, or any other person at the property to extinguish any outdoor fire that creates a fire hazard, is a nuisance, is reasonably objectionable, or is unsafe. If there are no capable, available, or willing people at the property to extinguish an outdoor fire, the City official or employee may extinguish the outdoor fire.

312.1 Charcoal cookers, propane or natural gas in cooking appliances, braziers, hibachis, grills, stoves, or other similar devices when in use outdoors for cooking or heating purposes, shall not be used or kindled on any balcony, shall not be used or kindled under any overhanging portion of a structure, and shall be located no closer than ten (10) feet from any portion of a structure in any direction, including above, at property that has a structure or structures that contain more than two dwelling units.

313.1 Any provision or requirement in Sections 307, 308, 309, 310, 311, and 312 may be waived or modified only with the express written permission of the City Fire Division or approval by the City Council.

314.1 Between the passage date of this ordinance and the effective date of this ordinance, any provision or requirement in Sections 307, 308, 309, 310, 311, and 312 may be waived or modified only with the express written permission of the City Fire Division or approval by the City Council.

Sec. 506.1. Key boxes; installation; contents. The following portions of Section 506.1 are amended to provide as follows:

> *Key boxes; installation; contents.* A key box of a type approved by the fire official shall be required when a property is protected by an automatic fire alarm system or access to the property is made unusually difficult because of secured doors or other openings. Such key box, when installed, shall contain all of the following:
>
> 1. Keys to locked points of ingress whether on the interior or exterior of such buildings.
>
> 2. Keys to locked mechanical equipment rooms.
>
> 3. Keys to locked electrical rooms.
>
> 4. Keys to elevator controls.
>
> 5. Keys to other areas as deemed necessary by the fire official.

Sec. 560.4. Explosive materials storage and handling. The following portions of Section 560.4 are amended to provide as follows:

> *5604.1 General.* Storage of explosives and explosive materials, small arms ammunition, small arms primers, propellant-actuated cartridges and smokeless propellants in magazines shall comply with the provisions of this section. The storage of explosives and blasting agents is prohibited within all zoning designations of property

within the city except those areas designated as I-1 or I-2 industrial properties and C-1, C-2, C-3, or C-4, commercial districts by the zoning code of the City of Jackson; provided, however, that temporary storage not to exceed five (5) continuous days in conjunction with approved blasting operations shall be permissible.

It shall not be deemed unlawful under this section to store wholesale and retail stocks of small arms ammunition, explosive bolts, explosive rivets, or cartridges for explosive-activated power tools in quantities involving less than five hundred (500) pounds of explosive material.

Sec. 10-54. - Districts in which storage of flammable liquids and explosives prohibited.

The limits referred to in the fire prevention code adopted by this article which restrict or prohibit the storage of explosives and blasting agents, Sec. 5601; flammable liquids, Sec. 5701; and storage of liquefied petroleum gas, Sec. 6101et seq., are hereby established for all zoning districts created by section 28-31 of the city code except "I" industrial districts.

Sec. 10-55. - Appeals.

Whenever the director of police and fire services shall disapprove an application or refuse to grant a permit applied for, or when it is claimed that the provisions of the code adopted by this article do not apply or that the true intent and meaning of such code have been misconstrued or wrongly interpreted, the applicant may appeal from the decision of the director to the Board within thirty (30) days from the date of the decision appealed.

Secs. 10-56—10-69. - Reserved.

ARTICLE IV. - HAZARDOUS MATERIAL (HAZMAT) UNIT

Sec. 10-70. - Definitions.

For purposes of this article, the following definitions shall apply:

Emergency hazardous material incident means a spill, leakage, release, or other dissemination or threat of same of any hazardous materials requiring immediate action to mitigate a threat to public health, safety or welfare.

Expenses shall include but not be limited to the actual labor costs to the city and its personnel including Workers' Compensation benefits, fringe benefits, administrative overhead, costs of equipment, costs of equipment operation, costs and materials, costs of disposal, costs of any contract labor and materials, and those costs associated with an emergency hazardous

materials incident, in order to ensure the safety of the city and its populace. Expenses shall also include the charges or costs incurred by the city as a result of a HazMat unit response to an emergency hazardous materials incident.

Hazardous materials shall include but not necessarily be limited to, all materials identified in E102, and materials designated as hazardous by the State of Michigan in Public Act 307 of 1982, as amended, or by the Federal Superfund Amendment and Reauthorization Act (SARA), as amended.

HazMat unit means the vehicle provided by the city, individually or pursuant to an agreement with another municipality, equipped with apparatus designed to provide emergency service in situations involving a spill, leak, accident or other similar occurrence involving hazardous materials.

Owner means any individual, firm, company, association, society, corporation, partnership, or group, including their officers and employees, who are either listed as the owner of record by the Jackson County Register of Deeds, have a land contract vendee interest in, or are listed as the taxpayer of record for the real property where the emergency hazardous material incident occurred, or have title, use, possession or control of the hazardous material or the vehicle used to transport same.

Person means any individual, firm, company, association, society, corporation, partnership, or group, including their officers and employees, who has responsibility for or actual involvement in the emergency hazardous materials incident.

Sec. 10-71. - Hazardous materials incident emergency.

In the event a spill, leakage, release, or other dissemination of any hazardous material has occurred, the city fire chief, or his/her authorized representative, shall determine whether such occurrence constitutes an emergency hazardous materials incident, and if so determined, the city may take immediate steps to abate and control the hazardous materials.

Sec. 10-72. - Expenses of an emergency hazardous materials incident.

In the event of an emergency hazardous materials incident, all owners or persons who have responsibility for or involvement in the emergency hazardous materials incident shall be jointly and severally liable to the city for any expenses incurred in responding to said emergency hazardous materials incident. In the event said owner or person fails to pay said expenses within sixty (60) days after the city mails its invoice of expenses to said owner or person, the city may take such collection efforts to recover said expenses that it deems appropriate, including, but not limited to, causing such expenses to be levied and assessed as a special assessment upon the real property where the hazardous materials emergency occurred, and collecting the same in the same

manner as provided in the City Charter; provided, however, such unpaid expenses may not be levied as a special assessment against any real property unless the owner, or person in charge of or responsible for said real property, has a connection or involvement with the hazardous material that resulted in an emergency hazardous materials incident.

Sec. 10-73. - Payment of invoice.

Payment of an invoice for expenses incurred by the city under this article shall not constitute an admission of guilt or responsibility under any other ordinance, law, rule, or regulation.

Sec. 10-74. - Repeal of conflicting ordinances.

All ordinances or parts or ordinances conflicting with the provisions of this article are hereby repealed, only to the extent necessary to give this article full force and effect.

Sec. 10-75. - Invalidity provision.

Should the courts declare any provision or section of this article unconstitutional or invalid, then such decision shall affect only the section or provision so passed upon, and shall not affect any other section or part of this article.

Sec. 10-76. - Construction.

The general penalty provision of section 1-18 of this code shall not apply to this article.

Section 3. Effective date.

This ordinance shall take effect thirty (30) days from the date of adoption.

CITY OF JACKSON
Founded 1829

City Treasurer/City Clerk

161 W. Michigan Ave. - Jackson, MI 49201
Treasurer: (517) 788-4043 • Clerk: (517) 788-4025

MEMO TO: Mayor and City Councilmembers

FROM: Andrew J. Wrozek, Jr., City Treasurer/Clerk

DATE: June 28, 2016

SUBJECT: Second Reading and Adoption of Ordinance 2016-14

Recommendation:

Adopt Ordinance 2016-14 amending Chapter 14, Sections 14-9.1 and 14-42.1 of the City of Jackson Code of Ordinances, to eliminate the optional three year non-owner occupied residential property registration and inspection cycle, for the health, safety, and welfare of the citizens of the City of Jackson, Michigan.

Attached is Ordinance 2016-14. Ordinance 2016-14 was considered for approval and moved for 2nd reading by the Council at the June 14, 2016, City Council meeting.

I recommend approval of Ordinance 2016-14. Your consideration and concurrence is appreciated.

ORDINANCE 2016 - 14

An Ordinance amending Chapter 14, Sections 14-9.1 and 14-42.1 of the City of Jackson Code of Ordinances, to eliminate the optional three year non-owner occupied residential property registration and inspection cycle, for the health, safety, and welfare of the citizens of the City of Jackson, Michigan.

THE PEOPLE OF THE CITY OF JACKSON ORDAIN:

Section 1. Purpose.

The City Council adopts this ordinance to eliminate the optional three year non-owner occupied residential property registration and inspection cycle, for the health, safety, and welfare of the citizens of the City of Jackson, Michigan.

Section 2.

That Chapter 14, Sections 14-9.1 and 14-42.1 of the City of Jackson Code of Ordinances shall read as follows:

Section 14-9.1 is Repealed.

* * *

Sec. 14-42.1. - Issuance of certificate of compliance.

The certificate of compliance shall be issued only upon an inspection of the premises by the chief building official or his or her appointed designee.

(1) The chief building official shall not issue a certificate of compliance when any existing condition constitutes a violation of this article.

(2) Upon a finding that there is not a condition that would constitute a violation of this article, the certificate of compliance shall be issued. Upon a finding that there is a condition that would constitute a violation of this article, the certificate of compliance shall not be issued, and an order to comply with this article shall be issued immediately and served upon the owner in accordance with section 14-45. Upon reinspection and proof of compliance, the order shall be rescinded and a certificate of compliance shall be issued. Unless stated otherwise, a certificate shall not be valid for a period of more than two (2) years from the date of the last initial inspection of the premises.

(3) A certificate of compliance shall be issued on condition that the building or structure remains free from violations of this article. If upon reinspection pursuant to section 14-42 of this article the chief building official determines that conditions exist which constitute a violation of this article, the certificate shall be immediately suspended as to

affected areas, and an order to comply with this article shall be issued immediately and served upon the owner in accordance with section 14-45 of this article. On reinspection and proof of compliance, the order shall be rescinded and the suspended certificate reinstated or a new certificate issued.

Section 3. This Ordinance takes effect thirty (30) days after the date of adoption.

CITY OF JACKSON
Founded 1829

City Treasurer/City Clerk

161 W. Michigan Ave. - Jackson, MI 49201
Treasurer: (517) 788-4043 • Clerk: (517) 788-4025

MEMO TO: Mayor and City Councilmembers

FROM: Andrew J. Wrozek, Jr., City Treasurer/Clerk

DATE: June 28, 2016

SUBJECT: Second Reading and Adoption of Ordinance 2016-15

Recommendation:

Adopt Ordinance 2016-15 amending Chapter 2, Section 2-509 of the City of Jackson Code of Ordinances to establish age and length of service provisions for retirement from the City of Jackson Employee Retirement System.

Attached is Ordinance 2016-15. Ordinance 2016-15 was considered for approval and moved for 2nd reading by the Council at the June 14, 2016, City Council meeting.

I recommend approval of Ordinance 2016-15. Your consideration and concurrence is appreciated.

ORDINANCE 2016 - 15

An Ordinance amending Chapter 2, Section 2-509 of the City of Jackson Code of Ordinances to establish age and length of service provisions for retirement from the City of Jackson Employee Retirement System.

THE PEOPLE OF THE CITY OF JACKSON ORDAIN:

Section 1. Purpose.

The City Council adopts this ordinance to establish age and length of service provisions for retirement from the City of Jackson employee Retirement System for the health, safety, and welfare of the citizens of the City of Jackson, Michigan.

Section 2.

That Chapter 2, Article VI, Section 2-509(b)(1) of the City of Jackson Code of Ordinances shall read as follows:

Sec. 2-509. - Voluntary retirement.

(a) A person may voluntarily retire upon satisfaction of each of the following requirements:

(1) The person has filed written application for retirement with the board setting forth a retirement date, no less than thirty (30) days nor more than ninety (90) days subsequent to the filing of such application.

(2) The person terminates all city employment prior to the date retirement is to be effective.

(3) The person has met an applicable age and service condition for retirement.

(b) The age and service conditions for voluntary retirement are as follows:

(1) The table below applies to non-union benefit group general, but does not include those members of non-union benefit group general who have elected deferred retirement prior to the effective date of this ordinance.

Requirements for those retiring on or before October 31, 2024:	
	10 years of service and 60 years of age 27 years of service and 55 years of age 32 years of service and any age
Requirements for those retiring on or after November 1, 2024 and hired before December 31, 2015:	

	10 years of service and 65 years of age 32 years of service and 58 years of age
Requirements for those hired on or after January 1, 2016 :	
	10 years of service and 65 years of age 38 years of service and any age

(2) *Benefit group MAPE.* The person has either attained age sixty (60) years or older and acquired ten (10) or more years of credited service in force, or attained age fifty-five (55) years or older and acquired twenty-five (25) or more years of credited service, or acquired thirty (30) or more years of credited service without regard to age.

(c) Upon retirement as provided in this section, a person shall be paid a pension computed according to section 2-513.

Section 3. This Ordinance takes effect thirty (30) days after the date of adoption.

RESOLUTION

BY THE CITY COUNCIL:

WHEREAS, City staff has diligently studied the question of continuing the operation of a downtown meterless parking system as a public improvement with an estimated total annual assessable cost of $37,625.00; and

WHEREAS, under the authority granted by Ordinance Nos. 98-6 and 98-20, the City Council has reviewed the necessity of continuing the operation of a meterless parking system for the downtown area; and

WHEREAS, notice had been duly given that the City Council would hold a public hearing in the City of Jackson on Tuesday, the 28th day of June, 2016, at 6:30 p.m. to hear any and all objections and suggestions by interested parties to said public improvement; and

WHEREAS, the public hearing was held and the City Council and Assessor having heard all suggestions and objections made thereto and having fully considered the same; and

NOW, THEREFORE, BE IT RESOLVED that the City Council hereby determines that the continuation of the meterless parking system for the downtown area is a necessary public improvement and directs the Assessor to prepare Assessment Roll No. 4268 in the amount of $37,625.00 reflecting the estimated costs of same, assessing such costs to the property owners receiving a benefit therefrom in accordance with the benefits to be received by each.

BE IT FURTHER RESOLVED that the City Clerk is hereby directed to give notice that a public hearing will be held on Tuesday, the 12th day of July, 2016, at the hour of 6:30 p.m. in the Council Chambers of City Hall in the City of Jackson to hear any and all objections and suggestions by interested parties that may be made as to the assessments contained in said roll.

* * * * *

State of Michigan)
County of Jackson) ss
City of Jackson)

I, Andrew J. Wrozek Jr., City Clerk in and for the City of Jackson, County and State aforesaid, do hereby certify that the foregoing is a true and complete copy of a resolution adopted by the Jackson City Council on the 28th day of June, 2016.

IN WITNESS WHEREOF, I have hereto affixed my signature and the Seal of the City of Jackson, Michigan, on this 29th day of June, 2016.

_____
Andrew J. Wrozek, Jr., City Clerk

_____
William C. Jors, Mayor

JACKSON
Founded 1829

City Assessor

161 W. Michigan Ave. - Jackson, MI 49201
Phone: (517) 788-4033 • Facsimile (866) 902-7891

MEMO TO: Mayor and City Councilmembers

FROM: David Taylor, City Assessor

DATE: June 28, 2016

SUBJECT: Corrective Resolution for Special Assessment Roll 4253

Recommendation: Approve Corrective Resolution for Special Assessment Roll No. 4253 for Delinquent Miscellaneous Code Enforcement Account Receivables, confirmed April 24, 2015.

Attached please find a corrective resolution for Special Assessment Roll No. 4253 for Delinquent Miscellaneous Code Enforcement Account Receivables, confirmed April 24, 2015.

The Neighborhood and Economic Operations department has requested that the assessment be removed. (See attached memo).

I recommend approval of the above mentioned resolution. Your consideration and concurrence is appreciated.

Attachments

CORRECTIVE RESOLUTION

BY THE CITY COUNCIL:

WHEREAS, the Assessor, in accordance with the direction of the City Council, did make assessments for delinquent miscellaneous Code Enforcement accounts receivable, which assessments were by him placed on Assessment Roll No. 4253 and were reported to the City Council at its regular meeting held on the March 24, 2015; and

WHEREAS, on 14th of April, 2015, the City Council held a public hearing and confirmed said special assessment roll; and

WHEREAS, parcel 2-075600000, has a Special Assessment totaling $56.30 from Invoice 1400014291; and

WHEREAS, on May 9, 2016, the City Neighborhood and Economic Operations Office determined that the assessments were in error for parcel 2-075600000 and has requested that the assessment be removed. (See memo).

NOW, THEREFORE, BE IT RESOLVED, that the special assessments upon parcel 2-075600000 in the amount of $56.30 (Invoice 1400014291) is hereby deleted.

* * * * * * *

State of Michigan)
County of Jackson) ss
City of Jackson)

I, Andrew J. Wrozek, Jr., City Clerk in an for the City of Jackson, County and State aforesaid, do hereby certify that the foregoing is a true and complete copy of a resolution adopted by the Jackson City Council on this 28th day of June, 2016.

IN WITNESS WHEREOF, I have hereto affixed
My signature and the Seal of the City of Jackson,
Michigan, on this 29th day of June, 2016.

_____ Andrew J. Wrozek, Jr., City Clerk

_____ William C. Jors, Mayor

Neighborhood & Economic Operations

Building a Stronger Jackson

161 W. Michigan Avenue • Jackson, MI 49201-1303• Fax (866) 971-2151

Building Inspection (517) 788-4012 | Code Enforcement (517) 788-4060 | Engineering (517) 788-4160 | Planning & Economic Development (517) 768-6433

TO: **Dave Taylor, City Assessor's Office**

DATE: May 9, 2016

FROM: Sheila M. Prater, Neighborhood and Economic Operations Department SMP

SUBJECT: **Removal of Invoice #1400014291 from Special Assessment Roll**

The above referenced invoice was issued by our office in March 2014, for the inspection of a single family dwelling located at 342 Carr St.

The invoice was paid by the owner on November 16, 2015, but they have received a letter from the county that this has been added as a special assessment.

We now ask that the special assessment be removed from the property.

EQUAL HOUSING OPPORTUNITY

RECEIPT NUMBER

00034988

City of Jackson

161 W. Michigan Avenue

Jackson, MI 49201

Ph: (517) 788-4012 Fax: (517) 780-4781

Paid By

PHEBUS JOHN H & JUDY A

358 CARR ST

JACKSON, MI 49201

05/09/2016

Type	Record	Category	Description	Amount
Certificate	CR140212	Inspection	REINSPECTION - HCE	$ 50.00
Certificate	CR140212	STANDARD ITEM	LATE FEE - 251	$ 0.63

Total	**$ 50.63**
Cash	$ 50.63
Check	
Credit	
Transferred	
Tendered	**$ 50.63**
Change	**$ 0.00**
To Overpayment	**$ 0.00**

invoice paid 11/16/15
on 1st floor

Please Return this Portion with your Payment. Thank You.
Partial Payments Are Accepted (Except for Online Payments)

KAREN A COFFMAN
JACKSON COUNTY TREASURER
120 WEST MICHIGAN AVE
JACKSON MI 49201

Delinquent Tax for Property Number:
2-075600000

TAXPAYER NOTE: Are your name & mailing address correct? If not, please make corrections below. Thank You.

Property Address:
342 CARR ST

Total Due	05/31/16	63.86

PLEASE CALL 517-788-4418 FOR PAYOFF IF NOT PAID BY 5-31-2016

Make remittance payable to:
JACKSON COUNTY TREASURER
Amount Remitted: _____

PHEBUS JOHN H & JUDY A

358 CARR ST
JACKSON, MI 49201

If you owe 2014 and prior year taxes, payment must be made in the form of cash, cashier check or credit/debit. Beginning December 1, 2016 all 2015 and prior year taxes must be paid by cash, cashier check, or credit/debit.
NO PAYMENTS ACCEPTED OVER THE PHONE

Please detach along perforation. Keep the bottom portion for your records.

JACKSON COUNTY DELINQUENT TAX NOTICE

KAREN A COFFMAN
JACKSON COUNTY TREASURER
120 WEST MICHIGAN AVE
JACKSON MI 49201
517-788-4418
www.co.jackson.mi.us

ANY & ALL CREDIT PAYMENTS ACCEPTED
(Minimum transaction of $10.00 required in the office)
OR ONLINE FULL PAYMENT ONLY.
3% fee for ALL Credit Card transactions.
Online @ www.co.jackson.mi.us.
NO PAYMENTS ACCEPTED OVER THE PHONE OR BY MAIL

PHEBUS JOHN H & JUDY A

358 CARR ST
JACKSON MI 49201

DELINQUENT TAXES DUE

TAX YEAR	TOTAL DUE 05/31/16
2015	63.86
TOTAL	63.86

PLEASE CALL 517-788-4418 FOR PAYOFF IF NOT PAID BY MAY 31, 2016

PROPERTY INFORMATION

Property Number: 2-075600000
School Dist: JACKSON PUBLIC
Property Address: 342 CARR ST
JACKSON

LEGAL DESCRIPTION:

LAND COM AT PT ON W LN OF CARR ST 141 FT N OF NE COR OF LOT 15 BLK 1 CARR & PECK'S ADD TH N 66 FT TH W 148.5 FT TH S 66 FT TH E 148.5 FT TO BEG NW 1/4 SW 1/4 SEC 34 T2S R1W

IMPORTANT TAX INFORMATIONON OCTOBER 1, 2016, IN ADDITION A ONE TIME ADMIN FEE AND MONTHLY INTEREST OF 1%, A $15.00 FEE WILL BE ADDED TO THE 2015 AND/OR PRIOR TAX YEARS NOT PREVIOUSLY FORFEITED.ON MARCH 1, 2017, THE 2015 AND/OR PRIOR YEARS TAXES NOT PREVIOUSLY FORFEITED WILL BE SUBJECT TO FORFEITURE IF NOT PAID, AN ADDITIONAL FEE OF $175.00 WILL BE ADDED TO THE DELINQUENT TAXES, AND MONTHLY INTEREST WILL BE 1 -1/2%, RETROACTIVE TO MARCH 1, 2016. PERSONS HOLDING A LEGAL INTEREST MAY LOSE THAT INTEREST AS A RESULT OF THE FORFEITURE AND SUBSEQUENT FORECLOSURE PROCEEDING.UNLESS THE UNPAID 2015 AND/OR PRIOR DELINQUENT TAXES NOT PREVIOUSLY FORFEITED, INTEREST, PENALTIES AND FEES ARE PAID ON OR BEFORE APRIL 2, 2018, IMMEDIATELY SUCCEEDING THE ENTRY IN AN UNCONTESTED CASE OF JUDGMENT FORECLOSING THE PROPERTY, ABSOLUTE TITLE TO THE PROPERTY SHALL VEST IN THE COUNTY OF JACKSON AND ALL REDEMPTION RIGHTS WILL HAVE EXPIRED.

2014 AND/OR PRIOR YEARS DELINQUENT TAXES APPEARING ON THIS NOTICE MAY HAVE BEEN FORFEITED TO THE JACKSON COUNTY TREASURER ON MARCH 1, 2016. IF THE PROPERTY IS NOT REDEEMED BY MARCH 31, 2017, TITLE WILL VEST TO JACKSON COUNTY. 2015 TAXES WILL BE FORFEITED MARCH 1, 2017.

IF THE ABOVE PROPERTY IS CURRENTLY IN BANKRUPTCY, THIS NOTICE IS FOR INFORMATIONAL PURPOSES ONLY.

ADDITIONAL FEES MAY OCCUR AS ALLOWED UNDER P.A. 123

CITY OF JACKSON
Founded 1829

City Manager's Office

161 W. Michigan Ave. - Jackson, MI 49201
Phone: (517) 788-4035 • Facsimile: (517) 768-5820

MEMO TO: Mayor and City Councilmembers

FROM: Patrick H. Burtch, City Manager

DATE: June 28, 2016

SUBJECT: **Amendment 1 to Contract for Engineering and Design of Kibby Road – West Avenue to City Limits**

Recommendation:

Approval of Amendment 1 to the contract for Kibby Road Design and Engineering with Mannik Smith Group of Monroe, MI at a not-to-exceed cost of $23,500.00, and authorization for the City Manager and City Engineer to sign the contract documents.

Attached is a report Jon Dowling, City Engineer requesting approval of Amendment 1 to the contract for the above referenced project.

I recommend approval of contract Amendment 1 with Mannik Smith Group. Your consideration and concurrence is appreciated.

PHB

DEPARTMENTAL REPORT

MEMO TO: Patrick Burtch, City Manager

FROM: Jon H. Dowling, P.E., City Engineer

DATE: June 28, 2016

RECOMMENDATION: Approval of Amendment 1 to the contract for Kibby Road Design and Engineering with Mannik Smith Group of Monroe, MI at a not-to-exceed cost of $23,500.00, and authorization for the City Manager and City Engineer to sign the contract documents.

SUMMARY

On March 15, 2016, City Council awarded the Kibby Road Design and Engineering contract to Mannik Smith Group. Engineering is seeking to amend this contract to add the design and engineering of a roundabout at Kibby Road and Denton Road.

BUDGETARY CONSIDERATIONS

The original contract amount for Kibby Road is $89,615.00. The total amount for Amendment 1 is $23,500.00, bringing the revised contract amount to $113,115.00.

HISTORY, BACKGROUND and DISCUSSION

The City has Kibby Road from West Avenue to the City limits on the TIP in 2017 with $929,000 in federal funds and $232,000 in City funds for reconstruction of pavement with curb repairs to reduce pavement width to one vehicle lane in each direction. The project will also include features to improve accessibility to the adjacent non-motorized trail.

DISCUSSION OF THE ISSUE

The original request for proposals for the design and engineering of Kibby Road planned to retain the T-intersection at Denton Road while narrowing Kibby Road to two lanes. The current roadway has separate turn lanes for traffic on Kibby Road turning onto Denton. Upon further review of the geometrics to design the new intersection, Engineering started to layout a roundabout as the preferred layout and had discussions with Mannik Smith Group to obtain an amendment to the design. Attached is their letter outlining their scope of service and cost for the amendment (Amendment 1).

POSITIONS

Engineering recommends that Amendment 1 to the contract for the Kibby Road design and engineering with Mannik Smith Group be approved at their not-to-exceed cost of $23,500.00. Funding is available in the Major Street Fund. I also request that the City Manager and City Engineer be authorized to sign the contract documents.

ATTACHMENT

Change Order No. 1
Effective Date: June 7, 2016

CHANGE ORDER TO PROFESSIONAL SERVICES AGREEMENT

The Mannik & Smith Group, Inc. (the "CONSULTANT") agrees to perform for City of Jackson (the "CLIENT"), the Services described below for the Project identified below. The Services shall be performed in accordance with the provisions of the Professional Services Agreement (the "AGREEMENT") dated April 7, 2016 between the CONSULTANT and the CLIENT. This Change Order is incorporated in and a part of the AGREEMENT.

Project:
Kibby Road Design and Engineering

Additional/Revised Services:
a. Design of roundabout at the intersection of Kibby Road and Denton Road. The roundabout is to be a single lane without added turn lanes. Roundabout shall be designed to turn a 40-foot bus in the travel lane and a WB-67 utilizing the center apron. Pedestrian crossing will be un-signalized.
b. Design modifications of the portion of Denton Road west to the bridge to convert it from an existing boulevard to a two lane roadway, a distance of approximately 700 feet. This proposal assumes the proposed two lane road wil follow the existing east bound Denton Lanes, utilizing as much of the existing pavement as possible.
c. Isolate the parking areas along the north side of Denton Road, including two bi-directional driveways with the reconfiguration of Denton Road.
d. Complete field study for lighting requirements and coordinate hand holes and conduit with Consumers Energy. No foundation design to be completed, lights would be mounted on wooden poles installed and service provided by Consumers Energy.

Compensation Change:
Total Change of $23,500. Detailed as follows:
Roundabout Design: Design Engineering, $13,000
Denton Road Design: Design Engineering, $5,000
Parking Lot Modifications: Design Engineering, $1,000
Roundabout, Denton Road and Parking Modifications: Field Survey, $2,000
Geotechnical: Additional Boring in Denton Road and Laboratory Testing, $500
Lighting Design: Field Study and coordination with Consumers Energy, $2,000

Special Payment Terms (if other than as provided in the AGREEMENT):
Per Existing Contract

Start Date: 6-20-2016

Time of Performance (attach schedule if appropriate): As outlined in Original Contract

Special Project Procedures: None

APPROVAL AND ACCEPTANCE

This Change Order defined herein are approved. The CONSULTANT is hereby directed and authorized to proceed with the Services for the designated Project in accordance with the provisions of this Change Order and the AGREEMENT.

City of Jackson	THE MANNIK & SMITH GROUP, INC.
Signature	Signature
	Barry A. Buschmann
Name Printed	Name Printed Senior Vice President
Title	Title 6-8-2016
Date	Date

CITY OF JACKSON
Founded 1829

City Attorney's Office

161 W. Michigan Ave. • Jackson, MI 49201
Phone: (517) 788-4050, (517) 788-4023 • Facsimile: (866) 971-2117

MEMO TO: Honorable Mayor and City Councilmembers

FROM: Bethany M. Smith, City Attorney

DATE: Council Meeting – June 28, 2016

SUBJECT: ***Renewal of Liability and Property Insurance with Michigan Municipal League Liability & Property Pool***

Recommendation: APPROVE the renewal of the City of Jackson's liability and property insurance with the Michigan Municipal League's Liability and Property Pool.

Your consideration and concurrence is appreciated.

DEPARTMENT REPORT

MEMO TO: Honorable Mayor and City Councilmembers

FROM: Bethany M. Smith, City Attorney

DATE: Council Meeting – June 28, 2016

RECOMMENDATION: APPROVE payment of the invoice for renewal of the City of Jackson's Liability and property insurance through the Michigan Municipal League's Liability & Property Pool in the amount of $442,638.00

SUMMARY

The attached *Proposal* from the City of Jackson's liability and property insurer is attached and a renewal needs to be authorized, as well as payment of the renewal fee invoice for 2016.

HISTORY, BACKGROUND and DISCUSSION

Attached please find the proposal from the Michigan Municipal League Liability & Property Pool ("MML Pool") for insurance coverage for the City of Jackson for Fiscal Year 2016-17. Also attached is an invoice for the annual premium in the amount of $442,638.00. This amount represents a increase of $17,917.00 from last year's premium of $424,721.00.

The City does routinely receive a dividend from the MML Pool each year. I am informed by our Account Executive, James Newman, that we should expect a dividend for this year of approximately $53,116.00.

As Council is aware, we have been with the MML Pool for a number of years. The City Attorney's Office and other relevant staff have been very pleased with both the service and coverage provided by the Pool. The MML Pool provides the City with attorneys who are very experienced and experts in their fields. It is my recommendation that we renew our insurance coverage with the MML Pool.

The requisite action is to approve the renewal of insurance coverage with the Michigan Municipal League Liability and Property Pool for 2016 and authorize the Finance Director to pay the invoice.

POSITIONS

APPROVE the renewal of insurance coverage with the Michigan Municipal League Liability and Property Pool for 2016 and authorize the Finance Director to pay the invoice.

ATTACHMENTS: Proposal

michigan municipal league

Liability & Property Pool

Proposal

for the

City of Jackson

Presented By:

Jim Newman, LUTCF
Meadowbrook® Insurance Group, Service Provider
(517) 243-5865

June 13, 2016

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This proposal is intended to be only a summary of coverages and services. For specific details on coverage terms and conditions, please refer to the Michigan Municipal League Liability and Property Pool coverage document.

Executive Overview

The Michigan Municipal League Liability and Property Pool is administered by the Risk Management staff of the Michigan Municipal League, and serviced by Meadowbrook Insurance Group. Since 1982, the Pool has been a stable source of comprehensive municipal insurance and risk management services. It is financially secure and positioned for long-term stability.

The League administrative staff and the dedicated Pool staff at Meadowbrook Insurance Group are municipal insurance experts. Municipal risk management is our only business, and we're proud of it!

The Pool provides insurance coverage designed specifically for Michigan municipal exposures, combined with a package of loss control programs, claims administration, legal defense and membership services that you won't find anywhere else in Michigan.

This quotation is based on the limits of coverage requested by the **City of Jackson.** Higher limits may be available, subject to underwriting review by Pool Management. Please submit requests for higher limits in writing to your Account Executive. Your request will be considered by Pool Management.

The insurance and related services described more fully in this proposal are being offered to the **City of Jackson** for an annual premium of **$442,638.** (In addition, the MML Liability & Property Pool Board of Trustees voted to return another post-renewal dividend for Members renewing in 2016. The City of Jackson's portion of the dividend return is **$53,116** making the net premium **$389,521**. The City of Jackson will receive this dividend in the month following payment of your 2016 renewal premium.)

We encourage you to compare the Pool with our competition. Compare us based on price, coverage, service, financial security, experience and commitment to municipal risk management. When you do, the advantages of Pool membership become clear.

Thank you for being a Pool member. We look forward to servicing your risk management program for many years to come.

Our Mission

To be a long-term, stable, cost-effective risk management alternative for members of the Michigan Municipal League Liability and Property Pool.

Introduction

What You Can Expect Of Us

- ✓ A commitment to learn, understand and respond to your insurance needs;
- ✓ Continuous planning and innovation in product development and service delivery;
- ✓ Products that meet your needs in terms of price, coverage and service;
- ✓ Prompt, accurate, and courteous response to your questions, problems and claims; and
- ✓ Knowledgeable and professional staff serving your needs consistently and with integrity.

Your Pool Insures More Than . . .

- ✓ 400 Public Entity Members
- ✓ 852 Licensed Emergency Medical Technicians
- ✓ 440 Licensed Paramedics
- ✓ 143 Fire Departments
- ✓ 184 Law Enforcement Agencies
- ✓ 5,535 Miles of Streets/Roads
- ✓ 188 Water Utilities
- ✓ 7,000 Vehicles
- ✓ 19 Electric Utilities
- ✓ 25 Municipal Marinas
- ✓ $4.15 Billion of Property Values
- ✓ 205 Sewer Operations

These local communities are current Pool members:

City of Coldwater
Village of Brooklyn
City of Adrian

michigan municipal league
Liability & Property Pool

Coverage and Cost Summary
City of Jackson

Effective 07-01-2016 to 07-01-2017

Coverages	Limit of Liability	Aggregate Limit	Per Occurrence Deductible
Municipal General Liability (Coverage A)	$5,000,000	N/A	$2,500
Mark Fish, Electrical Inspector	$5,000,000	N/A	$2,500
Marty Riske, Electrical Inspector	$5,000,000	N/A	$2,500
Raymond Taylor, Building Inspector	$5,000,000	N/A	$2,500
Sewer Back-Up Sublimit	$100,000	$100,000	$0
Personal Injury Liability (Coverage B)	$5,000,000	N/A	$2,500
Medical Payments (Coverage C)	$10,000	N/A	N/A
Public Officials Liability (Coverage D)	$5,000,000	N/A	$2,500
Mark Fishe, Electrical Inspector	$5,000,000	N/A	$2,500
Marty Riske, Electrical Inspector	$5,000,000	N/A	$2,500
Raymond Taylorn Bulding Inspector	$5,000,000	N/A	$2,500
Law Enforcement Liability (Coverages A, B, and D)	$5,000,000	N/A	$2,500
Employee Benefit Liability	$1,000,000	$1,000,000	$2,500
Fire Legal Liability	$100,000	N/A	N/A
Cyber Liability (Coverages A, B, and D)	$25,000	$50,000	N/A
Dam Liability	No Coverage	N/A	N/A
Marina Operator Liability	No Coverage	N/A	N/A
Automobile Liability (Coverages A and B)	$5,000,000	N/A	$0

# Vehicles	Comp	Coll
3	NO COV	NO COV
154	$1,000	$1,000

Agreed Amount, if applicable 7 Vehicles for a total of $2,489,395

Coverages A, B, and D are provided with a combined single limit of liability. The most the Pool will pay for any one occurrence is $5,000,000 regardless of the number of coverages involved in the occurrence.

Property			
Property - Blanket Basis	$164,499,714	N/A	$2,500
Boiler and Machinery	Included	N/A	$2,500
Building(s)	Included	N/A	$2,500
Cemetery Property - up to $500 per headstone	# Plots: 43,050	N/A	$500
Contents	Included	N/A	$2,500
Property in the Open	Included	N/A	$2,500
Protection & Preservation	Included	N/A	N/A
Property - Actual Cash Value	N/A	N/A	N/A

michigan municipal league
Liability & Property Pool

Coverage and Cost Summary
City of Jackson

Effective 07-01-2016 to 07-01-2017

Coverages	Limit of Liability	Aggregate Limit	Per Occurrence Deductible
Property - Limited Replacement Cost	See Schedule	N/A	$2,500
Property - No Coverage	N/A	N/A	N/A
Property - Replacement Cost	See Schedule	N/A	$2,500
Accounts Receivable	$100,000	N/A	$250
Allmand Portable Light Towers	$15,000	N/A	$250
Cameras	$28,270	N/A	$250
Consequential Damage	$100,000	N/A	N/A
Contractors Equipment	$4,691,866	N/A	$250
Debris Removal - the lesser of 25% of physical damage loss or	$5,000,000	$5,000,000	N/A
Demolition & Increased Costs of Construction Limit	$100,000	N/A	N/A
Earth Movement	$2,000,000	$2,000,000	$5,000
Electronic Data Processing Equip	$2,267,523	N/A	$250
Expediting Expense	$100,000	N/A	N/A
Extra Expense	$100,000	N/A	N/A
Fine Arts	$4,000,000	$4,000,000	$250
Flood (Except for Members located in Flood Zone A, AO, AH, A1-A999, AE, or AR)	$1,000,000	$1,000,000	$5,000
Fungal Pathogens	$25,000	$25,000	$250
Golf Equipment	$258,500	N/A	$250
Loss of Income	$100,000	N/A	N/A
Loss of Rents	$100,000	N/A	N/A
Miscellaneous Equipment	$57,622	N/A	$250
National Portable Signal Solar Arrow Boards	$18,000	N/A	$250
Ornamental Trees, Shrubs, Plants or Lawn	$5,000	$10,000	$250
Personal Effects & Property of Others	$500	$2,500	$250
Police Equipment	$266,102	N/A	$250
Radio Equipment	$830,585	N/A	$250
Trailers, mounted equipment	$184,900	N/A	$250
Valuable Papers	$100,000	N/A	$250
Voting Equipment	$349,669	N/A	$250
Water Department Equipment	$7,658	N/A	$250
Comprehensive Crime Coverage			
Employee Dishonesty Blanket/Faithful Performance	$100,000	N/A	N/A
Depositors Forgery	$100,000	N/A	N/A

michigan municipal league
Liability & Property Pool

Coverage and Cost Summary
City of Jackson

Effective 07-01-2016 to 07-01-2017

Coverages	Limit of Liability	Aggregate Limit	Per Occurrence Deductible
Money and Securities Inside	$100,000	N/A	N/A
Money and Securities Outside	$100,000	N/A	N/A
Money Orders and Counterfeit Paper	$100,000	N/A	N/A
Bonds			
Bond #: A Treasurer	$100,000	N/A	N/A
Bond #: B Clerk	$100,000	N/A	N/A
Bond #: C Purchasing Director	$100,000	N/A	N/A
Bond #: D DDA Director	$100,000	N/A	N/A

Only one deductible applies to claims involving two or more property coverages.

The Michigan Municipal League Liability and Property Pool is pleased to offer all coverages and services described in this proposal for an annual premium of $442,638.

Benefits of Pooling with the MML

- ✓ Proven long-term availability and stability
- ✓ Broad coverage document written specifically for Michigan municipalities
- ✓ Services tailored to unique needs of Michigan municipalities
- ✓ Member assets controlled by an elected Board of municipal officials
- ✓ Equitable rating based on Pool experience in Michigan
- ✓ Aggressive defense strategy – positive impact on case law
- ✓ Professional, dedicated, and experienced local management, oversight and service
- ✓ Decisions made and problems resolved by a group of your peers
- ✓ Investment income and underwriting surplus used to benefit members
- ✓ Lower expenses through tax-exempt and non-profit status
- ✓ Special loss avoidance training sessions including:
- ✓ Safety aspects of emergency vehicle operations
- ✓ Accident investigation for supervisors
- ✓ Confined spaces training

The advantages of pooling can be summarized by:

Service + Control + Value

City of Jackson Has . . .

- ✓ $13,995,872 Annual Payroll
- ✓ $174,511,804 of total values for real and personal property
- ✓ 47 Law enforcement officers
- ✓ 157 Vehicles
- ✓ 6 Fire Vehicles with agreed values totaling $1,961,688.

Increased Liability Limits

We cannot guarantee the adequacy of any limit of liability. Due to the following factors, it may be prudent to consider higher limits:

- ✓ Increased jury awards in your jurisdiction
- ✓ Increased litigation trends
- ✓ Protection of tax base against judgments in excess of your policy limits

If you are interested in increasing your liability limits, please contact your Account Executive.

Highlights of Coverages Provided

Who Is Insured?

The Pool member entity, elected and appointed officials, employees and authorized volunteers, and any person officially appointed to a Board or Commission

General Liability

In addition to standard liability coverages (bodily injury, property damage, products and completed operations) the Pool provides coverages that municipalities need on an ***occurrence* basis with *no aggregate liability limits***:

- ✓ Liability resulting from mutual aid agreements
- ✓ Premises medical payments
- ✓ Fire legal liability for real property
- ✓ Host liquor liability
- ✓ Ambulance and EMT malpractice
- ✓ Watercraft liability, owned less than 26' and non-owned less than 50'
- ✓ Special events ***excluding*** -
  - •Fireworks (unless endorsed)
  - •Liquor Liability
  - • Mechanical Amusement Rides

Fireworks Coverage Options: (Fireworks application must be completed before coverage is endorsed)

1. The MML Liability & Property Pool is primary (the Member is not added as an additional insured on a pyrotechnician's coverage):

Annual Aggregate Sublimit	Additional Premium
$500,000	Yes
$1,000,000	Yes

2. The MML Liability & Property Pool is excess (the Member is added as an additional insured on a pyrotechnician's coverage):

   NO ADDITIONAL PREMIUM

- ✓ Athletic participation liability
- ✓ Employee benefit liability
- ✓ Cemetery operations coverage
- ✓ Cyber Liability Coverage Sublimit—MML233 (07/13)
- ✓ Marina Operators coverage available
- ✓ Up to $10 million in liability limits available
- ✓ Employee benefit liability
- ✓ Pollution coverage for Hazardous Response Teams

General Liability Exclusions . . .

The following is a partial list of general liability coverage exclusions. Consult the coverage document for the complete listing:

- ✓ Pollution (except for Hazmat operations).
- ✓ Nuclear energy / nuclear material hazards
- ✓ Aircraft Liability
- ✓ Breach of contract
- ✓ Failure of dams
- ✓ Contractual Liability
- ✓ Failure to supply utilities
- ✓ Expected or intended injury
- ✓ Electromagnetic radiation
- ✓ Medical malpractice for doctors and physicians
- ✓ Backup of Sewers and Drains **(exception -- $100,000 Annual Aggregate Sublimit for Sewer and Drain Liability)**
- ✓ Criminal activity / Intentional acts with knowledge of wrongdoing

Public Officials Liability Coverage

"Wrongful Acts", including intentional acts, defined as any actual or alleged error, misstatement, act of omission, neglect or breach of duty including:

- ✓ Neglect of duty
- ✓ Zoning defense and land use litigation
- ✓ Malfeasance
- ✓ Violation of civil rights
- ✓ Discrimination
- ✓ Employment practices
- ✓ Misfeasance
- ✓ Cable TV broadcasting

Public Officials Liability Exclusions

The following is a partial list of public officials' liability coverage exclusions. Consult the coverage document for the complete listing:

- ✓ Pollution and Nuclear Energy
- ✓ Fraud, dishonesty, intentional and criminal acts
- ✓ Failure to purchase coverage or adequate coverage
- ✓ Return of governmental grants or subsidies
- ✓ Intentional acts with knowledge of wrongdoing
- ✓ Eminent domain / takings
- ✓ Illegal profit
- ✓ Labor union actions
- ✓ ERISA violations
- ✓ Backup of Sewers and Drains

Personal Injury & Advertising / Broadcasters Liability Coverage

- ✓ Mental anguish and stress
- ✓ Libel, slander or defamation of character; violation of an individual's right of privacy
- ✓ Proactive services for non-monetary damage claims

Police Professional Liability Coverage

Police Professional Liability coverage is contained within the General Liability and Public Official Liability Coverage Parts

- ✓ Discrimination
- ✓ Violation of civil rights
- ✓ Jail operations
- ✓ Assault or battery
- ✓ Improper service of suit
- ✓ Coverage assumes officers act with intent
- ✓ False arrest, detention or imprisonment, or malicious prosecution
- ✓ Wrongful entry or eviction or other invasion of the right of private occupancy

Property Coverage

In addition to covering buildings, contents and personal property, the Pool provides:

- ✓ Blanket coverage -- All member-owned property insured (unless specifically excluded)
- ✓ Coverage based on ownership rather than on a "schedule on file" avoids coverage gaps due to errors or oversight
- ✓ Property of others in custody of the Member for which the Member has an obligation to provide coverage
- ✓ Boiler & Machinery coverage, including Boiler certification inspections
- ✓ Replacement Cost or Actual Cash Value available
- ✓ Fungal Pathogens (Mold) Limited Coverage
- ✓ Demolition/increased cost of construction
- ✓ No coinsurance
- ✓ Valuable papers
- ✓ Loss of Rents
- ✓ Property in the open
- ✓ Extra expense
- ✓ Expediting expense

Property Exclusions

The following is a partial list of property coverage exclusions. Consult the coverage document for the complete listing:

- ✓ Nuclear reaction/ contamination
- ✓ War
- ✓ Cyber Risk
- ✓ Fungal Pathogens (Mold) excess of sub-limit
- ✓ Failure to supply utilities
- ✓ Transmission Lines and Poles
- ✓ Dishonest acts
- ✓ Acts of Terrorism excess of Pool's Aggregate Sublimit -- MMLC TR (9/1/10)
- ✓ Wear and tear
- ✓ Computer failures/ viruses

Only <u>one</u> deductible applies to claims involving two or more property coverages.

Comprehensive Crime Coverage

- ✓ Employee Dishonesty/ Faithful Performance of Duty coverage provided on a blanket basis
- ✓ Loss Inside the Premises
- ✓ Loss Outside the Premises
- ✓ Money Orders/ Counterfeit Currency
- ✓ Depositors Forgery
- ✓ Position Fidelity Bonds

Automobile Coverage Highlights

What Is Covered?

Coverage is afforded while operating land motor vehicles, trailers or semi-trailers designed for travel on public roads.

Auto Coverages Provided

- ✓ Michigan No-Fault Coverage, includes mini-tort coverage for no extra charge
- ✓ Excess protection for use of personal automobile for municipal business
- ✓ Uninsured motorist for municipally owned vehicles
- ✓ Underinsured motorists
- ✓ Non-owned and hired auto
- ✓ Comprehensive - actual cash value basis
- ✓ Collision - actual cash value basis
- ✓ Volunteer firefighter auto accident liability coverage
- ✓ Agreed value coverage for emergency vehicles is available
- ✓ Fire or Rescue Vehicle Rental Reimbursement Coverage

Pool Risk Management Services

- ✓ Review and service of all municipal insurance matters
- ✓ Public entity experts address various liability issues
- ✓ Aggressive, member-oriented defense strategy
- ✓ Former police officials address law enforcement risks
- ✓ Physical inspection by municipal loss control engineers
- ✓ Law enforcement risk control programs (LEAF and LERC)
- ✓ Property appraisal services available

Online Services

www.mml.org (click on the *Insurance* button) – offers Pool members an outstanding resource for municipal risk management information and self-help tools in one attractive, simple-to-navigate location. File a claim on line. Download your renewal application. Request a loss control service visit. E-mail us a question. Other services available online:

- ✓ Online Forms (including Sewer Backup Sample Documents)
- ✓ Risk Resources:
  - ✓ Risk Control Solutions
  - ✓ Safety & Health Manual
  - ✓ Risk Management is Good Management Program
  - ✓ Law Enforcement Newsletters
  - ✓ Access to Safetysurance website -- http://www.safetysurance.com/
- ✓ MML Pool Audited Financial Statements
- ✓ Intergovernmental Contract
- ✓ Board of Directors, Pool Administrator and Staff Profiles and Contact Information

Membership Responsibilities

Membership in the Michigan Municipal League Liability and Property Pool provides numerous benefits. Likewise, individual members have certain responsibilities to the other members, which are detailed in the Intergovernmental Contract. The following is a summary of the membership responsibilities. Please refer to the Intergovernmental Contract, Articles 5 and 6, for more information.

- ✓ If a Member intends to leave the Pool, the Member must send a written notice to the Pool at least 60 days prior to its next renewal date.
- ✓ A Member must pay its premium when due. The Pool must give each member 20 days written notice of intent to terminate membership for nonpayment of premium. Payment of premium before the 20 days notice is effective will entitle the Member to reinstatement.
- ✓ Members must maintain membership or associate membership status in the Michigan Municipal League.
- ✓ A Member will allow attorneys employed by the Pool to represent the Member in defense of any claim made against the Member within the scope of coverage provided by the Pool. A Member will cooperate with the assigned attorneys, claims adjusters, service company or other agents of the Pool relating to the defense of claims for which the Pool is providing coverage.
- ✓ A Member will follow loss reduction and prevention measures established by the Pool.
- ✓ A Member will report to the Pool as promptly as possible all incidents that the Member reasonably believes may result in a claim against the Member.

JACKSON
Founded 1829

City Attorney

161 W. Michigan Ave. - Jackson, MI 49201
Telephone: (517) 788-4050 • Facsimile: (866) 971-2117

MEMO TO: Honorable Mayor and City Councilmembers

FROM: Bethany M. Smith, City Attorney (B)

DATE: June 28, 2016

SUBJECT: Revision to Chapter 18 of the City Code of Ordinances—Offenses

Recommendation:

Approve Ordinance Revision to Chapter 18, Offenses, by eliminating language no longer relevant to the health, safety, and welfare of the citizens of the City of Jackson, Michigan.

Attached is a memo from the City Attorney's Office, regarding revising Chapter 18 of the City of Jackson City Code of Ordinances, as well as a clean and black lined version of Section 18-3 of the City of Jackson Code of Ordinances.

I recommend approval of the above mentioned ordinance. Your consideration and concurrence is appreciated.

DEPARTMENTAL REPORT
June 28, 2016

MEMO TO: Honorable Mayor and City Councilmembers

FROM: Patrick H. Burtch, City Manager
Bethany M. Smith, City Attorney
Courtney A. Gabbara, Staff Attorney

DATE: June 28, 2016

RECOMMENDATION: Approve Ordinance Revision to Chapter 18, Offenses, by eliminating language no longer relevant to the health, safety, and welfare of the citizens of the City of Jackson, Michigan.

SUMMARY

The recommended action is approval of a Revision to Chapter 18 of the City of Jackson Code of Ordinances by eliminating language from Section 18-3, which is no longer relevant to the health, safety, and welfare of the citizens of the City of Jackson, Michigan. This action is being recommended in order to allow the Jackson City Attorney's Office to better litigate matters relating to unsanitary acts for the health, safety, and welfare of the Citizens of the City by eliminating language that often leads to confusion of the law.

BUDGETARY CONSIDERATIONS

There are no foreseen budgetary considerations or concerns.

HISTORY, BACKGROUND and DISCUSSION

By eliminating some of the language from Section 18-3, we will ensure that the Jackson City Attorney's Office is better able to litigate matters before the court relating to unsanitary acts. The current language requires that when prosecuting offenders for expectorating, urinating, or defecating in public places throughout the City, the Jackson City Attorney's Office must provide evidence that the act created a hazardous or deleterious condition. Sometimes, however, little

harm or danger is created by the above or similar offenses. Instead, the acts are considered more offensive to basic human dignity. Requiring the Jackson City Attorneys to prove that actions already offensive by nature are also hazardous or deleterious hinders the Office's ability to effectively litigate matters directly threatening the health, safety, and welfare of the Citizens.

DISCUSSION OF THE ISSUE

The Jackson City Attorney's Office has been considering updating the language of Section 18-3 of the City of Jackson Code of Ordinances for some time. It is a necessary step to ensure the protection of the public's health, safety, and welfare.

POSITIONS

The City Attorney's Office recommends approval of the Revision, which would allow the Jackson City Attorney's Office to better serve the Citizens when litigating cases relating to unsanitary acts

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ATTACHMENTS

ORDINANCE 2016 - ____

An Ordinance amending Chapter 18 of the Code of Ordinances of the City of Jackson, Michigan to eliminate language no longer applicable for the health, safety and welfare of the citizens of the City of Jackson, Michigan.

THE PEOPLE OF THE CITY OF JACKSON ORDAIN:

Section 1. Purpose.

The City Council amends this ordinance to eliminate language no longer applicable for the health, safety and welfare of the citizens of the City of Jackson, Michigan.

Section 2.

That Chapter 18 of the City of Jackson, Michigan Code of Ordinances, be amended to read as follows:

Sec. 18-3. - Unsanitary acts.

No person shall expectorate, urinate, defecate, or perform any other act in any public place or upon the property of another person excepting in facilities intended for such activities.

Section 3. Effective date.

This ordinance shall take effect thirty (30) days from the date of adoption.

ORDINANCE 2016 - ____

An Ordinance amending Chapter 18 of the Code of Ordinances of the City of Jackson, Michigan to eliminate language no longer applicable for the health, safety and welfare of the citizens of the City of Jackson, Michigan.

THE PEOPLE OF THE CITY OF JACKSON ORDAIN:

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That Chapter 18 of the City of Jackson, Michigan Code of Ordinances, be amended to read as follows:

Sec. 18-3. - Unsanitary acts.

No person shall expectorate, urinate, defecate, or perform any other act ~~which creates a hazardous or deleterious condition~~ in any public place or upon the property of another person excepting in facilities intended for such activities.

Section 3. Effective date.

This ordinance shall take effect thirty (30) days from the date of adoption.

CITY OF JACKSON
Founded 1829

City Manager's Office

161 W. Michigan Ave. • Jackson, MI 49201
Phone: (517) 788-4035 • Facsimile: (866) 384-1772

MEMO TO: Mayor and City Councilmembers

FROM: Patrick H. Burtch, City Manager PHB

DATE: June 20, 2016

SUBJECT: 2016/17 Non Union Pay Scale

Recommendation:

Adopt an ordinance regulating non-union pay for City of Jackson employees.

Attached is a pay scale which reflects a 2.5% increase. This increase was anticipated and accounted for during the development of the 2016/17 Fiscal Year

I recommend approval. Your consideration and concurrence is appreciated.

DEPARTMENTAL REPORT

MEMO TO: Patrick Burtch, City Manager

FROM: Jonathan Greene, Assistant City Manager

DATE: June 20, 2016

RECOMMENDATION: **Approve the 2016/17 Non Union wage scale**

SUMMARY

The Human Resources Division respectfully requests the adoption of the Non Union employee pay scale.

BUDGETARY CONSIDERATIONS

When the 2016/17 Budget was drafted, it factored a 2.5% wage increase. Non-union personnel raises lag behind those of the bargaining units. For example, non-union personnel would need a 7.35% increase to match the wage increases the IAFF have received since the year 2000.

HISTORY, BACKGROUND and DISCUSSION

Compensation rates for non-union employees are approved by City Council.

DISCUSSION OF THE ISSUE

The attached wage scale is reflective of a 2.5% increase at each pay grade and step.

POSITIONS

Recommend approval.

ATTACHMENTS

ORDINANCE NO. 496

AN ORDINANCE TO ESTABLISH COMPENSATION RATES FOR ADMINISTRATIVE AND SUPERVISORY EMPLOYEES OF THE CITY OF JACKSON

THE CITY OF JACKSON ORDAINS:

Section 1: Definition. For purposes of this ordinance, the term "Administrative and Supervisory Employees" shall mean employees and appointed officials of the City of Jackson not covered by a current labor agreement.

Section 2: As of July 1, 2016, Administrative and Supervisory Employees shall be compensated on the basis of the annual salary rates shown on the attached "Schedule I, Administrative and Supervisory Employee Pay Rates," according to the employees appropriate step rate within the Class Grade assigned the individual's classification title under the Personnel Policy.

Section 3: Eligible employees must be actively employed by the City of Jackson thirty (30) days from the date of final adoption of this ordinance to be eligible for the new salary rate adjustment. The salary rate adjustments shall be retroactive to July 1, 2016. Employees whose wages are "red-circled" in accordance with Article XI – Compensation, Section XI-1, Salary Schedules of the Personnel Policy shall not receive annual increases granted by City Council ordinances for compensation to employees.

Section 4: Repeal. Ordinance 494 is hereby repealed as of July 1, 2016.

Section 5: This ordinance shall take effect thirty (30) days from the date of final adoption.

******

Adopted:

Administrative and Supervisory Employees
Pay Rates

Effective 7/1/2016 **2.50%**

Class Grade	Pay Basis	Minimum Step 1	Step 1-1/2	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Maximum Step 10
4	Annual	33,930	34,507	35,083	36,271	37,504	38,777	40,093	41,451	42,860	44,312	45,818
	Bi-Weekly	1,305.00	1,327.19	1,349.35	1,395.04	1,442.46	1,491.42	1,542.04	1,594.27	1,648.46	1,704.31	1,762.23
	Hourly	16.3125	16.5899	16.8669	17.4380	18.0308	18.6428	19.2755	19.9284	20.6058	21.3039	22.0279
5	Annual	35,874	36,484	37,094	38,346	39,642	40,987	42,371	43,810	45,293	46,824	48,411
	Bi-Weekly	1,379.77	1,403.23	1,426.69	1,474.85	1,524.69	1,576.42	1,629.65	1,685.00	1,742.04	1,800.92	1,861.96
	Hourly	17.2471	17.5404	17.8336	18.4356	19.0586	19.7053	20.3706	21.0625	21.7755	22.5115	23.2745
6	Annual	37,820	38,459	39,099	40,420	41,785	43,197	44,659	46,166	47,726	49,336	51,004
	Bi-Weekly	1,454.62	1,479.19	1,503.81	1,554.62	1,607.12	1,661.42	1,717.65	1,775.62	1,835.62	1,897.54	1,961.69
	Hourly	18.1828	18.4899	18.7976	19.4328	20.0890	20.7678	21.4706	22.1953	22.9453	23.7193	24.5211
7	Annual	39,981	40,662	41,341	42,750	44,204	45,710	47,262	48,873	50,530	52,251	54,032
	Bi-Weekly	1,537.73	1,563.92	1,590.04	1,644.23	1,700.15	1,758.08	1,817.77	1,879.73	1,943.46	2,009.65	2,078.15
	Hourly	19.2216	19.5490	19.8755	20.5529	21.2519	21.9760	22.7221	23.4966	24.2933	25.1206	25.9769
8	Annual	42,357	43,080	43,801	45,295	46,841	48,437	50,086	51,793	53,557	55,383	57,275
	Bi-Weekly	1,629.12	1,656.92	1,684.65	1,742.12	1,801.58	1,862.96	1,926.38	1,992.04	2,059.88	2,130.12	2,202.88
	Hourly	20.3640	20.7115	21.0581	21.7765	22.5198	23.2870	24.0798	24.9005	25.7485	26.6265	27.5360
9	Annual	43,874	44,707	45,542	47,273	49,069	50,933	52,867	54,884	56,963	59,129	61,379
	Bi-Weekly	1,687.46	1,719.50	1,751.62	1,818.19	1,887.27	1,958.96	2,033.35	2,110.92	2,190.88	2,274.19	2,360.73
	Hourly	21.0933	21.4938	21.8953	22.7274	23.5909	24.4870	25.4169	26.3865	27.3860	28.4274	29.5091
10	Annual	46,899	47,793	48,686	50,546	52,479	54,477	56,561	58,718	60,959	63,287	65,700
	Bi-Weekly	1,803.81	1,838.19	1,872.54	1,944.08	2,018.42	2,095.27	2,175.42	2,258.38	2,344.58	2,434.12	2,526.92
	Hourly	22.5476	22.9774	23.4068	24.3010	25.2303	26.1909	27.1928	28.2298	29.3073	30.4265	31.5865
11	Annual	49,924	50,872	51,818	53,788	55,825	57,944	60,144	62,425	64,794	67,255	69,807
	Bi-Weekly	1,920.15	1,956.62	1,993.00	2,068.77	2,147.12	2,228.62	2,313.23	2,400.96	2,492.08	2,586.73	2,684.88
	Hourly	24.0019	24.4578	24.9125	25.8596	26.8390	27.8578	28.9154	30.0120	31.1510	32.3341	33.5610
12	Annual	53,168	54,175	55,183	57,279	59,454	61,707	64,052	66,483	69,008	71,628	74,348
	Bi-Weekly	2,044.92	2,083.65	2,122.42	2,203.04	2,286.69	2,373.35	2,463.54	2,557.04	2,654.15	2,754.92	2,859.54
	Hourly	25.5615	26.0456	26.5303	27.5380	28.5836	29.6669	30.7943	31.9630	33.1769	34.4365	35.7443
13	Annual	56,620	57,703	58,785	61,029	63,353	65,774	68,281	70,888	73,592	76,402	79,315
	Bi-Weekly	2,177.69	2,219.35	2,260.96	2,347.27	2,436.65	2,529.77	2,626.19	2,726.46	2,830.46	2,938.54	3,050.58
	Hourly	27.2211	27.7419	28.2620	29.3409	30.4581	31.6221	32.8274	34.0808	35.3808	36.7318	38.1323
14	Annual	60,083	61,224	62,366	64,741	67,202	69,758	72,405	75,166	78,025	80,990	84,069
	Bi-Weekly	2,310.88	2,354.77	2,398.69	2,490.04	2,584.69	2,683.00	2,784.81	2,891.00	3,000.96	3,115.00	3,233.42
	Hourly	28.8860	29.4346	29.9836	31.1255	32.3086	33.5375	34.8101	36.1375	37.5120	38.9375	40.4178
15	Annual	63,326	64,527	65,729	68,232	70,825	73,523	76,318	79,222	82,237	85,363	88,613
	Bi-Weekly	2,435.62	2,481.81	2,528.04	2,624.31	2,724.04	2,827.81	2,935.31	3,047.00	3,162.96	3,283.19	3,408.19
	Hourly	30.4453	31.0226	31.6005	32.8039	34.0505	35.3476	36.6914	38.0875	39.5370	41.0399	42.6024
16	Annual	66,566	67,832	69,098	71,728	74,457	77,289	80,225	83,277	86,447	89,735	93,147
	Bi-Weekly	2,560.23	2,608.92	2,657.62	2,758.77	2,863.73	2,972.65	3,085.58	3,202.96	3,324.88	3,451.35	3,582.58
	Hourly	32.0029	32.6115	33.2203	34.4846	35.7966	37.1581	38.5698	40.0370	41.5610	43.1419	44.7823
17	Annual	69,807	71,135	72,461	75,220	78,075	81,052	84,132	87,336	90,659	94,106	97,685
	Bi-Weekly	2,684.88	2,735.96	2,786.96	2,893.08	3,002.88	3,117.38	3,235.85	3,359.08	3,486.88	3,619.46	3,757.12
	Hourly	33.5610	34.1995	34.8370	36.1635	37.5360	38.9673	40.4481	41.9885	43.5860	45.2433	46.9640

Class Grade	Pay Basis	Minimum Step 1	Step 1-1/2	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Maximum Step 10
18	Annual	73,266	74,664	76,062	78,967	81,982	85,112	88,364	91,740	95,245	98,883	102,659
	Bi-Weekly	2,817.92	2,871.69	2,925.46	3,037.19	3,153.15	3,273.54	3,398.62	3,528.46	3,663.27	3,803.19	3,948.42
	Hourly	35.2240	35.8961	36.5683	37.9649	39.4144	40.9193	42.4828	44.1058	45.7909	47.5399	49.3553
19	Annual	77,372	78,843	80,313	83,369	86,544	89,836	93,253	96,803	100,485	104,306	108,275
	Bi-Weekly	2,975.85	3,032.42	3,088.96	3,206.50	3,328.62	3,455.23	3,586.65	3,723.19	3,864.81	4,011.77	4,164.42
	Hourly	37.1981	37.9053	38.6120	40.0813	41.6078	43.1904	44.8331	46.5399	48.3101	50.1471	52.0553
20	Annual	81,479	83,033	84,588	87,812	91,158	94,635	98,245	101,992	105,883	109,918	114,111
	Bi-Weekly	3,133.81	3,193.58	3,253.38	3,377.38	3,506.08	3,639.81	3,778.65	3,922.77	4,072.42	4,227.62	4,388.88
	Hourly	39.1726	39.9198	40.6673	42.2173	43.8260	45.4976	47.2331	49.0346	50.9053	52.8453	54.8610
21	Annual	85,582	87,208	88,834	92,215	95,717	99,356	103,132	107,054	111,125	115,350	119,733
	Bi-Weekly	3,291.62	3,354.15	3,416.69	3,546.73	3,681.42	3,821.38	3,966.62	4,117.46	4,274.04	4,436.54	4,605.12
	Hourly	41.1453	41.9269	42.7086	44.3341	46.0178	47.7673	49.5828	51.4683	53.4255	55.4568	57.5640
22	Annual	119,733	124,986	129,007	133,908	138,996	144,279	149,762	155,453	161,360	167,492	173,961
	Bi-Weekly	4,605.12	4,807.15	4,961.81	5,150.31	5,346.00	5,549.19	5,760.08	5,978.96	6,206.15	6,442.00	6,690.81
	Hourly	57.5640	60.0894	62.0226	64.3789	66.8250	69.3649	72.0010	74.7370	77.5769	80.5250	83.6351

A. The City Manager, City Attorney, City Clerk and City Assessor shall be compensated under separate contracts with the City Council.

RESOLUTION

BY THE CITY COUNCIL:

WHEREAS, the City of Jackson has signed an Option Agreement with Detroit Entrepreneur Development LLC for a property located on the south side of Glick Highway between North Jackson and Blackstone, also known as The Glick Project; and

WHEREAS, the City of Jackson desires to incentivize the redevelopment of the City owned land bounded by Louis Glick to the north, North Jackson to the east, Pearl Street to the south, and Blackstone to the west;

WHEREAS, the City of Jackson also wishes to offer similar incentives for a variety of City owned lots immediately south of the above noted redevelopment area;

NOW, THEREFORE, BE IT RESOLVED that the City of Jackson wishes to establish a Commercial Redevelopment District for the above noted land area (see Exhibit A) and based upon the following criteria:

A. The properties in question contain obsolete commercial structures and/or cleared/vacant land.
B. The properties in question have been zoned commercial since no less than June 21, 1975.
C. The properties in question are part of the Downtown Development District.

BE IT FURTHER RESOLVED that the City of Jackson wishes to hold a public hearing on June 28, 2016 to consider the establishment of the Commercial Redevelopment District in accordance with Public Act 255 of 1978 as a means of establishing a process for up to a 50% exemption on the number of mills levied on the commercial component of a project within the district for up to 12 years.

BE IT FURTHER RESOLVED that the City of Jackson finds and determines that the proposed Commercial Redevelopment District meets the requirements set forth in Section 5(1) of the Commercial Redevelopment Act 255 of 1978.

State of Michigan)
County of Jackson) ss
City of Jackson)

I, Randy J. Wrozek, Jr., City Clerk in and for the City of Jackson, County and State of Michigan, do hereby certify that the foregoing is a true and complete copy of a Resolution adopted by the Jackson City Council on the 28th day of June, 2016.

IN WITNESS WHEREOF, I have hereto affixed my signature and the seal of the City of Jackson, Michigan, on this 28th day of June, 2016.

_____City Clerk

ATTACHMENT A

PROPOSED DISTRICT BOUNDARY

RESOLUTION

BY THE CITY COUNCIL:

WHEREAS, the City of Jackson has signed an Option Agreement with Detroit Entrepreneur Development LLC for a property located on the south side of Glick Highway between North Jackson and Blackstone, also known as The Glick Project; and

WHEREAS, the City of Jackson desires to incentivize the redevelopment of the City owned land bounded by Louis Glick to the north, North Jackson to the east, Pearl Street to the south, and Blackstone to the west;

WHEREAS, the City of Jackson also wishes to offer similar incentives for a variety of City owned lots immediately south of the above noted redevelopment area;

NOW, THEREFORE, BE IT RESOLVED that the City of Jackson wishes to establish a Commercial Rehabilitation District for the above noted land area (see Exhibit A) and based upon the following criteria:

A. The properties in question are defined as a "qualified facility" in accordance with PA 210 of 2005 (includes vacant property which within the immediately preceding 15 years was utilized for commercial purposes)
B. The properties in question are part of the Downtown Development District and as such the district can contain an area of less than three (3) acres.

BE IT FURTHER RESOLVED that the City of Jackson wishes to hold a public hearing on June 28, 2016 to consider the establishment of the Commercial Rehabilitation District in accordance with Public Act 210 of 2005 as a means of establishing a process for a 100% property tax abatement on the new investment of a project within the district for up to 10 years.

BE IT FURTHER RESOLVED that the City of Jackson finds and determines that the proposed Commercial Rehabilitation District meets the requirements set forth in Section 3(1) of the Commercial Rehabilitation Act 210 of 2005.

State of Michigan)
County of Jackson) ss
City of Jackson)

I, Randy J. Wrozek, Jr., City Clerk in and for the City of Jackson, County and State of Michigan, do hereby certify that the foregoing is a true and complete copy of a Resolution adopted by the Jackson City Council on the 28th day of June, 2016.

IN WITNESS WHEREOF, I have hereto affixed my signature and the seal of the City of Jackson, Michigan, on this 28th day of June, 2016.

_____City Clerk

ATTACHMENT A

PROPOSED DISTRICT BOUNDARY

CITY OF JACKSON
Founded 1829

City Manager's Office

161 W. Michigan Ave. - Jackson, MI 49201
Phone: (517) 788-4035 • Facsimile: (517) 768-5820

MEMO TO: Mayor and City Councilmembers

FROM: Patrick H. Burtch, City Manager

DATE: June 28, 2016

SUBJECT: Approval of a Resolution to amend various budgets for the 2015/16 fiscal year

---

Recommendation:

Approval of a Budget Resolution amending the following budgets for fiscal year 2015/16:

General Fund:
- City Manager
- City Attorney
- Human Resources
- Forestry
- Weed Control

Housing Code Enforcement

Attached are memos from each department to provide detail regarding the approval of a Budget Resolution for fiscal year 2015/16.

I recommend approval of this Resolution. Your consideration and concurrence is appreciated.

PHB

DEPARTMENTAL REPORT

MEMO TO: Patrick Burtch, City Manager

FROM: Jonathan Greene, Assistant City Manager

DATE: June 20, 2016

RECOMMENDATION: **Approve a budget amendment for the Fiscal Year 2015/16.**

SUMMARY

The City Managers Office respectfully requests an amendment to its 2015/16 budget to cover wages and assorted miscellaneous expenditures

BUDGETARY CONSIDERATIONS

Increased expenditures will be covered by fund balance.

HISTORY, BACKGROUND and DISCUSSION

The budget as adopted could not anticipate the changes in staff or the amount of increased community promotion efforts undertaken by our Public Information Officer and Neighborhood Outreach Coordinator.

DISCUSSION OF THE ISSUE

The increased size of the City Manager's Office has increased costs associated with typical government functions. The budget amendment includes increases to the Education and Training, wages, FICA, and telephone accounts.

POSITIONS

Recommend approval.

ATTACHMENTS

DEPARTMENT REPORT

MEMO TO: Honorable Mayor and City Councilmembers

FROM: Bethany M. Smith, City Attorney

DATE: Council Meeting – June 28, 2016

RECOMMENDATION: Please APPROVE the attached Resolution

SUMMARY

The attached Resolution amends the Salaries and Wages and Residency Allowance budgets for the City Attorney's Office for fiscal year 2015-2016.

HISTORY, BACKGROUND and DISCUSSION

The City Attorney's Office respectfully requests the following budget amendments for the fiscal year 2015-2016 to balance the Salaries and Wages and Residency Allowance budgets:

Salaries and Wages:

Request to increase by $5,000 to correct a shortfall. The amount needed to pay salaries and wages was incorrectly calculated at the time that the budget was requested resulting in a shortfall.

Residency Allowance:

Request to increase the Residency Allowance budget by $1,800 to correct a shortfall of $1,800.

POSITIONS

Please APPROVE the attached budget amendment.

ATTACHMENT

DEPARTMENTAL REPORT

MEMO TO: Patrick Burtch, City Manager

FROM: Jonathan Greene, Assistant City Manager

DATE: June 20, 2016

RECOMMENDATION: **Approve a budget amendment for the Fiscal Year 2015/16.**

SUMMARY

The Human Resources Division respectfully requests an amendment to its 2015/16 budget to cover wages and contractual items

BUDGETARY CONSIDERATIONS

Increased expenditures will be covered by fund balance.

HISTORY, BACKGROUND and DISCUSSION

The budget as adopted could not anticipate the changes in staff or the amount of contracted labor attorney services needed for the year.

DISCUSSION OF THE ISSUE

Staff has had to rely on outside counsel for a variety of projects not typically handed by city attorneys. The significant portion of the budget amendment is related to outside counsel where we have received guidance on labor contracts, mediation, employee arbitration, contract arbitration, and retiree issues.

POSITIONS

Recommend approval.

ATTACHMENTS

DEPARTMENTAL REPORT

MEMO TO: Patrick Burtch, City Manager

FROM: Todd Knepper, Director of Public Works

DATE: June 28, 2016

RECOMMENDATION: Approve the Forestry 101-690 and Weed Control 101-455 Budget Amendment Resolution.

SUMMARY

The City of Jackson Department of Public Works provides forestry services through a private contract as well as in-house labor and equipment. This work includes tree trimming, tree removals, stump grinding and cleanup, storm damage cleanup and tree plantings. The Department of Public Works also provides weed control contractual services for private lot mowing. Private lots are mowed by the contractor and the property owner is billed for the service. The number of private lots that are being mowed has increased for this budget year. The work provided in 2015-2016 is expected to exceed the approved budget, and I am requesting an amendment to cover the additional expense.

BUDGETARY CONSIDERATIONS

The proposed budget amendment resolution equates to a 3.4% increase in the 101-690 Forestry budget for fiscal year 2015-2016. The proposed budget amendment resolution for the 101-455 Weed Control should be no additional cost to general fund. The property owners are billed for this service.

HISTORY, BACKGROUND and DISCUSSION

The proposed budget amendment is to cover additional forestry work and weed control contractual expenses that will be completed in fiscal year 2015-2016.

DISCUSSION OF THE ISSUE

The funding method for Forestry activities is the general fund and for 2015-2016 the work completed is expected to exceed the approved budget. The funding for the Weed Control activity will be collected from private property owners. Private lots are mowed by contractor and then the property owner is billed for this service. There should be no additional cost to general fund. The proposed budget amendment will cover the additional activities that are expected to be completed on or before 6/30/16.

POSITIONS

I recommend approval of the proposed Forestry and Weed Control budget amendment resolution for fiscal year 2015-2016.

DEPARTMENTAL REPORT

MEMO TO: Patrick Burtch, City Manager

FROM: Heather Ehnis, Assistant Finance Director

DATE: June 28, 2016

RECOMMENDATION: Approval of the Resolution to amend the fiscal year 2015/16 Housing Code Enforcement budget

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SUMMARY

The Housing Code Enforcement fund expenditures are expected to exceed the approved budget for fiscal year 2015/16. A Budget Resolution is necessary to amend the budgeted expenditures.

BUDGETARY CONSIDERATIONS

This is an amendment to the fiscal year 2015/16 budget to increase expenditures. Funding for the increased expenditures is supported by increased revenue which is sufficient to also allow a reduction in the Contribution from the General Fund.

HISTORY, BACKGROUND and DISCUSSION

City Council previously approved the Housing Code Enforcement budget for fiscal year 2015/16. The budget requires an amendment to reflect increased expenditures to remain in compliance with the Adopted Budget and the State Budget Act.

DISCUSSION OF THE ISSUE

The Housing Code Enforcement fund requires a budget amendment to reflect increased expenditures in fiscal year 2015/16 as follows:

1. Increase Contractual Services $17,500 due to a recent legal settlement not previously budgeted.
2. Increase Uncollectible Accounts $40,000 due to increased inspection activity and billing.

The increases in the expenditures will be offset by an increase in additional Rental Registration Fees collected of $100,000 and a decrease in the Contribution from the General Fund of $42,500.

RESOLUTION

BY THE CITY COUNCIL:

WHEREAS, the City adopted the 2015/16 Budget on May 24, 2016; and

WHEREAS, various departments anticipate expenditures to exceed amounts currently budgeted in the General Fund for fiscal year 2015/16; and

WHEREAS, the Neighborhood & Economic Operations Department anticipates expenditures for the Housing Code Enforcement Fund budget will exceed amounts currently budgeted for fiscal year 2015/16; and

WHEREAS, sufficient funds exist in the General Fund and the Housing Code Enforcement fund to offset the increased expenditures;

NOW, THEREFORE, BE IT RESOLVED, that the fiscal year 2015/16 budget be amended as follows:

GENERAL FUND

		Increase		Decrease
REVENUES:				
101-000-000-699.000	Appropriation from General Fund	$ 67,300		
101-455-000-641.001	Charges for Services-Weed Control	10,000		
		$ 77,300	$	-
EXPENDITURES:				
101-172-000-706.000	Salaries and Wages-City Manager	$ 6,000		
101-172-000-715.000	FICA-City Manager	2,300		
101-172-000-818.000	Contractual-City Manager	28,000		
101-172-000-853.000	Telephone-City Manager	4,700		
101-172-000-880.000	Community Promotion-City Manager	1,800		
101-172-000-960.000	Education and Trainint-City Manager	1,650		
101-210-000-796.000	Salaries and Wages-City Attorney	5,000		
101-210-000-919.002	Residency Allowance-City Attorney	1,800		
101-226-000-706.000	Salaries and Wages-Human Resources	6,050		
101-455-000-818.000	Contractual-Weed Control	10,000		
101-690-000-706.000	Salaries and Wages-Forestry	10,000		
		$ 77,300	$	-

HOUSING CODE ENFORCEMENT FUND

		Increase		Decrease
REVENUES:				
251-000-000-607.001	Rental Registry Fees	$ 100,000		
251-000-000-699.101	Contribution from General Fund		$	42,500
		$ 100,000	$	42,500

	Increase	Decrease
EXPENDITURES:		
251-371-000-818.000 Contractual Services	$ 17,500	
251-371-000-962.000 Uncollectible Accounts	40,000	
	$ 57,500	$ -

****

State of Michigan)
County of Jackson) ss
City of Jackson)

I, Andrew J. Wrozek, Clerk in and for the City of Jackson, County and State aforesaid, do hereby certify that the foregoing is a true and complete copy of a Resolution by the Jackson City Council on June 28, 2016.

IN WITNESS WHEREOF, I have hereunto affixed my signature and the Seal of the City of Jackson, Michigan, on this 29th day of June, 2016.

_____ City Clerk

CITY OF JACKSON
Founded 1829

City Manager's Office

161 W. Michigan Ave. - Jackson, MI 49201
Phone: (517) 788-4035 • Facsimile: (517) 768-5820

MEMO TO: Mayor and City Councilmembers

FROM: Patrick H. Burtch, City Manager

DATE: June 28, 2016

SUBJECT: Acquire 17 Tax Foreclosed Properties under the City's Right of First Refusal for Inclusion in the Help for Hardest Hit Blight Elimination Program

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Recommendation:

Approve a Resolution to Exercise the City of Jackson's Right of First Refusal under PA 123 of 1999.

Attached is a memorandum from Jennifer Morris, Director of the Department of Neighborhood & Economic Development, regarding the acquisition of 17 tax foreclosed properties for the Help for Hardest Hit Blight Elimination Program.

I recommend approval of the Resolution exercising the City's Right of First Refusal under PA 123 of 1999. Your consideration and concurrence is appreciated.

PHB

DEPARTMENTAL REPORT

MEMO TO: Patrick Burtch, City Manager

FROM: Jennifer L. Morris, Director of Neighborhood & Economic Operations

DATE: June 28, 2016

RECOMMENDATION: Approve a Resolution to Exercise the City of Jackson's Right of First Refusal under PA 123 of 1999

SUMMARY

Requested action is for City Council to approve a Resolution to exercise the City of Jackson's Right of First Refusal under PA 123 of 1999, acquiring 17 tax foreclosed properties from the Jackson County Treasurer identified on Exhibit A of the Resolution. The total cost of acquisition for these properties as of June 21, 2016 is $105,835.39; additional costs for maintenance may apply at the actual time of acquisition. The Resolution also forgoes the purchase of 95 tax foreclosed properties identified on Exhibit B.

BUDGETARY CONSIDERATIONS

The City's General Pooled Account is the initial funding source for the acquisitions. Successful completion of the demolition for these 17 properties, obtained as part of the State-funded Hardest Hit Fund Blight Elimination Program, allows for reimbursement of all acquisition costs.

HISTORY, BACKGROUND and DISCUSSION

On or about April 1, 2016, the Jackson County Treasurer foreclosed on 137 properties within the City of Jackson for non-payment of 2013 and prior property taxes. Under PA 123 of 1999, the State of Michigan has first right of refusal of all tax foreclosed properties in its counties, with the local unit of government having subsequent first right of refusal. Although City Council granted authority to the City Manager to sign any and all agreements related to execution of the Help for Hardest Hit (H4HH) Blight Elimination Program, City Council must confirm its option to exercise its right of first refusal on tax foreclosed properties.

On May 24, 2016, the City exercised its right of first refusal to acquire 25 tax foreclosed residential structures for inclusion in the H4HH Blight Elimination Program. The County Treasurer granted the City a second opportunity to exercise its right of first refusal by the end of June 2016 for an additional 17 properties in which the foreclosure process was ongoing.

DISCUSSION OF THE ISSUE

Following is a list by Ward of tax foreclosed properties containing a residential structure to be acquired and demolished under the H4HH Blight Elimination Program:

Ward 1 – 4 Properties **Total Amount Owed on June 21, 2016: $14,968.29**

PIN	Address
4-084600000	911 Maple Ave
4-113000000	1118 S Jackson St

PIN	Address
5-078700000	1017 Adrian Ave
5-212300000	323 E Euclid Ave

Ward 2 – 1 Property **Total Amount Owed on June 21, 2016: $ 2,616.99**

PIN	Address
7-034900000	608 Detroit St

PIN	Address

Ward 3 – 1 Property **Total Amount Owed on June 21, 2016: $ 6,542.65**

PIN	Address
1-078400000	1415 Lansing Ave

PIN	Address

Ward 4 – 4 Properties **Total Amount Owed on June 21, 2016: $30,728.34**

PIN	Address
2-025300000	1115 Wildwood Ave
2-098300000	621 W Ganson St

PIN	Address
2-204100000	1102 Lansing Ave
2-225300000	1402 Lansing Ave

Ward 5 – 4 Properties **Total Amount Owed on June 21, 2016: $28,912.10**

PIN	Address
2-101800000	415 W Trail St
3-2036.1000	805 Second St

PIN	Address
3-204100000	414 W Morrell St
5-021500000	106 E Wilkins St

Ward 6 – 3 Properties **Total Amount Owed on June 21, 2016: $22,067.02**

PIN	Address
3-200600000	413 Union St
3-202400000	911 Second St

PIN	Address
3-202500000	913 Second St

POSITIONS

Requested action is for City Council to **exercise** its right of first refusal to acquire **17** residential identified above and in **Exhibit A** to the Resolution. Further, at this time City Council should **forgo** its right of first refusal and not acquire the remaining **95** properties identified in **Exhibit B** of the Resolution.

ATTACHMENTS

- Resolution

RESOLUTION

Notification of Release of Right of First Refusal
Under Public Act 123 of 1999 for
The County of Jackson

WHEREAS, pursuant to Public Act 123 of 1999, MCL 211.78m, the State of Michigan has first right of refusal for all foreclosed property of its Counties; and

WHEREAS, pursuant to Public Act 123 of 1999, MCL 211.78m, the local unit of government has subsequent first right of refusal (pending response from the state which has not yet been received) for all foreclosed property of its Counties; and

WHEREAS, the City of Jackson has reviewed a list of 2016 foreclosed properties located within its boundaries; and

WHEREAS, pursuant to the aforesaid right of first refusal, the City of Jackson has made a determination that it wants to acquire properties for a public purpose of redevelopment and economic development, identified on **Exhibit A**; and

WHEREAS, pursuant to the aforesaid right of first refusal, the City of Jackson has made a determination that it does not want to purchase the properties identified in **Exhibit B**.

NOW, THEREFORE, BE IT RESOLVED that at the meeting of the Jackson City Council, on this 28th day of June, 2016, the City of Jackson hereby exercises its first right of refusal for the 2016 foreclosed properties located in the City of Jackson, County of Jackson, State of Michigan, as identified on **Exhibit A.**

BE IT FURTHER RESOLVED that, with the exception of those properties identified on Exhibit A, the City of Jackson hereby declines to exercise its first right of refusal for the 2016 foreclosed properties located in the City of Jackson, County of Jackson, State of Michigan, identified in **Exhibit B**.

* * * * * *

STATE OF MICHIGAN)
County of Jackson) ss
City of Jackson)

I, Andrew J. Wrozek, Jr., City Treasurer/Clerk in and for the City of Jackson, County and State aforesaid, do hereby certify that the foregoing is a true and complete copy of a Resolution adopted by the Jackson City Council on 28th day of June, 2016.

IN WITNESS WHEREOF, I have hereunto affixed
my signature and the Seal of the City of Jackson,
Michigan on this 29th day of June, 2016.

_____

Andrew J. Wrozek, Jr. *City Treasurer/Clerk*

Exhibit A

Properties to **ACQUIRE** under Right of First Refusal

	PIN	Address
1	1-078400000	1415 Lansing Ave
2	2-025300000	1115 Wildwood Ave
3	2-098300000	621 W Ganson St
4	2-101800000	415 W Trail St
5	2-204100000	1102 Lansing Ave
6	2-225300000	1402 Lansing Ave
7	3-200600000	413 Union St
8	3-202400000	911 Second St
9	3-202500000	913 Second St
10	3-2036.1000	805 Second St
11	3-204100000	414 W Morrell St
12	4-084600000	911 Maple Ave
13	4-113000000	1118 S Jackson St
14	5-021500000	106 E Wilkins St
15	5-078700000	1017 Adrian Ave
16	5-212300000	323 E Euclid Ave
17	7-034900000	608 Detroit St

Exhibit B

Properties to **DECLINE** under Right of First Refusal

Commercial Properties:

	PIN	Address
1	6-012800000	619 E Washington Ave
2	6-159000000	1222 Locust St
3	6-160200000	1216 S Elm Ave

Residential Properties

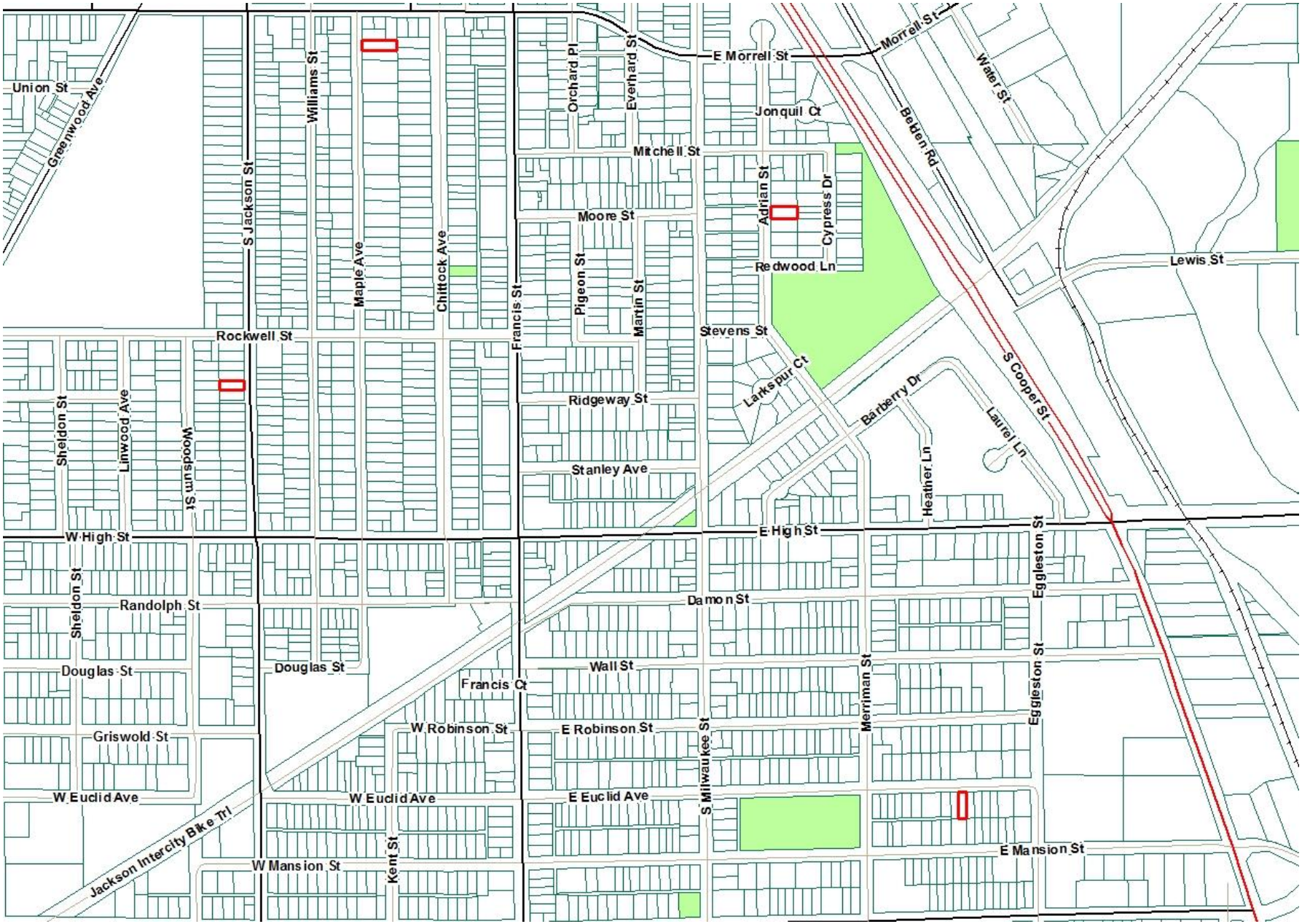
	PIN	Address
1	3-009600000	210 Second St
2	3-010800000	310 Second St
3	3-016800000	202 Third St
4	3-018200000	607 W Washington St
5	3-041400000	709 W Franklin St
6	3-165700000	707 Gettysburg Ave
7	4-057700000	807 First St
8	6-089800000	214 S Dwight St
9	6-158900000	1203 Walnut St
10	8-108200000	1604 Floral Ave

Vacant Lots

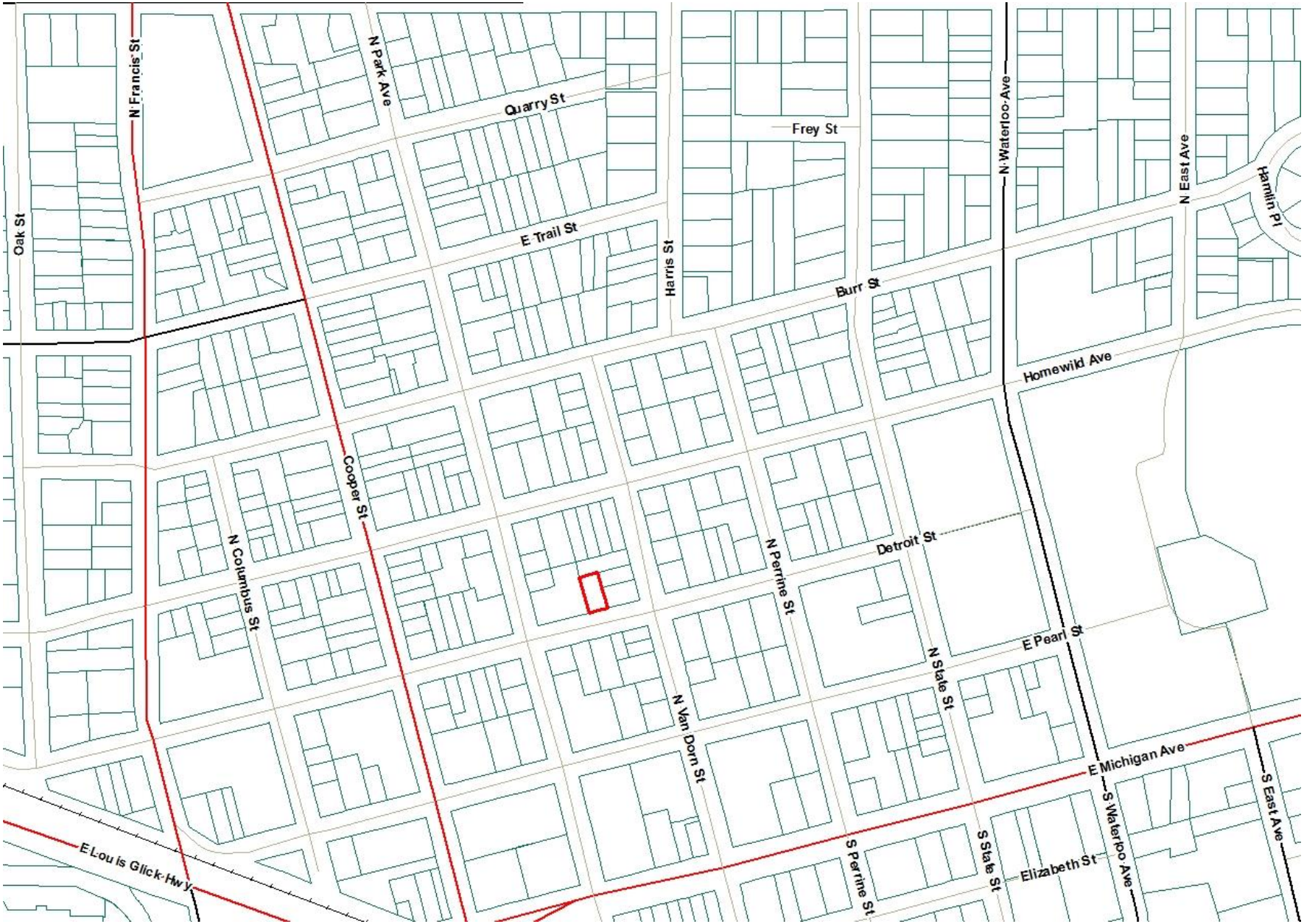
	PIN	Address
1	1-031700000	536 N Blackstone St
2	1-040200000	709 Lansing Ave
3	1-059900000	1019 Hill Pl
4	1-066200000	420 Adams St
5	2-090200000	329 W Trail St
6	2-1503.1000	715 Steward Ave
7	3-003700000	415 W Washington Ave
8	3-006100000	417 W Michigan Ave
9	3-006200000	109 Second St
10	3-0070.2000	Louis Glick Hwy
11	3-007300000	212 First St
12	3-009400000	205 Third St
13	3-194200000	800 Third St
14	3-199300000	509 Union St
15	3-201700000	1012 First St
16	3-204600000	808 First St
17	4-012200000	116 W Mason St
18	4-030100000	400 S Blackstone St
19	4-033700000	316 W Mason St
20	4-0434.1000	233 W Mason St
21	4-046400000	229 W Wilkins St
22	4-047200000	240 W Biddle St
23	4-050900000	203 W Biddle St
24	4-054900000	320 W Biddle St
25	4-058000000	819 First St
26	4-064700000	925 S Jackson St
27	4-066300000	1017 S Jackson St
28	4-066900000	1035 S Jackson St
29	4-067000000	1037 S Jackson St
30	4-069300000	940 Williams St
31	4-071000000	142 W Morrell St
32	4-0738.A000	715 S Jackson St
33	4-078800000	103 W Morrell St
34	4-087200000	930 Maple Ave
35	4-088100000	1007 Maple Ave
36	4-092400000	1041 Williams St
37	4-092900000	1107 Maple Ave
38	4-106400000	238 W High St
39	4-112400000	1117 Woodsum St
40	4-140200000	1409 First St
41	4-142500000	229 Randolph St

	PIN	Address
42	4-151900000	148 Randolph St
43	4-152000000	146 Randolph St
44	4-152100000	1314 Maple Ave
45	4-155000000	1407 Williams St
46	4-160400000	145 W Addison St
47	4-180800000	207 W Prosect St
48	4-188000000	212 W Mansion St
49	5-069300000	1100 Francis St
50	5-128600000	121 E High St
51	5-132900000	1310 S Milwaukee St
52	5-138500000	Damon St
53	5-166200000	142 E Euclid Ave
54	5-166400000	146 E Euclid Ave
55	5-187600000	109 E Addison St
56	6-051500000	1514 Plymouth St
57	6-054000000	304 Summit Ave
58	6-063100000	1423 Pringle Ave
59	6-081100000	107 S Gorham St
60	6-081600000	2101 E Michigan Ave
61	6-150600000	949 Russell St
62	6-159200000	Mitchell St
63	6-160400000	1220 S Elm Ave
64	6-1607.1000	S Elm Ave
65	6-168900000	1416 S Elm Ave
66	7-028300000	407 N Columbus St
67	7-036800000	800 Detroit St
68	7-036900000	307 N Perrine St
69	7-059200000	316 E Trail St
70	7-068700000	404 Burr St
71	7-104600000	211 N Elm Ave
72	7-104700000	209 N Elm Ave
73	7-111500000	129 N Elm Ave
74	7-115000000	105 Orange St
75	8-037600000	440 N Pleasant St
76	8-044300000	1804 E Ganson St
77	8-086700000	726 Seymour Ave
78	8-198200000	125 E Porter St
79	8-2018.1000	E Monroe St
80	8-2328.1000	805 Maltby St
81	8-233000000	809 Maltby St
82	8-233300000	823 Maltby St

Ward 1


Union St
Greenwood Ave
Williams St
S Jackson St
Maple Ave
Chittock Ave
Orchard Pl
Everhard St
E Morrell St
Morrell St
Water St
Jonquil Ct
Belden Rd
Mitchell St
Adrian St
Cypress Dr
Moore St
Redwood Ln
Lewis St
Francis St
Pigeon St
Martin St
Rockwell St
Stevens St
Larkspur Ct
S Cooper St
Ridgeway St
Barberry Dr
Laurel Ln
Sheldon St
Linwood Ave
Woodsum St
Stanley Ave
Heather Ln
W High St
E High St
Eggleston St
Randolph St
Damon St
Douglas St
Wall St
Francis Ct
Merriman St
W Robinson St
E Robinson St
Griswold St
S Milwaukee St
W Euclid Ave
E Euclid Ave
Jackson Intercity Bike Trl
Kent St
W Mansion St
E Mansion St

Ward 2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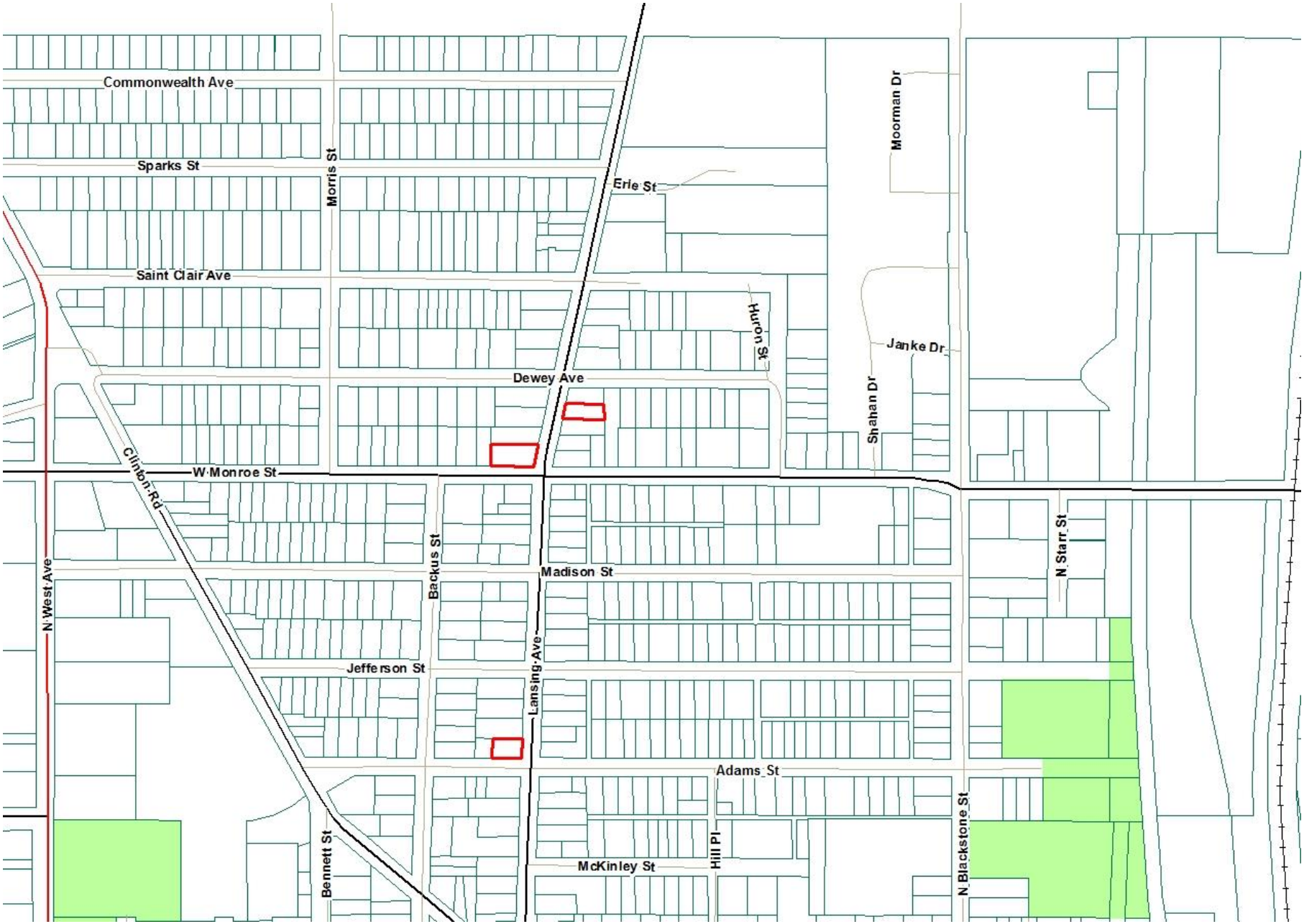
N Park Ave
Quarry St
Frey St
N Waterloo Ave
N East Ave
Hamlin Pl
Oak St
E Trail St
Harris St
Burr St
Homewild Ave
Cooper St
N Columbus St
Detroit St
N Perrine St
E Pearl St
N State St
N Van Dorn St
E Michigan Ave
S Waterloo Ave
S East Ave
S Perrine St
S State St
Elizabeth St
E Louis Glick Hwy

Ward 4 **Ward 3**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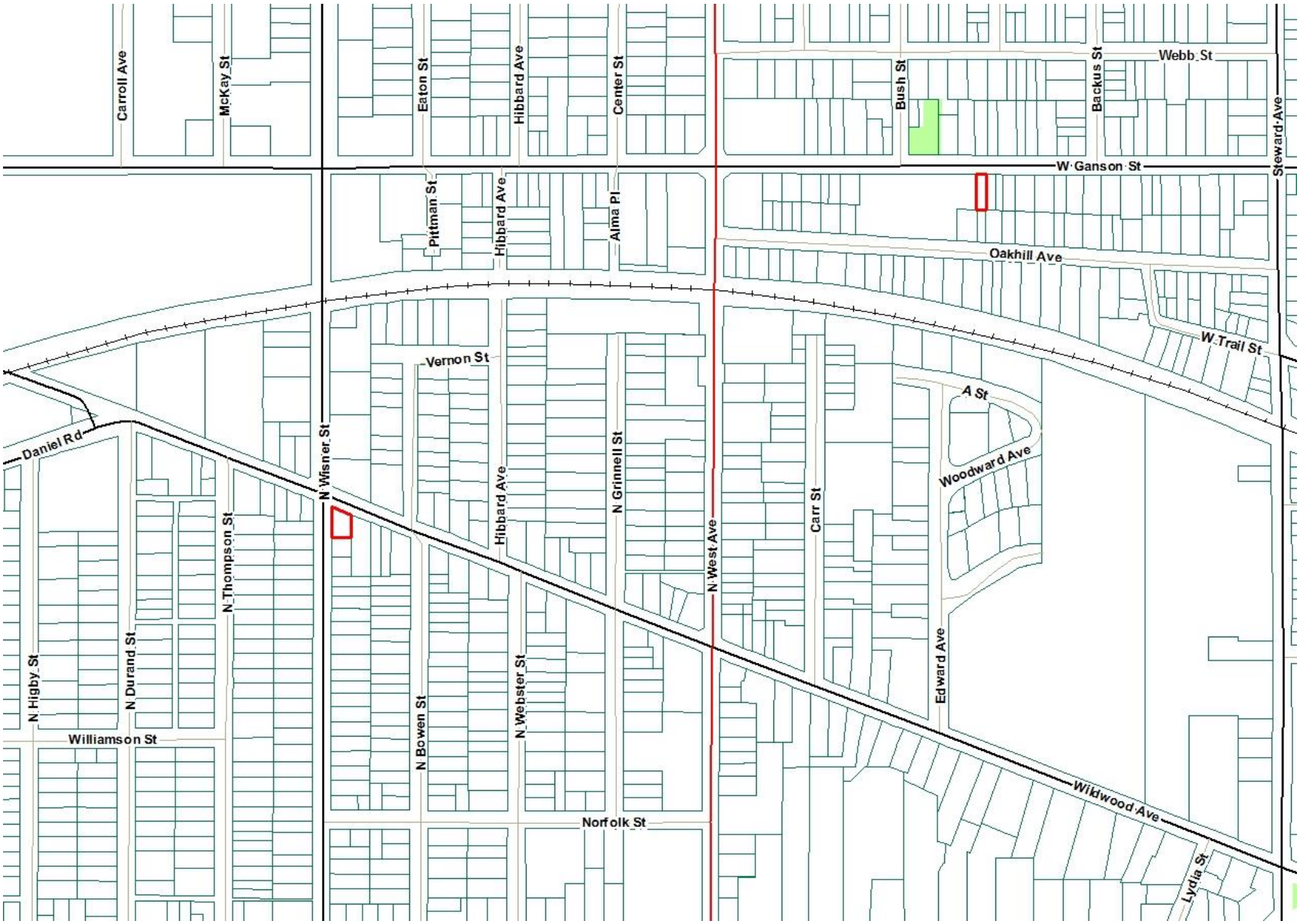
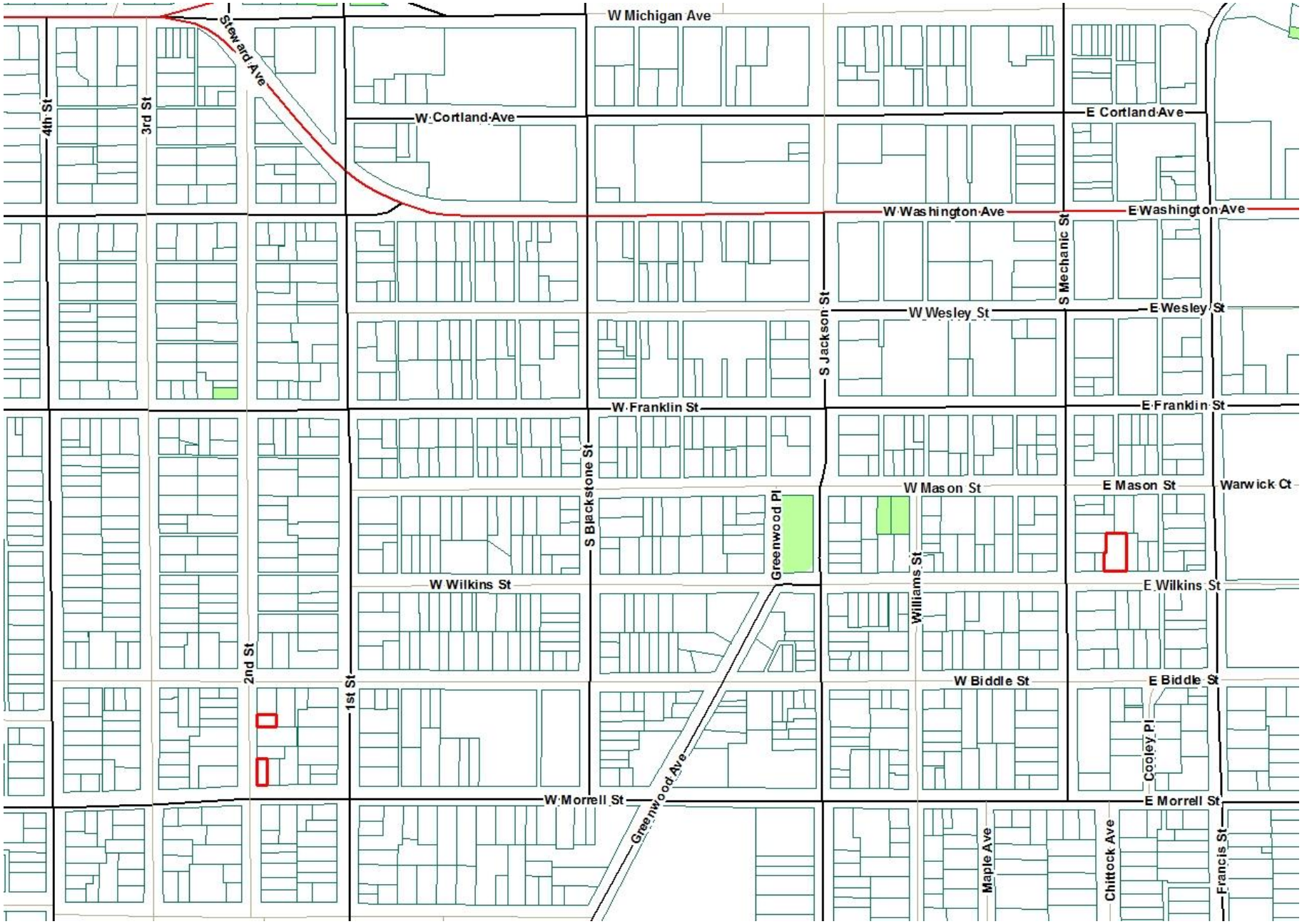
Sparks St
Morris St
Erie St
Moorman Dr
Saint Clair Ave
Huron St
Janke Dr
Dewey Ave
Shahan Dr
Clinton Rd
W Monroe St
N West Ave
Backus St
Madison St
N Starr St
Lansing Ave
Jefferson St
Adams St
Bennett St
Hill Pl
McKinley St
N Blackstone St

Balance of Ward 4

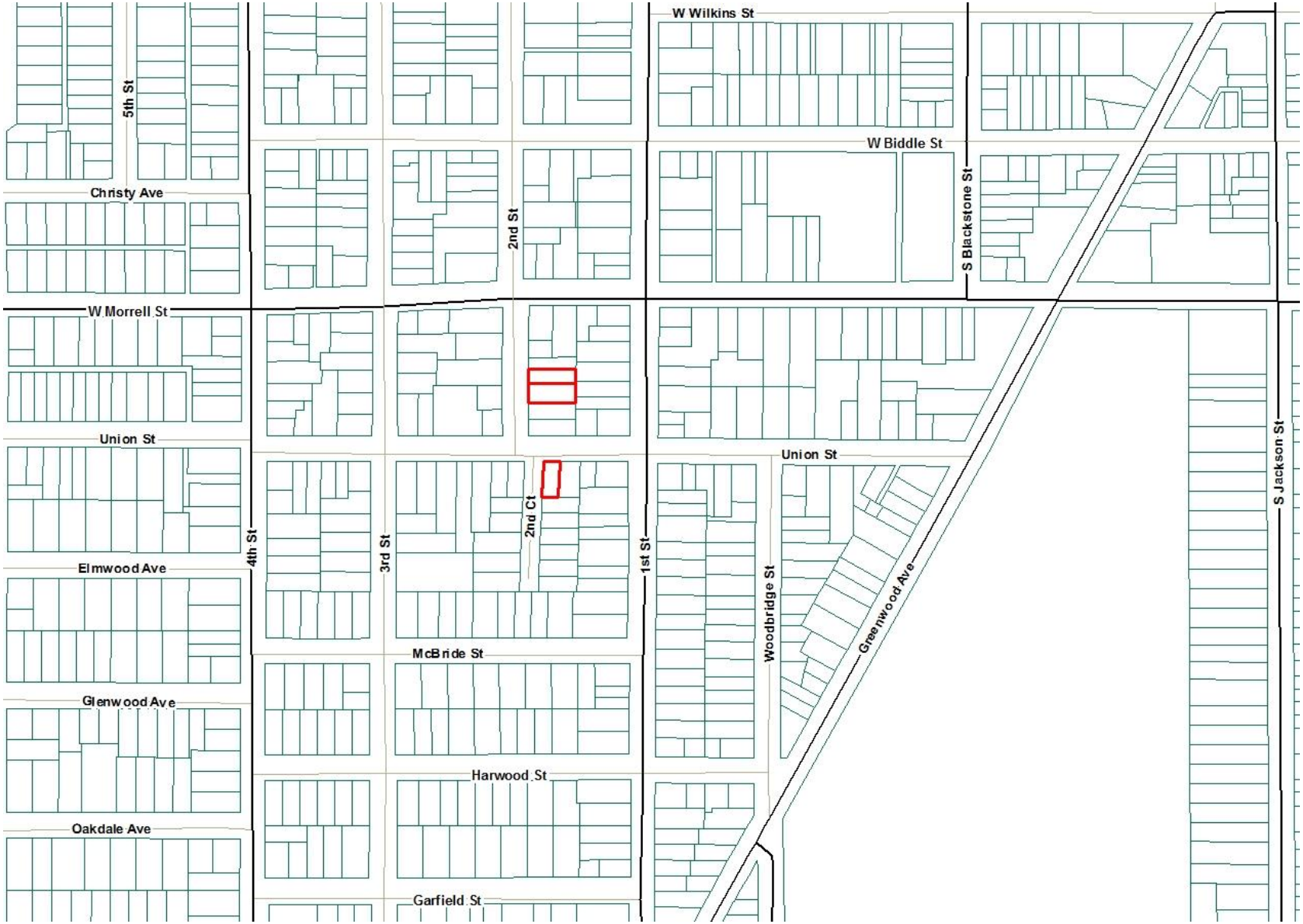


Ward 5 – North of Downtown

Ward 5 – South of Downtown



Ward 6


W Wilkins St
W Biddle St
5th St
Christy Ave
2nd St
S Blackstone St
W Morrell St
Union St
Union St
2nd Ct
4th St
3rd St
1st St
Woodbridge St
Greenwood Ave
S Jackson St
Elmwood Ave
McBride St
Glenwood Ave
Harwood St
Oakdale Ave
Garfield St

CITY OF JACKSON
Founded 1829

City Manager's Office

161 W. Michigan Ave. - Jackson, MI 49201
Phone: (517) 788-4035 • Facsimile: (517) 768-5820

MEMO TO: Mayor and City Councilmembers

FROM: Patrick H. Burtch, City Manager PHB

DATE: June 28, 2016

SUBJECT: Resolution to amend the HOME Investment Partnerships budget for fiscal year 2015/2016.

Recommendation:

Approve a resolution amending the HOME Investment Partnerships budget for fiscal year 2015/2016 and reallocate unutilized excess program income and interest for use in the Community Housing Development Organization (CHDO) Acquisition/Development/ Rehabilitation funding.

Attached is a memo from Jennifer Morris, Director of Neighborhood & Economic Operations, regarding a resolution to amend the HOME Investment Partnerships budget for fiscal years 2015/2016 to reallocate unutilized excess program income and interest.

I recommend approval of the resolution to amend the HOME Investment Partnerships budget for fiscal year 2015/2016. Your consideration and concurrence is appreciated.

PHB

DEPARTMENTAL REPORT

MEMO TO: Patrick Burtch, City Manager

FROM: Jennifer Morris, Director of Neighborhood & Economic Operations

DATE: June 28, 2016

RECOMMENDATION: To approve the resolution to amend the HOME Investment Partnerships budget for fiscal year 2015/2016.

SUMMARY

Requested action is for City Council to approve a Resolution to reallocate unutilized excess program income and interest for use in 2015/2016 Community Housing Development Organization (CHDO) Acquisition/Development/ Rehabilitation funding.

BUDGETARY CONSIDERATIONS

To appropriate unutilized program income from year 2015/2016 (Year 41) to be made available for use in the 2015/2016 (Year 41) CHDO Acquisition/ Development/ Rehabilitation fund.

HISTORY, BACKGROUND and DISCUSSION

City Council previously allocated HOME funds for CHDO Acquisition/Development/Rehabilitation funding in year 2015/2016 in the amount of $52,000. The current request to reallocate unutilized excess program income to the 2015/2016 Acquisition/ Development/ Rehabilitation (CHDO) will be used in pending projects.

DISCUSSION OF THE ISSUE

Staff have identified excess HOME program income that can be reallocated for other purposes. The Department of Housing and Urban Development (HUD) mandates that program income, which is deposited into the local account, must be used before additional HOME allocation funds are expended. Funds reallocated to the Acquisition/ Development/ Rehabilitation (CHDO) fund will be spent in the 2016/2017 (Year 42) Fiscal Year.

POSITIONS

Approve the resolution to amend the HOME Investment Partnerships budget for fiscal year 2015/2016. The resolution reallocates unutilized funding from year 2015/2016 (Year 41) to be made available for use in the CHDO Acquisition/ Development/Rehabilitation fund.

City of Jackson, Michigan
Resolution to Amend the Fiscal Year
2015/2016 (Year 41) HOME Budget

Whereas, the U.S. Department of Housing and Urban Development approved the HOME Investments Partnerships Program (HOME) activities for fiscal year 2015/2016 (Year 41); and

Whereas, the City Council previously allocated funds for CHDO acquisition/development/rehabilitation; and unutilized funding was identified;

Whereas, the City Council desires to appropriate the unutilized funding from year 2015/2016 (Year 41) to be made available for use in 2015/2016 (Year 41) for CHDO acquisition/development/rehabilitation.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Jackson hereby amends the subject budgets as follows:

Account #	Account Description	Current Budget	Revised Budget	Change
Entitlement Year 41 (2015/2016)				
287-000-041-664.000	Interest	0	169	169
287-000-041-696.003	Deferred Loan Repayments	0	20,591	20,591
287-286-041-814.005	Acquisition/Development/Rehab (CHDO)	52,000	72,760	20,760

* * * * * *

State of Michigan }
County of Jackson } ss
City of Jackson }

I, Andrew J. Wrozek Jr., City Treasurer/Clerk in and for the City of Jackson, County and State aforesaid, do hereby certify that the foregoing is a true and complete copy of a resolution adopted by the Jackson City Council on the 28th day of June, 2016.

IN WITNESS WHEREOF, I have hereto affixed my signature and the Seal of the City of Jackson, Michigan, on this 29th day of June, 2016.

Andrew J. Wrozek Jr. City Treasurer/Clerk

CITY OF JACKSON
Founded 1829

City Manager's Office

161 W. Michigan Ave. - Jackson, MI 49201
Phone: (517) 788-4035 • Facsimile: (517) 768-5820

MEMO TO: Mayor and City Councilmembers

FROM: Patrick H. Burtch, City Manager

DATE: June 28, 2016

SUBJECT: Funding Letters for Pension Systems

Recommendation:

> **Receive the actuarial valuations as of June 30, 2015 for the Act 345 Retirement System, the Employees Retirement System and the Policemens and Firemens Retirement System, and approve the actuarial funding necessary for the fiscal year 2016-2017.**

Attached is a report from Philip Hones, Finance Director, regarding funding necessary for the fiscal year 2016-2017 per the actuarial valuations for the retirement systems.

I recommend approval of the funding letters. Your consideration and concurrence is appreciated.

PHB

DEPARTMENTAL REPORT

MEMO TO: Patrick Burtch, City Manager

FROM: Philip J. Hones, Finance Director

DATE: May 24, 2016

RECOMMENDATION: Receive the actuarial valuations as of June 30, 2015 for the Act 345 Retirement System, the Employees Retirement System and the Policemens and Firemens Retirement System, and approve the actuarial funding necessary for the fiscal year 2016-2017.

SUMMARY

Attached with this report are letters of funding from the three City retirement systems, along with the valuation reports through June 30, 2015.

BUDGETARY CONSIDERATIONS

The recommended actuarial funding amounts for the City (employer contributions) approved by the pension boards are as follows:

Act 345 Retirement System	$4,098,288
Employees Retirement System	$ 938,653
Policemens and Firemens Retirement System	$ 565,463

HISTORY, BACKGROUND and DISCUSSION

Actuarial valuations are performed as of the end of each fiscal year to measure the pension systems' funding progress, to determine the employer contribution rate for the next fiscal year end (June 30, 2017), and to determine the actuarial information for Governmental Accounting Standards Board (GASB) Statement No. 67.

DISCUSSION OF THE ISSUE

Each year, the three City retirement systems (the Act 345 Retirement System, Employees Retirement System and Policemens and Firemens Retirement System), as required by the Act 345 of 1937 of Michigan, City of Jackson Code of Ordinances and City Charter, respectively, are required to certify to the City Council, for approval, the recommended contribution amounts to be made by the City to be paid into the funds.

POSITIONS

Requested action is to receive the actuarial reports and approve the letters of funding.

PJH/sms

ATTACHMENTS

CITY OF
JACKSON
Founded 1829

Act 345 Retirement System

161 W. Michigan Ave. • Jackson, MI 49201
Phone: (517) 768-6382 • Facsimile: (877) 509-5389

April 12, 2016

The Honorable Mayor and
Members of the City Council
Jackson, Michigan

In accordance with Rule 15.1 of the City of Jackson Act 345 Retirement System, the Board of Trustees must certify to the City Council each year the amount of public funds needed to meet the requirements for annuities, benefits and other payments of the Retirement System for the ensuing fiscal year.

The approved supplemental actuarial valuation dated April 11, 2016, for June 30, 2015 recommends the fiscal year 2016/2017 City contribution should be in the amount of $4,098,288 or 83.20% of total gross payrolls of the Police and Fire Department employees who are members of the Act 345 Retirement System. The City contribution currently is $3,709,507 or 69.95% of payroll.

Net actual experience of the Retirement System was less favorable than assumed during the year ending June 30, 2015, resulting in a loss of $0.7 million. The overall experience loss was primarily due to a larger number of retirements than expected. An additional $3.8 million increase in the accrued liability to the Plan was attributed to the change in the long-term investment rate of return. The long-term investment rate of return compounded annually next of expenses has been reduced from 7.25% to 6.75%. This change was adopted by the Board based on an April 22, 2015 supplemental report.

The City is presently levying 6.33 mills to finance the Act 345 Retirement System. It is estimated that the millage rate required to meet the recommended City contribution for the fiscal year 2016/2017 is 7.2 mills.

The Board of Trustees of the City of Jackson's Act 345 Retirement System hereby certifies to the City Council the amount of appropriation needed to operate said retirement system.

Sincerely,

David Wooden, Chairman
City of Jackson Act 345 Retirement System

DW/ss
Attachment

X:\345\funding ltr 2016 val 345.doc

CITY OF JACKSON
Founded 1829

Employees Retirement System

161 W. Michigan Ave. • Jackson, MI 49201
Phone: (517) 768-6382 • Facsimile: (877) 509-5389

May 4, 2016

The Honorable Mayor and
Members of the City Council
Jackson, Michigan

In accordance with the Jackson City Code, Chapter 2, Section 2.534, the Board of Trustees of the City of Jackson Employees Retirement System shall annually certify to the City Council the contributions necessary to meet the requirements for annuities, benefits and other payments of the Retirement System for the ensuing fiscal year.

The adopted actuarial valuation of June 30, 2015 recommends that the 2016/17 contribution be as follows:

Employer (City) Contribution at 12.27 % **$938,653**

The actuarially recommended City contribution of $938,653 or 12.27% of covered payroll, for fiscal year 2016/2017 is a dollar amount decrease of $19,575 from the recommended contributions for the current fiscal year amount of $958,228, and an increase in percentage of covered payroll from 11.87 to 12.27%.

Actuarial experience was more favorable than expected for the year ended June 30, 2015 as indicated by the experience gain shown on page A-9. The gain was primarily attributable to favorable investment return (page C-7) on an actuarial value basis, higher turnover than expected, and higher than expected mortality among retired members. Total payroll decreased, but the average pay for continuing active members increased 4.8% which was in line with the assumed increases. Two individuals with deferred vested benefits were reported as taking a refund of their accumulated contributions and therefore forfeiting their vested deferred benefit. This resulted in a gain.

The Board of Trustees of the City of Jackson Employees Retirement System hereby certifies to the City Council the amount of appropriation needed to operate the retirement system.

Sincerely,

Jeffrey T. Heston, Chairman
City of Jackson Employees Retirement System

JH/ss

Attachments

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CITY OF JACKSON
Founded 1829

Policemens & Firemens Retirement System

161 W. Michigan Ave. • Jackson, MI 49201
Phone: (517) 768-6382 • Facsimile: (877) 509-5389

March 30, 2016

The Honorable Mayor and
Members of the City Council
Jackson, Michigan

In accordance with Serial Section 231, Section 19(f) of the City Charter, the Board of Trustees of the City of Jackson Policemen's & Firemen's Pension Fund must certify to the City Council each year the amount of public funds needed to meet the requirements for said Fund for the ensuing fiscal year.

Plan Experience: Net experience for the Pension Fund was favorable during the year ending June 30, 2015. he major sources of gains or losses on the UAAL are:

Item	Impact on UAAL
Asset Gain	$ 22,812
COLA Gain	151,878
Mortality Gain	84,614
Total Gain	**$259,304**

The recognized rate of return was 7.7% versus the assumed rate from the prior valuation of 7.0% resulting in a gain. (Note that this is primarily as a result of continued recognition of large investment gains during 2014). Actual COLAs granted this year were 1%, 1.5%, and 2% versus the assumed rate of 3.0% resulting in a gain.

The recommended employer contribution for the fiscal year beginning July 1, 2016 is $565,463. This is a decrease of $39,227 from the prior year's contribution of $604,690.

The actuary currently lists the funded ratio at 40.1% funded by Pension Fund assets. This is a 1.6% decrease from the funded ratio of 41.7% from the prior year.

The Board of Trustees of the City of Jackson's Policemen's and Firemen's Pension Fund hereby certifies to the City Council the amount of $565,463 as the appropriation needed to operate said Fund in accordance with the City Charter and the State Constitution and in accordance with the computations of the actuary for the Fund.

Sincerely,

Maurice R. Crawford

Maurice R. Crawford, Chairman
City of Jackson Policemen's and Firemen's Pension Fund

MRC/ss

GRS Gabriel Roeder Smith & Company
Consultants & Actuaries

CITY OF JACKSON ACT 345 POLICEMEN AND FIREMEN RETIREMENT SYSTEM

41ST ACTUARIAL VALUATION REPORT

AS OF JUNE 30, 2015

OUTLINE OF CONTENTS
REPORT OF JUNE 30, 2015 ACTUARIAL VALUATION

Pages	Items
- -	Cover Letter
1-6	***Executive Summary***
	Valuation Results, Comments, Comparative Information
A-1	Funding Objective, Contribution Rates
A-2/3	Contributions to Fund Benefits, Employer Dollar Contributions
A-4	Funding Progress Indicators
A-5	Funding Progress Indicators and Risk Measures - Comparative Schedule
A-6	Experience Gain (Loss)
A-7	Development of Actuarial Value of Retirement System Assets
A-8	Valuation Results, Comparative Schedule
A-9	Summary Statement of System Resources and Obligations
A-10	Comments
	Summary of Benefit Provisions and Valuation Data
B-1/2	Summary of Act 345 Benefit Conditions
B-3/5	Retired Life Data
B-6/7	Active Members Data
B-8	Asset Information Submitted for Valuation
	Funding Objective, Summary of Valuation Process, Methods and Assumptions
C-1/2	Basic Funding Objective and Operation of the Retirement System
C-3/4	Actuarial Valuation Process
C-5/6	Actuarial Cost Method
C-7/11	Actuarial Assumptions
C-12	Miscellaneous and Technical Assumptions
C-13/14	Glossary
	Disclosures Required by Statement No. 67 of the Governmental Accounting Standards Board
D-1/5	Required Supplementary Information

GRS

Gabriel Roeder Smith & Company
Consultants & Actuaries

One Towne Square
Suite 800
Southfield, MI 48076-3723

248.799.9000 phone
248.799.9020 fax
www.gabrielroeder.com

February 8, 2016

Board of Trustees
City of Jackson Act 345
Policemen and Firemen Retirement System
Jackson, Michigan

Re: City of Jackson Act 345 Policemen and Firemen Retirement System Actuarial Valuation as of June 30, 2015 Actuarial Disclosures

Dear Board Members:

The results of the June 30, 2015 Annual Actuarial Valuation of the City of Jackson Act 345 Policemen and Firemen Retirement System are presented in this report.

This report was prepared at the request of the Board and is intended for use by the Retirement System and those designated or approved by the Board. This report may be provided to parties other than the System only in its entirety and only with the permission of the Board. GRS is not responsible for unauthorized use of this report.

The purposes of the valuation are to measure the System's funding progress, to determine the employer contribution rate for the fiscal year ending June 30, 2017, and to determine the actuarial information for Governmental Accounting Standards Board (GASB) Statement No. 67. 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.

The findings in this report are based on data and other information through June 30, 2015. 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; 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.

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 valuation was based upon information furnished by the Plan Administrator, 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 otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the Plan Administrator.

In addition, this report was prepared using certain assumptions approved by the Board as described in the section of this report entitled Actuarial Cost Methods and Assumptions.

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 the System as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

David Kausch is a Member of the American Academy of Actuaries and meets the Academy's Qualification Standards to render the actuarial opinions contained herein.

The signing individuals are independent of the plan sponsor.

Gabriel, Roeder, Smith & Company will be pleased to review this valuation report with the Board of Trustees and to answer any questions pertaining to the valuation.

Respectfully submitted,

GABRIEL, ROEDER, SMITH & COMPANY

David T. Kausch, FSA, EA, FCA, MAAA

David L. Hoffman

DTK/DLH:bd

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY
($ IN MILLIONS)

Valuation Date	June 30, 2014	June 30, 2015
Fiscal Year Ending	June 30, 2016	June 30, 2017
Recommended Employer Contributions		
Annual Amount	$ 3,339,966	$ 3,838,064
Percentage of Covered Payroll	62.99%	77.92%
Membership		
Number of		
Active Members	72	68
Retirees and Beneficiaries	164	169
Inactive, Non-retired Members	7	6
Total	243	243
Total Pensions Being Paid	$ 4,307,215	$ 4,658,809
Assets		
Market Value	$39,528,006	$39,048,406
Actuarial Value	36,656,819	37,536,975
Return on Market Value	19.7%	3.3%
Return on Actuarial Value	11.5%	7.3%
Ratio - Actuarial Value to Market Value	92.7%	96.1%
Actuarial Information		
Normal Cost %	18.68%	20.30%
Actuarial Accrued Liability (AAL)	$70,668,317	$75,272,788
Unfunded Actuarial Accrued Liability (UAAL)	34,011,498	37,735,813
Funded Ratio	51.9%	49.9%
Amortization Period (Active UAAL)	20 years	20 years
Amortization Period (Retired UAAL)	13 years	12 years

Highlights/Changes

The long-term investment rate of return compounded annually next of expenses has been reduced from 7.25% to 6.75%. This change was adopted by the Board based on the April 22, 2015 supplemental valuation.

The Executive Summary gives an overview of the report. It cannot be used as a substitute for a thorough reading of the full report.

EXECUTIVE SUMMARY

Actuarial Valuation

This report presents the actuarial valuation of the City of Jackson Act 345 Policemen and Firemen Retirement System prepared as of June 30, 2015. Valuations are prepared annually as of July 1 of each year; the first day of the City of Jackson Act 345 Policemen and Firemen Retirement System plan and fiscal year.

The primary purposes of the valuation report are to measure the plan's liabilities to determine the required employer contribution rate based upon the System's funding policy and to analyze changes in the City of Jackson Act 345 Policemen and Firemen Retirement System's actuarial position.

In addition, the report provides summaries of the member data, financial data, plan provisions, and actuarial assumptions and methods.

Financing Objectives

The City of Jackson Act 345 Policemen and Firemen Retirement System is supported by member contributions, employer contributions, and net earnings on the investments of the fund. The member contribution rate for members not participating in the hybrid plan is set at 12.99% of pay for firefighters, 11.24% for police officers, and 10.95% for police command. The member contribution rate is 4.75% for hybrid plan members. The employer contribution is determined by the actuarial valuation.

The combined member and employer contributions are intended to be sufficient to pay the normal cost and to amortize the Unfunded Actuarial Accrued Liability (UAAL) over a 20-year open period for active liabilities and over a 15-year closed period for retired liabilities beginning with the June 30, 2012 valuation. The remaining amortization period for retired liabilities is down to 12 years.

Contribution Requirement

The computed employer contribution for the fiscal year ending June 30, 2017 is $3,838,064, or 77.92% of projected covered payroll. This is about an 8% increase as a percent of projected covered payroll from the computed contribution rate for fiscal year ending June 30, 2016 and can be primarily attributed to the decreasing active member payroll from the prior year. The plan assumes payroll growth of 3% per year and when this assumption is not met, a higher percent contribution of active member payroll is required to contribute the same calculated dollar amount.

EXECUTIVE SUMMARY

Funded Status

As of the valuation date, the Unfunded Actuarial Accrued Liability (UAAL) was $37,735,813, and the funded ratio (the ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability) was 49.9%. At the time of last year's valuation, the UAAL was $34,011,498, and the funded ratio was 51.9%. This increase in the UAAL is primarily attributed to the reduction in the investment rate of return assumption from 7.25% to 6.75%. See page A-6 for an analysis of the actuarial gains and losses over the last year and page A-5 for a history of the funded ratios.

Variability of Future Contribution Rates

The Actuarial Cost Method used to determine the contribution rate is intended to produce contribution rates which are generally level as a percent-of-payroll. Even so, when experience differs from the assumptions, as it often does, the employer's contribution rate can vary significantly from year-to-year.

Over time, if the year-to-year gains and losses offset each other, the contribution rate would be expected to return to the current level.

The Market Value of Assets is greater than the Actuarial Value of Assets by $1,511,431 as of the valuation date (see page A-6). This difference will be gradually recognized over the next four years in the absence of offsetting losses/gains.

One metric for the volatility of future contribution rates is the ratio of assets to payroll which is 8.1, an increase from the prior valuation of 7.3. This ratio indicates that a 10% change in assets is 81% of payroll (10% x 8.1). It is not unusual for there to be large year-to-year changes in the Market Value of Assets. These changes are managed with asset smoothing and the amortization policy.

Benefit Provisions

This valuation reflects benefits promised to members as reported to us by the System's administrator. Effective July 1, 2012, new hires to Police Patrol (Non-Supervisory) and Fire positions will enter a hybrid plan. A brief summary of the defined benefit portion of this hybrid plan are a multiplier of 1.5% for the first 25 years of service, a 1% multiplier for each year of service thereafter, and a member contribution rate of 4.75% of pay. In addition, for the Police Patrol (Non-Supervisory) members of the hybrid plan, overtime shall be excluded from final average compensation, the duty disability pension is 33-1/3% of final average compensation to age 55, and the non-duty disability pension is the same formula as service retirement payable to age 55.

A complete list of plan provisions included in this valuation can be found in Section B.

EXECUTIVE SUMMARY

Actuarial Assumptions and Methods

In determining costs and liabilities, actuaries use assumptions about the future, such as rates of salary increase, probabilities of retirement, termination, death and disability, and an investment return assumption. The Board of Trustees sets the actuarial assumptions and methods taking into account recommendations made by the plan's actuary and other advisors. The most recent full experience study reviewing assumptions was for the 5-year period ending June 30, 2006. A study reviewing economic and mortality assumptions was completed for the 5-year period ending June 30, 2012. The rationale for the economic assumptions is described in the report dated September 27, 2013. The assumed rate of return was changed to 6.75% based on the April 22, 2015 supplemental valuation. For the purposes of this valuation report, the 2014 valuation results are shown at the 7.25% assumption used in the original valuation. The new assumption of 6.75% was first used to determine the contribution rate for the 2016 fiscal year. Other assumptions are based in part on plan experience and reviewed from time-to-time. We recommend that the Board set a policy for regular reviews of the actuarial assumptions, such as every 5 years.

We believe the assumptions are internally consistent based on the actual experience of the City of Jackson Act 345 Policemen and Firemen Retirement System.

The determinations of the actuarial valuation are dependent on the actuarial assumptions used. Actual results can, and almost certainly will, differ as actual experience deviates from the assumptions.

In addition to the actuarial assumptions, the actuary also makes use of an Actuarial Cost Method to allocate costs to particular years. In common with most public-sector plans, the City of Jackson Act 345 Policemen and Firemen Retirement System uses the Entry Age Normal method. Theoretically, this method produces a level pattern of funding over time, (as a percentage of member payroll) and thereby provides equity between various generations of tax payers. We continue to believe this method is appropriate for the City of Jackson Act 345 Policemen and Firemen Retirement System.

EXECUTIVE SUMMARY

Assets

System assets are held in trust. The System's administrator has provided the asset information used in this valuation.

Page B-8 contains exhibits summarizing the plan's assets including a summary of the Market Value of Assets held by the fund, allocation of assets held for investment, and a reconciliation of the assets from the last valuation date to the current valuation date.

Page A-7 shows the development of the Actuarial Value of Assets. The Actuarial Value of Assets is a smoothed Market Value. A smoothed value is used in order to dampen some of the year-to-year fluctuations in valuation results that would occur if the Market Value were used each year. The method used phases-in differences between the actual and expected market returns over four years. The expected return during the 2015 Fiscal Year was determined using the 7.25% assumption from the prior valuation and the plan's Market Value adjusted for contributions received and benefits and refunds paid. In future years a rate of 6.75% will be used to determine the expected return. Both the actual and expected returns are computed net of administrative expenses.

The Actuarial Value is currently 96% of the Market Value. Over any short time period, a disparity between Actuarial Value and Market Value may appear, but in the long-run, we would expect the Actuarial Value and the Market Value to continue to track each other fairly closely.

The investment return rate for FY 2015 on the Market Value was 3.28%, while it was 7.35% on the Actuarial Value. The reason these figures differ is due to deferred investment gains and losses experienced during the asset smoothing period.

The Board may choose to implement a "corridor" restricting the Actuarial Value of Assets to be between 80% and 120% (or some other range) of the Market Value of Assets. In the current environment, restricting the Actuarial Value between 80% and 120% of the Market Value will not change the Actuarial Value of Assets, as it is already between 80% and 120%.

The Funded Status and Unfunded Actuarial Accrued Liability are not appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations. By themselves, these measures are not appropriate for assessing the need for or the amount of future employer contributions.

EXECUTIVE SUMMARY

Member Data

Among the retired members there were eight new retirees (including one retiree from deferred status), zero deaths with survivor beneficiaries, and three deaths with no beneficiary, bringing the total for this valuation to 169. Active membership had eight new members, seven members retired, and five terminations leaving a total of 68. One of the previously deferred members retired, bringing the total to 6 members.

GASB Accounting Standards

In June 2012, the GASB approved two new accounting standards for public sector retirement systems and governments, Statements No. 67 and No. 68. These new standards are a significant departure from the current standards. The GASB has stated that accounting standards should be separate from funding standards. In our view, the funding of the Retirement System may continue unchanged. A separate report was issued for this System with GASB Statement No. 68 information as of June 30, 2015, while GASB Statement No. 67 information is included at the end of this report.

SECTION A

VALUATION RESULTS, COMMENTS, COMPARATIVE INFORMATION

FUNDING OBJECTIVE

The funding objective of the Retirement System is to establish and receive contributions throughout the working lifetime of the members which, when combined with investment earnings, are sufficient to provide benefits during retirement.

CONTRIBUTION RATES

The Retirement System is supported by member contributions, City contributions and investment income from Retirement System assets.

Contributions which satisfy the funding objective are determined by the annual actuarial valuation and are sufficient to:

(1) Cover the actuarial present value of benefits allocated to the current year by the actuarial cost method described in Section C (the normal cost); and

(2) Finance over a period of future years the actuarial present value of benefits not covered by valuation assets and anticipated future normal costs (Unfunded Actuarial Accrued Liability).

Computed contribution rates for the fiscal year beginning July 1, 2016 are shown on page A-2.

CONTRIBUTIONS TO FUND BENEFITS
EXPRESSED AS PERCENTS OF ACTIVE MEMBER PAYROLL
FOR THE FISCAL YEAR BEGINNING JULY 1

Contributions for	2015	2016
Normal Cost		
Age & service	15.61 %	17.18 %
Casualty	2.09	2.21
Refunds	0.98	0.91
Total	18.68	20.30
Member contributions	9.33	8.74
Employer Normal Cost	9.35	11.56
Unfunded Actuarial Accrued Liability*		
Retirants and beneficiaries	25.80	43.45
Active members	27.84	22.90
Total	53.64	66.36
Computed Employer Rate	**62.99** %	**77.92** %
Employer Dollar Contribution	**$3,339,966**	**$3,838,064**

* *Amortized as a level percent-of-payroll over an open period of 20 years for active liabilities and over a closed 15-year period for retiree and beneficiary liabilities beginning with the June 30, 2012 valuation. The closed period is down to 12 years.*

DETERMINING EMPLOYER DOLLAR CONTRIBUTIONS

For any period of time, the percent-of-payroll contribution rate needs to be converted to dollars.

The recommended procedure when the population is stable is: (1) at the end of each payroll period, multiply the active member payroll for the period by the employer contribution percent; and (2) promptly contribute the dollar amount so determined.

The total active member payroll used for this valuation was $4,643,191. Applying the computed employer contribution rate of 77.92% to this payroll and adjusting for the time lag between June 30, 2015 and the assumed contribution date produces a recommended employer contribution of $3,838,064 for FY 2016/2017.

In an environment when the population is projected to decline by the time contributions are made, we recommend contributing the dollar amount shown above.

Actual employer contributions made to the trust for the last completed fiscal year were $3,534,236.

In financing the actuarial accrued liability, the valuation assets of $37,536,975 were distributed as shown below. Please see page A-7 for information concerning the derivation of valuation assets.

	Present Valuation Assets Applied to			
Reserves for	**Member Actuarial Accrued Liability**	**Retired Life Actuarial Liability**	**Contingency Reserve**	**Totals**
Employees' Contributions	$6,234,844			$ 6,234,844
Employer Contributions		$62,936,941		62,936,941
Retired Benefit Payments		(31,634,810)		(31,634,810)
Totals	**$6,234,844**	**$31,302,131**	**none**	**$37,536,975**

Assets were applied against actuarial accrued liability in determining Unfunded Actuarial Accrued Liability as follows:

	Retired Lives	**Active Members**	**Total**
Computed Actuarial Accrued Liability	$52,319,784	$22,953,004	$75,272,788
Applied Assets	31,302,131	6,234,844	37,536,975
Unfunded Actuarial Accrued Liability	$21,017,653	$16,718,160	$37,735,813

FUNDING PROGRESS INDICATORS

Although there is no single all-encompassing measure of a retirement system's funding progress and current funded status, an aid in understanding funding progress can be achieved using the following indicators:

INDICATOR 1 - The ratio of valuation assets to the Actuarial Accrued Liability (AAL). The ratio is expected to increase in the absence of benefit improvements or strengthening of actuarial assumptions. Prior to 6/30/98, the AAL was computed in accordance with the Pension Benefit Obligation information pursuant to the Government Accounting Standards Board (GASB) Statement No. 5, issued November, 1986. Beginning with the 6/30/98 valuation, the actuarial accrued liability computed for funding purposes is used, pursuant to GASB Statement No. 25, which supersedes Statement No. 5.

INDICATOR 2 - The ratio of the Unfunded Actuarial Accrued Liability to member payroll - an inflation adjusted funding requirement indicator. In a soundly financed retirement system, the amount of the Unfunded Actuarial Accrued Liability will be controlled and prevented from increasing in the absence of benefit improvements or strengthening of actuarial assumptions. However, in an inflationary environment it is seldom practical to impose this control on dollar amounts which are depreciating in value. The ratio is a relative index of condition where inflation is present in both items. The ratio is expected to gradually decrease in the absence of benefit improvements and changes in actuarial assumptions.

INDICATOR 3 - The actuarial present value of gains or losses realized in the operation of the Retirement System - an experience indicator. Gains and losses are expected to cancel each other over a period of years (in the absence of double-digit inflation) but sizable year-to-year fluctuations are common. Derivation of the experience gain (loss) is shown on page A-6.

The Retirement System's funding objective is to meet long-term benefit promises through contributions that remain approximately level from year-to-year as a percent of active member payroll. If the contributions to the System are level in concept and soundly executed, the System will ***pay all promised benefits when due -- the ultimate indicator of financial soundness***.

FUNDING PROGRESS INDICATORS AND RISK MEASURES - COMPARATIVE SCHEDULE
($ AMOUNTS IN THOUSANDS)

Valuation Date	(1) Actuarial Value of Assets	(2) Valuation Payroll	(3) Actuarial Accrued Liability (AAL)	(4) Unfunded Actuarial Accured Liabilty (UAAL)	(5) Amortization Period Years (Active/Retired)	Funded Ratio (1) / (3)	Ratio of AAL to Valuation Payroll (3) / (2)	Ratio of UAAL to Valuation Payroll (4) / (2)	Ratio of Valuation Assets to Valuation Payroll (1) / (2)	Gain (Loss)
1991 (a)	$ 8,335	$ 4,049	$ 27,727	$ 19,392	N/A	30.1 %	684.8 %	478.9 %	205.9 %	$ (127)
1992	9,670	4,299	29,800	20,130	N/A	32.4	693.2	468.3	224.9	(329)
1993	10,424	4,502	31,447	21,023	N/A	33.1	698.5	466.9	231.5	(502)
1994 (a)	11,429	4,778	33,668	22,239	N/A	33.9	704.6	465.4	239.2	(1,084)
1995	13,099	5,119	35,642	22,543	N/A	36.8	696.3	440.4	255.9	(87)
1996	15,137	5,381	37,030	21,893	N/A	40.9	688.2	406.9	281.3	810
1997	17,657	5,498	38,022	20,365	N/A	46.4	691.6	370.4	321.2	1,566
1998 (a)	21,277	5,697	39,553	18,276	N/A	53.8	694.3	320.8	373.5	2,062
1999	24,372	5,598	40,911	16,539	N/A	59.6	730.8	295.5	435.4	1,359
2000	27,748	5,773	42,660	14,912	N/A	65.0	739.0	258.3	480.7	1,336
2001	29,555	5,942	44,126	14,571	N/A	67.0	742.6	245.2	497.4	24
2002 (a)	28,906	6,071	45,681	16,775	N/A	63.3	752.4	276.3 %	476.1	(2,313)
2003 (a)	27,837	6,213	47,131	19,294	N/A	59.1	758.6	310.5	448.0	(2,486)
2004 (a)	27,218	6,138	49,060	21,842	N/A	55.5	799.3	355.8	443.4	(2,386)
2005 (a)	27,761	6,321	51,434	23,673	N/A	54.0	813.7	374.5	439.2	(806)
2006	29,893	6,598	53,569	23,676	10/10	55.8	811.9	358.8	453.1	(72)
2007 (a)	33,250	6,421	56,554	23,304	10/10	58.8	880.8	362.9	517.8	812
2008 (a)	36,003	6,655	59,228	23,225	10/9	60.8	890.0	349.0	541.0	(904)
2009 (a)	35,907	6,767	61,905	25,998	15/15	58.0	914.8	384.2	530.6	(3,750)
2010 (a)	35,632	6,236	62,211	26,579	15/15	57.3	997.6	426.2	571.4	(2,267)
2011	33,801	4,630	62,431	28,630	15/15	54.1	1348.4	618.4	730.0	(2,272)
2012	32,257	4,548	65,437	33,180	15/15	49.3	1438.8	729.6	709.3	(4,929)
2013 (a)(c)	33,996	4,976	70,375	36,379	20/14	48.3	1414.3	731.1	683.2	696
2014 (c)	36,657	4,998	70,668	34,011	20/13	51.9	1413.9	680.5	733.4	2,300
2015 (c)	37,537	4,643	71,450	33,913	20/12	52.5	1538.9	730.4	808.5	(666)
2015 (a)(d)	37,537	4,643	75,273	37,736	20/12	49.9	1621.2	812.8	808.5	(666)

(a) After changes in benefit provisions and/or actuarial assumptions and actuarial cost methods.
(c) Assuming 7.25% interest rate.
(d) Assuming 6.75% interest rate.

EXPERIENCE GAIN (LOSS)
JUNE 30, 2015

	Actuarial Accrued Liability (A)	Actuarial Value of Assets (B)	Unfunded Actuarial Accrued Liability (C) = (A) - (B)
(1) Value at start of year	$70,668,317	$36,656,819	$34,011,498
(2) Normal cost from last valuation	933,686	N/A	933,686
(3) Actual contributions	N/A	4,051,298	(4,051,298)
(4) Disbursements	(5,799,429)	(5,799,429)	-
(5) Interest accrual	4,947,070	2,594,250	2,352,820
(6) Expected value before changes	70,749,644	37,502,938	33,246,706
(7) Increase due to plan amendment	(4,722)	-	(4,722)
(8) Increase due to revised assumptions	3,827,633	-	3,827,633
(9) Expected value after changes	74,572,555	37,502,938	37,069,617
(10) Actual value at end of year	75,272,788	37,536,975	37,735,813
(11) Gain (loss)	**$(700,233)**	**$ 34,037**	**$ (666,196)**

DEVELOPMENT OF ACTUARIAL VALUE OF RETIREMENT SYSTEM ASSETS

Year Ended June 30:	2013	2014	2015	2016	2017	2018
A. Actuarial Value Beginning of Year	$32,257,445	$33,995,966	$36,656,819			
B. Market Value End of Year	34,100,690	39,528,006	39,048,406			
C. Market Value Beginning of Year	31,188,191	34,100,690	39,528,006			
D. Non-Investment Net Cash Flow	(1,192,406)	(1,180,469)	(1,748,131)			
D1. Projected Rate of Return	7.75%	7.25%	7.25%			
E. Investment Income						
E1. Market Total: B – C – D	4,104,905	6,607,785	1,268,531			
E2. Amount for Immediate Recognition D1 * (A + D / 2)	2,453,746	2,421,916	2,594,250			
E3. Amount for Phased-In Recognition: E1-E2	1,651,159	4,185,869	(1,325,719)			
F. Phased-In Recognition of Investment Income						
F1. Current Year: 0.25 x E3	412,790	1,046,467	(331,430)			
F2. First Prior Year	(1,093,789)	412,790	1,046,467	$ (331,430)		
F3. Second Prior Year	1,053,940	(1,093,789)	412,790	1,046,467	$ (331,430)	
F4. Third Prior Year	104,240	1,053,938	(1,093,790)	412,789	1,046,468	$(331,429)
F5. Total Recognized Investment Gain: F1 + F2 + F3 + F4	477,181	1,419,406	34,037	1,127,826	715,038	(331,429)
G. Actuarial Value End of Year: A + D + E2 + F5	33,995,966	36,656,819	37,536,975			
H. Difference Between Market & Actuarial Value	104,724	2,871,187	1,511,431			
I. Ratio of Actuarial to Market Value of Assets	99.7%	92.7%	96.1%			
J. Recognized Rate of Return	9.26%	11.50%	7.35%			
K. Market Rate of Return	13.42%	19.72%	3.28%			

The Actuarial Value of Assets recognizes assumed investment income (line E2) fully each year. Differences between actual and assumed investment income (line E3) are phased-in over a closed 4-year period. During periods when investment performance exceeds the assumed rate, Actuarial Value of Assets will tend to be less than Market Value. During periods when investment performance is less than the assumed rate, Actuarial Value of Assets will tend to be greater than market value. The Actuarial Value of Assets is unbiased with respect to market Value.

VALUATION RESULTS
COMPARATIVE SCHEDULE

Valuation Date June 30	FY	Actuarial Accrued Liability Computed Total	Assets	Unfunded	Amortization Period Active	Retired	Computed Employer Contribution %	Recommended	Actual
1981	82/83	$ 7,022,697	$ 1,361,912	$ 5,660,785	35 yrs.		31.39 %	$ 493,292	$ 508,834
1982 (a)	83/84	7,270,797	2,083,777	5,187,020	34		28.26	431,694	436,413
1983	84/85	9,161,606	2,706,736	6,454,870	33		30.02	522,466	520,938
1984	85/86	9,762,564	3,080,431	6,682,133	32		29.66	558,630	565,609
1985	86/87	11,952,650	3,651,133	8,301,517	31		31.80	664,265	671,002
1986	87/88	13,147,141	4,291,075	8,856,066	30		33.62	694,603	701,708
1987 (a)	88/89	14,468,307	5,493,437	8,974,870	29		33.50	739,880	739,880
1988	89/90	16,096,433	6,164,578	9,931,855	28		33.07	853,381	853,381
1989	90/91	19,379,056	6,723,554	12,655,502	27		36.18	1,042,702	1,042,702
1990 (b)	91/92	26,202,014	7,793,748	18,408,266	26		38.43	1,582,581	1,582,581
1991 (a)	92/93	27,711,002	8,334,922	19,376,080	25		39.18	1,719,200	1,719,200
1992	93/94	29,780,358	9,670,249	20,110,109	24		39.28	1,829,821	1,829,821
1993	94/95	31,421,808	10,423,845	20,997,963	23		40.05	1,953,923	1,953,923
1994 (a)	95/96	34,594,939	11,429,000	23,165,939	22		40.81	2,097,978	2,097,978
1995	96/97	36,641,978	13,099,449	23,542,529	21		40.39	2,224,513	2,224,513
1996	97/98	38,080,137	15,136,941	22,943,196	20		39.46	2,284,381	2,284,381
1997	98/99	39,109,052	17,657,404	21,451,648	19		38.38	2,270,386	2,270,386
1998 (a)	99/00	39,553,492	21,277,144	18,276,348	18		33.63	2,051,490	2,051,490
1999	00/01	40,911,155	24,372,290	16,538,865	17		32.72	1,970,575	1,970,575
2000	01/02	42,660,487	27,747,780	14,912,707	16		30.88	1,882,139	1,882,139
2001	02/03	44,125,761	29,554,922	14,570,839	15		29.86	1,895,548	1,895,548
2002 (a)	03/04	45,681,002	28,905,621	16,775,381	14		33.81	2,192,507	2,192,507
2003 (a)	04/05	47,131,125	27,836,691	19,294,434	13		37.16	2,466,634	2,466,634
2004 (a)	05/06	49,059,955	27,218,077	21,841,878	12		41.89	2,807,991	2,327,991*
2005 (a)	06/07	51,434,111	27,760,835	23,673,276	11		44.89	3,098,776	3,098,776
2006	07/08	53,569,342	29,893,085	23,676,257	10		45.66	3,289,972	3,289,972
2007 (a)	08/09	56,554,037	33,249,631	23,304,406	10	10 yrs.	45.74	3,191,716	3,191,716
2008 (a)	09/10	59,227,859	36,002,509	23,225,350	10	9	46.53	3,256,531	3,256,531
2009 (a)	10/11	61,904,907	35,907,494	25,997,413	15	15	37.70	2,772,800	2,772,800
2010 (a)	11/12	62,210,658	35,632,432	26,578,226	15	15	43.74	2,843,528	2,843,528
2011	12/13	62,431,199	33,801,498	28,629,701	15	15	57.05	2,870,342	2,870,342
2012 (c)	13/14	65,436,998	32,257,445	33,179,553	20	15	60.94	3,012,344	3,012,344
2013 (a)	14/15	70,374,532	33,995,966	36,378,565	20	14	66.96	3,534,236	3,534,236
2014	15/16	70,668,317	36,656,819	34,011,498	20	13	62.99	3,339,966	
2015	16/17	71,449,877	37,536,975	33,912,902	20	12	70.84	3,489,389	
2015 (a)	16/17	75,272,788	37,536,975	37,735,813	20	12	77.92	3,838,064	

(a) After changes in benefit provisions and/or actuarial assumptions and actuarial cost methods.

(b) Includes transfers from Old Police-Fire plan through March, 1991.

(c) After issuance of the June 30, 2012 valuation report the Board requested a change in the amortization period. These results reflect the new methodology.

* *An additional $480,000 is held in the City's General Fund.*

SUMMARY STATEMENT OF SYSTEM RESOURCES AND OBLIGATIONS

Present Resources and Expected Future Resources

	June 30, 2015	June 30, 2014
A. Present valuation assets		
1. Net assets from the System's financial statements	$39,048,406	$39,528,006
2. Transfer from old plan	0	0
3. Market value adjustment	(1,511,431)	(2,871,187)
4. Valuation assets	$37,536,975	$36,656,819
B. Actuarial present value of expected future employer contributions		
1. For normal costs	$ 4,090,121	$ 3,396,840
2. For unfunded actuarial accrued liability	37,735,813	34,011,498
3. Total	$41,825,934	$37,408,338
C. Actuarial present value of expected future member contributions	$ 3,514,612	$ 3,742,912
D. Total present and expected future resources	$82,877,521	$77,808,069

Actuarial Present Value of Expected Future Benefit Payments

A. To retirants and beneficiaries		
1. Annual pensions	$52,319,784	$46,115,204
2. Reserve	none	none
3. Total	$52,319,784	$46,115,204
B. To vested terminated members	1,676,420	1,862,973
C. To present active members		
1. Allocated to service rendered prior to valuation date - actuarial accrued liability	$21,276,584	$22,690,140
2. Allocated to service likely to be rendered after valuation date	7,604,733	7,139,752
3. Transfer from old plan	none	none
4. Total	$28,881,317	$29,829,892
D. Total actuarial present value of expected future benefit payments	$82,877,521	$77,808,069

COMMENTS

Actuarial Experience: Net actual experience of the Retirement System was less favorable than assumed during the year ending June 30, 2015, resulting in a loss of $0.7 million. The overall experience loss was primarily due to a larger number of retirements than expected. An additional $3.8 million increase in the accrued liability to the Plan was attributed to the change in the long-term investment rate of return (see Plan Assumptions and Methods below).

Plan Provisions: Effective July 1, 2012, new hires to Police Patrol (Non-Supervisory) and Fire positions will enter a hybrid plan. A brief summary of the defined benefit portion of this hybrid plan are a multiplier of 1.5% for the first 25 years of service, a 1% multiplier for each year of service thereafter and, a member contribution rate of 4.75% of pay. In addition, for the Police Patrol (Non-Supervisory) overtime shall be excluded from final average compensation, the duty disability pension is 33-1/3% of final average compensation to age 55, and the non-duty disability pension is the same formula as service retirement payable to age 55. The defined benefit portion of the hybrid plan was reflected in this year's valuation. Over time, the total normal cost rate will decline as the hybrid plan members replace the current members.

Plan Assumptions and Methods: The long-term investment rate of return compounded annually next of expenses has been reduced from 7.25% to 6.75%. This change was adopted by the Board based on the April 22, 2015 supplemental report. There have been no other changes to plan assumptions or methods since the last valuation. The assumptions were last reviewed prior to the 2013 valuation and generally should be reviewed at least every 5 years. Since the last review, the Society of Actuaries has issued new mortality tables and mortality improvement scales (RP-2014 and MP-2014). The System's current assumption has mortality improvements projected to 2017. We recommend that the Board adopt a policy for regular experience reviews every 5 years.

Amortization Policy: The amortization period is a closed 15-year period (with 12 years remaining) for retirees and an open 20-year period for actives. It is important to maintain proper crediting of reserves for this amortization policy. The recommended crediting of reserves for fiscal year 2016 and 2017 is as follows:

Crediting Employer Contributions

Reserve for	FY 2016	FY 2017
Employer Contributions	$2,208,204	$1,697,654
Retirement Benefit Payments	1,501,303	2,140,410
Total	**$3,709,507**	**$3,838,064**

Looking Ahead: The ratio of active members to retirees is 0.4. This is a sign of maturity of the plan and an indication that plan contributions will remain high to offset increasing benefit payments. Decreasing contributions in a time of increasing benefit payments may increase liquidity risk on the fund. In the long run, the ratio of active members to retirees is expected to increase if the active population is stable.

SECTION B

SUMMARY OF BENEFIT PROVISIONS AND VALUATION DATA

BRIEF SUMMARY OF ACT 345 BENEFIT CONDITIONS (JUNE 30, 2015)

SERVICE RETIREMENT

Eligibility: Any age with 25 or more years of service or age 60 regardless of service.

Amount: **Police Officers hired prior to July 1, 2012**: 2.9% of 3-year Average Final Compensation (AFC) times first 25 years of service plus 1% of AFC times years of service in excess of 25 years. **Police Command**: 3-year AFC times 2.9% for service accrued on or after July 1, 2007 and 2.5% for service accrued through June 30, 2007 for the first 25 years of service and 1.0% for service in excess of 25 years. **Fire Fighters hired prior to July 1, 2012**: 3-year AFC times 2.9% for service accrued on or after July 1, 2009 and 2.75% for service accrued through June 30, 2009 for the first 25 years of service and 1.0% for service in excess of 25 years.
Police Officers and Fire Fighters hired on or after July 1, 2012 (Hybrid Plan): 1.5% of 3-year AFC times first 25 years of service plus 1% of AFC times years of service in excess of 25 years.

DEFERRED RETIREMENT

Eligibility: 10 or more years of service.

Amount: Computed as service retirement but based upon service, AFC and benefit in effect at termination. Benefit begins at date retirement would have occurred had member remained in employment.

DEATH AFTER RETIREMENT SURVIVOR'S PENSION

Eligibility: Payable to a surviving spouse, if any, upon the death of a retired member who was receiving a straight life pension which was effective July 1, 1975 or later (effective July 1, 1991 or later for a disability retirant).

Amount: Spouse's pension equals 60% of the straight life pension the deceased retirant was receiving. (50% of a regular service retirement pension for the spouse of a disability retirant who dies prior to age 55.)

NON-DUTY DEATH-IN-SERVICE SURVIVOR'S PENSION

Eligibility: Payable to a surviving spouse, if any, upon the death of a member with 20 (10 for Fire Fighters) or more years of service.

Amount: Accrued straight life pension actuarially reduced in accordance with an Option I election.

DUTY DEATH-IN-SERVICE SURVIVOR'S PENSION

Eligibility: Payable upon the expiration of worker's compensation to the survivors of a member who died in the line of duty.

Amount: Same amount that was paid by worker's compensation.

BRIEF SUMMARY OF ACT 345 BENEFIT CONDITIONS (JUNE 30, 2015)

NON-DUTY DISABILITY

Eligibility: Payable upon the total and permanent disability of a member with 5 or more years of service.

Amount: To age 55: 2.5% (**1.5% for Hybrid Plan**) of AFC times years of service. For IAFF: 2.75% of AFC times years of service earned on or before June 30, 2009, and 2.9% of AFC times years of service earned on or after July 1, 2009.
At Age 55: Same as Service Pension.

DUTY DISABILITY

Eligibility: Payable upon the total and permanent disability of a member in the line of duty.

Amount: To age 55: 66-2/3% of AFC (33-1/3% of AFC for Hybrid Plan members).
At age 55: Same as Service Retirement.
Pension with service credit from date of disability to age 55.

MEMBER CONTRIBUTIONS

Amount: Fire Fighters hired prior to July 1, 2012: 12.05% of pay. Effective July 1, 2009, members contribute 12.99% of pay. Effective July 1, 2018, members will contribute 10.05% of pay. Effective July 1, 2024, members will contribute 10.04% of pay.
Police Officers hired prior to July 1, 2012: 11.24% of pay.
Police Command: 10.95% of pay.
Hybrid Plan: 4.75% of pay.

RETIRANT AND BENEFICIARY COMPARATIVE SCHEDULE

Year Ended June 30	No. Trans. During Year	Added to Rolls No.	Added to Rolls Annual Pensions*	Removed from Rolls No.	Removed from Rolls Annual Pensions	Rolls End of Year No.	Rolls End of Year Annual Pensions	% Incr. in Annual Pensions	Average Pension	Discounted Value of Pensions Total	Discounted Value of Pensions Average
1991	2	8	$121,524	3	$ 30,531	78	$1,352,847	7.2 %	$17,344	$16,093,858	$206,332
1992		8	186,123			86	1,538,970	13.8	17,895	18,343,442	213,296
1993		9	184,615	2	35,264	93	1,688,321	9.7	18,154	19,950,952	214,526
1994		3	74,096			96	1,762,417	4.4	18,359	20,634,637	214,944
1995		3	50,303			99	1,812,720	2.9	18,310	21,041,881	212,544
1996		4	111,178			103	1,923,898	6.1	18,679	22,163,299	215,178
1997		9	210,599			112	2,134,497	10.9	19,058	24,125,086	215,403
1998		2	55,252	1	38,556	113	2,151,193	0.8	19,037	24,045,700	212,794
1999	3	13	311,785	2	33,488	124	2,429,489	12.9	19,592	27,262,964	219,863
2000		3	147,992	1	16,233	126	2,561,248	5.4	20,327	28,281,473	224,456
2001		3	80,305	3	71,841	126	2,569,712	0.3	20,395	28,325,844	224,808
2002		4	124,746	1	9,347	129	2,685,111	4.5	20,815	29,398,266	227,894
2003		5	128,515	2	36,009	132	2,777,617	3.4	21,043	30,196,106	228,758
2004		5	100,650	1	11,293	136	2,866,974	3.2	21,081	30,921,701	227,365
2005		2	26,569	3	58,835	135	2,834,708	(1.1)	20,998	30,138,240	223,246
2006		1	10,994	2	36,346	134	2,809,356	(0.9)	20,965	29,461,802	219,864
2007		6	211,110	2	31,343	138	2,989,123	6.4	21,660	31,120,638	225,512
2008		5	144,654	2	49,720	141	3,084,057	3.2	21,873	31,791,641	225,473
2009		7	248,242	4	68,425	144	3,263,874	5.8	22,666	33,631,944	233,555
2010		7	247,487	3	34,389	148	3,476,972	6.5	23,493	35,719,893	241,351
2011		15 #	554,196 #	5	88,641	158	3,942,527	13.4	24,953	40,603,656	256,985
2012		6	263,910	1	18,603	163	4,187,834	6.2	25,692	42,966,261	263,597
2013		6	165,744	3	68,144	166	4,285,434	2.3	25,816	46,209,772	278,372
2014		6	143,053	8	121,272	164	4,307,215	0.5	26,264	46,115,204	281,190
2015		8	385,651	3	34,057	169	4,658,809	8.2	27,567	52,319,784	309,585

* *Includes pension adjustments, when applicable.*

\# *Includes alternate payee of an active member, per Eligible Domestic Relations Order.*

RETIRANTS AND BENEFICIARIES JUNE 30, 2015
TABULATED BY TYPE OF PENSION BEING PAID

Type of Pensions Being Paid	No.	Annual Pensions
Age and Service Pensions		
Regular-benefit terminating at death of retirant	15	$ 310,647
Regular-automatic benefit to spouse of deceased retirant	129	3,942,069
Survivor beneficiary	17	190,115
Total age and service pensions	**161**	**$ 4,442,831**
Casualty Pensions		
Non-duty disability pension	3	62,719
Duty disability pension	4	122,599
Survivor beneficiary	1	30,660
Total casualty pensions	**8**	**$ 215,978**
Total pensions being paid	**169**	**$ 4,658,809**

RETIRANTS AND BENEFICIARIES JUNE 30, 2015
TABULATED BY ATTAINED AGE

	Age & Service		Disability and Death-in-Service		Totals	
Attained Age	No.	Annual Pensions	No.	Annual Pensions	No.	Annual Pensions
45 - 49	5	$ 224,397			5	$ 224,397
50 - 54	11	500,013	3	$ 105,162	14	605,175
55 - 59	21	839,684	4	89,442	25	929,126
60 - 64	26	871,846			26	871,846
65 - 69	27	712,206			27	712,206
70 - 74	30	602,218			30	602,218
75 - 79	19	352,930	1	21,374	20	374,304
80	3	55,543			3	55,543
81	2	24,988			2	24,988
82	3	31,921			3	31,921
84	8	111,187			8	111,187
85	2	40,884			2	40,884
88	1	18,824			1	18,824
89	2	37,571			2	37,571
91	1	18,619			1	18,619
Totals	**161**	**$ 4,442,831**	**8**	**$ 215,978**	**169**	**$ 4,658,809**

Average Age at Retirement: 50.0 years

Average Age Now: 67.7 years

Six (6) vested terminated members are currently being valued with deferred service pensions.

ACTIVE MEMBERS IN VALUATION
COMPARATIVE SCHEDULE

Valuation Date June 30	No.	No. of Transfers Incl.	Valuation Payroll	Average Pay	Average % Incr.	Average Age	Average Service
1981	59	7	$ 1,481,707	$ 25,114	12.9 %	32.9 yrs.	8.6 yrs.
1982	53	2	1,419,778	26,788	6.7	35.1	9.3
1983	57	1	1,606,087	28,177	5.2	34.3	8.7
1984	67	0	1,738,099	25,942	7.9	33.6	7.7
1985	74	3	1,927,682	26,050	(0.4)	34.1	8.0
1986	71	0	1,906,602	26,854	3.1	33.6	7.6
1987	72	0	2,038,166	28,308	5.4	34.2	8.6
1988	76	3	2,381,388	31,334	10.7 *	34.9	9.3
1989	80	4	2,659,581	33,245	6.1	35.3	9.5
1990 #	113	18	3,800,291	33,631	0.0	36.5	10.8
1991	112	0	4,049,332	36,155	8.8	36.4	10.6
1992	117	10	4,298,912	36,743	1.6	35.5	9.8
1993	113	0	4,502,216	39,843	8.4	35.2	9.6
1994	113	3	4,778,047	42,284	6.1	36.3	10.7
1995	112	0	5,118,907	45,705	8.1	36.7	11.0
1996	119	0	5,380,560	45,215	1.1	36.1	10.6
1997	120	0	5,498,077	45,817	(1.3)	36.2	10.1
1998	119	0	5,697,163	47,875	4.5	36.6	10.7
1999	117	0	5,597,521	47,842	0.1	36.4	9.9
2000	115	0	5,772,726	50,198	(4.9)	37.0	10.2
2001	114	0	5,942,253	52,125	3.8	37.9	11.0
2002	115	0	6,071,301	52,794	1.3	37.8	10.9
2003	115	0	6,213,210	54,028	2.3	38.1	11.1
2004	110	0	6,138,055	55,801	3.3	38.9	12.2
2005	110	0	6,321,086	57,464	3.0	39.9	13.1
2006	109	0	6,598,038	60,532	5.3	41.1	14.1
2007	104	0	6,420,709	61,738	2.0	41.0	14.0
2008	105	0	6,655,270	63,384	2.7	40.9	14.1
2009	101	0	6,767,459	67,005	5.7	41.1	14.2
2010	94	0	6,235,955	66,340	(1.0)	41.3	14.6
2011	70	0	4,629,536	66,136	(0.3)	42.2	15.9
2012	62	0	4,548,146	73,357	10.9	42.2	15.9
2013	72	0	4,975,503	69,104	(5.8)	40.1	13.5
2014	72	0	4,998,321	69,421	0.5	40.4	13.8
2015	68	0	4,643,191	68,282	(1.6)	39.5	12.8

* *Reflects overtime pay.*

\# *Includes transfers from Old Plan through March, 1991.*

ACTIVE MEMBERS JUNE 30, 2015
BY ATTAINED AGE AND YEARS OF SERVICE

Attained	Years of Service to Valuation Date								Valuation
Age	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Payroll
20-24	2							2	$ 91,069
25-29	7							7	315,071
30-34	8	3						11	629,113
35-39	3	1	6	3				13	884,839
40-44	3			9	4			16	1,191,337
45-49			1	3	5	3		12	986,184
50-54			1	1		1		3	209,435
55-59				1	2		1	4	336,143
Totals	**23**	**4**	**8**	**17**	**11**	**4**	**1**	**68**	**$ 4,643,191**

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 39.5 years

Service: 12.8 years

Annual Pay: $68,282

ASSET INFORMATION SUBMITTED FOR VALUATION

Valuation Assets - Market Value		Reserves for	
Cash & equivalents	$ 1,747,393	Employees' contributions	$ 6,234,844
Receivables & accruals	71,131	Employer contributions	64,448,372
Stocks	26,691,203	Retired benefit payments	(31,634,810)
Bonds	10,927,542		
Account payable	(388,863)		
Total Current Assets	**$ 39,048,406**	**Total Reserves**	**$39,048,406**

REVENUES AND EXPENDITURES

Balance - July 1, 2014	$39,528,006
Revenues	
Employees' contributions	517,062
Employer contributions	3,534,236
Investment income	1,629,537
Expenditures	
Benefit payments	5,688,877
Refund of member contributions	110,552
Expenses	361,006
Balance - June 30, 2015	$39,048,406

These amounts do not reflect the actuarial value adjustment of $1,511,431. The derivation of this adjustment is on page A-7.

SECTION C

FUNDING OBJECTIVE, SUMMARY OF VALUATION PROCESS, METHODS AND ASSUMPTIONS

BASIC FUNDING OBJECTIVE AND OPERATION OF THE RETIREMENT SYSTEM

Benefit Promises Made Which Must Be Paid For. A retirement system is an orderly means of handing out, keeping track of, and financing contingent pension promises to a group of employees. As each member of the retirement system acquires a unit of service credit the member is, in effect, handed an "IOU" which reads: "Your Act 345 Retirement System promises to pay you one unit of retirement benefits, payments in cash commencing when you retire."

The principal related financial question is: ***When shall the money required to cover the "IOU" be contributed?*** This year, when benefit of the member's service is received? Or, some future year when the "IOU" becomes a cash demand?

The Constitution of the State of Michigan is directed to the question:

> "Financial benefits arising on account of service rendered in each fiscal year shall be funded during that year and such funding shall not be used for financing unfunded accrued liabilities."

Section 9(2) of Act 345 is also directed to the question:

> "Sec. 9(2). - - - For the purpose of creating and maintaining a fund for the payment of the pensions and other benefits payable hereunder, the said city, village or municipality, subject to the provisions of this act, shall appropriate, at the end of such regular intervals as may be adopted, quarterly, semi-annually, or annually, an amount sufficient to maintain actuarially determined reserves covering pensions payable or which might be payable on account of service performed and to be performed by active members and pensions being paid retired members and beneficiaries - - ."

Translated into actuarial terminology, the constitutional and Act 345 level percent-of-payroll contribution objective means that the contribution rate must total at least:

> ***Normal Cost*** (the current value of benefits likely to be paid on account of members' service being rendered in the current year)
>
> . . . plus . . .
>
> ***Interest on Unfunded Actuarial Accrued Liability*** (unfunded actuarial accrued liability is the actuarial present value of benefits not covered by present assets and anticipated future normal costs).

If contributions to the Retirement System are less than the preceding amount, the difference, plus investment earnings not realized thereon, will have to be contributed at some later time, or benefits will have to be reduced, to satisfy the fundamental fiscal equation under which all retirement systems must operate; that is:

$$\mathbf{B = C + I - E}$$

> **<u>B</u>enefit** payments to any group of members and their beneficiaries cannot exceed the sum of:
>
> **<u>C</u>ontributions** received on behalf of the group.
>
> . . . plus . . .
>
> **<u>I</u>nvestment** earnings on contributions received and not required for immediate cash payment of benefits.
>
> . . . minus . . .
>
> **<u>E</u>xpenses** incurred in operating the system.

A by-product of level percent-of-payroll financing is the accumulation of invested assets. Investment income becomes a major contributor to the Retirement System, and the amount is directly related to the amount of contributions and investment performance.

Computed Contribution Rate Needed to Finance Benefits. From a given schedule of benefits and from the data furnished, the contribution rate is calculated ***- by means of an actuarial valuation*** - the technique of assigning monetary values to the risks assumed in operating a retirement program.

THE ACTUARIAL VALUATION PROCESS

An actuarial valuation is the process by which a balance between revenues (participant contributions, employer contributions and investment income) and obligations (benefits and expenses) is determined and its actuarial condition is measured.

The flow of activity constituting the valuation may be summarized as follows:

A. ***Covered person information about***:

- each person receiving pension payments
- each former participant with a vested pension not yet payable
- each former participant who is not vested and has not claimed a member contribution refund
- each active participant

B. + ***Financial Information*** (assets, revenues, and expenditures)

C. + ***Benefit Provisions***

D. + ***Experience Estimates*** about the volume and incidence of future activities

E. + ***Actuarial Cost Method*** for allocating costs to time periods

F. + ***Mathematically combining the person information, financial information, benefit provisions, experience estimates and actuarial cost method***

G. = Determination of:

- contribution rate for the plan year
- current funded condition

Items A, B and C are furnished by the pension office and constitute the current knowns about the Fund. Since the majority of activities will occur in the future, estimates must be made about these future activities (Item D).

Demographic assumptions are generally selected on the basis of the System's historical activity, modified for expected future differences. Past activity of funds which are similar in nature to the fund being valued may be utilized if fund data or activities are insufficient to be reliable.

Fiscal assumptions, on the other hand, do not lend themselves to prediction on the basis of historical activity -- the reason being that both salary increases and investment return are impacted by inflation. Inflation defies reliable prediction. Fiscal assumptions are generally selected on the basis of what would be expected to occur in an inflation-free environment and then both are increased by some provision for long-term inflation.

This is a case where two wrongs may make a right. If inflation is higher than expected it will probably result in actual rates of salary increase and investment return which exceed the assumed rates. Salaries increasing faster than expected result in unexpected costs. Investment returns exceeding the assumed rate result in unanticipated assets. To a large degree, the additional assets will offset the additional cost over the long-term.

Once items A, B, C and D are available, the actuarial valuation process begins. The first step is to determine the plan's ***total actuarial present value*** for individuals in each of the 3 covered person categories.

> ***Retired members*** now receiving monthly payments;
> ***Vested terminated members*** not yet at retirement age; and
> ***Active members***.

The actuarial present value is the value today after taking into account the probabilities of payment and the effect of time of System promises to pay benefits in the future on the basis of both service already completed and projected future service.

ACTUARIAL COST METHOD

The total actuarial present value is allocated between projected future service and completed service by the actuarial cost method (Item E) -- the ***individual entry-age*** method is being utilized for this valuation. The portion of the total actuarial present value allocated to projected future service is the ***actuarial present value of future normal cost*** -- normal cost being the series of annual costs, from entry age to retirement age, which will accumulate to the actuarial present value of the individual's benefit at the time of retirement or death. The remainder of the total actuarial present value is the ***actuarial accrued liability***.

At this stage determination has been made of:

1. The total actuarial present value;
2. The actuarial present value of future normal cost; and
3. The actuarial accrued liability.

In the typical plan, the actuarial accrued liability may not be covered by the plan's Actuarial Value of Assets -- leaving an ***unfunded actuarial accrued liability*** (see page C-6 for further discussion on unfunded actuarial accrued liability).

The Actuarial Value of Assets used for funding purposes is derived as follows: prior year valuation assets are increased by contribution and expected investment income and reduced by refunds and benefit payments. To this amount is added 25% of the difference between expected and actual investment income for each of the previous four years.

The next step in the valuation process is a determination of the contribution rate (Item G) required to support fund benefits in accordance with the funding objective (page A-1).

The contribution rate is determined in two basic components:

1. The normal cost component; and
2. The component which will finance (pay-off) the unfunded actuarial accrued liability over the period indicated on page A-2.

ACTUARIAL COST METHOD

The Unfunded Actuarial Accrued Liability (UAAL) was determined using the Actuarial Value of Assets and Actuarial Accrued Liability calculated as of the valuation date. The UAAL amortization payment (one component of the contribution requirement) is the level percent of pay required to fully amortize the UAAL over a 20-year open period for active liabilities and over a 15-year closed period effective June 30, 2012 for retired liabilities beginning on the date contributions determined by the report are scheduled to begin. This UAAL payment reflects any payments expected to be made between the valuation date and the date contributions determined by this report are scheduled to begin.

ACTUARIAL ASSUMPTIONS USED FOR THE VALUATION

Funding objective contribution requirements and actuarial present values are calculated by applying estimates of future System activities (actuarial assumptions) to the benefit provisions and people information of the fund, using the actuarial cost method described on page C-5.

The principal areas of activity which require estimates are:

(i) rates of inflation impacting assets of the System and active member pays

(ii) long-term rates of investment return to be generated by the assets of the fund

(iii) rates of salary increases to members

(iv) rates of mortality among members, retirants and beneficiaries

(v) rates of withdrawal of active members

(vi) rates of retirement due to age and service

(vii) rates of disability among members

In a valuation, the monetary effect of each activity is calculated for as long as a present covered person survives - - - a period of time which can be as long as a century.

Actual activities of the Retirement System will not coincide exactly with estimated activities due to the nature of the activities. Each valuation provides a complete recalculation of estimated future activities and takes into account the effect of differences between estimated and actual activities to date. The result is a continual series of adjustments (usually small) to the computed contribution rate.

From time-to-time, one or more of the estimates are modified to reflect experience trends (but not random or temporary year-to-year fluctuations).

The Board of Trustees sets the assumptions. Actuarial assumptions were most recently reviewed and adopted by the Board of Trustees for the June 30, 2013 actuarial valuation. The rationale for the economic and mortality assumptions is described in the report dated September 27, 2013. Additional scenarios were provided on April, 22 2015. Other assumptions are based on the 2001-2006 experience study. We recommend that the Board set a policy for regular reviews of the actuarial assumptions such as every 5 years.

All actuarial assumptions are expectations of future experience, not market measures.

The rate of net investment return used was 6.75% a year, compounded annually net of expenses. The assumed rate of price inflation is 2.25% per year resulting in a real rate of return of 4.5% per year. These rates were first used in the June 30, 2015 Actuarial Valuation. The assumed rate of wage inflation and payroll growth is 3.0% per year. This is the same payroll growth assumption used to amortize unfunded actuarial accrued liability.

This assumption was used to discount the value of future payments due at different points in time. **Approximate investment returns, for the purpose of comparisons with assumed returns, have been as follows:**

	Year Ended June 30					5-Year
	2015	**2014**	**2013**	**2012**	**2011**	**Average***
Nominal rate	7.3%	11.5%	9.3%	0.2%	0.7%	5.7 %
Inflation rate	0.1%	2.1%	1.8%	1.7%	3.6%	1.9
Real rate	7.2%	9.4%	7.5%	(1.5%)	(2.9%)	3.8

** Compound average annual rate of increase.*

The nominal rates of return should not be used for measurement of an investment advisor's performance or for comparisons with other systems -- to do so will mislead.

The rates of salary increase used are in accordance with the following graded table.

The merit and longevity assumption was first used for the June 30, 2007 valuation. Beginning with the June 30, 2013 valuation, a 3.00% assumption was used in recognition of wage inflation. This, combined with a graded allowance for promotion and longevity, is used to project current salaries to those upon which pension amounts will be based.

Years of Service	Annual Rate of Pay Increase		
	Base (Economic)	**Merit & Longevity**	**Total**
0 to 4	3.00 %	6.00 %	9.00 %
5 to 9	3.00	1.50	4.50
10 to 14	3.00	0.50	3.50
15 to 19	3.00	0.00	3.00
20 to 24	3.00	0.00	3.00
25 to 29	3.00	0.00	3.00
30+	3.00	0.00	3.00

Actual valuation payroll has increased at the following rate:

	Year Ended June 30					5-Year
	2015	2014	2013	2012	2011	Average*
Total payroll	(6.7) %	0.5 %	9.4 %	(1.8) %	(25.8) %	(4.9) %
Average pay	(1.6)	0.5	(5.8)	10.9	(0.3)	0.7

* *Compound average annual rate of increase.*

The mortality table used was the RP 2000 Mortality Table projected to 2017 using scale BB. The base table is the RP 2000 Combined Mortality Table projected to the valuation date, and the provision for future mortality improvement is the additional projection to 2017 with scale BB. This table was first used for the June 30, 2012 valuation. Sample values follow: used was the RP-2000 Mortality Table projected to 2017 using scale BB, set back 0 years for men and 0 years for women. This assumption was first used for the June 30, 2013 valuation. Sample values follow:

Sample	Value at Retirement of $1 Monthly for Life		Future Life Expectancy (Years)	
Ages	Men	Women	Men	Women
45	$162.20	$165.28	37.37	40.05
50	155.41	159.33	32.66	35.29
55	146.69	151.64	28.05	30.61
60	136.00	141.90	23.61	26.04
65	123.30	130.12	19.42	21.70
70	108.62	116.59	15.53	17.68
75	92.22	101.53	12.00	14.02
80	74.98	85.24	8.93	10.76

This assumption is used to measure the probabilities of members dying before retirement and the probabilities of each benefit payment being made after retirement.

Post-disabled mortality is set-forward 10 years.

The weighting of duty and ordinary deaths-in-service is 50%/50%.

The rates of retirement used to measure the probability of eligible members retiring during the next year were as follows:

Years of Service	Percents of Active Members Retiring within Next Year	
	Fire & Police Command	**Police Patrol**
25	15 %	40 %
26	15	40
27	15	40
28	15	40
29	15	40
30+	100	100

Sample Ages	Percents of Active Members Retiring within Next Year	
	Fire	**Police Patrol & Command**
45	20 %	40 %
46	20	40
47	20	40
48	20	40
49	20	40
50	20	40
51	15	35
52	10	20
53	10	15
54	10	15
55	10	15
56	10	15
57	10	15
58	10	15
59	20	25
60+	100	100

100% of members are assumed to retire at age 60 with 10 years of service.

Active members are eligible for retirement after 25 years of service or, after attaining age 60 with 10 or more years of service. Service based retirement rates were first used for the June 30, 2007 valuation.

Rates of separation from active membership are shown below (rates do not apply to members eligible to retire and do not include separation on account of death or disability). This assumption measures the probabilities of members remaining in employment. These rates were first used for the June 30, 2007 valuation.

Sample Ages	Years of Service	% of Active Members Separating within Next Year
ALL	0	12.00 %
	1	9.00
	2	7.00
	3	6.00
	4	5.50
	5	5.00
	6	4.50
	7	3.50
	8	3.00
	9	2.50
	10+	0.20

The interest rate currently being credited on refunds of accumulated contributions paid to terminating members was assumed to be 2% per annum.

Rates of disability were weighted 50% duty and 50% ordinary disability and are shown as follows:

Sample Ages	% of Active Members Becoming Disabled within Next Year
20	0.15 %
25	0.18
30	0.20
35	0.29
40	0.42
45	0.65
50	1.05
55	1.84
60	3.06

SUMMARY OF ASSUMPTIONS USED
JUNE 30, 2015
MISCELLANEOUS AND TECHNICAL ASSUMPTIONS

Marriage Assumption:	90% of all members are assumed to be married for purposes of death-in-service benefits and 80% for deaths after retirement.
Pay Increase Timing:	Beginning of (Fiscal) year. This is equivalent to assuming that reported pays represent amounts paid to members during the year ended on the valuation date.
Decrement Timing:	Decrements of all types are assumed to occur mid-year.
Eligibility Testing:	Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
Benefit Service:	Exact fractional service is used to determine the amount of benefit payable.
Decrement Relativity:	Decrement rates are used directly from the experience study, without adjustment for multiple decrement table effects.
Decrement Operation:	Disability and mortality decrements do not operate during the first 5 years of service. Disability and withdrawal do not operate during retirement eligibility.
Normal Form of Benefit:	The assumed normal form of benefit is the 60% joint and survivor for married members and straight life for non-married members.
Liability Adjustments:	Retirement Present Values were increased 7% for annuity withdrawals at retirement, deferral, and disability for active and deferred vested members.
Service Adjustment:	Active members are assumed to purchase one half year of service prior to retirement.
Incidence of Contributions:	Contributions are assumed to be received continuously throughout the year based upon the computed percent-of-payroll shown in this report, and the actual payroll payable at the time contributions are made. New entrant normal cost contributions are applied to the funding of new entrant benefits.
Police Command Benefits:	Benefits for new police command retirees were calculated as described on page B-1 with a minimum benefit calculated as 2.5% of 3-year AFC times first 25 years of service plus 1.0% for service in excess of 30 years.
Option Factors:	Option factors are based upon 7% interest and the 1971 Group Annuity Mortality Table projected to 1984.

GLOSSARY

Actuarial Accrued Liability - The difference between (i) the actuarial present value of future plan benefits, and (ii) the actuarial present value of future normal cost. Sometimes referred to as "accrued liability" or "past service liability."

Accrued Service - The service credited under the plan which was rendered before the date of the actuarial valuation.

Actuarial Assumptions - Estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

Actuarial Cost Method - A mathematical budgeting procedure for allocating the dollar amount of the "actuarial present value of future plan benefits" between the actuarial present value of future normal cost and the actuarial accrued liability. Sometimes referred to as the "actuarial funding method."

Actuarial Equivalent - A single amount or series of amounts of equal value to another single amount or series of amounts, computed on the basis of the rate(s) of interest and mortality tables used by the plan.

Actuarial Present Value - The amount of funds presently required to provide a payment or series of payments in the future. It is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.

Amortization - Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

Experience Gain (Loss) - A measure of the difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, in accordance with the actuarial cost method being used.

Normal Cost - The annual cost assigned, under the actuarial funding method, to current and subsequent plan years. Sometimes referred to as "current service cost." Any payment toward the unfunded actuarial accrued liability is not part of the normal cost.

Reserve Account - An account used to indicate that funds have been set aside for a specific purpose and are not generally available for other uses.

Unfunded Actuarial Accrued Liability - The difference between the actuarial accrued liability and valuation assets. Sometimes referred to as "unfunded accrued liability."

Valuation Assets - The value of current plan assets recognized for valuation purposes.

SECTION D

DISCLOSURES REQUIRED BY STATEMENT NO. 67 OF THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD

Auditor's Note – This information is intended to assist in preparation of the financial statements of the City of Jackson Act 345 Policemen and Firemen Retirement System. Financial statements are the responsibility of management, subject to the auditor's review. Please let us know if the auditor recommends any changes.

INFORMATION REQUIRED BY GASB STATEMENT NO. 67

The Governmental Accounting Standards Board Statement No. 67 (GASB Statement No. 67) contains certain requirements regarding the accounting and disclosure of financial information. In addition to disclosing the system's fiduciary net position, retirement systems are also required to disclose information regarding the plan's Total Pension Liability, net pension liability, and change in net pension liability from the prior year. In actuarial terms, these are the plan's actuarial accrued liability and unfunded actuarial accrued liability on a market value of asset basis. This section of the report contains information that is part of the Retirement System's disclosure requirements under this accounting standard.

DETERMINATION OF THE NET PENSION LIABILITY

Roll-Forward Methodology

The June 30, 2014 Total Pension Liability was rolled-forward to the June 30, 2015 measurement date by applying one year of Service Cost (increases TPL), actual benefit payments and refunds during the year (reduces TPL), and an interest rate adjustment assuming the beginning of year Single Discount Rate of 6.57%. A full year of interest was applied to the beginning of year TPL and one-half year of interest was applied to the Service Cost and benefit payments. The June 30, 2013 Total Pension Liability was rolled-forward to June 30, 2014 to determine the beginning of year TPL, using the same methodology described above.

Measurement of the Net Pension Liability

The Net Pension Liability is measured as the Total Pension Liability, less the amount of the pension plan's fiduciary net position. In actuarial terms, this is analogous to the accrued liability less the market value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations performed to determine the employer's contribution requirement).

A Single Discount Rate of 6.57% was used to measure the Total Pension Liability. This Single Discount Rate was based on an expected rate of return on pension plan investments of 6.75%* and a municipal bond rate of 3.80%. The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2062. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2062, and the municipal bond rate was applied to all benefit payments after that date.

Below is a table providing the sensitivity of the net pension liability to changes in the discount rate. In particular, the table presents the plan's net pension liability if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

Sensitivity of Net Pension Liability to the Single Discount Rate Assumption

1% Decrease	Current Single Discount Rate Assumption	1% Increase
5.57%	6.57%	7.57%
$46,093,295	$37,080,322	$29,320,910

* *GASB No. 68 reporting for the City was based on 7.25% and will be adjusted next year.*

STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2015

		2015
Assets		
Cash and Deposits	$	1,747,393
Receivables		
Accounts Receivable - Sale of Investments	$	-
Accrued Interest and Other Dividends		56,288
Contributions		-
Accounts Receivable - Other		14,843
Total Receivables	$	71,131
Investments		
Fixed Income	$	10,927,542
Equities		26,691,203
Real Estate		-
Other		-
Total Investments	$	37,618,745
Total Assets	$	39,437,269
Liabilities		
Payables		
Accounts Payable - Purchase of Investments	$	-
Accrued Expenses		-
Accounts Payable - Other		388,863
Total Liabilities	$	388,863
Net Position Restricted for Pensions	$	39,048,406

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR YEAR ENDED JUNE 30, 2015

		2015
Additions		
Contributions		
Employer	$	3,534,236
Employee		517,062
Other		-
Total Contributions	$	4,051,298
Investment Income		
Net Appreciation in Fair Value of Investments	$	997,899
Interest and Dividends		631,638
Less Investment Expense		-
Net Investment Income	$	1,629,537
Other	$	-
Total Additions	$	5,680,835
Deductions		
Benefit payments, including refunds of employee contributions	$	5,799,429
Pension Plan Administrative Expense		361,006
Other		-
Total Deductions	$	6,160,435
Net Increase in Net Position	$	(479,600)
Net Position Restricted for Pensions		
Beginning of Year	$	39,528,006
End of Year	$	39,048,406

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS MULTIYEAR

Ultimately 10 Fiscal Years will be Displayed

Fiscal year ending June 30,	2015	2014
Total Pension Liability		
Service Cost	$ 965,176	$ 987,637
Interest on the Total Pension Liability	4,990,906	4,928,085
Benefit Changes	(5,121)	-
Difference between Expected and Actual Experience	(962,506)	-
Assumption Changes	4,326,991	(244,312)
Benefit Payments	(5,688,877)	(4,735,564)
Refunds	(110,552)	-
Net Change in Total Pension Liability	3,516,017	935,846
Total Pension Liability - Beginning +	72,612,711	71,676,865
Total Pension Liability - Ending (a)	$ 76,128,728	$ 72,612,711
Plan Fiduciary Net Position		
Employer Contributions	$ 3,534,236	$ 3,012,344
Employee Contributions	517,062	542,751
Pension Plan Net Investment Income	1,629,537	6,943,322
Benefit Payments	(5,688,877)	(4,735,564)
Refunds	(110,552)	-
Pension Plan Administrative Expense	(361,006)	(335,537)
Other	-	-
Net Change in Plan Fiduciary Net Position	(479,600)	5,427,316
Plan Fiduciary Net Position - Beginning	39,528,006	34,100,690
Plan Fiduciary Net Position - Ending (b)	$ 39,048,406	$ 39,528,006
Net Pension Liability - Ending (a) - (b)	37,080,322	33,084,705
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	51.29 %	54.44 %
Estimated Covered-Employee Payroll*	$ 4,643,191	$ 4,998,321
Net Pension Liability as a Percentage of Covered-Employee Payroll	798.60 %	661.92 %

Notes to Schedule:

** Estimated Covered payroll shown is the employee payroll as of the Valaution Date. If the actual covered payroll amount becomes available, this valuation may be updated accordingly.*

+ The discount rate for the beginning of year Total Pension Liability was 6.57% based on the assumed rate of return of 6.75% and municipal Bond rate of 3.80% as of June 25, 2015.

Schedules of Required Supplementary Information
Schedule of the Net Pension Liability Multiyear

Ultimately 10 Fiscal Years will be Displayed

FY Ending June 30,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability	Covered Payroll*	Net Pension Liability as a % of Covered Payroll
2014	$ 72,612,711	$ 39,528,066	$ 33,084,645	54.44%	$ 4,998,321	661.92%
2015	76,128,728	39,048,406	37,080,322	51.29%	4,643,191	798.60%

Schedule of Contributions
Last 10 Fiscal Years

FY Ending June 30,	Actuarially Determined Contribution +	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll*	Actual Contribution as a % of Covered Payroll
2006	$ 2,807,991	$ 2,327,991 #	$ 480,000	$ 6,598,038	35.28%
2007	3,098,776	3,098,776	-	6,420,709	48.26%
2008	3,289,972	3,289,972	-	6,655,270	49.43%
2009	3,191,716	3,191,716	-	6,767,459	47.16%
2010	3,256,531	3,256,531	-	6,235,955	52.22%
2011	2,772,800	2,772,800	-	4,629,536	59.89%
2012	2,843,528	2,843,528	-	4,548,146	62.52%
2013	2,870,342	2,870,342	-	4,975,503	57.69%
2014	3,012,344	3,012,344	-	4,998,321	60.27%
2015	3,534,236	3,534,236	-	4,643,191	76.12%
2016	3,709,507				

+ The Actuarially Determined Contribution dollar amount is an illustrative rate determined using assumed. If the actual payroll differs from the assumed payroll used in the valuation, the actual contribution will change.

** Covered Payroll is based on the Current Payroll as of the Valuation date. If the actual covered payroll amount becomes available, this valuation may be updated accordingly.*

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February 8, 2016

Ms. Sandy Sykes
Pension Administrator
City of Jackson Act 345 Policemen
and Firemen Retirement System
161 West Michigan Avenue
Jackson, Michigan 49201

Dear Sandy:

Enclosed are 10 copies of the Forty-First Annual Actuarial Valuation as of June 30, 2015 of the City of Jackson Act 345 Policemen and Firemen Retirement System.

Sincerely,

David T. Kausch

DTK:bd
Enclosures

cc: Mr. Mark Kettner (Electronic Copy)
The Rehman Group

GRS
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April 11, 2016

Board of Trustees
City of Jackson
161 W. Michigan Avenue
Jackson, MI 49201-1324

Re: Funding Policy Study for the City of Jackson Act 345 Policemen and Firemen Retirement System

Dear Board Members:

Enclosed is a funding policy study to project the financial impact of changing the 20-year open level-percent-of-pay amortization of active member unfunded actuarially accrued liabilities to a 20-year closed amortization and a 15-year closed amortization for the City of Jackson Act 345 Policemen and Firemen Retirement System.

Please do not hesitate to contact us if you have any questions.

Sincerely,

David T. Kausch

David T. Kausch, FSA, EA, MAAA

DTK:rmn
Enclosures

CITY OF JACKSON ACT 345 POLICEMEN & FIREMEN RETIREMENT SYSTEM
FUNDING POLICY STUDY
AS OF JUNE 30, 2015

SUBMITTED TO: Board of Trustees
City of Jackson Act 345 Policemen and Firemen Retirement System

DATE: April 11, 2016

SUBMITTED BY: David T. Kausch, FSA, EA, MAAA and Abra D. Hill, ASA, MAAA
Gabriel, Roeder, Smith & Company

BACKGROUND

This report contains the results of a funding policy study, requested by the Board of the City of Jackson Act 345 Policemen and Firemen Retirement System to study the impact of:

- **Alternate 1 –** Changing the 20-year open level-percent-of-pay amortization for active unfunded liabilities to a 20-year closed amortization with new layers to be added each year with 20-year closed amortizations, and

- **Alternate 2 –** Changing the 20-year open level-percent-of-pay amortization for active unfunded liabilities to a 15-year closed amortization with new layers to be added each year with 15-year closed amortizations.

Note that the current amortization policy has a separate closed level-percent-of-pay amortization for retiree and beneficiary liabilities with 12 years remaining. That amortization was unchanged for this study.

VALUATION DATA, METHODS AND ASSUMPTIONS

The study was based on actuarial data submitted for the June 30, 2015 annual actuarial valuation and actuarial methods and assumptions as of June 30, 2015 as described in our report dated February 8, 2016. In particular:

- The assumed rate of interest was 6.75%.
- The assumed rate of wage inflation was 3.00%.
- The valuation method was the entry age actuarial cost method.
- The amortization method used for the determination of employer contributions was level percent of payroll with a payroll increase assumption of 3.00%.

It is important to note that projections do not predict future valuation results. Rather, they identify relative changes in contributions over the projection period. It was assumed that no gains or losses would occur during the projection period – an unlikely event. Future gains will result in lower employer contributions and higher funded statuses than shown. Future losses will result in higher employer contributions and lower funded statuses than shown.

SUMMARY OF RESULTS

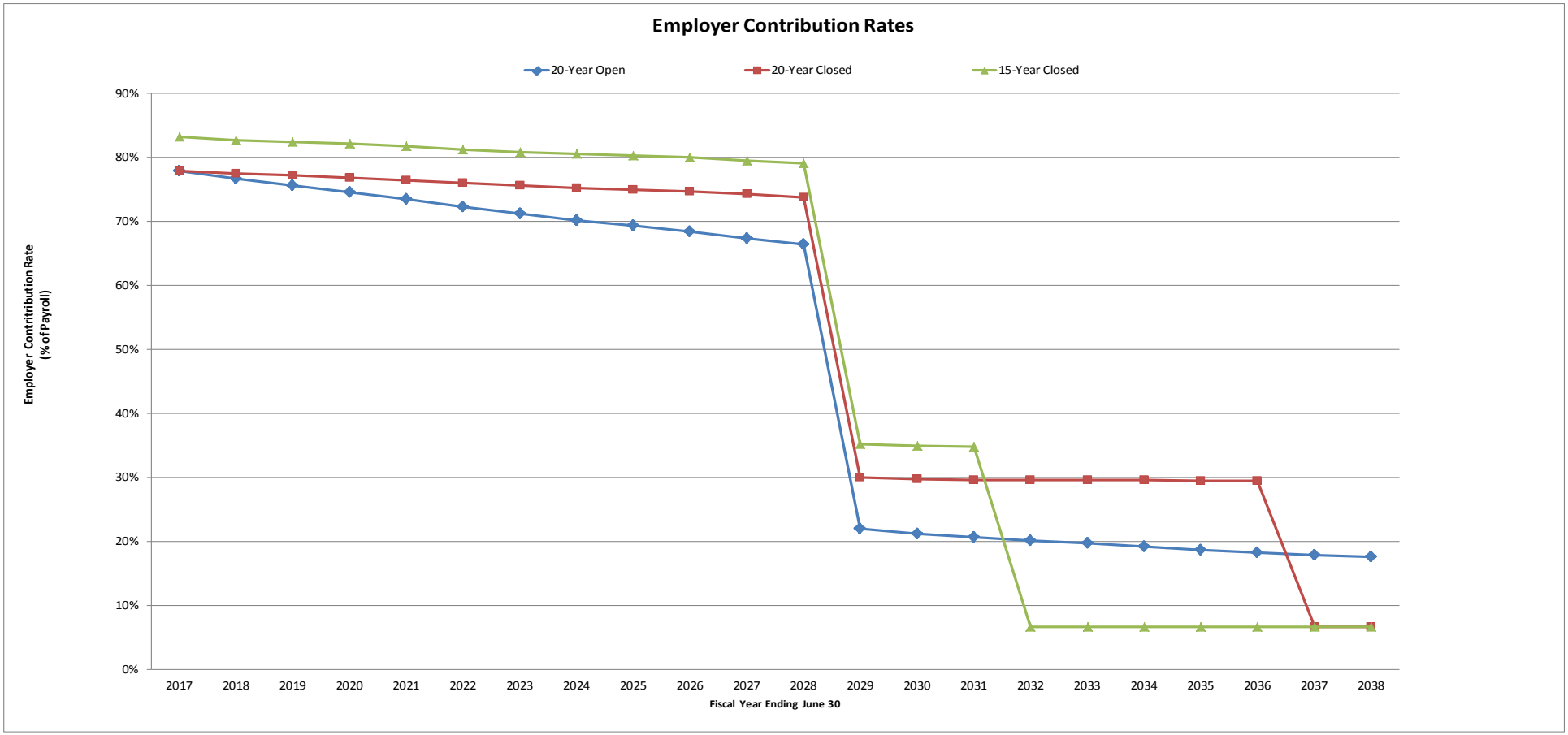
The following graphs and tables in this report are the result of a 22-year projection illustrating the effects of the changes on the employer contribution rate, funding progress, and Unfunded Actuarially Accrued Liability (UAAL). Changing the funding policy from a 20-year open level-percent-of-pay amortization period of the active unfunded liabilities (Current Policy) to a 20-year closed amortization (Alternate 1) would have no effect on the first year's contribution, while a change to a 15-year closed amortization (Alternate 2) would increase the first year's contribution as a percent of payroll by 5.28%. In all three scenarios, the contribution rate will decrease substantially in 12 years due to the expiration of the current retiree amortization period. At the end of the closed 20-year and 15-year amortizations, the employer contribution reverts to the employer normal cost. The normal cost rate is currently blended between the pre- and post-hybrid plan members. By the end of the projection, the vast majority of active members are expected to be in the hybrid plan, and thus the hybrid plan, normal cost dominates.

Note that in subsequent years, new gains and losses (and other changes) will be amortized separately ("new layers") as they occur (over 15- or 20-year periods). This will create an "amortization schedule" of contribution rates. Such a schedule will require periodic review by the Board.

David T. Kausch and Abra Hill are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

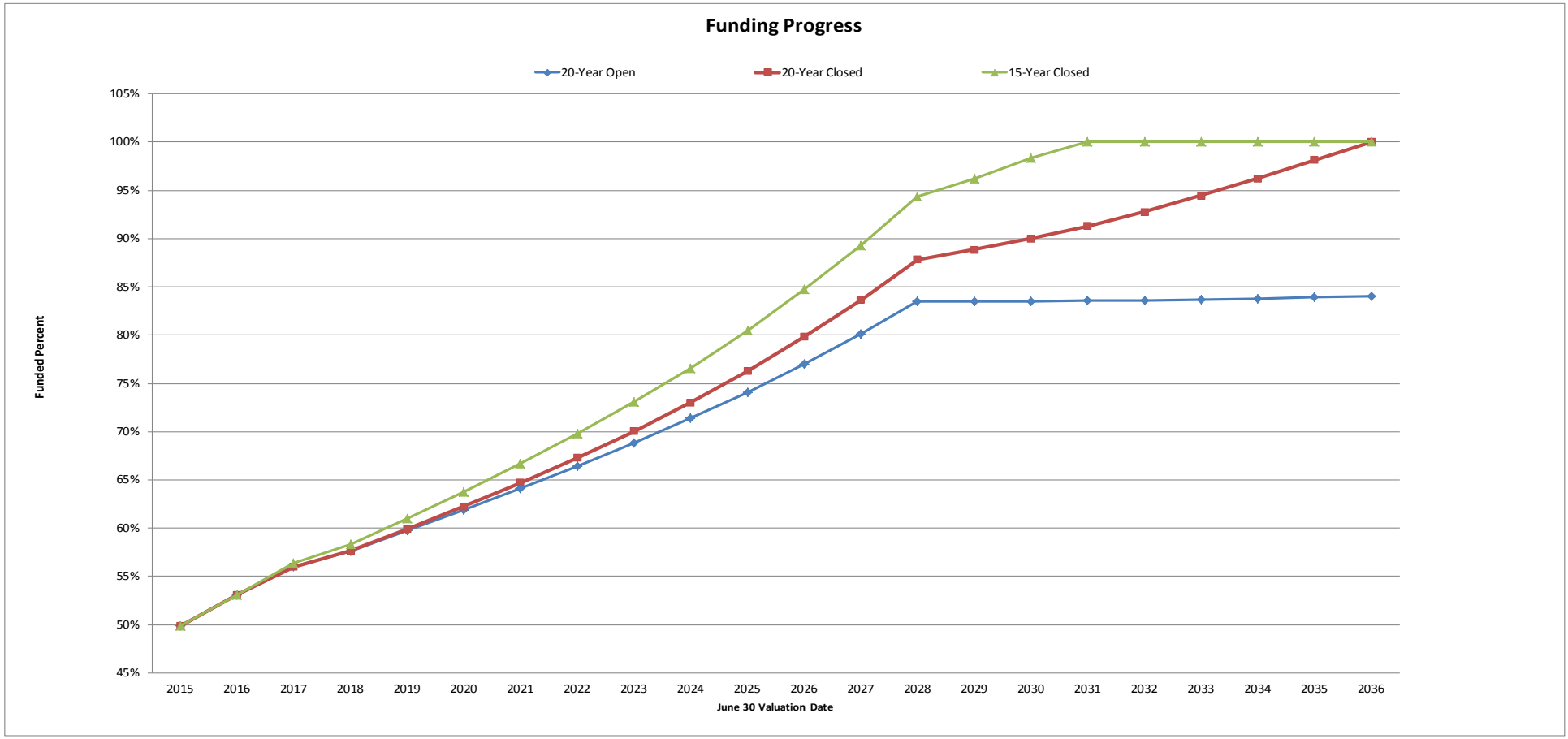
Computed Employer Contributions for Fiscal Year Ending June 30, 2017	(Current Policy) / (Alternate 1) 20 Year Active UAAL Amortization*	(Alternate 2) 15 Year Active UAAL Amortization*	Increase in Employer Contribution
Annual Amount	$3,838,064	$4,098,288	$260,224
Percentage of Covered Payroll	77.92%	83.20%	5.28%

** Retiree and beneficiary liabilities are amortized over a 12 year closed level-percent-of-pay amortization period.*



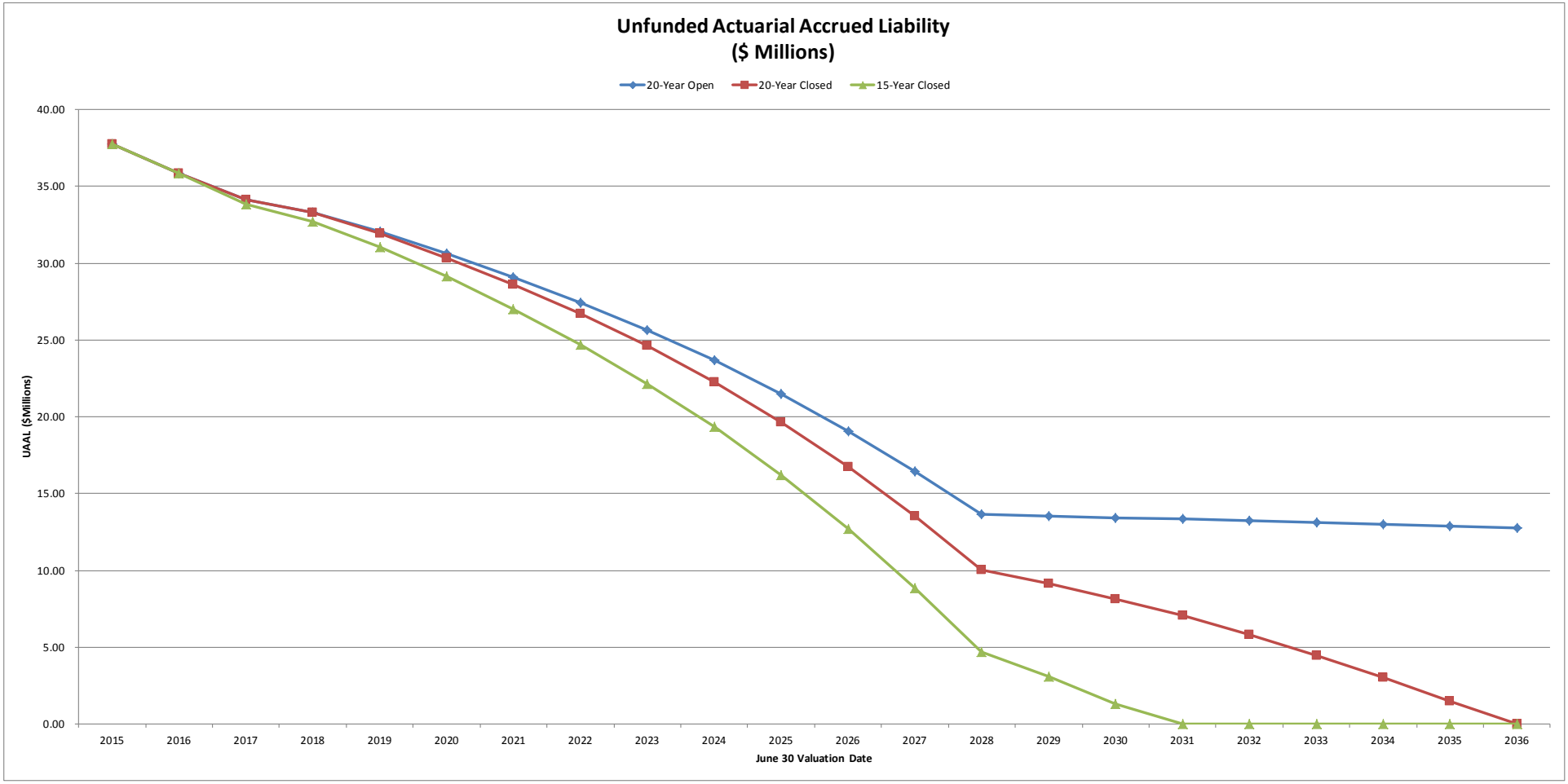
Amortization	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
20-Year Open	77.92%	76.65%	75.60%	74.57%	73.42%	72.28%	71.18%	70.22%	69.36%	68.43%	67.41%	66.41%	22.01%	21.23%	20.61%	20.11%	19.66%	19.16%	18.66%	18.25%	17.88%	17.53%
20-Year Closed	77.92%	77.45%	77.17%	76.88%	76.45%	76.00%	75.57%	75.25%	75.02%	74.69%	74.25%	73.81%	29.95%	29.69%	29.57%	29.56%	29.58%	29.53%	29.47%	29.48%	6.61%	6.66%
15-Year Closed	83.20%	82.73%	82.45%	82.16%	81.74%	81.28%	80.86%	80.54%	80.30%	79.97%	79.53%	79.10%	35.23%	34.97%	34.86%	6.66%	6.66%	6.66%	6.66%	6.66%	6.66%	6.66%

Retiree and beneficiary liabilities are amortized over a closed 12 year level-percent-of-pay amortization in all scenarios.



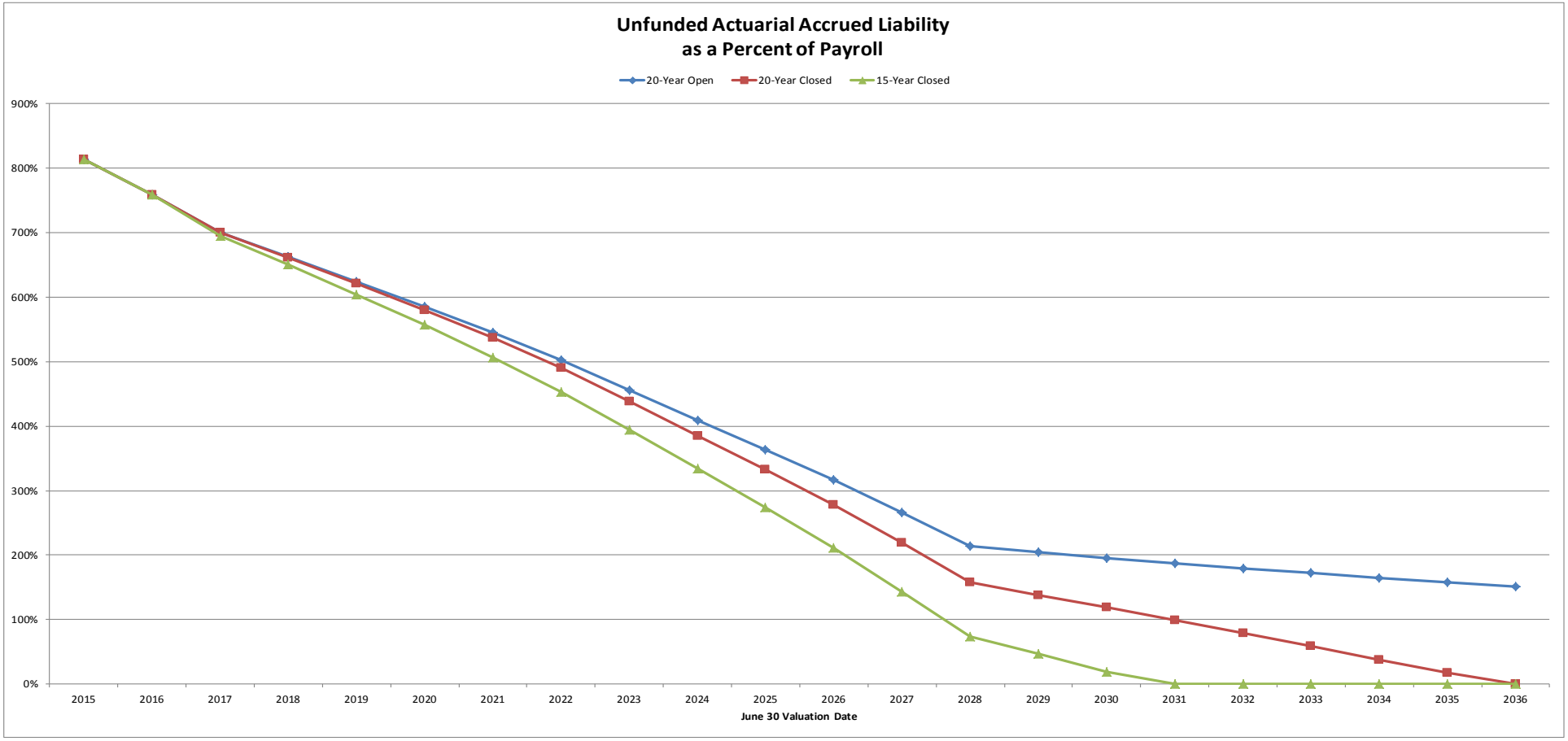
Amortization	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
20-Year Open	49.9%	53.1%	56.0%	57.6%	59.7%	61.9%	64.1%	66.4%	68.8%	71.4%	74.1%	77.0%	80.1%	83.5%	83.5%	83.5%	83.5%	83.6%	83.7%	83.8%	83.9%	84.1%
20-Year Closed	49.9%	53.1%	56.0%	57.6%	59.9%	62.2%	64.7%	67.3%	70.0%	73.0%	76.3%	79.8%	83.7%	87.8%	88.9%	90.0%	91.3%	92.8%	94.4%	96.2%	98.1%	100.0%
15-Year Closed	49.9%	53.1%	56.3%	58.4%	61.0%	63.8%	66.7%	69.8%	73.1%	76.6%	80.5%	84.7%	89.3%	94.3%	96.2%	98.4%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Retiree and beneficiary liabilities are amortized over a closed 12 year level-percent-of-pay amortization in all scenarios.



Amortization	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
20-Year Open	37.74	35.85	34.11	33.31	32.04	30.62	29.08	27.41	25.61	23.66	21.48	19.07	16.46	13.64	13.54	13.45	13.36	13.26	13.14	13.01	12.88	12.75
20-Year Closed	37.74	35.85	34.11	33.27	31.91	30.36	28.63	26.71	24.61	22.29	19.67	16.74	13.53	10.03	9.14	8.16	7.07	5.83	4.48	3.03	1.49	0.00
15-Year Closed	37.74	35.85	33.84	32.71	31.03	29.12	27.01	24.69	22.14	19.33	16.19	12.69	8.86	4.70	3.09	1.34	0.00	0.00	0.00	0.00	0.00	0.00

Retiree and beneficiary liabilities are amortized over a closed 12 year level-percent-of-pay amortization in all scenarios.



Amortization	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
20-Year Open	813%	759%	700%	662%	624%	585%	546%	502%	456%	409%	363%	317%	266%	214%	205%	195%	187%	179%	172%	165%	158%	151%
20-Year Closed	813%	759%	700%	661%	621%	580%	537%	490%	438%	385%	333%	278%	219%	157%	138%	119%	99%	79%	59%	38%	18%	0%
15-Year Closed	813%	759%	694%	650%	604%	557%	507%	452%	394%	334%	274%	211%	143%	74%	47%	19%	0%	0%	0%	0%	0%	0%

Retiree and beneficiary liabilities are amortized over a closed 12 year level-percent-of-pay amortization in all scenarios

GRS Gabriel Roeder Smith & Company
Consultants & Actuaries

CITY OF JACKSON EMPLOYEES RETIREMENT SYSTEM

70TH ACTUARIAL VALUATION REPORT

AS OF JUNE 30, 2015

OUTLINE OF CONTENTS
REPORT OF JUNE 30, 2015 ACTUARIAL VALUATION

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A-2/3	Contributions to Fund Benefits
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A-5	Funding Progress and Risk Measures- Comparative Schedule
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February 2, 2016

Board of Trustees
City of Jackson Employees Retirement System
Jackson, Michigan

Re: City of Jackson Employees Retirement System Actuarial Valuation as of June 30, 2015 Actuarial Disclosures

Dear Board Members:

The results of the June 30, 2015 Annual Actuarial Valuation of the City of Jackson Employees Retirement System are presented in this report.

This report was prepared at the request of the Board and is intended for use by the Retirement System and those designated or approved by the Board. This report may be provided to parties other than the System only in its entirety and only with the permission of the Board. GRS is not responsible for unauthorized use of this report.

The purposes of the valuation are to measure the System's funding progress, to determine the employer contribution rate for the fiscal year ending June 30, 2017, and to determine the actuarial information for Governmental Accounting Standards Board (GASB) Statement No. 67. 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.

The findings in this report are based on data and other information through June 30, 2015. 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; 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.

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 valuation was based upon information furnished by the Plan Administrator, 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 otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the Plan Administrator.

In addition, this report was prepared using certain assumptions approved by the Board as described in the section of this report entitled Actuarial Cost Methods and Assumptions.

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 the System as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

David T. Kausch is a Member of the American Academy of Actuaries (MAAA). This actuary meets the Academy's Qualification Standards to render the actuarial opinions contained herein.

The signing individuals are independent of the plan sponsor.

Gabriel, Roeder, Smith & Company will be pleased to review this valuation report with the Board of Trustees and to answer any questions pertaining to the valuation.

Respectfully submitted,

GABRIEL, ROEDER, SMITH & COMPANY

David T. Kausch, FSA, EA, FCA, MAAA

David L. Hoffman

DTK/DLH:dj

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Valuation Date	June 30, 2014	June 30, 2015
Fiscal Year Ending	June 30, 2016	June 30, 2017
Recommended Employer Contributions:		
Annual Amount	$ 958,228	$ 938,653
Percentage of Covered Payroll	11.87%	12.27%
Membership		
Number of		
Active Members	141 ^	136 #
Retirees and Beneficiaries	183	187
Inactive, Non-retired Members	29	25
Total	353	348
Total Pensions Being Paid	$ 2,930,797	$ 3,067,864
Assets		
Market Value	$38,374,054	$38,279,801
Actuarial Value	35,921,110	37,071,569
Return on Market Value	15.8%	4.8%
Return on Actuarial Value	12.0%	8.7%
Ratio - Actuarial Value to Market Value	93.6%	96.8%
Actuarial Information		
Normal Cost %	10.76%	10.38%
Actuarial Accrued Liability (AAL)	$49,372,508	$48,882,362
Unfunded Actuarial Accrued Liability (UAAL)	13,451,398	11,810,793
Funded Ratio	72.8%	75.8%
Amortization Period	30 years	30 years

^ *Includes DROP Participants as of June 30th, 2014.*

\# *One member who was previously in the DROP and is still active is not accruing additional pension benefits and is not included in the Active Member census.*

Highlights/Changes

There were gains on retiree mortality, investment earnings, and active member turnover. All other experience was close to expected.

The Executive Summary gives an overview of the entire report. It cannot be used as a substitute for a thorough reading of the full report.

EXECUTIVE SUMMARY

Actuarial Valuation

This is the actuarial valuation of the City of Jackson Employees Retirement System prepared as of June 30, 2015. Valuations are prepared annually, as of July 1 of each year, the first day of the plan year.

The primary purposes of the valuation report are to measure the plan's liabilities; to determine the required employer contribution rate based upon the System's funding policy and to analyze changes in the System's actuarial position.

In addition, the report provides information in connection with the Governmental Accounting Standards Board Statement No. 67 (GASB No. 67), and it provides summaries of the member data, financial data, plan provisions, and actuarial assumptions and methods.

Financing Objectives

The System is supported by member contributions, employer contributions, and net earnings on the investments of the fund. The total contribution is determined by the actuarial valuation. The member contribution rate is set at one-half of total computed contribution less amounts for the DROP which are contributed by the City. The employer contribution is the remainder.

The combined member and employer contributions are intended to be sufficient to pay the normal cost and to amortize the Unfunded Actuarial Accrued Liability (UAAL) over an open period of 30 years from the valuation date. Under this amortization method, the UAAL is expected to increase in nominal dollars each year in the future.

Contribution Requirement

The computed employer contribution for the fiscal year ending June 30, 2017 is $938,653, 12.27% of expected covered payroll. This compares with an employer contribution for the fiscal year ending June 30, 2016 of $958,228, 11.87% of expected covered payroll. The City is to contribute the reported dollar amount rather than the percentage of payroll as a result of the unpredictability on future covered payroll.

EXECUTIVE SUMMARY

Funded Status

As of the valuation date, the Unfunded Actuarial Accrued Liability (UAAL) is $11,810,793, and the funded ratio (the ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability) is 75.8%. At the time of last year's valuation, the UAAL was $13,451,398, and the funded ratio was 72.8%. See page A-9 for the development of the actuarial gain or loss over the last year and page A-5 for a history of the funded ratios.

The plan experienced a gain of $1,703,652. This gain includes a recognized investment gain of $427,124, and liability gains of $1,276,928. Liability gains are primarily due to retiree mortality and a large amount of active member terminations during the 2015 fiscal year.

Variability of Future Contribution Rates

The Actuarial Cost Method used to determine the contribution rate is intended to produce contribution rates which are generally level as a percent-of-payroll. Even so, when experience differs from the assumptions, as it often does, the employer's contribution rate can vary significantly from year-to-year.

Over time, if the year-to-year gains and losses offset each other, the contribution rate would be expected to return to the current level.

The Market Value of Assets is greater than the Actuarial Value of Assets by $1,208,232 as of the valuation date (see page A-6). This difference will be gradually recognized over the next four years in the absence of offsetting losses/gains.

One metric for the volatility of future contribution rates is the ratio of assets to payroll which is 5.1, up from 4.7 in the prior valuation. The increase from the prior year is largely attributed to the closure of the DROP as of June 30, 2015. This ratio indicates that a 10% change in assets is 51% of payroll (10% x 5.1). It is not unusual for there to be large year-to-year changes in the Market Value of Assets. These changes are managed with asset smoothing and the 30-year amortization policy.

EXECUTIVE SUMMARY

Relationship to Market Value

If Market Value had been the basis for the valuation, the employer contribution rate would have been 11.54% of payroll and the funded ratio would have been 78.3%. This is a rough indication of the future status of the System. See the "Looking Ahead" comment on page A-11 for a discussion on future contribution rates.

Benefit Provisions

This valuation reflects benefits promised to members in the plan on the valuation date as reported to us by the System's administrator. Members hired on or after July 1, 2012 will have a pension multiplier of 1.25% of their final average compensation for each year of service, a different definition of compensation, and a different member contribution rate. See the "Plan Amendments" comment on page A-10 for more information.

Actuarial Assumptions and Methods

In determining costs and liabilities, actuaries use assumptions about the future, such as rates of salary increase, probabilities of retirement, termination, death and disability, and an investment return assumption. The Retirement Board sets the actuarial assumptions and methods taking into account recommendations made by the plan's actuary and other advisors.

Section C summarizes the current assumptions. We believe the actuarial assumptions are internally consistent and are reasonable, based on the actual experience of the System.

Actuarial Assumptions and Methods (Concluded)

The results of the actuarial valuation are dependent on the actuarial assumptions used. Actual results can, and almost certainly will, differ as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities, calculated contribution rates, and amortization periods.

In addition to the actuarial assumptions, the actuary also makes use of an Actuarial Cost Method to allocate costs to particular years. In common with most public-sector plans, the System uses the Entry Age Normal method. Theoretically, this method produces a level pattern of funding over time, and thereby provides equity between various generations of tax payers. We continue to believe this method is appropriate for the System.

Assets

System assets are held in trust. The System's administrator provided the asset information used in this valuation.

Page B-15 contains exhibits summarizing the plan's assets, presents a summary of the Market Value of Assets held by the fund, shows the allocation of assets held for investment and shows a reconciliation of the assets from the last valuation date to the current valuation date.

Page A-6 shows the development of the Actuarial Value of Assets. The Actuarial Value of Assets is a smoothed Market Value. A smoothed value is used in order to dampen some of the year-to-year fluctuations in valuation results that would occur if the Market Value were used instead. The method used phases in differences between the actual and expected market returns over four years. The expected return is determined using the 7.50% interest rate assumption and the plan's Market Value adjusted for contributions received and benefits and refunds paid. Both the actual and expected returns are computed net of expenses.

The Actuarial Value is currently 96.8% of the Market Value. Over any short time period, a disparity between Actuarial Value and Market Value may appear, but in the long run the Actuarial Value and the Market Value are expected to track each other fairly closely.

The investment return rate for the plan year ending June 30, 2015 on a Market Value basis was 4.82%, while it was 8.72% on an Actuarial Value basis. These figures differ because of the asset valuation procedure described above.

The Funded Status and Unfunded Actuarial Accrued Liability are not appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations. By themselves, these measures are not appropriate for assessing the need for or the amount of future employer contributions.

EXECUTIVE SUMMARY

GASB Accounting Standards

In June 2012, the GASB approved two new accounting standards for public sector retirement systems and governments, Statements No. 67 and No. 68. These new standards are a significant departure from the current standards. The GASB has stated that accounting standards should be separate from funding standards. In our view, the funding of the Retirement System may continue unchanged. A separate report was issued for this System with GASB Statement No. 68 information as of June 30, 2015, while GASB statement No. 67 information is included at the end of this report.

SECTION A

VALUATION RESULTS, COMMENTS AND RECOMMENDATIONS

FUNDING OBJECTIVE

The funding objective of the Retirement System is to establish and receive contributions, expressed as percents of active member payroll, which will remain approximately level from year-to-year and will not have to be increased for future generations of citizens.

CONTRIBUTION RATES

The Retirement System is supported by member contributions, City contributions and investment income from Retirement System assets.

Contributions which satisfy the funding objective are determined by the annual actuarial valuation and are sufficient to:

(1) Cover the actuarial present value of benefits allocated to the current year by the actuarial cost method described in Section C (the normal cost); and

(2) Finance over a period of future years the actuarial present value of benefits not covered by valuation assets and anticipated future normal costs (unfunded actuarial accrued liability).

Computed contribution rates for the fiscal year beginning July 1, 2016 are shown on page A-2.

CONTRIBUTIONS TO FUND BENEFITS
EXPRESSED AS PERCENTS OF ACTIVE MEMBER PAYROLL
FOR THE FISCAL YEAR BEGINNING

	July 1, 2016		
Contributions for	**Members Hired before July 1, 2012**	**Members Hired after July 1, 2012**	**Total Weighted Averages**
Normal Cost			
Age and Service Allowances	8.98 %	6.08 %	8.52 %
Disability and Survivor	0.99	0.52	0.91
Refunds of Member Contributions	1.03	0.64	0.97
Total Normal Cost @	11.00	7.24	10.40
Contribution for DROP	1.89	1.89	1.89
Unfunded Actuarial Accrued Liability#	9.92	9.92	9.92
Total Unfunded Actuarial Accrued Liability	11.81	11.81	11.81
Total Computed Contribution	22.81 %	19.05 %	22.21 %
Total Contribution Requirement*			
Member Portion	10.46 %	7.24 %	9.94 %
Employer Portion*			
- DROP !	1.89	1.89	1.89
- Remaining	10.46	9.92	10.38
- Total Computed Rate	12.35 %	11.81 %	12.27 %
- Total Dollar Contribution !	$ 787,222	$ 151,431	$ 938,653

 # Amortized over 30 years.

** The Members and Employer split the non-DROP contribution requirement. The contribution requirement can be no less than 2.5% for the Members and 2.5% for the Employer. The member contribution can be no more than the Normal Cost.*

! Subsequent to the June 30, 2007 valuation, the Board adopted a DROP to be funded by employer contributions for 15 years beginning July 1, 2008. This percentage is based on a closed 15-year amortization of the estimated change in UAAL plus the change in normal cost associated with the DROP. There are 7 years left in the amortization period.

@ The Total Normal Cost is allocated between General and Water & Sewage as follows:

	Members Hired before July 1, 2012	**Members Hired after July 1, 2012**
General	10.93%	7.20%
Water & Sewage	11.15%	7.42%
Total	10.99%	7.24%

In financing the actuarial accrued liability, the valuation assets of $37,071,569 were distributed as shown below. Please see page A-6 for information concerning the derivation of valuation assets.

	Present Valuation Assets Applied to			
Reserves	**Member Actuarial Accrued Liability**	**Retired Life Actuarial Liability**	**Contingency Reserve**	**Totals**
Employees' Contributions	$5,906,763			$ 5,906,763
Employer Contributions	2,076,398	$ 2,945,317		5,021,715
Retired Benefit Payments		26,143,091	none	26,143,091
Totals	$7,983,161	$29,088,408	none	$37,071,569

Assets were applied against actuarial accrued liability in determining unfunded actuarial accrued liability as follows:

	Retired Lives	**Active Members**	**Totals**
Computed Actuarial Accrued Liability	$29,088,408	$19,793,954	$48,882,362
Applied Assets	29,088,408	7,983,161	37,071,569
Unfunded Actuarial Accrued Liability	$ none	$11,810,793	$11,810,793

FUNDING PROGRESS INDICATORS

Although there is no single all-encompassing indicator to measure a retirement system's funding progress and current funded status, an aid in understanding funding progress and status can be achieved using the following indicators.

INDICATOR (1) ***The ratio of valuation assets to the Actuarial Accrued Liability (AAL)*** allocated in the proportion accrued service is to projected total service - a funding level indicator. The ratio is expected to increase in the absence of benefit improvements or strengthening of actuarial assumptions. Prior to June 30, 1998, the AAL was computed in accordance with the Pension Benefit Obligation information pursuant to the Governmental Accounting Standards Board (GASB) Statement No. 5, issued November, 1986. Beginning with the June 30, 1998 valuation, the accrued liability computed for funding purposes is used in place of the AAL, pursuant to GASB Statement No. 25, which supersedes GASB Statement No. 5.

INDICATOR (2) ***The ratio of the unfunded actuarial accrued liability to member payroll*** - an inflation adjusted funding requirement indicator. In a soundly financed retirement system, the amount of the unfunded actuarial accrued liability will be controlled and prevented from increasing in the absence of benefit improvements or strengthening of actuarial assumptions. However, in an inflationary environment it is seldom practical to impose this control on dollar amounts which are depreciating in value. The ratio is a relative index of condition where inflation is present in both items. The ratio is expected to decrease in the absence of benefit improvements or strengthening of actuarial assumptions.

INDICATOR (3) ***The actuarial present value of gains or losses realized in the operation of the Retirement System*** - an experience indicator. Gains and losses are expected to cancel each other over a period of years (in the absence of double-digit inflation) and sizable year-to-year fluctuations are common. Further details on the derivation of the gain (loss) are shown on page A-9.

The Retirement System's funding objective is to meet long-term benefit promises through contributions that remain approximately level from year-to-year as a percent of active member payroll. If the contributions to the System are level in concept and soundly executed, the System will ***pay all promised benefits when due -- the ultimate indicator of financial soundness***.

FUNDING PROGRESS INDICATORS AND RISK MEASURES- COMPARATIVE SCHEDULE
($ AMOUNTS IN THOUSANDS)

Valuation Date	(1) Actuarial Value of Assets	(2) Valuation Payroll	(3) Actuarial Accrued Liability (AAL)	(4) Unfunded Actuarial Accured Liabilty (UAAL)	(5) Amortization Period Years^	Funded Ratio (1) / (3)	Ratio of AAL to Valuation Payroll (3) / (2)	Ratio of UAAL to Valuation Payroll (4) / (2)	Ratio of Valuation Assets to Valuation Payroll (1) / (2)	Gain (Loss)
6/30/91(a)	$ 16,485	$ 6,190	$ 12,451	$ (4,035)	N/A	132.4 %	201.1 %	-	266.3 %	$ 657
6/30/92(a)	17,640	6,469	14,576	(3,064)	N/A	121.0	225.3	-	272.7	538
6/30/93	19,588	6,978	15,995	(3,593)	N/A	122.5	229.2	-	280.7	1,064
6/30/94(a)	20,157	6,285	18,847	(1,310)	N/A	107.0	299.9	-	320.7	(847)
6/30/95	21,270	6,609	19,578	(1,692)	N/A	109.0	296.2	-	321.8	279
6/30/96	22,960	7,022	21,016	(1,944)	N/A	109.0	299.3	-	327.0	399
6/30/97	24,810	7,340	22,781	(2,029)	N/A	108.9	310.4	-	338.0	988
6/30/98(a)	27,965	7,339	22,927	(5,038)	N/A	122.0	312.4	-	381.0	2,299
6/30/99	31,654	7,784	24,367	(7,287)	N/A	129.9	313.0	-	406.7	2,040
6/30/00	34,960	8,338	25,787	(9,173)	N/A	135.6	309.3	-	419.3	1,645
6/30/01(a)	36,120	8,532	27,705	(8,415)	N/A	130.4	324.7	-	423.3	(209)
6/30/02	35,151	9,257	29,372	(5,779)	N/A	119.7	317.3	-	379.7	(2,937)
6/30/03(a)	33,229	9,691	29,902	(3,327)	N/A	111.1	308.6	-	342.9	(3,368)
6/30/04(a)	32,919	9,600	31,417	(1,502)	N/A	104.8	327.3	-	342.9	(1,788)
6/30/05	32,395	9,600	33,016	621	N/A	98.1	343.9	6.5 %	337.4	(1,899)
6/30/06	31,867	10,091	35,019	3,152	30	91.0	347.0	31.2	315.8	(2,449)
6/30/07(a)	34,236	10,119	38,091	3,855	30	89.9	376.4	38.1	338.3	381
6/30/08(a)	35,618	10,295	40,907	5,289	30	87.1	397.3	51.4	346.0	(469)
6/30/09	34,971	10,184	42,855	7,884	30	81.6	420.8	77.4	343.4	(2,485)
6/30/10(a)	34,124	8,969	43,283	9,159	30	78.8	482.6	102.1	380.5	(1,518)
6/30/11	32,986	8,169	43,916	10,930	30	75.1	537.6	133.8	403.8	(1,466)
6/30/12(a)	32,117	8,479	48,321	16,204	30	66.5	569.9	191.1	378.8	(2,084)
6/30/13	33,538	7,970	48,773	15,235	30	68.8	612.0	191.2	420.8	1,539
6/30/14	35,921	7,609	49,373	13,452	30	72.8	648.9	176.8	472.1	1,953
6/30/15	37,072	7,211	48,882	11,810	30	75.8	677.9	163.8	514.1	1,702

Actuarial Accrued Liability computed in accordance with GASB Statement No. 5 prior to 6/30/98; after 6/30/97 computed in accordance with GASB Statement No. 25.

(a) After changes in benefit provisions and/or actuarial assumptions and actuarial cost methods.

^ The UAAL associated with the DROP was amortized as a level percent-of-payroll over a closed period of 15 years beginning July 1, 2008. There are 7 years left in the amortization period.

DEVELOPMENT OF ACTUARIAL VALUE OF RETIREMENT SYSTEM ASSETS

Year Ended June 30:	2013	2014	2015	2016	2017	2018
A. Actuarial Value Beginning of Year	$32,116,826	$33,538,193	$35,921,110			
B. Market Value End of Year	34,565,180	38,374,054	38,279,801			
C. Market Value Beginning of Year	32,481,773	34,565,180	38,374,054			
D. Non-Investment Net Cash Flow	(1,776,229)	(1,533,105)	(1,899,516)			
E. Investment Income						
E1. Market Total: B - C - D	3,859,636	5,341,979	1,805,263			
E2. Amount for Immediate Recognition	2,342,153	2,457,873	2,622,851			
E3. Amount for Phased-In Recognition: E1-E2	1,517,483	2,884,106	(817,588)			
F. Phased-In Recognition of Investment Income						
F1. Current Year: 0.25 x E3	379,371	721,027	(204,397)			
F2. First Prior Year	(468,877)	379,371	721,027	$(204,397)		
F3. Second Prior Year	826,628	(468,877)	379,371	721,027	$(204,397)	
F4. Third Prior Year	118,321	826,628	(468,877)	379,370	721,025	$(204,397)
F5. Total Recognized Investment Gain: F1 + F2 + F3 + F4	855,443	1,458,149	427,124	896,000	516,628	(204,397)
G. Actuarial Value End of Year: A + D + E2 + F5	33,538,193	35,921,110	37,071,569			
H. Difference Between Market & Actuarial Value	1,026,987	2,452,944	1,208,232			
I. Recognized Rate of Return	10.2%	12.0%	8.7%			
J. Market Rate of Return	12.2%	15.8%	4.8%			
K. Ratio of Actuarial Value to Market Value: G / B	97.0%	93.6%	96.8%			

The Actuarial Value of Assets recognizes assumed investment income (line E2) fully each year. Differences between actual and assumed investment income (line E3) are phased-in over a closed 4-year period. During periods when investment performance exceeds the assumed rate, Actuarial Value of Assets will tend to be less than Market Value. During periods when investment performance is less than the assumed rate, Actuarial Value of Assets will tend to be greater than Market Value. The Actuarial Value of Assets is unbiased with respect to Market Value. At any time it may be either greater or less than Market Value. If actual and assumed rates of retirement income are exactly equal for 4 consecutive years, the Actuarial Value will become equal to Market Value.

RECOMMENDED AND ACTUAL CONTRIBUTIONS
COMPARATIVE STATEMENT

Fiscal Year	Valuation Date	Dollar Contributions Recommended	Dollar Contributions Actual	% of Payroll Contributions* General	% of Payroll Contributions* Water & Sewage	Weighted Average
87/88	6-30-86	$ 40,113	$ 40,113	0.07 %	3.31 %	0.88 %
88/89	6-30-87	8,514	8,514	0.00	0.67	0.17
89/90	6-30-88	0	0	0.00	0.00	0.00
90/91	6-30-89	0	60,342	0.00	0.00	0.00
91/92 (a)	6-30-90	54,206	112,931	0.00	3.58	0.84
92/93	6-30-91	166,494	172,391	2.50	2.50	2.50
93/94 (a)	6-30-92	173,992	235,460	2.50	2.50	2.50
94/95	6-30-93	187,710	244,504	2.50	2.50	2.50
95/96 (a)	6-30-94	256,928	260,662	3.80	3.80	3.80
96/97	6-30-95	270,136	270,731	3.80	3.80	3.80
97/98	6-30-96	275,762	299,660	3.65	3.65	3.65
98/99 (a)	6-30-97	366,672	363,951	4.61	4.61	4.61
99/00 (a)	6-30-98	312,550	320,315	3.93	3.93	3.93
00/01	6-30-99	329,142	335,840	3.93	3.93	3.93
01/02	6/30/00	352,578	354,918	3.93	3.93	3.93
02/03	6/30/01	360,777	378,931	3.93	3.93	3.93
03/04	6/30/02	391,420	383,883	3.93	3.93	3.93
04/05 (a)	6/30/03	413,924	388,706	3.93	3.93	3.93
05/06 (a)	6/30/04	584,257	572,520	5.60	5.60	5.60
06/07	6/30/05	721,955	722,422	6.92	6.92	6.92
07/08	6/30/06	832,376	803,042	7.59	7.59	7.59
08/09 (a)	6/30/07	841,320	793,649	7.65	7.65	7.65
09/10 (a)	6/30/08	863,777	750,439	7.72	7.72	7.72
10/11	6/30/09	945,179	786,824	8.54	8.54	8.54
11/12 (a)	6/30/10	861,134	817,748	9.21	9.21	9.21
12/13	6/30/11	880,750	845,595	9.92	9.92	9.92
13/14 (a)	6/30/12	1,126,236	986,872	12.52	12.52	12.52
14/15	6/30/13	1,033,247	947,436	12.22	12.22	12.22
15/16	6/30/14	958,228		11.87	11.87	11.87
16/17	6/30/15	938,653		12.27	12.27	12.27

(a) After changes in benefit provisions and/or actuarial assumptions and actuarial cost methods.

* *Minimum employer contributions of 2.5% of payroll pursuant to Ordinance amendments effective July 1, 1990, 1991,and 2007 plus a contribution for Early Retirement Window and for DROP.*

SUMMARY STATEMENT OF SYSTEM RESOURCES AND OBLIGATIONS

Present Resources and Expected Future Resources

	June 30, 2014			June 30, 2015		
	General	Water & Sewage	Totals	General	Water & Sewage	Totals
A. Present value of System assets						
1. Net assets from financial statements	$32,215,597	$ 6,158,457	$38,374,054	$32,231,851	$ 6,047,949	$38,279,801
2. Reduction for contribution stabilization	0	0	0	0	0	0
3. Market value adjustment	(2,059,283)	(393,661)	(2,452,944)	(1,017,339)	(190,892)	(1,208,232)
4. Valuation assets	30,156,314	5,764,796	35,921,110	31,214,512	5,857,057	37,071,569
B. Present value of expected future employer contributions						
1. For normal costs	(339,671)	1,512	(338,159)	1,707,469	540,915	2,248,384
2. For unfunded actuarial accrued liability	6,882,795	6,568,603	13,451,398	5,797,390	6,013,403	11,810,793
3. Total	6,543,124	6,570,115	13,113,239	7,504,859	6,554,318	14,059,177
C. Actuarial present value of expected future member contributions	3,140,678	899,661	4,040,339	2,935,294	924,744	3,860,038
D. Total	$39,840,116	$13,234,572	**$53,074,688**	$41,654,665	$13,336,119	**$54,990,784**

Actuarial Present Value of Expected Future Benefit Payments

	June 30, 2014			June 30, 2015		
	General	Water & Sewage	Totals	General	Water & Sewage	Totals
A. To retirants and beneficiaries	$19,421,227	$ 7,860,907	$27,282,134	$21,276,906	$ 7,811,502	$29,088,408
B. To vested terminated members	2,919,298	543,679	3,462,977	2,769,887	249,499	3,019,386
C. To present active members						
1. Allocated to service rendered prior to valuation date	12,552,760	3,417,697	15,970,457	12,965,109	3,809,459	16,774,568
2. Allocated to service likely to be rendered after valuation date	4,946,831	1,412,289	6,359,120	4,642,763	1,465,659	6,108,422
3. Total	17,499,591	4,829,986	22,329,577	17,607,872	5,275,118	22,882,990
D. Total	$39,840,116	$13,234,572	**$53,074,688**	$41,654,665	$13,336,119	**$54,990,784**

ACTIVE MEMBER EXPERIENCE GAIN (LOSS)
YEAR ENDED JUNE 30, 2015

		Actuarial Accrued Liability (A)	Actuarial Value of Assets (B)	Unfunded Actuarial Accrued Liability (C) = (A) - (B)
(1)	Value at start of year	$49,372,508	$35,921,110	$13,451,398
(2)	Normal cost from last valuation	775,886	N/A	775,886
(3)	Actual contributions	N/A	1,689,392	(1,689,392)
(4)	Disbursements	(3,588,908)	(3,588,908)	-
(5)	Interest accrual [(1) + [(2)+(3)+(4)]1/2]*7.5%	3,597,450	2,622,851	974,599
(6)	Expected value before changes (1)+(2)+(3)+(4)+(5)	50,156,936	36,644,445	13,512,491
(7)	Increase due to plan amendment	-	-	-
(8)	Increase due to method changes	-	-	-
(9)	Increase due to revised assumptions	-	-	-
(10)	Expected value after changes (6)+(7)+(8)+(9)	50,156,936	36,644,445	13,512,491
(11)	Actual value at end of year	48,882,362	37,071,569	11,810,793
(12)	Gain (loss) (10)-(11) [(Gain) loss for assets]	1,274,574	(427,124)	1,701,698

COMMENTS AND RECOMMENDATIONS

COMMENT 1:

PLAN EXPERIENCE: Actuarial experience was more favorable than expected for the year ended June 30, 2015 as indicated by the experience gain shown on page A-9. The gain was primarily attributable to favorable investment return (please refer to page C-7) on an actuarial value basis, higher turnover than expected, and higher than expected mortality among retired members. Total payroll decreased, but the average pay for continuing active members increased 4.8% which was in line with the assumed increases. Two individuals with deferred vested benefits were reported as taking a refund of their accumulated contributions and therefore forfeiting their vested deferred benefit. This resulted in a gain. We have not reviewed these transactions in the context of the annuity withdrawal feature.

COMMENT 2:

PLAN AMENDMENTS: This valuation reflects benefits promised to members in the plan on the valuation date as reported to us by the System's administrator. Members hired on or after July 1, 2012 will have a pension multiplier of 1.25% of their final average compensation for each year of service, a different definition of compensation, and a different member contribution rate. The defined benefit portion of the hybrid plan was reflected in this year's valuation.

The normal cost for the Hybrid Plan – Water & Sewer members is based on projected new hires due to the fact that this is a newly emerging population with low service. The normal cost will be reviewed as experience emerges.

COMMENT 3:

ACTUARIAL ASSUMPTIONS AND METHODS: In determining costs and liabilities, actuaries use assumptions about the future, such as rates of salary increase, probabilities of retirement, termination, death and disability, and an investment return assumption. The Retirement Board sets the actuarial assumptions and methods taking into account recommendations made by the plan's actuary and other advisors. The assumptions were last reviewed in 2012 and generally should be reviewed at least every five years. Since the last review, the Society of Actuaries has issued new mortality tables and mortality improvement scales (RP-2014 and MP-2014). The system's current assumption has mortality improvements projected to 2017.

COMMENT 4:

LOOKING AHEAD: The Actuarial Value of Assets is 96.8% of the Market Value of Assets as of June 30, 2015. In general, when the Actuarial Value and Market Value are the same, there should be stability in the contribution rates in the short term. When the Actuarial Value is below the Market Value, there are deferred asset gains which will likely lead to future increases in the funded ratio and decreases in the contribution rate. The Market Value of Assets are 78.3% of the Actuarial Accrued Liability (compared with the system's 75.8% funded ratio). The contribution rate based on the Market Value of Assets would be approximately 0.75% of payroll lower than the current rate. This means that if the asset gains are realized over the next few years and all other assumptions are met that the member and employer contribution rates are expected to decrease about 1.50% of payroll each. The total normal cost for new tier members hired on and after July 1, 2012 will be lower than the total normal cost for current members. This means that the total contribution rate is expected to decline as new tier members replace the current members.

In addition, the amortization policy uses a 30-year open, level percent amortization. By using an open amortization, the expectation is that the amortization contribution rate will gradually decline as a percent-of-payroll over time analogous to how a mortgage payment would decrease if each year the homeowner took out a new 30-year mortgage. The main disadvantages to a 30-year open amortization are that the UAAL gets financed over a period far longer than 30 years and, using a level percent-of-payroll amortization, the nominal amount of the UAAL is expected to increase each year though not as fast as inflation. The Board reviewed alternate funding policies in conjunction with the 2014 valuation such as closing the amortization period and/or reducing the period to 25 years but did not make any changes. For purposes of this valuation, a 25-year amortization would increase the employer contribution rate by 0.58% of payroll.

COMMENTS AND RECOMMENDATIONS

With the new GASB standards, there is an additional disadvantage to a 30-year open amortization which is that since the UAAL will not be projected to be paid off, the new standards require the use of a discount rate that is a blend between the current 7.50% rate of return assumption and a municipal bond index rate. As of June 30, 2015 the GASB No. 67 Single Discount Rate is 6.93%. Without a change in funding policy, the discount rate could fall significantly resulting in higher GASB liabilities. It is important to note that GASB liabilities will be different than the funding liabilities and that the GASB Net Pension Liability (analogous to the UAAL) will go on the City's balance sheet in the government-wide financials. The Board may wish to explore alternate funding policies to improve the funding of the plan and mitigate the impact of GASB.

AMORTIZATION PERIODS: Actuarial accrued liabilities now exceed accrued assets by $11,810,793. The related amortization period of this amount is 30 years. The cost of the DROP is amortized over a closed 15-year period with 7 years remaining.

RESERVE TRANSFERS: The June 30, 2015 actuarial present value of retirement allowances exceeded the balance in the Reserve for Retired Benefit Payments. In order to maintain a balance between the assets and the liabilities allocated to retired lives, we recommend a transfer **to** the Reserve for Retired Benefit Payments **from** the Reserve for Employer Contributions as follows:

Transfers to Reserve for Retired Benefit Payments from Reserve for Employer Contributions

General	Water and Sewage
$2,525,458	$ 419,859

The above transfer amounts were based on retirement activity by division and were assumed to have been made as of June 30, 2015 for purposes of this valuation.

SECTION B

SUMMARY OF BENEFIT PROVISIONS AND VALUATION DATA

SUMMARY OF BENEFIT PROVISIONS EVALUATED OR CONSIDERED (JUNE 30, 2015)

VOLUNTARY RETIREMENT (no reduction for age)

Eligibility - 30 or more years of service, or age 55 with 25 or more years of service, or age 60 with 10 or more years of service.

Annual Amount - Total service times 2.0% of Final Average Compensation (FAC). Members hired on or after July 1, 2012 receive total service times 1.25% of FAC.

Final Average Compensation – *MAPE Members*: Average of annual compensations for the period of 3 consecutive years producing the highest average and contained within the last 10 years immediately preceding retirement. *Non-Union Members*: Average of annual compensations for the last 3 consecutive years of credited service.

DEFERRED RETIREMENT (vested benefit)

Eligibility - Termination of City employment at any age after 10 years of credited service.

Annual Amount - Payable beginning at age 60 (age 55 with 25 years of service), accrued regular retirement amount based on credited service and FAC at time of termination.

DEFERRED RETIREMENT OPTION PLAN (DROP)

The DROP Program has been closed as of June 30, 2015.

DUTY DISABILITY RETIREMENT

Eligibility - Total and permanent disability incurred in line of duty with the City for which worker's compensation is being paid.

Annual Amount - Computed in the same manner as the regular retirement amount based on FAC and credited service at time of disability retirement. Minimum is $150 per month for benefit group (MAPE); minimum is 10% of the first $4,200 of FAC plus 15% of FAC in excess of $4,200 for benefit group general. At expiration of worker's compensation period, amount is recomputed to include years during which worker's compensation was paid.

SUMMARY OF BENEFIT PROVISIONS EVALUATED OR CONSIDERED (JUNE 30, 2015)

NON-DUTY DISABILITY RETIREMENT

Eligibility - Total and permanent disability after 10 or more years of credited service.

Annual Amount - Computed in same manner as the regular retirement amount based on FAC and credited service at the time of disability retirement; minimum is $150 per month for benefit group (MAPE); minimum is 10% of first $4,200 of FAC plus 15% of FAC in excess of $4,200 for other members.

DUTY DEATH BEFORE RETIREMENT

Eligibility - Death in line of duty with the City.

Annual Amount - To the spouse: One-third of member's final compensation. To one or two children: One-fourth of member's final compensation. To three or more children: An equal share of one-half of the member's final compensation. Amount to spouse continues to remarriage or death; amount to children continues to earlier of marriage, adoption, death, or attainment of age 18. Maximum total amount payable - $2,100 per year.

NON-DUTY DEATH BEFORE RETIREMENT

Eligibility - 10 or more years of credited service.

Annual Amount - Computed in the same manner as regular retirement based on credited service and FAC at time of death actuarially reduced for a 100% joint and survivor election. Amount is payable to designated beneficiary; otherwise, automatically to surviving spouse.

MEMBER CONTRIBUTIONS

One-half of total computed contribution less amounts for early retirement windows which are contributed by the City. In no event will the member or City contribution be less than 2.50%.

SUMMARY OF BENEFIT PROVISIONS EVALUATED OR CONSIDERED (JUNE 30, 2015)

OTHER BENEFITS

Military Service Buyback – up to six years of military service may be purchased at no cost to the System.

Service Credit Purchase Option – a contractual employee may be eligible to purchase service credits at no cost to the System.

Annuity Withdrawal Option – actuarial reduction of the member's monthly retirement benefit for such withdrawals.

RETIRANTS AND BENEFICIARIES
COMPARATIVE SCHEDULE

Year Ended June 30	Added to Rolls No.	Added to Rolls Annual Allowances	Removed from Rolls No.	Removed from Rolls Annual Allowances	Rolls End of Year No.	Rolls End of Year Annual Allowances	Active Per Retired	Average Allowances	Discounted Value of Allowances Total	Discounted Value of Allowances Average
1991	6	$ 28,222	6	$ 51,790	133	$ 573,880	2.0	$ 4,315	$ 4,737,760	$ 35,622
1992	5	70,834	10	41,222	128	603,492	2.0	4,715	5,067,629	39,591
1993	5	27,007	10	38,419	123	592,080	2.0	4,814	5,202,433	42,296
1994	29 *	489,759	4	16,800	148	1,065,039	1.5	7,196	9,323,792	62,999
1995	2	4,384	7	55,124	143	1,014,299	1.5	7,093	9,018,556	63,067
1996	2	39,867	3	9,003	142	1,045,163	1.5	7,360	9,189,315	64,713
1997	2	6,616	4	49,203	140	1,002,576	1.6	7,161	8,856,225	63,259
1998	8 *	94,502	8	47,606	140	1,049,472	1.6	7,496	8,759,984	62,571
1999	9	132,738	5	51,966	144	1,130,244	1.6	7,849	9,645,640	66,984
2000	8	89,189	9	72,390	143	1,147,043	1.6	8,021	9,985,860	69,831
2001	10	315,129	4	34,351	149	1,427,821	1.5	9,583	11,663,240	78,277
2002	3	25,078	6	72,356	146	1,380,543	1.6	9,456	11,250,485	77,058
2003	8	151,848	9	122,197	145	1,410,194	1.6	9,725	11,543,221	79,608
2004	5	137,576	10	55,440	140	1,492,330	1.6	10,660	12,546,008	89,614
2005	10	160,093	6	62,364	144	1,590,059	1.5	11,042	13,296,443	92,336
2006	3	47,969	4	19,433	143	1,618,595	1.5	11,319	13,411,809	93,789
2007	12	237,858	5	90,787	150	1,765,666	1.4	11,771	15,258,928	101,726
2008	13	237,891	15	112,425	148	1,891,132	1.4	12,778	16,609,084	112,224
2009	12	252,745	5	67,914	155	2,075,963	1.3	13,393	18,296,979	118,045
2010	16	363,025	4	20,738	167	2,418,251	1.1	14,481	21,354,990	127,874
2011	14	268,775	11	90,471	170	2,596,555	1.0	15,274	22,839,916	134,352
2012	7	117,332	4	95,693	173	2,618,194	1.0	15,134	24,416,337	141,135
2013	16	365,285	8	120,395	181	2,863,084	0.9	15,818	26,671,859	147,358
2014	10	164,865	8	97,152	183	2,930,797	0.8	16,015	27,282,134	149,083
2015	17	367,099	13	230,032	187	3,067,864	0.7	16,406	29,088,408	155,553

* *Reflects retirements due to Early Retirement Window provision.*

RETIRANTS AND BENEFICIARIES JUNE 30, 2015
TABULATED BY TYPE OF ALLOWANCES BEING PAID

Type of Allowances Being Paid	No.	Annual Retirement Allowances
Age and Service Allowances		
Regular allowances - benefit terminating at death of retirant	66	$1,118,940
Option I allowance - cash refund annuity plus pension terminating at death of retirant	3	60,060
Option II allowance - joint and survivor benefit	40	685,220
Option III allowance - modified joint and survivor benefit	51	958,668
Allowance to survivor beneficiary of deceased retirant	19	153,773
Total age and service allowances	179	$2,976,661
Casualty Allowances		
Disability		
Regular	2	$ 22,140
Option I	1	6,234
Option II	2	31,728
Option III	1	13,892
Disability allowance		
Survivor beneficiary	0	0
Allowance to survivor beneficiary of deceased member	2	17,209
Total casualty allowances	8	91,203
Total Allowances Being Paid	187	$3,067,864

RETIRANTS AND BENEFICIARIES JUNE 30, 2015
TABULATED BY ATTAINED AGE

	Age & Service		Casualty		Totals	
Attained Age	No.	Annual Allowances	No.	Annual Allowances	No.	Annual Allowances
45 - 49			1	$ 12,498	1	$ 12,498
50 - 54	2	$ 64,709			2	64,709
55 - 59	6	206,057	3	32,509	9	238,566
60 - 64	46	958,965	2	35,251	48	994,216
65 - 69	36	777,485			36	777,485
70 - 74	27	354,259	1	6,234	28	360,493
75 - 79	25	279,712			25	279,712
80	5	55,827			5	55,827
81	2	12,112			2	12,112
82	4	48,514			4	48,514
83	6	53,084			6	53,084
84	4	33,480			4	33,480
85	3	27,225			3	27,225
86	4	19,660			4	19,660
87	1	7,339			1	7,339
88	4	48,657			4	48,657
90			1	4,711	1	4,711
91	2	14,203			2	14,203
94	1	11,550			1	11,550
95	1	3,823			1	3,823
Totals	**179**	**$ 2,976,661**	**8**	**$ 91,203**	**187**	**$ 3,067,864**

INACTIVE MEMBERS JUNE 30, 2015
TABULATED BY ATTAINED AGE

Included in the valuation were 25 inactive members. An inactive member is a member who has left City employment with entitlement to a retirement allowance after attaining eligible retirement age.

Attained Age	No.	Annual Estimated Allowances
34	1	$ 9,490
40	1	14,500
42	1	14,068
44	1	12,121
46	2	50,471
48	1	30,398
49	1	21,900
50	1	15,773
51	1	28,124
52	3	56,342
53	2	13,906
54	3	61,617
58	2	39,908
59	4	56,464
68	1	610
Totals	**25**	**$425,692**

Average Age at Deferment: 45.0 years
Average Age Now: 52.3 years

ACTIVE MEMBERS JUNE 30, 2015
TABULATED BY VALUATION DIVISIONS

Valuation Divisions*	No.	Annual Payroll
General members	78	$4,450,800
Water & Sewage members	26	1,551,418
Hybrid Plan - General	26	998,175
Hybrid Plan - Water & Sewage	6	210,447
Total Active members	136	$7,210,840

* *One former DROP participant continues to work, but the wages being paid are not pensionable wages. This member is not included in the Active Demographic Data.*

NUMBER ADDED TO AND REMOVED FROM ACTIVE MEMBERSHIP

Year Ended June 30	Number Added During Year		Terminations During Year: Normal Retirement		Disability Retirement		Died-in-Service		Other Withdrawal		Active Members End of Year
	A	E	A	E	A	E	A	E	A	E	
2001	12	12	5	3.1	0	0.5	0	0.3	7	15.7	224
2002	21	11	1	2.9	0	0.6	0	0.3	10	13.5	234
2003	11	12	4	1.8	0	0.6	1	0.4	7	13.8	233
2004	3	10	4	2.8	0	0.6	0	0.4	6	12.3	226
2005	10	16	8	3.2	1	0.6	0	0.4	7	9.3	220
2006	12	12	1	3.2	2	0.6	0	0.4	9	9.1	220
2007	6	13	9	4.1	0	0.6	0	0.5	4	9.1	213
2008^	15	16	8	4.7	0	0.6	1	0.4	7	7.3	212
2009^	8	17	10	5.3	0	0.6	0	0.4	7	8.0	203
2010^	6	27	14	4.9	1	0.6	0	0.4	12	7.5	182
2011^	11	22	11	4.9	1	0.5	0	0.4	10	6.5	171
2012^	10	12	5	3.1	0	0.4	0	0.3	7	6.4	169
2013^	3	16	10	6.1	0	0.4	0	0.3	6	4.9	156
2014^	11	26	7	4.9	0	0.4	0	0.3	19	5.1	141
2015^	**22**	**27**	**12**	**10.7**	**0**	**0.3**	**0**	**0.3**	**15***	**5.4**	**136**
15-Yr Total	161	249	109	65.7	5	7.9	2	5.5	133	133.9	

A Represents actual number.
E Represents expected number.
^ DROP participants are included in the Active demographic data.
** Includes one former DROP participant who continues to work, but the wages are non-pensionable.*

COMPARATIVE SCHEDULE

Valuation Date June 30	Active Members General	Water & Sewage (W&S)	Hybrid Plan General	Hybrid Plan Water&Sewage	Totals	Valuation Payroll	Average Age	Service	Pay
1980	217	54			271	$ 4,451,749	40.2 yrs.	7.9 yrs.	$ 16,427
1981	207	52			259	4,493,263	40.1	8.3	17,348
1982	177	49			226	4,351,707	42.0	9.3	19,255
1983	173	50			223	4,360,458	41.7	9.2	19,554
1984	177	51			228	4,354,598	41.4	9.0	19,099
1985	177	53			230	4,410,736	41.9	8.8	19,177
1986	159	51			210	4,202,038	42.1	8.9	20,010
1987	174	56			230	4,712,739	40.9	7.8	20,490
1988	190	55			245	5,375,660	40.5	7.8	21,941
1989	200	53			253	5,825,891	40.0	7.7	23,027
1990	199	56			255	5,968,351	40.1	7.8	23,405
1991	203	57			260	6,189,771	40.6	8.3	23,807
1992	196	58			254	6,468,519	41.7	8.9	25,467
1993	194	53			247	6,978,480	42.5	9.7	28,253
1994	170	50			220	6,285,127	41.3	8.5	28,569
1995	169	50			219	6,608,549	42.3	9.1	30,176
1996	169	50			219	7,021,952	42.3	9.9	32,064
1997	168	52			220	7,340,045	43.7	10.5	33,364
1998	169	50			219	7,339,189	43.7	10.2	33,512
1999	175	49			224	7,784,073	43.8	10.0	34,750
2000	175	49			224	8,338,326	43.9	10.2	37,225
2001	177	47			224	8,532,237	44.6	10.5	38,090
2002	181	53			234	9,256,930	45.1	10.8	39,560
2003	182	51			233	9,691,157	45.7	11.3	41,593
2004	174	52			226	9,599,830	46.4	12.0	42,477
2005	169	51			220	9,599,573	46.7	12.4	43,634
2006	169	51			220	10,090,797	47.5	12.8	45,867
2007	163	50			213	10,119,228	47.8	13.1	47,508
2008*	160	52			212	10,295,133	47.6	13.0	48,562
2009*	156	47			203	10,183,663	47.9	13.2	50,166
2010*	139	43			182	8,968,814	48.3	13.3	49,279
2011*	127	44			171	8,169,376	47.7	13.2	47,774
2012*	127	42			169	8,479,118	48.0	13.5	50,172
2013*	114	39	3		156	7,970,005	48.0	13.7	51,090
2014*	96	31	14		141	7,609,280	48.3	13.5	53,967
2015	78	26	26	6	136	7,210,840	47.5	12.2	53,021

* *DROP participants are included in the Active demographic data.*

GENERAL ACTIVE MEMBERS (HIRED BEFORE JULY 1, 2012)
AS OF JUNE 30, 2015
BY ATTAINED AGE AND YEARS OF SERVICE

Attained	Years of Service to Valuation Date							Totals	
Age	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
25-29	1	0	0	0	0	0	0	1	$ 44,791
30-34	1	1	0	0	0	0	0	2	83,847
35-39	0	2	0	3	0	0	0	5	255,748
40-44	2	4	7	2	0	0	0	15	915,512
45-49	1	3	3	5	1	4	0	17	1,010,381
50-54	0	1	5	2	1	7	0	16	845,613
55-59	0	3	3	3	4	3	0	16	859,377
60	0	0	0	1	0	1	0	2	149,044
61	0	0	0	2	0	0	0	2	159,131
62	0	0	0	0	1	0	0	1	60,468
64	0	0	1	0	0	0	0	1	66,888
Totals	**5**	**14**	**19**	**18**	**7**	**15**	**0**	**78**	**$4,450,800**

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 49.1 years

Service: 16.1 years

Annual Pay: $57,062

WATER AND SEWAGE ACTIVE MEMBERS (HIRED BEFORE JULY 1, 2012)
AS OF JUNE 30, 2015
BY ATTAINED AGE AND YEARS OF SERVICE

Attained Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
30-34	1	0	2	0	0	0	0	3	$ 162,591
35-39	0	1	0	0	0	0	0	1	53,176
40-44	1	0	0	0	0	0	0	1	47,565
45-49	0	1	1	2	1	1	0	6	346,157
50-54	1	3	0	1	3	1	0	9	598,370
55-59	0	0	0	0	0	1	0	1	62,500
61	0	0	0	1	0	0	0	1	51,038
62	0	0	0	0	0	1	0	1	60,735
63	0	2	1	0	0	0	0	3	169,286
Totals	**3**	**7**	**4**	**4**	**4**	**4**	**0**	**26**	**$1,551,418**

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 49.9 years

Service: 14.5 years

Annual Pay: $59,670

HYBRID PLAN - GENERAL ACTIVE MEMBERS
(HIRED ON OR AFTER JULY 1, 2012)
AS OF JUNE 30, 2015
BY ATTAINED AGE AND YEARS OF SERVICE

Attained	Years of Service to Valuation Date							Totals	
Age	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
25-29	3	0	0	0	0	0	0	3	$ 127,829
30-34	5	0	0	0	0	0	0	5	197,624
35-39	3	0	0	0	0	0	0	3	87,434
40-44	5	0	0	0	0	0	0	5	211,639
45-49	1	0	0	0	0	0	0	1	30,895
50-54	4	0	0	0	0	0	0	4	171,514
55-59	3	0	0	0	0	0	0	3	91,738
60	1	0	0	0	0	0	0	1	23,500
64	1	0	0	0	0	0	0	1	56,002
Totals	**26**	**0**	**0**	**0**	**0**	**0**	**0**	**26**	**$ 998,175**

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 42.3 years

Service: 1.0 years

Annual Pay: $38,391

HYBRID PLAN – WATER AND SEWAGE ACTIVE MEMBERS
(HIRED ON OR AFTER JULY 1, 2012)
AS OF JUNE 30, 2015
BY ATTAINED AGE AND YEARS OF SERVICE

Attained	Years of Service to Valuation Date							Totals	
Age	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
20-24	1	0	0	0	0	0	0	1	$ 28,246
30-34	2	0	0	0	0	0	0	2	61,745
35-39	1	0	0	0	0	0	0	1	28,246
40-44	1	0	0	0	0	0	0	1	28,246
55-59	1	0	0	0	0	0	0	1	63,964
Totals	**6**	**0**	**0**	**0**	**0**	**0**	**0**	**6**	**$ 210,447**

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 37.1 years

Service: 0.4 years

Annual Pay: $35,075

ASSET INFORMATION
SUBMITTED FOR VALUATION

Reported Assets - Market Value	
Cash & Equivalents	$ 762,316
Receivables & Accruals	176,102
Stocks	21,117,017
Bonds	10,342,273
International Securities	5,894,817
Accounts Payable	(12,724)
Total Current Assets	$ 38,279,801

Reserve for	
Employees' Contributions	
General	$ 4,668,726
Water & Sewage	1,238,037
Total Employee Contributions	5,906,763
Employer Contributions	
General	8,811,678
Water & Sewage	(2,581,731)
Total Employer Contributions	6,229,947
Retired Benefit Payments	26,143,091
Undistributed Investment Income	none
Total Reserve Accounts	$38,279,801

REVENUES AND EXPENDITURES

	Total System
Balance - July 1, 2014	$38,374,054
Revenues	
Employees' Contributions	741,956
Employer Contributions	947,436
Investment Income	2,012,682
Expenditures	
Benefit Payments	3,285,165
Refund of Member Contributions	303,743
Expenses	207,419
Balance - June 30, 2015	$38,279,801

These amounts do not reflect the funding value adjustment of ($1,208,232). The derivation of this adjustment is on page A-6.

SECTION C

FUNDING OBJECTIVE, SUMMARY OF VALUATION PROCESS, METHODS AND ASSUMPTIONS

BASIC FUNDING OBJECTIVE AND OPERATION OF THE RETIREMENT SYSTEM

Benefit Promises Made Which Must Be Paid For. A retirement system is an orderly means of handing out, keeping track of, and financing contingent pension promises to a group of employees. As each member of the retirement system acquires a unit of service credit they are, in effect, handed an "IOU" which reads: *"The Employees Retirement System promises to pay you one unit of retirement benefits, payments in cash commencing when you retire."*

The principal related financial question is: When shall the money required to cover the "IOU" be contributed? This year, when the benefit of the member's service is received? Or, some future year when the "IOU" becomes a cash demand?

The Constitution of the State of Michigan is directed to the question:

> *"Financial benefits arising on account of service rendered in each fiscal year shall be funded during that year and such funding shall not be used for financing unfunded accrued liabilities."*

This Retirement System meets this constitutional requirement by having the following ***Funding Objective: To establish and receive contributions, expressed as percents of active member payroll, which will remain approximately level from year-to-year*** and will not have to be increased for future generations of taxpayers.

Translated into actuarial terminology, a level percent-of-payroll contribution objective means that the contribution rate must be at least:

> ***Normal Cost*** (the current value of benefits likely to be paid on account of members' service being rendered in the current year)
>
> . . . plus . . .
>
> ***Interest of the Unfunded Actuarial Accrued Liability*** (the difference between the actuarial accrued liability and current system assets).

If contributions to the Retirement System are less than the preceding amount, the difference, plus investment earnings not realized thereon, will have to be contributed at some later time, or, benefits will have to be reduced, to satisfy the fundamental fiscal equation under which all retirement systems must operate; that is:

$$\mathbf{B = C + I - E}$$

Benefit payments to any group of members and their beneficiaries cannot exceed the sum of:

Contributions received on behalf of the group

. . . plus . . .

Investment earnings on contributions received and not required for immediate payment of benefits

. . . minus . . .

Expenses incurred in operating the System.

There are retirement systems designed to defer the bulk of contributions far into the future. Lured by artificially low present contributions, the inevitable consequence of a relentlessly increasing contribution rate -- to a level greatly in excess of the level percent-of-payroll rate -- is ignored. ***This method of financing is prohibited in Michigan by the state constitution***.

A by-product of the level percent-of-payroll contribution objective is the accumulation of invested assets for varying periods of time. Investment income becomes a major contributor to the Retirement System, and the amount is directly related to the amount of contributions and investment performance.

Computed Contribution Rate Needed to Finance Benefits. From a given schedule of benefits and from the data furnished, the contribution rate is calculated by means of an actuarial valuation - the technique of assigning monetary values to the risks assumed in operating a retirement system.

THE ACTUARIAL VALUATION PROCESS

An actuarial valuation is the process by which a balance between revenues (participant contributions, employer contributions and investment income) and obligations (benefits and expenses) is determined and its actuarial condition is measured.

The flow of activity constituting the valuation may be summarized as follows:

A. ***Covered person information about***:

- each person receiving pension payments
- each former participant with a vested pension not yet payable
- each former participant who is not vested and has not claimed a member contribution refund
- each active participant

B. + ***Financial Information*** (assets, revenues, and expenditures)

C. + ***Benefit Provisions*** (Retirement Ordinance)

D. + ***Experience Estimates*** about the volume and incidence of future activities

E. + ***Actuarial Cost Method*** for allocating costs to time periods

F. + ***Mathematically combining the person information, financial information, benefit provisions, experience estimates and actuarial cost method***

G. = Determination of:

- contribution rate for the plan year
- current funded condition

Items A, B and C are furnished by the pension office and constitute the current known information about the System. Since the majority of activities will occur in the future, estimates must be made about these future activities (Item D).

Demographic assumptions are generally selected on the basis of the System's historical activity, modified for expected future differences. Past activity of funds which are similar in nature to the fund being valued may be utilized if fund data or activities are insufficient to be reliable.

Fiscal assumptions, on the other hand, do not lend themselves to prediction on the basis of historical activity -- the reason being that both salary increases and investment return are impacted by inflation. Inflation defies reliable prediction. Fiscal assumptions are generally selected on the basis of what would be expected to occur in an inflation-free environment and then both are increased by some provision for long-term inflation.

This is a case where two wrongs may make a right. If inflation is higher than expected it will probably result in actual rates of salary increase and investment return which exceed the assumed rates. Salaries increasing faster than expected result in unexpected costs. Investment return exceeding the assumed rate result in unanticipated assets. To a large degree the additional assets will offset the additional cost over the long-term.

Once items A, B, C and D are available, the actuarial valuation process begins. The first step is to determine the plan's ***total actuarial present value*** for individuals in each of the 3 covered person categories.

> ***Retired members*** now receiving monthly payments;
> ***Vested terminated members*** not yet at retirement age;
> ***Active members***.

The actuarial present value is the value today, after taking into account the probabilities of payment and the effect of time, of System promises to pay benefits in the future on the basis of both service already completed and projected future service.

ACTUARIAL COST METHOD

The total actuarial present value is allocated between projected future service and completed service by the actuarial cost method (Item E) -- the ***individual entry-age*** method is being utilized for this valuation. The portion of the total actuarial present value allocated to projected future service is the ***actuarial present value of future normal cost*** -- normal cost being the series of annual costs, from entry-age to retirement age, which will accumulate to the actuarial present value of the individual's benefit at the time of retirement or death. The remainder of the total actuarial present value is the ***actuarial accrued liability***.

At this stage determination has been made of:

1. The total actuarial present value;
2. The actuarial present value of future normal cost; and
3. The actuarial accrued liability.

In the typical plan, the actuarial accrued liability may not be covered by the plan's accrued assets -- leaving an ***unfunded actuarial accrued liability***. If the plan's accrued assets equal or exceed the actuarial accrued liability, the plan's accrued obligations are said to be "fully funded."

The next step in the valuation process is a determination of the contribution rate (Item G) required to support System benefits in accordance with the funding objective (page A-1).

The contribution rate is determined in two basic components:

1. The normal cost component; and
2. The component which will finance (pay off) the unfunded actuarial accrued liability over the periods indicated on page A-2.

The Unfunded Actuarial Accrued Liability (UAAL) was determined using the funding value of assets and actuarial accrued liability calculated as of the valuation date. The UAAL amortization payment (one component of the contribution requirement), is the level percent of pay required to fully amortize the UAAL over a 30 year period beginning on the date contributions determined by this report are scheduled to begin. This UAAL payment reflects any payments expected to be made between the valuation date and the date contributions determined by this report are scheduled to begin.

ACTUARIAL ASSUMPTIONS USED FOR THE VALUATION

Funding objective contribution requirements and actuarial present values are calculated by applying estimates of future System activities (actuarial assumptions) to the benefit provisions and people information of the fund, using the actuarial cost method described on page C-5.

The principal areas of activity which require estimates are:

(i) rates of inflation impacting assets of the System and active member pays

(ii) long-term rates of investment return to be generated by the assets of the System

(iii) rates of salary increases to members

(iv) rates of mortality among members, retirants and beneficiaries

(v) rates of withdrawal of active members

(vi) rates of retirement due to age and service

(vii) rates of disability among members

In making a valuation, the monetary effect of each activity is calculated for as long as a present covered person survives - - - a period of time which can be as long as a century.

Actual activities of the Retirement System will not coincide exactly with estimated activities due to the nature of the activities. Each valuation provides a complete recalculation of estimated future activities and takes into account the effect of differences between estimated and actual activities to date. The result is a continual series of adjustments (usually small) to the computed contribution rate. From time-to-time one or more of the estimates are modified to reflect experience trends (but not random or temporary year-to-year fluctuations).

The Board of Trustees sets the assumptions. Actuarial assumptions were most recently reviewed and adopted by the Board of Trustees for the June 30, 2012 actuarial valuation. The rationale for the economic and mortality assumptions is described in the report dated July 19, 2012. Other assumptions are based in part on plan experience and reviewed from time to time. We recommend that the Board set a policy for regular reviews of the actuarial assumptions such as every five years.

All actuarial assumptions are expectations of future experience, not market measures.

The investment return rate used for valuation calculations was 7.5% net of expenses, compounded annually. The assumed rate of price inflation is 2.5% per year resulting in a real rate of return of 5.0% per year. The assumed rate of wage inflation and payroll growth is 3.0% per year. This is the same payroll growth assumption used to amortize unfunded actuarial accrued liability.

This assumption is used to equate the value of payments due at different points in time and was first used for the June 30, 2012 valuation. ***Approximate investment returns, for the purpose of comparisons with assumed returns, have been as follows***:

	Year Ended June 30				
	2015	**2014**	**2013**	**2012**	**2011**
Nominal rate	8.7 %	12.0 %	10.2 %	3.0 %	1.3 %
Inflation rate	0.1	2.1	1.8	1.7	3.6
Real rate	8.6	9.9	8.4	1.3	(2.3)

These rates of return should not be used for measurement of an investment advisor's performance or for comparisons with other systems - to do so will mislead.

Salary increase rates used to project current pays to those upon which a benefit will be based are represented by the following table and were first used for the June 30, 2012 valuation.

	Annual Rate of Salary Increase for Sample Ages	
Sample Ages	**Base Economic**	**Merit and Longevity**
20	3.00 %	4.00 %
25	3.00	3.50
30	3.00	2.90
35	3.00	2.30
40	3.00	1.70
45	3.00	1.20
50	3.00	1.00
55	3.00	0.50
60	3.00	0.00

Changes actually experienced in average pay and total payroll have been as follows:

	Year Ending					5-Year
	2015	**2014**	**2013**	**2012**	**2011**	**Average**
Average pay (all members)	(1.8)%	5.6%	1.8%	5.0%	(3.1%)	1.5%
Total payroll	(5.2)%	(4.5)%	(6.0)%	3.8%	(8.9)%	(4.2)%
Average pay (continuing members)	4.8%					

The mortality table used was the RP 2000 Mortality Table projected to 2017 using scale BB. The base table is the RP 2000 Combined Mortality Table projected to the valuation date, and the provision for future mortality improvement is the additional projection to 2017 with scale BB. This table was first used for the June 30, 2012 valuation. Sample values follow:

Sample	Value of $1 Monthly for Life		Future Life Expectancy (Years)	
Ages	**Men**	**Women**	**Men**	**Women**
55	$136.94	$141.13	28.05	30.61
60	127.75	132.83	23.61	26.04
65	116.60	122.58	19.42	21.70
70	103.45	110.58	15.53	17.68
75	88.49	96.98	12.00	14.02
80	72.49	82.01	8.93	10.76

This assumption is used to measure the probabilities of members dying before retirement and the probabilities of each benefit payment being made after retirement.

Post-Disabled mortality is set forward 10 years.

The rates of retirement used to measure the probability of eligible members retiring during the next year were as follows:

Retirement Ages	Percent Retiring
50	15 %
51	15
52	15
53	15
54	15
55	15
56	15
57	15
58	15
59	15
60	15
61	15
62	18
63	20
64	22
65	35
66	30
67	30
68	30
69	40
70	100

Members are eligible for retirement with 30 or more years of service, or age 55 with 25 years of service, or after attaining age 60 with 10 or more years of service.

Rates of separation from active membership are represented by the following table (rates do not apply to members eligible to retire and do not include separation on account of death or disability): This assumption measures the probabilities of members remaining in employment.

Basis		% of Active Members Separating within Next Year
Service Based		
Years of service:	0	20.00 %
	1	15.00
	2	12.00
	3	10.00
	4	7.00
Age Based		
Sample Ages:	25	6.30
	30	5.78
	35	4.62
	40	1.94
	45	1.31
	50	1.31
	55	1.31
	60	1.31

MISCELLANEOUS AND TECHNICAL ASSUMPTIONS

Marriage Assumption:	90% for purposes of death-in-service benefits and 80% for deaths after retirement.
Pay Increase Timing:	Beginning of (Fiscal) year. This is equivalent to assuming that reported pays represent amounts paid to members during the year ended on the valuation date.
Decrement Timing:	Decrements of all types are assumed to occur mid-year.
Eligibility Testing:	Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
Benefit Service:	Exact fractional service is used to determine the amount of benefit payable.
Decrement Relativity:	Decrement rates are used directly from the experience study, without adjustment for multiple decrement table effects.
Decrement Operation:	Disability and mortality decrements do not operate during the first 5 years of service. Disability and turnover do not operate during retirement eligibility.
Normal Form of Benefit:	The normal form of benefit is the straight life form. 1/2 year of benefit service added to service for retirees to simulate a load for service purchase.
Option Factors:	Option factors are based upon 6% interest and the RP 2000 Mortality Table projected to 2017 using scale BB, with 64% unisex blend.
Incidence of Contributions:	Contributions are assumed to be received continuously throughout the year based upon the computed percent-of-payroll shown in this report, and the actual payroll payable at the time contributions are made. A five-year phase-in profile for new entrant cost-sharing is being used to determine member contributions for those hired on or after July 1, 2012. This phase-in is being used to create a more stable member contribution rate.
DROP Members:	As of June 30, 2015, there are no DROP benefits being paid. One former DROP participant continues to work and is not receiving retirement benefits. The wages being paid are not pensionable wages. The associated liability is valued as if the member is receiving retirement benefits.
Data Assumptions:	5 members terminated but were yet to refund their contribution balance. The members' accumulated contributions were added to the total accrued liability.

GLOSSARY

ACCRUED SERVICE: Service credited under the System which was rendered before the date of the actuarial valuation.

ACTUARIAL ACCRUED LIABILITY: The difference between the actuarial present value of future benefit payments and the actuarial present value of future normal costs. Also referred to as "accrued liability" or "past service liability."

ACTUARIAL ASSUMPTIONS: Estimates of expected future experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of the underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

ACTUARIAL COST METHOD: A mathematical budgeting procedure for allocating the dollar amount of the "actuarial present value of future benefit payments" between future normal costs and actuarial accrued liabilities. Sometimes referred to as the "actuarial cost method."

ACTUARIAL EQUIVALENT: A single amount or series of amounts of equal actuarial present value to another single amount or series of amounts, computed on the basis of appropriate actuarial assumptions.

ACTUARIAL PRESENT VALUE: The amount of funds currently required to provide a payment or series of payments in the future. It is determined by discounting future payments at predetermined rates of interest, and by probabilities of payment. Also referred to as "present value."

AMORTIZATION: Paying off an interest-discounted amount with periodic payments of interest and principal -- as opposed to paying it off with a lump sum payment.

EXPERIENCE GAIN (LOSS): The difference between actual costs and assumed actuarial costs -- during the period between two valuation dates.

FUNDING VALUE (OF ASSETS): The value of assets used in the actuarial valuation. Typically cost value with an adjustment toward market.

NORMAL COST: The actuarial cost allocated to the current year by the actuarial cost method. Sometimes referred to as "current service cost."

UNFUNDED ACTUARIAL ACCRUED LIABILITY: The difference between the actuarial accrued liabilities and the actuarial value of system assets. Sometimes referred to as "unfunded past service liability", "unfunded accrued liability" or "unfunded supplemental present value."

SECTION D

DISCLOSURES REQUIRED BY STATEMENT NO. 67 OF THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD

Auditor's Note – This information is intended to assist in preparation of the financial statements of the City of Jackson Employees Retirement System. Financial statements are the responsibility of management, subject to the auditor's review. Please let us know if the auditor recommends any changes.

INFORMATION REQUIRED BY GASB STATEMENT NO. 67

The Governmental Accounting Standards Board Statement No. 67 (GASB Statement No. 67) contains certain requirements regarding the accounting and disclosure of financial information. In addition to disclosing the system's fiduciary net position, retirement systems are also required to disclose information regarding the plan's Total Pension Liability, net pension liability, and change in net pension liability from the prior year. In actuarial terms, these are the plan's actuarial accrued liability and unfunded actuarial accrued liability on a market value of asset basis. This section of the report contains information that is part of the Retirement System's disclosure requirements under this accounting standard.

DETERMINATION OF THE NET PENSION LIABILITY

Roll-Forward Methodology

The June 30, 2014 Total Pension Liability was rolled-forward to the June 30, 2015 measurement date by applying one year of Service Cost (increases TPL), actual benefit payments and refunds during the year (reduces TPL), and an interest rate adjustment assuming the beginning of year Single Discount Rate of 6.93%. A full year of interest was applied to the beginning of year TPL and one-half year of interest was applied to the Service Cost and benefit payments. The June 30, 2013 Total Pension Liability was rolled-forward to June 30, 2014 to determine the beginning of year TPL, using the same methodology described above.

Measurement of the Net Pension Liability

The Net Pension Liability is measured as the Total Pension Liability, less the amount of the pension plan's fiduciary net position. In actuarial terms, this is analogous to the accrued liability less the market value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations performed to determine the employer's contribution requirement).

A Single Discount Rate of 6.93% was used to measure the Total Pension Liability. This Single Discount Rate was based on an expected rate of return on pension plan investments of 7.50% and a municipal bond rate of 3.80%. The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2053. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2053, and the municipal bond rate was applied to all benefit payments after that date.

Below is a table providing the sensitivity of the net pension liability to changes in the discount rate. In particular, the table presents the plan's net pension liability if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

Sensitivity of Net Pension Liability to the Single Discount Rate Assumption

1% Decrease 5.93%	Current Single Discount Rate Assumption 6.93%	1% Increase 7.93%
$21,062,103	$14,980,245	$9,822,850

Statement of Fiduciary Net Position
As of June 30, 2015

		2015
Assets		
Cash and Deposits	$	762,316
Receivables		
Accounts Receivable - Sale of Investments	$	-
Accrued Interest and Other Dividends		1,793
Contributions		174,309
Accounts Receivable - Other		-
Total Receivables	$	176,102
Investments		
Fixed Income	$	10,342,273
Domestic Equities		21,117,017
International Equities		5,894,817
Real Estate		-
Other		-
Total Investments	$	37,354,107
Total Assets	$	38,292,525
Liabilities		
Payables		
Accounts Payable - Purchase of Investments	$	-
Accrued Expenses		-
Accounts Payable - Other		12,724
Total Liabilities	$	12,724
Net Position Restricted for Pensions	$	38,279,801

Statement of Changes in Fiduciary Net Position
For Year Ended June 30, 2015

		2015
Additions		
Contributions		
Employer	$	947,436
Employee		741,956
Other		-
Total Contributions	$	1,689,392
Investment Income		
Net Appreciation in Fair Value of Investments	$	1,839,239
Interest and Dividends		173,443
Less Investment Expense		-
Net Investment Income	$	2,012,682
Other	$	-
Total Additions	$	3,702,074
Deductions		
Benefit payments, including refunds of employee contributions	$	3,588,908
Pension Plan Administrative Expense		207,419
Other		-
Total Deductions	$	3,796,327
Net Increase in Net Position	$	(94,253)
Net Position Restricted for Pensions		
Beginning of Year	$	38,374,054
End of Year	$	38,279,801

Schedules of Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios Multiyear

Ultimately 10 Fiscal Years will be Displayed

Fiscal year ending June 30,	2015	2014
Total Pension Liability		
Service Cost	$ 849,399	$ 900,232
Interest on the Total Pension Liability	3,591,598	3,512,829
Benefit Changes	-	-
Difference between Expected and Actual Experience	(559,714)	-
Assumption Changes	940,674	(610,014)
Benefit Payments	(3,285,165)	(3,183,481)
Refunds	(303,743)	(122,516)
Net Change in Total Pension Liability	1,233,049	497,050
Total Pension Liability - Beginning+	52,026,997	51,529,947
Total Pension Liability - Ending (a)	$53,260,046	$ 52,026,997
Plan Fiduciary Net Position		
Employer Contributions	$ 947,436	$ 986,872
Employee Contributions	741,956	786,020
Pension Plan Net Investment Income	2,012,682	5,556,343
Benefit Payments	(3,285,165)	(3,183,481)
Refunds	(303,743)	(122,516)
Pension Plan Administrative Expense	(207,419)	(214,364)
Other	-	-
Net Change in Plan Fiduciary Net Position	(94,253)	3,808,874
Plan Fiduciary Net Position - Beginning	38,374,054	34,565,180
Plan Fiduciary Net Position - Ending (b)	$38,279,801	$ 38,374,054
Net Pension Liability - Ending (a) - (b)	14,980,245	13,652,943
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	71.87 %	73.76 %
Covered-Employee Payroll*	$ 7,210,840	$ 7,609,280
Net Pension Liability as a Percentage of Covered-Employee Payroll	207.75 %	166.31 %

Notes to Schedule:

+ The discount rate for the begnning of year Total Pension Liability was 6.93% based on the assumed rate of return of 7.50% and municipal Bond rate of 3.80% as of June 25, 2015.

∗ Covered payroll shown for June 30, 2015 is the current employee payroll as of June 30, 2015

Schedules of Required Supplementary Information
Schedule of the Net Pension Liability Multiyear

Ultimately 10 Fiscal Years will be Displayed

FY Ending June 30,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability	Covered Payroll*	Net Pension Liability as a % of Covered Payroll
2014	52,026,997	38,374,054	13,652,943	73.76%	7,609,280	179.42%
2015	$ 53,260,046	$ 38,279,801	$ 14,980,245	71.87%	$ 7,210,840	207.75%

Schedule of Contributions
Last 10 Fiscal Years

FY Ending June 30,	Actuarially Determined Contribution +	Actual Contribution	Contribution Deficiency (Excess)	Estimated Covered Payroll*	Actual Contribution as a % of Covered Payroll
2006	$ 584,257	$ 572,520	$ 11,737	$ 10,090,797	5.67%
2007	721,955	722,422	(467)	10,119,228	7.14%
2008	832,376	803,042	29,334	10,295,133	7.80%
2009	841,320	793,649	47,671	10,183,663	7.79%
2010	863,777	750,439	113,338	8,968,814	8.37%
2011	945,179	786,824	158,355	8,169,376	9.63%
2012	861,134	817,748	43,386	8,479,118	9.64%
2013	880,750	845,595	35,155	7,970,005	10.61%
2014	1,126,236	986,872	139,364	7,609,280	12.97%
2015	1,033,247	947,436	85,811	7,210,840	13.14%
2016	958,228				

\+ *The Actuarially Determined Contribution dollar amount is an illustrative rate determined using assumed future payroll. If the actual payroll differs from the assumed payroll used in the valuation, the Actual Contribution will change.*

* *Covered payroll shown for June 30, 2015 is the current employee payroll as of June 30, 2015*

GRS
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Consultants & Actuaries
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248.799.9000 phone
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April 26, 2016

Board of Trustees
City of Jackson Employees Retirement System
161 W. Michigan Avenue
Jackson, MI 49201-1324

Re: Funding Policy Study for the City of Jackson Employees Retirement System

Dear Board Members:

Enclosed is a funding policy study to project the financial impact of changing the 30-year open level-percent-of-pay amortization of active member unfunded actuarially accrued liabilities to a 30-year closed amortization and a 20-year open amortization for the City of Jackson Employees Retirement System. As requested, the study is performed at three different assumed rates of return: 7.5%, 7.0%, and 6.5%.

Please do not hesitate to contact us if you have any questions.

Sincerely,

David T. Kausch

David T. Kausch, FSA, EA, FCA, MAAA

DTK:ah
Enclosures

CITY OF JACKSON EMPLOYEES RETIREMENT SYSTEM
FUNDING POLICY STUDY
AS OF JUNE 30, 2015

SUBMITTED TO: Board of Trustees
City of Jackson Employees Retirement System

DATE: April 26, 2016

SUBMITTED BY: David T. Kausch, FSA, EA, FCA, MAAA and David L. Hoffman
Gabriel, Roeder, Smith & Company

BACKGROUND

This report contains the results of a funding policy study, requested by the Board of the City of Jackson Employees Retirement System to study the impact of:

- **Alternate 1 –** Changing the 30-year open level-percent-of-pay amortization of unfunded liabilities to a 30-year closed amortization with new layers to be added each year with 30-year closed amortizations, and

- **Alternate 2 –** Changing the 30-year open level-percent-of-pay amortization of the unfunded liabilities to a 20-year open amortization.

Note that the current amortization policy has a separate closed level-percent-of-pay amortization for the DROP with 7 years remaining. That amortization was unchanged for this study.

VALUATION DATA, METHODS AND ASSUMPTIONS

The study was based on actuarial data submitted for the June 30, 2015 annual actuarial valuation and actuarial methods and assumptions as of June 30, 2015 as described in our report dated February 2, 2016. In particular:

- The assumed rate of interest was 7.50%.
- The assumed rate of wage inflation was 3.00%.
- The valuation method was the entry age actuarial cost method.
- The amortization method used for the determination of employer contributions was level percent of payroll with a payroll increase assumption of 3.00%.

The Board requested alternate scenarios with the assumed rate of interest at 7.00% and 6.50%.

It is important to note that projections do not predict future valuation results. Rather, they identify relative changes in contributions over the projection period. It was assumed that no gains or losses would occur during the projection period – an unlikely event. Future gains will result in lower employer contributions and higher funded statuses than shown. Future losses will result in higher employer contributions and lower funded statuses than shown.

SUMMARY OF RESULTS

The following graphs and tables in this report are the result of a 22-year projection describing the effects of the proposed changes in the funding policy on the employer contribution rate, funding progress, and Unfunded Actuarially Accrued Liability (UAAL). Changing the funding policy from a 30-year open level-percent-of-pay amortization period of the unfunded liabilities (Current Policy) to a 30-year closed amortization (Alternate 1) would have no effect on the first year's contribution, while a change to a 20-year open amortization (Alternate 2) would increase the first year's contribution as a percent of payroll.

A 30-year open amortization is expected to result in an increasing UAAL dollar amount (see page 7) but a decreasing UAAL as a percent of payroll (see page 8).

In all three scenarios, the contribution rate will decrease substantially in 7 years due to the expiration of the current DROP amortization period. At the end of the closed 30-year, the employer contribution reverts to the employer normal cost. The normal cost rate is currently blended between the pre- and post-hybrid plan members. By the end of the projection, the vast majority of active members are expected to be in the hybrid plan, and thus the hybrid plan, normal cost dominates (and is one of the forces pushing projected contribution rates downward).

Note that in the 30-year closed alternative, subsequent years new gains and losses (and other changes) will be amortized separately ("new layers") as they occur (over 30-year periods). This will create an "amortization schedule" of contribution rates. Such a schedule will require periodic review by the Board.

One of the assumptions underlying level percent of payroll funding is the assumption that the plan will remain open and that the active workforce will remain constant. In the past 10 years, the workforce has decreased 40% with most of the decline occurring in the last 5 years. This can contribute to increasing contribution rates as a percentage of payroll. Recently, we were informed that the City has been hiring certain employees as contract employees who do not participate in the plan. If the City or the Board has reason to believe that this practice will continue or accelerate, the Board may wish to explore level dollar amortization of the unfunded actuarial accrued liability.

David T. Kausch is a Member of the American Academy of Actuaries (MAAA) and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

ACTUARIAL STATEMENT

The alternate funding policies were studied at three different assumed rates of return: 7.50% (the current valuation assumption), 7.00%, and 6.50%. All return assumptions are net of all expenses. No other assumptions were changed for this study.

Summary of Results as of June 30, 2015
(Employer Contribution Rates for Fiscal Year Ending June 30, 2017)

Actuarial Information ($Millions)	7.50% (Current Valuation Assumption)	7.00%	6.50%
Normal Cost (% of Payroll)	10.38%	11.44%	12.68%
Actuarial Accrued Liability	$48.9	$51.4	$54.2
Actuarial Value of Assets	37.1	37.1	37.1
Unfunded Actuarial Accrued Liability	11.8	14.3	17.1
Funded Ratio	75.8%	72.1%	68.4%
30-Year Employer Contribution Rate*	12.27%	13.03%	13.96%
20-Year Employer Contribution Rate	12.80%	14.05%	15.69%

** The 30-Year Employer Contribution Rate with open and closed amortization periods is the same for the fiscal year ending June 30, 2017.*

CITY OF JACKSON EMPLOYEES RETIREMENT SYSTEM
FUNDING POLICY STUDY
AS OF JUNE 30, 2015

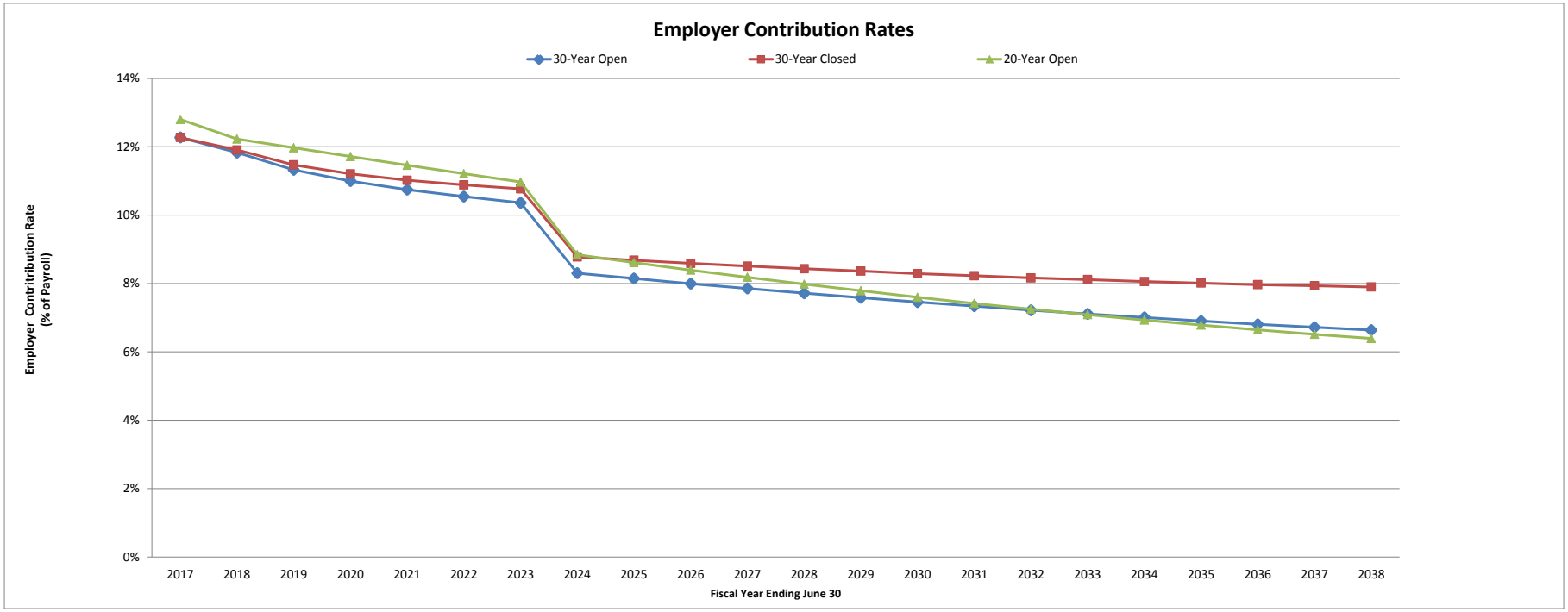
Valuation Date	June 30, 2015	June 30, 2015	June 30, 2015	June 30, 2015	June 30, 2015	June 30, 2015
Fiscal Year Ending	June 30, 2017	June 30, 2017	June 30, 2017	June 30, 2017	June 30, 2017	June 30, 2017
Investment Rate or Return (net of expenses)	**7.50%**	**7.50%**	**7.00%**	**7.00%**	**6.50%**	**6.50%**
Amortization Period*	**30 years**	**20 years**	**30 years**	**20 years**	**30 years**	**20 years**
Recommended Employer Contributions:						
Annual Amount	**$ 938,653**	**$ 979,198**	**$ 996,793**	**$ 1,074,823**	**$ 1,067,938**	**$ 1,200,282**
Percentage of Covered Payroll	**12.27%**	**12.80%**	**13.03%**	**14.05%**	**13.96%**	**15.69%**
Membership						
Number of						
Active Members	136	136	136	136	136	136
Retirees and Beneficiaries	187	187	187	187	187	187
Inactive, Non-retired Members	25	25	25	25	25	25
Total	348	348	348	348	348	348
Total Pensions Being Paid	$ 3,067,864	$ 3,067,864	$ 3,067,864	$ 3,067,864	$ 3,067,864	$ 3,067,864
Assets						
Market Value	$38,279,801	$38,279,801	$38,279,801	$38,279,801	$38,279,801	$38,279,801
Actuarial Value	37,071,569	37,071,569	37,071,569	37,071,569	37,071,569	37,071,569
Return on Market Value	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%
Return on Actuarial Value	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%
Ratio - Actuarial Value to Market Value	96.8%	96.8%	96.8%	96.8%	96.8%	96.8%
Actuarial Information						
Normal Cost %	10.38%	10.38%	11.44%	11.44%	12.68%	12.68%
Actuarial Accrued Liability (AAL)	$48,882,362	$48,882,362	$51,421,303	$51,421,303	$54,190,862	$54,190,862
Unfunded Actuarial Accrued Liability (UAAL)	11,810,793	11,810,793	14,349,734	14,349,734	17,119,293	17,119,293
Funded Ratio	75.8%	75.8%	72.1%	72.1%	68.4%	68.4%

** The 30-Year Employer Contribution Rate with open and closed amortization periods is the same for the fiscal year ending June 30, 2017.*

CITY OF JACKSON EMPLOYEES RETIREMENT SYSTEM
FUNDING POLICY STUDY

RESULTS AT 7.50%

AS OF JUNE 30, 2015



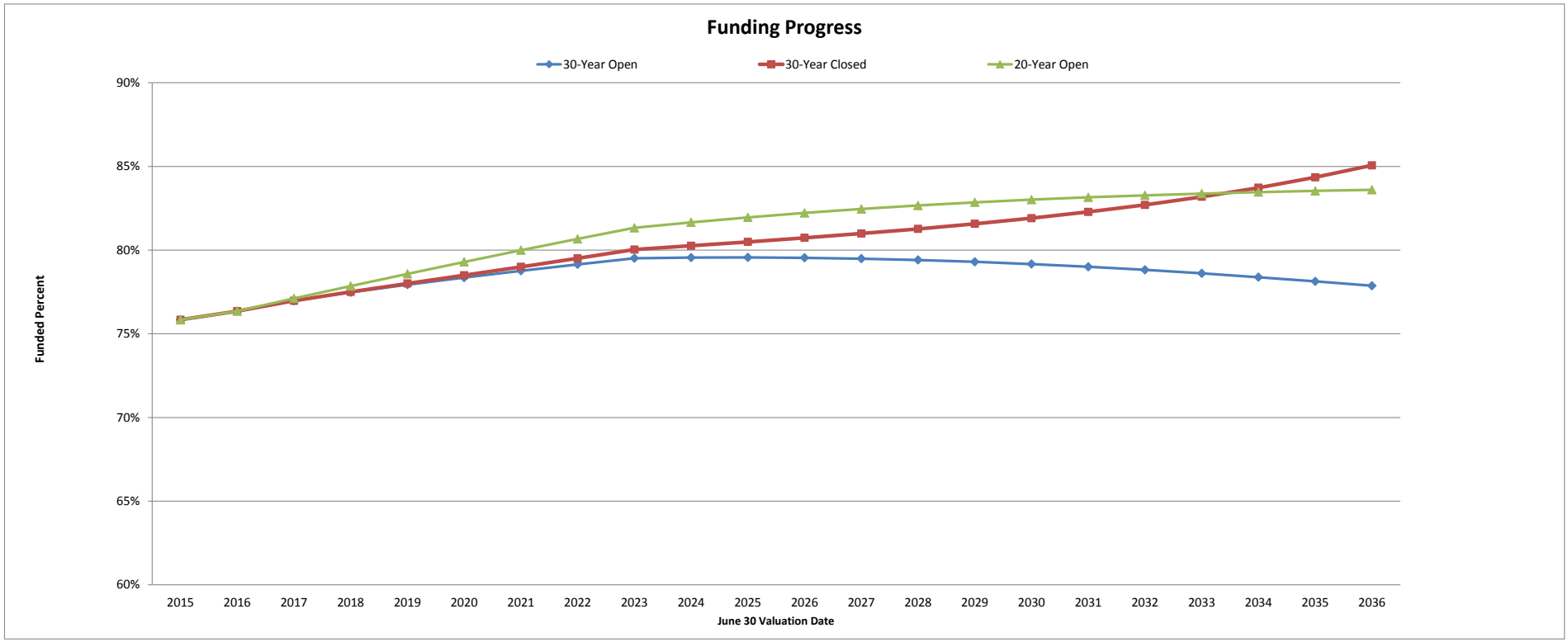
Amortization	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
30-Year Open	12.27%	11.83%	11.33%	11.00%	10.75%	10.54%	10.36%	8.30%	8.15%	7.99%	7.85%	7.72%	7.58%	7.46%	7.34%	7.22%	7.11%	7.01%	6.90%	6.81%	6.72%	6.64%
30-Year Closed	12.27%	11.91%	11.47%	11.21%	11.02%	10.88%	10.77%	8.78%	8.68%	8.59%	8.51%	8.43%	8.36%	8.29%	8.23%	8.16%	8.11%	8.06%	8.01%	7.97%	7.93%	7.90%
20-Year Open	12.80%	12.23%	11.97%	11.71%	11.46%	11.21%	10.97%	8.84%	8.61%	8.39%	8.18%	7.98%	7.79%	7.60%	7.42%	7.25%	7.09%	6.93%	6.78%	6.65%	6.51%	6.39%

DROP liabilities are amortized over a closed 7-year level-percent-of-pay amortization in all scenarios.

CITY OF JACKSON EMPLOYEES RETIREMENT SYSTEM
FUNDING POLICY STUDY

RESULTS AT 7.50%

AS OF JUNE 30, 2015



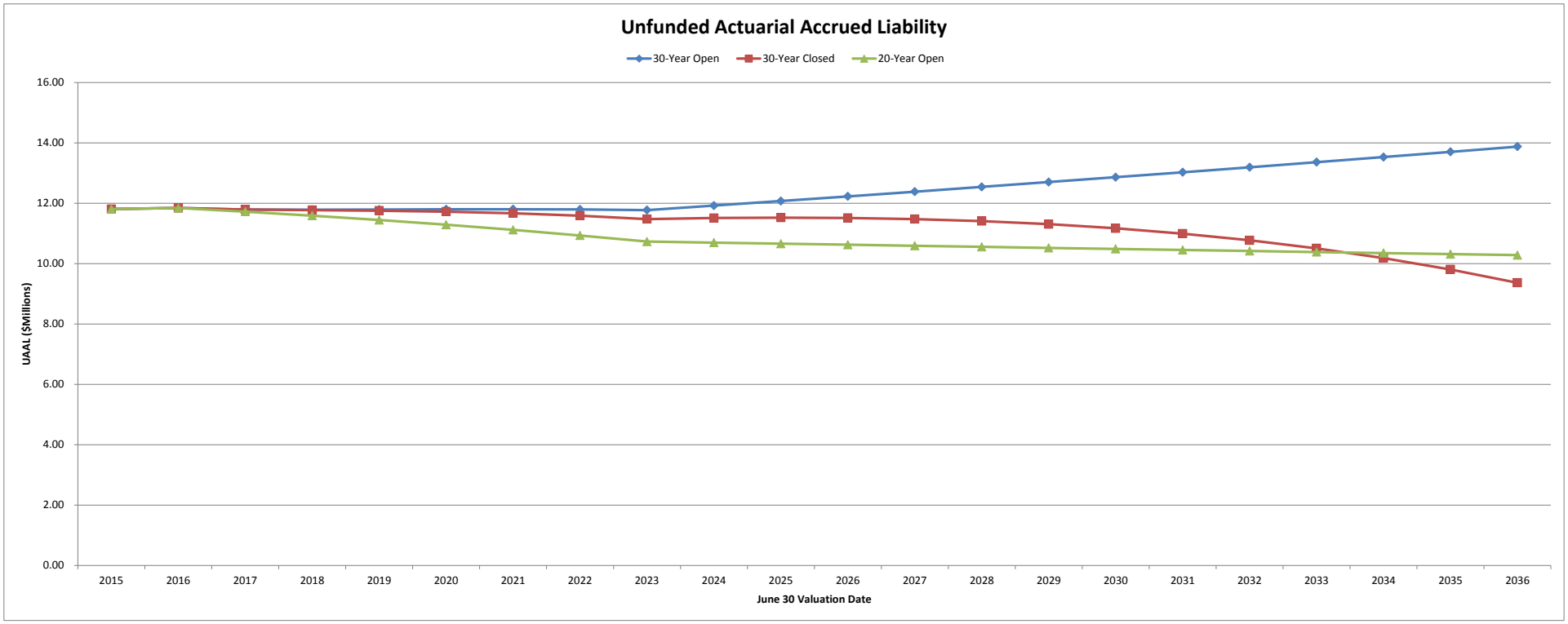
Amortization	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
30-Year Open	75.8%	76.4%	77.0%	77.5%	77.9%	78.4%	78.8%	79.1%	79.5%	79.6%	79.6%	79.5%	79.5%	79.4%	79.3%	79.2%	79.0%	78.8%	78.6%	78.4%	78.1%	77.9%
30-Year Closed	75.8%	76.4%	77.0%	77.5%	78.0%	78.5%	79.0%	79.5%	80.0%	80.3%	80.5%	80.7%	81.0%	81.3%	81.6%	81.9%	82.3%	82.7%	83.2%	83.7%	84.4%	85.1%
20-Year Open	75.8%	76.4%	77.1%	77.9%	78.6%	79.3%	80.0%	80.7%	81.3%	81.7%	82.0%	82.2%	82.5%	82.7%	82.9%	83.0%	83.2%	83.3%	83.4%	83.5%	83.5%	83.6%

DROP liabilities are amortized over a closed 7-year level-percent-of-pay amortization in all scenarios.

CITY OF JACKSON EMPLOYEES RETIREMENT SYSTEM
FUNDING POLICY STUDY

RESULTS AT 7.50%

AS OF JUNE 30, 2015



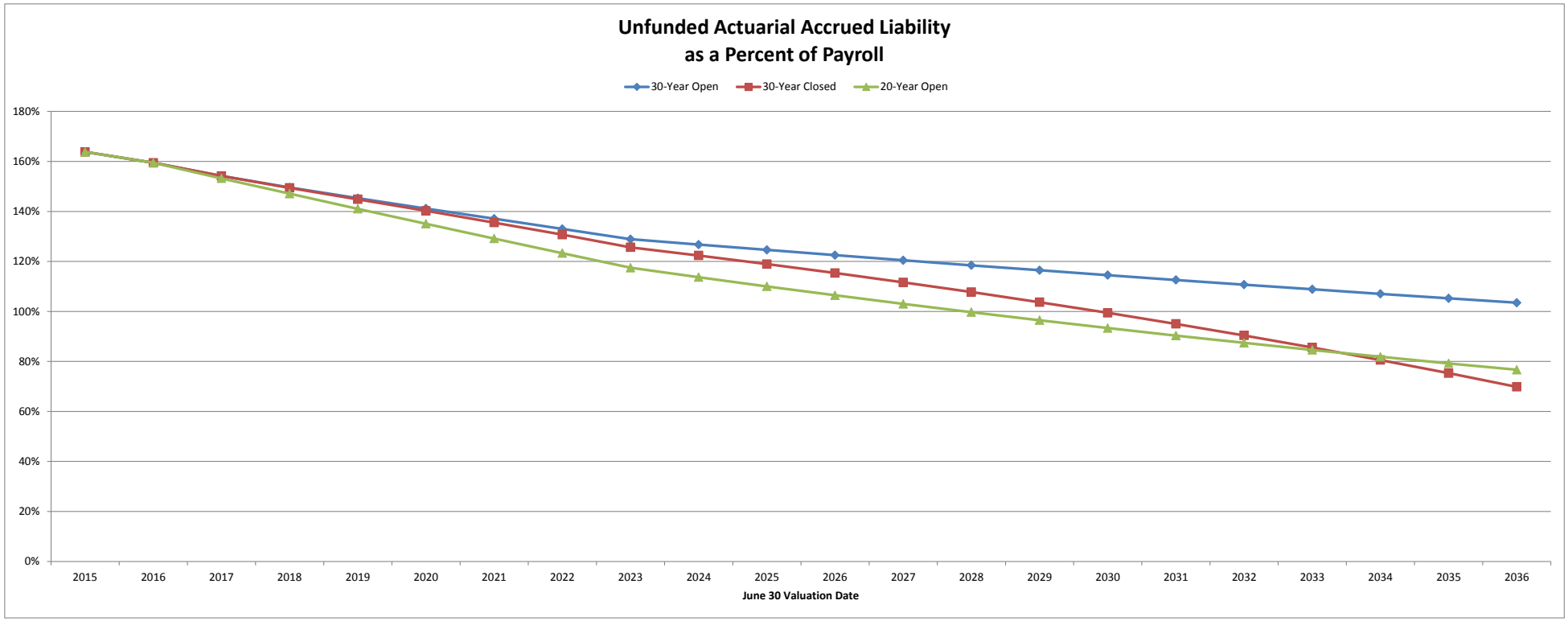
Amortization	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
30-Year Open	11.81	11.84	11.79	11.79	11.79	11.80	11.80	11.80	11.78	11.92	12.08	12.23	12.39	12.54	12.70	12.87	13.03	13.19	13.36	13.53	13.70	13.88
30-Year Closed	11.81	11.84	11.79	11.77	11.75	11.72	11.67	11.59	11.48	11.51	11.53	11.51	11.48	11.41	11.31	11.17	10.99	10.78	10.51	10.19	9.81	9.37
20-Year Open	11.81	11.84	11.72	11.59	11.45	11.29	11.12	10.93	10.73	10.70	10.66	10.63	10.59	10.56	10.52	10.49	10.45	10.42	10.38	10.35	10.32	10.28

DROP liabilities are amortized over a closed 7-year level-percent-of-pay amortization in all scenarios.

CITY OF JACKSON EMPLOYEES RETIREMENT SYSTEM
FUNDING POLICY STUDY

RESULTS AT 7.50%

AS OF JUNE 30, 2015



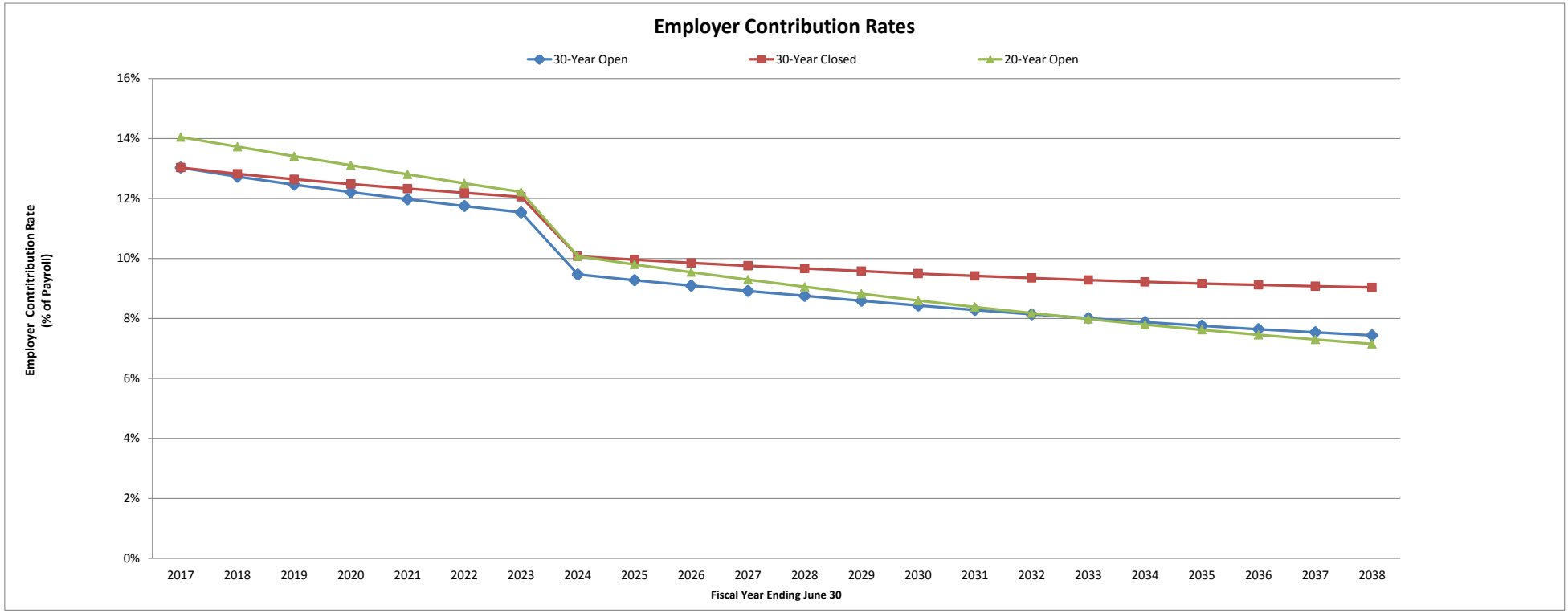
Amortization	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
30-Year Open	164%	159%	154%	150%	145%	141%	137%	133%	129%	127%	125%	123%	120%	118%	116%	115%	113%	111%	109%	107%	105%	103%
30-Year Closed	164%	159%	154%	149%	145%	140%	136%	131%	126%	122%	119%	115%	112%	108%	104%	99%	95%	90%	86%	81%	75%	70%
20-Year Open	164%	159%	153%	147%	141%	135%	129%	123%	117%	114%	110%	106%	103%	100%	96%	93%	90%	87%	85%	82%	79%	77%

DROP liabilities are amortized over a closed 7-year level-percent-of-pay amortization in all scenarios

CITY OF JACKSON EMPLOYEES RETIREMENT SYSTEM
FUNDING POLICY STUDY

RESULTS AT 7.00%

AS OF JUNE 30, 2015



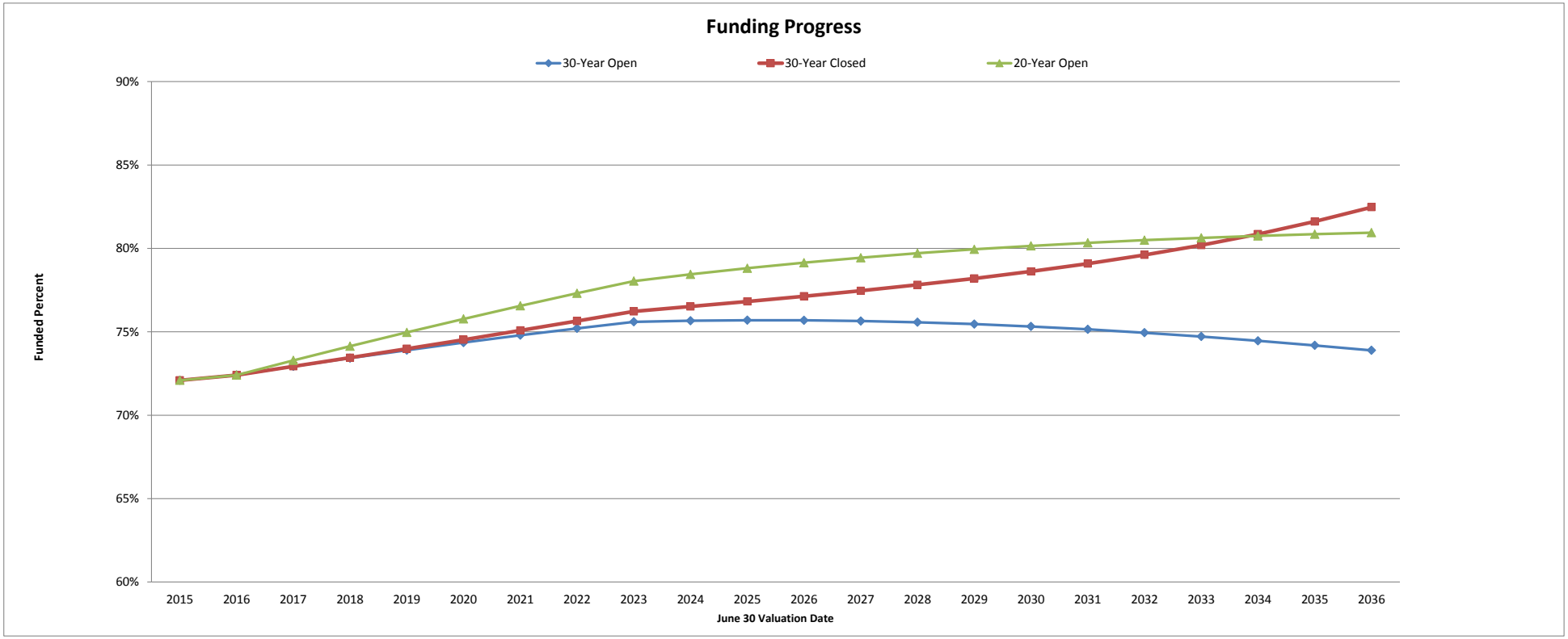
Amortization	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
30-Year Open	13.03%	12.73%	12.46%	12.21%	11.97%	11.75%	11.53%	9.47%	9.27%	9.09%	8.92%	8.75%	8.59%	8.43%	8.28%	8.14%	8.01%	7.88%	7.76%	7.64%	7.54%	7.43%
30-Year Closed	13.03%	12.82%	12.64%	12.48%	12.33%	12.19%	12.05%	10.07%	9.96%	9.85%	9.76%	9.66%	9.58%	9.49%	9.42%	9.35%	9.28%	9.22%	9.16%	9.12%	9.07%	9.03%
20-Year Open	14.05%	13.72%	13.41%	13.11%	12.80%	12.50%	12.22%	10.07%	9.80%	9.54%	9.29%	9.05%	8.82%	8.59%	8.38%	8.18%	7.98%	7.80%	7.62%	7.45%	7.30%	7.15%

DROP liabilities are amortized over a closed 7-year level-percent-of-pay amortization in all scenarios

CITY OF JACKSON EMPLOYEES RETIREMENT SYSTEM
FUNDING POLICY STUDY

RESULTS AT 7.00%

AS OF JUNE 30, 2015



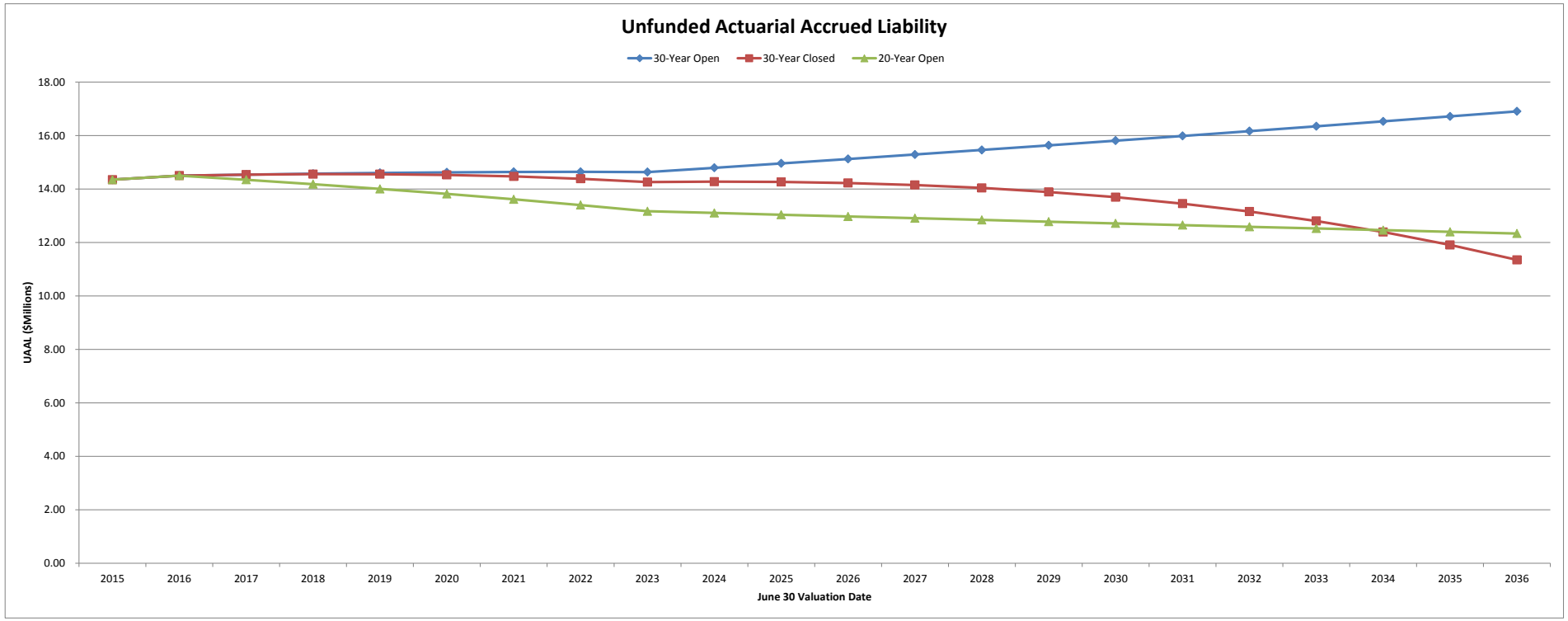
Amortization	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
30-Year Open	72.1%	72.4%	72.9%	73.4%	73.9%	74.4%	74.8%	75.2%	75.6%	75.7%	75.7%	75.7%	75.6%	75.6%	75.5%	75.3%	75.1%	74.9%	74.7%	74.5%	74.2%	73.9%
30-Year Closed	72.1%	72.4%	72.9%	73.5%	74.0%	74.5%	75.1%	75.6%	76.2%	76.5%	76.8%	77.1%	77.5%	77.8%	78.2%	78.6%	79.1%	79.6%	80.2%	80.9%	81.6%	82.5%
20-Year Open	72.1%	72.4%	73.3%	74.1%	75.0%	75.8%	76.6%	77.3%	78.0%	78.4%	78.8%	79.1%	79.4%	79.7%	79.9%	80.2%	80.3%	80.5%	80.6%	80.7%	80.9%	80.9%

DROP liabilities are amortized over a closed 7-year level-percent-of-pay amortization in all scenarios

CITY OF JACKSON EMPLOYEES RETIREMENT SYSTEM
FUNDING POLICY STUDY

RESULTS AT 7.00%

AS OF JUNE 30, 2015



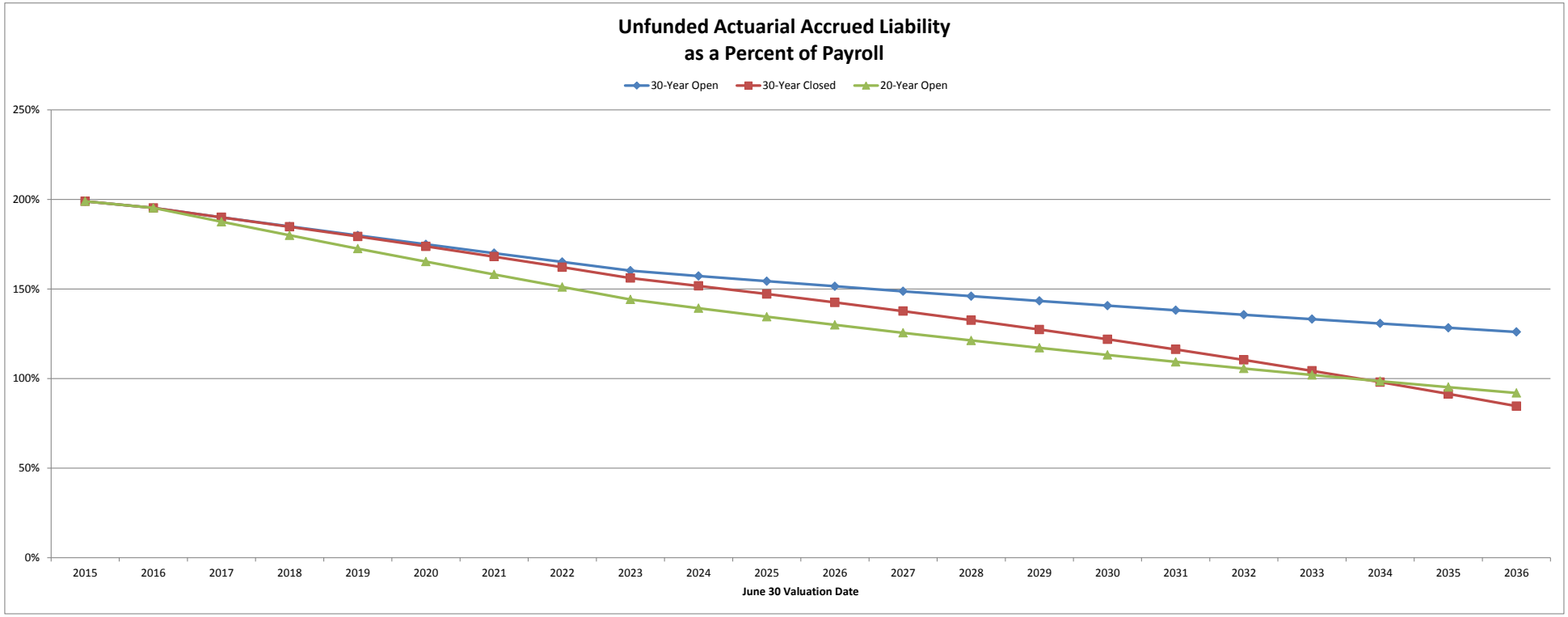
Amortization	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
30-Year Open	14.35	14.50	14.54	14.57	14.60	14.63	14.64	14.64	14.64	14.80	14.96	15.12	15.29	15.46	15.64	15.81	15.99	16.17	16.35	16.53	16.72	16.91
30-Year Closed	14.35	14.50	14.54	14.56	14.56	14.53	14.47	14.38	14.26	14.28	14.27	14.23	14.15	14.04	13.89	13.70	13.45	13.16	12.81	12.39	11.91	11.35
20-Year Open	14.35	14.50	14.35	14.18	14.01	13.82	13.62	13.40	13.17	13.10	13.04	12.97	12.91	12.84	12.78	12.72	12.65	12.59	12.52	12.46	12.40	12.34

DROP liabilities are amortized over a closed 7-year level-percent-of-pay amortization in all scenarios

CITY OF JACKSON EMPLOYEES RETIREMENT SYSTEM
FUNDING POLICY STUDY

RESULTS AT 7.00%

AS OF JUNE 30, 2015



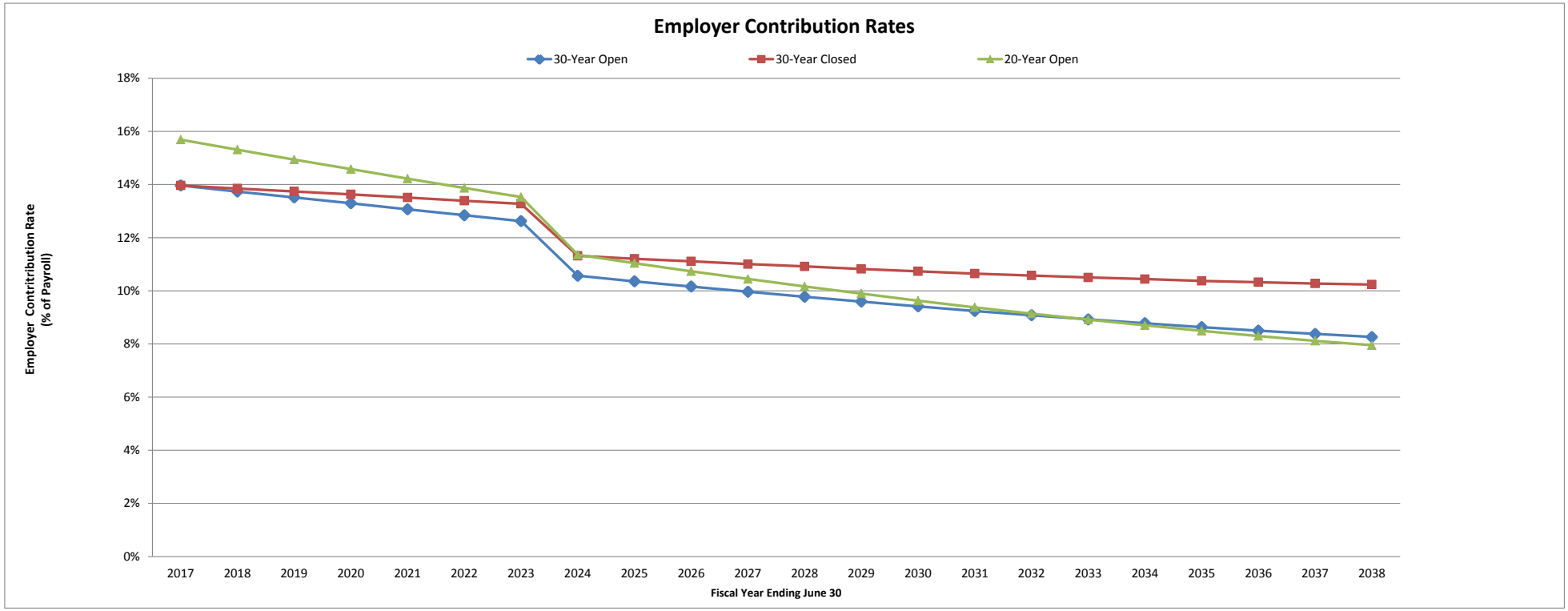
Amortization	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
30-Year Open	199%	195%	190%	185%	180%	175%	170%	165%	160%	157%	154%	152%	149%	146%	143%	141%	138%	136%	133%	131%	128%	126%
30-Year Closed	199%	195%	190%	185%	179%	174%	168%	162%	156%	152%	147%	143%	138%	133%	127%	122%	116%	110%	104%	98%	91%	85%
20-Year Open	199%	195%	188%	180%	173%	165%	158%	151%	144%	139%	135%	130%	126%	121%	117%	113%	109%	106%	102%	99%	95%	92%

DROP liabilities are amortized over a closed 7-year level-percent-of-pay amortization in all scenarios

CITY OF JACKSON EMPLOYEES RETIREMENT SYSTEM
FUNDING POLICY STUDY

RESULTS AT 6.50%

AS OF JUNE 30, 2015



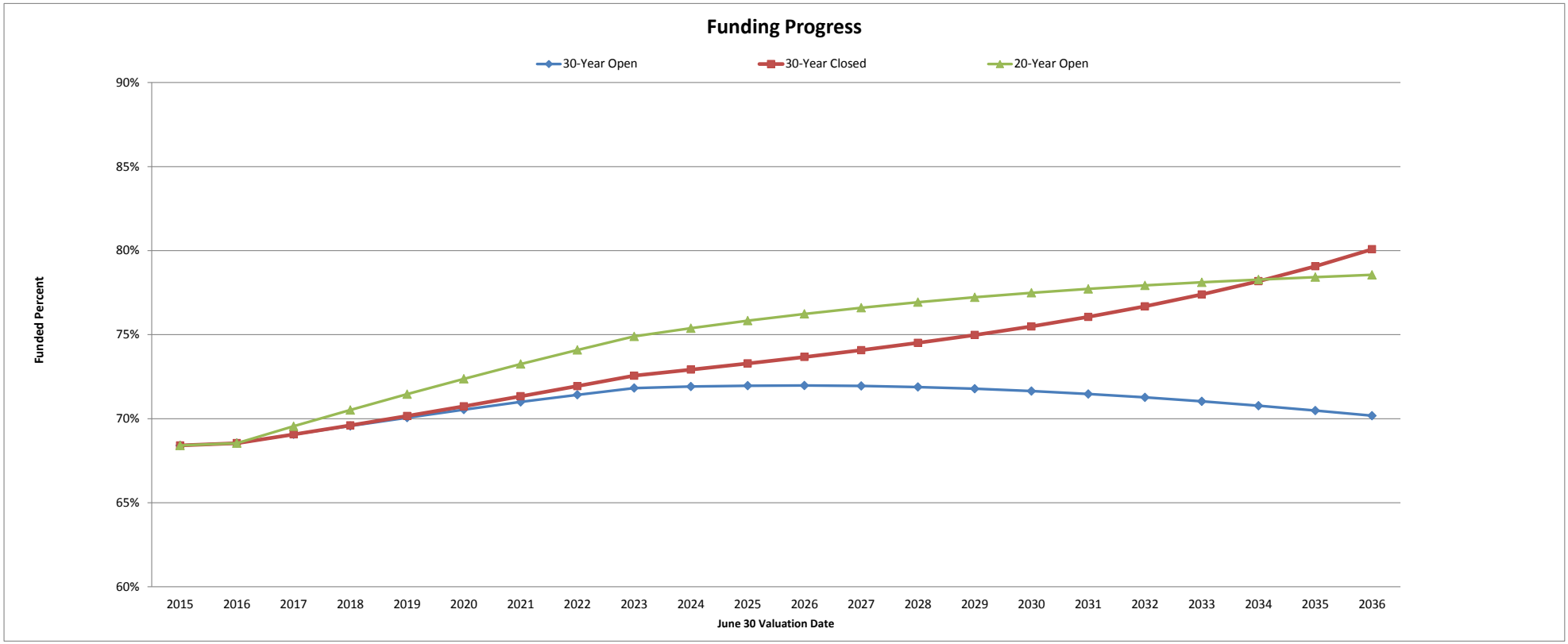
Amortization	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
30-Year Open	13.96%	13.73%	13.51%	13.30%	13.07%	12.84%	12.62%	10.57%	10.36%	10.16%	9.97%	9.78%	9.60%	9.42%	9.24%	9.08%	8.93%	8.78%	8.63%	8.50%	8.38%	8.26%
30-Year Closed	13.96%	13.85%	13.74%	13.63%	13.51%	13.39%	13.27%	11.32%	11.21%	11.11%	11.01%	10.92%	10.82%	10.74%	10.65%	10.58%	10.50%	10.44%	10.37%	10.32%	10.27%	10.24%
20-Year Open	15.69%	15.31%	14.94%	14.58%	14.22%	13.87%	13.53%	11.36%	11.04%	10.73%	10.45%	10.16%	9.90%	9.63%	9.38%	9.14%	8.92%	8.70%	8.49%	8.30%	8.12%	7.95%

DROP liabilities are amortized over a closed 7-year level-percent-of-pay amortization in all scenarios

CITY OF JACKSON EMPLOYEES RETIREMENT SYSTEM
FUNDING POLICY STUDY

RESULTS AT 6.50%

AS OF JUNE 30, 2015



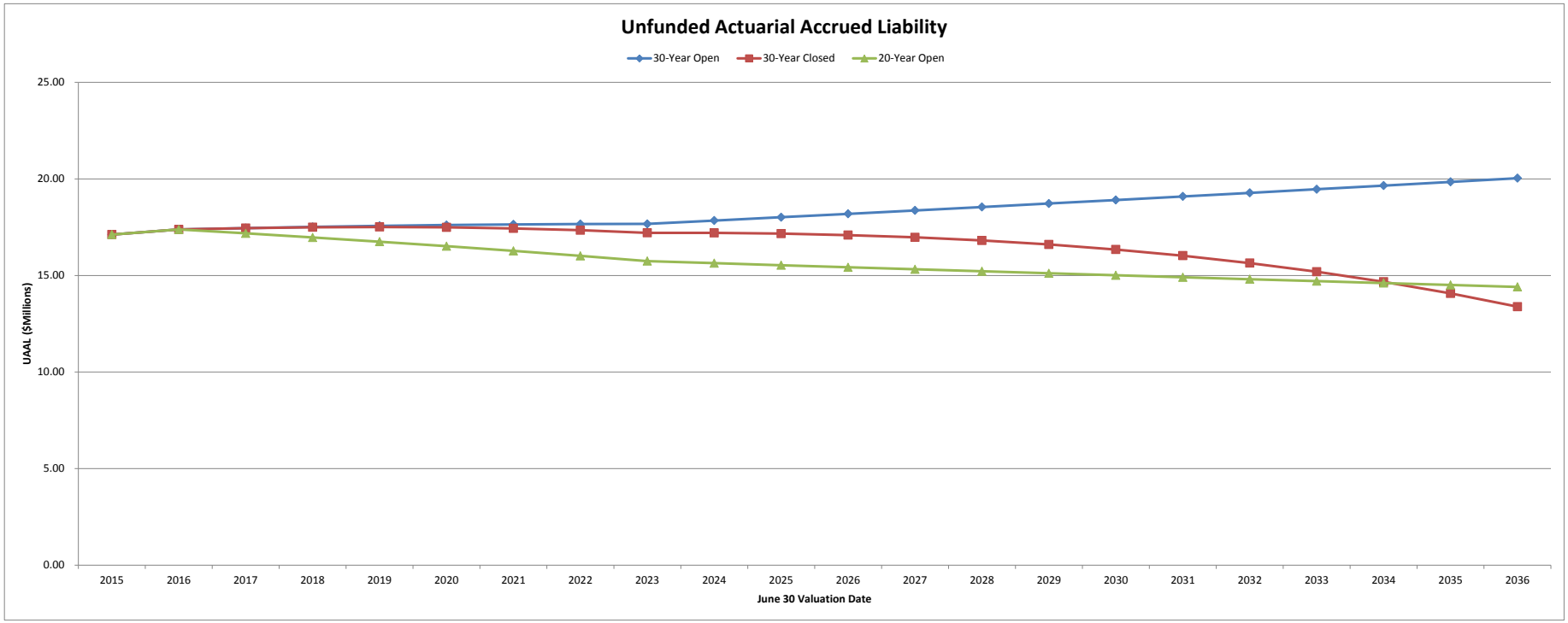
Amortization	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
30-Year Open	68.4%	68.5%	69.1%	69.6%	70.1%	70.5%	71.0%	71.4%	71.8%	71.9%	72.0%	72.0%	71.9%	71.9%	71.8%	71.6%	71.5%	71.3%	71.0%	70.8%	70.5%	70.2%
30-Year Closed	68.4%	68.5%	69.1%	69.6%	70.2%	70.7%	71.3%	71.9%	72.6%	72.9%	73.3%	73.7%	74.1%	74.5%	75.0%	75.5%	76.1%	76.7%	77.4%	78.2%	79.1%	80.1%
20-Year Open	68.4%	68.5%	69.5%	70.5%	71.5%	72.4%	73.3%	74.1%	74.9%	75.4%	75.8%	76.2%	76.6%	76.9%	77.2%	77.5%	77.7%	77.9%	78.1%	78.3%	78.4%	78.6%

DROP liabilities are amortized over a closed 7-year level-percent-of-pay amortization in all scenarios

CITY OF JACKSON EMPLOYEES RETIREMENT SYSTEM
FUNDING POLICY STUDY

RESULTS AT 6.50%

AS OF JUNE 30, 2015



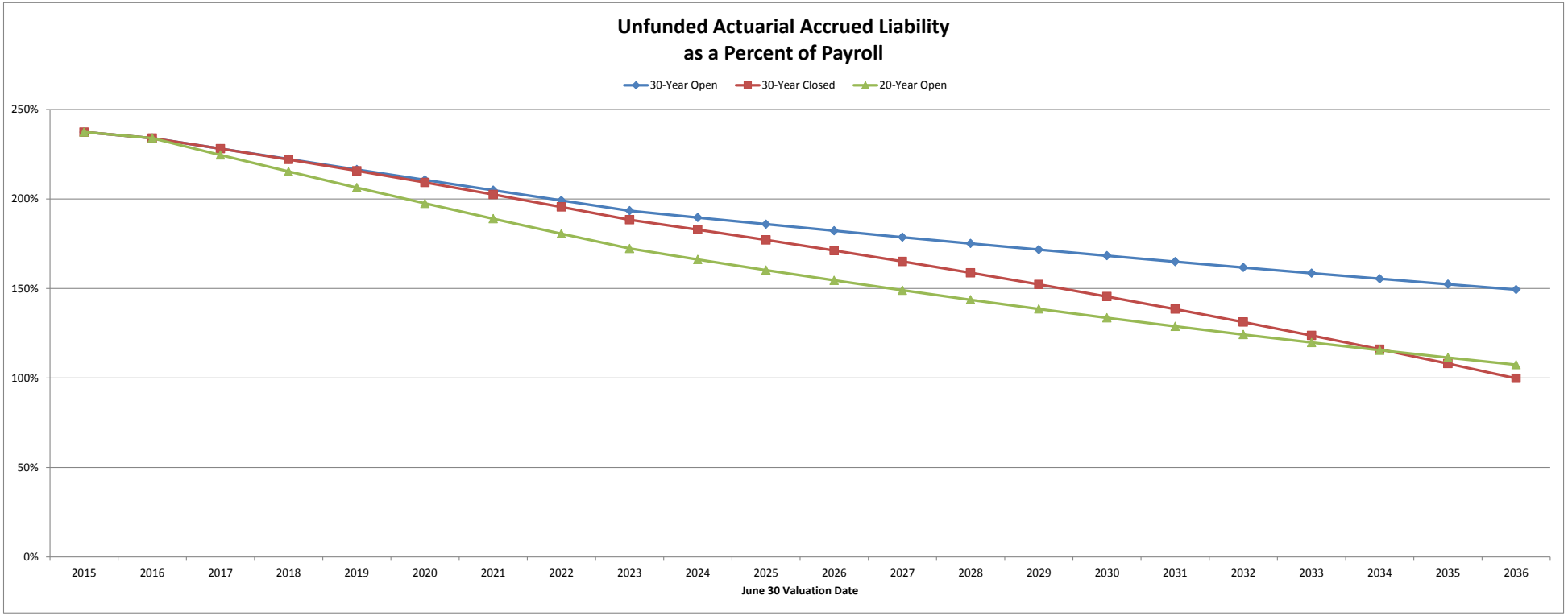
Amortization	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
30-Year Open	17.12	17.38	17.45	17.52	17.57	17.61	17.64	17.66	17.67	17.84	18.02	18.19	18.37	18.55	18.73	18.91	19.09	19.28	19.47	19.65	19.85	20.04
30-Year Closed	17.12	17.38	17.45	17.50	17.51	17.49	17.44	17.34	17.21	17.20	17.17	17.09	16.98	16.81	16.61	16.34	16.02	15.64	15.20	14.67	14.07	13.39
20-Year Open	17.12	17.38	17.18	16.97	16.75	16.52	16.27	16.02	15.74	15.64	15.53	15.43	15.32	15.22	15.11	15.01	14.91	14.81	14.71	14.61	14.51	14.41

DROP liabilities are amortized over a closed 7-year level-percent-of-pay amortization in all scenarios

CITY OF JACKSON EMPLOYEES RETIREMENT SYSTEM
FUNDING POLICY STUDY

RESULTS AT 6.50%

AS OF JUNE 30, 2015



Amortization	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
30-Year Open	237%	234%	228%	222%	216%	211%	205%	199%	193%	190%	186%	182%	179%	175%	172%	168%	165%	162%	159%	155%	152%	149%
30-Year Closed	237%	234%	228%	222%	216%	209%	203%	196%	188%	183%	177%	171%	165%	159%	152%	145%	138%	131%	124%	116%	108%	100%
20-Year Open	237%	234%	225%	215%	206%	198%	189%	181%	172%	166%	160%	155%	149%	144%	139%	134%	129%	124%	120%	116%	111%	107%

DROP liabilities are amortized over a closed 7-year level-percent-of-pay amortization in all scenarios

GRS Gabriel Roeder Smith & Company
Consultants & Actuaries

CITY OF JACKSON POLICEMEN'S AND FIREMEN'S PENSION FUND

58TH ACTUARIAL VALUATION REPORT

AS OF JUNE 30, 2015

OUTLINE OF CONTENTS
REPORT OF JUNE 30, 2015 ACTUARIAL VALUATION

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	Valuation Results, Comments and Recommendation
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A-3	Development of Actuarial Value of Assets
A-4	City's Computed Contributions – Comparative Schedule
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	Disclosures Required by Statement No. 67 of the Governmental Accounting Standards Board
D-1/6	Required Supplementary Information

GRS

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February 16, 2016

Board of Trustees
City of Jackson Policemen's and Firemen's
Pension Fund
Jackson, Michigan

Re: City of Jackson Policemen's and Firemen's Pension Fund Actuarial Valuation as of June 30, 2015

The results of the June 30, 2015 Annual Actuarial Valuation of the City of Jackson Policemen's and Firemen's Pension Fund are presented in this report.

This report was prepared at the request of the Board and is intended for use by the Pension Fund and those designated or approved by the Board. This report may be provided to parties other than the Fund only in its entirety and only with the permission of the Board.

The purpose of the valuation is to measure the Fund's funding progress, to determine the employer contribution rate for the fiscal year ending June 30, 2017, and to determine the actuarial information for Governmental Accounting Standards Board (GASB) Statement No. 67. 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.

The findings in this report are based on data and other information through June 30, 2015. 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; 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.

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. This plan is not well funded. Failure to receive employer contributions on a timely basis could jeopardize the sustainability of the Fund.

The valuation was based upon information furnished by the Plan Administrator, concerning Pension Fund benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries as of the valuation date June 30, 2015. We checked for internal reasonability and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the Plan Administrator.

In addition, this report was prepared using certain assumptions approved by the Board as described in the section of this report entitled Actuarial Cost Methods and Assumptions. At the May 13, 2015 Board Meeting, the Board of Trustees increased the assumed rate of return to 7.5%, net of expenses. Based on our analysis prepared for the Board on May 1, 2015, under the Fund's current investment policy, this assumption cannot be supported as reasonable.

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 the Fund as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

David Kausch and Mita Drazilov are Members of the American Academy of Actuaries (MAAA) and meet the Academy's Qualification Standards to render the actuarial opinions contained herein.

The signing individuals are independent of the plan sponsor.

Gabriel, Roeder, Smith & Company will be pleased to review this valuation report with the Board of Trustees and to answer any questions pertaining to the valuation.

Respectfully submitted,

GABRIEL, ROEDER, SMITH & COMPANY

David T. Kausch, FSA, EA, FCA, MAAA

Mita D. Drazilov, ASA, MAAA

DTK/MDD:ah

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY
($ IN MILLIONS)

	Valuation Results	
Valuation Date:	June 30, 2014	June 30, 2015
Fiscal Year Ending:	June 30, 2016	June 30, 2017
Computed Annual Employer Contributions: #	$ 604,690	$ 566,077
Recommended Annual Employer Contribution	$ 631,705	$ 655,680
Membership:		
Number of		
Active Members	0	0
Retirees and Beneficiaries	26	24
Inactive, Non-retired Members	0	0
Total	26	24
Total Pensions Being Paid	$ 855,714	$ 812,330
Assets:		
Market Value	$3,590,767	$3,472,235
Actuarial Value	3,286,365	3,292,244
Return on Actuarial Value	13.2%	7.7%
Return on Market Value	20.0%	3.5%
Ratio - Actuarial Value to Market Value	91.5%	94.8%
Actuarial Information:		
Normal Cost %	0%	0%
Actuarial Accrued Liability (AAL)	$8,165,218	$7,360,820
Unfunded Actuarial Accrued Liability (UAAL)	4,878,853	4,068,576
Funded Ratio on Actuarial Value of Assets	40.2%	44.7%
Amortization Period	10 years	9 years

 # The Board adopted a 2016 Fiscal Year Employer Contribution of $604,690 at the May 15, 2015 Board meeting.

Highlights

Actuarial gains occurred on mortality, lower than expected cost-of-living adjustments, and slightly higher than expected investment returns on an Actuarial Value basis. **The liability to the plan also reduced from the prior valuation as a result of raising the long-term investment rate of return (net of expenses) from 7.0% to 7.5%. This change was approved by the Board. As stated in our May 1, 2015 Supplemental valuation, GRS does not believe that this assumed rate of return can be supported as a reasonable assumption by this Fund. See further discussion on page A-1.**

The executive summary gives an overview of the entire report. It cannot be used as a substitute for a thorough reading of the full report.

SECTION A

VALUATION RESULTS, COMMENTS AND RECOMMENDATION

CONTRIBUTIONS NEEDED TO FINANCE BENEFITS OF THE PENSION FUND FOR THE FISCAL YEAR BEGINNING JULY 1, 2016

The computed employer contribution for the fiscal year beginning July 1, 2016 is $566,077, based on the Board adopted assumed rate of return of 7.50%. We recommend against decreasing employer contributions in a plan that is not well funded. This is a decrease of $65,268 from the prior year's recommended contribution of $631,705 and a decrease of $38,613 from the prior year's Board adopted contribution of $604,690.

In our May 1, 2015 supplemental report, we reviewed the assumed rate of return under the Fund's current investment policy and recent capital market expectations. Our recommendation was to lower the assumed rate of return from 7.0% per year, net of expenses, to 6.0% per year, net of expenses. Alternatively, the assumption could be modified to 7.0% per year gross of expenses provided the future employer contributions reflect additional payments of 1.0% of assets to cover the estimated plan expenses.

Our recommended employer contribution using an assumed rate of return of 6.0% net of investment expenses is $655,680 for the fiscal year ending June 30, 2017.

Timely receipt of employer contributions is critical for the well-being of the Fund.

The contribution is solely to pay for the Unfunded Actuarial Accrued Liability (UAAL). Currently the UAAL is $4,068,576 based on the 7.50% assumed rate of return. The unfunded actuarial accrued liability was financed over a period of 9 years. The future employer contributions were assumed to be the level dollar amount needed to amortize the unfunded actuarial accrued liability over the 9-year period. Contribution amounts were assumed to be paid midway through the fiscal year. Dollar amounts were adjusted for the time lag between June 30, 2015 and the assumed contribution date.

Comparative contribution amounts for prior fiscal years are shown on page A-4.

COMPARATIVE SCHEDULE ($ AMOUNTS IN THOUSANDS)

Valuation Date June 30	Actuarial Accrued Liability	Valuation Assets	Unfunded Actuarial Accrued Liability: Dollar Amount	Unfunded Actuarial Accrued Liability: Funded Status (on Valuation Assets)	Amortization Period (Yrs.): Actives	Amortization Period (Yrs.): Retired Lives	Experience Gain/(Loss)
1985	$30,115	$ 5,903	$24,212	19.6%	48	48	$ 2,813
1986	30,259	6,985	23,274	23.1%	47	47	1,914
1987	30,051	8,303	21,748	27.6%	46	46	2,453
1988	30,212	8,703	21,509	28.8%	45	45	1,097
1989	28,943	8,727	20,216	30.2%	44	44	2,131
1990	18,170	8,510	18,162	46.8%	43	43	7,037
1991	19,990	8,607	11,382	43.1%	42	25	3,052
1992	19,764	8,905	10,859	45.1%	41	24	786
1993	19,620	8,511	11,109	43.4%	40	23	(17)
1994	17,163	7,969	9,194	46.4%	39	22	2,136
1995	16,712	7,445	9,267	44.5%	38	21	72
1996	16,167	7,655	8,513	47.3%	37	20	883
1997 (b)	16,176	7,891	8,285	48.8%	36	19	110
1998 (a)	13,879	8,997	4,882	64.8%	35	18	1,731
1999	13,537	9,845	3,692	72.7%	34	17	1,005
2000 (a)	11,747	11,518	229	98.1%	N/A	10	3,367
2001	11,428	10,845	583	94.9%	N/A	9	(641)
2002	11,267	9,355	1,912	83.0%	N/A	8	(1,286)
2003	10,901	7,745	3,156	71.0%	N/A	7	(1,190)
2004	10,753	6,418	4,335	59.7%	N/A	6	(1,256)
2005	10,172	5,622	4,550	55.3%	N/A	5	(438)
2006 (a)	10,931	5,560	5,371	50.9%	N/A	10	(413)
2007	10,682	5,848	4,834	54.7%	N/A	10	(29)
2008 (a)	11,056	5,533	5,523	50.0%	N/A	10	(88)
2009 (a)	9,867	4,294	5,573	43.5%	N/A	19.65	(717)
2010 (a)	9,464	4,029	5,435	42.6%	N/A	20.93	(220)
2011	8,904	3,575	5,329	40.2%	N/A	13	(32)
2012 (a)	8,481	3,245	5,236	38.3%	N/A	12	308
2013	8,189	3,200	4,989	39.1%	N/A	11	(7)
2014	8,165	3,286	4,879	40.2%	N/A	10	376
2015	7,625	3,292	4,333	43.2%	N/A	9	259
2015 (a)	7,361	3,292	4,069	44.7%	N/A	9	259

(a) After changes in assumptions and/or methods.
(b) After implementation of four-year smoothed funding value of assets.

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS

Year Ended June 30	2014	2015	2016	2017	2018
A. Actuarial Value Beginning of Year	$3,200,350	$3,286,365			
B. Market Value End of Year	3,590,767	3,472,235			
C. Market Value Beginning of Year	3,282,007	3,590,767			
D. Non-Investment Net Cash Flow	(315,080)	(238,627)			
D1. Projected Rate of Return	7.00%	7.00%	7.50%		
E. Investment Income					
E1. Market Total: B - C - D	623,840	120,095			
E2. Amount for Immediate Recognition	212,997	221,694			
E3. Amount for Phased-In Recognition: E1-E2	410,843	(101,599)			
F. Phased-In Recognition of Investment Income					
F1. Current Year: 0.25 x E3	102,711	(25,400)			
F2. First Prior Year	50,770	102,711	$(25,400)		
F3. Second Prior Year	(105,270)	50,770	102,711	$(25,400)	
F4. Third Prior Year	139,887	(105,269)	50,769	102,710	$(25,399)
F5. Total Recognized Investment Gain	188,098	22,812	128,080	77,310	(25,399)
G. Actuarial Value					
G1. Preliminary Funding Value End of Year: A + D + E2 + F5	3,286,365	3,292,244			
G2. Upper Corridor Limit: B x 1.2	4,308,920	4,166,682			
G3. Lower Corridor Limit: B x 0.8	2,872,614	2,777,788			
G4. Final Actuarial Value	3,286,365	3,292,244			
H. Difference Between Market & Actuarial Value	304,402	179,991			
I. Recognized Rate of Return - Actuarial Value	13.2%	7.7%			
J. Recognized Rate of Return - Market Value	20.0%	3.5%			
K. Ratio of Actuarial Value to Market Value	91.5%	94.8%			

The Actuarial Value of Assets recognizes assumed investment income (line E2) fully each year. Differences between actual and assumed investment income (line E3) are phased-in over a closed 4-year period. During periods when investment performance exceeds the assumed rate, Actuarial Value of Assets will tend to be less than market value. During periods when investment performance is less than the assumed rate, Actuarial Value of Assets will be greater than market value. The Actuarial Value of Assets is unbiased with respect to Market Value. At any time it may be either greater or less than Market Value. If actual and assumed rates of retirement income are exactly equal for 3 consecutive years, the Actuarial Value will become equal to Market Value.

Actuarial Value of Assets is restricted to the range of 80% to 120% of Market Value.

CITY'S COMPUTED CONTRIBUTIONS - COMPARATIVE SCHEDULE

Fiscal Year Ended June 30	Valuation Date June 30	As Percents of Valuation Payroll	Dollar Contributions Computed	Dollar Contributions Actual
1980	1978	47.84 %	$ 1,213,055	$ 1,213,055
1981	1979	48.15	1,259,115	1,259,115
1982	1980	47.95	1,305,575	1,305,575
1983	1981	51.19	1,391,209	1,391,209
1984	1982	52.50	1,322,580	1,322,580
1985	1983	57.28	1,339,586	1,339,586
1986	1984	61.48	1,271,555	1,271,555
1987	1985	65.30	1,157,608	1,157,608
1988	1986	64.22	1,140,823	1,140,823
1989	1987	62.93	1,097,181	1,097,181
1990	1988	63.41	1,096,935	1,096,935
1991	1989	71.98	976,050	976,050
1992	1990	*	607,060 #	607,055
1993	1991	*	612,556	612,556
1994	1992	*	614,402	614,402
1995	1993	*	647,574	647,574
1996	1994	*	536,571	536,571
1997	1995	*	558,348	558,348
1998	1996	*	534,469	534,469
1999	1997	*	542,989	542,989
2000	1998	*	372,183	372,183
2001	1999	*	293,241	293,241
2002	2000	*	0	0
2003	2001	*	86,992	86,992
2004	2002	*	301,041	301,041
2005	2003	*	528,199	528,199
2006	2004	*	806,276	806,276
2007	2005	*	934,667	934,667
2008	2006	*	612,545	612,545
2009	2007	*	641,212	641,212
2010	2008	*	722,537 @	722,537
2011	2009	*	500,000 @	500,000
2012	2010	*	500,000 @	500,000
2013	2011	*	599,431 @	599,431
2014	2012	*	606,096 @	606,096
2015	2013	*	607,009	607,009
2016	2014	*	631,705	
2017	2015	*	594,705	
2017	2015	*	566,077 @+	

* *Not applicable.*
\# *Reflects transfers to Act 345 Retirement Fund through March 1, 1991.*
@ *After changes in assumptions and/or methods.*
\+ *The recommended contribution is $655,680.*

CASH FLOW PROJECTION A
9-YEAR CLOSED AMORTIZATION POLICY
7.5% RETURN ON ACTUARIAL VALUE OF ASSETS
(NET OF EXPENSES)

Valuation Date June 30	Actuarial Accrued Liability	Beginning Valuation Assets	Unfunded Accrued Liability	June 30 Funded Ratio	Projected Contributions	Expected Benefit Payments	7.5% Assumed Investment Return	Ending Valuation Assets
2015	$ 7,360,820	$ 3,292,244	$ 4,068,576	44.7%	$ 604,690	$ (804,021)	$ 239,988	$ 3,332,902
2016	7,079,255	3,332,902	3,746,353	47.1%	566,077	(791,700)	242,043	3,349,323
2017	6,789,348	3,349,323	3,440,025	49.3%	566,077	(777,663)	243,792	3,381,529
2018	6,492,250	3,381,529	3,110,721	52.1%	566,077	(762,038)	246,783	3,432,351
2019	6,189,071	3,432,351	2,756,720	55.5%	566,077	(744,962)	251,223	3,504,690
2020	5,880,859	3,504,690	2,376,169	59.6%	566,077	(726,543)	257,327	3,601,551
2021	5,568,628	3,601,551	1,967,077	64.7%	566,077	(706,830)	265,317	3,726,116
2022	5,253,418	3,726,116	1,527,302	70.9%	566,077	(685,786)	275,435	3,881,842
2023	4,936,387	3,881,842	1,054,545	78.6%	566,077	(663,350)	287,940	4,072,510
2024	4,618,840	4,072,510	546,330	88.2%	566,077	(639,489)	303,119	4,302,217
2025	4,302,217	4,302,217	-	100.0%	-	(614,158)	300,052	3,988,110
2026	3,988,110	3,988,110	-	100.0%	-	(587,320)	277,482	3,678,272
2027	3,678,272	3,678,272	-	100.0%	-	(558,956)	255,289	3,374,605
2028	3,374,605	3,374,605	-	100.0%	-	(529,061)	233,614	3,079,158
2029	3,079,158	3,079,158	-	100.0%	-	(497,761)	212,608	2,794,005
2030	2,794,005	2,794,005	-	100.0%	-	(465,260)	192,418	2,521,163
2031	2,521,163	2,521,163	-	100.0%	-	(431,831)	173,186	2,262,518
2032	2,262,518	2,262,518	-	100.0%	-	(397,885)	155,038	2,019,671
2033	2,019,671	2,019,671	-	100.0%	-	(363,912)	138,075	1,793,834
2034	1,793,834	1,793,834	-	100.0%	-	(330,435)	122,370	1,585,769
2035	1,585,769	1,585,769	-	100.0%	-	(297,979)	107,960	1,395,750
2036	1,395,750	1,395,750	-	100.0%	-	(267,020)	94,849	1,223,579
2037	1,223,579	1,223,579	-	100.0%	-	(237,915)	83,008	1,068,671
2038	1,068,671	1,068,671	-	100.0%	-	(210,941)	72,383	930,113
2039	930,113	930,113	-	100.0%	-	(186,293)	62,899	806,719
2040	806,719	806,719	-	100.0%	-	(164,020)	54,464	697,163
2041	697,163	697,163	-	100.0%	-	(144,100)	46,981	600,045
2042	600,045	600,045	-	100.0%	-	(126,377)	40,350	514,018
2043	514,018	514,018	-	100.0%	-	(110,600)	34,479	437,897
2044	437,897	437,897	-	100.0%	-	(96,519)	29,288	370,666
2045	370,666	370,666	-	100.0%	-	(83,919)	24,710	311,457
2046	311,457	311,457	-	100.0%	-	(72,593)	20,686	259,550
2047	259,550	259,550	-	100.0%	-	(62,364)	17,170	214,356
2048	214,356	214,356	-	100.0%	-	(53,144)	14,120	175,333
2049	175,333	175,333	-	100.0%	-	(44,849)	11,499	141,982
2050	141,982	141,982	-	100.0%	-	(37,447)	9,270	113,805
2051	113,805	113,805	-	100.0%	-	(30,916)	7,397	90,286
2052	90,286	90,286	-	100.0%	-	(25,235)	5,842	70,893
2053	70,893	70,893	-	100.0%	-	(20,364)	4,567	55,096
2054	55,096	55,096	-	100.0%	-	(16,271)	3,533	42,359
2055	42,359	42,359	-	100.0%	-	(12,878)	2,703	32,183
2056	32,183	32,183	-	100.0%	-	(10,091)	2,042	24,134
2057	24,134	24,134	-	100.0%	-	(7,826)	1,522	17,831
2058	17,831	17,831	-	100.0%	-	(5,989)	1,117	12,958
2059	12,958	12,958	-	100.0%	-	(4,514)	806	9,250
2060	9,250	9,250	-	100.0%	-	(3,339)	571	6,482
2061	6,482	6,482	-	100.0%	-	(2,422)	397	4,457
2062	4,457	4,457	-	100.0%	-	(1,719)	271	3,009
2063	3,009	3,009	-	100.0%	-	(1,196)	182	1,995
2064	1,995	1,995	-	100.0%	-	(815)	120	1,300
2065	1,300	1,300	-	100.0%	-	(545)	77	833
2066	833	833	-	100.0%	-	(358)	49	524
2067	524	524	-	100.0%	-	(228)	31	327
2068	327	327	-	100.0%	-	(145)	19	201
2069	201	201	-	100.0%	-	(91)	12	122
2070	122	122	-	100.0%	-	(57)	7	73
2071	73	73	-	100.0%	-	(35)	4	42
2072	42	42	-	100.0%	-	(21)	2	23
2073	23	23	-	100.0%	-	(13)	1	11
2074	11	11	-	100.0%	-	(7)	1	4
2075	4	4	-	100.0%	-	(4)	0	-
2076	-	-	-		-	-	-	-

CASH FLOW PROJECTION B
9-YEAR CLOSED AMORTIZATION POLICY
6.0% RETURN ON ACTUARIAL VALUE OF ASSETS
(NET OF EXPENSES)

Valuation Date June 30	Actuarial Accrued Liability	Beginning Valuation Assets	Unfunded Accrued Liability	June 30 Funded Ratio	Projected Contributions	Expected Benefit Payments	6% Assumed Investment Return	Ending Valuation Assets
2015	$ 8,213,337	$ 3,292,244	$ 4,921,093	40.1%	$ 604,690	$ (804,021)	$ 191,906	$ 3,284,819
2016	7,878,347	3,284,819	4,593,528	41.7%	655,680	(791,700)	193,355	3,342,155
2017	7,535,944	3,342,155	4,193,789	44.3%	655,680	(777,663)	197,210	3,417,382
2018	7,187,447	3,417,382	3,770,066	47.5%	655,680	(762,038)	202,185	3,513,210
2019	6,834,128	3,513,210	3,320,919	51.4%	655,680	(744,962)	208,440	3,632,368
2020	6,477,191	3,632,368	2,844,823	56.1%	655,680	(726,543)	216,134	3,777,638
2021	6,117,800	3,777,638	2,340,162	61.7%	655,680	(706,830)	225,433	3,951,922
2022	5,757,143	3,951,922	1,805,221	68.6%	655,680	(685,786)	236,512	4,158,329
2023	5,396,512	4,158,329	1,238,183	77.1%	655,680	(663,350)	249,559	4,400,218
2024	5,037,342	4,400,218	637,123	87.4%	655,680	(639,489)	264,778	4,681,188
2025	4,681,188	4,681,188	-	100.0%	-	(614,158)	262,715	4,329,745
2026	4,329,745	4,329,745	-	100.0%	-	(587,320)	242,422	3,984,847
2027	3,984,847	3,984,847	-	100.0%	-	(558,956)	222,566	3,648,457
2028	3,648,457	3,648,457	-	100.0%	-	(529,061)	203,267	3,322,662
2029	3,322,662	3,322,662	-	100.0%	-	(497,761)	184,644	3,009,546
2030	3,009,546	3,009,546	-	100.0%	-	(465,260)	166,818	2,711,103
2031	2,711,103	2,711,103	-	100.0%	-	(431,831)	149,900	2,429,172
2032	2,429,172	2,429,172	-	100.0%	-	(397,885)	133,988	2,165,275
2033	2,165,275	2,165,275	-	100.0%	-	(363,912)	119,158	1,920,521
2034	1,920,521	1,920,521	-	100.0%	-	(330,435)	105,463	1,695,548
2035	1,695,548	1,695,548	-	100.0%	-	(297,979)	92,924	1,490,493
2036	1,490,493	1,490,493	-	100.0%	-	(267,020)	81,536	1,305,008
2037	1,305,008	1,305,008	-	100.0%	-	(237,915)	71,267	1,138,359
2038	1,138,359	1,138,359	-	100.0%	-	(210,941)	62,066	989,484
2039	989,484	989,484	-	100.0%	-	(186,293)	53,862	857,053
2040	857,053	857,053	-	100.0%	-	(164,020)	46,574	739,607
2041	739,607	739,607	-	100.0%	-	(144,100)	40,116	635,623
2042	635,623	635,623	-	100.0%	-	(126,377)	34,401	543,647
2043	543,647	543,647	-	100.0%	-	(110,600)	29,349	462,397
2044	462,397	462,397	-	100.0%	-	(96,519)	24,890	390,768
2045	390,768	390,768	-	100.0%	-	(83,919)	20,965	327,814
2046	327,814	327,814	-	100.0%	-	(72,593)	17,523	272,745
2047	272,745	272,745	-	100.0%	-	(62,364)	14,521	224,902
2048	224,902	224,902	-	100.0%	-	(53,144)	11,923	183,681
2049	183,681	183,681	-	100.0%	-	(44,849)	9,695	148,527
2050	148,527	148,527	-	100.0%	-	(37,447)	7,805	118,885
2051	118,885	118,885	-	100.0%	-	(30,916)	6,219	94,188
2052	94,188	94,188	-	100.0%	-	(25,235)	4,905	73,858
2053	73,858	73,858	-	100.0%	-	(20,364)	3,829	57,323
2054	57,323	57,323	-	100.0%	-	(16,271)	2,958	44,011
2055	44,011	44,011	-	100.0%	-	(12,878)	2,260	33,393
2056	33,393	33,393	-	100.0%	-	(10,091)	1,705	25,007
2057	25,007	25,007	-	100.0%	-	(7,826)	1,269	18,451
2058	18,451	18,451	-	100.0%	-	(5,989)	930	13,392
2059	13,392	13,392	-	100.0%	-	(4,514)	670	9,548
2060	9,548	9,548	-	100.0%	-	(3,339)	474	6,683
2061	6,683	6,683	-	100.0%	-	(2,422)	329	4,591
2062	4,591	4,591	-	100.0%	-	(1,719)	225	3,096
2063	3,096	3,096	-	100.0%	-	(1,196)	150	2,051
2064	2,051	2,051	-	100.0%	-	(815)	99	1,335
2065	1,335	1,335	-	100.0%	-	(545)	64	855
2066	855	855	-	100.0%	-	(358)	41	538
2067	538	538	-	100.0%	-	(228)	26	335
2068	335	335	-	100.0%	-	(145)	16	206
2069	206	206	-	100.0%	-	(91)	10	125
2070	125	125	-	100.0%	-	(57)	6	74
2071	74	74	-	100.0%	-	(35)	3	42
2072	42	42	-	100.0%	-	(21)	2	23
2073	23	23	-	100.0%	-	(13)	1	11
2074	11	11	-	100.0%	-	(7)	0	4
2075	4	4	-	100.0%	-	(4)	0	-
2076	-	-	-		-	-	-	-

DEVELOPMENT OF GAIN/(LOSS)

DERIVATION	A. Actuarial Accrued Liability	B. Actuarial Value of Assets	C. Unfunded Actuarial Accrued Liability (A. - B.)
(1) Value at start of year	$8,165,218	$3,286,365	$4,878,853
(2) Normal cost from last valuation	-	N/A	-
(3) Actual contributions	N/A	607,009	607,009
(4) Disbursements	(845,636)	(845,636)	-
(5) Interest accrual [(1) + [(2) + (3) + (4)] / 2] x 7.00%	541,968	221,694	320,274
(6) Expected value before changes (1) + (2) + (3) + (4) + (5)	$7,861,550	$3,269,432	$4,592,118
(7) Increase due to plan amendment	-	-	-
(8) Increase due to change in investment rate of return	(264,237)	-	(264,237)
(9) Expected value after changes (6) + (7) + (8)	$7,597,313	$3,269,432	$4,327,881
(10) Actual value at end of year	7,360,820	3,292,244	4,068,576
(11) Gain/(loss) (10) - (9) [*(9) - (10) for assets]	$ 236,492	$ 22,812 *	$ 259,304

COMMENTS AND RECOMMENDATION

Actuarial Valuation

This report presents the actuarial valuation of the City of Jackson Policemen's and Firemen's Pension Fund prepared as of June 30, 2015. Valuations are prepared annually as of July 1 of each year; the first day of the City of Jackson Policemen's and Firemen's Pension Fund plan and fiscal year.

The primary purposes of the valuation report are to measure the plan's liabilities to determine the required employer contribution rate based upon the Fund's funding policy and to analyze changes in the City of Jackson Policemen's and Firemen's Pension Fund's actuarial position.

In addition, the report provides summaries of the member data, financial data, plan provisions, and actuarial assumptions and methods.

Financing Objectives

The City of Jackson Policemen's and Firemen's Pension Fund is a very mature plan with no active members and is supported only by employer contributions and net earnings on the investments of the Fund. The employer contribution is determined by the actuarial valuation.

The employer contributions are intended to be sufficient to amortize the Unfunded Actuarial Accrued Liability (UAAL) over a 13-year level dollar closed period for liabilities beginning with the June 30, 2011 valuation. The remaining amortization period for retired liabilities is down to 9 years.

Plan Experience: Net experience for the Pension Fund was favorable during the year ending June 30, 2015. The major sources of gains or losses on the UAAL are:

Item	Impact on UAAL	
Asset Gain	$	22,812
COLA Gain		151,878
Mortality Gain		84,614
Total Experience Gain	$	259,304

The liability to the plan also reduced from the prior valuation by an additional $264,237 as a result of raising the long-term investment rate of return (net of expenses) from 7.0% to 7.5%. This change was approved by the Board; GRS does not believe that this assumed rate of return can be supported as a reasonable assumption by this Fund.

COMMENTS AND RECOMMENDATION (CONTINUED)

Investment Return: The recognized rate of return was 7.7% versus the assumed rate from the prior valuation of 7.0% resulting in a gain. (Note that this is primarily as a result of continued recognition of large investment gains during 2014). Actual COLAs granted this year were 1%, 1.5%, and 2% versus the assumed rate of 3.0% resulting in a gain.

Funded Status: The Funded Status of the plan improved from the prior valuation year as a result of experience gains along with changes adopted in plan assumptions. The Funded Status on an Actuarial Value of Assets basis improved to 44.7% as of June 30, 2015 versus 40.2% as of the prior year's valuation. If all future unrecognized investment gains were to be recognized immediately (Item H. of Page A-3), the Funded Status (on a Market Value basis) would have been 47.2% as of June 30, 2015. This is up from 44.0% as of the prior valuation.

The Funded Status is not appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations. By itself, this measure is not appropriate for assessing the need for or the amount of future employer contributions.

Assumptions and Methods: The long-term investment rate of return net of expenses was increased from 7.0% to 7.5%. This change was approved by the Board; GRS does not believe that this assumed rate of return can be supported as a reasonable assumption by this Fund. We have determined the recommended employer contribution under the alternate assumption of 6.0%. Since the last review, the Society of Actuaries has issued new mortality tables and mortality improvement scales (RP-2014 and MP-2014). The Fund's current assumption has mortality improvements projected to 2017; GRS believes the plan's current mortality assumptions to be reasonable.

Looking Ahead: The current level of benefit payments, $812,330, is large relative to the market value of assets of $3,472,235 as of June 30, 2015. The amount of benefit payments, the value of funds in the trust, and the trust investment vehicles all should be monitored closely to avoid any short-term cash flow problems. Pages A-5 and A-6 show projections under the current and alternate assumption policies.

It is important to understand that these projections are not forecasts. Projection A assumes that the Fund earns 7.5% on the actuarial value of assets. If market returns are not sufficient to yield 7.5% on the valuation assets, contributions will increase in the next few years. Projection B was included to show the potential impact on contributions if the Fund earns 6.0% on the actuarial value of assets and the employer contributes the recommended amount of $655,680.

COMMENTS AND RECOMMENDATION (CONCLUDED)

GASB Accounting Standards: In June 2012, the GASB approved two new accounting standards for public sector retirement systems and governments, Statements No. 67 and No. 68. These new standards are a significant departure from the current standards. The GASB has stated that accounting standards should be separate from funding standards. In our view, the funding of the Pension Fund may continue unchanged. This report contains the required GASB No. 67 disclosures for the plan. Note that the June 30, 2014 GASB No. 67 disclosures have been restated. A separate report was issued to the City with GASB No. 68 information as of June 30, 2015.

Solvency Liability: The actuarial accrued liability determined at the expected return on assets may be used for budgeting annual contributions. The liability does not reflect the risk of not achieving the expected return. An alternative measure of the solvency liability is a market-based measurement of the pension obligation. It represents the amount of assets the plan would need to invest in lower risk securities to provide benefits with greater certainty. For this purpose, the solvency liability is computed at 3.80% as of June 30, 2015, based on the long-term municipal bond rate ("State & Local Bonds" rate from the Federal Reserve Statistical Release (H.15) as of June 30, 2015). For purpose of incorporating a market measure of inflation, it is assumed COLAs are to grow at 1.88% which is based on the Cleveland Federal Reserve's expectation for inflation on a 20-year horizon. No adjustment has been made for the credit quality of the plan sponsor.

Item	as of June 30, 2015
A. Solvency Liability	$ 8,999,876
B. Market Value of Assets	$ 3,472,235
C. Unfunded Solvency Liability (A-B)	$ 5,527,641
D. Solvency Ratio	38.6%

Recommendation: We recommend that the Board continue to monitor liquidity needs and asset allocation with the investment consultant. Roughly 60% of the liability is attributable to expected benefit payments in the next 10 years. In the current market, achieving 7.5% per year during the next 10 years may prove very challenging. GRS does not believe that this assumed rate of return can be supported as a reasonable assumption by this Fund. It may be necessary to lower the assumed rate of return if the current low interest rate environment persists.

SECTION B

SUMMARY OF BENEFIT PROVISIONS AND VALUATION DATA SUBMITTED BY PENSION FUND

SUMMARY OF BENEFIT PROVISIONS EVALUATED AND/OR CONSIDERED (JUNE 30, 2015)

REGULAR RETIREMENT (NO REDUCTION FACTOR FOR AGE)

Eligibility - Age 55 with 25 years of credited service, or age 65 regardless of credited service.

Mandatory Retirement Age - Age 65.

Annual Amount - 2% of Final Average Salary (FAS) for each year of credited service, to a maximum of 60% of FAS.

Type of Final Average Salary - Average of annual salary for the five highest consecutive years of service within last 10 years preceding retirement.

DUTY DISABILITY RETIREMENT

Eligibility - Total and permanent disability incurred in line of duty with the City.

Annual Amount - 66-2/3% of current salary at date of disability. Amount is offset by Worker's Compensation.

NON-DUTY DISABILITY RETIREMENT

Eligibility - Total and permanent disability after 10 years of credited service and under the age of 55 years.

Annual Amount - 1-2/3% of final average salary for each year of credited service. Minimum is 20% of FAS; maximum is 50% of FAS.

DUTY DEATH BEFORE RETIREMENT

Eligibility - Death in line of duty with the City.

Annual Amount - 50% of final salary to surviving spouse, until remarriage or death, plus 10% to each unmarried child under age 18; maximum to spouse and children is 66-2/3% of final salary. Amounts are offset by Worker's Compensation.

SUMMARY OF BENEFIT PROVISIONS EVALUATED AND/OR CONSIDERED (JUNE 30, 2015)

NON-DUTY DEATH BEFORE RETIREMENT

Eligibility - Death after 10 years of credited service.

Annual Amount - 1-1/2% of final average salary to eligible spouse (married at least 1 year to deceased member) for each year of credited service, payable beginning no earlier than age 45. Minimum is 20% of FAS; maximum is 40% of FAS. To each unmarried child under age 18, 10% of FAS with maximum of 50% of FAS for all minor children; total for spouse and children not to exceed 66-2/3% of FAS.

AUTOMATIC DEATH BENEFIT AFTER RETIREMENT

Upon the Death of a Regular Retiree the surviving spouse receives a benefit equal to 66-2/3% of the benefit ***at retirement***. Upon the death of the Duty Disability retiree, the surviving spouse receives a benefit equal to 75% of the benefit the retiree received ***at death***. These survivorship benefits will continue to increase with Post-Retirement Cost-of Living Adjustments.

POST-RETIREMENT COST-OF-LIVING ADJUSTMENTS

Pensions adjusted by same percent as increase in the pay of the rank last occupied.

MEMBER CONTRIBUTIONS

7% plus 1/2 of 1% for post-retirement cost-of-living adjustments.

SUMMARY OF ASSET INFORMATION SUBMITTED FOR VALUATION

Balance Sheet

Reported Assets - Market Value		Reserves for	
Cash & equivalents	$ 110,581	Members' contributions	$ 0
Receivables & accruals	1,899	Employer contributions	24,399,512
Stocks	1,862,666	Retired benefit payments	(20,927,277)
Bonds	959,485		
International stocks	537,604		
Total Current Assets	**$3,472,235**	**Total Reserves**	**$ 3,472,235**

Revenues and Expenditures

Reported Balance - 6/30/2014	$3,590,767
Revenues	
Members' contributions	0
Employer contributions	607,009
Investment income	154,170
Expenditures	
Benefit payments	845,636
Refund of member contributions	none
Administrative expense	34,075
Transfer to Act 345 (member contributions)	none
Reported Balance - 6/30/2015	**$3,472,235**

RETIRANT AND BENEFICIARY COMPARATIVE SCHEDULE
(ANNUAL PENSIONS INCLUDE ESCALATION)

Year Ended June 30	Added to Rolls No.	Annual Pensions* New	Annual Pensions* COLAs	Removed from Rolls No.	Removed from Rolls Annual Pensions	Rolls End of Year No	Rolls End of Year Annual Pensions	% Incr. in Annual Pensions	Average Pension	Discounted Value of Pensions Total	Discounted Value of Pensions Average
1990	5	$ 97,241		10	$ 152,014	101	$1,493,393	(3.5) %	$14,786	$18,062,914	$178,841
1991	1	70,460		7	89,406	95	1,474,447	(1.3)	15,520	18,276,463	192,384
1992	1	63,725		2	30,114	94	1,508,058	2.3	16,043	18,168,944	193,287
1993	2	65,384		4	75,660	92	1,497,782	(0.7)	16,280	17,874,330	194,286
1994	1	3,323		5	73,126	88	1,427,979	(4.7)	16,227	16,794,575	190,847
1995	2	82,432		6	94,036	84	1,416,375	(0.8)	16,862	16,323,768	194,331
1996	1	51,246		4	73,871	81	1,393,749	(1.6)	17,207	15,749,311	194,436
1997		66,799		3	22,494	78	1,438,054	3.2	18,437	15,690,172	201,156
1998		42,629		6	83,160	72	1,397,523	(2.8)	19,410	13,478,231	187,198
1999	1	44,820		4	54,045	69	1,388,298	(0.7)	20,120	13,126,607	190,241
2000	1	69,894		5	107,373	65	1,350,819	(2.7)	20,782	11,747,323	180,728
2001		44,704		4	79,319	61	1,316,204	(2.6)	21,577	11,427,707	187,339
2002		38,818		2	24,168	59	1,330,854	1.1	22,557	11,267,420	190,973
2003	3	105,612		6	148,099	56	1,288,367	(3.2)	23,007	10,900,752	194,656
2004			$ 41,628	2	18,616	54	1,311,379	1.8	24,285	10,753,134	199,132
2005			42,898	4	91,966	50	1,262,311	(3.7)	25,246	10,172,322	203,446
2006			47,031	4	30,670	46	1,278,672	1.3	27,797	10,930,809	237,626
2007			43,468	2	66,876	44	1,255,264	(1.8)	28,529	10,681,885	242,770
2008	3	22,947	39,671	5	121,543	42	1,196,339	(4.7)	28,484	11,055,950 @	263,237
2009	1	31,172	30,500	7	179,762	36	1,078,249	(9.9)	29,951	9,866,752	274,076
2010			28,465	3	43,249	33	1,063,465	(1.4)	32,226	9,463,639	286,777
2011	2	70,213	4,675	3	125,298	32	1,013,055	(4.7)	31,658	8,904,371	278,262
2012			7,083	3	46,283	29	973,855	(3.9)	33,581	8,481,396 @	292,462
2013			13,234	1	5,871	28	981,217	0.8	35,043	8,189,493	292,482
2014	3	72,389	10,934	5	208,826	26	855,714	(12.8)	32,912	8,165,218	314,047
2015			10,114	2	53,498	24	812,330	(5.1)	33,847	7,360,820 @	306,701

* *Beginning in the 2004 valuation, changes in annual pension are separated into benefits for new members and cost-of-living adjustments for existing members.*
@ *After changes in assumptions and/or methods.*

RETIRANTS AND BENEFICIARIES ON ROLLS
COMPARATIVE STATEMENT

Valuation Date June 30	No. on Rolls	Initial Pensions*	Escalation Pensions	Total	Initial as Percent of Total
1960	68			$ 158,345	
1965	71	$172,949	$ 42,488	215,437	80.3 %
1970	104	278,557	199,921	478,478	58.2
1975	116	497,954	395,028	892,982	55.8
1980	112	567,501	567,214	1,134,715	50.0
1985	110	774,651	628,568	1,403,219	55.2
1990	101	751,155	742,238	1,493,393	50.3
1991	95	722,482	751,965	1,474,447	49.0
1992	94	722,387	785,671	1,508,058	47.9
1993	92	712,725	785,057	1,497,782	47.6
1994	88	683,521	744,458	1,427,979	47.9
1995	84	672,805	743,570	1,416,375	47.5
1996	81	655,743	738,006	1,393,749	47.0
1997	78	641,341	796,713	1,438,054	44.6
1998	72	625,412	772,111	1,397,523	44.8
1999	69	609,245	779,053	1,388,298	43.9
2000	65	610,280	740,539	1,350,819	45.2
2001	61	591,432	724,772	1,316,204	44.9
2002	59	583,398	747,456	1,330,854	43.8
2003	56	601,739	686,628	1,288,367	46.7
2004	54	590,490	720,889	1,311,379	45.0
2005	50	560,207	702,104	1,262,311	44.4
2006	46	541,856	736,816	1,278,672	42.4
2007	44	529,973	725,291	1,255,264	42.2
2008	42	514,630	681,709	1,196,339	43.0
2009	36	464,420	613,829	1,078,249	43.1
2010	33	446,976	616,489	1,063,465	42.0
2011	32	444,354	568,701	1,013,055	43.9
2012	29	422,907	550,948	973,855	43.4
2013	28	418,926	562,291	981,217	42.7
2014	26	364,983	490,731	855,714	42.7
2015	24	341,918	470,412	812,330	42.1

RETIRANTS AND BENEFICIARIES AS OF JUNE 30, 2015
TABULATED BY TYPE OF PENSIONS BEING PAID

Type of Pension Being Paid	No.	Escalator Pensions	Initial Pensions	Total Annual Pensions
Present Plan (1957) Pensions				
Age & Service Pensions:				
- straight life	3	$ 78,953	$ 71,962	$150,915
- survivor beneficiaries	8	102,439	68,219	170,658
- totals	11	181,392	140,181	321,573
Casualty Pensions:				
- disability	12	278,868	200,555	479,423
- death-in-service	1	10,152	1,182	11,334
- totals	13	289,020	201,737	490,757
Present Plan Totals	24	470,412	341,918	812,330
Total Pensions Being Paid	**24**	**$470,412**	**$341,918**	**$812,330**

RETIRANTS AND BENEFICIARIES AS OF JUNE 30, 2015
TABULATED BY ATTAINED AGE

	Present Plan	
Attained Age	**No.**	**Annual Pensions**
60 - 64	1	$ 29,571
65 - 69	1	38,508
70 - 74	4	177,437
75 - 79	7	252,008
80	1	56,066
81	2	29,473
82	1	37,569
85	1	5,614
86	2	109,286
88	2	22,596
94	1	32,046
95	1	22,156
TOTALS	**24**	**$ 812,330**

Average Age at Retirement: 48.0 yrs.

Average Age Now: 79.8 yrs.

ACTIVE MEMBERS *
COMPARATIVE SCHEDULE

Valuation Date June 30	Active Members	Valuation Payroll	Average Age	Average Service	Average Pay	% Incr.
1966	161	$1,120,927	N/A yrs.	N/A yrs.	$ 6,962	0.0 %
1967	154	1,112,452	38.8	12.3	7,224	3.8
1968	189	1,616,594	36.9	10.9	8,553	18.4
1969	171	1,491,991	37.8	11.7	8,725	2.0
1970	184	1,985,341	36.8	10.9	10,790	23.7
1971	181	2,069,097	37.4	11.7	11,431	5.9
1972	182	2,255,898	37.4	11.7	12,395	8.4
1973	172	2,245,755	37.3	11.7	13,057	5.3
1974	155	2,191,456	37.2	11.9	14,138	8.3
1975	153	2,561,103	38.1	12.7	16,739	18.4
1976	141	2,590,482	38.4	13.1	18,372	9.8
1977	124	2,356,400	38.4	13.0	19,003	3.4
1978	114	2,392,124	39.0	13.5	20,984	10.4
1979	110	2,466,966	40.3	14.7	22,427	6.9
1980	103	2,567,220	40.6	15.0	24,924	11.1
1981	90	2,562,461	41.6	16.0	28,472	14.2
1982	82	2,375,269	41.5	16.2	28,967	1.7
1983	73	2,216,742	41.9	16.7	30,366	4.8
1984	67	1,960,418	42.1	17.0	29,260	(3.6)
1985	56	1,680,335	42.1	17.2	30,006	2.5
1986	54	1,683,819	42.8	18.0	31,182	3.9
1987	51	1,652,602	43.6	18.8	32,404	3.9
1988	46	1,639,724	44.2	19.6	35,646	10.0
1989	33	1,285,310	44.9	20.3	38,949	9.3
1990	21	777,999	45.8	21.1	37,048	(4.9)
1991	6	251,480	47.8	22.0	41,913	13.1
1992	5	228,684	48.2	22.8	45,737	9.1
1993	5	237,750	49.2	23.8	47,550	4.0
1994	1	43,230	56.0	24.3	43,230	(9.1)
1995	1	43,139	57.0	25.3	43,139	(0.2)
1996	1	44,875	58.0	26.3	44,875	4.0
1997	1	50,098	59.0	27.3	50,098	11.6
1998	1	49,813	60.0	28.3	49,813	(0.6)
1999	1	51,016	60.8	29.3	51,016	2.4
2000	0	0	N/A	N/A	N/A	N/A

** As of the June 30, 2000 valuation, there are no longer active members.*

SECTION C

ACTUARIAL COST METHODS, ACTUARIAL ASSUMPTIONS AND DEFINITIONS OF TECHNICAL TERMS

ACTUARIAL COST METHODS USED FOR THE VALUATION

Financing of Unfunded Actuarial Accrued Liabilities: Unfunded actuarial accrued liability was financed over a period of the average life expectancy of remaining members rounded down to whole years. The indicated dollar amounts were assumed to remain level over the closed 9-year amortization period. Contribution amounts were assumed to be paid midway through the fiscal year.

The ***Actuarial Value of Assets*** used for funding purposes is derived as follows: prior year valuation assets are increased by contribution and expected investment income and reduced by refunds, benefit payments and expenses. To this amount is added 25% of the difference between expected and actual investment income for each of the previous four years. Beginning with the June 30, 2008 valuation, Actuarial Value of Assets are restricted to the range of 80% to 120% of market value of assets.

ACTUARIAL ASSUMPTIONS USED FOR THE VALUATION

The contribution requirements and actuarial present values of a pension fund are calculated by applying actuarial assumptions to the benefit provisions and people information of the Fund, using the actuarial methods described on page C-1.

The principal areas of risk which require actuarial assumptions about future experiences are:

(i) long-term rates of investment return to be generated by the assets of the Fund

(ii) patterns of pay increases to members

(iii) rates of mortality among members, retirants, and beneficiaries

(iv) rates of withdrawal of active members

(v) rates of disability among active members

(vi) the age patterns of actual retirements

The monetary effect of each assumption is calculated for as long as a present covered person survives - - - a period of time which can be as long as a century.

Actual experience of the Fund will not coincide exactly with assumed experience, regardless of the wisdom of the assumptions. Each valuation provides a complete recalculation of assumed future experience and takes into account all past differences between assumed and actual experience. The result is a continual series of adjustments (usually small) to the computed contribution rate.

From time-to-time one or more of the assumptions are modified to reflect experience trends (but not random or temporary year-to-year fluctuations).

All actuarial assumptions are expectations of future experience, not market measures.

The investment return rate (net of administrative expenses) used for valuation calculations was 7.5% a year, compounded annually. The assumed rate of price inflation is 2.75% per year resulting in a real rate of return of 4.75% per year

The assumption is used to equate the value of payments due at different points in time and was first used for the revised June 30, 2014 valuation supplemental to re-compute the 2016 fiscal year employer contribution. Approximate investment returns, for the purpose of comparisons with assumed returns, have been as follows:

	Year Ended June 30					5-Year
	2015	**2014**	**2013**	**2012**	**2011**	**Average**
Nominal rate	7.7%	13.2%	11.1%	4.6%	2.8%	7.8%

The nominal rate of return was computed using the approximate formula i = I divided by 1/2 (A + B - I), where I is actual realized investment income net of expenses plus market value adjustments, A is the beginning of year asset value, and B is the end of year asset value.

These rates of return should not be used for measurement of an investment advisor's performance or for comparisons with other pension funds -- to do so will mislead.

Assumed rate of pension escalation: 3.0% per annum, compounded annually.

The mortality table used was the RP 2000 Combined Mortality Table for males and females projected to 2017 using scale BB. The Base table is the RP 2000 Combined Mortality Table projected to the valuation date and the provision for future mortality improvement is the additional projection to 2017 with scale BB. This table was first used for the June 30, 2012 valuation. Sample values follow:

Sample	Present Value of $1 Monthly for Life		Future Life Expectancy (Years)	
Ages	**Men**	**Women**	**Men**	**Women**
60	$127.75	$132.83	23.61	26.04
65	116.60	122.58	19.42	21.70
70	103.45	110.58	15.53	17.68
75	88.49	96.98	12.00	14.02
80	72.49	82.01	8.93	10.76
95	30.89	40.19	3.06	4.23

This assumption is used to measure the probabilities of each benefit payment being made after retirement.

Load for survivor pension escalation: Upon the death of a service retiree with a joint and survivor form of payment, the surviving spouse's benefit is reset to the applicable percent of the retiree's benefit at retirement. This reset benefit is escalated in future years. For purposes of the valuation, surviving spouse's benefits for living retirees are valued without the COLA and the liability for the plan as a whole is increased by 1%.

DEFINITIONS OF TECHNICAL TERMS

Accrued Service: Service credited under the fund which was rendered before the date of the actuarial valuation.

Actuarial Accrued Liability: The difference between the actuarial present value of future benefit payments and the actuarial present value of future normal costs. Also referred to as "accrued liability" or "past service liability."

Actuarial Assumptions: Estimates of expected future experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turn-over and retirement) and generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of the underlying rates in an inflation-free environment plus a provision for a long-term average rate of inflation.

Actuarial Cost Method: A mathematical budgeting procedure for allocating the dollar amount of the "actuarial present value of future benefit payments" between future normal costs and actuarial accrued liabilities. Sometimes referred to as the "actuarial valuation cost method."

Actuarial Equivalent: A single amount or series of amounts of equal actuarial present value to another single amount or series of amounts, computed on the basis of appropriate actuarial assumptions.

Actuarial Present Value: The amount of funds currently required to provide a payment or series of payments in the future. It is determined by discounting future payments at predetermined rates of interest, and by probabilities of payment. Also referred to as "present value."

Amortization: Paying off an interest-discounted amount with periodic payments of interest and principal -- as opposed to paying it off with a lump sum payment.

Experience Gain/(Loss): The difference between actual actuarial costs and assumed actuarial costs - - during the period between two valuation dates.

Normal Cost: The actuarial cost allocated to the current year by the actuarial cost method. Sometimes referred to as "current service cost."

Unfunded Actuarial Accrued Liabilities: The difference between Actuarial Accrued Liabilities and the Actuarial Value of Assets. Sometimes referred to as "unfunded past service liability", "unfunded accrued liability" or "unfunded supplemental present value."

Most pension funds have unfunded actuarial accrued liabilities. They arise each time new benefits are added and each time an experience loss is realized.

The existence of unfunded actuarial accrued liabilities is not in itself bad, any more than a mortgage on a house is bad. Unfunded actuarial accrued liabilities do not represent a debt that is payable today. What is important is the ability to control the amount of unfunded actuarial accrued liabilities and the trend in their amount (after due allowance for devaluation of the dollar).

SECTION D

DISCLOSURES REQUIRED BY STATEMENT NO. 67 OF THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD

Auditor's Note – This information is intended to assist in preparation of the financial statements of the City of Jackson Policemen's and Firemen's Pension Fund. Financial statements are the responsibility of management, subject to the auditor's review. Please let us know if the auditor recommends any changes.

INFORMATION REQUIRED BY GASB STATEMENT NO. 67

The Governmental Accounting Standards Board Statement No. 67 (GASB Statement No. 67) contains certain requirements regarding the accounting and disclosure of financial information. In addition to disclosing the system's fiduciary net position, retirement systems are also required to disclose information regarding the plan's Total Pension Liability, net pension liability, and change in net pension liability from the prior year. In actuarial terms, these are the plan's actuarial accrued liability and unfunded actuarial accrued liability on a market value of asset basis. This section of the report contains information that is part of the Retirement System's disclosure requirements under this accounting standard.

DETERMINATION OF THE NET PENSION LIABILITY

Roll-Forward Methodology

The June 30, 2014 Total Pension Liability was rolled-forward to the June 30, 2015 measurement date by applying one year of Service Cost (increases TPL), actual benefit payments and refunds during the year (reduces TPL), and an interest rate adjustment assuming the beginning of year Single Discount Rate of 6.63%. A full year of interest was applied to the beginning of year TPL and one-half year of interest was applied to the Service Cost and benefit payments. The June 30, 2013 Total Pension Liability was rolled-forward to June 30, 2014 to determine the beginning of year TPL, using the same methodology described above.

Measurement of the Net Pension Liability

The Net Pension Liability is measured as the Total Pension Liability, less the amount of the pension plan's fiduciary net position. In actuarial terms, this is analogous to the accrued liability less the market value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations performed to determine the employer's contribution requirement).

A Single Discount Rate of 6.39% was used to measure the Total Pension Liability. This Single Discount Rate was based on an expected rate of return on pension plan investments of 7.00%* and a municipal bond rate of 3.80%. The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2037. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2037, and the municipal bond rate was applied to all benefit payments after that date.

*** The Board of Trustees sets the actuarial assumptions and the Fund's funding policy. Under the Actuarial Standards of Practice, all actuarial assumptions must be reasonable. Under the Fund's current investment policy the plan's chosen 7.5% rate of return assumption cannot be supported as reasonable. Therefore, an interest rate of 7.00% plus a 1.0% expense ratio, which is within the range of reasonable interest rates, was chosen as the basis for this report.**

SENSITIVITY

Below is a table providing the sensitivity of the net pension liability to changes in the discount rate. In particular, the table presents the plan's net pension liability if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

Sensitivity of Net Pension Liability to the Single Discount Rate Assumption

	1% Decrease 5.392%	Current Single Discount Rate Assumption 6.392%	1% Increase 7.392%
Total Pension Liablity	$8,863,335	$8,124,797	$7,648,399
Net Position Restricted for Pensions	3,472,235	3,472,235	3,472,235
Net Pension Liability	$5,391,100	$4,652,562	$4,176,164

STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2015

		2015
Assets		
Cash and Deposits	$	110,581
Receivables		
Accounts Receivable - Sale of Investments	$	-
Accrued Interest and Other Dividends		4,000
Contributions		-
Accounts Receivable - Other		-
Total Receivables	$	4,000
Investments		
Fixed Income	$	959,485
Domestic Equities		1,862,666
International Equities		537,604
Real Estate		-
Other		-
Total Investments	$	3,359,755
Total Assets	$	3,474,336
Liabilities		
Payables		
Accounts Payable - Purchase of Investments	$	2,101
Accrued Expenses		-
Accounts Payable - Other		-
Total Liabilities	$	2,101
Net Position Restricted for Pensions	$	3,472,235

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR YEAR ENDED JUNE 30, 2015

		2015
Additions		
Contributions		
Employer	$	607,009
Employee		-
Other		-
Total Contributions	$	607,009
Investment Income		
Net Appreciation in Fair Value of Investments	$	98,571
Interest and Dividends		55,599
Less Investment Expense		-
Net Investment Income	$	154,170
Other	$	-
Total Additions	$	761,179
Deductions		
Benefit payments, including Refunds of Employee Contributions	$	845,636
Pension Plan Administrative Expense		34,075
Other		-
Total Deductions	$	879,711
Net Increase in Net Position	$	(118,532)
Net Position Restricted for Pensions		
Beginning of Year	$	3,590,767
End of Year	$	3,472,235

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS MULTIYEAR
Ultimately 10 Fiscal Years will be Displayed

Fiscal year ending June 30,	2015	2014*
Total Pension Liability		
Service Cost	$ -	$ -
Interest on the Total Pension Liability	522,860	541,023
Benefit Changes	-	-
Difference between Expected and Actual Experience	-	-
Assumption Changes	142,043	496,190
Benefit Payments	(845,636)	(921,176)
Refunds	-	-
Net Change in Total Pension Liability	(180,733)	116,037
Total Pension Liability - Beginning *	8,305,530	8,189,493
Total Pension Liability - Ending (a)	$ 8,124,797	$ 8,305,530
Plan Fiduciary Net Position		
Employer Contributions	$ 607,009	$ 606,096
Employee Contributions	-	-
Pension Plan Net Investment Income	154,170	659,708
Benefit Payments	(845,636)	(921,176)
Refunds	-	-
Pension Plan Administrative Expense	(34,075)	(35,868)
Other	-	-
Net Change in Plan Fiduciary Net Position	(118,532)	308,760
Plan Fiduciary Net Position - Beginning	3,590,767	3,282,007
Plan Fiduciary Net Position - Ending (b)	$ 3,472,235	$ 3,590,767
Net Pension Liability - Ending (a) - (b)	4,652,562	4,714,763
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	42.74 %	43.23 %
Covered-Employee Payroll	N/A	N/A
Net Pension Liability as a Percentage of Covered-Employee Payroll	N/A	N/A

Notes to Schedule:

*The June 30, 2014 Total Pension Liability shown here has been restated due to the Board's reduction in the employer contribution below the recommended level. The single discount rate as of June 30, 2014 was restated to 6.63%.

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE NET PENSION LIABILITY MULTIYEAR

Ultimately 10 Fiscal Years will be Displayed

FY Ending June 30,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability	Covered Payroll	Net Pension Liability as a % of Covered Payroll
2014*	$ 8,305,530	$ 3,590,767	$ 4,714,763	43.23%	-	N/A
2015	8,124,797	3,472,235	4,652,562	42.74%	-	N/A

** The June 30, 2014 Total Pension Liability shown here has been restated due to the Board's reduction in the employer contribution below the recommended level. The single discount rate as of June 30, 2014 was restated to 6.63%.*

Schedule of Contributions
Last 10 Fiscal Years

FY Ending June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2006	$ 806,276	$ 806,276	$ -	N/A	N/A
2007	934,667	934,667	-	N/A	N/A
2008	612,545	612,545	-	N/A	N/A
2009	641,212	641,212	-	N/A	N/A
2010	722,537	722,537	-	N/A	N/A
2011	500,000	500,000	-	N/A	N/A
2012	500,000	500,000	-	N/A	N/A
2013	599,431	599,431	-	N/A	N/A
2014	606,096	606,096	-	N/A	N/A
2015	607,009	607,009	-	N/A	N/A
2016	631,705				
2017	655,680				

GRS
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March 17, 2016

Ms. Sandra M. Sykes
Pension Coordinator
City of Jackson
161 West Michigan Avenue
Jackson, Michigan 49201

Re: Alternate Funding Policy for the City of Jackson Policemen's and Firemen's Pension Fund

Dear Sandy:

Enclosed is a supplemental actuarial report for the City of Jackson Policemen's and Firemen's Pension Fund as requested by the Board.

Please call if you have any questions regarding the calculations enclosed.

Sincerely,

David T. Kausch, FSA, EA, FCA, MAAA

DTK:dj
Enclosures

CITY OF JACKSON POLICEMEN'S AND FIREMEN'S PENSION FUND
ALTERNATE FINANCING PROPOSAL
AS OF JUNE 30, 2015

Requested By: The Pension Fund Board

Date: March 17, 2016

Submitted By: David T. Kausch, FSA, EA, FCA, MAAA and Mita D. Drazilov, ASA, MAAA
Gabriel, Roeder, Smith & Company

This report contains an alternate funding policy for the City of Jackson Policemen's and Firemen's Pension Fund as requested by the Board. David T. Kausch and Mita D. Drazilov are independent of the plan sponsor, Members of the American Academy of Actuaries (MAAA), and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

At the February 17, 2016 Board Meeting, the Trustees approved the 6% assumed rate of return assumptions contingent upon an alternate funding policy study. All results in this report are based on that assumed rate of return.

The Board of Trustees requested a study of an Alternate Funding Policy.

The Funding Policies shown herein include:

- A nine (9) year closed level dollar amortization of the Unfunded Actuarial Accrued Liability (current policy).
- An eleven (11) year closed amortization of the Unfunded Actuarial Accrued Liability (alternate policy).

All other data, assumptions, methods, and plan provisions are as disclosed in the June 30, 2015 valuation report.

This report should not be relied on for any purpose other than the purpose described above. This report is intended for use by the Board and may be provided to parties other than the Board only in its entirety and only with permission of the Board.

Actuarial Report

	Valuation Recommendation	Alternate Funding Policy
Valuation Date:	June 30, 2015	June 30, 2015
Fiscal Year Ending:	June 30, 2017	June 30, 2017
Investment Rate of Return (net of expenses):	**6.0%**	**6.0%**
Amortization Period (closed):	**9 years**	**11 years**
Computed Annual Employer Contributions: (for the Fiscal Year ending 2017)	**$ 655,680**	**$ 565,463**
Membership:		
Number of		
Active Members	0	0
Retirees and Beneficiaries	24	24
Inactive, Non-retired Members	0	0
Total	24	24
Total Pensions Being Paid	$ 812,330	$ 812,330
Assets:		
Market Value	$3,472,235	$3,472,235
Actuarial Value	3,292,244	3,292,244
Return on Actuarial Value	7.7%	7.7%
Return on Market Value	3.5%	3.5%
Ratio - Actuarial Value to Market Value	94.8%	94.8%
Actuarial Information:		
Normal Cost %	0%	0%
Actuarial Accrued Liability (AAL)	$8,213,337	$8,213,337
Unfunded Actuarial Accrued Liability (UAAL)	4,921,093	4,921,093
Funded Ratio on Actuarial Value of Assets	40.1%	40.1%

Comments

Comment 1 — In the June 30, 2015 actuarial valuation report we recommended changing the assumed rate of return to 6.0% and continuing with the 9-year closed amortization of the Unfunded Actuarial Accrued Liability. As we mentioned at the February Board meeting, increasing the amortization period decreases the computed contribution amount. We generally urge caution when decreasing contributions in a plan that is not well funded. That said, the 11-year amortization period is not unreasonable given the average life expectancy of the members. Users of this report should be aware that contributions made at the amount shown under the recommended or alternate policy do not guarantee benefit security. Given the importance of benefit security to any retirement system, we suggest contributions to the System in excess of those presented in this report to be considered.

Comment 2 — The contribution amounts in this report are determined assuming that future economic and demographic experience matches the actuarial assumptions. This report does not include any assessment of risks of future experience not meeting the actuarial assumptions. We encourage a review and assessment of investment and other significant risks that may have material effect on the plan's financial condition.

CITY OF JACKSON
Founded 1829

City Manager's Office

161 W. Michigan Ave. - Jackson, MI 49201
Phone: (517) 788-4035 • Facsimile: (517) 768-5820

MEMO TO: Honorable Mayor and City Councilmembers

FROM: Patrick Burtch, City Manager PHB

DATE: June 28, 2016

SUBJECT: Region 2 Planning Commission Request for Unified Work Program (UWP) Amendment

---

Consider a request from Region 2 Planning Commission for the City's participation in a Non-motorized Plan for the entirety of Jackson County with a local match of $5,000.00 from the City, and authorize the Mayor to sign the appropriate document(s).

Attached is a memorandum from Aaron Dawson, Senior Planner of the Region 2 Planning Commission explaining the request for a local match and a letter authorizing that action.

PHB

Region 2 Planning Commission

MEMORANDUM

TO: Joe Michalsky, Senior Civil Engineer, JCDOT
Jon Dowling, City Engineer, City of Jackson

FROM: Aaron Dawson, Senior Planner

SUBJECT: Request for Unified Work Program (UWP) Amendment – Non-motorized Plan for the City of Jackson and Jackson County

DATE: June 7th, 2016

Region 2 Planning Commission (R2PC) is requesting the use of federal planning dollars to commission a non-motorized plan for the entirety of Jackson County. This will allow R2PC to better plan for the community and increase the quality of life for all of our residents. This plan will also align with the Michigan Department of Transportation (MDOT) University Region Non-Motorized Plan.

R2PC would like to use $40,000 in federal PL funds to hire a planning contractor for this task. This use of federal funds would require $5,000 dollars each from both the city and county, for local match. We intend to involve all local governments in the development of this plan, and the results will allow for more non-motorized infrastructure improvements that are incorporated in an intelligent and appropriate way.

In order to process the UWP amendment that would be required for this task, R2PC will first need a letter from your organizations stating that it is willing and able to provide the local match.

Please contact me at (517) 768-6703 or adawson@co.jackson.mi.us with any comments or questions. Thank you.

CITY OF JACKSON
Founded 1829

City Manager's Office

161 W. Michigan Ave. - Jackson, MI 49201
Phone: (517) 788-4035 • Facsimile: (517) 768-5820

MEMO TO: Mayor and City Councilmembers

FROM: Patrick H. Burtch, City Manager PHB

DATE: April 28, 2016

SUBJECT: Employee Uniform Supply Contract

Recommendation:

Approve the 2016-2018 employee uniform supply contract with Cintas Corporation.

Attached is a memo from Todd Knepper, Director of Public Works, regarding a contract with Cintas Corporation to supply the City's Public Works and Parks/Cemetery employees with rental uniforms.

I recommend approval of the uniform rental contract with Cintas Corporation, as presented.

Your consideration and concurrence is appreciated.

PHB/tsk

DEPARTMENTAL REPORT

MEMO TO: Patrick Burtch, City Manager

FROM: Todd Knepper, Director of Public Works

DATE: April 28, 2016

RECOMMENDATION: Approve the 2016-2018 employee uniform supply contract with Cintas Corporation.

SUMMARY

The City of Jackson Department of Public Works, Water, Wastewater, Parks, Cemeteries and Grounds personnel are provided uniforms through a rental program. The previous contract was with Coyne Textile, which was recent purchased by Cintas Corporation. Rather than negotiate new contract terms, it was decided to proceed with a request for bids on employee uniform rental.

BUDGETARY CONSIDERATIONS

The City received two bids for uniform supplies:

Cintas Corporation = $17,296.24
Maurer's Textile and Rental Service = $21,366.80

These costs are to supply approximately 55 employees with uniforms for one year, and uniforms are included in the approved 2016-2017 budget under each appropriate department and division.

HISTORY, BACKGROUND and DISCUSSION

The previous uniform rental program was last awarded in 2009, and the recent bid allows us to update the contract and provide current cost data.

DISCUSSION OF THE ISSUE

The supply of employee uniforms is budgeted in the approved 2016-2017 budget.

POSITIONS

I recommend approval of the employee uniform supply contract with Cintas Corporation for 2016-2018.

		Maurer's Textile & Rental Service 930 Filley St. Lansing, MI 48906 Dan Carter, Sales Manager 517-321-2811 fax (517) 321-5688 dcarter@maurerstextile.com					Cintas Corporation No. 2 39145 Webb Drive Westland, MI 48185 Jonathan Rose, Senior Service Manager 734-326-0800 fax (734-326-1097 rosej@cintas.com				
2,A,9	The City of Jackson will not accept used returns as replacemens (see #4 above). The successful vendor will be required to supply new uniforms.	Yes, we agree					Yes, we agree				
2, E	WOMEN'S Uniforms: The successful vendor ust be able to supply women's pants which include belt loops and women's shirt.	Yes, we agree					Yes, we agree				
2, F	A schedule for dcelivery and pickup shall be set up with approval of each department (during scheduled woring hours only) and shall be maintained on a regular basis therafter. Service will start on the first Monday of the next month.	We can meet delivery and pickup requirements as specified.					We can meet delivery and pickup requirements as specified.				
2, L	Vendor contact for placing orders, service problems, billing problems.	sales@maurerstextile.com 517-321-2811					Markerm@cintas.com or drouillardn@cintas.com 734-326-0800				
2, O	Uniform supplyer shall be equipped to provide one weeks erice on repairs, replacements, size changes and orders for new employees at no charge to the City. Must be complete inventory of uniforms, including application of emblems.	Yes, we agree					Yes, we agree				
2, R	Company must provide full service catalog sales including embroidery capabiliites. Embroidery provided by uniform supplier without out-sourcing.	Yes, we agree					Yes, we agree				
		PER PERSON	NUMBER OF PEOPLE	PER WEEK	X52	TOTAL PER PERSON PER WEEK PER YEAR	PER PERSON	NUMBER OF PEOPLE	PER WEEK	X52	TOTAL PER PERSON PER WEEK PER YEAR
3, A.	Approximately 50 sets of shirts and trousers in assorted colors (65% polyester/35% cotton) color depending on department preference. The successful vendor will furnish the individuals with eleven (11) sets per person for five (5) changes EACH per week. Approximate number of persons 50.	4.85	50.00	242.50	52.00	12,610.00	3.52	50.00	176.00	52.00	9,152.00
3, B.	Approximately fourteen (14) sets of shirts and trousers in assorted colors. (100% cotton) Color depending on department's preference. The successful vendor will furnish the people with six (6) (one set in reserve) sets per person for five (5) changes EACH per week. Approximate number of people, fourteen (14).	6.45	14.00	90.30	52.00	4,695.60	4.48	14.00	62.72	52.00	3,261.44
3, C.	Approximately fifteen (15) sets of blue denim pants. The successful vendor will furnish the people with six (6) (one set in reserve) sets per person for five (5) changes EACH per week. Approximate number of people, fifteen (15).	3.25	15.00	48.75	52.00	2,535.00	4.20	15.00	63.00	52.00	3,276.00
3, D.	Approximately five (5) sets of blue denim dungarees. The successful vendor will furnish the people with six (6) (one set in reserve) sets per person for five (5) changes EACH per week. Approximate number of people, five (5).	3.25	5.00	16.25	52.00	845.00	2.58	5.00	12.90	52.00	670.80
3, E.	Approximately two (2) changes per week of hip length (blazer style) lab coats, 65% polyester and 35% cotton. Approximate number of people, four (4).	1.65	4.00	6.60	52.00	343.20	2.00	4.00	8.00	52.00	416.00
3, F.	Approximately one (1) change and inventory of Two (2) 100% cotton coveralls. Approximate number of people, five (5). Rental and Service	1.30	5.00	6.50	52.00	338.00	2.00	5.00	10.00	52.00	520.00
3, G.	Approximately one (1) change and inventory of 2 (at the discretion of the department) 100% cotton coveralls, approximate number of people, eight (8).	1.30	8.00	10.40	52.00	540.80	2.00	8.00	16.00	52.00	832.00
3, H.	Approximately two (2) or three (3) changes per week of shorts, 65% poly and 35% cotton in addition to regular uniforms. Approximate number of people, four (4).	1.50	4.00	6.00	52.00	312.00 3 changes per week	1.96	4.00	7.84	52.00	407.68
3, I.	One change per week of quilt-lined duck jacket. Approximate number of people, thirty (30).	2.20	30.00	66.00	52.00	3,432.00	4.00	30.00	120.00	52.00	6,240.00
3, J.	One change per week of quilt-lined duck overalls. Approximate number of people, thirty (30).	3.75	30.00	112.50	52.00	5,850.00	3.70	30.00	111.00	52.00	5,772.00
	TOTAL A THROUGH F					21,366.80					17,296.24
4, 1	65%/35% polyester shirt (long sleeve). $ each. (white and colors)	22.60					15.285				
4, 2	65%/35% polyester shirt (short sleeve). $ each. (white and colors)	22.60					15.285				
4, 3	100% cotton shirt (long sleeve) $_____ each (white and colors)	23.62					17.323				
4, 4	100% cotton shirt (short sleeve) $ each (white and colors)	23.62					17.323				
4, 5	65%/35% polyester trousers $_____ each.	18.42					17.323				
4, 6	100% cotton trousers $_____ each	26.54					24.301				
4,7	Denim pants $_____ each	22.10					19.871				
4,8	Denim dungarees $_____ each	2.10					26.000				
4,9	65%/35% polyester lab coat hip length $ each	27.34					30.061				
4,10	100% cotton coverall $_____ each	43.70					30.061				
5, A.	Vendor supplied patches (1 per shirt - FUSE application) $ each	0.50					1.500				
5, B.	Vendor supplied patches (1 per shirt - SEW application) $ each	0.50					1.500				

		Maurer's Textile & Rental Service 930 Filley St. Lansing, MI 48906 Dan Carter, Sales Manager 517-321-2811 fax (517) 321-5688 dcarter@maurerstextile.com	Cintas Corporation No. 2 39145 Webb Drive Westland, MI 48185 Jonathan Rose, Senior Service Manager 734-326-0800 fax (734-326-1097 rosej@cintas.com
5, C.	Vendor embroidered per application $ each	6.00	3.950
10	CONTRACT EXTENSION(S): We hereby agree that, if we are awarded a contract pursuant to this bid, the City of Jackson may, at its option, extend the proposed agreement at the end of the contract period on a month-to-month basis at the same bid price, providing our acceptance of the proposed extension is obtained at the time same is contemplated. Please note that the City of Jackson will not utilize this clause of a lengthy renewal. This clause will only be used for short term extensions (up to six months) to allow for revising specifications, bidding, and awarding new contracts.	We agree	We agree
18	We have read the attached specifications thoroughly	Yes	Yes
	Are all exceptions to the attached specifications properly outlined?	Yes	Yes
			Took exceptions to our indemnification language

CITY OF JACKSON
Founded 1829

City Attorney's Office

161 W. Michigan Ave. • Jackson, MI 49201
Phone: (517) 788-4050, (517) 788-4023 • Facsimile: (866) 971-2117

MEMO TO: Honorable Mayor and City Councilmembers

FROM: Bethany M. Smith, City Attorney

DATE: Council Meeting – June 28, 2016

SUBJECT: ***Property Transfer and Development Agreement***
1125 Woodbridge

Recommendation: APPROVE the attached *Property Transfer and Development Agreement* as presented and authorize the Mayor to sign the Agreement and Quit Claim deed.

Your consideration and concurrence is appreciated.

DEPARTMENT REPORT

MEMO TO: Honorable Mayor and City Councilmembers

FROM: Bethany M. Smith, City Attorney

DATE: Council Meeting – June 28, 2016

RECOMMENDATION: APPROVE the attached *Property Transfer and Development Agreement* for 1125 Woodbridge as presented and authorize the Mayor to sign the Agreement and the corresponding Quit Claim deed.

SUMMARY

The attached *Property Transfer and Development Agreement* sets out the rights and responsibilities of the City of Jackson and Brian Rockwell in regards to transfer of 1125 Woodbridge Street from the City of Jackson to Mr. Rockwell.

HISTORY, BACKGROUND and DISCUSSION

The City of Jackson currently owns 1125 Woodbridge Street. Brian Rockwell would like to purchase the property because he is the owner of the adjoining property – 1121 Woodbridge. He would like to use 1125 Woodbridge to expand the yard area of his adjoining property.

The *Property Transfer and Development Agreement* sets out conditions upon which Mr. Rockwell may purchase the property from the City of Jackson. He shall complete the following improvements within 90 days of transfer of 1125 Woodbridge Street:

1. Mr. Rockwell shall replace the existing gravel driveway on 1125 Woodbridge Street with a new cement driveway that is ten feet by 40 feet in dimension from the right-of-way sidewalk and which otherwise conforms to City Code;
2. He shall remove or trim in a workmanlike manner the two existing trees located in the back corners of both 1125 Woodbridge Street and 1121 Woodbridge Street; and
3. He shall construct a stockade fence which matches the existing fence on 1125 Woodbridge Street along the Southern border of 1125 Woodbridge Street. The fence on the southern border of the Property shall be three feet in height starting from the right-of-way sidewalk to the thirty-five feet to the east. The fence shall be six feet in height from the point thirty-five feet to the East of the right-of-way sidewalk o the Southeast corner of the property.

If Mr. Rockwell fails to complete these improvements within 90 days, there is a liquidated damages provision of $100 per day up to a maximum of $1000.

The *Property Transfer and Development Agreement* also contains standard contract terms.

POSITIONS

APPROVE execution of the *Property Transfer and Development Agreement* as presented and authorize the Mayor to sign a Quit claim deed transferring the property to Brian Rockwell.

ATTACHMENTS: Property Transfer and Development Agreement
Quit Claim Deed

PROPERTY TRANSFER AND
DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT ("Agreement"), is entered into as of the date appearing below, by and between the CITY OF JACKSON, a Michigan municipal corporation, with offices located at 161 West Michigan Avenue, Jackson, Michigan, 49201 ("City"), and Brian Rockwell, an individual, whose address is P.O. Box 1778, Jackson, MI 49204 and referred to as “Developer” (“Developer”),

WITNESSETH:

WHEREAS, The City is the owner of real property in the City of Jackson commonly known as 1125 Woodbridge Street, Jackson, MI 49203, and legally described on Exhibit A, attached hereto and incorporated by reference, which will be collectively referred to within this Agreement as the "Property"; and

WHEREAS, Developer owns the neighboring property, 1121 Woodbridge Street, which Developer uses as a 2 unit residential rental property; and

WHEREAS, Developer desires to purchase the Property from the City to expand the yard area of his neighboring Property; and

WHEREAS, Developer will make improvements to the Property and pay the City ONE HUNDRED DOLLARS ($100.00) in consideration for the City transferring ownership of the

Property to Developer; and

WHEREAS, City wishes Developer to pay the City ONE HUNDRED DOLLARS ($100.00) and to make certain improvements to the Property as set forth in this Agreement in consideration for the City transferring ownership of the Property to Developer; and

WHEREAS, this Agreement is being entered into between the parties to establish all repairs that must be made to the Property and to provide that if Developer fails to complete the repairs or fails to comply with such other objectives as stated by this Agreement, that Developer will incur liquidated damages.

WHEREAS, City is agreeable to this request, on the terms and conditions set forth below:

NOW, THEREFORE, in consideration of the above recitals, the City and the Developer agree as follows:

1. RECITALS. The foregoing recitals are incorporated in this Agreement and form a part of this Agreement.

2. SUBSTANTIAL COMPLETION. "Substantial Completion" means that the Developer has completed the repairs and improvements stated in this Agreement, to such a degree that only minor work is required for full completion. Substantial completion shall be determined by City in its reasonable discretion based on City's inspection of the Property.

3. TRANSFER OF PROPERTY. Upon execution of the Development Agreement by Developer and the City and the Developer paying the City ONE HUNDRED DOLLARS ($100.00), the City shall transfer ownership of the Property to Developer by quit claim deed.

4. IMPROVEMENTS BY DEVELOPER. Developer shall complete the following improvements or repairs to the Property within ninety (90) days after execution of the Development Agreement by Developer and the City and the Developer:

a. Developer shall replace the existing gravel driveway on the Property with a new cement driveway that is ten feet by 40 feet (10ft x 40ft) in dimension from the right-of-way sidewalk and otherwise conforms to the City Code.

b. Developer shall remove or trim in a workmanlike manner the two (2) existing trees located in both back corners of the Property.

c. Developer shall construct a stockade fence, which matches the existing fence on the Property, along the southern border of the Property. The fence on the southern border of the Property shall be three (3) feet in height starting from the right-of-way sidewalk to thirty-five (35) feet to the east. The fence shall be six (6) feet in height from the point thirty-five (35) feet to the east of the right-of-way sidewalk to the southeast corner of the property.

5. DEFAULT AND LIQUIDATED DAMAGES. Developer shall be deemed to be in breach and default of this Agreement if the Developer fails to comply with any covenants, clauses, provisions or agreements herein contained and City has provided Developer with written notice of the default and the opportunity to cure such default within fourteen (14) days from the date the City sends or delivers the written notice to the Developer. If any default has not been cured within fourteen (14) days from the date the City serves or mails the written notice to the Developer, the Developer shall pay to the City liquidated damages in the amount of One Hundred Dollars ($100.00) per day for each day that Owner is in default of this Agreement. The maximum amount of liquidated damages owed to the City by Developer shall not exceed One Thousand Dollars ($1,000.00).

6. FINANCIAL ABILITY. Developer acknowledges that he has the financial resources available at this time in order to complete all repairs necessary to comply with this

Agreement and further acknowledge that an inability to pay for any needed repairs does not excuse or delay Developer's responsibilities under this Agreement. Developer also acknowledges that he has the financial resources available at this time in order to pay the full amount of liquated damages to the City pursuant to paragraph 5 of this agreement.

7. INSPECTIONS. City shall cause an inspection of the Property to be conducted contemporaneously with the deadlines set forth in this Agreement. The Developer must permit inspections of the Property as requested by the City, and the City will provide reasonable notice to Developer unless an emergency arises, in which case, the City will make a good faith attempt to contact Developer. Developer is responsible for the timely scheduling of inspections.

8. STANDARDS. All improvements and repairs at the Property shall be performed in a workmanlike manner and be in compliance with local code requirements and all applicable ordinances and regulations of the City of Jackson.

9. COSTS AND EXPENSES. Costs and expenses incurred by the City in implementing and enforcing the provisions of this Agreement, shall be a lien on the premises which shall be enforceable in accordance with Section 15.7 of the Jackson City Charter and/or other applicable City Charter and City Ordinance provisions. In addition to any other lawful enforcement methods, the City shall have all remedies authorized by State law, the Jackson City Charter and/or City Ordinances. If the City elects to pursue collection of unpaid costs and expenses through the courts, Developer shall pay in addition to said costs and expenses all costs of litigation, including reasonable attorney fees.

10. CHANGE OF OWNERSHIP INTEREST. This Development Agreement shall be binding on and inure to the benefit of City and Developer and all of their respective heirs, successors, assigns and transferees. This Agreement binds the parties, and their respective

successors, legal representatives and assigns.

11. MODIFICATION AND ASSIGNMENT. The promises, covenants, terms and conditions herein contained may not be modified, altered, or extended without the mutual written consent of the parties.

12. NOTICE. Except as otherwise specified herein, all notices, consents, approvals, requests and other communications (collectively called "Notices") required or permitted under this Agreement must be given in writing and are effective on delivery. Delivery may be or nationally recognized overnight courier delivery service with next business day delivery, with delivery receipt obtained. Notices must be addressed as follows:

If to the City, to:	City of Jackson 161 West Michigan Avenue Jackson, MI 4 9201 Attention: City Manager
With a copy to:	City Attorney's Office 161 West Michigan Avenue Jackson, MI 49201 Attention: City Attorney
If to Developer, to:	Brian J. Rockwell P.O. Box 1778 Jackson, MI 49204

13. INDEMNIFICATION. Developer shall assume all liability for and protect, indemnify, and save City, its officers, directors, employees, volunteers, invitees, agents and representatives (hereinafter collectively “Indemnities”) harmless from and against all actions, claims, demands, judgments, losses, expenses, suits or actions, (including attorney fees) for any injury or death of any person or persons, and loss or damage to property of any person or persons whomsoever, including Developer or the Indemnities, and their respective agents, contractors, subcontractors, and employees, arising either out of this Agreement or the intentional or

negligent acts, errors or omissions of the Developer or its agents, contractors, subcontractors, and employees. However, Developer shall not be required to indemnify the City for such injury, death, loss, or damage cause by the City's sole negligence. Developer's obligation to indemnify City shall survive termination and/or expiration of this Agreement.

14. SEVERABILITY. If any one or more provisions of this Agreement, or in any instrument or other document delivered pursuant to this Agreement, or the application thereof to any person or circumstance is, to any extent, declared or determined to be invalid or unenforceable, the validity, legality and enforceability of the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, will not be affected or impaired thereby, and each provision of this Agreement is valid and enforceable to the fullest extent of the law.

15. COUNTERPARTS. This Agreement may be executed in counterparts, each of which is deemed an original document, but together constitute one instrument.

16. GOVERNING LAW AND INTERPRETATION. The laws of the State of Michigan govern this Agreement and the venue for all proceedings in connection with this Agreement shall be Jackson County, Michigan. The pronouns and relative words used are written in the masculine and singular only. If more than one joins in the execution hereof as Developer or is of the feminine sex or a corporation or limited liability company, such words are read as if written in plural, feminine, or neuter, respectively. This Agreement is a result of negotiation between the parties, and accordingly, it will not be construed against either party if a dispute or litigation arises out of this Agreement.

17. HEADINGS. The sections and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the interpretation of the

Agreement.

18. LEGAL REPRESENTATION. It is acknowledged that each party to this Agreement had the opportunity to be represented by counsel in the preparation of this Agreement, and, accordingly, the rule that a contract shall be interpreted strictly against the party preparing same shall not apply due to the joint contribution of both parties.

19. WAIVER. The failure of City to exercise any right given hereunder or to insist upon strict compliance with regard to any provision of this Agreement, at any time, shall not constitute a waiver of such provision or the right by such at any time to avail itself of such remedies as it may have for any breach or breaches of such provision.

20. ENTIRE AGREEMENT. This Agreement and any Exhibits attached hereto represent the entire agreement between the parties regarding its subject matter, and supersedes and cancels any and all prior discussions, negotiations, proposals, undertakings, understandings and agreements, whether written or oral, regarding this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement on the _____ day of _____, 2016.

THE CITY OF JACKSON

By: _____
Its:

STATE OF MICHIGAN)
) SS
COUNTY OF JACKSON)

The foregoing instrument was acknowledged before me this _____ day of _____, 2016, by Patrick H. Burtch, City Manager on behalf of the City of Jackson.

_____

DEVELOPER

By: _____
Its:

STATE OF MICHIGAN)
) SS
COUNTY OF JACKSON)

The foregoing instrument was acknowledged before me this _____ day of _____, 2016, by Patrick H. Burtch, City Manager on behalf of the City of Jackson.

_____

EXHIBIT A – DESCRIPTION OF REAL PROPERTY

Land in the City of Jackson, Jackson County, Michigan and described as:

> LAND COM ON E LN OF WOODBRIDGE ST 90 TH S OF S LN OF ROCKWELL ST TH E 132 FT TH S 42 FT TH W 132 FT TH N 42 FT TO BEG SW 1/4 SE 1/4 SEC 3 T3S R1W

Commonly known as: 1125 Woodbridge Street, Jackson, MI 49203

QUIT CLAIM DEED

Grantor, City of Jackson, a Michigan Municipal Corporation, whose address is 161 W. Michigan Avenue, Jackson, Michigan 49201, quit claims to Grantee, Brian J. Rockwell, a single man, whose address is P.O. Box 1778, Jackson, MI 49204, the following described premises situated in the City of Jackson, County of Jackson, State of Michigan:

LAND COM ON E LN OF WOODBRIDGE ST 90 TH S OF S LN OF ROCKWELL ST TH E 132 FT TH S 42 FT TH W 132 FT TH N 42 FT TO BEG SW 1/4 SE 1/4 SEC 3 T3S R1W

commonly known as 1125 Woodbridge Street, Jackson, MI 49203

Tax Parcel No. 4-114800000

For the sum of One Hundred Dollars and 00/100 ($100.00), subject to all easements, reservations, and building and use restrictions of record.

This property may be located within the vicinity of farmland or a farm operation. Generally accepted agricultural and management practices that generate noise, dust, odors, and other associated conditions may be used and are protected by the Michigan Right to Farm Act.

Dated this _____ day of _____, 2016.

CITY OF JACKSON, GRANTOR

By: _____
PATRICK BURTCH
CITY MANAGER

STATE OF MICHIGAN)
) SS
COUNTY OF JACKSON)

The foregoing instrument was acknowledged before me this _____ day of _____, 2016, by Patrick H. Burtch, City Manager for the City of Jackson.

_____

When recorded return to Grantee at:	Send Subsequent Tax Bills to Grantee at:	This instrument prepared without opinion by:
Brian J. Rockwell P.O. Box 1778 Jackson, MI 49204	Brian J. Rockwell P.O. Box 1778 Jackson, MI 49204	Bethany M. Smith (P57913) City Attorney 161 W Michigan Jackson, MI 49201

CITY OF JACKSON
Founded 1829

City Attorney's Office

161 W. Michigan Ave. • Jackson, MI 49201
Phone: (517) 788-4050, (517) 788-4023 • Facsimile: (866) 971-2117

MEMO TO: Honorable Mayor and City Councilmembers

FROM: Bethany M. Smith, City Attorney

DATE: Council Meeting – June 28, 2016

SUBJECT: ***Property Transfer and Development Agreement***
840 Backus Street

Recommendation: APPROVE the attached *Property Transfer and Development Agreement* as presented and authorize the Mayor to sign the Agreement and Quit Claim deed.

Your consideration and concurrence is appreciated.

DEPARTMENTAL REPORT

MEMO TO: Patrick Burtch, City Manager

FROM: Bethany M. Smith

DATE: April 12, 2016

RECOMMENDATION: Sell 840 Backus Street to Brandy Sekula for $125.00, Authorize the City Manager to Execute a *Property Transfer and Development Agreement* and a *Quit Claim Deed*, and Authorize the City Attorney to Make Minor Modifications to the Agreement if needed.

SUMMARY

Brandy Sekula would like to purchase 840 Backus Street for $125.00. The City Manager recommends approval of the sale.

BUDGETARY CONSIDERATIONS

The sale will enable the property to go back on the tax rolls and will save the City the expenses associated with maintaining the property in the future.

HISTORY, BACKGROUND and DISCUSSION

Brandy Sekula recently purchased property adjacent to 840 Backus Street, which is a vacant lot. She would like to utilize the property for extra yard space. She has offered $125.00 for the property. The property is marked on the attached map. A GIS photograph is also attached for your reference.

DISCUSSION OF THE ISSUE

The City of Jackson Disposition of City Owned Property Policy dictates that a lot be sold for the minimum offer of current market value, unless, in the opinion of the City Manager, a sale for less than current market value would be in the best interest of the development of the surrounding area or of the City as a whole. The current market value according to the Assessor is $1050.00.

POSITION

The City Manager approves of the sale of the lot to Ms. Sekula for $125.00 and requests that the City Council authorize him to execute a *Property Transfer and Development Agreement* and *Quit Claim Deed* on terms similar to those contained in the Offer to Purchase.

ATTACHMENTS: Offer to Purchase
Property Transfer and Development Agreement
Map of location of 840 Backus Street
GIS map of 840 Backus Street

PROPERTY TRANSFER AND
DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT ("Agreement"), is entered into as of the date appearing below, by and between the CITY OF JACKSON, a Michigan municipal corporation, with offices located at 161 West Michigan Avenue, Jackson, Michigan, 49201 ("City"), and Brandy Sekula, a female, whose address is 607 W. North Street, Jackson, MI 49202 and referred to as “Developer” (“Developer”),

WITNESSETH:

WHEREAS, The City is the owner of real property in the City of Jackson commonly known as 840 Backus Street, Jackson, MI 49202, and legally described on Exhibit A, attached hereto and incorporated by reference, which will be collectively referred to within this Agreement as the "Property"; and

WHEREAS, Developer owns the neighboring property, 607 W. North Street, which Developer uses as a residential property; and

WHEREAS, Developer desires to purchase the Property from the City to expand the yard area of her neighboring Property; and

WHEREAS, Developer will make improvements to the Property and pay the City ONE HUNDRED TWENTY-FIVE DOLLARS ($125.00) in consideration for the City transferring ownership of the Property to Developer; and

WHEREAS, City wishes Developer to pay the City ONE HUNDRED TWENTY-FIVE DOLLARS ($125.00) and to make certain improvements to the Property as set forth in this Agreement in consideration for the City transferring ownership of the Property to Developer; and

WHEREAS, this Agreement is being entered into between the parties to establish all repairs that must be made to the Property and to provide that if Developer fails to complete the

repairs or fails to comply with such other objectives as stated by this Agreement, that Developer will incur liquidated damages.

WHEREAS, City is agreeable to this request, on the terms and conditions set forth below:

NOW, THEREFORE, in consideration of the above recitals, the City and the Developer agree as follows:

1. RECITALS. The foregoing recitals are incorporated in this Agreement and form a part of this Agreement.

2. SUBSTANTIAL COMPLETION. "Substantial Completion" means that the Developer has completed the repairs and improvements stated in this Agreement, to such a degree that only minor work is required for full completion. Substantial completion shall be determined by City in its reasonable discretion based on City's inspection of the Property.

3. TRANSFER OF PROPERTY. Upon execution of the Development Agreement by Developer and the City and the Developer paying the City ONE HUNDRED TWENTY-FIVE DOLLARS ($125.00), the City shall transfer ownership of the Property to Developer by quit claim deed.

4. IMPROVEMENTS BY DEVELOPER. Developer shall substantially complete installation of a vinyl fence around the perimeter of 840 Backus of a color that matches the Developer’s residential structure located at 607 W. North Street within ninety (90) days after execution of the Development Agreement by Developer and the City and the Developer. The fence shall conform to all City of Jackson Codes and regulations at all times.

5. DEFAULT AND LIQUIDATED DAMAGES. Developer shall be deemed to be in breach and default of this Agreement if the Developer fails to comply with any covenants, clauses, provisions or agreements herein contained and City has provided Developer with written

notice of the default and the opportunity to cure such default within fourteen (14) days from the date the City sends or delivers the written notice to the Developer. If any default has not been cured within fourteen (14) days from the date the City serves or mails the written notice to the Developer, the Developer shall pay to the City liquidated damages in the amount of One Hundred Dollars ($100.00) per day for each day that Owner is in default of this Agreement. The maximum amount of liquidated damages owed to the City by Developer shall not exceed One Thousand Dollars ($1,000.00).

6. FINANCIAL ABILITY. Developer acknowledges that she has the financial resources available at this time in order to complete all repairs necessary to comply with this Agreement and further acknowledge that an inability to pay for any needed repairs does not excuse or delay Developer's responsibilities under this Agreement. Developer also acknowledges that she has the financial resources available at this time in order to pay the full amount of liquated damages to the City pursuant to paragraph 5 of this agreement.

7. INSPECTIONS. City shall cause an inspection of the Property to be conducted contemporaneously with the deadlines set forth in this Agreement. The Developer must permit inspections of the Property as requested by the City, and the City will provide reasonable notice to Developer unless an emergency arises, in which case, the City will make a good faith attempt to contact Developer. Developer is responsible for the timely scheduling of inspections.

8. STANDARDS. All improvements and repairs at the Property shall be performed in a workmanlike manner and be in compliance with local code requirements and all applicable ordinances and regulations of the City of Jackson.

9. COSTS AND EXPENSES. Costs and expenses incurred by the City in implementing and enforcing the provisions of this Agreement, shall be a lien on the premises which shall be enforceable in accordance with Section 15.7 of the Jackson City Charter and/or

other applicable City Charter and City Ordinance provisions. In addition to any other lawful enforcement methods, the City shall have all remedies authorized by State law, the Jackson City Charter and/or City Ordinances. If the City elects to pursue collection of unpaid costs and expenses through the courts, Developer shall pay in addition to said costs and expenses all costs of litigation, including reasonable attorney fees.

10. CHANGE OF OWNERSHIP INTEREST. This Development Agreement shall be binding on and inure to the benefit of City and Developer and all of their respective heirs, successors, assigns and transferees. This Agreement binds the parties, and their respective successors, legal representatives and assigns.

11. MODIFICATION AND ASSIGNMENT. The promises, covenants, terms and conditions herein contained may not be modified, altered, or extended without the mutual written consent of the parties.

12. NOTICE. Except as otherwise specified herein, all notices, consents, approvals, requests and other communications (collectively called "Notices") required or permitted under this Agreement must be given in writing and are effective on delivery. Delivery may be or nationally recognized overnight courier delivery service with next business day delivery, with delivery receipt obtained. Notices must be addressed as follows:

If to the City, to:	City of Jackson 161 West Michigan Avenue Jackson, MI 49201 Attention: City Manager
With a copy to:	City Attorney's Office 161 West Michigan Avenue Jackson, MI 49201 Attention: City Attorney
If to Developer, to:	Brandy Sekula 607 W. North Street

Jackson, MI 49202

13. INDEMNIFICATION. Developer shall assume all liability for and protect, indemnify, and save City, its officers, directors, employees, volunteers, invitees, agents and representatives (hereinafter collectively "Indemnities") harmless from and against all actions, claims, demands, judgments, losses, expenses, suits or actions, (including attorney fees) for any injury or death of any person or persons, and loss or damage to property of any person or persons whomsoever, including Developer or the Indemnities, and their respective agents, contractors, subcontractors, and employees, arising either out of this Agreement or the intentional or negligent acts, errors or omissions of the Developer or its agents, contractors, subcontractors, and employees. However, Developer shall not be required to indemnify the City for such injury, death, loss, or damage cause by the City's sole negligence. Developer's obligation to indemnify City shall survive termination and/or expiration of this Agreement.

14. SEVERABILITY. If any one or more provisions of this Agreement, or in any instrument or other document delivered pursuant to this Agreement, or the application thereof to any person or circumstance is, to any extent, declared or determined to be invalid or unenforceable, the validity, legality and enforceability of the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, will not be affected or impaired thereby, and each provision of this Agreement is valid and enforceable to the fullest extent of the law.

15. COUNTERPARTS. This Agreement may be executed in counterparts, each of which is deemed an original document, but together constitute one instrument.

16. GOVERNING LAW AND INTERPRETATION. The laws of the State of Michigan govern this Agreement and the venue for all proceedings in connection with this Agreement shall be Jackson County, Michigan. The pronouns and relative words used are written

in the masculine and singular only. If more than one joins in the execution hereof as Developer or is of the feminine sex or a corporation or limited liability company, such words are read as if written in plural, feminine, or neuter, respectively. This Agreement is a result of negotiation between the parties, and accordingly, it will not be construed against either party if a dispute or litigation arises out of this Agreement.

17. HEADINGS. The sections and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the interpretation of the Agreement.

18. LEGAL REPRESENTATION. It is acknowledged that each party to this Agreement had the opportunity to be represented by counsel in the preparation of this Agreement, and, accordingly, the rule that a contract shall be interpreted strictly against the party preparing same shall not apply due to the joint contribution of both parties.

19. WAIVER. The failure of City to exercise any right given hereunder or to insist upon strict compliance with regard to any provision of this Agreement, at any time, shall not constitute a waiver of such provision or the right by such at any time to avail itself of such remedies as it may have for any breach or breaches of such provision.

20. ENTIRE AGREEMENT. This Agreement and any Exhibits attached hereto represent the entire agreement between the parties regarding its subject matter, and supersedes and cancels any and all prior discussions, negotiations, proposals, undertakings, understandings and agreements, whether written or oral, regarding this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement on the ___ day of _____, 2016.

THE CITY OF JACKSON

By: _____
Patrick H. Burtch
Its: City Manager

STATE OF MICHIGAN)
) SS
COUNTY OF JACKSON)

The foregoing instrument was acknowledged before me in Jackson County, Michigan this _____ day of _____, 2016 by Patrick H. Burtch, the City Manager of the City of Jackson, a Michigan municipal corporation, on behalf of the corporation.

_____
Notary Public,
Jackson County, Michigan
My Commission Expires:_____

DEVELOPER

By: _____
Brandy Sekula
Its:

STATE OF MICHIGAN)
) SS
COUNTY OF JACKSON)

The foregoing instrument was acknowledged before me in Jackson County, Michigan this _____ day of _____, 2016 by Brandy Sekula.

_____
Notary Public,
Jackson County, Michigan
My Commission Expires:_____

EXHIBIT A – DESCRIPTION OF REAL PROPERTY

Land in the City of Jackson, Jackson County, Michigan and described as:

LOT 4 BLOCK 0 OF FOOTE & BENNETT'S ADDITION

Commonly known as: 840 Backus Street, Jackson, MI 49202

Attachment B

Offer to Purchase City Owned Property

Neighborhood & Economic Operations
161 W Michigan Avenue, 3rd Floor
Jackson, Michigan 49201

Date March 8, 2016

I, Brandy Sekula
(Name or Names as desired on deed)

1007 W. North St Jxn, MI 49202 517-917-4683
Address, City State — Telephone Number

am submitting an offer to purchase City-owned property located at:

840 Backus St, hereinafter "Property"
(Address) (Assessor's Stencil Number)

for the sum of $125.00 cash.

If purchased, I would use the Property for the following purpose: my fiance & I would like to create a bigger-fenced in-yard for my family (3 young boys ages 7, 4 and 2, my fiance, a disabled veteran, and myself)

Disclaimers and Limitations. Notwithstanding anything to the contrary herein contained, Purchaser expressly understands, acknowledges and agrees that the conveyance of the Property shall be made by Seller to Purchaser on an "as-is, where is" basis, and with all faults, including fire damage, the environmental condition of the Property, and Purchaser acknowledges that Purchaser has agreed to buy the Property in its present condition and that Purchaser is relying solely on its own examination and inspections of the Property and not on any statements or representations made by Seller or any agents or representatives of Seller. Additionally, Purchaser hereby acknowledges that Seller makes no warranty or representation, express or implied, or arising by operation of law, including, but in no way limited to, any warranty of condition, habitability, merchantability, or fitness for a particular purpose of the Property or any portion thereof, or with respect to the economical, functional, environmental or physical condition, or any other aspect, of the Property, including Seller's title to the Property. Seller hereby specifically disclaims any warranty, guaranty or representation, oral or written, past, present or future, of, as to, or concerning: (i) the nature and condition of the Property or any part thereof, including, but not limited to, its water, soil, or geology, or the suitability thereof for any and all activities and uses which Purchaser may elect to conduct thereon, or any improvements Purchaser may elect to construct thereon, or any income to be derived therefrom, or any expenses to be incurred with respect thereto, or any obligations or any other matter or thing relating to or affecting the same; (ii) the absence of asbestos or any environmentally hazardous substances on, in or under the Property or on, in or under any property adjacent to or abutting the Property; (iii) the manner of construction or condition or state of repair or lack of repair of any improvements; (iv) the nature or extent of any easement, restrictive covenant, right-of-way, lease, possession, lien, encumbrance, license, reservation, condition or other similar matter pertaining to the Property, or portion thereof; and (v) the compliance of the Property or the operation of the Property or portion thereof with any laws, rules, ordinances or regulations of any government or other body. Purchaser hereby absolutely waives any right, claim or cause of action which Purchaser may have against Seller with respect to the environmental conditions existing at the Property on the date of closing. By way of example only and not by way of limitation of the foregoing, Seller does not warrant either clear title to the Property, or that Purchaser will be able to obtain title insurance to the Property. Nor shall Purchaser be allowed to return Property because of defect in title. Purchaser shall indemnify, defend and save Seller harmless from and against any and all claims, liability, costs, damages or losses from personal injury, including death, or property damage of any nature, resulting or arising from the sale of the Property. The provisions of this paragraph shall survive the execution and delivery of the deed by Seller and the closing of the transaction contemplated by this agreement.

(Purchaser Signature) (Purchaser Signature)

Acceptance of Offer to Purchase

For the City: _____ Date: _____

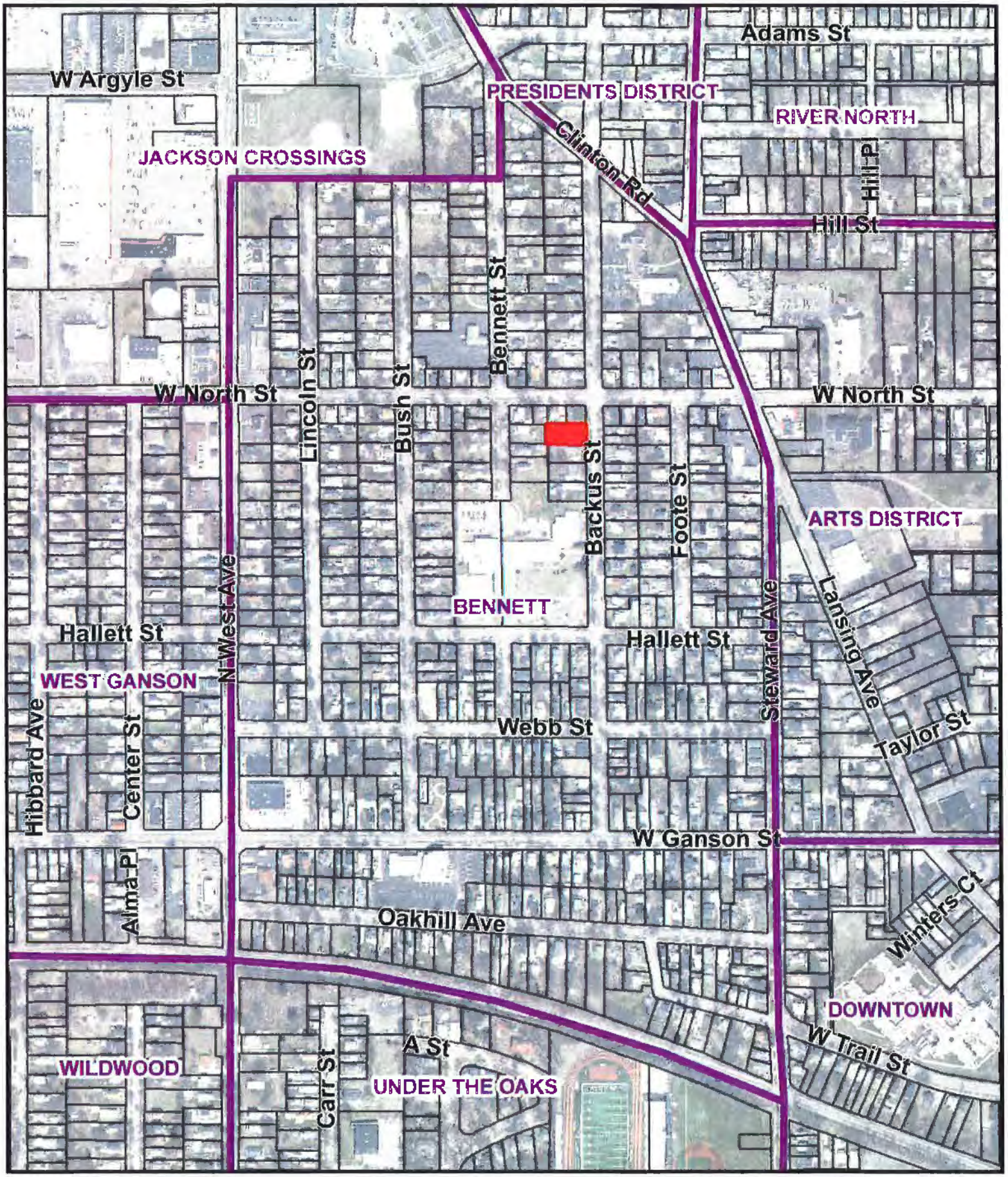
Its: _____

Prepared Under the Supervision of Julius Giglio, City Attorney
Revised: December 10, 2003

N

840 BACKUS ST IN THE BENNETT NEIGHBORHOOD

0 25 50 75 100
Feet



N

840 BACKUS ST IN THE BENNETT NEIGHBORHOOD

0 150 300 450 600
Feet

CITY OF
JACKSON
Founded 1829

City Manager's Office

161 W. Michigan Ave. - Jackson, MI 49201
Phone: (517) 788-4035 • Facsimile: (517) 768-5820

MEMO TO: Honorable Mayor and City Councilmembers

FROM: Patrick Burtch, City Manager PHB

DATE: June 28, 2016

SUBJECT: Consumers Energy Invoice – Louis Glick & Jackson Street Relocation

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Recommendation:

Approve payment of an invoice from Consumers Energy for the Louis Glick and Jackson Street Relocation in the amount of $74,500.00.

Attached is an invoice from Consumers Energy regarding the relocation of Louis Glick and Jackson Street.

Your consideration is appreciated.

PHB

6 330017387726 000074550005 0000 2056 6 300010221566 H

CONSUMERS ENERGY
PO BOX 740309
CINCINNATI, OH 45274-0309

Consumers Energy

CITY OF JACKSON
161 W MICHIGAN AVE
JACKSON MI 49201-1315

PREPAYMENT REQUEST

Due Date	Total Due
08/06/16	$74,550.00
Amount Enclosed	$

Please detach this stub and return it with your payment

CONSUMERS ENERGY

Account Number	300010221566	**Invoice Number**	9307547325
Account Name	CITY OF JACKSON	**PO Number**	
Address	161 W MICHIGAN AVE JACKSON, MI 49201	**PO Date**	
		Bill Date	06/07/16
		DUE DATE	08/06/16

Comments: Louis Glick & Jackson St Relocation Total Amount Due Aug 31, 2016

Item	Description	Quantity	Unit Price	Amount
40010401	Work order 26713402 -Notif 1033852235	1.0 EA	$74,550.00	$74,550.00

Payment Terms:	**Due by:** 08/06/16	**TOTAL DUE*:**	$74,550.00

PLEASE ENCLOSE THE TOP PORTION OF THIS INVOICE WITH YOUR PAYMENT. THE ACCOUNT NUMBER IS NECESSARY TO ENSURE YOUR PAYMENT IS PROPERLY CREDITED. THANK YOU

Contact Information: 1-800-477-5050

*Payments applied after the date of 06/07/16 are not included.

Consumers Energy is regulated by the Michigan Public Service Commission, Lansing, Michigan.

www.consumersenergy.com

Consumers Energy

CITY OF JACKSON
Founded 1829

City Attorney's Office

161 W. Michigan Ave. • Jackson, MI 49201
Phone: (517) 788-4050, (517) 788-4023 • Facsimile: (866) 971-2117

MEMO TO: Honorable Mayor and City Councilmembers

FROM: Bethany M. Smith, City Attorney
Patrick H. Burtch, City Manager

DATE: Council Meeting – June 28, 2016

SUBJECT: ***Purchase Agreement with Jackson Downtown Partners, LLC***
Corner of N. Jackson Street and Louis Glick Highway

Recommendation: APPROVE the attached *Purchase Agreement* as presented and authorize the City Manager to sign the Agreement.

Your consideration and concurrence is appreciated.

DEPARTMENT REPORT

MEMO TO: Honorable Mayor and City Councilmembers

FROM: Bethany M. Smith, City Attorney

DATE: Council Meeting – June 28, 2016

RECOMMENDATION: APPROVE the attached *Purchase Agreement* for the property located at the corner of N. Jackson Street and Louis Glick Highway and authorize the City Manager to sign the Agreement.

SUMMARY

The attached *Purchase Agreement* sets out the rights and responsibilities of the City of Jackson and potential developer, Jackson Downtown Partners, LLC, as to a Purchase Agreement for the property located at the corner of N. Jackson Street and Louis Glick Highway, hereinafter referred to as "the Property." A drawing showing the boundaries of the Property is attached to the Purchase Agreement as Exhibit B.

HISTORY, BACKGROUND and DISCUSSION

The City of Jackson proposes to enter into a Purchase Agreement with potential developer Jackson Downtown Partners, LLC for the sale of the Property. Closing must occur by December 15, 2016 but can be extended to June 15, 2017 upon payment of an Extension Payment of $20,000.00. The purchase price would be $1.00 and the buyer would be required to sign a development agreement at closing.

The development agreement will require the buyer to construct a structure with 3 floors of residential living units and one floor of commercial units. Construction must commence on or before April 1, 2017. If construction is not timely commenced, then the property will revert back to the City. Buyer also would agree to purchase parking permit hang tags from the City for an initial price of $50.00 per hang tag with price increases in the future.

The Purchase Agreement contains various other terms.

POSITIONS

APPROVE execution of the *Purchase Agreement* as presented, and authorize the City Manager to sign the Purchase Agreement.

ATTACHMENTS: Purchase Agreement

PURCHASE AGREEMENT

BY SIGNING THIS PURCHASE AGREEMENT (Agreement), **the City of Jackson**, a Michigan municipal corporation, whose address is 161 W. Michigan Avenue, Jackson, MI 49201 (Seller), and **Jackson Downtown Partners, LLC,** a Michigan limited liability company, whose address is c/o 405 S. Jackson St. Jackson MI (Buyer), agree to sell and purchase the following real estate located in the City of Jackson, Jackson County, Michigan, described as follows:

See Exhibit A attached

(the Property), together with all improvements and appurtenances, now on the Property, with Buyer to pay One Dollar **($1.00)** and 00/100's (the Purchase Price), subject to building and use restrictions and easements, if any, and zoning ordinances, if any and to the execution of a Development Agreement as set forth herein. The approximate boundaries of the property are as shown on Exhibit B attached.

1. EVIDENCE OF TITLE

As evidence of title, Seller, at Seller's expense, agrees to furnish Buyer as soon as possible a commitment for title insurance issued by American Title Company of Jackson (the Title Company) in an amount not less than the Purchase Price and bearing a date later than the acceptance of this Agreement, with the owner's policy pursuant to the commitment to be issued insuring marketable title to the Property in Buyer.

2. TITLE OBJECTIONS

If objection to title is made in the commitment for title insurance or based on a written opinion of Buyer's attorney that the title is not in the condition required for performance under this Agreement, Seller, at Seller's sole option, shall have thirty (30) days from the date Seller is notified in writing of the particular defects claimed, either (1) to fulfill the requirements in the commitment or to remedy the title defects set forth in Buyer's attorney's opinion or (2) to refund the deposit in full termination of this Agreement. If Seller is able and elects to comply with such requirements or remedy such defects within the time specified, as evidenced by writteu notification, revised commitment, or endorsement to commitment, Buyer agrees to complete the sale within fourteen (14) days of receipt of a revised commitment or endorsement to commitment, subject to any other contingency contained in this Agreement.

3. EARNEST MONEY DEPOSIT

On the Effective Date (as defined below) of this Agreement, Buyer shall make an earnest money deposit of $1.00, which shall be held by the Title Company and applied toward the Purchase Price at closing if the sale is consummated.

4. TAXES AND PRORATED ITEMS

All taxes which have become a lien on the land as of the date of closing shall be paid by Seller, except that: (a) all current property taxes shall be prorated and adjusted between Seller and Buyer as of the date of closing on a due-date basis, without regard to lien date, as if paid prospectively (e.g., taxes due July 1 will be treated as if paid for the period July 1 through the following June 30, and taxes due December 1 shall be treated as if paid for the period December 1 through the following November 30); and (b) Buyer shall be responsible for the payment of all property taxes falling due after the date of closing without regard to lien date. Seller shall be responsible for payment of all installments due on or before closing for any special assessment against the Property. Buyer shall be responsible for payment of all installments due after closing on any special assessment against the Property. If any special assessment must be paid in full at closing, Buyer shall make such payment at closing.

5. IMPROVEMENTS

This is a parcel of vacant land with no improvements.

6. CLOSING

Closing shall take place at the office of the Title Company. If title can be conveyed in the condition required under this Agreement and all contingencies have been satisfied or waived, closing shall take place on a date and time as is mutually agreeable to the parties and as dictated by the ability and availability of Buyer's lender, if any, to close, provided, however, that closing shall occur not later than December 15, 2016. Buyer may extend the closing date up to June 15, 2017 upon the payment of $20,000.00 to Seller, referred to hereinafter as the "Extension Payment." The Extension Payment shall not be applied to the purchase price.

7. PAYMENT OF FEES, CLOSING COSTS, ETC.

Buyer shall pay all closing fees and all costs associated with recording the required Deed and any loan documents. The parties agree that the Title Company shall prepare the required Deed and closing documents necessary to complete this transaction, that the Title Company shall conduct the closing, and that the cost of same, together with any document preparation fee, excepting as to loan documents, shall be paid by Seller and Buyer equally. At closing, the parties shall execute closing statements prepared by the Title Company and all income or other tax and governmental reporting documents as required by the Title Company.

8. POSSESSION

Possession of the Property is to be given at closing.

9. INSPECTION CONTINGENCY

This offer is contingent on the Buyer, at the Buyer's option, having the land and any structures examined for physical condition including, but not limited to, environmental contamination or conditions; satisfactory foundations; drainage; grading; and construction; by a contractor/professional inspector of Buyer's own choice and at Buyer's own expense within sixty (60) days of the Effective Date (as defined below). Unless Buyer notifies Seller, in writing, within sixty (60) days of the Effective Date (as defined below) that Buyer has substantial cause to be dissatisfied with the results of such examinations, and which writing shall specifically recite the causes of such dissatisfaction, Buyer will be conclusively presumed to accept the condition of the premises "AS IS." If Buyer duly notifies Seller of Buyer's dissatisfaction, Seller shall have the option of providing for the making of the required repair or declaring this Agreement null and void and returning all deposits to Buyer. For the purpose of this Property Inspection Contingency, no individual cause for dissatisfaction costing less than Ten Thousand and NO/100 ($10,000.00) Dollars to repair, as determined by the reasonable estimate of Seller's contractor, shall constitute "substantial cause to be dissatisfied."

10. CONDITION OF PROPERTY

Buyer acknowledges and agrees that the Property shall be sold, and Buyer shall accept possession of the Property on the Closing Date, "AS IS- WHERE IS, WITH ALL FAULTS," with no right of setoff or reduction in the Purchase Price, and Buyer shall assume the risk that adverse physical, environmental, economic or legal conditions may not have been revealed by Buyer's investigations during the Due Diligence Period or otherwise. Seller nor their respective officials, officers, employees, agents, representatives, successors or assigns (each, a "Seller's Representative" and, collectively, "Seller's Representative's") have or shall be deemed to have made any representations or warranties, express or implied, regarding the Property or any matters affecting the Property, including without limitation the physical condition of the Property, title to or boundaries of the Property, soil conditions, the presence or absence, location or scope of any Hazardous Materials in, at, or under the Property, compliance with building, health, safety, land use or zoning Laws, other engineering characteristics, traffic patterns and all other information pertaining to Property. Buyer moreover acknowledges (i) that Buyer is a sophisticated buyer, knowledgeable and experience in the financial and business risks attendant to an investment in real property and capable of evaluating the merits and risks of entering into this Agreement and purchasing the Property, (ii) that Buyer has entered into this Agreement in reliance on its own (or its experts') investigation of the physical, environmental, economic and legal condition of the Property, and (iii) that Buyer is not relying upon any representation or warranty concerning the Property made by Seller or Seller's Representatives other than as expressly set forth. Seller shall not have any

liability of any kind or nature for any subsequently discovered defects in the Property whether those defects were latent or patent.

11. LEGAL DESCRIPTION

Buyer and Seller acknowledge and agree that the legal description for the Property shall be that as set forth in the commitment for title insurance to be obtained by Seller and furnished to Buyer pursuant to this Purchase Agreement.

12. BUYER'S DEFAULT

If Buyer fails to perform any of its obligations under this Agreement for any reason other than Seller's default or the permitted termination of this Agreement by either Seller or Buyer as herein expressly permitted, Seller shall have the right, in its sole discretion, to (a) terminate this Agreement and receive and retain the Earnest Money hereunder, which retention shall operate to terminate this Agreement and release Buyer from any and all liability hereunder, and/or (b) enforce specific performance of Buyer's obligation to execute the documents and pay the Purchase Price required for Seller to convey the Property to Buyer. Seller shall give 10 days' notice and an opportunity to cure any breach by Buyer occurring less than 10 days prior to the agreed upon date of Closing.

13. SELLER'S DEFAULT

If Seller defaults under this Agreement, Buyer may, at Buyer's option, pursue all legal and equitable remedies available to Buyer under Michigan law, or demand and be entitled to an immediate refund of Buyer's entire deposit in full termination of this Agreement. If Buyer elects to a return of the deposit, the deposit shall be returned as liquidated damages. Buyer acknowledges and agrees that Buyer's election of a return of the deposit shall be Buyer's sole remedy, and Buyer shall have voluntarily waived any other legal or equitable remedy Buyer may have as a result of the default.

14. RISK OF LOSS

The risk of loss shall remain with the Seller until title transfer. Should such property be substantially damaged by fire or other casualty prior to filing the Deed the Buyer shall have the option to void this agreement in which event all earnest moneys shall be returned to the buyer and such agreement shall become null and void, or have such insurance proceeds deposited into escrow thereupon the purchase.

15. BUYER'S ACCESS TO PROPERTY

While this Agreement remains in effect, Buyer and Buyer's representatives shall have the right to enter upon the Property for the purpose of inspecting the Property and making engineering tests and other investigations, inspections and tests related to Buyer's development of the Property.

16. BINDING AGREEMENT

This Agreement shall bind and inure to the benefit of the heirs, executors, administrators, successors, and assigns of the respective parties. Buyer's acceptance of the Deed shall be deemed a discharge of all of the obligations of Seller under this Agreement.

17. TIME OF THE ESSENCE

Time is of the essence of this Agreement, but Buyer may waive this provision for the purpose of curing title defects.

18. BROKERS

Seller and Buyer represent and warrant to each other that they have not used or employed the services of any real estate brokers, sales agents, or finders in connection with the purchase and sale of the Property, and that any commissions owed to any broker, sales agent or finder shall be the sole responsibility of Buyer. Other than commissions owed to, if any, which shall be paid by Buyer, Seller and Buyer agree to indemnify, defend, and hold one another harmless with respect to any broker's commissions and/or finder's fees which are asserted or may become due as a result of the purchase and sale of the Property.

19. ENTIRE AGREEMENT

The parties agree that this Purchase Agreement contains the entire agreement between Seller and Buyer and that there are no agreements, representations, statements, or understandings which have been relied on by the parties to this Purchase Agreement which are not stated in this Purchase Agreement.

20. REPRESENTATIONS & WARRANTIES

Buyer represents and warrants to Seller as follows:

(A) Buyer is a duly formed and validly existing Limited Liability Company organized under the laws of the State of Michigan (and is qualified under the laws of the Commonwealth of Michigan to conduct business therein.)

(B) Buyer has the full legal right, power, authority and financial ability to execute and deliver this Agreement and Buyer's Documents, to consummate the transactions contemplated hereby, and to perform its obligations hereunder and under Buyer's Documents.

(C) This Agreement and Buyer's Documents have been duly authorized by all requisite corporate action, action on the part of Buyer, and are the valid and legally binding obligations of Buyer, enforceable in accordance with their respective terms.

(D) This Agreement and Buyer's Documents do not and will not contravene any provision of the articles and bylaws; partnership agreement; operating agreement; management agreement of Buyer, any judgment, order, decree, writ or injunction issued against Buyer, or any provision of any Laws applicable to Buyer. The consummation of the transactions contemplated hereby will not result in a breach or constitute a default or event of default by Buyer under any agreement to which Buyer or any of its assets are subject or bound and will not result in a violation of any Laws applicable to Buyer.

(E) Buyer has no knowledge as of the date hereof of pending actions, suits, proceedings or investigations to which Buyer is a party before any court or other Governmental Authority which is likely to have material adverse impact on the transactions contemplated herby.

The representations and warranties of Buyer set forth in this Agreement shall be true, accurate and correct in all material respects upon the execution of this Agreement, shall be deemed to be repeated on and as of the Closing Date (except as they relate only to an earlier date) and shall survive the Closing for a period of 90 days and shall not be merged in the Deed for that period, and no action or claim based thereon shall be commenced after that period unless the factual basis of the claim or cause of action asserted in the action was first identified with reasonable clarity in a written notice delivered to Buyer not later than 90 days following the Closing Date.

21. NOTICES

All notices, elections, consents, approvals, demands, objections, requests or other communications which Seller, Buyer or Title Company may be required or desire to give pursuant to, under or by virtue of this Agreement must be in writing and sent by (i) first class U.S. certified or registered mail, return receipt requested, with postage prepaid, or (ii) nationally-recognized courier guarantying next business day delivery, addressed as follows:

<u>If to Seller:</u>

City of Jackson
Attn: City Manager
161 W. Michigan Ave.
Jackson, MI 49201

<u>With a copy to:</u>

City of Jackson
Attn: City Attorney
161 W. Michigan Ave.

Jackson, MI 49201

If to Buyer:

Kevin M. Thomson, Esq.
405 S. Jackson St
P.O. Box 450
Jackson, MI 49204-0450 (517) 787-8570

If to Title Company:

American Title Company of Jackson
280 W. Cortland Avenue
Jackson, MI 49201

22. GENERAL CONDITIONS

Each of the Exhibits referred to in this Agreement and attached to this Agreement are incorporated herein by this reference. The caption headings in this Agreement are for convenience only and are not intended to be a part of this Agreement and shall not be construed to modify, explain or alter any of the terms, covenants or conditions herein contained. This Agreement may be executed in a number of identical counterparts, each of which shall be an original for all purposes. If so executed, each of such counterparts shall, collectively, constitute one agreement. If any provision of this Agreement shall be unenforceable or invalid, the same shall not affect the remaining provisions of this Agreement and to this end the provisions of this Agreement are intended to be and shall be severable.

23. FURTHER ASSURANCES

Each party agrees that it will without further consideration execute and deliver such other documents and take such other action, whether prior or subsequent to Closing, as may be reasonably requested by the other party to consummate more

24. BASELINE ENVIRONMENTAL ASSESSMENTS

Seller shall have a Baseline Environmental Assessment conducted for the Property at Seller's expense which shall be in the name of the Seller. Buyer shall be responsible for conducting its own Baseline Environmental Assessment.

25. INDEMNIFICATION

The Buyer agrees to release Seller, its agents, officials and employees from, and shall indemnify and save harmless the Seller, its agents, officials and employees against and, from all liabilities, obligations, damages, penalties, claims, costs, charges, losses and

expenses (including, without limitation, fees and expenses of attorneys, whether inside or outside counsel, expert witnesses and other consultants) which may be imposed upon, incurred by or asserted against the Seller by reason of the following occurring during the term of this Agreement and particularly, but not solely, during the Inspection Period: any negligent or tortuous act or omission of the Buyer or its agents, employees or assigns resulting in personal injury, bodily injury, sickness, disease or death, or injury to or destruction of tangible and/or real property, including the loss of use therefrom.

26. ALL AGREEMENTS IN WRITING

The parties agree that this Purchase Agreement (and written and signed addenda, if any) cannot be modified, altered, or otherwise amended without a writing being duly signed or initialed, as the case may be, by both Seller and Buyer.

27. CHOICE OF LAW

This Agreement shall be governed by the laws of the State of Michigan and venue shall be in Jackson County, Michigan.

28. EFFECTIVE DATE

The effective date of this Agreement, i.e., the date on which the timing provisions and contingencies of this Agreement begin (the Effective Date), shall be the date on which the last person to sign this document shall have signed the document. If the parties fail to insert the date they signed this Agreement beneath their signatures below, the Effective Date shall be the date on which Buyer received a fully executed copy of this document. **IT IS THEREFORE VERY IMPORTANT FOR EACH PERSON SIGNING THIS DOCUMENT TO PLACE THE DATE OF SIGNING IN THE SPACE PROVIDED BELOW HIS OR HER SIGNATURE.**

29. DEVELOPMENT AGREEMENT

Buyer agrees that this Purchase Agreement is contingent upon the Buyer signing a Development Agreement prior to the closing on the Property between the parties in which Buyer agrees to the following: (1) to construct a structure with 3 floors of residential living units and one floor of commercial units, with said structure to commence construction on or before April 1, 2017 or the date that the frost laws are lifted, whichever comes later. If Buyer pays the Extension Payment in Paragraph 6 and the closing is extended to June 15, 2017, then commencement of construction must occur on or before October 1, 2017. The term "commencement of construction" shall mean for purposes of this Agreement that plans and specifications have been approved, all necessary permits have been issued, excavation according to the approved plans has begun on the Project site, and installation of a footer has occurred. (2) that if Buyer does not commence construction on or before April 1, 2017 or the date that the frost laws are lifted (or October 1, 2017 if the Extension Payment is tendered), whichever comes later, then the Property shall revert back to the Seller for the amount of the purchase price plus

all costs incurred by Seller to maintain the Property from the date of signing of this Purchase Agreement to the date of the Buyer's default, plus all costs associated with the transfer of the Property to the Buyer and all costs of transfer of the Property back to the Seller with no reimbursement to Buyer for any closing costs or other costs related to the purchase of the property. Buyer agrees that Seller has no obligation to close on the Property if the Development Agreement as set forth above is not signed by the Buyer prior to the closing on the Property that is the subject of this Agreement, and (3) that Buyer cannot construct any structure (including but not limited to sheds, garages, or parking facilities) on the Property prior to complete construction of the principal structure shown on Exhibit C. All terms regarding the development of the Property contained in this Purchase Agreement shall be incorporated into a Development Agreement to be signed at closing by the Seller and Buyer.

30. PARKING

A. *Availability of Parking*. Seller and Buyer recognize that access to parking is critical to redevelopment of the Property. As a result, Seller will make parking hang tags available to Buyer for the Property. The parking may be in parking spaces located in either surface lots or parking decks within a reasonable distance to the Property. Seller determines the location of the spaces in which parking is available. Parking permit hangtags will be issued to the Buyer upon Buyer's request. This provision on parking is not effective unless Buyer closes on the Property within the time periods set forth in this Purchase Agreement.

B. *Price of Parking*. The price of each parking permit hang tag shall be Fifty and 0/100 Dollars ($50.00) per month per tag. The price of each parking permit hang tag shall increase by Three percent (3%) per year for the first five (5) years from the date of exercise of this Option. After five (5) years, the price of the parking permit hang tag shall be increased annually on the anniversary of the effective date of this Agreement by a percentage equal to the percentage increase in the Consumer Price Index, All Cities, published by the U.S. Department of Labor for the month this Agreement goes into effect and the most recently published index at the anniversary date of this Agreement.

31. PROPERTY REVERSION

If Buyer commences construction but does not complete construction within two (2) years from either April 1, 2017 (or October 1, 2017 if the Extension Payment in Paragraph 6 is paid to Seller), then the Property shall revert back to the City, the Buyer shall pay to the City the cost for the City to remove and abate any and all construction or improvements made to the Property by Buyer, Buyer shall immediately pay and fully satisfy all liens, mortgages, or other encumbrances on the Property, Buyer shall pay to City all personnel and labor cost, closing costs, transfer taxes, recording fees and all other

costs and expenses incurred by the City as a result of the original sale to Buyer and/or from the subsequent sale to the City, plus any unpaid taxes that have accrued during the Buyer's period of ownership of the Property, and all other actual costs and expenses incurred hy the City related to this Agreement, and all building, site, engineering, and construction plans and drawings related to the construction or improvements made to the Property by Buyer shall be provided to and owned by the City.

32. CITY COUNCIL AUTHORIZATION

Notwithstanding any other provision, this Agreement is subject to the approval of the City of Jackson City Council.

ACCORDINGLY, Seller and Buyer have executed this Purchase Agreement as of the date written below.

GRANTEE:
JACKSON DOWNTOWN PARTNERS, LLC

By Kevin M. Thompson
Its: Attorney
Dated: Jan 28, 2016

By: _____
Its: _____
Dated: _____

By _____
Its: _____
Dated: _____

By: _____
Its: _____
Dated: _____

STATE OF MICHIGAN)
)SS
COUNTY OF JACKSON)

The foregoing instrument was acknowledged before me in Jackson County, Michigan this 28th day of June, 2016 by Kevin H. Thomson, the Attorney of Jackson Downtown Partners, a Michigan limited liability company, on behalf of the company.

Notary Public, Jackson County, Michigan
My Commission Expires: 12/27/2016

STATE OF MICHIGAN)
)SS
COUNTY OF JACKSON)

The foregoing instrument was acknowledged before me in _____ County, _____ this _____ day of _____, 2016 by _____, the _____ of _____, a Michigan limited liability company, on behalf of the company.

Notary Public, Jackson County, Michigan
My Commission Expires:_____

STATE OF MICHIGAN)
)SS
COUNTY OF JACKSON)

The foregoing instrument was acknowledged before me in _____ County, _____ this _____ day of _____, 2016 by _____, the _____ of _____, a Michigan limited liability company, on behalf of the company.

Notary Public, Jackson County, Michigan
My Commission Expires:_____

STATE OF MICHIGAN)
)SS
COUNTY OF JACKSON)

The foregoing instrument was acknowledged before me in _____ County, _____ this _____ day of _____, 2016 by _____, the _____ of _____, a Michigan limited liability company, on behalf of the company.

_____
Notary Public, Jackson County, Micbigan
My Commission Expires:_____

SELLER:

CITY OF JACKSON

_____

By: Patrick H. Burtch
Its: City Manager

Dated:_____

STATE OF MICHIGAN)
)SS
COUNTY OF JACKSON)

The foregoing instrument was acknowledged before me in Jackson County, Michigan this _____ day of _____, 2016 by Patrick H. Burtch, the City Manager of the City of Jackson, a Michigan municipal corporation, on behalf of the corporation.

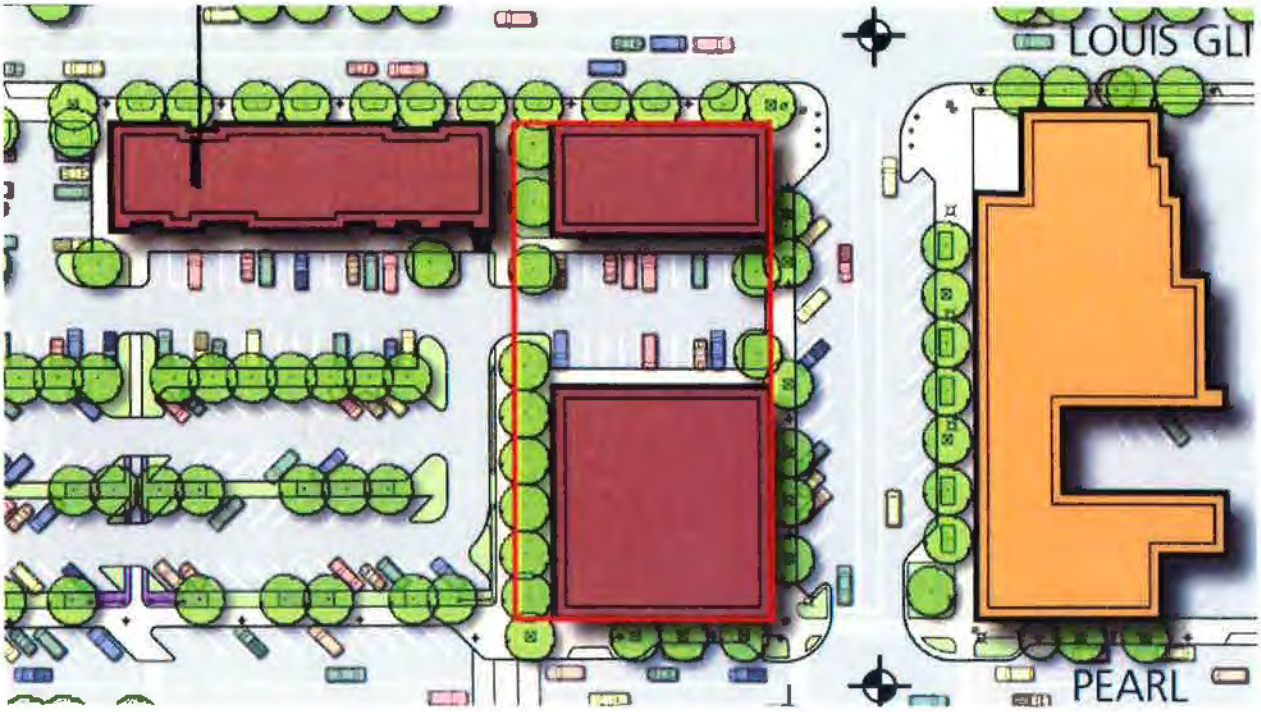
_____
Notary Public, Jackson County, Michigan
My Commission Expires:_____

EXHIBIT A – LEGAL DESCRIPTION

Land situated in the City of Jackson, County of Jackson and State of Michigan legally described as:

> **All of Lots 1,2 3 and 4, Block 2 North Range 1 West of the Original Plat of the City of Jacksonburg, except the North 10 feet of Lot 4.**

EXHIBIT B – PROPOSED BOUNDARIES OF STRUCTURE



CITY OF JACKSON
Founded 1829

City Attorney's Office

161 W. Michigan Ave. • Jackson, MI 49201
Phone: (517) 788-4050, (517) 788-4023 • Facsimile: (866) 971-2117

MEMO TO: Honorable Mayor and City Councilmembers

FROM: Bethany M. Smith, City Attorney
Patrick H. Burtch, City Manager

DATE: Council Meeting – June 28, 2016

SUBJECT: ***Option Agreement with Home Renewal System, LLC***
Hayes Hotel – 228 W. Michigan Avenue

Recommendation: APPROVE the attached *Option Agreement* as presented and authorize the City Manager to sign the Agreement.

Your consideration and concurrence is appreciated.

DEPARTMENT REPORT

MEMO TO: Honorable Mayor and City Councilmembers

FROM: Bethany M. Smith, City Attorney

DATE: Council Meeting – June 28, 2016

RECOMMENDATION: APPROVE the attached *Option Agreement* for the Hayes Hotel located at 228 W. Michigan Avenue as presented and authorize the City Manager to sign the Agreement.

SUMMARY

The attached *Option Agreement* sets out the rights and responsibilities of the City of Jackson and potential developer and Option Grantee, Home Renewal Systems, LLC, as to an option agreement for the Hayes Hotel located at 228 W. Michigan Avenue.

HISTORY, BACKGROUND and DISCUSSION

The City of Jackson staff proposes to enter into an Option Agreement with potential developer Home Renewal Systems, LLC for the sale of the Hayes Hotel. The Option would be for a 12 month term with the possibility of a 6 month option renewal period. The consideration for the Option Agreement would be $1.00. To renew for an additional six months, the developer would have to pay the City $20,000 plus show that there is progress on the development as shown on Exhibit C of the Option Agreement.

The purchase price when the option is exercised would be $1.00 plus reimbursement to the City of part of the costs of the roof that was replaced of $120,000. The Developer must also enter into a development agreement at the closing of the property and agree to purchase up to 145 parking hang tags from the City for $50.00 per tag.

The Option Agreement contains various other terms concerning grant of the option.

POSITIONS

APPROVE execution of the *Option Agreement* as presented.

ATTACHMENTS: Option Agreement

OPTION AGREEMENT
Effective Date June 22, 2016

The City of Jackson, a Michigan municipal corporation, with offices at 161 West Michigan Avenue, Jackson, Michigan 49201 ("Grantor" or "Seller"), and Home Renewal Systems, LLC, a Michigan limited liability company, with offices at 23370 Commerce Drive, Farmington Hills, Michigan 48335 ("Grantee" or "Purchaser"), enter into this Option Agreement as of the Effective Date appearing above, subject to the following conditions:

1. *Grant of Option.* In consideration of One Dollar ($1.00), receipt of which Grantor acknowledges, paid by Grantee to Grantor, the Grantor grants the Grantee an exclusive option to purchase the real property described on Exhibit A with all easements, rights and appurtenances (hereinafter "the Property"). The option shall remain in effect for twelve (12) months from the Effective Date of this Option Agreement as defined below (the "Option Term"). Grantee, at its sole discretion, may renew this option for one (1) additional six (6) month term ("Term Extension") by paying an additional $20,000 at the beginning of said 6 month Term Extension, which will be attributed to the purchase price and as consideration for each renewal plus the reimbursed costs as set forth in Paragraph 4 below. The consideration for the extensions of the option shall be paid on or before the first day of each extension.

2. *Scope of the Project.* It is the understanding of the parties that Grantee intends to develop a commercial and retail mixed-use development at the Property, which is hereinafter referred to as "the Project." The Property that is the subject of the Project is depicted in the attached Exhibit B. It is understood that the Project Property north property line may need to be altered to incorporate the footprint of the building and the contemplated stair tower. The lot immediately north of the Project Property will provide an easement for ingress/egress to Project Property and usage during construction activity. In the case of a discrepancy between the legal description and the property depicted in Exhibit B, the boundaries delineated in Exhibit B shall prevail.

3. *Term of the Option.* This Option Agreement shall be in effect for twelve (12) months from the Effective Date, unless renewed as provided in Paragraph 1. The Grantee may

elect to acquire the Property any time during the term of this Option (as extended) by notifying the Grantor in writing of its election to purchase the Property.

4. *Purchase Price.* The purchase price for the Property is One ($1.00) Dollar plus reimbursement of the Grantor's costs (incurred before and/or after the date hereof) of repairing/ replacing the roof of the building on the Property, not to exceed One Hundred and Twenty Thousand Dollars and Zero Cents ($120,000.00). If Grantee fails to comply with any milestone listed in Exhibit C then all additional monies contemplated as part of this option agreement shall be added to the above referenced $120,000 at closing. The purchase price of the Property and the reimbursed roofing and all other costs referred to in Exhibit C must be paid in full at the time of closing.

5. *Roof Repair Pricing* The City has already Installed a 45 Mil Poly-ISO TPO roof system with and R24 insulated roof deck at the cost of $300,000 during the 2015/16 construction season.

6. *Condition of the Property.* Both Grantor and Grantee acknowledge that they are aware of the present state of repair of the Property and that the Grantor has no present plans to repair or preserve the Property. Grantor shall have no obligation under the terms of this Option to repair or maintain the Property in any other manner. Grantee acknowledges that any repairs that are made to the property are done solely for the benefit of the Grantee in order to preserve the Property for Grantee's intended Project.

7. *Maintenance and Utility Costs.* All repair or maintenance costs incurred by the Grantor that are a direct result of Grantee's use, evaluation or desire to preserve the Property shall be the responsibility of the Grantee and shall be paid at closing. Grantor, at its own expense, shall use reasonable efforts to maintain the Property in its current condition.

8. *Insurance.* As a precondition to the Grantee entering the Property during the option period, it shall be required to show evidence of commercial general liability insurance, worker's compensation insurance and professional liability insurance (where applicable), which is reasonably acceptable to the City. The commercial general liability insurance policies shall name the City, its agents, representatives, officers and employees as additional insureds to protect their interests. Both bodily injury and property damage insurance must be on an occurrence basis; and such policies shall provide that the coverage afforded thereby shall be primary coverage to the full limits of liability stated in the declarations, and if the City, agents, representatives, officers or employees have other insurance against the loss covered by said policies, that other insurance shall be excess insurance only. Such insurance coverage shall be issued by financially responsible insurance companies, licensed in the State of Michigan, and approved by the City. Upon request by the City, the Grantee shall submit all insurance policies for review. Each policy shall provide for thirty (30) days written notice of cancellation, expiration, termination, or change of policy to the City.

9. *Title.* The Grantor agrees to convey title to the Property to the Grantee if the Grantee exercises the option. Any conveyance under this option shall be by Quit Claim Deed. At

the closing, Grantor shall purchase title insurance in the full amount of the purchase price on the Property in the name of the Grantee.

10. *Survey.* If the Grantee exercises the option, the Grantor shall order a boundary and improvements survey of the Property, to be prepared by a registered surveyor licensed in the State of Michigan that conforms to the boundaries delineated in Exhibit B subject to alteration as indicated in paragraph 2.

11. *Evidence of Progress of Development.* As a condition of receiving a six (6) month renewal of the original twelve (12) month term, Grantee must show satisfactory evidence of progress on the development of the Project. Satisfactory evidence of progress on the development of the Project can be shown by completion of the steps on attached Exhibit C and as defined in Exhibit C. If Grantee fails to show evidence of progress on the Project as set forth on Exhibit C, Grantee shall not be permitted to extend the Option.

    a. Grantee must show satisfactory evidence of progress on the development of the project by June 15, 2017. If Grantee has already exercised its option to purchase the Property and fails to show evidence of satisfactory progress on the Project by June 15, 2017, as set forth on Exhibit C, Grantee must immediately transfer the property to the Grantor City by way of quit claim deed or in the case where the project never transferred shall agree to forfeit this option and any authorized extensions thereto. The purchase price when transferred back to Grantor shall be One ($1.00) Dollar (any reimbursement amounts for the repair costs of the roof paid by Grantee at closing will not be repaid to Grantee upon transfer back to the Grantor); however, Grantee must also pay the Grantor City all closing costs, transfer taxes, recording fees and other related costs incurred by the City from the original sale to the Grantee and from the subsequent sale to the City, plus any unpaid taxes that have accrued during the Grantee's period of ownership of the Property. If the Property is transferred back to the Grantor, then all surveys, studies, and environmental assessments performed at the request of the Grantee shall become the property of the Grantor. Once satisfactory evidence of progress of development has been shown (interior demolition completed), the property will not be transferred back to the Grantor.

12. *Closing.* This sale shall be closed within thirty (30) days after all the closing documents are prepared, but no later than sixty (60) days after the date of the notice of the exercise of the option. The Grantor shall be responsible for preparing the Quit Claim deed to be signed and given at the closing. The Grantee shall pay all closing costs including but not limited to, the transfer tax at the closing.

13. *Possession.* Grantee shall have possession of the Property thirty (30) days or sooner after the closing to allow Grantor sufficient time to remove its personal property

14. *Proration.* The Grantee shall pay real estate taxes due and owing on the date of the closing. The Grantee shall pay any past due special assessments levied against the premises before the date of the closing. Future installments of special assessments are payable by Grantee.

15. *Exercise of the Option.* The Grantee may exercise this option by giving a written notice signed by the Grantee, personally served or delivered by certified mail to the City Manager, before the option expires, to the Grantor at the Grantor's address stated above, or at a subsequent address that the Grantor provides to the Grantee in writing. All notices shall be sent to the Grantee by personal service or certified mail at the address shown above or a subsequent address that the Grantee provides to the Grantor in writing. A notice given by certified mail shall be deemed given on the date the notice is deposited for mailing in a United States post office or mail receptacle with proper postage affixed.

16. *Binding Effect.* This option shall benefit and bind the parties to this option and their respective successors and assigns and shall run with the land.

17. *Effective Date.* This option shall become effective as of the date first written above.

18. *Broker's Fees; Finder's Fees; Development Fees; Grantee's Agent.* No broker's fees will be paid in connection with the Property of this transaction.

19. *Damage to Property:* Any provision to the contrary notwithstanding, if the Property is damaged by fire or other casualty prior to closing, Grantee may either elect to revoke the exercise of the Option or to proceed with the Closing. Any damages that are a result of Grantee's activities on the Property shall be the responsibility of Grantee and paid to Grantor upon request. Upon closing, Grantee must maintain the property in order to avoid degeneration and deterioration of the structure, including but not limited to maintenance of utilities and climate control. Grantee acknowledges that the structure could be condemned by the Grantor should the structure become demolished by neglect.

20. *Parking.*

    A. *Availability of Parking.* Grantor and Grantee recognize that access to parking is critical to redevelopment of the Property. As a result, Grantor will make parking for One Hundred Forty-Five (145) parking spaces available to Grantee for the Property. The parking may be in parking spaces located in either surface lots or parking decks within a reasonable distance to the Property. Grantor determines the location of the spaces in which parking is available. Parking permit hangtags will be issued to the Grantee at closing and annually thereafter. This provision on parking is not effective unless Grantee exercises this Option with the time periods set forth in this Option Agreement and closes on the property.

    B. *Price of Parking.* The price of each parking permit hangtag shall be Fifty and 0/100 Dollars ($50.00) per month per tag. The price of each parking permit hangtag shall increase by Three percent (3%) per year for the first five (5) years from the date of exercise of this Option. After five (5) years, the price of the parking permit hang tag shall be increased annually on the anniversary of the Effective Date of this Agreement by a percentage equal to the percentage increase in the Consumer Price Index, All Cities, published by the U.S. Department of

Labor for the month this Agreement goes into effect and the most recently published index at the anniversary date of this Agreement. Said parking permits, commensurate with the need shall be purchased by the Grantee, its agents, and/or assigns on the date a certificate of occupancy is granted by the Grantor City for each specific use. For example, at the issuance of certificates of occupancies for 24 residential units or fraction thereof, the necessary annual parking permits must be purchased from the Grantor by the Grantee. If the Grantor's meterless parking system is expanded to include the spaces in the vicinity of the Property, Grantee agrees to pay the meterless parking assessment.

21. *Other Special Conditions*. The Grantor and Grantee agree that, as a condition precedent to a sale under this option, due diligence activities must occur prior to closing and are the responsibility of the Grantee.

22. *Governmental Authorization*. If the Property is not presently zoned to permit the use contemplated by the Grantee, and rezoning is necessary, then Grantee's exercise of this Option shall be deemed conditioned upon obtaining rezoning. Buyer shall immediately begin the process for rezoning upon execution of this Option and diligently pursue rezoning at its expense. If rezoning has not occurred prior to close of the sale of the Property, Grantee may either (i) terminate this Option, or (ii) waive this condition and proceed with closing.

23. *Authorization to Enter*. Grantor authorizes Grantee to enter upon the Property at any time prior to closing to survey the Property, to determine the exact dimensions and legal description thereof, to make soil borings to determine the suitability of the land for the intended uses, and to analyze the soil borings to ascertain the level of contaminants. Grantee bears the expense of all borings, surveying and testing. The Grantee may inspect the Property and all buildings on the Property and conduct such tests, as Grantee may desire, including an environmental assessment of the Property. The Grantee or any party the Grantee designates is granted reasonable access to the Property for inspection. In each instance, the Grantee must inform Grantor of the time and date when Grantee or others acting on its behalf wish to inspect the Property so that those visits can be scheduled at times that accommodate Grantor's schedule. Grantee must repair all damage caused to the Property to Grantor's satisfaction within 30 days of the visit. Grantee will defend, indemnify, and save harmless the Grantor and its agents, officers, employees, or servants from and against any and all liability, cost, or losses resulting from any and all claims, demands, suits, actions, payments, or judgments, including any and all expenses, legal or otherwise, brought or recovered against the Grantor by any third party, arising directly or indirectly by reason of any act or omission of the Grantee, or its agents, servants, employees, or contractors, or any other person or entity, in connection with entry upon the Property as herein allowed. In addition to the foregoing indemnification against third party claims, the Grantee will indemnify, defend, and save harmless the Grantor from any costs, losses, or damages, including any and all expenses, legal or otherwise, arising from any personal injuries, property damage, bodily injuries, death, or other losses arising directly or indirectly by reason of any act or omission of the Grantee or its agents, servants, employees, or contractors, whereby the Grantor claims to

be damaged, directly or indirectly, by said act or omission in connection with entry upon the Property as herein allowed. Grantee's obligation to defend, indemnify, and save harmless the Grantor shall survive the closing.

24. *Default.*

(a) Default by Grantee: If Grantee is in default hereunder, and said default is not cured within a reasonable period, not to exceed ten (10) days, Grantor shall be entitled to terminate this option.

(b) Default by Grantor: If Grantor is in default hereunder, and said default is not cured within a reasonable period, not to exceed ten (10) days, Grantee shall have the right to revoke the exercise of this option or to proceed to close

25. *Notice to Grantee.* (Hazardous Wastes or Substances, Underground Tanks) Grantee has been informed by Grantor that the Property may contain environmental contamination and may have contained underground storage tanks.

There are numerous federal, state, and local laws and regulations in existence, which are intended to control and/or correct environmental contamination. These laws and regulations may expose Grantee and other users of Property to liability for damages and/or cleanup costs occasioned by environmental contamination, regardless of fault and regardless of when in time the contamination may have occurred. The costs associated with the cleanup of the environmental contamination can be substantial. Accordingly, it is prudent for Grantee to seek legal and technical counsel from professionals experienced in such matters so that it may be better apprised of its rights and responsibilities with respect to environmental contamination. Especially is such counsel to be sought since Grantee has been informed by Grantor that hazardous wastes or substances may have been or now are used, stored, handled, or disposed of on the Property and the Property may have had, or now has, underground storage tanks. Grantor has given Grantee notice regarding the possible presence now, or in the past, of hazardous wastes or substances, and of possible underground storage tanks on the Property. The term "hazardous wastes or substances", as used in this NOTICE, may include, but is not limited to, petroleum based products, paints and solvents, lead, cyanide, DDT, printing inks, acids, pesticides, ammonium compounds, asbestos, PCBs, and other chemical products. Hazardous wastes or substance and underground storage tanks may be present on all types of real property, and this NOTICE is therefore meant to apply to all areas of the Property, whether improved or unimproved. Each party agrees to hold the other harmless against all costs of any assessment of the Property, environmental or otherwise.

26. *Merger into Development Agreement.* The terms of this Option Agreement shall merge into any subsequent Development Agreement between the parties which must be executed by the Grantee as a condition of closing.

27. *Disclaimers and Limitations.* Notwithstanding anything to the contrary herein contained, Purchaser expressly understands, acknowledges and agrees that the conveyance of the

Property shall be made by Seller to Purchaser on an "as is, where is" basis, and with all faults, including fire damage, the environmental condition of the Property, and Purchaser acknowledges that Purchaser has agreed to buy the Property in its present condition and that Purchaser is relying solely on its own examination and inspections of the Property and not on any statements or representations made by Seller or any agent or representatives of Seller. Additionally, Purchaser hereby acknowledges that Seller makes no warranty or representation, express or implied, or arising by operation of law, including, but in no way limited to, any warranty of condition, habitability, merchantability, or fitness for a particular purpose of the Property or any portion thereof, or with respect to the to the economical, functional, environmental or physical condition, or any other aspect, of the Property, including Seller's title to the Property. Seller hereby specifically disclaims any warranty, guaranty or representation, oral or written, past, present, or future, of, as to, or concerning: (i) the nature and condition of the Property or any part thereof, including, but not limited to, its water, soil, or geology, or the suitability thereof for any and all activities and uses which Purchaser may elect to conduct thereon, or any improvements Purchaser may elect to construct thereon, or any income to be derived therefrom, or any expenses to be incurred with respect thereto, or any obligations or any other matter or thing relating to or affecting the same; (ii) the absence of asbestos in any environmentally hazardous substances on, in, or under the Property or on, in, or under any property adjacent to or abutting the Property; (iii) the manner of construction or condition or state of repair or lack of repair of any improvements; (iv) the nature o extent of any easement, restrictive covenant, right-of-way, lease, possession, lien, encumbrance, license, reservation, condition, or other similar matter pertaining to the Property, or potion thereof; and (v) the compliance of the Property or the operation of the Property or portion thereof with any laws, rules, ordinances, or regulations of any governments or other body. Purchaser hereby absolutely waives any right, claim, or cause of action which Purchaser may have against Seller with respect to the environmental conditions existing at the Property on the date of closing. By way of example only and not by way of limitation of the foregoing, Seller does not warrant either clear title to the Property, or that Purchaser will be able to obtain title insurance to the Property. Nor shall Purchaser be allowed to return to Property because of defect in title. The provisions of this paragraph shall survive the execution and delivery of the deed by Seller and the closing of the transaction contemplated by this Agreement.

28. *Indemnification.* Grantee agrees to indemnify defend, and hold Grantor, and its officers, agents, employees and representatives, harmless with respect to any claims, causes of action, losses, damages, costs, expenses (including attorney's fees and other professional fees and expenses), and any other liability incurred by Grantor as a result of any failure by Grantee or its officers, agents, employees, or representatives, to perform or observe any of its obligations under this option, including, but not limited to, any representations, conditions, indemnities, covenants, or agreements made pursuant to this option, or which arise out of, directly or indirectly, the sale of the Property. Grantee's obligation to indemnify and hold Grantor harmless shall survive the closing on the Property

29. *Time of the Essence.* The parties specifically declare and agree that time is of the essence in this option.

30. *Survival.* Except as otherwise provided in this option, the terms, conditions, provisions, agreements, representations and warranties contained in this option shall merge into the deed and shall not survive the closing of this transaction.

31. Gov*erning Law.* This option shall be governed by, and construed in accordance with, the law of the State of Michigan.

32. *Exhibits.* All exhibits referred to herein and attached hereto shall be deemed part of this option.

33. *Severability.* The invalidity or unenforceability of any provision of this option shall not affect or impair the validity of any other provision or term.

34. *Modifications.* This option may not be modified, changed, supplemented, or terminated, nor may any obligations hereunder be waived, except by written instrument signed by the party to be charged or by its agent duly authorized in writing or as otherwise expressly permitted herein.

35. *Third Parties.* The parties do not intend to confer any benefit hereunder on any person, firm or corporation other than the parties hereto.

36. *Multiple Parties.* In the event that either Grantor or Grantee consists of two or more persons, the word "Grantor" or "Grantee" shall be construed as reading "Grantors" or "Grantees" whenever the sense of this option requires that this be done.

37. *Pronouns.* All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine or neuter, singular or plural, as the identity of the parties may require.

38. *Counterparts.* This option may be executed in counterparts, each of which shall be deemed an original.

39. *Captions.* All captions, headings, paragraph and subparagraph numbers and letters are solely for reference purposes and shall not be deemed to supplement, limit, or otherwise vary the text of this option.

40. *Negotiated.* It is agreed by the parties hereto that this option is a result of negotiation between the parties, and accordingly, it will not be construed against either party in the event of a dispute or litigation arising out of this option.

41. *Entire Agreement.* This option (including all exhibits attached hereto) contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior understandings with respect thereto.

The parties hereto have executed this option as of the day and year last written below.

GRANTEE:	GRANTOR:
HOME RENEWAL SYSTEMS, LLC	CITY OF JACKSON, MICHIGAN
By Shannon Morgan Shannon Morgan Its: Senior Vice President	By: _____ Patrick H. Burtch Its: City Manager
Dated: 6-24-16	Dated: _____

EXHIBIT A

The Property is described as:

Property in the City of Jackson, County of Jackson and State of Michigan legally described as:

LOTS 7, 8 AND THE SOUTH 19 FT OF LOT 9, ALSO ALL OF VACATED ALLEY TO THE WEST ADJOINING LOTS 8 & THE SOUTH 19 FEET OF LOT 9, EXCEPT THE EAST 22.5 FT OF LOTS 7 AND ALSO EXCEPT THE EAST 22.5 FEET OF THE SOUTH 19 FT OF LOT 9, BLOCK 1 NORTH, RANGE 1 WEST OF THE ORIGINAL PLAT OF THE VILLAGE OF JACKSONBURG

EXHIBIT B

EXHIBIT C

Evidence of Progress of Development

To be completed by the end of the first 6 months of the Option Term (completed by December 22, 2016):

- Architectural conceptual study which includes exterior elevations, room delineation for each floor complete with proposed use.
- Environmental Review and Baseline Environmental Assessment (BEA)
- Pro Forma (Development and Financing Plan) and submittal of said documentation to the City and the Michigan Economic Development Authority (MEDC) for CRP funding consideration.
- Proof of Submission for Preliminary determination by Michigan State Historic Preservation Office ("SHPO") that the Project qualifies as a historic resource and is eligible for federal historic tax credits (Historic Tax Credit Part I Application approval).

To be completed by the Option Term (completed by June 22, 2017) :

- Proof of Submission of documentation to SHPO for the approval for listing on the National Register of Historic Places by the United States Department of Interior.
- Proof of Submission of Historic Tax Credit Part II Application to the Michigan State Historic Preservation Office (SHPO) for Preliminary approval by Michigan State Historic Preservation Office (SHPO).

If Grantee has not purchased the property by June 22, 2017, Grantee shall pay Grantor an additional Twenty Thousand ($20,000.00) Dollars as described in Section 1 of this Agreement to secure a term extension.

To be completed by September 22, 2017:

- Submittal of completed and sealed construction drawings and specification to the City. If complete construction drawings are not submitted by the above referenced date, the Grantee and/or Developer must remit Twenty Thousand Dollars ($20,000.00) in addition to all other costs associated with this agreement within 30 days of said milestone default.

To be completed by the end of the Term Extension (completed by December 22, 2017):

- Proof of Financing acceptable to Grantor

Construction must commence by March 22, 2018:

- If the property has been sold pursuant to section 12 of this Agreement, but construction is not commenced by March 22, 2018, the Grantee and/or the Developer must remit an additional One Hundred Eighty Thousand Dollars and Zero Cents ($180,000) to the Grantor City to offset the cost of clearing, administrative and roofing costs to retain the property for an addition 6 month period.
- Construction is considered commenced when the interior demolition, lead abatement, and asbestos removal are complete and certified through a legitimate clearance report performed by a firm of the Grantor's choosing.

PEARL ST
MICHIGAN AVE
HAYES ST
B.1N.-R.1W
132
16.5
109.5
22.5
16.5
6
126
3
4
5
6
9
12
11
10
8
7
19
132
132
66
66
16.5
66
43.5
22.5
16.5
6
126
66
66
66
66

Exhibit B

CITY OF JACKSON
Founded 1829

City Attorney's Office

161 W. Michigan Ave. • Jackson, MI 49201
Phone: (517) 788-4050, (517) 788-4023 • Facsimile: (866) 971-2117

MEMO TO: Honorable Mayor and City Councilmembers

FROM: Bethany M. Smith, City Attorney (B)
Patrick H. Burtch, City Manager

DATE: Council Meeting – June 28, 2016

SUBJECT: ***Purchase Agreement with Detroit Entrepreneur Development LLC***

Recommendation: APPROVE the attached *Purchase Agreement* as presented and authorize the City Manager to sign the Agreement.

Your consideration and concurrence is appreciated.

DEPARTMENT REPORT

MEMO TO: Honorable Mayor and City Councilmembers

FROM: Bethany M. Smith, City Attorney

DATE: Council Meeting – June 28, 2016

RECOMMENDATION: APPROVE the attached *Purchase Agreement* with Detroit Entrepreneur Development LLC as presented and authorize the City Manager to sign the Agreement.

SUMMARY

The attached *Purchase Agreement* sets out the rights and responsibilities of the City of Jackson and potential purchaser and Option Grantee, Detroit Entrepreneur Development LLC, as to the purchase of property at the Northeast corner of the former Consumer's Energy parking lot between Louis Glick Highway and Pearl Street (hereafter referred to as the "Property").

HISTORY, BACKGROUND and DISCUSSION

The City of Jackson entered into an *Option Agreement* with potential developer Detroit Entrepreneur Development LLC for the sale of the Property. The Option was exercised and now the parties need to enter into a *Purchase Agreement* and a *Development Agreement*. The *Purchase Agreement* attached sets out the agreement of the parties as to the purchase of the Property. The Property will be sold for $1.00, however if the Developer does not meet certain developmental milestones, the developer must pay additional monies. If the closing is not completed by September 1, 2016, then the developer must pay the City $25,000.

Please review the attached *Purchase Agreement* for the full proposed terms. A *Development Agreement* is also part of the agenda and is the next agenda item. If the *Purchase Agreement* is not approved, you should also decline to approve the *Development Agreement*.

POSITIONS

APPROVE execution of the *Purchase Agreement* by the City Manager.

ATTACHMENTS: Purchase Agreement

PURCHASE AGREEMENT

BY SIGNING THIS PURCHASE AGREEMENT (Agreement), **the City of Jackson**, a Michigan municipal corporation, whose address is 161 W. Michigan Avenue, Jackson, MI 49201 (Seller), and **Detroit Entrepreneur Development, LLC**, a Michigan limited liability company, whose address is 13821 Fawn Woods Ct., Plymouth, MI 48170 (Buyer), agree to sell and purchase the following real estate located in the City of Jackson, Jackson County, Michigan, described as follows:

See Exhibit A attached

(the Property), together with all improvements and appurtenances, now on the Property, with Buyer to pay One Dollar **($1.00)** and 00/100's (the Purchase Price), subject to building and use restrictions and easements, if any, and zoning ordinances, if any and to the execution of a Development Agreement as set forth herein. The approximate boundaries of the property are as shown on Exhibit B attached.

1. EVIDENCE OF TITLE

As evidence of title, Seller, at Seller's expense, agrees to furnish Buyer as soon as possible a commitment for title insurance issued by American Title Company of Jackson (the Title Company) in an amount not less than the Purchase Price and bearing a date later than the acceptance of this Agreement, with the owner's policy pursuant to the commitment to be issued insuring marketable title to the Property in Buyer.

2. TITLE OBJECTIONS

If objection to title is made in the commitment for title insurance or based on a written opinion of Buyer's attorney that the title is not in the condition required for performance under this Agreement, Seller, at Seller's sole option, shall have thirty (30) days from the date Seller is notified in writing of the particular defects claimed, either (1) to fulfill the requirements in the commitment or to remedy the title defects set forth in Buyer's attorney's opinion or (2) to refund the deposit in full termination of this Agreement. If Seller is able and elects to comply with such requirements or remedy such defects within the time specified, as evidenced by written notification, revised commitment, or endorsement to commitment, Buyer agrees to complete the sale within fourteen (14) days of receipt of a revised commitment or endorsement to commitment, subject to any other contingency contained in this Agreement.

3. EARNEST MONEY DEPOSIT

On the Effective Date (as defined below) of this Agreement, Buyer shall make an earnest money deposit of $1.00, which shall be held by the Title Company and applied toward the Purchase Price at closing if the sale is consummated.

4. TAXES AND PRORATED ITEMS

All taxes which have become a lien on the land as of the date of closing shall be paid by Seller, except that: (a) all current property taxes shall be prorated and adjusted between Seller and Buyer as of the date of closing on a due-date basis, without regard to lien date, as if paid prospectively (e.g., taxes due July 1 will be treated as if paid for the period July 1 through the following June 30, and taxes due December 1 shall be treated as if paid for the period December 1 through the following November 30); and (b) Buyer shall be responsible for the payment of all property taxes falling due after the date of closing without regard to lien date. Seller shall be responsible for payment of all installments due on or before closing for any special assessment against the Property. Buyer shall be responsible for payment of all installments due after closing on any special assessment against the Property. If any special assessment must be paid in full at closing, Buyer shall make such payment at closing.

5. IMPROVEMENTS

This is a parcel of vacant land with no improvements.

6. CLOSING

Closing shall take place at the office of the Title Company. If title can be conveyed in the condition required under this Agreement and all contingencies have been satisfied or waived, closing shall take place on a date and time as is mutually agreeable to the parties and as dictated by the ability and availability of Buyer's lender, if any, to close, provided, however, that closing shall occur no later than September 1, 2016.

7. PAYMENT OF FEES, CLOSING COSTS, ETC.

Buyer shall pay all closing fees and all costs associated with recording the required Deed and any loan documents. The parties agree that the Title Company shall prepare the required Deed and closing documents necessary to complete this transaction, that the Title Company shall conduct the closing, and that the cost of same, together with any document preparation fee, excepting as to loan documents, shall be paid by Seller and Buyer equally. At closing, the parties shall execute closing statements prepared by the Title Company and all income or other tax and governmental reporting documents as required by the Title Company.

8. POSSESSION

Possession of the Property is to be given at closing.

9. INSPECTION CONTINGENCY

This offer is contingent on the Buyer, at the Buyer's option, having the land and any structures examined for physical condition including, but not limited to, environmental contamination or conditions; satisfactory foundations; drainage; grading; and construction; by a contractor/professional inspector of Buyer's own choice and at Buyer's own expense within sixty (60) days of the Effective Date (as defined below). Unless Buyer notifies Seller, in writing, within sixty (60) days of the Effective Date (as defined below) that Buyer has substantial cause to be dissatisfied with the results of such examinations, and which writing shall specifically recite the causes of such dissatisfaction, Buyer will be conclusively presumed to accept the condition of the premises "AS IS." If Buyer duly notifies Seller of Buyer's dissatisfaction, Seller shall have the option to make the required repairs or declaring this Agreement null and void and returning all deposits to Buyer. For the purpose of this Property Inspection Contingency, no individual cause for dissatisfaction costing less than **Ten Thousand and NO/100 ($10,000.00) Dollars** to repair, as determined by the reasonable estimate of Seller's contractor, shall constitute "substantial cause to be dissatisfied."

10. CONDITION OF PROPERTY

Buyer acknowledges and agrees that the Property shall be sold, and Buyer shall accept possession of the Property on the Closing Date, "AS IS- WHERE IS, WITH ALL FAULTS," with no right of setoff or reduction in the Purchase Price, and Buyer shall assume the risk that adverse physical, environmental, economic or legal conditions may not have been revealed by Buyer's investigations during the Due Diligence Period or otherwise. Seller nor their respective officials, officers, employees, agents, representatives, successors or assigns (each, a "Seller's Representative" and, collectively, "Seller's Representative's") have or shall be deemed to have made any representations or warranties, express or implied, regarding the Property or any matters affecting the Property, including without limitation the physical condition of the Property, title to or boundaries of the Property, soil conditions, the presence or absence, location or scope of any Hazardous Materials in, at, or under the Property, compliance with building, health, safety, land use or zoning Laws, other engineering characteristics, traffic patterns and all other information pertaining to Property. Buyer moreover acknowledges (i) that Buyer is a sophisticated buyer, knowledgeable and experience in the financial and business risks attendant to an investment in real property and capable of evaluating the merits and risks of entering into this Agreement and purchasing the Property, (ii) that Buyer has entered into this Agreement in reliance on its own (or its experts') investigation of the physical, environmental, economic and legal condition of the Property, and (iii) that Buyer is not relying upon any representation or warranty concerning the Property made by Seller or Seller's Representatives other than as expressly set forth. Seller shall not have any liability of any kind or nature for any subsequently discovered defects in the Property whether that defects were latent or patent.

11. LEGAL DESCRIPTION

Buyer and Seller acknowledge and agree that the legal description for the Property shall be that as set forth in the commitment for title insurance to be obtained by Seller and furnished to Buyer pursuant to this Purchase Agreement.

12. BUYER'S DEFAULT

If Buyer fails to perform any of its obligations under this Agreement for any reason other than Seller's default or the permitted termination of this Agreement by either Seller or Buyer as herein expressly permitted, Seller shall have the right, in its sole discretion, to (a) terminate this Agreement and receive and retain the Earnest Money hereunder, which retention shall operate to terminate this Agreement and release Buyer from any and all liability hereunder, and/or (b) enforce specific performance of Buyer's obligation to execute the documents and pay the Purchase Price required for Seller to convey the Property to Buyer. Seller shall give 10 days' notice and an opportunity to cure any breach by Buyer occurring less than 10 days prior to the agreed upon date of Closing.

13. SELLER'S DEFAULT

If Seller defaults under this Agreement, Buyer may, at Buyer's option, pursue all legal and equitable remedies available to Buyer under Michigan law, or demand and be entitled to an immediate refund of Buyer's entire deposit in full termination of this Agreement. If Buyer elects to a return of the deposit, the deposit shall be returned as liquidated damages. Buyer acknowledges and agrees that Buyer's election of a return of the deposit shall be Buyer's sole remedy, and Buyer shall have voluntarily waived any other legal or equitable remedy Buyer may have as a result of the default.

14. RISK OF LOSS

The risk of loss shall remain with the Seller until title transfer. Should such property be substantially damaged by fire or other casualty prior to filing the Deed the Buyer shall have the option to void this agreement in which event all earnest moneys shall be returned to the buyer and such agreement shall become null and void, or have such insurance proceeds deposited into escrow thereupon the purchase.

15. BUYER'S ACCESS TO PROPERTY

While this Agreement remains in effect, Buyer and Buyer's representatives shall have the right to enter upon the Property for the purpose of inspecting the Property and making engineering tests and other investigations, inspections and tests related to Buyer's development of the Property.

16. BINDING AGREEMENT

This Agreement shall bind and inure to the benefit of the heirs, executors, administrators, successors, and assigns of the respective parties. Buyer's acceptance of the Deed shall be deemed a discharge of all of the obligations of Seller under this Agreement.

17. TIME OF THE ESSENCE

Time is of the essence of this Agreement, but Buyer may waive this provision for the purpose of curing title defects.

18. BROKERS

Seller and Buyer represent and warrant to each other that they have not used or employed the services of any real estate brokers, sales agents, or finders in connection with the purchase and sale of the Property, and that any commissions owed to any broker, sales agent or finder shall be the sole responsibility of Buyer. Other than commissions owed to, if any, which shall be paid by Buyer, Seller and Buyer agree to indemnify, defend, and hold one another harmless with respect to any broker's commissions and/or finder's fees which are asserted or may become due as a result of the purchase and sale of the Property.

19. ENTIRE AGREEMENT

The parties agree that this Purchase Agreement and the Development Agreement contain the entire terms and conditions between Seller and Buyer and that there are no other agreements, representations, statements, or understandings which have been relied on by the parties to this Purchase Agreement which are not stated in this Purchase Agreement. This Purchase Agreement and the Development Agreement supersede the "Option and Preliminary Development Agreement" dated March 28, 2016.

20. REPRESENTATIONS & WARRANTIES

Buyer represents and warrants to Seller as follows:

(A) Buyer is a duly formed and validly existing Limited Liability Company organized under the laws of the State of Michigan (and is qualified under the laws of the Commonwealth of Michigan to conduct business therein.)

(B) Buyer has the full legal right, power, authority and financial ability to execute and deliver this Agreement and Buyer's Documents, to consummate the transactions contemplated hereby, and to perform its obligations hereunder and under Buyer's Documents.

(C) This Agreement and Buyer's Documents have been duly authorized by all requisite corporate action, action on the part of Buyer, and are the valid and legally binding obligations of Buyer, enforceable in accordance with their respective terms.

(D) This Agreement and Buyer's Documents do not and will not contravene any provision of the articles and bylaws; partnership agreement; operating agreement; management agreement of Buyer, any judgment, order, decree, writ or injunction issued against Buyer, or any provision of any Laws applicable to Buyer. The consummation of the transactions contemplated hereby will not result in a breach or constitute a default or event of default by Buyer under any agreement to which Buyer or any of its assets are subject or bound and will not result in a violation of any Laws applicable to Buyer.

(E) Buyer has no knowledge as of the date hereof of pending actions, suits, proceedings or investigations to which Buyer is a party before any court or other Governmental Authority which is likely to have material adverse impact on the transactions contemplated herby.

The representations and warranties of Buyer set forth in this Agreement shall be true, accurate and correct in all material respects upon the execution of this Agreement, shall be deemed to be repeated on and as of the Closing Date (except as they relate only to an earlier date) and shall survive the Closing for a period of 90 days and shall not be merged in the Deed for that period, and no action or claim based thereon shall be commenced after that period unless the factual basis of the claim or cause of action asserted in the action was first identified with reasonable clarity in a written notice delivered to Buyer not later than 90 days following the Closing Date.

21. NOTICES

(a) All notices, elections, consents, approvals, demands, objections, requests or other communications which Seller, Buyer or Title Company may be required or desire to give pursuant to, under or by virtue of this Agreement must be in writing and sent by (i) first class U.S. certified or registered mail, return receipt requested, with postage prepaid, or (ii) nationally-recognized courier guarantying next business day delivery, addressed as follows:

<u>If to Seller:</u>

City of Jackson
Attn: City Manager
161 W. Michigan Ave.
Jackson, MI 49201

<u>With a copy to:</u>

City of Jackson
Attn: City Attorney

161 W. Michigan Ave.
Jackson, MI 49201

If to Buyer:

Detroit Entrepreneur Development, LLC
13821 Fawn Woods Ct.,
Plymouth, Michigan 48170

If to Title Company:

American Title Company of Jackson
280 W. Cortland Avenue
Jackson, MI 49201

22. GENERAL CONDITIONS

Each of the Exhibits referred to in this Agreement and attached to this Agreement are incorporated herein by this reference. The caption headings in this Agreement are for convenience only and are not intended to be a part of this Agreement and shall not be construed to modify, explain or alter any of the terms, covenants or conditions herein contained. This Agreement may be executed in a number of identical counterparts, each of which shall be an original for all purposes. If so executed, each of such counterparts shall, collectively, constitute one agreement. If any provision of this Agreement shall be unenforceable or invalid, the same shall not affect the remaining provisions of this Agreement and to this end the provisions of this Agreement are intended to be and shall be severable.

23. FURTHER ASSURANCES

Each party agrees that it will without further consideration execute and deliver such other documents and take such other action, whether prior or subsequent to Closing, as may be reasonably requested by the other party to consummate more.

24. INDEMNIFICATION

The Buyer agrees to release Seller, its agents, officials and employees from, and shall indemnify and save harmless the Seller, its agents, officials and employees against and, from all liabilities, obligations, damages, penalties, claims, costs, charges, losses and expenses (including, without limitation, fees and expenses of attorneys, whether inside or outside counsel, expert witnesses and other consultants) which may be imposed upon, incurred by or asserted against the Seller by reason of the following occurring during the term of this Agreement and particularly, but not solely, during the Inspection Period: any negligent or tortuous act or omission of the Buyer or its agents, employees or assigns

resulting in personal injury, bodily injury, sickness, disease or death, or injury to or destruction of tangible and/or real property, including the loss of use therefrom.

25. ALL AGREEMENTS IN WRITING

The parties agree that this Purchase Agreement (and written and signed addenda, if any) cannot be modified, altered, or otherwise amended without a writing being duly signed or initialed, as the case may be, by both Seller and Buyer.

26. CHOICE OF LAW

This Agreement shall be governed by the laws of the State of Michigan and venue shall be in Jackson County, Michigan.

27. EFFECTIVE DATE

The effective date of this Agreement, i.e., the date on which the timing provisions and contingencies of this Agreement begin (the Effective Date), shall be the date on which the last party to sign this document shall have signed the document. If the parties fail to insert the date they signed this Agreement beneath their signatures below, the Effective Date shall be the date on which Buyer received a fully executed copy of this document. **IT IS THEREFORE VERY IMPORTANT FOR EACH PERSON SIGNING THIS DOCUMENT TO PLACE THE DATE OF SIGNING IN THE SPACE PROVIDED BELOW HIS OR HER SIGNATURE.**

28. DEVELOPMENT AGREEMENT

Buyer agrees that this Purchase Agreement is contingent upon the Buyer signing a Development Agreement prior to or contemporaneous with the closing on the Property between the parties, in which Buyer agrees to complete and abide by the terms and conditions stated in the Development Agreement.

a. If the parties do not complete the closing to transfer the Property by the date specified in this Agreement, this Agreement is null and void, Buyer shall pay to Seller TWENTY-FIVE THOUSAND DOLLARS ($25,000.00), all closing costs, personnel and labor cost, and all other actual costs and expenses incurred by the City related to the "Option and Preliminary Development Agreement" dated March 28, 2016, this Agreement, and the Development Agreement.

b. If the parties complete the closing to transfer the Property, but Buyer does not commence construction on or before the date specified in the Development Agreement, the Property shall revert back to the Seller, the Buyer shall pay to Seller SEVENTY-FIVE THOUSAND DOLLARS ($75,000.00), Buyer shall pay to Seller all personnel and labor cost, closing costs, transfer taxes, recording fees and all other costs and expenses incurred by the City as a result of the original

sale to Grantee and/or from the subsequent sale to the City, plus any unpaid taxes that have accrued during the Grantee's period of ownership of the Property, and all other actual costs and expenses incurred by the City related to the "Option and Preliminary Development Agreement" dated March 28, 2016, this Agreement, and the Development Agreement. Buyer agrees that Seller has no obligation to close on the Property if the Development Agreement as referenced above is not signed by the Buyer prior to the closing on the Property that is the subject of this Agreement, and (3) that Buyer cannot construct any structure (including but not limited to sheds, garages, or parking facilities, on the Property prior to complete construction of the principal structure shown on Exhibit C. The phrase "construction has been commenced" or "commencement of construction" for purposes of this Agreement shall mean that plans and specifications have been approved, all necessary permits have been issued, excavation according to the approved plans has begun on the Project site, and installation of a footer has occurred.

c. If Buyer does not complete construction by the date specified in the Development Agreement, the Property shall revert back to the Seller, the Buyer shall pay to Seller the cost for the Seller to remove and abate any and all construction or improvements made to the Property by Buyer, Buyer shall immediately pay and fully satisfy all liens, mortgages, or other encumbrances on the Property, Buyer shall pay to Seller all personnel and labor cost, closing costs, transfer taxes, recording fees and all other costs and expenses incurred by the City as a result of the original sale to Grantee and/or from the subsequent sale to the City, plus any unpaid taxes that have accrued during the Grantee's period of ownership of the Property, and all other actual costs and expenses incurred by the City related to the "Option and Preliminary Development Agreement" dated March 28, 2016, this Agreement, and the Development Agreement, and all building, site, engineering, and construction plans and drawings related to the construction or improvements made to the Property shall be provided to, possessed, and owned by the City.

29. LETTERS OF CREDIT

Buyer must provide the City a Letter of Credit in the amount of Twenty-Five Thousand ($25,000.00) Dollars by July 28, 2016. A second Letter of Credit must be provided by the Buyer to the City in the amount of Seventy-Five Thousand ($75,000.00) Dollars by August 28, 2016. These Letters of Credit are required as part of the Developer's obligations contained in Paragraph 28.

30. TWO WAY CONVERSION

Buyer shall have no obligation to close on the sale of the Property unless Buyer has received a commitment in writing prior to exercise of this Agreement from the Buyer that Louis Glick Highway and Washington Street loop will be converted to two-way streets. Said conversion project is an MDOT project which is planned to commence at the

completion of the West Michigan Avenue road construction project. The two way conversion project is anticipated to be completed by December 31, 2017. If MDOT decides not to pursue the project, and MDOT's decision is made publicly known prior to exercise of this Agreement, then Buyer may terminate this Agreement.

31. CITY COUNCIL AUTHORIZATION

Notwithstanding any other provision, this Agreement is subject to the approval of the City of Jackson City Council.

ACCORDINGLY, Seller and Buyer have executed this Purchase Agreement as of the date written below.

BUYER:

DETROIT ENTREPRENEUR DEVELOPMENT, LLC, LLC

By _____ By: _____

Its:_____ Its: _____

Dated:_____ Dated:_____

By _____ By: _____

Its:_____ Its: _____

Dated:_____ Dated:_____

STATE OF MICHIGAN)
)SS
COUNTY OF JACKSON)

The foregoing instrument was acknowledged before me in _____ County, _____ this _____ day of _____, 2016 by _____, the _____ of _____, a Michigan limited liability company, on behalf of the company.

_____
Notary Public, Jackson County, Michigan
My Commission Expires:_____

STATE OF MICHIGAN)
)SS
COUNTY OF JACKSON)

The foregoing instrument was acknowledged before me in _____ County, _____ this _____ day of _____, 2016 by _____, the _____ of _____, a Michigan limited liability company, on behalf of the company.

_____
Notary Public, Jackson County, Michigan
My Commission Expires:_____

STATE OF MICHIGAN)
)SS
COUNTY OF JACKSON)

The foregoing instrument was acknowledged before me in _____ County, _____ this _____ day of _____, 2016 by _____, the _____ of _____, a Michigan limited liability company, on behalf of the company.

_____
Notary Public, Jackson County, Michigan
My Commission Expires:_____

STATE OF MICHIGAN)
)SS
COUNTY OF JACKSON)

The foregoing instrument was acknowledged before me in _____ County, _____ this _____ day of _____, 2016 by _____, the _____ of _____, a Michigan limited liability company, on behalf of the company.

_____
Notary Public, Jackson County, Michigan
My Commission Expires:_____

SELLER:

CITY OF JACKSON

_____

By: Patrick H. Burtch
Its: City Manager

Dated:_____

STATE OF MICHIGAN)
)SS
COUNTY OF JACKSON)

The foregoing instrument was acknowledged before me in Jackson County, Michigan this _____ day of _____, 2016 by Patrick H. Burtch, the City Manager of the City of Jackson, a Michigan municipal corporation, on behalf of the corporation.

_____
Notary Public, Jackson County, Michigan
My Commission Expires:_____

EXHIBIT A – LEGAL DESCRIPTION

Land situated in the City of Jackson, County of Jackson and State of Michigan legally described as:

> Part of Lots 5 & 8, B2N, R1W of the original plat of Jacksonburg, as platted in the original Stratton map of the City of Jackson, County of Jackson, State of Michigan, being further described as beginning at a point 10 feet south of the northeast corner of said Lot 5, thence S89°40’55”W parallel to the north line of Lots 5 & 8, 203.35 feet, thence S00°19’05”E 57.33 feet, thence N89°40’55”E 203.12 feet to the east line of Lot 5, thence North along said east line 57.33 feet to the point of beginning.

EXHIBIT B – PROPOSED BOUNDARIES OF STRUCTURE

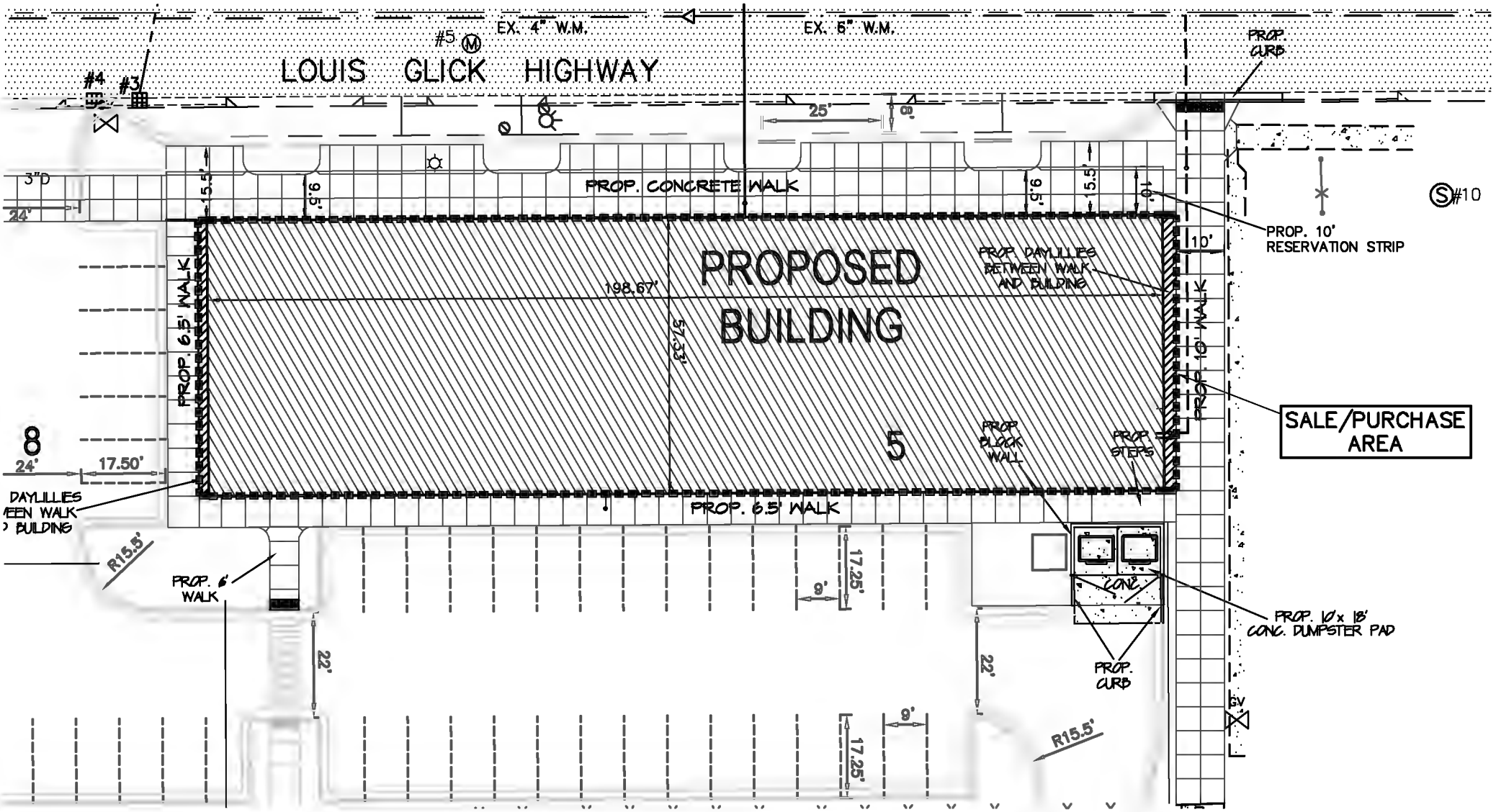

LOUIS GLICK HIGHWAY
EX. 4" W.M.
EX. 6" W.M.
#5
#4
#3
#10
PROP. CURB
25'
8'
3"D
24'
15.5'
9.5'
PROP. CONCRETE WALK
10'
PROP. 10' RESERVATION STRIP
PROPOSED BUILDING
198.67'
57.33'
PROP. DAYLILIES BETWEEN WALK AND BUILDING
PROP. 6.5' WALK
PROP. 10' WALK
SALE/PURCHASE AREA
8
5
24'
17.50'
DAYLILIES
EEN WALK
BUILDING
PROP. BLOCK WALL
PROP. STEPS
PROP. 6.5' WALK
R15.5'
PROP. 6' WALK
17.25'
9'
22'
CONC.
PROP. 10'x 18' CONC. DUMPSTER PAD
PROP. CURB
GV

EXHIBIT C – RENDITION OF PROPOSED STRUCTURE

CITY OF JACKSON
Founded 1829

City Attorney's Office

161 W. Michigan Ave. • Jackson, MI 49201
Phone: (517) 788-4050, (517) 788-4023 • Facsimile: (866) 971-2117

MEMO TO: Honorable Mayor and City Councilmembers

FROM: Bethany M. Smith, City Attorney (B)
Patrick H. Burtch, City Manager

DATE: Council Meeting – June 28, 2016

SUBJECT: ***Development Agreement with Detroit Entrepreneur Development LLC***

Recommendation: APPROVE the attached *Development Agreement* as presented and authorize the City Manager to sign the Agreement.

Your consideration and concurrence is appreciated.

DEPARTMENT REPORT

MEMO TO: Honorable Mayor and City Councilmembers

FROM: Bethany M. Smith, City Attorney

DATE: Council Meeting – June 28, 2016

RECOMMENDATION: APPROVE the attached Development Agreement with Detroit Entrepreneur Development LLC as presented and authorize the City Manager to sign the Agreement.

SUMMARY

The attached *Development Agreement* sets out the rights and responsibilities of the City of Jackson and potential developer and Option Grantee, Detroit Entrepreneur Development LLC, as to the purchase of property at the Northeast corner of the former Consumer's Energy parking lot between Louis Glick Highway and Pearl Street (hereafter referred to as the "Property").

HISTORY, BACKGROUND and DISCUSSION

The City of Jackson entered into an *Option Agreement* with potential developer Detroit Entrepreneur Development LLC for the sale of the Property. The Option was exercised and now the parties need to enter into a *Purchase Agreement* and a *Development Agreement*. The *Development Agreement* attached sets out the development criteria that the Developer must meet.

There are various development criteria ranging from time to commence development to installation of street trees. Please review the attached *Development Agreement* for the full proposed terms. A *Purchase Agreement* is also part of the agenda and was the previous agenda item. If the *Purchase Agreement* was not approved, you should also decline to approve the *Development Agreement*.

POSITIONS

APPROVE execution of the *Development Agreement* as presented.

ATTACHMENTS: Development Agreement

DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT ("Agreement"), is entered into as of the date appearing below, by and between the CITY OF JACKSON, a Michigan municipal corporation, with offices located at 161 West Michigan Avenue, Jackson, Michigan 49201, ("City"), and Detroit Entrepreneur Development, LLC, a Michigan limited liability company, whose address is 13821 Fawn Woods Ct., Plymouth, MI 48170 (“DED” or "Developer").

WITNESSETH:

WHEREAS, the Developer is purchasing real property from the City located at the Northeast corner of the former Consumer’s Energy parking lot between Louis Glick Highway and Pearl Street in Jackson, Michigan, which is more particularly described as:

(See Exhibit A, attached hereto and incorporated by reference)

with a fifteen (15) foot easement off the Right-of-Way line retained by the City. Hereinafter referred to as “the Property.” The legal description is an approximate description of the Property and may vary at the time of the closing on the Property. An sketch of the Property is attached as Exhibit B to show the approximate boundaries; and

WHEREAS, the Developer intends to develop a mixed-use and/or residential development on the Property which is referred to hereinafter as “the Project.” The Project is to consist of at least 4 stories (with 4 separate floors) with at least three floors of residential units.

WHEREAS, the Developer agrees that the Project scope and design must be approved by the City and be in compliance with all federal, state and local laws, rules and regulations; and

WHEREAS, the Developer agrees to comply with all conditions of the City of Jackson Chief Building Official, and Zoning Administrator and shall obtain approval of same for all building materials and design.; and

WHEREAS, the City desires that the Developer comply with certain registration and financial obligations imposed upon the Developer by the City of Jackson Code of Ordinances, Resolutions or regulations; and

WHEREAS, part of the consideration to the City for this Development Agreement is Developer's promise to develop the Property to generate residential housing and commercial development in the Downtown Development District; and

WHEREAS, the parties desire to ensure that the Development will take place, and set forth the terms of the Development.

NOW, THEREFORE, in consideration of the above recitals, the parties agree as follows:

1. RECITALS. The foregoing recitals are incorporated in and form a part of this Agreement.

2. GRANT OF OWNERSHIP AND RIGHT TO DEVELOP. In consideration of One Dollar ($1.00), receipt of which City acknowledges, paid by Developer to City, the City grants the Developer ownership and the right to develop the real property described on Exhibit A with all easements, rights and appurtenances (hereinafter “the Property”) located at the Northeast corner of the former Consumer’s Energy parking lot between Louis Glick Highway and Pearl Street in Jackson, Michigan and legally described on Exhibit A

attached with a fifteen (15) foot easement off of the Right-of-Way line retained by the City. The legal description is an approximate description of the Property and may vary at the time of closing. An aerial view of the Property is attached as Exhibit B to show the approximate boundaries of the Property.

3. SCOPE OF THE PROJECT. It is the understanding of the parties that Developer intends to develop a mixed-use and/or residential development at the Property, which is hereinafter referred to as "the Project." The Project shall consist of a structure of at least four (4) stories (with 4 separate floors) with at least three floors of residential units. The structure must substantially resemble the structure depicted on the attached rendition shown as Exhibit C. The Project scope and design must be approved by the City of Jackson and be in compliance with all federal, state and local laws, rules and regulations, and conditions of the Zoning Enforcement Officer through a separate Administrative site plan review. Developer must construct all improvements made to the area inside the dotted lines on Exhibit C.

4. TERM OF AGREEMENT. The term of this Agreement shall be twenty-five (25) years from the date of execution. The term of this Agreement may be extended by the mutual consent of both parties. This Agreement will not take effect unless Developer takes title to the Property.

5. PROMISSORY NOTES AND LETTER OF CREDIT. All members of Developer's limited liability company must execute Promissory Notes at closing in favor of the City of Jackson for all amounts due under this Agreement. In addition, Developer must provide a letter of credit to City in the amount of Twenty-Five Thousand ($25,000.00) Dollars by July 28, 2016. A second letter of credit to City in the amount of Seventy-Five Thousand ($75,000.00) Dollars must be provided to City by August 28, 2016. These amounts correspond to the amounts stated in Paragraph 20 of this Agreement.

6. SUBSEQUENT SALE BY DEVELOPER. If Developer purchases the property from City, and subsequently sells the Property to a third party, Developer must pay to the City ONE HUNDRED THOUSAND DOLLARS ($100,000.00), if the sale to a subsequent

purchaser occurs within five (5) years after this Development Agreement is signed by all parties or three (3) years after the certificate of occupancy is issued to Developer for the primary structure on the Property, whichever event comes later. The parties agree to this provision in consideration for the reduced price at which the City sold the Property to Developer for the purposes of building a specific project considered necessary economic development.

7. PARKING.

A. *Availability of Parking*. City and Developer recognize that access to parking is critical to redevelopment of the Property. As a result, City will make parking hang tags available to Developer for the Property. The parking may be in parking spaces located in either surface lots or parking decks within a reasonable distance to the Property. City determines the location of the spaces in which parking is available. Parking permit hangtags will be issued to the Developer upon Developer's request. This provision on parking is not effective unless Developer closes on the Property within the time periods set forth in the Purchase Agreement between the Parties.

B. *Price of Parking*. The price of each parking permit hang tag shall be Fifty and 0/100 Dollars ($50.00) per month per tag. The price of each parking permit hang tag shall increase by Three percent (3%) per year for the first five (5) years from the date of exercise of this Option. After five (5) years, the price of the parking permit hang tag shall be increased annually on the anniversary of the effective date of this Agreement by a percentage equal to the percentage increase in the Consumer Price Index, All Cities, published by the U.S. Department of Labor for the month this Agreement goes into effect and the most recently published index at the anniversary date of this Agreement.

8. TWO WAY CONVERSION. Developer shall have no obligation to close on the sale of the Property unless Developer has received a commitment in writing prior to exercise of this Agreement from the City of Jackson City Council that Louis Glick Highway and

Washington Street loop will be converted to two-way streets. Said conversion project is an MDOT project which is planned to commence at the completion of the West Michigan Avenue road construction project. The two way conversion project is anticipated to be completed by December 31, 2017. If MDOT decides not to pursue the project, and MDOT's decision is made publicly known prior to exercise of this Agreement, then Developer may terminate this Agreement.

9. DEADLINE FOR COMMENCEMENT AND COMPLETION OF CONSTRUCTION. Commencement of construction must occur on or before October 14, 2016. If Developer purchases the Property, all construction must be completed no later than twenty-four (24) months from the date of commencement of construction or pay the City an additional amount of ONE HUNDRED THOUSAND DOLLARS ($100,000.00).

10. CONDITION OF THE PROPERTY. Both City and Developer acknowledge that they are aware of the present condition of the Property and that the City has no present plans to repair or preserve the Property. The City shall have no obligation under the terms of this Agreement to repair or maintain the Property in any other manner. Developer acknowledges that any repairs that are made to the property are done solely for the benefit of the Developer in order to preserve the Property for Developer's intended Project.

11. INSURANCE. As a precondition to the Developer entering the Property prior to completing the closing to transfer the Property, it shall be required to show evidence of commercial general liability insurance, worker's compensation insurance and professional liability insurance (where applicable), which is reasonably acceptable to the City. The commercial general liability insurance policies shall name the City, its agents, representatives, officers and employees as additional insureds to protect their interests. Both bodily injury and property damage insurance must be on an occurrence basis; and such policies shall provide that the coverage afforded thereby shall be primary coverage to the full limits of liability stated in the declarations, and if the City, agents, representatives, officers or employees have other insurance against the loss covered by said policies, that other insurance shall be excess insurance only. Such insurance

coverage shall be issued by financially responsible insurance companies, licensed in the State of Michigan, and approved by the City. Upon request by the City, the Developer shall submit all insurance policies for review. Each policy shall provide for thirty (30) days written notice of cancellation, expiration, termination, or change of policy to the City.

12. AUTHORIZATION TO ENTER. City authorizes Developer to enter upon the Property at any time prior to closing to survey the Property, to determine the exact dimensions and legal description thereof, to make soil borings to determine the suitability of the land for the intended uses, and to analyze the soil borings to ascertain the level of contaminants. Developer bears the expense of all borings, surveying and testing. The Developer may inspect the Property and all buildings on the Property and conduct such tests, as Developer may desire, including an environmental assessment of the Property. The Developer or any party the Developer designates is granted reasonable access to the Property for inspection. In each instance, the Developer must inform City of the time and date when Developer or others acting on its behalf wish to inspect the Property so that those visits can be scheduled at times that accommodate City's schedule. Developer must repair all damage caused to the Property to City's satisfaction within 30 days of the visit.

13. POSSESSION. Developer shall have possession of the Property immediately after the closing is completed.

14. LETTER OF INTENT TO CLOSE. Developer must serve the City with a written Letter of Intent to Close no later than thirty (30) days prior to the date of the closing.

15. WATER MAIN TAP. Developer shall install and pay the costs of constructing the water main tap to the Property line for the use of the subject Property if the Developer closes on the Property.

16. UTILITY RELOCATION COSTS. Developer shall pay the costs to relocate any utilities, other than those utilities owned by the City, which would need to be relocated due to

construction by Developer. The City shall not be responsible to pay the costs to relocate or construct any utilities due to any construction by the Developer, other than those regarding the water main tap.

17. REVOCABLE LICENSES. Developer must apply for revocable licenses for the dumpster surround, electrical service area, and all portions of the building that overhang the property line.

18. SIDEWALKS AND ALLEY. Developer will pay to construct all infrastructure and install all landscaping within the boundaries outlined by dotted lines on Exhibit C.

19. BROKER'S FEES; FINDER'S FEES; DEVELOPMENT FEES; DEVELOPER'S AGENT. No broker's fees will be paid in connection with the Property for this transaction.

20. REVERSION OF PROPERTY AND PENALTIES.

a. If the parties do not complete the closing to transfer the Property by the date specified in this Agreement, this Agreement is null and void, Developer shall pay to City TWENTY-FIVE THOUSAND DOLLARS ($25,000.00), all closing costs, personnel and labor cost, and all other actual costs and expenses incurred by the City related to the "Option and Preliminary Development Agreement" dated March 28, 2016, the Purchase Agreement, and this Development Agreement.

b. If the parties complete the closing to transfer the Property, but Developer does not commence construction on or before the date specified in the Development Agreement, the Property shall revert back to the City, the Developer shall pay to the City SEVENTY-FIVE THOUSAND DOLLARS ($75,000.00), Developer shall pay to the City all personnel and labor cost, closing costs, transfer taxes, recording fees and all other costs and expenses incurred by the City as a result of the original sale to Developer and/or from the subsequent sale to the City, plus any unpaid taxes that have accrued during the Developer's period of ownership of the Property, and all other actual costs and expenses incurred by the City related to the "Option and Preliminary Development Agreement" dated March 28, 2016,

the Purchase Agreement, and this Development Agreement. The phrase "construction has been commenced" or "commencement of construction" for purposes of this Agreement shall mean that plans and specifications have been approved, all necessary permits have been issued, excavation according to the approved plans has begun on the Project site, and installation of a footer has occurred.

c. If Developer commences construction but does not complete construction by the date specified in this Development Agreement, the Property shall revert back to the City, the Developer shall pay to the City the cost for the City to remove and abate any and all construction or improvements made to the Property by Developer, Developer shall immediately pay and fully satisfy all liens, mortgages, or other encumbrances on the Property, Developer shall pay to City all personnel and labor cost, closing costs, transfer taxes, recording fees and all other costs and expenses incurred by the City as a result of the original sale to Developer and/or from the subsequent sale to the City, plus any unpaid taxes that have accrued during the Developer's period of ownership of the Property, and all other actual costs and expenses incurred by the City related to the "Option and Preliminary Development Agreement" dated March 28, 2016, the Purchase Agreement, and this Development Agreement, and all building, site, engineering, and construction plans and drawings related to the construction or improvements made to the Property by Developer shall be provided to and owned by the City.

21. DEVELOPMENT CRITERIA.

a. CODE COMPLIANCE. If and when Developer obtains title, it will construct and operate the Project in compliance with all applicable state statutes, local ordinances, building codes, zoning, and other restrictions of record.

b. PLANS AND SPECIFICATIONS. Developer must submit plans and specifications, when available, in a form acceptable to the City of Jackson Department of Neighborhood and Economic Operations no less than thirty (30) days prior to the commencement of construction activities.

c. DEVELOPMENT SIZE and INVESTMENT. Developer will construct a structure of at least 4 separate floors with at least three floors of residential units and at least one commercial unit on the first floor (ground level).

d. SPECIFIC DEVELOPMENT CRITERIA.

i. "Commencement of the Development" means that all necessary permits and approvals have been obtained, all construction contracts, signed, all construction financing, if any, will be arranged, all site preparation completed, and actual physical Development activity is underway. "Completion of the Development" means that all repairs and rehabilitation set forth in the plans and specifications submitted by Developer to the City has been finalized, the structure on the Property is ready for use, and all amounts due pursuant to this Agreement have been fully paid City in its sole discretion shall determine whether Developer has completed the development of the Property.

ii. Developer must comply with the following:

A. Developer must be in full compliance with all requirements of the City of Jackson Meterless Parking System and be current on all payments due pursuant to the Meterless Parking System within ninety (90) days from the date of execution of this Development Agreement. Developer also agrees to not contest the amount of fees for the Meterless Parking System during the duration of this Agreement;

B. Developer must be registered under the City of Jackson Non-owner Occupied Residential Property Registry within Thirty (30) from the granting of a certificate of occupancy for a residential unit, unless and until such registration requirement is removed from the City of Jackson ordinances;

C. Developer must obtain all housing inspections required by the City of Jackson Code of Ordinances and Resolutions and comply with the Housing Code;

D. Developer must obtain a zoning compliance certificate prior to commencement of construction;

E. Developer must obtain City approval of all building materials used and the placement of all building materials prior to any construction, repair or rehabilitation of the Property;

F. In addition to the landscaping standards set forth in the City of Jackson Code of Ordinances, Developer shall plant up to six (6) street trees along the frontage of the Property that have been provided with electrical power so as to illuminate tree lights which are required for each street tree. The steps needed to plant the street trees and provide electrical power are included on the attached Exhibit E including designation of which party to this Agreement is responsible for each step in the process. Developer shall reimburse City for all costs to the City associated with the planting and illumination of these street trees; and

G. Developer shall screen any equipment placed on the roof of the Property in a manner approved by the Zoning Enforcement Officer and Chief Building Official.

22. INSPECTIONS. Developer must permit inspections of the Property as needed by the City, and the City will provide reasonable notice to Developer unless an emergency arises, in which case, the City will make a good faith attempt to contact Developer.

23. DEFAULT BY DEVELOPER. Developer shall be deemed to be in default of this Agreement if the Developer fails to comply with any covenants, clauses, provisions or agreements herein contained and City has provided Developer with ten (10) days written notice of the default and the opportunity to cure such default, which shall not exceed thirty (30) days. Upon default by Developer, this Agreement shall be null and void. If any default has not been cured within thirty (30) days of the delivery of the notice to the address of Developer specified in Paragraph 10, *infra*, this Agreement shall be null and void. Provided that Developer has been properly served with notice of default to the

addresses provided herein, Developer must pay to City, within thirty (30) days of the passing of the applicable deadline, liquidated damages in the amount of Two Hundred ($200.00) Dollars per day for each day that Developer is in default of this Agreement, and/or Two Hundred ($200.00) Dollars per day for failure to comply with any City ordinance, resolution or regulation.

24. TAXES, UTILITIES, AND ASSESSMENTS. Developer must pay the yearly payment of taxes, City assessments, City utilities, and outstanding City debts related to the Property when such become due. In addition, Developer must require its contractors and subcontractors comply with the City of Jackson income tax requirements.

25. CHANGE OF OWNERSHIP INTEREST. Except for mortgages, security interests, and other liens to secure debt granted to Developer in connection with the Development, neither the managing member of the Development, nor any successor in interest to the managing member of the Developer, may transfer or otherwise change the ownership of the Property or duties under this Agreement, without the prior written approval of the City. Any such transfer or other change will not release, in any manner, the Developer or Developer's successors in interest, from any obligation under this Agreement, unless the City releases the Developer or his successors in interest in writing.

26. BINDING EFFECT. This Agreement binds the parties, and their respective successors, legal representatives, and assigns.

27. NON-DISCRIMINATION REQUIREMENT. The Developer, its successors and assigns, and every successor in interest to the Property or any part thereof, must not discriminate upon the basis of race, color, religion, sex, sexual orientation, gender identity, or national origin in the rental, use or occupancy of the Property or any improvements to be erected thereon, or any part thereof.

28. MODIFICATION AND ASSIGNMENT. The promises, covenants, terms, and conditions herein contained may not be modified, altered, or extended without the mutual written consent of the parties. Developer may not transfer, assign and/or convey its rights

and obligations under this Agreement to an affiliated or related entity, without the consent of the City.

29. NOTICE. Except as otherwise specified herein, all notices, consents, approvals, requests, and other communications (collectively called "Notices") required or permitted under this Agreement must be given in writing and are effective on delivery. Delivery may be effectuated by personal service with receipt obtained; certified mail or first-class mail with delivery proof; or nationally recognized overnight courier delivery service with next business day delivery. Notices must be addressed as follows:

If to the City, to:	City of Jackson 161 West Michigan Avenue Jackson, Michigan 49201 Attn: City Manager
With a copy to:	City Attorney's Office 161 West Michigan Avenue Jackson, Michigan 49201 Attn: City Attorney
If to Developer, to:	Detroit Entrepreneur Development LLC 13821 Fawn Woods Ct. Plymouth, MI 48170

30. INDEMNIFICATION. To the extent provided by law, Developer shall assume all liability for and protect, indemnify, and save City, its officers, directors, employees, volunteers, invitees, agents and representatives (hereinafter collectively "the City") from and against all actions, claims, demands, judgments, losses, expenses, suits or action and attorney fees, for any injury or death of any person or persons, and loss or damage of the property of any person or persons whomsoever, including Developer or the City, and their respective agents, contractors, subcontractors, and employees, arising in connection with, or as a direct or indirect result of this Development Agreement. The provisions of this Development Agreement shall apply to each and every such injury, death, loss, and damage, however caused, whether due, or claimed to be due to Developer's negligence, City's negligence, Developer's and City's combined negligence, or otherwise; provided, however, Developer shall not be required to indemnify the City for such injury, death,

loss, or damage caused by the City's sole negligence. Developer's obligation to indemnify City shall survive termination and/or expiration of this Agreement.

31. SEVERABILITY. If any one or more provisions of this Agreement, or in any instrument or other document delivered pursuant to this Agreement, or the application thereof to any person or circumstance is, to any extent, declared or determined to be invalid or unenforceable, the validity, legality, and enforceability of the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, will not be affected or impaired thereby, and each provision of this Agreement is valid and enforceable to the fullest extent of the law.

32. COUNTERPARTS. This Agreement may be executed in counterparts, each of which is deemed an original document, but together constitute one instrument.

33. ENTIRE AGREEMENT. The parties agree that the Purchase Agreement and this Development Agreement contain the entire terms and conditions between the City and Developer and that there are no other agreements, representations, statements, or understandings which have been relied on by the parties. The Purchase Agreement and this Development Agreement supersede the "Option and Preliminary Development Agreement" dated March 28, 2016.

34. GOVERNING LAW AND INTERPRETATION. The laws of the State of Michigan govern this Agreement and the venue for all proceedings in connection with this Agreement shall be Jackson County, Michigan. The pronouns and relative words used are written in the masculine and singular only. If more than one joins in the execution hereof as Developer or is of the feminine sex or a corporation or limited liability company, such words are read as if written in plural, feminine, or neuter, respectively. All captions, headings, paragraph and subparagraph numbers and letters are solely for reference purposes and do not supplement, limit, or otherwise vary the text of this Agreement. This Agreement is a result of negotiation between the parties, and

accordingly, it will not be construed against either party if a dispute or litigation arises out of this Agreement.

35. HEADINGS. The sections and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the interpretation of the Agreement.

36. LEGAL REPRESENTATION. It is acknowledged that each party to this Agreement had the opportunity to be represented by counsel in the preparation of this Agreement and, accordingly, the rule that a contract shall be interpreted strictly against the party preparing same shall not apply due to the joint contribution of both parties.

37. CONTINGENCY – *City Council Approval*: THIS AGREEMENT IS CONTINGENT UPON APPROVAL AND AUTHORIZATION BY THE JACKSON CITY COUNCIL. IF THE JACKSON CITY COUNCIL APPROVES THIS AGREEMENT, CITY SHALL SO NOTIFY THE DEVELOPER.

38. WAIVER. The failure of City to exercise any right given hereunder or to insist upon strict compliance with regard to any provision of this Agreement, at any time, shall not constitute a waiver of such provision or the right by such at any time to avail itself of such remedies as it may have for any breach or breaches of such provision.

IN WITNESS WHEREOF, the parties have executed this Agreement on the _____ day of _____, 2016.

THE CITY OF JACKSON

By: _____
Patrick H. Burtch, City Manager

STATE OF MICHIGAN)
)SS
COUNTY OF JACKSON)

The foregoing instrument was acknowledged before me, this _____ day of _____, 2016, by Patrick H. Burtch, the City Manager of the City of Jackson, a Michigan municipal corporation, on behalf of the corporation.

_____
_____, Notary Public
Jackson County, Michigan
My commission expires _____

DETROIT ENTREPRENEUR DEVELOPMENT, LLC, a Michigan limited liability company

By: _____
Nick Dyc
Its: President

STATE OF MICHIGAN)
)SS
COUNTY OF JACKSON)

The foregoing instrument was acknowledged before me, this ____ day of _____, 2016, by Nick Dyc, as President of Detroit Entrepreneur Development, LLC, a Michigan limited liability company.

_____
, Notary Public
County, Michigan
My commission expires:

EXHIBIT A – LEGAL DESCRIPTION

Land situated in the City of Jackson, County of Jackson and State of Michigan legally described as:

> Part of Lots 5 & 8, B2N, R1W of the original plat of Jacksonburg, as platted in the original Stratton map of the City of Jackson, County of Jackson, State of Michigan, being further described as beginning at a point 10 feet south of the northeast corner of said Lot 5, thence S89°40’55”W parallel to the north line of Lots 5 & 8, 203.35 feet, thence S00°19’05”E 57.33 feet, thence N89°40’55”E 203.12 feet to the east line of Lot 5, thence North along said east line 57.33 feet to the point of beginning.

Exhibit B
Approximate Property Boundaries

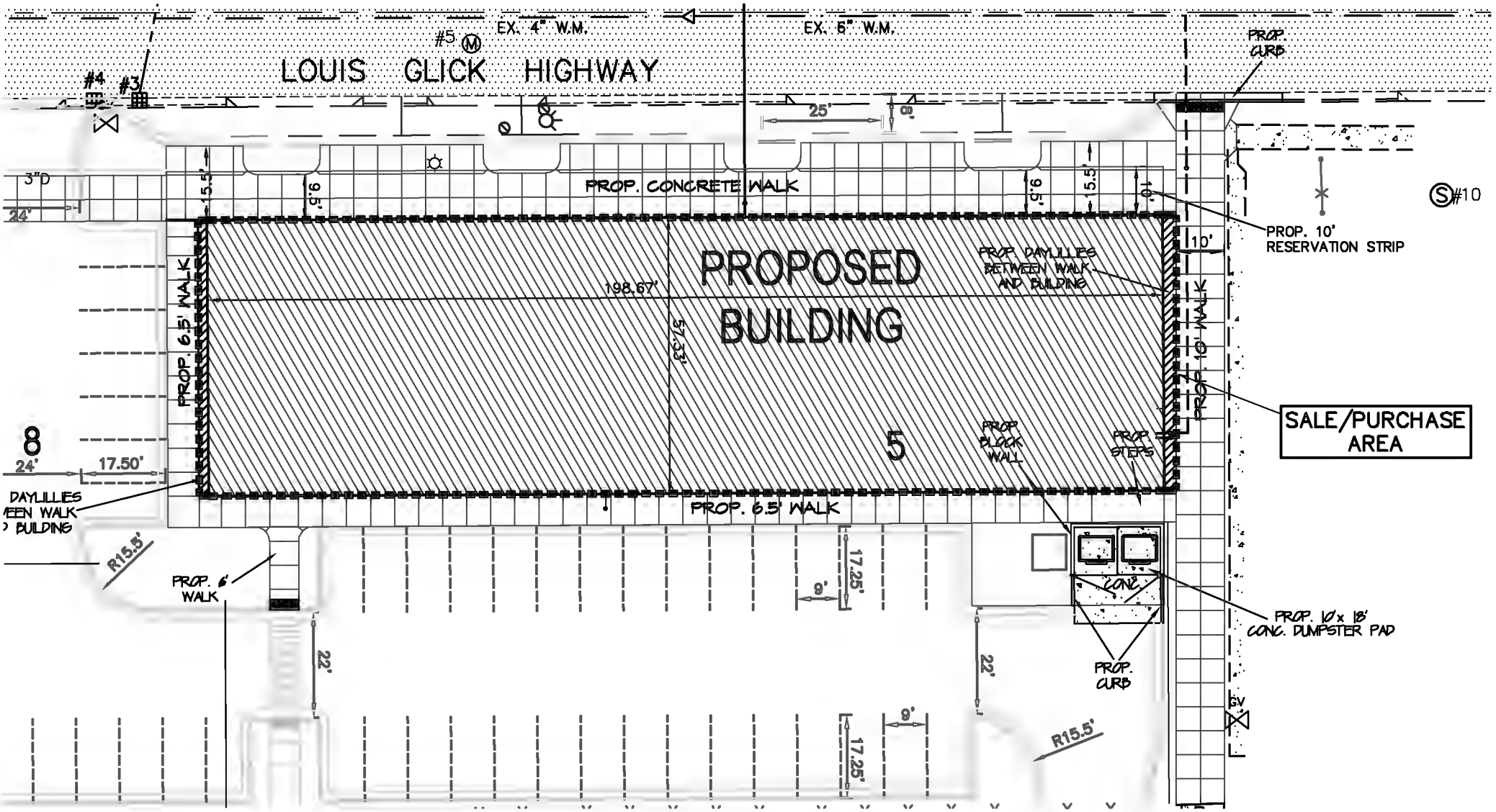

LOUIS GLICK HIGHWAY
EX. 4" W.M.
EX. 6" W.M.
#5
#4
#3
#10
PROP. CURB
25'
8'
3"D
24'
15.5'
9.5'
PROP. CONCRETE WALK
10'
PROP. 10' RESERVATION STRIP
PROPOSED BUILDING
198.67'
57.33'
PROP. DAYLILIES BETWEEN WALK AND BUILDING
PROP. 6.5' WALK
PROP. 10' WALK
SALE/PURCHASE AREA
8
5
24'
17.50'
DAYLILIES
EEN WALK
BUILDING
PROP. BLOCK WALL
PROP. STEPS
PROP. 6.5' WALK
R15.5'
PROP. 6' WALK
17.25'
9'
22'
CONC.
PROP. 10'x 18' CONC. DUMPSTER PAD
PROP. CURB
GV

Exhibit C
Area of Property that Developer Must Construct

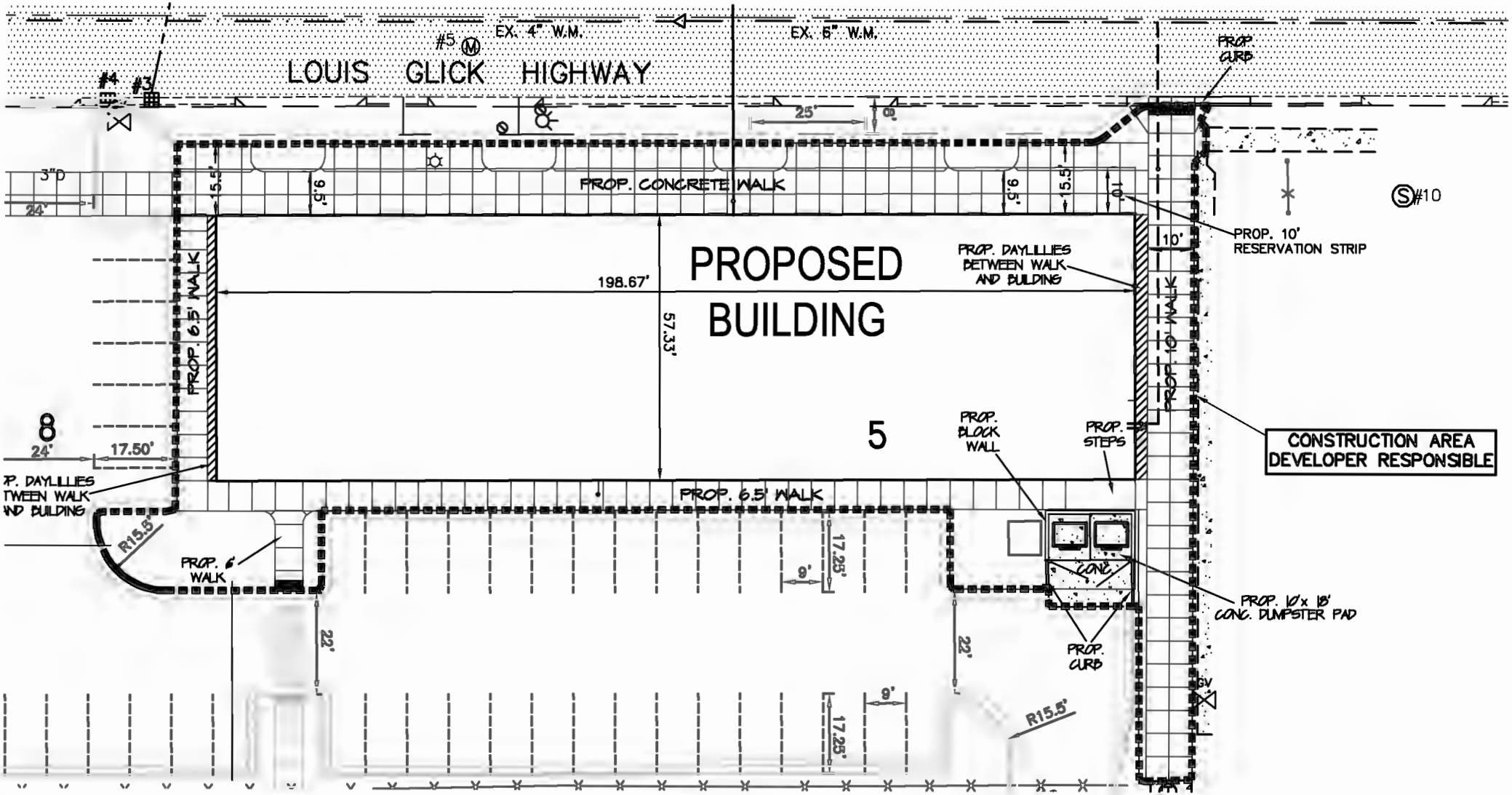

LOUIS GLICK HIGHWAY
EX. 4" W.M.
EX. 6" W.M.
#5
#4
#3
#10
PROP. CURB
25'
3"D
24'
15.5'
9.5'
PROP. CONCRETE WALK
10'
PROP. 10' RESERVATION STRIP
PROPOSED BUILDING
198.67'
57.33'
PROP. DAYLILIES BETWEEN WALK AND BUILDING
PROP. 6.5' WALK
PROP. 10' WALK
8
5
17.50'
PROP. BLOCK WALL
PROP. STEPS
CONSTRUCTION AREA DEVELOPER RESPONSIBLE
R15.5'
PROP. 6' WALK
17.25'
9'
CONC.
PROP. 10'x 18' CONC. DUMPSTER PAD
PROP. CURB
22'
GV

Exhibit D
Rendition of Structure

EXHIBIT E

STEPS IN THE PLANTING OF STREET TREES

The location of the tree will need to be approved by engineering and the Neighborhood and Economic Operations Director. If the tree is going to be installed by the City, DPW usually installs the trees and an electrical contractor will complete the electrical installation. If the tree is going to be installed by the Otsego Apartments they will have to hire contractors to install the tree and outlet and they will need to get a revocable license from engineering to install and maintain the tree in the public right-of-way.

1. The City or the Owner (or their representative) must provide a detailed drawing showing the location of the tree(s) on the site, details of concrete removal and replacement to match existing theme, tree curb/grate design and installation, tree planting, tree species and size in accordance with the zoning ordinance, trench for power to the outlet, electrical design from the power source to the outlet.
2. Contractor secures a permit and a revocable license from the engineering department for work in the City right of way.
3. Contractor must contact Miss Dig prior to beginning any concrete removal or excavations.
4. Contractor secures electrical permit for installation of electrical wiring and outlet.
5. Contractor removes applicable concrete to prepare for the installation of the tree and electrical outlet.
6. Contractor installs electrical wiring and devices.
7. Contractor installs the tree.
8. Contractor completes concrete work.
9. Inspections must be requested as required by the engineering and inspection departments.