



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

AGENDA - CITY COUNCIL MEETING

April 23, 2013

6:30 p.m.

1. **CALL TO ORDER.**
2. **PLEDGE OF ALLEGIANCE** - Invocation by Michelle Woods, 1st Ward City Councilmember.
3. **ROLL CALL.**
4. **ADOPTION OF AGENDA.**
5. **PRESENTATIONS/PROCLAMATIONS.**
6. **CITIZEN COMMENTS - AGENDA ITEMS (3-Minute Limit).**
7. **CONSENT CALENDAR.**
 - A. **Minutes of the Regular Meeting on April 9, 2013:**

Approve the minutes of the regular City Council meeting of April 9, 2013.
 - B. **Jackson National Day of Prayer Observance:**

Approve the request from New Covenant Living Church to conduct their annual Jackson National Day of Prayer Observance at Bucky Harris Park on Thursday, May 2, 2013, from 9:00 a.m. - 3:00 p.m. (Recommended approval has been received from Police, Fire, Engineering, Public Works, and Recreation Departments, and the Downtown Development Authority. Proper insurance has been received).
 - C. **Family Service & Children's Aid Run for Fun 5K:**

Approve the request from Family Service and Children's Aid to conduct their annual Run for Fun 5K throughout downtown Jackson on Saturday, May 4, 2013, from 7:00 a.m. - 11:00 a.m. (Recommended approval has been received from Police, Fire, Engineering, Public Works, and Recreation Departments, and the Downtown Development Authority. Proper insurance has been received).

- D. Spring DDA Day and Merchants Artists Walking Tour:**
Approve the request from Jackson Downtown Development Authority to conduct their annual Spring DDA Day and Merchants Artists Walking Tour at Bucky Harris Park and throughout the downtown district on Saturday, May 11, 2013, from 10:30 a.m. - 2:30 p.m., (Recommended approval has been received from Police, Fire, Engineering, Public Works, and Recreation Departments, and the Downtown Development Authority. Proper insurance has been received).
- E. AP 5000 5K Run/Walk:**
Approve the request from Advance Packaging Corporation to conduct their annual AP 5000 5K Run/Walk at 2400 E. High Street and surrounding neighborhood streets on Friday, May 17, 2013, from 5:00 p.m. - 8:30 p.m. (Recommended approval has been received from Police, Fire, Engineering, Public Works, and Recreation Departments, and the Downtown Development Authority. Proper insurance has been received).
- F. Cascades Summer Kickoff Celebration:**
Approve the request from the Jackson County Parks Department to conduct their annual Cascades Summer Kickoff Celebration in Cascades Park on Saturday, May 25, 2013, from 9:00 a.m. - 11:00 p.m. (Recommended approval has been received from Police, Fire, Engineering, Public Works, and Recreation Departments, and the Downtown Development Authority. Proper insurance has been received).
- G. City License Approvals for Year Ending April 30, 2014:**
Approval of City license renewals for the year ending April 30, 2014, in accordance with the recommendation of the City Clerk.
- H. CDBG and HOME Financial Summaries:**
Receive the Community Development Block Grant (CDBG) and HOME Financial Summaries through March 31, 2013.
- *I. Jackson Housing Commission Appointments:**
Approve the Mayor's recommendation to appoint Michelle Orthaus to the Jackson Housing Commission replacing Patrick Burtch, beginning May 1, 2013, and ending October 30, 2017, and James M. Stark replacing Councilmember Derek Dobies, beginning May 1, 2013, and ending October 31, 2014.

8. PUBLIC HEARINGS.

- A. Public Hearing of Necessity - Blackstone Street Repaving:**
Public hearing of necessity for street construction on Blackstone Street from Washington Avenue to Glick Highway.
1. Approve a resolution ordering the construction and preparation of the special assessment roll.

B. Public Hearing of Necessity - Francis Street Reconstruction:
Public hearing of necessity for street construction on Francis Street from Mason Street to Washington Avenue.

1. Approve a resolution ordering the construction and preparation of the special assessment roll.

9. OTHER BUSINESS.

A. Second Reading and Final Adoption of Ordinance No. 2013.07:
Final adoption of Ordinance No. 2013.07, amending Chapter 28, City Code, by amending Section 28-105 (landscape standards).

B. Second Reading and Final Adoption of Ordinance No. 2013.08:
Final adoption of Ordinance No. 2013.08, amending Chapter 28, City Code, by amending Section 28-165 (performance guarantees and improvements).

C. Second Reading and Final Adoption of Ordinance No. 2013.09:
Final adoption of Ordinance No. 2013.09, amending Chapter 28, City Code, to make minor revisions to Sec. 28-115, which deals with building design standards.

D. Second Reading and Final Adoption of Ordinance No. 2013.10:
Final adoption of Ordinance No. 2013.10, amending Chapter 28, City Code, by adding Sec. 28-109, lighting standards, and amending Sec. 28-5, definitions, to accommodate new criteria.

10. NEW BUSINESS.

A. Resolutions Establishing Public Hearings on Special Assessment Rolls:
Approve resolutions establishing May 28, 2013, at the City Council meeting as the time and place to hold public hearings on the following Special Assessment Rolls, and directing the City Assessor to prepare the rolls, in accordance with the recommendation of the City Clerk:

1. Special Assessment Roll No. 4224 - Delinquent Miscellaneous General Fund Accounts Receivable;
2. Special Assessment Roll No. 4225 - Delinquent Miscellaneous Building Department Fund Accounts Receivable;
3. Special Assessment Roll No. 4226 - Delinquent Miscellaneous Housing Code Enforcement Fund Accounts Receivable;
4. Special Assessment Roll No. 4227 - Delinquent Miscellaneous Building Demolition Fund Accounts Receivable;
5. Special Assessment Roll No. 4228 - Delinquent Miscellaneous CDBG Fund Accounts Receivable;
6. Special Assessment Roll No. 4229 - Delinquent Miscellaneous Wastewater Fund Accounts Receivable, and

7. Special Assessment Roll No. 4230 – Delinquent Miscellaneous Public Works Fund Accounts Receivable.

B. Resolution – MDOT Contract for Fourth Street Reconstruction:

Approval of a resolution to enter into a contract with the Michigan Department of Transportation (MDOT) for reconstruction work along Fourth Street from Audubon Avenue to Griswold Street, and authorization for the Mayor and City Treasurer/Clerk to execute the appropriate contract documents.

C. Final Allocation of CDBG & HOME Funds for FY 2013-2014:

Approve final funding allocations for the 2013-2014 Community Development Block Grant (CDBG) and HOME Investment Partnerships Program (HOME) grants as determined by City Council with contingencies, and receive and respond to any oral or written communication regarding the One Year Action Plan.

D. Fire Department Air Conditioning System Bids:

Reject all bids received on April 9, 2013, for the purchase of refurbishing the existing air conditioning system or replacement of the air conditioning system with a new 25-ton system for the Fire Department, and authorization for the Purchasing Department to re-issue specifications and bid packets for the acceptance of new cost proposals.

E. Pension System Funding Letters:

Approve the actuarial valuations as of June 30, 2012, communication from the Boards of Trustees of the City of Jackson Employees Retirement System, Act 345 Retirement System, and the City of Jackson Policemen's and Firemen's Pension System, and certification of funding necessary for Fiscal Year 2013-2014.

***F. Resolution for ALDI Bus Route:**

Approve a resolution reallocating \$7,000.00 in Community Development Block Grant (CDBG) excess program income to the new CDBG activity for Transportation Services.

11. CITIZEN COMMENTS – NON-AGENDA ITEMS (3-Minute Limit).

12. CITY COUNCILMEMBERS' COMMENTS.

13. MANAGER'S COMMENTS.

14. ADJOURNMENT.

*Items added to the Agenda.



Founded July 3, 1829

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

161 W. Michigan Ave. • Jackson, MI 49201
 Treasurer (517) 788-4043 • Income Tax Office (517) 788-4044 • Clerk (517) 788-4025

JACKSON CITY COUNCIL MEETING

MINUTES

APRIL 9, 2013

CALL TO ORDER:

The Jackson City Council met in regular session in City Hall and was called to order at 6:30 p.m. by Vice Mayor/5th Ward Councilmember Andrew Frounfelker.

PLEDGE OF ALLEGIANCE-INVOCATION:

The Council joined in the pledge of allegiance. The invocation was given by Councilmember Dobies.

ROLL CALL:

Present: Mayor Martin J. Griffin, Vice Mayor/5th Ward Councilmember Andrew R. Frounfelker and Councilmembers Michelle L. Woods, Kimberly Jaquish, Laura Dwyer Schlecte, and Derek J. Dobies—6. Absent: Daniel P. Greer—1.

Also present: City Manager Patrick Burtch, Deputy City Attorney Bethany Smith, City Assessor David Taylor, City Engineer Jon Dowling, and City Treasurer/Clerk Andrew J. Wrozek Jr.

AGENDA:

Motion was made by Councilmember Woods and seconded by Councilmember Dobies to approve the agenda as presented. The motion was adopted by the following vote. Yeas: Mayor Griffin, Vice Mayor/ 5th Ward Councilmember Frounfelker, and Councilmembers Woods, Jaquish, Schlecte, and Dobies—6. Nays: 0. Absent: Councilmember Greer—1.

PRESENTATIONS/PROCLAMATIONS:

PRESENTATION-THE BLAZER NEWS: THE MAYOR WILL MAKE A PRESENTATION TO THE BLAZER NEWS HONORING THEIR 50TH ANNIVERSARY IN THE JACKSON COMMUNITY.

Mayor Griffin presented The Blazer News with a plaque to commemorate their 50th Anniversary in the Jackson community.

Alan Wade of The Blazer News spoke and wanted to thank the City Council and Mayor for acknowledging the Blazer. He wanted to let people know that The Blazer News is available to the entire City of Jackson.

CITIZEN COMMENTS – AGENDA ITEMS (3-MINUTE).

No Citizen Comments were given for agenda items.

CONSENT CALENDAR:

Vice Mayor/5th Ward Councilmember Frounfelker requested Item B be removed for separate consideration. Motion was made by Mayor Griffin and seconded by Councilmember Schlecte to approve the following Consent Calendar. The motion was adopted by the following vote. Yeas: Mayor Griffin, Vice Mayor/5th Ward Councilmember Frounfelker, and Councilmembers Woods, Jaquish, Schlecte, and Dobies—6. Nays: 0. Absent: Councilmembers Greer—1.

Consent Calendar

- A. MINUTES OF THE REGULAR MEETING ON MARCH 26, 2013.**
Approve the minutes of the regular City Council meeting of March 26, 2013.
- B. *Removed for separate consideration.***
- C. ELLA SHARP PARK BOARD OF TRUSTEES:**
Approve the Mayor's recommendation to appoint Councilmember Andrew R. Frounfelker from an alternate position on the Ella W. Sharp Park Board of Trustees to a vacant regular position, beginning immediately and ending January 31, 2016, and to appoint Councilmember Derek Dobies to the vacated alternate position with a term beginning immediately and ending October 31, 2015.
- D. CITY ENGINEER'S REPORT FOR BLACKSTONE STREET REPAVING:**
Receive the City Engineer's Report for street repaving on Blackstone Street from Washington Avenue to Glick Highway, and establishment of April 23, 2013, at the City Council meeting as the time and place to hold a public hearing of necessity.
- E. CITY ENGINEER'S REPORT FOR FRANCIS STREET RECONSTRUCTION:**
Receive the City Engineer's Report for street reconstruction on Francis Street from Mason Street to Washington Avenue, and establishment of April 23, 2013, at the City Council meeting as the time and place to hold a public hearing of necessity.

CONSENT CALENDAR ITEM B:**BUILDING CODE BOARD OF APPEALS:**

Approve the Mayor's recommendation to appoint Jeffrey Emmett Frounfelker to the Building Code Board of Appeals filling the Mayor's position on the board, beginning immediately, and ending December 31, 2014.

Motion was made by Councilmember Dobies and seconded by Councilmember Woods to approve the appointment. Vice Mayor/5th Ward Councilmember Frounfelker mentioned that Mr. Jeffrey Frounfelker was his brother, and therefore he would abstain from voting. Councilmember Schlecte stated that Mr. Jeffrey Frounfelker worked for her husband, but she was still voting on the appointment. The appointment was approved by the following vote. Yeas: Mayor Griffin, and Councilmembers Woods, Jaquish, Schlecte and Dobies—5. Nays: 0. Abstention: Vice Mayor/5th Ward Councilmember Frounfelker—1. Absent: Councilmember Greer—1.

PUBLIC HEARINGS:**A. NECESSITY FOR STREET CONSTRUCTION – FOURTH STREET:**

Public hearing of necessity for street construction on Fourth Street from Audubon Avenue to Griswold Street.

Vice Mayor Frounfelker opened the public hearing.

Joyce Phelps, lives at the corner of 4th and Crescent St. and she spoke about her concerns of losing the trees and about the look of the street as a result of that. She also had questions about how the assessments are made.

Clyde Mauldin of 1913 4th Street spoke in support of the project. Steve Ansuini 1920 4th Street spoke in support of the project, but he was not certain that the assessment was appropriate. Dr. Brad Bivens of 1912 4th Street spoke in support of the project also, but was concerned about the assessments.

There was correspondence received from David Laux of 1711 4th St. who was opposed to the assessment and the project in its entirety, and also from Amy J. Gingras who felt it was not equitable for the City to place the burden of funding such a project on the homeowner. The Vice Mayor closed the public hearing.

1. Approve a resolution ordering the construction and preparation of the special assessment roll.

Motion was made by Councilmember Dobies and seconded by Mayor Griffin to approve the resolution ordering the construction of and the preparation of the special assessment roll. The motion was adopted by the following vote.

Yeas: Mayor Griffin, Vice Mayor/5th Ward Councilmember Frounfelker, and Councilmembers Woods, Jaquish, Schlecte, and Dobies—6. Nays: 0. Absent: Councilmember Greer—1.

**B. NECESSITY STREET CONSTRUCTION-WEBSTER STREET:
Public hearing of necessity for street construction on Webster Street from Oakdale Avenue to Elmwood Street.**

Vice Mayor Frounfelker opened the public hearing.

Angela Schaap at 1027 Webster St. spoke in opposition and asked the Council to consider allowing the petitions to be recirculated to see if the taxpayers still wanted the work done.

David Gerding at 1030 S. Webster spoke in support of the project but asked the Council to consider looking into allowing “longer drawn out payments”.

There was correspondence from Jeff Steers of 1035 S. Webster. He was in support of the improvements, but only if it was the whole street. Beth and Sean Campbell wrote a letter to oppose the project, and also suggested having the “original requester” circulate a new petition. The Vice Mayor closed the public hearing.

1. Approve a resolution ordering the construction and preparation of the special assessment roll.

Motion was made by Mayor Griffin and seconded by Councilmember Jaquish to approve the roll and have the Assessor look into a 15-yr assessment. The motion was adopted by the following vote. Yeas: Mayor Griffin, Vice Mayor/5th Ward Councilmember Frounfelker, and Councilmembers Woods, Jaquish, Schlecte and Dobies—6. Nays: 0. Absent: Councilmember Greer—1.

**C. ZONING AMENDMENTS – LANDSCAPING STANDARDS:
Public Hearing to receive comment on the proposed text amendments to Chapter 28 (Zoning), City Code, revising Sec. 28-105 (landscape standards).**

Vice Mayor Frounfelker opened the public hearing. No one spoke. Vice Mayor Frounfelker closed the public hearing.

1. Approve an ordinance (first reading) amending Chapter 28, City Code, revising Section 28-105 (landscape standards), (City Planning Commission and staff recommends approval).

Motion was made by Councilmember Dobies and seconded by Councilmember Woods to approve the ordinance and place it on the next regular Council meeting agenda for final adoption. The motion was adopted by the

following vote. Yeas: Mayor Griffin, Vice Mayor/5th Ward Councilmember Frounfelker, and Councilmembers Woods, Schlecte and Dobies—5. Nays: Councilmember Jaquish—1. Absent: Councilmember Greer—1.

D. ZONING AMENDMENTS – PERFORMANCE GUARANTEES AND IMPROVEMENTS:

Public hearing to receive comment on the proposed text amendments to Chapter 28 (Zoning), City Code, revising Sec. 28-165 (performance guarantees for improvements).

Vice Mayor Frounfelker opened the public hearing. No one spoke. Vice Mayor Frounfelker closed the public hearing.

- 1. Approve an ordinance (first reading) amending Chapter 28, City Code, revising Section 28-165 (performance guarantees and improvements), (City Planning Commission and staff recommends approval).**

Motion was made by Councilmember Dobies and seconded by Councilmember Schlecte to approve the ordinance and place it on the next regular Council meeting agenda for final adoption. The motion was adopted by the following vote. Yeas: Mayor Griffin, Vice Mayor/5th Ward Councilmember Frounfelker, and Councilmembers Woods, Schlecte, and Dobies—5. Nays: Councilmember Jaquish—1. Absent: Councilmember Greer—1.

E. ZONING AMENDMENTS – BUILDING DESIGN STANDARDS:

Public hearing to receive comment on the proposed text amendments to Chapter 28 (Zoning), City Code, revising Section 28-115 (building design standards).

Vice Mayor Frounfelker opened the public hearing. No one spoke. Vice Mayor Frounfelker closed the public hearing.

- 1. Approve and ordinance (first reading) amending Chapter 28, City Code, to make minor revisions to Sec. 28-115, which deals with building design standards (City Planning Commission and staff recommends approval).**

Motion was made by Councilmember Dobies and seconded by Councilmember Schlecte to approve the ordinance and place it on the next regular Council meeting agenda for final adoption. The motion was adopted by the following vote. Yeas: Mayor Griffin, Vice Mayor/5th Ward Councilmember Frounfelker, and Councilmembers Woods, Schlecte, and Dobies—5. Nays: Councilmember Jaquish—1. Absent: Councilmember Greer—1.

F. ZONING AMENDMENTS – OUTDOOR LIGHTING:

Public hearing to receive comment on the proposed text amendments to Chapter 28 (Zoning), City Code, adding Section 28-109 regarding lighting standards, and amending Section 28-5, definitions, to accommodate the new criteria.

Vice Mayor Frounfelker opened the public hearing. No one spoke. Vice Mayor Frounfelker closed the public hearing.

- 1. Approve an ordinance (first reading) amending Chapter 28, City Code, by adding Sec. 28-109, lighting standards, and amending Sec. 28-5, definitions, to accommodate the new criteria (City Planning Commission and staff recommends approval).**

Motion was made by Councilmember Dobies and seconded by Councilmember Schlecte to approve the ordinance and place it on the next regular Council meeting agenda for final adoption. The motion was adopted by the following vote. Yeas: Mayor Griffin, Vice Mayor/5th Ward Councilmember Frounfelker, and Councilmembers Woods, Schlecte, and Dobies—5. Nays: Councilmember Jaquish—1. Absent: Councilmember Greer—1.

OTHER BUSINESS:**A. ZONING ORDINANCE AMENDMENTS – FINAL ADOPTION:**

Approve the final adoption of Ordinance No. 2013.06, amending Chapter 28, City Code, to replace Article VII, which deals with the administration and enforcement of the Zoning Ordinance, and adding select definitions to Section 28-5.

Motion was made by Councilmember Dobies and seconded by Councilmember Schlecte to adopt ordinance 2013.06. The motion was adopted by the following vote. Yeas: Mayor Griffin, Vice Mayor/5th Ward Councilmember Frounfelker, and Councilmembers Woods, Schlecte and Dobies—5. Nays: Councilmember Jaquish—1. Absent: Councilmember Greer—1.

NEW BUSINESS:**A. TEMPORARY USE FEE RESOLUTION:**

Approve the typographical error correction to the Temporary Use Fee Resolution.

Motion was made by Mayor Griffin and seconded by Councilmember Schlecte to approve the correction to the Resolution. The motion was adopted by the following vote. Yeas: Mayor Griffin, Vice Mayor/5th Ward Councilmember Frounfelker, and

Councilmembers Woods, Jaquish, Schlecte, and Dobies—6. Nays: 0. Absent: Councilmember Greer—1.

B. TRANSFER CITY – OWNED PROPERTY – 606 W. BIDDLE:

Authorization to transfer of City-owned property at 606 West Biddle for the sale price of \$1.00 to Community Action Agency, and for the Mayor to sign all documents, including a Development Agreement, necessary to close the transaction, subject to minor modifications and approval by the City Attorney.

Motion was made by Councilmember Schlecte and seconded by Councilmember Jaquish to authorize the transfer. The motion was adopted by the following vote. Yeas: Mayor Griffin, Vice Mayor/5th Ward Councilmember Frounfelker, and Councilmembers Woods, Jaquish, Schlecte and Dobies—6. Nays: 0. Absent: Councilmember Greer—1.

C. AWARD OF 2013 AS NEEDED MATERIALS TESTING SERVICES CONTRACT:

Approve the award of the 2013 As Needed Materials Testing Services Contract to Testing Engineers & Consultants, Inc., Ann Arbor, in the amount of \$65,570.00, and authorization for the Mayor and City Treasurer/Clerk to execute the appropriate document(s), in accordance with the Purchasing Agent.

Motion was made by Councilmember Dobies and seconded by Councilmember Schlecte to approve the contract. The motion was adopted by the following vote. Yeas: Mayor Griffin, Vice Mayor/5th Ward Councilmember Frounfelker, and Councilmembers Woods, Jaquish, Schlecte and Dobies—6. Nays: 0. Absent: Councilmember Greer—1.

D. REJECT BIDS FOR DPW BRUSH CHIPPER:

Approve the request to reject all bids received on January 10, 2013, for the purchase of a brush chipper for use by the Department of Public Works, and authorization for the Purchasing Department to re-issue specifications and bid packets for the acceptance of new cost proposals.

Motion was made by Councilmember Schlecte and seconded by Councilmember Dobies to approve the request. The motion was adopted by the following vote. Yeas: Mayor Griffin, Vice Mayor/5th Ward Councilmember Frounfelker, and Councilmembers Woods, Jaquish, Schlecte, and Dobies—6. Nays: 0. Absent: Councilmember Greer—1.

E. INSTALLATION OF NEW WATER SERVICE – 1012 SOUTH DETTMAN ROAD:

Approve the request from the homeowner living at 1012 South Dettman Road to install a new 1-inch water service to supply the home from a City-owned water main.

Motion was made by Councilmember Schlecte and seconded by Councilmember Woods to approve the request. The motion was adopted by the following vote. Yeas: Mayor Griffin, Vice Mayor/5th Ward Councilmember Frounfelker, and Councilmembers Woods, Jaquish, Schlecte, and Dobies—6. Nays: 0. Absent: Councilmember Greer—1.

CITIZEN COMMENTS – NON-AGENDA ITEMS (3-MINUTE LIMIT):

Ted Brzezinski of 809 Greenwood Avenue addressed the Council in regards to promoting Jackson. He thought a sign 24-30wide x36tall could be created and attached to the back of semi-trucks. He suggested getting permission from the local trucking companies to affix the signs on the back of the trucks in order to promote Jackson all over the country. He received an estimate for the price of the signs, and he stated it would cost a little under \$1000 to make 60 signs. He felt the promotion would bring new businesses to Jackson.

CITY COUNCILMEMBERS' COMMENTS:

Councilmember Woods -wanted to thank everyone for attending her neighborhood meeting. She felt it was well needed, and there were some good points brought up. She also wanted to congratulate Alan Wade of The Blazer News.

Councilmember Jaquish-wanted to remind people that the Officer Bonneau Memorial Scholarship Breakfast is on Saturday, April 13, 2013 from 9 a.m. until 12:00 p.m. She also wanted to congratulate the Center for Family Health on their grant to expand the mobile dental program. Mayor Griffin added that the pancake breakfast was going to be at St. Mary's in the Star Hall in the basement.

Councilmember Schlecte- wanted to welcome Randy Wrozek as the new City Clerk.

Mayor Griffin- wanted to thank Ted Brzezinski for coming up with the idea for promoting Jackson and he felt it was something that we should look in to.

Councilmember Dobies- wanted to congratulate The Blazer, and also Vice Mayor Frounfelker for running the meeting. He also wanted to thank everyone for coming out to his neighborhood meeting on Sunday. He thought there were a lot of very good questions. He stated he will be having another neighborhood meeting on Monday, April 22, 2013 at Parkside Elementary in the cafeteria from 6-8 pm.

Vice Mayor/5th Ward Councilmember Frounfelker- stated that he recently had a neighborhood meeting and the constituents were very pleased with things going on internally in City Hall that they didn't necessarily know about which included a lot of cost savings being taken care of. He stated that he saw the fire hydrant flushing signs up, and wanted to know if we were going to be using the Blackboard Connect system to alert people of the hydrant flushing. He then said that it is a great service and a lot of people showed up to the meeting as a result of it. He also asked if a street sweeping schedule could be made that includes Mondays in order to clean up the trash from the weekend. He asked if the budget books would be released soon.

Lastly, he stated that he is still working on (with Councilmember Woods) formulating a work group to look into our fees that we may no longer need to collect.

MANAGER 'S COMMENTS:

Mr. Burtch, upon being asked by Vice Mayor/5th Ward Councilmember Frounfelker if the budget books would be released soon, stated that they would be. He said he was working with Phil Hones that day, but changes were made that included water and sewer rates. He also stated that the Administration would be proposing to Council one of the first tax rate decreases in a long time. Administration is proposing a tax rate decreases paired with a decrease in stormwater. He stated those items would happen upon Council approval in the budget process. Lastly, he said that the budget books should be available this next week.

ADJOURNMENT:

No further business being presented, a motion was made by Councilmember Woods to adjourn the meeting. The motion was adopted by unanimous voice vote and the meeting adjourned at 7:20 p.m.

Andrew J. Wrozek Jr.
City Treasurer/Clerk

AJW/car



Jackson Downtown Development Authority

April 16, 2013

MEMO TO: Honorable Mayor and City Council Members

FROM: Jonathan Greene, Executive Director

SUBJECT: Special Event Application: **Jackson National Day of Prayer Observance**

RECOMMENDATION: Approval of the request from New Covenant Living Church to conduct their annual Jackson National Day of Prayer Observance at Bucky Harris Park on Thursday, May 2, 2013 from 9:00 a.m. - 3:00 p.m. Insurance approval has been granted by the City Attorney.

DEPARTMENTAL APPROVAL SUMMARY

Approvals noted below by each department indicate they have been made aware of the request and the capacity of their department has been met. Conditions of their approval and special considerations are noted.

Department	Approval	Denial	Economic Impact
Police	x		\$0
Fire	x		\$0
Engineering	x		\$0
Public Works	x		\$0
Recreation	x		\$0
DDA	x		\$0
			<hr/> \$0

Conditions and Considerations: none

Insurance Status: Approved

att: Special Event Application: **Jackson National Day of Prayer Observance**

JG/RR

CITY OF JACKSON
SPECIAL EVENT APPLICATION

Downtown Development Authority ~ 161 W. Michigan Avenue ~ Jackson, MI 49201
(517) 768-6410

Date Received By DDA Office: 4/2/13 Time: 11:15 am By: JG

Please complete this application in accordance with the City of Jackson Special Events Policy, and return it to the Office of the Downtown Development Authority at least 30 calendar days before the first day of the event.

Sponsoring Organization's Legal Name: National Day of Prayer Task Force / New Covenant Living Church

Organization Address: P.O. Box 474; Jackson, MI 49204

Organization Agent David Phelps Title: Task Force Chair

Phone: (work) 517-262-6841 Phone: (home) 517-529-3857 Phone: (during the event) 517-262-6841

Agent's Address 8325 Lansing Avenue; Jackson, MI 49201

Agent's E-Mail Address davidphelps49201@aol.com

Event Name Jackson National Day of Prayer Observance

Please give a brief description of the proposed special event: Annual observance of the National Day of Prayer, on May 2, 2013 at noon. The solemn service will include prayer, music and speeches, as well as a color guard. The observance will last 60-90 minutes. A canopy, chairs and PA system will be set up.

Event Day(s) & Date(s) Thursday, May 2, 2013

Event Time(s) Noon to 1:30 p.m.

Set-Up Date & Time 9 am on 5/2/13 Tear-Down Date & Time 3 p.m. on 5/2/13

Event Location Bucky Harris Park; N.W. corner of Michigan Avenue and Jackson St.

ANNUAL EVENT: Is this event expected to occur next year? (circle one) YES NO
How many years has this event occurred? More than 25

MAP: (a) If your event will use streets or sidewalks (for a parade, run, etc.) or will use multiple locations, please attach a complete map showing the assembly and dispersal locations and the route plan. (b) Show any streets or parking lots that you are requesting to be blocked off, and location of vendors, if any. A final map, if different, must be provided seven (7) days before the event. (c) Please show an emergency vehicle access lane.

STREET CLOSURES: Start Date/Time _____ through Date/Time: _____

RESERVED PARKING: Are you requesting reserved parking? YES NO
If yes, list the number of street spaces, City lots or locations where parking is requested:

VENDORS: Food Concessions? YES NO Other Vendors? YES NO

DO YOU PLAN TO HAVE ALCOHOL SOLD/SERVED AT THIS EVENT? YES NO

If yes, please attach liquor license and liquor liability insurance.

If yes, what time? _____ until _____

**CITY OF JACKSON
SPECIAL EVENT APPLICATION, Page 2
Downtown Development Authority
161 W. Michigan ~ Jackson, MI 49201 ~ (517) 768-6410**

ENTERTAINMENT: Are there any entertainment features related to this event? **YES** **NO**
If yes, provide an attachment listing all bands/performers, type of entertainment, and performance schedule.

ATTENDANCE: What is the expected (estimated) attendance for this event? 100 to 200 attendees

AMUSEMENT: Do you plan to have any amusement or carnival rides? **YES** **NO**
If yes, you are required to obtain a permit through the City Clerk's Office.

REST ROOMS: Are you planning to provide portable rest rooms at the event? **YES** **NO**
If yes, how many? _____

As an event organizer, you must consider the availability of rest room facilities during this event. Consideration should be made regarding the type of event, the length of time it will be held, the number of people, etc. You must determine the rest room facilities in the immediate area of the event venue and then identify the potential need for portable facilities. Remember to identify accessible facilities for ADA requirements as well.

OTHER REQUESTS: (i.e., Police Department assistance, Fire Dept., street closures, electrical, etc.)

INSURANCE: All sponsors of special events must carry liability insurance with coverage of at least \$500,000. An event sponsor must provide a valid certificate of insurance naming the City of Jackson and Downtown Development Authority as an additional insured party on the policy, for the specified event.

CERTIFICATION AND SIGNATURE: I understand and agree on behalf of the sponsoring organization that:

A Certificate of Insurance must be provided which names the City of Jackson as an additional named insured party on the policy.

A \$25 Special Event Application fee must be submitted along with this Special event Application.

All food vendors must be approved by the Jackson County Health Department, and each food or other vendor must provide the City of Jackson with a Certificate of Insurance which names the City of Jackson as an additional named insured party on the policy.

The approval of this special event may include additional requirements, limitations, or fees, based on the City's review of this application.

Applicants who fail to clean up and repair damages to the Event Area may be billed for City services and such failure will be considered for future applications.

As the duly authorized agent of the sponsoring organization, I am applying for approval of this Special Event, affirm the above understandings, and agree that my sponsoring organization will comply with the terms of the written confirmation of approval, and all other City requirements, ordinances and other laws, which apply to this Special Event. By signing this Special Event Application, I declare I am 21 years of age or older.

Date



Signature of Sponsoring Organization's Agent

**RETURN THIS APPLICATION at least thirty (30) days before the first day of the event to:
DOWNTOWN DEVELOPMENT AUTHORITY
161 W. MICHIGAN AVENUE JACKSON, MI 49201**



Jackson Downtown Development Authority

April 11, 2013

MEMO TO: Honorable Mayor and City Council Members

FROM: Jonathan Greene, Executive Director

SUBJECT: Special Event Application: **Family Service & Children's Aid Run for Fun 5K**

RECOMMENDATION: Approval of the request from Family Service and Children's Aid to conduct their annual Run for Fun 5K throughout downtown Jackson on Saturday, May 4, 2013 from 7:00 a.m. – 11:00 a.m. Insurance approval has been granted by the City Attorney.

DEPARTMENTAL APPROVAL SUMMARY

Approvals noted below by each department indicate they have been made aware of the request and the capacity of their department has been met. Conditions of their approval and special considerations are noted.

Department	Approval	Denial	Economic Impact
Police	x		\$300
Fire	x		\$0
Engineering	x		\$0
Public Works	x		\$550
Recreation	x		\$0
DDA	x		\$0
			<hr/>
			\$ 850

Conditions and Considerations:

- Any markings on pavement/sidewalk will need to be done in temporary marker, i.e. chalk

Insurance Status: Approved

att: Special Event Application: **Family Service and Children's Aid Run for Fun 5K**
Run Route Map

JG/RR



**CITY OF JACKSON
SPECIAL EVENT APPLICATION**

City Clerk's Office * 161 W. Michigan Avenue * Jackson, MI 49201
(517) 788-4025

Date Received By Clerk's Office: _____ **Time:** _____ **By:** _____

Please complete this application in accordance with the City of Jackson Special Events Policy, and return it to the Office of the City Clerk at least 30 calendar days before the first day of the event.

Sponsoring Organization's Legal Name: Family Service & Children's Aid

Organization Address: 330 West Michigan Avenue, Post Office Box 6128, Jackson, Michigan 49204-6128

Organization Agent: Bruce A. Inosencio, Jr. Title: Race Director

Phone: Work (517) 796-1444 Home (517) 750-1992 During event (517) 745-1405

Agent's Address: 4935 Stonewood Creek Drive, Jackson, Michigan 49201

Agent's E-Mail Address: bruce@inosencio.com

Event Name: Run for Fun 5K

Please give a brief description of the proposed special event: 5K run and walk to benefit a local non-profit agency. Family Service & Children's Aid, this is the 11th annual FSCA Run for Fun 5K.

Event Day(s) & Date(s): Saturday 5/4/13 Event Time(s): 8:30 a.m.

Set-Up Date & Time: Saturday 5/4/13 at 7:00 a.m. Tear-Down Date & Time: Saturday, 5/4/13 at 11:00 a.m.

Event Location: 330 West Michigan Avenue; downtown Jackson; Historic District; see attached map

ANNUAL EVENT: Is this event expected to occur next year? YES NO How many years has this event occurred? 10

MAP: (a) If your event will use streets or sidewalks (for a parade, run, etc.) or will use multiple locations, please attach a complete map showing the assembly and dispersal locations and the route plan. (b) Show any streets or parking lots that you are requesting to be blocked off, and location of vendors, if any. A final map, if different, must be provided seven (7) days before the event. (c) Please show an emergency vehicle access lane.

STREET CLOSURES: Start Date/ Time: 5/4/13 at 7:00 am through Date/ Time: 5/4/13 at 11:00 am

RESERVED PARKING: Are you requesting reserved parking? ~~YES~~ NO
If yes, list the number of street spaces, City lots or locations where parking is requested:

VENDORS: Food Concessions? ~~YES~~ NO Other Vendors? ~~YES~~ NO

DO YOU PLAN TO HAVE ALCOHOL SOLD/SERVED AT THIS EVENT? ~~YES~~ NO

If yes, are liquor license and liquor liability insurance attached? YES NO

If yes, what time? _____ until _____



ENTERTAINMENT: Are there any entertainment features related to this event? ~~YES~~ NO
 If yes, provide an attachment listing all bands/performers, type of entertainment, and performance schedule.

ATTENDANCE: What is the expected (estimated) attendance for this event? 250-500

AMUSEMENT: Do you plan to have any amusement or carnival rides? ~~YES~~ NO
 If yes, you are required to obtain a permit through the City Clerk's Office.

REST ROOMS: Are you planning to provide portable rest rooms at the event? YES ~~NO~~ If yes, how many? 2
 As an event organizer, you must consider the availability of rest room facilities during this event. Consideration should be made regarding the type of event, the length of time it will be held, the number of people, etc. You must determine the rest room facilities in the immediate area of the event venue and then identify the potential need for portable facilities. Remember to identify accessible facilities for ADA requirements as well.

OTHER REQUESTS: (i.e., Police Department assistance, Fire Dept., street closures, electrical, etc.)
Please see attached letter.

INSURANCE: All sponsors of special events must carry liability insurance with coverage of at least \$500,000. An event sponsor must provide a valid certificate of insurance naming the City of Jackson as an additional insured party on the policy. A sponsor of a Low Hazard event may request that City Council waive the insurance requirement and execute a Hold Harmless and Indemnification Agreement. This event qualifies consideration for Low Hazard because:

CERTIFICATION AND SIGNATURE: I understand and agree on behalf of the sponsoring organization that:
 A Certificate of Insurance must be provided which names the City of Jackson as an additional named insured party on the policy or I am requesting that City Council waive the insurance requirement for this Low Hazard Event as identified in paragraph above related to insurance, and I have executed the Hold Harmless and Indemnification Agreement on behalf of the event sponsor.
 All food vendors must be approved by the Jackson County Health Department, and each food or other vendor must provide the City of Jackson with a Certificate of Insurance which names the City of Jackson as an additional named insured party on the policy.
 The approval of this special event may include additional requirements or limitations, based on the City's review of this application.
 Applicants who fail to clean up and repair damages to the Event Area may be billed for City services and such failure will be considered for future applications.
 As the duly authorized agent of the sponsoring organization, I am applying for approval of this Special Event, affirm the above understandings, and agree that my sponsoring organization will comply with the terms of the written confirmation of approval, and all other City requirements, ordinances and other laws, which apply to this Special Event. By signing this Special Event Application, I declare I am 21 years of age or older.

1/14/13
 Date

Bruce A. Inosencio, Jr.
 Signature of Sponsoring Organization's Agent
 Bruce A. Inosencio, Jr., Race Director

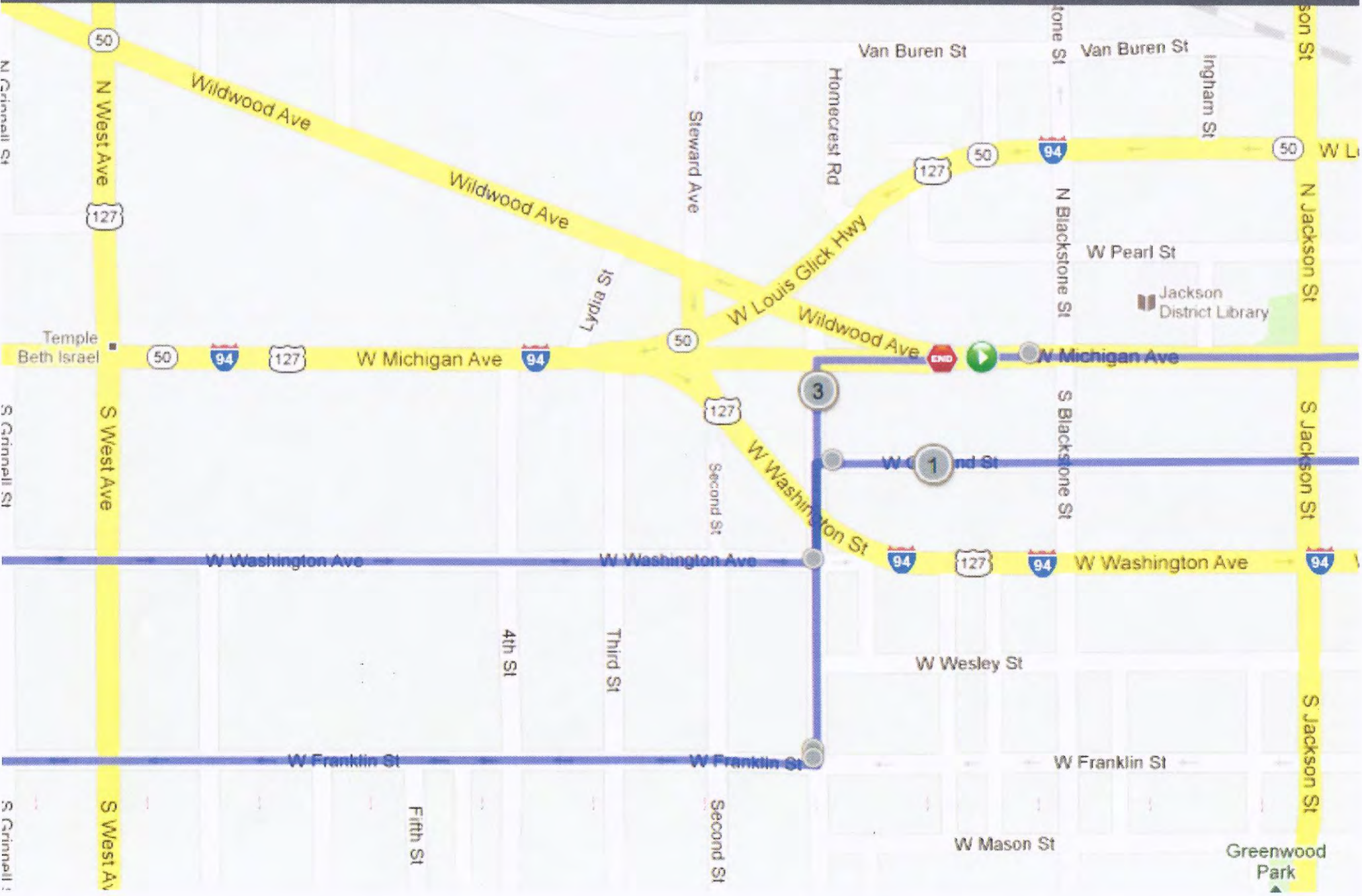
RETURN THIS APPLICATION at least thirty (30) days before the first day of the event to:
 CITY CLERK'S OFFICE - ATTN: ANGELA ARNOLD
 161 W. MICHIGAN AVENUE - JACKSON, MI 49201

yRUN

New Year Sale!

ENJOY
15% off!

Go Premium





Jackson Downtown Development Authority

April 17, 2013

MEMO TO: Honorable Mayor and City Council Members

FROM: Jonathan Greene, Executive Director

SUBJECT: Special Event Application: **Spring DDA Day and Merchants Artists Walking Tour**

RECOMMENDATION: Approval of the request from Jackson Downtown Development Authority to conduct their annual Spring DDA Day and Merchants Artists Walking Tour at Bucky Harris Park and throughout the downtown district on Saturday, May 11, 2013 from 10:30 a.m. – 2:30 p.m. This event is covered under the City of Jackson insurance policy.

DEPARTMENTAL APPROVAL SUMMARY

Approvals noted below by each department indicate they have been made aware of the request and the capacity of their department has been met. Conditions of their approval and special considerations are noted.

Department	Approval	Denial	Economic Impact
Police	x		\$0
Fire	x		\$0
Engineering	x		\$0
Public Works	x		\$0
Recreation	x		\$0
DDA	x		\$0
			<hr/>
			\$0

Conditions and Considerations: none

Insurance Status: Approved

att: Special Event Application: **Spring DDA Day and Merchants Artists Walking Tour**

JG/RR

**CITY OF JACKSON
SPECIAL EVENT APPLICATION**

Downtown Development Authority ~ 161 W. Michigan Avenue ~ Jackson, MI 49201
(517) 768-6410

Date Received By DDA Office: _____ Time: _____ By: _____

Please complete this application in accordance with the City of Jackson Special Events Policy, and return it to the Office of the Downtown Development Authority at least 30 calendar days before the first day of the event.

Sponsoring Organization's Legal Name: Downtown Development Authority

Organization Address: 161 W. Michigan Ave. Jackson, MI 49201

Organization Agent Jonathan Breene / R. Rze Title: Director / Assist.

Phone: (work) 517-768-6408 Phone: (home) _____ Phone: (during the event) 517-

Agent's Address 161 W. Michigan Ave. Jackson, MI 49201

Agent's E-Mail Address rrze@cityofjackson.org

Event Name "DBA Day" Discover Downtown Again featuring the Merchants Artists Walking Tour

Please give a brief description of the proposed special event: _____

DBA Day, which features the Merchants Artists Walking Tour will take place on Saturday, May 11th from 11am-5pm. Participating businesses will offer special promotions or activities, in addition to hosting an artist inside their store. Community votes on favorite artist and winners will take place 3

Event Day(s) & Date(s) Saturday, May 11th, 2013

Event Time(s) 11am-2pm

Set-Up Date & Time 10:30am Tear-Down Date & Time 2:30pm

Event Location Bucky Harris Park + Downtown District

ANNUAL EVENT: Is this event expected to occur next year? (circle one) YES NO
How many years has this event occurred? 7

MAP: (a) If your event will use streets or sidewalks (for a parade, run, etc.) or will use multiple locations, please attach a complete map showing the assembly and dispersal locations and the route plan. (b) Show any streets or parking lots that you are requesting to be blocked off, and location of vendors, if any. A final map, if different, must be provided seven (7) days before the event. (c) Please show an emergency vehicle access lane.

STREET CLOSURES: Start Date/Time _____ through Date/Time: _____

RESERVED PARKING: Are you requesting reserved parking? YES NO
If yes, list the number of street spaces, City lots or locations where parking is requested: _____

VENDORS: Food Concessions? YES NO Other Vendors? YES NO

DO YOU PLAN TO HAVE ALCOHOL SOLD/SERVED AT THIS EVENT? YES NO

If yes, please attach liquor license and liquor liability insurance.
If yes, what time? _____ until _____

CITY OF JACKSON
SPECIAL EVENT APPLICATION, Page 2
Downtown Development Authority
161 W. Michigan ~ Jackson, MI 49201 ~ (517) 768-6410

ENTERTAINMENT: Are there any entertainment features related to this event? YES NO
If yes, provide an attachment listing all bands/performers, type of entertainment, and performance schedule.

ATTENDANCE: What is the expected (estimated) attendance for this event? 250 ppl.

AMUSEMENT: Do you plan to have any amusement or carnival rides? YES NO
If yes, you are required to obtain a permit through the City Clerk's Office.

REST ROOMS: Are you planning to provide portable rest rooms at the event? YES NO
If yes, how many? _____

As an event organizer, you must consider the availability of rest room facilities during this event. Consideration should be made regarding the type of event, the length of time it will be held, the number of people, etc. You must determine the rest room facilities in the immediate area of the event venue and then identify the potential need for portable facilities. Remember to identify accessible facilities for ADA requirements as well.

OTHER REQUESTS: (i.e., Police Department assistance, Fire Dept., street closures, electrical, etc.)
None

INSURANCE: All sponsors of special events must carry liability insurance with coverage of at least \$500,000. An event sponsor must provide a valid certificate of insurance naming the City of Jackson and Downtown Development Authority as an additional insured party on the policy, for the specified event.

CERTIFICATION AND SIGNATURE: I understand and agree on behalf of the sponsoring organization that:
A Certificate of Insurance must be provided which names the City of Jackson as an additional named insured party on the policy.
A \$25 Special Event Application fee must be submitted along with this Special event Application.
All food vendors must be approved by the Jackson County Health Department, and each food or other vendor must provide the City of Jackson with a Certificate of Insurance which names the City of Jackson as an additional named insured party on the policy.
The approval of this special event may include additional requirements, limitations, or fees, based on the City's review of this application.
Applicants who fail to clean up and repair damages to the Event Area may be billed for City services and such failure will be considered for future applications.
As the duly authorized agent of the sponsoring organization, I am applying for approval of this Special Event, affirm the above understandings, and agree that my sponsoring organization will comply with the terms of the written confirmation of approval, and all other City requirements, ordinances and other laws, which apply to this Special Event. By signing this Special Event Application, I declare I am 21 years of age or older.

4/17/13
Date

Rebecca Rae
Signature of Sponsoring Organization's Agent

**RETURN THIS APPLICATION at least thirty (30) days before the first day of the event to:
DOWNTOWN DEVELOPMENT AUTHORITY
161 W. MICHIGAN AVENUE JACKSON, MI 49201**



Jackson Downtown Development Authority

April 16, 2013

MEMO TO: Honorable Mayor and City Council Members

FROM: Jonathan Greene, Executive Director

SUBJECT: Special Event Application: **AP 5000 5K Run/Walk**

RECOMMENDATION: Approval of the request from Advance Packaging Corporation to conduct their annual AP 5000 5K Run/Walk at 2400 E. High Street and surrounding neighborhood streets on Friday, May 17, 2013 from 5:00 p.m. – 8:30 p.m. Insurance approval has been granted by the City Attorney.

DEPARTMENTAL APPROVAL SUMMARY

Approvals noted below by each department indicate they have been made aware of the request and the capacity of their department has been met. Conditions of their approval and special considerations are noted.

Department	Approval	Denial	Economic Impact
Police	x		\$170
Fire	x		\$0
Engineering	x		\$0
Public Works	x		\$250
Recreation	x		\$0
DDA	x		\$0
			<hr/>
			\$420

Conditions and Considerations:

- Any markings on pavement/sidewalk shall be temporary (i.e. chalk) in nature and shall only be in white

Insurance Status: Approved

att: Special Event Application: **AP 5000 5K Run/Walk**
Run Route Map

JG/RR

CITY OF JACKSON
SPECIAL EVENT APPLICATION

Downtown Development Authority ~ 161 W. Michigan Avenue ~ Jackson, MI 49201
(517) 768-6410

Date Received By DDA Office: _____ Time: _____ By: _____

Please complete this application in accordance with the City of Jackson Special Events Policy, and return it to the Office of the Downtown Development Authority at least 30 calendar days before the first day of the event.

Sponsoring Organization's Legal Name: ADVANCE PACKAGING CORP. AP 5000 SK RUN/WALK

Organization Address: 2400 E. HIGH ST. JACKSON MI 49203

Organization Agent DAVE KNICKERBOCKER Title: RACE DIRECTOR

Phone: (work) 517 788 9800 Phone: (home) 517 581-1663 Phone: (during the event) 517 581-1663

Agent's Address 2400 E. HIGH ST. JACKSON MI 49203

Agent's E-Mail Address dknick@advancepkg.com

Event Name AP 5000 SK RUN/WALK

Please give a brief description of the proposed special event: THIS IS OUR 20TH ANNUAL SK RUN/WALK - ALSO INCLUDES 1/2 MILE KIDS RUN. PROCEEDS GO TO JACKSON INTERFAITH SHELTER. RACE IS PART OF JACKSON AREA RACE SERIES.

Event Day(s) & Date(s) FRIDAY MAY 17 2013

Event Time(s) 7:00 PM RUN 7:03 PM WALK

Set-Up Date & Time FRI 5/17/13 5:00 PM Tear-Down Date & Time FRI 5/17/13 8:30 PM

Event Location 2400 E. HIGH ST. JACKSON MI 49203

ANNUAL EVENT: Is this event expected to occur next year? (circle one) YES NO
How many years has this event occurred? 20 YRS.

MAP: (a) If your event will use streets or sidewalks (for a parade, run, etc.) or will use multiple locations, please attach a complete map showing the assembly and dispersal locations and the route plan. (b) Show any streets or parking lots that you are requesting to be blocked off, and location of vendors, if any. A final map, if different, must be provided seven (7) days before the event. (c) Please show an emergency vehicle access lane.

STREET CLOSURES: Start Date/Time 6:50 PM 5/17/13 through Date/Time: 8:15 PM 5/17/13

RESERVED PARKING: Are you requesting reserved parking? YES NO
If yes, list the number of street spaces, City lots or locations where parking is requested:

VENDORS: Food Concessions? YES NO Other Vendors? YES NO

DO YOU PLAN TO HAVE ALCOHOL SOLD/SERVED AT THIS EVENT? YES NO

If yes, please attach liquor license and liquor liability insurance.
If yes, what time? _____ until _____

ENTERTAINMENT: Are there any entertainment features related to this event? YES NO DJ FROM K 105.3 RADIO
If yes, provide an attachment listing all bands/performers, type of entertainment, and performance schedule.

ATTENDANCE: What is the expected (estimated) attendance for this event? 300 PARTICIPANTS

AMUSEMENT: Do you plan to have any amusement or carnival rides? YES NO
If yes, you are required to obtain a permit through the City Clerk's Office.

REST ROOMS: Are you planning to provide portable rest rooms at the event? YES NO
If yes, how many? 4

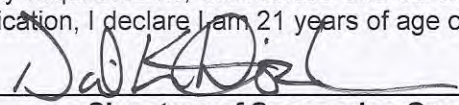
As an event organizer, you must consider the availability of rest room facilities during this event. Consideration should be made regarding the type of event, the length of time it will be held, the number of people, etc. You must determine the rest room facilities in the immediate area of the event venue and then identify the potential need for portable facilities. Remember to identify accessible facilities for ADA requirements as well.

- OTHER REQUESTS:** (i.e., Police Department assistance, Fire Dept., street closures, electrical, etc.)
1. NEED POLICE ASSISTANCE WITH TRAFFIC CONTROL AT THE INTERSECTION OF HIGH ST. & EXECUTIVE DR AND AT HIGH ST & ELM ST.
 2. NEED 100+ TRAFFIC CONES (LARGE) FROM CITY ENGINEERING DEPT
 3. REQUEST ACCESS TO PORTABLE BAND STAND

INSURANCE: All sponsors of special events must carry liability insurance with coverage of at least \$500,000. An event sponsor must provide a valid certificate of insurance naming the City of Jackson and Downtown Development Authority as an additional insured party on the policy, for the specified event.

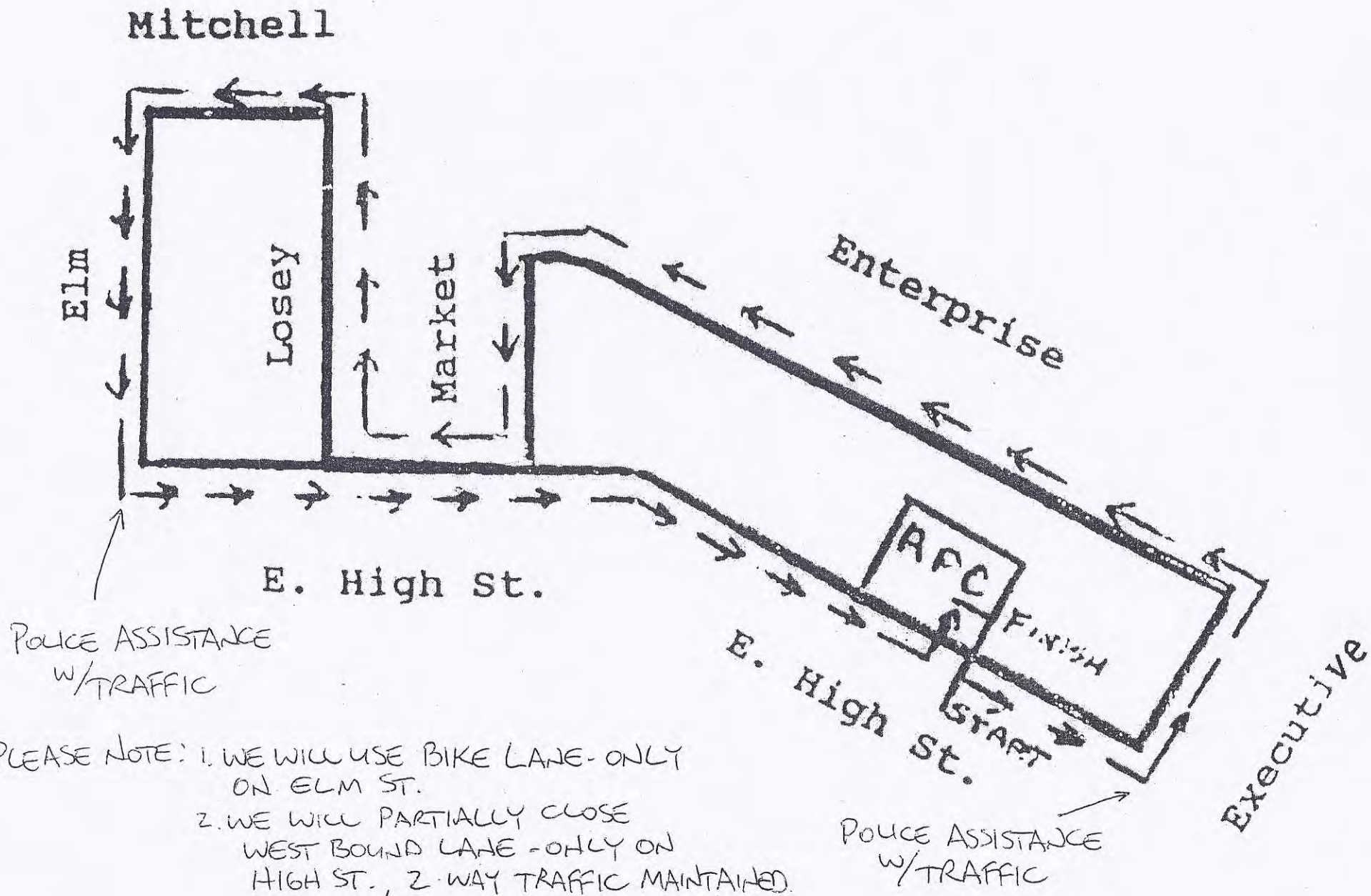
CERTIFICATION AND SIGNATURE: I understand and agree on behalf of the sponsoring organization that:
A Certificate of Insurance must be provided which names the City of Jackson as an additional named insured party on the policy.
A \$25 Special Event Application fee must be submitted along with this Special event Application.
All food vendors must be approved by the Jackson County Health Department, and each food or other vendor must provide the City of Jackson with a Certificate of Insurance which names the City of Jackson as an additional named insured party on the policy.
The approval of this special event may include additional requirements, limitations, or fees, based on the City's review of this application.
Applicants who fail to clean up and repair damages to the Event Area may be billed for City services and such failure will be considered for future applications.
As the duly authorized agent of the sponsoring organization, I am applying for approval of this Special Event, affirm the above understandings, and agree that my sponsoring organization will comply with the terms of the written confirmation of approval, and all other City requirements, ordinances and other laws, which apply to this Special Event. By signing this Special Event Application, I declare I am 21 years of age or older.

3-21-13
Date


Signature of Sponsoring Organization's Agent

**RETURN THIS APPLICATION at least thirty (30) days before the first day of the event to:
DOWNTOWN DEVELOPMENT AUTHORITY
161 W. MICHIGAN AVENUE JACKSON, MI 49201**

APC 5000





Jackson Downtown Development Authority

April 17, 2013

MEMO TO: Honorable Mayor and City Council Members

FROM: Jonathan Greene, Executive Director

SUBJECT: Special Event Application: **Cascades Summer Kickoff Celebration**

RECOMMENDATION: Approval of the request from the Jackson County Parks Department to conduct their annual Cascades Summer Kickoff Celebration in Cascades Park on Saturday, May 25, 2013 from 9:00 a.m. – 11:00 p.m. Insurance approval has been granted by the City Attorney.

DEPARTMENTAL APPROVAL SUMMARY

Approvals noted below by each department indicate they have been made aware of the request and the capacity of their department has been met. Conditions of their approval and special considerations are noted.

Department	Approval	Denial	Economic Impact
Police	x		\$1400
Fire	x		\$200
Engineering	x		\$0
Public Works	x		\$670
Recreation	x		\$0
DDA	x		\$0
			<hr/>
			\$ 2,270

Conditions and Considerations: none

Insurance Status: Approved

att: Special Event Application: **Cascades Summer Kickoff Celebration**

JG/RR



CITY OF JACKSON
SPECIAL EVENT APPLICATION
 City Clerk's Office * 161 W. Michigan Avenue * Jackson, MI 49201
 (517) 788-4025

Date Received By Clerk's Office: 3/15/13 Time: _____ By: ASR

Please complete this application in accordance with the City of Jackson Special Events Policy, and return it to the Office of the City Clerk at least 30 calendar days before the first day of the event.

Sponsoring Organization's Legal Name: Jackson County Parks Department

Organization Address: 1992 Warren Avenue, Jackson, MI 49203

Organization Agent: Becky Humphrey Title: Administrative Assistant

Phone: Work 517-768-2901 Home _____ During event Brandon Ransom - Director 517-937-3767

Agent's Address: 1992 Warren Avenue, Jackson MI 49203

Agent's E-Mail Address: bhumphre@co.jackson.mi.us

Event Name: The Cascades Summer Kick-off Celebration

Please give a brief description of the proposed special event:

Fireworks, Live Entertainment, Food Vendors
Rain Date: Sunday, May 26, 2013

Event Day(s) & Date(s): Sat, May 25, 2013 Event Time(s): Starts 5 pm

Set-Up Date & Time: Sat, May 25th, 9 am Tear-Down Date & Time: Sat, May 25th, 11 pm

Event Location: Cascades Park

ANNUAL EVENT: Is this event expected to occur next year? YES NO How many years has this event occurred? 22+

MAP: (a) If your event will use streets or sidewalks (for a parade, run, etc.) or will use multiple locations, please attach a complete map showing the assembly and dispersal locations and the route plan. (b) Show any streets or parking lots that you are requesting to be blocked off, and location of vendors, if any. A final map, if different, must be provided seven (7) days before the event. (c) Please show an emergency vehicle access lane.

STREET CLOSURES: Start Date/ Time: May 25th - Noon through Date/ Time: May 26th - 11 pm

RESERVED PARKING: Are you requesting reserved parking? YES NO NO
 If yes, list the number of street spaces, City lots or locations where parking is requested:

VENDORS: Food Concessions? YES NO Other Vendors? YES NO NO

on County Property
 DO YOU PLAN TO HAVE ALCOHOL SOLD/SERVED AT THIS EVENT? YES NO NO

If yes, are liquor license and liquor liability insurance attached? YES NO NO
 If yes, what time? n/a until n/a

per phone call to Becky



ENTERTAINMENT: Are there any entertainment features related to this event? YES NO on County Property
 If yes, provide an attachment listing all bands/performers, type of entertainment, and performance schedule.

ATTENDANCE: What is the expected (estimated) attendance for this event? 8,000 - 10,000

AMUSEMENT: Do you plan to have any amusement or carnival rides? YES NO
 If yes, you are required to obtain a permit through the City Clerk's Office.

REST ROOMS: Are you planning to provide portable rest rooms at the event? YES NO If yes, how many? 12
 As an event organizer, you must consider the availability of rest room facilities during this event. Consideration should be made regarding the type of event, the length of time it will be held, the number of people, etc. You must determine the rest room facilities in the immediate area of the event venue and then identify the potential need for portable facilities. Remember to identify accessible facilities for ADA requirements as well.

OTHER REQUESTS: (i.e., Police Department assistance, Fire Dept., street closures, electrical, etc.)
Street Closure at Brown + Randolph and at Brown + Denton
Police Dept. for crowd control and traffic in the Park

INSURANCE: All sponsors of special events must carry liability insurance with coverage of at least \$500,000. An event sponsor must provide a valid certificate of insurance naming the City of Jackson as an additional insured party on the policy. A sponsor of a Low Hazard event may request that City Council waive the insurance requirement and execute a Hold Harmless and Indemnification Agreement. This event qualifies consideration for Low Hazard because:

CERTIFICATION AND SIGNATURE: I understand and agree on behalf of the sponsoring organization that:
 A Certificate of Insurance must be provided which names the City of Jackson as an additional named insured party on the policy or I am requesting that City Council waive the insurance requirement for this Low Hazard Event as identified in paragraph above related to insurance, and I have executed the Hold Harmless and Indemnification Agreement on behalf of the event sponsor.
 All food vendors must be approved by the Jackson County Health Department, and each food or other vendor must provide the City of Jackson with a Certificate of Insurance which names the City of Jackson as an additional named insured party on the policy.
 The approval of this special event may include additional requirements or limitations, based on the City's review of this application.
 Applicants who fail to clean up and repair damages to the Event Area may be billed for City services and such failure will be considered for future applications.
 As the duly authorized agent of the sponsoring organization, I am applying for approval of this Special Event, affirm the above understandings, and agree that my sponsoring organization will comply with the terms of the written confirmation of approval, and all other City requirements, ordinances and other laws, which apply to this Special Event. By signing this Special Event Application, I declare I am 21 years of age or older.

03.05.12
 Date

Becky Armstrong
 Signature of Sponsoring Organization's Agent

RETURN THIS APPLICATION at least thirty (30) days before the first day of the event to:
 CITY CLERK'S OFFICE - ATTN: ANGELA ARNOLD
 161 W. MICHIGAN AVENUE - JACKSON, MI 49201



CITY CLERK'S OFFICE
Andrew J. Wrozek Jr., City Treasurer/Clerk

CITY COUNCIL MEETING
April 23, 2013

DATE: April 15, 2013

MEMO TO: Honorable Mayor and City Councilmembers *ajw*

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

SUBJECT: City License Approvals for the Year Expiring April 30, 2014

APPROVAL OF CITY LICENSE RENEWALS FOR THE YEAR ENDING APRIL 30, 2014, IN ACCORDANCE WITH THE RECOMMENDATION OF THE CITY CLERK.

The listing below represents companies that returned renewal applications for City business licenses. All department approvals, insurance certificates and fees have been received.

If Council approves this request, the City Clerk will issue the appropriate licenses.

Exterminator

JaXson Pest Control
1220 E. South St.

Aardvark Pest Control
2932 Page Ave.

Gasoline

Jackson Public Transportation Co.
2350 E. High St.

Miller Truck & Storage
1800 Mitchell St.

Zimmerman Oil Co.
2200 Enterprise Dr.

Heat Controller Inc.
1900 Wellworth Ave.

Convenience King Group, Inc.
1502 Cooper St.

Convenience King Group, Inc.
815 Lansing Ave.

P.S. Food Mart
1301 S. West Ave.

P.S. Food Mart
918 N. Wisner St.

C: City Manager



Neighborhood & Economic Operations

Building a Stronger Jackson

161 W. Michigan Avenue • Jackson, MI 49201-1303 • Facsimile (517) 780-4781

Building Inspection
(517) 788-4012

Code Enforcement
(517) 788-4060

Engineering
(517) 788-4160

Planning & Economic Development
(517) 768-6433

CITY COUNCIL MEETING April 23, 2013

TO: Honorable Mayor and City Councilmembers
FROM: Patrick H. Burtch, City Manager
SUBJECT: CDBG and HOME Financial Summaries through March 31, 2013

RECOMMENDATION

To accept and place on file the CDBG and HOME Financial Summaries through March 31, 2013.

Attached please find the Financial Summaries for the CDBG and HOME funds for the nine months ended March 31, 2013.

Cc: Heather Soat, Accounting Manager
Michelle Pultz-Orthaus, Records Management Coordinator

**City of Jackson
Community Development Block Grant
Monthly Financial Summary
For the Nine Months Ended March 31, 2013**

	<u>Budgeted</u>	<u>Expended Prior Year</u>	<u>Actual Month-to-Date</u>	<u>Actual Year-to-Date</u>	<u>Total Funds Expended- to-Date</u>	<u>Balance</u>	<u>Percent Spent</u>
<u>Public Services</u>							
1 AWARE (FY 2011/2012)	5,500	4,580	-	920	5,500	-	100.0%
2 King Center Summer Program	40,000	-	-	34,591	34,591	5,409	86.5%
3 Salvation Army - Heating Assistance (FY 2011/2012)	55,954	48,354	-	7,600	55,954	-	100.0%
<u>Administration</u>							
4 Administration & Planning							
FY 2011/2012	205,000	106,871	15,761	92,834	199,705	5,295	97.4%
FY 2012/2013	215,000	-	-	-	-	215,000	0.0%
<u>Code Enforcement</u>							
5 City Code Enforcement Division							
FY 2011/2012	485,000	370,196	-	114,804	485,000	-	100.0%
FY 2012/2013	535,000	-	27,446	212,080	212,080	322,920	39.6%
6 City Attorney Office							
FY 2011/2012	29,000	22,663	-	6,337	29,000	-	100.0%
FY 2012/2013	52,000	-	3,977	12,022	12,022	39,978	23.1%
<u>Housing Rehabilitation Projects</u>							
7 City Emergency Hazard Repair Program							
FY 2010/2011	125,000	112,395	-	12,605	125,000	-	100.0%
FY 2011/2012	54,900	-	-	54,900	54,900	-	100.0%
FY 2012/2013	104,000	-	-	25,578	25,578	78,422	24.6%
8 World Changers							
FY 2010/2011	40,585	33,383	-	7,202	40,585	-	100.0%
FY 2011/2012	40,000	-	-	2,305	2,305	37,695 *	5.8%
FY 2012/2013	40,000	-	-	-	-	40,000 *	0.0%
9 City Rehab Administration (Denied Loans)							
FY 2009/2010	1,000	403	-	(100)	303	697 *	30.3%
FY 2010/2011	1,000	348	29	(275)	73	927	7.3%
FY 2012/2013	1,000	-	(408)	519	519	481	51.9%
10 John George Home - building repairs							

	<u>Budgeted</u>	<u>Expended Prior Year</u>	<u>Actual Month-to-Date</u>	<u>Actual Year-to-Date</u>	<u>Total Funds Expended- to-Date</u>	<u>Balance</u>	<u>Percent Spent</u>
FY 2010/2011	10,000	9,660	-	340	10,000	-	100.0%
FY 2011/2012	12,500	-	-	12,500	12,500	-	100.0%
<u>Street Projects</u>							
11 Mason - Jackson to Francis (FY 2009/2010)	141,910	139,763	-	2,147	141,910	-	100.0%
12 Special Assessments (FY 2009/2010)	22,718	3,096	-	-	3,096	19,622 *	13.6%
13 Wilkins - Jackson to Williams (FY 2010/2011)	103,000	93,599	-	-	93,599	9,401 *	90.9%
14 Wilkins - Williams to Mechanic (FY 2010/2011)	106,000	-	-	-	-	106,000 *	0.0%
15 Special Assessments (FY 2010/2011)	10,000	-	-	-	-	10,000 *	0.0%
16 Biddle - Jackson to Williams (FY 2011/2012)	53,000	5,750	(5,750)	(5,750)	-	53,000 *	0.0%
17 Forest - Bend to Edgewood (FY 2011/2012)	106,000	6,307	-	56,047	62,354	43,646	58.8%
18 Homewild - Ellery to Edgewood (FY 2011/2012)	119,000	7,546	-	75,117	82,663	36,337	69.5%
19 Special Assessments (FY 2011/2012)	25,000	-	-	-	-	25,000	0.0%
<u>Other Projects</u>							
20 Sidewalk Replacement	5,000	-	-	-	-	5,000	0.0%
21 Public Works - curb ramps							
FY 2011/2012	10,000	1,714	-	-	1,714	8,286	17.1%
FY 2012/2013	10,000	-	-	-	-	10,000	0.0%
<u>Economic Development</u>							
22 Job Creation Loans (FY 2010/2011)	50,000	-	-	-	-	50,000 *	0.0%
<u>Public Improvements</u>							
23 Demolition Engineering - 212 W Mich (FY 2010/2011)	38,000	-	-	-	-	38,000 *	0.0%
24 Demolition - Neighborhood Economic Stabilization	494,924	-	-	303,585	303,585	191,339	61.3%

NOTE: All funds are FY 2012/2013 allocations unless otherwise indicated

* Funds identified for future reallocation

S:\Finance\Reports\2012-2013\CDBG Financial Summary\[2012-2013.xls]CDBG

**City of Jackson
HOME
Monthly Financial Summary
For the Nine Months Ended March 31, 2013**

	<u>Budgeted</u>	<u>Expended Prior Year</u>	<u>Actual Month-to-Date</u>	<u>Actual Year-to-Date</u>	<u>Total Funds Expended- to-Date</u>	<u>Balance</u>	<u>Percent Spent</u>
1 Rehabilitation Assistance Program							
FY 2011/2012	144,017	94,865	-	49,152	144,017	-	100.0%
FY 2012/2013	184,391	-	29,887	61,628	61,628	122,763	33.4%
2 HOME Administration							
FY 2011/2012	32,189	-	-	32,189	32,189	-	100.0%
FY 2012/2013	25,500	-	-	-	-	25,500	0.0%
3 JAHC - Downpayment Assistance							
FY 2010/2011	40,000	20,365	6,000	11,928	32,293	7,707	80.7%
4 JAHC - CHDO Operating Expenses							
FY 2009/2010	7,328	6,901	-	427	7,328	-	100.0%
FY 2010/2011	8,272	-	-	-	-	8,272	0.0%
5 CAA - CHDO Operating Expenses							
FY 2011/2012	16,000	-	-	-	-	16,000	0.0%
FY 2012/2013	12,500	-	-	-	-	12,500	0.0%
6 JAHC - CHDO Acquisition/Rehab/Resale							
FY 2010/2011	107,400	73,146	-	34,254	107,400	-	100.0%
7 CAA - CHDO Acq/Rehab/Resale (FY 2011/2012)							
FY 2011/2012	53,250	-	-	-	-	53,250	0.0%
FY 2012/2013	40,000	-	-	-	-	40,000	0.0%
8 JAHC - Administration (FY 2010/2011)	6,000	5,652	-	348	6,000	-	100.0%
9 Habitat for Humanity (FY 2011/2012)	75,000	13,706	-	61,294	75,000	-	100.0%
10 City - Acq/Rehab/Resale (FY 2011/2012)	240,000	119,420	(3,453)	59,068	178,488	61,512	74.4%

CITY OF JACKSON




161 W. Michigan Ave.
Jackson, MI 49201
Phone: (517) 788-4028
Facsimile (517) 768-5820

Office of Mayor
Martin J. Griffin

MICHIGAN

CITY COUNCIL MEETING April 23, 2013

MEMO TO: City Councilmembers
FROM: Martin J. Griffin, Mayor 
DATE: April 23, 2013
SUBJECT: Jackson Housing Commission

RECOMMENDATION:

Approval of the Mayor's recommendation to appoint Michelle Orthaus to the Jackson Housing Commission replacing Patrick Burtch, beginning May 1, 2013, and ending October 30, 2017, and James M. Stark replacing Councilmember Derek Dobies, beginning May 1, 2013, and ending October 31, 2014.

In accordance with Ordinance No. 2000.1 and resolution adopted on December 21, 1999, the Mayor is the appointing authority for all appointments, subject to City Council confirmation as required by the Charter. Terms are for 5 years with no residency requirement.

It is my desire, therefore, to replace the position of Patrick Burtch with Michelle Orthaus to the Jackson Housing Commission beginning May 1, 2013, and ending October 30, 2017, and James M. Stark replacing Councilmember Derek Dobies, beginning May 1, 2013, and ending October 31, 2014.

MJG:skh

CITY OF JACKSON



Office of Mayor

MICHIGAN

161 W. Michigan Avenue
Jackson, MI 49201
Phone: (517) 788-4028
Fax: (517) 768-5820

City of Jackson Board/Commission Application

Name: Michelle L Pultz-Orthaus

Address: 3700 Hendee Rd Zip: 49201

Home Phone: 841-0095 / 414-5515 Other Phone: 768-6436 (work)
(cell)

e-mail address: mpultz@cityofjackson.org Occupation: Records Mgmt Coord

Community Involvement/Activity

Co-chair Jackson County Continuum of Care Various volunteer opportunities at
Co-leader with husband Compassionate Ministries of Jackson County - Bread of Life First Church of the Nazarene

Are you a registered voter? Yes Ward? n/a - Blackman Twp

Which Board or Commission(s) are you interested in?

- Jackson Housing Commission
- _____
- _____

List additional information you feel may be pertinent to board or commission

Feel free to attach any information. (Resume, press clippings)

APPLICATION WILL BE KEPT ON FILE FOR ONE YEAR

Michelle L Pultz-Orthaus
Signature of Applicant

April 11, 2013
Date

Please return to Mayor's Office, City of Jackson, 161 W. Michigan Avenue, Jackson, MI 49201

CITY OF JACKSON

RECEIVED
NOV 30 2010
BY: _____



161 W. Michigan Avenue
Jackson, MI 49201
Phone: (517) 788-4028
Fax: (517) 768-5820

Office of Mayor
Karen F. Dunigan

MICHIGAN

City of Jackson Board/Commission Application

Name: JAMES M. STARK
Address: 786 Bloomfield Blvd Zip: 49203
Home Phone: (517) 787-8601 Other Phone: (517) 315-8430
e-mail address: james.stark@sjacksonmi.org Occupation: RETIRED

Community Involvement/Activity

Are you a registered voter? YES Ward? 6

Which Board or Commission(s) are you interested in?

1. TELECOMMUNICATIONS
2. City Planning Commission
3. Jackson Housing Commission

List additional information you feel may be pertinent to board or commission

Feel free to attach any information. (Resume, press clippings)

APPLICATION WILL BE KEPT ON FILE FOR ONE YEAR

[Signature]
Signature of Applicant

11/24/10
Date

Please return to Mayor's Office, City of Jackson, 161 W. Michigan Avenue, Jackson, MI 49201



CITY CLERK'S OFFICE
Andrew J. Wrozek, City Clerk

CITY COUNCIL MEETING
April 23, 2013

MEMO TO: Honorable Mayor and City Councilmembers
FROM: Andrew J. Wrozek Jr., City Clerk
SUBJECT: Public hearing and Resolution determining the necessity of Street Construction on Blackstone Street from Washington Avenue to Glick Highway.

MOTION: **PUBLIC HEARING OF NECESSITY FOR STREET CONSTRUCTION ON BLACKSTONE STREET FROM WASHINGTON AVENUE TO GLICK HIGHWAY.**

1. RESOLUTION ORDERING THE CONSTRUCTION AND PREPARATION OF THE SPECIAL ASSESSMENT ROLL.

A public hearing was established at Council's April 9, 2013 for April 23, 2013. The required notice was published in the Jackson Citizen Patriot and a notification letter was sent to each property owner including an estimate of the proposed project and funding sources, along with an estimate of individual property assessments, which can be paid in ten (10) annual installments. Requested action is adoption of the resolution, after the public hearing is held.

C: City Manager

RESOLUTION
STREET CONSTRUCTION

BY THE CITY COUNCIL:

WHEREAS, under the authority granted by Ordinance No. 98-6 and 98-20, the City Council has reviewed the report regarding the necessity of street reconstruction on Blackstone Street from Washington Avenue to Glick Highway the following estimated costs, to wit:

MDOT/FHWA	\$ 374,000.00
Major Street Funds	\$ 36,605.00
Street Construction Assessments	\$ 119,395.00
Water Funds	\$ 326,000.00
Total Project Cost	\$ 856,000.00

WHEREAS, notice has been duly given that the City Council would hold a public hearing in the City of Jackson on Tuesday, the 23rd day of April, 2013 at 6:30 p.m. to hear any and all objections and suggestions by interested parties to said public improvement; and

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

NOW, THEREFORE, BE IT RESOLVED that the City Council hereby determines that the street construction is a necessary public improvement and directs staff to proceed with the street construction, in accordance with plans, maps, and specifications in the City Engineer's office; and


BE IT FURTHER RESOLVED that the City Assessor is ordered to assess the cost of said improvement to the property owners who benefit therefrom on a front footage basis and prepare an assessment roll covering this assessment district as soon as possible after the public improvement has been completed.

* * * * *

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 23rd day of April, 2013.

IN WITNESS WHEREOF, I have hereunto affixed my signature and the seal of the City of Jackson, Michigan, on this 24th day of April, 2013.


Andrew J. Wrozek Jr., City Clerk



CITY CLERK'S OFFICE
Andrew J. Wrozek, City Clerk

CITY COUNCIL MEETING
April 23, 2013

MEMO TO: Honorable Mayor and City Councilmembers
FROM: Andrew J. Wrozek Jr., City Clerk
SUBJECT: Public hearing and Resolution determining the necessity of Street Construction on Francis Street from Mason Street to Washington Avenue.

MOTION: **PUBLIC HEARING OF NECESSITY FOR STREET CONSTRUCTION ON FRANCIS STREET FROM MASON STREET TO WASHINGTON AVENUE.**

1. RESOLUTION ORDERING THE CONSTRUCTION AND PREPARATION OF THE SPECIAL ASSESSMENT ROLL.

A public hearing was established at Council's April 9, 2013 for April 23, 2013. The required notice was published in the Jackson Citizen Patriot and a notification letter was sent to each property owner including an estimate of the proposed project and funding sources, along with an estimate of individual property assessments, which can be paid in ten (10) annual installments. Requested action is adoption of the resolution, after the public hearing is held.

C: City Manager

RESOLUTION
STREET CONSTRUCTION

BY THE CITY COUNCIL:

WHEREAS, under the authority granted by Ordinance No. 98-6 and 98-20, the City Council has reviewed the report regarding the necessity of street reconstruction on Francis Street from Mason Street to Washington Avenue the following estimated costs, to wit:

MDOT/FHWA	\$ 280,000.00
Major Street Funds	\$ 30,860.84
Street Construction Assessments	\$ 133,610.83
Water Funds	\$ 141,000.00
Sewer Funds	\$ 40,000.00
Total Project Cost	\$ 625,471.67

WHEREAS, notice has been duly given that the City Council would hold a public hearing in the City of Jackson on Tuesday, the 23rd day of April, 2013 at 6:30 p.m. to hear any and all objections and suggestions by interested parties to said public improvement; and

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

NOW, THEREFORE, BE IT RESOLVED that the City Council hereby determines that the street construction is a necessary public improvement and directs staff to proceed with the street construction, in accordance with plans, maps, and specifications in the City Engineer's office; and


BE IT FURTHER RESOLVED that the City Assessor is ordered to assess the cost of said improvement to the property owners who benefit therefrom on a front footage basis and prepare an assessment roll covering this assessment district as soon as possible after the public improvement has been completed.

* * * * *

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 23rd day of April, 2013.

IN WITNESS WHEREOF, I have hereunto affixed my signature and the seal of the City of Jackson, Michigan, on this 24th day of April, 2013.



Andrew J. Wrozek Jr., City Clerk



CITY CLERK'S OFFICE
Andrew J. Wrozek Jr., City Treasurer/Clerk

CITY COUNCIL MEETING
April 23, 2013

DATE: April 12, 2013
MEMO TO: Honorable Mayor and City Councilmembers
FROM: Andrew J. Wrozek Jr., City Treasurer/Clerk *ajw*
SUBJECT: Adoption of Ordinance No. 2013.07

**FINAL ADOPTION OF ORDINANCE NO. 2013.07 AMENDING CHAPTER 28
OF THE CODE OF ORDINANCES, CITY OF JACKSON, MICHIGAN BY
AMENDING SEC. 28-105 (LANDSCAPE STANDARDS).**

Attached please find Ordinance 2013.07 approved by the Council at the April 9, 2013 meeting. Requested action is adoption of the ordinance.

C: City Manager

ORDINANCE 2013. 07

An Ordinance amending Chapter 28 of the Code of Ordinances, City of Jackson, Michigan by amending Sec. 28-105 (landscape standards).

THE PEOPLE OF THE CITY OF JACKSON ORDAIN:

Section 1. Purpose.

To amend the landscaping standards which enhance the traditional urban character and form of the City of Jackson, thereby enhancing its economic vitality, aiding in the creation of a pedestrian friendly environment, and protecting property values.

Section 2. That Article IV of Chapter 28 of the Code of Ordinances, City of Jackson, Michigan be amended to read as follows:

ARTICLE IV. SITE AND BUILDING DESIGN STANDARDS

...

Sec. 28-105. Landscape standards

...

(b) *Scope of application.*

...

- (2) Where landscaping is required, a building permit will not be issued until the required landscape plan is submitted and approved, and a certificate of occupancy will not be issued unless provisions set forth in this Section have been met or by providing either a performance guarantee as authorized by Section 28-165; or by entering into a development agreement as authorized by Section 28-209.

...

(d) *Landscape standards.*

- (1) All landscaping must conform to the following standards, unless otherwise approved by the Zoning Administrator (or designee) or Planning Commission, each of which will be calculated separately. Please see 'landscaping' in Section 28-5 for definitions of the various plant types cited in the following table:

...

Table of Landscape Standards

Location	Dimensions (min.)	Landscape Quantities (a)		
		Trees (min.)	Shrubs (min.) (b)	Other Materials
GREENBELTS (c)				

Table of Landscape Standards

Location	Dimensions (min.)	Landscape Quantities (a)		
		Trees (min.)	Shrubs (min.) (b)	Other Materials
All zoning districts or uses.	Between the principal structure or use and the sidewalk/right-of-way line.	1 tree per each 30 linear feet of frontage (d, e).	4 shrubs per each 20 linear feet or, if not feasible, sufficient ornamental trees and shrubs (as determined by the Zoning Administrator (or designee)) located in clearly defined planting beds to screen views as well as turf grass (i.e., lawns) (d, e).	
BUFFER ZONES				
Multiple-family residential district or use ADJACENT TO one-family and one- and two-family residential districts or uses.	Between the principal structure or use and the sidewalk/right-of-way line property boundary.	1 canopy or evergreen tree per each 20 linear feet.	4 shrubs per each 20 linear feet or, if not feasible, sufficient ornamental trees and shrubs (as determined by the Zoning Administrator (or designee)) located in clearly defined planting beds to screen views as well as turf grass (i.e., lawns).	
Institutional uses ADJACENT TO any residential district or use.	Between the principal structure or use and the sidewalk/right-of-way line property boundary.	1 canopy or evergreen tree per each 20 linear feet.	4 shrubs per each 20 linear feet or, if not feasible, sufficient ornamental trees and shrubs (as determined by the Zoning Administrator (or designee)) located in clearly defined planting beds to screen views as well as turf grass (i.e., lawns).	
Commercial and Industrial District or Use ADJACENT TO Any Residential District or Use.	Between the principal structure or use and the sidewalk/right-of-way line property boundary.	1 canopy tree and 2 evergreen trees per each 20 linear feet.	4 shrubs per each 20 linear feet or, if not feasible, sufficient ornamental trees and shrubs (as determined by the Zoning Administrator (or designee)) located in clearly defined planting beds to screen views as well as turf grass (i.e., lawns).	
Industrial district or Use ADJACENT TO Any Commercial District or Use.	Between the principal structure or use and the sidewalk/right-of-way line property boundary.	1 canopy or evergreen tree per each 20 linear feet.	4 shrubs per each 20 linear feet or, if not feasible, sufficient ornamental trees and shrubs (as determined by the Zoning Administrator (or designee)) located in clearly defined planting beds to screen views as well as turf grass (i.e., lawns).	

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



CITY CLERK'S OFFICE
Andrew J. Wrozek Jr., City Treasurer/Clerk

CITY COUNCIL MEETING
April 23, 2013

DATE: April 12, 2013
MEMO TO: Honorable Mayor and City Councilmembers
FROM: Andrew J. Wrozek Jr., City Treasurer/Clerk *ajw*
SUBJECT: Adoption of Ordinance No. 2013.08

**FINAL ADOPTION OF ORDINANCE NO. 2013.08 AMENDING CHAPTER 28
OF THE CODE OF ORDINANCES, CITY OF JACKSON, MICHIGAN BY
AMENDING SEC. 28-165 (PERFORMANCE GUARANTEES FOR
IMPROVEMENTS).**

Attached please find Ordinance 2013.08 approved by the Council at the April 9, 2013 meeting. Requested action is adoption of the ordinance.

C: City Manager

ORDINANCE 2013. 08

An Ordinance amending Chapter 28 of the Code of Ordinances, City of Jackson, Michigan by amending Sec. 28-165 (Performance guarantees for improvements).

THE PEOPLE OF THE CITY OF JACKSON ORDAIN:

Section 1. Purpose.

To amend the Performance guarantees for improvements to correct errors in the language.

Section 2. That Article V of Chapter 28 of the Code of Ordinances, City of Jackson, Michigan be amended to read as follows:

ARTICLE V. DEVELOPMENT APPROVAL PROCEDURES

...

Sec. 28-165. Performance guarantees for improvements

Prior to the issuance of a temporary or permanent certificate of occupancy is issued, the ~~zoning~~ Zoning administrator ~~Administrator~~ (or designee) may require, as a condition to the issuance of the certificate, the following:

...

- (c) The applicant may propose to the ~~zoning~~ Zoning administrator ~~Administrator~~ (or designee) a schedule pursuant to which portions of the deposit are to be returned in relation to the ratio of work completed on the required improvements as work progresses. The ~~zoning~~ Zoning administrator ~~Administrator~~ (or designee) will review the proposal, and, if reasonable, may establish a schedule as submitted by the applicant or as modified as the ~~zoning~~ Zoning administrator ~~Administrator~~ (or designee) deems appropriate.

...

- (e) If the improvements have not been completed on or before the date specified for completion by the ~~zoning~~ Zoning administrator ~~Administrator~~ (or designee), all or part of the performance guarantee posted by the applicant, as needed for completion may be utilized upon direction by City Council. Any and all costs incurred by the city in completing the improvements shall be taken from the performance guarantee. Any balance remaining following completion of the improvements shall be returned to the applicant.

...

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



CITY CLERK'S OFFICE
Andrew J. Wrozek Jr., City Treasurer/Clerk

CITY COUNCIL MEETING
April 23, 2013

DATE: April 12, 2013
MEMO TO: Honorable Mayor and City Councilmembers
FROM: Andrew J. Wrozek Jr., City Treasurer/Clerk *ajw*
SUBJECT: Adoption of Ordinance No. 2013.09

**FINAL ADOPTION OF ORDINANCE NO. 2013.09 AMENDING CHAPTER 28
OF THE CODE OF ORDINANCES, CITY OF JACKSON, MICHIGAN TO
MAKE MINOR REVISIONS TO SEC. 28-115, WHICH DEALS WITH
BUILDING DESIGN STANDARDS.**

Attached please find Ordinance 2013.09 approved by the Council at the April 9, 2013 meeting. Requested action is adoption of the ordinance.

C: City Manager

ORDINANCE 2013.09

An Ordinance amending Chapter 28 of the Code of Ordinances, City of Jackson, Michigan to make minor revisions to Sec. 28-115, which deals with building design standards.

THE PEOPLE OF THE CITY OF JACKSON ORDAIN:

Section 1. Purpose.

To make minor revisions to the standards for building design which preserve and protect the traditional urban form of the City of Jackson, enhance the economic vitality of its various commercial areas, prevent blight, and protect property values.

Section 2. That Article IV of Chapter 28 of the Code of Ordinances, City of Jackson, Michigan be amended to read as follows:

ARTICLE IV. SUPPLEMENTAL PROVISIONS

Sec. 28-115. Building design standards.

- (a) *Intent.* The intent of these regulations is to provide specific design guidelines that achieve the following:
- (1) Encourage development and redevelopment that protects and enhances the traditional character of neighborhoods and other areas of the City, fits within its traditional urban form, and creates a character that reinforces a sense of community identity;
 - (2) Encourage a form of development that will achieve the physical qualities necessary to maintain and enhance the economic vitality of the various business districts, maintain the desired character of the City, prevent the creation of blight, and protect property values;
 - (3) Promote the preservation and renovation of historic buildings and sites; and ensure new buildings are compatible with, and enhance the character of, the City's cultural, social, economic, and architectural heritage;
 - (4) Implement objectives of the Comprehensive Plan.
- (b) *Applicability.* All uses except one-family and two-family residential must comply with the design standards of Subsections 28-115 (c), (d), and (e) under the following circumstances:
- (1) *New buildings:* All uses, except one-family and two-family residential, that receive site plan approval for construction of a new building after the effective date of this Section must fully comply with its design standards. Refer to Subsection 28-115 (g) for building design standards for one-family and two-family dwellings.

- (2) *Expansions and major improvements to buildings:* For buildings existing prior to the effective date of this Section, major building improvements or expansions that require site plan approval may be permitted by the Zoning Administrator (or designee) or Planning Commission without a complete upgrade to meet the standards of this Section, provided there are reasonable in relation to the scale and construction cost of the building improvements or expansion and they do not increase noncompliance with the requirements of this Section. Major exterior renovations must be consistent with the building design standards herein to the extent deemed practical.
 - (3) *Minor improvements to buildings:* For buildings existing prior to the effective date of this Section, minor changes, improvements, and modifications that are approved administratively will be permitted, provided the improvements do not increase non-compliance with the requirements of this Section.
- (c) *Exterior wall design standards.*
- (1) *Colors.* Information on building colors must be submitted with the site plan and considered to be part of any site plan approval under Section 28-135. Colors must be compatible with the surrounding area, as agreed to by the Zoning Administrator (or designee) or Planning Commission.
 - (2) *Wall materials.* The use of exterior wall materials on walls that are visible from a public road, alley or a parking lot must be in compliance with the maximum percentages permitted in the “Table of Acceptable Exterior Wall Materials,” unless otherwise provided per the footnotes or Subsections 28-115 (c)(2) through (5).

Table of Acceptable Exterior Wall Materials

Building Materials	Maximum Percent of Wall That May be Covered by Certain Building Materials by Zoning District (see (a) and (b))					
	R-3 R-4 R-6	C-1 C-2	C-3	C-4	I-1	I-2
Brick or face brick	100%	100%	100%	100%	100%	100%
Stone (cut)	100%	100%	100%	100%	100%	100%
Split face block	NP	NP	NP	50% (f)	50% (f)	50% (f)
Cast stone (see (e))	100%	100%	100%	100%	50%	50%
Precast concrete	NP	NP	NP (g)	NP (g)	100%	100%
Concrete formed in place	NP	NP	NP (g)	NP (g)	100%	100%
Metal	NP	NP	NP (h)	NP (h)	75% (c)	75% (c)
Reflective glass	NP	NP	25%	25%	50%	50%
Glass block	25%	25%	NP	25%	25%	25%
Wood siding (see (i))	100%	100%	NP	50%	75%	25%
Vinyl siding	100%	50%	NP	25%	50%	25%
Finishes (see (d))	50%	50%	50%	50%	50%	50%

Key: NP = not permitted

Footnotes to the Table of Acceptable Wall Materials.

- a. Does not include facade areas consisting of doors and windows.
- b. All walls exposed to public view from a public street, alley or an adjacent residential area must be constructed of not less than seventy-five (75%) brick, face brick, stone or cast stone.
- c. Includes flat sheets and seamed or ribbed panels, including aluminum, porcelain and stainless steel and similar material. Such materials cannot be used where contact with vehicles may occur, such as parking areas, traffic ways, and loading areas, unless such walls are adequately protected to prevent damage.
- d. Includes fiberglass, reinforced concrete, polymer plastic (fypon), exterior insulation and finishing systems (EIFS), plaster, stucco and similar materials. The Zoning Administrator (or designee) or Planning Commission may increase the percentage of wall that can be clad in finishes if they are designed to mimic the appearance of another approved finish (e.g., EIFS designed to look like cut stone) or other embellishments are added to the building façade (e.g., window and door trim, cornices, etc.), per the criteria set forth in Subsection 28-115 (c)(4). Such materials cannot be used where contact with vehicles may occur, such as parking areas, traffic ways, and loading areas, unless such walls are adequately protected to prevent damage.
- e. Cast stone, including lightweight artificial stone products, must complement other materials found in the surrounding area and be approved by the Zoning Administrator (or designee) upon the review of building facade elevations submitted by the applicant.
- f. A maximum coverage of 50% split faced concrete block is permitted in the C-4 District only upon special approval from the Zoning Administrator (or designee) where the applicant demonstrates special conditions that limit use of other materials and demonstration that other site and building design enhancements are provided. The height limit for split-faced concrete block in the I-1 and I-2 districts is six (6) feet or 30% of the building facade.
- g. Parking structures may use precast concrete or concrete formed in place if approved by the Zoning Administrator (or designee) upon the review of building facade elevations submitted by the applicant.
- h. Decorative metal and other embellishments may be used if approved by the Zoning Administrator (or designee) upon the review of building facade elevations submitted by the applicant.
- i. Must be clapboards, cedar shingles, or similar materials approved by the Zoning Administrator (or designee) upon the review of building facade elevations submitted by the applicant. Plywood, oriented strand board (OSB), T-111 siding, and similar materials are prohibited.

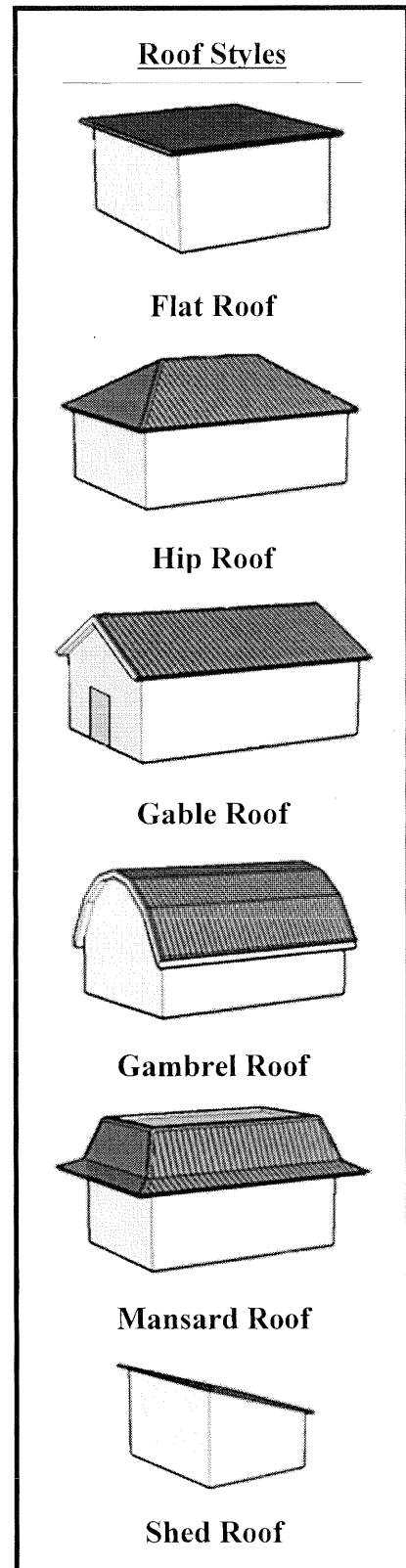
- (3) *Allowance for other materials.* The Zoning Administrator (or designee) or Planning Commission may waive strict compliance with the Subsection 28-115 (c)(1) when the qualities listed below can be demonstrated. Review and consultation by the appropriate design professional is encouraged before a final determination is made. The proposed building design and materials schedule must be accompanied by a written design statement which describes how the selected wall materials and material combinations will be consistent with and enhance the building design.
- a. The design and materials are found to be in keeping with the character and history of the neighborhood or other area of the City;
 - b. The materials are found to be permanent and durable;
 - c. The design and materials are compatible with the type of use and development proposed;
 - d. The design and materials can easily be adapted to another use in the future; and
 - e. The design and materials meet the intent of this Section.
- (4) *Mixture of materials.* The application of these standards promotes integration and mixture of materials where more than one (1) material is used on a building. If only one (1) material is used, architectural detailing and articulation, massing, texture and form must be introduced into the building design, unless otherwise specified in the Table of Acceptable Exterior Wall Materials (see Subsection 28-115 (c)(2)). Building roof materials must be in harmony with the style and materials used on the building walls.
- (5) *Long walls.* When building walls are one hundred (100) feet or greater in length, design variations must be applied to assure that the building is not monotonous in appearance. Such variations include but are not limited to the following:
- a. Recesses and projections along the building facade , which must be a minimum of one (1) foot in depth;
 - b. Architectural details or features;
 - c. Enhanced ornamentation around building entryways;
 - d. Landscaping;
 - e. Streetscape elements; and
 - f. Variations in building height.
- (d) *Roof design standards.*
- (1) *Compatible design character.* Roof design and materials are considered to be key elements to the City character, and thus must be consistent with the character of the neighborhood or other area of the City. As a part of building design, roofs must be designed in keeping with the overall architecture of the building (see Subsection 28-115 (c)(4)).

(2) *Roof materials.* The following regulations apply to roof materials:

- a. Asphalt, fiberglass, tile, slate or cedar shingles may be used in all districts.
- b. Metal roof systems may be permitted by the Zoning Administrator (or designee) or Planning Commission, based upon installation quality, panel design, coating quality, metal type, and metal thickness. However, AG (agricultural) panels (i.e., exposed fasteners) or similar metal roof systems will be permitted only in the C-4, I-1, and I-2 districts with the exception of non-residential structures in the R-4 district. The applicant must provide the above information as part of any required application.
- c. In the I-1 and I-2 Districts, asphalt, fiberglass, tile, slate, cedar or standing seam metal roofing are permitted.
- d. Asphalt shingles must be textured with colors that complement the building architecture.
- e. When permitted, the color of standing metal seam roof systems must be subtle and compatible with exterior building materials.

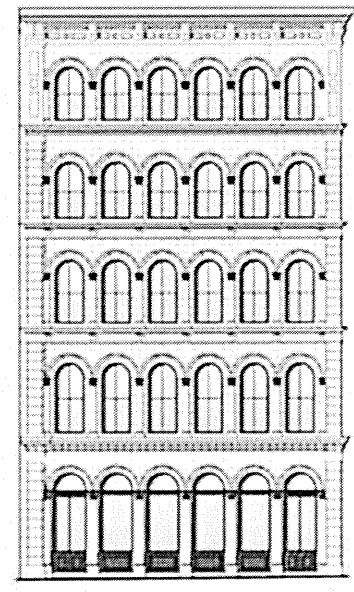
(3) *Roof style in the R-3, R-4 and R-6 districts.* These districts are intended to maintain a residential character in the City and to be compatible with nearby one-family and two-family neighborhoods. To meet this intent the following roof style elements are required:

- a. Peaked roofs are required.
- b. All roofs must be gambrel, hip or gable roof styles. The Zoning Administrator (or designee) or Planning Commission may approve the use of shed roofs for porches and other extensions of the primary structure, provided that they comprise (in aggregate) no more that twenty-five (25%) percent of the total square footage of the roofs.



- c. The pitch of the roof must not be less than six on twelve (6:12), with the exception of the upper gambrels on a gambrel roof.
 - d. Additional roofline treatments are encouraged and may be required by the Zoning Administrator (or designee) or Planning Commission in order to minimize the mass of the roof and in order to promote the residential character. These treatments include, but are not limited to offset rooflines, dormer windows, cupolas, additional accent gables and covered entryways.
- (4) *Roof style in the C-3 district.* New building construction must blend with the existing established building line of the Central Business District. The buildings must be a minimum of two stories or have the appearance of multiple stories. Roofs must be flat with a minimum three (3) foot high parapet and decorative cornices, in keeping with the historic architecture of the Central Business District. An enclosure must be provided that is at least one (1) foot higher than rooftop mechanical equipment that is taller than three (3) feet.
- (5) *Roof style in the C-1 and C-2 districts.* New building construction in these districts should attempt to emulate the design character and history of the residential neighborhoods which often surround these districts. At the same time, the buildings must accommodate the types of uses and sites proposed. As such, the following roof styles are required:
- a. A peaked roof is required;
 - b. The pitch of the roof must be at least six on twelve (6:12);
 - c. Additional roofline treatments are encouraged and may be required by the Zoning Administrator (or designee) or Planning Commission in order to minimize the mass of the roof and in order to promote the residential character. These treatments include, but are not limited to dormer windows, cupolas, additional accent gables and covered entryways; and
 - d. The Zoning Administrator (or designee) or Planning Commission may allow a gentler pitched roof – including a flat roof with a minimum three (3) foot high parapet and decorative cornices consistent with the design standards of Subsection 28-115 (d)(4).
- (6) *Roof style in the C-4, I-1, and I-2 districts.* New building construction in these districts should complement their surroundings. At the same time, the buildings must accommodate the types of uses and sites proposed. As such, the following roof styles are required:
- a. The roofs of large buildings (i.e., 2,000 feet or greater) may be flat as long as a minimum three (3) foot high parapet at least three (3) feet high and decorative cornices consistent with the design standards of Subsection 28-115 (d)(4) are part of the roof design. A peaked roof is required for smaller structures and extensions of larger buildings; and

- b. The pitch of peaked roofs must be at least six on twelve (6:12). The Zoning Administrator (or designee) or Planning Commission may allow gentler pitched roofs.
- (7) *Screening rooftop equipment.* Rooftop equipment must be screened from view of adjacent properties and public rights-of-way. The method to screen rooftop equipment must be compatible with the building through color, scale, materials, and architectural style. The Zoning Administrator (or designee) or Planning Commission may require cross-section details to confirm compliance.
- (e) *Fenestration of nonresidential buildings in the R-4, R-6, C-1, C-2, C-3 and C-4 Districts.*
- (1) Windows and doors must comprise at least forty percent (40%) of the first floor front facade of a building.
 - (2) The window area of a facade above the first floor cannot exceed thirty-five percent (35%) of the total facade area of that floor.
 - (3) Windows above the first floor must be vertical in proportion. Large windows must be broken-up to maintain a vertical proportion.
 - (4) Window areas must be non-reflective glass and clear or lightly tinted in color.
 - (5) Double or fixed hung windows must be used in all retail applications.
 - (6) Sliding windows and doors will not be permitted in the C-3 District.
 - (7) The window encasement cannot have exposed metal in the C-3 District.
 - (8) Window areas cannot be permanently blocked in a manner that obstructs views into the buildings, such as shelving, unless it is used as a display case for products sold on-site.
- (f) *General building design accent standards.*
- (1) *Front facade.* Blank walls cannot face a public street. Walls facing a public street must include windows and architectural features customarily found on the front facade of a building, such as awnings, cornice work, edge detailing or other decorative finish materials. A prominent and usable public building entrance must be provided at the front of the building. Wall massing must be broken up with vertical pilasters or other architectural elements to reduce scale.
 - (2) *Pedestrian orientation.* Buildings must be designed at a pedestrian scale with relationship to the street and sidewalk. Buildings must include windows that face the

Fenestration Example

sidewalk and street. Convenient and safe pedestrian access must be provided between the public sidewalk and the building entrance.

- (3) *Awnings.* Awnings with straight sheds may supplement facades. Awnings cannot be cubed or curved except over doorways. Awnings must be of an opaque material. Translucent or internally lit awnings will not be permitted. In no case may awnings be designed to cover more than thirty-five (35%) percent of the height of each story of a building.
 - (4) *Canopies.* Canopies, such as over gasoline pumps or drive-through structures, must be designed to be consistent with the approved building materials and colors. Support columns must be brick or comprised of materials compatible with the principal structure. The Zoning Administrator (or designee) or Planning Commission may require a peaked roof to complement the principal building. Any canopy lighting must be flush with the canopy.
 - (5) *Neon.* Exposed neon will not be permitted on a building.
 - (6) *Quality and workmanship.* This Section is not intended to regulate the quality, workmanship and requirements for materials relative to strength and durability.
- (g) *Building design standards for one-family and two-family dwelling units.* The following are building design standards for one-family and two-family dwelling units.
- (1) *Applicability.* The regulations of this Subsection apply to one-family and two-family dwelling unit construction under the following circumstances:
 - a. *New dwellings:* All new one-family and two-family dwelling construction that requires a building permit after the effective date of this Section must fully comply with the design standards of this Subsection.
 - b. *Expansions to dwellings:* For dwellings existing prior to the effective date of this Section, major improvements or expansions that require a building permit may be permitted without a complete upgrade to meet the standards of this Subsection. Reasonable improvements are required in relation to the scale and construction cost of the project. Major exterior renovations must be consistent with the building design standards herein to the extent deemed practical.
 - c. *Minor improvements to dwellings:* For dwellings existing prior to the effective date of this Section, minor changes, improvements, and modifications that require a building permit will not be required to comply with this Subsection, provided the improvements do not increase non-compliance with the requirements of this Subsection.
 - (2) *Intent.* The purpose of this Subsection is to establish standards and regulations governing the location and appearance of one-family and two-family dwelling units in the City of Jackson that are either developed as a new neighborhood or as in-fill housing in an existing neighborhood. It is the intent of these regulations to allow a mix of housing types and living styles in a manner that will not adversely affect ex-

isting neighborhoods. For this reason, standards have been set that will regulate the appearance of one-family and two-family dwellings, allowing only those that are compatibly similar in appearance to houses on individual lots in all zoning districts that allow one-family and two-family residences. These regulations will not apply to one-family dwellings located within a state licensed manufacturing housing community.

- (3) *Permits*: Prior to the construction or installation of a one-family or two-family dwelling unit on a residential lot, the individual must obtain a building permit from the Chief Building Official (or designee).
- (4) *General appearance and site standards*. To ensure the compatibility in appearance of one-family and two-family dwelling units, such units must meet the following design and site standards:
 - a. Be constructed to the most current State or Federal Building Standards. These include the Stille-DeRossett-Hale Single State Construction Code Act (PA 230 of 1972, MCL 125.1501 et seq.), as amended, and the National Manufactured Housing Construction and Safety Standards Act of 1974 (42 U.S.C. 5401 et seq.), as amended (regulations are at 24 CFR parts 3280, 3282, 3284, 3285, 3286, 3288, and 3800).
 - b. Have a minimum dimension of twenty (20) feet.
 - c. Comply with the gross floor area and lot coverage standards for one-family or two-family dwelling units set forth in Section 28-73. To ensure that neighboring dwellings are compatible in scale and mass, the City may require units to be not less than 90% and no more than one hundred and thirty-five percent (135%) of the average floor area and lot coverage of other one-family or two-family dwelling units within three hundred (300) feet of the subject lot, including dwelling units on both sides of the street of the same block.
 - d. Have two (2) exterior doors (front and rear, or front and side), and where there is a difference in ground elevation, steps must be permanently attached on a frost depth foundation either to the perimeter wall, as outlined in Subsection 28-115 (f) below, or to porches connected to the perimeter wall.
 - e. Have a roof with a minimum four on twelve (4:12) pitch and minimum eight (8) inch eave and rake (i.e., overhang), and with a drainage system that will collect and concentrate the discharge of storm water or snow away from the sides of the dwelling. The roof must have wood shake, asphalt or other acceptable shingles, and meet the snow load standards for this portion of the State of Michigan. Metal roof systems may be permitted by the Zoning Administrator (or designee) or Planning Commission, based upon installation quality, panel design, coating quality, metal type, and metal thickness.

- f. Have an exterior finish architecturally compatible to that of other similar homes in the surrounding area. Plywood, oriented strand board (OSB), T-111 siding, and similar materials are prohibited.
- g. Be firmly attached to a permanent foundation constructed on the site in accordance with Chapter 5 of the City Code and must have a wall of the same perimeter dimensions of the dwelling and constructed of such materials and type as required in the applicable building code for one-family or two-family dwellings. In the event that the dwelling is a manufactured home, as defined herein, such dwelling must be installed pursuant to the manufacturer's setup instructions and must be secured to the premises by an anchoring system or device complying with the rules and regulations of the Michigan Manufactured Housing Commission and must have a perimeter wall as required above.
- h. Have a design and appearance determined to be compatible by the Zoning Administrator (or designee) upon review of the plans submitted for a particular dwelling. An aggrieved party may appeal the Zoning Administrator's decision to the Board of Appeals as required by Section 28-239.

Compatibility is based upon the character, design and appearance of one (1) or more residential dwellings within three hundred (300) feet of the subject dwelling provided the surrounding existing dwellings considered are located outside of a manufactured housing community. The foregoing will not be construed to prohibit innovative design concepts involving such matters as solar energy, view, unique land contour, or relief from the common or standard design homes.

- i. Be connected to a public sewer or water system and/or waste treatment or potable water supply system approved by the City of Jackson, or other applicable agencies such as the Michigan Department of Environmental Quality.
- j. Orient all dwelling units toward the public right-of-way such that the facade that faces the street contains a door, windows and other architectural features customary of the front facade of a residence.
- k. Provide concrete sidewalks in accordance with the City sidewalk policy within the dedicated right-of-way along the frontage length of all parcels. An inclined approach is required where sidewalks intersect curbs for barrier free access. The inclined approach must comply with grades established by MDOT. Required sidewalks may be installed following the construction of the dwelling unit. However, a certificate of occupancy will not be issued until the sidewalk is installed along the individual lot's frontages. If the Zoning Administrator determines that, due to weather conditions, sidewalk installation should be delayed, a certificate of occupancy may be issued. In which case, a performance guarantee must be provided to the City as required by Section 28-165. The sidewalk must be installed within six months of issuance of the certificate of occupancy. The Zoning Administrator will schedule a follow-up inspection.

- l. All residential driveways must have a concrete approach and a hard-surfaced driveway of concrete or plant-mixed bituminous material in accordance with specifications of the City or other applicable agencies such as the Michigan Department of Transportation. Approaches must be six (6) inches thick, concrete, with the sidewalk floating separate from approaches. The minimum asphalt depth for driveways must be three (3) inches. The minimum concrete depth for driveways must be four (4) inches. Up to two (2) dwellings may be permitted to share a driveway provided it complies with these construction standards.
- m. The provisions of this Subsection will not apply to manufactured homes situated in licensed manufactured housing communities.
- n. Accessory structures must comply with the standards of Section 28-120 and the building design must match that of the dwelling on the site. However, if the applicant can document that existing accessory structures in the surrounding residential area are clad in a siding different than their principal structure, the Zoning Administrator (or designee) may approve a different siding that compliments the principal structure. Plywood, oriented strand board (OSB), T-111 siding and similar materials are prohibited.

Section 3. Effective Date

This Ordinance takes effect thirty (30) days from the date of adoption.



CITY CLERK'S OFFICE
Andrew J. Wrozek Jr., City Treasurer/Clerk

CITY COUNCIL MEETING
April 23, 2013

DATE: April 12, 2013
MEMO TO: Honorable Mayor and City Councilmembers
FROM: Andrew J. Wrozek Jr., City Treasurer/Clerk *ajw*
SUBJECT: Adoption of Ordinance No. 2013.10

FINAL ADOPTION OF ORDINANCE NO. 2013.10 AMENDING CHAPTER 28 OF THE CODE OF ORDINANCES, CITY OF JACKSON, MICHIGAN BY ADDING SEC. 28-109, LIGHTING STANDARDS, AND AMENDING SEC. 28-5, DEFINITIONS, TO ACCOMMODATE THE NEW CRITERIA.

Attached please find Ordinance 2013.10 approved by the Council at the April 9, 2013 meeting. Requested action is adoption of the ordinance.

C: City Manager

ORDINANCE 2013. 10

An Ordinance amending Chapter 28 of the Code of Ordinances, City of Jackson, Michigan by adding Sec. 28-109, lighting standards, and amending Sec. 28-5, definitions, to accommodate the new criteria.

THE PEOPLE OF THE CITY OF JACKSON ORDAIN:

Section 1. Purpose.

To add outdoor lighting standards to the Zoning Ordinance (Chapter 28) to ensure public safety while limiting the effect of the lighting on neighboring properties, thereby enhancing the economic vitality of the City of Jackson and protecting property values.

Section 2. That Article I of Chapter 28 of the Code of Ordinances, City of Jackson, Michigan be amended to include the following definition(s):

ARTICLE I. IN GENERAL

...

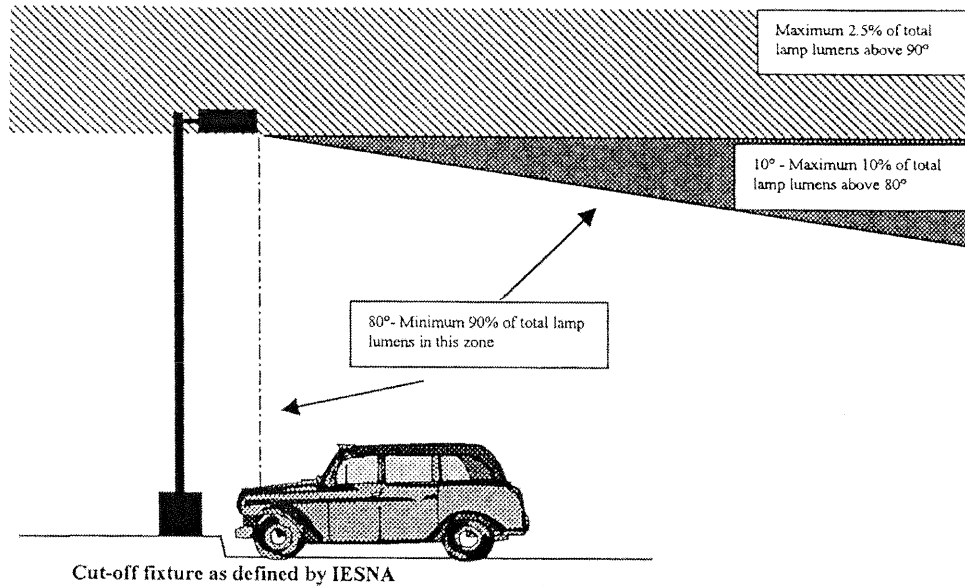
Sec. 28-5. Definitions.

...

Lighting means.

- (1) *Average illumination* means the overall average of all points on the surface of the illuminated area including the brightest and dimmest points.
- (2) *Canopy structure* means any overhead protective structure, which is constructed in a manner to allow pedestrians/vehicles to pass under.
- (3) *Flood light* means a fixture designed to "flood" a well-defined area with light.
- (4) *Footcandle (fc)* means a unit of illumination produced on a surface all points of which are one (1) foot from a uniform point source equivalent to one candle in brightness of illumination.
- (5) *Glare* means the sensation produced by a bright source within the visual field that is sufficiently brighter than the level to which the eyes are adapted to cause annoyance, discomfort, or loss in visual performance and visibility (e.g., blinding light). The magnitude of glare depends on factors such as the size, position, brightness of the source, and on the brightness level to which the eyes are adapted.
- (6) *Lamp* means the component of the luminaire that produces the actual light including luminous tube lighting.

-
- (7) *Lamp lumen depreciation (LLD)* means a factor (i.e., between 0.0 and 1.0) used to describe how the lamp output changes with time compared to the initial output. Typical LLD factors (depending principally on lamp type) for outdoor lighting types are as follows: metal halide: 0.84, compact fluorescent: 0.85, high pressure sodium: 0.91 and mercury vapor: 0.79.
 - (8) *Light loss factor (LLF)* means a factor (i.e., between 0.0 and 1.0) describing light output of a luminaire after losses due to dirt accumulation (i.e., luminaire dirt depreciation (LDD)) and lamp lumen depreciation (LLD), relative to the output when the lamp and luminaire are new (i.e., $LLF = LDD \times LLD$).
 - (9) *Light fixture* means the assembly that holds a lamp and may include an assembly housing, a mounting bracket or pole socket, a lamp holder, a ballast, a reflector or mirror, and a refractor or lens. A light fixture also includes the assembly for luminous tube and fluorescent lighting.
 - (10) *Light pollution* means artificial light which causes a detrimental effect on the environment, enjoyment of the night sky or causes undesirable glare or unnecessary illumination of adjacent properties.
 - (11) *Light trespass* means the shining of light produced by a luminaire beyond the boundaries of the property on which it is located.
 - (12) *Luminaire* means the complete lighting system including the lamp and light fixture.
 - (13) *Luminaire dirt depreciation (LDD)* means a factor (i.e., between 0.0 and 1.0) used to describe how much light produced by the lamp is lost to dirt accumulation and other changes in the optical characteristics of the luminaire, relative to the value when the luminaire is new, depending on the quality of the luminaire, materials used, maintenance, and environment.
 - (14) *Mounting height* means the vertical distance between the surface to be illuminated and the bottom of the light source.
 - (15) *Outdoor light fixtures* mean outdoor artificial illuminating devices, outdoor fixtures, lamps and other similar devices, permanently installed or portable, used for flood lighting, general illumination or advertisement.
 - (16) *Shielded fixture* means outdoor light fixtures constructed so that light rays emitted by the fixture are projected below the horizontal plane passing through the lowest point on the fixture from which light is emitted (i.e. a shoebox-type fixture or a cutoff fixture as defined by the Illuminating Engineering Society of North America). The fixtures almost always have a flat, horizontally oriented lens and opaque (usually metal) sides. A luminaire mounted in a recessed fashion under a canopy or other structure so that the surrounding structure effectively shields the light in the same manner is also considered fully shielded for the purposes of this Section.



Lamp Lumens

- (17) *Spot light* means a lighting assembly designed to direct the output of a contained lamp in a specific tightly focused direction (a beam) with a reflector located external to the lamp.
- (18) *Uniformity* means a measure indicating how evenly light is distributed across a surface. Typically the measure is expressed as a ratio of one value to another, such as average to minimum, or maximum to minimum. Using ratios, perfect uniformity would be 1:1.

Section 3. That Article IV of Chapter 28 of the Code of Ordinances, City of Jackson, Michigan be amended to read as follows:

ARTICLE IV. SITE AND BUILDING DESIGN STANDARDS

...

Sec. 28-125. Lighting standards.

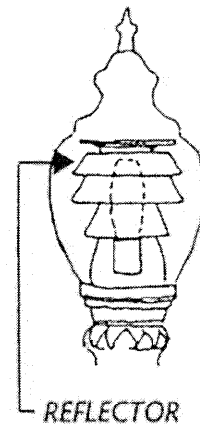
- (a) *Intent and purpose.* The purpose of this Section is to protect the health, safety and welfare of the public by recognizing the need for buildings and sites to be illuminated for safety, security and visibility for pedestrians and motorists balanced against the often detrimental effects associated with the use of outdoor lighting. This Section provides standards for various forms of lighting that will minimize light pollution; reduce the potential for off-site impacts; preserve the restful quality of nighttime by eliminating intrusive artificial light and lighting that unnecessarily contributes to sky glow; reduce light pollution and light trespass from light sources onto adjacent properties; enhance customer and employee safe-

ty; contribute to improving visibility by requiring illuminated areas to have uniform light; and curtail the degradation of the nighttime visual environment.

- (b) *Applicability.* The standards in this Chapter apply to any light source visible beyond the property from which it is emanating. The Zoning Administrator (or designee) may review any building or site to determine compliance with the requirements under this Section. Whenever a person is required to obtain a building permit, electrical permit for outdoor lighting or illuminated signs, a conditional use permit, subdivision approval or site plan approval from the City, the applicant must submit sufficient information to enable the Zoning Administrator (or designee) or Planning Commission to determine whether the proposed lighting will comply with this Section.
- (c) *Exemptions.*
- (1) Street lights located in a public right-of-way or another public easement are exempt from the lighting requirements of this Chapter without any conditions.
 - (2) The following are exempt from the lighting requirements of this Chapter, provided that they do not shine beyond the property line and have no glare or other detrimental effects on adjoining streets or property owners:
 - (a) Residential lighting associated with one- and two-family dwellings.
 - (b) Private swimming pools;
 - (c) Holiday decorations; and
 - (d) Window displays.
- (d) *Submittal requirements.* The following information must be included for all site plan submissions which include any existing or new exterior lighting and where site plan approval is not required, some or all of the items may be required by the Zoning Administrator (or designee) prior to zoning approval or lighting installation:
- (1) The location of all outdoor lighting fixtures, including but not limited to pole-mounted, building-mounted (including outline lighting), architectural accent, landscape (including walkway bollards), and canopy light fixtures on the site plan and building elevations;
 - (2) A photometric grid overlaid on the proposed site plan indicating the light intensity throughout the site (in footcandles (fc)). Measurements must be at ground level and shown at ten-foot spacing;
 - (3) The manufacturer's specification sheets and details for the type of fixture being proposed including but not limited to light intensity levels (in footcandles (fc)) at ground level based on fixture mounting height, the total lumen output, type of lamp, distribution type and method of shielding;
 - (4) The maximum and minimum footcandle (fc) calculations, minimum-to-maximum and minimum-to-average uniformity ratios, and the light loss factor (LLF) used.

These statistics must be provided for areas where vehicular and pedestrian movement is provided for and for other areas as necessary to show compliance with standards of Subsection 28-109(f).

- (5) Use of fixture(s) proposed; and
 - (6) Any other information deemed necessary by the Zoning Administrator in accordance with the intent and purpose of this Section.
- (e) *General standards.*
- (1) Unless otherwise permitted within Subsection 28-109(c) or Subsection 28-109(f), only shielded fixtures as defined in Section 28-5 may be used. Any interior light fixtures that are deemed to be causing glare and therefore not meeting the purpose or intent of this Chapter must be shielded to prevent glare outside the building and do not shine beyond the property line.
 - (2) Decorative fixtures using lamps with low wattages do not have to be shielded; these include incandescent lamps of sixty (60) watts or less; glass tubes filled with neon, argon and krypton; and any other light source of fifty (50) watts or less. Decorative luminaries above fifty (50) watts must have internal and/or external reflectors that shield the light source.
 - (3) It is recognized that metal halide LED, inductive, and fluorescent lamps are superior lights for color and object recognition when compared to other lamp types such as low and high pressure sodium or mercury vapor. Therefore, use of metal halide, LED, inductive, and fluorescent lamps is required unless the Zoning Administrator (or designee) or Planning Commission determines that unique circumstances exist that prevent installation of the required lamp types. It is also recognized that as the lighting industry develops, new lamp types are occasionally introduced that may have similar characteristics as the currently required types that may also be desirable for use in outdoor lighting.
 - (4) The intensity of light on a site must not exceed three-tenths (0.3) of a footcandle (fc) at any property line that abuts a residentially zoned property or half (0.5) of a footcandle (fc) for any other zoned property
 - (5) All exterior lighting must be designed in a consistent and coordinated manner for the entire site.
 - (6) Indirect internal illumination of signs and canopies is permitted provided a maximum one hundred twenty-five (125) watt bulb is utilized and the transmittal surface is of a color and material that effectively shields lamps. This does not take into consideration fluorescent, LED, or neon light sources typically used in these applications.



Reflector

(f) *Lighting intensity and uniformity standards.*

- (1) *Table of standards.* The following lighting intensity and uniformity standards must be used in designing an outdoor lighting plan as required within Subsection 28-109(d).

Table of Lighting Intensity and Uniformity Standards

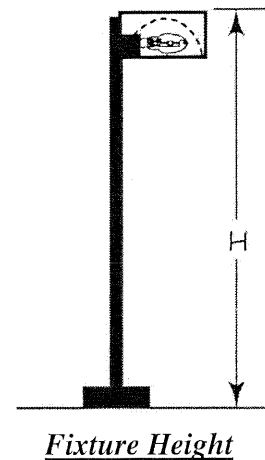
Light Use	Required Average to Minimum Uniformity Ratio (b)	Required Minimum Footcandle (fc) Reading (b)	Maximum Allowable Average Illumination (b)	Maximum Allowable (fc) Footcandle Reading (b)
The C-4 district along West Avenue and Wisner Street (north of North Street)	4:1	n/a	5.0 fc	No more than 20 fc in addressed front yards or 10 fc in non-addressed front yards.
All other districts				No more than 10 fc in addressed front yards or 5 fc in non-addressed front yards.
Pump Islands of Gasoline Stations	4:1	Between 1.0 fc and 5.0 fc		22.0 fc
Building Facades and Externally Illuminated Signs (c)			n/a	
Building Entrances	4:1	n/a	5.0 fc, active, and 1.0 fc, inactive	n/a
Parking Lots ^{2d}	4:1	Between 0.2 fc and 0.7 fc	n/a	n/a
Security Lighting	n/a	n/a	1.5 fc	n/a
Exterior Recreational Facilities	See Subsection 28-109(e)(3).			

(2) *Footnotes to the table.*

- a. The above statistics should only be applied to the area of each site devoted to the particular use. For example, a gas station/restaurant combination may have an area dedicated as a parking lot for the restaurant patrons and in addition have a pump island canopy. In this scenario two sets of statistics would need to be generated; one set for the parking lot and the other set for the canopy area.
- b. Measurements for average to minimum uniformity ratio, required minimum footcandle (fc) reading, maximum allowable average illumination and maximum allowable footcandle (fc) reading must be generated at the surface intended to be illuminated (e.g., pavement or area surface). These statistics must

be provided for areas where vehicular and pedestrian movement is provided for and other areas as necessary to show compliance with standards.

- c. Building facades and signs cannot be illuminated if they are of glass, polished metal or other glossy surface including painted surfaces. Building facades cannot be entirely illuminated. Rather, illumination can be for architectural ornament and/or the illumination of small areas for visibility and security. For spotlight fixtures, no less than ninety (90) percent of the light beam must be concentrated on the surface intended to be illuminated. For fixtures mounted directly to a wall surface or sign, external shields or dark colored non-reflective surface materials or other appropriate methods must be used to direct the light perpendicular to the ground and minimize reflectance glare.
- d. The maximum height of parking lot light fixtures, from grade, cannot be:
1. More than fifteen (15) feet in a residential district;
 2. More than eighteen (18) feet in a commercial or industrial district when within one hundred fifty (150) feet of a residential district;
 3. More than twenty (20) feet in a commercial district when not within one hundred fifty (150) feet of a residential district; or
 4. More than twenty-five (25) feet in an industrial district when not within one hundred fifty (150) feet of a residential district.



- (3) *Exterior recreational facilities.* For exterior recreational facilities, sufficient information must be submitted in addition to that required in Subsection 28-109(c) that demonstrates that the location, selection and aiming of all lighting fixtures will focus light on the playing areas, minimize glare and visibility from adjacent and nearby properties and roadways and minimize sky glow. A written explanation and statements must be supplied explaining why locations, fixtures types, intensities, orientation of fixtures and other decisions were made. Lighting of sports facilities cannot be operated except during an event and must be turned off no later than forty-five (45) minutes after the event is over.
- (4) *Uses not specifically listed.* For uses not specifically listed within this Subsection, but determined to be of a type, use and or intensity that may be detrimental to achieving the purpose of this Chapter, the Zoning Administrator, depending on the purpose of the lighting, must classify lighting into one of the categories contained in Subsection 28-109(f). An applicant may appeal an initial classification to the Zoning Administrator, in writing, detailing why more intense lighting or less lighting is necessary. The Zoning Administrator must either approve or deny the appeal based on whether or not sufficient justification has been submitted and whether the proposal

meets the intent of the City Code. Final determinations of the Zoning Administrator may be appealed to the Zoning Board of Appeals.

(g) *Prohibited outdoor lighting.*

- (1) The use of a laser light source, searchlights or any similar high intensity light for outdoor advertisement or entertainment is prohibited except in conjunction with a special event as defined in Article VI of Chapter 16 of the City Code.
- (2) Lighting cannot be of a flashing, moving or intermittent type except in conjunction with a special event as defined in Article VI of Chapter 16 of the City Code.

(h) *Lamp or fixture substitution.* Should any light fixture regulated under this Chapter, or the type of light source therein, be changed after the permit has been issued, a change request must be submitted to the Zoning Administrator for approval, together with adequate information to assure compliance with this code, which must be received prior to substitution.

(i) *Administration.*

- (1) An outdoor lighting permit must be issued on a form from the Zoning Administrator (or designee) if it is determined by the Zoning Administrator (or designee) or Planning Commission that a proposal fulfills the requirements and intent and purpose of this Chapter. The permit must list what is being approved and contain copies of relevant documents.
- (2) The Zoning Administrator has the discretion to require the re-direction of existing light fixtures when it is determined that the fixture is not in compliance with the requirements of this code.



CITY CLERK'S OFFICE
Andrew J. Wrozek, City Clerk

CITY COUNCIL MEETING
April 23, 2012

MEMO TO: Honorable Mayor and City Councilmembers
FROM: Andrew J. Wrozek, City Clerk
SUBJECT: Special Assessment Roll Nos. 4224 through 4230

MOTION: CONSIDERATION OF RESOLUTIONS ESTABLISHING MAY 28, 2013, AT THE CITY COUNCIL MEETING AS THE TIME AND PLACE TO HOLD PUBLIC HEARINGS ON THE FOLLOWING SPECIAL ASSESSMENT ROLLS, AND DIRECTING THE CITY ASSESSOR TO PREPARE THE ROLLS, IN ACCORDANCE WITH THE RECOMMENDATION OF THE CITY CLERK.

1. Special Assessment Roll No. 4224 – Delinquent Miscellaneous General Fund Accounts Receivable
2. Special Assessment Roll No. 4225 – Delinquent Miscellaneous Building Department Fund Accounts Receivable
3. Special Assessment Roll No. 4226 – Delinquent Miscellaneous Housing Code Enforcement Fund Accounts Receivable
4. Special Assessment Roll No. 4227 – Delinquent Miscellaneous Building Demolition Fund Accounts Receivable
5. Special Assessment Roll No. 4228 – Delinquent Miscellaneous CDBG Fund Accounts Receivable
6. Special Assessment Roll No. 4229 – Delinquent Miscellaneous WasteWater Fund Accounts Receivable
7. Special Assessment Roll No. 4230 – Delinquent Miscellaneous Public Works Fund Accounts Receivable

C: City Manager

RESOLUTION

BY THE CITY COUNCIL:

WHEREAS, under the authority granted by Ordinance Nos. 98-6 and 98-20, it is the policy of the City Council to periodically review and dispose of all unpaid assessable claims; and

WHEREAS, the City Clerk has determined that there are delinquent miscellaneous General Fund accounts receivable totaling, \$45,266.67; and

WHEREAS, the City Clerk requests that said delinquent charges be certified to the City Assessor for the preparation of a special assessment roll.

NOW, THEREFORE, BE IT RESOLVED that the City Council concurs with the recommendation of the City Clerk and hereby directs the City Assessor to prepare for review by the City Council Assessment Roll No. 4224 covering delinquent miscellaneous General Fund accounts receivable.


BE IT FURTHER RESOLVED that the City Clerk is hereby directed to give notice that the City Council and the City Assessor will sit as a Board of Review on Tuesday, the 28th day of May, 2013, at the hour of 6:30 p.m. in the Council Chambers, City Hall, 161 West Michigan Avenue, Jackson, and will hear any and all objections and suggestions by interested parties that may be made regarding assessments as 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 23rd day of April, 2013.

IN WITNESS WHEREOF, I have hereto affixed my signature and the Seal of the City of Jackson, Michigan, on this 24th day of April, 2013.



Andrew J. Wrozek Jr., City Clerk

RESOLUTION

BY THE CITY COUNCIL:

WHEREAS, under the authority granted by Ordinance Nos. 98-6 and 98-20, it is the policy of the City Council to periodically review and dispose of all unpaid assessable claims; and

WHEREAS, the City Clerk has determined that there are delinquent miscellaneous Building Department Fund accounts receivable totaling, \$163.28; and

WHEREAS, the City Clerk requests that said delinquent charges be certified to the City Assessor for the preparation of a special assessment roll.

NOW, THEREFORE, BE IT RESOLVED that the City Council concurs with the recommendation of the City Clerk and hereby directs the City Assessor to prepare for review by the City Council Assessment Roll No. 4225 covering delinquent miscellaneous Building Department Fund accounts receivable.

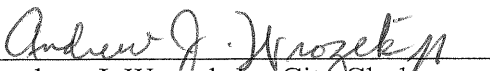
BE IT FURTHER RESOLVED that the City Clerk is hereby directed to give notice that the City Council and the City Assessor will sit as a Board of Review on Tuesday, the 28th day of May, 2013, at the hour of 6:30 p.m. in the Council Chambers, City Hall, 161 West Michigan Avenue, Jackson, and will hear any and all objections and suggestions by interested parties that may be made regarding assessments as 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 23rd day of April, 2012.

IN WITNESS WHEREOF, I have hereto affixed my signature and the Seal of the City of Jackson, Michigan, on this 24th day of April, 2013.



Andrew J. Wrozek Jr., City Clerk

RESOLUTION

BY THE CITY COUNCIL:

WHEREAS, under the authority granted by Ordinance Nos. 98-6 and 98-20, it is the policy of the City Council to periodically review and dispose of all unpaid assessable claims; and

WHEREAS, the City Clerk has determined that there are delinquent miscellaneous Housing Code Enforcement Fund accounts receivable totaling \$5,942.11; and

WHEREAS, the City Clerk requests that said delinquent charges be certified to the City Assessor for the preparation of a special assessment roll.

NOW, THEREFORE, BE IT RESOLVED that the City Council concurs with the recommendation of the City Clerk and hereby directs the City Assessor to prepare for review by the City Council Assessment Roll No. 4226 covering delinquent miscellaneous Housing Code Enforcement Fund accounts receivable.

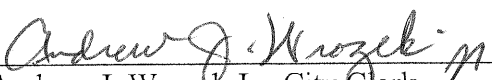
BE IT FURTHER RESOLVED that the City Clerk is hereby directed to give notice that the City Council and the City Assessor will sit as a Board of Review on Tuesday, the 28th day of May, 2013, at the hour of 6:30 p.m. in the Council Chambers, City Hall, 161 West Michigan Avenue, Jackson, and will hear any and all objections and suggestions by interested parties that may be made regarding assessments as 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 23rd day of April, 2013.

IN WITNESS WHEREOF, I have hereto affixed my signature and the Seal of the City of Jackson, Michigan, on this 24th day of April, 2013.


Andrew J. Wrozek Jr., City Clerk

RESOLUTION

BY THE CITY COUNCIL:

WHEREAS, under the authority granted by Ordinance Nos. 98-6 and 98-20, it is the policy of the City Council to periodically review and dispose of all unpaid assessable claims; and

WHEREAS, the City Clerk has determined that there are delinquent miscellaneous Building Demolition Fund accounts receivable totaling, \$516.25; and

WHEREAS, the City Clerk requests that said delinquent charges be certified to the City Assessor for the preparation of a special assessment roll.

NOW, THEREFORE, BE IT RESOLVED that the City Council concurs with the recommendation of the City Clerk and hereby directs the City Assessor to prepare for review by the City Council Assessment Roll No. 4227 covering delinquent miscellaneous Building Demolition Fund accounts receivable.

BE IT FURTHER RESOLVED that the City Clerk is hereby directed to give notice that the City Council and the City Assessor will sit as a Board of Review on Tuesday, the 28th day of May, 2013, at the hour of 6:30 p.m. in the Council Chambers, City Hall, 161 West Michigan Avenue, Jackson, and will hear any and all objections and suggestions by interested parties that may be made regarding assessments as 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 23rd day of April, 2013.

IN WITNESS WHEREOF, I have hereto affixed my signature and the Seal of the City of Jackson, Michigan, on this 24th day of April, 2013.


Andrew J. Wrozek Jr., City Clerk

RESOLUTION

BY THE CITY COUNCIL:

WHEREAS, under the authority granted by Ordinance Nos. 98-6 and 98-20, it is the policy of the City Council to periodically review and dispose of all unpaid assessable claims; and

WHEREAS, the City Clerk has determined that there are delinquent miscellaneous CDBG Fund accounts receivable totaling, \$682.69; and

WHEREAS, the City Clerk requests that said delinquent charges be certified to the City Assessor for the preparation of a special assessment roll.

NOW, THEREFORE, BE IT RESOLVED that the City Council concurs with the recommendation of the City Clerk and hereby directs the City Assessor to prepare for review by the City Council Assessment Roll No. 4228 covering delinquent miscellaneous Building Demolition Fund accounts receivable.

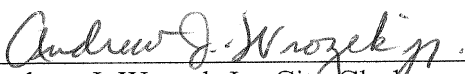
BE IT FURTHER RESOLVED that the City Clerk is hereby directed to give notice that the City Council and the City Assessor will sit as a Board of Review on Tuesday, the 28th day of May, 2013, at the hour of 6:30 p.m. in the Council Chambers, City Hall, 161 West Michigan Avenue, Jackson, and will hear any and all objections and suggestions by interested parties that may be made regarding assessments as 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 23rd day of April, 2013.

IN WITNESS WHEREOF, I have hereto affixed my signature and the Seal of the City of Jackson, Michigan, on this 24th day of April, 2013.



Andrew J. Wrozek Jr., City Clerk

RESOLUTION

BY THE CITY COUNCIL:

WHEREAS, under the authority granted by Ordinance Nos. 98-6 and 98-20, it is the policy of the City Council to periodically review and dispose of all unpaid assessable claims; and

WHEREAS, the City Clerk has determined that there are delinquent miscellaneous WasteWater Fund accounts receivable totaling, \$6,173.53; and

WHEREAS, the City Clerk requests that said delinquent charges be certified to the City Assessor for the preparation of a special assessment roll.

NOW, THEREFORE, BE IT RESOLVED that the City Council concurs with the recommendation of the City Clerk and hereby directs the City Assessor to prepare for review by the City Council Assessment Roll No. 4229 covering delinquent miscellaneous WasteWater Fund accounts receivable.


BE IT FURTHER RESOLVED that the City Clerk is hereby directed to give notice that the City Council and the City Assessor will sit as a Board of Review on Tuesday, the 28th day of May, 2013, at the hour of 6:30 p.m. in the Council Chambers, City Hall, 161 West Michigan Avenue, Jackson, and will hear any and all objections and suggestions by interested parties that may be made regarding assessments as 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 23rd day of April, 2013.

IN WITNESS WHEREOF, I have hereto affixed my signature and the Seal of the City of Jackson, Michigan on this 24th day of April, 2013.


Andrew J. Wrozek Jr., City Clerk

RESOLUTION

BY THE CITY COUNCIL:

WHEREAS, under the authority granted by Ordinance Nos. 98-6 and 98-20, it is the policy of the City Council to periodically review and dispose of all unpaid assessable claims; and

WHEREAS, the City Clerk has determined that there are delinquent miscellaneous Public Works Fund accounts receivable totaling, \$14,420.19; and

WHEREAS, the City Clerk requests that said delinquent charges be certified to the City Assessor for the preparation of a special assessment roll.

NOW, THEREFORE, BE IT RESOLVED that the City Council concurs with the recommendation of the City Clerk and hereby directs the City Assessor to prepare for review by the City Council Assessment Roll No. 4230 covering delinquent miscellaneous Public Works Fund accounts receivable.


BE IT FURTHER RESOLVED that the City Clerk is hereby directed to give notice that the City Council and the City Assessor will sit as a Board of Review on Tuesday, the 28th day of May, 2013, at the hour of 6:30 p.m. in the Council Chambers, City Hall, 161 West Michigan Avenue, Jackson, and will hear any and all objections and suggestions by interested parties that may be made regarding assessments as 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 23rd day of April, 2013.

IN WITNESS WHEREOF, I have hereto affixed my signature and the Seal of the City of Jackson, Michigan, on this 24th day of April, 2013.


Andrew J. Wrozek Jr., City Clerk



Neighborhood & Economic Operations

Building a Stronger Jackson

161 W. Michigan Avenue • Jackson, MI 49201-1303 • Facsimile (517) 780-4781

Building Inspection
(517) 788-4012

Code Enforcement
(517) 788-4060

Engineering
(517) 788-4160

Planning & Economic Development
(517) 768-6433

CITY COUNCIL MEETING April 23, 2013

TO: Honorable Mayor and City Councilmembers

FROM: Patrick H. Burtch, City Manager
Jon H. Dowling, P.E., City Engineer

SUBJECT: Resolution for Approval of Contract with MDOT for Fourth St. – Audubon to Griswold

RECOMMENDATION: Approval of the resolution to enter into a contract with the Michigan Department of Transportation (MDOT) for reconstruction work along Fourth Street from Audubon Avenue to Griswold Street, and authorization for the Mayor and City Treasurer/Clerk to execute the appropriate contract documents.

Attached is a resolution to enter into a contract with the Michigan Department of Transportation for reconstruction on Fourth Street from Audubon to Griswold. This project includes reconstruction work along Fourth Street including hot mix asphalt paving, concrete curb and gutter, concrete sidewalk, sidewalk ramp and pavement marking work.

The total construction cost of this project is estimated at \$807,800.00. Federal funding will cover 81.85% of the cost for the street portion of the project. The City portion of the project will be paid from Water Funds and Special Assessments. The breakdown is as follows:

Street Construction Federal Funding:	\$488,100.00
Water Funds	\$211,500.00
Assessments:	\$81,600.00
Major Street Funds	<u>\$26,600.00</u>
Total:	\$807,800.00

We are requesting the attached resolution to enter into the contract with the Michigan Department of Transportation be approved by the City Council, and the Mayor and City Treasurer/Clerk be authorized to sign the appropriate contract documents.

Please do not hesitate to contact us if you should have any questions.

JHD:sms

c Andrew J. Wrozek, Jr., City Treasurer/Clerk
Troy R. White, P.E., Senior Civil Engineer
Lucinda Schultz, Accounting Manager

RESOLUTION

BY CITY COUNCIL:

WHEREAS, Fourth Street between Audubon Avenue and Griswold Street is in need of improvements; and

WHEREAS, the City has received Federal Funding for 81.85% for the road portion of this project; and

WHEREAS, the cost-participation agreement and contract for this project has been prepared by the Michigan Department of Transportation and forwarded to the City of Jackson for approval; and

WHEREAS, the estimate for the construction work is \$807,800.00 with the Federal share being \$488,100.00 and the City share being \$319,700.00.

NOW, THEREFORE, BE IT RESOLVED that the City Council does approve the construction on Fourth Street between Audubon Avenue and Griswold Street; and

BE IT FURTHER RESOLVED that the City Council does approve entering into the contract with the Michigan Department of Transportation for the pavement improvements and sidewalk ramp upgrades; and

BE IT FURTHER RESOLVED that the City Council does authorize the Mayor and the City Treasurer/Clerk to sign the contract documents on behalf of the City.

* * * *

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 23rd day of April, 2013.

IN WITNESS WHEREOF, I have hereto affixed my signature and the Seal of the City of Jackson, Michigan, on this 24th day of April, 2013.

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

STP

DA

Control Section	STUL 38409
Job Number	110464
Project	STP 1338(013)
Federal Item No.	HH 8544
CFDA No.	20.205 (Highway Research Planning & Construction)
Contract No.	13-5134

PART I

THIS CONTRACT, consisting of PART I and PART II (Standard Agreement Provisions), is made and entered into this date of _____, by and between the MICHIGAN DEPARTMENT OF TRANSPORTATION, hereinafter referred to as the "DEPARTMENT"; and the CITY OF JACKSON, a Michigan municipal corporation, hereinafter referred to as the "REQUESTING PARTY"; for the purpose of fixing the rights and obligations of the parties in agreeing to the following improvements, in the City of Jackson, Michigan, hereinafter referred to as the "PROJECT" and estimated in detail on EXHIBIT "I", dated March 13, 2013, attached hereto and made a part hereof:

PART A – FEDERAL PARTICIPATION

Reconstruction work along Fourth Street from Audubon Avenue to Griswold Street; including hot mix asphalt paving, concrete curb and gutter, concrete sidewalk, sidewalk ramp, and pavement marking work.

PART B – NO FEDERAL PARTICIPATION

Watermain, sanitary sewer, and sidewalk repair work along Fourth Street from Audubon Avenue to Griswold Street; and all together with necessary related work.

WITNESSETH:

WHEREAS, pursuant to Federal law, monies have been provided for the performance of certain improvements on public roads; and

WHEREAS, the reference "FHWA" in PART I and PART II refers to the United States Department of Transportation, Federal Highway Administration; and

WHEREAS, the PROJECT, or portions of the PROJECT, at the request of the REQUESTING PARTY, are being programmed with the FHWA, for implementation with the use of Federal Funds under the following Federal program(s) or funding:

SURFACE TRANSPORTATION PROGRAM

WHEREAS, the parties hereto have reached an understanding with each other regarding the performance of the PROJECT work and desire to set forth this understanding in the form of a written contract.

NOW, THEREFORE, in consideration of the premises and of the mutual undertakings of the parties and in conformity with applicable law, it is agreed:

1. The parties hereto shall undertake and complete the PROJECT in accordance with the terms of this contract.

2. The term "PROJECT COST", as herein used, is hereby defined as the cost of the physical construction necessary for the completion of the PROJECT, including any other costs incurred by the DEPARTMENT as a result of this contract, except for construction engineering and inspection.

No charges will be made by the DEPARTMENT to the PROJECT for any inspection work or construction engineering.

The costs incurred by the REQUESTING PARTY for preliminary engineering, construction engineering, construction materials testing, inspection, and right-of-way are excluded from the PROJECT COST as defined by this contract.

3. The DEPARTMENT is authorized by the REQUESTING PARTY to administer on behalf of the REQUESTING PARTY all phases of the PROJECT including advertising and awarding the construction contract for the PROJECT or portions of the PROJECT. Such administration shall be in accordance with PART II, Section II of this contract.

Any items of the PROJECT COST incurred by the DEPARTMENT may be charged to the PROJECT.

4. The REQUESTING PARTY, at no cost to the PROJECT or to the DEPARTMENT, shall:

- A. Design or cause to be designed the plans for the PROJECT.
- B. Appoint a project engineer who shall be in responsible charge of the PROJECT and ensure that the plans and specifications are followed.
- C. Perform or cause to be performed the construction engineering, construction materials testing, and inspection services necessary for the completion of the PROJECT.

The REQUESTING PARTY will furnish the DEPARTMENT proposed timing sequences for trunkline signals that, if any, are being made part of the improvement. No timing adjustments shall be made by the REQUESTING PARTY at any trunkline intersection, without prior issuances by the DEPARTMENT of Standard Traffic Signal Timing Permits.

5. The PROJECT COST shall be met in accordance with the following:

PART A

Federal Surface Transportation Funds shall be applied to the eligible items of the PART A portion of the PROJECT COST at the established Federal participation ratio equal to 81.85 percent. The balance of the PART A portion of the PROJECT COST, after deduction of Federal Funds, shall be charged to and paid by the REQUESTING PARTY in the manner and at the times hereinafter set forth.

PART B

The PART B portion of the PROJECT COST is not eligible for Federal participation and shall be charged to and paid 100 percent by the REQUESTING PARTY in the manner and at the times hereinafter set forth.

Any items of PROJECT COST not reimbursed by Federal Funds will be the sole responsibility of the REQUESTING PARTY.

6. No working capital deposit will be required for this PROJECT.

In order to fulfill the obligations assumed by the REQUESTING PARTY under the provisions of this contract, the REQUESTING PARTY shall make prompt payments of its share of the PROJECT COST upon receipt of progress billings from the DEPARTMENT as herein provided. All payments will be made within 30 days of receipt of billings from the DEPARTMENT. Billings to the REQUESTING PARTY will be based upon the REQUESTING PARTY'S share of the actual costs incurred less Federal Funds earned as the PROJECT progresses.

In the event of any discrepancies between PART I and PART II of this contract, the provisions of PART I shall prevail.

7. Upon completion of construction of the PROJECT, the REQUESTING PARTY will promptly cause to be enacted and enforced such ordinances or regulations as may be necessary to prohibit parking in the roadway right-of-way throughout the limits of the PROJECT.

8. The performance of the entire PROJECT under this contract, whether Federally funded or not, will be subject to the provisions and requirements of PART II that are applicable to a Federally funded project.

Buy America Requirements (23 CFR 365.410) shall apply to the PROJECT and will be adhered to, as applicable, by the parties hereto.

9. The REQUESTING PARTY certifies that a) it is a person under the Natural Resources and Environmental Protection Act, MCL 324.20101 et seq., as amended, and is not aware of and has no reason to believe that the property is a facility as defined in MCL 324.20101(1); b) the REQUESTING PARTY further certifies that it has completed the tasks required by MCL 324.20126 (3)(h); c) it conducted a visual inspection of property within the existing right of way on which construction is to be performed to determine if any hazardous substances were present; and at sites on which historically were located businesses that involved hazardous substances, it performed a reasonable investigation to determine whether hazardous substances exist. This reasonable investigation should include, at a minimum, contact with local, state and federal environmental agencies to determine if the site has been identified as, or potentially as, a site containing hazardous substances; d) it did not cause or contribute to the release or threat of release of any hazardous substance found within the PROJECT limits.

The REQUESTING PARTY also certifies that, in addition to reporting the presence of any hazardous substances to the Department of Environmental Quality, it has advised the DEPARTMENT of the presence of any and all hazardous substances which the REQUESTING PARTY found within the PROJECT limits, as a result of performing the investigation and visual inspection required herein. The REQUESTING PARTY also certifies that it has been unable to identify any entity who may be liable for the cost of remediation. As a result, the REQUESTING PARTY has included all estimated costs of remediation of such hazardous substances in its estimated cost of construction of the PROJECT.

10. If, subsequent to execution of this contract, previously unknown hazardous substances are discovered within the PROJECT limits, which require environmental remediation pursuant to either state or federal law, the REQUESTING PARTY, in addition to reporting that fact to the Department of Environmental Quality, shall immediately notify the DEPARTMENT, both orally and in writing of such discovery. The DEPARTMENT shall consult with the REQUESTING PARTY to determine if it is willing to pay for the cost of remediation and, with the FHWA, to determine the eligibility, for reimbursement, of the remediation costs. The REQUESTING PARTY shall be charged for and shall pay all costs associated with such remediation, including all delay costs of the contractor for the PROJECT, in the event that remediation and delay costs are not deemed eligible by the FHWA. If the REQUESTING PARTY refuses to participate in the cost of remediation, the DEPARTMENT shall terminate the PROJECT. The parties agree that any costs or damages that the DEPARTMENT incurs as a result of such termination shall be considered a PROJECT COST.

11. If federal and/or state funds administered by the DEPARTMENT are used to pay the cost of remediating any hazardous substances discovered after the execution of this contract and if there is a reasonable likelihood of recovery, the REQUESTING PARTY, in cooperation with the Department of Environmental Quality and the DEPARTMENT, shall make a diligent

effort to recover such costs from all other possible entities. If recovery is made, the DEPARTMENT shall be reimbursed from such recovery for the proportionate share of the amount paid by the FHWA and/or the DEPARTMENT and the DEPARTMENT shall credit such sums to the appropriate funding source.

12. The DEPARTMENT'S sole reason for entering into this contract is to enable the REQUESTING PARTY to obtain and use funds provided by the Federal Highway Administration pursuant to Title 23 of the United States Code.

Any and all approvals of, reviews of, and recommendations regarding contracts, agreements, permits, plans, specifications, or documents, of any nature, or any inspections of work by the DEPARTMENT or its agents pursuant to the terms of this contract are done to assist the REQUESTING PARTY in meeting program guidelines in order to qualify for available funds. Such approvals, reviews, inspections and recommendations by the DEPARTMENT or its agents shall not relieve the REQUESTING PARTY and the local agencies, as applicable, of their ultimate control and shall not be construed as a warranty of their propriety or that the DEPARTMENT or its agents is assuming any liability, control or jurisdiction.

The providing of recommendations or advice by the DEPARTMENT or its agents does not relieve the REQUESTING PARTY and the local agencies, as applicable of their exclusive jurisdiction of the highway and responsibility under MCL 691.1402 et seq., as amended.

When providing approvals, reviews and recommendations under this contract, the DEPARTMENT or its agents is performing a governmental function, as that term is defined in MCL 691.1401 et seq., as amended, which is incidental to the completion of the PROJECT.

13. The DEPARTMENT, by executing this contract, and rendering services pursuant to this contract, has not and does not assume jurisdiction of the highway, described as the PROJECT for purposes of MCL 691.1402 et seq., as amended. Exclusive jurisdiction of such highway for the purposes of MCL 691.1402 et seq., as amended, rests with the REQUESTING PARTY and other local agencies having respective jurisdiction.

14. The REQUESTING PARTY shall approve all of the plans and specifications to be used on the PROJECT and shall be deemed to have approved all changes to the plans and specifications when put into effect. It is agreed that ultimate responsibility and control over the PROJECT rests with the REQUESTING PARTY and local agencies, as applicable.

15. The REQUESTING PARTY agrees that the costs reported to the DEPARTMENT for this contract will represent only those items that are properly chargeable in accordance with this contract. The REQUESTING PARTY also certifies that it has read the contract terms and has made itself aware of the applicable laws, regulations, and terms of this contract that apply to the reporting of costs incurred under the terms of this contract.

16. The parties shall promptly provide comprehensive assistance and cooperation in defending and resolving any claims brought against the DEPARTMENT by the contractor, vendors or suppliers as a result of the DEPARTMENT'S award of the construction contract for the PROJECT. Costs incurred by the DEPARTMENT in defending or resolving such claims shall be considered PROJECT COSTS.

17. The DEPARTMENT shall require the contractor who is awarded the contract for the construction of the PROJECT to provide insurance in the amounts specified and in accordance with the DEPARTMENT'S current Standard Specifications for Construction and to:

- A. Maintain bodily injury and property damage insurance for the duration of the PROJECT.
- B. Provide owner's protective liability insurance naming as insureds the State of Michigan, the Michigan State Transportation Commission, the DEPARTMENT and its officials, agents and employees, the REQUESTING PARTY and any other county, county road commission, or municipality in whose jurisdiction the PROJECT is located, and their employees, for the duration of the PROJECT and to provide, upon request, copies of certificates of insurance to the insureds. It is understood that the DEPARTMENT does not assume jurisdiction of the highway described as the PROJECT as a result of being named as an insured on the owner's protective liability insurance policy.
- C. Comply with the requirements of notice of cancellation and reduction of insurance set forth in the current standard specifications for construction and to provide, upon request, copies of notices and reports prepared to those insured.

18. This contract shall become binding on the parties hereto and of full force and effect upon the signing thereof by the duly authorized officials for the parties hereto and upon the adoption of the necessary resolutions approving said contract and authorizing the signatures thereto of the respective officials of the REQUESTING PARTY, a certified copy of which resolution shall be attached to this contract.

IN WITNESS WHEREOF, the parties hereto have caused this contract to be executed the day and year first above written.

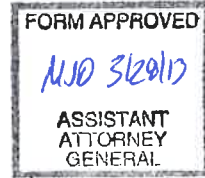
CITY OF JACKSON

MICHIGAN DEPARTMENT
OF TRANSPORTATION

By _____
Title:

By _____
Department Director MDOT

By _____
Title:



APPROVED BY:
Rudolph Madera 03/29/2013
Administrator Date
Real Estate

March 13, 2013

EXHIBIT I

CONTROL SECTION STUL 38409
JOB NUMBER 110464
PROJECT STP 1338(013)

ESTIMATED COST

CONTRACTED WORK

	<u>PART A</u>	<u>PART B</u>	<u>TOTAL</u>
Estimated Cost	\$596,300	\$211,500	\$807,800

COST PARTICIPATION

GRAND TOTAL ESTIMATED COST	\$596,300	\$211,500	\$807,800
Less Federal Funds	<u>\$488,100</u>	<u>\$ -0-</u>	<u>\$488,100</u>
BALANCE (REQUESTING PARTY'S SHARE)	\$108,200	\$211,500	\$319,700

NO DEPOSIT

DOT

TYPE B
BUREAU OF HIGHWAYS
03-15-93

PART II

STANDARD AGREEMENT PROVISIONS

SECTION I COMPLIANCE WITH REGULATIONS AND DIRECTIVES

SECTION II PROJECT ADMINISTRATION AND SUPERVISION

SECTION III ACCOUNTING AND BILLING

SECTION IV MAINTENANCE AND OPERATION

SECTION V SPECIAL PROGRAM AND PROJECT CONDITIONS

SECTION I

COMPLIANCE WITH REGULATIONS AND DIRECTIVES

- A. To qualify for eligible cost, all work shall be documented in accordance with the requirements and procedures of the DEPARTMENT.
- B. All work on projects for which reimbursement with Federal funds is requested shall be performed in accordance with the requirements and guidelines set forth in the following Directives of the Federal-Aid Policy Guide (FAPG) of the FHWA, as applicable, and as referenced in pertinent sections of Title 23 and Title 49 of the Code of Federal Regulations (CFR), and all supplements and amendments thereto.
 - 1. Engineering
 - a. FAPG (6012.1): Preliminary Engineering
 - b. FAPG (23 CFR 172): Administration of Engineering and Design Related Service Contracts
 - c. FAPG (23 CFR 635A): Contract Procedures
 - d. FAPG (49 CFR 18.22): Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments--Allowable Costs
 - 2. Construction
 - a. FAPG (23 CFR 140E): Administrative Settlement Costs-Contract Claims
 - b. FAPG (23 CFR 140B): Construction Engineering Costs
 - c. FAPG (23 CFR 17): Recordkeeping and Retention Requirements for Federal-Aid Highway Records of State Highway Agencies
 - d. FAPG (23 CFR 635A): Contract Procedures
 - e. FAPG (23 CFR 635B): Force Account Construction
 - f. FAPG (23 CFR 645A): Utility Relocations, Adjustments and Reimbursement

- g. FAPG (23 CFR 645B): Accommodation of Utilities (PPM 30-4.1)
 - h. FAPG (23 CFR 655F): Traffic Control Devices on Federal-Aid and other Streets and Highways
 - i. FAPG (49 CFR 18.22): Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments—Allowable Costs
3. Modification Or Construction Of Railroad Facilities
- a. FAPG (23 CFR 140I): Reimbursement for Railroad Work
 - b. FAPG (23 CFR 646B): Railroad Highway Projects
- C. In conformance with FAPG (23 CFR 630C) Project Agreements, the political subdivisions party to this contract, on those Federally funded projects which exceed a total cost of \$100,000.00 stipulate the following with respect to their specific jurisdictions:
- 1. That any facility to be utilized in performance under or to benefit from this contract is not listed on the Environmental Protection Agency (EPA) List of Violating Facilities issued pursuant to the requirements of the Federal Clean Air Act, as amended, and the Federal Water Pollution Control Act, as amended.
 - 2. That they each agree to comply with all of the requirements of Section 114 of the Federal Clean Air Act and Section 308 of the Federal Water Pollution Control Act, and all regulations and guidelines issued thereunder.
 - 3. That as a condition of Federal aid pursuant to this contract they shall notify the DEPARTMENT of the receipt of any advice indicating that a facility to be utilized in performance under or to benefit from this contract is under consideration to be listed on the EPA List of Violating Facilities.
- D. Ensure that the PROJECT is constructed in accordance with and incorporates all committed environmental impact mitigation measures listed in approved environmental documents unless modified or deleted by approval of the FHWA.
- E. All the requirements, guidelines, conditions and restrictions noted in all other pertinent Directives and Instructional Memoranda of the FHWA will apply to this contract and will be adhered to, as applicable, by the parties hereto.

SECTION II

PROJECT ADMINISTRATION AND SUPERVISION

- A. The DEPARTMENT shall provide such administrative guidance as it determines is required by the PROJECT in order to facilitate the obtaining of available federal and/or state funds.
- B. The DEPARTMENT will advertise and award all contracted portions of the PROJECT work. Prior to advertising of the PROJECT for receipt of bids, the REQUESTING PARTY may delete any portion or all of the PROJECT work. After receipt of bids for the PROJECT, the REQUESTING PARTY shall have the right to reject the amount bid for the PROJECT prior to the award of the contract for the PROJECT only if such amount exceeds by ten percent (10%) the final engineer's estimate therefor. If such rejection of the bids is not received in writing within two (2) weeks after letting, the DEPARTMENT will assume concurrence. The DEPARTMENT may, upon request, readvertise the PROJECT. Should the REQUESTING PARTY so request in writing within the aforesaid two (2) week period after letting, the PROJECT will be cancelled and the DEPARTMENT will refund the unused balance of the deposit less all costs incurred by the DEPARTMENT.
- C. The DEPARTMENT will perform such inspection services on PROJECT work performed by the REQUESTING PARTY with its own forces as is required to ensure compliance with the approved plans & specifications.
- D. On those projects funded with Federal monies, the DEPARTMENT shall as may be required secure from the FHWA approval of plans and specifications, and such cost estimates for FHWA participation in the PROJECT COST.
- E. All work in connection with the PROJECT shall be performed in conformance with the Michigan Department of Transportation Standard Specifications for Construction, and the supplemental specifications, Special Provisions and plans pertaining to the PROJECT and all materials furnished and used in the construction of the PROJECT shall conform to the aforesaid specifications. No extra work shall be performed nor changes in plans and specifications made until said work or changes are approved by the project engineer and authorized by the DEPARTMENT.

- F. Should it be necessary or desirable that portions of the work covered by this contract be accomplished by a consulting firm, a railway company, or governmental agency, firm, person, or corporation, under a subcontract with the REQUESTING PARTY at PROJECT expense, such subcontracted arrangements will be covered by formal written agreement between the REQUESTING PARTY and that party.

This formal written agreement shall: include a reference to the specific prime contract to which it pertains; include provisions which clearly set forth the maximum reimbursable and the basis of payment; provide for the maintenance of accounting records in accordance with generally accepted accounting principles, which clearly document the actual cost of the services provided; provide that costs eligible for reimbursement shall be in accordance with clearly defined cost criteria such as 49 CFR Part 18, 48 CFR Part 31, 23 CFR Part 140, OMB Circular A-87, etc. as applicable; provide for access to the department or its representatives to inspect and audit all data and records related to the agreement for a minimum of three years after the department's final payment to the local unit.

All such agreements will be submitted for approval by the DEPARTMENT and, if applicable, by the FHWA prior to execution thereof, except for agreements for amounts less than \$100,000 for preliminary engineering and testing services executed under and in accordance with the provisions of the "Small Purchase Procedures" FAPG (23 CFR 172), which do not require prior approval of the DEPARTMENT or the FHWA.

Any such approval by the DEPARTMENT shall in no way be construed as a warranty of the subcontractor's qualifications, financial integrity, or ability to perform the work being subcontracted.

- G. The REQUESTING PARTY, at no cost to the PROJECT or the DEPARTMENT, shall make such arrangements with railway companies, utilities, etc., as may be necessary for the performance of work required for the PROJECT but for which Federal or other reimbursement will not be requested.
- H. The REQUESTING PARTY, at no cost to the PROJECT, or the DEPARTMENT, shall secure, as necessary, all agreements and approvals of the PROJECT with railway companies, the Railroad Safety & Tariffs Division of the DEPARTMENT and other concerned governmental agencies other than the FHWA, and will forward same to the DEPARTMENT for such reviews and approvals as may be required.
- I. No PROJECT work for which reimbursement will be requested by the REQUESTING PARTY is to be subcontracted or performed until the DEPARTMENT gives written notification that such work may commence.

- J. The REQUESTING PARTY shall be responsible for the payment of all costs and expenses incurred in the performance of the work it agrees to undertake and perform.
- K. The REQUESTING PARTY shall pay directly to the party performing the work all billings for the services performed on the PROJECT which are authorized by or through the REQUESTING PARTY.
- L. The REQUESTING PARTY shall submit to the DEPARTMENT all paid billings for which reimbursement is desired in accordance with DEPARTMENT procedures.
- M. All work by a consulting firm will be performed in compliance with the applicable provisions of 1980 PA 299, Subsection 2001, MCL 339.2001; MSA 18.425(2001), as well as in accordance with the provisions of all previously cited Directives of the FHWA.
- N. The project engineer shall be subject to such administrative guidance as may be deemed necessary to ensure compliance with program requirement and, in those instances where a consultant firm is retained to provide engineering and inspection services, the personnel performing those services shall be subject to the same conditions.
- O. The DEPARTMENT, in administering the PROJECT in accordance with applicable Federal and State requirements and regulations, neither assumes nor becomes liable for any obligations undertaken or arising between the REQUESTING PARTY and any other party with respect to the PROJECT.
- P. In the event it is determined by the DEPARTMENT that there will be either insufficient Federal funds or insufficient time to properly administer such funds for the entire PROJECT or portions thereof, the DEPARTMENT, prior to advertising or issuing authorization for work performance, may cancel the PROJECT, or any portion thereof, and upon written notice to the parties this contract shall be void and of no effect with respect to that cancelled portion of the PROJECT. Any PROJECT deposits previously made by the parties on the cancelled portions of the PROJECT will be promptly refunded.
- Q. Those projects funded with Federal monies will be subject to inspection at all times by the DEPARTMENT and the FHWA.

SECTION III

ACCOUNTING AND BILLING

A. Procedures for billing for work undertaken by the REQUESTING PARTY:

1. The REQUESTING PARTY shall establish and maintain accurate records, in accordance with generally accepted accounting principles, of all expenses incurred for which payment is sought or made under this contract, said records to be hereinafter referred to as the "RECORDS". Separate accounts shall be established and maintained for all costs incurred under this contract.

The REQUESTING PARTY shall maintain the RECORDS for at least three (3) years from the date of final payment of Federal Aid made by the DEPARTMENT under this contract. In the event of a dispute with regard to the allowable expenses or any other issue under this contract, the REQUESTING PARTY shall thereafter continue to maintain the RECORDS at least until that dispute has been finally decided and the time for all available challenges or appeals of that decision has expired.

The DEPARTMENT, or its representative, may inspect, copy, or audit the RECORDS at any reasonable time after giving reasonable notice.

If any part of the work is subcontracted, the REQUESTING PARTY shall assure compliance with the above for all subcontracted work.

In the event that an audit performed by or on behalf of the DEPARTMENT indicates an adjustment to the costs reported under this contract, or questions the allowability of an item of expense, the DEPARTMENT shall promptly submit to the REQUESTING PARTY, a Notice of Audit Results and a copy of the audit report which may supplement or modify any tentative findings verbally communicated to the REQUESTING PARTY at the completion of an audit.

Within sixty (60) days after the date of the Notice of Audit Results, the REQUESTING PARTY shall: (a) respond in writing to the responsible Bureau or the DEPARTMENT indicating whether or not it concurs with the audit report, (b) clearly explain the nature and basis for any disagreement as to a disallowed item of expense and, (c) submit to the DEPARTMENT a written explanation as to any questioned or no opinion expressed item of expense, hereinafter referred to as the "RESPONSE". The RESPONSE shall be clearly stated and provide any supporting documentation necessary to resolve any disagreement or questioned or no opinion expressed item of expense. Where the documentation is voluminous, the REQUESTING PARTY may supply appropriate excerpts and make alternate

arrangements to conveniently and reasonably make that documentation available for review by the DEPARTMENT. The RESPONSE shall refer to and apply the language of the contract. The REQUESTING PARTY agrees that failure to submit a RESPONSE within the sixty (60) day period constitutes agreement with any disallowance of an item of expense and authorizes the DEPARTMENT to finally disallow any items of questioned or no opinion expressed cost.

The DEPARTMENT shall make its decision with regard to any Notice of Audit Results and RESPONSE within one hundred twenty (120) days after the date of the Notice of Audit Results. If the DEPARTMENT determines that an overpayment has been made to the REQUESTING PARTY, the REQUESTING PARTY shall repay that amount to the DEPARTMENT or reach agreement with the DEPARTMENT on a repayment schedule within thirty (30) days after the date of an invoice from the DEPARTMENT. If the REQUESTING PARTY fails to repay the overpayment or reach agreement with the DEPARTMENT on a repayment schedule within the thirty (30) day period, the REQUESTING PARTY agrees that the DEPARTMENT shall deduct all or a portion of the overpayment from any funds then or thereafter payable by the DEPARTMENT to the REQUESTING PARTY under this contract or any other agreement, or payable to the REQUESTING PARTY under the terms of 1951 PA 51, as applicable. Interest will be assessed on any partial payments or repayment schedules based on the unpaid balance at the end of each month until the balance is paid in full. The assessment of interest will begin thirty (30) days from the date of the invoice. The rate of interest will be based on the Michigan Department of Treasury common cash funds interest earnings. The rate of interest will be reviewed annually by the DEPARTMENT and adjusted as necessary based on the Michigan Department of Treasury common cash funds interest earnings. The REQUESTING PARTY expressly consents to this withholding or offsetting of funds under those circumstances, reserving the right to file a lawsuit in the Court of Claims to contest the DEPARTMENT'S decision only as to any item of expense the disallowance of which was disputed by the REQUESTING PARTY in a timely filed RESPONSE.

The REQUESTING PARTY shall comply with the Single Audit Act of 1984, P.L. 98-502.

The REQUESTING PARTY shall adhere to the following requirements associated with audits of accounts and records:

- a. Agencies expending a total of \$500,000 or more in federal funds, from one or more funding sources in its fiscal year, shall comply with the requirements of the federal Office of Management and Budget (OMB) Circular A-133, as revised or amended.

The agency shall submit two copies of:

- The Reporting Package
- The Data Collection Form
- The management letter to the agency, if one issued by the audit firm

The OMB Circular A-133 audit must be submitted to the address below in accordance with the time frame established in the circular, as revised or amended.

b. Agencies expending less than \$500,000 in federal funds must submit a letter to the Department advising that a circular audit was not required. The letter shall indicate the applicable fiscal year, the amount of federal funds spent, the name(s) of the Department federal programs, and the CFDA grant number(s). This information must also be submitted to the address below.

c. Address: Michigan Department of Transportation
Bureau of Highways Technical Services
425 W. Ottawa, P.O. Box 30050
Lansing, MI 48909

d. Agencies must also comply with applicable State laws and regulations relative to audit requirements.

e. Agencies shall not charge audit costs to Department's federal programs which are not in accordance with the OMB Circular A-133 requirements.

f. All agencies are subject to the federally required monitoring activities, which may include limited scope reviews and other on-site monitoring.

2. Agreed Unit Prices Work - All billings for work undertaken by the REQUESTING PARTY on an agreed unit price basis will be submitted in accordance with the Michigan Department of Transportation Standard Specifications for Construction and pertinent FAPG Directives and Guidelines of the FHWA.
3. Force Account Work and Subcontracted Work - All billings submitted to the DEPARTMENT for Federal reimbursement for items of work performed on a force account basis or by any subcontract with a consulting firm, railway company, governmental agency or other party, under the terms of this contract, shall be prepared in accordance with the provisions of the pertinent FHPM Directives and the procedures of the DEPARTMENT. Progress billings may be submitted monthly during the time work is being performed provided, however, that no bill of a lesser amount than \$1,000.00 shall be submitted unless it is a final

or end of fiscal year billing. All billings shall be labeled either "Progress Bill Number _____", or "Final Billing".

4. Final billing under this contract shall be submitted in a timely manner but not later than six months after completion of the work. Billings for work submitted later than six months after completion of the work will not be paid.
5. Upon receipt of billings for reimbursement for work undertaken by the REQUESTING PARTY on projects funded with Federal monies, the DEPARTMENT will act as billing agent for the REQUESTING PARTY, consolidating said billings with those for its own force account work and presenting these consolidated billings to the FHWA for payment. Upon receipt of reimbursement from the FHWA, the DEPARTMENT will promptly forward to the REQUESTING PARTY its share of said reimbursement.
6. Upon receipt of billings for reimbursement for work undertaken by the REQUESTING PARTY on projects funded with non-Federal monies, the DEPARTMENT will promptly forward to the REQUESTING PARTY reimbursement of eligible costs.

B. Payment of Contracted and DEPARTMENT Costs:

1. As work on the PROJECT commences, the initial payments for contracted work and/or costs incurred by the DEPARTMENT will be made from the working capital deposit. Receipt of progress payments of Federal funds, and where applicable, State Critical Bridge funds, will be used to replenish the working capital deposit. The REQUESTING PARTY shall make prompt payments of its share of the contracted and/or DEPARTMENT incurred portion of the PROJECT COST upon receipt of progress billings from the DEPARTMENT. Progress billings will be based upon the REQUESTING PARTY'S share of the actual costs incurred as work on the PROJECT progresses and will be submitted, as required, until it is determined by the DEPARTMENT that there is sufficient available working capital to meet the remaining anticipated PROJECT COSTS. All progress payments will be made within thirty (30) days of receipt of billings. No monthly billing of a lesser amount than \$1,000.00 will be made unless it is a final or end of fiscal year billing. Should the DEPARTMENT determine that the available working capital exceeds the remaining anticipated PROJECT COSTS, the DEPARTMENT may reimburse the REQUESTING PARTY such excess. Upon completion of the PROJECT, payment of all PROJECT COSTS, receipt of all applicable monies from the FHWA, and completion of necessary audits, the REQUESTING PARTY will be reimbursed the balance of its deposit.

2. In the event that the bid, plus contingencies, for the contracted, and/or the DEPARTMENT incurred portion of the PROJECT work exceeds the estimated cost therefor as established by this contract, the REQUESTING PARTY may be advised and billed for the additional amount of its share.

C. General Conditions:

1. The DEPARTMENT, in accordance with its procedures in existence and covering the time period involved, shall make payment for interest earned on the balance of working capital deposits for all projects on account with the DEPARTMENT. The REQUESTING PARTY in accordance with DEPARTMENT procedures in existence and covering the time period involved, shall make payment for interest owed on any deficit balance of working capital deposits for all projects on account with the DEPARTMENT. This payment or billing is processed on an annual basis corresponding to the State of Michigan fiscal year. Upon receipt of billing for interest incurred, the REQUESTING PARTY promises and shall promptly pay the DEPARTMENT said amount.
2. Pursuant to the authority granted by law, the REQUESTING PARTY hereby irrevocably pledges a sufficient amount of funds received by it from the Michigan Transportation Fund to meet its obligations as specified in PART I and PART II. If the REQUESTING PARTY shall fail to make any of its required payments when due, as specified herein, the DEPARTMENT shall immediately notify the REQUESTING PARTY and the State Treasurer of the State of Michigan or such other state officer or agency having charge and control over disbursement of the Michigan Transportation Fund, pursuant to law, of the fact of such default and the amount thereof, and, if such default is not cured by payment within ten (10) days, said State Treasurer or other state officer or agency is then authorized and directed to withhold from the first of such monies thereafter allocated by law to the REQUESTING PARTY from the Michigan Transportation Fund sufficient monies to remove the default, and to credit the REQUESTING PARTY with payment thereof, and to notify the REQUESTING PARTY in writing of such fact.
3. Upon completion of all work under this contract and final audit by the DEPARTMENT or the FHWA, the REQUESTING PARTY promises to promptly repay the DEPARTMENT for any disallowed items of costs previously disbursed by the DEPARTMENT. The REQUESTING PARTY pledges its future receipts from the Michigan Transportation Fund for repayment of all disallowed items and, upon failure to make repayment for any disallowed items within ninety (90) days of demand made by the DEPARTMENT, the DEPARTMENT is hereby authorized to withhold an equal amount from the REQUESTING PARTY'S share of any future distribution of Michigan Transportation Funds in settlement of said claim.

4. The DEPARTMENT shall maintain and keep accurate records and accounts relative to the cost of the PROJECT and upon completion of the PROJECT, payment of all items of PROJECT COST, receipt of all Federal Aid, if any, and completion of final audit by the DEPARTMENT and if applicable, by the FHWA, shall make final accounting to the REQUESTING PARTY. The final PROJECT accounting will not include interest earned or charged on working capital deposited for the PROJECT which will be accounted for separately at the close of the State of Michigan fiscal year and as set forth in Section C(1).

5. The costs of engineering and other services performed on those projects involving specific program funds and one hundred percent (100%) local funds will be apportioned to the respective portions of that project in the same ratio as the actual direct construction costs unless otherwise specified in PART I.

SECTION IV

MAINTENANCE AND OPERATION

A. Upon completion of construction of each part of the PROJECT, at no cost to the DEPARTMENT or the PROJECT, each of the parties hereto, within their respective jurisdictions, will make the following provisions for the maintenance and operation of the completed PROJECT:

1. All Projects:

Properly maintain and operate each part of the project, making ample provisions each year for the performance of such maintenance work as may be required, except as qualified in paragraph 2b of this section.

2. Projects Financed in Part with Federal Monies:

a. Sign and mark each part of the PROJECT, in accordance with the current Michigan Manual of Uniform Traffic control Devices, and will not install, or permit to be installed, any signs, signals or markings not in conformance with the standards approved by the FHWA, pursuant to 23 USC 109(d).

b. Remove, prior to completion of the PROJECT, all encroachments from the roadway right-of-way within the limits of each part of the PROJECT.

With respect to new or existing utility installations within the right-of-way of Federal Aid projects and pursuant to FAPG (23 CFR 645B): Occupancy of non-limited access right-of-way may be allowed based on consideration for traffic safety and necessary preservation of roadside space and aesthetic quality. Longitudinal occupancy of non-limited access right-of-way by private lines will require a finding of significant economic hardship, the unavailability of practicable alternatives or other extenuating circumstances.

c. Cause to be enacted, maintained and enforced, ordinances and regulations for proper traffic operations in accordance with the plans of the PROJECT.

d. Make no changes to ordinances or regulations enacted, or traffic controls installed in conjunction with the PROJECT work without prior review by the DEPARTMENT and approval of the FHWA, if required.

- B. On projects for the removal of roadside obstacles, the parties, upon completion of construction of each part of the PROJECT, at no cost to the PROJECT or the DEPARTMENT, will, within their respective jurisdictions, take such action as is necessary to assure that the roadway right-of-way, cleared as the PROJECT, will be maintained free of such obstacles.
- C. On projects for the construction of bikeways, the parties will enact no ordinances or regulations prohibiting the use of bicycles on the facility hereinbefore described as the PROJECT, and will amend any existing restrictive ordinances in this regard so as to allow use of this facility by bicycles. No motorized vehicles shall be permitted on such bikeways or walkways constructed as the PROJECT except those for maintenance purposes.
- D. Failure of the parties hereto to fulfill their respective responsibilities as outlined herein may disqualify that party from future Federal-aid participation in projects on roads or streets for which it has maintenance responsibility. Federal Aid may be withheld until such time as deficiencies in regulations have been corrected, and the improvements constructed as the PROJECT are brought to a satisfactory condition of maintenance.

SECTION V

SPECIAL PROGRAM AND PROJECT CONDITIONS

- A. Those projects for which the REQUESTING PARTY has been reimbursed with Federal monies for the acquisition of right-of-way must be under construction by the close of the twentieth (20th) fiscal year following the fiscal year in which the FHWA and the DEPARTMENT projects agreement covering that work is executed, or the REQUESTING PARTY may be required to repay to the DEPARTMENT, for forwarding to the FHWA, all monies distributed as the FHWA'S contribution to that right-of-way.
- B. Those projects for which the REQUESTING PARTY has been reimbursed with Federal monies for the performance of preliminary engineering must be under construction by the close of the tenth (10th) fiscal year following the fiscal year in which the FHWA and the DEPARTMENT projects agreement covering that work is executed, or the REQUESTING PARTY may be required to repay to the DEPARTMENT, for forwarding to the FHWA, all monies distributed as the FHWA'S contribution to that preliminary engineering.
- C. On those projects funded with Federal monies, the REQUESTING PARTY, at no cost to the PROJECT or the DEPARTMENT, will provide such accident information as is available and such other information as may be required under the program in order to make the proper assessment of the safety benefits derived from the work performed as the PROJECT. The REQUESTING PARTY will cooperate with the DEPARTMENT in the development of reports and such analysis as may be required and will, when requested by the DEPARTMENT, forward to the DEPARTMENT, in such form as is necessary, the required information.
- D. In connection with the performance of PROJECT work under this contract the parties hereto (hereinafter in Appendix "A" referred to as the "contractor") agree to comply with the State of Michigan provisions for "Prohibition of Discrimination in State Contracts", as set forth in Appendix A, attached hereto and made a part hereof. The parties further covenant that they will comply with the Civil Rights Acts of 1964, being P.L. 88-352, 78 Stat. 241, as amended, being Title 42 U.S.C. Sections 1971, 1975a-1975d, and 2000a-2000h-6 and the Regulations of the United States Department of Transportation (49 C.F.R. Part 21) issued pursuant to said Act, including Appendix "B", attached hereto and made a part hereof, and will require similar covenants on the part of any contractor or subcontractor employed in the performance of this contract.
- E. The parties will carry out the applicable requirements of the DEPARTMENT'S Disadvantaged Business Enterprise (DBE) program and 49 CFR, Part 26, including, but not limited to, those requirements set forth in Appendix C.

APPENDIX A
PROHIBITION OF DISCRIMINATION IN STATE CONTRACTS

In connection with the performance of work under this contract; the contractor agrees as follows:

1. In accordance with Public Act 453 of 1976 (Elliott-Larsen Civil Rights Act), the contractor shall not discriminate against an employee or applicant for employment with respect to hire, tenure, treatment, terms, conditions, or privileges of employment or a matter directly or indirectly related to employment because of race, color, religion, national origin, age, sex, height, weight, or marital status. A breach of this covenant will be regarded as a material breach of this contract. Further, in accordance with Public Act 220 of 1976 (Persons with Disabilities Civil Rights Act), as amended by Public Act 478 of 1980, the contractor shall not discriminate against any employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment or a matter directly or indirectly related to employment because of a disability that is unrelated to the individual's ability to perform the duties of a particular job or position. A breach of the above covenants will be regarded as a material breach of this contract.
2. The contractor hereby agrees that any and all subcontracts to this contract, whereby a portion of the work set forth in this contract is to be performed, shall contain a covenant the same as hereinabove set forth in Section 1 of this Appendix.
3. The contractor will take affirmative action to ensure that applicants for employment and employees are treated without regard to their race, color, religion, national origin, age, sex, height, weight, marital status, or any disability that is unrelated to the individual's ability to perform the duties of a particular job or position. Such action shall include, but not be limited to, the following: employment; treatment; upgrading; demotion or transfer; recruitment; advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.
4. The contractor shall, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, national origin, age, sex, height, weight, marital status, or disability that is unrelated to the individual's ability to perform the duties of a particular job or position.
5. The contractor or its collective bargaining representative shall send to each labor union or representative of workers with which the contractor has a collective bargaining agreement or other contract or understanding a notice advising such labor union or workers' representative of the contractor's commitments under this Appendix.
6. The contractor shall comply with all relevant published rules, regulations, directives, and orders of the Michigan Civil Rights Commission that may be in effect prior to the taking of bids for any individual state project.

7. The contractor shall furnish and file compliance reports within such time and upon such forms as provided by the Michigan Civil Rights Commission; said forms may also elicit information as to the practices, policies, program, and employment statistics of each subcontractor, as well as the contractor itself, and said contractor shall permit access to the contractor's books, records, and accounts by the Michigan Civil Rights Commission and/or its agent for the purposes of investigation to ascertain compliance under this contract and relevant rules, regulations, and orders of the Michigan Civil Rights Commission.
8. In the event that the Michigan Civil Rights Commission finds, after a hearing held pursuant to its rules, that a contractor has not complied with the contractual obligations under this contract, the Michigan Civil Rights Commission may, as a part of its order based upon such findings, certify said findings to the State Administrative Board of the State of Michigan, which State Administrative Board may order the cancellation of the contract found to have been violated and/or declare the contractor ineligible for future contracts with the state and its political and civil subdivisions, departments, and officers, including the governing boards of institutions of higher education, until the contractor complies with said order of the Michigan Civil Rights Commission. Notice of said declaration of future ineligibility may be given to any or all of the persons with whom the contractor is declared ineligible to contract as a contracting party in future contracts. In any case before the Michigan Civil Rights Commission in which cancellation of an existing contract is a possibility, the contracting agency shall be notified of such possible remedy and shall be given the option by the Michigan Civil Rights Commission to participate in such proceedings.
9. The contractor shall include or incorporate by reference, the provisions of the foregoing paragraphs (1) through (8) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Michigan Civil Rights Commission; all subcontracts and purchase orders will also state that said provisions will be binding upon each subcontractor or supplier.

Revised June 2011

**APPENDIX B
TITLE VI ASSURANCE**

During the performance of this contract, the contractor, for itself, its assignees, and its successors in interest (hereinafter referred to as the "contractor"), agrees as follows:

1. **Compliance with Regulations:** For all federally assisted programs, the contractor shall comply with the nondiscrimination regulations set forth in 49 CFR Part 21, as may be amended from time to time (hereinafter referred to as the Regulations). Such Regulations are incorporated herein by reference and made a part of this contract.
2. **Nondiscrimination:** The contractor, with regard to the work performed under the contract, shall not discriminate on the grounds of race, color, sex, or national origin in the selection, retention, and treatment of subcontractors, including procurements of materials and leases of equipment. The contractor shall not participate either directly or indirectly in the discrimination prohibited by Section 21.5 of the Regulations, including employment practices, when the contractor covers a program set forth in Appendix B of the Regulations.
3. **Solicitation for Subcontracts, Including Procurements of Materials and Equipment:** All solicitations made by the contractor, either by competitive bidding or by negotiation for subcontract work, including procurement of materials or leases of equipment, must include a notification to each potential subcontractor or supplier of the contractor's obligations under the contract and the Regulations relative to nondiscrimination on the grounds of race, color, or national origin.
4. **Information and Reports:** The contractor shall provide all information and reports required by the Regulations or directives issued pursuant thereto and shall permit access to its books, records, accounts, other sources of information, and facilities as may be determined to be pertinent by the Department or the United States Department of Transportation (USDOT) in order to ascertain compliance with such Regulations or directives. If required information concerning the contractor is in the exclusive possession of another who fails or refuses to furnish the required information, the contractor shall certify to the Department or the USDOT, as appropriate, and shall set forth the efforts that it made to obtain the information.
5. **Sanctions for Noncompliance:** In the event of the contractor's noncompliance with the nondiscrimination provisions of this contract, the Department shall impose such contract sanctions as it or the USDOT may determine to be appropriate, including, but not limited to, the following:
 - a. Withholding payments to the contractor until the contractor complies; and/or
 - b. Canceling, terminating, or suspending the contract, in whole or in part.

6. **Incorporation of Provisions:** The contractor shall include the provisions of Sections (1) through (6) in every subcontract, including procurement of material and leases of equipment, unless exempt by the Regulations or directives issued pursuant thereto. The contractor shall take such action with respect to any subcontract or procurement as the Department or the USDOT may direct as a means of enforcing such provisions, including sanctions for non-compliance, provided, however, that in the event a contractor becomes involved in or is threatened with litigation from a subcontractor or supplier as a result of such direction, the contractor may request the Department to enter into such litigation to protect the interests of the state. In addition, the contractor may request the United States to enter into such litigation to protect the interests of the United States.

Revised June 2011

APPENDIX C

TO BE INCLUDED IN ALL FINANCIAL ASSISTANCE AGREEMENTS WITH LOCAL AGENCIES

Assurance that Recipients and Contractors Must Make (Excerpts from US DOT Regulation 49 CFR 26.13)

- A. Each financial assistance agreement signed with a DOT operating administration (or a primary recipient) must include the following assurance:

The recipient shall not discriminate on the basis of race, color, national origin, or sex in the award and performance of any US DOT-assisted contract or in the administration of its DBE program or the requirements of 49 CFR Part 26. The recipient shall take all necessary and reasonable steps under 49 CFR Part 26 to ensure nondiscrimination in the award and administration of US DOT-assisted contracts. The recipient's DBE program, as required by 49 CFR Part 26 and as approved by US DOT, is incorporated by reference in this agreement. Implementation of this program is a legal obligation and failure to carry out its terms shall be treated as a violation of this agreement. Upon notification to the recipient of its failure to carry out its approved program, the department may impose sanctions as provided for under Part 26 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001 and/or the Program Fraud Civil Remedies Act of 1986 (31 U.S.C. 3801 et seq.).

- B. Each contract MDOT signs with a contractor (and each subcontract the prime contractor signs with a subcontractor) must include the following assurance:

The contractor, sub recipient or subcontractor shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. The contractor shall carry out applicable requirements of 49 CFR Part 26 in the award and administration of US DOT-assisted contracts. Failure by the contractor to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy as the recipient deems appropriate.



Neighborhood & Economic Operations

Building a Stronger Jackson

161 W. Michigan Avenue • Jackson, MI 49201-1303 • Facsimile (517) 780-4781

Building Inspection
(517) 788-4012

Code Enforcement
(517) 788-4060

Engineering
(517) 788-4160

Planning & Economic Development
(517) 768-6433

CITY COUNCIL MEETING April 23, 2013

TO: Honorable Mayor Griffin and City Councilmembers

FROM: Patrick Burtch, City Manager

SUBJECT: Final Allocation of Community Development Block Grant (CDBG) and HOME Investment Partnerships Program (HOME) Funds for Fiscal Year 2013-2014

RECOMMENDATION

Approve final funding allocations for the 2013-2014 CDBG and HOME grants as determined by City Council with contingencies, and receive and respond to any oral or written communication regarding the One Year Action Plan.

On February 19, 2013, City Council made preliminary allocations for CDBG and HOME funds, based on an estimate of funding to be received for Program Year 2013. The funding level estimates were determined by the Department's Accounting Manager in December 2012 based on a 5% reduction of the City's CDBG and HOME funds received for Program Year 2012. While CDBG and HOME formula allocations have not yet been published, on March 26, 2013, President Obama signed into law the final Fiscal Year 2013 funding legislation (HR 933) for all federal agencies. The legislation funds most of the federal government at Fiscal Year 2012 levels; however, communication received from HUD was for entitlement communities to anticipate a 5% reduction in funding. Attached is a summary of the allocation processes to date.

In 2010, the City did not receive notification of its annual CDBG and HOME allocations until mid-May. At that time, discussions with HUD representatives revealed that no activities could be added or deleted after preliminary allocations were made by City Council without triggering a substantial change as it directly affects the annual Action Plan, which was released in March for public review and comment. However, no substantial change would be triggered should the City receive 10% or more (or less) in actual funding allocations over what was estimated as long as only projects considered during the preliminary allocation process receive changes to their funding. Should the Fiscal Year 2013 formula allocation to the City be made available before the April 23, 2013 City Council meeting, an update regarding actual funding levels will be provided.

April 23, 2013 also marks the end of the 30-day public comment period for the draft Annual Action Plan. City Council should receive and respond to any oral or written comments made relative to the Plan. All comments and responses will be incorporated into the final Action Plan before Council's May 7, 2013 regular meeting.

2013-2014 Community Development Block Grant

Funding Proposal Recommendations

Applicants	Funding Request	City Admin. Recommendation	Prelim. Allocation 2/19/13 City Council	Final Allocation 4/23/13 City Council
Public Services				
1 King Center Summer Youth Program	45,500	45,500	45,500	
Public Services Subtotal	\$45,500	\$45,500	\$45,500	
Public Services can NOT exceed \$174,833				
Administration and Planning				
2 Community Development	\$46,700	\$46,700	\$46,700	
Administration and Planning Subtotal	\$46,700	\$46,700	\$46,700	\$0
Other Projects				
3 Neighborhood & Economic Stabilization - Code Enforcement	\$422,000	422,000	422,000	
4 Neighborhood & Economic Stabilization - NES Demolition	155,000	155,000	155,000	
5 Neighborhood & Economic Stabilization - Residential Rehab	401,000	401,000	401,000	
6 Neighborhood & Economic Stabilization - Historic Preservation		20,354	20,354	
7 City Attorney's Office - Code Enforcement	65,000	20,000	20,000	
8 DPW - Tree Planting	15,000	15,000	15,000	
9 DPW - Curb Ramps	40,000	40,000	40,000	
Other Projects Subtotal	\$1,098,000	\$1,073,354	\$1,073,354	\$0
Total Requested/Recommended	\$1,190,200	\$1,165,554	\$1,165,554	\$0
Total Funding Available	\$1,165,554	\$1,165,554	\$1,165,554	
	(estimate)	(estimate)	(estimate)	(actual)

Estimated allocation \$1,090,554 + \$75,000 program income = \$1,165,554

2013-2014 HOME Allocation Table

Applicants	Recommended Funding	Prelim. Allocation 2/19/13 City Council	Final Allocation 4/23/13 City Council
General Projects			
1 Neighborhood & Economic Stabilization - Acquisition/ Development/Resale	\$176,619	\$176,619	
General Projects Subtotal:		\$176,619	
Administration¹			
2 Neighborhood & Economic Stabilization - Administration	\$25,400	\$25,400	
Administration Subtotal:		\$25,400	
CHDO Reserve²			
3 CAA - Acquisition/Rehab/Resale	\$40,000	\$40,000	
CHDO Reserve Subtotal:		\$40,000	
CHDO Operating Expenses³			
4 CAA - CHDO Operating	\$12,500	\$12,500	
CHDO Operating Expenses Subtotal:		\$12,500	
Total Requested/Recommended:		\$254,519	\$0
Total Budget:		\$254,519	
	(estimate)	(estimate)	(actual)

Restrictions

¹Admin - no more than 10% (\$25,451)

²CHDO Reserve (mandatory) at least 15% (\$38,178)

³CHDO Operating Expenses (optional) - no more than 5% (\$12,725)



Jackson Fire Department

518 North Jackson Street ♦ Jackson, Michigan 49201 ♦ Telephone: (517) 788-4150 ♦ Facsimile: (517) 788-4637

CITY COUNCIL MEETING

April 23, 2013

MEMO TO: Honorable Mayor and City Councilmembers

FROM: Patrick H. Burtch, City Manager
David Wooden, Deputy Fire Chief

SUBJECT: Consideration of a request to reject all bids that were received April 9, 2013 for the purchase of refurbishing the existing air conditioning system or replacement of the air conditioning system with a new 25 ton system for the Fire Department

RECOMMENDATION:

To reject all bids received on April 9, 2013 for the purchase of refurbishing the existing air conditioning system or replacement of the air conditioning system with a new 25-ton system for the Fire Department, and authorize the Purchasing Department to re-issue specifications and bid packets for the acceptance of new cost proposals.

On April 9, 2013, the City of Jackson Purchasing Department accepted sealed bids for refurbishing the existing air conditioning system or replacement of the air conditioning system with a new 25-ton system.

During evaluation, City Staff found irregularities, and therefore, that it recommends the rejection of all the bids received based on the following:

- There are inconsistencies regarding Asbestos removal, and the bid specs did not completely address this issue.
- Certified drawings of the project are necessary for the contractors to bid from, and this was not part of the previous bid process.

By reissuing the bid process staff can better detail the specifications to the interested Contractors, and best serve the budgetary restraints keeping in mind what's most environmentally compatible.



CITY COUNCIL MEETING
April 23, 2013

TO: Honorable Mayor and City Councilmembers

FROM: Philip J. Hones, Finance Director

SUBJECT: Consideration and Approval of Pension System Funding Letters

RECOMMENDATION: Consideration and approval of the actuarial valuations as of June 30, 2012, communication from the Boards of Trustees of the City of Jackson Employees Retirement System, Act 345 Retirement System, and the City of Jackson Policemen's and Firemen's Pension System, and certification of funding necessary for fiscal year 2013-2014.

Attached are the following items for the City Council's receipt, consideration and approval:

1. Letter of Funding requested for the City of Jackson Employees Retirement System for FY2013-2014, and a copy of the latest Actuary Report.
2. Letter of Funding requested for the City of Jackson's Policemen's and Firemen's Pension System for FY2013-2014, and a copy of the latest Actuary Report.
3. Letter of Funding requested for the City of Jackson Act 345 Retirement System for FY2013-2014, and a copy of the latest Actuary Report.

Copies of the Actuary Reports will also be available for review in the City Clerk's Office, and will be available in the Reference area of the Jackson District Library downtown branch for a period of six months.

Requested action is to receive the actuarial reports, and approve the letters of funding necessary for fiscal year 2013-2014.

If you have any questions, please contact me at 768-6384.

PJH/ss



City of Jackson Employees Retirement System

161 W. Michigan Avenue
Jackson, Michigan 49201
(517) 768-6382
(517) 768-5857 fax

April 10, 2013

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 actuarial valuation of June 30, 2012 recommends that the 2013/14 contribution be as follows:

Employer (City) Contribution at 12.52 %	\$1,126,236
--	--------------------

The actuarially recommended City contribution of \$1,126,236 or 12.52% of covered payroll, for fiscal year 2013/14 is a dollar amount increase of \$245,486 over the recommended contributions for the current fiscal year contribution amount of \$880,750 (9.92% of covered payroll).

Actuarial experience was less favorable than expected for the year ended June 30, 2012 as indicated by the experience loss shown on page A-9. The loss was primarily attributable to unfavorable investment return (please refer to page C-7) on a funding value basis. Liability experience was on target in aggregate, with gains due to lower than expected salary increases and higher retiree mortality than expected.

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,

Steven P. Maga, Chairman
City of Jackson Employees Retirement System

SPM/ss

Attachments



Act 345 Retirement System City of Jackson, Michigan

161 W. Michigan Avenue
Jackson, Michigan 49201
(517) 768-6382
(517) 768-5857 fax

April 9, 2013

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 actuarial valuation of June 30, 2012 recommended the fiscal year 2013/2014 City contribution should be in the amount of \$3,273,947 or 66.23% of total gross payrolls of the Police and Fire Department employees who are members of the Act 345 Retirement System. The board requested a supplemental valuation to review the effect of a proposed funding method change. The present funding method amortizes unfunded actuarial accrued liabilities at a level percent of payroll over a 15-year open period for both active and retired liabilities. The proposed method amortizes these liabilities as a level percent of payroll over a 20-year open period for active liabilities, and a 15-year closed period for retired liabilities. The effect of this change on City contributions is a \$3,012,344 contribution, or 60.94% of total gross payrolls. The City contribution currently is \$2,870,342 or 57.05% of payroll. Based on this supplemental information, the board is recommending the City contribution of \$3,012,344 for the fiscal year 2013/2014.

Net actual experience of the Retirement System was less favorable than assumed during the year ending June 30, 2012, resulting in a loss of \$4.9 million. The overall experience loss was primarily due to recognized investment income which was less than the long-term assumption on a funding basis resulting in a loss of \$2.5 million.

The City is presently levying 5.46 mills to finance the Act 345 Retirement System.

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,

John Holda, Chairman
City of Jackson Act 345 Retirement System

JH/ss
Attachment



Policemens and Firemens Retirement System

City of Jackson, Michigan

161 W. Michigan Avenue
Jackson, Michigan 49201
(517) 768-6382
(517) 768-5857 fax

February 27, 2013

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.

Net experience for the Pension Fund was favorable during the year ending June 30, 2012. The major sources of gains or losses on the unfunded actuarial accrued liability (UAAL) are:

Item	Impact on UAAL
Asset Loss	\$(80,587)
COLA Gain	169,236
Mortality Loss	(237,190)
Data Gain	456,111
Total Gain	\$307,450

The recognized rate of return was 4.6% vs. the assumed rate of 7.0% resulting in a loss (note that the market rate of return was (5.1)% which was 12.1% below the 7.0% assumption). Actual COLAs granted this year were 0% and 1.5% vs. the assumed rate of 3.0% resulting in a gain. Participants are living longer than expected resulting in a mortality loss. There was also a significant data change with the removal of a surviving spouse from the rolls after clarification of her status resulting in a substantial gain.

The recommended employer contribution for the fiscal year beginning July 1, 2013 is \$606,096.00. This is an increase of \$6,665.00 from the prior year's contribution of \$599,431.00.

The actuary currently lists the funded ratio of accrued liabilities at 38.3% funded by Pension Fund assets. This is a decrease from the funded ratio of 40.1% 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 \$606,096.00 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, Chairman
City of Jackson Policemen's and Firemen's Pension Fund

MRC/ss

CITY OF JACKSON EMPLOYEES RETIREMENT SYSTEM
67TH ACTUARIAL VALUATION REPORT
AS OF JUNE 30, 2012

OUTLINE OF CONTENTS

REPORT OF JUNE 30, 2012 ACTUARIAL VALUATION

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--	Cover Letter
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	<i>Valuation Results, Comments and Recommendations</i>
A-1	Funding Objective and Contribution Rates
A-2/3	Contributions to Fund Benefits
A-4	Funding Progress Indicators
A-5	Funding Progress - Comparative Schedule
A-6	Development of Funding Value of Assets
A-7	Recommended and Actual Contributions - Comparative Statement
A-8	Summary Statement of System Resources and Obligations
A-9	Active Member Experience Gain (Loss)
A-10	10-Year Projection
A-11/14	Comments and Recommendations
	<i>Summary of Benefit Provisions and Valuation Data</i>
B-1/3	Summary of Benefit Provisions Evaluated or Considered
B-4/5	Summary of DROP Provisions
B-6/8	Retired Life Data
B-9	Inactive Member Data
B-10/13	Active Member Data
B-14	Asset Information
	<i>Funding Objective, Summary of Valuation Process, Methods and Assumptions</i>
C-1/2	Basic Funding Objective and Operation of the Retirement System
C-3/4	Actuarial Valuation Process
C-5	Actuarial Cost Method
C-6/10	Actuarial Assumptions
C-11	Miscellaneous and Technical Assumptions
C-12/13	Glossary
	<i>Disclosures Required by Statement No. 25 of the Governmental Accounting Standards Board</i>
D-1/2	Required Supplementary Information

March 27, 2013

The Board of Trustees
City of Jackson Employees Retirement System
Jackson, Michigan

The results of the June 30, 2012 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.

The purpose of the valuation is to measure the System's funding progress, to determine the employer contribution rate for the fiscal year ending June 30, 2012, and to determine the actuarial information for Governmental Accounting Standards Board (GASB) Statement No. 25.

The actuaries submitting this statement are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Please see the following page for additional disclosures required by the Actuarial Standards of Practice.

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 City of Jackson Employees Retirement 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.

Respectfully submitted,



David T. Kausch, FSA, EA, MAAA



Abra D. Hill, ASA, MAAA

DTK/ADH:bd

Additional Disclosures Required by Actuarial Standards of Practice

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. Due to the limited scope of the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements.

This report should not be relied on for any purpose other than the purpose described herein. Determinations of the financial results associated with the benefits described in this report in a manner other than the intended purpose may produce significantly different results.

The signing actuaries are independent of the plan sponsor.

The valuation was based upon information furnished by the City, concerning Retirement System benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal 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 City.

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Valuation Date:	June 30, 2011	June 30, 2012
Fiscal Year Ending:	June 30, 2013	June 30, 2014
Recommended Employer Contributions:		
Annual Amount	\$ 880,750	\$ 1,126,236
Percentage of Covered Payroll	9.92%	12.52%
Membership		
Number of		
Active Members [^]	171	169
Retirees and Beneficiaries	170	173
Inactive, Non-retired Members	24	22
Total	365	364
Total Pensions Being Paid	\$ 2,596,555	\$ 2,618,194
Assets		
Market Value	\$33,636,645	\$32,481,773
Actuarial Value	32,985,594	32,116,826
Return on Market Value	21.0%	2.1%
Return on Actuarial Value	1.3%	3.0%
Ratio - Actuarial Value to Market Value	98.1%	98.9%
Actuarial Information		
Normal Cost %	11.16%	11.06%
Actuarial Accrued Liability (AAL)	\$43,916,224	\$48,321,325
Unfunded Actuarial Accrued Liability (UAAL)	10,930,630	16,204,499
Funded Ratio	75.1%	66.5%
Amortization Period	30 years	30 years

[^] Includes current DROP Participants.

Highlights/Changes

The DROP is now closed to any non-DROP active members. With the closure of the DROP we recommend a funding method change to reflect known DROP elections.

There were changes in actuarial assumptions as adopted by the Board.

There were losses on assets, retirements, and salaries, offset by gains on turnover and mortality.

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, 2012. Valuations are prepared annually, as of July 1 of each year, the first day of 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. 25 (GASB No. 25), 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 a period of 30 years from the valuation date. A thirty-year period is the maximum amortization period allowed by GASB Statement No. 25 in computing the Annual Required Contribution (ARC).

Contribution Requirement

The computed employer contribution for the fiscal year ending June 30, 2014 is \$1,126,236, 12.52% of covered payroll. This compares with an employer contribution for the fiscal year ending June 30, 2013 of \$880,750, 9.92% of covered payroll.

EXECUTIVE SUMMARY

Funded Status

As of the valuation date, the Unfunded Actuarial Accrued Liability (UAAL) is \$16,204,499, and the funded ratio (the ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability) is 66.5%. At the time of last year's valuation, the UAAL was \$10,930,630, and the funded ratio was 75.1%. 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 loss of \$2,084,432. This loss includes a recognized investment loss of \$1,589,402, and liability losses of \$495,030. Liability losses include more retirements and DROP elections than expected due in part to the closure of the DROP, higher salaries than expected due in part to the elimination of mandated furloughs, offset by gains due to lower turnover than expected and gains on mortality.

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 \$364,946 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.

EXECUTIVE SUMMARY

Relationship to Market Value

If Market Value had been the basis for the valuation, the employer contribution rate would have been 12.38% of payroll and the funded ratio would have been 67.2%. This is a rough indication of the future status of the System. The last portion of the market losses from 2009 has been phased-in. See the “Looking Ahead” comment on page A-12 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. This change does not affect any members as of the date of this valuation. See the “Plan Amendments” comment on page A-11 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. The Board adopted changes to the economic and mortality assumptions based on the results of a study issued by GRS on July 19, 2012. Changes to the assumptions adopted by the Board include decreasing the assumed invest return from 8.00% to 7.50%, decreasing the assumed wage inflation from 4.25% to 3.00%, decreasing the assumed price inflation from 4.25% to 2.50%, and changing the mortality table from the UP-94 mortality tables to the RP 2000 mortality tables projected to 2017 with scale BB. The new mortality assumption contains a provision for future mortality improvement in the projection beyond the valuation date.

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. These actuarial assumptions and methods comply with the parameters for disclosure in GASB Statement No. 25.

EXECUTIVE SUMMARY

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.

With the closure of the DROP effective June 30, 2012, we recommend a change in the Actuarial Cost Method. While the DROP was open, we did not know the elections eligible members would make nor what each member's final benefit amount would be. The previous method treated all members eligible for or in the DROP as active members and modeled each individual entering the DROP at various future dates which would be consistent with the current retirement pattern and reflect the most valuable DROP election at each future date. Now that the DROP is closed, all elections and benefits are known so the need for sophisticated modeling no longer exists. The proposed method treats all DROP members as retirees for the purpose of calculating the present value of future benefits and reflects the funding of the DROP through dedicated employer contributions on the unfunded liability created by the DROP over a closed 10-year period and employer contributions on DROP members' payroll. The proposed method has been reflected in this valuation. This method affects the timing of contributions, but not the total over time amounts.

EXECUTIVE SUMMARY

Assets

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

Page B-14 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 past year's 8.00% 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 98.9% 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, 2012 on Market Value was 2.11%, while it was 3.04% on Actuarial Value. These figures differ because of the asset valuation procedure described above.

EXECUTIVE SUMMARY

GASB Statement No. 25 Disclosure

The Governmental Accounting Standards Board (GASB) Statement No. 25 governs reporting for government-sponsored retirement plans.

For the System, the ARC is defined to the sum of (a) the employer normal cost, and (b) the amount needed to amortize the DROP as a level percentage of payroll over 10 years and the remaining UAAL as a level percentage of payroll over 30 years.

GASB Accounting Standards

In June 2012, the GASB approved two new accounting standards for public sector retirement systems and governments, Statement 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. However, the new accounting standards will require a separate set of calculations and may require a separate 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, 2012 are shown on page A-2.

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

Contributions for	July 1, 2012			July 1, 2013		
	General Members	Water & Sewage Members	Total Weighted Averages	General Members	Water & Sewage Members	Total Weighted Averages
Normal Cost						
Age and Service Allowances	9.15 %	9.18 %	9.16 %	9.04 %	9.03 %	9.04 %
Disability and Survivor	1.01	1.00	1.00	0.97	0.96	0.97
Refunds of Member Contributions	<u>0.98</u>	<u>1.04</u>	<u>1.00</u>	<u>1.04</u>	<u>1.09</u>	<u>1.05</u>
Total Normal Cost	11.14	11.22	11.16	11.05	11.08	11.06
Unfunded Actuarial Accrued Liability#			7.62 %			12.51 %
Total Computed Contribution			18.78			23.57
Contribution for DROP			1.06			1.47
Contribution Excluding DROP			17.72			22.10
Total Contribution Requirement*						
Member Portion			8.86 %			11.05 %
Employer Portion*						
- DROP !			1.06			1.47
- Remaining			<u>8.86</u>			<u>11.05</u>
- Total Computed Rate			9.92 %			12.52 %
- Total Dollar Contribution !			\$ 880,750			\$ 1,126,236

Amortized over 30 years.

* The Members and Employer split the contribution requirement. The contribution requirement can be no less than 2.5% for the Members and 2.5% for the Employer.

! 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 10 years left in the amortization period.

In financing the actuarial accrued liability, the valuation assets of \$32,116,826 were distributed as shown below. Please see page A-6 for information concerning the derivation of valuation assets.

Reserves	Present Valuation Assets Applied to			Totals
	Member Actuarial Accrued Liability	Retired Life Actuarial Liability	Contingency Reserve	
Employees' Contributions	\$4,920,114			\$ 4,920,114
Employer Contributions	2,780,375	\$ 2,013,665		4,794,040
Retired Benefit Payments		22,402,672	none	22,402,672
Totals	\$7,700,489	\$24,416,337	none	\$32,116,826

Assets were applied against actuarial accrued liability in determining unfunded actuarial accrued liability as follows:

	Retired Lives	Active Members	Totals
Computed Actuarial Accrued Liability	\$24,416,337	\$23,904,988	\$48,321,325
Applied Assets	24,416,337	7,700,489	32,116,826
Unfunded Actuarial Accrued Liability	\$ none	\$16,204,499	\$16,204,499

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 6/30/98, 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 6/30/98 valuation, the accrued liability computed for funding purposes is used in place of the AAL, 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 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 - COMPARATIVE SCHEDULE
(\$ AMOUNTS IN THOUSANDS)

Valuation Date	Valuation Assets	AAL	Funded Ratio	UAAL	Member Payroll	Ratio to Payroll	Gain (Loss)
6/30/89	\$ 14,420	\$ 10,060	143.3 %	\$ (4,360)	\$ 5,826	- %	\$ (2)
6/30/90(a)	15,353	11,486	133.7	(3,867)	5,968	-	763
6/30/91(a)	16,485	12,451	132.4	(4,035)	6,190	-	657
6/30/92(a)	17,640	14,576	121.0	(3,064)	6,469	-	538
6/30/93	19,588	15,995	122.5	(3,593)	6,978	-	1,064
6/30/94(a)	20,157	18,847	107.0	(1,310)	6,285	-	(847)
6/30/95	21,270	19,578	109.0	(1,692)	6,609	-	279
6/30/96	22,960	21,016	109.0	(1,944)	7,022	-	399
6/30/97	24,810	22,781	108.9	(2,029)	7,340	-	988
6/30/98(a)	27,965	22,927	122.0	(5,038)	7,339	-	2,299
6/30/99	31,654	24,367	129.9	(7,287)	7,784	-	2,040
6/30/00	34,960	25,787	135.6	(9,173)	8,338	-	1,645
6/30/01(a)	36,120	27,705	130.4	(8,415)	8,532	-	(209)
6/30/02	35,151	29,372	119.7	(5,779)	9,257	-	(2,937)
6/30/03(a)	33,229	29,902	111.1	(3,327)	9,691	-	(3,368)
6/30/04(a)	32,919	31,417	104.8	(1,502)	9,600	-	(1,788)
6/30/05	32,395	33,016	98.1	621	9,600	6.5	(1,899)
6/30/06	31,867	35,019	91.0	3,152	10,091	31.2	(2,449)
6/30/07(a)	34,236	38,091	89.9	3,855	10,119	38.1	381
6/30/08(a)	35,618	40,907	87.1	5,289	10,295	51.4	(469)
6/30/09	34,971	42,855	81.6	7,884	10,184	77.4	(2,485)
6/30/10(a)	34,124	43,283	78.8	9,159	8,969	102.1	(1,518)
6/30/11	32,986	43,916	75.1	10,930	8,169	133.8	(1,466)
6/30/12(b)	32,117	45,448	70.7	13,331	8,479	157.2	(2,084)
6/30/12(a)	32,117	48,321	66.5	16,204	8,479	191.1	(2,084)

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

(b) Before changes in benefit provisions and/or actuarial assumptions and actuarial cost methods.

AAL - 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.

UAAL - Unfunded actuarial accrued liability.

DEVELOPMENT OF FUNDING VALUE OF RETIREMENT SYSTEM ASSETS

Year Ended June 30:	2010	2011	2012	2013	2014	2015
A. Funding Value Beginning of Year	\$34,970,792	\$34,124,162	\$32,985,594			
B. Market Value End of Year	29,220,833	33,636,645	32,481,773			
C. Market Value Beginning of Year	27,109,331	29,220,833	33,636,645			
D. Non-Investment Net Cash Flow	(1,114,851)	(1,558,300)	(1,844,436)			
E. Investment Income						
E1. Market Total: B - C - D	3,226,353	5,974,112	689,564			
E2. Amount for Immediate Recognition	2,753,069	2,667,601	2,565,070			
E3. Amount for Phased-In Recognition: E1-E2	473,284	3,306,511	(1,875,506)			
F. Phased-In Recognition of Investment Income						
F1. Current Year: 0.25 x E3	118,321	826,628	(468,877)			
F2. First Prior Year	(2,065,474)	118,321	826,628	\$(468,877)		
F3. Second Prior Year	(1,127,344)	(2,065,474)	118,321	826,628	\$(468,877)	
F4. Third Prior Year	589,649	(1,127,344)	(2,065,474)	118,321	826,627	\$(468,875)
F5. Total Recognized Investment Gain: F1 + F2 + F3 + F4	(2,484,848)	(2,247,869)	(1,589,402)	476,072	357,750	(468,875)
G. Funding Value End of Year: A + D + E2 + F5	34,124,162	32,985,594	32,116,826			
H. Difference Between Market & Funding Value	(4,903,329)	651,051	364,947			
I. Recognized Rate of Return	0.8%	1.3%	3.0%			
J. Market Rate of Return	12.2%	21.0%	2.1%			
K. Ratio of Funding Value to Market Value: G / B	116.8%	98.1%	98.9%			

The Funding 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, Funding Value of Assets will tend to be less than Market Value. During periods when investment performance is less than the assumed rate, Funding Value of Assets will tend to be greater than Market Value. The Funding 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 Funding Value will become equal to Market Value.

**RECOMMENDED AND ACTUAL CONTRIBUTIONS
COMPARATIVE STATEMENT**

Fiscal Year	Valuation Date	Dollar Contributions		% of Payroll Contributions*		Weighted Average
		Recommended	Actual	General	Water & Sewage	
84/85	6-30-83	\$ 260,997	\$260,997	5.56 %	5.90 %	5.64 %
85/86 (a)	6-30-84	188,421	188,421	3.80	4.71	4.02
86/87	6-30-85	150,464	173,539	3.05	5.14	3.56
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		9.92	9.92	9.92
13/14 (b)	6/30/12	986,943		10.71	10.71	10.71
13/14 (a)	6/30/12	1,126,236		12.52	12.52	12.52

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

(b) Before 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, 2011			June 30, 2012		
	Water &		Totals	Water &		Totals
	General	Sewage		General	Sewage	
A. Present value of System assets						
1. Net assets from financial statements	\$27,339,978	\$ 6,296,667	\$33,636,645	\$26,300,912	\$ 6,180,861	\$32,481,773
2. Reduction for contribution stabilization	0	0	0	0	0	0
3. Market value adjustment	(529,176)	(121,875)	(651,051)	(295,502)	(69,445)	(364,947)
4. Valuation assets	26,810,802	6,174,792	32,985,594	26,005,410	6,111,416	32,116,826
B. Present value of expected future employer contributions						
1. For normal costs	2,186,451	694,969	2,881,420	(2,590,406)	\$ (268,994)	(2,859,400)
2. For unfunded actuarial accrued liability	5,864,946	5,065,684	10,930,630	9,988,511	6,215,988	16,204,499
3. Total	8,051,397	5,760,653	13,812,050	7,398,105	5,946,994	13,345,099
C. Actuarial present value of expected future member contributions	3,817,272	1,205,374	5,022,646	3,620,118	1,089,205	4,709,323
D. Total	\$38,679,471	\$13,140,819	<u>\$51,820,290</u>	\$37,023,633	\$13,147,615	<u>\$50,171,248</u>

Actuarial Present Value of Expected Future Benefit Payments

	June 30, 2011			June 30, 2012		
	Water &		Totals	Water &		Totals
	General	Sewage		General	Sewage	
A. To retirants and beneficiaries	\$15,944,185	\$ 6,895,731	\$22,839,916	\$16,725,929	\$ 7,690,408	\$24,416,337
B. To vested terminated members	2,061,112	149,115	2,210,227	2,088,739	122,776	2,211,515
C. To present active members						
1. Allocated to service rendered prior to valuation date	14,670,451	4,195,630	18,866,081	12,443,566	3,574,338	16,017,904
2. Allocated to service likely to be rendered after valuation date	6,003,723	1,900,343	7,904,066	5,765,399	1,760,093	7,525,492
3. Total	20,674,174	6,095,973	26,770,147	18,208,965	5,334,431	23,543,396
D. Total	\$38,679,471	\$13,140,819	<u>\$51,820,290</u>	\$37,023,633	\$13,147,615	<u>\$50,171,248</u>

**ACTIVE MEMBER EXPERIENCE GAIN (LOSS)
YEAR ENDED JUNE 30, 2012**

	Actuarial Accrued Liability (A)	Actuarial Value of Assets (B)	Unfunded Actuarial Accrued Liability (C) = (A) - (B)
(1) Value at start of year	\$43,916,224	\$32,985,594	\$10,930,630
(2) Normal Cost from last valuation	946,270	N/A	946,270
(3) Actual Contributions	N/A	1,483,597	(1,483,597)
(4) Disbursements	(3,328,033)	(3,328,033)	-
(5) Interest Accrual [(1) + [(2)+(3)+(4)]1/2]*8%	<u>3,418,027</u>	<u>2,565,070</u>	<u>852,957</u>
(6) Expected value before changes (1)+(2)+(3)+(4)+(5)	44,952,488	33,706,228	11,246,260
(7) Increase due to plan amendment	-	-	-
(8) Increase due to method changes	244,716	-	244,716
(9) Increase due to revised assumptions	<u>2,629,091</u>	<u>-</u>	<u>2,629,091</u>
(10) Expected value after changes (6)+(7)+(8)+(9)	47,826,295	33,706,228	14,120,067
(11) Actual value at end of year	<u>48,321,325</u>	<u>32,116,826</u>	<u>16,204,499</u>
(12) Gain (loss) (10)-(11) [(11)-(10) for assets]	(495,030)	(1,589,402)	(2,084,432)

10-YEAR PROJECTION
30-YEAR OPEN AMORTIZATION PERIOD
7.50% MARKET RETURN
(ALL \$ IN MILLIONS)

Projections were excluded from this valuation due to several concurrent changes causing large distortions. These changes included:

1. Closing of the DROP.
2. Implementing a new tier of benefits.

COMMENTS AND RECOMMENDATIONS

COMMENT 1:

PLAN EXPERIENCE: Actuarial experience was less favorable than expected for the year ended June 30, 2012 as indicated by the experience loss shown on page A-9. The loss was primarily attributable to unfavorable investment return (please refer to page C-7) on a funding value basis. Liability experience was on target in aggregate, with gains due to lower than expected salary increases and retiree mortality.

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. This change does not affect any members as of the date of this valuation.

For purposes of applying a separate contribution rate to members hired on or after July 1, 2012 consistent with current ordinance, we recommend a member contribution rate equal to half of the normal cost plus half of the amortization of the unfunded actuarial accrued liability (UAAL) not attributed to the DROP. The total normal cost for new hires is estimated to be 7.80% of payroll and the total amortization of the UAAL not attributed to the DROP is currently 11.04% of payroll. Thus for the fiscal year ending June 30, 2014, the recommended member contribution rate for members in the new tier is 9.42% of payroll (half of 7.80% plus half of 11.04%).

COMMENT 3:

ALTERNATE COST SHARING ARRANGEMENT: Under the current ordinance member contributions are set equal to half of the normal cost plus half of the amortization of the UAAL with a minimum member contribution of 2.5% of payroll (with the exception that the City funds the impact of the DROP). The City may wish to consider an alternate cost sharing arrangement adding a member contribution cap equal to the normal cost. For the fiscal year ending June 30, 2014, the recommended member contribution for members hired prior to July 1, 2012 is 11.05% of pay, 0.01% of pay less than the normal cost rate of 11.06% for the group. For the fiscal year ending June 30, 2014, the

COMMENTS AND RECOMMENDATIONS

recommended member contribution for members hired on or after July 1, 2012 is 9.42% of pay, 1.62% of pay more than the normal cost rate of 7.80% for the group. Under the proposed alternate cost sharing arrangement the recommended member contribution would remain at 11.05% of payroll for members hired prior to July 1, 2012 and would decrease to 7.80% of payroll for members hired on or after July 1, 2012. The decrease in the member contributions for members hired on or after July 1, 2012 will be offset by an equal increase in employer contributions.

COMMENT 4:

ALTERNATE DROP LIABILITY AMORTIZATION: Currently the UAAL attributable to the DROP plan is amortized over a closed 15-year period beginning with the June 30, 2008 valuation. There are 10 years left in the DROP amortization. The City may wish to consider a 30-year open period, which is the same period used for the remainder of the plan UAAL. Using the 30-year open amortization decreases the employer contribution by 0.76% of pay, or \$68,366. The recommended employer contribution using this methodology is 11.76% of pay, or \$1,057,870 for the fiscal year beginning July 1, 2013. This methodology change has no effect on the member contributions.

COMMENT 5:

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. Changes to the assumptions going forward from the previous valuation include decreasing the assumed invest return from 8.00% to 7.50%, decreasing the assumed wage inflation from 4.25% to 3.00%, decreasing the assumed price inflation from 4.25% to 2.50%, and adjustments to the assumed mortality rates.

COMMENTS AND RECOMMENDATIONS

Principal results before and after the changes are shown below:

	Prior Method & Assumptions	Current Method & Prior Assumptions	Current Method & Assumptions	Total Change
Actuarial Accrued Liability	\$ 45,447,518	\$ 45,692,234	\$ 48,321,325	\$ 2,873,807
Actuarial Valuation of Assets	32,116,826	32,116,826	32,116,826	-
Unfunded Actuarial Liability	\$ 13,330,692	\$ 13,575,408	\$ 16,204,499	\$ 2,873,807
Funded Ratio	70.67 %	70.29 %	66.47 %	(4.20)%
Employer Contribution Rate*	10.71 %	10.93 %	12.52 %	1.81 %
Annual Required Contribution	\$ 986,943	\$ 1,007,217	\$ 1,126,236	\$ 139,293

* Expressed as percent of active member payroll

COMMENT 6:

LOOKING AHEAD: The Actuarial Value of Assets is 98.9% of the Market Value of Assets as of June 30, 2012. In general, when the actuarial value and market value are the same, there should be stability in the contribution rates in the short term. 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.

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 (currently about 4.00%). 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 \$16,204,499. The related amortization period of this amount is 30 years. The cost of the DROP is amortized over 10 years.

RESERVE TRANSFERS: The June 30, 2012 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
\$1,052,352	\$ 961,313

The above transfer amounts were based on retirement activity by division and were assumed to have been made as of June 30, 2012 for purposes of this valuation.

SECTION B

SUMMARY OF BENEFIT PROVISIONS AND VALUATION DATA

SUMMARY OF BENEFIT PROVISIONS EVALUATED OR CONSIDERED (JUNE 30, 2012)

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 - 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.

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)

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 - Computed as a service retirement but based on service, FAC and plan provisions at the time of DROP election. Monthly pension benefits and annuity withdrawal (if chosen) account value at DROP date accumulate in a board-approved defined contribution retirement plan account managed by a board-approved independent investment company.

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, 2012)

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, 2012)**

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.

SUMMARY OF DROP PROVISIONS

Effective Date

July 1, 2008 through June 30, 2012.

Eligibility

A member of the City of Jackson Employees Retirement System who has satisfied the minimum requirements for a normal service retirement. This eligibility is currently 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.

Election of DROP

A member satisfying DROP eligibility conditions would be permitted to either:

- 1) Retire; or
- 2) Continue working and retire at a future date with a pension based on credited service and final average compensation (FAC) at date of termination of employment; or
- 3) Irrevocably elect to participate in the DROP and retire at a date no more than 3 years in the future with a pension based on FAC and service at date of election to participate in the DROP.

DROP Credits

The account of a participating member is credited with:

- The pension payments the member would have been paid if the member had retired on the date of DROP election, and
- The annuity withdrawal funds, if annuity withdrawal option is chosen.

Retirement from DROP

Upon termination of employment the frozen monthly pension begins. The form of payment will be based on the member's election at the time of the DROP election.

SUMMARY OF DROP PROVISIONS (CONCLUDED)

Death during DROP Participation

Benefits payable to a member's beneficiary if death occurs during the DROP participation period will be computed in the same manner as if the member had separated from service the day before the participant's date of death.

Disability during DROP Participation

Benefits payable to a member if disability occurs during the DROP participation period will be computed in the same manner as if the member had retired and terminated employment when the person commenced participation in the DROP.

Covered Payroll

The payroll of DROP participants will be included in the covered compensation upon which regular City contributions are based. However, member contributions will cease upon election of DROP.

RETIRANTS AND BENEFICIARIES COMPARATIVE SCHEDULE

Year Ended June 30	Added to Rolls		Removed from Rolls		Rolls End of Year		Active Per Retired	Average Allowances	Discounted Value of Allowances	
	No.	Annual Allowances	No.	Annual Allowances	No.	Annual Allowances			Total	Average
1987	12	\$ 75,119	4	\$ 21,551	135	\$ 545,385	1.7	\$ 4,040	\$ 4,575,365	\$ 33,892
1988	4	15,721	7	15,490	132	545,616	1.9	4,133	4,466,775	33,839
1989	8	64,390	6	26,587	134	583,419	1.9	4,354	4,782,315	35,689
1990	6	43,249	7	29,220	133	597,448	1.9	4,492	4,825,459	36,282
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

* Reflects retirements due to Early Retirement Window provision.

RETIRANTS AND BENEFICIARIES JUNE 30, 2012
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 retiree	59	\$ 871,587
Option I allowance - cash refund annuity plus pension terminating at death of retiree	3	60,060
Option II allowance - joint and survivor benefit	33	469,140
Option III allowance - modified joint and survivor benefit	52	977,370
Allowance to survivor beneficiary of deceased retiree	<u>15</u>	<u>116,672</u>
Total age and service allowances	162	\$2,494,829
Casualty Allowances		
Disability		
Regular	2	\$ 24,131
Option I	1	6,234
Option II	3	44,643
Option III	2	19,759
Disability allowance		
Survivor beneficiary	0	0
Allowance to survivor beneficiary of deceased member	<u>3</u>	<u>28,598</u>
Total casualty allowances	<u>11</u>	<u>123,365</u>
Total Allowances Being Paid	173	\$2,618,194

RETIRANTS AND BENEFICIARIES JUNE 30, 2012
TABULATED BY ATTAINED AGE

Attained Age	Age & Service		Casualty		Totals	
	No.	Annual Allowances	No.	Annual Allowances	No.	Annual Allowances
40 - 44			1	\$ 12,498	1	\$ 12,498
45 - 49			1	14,906	1	14,906
50 - 54	2	\$ 52,650	1	9,392	3	62,042
55 - 59	10	278,546	3	45,454	13	324,000
60 - 64	29	640,999	1	12,914	30	653,913
65 - 69	37	655,221	1	6,233	38	661,454
70 - 74	24	273,971	1	5,868	25	279,839
75 - 79	24	289,026			24	289,026
80	5	68,271			5	68,271
81	4	31,154			4	31,154
82	3	27,225			3	27,225
83	4	23,094			4	23,094
84	3	21,522			3	21,522
85	5	47,977			5	47,977
86	2	8,235			2	8,235
87	2	9,152	1	4,711	3	13,863
88	2	14,203			2	14,203
91	2	15,655			2	15,655
92	1	3,823			1	3,823
95	1	12,226	1	11,389	2	23,615
99	1	10,305			1	10,305
Over 100	1	11,574			1	11,574
Totals	162	\$ 2,494,829	11	\$ 123,365	173	\$ 2,618,194

**INACTIVE MEMBERS JUNE 30, 2012
TABULATED BY ATTAINED AGE**

Included in the valuation were 22 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
31	1	\$ 9,490
39	1	14,068
41	1	12,121
43	1	20,905
49	3	34,256
50	2	13,906
51	3	61,617
55	2	39,908
56	2	27,998
57	2	33,703
58	1	20,073
59	2	32,565
65	1	610
Totals	22	\$321,220

Average Age at Deferment: 45.4 years

Average Age Now: 51.9 years

ACTIVE MEMBERS JUNE 30, 2012
TABULATED BY VALUATION DIVISIONS

<u>Valuation Divisions</u>	<u>No.</u>	<u>Annual Payroll</u>
General members	127	\$6,360,338
Water and Sewage members	42	2,118,780
Total Active members*	169	\$8,479,118

* Nineteen DROP participants are 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								Active Members End of Year
			Normal Retirement		Disability Retirement		Died-in-Service		Other Withdrawal		
			A	E	A	E	A	E	A	E	
1998	26	27	4 *	2.0	2	0.8	1	0.7	20	9.7	219
1999	24	19	7	3.0	1	0.5	0	0.3	11	14.3	224
2000	22	22	3	1.7	1	0.5	0	0.3	18	16.1	224
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
15 yr total	197	248	94	50.7	9	8.6	3	5.9	142	158.6	

* Early Retirement Window provision in effect.

A Represents actual number.

E Represents expected number.

^ DROP participants are included in the Active demographic data.

COMPARATIVE SCHEDULE

Valuation Date June 30	Active Members			Valuation Payroll	Average		
	Gen.	Water & Sewage	Totals		Age	Service	Pay
1978	238	51	289	\$ 4,055,323	39.7 yrs.	7.5 yrs.	\$ 14,032
1979	212	52	264	4,004,099	40.5	7.9	15,167
1980	217	54	271	4,451,749	40.2	7.9	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

* DROP participants are included in the Active demographic data.

**GENERAL ACTIVE MEMBERS AS OF JUNE 30, 2012
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
20-24	1							1	\$ 27,336
25-29	2							2	65,607
30-34	7		1					8	311,478
35-39	4	5	7	1				17	788,725
40-44	5	6	4		1			16	864,072
45-49	2	3	6	4	5	6		26	1,353,929
50-54		7	7	2	2	3	1	22	1,059,678
55-59	2	1	3	4	3	5	1	19	1,129,492
60		1	2	1		2		6	277,213
61			2			4		6	344,309
62						1		1	22,895
63		1						1	41,518
64	1					1		2	74,086
Totals	24	24	32	12	11	22	2	127	\$6,360,338

While not used in the financial computations, the following group averages are computed and shown because of their general interest. Thirteen active DROP participants are included with the active demographic data. The DROP participant's annual benefits are \$415,198 in total.

Age: 47.7 years

Service: 13.9 years

Annual Pay: \$50,081

**WATER AND SEWAGE ACTIVE MEMBERS AS OF JUNE 30, 2012
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
20-24									
25-29	2	1						3	\$ 114,819
30-34	1	1	1					3	123,514
35-39	1							1	38,467
40-44	1		1	1	1			4	183,532
45-49	5	1		3	2			11	646,948
50-54		1	2	2		1		6	300,339
55-59			1		3			4	218,454
60	2		1		2			5	233,531
61				1				1	47,669
62			2		1			3	172,328
63									
64	1							1	39,179
Totals	13	4	8	7	9	1	0	42	\$2,118,780

While not used in the financial computations, the following group averages are computed and shown because of their general interest. Six active DROP participants are included with the active demographic data. The DROP participant's annual benefits are \$90,864 in total.

Age: 49.1 years
Service: 12.1 years
Annual Pay: \$50,447

**ASSET INFORMATION
SUBMITTED FOR VALUATION**

Reported Assets - Market Value	Reserve for		
Cash & Equivalents	\$ 695,304	Employees' Contributions	
Receivables & Accruals	243,265	General	\$ 3,936,218
Stocks	17,318,039	Water & Sewage	983,896
Bonds	9,687,829	Total Employee Contributions	4,920,114
International Securities	4,584,269		
Accounts Payable	(46,933)	Employer Contributions	
Total Current Assets	\$32,481,773	General	6,691,117
		Water & Sewage	(1,532,130)
		Total Employer Contributions	5,158,987
		Retired Benefit Payments	22,402,672
		Undistributed Investment Income	none
		Total Reserve Accounts	\$32,481,773

REVENUES AND EXPENDITURES

	Net Available for Pension	Contribution Stabilization Reserve*	Total System
Balance - July 1, 2011	\$33,636,645	\$0	\$33,636,645
Revenues			
Employees' Contributions	665,849	0	665,849
Employer Contributions	817,748	0	817,748
Investment Income	876,678	0	876,678
Expenditures			
Benefit Payments	3,222,617		3,222,617
Refund of Member Contributions	105,416		105,416
Expenses	187,114		187,114
Balance - June 30, 2012	\$32,481,773	\$0	\$32,481,773

**Beginning with the 2013 valuation, the Contribution Stabilization Reserve will not be shown.*

These amounts do not reflect the funding value adjustment of (\$364,947). 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:

$$B = C + I - E$$

Benefit payments to any group of members and their beneficiaries cannot exceed the sum of:

Contributions received on behalf of the group

. . . plus . . .

Interest 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 investment return rate used for valuation calculations was 7.5% net of expenses, compounded annually. This rate is not the assumed real rate of return (return in excess of inflation) on Retirement System assets. The assumed real rate of return is approximately 5.0% a year.

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				
	2012	2011	2010	2009	2008
Nominal rate	3.0 %	1.3 %	0.8 %	0.1 %	5.6 %
Inflation rate	1.7	3.6	1.1	(1.4)	5.0
Real rate	1.3	(2.3)	(0.3)	1.5	0.6

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.

Sample Ages	Annual Rate of Salary Increase for 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

The salary increase assumptions will produce 3.00% annual increases in active member payroll (the base rate) given a constant active member group size. This is the same payroll growth assumption used to amortize unfunded actuarial accrued liability.

Changes actually experienced in average pay and total payroll have been as follows:

	Year Ending					5 Year Average
	2012	2011	2010	2009	2008	
Average pay	5.0%	(3.1)%	(1.8)%	3.3%	2.2%	1.1%
Total payroll	3.8%	(8.9)%	(11.9)%	(1.1)%	1.7%	(3.3)%

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 Ages	Value of		Future Life	
	\$1 Monthly for Life		Expectancy (Years)	
	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:

<u>Retirement Ages</u>	<u>Percent Retiring</u>
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.

<u>Basis</u>	<u>% of Active Members Separating within Next Year</u>
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.
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. New entrant normal cost contributions are applied to the funding of new entrant benefits.
DROP Members:	Beginning with the June 30, 2012 valuation, members participating in the DROP are valued as having retired. Employer contributions are assumed to continue to be based on DROP and non-DROP payroll.
Other Liability Adjustments:	None.

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. 25 OF THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD

This information is presented in draft form for review by the System's auditor. Please let us know if there are any items that the auditor changes so that we may maintain consistency with the System's financial statements.

GASB STATEMENT NO. 25 REQUIRED SUPPLEMENTARY INFORMATION

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	June 30, 2012
Actuarial Cost Method	Entry-Age
Amortization Method	Level percent
DROP amortization period	10 years closed
Remaining UAAL amortization period	30 years open
Asset valuation method	4 year smoothed market
Actuarial assumption:	
Investment rate of return	7.50%
Projected salary increases	3.00% - 7.00%
Includes inflation at	3.00%
Cost-of-living adjustments	none

Membership of the plan consisted of the following at June 30, 2012, the date of the latest actuarial valuation:

Retirees and Beneficiaries receiving benefits	173
Terminated plan members entitled to but not yet receiving benefits	22
Active plan members	<u>169</u>
Total	364

GASB STATEMENT NO. 25
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress

Actuarial Valuation Date June 30	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry-Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
2004	\$32,918,856	\$31,416,866	\$ (1,501,990)	104.8%	\$ 9,599,830	(15.6)%
2005	32,394,793	33,015,690	620,897	98.1%	9,599,573	6.5%
2006	31,867,085	35,019,132	3,152,047	91.0%	10,090,797	31.2%
2007	34,235,883	38,091,410	3,855,527	89.9%	10,119,228	38.1%
2008	35,618,029	40,906,566	5,288,537	87.1%	10,295,133	51.4%
2009	34,970,792	42,854,575	7,883,783	81.6%	10,183,663	77.4%
2010	34,124,162	43,283,357	9,159,195	78.8%	8,968,814	102.1%
2011	32,985,594	43,916,224	10,930,630	75.1%	8,169,376	133.8%
2012	32,116,826	45,447,518	13,330,692	70.7%	8,479,118	157.2%
2012*	32,116,826	48,321,325	16,204,499	66.5%	8,479,118	191.1%

* After changes in actuarial methods and assumptions.

Schedule of Employer Contributions

Fiscal Year Ended June 30	Contribution Rates as Percents of Valuation Payroll	Computed Dollar Contribution Based on Projected Payroll	Actual Annual Contributions
2005	3.93%	\$413,924	\$388,706
2006	5.60%	584,257	572,520
2007	6.92%	721,955	722,422
2008	7.59%	832,376	803,042
2009!	7.65%	841,320	793,649
2010	7.72%	863,777	750,439
2011	8.54%	945,179	786,824
2012	9.21%	861,134	817,748
2013	9.92%	880,750	
2014*	12.52%	1,126,236	

! Revised after the June 30, 2007 valuation to reflect the adoption of the DROP.

* After changes in actuarial methods and assumptions.

March 27, 2013

Ms. Sandy Sykes
City of Jackson Employees
Retirement System
161 West Michigan Avenue
Jackson, Michigan 49201-1324

Dear Ms. Sykes:

Enclosed are 12 copies of the Sixty-Seventh Annual Actuarial Valuation report of the City of Jackson Employees Retirement System.

Sincerely,

A handwritten signature in black ink that reads "David T. Kausch". The signature is written in a cursive style with a large initial 'D'.

David T. Kausch

DK:bd
Enclosures

cc: The Rehman Group (+1 report copy)
Attn: Mr. Mark Ketner

**CITY OF JACKSON ACT 345 POLICEMEN AND FIREMEN
RETIREMENT SYSTEM**

**38TH ACTUARIAL VALUATION REPORT
AS OF JUNE 30, 2012**

OUTLINE OF CONTENTS

REPORT OF JUNE 30, 2012 ACTUARIAL VALUATION

Pages	Items
--	Cover Letter
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	<i>Valuation Results, Comments, Comparative Information</i>
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 - Comparative Schedule
A-6	Experience Gain (Loss)
A-7	Development of Funding Value of Retirement System Assets
A-8	Valuation Results, Comparative Schedule
A-9	Summary Statement of System Resources and Obligations
A-10	10-Year Projection
A-11	Comments
	<i>Summary of Benefit Provisions and Valuation Data</i>
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B-8	Asset Information Submitted for Valuation
	<i>Funding Objective, Summary of Valuation Process, Methods and Assumptions</i>
C-1/2	Basic Funding Objective and Operation of the Retirement System
C-3/4	Actuarial Valuation Process
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C-12	Miscellaneous and Technical Assumptions
C-13/14	Glossary
	<i>Disclosures Required by Statement No. 25 of the Governmental Accounting Standards Board</i>
D-1/2	Required Supplementary Information

March 27, 2013

Ms. Sandy Sykes
Pension Coordinator
City of Jackson
161 W. Michigan Avenue
Jackson, MI 49201-1303


Re: City of Jackson Act 345 Policemen and Firemen Retirement System Proposals

Dear Ms. Sykes:

Enclosed is a supplemental actuarial valuation to measure the financial effect of proposed funding method changes for the City of Jackson Act 345 Policemen and Firemen Retirement System.

If you have any questions regarding our calculations, please contact us.

Sincerely,



David T. Kausch, FSA, EA, MAAA



Abra D. Hill, ASA, MAAA

DTK/ADH:ah
Enclosures

**CITY OF JACKSON ACT 345 POLICEMEN AND FIREMEN RETIREMENT SYSTEM
SUPPLEMENTAL ACTUARIAL VALUATION
AS OF JUNE 30, 2012**

SUBMITTED TO: The Retirement System Board

DATE: March 27, 2013

SUBMITTED BY: David T. Kausch, FSA, EA, MAAA
Gabriel, Roeder, Smith & Company

Abra D. Hill, ASA, MAAA
Gabriel, Roeder, Smith & Company

This report contains the results of a supplemental actuarial valuation, requested by the City of Jackson Act 345 Policemen and Firemen Retirement System Board to measure the financial effect of proposed funding method changes. The actuaries issuing this report are independent of the plan sponsor, are Members of the American Academy of Actuaries, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

The date of this valuation was June 30, 2012. Supplemental valuations do not predict the result of future actuarial valuations. (Future activities can affect future valuation results in an unpredictable manner.) Rather, supplemental valuations give an indication of the probable effect of **the method changes** on future valuations without comment on the complete end result of the future valuations.

The valuation was based on actuarial data submitted for the June 30, 2012 annual actuarial valuation and actuarial methods as of June 30, 2012. Valuation assumptions are based on the June 30, 2012 valuation. In particular:

- The assumed rate of interest was 7.75%.
- The assumed rate of wage inflation was 4.25%.
- The valuation method was the entry age actuarial cost method.

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.

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.

**CITY OF JACKSON ACT 345 POLICEMEN AND FIREMEN RETIREMENT SYSTEM
SUPPLEMENTAL ACTUARIAL VALUATION
AS OF JUNE 30, 2012**

Present Funding Method

Unfunded Actuarial Accrued Liabilities will be amortized as a level percent of payroll over a 15 year open period for both active and retired liabilities.

Proposed Funding Method

Unfunded Actuarial Accrued Liabilities will be amortized as a level percent of payroll over a 20 year open period for active liabilities and over a 15 year closed period for retired liabilities.

Actuarial Statement

The effect of the proposed change to the amortization period for the fiscal year beginning July 1, 2013 would be as follows:

Contributions for Fiscal Year Ending	Present Method June 30, 2014	Proposed Method June 30, 2014
Normal Cost		
Age & service	17.14 %	17.14 %
Casualty	2.11	2.11
Refunds	1.00	1.00
Total	20.25	20.25
Member contributions	10.82	10.82
Employer Normal Cost	9.43	9.43
Unfunded Actuarial Accrued Liability		
Retirants and beneficiaries	29.22	29.22
Active members	27.58	22.29
Total	56.80	51.51
Computed Employer Rate	66.23 %	60.94 %
Employer Dollar Contribution	\$3,273,947	\$3,012,344

**CITY OF JACKSON ACT 345 POLICEMEN AND FIREMEN RETIREMENT SYSTEM
SUPPLEMENTAL ACTUARIAL VALUATION
AS OF JUNE 30, 2012**

Actuarial Statement (Concluded)

The proposed financing arrangement is a reduction in contributions from the current funding policy. Any reduction in contributions to an underfunded plan should be monitored closely to avoid adverse effects on the System.

RECERTIFICATION: This supplemental report recertifies the Annual Required Contribution for the fiscal years ending June 30, 2014, subject to Board approval.

The revised Annual Required Contribution for the fiscal year ending June 30, 2014 is 60.94% of payroll and projected to be \$3,012,344 with an amortization period of 20 years for active and 15 years for retiree unfunded liabilities, superseding the amount as determined by the June 30, 2012 valuation (issued February 14, 2013).

The amortization period for future valuations will be an open 20-year period for active and a closed 14-year period for retiree unfunded actuarial accrued liability beginning with the June 30, 2013 valuation which will determine the Annual Required Contribution for the fiscal year ending June 30, 2015.

Comments

Comment 1 — No statement in this report is intended to be interpreted as a recommendation in favor of this change. This plan is underfunded with a funded ratio of 49.3% as of June 30, 2013. Any reduction in contributions to an underfunded plan should be monitored closely to avoid adverse effects on the System.

Comment 2 – The calculations are based upon assumptions regarding future events, which may or may not materialize. It is important to note that a projection is not a prediction of future events, rather it represents the expected outcome of the actuarial model. Actual experience over time will differ.

February 14, 2013

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

The results of the June 30, 2012 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.

The purpose of the valuation is to measure the System's funding progress, to determine the employer contribution rate for the fiscal year ending June 30, 2012, and to determine the actuarial information for Governmental Accounting Standards Board (GASB) Statement No. 25 and No. 27.

The actuaries submitting this statement are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Please see the following page for additional disclosures required by the Actuarial Standards of Practice.

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 City of Jackson Act 345 Policemen and Firemen Retirement 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.

Respectfully submitted,



David T. Kausch, FSA, EA, MAAA



Abra D. Hill, ASA, MAAA

DTK/ADH:sc

Additional Disclosures Required by Actuarial Standards of Practice

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. Due to the limited scope of the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements.

This report should not be relied on for any purpose other than the purpose described herein. Determinations of the financial results associated with the benefits described in this report in a manner other than the intended purpose may produce significantly different results.

The signing actuaries are independent of the plan sponsor.

The valuation was based upon information furnished by the City, concerning Retirement System benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal 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 City.

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY (\$ IN MILLIONS)

Valuation Date	June 30, 2011	June 30, 2012
Fiscal Year Ending	June 30, 2013	June 30, 2014
Recommended Employer Contributions		
Annual Amount	\$ 2,870,342	\$ 3,273,947
Percentage of Covered Payroll	57.05%	66.23%
Membership		
Number of		
Active Members	70	62
Retirees and Beneficiaries	158	163
Inactive, Non-retired Members	5	6
Total	233	231
Total Pensions Being Paid	\$ 3,942,527	\$ 4,187,834
Assets		
Market Value	\$34,626,948	\$31,188,191
Actuarial Value	33,801,498	32,257,445
Return on Market Value	24.0%	(5.4%)
Return on Actuarial Value	0.7%	0.2%
Ratio - Actuarial Value to Market Value	97.6%	103.4%
Actuarial Information		
Normal Cost %	20.20%	20.25%
Actuarial Accrued Liability (AAL)	62,431,199	65,436,998
Unfunded Actuarial Accrued Liability (UAAL)	28,629,701	33,179,553
Funded Ratio	54.1%	49.3%
Amortization Period	15 years	15 years

Highlights/Changes

The contribution as a dollar amount increased over the prior year. The increase was largely due to recognized investment losses and greater than expected increases in active member salaries.

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, 2012. 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 information in connection with the Governmental Accounting Standards Board Statement No. 25 (GASB No. 25), and it 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 is set at 12.99% of pay for firefighters, 11.24% for police officers, and 10.95% for police command, while 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 period of 15 years.

EXECUTIVE SUMMARY

Contribution Requirement

The computed employer contribution for the fiscal year ending June 30, 2013 is \$3,273,947, or 66.23% of projected covered payroll.

Funded Status

As of the valuation date, the Unfunded Actuarial Accrued Liability (UAAL) was \$33,179,553, and the funded ratio (the ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability) was 49.3%. At the time of last year's valuation, the UAAL was \$28,629,701, and the funded ratio was 54.1%. 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.

We have included a 10-year projection of principle valuation results on page A-10.

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) 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, a member contribution rate of 4.75% of pay, overtime shall be excluded from final average compensation, the duty disability pension is 66-2/3% of final average compensation to age 55, and the non-duty disability pension is the same formula as service retirement payable to age 55.

For purposes of this valuation, the hybrid plan was not reflected. A complete list of plan provisions included in the 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 experience study reviewing assumptions was for the five-year period ending June 30, 2006.

We believe the assumptions are internally consistent based on the actual experience of the City of Jackson Act 345 Policemen and Firemen Retirement System. These actuarial assumptions and methods comply with the parameters for disclosure in GASB Statement No. 25. We recommend periodic review of assumptions. For a system this size, a full experience study may not be necessary, however, certain key assumptions may warrant review, such as rate of salary growth, the expected long-term rate of return on assets, mortality rates and the load for annuity withdrawals.

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 City of Jackson Act 345 Policemen and Firemen Retirement System 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 is determined using the 7.75% 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 administrative expenses.

The Actuarial Value is currently 103.4% 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 11/12 on Market Value was (5.38)%, while it was 0.23% on Actuarial Value. The primary reason these figures differ is due to large investment losses experienced during the previous fiscal year.

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 Market will not change the Actuarial Value of Assets, as it is already between 80% and 120%.

EXECUTIVE SUMMARY

Member Data

Among the retired members there were six new retirees, and one death bringing the total for this valuation to 163. Active membership had three new members, six members retire, one member retire to deferred status, and four members withdraw, leaving a total of 62. The five previously deferred members remained deferred, bringing the total to six members.

GASB Statement No. 25 Disclosure

The Governmental Accounting Standards Board (GASB) Statement No. 25 governs reporting for government-sponsored retirement plans.

For the City of Jackson Act 345, the ARC is defined as the sum of (a) the employer normal cost, and (b) the amount needed to amortize the UAAL as a level percentage of payroll over 15 years.

GASB Accounting Standards

In June 2012, the GASB approved two new accounting standards for public sector retirement systems and governments, Statements Nos. 67 and 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. However, the new accounting standards will require a separate set of calculations and may require a separate 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, 2013 are shown on page A-2.

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

<u>Contributions for</u>	<u>2012</u>	<u>2013</u>
Normal Cost		
Age & service	17.09 %	17.14 %
Casualty	2.12	2.11
Refunds	0.99	1.00
Total	20.20	20.25
Member contributions	10.78	10.82
Employer Normal Cost	9.42	9.43
Unfunded Actuarial Accrued Liability*		
Retirants and beneficiaries	22.35	29.22
Active members	25.28	27.58
Total	47.63	56.80
Computed Employer Rate	57.05 %	66.23 %
Employer Dollar Contribution	\$2,870,342	\$3,273,947

* Amortized as a level percent-of-payroll over a period of 15 years for retirants, beneficiaries, and active members.

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 \$4,548,146. Applying the computed employer contribution rate of 66.23% to this payroll and adjusting for the time lag between June 30, 2012 and the assumed contribution date produces a recommended employer contribution of \$3,273,947 for FY 13/14.

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 \$2,843,528.

In financing the actuarial accrued liability, the valuation assets of \$32,257,445 were distributed as shown below. Please see page A-7 for information concerning the derivation of valuation assets.

Reserves for	Present Valuation Assets Applied to			Totals
	Member Actuarial Accrued Liability	Retired Life Actuarial Liability	Contingency Reserve	
Employees' Contributions	\$6,359,371			\$ 6,359,371
Employer Contributions		\$44,495,303		44,495,303
Retired Benefit Payments		(18,597,229)		(18,597,229)
Totals	\$6,359,371	\$25,898,074	none	\$32,257,445

Assets were applied against actuarial accrued liability in determining unfunded actuarial accrued liability as follows:

	Retired Lives	Active Members	Total
Computed Actuarial Accrued Liability	\$42,966,261	\$22,470,737	\$65,436,998
Applied Assets	25,898,074	6,359,371	32,257,445
Unfunded Actuarial Accrued Liability	\$17,068,187	\$16,111,366	\$33,179,553

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 - COMPARATIVE SCHEDULE
(\$ AMOUNTS IN THOUSANDS)

Valuation	Valuation		Funded		Member	Ratio to	Gain
Date	Assets	AAL	Ratio	UAAL	Payroll	Payroll	(Loss)
June 30							
1988	\$ 6,165	\$ 16,097	38.3 %	\$ 9,932	\$2,381	417.1 %	\$ (719)
1989	6,724	19,391	34.7	12,668	2,660	476.3	(2,473)
1990 (b)	7,794	26,223	29.7	18,429	3,801	484.8	(2,341)
1991 (a)	8,335	27,727	30.1	19,392	4,049	478.9	(127)
1992	9,670	29,800	32.4	20,130	4,299	468.3	(329)
1993	10,424	31,447	33.1	21,023	4,502	466.9	(502)
1994 (a)	11,429	33,668	33.9	22,239	4,778	465.4	(1,084)
1995	13,099	35,642	36.8	22,543	5,119	440.4	(87)
1996	15,137	37,030	40.9	21,893	5,381	406.9	810
1997	17,657	38,022	46.4	20,365	5,498	370.4	1,566
1998 (a)	21,277	39,553	53.8	18,276	5,697	320.8	2,062
1999	24,372	40,911	59.6	16,539	5,598	295.5	1,359
2000	27,748	42,660	65.0	14,912	5,773	258.3	1,336
2001	29,555	44,126	67.0	14,571	5,942	245.2	24
2002 (a)	28,906	45,681	63.3	16,775	6,071	276.3	(2,313)
2003 (a)	27,837	47,131	59.1	19,294	6,213	310.5	(2,486)
2004 (a)	27,218	49,060	55.5	21,842	6,138	355.8	(2,386)
2005 (a)	27,761	51,434	54.0	23,673	6,321	374.5	(806)
2006	29,893	53,569	55.8	23,676	6,598	358.8	(72)
2007 (a)	33,250	56,554	58.8	23,304	6,421	362.9	812
2008 (a)	36,003	59,228	60.8	23,225	6,655	349.0	(904)
2009 (a)	35,907	61,905	58.0	25,998	6,767	384.2	(3,750)
2010 (a)	35,632	62,211	57.3	26,579	6,236	426.2	(2,267)
2011	33,801	62,431	54.1	28,630	4,630	618.4	(2,272)
2012	32,257	65,437	49.3	33,180	4,548	729.6	(4,929)

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

(b) Includes transfers from Old Plan through March, 1991.

AAL - 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.

UAAL - Unfunded actuarial accrued liability.

EXPERIENCE GAIN (LOSS)
JUNE 30, 2012

	Actuarial Accrued Liability (A)	Actuarial Value of Assets (B)	Unfunded Actuarial Accrued Liability (C) = (A) - (B)
(1) Value at start of year	\$ 62,431,199	\$ 33,801,498	\$ 28,629,701
(2) Normal Cost from last valuation	935,166	N/A	935,166
(3) Actual Contributions	N/A	3,436,079	(3,436,079)
(4) Disbursements	(5,056,504)	(5,056,504)	-
(5) Interest Accrual	4,678,716	2,556,825	2,121,891
(6) Expected value before changes	62,988,578	34,737,898	28,250,680
(7) Increase due to plan amendment	-	-	-
(8) Increase due to revised assumptions	-	-	-
(9) Expected value after changes	62,988,578	34,737,898	28,250,680
(10) Actual value at end of year	65,436,998	32,257,445	33,179,553
(11) Gain (loss)	\$(2,448,420)	\$(2,480,453)	\$(4,928,873)

DEVELOPMENT OF FUNDING VALUE OF RETIREMENT SYSTEM ASSETS

Year Ended June 30:	2010	2011	2012	2012	2013	2014
A. Funding Value Beginning of Year	\$35,907,494	\$35,632,432	\$33,801,498			
B. Market Value End of Year	29,785,874	34,626,948	31,188,191			
C. Market Value Beginning of Year	26,718,964	29,785,874	34,626,948			
D. Non-Investment Net Cash Flow	(127,921)	(2,056,508)	(1,620,425)			
D1. Projected Rate of Return	7.75%	7.75%	7.75%			
E. Investment Income						
E1. Market Total: B – C – D	3,194,831	6,897,582	(1,818,332)			
E2. Amount for Immediate Recognition						
D1 * (A + D / 2)	2,777,874	2,681,824	2,556,825			
E3. Amount for Phased-In Recognition: E1-E2	416,957	4,215,758	(4,375,157)			
F. Phased-In Recognition of Investment Income						
F1. Current Year: 0.25 x E3	104,239	1,053,940	(1,093,789)			
F2. First Prior Year	(2,544,842)	104,239	1,053,940	\$ (1,093,789)		
F3. Second Prior Year	(1,069,588)	(2,544,842)	104,239	1,053,940	\$ (1,093,789)	
F4. Third Prior Year	585,176	(1,069,587)	(2,544,843)	104,240	1,053,938	\$ (1,093,790)
F5. Total Recognized Investment Gain:						
F1 + F2 + F3 + F4	(2,925,015)	(2,456,250)	(2,480,453)	64,391	(39,851)	(1,093,790)
G. Funding Value End of Year: A + D + E2 + F5	35,632,432	33,801,498	32,257,445			
H. Difference Between Market & Funding Value	(5,846,558)	825,450	(1,069,254)			
I. Ratio of Funding to Market Value of Assets	119.6%	97.6%	103.4%			
J. Recognized Rate of Return	(0.41%)	0.65%	0.23%			
K. Market Rate of Return	11.99%	23.99%	(5.38%)			

The Funding 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, Funding Value of Assets will tend to be less than market value. During periods when investment performance is less than the assumed rate, Funding Value of Assets will tend to be greater than market value. The Funding Value of Assets is unbiased with respect to market Value.

VALUATION RESULTS COMPARATIVE SCHEDULE

Valuation Date	FY	Actuarial Accrued Liability			Amortization			Computed	
		Computed Total	Assets	Unfunded	Period Active	Retired	%	Employer Contribution Recommended	Actual
June 30									
1978	79/80	\$ 3,608,983	\$ 618,378	\$ 2,990,605	38 yrs.		28.46 %	\$ 266,119	\$ 269,436
1979	80/81	3,964,236	821,997	3,142,239	37		29.04	276,950	291,477
1980	81/82	5,567,154	1,213,503	4,353,651	36		31.03	373,440	382,484
1981	82/83	7,022,697	1,361,912	5,660,785	35		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	
2012	13/14	65,436,998	32,257,445	33,179,553	15	15	66.23	3,273,947	

(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.

* 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, 2012	June 30, 2011
A. Present valuation assets		
1. Net assets from System financial statements	\$31,188,191	\$34,626,948
2. Transfer from old plan	0	0
3. Market value adjustment	1,069,254	(825,450)
4. Valuation assets	\$32,257,445	\$33,801,498
 B. Actuarial present value of expected future employer contributions		
1. For normal costs	3,417,698	3,599,935
2. For unfunded actuarial accrued liability	33,179,553	28,629,701
3. Total	\$36,597,251	\$32,229,636
 C. Actuarial present value of expected future member contributions	\$ 3,919,261	\$ 4,117,510
 D. Total present and expected future resources	\$72,773,957	\$70,148,644

Actuarial Present Value of Expected Future Benefit Payments

A. To retirants and beneficiaries		
1. Annual pensions	\$42,966,261	\$40,603,656
2. Reserve	none	none
3. Total	\$42,966,261	\$40,603,656
 B. To vested terminated members	1,507,506	1,077,307
 C. To present active members		
1. Allocated to service rendered prior to valuation date - actuarial accrued liability	20,963,231	20,750,236
2. Allocated to service likely to be rendered after valuation date	7,336,959	7,717,445
3. Transfer from old plan	none	none
4. Total	\$28,300,190	\$28,467,681
 D. Total actuarial present value of expected future benefit payments	\$72,773,957	\$70,148,644

**10-YEAR PROJECTION
15-YEAR OPEN AMORTIZATION PERIOD
7.75% MARKET RETURN
(ALL \$ IN MILLIONS)**

Valuation Date	Actuarial Accrued Liability	Valuation Assets	Unfunded Actuarial Liability	Funded Ratio	Fiscal Year Ending	Projected Payroll	Member Dollar Contribution	Member % of Payroll Contribution	Employer Dollar Contribution	Employer % of Payroll Contribution
6/30/2012	\$65.44	\$32.26	\$33.18	49.3%	6/30/2014	\$4.94	\$0.53	10.82%	\$3.27	66.23%
6/30/2013	68.22	35.05	33.23	51.4%	6/30/2015	5.15	0.56	10.82%	3.26	63.28%
6/30/2014	71.12	38.25	32.82	53.8%	6/30/2016	5.37	0.58	10.82%	3.26	60.62%
6/30/2015	74.14	40.52	32.53	54.7%	6/30/2017	5.60	0.61	10.82%	3.35	59.80%
6/30/2016	77.29	43.92	33.37	56.8%	6/30/2018	5.84	0.63	10.82%	3.34	57.25%
6/30/2017	80.58	47.55	33.03	59.0%	6/30/2019	6.09	0.66	10.82%	3.34	54.83%
6/30/2018	84.00	51.31	32.69	61.1%	6/30/2020	6.35	0.69	10.82%	3.33	52.53%
6/30/2019	87.57	55.22	32.35	63.1%	6/30/2021	6.61	0.72	10.82%	3.33	50.35%
6/30/2020	91.29	59.28	32.02	64.9%	6/30/2022	6.90	0.75	10.82%	3.33	48.27%
6/30/2021	95.17	63.49	31.69	66.7%	6/30/2023	7.19	0.78	10.82%	3.33	46.30%

This projection does not reflect the new hybrid plan for Police Patrol effective July 1, 2012.

COMMENTS

Actuarial Experience: Net actual experience of the Retirement System was less favorable than assumed during the year ending June 30, 2012, resulting in a loss of \$4.9 million. The overall experience loss was primarily due to recognized investment income which was less than the long-term assumption on a funding basis resulting in a loss of \$2.5 million. The other primary contributor to the overall loss during the fiscal year was salary increases over the last year were substantially higher than the expected rate of 4.25%.

Plan Provisions: All provisions included in this valuation remain unchanged from the prior valuation. Effective July 1, 2012, new hires to Police Patrol (Non-Supervisory) 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, a member contribution rate of 4.75% of pay, overtime shall be excluded from final average compensation, the duty disability pension is 66-2/3% 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 hybrid plan will be reflected in next year's valuation.

Plan Assumptions and Methods: All assumptions and methods remained unchanged from the prior valuation.

Looking Ahead: This year's valuation includes a 10-year projection on page A-10. This projection assumes no gains and losses on liabilities and return on the market value of assets of 7.75% per year. Note that since there are unrecognized asset gains and losses in the asset smoothing method, a net gain is recognized in the first year of the projection and net losses are projected in the second and third years. The employer contribution rate is projected to gradually decrease after year one. As a dollar amount, the employer contributions are projected to hover around at \$3.3 million per year through 2021. The funded ratio is projected to increase to 67% over 10 years.

The ratio of active members to retirees is 0.4. It is likely that the number of retirees will increase in the near future and the ratio will continue to decline. This is a sign of maturity of the plan and an indication that plan contribution will remain high to offset increasing benefit payments. Decreasing contributions in a time of increasing benefit payments may increase liquidity risk on the fund.

GASB Accounting Standards

In June 2012, the GASB approved two new accounting standards for public sector retirement systems and governments, Statements Nos. 67 and 68. These new standards are a significant departure from the current standards and may require a separate report.

SECTION B

SUMMARY OF BENEFIT PROVISIONS AND VALUATION DATA

BRIEF SUMMARY OF ACT 345 BENEFIT CONDITIONS (JUNE 30, 2012)

SERVICE RETIREMENT

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

Amount: **Police Officers:** 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:** 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.

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, 2012)**

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% 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.
At Age 55: Same as Service Retirement.
Pension with service credit from date of disability to age 55.

MEMBER CONTRIBUTIONS

- Amount:** Fire: 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: 11.24% of pay.
Police Command: 10.95% of pay.

RETIRANT AND BENEFICIARY COMPARATIVE SCHEDULE

Year Ended June 30	No. Trans. During Year	Added to Rolls		Removed from Rolls		Rolls End of Year		% Incr. in Annual Pensions	Average Pension	Discounted Value of Pensions	
		No.	Annual Pensions*	No.	Annual Pensions	No.	Annual Pensions			Total	Average
1988	2	2	\$ 41,158			53	\$ 916,532	4.7 %	\$17,293	\$ 10,745,220	\$202,740
1989	7	13	207,885			66	1,124,417	22.7	17,037	13,269,638	201,055
1990	2	7	137,437			73	1,261,854	12.2	17,286	14,850,811	203,436
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

* Includes pension adjustments, when applicable.

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

**RETIRANTS AND BENEFICIARIES JUNE 30, 2012
TABULATED BY TYPE OF PENSION BEING PAID**

<u>Type of Pensions Being Paid</u>	<u>No.</u>	<u>Annual Pensions</u>
Age and Service Pensions		
Regular-benefit terminating at death of retiree	13	\$ 242,092
Regular-automatic benefit to spouse of deceased retiree	125	3,554,551
Survivor beneficiary	<u>19</u>	<u>213,465</u>
Total age and service pensions	157	\$ 4,010,108
Casualty Pensions		
Non-duty disability pension	2	56,512
Duty disability pension	<u>4</u>	<u>121,214</u>
Total casualty pensions	<u>6</u>	<u>\$ 177,726</u>
Total pensions being paid	163	\$ 4,187,834

RETIRANTS AND BENEFICIARIES JUNE 30, 2012
TABULATED BY ATTAINED AGE

Attained Age	Age & Service		Disability and Death-in-Service		Totals	
	No.	Annual Pensions	No.	Annual Pensions	No.	Annual Pensions
45 - 49	4	\$ 159,064	2	\$ 74,501	6	\$ 233,565
50 - 54	11	499,350	2	57,234	13	556,584
55 - 59	28	960,938	1	24,617	29	985,555
60 - 64	21	650,747			21	650,747
65 - 69	41	865,317			41	865,317
70 - 74	14	260,122	1	21,374	15	281,496
75 - 79	18	321,165			18	321,165
80	3	33,033			3	33,033
81	6	91,067			6	91,067
82	4	60,836			4	60,836
83	1	10,612			1	10,612
85	1	18,824			1	18,824
86	2	37,571			2	37,571
87	2	22,843			2	22,843
88	1	18,619			1	18,619
Totals	157	\$4,010,108	6	\$ 177,726	163	\$4,187,834

Average Age at Retirement: 49.7 years

Average Age Now: 66.8 years

Six 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	% Incr.	Age	Service
1980	51	2	\$ 1,134,720	\$22,249	3.9 %	32.7 yrs.	8.6 yrs.
1981	59	7	1,481,707	25,114	12.9	32.9	8.6
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	99	3	3,289,912	33,231	0.0	35.1	9.2
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

* Reflects overtime pay.

Includes transfers from Old Plan through March, 1991.

ACTIVE MEMBERS JUNE 30, 2012
BY ATTAINED AGE AND YEARS OF SERVICE

Attained Age	Years of Service to Valuation Date							No.	Valuation Payroll
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus		
25-29	2	1						3	\$ 153,437
30-34	3	1	4					8	489,143
35-39		1	6	3				10	731,055
40-44			3	9	6			18	1,329,511
45-49		1	2	1	9			13	1,019,249
50-54				3	3	1		7	570,948
55-59					1			1	94,222
60					2			2	160,581
Totals	5	4	15	16	21	1	0	62	\$4,548,146

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

Age: 42.2 years

Service: 15.9 years

Annual Pay: \$73,357

**ASSET INFORMATION
SUBMITTED FOR VALUATION**

Valuation Assets - Market Value		Reserves for	
Cash & equivalents	\$ 1,467,202	Employees' contributions	\$ 6,359,371
Receivables & accruals	(117,007)	Employer contributions	43,426,049
Stocks	20,340,833	Retired benefit payments	(18,597,229)
Bonds	9,497,163		
Total Current Assets	\$31,188,191	Total Reserves	\$31,188,191

REVENUES AND EXPENDITURES

Balance - July 1, 2011	\$34,626,948
Revenues	
Employees' contributions	592,551
Employer contributions	2,843,528
Investment income	(1,497,266)
Expenditures	
Benefit payments	4,918,748
Refund of member contributions	137,756
Expenses	321,066
Balance - June 30, 2012	\$31,188,191

These amounts do not reflect the funding value adjustment of \$1,069,254. 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:

$$B = C + I - E$$

Benefit payments to any group of members and their beneficiaries cannot exceed the sum of:

Contributions received on behalf of the group.

. . . plus . . .

Interest earnings on contributions received and not required for immediate cash payment of benefits.

. . . minus . . .

Expenses 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;
- 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 funding value of assets -- leaving an *unfunded actuarial accrued liability* (see page C-6 for further discussion on unfunded actuarial accrued liability).

The funding 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 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 15-year period 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 rate of net investment return used was 7.75% a year, compounded annually net of expenses. The assumption consists of 3.5% for a real rate of return and 4.25% in recognition of wage inflation.

This assumption, used to discount the value of future payments due at different points in time, was first used for the June 30, 2007 valuation. **Approximate investment returns, for the purpose of comparisons with assumed returns, have been as follows:**

	Year Ended June 30					5 Year Average*
	2012	2011	2010	2009	2008	
Nominal rate	0.2%	0.7%	(0.4%)	(0.4%)	5.7%	1.1 %

* 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.

These assumptions were first used for the June 30, 2007 valuation. The assumption, consisting of 4.25% in recognition of inflation and 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	4.25 %	6.00 %	10.25 %
5 to 9	4.25	1.50	5.75
10 to 14	4.25	0.50	4.75
15 to 19	4.25	0.00	4.25
20 to 24	4.25	0.00	4.25
25 to 29	4.25	0.00	4.25
30+	4.25	0.00	4.25

If the number and distribution of active members remain constant, then the total active member payroll will increase 4.25% annually, the base portion of the salary increase assumptions. This increasing payroll was recognized in amortizing unfunded actuarial accrued liability. **Actual valuation payroll has increased at the following rate:**

	Year Ended June 30					5 Year Average*
	2012	2011	2010	2009	2008	
Total payroll	(1.8) %	(25.8) %	(7.9) %	1.7 %	3.7 %	(6.0) %
Average pay	10.9	(0.3)	(1.0)	5.7	2.7	3.6

* Compound average annual rate of increase.

The mortality table used was the UP-94 Mortality Table for males and females, set back 2 years for males. This assumption was first used for the June 30, 2007 valuation. Sample values follow:

Sample Ages	Value at Retirement of \$1 Monthly for Life		Future Life Expectancy (Years)	
	Men	Women	Men	Women
	45	\$145.11	\$147.83	36.57
50	139.47	143.00	31.87	34.24
55	132.08	136.49	27.28	29.53
60	122.75	128.01	22.88	24.97
65	111.62	117.83	18.78	20.69
70	99.30	106.12	15.11	16.77
75	85.89	92.13	11.85	13.11
80	71.39	76.76	8.98	9.88

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:

<u>Years of Service</u>	Percents of Active Members Retiring Within Next Year	
	<u>Fire & Police Command</u>	<u>Police Patrol</u>
25	40 %	40 %
26	40	40
27	40	40
28	40	40
29	40	40
30+	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 were as shown on the following page (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, 2012
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 5% for annuity withdrawals at retirement 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 project 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. 25 OF THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD

This information is presented in draft form for review by the System's auditor. Please let us know if there are any items that the auditor changes so that we may maintain consistency with the System's financial statements.

GASB STATEMENT No. 25 REQUIRED SUPPLEMENTARY INFORMATION

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	June 30, 2012
Actuarial Cost Method	Entry-Age
Amortization Method	Level percent
Amortization Period	15 years open for actives 15 years open for retirees
Asset Valuation Method	4-year smoothed market
Actuarial Assumption:	
Investment rate of return	7.75%
Projected salary increases	4.25% - 10.25%
Includes wage inflation at	4.25%
Cost-of-living adjustments	none

Membership of the plan consisted of the following at June 30, 2012, the date of the latest actuarial valuation:

Retirees and Beneficiaries receiving benefits	163
Terminated plan members entitled to but not yet receiving benefits	6
Active plan members	<u>62</u>
Total	231

GASB STATEMENT NO. 25
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress

Actuarial Valuation Date June 30	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) -- Entry-Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
2003	\$27,836,691	\$47,131,125	\$19,294,434	59.1 %	\$6,213,210	310.5 %
2004	27,218,077	49,059,955	21,841,878	55.5	6,138,055	355.8
2005	27,760,835	51,434,111	23,673,276	54.0	6,321,086	374.5
2006	29,893,085	53,569,342	23,676,257	55.8	6,598,038	358.8
2007	33,249,631	56,554,037	23,304,406	58.8	6,420,709	363.0
2008	36,002,509	59,227,859	23,225,350	60.8	6,655,270	349.0
2009	35,907,494	61,904,907	25,997,413	58.0	6,767,459	384.2
2010	35,632,432	62,210,658	26,578,226	57.3	6,235,955	426.2
2011	33,801,498	62,431,199	28,629,701	54.1	4,629,536	618.4
2012	32,257,445	65,436,998	33,179,553	49.3	4,548,146	729.5

Schedule of Employer Contributions

Fiscal Year Ended June 30	Contribution Rates as Percents of Valuation Payroll	Computed Dollar Contribution Based on Projected Payroll	Actual Annual Contributions	Percent Contribution
2005	37.2 %	\$2,466,634	\$2,466,634	100 %
2006	41.9	2,807,991	2,327,991	83 *
2007	44.9	3,098,776	3,098,776	100
2008	45.7	3,289,972	3,289,972	100
2009	45.7	3,191,716	3,191,716	100
2010	46.5	3,256,531	3,256,531	100
2011	37.7	2,772,800	2,772,800	100
2012	43.7	2,843,528	2,843,528	100
2013	57.1	2,870,342		
2014	66.2	3,273,947		

* An additional \$480,000 was held in the City's General Fund pending resolution of an Act 345 tax appeal.



February 14, 2013

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 12 copies of the Thirty-Eighth Annual Actuarial Valuation of the City of Jackson Act 345 Policemen and Firemen Retirement System.

Sincerely,

David T. Kausch

DTK:sc
Enclosures

cc: Mr. Mark Ketner (+1 report copy)
The Rehman Group

**CITY OF JACKSON POLICEMEN'S AND FIREMEN'S
PENSION FUND**

55TH ACTUARIAL VALUATION REPORT

AS OF JUNE 30, 2012

OUTLINE OF CONTENTS

REPORT OF JUNE 30, 2012 ACTUARIAL VALUATION

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--	Cover Letter
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	<i>Valuation Results, Comments and Recommendation</i>
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January 30, 2013

The Board of Trustees
City of Jackson Policemen's and Firemen's
Pension Fund
Jackson, Michigan

The results of the June 30, 2012 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 Retirement System 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, 2012, and to determine the actuarial information for Governmental Accounting Standards Board (GASB) Statement No. 25 and No. 27.

The actuaries submitting this statement are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Please see the following page for additional disclosures required by the Actuarial Standards of Practice.

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 City of Jackson Policemen's and Firemen's Pension 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.

Respectfully submitted,



David T. Kausch, FSA, EA, MAAA



Abra D. Hill, EA, MAAA

DTK/ADH:bd

Additional Disclosures Required by Actuarial Standards of Practice

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. Due to the limited scope of the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements.

This report should not be relied on for any purpose other than the purpose described herein. Determinations of the financial results associated with the benefits described in this report in a manner other than the intended purpose may produce significantly different results.

The signing actuaries are independent of the plan sponsor.

The valuation was based upon information furnished by the City, concerning Retirement Fund benefits, financial transactions, plan provisions, retirees and beneficiaries. We checked for internal 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 City.

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY
(\$ IN MILLIONS)

	Valuation Results	
Valuation Date:	June 30, 2011	June 30, 2012
Fiscal Year Ending:	June 30, 2013	June 30, 2014
Recommended Employer Contributions: Annual Amount	\$ 599,431	\$ 606,096
Membership:		
Number of		
Active Members	0	0
Retirees and Beneficiaries	31	29
Inactive, Non-retired Members	0	0
Total	31	29
Total Pensions Being Paid	\$1,013,055	\$973,855
Assets:		
Market Value	\$3,918,183	\$3,247,941
Actuarial Value	3,574,761	3,245,011
Return on Market Value	24.4%	(5.1)%
Return on Actuarial Value	2.8%	4.6%
Ratio - Actuarial Value to Market Value	91.2%	99.9%
Actuarial Information:		
Normal Cost %	0%	0%
Actuarial Accrued Liability (AAL)	\$8,904,371	\$8,481,396
Unfunded Actuarial Accrued Liability (UAAL)	5,329,610	5,236,385
Funded Ratio	40.1%	38.3%
Amortization Period	13 years	12 years

Highlights/Changes

Change in mortality rates.

No changes to benefit provisions.

Loss on assets and mortality. Gains due to lower than expected cost of living adjustments and a data change.

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, 2012

The recommended employer contribution for the fiscal year beginning July 1, 2013 is \$606,096. This is an increase of \$6,665 from the prior year's contribution of \$599,431.

The contribution is solely to pay for the unfunded actuarial accrued liability (UAAL). Currently the UAAL is \$5,236,385. The unfunded actuarial accrued liability was financed over a period of 12 years. The future employer contributions were assumed to be the level dollar amount needed to amortize the unfunded actuarial accrued liability over the 12-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, 2012 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	<u>Unfunded Actuarial Accrued Liability</u>				
		Valuation Assets	Dollar Amount	<u>Amortization Period (Yrs.)</u>		Experience Gain/(Loss)
				Actives	Retired Lives	
1985	\$30,115	\$ 5,903	\$24,212	48	48	\$ 2,813
1986	30,259	6,985	23,274	47	47	1,914
1987	30,051	8,303	21,748	46	46	2,453
1988	30,212	8,703	21,509	45	45	1,097
1989	28,943	8,727	20,216	44	44	2,131
1990	18,170	8,510	18,162	43	43	7,037
1991	19,990	8,607	11,382	42	25	3,052
1992	19,764	8,905	10,859	41	24	786
1993	19,620	8,511	11,109	40	23	(17)
1994	17,163	7,969	9,194	39	22	2,136
1995	16,712	7,445	9,267	38	21	72
1996	16,167	7,655	8,513	37	20	883
1997 @	16,176	7,891	8,285	36	19	110
1998 (a)	13,879	8,997	4,882	35	18	1,731
1999	13,537	9,845	3,692	34	17	1,005
2000 (a)	11,747	11,518	229	N/A	10	3,367
2001	11,428	10,845	583	N/A	9	(641)
2002	11,267	9,355	1,912	N/A	8	(1,286)
2003	10,901	7,745	3,156	N/A	7	(1,190)
2004	10,753	6,418	4,335	N/A	6	(1,256)
2005	10,172	5,622	4,550	N/A	5	(438)
2006 (a)	10,931	5,560	5,371	N/A	10	(413)
2007	10,682	5,848	4,834	N/A	10	(29)
2008 (a)	11,056	5,533	5,523	N/A	10	(88)
2009 (a)	9,867	4,294	5,573	N/A	19.65	(717)
2010 (a)	9,464	4,029	5,435	N/A	20.93	(220)
2011	8,904	3,575	5,329	N/A	13	(32)
2012	8,123	3,245	4,878	N/A	12	308
2012 (a)	8,481	3,245	5,236	N/A	12	308

@ After implementation of four-year smoothed funding value of assets.

(a) After changes in assumptions and/or methods.

DEVELOPMENT OF FUNDING VALUE OF ASSETS

Year Ended June 30	2011	2012	2013	2014	2015
A. Funding Value Beginning of Year	\$4,028,988	\$3,574,761			
B. Market Value End of Year	3,918,183	3,247,941			
C. Market Value Beginning of Year	3,654,481	3,918,183			
D. Non-Investment Net Cash Flow	(558,336)	(482,508)			
E. Investment Income					
E1. Market Total: B - C - D	822,038	(187,734)			
E2. Amount for Immediate Recognition	262,487	233,345			
E3. Amount for Phased-In Recognition: E1-E2	559,551	(421,079)			
F. Phased-In Recognition of Investment Income					
F1. Current Year: 0.25 x E3	139,888	(105,270)			
F2. First Prior Year	38,965	139,888	\$(105,270)		
F3. Second Prior Year	(154,170)	38,965	139,888	\$(105,270)	
F4. Third Prior Year	(183,061)	(154,170)	38,964	139,887	\$(105,269)
F5. Total Recognized Investment Gain	(158,378)	(80,587)	73,582	34,617	(105,269)
G. Funding Value					
G1. Preliminary Funding Value End of Year: A + D + E2 + F5	3,574,761	3,245,011			
G2. Upper Corridor Limit: B x 1.2	4,701,820	3,897,529			
G3. Lower Corridor Limit: B x 0.8	3,134,546	2,598,353			
G4. Final Funding Value	3,574,761	3,245,011			
H. Difference Between Market & Funding Value	343,422	2,930			
I. Recognized Rate of Return - Funding Value	2.8%	4.6%			
J. Recognized Rate of Return - Market Value	24.4%	(5.1)%			
K. Ratio of Funding Value to Market Value	91.2%	99.9%			

The Funding 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, Funding Value of Assets will tend to be less than market value. During periods when investment performance is less than the assumed rate, Funding Value of Assets will be greater than market value. The Funding 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 Funding Value will become equal to Market Value.

Funding 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	Actual
1977	1975	41.98 %	\$ 1,075,151	\$ 1,075,151
1978	1976	43.58	1,196,668	1,196,668
1979	1977	45.58	1,138,490	1,138,490
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 @	
2014	2012	*	606,096 @	

* Not applicable.

Reflects transfers to Act 345 Retirement Fund through March 1, 1991.

@ After changes in assumptions and/or methods.

CASH FLOW PROJECTION A
12-YEAR CLOSED AMORTIZATION POLICY
7.0% MARKET RETURN

Valuation Date June 30	Actuarial Accrued Liability	Beginning Valuation Assets	Unfunded Accrued Liability	June 30 Funded Ratio	Projected Contributions	Expected Benefit Payments	7% Assumed Investment Return	Asset Gain/(Loss) Recognized	Ending Valuation Assets
2012	\$ 8,481,396	\$ 3,245,011	\$ 5,236,385	38.3%	\$ 599,431	\$ (960,598)	\$ 214,510	\$ 73,582	\$ 3,171,936
2013	8,081,443	3,171,936	4,909,507	39.2%	606,096	(939,105)	210,380	34,617	3,083,925
2014	7,675,728	3,083,925	4,591,803	40.2%	596,030	(915,804)	204,683	(105,269)	2,863,565
2015	7,265,714	2,863,565	4,402,149	39.4%	591,016	(891,041)	189,949	-	2,753,489
2016	6,852,087	2,753,489	4,098,598	40.2%	607,806	(864,930)	183,745	-	2,680,109
2017	6,436,529	2,680,109	3,756,420	41.6%	607,806	(837,464)	179,570	-	2,630,021
2018	6,020,311	2,630,021	3,390,290	43.7%	607,806	(808,556)	177,075	-	2,606,346
2019	5,604,877	2,606,346	2,998,531	46.5%	607,806	(778,099)	176,484	-	2,612,536
2020	5,191,885	2,612,536	2,579,349	50.3%	607,806	(746,041)	178,039	-	2,652,341
2021	4,783,165	2,652,341	2,130,824	55.5%	607,806	(712,322)	182,006	-	2,729,831
2022	4,380,734	2,729,831	1,650,903	62.3%	607,806	(676,914)	188,669	-	2,849,392
2023	3,986,779	2,849,392	1,137,387	71.5%	607,806	(639,861)	198,335	-	3,015,672
2024	3,603,597	3,015,672	587,925	83.7%	607,806	(601,294)	211,325	-	3,233,509
2025	3,233,509	3,233,509	-	100.0%	-	(561,376)	206,697	-	2,878,830
2026	2,878,830	2,878,830	-	100.0%	-	(520,387)	183,305	-	2,541,748
2027	2,541,748	2,541,748	-	100.0%	-	(478,650)	161,170	-	2,224,268
2028	2,224,268	2,224,268	-	100.0%	-	(436,526)	140,420	-	1,928,162
2029	1,928,162	1,928,162	-	100.0%	-	(394,472)	121,165	-	1,654,854
2030	1,654,854	1,654,854	-	100.0%	-	(352,924)	103,487	-	1,405,418
2031	1,405,418	1,405,418	-	100.0%	-	(312,325)	87,448	-	1,180,541
2032	1,180,541	1,180,541	-	100.0%	-	(273,182)	73,076	-	980,435

CASH FLOW PROJECTION B
12-YEAR CLOSED AMORTIZATION POLICY
5.0% MARKET RETURN

Valuation Date June 30	Actuarial Accrued Liability	Beginning Valuation Assets	Unfunded Accrued Liability	June 30 Funded Ratio	Expected Projected Contributions	Expected Benefit Payments	5% Assumed Investment Return	Asset Gain/(Loss) Recognized	Ending Valuation Assets
2012	\$ 8,481,396	\$ 3,245,011	\$ 5,236,385	38.3%	\$ 599,431	\$ (960,598)	\$ 153,221	\$ 61,324	\$ 3,098,390
2013	8,081,443	3,098,390	4,983,054	38.3%	606,096	(939,105)	146,594	10,632	2,922,607
2014	7,675,728	2,922,607	4,753,120	38.1%	606,169	(915,804)	138,389	(140,325)	2,611,037
2015	7,265,714	2,611,037	4,654,677	35.9%	613,317	(891,041)	123,609	(44,945)	2,411,977
2016	6,852,087	2,411,977	4,440,109	35.2%	644,453	(864,930)	115,087	(54,152)	2,252,434
2017	6,436,529	2,252,434	4,184,094	35.0%	660,795	(837,464)	108,205	(50,551)	2,133,419
2018	6,020,311	2,133,419	3,886,891	35.4%	680,014	(808,556)	103,457	(47,100)	2,061,235
2019	5,604,877	2,061,235	3,543,642	36.8%	700,365	(778,099)	101,118	(44,118)	2,040,501
2020	5,191,885	2,040,501	3,151,384	39.3%	722,675	(746,041)	101,441	(42,345)	2,076,231
2021	4,783,165	2,076,231	2,706,934	43.4%	748,485	(712,322)	104,716	(41,515)	2,175,595
2022	4,380,734	2,175,595	2,205,138	49.7%	781,151	(676,914)	111,386	(41,769)	2,349,447
2023	3,986,779	2,349,447	1,637,330	58.9%	828,840	(639,861)	122,197	(43,269)	2,617,354
2024	3,603,597	2,617,354	986,242	72.6%	924,329	(601,294)	138,944	(46,295)	3,033,038
2025	3,233,509	3,033,038	200,470	93.8%	101,932	(561,376)	140,166	(49,393)	2,664,368
2026	2,878,830	2,664,368	214,462	92.6%	112,689	(520,387)	123,026	(50,857)	2,328,838
2027	2,541,748	2,328,838	212,909	91.6%	116,657	(478,650)	107,392	(50,538)	2,023,699
2028	2,224,268	2,023,699	200,567	91.0%	110,693	(436,526)	93,039	(48,205)	1,742,700
2029	1,928,162	1,742,700	185,461	90.4%	103,422	(394,472)	79,859	(43,479)	1,488,030
2030	1,654,854	1,488,030	166,823	89.9%	94,491	(352,924)	67,941	(37,701)	1,259,837
2031	1,405,418	1,259,837	145,579	89.6%	83,431	(312,325)	57,269	(32,440)	1,055,772
2032	1,180,541	1,055,772	124,766	89.4%	71,766	(273,182)	47,753	(27,669)	874,440

Each year in this scenario there is an asset loss of 2% of assets. Contributions through the 2024 valuation are projected to increase each year as these losses accumulate. After the 2025 valuation, the amortization period is a one-year amortization period each year which results a projected contribution roughly equal to the prior year's asset loss adjusted for the passage of time between the valuation date and the fiscal year.

DEVELOPMENT OF GAIN/(LOSS)

DERIVATION	A.	B.	C.
	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability (A. - B.)
(1) Value at start of year	\$8,904,371	\$3,574,761	\$5,329,610
(2) Normal cost from last valuation	-	N/A	-
(3) Actual contributions	N/A	500,000	500,000
(4) Disbursements	(982,508)	(982,508)	-
(5) Interest accrual [(1) + [(2) + (3) + (4)] / 2] x 7.00%	<u>588,918</u>	<u>233,345</u>	<u>355,573</u>
(6) Expected value before changes (1) + (2) + (3) + (4) + (5)	\$8,510,781	\$3,325,598	\$5,185,183
(7) Increase due to plan amendment	-	-	-
(8) Increase due to revised assumptions	<u>358,772</u>	<u>-</u>	<u>358,772</u>
(9) Expected value after changes (6) + (7) + (8)	\$8,869,553	\$3,325,598	\$5,543,955
(10) Actual value at end of year	<u>8,481,396</u>	<u>3,245,011</u>	<u>5,236,385</u>
(11) Gain/(loss) (10) - (9) [* (9) - (10) for assets]	\$388,157	(\$80,587) *	\$307,570

COMMENTS AND RECOMMENDATION

Plan Experience: Net experience for the Pension Fund was favorable during the year ending June 30, 2012. The major sources of gains or losses on the unfunded actuarial accrued liability (UAAL) are:

Item	Impact on UAAL
Asset Loss	\$ (80,587)
COLA Gain	169,236
Mortality Loss	(237,190)
Data Gain	456,111
Total Gain	\$ 307,570

The recognized rate of return was 4.6% versus the assumed rate of 7.0% resulting in a loss (Note that the market rate of return was (5.1)% which was 12.1% below the 7.0% assumption). Actual COLAs granted this year were 0% and 1.5% versus the assumed rate of 3.0% resulting in a gain. Participants are living longer than expected resulting in a mortality loss (See comment on Assumptions and Methods). There was a significant data change with the removal of a surviving spouse from the rolls after clarification of her status resulting in a substantial gain.

Assumptions and Methods: At the February 2012 board meeting the trustees agreed to review the mortality assumption. The mortality assumption used in the prior valuation was the 1994 Group Annuity Mortality Table. That table does not reflect mortality improvements since 1995 and has no assumption for future improvements. Under that assumption, the plan experienced a loss of \$237,190 (2.7% of liability) in the year ending June 30, 2012. Therefore, we believe that Table is no longer appropriate and recommend changing to the RP 2000 combined mortality table projected to 2017 with scale BB. The projection of the table to the valuation date accounts for past mortality improvements and the projection from the valuation date to 2017 is a provision for future mortality improvements.

The results of this valuation reflect the change in mortality tables. Principal results before and after the change are shown below:

	Prior Assumption	Current Assumption	Change
Actuarial Accrued Liability	\$ 8,122,624	\$ 8,481,396	\$ 358,772
Actuarial Valuation of Assets	3,245,011	3,245,011	-
Unfunded Actuarial Liability	\$ 4,877,613	\$ 5,236,385	\$ 358,772
Funded Ratio	40.0%	38.3%	-1.7%
Annual Required Contribution	\$ 559,398	\$ 606,096	\$ 46,698

We recommend that the board accept this report and in doing so adopt this new assumption.

Looking Ahead: The current level of benefit payments, \$973,855, is large relative to the market value of assets of \$3,247,941 as of June 30, 2012. 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 proposed assumption policies.

It is important to understand that these projections are not forecasts. Projection A assumes that the system earns 7.0% on the market value of assets. If market returns are not sufficient to yield 7.0% 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 5.0% on the market value of assets.

The Governmental Accounting Standards Board (GASB) has adopted new accounting standards for public sector pension plans. The new standards are Statement No. 67 for plan reporting and Statement No. 68 for employer reporting. Statement No. 67 is effective for the fiscal year ending June 30, 2014 and Statement No. 68 is effective for the fiscal year ending June 30, 2015. Early adoption is allowed.

It is important to note that the new GASB Standards do not change the funding requirements of the plan, however the plan's funding policy will have an effect on the GASB disclosures. The GASB disclosures require a calculation of Total Pension Liability which can be different from the Actuarial Accrued Liability if the plan's funding policy is insufficient. Even though this plan's funded ratio is low, we expect that the 12 year amortization will be sufficient to fund the plan.

Recommendation: We recommend that the Board continue to monitor liquidity needs and asset allocation with the investment consultant. Roughly 75% of the liability is attributable to expected benefit payments in the next 10 years. In the current market, achieving 7% per year during the next 10 years may prove very challenging. 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, 2012)

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, 2012)

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

Same as non-duty death before retirement.

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	\$ 119,654	Members' contributions	\$ 0
Receivables & accruals	8,500	Employer contributions	21,426,208
Stocks	2,107,600	Retired benefit payments	(18,178,267)
Bonds	1,012,187		
International stocks	0		
Total Current Assets	\$3,247,941	Total Reserves	\$ 3,247,941

Revenues and Expenditures

Reported Balance - 7/1/2011	\$3,918,183
Revenues	
Members' contributions	0
Employer contributions	500,000
Investment income	(152,036)
Expenditures	
Benefit payments	982,508
Refund of member contributions	none
Administrative expense	35,698
Transfer to Act 345 (member contributions)	none
Reported Balance - 6/30/2012	\$3,247,941

**RETIRANT AND BENEFICIARY COMPARATIVE SCHEDULE
(ANNUAL PENSIONS INCLUDE ESCALATION)**

Year Ended June 30	No.	Added to Rolls		No.	Removed from Rolls Annual Pensions	Rolls End of Year No	Annual Pensions	% Incr. in Annual Pensions	Average Pension	Discounted Value of Pensions	
		New	COLAs							Total	Average
1988	3	\$ 124,036		5	\$ 79,474	105	\$1,492,446	3.0 %	\$14,214	\$20,785,947	\$197,961
1989	5	109,106		4	53,386	106	1,548,166	3.7	14,605	21,275,046	200,708
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		0	\$ 41,628	2	18,616	54	1,311,379	1.8	24,285	10,753,134	199,132
2005		0	42,898	4	91,966	50	1,262,311	(3.7)	25,246	10,172,322	203,446
2006		0	47,031	4	30,670	46	1,278,672	1.3	27,797	10,930,809	237,626
2007		0	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	0	0	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	0	0	7,083	3	46,283	29	973,855	(3.9)	33,581	8,481,396 @	292,462

* 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
1986	108	775,153	651,392	1,426,545	54.3
1987	107	763,834	684,050	1,447,884	52.8
1988	105	752,901	739,545	1,492,446	50.4
1989	106	777,681	770,485	1,548,166	50.2
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

RETIRANTS AND BENEFICIARIES JUNE 30, 2012
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	6	\$157,664	\$113,692	\$271,356
- survivor beneficiaries	7	64,479	54,929	119,408
- totals	13	222,143	168,621	390,764
Casualty Pensions:				
- disability	14	304,848	235,929	540,777
- death-in-service	2	23,957	18,357	42,314
- totals	16	328,805	254,286	583,091
Present Plan Totals	29	550,948	422,907	973,855
Total Pensions Being Paid	29	\$550,948	\$422,907	\$973,855

RETIRANTS AND BENEFICIARIES JUNE 30, 2012
TABULATED BY ATTAINED AGE

Attained Age	Present Plan	
	No.	Annual Pensions
60 - 69	4	\$ 167,703
70 - 74	5	209,071
75 - 79	8	241,732
81	1	31,421
83	3	144,759
85	2	21,844
90	1	20,253
91	1	30,647
92	1	21,505
93	2	51,839
94	1	33,081
TOTALS	29	\$ 973,855

Average Age at Retirement: 47.5 yrs.

Average Age Now: 80.0 yrs.

ACTIVE MEMBERS *
COMPARATIVE SCHEDULE

Valuation						
Date	Active	Valuation	Average			
June 30	Members	Payroll	Age	Service	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 12-year amortization period. Contribution amounts were assumed to be paid midway through the fiscal year.

The ***funding 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, funding 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:

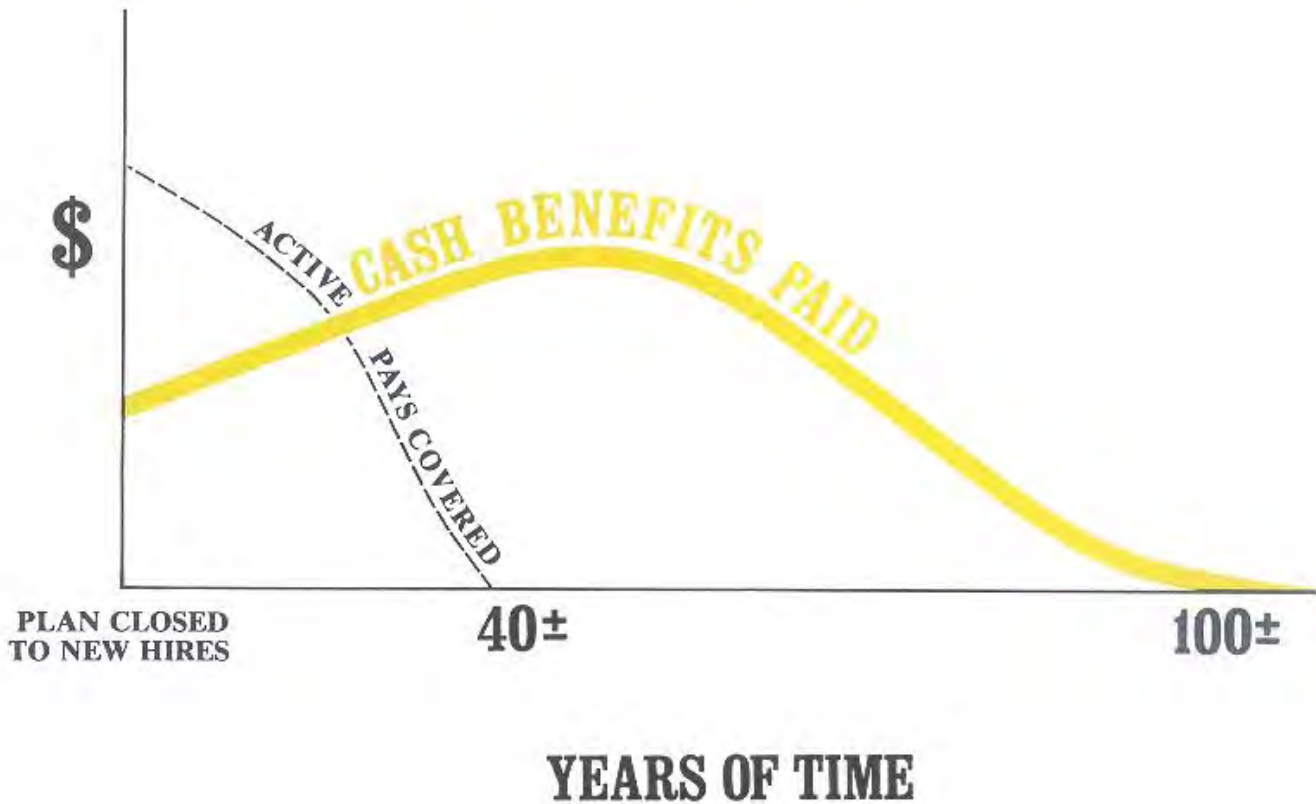
- (i) long-term rates of investment return to be generated by the assets of the Fund
- (ii) patterns of pay increases to members
- (iii) rates of mortality among members, retirants, and beneficiaries
- (iv) rates of withdrawal of active members
- (v) rates of disability among active members
- (vi) the 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).

A CLOSED PENSION PLAN



A plan becomes closed when no new hires are admitted to active membership. The persons covered by the plan at the time of closing continue their normal activities and continue to be covered by the plan, until the last survivor dies.

CASH BENEFITS LINE. After a pension plan becomes closed, the usual pattern is for cash benefits to continue to increase for decades of time. Eventually the cash benefits will peak, and then gradually decrease over more decades of time, ultimately to zero. The last cash benefit is likely to occur a century after the time the plan is closed.

The precise amounts of cash benefits cannot be known now, and must be estimated by assumptions of future experiences in a variety of financial risk areas.

The investment return rate (net of administrative expenses) used for valuation calculations was 7.0% a year, compounded annually. This rate is not the assumed real rate of return. The real rate of return is the rate of investment return in excess of the rate of inflation. Considering other financial assumptions, the 7.0% investment return rate translates to an assumed real rate of return of 4.0 %.

The assumption is used to equate the value of payments due at different points in time and was first used for the June 30, 2000 valuation. Approximate investment returns, for the purpose of comparisons with assumed returns, have been as follows:

	Year Ended June 30					5-Year
	2012	2011	2010	2009	2008	Average
Nominal rate	4.6%	2.8%	2.5%	(14.2)%	5.6%	(0.0)%

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 Ages	Present Value of		Future Life	
	\$1 Monthly for Life		Expectancy (Years)	
	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 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 fund 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. 25 OF THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD

This information is presented in draft form for review by the Fund's auditor. Please let us know if there are any items that the auditor changes so that we may maintain consistency with the Fund's financial statements.

GASB STATEMENT No. 25 REQUIRED SUPPLEMENTARY INFORMATION

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	June 30, 2012
Actuarial Cost Method	Aggregate
Amortization Method	Level dollar, closed
Remaining Amortization Period	12 years
Asset Valuation Method	4-year smoothed market
Actuarial Assumption:	
Investment rate of return	7.00%
Projected salary increases	N/A
Includes inflation at	N/A
Cost-of-living adjustments	3.0%

Membership of the plan consisted of the following at June 30, 2012, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	29
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	<u>0</u>
Total	29

GASB STATEMENT NO. 25
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress

Actuarial Valuation Date June 30	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll
2003	\$7,745,243	\$10,900,752	\$3,155,509	71.1 %	N/A
2004	6,417,621	10,753,134	4,335,513	59.7	N/A
2005	5,621,672	10,172,322	4,550,650	55.3	N/A
2006	5,559,966	10,930,809	5,370,843	50.9	N/A
2007	5,848,461	10,681,885	4,833,424	54.8	N/A
2008*	5,532,527	11,055,950	5,523,423	50.0	N/A
2009	4,294,430	9,866,752	5,572,322	43.5	N/A
2010	4,028,988	9,463,639	5,434,651	42.6	N/A
2011	3,574,761	8,904,371	5,329,610	40.1	N/A
2012*	3,245,011	8,481,396	5,236,385	38.3	N/A

* After changes in assumptions and/or methods.

Schedule of Employer Contributions

Fiscal Year Ended June 30	Contribution Rates as Percents of Valuation Payroll	Computed Dollar Contribution Based on Projected Payroll	Actual Annual Contribution	Percentage Contributed
2005	N/A	\$ 528,199	\$ 528,199	100 %
2006	N/A	806,276	806,276	100
2007	N/A	934,667	934,667	100
2008	N/A	612,545	612,545	100
2009	N/A	641,212	641,212	100
2010*	N/A	722,537	722,537	100
2011	N/A	500,000	500,000	100
2012	N/A	500,000	500,000	100
2013	N/A	599,431	-	-
2014*	N/A	606,096	-	-

* After changes in assumptions and/or methods.

January 30, 2013

Ms. Sandy Sykes
Pension Coordinator
City of Jackson
161 West Michigan Avenue
Jackson, Michigan 49201

Dear Sandy:

Enclosed, please find 12 copies of the report of the 55th Annual Actuarial Valuation of the City of Jackson Policemen's and Firemen's Pension Fund.

Sincerely,



David T. Kausch, FSA, EA, MAAA

DK:bd
Enclosures

cc: The Rehman Group
Attn: Mark Kettner



CITY COUNCIL MEETING
April 23, 2013

TO: Honorable Mayor and City Councilmembers

FROM: Philip J. Hones, Finance Director

SUBJECT: Consideration and Approval of Pension System Funding Letters

RECOMMENDATION: Consideration and approval of the actuarial valuations as of June 30, 2012, communication from the Boards of Trustees of the City of Jackson Employees Retirement System, Act 345 Retirement System, and the City of Jackson Policemen's and Firemen's Pension System, and certification of funding necessary for fiscal year 2013-2014.

Attached are the following items for the City Council's receipt, consideration and approval:

1. Letter of Funding requested for the City of Jackson Employees Retirement System for FY2013-2014, and a copy of the latest Actuary Report.
2. Letter of Funding requested for the City of Jackson's Policemen's and Firemen's Pension System for FY2013-2014, and a copy of the latest Actuary Report.
3. Letter of Funding requested for the City of Jackson Act 345 Retirement System for FY2013-2014, and a copy of the latest Actuary Report.

Copies of the Actuary Reports will also be available for review in the City Clerk's Office, and will be available in the Reference area of the Jackson District Library downtown branch for a period of six months.

Requested action is to receive the actuarial reports, and approve the letters of funding necessary for fiscal year 2013-2014.

If you have any questions, please contact me at 768-6384.

PJH/ss



City of Jackson Employees Retirement System

161 W. Michigan Avenue
Jackson, Michigan 49201
(517) 768-6382
(517) 768-5857 fax

April 10, 2013

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 actuarial valuation of June 30, 2012 recommends that the 2013/14 contribution be as follows:

Employer (City) Contribution at 12.52 %	\$1,126,236
--	--------------------

The actuarially recommended City contribution of \$1,126,236 or 12.52% of covered payroll, for fiscal year 2013/14 is a dollar amount increase of \$245,486 over the recommended contributions for the current fiscal year contribution amount of \$880,750 (9.92% of covered payroll).

Actuarial experience was less favorable than expected for the year ended June 30, 2012 as indicated by the experience loss shown on page A-9. The loss was primarily attributable to unfavorable investment return (please refer to page C-7) on a funding value basis. Liability experience was on target in aggregate, with gains due to lower than expected salary increases and higher retiree mortality than expected.

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,

Steven P. Maga, Chairman
City of Jackson Employees Retirement System

SPM/ss

Attachments



Act 345 Retirement System City of Jackson, Michigan

161 W. Michigan Avenue
Jackson, Michigan 49201
(517) 768-6382
(517) 768-5857 fax

April 9, 2013

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 actuarial valuation of June 30, 2012 recommended the fiscal year 2013/2014 City contribution should be in the amount of \$3,273,947 or 66.23% of total gross payrolls of the Police and Fire Department employees who are members of the Act 345 Retirement System. The board requested a supplemental valuation to review the effect of a proposed funding method change. The present funding method amortizes unfunded actuarial accrued liabilities at a level percent of payroll over a 15-year open period for both active and retired liabilities. The proposed method amortizes these liabilities as a level percent of payroll over a 20-year open period for active liabilities, and a 15-year closed period for retired liabilities. The effect of this change on City contributions is a \$3,012,344 contribution, or 60.94% of total gross payrolls. The City contribution currently is \$2,870,342 or 57.05% of payroll. Based on this supplemental information, the board is recommending the City contribution of \$3,012,344 for the fiscal year 2013/2014.

Net actual experience of the Retirement System was less favorable than assumed during the year ending June 30, 2012, resulting in a loss of \$4.9 million. The overall experience loss was primarily due to recognized investment income which was less than the long-term assumption on a funding basis resulting in a loss of \$2.5 million.

The City is presently levying 5.46 mills to finance the Act 345 Retirement System.

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,

John Holda, Chairman
City of Jackson Act 345 Retirement System

JH/ss
Attachment



Policemens and Firemens Retirement System

City of Jackson, Michigan

161 W. Michigan Avenue
Jackson, Michigan 49201
(517) 768-6382
(517) 768-5857 fax

February 27, 2013

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.

Net experience for the Pension Fund was favorable during the year ending June 30, 2012. The major sources of gains or losses on the unfunded actuarial accrued liability (UAAL) are:

Item	Impact on UAAL
Asset Loss	\$(80,587)
COLA Gain	169,236
Mortality Loss	(237,190)
Data Gain	456,111
Total Gain	\$307,450

The recognized rate of return was 4.6% vs. the assumed rate of 7.0% resulting in a loss (note that the market rate of return was (5.1)% which was 12.1% below the 7.0% assumption). Actual COLAs granted this year were 0% and 1.5% vs. the assumed rate of 3.0% resulting in a gain. Participants are living longer than expected resulting in a mortality loss. There was also a significant data change with the removal of a surviving spouse from the rolls after clarification of her status resulting in a substantial gain.

The recommended employer contribution for the fiscal year beginning July 1, 2013 is \$606,096.00. This is an increase of \$6,665.00 from the prior year's contribution of \$599,431.00.

The actuary currently lists the funded ratio of accrued liabilities at 38.3% funded by Pension Fund assets. This is a decrease from the funded ratio of 40.1% 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 \$606,096.00 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, Chairman
City of Jackson Policemen's and Firemen's Pension Fund

MRC/ss

CITY OF JACKSON EMPLOYEES RETIREMENT SYSTEM
67TH ACTUARIAL VALUATION REPORT
AS OF JUNE 30, 2012

OUTLINE OF CONTENTS

REPORT OF JUNE 30, 2012 ACTUARIAL VALUATION

Pages	Items
--	Cover Letter
1-7	<i>Executive Summary</i>
	<i>Valuation Results, Comments and Recommendations</i>
A-1	Funding Objective and Contribution Rates
A-2/3	Contributions to Fund Benefits
A-4	Funding Progress Indicators
A-5	Funding Progress - Comparative Schedule
A-6	Development of Funding Value of Assets
A-7	Recommended and Actual Contributions - Comparative Statement
A-8	Summary Statement of System Resources and Obligations
A-9	Active Member Experience Gain (Loss)
A-10	10-Year Projection
A-11/14	Comments and Recommendations
	<i>Summary of Benefit Provisions and Valuation Data</i>
B-1/3	Summary of Benefit Provisions Evaluated or Considered
B-4/5	Summary of DROP Provisions
B-6/8	Retired Life Data
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B-14	Asset Information
	<i>Funding Objective, Summary of Valuation Process, Methods and Assumptions</i>
C-1/2	Basic Funding Objective and Operation of the Retirement System
C-3/4	Actuarial Valuation Process
C-5	Actuarial Cost Method
C-6/10	Actuarial Assumptions
C-11	Miscellaneous and Technical Assumptions
C-12/13	Glossary
	<i>Disclosures Required by Statement No. 25 of the Governmental Accounting Standards Board</i>
D-1/2	Required Supplementary Information

March 27, 2013

The Board of Trustees
City of Jackson Employees Retirement System
Jackson, Michigan

The results of the June 30, 2012 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.

The purpose of the valuation is to measure the System's funding progress, to determine the employer contribution rate for the fiscal year ending June 30, 2012, and to determine the actuarial information for Governmental Accounting Standards Board (GASB) Statement No. 25.

The actuaries submitting this statement are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Please see the following page for additional disclosures required by the Actuarial Standards of Practice.

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 City of Jackson Employees Retirement 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.

Respectfully submitted,



David T. Kausch, FSA, EA, MAAA



Abra D. Hill, ASA, MAAA

DTK/ADH:bd

Additional Disclosures Required by Actuarial Standards of Practice

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. Due to the limited scope of the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements.

This report should not be relied on for any purpose other than the purpose described herein. Determinations of the financial results associated with the benefits described in this report in a manner other than the intended purpose may produce significantly different results.

The signing actuaries are independent of the plan sponsor.

The valuation was based upon information furnished by the City, concerning Retirement System benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal 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 City.

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Valuation Date:	June 30, 2011	June 30, 2012
Fiscal Year Ending:	June 30, 2013	June 30, 2014
Recommended Employer Contributions:		
Annual Amount	\$ 880,750	\$ 1,126,236
Percentage of Covered Payroll	9.92%	12.52%
Membership		
Number of		
Active Members [^]	171	169
Retirees and Beneficiaries	170	173
Inactive, Non-retired Members	24	22
Total	365	364
Total Pensions Being Paid	\$ 2,596,555	\$ 2,618,194
Assets		
Market Value	\$33,636,645	\$32,481,773
Actuarial Value	32,985,594	32,116,826
Return on Market Value	21.0%	2.1%
Return on Actuarial Value	1.3%	3.0%
Ratio - Actuarial Value to Market Value	98.1%	98.9%
Actuarial Information		
Normal Cost %	11.16%	11.06%
Actuarial Accrued Liability (AAL)	\$43,916,224	\$48,321,325
Unfunded Actuarial Accrued Liability (UAAL)	10,930,630	16,204,499
Funded Ratio	75.1%	66.5%
Amortization Period	30 years	30 years

[^] Includes current DROP Participants.

Highlights/Changes

The DROP is now closed to any non-DROP active members. With the closure of the DROP we recommend a funding method change to reflect known DROP elections.

There were changes in actuarial assumptions as adopted by the Board.

There were losses on assets, retirements, and salaries, offset by gains on turnover and mortality.

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, 2012. Valuations are prepared annually, as of July 1 of each year, the first day of 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. 25 (GASB No. 25), 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 a period of 30 years from the valuation date. A thirty-year period is the maximum amortization period allowed by GASB Statement No. 25 in computing the Annual Required Contribution (ARC).

Contribution Requirement

The computed employer contribution for the fiscal year ending June 30, 2014 is \$1,126,236, 12.52% of covered payroll. This compares with an employer contribution for the fiscal year ending June 30, 2013 of \$880,750, 9.92% of covered payroll.

EXECUTIVE SUMMARY

Funded Status

As of the valuation date, the Unfunded Actuarial Accrued Liability (UAAL) is \$16,204,499, and the funded ratio (the ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability) is 66.5%. At the time of last year's valuation, the UAAL was \$10,930,630, and the funded ratio was 75.1%. 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 loss of \$2,084,432. This loss includes a recognized investment loss of \$1,589,402, and liability losses of \$495,030. Liability losses include more retirements and DROP elections than expected due in part to the closure of the DROP, higher salaries than expected due in part to the elimination of mandated furloughs, offset by gains due to lower turnover than expected and gains on mortality.

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 \$364,946 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.

EXECUTIVE SUMMARY

Relationship to Market Value

If Market Value had been the basis for the valuation, the employer contribution rate would have been 12.38% of payroll and the funded ratio would have been 67.2%. This is a rough indication of the future status of the System. The last portion of the market losses from 2009 has been phased-in. See the “Looking Ahead” comment on page A-12 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. This change does not affect any members as of the date of this valuation. See the “Plan Amendments” comment on page A-11 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. The Board adopted changes to the economic and mortality assumptions based on the results of a study issued by GRS on July 19, 2012. Changes to the assumptions adopted by the Board include decreasing the assumed invest return from 8.00% to 7.50%, decreasing the assumed wage inflation from 4.25% to 3.00%, decreasing the assumed price inflation from 4.25% to 2.50%, and changing the mortality table from the UP-94 mortality tables to the RP 2000 mortality tables projected to 2017 with scale BB. The new mortality assumption contains a provision for future mortality improvement in the projection beyond the valuation date.

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. These actuarial assumptions and methods comply with the parameters for disclosure in GASB Statement No. 25.

EXECUTIVE SUMMARY

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.

With the closure of the DROP effective June 30, 2012, we recommend a change in the Actuarial Cost Method. While the DROP was open, we did not know the elections eligible members would make nor what each member's final benefit amount would be. The previous method treated all members eligible for or in the DROP as active members and modeled each individual entering the DROP at various future dates which would be consistent with the current retirement pattern and reflect the most valuable DROP election at each future date. Now that the DROP is closed, all elections and benefits are known so the need for sophisticated modeling no longer exists. The proposed method treats all DROP members as retirees for the purpose of calculating the present value of future benefits and reflects the funding of the DROP through dedicated employer contributions on the unfunded liability created by the DROP over a closed 10-year period and employer contributions on DROP members' payroll. The proposed method has been reflected in this valuation. This method affects the timing of contributions, but not the total over time amounts.

EXECUTIVE SUMMARY

Assets

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

Page B-14 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 past year's 8.00% 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 98.9% 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, 2012 on Market Value was 2.11%, while it was 3.04% on Actuarial Value. These figures differ because of the asset valuation procedure described above.

EXECUTIVE SUMMARY

GASB Statement No. 25 Disclosure

The Governmental Accounting Standards Board (GASB) Statement No. 25 governs reporting for government-sponsored retirement plans.

For the System, the ARC is defined to the sum of (a) the employer normal cost, and (b) the amount needed to amortize the DROP as a level percentage of payroll over 10 years and the remaining UAAL as a level percentage of payroll over 30 years.

GASB Accounting Standards

In June 2012, the GASB approved two new accounting standards for public sector retirement systems and governments, Statement 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. However, the new accounting standards will require a separate set of calculations and may require a separate 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, 2012 are shown on page A-2.

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

Contributions for	July 1, 2012			July 1, 2013		
	General Members	Water & Sewage Members	Total Weighted Averages	General Members	Water & Sewage Members	Total Weighted Averages
Normal Cost						
Age and Service Allowances	9.15 %	9.18 %	9.16 %	9.04 %	9.03 %	9.04 %
Disability and Survivor	1.01	1.00	1.00	0.97	0.96	0.97
Refunds of Member Contributions	0.98	1.04	1.00	1.04	1.09	1.05
Total Normal Cost	11.14	11.22	11.16	11.05	11.08	11.06
Unfunded Actuarial Accrued Liability#			7.62 %			12.51 %
Total Computed Contribution			18.78			23.57
Contribution for DROP			1.06			1.47
Contribution Excluding DROP			17.72			22.10
Total Contribution Requirement* Member Portion			8.86 %			11.05 %
Employer Portion*						
- DROP !			1.06			1.47
- Remaining			8.86			11.05
- Total Computed Rate			9.92 %			12.52 %
- Total Dollar Contribution !			\$ 880,750			\$ 1,126,236

Amortized over 30 years.

* The Members and Employer split the contribution requirement. The contribution requirement can be no less than 2.5% for the Members and 2.5% for the Employer.

! 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 10 years left in the amortization period.

In financing the actuarial accrued liability, the valuation assets of \$32,116,826 were distributed as shown below. Please see page A-6 for information concerning the derivation of valuation assets.

Reserves	Present Valuation Assets Applied to			Totals
	Member Actuarial Accrued Liability	Retired Life Actuarial Liability	Contingency Reserve	
Employees' Contributions	\$4,920,114			\$ 4,920,114
Employer Contributions	2,780,375	\$ 2,013,665		4,794,040
Retired Benefit Payments		22,402,672	none	22,402,672
Totals	\$7,700,489	\$24,416,337	none	\$32,116,826

Assets were applied against actuarial accrued liability in determining unfunded actuarial accrued liability as follows:

	Retired Lives	Active Members	Totals
Computed Actuarial Accrued Liability	\$24,416,337	\$23,904,988	\$48,321,325
Applied Assets	24,416,337	7,700,489	32,116,826
Unfunded Actuarial Accrued Liability	\$ none	\$16,204,499	\$16,204,499

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 6/30/98, 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 6/30/98 valuation, the accrued liability computed for funding purposes is used in place of the AAL, 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 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 - COMPARATIVE SCHEDULE
(\$ AMOUNTS IN THOUSANDS)

Valuation Date	Valuation Assets	AAL	Funded Ratio	UAAL	Member Payroll	Ratio to Payroll	Gain (Loss)
6/30/89	\$ 14,420	\$ 10,060	143.3 %	\$ (4,360)	\$ 5,826	- %	\$ (2)
6/30/90(a)	15,353	11,486	133.7	(3,867)	5,968	-	763
6/30/91(a)	16,485	12,451	132.4	(4,035)	6,190	-	657
6/30/92(a)	17,640	14,576	121.0	(3,064)	6,469	-	538
6/30/93	19,588	15,995	122.5	(3,593)	6,978	-	1,064
6/30/94(a)	20,157	18,847	107.0	(1,310)	6,285	-	(847)
6/30/95	21,270	19,578	109.0	(1,692)	6,609	-	279
6/30/96	22,960	21,016	109.0	(1,944)	7,022	-	399
6/30/97	24,810	22,781	108.9	(2,029)	7,340	-	988
6/30/98(a)	27,965	22,927	122.0	(5,038)	7,339	-	2,299
6/30/99	31,654	24,367	129.9	(7,287)	7,784	-	2,040
6/30/00	34,960	25,787	135.6	(9,173)	8,338	-	1,645
6/30/01(a)	36,120	27,705	130.4	(8,415)	8,532	-	(209)
6/30/02	35,151	29,372	119.7	(5,779)	9,257	-	(2,937)
6/30/03(a)	33,229	29,902	111.1	(3,327)	9,691	-	(3,368)
6/30/04(a)	32,919	31,417	104.8	(1,502)	9,600	-	(1,788)
6/30/05	32,395	33,016	98.1	621	9,600	6.5	(1,899)
6/30/06	31,867	35,019	91.0	3,152	10,091	31.2	(2,449)
6/30/07(a)	34,236	38,091	89.9	3,855	10,119	38.1	381
6/30/08(a)	35,618	40,907	87.1	5,289	10,295	51.4	(469)
6/30/09	34,971	42,855	81.6	7,884	10,184	77.4	(2,485)
6/30/10(a)	34,124	43,283	78.8	9,159	8,969	102.1	(1,518)
6/30/11	32,986	43,916	75.1	10,930	8,169	133.8	(1,466)
6/30/12(b)	32,117	45,448	70.7	13,331	8,479	157.2	(2,084)
6/30/12(a)	32,117	48,321	66.5	16,204	8,479	191.1	(2,084)

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

(b) Before changes in benefit provisions and/or actuarial assumptions and actuarial cost methods.

AAL - 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.

UAAL - Unfunded actuarial accrued liability.

DEVELOPMENT OF FUNDING VALUE OF RETIREMENT SYSTEM ASSETS

Year Ended June 30:	2010	2011	2012	2013	2014	2015
A. Funding Value Beginning of Year	\$34,970,792	\$34,124,162	\$32,985,594			
B. Market Value End of Year	29,220,833	33,636,645	32,481,773			
C. Market Value Beginning of Year	27,109,331	29,220,833	33,636,645			
D. Non-Investment Net Cash Flow	(1,114,851)	(1,558,300)	(1,844,436)			
E. Investment Income						
E1. Market Total: B - C - D	3,226,353	5,974,112	689,564			
E2. Amount for Immediate Recognition	2,753,069	2,667,601	2,565,070			
E3. Amount for Phased-In Recognition: E1-E2	473,284	3,306,511	(1,875,506)			
F. Phased-In Recognition of Investment Income						
F1. Current Year: 0.25 x E3	118,321	826,628	(468,877)			
F2. First Prior Year	(2,065,474)	118,321	826,628	\$(468,877)		
F3. Second Prior Year	(1,127,344)	(2,065,474)	118,321	826,628	\$(468,877)	
F4. Third Prior Year	589,649	(1,127,344)	(2,065,474)	118,321	826,627	\$(468,875)
F5. Total Recognized Investment Gain: F1 + F2 + F3 + F4	(2,484,848)	(2,247,869)	(1,589,402)	476,072	357,750	(468,875)
G. Funding Value End of Year: A + D + E2 + F5	34,124,162	32,985,594	32,116,826			
H. Difference Between Market & Funding Value	(4,903,329)	651,051	364,947			
I. Recognized Rate of Return	0.8%	1.3%	3.0%			
J. Market Rate of Return	12.2%	21.0%	2.1%			
K. Ratio of Funding Value to Market Value: G / B	116.8%	98.1%	98.9%			

The Funding 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, Funding Value of Assets will tend to be less than Market Value. During periods when investment performance is less than the assumed rate, Funding Value of Assets will tend to be greater than Market Value. The Funding 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 Funding Value will become equal to Market Value.

**RECOMMENDED AND ACTUAL CONTRIBUTIONS
COMPARATIVE STATEMENT**

Fiscal Year	Valuation Date	Dollar Contributions		% of Payroll Contributions*		Weighted Average
		Recommended	Actual	General	Water & Sewage	
84/85	6-30-83	\$ 260,997	\$260,997	5.56 %	5.90 %	5.64 %
85/86 (a)	6-30-84	188,421	188,421	3.80	4.71	4.02
86/87	6-30-85	150,464	173,539	3.05	5.14	3.56
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		9.92	9.92	9.92
13/14 (b)	6/30/12	986,943		10.71	10.71	10.71
13/14 (a)	6/30/12	1,126,236		12.52	12.52	12.52

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

(b) Before 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, 2011			June 30, 2012		
	Water &		Totals	Water &		Totals
	General	Sewage		General	Sewage	
A. Present value of System assets						
1. Net assets from financial statements	\$27,339,978	\$ 6,296,667	\$33,636,645	\$26,300,912	\$ 6,180,861	\$32,481,773
2. Reduction for contribution stabilization	0	0	0	0	0	0
3. Market value adjustment	(529,176)	(121,875)	(651,051)	(295,502)	(69,445)	(364,947)
4. Valuation assets	26,810,802	6,174,792	32,985,594	26,005,410	6,111,416	32,116,826
B. Present value of expected future employer contributions						
1. For normal costs	2,186,451	694,969	2,881,420	(2,590,406)	\$ (268,994)	(2,859,400)
2. For unfunded actuarial accrued liability	5,864,946	5,065,684	10,930,630	9,988,511	6,215,988	16,204,499
3. Total	8,051,397	5,760,653	13,812,050	7,398,105	5,946,994	13,345,099
C. Actuarial present value of expected future member contributions	3,817,272	1,205,374	5,022,646	3,620,118	1,089,205	4,709,323
D. Total	\$38,679,471	\$13,140,819	<u>\$51,820,290</u>	\$37,023,633	\$13,147,615	<u>\$50,171,248</u>

Actuarial Present Value of Expected Future Benefit Payments

	June 30, 2011			June 30, 2012		
	Water &		Totals	Water &		Totals
	General	Sewage		General	Sewage	
A. To retirants and beneficiaries	\$15,944,185	\$ 6,895,731	\$22,839,916	\$16,725,929	\$ 7,690,408	\$24,416,337
B. To vested terminated members	2,061,112	149,115	2,210,227	2,088,739	122,776	2,211,515
C. To present active members						
1. Allocated to service rendered prior to valuation date	14,670,451	4,195,630	18,866,081	12,443,566	3,574,338	16,017,904
2. Allocated to service likely to be rendered after valuation date	6,003,723	1,900,343	7,904,066	5,765,399	1,760,093	7,525,492
3. Total	20,674,174	6,095,973	26,770,147	18,208,965	5,334,431	23,543,396
D. Total	\$38,679,471	\$13,140,819	<u>\$51,820,290</u>	\$37,023,633	\$13,147,615	<u>\$50,171,248</u>

**ACTIVE MEMBER EXPERIENCE GAIN (LOSS)
YEAR ENDED JUNE 30, 2012**

	Actuarial Accrued Liability (A)	Actuarial Value of Assets (B)	Unfunded Actuarial Accrued Liability (C) = (A) - (B)
(1) Value at start of year	\$43,916,224	\$32,985,594	\$10,930,630
(2) Normal Cost from last valuation	946,270	N/A	946,270
(3) Actual Contributions	N/A	1,483,597	(1,483,597)
(4) Disbursements	(3,328,033)	(3,328,033)	-
(5) Interest Accrual [(1) + [(2)+(3)+(4)]1/2]*8%	<u>3,418,027</u>	<u>2,565,070</u>	<u>852,957</u>
(6) Expected value before changes (1)+(2)+(3)+(4)+(5)	44,952,488	33,706,228	11,246,260
(7) Increase due to plan amendment	-	-	-
(8) Increase due to method changes	244,716	-	244,716
(9) Increase due to revised assumptions	<u>2,629,091</u>	<u>-</u>	<u>2,629,091</u>
(10) Expected value after changes (6)+(7)+(8)+(9)	47,826,295	33,706,228	14,120,067
(11) Actual value at end of year	<u>48,321,325</u>	<u>32,116,826</u>	<u>16,204,499</u>
(12) Gain (loss) (10)-(11) [(11)-(10) for assets]	(495,030)	(1,589,402)	(2,084,432)

10-YEAR PROJECTION
30-YEAR OPEN AMORTIZATION PERIOD
7.50% MARKET RETURN
(ALL \$ IN MILLIONS)

Projections were excluded from this valuation due to several concurrent changes causing large distortions. These changes included:

1. Closing of the DROP.
2. Implementing a new tier of benefits.

COMMENTS AND RECOMMENDATIONS

COMMENT 1:

PLAN EXPERIENCE: Actuarial experience was less favorable than expected for the year ended June 30, 2012 as indicated by the experience loss shown on page A-9. The loss was primarily attributable to unfavorable investment return (please refer to page C-7) on a funding value basis. Liability experience was on target in aggregate, with gains due to lower than expected salary increases and retiree mortality.

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. This change does not affect any members as of the date of this valuation.

For purposes of applying a separate contribution rate to members hired on or after July 1, 2012 consistent with current ordinance, we recommend a member contribution rate equal to half of the normal cost plus half of the amortization of the unfunded actuarial accrued liability (UAAL) not attributed to the DROP. The total normal cost for new hires is estimated to be 7.80% of payroll and the total amortization of the UAAL not attributed to the DROP is currently 11.04% of payroll. Thus for the fiscal year ending June 30, 2014, the recommended member contribution rate for members in the new tier is 9.42% of payroll (half of 7.80% plus half of 11.04%).

COMMENT 3:

ALTERNATE COST SHARING ARRANGEMENT: Under the current ordinance member contributions are set equal to half of the normal cost plus half of the amortization of the UAAL with a minimum member contribution of 2.5% of payroll (with the exception that the City funds the impact of the DROP). The City may wish to consider an alternate cost sharing arrangement adding a member contribution cap equal to the normal cost. For the fiscal year ending June 30, 2014, the recommended member contribution for members hired prior to July 1, 2012 is 11.05% of pay, 0.01% of pay less than the normal cost rate of 11.06% for the group. For the fiscal year ending June 30, 2014, the

COMMENTS AND RECOMMENDATIONS

recommended member contribution for members hired on or after July 1, 2012 is 9.42% of pay, 1.62% of pay more than the normal cost rate of 7.80% for the group. Under the proposed alternate cost sharing arrangement the recommended member contribution would remain at 11.05% of payroll for members hired prior to July 1, 2012 and would decrease to 7.80% of payroll for members hired on or after July 1, 2012. The decrease in the member contributions for members hired on or after July 1, 2012 will be offset by an equal increase in employer contributions.

COMMENT 4:

ALTERNATE DROP LIABILITY AMORTIZATION: Currently the UAAL attributable to the DROP plan is amortized over a closed 15-year period beginning with the June 30, 2008 valuation. There are 10 years left in the DROP amortization. The City may wish to consider a 30-year open period, which is the same period used for the remainder of the plan UAAL. Using the 30-year open amortization decreases the employer contribution by 0.76% of pay, or \$68,366. The recommended employer contribution using this methodology is 11.76% of pay, or \$1,057,870 for the fiscal year beginning July 1, 2013. This methodology change has no effect on the member contributions.

COMMENT 5:

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. Changes to the assumptions going forward from the previous valuation include decreasing the assumed invest return from 8.00% to 7.50%, decreasing the assumed wage inflation from 4.25% to 3.00%, decreasing the assumed price inflation from 4.25% to 2.50%, and adjustments to the assumed mortality rates.

COMMENTS AND RECOMMENDATIONS

Principal results before and after the changes are shown below:

	Prior Method & Assumptions	Current Method & Prior Assumptions	Current Method & Assumptions	Total Change
Actuarial Accrued Liability	\$ 45,447,518	\$ 45,692,234	\$ 48,321,325	\$ 2,873,807
Actuarial Valuation of Assets	32,116,826	32,116,826	32,116,826	-
Unfunded Actuarial Liability	\$ 13,330,692	\$ 13,575,408	\$ 16,204,499	\$ 2,873,807
Funded Ratio	70.67 %	70.29 %	66.47 %	(4.20)%
Employer Contribution Rate*	10.71 %	10.93 %	12.52 %	1.81 %
Annual Required Contribution	\$ 986,943	\$ 1,007,217	\$ 1,126,236	\$ 139,293

* Expressed as percent of active member payroll

COMMENT 6:

LOOKING AHEAD: The Actuarial Value of Assets is 98.9% of the Market Value of Assets as of June 30, 2012. In general, when the actuarial value and market value are the same, there should be stability in the contribution rates in the short term. 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.

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 (currently about 4.00%). 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 \$16,204,499. The related amortization period of this amount is 30 years. The cost of the DROP is amortized over 10 years.

RESERVE TRANSFERS: The June 30, 2012 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
\$1,052,352	\$ 961,313

The above transfer amounts were based on retirement activity by division and were assumed to have been made as of June 30, 2012 for purposes of this valuation.

SECTION B

SUMMARY OF BENEFIT PROVISIONS AND VALUATION DATA

SUMMARY OF BENEFIT PROVISIONS EVALUATED OR CONSIDERED (JUNE 30, 2012)

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 - 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.

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)

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 - Computed as a service retirement but based on service, FAC and plan provisions at the time of DROP election. Monthly pension benefits and annuity withdrawal (if chosen) account value at DROP date accumulate in a board-approved defined contribution retirement plan account managed by a board-approved independent investment company.

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, 2012)

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, 2012)**

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.

SUMMARY OF DROP PROVISIONS

Effective Date

July 1, 2008 through June 30, 2012.

Eligibility

A member of the City of Jackson Employees Retirement System who has satisfied the minimum requirements for a normal service retirement. This eligibility is currently 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.

Election of DROP

A member satisfying DROP eligibility conditions would be permitted to either:

- 1) Retire; or
- 2) Continue working and retire at a future date with a pension based on credited service and final average compensation (FAC) at date of termination of employment; or
- 3) Irrevocably elect to participate in the DROP and retire at a date no more than 3 years in the future with a pension based on FAC and service at date of election to participate in the DROP.

DROP Credits

The account of a participating member is credited with:

- The pension payments the member would have been paid if the member had retired on the date of DROP election, and
- The annuity withdrawal funds, if annuity withdrawal option is chosen.

Retirement from DROP

Upon termination of employment the frozen monthly pension begins. The form of payment will be based on the member's election at the time of the DROP election.

SUMMARY OF DROP PROVISIONS (CONCLUDED)

Death during DROP Participation

Benefits payable to a member's beneficiary if death occurs during the DROP participation period will be computed in the same manner as if the member had separated from service the day before the participant's date of death.

Disability during DROP Participation

Benefits payable to a member if disability occurs during the DROP participation period will be computed in the same manner as if the member had retired and terminated employment when the person commenced participation in the DROP.

Covered Payroll

The payroll of DROP participants will be included in the covered compensation upon which regular City contributions are based. However, member contributions will cease upon election of DROP.

RETIRANTS AND BENEFICIARIES COMPARATIVE SCHEDULE

Year Ended June 30	Added to Rolls		Removed from Rolls		Rolls End of Year		Active Per Retired	Average Allowances	Discounted Value of Allowances	
	No.	Annual Allowances	No.	Annual Allowances	No.	Annual Allowances			Total	Average
1987	12	\$ 75,119	4	\$ 21,551	135	\$ 545,385	1.7	\$ 4,040	\$ 4,575,365	\$ 33,892
1988	4	15,721	7	15,490	132	545,616	1.9	4,133	4,466,775	33,839
1989	8	64,390	6	26,587	134	583,419	1.9	4,354	4,782,315	35,689
1990	6	43,249	7	29,220	133	597,448	1.9	4,492	4,825,459	36,282
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

* Reflects retirements due to Early Retirement Window provision.

RETIRANTS AND BENEFICIARIES JUNE 30, 2012
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 retiree	59	\$ 871,587
Option I allowance - cash refund annuity plus pension terminating at death of retiree	3	60,060
Option II allowance - joint and survivor benefit	33	469,140
Option III allowance - modified joint and survivor benefit	52	977,370
Allowance to survivor beneficiary of deceased retiree	<u>15</u>	<u>116,672</u>
Total age and service allowances	162	\$2,494,829
Casualty Allowances		
Disability		
Regular	2	\$ 24,131
Option I	1	6,234
Option II	3	44,643
Option III	2	19,759
Disability allowance		
Survivor beneficiary	0	0
Allowance to survivor beneficiary of deceased member	<u>3</u>	<u>28,598</u>
Total casualty allowances	<u>11</u>	<u>123,365</u>
Total Allowances Being Paid	173	\$2,618,194

RETIRANTS AND BENEFICIARIES JUNE 30, 2012
TABULATED BY ATTAINED AGE

Attained Age	Age & Service		Casualty		Totals	
	No.	Annual Allowances	No.	Annual Allowances	No.	Annual Allowances
40 - 44			1	\$ 12,498	1	\$ 12,498
45 - 49			1	14,906	1	14,906
50 - 54	2	\$ 52,650	1	9,392	3	62,042
55 - 59	10	278,546	3	45,454	13	324,000
60 - 64	29	640,999	1	12,914	30	653,913
65 - 69	37	655,221	1	6,233	38	661,454
70 - 74	24	273,971	1	5,868	25	279,839
75 - 79	24	289,026			24	289,026
80	5	68,271			5	68,271
81	4	31,154			4	31,154
82	3	27,225			3	27,225
83	4	23,094			4	23,094
84	3	21,522			3	21,522
85	5	47,977			5	47,977
86	2	8,235			2	8,235
87	2	9,152	1	4,711	3	13,863
88	2	14,203			2	14,203
91	2	15,655			2	15,655
92	1	3,823			1	3,823
95	1	12,226	1	11,389	2	23,615
99	1	10,305			1	10,305
Over 100	1	11,574			1	11,574
Totals	162	\$ 2,494,829	11	\$ 123,365	173	\$ 2,618,194

**INACTIVE MEMBERS JUNE 30, 2012
TABULATED BY ATTAINED AGE**

Included in the valuation were 22 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
31	1	\$ 9,490
39	1	14,068
41	1	12,121
43	1	20,905
49	3	34,256
50	2	13,906
51	3	61,617
55	2	39,908
56	2	27,998
57	2	33,703
58	1	20,073
59	2	32,565
65	1	610
Totals	22	\$321,220

Average Age at Deferment: 45.4 years

Average Age Now: 51.9 years

ACTIVE MEMBERS JUNE 30, 2012
TABULATED BY VALUATION DIVISIONS

<u>Valuation Divisions</u>	<u>No.</u>	<u>Annual Payroll</u>
General members	127	\$6,360,338
Water and Sewage members	42	2,118,780
Total Active members*	169	\$8,479,118

* Nineteen DROP participants are 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								Active Members End of Year
			Normal Retirement		Disability Retirement		Died-in- Service		Other Withdrawal		
	A	E	A	E	A	E	A	E	A	E	
1998	26	27	4 *	2.0	2	0.8	1	0.7	20	9.7	219
1999	24	19	7	3.0	1	0.5	0	0.3	11	14.3	224
2000	22	22	3	1.7	1	0.5	0	0.3	18	16.1	224
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
15 yr total	197	248	94	50.7	9	8.6	3	5.9	142	158.6	

* Early Retirement Window provision in effect.

A Represents actual number.

E Represents expected number.

^ DROP participants are included in the Active demographic data.

COMPARATIVE SCHEDULE

Valuation Date June 30	Active Members			Valuation Payroll	Average		
	Gen.	Water & Sewage	Totals		Age	Service	Pay
1978	238	51	289	\$ 4,055,323	39.7 yrs.	7.5 yrs.	\$ 14,032
1979	212	52	264	4,004,099	40.5	7.9	15,167
1980	217	54	271	4,451,749	40.2	7.9	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

* DROP participants are included in the Active demographic data.

GENERAL ACTIVE MEMBERS AS OF JUNE 30, 2012
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
20-24	1							1	\$ 27,336
25-29	2							2	65,607
30-34	7		1					8	311,478
35-39	4	5	7	1				17	788,725
40-44	5	6	4		1			16	864,072
45-49	2	3	6	4	5	6		26	1,353,929
50-54		7	7	2	2	3	1	22	1,059,678
55-59	2	1	3	4	3	5	1	19	1,129,492
60		1	2	1		2		6	277,213
61			2			4		6	344,309
62						1		1	22,895
63		1						1	41,518
64	1					1		2	74,086
Totals	24	24	32	12	11	22	2	127	\$6,360,338

While not used in the financial computations, the following group averages are computed and shown because of their general interest. Thirteen active DROP participants are included with the active demographic data. The DROP participant's annual benefits are \$415,198 in total.

Age: 47.7 years

Service: 13.9 years

Annual Pay: \$50,081

**WATER AND SEWAGE ACTIVE MEMBERS AS OF JUNE 30, 2012
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
20-24									
25-29	2	1						3	\$ 114,819
30-34	1	1	1					3	123,514
35-39	1							1	38,467
40-44	1		1	1	1			4	183,532
45-49	5	1		3	2			11	646,948
50-54		1	2	2		1		6	300,339
55-59			1		3			4	218,454
60	2		1		2			5	233,531
61				1				1	47,669
62			2		1			3	172,328
63									
64	1							1	39,179
Totals	13	4	8	7	9	1	0	42	\$2,118,780

While not used in the financial computations, the following group averages are computed and shown because of their general interest. Six active DROP participants are included with the active demographic data. The DROP participant's annual benefits are \$90,864 in total.

Age: 49.1 years
Service: 12.1 years
Annual Pay: \$50,447

**ASSET INFORMATION
SUBMITTED FOR VALUATION**

Reported Assets - Market Value	Reserve for		
Cash & Equivalents	\$ 695,304	Employees' Contributions	
Receivables & Accruals	243,265	General	\$ 3,936,218
Stocks	17,318,039	Water & Sewage	983,896
Bonds	9,687,829	Total Employee Contributions	4,920,114
International Securities	4,584,269		
Accounts Payable	(46,933)	Employer Contributions	
Total Current Assets	\$32,481,773	General	6,691,117
		Water & Sewage	(1,532,130)
		Total Employer Contributions	5,158,987
		Retired Benefit Payments	22,402,672
		Undistributed Investment Income	none
		Total Reserve Accounts	\$32,481,773

REVENUES AND EXPENDITURES

	Net Available for Pension	Contribution Stabilization Reserve*	Total System
Balance - July 1, 2011	\$33,636,645	\$0	\$33,636,645
Revenues			
Employees' Contributions	665,849	0	665,849
Employer Contributions	817,748	0	817,748
Investment Income	876,678	0	876,678
Expenditures			
Benefit Payments	3,222,617		3,222,617
Refund of Member Contributions	105,416		105,416
Expenses	187,114		187,114
Balance - June 30, 2012	\$32,481,773	\$0	\$32,481,773

**Beginning with the 2013 valuation, the Contribution Stabilization Reserve will not be shown.*

These amounts do not reflect the funding value adjustment of (\$364,947). 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 . . .

Interest 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 investment return rate used for valuation calculations was 7.5% net of expenses, compounded annually. This rate is not the assumed real rate of return (return in excess of inflation) on Retirement System assets. The assumed real rate of return is approximately 5.0% a year.

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				
	2012	2011	2010	2009	2008
Nominal rate	3.0 %	1.3 %	0.8 %	0.1 %	5.6 %
Inflation rate	1.7	3.6	1.1	(1.4)	5.0
Real rate	1.3	(2.3)	(0.3)	1.5	0.6

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.

Sample Ages	Annual Rate of Salary Increase for 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

The salary increase assumptions will produce 3.00% annual increases in active member payroll (the base rate) given a constant active member group size. This is the same payroll growth assumption used to amortize unfunded actuarial accrued liability.

Changes actually experienced in average pay and total payroll have been as follows:

	Year Ending					5 Year Average
	2012	2011	2010	2009	2008	
Average pay	5.0%	(3.1)%	(1.8)%	3.3%	2.2%	1.1%
Total payroll	3.8%	(8.9)%	(11.9)%	(1.1)%	1.7%	(3.3)%

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 Ages	Value of		Future Life	
	\$1 Monthly for Life		Expectancy (Years)	
	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:

<u>Retirement Ages</u>	<u>Percent Retiring</u>
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.

<u>Basis</u>	<u>% of Active Members Separating within Next Year</u>
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.
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. New entrant normal cost contributions are applied to the funding of new entrant benefits.
DROP Members:	Beginning with the June 30, 2012 valuation, members participating in the DROP are valued as having retired. Employer contributions are assumed to continue to be based on DROP and non-DROP payroll.
Other Liability Adjustments:	None.

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. 25 OF THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD

This information is presented in draft form for review by the System's auditor. Please let us know if there are any items that the auditor changes so that we may maintain consistency with the System's financial statements.

GASB STATEMENT NO. 25 REQUIRED SUPPLEMENTARY INFORMATION

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	June 30, 2012
Actuarial Cost Method	Entry-Age
Amortization Method	Level percent
DROP amortization period	10 years closed
Remaining UAAL amortization period	30 years open
Asset valuation method	4 year smoothed market
Actuarial assumption:	
Investment rate of return	7.50%
Projected salary increases	3.00% - 7.00%
Includes inflation at	3.00%
Cost-of-living adjustments	none

Membership of the plan consisted of the following at June 30, 2012, the date of the latest actuarial valuation:

Retirees and Beneficiaries receiving benefits	173
Terminated plan members entitled to but not yet receiving benefits	22
Active plan members	<u>169</u>
Total	364

GASB STATEMENT NO. 25
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress

Actuarial Valuation Date June 30	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry-Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
2004	\$32,918,856	\$31,416,866	\$ (1,501,990)	104.8%	\$ 9,599,830	(15.6)%
2005	32,394,793	33,015,690	620,897	98.1%	9,599,573	6.5%
2006	31,867,085	35,019,132	3,152,047	91.0%	10,090,797	31.2%
2007	34,235,883	38,091,410	3,855,527	89.9%	10,119,228	38.1%
2008	35,618,029	40,906,566	5,288,537	87.1%	10,295,133	51.4%
2009	34,970,792	42,854,575	7,883,783	81.6%	10,183,663	77.4%
2010	34,124,162	43,283,357	9,159,195	78.8%	8,968,814	102.1%
2011	32,985,594	43,916,224	10,930,630	75.1%	8,169,376	133.8%
2012	32,116,826	45,447,518	13,330,692	70.7%	8,479,118	157.2%
2012*	32,116,826	48,321,325	16,204,499	66.5%	8,479,118	191.1%

* After changes in actuarial methods and assumptions.

Schedule of Employer Contributions

Fiscal Year Ended June 30	Contribution Rates as Percents of Valuation Payroll	Computed Dollar Contribution Based on Projected Payroll	Actual Annual Contributions
2005	3.93%	\$413,924	\$388,706
2006	5.60%	584,257	572,520
2007	6.92%	721,955	722,422
2008	7.59%	832,376	803,042
2009!	7.65%	841,320	793,649
2010	7.72%	863,777	750,439
2011	8.54%	945,179	786,824
2012	9.21%	861,134	817,748
2013	9.92%	880,750	
2014*	12.52%	1,126,236	

! Revised after the June 30, 2007 valuation to reflect the adoption of the DROP.

* After changes in actuarial methods and assumptions.

March 27, 2013

Ms. Sandy Sykes
City of Jackson Employees
Retirement System
161 West Michigan Avenue
Jackson, Michigan 49201-1324

Dear Ms. Sykes:

Enclosed are 12 copies of the Sixty-Seventh Annual Actuarial Valuation report of the City of Jackson Employees Retirement System.

Sincerely,

A handwritten signature in black ink that reads "David T. Kausch". The signature is written in a cursive style with a large initial 'D'.

David T. Kausch

DK:bd
Enclosures

cc: The Rehman Group (+1 report copy)
Attn: Mr. Mark Ketner

**CITY OF JACKSON ACT 345 POLICEMEN AND FIREMEN
RETIREMENT SYSTEM**

**38TH ACTUARIAL VALUATION REPORT
AS OF JUNE 30, 2012**

OUTLINE OF CONTENTS

REPORT OF JUNE 30, 2012 ACTUARIAL VALUATION

Pages	Items
--	Cover Letter
1-6	<i>Executive Summary</i>
	<i>Valuation Results, Comments, Comparative Information</i>
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 - Comparative Schedule
A-6	Experience Gain (Loss)
A-7	Development of Funding Value of Retirement System Assets
A-8	Valuation Results, Comparative Schedule
A-9	Summary Statement of System Resources and Obligations
A-10	10-Year Projection
A-11	Comments
	<i>Summary of Benefit Provisions and Valuation Data</i>
B-1/2	Summary of Act 345 Benefit Conditions
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B-8	Asset Information Submitted for Valuation
	<i>Funding Objective, Summary of Valuation Process, Methods and Assumptions</i>
C-1/2	Basic Funding Objective and Operation of the Retirement System
C-3/4	Actuarial Valuation Process
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C-7/11	Actuarial Assumptions
C-12	Miscellaneous and Technical Assumptions
C-13/14	Glossary
	<i>Disclosures Required by Statement No. 25 of the Governmental Accounting Standards Board</i>
D-1/2	Required Supplementary Information

March 27, 2013

Ms. Sandy Sykes
Pension Coordinator
City of Jackson
161 W. Michigan Avenue
Jackson, MI 49201-1303


Re: City of Jackson Act 345 Policemen and Firemen Retirement System Proposals

Dear Ms. Sykes:

Enclosed is a supplemental actuarial valuation to measure the financial effect of proposed funding method changes for the City of Jackson Act 345 Policemen and Firemen Retirement System.

If you have any questions regarding our calculations, please contact us.

Sincerely,



David T. Kausch, FSA, EA, MAAA



Abra D. Hill, ASA, MAAA

DTK/ADH:ah
Enclosures

**CITY OF JACKSON ACT 345 POLICEMEN AND FIREMEN RETIREMENT SYSTEM
SUPPLEMENTAL ACTUARIAL VALUATION
AS OF JUNE 30, 2012**

SUBMITTED TO: The Retirement System Board

DATE: March 27, 2013

SUBMITTED BY: David T. Kausch, FSA, EA, MAAA
Gabriel, Roeder, Smith & Company

Abra D. Hill, ASA, MAAA
Gabriel, Roeder, Smith & Company

This report contains the results of a supplemental actuarial valuation, requested by the City of Jackson Act 345 Policemen and Firemen Retirement System Board to measure the financial effect of proposed funding method changes. The actuaries issuing this report are independent of the plan sponsor, are Members of the American Academy of Actuaries, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

The date of this valuation was June 30, 2012. Supplemental valuations do not predict the result of future actuarial valuations. (Future activities can affect future valuation results in an unpredictable manner.) Rather, supplemental valuations give an indication of the probable effect of **the method changes** on future valuations without comment on the complete end result of the future valuations.

The valuation was based on actuarial data submitted for the June 30, 2012 annual actuarial valuation and actuarial methods as of June 30, 2012. Valuation assumptions are based on the June 30, 2012 valuation. In particular:

- The assumed rate of interest was 7.75%.
- The assumed rate of wage inflation was 4.25%.
- The valuation method was the entry age actuarial cost method.

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.

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.

**CITY OF JACKSON ACT 345 POLICEMEN AND FIREMEN RETIREMENT SYSTEM
SUPPLEMENTAL ACTUARIAL VALUATION
AS OF JUNE 30, 2012**

Present Funding Method

Unfunded Actuarial Accrued Liabilities will be amortized as a level percent of payroll over a 15 year open period for both active and retired liabilities.

Proposed Funding Method

Unfunded Actuarial Accrued Liabilities will be amortized as a level percent of payroll over a 20 year open period for active liabilities and over a 15 year closed period for retired liabilities.

Actuarial Statement

The effect of the proposed change to the amortization period for the fiscal year beginning July 1, 2013 would be as follows:

<u>Contributions for Fiscal Year Ending</u>	<u>Present Method June 30, 2014</u>	<u>Proposed Method June 30, 2014</u>
Normal Cost		
Age & service	17.14 %	17.14 %
Casualty	2.11	2.11
Refunds	1.00	1.00
Total	20.25	20.25
Member contributions	10.82	10.82
Employer Normal Cost	9.43	9.43
Unfunded Actuarial Accrued Liability		
Retirants and beneficiaries	29.22	29.22
Active members	27.58	22.29
Total	56.80	51.51
Computed Employer Rate	66.23 %	60.94 %
Employer Dollar Contribution	\$3,273,947	\$3,012,344

**CITY OF JACKSON ACT 345 POLICEMEN AND FIREMEN RETIREMENT SYSTEM
SUPPLEMENTAL ACTUARIAL VALUATION
AS OF JUNE 30, 2012**

Actuarial Statement (Concluded)

The proposed financing arrangement is a reduction in contributions from the current funding policy. Any reduction in contributions to an underfunded plan should be monitored closely to avoid adverse effects on the System.

RECERTIFICATION: This supplemental report recertifies the Annual Required Contribution for the fiscal years ending June 30, 2014, subject to Board approval.

The revised Annual Required Contribution for the fiscal year ending June 30, 2014 is 60.94% of payroll and projected to be \$3,012,344 with an amortization period of 20 years for active and 15 years for retiree unfunded liabilities, superseding the amount as determined by the June 30, 2012 valuation (issued February 14, 2013).

The amortization period for future valuations will be an open 20-year period for active and a closed 14-year period for retiree unfunded actuarial accrued liability beginning with the June 30, 2013 valuation which will determine the Annual Required Contribution for the fiscal year ending June 30, 2015.

Comments

Comment 1 — No statement in this report is intended to be interpreted as a recommendation in favor of this change. This plan is underfunded with a funded ratio of 49.3% as of June 30, 2013. Any reduction in contributions to an underfunded plan should be monitored closely to avoid adverse effects on the System.

Comment 2 – The calculations are based upon assumptions regarding future events, which may or may not materialize. It is important to note that a projection is not a prediction of future events, rather it represents the expected outcome of the actuarial model. Actual experience over time will differ.

February 14, 2013

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

The results of the June 30, 2012 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.

The purpose of the valuation is to measure the System's funding progress, to determine the employer contribution rate for the fiscal year ending June 30, 2012, and to determine the actuarial information for Governmental Accounting Standards Board (GASB) Statement No. 25 and No. 27.

The actuaries submitting this statement are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Please see the following page for additional disclosures required by the Actuarial Standards of Practice.

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 City of Jackson Act 345 Policemen and Firemen Retirement 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.

Respectfully submitted,



David T. Kausch, FSA, EA, MAAA



Abra D. Hill, ASA, MAAA

DTK/ADH:sc

Additional Disclosures Required by Actuarial Standards of Practice

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. Due to the limited scope of the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements.

This report should not be relied on for any purpose other than the purpose described herein. Determinations of the financial results associated with the benefits described in this report in a manner other than the intended purpose may produce significantly different results.

The signing actuaries are independent of the plan sponsor.

The valuation was based upon information furnished by the City, concerning Retirement System benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal 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 City.

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY (\$ IN MILLIONS)

Valuation Date	June 30, 2011	June 30, 2012
Fiscal Year Ending	June 30, 2013	June 30, 2014
Recommended Employer Contributions		
Annual Amount	\$ 2,870,342	\$ 3,273,947
Percentage of Covered Payroll	57.05%	66.23%
Membership		
Number of		
Active Members	70	62
Retirees and Beneficiaries	158	163
Inactive, Non-retired Members	5	6
Total	233	231
Total Pensions Being Paid	\$ 3,942,527	\$ 4,187,834
Assets		
Market Value	\$34,626,948	\$31,188,191
Actuarial Value	33,801,498	32,257,445
Return on Market Value	24.0%	(5.4%)
Return on Actuarial Value	0.7%	0.2%
Ratio - Actuarial Value to Market Value	97.6%	103.4%
Actuarial Information		
Normal Cost %	20.20%	20.25%
Actuarial Accrued Liability (AAL)	62,431,199	65,436,998
Unfunded Actuarial Accrued Liability (UAAL)	28,629,701	33,179,553
Funded Ratio	54.1%	49.3%
Amortization Period	15 years	15 years

Highlights/Changes

The contribution as a dollar amount increased over the prior year. The increase was largely due to recognized investment losses and greater than expected increases in active member salaries.

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, 2012. 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 information in connection with the Governmental Accounting Standards Board Statement No. 25 (GASB No. 25), and it 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 is set at 12.99% of pay for firefighters, 11.24% for police officers, and 10.95% for police command, while 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 period of 15 years.

EXECUTIVE SUMMARY

Contribution Requirement

The computed employer contribution for the fiscal year ending June 30, 2013 is \$3,273,947, or 66.23% of projected covered payroll.

Funded Status

As of the valuation date, the Unfunded Actuarial Accrued Liability (UAAL) was \$33,179,553, and the funded ratio (the ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability) was 49.3%. At the time of last year's valuation, the UAAL was \$28,629,701, and the funded ratio was 54.1%. 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.

We have included a 10-year projection of principle valuation results on page A-10.

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) 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, a member contribution rate of 4.75% of pay, overtime shall be excluded from final average compensation, the duty disability pension is 66-2/3% of final average compensation to age 55, and the non-duty disability pension is the same formula as service retirement payable to age 55.

For purposes of this valuation, the hybrid plan was not reflected. A complete list of plan provisions included in the 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 experience study reviewing assumptions was for the five-year period ending June 30, 2006.

We believe the assumptions are internally consistent based on the actual experience of the City of Jackson Act 345 Policemen and Firemen Retirement System. These actuarial assumptions and methods comply with the parameters for disclosure in GASB Statement No. 25. We recommend periodic review of assumptions. For a system this size, a full experience study may not be necessary, however, certain key assumptions may warrant review, such as rate of salary growth, the expected long-term rate of return on assets, mortality rates and the load for annuity withdrawals.

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 City of Jackson Act 345 Policemen and Firemen Retirement System 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 is determined using the 7.75% 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 administrative expenses.

The Actuarial Value is currently 103.4% 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 11/12 on Market Value was (5.38)%, while it was 0.23% on Actuarial Value. The primary reason these figures differ is due to large investment losses experienced during the previous fiscal year.

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 Market will not change the Actuarial Value of Assets, as it is already between 80% and 120%.

EXECUTIVE SUMMARY

Member Data

Among the retired members there were six new retirees, and one death bringing the total for this valuation to 163. Active membership had three new members, six members retire, one member retire to deferred status, and four members withdraw, leaving a total of 62. The five previously deferred members remained deferred, bringing the total to six members.

GASB Statement No. 25 Disclosure

The Governmental Accounting Standards Board (GASB) Statement No. 25 governs reporting for government-sponsored retirement plans.

For the City of Jackson Act 345, the ARC is defined as the sum of (a) the employer normal cost, and (b) the amount needed to amortize the UAAL as a level percentage of payroll over 15 years.

GASB Accounting Standards

In June 2012, the GASB approved two new accounting standards for public sector retirement systems and governments, Statements Nos. 67 and 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. However, the new accounting standards will require a separate set of calculations and may require a separate 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, 2013 are shown on page A-2.

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

<u>Contributions for</u>	<u>2012</u>	<u>2013</u>
Normal Cost		
Age & service	17.09 %	17.14 %
Casualty	2.12	2.11
Refunds	0.99	1.00
Total	20.20	20.25
Member contributions	10.78	10.82
Employer Normal Cost	9.42	9.43
Unfunded Actuarial Accrued Liability*		
Retirants and beneficiaries	22.35	29.22
Active members	25.28	27.58
Total	47.63	56.80
Computed Employer Rate	57.05 %	66.23 %
Employer Dollar Contribution	\$2,870,342	\$3,273,947

* Amortized as a level percent-of-payroll over a period of 15 years for retirants, beneficiaries, and active members.

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 \$4,548,146. Applying the computed employer contribution rate of 66.23% to this payroll and adjusting for the time lag between June 30, 2012 and the assumed contribution date produces a recommended employer contribution of \$3,273,947 for FY 13/14.

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 \$2,843,528.

In financing the actuarial accrued liability, the valuation assets of \$32,257,445 were distributed as shown below. Please see page A-7 for information concerning the derivation of valuation assets.

Reserves for	Present Valuation Assets Applied to			Totals
	Member Actuarial Accrued Liability	Retired Life Actuarial Liability	Contingency Reserve	
Employees' Contributions	\$6,359,371			\$ 6,359,371
Employer Contributions		\$44,495,303		44,495,303
Retired Benefit Payments		(18,597,229)		(18,597,229)
Totals	\$6,359,371	\$25,898,074	none	\$32,257,445

Assets were applied against actuarial accrued liability in determining unfunded actuarial accrued liability as follows:

	Retired Lives	Active Members	Total
Computed Actuarial Accrued Liability	\$42,966,261	\$22,470,737	\$65,436,998
Applied Assets	25,898,074	6,359,371	32,257,445
Unfunded Actuarial Accrued Liability	\$17,068,187	\$16,111,366	\$33,179,553

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 - COMPARATIVE SCHEDULE
(\$ AMOUNTS IN THOUSANDS)

Valuation	Valuation		Funded		Member	Ratio to	Gain
Date	Assets	AAL	Ratio	UAAL	Payroll	Payroll	(Loss)
June 30							
1988	\$ 6,165	\$ 16,097	38.3 %	\$ 9,932	\$2,381	417.1 %	\$ (719)
1989	6,724	19,391	34.7	12,668	2,660	476.3	(2,473)
1990 (b)	7,794	26,223	29.7	18,429	3,801	484.8	(2,341)
1991 (a)	8,335	27,727	30.1	19,392	4,049	478.9	(127)
1992	9,670	29,800	32.4	20,130	4,299	468.3	(329)
1993	10,424	31,447	33.1	21,023	4,502	466.9	(502)
1994 (a)	11,429	33,668	33.9	22,239	4,778	465.4	(1,084)
1995	13,099	35,642	36.8	22,543	5,119	440.4	(87)
1996	15,137	37,030	40.9	21,893	5,381	406.9	810
1997	17,657	38,022	46.4	20,365	5,498	370.4	1,566
1998 (a)	21,277	39,553	53.8	18,276	5,697	320.8	2,062
1999	24,372	40,911	59.6	16,539	5,598	295.5	1,359
2000	27,748	42,660	65.0	14,912	5,773	258.3	1,336
2001	29,555	44,126	67.0	14,571	5,942	245.2	24
2002 (a)	28,906	45,681	63.3	16,775	6,071	276.3	(2,313)
2003 (a)	27,837	47,131	59.1	19,294	6,213	310.5	(2,486)
2004 (a)	27,218	49,060	55.5	21,842	6,138	355.8	(2,386)
2005 (a)	27,761	51,434	54.0	23,673	6,321	374.5	(806)
2006	29,893	53,569	55.8	23,676	6,598	358.8	(72)
2007 (a)	33,250	56,554	58.8	23,304	6,421	362.9	812
2008 (a)	36,003	59,228	60.8	23,225	6,655	349.0	(904)
2009 (a)	35,907	61,905	58.0	25,998	6,767	384.2	(3,750)
2010 (a)	35,632	62,211	57.3	26,579	6,236	426.2	(2,267)
2011	33,801	62,431	54.1	28,630	4,630	618.4	(2,272)
2012	32,257	65,437	49.3	33,180	4,548	729.6	(4,929)

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

(b) Includes transfers from Old Plan through March, 1991.

AAL - 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.

UAAL - Unfunded actuarial accrued liability.

EXPERIENCE GAIN (LOSS)
JUNE 30, 2012

	Actuarial Accrued Liability (A)	Actuarial Value of Assets (B)	Unfunded Actuarial Accrued Liability (C) = (A) - (B)
(1) Value at start of year	\$ 62,431,199	\$ 33,801,498	\$ 28,629,701
(2) Normal Cost from last valuation	935,166	N/A	935,166
(3) Actual Contributions	N/A	3,436,079	(3,436,079)
(4) Disbursements	(5,056,504)	(5,056,504)	-
(5) Interest Accrual	4,678,716	2,556,825	2,121,891
(6) Expected value before changes	62,988,578	34,737,898	28,250,680
(7) Increase due to plan amendment	-	-	-
(8) Increase due to revised assumptions	-	-	-
(9) Expected value after changes	62,988,578	34,737,898	28,250,680
(10) Actual value at end of year	65,436,998	32,257,445	33,179,553
(11) Gain (loss)	\$(2,448,420)	\$(2,480,453)	\$(4,928,873)

DEVELOPMENT OF FUNDING VALUE OF RETIREMENT SYSTEM ASSETS

Year Ended June 30:	2010	2011	2012	2012	2013	2014
A. Funding Value Beginning of Year	\$35,907,494	\$35,632,432	\$33,801,498			
B. Market Value End of Year	29,785,874	34,626,948	31,188,191			
C. Market Value Beginning of Year	26,718,964	29,785,874	34,626,948			
D. Non-Investment Net Cash Flow	(127,921)	(2,056,508)	(1,620,425)			
D1. Projected Rate of Return	7.75%	7.75%	7.75%			
E. Investment Income						
E1. Market Total: B – C – D	3,194,831	6,897,582	(1,818,332)			
E2. Amount for Immediate Recognition						
D1 * (A + D / 2)	2,777,874	2,681,824	2,556,825			
E3. Amount for Phased-In Recognition: E1-E2	416,957	4,215,758	(4,375,157)			
F. Phased-In Recognition of Investment Income						
F1. Current Year: 0.25 x E3	104,239	1,053,940	(1,093,789)			
F2. First Prior Year	(2,544,842)	104,239	1,053,940	\$ (1,093,789)		
F3. Second Prior Year	(1,069,588)	(2,544,842)	104,239	1,053,940	\$ (1,093,789)	
F4. Third Prior Year	585,176	(1,069,587)	(2,544,843)	104,240	1,053,938	\$ (1,093,790)
F5. Total Recognized Investment Gain:						
F1 + F2 + F3 + F4	(2,925,015)	(2,456,250)	(2,480,453)	64,391	(39,851)	(1,093,790)
G. Funding Value End of Year: A + D + E2 + F5	35,632,432	33,801,498	32,257,445			
H. Difference Between Market & Funding Value	(5,846,558)	825,450	(1,069,254)			
I. Ratio of Funding to Market Value of Assets	119.6%	97.6%	103.4%			
J. Recognized Rate of Return	(0.41%)	0.65%	0.23%			
K. Market Rate of Return	11.99%	23.99%	(5.38%)			

The Funding 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, Funding Value of Assets will tend to be less than market value. During periods when investment performance is less than the assumed rate, Funding Value of Assets will tend to be greater than market value. The Funding Value of Assets is unbiased with respect to market Value.

VALUATION RESULTS COMPARATIVE SCHEDULE

Valuation Date	FY	Actuarial Accrued Liability			Amortization			Computed	
		Computed Total	Assets	Unfunded	Period Active	Retired	%	Employer Contribution Recommended	Actual
June 30									
1978	79/80	\$ 3,608,983	\$ 618,378	\$ 2,990,605	38 yrs.		28.46 %	\$ 266,119	\$ 269,436
1979	80/81	3,964,236	821,997	3,142,239	37		29.04	276,950	291,477
1980	81/82	5,567,154	1,213,503	4,353,651	36		31.03	373,440	382,484
1981	82/83	7,022,697	1,361,912	5,660,785	35		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	
2012	13/14	65,436,998	32,257,445	33,179,553	15	15	66.23	3,273,947	

(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.

* 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, 2012	June 30, 2011
A. Present valuation assets		
1. Net assets from System financial statements	\$31,188,191	\$34,626,948
2. Transfer from old plan	0	0
3. Market value adjustment	1,069,254	(825,450)
4. Valuation assets	\$32,257,445	\$33,801,498
 B. Actuarial present value of expected future employer contributions		
1. For normal costs	3,417,698	3,599,935
2. For unfunded actuarial accrued liability	33,179,553	28,629,701
3. Total	\$36,597,251	\$32,229,636
 C. Actuarial present value of expected future member contributions	\$ 3,919,261	\$ 4,117,510
 D. Total present and expected future resources	\$72,773,957	\$70,148,644

Actuarial Present Value of Expected Future Benefit Payments

A. To retirants and beneficiaries		
1. Annual pensions	\$42,966,261	\$40,603,656
2. Reserve	none	none
3. Total	\$42,966,261	\$40,603,656
 B. To vested terminated members	1,507,506	1,077,307
 C. To present active members		
1. Allocated to service rendered prior to valuation date - actuarial accrued liability	20,963,231	20,750,236
2. Allocated to service likely to be rendered after valuation date	7,336,959	7,717,445
3. Transfer from old plan	none	none
4. Total	\$28,300,190	\$28,467,681
 D. Total actuarial present value of expected future benefit payments	\$72,773,957	\$70,148,644

**10-YEAR PROJECTION
15-YEAR OPEN AMORTIZATION PERIOD
7.75% MARKET RETURN
(ALL \$ IN MILLIONS)**

Valuation Date	Actuarial Accrued Liability	Valuation Assets	Unfunded Actuarial Liability	Funded Ratio	Fiscal Year Ending	Projected Payroll	Member Dollar Contribution	Member % of Payroll Contribution	Employer Dollar Contribution	Employer % of Payroll Contribution
6/30/2012	\$65.44	\$32.26	\$33.18	49.3%	6/30/2014	\$4.94	\$0.53	10.82%	\$3.27	66.23%
6/30/2013	68.22	35.05	33.23	51.4%	6/30/2015	5.15	0.56	10.82%	3.26	63.28%
6/30/2014	71.12	38.25	32.82	53.8%	6/30/2016	5.37	0.58	10.82%	3.26	60.62%
6/30/2015	74.14	40.52	32.53	54.7%	6/30/2017	5.60	0.61	10.82%	3.35	59.80%
6/30/2016	77.29	43.92	33.37	56.8%	6/30/2018	5.84	0.63	10.82%	3.34	57.25%
6/30/2017	80.58	47.55	33.03	59.0%	6/30/2019	6.09	0.66	10.82%	3.34	54.83%
6/30/2018	84.00	51.31	32.69	61.1%	6/30/2020	6.35	0.69	10.82%	3.33	52.53%
6/30/2019	87.57	55.22	32.35	63.1%	6/30/2021	6.61	0.72	10.82%	3.33	50.35%
6/30/2020	91.29	59.28	32.02	64.9%	6/30/2022	6.90	0.75	10.82%	3.33	48.27%
6/30/2021	95.17	63.49	31.69	66.7%	6/30/2023	7.19	0.78	10.82%	3.33	46.30%

This projection does not reflect the new hybrid plan for Police Patrol effective July 1, 2012.

COMMENTS

Actuarial Experience: Net actual experience of the Retirement System was less favorable than assumed during the year ending June 30, 2012, resulting in a loss of \$4.9 million. The overall experience loss was primarily due to recognized investment income which was less than the long-term assumption on a funding basis resulting in a loss of \$2.5 million. The other primary contributor to the overall loss during the fiscal year was salary increases over the last year were substantially higher than the expected rate of 4.25%.

Plan Provisions: All provisions included in this valuation remain unchanged from the prior valuation. Effective July 1, 2012, new hires to Police Patrol (Non-Supervisory) 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, a member contribution rate of 4.75% of pay, overtime shall be excluded from final average compensation, the duty disability pension is 66-2/3% 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 hybrid plan will be reflected in next year's valuation.

Plan Assumptions and Methods: All assumptions and methods remained unchanged from the prior valuation.

Looking Ahead: This year's valuation includes a 10-year projection on page A-10. This projection assumes no gains and losses on liabilities and return on the market value of assets of 7.75% per year. Note that since there are unrecognized asset gains and losses in the asset smoothing method, a net gain is recognized in the first year of the projection and net losses are projected in the second and third years. The employer contribution rate is projected to gradually decrease after year one. As a dollar amount, the employer contributions are projected to hover around at \$3.3 million per year through 2021. The funded ratio is projected to increase to 67% over 10 years.

The ratio of active members to retirees is 0.4. It is likely that the number of retirees will increase in the near future and the ratio will continue to decline. This is a sign of maturity of the plan and an indication that plan contribution will remain high to offset increasing benefit payments. Decreasing contributions in a time of increasing benefit payments may increase liquidity risk on the fund.

GASB Accounting Standards

In June 2012, the GASB approved two new accounting standards for public sector retirement systems and governments, Statements Nos. 67 and 68. These new standards are a significant departure from the current standards and may require a separate report.

SECTION B

SUMMARY OF BENEFIT PROVISIONS AND
VALUATION DATA

BRIEF SUMMARY OF ACT 345 BENEFIT CONDITIONS (JUNE 30, 2012)

SERVICE RETIREMENT

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

Amount: **Police Officers:** 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:** 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.

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, 2012)**

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% 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.
At Age 55: Same as Service Retirement.
Pension with service credit from date of disability to age 55.

MEMBER CONTRIBUTIONS

- Amount:** Fire: 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: 11.24% of pay.
Police Command: 10.95% of pay.

RETIRANT AND BENEFICIARY COMPARATIVE SCHEDULE

Year Ended June 30	No. Trans. During Year	Added to Rolls		Removed from Rolls		Rolls End of Year		% Incr. in Annual Pensions	Average Pension	Discounted Value of Pensions	
		No.	Annual Pensions*	No.	Annual Pensions	No.	Annual Pensions			Total	Average
1988	2	2	\$ 41,158			53	\$ 916,532	4.7 %	\$17,293	\$ 10,745,220	\$202,740
1989	7	13	207,885			66	1,124,417	22.7	17,037	13,269,638	201,055
1990	2	7	137,437			73	1,261,854	12.2	17,286	14,850,811	203,436
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

* Includes pension adjustments, when applicable.

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

**RETIRANTS AND BENEFICIARIES JUNE 30, 2012
TABULATED BY TYPE OF PENSION BEING PAID**

<u>Type of Pensions Being Paid</u>	<u>No.</u>	<u>Annual Pensions</u>
Age and Service Pensions		
Regular-benefit terminating at death of retiree	13	\$ 242,092
Regular-automatic benefit to spouse of deceased retiree	125	3,554,551
Survivor beneficiary	<u>19</u>	<u>213,465</u>
Total age and service pensions	157	\$ 4,010,108
Casualty Pensions		
Non-duty disability pension	2	56,512
Duty disability pension	<u>4</u>	<u>121,214</u>
Total casualty pensions	<u>6</u>	<u>\$ 177,726</u>
Total pensions being paid	163	\$ 4,187,834

RETIRANTS AND BENEFICIARIES JUNE 30, 2012
TABULATED BY ATTAINED AGE

Attained Age	Age & Service		Disability and Death-in-Service		Totals	
	No.	Annual Pensions	No.	Annual Pensions	No.	Annual Pensions
45 - 49	4	\$ 159,064	2	\$ 74,501	6	\$ 233,565
50 - 54	11	499,350	2	57,234	13	556,584
55 - 59	28	960,938	1	24,617	29	985,555
60 - 64	21	650,747			21	650,747
65 - 69	41	865,317			41	865,317
70 - 74	14	260,122	1	21,374	15	281,496
75 - 79	18	321,165			18	321,165
80	3	33,033			3	33,033
81	6	91,067			6	91,067
82	4	60,836			4	60,836
83	1	10,612			1	10,612
85	1	18,824			1	18,824
86	2	37,571			2	37,571
87	2	22,843			2	22,843
88	1	18,619			1	18,619
Totals	157	\$4,010,108	6	\$ 177,726	163	\$4,187,834

Average Age at Retirement: 49.7 years

Average Age Now: 66.8 years

Six 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	% Incr.	Age	Service
1980	51	2	\$ 1,134,720	\$22,249	3.9 %	32.7 yrs.	8.6 yrs.
1981	59	7	1,481,707	25,114	12.9	32.9	8.6
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	99	3	3,289,912	33,231	0.0	35.1	9.2
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

* Reflects overtime pay.

Includes transfers from Old Plan through March, 1991.

ACTIVE MEMBERS JUNE 30, 2012
BY ATTAINED AGE AND YEARS OF SERVICE

Attained Age	Years of Service to Valuation Date							No.	Valuation Payroll
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus		
25-29	2	1						3	\$ 153,437
30-34	3	1	4					8	489,143
35-39		1	6	3				10	731,055
40-44			3	9	6			18	1,329,511
45-49		1	2	1	9			13	1,019,249
50-54				3	3	1		7	570,948
55-59					1			1	94,222
60					2			2	160,581
Totals	5	4	15	16	21	1	0	62	\$4,548,146

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

Age: 42.2 years

Service: 15.9 years

Annual Pay: \$73,357

**ASSET INFORMATION
SUBMITTED FOR VALUATION**

Valuation Assets - Market Value		Reserves for	
Cash & equivalents	\$ 1,467,202	Employees' contributions	\$ 6,359,371
Receivables & accruals	(117,007)	Employer contributions	43,426,049
Stocks	20,340,833	Retired benefit payments	(18,597,229)
Bonds	9,497,163		
Total Current Assets	\$31,188,191	Total Reserves	\$31,188,191

REVENUES AND EXPENDITURES

Balance - July 1, 2011	\$34,626,948
Revenues	
Employees' contributions	592,551
Employer contributions	2,843,528
Investment income	(1,497,266)
Expenditures	
Benefit payments	4,918,748
Refund of member contributions	137,756
Expenses	321,066
Balance - June 30, 2012	\$31,188,191

These amounts do not reflect the funding value adjustment of \$1,069,254. 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:

$$B = C + I - E$$

Benefit payments to any group of members and their beneficiaries cannot exceed the sum of:

Contributions received on behalf of the group.

. . . plus . . .

Interest earnings on contributions received and not required for immediate cash payment of benefits.

. . . minus . . .

Expenses 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;
- 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 funding value of assets -- leaving an *unfunded actuarial accrued liability* (see page C-6 for further discussion on unfunded actuarial accrued liability).

The funding 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 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 15-year period 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 rate of net investment return used was 7.75% a year, compounded annually net of expenses. The assumption consists of 3.5% for a real rate of return and 4.25% in recognition of wage inflation.

This assumption, used to discount the value of future payments due at different points in time, was first used for the June 30, 2007 valuation. **Approximate investment returns, for the purpose of comparisons with assumed returns, have been as follows:**

	Year Ended June 30					5 Year Average*
	2012	2011	2010	2009	2008	
Nominal rate	0.2%	0.7%	(0.4%)	(0.4%)	5.7%	1.1 %

* 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.

These assumptions were first used for the June 30, 2007 valuation. The assumption, consisting of 4.25% in recognition of inflation and 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	4.25 %	6.00 %	10.25 %
5 to 9	4.25	1.50	5.75
10 to 14	4.25	0.50	4.75
15 to 19	4.25	0.00	4.25
20 to 24	4.25	0.00	4.25
25 to 29	4.25	0.00	4.25
30+	4.25	0.00	4.25

If the number and distribution of active members remain constant, then the total active member payroll will increase 4.25% annually, the base portion of the salary increase assumptions. This increasing payroll was recognized in amortizing unfunded actuarial accrued liability. **Actual valuation payroll has increased at the following rate:**

	Year Ended June 30					5 Year Average*
	2012	2011	2010	2009	2008	
Total payroll	(1.8) %	(25.8) %	(7.9) %	1.7 %	3.7 %	(6.0) %
Average pay	10.9	(0.3)	(1.0)	5.7	2.7	3.6

* Compound average annual rate of increase.

The mortality table used was the UP-94 Mortality Table for males and females, set back 2 years for males. This assumption was first used for the June 30, 2007 valuation. Sample values follow:

Sample Ages	Value at Retirement of \$1 Monthly for Life		Future Life Expectancy (Years)	
	Men	Women	Men	Women
	45	\$145.11	\$147.83	36.57
50	139.47	143.00	31.87	34.24
55	132.08	136.49	27.28	29.53
60	122.75	128.01	22.88	24.97
65	111.62	117.83	18.78	20.69
70	99.30	106.12	15.11	16.77
75	85.89	92.13	11.85	13.11
80	71.39	76.76	8.98	9.88

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:

<u>Years of Service</u>	Percents of Active Members Retiring Within Next Year	
	<u>Fire & Police Command</u>	<u>Police Patrol</u>
25	40 %	40 %
26	40	40
27	40	40
28	40	40
29	40	40
30+	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 were as shown on the following page (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, 2012
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 5% for annuity withdrawals at retirement 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 project 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. 25 OF THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD

This information is presented in draft form for review by the System's auditor. Please let us know if there are any items that the auditor changes so that we may maintain consistency with the System's financial statements.

GASB STATEMENT No. 25 REQUIRED SUPPLEMENTARY INFORMATION

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	June 30, 2012
Actuarial Cost Method	Entry-Age
Amortization Method	Level percent
Amortization Period	15 years open for actives 15 years open for retirees
Asset Valuation Method	4-year smoothed market
Actuarial Assumption:	
Investment rate of return	7.75%
Projected salary increases	4.25% - 10.25%
Includes wage inflation at	4.25%
Cost-of-living adjustments	none

Membership of the plan consisted of the following at June 30, 2012, the date of the latest actuarial valuation:

Retirees and Beneficiaries receiving benefits	163
Terminated plan members entitled to but not yet receiving benefits	6
Active plan members	<u>62</u>
Total	231

GASB STATEMENT NO. 25
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress

Actuarial Valuation Date June 30	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) -- Entry-Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
2003	\$27,836,691	\$47,131,125	\$19,294,434	59.1 %	\$6,213,210	310.5 %
2004	27,218,077	49,059,955	21,841,878	55.5	6,138,055	355.8
2005	27,760,835	51,434,111	23,673,276	54.0	6,321,086	374.5
2006	29,893,085	53,569,342	23,676,257	55.8	6,598,038	358.8
2007	33,249,631	56,554,037	23,304,406	58.8	6,420,709	363.0
2008	36,002,509	59,227,859	23,225,350	60.8	6,655,270	349.0
2009	35,907,494	61,904,907	25,997,413	58.0	6,767,459	384.2
2010	35,632,432	62,210,658	26,578,226	57.3	6,235,955	426.2
2011	33,801,498	62,431,199	28,629,701	54.1	4,629,536	618.4
2012	32,257,445	65,436,998	33,179,553	49.3	4,548,146	729.5

Schedule of Employer Contributions

Fiscal Year Ended June 30	Contribution Rates as Percents of Valuation Payroll	Computed Dollar Contribution Based on Projected Payroll	Actual Annual Contributions	Percent Contribution
2005	37.2 %	\$2,466,634	\$2,466,634	100 %
2006	41.9	2,807,991	2,327,991	83 *
2007	44.9	3,098,776	3,098,776	100
2008	45.7	3,289,972	3,289,972	100
2009	45.7	3,191,716	3,191,716	100
2010	46.5	3,256,531	3,256,531	100
2011	37.7	2,772,800	2,772,800	100
2012	43.7	2,843,528	2,843,528	100
2013	57.1	2,870,342		
2014	66.2	3,273,947		

* An additional \$480,000 was held in the City's General Fund pending resolution of an Act 345 tax appeal.



February 14, 2013

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 12 copies of the Thirty-Eighth Annual Actuarial Valuation of the City of Jackson Act 345 Policemen and Firemen Retirement System.

Sincerely,

David T. Kausch

DTK:sc
Enclosures

cc: Mr. Mark Ketner (+1 report copy)
The Rehman Group

**CITY OF JACKSON POLICEMEN'S AND FIREMEN'S
PENSION FUND**

55TH ACTUARIAL VALUATION REPORT

AS OF JUNE 30, 2012

OUTLINE OF CONTENTS

REPORT OF JUNE 30, 2012 ACTUARIAL VALUATION

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January 30, 2013

The Board of Trustees
City of Jackson Policemen's and Firemen's
Pension Fund
Jackson, Michigan

The results of the June 30, 2012 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 Retirement System 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, 2012, and to determine the actuarial information for Governmental Accounting Standards Board (GASB) Statement No. 25 and No. 27.

The actuaries submitting this statement are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Please see the following page for additional disclosures required by the Actuarial Standards of Practice.

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 City of Jackson Policemen's and Firemen's Pension 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.

Respectfully submitted,



David T. Kausch, FSA, EA, MAAA



Abra D. Hill, EA, MAAA

DTK/ADH:bd

Additional Disclosures Required by Actuarial Standards of Practice

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. Due to the limited scope of the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements.

This report should not be relied on for any purpose other than the purpose described herein. Determinations of the financial results associated with the benefits described in this report in a manner other than the intended purpose may produce significantly different results.

The signing actuaries are independent of the plan sponsor.

The valuation was based upon information furnished by the City, concerning Retirement Fund benefits, financial transactions, plan provisions, retirees and beneficiaries. We checked for internal 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 City.

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY
(\$ IN MILLIONS)

	Valuation Results	
Valuation Date:	June 30, 2011	June 30, 2012
Fiscal Year Ending:	June 30, 2013	June 30, 2014
Recommended Employer Contributions: Annual Amount	\$ 599,431	\$ 606,096
Membership:		
Number of		
Active Members	0	0
Retirees and Beneficiaries	31	29
Inactive, Non-retired Members	0	0
Total	31	29
Total Pensions Being Paid	\$1,013,055	\$973,855
Assets:		
Market Value	\$3,918,183	\$3,247,941
Actuarial Value	3,574,761	3,245,011
Return on Market Value	24.4%	(5.1)%
Return on Actuarial Value	2.8%	4.6%
Ratio - Actuarial Value to Market Value	91.2%	99.9%
Actuarial Information:		
Normal Cost %	0%	0%
Actuarial Accrued Liability (AAL)	\$8,904,371	\$8,481,396
Unfunded Actuarial Accrued Liability (UAAL)	5,329,610	5,236,385
Funded Ratio	40.1%	38.3%
Amortization Period	13 years	12 years

Highlights/Changes

Change in mortality rates.

No changes to benefit provisions.

Loss on assets and mortality. Gains due to lower than expected cost of living adjustments and a data change.

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, 2012

The recommended employer contribution for the fiscal year beginning July 1, 2013 is \$606,096. This is an increase of \$6,665 from the prior year's contribution of \$599,431.

The contribution is solely to pay for the unfunded actuarial accrued liability (UAAL). Currently the UAAL is \$5,236,385. The unfunded actuarial accrued liability was financed over a period of 12 years. The future employer contributions were assumed to be the level dollar amount needed to amortize the unfunded actuarial accrued liability over the 12-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, 2012 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	<u>Unfunded Actuarial Accrued Liability</u>				
		Valuation Assets	Dollar Amount	<u>Amortization Period (Yrs.)</u>		Experience Gain/(Loss)
				Actives	Retired Lives	
1985	\$30,115	\$ 5,903	\$24,212	48	48	\$ 2,813
1986	30,259	6,985	23,274	47	47	1,914
1987	30,051	8,303	21,748	46	46	2,453
1988	30,212	8,703	21,509	45	45	1,097
1989	28,943	8,727	20,216	44	44	2,131
1990	18,170	8,510	18,162	43	43	7,037
1991	19,990	8,607	11,382	42	25	3,052
1992	19,764	8,905	10,859	41	24	786
1993	19,620	8,511	11,109	40	23	(17)
1994	17,163	7,969	9,194	39	22	2,136
1995	16,712	7,445	9,267	38	21	72
1996	16,167	7,655	8,513	37	20	883
1997 @	16,176	7,891	8,285	36	19	110
1998 (a)	13,879	8,997	4,882	35	18	1,731
1999	13,537	9,845	3,692	34	17	1,005
2000 (a)	11,747	11,518	229	N/A	10	3,367
2001	11,428	10,845	583	N/A	9	(641)
2002	11,267	9,355	1,912	N/A	8	(1,286)
2003	10,901	7,745	3,156	N/A	7	(1,190)
2004	10,753	6,418	4,335	N/A	6	(1,256)
2005	10,172	5,622	4,550	N/A	5	(438)
2006 (a)	10,931	5,560	5,371	N/A	10	(413)
2007	10,682	5,848	4,834	N/A	10	(29)
2008 (a)	11,056	5,533	5,523	N/A	10	(88)
2009 (a)	9,867	4,294	5,573	N/A	19.65	(717)
2010 (a)	9,464	4,029	5,435	N/A	20.93	(220)
2011	8,904	3,575	5,329	N/A	13	(32)
2012	8,123	3,245	4,878	N/A	12	308
2012 (a)	8,481	3,245	5,236	N/A	12	308

@ After implementation of four-year smoothed funding value of assets.

(a) After changes in assumptions and/or methods.

DEVELOPMENT OF FUNDING VALUE OF ASSETS

Year Ended June 30	2011	2012	2013	2014	2015
A. Funding Value Beginning of Year	\$4,028,988	\$3,574,761			
B. Market Value End of Year	3,918,183	3,247,941			
C. Market Value Beginning of Year	3,654,481	3,918,183			
D. Non-Investment Net Cash Flow	(558,336)	(482,508)			
E. Investment Income					
E1. Market Total: B - C - D	822,038	(187,734)			
E2. Amount for Immediate Recognition	262,487	233,345			
E3. Amount for Phased-In Recognition: E1-E2	559,551	(421,079)			
F. Phased-In Recognition of Investment Income					
F1. Current Year: 0.25 x E3	139,888	(105,270)			
F2. First Prior Year	38,965	139,888	\$(105,270)		
F3. Second Prior Year	(154,170)	38,965	139,888	\$(105,270)	
F4. Third Prior Year	(183,061)	(154,170)	38,964	139,887	\$(105,269)
F5. Total Recognized Investment Gain	(158,378)	(80,587)	73,582	34,617	(105,269)
G. Funding Value					
G1. Preliminary Funding Value End of Year: A + D + E2 + F5	3,574,761	3,245,011			
G2. Upper Corridor Limit: B x 1.2	4,701,820	3,897,529			
G3. Lower Corridor Limit: B x 0.8	3,134,546	2,598,353			
G4. Final Funding Value	3,574,761	3,245,011			
H. Difference Between Market & Funding Value	343,422	2,930			
I. Recognized Rate of Return - Funding Value	2.8%	4.6%			
J. Recognized Rate of Return - Market Value	24.4%	(5.1)%			
K. Ratio of Funding Value to Market Value	91.2%	99.9%			

The Funding 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, Funding Value of Assets will tend to be less than market value. During periods when investment performance is less than the assumed rate, Funding Value of Assets will be greater than market value. The Funding 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 Funding Value will become equal to Market Value.

Funding 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	Actual
1977	1975	41.98 %	\$ 1,075,151	\$ 1,075,151
1978	1976	43.58	1,196,668	1,196,668
1979	1977	45.58	1,138,490	1,138,490
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 @	
2014	2012	*	606,096 @	

* Not applicable.

Reflects transfers to Act 345 Retirement Fund through March 1, 1991.

@ After changes in assumptions and/or methods.

CASH FLOW PROJECTION A
12-YEAR CLOSED AMORTIZATION POLICY
7.0% MARKET RETURN

Valuation Date June 30	Actuarial Accrued Liability	Beginning Valuation Assets	Unfunded Accrued Liability	June 30 Funded Ratio	Projected Contributions	Expected Benefit Payments	7% Assumed Investment Return	Asset Gain/(Loss) Recognized	Ending Valuation Assets
2012	\$ 8,481,396	\$ 3,245,011	\$ 5,236,385	38.3%	\$ 599,431	\$ (960,598)	\$ 214,510	\$ 73,582	\$ 3,171,936
2013	8,081,443	3,171,936	4,909,507	39.2%	606,096	(939,105)	210,380	34,617	3,083,925
2014	7,675,728	3,083,925	4,591,803	40.2%	596,030	(915,804)	204,683	(105,269)	2,863,565
2015	7,265,714	2,863,565	4,402,149	39.4%	591,016	(891,041)	189,949	-	2,753,489
2016	6,852,087	2,753,489	4,098,598	40.2%	607,806	(864,930)	183,745	-	2,680,109
2017	6,436,529	2,680,109	3,756,420	41.6%	607,806	(837,464)	179,570	-	2,630,021
2018	6,020,311	2,630,021	3,390,290	43.7%	607,806	(808,556)	177,075	-	2,606,346
2019	5,604,877	2,606,346	2,998,531	46.5%	607,806	(778,099)	176,484	-	2,612,536
2020	5,191,885	2,612,536	2,579,349	50.3%	607,806	(746,041)	178,039	-	2,652,341
2021	4,783,165	2,652,341	2,130,824	55.5%	607,806	(712,322)	182,006	-	2,729,831
2022	4,380,734	2,729,831	1,650,903	62.3%	607,806	(676,914)	188,669	-	2,849,392
2023	3,986,779	2,849,392	1,137,387	71.5%	607,806	(639,861)	198,335	-	3,015,672
2024	3,603,597	3,015,672	587,925	83.7%	607,806	(601,294)	211,325	-	3,233,509
2025	3,233,509	3,233,509	-	100.0%	-	(561,376)	206,697	-	2,878,830
2026	2,878,830	2,878,830	-	100.0%	-	(520,387)	183,305	-	2,541,748
2027	2,541,748	2,541,748	-	100.0%	-	(478,650)	161,170	-	2,224,268
2028	2,224,268	2,224,268	-	100.0%	-	(436,526)	140,420	-	1,928,162
2029	1,928,162	1,928,162	-	100.0%	-	(394,472)	121,165	-	1,654,854
2030	1,654,854	1,654,854	-	100.0%	-	(352,924)	103,487	-	1,405,418
2031	1,405,418	1,405,418	-	100.0%	-	(312,325)	87,448	-	1,180,541
2032	1,180,541	1,180,541	-	100.0%	-	(273,182)	73,076	-	980,435

CASH FLOW PROJECTION B
12-YEAR CLOSED AMORTIZATION POLICY
5.0% MARKET RETURN

Valuation Date	Actuarial Accrued Liability	Beginning Valuation Assets	Unfunded Accrued Liability	June 30 Funded Ratio	Expected Projected Contributions	Expected Benefit Payments	5% Assumed Investment Return	Asset Gain/(Loss) Recognized	Ending Valuation Assets
2012	\$ 8,481,396	\$ 3,245,011	\$ 5,236,385	38.3%	\$ 599,431	\$ (960,598)	\$ 153,221	\$ 61,324	\$ 3,098,390
2013	8,081,443	3,098,390	4,983,054	38.3%	606,096	(939,105)	146,594	10,632	2,922,607
2014	7,675,728	2,922,607	4,753,120	38.1%	606,169	(915,804)	138,389	(140,325)	2,611,037
2015	7,265,714	2,611,037	4,654,677	35.9%	613,317	(891,041)	123,609	(44,945)	2,411,977
2016	6,852,087	2,411,977	4,440,109	35.2%	644,453	(864,930)	115,087	(54,152)	2,252,434
2017	6,436,529	2,252,434	4,184,094	35.0%	660,795	(837,464)	108,205	(50,551)	2,133,419
2018	6,020,311	2,133,419	3,886,891	35.4%	680,014	(808,556)	103,457	(47,100)	2,061,235
2019	5,604,877	2,061,235	3,543,642	36.8%	700,365	(778,099)	101,118	(44,118)	2,040,501
2020	5,191,885	2,040,501	3,151,384	39.3%	722,675	(746,041)	101,441	(42,345)	2,076,231
2021	4,783,165	2,076,231	2,706,934	43.4%	748,485	(712,322)	104,716	(41,515)	2,175,595
2022	4,380,734	2,175,595	2,205,138	49.7%	781,151	(676,914)	111,386	(41,769)	2,349,447
2023	3,986,779	2,349,447	1,637,330	58.9%	828,840	(639,861)	122,197	(43,269)	2,617,354
2024	3,603,597	2,617,354	986,242	72.6%	924,329	(601,294)	138,944	(46,295)	3,033,038
2025	3,233,509	3,033,038	200,470	93.8%	101,932	(561,376)	140,166	(49,393)	2,664,368
2026	2,878,830	2,664,368	214,462	92.6%	112,689	(520,387)	123,026	(50,857)	2,328,838
2027	2,541,748	2,328,838	212,909	91.6%	116,657	(478,650)	107,392	(50,538)	2,023,699
2028	2,224,268	2,023,699	200,567	91.0%	110,693	(436,526)	93,039	(48,205)	1,742,700
2029	1,928,162	1,742,700	185,461	90.4%	103,422	(394,472)	79,859	(43,479)	1,488,030
2030	1,654,854	1,488,030	166,823	89.9%	94,491	(352,924)	67,941	(37,701)	1,259,837
2031	1,405,418	1,259,837	145,579	89.6%	83,431	(312,325)	57,269	(32,440)	1,055,772
2032	1,180,541	1,055,772	124,766	89.4%	71,766	(273,182)	47,753	(27,669)	874,440

Each year in this scenario there is an asset loss of 2% of assets. Contributions through the 2024 valuation are projected to increase each year as these losses accumulate. After the 2025 valuation, the amortization period is a one-year amortization period each year which results a projected contribution roughly equal to the prior year's asset loss adjusted for the passage of time between the valuation date and the fiscal year.

DEVELOPMENT OF GAIN/(LOSS)

DERIVATION	A.	B.	C.
	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability (A. - B.)
(1) Value at start of year	\$8,904,371	\$3,574,761	\$5,329,610
(2) Normal cost from last valuation	-	N/A	-
(3) Actual contributions	N/A	500,000	500,000
(4) Disbursements	(982,508)	(982,508)	-
(5) Interest accrual [(1) + [(2) + (3) + (4)] / 2] x 7.00%	<u>588,918</u>	<u>233,345</u>	<u>355,573</u>
(6) Expected value before changes (1) + (2) + (3) + (4) + (5)	\$8,510,781	\$3,325,598	\$5,185,183
(7) Increase due to plan amendment	-	-	-
(8) Increase due to revised assumptions	<u>358,772</u>	<u>-</u>	<u>358,772</u>
(9) Expected value after changes (6) + (7) + (8)	\$8,869,553	\$3,325,598	\$5,543,955
(10) Actual value at end of year	<u>8,481,396</u>	<u>3,245,011</u>	<u>5,236,385</u>
(11) Gain/(loss) (10) - (9) [* (9) - (10) for assets]	\$388,157	(\$80,587) *	\$307,570

COMMENTS AND RECOMMENDATION

Plan Experience: Net experience for the Pension Fund was favorable during the year ending June 30, 2012. The major sources of gains or losses on the unfunded actuarial accrued liability (UAAL) are:

Item	Impact on UAAL
Asset Loss	\$ (80,587)
COLA Gain	169,236
Mortality Loss	(237,190)
Data Gain	456,111
Total Gain	\$ 307,570

The recognized rate of return was 4.6% versus the assumed rate of 7.0% resulting in a loss (Note that the market rate of return was (5.1)% which was 12.1% below the 7.0% assumption). Actual COLAs granted this year were 0% and 1.5% versus the assumed rate of 3.0% resulting in a gain. Participants are living longer than expected resulting in a mortality loss (See comment on Assumptions and Methods). There was a significant data change with the removal of a surviving spouse from the rolls after clarification of her status resulting in a substantial gain.

Assumptions and Methods: At the February 2012 board meeting the trustees agreed to review the mortality assumption. The mortality assumption used in the prior valuation was the 1994 Group Annuity Mortality Table. That table does not reflect mortality improvements since 1995 and has no assumption for future improvements. Under that assumption, the plan experienced a loss of \$237,190 (2.7% of liability) in the year ending June 30, 2012. Therefore, we believe that Table is no longer appropriate and recommend changing to the RP 2000 combined mortality table projected to 2017 with scale BB. The projection of the table to the valuation date accounts for past mortality improvements and the projection from the valuation date to 2017 is a provision for future mortality improvements.

The results of this valuation reflect the change in mortality tables. Principal results before and after the change are shown below:

	Prior Assumption	Current Assumption	Change
Actuarial Accrued Liability	\$ 8,122,624	\$ 8,481,396	\$ 358,772
Actuarial Valuation of Assets	3,245,011	3,245,011	-
Unfunded Actuarial Liability	\$ 4,877,613	\$ 5,236,385	\$ 358,772
Funded Ratio	40.0%	38.3%	-1.7%
Annual Required Contribution	\$ 559,398	\$ 606,096	\$ 46,698

We recommend that the board accept this report and in doing so adopt this new assumption.

Looking Ahead: The current level of benefit payments, \$973,855, is large relative to the market value of assets of \$3,247,941 as of June 30, 2012. 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 proposed assumption policies.

It is important to understand that these projections are not forecasts. Projection A assumes that the system earns 7.0% on the market value of assets. If market returns are not sufficient to yield 7.0% 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 5.0% on the market value of assets.

The Governmental Accounting Standards Board (GASB) has adopted new accounting standards for public sector pension plans. The new standards are Statement No. 67 for plan reporting and Statement No. 68 for employer reporting. Statement No. 67 is effective for the fiscal year ending June 30, 2014 and Statement No. 68 is effective for the fiscal year ending June 30, 2015. Early adoption is allowed.

It is important to note that the new GASB Standards do not change the funding requirements of the plan, however the plan's funding policy will have an effect on the GASB disclosures. The GASB disclosures require a calculation of Total Pension Liability which can be different from the Actuarial Accrued Liability if the plan's funding policy is insufficient. Even though this plan's funded ratio is low, we expect that the 12 year amortization will be sufficient to fund the plan.

Recommendation: We recommend that the Board continue to monitor liquidity needs and asset allocation with the investment consultant. Roughly 75% of the liability is attributable to expected benefit payments in the next 10 years. In the current market, achieving 7% per year during the next 10 years may prove very challenging. 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, 2012)

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, 2012)

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

Same as non-duty death before retirement.

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	\$ 119,654	Members' contributions	\$ 0
Receivables & accruals	8,500	Employer contributions	21,426,208
Stocks	2,107,600	Retired benefit payments	(18,178,267)
Bonds	1,012,187		
International stocks	0		
Total Current Assets	\$3,247,941	Total Reserves	\$ 3,247,941

Revenues and Expenditures

Reported Balance - 7/1/2011	\$3,918,183
Revenues	
Members' contributions	0
Employer contributions	500,000
Investment income	(152,036)
Expenditures	
Benefit payments	982,508
Refund of member contributions	none
Administrative expense	35,698
Transfer to Act 345 (member contributions)	none
Reported Balance - 6/30/2012	\$3,247,941

**RETIRANT AND BENEFICIARY COMPARATIVE SCHEDULE
(ANNUAL PENSIONS INCLUDE ESCALATION)**

Year Ended June 30	No.	Added to Rolls		No.	Removed from Rolls Annual Pensions	No.	Rolls End of Year Annual Pensions	% Incr. in Annual Pensions	Average Pension	Discounted Value of Pensions	
		New	COLAs							Total	Average
1988	3	\$ 124,036		5	\$ 79,474	105	\$1,492,446	3.0 %	\$14,214	\$20,785,947	\$197,961
1989	5	109,106		4	53,386	106	1,548,166	3.7	14,605	21,275,046	200,708
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		0	\$ 41,628	2	18,616	54	1,311,379	1.8	24,285	10,753,134	199,132
2005		0	42,898	4	91,966	50	1,262,311	(3.7)	25,246	10,172,322	203,446
2006		0	47,031	4	30,670	46	1,278,672	1.3	27,797	10,930,809	237,626
2007		0	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	0	0	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	0	0	7,083	3	46,283	29	973,855	(3.9)	33,581	8,481,396 @	292,462

* 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
1986	108	775,153	651,392	1,426,545	54.3
1987	107	763,834	684,050	1,447,884	52.8
1988	105	752,901	739,545	1,492,446	50.4
1989	106	777,681	770,485	1,548,166	50.2
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

RETIRANTS AND BENEFICIARIES JUNE 30, 2012
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	6	\$157,664	\$113,692	\$271,356
- survivor beneficiaries	7	64,479	54,929	119,408
- totals	13	222,143	168,621	390,764
Casualty Pensions:				
- disability	14	304,848	235,929	540,777
- death-in-service	2	23,957	18,357	42,314
- totals	16	328,805	254,286	583,091
Present Plan Totals	29	550,948	422,907	973,855
Total Pensions Being Paid	29	\$550,948	\$422,907	\$973,855

RETIRANTS AND BENEFICIARIES JUNE 30, 2012
TABULATED BY ATTAINED AGE

Attained Age	Present Plan	
	No.	Annual Pensions
60 - 69	4	\$ 167,703
70 - 74	5	209,071
75 - 79	8	241,732
81	1	31,421
83	3	144,759
85	2	21,844
90	1	20,253
91	1	30,647
92	1	21,505
93	2	51,839
94	1	33,081
TOTALS	29	\$ 973,855

Average Age at Retirement: 47.5 yrs.

Average Age Now: 80.0 yrs.

ACTIVE MEMBERS *
COMPARATIVE SCHEDULE

Valuation						
Date	Active	Valuation	Average			
June 30	Members	Payroll	Age	Service	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 12-year amortization period. Contribution amounts were assumed to be paid midway through the fiscal year.

The ***funding 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, funding 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:

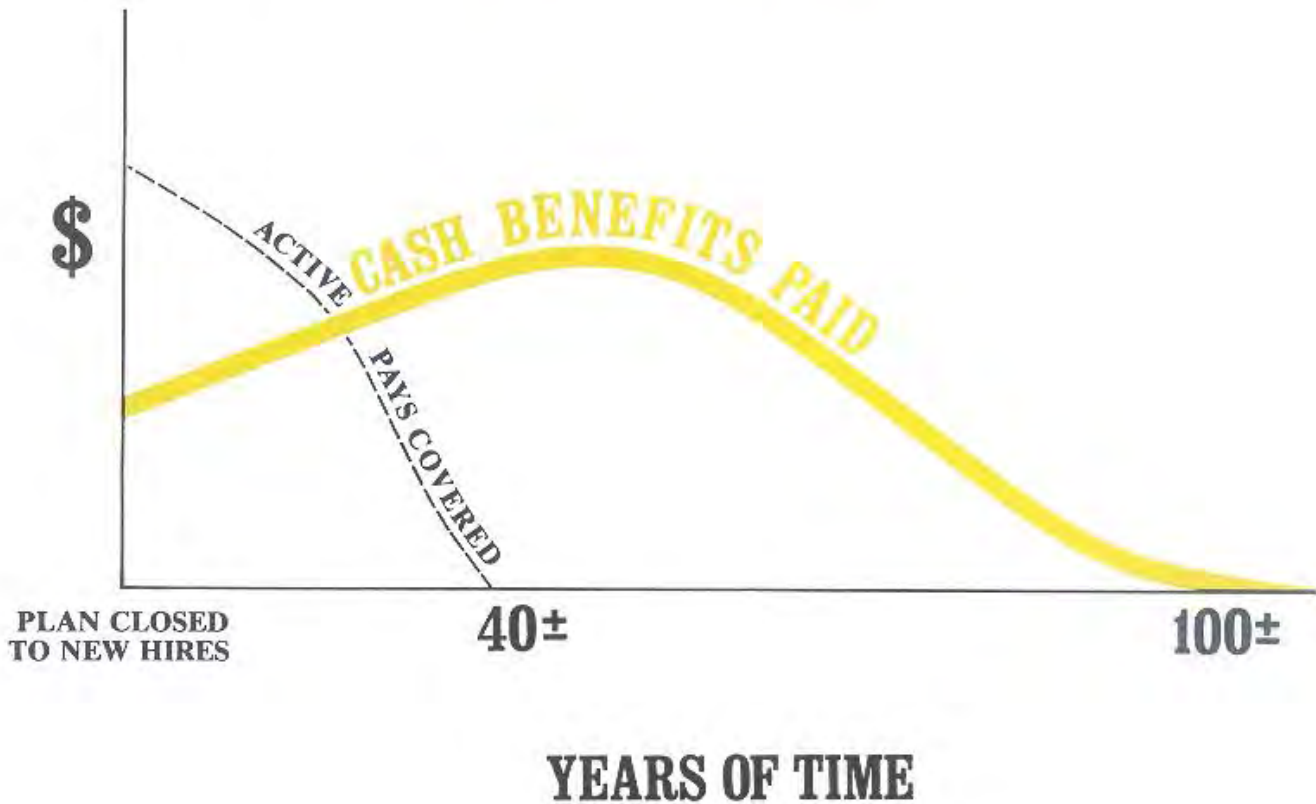
- (i) long-term rates of investment return to be generated by the assets of the Fund
- (ii) patterns of pay increases to members
- (iii) rates of mortality among members, retirants, and beneficiaries
- (iv) rates of withdrawal of active members
- (v) rates of disability among active members
- (vi) the 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).

A CLOSED PENSION PLAN



A plan becomes closed when no new hires are admitted to active membership. The persons covered by the plan at the time of closing continue their normal activities and continue to be covered by the plan, until the last survivor dies.

CASH BENEFITS LINE. After a pension plan becomes closed, the usual pattern is for cash benefits to continue to increase for decades of time. Eventually the cash benefits will peak, and then gradually decrease over more decades of time, ultimately to zero. The last cash benefit is likely to occur a century after the time the plan is closed.

The precise amounts of cash benefits cannot be known now, and must be estimated by assumptions of future experiences in a variety of financial risk areas.

The investment return rate (net of administrative expenses) used for valuation calculations was 7.0% a year, compounded annually. This rate is not the assumed real rate of return. The real rate of return is the rate of investment return in excess of the rate of inflation. Considering other financial assumptions, the 7.0% investment return rate translates to an assumed real rate of return of 4.0 %.

The assumption is used to equate the value of payments due at different points in time and was first used for the June 30, 2000 valuation. Approximate investment returns, for the purpose of comparisons with assumed returns, have been as follows:

	Year Ended June 30					5-Year
	2012	2011	2010	2009	2008	Average
Nominal rate	4.6%	2.8%	2.5%	(14.2)%	5.6%	(0.0)%

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 Ages	Present Value of		Future Life	
	\$1 Monthly for Life		Expectancy (Years)	
	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 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 fund 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. 25 OF THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD

This information is presented in draft form for review by the Fund's auditor. Please let us know if there are any items that the auditor changes so that we may maintain consistency with the Fund's financial statements.

GASB STATEMENT No. 25 REQUIRED SUPPLEMENTARY INFORMATION

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	June 30, 2012
Actuarial Cost Method	Aggregate
Amortization Method	Level dollar, closed
Remaining Amortization Period	12 years
Asset Valuation Method	4-year smoothed market
Actuarial Assumption:	
Investment rate of return	7.00%
Projected salary increases	N/A
Includes inflation at	N/A
Cost-of-living adjustments	3.0%

Membership of the plan consisted of the following at June 30, 2012, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	29
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	<u>0</u>
Total	29

GASB STATEMENT NO. 25
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress

Actuarial Valuation Date June 30	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll
2003	\$7,745,243	\$10,900,752	\$3,155,509	71.1 %	N/A
2004	6,417,621	10,753,134	4,335,513	59.7	N/A
2005	5,621,672	10,172,322	4,550,650	55.3	N/A
2006	5,559,966	10,930,809	5,370,843	50.9	N/A
2007	5,848,461	10,681,885	4,833,424	54.8	N/A
2008*	5,532,527	11,055,950	5,523,423	50.0	N/A
2009	4,294,430	9,866,752	5,572,322	43.5	N/A
2010	4,028,988	9,463,639	5,434,651	42.6	N/A
2011	3,574,761	8,904,371	5,329,610	40.1	N/A
2012*	3,245,011	8,481,396	5,236,385	38.3	N/A

* After changes in assumptions and/or methods.

Schedule of Employer Contributions

Fiscal Year Ended June 30	Contribution Rates as Percents of Valuation Payroll	Computed Dollar Contribution Based on Projected Payroll	Actual Annual Contribution	Percentage Contributed
2005	N/A	\$ 528,199	\$ 528,199	100 %
2006	N/A	806,276	806,276	100
2007	N/A	934,667	934,667	100
2008	N/A	612,545	612,545	100
2009	N/A	641,212	641,212	100
2010*	N/A	722,537	722,537	100
2011	N/A	500,000	500,000	100
2012	N/A	500,000	500,000	100
2013	N/A	599,431	-	-
2014*	N/A	606,096	-	-

* After changes in assumptions and/or methods.

January 30, 2013

Ms. Sandy Sykes
Pension Coordinator
City of Jackson
161 West Michigan Avenue
Jackson, Michigan 49201

Dear Sandy:

Enclosed, please find 12 copies of the report of the 55th Annual Actuarial Valuation of the City of Jackson Policemen's and Firemen's Pension Fund.

Sincerely,



David T. Kausch, FSA, EA, MAAA

DK:bd
Enclosures

cc: The Rehman Group
Attn: Mark Kettner



Neighborhood & Economic Operations

Building a Stronger Jackson

161 W. Michigan Avenue • Jackson, MI 49201-1303 • Facsimile (517) 780-4781

Building Inspection
(517) 788-4012

Code Enforcement
(517) 788-4060

Engineering
(517) 788-4160

Planning & Economic Development
(517) 768-6433

CITY COUNCIL MEETING

April 23, 2013

TO: Honorable Mayor Griffin and City Councilmembers

FROM: Patrick Burtch, City Manager

SUBJECT: Approve the Resolution for ALDI Bus Route

RECOMMENDATION

Approve the attached Resolution reallocating \$7,000 in CDBG excess program income to the new CDBG activity for Transportation Services.

Wards 1 and 5 are among the most distressed areas of the City of Jackson. For many years, there has not been a grocery store within walking distance to service the area. Residents have had to rely on gas stations, fast food restaurants, and convenience stores, with their higher prices and lack of fresh produce, to supplement their daily diet. Although public transportation is available in these wards, it can become time consuming, cumbersome and cost prohibitive to utilize the bus system's various links to get to local grocers several miles away.

Mayor Martin Griffin approached Ward 1 Councilperson Michelle Woods and Ward 5 Councilperson Andrew Frounfelker to discuss initiating a program in their Wards to connect their low- to moderate-income residents to fresh, affordable foods. In collaboration with the Jackson Transportation Authority (JTA), the City is proposing to offer a fixed route bus run for certain stops in CDBG-eligible areas of Wards 1 and 5 to provide public transportation on Saturdays from 11:00 a.m. to 3:00 p.m. to the ALDI grocery store at 1100 West North Street, Jackson. If successful, this pilot program may be offered to other disadvantaged neighborhoods within the City.

The fixed bus route rate is 4 hours per Saturday at \$25.72 per hour, or \$102.88 per Saturday, beginning May 4, 2013 and ending June 28, 2014. Sixty-one (61) weeks of service at \$102.88 per week totals \$6,275.68. Residents would pay \$1.00 per round trip fare for this service; this compares to a normal round trip fare of \$1.50 per ride. Expanding on ALDI's adage "Simply Smarter Shopping", this bus route will become known as the "Simply Smarter Shopping Shuttle."

To spark interest in using the Simply Smarter Shopping Shuttle, the City would also purchase 734 bus passes to provide at neighborhood meetings, churches, and other organizations to encourage use by residents. At \$1.00 per pass, the City would invest an additional \$734, bringing the total proposed funding from CDBG to \$7,000 for the period of May 4, 2013 to June 28, 2014. Mayor Griffin has discussed the program with ALDI and they fully support this program and have offered to distribute 1,000 reusable grocery bags to program participants. Because the route has a very specific intent and purpose, bus drivers will be able to assist participants on and off the bus with their purchases.

This activity is eligible as a public service activity, subject to the public services cap of 15% of the City's annual CDBG entitlement grant and would qualify under HUD Matrix code 05E Transportation Services as a Low/Mod Area National Objective. The area to be serviced extends from East Michigan Avenue on the north, Cooper Street on the east, High Street on the south and Mechanic Street on the East. Proposed bus stops include:

- 1) **Otsego Apartments** (corner of Francis Street and Michigan Avenue) – a 76 unit, Section 8 subsidized, apartment building for elderly persons in downtown Jackson.
- 2) **Southridge Park** (corner of Francis Street and Franklin Street) – a 116 unit, Section 8 subsidized, apartment complex for families.
- 3) **Martin Luther King, Jr. Center** (corner of Adrian Street and Redwood Lane) – a full service community center operated by the City of Jackson.
- 4) **Chalet Terrace** (corner of Barberry Drive and Merriman Street) – a 100 unit public housing complex.
- 5) **St. John's United Church of Christ** (corner of Mechanic Street and Biddle Street) – located in the Partnership Park Downtown Neighborhood.
- 6) **Elaine Apartments** (corner of Mechanic Street and Michigan Avenue) – a 33 unit, Section 8 subsidized, apartment building in downtown Jackson.

City of Jackson, Michigan
 Resolution to Amend the Fiscal Year 2009/2010 (Year 35)
 and 2012/2013 (Year 38) CDBG Budgets

Whereas, the U.S. Department of Housing and Urban Development approved the Community Development Block Grant (CDBG) activities for fiscal years 2009/2010 (Year 35) and 2012/2013 (Year 38); and

Whereas, in Year 35 receipts from program income in excess of budgeted expenses were received; and

Whereas, the City Council desires to appropriate the additional program income from Year 35 to be made available for use in Year 38 for the public service activity Transportation Services.

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

<u>Account #</u>	<u>Account Description</u>	<u>Current Budget</u>	<u>Revised Budget</u>	<u>Change</u>
Entitlement Year 35 (2009/2010)				
286-000-035-696.012	Job Creation Loan Repayments	72,979	79,979	7,000
286-743-035-969.038	Contribution to Year 38	88,000	95,000	7,000
Entitlement Year 38 (2012/2013)				
286-000-038-695.035	Contribution from Year 35	88,000	95,000	7,000
286-730-038-825.059	Transportation Services	0	7,000	7,000

* * * * *

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

I, Andrew J. Wrózek 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 23rd day of April, 2013.

IN WITNESS WHEREOF, I have hereto affixed my signature and the Seal of the City of Jackson, Michigan, on this 24th day of April, 2013.

 Andrew J. Wrózek Jr. City Treasurer/Clerk