

**CITY OF MONTROSE
MEMORANDUM**

Date: May 2, 2026

To: Mayor Banks and Montrose City Council

From: Joe Karlichek, City Manager

Subject: Consider Employment Agreement – Kim Lynch, City Treasurer / Finance Director

City Administration is submitting for your consideration the proposed employment agreement for Ms. Kim Lynch to continue serving as the City Treasurer and Finance Director in a contractual capacity for the upcoming fiscal year.

Over the past year, Ms. Lynch has demonstrated a high level of professionalism, technical expertise, and commitment to the City of Montrose. Her tenure has brought both stability and forward progress to the Treasurer's Office during a critical period. With more than 13 years of governmental accounting experience and credentials as a Michigan Certified Professional Treasurer, she has proven to be a valuable asset to the organization.

Most notably, Ms. Lynch has implemented several fundamental reforms within the Treasurer's Office. These improvements have strengthened financial controls, enhanced transparency, improved reporting accuracy, and ensured compliance with applicable state laws and Generally Accepted Accounting Principles (GAAP). Additionally, her proficiency with BS&A systems and municipal finance operations has streamlined internal processes and increased overall operational efficiency.

The continuity of leadership in this role is essential to maintaining the progress achieved over the past year, as well as supporting ongoing financial management responsibilities including tax collection, payroll, accounts payable, and long-term financial planning.

The proposed agreement reflects a one-year term beginning July 1, 2026, and outlines the responsibilities, compensation, and expectations associated with this position. City Administration believes the terms of the agreement are appropriate and in the best interest of the City.

Recommendation: City Administration respectfully recommends that the Mayor and City Council approve the employment agreement with Ms. Kim Lynch as City Treasurer / Finance Director.

CITY OF MONTROSE
EMPLOYMENT AGREEMENT
CITY TREASURER / FINANCE DIRECTOR (CONTRACTUAL)

This Employment Agreement (“Agreement”) is made and entered into this ___ day of _____, 2026, by and between the City of Montrose, a Michigan municipal corporation (“City”), and Kim Lynch (“Employee”).

1. APPOINTMENT AND DESIGNATION

The City hereby appoints Kim Lynch to serve as City Treasurer and Finance Director in a contractual capacity. The Employee agrees to perform all duties in accordance with applicable laws and City policies.

2. TERM OF AGREEMENT

This Agreement shall be for a period of one (1) year, commencing on July 1, 2026, and expiring on July 1, 2027, unless terminated earlier in accordance with the provisions of this Agreement.

3. COMPENSATION

Salary: \$3,300.00 bi-weekly.

Other Compensation: None.

Compensation shall be paid in accordance with standard payroll practices.

4. DUTIES AND RESPONSIBILITIES

The Employee shall oversee all treasury and finance operations, including property tax collection, financial reporting, payroll, accounts payable, investment management, DDA coordination, and use of BS&A software, ensuring compliance with GAAP and Michigan law.

5. QUALIFICATIONS

Michigan Certified Professional Treasurer, 13+ years governmental accounting experience, Master’s in Accounting from Walsh College, and expertise in municipal finance operations and BS&A systems.

EMPLOYEE

Kim Lynch

Date: _____

**CITY OF MONTROSE
MEMORANDUM**

Date: May 2, 2026

To: Mayor Banks and Montrose City Council

From: Joe Karlichek, City Manager

**Subject: Consider Employment Agreement – Marcy Collins, Deputy Treasurer /
Administrative Assistant**

Over the past year, Ms. Collins has proven to be a reliable and highly effective member of the City’s administrative team. Her service has provided critical day-to-day operational support within the Treasurer’s Office, while also assisting across departments to ensure continuity in customer service and administrative functions.

Ms. Collins has played an important supporting role in the fundamental reforms implemented within the Treasurer’s Office. Through her work, the office has experienced improved organization, increased responsiveness to residents, and more efficient processing of financial and clerical tasks. Her ability to adapt, maintain accuracy, and provide consistent front-line service has been essential to the success of these improvements.

In her capacity as Deputy Treasurer / Administrative Assistant, Ms. Collins performs a wide range of responsibilities including financial processing, customer service, clerical support, and coordination between departments. This position is integral to maintaining daily operations and supporting the broader financial management functions of the City.

The proposed agreement reflects a part-time, at-will employment arrangement, not to exceed 30 hours per week, with an hourly rate of \$21.50. The terms outlined are consistent with City policies and operational needs.

Maintaining continuity in this role is important to preserving the progress made within the Treasurer’s Office and ensuring continued efficiency in service delivery to residents and internal departments.

Recommendation: City Administration respectfully recommends that the Mayor and City Council approve the employment agreement with Ms. Marcy Collins as Deputy Treasurer / Administrative Assistant.

PART-TIME EMPLOYMENT AGREEMENT

City of Montrose

Deputy Treasurer / Administrative Assistant

This Employment Agreement ("Agreement") is entered into on this 26 day of May, 2026, by and between the City of Montrose, a Michigan municipal corporation ("Employer"), and Marcy Collins ("Employee").

1. Position and Appointment

The Employer appoints the Employee to the position of Deputy Treasurer / Administrative Assistant on a part-time basis.

The Employee shall report to the City Treasurer, and/or City Manager and perform duties consistent with the official job description, including but not limited to clerical, financial, customer service, and administrative support functions for the Treasurer's office and related departments.

The Employer reserves the right to modify duties to meet operational needs.

2. Employment Status (At-Will)

Employment with the City is at-will and may be terminated by either party at any time, with or without cause or notice, subject to applicable law and any governing personnel policies.

Nothing in this Agreement alters the at-will nature of employment.

3. FLSA Classification and Compensation

This position is classified as non-exempt under the Fair Labor Standards Act (FLSA).

Hourly Rate: \$21.50 per hour

The Employee is eligible for overtime compensation at one and one-half (1.5) times the regular rate of pay for all hours worked in excess of 40 hours in a defined workweek, in accordance with federal and state law.

All overtime must be pre-approved by the Employer. Payroll shall be processed in accordance with the City's standard payroll schedule and procedures.

4. Work Schedule

This is a part-time position not to exceed 30 hours per week.

Work hours and schedule shall be assigned by the Employer based on operational needs.

Hours may vary and may include front desk coverage and cross-departmental support.

This position is not benefit-eligible as a full-time position and shall not be construed as full-time employment.

5. Benefits and Leave

The Employee shall be eligible only for those benefits provided to part-time employees under applicable City policies, ordinances, or employee handbooks.

Unless otherwise required by law or policy:

The Employee is not eligible for full-time benefits, including health insurance, retirement contributions, or paid leave typically reserved for full-time employees.

Any paid sick leave or other statutory benefits shall be provided in accordance with Michigan law and City policy.

6. Qualifications and Standards of Performance

The Employee affirms they possess and will maintain the qualifications necessary for the position.

The Employee shall perform duties in a competent, timely, and professional manner and comply with all City policies, procedures, ordinances, and applicable laws.

7. Policies and Compliance

The Employee agrees to abide by all applicable City policies.

8. Work Environment and Physical Requirements

The position is primarily performed in an office setting.

9. No Property Interest in Employment

Nothing in this Agreement shall be interpreted to create a property right in employment.

10. Entire Agreement

This Agreement constitutes the entire agreement between the parties.

11. Governing Law

This Agreement shall be governed by the laws of the State of Michigan.

EMPLOYER:

City of Montrose

By: _____

Name/Title: Joe Karlichek, City Manager

Date: _____

City of Montrose

By: _____

Name/Title: Thomas J. Banks, Mayor

Date: _____

EMPLOYEE:

Signature: _____

Name: Marcy Collins

Date: _____

6.

CITY OF MONTROSE MEMORANDUM

Date: May 2, 2026

To: Mayor Banks and Montrose City Council

From: Joe Karlichek, City Manager

Subject: Consider Employment Agreement – Tim Mazur, Building Inspector

City Administration is submitting for your consideration the proposed employment agreement for Mr. Tim Mazur to continue serving the City of Montrose as Building Inspector.

Over the past year, Mr. Mazur has provided consistent, knowledgeable, and professional service in this critical role. His experience and understanding of construction codes, inspection processes, and municipal requirements have contributed significantly to the City's ability to effectively oversee development and ensure compliance with applicable laws and ordinances.

In addition to his technical capabilities, Mr. Mazur has played an important role in advancing fundamental improvements within the community. His work has strengthened relationships between the City, contractors, and residents by improving communication, responsiveness, and clarity in the inspection and permitting process. These efforts have helped foster a more cooperative and efficient environment for both development activity and code compliance.

The Building Inspector position is essential to protecting public safety, maintaining property standards, and ensuring that all construction within the City meets required codes and regulations. Continuity in this role is important to sustaining the progress made over the past year and supporting ongoing development within the community.

As part of the proposed agreement, Mr. Mazur has requested an increase in his monthly stipend from the current rate outlined in the existing contract. City Administration has reviewed this request in the context of his performance, responsibilities, and the value he brings to the organization. Given his contributions and the importance of retaining qualified and reliable inspection services, Administration finds this request to be reasonable and worthy of consideration.

The agreement continues to reflect an at-will, contractual arrangement, with compensation structured as a monthly stipend for services rendered.

Recommendation: City Administration respectfully recommends that the Mayor and City Council approve the employment agreement with Mr. Tim Mazur as Building Inspector, inclusive of the requested adjustment to his monthly stipend.

**BUILDING INSPECTOR
EMPLOYMENT AGREEMENT**

THIS AGREEMENT is made this 26th day of May 2026 between the City of Montrose (the "city"), Genesee County, Michigan, whose principal office is located at 139 South Saginaw Street, Montrose, Michigan MI, (hereinafter referred to as "City"), and Timothy Mazur (hereinafter referred to as 'EMPLOYEE'), an individual whose address is P.O. Box 264, Birch Run, MI 48415.

WHEREAS City desires to employ EMPLOYEE in the capacity of Building Inspector, (the "Position"), on the terms and conditions set forth herein, including Attachment A, (hereinafter referred to as the "Attachment"), which attachment is incorporated herein; and

WHEREAS, EMPLOYEE desires to perform for City the tasks required by the Position on the terms and conditions set forth herein;

NOW THEREFORE in consideration of the mutual covenants and agreements set forth below, the parties agree as follows:

EMPLOYEE agrees:

A1. When employed in the Position EMPLOYEE shall have no right to any fringe benefits such as a vacation, hospitalization or retirement plan.

A2. EMPLOYEE will secure and maintain the qualifications, certifications, registrations and licenses necessary to properly perform the Position and agrees to carry out the administrative and operational functions of the Position as required by law and as authorized by the City Council of the City.

A3. EMPLOYEE shall perform the duties of the Position as set forth in the Attachments.

A4. EMPLOYEE shall serve the City loyally, diligently and effectively, and shall at all times exert his/her best efforts to complete the duties as herein required in a faithful manner, and will perform all of his/her duties with full and complete fidelity according to law.

A5. EMPLOYEE agrees that while employed in the Position he/she shall not engage in the installation of any building, mechanical and plumbing systems as a contractor or employee within the jurisdictional limits of the City without the prior written permission of the City.

A6. EMPLOYEE will provide original copies of all records pertaining to inspections to the City.

A 7. EMPLOYEE The Employee shall possess full authority and discretion to direct, control, and supervise the manner, methods, and timing by which the duties of the Position are performed. The Employee shall operate independently in carrying out these responsibilities, subject only to applicable laws, ordinances, and duly adopted City policies.

The Employee shall report to the City Manager for administrative purposes; however, such reporting shall not be construed to limit the Employee's independent authority in the execution of the Position's duties.

City agrees:

B1. City will furnish all information necessary for EMPLOYEE to complete his/her duties.

B2. City will provide filing areas and clerical assistance to EMPLOYEE during regular business hours.

B3. City will pay EMPLOYEE a wage determined at a rate of \$1,600/month for inspection services rendered. EMPLOYEE will submit an itemized statement of hours worked in accordance to the City payroll policies for all services rendered to the City under this contract. The City hereby agrees that it shall thereafter compensate EMPLOYEE through its regular City bi-weekly payroll. Notwithstanding the language of Section C6 concerning modification of this Agreement, Employee's pay may be modified by majority vote of the City Council.

B4. EMPLOYEE will be covered by a policy similar, if not identical, to a policy procured by the City of Montrose (hereinafter referred to as the "City"), which policy will defend and indemnify EMPLOYEE for lawsuits and complaints brought against EMPLOYEE for actions arising out of his/her performance of the Position.

It is mutually agreed:

C1. This Agreement shall take effect when signed by both parties.

C2. EMPLOYEE'S employment in the Position is at will and may be terminated by either party at any time, for any reason or for no reason, by giving thirty days written notice to the other party.

C3. EMPLOYEE shall have no rights to unemployment insurance, severance pay, or other benefits in the event of termination of this Agreement.

C4. The provisions of this agreement shall be deemed severable, the validity or unenforceability of any one or more provisions of this Agreement shall not affect the validity and enforceability of other provisions. This Agreement shall be construed in all respects as if such invalid or unenforceable provisions were omitted.

C5. It is understood and agreed that the terms of this Agreement are fully contained herein and EMPLOYEE'S employment is not based upon any oral promises or anything outside of the terms and conditions of this Agreement. This Agreement may only be modified by a writing signed by both parties.

C6. One or more waivers of any clause by City shall not be construed as a waiver of any further or subsequent breach of the same or any other clause.

C7. This Agreement shall extend to and bind the parties to this Agreement. EMPLOYEE shall not assign this Agreement. City may assign this Agreement in which case it shall be binding on that assignee.

C8. Michigan law shall govern the right and duties of the parties to this Agreement and the interpretation of its provision.

IN WITNESS WHEREOF, the parties hereto have caused the within agreement to be executed on their behalf by their duly authorized officers.

Approved and accepted:

CITY OF MONTROSE

BY: Timothy Mazur
EMPLOYEE

BY: Thomas J. Banks
Mayor

BY: Joe Karlichek
City Manager

ATTACHMENT A BUILDING INSPECTOR

As Building Inspector, EMPLOYEE agrees to perform all duties and responsibilities of the back-up to the regular Building Inspector, required by the CITY OF MONTROSE as follows:

1. Although not a registered plan reviewer, reviewing plans for proposed new residential, commercial and industrial buildings or structures, or alterations and repairs to existing buildings or structures to assure compliance with codes enforced by the City of Montrose.
2. Corresponding verbally and in writing as necessary with design professionals, homeowners, engineers and other agencies regarding corrections or modifications to planned buildings or structures, or planned changes in existing buildings or structures.
3. Calculating the cost of installation or modifications to said buildings or structures and issue permits accordingly.
4. Scheduling and conducting on-site inspections of installation, erection, alteration, repair, relocation, replacement, additions to, use or maintenance of buildings and related structures within the Construction Code Group.
5. Issuing detailed orders for correction of such buildings or structures when necessary to bring them into compliance.
6. Prepare and initiate violation notices when building and other construction codes are not met and appearing in court to testify when necessary.
7. Making final inspections when building projects are completed to determine conformity to approved plans, codes, laws and ordinances.
8. Investigating and providing aid to resolve citizen concerns regarding the installation and repair to their buildings.
9. Compiling reports to the City of Montrose or State of Michigan authorities as required and needed.
10. Preparing various forms and reports, and maintenance of accurate records of all code permits issued, correction notices issued, inspection approvals, inspections made, dates for re-inspections and other work done according to procedures and requirements.
11. Responding to concerns and supplying accurate answers to the inquiries from professionals, contractors, and the general public who come to the office of the City of Montrose in person, or who make contact via telephone or in writing regarding codes and ordinances as such relate to buildings.
12. Enforcing housing regulations relative to code enforcement when directed to do so.
13. Performing related duties as assigned

CITY OF MONTROSE MEMORANDUM

Date: May 19, 2026

TO: Thomas J. Banks and Montrose City Council

FROM: Joe Karlichek, City Manager

Subject: Notice of Resignation and Transition Planning

Mayor Banks and Members of Council,

Please accept this memorandum as my formal notice of resignation from the position of City Manager for the City of Montrose. Following formal approval of a manager position I have accepted with another municipality, I will be transitioning from my role with the City.

Pursuant to the terms of my employment agreement requiring a thirty (30) day notice, my final day of employment with the City of Montrose will be June 19, 2026.

Serving the City of Montrose has been both a privilege and an honor. I remain committed to ensuring a professional, organized, and collaborative transition process that supports continuity of operations, organizational stability, and the continued delivery of municipal services during this transition period.

Discussion regarding transition planning, administrative continuity, contractual considerations, and any related matters appropriate for closed session consideration pursuant to Michigan law will be placed on the agenda for the May 26, 2026 regular City Council meeting.

Over the coming weeks, I will continue working closely with staff and Council to ensure projects, operations, and administrative functions remain organized and appropriately transitioned. Council also has an additional memorandum outlining a separate recommendation relative to transition.

I sincerely appreciate the opportunity to serve the residents, employees, and elected officials of the City of Montrose and remain grateful for the trust placed in me during my tenure.

Recommendation #1: It is recommended the city council formally accept the resignation notice and that my last date as city manager is June 19, 2026.

Recommendation #2: It is recommended the city council direct city administration to engage Pivot Group Municipal Services in a contract for the purposes to procure a new city manager.

CITY OF MONTROSE

MEMORANDUM

Date: May 15, 2026

TO: Honorable Mayor Thomas Banks and Members of the City Council

FROM: Joe Karlichek, City Manager

SUBJECT: Recommendation to Approve Executive Recruitment Proposal – Pivot Group Municipal Services

Mayor Banks and Members of Council,

As the City prepares for the transition and recruitment of the next City Manager, it is critically important that the City undertake a professional, organized, and comprehensive executive recruitment process. The selection of a City Manager is among the most significant decisions a governing body will make, as the position directly impacts the City's operational leadership, organizational culture, financial stewardship, community development, and long-term strategic direction.

Following review of the proposal submitted by Pivot Group Municipal Services, I am recommending approval of the agreement for executive recruitment services for the City Manager position.

The proposal provides a detailed and structured recruitment process designed specifically for municipal executive leadership recruitment. Services include:

- Development and marketing of the position profile;
- Targeted outreach and recruitment of qualified candidates;
- Professional review and vetting of applicants;
- Criminal, financial, reference, and social media background investigations;
- Facilitation of candidate interviews;
- Contract negotiation assistance; and
- A one-year placement guarantee should the selected candidate separate within the first year of employment.

Additionally, the proposal outlines a multi-phase recruitment strategy focused on identifying highly qualified municipal leadership candidates while ensuring stakeholder engagement and organizational alignment throughout the process.

Pivot Group Municipal Services also brings extensive municipal recruitment experience throughout the State of Michigan, including prior executive recruitment work involving municipalities and organizations such as the Village of Birch Run, City of Portland, City of Charlotte, City of Boyne City, City of Albion, and other local governmental organizations.

The benefits to the City in utilizing a professional executive recruitment firm include:

- Broader statewide and regional candidate outreach;
- Independent and objective applicant evaluations;
- Reduced risk associated with inadequate vetting procedures;
- Assistance with legal and procedural compliance throughout the hiring process;
- Improved candidate quality and recruitment competitiveness; and
- Professional facilitation of negotiations and transition planning.

The proposal further demonstrates value through the inclusion of consultant travel for up to three meetings and a one-year placement guarantee.

The total recruitment fee proposed by Pivot Group Municipal Services is **\$10,400.00**, exclusive of advertising/publication costs, candidate travel/accommodations, and background review costs not to exceed approximately \$750.

Given the importance of securing qualified and experienced administrative leadership for the City, the proposed cost is reasonable and consistent with the level of professional services being provided. The use of an experienced executive recruitment firm will assist Council in conducting a thorough, objective, and efficient recruitment process while minimizing operational disruption during the transition period.

Recommendation: It is my recommendation that the City Council approve the agreement with Pivot Group Municipal Services for executive recruitment services for the City Manager position in the amount of \$10,400.00, plus associated advertising/publication costs, candidate travel/accommodation costs, and background review expenses as outlined within the proposal.

Scope of Services

Pivot Group Municipal Services proposes to provide the following services to the City of Montrose:

- Develop a public job posting based on consultation with the City of Montrose and the job description as denoted by the City of Montrose and ordinances.
- Advertise the job posting on the Michigan Municipal League, Michigan Municipal Executives and the International County/City Management Association websites.
- Market the position to select, top-notch potential candidates and advocate that they apply for the job.
- Pivot Group's principal and lead search members will review applicant résumés and provide a selection of recommended candidates for the Mayor and Council to review.
- Pivot Group will provide a deep dive into the work history and social media history of all applicants, as well as reference screenings for all applicants. We will also provide a formal criminal and financial background review of the lead candidate.
- Pivot Group will attend an in-person meeting to review candidates and provide guidance.
- Once the Mayor and Council have narrowed the applicant field to three or four candidates, Pivot Group will conduct pre-interview questionnaires with each top candidate.
- Selected candidates will be invited and scheduled for interviews with the Mayor and Council.
- Pivot Group will attend an in-person meeting to facilitate the candidate interviews.
- Upon identification of a lead candidate, Pivot Group will provide a criminal background check completed by a certified law enforcement officer in the State of Michigan.
- Pivot Group will facilitate the completion of an Everything DiSC® Management Profile questionnaire, as well as a research-validated personal assessment, and we will offer professional feedback to the Mayor and Council.
- A sample contract will be provided for the Mayor, Council, and candidate to review.
- Aid in contract negotiation facilitation will also be provided as necessary.
- Onboarding and transition support services can be added at additional cost, pending individual and organizational need.
- Leader success check-in following six months of employment to aid in transition and performance review.

Phase II: Market the Posting to the Right People, and Assess Applicants

We will use social media and national job boards to promote the opportunity, as well as to promote the amazing aspects of living, working, and playing in and around the City of Montrose. This will result in the largest possible number of qualified applicants. In addition to searches of executive and professional talent databases, we will perform direct targeted outreach to candidates who might not apply through social media platforms or who might not engage with Michigan Municipal League and other municipal websites. This targeted outreach will help create a deep, diverse pool of qualified and interested candidates.

Upon receipt of applications, we will thoroughly assess the qualifications and suitability of all candidates in an independent and objective manner. We will use a survey, video interview, phone interview, cyber review, reference checks, and background checks to thoroughly assess applicants. We will provide access to and summarize this data for review by relevant decision stakeholders. Select candidates will be recommended for further consideration and as potential interview candidates. Additional assessments can be coordinated, as needed, or directed by the Mayor and Council.

Phase III: Interviews

We will coordinate an outstanding interview experience of the top three or four candidates, conducted by the City stakeholders, in compliance with current laws. Finalists will have an on-site interview, which can include a wide range of community engagement opportunities and tours. As directed by the Mayor and Council, we will coordinate schedules, manage candidate communications, and provide on-site logistic support during the on-site interviews. We will thoroughly prepare the Mayor and Council for the interviews by providing guidance, support, and interview questions customized to the qualities that emerged through the detailed position profile and ideal candidate assessment. We will also provide a comprehensive background review of the selected lead candidate.

Phase IV: Negotiation and Contract Development

We will assist with the negotiation and contract development process, along with other administrative and legal parties. We can provide a sample contract for consideration. Our specific role will be directed by the Mayor and Council as it relates to an offer extension and the facilitation of contract negotiation. An Everything DiSC® Management Profile will be completed upon offer acceptance.

Optional Phase V: Onboarding and Transition Support

For additional fees, candidate onboarding and support services can be arranged to aid in their successful transition into their new role. We offer a complimentary 360-degree feedback check-in after six months, and we will assist the hiring stakeholder(s) in determining performance expectations.

assisted with generating organizational change by helping leaders clarify their goals, shift workplace cultures, close performance gaps, and achieve organizational objectives.

Kris holds a Bachelor of Science from Indiana Wesleyan University, with majors in political science, psychology, and history. He also holds a Master of Arts in political science from Miami University of Ohio, as well as a Master of Arts in clinical mental health counseling from Western Michigan University (WMU). He is in the final stages of his doctoral work in counselor education and supervision at WMU. He is a licensed professional counselor (License # 6401015448) and a licensed marriage and family therapist (License # 4151000160) in the State of Michigan.

Darin Dood, Lead Investigator

Darin has spent 22 years working in Michigan law enforcement, 16 of those years as a chief of police. In addition to his experience in community policing and criminal investigations, Darin has also served as a Village Manager/DDA Director and chief administrative officer in our state. This gives him great perspective on what municipalities are looking for during an executive recruitment process.



Darin is an expert in candidate vetting and background investigations. His deep dives into a candidate’s history include criminal, financial, and social media reviews.

Just a few of our recent comments



Pivot Group is leading the Executive Recruitment for the City of Saline’s next Director of Public Services. You can learn more about his opportunity here [Saline Opportunity](#)



Pivot Group is leading the Executive Search for the Village of Birch Run’s next Village Manager/ DDA Director



Pivot Group led the second round Executive Search for the City of Belding

Executive Recruitment – Price Proposal

Executive Recruitment Fee:	\$10,400
- Scope of Services & Executive Search Work Plan	
- Consultant Travel (up to 3 trips)	

Total Recruitment Fee: \$10,400

The recruitment fee does not include advertising/publication costs, background review (up to \$750), or travel/accommodations for candidates interviewed.

Consultant travel expenses, up to three trips, are included in the price proposal. Possible in-person meetings could include:

1. Stakeholder interviews for position profile and ideal candidate description.
2. Presentation of recommended candidates.
3. Interview process and lead candidate selection dialogue.

Any additional consultant visits requested by the client (beyond the three visits listed above) will be billed at \$100 per hour, \$340 for a half day, or \$680 for a full day. The travel expenses incurred for additional visits will be billed to the client.

Payment for Fees and Services

Professional fees and expenses will be invoiced as follows:

1st Invoice upon acceptance of proposal:	40% of the Recruitment Fee
2nd Invoice upon recommendation of candidates:	40% of the Recruitment Fee
Final Invoice upon completion:	20% of the Recruitment Fee plus all expenses

Payment of invoices is due within 30 days of receipt (unless the client advises that its normal payment procedures require 60 days).



Recent Client References

Paul Moore
Village Manger, DDA Director
Village of Birch Run
(989) 624.5711

Dan Swallow
City Manager
City of Saline

Jeannine Leary
Mayor
City of Belding
(305) 988.7888

Tim Nemecek
Mayor
City of Boyne City
(616) 389.3725

Micheal Duweck
Mayor Pro-Tem
City of Charlotte
(517) 888.3544

Micheal Womack
City Manager
City of Lapeer
(586) 215.0851

Dan Kelly
The Kelly Firm
(248) 655.7025

Bill Marquardt
Board Chair
Lapeer District Library
(810) 240.0546

Jim Barnes
Mayor
City of Portland
(517) 256.3585

Lori Williams
Former Mayor
City of Stanton
(989) 304.1426

Thomas Banks
Mayor
City of Montrose
810.639.6125

Doug Terry
City Manager
City of Albion
(517) 320.5700

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CITY OF MONTROSE MEMORANDUM

Date: May 19, 2026

TO: Thomas J. Banks and Montrose City Council

FROM: Joe Karlichek, City Manager

Subject: Transition Consulting Services Agreement Recommendation

The purpose of this memorandum is to provide City Council with a recommendation regarding the proposed Transition Consulting Services Agreement intended to assist the City during the administrative transition following my resignation effective June 19, 2026.

As the Council is aware, continuity in municipal administration is critically important to maintaining daily operations, organizational stability, financial oversight, grant administration, project coordination, and ongoing communication between departments, elected officials, consultants, and residents. Transitions in executive leadership can create operational gaps, particularly when recruitment and appointment of a successor City Manager may extend beyond an established departure date.

The proposed agreement is intended to provide the City with limited, temporary transitional consulting assistance in the event the City has not appointed a new City Manager by my final date of employment. The agreement would allow the City to retain access to institutional knowledge, ongoing project status information, budgetary continuity assistance, records transition support, and administrative guidance necessary to ensure uninterrupted municipal operations during the transition period.

Importantly, the agreement has been structured specifically as an independent contractor relationship and does not reestablish employment status. The agreement further limits the role to transitional and advisory services unless additional authority is expressly authorized by formal action of the City Council. The proposed arrangement also establishes a finite sixty (60) day term, compensation structure, mileage reimbursement standards, technology stipend provisions, and liability coverage protections consistent with municipal operational practices.

The intent of this agreement is not to delay or interfere with the City's recruitment of a successor administrative leader, but rather to ensure the City maintains operational continuity and organizational stability during any interim period between administrations.

Recommendation: It is my recommendation that the City Council approve the Transition Consulting Services Agreement as presented. This agreement has been reviewed and approved by the City Attorney.

**CITY OF MONTROSE
TRANSITION CONSULTING SERVICES AGREEMENT**

This Transition Consulting Services Agreement (“Agreement”) is entered into by and between the City of Montrose, a Michigan municipal corporation (“City”), and Joe Karlichek (“Consultant”).

1. PURPOSE

The purpose of this Agreement is to provide temporary administrative transition assistance and operational continuity support to the City following Consultant’s resignation as City Manager.

The parties acknowledge this Agreement is intended solely to facilitate an orderly transition of municipal operations while the City identifies and appoints a successor administrative leader.

2. TERM

This Agreement shall commence on June 20, 2026 and automatically terminate sixty (60) calendar days thereafter unless terminated earlier pursuant to this Agreement.

This Agreement shall not be extended except by written approval of the City Council.

3. INDEPENDENT CONTRACTOR STATUS

Consultant shall serve solely as an independent contractor and not as an employee of the City.

Consultant shall not:

- accrue pension benefits;
- accrue vacation or sick leave;
- receive health, dental, vision, disability, or life insurance benefits;
- participate in employee retirement systems; or
- otherwise be considered a City employee for any purpose.

Nothing contained herein shall be interpreted as reinstatement to employment.

Consultant shall be solely responsible for all federal, state, and local taxes associated with compensation received under this Agreement.

4. SERVICES

Consultant shall provide reasonable transition and administrative advisory services to the City, which may include:

- Assisting with operational continuity;
- Providing institutional and historical knowledge;
- Assisting with budgetary and financial transition matters;
- Assisting with grant administration continuity;
- Assisting with preparation of agendas, memoranda, and transition reports;
- Providing project status updates;
- Assisting with onboarding and orientation of successor administration;
- Coordinating transfer of records, systems, passwords, and administrative materials; and
- Attending meetings as reasonably requested by the Mayor, acting on behalf of the City Council, or by formal action of the City Council.

Services shall be provided on an as-needed basis and are anticipated not to exceed an average of twenty (20) hours per week.

5. LIMITATION OF AUTHORITY

Consultant shall not possess executive or administrative authority of the City Manager unless expressly authorized by formal action of the City Council.

Absent separate written authorization, Consultant shall not:

- hire, terminate, discipline, or supervise employees;
- direct collective bargaining matters;
- issue disciplinary directives;
- execute contracts on behalf of the City;
- authorize expenditures;
- independently direct code enforcement actions; or
- otherwise exercise statutory or charter-based executive authority.

Consultant's role shall remain advisory and transitional in nature.

6. COMPENSATION

Consultant shall receive compensation in the amount of Six Thousand Dollars (\$6,000.00) per month for services rendered under this Agreement. In the event services are provided for less than a full calendar month, compensation shall be prorated on a weekly basis at a rate of One Thousand Three Hundred Eighty-Four Dollars and Sixty-Two Cents (\$1,384.62) per week, with partial weeks further prorated based upon the number of days worked during that week.

Payments shall be made in accordance with the City's normal accounts payable procedures. All compensation payments are subject to lawful appropriation by the City Council.

7. LIABILITY COVERAGE AND INDEMNIFICATION

During the term of this Agreement, the City shall maintain liability insurance coverage applicable to Consultant while acting within the scope of duties authorized under this Agreement, consistent with protections generally afforded to City officials, employees, and authorized agents acting on behalf of the City.

To the extent permitted by law, the City agrees to defend and indemnify Consultant for actions taken in good faith within the scope of services authorized under this Agreement.

Nothing contained herein shall be construed as a waiver of any governmental immunity, statutory protection, or limitation of liability otherwise available under Michigan law.

8. TECHNOLOGY STIPEND

The City shall provide Consultant a monthly cell phone and technology stipend of One Hundred Dollars (\$100.00) during the term of this Agreement.

9. MILEAGE REIMBURSEMENT

Consultant shall be reimbursed for authorized business mileage incurred in connection with services provided under this Agreement at the then-current Internal Revenue Service (IRS) standard mileage reimbursement rate.

Mileage reimbursement requests shall be submitted in accordance with City reimbursement procedures.

10. TERMINATION

Either party may terminate this Agreement, with or without cause, upon seven (7) calendar days written notice.

The City shall compensate Consultant for services satisfactorily performed through the effective termination date.

11. CONFIDENTIALITY

Consultant acknowledges continuing obligations regarding confidential and proprietary information obtained during prior employment with the City and during the term of this Agreement.

Nothing herein shall prohibit disclosures required by law.

12. NO EXPECTATION OF CONTINUED ENGAGEMENT

Nothing in this Agreement shall create any expectation of continued employment, consulting relationship, or future appointment beyond the expiration of this Agreement.

13. GOVERNING LAW

This Agreement shall be governed by and interpreted under the laws of the State of Michigan.

14. ENTIRE AGREEMENT

This Agreement constitutes the entire understanding between the parties concerning transition consulting services and supersedes all prior discussions relating thereto.

CITY OF MONTROSE

Mayor

Date: _____

Clerk

Date: _____

CONSULTANT

Joe Karlichek

Date: _____

CITY OF MONTROSE

MEMORANDUM

DATE: May 18, 2026

TO: Honorable Mayor Banks and Members of the City Council

FROM: Joe Karlichek, City Manager

SUBJECT: Request for Equitable Retirement Contribution Payout and Inclusion of City Manager Position in MERS

Honorable Mayor and Members of Council,

The purpose of this memorandum is to formally request City Council consideration and approval of a lump-sum retirement benefit correction related to my City Manager Employment Agreement with the City of Montrose.

My employment agreement provides that:

“The Manager will receive any retirement benefits as is provided for full-time employees under the City’s employee personnel handbook, as amended.”

Based on this language, it was my reasonable understanding that retirement benefits were included as part of my employment agreement and total compensation package. However, it has since been determined that the City Manager position was not enrolled in MERS or otherwise administered for retirement benefit purposes during my employment.

Reliance Upon Contract as Presented

I first began serving as Interim City Manager on **May 27, 2025**. The terms of my interim appointment were understood to be consistent with the terms later reflected in the City Manager Employment Agreement. Following a lengthy City Council meeting that evening, I was presented with the employment agreement by the then-City Attorney and signed the agreement in good faith based upon the terms provided by the City.

At the time the agreement was presented and executed, I had no notice or practical way of knowing that the City Manager position had not been enrolled in MERS or was not otherwise being administered for retirement benefit purposes. The agreement represented that the City Manager would receive retirement benefits as provided to full-time employees under the City’s employee personnel handbook. If the City intended to exclude the City Manager from retirement benefits, that exclusion should have been expressly stated in the agreement.

My understanding and reliance upon the agreement were reasonable because the agreement was prepared, presented, and approved through the City’s formal process. This request therefore

seeks an equitable correction for a benefit that was represented in the approved employment agreement but not provided.

This issue appears to be the result of an administrative or policy inconsistency that predated my tenure. This request is not a request for severance, a bonus, or additional compensation beyond the agreement. Rather, it is an equitable correction for a retirement benefit that was represented in the employment agreement but not provided.

City Attorney John J. Ryan has reviewed the matter and has indicated that he has no legal issue with my request for a lump-sum payment in lieu of retirement payments that were believed to be made, promised under the agreement, and not received. He further indicated that he believes the request is fair, subject to City Council approval.

Finance Director/Treasurer Kim Lynch reviewed the City's current MERS actuarial valuation report and the calculation methodology associated with this request. Based upon that review, she found the estimated retirement contribution equivalent request to be accurate.

Based upon the City's current MERS actuarial valuation report, historical employer contribution rates, and my annual compensation, the estimated employer retirement contribution equivalent attributable to the City Manager position is estimated between approximately **\$6,000 and \$7,500** for the period of **May 27, 2025 through June 19, 2026**, subject to final payroll and finance verification.

The estimated range is supported by the following calculation methodology:

- Approximate annual compensation: **\$74,000**
- Estimated employer contribution range: approximately **8%–10%**, based upon current MERS funding assumptions and contribution structures reflected within the actuarial valuation report
- Estimated annual employer contribution equivalent:
 - **$\$74,000 \times 8\% = \$5,920$**
 - **$\$74,000 \times 10\% = \$7,400$**

Accordingly, the estimated equitable employer retirement contribution equivalent falls within the approximate range of **\$6,000 to \$7,500**.

For clarity, this request is limited to correcting the value of the retirement benefit that was contractually represented but not administered. It does not alter my resignation, does not request severance, and does not seek any benefit beyond what was reasonably understood under the terms of the approved employment agreement.

Recommendation

- **Recommendation #1:** I respectfully recommend that City Council approve a lump-sum retirement benefit correction payable to **Joe Karlichek** in an amount **not to exceed Seven Thousand Five Hundred Dollars (\$7,500)**, subject to final payroll, finance, and applicable withholding verification. I further recommend that the approved payment be processed through payroll and subject to all applicable taxes, withholdings, and reporting requirements.
- **Recommendation #2:** I recommend that the City include the City Manager position formally in MERS to avoid ambiguity going forward.



Municipal Employees' Retirement System of Michigan

Annual Actuarial Valuation Report
December 31, 2024 - Montrose, City of (2509)



Gains Policy at the February 17, 2022 Board meeting. The Dedicated Gains Policy automatically reduces the assumed rate of investment return in conjunction with recognizing excess investment gains to mitigate the impact on employer contributions the first year. The policy was effective with the December 31, 2021 annual actuarial valuation.

The Michigan Department of Treasury provides required assumptions to be used for purposes of Public Act 202, of 2017, reporting. These assumptions are for reporting purposes only and do not impact required contributions. Please refer to the State Reporting page found at the end of this report for information for this filing.

For a full list of all the assumptions used, please refer to the division-specific assumptions described in table(s) in this report, and to the Appendix on the MERS website at:

<https://www.mersofmich.com/Portals/0/Assets/Resources/AAV-Appendix/MERS-2024AnnualActuarialValuation-Appendix.pdf>

The actuarial assumptions used for this valuation, including the assumed rate of investment return, are reasonable for purposes of the measurement. The combined effect of the assumptions is expected to have no significant bias (i.e., not significantly optimistic or pessimistic).

In December 2021, the Actuarial Standards Board (ASB) adopted a revision to the Actuarial Standard of Practice (ASOP) No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*. The revised ASOP No. 4 requires the calculation and disclosure of a liability referred to by the ASOP as the “Low-Default-Risk Obligation Measure” (LDRM). The LDRM calculation is provided in aggregate, along with aggregate employer results, in a separate report titled “Summary Report of the 79th Annual Actuarial Valuations,” and will be available on the MERS website during the fall of 2025.

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

Rebecca L. Stouffer, Mark Buis, Kurt Dosson, and Shana M. Neeson are members of the American Academy of Actuaries. These actuaries meet the Academy’s Qualification Standards to render the actuarial opinions contained herein. The signing actuaries are independent of the plan sponsor. GRS maintains independent consulting agreements with certain local units of government for services unrelated to the actuarial consulting services provided in this report.

The Retirement Board of the Municipal Employees' Retirement System of Michigan confirms that the System provides for payment of the required employer contribution as described in Section 20m of Act No. 314 of 1965 (MCL 38.1140m).

This information is purely actuarial in nature. It is not intended to serve as a substitute for legal, accounting, or investment advice.



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Required Employer Contributions

Your required employer contributions are shown in the following table. Employee contributions, if any, are in addition to the employer contributions.

Effective with the December 31, 2021 valuation, the MERS Retirement Board adopted a Dedicated Gains Policy which allows for recognition of asset gains in excess of a set threshold in combination with lowering the assumed rate of investment return. Following the completion of an Experience Study and effective with the 2024 valuations, the MERS Retirement Board adopted updated demographic and economic assumptions. **The combined impact of the implementation of updated assumptions and application of the Dedicated Gains Policy is shown in the contribution requirements below.**

	Percentage of Payroll		Monthly \$ Based on Projected Payroll	
	Valuation Date: 12/31/2024	12/31/2023	12/31/2024	12/31/2023
Fiscal Year Beginning:	July 1, 2026	July 1, 2025	July 1, 2026	July 1, 2025
Division				
02 - Police	-	-	\$ 0	\$ 0
11 - General	6.68%	5.24%	1,421	1,009
Total Municipality - Estimated Monthly Contribution			\$ 1,421	\$ 1,009
Total Municipality - Estimated Annual Contribution			\$ 17,052	\$ 12,108

Employee contribution rates:

Valuation Date:	Employee Contribution Rate	
	12/31/2024	12/31/2023
Division		
02 - Police	0.00%	0.00%
11 - General	8.00%	8.00%

The employer may contribute more than the minimum required contributions, as these additional contributions will earn investment income and may result in lower future contribution requirements. Employers making contributions in excess of the minimum requirements may elect to apply the excess contribution immediately to a particular division, or segregate the excess into one or more "Surplus" divisions. An election in the first case would immediately reduce any unfunded accrued liability and lower the amortization payments throughout the remaining amortization period. Additional contribution into one or more Surplus divisions would not immediately lower future contributions, however the assets from the Surplus division(s) could be transferred to an unfunded division in the future to reduce the unfunded liability in future years, or to be used to pay all or a portion of the minimum required contribution in a future year. For purposes of this report, the assets in any Surplus division have been included in the municipality's total assets, unfunded accrued liability, and funded status; however, these assets are not used in calculating the minimum required contribution.

MERS strongly encourages employers to contribute more than the minimum contribution shown above. With the implemented dedicated gains policy, market gains and losses will continue to be smoothed over five years; however, excess returns are used to lower the investment assumption. Thus, there will be fewer gains to smooth in down markets. Having additional funds in Surplus divisions will assist plans with navigating potential short-term market volatility.

Assuming that experience of the plan meets actuarial assumptions:

- To accelerate to a 100% funding ratio in 10 years, estimated monthly employer contributions for the fiscal year beginning in 2026 for the entire employer would be \$1,711, instead of \$1,421.



The dedicated gains policy was implemented with the December 31, 2021 annual actuarial valuation and was reflected in the computed employer contribution amounts beginning in fiscal year 2023.

Investment performance measured for the one-year period ending December 31, 2024 resulted in no change to the assumed rate of investment return of 6.93%.

On February 12, 2025, the MERS Retirement Board adopted the results of an Experience Study covering the period, January 1, 2019 through December 31, 2023. The study examined recent experience and trends, with consideration for the COVID-19 pandemic. The study resulted in incremental assumption updates, with limited impact on employer contributions and funded status, for most employers when results are measured on the new assumption basis. The results of this study are reflected in the December 31, 2024 annual actuarial valuations.

MI Local Retirement Grant

Michigan lawmakers adopted Public Act 119 of 2023, which provided relief to local units of government with the most significant burden from qualified pension and retirement health benefit systems on their annual budget and revenues. As authorized under Public Act 119 of 2023, Section 990, the state pension and OPEB grants were awarded to eligible local governments in September 2024.

A smaller number of municipalities qualified for the *MI Local Retirement Grant* than the *Protecting MI Pension Grant Program* of the previous year. Pension funds received by municipalities were deposited into the MERS trust during September 2024 and are reflected in this valuation.

Comments on Asset Smoothing

To avoid dramatic spikes and dips in annual contribution requirements due to short-term fluctuations in asset markets, MERS applies a technique called **asset smoothing**. This spreads out each year's investment gains or losses over the prior year and the following four years. After initial application of asset smoothing, remaining excess market gains are used to buy down the assumed rate of investment return and increase the level of valuation assets, to the extent allowed by the dedicated gains policy. This smoothing method is used to determine your actuarial value of assets (valuation assets), which is then used to determine both your funded ratio and your required contributions. **The (smoothed) actuarial rate of return for 2024 was 3.79%, while the actual market rate of return was 7.28%.** The actuarial rate of return is below the assumed rate of return, which will put upward pressure on the employer contribution requirements determined in this valuation. To see historical details of the market rate of return compared to the smoothed actuarial rate of return, refer to this report's Appendix or view the "[How Smoothing Works](#)" video on the [Defined Benefit resource page](#) of the MERS website.

As of December 31, 2024, the actuarial value of assets is 107% of market value due to asset smoothing. This means that there are deferred investment losses, which will put upward pressure on contributions in the short term.

If the December 31, 2024 valuation results were based on market value instead of actuarial value:

- The funded percent of your entire municipality would be 86% (instead of 92%); and
- Your total employer contribution requirement for the fiscal year starting July 1, 2026 would be \$21,348 (instead of \$17,052).



Projection Scenarios

The next two pages show projections of the plan's funded ratio and computed employer contributions under the actuarial assumptions used in the valuation and alternate economic assumption scenarios. All three projections account for the past investment experience that will continue to affect the actuarial rate of return in the short term.

The 6.93% scenario provides an estimate of computed employer contributions based on current actuarial assumptions, and a projected 6.93% market return. The other two scenarios may be useful if the municipality chooses to budget more conservatively and make contributions in addition to the minimum requirements. The 5.93% and 4.93% projection scenarios provide an indication of the potential required employer contribution if these assumptions were met over the long term.

Valuation Year Ending 12/31	Fiscal Year Beginning 7/1	Actuarial Accrued Liability	Valuation Assets ²	Funded Percentage	Estimated Annual Employer Contribution
6.93%¹					
2024	2026	\$ 939,481	\$ 864,248	92%	\$ 17,052
2025	2027	\$ 980,000	\$ 879,000	90%	\$ 19,800
2026	2028	\$ 1,020,000	\$ 888,000	87%	\$ 23,100
2027	2029	\$ 1,060,000	\$ 931,000	88%	\$ 23,800
2028	2030	\$ 1,100,000	\$ 977,000	89%	\$ 24,500
2029	2031	\$ 1,140,000	\$ 1,030,000	90%	\$ 25,200
5.93%¹					
2024	2026	\$ 1,060,428	\$ 864,248	81%	\$ 32,208
2025	2027	\$ 1,100,000	\$ 871,000	79%	\$ 35,700
2026	2028	\$ 1,150,000	\$ 879,000	77%	\$ 39,400
2027	2029	\$ 1,190,000	\$ 930,000	78%	\$ 40,600
2028	2030	\$ 1,240,000	\$ 986,000	80%	\$ 41,900
2029	2031	\$ 1,290,000	\$ 1,050,000	81%	\$ 43,100
4.93%¹					
2024	2026	\$ 1,207,440	\$ 864,248	72%	\$ 49,728
2025	2027	\$ 1,260,000	\$ 865,000	69%	\$ 54,200
2026	2028	\$ 1,310,000	\$ 876,000	67%	\$ 58,500
2027	2029	\$ 1,360,000	\$ 938,000	69%	\$ 60,300
2028	2030	\$ 1,410,000	\$ 1,000,000	71%	\$ 62,000
2029	2031	\$ 1,460,000	\$ 1,080,000	74%	\$ 63,900

¹ Represents both the interest rate for discounting liabilities and the future investment return assumption on the Market Value of assets.

² Valuation Assets do not include assets from Surplus divisions, if any.

Table 1: Employer Contribution Details for the Fiscal Year Beginning July 1, 2026

Division	Total Normal Cost	Employee Contribution Rate	Employer Contributions ¹			Blended ER Rate ⁵	Employee Contribution Conversion Factor ²
			Employer Normal Cost ⁶	Payment of the Unfunded Accrued Liability ⁴	Computed Employer Contribution		
Percentage of Payroll							
02 - Police	0.00%	0.00%					
11 - General	10.56%	8.00%	2.56%	4.12%	6.68%		0.87%
Estimated Monthly Contribution ³							
02 - Police			\$ 0	(480)	\$ 0		
11 - General			545	876	1,421		
Total Municipality			\$ 545	\$ 396	\$ 1,421		
Estimated Annual Contribution ³			\$ 6,540	\$ 4,752	\$ 17,052		

¹ The above employer contribution requirements are in addition to the employee contributions, if any.

² If employee contributions are increased/decreased by 1.00% of pay, the employer contribution requirement will decrease/increase by the Employee Contribution Conversion Factor. The conversion factor is usually under 1% because employee contributions may be refunded at termination of employment and not used to fund retirement pensions. Employer contributions will all be used to fund pensions.

³ For divisions that are open to new hires, estimated contributions are based on projected fiscal year payroll. Actual contributions will be based on actual reported monthly pays, and will be different from the above amounts. For divisions that will have no new hires (i.e., closed divisions), invoices will be based on the above dollar amounts which are based on projected fiscal year payroll. See description of Open Divisions and Closed Divisions in the Appendix.

⁴ Note that if the overfunding credit is larger than the normal cost, the full credit is shown above but the total contribution requirement is zero. This will cause the displayed normal cost and unfunded accrued liability contributions not to add across.

⁵ For linked divisions, the employer will be invoiced the Computed Employer Contribution rate shown above for each linked division (a contribution rate for the open division; a contribution dollar for the closed-but-linked division), unless the employer elects to contribute the Blended Employer Contribution rate shown above, by contacting MERS at 800-767-MERS (6377).

⁶ For divisions with a negative employer normal cost, employee contributions cover the normal cost and a portion of the payment of any unfunded accrued liability.

Please see the Comments on Asset Smoothing in the Executive Summary of this report.



Table 3: Participant Summary

Division	2024 Valuation		2023 Valuation		2024 Valuation		
	Number	Annual Payroll ¹	Number	Annual Payroll ¹	Average Age	Average Benefit Service ²	Average Eligibility Service ²
02 - Police							
Active Employees	0	\$ 0	0	\$ 0	0.0	0.0	0.0
Vested Former Employees	0	0	0	0	0.0	0.0	0.0
Retirees and Beneficiaries	2	14,661	2	14,661	73.6		
Pending Refunds	0		0				
11 - General							
Active Employees	4	\$ 237,029	4	\$ 214,641	49.5	10.5	11.0
Vested Former Employees	5	17,989	5	17,989	49.1	5.5	11.3
Retirees and Beneficiaries	4	29,578	4	29,563	68.5		
Pending Refunds	0		0				
Total Municipality							
Active Employees	4	\$ 237,029	4	\$ 214,641	49.5	10.5	11.0
Vested Former Employees	5	17,989	5	17,989	49.1	5.5	11.3
Retirees and Beneficiaries	6	44,239	6	44,224	70.2		
Pending Refunds	0		0				
Total Participants	15		15				

¹ Annual payroll for active employees; annual deferred benefits payable for vested former employees; annual benefits being paid for retirees and beneficiaries.

² Descriptions can be found under Miscellaneous and Technical Assumptions in the Appendix.

Table 5: Flow of Valuation Assets

Year Ended 12/31	Employer Contributions		Employee Contributions	Investment Income (Valuation Assets)	Benefit Payments	Employee Contribution Refunds	Net Transfers	Valuation Asset Balance
	Required	Additional						
2014	\$ 47,738	\$ 0	\$ 4,611	\$ 29,109	\$ (70,172)	\$ 0	\$ 0	\$ 528,649
2015	51,098	0	4,118	25,986	(71,201)	0	0	538,650
2016	46,931	2,250	5,883	26,397	(71,734)	(4,121)	0	544,256
2017	52,554	8,678	11,577	32,690	(75,718)	0	0	574,037
2018	58,400	9,036	13,669	22,453	(66,010)	0	0	611,585
2019	51,505	3,794	13,961	29,765	(74,822)	0	0	635,788
2020	50,539	1,512	14,548	51,768	(73,077)	0	0	681,078
2021	40,006	523	15,267	116,886	(54,983)	0	0	798,777
2022	22,674	0	16,095	26,787	(54,039)	0	0	810,294
2023	15,900	0	18,666	42,219	(42,772)	0	0	844,307
2024	14,268	0	18,638	32,213	(44,239)	(939)	0	864,248

Notes:

Transfers in and out are usually related to the transfer of participants between municipalities, and to employer and employee payments for service credit purchases (if any) that the governing body has approved.

The investment income column reflects the recognized investment income based on Valuation Assets. It does not reflect the market value investment return in any given year.

The Valuation Asset balance includes assets from Surplus divisions, if any.

Years where historical information is not available will be displayed with zero values.



Table 7: Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2010	\$ 1,009,447	\$ 499,100	49%	\$ 510,347
2011	1,027,749	503,062	49%	524,687
2012	1,049,670	507,619	48%	542,051
2013	1,056,671	517,363	49%	539,308
2014	1,109,467	528,649	48%	580,818
2015	1,240,757	538,650	43%	702,107
2016	1,083,062	544,256	50%	538,806
2017	985,540	574,037	58%	411,503
2018	950,222	611,585	64%	338,637
2019	993,991	635,788	64%	358,203
2020	835,381	681,078	82%	154,303
2021	901,817	798,777	89%	103,040
2022	878,087	810,294	92%	67,793
2023	879,679	844,307	96%	35,372
2024	939,481	864,248	92%	75,233

Notes: Actuarial assumptions were revised for the 2010, 2011, 2012, 2015, 2019, 2020, 2021, 2023, and 2024 actuarial valuations.

The Valuation Assets include assets from Surplus divisions, if any.

Years where historical information is not available will be displayed with zero values.

Throughout this report are references to valuation results generated prior to the 2018 valuation date. Results prior to 2018 were received directly from the prior actuary or extracted from the previous valuation system by MERS's technology service provider.

Division 11 - General

Table 8-11: Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2014	\$ 894,518	\$ 417,056	47%	\$ 477,462
2015	1,016,793	427,497	42%	589,296
2016	862,020	430,814	50%	431,206
2017	769,217	455,932	59%	313,285
2018	737,210	487,970	66%	249,240
2019	780,334	502,387	64%	277,947
2020	627,206	529,387	84%	97,819
2021	694,602	626,182	90%	68,420
2022	676,875	652,088	96%	24,787
2023	761,549	691,799	91%	69,750
2024	825,974	715,099	87%	110,875

Notes: Actuarial assumptions were revised for the 2015, 2019, 2020, 2021, 2023, and 2024 actuarial valuations.

The percent funded does not reflect valuation assets from Surplus divisions, if any.

Table 9-11: Computed Employer Contributions - Comparative Schedule

Valuation Date December 31	Active Employees		Computed Employer Contribution ¹	Employee Contribution Rate ²
	Number	Annual Payroll		
2014	6	\$ 228,526	18.16%	2.00%
2015	4	149,870	31.19%	2.00%
2016	4	159,165	19.23%	6.00%
2017	4	158,581	13.10%	8.00%
2018	4	170,865	10.39%	8.00%
2019	4	174,506	12.64%	8.00%
2020	4	182,121	4.60%	8.00%
2021	4	194,677	4.30%	8.00%
2022	4	201,190	2.82%	8.00%
2023	4	214,641	5.24%	8.00%
2024	4	237,029	6.68%	8.00%

¹ For open divisions, a percent of pay contribution is shown. For closed divisions, a monthly dollar contribution is shown.

² For each valuation year, the computed employer contribution is based on the employee rate. If the employee rate changes during the applicable fiscal year, the computed employer contribution will be adjusted.

Note: The contributions shown in Table 9 reflect the full employer contribution requirement.

See the Benefit Provision History, later in this report, for past benefit provision changes.

Years where historical information is not available will be displayed with zero values.



Division 11 - General

Table 10-11: Layered Amortization Schedule

Type of UAL	Date Established	Original Balance ¹	Original Amortization Period ²	Amounts for Fiscal Year Beginning 7/1/2026		
				Outstanding UAL Balance ³	Remaining Amortization Period ²	Annual Amortization Payment
Initial	12/31/2015	\$ 589,296	23	\$ 598,003	14	\$ 55,692
(Gain)/Loss	12/31/2016	(181,687)	22	(192,017)	14	(17,880)
Amendment	12/31/2016	(3,891)	22	(4,110)	14	(384)
(Gain)/Loss	12/31/2017	(113,469)	21	(119,119)	14	(11,100)
Amendment	12/31/2017	(3,191)	21	(3,338)	14	(312)
(Gain)/Loss	12/31/2018	(51,773)	20	(54,103)	14	(5,040)
(Gain)/Loss	12/31/2019	9,332	19	9,669	14	900
Assumption	12/31/2019	26,109	19	25,700	14	2,400
Experience	12/31/2020	(180,614) ¹⁾	18	(188,512)	14	(17,556)
Experience	12/31/2021	(16,747)	17	(17,566)	14	(1,632)
Experience	12/31/2022	(33,950)	16	(36,098)	14	(3,360)
Experience	12/31/2023	48,816	15	52,778	14	4,920
Experience	12/31/2024	39,576	15	43,760	15	3,864
Total				\$ 115,047		\$ 10,512

¹ For each type of UAL (layer), this is the original balance as of the date the layer was established.

² According to the MERS amortization policy, each type of UAL (layer) is amortized over a specific period (see Appendix on MERS website).

³ This is the remaining balance as of the valuation date, projected to the beginning of the fiscal year shown above.

The unfunded accrued liability (UAL) as of December 31, 2024 (see Table 6) is projected to the beginning of the fiscal year for which the contributions are being calculated. This allows the 2024 valuation to take into account the expected future contributions that are based on past valuations. Each type of UAL (layer) is amortized over the appropriate period. Please see the Appendix on the MERS website for a detailed description of the amortization policy.

Note: The original balance and original amortization periods prior to 12/31/2018 were received from the prior actuary.

Benefit Provision History

The following benefit provision history is provided by MERS. Any corrections to this history or discrepancies between this information and information displayed elsewhere in the valuation report should be reported to MERS. All provisions are listed by date of adoption.

02 - Police

12/1/2020	Non-Accelerated Amortization
12/31/2018	Accelerated to 5-year Amortization
12/1/2016	Service Credit Purchase Estimates - Yes
10/2/1997	Member Contribution Rate 0.00%
7/1/1994	Member Contribution Rate 5.30%
1/1/1994	Member Contribution Rate 14.30%
12/1/1991	1.70% Multiplier
12/1/1991	6 Year Vesting
12/1/1991	Benefit F50 (With 25 Years of Service)
12/1/1991	Benefit FAC-3 (3 Year Final Average Compensation)
12/1/1991	Fiscal Month - July
12/1/1991	Member Contribution Rate 13.40%
	Early Reduced (.5%) at Age 50 with 25 Years or Age 55 with 15 Years
	Normal Retirement Age (DB) - 60

11 - General

1/1/2021	Contract Employees - Included
1/1/2021	Custom Wages
1/1/2021	Service Credit Qualification - 80 hours
7/1/2017	Participant Contribution Rate 8%
12/1/2016	Service Credit Purchase Estimates - Yes
8/1/2016	Participant Contribution Rate 6%
11/1/2012	Member Contribution Rate 2.00%
12/9/2003	Day of work defined as 8 Hours a Day for All employees.
12/31/1995	Member Contribution Rate 0.00%
7/1/1994	1.70% Multiplier
7/1/1994	6 Year Vesting
7/1/1994	Benefit F50 (With 25 Years of Service)
7/1/1994	Benefit FAC-5 (5 Year Final Average Compensation)
7/1/1994	Member Contribution Rate 1.90%
12/1/1991	Fiscal Month - July
	Early Reduced (.5%) at Age 50 with 25 Years or Age 55 with 15 Years
	Normal Retirement Age (DB) - 60



Risk Commentary

Determination of the accrued liability, the employer contribution, and the funded ratio requires the use of assumptions regarding future economic and demographic experience. Risk measures, as illustrated in this report, are intended to aid in the understanding of the effects of future experience differing from the assumptions used in the course of the actuarial valuation. Risk measures may also help with illustrating the potential volatility in the accrued liability, the actuarially determined contribution and the funded ratio that result from the differences between actual experience and the actuarial assumptions.

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 due to changing conditions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period, or additional cost or contribution requirements based on the Plan's funded status); and changes in plan provisions or applicable law. The scope of an actuarial valuation does not include an analysis of the potential range of such future measurements.

Examples of risk that may reasonably be anticipated to significantly affect the plan's future financial condition include:

- **Investment Risk** – actual investment returns may differ from the expected returns;
- **Asset/Liability Mismatch** – changes in asset values may not match changes in liabilities, thereby altering the gap between the accrued liability and assets and consequently altering the funded status and contribution requirements;
- **Salary and Payroll Risk** – actual salaries and total payroll may differ from expected, resulting in actual future accrued liability and contributions differing from expected;
- **Longevity Risk** – members may live longer or shorter than expected and receive pensions for a period of time other than assumed; and
- **Other Demographic Risks** – members may terminate, retire or become disabled at times or with benefits other than assumed resulting in actual future accrued liability and contributions differing from expected.

The effects of certain trends in experience can generally be anticipated. For example, if the investment return since the most recent actuarial valuation is less (or more) than the assumed rate, the cost of the plan can be expected to increase (or decrease). Likewise, if longevity is improving (or worsening), increases (or decreases) in cost can be anticipated.

State Reporting

The following information has been prepared to provide some of the information necessary to complete the Public Act 202 pension reporting requirements for the State of Michigan’s Local Government Retirement System Annual Report (Form No. 5572). Additional resources are available at www.mersofmich.com and on the State [website](#).

Form 5572		
Line Reference	Description	Result
10	Membership as of December 31, 2024	
11	Indicate number of active members	4
12	Indicate number of inactive members (excluding pending refunds)	5
13	Indicate number of retirees and beneficiaries	6
14	Investment Performance for Calendar Year Ending December 31, 2024 ¹	
15	Enter actual rate of return - prior 1-year period	7.72%
16	Enter actual rate of return - prior 5-year period	6.91%
17	Enter actual rate of return - prior 10-year period	6.62%
18	Actuarial Assumptions	
19	Actuarial assumed rate of investment return ²	6.93%
20	Amortization method utilized for funding the system's unfunded actuarial accrued liability, if any	Level Percent
21	Amortization period utilized for funding the system's unfunded actuarial accrued liability, if any ³	15
22	Is each division within the system closed to new employees? ⁴	No
23	Uniform Assumptions	
24	Enter retirement pension system's actuarial value of assets using uniform assumptions	\$838,537
25	Enter retirement pension system's actuarial accrued liabilities using uniform assumptions ⁵	\$939,481
27	Actuarially Determined Contribution (ADC) using uniform assumptions, Fiscal Year Ending June 30, 2025	\$17,952

- ¹ The Municipal Employees’ Retirement System’s investment performance has been provided to GRS from MERS Investment Staff and is included here for reporting purposes. The investment performance figures reported are net of investment expenses on a rolling calendar year basis for the previous 1-, 5-, and 10-year periods as required under PA 530.
- ² Net of administrative and investment expenses.
- ³ Populated with the longest amortization period remaining in the amortization schedule, across all divisions in the plan. This is when each division and the plan in total is expected to reach 100% funded if all assumptions are met.
- ⁴ If all divisions within the employer are closed, “yes.” If at least one division is open (including shadow divisions), “no.”
- ⁵ Line 25 actuarial accrued liability is determined under PA 202 uniform assumptions which may differ from the valuation assumptions. In accordance with the March 4, 2025 memo on the selection of Uniform Assumptions, “[f]or retirement systems that utilize an investment rate of return that is less than 7.00% for funding purposes, the local government should use the lower investment rate of return for the uniform assumption as well.” In particular, the assumed rate of return for PA 202 purposes is 6.93%.

