GENESEE COUNTY
OFFICE OF FISCAL SERVICES

Risk Management Division
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Chrystal Simpson
Chief Financial Officer

Katie Schoening
Risk Manager

TO: Martin L. Cousineau, Chairperson Finance Committee

FROM: Chrystal Simpson, Chief Financial Officer
Katie Schoening, Risk Manager

DATE: August 20th, 2025

SUBJECT: Approval of Self-Insured Auto Trust Agreement and Memorandum of Understanding

REQUESTED ACTION: Committee approval and referral to the Board of Commissioners

BACKGROUND:

Genesee County has been approved for self-insured status for the October 1, 2025, to September 30, 2026, term by the Director of the Department of Insurance and Financial Services of the State of Michigan. However, the attached Self-Insurance Auto Trust Agreement and Memorandum of Understanding are required to affect placement. The Trust Agreement has been in place for the last twelve years.

Genesee County previously met the requirements of Michigan Administrative Code R257.532, Rule 2, by having a net worth greater than $15M. However, changes to GASB 68 and GASB 75 now require recognition of certain liabilities, resulting in a 2024 net worth of Negative $208M. The Trust Agreement is necessary because the County is non-compliant with Rule 2, net worth over $15M. Without the Trust Agreement, the County would not qualify for self-insurance status and would have to purchase additional Auto Liability insurance.

MEMORANDUM OF UNDERSTANDING
between the
MICHIGAN DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES
and the
THE COUNTY OF GENESEE

Regarding

RENEWAL OF THE COUNTY OF GENESEE
NO-FAULT SELF-INSURANCE CERTIFICATE

I. PURPOSE AND BACKGROUND

1. The purpose of this Memorandum of Understanding (MOU) is to describe the agreements between the Michigan Department of Insurance and Financial Services (DIFS) and the County of Genesee (County) concerning the conditions under which the Director of DIFS (Director) will exercise her discretion to renew the County's certificate to self-insure against motor vehicle-related claims that arise under Chapter 31 of the Michigan Insurance Code, 1956 PA 218, as amended; MCL 500.3101, et seq. (Chapter 31), and for which Chapter 31 mandates insurance coverage. Motor vehicle-related claims that arise under Chapter 31 and for which Chapter 31 mandates insurance coverage are referred to hereafter as "No-Fault Claims," and the certificate issued by the Director to self-insure against these claims is referred to as a "No-Fault Self-Insurance Certificate."

2. On July 15, 2025, the County submitted to the Director an application to renew its No-Fault Self-Insurance Certificate under the authority of section 3101d of the Michigan Insurance Code, MCL 500.3101d. If approved and issued by the Director, the No-Fault Self-Insurance Certificate will enable the County to comply with state laws requiring insurance on the motor vehicles owned by, registered to, and/or operated by the County.

3. Effective January 1, 2013, the Michigan Legislature provided statutory qualifications for the issuance of a No-Fault Self-Insurance Certificate (and transferred issuance authority from the Michigan Secretary of State to the Director) by enacting 2012 PA 204, MCL 500.3101d.

4. MCL 500.3101d(1) provides that "[a] person in whose name more than 25 motor vehicles are registered may qualify as a self-insurer by obtaining a certificate of self-insurance issued by the [Director] under subsection (2)." Under subsection (2), the Director "may, in his or her discretion … issue a certificate of self-insurance to the person if the [Director] is satisfied that the person has and will continue to have the ability to pay judgments obtained against the person."

5. Consistent with the foregoing defined terms, the Director interprets this statutory requirement to apply to the County's ability to pay No-Fault Claims only, i.e., claims that must be covered by insurance under Chapter 31 and therefore fall within the scope of a No-Fault Self-Insurance Certificate. Accordingly, the statute governing the issuance or renewal of No-Fault Self-Insurance Certificates grants the Director discretion to issue a certificate to "a person" (which includes the County, see MCL 500.114) as long as the Director is satisfied that the person has and will continue to have the ability to pay No-Fault Claims against it.

6. Additional rules applicable to No-Fault Self-Insurance Certificates are contained in the Michigan Administrative Code, R 257.531 through R 257.540, entitled "Certificates of No-Fault Self-Insurance."

7. As reported in the County's application, the County now has a net worth of ($208,125,095). Due to its net worth, the County fails to meet the requirements of Administrative Rule 257.532(2)(d).

8. The County's reported financial condition validates the Director's legitimate concerns as to whether the County has and will continue to have the ability to pay No-Fault Claims against it, both in full and in a timely manner. Barring the agreements and satisfaction of the conditions set forth in this MOU, the Director would be justified in exercising her discretion to deny the County's application under MCL 500.3101d(2) and R 257.532.

9. However, in reliance on the County's agreements contained in this MOU and satisfaction of the conditions outlined below, the Director will renew the County's No-Fault Self-Insurance Certificate under the authority vested by MCL 500.3101d.

II. AGREEMENTS AND CONDITIONS

A. THE COUNTY

1. All No-Fault Claims against the County shall be paid by the County in full (if determined valid) in the ordinary course of business.

2. The County will take all reasonable and necessary steps to investigate No-Fault Claims, and will seek to eliminate fraudulent or wasteful spending and ensure that claim payments are calculated correctly and paid only to claimants whose claims are valid, due and owing.

3. To ensure the County's ability to pay No-Fault Claims during the entire Certificate Term (defined in paragraph II.B.1. below), the County will deposit in trust with The Huntington National Bank, to be held on behalf of DIFS, at least $273,542 (the Trust). The Trust may be requisitioned by the County only for the payment of valid No-Fault Claims, and any request by the County to requisition

funds from the Trust will be subject to DIFS' review and prior approval and compliance with the terms of this MOU. The County does not anticipate requisitioning any funds from the Trust during the Certificate Term because it intends to adjudicate and pay valid No-Fault Claims in the ordinary course of business. However, if during the Certificate Term the County requests, and DIFS approves, any requisition of funds from the Trust to pay the County's valid No-Fault Claims, the County will promptly replenish any funds disbursed in accordance with the schedule agreed to by DIFS and the County at the time the requisition request is approved.

4. The County will purchase an excess insurance policy for its No-Fault Claims with a specific retention of at least $20,000,000. The excess insurance policy must be written by a carrier authorized to transact such business in this state and must comply with the requirements of R 257.537.

B. DIFS

1. DIFS will issue the County a No-Fault Self-Insurance Certificate for a period of one year, beginning October 1, 2025 at 12:01 a.m. and ending September 30, 2026 at 11:59 p.m. (the Certificate Term).

2. DIFS will perform its responsibilities under the Michigan Insurance Code.

III. EFFECTIVE DATE AND DURATION

1. This MOU goes into effect when each party has signed it and shall remain in effect during the entire Certificate Term.

The undersigned authorized representatives of the parties have caused this MOU to be executed as of the dates indicated by each signature:

MICHIGAN DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

______________________________ _______________

Anita G. Fox — Date
Director
Michigan Department of Insurance and Financial Services

COUNTY OF GENESEE

______________________________ _______________

Delrico Loyd — Date
Chairperson, Board of Commissioners
County of Genesee

GENESEE COUNTY SELF-INSURED AUTO TRUST AGREEMENT

This Trust Agreement (Agreement) is made on __________, 2025, by and among the County of Genesee, a Michigan Municipal Corporation (County), as Settlor and Trustee; the Michigan Department of Insurance and Financial Services (DIFS), as Trustee; and The Huntington National Bank (Huntington) as Trustee and Custodian.

WITNESS:

WHEREAS, the County has been certified as a self-insurer for automobile no-fault and property liability protection for over 20 years;

WHEREAS, the County claimed that its' net worth at the end of fiscal year 2014 was in excess of $109,000,000.00;

WHEREAS, as of June 15, 2014, the County began using the Governmental Accounting Standards Board Statement 68 (GASB 68) in order to improve its accounting and financial reporting by state and local governments concerning pensions;

WHEREAS, the County was then required, in accordance with GASB 68, to account for its pension liability going forward;

WHEREAS, as of June 15, 2017, the County began using the Governmental Accounting Standards Board Statement 75 (GASB 75) in order to improve its accounting and financial reporting by state and local governments concerning postemployment benefits other than pensions;

WHEREAS, the County was then required, in accordance with GASB 75, to account for its other postemployment benefit liability going forward;

WHEREAS, in compliance with GASB 68 and GASB 75, the County's financial report for the fiscal year ending 2024 indicated that the County's net worth was approximately ($208,125,095);

WHEREAS, in accordance with Michigan Administrative Code R 257.532(2)(d), in order to be certified as a self-insurer under the automobile no-fault insurance act, an entity must have a net worth of more than $15,000,000;

WHEREAS, the County wishes to maintain its self-insurer certification; and

WHEREAS, DIFS has agreed to certify the County as a self-insurer for automobile no-fault insurance and property liability protection, conditioned upon the County creating a trust (Trust) in which the County shall place a certain amount of money to demonstrate its willingness and financial ability to pay current and future automobile no-fault and property liability protection claims against the County.

NOW, THEREFORE, IT IS DECLARED:

Article 1
Purpose

The purpose of this Agreement is to create a Trust through which the County may cover current and future automobile no-fault and property liability claims (Claims) in compliance with all applicable statutes and regulations.

Article 2
Name of Trust

The name of the Trust shall be the Genesee County Self-Insured Auto Trust.

Article 3
Trustees

The trustees of the Trust shall jointly be the County, DIFS, and Huntington.

Article 4
Custodian

The custodian of the Trust shall be Huntington.

Article 5
Trust Property

The following funds (Funds) are hereby transferred to the Trustees of the Trust to be held by the Custodian:

An amount of cash equal to the County's loss reserve for Claims as estimated by the County's actuary, which amount is currently estimated to be $273,542 or, alternatively, such other amount determined by DIFS to be actuarially appropriate. The amount provided by the actuary may be relied upon by the Trustees to be true and accurate and the Trustees have no duty to verify such amount.

Article 6
Consideration

This Trust is being created by the County in order to allow DIFS to certify the County as a self-insurer for automobile no-fault and property liability protection purposes pursuant to Section 3101d of the Insurance Code of 1956, MCL 500.3101d.

Article 7
Duration of Trust

The Trust shall exist at least through September 30, 2026, and may be renewed at that time for an additional 12 months, contingent on the County's ability to comply with all applicable statutes and rules governing self-insurance for no-fault automobile and property liability insurance. Should the County wish to renew the Trust, a new Agreement shall be executed by all parties.

Article 8
Trustees' Powers

The Trustees are to maintain this account at maximum liquidity, including any amount above the self-insurance reserve required.

Article 9
Compensation of Custodian

Huntington shall be compensated 0.25% or less. This fee will be invoiced to the County and is their responsibility to ensure the fees are paid timely.

Article 10
Termination

This Trust shall terminate no earlier than October 1, 2026, at which time it shall be renewed only with the express written permission of the Director of DIFS.

Article 11
Distribution of Trust Income and Principal

Trust income and principal shall be distributed only if one or more of the following conditions are met:

(1) Upon affirmative written consent of both the County and DIFS, which shall not be unreasonably withheld, in the event the Funds are necessary to pay a claimant for a valid claim that the County cannot otherwise pay;
(2) The termination of the Trust in accordance with this Agreement, in which case any remaining Funds shall be returned to the County; or
(3) Upon affirmative written consent of the County, DIFS, and Huntington for any other purpose.

Article 12
Trust Records

Huntington shall maintain such records as will evidence the amounts received for deposit; the amounts disbursed and withdrawn, if any; the total amount of Funds held; and the location, description, and character of the investments of the Trust.

Article 13
Reports

Huntington shall cause to be created and delivered to the County, DIFS, and to any other person required under Michigan's Estates and Protected Individuals Code (EPIC), MCL 700.1101, et seq., reports and statements of the Trust as required by EPIC.

In addition, beginning on January 1, 2025, and continuing quarterly thereafter, Huntington shall deliver to the County and DIFS a quarterly statement of the Trust, setting forth the cost and fair market value of each asset, as well as realized and unrealized gains or losses, dividends paid or accrued, interest paid or accrued, contributions, distributions and disbursements.

Huntington shall furnish such additional reports or information related to the Trust as may be required by DIFS or the County upon request.

Article 14
Governing Law

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

Article 15
Severability of Provisions

Should any provision of this Agreement be held to be unlawful, invalid, or unenforceable for any reason, such provision shall not affect the remaining provisions, but shall be fully severable, and the Agreement shall be construed as if such provision was not included.

Article 16
Notices to Parties

All communications provided for shall be in writing and shall be deemed to be given when delivered to:

For the County:
Risk Manager
Genesee County
1101 Beach Street
Flint, MI 48502

For DIFS:
Anita G. Fox
Michigan Department of Insurance and Financial Services
530 W. Allegan St., 8th Floor
Lansing, MI 48933

For Huntington:
Anne Farver
The Huntington National Bank
328 S. Saginaw St.
Flint, MI 48502

Article 17
Execution

County executes this Trust on the date that is first written above. County declares under the penalty of perjury under the laws of the State of Michigan that the statements in this Agreement are true; that this document is County's Trust Agreement; that County signs it willingly; that County executes it as a voluntary act for the purposes expressed in this Trust; and that County is under no constraint or undue influence.

____

Delrico Loyd, Chairperson
Genesee County Board of Commissioners
Genesee County

We, the witnesses, sign our names to this Agreement on the date that is first written above and declare under the penalty of perjury under the laws of the State of Michigan that all of the following are true: the individuals signing this Agreement execute it as a voluntary act for the purposes expressed in this Agreement; each of us, in the individuals' presence, signs the Agreement as a witness to the individuals' signing; and, to the best of our knowledge, the individuals are 18 years of age or older, of sound mind, and under no constraint or undue influence.

____
, Witness

____
, Witness

Acknowledged before me in Genesee County, Michigan, on _____________ by Delrico Loyd, Chairperson of the Genesee County Board of Commissioners.

____
, Notary Public

Genesee County, Michigan
Acting in Genesee County, Michigan
My commission expires: ______________________

I sign this Agreement on the date that is first written above and accept appointment as Trustee and/or Custodian, as denoted below.

____
Delrico Loyd, Chairperson
Genesee County Board of Commissioners
Trustee

____
Anita G. Fox, Director
Michigan Department of Insurance and Financial Services
Trustee

____
Anne Farver, Vice President
Wealth and Investment Relationship Manager
Huntington National Bank
Trustee and Custodian

Date: 7/11/2025

INVESTMENT POLICY STATEMENT
Institutional and Irrevocable Trusts

Prepared for:

GENESEE COUNTY SELF INS AUTO TR

Prepared by:

Vel Dzebo

Investment Policy Statement Mission Statement

An Investment Policy Statement (IPS) establishes a clear understanding between the entity and the Huntington National Bank (HNB) financial advisor team regarding stated investment goals and objectives. This IPS protects the investments managed at Huntington from meaningful deviation from investment intent. The investment management policies applied to the HNB investment portfolio are outlined in this document.

Asset Overview and Client Information

Huntington Portfolio Total Investment Balance: $600,617

ACCOUNT NAME	ACCOUNT NUMBER	MARKET VALUE	INV. OBJECTIVE	INV. AUTHORITY
GENESEE COUNTY SELF INS		$600,617	Stability of Principal	Sole

Tax information should be considered in the context of overall investment	
State of residence is: MI	**Current tax bracket** 0
The Client is aware of a tax loss carry forward: no	
If yes, please indicate the amount of tax loss carry forward:	

Investment Goals

It is essential to have a clear understanding of both short- and long-term goals when considering portfolio construction. Investing usually has a specific purpose to provide funding at some point in time or could have multiple purposes. These questions will aid in determining portfolio construction.

Please select the answers that best describe the current situation:

1. What is the long-term goal for investing?

- [x] Protect investments from large market changes and preserve capital.
- [ ] Generate income from investments to aid in budget needs while also providing moderate growth for future needs.
- [ ] Accumulate wealth with no abrupt need for large withdrawals while accepting moderate to higher market volatility.
- [ ] Achieve maximum returns allowing for high market volatility.
- [ ] Other (Please explain below.)

2. What is the time horizon for investing?

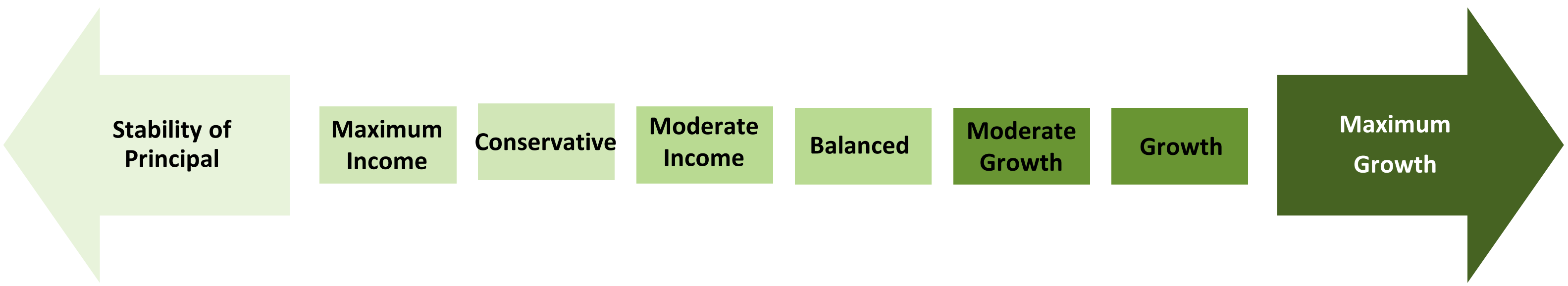
- [ ] Immediate need with anticipated cash withdrawals.
- [x] Short term - one to three years before annual cash needs.
- [ ] Intermediate term - three to seven years.
- [ ] Long term - seven years or more.

3. Are there regular or major disbursements to consider?

- [x] There are no disbursements to consider.
- [ ] There are disbursements to consider. (Please explain any cash or liquidity needs to consider as well as time horizon:

Risk Profile

An Investor's risk profile, coupled with investment goals, are essential for proper portfolio construction. Some investments may have the tendency to experience dramatic fluctuations in market values over time and have higher return potential. Other investments may have less fluctuations and produce more annual income in the form of interest payments. These types of investments typically have lower historical returns and can be impacted positively or negatively by interest rate policies or the economic cycle. It is imperative to have a good understanding of risk tolerance when selecting investments.



1. When making any investment decision, an investor needs to consider how they would feel about the prospect of principal loss. The simplest principle of any investment is: the higher return one seeks, the greater the risk associated with that investment. Based on this principle and feelings about risk and potential returns, the desire is to be:

- [ ] Willing to accept higher risk for the potential to increase the portfolio as quickly as possible.
- [ ] Willing to accept moderate risk for the potential to increase the portfolio at a modest pace.
- [ ] Prefer to accept balanced risk for the potential to have an equal emphasis on growth and income.
- [ ] Prefer potentially lower risk and focus on generating income, with growth of the portfolio as a secondary desire.
- [x] Prefer to take as little risk as possible with the investment principal.

Asset Allocation Objectives

	Maximum Growth	Growth	Moderate Growth	Balanced	Moderate Income	Conservative	Maximum Income	Stability of Principal
Equity	70 - 100%	65 - 95%	45 - 75%	35 - 65%	25 - 55%	5 - 35%	0 - 15%	0 - 10%
Fixed Income	0 - 15%	5 - 35%	25 - 55%	35 - 65%	45 - 75%	65 - 95%	70 - 100%	0 - 100%
Cash Equivalent	0 - 15%	0 - 15%	0 - 15%	0 - 15%	0 - 15%	0 - 15%	0 - 15%	0 - 100%

	Objective	Description
☐	Maximum Growth	Investors seek significant growth opportunity with potential for extensive short-term volatility in the portfolio. Their risk tolerance is high and typically 100% invested in equities.
☐	Growth	Investors seek to grow their portfolio with no immediate need for income generation while accepting potential for short-term volatility. Their risk tolerance is typically high.
☐	Moderate Growth	Investors seek to achieve moderate returns while accepting some short-term volatility with a slight bias towards growth versus income.
☐	Balanced	Investors seek to achieve moderate returns while accepting some short-term volatility. They desire an even balance between growth and income with a medium risk tolerance.
☐	Moderate Income	Investors seek to achieve moderate returns while accepting some short-term volatility with a slight bias towards income versus growth.
☐	Conservative	Investors seek to generate income from their investments with slight potential for growth. They are willing to accept lower returns in order to avoid short-term volatility with a low risk tolerance.
☐	Maximum Income	Investors seek maximum income generation with no bias towards growth and a desire to preserve their principal. Their risk tolerance is low and typically 100% invested in fixed income.
☑	Stability of Principal	Investors seek to avoid all risk to their principal value. Their risk tolerance is low to none and typically 100% invested in cash or cash equivalents.

Adoption

Reviewed and adopted by the below:

Printed Name: Delrico Loyd, Chair Person, Genesee Bo Signature: __________ Date: ______

Printed Name: Anita G. Fox, Director, State of Michigai Signature: __________ Date: ______

Printed Name: __________ Signature: __________ Date: ______

Portfolio Manager: Vel Dzebo Signature: __________ Date: ______

Relationship Manager: Anne M. Farver Signature: __________ Date: ______