

Economic Vitality Incentive Program/County Incentive Program Certification of Unfunded Accrued Liability Plan

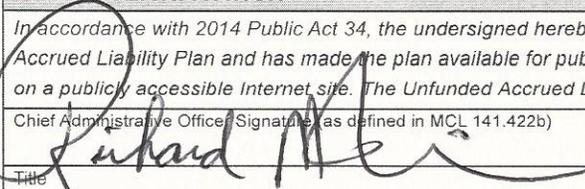
Issued under authority of 2014 Public Act 34. Filing is mandatory to qualify for payments.

Each city/village/township/county applying for Unfunded Accrued Liability Plan payments must:

1. Certify to the Michigan Department of Treasury (Treasury) that the local unit listed below has produced and made readily available to the public, an Unfunded Accrued Liability Plan. The plan shall be made available for public viewing in the clerk's office or posted on a publicly accessible Internet site as required by 2014 Public Act 34.
2. Submit to Treasury an Unfunded Accrued Liability Plan, if selecting Option 1 of Part 2 below.

City/village/township: This certification, along with the Unfunded Accrued Liability Plan, **must be received by June 1, 2014**, to receive the June and August payments or on or before July 31, 2014, to receive the August payment. Post mark dates will not be considered. For questions, call (517) 373-2697.

County: This certification, along with the Unfunded Accrued Liability Plan, **must be received by June 1, 2014**, (or the first day of a payment month) in order to qualify for that month's payment. Post mark dates will not be considered. For questions, call (517) 373-2697.

PART 1: LOCAL UNIT INFORMATION			
Local Unit Name City of Bay City, Michigan		Local Unit County Name Bay County	
Local Unit Code 092020		Contact E-Mail Address rfinn@baycitymi.org	
Contact Name Richard M. Finn	Contact Title City Manager	Contact Telephone Number (989) 894-8229	Extension
Website Address, if plan is available online www.baycitymi.org			Date of Last Audited Financial Report
PART 2: STATEMENT OF UNFUNDED ACCRUED LIABILITIES			
Indicate the option that pertains to your local unit:			
<input checked="" type="checkbox"/> 1. Unfunded Accrued Liabilities Exist A local unit who has unfunded accrued liabilities pertaining to pensions or other post-employment benefits must attach a plan as required by 2014 Public Act 34.			
<input type="checkbox"/> 2. No Unfunded Accrued Liabilities Exist A local unit who does not have any unfunded accrued liabilities pertaining to pensions or other post-employment benefits must provide, in the box below, an explanation of why the local unit does not have any unfunded accrued liabilities.			
PART 3: CERTIFICATION			
<i>In accordance with 2014 Public Act 34, the undersigned hereby certifies to Treasury that the above mentioned local unit has produced an Unfunded Accrued Liability Plan and has made the plan available for public viewing in the city, village, township or county clerk's office, or has posted the plan on a publicly accessible Internet site. The Unfunded Accrued Liability Plan, if required, is attached to this signed certification.</i>			
Chief Administrative Officer/ Signatory (as defined in MCL 141.422b) 		Printed Name of Chief Administrative Officer (as defined in MCL 141.422b) Richard M. Finn	
Title City Manager		Date 5/29/14	

Completed and signed form (including required attachment, if selected option 1) should be e-mailed to: TreasRevenueSharing@michigan.gov

If you are unable to submit via e-mail, fax to (517) 335-3298, or mail the completed form and required attachment (if selected option 1) to:

Michigan Department of Treasury
Office of Revenue and Tax Analysis
PO Box 30722
Lansing MI 48909

TREASURY USE ONLY		
EVIP/CIP Eligible Y N	Certification Received	EVIP/CIP Notes
Final Certification	Plan Received	

Economic Vitality Incentive Program/County Incentive Program FY 2014 Unfunded Accrued Liability Plan

Local Unit Name: City of Bay City, Michigan

Local Unit Code: 092020

PREVIOUS ACTION TAKEN TO REDUCE UNFUNDED ACCRUED LIABILITIES

Previous Actions Taken To Reduce Unfunded Accrued Liabilities		
	Unfunded Accrued Liability Type	Previous Action Taken
1.	Defined Benefit-MERS	<ol style="list-style-type: none"> 1. Plan was closed to all new hire employees effective 11/1/1997, 2. City has previously and continues to make additional contributions to this plan which are in excess of the actuarially computed contribution of approximately \$1,096,000 per year.
2.	Defined Benefit-Police and Fire Pension System	<ol style="list-style-type: none"> 1. The employee contribution for the Fire Department personnel was increased from 8% to 10% of wages. The Police personnel were at this contribution level previously. 2. The contract with the Police Officers which is currently awaiting ratification by the union members will lower the multiplier from 2.5-2.8% to 2% for all new hires effective 7/1/14. 3. The contract with the Police Officers which is currently awaiting ratification by the union members will freeze the escalator (COLA) provision at 7/1/2015.
3.	Retiree Health Care	<ol style="list-style-type: none"> 1. Beginning in 2007 and continuing until 2012, all bargaining groups of the City have agreed that all new hires will be placed into a Retiree Health Savings Plan instead of traditional retiree health care. The 6% contribution will be the only responsibility of the City. 2. The City has created a trust for the traditional retiree health care. The "pay-as-you-go" amount for retiree health care is deposited into this fund as well as a projected 7.5% of gross wages over and above the cost of retirees medical costs. 3. The City has been working to have provisions in all of the union contracts that benefits and co-pays for retirees will be the same as active employees. This is being done as union contracts expire. 4. The City is consolidating the numerous BC/BS plans into a more limited number with the intent that this will result in lower administrative costs. 5. The City moved all Post-65 retirees into a plan with NEBCO from BC/BS to lower the costs of Medicaid eligible retirees. 6. The City has created an additional Post-65 plan that has lower benefit levels (and lower copays) than the standard plan.

Economic Vitality Incentive Program/County Incentive Program FY 2014 Unfunded Accrued Liability Plan

		7. The implementation of PA-152 provisions for all active employees ultimately translates into savings as these active employees retire and their retiree health care expenses are paid from the Retiree Health Care Trust.	
4.			

How Will The Local Unit Continue To Implement And Maintain Previous Actions Taken

1.	Many of the items listed above are contractual provisions. Once fully implemented, the only thing that the City will have to do to realize the savings of the change is to resist any pressure to return the benefits to the levels that they were previously. This should not be a problem as the City continues to have fiscal problems which would be made worse if benefit levels were restored.
----	--

Additional Actions That Could Be Implemented

Note: Actuarial assumption changes and issuance of debt instruments do not qualify as a new action.

1.	The City intends to continue trying to find a good balance between providing quality fringe benefits to employees and being able to afford those benefits. As additional union contracts expire and are re-negotiated, all of the existing benefits will be reviewed to determine if adjustments are warranted.
2.	The City had approximately \$10 million dollars in assets in the Retiree Health Care Trust (as of June 30, 2013). The City is currently reviewing the possibility that these assets will be invested with the assets of the Bay City Police and Fire Retirement System. That system already has an investment consultant and a well-diversified group of investment managers providing expert investment services. This should result in increased investment revenue at the least amount of incremental costs to provide the service.
3.	