

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

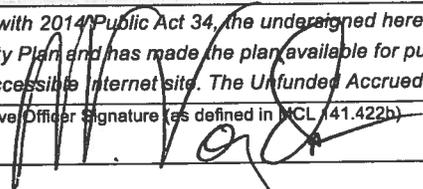
Issued under authority of 2014 Public Act 34. Filing is mandatory to qualify for payments.

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 Marquette		Local Unit County Name Marquette	
Local Unit Code 52-202		Contact E-Mail Address sbohor@mqctcy.org	
Contact Name Susan Bohor	Contact Title Director-Administrative Services	Contact Telephone Number (906) 225-8583	Extension
Website Address, if plan is available online www.mqtcty.org/finance.php			Date of Last Audited Financial Report 04/10/14
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 Signature (as defined in MCL 141.422b)		Printed Name of Chief Administrative Officer (as defined in MCL 141.422b)	
		William E. Vajda	
Title City Manager		Date 5/15/14	
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		

UNFUNDED ACCRUED LIABILITY PLAN TEMPLATE INSTRUCTIONS

PREVIOUS ACTION TAKEN TO REDUCE UNFUNDED ACCRUED LIABILITIES

Note: This plan is in reference to the unfunded accrued liabilities, as of a local unit's most recent audited financial report, related to employees' pensions or other post-employment benefits.

Local units are not required to use this template. Local units may submit the required information in any format that they choose.

Required Information:

If previous actions were taken to lower unfunded accrued liabilities, the plan shall include:

1. A listing of all previous actions taken.
2. A detailed description of how previous actions will continue to be implemented and maintained.
3. A listing of additional actions that could be implemented to reduce unfunded accrued liabilities.

Instructions:

1. Enter your Local Unit Name and Local Unit Code at the top of the page.
2. **Previous Actions Taken To Reduce Unfunded Accrued Liabilities:** List all previous actions that have been taken to reduce the local unit's unfunded accrued liabilities.
 - a. **Unfunded Accrued Liability Type:** Describe the unfunded accrued liability the action is reducing (i.e. pensions, OPEB, etc...).
 - b. **Previous Action Taken:** Describe the previous action that has been taken to reduce the local unit's unfunded accrued liability.
3. **How Will The Local Unit Continue To Implement And Maintain Previous Actions Taken:** Describe how the local unit will continue to implement and maintain the previously listed actions.
4. **Additional Actions That Could Be Implemented:** List at least one additional action that could be implemented to reduce the local unit's unfunded accrued liabilities.
 - a. Actuarial assumption changes do not qualify as a new action.
 - b. Issuance of debt instruments do not qualify as a new action.

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Local Unit Name: City of Marquette
Local Unit Code: 52-202

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 Pension	<p>In 2000, the City offered a defined contribution plan in lieu of the existing defined benefit plan to all management employees and offered current employees a one-time opportunity to transfer out of the defined benefit plan and into the new plan. About half of the current management employees at the time transferred to defined contribution. The City then closed the MERS management divisions of the defined benefit plan to new hires. The long term benefit of implementing a Defined Contribution for new hires is that it eliminates the future accrual of liabilities for those benefits.</p> <p>The City has both a MERS Defined Benefit Pension for its DPW and Clerical union employees and an Act 345 Defined Benefit Plan for its Police and Fire employees. Following contract negotiations in 2012, the City implemented a plan with a lower tier of benefits for new hires in the Clerical and DPW bargaining units. The new plan has a lower multiplier, longer vesting period and limited the paid time off (PTO) included in Final Average Compensation (FAC) to 240 hours. Current employees were also limited in the maximum number of hours of accrued leave that they could count towards their FAC. The long term impact of implementing a lower tier of benefits for new hires is that it reduces the future liability accrual because future benefits will be lower.</p> <p>During 2013, we negotiated a cap on the accrued leave hours applied to FAC for current employees in the police and fire bargaining units. In addition, an even lower cap on leave hours included in FAC was negotiated for new hires. Limiting what is included in someone's final average compensation reduces the benefit amounts, therefore decreasing total liability. It also mitigates FAC "padding", which could lead to the immediate development of unfunded accrued liability.</p>
2.	Other Post-Employment Benefits (OPEB) Retiree Health Insurance	<p>In 2006, the City revised their retiree health insurance plan for non-union employees. For current department head or middle managers who were hired prior to 2002, the City would pick up a percentage of their health care premium (from 100% to 60%) depending on their years of service and position. The City's share is capped at their retirement and does not increase with subsequent increases in premium. Management employees hired after 2005 are not eligible</p>

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		for retiree health insurance. In 2012 and 2013, the City negotiated a provision in all of the union contracts ending rights to retiree health insurance or premium subsidies for all new hires. This action eliminates OPEB liability for all new hires.
3.		
4.		

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

It is part of the City's strategic plan to reduce our unfunded accrued liabilities. New hires in management positions are not eligible for defined benefit plans or retiree health insurance. New hires in the union are also not eligible for retiree health coverage or subsidies.

Union contracts govern the benefits for pension plans. Provisions reducing our unfunded liabilities will be carried over to new contracts. MERS will not allow enhancements to pension benefits unless the plan is at least 80% funded. The City's plans are not 80% funded and we will not agree to any enhanced benefits to any of our underfunded plans. The City includes in its fiscal year budgets the annual required contribution for both the MERS and Act 345 Plans. Sufficient funds are available in the City's general fund to continue to meet these obligations.

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 plans to look at reducing its retiree health insurance costs through a modified plan design modeled on the plan in place for our active employees. We also may consider moving retirees who are on a Medicare supplemental plan to a Medicare Advantage plan.
2.	We may consider establishing an OPEB trust and funding it.
3.	For the defined benefit plans, we may consider contributing more than the minimum required contribution.