

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

RE: Compliance Form 5074 - Category 3 Unfunded Accrued Liability Plan for City of South Lyon

The City of South Lyon is pleased to submit form 5074 with the required documents per Public Act 59 Economic Vitality Incentive Program (EVIP) for category 3.

The City of South Lyon has chosen to track and display this data using Munetrix to make the information readily available to the public and other local units of government.

All documentation necessary to comply with the EVIP requirements are included with this letter, and we look forward to continue receiving these important funds from the State of Michigan.

Please contact me if you need any further information or clarification.

Sincerely,

Rodney L. Cook
Interim City Manager

Michigan Department of Treasury
(Recreated) 5074 (Rev 09-13)

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

Issued under authority of 2013 Public Act 59. 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 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 2013 Public Act 59.
2. Submit to Treasury Unfunded Accrued Liability Plan, if selecting Option 1 of part 2 below.

City/village/township: This certification, along with 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 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 South Lyon		Local Unit County Name Oakland County	
Local Unit Code 632210		Contact E-Mail Address cook@southlyonmi.org	
Contact Name Rodney L. Cook	Contact Title Interim City Manager	Contact Phone Number 248-437-1735	Extension
Website Address, if reports are available online http://munetrix.com/sections/data/municipal.php?MuniID=106&Type=City		Date of Last Audited Financial Report 2013-06-30	
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 2013 Public Act 59.			
<input type="checkbox"/> 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.			
See notes on Page 3			
PART 3: CERTIFICATION			
<i>In accordance with 2013 Public Act 59, the undersigned hereby certifies to Treasury that the above mentioned local unit has produced an Unfunded Accrued Liability Plan and has made them available for public viewing in the city, village, township, or county clerk's office or has posted them 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) Rodney L. Cook	
Title Interim City Manager		Date May 22, 2014	

Completed and signed form (including required attachments) 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 attachments to:

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

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

Unfunded Liability Notes

The City of South Lyon intends to implement, through labor negotiations and renewal of existing personnel policies, the following changes to employee benefits:

1. **New hires that are eligible for retirement plans are placed on retirement plans that cap annual employer contribution at 10% of base salary for employees who are eligible for social security benefits.**

The City of South Lyon has four collective bargaining agreements that expire on June 30, 2014, 2015 and 2016. All employees represented by a collective bargaining unit have a defined benefit pension. It is South Lyon's intent, through the collective bargaining process, to negotiate that the City will not contribute more than 10% of base salary to a newly hired employee's pension. For non-union employees, this provision will be implemented simultaneously with the represented employees. Additionally, the City will be negotiation an increased employee contribution from the current MERS actuary to approach 4-5% in future negotiations.

2. **For defined benefit plans, where post health care is not provided, the maximum multiplier shall be 1.5%.**

South Lyon's current multiplier is 2.5% for all employees. Retirees are eligible for a maximum reimbursement of \$500.00 per month for their health care insurance until they are Medicare eligible. Since retirees through collective bargaining no longer receive the \$500.00 after age 65, we have no longer term cost associated with health care.

3. **For defined benefit plans, the final average compensation for all employees is calculated using a minimum of three years of compensation and shall not include more than a total of 240 hours of paid leave. Overtime shall not be used in computing the final average compensation for an employee.**

The City is in compliance with the provision of a minimum of three years and no more than 240 hours of paid leave. Currently, the City does not comply with the provision of not including overtime into the calculation of final average compensation. The Municipal Employees' Retirement System (MERS) requires overtime to be included in the final average compensation, unless otherwise agreed to in a collective bargaining agreement. The City intends to correct the overtime language through contract negotiations, but will be reluctant to provide additional benefits or compensation in lieu of this change. The City's current FAC is based on 5 years. Several contracts allow only 120% for the last month worked which does impact the overtime issue.

4. **Health care premium costs for new hires shall include a minimum employee share of 20%; or a, an employer's share of the total health care plan costs shall be cost competitive with the new state preferred provider organization health plan, on a per-employee basis.**

It is the City of South Lyon's intent, through the collective bargaining process, to negotiate that all new City employee will contribute at least 20% of their health care plan costs. The City has negotiated with 3 of 4 bargaining units and will be negotiating with the 4th unit shortly. By FY 16-17, all employees will be contributing the required 20% toward their health care costs. Presently, employees are contributing 10% toward health care.