

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 Charter Township of Kalamazoo		Local Unit County Name Kalamazoo	
Local Unit Code 391070		Contact E-Mail Address supervisor@ktpw.org	
Contact Name Ronald E. Reid	Contact Title Supervisor	Contact Telephone Number (269) 381-8083	Extension
Website Address, if plan is available online www.ktpw.org			Date of Last Audited Financial Report 12/31/12
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) Ronald E. Reid	
Title Supervisor		Date 06/01/14	

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	

2014 EVIP – Category 3 (PA 34 of 2014)

Charter Township of Kalamazoo, Michigan

To qualify for Category 3 funds the Charter Township of Kalamazoo, a township with unfunded accrued liabilities, must certify by June 1, 2014 to the Michigan Department of Treasury that it has submitted a plan to lower all unfunded accrued liabilities. The plan shall include a listing of all previous actions taken to reduce its unfunded accrued liabilities with an estimated cost savings of those actions; a detailed description of how it will continue to implement and maintain previous actions taken; and a listing of additional actions it could take. Actuarial assumption changes and issuance of debt instruments do not qualify as a new proposal. The unfunded accrued liabilities plan is available for public viewing at the township's (www.ktwp.org) web site and certified to the state that the information is available at the web site.

The Charter Township of Kalamazoo has unfunded accrued liabilities associated with its defined benefit pension plan for its Police Department and for its other postemployment benefits for eligible retirees and spouses.

Defined Benefits Pension Plan

The Charter Township of Kalamazoo has unfunded accrued liabilities associated with its defined benefit pension plan for its Police Department. According to the most current audited financial report (December 31, 2012) the unfunded accrued liabilities for the defined benefit pension plan is \$1,410,000.

Steps to address the Township's unfunded accrued liability for its defined benefit pension plan:

- 2010-2012 collective bargaining agreement had established the Township's actuarially determined contribution rate to a maximum of 18%.
- 2013-2015 collective bargaining agreement had established the Township's actuarially determined contribution rate was reduced to a maximum of 17.5%. The change produced an annual reduced financial exposure for contributions of \$10,022 beginning in 2013.
- All future actions related to reducing and to the maintenance of previous actions taken will be subject to the collective bargaining process.

Other Postemployment Benefits (OPEB)

The Charter Township of Kalamazoo also has unfunded accrued liabilities associated with its other postemployment benefits plan. The other postemployment benefits include medical, prescription and dental insurance for eligible retirees and spouses. According to the most current audited financial report (December 31, 2012) the unfunded accrued liabilities for the other postemployment benefits plan is \$5,284,865.

Steps to address the Township's unfunded accrued liability for its other postemployment benefits:

- Effective January 1, 2013 all retirees are required to contribute 20% cost of medical, prescription and dental insurance costs including premium, co-insurance, and deductibles.
- Effective January 1, 2014 all retirees from the Police Department will use the multiplier of 4.25 months of retiree coverage per year of service vs. the pre-2014 multiplier of 4.5 months per year of service. For a 25 year employee the change reduces the potential cost to the Township

by 6.25 months or approximately \$6,000 per retiree or potentially \$210,000 in aggregate. However, the CBA language also takes into account other variables including Medicare eligibility and retiring after age 65 so the individual amount will vary.

- All future actions related to reducing and to the maintenance of previous actions taken will be subject to the collective bargaining process.
- The potential establishment of an OPEB Trust Fund