

Economic Vitality Incentive Program/County Incentive Program Certification of 2011 Public Act 152 Compliance

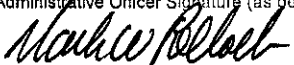
Issued under authority of 2012 Public Act 200. Filing of this form or Form 4888 Certification of Employee Compensation is mandatory to qualify for payments.

Each city/village/township/county applying for Employee Compensation payments under the 2011 Public Act 152 compliance option must:

1. Certify to the Michigan Department of Treasury (Treasury) that the local unit listed below provides medical benefits for its employees and elected public officials in compliance with 2011 Public Act 152 or certify that the local unit does not provide medical benefits to its employees and elected public officials.
2. Submit to Treasury any required board resolutions/meeting minutes.

City/village/township: This certification, along with any required board resolutions/meeting minutes, **must be received by June 1, 2013** to receive the June and August payments or on or before July 31, 2013 to receive the August payment. Post mark dates will not be considered. For questions, call (517) 373-2697.

County: This certification, along with any required board resolutions/meeting minutes, **must be received by June 1, 2013** (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 Clawson		Local Unit County Name Oakland
Local Unit Code 632040		Contact E-Mail Address mpollock@cityofclawson.com
Contact Name Mark Pollock	Contact Title City Manager	Contact Telephone Number (248) 435-4500
PART 2: 2011 PUBLIC ACT 152 COMPLIANCE		
Indicate the option the local unit has selected to comply with 2011 Public Act 152:		
<input type="checkbox"/> 1. Hard Caps (MCL 15.563) (no attachment required) A public employer shall pay no more of the annual costs or illustrative rate and any payments for reimbursements of co-pays, deductibles, or payments to health savings accounts, flexible spending accounts, or similar accounts used for health care costs, than a total amount equal to \$5,692.50 times the number of employees with single person coverage, \$11,385.00 times the number of employees with individual and spouse coverage, plus \$15,525.00 times the number of employees with family coverage, for all medical benefit plan coverage years beginning on or after January 1, 2013.		
<input type="checkbox"/> 2. Annual 80/20 (attach board resolution/meeting minutes showing annual majority vote of governing body) (MCL 15.564) A public employer shall pay not more than 80% of the total annual costs of all the medical benefit plans it offers or contributes to for its employees and elected public officials, for a medical benefit plan coverage year beginning on or after January 1, 2012.		
<input checked="" type="checkbox"/> 3. Annual Exemption (attach board resolution/meeting minutes showing annual 2/3 vote of governing body) (MCL 15.568) A local unit of government may annually exempt itself from options 1 and 2 above, by a 2/3 vote of the governing body for the next succeeding medical benefit plan coverage year.		
<input checked="" type="checkbox"/> 4. Employee Contract/Work Agreement Still in Effect The local unit's contract/employee work agreements entered into prior to September 15, 2011 do not expire until <u>6/30/2013</u> .		
<input type="checkbox"/> 5. N/A The local unit does not provide medical benefits to its employees or elected public officials.		
PART 3: CERTIFICATION		
In accordance with 2012 Public Act 200, the undersigned hereby certifies to Treasury that the above mentioned local unit has complied with the publicly funded health insurance contribution act, 2011 Public Act 152, or does not provide medical benefits to employees and elected public officials. Any required board resolutions/meeting minutes are attached to this signed certification.		
Printed Name of Chief Administrative Officer (as defined in MCL 141.422b) Mark W. Pollock		Title City Manager
Chief Administrative Officer Signature (as defined in MCL 141.422b) 		Date 5-23-2013

Completed and signed form (including required attachment, if elected option 2 or 3) should be e-mailed to: TreasRevenueSharing@michigan.gov.

If you are unable to submit via e-mail, mail the completed form and required attachment (if elected option 2 or 3) 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	Resolution Received	

5/23/2013

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

RE: Compliance Form 4978 PA 152 Compliance for City of Clawson, MI

Clawson Local Unit Code: 632040

The City of Clawson is submitting its form 4978 compliance documents as per Public Act 200 of 2012, Category 3-Employee Compensation. Our elected body has chosen the annual exemption option and the resolution adopted and minutes from that meeting are attached. I have also attached additional information about our existing compliance with the requirements of Public Act 200 of 2012. This additional information also explains the City of Clawson's plan to eventually reach compliance with Public Act 152, so that we may continue to receive our revenue sharing under the Economic Vitality Incentive Program or EVIP.

The City of Clawson has made available this plan for the public to view on our website at www.cityofclawson.com and via hard copy at the City Clerk's Office at City Hall at 425 N Main Street, Clawson MI 48017.

Listed below is information about the four Criteria for the EVIP "Employee Compensation Plan." A brief history of our current coverage and plans is included under each item and a description of how we have already complied with the requirements of PA 200 of 2012, or what we plan to do in order to be compliant. We also address our plans for PA 152.

Criteria #1-New Hire Retirement Plans

The City of Clawson has a defined contribution retirement plan which is now the only retirement plan available for all full-time new hires. This retirement plan is administered through MERS of Michigan. We currently have three union groups covered by individual group contracts and our non-union personnel are covered by a personnel policy. All full-time employees are covered by these agreements and any future agreements or contracts will abide by the requirements of PA 200. We currently have 27 active employees in our Defined Contribution (DC) retirement plan and one retiree currently collecting from her DC plan.

The City of Clawson reached agreement with the AFSCME union to change the defined benefit pension plan to a defined contribution plan for all new hires beginning back in 1999. The City Administration also changed the non-union new hire policy to require the DC plan for all new hires back in 1999. The two police unions agreed to the same pension agreement for new hires back in 2004. Obviously, this change has eliminated our post-retirement obligation for future

pension payments, since our obligation for retirement payments ends when the employee retires. Since 27 of our current 45 active full-time employees are covered by this DC retirement plan our future pension legacy costs have been eliminated for 60% of our current full-time employees.

Our current defined contribution plans have a 7 year vesting period and range from a City contribution of 8% up to 10%. Employees may contribute 3% into the defined contribution plan and the City will then match that contribution.

Our new contracts and Personnel Policy for new hires will reflect the contribution caps set forth in PA 200, by maximizing employer contributions at 10% of base salary for those eligible for social security and 16.2% of base salary for those who are not eligible for social security. With the expiration of our union contracts effective June 30, 2013, those changes will be effective July 1, 2013 for all new hires.

Criteria #2-Defined Benefit Maximum Multiplier

The City of Clawson currently has a defined benefit pension plan that is closed to new hires. The pension plan is administered through MERS of Michigan. We currently have 17 active full-time employees left in our defined benefit pension plan. There are 5 in our AFSCME Union group, 8 in our Police Union group, and 4 in our Non-Union group.

The Administration on behalf of the non-union employees and the AFSCME union agreed to change the retirement pension plan from a defined benefit pension to a defined contribution retirement back in 1999. The two police unions agreed to the same changes in the pension agreement and retirement plan for new hires back in 2004. Currently, all full-time new hires are placed in a defined contribution retirement plan. This has eliminated all of our future pension retirement legacy costs for all new hires as the DC plan contributions end when employment ends. For the existing defined benefit plan with MERS, our vesting period is 10 years and our current pension multipliers range from 2.25% to 2.5%. We will address the new multiplier maximums with the unions for future contributions and we intend to comply with those maximums in future contracts.

Criteria #3-Defined Benefit FAC and Paid Leave

All of our defined benefit pension plans use a FAC of three years. Since we do not have any new hires eligible for our defined benefit plan, we will not need to change our new hire requirements required by PA 200 in terms of maximum multipliers and overtime used for FAC. The leave buy-back used in FAC calculations is limited to those earned and eligible in the three-year period which, in effect, limits the leave buy-back eligible for FAC to less than the 240 hour maximum required. We are currently 50% funded overall with an accelerated funding plan in place that will take our funding level to 80% by July of 2020.

Category #4-Health Care Premium Costs

The City of Clawson has worked diligently over the past several years to control the costs of health insurance for both our active and retired employees. By forming a committee back in 2006, the City of Clawson made changes to our health care plans that addressed active and retired employee so that we could sustain our coverage into the future. Those significant changes to our health care plans have saved the City well over \$2.2 million since 2007.

Due to a concern of unsustainable legacy costs, all new hires are now provided a retirement health savings plan during their employment rather than providing post-retirement health care. This change was made for all union and non-union personnel back in July 2004. Currently we have 19 full-time employees covered by this Retiree Health Savings Plan. This will be another enormous savings in our legacy costs since the financial commitment of health care ends when the employee leaves employment. Currently the Retirement Savings Account for those employees is fully funded by Clawson with quarterly contributions that range between \$240 and \$300 per quarter. Those accounts currently have a 10-year vesting schedule.

The City currently provides health care to 85 retirees including spouses and 45 active employees. Currently we have Blue Cross/Blue Shield coverage with a medical and pharmacy wrap plan and new hires are all provided a HMO through Blue Care Network. All three of our union contracts will expire on June 30, 2013. Negotiations of the expiring contracts are currently ongoing, but are going very well. The City is in negotiations to meet the changes mandated in PA 152 for health care benefits and will decide based upon the savings made through bargaining and concessions. Our City Council opted out of compliance for the 2013 calendar year while we work on changes through the collective bargaining process. We have a proposal on the table to accept the hard-cap option which would adhere to the changes mandated in PA 152. It appears very likely that the employees will agree to the changes mandated by PA 152 and we will no longer need to opt out of compliance for health care.

In order to adhere to the requirements of both PA 200 and PA 152, the City will agree to the changes that the legislature imposes for PA 200 and will likely agree to the requirements of PA 152 effective January 1, 2014. All negotiations for future contracts will adhere to the requirements as set forth in PA 200 and PA 152 in regards to health care.

Other Pension

Our volunteer Fire Department also has a pension plan that is controlled separately by a Board of Trustees based upon its current by-laws and is currently 97% funded. This pension plan is strictly a supplemental pension plan and meets or exceeds the requirements of the Employee Compensation Plan Criteria.



City of Clawson

425 N. Main Street / Clawson, Michigan 48017
(248) 435-4500 FAX (248) 435-0515

CM 12-188-12

CONSIDERATION OF A RESOLUTION EXEMPTING THE CITY OF CLAWSON, PURSUANT TO SECTION 8, FROM THE REQUIREMENTS OF PUBLIC ACT 152 OF 2011 FOR THE NEXT SUCCEEDING YEAR

MOTION BY: Councilmember Phillips
SUPPORTED BY: Councilmember Kucera, Jr.

RESOLVED, the resolution exempting the City of Clawson, pursuant to Section 8, from the requirements of Public Act 152 of 2011 for the next succeeding year be approved.

WHEREAS, on September 27, 2011 the Publicly Funded Health Insurance Contribution Act, Public Act No. 152 of the Public Acts of Michigan of 2011 ("Act 152"), became effective in the State of Michigan; and

WHEREAS, Public Act 152 establishes standards and a process with respect to medical benefit plans offered by public employers; and

WHEREAS, the City of Clawson has historically recognized, in its role as steward for the public funds entrusted to it, that it must efficiently manage those limited resources; and

WHEREAS, the City of Clawson constantly engages in a review of expenditures in order to maximize the value it receives for goods and services; and

WHEREAS, the City Council of the City of Clawson believes that, as the elected representatives for the City and answerable directly to the City's voters, it is best positioned to determine what benefits (including medical benefits) ought to be offered in order to attract and retain the best qualified City employees at the lowest overall costs; and

WHEREAS, the City Council of the City of Clawson further believes that compensation determinations for City employees are most properly the responsibility of the City's elected representatives, and not the State of Michigan or its officials; and

WHEREAS, to express its support for home rule government and to recognize that it is the City Council's duty to manage City affairs in order to be most responsive to City voters, taxpayers and residents.

NOW, THEREFORE, BE IT RESOLVED, that Pursuant to Section 8 of Public Act 152 of 2011, the City of Clawson hereby exempts itself from the requirements of Public Act 152 for the next succeeding year and all resolutions and parts of resolutions in conflict herewith are, to the extent of such conflict, repealed.

CARRIED UNANIMOUSLY.

STATE OF MICHIGAN)
)
COUNTY OF OAKLAND)

I DO HEREBY CERTIFY THAT THE ABOVE IS A TRUE COPY OF A RESOLUTION MADE, PASSED AND ADOPTED BY THE CITY COUNCIL HELD AT A REGULAR MEETING HELD IN THE COUNCIL CHAMBERS, 425 N. MAIN STREET, CLAWSON, MICHIGAN ON TUESDAY, DECEMBER 4, 2012 AT 7:30 P.M.

G. Machele Kukuk

G. MACHELE KUKUK, CITY CLERK

POLICE & FIRE
(248) 524-3477
Fax (248) 435-4847

PUBLIC WORKS
(248) 288-3222
Fax (248) 288-3973

RECREATION
(248) 589-0334
Fax (248) 588-5013

LIBRARY
(248) 588-5500
Fax (248) 588-3114

TUESDAY, DECEMBER 4, 2012

7:30 P.M.

A regular meeting of the council of the City of Clawson Municipal Building, 425 N. Main Street, was called to order by Mayor Luebs at 7:30 p.m.

The Invocation was given by Mayor Penny Luebs.

ROLL CALL:

PRESENT: Mayor Luebs, Councilmember Airriess, Councilmember Kucera, Jr.,
Councilmember Palmer, Councilmember Phillips

ABSENT: None

AGENDA ITEM NO. 7

On September 27, 2011 the Publicly Funded Health Insurance Contribution Act, Public Act 152 of the Public Acts of Michigan of 2011 became effective in the State of Michigan. Public Act 152 establishes standards and a process with respect to medical benefit plans offered by public employees. Although our union contracts run through June 30, 2013, adoption of this resolution is required in order to the City to qualify for a portion of our EVIP funding which replaced the former statutory state shared revenue program. Our employees and retirees have worked very hard to reduce the cost of health care and will continue to do so. As negotiations begin with our employees for wages and benefits continuing after June 30, 2013, we will look at health care options that will put us in compliance with PA 152 and an opt out provision will no longer be necessary. It is my recommendation that the City of Clawson hereby exempts itself from the requirements of Public Act 152 for the year of 2013.

Mark Pollock
City Manager

**CM 12-188-12 CONSIDERATION OF A RESOLUTION EXEMPTING THE CITY
OF CLAWSON, PURSUANT TO SECTION 8, FROM THE
REQUIREMENTS OF PUBLIC ACT 152 OF 2011 FOR THE NEXT
SUCCEEDING YEAR**

MOTION BY: Councilmember Phillips
SUPPORTED BY: Councilmember Kucera, Jr.

RESOLVED, the resolution exempting the City of Clawson, pursuant to Section 8, from the requirements of Public Act 152 of 2011 for the next succeeding year be approved.

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WHEREAS, Public Act 152 establishes standards and a process with respect to medical benefit plans offered by public employers; and

WHEREAS, the City of Clawson has historically recognized, in its role as steward for the public funds entrusted to it, that it must efficiently manage those limited resources; and

WHEREAS, the City of Clawson constantly engages in a review of expenditures in order to maximize the value it receives for goods and services; and

WHEREAS, the City Council of the City of Clawson believes that, as the elected representatives for the City and answerable directly to the City's voters, it is best positioned to determine what benefits (including medical benefits) ought to be offered in order to attract and retain the best qualified City employees at the lowest overall costs; and

WHEREAS, the City Council of the City of Clawson further believes that compensation determinations for City employees are most properly the responsibility of the City's elected representatives, and not the State of Michigan or its officials; and

WHEREAS, to express its support for home rule government and to recognize that it is the City Council's duty to manage City affairs in order to be most responsive to City voters, taxpayers and residents.

NOW, THEREFORE, BE IT RESOLVED, that Pursuant to Section 8 of Public Act 152 of 2011, the City of Clawson hereby exempts itself from the requirements of Public Act 152 for the next succeeding year and all resolutions and parts of resolutions in conflict herewith are, to the extent of such conflict, repealed.

CARRIED UNANIMOUSLY.

STATE OF MICHIGAN)
)
COUNTY OF OAKLAND)

I DO HEREBY CERTIFY THAT THE ABOVE IS A TRUE COPY OF THE MINUTES MADE, PASSED AND APPROVED BY THE CITY COUNCIL AT A REGULAR MEETING HELD IN THE COUNCIL CHAMBERS, 425 N. MAIN STREET, CLAWSON, MICHIGAN ON TUESDAY, DECEMBER 4, 2012 AT 7:30 P.M.


G. MACHELE KUKUK, CITY CLERK