

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

Local Unit Name: County of Saginaw
 Local Unit Code: 730000

1. Michigan Employee Retirement System Defined Benefit Plan – As of December 31, 2012	Amount of Unfunded Accrued Liability \$51,623,224
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PREVIOUS ACTION TAKEN TO REDUCE UNFUNDED ACCRUED LIABILITIES

Previous Actions Taken To Reduce Unfunded Accrued Liabilities		
	Unfunded Accrued Liability Type	Previous Action Taken
1.	MERS Defined Benefit	County of Saginaw closed its MERS Defined Benefit Plan to all new employees hired after 1994, 1998, 1999, 2000 and 2006 depending on Union or Non-Union Employee Group. As of December 31, 2012 the County sponsored MERS DB plan had 107 active employees and 538 retirees and beneficiaries and 66 vested former members.
2.	MERS Defined Benefit	County of Saginaw permanently closed and prevents future changes to its MERS Defined Benefit Plan by action of the Board of Commissioners on February 19, 2013 in accordance with Public Act 34 of 2012.
3.	MERS Defined Benefit	County of Saginaw prepared a comprehensive financial plan for pension and Other Post-employment Benefits on February 19, 2013 in accordance with Public Act 34 of 2012.
4.	MERS Defined Benefit	County of Saginaw issued \$52,005,000 in General Obligation Limited Tax Pension Obligation Bonds, Series 2013 on January 30, 2014 in accordance with PA 34 of 2012 to eliminate MERS Defined Benefit unfunded accrued liability.
5.	MERS Defined Benefit	County of Saginaw reallocated the method of charging departments for MERS annual required payment/debt payment from a set dollar amount on each MERS DB active employee to a percentage of payroll on all employees for a more equitable and reliable revenue stream.
6.	MERS Defined Contribution Plan	County of Saginaw has a two-tiered system regarding employee and employer contributions. In 2008, the County reduced the employer required contribution from 9 percent to 6 percent in one of the tiers and from 6 percent to 3 percent in the other tier.

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

Saginaw County will continue to budget as a first priority annual principal and interest payments required and as set forth in the debt service schedule, copy attached herewith, for the \$52,005,000 General Obligation Limited Tax Pension Bonds, Series 2013. Additionally, Saginaw County will continue to budget MERS annual required payments for Normal Costs of approximately \$500,000 with excess funding, if any, placed in a debt service reserve to either (1) defease pension bonds sooner or (2) address any potential future unfunded accrued liabilities.

Additional Actions That Could Be Implemented

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

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| 1. | County of Saginaw could establish a dedicated debt service reserve to address either (1) early defeasance of pension bonds or (2) address any potential future MERS Defined Benefit unfunded accrued liabilities. |
| 2. | County of Saginaw could negotiate with employee groups to increase an employee's current contribution to the MERS Defined Benefit plan, or add an employee contribution to the MERS Defined Benefit plan for those groups that do not currently require an employee contribution. |

BOND DEBT SERVICE

County of Saginaw
State of Michigan
General Obligation Limited Tax Pension Obligation Bonds, Series 2013
Final Pricing
Bonds Sold January 16, 2014

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
09/30/2014	2,715,000	0.400%	471,749.31	3,186,749.31	3,186,749.31
03/30/2015			927,700.50	927,700.50	
09/30/2015	2,925,000	0.730%	927,700.50	3,852,700.50	4,780,401.00
03/30/2016			917,024.25	917,024.25	
09/30/2016	2,950,000	1.230%	917,024.25	3,867,024.25	4,784,048.50
03/30/2017			898,881.75	898,881.75	
09/30/2017	2,985,000	1.900%	898,881.75	3,883,881.75	4,782,763.50
03/30/2018			870,524.25	870,524.25	
09/30/2018	3,040,000	2.440%	870,524.25	3,910,524.25	4,781,048.50
03/30/2019			833,436.25	833,436.25	
09/30/2019	3,115,000	3.040%	833,436.25	3,948,436.25	4,781,872.50
03/30/2020			786,088.25	786,088.25	
09/30/2020	3,210,000	3.580%	786,088.25	3,996,088.25	4,782,176.50
03/30/2021			728,629.25	728,629.25	
09/30/2021	3,325,000	3.930%	728,629.25	4,053,629.25	4,782,258.50
03/30/2022			663,293.00	663,293.00	
09/30/2022	3,455,000	4.140%	663,293.00	4,118,293.00	4,781,586.00
03/30/2023			591,774.50	591,774.50	
09/30/2023	3,600,000	4.390%	591,774.50	4,191,774.50	4,783,549.00
03/30/2024			512,754.50	512,754.50	
09/30/2024	3,755,000	4.640%	512,754.50	4,267,754.50	4,780,509.00
03/30/2025			425,638.50	425,638.50	
09/30/2025	3,930,000	4.890%	425,638.50	4,355,638.50	4,781,277.00
03/30/2026			329,550.00	329,550.00	
09/30/2026	4,120,000	5.070%	329,550.00	4,449,550.00	4,779,100.00
03/30/2027			225,108.00	225,108.00	
09/30/2027	4,330,000	5.070%	225,108.00	4,555,108.00	4,780,216.00
03/30/2028			115,342.50	115,342.50	
09/30/2028	4,550,000	5.070%	115,342.50	4,665,342.50	4,780,685.00
	52,005,000		18,123,240.31	70,128,240.31	70,128,240.31

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1. OPEB – Retiree Health Care – Amount of Unfunded
As of December 31, 2012 Accrued Liability
\$136,190,004

PREVIOUS ACTION TAKEN TO REDUCE UNFUNDED ACCRUED LIABILITIES

Previous Actions Taken To Reduce Unfunded Accrued Liabilities		
	Unfunded Accrued Liability Type	Previous Action Taken
1.	OPEB- Retiree Healthcare	County of Saginaw negotiated the elimination of retiree healthcare for new hires in all sixteen (16) of the County's labor agreements between 2005 and 2008.
2.	OPEB – Retiree Healthcare	County of Saginaw afforded all qualified eligible employees to “opt out” of retiree healthcare as a benefit in exchange for a one time, lump sum payment of \$15,000. As of September 2013, 180 employees elected to opt out of retiree healthcare.
3.	OPEB – Retiree Healthcare	<p>County of Saginaw adjusts plan co-pays (i.e. prescription drug, office visits, emergency room visits) for retirees retiring after January 1, 2012, to levels that current employees pay. For example, the co-pay on prescription drugs was changed from \$0, \$2, or \$3 to \$5 for generic & \$40 for brand name.</p> <p>Office visit copay changed from \$0 or \$5 to \$20.</p> <p>Emergency Room visit changed from \$0 to \$50. These changes were estimated to reduce total taxpayer cost for retiree healthcare by \$2 million per year.</p>
4.	OPEB – Retiree Healthcare	County of Saginaw negotiated with fifteen (15) of its sixteen (16) collective bargaining units (one is still in negotiations) to increase the employee's premium share from 5%, 10% or 15% to 20% for eligible employees who retire after January 1, 2014.

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

The County is committed to maintaining the gains made through negotiations and plan design changes because (1) these changes are now the norm and (2) continued budget constraints makes it infeasible to reverse.

Additional Actions That Could Be Implemented

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

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| 1. | Saginaw County will continue to make beneficial plan changes through negotiations in an effort to reduce costs. |
| 2. | Saginaw County will explore possibility of "carving out" post 65 retirees from current BCBS plan to achieve greater savings without loss in retiree benefits. |
| 3. | Saginaw County could offer a lump sum payment to retirees to "opt out" of retiree healthcare. |