



May 28, 2014

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

**RE: ECONOMIC VITALITY INCENTIVE PROGRAM  
CERTIFICATION OF UNFUNDED ACCRUED LIABILITY PLAN  
FORM 5074 PER PA 34 OF 2014**

Good morning,

Please find attached to this document a completed and signed copy of form 5074, per PA 34 of 2014, "Certification of Unfunded Accrued Liability Plan," as well as the required "EVIP Category 3 Unfunded Accrued Liability Plan." Should you have any questions or comments concerning these documents, please do not hesitate to contact me at (517) 647-2931.

Please note that this document and related attachments was emailed to:  
[TreasRevenueSharing@michigan.gov](mailto:TreasRevenueSharing@michigan.gov) on Thursday, May 29, 2014.

Sincerely,

A handwritten signature in black ink, appearing to read "P. T. Reagan".

Patrick T. Reagan  
Interim City Manager  
City of Portland, Michigan

*Encl: Michigan Department of Treasury Form 5074  
EVIP Category 3 Unfunded Accrued Liability Plan*

"The City of Portland is an equal opportunity provider and employer."

## 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 <b>City of Portland</b>		Local Unit County Name <b>Ionia</b>	
Local Unit Code <b>342030</b>		Contact E-Mail Address <b>citymanager@portland-michigan.org</b>	
Contact Name <b>Patrick T. Reagan</b>	Contact Title <b>Interim City Manager</b>	Contact Telephone Number <b>(517) 647-2931</b>	Extension
Website Address, if plan is available online <b>www.portland-michigan.org</b>			Date of Last Audited Financial Report <b>06/30/13</b>

PART 2: STATEMENT OF UNFUNDED ACCRUED LIABILITIES
Indicate the option that pertains to your local unit:
<input checked="" type="checkbox"/> <b>1. Unfunded Accrued Liabilities Exist</b> 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"/> <b>2. No Unfunded Accrued Liabilities Exist</b> 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) <b>Patrick T. Reagan</b>
Title <b>Interim City Manager</b>	Date <b>05/29/14</b>

Completed and signed form (including required attachment, if selected option 1) should be e-mailed to: [TreasRevenueSharing@michigan.gov](mailto: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 <b>Y N</b>	Certification Received	EVIP/CIP Notes
Final Certification	Plan Received	

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

Local Unit Name: City of Portland, Michigan  
Local Unit Code: 342030

## PREVIOUS ACTION TAKEN TO REDUCE UNFUNDED ACCRUED LIABILITIES

Previous Action Taken to Reduce Unfunded Accrued Liabilities	
1.	<p>Pension Unfunded Accrued Liability</p> <p>The City of Portland adopted a lower tier of benefits for new hires by reducing the multiplier from 2.5% to 1%.</p> <p>Adopted a hybrid plan for new hires. We reduced the multiplier from 2.5% to 1%; Increased the normal retirement age from 55 to 60 for new hires; this MERS plan adopted is structured so that the defined benefit portion may not be increased and is not subject to collective bargaining.</p> <p>The City has contributed the required annual contribution to fund the plan as well as contributing a payment of \$396,000 above the minimum in 2013.</p>
2.	<p>Other Post Employment Benefits (OPEB)</p> <p>The City of Portland switched from a Blue Cross Blue Shield CB PPO Plan 12 with a low deductible of \$1,000/ \$2,000 to a PHP High Deductible Health Plan that incorporates a Health Savings Account (HSA) and a Health Reimbursement Account (HRA) in 2013.</p> <p>The City of Portland has increased the employees portion of insurance costs for employees. Effective 2013, employees contribute 14%; in 2014, employees will contribute 17%; in 2015, employees will contribute 20% towards health insurance. All new employees hired after 9/4/2012 automatically contribute 20% of premiums.</p> <p>New hires are no longer eligible for retiree health care coverage and must contribute 3% to the MERS HCSP, as of 7/1/2013.</p>
3.	
4.	

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

**How Will the City Continue To Implement Additional Previous Actions Taken**

The City of Portland will continue to make the annual required payment towards funding our pension plan, during our annual budgeting process. We will also look to make additional payments to this plan, similar to the \$396,000 lump-sum payment made in 2013 when allowed by our budget.

Many of the steps previously taken by the City of Portland will assure that we continue to maintain the levels taken in years past to pay down our unfunded accrued liabilities. For example, we have raised the percentage that employees pay each year by 3% in order to get us to the 20% level, per PA 152 of 2011. Also, by exempting new hires from retiree health insurance we will be able to help pay down our OPEB's.

City officials will continue to monitor our UAL's and will work each year, finances permitting, to successfully pay these legacy costs down.

**Additional Steps The City Could Implement**

1.	The City could implement and fund an OPEB Trust to cover the future costs of current employees offered retiree health insurance.
2.	The City could also implement a policy where current employees would pay 3% into their pensions.
3.	