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

<table>
<thead>
<tr>
<th>Local Unit Name</th>
<th>Local Unit County Name</th>
</tr>
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<tbody>
<tr>
<td>City of Roseville</td>
<td>Macomb</td>
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<table>
<thead>
<tr>
<th>Local Unit Code</th>
<th>Contact E-Mail Address</th>
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<tbody>
<tr>
<td>502080</td>
<td><a href="mailto:rcaidy@roseville-mi.gov">rcaidy@roseville-mi.gov</a></td>
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<thead>
<tr>
<th>Contact Name</th>
<th>Contact Title</th>
<th>Contact Telephone Number</th>
<th>Extension</th>
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<tbody>
<tr>
<td>Robert E. Cady</td>
<td>Controller</td>
<td>(586) 445-5417</td>
<td></td>
</tr>
</tbody>
</table>

Website Address, if plan is available online
www.roseville-mi.gov

Date of Last Audited Financial Report
06/30/13

PART 2: STATEMENT OF UNFUNDDED ACCRUED LIABILITIES

Indicate the option that pertains to your local unit:

☑ 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.

☐ 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

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.

Chief Administrative Officer Signature (as defined in MCL 141.422b)
Scott A. Adkins

Printed Name of Chief Administrative Officer (as defined in MCL 141.422b)

City Manager

Date
05/09/14

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) 335-3296, 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

<table>
<thead>
<tr>
<th>EVIP/CIP Eligible</th>
<th>Certification Received</th>
<th>EVIP/CIP Notes</th>
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<tbody>
<tr>
<td>Y</td>
<td>N</td>
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</table>

Final Certification
Plan Received
Unfunded Accrued Liability Plan. City of Roseville.

Currently the City of Roseville has unfunded accrued liabilities in Pension and Other Post-Employment Benefits.

With regards to Pension:

The last valuation was 6/30/13 and showed Assets value at 124,769,000, unfunded actuarial accrued liability at 56,449,000 and the system funded at 68.9%

The city has taken major steps to reduce this internally by negotiating changes to employee contracts.

This includes:

- Increasing employee contribution to the pension system from 6.5% to 12% depending on the group*
- Reducing multipliers from 2.8% to 2.5% (fire) and 2.0% (for most other groups)
- Reductions in FAC (roll-ins) and longevity.
- As of July of 2012 newly hired police officers have a reduced multiplier (2.5%) with a maximum set at 70% and no longevity payment.
- As the city was still negotiating with some units as July of 2013 and we expect the full effects of these changes to be reflected in the June 30, 2014 actuary.
- The city is fully funding the retirement system according to the city actuary Rodwan Consulting at a rate of 32.91% (general) and 39.2% (police/fire) of payroll which will account for $5,094,075 for the 2014-2015 fiscal year.
- The city will continue to negotiate changes in future contracts to reduce this liability.

In the future, as the city bond rating improves, it may consider bonding the remainder of this liability to save general fund dollars.

With regards to OPEB:

The last valuation of Retiree Health Care Benefits Plan was at 6/30/2012. At that time the actuary showed a total liability of $74,942,862 with $72,261,487 unfunded. The system is funded at 3.7%. The city is currently utilizing a pay-as-you-go method.

The city has also taken steps to reduce this liability through contract negotiations, including:

- Since negotiations ended in 2013 the city had reduced this liability by putting a max on current employees at 80% (employee responsible for 20% of their healthcare until Medicare eligible)
- Eliminating healthcare for any employee hired after 7/1/2012.
- HRSA’s are now established for new employees.
- Employees hired after 2/1/1992 who leave employment of city and defers pension is no longer eligible for retirement health.
- The city expects to see the full effects of these changes at next actuarial valuation at 6/30/14.
- The city will continue to negotiate changes in future contracts to reduce this liability as well as look for opportunities to increase the value of this fund moving forward.

*Due to the various contribution rates, a weighted average of 9.89% for general employees and 9.41% for police and fire employees is used in the June 2013 pension valuation.