

STATUTORY COMPENSATION PLAN

As per the requirements of Michigan Public Act 200 of 2012 Sec. 952 Subsection (3) the City of Luna Pier is required as a condition to receive potential payment from the allocation of Revenue Sharing Payments under Sec 952 subsection (1) and (2) and in accordance with Economic Vitality Incentive Program must meet one or more of the following categories:

Sec (3)(a) category 1 Accountability and Transparency requires the City of Luna Pier to certify by October 1 2012, or the first day of a payment month, that it has produced a citizen's guide of its most recent local finances, including a recognition of its unfunded liabilities, a performance dashboard, and a projected budget report including at a minimum the current fiscal year and a projection for the immediately following fiscal year. This projected budget includes revenues and expenditures, a listing of debt service requirements and an explanation of the assumptions used for the projections. The citizens guide, performance dashboard, and projected budget report is available for public viewing at the office of the City Clerk and is posted publicly at the City's internet site at www.cityoflunapier.com. A copy of the performance dashboard and projected budget and budget resolution shall also be forwarded to the Michigan Department of Treasury per the requirement of this statute.

Sec (3)(b) category 2 consolidation of services requires the City of Luna Pier to certify by February 1, 2013, or the first day of a payment month for this category that it has produced a consolidation plan. This consolidation plan is available for public inspection at the office of the City Clerk and is posted on the City's internet site at www.cityoflunapier.com. . A copy of the consolidation plan shall also be forwarded to the Michigan Department of Treasury per the requirement of this statute.

Sec (3)(b)(i) The City of Luna Pier to be in compliance with this subsection that effective July 1, 2013 the Department of Public Works and the Waste Water Treatment Facility will be merged into one Department and shall be renamed the Department of Municipal Services. Employees from the previous departments will become employees of the new Department of Municipal Services. The

position of Director of Public Works and the position of Director of the Waste Water Treatment Facility are hereby abolished. The position of Director of Municipal Services is hereby created and the new position will be filled by appointment by the City Administrator. Job duties and responsibilities and daily work assignments will be assigned by the Director of Municipal Services from the pool of employees assigned to the Director. The projected savings from this consolidation is estimated to be approximately \$65,000 annually.

Sec (3)(c) category 3 employee compensation requires the City of Luna Pier to meet one of the following requirements.

Sec (3)(c)(i) The City of Luna Pier must certify by June 1, 2013 for the first day of a payment month for this category that it has developed and publicized an employee compensation plan that the City of Luna Pier intends to implement new employment agreement with its workers. This compensation plan is available for public inspection at the office of the City Clerk and is posted on the City's internet site at www.cityoflunapier.com. A copy of the consolidation plan shall also be forwarded to the Michigan Department of Treasury per the requirement of this statute.

The Compensation plan includes

- (A) All new hires employed by the City of Luna Pier after the effective date of July 1, 2013 shall be placed in a Defined Contribution Pension Plan with an annual contribution rate paid by the City of Luna Pier of an amount equal to the employee contribution not to exceed 10% of the employee base salary. Final average compensation shall be computed on the last three years of employment prior to retirement and shall be limited to 240 hours of paid leave. Overtime hours and other forms of cash payment made to an employee shall not be included in final average compensation.
- (B) All employees currently covered under the City of Luna Pier's defined benefit pension plan with the Municipal Employees Retirement System shall, effective July 1, 2013, have their retirement multiplier reduced to 1.5% of final average compensation for all service credits earned after July 1, 2013. Final average compensation shall be computed on the last three

years of employment prior to retirement and shall be limited to 240 hours of paid leave. Overtime hours and other forms of cash payment made to an employee shall not be included in final average compensation.

- (C) Effective July 1, 2013 all new hires to the City of Luna Pier, who receive health care benefits as a condition of their employment, shall pay 20% of the health care premium for the employee only. Spouses and dependents of the employee may be covered on the City's Health Care plan at the expense of the employee. Employees hired after July 1, 2013 will no longer be eligible to receive retiree health care benefits, dental benefits and life insurance benefits.
- (D) Effective July 1, 2013 all current employees and retirees of the City of Luna Pier are required to contribute 20% of the employer cost of the City's health care premiums for the employee, spouse and dependents. The City shall certify to the Michigan Department of Treasury by June 1, 2013, or the first day of a payment month for this category, that it is in compliance with the publicly funded health insurance contribution act, 2011 PA 152 of 2011, MCL 15.561 to 15.569.
- (E) Health Care coverage is not offered to elected officials and to the City Administrator. The City of Luna Pier shall certify to the Michigan Department of Treasury by June 1, 2013, or the first day of a payment month for this category that it does not offer medical benefits to its elected officials and City Administrator.
- (F) Effective July 1, 2013 the City of Luna Pier shall eliminate Life Insurance Benefits for all retirees of the City of Luna Pier.