

Koryzno, Edward (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Friday, August 14, 2015 11:38 AM
To: Snyder, Rick (GOV)
Cc: Muchmore, Dennis (GOV); Clement, Elizabeth (GOV); Scott, Allison (GOV); Khouri, Nick (TREASURY); Roberts, John (DTMB); Baird, Richard (GOV); Walsh, John (GOV); Redford, James (GOV); Allard, Claire (GOV); Wisniewski, Wendy (GOV); Saxton, Thomas (Treasury); Koryzno, Edward (Treasury); Durfee, Sally (TREASURY)
Subject: FW: Local Government Memo and Summary
Attachments: Gov Memo August 2015.docx; 201508_436Summary.docx

Governor Snyder, Attached is the latest update on distressed local governments along with a summary table. We can discuss in detail during our Tuesday briefing. Thank you, Wayne

Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>



STATE OF MICHIGAN
DEPARTMENT OF TREASURY

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DATE: August 14, 2015
TO: Rick Snyder, Governor
FROM: Wayne Workman, Deputy State Treasurer
SUBJECT: Status of Financially Distressed Local Governments

EMERGENCY MANAGER

Lincoln Park

Emergency Manager: Brad Coulter

Appointed: July 3, 2014

Anticipated Exit: January 2016

Recent Developments

- A four-month plan has been developed, listing the priorities to be accomplished for the remainder of EM Coulter's term and beyond.
- The city is contemplating a lawsuit against the pension funds' actuary.
- PA 345 pension system millage of six mills will be on the November 2015 ballot. This is the second time PA 345 is going before Lincoln Park voters.
- The city ended FY 15 with an estimated \$100K General Fund operating surplus. The city has a General Fund deficit from previous years. EM Coulter will be submitting a Deficit Elimination Plan to Treasury.
- An actuarial analysis published on May 20, 2015, shows a further decline in pension funding down to 23%. More conservative actuarial assumptions were used in this report.
- EM Coulter has modified retiree collective bargaining agreements to reduce healthcare benefits. These changes were implemented in July 2015 and will reduce annual retiree healthcare costs from \$4.1M to \$600K.
- On August 10, 2015, the Lincoln Park Retiree Associations filed a lawsuit against the State of Michigan, Department of Treasury, and the City of Lincoln Park regarding the reduction of city retiree healthcare.
- Mathew Coppler, City Manager of Enfield, Connecticut, accepted the position of City Manager. His contract has been finalized and he will begin work October 1, 2015.