County of Saginaw
State of Michigan
Amended and Restated
Comprehensive Financial Plan for
Pension and Other Postemployment
Employment Benefits

February 19, 2013

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Executive Summary

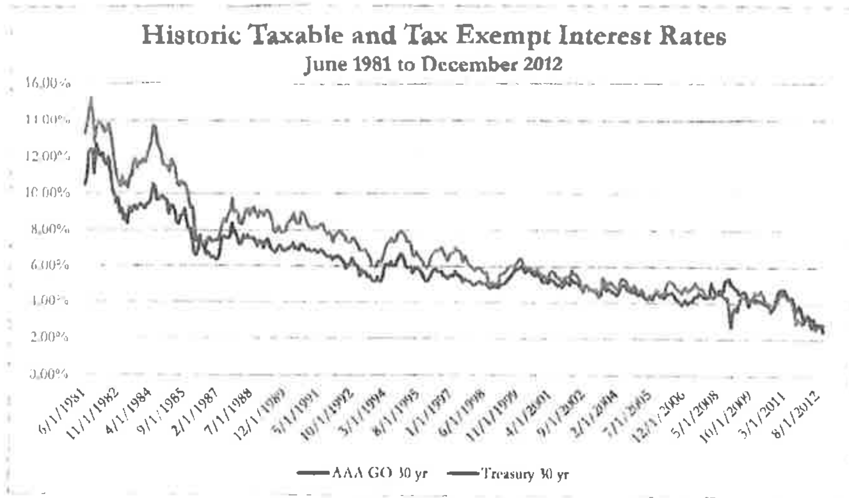
Saginaw County has a both a defined contribution and a defined benefit plan for both pension and post-employment healthcare benefits for eligible employees. The County closed its defined benefit plan requiring all employees hired after January 1, 1994 to participate in the defined contribution pension plan. As noted in the Summary of Unfunded Accrued Liability – Pension Report contained within Tab I of this Financial Plan, the County's defined benefit pension plan liability is $138,842,567. The current unfunded accrued liability, based on the Michigan Employee Retirement System (MERS) report prepared in the fall of 2012 based upon the December 31, 2011 valuation results and assuming the market value of assets, is $66,035,016, which is located within the Saginaw County (7303) - Total of All Divisions Report contained within Tab I. The unfunded accrued liability, as shown in the MERS report dated January 25, 2013, based on the market value of assets as of December 31, 2012 was $63,800,000. Although the unfunded accrued liability was updated to reflect the December 31, 2012 data, the detail regarding each plan was not updated. Accordingly, both the January 25, 2013 report and the October 2012 reports are included within Tab I.

The annual payment for the County's defined benefit pension plan has increased by 53% and is expected to continue to increase, as highlighted below, based upon the MERS Option B calculations sized for the market value of assets, as shown in Tab I. **The table below will be updated.**

	Defined Benefit Retirement Payments
2010 Actual	**$3,042,603**
2011 Actual	**$3,957,850**
2012 Actual	**$4,660,687**
2013 Budget	**$5,288,550**
2014 Estimate	**$6,242,445**
2015 Estimate	**$6,539,387**
2016 Estimate	**$6,833,659**

In order to provide better budgetary certainty, the County would like to issue Pension Obligation Bonds, as authorized under Act 34, Public Acts of Michigan, 2001, as amended ("PA 34"). PA 34 allows the County to issue bonds and use the proceeds to pay all or part of the costs of the "unfunded pension liability" for the County's defined benefit pension plan and to pay costs of issuance of the bonds. "Unfunded pension liability" means the amount the defined benefit pension plan's liabilities exceed its assets according to the most recent governmental accounting standards board's applicable standards. The County would then have an annual bond payment rather than the annual unfunded accrued liability payment. The County is aware that as the value of the assets and liabilities change, the liability could grow requiring additional contributions. Likewise, the County understands that the change in the value of the assets and liabilities could result in the plan becoming overfunded.

Given the historically low interest rates, as shown on the following page, the County anticipates receiving favorable interest rates for the Pension Obligation Bonds it intends to issue.



Assuming the Pension Obligation Bonds are issued for 20 years under current interest rates, the estimated annual bond payment is expected to be approximately **$4,989,000. This will be updated for current rates.** Provided below is a comparison of the annual unfunded accrued liability amortization payment provided by MERS to the estimated annual bond payments.

The table below will be updated

20 Year Bond Amortization				
Fiscal Year Ending September 30	Pension Payment Based on MERS *	Bond Payments **	Difference	Present Value @ 3.45%
2014	$6,242,445	$4,674,855	$1,567,590	$1,493,580
2015	6,539,387	4,672,370	1,867,017	1,719,052
2016	6,833,659	4,673,025	2,160,634	1,922,501
2017	7,141,174	4,670,725	2,470,449	2,124,251
2018	7,462,527	4,672,155	2,790,372	2,318,658
2019	7,798,341	4,674,640	3,123,701	2,508,352
2020	8,149,266	4,669,895	3,479,371	2,700,004
2021	8,515,983	4,670,295	3,845,688	2,883,915
2022	8,899,202	4,673,075	4,226,127	3,062,637
2023	9,299,666	4,671,150	4,628,516	3,241,450
2024	9,718,151	4,673,965	5,044,186	3,413,762
2025	10,155,468	4,672,210	5,483,258	3,586,125
2026	10,612,464	4,671,980	5,940,484	3,754,509
2027	2,613,041	4,674,328	(2,061,286)	(1,258,967)
2028	588,754	4,673,658	(4,084,903)	(2,411,029)
2029	615,248	4,674,533	(4,059,284)	(2,315,339)
2030	0	4,674,768	(4,674,768)	(2,576,735)
2031	0	4,673,768	(4,673,768)	(2,489,554)
2032	0	4,674,645	(4,674,645)	(2,406,288)
2033	0	4,671,845	(4,671,845)	(2,323,978)
	$111,184,777	$93,457,883	$17,726,895	$18,946,908

* Assumes Option B calculation, sized for market value of assets
** Estimate only based on market conditions on December 13, 2012.

Based on the preceding analysis, the County has determined that it is financially beneficial to pursue the issuance of Pension Obligation Bonds in an aggregate principal amount not exceed $75,000,000.

As outlined in PA 34, the Comprehensive Financial Plan contains the following elements:

- An analysis of the current and future obligations with respect to each retirement program of the County. The County has both a defined benefit and a defined contribution pension plan. Information regarding the defined benefit plan was obtained by MERS while information regarding the defined contribution pension plan was provided by the County. Information for both plans is contained within Tab I.

- An analysis of the current and future obligations with respect to each postemployment health care plan of the County. The County has both a defined benefit and a defined contribution post-employment healthcare plan. Information regarding the defined benefit plan was obtained by the actuarial firm, Gabriel Roeder Smith & Company while information regarding the defined contribution postemployment healthcare plan was provided by the County. Information for both plans is contained within Tab II.

- Evidence that the issuance of Pension Obligation Bonds, coupled with any other legally available funds, is sufficient to eliminate the unfunded pension liability. The unfunded pension liability provided by MERS, assuming payment option B, is **$66,035,016. This will be updated.** The Sources and Uses of Funds provided by Public Financial Management demonstrates that the bond proceeds will fully cover the liability of **$66,035,016**. Both schedules are provided under Tab III. Note that the actual principal amount of Pension Obligation Bonds issued will be based upon the unfunded pension liability in existence on the date of issuance of the Pension Obligation Bonds. **This schedule will be updated**

- The debt service amortization schedule. The preliminary debt service amortization schedule for the Pension Obligation Bonds provided by Public Financial Management can be found under Tab IV. **This schedule will be updated**

- A description of actions required to satisfy the debt service amortization schedule. The Pension Obligation Bonds are a limited obligation of the County, paid from various County funds. A description of actions the County takes to allocate costs to its various funds, create the annual budget and obtain budget approval from the County Board of Commissioners is contained under Tab V.

- Certification that the Comprehensive Financial Plan is complete and accurate. A certification from the County Controller / CAO attesting that the Plan is complete with information provided by reliable sources is contained under Tab VI.

PA 34 requires that a Comprehensive Financial Plan be prepared and made publically available. Accordingly, the County has prepared this Comprehensive Financial Plan for Pension and Other Post-Employment Benefits, as required by PA 34.

Description of Actions Required to Satisfy the Debt Service Requirements

Description of Actions Required to Satisfy Debt Service Requirements

Saginaw County allocates pension costs to the various funds that receive pension benefits. Similarly, the annual debt service for the Pension Obligation Bonds will be allocated proportionately to the funds receiving pension benefits. The County has ____ funds which are allocated pension costs and will be allocated proportionate amounts of annual debt service for the Pension Obligation Bonds. Revenue sources for the funds that will be allocated portions of the annual Pension Obligation Bond debt service include annual operating levies, special millages, grants, and other sources of annual revenue.

Saginaw County's Administration completes an annual budget for each fund and presents it the County Board of Commissioners for approval. The annual debt service amounts for each fund within the budget will be included in the annual budget process to be presented and approved by the Board of Commissioners annually. The Pension Obligation Bonds will carry the County's full faith and credit pledge; therefore, the annual debt service will be legally required to be part of the County's total budget.

COUNTY OF SAGINAW SEAL

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Certification

Print on Saginaw County Letterhead

CERTIFICATION

The County has prepared this Comprehensive Financial Plan for Pension and Other Post-Employment Benefits as required under Act 34, Public Acts of Michigan, 2001, as amended, for the issuance of Pension Obligation Bonds. In preparing this plan, information has been obtained from the Michigan Employees Retirement System, Gabriel Roeder Smith & Company, and Public Financial Managment. The County believes the information provided by these firms to be reliable.

I certify that this Comprehensive Financial Plan is complete and accurate.

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Marc McGill
Controller / CAO
Saginaw County

Dated: January 22, 2013