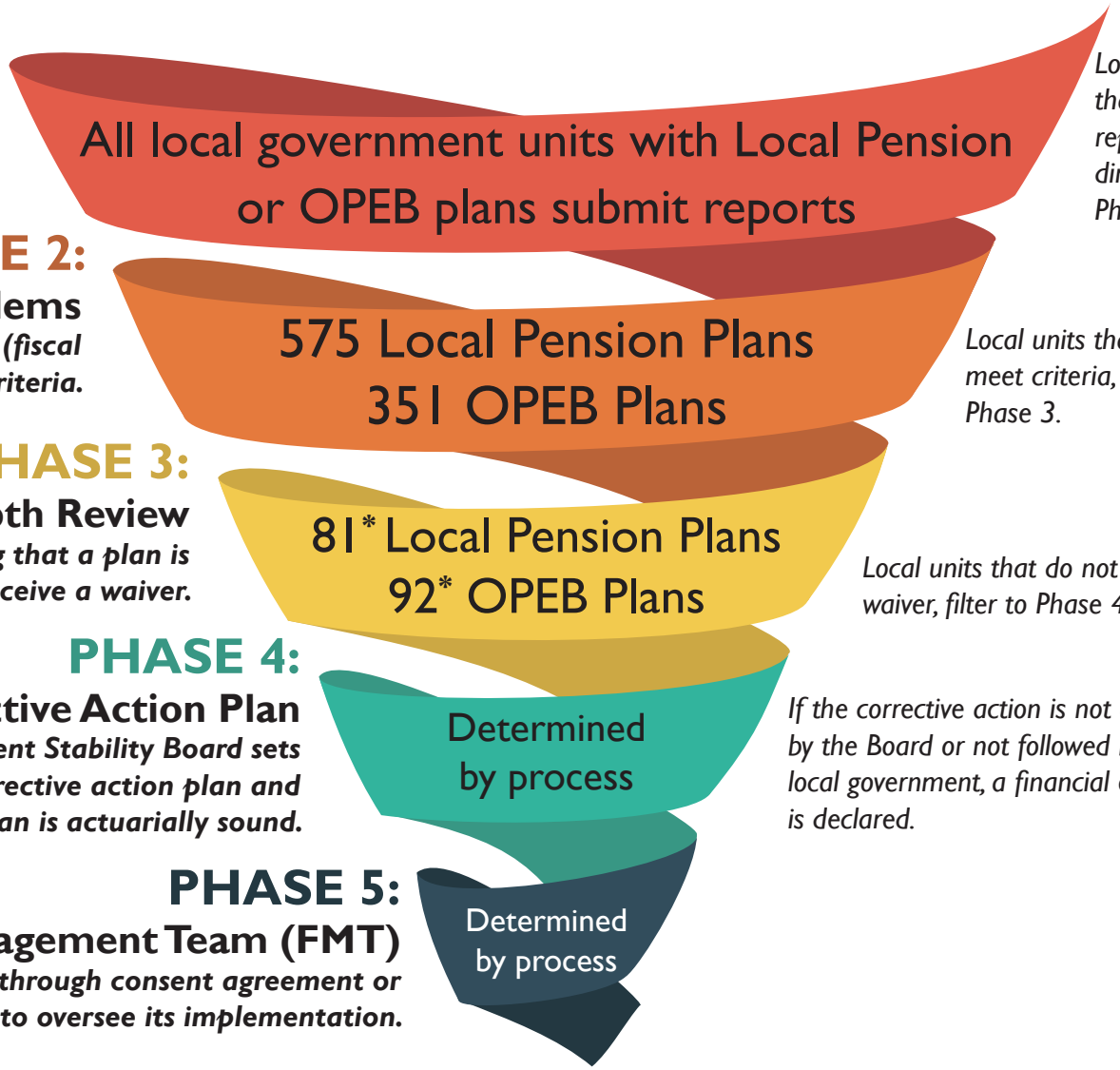
ADDRESSING MICHIGAN'S LEGACY COSTS

LOCAL GOVERNMENT PENSIONS AND OTHER POST EMPLOYMENT BENEFITS (OPEB)

PHASE 1:
Transparency and Reporting



Local units that do not report, go directly to Phase 3.

PHASE 2:
Review for Potential Problems

Treasury performs fiscal stress test (fiscal evaluation system) using established criteria.

Local units that do not meet criteria, filter to Phase 3.

PHASE 3:
In Depth Review

Local units demonstrating that a plan is already in place receive a waiver.

Local units that do not receive a waiver, filter to Phase 4.

PHASE 4:
Local Government Corrective Action Plan

Local Government Retirement Stability Board sets standards, approves or rejects corrective action plan and ensures plan is actuarially sound.

If the corrective action is not approved by the Board or not followed by the local government, a financial emergency is declared.

PHASE 5:
Pension/OPEB Financial Management Team (FMT)

FMT is created to develop (either through consent agreement or directly) a corrective action plan and to oversee its implementation.

** Number of local government pension and OPEB plans in each phase is estimated based on preliminary review of FY 16 data.*

NOTE: *There are 1,856 general purpose local governments (not including special districts such as libraries, road commissions and authorities) in Michigan. Within these, there are a total of 575 local pension plans and 351 OPEB plans.*