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April 23, 2012

Michigan Department of Treasury  
Office of Revenue and Tax Analysis  
PO Box 30722  
Lansing, MI 48909

Re: Employee Compensation Plan  
City of Onaway

To Whom It May Concern:

The City of Onaway is pleased to submit its form 4888 compliance documents, including this Employee Compensation Plan, per Public Act 63, Section 951, Part 3B, Category 3 in expectation of continuing to receive its revenue sharing under the Economic Vitality Incentive Program (EVIP).

Achievement of the following Plan and criteria, as set forth in the Act, shall be the goal of good-faith negotiations between the City of Onaway, its employees, and union representation during future contract negotiations:

RETIREMENT PLANS

**New hires offered retirement plans will be placed on plans that cap annual employer contributions at 10 percent of base salary, if the employee is eligible for social security, and 16.2 percent of base salary, if the employee is not eligible for social security. (The City does not offer, and has no plans to offer, any retirement benefits other than those secured through defined benefit plans).**

DEFINED BENEFIT PENSION PLANS

**For employees eligible for social security, the maximum multiplier would be 1.5 percent if retiree health care benefits are offered, or 2.25 percent in the absence of retiree health care benefits. For employees not eligible for social security, the maximum multiplier would be 2.25 percent if retiree health care benefits are offered, or 3.0 percent in the absence of retiree health care benefits. The final average compensation shall be computed using a minimum three years compensation, not to include more than 240 hours of paid leave or overtime. (The City has never offered, and has no plans to offer, retiree health benefits. The present multiplier for all employees varies between 2.0 and 2.25 percent. The City's present plan uses a five-year average to compute final average compensation).**

HEALTH CARE PREMIUMS

**Healthcare premium costs for new hires shall include a minimum employee share of 20 percent, or the employer's share shall be cost competitive with the new state preferred provider organization health plan on a per-employee basis. *(The City's union employees presently receive health insurance through the Teamster's Welfare Fund, through which the City's share is cost competitive with state's plan).***

The Onaway City Commission approved the above Plan at a regular meeting April 23, 2012. It is available for public viewing at Onaway City Hall, and will be linked to the City's web site as well. I trust you will contact me if you need any further information or clarification.

Sincerely,

A handwritten signature in blue ink, appearing to read "J.C. Hefe", with a stylized flourish at the end.

Joseph Hefe  
City Manager  
City of Onaway

## Economic Vitality Incentive Program Certification of Employee Compensation

Issued under authority of Public Act 278 of 2011. Filing is mandatory to qualify for payments.

Each city/village/township applying for Employee Compensation payments must:

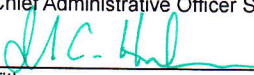
1. Certify to the Michigan Department of Treasury (Treasury) that the local unit listed below has developed an employee compensation plan that the local unit intends to implement with any new, modified, or extended contract or employment agreements for employees not covered under contract or employment agreement. The plan shall be made available for public viewing in the clerk's office or posted on a publicly accessible Internet site.
2. Submit to Treasury an employee compensation plan.

This certification, along with the employee compensation plan, **must be received by May 1, 2012** (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

Local Unit Name City of Onaway	
Local Unit Code 712010	Local Unit County Presque Isle
Contact Name Joseph Hefele, City Manager	Contact Telephone Number (989) 733-8313

### PART 2: CERTIFICATION

<i>In accordance with Public Act 278 of 2011, the undersigned hereby certifies to Treasury that by May 1, 2012, the above mentioned local unit has developed an employee compensation plan and has made the plan available for public viewing in the clerk's office or posted on a publicly accessible Internet site. The employee compensation plan is attached to this signed certification.</i>	
Chief Administrative Officer Signature (as defined in MCL 141.422b) 	
Title City Manager	Date 4-23-12

Completed and signed forms (including required attachments) should be e-mailed to: [TreasORTA@michigan.gov](mailto:TreasORTA@michigan.gov)

If you are unable to submit via e-mail, mail the completed form and required attachments to:

Michigan Department of Treasury  
Office of Revenue and Tax Analysis  
PO Box 30722  
Lansing MI 48909

Treasury Use Only		
EVIP Eligible	Y      N	EVIP Notes
Final Certification	Plan Received	