

PORTSMOUTH TOWN COUNCIL MEETING
October 22, 2012

MEMBERS PRESENT: Joseph W. Robicheau, Judith J. Staven, Michael A. Buddemeyer,
Paul F. Kesson, Elizabeth A. Pedro and James A. Seveney

MEMBERS ABSENT: Keith E. Hamilton

7:00 p.m. – Town Council Chambers, Town Hall, 2200 East Main Road

PLEDGE OF ALLEGIANCE

-
A moment of silence for our men and women around the world in harm's way.

SITTING AS THE PORTSMOUTH TOWN COUNCIL

Letter of Commendation to Joseph Yates

President Robicheau read and presented a Letter of Commendation and a Town tile to Joseph Yates for his project of researching, securing funds and constructing a wind turbine and solar panels in Addo Township, Eastern Cape of South Africa.

CONSENT AGENDA-None

A motion by Ms. Pedro, seconded by Ms. Staven, to move ahead to Appointments and Recognitions. All voted in favor of the motion

APPOINTMENTS AND RECOGNITIONS

1. Requests for Appointment

a. Tax Assessor/Tax Collector, Ratification and Swearing-in

A motion by Ms. Pedro, seconded by Ms. Staven, to ratify the appointment of Matthew A. Helfand as Tax Assessor/Tax Collector of the Town of Portsmouth. All voted in favor of the motion.

The Town Clerk Kathleen Viera Beaudoin administered the oath of office.

b. Fire Chief, Ratification and Swearing-in

A motion by Ms. Pedro, seconded by Ms. Staven, to ratify the appointment of Michael M. Cranson as Fire Chief of the Town of Portsmouth. All voted in favor of the motion.

The Town Clerk Kathleen Viera Beaudoin administered the oath of office.

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TIME: 7:20 p.m. - Break

TIME: 7:25 p.m. – Return

SITTING AS THE BOARD OF LICENSE COMMISSIONERS

ANNUAL LICENSE RENEWALS**HEARING - ANNUAL LICENSE RENEWALS****Liquor Licenses****Class A**

- Allen's Wine & Spirits, Inc., 3001 East Main Road
Ferreira's Package, Inc. d/b/a Ferreira's Package, 1965 East Main Road
Om Sai, Inc. d/b/a Portsmouth Wine and Spirits, 1557 West Main Road

- A motion by Ms. Staven, seconded by Mr. Seveney, to grant the Class A Liquor Licenses as requested. All voted in favor of the motion.

CLASS F LIQUOR LICENSE

- 1. The Pennfield School, 110 Sandy Point Ave., for a Preview Party for Cornucopia, Friday, Nov. 9

A motion by Mr. Kesson, seconded by Mr. Seveney, to grant a Class F Liquor License to Pennfield School, as requested. All voted in favor of the motion.

VICTUALLER LICENSE WITH FEE WAIVER REQUEST

- 1. The Pennfield School, 110 Sandy Point Ave., for a Fine Arts Sale-Cornucopia, Nov. 9 & 10

A motion by Mr. Seveney, seconded by Ms. Staven, to grant a Victualler License, with fee waiver, to Pennfield School, as requested. All voted in favor of the motion.

ENTERTAINMENT LICENSE WITH FEE WAIVER REQUEST

- 1. The Pennfield School, 110 Sandy Point Ave., for Fine Arts Sale & Preview Party, Nov. 9&10

A motion by Mr. Seveney, seconded by Mr. Kesson, to grant an Entertainment License with the fee waiver to Pennfield School, as requested. All voted in favor of the motion.

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HOLIDAY LICENSE

- 1. Shoe Port, 102 Clock Tower Square

A motion by Mr. Kesson, seconded by Ms. Staven, to grant a Holiday License for Shoe Port, as requested. All voted in favor of the motion.

Liquor Licenses (continued)**Class BH/BT**

- Roger Williams University, 144 Anthony Road

- A motion by Ms. Staven, seconded by Mr. Seveney, to grant the Class BH/BT License,

as requested. All voted in favor of the motion.

Class BV

K & D Investments, Inc. d/b/a The Beach House, 506 Park Avenue
 Fieldstones LLC d/b/a Fieldstones, 980 East Main Road
Green Valley Country Club, 371 Union Street
 SDT Enterprises, LLC d/b/a Melville Grille, 1 Lagoon Road
 Tiverton Management Corp. d/b/a Tremblay's Island Park Café, 514 Park Avenue

A motion by Ms. Staven, seconded by Mr. Seveney, to grant the Class BV Licenses, as requested. All voted in favor of the motion.

Class D

Alvaro E. Vieira Memorial Post Home, Inc., VFW Post 5390, 822 Anthony Road
 Montaup Country Club d/b/a Montaup Country Club, 500 Anthony Road
 Portsmouth Portuguese American Citizens Club d/b/a Portsmouth Portuguese American Citizens Club, 35 Power Street
 Seaconnet Sportsman's Club d/b/a Seaconnet Sportsman's Club, 145 Sakonnet Drive

A motion by Ms. Staven, seconded by Mr. Seveney, to grant the Class D Licenses, as requested. The motion carried 5-0. Mr. Kesson recused due to a possible conflict of interest.

Sunday Sales Licenses

Allen's Wine & Spirits, Inc., 3001 East Main Road
 Ferreira's Package Store, Inc. d/b/a Ferreira's Package Store, 1965 East Main Road
 Om Sai, Inc. d/b/a Portsmouth Wine and Spirits, 1557 West Main Road

A motion by Ms. Staven, seconded by Mr. Seveney, to grant the Sunday Sales Licenses, as requested. All voted in favor of the motion.

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Victualler Licenses

Alvaro E. Vieira Memorial Post Home, Inc., VFW Post 5390, 822 Anthony Road
 K & D Investments, Inc. d/b/a The Beach House, 506 Park Avenue
 J & S Enterprises LLC d/b/a Boss Man Burgers, 3302 East Main Road
 JCO Enterprises, LLC d/b/a Carmella's Pizzeria, 3001 East Main Road
 Chase Deli & Pizza Plus, Inc. d/b/a Chase Deli & Pizza Plus, 108 Chase Road
 China Gourmet d/b/a China Gourmet, 3001 East Main Road
 Chris & Sofia Stefanopoulos d/b/a Chris's Diner, 1824 East Main Road
 Cindy Morse d/b/a Cindy's Country Café, 1324 West Main Road
 Clements Marketplace, Inc. d/b/a Clements Marketplace, 2575 East Main Road
 Cumberland Farms, Inc. d/b/a Cumberland Farms #1218, 1812 East Main Road
 Cumberland Farms, Inc. d/b/a Cumberland Farms # 1237, 3166 East Main Road
 Oceanside Enterprises LLC d/b/a Custom House Coffee, 600 Clock Tower Sq.
 Aquidneck Donuts, Inc. d/b/a Dunkin Donuts, 1550 West Main Road
 Portsmouth Donuts d/b/a Dunkin Donuts, 3001 East Main Road
 Fieldstones LLC d/b/a Fieldstones, 980 East Main Road
 Komes Rozes d/b/a Flo's Drive In, 324 Park Avenue
 Food Works Inc. d/b/a Food Works Restaurant, 2461 East Main Road
 The Green Grocer, Inc. d/b/a The Green Grocer, 934 East Main Road
 Green Valley Country Club, Inc. d/b/a Green Valley Country Club, 371 Union Street

C B & Sons, Inc. d/b/a Kenny J's Greenside Grille, 500 Anthony Road
 SDT Enterprises, LLC d/b/a Melville Grille, 1 Lagoon Road
 Drake Petroleum Co., Inc. d/b/a Melville Xtra Mart, 1568 West Main Road with
 Extended Hours
 Montaup Country Club d/b/a Montaup Country Club, 500 Anthony Road
 Newport Dinner Train d/b/a Newport Dinner Train, 56 Bridge Street, Newport, RI
 The North End Pizzeria d/b/a The North End Pizzeria, 3030 East Main Road
 Ammouri Brothers Inc. d/b/a Portsmouth BP, 3381 East Main Road
 Portsmouth Portuguese American Citizens Club d/b/a Portsmouth Portuguese
 American Citizens Club, 35 Power Street
 Lori Cubellis d/b/a Prudence Variety, 0837 Narragansett Ave., Prudence Island
 Reidy's Restaurant Corp. d/b/a Reidy's Restaurant, 3351 East Main Road
Roger Williams University, 144 Anthony Road
 Seaconnet Sportsman's Club d/b/a Seaconnet Sportsman's Club, 145 Sakonnet Drive
 JDDS Enterprises, Inc. d/b/a Subway, 8 Russo Road
 RySav, Inc. d/b/a Subway, 2005 East Main Road
 Tiverton Management Corp. d/b/a Tremblay's Café, 514 Park Avenue

A motion by Ms. Staven, seconded by Mr. Seveney, to grant the Victualler Licenses,
 as requested. The motion carried 5-0. Mr. Kesson recused due to a possible conflict of
 interest.

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Amusement Games

Games

- 3 K & D Investments, Inc. d/b/a The Beach House, 506 Park Avenue
- 2 Portsmouth Portuguese American Citizens Club d/b/a Portsmouth Portuguese
 American Citizens Club, 35 Power Street
- 3 Tiverton Management Corp. d/b/a Tremblay's, 514 Park Avenue

A motion by Ms. Staven, seconded by Mr. Seveney, to grant the Amusement Games Licenses
 as requested. All voted in favor of the motion.

Peddler Licenses

Greg Doyle's Canteen d/b/a Greg Doyle's Canteen, 4 Dolly Drive, Bristol, RI – 1 vehicle
 Grillmasters, LLC d/b/a Grillmasters, 20 Baldwin Road – 1 vehicle
 Palagis 2000 Inc. d/b/a Palagis Ice Cream, 55 Bacon St., Pawtucket, RI – 1 vehicle
 Pete's Ice Cream d/b/a Pete's Ice Cream, 122 Viking Drive – 2 vehicles

A motion by Ms. Staven, seconded by Mr. Seveney, to grant the Peddlers Licenses, as requested.
 All voted in favor of the motion.

Holiday Licenses

Veer LLC d/b/a 5-11 Store, 3302 East Main Road
 Byron & Gina Rymer d/b/a All Island Landscape, 2829 East Main Road
 Margaret H. Stevenson d/b/a The Anchorage, Governor Paine Road, Prudence Island
 Rhode Island CVS Pharmacy LLC d/b/a CVS/Pharmacy #2358, 10 Turnpike Avenue
 @ East Main Road
 Denys Eftekhar d/b/a Cory Farms Past & Presents, 3124 East Main Road
 Oceanside Enterprises LLC d/b/a Custom House Coffee, 600 Clock Tower Sq.
 Mad Marc Inc. d/b/a Domina's Agway, 1348 East Main Road

Green Valley Country Club, Inc. d/b/a Green Valley Country Club, 371 Union Street
 Greenvale Vineyards d/b/a Greenvale Vineyards, 582 Wapping Road
 Island Garden Shop, Inc. d/b/a Island Garden Shop, Inc., 54 Bristol Ferry Road
 Island Gun Shop, Inc. d/b/a Island Gun Shop, Inc., 1678 East Main Road, Unit 17
 Mello's Farm Stand d/b/a Mello's Farm Stand, 364 Boyd's Lane
 Henry & Stacy Mello d/b/a Mello's Farm & Flower Center, 444 Boyd's Lane
 Drake Petroleum Co., Inc. d/b/a Melville Xtra Mart, 1568 West Main Road
Pink Pineapple, 106 Clock Tower Square
 The Portsmouth Shop d/b/a The Portsmouth Shop, 2511 East Main Road
 Lori Cubellis d/b/a Prudence Variety, 0837 Narragansett Ave., Prudence Island
 Maxi Drug South, Inc. d/b/a Rite Aid #10232, 3034 East Main Road
 Maxi Drug South, Inc. d/b/a Rite Aid #10233, 2456 East Main Road

A motion by Ms. Staven, seconded by Mr. Seveney, to the grant Holiday Licenses, as requested.
 The motion carried 5-0. Mr. Kesson recused due to a possible conflict of interest.

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Gunsmith/Gun Dealer

William G. Lapointe d/b/a Cottrell & Lapointe, William & Philip, 192 Narragansett Blvd.
 Island Gun Shop, Inc. d/b/a Island Gun Shop, Inc., 1678 East Main Road, Unit 17
 R. M. Keshura, Gunsmith, d/b/a R. M. Keshura Gunsmith-Island Snowmobile,
 769 Middle Road

A motion by Ms. Staven, seconded by Ms. Pedro, to grant the Gunsmith/Gun Dealer Licenses,
 as requested. All voted in favor of the motion.

Private Detective

Charles N. Morin d/b/a Chenega Security, CSPS, 142 Viking Drive

A motion by Ms. Staven, seconded by Mr. Seveney, to grant the Private Detective License,
 as requested. All voted in favor of the motion.

MOTION TO CONTINUE HEARING TO NOVEMBER 13, 2012

A motion by Ms. Staven, seconded by Ms. Pedro, to continue the Annual License Renewal
 Hearing to the next Town Council Meeting on November 13, 2012. All voted in favor
 of the motion.

PRESIDENT'S EXECUTIVE SUMMARY-None

MINUTES – TCM 9/25/12 (fr. 10/9/12); TCM 10/2/12; TCM 10/9/12

A motion by Ms. Staven, seconded by Mr. Seveney, to approve the TCM 9/25/12 minutes.
 All voted in favor of the motion.

A motion by Ms. Staven, seconded by Mr. Seveney, to approve the TCM 10/2/12 minutes.

A motion to amend by Mr. Kesson, seconded by Ms. Staven, to include a statement
 added to the TCM 10/2/12 minutes, that Mr. Harris stated that option 3 was the recommended
 option by the Committee. All voted in favor of the amended motion.

All voted in favor of the main motion as amended.

A motion by Ms. Staven, seconded by Mr. Seveney, to approve the TCM 10/9/12 minutes.
All voted in favor of the motion.

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BILLS

A motion by Ms. Staven, seconded by Mr. Kesson, to pay all bills in the amount of \$122,018.69. All voted in favor of the motion.

TOWN ADMINISTRATOR'S REPORT-None

APPOINTMENTS AND RECOGNITIONS (continued from earlier)

c. Economic Development Comm.

A motion by Ms. Staven, seconded by Mr. Seveney, to appoint Anne Nicholson to the Economic Development Committee. All voted in favor of the motion.

d. Glen Park Working Comm.

A motion by Ms. Staven, seconded by Mr. Seveney, to appoint Herbert Nicholson to the Glen Park Working Committee. All voted in favor of the motion.

e. Lower Glen Preservation Comm. (2)

A motion by Ms. Staven, seconded by Mr. Kesson, to appoint Anne Nicholson and Herbert Nicholson to the Lower Glen Preservation Committee. All voted in favor of the motion.

OLD BUSINESS

OB 1 - PUBLIC HEARING – Proposed Amendments to the Wastewater Management District Ordinance (fr. 10/9/12)

- a. Council Consideration and Action on Proposed Amendments (fr. 10/9/12)
- b. No Backup-Request Continuance

A motion by Mr. Kesson, seconded by Mr. Seveney, to continue the hearing to the next Council Meeting on November 13, 2012. All voted in favor of the motion.

OB 2 - PUBLIC HEARING – Proposed Amendment to the Storm Water Discharge Control Ordinance

A motion by Ms. Staven, seconded by Mr. Seveney, to implement a global change in the Ordinance that replaces the WASTEWATER APPEALS BOARD to the STORMWATER APPEALS BOARD, name change only. All voted in favor of the motion.

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OB 3 - Request for Fee Waiver and Usage of Glen Farm Special Events Fields for

November 10, 2012, Rhode Island Kingfish (Youth Lacrosse Clinic). (fr. 10/9/12)

Mr. Klimm reported that Mr. Fitti of the RI Kingfish is requesting an \$850 fee waiver for use of the Glen Farm Special Events Fields. The trash removal is the applicant's responsibility. Approximately 75% of the youth participating are from Portsmouth.

A motion by Mr. Buddemeyer, seconded by Ms. Staven, to approve the use of the Glen Farm Special Events Fields for the Lacrosse Clinic, with the fee waiver. All voted in favor of the motion.

OB 4 - Request for Discussion/Action Re: Fairview Lane Right of Way (fr. 10/9/12)

Mr. Robicheau reported that he contacted the Town Attorney, Mr. Liberati, who recommended meeting with the Council in executive session prior to taking any action on this issue.

A motion by Mr. Seveney, seconded by Mr. Buddemeyer, to continue to the next Council meeting on November 13, 2012. The motion failed 3-3 with Ms. Staven, Ms. Pedro and Mr. Kesson opposed.

A motion by Ms. Pedro, seconded by Ms. Staven, that the Town formally accept Fairview Lane as a public road to the water.

Mr. Seveney stated For the Record,"I will not support this. I am in favor of public access and public rights of way. I am, also, in favor of decision making based on facts. What we heard tonight was pretty much opinion. I will contest what the CRMC said to cause in the meeting when the gentleman sat there for the entire meeting and said almost nothing. I am all for this being turned into a Public Right of Way. I do not want to see the Town put in any sort of exposure to legal risk by acting imprudently, after being told by our lawyers, that after a lot of work, which is one of the reasons it took so long, that after going through everybody's deed and all of the legal background and all of the planning data dating back years, they could not find anything that indicated that what the legal status was in terms of a public road. And until that gets straighten out, I won't support it. I'd like to do it. I'd like everybody to get to the shore any way that is available to them. But I want it done right. Ok. And we're just rushing. And if two years is too long, well, so be it. We still haven't arrived at a reasonable, defensible answer if someone decides to contest this legally. I don't want to take an action that puts the Town to that kind of exposure. We are already facing several suits related to, in my opinion, rash action. I will vote no."

The motion failed 3-3 with Mr. Seveney, Mr. Buddemeyer and Mr. Robicheau opposed.

Mr. Robicheau stated that this issue will be put on the next Town Council agenda.

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OB 5 - Portsmouth Pension Review Commission Summary of Findings and Recommendations

a. Request to Not Approve Finding #7 of the Portsmouth Pension Review Commission Summary of Findings and Recommendations

No action.

b. Request to Approve a Funding Improvement Plan for the Town's Pension Plan

A motion by Mr. Seveney, seconded by Ms. Pedro, to send the report to the State and delete the sentence "The Town Council has endorsed Option 2 as the preferred approach to benefit reductions."

And to later send the State a report on what the Council has adopted, after subsequent review. All voted in favor of the motion.

OB 6 - September Revenue and Expenditure Reports for FY 2012-13

A motion by Mr. Seveney, seconded by Ms. Staven, to receive and place on file. All voted in favor of the motion.

NEW BUSINESS

NB 1 - Sunken Boat/Blue Bill Cove

A motion by Mr. Seveney, seconded by Ms. Pedro to authorize Town staff, Mr. Klimm and Chief Hebert, to move forward as quickly as possible to execute the RFP process and contract somebody to remove the hull; and to request the Harbor Commission to investigate and find a remedy.

Mr. Brandon Kidd presented a proposal for removal and disposal of the sunken vessel in Blue Bill Cove.

Ms. Pedro stated, "Let the record show that Mr. (Brandon) Kidd is handing out a proposal."

A motion to amend by Mr. Kesson, seconded by Ms. Staven, to accept the lowest cost RFP. All voted in favor of the amended motion.

All voted in favor of the main motion as amended

NB 2 - Aquidneck Island Reuse Implementation Authority (AIRIA)

A motion by Mr. Seveney, seconded by Ms. Pedro, to continue to the next Town Council Meeting on Nov. 13, 2012, pending further legal review. All voted in favor of the motion.

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NB 3 - Quarterly Financial Report-Ending September 30, 2012

A motion by Mr. Seveney, seconded by Mr. Buddemeyer, to authorize the Town Council President to sign this report and have it submitted to the State. The motion carried 5-1 with Ms. Staven opposed.

A motion by Mr. Seveney, seconded by Mr. Kesson, to post this report on the Town's website. All voted in favor of the motion.

NB 4 - Request Approval of Tax Vouchers #20121022 01 and #20121012 02

A motion by Ms. Staven, seconded by Ms. Pedro, to approve Tax Vouchers #20121022 01 and #20121012 02. All voted in favor of the motion.

CORRESPONDENCE

1 - Letter of Support for Resolution 2012-08-14 Opposing Tolls on the Sakonnet River Bridge/Burrillville Town Council

a. Letter to Richmond Town Council Re: Letter of Rejection For Support Regarding the Imposition of Tolls on the Sakonnet River Bridge (fr. 9/24/12)

2 - Letter Recalling Official Notice of Proposed Advertisement and Sale of Property for Non-Payment of Taxes and/or Assessments/Town of Tiverton (fr. 10/9/12)

A motion by Mr. Seveney, seconded by Ms. Staven, to receive this correspondence and place it on file. All voted in favor of the motion.

FUTURE MEETINGS

Oct. 23 – 7:00 p.m. – Wind Turbine Generator Meeting

Nov.13 – 7:00 p.m. – Town Council Meeting

Public Hearing: Annual Liquor Licensing

EXECUTIVE SESSION

– A motion by Ms. Staven, seconded by Ms. Pedro, to go into Executive Session under RIGL 42-46-5 (a) (1) Personnel. All voted in favor of the motion.

– A motion by Ms. Pedro, seconded by Mr. Seveney, to go into Executive Session under RIGL 42-46-5 (a) (5) Disposition/Lease of Publicly held Property - Glen Conservation Easement. The motion carried 5-1 with Ms. Staven opposed.

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TIME: 10:15 p.m. – Break

TIME: 11:10 p.m. Mr. Seveney left the chambers for the evening.

TIME: 11:25 p.m. – **RETURN TO OPEN SESSION**

OPEN SESSION

– A motion by Ms. Pedro, seconded by Ms. Staven, to go forward with negotiations with the Aquidneck Land Trust as outlined in Executive Session. All voted in favor of the motion.

A motion by Mr. Kesson, seconded by Ms. Pedro, to adjourn. All voted in favor of the motion.

ADJOURN

TIME: 11:34 p.m.

Kathleen Viera Beaudoin, Town Clerk



Town of Portsmouth

2200 East Main Road
Portsmouth, Rhode Island 02871

Finance/Personnel
Department

Tel. (401) 683-9118
Fax (401) 683-1916

November 14, 2012

Ms. Rosemary Booth Gallogly
Chairperson of the Pension Study Commission
Department of Revenue
One Capitol Hill
Providence, RI 02908-5855

Dear Ms. Booth Gallogly:

At its regular meeting on November 13, 2012, the Town Council adopted Option 2 of the Funding Improvement Plan which I previously submitted to you in my letter dated October 31, 2012.

Please contact me with any questions.

Sincerely,



David P. Faucher
Finance Director

cc: John C. Klimm, Town Administrator



Town of Portsmouth

2200 East Main Road
Portsmouth, Rhode Island 02871

Finance/Personnel
Department

Tel. (401) 683-9118
Fax (401) 683-1916

October 23, 2012

Ms. Rosemary Booth Gallogly
Chairperson of the Pension Study Commission
Department of Revenue
One Capitol Hill
Providence, RI 02908-5855

Dear Ms. Booth Gallogly:

I have enclosed the Funding Improvement Plan (FIP) for the Town of Portsmouth which complies with R.I. Gen. Laws 45-65-6 and your letter of July 3, 2012. The FIP was approved by the Town Council at its meeting of October 22, 2012.

In September, 2011, the Town Council formed a Joint Pension Review Commission which was charged with reviewing the condition of the Portsmouth Pension Plan and coming up with recommendations to the Town Council and School Committee regarding plan operations, future assumptions that should be used, assessment of unfunded pension liabilities and proposals for new pension plan benefit designs to sustain the pension funding. The Commission was not specifically charged with examining a transition to MERS.

Please contact me with any questions.

Sincerely,



David P. Faucher
Finance Director

cc: John C. Klimm, Town Administrator

**Town of Portsmouth
Municipal Pension Funding Improvement Plan
November 11, 2012**

Executive Summary

In accordance with Rhode Island General Laws Section 45-65-6, the Town of Portsmouth is submitting this Funding Improvement Plan to the Locally-Administered Pension Plans Study Commission. The Town had completed an actuarial valuation and an experience study as of July 1, 2011. Based upon these results, the funded ratio of the pension plan as of July 1, 2011 was 51.7% and, therefore, the plan was considered to be in “critical status” per the terms of RI General Law Chapter 45-65. In the pages that follow, we will describe our options for increasing the funded ratio to the point that the plan is no longer considered in critical status.

Option 1: No Future Plan Changes

Based on the preliminary results of the July 1, 2012 valuation, the plan’s funded ratio is 49.5% and the Annual Required Contribution for FY 2013-14 is \$4,381,321. If the Town makes no future plan changes, but maintains its historical discipline of paying the Annual Required Contribution in full each year, the plan is projected to emerge from critical status in 2017. The principal results of the July 1, 2012 valuation are set forth below per Section I of the July 3, 2012 memo regarding funding improvement plans:

FY 2013-14 Annual Required Contribution	\$4,381,321
Amortization method, including period	Level dollar over a closed 27 year period
Interest rate	6.75%
Rate of increase in payments	0.00%
Amortization amount	\$2,838,113
Market value of assets	\$35,390,683
Actuarial value of assets	\$36,496,791
Accrued liability	\$73,686,863
Funded ratio	49.5%
Total normal cost	\$1,783,745
Expected employee contributions	\$557,576
Expected administrative expenses	\$40,000
Employer normal cost	\$1,266,169
Description of benefit changes	None
Plan to emerge from critical status	Pay 100% of Annual Required Contribution
Time frame to emerge from critical status	By 2017
Required actions to implement plan	Pay 100% of Annual Required Contribution
Deterministic forecasts	See Exhibit A attached
Five year forecast of municipal revenue growth	See Exhibit B attached

**Town of Portsmouth
Municipal Pension Funding Improvement Plan
November 11, 2012**

This approach of the Town continuing to pay 100% of the Annual Required Contribution meets the Funding Improvement Guidelines as set forth in Section II of the July 3, 2012 memo regarding funding improvement plans:

Guideline	Portsmouth Compliance
Historic contribution policy	100% of the Annual Required Contribution
Amortization period (maximum 30 years)	27 years as of July 1, 2012
Projected to emerge from critical status (within 20 years)	2017
Percent increase in amortization payments (maximum 4%)	0%
Decrease in annual contribution other than resulting from benefit reduction (none permitted)	The Annual Required Contribution may decrease as a result of favorable experience; it is not anticipated that the Town would contribute less than 100% of the Annual Required Contribution, which the Town feels meets the spirit of the guidelines
Shorter amortization schedule than 30 years	27
Amortization period for frozen plans with only retirees (not more than average future lifetime)	Not applicable
No open amortization period	Amortization period is closed
Future changes in UAL may be amortized up to 20 years as separate bases	Separate bases are not utilized
Temporary increases in ARC capped at 8%	It is not anticipated that this provision would be utilized

Exhibit A shows the forecast of key values under this approach, including two deterministic long-range forecasts. These materials were prepared by Milliman, Inc., our valuation actuary.

**Town of Portsmouth
Municipal Pension Funding Improvement Plan
November 11, 2012**

Options 2-5: Bargained Benefit Reductions

The Town is in the process of negotiating benefit reductions with its unions based on the recommendations of the Joint Pension Review Commission and actuarial analysis provided by Nyhart, Inc. Through these negotiations, the Town seeks to improve the funded status of the pension plan by reducing pension benefits. The Town anticipates that, should such reductions be negotiated, there would be no further changes in the pension plan benefits that would generate a net increase in the costs and liabilities until such time as the Plan achieves a funded ratio of at least 80%. Exhibit C shows a summary of key values under the various approaches outlined below.

Option 2

Note that the School Department non-certified employees (Council 94) have already agreed to these changes and the Town intends to negotiate the same with other unions in due course. The proposed plan changes are as follows:

- Current employees will stay in the defined benefit plan
- The benefit multipliers will decrease to 1% for service after July 1, 2013
- The COLA will be reduced to 1.7% for all future retirees and the COLA will not commence until after five years of retirement
- Employees will contribute 4% of pay to the defined benefit plan
- Employees will contribute 5% of pay and the Town will contribute an additional 1% of pay to a defined contribution plan (School employees have the School Department contribution of 3% of pay)
- New employees will join a defined contribution plan with employees contributing 8% of pay and the Town contributing 8% of pay

Had these plan changes been made effective July 1, 2011 for all active members, the funded ratio would have increased from 51.7% to 56.6%. The Annual Required Contribution for fiscal year 2013 would have decreased from \$4,034,330 to \$2,591,735; in addition, contributions of \$88,000 to the defined contribution plan would have been required, for a total Town contribution of \$2,679,735.

**Town of Portsmouth
Municipal Pension Funding Improvement Plan
November 11, 2012**

Option 3

This option includes pension benefit reductions that are more modest in scope than under Option 2. The proposed plan changes are as follows:

- Current employees with ten or more years of service will stay in the defined benefit plan
- The COLA will be reduced to 1.7% for all future retirees and the COLA will not commence until after five years of retirement
- New employees will join a defined contribution plan with employees contributing 8% of pay and the Town contributing 8% of pay

Had these plan changes been made effective July 1, 2011 for all active members, the funded ratio would have increased from 51.7% to 58.2%. The Annual Required Contribution for fiscal year 2013 would have decreased from \$4,034,330 to \$2,631,746; in addition, contributions of \$345,000 to the defined contribution plan would have been required, for a total Town contribution of \$2,976,746.

Option 4

This option includes pension benefit reductions that are intermediate in scope relative to Options 2 and 3. The proposed plan changes are as follows:

- Current employees with five or more years of service will stay in the defined benefit plan
- The COLA will be reduced to 1.7% for all future retirees and the COLA will not commence until after five years of retirement
- New employees will join a defined contribution plan with employees contributing 8% of pay and the Town contributing 8% of pay

Had these plan changes been made effective July 1, 2011 for all active members, the funded ratio would have increased from 51.7% to 56.6%. The Annual Required Contribution for fiscal year 2013 would have decreased from \$4,034,330 to \$3,073,878; in addition, contributions of \$169,000 to the defined contribution plan would have been required, for a total Town contribution of \$3,242,878.

**Town of Portsmouth
Municipal Pension Funding Improvement Plan
November 11, 2012**

Option 5

This option includes a “hard freeze” of the defined benefit plan with future benefits provided only through a defined contribution plan. The proposed plan changes are as follows:

- Current employees will retain the benefits accrued to date in the defined benefit plan, including applicable COLAs
- The COLA will be reduced to 1.7% for all future retirees and the COLA will not commence until after five years of retirement
- All employees will join a defined contribution only plan with employees contributing 8% of pay and the Town contributing 8% of pay

Had these plan changes been made effective July 1, 2011 for all active members, the funded ratio would have increased from 51.7% to 60.0%. The Annual Required Contribution for fiscal year 2013 would have decreased from \$4,034,330 to \$1,891,734; in addition, contributions of \$703,000 to the defined contribution plan would have been required, for a total Town contribution of \$2,594,734.

Retirement Plan for Employees of the Town of Portsmouth, RI
Exhibit A - Long-Range Funding Forecast Assuming No Plan Changes
1 - Projection Based on July 1, 2012 Preliminary Valuation Results - Based on Actuarial Assumptions

Valuation Date	Market Value of Assets	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Amortization Period	Amortization Payment		Interest	Annual Contribution Required for FYE	Payroll	Benefit Payments	
							(Level Dollar)	Normal Cost					
07/01/2012	35,391,000	36,497,000	73,687,000	37,190,000	49.5%	27	2,838,000	1,266,000	277,000	4,381,000	2014	8,388,000	2,479,000
07/01/2013	38,163,000	38,354,000	76,440,000	38,085,000	50.2%	26	2,948,000	1,276,000	285,000	4,509,000	2015	8,565,000	2,809,000
07/01/2014	42,682,000	43,278,000	80,425,000	37,147,000	53.8%	25	2,919,000	1,281,000	283,000	4,483,000	2016	8,772,000	3,026,000
07/01/2015	47,360,000	48,055,000	84,422,000	36,368,000	56.9%	24	2,906,000	1,264,000	281,000	4,451,000	2017	8,969,000	3,297,000
07/01/2016	52,081,000	52,081,000	88,424,000	36,342,000	58.9%	23	2,956,000	1,289,000	287,000	4,532,000	2018	9,185,000	3,538,000
07/01/2017	56,855,000	56,855,000	92,507,000	35,652,000	61.5%	22	2,957,000	1,297,000	288,000	4,542,000	2019	9,433,000	3,775,000
07/01/2018	61,766,000	61,766,000	96,577,000	34,811,000	64.0%	21	2,949,000	1,324,000	289,000	4,562,000	2020	9,689,000	4,044,000
07/01/2019	66,701,000	66,701,000	100,647,000	33,946,000	66.3%	20	2,944,000	1,344,000	289,000	4,577,000	2021	9,952,000	4,365,000
07/01/2020	71,700,000	71,700,000	104,699,000	33,000,000	68.5%	19	2,935,000	1,371,000	290,000	4,596,000	2022	10,229,000	4,660,000
07/01/2021	76,736,000	76,736,000	108,751,000	32,015,000	70.6%	18	2,928,000	1,392,000	291,000	4,611,000	2023	10,501,000	4,977,000
07/01/2022	81,792,000	81,792,000	112,728,000	30,936,000	72.6%	17	2,917,000	1,411,000	293,000	4,621,000	2024	10,779,000	5,319,000
07/01/2023	86,866,000	86,866,000	116,663,000	29,797,000	74.5%	16	2,906,000	1,451,000	294,000	4,651,000	2025	11,075,000	5,657,000
07/01/2024	91,915,000	91,915,000	120,528,000	28,612,000	76.3%	15	2,897,000	1,465,000	294,000	4,656,000	2026	11,357,000	6,033,000
07/01/2025	96,947,000	96,947,000	124,284,000	27,338,000	78.0%	14	2,885,000	1,487,000	295,000	4,667,000	2027	11,697,000	6,418,000
07/01/2026	101,937,000	101,937,000	127,923,000	25,986,000	79.7%	13	2,872,000	1,487,000	293,000	4,652,000	2028	12,029,000	6,801,000
07/01/2027	106,854,000	106,854,000	131,368,000	24,514,000	81.3%	12	2,853,000	1,510,000	294,000	4,657,000	2029	12,399,000	7,212,000
07/01/2028	111,750,000	111,750,000	134,734,000	22,984,000	82.9%	11	2,836,000	1,551,000	296,000	4,683,000	2030	12,817,000	7,558,000
07/01/2029	116,589,000	116,589,000	137,978,000	21,389,000	84.5%	10	2,820,000	1,561,000	295,000	4,676,000	2031	13,228,000	7,951,000
07/01/2030	121,394,000	121,394,000	141,035,000	19,641,000	86.1%	9	2,794,000	1,595,000	296,000	4,685,000	2032	13,684,000	8,339,000
07/01/2031	126,137,000	126,137,000	143,940,000	17,803,000	87.6%	8	2,766,000	1,630,000	296,000	4,692,000	2033	14,142,000	8,717,000
07/01/2032	130,864,000	130,864,000	146,712,000	15,848,000	89.2%	7	2,731,000	1,666,000	297,000	4,694,000	2034	14,636,000	9,070,000
07/01/2033	135,564,000	135,564,000	149,358,000	13,793,000	90.8%	6	2,690,000	1,708,000	296,000	4,694,000	2035	15,165,000	9,429,000
07/01/2034	140,245,000	140,245,000	151,836,000	11,591,000	92.4%	5	2,631,000	1,757,000	296,000	4,684,000	2036	15,720,000	9,784,000
07/01/2035	144,915,000	144,915,000	154,241,000	9,327,000	94.0%	4	2,565,000	1,812,000	295,000	4,672,000	2037	16,289,000	10,125,000
07/01/2036	149,540,000	149,540,000	156,468,000	6,928,000	95.6%	3	2,462,000	1,886,000	293,000	4,641,000	2038	16,891,000	10,484,000
07/01/2037	154,208,000	154,208,000	158,657,000	4,450,000	97.2%	2	2,298,000	1,953,000	286,000	4,537,000	2039	17,522,000	10,770,000
07/01/2038	158,916,000	158,916,000	160,712,000	1,796,000	98.9%	1	1,796,000	2,025,000	258,000	4,079,000	2040	18,190,000	11,036,000
07/01/2039	163,604,000	163,604,000	162,831,000	(773,000)	100.5%	1	0	2,108,000	143,000	2,251,000	2041	18,905,000	11,293,000
07/01/2040	167,981,000	167,981,000	165,027,000	(2,954,000)	101.8%	1	0	2,193,000	148,000	2,341,000	2042	19,659,000	11,485,000
07/01/2041	170,630,000	170,630,000	167,209,000	(3,421,000)	102.0%	1	0	2,279,000	154,000	2,433,000	2043	20,444,000	11,657,000

Projection Assumptions

The number of active members remains constant. Individual pay increases and patterns of turnover, retirement, disability, and mortality are per the valuation assumptions. Terminating and retiring active members are replaced by new members with the same age / service / gender characteristics as members who entered the plan during the past few plan years. The Town always pays the Annual Required Contribution. The investments earn the assumed annual rate of return each year in the future. There are no future plan changes, assumption changes, funding method changes, or actuarial gains / losses.

This work product was prepared solely for the Town for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Except as otherwise indicated above, the explanatory notes contained in the July 1, 2011 Valuation Report dated October 25, 2011 and the 2011 Experience Study Report dated March 30, 2012, including statements of reliance and limitations on use, continue to apply.

Retirement Plan for Employees of the Town of Portsmouth, RI
Exhibit A - Long-Range Funding Forecast Assuming No Plan Changes
2 - Projection Assumes Investment Returns are 50 Basis Points Lower than Assumed

Valuation Date	Market Value of Assets	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Amortization Period	Amortization Payment (Level Dollar)	Normal Cost	Interest	Annual Required Contribution for FYE	Payroll	Benefit Payments	
07/01/2012	35,391,000	36,497,000	73,687,000	37,190,000	49.5%	27	2,838,000	1,266,000	277,000	4,381,000	2014	8,388,000	2,479,000
07/01/2013	37,985,000	38,319,000	76,440,000	38,121,000	50.1%	26	2,950,000	1,276,000	286,000	4,512,000	2015	8,565,000	2,809,000
07/01/2014	42,297,000	43,156,000	80,425,000	37,270,000	53.7%	25	2,929,000	1,281,000	284,000	4,494,000	2016	8,772,000	3,026,000
07/01/2015	46,736,000	47,792,000	84,422,000	36,631,000	56.6%	24	2,926,000	1,264,000	284,000	4,474,000	2017	8,969,000	3,297,000
07/01/2016	51,189,000	51,622,000	88,424,000	36,802,000	58.4%	23	2,993,000	1,289,000	290,000	4,572,000	2018	9,185,000	3,538,000
07/01/2017	55,667,000	56,142,000	92,507,000	36,366,000	60.7%	22	3,016,000	1,297,000	292,000	4,605,000	2019	9,433,000	3,775,000
07/01/2018	60,258,000	60,776,000	96,577,000	35,801,000	62.9%	21	3,033,000	1,324,000	294,000	4,651,000	2020	9,689,000	4,044,000
07/01/2019	64,853,000	65,416,000	100,647,000	35,232,000	65.0%	20	3,055,000	1,344,000	297,000	4,696,000	2021	9,952,000	4,365,000
07/01/2020	69,494,000	70,100,000	104,699,000	34,599,000	67.0%	19	3,077,000	1,371,000	300,000	4,748,000	2022	10,229,000	4,660,000
07/01/2021	74,156,000	74,808,000	108,751,000	33,944,000	68.8%	18	3,104,000	1,392,000	303,000	4,799,000	2023	10,501,000	4,977,000
07/01/2022	78,824,000	79,520,000	112,728,000	33,208,000	70.5%	17	3,131,000	1,411,000	307,000	4,849,000	2024	10,779,000	5,319,000
07/01/2023	83,499,000	84,241,000	116,663,000	32,422,000	72.2%	16	3,162,000	1,451,000	312,000	4,925,000	2025	11,075,000	5,657,000
07/01/2024	88,141,000	88,928,000	120,528,000	31,600,000	73.8%	15	3,199,000	1,465,000	314,000	4,978,000	2026	11,357,000	6,033,000
07/01/2025	92,761,000	93,593,000	124,284,000	30,691,000	75.3%	14	3,238,000	1,487,000	319,000	5,044,000	2027	11,697,000	6,418,000
07/01/2026	97,342,000	98,219,000	127,923,000	29,704,000	76.8%	13	3,282,000	1,487,000	322,000	5,091,000	2028	12,029,000	6,801,000
07/01/2027	101,856,000	102,778,000	131,368,000	28,590,000	78.2%	12	3,327,000	1,510,000	327,000	5,164,000	2029	12,399,000	7,212,000
07/01/2028	106,364,000	107,330,000	134,734,000	27,404,000	79.7%	11	3,381,000	1,551,000	333,000	5,265,000	2030	12,817,000	7,558,000
07/01/2029	110,836,000	111,845,000	137,978,000	26,132,000	81.1%	10	3,445,000	1,561,000	338,000	5,344,000	2031	13,228,000	7,951,000
07/01/2030	115,307,000	116,360,000	141,035,000	24,675,000	82.5%	9	3,510,000	1,595,000	345,000	5,450,000	2032	13,684,000	8,339,000
07/01/2031	119,759,000	120,856,000	143,940,000	23,085,000	84.0%	8	3,586,000	1,630,000	352,000	5,568,000	2033	14,142,000	8,717,000
07/01/2032	124,254,000	125,393,000	146,712,000	21,318,000	85.5%	7	3,673,000	1,666,000	361,000	5,700,000	2034	14,636,000	9,070,000
07/01/2033	128,800,000	129,984,000	149,358,000	19,374,000	87.0%	6	3,778,000	1,708,000	370,000	5,856,000	2035	15,165,000	9,429,000
07/01/2034	133,429,000	134,656,000	151,836,000	17,180,000	88.7%	5	3,899,000	1,757,000	382,000	6,038,000	2036	15,720,000	9,784,000
07/01/2035	138,181,000	139,453,000	154,241,000	14,788,000	90.4%	4	4,067,000	1,812,000	396,000	6,275,000	2037	16,289,000	10,125,000
07/01/2036	143,070,000	144,387,000	156,468,000	12,081,000	92.3%	3	4,293,000	1,886,000	417,000	6,596,000	2038	16,891,000	10,484,000
07/01/2037	148,252,000	149,616,000	158,657,000	9,041,000	94.3%	2	4,668,000	1,953,000	447,000	7,068,000	2039	17,522,000	10,770,000
07/01/2038	153,846,000	155,260,000	160,712,000	5,452,000	96.6%	1	5,452,000	2,025,000	505,000	7,982,000	2040	18,190,000	11,036,000
07/01/2039	160,047,000	161,514,000	162,831,000	1,317,000	99.2%	1	1,317,000	2,108,000	231,000	3,656,000	2041	18,905,000	11,293,000
07/01/2040	167,425,000	168,950,000	165,027,000	(3,923,000)	102.4%	1	0	2,193,000	148,000	2,341,000	2042	19,659,000	11,485,000
07/01/2041	170,669,000	172,252,000	167,209,000	(5,043,000)	103.0%	1	0	2,279,000	154,000	2,433,000	2043	20,444,000	11,657,000

Projection Assumptions

The number of active members remains constant. Individual pay increases and patterns of turnover, retirement, disability, and mortality are per the valuation assumptions. Terminating and retiring active members are replaced by new members with the same age / service / gender characteristics as members who entered the plan during the past few plan years. The Town always pays the Annual Required Contribution. The investments earn 50 basis points lower than the assumed annual rate of return each year in the future. There are no future plan changes, assumption changes, funding method changes, or actuarial gains / losses.

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Retirement Plan for Employees of the Town of Portsmouth, RI
Exhibit B – Municipal Revenue Forecast

The Town of Portsmouth has developed a five year budget projection for planning purposes. Known and potential changes to revenues and expenditures have been evaluated and quantified to the extent possible to form the basis of the projections. Various assumptions have been made to project future revenues and expenditures. It must be stressed that these numbers are for planning purposes only, and do not constitute an approved budget. Neither are the numbers final. The numbers are based on various assumptions that may or may not materialize. Assumptions have been identified where possible to further assist in the planning process.

EXPENDITURES:					
Education	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Salaries	\$ 20,821,715	\$ 21,020,000	\$ 21,340,000	\$ 21,780,000	\$ 21,890,000
Employee Benefits:					
<u>Pension (1)</u>	\$ 3,271,625	\$ 3,528,850	\$ 3,578,850	\$ 3,628,850	\$ 3,668,850
ERS (Teachers)	2,760,276	2,780,000	2,830,000	2,880,000	2,920,000
Non-Certified Personnel	511,349	748,850	748,850	748,850	748,850
<u>OPEB (2)</u>	320,000	300,000	300,000	300,000	280,000
<u>Other</u>	4,945,651	5,008,167	5,033,326	5,050,426	5,078,426
Total Employee Benefits	\$ 8,537,276	\$ 8,837,017	\$ 8,912,176	\$ 8,979,276	\$ 9,027,276
Purchased Services	6,474,694	6,580,000	6,650,000	6,750,000	6,800,000
Supplies & Materials	1,684,754	1,715,000	1,780,000	1,805,000	1,825,000
Capital Outlays	-	125,000	225,000	300,000	350,000
Other (Please Attach Detail)	-	-	-	-	-
Total - Education Expenditures	\$ 37,518,439	\$ 38,277,017	\$ 38,907,176	\$ 39,614,276	\$ 39,892,276
Municipal	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Salaries (Municipal, Police, Fire)	\$ 7,411,994	\$ 7,411,994	\$ 7,411,994	\$ 7,411,994	\$ 7,411,994
Employee Benefits:					
<u>Pension (1)</u>	\$ 2,327,006	\$ 2,927,006	\$ 2,927,006	\$ 2,927,006	\$ 2,927,006
MERS	-	-	-	-	-
Locally Administered Plans	2,327,006	2,927,006	2,927,006	2,927,006	2,927,006
<u>OPEB (2)</u>	674,373	725,000	760,000	765,000	768,000
<u>Other</u>	3,008,582	3,053,711	3,114,785	3,177,081	3,240,622
Total Employee Benefits	\$ 6,009,961	\$ 6,705,717	\$ 6,801,791	\$ 6,869,087	\$ 6,935,628
Purchased Services	833,142	837,308	841,494	845,702	875,000
Operating Expenses	2,467,031	2,467,000	2,472,000	2,475,000	2,600,000
Capital Expenses	-	-	-	-	-
Debt Service:					
Municipal	1,109,105	1,342,749	1,340,364	1,749,979	1,669,960
School	2,046,044	2,135,651	2,223,960	2,403,488	2,455,475
Debt Service Total	\$ 3,155,149	\$ 3,478,400	\$ 3,564,324	\$ 4,153,467	\$ 4,125,435
Other (Please Attach Detail)	566,695	1,109,367	1,108,084	1,107,213	1,106,270
Total - Municipal Services Expenditures	\$ 20,443,972	\$ 22,009,785	\$ 22,199,687	\$ 22,862,462	\$ 23,054,327
<p>1: If no outyear estimates are available, the same contribution rates as determined in the most recent available actuarial valuation report, as of <u>June 30, 2011</u>, as prepared by Milliman should be applied, using generally accepted accounting principles.</p> <p>2: If no outyear estimates are available, the same contribution rates as determined in the most recent available actuarial valuation report, as of <u>June 30, 2011</u>, as prepared by NYHart should be applied, using generally accepted accounting principles.</p>					

Retirement Plan for Employee of the Town of Portsmouth, RI
Exhibit C – Impact of Changing Benefits
Based on July 1, 2011 Valuation Results with Revised Assumptions per Experience Study

	Valuation Baseline, Updated Assumptions	Option 2	Option 3	Option 4	Option 5
Accrued Liability	\$68,181,349	\$62,277,975	60,592,296	\$62,343,263	\$58,792,091
Actuarial Value of Assets	35,266,853	35,266,853	35,266,853	35,266,853	35,266,853
Unfunded Accrued Liability	32,914,496	27,011,122	25,325,443	27,076,410	23,525,238
Funded Ratio	51.7%	56.6%	58.2%	56.6%	60.0%
Market Value of Assets	35,680,952	35,680,952	35,680,952	35,680,952	35,680,952
Employer Normal Cost	1,387,579	419,692	595,253	896,585	0
28-Year Funding Amortization	2,646,751	2,172,043	2,036,493	2,177,293	1,891,734
Annual Required Contribution	4,034,330	2,591,735	2,631,746	3,073,878	1,891,734
Employer DC Contribution	0	88,000	345,000	169,000	703,000
Total Contribution	4,034,330	2,679,735	2,976,746	3,242,878	2,594,734
As a % of payroll	45.9%	30.5%	33.9%	36.9%	29.5%

Option 2: Current employees will stay in the defined benefit plan; The benefit multipliers will decreased to 1% for service after July 1, 2013; The COLA will be reduced to 1.7% for all future retirees and the COLA will not commence until after five years of retirement; Employees will contribute 4% of pay to the defined benefit plan; Employees will contribute 5% of pay and the Town will contribute an additional 1% of pay to a defined contribution plan (School employees have the School Department contribution of 3% of pay); New employees will join a defined contribution plan with employees contributing 8% of pay and the Town contributing 8% of pay

Option 3: Current employees with ten or more years of service will stay in the defined benefit plan; The COLA will be reduced to 1.7% for all future retirees and the COLA will not commence until after five years of retirement; New employees will join a defined contribution plan with employees contributing 8% of pay and the Town contributing 8% of pay

Option 4: Current employees with five or more years of service will stay in the defined benefit plan; The COLA will be reduced to 1.7% for all future retirees and the COLA will not commence until after five years of retirement; New employees will join a defined contribution plan with employees contributing 8% of pay and the Town contributing 8% of pay

Option 5: Current employees will retain the benefits accrued to date in the defined benefit plan, including applicable COLAs; The COLA will be reduced to 1.7% for all future retirees and the COLA will not not commence until after five years of retirement; All employees will join a defined contribution only plan with employees contributing 8% of pay and the Town contributing 8% of pay

Source: Report from Nyhart, Inc. titled **Pension Sustainability and Plan Design Review With Updated Assumptions and Proposed COLA Changes** dated September 25, 2012

Retirement Plan for Employees of the Town of Portsmouth, RI
Exhibit C - Long-Range Funding Forecast With Option 2 Plan Changes
1 - Projection Based on July 1, 2012 Valuation Results - Based on Actuarial Assumptions

The Commission requested additional runs. These were provided by the town on 5/31/13.

Valuation Date	Market Value of Assets	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Amortization Period	Amortization Payment (Level Dollar)	Normal Cost	Interest	Annual Required Contribution	for FYE	Payroll	Benefit Payments
07/01/2012	35,391,000	36,497,000	68,474,000	31,977,000	53.3%	27	2,440,000	409,000	193,000	3,042,000	2014	8,388,000	2,479,000
07/01/2013	37,862,000	38,053,000	70,862,000	32,809,000	53.7%	26	2,539,000	404,000	199,000	3,142,000	2015	8,195,000	2,841,000
07/01/2014	40,665,000	41,261,000	73,176,000	31,915,000	56.4%	25	2,508,000	395,000	196,000	3,099,000	2016	7,988,000	3,053,000
07/01/2015	43,475,000	44,169,000	75,350,000	31,181,000	58.6%	24	2,491,000	378,000	194,000	3,063,000	2017	7,737,000	3,320,000
07/01/2016	46,186,000	46,186,000	77,410,000	31,223,000	59.7%	23	2,540,000	369,000	196,000	3,105,000	2018	7,461,000	3,544,000
07/01/2017	48,815,000	48,815,000	79,365,000	30,550,000	61.5%	22	2,534,000	356,000	195,000	3,085,000	2019	7,236,000	3,756,000
07/01/2018	51,410,000	51,410,000	81,178,000	29,767,000	63.3%	21	2,522,000	347,000	193,000	3,062,000	2020	6,976,000	3,990,000
07/01/2019	53,857,000	53,857,000	82,801,000	28,944,000	65.0%	20	2,510,000	336,000	192,000	3,038,000	2021	6,724,000	4,275,000
07/01/2020	56,186,000	56,186,000	84,256,000	28,071,000	66.7%	19	2,497,000	328,000	190,000	3,015,000	2022	6,450,000	4,516,000
07/01/2021	58,374,000	58,374,000	85,522,000	27,149,000	68.3%	18	2,483,000	314,000	188,000	2,985,000	2023	6,104,000	4,770,000
07/01/2022	60,399,000	60,399,000	86,569,000	26,170,000	69.8%	17	2,468,000	302,000	187,000	2,957,000	2024	5,790,000	5,034,000
07/01/2023	62,257,000	62,257,000	87,396,000	25,139,000	71.2%	16	2,452,000	293,000	185,000	2,930,000	2025	5,444,000	5,286,000
07/01/2024	63,921,000	63,921,000	87,973,000	24,052,000	72.7%	15	2,435,000	276,000	183,000	2,894,000	2026	5,021,000	5,550,000
07/01/2025	65,391,000	65,391,000	88,291,000	22,900,000	74.1%	14	2,416,000	263,000	181,000	2,860,000	2027	4,659,000	5,806,000
07/01/2026	66,669,000	66,669,000	88,355,000	21,686,000	75.5%	13	2,396,000	241,000	178,000	2,815,000	2028	4,259,000	6,035,000
07/01/2027	67,735,000	67,735,000	88,128,000	20,394,000	76.9%	12	2,373,000	226,000	175,000	2,774,000	2029	3,893,000	6,273,000
07/01/2028	68,637,000	68,637,000	87,684,000	19,047,000	78.3%	11	2,350,000	219,000	173,000	2,742,000	2030	3,606,000	6,440,000
07/01/2029	69,354,000	69,354,000	86,992,000	17,638,000	79.7%	10	2,325,000	199,000	170,000	2,694,000	2031	3,210,000	6,624,000
07/01/2030	69,906,000	69,906,000	86,051,000	16,145,000	81.2%	9	2,297,000	188,000	168,000	2,653,000	2032	2,904,000	6,783,000
07/01/2031	70,276,000	70,276,000	84,861,000	14,585,000	82.8%	8	2,266,000	175,000	165,000	2,606,000	2033	2,557,000	6,928,000
07/01/2032	70,497,000	70,497,000	83,434,000	12,937,000	84.5%	7	2,229,000	160,000	161,000	2,550,000	2034	2,211,000	7,040,000
07/01/2033	70,564,000	70,564,000	81,775,000	11,211,000	86.3%	6	2,186,000	145,000	158,000	2,489,000	2035	1,866,000	7,141,000
07/01/2034	70,481,000	70,481,000	79,888,000	9,407,000	88.2%	5	2,135,000	135,000	153,000	2,423,000	2036	1,594,000	7,222,000
07/01/2035	70,255,000	70,255,000	77,795,000	7,540,000	90.3%	4	2,074,000	123,000	147,000	2,344,000	2037	1,286,000	7,279,000
07/01/2036	69,874,000	69,874,000	75,463,000	5,589,000	92.6%	3	1,986,000	115,000	142,000	2,243,000	2038	1,022,000	7,335,000
07/01/2037	69,375,000	69,375,000	72,955,000	3,580,000	95.1%	2	1,849,000	108,000	131,000	2,088,000	2039	779,000	7,335,000
07/01/2038	68,760,000	68,760,000	70,273,000	1,513,000	97.8%	1	1,513,000	102,000	109,000	1,724,000	2040	594,000	7,303,000
07/01/2039	67,993,000	67,993,000	67,460,000	(533,000)	100.8%	1	0	101,000	6,000	107,000	2041	454,000	7,245,000
07/01/2040	66,906,000	66,906,000	64,551,000	(2,354,000)	103.6%	1	0	101,000	7,000	108,000	2042	377,000	7,137,000
07/01/2041	64,211,000	64,211,000	61,602,000	(2,610,000)	104.2%	1	0	102,000	7,000	109,000	2043	323,000	6,998,000

Projection Assumptions

The number of active members remains constant. Individual pay increases and patterns of turnover, retirement, disability, and mortality are per the valuation assumptions. Terminating and retiring active members are replaced by new members covered by a Defined Contribution plan. The Town always pays the Annual Required Contribution. The investments earn the assumed annual rate of return each year in the future. There are no future plan changes, assumption changes, funding method changes, or actuarial gains / losses.

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Retirement Plan for Employees of the Town of Portsmouth, RI
Exhibit C - Long-Range Funding Forecast With Option 2 Plan Changes
2 - Projection Assumes Investment Returns are 50 Basis Points Lower than Assumed

Valuation Date	Market Value of Assets	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Amortization Period	Amortization Payment		Interest	Annual Contribution Required for FYE	Payroll	Benefit Payments	
							(Level Dollar)	Normal Cost					
07/01/2012	35,391,000	36,497,000	68,474,000	31,977,000	53.3%	27	2,440,000	409,000	193,000	3,042,000	2014	8,388,000	2,479,000
07/01/2013	37,685,000	38,018,000	70,862,000	32,845,000	53.7%	26	2,542,000	404,000	199,000	3,145,000	2015	8,195,000	2,841,000
07/01/2014	40,287,000	41,140,000	73,176,000	32,035,000	56.2%	25	2,517,000	395,000	197,000	3,109,000	2016	7,988,000	3,053,000
07/01/2015	42,873,000	43,913,000	75,350,000	31,438,000	58.3%	24	2,512,000	378,000	195,000	3,085,000	2017	7,737,000	3,320,000
07/01/2016	45,340,000	45,743,000	77,410,000	31,667,000	59.1%	23	2,576,000	369,000	198,000	3,143,000	2018	7,461,000	3,544,000
07/01/2017	47,708,000	48,135,000	79,365,000	31,229,000	60.7%	22	2,590,000	356,000	199,000	3,145,000	2019	7,236,000	3,756,000
07/01/2018	50,032,000	50,483,000	81,178,000	30,695,000	62.2%	21	2,601,000	347,000	198,000	3,146,000	2020	6,976,000	3,990,000
07/01/2019	52,200,000	52,673,000	82,801,000	30,127,000	63.6%	20	2,612,000	336,000	200,000	3,148,000	2021	6,724,000	4,275,000
07/01/2020	54,246,000	54,741,000	84,256,000	29,516,000	65.0%	19	2,625,000	328,000	199,000	3,152,000	2022	6,450,000	4,516,000
07/01/2021	56,148,000	56,664,000	85,522,000	28,859,000	66.3%	18	2,639,000	314,000	199,000	3,152,000	2023	6,104,000	4,770,000
07/01/2022	57,889,000	58,424,000	86,569,000	28,146,000	67.5%	17	2,654,000	302,000	199,000	3,155,000	2024	5,790,000	5,034,000
07/01/2023	59,465,000	60,018,000	87,396,000	27,378,000	68.7%	16	2,670,000	293,000	201,000	3,164,000	2025	5,444,000	5,286,000
07/01/2024	60,855,000	61,423,000	87,973,000	26,550,000	69.8%	15	2,688,000	276,000	200,000	3,164,000	2026	5,021,000	5,550,000
07/01/2025	62,061,000	62,643,000	88,291,000	25,647,000	71.0%	14	2,706,000	263,000	201,000	3,170,000	2027	4,659,000	5,806,000
07/01/2026	63,090,000	63,685,000	88,355,000	24,670,000	72.1%	13	2,726,000	241,000	200,000	3,167,000	2028	4,259,000	6,035,000
07/01/2027	63,926,000	64,532,000	88,128,000	23,596,000	73.2%	12	2,746,000	226,000	200,000	3,172,000	2029	3,893,000	6,273,000
07/01/2028	64,623,000	65,238,000	87,684,000	22,446,000	74.4%	11	2,769,000	219,000	202,000	3,190,000	2030	3,606,000	6,440,000
07/01/2029	65,166,000	65,789,000	86,992,000	21,204,000	75.6%	10	2,795,000	199,000	202,000	3,196,000	2031	3,210,000	6,624,000
07/01/2030	65,581,000	66,210,000	86,051,000	19,842,000	76.9%	9	2,823,000	188,000	203,000	3,214,000	2032	2,904,000	6,783,000
07/01/2031	65,859,000	66,493,000	84,861,000	18,369,000	78.4%	8	2,854,000	175,000	204,000	3,233,000	2033	2,557,000	6,928,000
07/01/2032	66,043,000	66,679,000	83,434,000	16,755,000	79.9%	7	2,887,000	160,000	205,000	3,252,000	2034	2,211,000	7,040,000
07/01/2033	66,138,000	66,777,000	81,775,000	14,998,000	81.7%	6	2,925,000	145,000	207,000	3,277,000	2035	1,866,000	7,141,000
07/01/2034	66,161,000	66,801,000	79,888,000	13,087,000	83.6%	5	2,970,000	135,000	210,000	3,315,000	2036	1,594,000	7,222,000
07/01/2035	66,137,000	66,778,000	77,795,000	11,016,000	85.8%	4	3,030,000	123,000	212,000	3,365,000	2037	1,286,000	7,279,000
07/01/2036	66,080,000	66,721,000	75,463,000	8,742,000	88.4%	3	3,106,000	115,000	218,000	3,439,000	2038	1,022,000	7,335,000
07/01/2037	66,059,000	66,700,000	72,955,000	6,255,000	91.4%	2	3,230,000	108,000	225,000	3,563,000	2039	779,000	7,335,000
07/01/2038	66,136,000	66,777,000	70,273,000	3,496,000	95.0%	1	3,496,000	102,000	243,000	3,841,000	2040	594,000	7,303,000
07/01/2039	66,395,000	67,037,000	67,460,000	423,000	99.4%	1	423,000	101,000	35,000	559,000	2041	454,000	7,245,000
07/01/2040	67,065,000	67,708,000	64,551,000	(3,157,000)	104.9%	1	0	101,000	7,000	108,000	2042	377,000	7,137,000
07/01/2041	64,529,000	65,171,000	61,602,000	(3,569,000)	105.8%	1	0	102,000	7,000	109,000	2043	323,000	6,998,000

Projection Assumptions

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