

City of Pawtucket
Police & Fire Pension Plan

1. Funding Improvement Plan Summary,
pages 1 - 28
2. Option selected - Option 2 REVISED,
(excludes from COLA freeze retirees
with annual benefits < \$30,000)
3. Exhibit B - Option 2, page 14A
4. Revised resolution dated 4/24/13
adopting the Funding Improvement Plan
as amended, page 25-26

CITY OF PAWTUCKET
POLICE AND FIREFIGHTERS PENSION FUNDING
IMPROVEMENT PLAN

March 20, 2013

Presented to:

Pawtucket City Council

And

State Locally Administered Pension Plans Study Commission

REVISED PLAN AS A RESULT OF CITY
COUNCIL APPROVAL WITH AMENDMENT
ON APRIL 24, 2013

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CITY OF PAWTUCKET

POLICE AND FIREFIGHTERS PENSION FUNDING IMPROVEMENT PLAN

EXECUTIVE SUMMARY

In accordance with Rhode Island General Laws, Section 45-65-6, the City is submitting a Funding Improvement Plan for its Police and Fire Pension Plan to the State Locally Administered Pension Plans Study Commission. The City, as required, has completed an actuarial valuation as of July 1, 2011 and an Experience Study covering eight (8) years of census data, and seven (7) years of experience ending July 1, 2011. Based on these results the funded status of the pension system was 34%, which was classified by the State of Rhode Island as being in "Critical Status." Critical Status notifications were mailed to all active and retired members and beneficiaries of the Plan on April 25, 2012. The City Council was also notified of the classification of Critical Status.

The following options and exhibits are provided for review and comparison, with Option 2 Exhibit C being presented by the City Administration to both the Study Commission and City Council. It should be noted that Option 2 Exhibit C has an earnings rate of 7.50% versus the City's current 7.875% rate. The City evaluated that Option 2 Exhibit C would best align with the majority of other Cities and Towns as well as with the Municipal Employees Retirement System. Our 50 basis point decrease plan as required by the commission is against the Option 2 Exhibit C rate of 7.50% and shown as Option 2 Exhibit D. **Option 2, Exhibit M is Option 2 Exhibit C with City Council amendment and approval.**

The Options and Exhibits presented are as follows:

- Option 1 Exhibit A Current Plan @ 7.875%
- Option 2 Exhibit B Proposed Plan @ 7.875%
- *Option 2 Exhibit C Proposed Preferred Plan of the City 7.500%**
- Option 2 Exhibit D Proposed Preferred Plan of the City @ 7.000%
- Option 2 Exhibit E Proposed Preferred Plan of the City @ 7.375%
- **Option 2 Exhibit M Original Preferred Plan with City Council Amendment**
- Option 2 Exhibit N Original Preferred Plan with City Council Amendment at 7.00%**
- Option 3 Exhibit F Alternate Plan @ 7.500%
- Option 4 Exhibit G Going to MERS @ 7.500%

* Plan presented to City Council for approval.

** Plan approved by City Council on April 24, 2013

DESCRIPTION OF PLAN CHANGES

Option 2 Exhibit C Preferred Proposed Plan

- Deferred COLAs' for 3 years, both active and retirees (active members would defer COLAs' immediately upon retirement if retirement takes place during the original three year freeze). Also, deferment of the start of the COLA benefits for current active participants to the earlier of age 55 or 10 years after retirement.

COLA freeze will not apply to those members while pensions are less than \$30,000.

- Retirement calculation of pension benefit would be 2.5% for first 20 years or 50% and 2% for next 10 years for a total of 70% (to induce actives to not retire early). The basic change is the final 10 years going from 3 1/3% for 3 years after 20 to reach 60% to 2% for 10 years to reach 70%. The City will also prepare for a small number of actives who already entered into years beyond 23 1/3 years, a transitional scale to take advantage of the new retirement benefit.
- Employee's contribution for actives would increase from 7.5% to 9%.
- Add a termination benefit option of 2.5% program to credit service with less than 20 years but more than 10 years served. Benefit would take place on what would have been the 20 year anniversary.
- This plan and all alternative plans would require a 3 year average salary to determine base upon which calculation pension would be available versus last actual base pay at time of retirement.

Option 3 Exhibit F Alternate Plan

- This option has all of Option 2 Exhibit C plan changes only the deferred COLAs are different. It replaces this option with a 10 year COLA freeze; however it only applies retirees (inactives) not the actives upon retirement.

Note: Correction to first plan change listed above is noted by the underscored additions.

Note: Amendment of plan changes above approved by City Council as noted in block under first plan change involving COLAs.

CURRENT FUNDING

The City Council has accepted the recommendations of the City's actuary (Stone Consulting). Based on its analysis, the actuary recommended pension contributions of \$12,263,110. This pension funding recommendation will be budgeted for 2014 at 100%. Due to the fact that the report of July 1, 2011 was received in late 2012, it did not allow for adopting the recommended contributions in the Fiscal 2013 budget. This continuing occurrence prevents funding the ARC at precisely 100% from year to year. For example, in 2013 the actual contribution level of \$11,391,106 was 96.6% of ARC. The current ARCs represent 9.4% and 10.4% of total revenue for the years 2012 and 2013, respectively. It is calculated on City revenue alone (that is, not including School revenue budgets).

All plans reach 60% funded before the required 20 year period. The Option 2 Exhibit C Plan proposed reaches 66.5% funded in 15 years and 80.0% in 20 years (2034).

Option 2 Exhibit M Plan that was approved by City Council reaches 66.0% funded in 15 years and 79.6 % in 20 years (2034).

The City of Pawtucket, as noted previously, under the current administration has consistently worked to provide a 100% ARC based on the best available current information, with the result of achieving near 100% levels. Therefore, the need of the City is not to decrease the targeted ARC level of 100% but to decrease the growth of the actual dollar funding needed to achieve the annual 100% ARC requirement.

Currently we have growth averaging 4.34% in the first 16 years of the plan while the next 12 years average 3.81%. The Option 2 Exhibit C plan has an average growth of 2.93% for the first 16 years of the plan and an average of 2.68% the next 12 years. This plan will thus assure the City will be able to provide the increased income needed to support the plan on a consistent and stable basis. ***Option 2 Exhibit M as approved by City Council has an average growth of 3.04% for the first 16 years of the plan and an average of 2.78% the next 12 years. This plan also will assure the City will be able to provide the increased income needed to support the plan on a consistent and stable basis.***

The ARC contribution would not go below the City's current level of funding; however, the percentage increases would be lower and therefore more fiscally prudent and manageable. As an example, in 2034 the current plan requires an ARC of \$27,204,988. while Option 2 Exhibit C would reduce that contribution to \$21,986,239, a decrease of \$5,218,749 or 19%. ***Option 2 Exhibit M would reduce the contribution to \$22,344,368, a decrease of \$4,860,620 or 18%.***

CURRENT FUNDING (CONTINUED)

The following chart shows the comparisons of the costs and liabilities estimated in the current and proposed plans.

	Option 1 Exhibit A Current Plan	Option 2 Exhibit C Preferred Plan	Option 3 Exhibit F Alternate Plan	Option 4 Exhibit G MERS Plan	Option 2 Exhibit D Preferred <50 Basis Pts
2014	7.875%	7.500%	7.500%	7.500%	7.000%
Employee Normal Cost	\$ 1,378,840	\$ 1,635,529	\$ 1,635,529	\$ 1,483,698	\$ 1,639,279
Employer Normal Cost	\$ 3,397,960	\$ 2,818,871	\$ 3,107,028	\$ 2,511,280	\$ 3,356,984
Total Normal Cost	\$ 4,776,800	\$ 4,454,400	\$ 4,742,557	\$ 3,994,978	\$ 4,996,263
Accrued Liability	\$ 222,439,133	\$ 220,963,359	\$ 204,370,042	\$ 216,488,821	\$236,155,222
Unfunded Accrued Liability	\$ 142,309,228	\$ 140,155,913	\$ 123,389,751	\$ 160,119,711	\$146,329,546
Funded Ratio	36.0%	36.6%	39.6%	26.0%	38.00%
ARC	\$ 11,884,004	\$ 12,436,307	\$ 12,513,516	\$ 11,638,238	\$ 13,411,975

REVISED DUE TO CITY COUNCIL AMENDMENT

	Option 1 Exhibit A Current Plan	Option 2 Exhibit M Preferred Plan Amended	Option 3 Exhibit F Alternate Plan	Option 4 Exhibit G MERS Plan	Option 2 Exhibit N Preferred <50 Basis Pts
2014	7.875%	7.500%	7.500%	7.500%	7.000%
Employee Normal Cost	\$ 1,378,840	\$ 1,635,529	\$ 1,635,529	\$ 1,483,698	\$ 1,639,279
Employer Normal Cost	\$ 3,397,960	\$ 2,818,871	\$ 3,107,028	\$ 2,511,280	\$ 3,356,984
Total Normal Cost	\$ 4,776,800	\$ 4,454,400	\$ 4,742,557	\$ 3,994,978	\$ 4,996,263
Accrued Liability	\$ 222,439,133	\$ 222,294,658	\$ 204,370,042	\$ 216,488,821	\$245,868,782
Unfunded Accrued Liability	\$ 142,309,228	\$ 141,551,630	\$ 123,389,751	\$ 160,119,711	\$154,978,762
Funded Ratio	36.0%	36.3%	39.6%	26.0%	37.0%
ARC	\$ 11,884,004	\$ 12,386,341	\$ 12,513,516	\$ 11,638,238	\$ 13,994,708

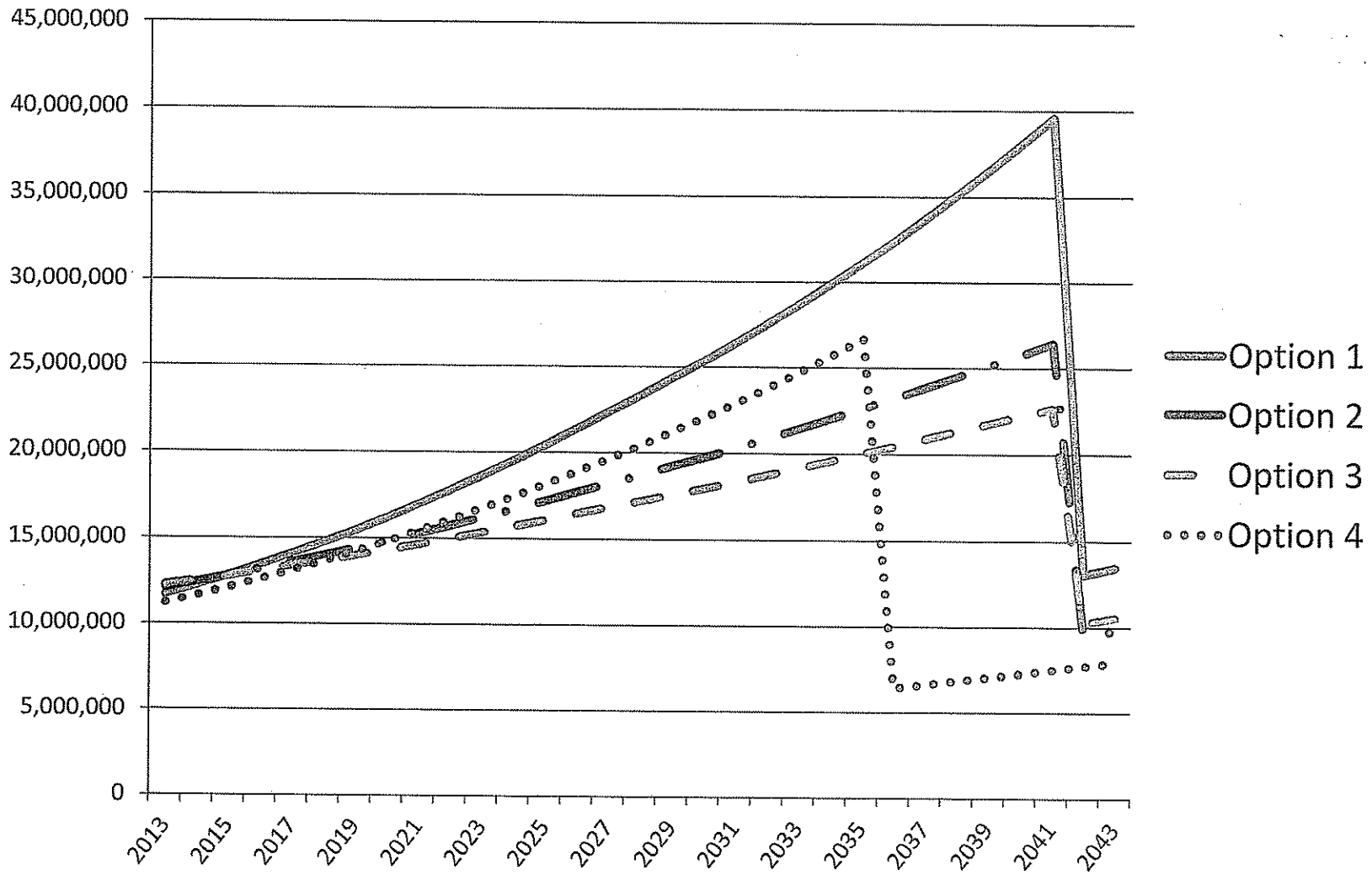
Current funding level in 2013 budget is \$11,791,452

Funding level in Valuation Report for 2014 is \$12,263,110 while the proposed Plan Exhibit M Preferred Plan amended requires \$12,386,341. an decrease of \$123,231, with major reasons being alignment of earnings rate at 7.50% and changing to Entry Age Normal (EAN) versus prior valuation reports utilizing Projected Unit Credit (prorated by service). This Change to EAN will be required by GASB accounting standards in 2014.

Although there is an increase in 2014, the remaining increases as noted previously decrease versus the original schedule of current valuation. As an example, current plan shows (in 2020) seven years a current ARC of \$15,395,347 versus the proposed plan of \$14,839,762. There is a very important decrease as we look further into 2041 with current plan at \$35,207,913 and proposed plan of \$26,986,423 or a decrease of \$8,221,490 which shows attainable revenue versus increases beyond normal revenue increase percentages.

Basically, the Preferred Plan aligns annual City pension contributions with more manageable levels on a consistent annual basis that will provide the optimum prospect for achieving a plan with long term stability and avoiding state financial oversight intervention.

ARC Forecast at 7.5%



Actuarial Assumptions and Actuarial Cost Method

The cost of a pension plan is the benefits that are paid to the participants and their beneficiaries along with administrative expenses and investment related expense. The present value of the future benefits (PVFB) represents the dollar value today of all benefits expected to be received by participants and beneficiaries (including current retirees and survivors) if all actuarial assumptions are exactly realized. The actuarial cost method is the method used to allocate the PVFB between the liability that is attributable to past service (called the Actuarial Accrued Liability) and that attributable to future service. The Unfunded Actuarial Accrued Liability (UAAL) is the Actuarial Accrued Liability minus the Actuarial Value of Assets. The Actuarial Value of Assets is the value of the assets of the pension plan. The portion of the PVFB that the actuarial cost method attributes to benefits to be earned in the upcoming year is called the Normal Cost.

Actuarial assumptions are made to project the benefits that will be paid to participants and their beneficiaries in the future. The following lists some of the most important assumptions:

- Interest Rate – used to project the return on assets and discount the value of future payments
- Salary Increase – projects the salary of an individual when they retire
- Mortality – used to calculate the length of time a benefit will be payable. Also used to project the possibility of pre-retirement death for participants within the group
- Disability – projects the probability of disability for an active participant
- Retirement – projects when an active participant will choose a service retirement
- Withdrawal – projects when an active participants leaves employment for reasons other than death, disability or retirement.
- Administrative expense – cost of administrative expense for the year. The interest rate is net of investment-related costs.

Note: All Options and Exhibits for 1,2, and 3 are based on Entry Age Normal (EAN), Pawtucket salary scale and 3% salary growth for new hires. All the investment returns are 7.5% unless otherwise noted.

**ACTUARIAL METHODS AND ASSUMPTIONS UTILIZED
FOR RECOMMENDED FIP (EXHIBIT C OPTION 2)**

Actuarial Methods

- | | | |
|----|------------------------|--|
| 1. | Actuarial Cost Method | The Entry Age Normal Cost Method has been used in this Funding Improvement Plan. |
| | | The actuarial accrued liability represents the theoretical accumulation of all prior years' normal costs for the plan members as if the program had always been in effect. The unfunded actuarial accrued liability is the excess of the actuarial accrued liability over plan assets. |
| 2. | Asset Valuation Method | Market value of assets. |

Actuarial Assumptions

- | | | |
|----|-------------------|---|
| 1. | Investment Return | 7.50% per year net of investment expenses |
| 2. | Salary Increases | |

<i>Years of Service</i>	<i>Salary Increase</i>
0-1	8.50%
2-4	3.25
5	11.00
6-9	3.50
10	4.25
11-14	3.75
15	4.50
16-19	3.75
20	4.75
21-24	3.25
25+	2.00

- | | | |
|----|--------------------------------|---------------------------|
| 3. | Withdrawal Prior to Retirement | No withdrawal is assumed. |
|----|--------------------------------|---------------------------|

4. Disability Prior to Retirement

<u>Age</u>	<u>Disability Assumption</u>
25	.40%
30	.40
35	.40
40	.40
45	1.00
50	1.25
55	1.20
60	.85

5. Rates of Retirement

Retirement is assumed to happen at the earlier of age 65 or years of completed service shown below.

<u>Service</u>	<u>Retirement Assumption</u>	<u>Service</u>	<u>Retirement Assumption</u>
20	20%	30	25%
21	7	31	20
22	8	32	20
23	20	33	35
24	10	34	35
25	10	35	50
26	10	36	50
27	10	37	50
28	10	38	50
29	10	39+	100

6. Mortality The RP-2000 combined mortality table adjusted to Blue Collar (male tables) with 1 year setback.
7. Disabled Life Mortality The RP-2000 combined mortality table adjusted to Blue Collar (male tables) set forward 1 year for males and 2 years for females.
8. Family Composition Male employees are assumed 90% married with one dependent child. Female employees are assumed 75% married with one dependent child. The age difference between member and spouse is assumed to be 3 years (the male being the older).
9. Administrative Expenses Administrative amount of \$42,700 for the Fiscal Year excluding investment management fees and custodial fee. Administrative expense is added to the Normal Cost.
10. Longevity Longevity increases are assumed to be part of the salary increase assumption.
11. Contribution Timing Contributions are assumed to be made in four equal contributions on July 1, October 1, January 1 and April 1.
12. Valuation Date July 1, 2011.
13. New Hire Salary New Hire Salary is assumed to increase 3% per year.

SUMMARY OF PRINCIPAL PROVISIONS

1. Participation Participation is mandatory for employees of the City of Pawtucket who are covered under a collective bargaining agreement between the City of Pawtucket and the Pawtucket Fire Fighters Independent Union and the City of Pawtucket and the Pawtucket Lodge No. 4, Fraternal Order of Police.

2. Member Contributions Member contributions are 7.5% of pay.

3. Service Retirement
 - a. Eligibility Completion of 20 years of service.

 - b. Benefit Amount 50% of final average compensation plus an additional 3% of final average compensation for each year of service over 20 years, not to exceed 3 1/3 years. Final average compensation is defined as the highest year's salary rate.

4. Disability Retirement
 - a. Eligibility Total and permanently incapacitated for duty.

 - b. Benefit Amount 66 2/3% of compensation at date of disability plus an additional 10% of compensation for each dependent child (until the child attains age 21), not to exceed 80% of compensation, payable to normal retirement date. If the date of disability is after 20 years of service, the disability benefit is payable until the member would have completed 25 years of employment. A normal retirement benefit is payable after the disability benefit is no longer payable.

5. Pre-retirement Death
 - a. Eligibility No age or service requirements.

 - b. Retirement Allowance 50% of compensation at date of death plus an additional 10% of compensation for each dependent child (until the child attains age 21), not to exceed 70% of compensation, payable for the lifetime of the surviving spouse or until the spouse remarries.

6. Termination Non-Vested

- a. Eligibility None
- b. Benefit Amount Refund of employee contributions, if any, plus interest.

7. Post-Retirement Death

Benefit payable for the remainder of the 10-year certain period. Then a benefit of 67½% of the participant's pension benefit is payable to the surviving spouse.

8. Funeral Allowance
(Firefighters)

\$10,000 funeral allowance payable to firefighters who die in the line of duty.

9. Post-Retirement Cost-of-Living
Increases

Fire		
<u>Effective Date</u>	<u>Increase</u>	<u>Compounded</u>
April 1, 1984	3.00%	Every 3 Years
July 1, 1986	1.50%	Annually
July 1, 1994	1.75%	Annually
July 1, 1995	2.00%	Annually
July 1, 1999	3.00%	Annually
July 1, 2004	3.00%	Annually

Police	
<u>Effective Date</u>	<u>Annual Increase</u>
July 1, 1988	1.00%
July 1, 1989	1.50%
July 1, 1994	1.75%
July 1, 1996	2.00%
July 1, 1998	3.00%
July 1, 2004	3.00%

The cost-of-living adjustment is made on the service retirement benefit and the continuation of the service retirement benefit during the 10-year certain period. It is not applicable to a disability benefit or to a survivor benefit except as noted above.

City of Pawtucket Fire and Police Pension Plan
Exhibit A - Option 1 using 7.875% investment return assumption

Fiscal Year End	Payroll	Normal Cost Employee	Normal Cost Employer	Total Normal Cost	Total Accrued Liability	Actuarial Value Assets	Unfunded Liability	29 year 4.00%	Funded Ratio	ARC Growth	ARC % of Pay	
								Increasing Amortization				
2013	18,542,259	1,297,856	3,256,966	4,554,822	213,024,757	73,435,524	139,589,233	7,668,743	11,387,693	34.5%	61.4%	
2014	19,581,186	1,378,840	3,397,960	4,776,800	222,439,133	80,129,905	142,309,228	7,975,493	11,884,004	36.0%	4.36%	60.7%
2015	20,671,214	1,452,861	3,541,408	4,994,269	232,035,703	87,123,185	144,912,517	8,294,513	12,390,860	37.5%	4.27%	59.9%
2016	21,899,217	1,540,521	3,726,559	5,267,080	241,828,066	94,451,393	147,376,673	8,626,293	12,952,191	39.1%	4.53%	59.1%
2017	23,115,861	1,631,478	3,921,608	5,553,086	251,888,221	102,211,248	149,676,972	8,971,345	13,538,146	40.6%	4.52%	58.6%
2018	24,424,336	1,723,697	4,099,156	5,822,853	262,232,288	110,446,093	151,786,196	9,330,199	14,124,912	42.1%	4.33%	57.8%
2019	25,725,283	1,810,544	4,292,261	6,102,805	272,831,054	119,156,647	153,674,407	9,703,406	14,737,232	43.7%	4.34%	57.3%
2020	27,119,253	1,913,395	4,509,605	6,423,000	283,734,373	128,425,657	155,308,717	10,091,543	15,395,347	45.3%	4.47%	56.8%
2021	28,583,932	2,023,635	4,742,168	6,765,803	294,883,776	138,230,750	156,653,026	10,495,204	16,088,040	46.9%	4.50%	56.3%
2022	30,159,479	2,133,452	4,985,486	7,118,938	306,418,321	148,750,571	157,667,750	10,915,013	16,806,690	48.5%	4.47%	55.7%
2023	31,770,341	2,248,370	5,227,106	7,475,476	318,270,333	159,960,817	158,309,516	11,351,613	17,545,637	50.3%	4.40%	55.2%
2024	33,462,182	2,357,147	5,484,996	7,842,143	330,451,017	171,920,180	158,530,837	11,805,678	18,311,448	52.0%	4.36%	54.7%
2025	35,094,173	2,485,463	5,731,770	8,217,233	342,841,612	184,561,846	158,279,766	12,277,905	19,100,985	53.8%	4.31%	54.4%
2026	36,950,463	2,604,439	6,024,858	8,629,297	355,476,063	197,976,555	157,499,508	12,769,021	19,941,846	55.7%	4.40%	54.0%
2027	38,704,822	2,727,005	6,283,388	9,010,393	368,314,828	212,186,816	156,128,013	13,279,782	20,774,737	57.6%	4.18%	53.7%
2028	40,462,516	2,837,977	6,530,222	9,368,199	381,286,619	227,189,090	154,097,529	13,810,973	21,610,009	59.6%	4.02%	53.4%
2029	42,134,793	2,964,403	6,785,935	9,750,338	394,136,355	242,802,233	151,334,123	14,363,412	22,484,283	61.6%	4.05%	53.4%
2030	43,944,874	3,066,219	7,018,952	10,085,171	406,851,672	259,094,518	147,757,154	14,937,948	23,341,578	63.7%	3.81%	53.1%
2031	45,525,272	3,195,535	7,252,213	10,447,748	419,049,323	275,770,605	143,278,718	15,535,466	24,240,817	65.8%	3.85%	53.2%
2032	47,324,164	3,326,726	7,535,898	10,862,624	430,853,721	293,050,689	137,803,033	16,156,885	25,210,313	68.0%	4.00%	53.3%
2033	49,206,060	3,466,149	7,791,908	11,258,057	442,280,244	311,054,462	131,225,782	16,803,160	26,189,049	70.3%	3.88%	53.2%
2034	51,246,085	3,588,935	8,077,450	11,666,385	453,221,252	329,787,849	123,433,403	17,475,287	27,204,988	72.8%	3.88%	53.1%
2035	53,076,112	3,727,002	8,361,727	12,088,729	463,530,012	349,227,694	114,302,318	18,174,298	28,258,807	75.3%	3.87%	53.2%
2036	55,026,892	3,853,098	8,608,367	12,461,465	473,043,837	369,345,737	103,698,101	18,901,270	29,300,968	78.1%	3.69%	53.2%
2037	56,992,336	3,981,829	8,917,181	12,899,010	481,612,171	390,137,590	91,474,581	19,657,321	30,425,381	81.0%	3.84%	53.4%
2038	58,782,001	4,124,550	9,220,516	13,345,066	489,035,188	411,562,319	77,472,869	20,443,614	31,586,737	84.2%	3.82%	53.7%
2039	60,768,539	4,253,009	9,493,255	13,746,264	495,238,994	433,718,685	61,520,309	21,261,358	32,745,308	87.6%	3.67%	53.9%
2040	62,707,074	4,389,547	9,801,409	14,190,956	499,902,457	456,473,115	43,429,343	22,111,813	33,971,824	91.3%	3.75%	54.2%
2041	64,670,213	4,523,758	10,082,107	14,605,865	502,925,148	479,928,863	22,996,285	22,996,285	35,207,913	95.4%	3.64%	54.4%
2042	66,668,979	4,673,831	10,399,990	15,073,821	503,987,140	503,987,140	0	0	11,650,245	100.0%	-66.91%	17.5%
2043	68,833,730	4,831,135	10,732,387	15,563,522	503,017,883	503,017,883	0	0	12,027,674	100.0%	3.24%	17.5%

City of Pawtucket Fire and Police Pension Plan
Exhibit B - Option 2 using 7.875% investment return assumption

Fiscal Year End	Payroll	Normal Cost Employee	Normal Cost Employer	Total Normal Cost	Total Accrued Liability	Actuarial Value Assets	Unfunded Liability	29 years 1.25%		Funded Ratio	ARC Growth	ARC % of Pay
								Increasing Amortization	ARC			
2013	18,542,259	-1,543,861	2,377,066	3,920,927	202,577,495	73,435,524	129,141,971	9,431,998	12,308,235	36.3%		66.4%
2014	19,526,716	-1,632,733	2,462,330	4,095,063	210,473,179	81,336,045	129,137,134	9,549,898	12,554,819	38.6%	2.00%	64.3%
2015	20,556,399	-1,715,386	2,548,106	4,263,492	218,631,119	89,626,388	129,004,730	9,669,272	12,799,920	41.0%	1.95%	62.3%
2016	21,714,721	-1,813,245	2,665,312	4,478,557	227,082,789	98,349,663	128,733,126	9,790,138	13,075,961	43.3%	2.16%	60.2%
2017	22,854,895	-1,914,519	2,789,968	4,704,487	235,918,158	107,608,410	128,309,749	9,912,514	13,361,468	45.6%	2.18%	58.5%
2018	24,063,027	-2,015,520	2,896,131	4,911,651	245,170,669	117,449,653	127,721,016	10,036,421	13,634,394	47.9%	2.04%	56.7%
2019	25,260,537	-2,109,912	3,016,838	5,126,750	254,836,293	127,884,035	126,952,257	10,161,876	13,917,068	50.2%	2.07%	55.1%
2020	26,535,942	-2,221,818	3,152,742	5,374,560	264,958,878	138,971,254	125,987,624	10,288,900	14,222,298	52.5%	2.19%	53.6%
2021	27,874,688	-2,342,591	3,297,342	5,639,933	275,506,985	150,696,986	124,809,999	10,417,511	14,541,403	54.7%	2.24%	52.2%
2022	29,310,271	-2,462,079	3,449,129	5,911,208	286,628,282	163,227,386	123,400,896	10,547,730	14,866,988	56.9%	2.24%	50.7%
2023	30,768,428	-2,586,237	3,596,568	6,182,805	298,287,642	176,547,288	121,740,354	10,679,576	15,194,215	59.2%	2.20%	49.4%
2024	32,296,340	-2,703,414	3,756,525	6,459,939	310,493,805	190,686,992	119,806,814	10,813,071	15,527,057	61.4%	2.19%	48.1%
2025	33,766,224	-2,841,418	3,904,876	6,746,294	323,143,015	205,566,015	117,577,000	10,948,234	15,866,044	63.6%	2.18%	47.0%
2026	35,432,579	-2,970,587	4,087,691	7,058,278	336,333,685	221,307,905	115,025,781	11,085,087	16,226,906	65.8%	2.27%	45.8%
2027	37,021,408	-3,103,465	4,246,421	7,349,886	350,022,526	237,896,503	112,126,023	11,223,651	16,571,046	68.0%	2.12%	44.8%
2028	38,622,908	-3,226,102	4,399,880	7,625,982	364,212,048	255,363,614	108,848,434	11,363,947	16,905,739	70.1%	2.02%	43.8%
2029	40,171,297	-3,365,788	4,563,834	7,929,622	378,708,484	273,547,094	105,161,390	11,505,996	17,260,298	72.2%	2.10%	43.0%
2030	41,851,086	-3,484,403	4,718,828	8,203,231	393,584,655	292,553,898	101,030,757	11,649,821	17,593,864	74.3%	1.93%	42.0%
2031	43,379,284	-3,629,993	4,874,922	8,504,915	408,561,357	312,141,672	96,419,685	11,795,444	17,946,196	76.4%	2.00%	41.4%
2032	45,102,240	-3,783,137	5,064,264	8,847,401	423,829,190	332,540,790	91,288,400	11,942,887	18,333,246	78.5%	2.16%	40.6%
2033	46,941,540	-3,944,260	5,239,508	9,183,768	439,446,253	353,852,280	85,593,973	12,092,173	18,717,626	80.5%	2.10%	39.9%
2034	48,917,753	-4,091,503	5,438,293	9,529,796	455,428,980	376,138,914	79,290,067	12,243,325	19,111,047	82.6%	2.10%	39.1%
2035	50,743,572	-4,253,093	5,635,648	9,888,741	471,653,098	399,326,426	72,326,673	12,396,366	19,514,464	84.7%	2.11%	38.5%
2036	52,675,102	-4,405,378	5,813,782	10,219,160	488,061,635	423,411,817	64,649,818	12,551,321	19,898,890	86.8%	1.97%	37.8%
2037	54,614,957	-4,556,294	6,024,469	10,580,763	504,581,551	448,380,298	56,201,253	12,708,213	20,307,264	88.9%	2.05%	37.2%
2038	56,412,990	-4,722,431	6,235,794	10,958,225	521,047,004	474,128,886	46,918,118	12,867,065	20,728,055	91.0%	2.07%	36.7%
2039	58,359,279	-4,874,173	6,426,183	11,300,356	537,466,813	500,734,240	36,732,573	13,027,904	21,126,098	93.2%	1.92%	36.2%
2040	60,269,118	-5,035,645	6,637,725	11,673,370	553,622,299	528,050,887	25,571,412	13,190,752	21,547,099	95.4%	1.99%	35.8%
2041	62,216,844	-5,193,785	6,833,203	12,026,988	569,473,131	556,117,494	13,355,637	13,355,637	21,954,693	97.7%	1.89%	35.3%
2042	64,182,569	-5,365,957	7,046,098	12,412,055	584,825,675	584,825,675	-	0	8,323,047	100.0%	-62.09%	13.0%
2043	66,271,323	-5,545,037	7,264,930	12,809,967	599,660,851	599,660,851	-	0	8,591,075	100.0%	3.22%	13.0%

City of Pawtucket Fire and Police Pension Plan
Exhibit C - Option 2 using 7.5% investment return assumption

Fiscal Year End	Payroll	Normal Cost Employee	Normal Cost Employer	Total Normal Cost	Total Accrued Liability	Actuarial Value Assets	Unfunded Liability	29 year 2.25%		Funded Ratio	ARC Growth	ARC % of Pay
								Increasing Amortization	ARC			
2013	18,542,259	1,546,500	2,717,978	4,264,478	212,692,712	73,435,524	139,257,188	8,879,594	12,088,558	34.5%		65.2%
2014	19,526,716	1,635,529	2,818,871	4,454,400	220,963,359	80,807,446	140,155,913	9,079,385	12,436,307	36.6%	2.88%	63.7%
2015	20,556,399	1,718,325	2,919,883	4,638,208	229,512,046	88,604,779	140,907,268	9,283,671	12,785,281	38.6%	2.81%	62.2%
2016	21,714,721	1,816,350	3,056,462	4,872,812	238,370,001	96,874,635	141,495,366	9,492,554	13,172,700	40.6%	3.03%	60.7%
2017	22,854,895	1,917,797	3,201,299	5,119,096	247,631,524	105,728,501	141,903,023	9,706,136	13,573,728	42.7%	3.04%	59.4%
2018	24,063,027	2,018,975	3,326,586	5,345,561	257,330,960	115,219,307	142,111,653	9,924,524	13,964,477	44.8%	2.88%	58.0%
2019	25,260,537	2,113,525	3,466,754	5,580,279	267,463,240	125,362,077	142,101,163	10,147,826	14,368,784	46.9%	2.90%	56.9%
2020	26,535,942	2,225,625	3,624,810	5,850,435	278,072,452	136,222,614	141,849,837	10,376,152	14,802,034	49.0%	3.02%	55.8%
2021	27,874,688	2,346,608	3,793,160	6,139,768	289,129,927	147,795,715	141,334,211	10,609,616	15,254,491	51.1%	3.06%	54.7%
2022	29,310,271	2,466,300	3,969,322	6,435,622	300,784,946	160,256,006	140,528,940	10,848,332	15,717,839	53.3%	3.04%	53.6%
2023	30,768,428	2,590,673	4,141,200	6,731,873	313,002,855	173,596,201	139,406,654	11,092,420	16,186,787	55.5%	2.98%	52.6%
2024	32,296,340	2,708,045	4,326,291	7,034,336	325,792,376	187,854,574	137,937,802	11,341,999	16,666,022	57.7%	2.96%	51.6%
2025	33,766,224	2,846,295	4,500,387	7,346,682	339,050,533	202,960,045	136,090,488	11,597,194	17,156,211	59.9%	2.94%	50.8%
2026	35,432,579	2,975,676	4,711,366	7,687,042	352,876,582	219,046,291	133,830,291	11,858,131	17,674,891	62.1%	3.02%	49.9%
2027	37,021,408	3,108,782	4,896,482	8,005,264	367,229,850	236,109,778	131,120,072	12,124,939	18,179,408	64.3%	2.85%	49.1%
2028	38,622,908	3,231,627	5,075,162	8,306,789	382,111,367	254,191,599	127,919,768	12,397,750	18,677,703	66.5%	2.74%	48.4%
2029	40,171,297	3,371,555	5,266,372	8,637,927	397,326,716	273,140,546	124,186,170	12,676,699	19,202,570	68.7%	2.81%	47.8%
2030	41,851,086	3,490,367	5,446,712	8,937,079	412,951,672	293,078,991	119,872,681	12,961,925	19,709,107	71.0%	2.64%	47.1%
2031	43,379,284	3,636,216	5,630,025	9,266,241	428,706,342	313,777,280	114,929,062	13,253,568	20,241,235	73.2%	2.70%	46.7%
2032	45,102,240	3,789,621	5,849,979	9,639,600	444,784,847	335,483,691	109,301,156	13,551,774	20,816,442	75.4%	2.84%	46.2%
2033	46,941,540	3,951,028	6,055,401	10,006,429	461,250,160	358,319,574	102,930,586	13,856,689	21,393,624	77.7%	2.77%	45.6%
2034	48,917,753	4,098,514	6,285,613	10,384,127	478,119,812	382,365,371	95,754,440	14,168,464	21,986,239	80.0%	2.77%	44.9%
2035	50,743,572	4,260,382	6,515,147	10,775,529	495,272,604	407,567,680	87,704,924	14,487,254	22,595,042	82.3%	2.77%	44.5%
2036	52,675,102	4,412,929	6,723,320	11,136,249	512,654,746	433,945,751	78,708,995	14,813,218	23,188,130	84.6%	2.62%	44.0%
2037	54,614,957	4,564,095	6,966,511	11,530,606	530,193,765	461,505,804	68,687,961	15,146,515	23,813,288	87.0%	2.70%	43.6%
2038	56,412,990	4,730,514	7,211,451	11,941,965	547,729,694	490,172,640	57,557,054	15,487,312	24,457,836	89.5%	2.71%	43.4%
2039	58,359,279	4,882,517	7,432,269	12,314,786	565,276,588	520,051,615	45,224,973	15,835,776	25,082,278	92.0%	2.55%	43.0%
2040	60,269,118	5,044,261	7,677,029	12,721,290	582,617,176	551,023,790	31,593,386	16,192,081	25,738,608	94.6%	2.62%	42.7%
2041	62,216,844	5,202,674	7,903,995	13,106,669	599,719,454	583,163,051	16,556,403	16,556,403	26,386,015	97.2%	2.52%	42.4%
2042	64,182,569	5,375,140	8,151,147	13,526,287	616,394,383	616,394,383	0	0	9,460,698	100.0%	-64.15%	14.7%
2043	66,271,323	5,554,528	8,405,438	13,959,966	632,632,974	632,632,974	0	0	9,765,197	100.0%	3.22%	14.7%

City of Pawtucket Fire and Police Pension Plan

Exhibit M - Option 2 using 7.5% investment return assumption, Except <\$30k Retirees will receive regular COLA

Fiscal Year	Payroll	Normal Cost Employee	Normal Cost Employer	Total Normal Cost	ProVal Active AL	Total Accrued Liability	Actuarial Value Assets	Unfunded Liability	29 year 2.40%		Funded Ratio	ARC Growth	ARC % of Pay
									Increasing Amortization	ARC			
2013	18,542,259	1,546,500	2,717,978	4,264,478	67,747,998	213,931,129	73,435,524	140,495,605	8,819,670	12,026,235	34.3%		64.9%
2014	19,526,716	1,635,529	2,818,871	4,454,400	79,097,396	222,294,658	80,743,028	141,551,630	9,031,342	12,386,341	36.3%	2.99%	63.4%
2015	20,556,399	1,718,325	2,919,883	4,638,208	90,929,858	230,943,192	88,483,883	142,459,309	9,248,094	12,748,280	38.3%	2.92%	62.0%
2016	21,714,721	1,816,350	3,056,462	4,872,812	103,291,458	239,908,482	96,706,426	143,202,056	9,470,049	13,149,294	40.3%	3.15%	60.6%
2017	22,854,895	1,917,797	3,201,299	5,119,096	116,303,018	249,285,392	105,523,484	143,761,908	9,697,330	13,564,569	42.3%	3.16%	59.4%
2018	24,063,027	2,018,975	3,326,586	5,345,561	130,013,555	259,108,868	114,989,446	144,119,421	9,930,066	13,970,240	44.4%	2.99%	58.1%
2019	25,260,537	2,113,525	3,466,754	5,580,279	144,417,842	269,374,491	125,120,933	144,253,557	10,168,387	14,390,168	46.4%	3.01%	57.0%
2020	26,535,942	2,225,625	3,624,810	5,850,435	159,490,643	280,127,046	135,985,489	144,141,558	10,412,429	14,839,762	48.5%	3.12%	55.9%
2021	27,874,688	2,346,608	3,793,160	6,139,768	175,313,052	291,338,616	147,579,802	143,758,814	10,662,327	15,309,312	50.7%	3.16%	54.9%
2022	29,310,271	2,466,300	3,969,322	6,435,622	192,014,442	303,159,287	160,080,564	143,078,723	10,918,223	15,790,528	52.8%	3.14%	53.9%
2023	30,768,428	2,590,673	4,141,200	6,731,873	209,632,659	315,555,272	173,482,733	142,072,538	11,180,260	16,278,144	55.0%	3.09%	52.9%
2024	32,296,340	2,708,045	4,326,291	7,034,336	228,196,454	328,536,224	187,827,025	140,709,199	11,448,586	16,776,877	57.2%	3.06%	51.9%
2025	33,766,224	2,846,295	4,500,387	7,346,682	247,638,662	342,000,169	203,045,011	138,955,159	11,723,352	17,287,420	59.4%	3.04%	51.2%
2026	35,432,579	2,975,676	4,711,366	7,687,042	268,079,216	356,047,441	219,273,250	136,774,192	12,004,713	17,827,341	61.6%	3.12%	50.3%
2027	37,021,408	3,108,782	4,896,482	8,005,264	289,500,712	370,638,524	236,511,334	134,127,190	12,292,826	18,354,016	63.8%	2.95%	49.6%
2028	38,622,908	3,231,627	5,075,162	8,306,789	311,929,733	385,775,691	254,803,750	130,971,941	12,587,854	18,875,417	66.0%	2.84%	48.9%
2029	40,171,297	3,371,555	5,266,372	8,637,927	335,186,487	401,265,864	274,002,970	127,262,894	12,889,962	19,424,371	68.3%	2.91%	48.4%
2030	41,851,086	3,490,367	5,446,712	8,937,079	359,383,476	417,186,256	294,235,355	122,950,902	13,199,321	19,956,008	70.5%	2.74%	47.7%
2031	43,379,284	3,636,216	5,630,025	9,266,241	384,286,191	433,258,521	315,275,572	117,982,949	13,516,105	20,514,283	72.8%	2.80%	47.3%
2032	45,102,240	3,789,621	5,849,979	9,639,600	410,144,716	449,678,439	337,376,582	112,301,857	13,840,492	21,116,719	75.0%	2.94%	46.8%
2033	46,941,540	3,951,028	6,055,401	10,006,429	437,080,262	466,510,771	360,664,804	105,845,968	14,172,663	21,722,249	77.3%	2.87%	46.3%
2034	48,917,753	4,098,514	6,285,613	10,384,127	465,147,304	483,774,968	385,226,166	98,548,802	14,512,807	22,344,368	79.6%	2.86%	45.7%
2035	50,743,572	4,260,382	6,515,147	10,775,529	494,272,940	501,351,898	411,013,204	90,338,694	14,861,115	22,983,870	82.0%	2.86%	45.3%
2036	52,675,102	4,412,929	6,723,320	11,136,249	524,449,446	519,189,987	438,051,589	81,138,398	15,217,781	23,608,891	84.4%	2.72%	44.8%
2037	54,614,957	4,564,095	6,966,511	11,530,606	555,651,296	537,219,149	466,354,486	70,864,663	15,583,008	24,267,256	86.8%	2.79%	44.4%
2038	56,412,990	4,730,514	7,211,451	11,941,965	587,775,933	555,281,982	495,854,203	59,427,779	15,957,000	24,946,329	89.3%	2.80%	44.2%
2039	58,359,279	4,882,517	7,432,269	12,314,786	620,893,823	573,395,297	526,664,210	46,731,087	16,339,968	25,606,655	91.9%	2.65%	43.9%
2040	60,269,118	5,044,261	7,677,029	12,721,290	654,863,594	591,344,788	558,674,336	32,670,452	16,732,128	26,300,275	94.5%	2.71%	43.6%
2041	62,216,844	5,202,674	7,903,995	13,106,669	689,745,356	609,101,637	591,967,939	17,133,699	17,133,699	26,986,423	97.2%	2.61%	43.4%
2042	64,182,569	5,375,140	8,151,147	13,526,287	725,446,773	626,480,230	626,480,230	0	0	9,460,698	100.0%	-64.94%	14.7%
2043	66,271,323	5,554,528	8,405,438	13,959,966	762,058,616	643,475,259	643,475,259	0	0	9,765,197	100.0%	3.22%	14.7%
2044	68,466,958	5,735,058	8,667,524	14,402,582	799,627,756	660,036,066	660,036,066	0	0	10,076,070	100.0%	3.18%	14.7%

City of Pawtucket Fire and Police Pension Plan
Exhibit D - Option 2 using 7% investment return assumption

Fiscal Year End	Payroll	Normal Cost Employee	Normal Cost Employer	Total Normal Cost	Total Accrued Liability	Actuarial Value Assets	Unfunded Liability	29 year 2.25%		Funded Ratio	ARC Growth	ARC % of Pay
								Increasing Amortization	ARC			
2013	18,542,259	1,550,039	3,232,530	4,782,569	226,306,586	73,435,524	152,871,062	9,270,726	13,030,922	32.4%		70.3%
2014	19,526,716	1,639,279	3,356,984	4,996,263	236,155,222	89,825,676	146,329,546	9,479,317	13,411,975	38.0%	2.92%	68.7%
2015	20,556,399	1,722,268	3,480,974	5,203,242	246,425,801	99,311,805	147,113,996	9,692,601	13,793,816	40.3%	2.85%	67.1%
2016	21,714,721	1,820,517	3,646,771	5,467,288	257,159,699	109,431,699	147,728,000	9,910,685	14,220,769	42.6%	3.10%	65.5%
2017	22,854,895	1,922,194	3,822,025	5,744,219	268,469,511	120,315,898	148,153,613	10,133,675	14,662,769	44.8%	3.11%	64.2%
2018	24,063,027	2,023,609	3,976,197	5,999,806	280,403,803	132,032,370	148,371,433	10,361,683	15,093,114	47.1%	2.93%	62.7%
2019	25,260,537	2,118,373	4,145,719	6,264,092	292,969,860	144,609,378	148,360,481	10,594,821	15,537,677	49.4%	2.95%	61.5%
2020	26,535,942	2,230,732	4,337,161	6,567,893	306,227,167	158,129,082	148,098,085	10,833,204	16,015,593	51.6%	3.08%	60.4%
2021	27,874,688	2,351,997	4,541,317	6,893,314	320,167,513	172,607,766	147,559,746	11,076,952	16,515,442	53.9%	3.12%	59.2%
2022	29,310,271	2,471,961	4,754,236	7,226,197	334,960,414	188,241,409	146,719,005	11,326,183	17,027,370	56.2%	3.10%	58.1%
2023	30,768,428	2,596,624	4,962,976	7,559,600	350,591,350	205,044,067	145,547,283	11,581,022	17,545,253	58.5%	3.04%	57.0%
2024	32,296,340	2,714,258	5,186,000	7,900,258	367,089,815	223,076,084	144,013,731	11,841,595	18,074,721	60.8%	3.02%	56.0%
2025	33,766,224	2,852,838	5,398,940	8,251,778	384,376,146	242,291,100	142,085,046	12,108,031	18,616,443	63.0%	3.00%	55.1%
2026	35,432,579	2,982,504	5,652,411	8,634,915	402,574,595	262,849,304	139,725,291	12,380,462	19,190,554	65.3%	3.08%	54.2%
2027	37,021,408	3,115,915	5,877,355	8,993,270	421,674,177	284,778,485	136,895,692	12,659,022	19,748,113	67.5%	2.91%	53.3%
2028	38,622,908	3,239,039	6,094,137	9,333,176	441,701,125	308,146,705	133,554,420	12,943,850	20,297,924	69.8%	2.78%	52.6%
2029	40,171,297	3,379,292	6,326,454	9,705,746	462,489,071	332,832,709	129,656,362	13,235,087	20,877,754	72.0%	2.86%	52.0%
2030	41,851,086	3,498,368	6,545,110	10,043,478	484,149,109	358,996,238	125,152,871	13,532,876	21,436,596	74.1%	2.68%	51.2%
2031	43,379,284	3,644,563	6,769,503	10,414,066	506,432,967	386,441,472	119,991,495	13,837,366	22,024,293	76.3%	2.74%	50.8%
2032	45,102,240	3,798,320	7,035,599	10,833,919	529,574,881	415,459,192	114,115,689	14,148,707	22,660,503	78.5%	2.89%	50.2%
2033	46,941,540	3,960,108	7,286,539	11,246,647	553,683,339	446,218,833	107,464,506	14,467,052	23,298,390	80.6%	2.81%	49.6%
2034	48,917,753	4,107,920	7,564,183	11,672,103	578,818,713	478,846,450	99,972,263	14,792,561	23,953,878	82.7%	2.81%	49.0%
2035	50,743,572	4,270,159	7,842,253	12,112,412	604,908,497	513,340,318	91,568,179	15,125,394	24,627,129	84.9%	2.81%	48.5%
2036	52,675,102	4,423,058	8,095,793	12,518,851	631,950,480	549,774,486	82,175,994	15,465,715	25,281,745	87.0%	2.66%	48.0%
2037	54,614,957	4,574,559	8,388,027	12,962,586	659,922,976	588,209,426	71,713,550	15,813,694	25,972,510	89.1%	2.73%	47.6%
2038	56,412,990	4,741,356	8,683,642	13,424,998	688,727,975	628,635,630	60,092,346	16,169,502	26,684,786	91.3%	2.74%	47.3%
2039	58,359,279	4,893,710	8,950,325	13,844,035	718,444,000	671,226,943	47,217,057	16,533,316	27,372,369	93.4%	2.58%	46.9%
2040	60,269,118	5,055,819	9,245,165	14,300,984	748,916,087	715,931,065	32,985,022	16,905,315	28,096,536	95.6%	2.65%	46.6%
2041	62,216,844	5,214,597	9,519,613	14,734,210	780,188,954	762,903,270	17,285,685	17,285,685	28,809,530	97.8%	2.54%	46.3%
2042	64,182,569	5,387,460	9,818,414	15,205,874	812,148,702	812,148,702	0	0	11,178,920	100.0%	-61.20%	17.4%
2043	66,271,323	5,567,260	10,126,178	15,693,438	844,874,423	844,874,423	0	0	11,538,478	100.0%	3.22%	17.4%

City of Pawtucket Fire and Police Pension Plan
Exhibit N - Option 2 using 7% investment return assumption, No COLA change < \$30,000

Fiscal Year End	Payroll	Normal Cost Employee	Normal Cost Employer	Total Normal Cost	Total Accrued Liability	Actuarial Value Assets	Unfunded Liability	29 year 2.25%		Funded Ratio	ARC Growth	ARC % of Pay
								Increasing Amortization	ARC			
2013	18,542,259	1,550,039	3,232,530	4,782,569	235,342,456	73,435,524	161,906,932	9,818,698	13,600,832	31.2%		73.4%
2014	19,526,716	1,639,279	3,356,984	4,996,263	245,868,782	90,890,020	154,978,762	10,039,618	13,994,708	37.0%	2.90%	71.7%
2015	20,556,399	1,722,268	3,480,974	5,203,242	256,867,878	101,058,299	155,809,579	10,265,510	14,389,660	39.3%	2.82%	70.0%
2016	21,714,721	1,820,517	3,646,771	5,467,288	268,384,932	111,925,057	156,459,875	10,496,484	14,830,020	41.7%	3.06%	68.3%
2017	22,854,895	1,922,194	3,822,025	5,744,219	280,536,637	123,625,991	156,910,645	10,732,655	15,285,728	44.1%	3.07%	66.9%
2018	24,063,027	2,023,609	3,976,197	5,999,806	293,375,963	136,234,623	157,141,340	10,974,139	15,730,090	46.4%	2.91%	65.4%
2019	25,260,537	2,118,373	4,145,719	6,264,092	306,914,932	149,785,191	157,129,741	11,221,057	16,188,984	48.8%	2.92%	64.1%
2020	26,535,942	2,230,732	4,337,161	6,567,893	321,218,119	164,366,285	156,851,835	11,473,531	16,681,555	51.2%	3.04%	62.9%
2021	27,874,688	2,351,997	4,541,317	6,893,314	336,282,787	180,001,110	156,281,676	11,731,686	17,196,388	53.5%	3.09%	61.7%
2022	29,310,271	2,471,961	4,754,236	7,226,197	352,284,333	196,893,093	155,391,240	11,995,649	17,723,637	55.9%	3.07%	60.5%
2023	30,768,428	2,596,624	4,962,976	7,559,600	369,214,564	215,064,303	154,150,261	12,265,551	18,257,186	58.2%	3.01%	59.3%
2024	32,296,340	2,714,258	5,186,000	7,900,258	387,109,769	234,583,706	152,526,064	12,541,526	18,802,673	60.6%	2.99%	58.2%
2025	33,766,224	2,852,838	5,398,940	8,251,778	405,897,597	255,414,219	150,483,378	12,823,710	19,360,774	62.9%	2.97%	57.3%
2026	35,432,579	2,982,504	5,652,411	8,634,915	425,710,154	277,726,011	147,984,144	13,112,243	19,951,632	65.2%	3.05%	56.3%
2027	37,021,408	3,115,915	5,877,355	8,993,270	446,544,904	301,557,611	144,987,293	13,407,269	20,526,316	67.5%	2.88%	55.4%
2028	38,622,908	3,239,039	6,094,137	9,333,176	468,437,156	326,988,630	141,448,526	13,708,932	21,093,636	69.8%	2.76%	54.6%
2029	40,171,297	3,379,292	6,326,454	9,705,746	491,230,305	353,910,242	137,320,063	14,017,383	21,691,369	72.0%	2.83%	54.0%
2030	41,851,086	3,498,368	6,545,110	10,043,478	515,045,935	382,495,555	132,550,381	14,332,774	22,268,518	74.3%	2.66%	53.2%
2031	43,379,284	3,644,563	6,769,503	10,414,066	539,647,055	412,563,128	127,083,927	14,655,262	22,874,934	76.5%	2.72%	52.7%
2032	45,102,240	3,798,320	7,035,599	10,833,919	565,280,025	444,419,210	120,860,815	14,985,005	23,530,283	78.6%	2.86%	52.2%
2033	46,941,540	3,960,108	7,286,539	11,246,647	592,066,369	478,249,874	113,816,495	15,322,168	24,187,740	80.8%	2.79%	51.5%
2034	48,917,753	4,107,920	7,564,183	11,672,103	620,080,470	514,199,069	105,881,402	15,666,917	24,863,238	82.9%	2.79%	50.8%
2035	50,743,572	4,270,159	7,842,253	12,112,412	649,264,887	552,284,315	96,980,571	16,019,422	25,556,950	85.1%	2.79%	50.4%
2036	52,675,102	4,423,058	8,095,793	12,518,851	679,633,599	592,600,364	87,033,235	16,379,859	26,232,486	87.2%	2.64%	49.8%
2037	54,614,957	4,574,559	8,388,027	12,962,586	711,182,329	635,229,950	75,952,379	16,748,406	26,944,644	89.3%	2.71%	49.3%
2038	56,412,990	4,741,356	8,683,642	13,424,998	743,831,779	680,187,508	63,644,271	17,125,245	27,678,792	91.4%	2.72%	49.1%
2039	58,359,279	4,893,710	8,950,325	13,844,035	777,680,589	727,672,637	50,007,953	17,510,563	28,388,740	93.6%	2.56%	48.6%
2040	60,269,118	5,055,819	9,245,165	14,300,984	812,595,420	777,660,727	34,934,694	17,904,551	29,135,776	95.7%	2.63%	48.3%
2041	62,216,844	5,214,597	9,519,613	14,734,210	848,644,238	830,336,835	18,307,403	18,307,403	29,872,152	97.8%	2.53%	48.0%
2042	64,182,569	5,387,460	9,818,414	15,205,874	885,738,132	885,738,132	0	0	11,178,920	100.0%	-62.58%	17.4%
2043	66,271,323	5,567,260	10,126,178	15,693,438	923,983,060	923,983,060	0	0	11,538,478	100.0%	3.22%	17.4%
2044	68,466,958	5,748,200	10,442,920	16,191,120	963,445,434	963,445,434	0	0	11,905,618	100.0%	3.18%	17.4%

City of Pawtucket Fire and Police Pension Plan
Exhibit E - Option 2 using 7.375% investment return assumption

Fiscal Year End	Normal Cost Payroll	Normal Cost Employee	Normal Cost Employer	Total Normal Cost	Total Accrued Liability	Actuarial Value Assets	Unfunded Liability	29 year	Funded Ratio	ARC Growth	ARC % of Pay	
								2.25% Increasing Amortization				
2013	18,542,259	1,547,382	2,839,843	4,387,225	215,995,520	73,435,524	142,559,996	8,978,260	12,318,018	34.0%	66.4%	
2014	19,526,716	1,636,464	2,946,318	4,582,782	224,645,831	82,932,567	141,713,264	9,180,271	12,673,795	36.9%	2.89%	64.9%
2015	20,556,399	1,719,308	3,052,774	4,772,082	233,608,714	91,135,747	142,472,967	9,386,827	13,030,695	39.0%	2.82%	63.4%
2016	21,714,721	1,817,389	3,196,276	5,013,665	242,917,833	99,850,233	143,067,600	9,598,031	13,427,623	41.1%	3.05%	61.8%
2017	22,854,895	1,918,893	3,348,323	5,267,216	252,671,861	109,192,074	143,479,787	9,813,987	13,838,506	43.2%	3.06%	60.5%
2018	24,063,027	2,020,130	3,480,449	5,500,579	262,908,551	119,217,816	143,690,735	10,034,801	14,238,781	45.3%	2.89%	59.2%
2019	25,260,537	2,114,734	3,627,570	5,742,304	273,625,794	129,945,665	143,680,129	10,260,584	14,652,776	47.5%	2.91%	58.0%
2020	26,535,942	2,226,898	3,793,539	6,020,437	284,871,375	141,445,364	143,426,011	10,491,448	15,096,766	49.7%	3.03%	56.9%
2021	27,874,688	2,347,952	3,970,374	6,318,326	296,621,521	153,716,866	142,904,655	10,727,505	15,560,612	51.8%	3.07%	55.8%
2022	29,310,271	2,467,711	4,155,246	6,622,957	309,030,360	166,939,924	142,090,436	10,968,874	16,035,631	54.0%	3.05%	54.7%
2023	30,768,428	2,592,157	4,335,856	6,928,013	322,068,060	181,112,381	140,955,679	11,215,674	16,516,338	56.2%	3.00%	53.7%
2024	32,296,340	2,709,594	4,529,932	7,239,526	335,748,322	196,277,816	139,470,506	11,468,026	17,007,639	58.5%	2.97%	52.7%
2025	33,766,224	2,847,927	4,713,228	7,561,155	349,973,754	212,371,088	137,602,666	11,726,057	17,510,209	60.7%	2.95%	51.9%
2026	35,432,579	2,977,379	4,934,274	7,911,653	364,849,603	229,532,249	135,317,355	11,989,893	18,042,196	62.9%	3.04%	50.9%
2027	37,021,408	3,110,561	5,128,823	8,239,384	380,342,305	247,765,284	132,577,021	12,259,666	18,559,457	65.1%	2.87%	50.1%
2028	38,622,908	3,233,475	5,316,524	8,549,999	396,458,935	267,117,778	129,341,157	12,535,508	19,070,135	67.4%	2.75%	49.4%
2029	40,171,297	3,373,484	5,517,474	8,890,958	413,011,802	287,445,729	125,566,072	12,817,557	19,608,215	69.6%	2.82%	48.8%
2030	41,851,086	3,492,362	5,706,882	9,199,244	430,085,148	308,880,494	121,204,653	13,105,952	20,127,328	71.8%	2.65%	48.1%
2031	43,379,284	3,638,297	5,899,925	9,538,222	447,406,656	331,200,552	116,206,104	13,400,836	20,672,817	74.0%	2.71%	47.7%
2032	45,102,240	3,791,790	6,130,813	9,922,603	465,180,064	354,664,402	110,515,663	13,702,355	21,262,682	76.2%	2.85%	47.1%
2033	46,941,540	3,953,292	6,347,020	10,300,312	483,479,247	379,404,941	104,074,306	14,010,658	21,854,455	78.5%	2.78%	46.6%
2034	48,917,753	4,100,860	6,588,465	10,689,325	502,332,004	405,513,582	96,818,421	14,325,898	22,462,172	80.7%	2.78%	45.9%
2035	50,743,572	4,262,820	6,829,499	11,092,319	521,628,799	432,949,336	88,679,463	14,648,230	23,086,462	83.0%	2.78%	45.5%
2036	52,675,102	4,415,455	7,048,413	11,463,868	541,328,204	461,744,630	79,583,575	14,977,816	23,694,342	85.3%	2.63%	45.0%
2037	54,614,957	4,566,704	7,303,223	11,869,927	561,369,923	491,918,732	69,451,191	15,314,817	24,335,270	87.6%	2.70%	44.6%
2038	56,412,990	4,733,217	7,560,173	12,293,390	581,608,834	523,412,232	58,196,603	15,659,400	24,996,100	90.0%	2.72%	44.3%
2039	58,359,279	4,885,308	7,791,858	12,677,166	602,074,445	556,346,952	45,727,493	16,011,736	25,635,742	92.4%	2.56%	43.9%
2040	60,269,118	5,047,143	8,048,486	13,095,629	622,564,431	590,619,993	31,944,438	16,372,000	26,308,391	94.9%	2.62%	43.7%
2041	62,216,844	5,205,647	8,286,702	13,492,349	643,065,168	626,324,797	16,740,370	16,740,370	26,971,588	97.4%	2.52%	43.4%
2042	64,182,569	5,378,212	8,546,093	13,924,305	663,405,631	663,405,631	0	0	9,867,536	100.0%	-63.42%	15.4%
2043	66,271,323	5,557,703	8,813,053	14,370,756	683,597,935	683,597,935	0	0	10,185,075	100.0%	3.22%	15.4%
2044	68,466,958	5,738,335	9,088,089	14,826,424	703,609,542	703,609,542	0	0	10,509,272	100.0%	3.18%	15.3%

City of Pawtucket Fire and Police Pension Plan
Exhibit F - Option 3 using 7.5% investment return assumption

Fiscal Year End	Payroll	Normal Cost Employee	Normal Cost Employer	Total Normal Cost	Total Accrued Liability	Actuarial Value Assets	Unfunded Liability	29 year 1.20%		Funded Ratio	ARC Growth	ARC % of Pay
								Increasing Amortization	ARC			
2013	18,542,259	1,546,500	2,998,169	4,544,669	196,977,028	73,435,524	123,541,504	8,760,341	12,255,938	37.3%	2.10%	66.1%
2014	19,526,716	1,635,529	3,107,028	4,742,557	204,370,042	80,980,291	123,389,751	8,865,465	12,513,516	39.6%	2.04%	64.1%
2015	20,556,399	1,718,325	3,216,219	4,934,544	211,716,929	88,603,321	123,113,608	8,971,850	12,769,176	41.8%	2.30%	60.2%
2016	21,714,721	1,816,350	3,363,938	5,180,288	219,011,969	96,309,580	122,702,389	9,079,512	13,062,908	44.0%	2.32%	58.5%
2017	22,854,895	1,917,797	3,519,642	5,437,439	226,312,300	104,167,707	122,144,593	9,188,467	13,366,421	46.0%	2.17%	56.8%
2018	24,063,027	2,018,975	3,656,244	5,675,219	233,611,710	112,183,874	121,427,836	9,298,728	13,656,483	48.0%	2.17%	56.8%
2019	25,260,537	2,113,525	3,807,984	5,921,509	240,865,553	120,326,762	120,538,790	9,410,313	13,956,636	50.0%	2.20%	55.3%
2020	26,535,942	2,225,625	3,978,316	6,203,941	248,091,731	128,628,617	119,463,113	9,523,237	14,282,630	51.8%	2.34%	53.8%
2021	27,874,688	2,346,608	4,160,744	6,507,352	255,198,880	137,013,512	118,185,367	9,637,516	14,625,773	53.7%	2.40%	52.5%
2022	29,310,271	2,466,300	4,351,733	6,818,033	262,296,153	145,607,213	116,688,941	9,753,166	14,976,549	55.5%	2.40%	51.1%
2023	30,768,428	2,590,673	4,538,746	7,129,419	269,286,555	154,330,597	114,955,958	9,870,204	15,329,102	57.3%	2.35%	49.8%
2024	32,296,340	2,708,045	4,740,552	7,448,597	276,153,455	163,186,269	112,967,186	9,988,646	15,689,334	59.1%	2.35%	48.6%
2025	33,766,224	2,846,295	4,930,941	7,777,236	282,734,492	172,032,562	110,701,930	10,108,510	16,055,719	60.8%	2.34%	47.5%
2026	35,432,579	2,975,676	5,160,069	8,135,745	289,072,390	180,934,463	108,137,927	10,229,812	16,448,049	62.6%	2.44%	46.4%
2027	37,021,408	3,108,782	5,361,649	8,470,431	295,068,961	189,817,737	105,251,223	10,352,570	16,819,872	64.3%	2.26%	45.4%
2028	38,622,908	3,231,627	5,556,927	8,788,554	300,657,573	198,641,520	102,016,053	10,476,801	17,180,901	66.1%	2.15%	44.5%
2029	40,171,297	3,371,555	5,762,864	9,134,419	305,574,826	207,170,130	98,404,696	10,602,522	17,561,723	67.8%	2.22%	43.7%
2030	41,851,086	3,490,367	5,958,599	9,448,966	309,828,882	215,441,545	94,387,337	10,729,752	17,919,951	69.5%	2.04%	42.8%
2031	43,379,284	3,636,216	6,156,174	9,792,390	313,073,992	223,142,089	89,931,903	10,858,510	18,297,504	71.3%	2.11%	42.2%
2032	45,102,240	3,789,621	6,392,017	10,181,638	315,421,189	230,417,291	85,003,898	10,988,812	18,714,611	73.1%	2.28%	41.5%
2033	46,941,540	3,951,028	6,613,676	10,564,704	316,855,725	237,289,507	79,566,218	11,120,677	19,128,703	74.9%	2.21%	40.8%
2034	48,917,753	4,098,514	6,861,443	10,959,957	317,305,620	243,726,664	73,578,956	11,254,125	19,554,108	76.8%	2.22%	40.0%
2035	50,743,572	4,260,382	7,108,989	11,369,371	316,561,190	249,561,997	66,999,193	11,389,175	19,990,548	78.8%	2.23%	39.4%
2036	52,675,102	4,412,929	7,335,147	11,748,076	314,459,927	254,679,158	59,780,769	11,525,845	20,405,470	81.0%	2.08%	38.7%
2037	54,614,957	4,564,095	7,597,781	12,161,876	310,828,027	258,953,983	51,874,044	11,664,155	20,848,056	83.3%	2.17%	38.2%
2038	56,412,990	4,730,514	7,861,096	12,591,610	305,393,123	262,167,493	43,225,630	11,804,125	21,302,847	85.8%	2.18%	37.8%
2039	58,359,279	4,882,517	8,098,754	12,981,271	298,059,171	264,281,053	33,778,118	11,945,775	21,729,708	88.7%	2.00%	37.2%
2040	60,269,118	5,044,261	8,361,844	13,406,105	288,480,462	265,010,693	23,469,769	12,089,124	22,183,621	91.9%	2.09%	36.8%
2041	62,216,844	5,202,674	8,606,516	13,809,190	276,514,840	264,280,646	12,234,193	12,234,193	22,621,413	95.6%	1.97%	36.4%
2042	64,182,569	5,375,140	8,872,683	14,247,823	261,832,511	261,832,511	0	0	10,211,120	100.0%	-54.86%	15.9%
2043	66,271,323	5,554,528	9,147,111	14,701,639	244,278,489	244,278,489	0	0	10,536,563	100.0%	3.19%	15.9%

City of Pawtucket Fire and Police Pension Plan
Exhibit G - Option 4 transfer to Actives and Retirees to MERS

Fiscal Year End	Payroll	Normal Cost Employee	Normal Cost Employer	Total Normal Cost	Total Accrued Liability	Actuarial Value Assets	Unfunded Liability	23 year 4.00%		Funded Ratio	ARC Growth	ARC % of Pay
								Increasing Amortization	ARC			
2013	18,542,259	1,396,306	2,446,324	3,842,630	209,242,736	73,435,524	135,807,212	8,296,666	11,198,617	35.1%		60.4%
2014	19,526,716	1,483,698	2,511,280	3,994,978	216,488,821	56,369,209	160,119,611	8,628,533	11,638,238	26.0%	3.93%	59.6%
2015	20,556,399	1,572,533	2,570,884	4,143,417	223,849,434	60,996,525	162,852,909	8,973,674	12,088,032	27.2%	3.86%	58.8%
2016	21,714,721	1,675,512	2,657,009	4,332,521	231,284,897	65,864,719	165,420,178	9,332,621	12,577,485	28.5%	4.05%	57.9%
2017	22,854,895	1,789,268	2,764,146	4,553,414	238,880,735	71,086,612	167,794,124	9,705,926	13,102,678	29.8%	4.18%	57.3%
2018	24,063,027	1,905,899	2,858,505	4,764,404	246,697,737	76,752,925	169,944,812	10,094,163	13,634,358	31.1%	4.06%	56.7%
2019	25,260,537	2,027,857	2,969,177	4,997,034	254,726,745	82,887,297	171,839,448	10,497,929	14,197,351	32.5%	4.13%	56.2%
2020	26,535,942	2,161,666	3,094,163	5,255,829	263,083,487	89,641,354	173,442,133	10,917,847	14,794,078	34.1%	4.20%	55.8%
2021	27,874,688	2,300,495	3,225,985	5,526,480	271,754,179	97,040,572	174,713,607	11,354,561	15,416,600	35.7%	4.21%	55.3%
2022	29,310,271	2,442,911	3,358,674	5,801,585	280,808,056	105,197,081	175,610,975	11,808,743	16,059,812	37.5%	4.17%	54.8%
2023	30,768,428	2,591,940	3,491,575	6,083,515	290,230,616	114,143,216	176,087,400	12,281,093	16,725,508	39.3%	4.15%	54.4%
2024	32,296,340	2,740,054	3,631,085	6,371,139	300,038,856	123,947,075	176,091,780	12,772,336	17,413,823	41.3%	4.12%	53.9%
2025	33,766,224	2,901,307	3,766,561	6,667,868	310,216,691	134,648,289	175,568,402	13,283,230	18,126,451	43.4%	4.09%	53.7%
2026	35,432,579	3,061,418	3,914,730	6,976,148	320,806,546	146,349,986	174,456,560	13,814,559	18,868,019	45.6%	4.09%	53.3%
2027	37,021,408	3,225,766	4,049,380	7,275,146	331,795,098	159,104,946	172,690,151	14,367,141	19,621,644	48.0%	3.99%	53.0%
2028	38,622,908	3,383,729	4,179,044	7,562,773	343,120,040	172,922,804	170,197,236	14,941,827	20,387,613	50.4%	3.90%	52.8%
2029	40,171,297	3,561,313	4,317,363	7,878,676	354,703,933	187,804,368	166,899,564	15,539,500	21,195,208	52.9%	3.96%	52.8%
2030	41,851,086	3,723,743	4,445,578	8,169,321	366,606,894	203,894,825	162,712,069	16,161,080	22,007,926	55.6%	3.83%	52.6%
2031	43,379,284	3,904,546	4,575,213	8,479,759	378,697,406	221,155,093	157,542,313	16,807,523	22,857,448	58.4%	3.86%	52.7%
2032	45,102,240	4,095,637	4,731,868	8,827,505	391,011,084	239,721,185	151,289,899	17,479,824	23,760,649	61.3%	3.95%	52.7%
2033	46,941,540	4,292,821	4,869,568	9,162,389	403,645,582	259,799,751	143,845,830	18,179,017	24,683,296	64.4%	3.88%	52.6%
2034	48,917,753	4,482,700	5,029,375	9,512,075	416,577,032	281,485,208	135,091,824	18,906,178	25,643,658	67.6%	3.89%	52.4%
2035	50,743,572	4,679,412	5,191,041	9,870,453	429,734,364	304,834,794	124,899,570	19,662,425	26,641,567	70.9%	3.89%	52.5%
2036	52,675,102	4,856,573	5,335,635	10,192,208	443,104,339	443,104,339	0	0	6,378,362	100.0%	-76.06%	12.1%
2037	54,614,957	5,047,591	5,495,233	10,542,824	456,511,267	456,511,267	0	0	6,585,139	100.0%	3.24%	12.1%
2038	56,412,990	5,245,231	5,671,305	10,916,536	469,983,223	469,983,223	0	0	6,810,570	100.0%	3.42%	12.1%
2039	58,359,279	5,434,753	5,833,149	11,267,902	483,585,018	483,585,018	0	0	7,020,873	100.0%	3.09%	12.0%
2040	60,269,118	5,625,539	6,008,372	11,633,911	497,172,998	497,172,998	0	0	7,241,665	100.0%	3.14%	12.0%
2041	62,216,844	5,811,371	6,171,539	11,982,910	510,718,630	510,718,630	0	0	7,450,338	100.0%	2.88%	12.0%
2042	64,182,569	6,003,205	6,350,188	12,353,393	524,096,096	524,096,096	0	0	7,674,221	100.0%	3.01%	12.0%
2043	66,271,323	6,195,466	6,524,980	12,720,446	537,315,595	537,315,595	0	0	7,895,942	100.0%	2.89%	11.9%

REVENUE FORECAST FINANCIAL REPORT "A"

The five-year financial forecast report shows total revenue without a tax levy in Section One and then with a tax levy increase at 4% (the maximum allowable under state law) in Section Two. The 4% levy also averages an increase of \$1.25 per thousand on the current residential tax rate.

The maximum potential rate increase was computed solely to demonstrate the City's ability to afford the Pension Plan presented with its forecasted actuary-recommended ARC contribution. The City understands that it cannot repeatedly go to the maximum levy yearly, as we fully recognize that the City of Pawtucket has one of the highest tax burdens in the State (based on the ability to pay) on our taxpayers. However, with the projected average ARC increase at \$372,000 annually for thirteen years until out of Critical Status, the increase needed in the tax rate would average out to 11 cents per year.

The City Administration has already decreased staff by 7% or approximately 50 full time equivalent employees (FTEs) for more than \$3 million in annual savings. It has outsourced its trash transfer station to save on tonnage and hauling fee costs for nearly \$750,000 in annual savings. It has developed a fire box alarm fee to produce approximately \$150,000 in annual revenue. All those initiatives are built into the above forecast. Also, many vacant positions remain unfilled until it is deemed vital to refill them. Concurrently, the City's ongoing structural deficit has become increasingly under control. The Administration continues to look for other savings, including through department reorganizations and consolidations (including in cooperation with the Schools). Also, the City has signed a contract to save \$800,000 annually on trash pickup to start in May 2013, which has not yet been entered into our forecast.

The combination of the above initiatives, among others, along with the Preferred Plan as presented will allow for budget appropriation of the Actuary Recommended Contribution.

CITY OF PAWTUCKET
5 YEAR BUDGET PROJECTION
PLANS TO SOLVE DEFICITS

FINANCIAL REPORT "A"

ACCOUNT DESCRIPTION	FY 2013 APPROVED BUDGET	FY 2014 PROJECTED BUDGET	FY 2015 PROJECTED BUDGET	FY 2016 PROJECTED BUDGET	FY 2017 PROJECTED BUDGET	FY 2018 PROJECTED BUDGET	Methods/Notes
TOTAL REVENUES	109,303,663	109,658,608	109,566,532	109,658,538	109,427,911	109,451,445	
TOTAL EXPENSES	109,303,663	111,907,794	114,601,481	117,725,076	120,784,517	123,156,137	
SURPLUS (DEFICIT) (1)	-	(2,249,186)	(5,034,949)	(8,066,539)	(11,356,606)	(13,704,692)	
Total Levy Increase (prior years)			3,915,850	7,988,334	12,067,083	16,308,982	
Total Levy Increase (current year)	-	3,915,850	4,072,484	4,078,749	4,241,899	4,411,575	4% each yr
FY2013 starts with \$99,692,117							
Approximate Rate Increase			1.21	1.21	1.26	1.31	
Subtotal Surplus (Deficit) (2)	-	1,666,664	2,953,384	4,000,544	4,952,375	7,015,865	
Transfer from Medical Reserves							
Transfer from General Reserves							
Provision for General Reserves		400,000	400,000	400,000	400,000	400,000	40 basis pts of \$100 mil
Provision for OPEB Trust		2,290,000	2,290,000	2,290,000	2,290,000	2,290,000	\$22.9 mil divided by 10 yrs
		(a)					
Net Surplus (Deficit) (3)	-	(1,023,336)	263,384	1,310,544	2,262,375	4,325,865	
Cumulative (prior year)		-	(1,023,336)	(759,952)	550,592	2,812,968	
Deficits	-	(1,023,336)	263,384	1,310,544	2,262,375	4,325,865	
Cumulative Surplus (Deficit)	-	(1,023,336)	(759,952)	550,592	2,812,968	7,138,832	

TAN Needed

NOTES: Assumes FY10 Consent order is in place.

(a) - This is our OPEB ARC of \$22.9 million over 10 years resulting in an increase of \$2,290,000.

VIABILITY OF ENTERING THE MERS SYSTEM

Although entering the Municipal Employees Retirement System may at first appear a viable alternative, the City does not project the Police or Firefighters Collective Bargaining Agreements now under negotiation will change sufficiently to match the requirements of the MERS System. The differences such as the COLA freeze remaining until achieving 80% funding would require a freeze of more than ten years, versus the three years proposed in the Preferred Plan for Actives and Retirees. While agreement cannot be guaranteed, it appears that realistically a shorter freeze would be more acceptable than a longer one. The ongoing contract negotiations and the recent meeting with retirees indicate a freeze of shorter duration is the most likely path for achieving an agreement.

Differences of methodology and assumptions such as death benefits, COLA freeze, MERS safety salary scale and MERS usage of a white-collar mortality table versus Pawtucket's blue-collar mortality table all result in an increased anticipated "price" for joining MERS.

It should be noted that while the MERS plan has lower ARC forecasts even with higher growth, it would take until 2032 to leave Critical Status. Also, the accrued liability does not decrease significantly and the unfunded liability would increase in the beginning years.

The State asks how it could help. The City does not see forced implementation as an appropriate answer. However, if MERS could adopt a separate plan which each municipally administered police and firefighters plan could adopt in its entirety, with standardization that required some "give" from all involved, then the possibility might exist for entry into the MERS system.

PREPARERS OF FORECAST REPORTS

ERNEST ALMONTE GROUP

The City utilized the services of Mr. Almonte and his consulting firm for their development of their proprietary "Dashboard" product which yielded data-driven estimates and projections on complex changes to the plan. Also, Mr. Almonte further assisted by chairing the Mayor's Ad Hoc Pension Commission, whose meetings were open to the public. The Commission outlined the core problems and possible remedies. The process made manifest the need to change the benefits as much as was required, while remaining fair to the recipients. All of these meetings were educational in helping the City plan for submission of the required plan.

We wish to acknowledge and thank Mr. Almonte and his firm for the many valuable hours they worked on the City's behalf.

PEW FOUNDATION

The City of Pawtucket utilized the generously offered resources of the PEW Foundation to gain an understanding of how different benefit structures could help the City lower the ARC requirement. The analyses run by PEW were very valuable in helping the City determine where it needed to make changes and where it should not make changes. It became readily apparent that the main difference in reducing the ARC and unfunded liability lies within the retiree section of the City's plan, with two-thirds of the plan membership. Our research and meetings showed however that this was not an achievable without experiencing strong objections and likely legal battles with their attendant cost. The City also remained very cognizant of maintaining fairness in what was asked of all involved.

We would like to thank the PEW Foundation for its help and the many valuable reports it provided on our behalf.

DAN SHERMAN CONSULTING

Mr. Sherman not only assisted the City in its analysis but also represented the Unions on their issues. Mr. Sherman was able to get both the City and the Unions to clearly understand what was needed and what each side might possibly agree to in concessions in a revised Pension Plan. Mr. Sherman was hired as our actuary for this project as he knew the needs of the City and the Union and what the presentation to the State would require.

We thank Mr. Sherman for his expertise, presentations and consulting during our meetings.

**CITY OF PAWTUCKET
OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

The City Administration met with Stone Consulting Inc. to review the July 1, 2011 actuarial report on Other Post-Employment Benefits (OPEB) on January 22, 2013.

As of July 1, 2011 the unfunded and actuarial accrued OPEB liability was \$312 million, down 18% from \$378 million as of July 1, 2009. It is also down 25% from \$415 million as of July 1, 2007. The results reflect use of a 4% earnings rate.

The favorable results are mainly due to agreements of the Police and Fire unions to move to Plan 65 and leave the Commercial Plan at age 65. For Fire Department personnel, it is effective for all employees hired after April 1, 1986 and for Police Department personnel for all employees hired after April 28, 1994. Police and Fire personnel comprise \$244 million, or 79%, of the total \$312 million accrued OPEB liability. As of July 1, 2011 the ARC stands at \$24 million, down from \$31 million as of July 1, 2009.

The City of Pawtucket is also making significant headway with its structural deficit; however, OPEB ARC contributions are not feasible at this time. The City is engaged in negotiations for Police and Fire contracts and is seeking to improve the City's position regarding pension costs, which will also affect OPEB. Other union contracts are also being negotiated at the present time. One specific proposal is higher minimum age retirements as well as increased benefits at a lower scale after 23 ½ years of service to encourage working longer before retiring. Longer working tenures for actives would automatically reduce OPEB funding needs as the City would then not need to pay new retirees and the resulting new active replacements. This proposed change, with increased copayments by active personnel, would reduce the OPEB liability. It should be noted that the OPEB liability is comprised of 31% active and 69% retired personnel. If negotiations are successful, the active percentage will increase while the retired percentage will decrease, thereby easing the OPEB liability.

With this approach, the City expects to satisfy the requirements of the pension liability currently in Critical Status and the OPEB liability in a structural manner, versus increased contributions. Once achieved the City should see the way clear to start contributions to an OPEB Trust, although it will take time to reach the 100% ARC. The City believes its approach to reducing benefits is the best approach to reducing the OPEB liability at this time.

MEETINGS, RESEARCH, CONSULTANTS, CONTRACT NEGOTIATIONS

The City also made a presentation on April 13, 2013 after inviting all retirees and beneficiaries to attend, with approximately 125 attending. Mr. Jeremiah O'Connor, a police retiree, presided as Chairman/ Speaker for "The Retiree's Public Safety Committee." The City in its oral and visual presentation made its specific financial needs known while noting we understood the apprehensions of the retirees and beneficiaries and shared their disappointment in the retirement fund not being properly funded by the city in past year.

With the meetings, research, ad hoc commission, contract negotiations and continuing work on our structural deficit we are late in submitting our Plan to the State Pension Commission. We have made a considerable effort to be as open and transparent as possible with all concerned, and hopefully will reach agreements that will gain approval of the involved parties that will reinforce our plan submission. We believe we have already accomplished a great deal and thank the State Commission for its patience and understanding with what we have been working diligently to achieve.

City of Pawtucket

RESOLUTION OF THE CITY COUNCIL

Resolved,

THAT THE PAWTUCKET CITY COUNCIL DOES HEREBY APPROVE OPTION 2, AS SHOWN IN EXHIBIT "C" "M" OF THE CITY OF PAWTUCKET POLICE AND FIREFIGHTERS PENSION FUNDING IMPROVEMENT PLAN (FIP). THIS OPTION ASSUMES A 7.5% INVESTMENT RETURN.

THE FUNDING IMPROVEMENT PLAN PROVIDES FOR A CONTRIBUTION RATE OF 100% OF THE ANNUAL REQUIRED CONTRIBUTION (ARC). THE FIP WILL BE MAINTAINED AS DEFINED. THE AMORTIZATION PERIOD FOR THE CURRENT UNFUNDED LIABILITY WILL BE 29 YEARS USING A CLOSED METHOD IN THE DETERMINATION OF THE RECOMMENDED CONTRIBUTION.

THE PENSION CONTRIBUTION AT 100% OF THE ARC WILL BE \$12,436,307 \$12,386,341 IN FISCAL YEAR 2014. THE CITY INTENDS TO COMMIT TO THE ARC LEVEL OF FUNDING AS OUTLINED IN THE OPTION 2, EXHIBIT "C" "M" PROPOSAL AND THE IMPACT OF THOSE ARC PAYMENT INCREASES WILL BE MITIGATED BY PRUDENT MANAGEMENT OF CITY EXPENSES.

IF ADDITIONAL INCREASES IN THE ARC OCCUR ABOVE THE FUNDING LEVEL AS SHOWN IN THE OPTION 2, EXHIBIT "C" "M" PROPOSAL, THE IMPACT OF THOSE INCREASES WILL BE FURTHER MITIGATED BY PRUDENT MANAGEMENT OF OUR EXPENSES.

RESOLUTION OF THE CITY COUNCIL
CITY OF PAWTUCKET

RESOLUTION AUTHORIZING THE APPROVAL OF THE
POLICE AND FIREFIGHTERS PENSION FUNDING
IMPROVEMENT PLAN, AS AMENDED

/ /

Clerk

SUBMITTED BY
~~XXXXXXXXXXXXXXXXXXXX~~
READ AND REFERRED TO THE
FINANCE COMMITTEE

4/16/2013
Richard Goldst Clerk

READ AND AMENDED
4/16/2013

Richard Goldst Clerk

COMMITTEE
RECOMMENDS _____

/ /

Chair

POSTPONED AS AMENDED UNTIL
4/24/2013
4/16/2013

Richard Goldst Clerk

READ AND PASSED ON A ROLL CALL
VOTE: AYES 7 NOES 2 AS AMENDED

4/24/2013
Richard Goldst Clerk

APPROVED
4/25/2013
[Signature] MAYOR

City Clerk's Office
Pawtucket, RI
Date APR 26 2013
A TRUE COPY
ATTEST: Richard Goldst
City Clerk