Pension Study Commission
May 7, 2012
Minutes of the Meeting

A Study Commission meeting was held in Room 313 of the State House, 82 Smith Street, Providence, Rhode Island on Monday, May 7, 2012.

Rosemary Booth Gallogly, Director of Revenue and Chairperson of the Pension Study Commission called the meeting to order at 1:16 pm.

Commission members present: Rosemary Booth Gallogly, Jean Bouchard, Paul Doughty, Allan Fung, Dennis Hoyle, Bruce Keiser, Joseph Polisena, Mark Dingley representing Gina Raimondo, John Simmons and Angel Taveras

Members absent: J. Michael Lenihan, Richard Licht, Antonio Pires and Steven St. Pierre

Others present: David Ward, actuary from The ANGELL Pension Group, Rebecca Sielman actuary from Milliman, Susanne Greschner, Chief of the Division of Municipal Finance, Daniel Sherman from Sherman Actuarial Services, LLC and members of the public

Agenda Item # 1 – Approval of Minutes from April 23, 2012

Chairperson Booth Gallogly asked if the Commission members had any corrections, additions or deletions to the draft minutes provided from the Study Commission meeting held on April 23, 2012. There were none. Mayor Fung from the City of Cranston made a motion to accept the minutes as written. The motion was seconded by John Simmons, executive director from the Rhode Island Public Expenditure Council. The motion passed all in favor with Mayor Polisena from the Town of Johnston abstaining due to his absence at the April 23rd meeting.

Agenda Item # 2 – Discussion with actuaries on addressing local pension issues

Chairperson Booth Gallogly introduced Becky Sielman and David Ward actuaries from Milliman and The ANGELL Pension Group, respectively. To begin, the chair asked Ms. Sielman to comment on how Rhode Island's municipal pension plans compare to Massachusetts and Connecticut. Ms. Sielman noted that Rhode Island and Connecticut were very similar in that both states have numerous locally-administered municipal pension plans and that there was no state oversight of those plans in either state. However, she indicated that, on average, Connecticut has the best funded pension plans while Massachusetts is also remarkably well funded considering they only started funding their pensions in the late 1980s. For greater detail into the comparison between states she referred to a presentation she made on this topic last fall to the Rhode Island Government Finance Officers Association entitled "Is the Sky Really Falling? A Review of the Funded Status of Public Pension Plans". The presentation can be viewed through this link:
http://www.rigfoa.org/media/presentations/rigfoa100411istheskyreallyfalling.pdf

Chairperson Booth Gallogly inquired why Connecticut's municipal pension plans are better funded than Rhode Island's given that neither state has oversight of the locally-administered pension plans. In her opinion, Ms. Sielman believes it is due to the fact that Connecticut's plan sponsors regularly pay 100% of their plan's annual required contribution (ARC). She believes that funding one's ARC is the most important discipline a municipality could have.

Mayor Polisena from the Town of Johnston inquired if Ms. Sielman has found that a plan's benefit structure has an impact on how well funded the plan is. Ms. Sielman responded that Milliman did study this relationship and did not find an inverse relationship between more generous benefits and funding ratios. If a plan's sponsor has committed to funding its ARC at or close to 100% it will still have a well funded plan regardless of the level of benefits. Chairperson Booth Gallogly commented that this speaks to having good actuarial assumptions including mortality and investment interest rates to make sure the ARC is accurate. She also added that when the Commission started she wondered if the Commission should look at benefit structures of the different municipal plans. However, after Ms. Sielman's findings she's wondering if a municipality approves generous benefits and agrees to pay them why should the Commission tell a municipality to offer less? Bruce Keiser, Administrator for the Town of Jamestown indicated that Jamestown's pension plan is 109% funded because the town used to pay two and one half times its ARC.

Mr. Simmons commented, just because a municipality commits to paying 100% of the ARC it does not ensure that the plan will be well funded if the mortality or other factors change. Therefore, simply funding the ARC is not a guarantee that the plan will be well funded. Mr. Ward from the ANGELL Pension Group indicated his company has a client in Rhode Island that has been contributing its ARC for many years which helps but is only part of the pension problems. Recent market conditions have had a significant impact on pension plans' funding. Paul Doughty, President of the Providence Firefighters' Union Local 799, questioned if a community was paying 100% of their ARC, which is adjusted annually for such things as market loss, why wouldn't they be well funded? Ms. Sielman responded that while funding the ARC is a necessary component to having a well funded plan, it is not a silver bullet guarantee that a plan will be well funded. For example, if a municipality is only a few years into its amortization period then they would still have a large liability, therefore affecting their funded ratio. In addition, investment rate assumptions and other assumptions such as mortality upon which the annual required contribution is based are important factors in determining how well funded a plan is. Furthermore, Ms. Sielman noted that every time a municipality increases its plan's benefits, they increase the size of the liabilities.

Ms. Sielman was questioned about how often Connecticut municipalities perform an experience study and actuarial valuation. She responded every five (5) years and every other year, respectively.

Next, Chairperson Booth Gallogly asked Ms. Sielman to explain what a cost of living adjustment (COLA) buyout is to the Commission. Ms. Sielman indicated this option was implemented in New Britain, CT in the late 1990s for police and firefighters. It was a voluntary election on the part of retirees to take the payout. The payout was not a full actuarial amount of the COLA. Rather, it equated to 40 cents on the dollar which saved the municipality money and gave the retirees who elected for the payout a lump sum of cash upfront. Ms. Sielman indicated that a buyout decreases a municipality's liability and normal costs but the amount of actual dollar savings depends on the generosity of the COLA. She noted that the most difficult part of a buyout is estimating how many people will accept the offer. If you sweeten the buyout offer you will get more takers but lessen the savings.

Phase 1 of New Britain's buyout was offered only to retirees and half of them elected to take the lump sum payout. One thing municipalities should consider is the impact on cash flow if many of the retirees decide to accept the offer. A second phase of the buyout has since been offered annually to all new retirees. Ms. Sielman indicated that the number of new retirees who accept the buyout varies from year to year. She also noted that since the market downturn, there have been fewer buyouts as, she suspects, many retirees feel less confident about managing their own money due to the market instability.

Mayor Fung inquired if the buyout was paid for through assets of the trust or if the municipality had to float a bond. Ms. Sielman indicated that it was paid for from pension assets. Chairperson Booth Gallogly stated that if a municipality wanted to offer a buyout but did not have the cash to support the cost, then they would have to consider pension obligation bonds. As long as the cost of borrowing does not exceed the buyout savings (60% in New Britain's case) then offering a buyout may be a reasonable option.

Mayor Fung also asked if any municipalities have talked about buying out the pension plan itself. Ms. Sielman indicated that Caribou, Maine did this about 8-10 years ago.

Mr. Simmons inquired how retiree mortality was determined. Ms. Sielman stated it was based upon valuation assumptions. To which Mr. Simmons responded if someone who accepted the buyout died earlier than expected then the municipality would end up paying more than they had to. Ms. Sielman indicated that the danger of a buyout is that the plan's least healthy retirees tend to accept the buyout.

Chairperson Booth Gallogly inquired if it would ever be acceptable to just fund a pension plan pay-as-you-go. Ms. Sielman responded that there are plans around the country that operate on a pay-as-you-go basis, for example, other post employment benefit (OPEB) plans, however, she indicated that while pay-as-you-go may be affordable now, it could become unaffordable if a municipality hasn't been pre-funding. In addition, she added that with a very old plan you would want to make sure that the plan does not run dry.

Mayor Fung commented that while he agreed with Ms. Sielman from an actuarial perspective, from a funding perspective he does not want to crush the taxpayers, for example, reamortizing pension obligations would only add to the total cost. Therefore, he thinks it is important to also look at the benefits offered in combination with a possible reamortization. Mr. Ward from the ANGELL Pension Group added that a standard amortization period has been 30 years since the assumption is that plans will have more than 30 years before they have to pay out. However, if a city or town's plan is only 10% funded they need to use a shorter amortization period than 30 years. Chairperson Booth Gallogly noted that the Commission should keep that in mind because they also need to focus on OPEB. She added that the reason many of the OPEB plans did not suffer any losses in the market downturn is because they did not have any assets.

Chairperson Booth Gallogly thanked Ms. Sielman and Mr. Ward for their time and for proving the Commission with their insights.

Agenda Item # 3 – Actuarial valuations and experience studies – Update

Next on the agenda, Chairperson Booth Gallogly introduced Dan Sherman of Sherman Actuarial Services and Susanne Greschner, chief of the Division of Municipal Finance to provide the Commission with an update on actuarial valuations that have been received.

Based on the previous discussion with Ms. Sielman and Mr. Ward, Mr. Sherman commented that some of Rhode Island's municipal pension plans have a thirty (30) year rolling amortization period. Therefore, even if a municipality funds their ARC at 100%, the plan still won't ever be fully funded. Also, Mr. Sherman commented that a plan sponsor must be cautious when offering a COLA buyout because the proposed reduction should be carefully considered as it relates to the plan's funded ratio.

In Mr. Sherman's review of the submitted actuarial valuations, he placed each plan into one of eight tiers which he reviewed before the Commission. A breakdown of the tiers is provided in the addendum. Chairperson Booth Gallogly indicated that a letter had been sent to cities and towns to determine if they adopted the assumptions in their experience study.

Mr. Doughty inquired if the Commission had a sense of why Cumberland has not submitted an experience study or actuarial valuation. Ms. Greschner responded that a letter was sent to the town and due to the response her impression was that they thought it was too expensive to conduct such a study and that other measures would be taken.

Mark Dingley, representing General Treasurer Gina Raimondo, inquired if Mr. Sherman did any equalization in case two plans used two different market investment rates when calculating a new funded ratio. Mr. Sherman indicated that he did not go that far yet.

Mr. Simmons commented that he would like to see new information to see the gap in the unfunded liability based on the new actuarial valuations. Ms. Greschner indicated that her office and the Auditor General's office were presently analyzing the studies that were submitted. However, additional information will be needed from cities and towns to complete this analysis.

Agenda Item # 4 – Funding improvement plan requirements – Continued Discussion, Attachment B

Fourth on the agenda, Ms. Greschner introduced Attachment B (found in the addendum) which had been developed with the advice of Mr. Sherman.

Mayor Fung stated that before the Commission went too far he wanted to express his concern about the depth of analysis required of cities and towns in the proposed funding improvement plan. He explained that for smaller communities that do not have a team to run the numbers it could be an extra cost. Mr. Sherman responded that it was a good point and is part of the reason he had separated the municipal pension plans into tiers. For example, he would not ask for this level of detail of Narragansett's police pension plan which has few members and is closed. He indicated that the forecasts he would request should only take a few hours to complete. Mr. Simmons inquired if this process was just an exercise for the municipalities or if it would help them with negotiations. Further, he asked what exercises the state went through when it reviewed its pensions last year. Mr. Sherman responded that the Commission needs a way to decide if these are reasonable funding plans. Mr. Simmons replied that producing the requested information, as outlined in attachment B could be expensive for the municipalities. Mayor Fung stated that he agreed with a lot of what Mr. Simmons

said and inquired what is the Commission's role in evaluating these funding improvement plans? Chairperson Booth Gallogly responded that her concern is that a lot of the experience studies were handled differently and she would like to know how to respond if, for example, a community submitted a funding improvement plan and only stated that they promise to fund the ARC. Given just that information, how could the Commission determine if such a plan would be reasonable? She added that she is not sure which requirements could be taken out of Attachment B. Mr. Simmons commented that the Commission is asking more of the municipalities than the state provided. Furthermore, he suggested that the Commission should not ask municipalities to disclose their plans, if any, to negotiate their collective bargaining agreements.

Mr. Dingley suggested that the Commission might want to add more retirement security type goals to the funding improvement plan requirements and provide guidance to cities and towns. Mayor Fung indicated that he wants a certain flexibility and he believes Mr. Dingley's suggestion is beyond the Commission's responsibility and goals.

Due to time constraints, the Chair suggested that the discussion of funding improvement plan requirements be continued until a future meeting.

Agenda Item # 5 – Public Comments

Peder Schaefer, associate director from the Rhode Island League of Cities and Towns announced that the League will be hosting a fiduciary responsibility seminar for trustees and members of municipal pension boards on Monday, June 11, 2012 from 4:00 – 5:30 at the Crowne Plaza Hotel in Warwick, RI.

Agenda Item # 6 – Adjourn

Mr. Simmons made a motion to adjourn that was seconded by Mr. Hoyle. The motion passed all in favor. The meeting adjourned at 3:10 PM.

Rosemary B Gallogly
Chairperson

May 21, 2012
Date

PSC/jb

Addendum to
May 7, 2012
Pension Study Commission
Meeting Minutes

ATTACHMENT B

Funding Improvement Plan
- For Discussion Purposes Only –
Revised May 4, 2012

Background

R.I. Gen. Laws § 45-65-6 (2) states:

"In any case in which an actuary certifies that a locally-administered plan is in critical status for a plan year, the municipality administering such a plan shall, not later than thirty (30) business days following the certification, provide notification of the critical status to the participants and beneficiaries of the plan and to the general assembly, the governor, the general treasurer, the director of revenue, and the auditor general. The notification shall also be posted electronically on the general treasurer's website. Within one hundred eighty (180) days of sending the critical status notice, the municipality shall submit to the study commission a reasonable alternative funding improvement plan to emerge from critical status."

- Critical status notification for plans with a funded ratio of less than 60% is due within 30 business days of the submission of the experience study and actuarial valuation, which would be May 11, 2012.

- A funding improvement plan to restore the funded ratio to 60% or better is due 180 days later, which would be November 11, 2012.

- Ensuring that the critical status notification and funding improvement plan are based on the actual funded status of the plan is critical.

- Even when the impact of the new valuation on contribution rates is deferred for budgetary purposes until FY 2014, the municipality should formally consider and adopt (as necessary) an updated valuation for the purposes of reporting to the Commission pursuant to the law and for financial reporting purposes.

For Commission Discussion:

1. Funding Improvement Plan Documentation

- A funding improvement plan should be formulated, based on reasonably anticipated experience and reasonable actuarial assumptions, and should show at least the following:

    - FY 2014 Funding of the ARC before and after changes are made
    - Amortization cost, method, including period, interest rate and rate of increase in payments, if any;
    - Assets (Market and Actuarial) and liabilities, before and after changes were made;

DRAFT

- Employer and Employee Normal Costs, before and after changes were made;
- Funded status, before and after changes were made;
- Employer and Employee Normal Costs, before and after changes were made;
- Description of benefit changes (if applicable);
- Provide a description of the plan to emerge from critical status;
- Time frame when municipality expects to emerge from critical status;
- Steps to be taken to assure the improvement plan will be followed in the years to come. Include steps to be taken in the case of unforeseen and significant changes in future experience from the expected;
- Two 40-year deterministic forecasts of the after change values listed in items 1 through 5 above, plus, total Payroll and total Benefit Payments. One forecast is based on the actuarial assumptions. The second on the same assumptions except the investment return is 50 basis points lower than the assumption for all years;
- Include the actuarial assumptions used to forecast total Payroll growth, new entrants for open plans; and
- Forecast of municipal revenue growth for the time period until plan is no longer in critical status

2. Funding Improvement Plan Requirements

The recently enacted Pension Protection Act (R.I. Gen. Laws 36-10.2, see Appendix for the full text) includes provisions relating to funding improvement strategies. Based on the discussion at the last Pension Study Commission meeting, below is a summary of those provisions. The wording in bold and italics may be considered by the Commission for the locally-administered pension plans.

- Funding improvement period of 10 years. ***Funding improvement period of 15 years***;

- At the close of the 10 year funding improvement period, for any plan that has a funded percentage of 50% or less, the plan's funded percentage shall equal or exceed the sum of (i) the plan's funded percentage in the plan year that the plan was certified as endangered, plus (ii) 50% of the difference between 80% and the plan's beginning funded percentage; or the plan's funded percentage shall improve by at least 1% annually until the plan's funded percentage equals or exceeds 80%.

  The Commission may consider a three-tiered approach:

  1. ***Funding ARC and funded ratio above 40%: At the close of the 15 year funding improvement period, for any plan that has a funded percentage of 40% or less, the plan's funded percentage shall equal or exceed the sum of (i) the plan's funded percentage in the plan year that the plan was certified as endangered, plus (ii) 50% of the difference between 80% and the plan's beginning funded percentage; or the plan's funded percentage shall improve by at least 1% annually until the plan's funded percentage equals or exceeds 80%.***

DRAFT

2. ***Not funding ARC and funded ratio above 40%: Maximum amortization period of 25 years; maximum percent increase in amortization payments would be 4%; no decrease in contribution from one year to the next unless plan is fully funded; encourage shorter schedules, with increasing payments; for frozen plans with only retirees the amortization period would equal the average future lifetime; for those in critical status, the employee and employer contribution must be equal or more than 110% of pay-go; no open amortization method; and future changes in UFAL due to changes in plan benefits, actuarial assumptions and methods, or experience may be amortized up to 20 years as a separate base; possible relief provision that would provide for a temporary increase in ARC payments by no more than 8%.***

3. ***Not funding ARC and funded ratio below 40%: ARC contribution has to be 120% of prior year contribution until it reaches 100%; maximum amortization period of 25 years; maximum percent increase in amortization payments would be 4%; no decrease in contribution from one year to the next unless plan is fully funded; encourage shorter schedules, with increasing payments; for frozen plans with only retirees the amortization period would equal the average future lifetime; for those in critical status, the employee and employer contribution must be equal or more than 110% of pay-go; no open amortization method; and future changes in UFAL due to changes in plan benefits, actuarial assumptions and methods, or experience may be amortized up to 20 years as a separate base. Extenuating circumstances may have to be discussed, e.g. property tax cap.***

- Requiring an explanation why a plan cannot meet the guidelines to improve the funded percentage within 10 years as outlined in R.I. Gen. Laws 36-10.2-7 (2), if applicable. ***Requiring an explanation why a plan cannot meet the guidelines to improve the funded percentage within 15 years, if applicable****;*

- Provide between five and ten funding improvement strategies, showing revised benefit structures, revised contribution structures, or both. ***Provide for four improvement strategies, whereas one of them has to be moving the whole plan into MERS.***

- In addition to those strategies, "the board shall include a default funding improvement strategy that shall show increases in employer and employee contributions under the plan necessary to achieve the applicable requirements found in subsection (2), assuming no amendments to reduce future benefit accruals under the plan" (see R.I. Gen. Laws 36-10.2 (4))..

- The Retirement Board "shall submit the "Default A" strategy … and one additional funding improvement strategy, as selected by the board, to the general assembly" (see R.I. Gen. Laws 36-10.2 (5)). ***The local governing body shall submit these four improvement strategies to the Pension Study Commission, and identify which one has been chosen as the funding improvement plan***; and

DRAFT

- If no funding improvement strategy is approved by the general assembly, the "Default A" strategy shall be enacted into law and shall remain in effect until either the plan is no longer engendered or another funding strategy consistent with the statute has been adopted. ***If no funding improvement strategy is approved by the local governing body, or the one approved deemed unacceptable the Pension Study Commission will develop a funding improvement plan which may include transitioning the plan into MERS for all retirees and actives. Retirees and active employees would not lose accrued benefits, prior accruals would be frozen and accrue at new MERS accrual rates.***

DRAFT

APPENDIX

TITLE 36
Public Officers and Employees

CHAPTER 36-10.2
Pension Protection Act

§ 36-10.2-1 Short title. – This chapter shall be known and may be cited as the "Rhode Island Pension Protection Act.

§ 36-10.2-2 Purpose. – The purpose of the Rhode Island Pension Protection Act is to provide current, retired and future public employees financial retirement security by codifying procedures that will promote the sustainability and longevity of the state's retirement systems. The act will implement a fair process to be used to facilitate needed changes in times of fiscal distress.

§ 36-10.2-3 Definitions. – As used in this chapter, the following terms, unless the context requires a different interpretation, have the following meanings:

(1) "Retirement board" or "board" means the retirement board of the Employees' Retirement System of the State of Rhode Island as defined in Chapter 36-8.

(2) "Actuary" means the actuary selected from time to time and employed by the board in accordance with Chapter 36-8.

(3) "Plan" or "plans" means any plan or plans that are part of the following public retirement systems: the Employees' Retirement System of Rhode Island (ERS); the Municipal Employees' Retirement System of Rhode Island (MERS); the Rhode Island State Police Retirement Benefits Trust (SPRBT); and the Rhode Island Judicial Retirement Benefits Trust (JRBT).

(4) "Funded percentage" means the percentage equal to a fraction- the numerator of which is the actuarial value of the plan's assets, as determined by the actuary, and the denominator of which is the accrued liability of the plan, determined by the actuary using actuarial assumptions approved by the board.

§ 36-10.2-4 Actuarial valuation methodology. – Actuarial accounting methods used by the actuary in determining the funded percentage shall be determined by the board in compliance with all applicable public pension accounting laws, rules and regulations. The actuary or the board shall not, year to year, change actuarial methods for the sole purpose of achieving a more favorable funding or fiscal result. Any actuarial assumptions not

DRAFT

determined by the board shall be made by the actuary in good faith and in accordance with accepted actuarial standards.

§ 36-10.2-5 Determination of endangered status. – A plan is in endangered status for a plan year if the retirement board determines, in consultation with the plan actuary, that the plan:

(i) Has a funded percentage of fifty percent (50%) or less;

(ii) The plan's funded percentage has decreased for five (5) consecutive plan years.

§ 36-10.2-6 Annual certification and notice requirements. – (1) Not later than November 1st of each plan year of a plan, the actuary shall certify to the board and the executive director of the retirement system whether or not a plan is in endangered status for such a plan year.

(2) In any case in which the actuary certifies that a plan is in endangered status for a plan year, the executive director of the retirement system shall, not later than thirty (30) business days following the certification, provide notification of the endangered status to the members, beneficiaries, the general assembly, the governor, the general treasurer and any local or municipal employer of a MERS plan determined to be in endangered status. The notification shall also be posted electronically on the retirement board's website.

§ 36-10.2-7 Funding improvement strategy procedure. – (1) In any case in which a plan is in endangered status for a plan year, except for a plan year where a plan is already in a funding improvement period and meeting its scheduled funding targets for the three (3) consecutive prior plan years, a funding improvement strategy shall be implemented not later than June 30th following the date the plan was certified as being in endangered status under § 36-10.2-6. The plan actuary shall submit preliminary funding improvement strategies including a default strategy as described in subparagraphs (3) and (4) to the board for review not later than January 1st following the date the plan was certified as being in endangered status under § 36-10.2-6.

(2) The funding improvement strategy shall be formulated to achieve, based on reasonably anticipated experience and reasonable actuarial assumptions, the following requirements:

(a) The plan's funded percentage shall improve in accordance with paragraph (i) or paragraph (ii), applying the paragraph that produces the greater funded percentage increase for the plan in a ten (10) year period.

(i) As of the close of a ten (10) year funding improvement period, the plan's funded percentage shall equal or exceed the sum of:

(I) The plan's funded percentage as of the beginning of the plan year that the actuary initially certified the plan as endangered; plus

DRAFT

(II) Fifty percent (50%) of the difference between eighty percent (80%) and the plan's funded percentage under paragraph (I); or

(ii) The plan's funded percentage shall improve at the rate of at least one percent (1%) annually until the plan's funded percentage equals or exceeds eighty percent (80%).

(b) In the event that the state or a local municipality, as the employer of a plan, determines that, based on reasonable actuarial assumptions and upon exhaustion of all reasonable measures, the plan cannot reasonably be expected to meet the guidelines of subdivisions (i) and (ii), then the employer's legislative governing body shall provide a report to the retirement board, no later than March 1st following the date the plan was certified as being in endangered status under § 36-10.2-6, explaining why the plan is not reasonably expected to meet the guidelines of subdivisions (i) or (ii) and provide a reasonable funding improvement strategy to emerge from endangered status.

(3) Not later than January 1st following the date the plan was certified as being in endangered status under § 36-10.2-6, the actuary shall provide to the board, and in the case of MERS plan shall also provide to the impacted local municipality's legislative governing body, at least five (5) funding improvement strategies but no more than ten (10) funding improvement strategies showing revised benefit structures, revised contribution structures, or both, which, if adopted, may reasonably be expected to enable the plan to meet the applicable requirements found in subparagraph (2).

(4) In addition to any funding improvement strategies provided by the board in subparagraph (3), the board shall include a default funding improvement strategy ("Default A") that shall show increases in employer and employee contributions under the plan necessary to achieve the applicable requirements found in subsection (2), assuming no amendments to reduce future benefit accruals under the plan.

(5) Not later than April 1st following the date the plan was certified as being in endangered status under § 36-10.2-6, the board shall submit the "Default A" strategy as described in subparagraph (4) and one additional funding improvement strategy, as selected by the board, to the general assembly.

(6) Not later than June 30th following the date the plan was certified as being in endangered status under § 36-10.2-6, the general assembly shall select and enact into law one of the two (2) submitted funding improvement strategies. If no funding improvement strategy is approved by the general assembly by June 30th, the "Default A" strategy as described in subparagraph (4) shall be enacted into law effective July 1st following the date the plan was certified as being in endangered status under § 36-10.2-6. "Default A" shall remain in effect until either the actuary certifies under § 36-10.2-6 for a plan year that the plan is no longer in endangered status or the general assembly selects a funding improvement strategy consistent with the provisions of this chapter.

(7) Notwithstanding any other law to the contrary, any reports and funding strategies submitted to the board pursuant to this section shall be public records.

DRAFT

§ 36-10.2-8 Funding improvement period. – (1) The funding improvement period for any funding improvement strategy adopted pursuant to this chapter shall begin on the first day of July immediately after the adoption date of the funding improvement strategy.

(2) The funding improvement period shall be a ten (10) year period unless the actuary certifies under § 36-10.2-6 for a plan year that the plan is no longer in endangered status. In such a case, the funding improvement period shall end as of the close of the preceding plan year.

(3) A plan may not be amended during the funding improvement period so as to be inconsistent with the funding improvement strategy.

§ 36-10.2-9 Transition period. – Effective for plan years beginning July 1, 2012 any new legislation enacted contemporaneously with this chapter that is expected to improve the funding percentage of such a plan to eighty percent (80%) or greater within a reasonable funding improvement period not to exceed twenty (20) years shall be considered to constitute a funding improvement strategy. The funding improvement period shall be governed by such enacted legislation and shall begin July 1, 2012.

§ 36-10.2-10 Severability. – The holding of any section or sections or parts hereof to be void, ineffective, or unconstitutional for any cause shall not be deemed to affect any other section or part hereof.

DRAFT

"FIDUCIARY RESPONSIBILITY"

SEMINAR

FOR

Trustees and Members of Municipal Pension Boards

Monday, June 11, 2012

4:00pm – 5:30 pm

Plaza Ballroom

Crowne Plaza Hotel, Warwick, RI

Subjects to be covered by Frederick P. McClure, Esq.

Fiduciary and Legal Obligations

Open Records and Disclosure

Conflicts of Interest

Trustee Liability

RHODE ISLAND LEAGUE OF CITIES AND TOWNS

"FIDUCIARY RESPONSIBILITY"

SEMINAR

For

Trustees and Members of Municipal Pension Boards

Monday, June 11, 2012
4:00pm – 5:30 pm
Plaza Ballroom
Crowne Plaza Hotel, Warwick, RI

Attendee Registration

1. Name: _____

Title: _____

City/Town: _____

Address: _____

Email: _____

Phone: _____

2. Name: _____

Title: _____

City/Town: _____

Address: _____

Email: _____

Phone: _____

3. Name: _____

Title: _____

City/Town: _____

Address: _____

Email: _____

Phone: _____

Registrations may be returned via email to denise@rileague.org or via fax: 401-421-0824 no later than Friday, June 8, 2012

HinckleyAllenSnyder LLP
ATTORNEYS AT LAW

Frederick P. McClure, Partner

Frederick P. McClure
401-274-2000
fmcclure@haslaw.com

Fritz's practice is focused in the area of executive compensation, pension, and employee benefits law. His clients include governmental organizations, universities and hospitals, closely-held companies, public corporations, banks, insurance companies, registered investment advisers, and broker dealers in the design, drafting and administration of pension, profit-sharing, and employee stock ownership plans, and handles the employee benefits aspects of mergers, acquisitions, and sales of businesses. Also, Fritz is frequently involved with the Pension Guaranty Corporation, the Internal Revenue Service, and the Department of Labor, in connection with plan terminations and bankruptcies.

Practice Areas

- Employee Benefits & Executive Compensation
- Tax
- Healthcare
- Municipal Restructuring
- Corporate & Business

Education

- Boston University, LL.M. (Taxation), 1974
- Suffolk University, J.D., 1973
- Trinity College, B.A., 1968
- Wake Forest University, MBA Institute for Executive Education
  - Law Practice Management Program, 1995

Bar Memberships

- Massachusetts, 1985
- United States Tax Court, 1981
- Rhode Island, 1973

Work Experience

- Hinckley, Allen & Snyder LLP
  - Chair, Tax Law Group
  - Chair, Employee Benefits & Executive Compensation Law Group
  - Partner (1979-Present)
  - Associate (1974-1979)
- Boston University School of Law
  - Adjunct Professor, Graduate Tax Program (1981-2006)
  - Executive Compensation (1990-2006)
  - Pension, Profit-Sharing, and Deferred Compensation Planning (1981-1989)
- Providence Industrial Development Corp.
  - Legal Counsel (1978-1989)

Professional Affiliations

- American Bar Association: Tax Section, Employee Benefits Committee
- Publications Subcommittee; Committee on Teaching Law
- Rhode Island Bar Association
- Massachusetts Bar Association
- New England Employee Benefits Council

Special Honors

- Recipient of the Martindale-Hubbell® AV Peer Review Rating
- Currently listed in Woodward/White Inc.'s Best Lawyers in America in the Employee Benefits (ERISA) Law category
- Currently listed in Rhode Island Super Lawyers for the area of Employee Benefits/ERISA
- Named as one of the Top Attorneys In New England by the American Registry, 2010