

Reading Municipal Light Department Board of Commissioners
Budget Committee
June 27, 2012

Start Time: 7:05 p.m.

End Time: 7:35 p.m.

Attendees:

Committee Members: Mr. Pacino and Ms. West

RMLD Staff: Messrs. Cameron and Fournier

Consultants: Larry Stone, Stone Consulting

Staff: Ms. Parenteau and Mr. Carpenter

Chairman Pacino called the meeting to order at 7:05 p.m.

Larry Stone gave a presentation of his actuarial study of the RMLD's Pension Trust, which results in an estimate of an appropriate amount the RMLD should be depositing into the Pension Trust Fund annually. Presently, the RMLD has \$4.5 million in the Pension Trust Fund. This study is performed every two years.

Mr. Stone summarized the long term assumptions he used in the study including interest rates of 7% and 7.25% and average salary increases of 4%, 4.25%, and 4.5%. Mr. Stone explained the dynamics of changing these long term assumptions and the resulting amount of the Pension Trust contribution.

Discussion followed.

Mr. Cameron said that he thought the RMLD should use an average salary increase of 4% and an interest rate of 7% to determine the Pension Trust contribution in the final report.

Mr. Stone said that the on the summary page of his study it shows that an average salary increase 4% and interest rate 7% would yield an estimated contribution to the Pension Trust of \$1,741,266.

Ms. West made a motion seconded by Mr. Pacino to accept Pension Trust Actuarial Valuation as of January 1, 2012 from Stone Consulting Inc., and recommends the study to the RMLD Board of Commissioners.

Motion carried 2:0:0.

Mr. Cameron said that the RMLD budgeted \$250,000 for the Pension Trust contribution for FY12; however, he is recommending that the RMLD contribute \$1,000,000 into the Pension Trust Fund for FY12.

Ms. West asked why the RMLD would not contribute the entire \$1.7 million suggested by the Actuarial Study. Mr. Cameron said that he wanted to see the year end figures and then decide if the RMLD should contribute more into the Pension Trust Fund.

Discussion followed.

Mr. Cameron said that he would wait until he sees the year end figures and then decide whether to contribute to another \$700,000 into the Pension Trust Fund.

Ms. West made a motion seconded by Mr. Pacino that the Budget Committee recommends to the RMLD Board of Commissioners to authorizes the General Manager to deposit \$1,000,000 into the RMLD's Pension Trust Fund for Fiscal 2012.

Motion carried 2:0:0.

Motion to Adjourn

At 7:35 p.m. Ms. West made a motion seconded by Mr. Pacino to adjourn.

Motion carried 2:0:0.