

Reading Municipal Light Department (RMLD) Board of Commissioners
Budget Committee
July 28, 2010

Start Time: 6:35 p.m.

End Time: 7:25 p.m.

Attendees:

Committee Members: Messrs. Hahn and Pacino, Ms. Snyder

RMLD Staff: Messrs. Cameron and Fournier

Consultant: Mr. Larry Stone, Stone Consulting

Chairman Hahn called the meeting to order at 6:35 p.m.

Mr. Larry Stone gave a presentation of his actuarial study of the RMLD's Pension Trust, which resulted in an estimate of an appropriate amount the RMLD should be depositing into the fund for Fiscal Year (FY) 10. This study is performed every two years.

Mr. Stone summarized the assumptions he used in the study including an interest rate of 7% and 7.25% and an average increase in salary increases of 4.5% to 4.75%. Presently, the RMLD has approximately \$5.7 million in its Pension Trust and \$26.5 million as the RMLD portion of the total Town of Reading retirement fund. The market value of the fund was \$40 million as of January 2008. However, due to economic conditions, that balance decreased by 19.4% as of January 2010.

The result of the study showed that the RMLD should deposit between \$1.1 to \$1.5 million for FY 2010 into the Pension Trust.

Discussion ensued.

Mr. Pacino asked what the overall Pension Trust liability was. Mr. Stone said that he has that number and it would appear in the final report.

Mr. Hahn said that he wants to see the final report to get a better idea of the overall impact of this study.

Mr. Cameron said that the RMLD budgeted \$100,000 for the Pension Trust contribution for FY 2010. However, he is recommending that the RMLD contribution \$200,000 into the Pension Trust Fund. Mr. Cameron believes that contributing this amount would still leave the RMLD with a positive net income for FY 2010.

Discussion ensued.

Mr. Hahn made a motion seconded by Mr. Pacino, to contribute \$200,000 into the RMLD's Pension Trust for FY 2010.

Motion carried by show of hands 3:0:0.

Motion to Adjourn

At 7:25 pm Mr. Hahn made a motion seconded by Mr. Pacino to adjourn the meeting.

Motion carried by show of hands 3:0:0.