

**CITY OF PHILADELPHIA
BOARD OF PENSIONS AND RETIREMENT
Meeting of February 24, 2011**

MINUTES

On February 24, 2011 Paula Weiss called the Regular Meeting of the Board of Pensions and Retirement to order at 9:05 a.m. in the Board's Conference Room.

Present: Paula Weiss
Harvey Rice
Brian Albert
Celia O'Leary
Carol Stukes
Anne Kelly King
Ronald Stagliano
John Reilly
Veronica Pankey
James Leonard

Also Attending: Francis Bielli, Mark Murphy, Shamika Taliaferro – Board of Pensions
Joshua Stein, Benjamin Hinerfeld – Law Department
Andrew Thomas – Fire Department
Ken Kent, Karen Zangara – Cheiron Actuarial Consultants
Will Greene – Loop Capital
Edith Blackwell – Chester City
Wayne Pollard – Philadelphia resident

Paula Weiss stated that the first order of business is the appointment of the new Board Trustee to replace Bill Rubin who resigned last month.

Ronald Stagliano stated that there was a public meeting scheduled earlier that morning in which the elected trustees met and selected Veronica M. Pankey as a replacement trustee for Bill Rubin. He welcomed her and wished her success.

Veronica Pankey introduced herself and stated that she works at the Philadelphia Housing Development Corporation where she has been an employee since August, 1988. As an accountant she is involved in reconciling the pension and is familiar with the issues surrounding the pension and the status of the funding. She is excited to be here and be involved in the decision making and the future of the employees of the City of Philadelphia.

Ms. Pankey was then sworn in as the new Board Trustee by Ms. Weiss. Ms. Weiss then moved on to Item 2 on the Agenda.

Ronald Stagliano made a motion to approve the minutes of January 28, 2011. Brian Albert seconded the motion.

The motion to approve the Minutes of January 28, 2011 carried unanimously 7-0-1.

CONSIDERATION OF (93) PENSION APPLICATIONS AND (98) WITHDRAWAL APPLICATIONS

John Reilly made a motion to approve. Ronald Stagliano seconded the motion.

The motion to approve carried unanimously 8-0.

APPLICATION FOR SERVICE-CONNECTED DISABILITY BENEFITS

Case of Edward T. De Salme, Application for Service-Connected Disability Benefits Plan “A”

This is an application by Edward T. DeSalme, former Firefighter for Service-Connected Disability Benefits in Plan “A”.

Mr. DeSalme states that he sustained his injury when he was on a medical run. He prevented the patient from falling while the patient was in a chair. He was moving the patient up and down the stairs when he injured his back. The date of injury is April 9, 2009.

John Reilly made a motion to approve. Ronald Stagliano seconded the motion.

The motion to approve carried unanimously 8-0.

Case of Stephen Johncola, Application for Service-Connected Disability Benefits Plan “B”

This is an application by Stephen Johncola, former Police Officer for Service-Connected Disability Benefits in Plan “B”.

Mr. Johncola states that he sustained injury to his left knee while working on his bicycle when he lost his balance going up onto a curb. The date of injury is July 30, 2008.

Ronald Stagliano made a motion to approve. Celia O’Leary seconded the motion.

The motion to approve carried unanimously 8-0.

Case of John R. Maddrey, Application for Service-Connected Disability Benefits – Plan “B”

This is an application by John R. Maddrey, former Police Officer, Police Department, for Service-Connected Disability Benefits in Plan “B”.

Mr. Maddrey sustained a back injury while working when he was transporting boxes of supplies up two flights of stairs to the store room. His date of injury is November 26, 2007.

Ronald Stagliano made a motion to approve. John Reilly seconded the motion.

The motion to approve carried 5-3.

Case of Rita Burke-Akangbe, Application for Service-Connected Disability Benefits – Plan “J”

This is an application by Rita Burke-Akangbe, former Social Worker Services Manager II, Department of Human Services, for Service-Connected Disability Benefits in Plan “J”.

Ms. Akangbe sustained the injury over a period of time as she performed her assigned duties.

The nature of Ms. Akangbe’s disability is limited mobility due to burning sensations throughout her body; hands, knees, feet, and legs especially. Her date of injury is October 19, 2003.

Brian Albert made a motion to deny. Celia O’Leary seconded the motion.

The motion to deny carried 4-0-4.

APPLICATION FOR SURVIVORSHIP BENEFITS AS COMMON-LAW WIFE

Case of Guy Lacy, Deceased, Application for Survivorship Benefits As Common-Law Wife – Plan “J”

This is an application by Darlene Lacy for survivorship benefits as the common-law widow of Guy Lacy.

Guy Lacy, a former Laborer with the Streets Department died November 14, 2010. He retired on May 6, 2002. At the time he applied for retirement benefits, he selected Option 4 and named his adult daughter as beneficiary of his pension and life insurance. In August of 2005, he changed the beneficiary of his life insurance to his common-law wife, Darlene Minton.

Guy Lacy and Darlene Minton were legally married July 7, 2008. A copy of their marriage certificate was submitted.

If approved, Ms. Lacy is eligible to receive a lifetime monthly survivorship benefit in the amount of \$811.15.

Simultaneously, Brian Albert made a motion to deny and Carol Stukes made a motion to send to a hearing panel.

Ms. Stukes wanted to send the case to a hearing panel for further documentation on their common law status.

Mr. Albert said that they were legally married in 2008, after Mr. Lacy retired.

Ms. Stukes argued that the fact they later married should not be held against them and questioned if that means they should never marry legally. At some point, most people do eventually marry. Also, many people do not understand common law and believe that a couple has to live together for seven years.

Ms. Weiss stated that the theory behind common law is if a couple truly believes they are common law married and holds themselves out to the community as husband and wife, then there would be no reason to go through with a ceremony unless they don't believe they are married.

Mr. Stagliano asked if Ms. Weiss's opinion was a recognized legal opinion or the Board's opinion, and if a couple decides to get married does that harm the fact that they were common law husband and wife prior to the legal wedding.

Ms. Weiss thought that in theory, it would negate the common law marriage because they clearly must not have thought that they weren't married.

Joshua Stein said that it is a legal argument and a question of how the couple hold themselves out. There is value in having a hearing panel.

Harvey Rice agreed with Ms. Weiss statements but agreed it should go to a hearing panel because there may have been a reason for the couple to decide to legally marry. There may have reasons that caused them to give up their common law status in order to get some rights they were denied.

Mr. Leonard stated that what is relevant is the intent of the parties and whether they hold themselves out to the community as being married. The mere fact that someone who has a valid common law marriage and later gets legally married doesn't totally negate the common law marriage, assuming it was valid. However, it raises a question as to what the intent was, given the fact that they married later on. If the Board has a question it should be sent to a hearing panel.

Mr. Albert withdrew his motion.

Carol Stukes made a motion to send to a Hearing Panel. Veronica Pankey seconded the motion.

The motion to send to a Hearing Panel carried unanimously 8-0.

Case of Paula Campbell, Request to Waive the Past Interest Due on Purchase of Pension Credit for a Prior Leave of Absence Without Pay

Paula Campbell is a member of Pension Plan D. She was granted a medical leave of absence without pay from 2/11/90 through 7/1/90. She was billed for the contributions due for that leave on 8/31/90, and given a deadline of 12/1/90 to respond.

In June 1996, she contacted former Clerical Supervisor Cathryn Morris, requesting that she be permitted to complete the above purchase. Ms. Morris advised her that she was beyond the time allowed and further advised her of her appeal rights. In a letter dated 6/15/96, addressed to former Executive Director Joseph Herkness, she appealed the above denial.

Her appeal was denied at the 8/15/96 Board Meeting. She appealed the Board's denial and a hearing was scheduled for 12/18/96. She cancelled this hearing on 12/16/96 and was subsequently charged a \$50.00 late cancellation fee.

A letter to Ms Campbell, dated 2/26/97, confirmed a telephone conversation she had with former employee Patricia Tolvaia regarding her wish to not have the hearing rescheduled until June 1997. When she was contacted on 6/26/97, she advised that she was withdrawing her appeal.

The Recode, enacted by City Council effective 1/13/99, permitted employees to purchase pension credit, for prior leaves of absence without pay, beyond 90 days from their return to employment by paying interest in addition to the normal cost. Notification of this and other changes was sent to all active members, at their address of record at that time.

On 8/15/10, Ms. Campbell's application to purchase pension credit for the above leave was received. On 9/20/10, she was billed and given a deadline of 12/20/10 to respond. Her total bill of \$3648.98 included \$2907.05 in past interest. In a letter dated 12/20/10 and addressed to Executive Director Francis X. Bielli, Ms. Campbell requested that the past interest due on the above purchase be waived.

In a letter dated 12/22/10, and in accordance with §22-801(4) of the Public Employees Retirement Code, her request was administratively denied. On 1/18/11, her appeal of the above administrative denial was received.

Brian Albert made a motion to deny. Celia O'Leary seconded the motion.

The motion to deny carried 5-0-3.

Case of Carol Evangelista (PPA), Application for Service-Connected Disability Benefits – Plan “Y”

This was **tabled** at the December 14, 2010 Board meeting at the request of Brian Albert, for clarification from the Law Department on the general release.

This is an application by Carol Evangelista, former Taxi/Limo Analyst, Philadelphia Parking Authority, for Service-Connected Disability Benefits in Plan “Y”.

Ms. Evangelista sustained an injury to her right ankle and foot when she slipped on some hydraulic fluid while on duty. Her date of injury is July 21, 2008.

Carol Stukes made a motion to approve. Veronica Pankey seconded the motion.

The motion to approve carried unanimously 8-0.

Case of Nathaniel Burton, Application for Service-Connected Disability Benefits – Plan “A”

This case was **deferred** to a Hearing Panel at the August 26, 2010 Board Meeting. A Hearing Panel was held on January 19, 2011.

The history of the case is as follows:

This is an application by Nathaniel Burton, former Fire Fighter, Fire Department, for Service-Connected Disability Benefits in Plan “A”.

Nathaniel Burton sustained the injury after returning from an active fire scene, he began experiencing tightness in the chest and could not catch his breath. The nature of Mr. Burton’s disability is limited mobility due to a heart attack. His date of injury is September 29, 2006.

John Reilly made a motion to approve. Celia O’Leary seconded the motion.

The motion to approve carried unanimously 8-0.

Case of Joyce Chennault, Application for Service-Connected Disability Benefits – Plan “Y”

This case was **denied** at the February 18, 2010 Board Meeting. A Hearing Panel was held on January 26, 2011.

The Hearing Panel votes are as follows:

Ms. Hilary Cornell: Recommend denial.

Mr. John Reilly: Recommend denial.
Deny the petitioner, Joyce Chennault, her request for a service-connected disability.

Mr. Harvey Rice: Recommend denial.

The history of the case is as follows:

This is an application by Joyce Chennault, former Library Assistant I, Free Library of Philadelphia, for Service-Connected Disability Benefits in Plan “Y”.

Ms. Chennault sustained the injuries to her arm and both knees when she fell down steps at work. Her date of injury is September 24, 2007.

Brian Albert made a motion to deny. Celia O’Leary seconded the motion.

The motion to deny carried 4-3-1.

Case of Marc Hummel, Request to Receive Pension Service Credit for Period of Dismissal – Plan “J”

This case was **denied** at the March 18, 2010 Board Meeting. A Hearing Panel was held on July 7, 2010.

The Hearing Panel votes are as follows:

Ms. Hilary Cornell: Recommend denial.

Mr. Harvey Rice: Recommend denial.

Mr. William Rubin: Recommend approval.

The history of the case is as follows:

This case was **tabled** for 30 days at the February 18, 2010 and January 21, 2010 Board Meetings at the request of Trustee William Rubin as an agreement was being worked on.

Marc Hummel is a Real Property Evaluator 2, in Pension Plan J. He was originally hired on 2/9/87. His last date paid was 7/13/06. He was dismissed effective 8/21/06, and did not receive a withdrawal of his pension contributions.

On 2/19/08, an arbitration award was issued, directing that Mr. Hummel be immediately reinstated to his former position with full seniority but without back pay. Mr. Hummel was reinstated effective 2/27/08.

An application dated 11/17/09, to purchase pension service credit for the period from August 2006 through February 2008, was received from Mr. Hummel. On 12/2/09, Pension Program Administrator Teresa Gray forwarded to Mr. Hummel an administrative denial of his request.

On 12/31/09, Mr. Hummel appealed the administrative denial.

Attached find an opinion issued by the Commonwealth Court of Pennsylvania on 1/4/08, which states (page 4)... there is nothing in the Retirement Code or Pension Board Regulations that ties pension rights or benefits to seniority. They are distinct concepts.

Brian Albert made a motion to deny. Celia O’Leary seconded the motion.

The vote tied 4-4. The Chair voted to deny. The motion to deny carried 5-4.

Case of Jack Rosenblum, Deceased, Appeal of Administrative Denial of Common Law Status for Application for Survivorship Benefits – Plan “J”

This case was **denied** at the August 26, 2010 Board Meeting. A Hearing Panel was held on January 19, 2011.

The Hearing Panel votes are as follows:

Ms. Hilary Cornell: Recommend denial.

Ms. Celia O’Leary: Recommend denial.
Ms. Johnson was legally married to Frank Johnson until Mr. Johnson’s death in 2004. She testified that she is receiving Mr. Johnson’s social security survivorship benefits.

Mr. Ronald Stagliano: Recommend denial.

The history of the case is as follows:

This is an application by Ann B. Johnson, to appeal the administrative denial of common law status for survivorship benefits in Plan “J”.

Jack Rosenblum, former Vector Control Crew Chief for the Health Department, died on January 16, 1998. He retired effective August 18, 1990. At the time of his retirement, Mr. Rosenblum elected Survivorship Option #4 naming his fiancée, Ann Johnson, as beneficiary of his pension and his life insurance.

In a sworn statement, Mrs. Johnson states that she met Jack Rosenblum in 1959; and they started living together in October of 1985. She further states that Jack’s wife was deceased. Mrs. Johnson was separated from her husband who had since died.

On July 8, 2010, Mrs. Johnson was sent an administrative denial letter through her attorney David Rapoport, Esquire. The reason for the denial was as follows: Ann Johnson was still married to Frank Johnson two years prior to Mr. Rosenblum’s retirement and therefore not free to marry.

Mr. Rapoport sent a letter of appeal dated August 2, 2010. Attached is a copy of that letter.

Mrs. Johnson has also submitted notarized statements from the following friends and neighbors: Karen and Nick Marino, Catherine Trerotola.

If approved, Mrs. Williams will receive a lifetime, monthly benefit of \$841.38.

Brian Albert made a motion to deny. Celia O’Leary seconded the motion.

The motion to deny carried unanimously 8-0.

Case of Elizabeth Saraullo, Application to Retain Option 4 – Plan J

This case was **denied** at the August 5, 2010 Board Meeting. A Hearing Panel was held on January 19, 2011.

The history of case is as follows:

Elizabeth Saraullo elected to enroll in the DROP program effective April 30, 2010. At this time Mrs. Saraullo presented a marriage certificate dated January 23, 2010. She elected survivorship option 4 and named her spouse.

Mrs. Saraullo elected survivorship option 4 based on the rule in House Bill 1828 that became effective September 18, 2009. Section 1131 of the Bill was interpreted to read the member may designate his/her spouse as beneficiaries regardless of the date of marriage.

On June 4, 2010, Mrs. Saraullo received a letter from the Board of Pensions and Retirement stating that Section 1131 is not applicable to the City of Philadelphia. Section 1131 applies only to local governments which did not have Deferred Retirement Option Plan (DROP) in existence as of the effective date of the legislation, September 18, 2009. Because the City of Philadelphia's DROP program was in existence before the date, the provisions of Section 1131 are not applicable. Accordingly, the two (2) year marriage requirement for the selection of a spouse as beneficiary under option 4 in Section 22-306 of the Philadelphia Public Employees Retirement Code remains in effect.

Since Section 1131 is not applicable Mrs. Saraullo's spouse does not meet the two (2) year marriage requirement of 22-306 of the Philadelphia Public Employees Retirement Code. Therefore, Mrs. Saraullo's spouse does not qualify for a survivorship benefit under option 4.

On June 25, 2010 Mrs. Saraullo spoke with Stacey White and was given the figures for Option 2 & Option 3. She stated she would like to appeal the Board's decision.

On June 28, 2010 Mrs. Saraullo hand delivered a letter addressed to Francis Bielli requesting to retain option 4.

Carol Stukes made a motion to approve. Brian Albert seconded the motion.

The motion to approve carried unanimously 8-0.

Case of Robert Boykin, Deceased, Request to Change Irrevocable Election to Withdraw Contributions in Plan Y

This case was **deferred** to a Hearing Panel at the August 26, 2010. A Hearing Panel was held on January 19, 2011.

The Hearing Panel votes are as follows:

Ms. Hilary Cornell: Recommend approval.

Ms. Celia O'Leary: Recommend approval.

Mr. Ronald Stagliano: Recommend approval.

The history of the case is as follows:

Robert Boykin, deceased pensioner, has requested to revoke his election to withdraw contributions and instead choose a survivorship option for his Service-Connected Disability pension in plan Y.

Mr. Boykin died August 6, 2010.

Mr. Boykin, a former Custodial Worker for the Airport applied for Optional Early and Service-Connected Disability benefits on January 15, 2010. At that time, he selected survivorship option #2 for his Optional Early pension naming Florence M. Flanagan whom he listed as "friend" on his Election of Survivorship option form. He opted to withdraw his contributions and forego the survivorship option if his Service-Connected Disability application was approved.

Mr. Boykin's death certificate indicates that he was married at the time of his death. Ellen Carroll is listed as the surviving spouse.

Mr. Boykin forwarded a letter received May 10, 2010 requesting to change his election of withdrawing his contributions to naming a survivor for his pension benefit.

At the June 22, 2010 Board Meeting Mr. Boykin's Service-Connected Disability application was approved. His Optional Early pension was converted to a Service- Connected Disability pension on the July 30, 2010 payment.

Mr. Boykin does not specifically state which option he would select should the Board approve his request. As previously stated above, he selected survivorship option #2 naming his friend Florence M. Flanagan when applying for his Optional Early pension.

In a letter dated June 22, 2010, Pension Counselor Administrator Leontyne Freeman informed Mr. Boykin that his request had been **administratively denied**; the denial being based on section 22-401(4) of the Philadelphia Public Employees Retirement Code. A copy of the section was enclosed for Mr. Boykin's review. In a letter dated June 30, 2010, Mr. Boykin stated his wish to appeal.

Carol Stukes made a motion to approve. Brian Albert seconded the motion.

The motion to approve carried unanimously 8-0.

Case of Clarnetta Rice, Application for Service-Connected Disability Benefits – Plan “Y”

This case was **denied** at the August 26, 2010 Board Meeting. A Hearing Panel was held on December 15, 2010.

The Hearing Panel votes are as follows:

Mr. Harvey Rice: Recommend approval.

Mr. William Rubin: Recommend approval.

Ms. Paula Weiss: Recommend denial.

The history of the case is as follows:

This is an application by Clarnetta Rice, former Service Representative, Health Department, for Service-Connected Disability Benefits in Plan “Y”.

Ms. Rice sustained the injury over a period of six to eight years while carrying out her duties in the chart room, pulling and filing charts. Another injury occurred when Ms. Rice fell off the steps as she was entering her place of work. Also, Ms. Rice suffered a second injury which resulted in a tailbone injury. Her dates of injury are September 26, 2005 and August 5, 2006.

Ronald Stagliano made a motion to approve. Carol Stukes seconded the motion.

The motion to approve carried 5-3.

NEW BUSINESS

- **Executive Director’s Report** – Mr. Bielli stated that in the Board’s folders are travel and education requests for the Board Trustees to attend the NCPERS 2011 Annual Conference and Exhibition which will be held May 21 to May 26, 2011.

Mr. Stagliano stated that the first two days of this conference are devoted to trustee education and he thinks it’s important that Ms. Pankey attends. At some point, it would benefit everyone on the Board to attend this conference.

Brian Albert made a motion to approve. Celia O’Leary seconded the motion.

The motion to approve the Board Trustees to attend the NCPERS 2011 Annual Conference held May 21 through May 26, 2011 carried 7-0-1.

Mr. Bielli stated that the Board has started providing a notice of contracting opportunities to agencies in hopes of increasing their opportunities. Notices are now being sent to the National Association of Asian American Professionals, the African American Chamber of Commerce, the Urban Affairs Coalition and the Women's Business Development Center. He advised the Board to let him know if they have any organizations they would like notified of any Request for Proposals.

Mr. Bielli informed the Board that the Minute Master contract expires in July. He asked the Board for their feedback on the use of Minute Master and if they wanted to continue to use it. When the contract was entered into there was a large payment of \$60,000.00 made for putting the backlog of Minutes in the system. From that point forward the tab is \$5,000.00 a year. Discussion ensued about the use of Minute Master and it was decided that Mr. Stein would look at some alternatives and get back to the Board. Some points of discussion were search capabilities of the system, transparency of the Minutes, putting the Minutes online, and if it is worth changing the system now since much of the costs have already been paid.

Mr. Belli informed the Board that the Office is targeting the end of the fiscal year to begin direct deposit for new retirees and will start to look at the current retirees after that.

Clifton Gunderson has completed their report and it was passed out at the meeting.

Mr. Bielli stated that the Civil Service Commission responded to the letter he sent them regarding the health benefits issue. Copies of the letter were passed out to the Board. Mr. Bielli asked the Law Department to respond at the next meeting with their opinion if and how the Board should respond to the letter.

Ms. Stukes brought up an issue regarding Marc Hummel's case and questioned how the Board can make a decision based on an opinion by the Civil Service Commission, if the Commission does not have jurisdiction. She said she would like the case put back on the agenda until an opinion is received from the Law Department. Mr. Albert stated that the Board made the decision on the Hummel case. Ms. Weiss suggested that the Board review the Civil Service Commission's letter and if they decide that the Hummel case should be reconsidered it can be brought back.

FYI

- **Litigation Summary** – Mr. Stein stated there were no changes or decisions since the last Board meeting. He updated the Board on the Garrick vs. Board of Pensions case which is a common law marriage case. Ms. Garrick lost her appeal in Common Pleas Court and appealed in Commonwealth Court. She was required to show cause for the appeal which she failed to do, so the Commonwealth Court has requested that the Common Pleas Court dismiss the appeal. The Herbert Clayton case has a hearing scheduled March 3, 2011 in Common Pleas Court for depositions.

Brian Albert made a motion to adjourn. Ronald Stagliano seconded the motion. The meeting adjourned at 9:55 a.m.

Cheiron Presentation – Preliminary Actuarial Valuation

Ken Kent stated that the presentation would provide the Board with the preliminary actuarial results as of July 1, 2010. Following the reports will be the finalization of the report which has to be submitted to the State with Act 205 forms by the end of March. The presentation would cover the differences from last year to this year, the historical review, the valuation results, a stress testing component and any other issues that impact the results.

Since last year, Cheiron has adopted a whole body of adjustments to the actuarial assumptions; the most significant was reducing the investment/discount rate from 8.25% to 8.15%. Other adjustments made were updating mortality, massaging some of the other assumptions, and adopting an age based salary scale. The base salary growth assumption was changed from 4% to 3.5%. They would like to change the inflation rate from 4% to 3.5% as it is only applied to administrative expenses. They would assume \$41,000.00 less in expense growth from one year to the next. This is a more consistent assumption. Demographic assumption changes were also changed. This includes retirement rates, termination rates, disability rates and mortality rates. This is the first valuation report that reflects those changes.

Act 205 was amended through Act 44. Specifically, Section 10 applies to the City of Philadelphia. It allows the City to defer contributions but the Act requires and mandates that those contributions be repaid within a specific period of time, such that the actuary reflects those contributions as an asset in determining costs going forward. The City owes interest for the whole year of deferral. As of June 30, 2010 interest was due. To the extent it wasn't paid by then it becomes part of the MMO for the following year. Effective July 1, 2010 two years of interest are due. The amount that was deferred was \$150,000,000. The interest on the MMO could be increased by \$12,000,000 to cover the interest for two years. As long as these deferrals are in place the City is obligated to file with PERC every year. Gains and losses also get experienced each and every year. There are expected changes in the MMO from year to year as a result of that.

Plan 10 was adopted for Police. All eligible participants elected to remain in Plan 87 with 1% increase in the employee contributions, which is 6%. The Fire arbitration was settled for the pension part so Plan 10 is also in place for firefighters. The decision came after the valuation date so it won't be reflected in July 1, 2011.

Karen Zangara presented on the historical review of assets and liabilities, the funding policy and MMO, participation and annual cash flows. The actuarial liabilities have been increasing since 2001. The actuarial value of assets has remained stable over the period of time. As the liabilities have increased the funding ratio has declined, this means more unfunded liability that needs to be amortized in over time increasing the MMO payments. The good news is that from last year to this year the funding level went from 45% to 47%. There were favorable market returns which are getting smoothed out over a ten year period.

Mr. Kent explained the breakdown of the MMO contributions by the source, the normal cost and the amortization payments for the unfunded amount which shows the interest on the deferred contributions that are being repaid. They are assuming they will be paid in FY 2011.

Carol Stukes asked if this is going to be paid in 2012 since this is currently Fiscal Year 2011.

Rob Dubow replied that the City is planning to pay both payments this year and the chart reflects that.

Alan Butkovitz asked if under the State legislation, regarding a State takeover, if the governing figure would be the market value funding ratio.

Mr. Kent answered that the 50% funded would be the actuarial value but would include a slightly different method which has more subsidy. Under the current State law the Fund has to be 50% funded by 2016.

Mr. Stagliano asked if we assume our return between now and 2016 if we would get to that 50% funding level.

Mr. Kent stated that based on current assumptions, it could be 50% funded anytime between 2019 and 2021.

Mr. Dubow asked what it would take to get to 50% by 2016, the dollar level and the return they would have to hit by then, on a year to year basis.

Mr. Kent stated they could provide the Board, on a year to year basis, what it would take to get to 50% by 2016, in terms of returns.