

TAB 3



August 1, 2012

Board of Trustees
c/o Sharon Jones
Human Resource Director
City of Palmetto Police Officers' Retirement System
P.O. Box 1209
Palmetto, FL 34220

Re: City of Palmetto
Police Officers' Retirement Plan
Dollar Basis Funding Requirements

Dear Board:

As you are aware, the Florida Division of Retirement recently released a memorandum which allows pension boards the choice to continue funding on a percentage of payroll basis or to revert back to the "old" system of funding as a dollar amount.

We were asked to complete an analysis to determine what the City's funding requirements would be for the Fiscal Years ending September 30, 2012, and September 30, 2013, if the Board were to elect to adopt the "old" system of funding as a dollar amount. The results of our analysis are shown directly below:

<u>Fiscal Year Ending</u>	<u>Required City Contributions</u>
9/30/2012	\$404,022
9/30/2013	\$415,393 *

* Derived from 5/24/12 AIS

Please note that if the Board wishes for this to be immediate and impact the funding requirements for Fiscal 2012, then we will need to revise both the 2010 and 2011 actuarial valuations to implement the change. If the Board wishes to make the change effective for Fiscal 2013, then we will only need to revise the 2011 actuarial valuation. If the effective date is not until Fiscal 2014, then no revisions to the actuarial valuations will be necessary.

If you have any questions, or would like to discuss the results, please do not hesitate to contact us.

Sincerely,

Douglas H. Lozen
DHL/Ike