

RETIREMENT SYSTEM FOR THE GENERAL EMPLOYEES OF
THE UTILITY BOARD
OF THE CITY OF KEY WEST, FLORIDA
SUMMARY PLAN DESCRIPTION

Approved: April 15, 2010

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INTRODUCTION

This document is intended to be a plain language summary of the administration and benefits provided by the Retirement System for the General Employees of the Utility Board of the City of Key West, Florida (the Plan).

This Summary Plan Description is a brief description of your Plan and your rights, obligations and benefits under the Plan. This Summary Plan Description is not meant to interpret, extend or change the provisions of your Plan in any way. Further, this Summary Plan Description does not constitute a contract for retirement benefits. The provisions of your Plan may only be determined accurately by reading the actual Plan document, which consists of resolutions of the Utility Board of the City of Key West, the applicable provisions of Chapters 112, Part VII and the Internal Revenue Code.

A copy of your Plan is on file at the Plan Administrator's office and may be read by you, your beneficiaries or your legal representatives at any time during normal business hours. If you have any questions regarding either your Plan or this Summary Plan Description, you should ask your Plan's Administrator. In the event of any discrepancy between this Summary Plan Description and the actual provisions of the Plan, the Plan shall govern.

This Summary Plan Description is provided to you to give you a description of the Retirement System for the General Employees of the Utility Board of the City of Key West only, and is not a description of any other benefit. Your employer may provide you with other benefits upon your retirement; If you desire any information about those benefits you

should be able to obtain that information by contacting your Human Resources Office.

1. What is the official name of the Plan?

The official name of the Plan is the Retirement System for the General Employees of the Utility Board of the City of Key West, Florida.

2. What type of Plan is this?

This is a defined benefit plan which means that should you meet the requirements, you will receive, upon retirement, a guaranteed percentage of your covered salary times your years of credited service.

3. How is the Plan administered?

The Plan is administered by a thirteen member Board of Trustees. Ten of the Trustees must be current employees, all of whom are elected by employees. There are two retiree Trustees, both of whom are elected by the current retirees. The thirteenth Trustee is the General Manager and CEO who serves as Trustee during his or her term of office at which time he or she is replaced by the successor. The current members of the Board of Trustees are:

Retiree Representatives

Harry Bethel, Sr, Chairman
Larry Thompson

Employee Representatives

Suzanne Greager, Vice-Chair
Sylvia Adams
Robert Barrios
George Castellon

Mike Griffin

Ony Mendez
Catherine Nix
Gricel Owen
David Price
Dan Sabino

General Manager and CEO

Lynne Tejada

In accordance with Florida law, the Chairperson is the registered agent for service of process and his business address is 1001 James Street, Key West, Florida 33040. In the absence of the Chairperson, any member of the Board of Trustees is subject to service of process.

4. Who administers the Plan?

The Plan is administered by the Board of Trustees. The Plan engages the services of accountants, attorneys, actuaries, investment managers and performance monitors as advisors. Should you have any questions regarding your benefits, you may contact the Plan Administrator, Kim Free at (305) 295-1011 or kim.free@keysenergy.com.

5. What are the legal documents creating the Plan?

The actual Plan is set forth by resolution of the Utility Board of the City of Key West. Additionally, the Plan is governed by Chapter 112, Part VII, of the Florida Statutes and certain provisions of the Internal Revenue Code.

6. Are there relevant provisions of collective bargaining agreements?

Certain employees covered by the Plan are members of the collective bargaining unit represented by the IBEW Local 1990. The current collective bargaining agreement

between the unit and the Employer covers the period October 1, 2009 through September 30, 2012 (See Article 4.3).

7. Who is the custodian and what does it do?

The custodian is hired by the Board of Trustees and currently is The Bank of New York. The custodian of the Plan is responsible for the safekeeping of securities owned by the Pension Fund.

8. How is the Plan Funded?

Contributions on behalf of Members are made by the Utility Board and are a percentage of each Member's covered payroll determined annually by actuarial valuation.

The Utility Board is responsible for the financial soundness of the Plan.

9. Who are the Investment Managers and what do they do?

The investment managers are responsible for selecting the securities to be bought and sold by the Pension Fund, in accordance with the Investment Policy established by the Board of Trustees. The current investment managers are: Lateef Investment Management, Sawgrass Asset Management, Dana Investment Advisors, Moody Aldrich Partners, Wentworth Hauser and Violich, Intercontinental Real Estate Corporation, Galliard Capital Management, I-Shares Series C and I-Shares Series M.

10. Who are members of the Plan?

All full-time employees, following completion of a probationary period, and qualified Utility Board Members of the Utility Board of the City of Key West, Florida are members of the Plan. In addition, all retirees, disabled members and terminated vested employees are

members of the Plan.

11. Who are the beneficiaries of the Plan?

Beneficiaries are each qualified person designated by you to the Human Resources Department utilizing the proper Beneficiary Election Form to receive any payments that may become payable by the Plan upon your death. Utilizing the proper Benefit Election Form, you can change your beneficiary anytime up to the time of retirement.

12. What is credited service?

Your Credited Service is that amount equal to your total length of service following completion of your probationary period with the Utility Board as a full-time employee or qualified Utility Board Member. Credited Service is used to compute the amount of pension benefits you are entitled to when you retire, to determine whether you are eligible for certain benefits and to determine whether you are vested.

13. What happens if I leave employment with the Utility Board and then become reemployed?

If you terminate employment with the Utility Board and later return to work for the Utility Board, you will again become a member of the Plan, but will only be given credit for previous service under the following conditions:

- If you leave the employ of the Utility Board, you may voluntarily leave your contributions, if any, in the Fund for a period of three (3) years pending the possibility of being rehired.

- If you leave your contributions, if any, in the Fund, and if you are not reemployed within three (3) years, your contributions will be returned.
- If you choose to withdraw your contributions, if any, and you are reemployed, you will not receive credit for the years or the parts of years for which you have withdrawn your contributions, if any, unless you have repaid into the Fund the amount you have withdrawn, plus interest at the rate of 8% or the rate of return earned by the Fund (whichever is greater) during the period from the date of the refund to the date of the repayment. You shall have ninety (90) days after reemployment to make any repayment.

14. What is my Normal Retirement Date?

If you were a member on or before November 13, 2008, your Normal Retirement Date is the date you attain age 60 or complete thirty (30) years of credited service regardless of your age. Otherwise your Normal Retirement Date is the date you attain age 60 and complete ten (10) years of credited service or you complete thirty (30) years of credited service.

15. May I retire earlier?

Yes, you may retire at your Early Retirement Date, which is the date you reach age 55 and complete ten (10) years of credited service or when you have completed twenty (20) years of credited service regardless of age. You may retire at any time following the earlier of these dates with reduced benefits as described later. Your early retirement

benefit will be reduced by 5% for each year your early retirement benefit commencement date precedes your normal retirement date.

16. May I continue working past my Normal Retirement Date?

If you continue working past your Normal Retirement Date, the date you stop working will be your Late Retirement Date.

17. What will be my normal retirement benefit?

The monthly benefit you will receive if you continue in employment until your Normal Retirement Date is called your Normal Retirement Benefit.

If you were hired prior to June 1, 2010, the amount of your Normal Retirement Benefit is 2.4% of your average final monthly compensation times your credited service (maximum 30 years) as of your Normal Retirement Date.

Your average final monthly compensation is your average monthly pensionable earnings during the highest five (5) years of the last ten (10) years of service immediately preceding your retirement.

If you were hired on or after June 1, 2010, the amount of your Normal Retirement Benefit is 2.0% of career average monthly compensation times your credited service as of your Normal Retirement Date.

Your career average monthly compensation is your average monthly pensionable earnings from your date of participation to your date of termination of employment.

Provided however, that your maximum retirement income cannot exceed the lesser

of 100% of your average final compensation or \$245,000, subject to adjustment as provided under the Internal Revenue Code.

As an example of your Normal Retirement Benefit, if you were hired prior to June 1, 2010 and your average final monthly compensation at your Normal Retirement Date is equal to \$3,000, and your credited service is equal to thirty (30) years, then your calculation would be as follows:

2.4% multiplied by your average final monthly compensation times your years of credited service =			
0.024	x	\$3,000	= \$72.00
\$72.00	x	30 years Credited Service	= \$2,160.00 per month

The retirement benefit is paid to you for the rest of your life or until you again become an employee of the Utility Board (however, see the section on *How Will I Receive My Benefit* for available optional forms of payment).

18. What is my accrued benefit?

The portion of your Normal Retirement Benefit that you have earned at any point in time is called your Accrued Benefit. Your Accrued Benefit is computed in the same way as the Normal Retirement Benefit, except you use your present average final monthly compensation (if you were hired prior to June 1, 2010) and credited service or present career average monthly compensation (if you were hired on or after June 1, 2010) and

credited service. The Accrued Benefit is a monthly amount, which starts on your Early Retirement Date (in a reduced amount), age 60 or Normal Retirement Date.

19. What will be my benefit if I decide to retire early?

If you decide to retire early, you may receive your Early Retirement Benefit immediately or on a deferred basis.

A deferred Early Retirement Benefit means a benefit that does not begin until the date you reach your normal retirement date and is paid for the rest of your life.

An immediate Early Retirement Benefit means a benefit that begins on your Early Retirement Date and is paid for the rest of your life, but you must elect to do so and your benefit will be reduced by 5% for each year the benefit is paid prior to your Normal Retirement Date. If you retire at age 60 and it is prior to your Normal Retirement Date, your Early Retirement Benefit will equal your vested Accrued Benefit payable immediately.

20. If I leave employment, other than by reason of retirement, disability or death, will I be entitled to a benefit?

You may receive a deferred vested retirement benefit based upon the calculation of your average final monthly compensation (if you were hired prior to June 1, 2010) and credited service or career average monthly compensation (if you were hired on or after June 1, 2010) and credited service at the date of termination times the percentage listed below.

The following table shows your percentage vested based upon your number of years of credited service:

Years of Credited Service	Vested Percentage
Less than 5	0%
5 but less than 6	25%
6 but less than 7	30%
7 but less than 8	40%
8 but less than 9	60%
9 but less than 10	80%
10 or more	100%

21. What will be my late retirement benefit if I decide to retire after my Normal Retirement Date?

The amount of your monthly Late Retirement Benefit is calculated and paid in the same way as the Normal Retirement Benefit. However, your average final monthly compensation (if you were hired prior to June 1, 2010) and credited service or career average monthly compensation (if you were hired on or after June 1, 2010) and credited service as of your actual retirement date are used in the calculation.

22. Does the Plan pay a cost-of-living adjustment?

Beginning on January 1, 2001 and for each year thereafter, benefits paid to retirees will be increased by 3%. Please note the Trustees have discretion to eliminate any cost-of-living adjustment based upon actuarial or financial factors.

23. What will happen if I become disabled?

If you become totally and permanently disabled as provided by the Plan and you

have completed at least ten (10) years of credited service you may be eligible for a disability benefit regardless of whether the disability is service related. You must immediately contact the Plan Administrator for details on how to apply for disability benefits.

The application for these benefits must be made in writing to the Board of Trustees and be accompanied by a physician's report and statement by two (2) Florida licensed doctors. The Board of Trustees may arrange for further examination by its own physician. Upon receiving a disability pension, you will be required to provide completed annual recertification forms showing that you are still totally and permanently disabled. These forms will be sent to you by the Plan Administrator and must be returned within sixty (60) days of mailing.

If you were hired before June 1, 2010, the amount of your monthly disability benefits will be calculated as it is for normal retirement based upon your credited service and your average monthly pensionable compensation for the three (3) years immediately preceding your disability. If you were hired on or after June 1, 2010, the amount of your monthly disability benefits will be calculated as it is for normal retirement based upon your credited service and your career average monthly compensation.

However, if you were hired before June 1, 2010, your minimum monthly disability benefit you will receive is 20% of the final three (3) year average basic monthly compensation at the date of your disability. If you were hired on or after June 1, 2010 your minimum monthly disability benefit you will receive is 20% of your career average monthly compensation.

These benefits will be offset by any benefits payable under Workers Compensation or a similar injury or disability benefit.

Should you become employed in any capacity with any employer, or found to be no longer disabled by a medical provider, your disability benefits will be terminated and your regular retirement benefits will be calculated.

24. Will my survivors receive anything if I die?

If you die while still employed, a death benefit will be payable to your spouse, domestic partner or children under 21 years of age (25 years of age provided the child is a full-time student in college or disabled under Social Security), as elected by you utilizing the proper benefit election form available from the Human Resources Department. You may elect either Option 1 or Option 2 below. Option 2 is only available if you have children less than 21 years of age (25 years of age provided the child is a full-time student in college or disabled under Social Security).

Option 1 – 75% of the projected benefit you would have received had you continued employment until your normal retirement date at your current rate of pay payable during the remaining lifetime of your spouse or domestic partner.

Option 2 – 100% of the projected benefit you would have received had you continued employment until your normal retirement date at your current rate of pay payable until your youngest child is 21 years of age (25 years of age provided the child is a full-time student in college or disabled under Social Security). Upon attainment of age 21 (age 25 provided the child is a full-time student in college or disabled under Social Security) by your

youngest child, 60% of the projected benefit will be payable during the remaining lifetime of your spouse or domestic partner.

After Retirement

If you were receiving a form of retirement payment which provided for a survivor's benefit to be paid after death, your Beneficiary will receive payments following your death. A later page describes the various forms of retirement payments.

25. Is my return of contributions taxable?

At the time that you ask for your return of contributions, you will be furnished with a special tax notice as published by the IRS that will explain, in detail, your various options and the tax consequences of each decision. We suggest that you seek professional tax advice.

26. How will I receive my benefit?

Unless you elect otherwise before your retirement, you will receive a monthly life annuity with the final payment due in the month in which your death occurs.

Instead of the monthly life annuity, you may be able to select an optional form of benefit.

The options which may be available to you are:

OPTION I - Joint and Survivor Annuity

You may elect to receive a reduced optional retirement benefit during your lifetime, with such decreased retirement benefit (or a designated fraction thereof) continued after

your death for the lifetime of your chosen beneficiary.

OPTION II - Ten Year Certain Option

You may elect to receive a decreased retirement benefit during your lifetime but if you die prior to receiving benefits for 120 months, your designated beneficiary will receive that same monthly benefit for the remainder of the 120 months.

OPTION III - Joint and Survivor Annuity with Pop-Up Option

You may elect to receive a reduced optional retirement benefit during your lifetime, with such decreased retirement benefit (or a designated fraction thereof) continued after your death for the lifetime of your chosen beneficiary. If your chosen beneficiary dies before you, your monthly benefit will increase to the unreduced amount payable under the normal form of payment, life annuity, payable for the remainder of your lifetime.

27. May the Plan be amended or terminated?

Yes.

28. Important Notice

There are certain circumstances which may result in the disqualification, ineligibility, denial, loss, forfeiture, suspension or deferral of your benefits in this Plan. The following is a list of these circumstances:

- a. If you terminate employment before reaching the Normal or Early Retirement Date and you do not have at least five (5) years of Credited Service, no benefits will be payable except for a return of your own contributions, if any, without interest.
- b. No credit is allowed either for benefit accrual or vesting purposes for any

period in which you are not considered a regular full-time, non-probationary employee.

- c. Your retirement benefit will not be payable until your actual retirement date, even if you continue to work beyond the Normal Retirement Date.
- d. In the event that this Plan terminates and the available Plan assets are less than the value of all Accrued Benefits, then your Accrued Benefit may be reduced.
- e. Payment of your benefits may be subject to an income deduction order made pursuant to a state domestic relations law. Your benefits may not be assignable in any other circumstance, other than a voluntary assignment by you to pay toward a contracted obligation to the Utility Board.
- f. Your Accrued Benefit may be forfeited if you are convicted of certain specified offenses as provided by State law (Chapter 112.3173 F.S.).

The specified offenses are:

- Committing, aiding or abetting of an embezzlement of public funds;
- Committing, aiding or abetting of any theft by a public officer or employee from the Utility Board;
- Bribery in connection with the employment of a public officer or employee;
- Any felony specified in Chapter 838, Florida Statutes;
- The committing of an impeachable offense;
- The committing of any felony by a public officer or employee who, willfully and with intent to defraud the public or the public agency for which the public officer or employee acts or in which he or she is employed of the right to receive the faithful performance of his or her duty as a public officer or employee, realizes or obtains, or attempts to realize or obtain, a profit, gain, or advantage for himself or herself or

for some other person through the use or attempted use of the power, rights, privileges, duties, or position of his or her public office or employment position.

- The committing on or after October 1, 2008, of any felony defined in §800.04, Florida Statutes, against a victim younger than 16 years of age, or any felony defined in Chapter 794, Florida Statutes against a victim younger than 18 years of age, by a public officer or employee through the use or attempted use of power, rights, privileges, duties, or position of his or her public office or employment position.
- g. If you engage in any illegal act which causes a detriment to or injury or loss to the Utility Board in any material respect, you shall forfeit any rights to benefits under the Plan. If you are no longer an employee of the Utility Board and owe money to the Utility Board, your benefits may be paid to the Utility Board toward satisfaction of that obligation.
- h. If you fail to properly file all necessary information and applications as required by the Board of Trustees, then you may be denied benefits.
- i. In no event can your annual retirement benefit from the Plan or your compensation considered exceed the legal limit for benefits and compensation established by the Internal Revenue Service.
- j. Failure to provide information that the Board of Trustees deems necessary or desirable to administer the Plan may result in reduction or cessation of any benefits otherwise payable.
- k. Portions of your Plan benefits may be subject to Federal income tax when paid to you or your beneficiary. The Board of Trustees will withhold payment for taxes from your benefits or you may pay the taxes yourself along with your personal income tax.
- l. If you withdraw your contributions, if any, no further Plan benefits are

payable.

- m. You will not be entitled to receive disability benefits if you do not provide satisfactory proof of actual and continued disability. Disability retirement is subject to the approval of the Board of Trustees based upon established methods and procedures.
- n. You are not entitled to receive any disability benefits if the Board of Trustees finds that your disability is a result of:
 - ✓ Excessive and habitual use of drugs, intoxicants, or alcohol,
 - ✓ Injury or disease sustained while willfully and illegally participating in fights, riots or civil insurrections,
 - ✓ Injury or disease sustained while committing a crime,
 - ✓ Injury or disease sustained while serving in the armed forces,
 - ✓ Injury or disease sustained after termination of employment with the Plan,or
 - ✓ Injury or disease sustained while working for anyone other than the Plan and arising out of such employment.

Any disqualified Member, who has received benefits from the Plan in excess of his contributions, if any, shall be required to repay the Plan. The Board may implement legal action necessary to recover such funds.

29. Do I have responsibilities under the Plan?

- a. Retain this Summary Plan Description with your other important papers for later reference or for replacement by updated versions and supplemental notices, if any.
- b. Upon completing eligibility requirements complete a Beneficiary Election Form, obtained from the Human Resources Department.
- c. Keep your Beneficiary Election Form updated in your personnel file to

express your wishes.

- d. If you terminate employment, check to see if you are entitled to a deferred Vested Retirement Benefit and the date payable.
- e. If you should terminate employment with rights to a deferred Vested Retirement Benefit, then, shortly before the date on which it is to begin, you are required to contact and notify the Administrator to begin such payments.
- f. Upon your retirement under Early or Normal Retirement, complete the form necessary to indicate whether you desire an Optional Form of Benefit, and if so, which option you choose.

30. How do I make a claim for benefits?

Claims for benefits under the Plan must be filed in writing with the Plan Administrator. If you are eligible for any benefits from this Plan, and you request it, you will be provided with a notification form showing the amount of your benefit and options, if any, and the earliest date on which such benefit is payable. Prior to your normal retirement date, you will be allowed on one occasion, at no cost to you, to receive an estimated calculation of pension benefits. The administrative charge for this estimate is paid on your behalf, but if you obtain a second estimate, it will be at your expense.

If your claim for benefits is denied, you are entitled to a full and fair review of that decision. You will receive written notification if your claim has been wholly or partly denied. This notice will be provided to you within a reasonable period of time, after the receipt of your claim by the Plan Administrator. The written notice must contain the following information:

- a. The specific reason or reasons for the denial;

- b. Specific reference to those Plan provisions on which the denial is based;
- c. A description of any additional information or material necessary to correct your claim and an explanation of why such material or information is necessary; and
- d. Appropriate information as to the steps to be taken if you or your Beneficiary wishes to submit your claim for review.

If notice of the denial of a claim is not furnished to you in accordance with the above within a reasonable period of time, your claim shall be deemed denied. You will then be permitted to proceed to the review stage described in the following paragraphs.

If your claim has been denied, and you wish to submit your claim for review, you must follow the Claims Review Procedure.

31. Claims Review Procedure

- a. Upon the denial of your claim for benefits you may file your claim for review, in writing, with the Plan Administrator.
- b. You must file the claim for review no later than 60 days after you have received written notification of the denial of your claim for benefits.
- c. You may review all pertinent documents relating to the denial of your claim and submit any issues and comments, in writing, to the Plan Administrator.
- d. Your claim for review must be given a full and fair review. If your claim is denied, the Plan Administrator will provide you with written notice of this denial.

- e. The Board of Trustee's decision on your claim for review shall be communicated to you in writing and shall include specific references to the pertinent Plan provisions on which the decision was based.
- f. If the Board of Trustee's decision on review is not furnished to you within the time limitations described above, your claim shall be deemed denied on review.

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REPORT OF FINANCIAL AND ACTUARIAL INFORMATION

**RETIREMENT SYSTEM FOR GENERAL EMPLOYEES OF
THE UTILITY BOARD OF THE CITY OF KEY WEST**

Report of Financial and Actuarial Information

01/01/2009

A. Participant Data

1.	Active participants	153
2.	Retired participants and beneficiaries receiving benefits	137
3.	Disabled participants receiving benefits	13
4.	Terminated vested participants	25
5.	Annual payroll of active participants	\$ 9,782,010
6.	Annual benefits payable to those currently receiving benefits	\$ 3,381,931

B. Value of Assets

1.	Actuarial Value	\$ 54,592,855
2.	Market Value	\$ 45,494,046

C. Liabilities

1.	Actuarial present value of future expected benefit payments for active members	
a.	Retirement benefits	\$ 41,701,020
b.	Vesting benefits	1,050,788
c.	Death benefits	774,228
d.	Disability benefits	1,069,448
e.	Total	\$ 44,595,484
2.	Actuarial present value of future expected benefit payments for terminated vested members	\$ 1,097,360
3.	Actuarial present value of future expected benefit payments for members currently receiving benefits	
a.	Service retired	\$ 34,997,368
b.	Disability retired	2,472,896
c.	Beneficiaries	3,079,875
d.	Total	\$ 40,550,139

**RETIREMENT SYSTEM FOR GENERAL EMPLOYEES OF
THE UTILITY BOARD OF THE CITY OF KEY WEST**

Report of Financial and Actuarial Information

4. Total actuarial present value of future expected benefit payments	\$	86,242,983
5. Actuarial accrued liability	\$	74,211,794
6. Unfunded actuarial liability	\$	19,618,939

D. Statement of Accumulated Plan Benefits

1. Actuarial present value of accumulated vested System benefits		
a. Participants currently receiving benefits	\$	40,550,139
b. Other participants		21,956,824
c. Total	\$	62,506,963
2. Actuarial present value of accumulated non-vested System benefits		713,447
3. Total actuarial present value of accumulated System benefits	\$	63,220,410

E. Pension Cost

1. Total normal cost	\$	1,989,995
2. Payment required to amortize unfunded liability		1,197,342
3. Interest adjustment		127,493
4. Total required contribution	\$	3,314,830
5. Item 4 as a percentage of payroll		33.9%
6. Estimated employee contributions	\$	0
7. Item 6 as a percentage of payroll		0.0%
8. Net amount payable by Sponsor	\$	3,314,830
9. Item 8 as a percentage of payroll		33.9%