



December 19, 2008

Ms. Sherlynn Matesky  
Deputy Director, Legislation and Research  
Maryland State Retirement and Pension System  
120 East Baltimore Street – 16<sup>th</sup> Floor  
Baltimore, Maryland 21202-1600

*Re: Town of University Park – Entry into ACPS – Preliminary Valuation*

Dear Sherlynn:

Based on our preliminary valuation of the Town of University Park's entry into the Alternate Contributory Pension System (ACPS), we have determined that the Town can contribute the fiscal 2009-2010 municipal ECS basic composite rate of 4.05% plus the 2.42% surcharge for the Contributory Pension Benefit (CPB) and the 1.11% surcharge for the ACPS, for a total cost of 7.58% of payroll. This contribution will cover the future service benefit accruals of the employees joining this System. The actual rates vary from year to year based on additional gains and losses, benefit changes, and assumption changes.

As requested, we have completed the preliminary valuation with 100%, 50% and 33% recognition of past service for all participants. The past service recognition counts toward vesting, eligibility and credited service. For our preliminary valuation, the demographics of University Park's employees produced an actuarial accrued liability of \$1,730,043 with 100% past service, \$728,612 with 50% past service and \$445,036 with 33% past service.. These amounts can be amortized with level annual payments of \$152,811 for the 100% past service liability, \$64,357 for the 50% past service liability or \$39,309 for the 33% past service. All amortizations are over the next 25 years as provided by Senate Bill 466, Section D, Part 4. These annual payments would begin December 31, 2009.

The cost figures are based on data provided by the Town on its current 25 employees with service through June 30, 2009 and on a June 30, 2009 entry into the System.

As there were no employee account balances included in the data provided, we have assumed that all employees enter the System with contribution balances of \$0 and that an asset transfer will not occur. We have reviewed the data for reasonableness. However, it should be noted that if any data or other information is inaccurate, our calculations may need to be revised.

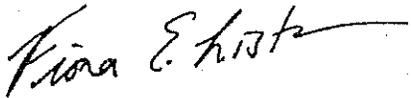
The actuarial assumptions and applicable benefit provisions are the same as those used for the June 30, 2008 actuarial valuation of the SRPS. Differences between our projections and actual amounts depend on the extent to which future experience conforms to the assumptions used in this valuation. Actual amounts will differ from projected amounts to the extent that actual experience deviates from expected experience. Therefore, actual costs can only be determined at the actual date of entry into the System.



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Please call if you have any questions.

Sincerely,  
Cheiron



Fiona E. Liston, FSA  
Consulting Actuary