

January 9, 2013

Mr. Martin Lebowitz
Plan Administrator
City of North Miami Beach
17011 N.E. 19th Avenue – Room 311
North Miami Beach, Florida 33162-3100

**Re: Retirement Plan for General Employees of the City of North Miami Beach
Plan Reform Projection Study**

Dear Marty:

As requested, we are pleased to present our Plan Reform Projection Study as of October 1, 2012 for the Retirement Plan for General Employees of the City of North Miami Beach (Plan).

Purpose – The purpose of the Study is to evaluate options for Plan redesign that would meet the overall goals and objectives of the City and to provide thirty (30) year projections illustrating projected City costs under each option.

We understand the goal of the City is to redesign a schedule of Plan benefits that will lower the current City cost by \$1 million.

Background – The City's preliminary FYE 2014 minimum required City contribution is 40.3% (\$4,362,400) of projected covered payroll (\$10,824,813) assuming no changes in Plan benefits or actuarial methods. Members currently contribute 7% of covered pay.

The Board is interested in modifying the following current provisions:

1. Normal retirement eligibility is the earlier of (1) attainment of age sixty-two (62) or (2) attainment of age fifty-five (55) with twenty (20) years of service.
2. Early retirement eligibility is the earlier of (1) attainment of age fifty-five (55) with fifteen (15) years of service or (2) completion of twenty (20) years of service, regardless of age.
3. Early retirement benefits are actuarially reduced for benefit commencement prior to normal retirement date.
4. Benefit accrual rate is three percent (3.00%) for each year of credited service.
5. Plan participants are 100% vested upon completion of six (6) years of credited service.
6. Maximum period of DROP participation is five (5) years.
7. COLA adjustments are 2.25% per annum. COLA adjustments are not payable to DROP participants.

Proposed Changes – We understand the City wishes to determine the effect on its Plan contribution of the following proposed changes.

All Scenarios

1. Normal retirement eligibility is the earlier of (1) attainment of age sixty-two (62) with ten (10) years of service or (2) attainment of age sixty (60) with twenty-five (25) years of service (future accruals).
2. Early retirement eligibility is the earlier of (1) attainment of age fifty-five (55) with twenty (20) years of service or (2) completion of twenty-five (25) years of service, regardless of age (future accruals).
3. Early retirement reduction factor is 1/15 for the first five (5) years and 1/30 for the next five (5) years benefit commencement precedes normal retirement date (future accruals).
4. Vesting is 100% after ten (10) years of service (for currently non-vested members)
5. Maximum period of DROP participation is thirty-six (36) months (future DROPs).
6. COLA is deferred three (3) years following termination of employment (future retirees and DROPs).

Under all Scenarios benefits accrued as of October 1, 2012 and eligibilities for those benefits are unchanged. In addition, no changes in benefits or eligibilities are contemplated for active members who have already reached normal retirement age.

Benefits accrued after October 1, 2012 are payable under the above proposed normal and early retirement eligibility dates.

Scenario 1 – Requested by the Board

1. Future service multiplier: 2.50% (future accruals)
2. COLA rate: 0.75% per annum (future accruals)

Scenario 2

1. Future service multiplier: 3.00% (future accruals)
2. COLA rate: 0.00% per annum (future accruals)

Scenario 3

1. Future service multiplier: 2.35% (future accruals)
2. COLA rate: 0.00% per annum (future accruals)

Scenario 4

1. Future service multiplier: 2.50% (future accruals)
2. COLA rate: 0.00% per annum (future accruals)

Scenario 5

1. Future service multiplier: 2.20% (future accruals)
2. COLA rate: 1.00% per annum (future accruals)

Results – The following table shows the cumulative projected minimum required net City contributions (\$thousands) over five (5), ten (10) and thirty (30) years, beginning with FYE 2014, for the baseline (current Plan) and for each Scenario described above.

	Accumulated Net City Cost (\$thousands)											
	Current Plan		Scenario 1		Scenario 2		Scenario 3		Scenario 4		Scenario 5	
	3.00% Accrual 2.25% COLA		2.50% Accrual 0.75% COLA		3.00% Accrual 0.00% COLA		2.35% Accrual 0.00% COLA		2.50% Accrual 0.00% COLA		2.20% Accrual 1.00% COLA	
	Amount	(Decrease)	Amount	(Decrease)	Amount	(Decrease)	Amount	(Decrease)	Amount	(Decrease)	Amount	(Decrease)
5 Years	\$21,704	N/A	\$16,677	(\$5,027)	\$17,264	(\$4,440)	\$16,059	(\$5,645)	\$16,356	(\$5,348)	\$16,185	(\$5,519)
Average Annual	\$4,341	N/A	\$3,335	(\$1,005)	\$3,453	(\$888)	\$3,212	(\$1,129)	\$3,271	(\$1,070)	\$3,237	(\$1,104)
10 Years	\$43,507	N/A	\$32,454	(\$11,053)	\$33,879	(\$9,628)	\$31,040	(\$12,467)	\$31,737	(\$11,770)	\$31,269	(\$12,238)
Average Annual	\$4,351	N/A	\$3,245	(\$1,105)	\$3,388	(\$963)	\$3,104	(\$1,247)	\$3,174	(\$1,177)	\$3,127	(\$1,224)
30 Years	\$123,472	N/A	\$80,408	(\$43,064)	\$86,587	(\$36,885)	\$75,028	(\$48,444)	\$77,776	(\$45,696)	\$75,487	(\$47,985)
Average Annual	\$4,116	N/A	\$2,680	(\$1,435)	\$2,886	(\$1,230)	\$2,501	(\$1,615)	\$2,593	(\$1,523)	\$2,516	(\$1,600)

Actuarial Assumptions and Methods, Plan Provisions, Financial Data, Member Census Data

Throughout the forecast period, members are assumed to be hired each year at a rate sufficient to maintain a constant active headcount – stationary population. New employees are assumed to have the same average demographic characteristics (age, gender, salary – adjusted each year for inflation) as those members hired over the past five (5) years.

Projections are deterministic – throughout the projection period Plan experience is expected to match the assumptions – including a market value 7.75% annual investment return. The Actuarial Value of Assets method has been updated from the five (5) year smoothed method to the market value method. This results in an initial reduction of the City’s required contribution of approximately \$194,847 (1.8% of covered payroll) for the FYE 2014.

The actuarial assumptions and methods and Plan provisions employed for purposes of our Actuarial Study are the same actuarial assumptions and methods and plan provisions utilized for the October 1, 2011 Actuarial Valuation with the exception of the following:

1. The following rates of retirement were used for new employees hired on or after October 1, 2012.

Rates of Retirement			
Age	<20 years	20 – 24 years	25+ years
<55	N/A	N/A	8%
55 – 59	N/A	5%	8%
60	N/A	5%	40%
61	N/A	25%	20%
62	35%	35%	20%
63 – 64	20%	20%	20%
65	50%	50%	15%
66	20%	20%	15%
67	20%	20%	35%
68 – 69	20%	20%	20%
70 – 74	35%	35%	100%
75	100%	100%	100%

Unaudited financial data and member census data was provided as of October 1, 2012 by the plan administrator. This information was not audited by us but was reviewed for reasonableness.

This Actuarial Study describes the financial effect of the proposed changes on the Plan, from a neutral perspective.

These calculations are based upon assumptions regarding future events. However, the Plan's long term costs will be determined by actual future events, which may differ materially from the assumptions made. These calculations are also based upon present and proposed Plan provisions that are outlined or referenced in this Actuarial Projection Study. If you have reason to believe the assumptions used are unreasonable, the Plan provisions are incorrectly described or referenced, important Plan provisions relevant to this proposed Actuarial Study are not described or that conditions have changed since the calculations were made, you should contact the undersigned prior to relying on information in this Actuarial Study.

If you have reason to believe that the information provided in this Actuarial Projection Study is inaccurate, or is in any way incomplete, or if you need further information in order to make an informed decision on the subject matter of this report, please contact the undersigned prior to making such decision.

Future actuarial measurements may differ significantly from the current measurements presented in this Study due to such factors as the following: Plans experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in Plan

Mr. Martin Lebowitz
January 9, 2013
Page Five

provisions or applicable law. Due to the limited scope of the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements.

This Actuarial Study should not be relied on for any purpose other than the purpose described in the primary communication. Determinations of the financial results associated with the benefits described in this Study in a manner other than the intended purpose may produce significantly different results.

The signing actuaries are independent of the Plan Sponsor.

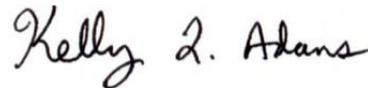
The undersigned are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

If you should have any question concerning the above or if we may be of further assistance with this matter, please do not hesitate to contact us.

Sincerest regards,



Lawrence F. Wilson, A.S.A.
Senior Consultant and Actuary



Kelly L. Adams, A.S.A.
Consultant and Actuary

Enclosures

**RETIREMENT PLAN FOR GENERAL EMPLOYEES
OF THE CITY OF NORTH MIAMI BEACH
ACTUARIAL STUDY AS OF OCTOBER 1, 2012**

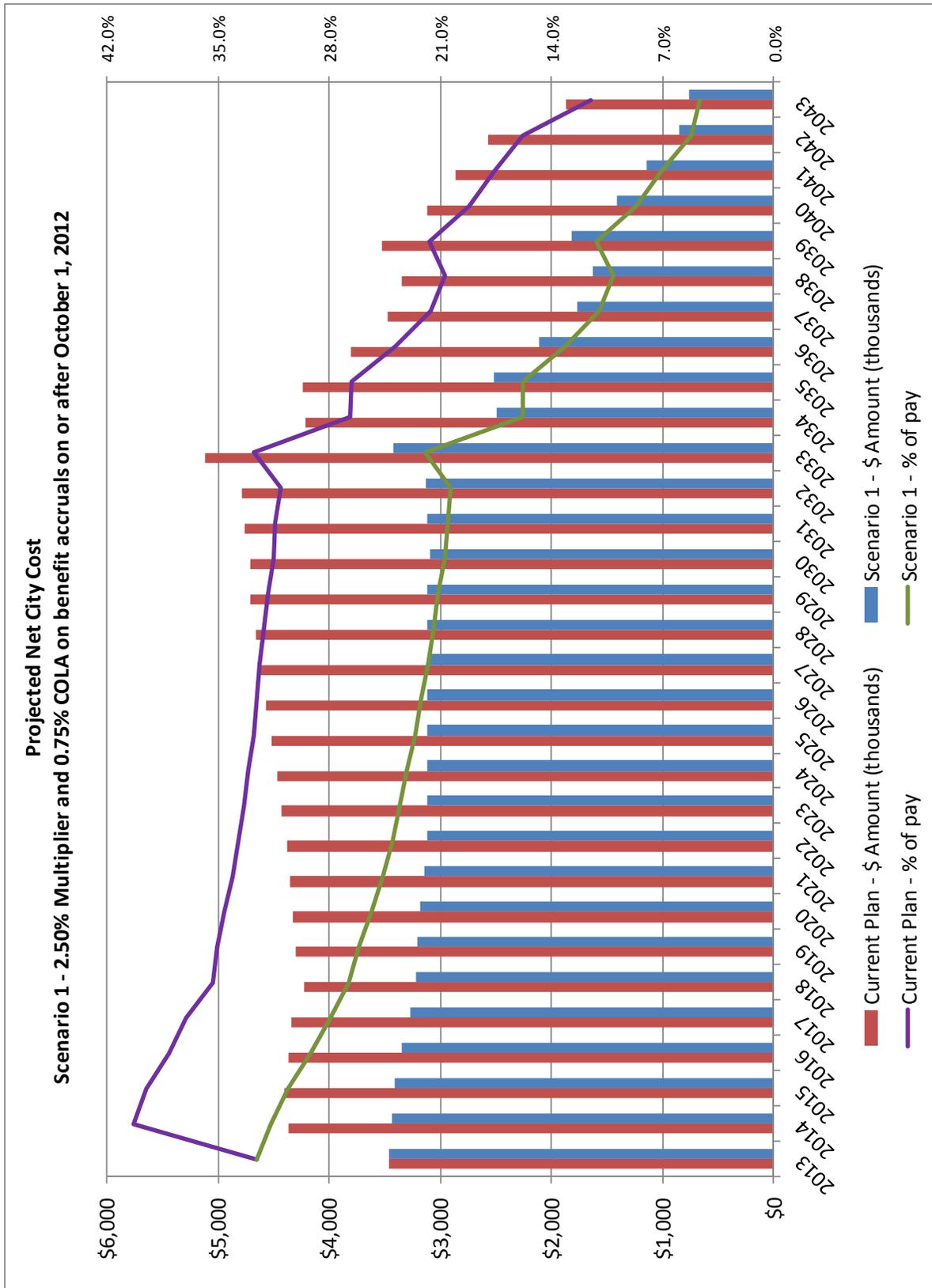
Scenario 1 – Reduce the benefit accrual rate to two and a half percent (2.50%) per year of credited service after September 30, 2012 and reduce the annual COLA to three quarter percent (0.75%) on benefits accrued after September 30, 2012.

The following Table shows the projected covered payroll (\$thousands) and a comparison of City costs (\$thousands) under the baseline forecast versus Scenario 1.

Fiscal Year End	Current Plan 5-Year Smoothing of Assets			Current Plan Market Value of Assets			Scenario 1			Cumulative	
	Covered Payroll	Projected City Cost Dollar	% of Pay	Covered Payroll	Projected City Cost Dollar	% of Pay	Covered Payroll	Projected City Cost Dollar	% of Pay	Reduction in City Cost	Reduction in City Cost
2013	10,612	3,460	32.6%	10,612	3,460	32.6%	10,612	3,460	32.6%	0	0
2014	10,825	4,362	40.3%	10,825	4,168	38.5%	10,825	3,431	31.7%	931	931
2015	11,144	4,402	39.5%	11,144	4,246	38.1%	11,144	3,410	30.6%	992	1,923
2016	11,452	4,363	38.1%	11,452	4,260	37.2%	11,452	3,344	29.2%	1,019	2,942
2017	11,743	4,345	37.0%	11,743	4,274	36.4%	11,747	3,277	27.9%	1,068	4,010
2018	11,988	4,232	35.3%	11,988	4,280	35.7%	11,997	3,215	26.8%	1,017	5,027
2019	12,250	4,300	35.1%	12,250	4,336	35.4%	12,273	3,203	26.1%	1,097	6,124
2020	12,518	4,331	34.6%	12,518	4,381	35.0%	12,566	3,179	25.4%	1,152	7,276
2021	12,783	4,359	34.1%	12,783	4,410	34.5%	12,859	3,150	24.6%	1,209	8,485
2022	13,010	4,384	33.7%	13,010	4,423	34.0%	13,119	3,122	24.0%	1,262	9,747
2023	13,261	4,429	33.4%	13,261	4,482	33.8%	13,405	3,123	23.6%	1,306	11,053
2024	13,506	4,470	33.1%	13,506	4,524	33.5%	13,686	3,120	23.1%	1,350	12,403
2025	13,766	4,515	32.8%	13,766	4,570	33.2%	13,962	3,114	22.6%	1,401	13,804
2026	14,013	4,568	32.6%	14,013	4,610	32.9%	14,215	3,113	22.2%	1,455	15,259
2027	14,266	4,622	32.4%	14,266	4,665	32.7%	14,464	3,110	21.8%	1,512	16,771
2028	14,503	4,655	32.1%	14,503	4,699	32.4%	14,688	3,114	21.5%	1,541	18,312
2029	14,752	4,706	31.9%	14,752	4,750	32.2%	14,917	3,118	21.1%	1,588	19,900
2030	14,951	4,709	31.5%	14,951	4,754	31.8%	15,091	3,094	20.7%	1,615	21,515
2031	15,179	4,766	31.4%	15,179	4,812	31.7%	15,306	3,122	20.6%	1,644	23,159
2032	15,377	4,782	31.1%	15,377	4,828	31.4%	15,485	3,128	20.3%	1,654	24,813
2033	15,605	5,118	32.8%	15,605	5,165	33.1%	15,693	3,421	21.9%	1,697	26,510
2034	15,800	4,219	26.7%	15,800	4,266	27.0%	15,870	2,492	15.8%	1,727	28,237
2035	15,931	4,238	26.6%	15,931	4,285	26.9%	16,050	2,520	15.8%	1,718	29,955
2036	16,019	3,812	23.8%	16,019	3,860	24.1%	16,197	2,106	13.1%	1,706	31,661
2037	16,092	3,476	21.6%	16,092	3,524	21.9%	16,344	1,765	11.0%	1,711	33,372
2038	16,172	3,348	20.7%	16,172	3,396	21.0%	16,508	1,634	10.1%	1,714	35,086
2039	16,227	3,521	21.7%	16,227	3,570	22.0%	16,665	1,817	11.2%	1,704	36,790
2040	16,262	3,122	19.2%	16,262	3,171	19.5%	16,761	1,408	8.7%	1,714	38,504
2041	16,290	2,867	17.6%	16,290	2,916	17.9%	16,853	1,146	7.0%	1,721	40,225
2042	16,305	2,576	15.8%	16,305	2,625	16.1%	16,933	847	5.2%	1,729	41,954
2043	16,303	1,875	11.5%	16,303	1,924	11.8%	16,992	765	4.7%	1,110	43,064
5 Year Totals *	57,152	21,704		57,152	21,228		57,165	16,677		5,027	
10 Year Totals *	120,974	43,507		120,974	43,260		121,387	32,454		11,053	
30 Year Totals *	428,293	123,472		428,293	124,174		434,067	80,408		43,064	

* Beginning Fiscal Year Ending in 2014

**RETIREMENT PLAN FOR GENERAL EMPLOYEES
OF THE CITY OF NORTH MIAMI BEACH
ACTUARIAL STUDY AS OF OCTOBER 1, 2012**



**RETIREMENT PLAN FOR GENERAL EMPLOYEES
OF THE CITY OF NORTH MIAMI BEACH
ACTUARIAL STUDY AS OF OCTOBER 1, 2012**

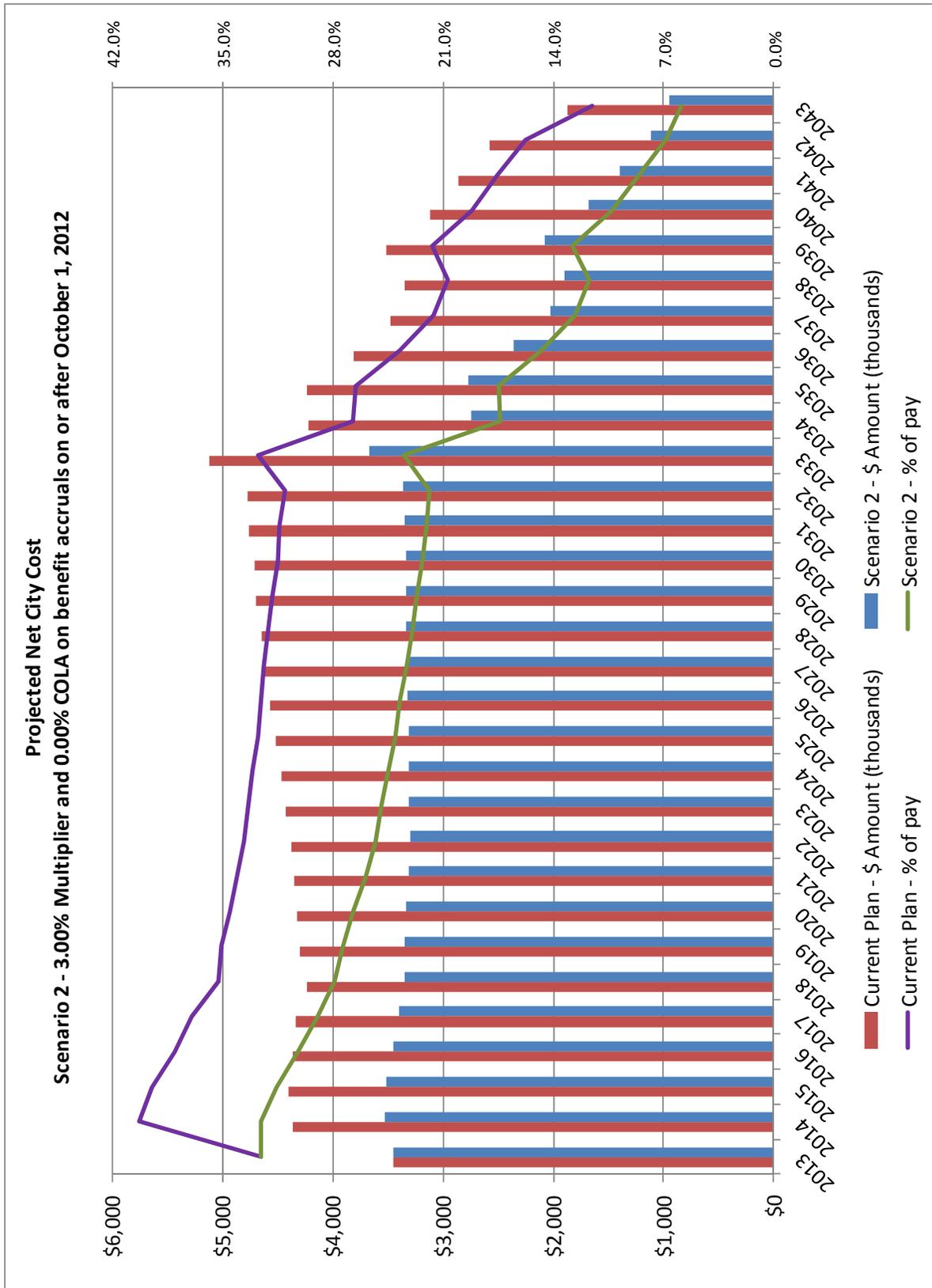
Scenario 2 – Eliminate the annual COLA (0.00%) on benefits accrued after September 30, 2012.

The following Table shows the projected covered payroll (\$thousands) and a comparison of City costs (\$thousands) under the baseline forecast versus Scenario 2.

Fiscal Year End	Current Plan 5-Year Smoothing of Assets			Current Plan Market Value of Assets			Scenario 2			Cumulative	
	Covered Payroll	Projected Dollar	City Cost % of Pay	Covered Payroll	Projected Dollar	City Cost % of Pay	Covered Payroll	Projected Dollar	City Cost % of Pay	Reduction in City Cost	Reduction in City Cost
2013	10,612	3,460	32.6%	10,612	3,460	32.6%	10,612	3,460	32.6%	0	0
2014	10,825	4,362	40.3%	10,825	4,168	38.5%	10,825	3,529	32.6%	833	833
2015	11,144	4,402	39.5%	11,144	4,246	38.1%	11,144	3,522	31.6%	880	1,713
2016	11,452	4,363	38.1%	11,452	4,260	37.2%	11,452	3,459	30.2%	904	2,617
2017	11,743	4,345	37.0%	11,743	4,274	36.4%	11,747	3,407	29.0%	938	3,555
2018	11,988	4,232	35.3%	11,988	4,280	35.7%	11,997	3,347	27.9%	885	4,440
2019	12,250	4,300	35.1%	12,250	4,336	35.4%	12,273	3,351	27.4%	949	5,389
2020	12,518	4,331	34.6%	12,518	4,381	35.0%	12,566	3,342	26.7%	989	6,378
2021	12,783	4,359	34.1%	12,783	4,410	34.5%	12,859	3,318	26.0%	1,041	7,419
2022	13,010	4,384	33.7%	13,010	4,423	34.0%	13,119	3,293	25.3%	1,091	8,510
2023	13,261	4,429	33.4%	13,261	4,482	33.8%	13,405	3,311	25.0%	1,118	9,628
2024	13,506	4,470	33.1%	13,506	4,524	33.5%	13,686	3,312	24.5%	1,158	10,786
2025	13,766	4,515	32.8%	13,766	4,570	33.2%	13,962	3,309	24.0%	1,206	11,992
2026	14,013	4,568	32.6%	14,013	4,610	32.9%	14,215	3,326	23.7%	1,242	13,234
2027	14,266	4,622	32.4%	14,266	4,665	32.7%	14,464	3,327	23.3%	1,295	14,529
2028	14,503	4,655	32.1%	14,503	4,699	32.4%	14,688	3,334	23.0%	1,321	15,850
2029	14,752	4,706	31.9%	14,752	4,750	32.2%	14,917	3,341	22.6%	1,365	17,215
2030	14,951	4,709	31.5%	14,951	4,754	31.8%	15,091	3,335	22.3%	1,374	18,589
2031	15,179	4,766	31.4%	15,179	4,812	31.7%	15,306	3,352	22.1%	1,414	20,003
2032	15,377	4,782	31.1%	15,377	4,828	31.4%	15,485	3,360	21.9%	1,422	21,425
2033	15,605	5,118	32.8%	15,605	5,165	33.1%	15,693	3,672	23.5%	1,446	22,871
2034	15,800	4,219	26.7%	15,800	4,266	27.0%	15,870	2,745	17.4%	1,474	24,345
2035	15,931	4,238	26.6%	15,931	4,285	26.9%	16,050	2,777	17.4%	1,461	25,806
2036	16,019	3,812	23.8%	16,019	3,860	24.1%	16,197	2,365	14.8%	1,447	27,253
2037	16,092	3,476	21.6%	16,092	3,524	21.9%	16,344	2,027	12.6%	1,449	28,702
2038	16,172	3,348	20.7%	16,172	3,396	21.0%	16,508	1,898	11.7%	1,450	30,152
2039	16,227	3,521	21.7%	16,227	3,570	22.0%	16,665	2,083	12.8%	1,438	31,590
2040	16,262	3,122	19.2%	16,262	3,171	19.5%	16,761	1,676	10.3%	1,446	33,036
2041	16,290	2,867	17.6%	16,290	2,916	17.9%	16,853	1,399	8.6%	1,468	34,504
2042	16,305	2,576	15.8%	16,305	2,625	16.1%	16,933	1,118	6.9%	1,458	35,962
2043	16,303	1,875	11.5%	16,303	1,924	11.8%	16,992	952	5.8%	923	36,885
5 Year Totals *	57,152	21,704		57,152	21,228		57,165	17,264		4,440	
10 Year Totals *	120,974	43,507		120,974	43,260		121,387	33,879		9,628	
30 Year Totals *	428,293	123,472		428,293	124,174		434,067	86,587		36,885	

* Beginning Fiscal Year Ending in 2014

RETIREMENT PLAN FOR GENERAL EMPLOYEES OF THE CITY OF NORTH MIAMI BEACH ACTUARIAL STUDY AS OF OCTOBER 1, 2012



**RETIREMENT PLAN FOR GENERAL EMPLOYEES
OF THE CITY OF NORTH MIAMI BEACH
ACTUARIAL STUDY AS OF OCTOBER 1, 2012**

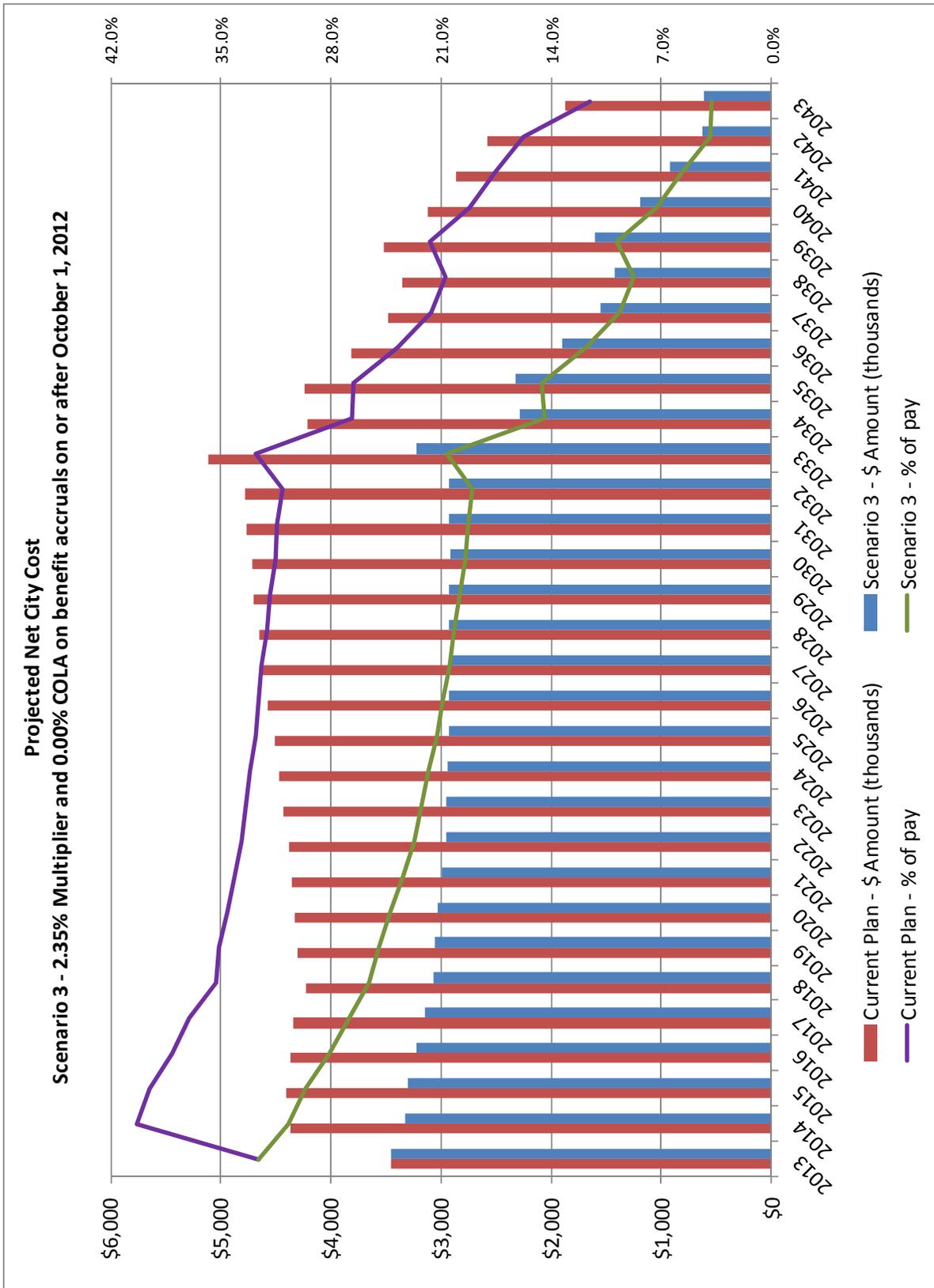
Scenario 3 – Reduce the benefit accrual rate to 2.35% per year of credited service after September 30, 2012 and eliminate the annual COLA (0.00%) on benefits accrued after September 30, 2012.

The following Table shows the projected covered payroll (\$thousands) and a comparison of City costs (\$thousands) under the baseline forecast versus Scenario 3.

Fiscal Year End	Current Plan 5-Year Smoothing of Assets			Current Plan Market Value of Assets			Scenario 3			Cumulative	
	Covered Payroll	Projected City Cost Dollar	% of Pay	Covered Payroll	Projected City Cost Dollar	% of Pay	Covered Payroll	Projected City Cost Dollar	% of Pay	Reduction in City Cost	Reduction in City Cost
2013	10,612	3,460	32.6%	10,612	3,460	32.6%	10,612	3,460	32.6%	0	0
2014	10,825	4,362	40.3%	10,825	4,168	38.5%	10,825	3,323	30.7%	1,039	1,039
2015	11,144	4,402	39.5%	11,144	4,246	38.1%	11,144	3,299	29.6%	1,103	2,142
2016	11,452	4,363	38.1%	11,452	4,260	37.2%	11,452	3,218	28.1%	1,145	3,287
2017	11,743	4,345	37.0%	11,743	4,274	36.4%	11,747	3,148	26.8%	1,197	4,484
2018	11,988	4,232	35.3%	11,988	4,280	35.7%	11,997	3,071	25.6%	1,161	5,645
2019	12,250	4,300	35.1%	12,250	4,336	35.4%	12,273	3,056	24.9%	1,244	6,889
2020	12,518	4,331	34.6%	12,518	4,381	35.0%	12,566	3,028	24.2%	1,303	8,192
2021	12,783	4,359	34.1%	12,783	4,410	34.5%	12,859	2,996	23.4%	1,363	9,555
2022	13,010	4,384	33.7%	13,010	4,423	34.0%	13,119	2,952	22.7%	1,432	10,987
2023	13,261	4,429	33.4%	13,261	4,482	33.8%	13,405	2,949	22.2%	1,480	12,467
2024	13,506	4,470	33.1%	13,506	4,524	33.5%	13,686	2,943	21.8%	1,527	13,994
2025	13,766	4,515	32.8%	13,766	4,570	33.2%	13,962	2,932	21.3%	1,583	15,577
2026	14,013	4,568	32.6%	14,013	4,610	32.9%	14,215	2,928	20.9%	1,640	17,217
2027	14,266	4,622	32.4%	14,266	4,665	32.7%	14,464	2,922	20.5%	1,700	18,917
2028	14,503	4,655	32.1%	14,503	4,699	32.4%	14,688	2,923	20.2%	1,732	20,649
2029	14,752	4,706	31.9%	14,752	4,750	32.2%	14,917	2,924	19.8%	1,782	22,431
2030	14,951	4,709	31.5%	14,951	4,754	31.8%	15,091	2,913	19.5%	1,796	24,227
2031	15,179	4,766	31.4%	15,179	4,812	31.7%	15,306	2,923	19.3%	1,843	26,070
2032	15,377	4,782	31.1%	15,377	4,828	31.4%	15,485	2,927	19.0%	1,855	27,925
2033	15,605	5,118	32.8%	15,605	5,165	33.1%	15,693	3,217	20.6%	1,901	29,826
2034	15,800	4,219	26.7%	15,800	4,266	27.0%	15,870	2,285	14.5%	1,934	31,760
2035	15,931	4,238	26.6%	15,931	4,285	26.9%	16,050	2,327	14.6%	1,911	33,671
2036	16,019	3,812	23.8%	16,019	3,860	24.1%	16,197	1,895	11.8%	1,917	35,588
2037	16,092	3,476	21.6%	16,092	3,524	21.9%	16,344	1,553	9.7%	1,923	37,511
2038	16,172	3,348	20.7%	16,172	3,396	21.0%	16,508	1,420	8.8%	1,928	39,439
2039	16,227	3,521	21.7%	16,227	3,570	22.0%	16,665	1,600	9.9%	1,921	41,360
2040	16,262	3,122	19.2%	16,262	3,171	19.5%	16,761	1,190	7.3%	1,932	43,292
2041	16,290	2,867	17.6%	16,290	2,916	17.9%	16,853	927	5.7%	1,940	45,232
2042	16,305	2,576	15.8%	16,305	2,625	16.1%	16,933	627	3.8%	1,949	47,181
2043	16,303	1,875	11.5%	16,303	1,924	11.8%	16,992	612	3.8%	1,263	48,444
5 Year Totals *	57,152	21,704		57,152	21,228		57,165	16,059		5,645	
10 Year Totals *	120,974	43,507		120,974	43,260		121,387	31,040		12,467	
30 Year Totals *	428,293	123,472		428,293	124,174		434,067	75,028		48,444	

* Beginning Fiscal Year Ending in 2014

RETIREMENT PLAN FOR GENERAL EMPLOYEES OF THE CITY OF NORTH MIAMI BEACH ACTUARIAL STUDY AS OF OCTOBER 1, 2012



**RETIREMENT PLAN FOR GENERAL EMPLOYEES
OF THE CITY OF NORTH MIAMI BEACH
ACTUARIAL STUDY AS OF OCTOBER 1, 2012**

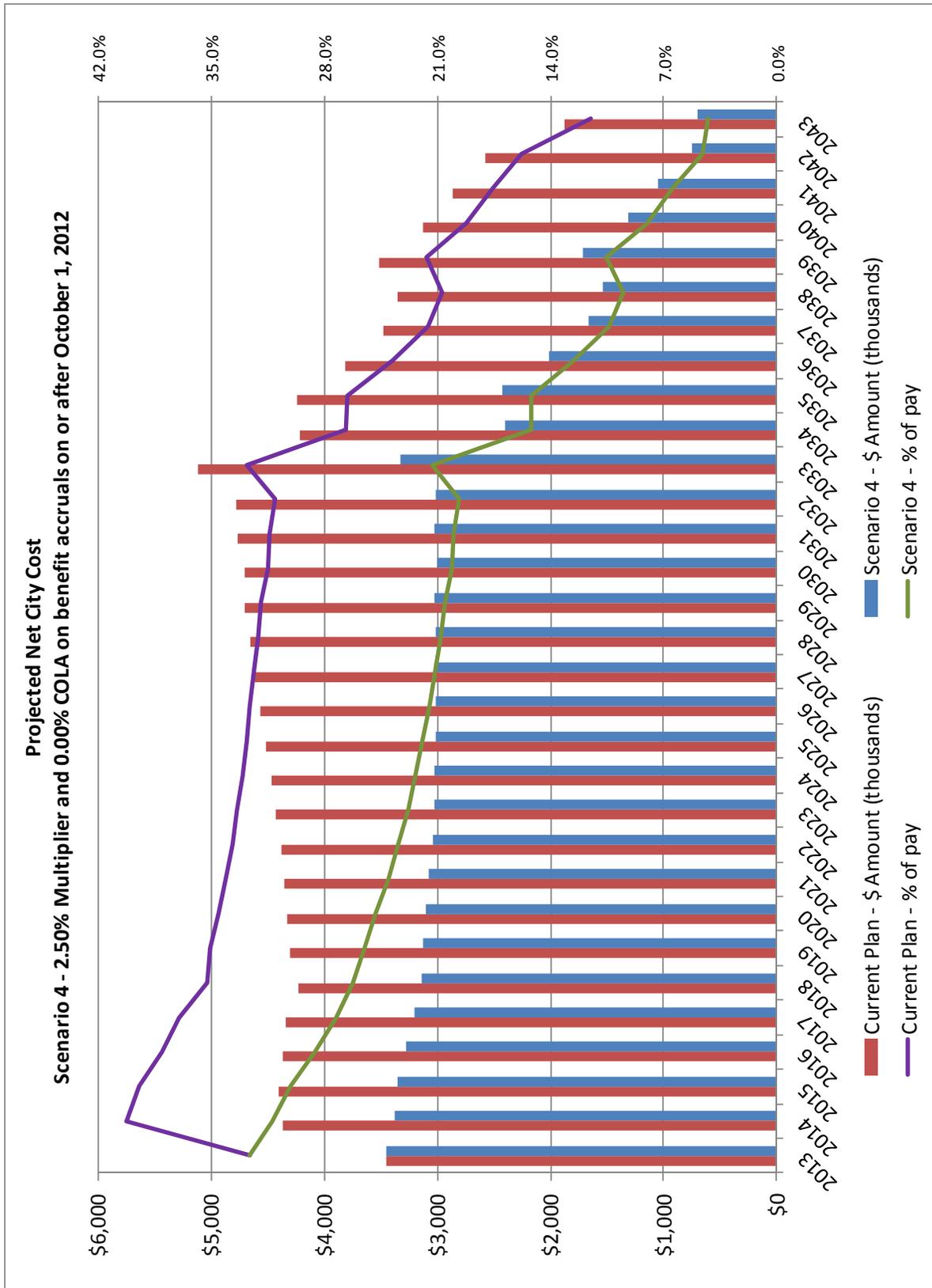
Scenario 4 – Reduce the benefit accrual rate to 2.50% per year of credited service after September 30, 2012 and eliminate the annual COLA (0.00%) on benefits accrued after September 30, 2012.

The following Table shows the projected covered payroll (\$thousands) and a comparison of City costs (\$thousands) under the baseline forecast versus Scenario 4.

Fiscal Year End	Current Plan 5-Year Smoothing of Assets			Current Plan Market Value of Assets			Scenario 4			Reduction in City Cost	Cumulative Reduction in City Cost
	Covered Payroll	Projected City Cost Dollar	% of Pay	Covered Payroll	Projected City Cost Dollar	% of Pay	Covered Payroll	Projected City Cost Dollar	% of Pay		
2013	10,612	3,460	32.6%	10,612	3,460	32.6%	10,612	3,460	32.6%	0	0
2014	10,825	4,362	40.3%	10,825	4,168	38.5%	10,825	3,377	31.2%	985	985
2015	11,144	4,402	39.5%	11,144	4,246	38.1%	11,144	3,354	30.1%	1,048	2,033
2016	11,452	4,363	38.1%	11,452	4,260	37.2%	11,452	3,275	28.6%	1,088	3,121
2017	11,743	4,345	37.0%	11,743	4,274	36.4%	11,747	3,207	27.3%	1,138	4,259
2018	11,988	4,232	35.3%	11,988	4,280	35.7%	11,997	3,143	26.2%	1,089	5,348
2019	12,250	4,300	35.1%	12,250	4,336	35.4%	12,273	3,130	25.6%	1,170	6,518
2020	12,518	4,331	34.6%	12,518	4,381	35.0%	12,566	3,104	24.8%	1,227	7,745
2021	12,783	4,359	34.1%	12,783	4,410	34.5%	12,859	3,073	24.0%	1,286	9,031
2022	13,010	4,384	33.7%	13,010	4,423	34.0%	13,119	3,044	23.4%	1,340	10,371
2023	13,261	4,429	33.4%	13,261	4,482	33.8%	13,405	3,030	22.8%	1,399	11,770
2024	13,506	4,470	33.1%	13,506	4,524	33.5%	13,686	3,025	22.4%	1,445	13,215
2025	13,766	4,515	32.8%	13,766	4,570	33.2%	13,962	3,016	21.9%	1,499	14,714
2026	14,013	4,568	32.6%	14,013	4,610	32.9%	14,215	3,014	21.5%	1,554	16,268
2027	14,266	4,622	32.4%	14,266	4,665	32.7%	14,464	3,023	21.2%	1,599	17,867
2028	14,503	4,655	32.1%	14,503	4,699	32.4%	14,688	3,011	20.8%	1,644	19,511
2029	14,752	4,706	31.9%	14,752	4,750	32.2%	14,917	3,028	20.5%	1,678	21,189
2030	14,951	4,709	31.5%	14,951	4,754	31.8%	15,091	3,003	20.1%	1,706	22,895
2031	15,179	4,766	31.4%	15,179	4,812	31.7%	15,306	3,031	20.0%	1,735	24,630
2032	15,377	4,782	31.1%	15,377	4,828	31.4%	15,485	3,020	19.6%	1,762	26,392
2033	15,605	5,118	32.8%	15,605	5,165	33.1%	15,693	3,327	21.3%	1,791	28,183
2034	15,800	4,219	26.7%	15,800	4,266	27.0%	15,870	2,396	15.2%	1,823	30,006
2035	15,931	4,238	26.6%	15,931	4,285	26.9%	16,050	2,424	15.2%	1,814	31,820
2036	16,019	3,812	23.8%	16,019	3,860	24.1%	16,197	2,008	12.5%	1,804	33,624
2037	16,092	3,476	21.6%	16,092	3,524	21.9%	16,344	1,667	10.4%	1,809	35,433
2038	16,172	3,348	20.7%	16,172	3,396	21.0%	16,508	1,535	9.5%	1,813	37,246
2039	16,227	3,521	21.7%	16,227	3,570	22.0%	16,665	1,717	10.6%	1,804	39,050
2040	16,262	3,122	19.2%	16,262	3,171	19.5%	16,761	1,307	8.0%	1,815	40,865
2041	16,290	2,867	17.6%	16,290	2,916	17.9%	16,853	1,045	6.4%	1,822	42,687
2042	16,305	2,576	15.8%	16,305	2,625	16.1%	16,933	745	4.6%	1,831	44,518
2043	16,303	1,875	11.5%	16,303	1,924	11.8%	16,992	697	4.3%	1,178	45,696
5 Year Totals *	57,152	21,704		57,152	21,228		57,165	16,356		5,348	
10 Year Totals *	120,974	43,507		120,974	43,260		121,387	31,737		11,770	
30 Year Totals *	428,293	123,472		428,293	124,174		434,067	77,776		45,696	

* Beginning Fiscal Year Ending in 2014

**RETIREMENT PLAN FOR GENERAL EMPLOYEES
OF THE CITY OF NORTH MIAMI BEACH
ACTUARIAL STUDY AS OF OCTOBER 1, 2012**



**RETIREMENT PLAN FOR GENERAL EMPLOYEES
OF THE CITY OF NORTH MIAMI BEACH
ACTUARIAL STUDY AS OF OCTOBER 1, 2012**

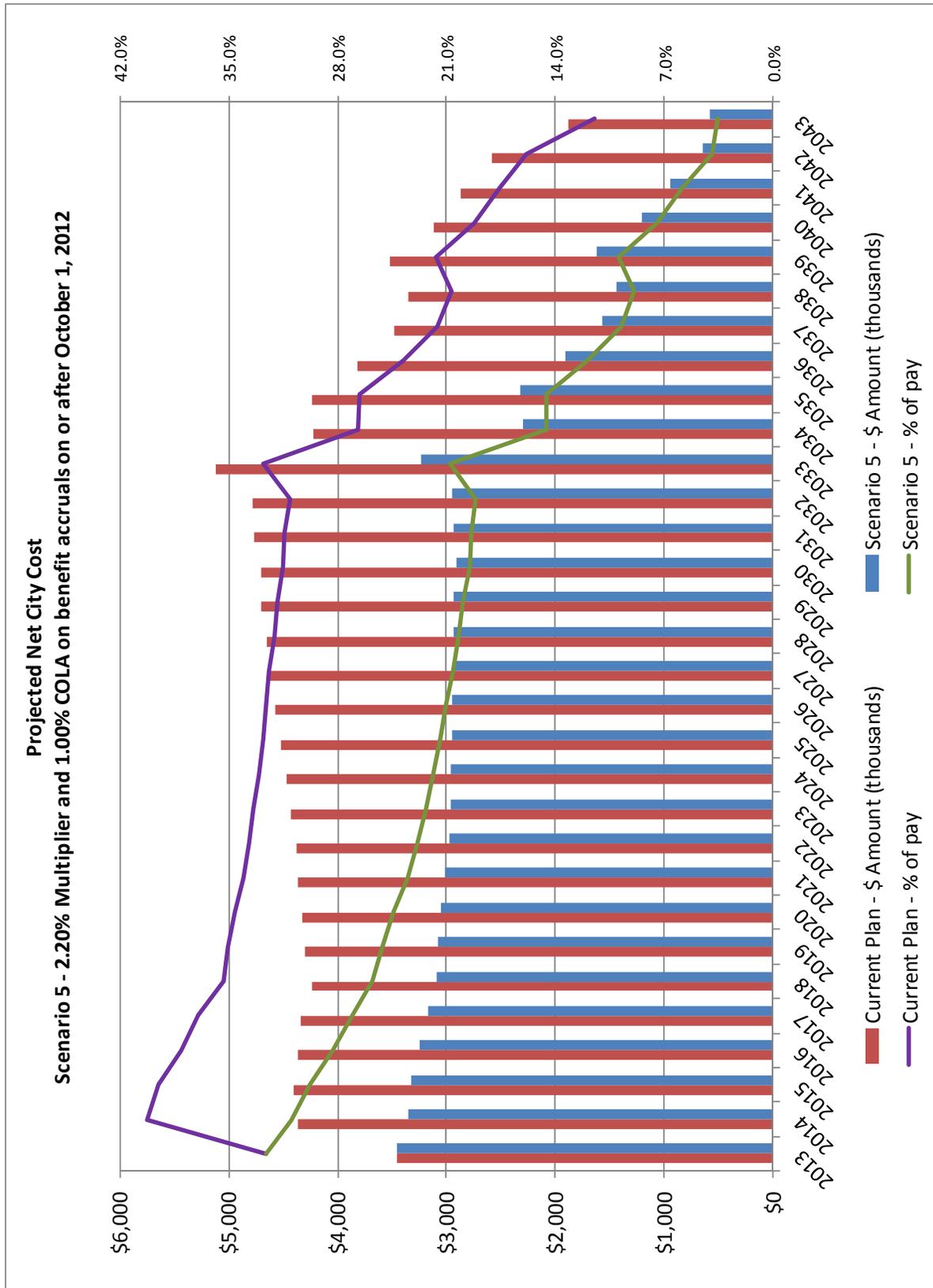
Scenario 5 – Reduce the benefit accrual rate to 2.20% per year of credited service after September 30, 2012 and reduce the annual COLA to 1.00% on benefits accrued after September 30, 2012.

The following Table shows the projected covered payroll (\$thousands) and a comparison of City costs (\$thousands) under the baseline forecast versus Scenario 5.

Fiscal Year End	Current Plan 5-Year Smoothing of Assets			Current Plan Market Value of Assets			Scenario 5			Cumulative	
	Covered Payroll	Projected City Cost Dollar	% of Pay	Covered Payroll	Projected City Cost Dollar	% of Pay	Covered Payroll	Projected City Cost Dollar	% of Pay	Reduction in City Cost	Reduction in City Cost
	2013	10,612	3,460	32.6%	10,612	3,460	32.6%	10,612	3,460	32.6%	0
2014	10,825	4,362	40.3%	10,825	4,168	38.5%	10,825	3,356	31.0%	1,006	1,006
2015	11,144	4,402	39.5%	11,144	4,246	38.1%	11,144	3,321	29.8%	1,081	2,087
2016	11,452	4,363	38.1%	11,452	4,260	37.2%	11,452	3,241	28.3%	1,122	3,209
2017	11,743	4,345	37.0%	11,743	4,274	36.4%	11,747	3,172	27.0%	1,173	4,382
2018	11,988	4,232	35.3%	11,988	4,280	35.7%	11,997	3,095	25.8%	1,137	5,519
2019	12,250	4,300	35.1%	12,250	4,336	35.4%	12,273	3,081	25.2%	1,219	6,738
2020	12,518	4,331	34.6%	12,518	4,381	35.0%	12,566	3,053	24.4%	1,278	8,016
2021	12,783	4,359	34.1%	12,783	4,410	34.5%	12,859	3,009	23.5%	1,350	9,366
2022	13,010	4,384	33.7%	13,010	4,423	34.0%	13,119	2,978	22.9%	1,406	10,772
2023	13,261	4,429	33.4%	13,261	4,482	33.8%	13,405	2,963	22.3%	1,466	12,238
2024	13,506	4,470	33.1%	13,506	4,524	33.5%	13,686	2,956	21.9%	1,514	13,752
2025	13,766	4,515	32.8%	13,766	4,570	33.2%	13,962	2,946	21.4%	1,569	15,321
2026	14,013	4,568	32.6%	14,013	4,610	32.9%	14,215	2,943	21.0%	1,625	16,946
2027	14,266	4,622	32.4%	14,266	4,665	32.7%	14,464	2,936	20.6%	1,686	18,632
2028	14,503	4,655	32.1%	14,503	4,699	32.4%	14,688	2,938	20.3%	1,717	20,349
2029	14,752	4,706	31.9%	14,752	4,750	32.2%	14,917	2,939	19.9%	1,767	22,116
2030	14,951	4,709	31.5%	14,951	4,754	31.8%	15,091	2,913	19.5%	1,796	23,912
2031	15,179	4,766	31.4%	15,179	4,812	31.7%	15,306	2,939	19.4%	1,827	25,739
2032	15,377	4,782	31.1%	15,377	4,828	31.4%	15,485	2,942	19.1%	1,840	27,579
2033	15,605	5,118	32.8%	15,605	5,165	33.1%	15,693	3,233	20.7%	1,885	29,464
2034	15,800	4,219	26.7%	15,800	4,266	27.0%	15,870	2,301	14.6%	1,918	31,382
2035	15,931	4,238	26.6%	15,931	4,285	26.9%	16,050	2,327	14.6%	1,911	33,293
2036	16,019	3,812	23.8%	16,019	3,860	24.1%	16,197	1,911	11.9%	1,901	35,194
2037	16,092	3,476	21.6%	16,092	3,524	21.9%	16,344	1,569	9.8%	1,907	37,101
2038	16,172	3,348	20.7%	16,172	3,396	21.0%	16,508	1,436	8.9%	1,912	39,013
2039	16,227	3,521	21.7%	16,227	3,570	22.0%	16,665	1,617	10.0%	1,904	40,917
2040	16,262	3,122	19.2%	16,262	3,171	19.5%	16,761	1,207	7.4%	1,915	42,832
2041	16,290	2,867	17.6%	16,290	2,916	17.9%	16,853	944	5.8%	1,923	44,755
2042	16,305	2,576	15.8%	16,305	2,625	16.1%	16,933	643	3.9%	1,933	46,688
2043	16,303	1,875	11.5%	16,303	1,924	11.8%	16,992	578	3.5%	1,297	47,985
5 Year Totals *	57,152	21,704		57,152	21,228		57,165	16,185		5,519	
10 Year Totals *	120,974	43,507		120,974	43,260		121,387	31,269		12,238	
30 Year Totals *	428,293	123,472		428,293	124,174		434,067	75,487		47,985	

* Beginning Fiscal Year Ending in 2014

**RETIREMENT PLAN FOR GENERAL EMPLOYEES
OF THE CITY OF NORTH MIAMI BEACH
ACTUARIAL STUDY AS OF OCTOBER 1, 2012**



**RETIREMENT PLAN FOR GENERAL EMPLOYEES
OF THE CITY OF NORTH MIAMI BEACH
ACTUARIAL STUDY AS OF OCTOBER 1, 2012**

Fiscal Year End	Summary of Reduction in City Cost (\$thousands)									
	Scenario 1	% of Pay	Scenario 2	% of Pay	Scenario 3	% of Pay	Scenario 4	% of Pay	Scenario 5	% of Pay
2013	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
2014	931	8.6%	833	7.7%	1,039	9.6%	985	9.1%	1,006	9.3%
2015	992	8.9%	880	7.9%	1,103	9.9%	1,048	9.4%	1,081	9.7%
2016	1,019	8.9%	904	7.9%	1,145	10.0%	1,088	9.5%	1,122	9.8%
2017	1,068	9.1%	938	8.0%	1,197	10.2%	1,138	9.7%	1,173	10.0%
2018	1,017	8.5%	885	7.4%	1,161	9.7%	1,089	9.1%	1,137	9.5%
2019	1,097	8.9%	949	7.7%	1,244	10.1%	1,170	9.5%	1,219	9.9%
2020	1,152	9.2%	989	7.9%	1,303	10.4%	1,227	9.8%	1,278	10.2%
2021	1,209	9.4%	1,041	8.1%	1,363	10.6%	1,286	10.0%	1,350	10.5%
2022	1,262	9.6%	1,091	8.3%	1,432	10.9%	1,340	10.2%	1,406	10.7%
2023	1,306	9.7%	1,118	8.3%	1,480	11.0%	1,399	10.4%	1,466	10.9%
2024	1,350	9.9%	1,158	8.5%	1,527	11.2%	1,445	10.6%	1,514	11.1%
2025	1,401	10.0%	1,206	8.6%	1,583	11.3%	1,499	10.7%	1,569	11.2%
2026	1,455	10.2%	1,242	8.7%	1,640	11.5%	1,554	10.9%	1,625	11.4%
2027	1,512	10.5%	1,295	9.0%	1,700	11.8%	1,599	11.1%	1,686	11.7%
2028	1,541	10.5%	1,321	9.0%	1,732	11.8%	1,644	11.2%	1,717	11.7%
2029	1,588	10.6%	1,365	9.2%	1,782	11.9%	1,678	11.2%	1,767	11.8%
2030	1,615	10.7%	1,374	9.1%	1,796	11.9%	1,706	11.3%	1,796	11.9%
2031	1,644	10.7%	1,414	9.2%	1,843	12.0%	1,735	11.3%	1,827	11.9%
2032	1,654	10.7%	1,422	9.2%	1,855	12.0%	1,762	11.4%	1,840	11.9%
2033	1,697	10.8%	1,446	9.2%	1,901	12.1%	1,791	11.4%	1,885	12.0%
2034	1,727	10.9%	1,474	9.3%	1,934	12.2%	1,823	11.5%	1,918	12.1%
2035	1,718	10.7%	1,461	9.1%	1,911	11.9%	1,814	11.3%	1,911	11.9%
2036	1,706	10.5%	1,447	8.9%	1,917	11.8%	1,804	11.1%	1,901	11.7%
2037	1,711	10.5%	1,449	8.9%	1,923	11.8%	1,809	11.1%	1,907	11.7%
2038	1,714	10.4%	1,450	8.8%	1,928	11.7%	1,813	11.0%	1,912	11.6%
2039	1,704	10.2%	1,438	8.6%	1,921	11.5%	1,804	10.8%	1,904	11.4%
2040	1,714	10.2%	1,446	8.6%	1,932	11.5%	1,815	10.8%	1,915	11.4%
2041	1,721	10.2%	1,468	8.7%	1,940	11.5%	1,822	10.8%	1,923	11.4%
2042	1,729	10.2%	1,458	8.6%	1,949	11.5%	1,831	10.8%	1,933	11.4%
2043	1,110	6.5%	923	5.4%	1,263	7.4%	1,178	6.9%	1,297	7.6%
30 Year Savings (\$) *	43,064		36,885		48,444		45,696		47,985	
30 Year Savings (%) *	34.9%		29.9%		39.2%		37.0%		38.9%	
Average	1,435		1,230		1,615		1,523		1,600	

* Beginning Fiscal Year Ending in 2014