

June 14, 2017

Honorable Dominick Ruggerio  
President of the Rhode Island Senate  
Providence, RI 02903

Honorable Nicholas A. Mattiello  
Speaker of the Rhode Island House of Representatives  
Providence, RI 02903

Dear Mr. Senate President and Mr. Speaker:

As municipal leaders, we are committed to strengthening the financial stability of our communities and the quality of life for all our residents.

For many cities and towns, pension obligations are among the biggest factors when determining our local budgets and ensuring financial stability into the future. In managing these pension liabilities, many cities and towns have found it useful to join the state's Municipal Employees' Retirement System (MERS).

Currently, more than 75% of municipal pension plans are in the MERS system, where they benefit from economies of scale, a standardized benefit structure, and access to professional investment managers which they would not be able to afford on their own.

Unfortunately, current policies make it virtually impossible for some municipal plans to join MERS.

This year, Treasurer Magaziner has developed a proposal that will finally provide a feasible pathway into the state system for locally administered pension plans that previously faced unnecessary barriers to entering the MERS system. This proposal is based in part on the recommendations of the 2014 Local Pension & OPEB Study Commission, which was comprised of representatives from the state, municipalities and labor organizations.

The proposal does not require any city or town to join the MERS system, it merely provides a more flexible and affordably pathway into the MERS system for those want it.

We thank you for your consideration and ask you to support the fiscal health of Rhode Island municipalities by supporting H 6030.

Sincerely,



Jorge O. Elorza  
Mayor, City of Providence



James A. Diossa  
Mayor, City of Central Falls



Donald Grebien  
Mayor, City of Pawtucket



Robert L. Mushen  
President, Little Compton Town Council



T. Joseph Almond  
Administrator, Town of Lincoln



John A. Menke  
Finance Director, Town of Portsmouth



David Gosselin, Jr.  
President, West Warwick Town Council

Cc: Honorable William J. Conley Jr.  
Honorable Marvin L. Abney



**THE TOWN OF WEST WARWICK  
STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS**

**RESOLUTION OF THE TOWN COUNCIL**

NO:2017 - 72

**RESOLUTION SUPPORTING THE HEALTHY LOCAL PENSION ACT IN  
THE STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS**

**Resolved that,**

**WHEREAS,** the Town manages and maintains a public employee pension plan which is critically underfunded; and

**WHEREAS,** the Council, Town Administrators, active employees and current retirees have demonstrated a shared concern over the plan's health and ability to remain solvent in perpetuity; and

**WHEREAS,** the Employees' System of Rhode Island (ERSRI) operates the Municipal Employees Retirement System (MERS) which allows municipalities to take advantage of economies of scale and the professional management available to the State's \$8 billion retirement system; and

**WHEREAS,** most of the State's municipal pension plans are currently in the State's MERS system and are generally healthy and well-funded; and

**WHEREAS,** conforming to the current MERS policies would carry immediate cost implications for the Town of West Warwick and other similar communities, which effectively make it impossible for them to consider joining the State system; and

**WHEREAS,** the General Treasurer has worked closely with municipal leaders, labor groups, retiree representatives, and pension experts in West Warwick and throughout Rhode Island to develop more flexible options for communities with critically funded pension plans to join the state system; and

**WHEREAS,** this proposal could bring additional financial stability to the plan, and provide a fiscally responsible funding model like the one developed by the Town in 2012, with the cooperation of its active and retired employees;


**NOW THEREFORE, BE IT RESOLVED** that we, the Town Council of the Town of West Warwick, do hereby support the General Treasurer's Healthy Local Pension Act, and ask the Honorable Members of Rhode Island's General Assembly to consider and pass the measure within the current legislative session.

PASSED AND APPROVED THIS 30<sup>TH</sup> DAY OF MAY 2017

APPROVED:

  
DAVID GOSSELIN, JR., TOWN COUNCIL PRESIDENT

ATTEST

  
MARIANNE KELLY, CMC, COUNCIL CLERK

Graham L. Waters  
Town Manager



**TOWN OF COVENTRY**  
1670 Flat River Road, Coventry, RI 02816  
Tel. (401) 822-9185 Fax (401) 822-9139

8 June, 2017

Honorable Dominick Ruggerio  
President of the Rhode Island Senate  
Providence, RI 02903

Honorable Nicholas A. Mattiello  
Speaker of the Rhode Island House of Representatives  
Providence, RI 02903

Dear Mr. Senate President and Mr. Speaker:

As municipal leaders, we are committed to strengthening the financial stability of our communities and the quality of life for all of our residents.

For the Town of Coventry, our pension obligations is among the biggest factors when determining our town budget and ensuring financial stability into the future. In managing these pension liabilities, many cities and towns have found it useful to join the state's Municipal Employees' Retirement System (MERS).

Currently, more than 75% of municipal pension plans are in the MERS system, where they benefit from economies of scale, a standardized benefit structure, and access to professional investment managers which they would not be able to afford on their own.

Unfortunately, current policies make it virtually impossible for some municipal plans to join MERS. Coventry has had this problem in the past when we approached the state about joining a couple of years ago and were denied the privilege of joining. This current legislation the Treasurer Magaziner is supporting addresses those restraints and allows Coventry access to MERS.

This year, Treasurer Magaziner has developed a proposal that will finally provide a feasible pathway into the state system for locally administered pension plans that previously faced unnecessary barriers to entering the MERS system. This proposal is based in part on the recommendations of the 2014 Local Pension & OPEB Study Commission, which was comprised of representatives from the state, municipalities and labor organizations.

The proposal does not require any city or town to join the MERS system, it merely provides a more flexible and affordably pathway into the MERS system for those want it.

I thank you for your consideration and convey the positive impact that HB 6030 will have for the Town of Coventry.

Sincerely,

  
Graham Waters  
Town Manager

Cc:

Honorable William J. Conley Jr.  
Honorable Marvin L. Abney  
Honorable Patricia L. Morgan  
Honorable Robert A. Nardolillo  
Honorable Patricia Serpa  
Honorable Jared R. Nunes  
Honorable Sherry Roberts  
Honorable Michael W. Chippendale



**Town of Little Compton**  
**Town Hall**  
**P.O. Box 226**  
**Little Compton, RI 02837**

May 10, 2017

Honorable Nicholas A. Mattiello  
Speaker of the Rhode Island House of Representatives  
Providence, RI 02903

Honorable Dominick Ruggiero  
President of the Rhode Island Senate  
Providence, RI 02903

Dear Speaker Mattiello and Senate President Ruggiero,

This letter is written to endorse the concept of a "Pathway to MERS" as proposed by General Treasurer Magaziner. At this point in time, the Town of Little Compton does not intend to pursue this pathway, but will watch developments closely.

Pension obligations are among the biggest factors when determining our local budgets and ensuring financial stability into the future. In managing these pension liabilities, it may be useful to join the state's Municipal Employees' Retirement System (MERS). The benefit of economies of scale, a standardized benefit structure, and access to professional investment managers may be found to be helpful.

We thank you for your consideration.

On behalf of the Little Compton Town Council,

A handwritten signature in black ink, appearing to read "R. Mushen", written over a horizontal line.

Robert L. Mushen  
Town Council President

cc:

Honorable Louis DiPalma  
Honorable Dennis Canario

May 22, 2017

Honorable Dominick Ruggerio  
President of the Rhode Island Senate  
Providence, RI 02903

Honorable Nicholas A. Mattiello  
Speaker of the Rhode Island House of Representatives  
Providence, RI 02903

Dear Mr. Senate President and Mr. Speaker:

As retired municipal employees, we know that municipal pension systems must be carefully and responsibly managed in order to guarantee financial stability for our communities and retirement security for those of us who have contributed to those pension systems throughout our careers.

In seeking to strengthen municipal pension plans, many cities and towns have found it useful to join the state's Municipal Employees' Retirement System (MERS). Currently, more than 75% of Rhode Island's municipal pension plans are in the MERS system, where they benefit from economies of scale, a disciplined funding policy, and professional investment management services that they would not be able to access on their own.

Unfortunately, current policies make it virtually impossible for some municipal plans to join MERS even when the municipalities and the employees and retirees in those systems wish to do so.

This year, Treasurer Magaziner has developed a proposal that will finally provide a feasible pathway into the state system for locally administered pension plans that previously faced unnecessary barriers to entering the MERS system. This proposal is based in part on the recommendations of the 2014 Local Pension & OPEB Study Commission, which was comprised of representatives from the state, municipalities and labor organizations.

The proposal does not require any city or town to join the MERS system, it merely provides a more flexible and affordable pathway into the MERS system for those who want it. We and other labor representatives have worked with Treasurer Magaziner to ensure that this proposal reinforces the right to collective bargaining.

We thank you for your consideration and ask you to support giving us the option to decide if entering MERS is right for us and our community.

Sincerely,



John J. O'Hare, Chairman

West Warwick Public Employees Retirement Coalition (WWPERC)

Cc:

Honorable William J. Conley Jr.  
Honorable Marvin L. Abney

**W.W.R.P.F.A**  
**West Warwick Retired Police & Firefighters Association Inc.**  
*"Still Working in the Town's Best Interest."*

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Norman L. Landroche Jr. – *President*  
David E. Perry Jr. – *Secretary*  
Russell N. Ouellette – *Vice-Treasurer*  
Emilio D. DiCarlo – *Fire Member-at-Large*  
Russell G. McGillivray – *Fire Member-at-Large*

Timothy J. Poulin – *Vice President*  
Richard N. Ramsay – *Treasurer*  
Gregory L. Johnson – *Vice-Secretary*  
Fernando Araujo – *Police Member-at-Large*  
Peter Brousseau – *Police Member-at-Large*

May 22, 2017

Honorable Dominick Ruggerio  
President of the Rhode Island Senate  
Providence, RI 02903

Honorable Nicholas A. Mattiello  
Speaker of the Rhode Island House of Representatives  
Providence, RI 02903

Dear Mr. Senate President and Mr. Speaker:

As retired municipal employees, we know that municipal pension systems must be carefully and responsibly managed in order to guarantee financial stability for our communities and retirement security for those of us who have contributed to those pension systems throughout our careers.

In seeking to strengthen municipal pension plans, many cities and towns have found it useful to join the state's Municipal Employees' Retirement System (MERS). Currently, more than 75% of Rhode Island's municipal pension plans are in the MERS system, where they benefit from economies of scale, a disciplined funding policy, and professional investment management services that they would not be able to access on their own.

Unfortunately, current policies make it virtually impossible for some municipal plans to join MERS even when the municipalities and the employees and retirees in those systems wish to do so.


This year, Treasurer Magaziner has developed a proposal that will finally provide a feasible pathway into the state system for locally administered pension plans that previously faced unnecessary barriers to entering the MERS system. This proposal is based in part on the recommendations of the 2014 Local Pension & OPEB Study Commission, which was comprised of representatives from the state, municipalities and labor organizations.

The proposal does not require any city or town to join the MERS system, it merely provides a more flexible and affordably pathway into the MERS system for those want it. We and other labor representatives have worked with Treasurer Magaziner to ensure that this proposal reinforces the right to collective bargaining.



We thank you for your consideration and ask you to support giving us the option to decide if entering MERS is right for us and our community.

Respectfully submitted on behalf of our Association,

  
Norman L. Landroche Jr., President

Cc:  
Honorable William J. Conley Jr.  
Honorable Marvin L. Abney

 **Rhode Island Department of Revenue**  
**Division of Municipal Finance**

June 13, 2017

Representative Marvin L. Abney  
Chairman, House Committee on Finance  
State House  
Providence, RI 02903

Dear Chairman Abney,

The Department of Revenue supports 2017 H-6030, Healthy Local Pensions Act (HELP), proposed by General Treasurer Seth Magaziner which would create a voluntary pathway into the Municipal Retirement System (MERS).

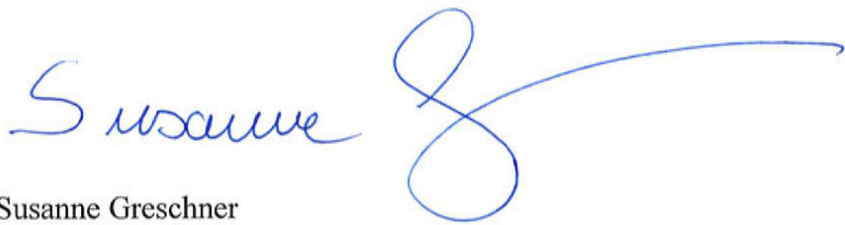
The Department had a significant role in chairing the Local Pension and OPEB Study Commission created by the legislature. The commission, including membership from municipal leaders and labor representatives, made a number of recommendations in its January 2015 report. The recommendations were aimed towards improving the security and funding of local plans. A key recommendation among them was exploring a pathway to MERS.

This legislation addresses many of the significant obstacles municipalities face when considering MERS. The obstacles include the high cost to entering MERS and demanding current rules such as amortization periods. The proposed legislation allows for greater flexibility in joining but remains an entirely optional program. This flexibility was a concept considered by the commission in reaching a consensus, although the Department recognizes as an issue the higher standards that existing MERS participants have had to bear.

The bill also encourages behavior supporting sound municipal fiscal management practices by requiring full funding of the actuarially determined contribution. Municipalities will also gain the benefit of scale and professional plan administration.

On balance, the Department of Revenue supports this proposed legislation which would offer an alternative for municipalities seeking a cost-effective, efficient option to managing a local pension plan.

Sincerely,

A handwritten signature in blue ink that reads "Susanne" followed by a large, stylized flourish that extends to the right.

Susanne Greschner  
Chief

C: Seth Magaziner, General Treasurer  
Robert Hull, Director of Revenue



## Office of the Auditor General

State of Rhode Island and Providence Plantations - General Assembly  
Dennis E. Hoyle, CPA - Auditor General

[oag.ri.gov](http://oag.ri.gov)

33 Broad Street • Suite 201 • Providence, RI • 02903-4177  
tel: 401.222.2435 • fax: 401.222.2111

June 14, 2017

Honorable Marvin L. Abney, Chairman  
House Finance Committee  
Room 306 State House  
Providence, RI 02903

Dear Chairman Abney:

I write in support of the **Healthy Local Pensions Act (HELP) - House Bill No. 6030** - proposed by General Treasurer Seth Magaziner which would facilitate locally-administered pension plans joining the Municipal Employees' Retirement System (MERS) administered by the Employees' Retirement System of Rhode Island.

The Office of the Auditor General has reported on the status of locally-administered pension plans covering certain employees of the State's municipalities first in July 2007 and then in March 2010 and September 2011. Each of those reports highlighted that a significant portion of those plans were poorly funded. Additionally, each report included recommendations that the locally administered pension plans be transferred to the state administered MERS plan. We also recommended that legislation be considered to provide flexibility and eliminate the obstacles that make merging locally-administered plans into MERS unlikely and problematic and explore options for pooled investments (for locally-administered pension and OPEB plans) to enhance investment performance, reduce costs, and reduce investment risk. We found then, and continue to believe, that for the most part, local communities are challenged to effectively administer pension plans.

The poorly funded status of certain of these plans threatens the financial stability of the sponsoring municipality and also jeopardizes the retirement security of plan members. Failure to make required contributions is a considerable risk for the locally administered plans and investing pension plan assets effectively and efficiently is also a challenge. There are substantial advantages for these local-administered plans to become part of a large, professionally managed pension system which requires that actuarially determined contributions be made. As you know, a state-administered pension plan was the structure adopted for all the State's public school teachers.

More recently, the legislatively created Local Pension and OPEB Study Commission, of which I was a member, recommended in its final report that a "pathway to MERS" be explored as an option to address the poorly funded status of certain of the locally-administered pension plans. Further, for those with a continuing interest in finding efficiencies through municipal shared services, MERS is an existing "shared service" with an administrative infrastructure already in place.

In the past, few locally-administered plans have joined the State administered MERS plan because the obstacles to joining were challenging, if not impossible, to overcome. The General Treasurer's proposed legislation addresses certain of those challenges and provides needed flexibility to allow plans to pursue joining MERS as an option. While it is unlikely that all plans would

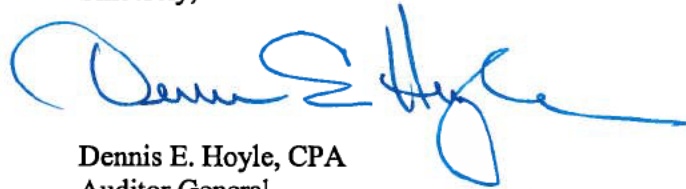
Honorable Marvin L. Abney, Chairman

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immediately seek to join MERS, I believe this is an important and valuable option to have in the overall strategies available to municipalities to ensure retirement security for their employees and manage their finances in the most efficient and cost-effective manner.

Sincerely,



Dennis E. Hoyle, CPA  
Auditor General

C: Members of the House Finance Committee  
General Treasurer Seth Magaziner

RHODE  ISLAND  
**Business  
Coalition**

May 12, 2017

Honorable Dominick Ruggerio  
President of the Rhode Island Senate  
Providence, RI 02903

Honorable Nicholas A. Mattiello  
Speaker of the Rhode Island House of Representatives  
Providence, RI 02903

Dear Mr. Senate President and Mr. Speaker:

As Rhode Island business leaders, we are committed to the long-term success of our state's economy, which depends on reducing the cost of-doing business and preserving the fiscal stability of our 39 cities and towns. There are few greater threats to the financial health of our local governments than the burden of unfunded pension liabilities. Therefore, we are writing in support of General Treasurer Magaziner's Healthy Local Pension (HELP) proposal.

While Rhode Island has made great strides in addressing the long-term risks associated with the state's unfunded liabilities, work remains at the local level. Most of the 34 locally administered pension plans are less than 60% funded, qualifying for critical status, and 12 plans finished FY2015 with a funding level below 40%. Escalating local liabilities continue to crowd out needed investments in infrastructure, schools, and economic development.

The Treasurer's proposal provides tools that can help restore the sustainability of these locally administered pension plans without jeopardizing the retirement security of our valued public servants. The HELP legislation provides an optional pathway for these communities to join the state-run MERS system, which provides lower overhead costs, professional management and responsible governance.

You have consistently demonstrated that you are not afraid to tackle our state's largest challenges, and our economy is improving daily because of it. The financial stability of our communities must be addressed, and his plan is a necessary step in the right direction.

Sincerely,

American Council of Engineering Companies, Rhode Island – Marcel A. Valois, Executive Director  
Central Rhode Island Chamber of Commerce – Lauren E.I. Slocum, President/CEO  
East Greenwich Chamber of Commerce – Stephen M. Lombardi, Executive Director  
National Federation of Independent Business – Bill Vernon, State Director

Newport County Chamber of Commerce – Erin Donovan-Boyle, Executive Director  
Northern Rhode Island Chamber of Commerce – John C. Gregory, President/CEO  
Ocean Community Chamber of Commerce – Lisa Konicki, Executive Director  
Oil Heat Institute of Rhode Island – Roberta Fagan, Executive Director  
Rhode Island Association of REALTORS® – Philip Tedesco, CEO  
Rhode Island Builders Association – John V. Marcantonio, Executive Director  
Rhode Island Hospitality Association – Dale J. Venturini, President/CEO  
Rhode Island Lumber and Building Materials Dealers Association – Ashley E. Ranslow, Manager of  
Government Affairs  
Rhode Island Manufacturers Association – David M. Chenevert, Executive Director  
Rhode Island Small Business Economic Summit – Gary Ezovski, Regulations Committee Chairman  
Rhode Island Small Business Economic Summit – Grafton Willey, Tax and Budget Committee Chairman  
Rhode Island Society of Certified Public Accountants – Robert A. Mancini, President  
Smaller Business Association of New England (SBANE) – Robin L. Main, Chair; Ralph Coppola, Chair  
SBANE RI Government Affairs Committee



40 Sharpe Drive - Unit 5  
Cranston, RI 02920  
tel (401) 331-5720  
fax (401) 454-5780

**Robert A. Mancini**  
*President*  
rmancini@riscpa.org  
www.riscpa.org

Representative Marvin L. Abney,  
Chairman, Committee on Finance  
RI House of Representatives  
State House  
Providence, R.I. 02903

June 14, 2017

Dear Chairman Abney;

On behalf of the Rhode Island Society of Certified Public Accountants (RISCPA), I am writing this letter of support for The Healthy Local Pension (HELP) Act-H-6030. As you are aware, currently there are over 100 municipal pension plans in the Ocean State aligned under the state's Municipal Employees' Retirement System (MERS). The bill in question will afford municipalities operating independently administered pension systems an opportunity to reduce investment fees through economies of scale and take advantage of the professional management offered in the state's MERS program. In an effort to amplify our support, please note the following:

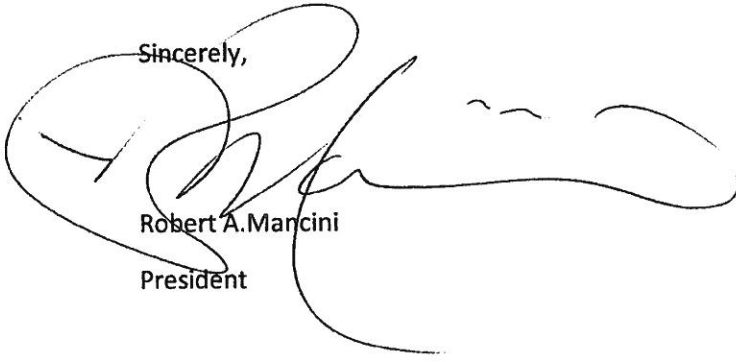
- 1) The current rule makes it challenging for some plans to enjoy the benefits of joining MERS. In effect, this bill will address that problem;
- 2) Municipal Pension Plans will have more flexibility to enter MERS;
- 3) Longer amortization periods;
- 4) Certain parts of the benefit structure will be allowed to conform gradually instead of immediately-provided they still adhere to acceptable actuarial guidelines ( and ) benefits are not more generous than other MERS plans;
- 5) For municipalities with closed plans( no new participants to be added) the option to turn over management of investments to Treasury without changes to benefits will be available;
- 6) Joining MERS is COMPLETELY OPTIONAL and the decision to enter must be collectively bargained by the municipality and its labor organizations;
- 7) Average funding level for MERS is 87 %.

As a professional organization, our membership is concerned about creating and sustaining a vibrant economic climate for our great state. That said, historically, struggling municipal pension plans have



had a chilling effect on business growth in general and impose pressure on city and town budgets; thus, creating a veil of economic uncertainty. Therefore, Mr. Chairman, we strongly urge your support of H-6030. Should you wish further elaboration, please feel free to contact me directly.

Sincerely,

A large, stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

Robert A. Marcini  
President



State of Rhode Island and Providence Plantations  
Office of the General Treasurer  
State House – Room 102  
Providence, Rhode Island 02903

**Seth Magaziner**  
General Treasurer

June 14, 2017

Honorable Marvin L. Abney  
Chairman, House Committee on Finance

Re: House Bill No. H 6030: “An Act Relating to Towns and Cities – Retirement of Municipal Employees and Closed Municipal Retirement Plans”

Dear Chairman Abney:

It’s hard to believe given the small size of our state, but Rhode Island has 150 municipal pension plans. These plans provide retirement security for the hard-working municipal employees who devote their careers to serving our local communities. These employees, and the taxpayers they serve, deserve to have pension plans that are healthy and sustainable.

About three quarters of the state’s local pension plans are part of the Municipal Employees’ Retirement System (MERS), which has the benefits of scale and professional management of the state’s \$8 billion pension fund. MERS also enforces fiscal responsibility, with a uniform benefit structure and a requirement that all communities make their full required pension contributions or risk losing state aid.

The result is that municipal pension plans that have joined MERS are doing well. The average plan in MERS is 87% funded. Benefiting from the scale and efficiencies that come with being a part of the \$8 billion state pension system, municipal pension plans in MERS pay only 0.1% of their fund balance in administrative overhead every year.

In contrast, the 34 municipal plans that have not joined MERS carry a combined unfunded liability of \$2.4 billion – roughly 8 times the combined unfunded liability of the 116 plans in the MERS system. The health of Rhode Island’s municipal pension plans is the greatest financial challenge the state currently faces.

One reason some communities have yet to join MERS is because the rules that govern entrance into the MERS system are unnecessarily rigid. For example, communities entering MERS are currently required to adopt a 20-year schedule for paying off their pension debts, which makes sense for a well-funded plan, but can be an unrealistically short time-period for a critically funded plan.

The Healthy Local Pensions (HELP) Act gives every city and town the ability to join MERS if they choose to do so. The proposal is based on recommendations of the 2015 Local Pension & OPEB Study Commission, which included state, municipal and labor leaders. Under the Healthy Local Pensions Act and was crafted in cooperation with state, municipal, and labor leaders.

Under the proposal, the decision for a community to join MERS remains entirely voluntary. Each municipality, in collaboration with its stakeholders, must decide if entering MERS is right for them.

If left unaddressed, the consequences of Rhode Island's locally-managed pension problems could be devastating. The rising costs of these plans are already hampering the ability of cities and towns to invest in education, fix roads and keep residents safe. The tenuous financial condition of many locally-managed pension plans also places the retirement security of municipal employees in jeopardy.

There is no magic wand to address these challenges, but we can give communities more options to choose the path that is best for them and their stakeholders. For communities that want to join most municipal plans in the MERS systems, we should not let outdated and unnecessary restrictions stand in their way.

The longer we wait to make this change, the more painful and difficult the decisions will be. Let's not wait for the problem to get worse before we address it, let's pass this proposal and give communities this invaluable option.

Thank you for your consideration of this important legislation, as we work together to support the continued economic health of all Rhode Islanders.

Sincerely,

A handwritten signature in black ink that reads "Seth Magaziner". The signature is written in a cursive, flowing style.

Seth Magaziner  
General Treasurer

Cc: Honorable Nicholas A. Mattiello, Speaker of the House  
Honorable Shelby Maldonado  
Honorable Members of the House Committee on Finance