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March 30, 2012

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***PERSONAL & CONFIDENTIAL***

Mr. David P. Faucher  
Finance / Personnel Director  
Town of Portsmouth  
2200 East Main Street  
Portsmouth, RI 02871

Re: Retirement Plan for Employees of the Town of Portsmouth  
Updated July 1, 2011 Actuarial Valuation Results

Dear Dave:

The attached is an exhibit summarizing the impact on the July 1, 2011 actuarial valuation results for the Retirement Plan for Employees of the Town of Portsmouth of the proposed assumption changes per our Experience Study report dated March 29, 2012.

The exhibit is reproduced from page 11 of our Experience Study report and shows the impact of the proposed assumption changes on the plan's Unfunded Actuarial Liability and Funded Ratio as of July 1, 2011 and on the plan's Annual Required Contribution for FY 2012-13. Based on guidance issued by the Pension Study Commission on March 2, 2012, it is our understanding that this letter (including the attached exhibit) satisfies the "initial actuarial valuation" requirement of General Law Chapter 45-65, in lieu of a completely revised actuarial valuation report.

In preparing this analysis, we relied without audit on employee census data and financial information from July 1, 2006 through July 1, 2011 furnished by the Town of Portsmouth. This information includes, but is not limited to, plan provisions, employee data, and financial information. In our examination of these data, we have found them to be reasonably consistent and comparable with data used for other purposes. Since the valuation results are dependent on the integrity of the data supplied, the results can be expected to differ if the underlying data is incomplete or missing. It should be noted that if any data or other information is inaccurate or incomplete, our calculations may need to be revised. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of our assignment.

The calculations reported herein have been made on a basis consistent with our understanding of the provisions for the Retirement Plan for Employees of the Town of Portsmouth. Furthermore, the calculations were determined in conformance with generally recognized and accepted actuarial principles and practices, which are consistent with the Actuarial Standards of Practice promulgated by the Actuarial Standards Board and the applicable Guides to Professional Conduct, amplifying Opinions, and supporting Recommendations of the American Academy of Actuaries.

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The calculations reported herein have been made on a basis consistent with our understanding of ERISA and the related sections of the tax code. Additional determinations may be needed for other purposes, such as judging benefit security at plan termination or meeting employer accounting requirements. On the basis of the foregoing, we hereby certify that, to the best of our knowledge, this report is complete and accurate and all costs and liabilities were determined in conformance with generally accepted actuarial principles and practices. We further certify that, in our opinion, each actuarial assumption, method and technique used is reasonable taking into account the experience of the Plan and reasonable expectations or would, in the aggregate, result in a total contribution equivalent to that which would be determined if each such assumption, method, or technique were reasonable. Differences between our projections and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. Actual experience will not conform exactly to the assumptions made for this analysis. Actual amounts will differ from projected amounts to the extent that actual experience deviates from expected experience.

March 30, 2012  
Mr. David P. Faucher  
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I am a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Please let us know if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Rebecca A. Sielman". The signature is fluid and cursive, with a long horizontal stroke at the end.

Rebecca A. Sielman, FSA  
Consulting Actuary

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**RETIREMENT PLAN FOR EMPLOYEES  
OF THE TOWN OF PORTSMOUTH  
2011 EXPERIENCE STUDY**

**SECTION I  
EXHIBIT B - ESTIMATED IMPACT OF PROPOSED ASSUMPTIONS  
(\$ millions)**

	<u>Current Assumptions</u>	<u>After Proposed Assumption Changes</u>	
	<u>July 1, 2011 Valuation</u>	<u>Investment Return = 6.75% (per current asset allocation)</u>	<u>Investment Return = 7.25% (alternative asset allocation)</u>
<b>Funded Ratio*</b>			
1. Actuarial Value of Assets at July 1, 2011	\$35.267	\$35.267	\$35.267
2. Actuarial Liability as of July 1, 2011	57.377	68.181	63.768
3. Unfunded Accrued Liability (UAL) as of July 1, 2011	22.110	32.914	28.501
4. Funded Ratio at July 1, 2011: (1) / (2)	61.5%	51.7%	55.3%
<b>Annual Town Cost for 2012-2013*</b>			
1. Normal Cost	\$0.782	\$1.388	\$1.178
2. Past Service Cost (28 year amortization of UAL)	2.001	1.847	1.694
3. Total Town Contribution for 2012-2013: (1) + (2), not less than 0	2.783	3.235	2.872
4. Total Compensation as of July 1, 2011	8.782	8.782	8.782
5. Total Town Contribution for 2012-2013 as a Percentage of Compensation	31.7%	36.8%	32.7%
<b>Annual Required Contribution for 2012-2013</b>	<b>2.783</b>	<b>3.235</b>	<b>2.872</b>

\* Note: The estimated impact on the July 1, 2011 funded ratio and Annual Required Contribution for 2012-2013 is for illustrative purposes only. We understand that any adopted changes in the actuarial assumptions would first be required to be included in the July 1, 2012 actuarial valuation (which develops the Annual Required Contribution for 2013-2014).