

(4) "Required employer contribution" means the amount payable each fiscal year under § 21-305(b)(1), (2)(i) and (iii) of this subtitle by a participating governmental unit.

(5) "Surplus" means, as to any participating governmental unit, the amount, as of June 30, 1995, by which the actuarial value of the assets to the credit of the participating governmental unit in the employees' systems exceeds the present value of the future benefits of the employees of the participating governmental unit who are members of the employees' systems.

(b) (1) The actuary shall determine the surplus allocable to a participating governmental unit as of June 30, 1995, based on an actuarial valuation.

(2) The surplus of a participating governmental unit may not be less than zero.

(3) The annual credit of a participating governmental unit shall be the amount that is sufficient to amortize over a 25-year term commencing on July 1, 1995, the surplus allocated to a participating governmental unit as of June 30, 1995, by means of an annual credit that increases each year based on the actuarial assumptions adopted by the Board of Trustees on the recommendation of the actuary.

(4) Each fiscal year, a participating governmental unit's required employer contribution shall be reduced by the annual credit of the participating governmental unit, but not below zero.

(c) (1) The actuary shall determine the deficit allocable to a participating governmental unit as of June 30, 1995, based on an actuarial valuation.

(2) (i) Except as provided in subparagraph (ii) of this paragraph, the annual deficit payment of a participating governmental unit shall be the payment that is sufficient to liquidate over a 25-year term beginning as of July 1, 1995, the deficit allocated to the participating governmental unit by means of annual payments that increase each year based on the actuarial assumptions adopted by the Board of Trustees on the recommendation of the actuary.

(ii) If, as of July 1, 1995, the annual deficit payment of a participating governmental unit increases the participating governmental unit's required contribution by more than 2% of the aggregate annual earnable compensation of the participating governmental unit as of July 1, 1995, the participating governmental unit may liquidate the deficit over a 40-year term beginning as of July 1, 1995.

(3) (i) Subject to subparagraph (ii) of this paragraph, with the concurrence of the Board of Trustees, a participating governmental unit may prepay all or a portion of the deficit.

(ii) A participating governmental unit that elects to prepay a portion of the deficit:

1. may not prepay less than the greater of \$100,000 or 10% of the outstanding balance of the deficit as of the payment date;