Metropolitan Transit Authority Union Pension Plan

January 1, 2014 Actuarial Valuation

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Issued July 2, 2014
January 1, 2014 Actuarial Valuation of the Metropolitan Transit Authority Union Pension Plan

The 2014 actuarial valuation of the Metropolitan Transit Authority Union Pension Plan (the “Plan”) has been completed in accordance with applicable provisions of the Internal Revenue Code and the Employee Retirement Income Security Act of 1974. The results are contained in this report, including an outline of the underlying actuarial assumptions and methodology (Appendix A), and a description of the principal plan provisions (Appendix B).

Purpose of the Valuation

In general, the annual actuarial valuation determines the current level of employer contributions which, considering prior funding, will accumulate assets sufficient to meet benefit payments when due under the terms of the Plan. More specifically, the valuation determines the minimum contribution for the current plan year sufficient to fund the cost of benefits accruing during the year (normal cost) plus an additional amount to fund the excess of plan liabilities over plan assets (unfunded accrued liability) over a period not to exceed 29 years. The valuation also includes:

- Operational information that is required either for inclusion in financial statements or in forms to be filed with regulatory governmental agencies.
- A review of plan experience for the plan year ending on December 31, 2013.
- An assessment of the relative funded position of the plan through a comparison of plan assets and projected plan liabilities.

Funding Objective

The Plan’s funding objective is to receive each year the actuarially determined annual required contribution from the Plan sponsor. Employees do not contribute to the Plan. This funding will allow the Plan to accumulate sufficient assets, generally over the employees’ working career, to pay retirement benefits.

Annual contributions from the Plan sponsor will change due to actuarial assumptions, primarily investment returns and census changes, being different from experience.

Meeting the Funding Objective

The Plan is meeting its funding objective as it continues to receive the actuarially determined annual required contribution from the Plan sponsor. The funded status of the plan for the last three years was 70.1% for 2011, 68.0% for 2012, 67.9% for 2013, and is 73.6% for 2014.

Additional information on progress toward achieving the Funding Objective can be found in Exhibit 15.

Responsibility for Actuarial Assumptions

Actuarial assumptions and methods are chosen and authorized by the Committee and Plan sponsor after discussions with the actuary.

Changes in Actuarial Methods

There were no changes in Actuarial Methods from the prior valuation.
Limited Distribution

Milliman’s work is prepared solely for the internal business use of the Plan Sponsor and the Plan’s trustees and may not be provided to third parties without our prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman’s consent to release its work product to any third party may be conditioned on the third party signing a release, subject to the following exceptions:

- The Plan Sponsor may provide a copy of Milliman’s work, in its entirety, to the Plan Sponsor’s professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman’s work for any purpose other than to benefit the Plan.
- The Plan Sponsor may distribute certain work product that Milliman and the Plan Sponsor mutually agree is appropriate as may be required by the GASB Nos. 25 and 27.

Third party recipients of Milliman’s work product should engage their own qualified professionals for advice appropriate to their specific needs.

Reliance

In preparing the report, we relied, without audit, on information (some oral and some in writing) supplied by the Plan Sponsor and the Plan’s trustees. This information includes, but is not limited to, plan documents and provisions, participant data, and financial information. We found this information to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is incomplete or inaccurate, our results may be different and our calculations may need to be revised.

Limited Use

Actuarial computations under ERISA are for the purposes of determining a recommended contribution for an ongoing plan. We have also provided accounting information as required under GASB Nos. 25 and 27. The calculations in the enclosed report have been made on a basis consistent with our understanding of ERISA and GASB Statement Nos. 25 and 27. The actuarial assumptions and methods used for funding and reporting purposes meet the parameters established by GASB Statement Nos. 25 and 27. Determinations for other purposes may be significantly different than the results in this report. Other calculations may be needed for other purposes, such as judging benefit security at termination.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as, but not limited to, the following: plan 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 or additional cost or contribution requirements based on the plan’s funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuarial assignment, we did not perform an analysis of the potential range of such future measurements. The Plan Sponsor has the final decision regarding the appropriateness of the assumptions and actuarial cost methods.

This valuation report is only an estimate of the System’s financial condition as of a single date. It can neither predict the System’s future condition nor guarantee future financial soundness. Actuarial valuations do not affect the ultimate cost of System benefits, only the timing of System contributions. While the valuation is based on an array of individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. No one set of assumptions is uniquely correct. Determining results using alternative assumptions is outside the scope of our engagement.
The consultants who worked on this assignment are pension actuaries. Milliman’s advice is not intended to be a substitute for qualified legal or accounting counsel.

The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

Certification

All costs, liabilities, rates of interest, and other factors for the System have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the Plan and reasonable expectations) and which, in combination, offer our best estimate of anticipated experience affecting the System. Further, in our opinion, each actuarial assumption used is reasonably related to the experience of the Plan and to reasonable expectations which, in combination, represent our best estimate of anticipated experience under the System.

On the basis of the foregoing, we hereby certify that to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board and the Code of Professional Conduct and Qualification Standards for Public Statements of Actuarial Opinion of the American Academy of Actuaries. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

Respectfully submitted,

James Tumlinson, Jr.
Principal and Consulting Actuary
Member, American Academy of Actuaries

Jake Pringle
Consulting Actuary
Member, American Academy of Actuaries

July 2, 2014
Date
# Table of Contents

**Executive Summary** ........................................................................................................................................... ES-1

**Exhibits**  
Change in Participation ........................................................................................................................................... 1  
Summary of Active Participants by Age and Service ........................................................................................... 2  
Inactive Participants ............................................................................................................................................... 3  
Summary of Plan Assets ...................................................................................................................................... 4  
Summary of Income and Disbursements ............................................................................................................. 5  
Actuarial Value of Assets ..................................................................................................................................... 6  
Estimated Investment Return on Actuarial Value of Assets ................................................................................ 7  
Estimated Investment Return on Market Value of Assets ................................................................................... 8  
Employer Contributions for Prior Plan Year ......................................................................................................... 9  
Unfunded Actuarial Accrued Liability .................................................................................................................. 10  
Actuarial (Gain) / Loss for Prior Plan Year .......................................................................................................... 11  
Normal Cost ...................................................................................................................................................... 12  
Present Value of Accumulated Plan Benefits ................................................................................................... 13  
Change in Present Value of Accumulated Plan Benefits ................................................................................ 14  
Accounting Information as Required under GASB Statement Nos. 25 and 27 .............................................. 15

**Appendices**  
A - Summary of Actuarial Assumptions and Methods ..................................................................................... A-1  
B - Summary of Principal Plan Provisions .......................................................................................................... B-1  
C – Glossary .................................................................................................................................................... C-1
Executive Summary
A. Summary of Key Valuation Results

Actuarial Valuation for Plan Year Beginning

January 1, 2013    January 1, 2014

Participant Data

Number of Participants
Active Participants 2,274  2,241
Terminated Vested Participants 607  555
Retired Participants 925  1,018
Disabled Participants 194  175
Beneficiaries 108  177
Total Participants 4,108  4,166

Assets

Actuarial Value of Assets $181,660,677  $206,052,122
Return on Actuarial Value of Assets for the prior Plan Year 4.9%  14.3%
Market Value of Assets 193,489,244  224,546,800
Return on Market Value of Assets for the prior Plan Year 16.2%  16.9%

Actuarial Present Values

Present Value of Benefits $310,673,112  $322,166,138
Actuarial Value of Assets 181,660,677  206,052,122
Unfunded Present Value of Benefits 129,012,435  116,114,016

Actuarial Accrued Liability 267,359,430  279,959,125
Actuarial Value of Assets 181,660,677  206,052,122
Unfunded Actuarial Accrued Liability 85,698,753  73,907,003

Costs and Contributions

Normal Cost $6,224,683  $6,346,060
Past Service Contribution 7,048,519(1)  6,132,812(2)
Interest on Contribution 1,061,856  998,310
Annual Required Contribution $14,335,058  $13,477,182

(1) 30 year amortization for 2013.
(2) 29 year amortization for 2014.
B. Purpose of this Report

This report has been prepared for the Metropolitan Transit Authority Union Pension Plan as of January 1, 2014 to:

- Calculate the Annual Required Contribution for the plan year beginning January 1, 2014.
- Review the experience for the plan year ending December 31, 2013. ("Experience" encompasses the performance of the Plan’s assets during the year and changes in the Plan’s participant demographics that impact liabilities.)
- Review the Plan’s funded status.

C. Annual Required Contribution for the 2014 Plan Year

The Annual Required Contribution for the plan year beginning January 1, 2014 is $13,477,182.

The graph below illustrates the Minimum Required Contribution (both before and after application of the credit balances) for the current and preceding four plan years.

![Annual Required Contributions](chart)

D. Plan Experience

Change in Demographics

From January 1, 2013 to January 1, 2014, the number of active participants in the Plan decreased by 1.5% from 2,274 to 2,241; while the total number of participants increased by 1.4% from 4,108 to 4,166.

The graph below illustrates the count of participants, by category, as of the valuation date for the current and preceding four plan years.
Historical Participation

Actuarial Accrued Liability

Under the Unit Credit actuarial cost method, and prior to reflecting any plan, method or assumption changes, liability experience for the 2013 plan year was more favorable than expected, generating a net actuarial gain. The key components were:

- Demographic experience different from that assumed and minor data corrections, which resulted in an actuarial loss of approximately $159 thousand.

Change in Assets

Prior to reflecting any method or assumption changes, asset experience for the 2013 plan year was more favorable than expected generating a net actuarial gain.

- The rate of return on the market value of plan assets was more than the assumed rate of 8.00%, resulting in an investment gain of approximately $17.1 million.

The graph below illustrates the investment performance on a market value basis for the preceding five plan years.
E. Funded Status

The graph below illustrates the funded status on both a market value and actuarial value basis for the current and preceding four years.
F. Actuarial Methods and Assumptions

The actuarial methods and assumptions used in this valuation are the same as those used in the prior valuation except as follows:

- The expense load to the Normal Cost has been changed from $184,966 for the 2013 plan year to $397,288 for the 2014 plan year and is based on the prior plan year’s expenses, excluding investment management fees.
- The cost of living increase assumption was changed from 3.0% per year to 2.5% per year for expected future increases to the IRC Section 415(b) limit. This change had no impact on the valuation results.

Please see Appendix A for a summary of the actuarial methods and assumptions used in this valuation.

G. Plan Provisions

The valuation reflects the plan provisions in effect on January 1, 2014, including the following:

- An increase in the annual benefit limit under Section 415 from $205,000 to $210,000.

The change above had no impact on valuation results.

Please see Appendix B for a summary of plan provisions.
Exhibits
## Exhibit 1

### Change in Participation

The change in participation from January 1, 2013 to January 1, 2014 is shown below.

<table>
<thead>
<tr>
<th></th>
<th>Active Participants</th>
<th>Inactive Participants with Deferred Benefits</th>
<th>Participants in Pay Status</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participants as of January 1, 2013</td>
<td>2,274</td>
<td>607</td>
<td>1,227</td>
<td>4,108</td>
</tr>
<tr>
<td>Terminated non-vested</td>
<td>(40)</td>
<td>0</td>
<td>0</td>
<td>(40)</td>
</tr>
<tr>
<td>Terminated vested</td>
<td>(51)</td>
<td>51</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Died without beneficiary</td>
<td>(4)</td>
<td>0</td>
<td>(83)</td>
<td>(87)</td>
</tr>
<tr>
<td>Died with beneficiary</td>
<td>(3)</td>
<td>(1)</td>
<td>(22)</td>
<td>(26)</td>
</tr>
<tr>
<td>Retired</td>
<td>(79)</td>
<td>(25)</td>
<td>104</td>
<td>0</td>
</tr>
<tr>
<td>Received lump sum distribution</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>New participants, beneficiaries</td>
<td>0</td>
<td>0</td>
<td>52</td>
<td>52</td>
</tr>
<tr>
<td>or Alternate Payees during plan year</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rehired</td>
<td>34</td>
<td>(34)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Net data adjustments</td>
<td>110</td>
<td>(29)</td>
<td>78</td>
<td>159</td>
</tr>
<tr>
<td>Participants as of December 31, 2013</td>
<td>2,241</td>
<td>569</td>
<td>1,356</td>
<td>4,166</td>
</tr>
<tr>
<td>New participants as of January 1, 2014</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Participants as of January 1, 2014</td>
<td>2,241</td>
<td>569</td>
<td>1,356</td>
<td>4,166</td>
</tr>
</tbody>
</table>

The above participant counts include 53 alternate payees currently receiving benefits and 14 alternate payees entitled to future benefits under Qualified Domestic Relations Orders.
# Exhibit 2

## Summary of Active Participants by Age and Service

### Number of Participants by Age and Service Groups

<table>
<thead>
<tr>
<th>Age</th>
<th>&lt;1</th>
<th>1-4</th>
<th>5-9</th>
<th>10-14</th>
<th>15-19</th>
<th>20-24</th>
<th>25-29</th>
<th>30-34</th>
<th>35-39</th>
<th>40&amp;Up</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-24</td>
<td>-</td>
<td>15</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>17</td>
</tr>
<tr>
<td>25-29</td>
<td>-</td>
<td>39</td>
<td>32</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>73</td>
</tr>
<tr>
<td>30-34</td>
<td>1</td>
<td>48</td>
<td>56</td>
<td>27</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>132</td>
</tr>
<tr>
<td>35-39</td>
<td>6</td>
<td>62</td>
<td>66</td>
<td>47</td>
<td>9</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>190</td>
</tr>
<tr>
<td>40-44</td>
<td>2</td>
<td>60</td>
<td>73</td>
<td>81</td>
<td>31</td>
<td>13</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>260</td>
</tr>
<tr>
<td>45-49</td>
<td>8</td>
<td>65</td>
<td>84</td>
<td>94</td>
<td>55</td>
<td>44</td>
<td>6</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>356</td>
</tr>
<tr>
<td>50-54</td>
<td>5</td>
<td>61</td>
<td>62</td>
<td>114</td>
<td>46</td>
<td>71</td>
<td>37</td>
<td>10</td>
<td>2</td>
<td>-</td>
<td>408</td>
</tr>
<tr>
<td>55-59</td>
<td>3</td>
<td>48</td>
<td>50</td>
<td>88</td>
<td>41</td>
<td>75</td>
<td>89</td>
<td>48</td>
<td>22</td>
<td>-</td>
<td>464</td>
</tr>
<tr>
<td>60-64</td>
<td>3</td>
<td>24</td>
<td>27</td>
<td>52</td>
<td>21</td>
<td>36</td>
<td>45</td>
<td>25</td>
<td>22</td>
<td>2</td>
<td>257</td>
</tr>
<tr>
<td>65-69</td>
<td>-</td>
<td>5</td>
<td>8</td>
<td>15</td>
<td>9</td>
<td>9</td>
<td>12</td>
<td>3</td>
<td>5</td>
<td>2</td>
<td>68</td>
</tr>
<tr>
<td>70&amp;Up</td>
<td>-</td>
<td>2</td>
<td>-</td>
<td>2</td>
<td>4</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>-</td>
<td>16</td>
</tr>
<tr>
<td>Total</td>
<td>28</td>
<td>429</td>
<td>460</td>
<td>522</td>
<td>216</td>
<td>250</td>
<td>192</td>
<td>88</td>
<td>52</td>
<td>4</td>
<td>2,241</td>
</tr>
</tbody>
</table>

January 1, 2014 Actuarial Valuation
Metropolitan Transit Authority
Union Pension Plan
Exhibit 3

Inactive Participants

Participants with Deferred Benefits

<table>
<thead>
<tr>
<th>Age</th>
<th>Number of Participants</th>
<th>Monthly Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 30</td>
<td>5</td>
<td>$1,740</td>
</tr>
<tr>
<td>30 - 34</td>
<td>29</td>
<td>11,521</td>
</tr>
<tr>
<td>35 - 39</td>
<td>43</td>
<td>18,120</td>
</tr>
<tr>
<td>40 - 44</td>
<td>66</td>
<td>31,671</td>
</tr>
<tr>
<td>45 - 49</td>
<td>89</td>
<td>45,779</td>
</tr>
<tr>
<td>50 - 54</td>
<td>130</td>
<td>76,719</td>
</tr>
<tr>
<td>55 - 59</td>
<td>159</td>
<td>98,816</td>
</tr>
<tr>
<td>60 - 64</td>
<td>41</td>
<td>23,080</td>
</tr>
<tr>
<td>65 &amp; Up</td>
<td>7</td>
<td>4,673</td>
</tr>
<tr>
<td>Total</td>
<td>569</td>
<td>$312,119</td>
</tr>
</tbody>
</table>

Participants in Pay Status

<table>
<thead>
<tr>
<th>Age</th>
<th>Number of Participants</th>
<th>Monthly Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 55</td>
<td>70</td>
<td>$46,846</td>
</tr>
<tr>
<td>55 - 59</td>
<td>182</td>
<td>183,731</td>
</tr>
<tr>
<td>60 - 64</td>
<td>353</td>
<td>335,986</td>
</tr>
<tr>
<td>65 - 69</td>
<td>386</td>
<td>368,527</td>
</tr>
<tr>
<td>70 - 74</td>
<td>194</td>
<td>193,335</td>
</tr>
<tr>
<td>75 - 79</td>
<td>97</td>
<td>76,203</td>
</tr>
<tr>
<td>80 - 84</td>
<td>39</td>
<td>21,967</td>
</tr>
<tr>
<td>85 - 89</td>
<td>27</td>
<td>16,312</td>
</tr>
<tr>
<td>90 &amp; Up</td>
<td>8</td>
<td>2,739</td>
</tr>
<tr>
<td>Total</td>
<td>1,356</td>
<td>$1,245,646</td>
</tr>
</tbody>
</table>
Exhibit 4
Summary of Plan Assets

The summary of plan assets on a Market Value basis as of December 31, 2013 is shown below.

1. Assets $224,546,800
2. Liabilities 0
3. Total [(1) - (2)] $224,546,800
Exhibit 5

Summary of Income and Disbursements

The change in the Market Value of Assets from December 31, 2012 to December 31, 2013 is shown below.

1. Market Value of Assets as of December 31, 2012 $193,489,244

2. Income
   a. Employer contributions for plan year 14,335,058
   b. Dividends - common stock 1,610,922
   c. Net gain (loss) on sale of assets 7,909,320
   d. Unrealized appreciation (depreciation) 23,075,769
   e. Other income 1,964
   f. Total 46,933,033

3. Disbursements
   a. Benefit payments to participants 14,886,564
   b. Investment management fees 591,625
   c. Trustees fees/expenses 152,403
   d. Other expenses 244,885
   e. Total 15,875,477

4. Net increase / (decrease)
   [(2f) - (3e)] 31,057,556

   [(1) + (4)] $224,546,800
**Exhibit 6**

**Actuarial Value of Assets**

The Actuarial Value of Assets is the Market Value of Assets less a weighted average of asset gains / (losses) over a four-year period (five-year smoothing), but not less than 80% nor more than 120% of the Market Value of Assets. The Actuarial Value of Assets as of January 1, 2014 is determined below.

1. Market Value of Assets as of December 31, 2013 $224,546,800

2. **Unrecognized asset gains / (losses) for the plan years ending**

<table>
<thead>
<tr>
<th>Plan Year Ending</th>
<th>Gain / (Loss) for Year</th>
<th>Percent Unrecognized</th>
<th>Amount Unrecognized</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. December 31, 2013</td>
<td>17,138,932</td>
<td>80%</td>
<td>13,711,145</td>
</tr>
<tr>
<td>b. December 31, 2012</td>
<td>12,764,166</td>
<td>60%</td>
<td>7,658,500</td>
</tr>
<tr>
<td>c. December 31, 2011</td>
<td>(13,242,387)</td>
<td>40%</td>
<td>(5,296,955)</td>
</tr>
<tr>
<td>d. December 31, 2010</td>
<td>12,109,941</td>
<td>20%</td>
<td>2,421,988</td>
</tr>
<tr>
<td>e. Total</td>
<td></td>
<td></td>
<td>18,494,678</td>
</tr>
</tbody>
</table>

3. **Actuarial Value of Assets as of January 1, 2014**

\[
[(1) – (2e), but not less than 80% \times (1), nor more than 120\% \times (1)]
\]

$206,052,122
Exhibit 7
Estimated Investment Return on Actuarial Value of Assets

The estimated investment return on the Actuarial Value of Assets is determined for the Schedule MB of IRS Form 5500 using a simplified formula as specified in the form instructions. It assumes all cash flows of contributions, benefit payments, and administrative expenses are paid at mid-year. The estimated investment return on the Actuarial Value of Assets for the plan year ending December 31, 2013 is determined below.

1. Actuarial Value of Assets as of January 1, 2013 $181,660,677
2. Actuarial Value of Assets as of January 1, 2014 206,052,122
3. Net non-investment cash flows for plan year ending December 31, 2013 (1,540,419)
4. Investment income for plan year ending December 31, 2013 $25,931,864
   
\[ \text{Net non-investment cash flows for plan year ending December 31, 2013} \]
5. Estimated investment return on Actuarial Value of Assets 14.34%
   
\[ \text{Estimated investment return on Actuarial Value of Assets} \]
**Exhibit 8**

**Estimated Investment Return on Market Value of Assets**

The estimated investment return on the Market Value of Assets for the plan year ending December 31, 2013, assuming all cash flows of contributions, benefit payments, and administrative expenses are paid at mid-year, is determined below.

1. Market Value of Assets as of December 31, 2012 $193,489,244
2. Market Value of Assets as of December 31, 2013 224,546,800
3. Net non-investment cash flows for plan year ending December 31, 2013 (1,540,419)
4. Investment income for plan year ending December 31, 2013 $32,597,975
5. Estimated investment return on Market Value of Assets 16.91%
6. Expected rate of return on Market Value of Assets 8.00%
7. Investment gain/(loss) for plan year ending December 31, 2013 $17,138,932
# Exhibit 9

## Employer Contributions for Prior Plan Year

The employer contributions for the plan year ending December 31, 2013 were paid or are payable on the dates and in the amounts shown below.

<table>
<thead>
<tr>
<th>Date of Contribution</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 4, 2013</td>
<td>$1,203,706</td>
</tr>
<tr>
<td>February 5, 2013</td>
<td>1,203,706</td>
</tr>
<tr>
<td>March 5, 2013</td>
<td>1,203,707</td>
</tr>
<tr>
<td>April 4, 2013</td>
<td>1,203,706</td>
</tr>
<tr>
<td>May 8, 2013</td>
<td>1,203,706</td>
</tr>
<tr>
<td>June 5, 2013</td>
<td>1,203,707</td>
</tr>
<tr>
<td>July 2, 2013</td>
<td>1,203,706</td>
</tr>
<tr>
<td>August 6, 2013</td>
<td>1,203,707</td>
</tr>
<tr>
<td>September 4, 2013</td>
<td>1,121,643</td>
</tr>
<tr>
<td>October 8, 2013</td>
<td>1,194,588</td>
</tr>
<tr>
<td>November 6, 2013</td>
<td>1,194,588</td>
</tr>
<tr>
<td>December 6, 2013</td>
<td>1,194,588</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$14,335,058</strong></td>
</tr>
</tbody>
</table>
**Exhibit 10**

**Unfunded Actuarial Accrued Liability**

The Actuarial Accrued Liability represents that portion of the Present Value of Benefits that is allocated to service before the current plan year. The Unfunded Actuarial Accrued Liability is the excess (deficiency) of the Actuarial Accrued Liability over the Actuarial Value of Assets. The Unfunded Actuarial Accrued Liability as of January 1, 2014 is determined below.

1. **Actuarial Accrued Liability**
   - a. Active participants $122,315,347
   - b. Terminated vested participants 22,000,677
   - c. Deferred beneficiaries 384,989
   - d. Retired participants 113,957,461
   - e. Disabled participants 13,626,450
   - f. Beneficiaries 7,674,201
   - g. Total 279,959,125

2. **Actuarial Value of Assets** 206,052,122

3. **Reserve for expenses** 0

4. **Unfunded Actuarial Accrued Liability**
   $$[(1g) - (2) + (3)]$$ $73,907,003
Exhibit 11

Actuarial (Gain) / Loss for Prior Plan Year

The Actuarial (Gain) / Loss for the prior plan year is the difference between the expected and actual Unfunded Actuarial Accrued Liability as of the beginning of the current plan year. The Actuarial (Gain) / Loss for the plan year ending December 31, 2013 is determined below.

1. Unfunded Actuarial Accrued Liability as of January 1, 2013 $85,698,753
2. Normal Cost as of January 1, 2013 6,224,683
3. Interest on (1) and (2) to end of plan year 7,353,874
4. Subtotal [(1) + (2) + (3)] 99,277,310
5. Employer contributions for plan year 14,335,058
6. Interest on (5) to end of plan year 605,219
7. Subtotal [(5) + (6)] 14,940,277
8. Changes in Actuarial Accrued Liability
   a. Plan amendments 0
   b. Changes in actuarial assumptions 0
   c. Changes in cost method 0
   d. Total 0
9. Expected Unfunded Actuarial Accrued Liability as of January 1, 2014 [(4) - (7) + (8d)] 84,337,033
10. Actual Unfunded Actuarial Accrued Liability as of January 1, 2014 73,907,003
11. Actuarial (Gain) / Loss for prior plan year [(10) - (9)] (10,430,030)
12. Demographic experience (Gain)/Loss for prior plan year $158,618
13. Actuarial Value of Assets (Gain)/Loss for prior plan year $(10,588,648)
Exhibit 12
Normal Cost

The Normal Cost is the amount allocated to the current plan year under the plan's actuarial cost method. The employer Normal Cost as of January 1, 2014 is determined below.

1. Normal Cost for benefits
   a. Withdrawal $230,093
   b. Early Retirement 112,588
   c. Unreduced Retirement 4,654,859
   d. Death 74,380
   e. Disability 876,852
   f. Total 5,948,772

2. Loading for expenses 397,288

3. Total Employer Normal Cost
   [(1f) + (2)] $6,346,060
Exhibit 13

Present Value of Accumulated Plan Benefits

Accumulated Plan Benefits are benefits earned to date, based on pay history and service rendered to date, expected to be paid in the future to retired, terminated vested, and active participants, and beneficiaries of active or former participants. The Present Value of Accumulated Plan Benefits (determined on a plan continuation basis in accordance with FASB ASC Topic 960) as of January 1, 2014 is shown below.

1. Present Value of vested Accumulated Plan Benefits
   a. Retired participants $113,957,461
   b. Disabled participants 13,626,450
   c. Beneficiaries 7,674,201
   d. Terminated vested participants 22,000,677
   e. Deferred beneficiaries 384,989
   f. Active participants 110,377,305
   g. Total 268,021,083

2. Present Value of non-vested Accumulated Plan Benefits 11,938,042

3. Present Value of all Accumulated Plan Benefits [(1g) + (2)] 279,959,125

4. Market Value of Assets $224,546,800

5. Funded ratio
   a. Vested benefits [(4) ÷ (1g)] 83.78%
   b. All benefits [(4) ÷ (3)] 80.21%
Exhibit 14
Change in Present Value of Accumulated Plan Benefits

The change in the Present Value of Accumulated Plan Benefits (determined on a plan continuation basis in accordance with FASB ASC Topic 960) from January 1, 2013 to January 1, 2014 is shown below.

1. Present Value of all Accumulated Plan Benefits as of January 1, 2013 $267,359,430

2. Changes
   a. Reduction in discount period 20,804,747
   b. Benefits accumulated 6,522,894
   c. Benefit payments 14,886,564
   d. Plan amendments 0
   e. Change in assumptions 0
   f. Actuarial (gain) / loss 158,618
   g. Total
      \[ ((a) + (b) - (c) + (d) + (e) + (f)) \] 12,599,695

3. Present Value of all Accumulated Plan Benefits as of January 1, 2014
   \[ ((1) + (2g)) \] $279,959,125
**Exhibit 15**

**Accounting Information as required under GASB Statement Nos. 25 and 27**

The following exhibits are required by Governmental Accounting Standards Board (GASB) Statement No. 27, paragraph 21a.

<table>
<thead>
<tr>
<th>Annual Pension Cost and Net Pension Obligation</th>
<th>(1) FY 2014</th>
<th>(2) FY 2013</th>
<th>(2) FY 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annual Required Contribution (ARC)</strong></td>
<td>13,477,182</td>
<td>14,335,058</td>
<td>14,444,476</td>
</tr>
<tr>
<td><strong>Interest on Net Pension Obligation/(Asset)</strong></td>
<td>(1,631,214)</td>
<td>(1,645,742)</td>
<td>(1,660,399)</td>
</tr>
<tr>
<td><strong>Adjustment to ARC</strong></td>
<td>(1,827,338)</td>
<td>(1,827,338)</td>
<td>(1,843,613)</td>
</tr>
<tr>
<td><strong>Annual Pension Cost (APC)</strong></td>
<td>13,673,306</td>
<td>14,516,654</td>
<td>14,627,690</td>
</tr>
<tr>
<td><strong>Contributions Made</strong></td>
<td>13,477,182</td>
<td>14,335,058</td>
<td>14,444,476</td>
</tr>
<tr>
<td><strong>Increase (Decrease) in Net Pension Obligation/(Asset)</strong></td>
<td>196,124</td>
<td>181,596</td>
<td>183,214</td>
</tr>
<tr>
<td><em>Net Pension Obligation/(Asset) beginning of year</em></td>
<td>(20,390,181)</td>
<td>(20,571,777)</td>
<td>(20,754,991)</td>
</tr>
<tr>
<td>*Net pension Obligation/(Asset) end of year ***</td>
<td>(20,194,057)</td>
<td>(20,390,181)</td>
<td>(20,571,777)</td>
</tr>
<tr>
<td><strong>Percentage of Pension Cost contributed</strong></td>
<td>98.57%</td>
<td>98.75%</td>
<td>98.75%</td>
</tr>
<tr>
<td><strong>Percentage of ARC contributed</strong></td>
<td>100.00%</td>
<td>100.00%</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

** Assumes 2014 contributions will exactly equal the 2014 Annual Required Contribution.

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Exhibit 15

Accounting Information as required under GASB Statement Nos. 25 and 27

(Continued)

The following exhibits are required by Governmental Accounting Standards Board (GASB) Statement No. 25. Please note that the Schedule of Funding Progress is also required by GASB Statement No 27. The actuarial assumptions and methods employed are detailed:

Schedule of Funding Progress

<table>
<thead>
<tr>
<th>Actuarial Valuation Date</th>
<th>Actuarial Value of Plan Assets</th>
<th>Actuarial Accrued Liability</th>
<th>Unfunded Actuarial Accrued Liability (2) - (1)</th>
<th>Funded Ratio (1) / (2)</th>
<th>Covered Payroll</th>
<th>UAAL as a % of Covered Payroll (3) / (5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/01/97</td>
<td>37,528</td>
<td>59,629</td>
<td>22,101</td>
<td>62.9%</td>
<td>68,933</td>
<td>32.1%</td>
</tr>
<tr>
<td>01/01/98</td>
<td>45,671</td>
<td>63,992</td>
<td>18,321</td>
<td>71.4%</td>
<td>69,324</td>
<td>26.4%</td>
</tr>
<tr>
<td>01/01/99</td>
<td>54,904</td>
<td>70,065</td>
<td>15,161</td>
<td>78.4%</td>
<td>68,412</td>
<td>22.2%</td>
</tr>
<tr>
<td>01/01/00</td>
<td>65,213</td>
<td>85,739</td>
<td>20,526</td>
<td>76.1%</td>
<td>78,611</td>
<td>26.1%</td>
</tr>
<tr>
<td>01/01/01</td>
<td>75,549</td>
<td>94,382</td>
<td>18,833</td>
<td>80.0%</td>
<td>78,251</td>
<td>24.1%</td>
</tr>
<tr>
<td>01/01/02</td>
<td>82,865</td>
<td>105,012</td>
<td>22,147</td>
<td>74.8%</td>
<td>81,573</td>
<td>27.1%</td>
</tr>
<tr>
<td>01/01/03</td>
<td>89,273</td>
<td>118,565</td>
<td>29,292</td>
<td>75.3%</td>
<td>84,370</td>
<td>34.7%</td>
</tr>
<tr>
<td>01/01/04</td>
<td>98,135</td>
<td>131,147</td>
<td>33,012</td>
<td>74.8%</td>
<td>87,119</td>
<td>37.9%</td>
</tr>
<tr>
<td>01/01/05</td>
<td>104,180</td>
<td>146,044</td>
<td>41,864</td>
<td>71.3%</td>
<td>87,157</td>
<td>48.0%</td>
</tr>
<tr>
<td>01/01/06</td>
<td>121,483</td>
<td>164,424</td>
<td>42,941</td>
<td>73.9%</td>
<td>82,900</td>
<td>51.8%</td>
</tr>
<tr>
<td>01/01/07</td>
<td>139,914</td>
<td>172,140</td>
<td>32,226</td>
<td>81.3%</td>
<td>81,287</td>
<td>39.6%</td>
</tr>
<tr>
<td>01/01/08</td>
<td>160,889</td>
<td>193,595</td>
<td>32,706</td>
<td>83.1%</td>
<td>84,414</td>
<td>38.7%</td>
</tr>
<tr>
<td>01/01/09</td>
<td>131,281</td>
<td>204,685</td>
<td>73,403</td>
<td>64.1%</td>
<td>85,317</td>
<td>86.0%</td>
</tr>
<tr>
<td>01/01/10</td>
<td>162,390</td>
<td>227,091</td>
<td>64,701</td>
<td>71.5%</td>
<td>88,184</td>
<td>73.4%</td>
</tr>
<tr>
<td>01/01/11</td>
<td>168,964</td>
<td>241,018</td>
<td>72,054</td>
<td>70.1%</td>
<td>93,675</td>
<td>76.9%</td>
</tr>
<tr>
<td>01/01/12</td>
<td>173,838</td>
<td>255,553</td>
<td>81,715</td>
<td>68.0%</td>
<td>94,043</td>
<td>86.9%</td>
</tr>
<tr>
<td>01/01/13</td>
<td>181,661</td>
<td>267,359</td>
<td>85,698</td>
<td>67.9%</td>
<td>91,830</td>
<td>93.3%</td>
</tr>
<tr>
<td>01/01/14</td>
<td>206,052</td>
<td>279,959</td>
<td>73,907</td>
<td>73.6%</td>
<td>106,317</td>
<td>69.5%</td>
</tr>
</tbody>
</table>

Schedule of Contributions from the Employer

<table>
<thead>
<tr>
<th>Fiscal Year Ending</th>
<th>Annual Required Contribution</th>
<th>Percentage Contributed</th>
</tr>
</thead>
<tbody>
<tr>
<td>09/30/97</td>
<td>4,752</td>
<td>101.7%</td>
</tr>
<tr>
<td>09/30/98</td>
<td>5,134</td>
<td>100.0%</td>
</tr>
<tr>
<td>09/30/99</td>
<td>4,706</td>
<td>100.0%</td>
</tr>
<tr>
<td>09/30/00</td>
<td>5,538</td>
<td>100.0%</td>
</tr>
<tr>
<td>09/30/01</td>
<td>4,969</td>
<td>100.0%</td>
</tr>
<tr>
<td>09/30/02</td>
<td>5,488</td>
<td>100.0%</td>
</tr>
<tr>
<td>09/30/03</td>
<td>6,979</td>
<td>100.0%</td>
</tr>
<tr>
<td>09/30/04</td>
<td>8,420</td>
<td>100.0%</td>
</tr>
<tr>
<td>09/30/05</td>
<td>9,959</td>
<td>188.4%</td>
</tr>
<tr>
<td>09/30/06</td>
<td>9,403</td>
<td>186.5%</td>
</tr>
<tr>
<td>09/30/07</td>
<td>8,527</td>
<td>193.8%</td>
</tr>
<tr>
<td>09/30/08</td>
<td>8,827</td>
<td>100.0%</td>
</tr>
<tr>
<td>09/30/09</td>
<td>12,186</td>
<td>100.0%</td>
</tr>
<tr>
<td>09/30/10</td>
<td>12,417</td>
<td>100.0%</td>
</tr>
<tr>
<td>09/30/11</td>
<td>13,494</td>
<td>100.0%</td>
</tr>
<tr>
<td>09/30/12</td>
<td>14,444</td>
<td>100.0%</td>
</tr>
<tr>
<td>09/30/13</td>
<td>14,335</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

The calculation of the annual required contribution is based on level dollar amortization.

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### Exhibit 15

Accounting Information as required under GASB Statement Nos. 25 and 27

(Continued)

The following exhibit provides required information for the calculation of Net Pension Obligation as required by GASB Statement No. 27.

<table>
<thead>
<tr>
<th>Fiscal Year Ending</th>
<th>Annual Required Contribution</th>
<th>Actual Contribution</th>
<th>Percentage Contributed</th>
<th>Investment Return</th>
<th>Equivalent Single Amortization Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>09/30/97</td>
<td>4,751,942</td>
<td>4,830,762</td>
<td>101.7%</td>
<td>7.0%</td>
<td>30 years</td>
</tr>
<tr>
<td>09/30/98</td>
<td>5,133,544</td>
<td>5,133,544</td>
<td>100.0%</td>
<td>7.0%</td>
<td>30 years</td>
</tr>
<tr>
<td>09/30/99</td>
<td>4,706,140</td>
<td>4,706,140</td>
<td>100.0%</td>
<td>8.0%</td>
<td>30 years</td>
</tr>
<tr>
<td>09/30/00</td>
<td>5,537,912</td>
<td>5,537,912</td>
<td>100.0%</td>
<td>8.0%</td>
<td>30 years</td>
</tr>
<tr>
<td>09/30/01</td>
<td>4,969,094</td>
<td>4,969,094</td>
<td>100.0%</td>
<td>8.0%</td>
<td>30 years</td>
</tr>
<tr>
<td>09/30/02</td>
<td>5,488,243</td>
<td>5,488,243</td>
<td>100.0%</td>
<td>8.0%</td>
<td>30 years</td>
</tr>
<tr>
<td>09/30/03</td>
<td>6,979,177</td>
<td>6,979,177</td>
<td>100.0%</td>
<td>8.0%</td>
<td>30 years</td>
</tr>
<tr>
<td>09/30/04</td>
<td>8,419,726</td>
<td>8,419,726</td>
<td>100.0%</td>
<td>8.0%</td>
<td>30 years</td>
</tr>
<tr>
<td>09/30/05</td>
<td>9,959,068</td>
<td>18,759,068</td>
<td>188.4%</td>
<td>8.0%</td>
<td>30 years</td>
</tr>
<tr>
<td>09/30/06</td>
<td>9,402,722</td>
<td>17,540,722</td>
<td>186.5%</td>
<td>8.0%</td>
<td>30 years</td>
</tr>
<tr>
<td>09/30/07</td>
<td>8,527,492</td>
<td>16,527,492</td>
<td>193.8%</td>
<td>8.0%</td>
<td>30 years</td>
</tr>
<tr>
<td>09/30/08</td>
<td>8,826,606</td>
<td>8,826,606</td>
<td>100.0%</td>
<td>8.0%</td>
<td>30 years</td>
</tr>
<tr>
<td>09/30/09</td>
<td>12,185,737</td>
<td>12,185,737</td>
<td>100.0%</td>
<td>8.0%</td>
<td>30 years</td>
</tr>
<tr>
<td>09/30/10</td>
<td>12,416,838</td>
<td>12,416,849</td>
<td>100.0%</td>
<td>8.0%</td>
<td>30 years</td>
</tr>
<tr>
<td>09/30/11</td>
<td>13,493,650</td>
<td>13,493,652</td>
<td>100.0%</td>
<td>8.0%</td>
<td>30 years</td>
</tr>
<tr>
<td>09/30/12</td>
<td>14,444,476</td>
<td>14,444,476</td>
<td>100.0%</td>
<td>8.0%</td>
<td>30 Years</td>
</tr>
<tr>
<td>09/30/13</td>
<td>14,335,058</td>
<td>14,335,058</td>
<td>100.0%</td>
<td>8.0%</td>
<td>30 Years</td>
</tr>
</tbody>
</table>

The calculation of the annual required contribution is based on level dollar amortization.

---

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Appendix A

Summary of Actuarial Assumptions and Methods

Plan Sponsor
Metropolitan Transit Authority
The true cost of a pension plan will ultimately be determined by the excess of benefits actually paid and the expenses incurred in its administration over investment income earned on monies set aside for its funding. Thus, the ultimate cost of a plan cannot be known until the last payment has been made to its last participant. The actuarial cost method is the technique adopted by the actuary for establishing the amount and incidence of annual actuarial costs. The actuarial cost method determines the portion of the ultimate cost of a pension plan which should be allocated to each plan year (known as the normal cost). The cost method is thus a budgeting tool which helps to ensure that the pension plan will be adequately and systematically funded.

The annual costs for a pension plan can be determined using any one of several actuarial cost methods. The methods differ in how much of the ultimate cost of the plan is assigned to each prior year, the current year and to each future year. Although the ultimate cost for a pension plan will be determined not by the cost method, but by the benefits and expenses which become payable and the earnings which are obtained on the investments of the plan, the pattern of annual contributions from year to year and the rate of funding for the benefits will vary with the choice of actuarial cost method. In addition, the choice of actuarial assumptions for a given actuarial cost method will affect the current level of contributions and pattern of future contributions.

**Actuarial Cost Method**

The actuarial cost method used in the valuation of this Plan is known as the unit credit cost method. Under this cost method the normal cost is determined considering only the benefits to be accrued during the plan year. The normal cost for each participant is computed as the present value of the participant’s benefit which is accrued or earned during the plan year being valued. The normal cost for the plan is the total of the individually computed normal costs for all participants including the costs for any death or disability benefits under the plan.

The accrued liability at any point in time for an active participant is the present value of that portion of the projected benefit which has been accrued up to the valuation date. For persons receiving benefits or entitled to a deferred vested retirement income, the accrued liability is equal to the present value of their future benefit payments. The accrued liability for the plan is the total of the individually computed accrued liability amounts for all participants. The unfunded accrued liability for the plan is the excess of the accrued liability over the assets which have been accumulated for the plan. This unfunded accrued liability may be liquidated over a period of between five and thirty years (forty years for plans in existence on January 1, 1974) at the convenience of the employer with fixed or variable payments, subject to certain minimum payments on a cumulative basis needed to satisfy the minimum contribution requirements for the plan.

The funding cost of the Plan is derived by making certain specific assumptions as to rates of interest, mortality, turnover, etc. which are assumed to hold for many years into the future. Since actual experience may differ somewhat from the assumptions, the costs determined by the valuation must be regarded as estimates of the true costs of the Plan. The Plan utilizes a 30-year closed amortization with the initial year of 2013. The 2014 unfunded accrued liability is amortized over a 29-year period as a component of the 2014 annual required contribution.

**Asset Valuation Method**

For purposes of applying the actuarial cost method, the assets valuation method is a five year smoothed market value method. The actuarial value of assets as of the end of a plan year is equal to the market value of assets minus a gain/loss adjustment factor. This factor is calculated as follows:

1. \(4/5\) of the gain/(loss) during the year just ended; plus
2. \(3/5\) of the gain/(loss) during the prior year; plus
3. \(2/5\) of the gain/(loss) two years prior; plus
4. \(\gamma/5\) of the gain/(loss) three years prior.

The actuarial value of assets is in no case greater than 120% of market value and in no case less than 80% of market value.
Interest Rate
8.0% per annum

Earnings Progression
None, as benefits are not related to earnings

Inflation / Cost of Living Increases
2.5% per year (IRC Section 415(b) benefit limit)

Explicit Provision for Expenses
Normal Cost (as of the beginning of the plan year) is loaded by the prior plan year’s expenses, excluding investment management fees. The normal cost load for the 2014 plan year is $397,288.

Mortality Rates
RP 2000 Combined Mortality with Projection Scale AA to year 2014

Disabled Mortality
RP 2000 Disabled Mortality with Projection Scale AA to year 2014

Disability Rates
Sample rates are as follows:

<table>
<thead>
<tr>
<th>Age</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>25</td>
<td>.14%</td>
<td>.08%</td>
</tr>
<tr>
<td>30</td>
<td>.19%</td>
<td>.15%</td>
</tr>
<tr>
<td>35</td>
<td>.26%</td>
<td>.25%</td>
</tr>
<tr>
<td>40</td>
<td>.39%</td>
<td>.38%</td>
</tr>
<tr>
<td>45</td>
<td>.59%</td>
<td>.56%</td>
</tr>
<tr>
<td>50</td>
<td>1.00%</td>
<td>.88%</td>
</tr>
<tr>
<td>55</td>
<td>1.77%</td>
<td>1.57%</td>
</tr>
<tr>
<td>60</td>
<td>2.78%</td>
<td>1.89%</td>
</tr>
<tr>
<td>64</td>
<td>3.30%</td>
<td>1.90%</td>
</tr>
</tbody>
</table>

Withdrawal Rates
Sample rates are as follows:

<table>
<thead>
<tr>
<th>Age</th>
<th>Withdrawal*</th>
</tr>
</thead>
<tbody>
<tr>
<td>25</td>
<td>8.40%</td>
</tr>
<tr>
<td>30</td>
<td>6.28%</td>
</tr>
<tr>
<td>35</td>
<td>4.55%</td>
</tr>
<tr>
<td>40</td>
<td>3.18%</td>
</tr>
<tr>
<td>45</td>
<td>2.12%</td>
</tr>
<tr>
<td>50</td>
<td>1.26%</td>
</tr>
<tr>
<td>55</td>
<td>0.98%</td>
</tr>
<tr>
<td>60</td>
<td>1.96%</td>
</tr>
<tr>
<td>64</td>
<td>2.58%</td>
</tr>
</tbody>
</table>

*Higher rates assumed during first three years of employment.
Retirement Rates

Participants are assumed to retire according to the following rates:

<table>
<thead>
<tr>
<th>Age</th>
<th>Retirement Rate</th>
<th>Age</th>
<th>Retirement Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 60</td>
<td>5%</td>
<td>65</td>
<td>75%</td>
</tr>
<tr>
<td>60</td>
<td>5%</td>
<td>66</td>
<td>10%</td>
</tr>
<tr>
<td>61</td>
<td>5%</td>
<td>67</td>
<td>10%</td>
</tr>
<tr>
<td>62</td>
<td>25%</td>
<td>68</td>
<td>10%</td>
</tr>
<tr>
<td>63</td>
<td>10%</td>
<td>69</td>
<td>10%</td>
</tr>
<tr>
<td>64</td>
<td>10%</td>
<td>70</td>
<td>100%</td>
</tr>
</tbody>
</table>

*Rates prior to age 65 increased by 5.0% at each age after member becomes eligible for unreduced benefits. Rate at the age when first eligible for unreduced benefits increased by an additional 15.0%.

Marriage Rates

a. Percentage married: Males - 85%; Females – 60%
b. Age difference: Males are assumed to be 3 years older than their spouse.

Changes in Actuarial Assumptions

The cost of living increase assumption was changed from 3.0% per year to 2.5% per year for expected future increases to the IRC Section 415(b) limit. This change had no impact on the valuation results.
Appendix B

Summary of Plan Provisions
This summary of plan provisions is intended to only describe the essential features of the plan. All eligibility requirements and benefit amounts shall be determined in strict accordance with the plan document itself.

**Definitions**

**Accrued Benefit**
The Accrued Benefit for each Participant is determined using the same formula which is used to compute such Participant’s Normal Retirement Benefit multiplied by a fraction for which the numerator is the total number of Years of Benefit Service as of any given date and the denominator is the potential number of Years of Benefit Service to the Normal Retirement Date.

**Actuarial Equivalent**
Actuarial Equivalent means a form of benefit differing in time, period and/or manner of payment from another form of benefit but having the same value when computed based upon interest and mortality assumptions in effect under the contract(s) used to fund the Plan at the time of determination.

**Effective Date**
The Plan was last amended effective October 1, 2012.

**Eligible Employee Classification**
Any full-time member of the Metropolitan Transit Authority who is represented by Transport Workers Union of America, Local 260, AFL-CIO and was hired before October 1, 2012, shall be immediately eligible to participate.

**Limitation Year**
The Limitation Year is the 12 month period beginning January 1 and ending December 31.

**Normal Retirement Age**
A Participant’s Normal Retirement Age is the later of age 60 or attained age upon completion of five years of participation in the Plan, or upon completion of 28 years of participation in the Plan.

**Normal Retirement Date**
A Participant's Normal Retirement Date is the first day of the month which coincides with or next follows the date on which the Participant attains Normal Retirement Age.

**One Year Break-in-Service**
One Year Break-in-Service occurs in any 365-day period following a Participant's Date of Termination in which an Employee does not complete at least one Hour of Service.

**Plan Sponsor**
Metropolitan Transit Authority is the Plan Sponsor. The Plan Administrator is the Board of Directors.

**Plan Year**
The Plan Year is the 12 month period beginning January 1 and ending December 31.

**Vested Accrued Benefit**
A Participant's Vested Accrued Benefit as of a given date is equal to the product of his Accrued Benefit multiplied by his Vested Percentage as of that same date.

**Vesting Schedule**
A Participant's Vested Percentage will be 100% upon the completion of 5 Years of Vesting Service. Prior to the completion of 5 Years of Vesting Service, a Participant's Vested Percentage is zero.

**Year of Service**

**For Eligibility Purposes**
Years of Service for purposes of eligibility to participate in the Plan are referred to as Years of Eligibility Service and are determined using the Hours of Service Method.

All of an Employee's Years of Eligibility Service are taken into account in determining his eligibility to participate.
For Benefit Purposes
Years of Service for purposes of computing a Participant's Normal Retirement Benefit are referred to as Years of Benefit Service and are determined using the Elapsed Time Method.

All of a Participant's Years of Benefit Service are taken into account in determining his monthly benefit except:

- Service for which the Employee was not entitled to receive Compensation; and
- Service while the Employee was not in an Eligible Employee Classification.

For Vesting Purposes
Years of Service for purposes of computing a Participant's Vested Percentage are referred to as Years of Vesting Service and are determined using the Hours of Service Method.

All of a Participant's Years of Vesting Service are taken into account in determining his Vested Percentage.

Participation
An Employee will become a participant in the Plan immediately upon hire. Employees hired on or after October 1, 2012 are not eligible to participate in the Plan.

Normal Retirement
Each Participant who becomes eligible for a Normal Retirement Benefit under the plan will be entitled to receive a monthly retirement pension benefit beginning at the Participant's Normal Retirement Date and payable in the Normal Benefit Form.

(a) Normal Retirement Benefit
A Participant's Normal Retirement Benefit is a monthly pension benefit commencing on his Normal Retirement Date payable in the Normal Benefit Form in an amount equal to:

$60.00 multiplied by his Years of Benefit Service, but not less than $300.00.

(b) Normal Benefit Form
Lifetime Pension - Monthly pension benefit payable for the lifetime of the Participant with payments terminating upon the death of the Participant.

Early Retirement

(a) Early Retirement Date
A Participant's Early Retirement Date is the first day of the month so elected by the Participant which coincides with or next follows the date upon which the Participant satisfies the following requirements:

1. Attainment of age 55; and
2. Completion of 25 Years of Service.

(b) Early Retirement Benefit
A Participant's Early Retirement Benefit is a monthly pension benefit, payable in the Normal Benefit Form in an amount equal to the Accrued Benefit determined as of his Early Retirement Date, reduced by 4% for each year that benefits commence before Normal Retirement Date.

Late Retirement
An active Participant who continues his employment with the Employer beyond his Normal Retirement Date may begin to receive his Late Retirement Benefit to which he is entitled as of his Late Retirement Date.

(a) Late Retirement Date
A Participant's Late Retirement Date is the first day of the month coincident with or next following the date he retires and requests the commencement of his Late Retirement Benefit after he has continued in the employ of the Employer beyond his Normal Retirement Date.
(b) Late Retirement Benefit
A Participant's Late Retirement Benefit is equal to the monthly benefit which is based on the Normal Retirement Benefit formula using the Participant's Years of Benefit Service and Compensation through his Late Retirement Date.

Disability Retirement

(a) Disability Retirement Date
A Participant's Disability Retirement Date is the first day of the month coincident with or next following the date of termination of his employment due to disability provided such Participant has been found to be eligible for a Disability Retirement Benefit.

An Active Participant will be eligible for a Disability Retirement Benefit under the Plan upon the occurrence of permanent disability coincident with or following the date upon which the Participant satisfies the following requirements:

(1) Completion of 5 Years of Service
(b) Disability Retirement Benefit
$60.00 multiplied by his Years of Benefit Service, but not less than $300.00.

Optional Benefit Forms

Optional Benefit Forms are available and equal to the Actuarial Equivalent of the Normal Benefit Form and may be in an amount more than or less than that provided by the Normal Benefit Form depending on the option selected. Such distribution may be in one or more of the following forms:

Joint & 50% Contingent Survivor Pension - monthly pension benefit payable during the joint lifetime of the Participant and the Joint Annuitant; reduces to 50% of the original amount upon the death of the Participant.

Lump Sum – single sum payment in cash, no other payments will be made to the participant.

Pre-Retirement Death Benefit

In the event of the death of a vested Participant prior to the date that he begins to receive a monthly pension benefit under the Plan, the Participant's Surviving Spouse, if any, will be entitled to receive a monthly pension benefit equal to 50% of the monthly pension benefit which would have been payable had the Participant retired on the day before his death and elected a Joint and 50% Contingent Survivor Pension. This benefit is payable to the spouse commencing on what would have been the Participant's earliest retirement date.

Termination Benefit

In the event of the termination of a Participant's employment for any reason other than death, disability or retirement, the Participant will become entitled to receive a monthly pension benefit commencing on his Normal Retirement Date equal to his Vested Accrued Benefit.

Changes in Plan Provisions since Prior Valuation

Effective January 1, 2014, the annual benefit limit under Internal Revenue Code Section 415 increased from $205,000 to $210,000.
Appendix C

Glossary
Glossary

Actuarial Assumptions - assumptions as to the occurrence of future events affecting pension costs, such as: mortality, withdrawal, disablement and retirement; changes in compensation and national pension benefits; rates of investment earnings and asset appreciation or depreciation; procedures used to determine the actuarial value of assets; and other relevant items.

Actuarial Cost Method - a particular technique used to establish the amount and incidence of the annual actuarial cost of plan benefits.

Accrued Liability - that portion, as determined by a particular actuarial cost method, of the actuarial present value of plan benefits and expenses which is not provided by future normal costs. The accrued liability at any point in time for an active participant is the theoretical fund that would have been accumulated on his behalf from his normal cost payments and the earnings thereon for all prior years if the plan had always been in effect. For persons receiving benefits or entitled to a deferred vested retirement income, the accrued liability cost is equal to the present value of their future benefit payments. The accrued liability for the plan is the total of the individually computed accrued liability for all participants. Also referred to as Actuarial Accrued Liability.

Accumulated Plan Benefit - the amount of an individual's pension benefit (whether or not vested) which has been earned as of a specified date based upon service and compensation to that date. Also referred to as Accrued Benefit.

Actuarial Equivalent - of equal actuarial present value, determined as of a given date with each value based upon the same set of actuarial assumptions.

Actuarial Gain or Loss - a measure of the difference between actual experience and that which is expected based upon a set of actuarial assumptions, during the period between two actuarial valuation dates, as determined in accordance with a particular actuarial cost method.

Actuarial Value of Assets - the value of cash, investments and other property belonging to a pension plan, as used by the actuary for the purpose of an actuarial valuation.

Amortization Payments - that portion of the pension plan contribution which is designated to pay interest on and to amortize the unfunded accrued liability or the unfunded frozen actuarial liability.

Funded Ratio - the ratio, as of a given date, of the market value of plan assets to the present value of accumulated plan benefits. When the market value of plan assets is equal to the present value of accumulated plan benefits, the funded ratio is equal to 100%. When the funded ratio is less than 100%, there may be sufficient assets to cover the vested accumulated plan benefits but not sufficient assets to cover all of the additional nonvested accumulated plan benefits. At the time that a retirement plan is adopted, the funded ratio is usually substantially less than 100% but usually exceeds 100% after the plan has been funded on an ongoing basis for a period of years (such as ten). The funded ratio may decline from one year to the next, however, as a result of benefit improvements or a relative decline in the amount of assets when measured against the usual increase in the value of accumulated plan benefits from year to year.


Frozen Actuarial Liability - that portion of the present value of future benefits which is separated as of a valuation date and frozen under certain actuarial cost methods. Generally this separated portion is the sum of an initial unfunded accrued liability and any increments or decrements in the accrued liability subsequently established as a result of changes in plan benefits or actuarial assumptions.

Future Benefits - those pension plan benefit amounts which are expected to be paid at various future times under a particular set of actuarial assumptions, taking into account such items as the effect of advancement in age and past and anticipated future compensation and service credits. Also referred to as Projected Benefits.
GASB – Governmental Accounting Standards Board.

Normal Cost - that portion of the present value of future pension plan benefits and expenses which is allocated to a valuation year by the actuarial cost method.

One-year Term Cost - the actuarial present value of all benefits expected to become payable in the future as a result of an event or events expected to occur during a given valuation year.

Present Value - the value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of actuarial assumptions. Also referred to as Actuarial Present Value.

Unfunded Accrued Liability - the excess of the accrued liability over the actuarial value of assets.

Unfunded Frozen Actuarial Liability - the portion of the frozen actuarial liability remaining after the addition of interest and the deduction of the amortization payments.

Vested Accumulated Plan Benefit - the portion of an individual's accumulated plan benefit which is vested. Also referred to as Vested Accrued Benefit.

Vested Funded Ratio - the ratio, as of a given date, of the market value of the plan assets to the present value of vested accumulated plan benefits.