



**TriMet Retirement Plan for
Management & Staff Employees**

**Actuarial Report for Funding and
Accounting Information**

Valuation Date: June 30, 2013

Plan Year Ending: June 30, 2013

Fiscal Year Ending: June 30, 2013

Date of Report: August 13, 2013

Table of Contents

Section 1. Summary of Results.....	3
FUNDING LEVELS	3
BENEFIT SECURITY	4
VALUATION DATA.....	5
RECONCILIATION OF PARTICIPANT DATA	6
Section 2. Review and Analysis.....	7
ANNUAL REQUIRED CONTRIBUTION	7
PLAN ASSETS	10
FUNDING STATUS	12
CHARACTERISTICS OF POPULATION	15
REGULATORY LIMITS	19
PAYOUT PROJECTIONS	20
CASH FLOW PROJECTIONS.....	21
Section 3. Actuarial Certification	22
Date Signed	22
Section 4. Valuation Method and Assumptions	23
ENTRY AGE NORMAL VALUATION METHOD	23
VALUATION OF ASSETS	23
EMPLOYEES INCLUDED IN THE CALCULATIONS	23
ACTUARIAL ASSUMPTIONS	24
CHANGES IN ACTUARIAL ASSUMPTIONS AND METHODS	25
OTHER CONSIDERATIONS	26
Section 5. Financial Statements	27
STATEMENT OF INCOME, DISBURSEMENTS, AND MARKET VALUE OF THE TRUST FUND FOR THE PLAN YEAR	27
ACTUARIAL VALUE OF ASSETS	28
DISTRIBUTION OF ASSETS AS OF VALUATION DATE.....	29
Section 6. Summary of Principal Plan Provisions	30
GENERAL INFORMATION	30
ELIGIBILITY	30
VESTING SERVICE	30
CREDITED SERVICE	31
NORMAL RETIREMENT DATE.....	31
NORMAL RETIREMENT BENEFIT.....	32
DELAYED RETIREMENT	33
FINAL AVERAGE SALARY	33
ACCRUED BENEFIT	33
EARLY RETIREMENT BENEFIT	34
BENEFIT ACCRUAL WHILE DISABLED.....	34
PRE-RETIREMENT DEATH BENEFIT	35
POST-RETIREMENT DEATH BENEFIT	35
COST-OF-LIVING INCREASES – RETIREMENT AFTER MAY 31, 1984	35
TERMINATION BENEFIT.....	36
OPTIONAL METHODS OF SETTLEMENT	36
AUTOMATIC LUMP SUM SETTLEMENT	36
PLAN AMENDMENTS SINCE LAST VALUATION	37
AMENDMENT OR TERMINATION OF PLAN.....	37

Section 7. Appendices	38
ANALYSIS OF ACTUARIAL PRESENT VALUES AS OF JUNE 30, 2013	38
DEVELOPMENT OF 2012/13 NORMAL COST – ENTRY AGE NORMAL COST METHOD	39
RANGE IN ANNUAL CONTRIBUTIONS FOR THE PLAN YEAR ENDING JUNE 30, 2013	40
HISTORY OF FUNDING LEVELS	41
PLAN ACCOUNTING (GASB No. 25)	42
ENTRY AGE NORMAL ACCRUED LIABILITY	43
SCHEDULE OF FUNDING PROGRESS	45
EXPERIENCE ANALYSIS	46
HISTORIC FUNDING LEVELS	48
HISTORIC BENEFIT SECURITY	50
HISTORIC VALUATION DATA	52
HISTORIC CHARACTERISTICS OF POPULATION	54

Section 1. Summary of Results

Funding Levels

	6/30/2013	6/30/2012	6/30/2011
(1) Annual Required Contribution ^{\1}	\$5,134,958 ^{\2}	\$4,834,121 ^{\2}	\$4,576,283 ^{\2}
As % of Payroll	36.16%	32.51%	29.74%
(2) Normal Cost	\$1,204,034 ^{\2}	\$1,290,204 ^{\2}	\$1,456,325 ^{\2}
As % of Payroll	8.48%	8.68%	9.46%
(3) Contribution Received for the Fiscal Year	\$5,134,958 ^{\3}	\$4,875,840 ^{\4}	\$4,607,677 ^{\4}
(4) Market Value of Assets	\$91,569,664 ^{\5}	\$74,978,184	\$73,745,229
(5) Actuarial Value of Assets	\$87,319,606 ^{\5}	\$76,727,834	\$72,169,599
(6) Actuarial Accrued Liability	\$121,918,092	\$113,749,891	\$105,750,399
(7) Actuarial Funded Ratio (5) ÷ (6)	71.6%	67.5%	68.2%
(8) Unfunded Actuarial Accrued Liability (UAAL)	\$34,598,486	\$37,022,057	\$33,580,800
(9) UAAL as a % of Payroll	243.7%	249.0%	218.2%

\1 The contribution amounts shown are as of the end of the year (the valuation date) and include no additional interest. The 6/30/2011 UAAL was amortized over a closed 18-year period, the 6/30/2012 UAAL was amortized over a closed 17-year period, and the 6/30/2013 UAAL was amortized over a closed 16-year period.

\2 The 6/30/2011, 6/30/2012 and 6/30/2013 Annual Required Contribution and Normal Cost include a provision for expenses equal to 0.5% (\$410,923 for 2013) of the actuarial value of plan assets.

\3 \$4,900,000 has been contributed for 2013 prior to 6/30/2013. The remaining portion of the ARC (\$238,294) is expected to be contributed shortly after the valuation date.

\4 Contribution amounts include 7% interest from the valuation date to the date the payment is made, and thus the amounts shown here are higher than the amounts of the required contributions.

\5 The value of assets to determine the Plan's funded status includes the expected remaining contribution of \$238,294 to be made on 9/15/2013 discounted to the valuation date.

Section 1. Summary of Results (cont.)

Benefit Security

	6/30/2013	6/30/2012	6/30/2011	Page
(1) Market Value of Assets	\$91,569,664 ^{\1}	\$74,978,184	\$73,745,229	25
(2) Present Value of Accrued Benefits	<u>\$105,618,908</u>	<u>\$97,464,683</u>	<u>\$88,734,750</u>	36
(3) Excess of (1) over (2)	(\$14,049,244)	(\$22,486,499)	(\$14,989,521)	
(4) Ratio of (1) to (2)	86.70%	76.93%	83.11%	
(5) Present Value of Vested Accrued Benefits	<u>\$105,618,908</u>	<u>\$97,464,683</u>	<u>\$88,734,750</u>	36
(6) Excess of (1) over (5)	(\$14,049,244)	(\$22,486,499)	(\$14,989,521)	
(7) Ratio of (1) to (5)	86.70%	76.93%	83.11%	
(8) Assumed Discount Rate Used in (2) and (5)	7.0%	7.0%	7.0%	22

\1 The market value of assets includes the expected remaining contribution of \$238,294 to be made on 9/15/2013 discounted to the valuation date.

Section 1. Summary of Results (cont.)

Valuation Data

	6/30/2013	6/30/2012	6/30/2011	6/30/2010	6/30/2009	Page
(1) Active Employees Submitted	429	407	407	390	432	
(a) Not Eligible	265	227	222	200	222	
(2) Number of Employees Valued						
(a) Active Employees						
(i) Participants Accruing Credited Services	147	163	168	173	192	
(ii) Frozen Credited Service	<u>17</u>	<u>17</u>	<u>17</u>	<u>17</u>	<u>18</u>	
(iii) Total	164	180	185	190	210	13
(b) Retirees and Beneficiaries						
(i) Receiving Pension	203	180	156	151	140	
(ii) Deferring Pension	<u>2</u>	<u>3</u>	<u>3</u>	<u>4</u>	<u>4</u>	
(iii) Total	205	183	159	155	144	
(c) Deferred Retirement Benefits						
(i) Terminated Employees	102	109	112	114	113	
(ii) Surviving Spouses	<u>3</u>	<u>5</u>	<u>5</u>	<u>4</u>	<u>5</u>	
(iii) Total	105	114	117	118	118	
(d) Transfers to Union	31	34	33	36	35	
(e) Leave of Absence	0	0	0	0	0	
(f) Disability	<u>4</u>	<u>4</u>	<u>3</u>	<u>3</u>	<u>5</u>	
(g) Total Participants Valued	509	515	497	502	512	13
(3) Payroll of Active Participants	\$14,199,937	\$14,868,526	\$15,390,172	\$15,626,270	\$17,129,704	
Percent Increase (Decrease)	(7.73%)	(3.39%)	(1.51%)	(8.78%)	(3.99%)	
(4) Average Annual Earnings						
Active Participants	\$86,585	\$82,603	\$83,190	\$82,244	\$81,570	13
Percent Increase	4.08%	(0.71%)	1.15%	0.83%	1.73%	

Section 1. Summary of Results (cont.)

Reconciliation of Participant Data

	Active Participants	Long Term Disability	Union with Management Service	Deferred Retirement Benefits	Retirees and Beneficiaries
From 6/30/2012 Valuation Report	180	4	34	114	183
Adjustments/Reclassifications	0	0	-2	0	0
6/30/2012 ^{1/}	180	4	32	114	183
Transfer to Union	-2	0	2	0	0
Transfer to Management	0	0	0	0	0
Reinstated	0	0	0	0	0
Terminated	-2	0	0	2	0
Retired	-11	0	-1	-4	16
Commenced Benefit	0	0	-1	-7	8
Long Term Disability	0	0	0	0	0
Lump Sum Distribution	-1	0	-1	0	0
Died	0	0	0	0	-2
Transferred Benefit to DC Plan	0	0	0	0	0
6/30/2013 ^{1/}	164	4	31	105	205

^{1/} Retiree count includes 3 retirees as of June 30, 2012 and 2 retirees as of June 30, 2013 who were deferring pension benefits and receiving retiree medical benefits.

Section 2. Review and Analysis

Annual Required Contribution

The Annual Required Contribution (ARC) consists of two components: The Normal Cost for the year, and an amount to amortize the unfunded liabilities.

Prior to the June 30, 2009 actuarial valuation the ARC was determined using the Frozen Entry Age Normal method. In effect, this method amortized all Unfunded Liabilities, including actuarial gains and losses, over the working lifetime of the active participants. Because the Retirement Plan has been closed to new entrants since April 27, 2003, losses prior to the June 2009 valuation had been amortized over the working lifetime of a closed group which has been declining in number. This caused the Retirement Plan's Normal Cost (and hence the ARC) to fluctuate in a manner that has little or no meaning from a long-term perspective.

Effective with the June 30, 2009 actuarial valuation, the actuarial cost method is the individual Entry Age Normal Actuarial Cost Method. Under this method, the Retirement Plan's Normal Cost is the sum of the Normal Cost for each active participant. All annual actuarial gains or losses become part of the Unfunded Actuarial Accrued Liability and are amortized over a closed period of 20 years. Use of a closed 20-year amortization period commencing with the June 30, 2009 actuarial valuation implies that the Unfunded Actuarial Accrued Liabilities as of June 30, 2013 will be amortized over 16 years.

The ARC as of the end of the 2012/13 Plan Year (calculated using the remaining 16 years of a closed 20-year amortization period established June 30, 2009) is \$5,134,958 or 36.16% of the payroll for active participants. This is an increase of \$300,837 over the comparable figure from the prior valuation of \$4,834,121. The Normal Cost as of the end of the 2012/13 Plan Year is \$1,204,034 , a decrease from \$1,290,204 compared to the prior year.

Prior to the end of the 2012/13 Plan Year, \$4,900,000 has been contributed for the current Plan Year. The remaining portion of the ARC (\$234,958) is expected to be contributed shortly after the 6/30/2013 valuation date.

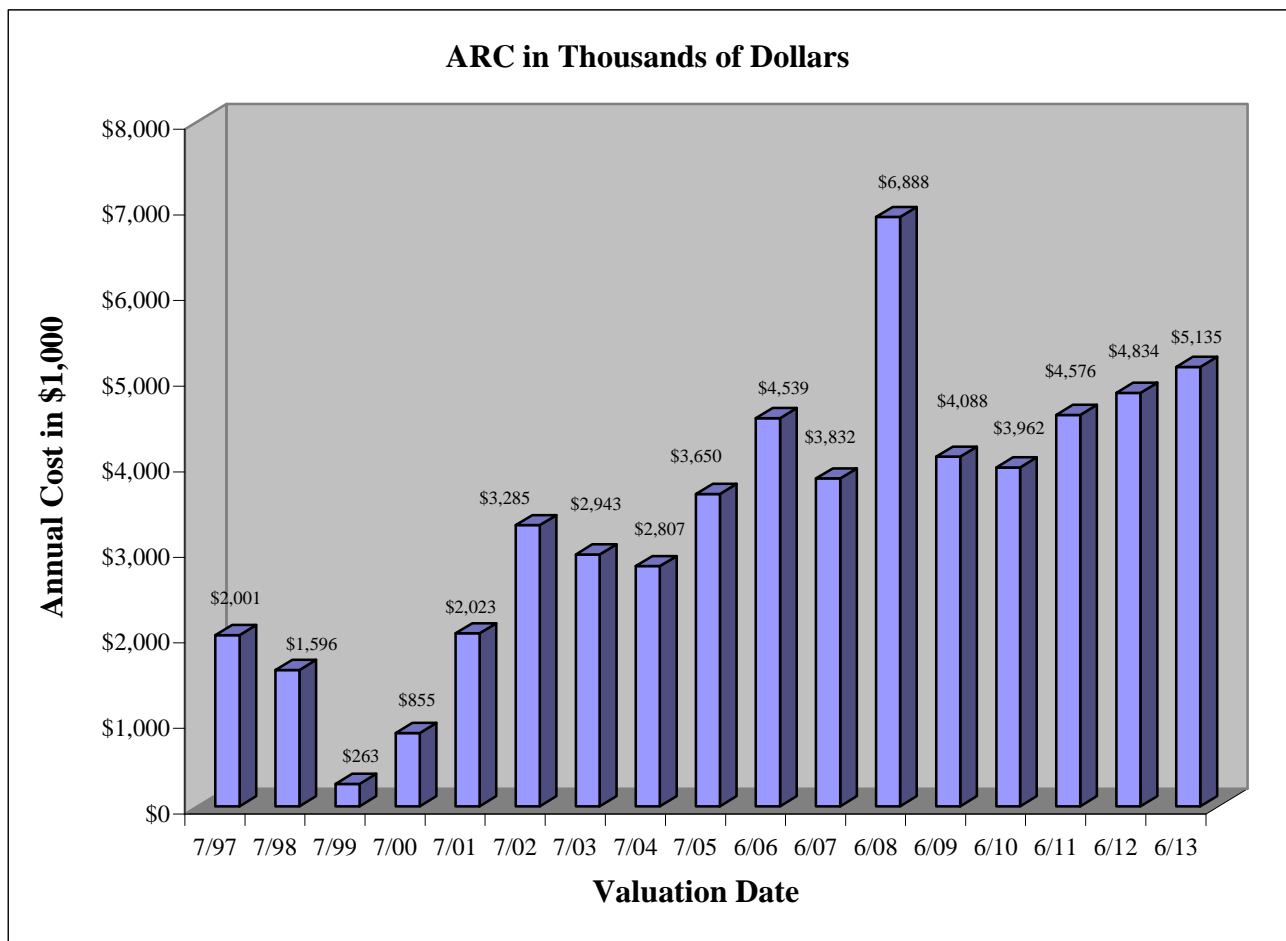
The decrease in the Normal Cost is the result of a decrease in the number of employees accruing credited service. The Normal Cost has been increased by an amount equal to 0.5% (\$410,923) of the Actuarial Value of Plan Assets. This amount is an estimate of the annual expenses to be paid from Plan Assets as of the valuation date (June 30, 2013).

The second component of the ARC, an amount to amortize the unfunded liabilities, increased relative to the prior year's amortization amount. Plan investments earned an estimated return of on a market value basis during the 2012/13 fiscal year and the Actuarial Value of Assets returned 5.18%. A net return of greater/(less) than 7% on the Actuarial Value of Plan Assets is a component of the Retirement Plan's annual actuarial gain/(loss).

Section 2. Review and Analysis (cont.)

Annual Required Contribution (cont.)

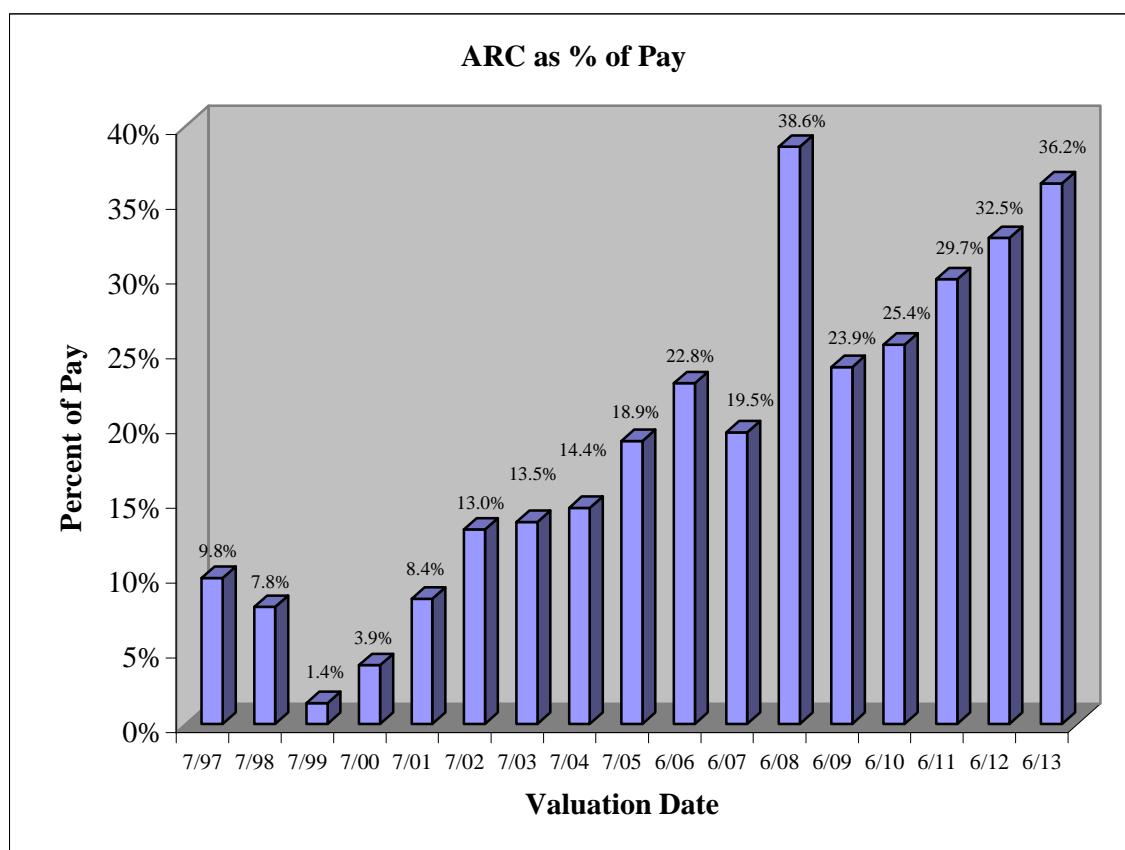
The following graph illustrates the history of the Management Plan ARC over the last 16 years. Figures prior to 2005 are based on a 40-year amortization of the frozen past service liability. For 2005 through 2008, the Plan Sponsor elected to amortize the frozen past service liability over the future working lifetime of active participants. The July 1, 2005, June 30, 2006, June 30, 2007, June 30, 2008 ARCs are based on 9-year, 8-year, 8-year, and 7-year amortizations, respectively, of the frozen past service liability. Beginning with the June 30, 2009 actuarial valuation, the ARC is based on a closed 20-year amortization of the Unfunded Entry Age Normal Accrued Liability. Beginning June 30, 2011 the ARC includes an annual provision for expenses equal to 0.5% of the Actuarial Value of Plan Assets. No expense provision was included in the ARC prior to 2011.



Section 2. Review and Analysis (cont.)

Annual Required Contribution (concluded)

The following graph displays the Plan's ARC as a percent of pay for active Plan participants as of the actuarial valuation date. Beginning with the July 1, 2005 actuarial valuation, the Plan sponsor elected to amortize the Unfunded Frozen Actuarial Accrued Liability over the expected working lifetime of the active Plan participants. The July 1, 2005, June 30, 2006, June 30, 2007, and June 30, 2008 ARCs are based on 9-year, 8-year, 8-year, and 7-year funding respectively; prior to those years the amortization was based on 40-year funding.



The combination of the prior actuarial cost method and the decreasing amortization period (due to the active participants comprising a closed group) caused the annual contributions to fluctuate in a manner that had little or no meaning from a long-term perspective. Effective with the June 30, 2009 actuarial valuation, the Plan sponsor is using a 20-year closed amortization period to determine the annual amount to amortize the Unfunded Actuarial Accrued Liability. The Plan's Annual Required Contribution is the sum of the annual Normal Cost, the annual amortization amount for the closed 20-year period, and 0.5% of the Actuarial Value of Plan Assets.

Section 2. Review and Analysis (cont.)

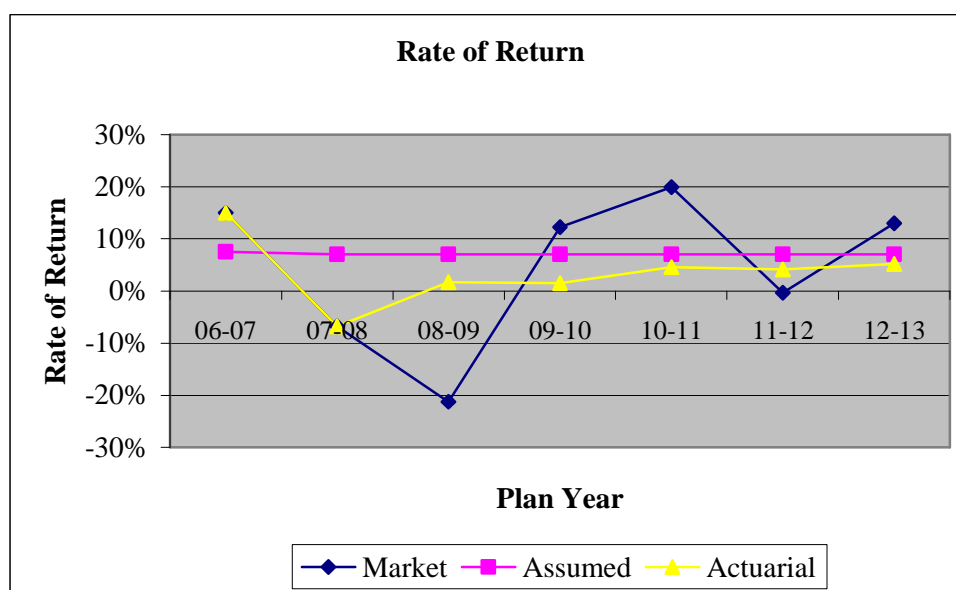
Plan Assets

Effective with the June 30, 2009 actuarial valuation, the actuarial value of Plan assets was changed from Market Value to a smoothed value that recognizes each year's investment gains or losses over a five-year period. Using a smoothed market-related valuation technique to determine the actuarial value of Plan assets moderates the short-term volatility of the annual contribution calculations.

Market value of Plan assets is used for determination of the "benefit security" for participants. Market value is the best estimate of Plan assets that would be available to cover the liability for accumulated pension benefits. Benefit security is a snapshot measure of the Plan's funded status and is not directly related to the long-term, on-going contribution requirements of the Retirement Plan. The financial transactions for the Plan Year ending June 30, 2013 are summarized in Section 5 of this report.

Although the Plan's investments earned a return of approximately 13% over the past year, delayed recognition of losses in recent years resulted in an overall rate of return on the Actuarial Value of Assets of approximately 5.18%. This is an increase from last year's 4.13% but less than the assumed net rate of return, which is 7.00% for 2012/13. The assumed net rate of return was 7.00% for the Plan Years 2007/08 through 2011/12, and 7.5% for the 2005/06 and 2006/07 Plan Years.

The graph below compares the rate of return on the Actuarial Value of Assets earned by the Plan with the Market Value of Assets and the assumed return on assets. For the 2005/06 and 2006/07 valuations an assumed return on assets of 7.50% was used, and subsequent valuations have used an assumed 7.00% return.



Section 2. Review and Analysis (cont.)

Plan Assets (cont.)

The following chart compares investment return, Plan cost as a percent of pay, and increases in average salaries. The 5-year average is based on actual results through June 30, 2013.

	<u>Estimated</u> <u>Actual</u>							5-Year
	2013/14	2012/13	2011/12	2010/11	2009/10	2008/09	Average	
Investment Return								
Actuarial Value Basis	7.00%	5.18%	4.13%	4.59%	1.49%	1.68%	3.41%	
Market Value Basis	N/A	12.96%	(0.32%)	19.92%	12.21%	(21.26%)	4.70%	
S&P 500 Index	N/A	20.60%	5.45%	30.69%	14.43%	(26.21%)	8.99%	
Plan Cost as % of Pay	34.44%	36.16%	32.51%	29.74%	25.36%	23.86%	29.53%	
Change in Average								
Plan Compensation ¹	5.00%	4.08%	(0.71%)	1.15%	0.83%	1.73%	1.42%	

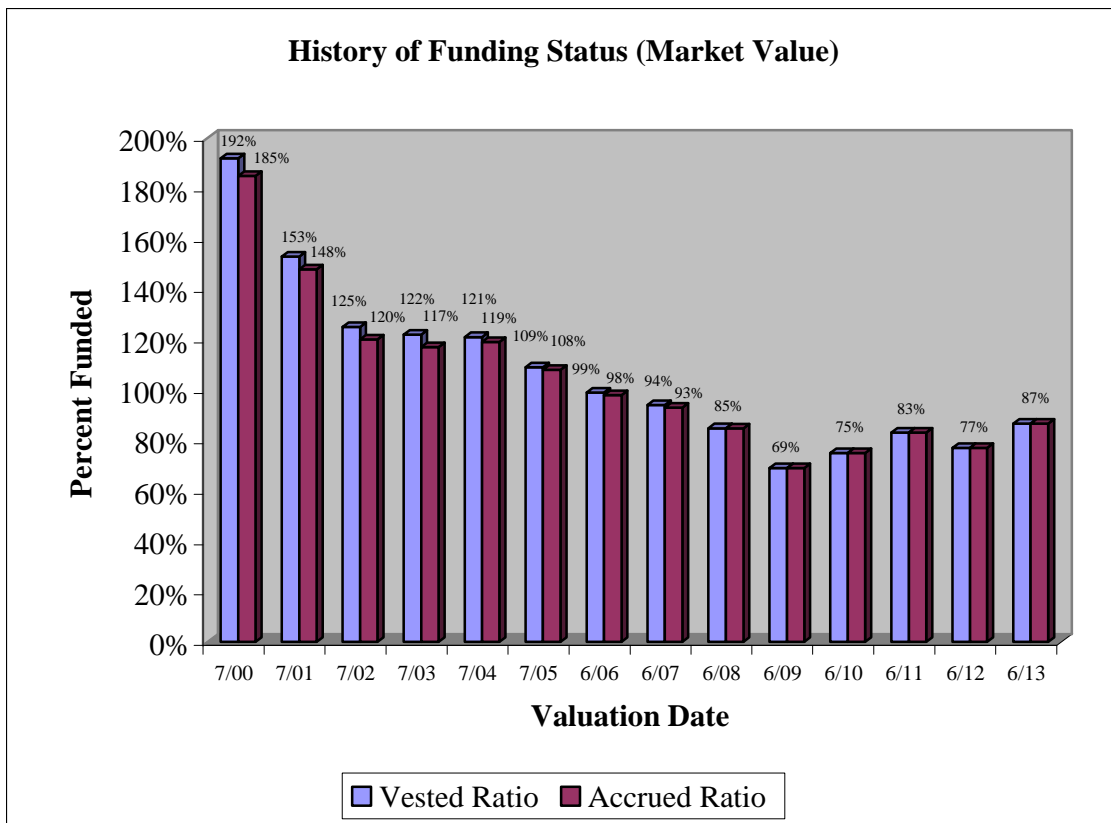
¹ The change in average Plan Compensation shown above is limited to active participants, and annual compensation for each individual is limited to the applicable limitation under section 401(a)(17) of the Internal Revenue Code (\$250,000 for the 2012/13 fiscal year).

It is important to remember that the effect of the actuarial assumptions should be measured over a reasonable period of time. Deviations from the individual assumptions in any one year are expected; however, the effect on each valuation is usually small.

Section 2. Review and Analysis (cont.)

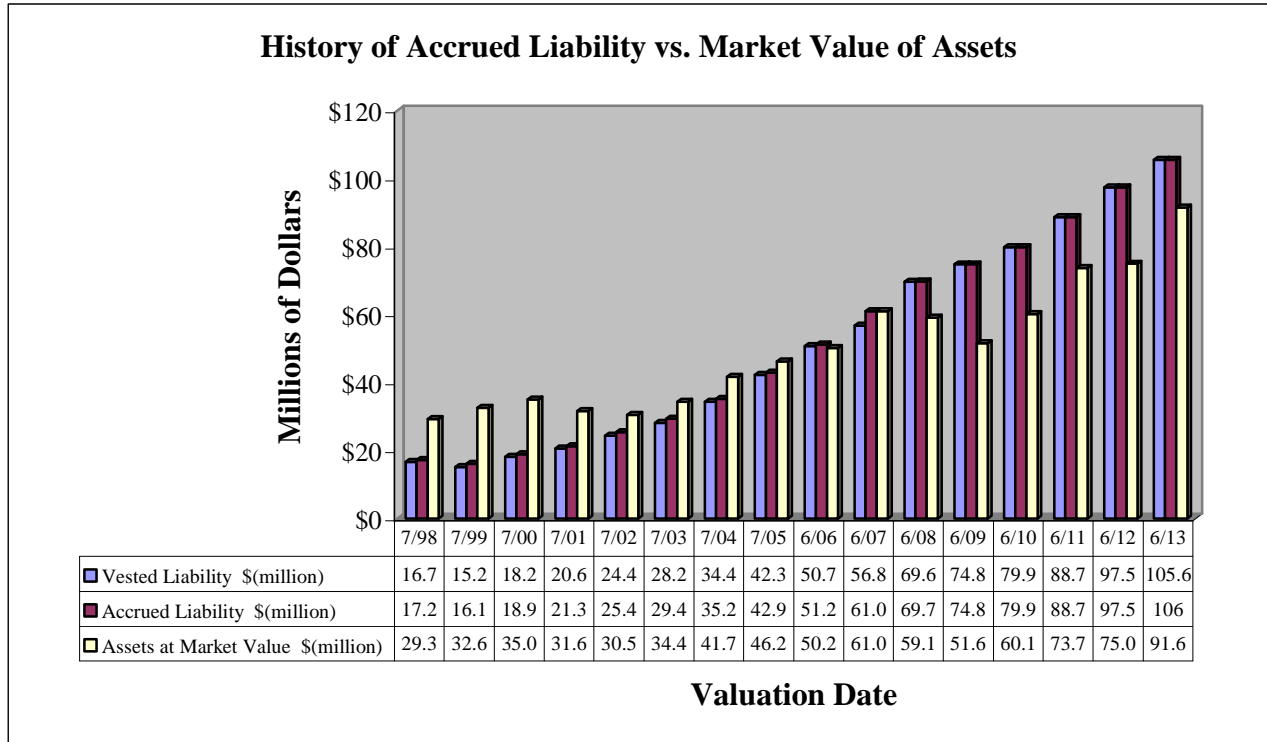
Funding Status

The next two graphs also illustrate the Retirement Plan's funding status. The first graph shows the ratio of the Plan's market value of assets to the actuarial value of benefits accrued through June 30, 2013. The actuarial value of the Plan's Accrued Benefits includes the portion of benefits expected to be paid as lump sums. A ratio of 100% or more indicates that it is likely that the Plan has sufficient assets (on a market value basis) to pay Accrued Benefits.



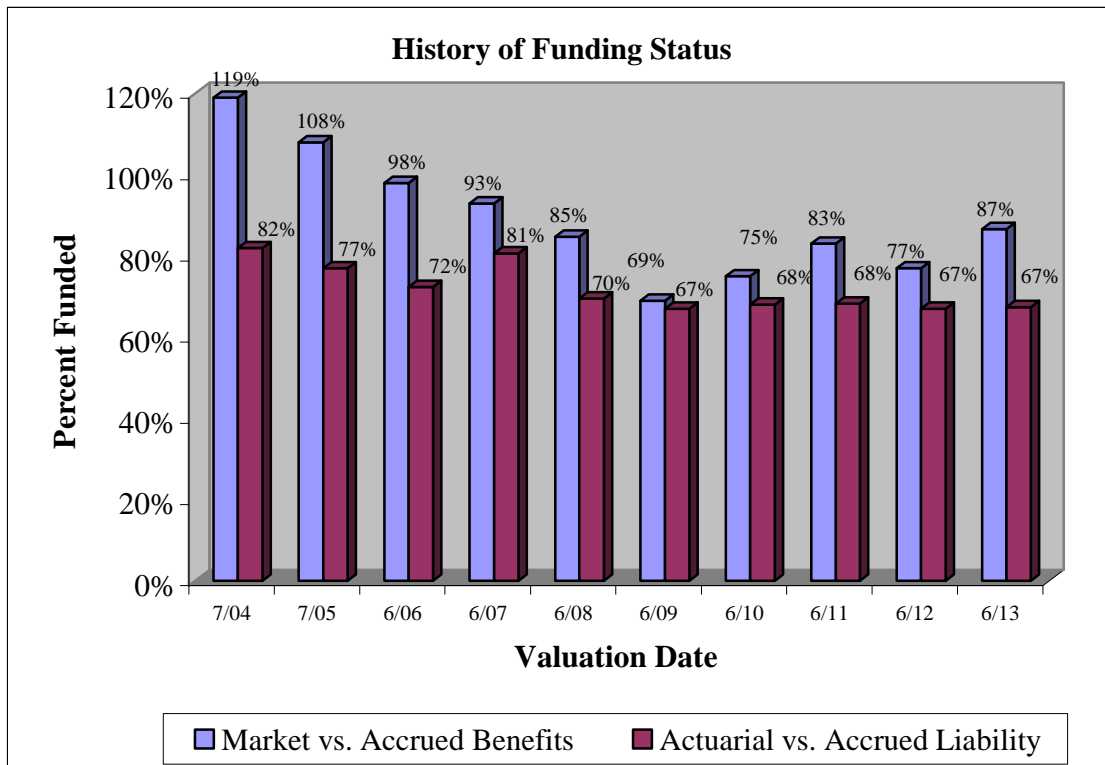
Section 2. Review and Analysis (cont.)

The second graph shows the historical growth of the Plan's actuarial value of Accrued and Vested Accrued Benefits compared to the market value of Plan assets.



Section 2. Review and Analysis (cont.)

The graph below shows the Plan's funded status, calculated using two different methods. The first approach calculates the market value as a portion of the actuarial value of accrued benefits, and is the same series that is shown in the first graph of the previous page. The second approach calculates the funding status as the ratio of the actuarial value of assets to the actuarial accrued liability. The actuarial accrued liability is the present value of all benefits (accrued to date plus future accruals) minus the present value of future normal costs.



Section 2. Review and Analysis (cont.)

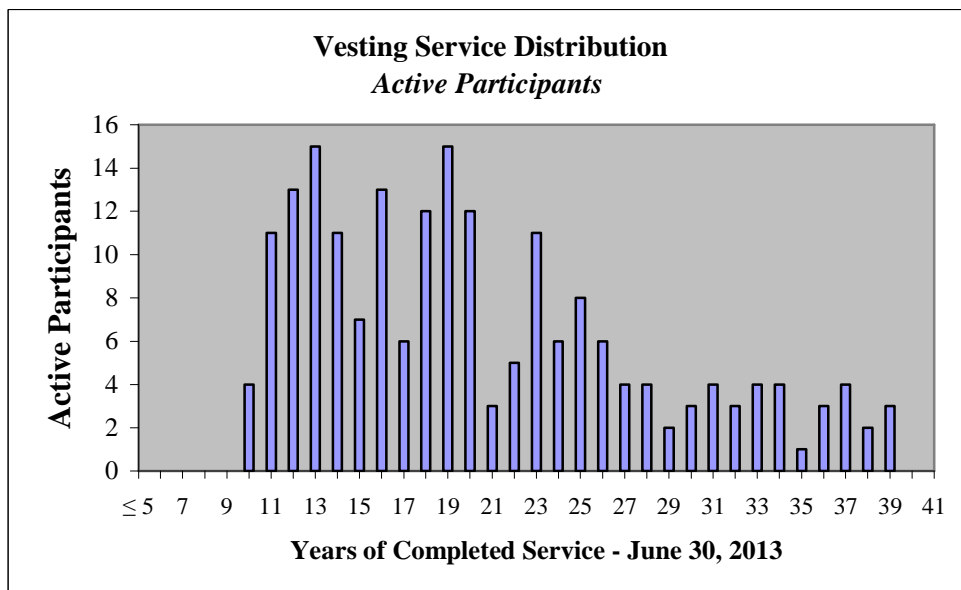
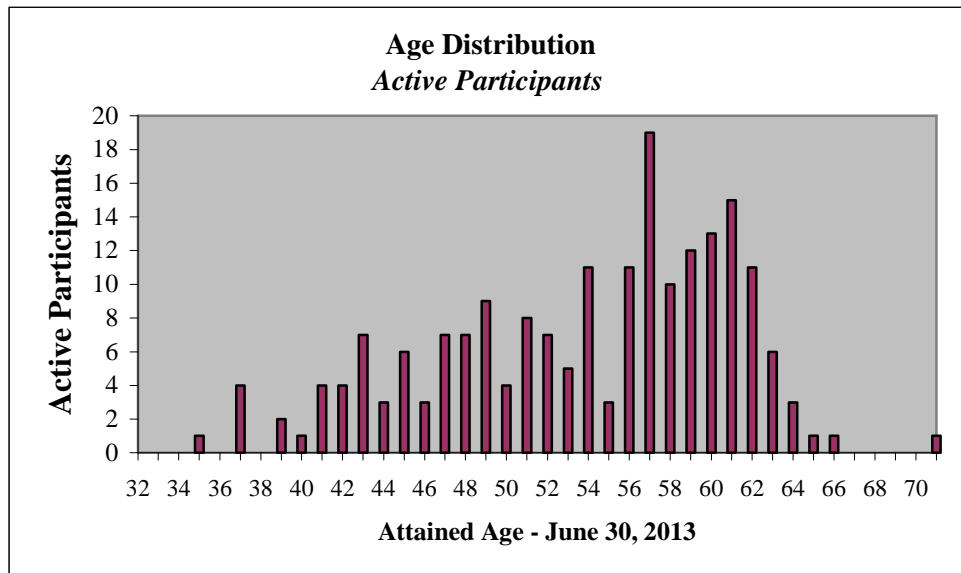
Characteristics of Population

	2013	2012	2011	2010	2009
(1) Active Participants					
(a) Number	164	180	185	190	210
(b) Vested Participants	164	180	185	190	210
(c) Average Age	54.2	53.7	53.6	52.8	52.0
(d) Average Continuous Service	20.5	19.3	18.7	17.9	16.9
(e) Average Annual Earnings	\$86,585	\$82,603	\$83,190	\$82,244	\$81,570
(2) Deferred Retirement Pension Benefit					
(a) Number	107	117	120	122	122
(b) Average Age	55.3	55.2	54.6	54.0	53.4
(c) Average Age at Termination	41.1	41.5	37.8	41.8	41.8
(d) Average Deferred Monthly Benefit	\$750	\$765	\$711	\$741	\$704
(3) Union Employees With Management Service					
(a) Number	31	34	33	36	35
(b) Average Age	54.5	54.2	55.4	54.7	53.9
(c) Average Years of Management Service	5.5	5.6	6.6	6.6	5.8
(d) Average Annual Earnings	\$63,290	\$63,553	\$61,607	\$56,247	\$57,118
(4) Retired Participants and Beneficiaries Receiving Pension Benefit					
(a) Number	203	180	156	151	140
(b) Average Age	69.5	69.3	69.5	69.0	68.5
(c) Average Age at Retirement	61.5	61.4	61.1	61.1	61.1
(d) Average Monthly Benefit	\$1,503	\$1,483	\$1,368	\$1,221	\$1,117
(5) Other Inactive					
(a) Leave of Absence	0	0	0	0	0
(b) Disability	4	4	3	3	5
(6) Total Costed Employees	509	515	497	502	512

Section 2. Review and Analysis (cont.)

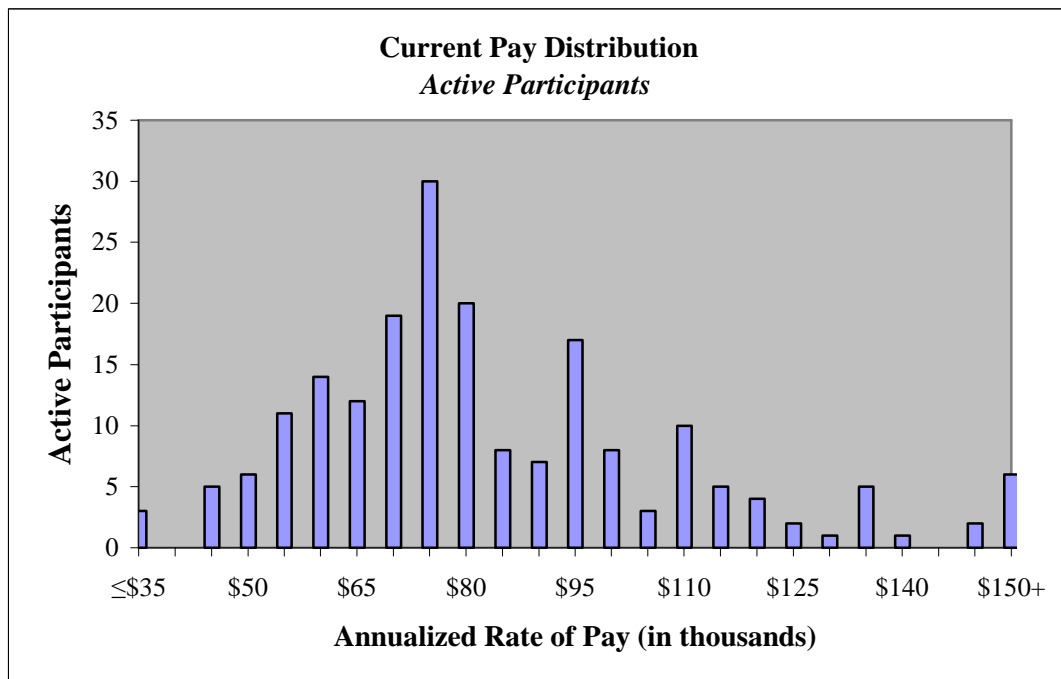
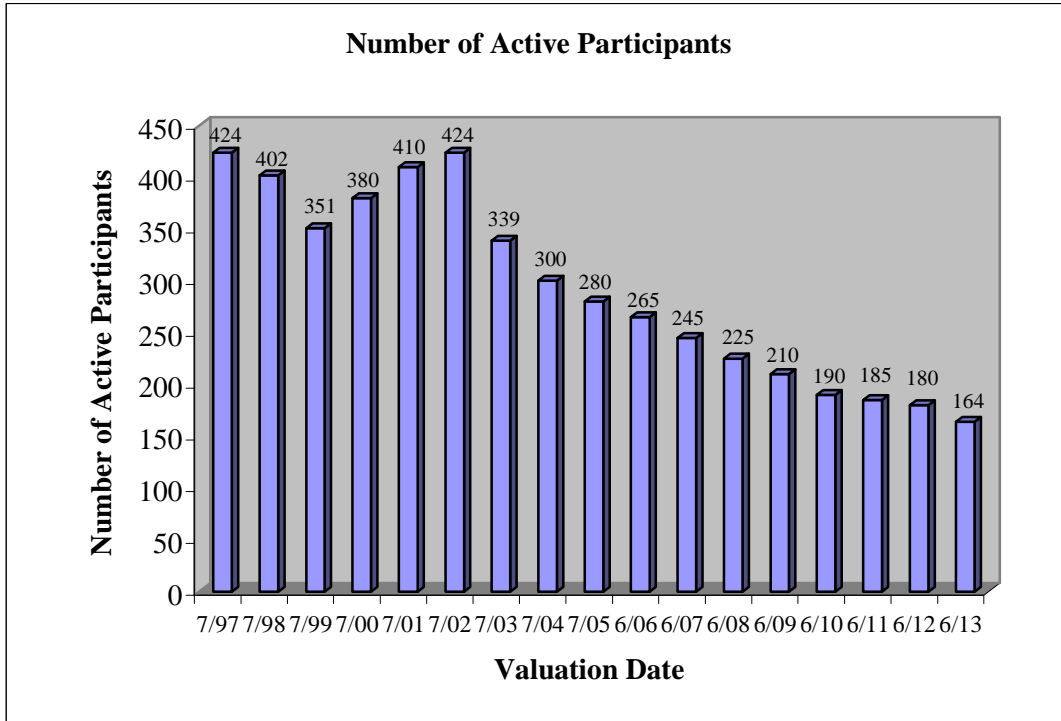
Characteristics of Population (cont.)

The graphs on the following three pages display demographic distributions for active and retired participants. These graphs show the distributions of age, vesting service, the history of active participants, annualized pay, and age and benefits data for current participants receiving retirement benefits.



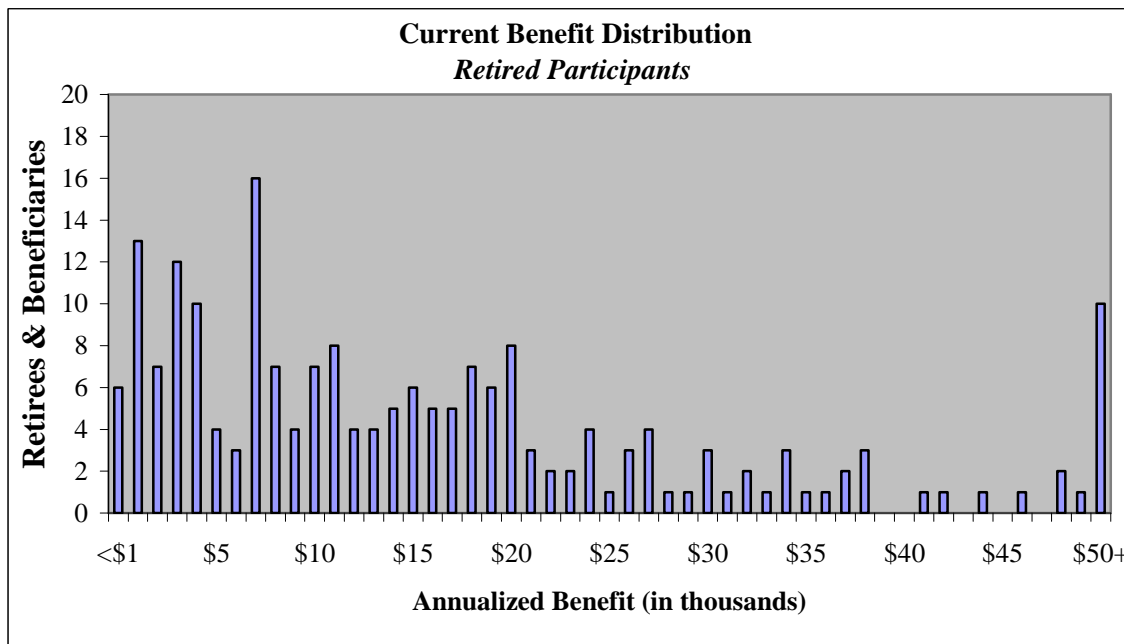
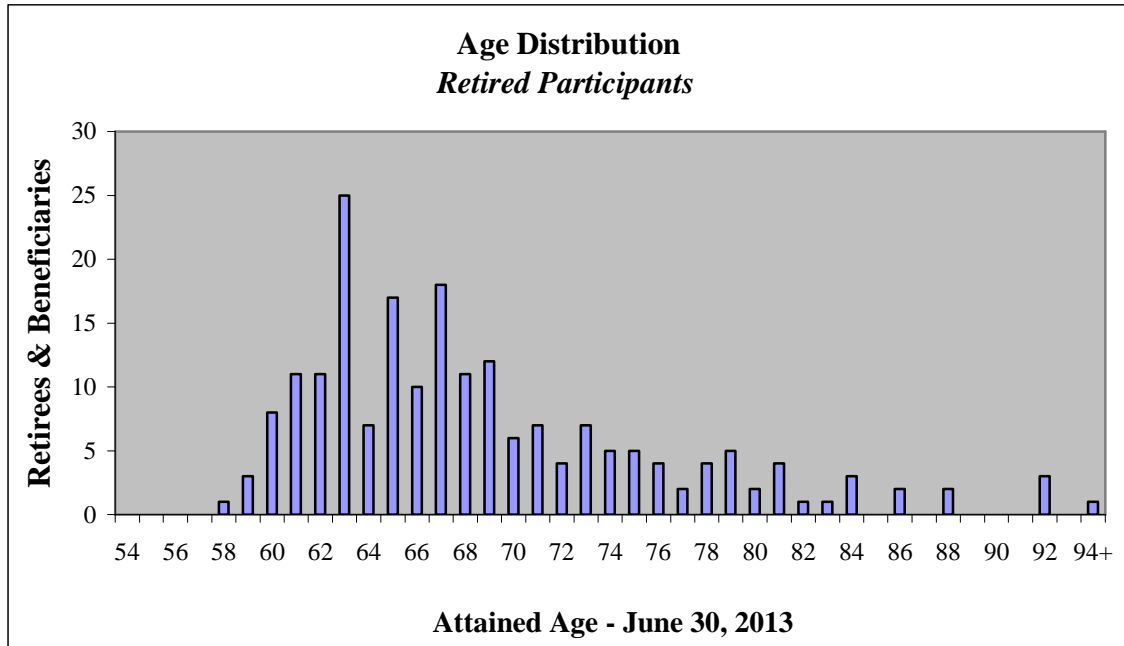
Section 2. Review and Analysis (cont.)

Characteristics of Population (cont.)



Section 2. Review and Analysis (cont.)

Characteristics of Population (cont.)



Section 2. Review and Analysis (cont.)

Regulatory Limits

	2013	2012	2011	2010
Maximum Defined Benefit Plan Annual Benefit	\$205,000	\$200,000	\$195,000	\$195,000
Maximum Annual Addition to a Defined Contribution Plan	\$51,000	\$50,000	\$49,000	\$49,000
Maximum Annual Salary Deferral to a 457 Plan	\$17,500	\$17,000	\$16,500	\$16,500
Annual 457 Catch Up Contribution	\$5,500	\$5,500	\$5,500	\$5,500
Maximum Compensation that can be Recognized in Qualified Plans	\$255,000	\$250,000	\$245,000	\$245,000
Highly Compensated Employee Definition	\$115,000	\$115,000	\$110,000	\$110,000
Social Security Taxable Wage Base	\$113,700	\$110,100	\$106,800	\$106,800

Section 2. Review and Analysis (cont.)

Payout Projections

Payout projections may be used to develop the liquidity requirements of your pension trust. In addition, the projections indicate the level of prefunding since any contributions in excess of the payout will be accumulated in advance for future benefit payments.

The projections shown below are estimates based on the assumption that all employees who work to retirement age will retire on their Normal Retirement Date and that 80% will elect to receive their benefits as an annuity, 20% will elect to receive their benefits as a lump sum.

For employees who terminate prior to retirement, it's assumed that 65% elect to take a deferred annuity and 35% elect to take a lump sum. Since actual benefit payments depend on future Plan experience, these projections will be updated annually. Disabled, transferred and leave of absence employees are assumed to take the Normal Retirement Benefit. Projections include current retirees and beneficiaries receiving annuity payments.

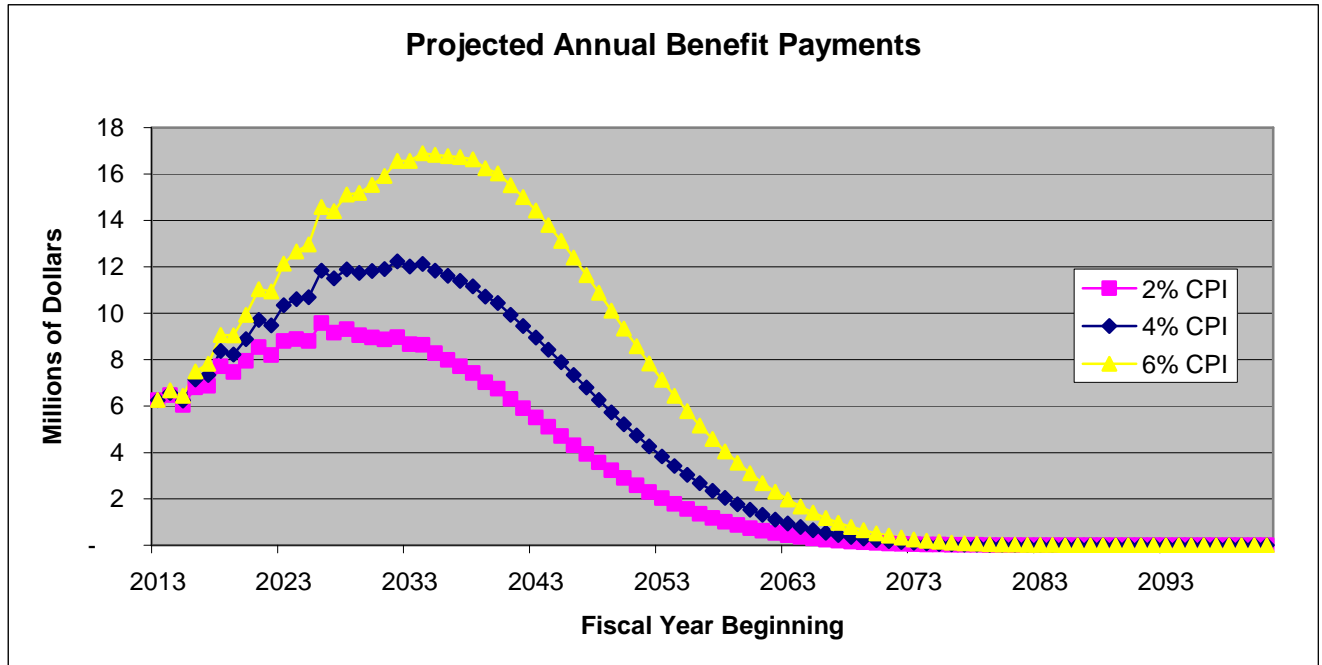
For comparison purposes, future payout projections are shown under an assumed CPI increase of 2% and 6% per year in addition to the primary assumption of a 4% annual increase in the CPI. The annual pension COLA is 90% of the annual change in the CPI, but in no event greater than 7%. For these payout projections, we assumed that future salary increases for active Plan participants would equal the annual CPI plus 1%.

Valuation Year From - To	Amount		
	2% CPI	4% CPI	6% CPI
07/01/2013 – 06/30/2014	\$6,246,888	\$6,257,478	\$6,268,134
07/01/2014 – 06/30/2015	\$6,473,000	\$6,574,639	\$6,676,746
07//01/2015 – 06/30/2016	\$6,041,956	\$6,241,327	\$6,444,725
07/01/2016 – 06/30/2017	\$6,809,789	\$7,143,407	\$7,489,009
07/01/2017 – 06/30/2018	\$6,877,777	\$7,338,025	\$7,822,727
07/01/2018 – 06/30/2019	\$7,719,049	\$8,367,290	\$9,060,986
07/01/2019 – 06/30/2020	\$7,464,726	\$8,223,882	\$9,050,255
07/01/2020 – 06/30/2021	\$7,952,243	\$8,888,356	\$9,924,287
07/01/2021 – 06/30/2022	\$8,537,388	\$9,708,190	\$11,025,209
07/01/2022 – 06/30/2023	\$8,192,316	\$9,472,187	\$10,936,315

Section 2. Review and Analysis (concluded)

Cash Flow Projections

The following graph shows the projected payouts based on an assumed 2%, 4%, and 6% annual rate of increase in the CPI. Projected payouts are shown for the next 88 years.



Section 3. Actuarial Certification

On behalf of Tri-County Metropolitan Transportation District of Oregon, we have made an actuarial valuation of this Plan as of June 30, 2013. We did not audit the employee data and financial information used in this valuation. Based on our review of the data, we believe that the information is sufficiently complete and reliable, and that it is appropriate for the purposes intended.

In our opinion, each assumption used in this valuation 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 assumption were reasonable. The methods employed in this valuation are consistent with generally accepted actuarial principles and practices.

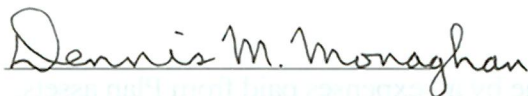
Therefore, the information as presented in this Actuarial Report for funding purposes fully and fairly discloses the actuarial position of the Plan.

The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein, and are available to answer any questions in connection with this report.

Heintzberger | Payne



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August 13, 2013
Date Signed

Section 4. Valuation Method and Assumptions

Entry Age Normal Valuation Method

Prior to the June 30, 2009 actuarial valuation, the actuarial cost method used to value the Retirement Plan's liabilities was the Frozen Entry Age Normal valuation method. Beginning with the June 30, 2009 actuarial valuation, the actuarial cost method was changed to the Entry Age Normal Actuarial Cost Method.

Under this method, the actuarial present value of the projected benefits of each active employee included in the valuation is allocated on a level percent of pay basis over the service of the active employee between entry age and assumed exit age(s). The portion of this actuarial present value allocated to the valuation year is called the Normal Cost for that active employee. The sum of these individual normal costs is the Plan's Normal Cost for the valuation year.

The present value of benefits for current retirees and participants with deferred retirement benefits plus the accumulated value of prior Normal Costs for active employees is the Actuarial Accrued Liability. The excess of the Actuarial Accrued Liability over Plan Assets is the Unfunded Actuarial Accrued Liability (UAAL). The total UAAL is amortized as a level dollar amount over a closed 20-year amortization period commencing with the June 30, 2009 actuarial valuation.

Under this method, the actuarial gains (losses), as they occur, reduce (increase) the Unfunded Actuarial Accrued Liability.

Valuation of Assets

Prior to the June 30, 2009 actuarial valuation, the actuarial value of assets was calculated as the market value of assets reported by U.S. Bank plus any accrued income and accrued contributions for the prior Plan year. Beginning with the June 30, 2009 actuarial valuation, the actuarial value of each year's investment gains (or losses), is recognized over a five-year period. The difference between the actual return on the market value of Plan assets and the expected return on the market value is the actuarial gain (or loss) on Plan assets for the year. Twenty percent of each such annual amount is recognized annually over the next five Plan years thereafter. The actuarial value of assets for the June 30, 2013 actuarial valuation includes contributions received and receivables for the current Plan Year except for the purposes of calculating the ARC.

Rates of return are calculated by reducing investment income by all expenses paid from Plan assets.

Employees Included in the Calculations

All active employees who have met the Plan's eligibility requirements as of the valuation date are included in the calculations. This includes union employees with past management service. Former employees or their survivors who are entitled to an immediate or deferred benefit under the provisions of the Plan are also included. Employees that elected to be cashed out of the Plan and roll their lump sum to the TriMet Defined Contribution Plan have been excluded from the valuation.

Section 4. Valuation Method and Assumptions (cont.)

Actuarial Assumptions

1. Mortality used for determining:
 - a. Normal Funding: RP 2000 Mortality Static Table updated to June 30, 2013 (IRS Notice 2008-85),
 - Separate Gender
 - Separate Annuitant and Non-Annuitant
 - b. Actuarial Equivalence for Lump Sums: 1994 Group Annuity Reserve Table projected to 2002
 - Blended
2. Disability: The probabilities are illustrated in the table on page 23.
3. Termination: The probabilities are illustrated in the table on page 23.
4. Salary Progression: 5% compounded annually.
5. Interest rate used for determining:
 - a. Normal Funding (Investment Return):
 - (1) Pre-retirement: 7.0% compounded annually (net of expenses)
 - (2) Post-retirement: 7.0% compounded annually (net of expenses)
 - b. Actuarial Equivalence:
 - (1) Pre-retirement: 7.5% compounded annually
 - (2) Post-retirement: 7.5% compounded annually
6. Expenses: 0.5% of actuarial value of plan assets is added to the ARC.
7. Retirement Age: All participants are assumed to retire at age 62 or present age, if greater.
8. Cost of Living: The cost of living measured from CPI will increase 4% per year.
9. Sick Leave Supplement: Participants with union service during the five years prior to retirement are assumed to receive a benefit for their accumulated sick leave under the union plan.

Section 4. Valuation Method and Assumptions (cont.)

Actuarial Assumptions (cont.)

10. Form of Payment:

a. Retirees:

- (1) 80% of retirees are assumed to select a life annuity
- (2) 20% of retirees are assumed to elect a lump sum

b. Vested Terminated Employees:

- (1) 65% of vested terminated employees are assumed to select a deferred life annuity
- (2) 35% of vested terminated employees are assumed to elect a lump sum

11. The following are examples of the probability that a participant will die, become disabled, or terminate employment within the year.

Age	Mortality Non-Annuitant		Mortality Annuitant		Disability		Termination	
	Male	Female	Male	Female	Male	Female	Male	Female
20	0.02%	0.01%	0.02%	0.01%	0.02%	0.02%	12.00%	12.00%
25	0.03%	0.01%	0.03%	0.01%	0.05%	0.05%	11.70%	11.70%
30	0.04%	0.02%	0.04%	0.02%	0.08%	0.08%	11.31%	11.31%
35	0.07%	0.03%	0.07%	0.03%	0.13%	0.13%	10.69%	10.69%
40	0.09%	0.05%	0.09%	0.05%	0.18%	0.18%	9.60%	9.60%
45	0.10%	0.07%	0.16%	0.07%	0.32%	0.32%	7.90%	7.90%
50	0.13%	0.10%	0.37%	0.17%	0.46%	0.46%	5.48%	5.48%
55	0.18%	0.20%	0.40%	0.30%	0.90%	0.90%	2.77%	2.77%
60	0.31%	0.34%	0.59%	0.56%	1.37%	1.37%	1.72%	1.72%

Changes in Actuarial Assumptions and Methods

1. The RP 2000 Static Mortality Table was updated to June 30, 2013 as described in Internal Revenue Notice 2008-85.
2. The rates at which active employees are assumed to elect a lump sum when they retire or terminate have been decreased from 25% to 20% for those who retire with medical benefits, and from 40% to 35% for those who terminate employment without retirement.
3. Active employees with past Union service are assumed to receive a sick leave supplement from the Management Plan at retirement if they have not participated in the Union Plan in the previous five years.

Section 4. Valuation Method and Assumptions (concluded)

Other considerations

1. Participant salaries are limited to the IRC Section 401(a)(17) limit that was in effect as of the beginning of the plan year. Projected benefits are limited to the IRC Section 415(b) limit for governmental plans that is in effect as of the Plan's actuarial valuation date.
2. For the purpose of valuing Death Benefits, 85% of the eligible employees are assumed to be married or have domestic partners. Males are assumed to have spouses or domestic partners that are female and four years younger. Females are assumed to have spouses or domestic partners that are male and four years older. The net impact on the actuarial calculations of same-gender domestic partners is minimal.
3. Employees (including part-time) are assumed to work 2080 hours per year in all future years.
4. Although we believe these to be accurate and complete, employee data supplied to us by TriMet and financial information supplied to us by the Trustee, US Bank, have not been audited by us.
5. We rely on the Employer to inform us of management service for union employees, any rehires into the Management & Staff Plan and average earnings for disabled employees.

Section 5. Financial Statements

Statement of Income, Disbursements, and Market Value of the Trust Fund for the Plan Year

(1) Market Value of Invested Assets as of June 30, 2012		\$74,978,184
(2) Income		
(a) 8/15/2012 Contribution for 2011-2012 plan year	\$4,875,840	
(b) Contributions for 2012-2013 plan year	\$4,900,000	
(c) Earnings on Investments		
(i) Interest, Dividends, and Income	\$1,896,642	
(ii) Realized Gains (Losses)	\$440,282	
(iii) Unrealized Gains (Losses) and Adjustments	\$7,977,227	
(iv) Investment Expense	(\$28,774)	
(d) Total Income		\$20,061,217
(3) Disbursements		
(a) Benefits Paid Directly to Participants or their Beneficiaries		
(i) Monthly Retirement Benefits	(\$3,440,366)	
(ii) Lump Sum	(\$78,895)	
(b) Administrative Expenses	(\$185,434)	
(c) Total Disbursements		(\$3,704,695)
(4) Market Value of Invested Assets as of June 30, 2013		\$91,334,706
(5) Expected Receivable Contribution on 9/15/2013 discounted to 6/30/2013		\$234,958
(6) Market Value of Plan Assets as of June 30, 2013		\$91,569,664
(7) Actuarial Value of Assets as of June 30, 2013		\$87,319,606
(8) Investment Income (net of Expenses)		\$10,099,943

Section 5. Financial Statements (cont.)

Actuarial Value of Assets

The Actuarial Value of Assets (as adjusted for current Fiscal Year contributions) is used to determine the Plan's contribution requirements. See the Valuation Methods and Assumptions section for a description of the asset valuation method.

(1) Actuarial Value of Invested Assets as of June 30, 2012		\$76,727,834
(2) Contributions Received for Prior Fiscal Year		\$4,875,840
(3) Benefit Payments		(\$3,519,261)
(4) Expected Return on Fair Market Value of Plan Assets		\$5,423,594
(5) Recognition of Prior Years' Investment Gains/(Losses)		(\$2,258,629)
(6) Preliminary Actuarial Value of Plan Assets as of June 30, 2013		\$81,249,378
(7) Actual Net Return on Plan Assets as of June 30, 2013	\$10,099,943	
(8) Current Year's Actuarial Gain/(Loss) = (7) - (4)	\$4,676,349	
(9) Recognition of 20% of Current Year's Actuarial Gain/(Loss)		\$935,270
(10) Actuarial Value of Plan Assets for ARC calculation as of June 30, 2013 = (6) + 20%*(8)		\$82,184,648
(11) Contribution and Receivable for Current Fiscal Year		\$5,134,958
(12) Actuarial Value of Plan Assets as of June 30, 2013 to determine Funded status		\$87,319,606

DEFERRED INVESTMENT GAINS/(LOSSES) FOR PREVIOUS YEARS

<u>Date Established</u>	<u>Original Gain/(Loss)</u>	<u>Current Annual Recognition</u>	<u>Years Remaining</u>	<u>Remaining Future Recognition</u>
6/30/2009	(\$16,975,786)	(\$3,395,157)	0	\$0
6/30/2010	\$3,236,469	\$647,294	1	\$647,294
6/30/2011	\$8,030,080	\$1,606,016	2	\$3,212,032
6/30/2012	(\$5,583,909)	(\$1,116,782)	3	(\$3,350,345)
Totals		(\$2,258,629)		

	<u>Market Value</u>	<u>Actuarial Value</u>
(1) Value of Assets as of June 30, 2012	\$74,978,184	\$76,727,834
(2) Contributions Received for Prior Fiscal Year	\$4,875,840	\$4,875,840
(3) Contributions Received for Current Fiscal Year	\$4,900,000	NA
(4) Benefit Payments	(\$3,519,261)	(\$3,519,261)
(5) Time Weighted Average of Balance	\$77,941,480	\$79,229,554
(6) Investment Income (Net of Expenses)	\$10,334,901	\$4,100,235
(7) Investment Return as Adjusted	12.96%	5.18%

Section 5. Financial Statements (concluded)

Distribution of Assets as of June 30, 2013

	Cost Value		Market Value	
	\$	%	\$	%
Cash	\$398,007	0.49%	\$398,007	0.44%
Domestic Equities	\$0	0.00%	\$0	0.00%
Foreign Equities	\$0	0.00%	\$0	0.00%
Mutual Funds	\$32,896,315	40.86%	\$36,945,621	40.45%
Bonds	\$18,225,380	22.64%	\$18,181,966	19.91%
Collective Investment Funds	\$17,620,469	21.89%	\$23,034,623	25.22%
Accrued Income	\$154,343	0.19%	\$154,343	0.16%
Money Markets	\$0	0.00%	\$0	0.00%
Partnerships / Joint Ventures	\$11,212,334	13.93%	\$12,620,147	13.82%
Total Invested Assets - June 30, 2013	\$80,506,848	100.00%	\$91,334,707	100.00%

Contributions for the Prior Plan Year

The following contributions for the prior Plan year were made on the dates indicated:

Date	Amount
8/15/12	\$4,875,840

Section 6. Summary of Principal Plan Provisions

General Information

1. Original Effective Date: December 7, 1970
2. Restatement Effective Date: January 1, 2008
3. Effective Date of Last Amendment: July 1, 2008
4. Plan Year: July 1 to June 30
5. Employer Fiscal Year: July 1 to June 30

Eligibility

An employee of TriMet employed prior to April 27, 2003 became a participant upon employment or when the employee ceased to be covered by a Collective Bargaining Agreement, PERS or any other state mandated retirement program. Participants of the Plan made an irrevocable decision to stay in the Defined Benefit Plan, freeze service in the Defined Benefit Plan and participate in the Defined Contribution Plan, or rollover their Defined Benefit Plan Accrued Benefit to the Defined Contribution Plan and begin participating in the Defined Contribution Plan.

An employee hired on or after April 27, 2003 becomes a participant upon employment in the Defined Contribution Plan. Employees cannot be active members of the Retirement Plan for Management and Staff Employees and any of the aforementioned three plans simultaneously.

Vesting Service

Vesting Service shall equal total years of service with the Employer. This service includes time a participant may have participated in the Collective Bargaining Agreement. A year of Vesting Service is credited for each year in which an employee works full or part time.

Section 6. Summary of Principal Plan Provisions (cont.)

Credited Service

Credited Service shall equal total years of service with the Employer as a management or staff employee. A year of service is credited for each year in which an employee works full or part time. Service is expressed in years and months. Special Credited Service rules apply to the General Manager and the Executive Directors.

A break in service occurs at the start of any Plan year in which the employee works 500 hours or less for the Employer in such year. Service will not be interrupted by:

A leave of absence not in excess of one year granted by the Employer;

A period of service in the Armed Forces of the United States after which re-employment rights are granted;

A period of long-term disability during which the participant is being paid directly or indirectly by the Employer and participant is under age 62; or,

A period of maternity or paternity leave that is not in excess of one year.

Credited Service for part-time participants is prorated.

An employee will be given credit for their pre-break service if the employee has returned to work before the earliest of (1) the third anniversary of their last day of employment, or (2) an amount of time equal to their years of Credited Service.

Normal Retirement Date

Normal Retirement Date is the first day of the month coincident with or next following the attainment age of sixty-two.

Section 6. Summary of Principal Plan Provisions (cont.)

Normal Retirement Benefit

The amount of annual Normal Retirement Benefit to be paid in monthly installments for life, based on Credited Service to Normal Retirement Date, is the sum of the following two benefits:

1. Basic Normal Retirement Benefit

A monthly Normal Retirement Benefit accrual that is one-twelfth (1/12) of 1.75% of Final Average Salary times Credited Service while a participant is under this plan.

For certain Executives, the percent of Final Average Salary retirement benefit is determined by multiplying the Executive's days of TriMet employment after July 1, 2008 by the Daily Rate for that Executive and adding the product to the Percent of Final Average Salary as of July 1, 2008 for that Executive. However, in no case may the Executive's retirement benefit exceed 68.75% of the Executive's annual salary at employment termination.

2. Sick Leave Supplement

For retirements that start on or after July 1, 2000, the hours of unused sick leave which have been accumulated under TriMet's sick leave policy to the date of actual retirement shall be converted to either a monthly annuity supplement or a lump sum distribution. The additional monthly amount is half of the participant's hours of unused sick leave, capped by sick leave maximum, multiplied by the final average hourly rate, divided by 101.9. The supplement can also be paid as a lump sum. The lump sum amount is 1.107 times the final average hourly rate, times one-half of unused sick time.

The maximum number of sick leave hours that may be considered in calculating the sick leave supplement is shown in the table below:

Retirements Starting	Maximum hours
From July 1, 2000 through March 21, 2005	1,400
From March 22, 2005 through November 30, 2005	1,500
From December 1, 2005 through November 30, 2006	1,550
From December 1, 2006 through November 30, 2007	1,600
From December 1, 2007 through November 30, 2008	1,650
On or after December 1, 2008	1,700

Section 6. Summary of Principal Plan Provisions (cont.)

Delayed Retirement

A participant may continue in the employment of the Employer after their Normal Retirement date. In such event, they will receive at actual retirement the Normal Retirement Benefit earned to the date of Delayed Retirement.

Final Average Salary

One-third of the highest 36 consecutive months' salaries, including merit awards, paid to the participant for Credited Service. Payoff of unused sick leave or vacation time is not included in this average. Unused sick leave is used for a supplemental retirement benefit described on the previous page. In no event shall compensation for any year exceed the IRC limit on annual compensation includable in a defined benefit plan (\$255,000 for 2013).

Accrued Benefit

The Accrued Benefit at any time prior to a participant's date shall be the Normal Retirement Benefit based on Credited Service at that date.

Section 6. Summary of Principal Plan Provisions (cont.)

Early Retirement Benefit

Upon the completion of five years of Credited Service and the attainment of age 55, a participant may elect to retire. They may receive a monthly benefit for life beginning at their Normal Retirement date equal to the benefit accrued at Early Retirement Date. Payments may begin immediately, with the benefit being reduced for each month by which the payment date precedes the Normal Retirement date. The table below displays the reduction for whole ages:

Early Retirement Age	Reduction of Benefit
61	92.75%
60	86.03%
59	79.80%
58	74.01%
57	68.65%
56	63.67%
55	59.06%

Benefit Accrual While Disabled

A participant who becomes totally and permanently disabled before their Normal Retirement Date and has five years of Credited Service is entitled to accrue Credited Service while they are disabled. The benefit will be calculated based on their Final Average Salary at time of disability and total Credited Service at their retirement date.

Section 6. Summary of Principal Plan Provisions (cont.)

Pre-Retirement Death Benefit

The spouse or domestic partner of a participant who dies while employed by TriMet and who has five years of Credited Service, or an inactive participant who terminates employment after June 30, 1988 with five years of Credited Service, is eligible for a pre-retirement Death Benefit. The benefit is two-thirds of the Normal Retirement Benefit earned to the date of death, actuarially reduced by joint annuity factors. If the benefit is payable before the date the participant would have been age 62, it will be actuarially reduced for early retirement.

If the participant was an active employee over age 55 at the time of death, the benefit begins the first of the month after the participant's death and continues for the rest of the spouse's or domestic partner's life. Benefits will be adjusted for cost of living in the same manner as Normal Retirement Benefits. Alternatively, the spouse or domestic partner may elect a one-time actuarially equivalent lump sum payment.

If the participant had terminated employment after June 30, 1988 and before death, or was an active employee less than 55 years of age, then the benefit begins the first of the month following what would have been the participant's 62nd birthday. The benefit continues for the rest of the spouse's or domestic partner's life. The spouse or domestic partner may choose to begin receipt of reduced monthly payments up to 7 years before the participant's Normal Retirement Date. Alternatively, the spouse or domestic partner may elect a one-time actuarially equivalent lump sum payment. The value of the COLA is not included in the lump sum payment.

Post-Retirement Death Benefit

Only as provided for in the form of retirement annuity elected.

Cost-of-Living Increases – Retirement after May 31, 1984

Participants who retire after May 31, 1984 shall receive a percentage increase in retirement benefit of 90% of the percentage increase in the cost of living, effective each April 1 following the date on which the participant first receives retirement benefits. Cost-of-living increases shall be computed on a calendar-year index based on changes in the U.S. Urban Wage Earners and Clerical Workers Consumers Price Index. All benefit increases shall be computed on the calendar-year basis and shall be effective the next April 1 and included in the May 1 pension check. The maximum percentage increase by the Plan during a calendar year shall not exceed 7%.

Section 6. Summary of Principal Plan Provisions (cont.)

Termination Benefit

Upon the termination of employment after five or more years of service, a participant shall have a vested interest in their Accrued Benefit which will be payable at Normal Retirement date. The percentage vested shall be:

Years of Service	Vested Percent
Fewer than 5	0%
5 or more	100%

In the event that the participant had met the service requirement at the date of termination, they may elect to receive their vested interest at age 55. Such benefit will be reduced as described under Early Retirement Benefit.

Optional Methods of Settlement

All optional methods of settlement are actuarially equivalent to the normal form of a life annuity. If a participant who is married or has a domestic partner does not elect the life annuity or does not elect one of the optional methods of settlement described below, then the participant's retirement benefit shall automatically be paid under option [2] below. The options are:

1. Single life annuity benefit to be paid during the participant's lifetime with no benefit to be continued to the participant's spouse (or domestic partner).
2. A reduced benefit to be paid during the participant's lifetime with two-thirds of the reduced benefit to be continued to the participant's spouse (or domestic partner) for the life after the participant's death.
3. Participants who have not started to receive monthly benefits may elect to receive a lump sum benefit in lieu of option [1] and option [2]. The election to receive a lump sum benefit must be made within 30 days of terminating employment with TriMet.

Automatic Lump Sum Settlement

A lump sum will automatically be paid if the actuarial equivalent of the Accrued Benefit is equal to or less than \$1,000.

Section 6. Summary of Principal Plan Provisions (concluded)

Plan Amendments Since Last Valuation

None.

Amendment or Termination of Plan

The Employer reserves the right to amend or terminate the Plan at any time.

If the Plan is terminated, the Plan assets will be distributed among the Plan participants based upon a priority allocation procedure and the Employer shall be liable for any unfunded vested benefits to the extent required by law. Any funds remaining after satisfaction of all liabilities shall be returned to the Employer.

The above description is a summary only. For additional details, reference should be made to the formal Plan document.

Section 7. Appendices

Analysis of Actuarial Present Values as of June 30, 2013

	Accrued Benefits	Fully Projected Benefits	Entry Age Normal Accrued Liability
Active Participants			
Normal Retirement Benefit	\$38,102,031	\$55,456,621	\$52,254,896
Termination	\$4,019,756	\$5,705,475	\$5,177,016
Disability	\$1,551,611	\$2,261,231	\$2,060,059
Survivor	\$168,668	\$328,791	\$300,729
Subtotal	\$43,842,066	\$63,752,119	\$59,792,700
Inactive Participants			
Receiving	\$49,604,438	\$49,604,438	\$49,604,438
Deferred	\$9,701,734	\$9,701,734	\$9,701,734
Transfers	\$1,785,881	\$2,044,582	\$2,044,582
Disability	\$684,788	\$774,637	\$774,637
Leave	\$0	\$0	\$0
Subtotal	\$61,776,842	\$62,125,392	\$62,125,392
Totals	\$105,618,908	\$125,877,511	\$121,918,092

Section 7. Appendices (cont.)

Development of 2012/13 Normal Cost – Entry Age Normal Cost Method

(1) Actuarial Present Value of Fully Projected Benefits	\$125,877,511
(2) Actuarial Accrued Liability	\$121,918,092
(3) Actuarial Value of Assets ¹¹	(\$82,184,648)
(4) Unfunded Actuarial Accrued Liability	\$39,733,444
(5) Normal Cost Before Expense Provision	\$793,111
(6) Payroll of Active Participants	\$14,199,937
(7) Normal Cost (Before Expense Provision) as a % of Pay	5.59%
(8) Expense Provision	\$410,923
(9) Adjusted Normal Cost	\$1,204,034
(10) Adjusted Normal Cost as a Percent of Pay	8.48%

¹¹ The Actuarial Value of Assets for determining the ARC does not include contributions and receivables for the current Plan Year.

Section 7. Appendices (cont.)

Range in Annual Contributions for the Plan Year Ending June 30, 2013

		% of Payroll
Annual Required Contribution		
Normal Cost ^{/1}	\$1,204,034	8.48%
16-Year Funding ^{/2} of Unfunded Actuarial Accrued Liability	\$3,930,924	27.68%
Total on June 30, 2013	\$5,134,958	36.16%
Ten Year Funding		
Normal Cost ^{/1}	\$1,204,034	8.48%
10-Year Funding of Unfunded Actuarial Accrued Liability	\$5,287,055	37.23%
Total on June 30, 2013	\$6,491,089	45.71%
Funding over Future Working Lifetime (5 Years)		
Normal Cost ^{/1}	\$1,204,034	8.48%
5-Year Funding of Unfunded Actuarial Accrued Liability	\$9,056,652	63.78%
Total on June 30, 2013	\$10,260,686	72.26%

^{/1} Includes annual expense equal to 0.5% of the June 30, 2013 actuarial value of plan assets.

^{/2} 20 year closed amortization period beginning with the 2008/09 Plan Year and ending June 30, 2029.

Section 7. Appendices (cont.)

History of Funding Levels

	6/30/2013	6/30/2012	6/30/2011
(1) 16-Year Funding ^{/1, /3}	\$5,134,958 ^{/2}	\$4,834,121	\$4,576,283
As % of Payroll	36.16%	32.51%	29.74%
(2) 10-Year Funding ^{/3}	\$6,491,089	\$6,216,473	\$5,924,690
As % of Payroll	45.71%	41.81%	38.50%
(3) Funding Over Future ^{/3}			
Working Lifetime (5 years) ^{/4}	\$10,260,686	\$9,728,835	\$9,110,572
As % of Payroll	72.26%	65.43%	59.20%

^{/1} The 6/30/2013, 6/30/2012, and 6/30/2011 UAAL were amortized over a 20-year closed period commencing 6/30/2009.

^{/2} The Annual Required Contribution for the 2012/13 Fiscal Year (without interest)

^{/3} The Annual Required Contribution and Normal Cost for the fiscal years ending 6/30/11, 6/30/12, and 6/30/13 include a provision for expenses equal to 0.5% of the actuarial value of plan assets.

^{/4} The Future Working Lifetime was estimated to be 5 years on June 30, 2013, June 30, 2012, and June 30, 2011.

	6/30/2010	6/30/2009	6/30/2008
(1) 19-Year Funding ^{/1}	\$3,962,289 ^{/2}	\$4,087,974	\$4,782,710
As % of Expected Payroll	25.36%	23.86%	26.81%
(2) 10-Year Funding	\$5,290,265	\$5,502,709	\$5,890,967
As % of Expected Payroll	33.85%	32.12%	33.02%
(3) Funding Over Future			
Working Lifetime ^{/3}	\$7,252,586	\$7,490,412	\$6,888,159
As % of Expected Payroll	46.41%	43.73%	38.61%

^{/1} The 6/30/2010 and 6/30/2009 UAAL were amortized over a 20-year closed period. The 6/30/2008 UAAL was amortized over a 20-year period.

^{/2} The Annual Required Contribution for the 2009/10 Fiscal Year (without interest)

^{/3} The Future Working Lifetime is estimated to be 6 years on June 30, 2010, 6 years on June 30, 2009, and 7 years on June 30, 2008

Section 7. Appendices (cont.)

Plan Accounting (GASB No. 25)

Effective for financial reports issued for fiscal years beginning after June 15, 1997, the Governmental Accounting Standards Board (GASB) requires the disclosure of pension information for governmental employee retirement plans. Disclosures must be in accordance with standards set forth in GASB Statement No. 25 (GASB25), “Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans.” GASB25 supersedes several previously issued statements, including GASB Statement No. 5. GASB25’s objective is to enhance the understandability and usefulness of pension information included in the financial reports of state and local governmental pension plans.

Effective for periods beginning after June 15, 1997, GASB required additional standard information as set forth in GASB Statement No. 27 (GASB27), “Accounting for Pensions by State and Local Governmental Employers.” GASB27 requires employers that participate in single-employer and agent multiple-employer defined benefit pension plans (sole and agent employers) to measure and disclose an amount for annual pension cost on the accrual basis of accounting, regardless of the amount recognized as pension expenditures/expense on the modified accrual or accrual basis. Annual pension cost (APC) should be equal to the employer’s annual required contributions (ARC) to the plan, unless the employer has a net pension obligation (NPO) for past under- or over- contributions.

This report may not contain all of the information required by GASB. However, it provides all information normally required by the Retirement Plan’s auditors.

Section 7. Appendices (cont.)

Entry Age Normal Accrued Liability

	6/30/2013	6/30/2012	6/30/2011	6/30/2010
Active Participants				
Retirement Benefits	\$52,254,895	\$48,687,826	\$49,931,167	\$47,180,652
Termination Benefits	\$5,177,016	\$5,225,373	\$5,521,660	\$5,799,094
Disability	\$2,060,059	\$2,093,586	\$2,236,841	\$2,133,713
Death Benefits	\$300,729	\$312,331	\$336,999	\$350,026
Subtotal	\$59,792,699	\$56,319,116	\$58,026,667	\$55,463,485
Inactive Participants				
Retired	\$49,604,438	\$43,595,515	\$34,387,414	\$29,856,457
Vested	\$9,701,734	\$10,808,433	\$10,103,975	\$10,320,661
Transferred	\$2,044,582	\$2,249,897	\$2,620,618	\$2,630,654
Disability	\$774,637	\$776,929	\$611,727	\$562,309
Subtotal	\$62,125,392	\$57,430,774	\$47,723,734	\$43,370,081
Totals	\$121,918,091	\$113,749,890	\$105,750,401	\$98,833,566
Actuarial Value of Assets				
Without Plan Year Contribution				
	\$82,184,648	\$76,727,834	\$72,169,599	\$67,689,444
Plan Year Contribution				
	\$5,134,958 ¹	N/A	\$1,600,000	N/A

¹ Plan year contribution includes present value of receivable as of the valuation date.

Section 7. Appendices (cont.)

Entry Age Normal Accrued Liability (concluded)

	6/30/2009	6/30/2008	6/30/2007	6/30/2006	7/1/2005
Active Participants					
Retirement Benefits	\$49,095,065	\$41,957,791	\$40,327,372	\$36,752,565	\$31,929,991
Termination Benefits	\$6,642,803	\$6,193,339	\$712,984	\$4,287,653	\$4,305,660
Disability	\$2,367,753	\$2,127,896	\$4,241,607	\$3,137,443	\$2,873,655
Death Benefits	\$391,268	\$431,267	\$3,189,900	\$679,256	\$600,122
Subtotal	\$58,496,889	\$50,710,293	\$48,471,863	\$44,856,917	\$39,709,428
Inactive Participants					
Retired	\$25,680,705	\$17,727,443	\$18,015,742	\$15,563,041	\$13,317,405
Vested	\$9,589,154	\$13,598,961	\$6,587,664	\$6,774,373	\$5,929,231
Transferred	\$2,159,371	\$1,794,309	\$1,370,595	\$1,354,347	\$1,018,097
Disability	\$822,654	\$1,142,665	\$1,170,188	\$833,855	\$350,947
Subtotal	\$38,251,884	\$34,263,378	\$27,144,189	\$24,525,616	\$20,615,680
Totals	\$96,748,773	\$84,973,671	\$75,616,052	\$69,382,533	\$60,325,108
Assets Without Plan Year Contribution					
	\$65,201,818	\$59,065,975	\$61,015,985	\$69,382,533	\$43,646,801
Plan Year Contribution	N/A	N/A	N/A	N/A	\$2,593,948
Total	\$65,201,818	\$59,065,975	\$61,015,985	\$69,382,533	\$46,240,749

Section 7. Appendices (cont.)

Schedule of Funding Progress

	(A)	(B)	(C)	(D)	(E)	(F)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability = (A) - (B)	Funded Ratio = (A)/(B)	Covered Payroll	UAAL as a % of Covered Payroll = (C)/(E)
07/01/2001	\$31,565	\$34,995	\$3,430	90.20%	\$24,127	14.2%
07/01/2002	\$30,502	\$41,392	\$10,890	73.69%	\$24,694	44.1%
07/01/2003	\$34,419	\$44,358	\$9,939	77.59%	\$31,799	31.3%
07/01/2004	\$41,734	\$50,639	\$8,905	82.41%	\$19,642	45.3%
07/01/2005	\$46,241	\$60,325	\$14,084	76.65%	\$19,355	72.8%
06/30/2006	\$50,212	\$69,383	\$19,171	72.37%	\$19,920	96.2%
06/30/2007	\$61,016	\$75,616	\$14,600	80.69%	\$19,644	74.3%
06/30/2008	\$59,066	\$84,974	\$25,908	69.51%	\$17,842	145.2%
06/30/2009	\$65,202	\$96,749	\$31,547	67.39%	\$17,130	184.2%
06/30/2010	\$67,689	\$98,834	\$31,144	68.49%	\$15,626	199.3%
06/30/2011	\$72,170	\$105,750	\$33,581	68.25%	\$15,390	218.2%
06/30/2012	\$76,728	\$113,750	\$37,022	67.45%	\$14,869	249.0%
06/30/2013	\$87,320	\$121,918	\$34,598	71.62%	\$14,200	243.7%

(\$ Amount in Thousands)

Section 7. Appendices (cont.)

Experience Analysis

(1) Basis of Calculations

Unless otherwise noted below, the information in this section is based upon the same actuarial assumptions, Plan provisions, and employee data that are described in Sections 4, 6, and 2 of this report, respectively. Plan assets are valued at their fair market value plus accrued employer contributions.

- | | |
|----------------------------|---|
| (a) Actuarial Assumptions: | Same as Section 4, except:
No Salary Scale |
| (b) Plan Provisions: | Same as Section 6 |
| (c) Employee data: | Same as Section 2 |

	Number of Participants	Present Value
(2) Present Value of Accumulated Plan Benefits as of June 30, 2013		
(a) Vested Benefits for		
(i) Retired employees and beneficiaries	205	\$49,604,439
(ii) Terminated and transferred employees with deferred vested benefits	140	\$12,172,403
(iii) Employees eligible for normal or delayed retirement	32	\$11,134,955
(iv) Fully Vested employees	132	\$32,707,111
(v) Total Vested	509	\$105,618,908
(b) Nonvested Benefits		\$0
(c) Total Present Value of Accumulated Plan Benefits		\$105,618,908
(d) Net Assets Available for Benefits (market value, accrual basis) as of the Valuation Date		\$91,569,664
(e) Unfunded Present Value of Accumulated Plan Benefits = excess of (c) over (d)		\$14,049,244
(f) Unfunded Present Value of Vested Accumulated Plan Benefits = excess of (a) over (d)		\$14,049,244

Section 7. Appendices (cont.)

Experience Analysis (cont.)

	Present Value
(3) Change in Present Value of Accumulated Plan Benefits	
(a) Present Value of Accumulated Benefits as of July 1, 2012	\$97,464,683
(b) Increase (Decrease) Attributable to	
(i) Benefits accumulated	\$2,813,470
(ii) Decrease in the discount period	\$5,364,157
(iii) Benefits paid	(\$3,519,261)
(iv) Change in actuarial assumptions	\$1,010,196
(v) Actuarial (gain)/loss and data corrections	\$2,485,663
(vi) Plan amendments	\$1,247,886
(vii) Total Net Increase	\$8,154,225
(c) Present Value of Accumulated Plan Benefits as of June 30, 2013	\$105,618,908
(4) Changes in the Past Year	
Below are changes in significant items affecting the present values. (The impact, if any, is shown above)	
(a) Plan provisions	
- Union employees who transfer to Management can only receive a sick leave benefit from the Union Plan if they return to the Union within five years of leaving	
(b) Actuarial Assumptions	
- Mortality assumptions updated for an additional year of improved mortality	
- The rates at which Retirees and Vested Terminated Employees are assumed to elect a lump sum have decreased from 25% and 40% to 20% and 35% respectively.	

Section 7. Appendices (cont.)

Historic Funding Levels

	6/30/2013	6/30/2012	6/30/2011
(1) Annual Required Contribution ^{\1}	\$5,134,958 ^{\2}	\$4,834,121 ^{\2}	\$4,576,283
As % of Payroll	36.16%	32.51%	29.74%
(2) Normal Cost	\$1,204,034 ^{\2}	\$1,290,204 ^{\2}	\$1,456,325
As % of Payroll	8.48%	8.68%	9.46%
(3) Contribution Received for the Fiscal Year	\$5,134,958 ^{\3}	\$4,875,840 ^{\4}	\$4,607,677
(4) Market Value of Assets	\$91,569,664 ^{\5}	\$74,978,184	\$73,745,229
(5) Actuarial Value of Assets	\$87,319,606 ^{\5}	\$76,727,834	\$72,169,599
(6) Actuarial Accrued Liability	\$121,918,092	\$113,749,891	\$105,750,399
(7) Actuarial Funded Ratio (5) ÷ (6)	71.6%	67.5%	68.2%
(8) Unfunded Actuarial Accrued Liability (UAAL)	\$34,598,486	\$37,022,057	\$33,580,800
(9) UAAL as a % of Payroll	243.7%	249.0%	218.2%

\1 The contribution amounts shown are as of the end of the year (the valuation date) and include no additional interest. The 6/30/2011 UAAL was amortized over a closed 18-year period, the 6/30/2012 UAAL was amortized over a closed 17-year period, and the 6/30/2013 UAAL was amortized over a closed 16-year period.

\2 The 6/30/2011, 6/30/2012 and 6/30/2013 Annual Required Contribution and Normal Cost include a provision for expenses equal to 0.5% (\$410,923 for 2013) of the actuarial value of plan assets.

\3 \$4,900,000 has been contributed for 2013 prior to 6/30/2013. The remaining portion of the ARC (\$238,294) is expected to be contributed shortly after the valuation date.

\4 Contribution amounts include 7% interest from the valuation date to the date the payment is made, and thus the amounts shown here are higher than the amounts of the required contributions.

\5 The value of assets to determine the Plan's funded status includes the expected remaining contribution of \$238,294 to be made on 9/15/2013 discounted to the valuation date.

Section 7. Appendices (cont.)

Additional Historic Funding Levels

	6/30/2010	6/30/2009	6/30/2008	6/30/2007	6/30/2006
(1) Annual Required Contribution	\$3,962,289	\$4,087,974	\$4,782,710	\$3,020,512	\$3,641,262
As % of Payroll	25.36%	23.86%	26.81%	15.38%	21.26%
(2) Normal Cost	\$1,146,132	\$1,304,974	\$2,602,599	\$1,923,945	\$2,428,216
As % of Payroll	7.33%	7.62%	14.59%	9.79%	14.18%
(3) Contribution Received for the Fiscal Year	\$4,015,481	\$4,142,854	\$6,974,025	\$3,886,830	
(4) Market Value of Assets	\$60,093,147	\$51,621,189	\$59,065,975	\$61,015,985	\$50,212,184
(5) Actuarial Value of Assets	\$67,689,444	\$65,201,818	\$59,065,975	\$61,015,985	\$50,212,184
(6) Actuarial Accrued Liability	\$98,833,566	\$96,748,773	\$84,973,671	\$75,616,052	\$69,382,533
(7) Actuarial Funded Ratio (5) ÷ (6)	68.5%	67.4%	69.5%	80.7%	72.4%
(8) Unfunded Actuarial Accrued Liability	\$31,144,122	\$31,546,956	\$24,712,853	\$12,017,365	\$13,293,861

Section 7. Appendices (cont.)

Historical Benefit Security

	6/30/2013	6/30/2012	6/30/2011
(1) Market Value of Assets	\$91,569,664 ^{\1}	\$74,978,184	\$73,745,229
(2) Present Value of Accrued Benefits	<u>\$105,618,908</u>	<u>\$97,464,683</u>	<u>\$88,734,750</u>
(3) Excess of (1) over (2)	(\$14,049,244)	(\$22,486,499)	(\$14,989,521)
(4) Ratio of (1) to (2)	86.70%	76.93%	83.11%
(5) Present Value of Vested Accrued Benefits	<u>\$105,618,908</u>	<u>\$97,464,683</u>	<u>\$88,734,750</u>
(6) Excess of (1) over (5)	(\$14,049,244)	(\$22,486,499)	(\$14,989,521)
(7) Ratio of (1) to (5)	86.70%	76.93%	83.11%
(8) Assumed Discount Rate Used in (2) and (5)	7.0%	7.0%	7.0%

\1 The market value of assets includes the expected remaining contribution of \$238,294 to be made on 9/15/2013 discounted to the valuation date.

Section 7. Appendices (cont.)

Additional Historic Benefit Security

	6/30/2010	6/30/2009	6/30/2008	6/30/2007	6/30/2006	7/1/2005
(1) Market Value of Assets	\$60,093,147	\$51,621,189	\$59,065,975	\$59,065,975	\$50,212,184	\$46,240,749
(2) Present Value of Accrued Benefits	<u>\$79,947,882</u>	<u>\$74,810,334</u>	<u>\$69,679,995</u>	<u>\$57,128,553</u>	<u>\$51,197,549</u>	<u>\$42,932,709</u>
(3) Excess of (1) over (2)	(\$19,854,735)	(\$23,189,145)	(\$10,614,020)	\$1,937,422	(\$985,365)	\$3,308,040
(4) Ratio of (1) to (2)	75.17%	69.00%	84.77%	103.39%	98.08%	107.71%
(5) Present Value of Vested Accrued Benefits	<u>\$79,947,882</u>	<u>\$74,810,334</u>	<u>\$69,615,261</u>	<u>\$56,762,392</u>	<u>\$50,671,321</u>	<u>\$42,319,151</u>
(6) Excess of (1) over (5)	(\$19,854,735)	(\$23,189,145)	(\$10,549,286)	\$2,303,583	(\$459,137)	\$3,921,598
(7) Ratio of (1) to (5)	75.17%	69.00%	84.85%	104.06%	99.09%	109.27%
(8) Assumed Discount Rate Used in (2) and (5)	7.0%	7.0%	7.0%	7.5%	7.5%	8.0%

Section 7. Appendices (cont.)

Historic Valuation Data

	6/30/2013	6/30/2012	6/30/2011	6/30/2010	6/30/2009
(1) Active Employees Submitted	429	407	407	390	432
(a) Not Eligible	265	227	222	200	222
(2) Number of Employees Valued					
(a) Active Employees					
(i) Participants Accruing Credited Services	147	163	168	173	192
(ii) Frozen Credited Service	<u>17</u>	<u>17</u>	<u>17</u>	<u>17</u>	<u>18</u>
(iii) Total	164	180	185	190	210
(b) Retirees and Beneficiaries					
(i) Receiving Pension	203	180	156	151	140
(ii) Deferring Pension	<u>2</u>	<u>3</u>	<u>3</u>	<u>4</u>	<u>4</u>
(iii) Total	205	183	159	155	144
(c) Deferred Retirement Benefits					
(i) Terminated Employees	102	109	112	114	113
(ii) Surviving Spouses	<u>3</u>	<u>5</u>	<u>5</u>	<u>4</u>	<u>5</u>
(iii) Total	105	114	117	118	118
(d) Transfers to Union	31	34	33	36	35
(e) Leave of Absence	0	0	0	0	0
(f) Disability	<u>4</u>	<u>4</u>	<u>3</u>	<u>3</u>	<u>5</u>
(g) Total Participants Valued	509	515	497	502	512
(3) Payroll of Active Participants	\$14,199,937	\$14,868,526	\$15,390,172	\$15,626,270	\$17,129,704
Percent Increase (Decrease)	(7.73%)	(3.39%)	(1.51%)	(8.78%)	(3.99%)
(4) Average Annual Earnings					
Active Participants	\$86,585	\$82,603	\$83,190	\$82,244	\$81,570
Percent Increase	4.08%	(0.71%)	1.15%	0.83%	1.73%

Section 7. Appendices (cont.)

Additional Historic Valuation Data

	6/30/2008	6/30/2007*	6/30/2006*
(1) Active Employees Submitted	435	379	382
(a) Not Eligible	210	134	111
(2) Number of Employees Valued			
(a) Active Employees			
(i) Participants Accruing Credited Services	205	226	244
(ii) Frozen Credited Service	<u>20</u>	<u>19</u>	<u>21</u>
(iii) Total	225	245	265
(b) Retirees and Beneficiaries			
(i) Receiving Pension	123	-	-
(ii) Deferring Pension	3	-	-
(iii) Total	126	106	98
(c) Deferred Retirement Benefits			
(i) Terminated Employees	120	-	-
(ii) Surviving Spouses	4	-	-
(iii) Total	124	127	127
(d) Transfers to Union	34	35	40
(e) Leave of Absence	0	0	0
(f) Disability	<u>6</u>	<u>7</u>	<u>6</u>
(g) Total Participants Valued	515	520	536
(3) Payroll of Active Participants	\$17,842,177	\$19,644,360	\$19,919,739
Percent Increase (Decrease)	(9.17%)	(1.38%)	2.92%
(4) Average Annual Earnings			
Active Participants	\$79,299	\$80,181	\$75,169
Percent Increase	(1.10%)	6.67%	8.75%

*Data from valuation reports before 6/30/2008 was not prepared by Heintzberger | Payne

Section 7. Appendices (cont.)

Historic Characteristics of Population

	2013	2012	2011	2010	2009
(1) Active Participants					
(a) Number	164	180	185	190	210
(b) Vested Participants	164	180	185	190	210
(c) Average Age	54.2	53.7	53.6	52.8	52.0
(d) Average Continuous Service	20.5	19.3	18.7	17.9	16.9
(e) Average Annual Earnings	\$86,585	\$82,603	\$83,190	\$82,244	\$81,570
(2) Deferred Retirement Pension Benefit					
(a) Number	107	117	120	122	122
(b) Average Age	55.3	55.2	54.6	54.0	53.4
(c) Average Age at Termination	41.1	41.5	37.8	41.8	41.8
(d) Average Deferred Monthly Benefit	\$750	\$765	\$711	\$741	\$704
(3) Union Employees With Management Service					
(a) Number	31	34	33	36	35
(b) Average Age	54.5	54.2	55.4	54.7	53.9
(c) Average Years of Management Service	5.5	5.6	6.6	6.6	5.8
(d) Average Annual Earnings	\$63,290	\$63,553	\$61,607	\$56,247	\$57,118
(4) Retired Participants and Beneficiaries Receiving Pension Benefit					
(a) Number	203	180	156	151	140
(b) Average Age	69.5	69.3	69.5	69.0	68.5
(c) Average Age at Retirement	61.5	61.4	61.1	61.1	61.1
(d) Average Monthly Benefit	\$1,503	\$1,483	\$1,368	\$1,221	\$1,117
(5) Other Inactive					
(a) Leave of Absence	0	0	0	0	0
(b) Disability	4	4	3	3	5
(6) Total Costed Employees	509	515	497	502	512

Section 7. Appendices (concluded)

Additional Historic Characteristics of Population

	2008	2007	2006	2005	2004	2003
(1) Active Participants						
(a) Number	225	245	265	280	300	339
(b) Vested Participants	225	239	245	241	233	242
(c) Average Age	51.3	50.9	49.7	48.5	47.2	46.6
(d) Average Continuous Service	16.0	15.4	14.7	13.7	12.4	11.8
(e) Average Annual Earnings	\$79,299	\$80,181	\$75,169	\$69,124	\$65,472	\$62,138
(2) Deferred Retirement Pension Benefit						
(a) Number	127	127	127	130	128	135
(b) Average Age	53.5	52.7	52.1	51.9	51.4	51.8
(c) Average Age at Termination	41.9	-	-	-	-	-
(d) Average Deferred Monthly Benefit	\$662	\$569	\$602	\$568	\$552	\$480
(3) Union Employees With Management Service						
(a) Number	34	35	40	40	39	39
(b) Average Age	53.5	51.8	51.9	51.3	50.2	49.6
(c) Average Years of Management Service	5.2	-	-	-	-	-
(d) Average Annual Earnings	\$55,553	-	-	-	-	-
(4) Retired Participants and Beneficiaries Receiving Pension Benefit						
(a) Number	123	106	98	87	81	53
(b) Average Age	68.6	66.3	68.3	68.3	68.2	69.3
(c) Average Age at Retirement	60.9	-	-	-	-	-
(d) Average Monthly Benefit	\$1,114	\$1,087	\$1,026	\$1,049	\$1,021	\$994
(5) Other Inactive						
(a) Leave of Absence	0	0	0	0	0	1
(b) Disability	6	7	6	4	4	4
(6) Total Costed Employees	515	520	536	541	552	571