DALLAS AREA RAPID TRANSIT
(DART)
EMPLOYEES’ DEFINED BENEFIT RETIREMENT PLAN

ACTUARIAL VALUATION REPORT
AS OF OCTOBER 1, 2015

CONTRIBUTIONS APPLICABLE TO THE
PLAN/FISCAL YEAR ENDING SEPTEMBER 30, 2016
March 14, 2016

Retirement Committee
Dallas Area Rapid Transit
1401 Pacific Avenue
Dallas, TX  75201

Re: DART Employees’ Defined Benefit Retirement Plan

Dear Committee Members:

We are pleased to present to the Committee this report of the annual actuarial valuation of the DART Employees’ Defined Benefit Retirement Plan. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. Please note that this valuation may not be applicable for any other purposes.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Committee, and reflects the financing objectives of the Employer, as well as applicable federal laws and regulations. In our opinion, the assumptions used in this valuation, as adopted by the Retirement Committee, represent reasonable expectations of anticipated plan experience. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the DART faculty, financial reports prepared by the custodian bank, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.
The undersigned is familiar with the immediate and long-term aspects of pension valuations and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in DART, nor does anyone at Foster & Foster, Inc. act as a member of the Retirement Committee of the DART Employees’ Defined Benefit Retirement Plan. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact me at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.

By: Bradley R. Heinrichs, FSA, EA, MAAA
Enrolled Actuary #14-6901

BRH/lke
Enclosures
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<th>Title</th>
<th>Page</th>
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<td></td>
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</tbody>
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Dallas Area Rapid Transit Employees' Defined Benefit Retirement Plan
SUMMARY OF REPORT

The annual actuarial valuation of the DART Employees’ Defined Benefit Retirement Plan, performed as of October 1, 2015, has been completed, and the results are presented in this Report. The contribution amounts developed in this valuation are applicable to the plan/fiscal year ended September 30, 2016.

The contribution requirements, compared with amounts developed in the October 1, 2014 actuarial valuation report (as performed by the prior actuary), are as follows:

<table>
<thead>
<tr>
<th>Valuation Date</th>
<th>Applicable Plan/Fiscal Yr. End</th>
<th>Total Required Contribution¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>10/1/2015</td>
<td>9/30/2016</td>
<td>$9,217,479</td>
</tr>
<tr>
<td>10/1/2014</td>
<td>9/30/2015</td>
<td>$9,013,191 ¹</td>
</tr>
</tbody>
</table>

¹ Reflects minimum required contribution payable at end of plan year. Please note that the minimum required contribution for the plan year ended on September 30, 2015 was satisfied with an $8,600,000 contribution dated March 26, 2015 and a $105,808 contribution dated June 1, 2015.

The balance of this Report presents additional details of the actuarial valuation and the general operation of the Fund. The undersigned would be pleased to meet with the Board to discuss the Report and answer any pending questions concerning its contents.

Respectfully submitted,

FOSTER & FOSTER, INC.

By:__________________________
Drew D. Ballard, EA, MAAA

By:__________________________
Bradley R. Heinrichs, FSA, EA, MAAA
计划变更

自上次评估以来，没有对福利进行任何变更。

精算假设/方法变更

自上次评估以来，DART 聘用了 Foster & Foster 作为其精算师。作为精算师过渡过程的一部分，Foster & Foster 能够在预期范围内复制主要评估结果。没有其他变更到假设或方法中。
## COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

### A. Participant Data

<table>
<thead>
<tr>
<th>Number Included</th>
<th>10/1/2015</th>
<th>10/1/2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actives</td>
<td>298</td>
<td>311</td>
</tr>
<tr>
<td>Service Retirees</td>
<td>509</td>
<td>504</td>
</tr>
<tr>
<td>Beneficiaries</td>
<td>210</td>
<td>209</td>
</tr>
<tr>
<td>Disability Retirees</td>
<td>36</td>
<td>37</td>
</tr>
<tr>
<td>Terminated Vested</td>
<td>163</td>
<td>172</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,216</td>
<td>1,233</td>
</tr>
</tbody>
</table>

Total Annual Payroll: $18,937,919

Payroll Under Assumed Ret. Age: 18,566,864

### Annual Rate of Payments to:

<table>
<thead>
<tr>
<th></th>
<th>10/1/2015</th>
<th>10/1/2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Retirees</td>
<td>8,529,396</td>
<td>8,295,544</td>
</tr>
<tr>
<td>Beneficiaries</td>
<td>2,092,791</td>
<td>2,053,420</td>
</tr>
<tr>
<td>Disability Retirees</td>
<td>452,532</td>
<td>456,224</td>
</tr>
<tr>
<td>Terminated Vested</td>
<td>1,405,337</td>
<td>1,520,510</td>
</tr>
</tbody>
</table>

### B. Assets

<table>
<thead>
<tr>
<th></th>
<th>10/1/2015</th>
<th>10/1/2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuarial Value</td>
<td>157,995,381</td>
<td>150,995,597</td>
</tr>
<tr>
<td>Market Value</td>
<td>154,468,247</td>
<td>156,829,423</td>
</tr>
</tbody>
</table>

### C. Liabilities

<table>
<thead>
<tr>
<th>Present Value of Benefits</th>
<th>10/1/2015</th>
<th>10/1/2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actives</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retirement Benefits</td>
<td>91,706,376</td>
<td>n/a</td>
</tr>
<tr>
<td>Disability Benefits</td>
<td>2,744,569</td>
<td>n/a</td>
</tr>
<tr>
<td>Death Benefits</td>
<td>1,925,790</td>
<td>n/a</td>
</tr>
<tr>
<td>Vested Benefits</td>
<td>716,623</td>
<td>n/a</td>
</tr>
<tr>
<td>Service Retirees</td>
<td>90,884,094</td>
<td>n/a</td>
</tr>
<tr>
<td>Beneficiaries</td>
<td>18,062,504</td>
<td>n/a</td>
</tr>
<tr>
<td>Disability Retirees</td>
<td>4,292,373</td>
<td>n/a</td>
</tr>
<tr>
<td>Terminated Vested</td>
<td>13,940,173</td>
<td>14,075,963</td>
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<tr>
<td><strong>Total</strong></td>
<td>224,272,502</td>
<td>218,385,454</td>
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</table>
C. Liabilities - (Continued)  

<table>
<thead>
<tr>
<th>Description</th>
<th>10/1/2015</th>
<th>10/1/2014</th>
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</thead>
<tbody>
<tr>
<td>Present Value of Future Salaries</td>
<td>114,690,553</td>
<td>n/a</td>
</tr>
<tr>
<td>Normal Cost (Retirement)</td>
<td>2,101,328</td>
<td>n/a</td>
</tr>
<tr>
<td>Normal Cost (Disability)</td>
<td>64,210</td>
<td>n/a</td>
</tr>
<tr>
<td>Normal Cost (Death)</td>
<td>10,303</td>
<td>n/a</td>
</tr>
<tr>
<td>Normal Cost (Vesting)</td>
<td>13,826</td>
<td>n/a</td>
</tr>
<tr>
<td>Total Normal Cost</td>
<td>2,189,667</td>
<td>2,217,243</td>
</tr>
<tr>
<td>Present Value of Future Normal Costs</td>
<td>14,026,047</td>
<td>n/a</td>
</tr>
<tr>
<td>Accrued Liability (Retirement)</td>
<td>78,119,620</td>
<td>n/a</td>
</tr>
<tr>
<td>Accrued Liability (Disability)</td>
<td>2,425,546</td>
<td>n/a</td>
</tr>
<tr>
<td>Accrued Liability (Death)</td>
<td>1,832,751</td>
<td>n/a</td>
</tr>
<tr>
<td>Accrued Liability (Vesting)</td>
<td>689,394</td>
<td>n/a</td>
</tr>
<tr>
<td>Accrued Liability (Inactives)</td>
<td>127,179,144</td>
<td>125,803,187</td>
</tr>
<tr>
<td>Total Actuarial Accrued Liability</td>
<td>210,246,455</td>
<td>203,311,783</td>
</tr>
<tr>
<td>Unfunded Actuarial Accrued Liability (UAAL)</td>
<td>52,251,074</td>
<td>52,316,186</td>
</tr>
<tr>
<td>Funded Ratio (AVA / AL)</td>
<td>75.1%</td>
<td>74.3%</td>
</tr>
</tbody>
</table>

D. Actuarial Present Value of Accrued Benefits

<table>
<thead>
<tr>
<th>Description</th>
<th>10/1/2015</th>
<th>10/1/2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inactives</td>
<td>127,179,144</td>
<td>125,803,187</td>
</tr>
<tr>
<td>Actives</td>
<td>70,714,110</td>
<td>n/a</td>
</tr>
<tr>
<td>Total</td>
<td>197,893,254</td>
<td>n/a</td>
</tr>
<tr>
<td>Funded Ratio (MVA / PVAB)</td>
<td>78.1%</td>
<td>n/a</td>
</tr>
</tbody>
</table>
E. Development of Actuarial Required Contribution

1. Total Normal Cost
   - 2015: $2,189,667
   - 2014: $2,217,243

2. Expected Employee Contributions
   - 2015: $3,242
   - 2014: $3,062

3. Net Amortization Requirement
   - 2015: $6,428,041
   - 2014: $6,209,362

4. Credit Balance
   - 2015: $0
   - 2014: $0

5. Interest at Funding Rate to End of Year
   - 2015: $603,013
   - 2014: $589,648

6. Preliminary Contribution Requirement
   - [1)-(2)+(3)-(4)+(5)
   - 2015: $9,217,479
   - 2014: $9,013,191

7. Full Funding Limitation
   - 2015: $62,022,158
   - 2014: $58,347,492

8. Credit Balance in FSA (with interest)
   - 2015: $0
   - 2014: $0

9. Total Required Contribution (End of Year)
   - Lesser of [(6) and (7)] - (8)
   - 2015: $9,217,479
   - 2014: $9,013,191

   % of Covered Payroll
   - 2015: 49.6%
   - 2014: 47.1%

10. Total Required Contribution
    a. If paid on September 30
        - 2015: $9,217,479
        - 2014: $9,013,191
    b. If paid on April 1
        - 2015: $8,915,972
        - 2014: n/a
    c. Amount paid March 26, 2015
        - 2015: n/a
        - 2014: $8,600,000
    d. Remaining amount paid June 1, 2015
        - 2015: n/a
        - 2014: $105,808
### RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

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<tr>
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<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Unfunded Actuarial Accrued Liability as of October 1, 2014</td>
<td>$52,316,186</td>
</tr>
<tr>
<td>2</td>
<td>Employer Normal Cost developed as of October 1, 2014</td>
<td>2,214,181</td>
</tr>
<tr>
<td>3</td>
<td>Expected interest on (1) and (2)</td>
<td>3,817,126</td>
</tr>
<tr>
<td>4</td>
<td>Employer contributions to the System during the year ended September 30, 2015</td>
<td>8,705,808</td>
</tr>
<tr>
<td>5</td>
<td>Expected interest on (5)</td>
<td>307,383</td>
</tr>
<tr>
<td>6</td>
<td>Expected Unfunded Actuarial Accrued Liability as of September 30, 2015 (1)+(2)+(3)-(4)-(5)</td>
<td>49,334,302</td>
</tr>
<tr>
<td>7</td>
<td>Change to UAAL due to Method Change (Actuary Transition)</td>
<td>2,953,177</td>
</tr>
<tr>
<td>8</td>
<td>Change to UAAL due to Actuarial (Gain)/Loss</td>
<td>(36,405)</td>
</tr>
<tr>
<td>9</td>
<td>Unfunded Accrued Liability as of October 1, 2015</td>
<td>52,251,074</td>
</tr>
</tbody>
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MAINTENANCE SCHEDULE OF MINIMUM CONTRIBUTION AMORTIZATION BASES

**Charge Bases**

<table>
<thead>
<tr>
<th>Type of Base</th>
<th>Date Established</th>
<th>Years Remaining</th>
<th>10/1/2015 Amount</th>
<th>Amortization Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuarial Loss</td>
<td>10/1/2001</td>
<td>1</td>
<td>$523,569</td>
<td>$523,569</td>
</tr>
<tr>
<td>Assum Change</td>
<td>10/1/2001</td>
<td>16</td>
<td>11,165,237</td>
<td>1,104,603</td>
</tr>
<tr>
<td>Actuarial Loss</td>
<td>10/1/2002</td>
<td>2</td>
<td>219,768</td>
<td>113,600</td>
</tr>
<tr>
<td>Actuarial Loss</td>
<td>10/1/2003</td>
<td>3</td>
<td>1,063,375</td>
<td>378,692</td>
</tr>
<tr>
<td>Actuarial Loss</td>
<td>10/1/2004</td>
<td>4</td>
<td>405,954</td>
<td>112,008</td>
</tr>
<tr>
<td>Actuarial Loss</td>
<td>10/1/2005</td>
<td>5</td>
<td>1,781,999</td>
<td>406,180</td>
</tr>
<tr>
<td>Assum Change</td>
<td>10/1/2005</td>
<td>20</td>
<td>343,419</td>
<td>30,296</td>
</tr>
<tr>
<td>Actuarial Loss</td>
<td>10/1/2008</td>
<td>8</td>
<td>2,028,112</td>
<td>317,424</td>
</tr>
<tr>
<td>Actuarial Loss</td>
<td>10/1/2009</td>
<td>9</td>
<td>7,940,695</td>
<td>1,139,055</td>
</tr>
<tr>
<td>Actuarial Loss</td>
<td>10/1/2010</td>
<td>10</td>
<td>425,277</td>
<td>56,589</td>
</tr>
<tr>
<td>Actuarial Loss</td>
<td>10/1/2011</td>
<td>11</td>
<td>5,974,081</td>
<td>744,565</td>
</tr>
<tr>
<td>VRIP Amendment</td>
<td>10/1/2011</td>
<td>26</td>
<td>1,806,414</td>
<td>142,759</td>
</tr>
<tr>
<td>Assum Change</td>
<td>10/1/2011</td>
<td>26</td>
<td>14,637,101</td>
<td>1,156,755</td>
</tr>
<tr>
<td>Actuarial Loss</td>
<td>10/1/2012</td>
<td>12</td>
<td>9,870,464</td>
<td>1,161,412</td>
</tr>
<tr>
<td>Actuarial Loss</td>
<td>10/1/2013</td>
<td>13</td>
<td>245,092</td>
<td>27,407</td>
</tr>
<tr>
<td>Method Change</td>
<td>10/1/2015</td>
<td>30</td>
<td>2,953,177</td>
<td>222,417</td>
</tr>
</tbody>
</table>

**Total Charge Bases**

$61,383,734 $7,637,331

**Credit Bases**

<table>
<thead>
<tr>
<th>Type of Base</th>
<th>Date Established</th>
<th>Years Remaining</th>
<th>10/1/2015 Amount</th>
<th>Amortization Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuarial Gain</td>
<td>10/1/2006</td>
<td>6</td>
<td>($1,204,348)</td>
<td>($236,138)</td>
</tr>
<tr>
<td>Actuarial Gain</td>
<td>10/1/2007</td>
<td>7</td>
<td>(2,605,927)</td>
<td>(451,905)</td>
</tr>
<tr>
<td>Assum Change</td>
<td>10/1/2012</td>
<td>27</td>
<td>(1,639,399)</td>
<td>(127,821)</td>
</tr>
<tr>
<td>Actuarial Gain</td>
<td>10/1/2014</td>
<td>14</td>
<td>(3,646,581)</td>
<td>(389,690)</td>
</tr>
<tr>
<td>Actuarial Gain</td>
<td>10/1/2015</td>
<td>15</td>
<td>(36,405)</td>
<td>(3,736)</td>
</tr>
</tbody>
</table>

**Total Credit Bases**

($9,132,660) ($1,209,290)

3. **Net Charge**

$52,251,074 $6,428,041

4. **Credit Balance**

$0

5. **UAAL (3) - (4)**

$52,251,074
DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2014 $52,316,186

(2) Expected UAAL as of October 1, 2015 49,334,302

(3) Summary of Actuarial (Gain)/Loss, by component:

   Investment Return (Actuarial Asset Basis) 815,022
   Salary Increases (17,080)
   Active Decrements (535,224)
   Inactive Mortality 303,750
   CPI Increase (604,755)
   Other 1,882
   Increase in UAAL due to (Gain)/Loss (36,405)
   Method Change (Actuary Transition) 2,953,177

(4) Actual UAAL as of October 1, 2015 $52,251,074
### Charges

1. Employer Normal Cost developed as of October 1, 2015: $2,186,425
2. Amortization Charges as of October 1, 2015: 7,637,331
3. Interest at Funding Rate to End of Year: 687,663

**Total Charges**

$10,511,419

### Credits

1. October 1, 2015 Credit Balance: $0
2. Amortization Credits as of October 1, 2015: 1,209,290
3. Interest at Funding Rate to End of Year: 84,650
4. ERISA Full Funding Limit Credit: 0

**Total Credits**

$1,293,940

**Actuarial Required Contribution Payable on September 30, 2015**: $9,217,479
<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Actuarial Accrued Liability as of October 1, 2015</td>
<td>$210,246,455</td>
</tr>
<tr>
<td>2</td>
<td>Employer Normal Cost developed as of October 1, 2015</td>
<td>2,186,425</td>
</tr>
<tr>
<td>3</td>
<td>Expected Benefit Payments</td>
<td>(11,989,544)</td>
</tr>
<tr>
<td>4</td>
<td>Interest at Funding Rate to End of Year</td>
<td>14,450,668</td>
</tr>
<tr>
<td>5</td>
<td>Projected Actuarial Accrued Liability at End of Year</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(1)+(2)+(3)+(4)</td>
<td>$214,894,004</td>
</tr>
<tr>
<td>6</td>
<td>Actuarial Value of Assets as of October 1, 2015</td>
<td>157,995,381</td>
</tr>
<tr>
<td>7</td>
<td>Market Value of Assets as of October 1, 2015</td>
<td>154,468,247</td>
</tr>
<tr>
<td>8</td>
<td>Lesser of (6) or (7)</td>
<td>154,468,247</td>
</tr>
<tr>
<td>9</td>
<td>Credit Balance as of October 1, 2015</td>
<td>0</td>
</tr>
<tr>
<td>10</td>
<td>Adjusted Assets (8)-(9)</td>
<td>$154,468,247</td>
</tr>
<tr>
<td>11</td>
<td>Interest at Funding Rate to End of Year</td>
<td>10,393,143</td>
</tr>
<tr>
<td>12</td>
<td>Projected Value of ERISA Assets at End of Year</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(3)+(10)+(11)</td>
<td>152,871,846</td>
</tr>
<tr>
<td>13</td>
<td>ERISA Full Funding Limit (5)-(12)</td>
<td>$62,022,158</td>
</tr>
</tbody>
</table>
RECONCILIATION OF FUNDING STANDARD ACCOUNT

**Charges**

1. Prior Year Funding Deficiency $0
2. Employer Normal Cost developed as of October 1, 2014 2,214,181
3. Amortization Charges as of October 1, 2014 7,414,916
4. Interest at Funding Rate to End of Year 674,037

   *Total Charges*  
   $10,303,134

**Credits**

1. October 1, 2014 Credit Balance $0
2. Employer contributions to the System during the year ended September 30, 2015 8,705,808
3. Amortization Credits as of October 1, 2014 1,205,554
4. Interest at Funding Rate to End of Year 391,772
5. ERISA Full Funding Limit Credit 0

   *Total Credits*  
   $10,303,134

   **October 1, 2015 Credit Balance (Credits less Charges)** $0
ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate

*Healthy Lives:* RP-2000 Combined Healthy Table (sex distinct) with rates increased by 8.59% and with fully generational mortality improvement projections using Scale AA.

*Disabled Lives:* RP-2000 Disabled Mortality Table (sex distinct).

The assumed rates of mortality are reasonable as they sufficiently accommodate expected future mortality improvements.

Interest Rate

7.00% per year compounded annually, net of all expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.

Retirement Age

<table>
<thead>
<tr>
<th>Age</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>55</td>
<td>10.0%</td>
</tr>
<tr>
<td>56</td>
<td>5.0</td>
</tr>
<tr>
<td>57</td>
<td>5.0</td>
</tr>
<tr>
<td>58</td>
<td>5.0</td>
</tr>
<tr>
<td>59</td>
<td>5.0</td>
</tr>
<tr>
<td>60</td>
<td>5.0</td>
</tr>
<tr>
<td>61</td>
<td>5.0</td>
</tr>
<tr>
<td>62</td>
<td>20.0</td>
</tr>
<tr>
<td>63</td>
<td>10.0</td>
</tr>
<tr>
<td>64</td>
<td>10.0</td>
</tr>
<tr>
<td>65</td>
<td>50.0</td>
</tr>
<tr>
<td>66</td>
<td>20.0</td>
</tr>
<tr>
<td>67</td>
<td>40.0</td>
</tr>
<tr>
<td>68</td>
<td>20.0</td>
</tr>
<tr>
<td>69</td>
<td>20.0</td>
</tr>
<tr>
<td>70</td>
<td>100.0</td>
</tr>
</tbody>
</table>

We feel the assumed rates of retirement are reasonable based upon the plan provisions.

Salary Increases

3.25% per year until the assumed retirement age. This is reasonable based on the long-term expectation.

Payroll Growth

None.

Inflation

2.50% per year. This is reasonable based on long-term historical increases.
Valuation Compensation

Future compensation utilized for valuation purposes is developed as the sum of:

1) Base pay (projected with salary increases)
2) Bonus pay (projected with salary increases)
3) Service-Incentive pay (projected assuming payment of $6 per month of service (maximum of $150 per month)

Termination Rate

Members are assumed to terminate employment at varying rates based on age and gender. Sample rates are as follows:

<table>
<thead>
<tr>
<th>Age</th>
<th>Male Rate</th>
<th>Female Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>45</td>
<td>2.74</td>
<td>6.90%</td>
</tr>
<tr>
<td>50</td>
<td>2.14</td>
<td>4.90</td>
</tr>
<tr>
<td>55</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>60</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

These rates were utilized by the prior actuary and seem reasonable based on long-term expectations.

Disability Rate

Members are assumed to become disabled prior to retirement at varying rates based on age. Sample rates are as follows:

<table>
<thead>
<tr>
<th>Age</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>45</td>
<td>0.12%</td>
</tr>
<tr>
<td>50</td>
<td>0.24</td>
</tr>
<tr>
<td>55</td>
<td>0.42</td>
</tr>
<tr>
<td>60</td>
<td>0.60</td>
</tr>
</tbody>
</table>

These rates were utilized by the prior actuary and seem reasonable based on long-term expectations.

Marital Status

85% of male participants and 65% of female participants are assumed to be married. Additionally, male spouses are assumed to be three years older than female spouses.

Funding Method

The minimum required contribution is based upon DART’s agreement to contribute an amount at least equal to the minimum funding standard under Section 412 of the Internal Revenue Code of 1986, as if the Plan were subject to Section 412, per the stipulation of the “Sale, Purchase and Transfer contract between the City of Dallas and Dallas Area Rapid Transit.”

Actuarial Cost Method

Projected Unit Credit.
Actuarial Asset Method

All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.
Total Annual Payroll is the annual rate of valuation compensation as of the valuation date of all covered Members.

Payroll Under Assumed Retirement Age is the annual rate of valuation compensation for all Members who are not subject to a 100% probability of retirement as of the valuation date.

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current Members, Retirees, Beneficiaries, Disability Retirees and Vested Terminations.

Normal (Current Year's) Cost is determined for each participant as the present value of the increase in the accrued benefit for the plan year, utilizing projected salary.

Projected Unit Credit Actuarial Cost Method (Level Percent of Compensation) is the method used to determine required contributions under the Plan. The use of this method involves the systematic funding of the Normal Cost (described above) and the Unfunded Accrued (Past Service) Liability. The actuarial accrued liability is the present value of accrued benefits, utilizing projected salary for active Plan Participants.

Unfunded Actuarial Accrued Liability (UAAL) is the difference between the actuarial accrued liability (described above) and the actuarial value of assets. Under the Projected Unit Credit Actuarial Cost Method, an actuarial gain or loss, based on actual versus expected UAAL, is determined in conjunction with each valuation of the plan.
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2015

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>MARKET VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Cash and Equivalents</td>
<td>2,954,077</td>
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<tr>
<td>Receivables:</td>
<td></td>
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<tr>
<td>Other</td>
<td>13,549</td>
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<tr>
<td>From Broker for Investments Sold</td>
<td>1,656,190</td>
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<tr>
<td>Total Receivable</td>
<td>1,669,739</td>
</tr>
<tr>
<td>Investments:</td>
<td></td>
</tr>
<tr>
<td>Fixed Income</td>
<td>62,722,678</td>
</tr>
<tr>
<td>Equity</td>
<td>73,076,998</td>
</tr>
<tr>
<td>Real Estate</td>
<td>15,665,034</td>
</tr>
<tr>
<td>Total Investments</td>
<td>151,464,710</td>
</tr>
<tr>
<td>Total Assets</td>
<td>156,088,526</td>
</tr>
</tbody>
</table>

| LIABILITIES                                 |                  |
| Payables:                                   |                  |
| Accounts Payable, Expenses                  | 168,130          |
| To Broker for Investments Purchased         | 1,452,149        |
| Total Liabilities                           | 1,620,279        |

NET POSITION RESTRICTED FOR PENSIONS 154,468,247
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
Market Value Basis

**ADDITIONS**  
Contributions:  
- Member: 1,882  
- Employer: 8,705,808  
Total Contributions: 8,707,690

Investment Income:  
- Net Increase in Fair Value of Investments: (2,037,387)  
- Interest & Dividends: 3,071,018  
- Less Investment Expense¹: (514,071)  
Net Investment Income: 519,560

Total Additions: 9,227,250

**DEDUCTIONS**  
Distributions to Members:  
- Benefit Payments: 11,369,415  
Total Distributions: 11,369,415

Administrative Expense: 219,011

Total Deductions: 11,588,426

Net Increase in Net Position: (2,361,176)

**NET POSITION RESTRICTED FOR PENSIONS**  
Beginning of the Year: 156,829,423  
End of the Year: 154,468,247

¹Investment related expenses include investment advisory, custodial and performance monitoring fees.
ACTUARIAL ASSET VALUATION
September 30, 2015

Actuarial Assets for funding purposes are developed by recognizing the total actuarial investment gain or loss for each Plan Year over a five year period. In the first year, 20% of the gain or loss is recognized. In the second year 40%, in the third year 60%, in the fourth year 80%, and in the fifth year 100% of the gain or loss is recognized. The actuarial investment gain or loss is defined as the actual return on investments minus the actuarial assumed investment return. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

<table>
<thead>
<tr>
<th>Plan Year Ending</th>
<th>Gain/Loss</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>09/30/2011</td>
<td>(10,873,221)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>09/30/2012</td>
<td>8,139,300</td>
<td>1,627,860</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>09/30/2013</td>
<td>5,041,554</td>
<td>2,016,622</td>
<td>1,008,311</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>09/30/2014</td>
<td>2,159,773</td>
<td>1,295,864</td>
<td>863,909</td>
<td>431,955</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>09/30/2015</td>
<td>(10,584,350)</td>
<td>(8,467,480)</td>
<td>(6,350,610)</td>
<td>(4,233,740)</td>
<td>(2,116,870)</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>(3,527,134)</td>
<td>(4,478,390)</td>
<td>(3,801,785)</td>
<td>(2,116,870)</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

**Development of Investment Gain/(Loss)**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Value of Assets, 09/30/2014</td>
<td>156,829,423</td>
</tr>
<tr>
<td>Contributions Less Benefit Payments</td>
<td>(2,661,725)</td>
</tr>
<tr>
<td>Expected Investment Earnings*</td>
<td>10,884,899</td>
</tr>
<tr>
<td>Actual Net Investment Earnings</td>
<td>300,549</td>
</tr>
<tr>
<td>2015 Actuarial Investment Gain/(Loss)</td>
<td>(10,584,350)</td>
</tr>
</tbody>
</table>

*Expected Investment Earnings = 0.07 * [156,829,423 + 0.5 * (2,661,725)]

**Development of Actuarial Value of Assets**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Market Value of Assets, 09/30/2015</td>
<td>154,468,247</td>
</tr>
<tr>
<td>(2) Gains/(Losses) Not Yet Recognized</td>
<td>(3,527,134)</td>
</tr>
<tr>
<td>(3) Actuarial Value of Assets, 09/30/2015, (1) - (2)</td>
<td>157,995,381</td>
</tr>
</tbody>
</table>

(A) 09/30/2014 Actuarial Assets: 150,995,597

(I) Net Investment Income:
   1. Interest and Dividends: 3,071,018
   2. Change in Actuarial Value: 7,323,573
   3. Investment & Administrative Expenses: (733,082)
   Total: 9,661,509

(B) 09/30/2015 Actuarial Assets: 157,995,381

Actuarial Asset Rate of Return = 2I/(A+B-I): 6.46%
Market Value of Assets Rate of Return: 0.19%

Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis): 815,022

10/01/2015 Limited Actuarial Assets: 157,995,381
### REVENUES

<table>
<thead>
<tr>
<th>Contributions:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Member</td>
<td>1,882</td>
</tr>
<tr>
<td>Employer</td>
<td>8,705,808</td>
</tr>
</tbody>
</table>

Total Contributions 8,707,690

<table>
<thead>
<tr>
<th>Earnings from Investments:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest &amp; Dividends</td>
<td>3,071,018</td>
</tr>
<tr>
<td>Change in Actuarial Value</td>
<td>7,323,573</td>
</tr>
</tbody>
</table>

Total Earnings and Investment Gains 10,394,591

### EXPENDITURES

<table>
<thead>
<tr>
<th>Distributions to Members:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit Payments</td>
<td>11,369,415</td>
</tr>
</tbody>
</table>

Total Distributions 11,369,415

<table>
<thead>
<tr>
<th>Expenses:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment related¹</td>
<td>514,071</td>
</tr>
<tr>
<td>Administrative</td>
<td>219,011</td>
</tr>
</tbody>
</table>

Total Expenses 733,082

Change in Net Assets for the Year 6,999,784

Net Assets Beginning of the Year 150,995,597

Net Assets End of the Year² 157,995,381

¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

²Net Assets may be limited for actuarial consideration.
## STATISTICAL DATA

### Actives

<table>
<thead>
<tr>
<th></th>
<th>10/1/2014</th>
<th>10/1/2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>311</td>
<td>298</td>
</tr>
<tr>
<td>Average Current Age</td>
<td>56.8</td>
<td>57.6</td>
</tr>
<tr>
<td>Average Age at Employment</td>
<td>25.5</td>
<td>25.3</td>
</tr>
<tr>
<td>Average Past Service</td>
<td>31.3</td>
<td>32.3</td>
</tr>
<tr>
<td>Average Annual Salary</td>
<td>$61,508</td>
<td>$63,550</td>
</tr>
</tbody>
</table>

### Service Retirees

<table>
<thead>
<tr>
<th></th>
<th>10/1/2014</th>
<th>10/1/2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>504</td>
<td>509</td>
</tr>
<tr>
<td>Average Current Age</td>
<td>71.2</td>
<td>71.7</td>
</tr>
<tr>
<td>Average Annual Benefit</td>
<td>$16,459</td>
<td>$16,757</td>
</tr>
</tbody>
</table>

### Beneficiaries

<table>
<thead>
<tr>
<th></th>
<th>10/1/2014</th>
<th>10/1/2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>209</td>
<td>210</td>
</tr>
<tr>
<td>Average Current Age</td>
<td>74.5</td>
<td>74.4</td>
</tr>
<tr>
<td>Average Annual Benefit</td>
<td>$9,825</td>
<td>$9,966</td>
</tr>
</tbody>
</table>

### Disability Retirees

<table>
<thead>
<tr>
<th></th>
<th>10/1/2014</th>
<th>10/1/2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>37</td>
<td>36</td>
</tr>
<tr>
<td>Average Current Age</td>
<td>66.5</td>
<td>67.5</td>
</tr>
<tr>
<td>Average Annual Benefit</td>
<td>$12,330</td>
<td>$12,570</td>
</tr>
</tbody>
</table>

### Terminated Vested

<table>
<thead>
<tr>
<th></th>
<th>10/1/2014</th>
<th>10/1/2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>172</td>
<td>163</td>
</tr>
<tr>
<td>Average Current Age</td>
<td>55.0</td>
<td>55.8</td>
</tr>
<tr>
<td>Average Annual Benefit</td>
<td>$8,840</td>
<td>$8,622</td>
</tr>
</tbody>
</table>
VALUATION PARTICIPANT RECONCILIATION

1. Active lives

   a. Number in prior valuation 10/1/2014 311
   
   b. Terminations
      i. Vested (partial or full) with deferred benefits (2)
      ii. Non-vested or full lump sum distribution received 0
   
   c. Deaths
      i. Beneficiary receiving benefits (1)
      ii. No future benefits payable 0
   
   d. Disabled 0
   
   e. Retired (11)
   
   f. Continuing participants 297
   
   g. Rehires 1
   
   h. Total active life participants in valuation 298

2. Non-Active lives (including beneficiaries receiving benefits)

   Service |
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### Summary of Plan Provisions

#### Eligibility
Participants who on September 30, 1995 were covered under one of the Former Plans (DTS Employees’ Retirement Plan, DTS Retirement Plan A, DTS Retirement Plan B). The current plan is closed to future new entrants.

#### Credited Service
All service as a Participant until the termination of employment.

#### Compensation
Actual or equivalent hourly base pay rate in effect on October 1st of any year multiplied by 2,080 plus the Service-Incentive Pay (SIP) and Operator’s Performance Bonus paid in that year.

#### Final Average Compensation
Average Compensation for the 3 best consecutive calendar years immediately preceding retirement or termination.

#### Member Contributions
Those electing to contribute under the Prior Plan contribute 3.0% of base pay.

#### Normal Retirement

<table>
<thead>
<tr>
<th>Date</th>
<th>Attainment of Age 60.</th>
</tr>
</thead>
</table>
| Benefit       | *Non-Contributory Members:* 2.0% of Final Average Compensation per year of service through October 1, 1983 plus 1.5% of Final Average Compensation per year of service thereafter.  
*Contributory Members:* 2.0% of Final Average Compensation per year of service. |
| Form of Benefit | Actuarially equivalent 50% Joint & Contingent Survivor Annuity (married) or Life Annuity (single). Options available. |

#### Early Retirement

<table>
<thead>
<tr>
<th>Date</th>
<th>Age 55 and 10 years of Credited Service.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit</td>
<td>Accrued benefit, reduced 5.0% per year that the benefit commencement date precedes Age 60.</td>
</tr>
</tbody>
</table>
### Vesting

All members are currently 100% vested in their accrued benefit. If a member terminates employment prior to retirement eligibility, the member will receive their accrued benefit payable at Early (reduced) or Normal Retirement Age.

### Disability

**Eligibility**

- **Service Incurred**: Covered from Date of Employment.
- **Non-Service Incurred**: 10 years of Credited Service.

**Benefit**: Accrued Benefit.

### Death Benefits

**Pre-Retirement**

- **Eligibility**: 10 years of Credited Service.
- **Benefit**: Accrued Benefit (using service assuming member continued employment to age 60) multiplied by 46.0%

**Post-Retirement**

Benefits payable in accordance with option selected at retirement.

### COLA

Equal to the percentage increase (up or down) in the average consumer price index as of September 30, not in excess of 5% in any one year, with such excess held in reserve. The annual adjustment is payable on January 1st of each year and is based on the original annuity at commencement. In no event shall any adjustment downward result in a benefit less than that to which the member was originally entitled.