

**CITY OF MOBILE, ALABAMA
POLICE AND FIREFIGHTERS RETIREMENT PLAN**

**ACTUARIAL VALUATION
AS OF OCTOBER 1, 2010**

**DETERMINES THE CONTRIBUTION
FOR THE 2010/11 FISCAL YEAR**



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February 15, 2011

Introduction

This report presents the results of the October 1, 2010 actuarial valuation of the City of Mobile, Alabama Police and Firefighters Retirement Plan. The report is based on the participant data and asset information provided by the pension plan administrator and, except for a cursory review for reasonableness including a comparison to the data provided for the previous valuation, we have not attempted to verify the accuracy of this information.

The primary purpose of this report is to provide a summary of the funded status of the plan as of October 1, 2010 and to determine the minimum required contribution under Section 7, Act No. 97-689 of the Alabama State Legislature for the 2010/11 plan year. In addition, this report provides a projection of the long-term funding requirements of the plan, accounting disclosures pursuant to Governmental Accounting Standards Board Statement Nos. 25 and 27 (GASB 25/27), statistical information concerning the assets held in the trust, statistical information concerning the participant population, and a summary of any recent plan changes.

The liabilities and cost presented in this report are based on numerous assumptions concerning the cost of benefits to be provided in the future, long-term investment returns, and the future demographic experience of the current participants. Anyone referring to this report should remember that the cost developed herein is only an *estimate* of the true cost of providing post-employment pension benefits. No one can predict with certainty whether the true cost will be higher or lower than the cost presented in this report. The calculated cost is entirely dependent upon the assumptions that are described in Table V-A. If any of the assumptions is changed, then the cost shown in this report will change accordingly. Likewise, if any of the assumptions is not completely realized, then the cost shown in this report will change in the future.

Certain assumptions play a bigger role than others in determining the cost of the post-employment pension benefits. In some cases, relatively small changes in a particular assumption can have a dramatic impact on the anticipated cost of benefits. Although a thorough analysis of the impact of such changes is beyond the scope of this report, Table I-B illustrates the impact that alternative long-term investment returns would have on the minimum required contribution rate.

Minimum Required Contribution

Table I-A shows the development of the minimum required contribution for the 2010/11 plan year. The minimum required contribution is \$16,895,706, which represents a decrease of \$1,176,272 from the prior valuation. The corresponding contribution rates as a percentage of covered payroll are 45.61% and 43.90% for the 2009/10 and 2010/11 plan years, respectively. The City is expected to be required to contribute \$12,683,622 of the minimum required contribution, with the remainder of the required contribution being covered by employee contributions, fire insurance premium taxes, and municipal court receipts. The actual required contribution from the City will depend on the level of contribution from the other sources such that the total funding requirement is met each year.



Table I-C provides a breakdown of the sources of change in the contribution rate. Significantly, the rate increased by 0.38% of payroll due to a scheduled increase in the amortization payments, increased by 3.78% of payroll due to investment losses, and decreased by 5.87% of payroll due to demographic experience. The market value of assets earned only 6.94% during the 2009/10 plan year, whereas an 8.00% annual investment return was required to maintain a stable contribution rate.

Section 7, Act No. 97-689 of the Alabama State Legislature (the "Act") sets forth the rules concerning the minimum required contribution for the plan. Essentially, the City must contribute an amount equal to the annual normal cost of the plan plus an amortization payment towards the unfunded liability, where the amortization period varies between five and 30 years depending on the source of the change in the unfunded liability. This plan uses the projected unit credit cost method to develop an unfunded liability each year. Changes in the unfunded liability from the prior year are then amortized or "paid off" over a period of time. The period over which the unfunded liability is amortized is often referred to as the "funding period" of the plan. Under the Act, plan amendments are amortized over 30 years, changes in actuarial methods and assumptions are amortized over 10 years, and experience gains and losses are amortized over five years. Table I-I shows the various components of the unfunded liability and the respective funding period for each component.

Based on the current assets, participant data, and actuarial assumptions and methods that are used to value the plan, the present-day value of the total long-term funding requirement is \$272,455,199. As illustrated in Table I-A, current assets are sufficient to cover \$102,393,499 of this amount, the 2010/11 contribution will cover \$16,895,706 of this amount, and future employee contributions are expected to cover \$26,891,734 of this amount, leaving \$126,274,260 to be covered by future employer funding beyond the 2010/11 fiscal year. Again, demographic and investment experience that differs from that assumed will either increase or decrease the future employer funding requirement.

Contents of the Report

Tables I-D through I-H provide a detailed breakdown of various liability amounts by type of benefit and by participant group. Tables II-A through II-C provide information needed by both the plan's and the employer's accountants in order to prepare the relevant financial statements that cover the period October 1, 2010 through September 30, 2011. Tables III-A through III-F provide information concerning the assets of the trust fund. Specifically, Table III-A shows the development of the actuarial value of assets, which is based on a five-year phase-in of the net investment gains and losses in order to provide a more stable and predictable contribution rate for the employer. Tables IV-A through IV-G provide statistical information concerning the plan's participant population. In particular, Table IV-G gives a 10-year projection of the cash that is expected to be required from the trust fund in order to pay benefits to the current group of participants. Finally, Tables V-A through VI-B provide a summary of the actuarial assumptions and methods that are used to value the plan's benefits and of the relevant plan provisions as of October 1, 2010, as well as a summary of the changes that have occurred since the previous valuation report was prepared.



Certification

This actuarial valuation was prepared by me or under my direct supervision and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate and, in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of the Act. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material change in plan costs or required contribution rates have been taken into account in the valuation.

For the firm,



Charles T. Carr
Consulting Actuary
Southern Actuarial Services Company, Inc.

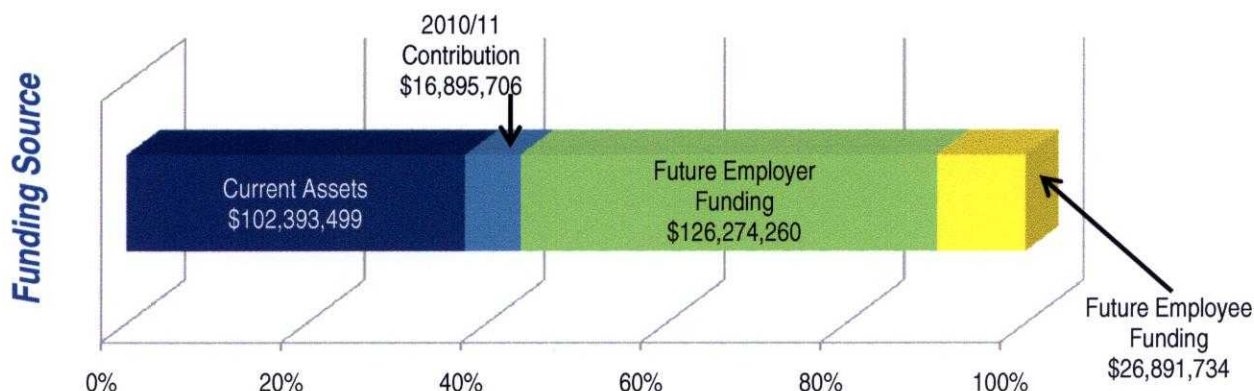
Enrolled Actuary No. 08-04927

The individual above is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.



Minimum Required Contribution

Table I-A



For the 2010/11 Plan Year

Projected Unit Credit Normal Cost	\$4,890,309
Unfunded Liability Amortization Payment	\$11,913,283
Expense Allowance	\$92,114

Minimum Required Contribution **\$16,895,706**

Expected Payroll for the 2010/11 Plan Year ÷ \$36,845,566

Contribution by Source (Estimated)		% of Payroll
City of Mobile	\$12,683,622	32.96%
Fire insurance premium tax	\$1,154,598	3.00%
Municipal court receipts	\$134,703	0.35%
Employees	\$2,922,783	7.59%
Minimum required contribution	\$16,895,706	43.90%

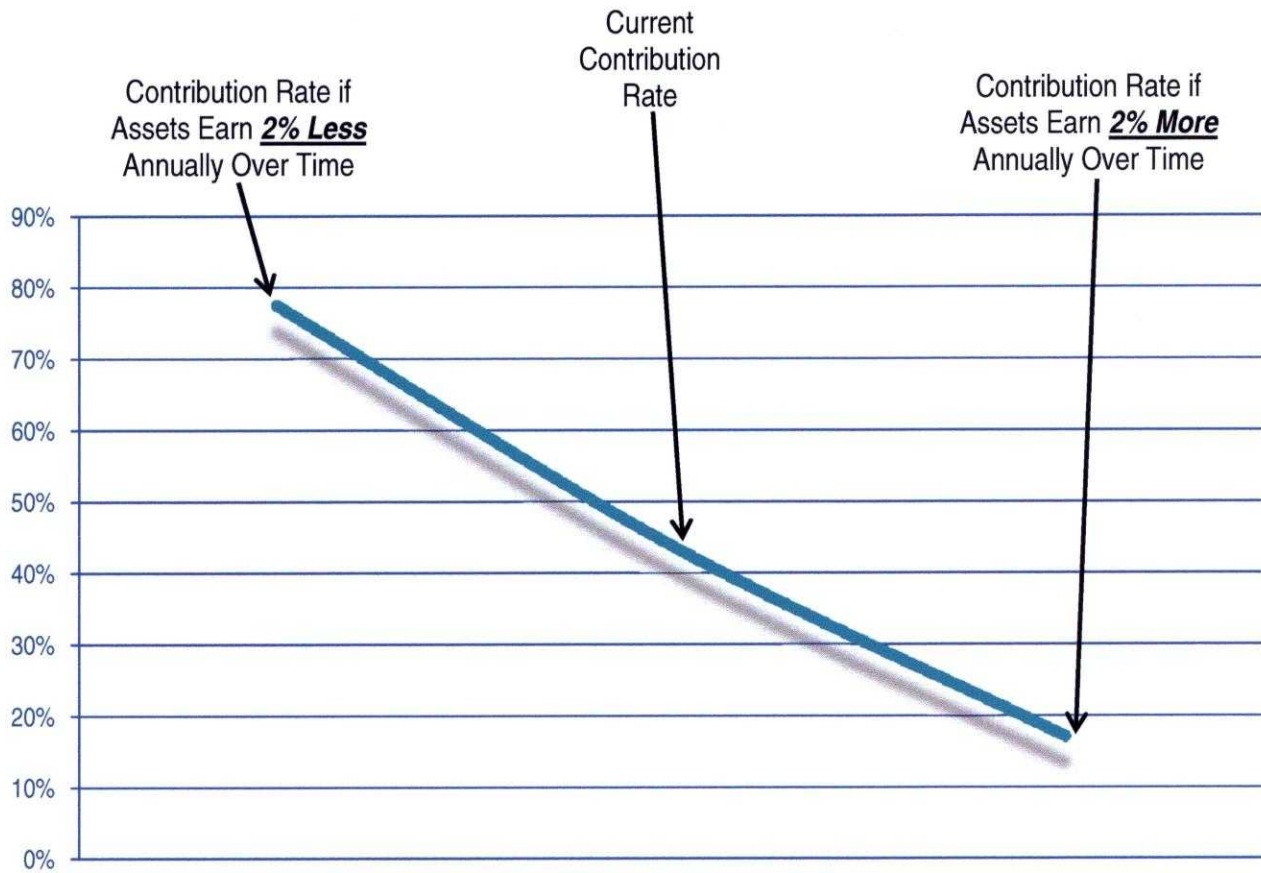
Additional Disclosures

Present Value of Future Compensation	\$354,104,801
Present Value of Future Employer Contributions	\$126,274,260
Present Value of Future Employee Contributions	\$26,891,734



Sensitivity Analysis

Table I-B



The line above illustrates the sensitivity of the contribution rate to changes in the long-term investment return.



Gain and Loss Analysis

Table I-C

Source of Change in the Contribution Rate

Previous minimum required contribution rate	45.61%
Expected increase (decrease) due to amortization schedule	0.38%
Increase (decrease) due to investment gains and losses	3.78%
Increase (decrease) due to demographic experience	-5.87%
Increase (decrease) due to plan amendments	0.00%
Increase (decrease) due to actuarial assumption changes	0.00%
Increase (decrease) due to actuarial method changes	0.00%
Current minimum required contribution rate	<u>43.90%</u>

Source of Change in the Unfunded Liability

Previous unfunded liability	\$126,651,008
Increase due to interest	\$9,096,820
Decrease due to amortization payments	(\$12,940,770)
Increase (decrease) due to plan experience	(\$5,027,525)
Increase (decrease) due to plan amendments	\$0
Increase (decrease) due to actuarial assumption changes	\$0
Increase (decrease) due to actuarial method changes	\$0
Current unfunded liability	<u>\$117,779,533</u>



Funding Results

Present Value of Future Benefits

Table I-D

	Old Assumptions <u>w/o Amendment</u>	Old Assumptions <u>w/ Amendment</u>	New Assumptions <u>w/ Amendment</u>
<u>Actively Employed Participants</u>			
Retirement benefits	\$117,148,485	\$117,148,485	\$117,148,485
Termination benefits	\$602,694	\$602,694	\$602,694
Disability benefits	\$9,900,029	\$9,900,029	\$9,900,029
Death benefits	\$1,147,738	\$1,147,738	\$1,147,738
Refund of employee contributions	\$2,020,047	\$2,020,047	\$2,020,047
Sub-total	\$130,818,993	\$130,818,993	\$130,818,993
<u>Deferred Vested Participants</u>			
Retirement benefits	\$302,585	\$302,585	\$302,585
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$302,585	\$302,585	\$302,585
<u>Due a Refund of Contributions</u>	\$0	\$0	\$0
<u>Deferred Beneficiaries</u>	\$0	\$0	\$0
<u>Retired Participants</u>			
Service retirements	\$112,580,576	\$112,580,576	\$112,580,576
Disability retirements	\$8,717,310	\$8,717,310	\$8,717,310
Beneficiaries receiving	\$9,113,981	\$9,113,981	\$9,113,981
DROP participants	\$10,036,492	\$10,036,492	\$10,036,492
Sub-total	\$140,448,359	\$140,448,359	\$140,448,359
<u>Grand Total</u>	<u>\$271,569,937</u>	<u>\$271,569,937</u>	<u>\$271,569,937</u>



Present Value of Accrued Benefits

Table I-E

	<u>Old Assumptions w/o Amendment</u>	<u>Old Assumptions w/ Amendment</u>	<u>New Assumptions w/ Amendment</u>
<u>Actively Employed Participants</u>			
Retirement benefits	\$55,852,211	\$55,852,211	\$55,852,211
Termination benefits	\$317,308	\$317,308	\$317,308
Disability benefits	\$7,003,086	\$7,003,086	\$7,003,086
Death benefits	\$518,581	\$518,581	\$518,581
Refund of employee contributions	\$1,014,118	\$1,014,118	\$1,014,118
Sub-total	\$64,705,304	\$64,705,304	\$64,705,304
<u>Deferred Vested Participants</u>			
Retirement benefits	\$302,585	\$302,585	\$302,585
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$302,585	\$302,585	\$302,585
<u>Due a Refund of Contributions</u>	\$0	\$0	\$0
<u>Deferred Beneficiaries</u>	\$0	\$0	\$0
<u>Retired Participants</u>			
Service retirements	\$112,580,576	\$112,580,576	\$112,580,576
Disability retirements	\$8,717,310	\$8,717,310	\$8,717,310
Beneficiaries receiving	\$9,113,981	\$9,113,981	\$9,113,981
DROP participants	\$10,036,492	\$10,036,492	\$10,036,492
Sub-total	\$140,448,359	\$140,448,359	\$140,448,359
<u>Grand Total</u>	<u>\$205,456,248</u>	<u>\$205,456,248</u>	<u>\$205,456,248</u>



Present Value of Vested Benefits

Table I-F

	Old Assumptions <u>w/o Amendment</u>	Old Assumptions <u>w/ Amendment</u>	New Assumptions <u>w/ Amendment</u>
<u>Actively Employed Participants</u>			
Retirement benefits	\$38,546,474	\$38,546,474	\$38,546,474
Termination benefits	\$4,503,292	\$4,503,292	\$4,503,292
Disability benefits	\$6,425,509	\$6,425,509	\$6,425,509
Death benefits	\$375,496	\$375,496	\$375,496
Refund of employee contributions	\$1,305,061	\$1,305,061	\$1,305,061
Sub-total	\$51,155,832	\$51,155,832	\$51,155,832
<u>Deferred Vested Participants</u>			
Retirement benefits	\$302,585	\$302,585	\$302,585
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$302,585	\$302,585	\$302,585
<u>Due a Refund of Contributions</u>	\$0	\$0	\$0
<u>Deferred Beneficiaries</u>	\$0	\$0	\$0
<u>Retired Participants</u>			
Service retirements	\$112,580,576	\$112,580,576	\$112,580,576
Disability retirements	\$8,717,310	\$8,717,310	\$8,717,310
Beneficiaries receiving	\$9,113,981	\$9,113,981	\$9,113,981
DROP participants	\$10,036,492	\$10,036,492	\$10,036,492
Sub-total	\$140,448,359	\$140,448,359	\$140,448,359
<u>Grand Total</u>	<u>\$191,906,776</u>	<u>\$191,906,776</u>	<u>\$191,906,776</u>



Funding Results

Projected Unit Credit Accrued Liability

Table I-G

	Old Assumptions <u>w/o Amendment</u>	Old Assumptions <u>w/ Amendment</u>	New Assumptions <u>w/ Amendment</u>
<u>Actively Employed Participants</u>			
Retirement benefits	\$72,960,365	\$72,960,365	\$72,960,365
Termination benefits	\$372,679	\$372,679	\$372,679
Disability benefits	\$4,411,492	\$4,411,492	\$4,411,492
Death benefits	\$663,434	\$663,434	\$663,434
Refund of employee contributions	\$1,014,118	\$1,014,118	\$1,014,118
Sub-total	\$79,422,088	\$79,422,088	\$79,422,088
<u>Deferred Vested Participants</u>			
Retirement benefits	\$302,585	\$302,585	\$302,585
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$302,585	\$302,585	\$302,585
<u>Due a Refund of Contributions</u>	\$0	\$0	\$0
<u>Deferred Beneficiaries</u>	\$0	\$0	\$0
<u>Retired Participants</u>			
Service retirements	\$112,580,576	\$112,580,576	\$112,580,576
Disability retirements	\$8,717,310	\$8,717,310	\$8,717,310
Beneficiaries receiving	\$9,113,981	\$9,113,981	\$9,113,981
DROP participants	\$10,036,492	\$10,036,492	\$10,036,492
Sub-total	\$140,448,359	\$140,448,359	\$140,448,359
<u>Grand Total</u>	<u>\$220,173,032</u>	<u>\$220,173,032</u>	<u>\$220,173,032</u>
less Actuarial Value of Assets	(\$102,393,499)	(\$102,393,499)	(\$102,393,499)
<u>Unfunded Accrued Liability</u>	<u>\$117,779,533</u>	<u>\$117,779,533</u>	<u>\$117,779,533</u>



Funding Results

Projected Unit Credit Normal Cost

Table I-H

	Old Assumptions <u>w/o Amendment</u>	Old Assumptions <u>w/ Amendment</u>	New Assumptions <u>w/ Amendment</u>
<u>Actively Employed Participants</u>			
Retirement benefits	\$4,148,181	\$4,148,181	\$4,148,181
Termination benefits	\$29,433	\$29,433	\$29,433
Disability benefits	\$364,393	\$364,393	\$364,393
Death benefits	\$49,938	\$49,938	\$49,938
Refund of employee contributions	\$298,364	\$298,364	\$298,364
Sub-total	\$4,890,309	\$4,890,309	\$4,890,309
<u>Deferred Vested Participants</u>			
Retirement benefits	\$0	\$0	\$0
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$0	\$0	\$0
<u>Due a Refund of Contributions</u>	\$0	\$0	\$0
<u>Deferred Beneficiaries</u>	\$0	\$0	\$0
<u>Retired Participants</u>			
Service retirements	\$0	\$0	\$0
Disability retirements	\$0	\$0	\$0
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	\$0	\$0	\$0
<u>Grand Total</u>	<u>\$4,890,309</u>	<u>\$4,890,309</u>	<u>\$4,890,309</u>



Unfunded Liability Bases

Table I-I

<u>Description</u>	<u>Original Amount</u>	<u>Outstanding Balance</u>	<u>Amortization Payment</u>	<u>Years Rem.</u>
	Total	\$117,779,533	\$11,913,283	
		↓	↓	
10/1/1996 Initial Unf. Liability	\$85,097,273	\$99,912,981	\$8,163,521	16
10/1/1997 Amendment	\$9,984,153	\$8,089,674	\$821,173	17
10/1/1998 Amendment	\$1,282,237	\$1,067,435	\$105,461	18
10/1/1999 Amendment	\$63,319	\$54,012	\$5,208	19
10/1/2000 Amendment	\$3,603,937	\$3,206,670	\$296,415	20
10/1/2001 Method Change	(\$8,304,472)	(\$1,145,942)	(\$1,145,936)	1
10/1/2005 Amendment	\$4,761,492	\$4,514,912	\$391,621	25
10/1/2005 Method Change	(\$15,761,551)	(\$9,378,618)	(\$2,174,941)	5
2005/06 Experience Loss	\$5,188,034	\$1,203,130	\$1,203,126	1
10/1/2007 Assumption Change	\$10,332,144	\$8,016,740	\$1,425,735	7
2006/07 Experience Gain	(\$2,849,841)	(\$1,272,824)	(\$660,890)	2
10/1/2008 Amendment	\$1,250,981	\$1,228,012	\$102,890	28
10/1/2008 Assumption Change	(\$4,269,730)	(\$3,656,677)	(\$589,181)	8
2007/08 Experience Loss	\$23,499,085	\$15,167,497	\$5,449,535	3
2008/09 Experience Loss	\$2,826,811	\$2,344,963	\$655,549	4
10/1/2009 Method Change	(\$5,898,660)	(\$5,491,478)	(\$813,958)	9
10/1/2009 Assumption Change	(\$1,131,538)	(\$1,053,429)	(\$156,141)	9
2009/10 Experience Gain	(\$5,027,525)	(\$5,027,525)	(\$1,165,904)	5



GASB 25/27 Results

Table II-A

Development of the Net Pension Obligation (Asset)

Net Pension Obligation (Asset) as of October 1, 2009	(\$76,846,259)
Annual Pension Cost for the 2009/10 Plan Year	\$15,233,494
Employer Contributions for the 2009/10 Plan Year	(\$15,037,059)
Net Increase (Decrease) in NPO	\$196,435
Net Pension Obligation (Asset) as of October 1, 2010	(\$76,649,824)

For the 2010/11 Plan Year

Development of the Annual Required Contribution (ARC)

Normal Cost	\$4,890,309
Expense Allowance	\$92,114
Expected Employee Contribution	(\$2,922,783)
Amortization of the UAAL	\$18,217,549
Amortization of the Net Pension Obligation (Asset)	(\$6,304,266)
Interest Adjustment	\$0
Annual Required Contribution (ARC)	\$13,972,923

Development of the Annual Pension Cost (APC)

Annual Required Contribution (ARC)	\$13,972,923
Interest on the Net Pension Obligation (Asset)	(\$6,131,986)
Adjustment to the ARC	\$6,304,266
Annual Pension Cost (APC)	\$14,145,203



GASB 25/27 Disclosures

Table II-B

Schedule of Employer Contributions

Year Ended September 30	Annual Required Contribution	% Contrib.	Annual Pension Cost	% Contrib.
2005	\$6,169,345	262%	\$5,107,537	317%
2006	\$5,178,167	309%	\$3,698,103	433%
2007	\$4,754,860	296%	\$2,810,659	500%
2008	\$8,321,440	148%	\$6,443,263	192%
2009	\$9,904,212	166%	\$8,307,711	198%
2010	\$15,060,773	100%	\$15,233,494	99%

Schedule of Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) - (1)	(4) Funded Ratio (1) ÷ (2)	(5) Covered Payroll	(6) UAAL as % of Covered Payroll (3) ÷ (5)
October 1, 2005	\$83,819,260	\$197,225,687	\$113,406,427	42.50%	\$32,055,235	353.78%
October 1, 2006	\$92,405,268	\$205,362,700	\$112,957,432	45.00%	\$33,158,518	340.66%
October 1, 2007	\$105,396,066	\$222,111,577	\$116,715,511	47.45%	\$36,488,843	319.87%
October 1, 2008	\$89,418,544	\$225,276,657	\$135,858,113	39.69%	\$39,153,543	346.99%
October 1, 2009	\$98,525,321	\$225,176,329	\$126,651,008	43.75%	\$37,828,223	334.81%
October 1, 2010	\$102,393,499	\$220,173,032	\$117,779,533	46.51%	\$36,845,566	319.66%

Additional Information

Valuation Date **October 1, 2010**

Actuarial Cost Method **Projected Unit Credit**

Amortization Method **Level dollar, closed**

Remaining Amortization Period **30 years**

Asset Valuation Method **Five-year smoothed market value**

Discount Rate **8.00%**

Salary Increase Rate **4.00%**



SFAS 35 Disclosures

Table II-C

Actuarial Present Value of Accrued Benefits

	<u>As of October 1, 2009</u>	<u>As of October 1, 2010</u>
<u>Vested Benefits</u>		
Participants currently receiving benefits	\$143,221,210	\$140,448,359
Other participants	\$51,609,330	\$51,458,417
Sub-total	<u>\$194,830,540</u>	<u>\$191,906,776</u>
<u>Non-Vested Benefits</u>	\$15,509,855	\$13,549,472
<u>Total Benefits</u>	<u>\$210,340,395</u>	<u>\$205,456,248</u>
<u>Funded Percentage</u>	44.27%	49.49%
(based on the market value of assets)		

Statement of Change in Actuarial Present Value of Accrued Benefits

<u>Actuarial Present Value as of October 1, 2009</u>	\$210,340,395
<u>Increase (Decrease) Due To:</u>	
Interest	\$16,827,232
Benefits accumulated	(\$5,790,521)
Benefits paid	(\$15,920,858)
Plan amendments	\$0
Changes in actuarial methods and assumptions	\$0
Net increase (decrease)	<u>(\$4,884,147)</u>
<u>Actuarial Present Value as of October 1, 2010</u>	<u>\$205,456,248</u>



Actuarial Value of Assets

Table III-A

	<u>Net Investment Gain (Loss)</u>		<u>Unrecognized Gain (Loss)</u>
For the 2006/07 plan year	\$11,205,488	x 20%	\$2,241,098
For the 2007/08 plan year	(\$16,203,673)	x 40%	(\$6,481,469)
For the 2008/09 plan year	(\$2,106,039)	x 60%	(\$1,263,623)
For the 2009/10 plan year	\$5,234,255	x 80%	\$4,187,404
			<u>(\$1,316,590)</u>

Market Value of Assets as of October 1, 2010 \$101,678,847

Minus DROP account balances (\$601,938)

Minus advance employer contributions \$0

Adjustment for unrecognized gain or loss as shown above,
but restricted to an amount that keeps the actuarial value
of assets within an 80%-120% corridor of the market value \$1,316,590

Actuarial Value of Assets as of October 1, 2010 \$102,393,499

<u>Historical Actuarial Value of Assets</u>	
October 1, 2001	\$65,335,510
October 1, 2002	\$60,638,533
October 1, 2003	\$61,521,737
October 1, 2004	\$61,705,780
October 1, 2005	\$83,819,260
October 1, 2006	\$92,405,268
October 1, 2007	\$105,396,066
October 1, 2008	\$89,418,544
October 1, 2009	\$98,525,321
October 1, 2010	\$102,393,499

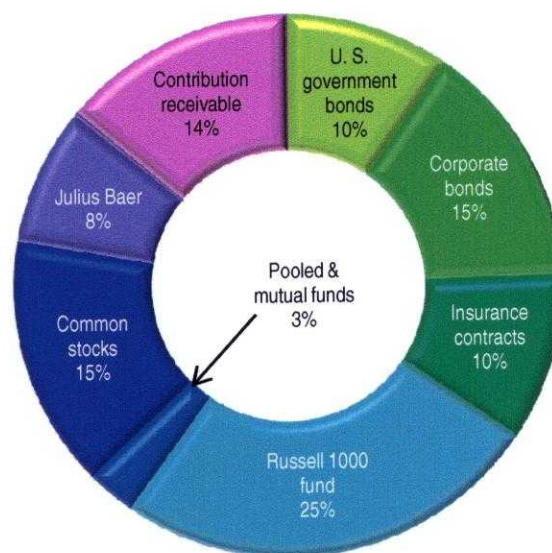


Market Value of Assets

Table III-B

As of October 1, 2010

Market Value of Assets	<u>\$101,678,847</u>
Cash	\$22,381
U. S. government bonds	\$9,918,881
Corporate bonds	\$14,962,527
Insurance contracts	\$10,287,742
Russell 1000 fund	\$25,763,699
Pooled & mutual funds	\$2,976,789
Common stocks	\$15,269,367
Julius Baer	\$8,301,806
Income receivable	\$280,877
Contribution receivable	\$13,947,938
Accounts payable	(\$53,160)

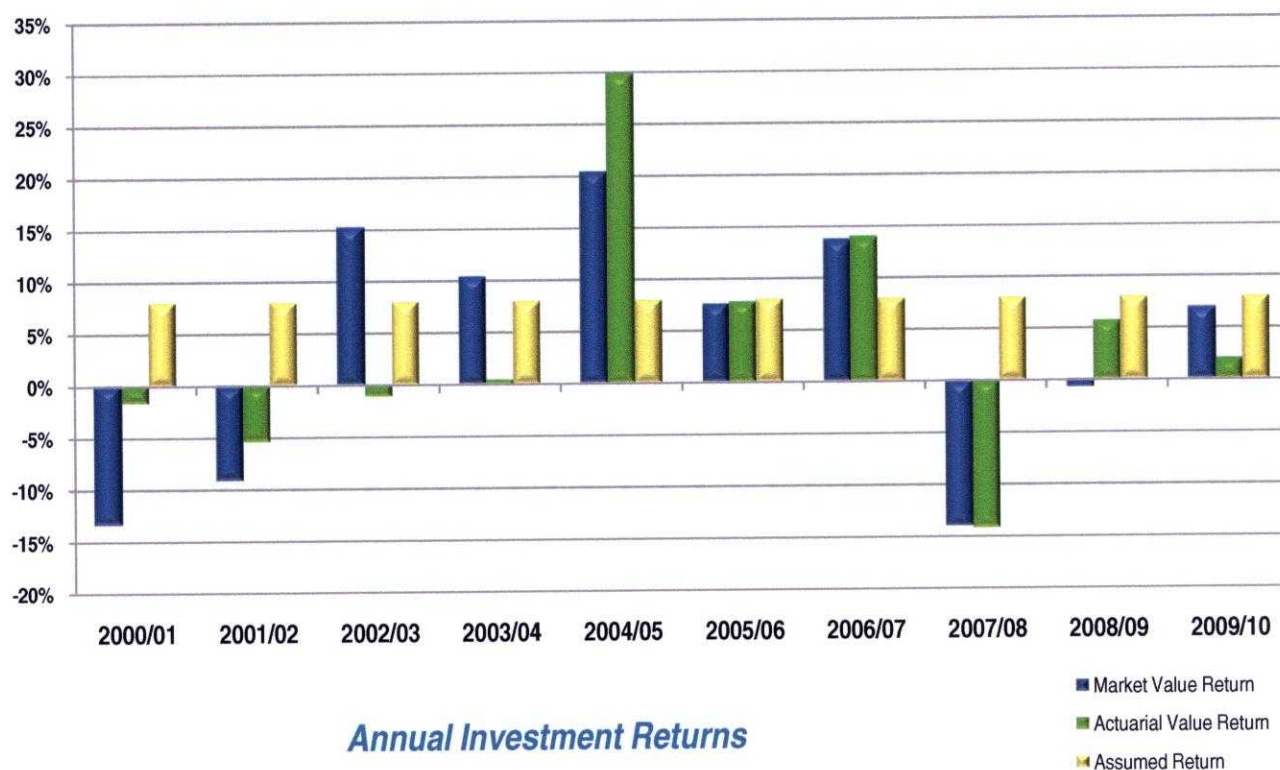
**Historical Market Value of Assets**

October 1, 2001	\$59,024,309
October 1, 2002	\$51,978,508
October 1, 2003	\$61,403,649
October 1, 2004	\$67,673,093
October 1, 2005	\$85,530,650
October 1, 2006	\$94,582,076
October 1, 2007	\$106,452,610
October 1, 2008	\$90,570,103
October 1, 2009	\$93,117,248
October 1, 2010	\$101,678,847



Investment Return

Table III-C



Plan	Market Value	Actuarial Value	Assumed
Year	Return	Return	Return
2000/01	-13.33%	-1.66%	8.00%
2001/02	-9.08%	-5.37%	8.00%
2002/03	15.21%	-1.15%	8.00%
2003/04	10.39%	0.44%	8.00%
2004/05	20.44%	29.89%	8.00%
2005/06	7.60%	7.78%	8.00%
2006/07	13.70%	13.94%	8.00%
2007/08	-14.02%	-14.17%	8.00%
2008/09	-0.72%	5.73%	8.00%
2009/10	6.94%	1.96%	8.00%



Asset Reconciliation

Table III-D

	<u>Market Value</u>	<u>Actuarial Value</u>
As of October 1, 2009	\$93,117,248	\$98,525,321
<i>Increases Due To:</i>		
Employer Contributions	\$15,037,059	\$15,037,059
Employee Contributions	\$3,034,919	\$3,034,919
Service Purchase Contributions	\$0	\$0
Total Contributions	<u>\$18,071,978</u>	<u>\$18,071,978</u>
Interest and Dividends	\$1,586,612	
Realized Gains (Losses)	\$0	
Unrealized Gains (Losses)	<u>\$5,234,255</u>	
Total Investment Income	\$6,820,867	\$1,949,136
Other Income	\$3,638	
Total Income	<u>\$24,896,483</u>	<u>\$20,021,114</u>
<i>Decreases Due To:</i>		
Monthly Benefit Payments	(\$15,214,998)	(\$15,214,998)
Refund of Employee Contributions	(\$705,860)	(\$705,860)
Total Benefit Payments	<u>(\$15,920,858)</u>	<u>(\$16,032,209)</u>
Investment Expenses	(\$293,299)	
Administrative Expenses	(\$120,727)	(\$120,727)
Advance Employer Contribution		\$0
Total Expenses	<u>(\$16,334,884)</u>	<u>(\$16,152,936)</u>
As of October 1, 2010	<u>\$101,678,847</u>	<u>\$102,393,499</u>



Historical Trust Fund Detail

Table III-E

Income

Plan	Employer	Employee	Service	Interest /	Realized	Unrealized	Other
<u>Year</u>	<u>Contribs.</u>	<u>Contribs.</u>	<u>Purchase</u>	<u>Dividends</u>	<u>Gains /</u>	<u>Gains /</u>	<u>Income</u>
			<u>Contribs.</u>		<u>Losses</u>	<u>Losses</u>	
2000/01	\$7,343,012	\$2,369,388	\$21,995	\$1,168,162	\$0	-\$10,380,590	\$0
2001/02	\$9,773,827	\$2,306,468	\$43,544	\$752,001	\$0	-\$5,776,016	\$7,970
2002/03	\$12,868,697	\$2,281,878	\$42,307	\$580,277	\$0	\$7,792,054	\$0
2003/04	\$12,122,210	\$2,296,731	\$33,826	\$1,120,703	\$0	\$5,535,014	\$0
2004/05	\$15,581,462	\$2,317,962	\$37,775	\$1,367,294	\$0	\$13,098,655	\$0
2005/06	\$15,395,358	\$2,393,737	\$21,470	\$1,696,047	\$0	\$5,130,900	\$0
2006/07	\$13,528,733	\$2,579,329	\$0	\$1,895,571	\$0	\$11,205,488	\$0
2007/08	\$11,881,087	\$2,873,922	\$22,424	\$1,714,909	\$0	-\$16,203,673	\$0
2008/09	\$16,473,275	\$3,117,345	\$90,767	\$1,651,095	\$0	-\$2,106,039	\$0
2009/10	\$15,037,059	\$3,034,919	\$0	\$1,586,612	\$0	\$5,234,255	\$3,638

Expenses

Plan	Monthly	Contrib.	Admin.	Invest.	<u>Other Actuarial Adjustments</u>	
<u>Year</u>	<u>Benefit</u>				DROP	Advance
	<u>Payments</u>	<u>Refunds</u>	<u>Expenses</u>	<u>Expenses</u>	<u>Credits</u>	<u>Employer</u>
2000/01	\$13,996,593	\$388,916	\$13,598	\$223,574	-\$1,093,667	\$0
2001/02	\$13,258,715	\$578,027	\$54,979	\$261,874	-\$546,874	\$0
2002/03	\$13,284,692	\$415,472	\$82,711	\$357,197	-\$180,282	\$0
2003/04	\$13,988,441	\$522,790	\$45,380	\$282,429	-\$15,521	\$0
2004/05	\$13,696,830	\$530,274	\$55,358	\$263,129	\$460,796	\$0
2005/06	\$14,811,364	\$471,929	\$72,288	\$230,605	\$465,418	\$0
2006/07	\$16,291,075	\$723,959	\$113,359	\$210,194	-\$1,120,264	\$0
2007/08	\$15,161,307	\$530,711	\$113,689	\$365,469	\$95,008	\$0
2008/09	\$16,057,057	\$307,772	\$104,926	\$209,543	-\$660,965	\$0
2009/10	\$15,214,998	\$705,860	\$120,727	\$293,299	\$111,351	\$0

Note: Information was not available to separate the realized and unrealized gains and losses.



Other Reconciliations

Table III-F

Advance Employer Contribution

Advance Employer Contribution as of October 1, 2009	\$0
Additional Employer Contribution	\$15,037,059
Minimum Required Contribution	(\$15,037,059)
Net Increase in Advance Employer Contribution	\$0
Advance Employer Contribution as of October 1, 2010	<u>\$0</u>

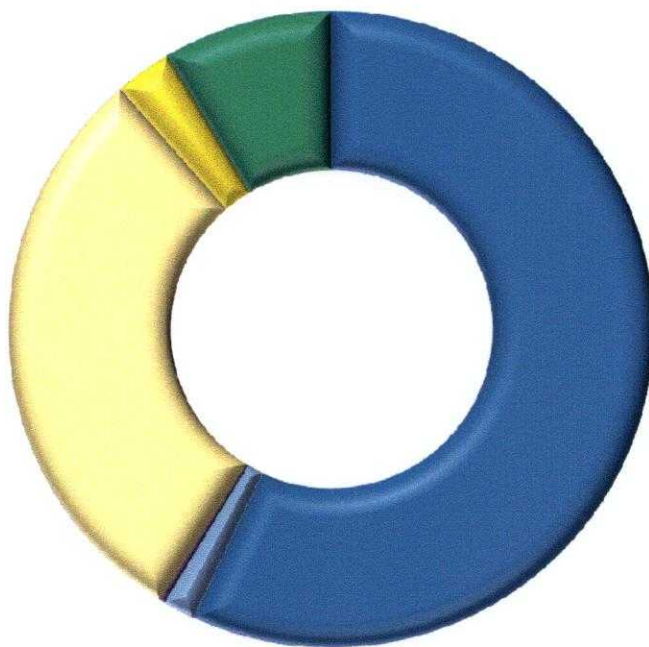
DROP Account Reconciliation

DROP Balance as of October 1, 2009	\$490,587
DROP Benefits Deposited	\$525,958
DROP Benefits Paid Out	(\$412,212)
DROP Investment Credits	(\$2,395)
Net DROP Credit	\$111,351
DROP Balance as of October 1, 2010	<u>\$601,938</u>



Summary of Participant Data

Table IV-A

As of October 1, 2010Actively Employed Participants

Active Participants	977
DROP Participants	28

Inactive Participants

Deferred Vested Participants	5
Due a Refund of Contributions	0
Deferred Beneficiaries	0

Participants Receiving a Benefit

Service Retirements	508
Disability Retirements	49
Beneficiaries Receiving	145

Total Participants 1,712Number of Participants Included in Prior Valuations

	<i>Active</i>	<i>DROP</i>	<i>Inactive</i>	<i>Retired</i>	<i>Total</i>
October 1, 2001	939	49	9	665	1,662
October 1, 2002	918	37	12	673	1,640
October 1, 2003	898	37	8	687	1,630
October 1, 2004	897	38	6	698	1,639
October 1, 2005	872	40	7	692	1,611
October 1, 2006	868	41	7	705	1,621
October 1, 2007	923	25	6	719	1,673
October 1, 2008	971	20	4	715	1,710
October 1, 2009	1002	12	5	714	1,733
October 1, 2010	977	28	5	702	1,712



Data Reconciliation

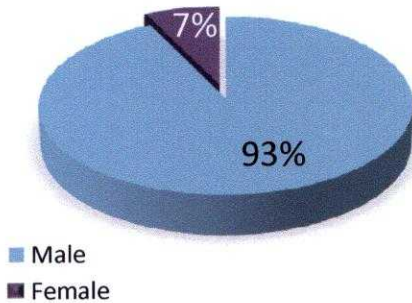
Table IV-B

	<u>Active</u>	<u>DROP</u>	<u>Deferred Vested</u>	<u>Due a Refund</u>	<u>Def. Benef.</u>	<u>Service Retiree</u>	<u>Disabled Retiree</u>	<u>Benef. Rec'v.</u>	<u>Total</u>
<u>October 1, 2009</u>	1,002	12	5	0	0	515	51	148	1,733
<u>Change in Status</u>									
Re-employed									
Terminated	(72)			72					
Retired	(4)	(5)	(1)			10			
<u>Participation Ended</u>									
Transferred Out	(21)	21							
Cashed Out				(72)					(72)
Died						(17)	(2)	(8)	(27)
<u>Participation Began</u>									
Newly Hired	72								72
Transferred In									
New Beneficiary								5	5
Other Adjustment			1						1
<u>October 1, 2010</u>	977	28	5	0	0	508	49	145	1,712

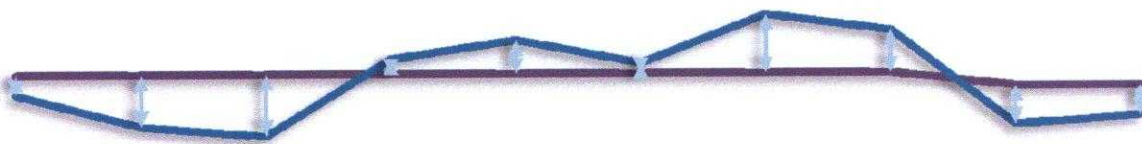


Active Participant Data

Table IV-C

As of October 1, 2010**Gender Mix**

Average Age	38.8 years
Average Service	10.2 years
Total Annualized Compensation for the Prior Year	\$38,486,609
Total Expected Compensation for the Current Year	\$36,845,566
Average Increase in Compensation for the Prior Year	1.76%
Expected Increase in Compensation for the Current Year	4.00%

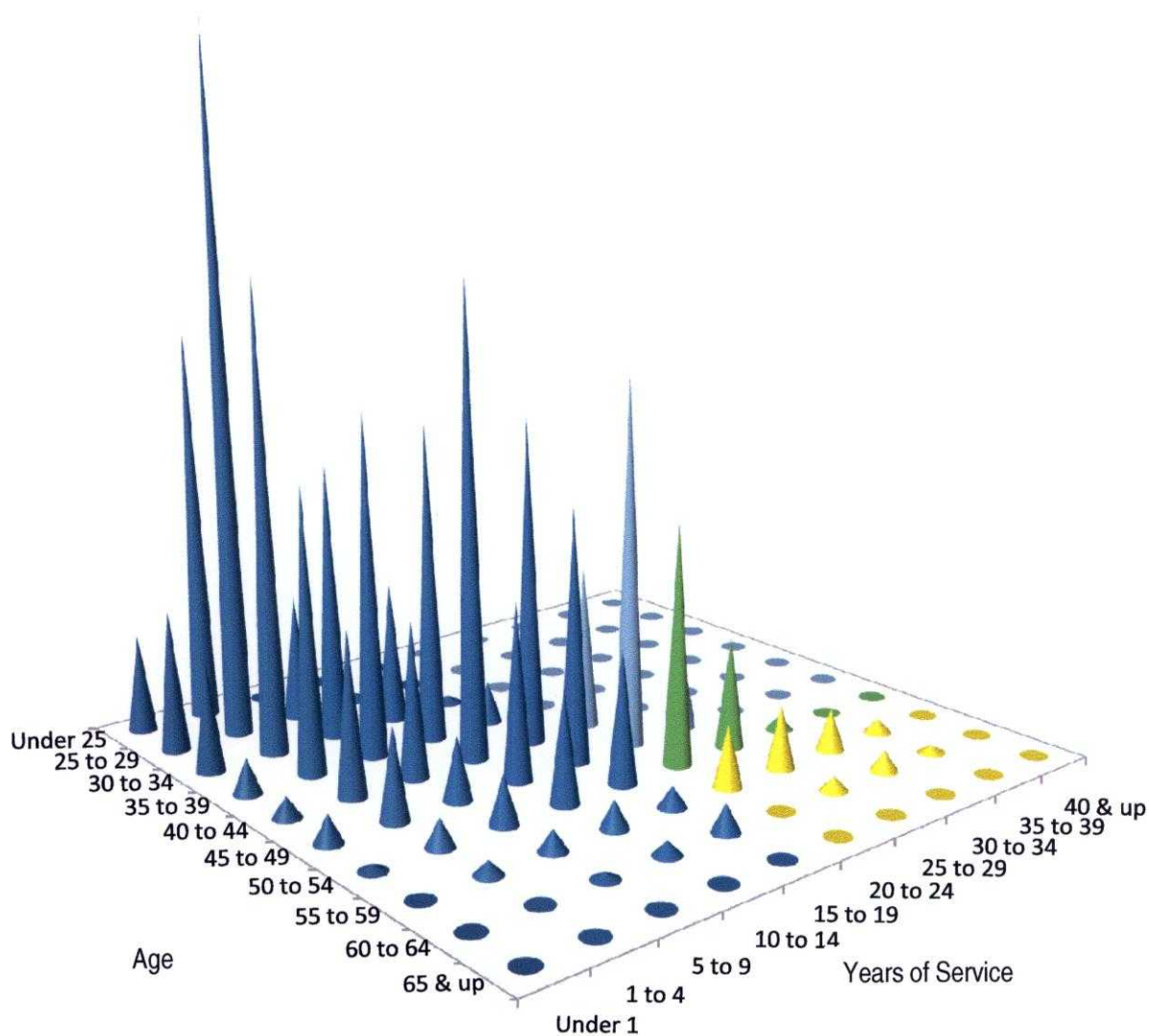
Actual vs. Expected Salary Increases**Active Participant Statistics From Prior Valuations**

	Average Age	Average Service	Average Salary	Average Expected Salary Increase	Average Actual Salary Increase
October 1, 2001	37.5	9.7	\$31,389	5.00%	3.52%
October 1, 2002	37.0	9.0	\$31,314	5.00%	1.11%
October 1, 2003	36.5	8.2	\$31,114	5.00%	0.40%
October 1, 2004	35.5	7.2	\$32,550	5.00%	6.13%
October 1, 2005	39.0	10.6	\$34,667	5.00%	7.50%
October 1, 2006	38.9	10.6	\$36,024	5.00%	5.77%
October 1, 2007	38.7	10.4	\$38,194	5.00%	9.37%
October 1, 2008	38.7	10.3	\$40,224	5.00%	8.17%
October 1, 2009	38.5	9.9	\$39,543	4.00%	1.11%
October 1, 2010	38.8	10.2	\$39,393	4.00%	1.76%



Active Age-Service Distribution

Table IV-D



- ▲ *Eligible to retire*
- ▲ *May be eligible to retire*
- ▲ *Not eligible to retire*



Active Age-Service-Salary Table

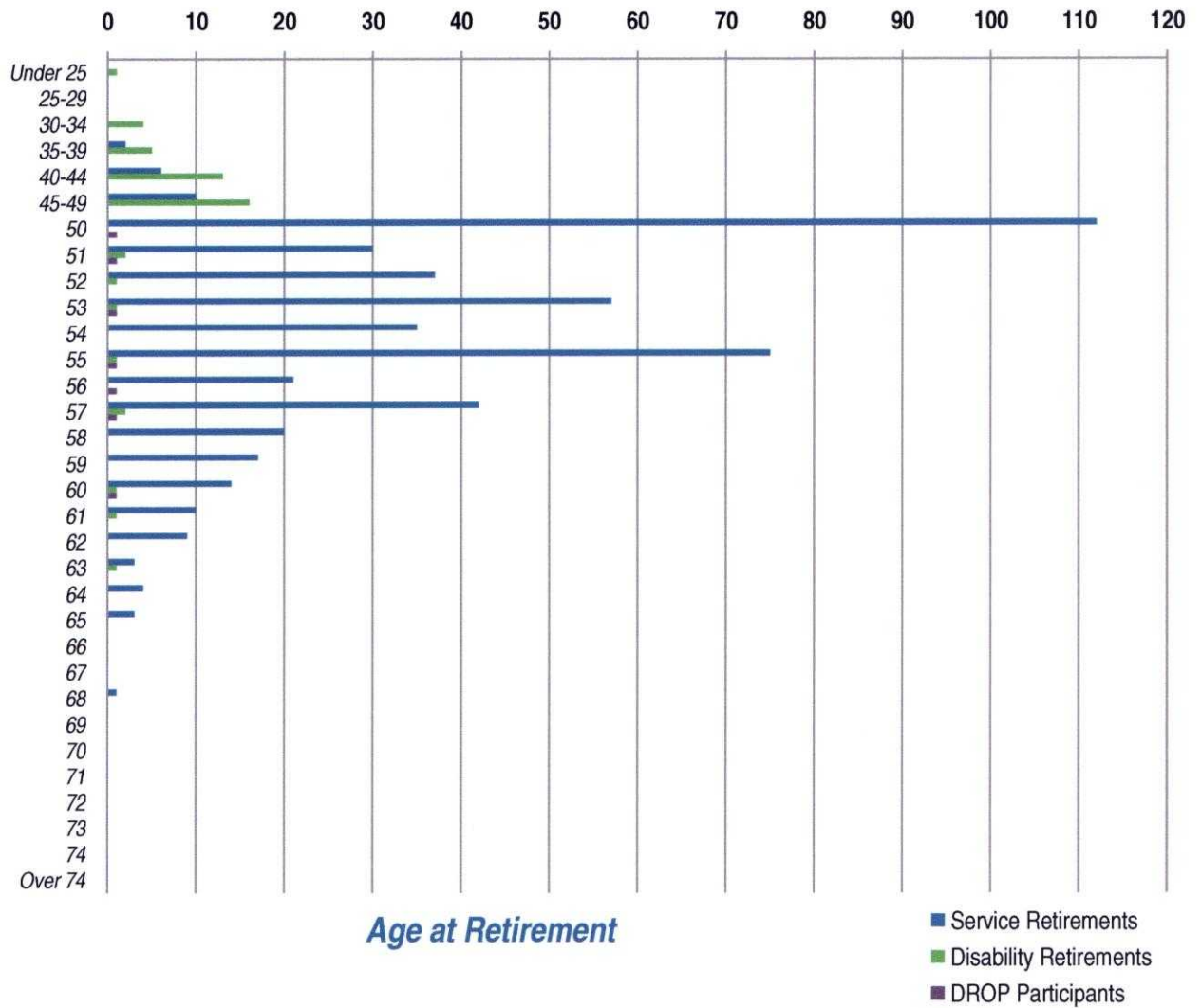
Table IV-E

Attained Age	Completed Years of Service										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	
Under 25	14	56	0	0	0	0	0	0	0	0	70
Avg. Pay	30,224	28,091	0	0	0	0	0	0	0	0	28,518
25 to 29	20	98	18	1	0	0	0	0	0	0	137
Avg. Pay	32,631	31,095	37,117	35,774	0	0	0	0	0	0	32,144
30 to 34	16	66	39	20	1	0	0	0	0	0	142
Avg. Pay	30,327	31,792	36,750	40,646	37,584	0	0	0	0	0	34,276
35 to 39	5	40	48	45	6	0	0	0	0	0	144
Avg. Pay	33,895	32,002	36,959	42,095	42,987	0	0	0	0	0	37,332
40 to 44	3	23	22	66	46	23	0	0	0	0	183
Avg. Pay	31,392	33,124	35,352	40,633	45,502	49,878	0	0	0	0	41,289
45 to 49	4	13	9	25	36	52	12	0	0	0	151
Avg. Pay	34,047	32,063	39,706	39,247	45,191	53,352	58,405	0	0	0	46,315
50 to 54	1	4	7	16	19	34	16	2	0	0	99
Avg. Pay	96,054	29,915	35,132	38,628	44,318	47,647	53,503	77,069	0	0	45,979
55 to 59	0	2	3	4	3	9	9	6	2	0	38
Avg. Pay	0	31,627	41,873	61,310	42,321	48,825	59,625	63,441	89,224	0	55,164
60 to 64	0	0	1	2	4	0	2	3	1	0	13
Avg. Pay	0	0	32,408	34,050	35,840	0	52,586	75,207	71,421	0	49,699
65 & up	0	0	0	0	0	0	0	0	0	0	0
Avg. Pay	0	0	0	0	0	0	0	0	0	0	0
Total	63	302	147	179	115	118	39	11	3	0	977
Avg. Pay	32,649	30,994	36,833	40,990	44,590	50,686	56,377	69,127	83,289	0	39,393



Inactive Participant Data

Table IV-F

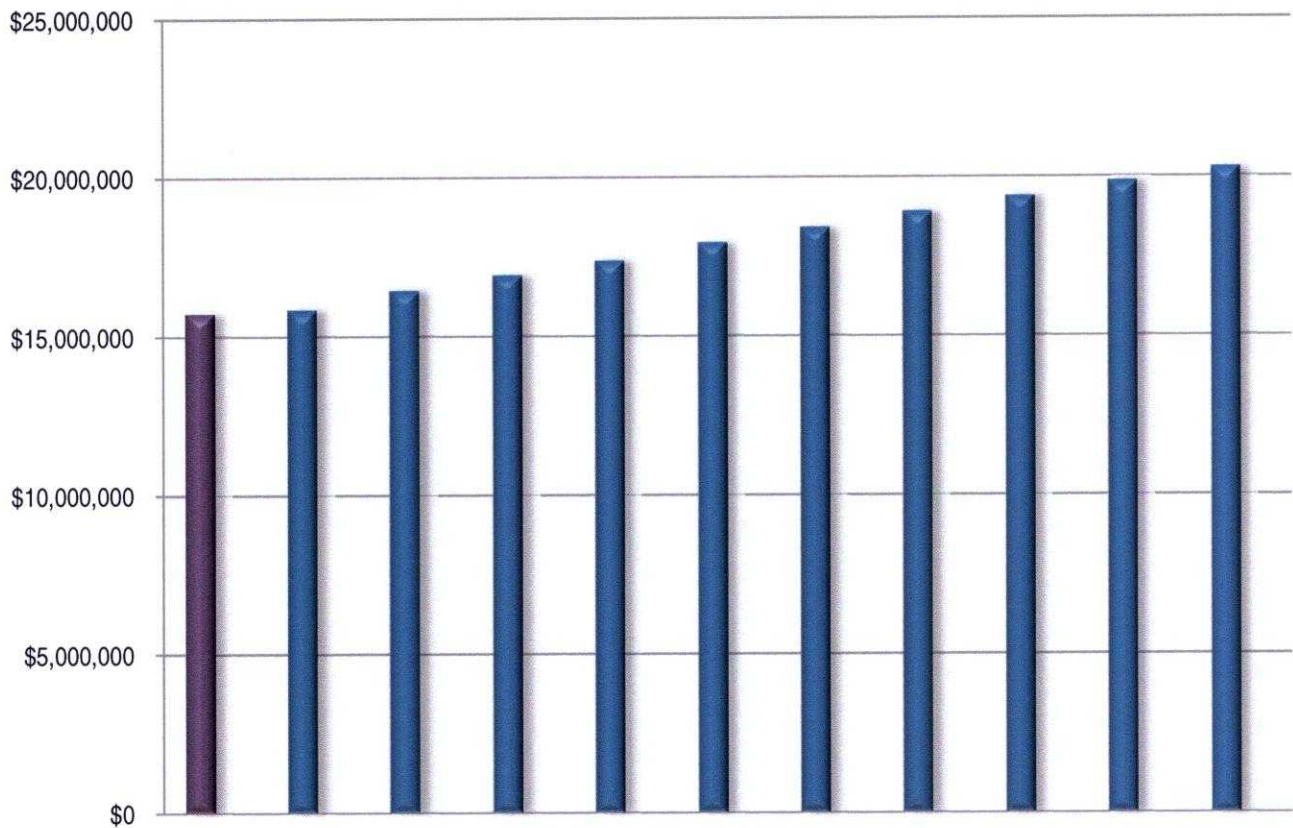
Average Monthly Benefit

Service Retirements	\$1,943.63
Disability Retirements	\$1,691.49
Beneficiaries Receiving	\$621.76
DROP Participants	\$2,535.77
Deferred Vested Participants	\$782.48
Deferred Beneficiaries	Not applicable



Projected Benefit Payments

Table IV-G

Actual

For the period October 1, 2009 through September 30, 2010

\$15,703,864

Projected

For the period October 1, 2010 through September 30, 2011

\$15,823,018

For the period October 1, 2011 through September 30, 2012

\$16,424,282

For the period October 1, 2012 through September 30, 2013

\$16,886,832

For the period October 1, 2013 through September 30, 2014

\$17,350,534

For the period October 1, 2014 through September 30, 2015

\$17,912,422

For the period October 1, 2015 through September 30, 2016

\$18,370,882

For the period October 1, 2016 through September 30, 2017

\$18,886,979

For the period October 1, 2017 through September 30, 2018

\$19,369,409

For the period October 1, 2018 through September 30, 2019

\$19,831,645

For the period October 1, 2019 through September 30, 2020

\$20,265,351



Summary of Actuarial Methods and Assumptions

Table V-A

1. **Actuarial Cost Method**

Projected unit credit cost method. Under this actuarial cost method, the actuarial accrued liability is equal to the accumulated benefits earned to the valuation date for all participants, but adjusted to reflect expected increases in each participant's final average compensation. The normal cost is equal to one additional year's benefit accrual for all active participants on the same basis.

2. **Amortization Method**

The unfunded actuarial accrued liability is amortized as a level dollar amount over a period of up to 30 years, except that the initial unfunded liability as of October 1, 1996 is amortized as a level percentage of payroll using a 4.00% assumed annual increase in total covered payroll.

3. **Asset Method**

The actuarial value of assets is equal to the market value of assets, adjusted to reflect a five-year phase-in of the net investment appreciation (both realized and unrealized).

4. **Interest (or Discount) Rate**

8.00% per annum

5. **Salary Increases**

Plan compensation is assumed to increase at the rate of 4.00% per annum.

6. **Decrements**

- Pre-retirement mortality: Sex-distinct rates set forth in the RP-2000 Mortality Table for non-annuitants
- Post-retirement mortality: Sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants
- Disability: Rates of disability increase with age up to age 65; a 0.19% probability of disability is assumed at age 30, a 0.43% probability of disability is assumed at age 40, a 0.56% probability of disability is assumed at age 50, and a 0.67% probability of disability is assumed at age 65, and the probabilities for intervening ages are roughly proportional to these probabilities; 80% of future disabilities are assumed to be service-related and participants entitled to a disability benefit are assumed to receive 60% of their final salary.



Summary of Actuarial Methods and Assumptions

Table V-A

(continued)

- Termination: Employment termination rates decrease with age up to age 50; a 7.07% probability of termination is assumed at age 20, a 4.81% probability of termination is assumed at age 30, a 0.34% probability of termination is assumed at age 40, and a 0.00% probability of termination is assumed at age 50, and the probabilities for intervening ages are roughly proportional to these probabilities
- Retirement: 25% of eligible participants assumed to retire at age 50, 20% are assumed to retire at each of ages 51 and 52, 22% are assumed to retire at age 53, 33% are assumed to retire at age 54, 35% are assumed to retire at age 55, 30% are assumed to retire at age 56, 25% are assumed to retire at age 57, 20% are assumed to retire at age 58, 15% are assumed to retire at age 59, 20% are assumed to retire at each of ages 60 and 61, and 100% are assumed to retire at age 62.

7. Marriage Assumption

100% of non-retired participants are assumed to be married, with husbands assumed to be three years older than wives.

8. Form of Payment

Future retirees have been assumed to select the single life annuity.

9. Cost-of-Living Adjustment

A 2.50% automatic cost-of-living adjustment has been assumed for those members (excluding their beneficiaries) who retired during the period October 1, 1977 to April 14, 1985.

10. Expenses

Administrative expenses are assumed to be 0.25% of covered payroll. In addition, the interest rate set forth in item 4. above is assumed to be net of investment expenses and commissions.



Changes in Actuarial Methods and Assumptions

Table V-B

No assumptions and methods have been changed from those used to complete the previous valuation.



Summary of Plan Provisions

Table VI-A

1. Monthly Accrued Benefit

For Members who became a Uniformed Officer prior to March 28, 1990:

2.50% of Final Average Salary multiplied by Service up to 30 years

For all other Members:

2.50% of Final Average Salary multiplied by Service up to 20 years, plus

2.25% of Final Average Salary multiplied by Service in excess of 20 years up to 30 years

2. Service Retirement Age and Benefit

- **Age**

For Members who became a Uniformed Officer prior to March 28, 1990:

The later of age 50 and the attainment of 20 years of Service (the last 10 years of which must be without a Break in Service exceeding one year)

For all other Members:

The later of age 55 and the attainment of 20 years of Service (the last 10 years of which must be without a Break in Service exceeding one year)

- **Amount**

Monthly Accrued Benefit

- **Form of Payment**

Life annuity (normal form for unmarried Members; optional for married Members);

Actuarially reduced 50% joint and contingent annuity (normal form for married Members, with the Member's spouse as Beneficiary; optional for unmarried Members);

Actuarially reduced 100% joint and contingent annuity (optional);

Actuarially reduced 50% joint and contingent annuity with "pop-up" feature¹ (optional); or

Actuarially reduced 100% joint and contingent annuity with "pop-up" feature¹ (optional)

¹ An annuity with a "pop-up" feature is one that increases to the amount of the unreduced accrued benefit upon the death of the contingent annuitant.



Summary of Plan Provisions

Table VI-A

3. Disability Retirement Age and Benefit

- **Condition**

The Member must become permanently physically or mentally disabled such that he is unable to perform any other job or service within his merit system classification. If his disability is non-service related, then the Member must also have earned at least 15 years of Service. In addition to disabilities incurred by the Member while performing his duties as a Uniformed Officer, the definition of *service-related disability* includes disabilities caused by hypertension, heart disease, respiratory disease, AIDS, hepatitis, and cancer, provided that: (a) the Member has completed at least three years of continuous Service as a Uniformed Officer and has successfully passed a physical examination upon entry into Service, (b) the AIDS, hepatitis, or cancer manifests itself no later than 10 years after the Member is no longer employed as a Uniformed Officer, and (c) the City fails to prove by a preponderance of the evidence that the hypertension, heart disease, respiratory disease, AIDS, hepatitis, or cancer was caused by some other means. The definition of *non-service related disability* includes any disability that is not found to be a *service-related disability*.

- **Amount**

2.50% of final salary multiplied by Service up to 24 years (for a non-service related disability);
45% of final salary (for a service-related disability); or
60% of final salary (for a Member who has incurred a service-related *total disability* which prevents the Member from working in any gainful employment).

- **Offset**

Prior to age 50 (for Members who became a Uniformed Officer prior to March 28, 1990) or age 55 (for all other Members), the Disability Benefit will be reduced so that the total of the Member's Disability Benefit plus any other earnings as defined in Section 203(f)(5) of the Social Security Act will not exceed 150% of the Member's rate of salary as of the date he became disabled.

- **Form of Payment**

Same as for Service Retirement



Summary of Plan Provisions

Table VI-A

4. **Withdrawal Retirement Age and Benefit**

- **Age**

Any age upon withdrawal from Service as a Uniformed Officer prior to eligibility for a Service Retirement Benefit.

- **Amount**

For Members with at least 20 years of Service (the last 10 years of which must be without a Break in Service exceeding one year):

Monthly Accrued Benefit (payable at Service Retirement Age);

For Members with at least 15 but less than 20 years of Service (the last 10 years of which must be without a Break in Service exceeding one year):

Monthly Accrued Benefit (payable at age 65);

For all other Members, return of Member Contributions without interest.

- **Form of Payment**

Same as for Service Retirement (for Members with at least 15 years of Service, the last 10 years of which are without a Break in Service exceeding one year);

Lump sum payment (for all other Members)

5. **Pre-Retirement Death Benefits**

For Members with at least 15 years of Service (the last 10 years of which are without a Break in Service exceeding one year) who have an eligible spouse or children:

The Member's eligible spouse or children receive 50% of the Monthly Accrued Benefit that would have been payable to the Member in the form of a 50% joint and contingent annuity had the Member been eligible for a Service Retirement Benefit and retired on his date of death. The monthly Death Benefit is payable either to the Member's spouse for life or to his dependent children until each child attains age 18. In lieu of the monthly Death Benefit, the Member's eligible spouse or children will receive a return of Member Contributions without interest plus a matching amount up to \$5,000 if this amount is greater than the actuarially equivalent value of the monthly Death Benefit described above.

For all other Members:

The Member's Beneficiary receives a return of Member Contributions without interest plus a matching amount up to \$5,000.

6. **Final Average Salary**

The average of the Member's salary for his final 60 months of Service (for Members who become a Uniformed Officer on or after March 28, 1990) and the average of the Member's salary for his final 36 months of Service (for all other Members); salary used for any purpose under the plan cannot exceed \$200,000 (as adjusted annually pursuant to IRC §401(a)(17)(B)).



Summary of Plan Provisions

Table VI-A

7. Service

A Member's Service is equal to his period of service as a Uniformed Officer as determined in accordance with the Mobile County Personnel Board Rules. In addition, military service will be recognized in accordance with the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA), provided that the Member makes the required Member Contributions for such period of military service within the period of time specified by USERRA.

8. Restoration to Service after Retirement or Termination of Active Membership

If a Member is restored to Service as a Uniformed Officer after a Break in Service, then any benefit that he was receiving will cease and any benefit payment option previously elected will be void. If a Member who has received a distribution of his Member Contributions is restored to Service as a Uniformed Officer, the Member can repay the Member Contributions previously distributed to him plus interest computed at the rate of 10% per annum in order to "buy back" the Service earned prior to such distribution. The Member Contributions plus interest must be repaid within the same time period as that specified by USERRA for the payment of Member Contributions pursuant to military service.

If such a Member is restored to Service having incurred a Break in Service of one year or less, then, upon subsequent termination or retirement, the Member's benefit will be based on his Service and salary both before and after the Break in Service but reduced by the Actuarial Equivalent of any benefits paid to the Member prior to his restoration to Service.

If such a Member is restored to Service having incurred a Break in Service of more than one year, then, upon subsequent termination or retirement, the Member's benefit will be equal to his original benefit plus an additional benefit earned during his period of subsequent Service (if the Member has earned at least 10 consecutive years of additional Service after his Break in Service).

9. Membership

Membership is mandatory for all Uniformed Officers, where Uniformed Officers refers to any person employed by the City's police department or fire department who: (a) is certified as a police officer or firefighter by the State of Alabama, (b) is in training to be certified as a police officer or firefighter by the State of Alabama, (c) is in the police or fire cadet program, or (d) was a participant in the plan as of September 30, 1997.



Summary of Plan Provisions

Table VI-A

10. Break in Service

A Break in Service is a period of absence which would constitute a break in the Member's Service under the Mobile County Personnel Board rules, except that periods of absence due to military service pursuant to USERRA and leaves of absence pursuant to the Family and Medical Leave Act of 1993 will not count towards a break in service.

11. Forfeiture of Benefits

If a Member is convicted of a Class A felony under the laws of the State of Alabama as in effect on October 1, 1997 or of an offense under any local, state, or federal law that would result in the conviction of a Class A felony in the State of Alabama, then any benefits that would otherwise be payable to the Member are forfeited and the Member will be treated under the plan as if he had died on the date immediately preceding his conviction.

12. Beneficiary

Each Member can designate a Beneficiary. If no Beneficiary designation is made, then the Member's spouse (if any) or estate will be the designated Beneficiary.

13. Definition of Actuarially Equivalent

- **Interest Rate**
7.00% per annum
- **Mortality Table**
1995 Buck Mortality Table (Male) is used for Members;
1995 Buck Mortality Table (Female) is used for Beneficiaries.

14. Cost-of-Living Adjustment

For Members who retired during the period October 1, 1977 to April 14, 1985 (excluding their beneficiaries), retirement benefits are increased annually by 50% of the blanket pay raise given to active Members for that year of the same class that the retiree held on his date of retirement.

15. Member Contributions

Members who have earned less than 30 years of Service are required to contribute 8% of salary per year; Member Contributions are deemed to be "picked-up" by the City pursuant to IRC §414(h)(2).



Summary of Plan Provisions

Table VI-A

16. City Contributions

The City is required to contribute an amount each plan year which, when added to the Member Contributions and Other Contributions for that plan year, is equal to the Minimum Required Contribution for that plan year. The City's contribution is determined as of each October 1 and the contribution must be made within 18 months following that October 1.

17. Other Contributions

The plan receives 5% of all fines and moneys paid as a result of prosecutions for violations of ordinances and laws of the City of Mobile. In addition, the plan receives 2% of the gross fire insurance premiums collected on policies which cover property within the City limits of Mobile and its police jurisdiction.

18. Minimum Required Contribution

The Minimum Required Contribution is the sum of the following amounts:

- (a) the normal cost for the plan year;
- (b) the increasing 30-year amortization payment required to amortize the initial unfunded actuarial accrued liability determined as of October 1, 1996, which amortization payment is scheduled to increase at the rate of 4% per annum;
- (c) the level-dollar 30-year amortization payment required to amortize changes in the unfunded actuarial accrued liability due to plan changes;
- (d) the level-dollar 10-year amortization payment required to amortize changes in the unfunded actuarial accrued liability due to assumption and method changes; and
- (e) the level-dollar five-year amortization payment required to amortize changes in the unfunded actuarial accrued liability due to experience.

19. Initial Plan Effective Date

September 2, 1964

20. Deferred Retirement Option Plan (DROP)

Members who are otherwise eligible for retirement may elect to continue their employment with the City for up to three years while their retirement benefit is accumulated on their behalf in a DROP account. The election to participate in the DROP is irrevocable and is available only once to each eligible plan Member. While participating in the DROP, Members do not accrue additional retirement benefits and do not make the 8% Member Contribution to the plan. DROP accounts earn a rate of interest that is based on the actual investment return of the fund for the prior plan year, less two percent if the return is at least equal to the assumed investment return.



Summary of Plan Amendments

Table VI-B

No plan amendments were adopted since the completion of the previous valuation.

