

***City of Mobile, Alabama
Police and Firefighters
Retirement Plan***

REVISED

Actuarial Valuation Report
as of
October 1, 2008



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This report presents the revised results of the actuarial valuation of the City of Mobile, Alabama Police and Firefighters Retirement Plan as of October 1, 2008. The report has been revised to reflect the unadjusted market value of assets instead of using a two-year smoothing method to phase-in the net investment depreciation for the 2007/08 plan year.

The purpose of this report is to provide a summary of the funded status of the plan as of October 1, 2008, to determine the minimum required contribution amount for the 2008/09 plan year under Section 7, Act No. 97-689 of the Alabama State Legislature, to determine the annual required contribution and accounting disclosures pursuant to Governmental Accounting Standard Nos. 25 and 27 (GASB 25/27), and to provide an estimate of the funded status for the next 20 years. In addition, this report provides a record of any plan amendments or other plan changes affecting the financial status of the fund and discusses the impact on the plan of recent gains and losses.

Plan Changes Adopted During the Prior Year

Since the completion of the prior valuation, retirees who retired prior to October 1, 1996 (other than those who retired during the period October 1, 1977 through April 14, 1985) and beneficiaries of members who retired prior to October 1, 1996 were given a 2% cost-of-living adjustment. In addition, retirees who retired prior to October 1, 2008 (other than those who retired during the period October 1, 1977 through April 14, 1985) and beneficiaries of retirees who retired prior to October 1, 2008 were given a one-time additional lump sum payment equal to \$1.00 for every month of service earned prior to retirement. The lump sum payment was made on or about December 15, 2008 and the cost-of-living adjustment was effective October 1, 2008. There were no additional plan changes adopted since the prior valuation. This actuarial valuation report reflects all plan provisions adopted through October 1, 2008.

Minimum Required Contribution

Currently, the fund receives contributions from both the City of Mobile and from active members. Members with less than 30 years of service must contribute 8.00% of their annual salary to the plan. The plan also receives 5.00% of the fines (except court costs) paid from prosecutions for City of Mobile law violations and 2.00% of the gross fire insurance premiums (less return premiums) on property located within the City of Mobile. The City must contribute

the difference between the minimum required contribution determined for the plan year and amounts collected from the other contribution sources.

For the 2008/09 plan year, the minimum required contribution is \$19,590,620. Members are expected to contribute \$2,975,165 of this amount and another \$1,311,643 is estimated to come from fines and insurance premium taxes. If member contributions, fines, and taxes total \$4,286,808, then the City will be required to contribute the difference, or \$15,303,812. The final amount of this difference cannot be determined until the close of the 2008/09 plan year and the City must make the final contribution installment for this plan year by March 31, 2010.

The minimum required contribution for the 2008/09 plan year is 50.04% of payroll. This percentage increased from the prior year.

Discussion of Valuation

Since the completion of the prior valuation, the assumed increase in future salaries has been decreased from 5.00% per annum to 4.00% per annum. This removed \$4,269,730 from the plan's unfunded accrued liability, resulting in a 10-year contribution decrease of \$589,181. There were no other assumption or method changes reflected in this valuation. An outline of the assumptions and methods used to value the plan is provided in Table XII. In addition, an outline of the plan provisions is provided in Table XIII.

The market value of assets is equal to \$89,418,544 as of the valuation date. This amount reflects a loss during the prior year of 14.17%, which was well below the expected 8.00% annualized return.

The plan's unfunded accrued liability changed due to a net experience loss. Net salary increases were less than the 5% expected increase, giving rise to a \$2,146,133 experience gain, while other demographic experience losses increased the unfunded accrued liability by \$2,403,360 and asset losses increased the unfunded accrued liability by \$23,241,858. When added together, the net experience for the prior year was a loss of \$23,499,085. This loss will be spread over five years and resulted in an increase in the required contribution of \$5,449,535.

The minimum required contribution also increased by \$290,294 due to the scheduled increase in the initial unfunded accrued liability payment and increased by \$23,213 due to an increase in the plan's normal cost. Finally, the elimination of the five-year charge attributable to the 2002/03 experience loss reduced the minimum required contribution by \$441,142.

In total, the minimum required contribution increased by \$4,835,612 for the 2008/09 plan year.



Contents of the Report

A summary of the results of the valuation is presented in Table I. An analysis of the unfunded liability gain and loss by source from the prior year, as well as a detailed breakdown of the liabilities of the plan by type of benefit, is presented in Tables II and III. Table IV shows a projection of the funded status of the plan assuming that the current level of contributions and expected investment earnings is maintained. Information for the auditors can be found in Tables V and VI. Tables VII through IX provide information about the fund's assets. In particular, Table VII provides a breakdown of the fund assets by investment type and Tables VIII and IX provide a historical record of the growth, expenditures, and annual yields of the fund. Finally, Tables X through XI provide a variety of useful information concerning the member population, including in Table XI a historical record of the employee and City contribution percentages.

Certification

To the best of my knowledge, this report fairly and accurately represents the liabilities of the fund as of October 1, 2008 based on the membership data and asset information provided by the fund office and the plan provisions and actuarial assumptions set forth herein. I believe that these assumptions are reasonable both individually and in the aggregate and represent my best estimate of anticipated experience. All calculations set forth herein conform to generally accepted actuarial principles and practices and comply with my current understanding of the requirements of the Governmental Accounting Standards Board.

Respectfully submitted,



Charles T. Carr
Consulting Actuary
Enrolled Actuary No. 08-04927



SUMMARY OF VALUATION RESULTS

TABLE I

	As of October 1, 2007	As of October 1, 2008
1. Number of Members		
a. Active Members:		
i. Regular active employees	923	971
ii. DROP program	25	20
iii. Sub-total	<u>948</u>	<u>991</u>
b. Deferred Vested Members	6	4
c. Retired Members:		
i. Service retirement	513	516
ii. Disability retirement	60	55
iii. Beneficiaries	146	144
iv. Sub-total	<u>719</u>	<u>715</u>
d. Total Members	<u>1,673</u>	<u>1,710</u>
2. Expected Payroll	\$36,488,843	\$39,153,543
3. Determination of Minimum Required Contribution		
a. Actuarial Accrued Liability	\$222,111,577	\$225,276,657
b. Actuarial Value of Assets	(\$105,396,066)	(\$89,418,544)
c. Unfunded Actuarial Accrued Liab. (UAL)	<u>\$116,715,511</u>	<u>\$135,858,113</u>
d. UAL Amortization Payment (see page 6)	\$9,884,237	\$14,696,636
e. Normal Cost	\$4,870,771	\$4,893,984
f. Minimum Required Contribution	<u>\$14,755,008</u>	<u>\$19,590,620</u> *
	* (to be contributed on or before March 31, 2010)	
4. Contribution by Source		
a. Employees	\$2,896,346	\$2,975,165 **
b. Fire insurance premium tax	\$1,152,242	\$1,174,606 **
c. Municipal court receipts	\$133,873	\$137,037 **
d. City of Mobile	\$10,572,547	\$15,303,812 **
e. Total	<u>\$14,755,008</u>	<u>\$19,590,620</u>
		** Estimated
5. Estimated Contribution by Source (as a % of payroll)		
a. Employees	7.94%	7.60%
b. Fire insurance premium tax	3.16%	3.00%
c. Municipal court receipts	0.37%	0.35%
d. City of Mobile	28.97%	39.09%
e. Total	<u>40.44%</u>	<u>50.04%</u>
6. Asset Yield (Based on Market Value)	13.94%	-14.17%

1. Actual Unfunded Accrued Liability as of October 1, 2007	\$116,715,511
2. Expected Change in Unfunded Liability During the 2007/08 Plan Year	
a. Due to Normal Cost (including expenses)	\$4,870,771
b. Due to Interest on the Normal Cost and Unfunded Liability	\$9,726,903
c. Due to Employer Contributions	(\$11,881,087)
d. Due to Employee Contributions	(\$2,896,346)
e. Due to Interest on Contributions	(\$1,157,975)
f. Total Expected Change	<u>(\$1,337,734)</u>
3. Expected Unfunded Accrued Liability as of October 1, 2008	<u><u>\$115,377,777</u></u>
4. Change in Unfunded Liability During the 2007/08 Plan Year Due to:	
a. Investment experience different from that assumed	\$23,241,858
b. Contributions different from those assumed	\$0
c. Salary increases different from those assumed	(\$2,146,133)
d. Other experience different from that assumed	\$2,403,360
e. Actuarial method changes	\$0
f. Actuarial assumption changes	(\$4,269,730)
g. Plan changes	<u>\$1,250,981</u>
h. Total change	<u>\$20,480,336</u>
5. Actual Unfunded Accrued Liability as of October 1, 2008	<u><u>\$135,858,113</u></u>
6. Items Affecting Calculation of Accrued Liability	
a. Plan provisions reflected in the accrued liability (see Table XIII on page 26)	
b. Plan amendments reflected in item 4.g. above (if applicable; see Table XIIIa on page 32)	
c. Actuarial assumptions and methods used to determine accrued liability (see Table XII on page 23)	
d. Changes in actuarial assumptions and methods reflected in items 4.e. and 4.f. above (if applicable; see Table XIIa on page 25)	

SCHEDULE OF UAL AMORTIZATION BASES

TABLE IIa

Description	Original Amount	Outstanding Balance as of October 1, 2007	2007/08 Amortization Payment	Outstanding Balance as of October 1, 2008	2008/09 Amortization Payment	Years Remaining ***
10/1/96 Initial UAL	\$85,097,273	\$100,289,750	\$7,257,340	\$100,475,003	\$7,547,634	18 years
10/1/01 Method Chg.	(\$8,304,472)	(\$4,099,129)	(\$1,145,936)	(\$3,189,448)	(\$1,145,936)	3 years
10/1/05 Method Chg.	(\$15,761,551)	(\$13,498,486)	(\$2,174,941)	(\$12,229,429)	(\$2,174,941)	7 years
10/1/07 Assump. Chg.	\$10,332,144	\$10,332,144	\$1,425,735	\$9,618,922	\$1,425,735	9 years
10/1/08 Assump. Chg.	(\$4,269,730)			(\$4,269,730)	(\$589,181)	10 years
10/1/97 Amendment	\$9,984,153	\$8,707,386	\$821,173	\$8,517,110	\$821,173	19 years
10/1/98 Amendment	\$1,282,237	\$1,140,891	\$105,461	\$1,118,264	\$105,461	20 years
10/1/99 Amendment	\$63,319	\$57,372	\$5,208	\$56,337	\$5,208	21 years
10/1/00 Amendment	\$3,603,937	\$3,370,559	\$296,415	\$3,320,076	\$296,415	23 years
10/1/05 Amendment	\$4,761,492	\$4,674,067	\$391,621	\$4,625,042	\$391,621	27 years
10/1/08 Amendment	\$1,250,981			\$1,250,981	\$102,890	30 years
2002/03 Exp. Loss	\$1,902,264	\$441,142	\$441,142	\$0	\$0	0 years
2003/04 Exp. Loss	\$7,516,983	\$3,357,313	\$1,743,219	\$1,743,222	\$1,743,222	1 year
2004/05 Exp. Loss	\$757,055	\$488,642	\$175,564	\$338,124	\$175,564	2 years
2005/06 Exp. Loss	\$5,188,034	\$4,303,701	\$1,203,126	\$3,348,621	\$1,203,126	3 years
2006/07 Exp. Gain	(\$2,849,841)	(\$2,849,841)	(\$660,890)	(\$2,364,067)	(\$660,890)	4 years
2007/08 Exp. Loss	\$23,499,085			\$23,499,085	\$5,449,535	5 years
Total		\$116,715,511	\$9,884,237	\$135,858,113	\$14,696,636	

*** Years remaining as of October 1, 2008

LIABILITIES AS OF October 1, 2008

TABLE III

	Retirement Benefits	Pre-Ret. Disability Benefits	Vesting Benefits	Pre-Ret. Spouse Benefits	Pre-Ret. Contrib. Match	Refund of Employee Contribs.	Total
1. Actuarial Accrued Liability							
a. Active members:							
Regular active employees	\$71,723,280	\$4,525,119	\$419,475	\$634,292	\$13,926	*	\$77,316,092
DROP program	\$6,638,589						\$6,638,589
Sub-total	\$78,361,869	\$4,525,119	\$419,475	\$634,292	\$13,926	*	\$83,954,681
b. Def. vested members			\$495,882				\$495,882
c. Retired members:							
Service retirements	\$121,112,404						\$121,112,404
Disability retirements	\$10,611,200						\$10,611,200
Beneficiaries	\$9,102,490						\$9,102,490
Sub-total	\$140,826,094						\$140,826,094
d. Total	\$219,187,963	\$4,525,119	\$915,357	\$634,292	\$13,926	*	\$225,276,657

* Funded on a termination liability basis

2. Normal Cost	\$4,193,848	\$364,511	\$32,276	\$48,789	\$2,263	\$252,297	\$4,893,984
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3. Present Value of Vested Benefits

a. Active members:							
Regular active employees	\$34,105,628	\$6,548,334	\$5,660,580	\$343,466	\$30,027	\$1,258,560	\$47,946,595
DROP program	\$6,638,589						\$6,638,589
Sub-total	\$40,744,217	\$6,548,334	\$5,660,580	\$343,466	\$30,027	\$1,258,560	\$54,585,184
b. Def. vested members			\$495,882				\$495,882
c. Retired members:							
Service retirements	\$121,112,404						\$121,112,404
Disability retirements	\$10,611,200						\$10,611,200
Beneficiaries	\$9,102,490						\$9,102,490
Sub-total	\$140,826,094						\$140,826,094
d. Total	\$181,570,311	\$6,548,334	\$6,156,462	\$343,466	\$30,027	\$1,258,560	\$195,907,160

4. Present Value of Accrued Benefits

a. Active members:							
Regular active employees	\$54,615,887	\$7,111,958	\$357,728	\$491,213	\$13,926	\$991,452	\$63,582,164
DROP program	\$6,638,589						\$6,638,589
Sub-total	\$61,254,476	\$7,111,958	\$357,728	\$491,213	\$13,926	\$991,452	\$70,220,753
b. Def. vested members			\$495,882				\$495,882
c. Retired members:							
Service retirements	\$121,112,404						\$121,112,404
Disability retirements	\$10,611,200						\$10,611,200
Beneficiaries	\$9,102,490						\$9,102,490
Sub-total	\$140,826,094						\$140,826,094
d. Total	\$202,080,570	\$7,111,958	\$853,610	\$491,213	\$13,926	\$991,452	\$211,542,729

PROJECTED ASSETS AND LIABILITIES

TABLE IV

Plan Year Beginning October 1	Fund at Beginning of Year	Contribs.	Benefit Payments & Expenses	Investment Income	Net Increase in Fund	Fund at Year End	Actuarial Accrued Liability	Percent of AAL Funded
2008	89,418,544	19,590,620	16,509,358	7,293,651	10,374,913	99,793,457	225,276,657	39.69%
2009	99,793,457	18,345,063	17,020,567	8,057,933	9,382,429	109,175,886	231,797,105	43.05%
2010	109,175,886	18,687,070	17,594,378	8,800,582	9,893,274	119,069,160	238,523,739	45.77%
2011	119,069,160	19,168,154	18,200,034	9,588,199	10,556,319	129,625,479	245,418,282	48.52%
2012	129,625,479	20,388,849	18,643,791	10,462,724	12,207,782	141,833,261	252,470,466	51.34%
2013	141,833,261	15,521,512	19,114,105	11,238,144	7,645,551	149,478,812	259,863,270	54.58%
2014	149,478,812	16,126,997	19,666,648	11,852,581	8,312,930	157,791,742	267,606,195	55.86%
2015	157,791,742	18,931,643	20,163,166	12,605,622	11,374,099	169,165,841	275,654,183	57.24%
2016	169,165,841	19,586,535	20,693,876	13,521,007	12,413,666	181,579,507	284,097,190	59.55%
2017	181,579,507	18,841,889	21,189,806	14,467,890	12,119,973	193,699,480	292,942,533	61.98%
2018	193,699,480	20,139,402	21,668,839	15,469,129	13,939,692	207,639,172	302,267,484	64.08%
2019	207,639,172	20,876,067	22,114,356	16,595,954	15,357,665	222,996,837	312,138,025	66.52%
2020	222,996,837	21,642,199	22,690,823	17,832,565	16,783,941	239,780,778	322,642,464	69.12%
2021	239,780,778	22,438,977	23,293,106	19,183,499	18,329,370	258,110,148	333,712,153	71.85%
2022	258,110,148	23,267,625	24,094,189	20,652,038	19,825,474	277,935,622	345,378,551	74.73%
2023	277,935,622	24,129,419	24,963,021	22,239,053	21,405,451	299,341,073	357,503,132	77.74%
2024	299,341,073	25,025,685	25,739,842	23,957,118	23,242,961	322,584,034	370,067,839	80.89%
2025	322,584,034	25,957,802	26,532,238	25,822,974	25,248,538	347,832,572	383,213,453	84.18%
2026	347,832,572	11,637,082	27,371,599	27,270,686	11,536,169	359,368,741	396,984,974	87.62%
2027	359,368,741	11,212,481	28,232,108	28,146,207	11,126,580	370,495,321	411,400,176	87.35%

	For the 2007/08 Plan Year	For the 2008/09 Plan Year
A. Number of Plan Members as of October 1		
a. Retirees and beneficiaries receiving benefits	719	715
b. Terminated plan members entitled to but not yet receiving benefits	6	4
c. Active plan members	948	991
d. Total	<u>1,673</u>	<u>1,710</u>

B. Development of Annual Required Contribution (ARC)

a. Employer normal cost:		
i. Total normal cost (EOY)	\$5,260,433	\$5,285,503
ii. Expected employee contribution	<u>(\$2,784,298)</u>	<u>(\$3,091,882)</u>
iii. Employer normal cost	\$2,476,135	\$2,193,621
b. 30-year amortization of UAAL:		
i. PV of future benefits	\$278,382,092	\$278,955,227
ii. PV of future employer normal costs	<u>(\$29,775,625)</u>	<u>(\$26,426,788)</u>
iii. PV of future employee contributions	<u>(\$26,494,890)</u>	<u>(\$27,251,782)</u>
iv. Actuarial accrued liability (AAL)	\$222,111,577	\$225,276,657
v. Actuarial value of assets	<u>(\$42,619,296) *</u>	<u>(\$20,737,849) *</u>
vi. Unfunded AAL (UAAL)	\$179,492,281	\$204,538,808
vii. 30-year amort. of UAAL	\$8,989,270	\$11,608,546
c. 30-year amortization of NPO	<u>(\$3,143,965)</u>	<u>(\$3,897,955)</u>
d. ARC	<u>\$8,321,440</u>	<u>\$9,904,212</u>
(Item B.a.iii. plus item B.b.vii. plus item B.c.)		

* Adjusted to reflect the NPO

C. Annual Pension Cost and Net Pension Obligation (NPO)

a. ARC	\$8,321,440	\$9,904,212
b. Interest on NPO	<u>(\$5,022,142)</u>	<u>(\$5,494,456)</u>
c. Adjustment to ARC	<u>\$3,143,965</u>	<u>\$3,897,955</u>
d. Annual Pension Cost	\$6,443,263	\$8,307,711
e. Contributions made (w/interest to EOY)	<u>(\$12,347,188)</u>	
f. Increase(decrease) in NPO	<u>(\$5,903,925)</u>	
g. NPO (beginning of year)	<u>(\$62,776,770)</u>	
h. NPO (end of year)	<u>(\$68,680,695)</u>	

D. Schedule of Employer Contributions

Year Ended September 30	Annual Required Contribution	Percentage Contributed	Annual Pension Cost	Percentage Contributed
2003	\$6,563,855	204%	\$6,052,585	221%
2004	\$6,115,088	206%	\$5,327,591	236%
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%

E. 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)
10/1/2003	\$61,521,737	\$184,055,017	\$122,533,280	33.4%	\$29,428,553	416.4%
10/1/2004	\$61,705,780	\$190,094,181	\$128,388,401	32.5%	\$30,974,684	414.5%
10/1/2005	\$83,819,260	\$197,225,687	\$113,406,427	42.5%	\$32,055,235	353.8%
10/1/2006	\$92,405,268	\$205,362,700	\$112,957,432	45.0%	\$33,158,518	340.7%
10/1/2007	\$105,396,066	\$222,111,577	\$116,715,511	47.5%	\$36,488,843	319.9%
10/1/2008	\$89,418,544	\$225,276,657	\$135,858,113	39.7%	\$39,153,543	347.0%

F. Additional Information

Valuation date	<u>October 1, 2007</u>	<u>October 1, 2008</u>
Actuarial cost method	Projected unit credit	Projected unit credit
Amortization method	Level percent open	Level percent open
Remaining amortization period	30 years	30 years
Asset valuation method	Market value	Market value
Actuarial assumptions:		
Investment rate of return *	8.00%	8.00%
Projected salary increases *	5.00%	4.00%
* Includes inflation at:	3.50%	2.75%
Cost-of-living adjustments **	None	None

** Except for certain retirees who are assumed to receive an automatic 2.50% annual COLA

PRESENT VALUE OF ACCRUED BENEFITS**TABLE VI****1. Actuarial Present Value of Accrued Benefits**

	<u>As of October 1, 2007</u>	<u>As of October 1, 2008</u>
a. Vested Benefits:		
i. Members currently receiving benefits	\$140,183,143	\$140,826,094
ii. Other members	\$50,154,471	\$55,081,066
iii. Sub-total	<u>\$190,337,614</u>	<u>\$195,907,160</u>
b. Non-vested Benefits	<u>\$14,226,699</u>	<u>\$15,635,569</u>
c. Total Benefits	<u><u>\$204,564,313</u></u>	<u><u>\$211,542,729</u></u>

2. Statement of Change in Actuarial Present Value of Accrued Benefits

a. Actuarial Present Value as of October 1, 2007	\$204,564,313
b. Increase (Decrease) During 2007/08 Plan Year Due to:	
i. Interest	\$16,365,145
ii. Benefits accumulated	\$5,149,316
iii. Benefits paid	(\$15,787,026)
iv. Plan amendments	\$1,250,981
v. Changes in actuarial assumptions or methods	\$0
vi. Net increase (decrease)	<u><u>\$6,978,416</u></u>
c. Actuarial Present Value as of October 1, 2008	<u><u>\$211,542,729</u></u>

3. Items Affecting Calculation of Actuarial Present Value of Accrued Benefits

- a. Plan provisions reflected in the accrued benefits (see Table XIII on page 26)
- b. Plan amendments reflected in item 2.b.iv. above (if applicable; see Table XIIIa on page 32)
- c. Actuarial assumptions and methods used to determine present values (see Table XII on page 23)
- d. Changes in actuarial assumptions and methods reflected in item 2.b.v. above (if applicable; see Table XIIa on page 25)

ASSETS**TABLE VII**

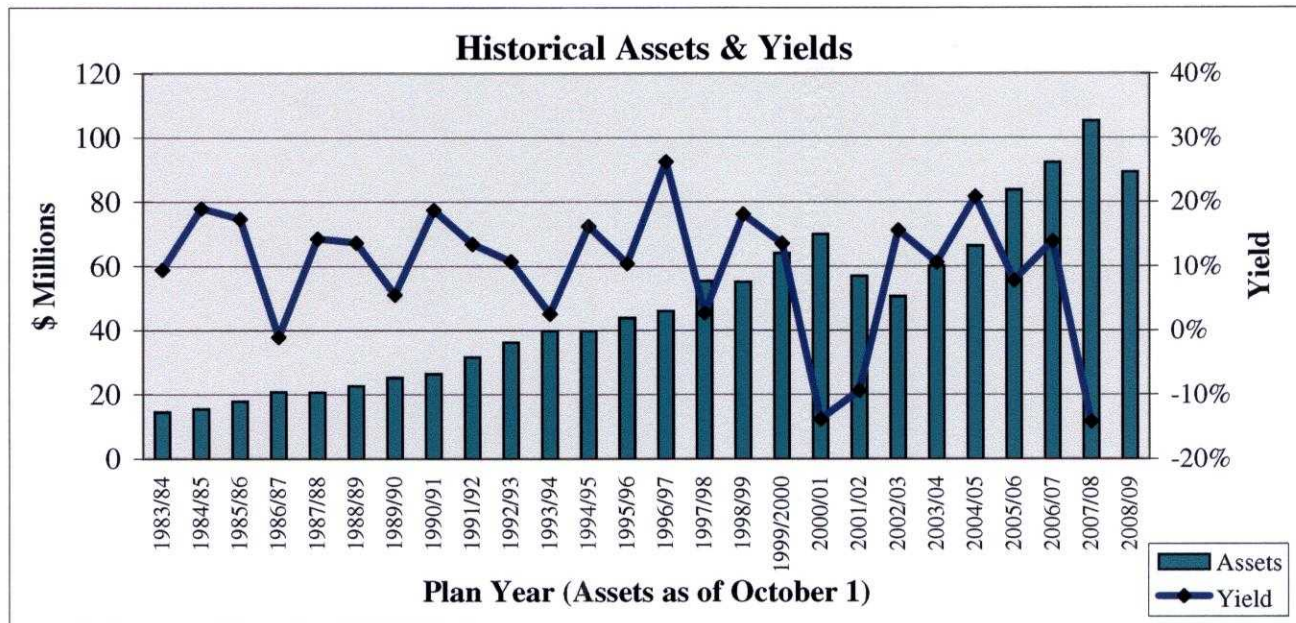
	<u>As of October 1, 2007</u>	<u>As of October 1, 2008</u>
1. Market Value of Assets		
a. Cash and cash equivalents (0%)	\$60,223	\$97,252
b. Government bonds & notes (12%)	\$9,728,041	\$10,353,749
c. Corporate bonds (14%)	\$12,789,826	\$12,889,734
d. Equities (15%)	\$19,913,893	\$13,801,636
e. Insurance contracts (12%)	\$0	\$10,873,399
f. Real estate (0%)	\$23,484,404	\$0
g. Pooled & mutual funds (3%)	\$0	\$3,093,367
h. Collective investment trusts (34%)	\$31,100,478	\$30,474,353
i. Accrued income receivable (0%)	\$256,157	\$264,362
j. Contributions receivable (10%)	\$9,546,119	\$8,762,388
k. Other receivables (0%)	\$0	\$0
l. Benefits and accounts payable (-1%)	(\$1,483,075)	(see Note 2) (\$1,191,696)
m. Other payables (0%)	\$0	\$0
n. Market value of assets	\$105,396,066	\$89,418,544
2. Actuarial Value of Assets	\$105,396,066	\$89,418,544

Notes:

1. The percentages in parentheses indicate the proportion of assets committed to each type of investment as of October 1, 2008.
2. Includes \$1,056,544 as of September 30, 2007 and \$1,151,552 as of September 30, 2008 which is payable to employees who are participating in the DROP program

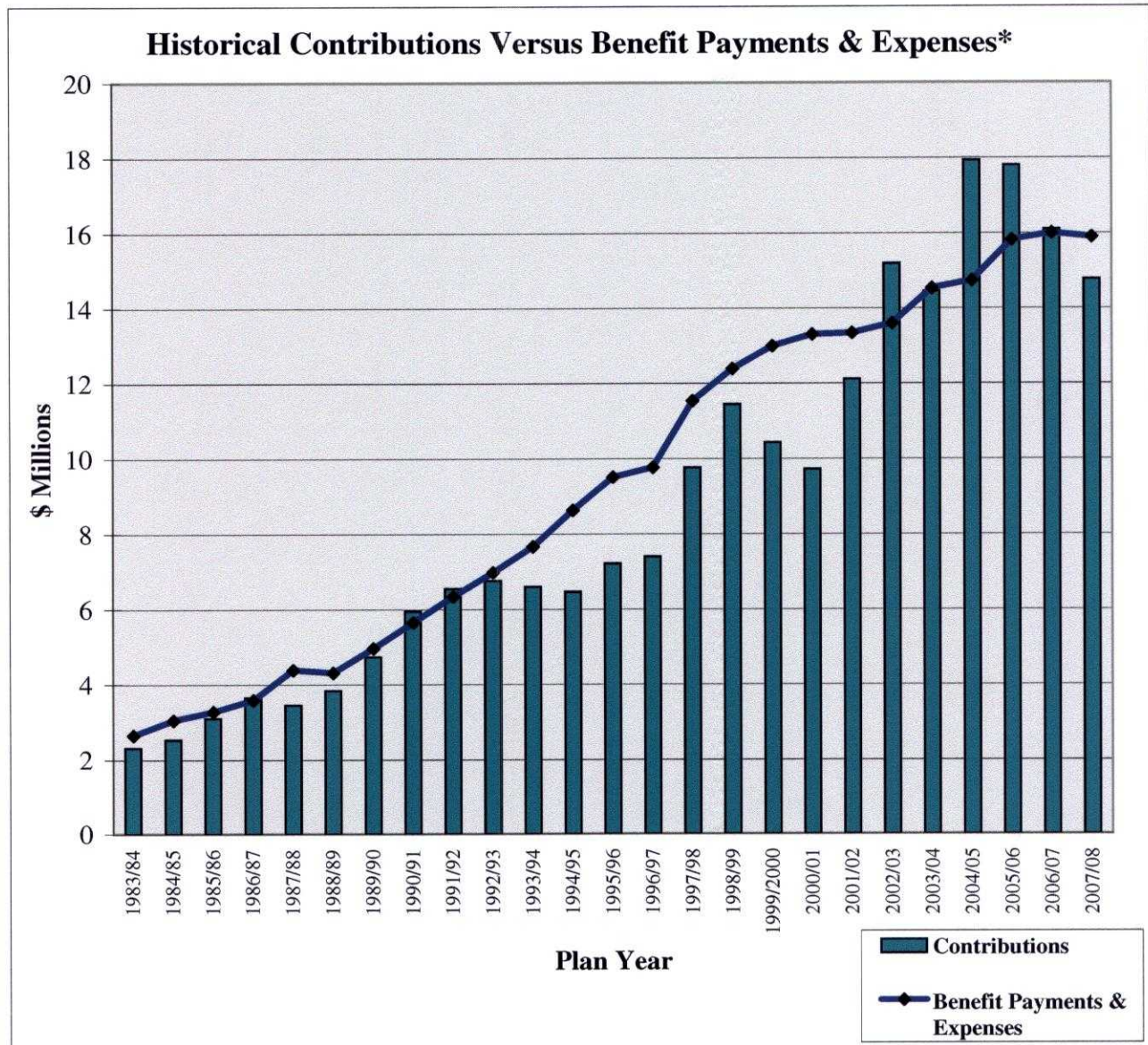
HISTORICAL ASSET INFORMATION

TABLE VIII



Plan Year	Market Value as of October 1	Actuarial Value as of October 1	Benefit Payments	Expenses	Contributions	Market Value Yield	Actuarial Value Yield
1983/84	\$14,494,127	\$14,494,127	\$2,533,649	\$117,839 *	\$2,322,143	9.45%	9.45%
1984/85	\$15,519,148	\$15,519,148	\$2,921,825	\$126,985 *	\$2,535,626	19.00%	19.00%
1985/86	\$17,905,956	\$17,905,956	\$3,208,497	\$72,232 *	\$3,106,739	17.34%	17.34%
1986/87	\$20,821,994	\$20,821,994	\$3,518,842	\$65,787 *	\$3,664,181	-1.06%	-1.06%
1987/88	\$20,680,556	\$20,680,556	\$4,325,089	\$64,978 *	\$3,461,733	14.29%	14.29%
1988/89	\$22,641,559	\$22,641,559	\$4,191,072	\$119,775 *	\$3,845,572	13.66%	13.66%
1989/90	\$25,236,812	\$25,236,812	\$4,874,776	\$89,715 *	\$4,738,516	5.52%	5.52%
1990/91	\$26,396,465	\$26,396,465	\$5,541,252	\$111,063 *	\$5,954,200	18.75%	18.75%
1991/92	\$31,674,855	\$31,674,855	\$6,163,575	\$172,425 *	\$6,547,219	13.45%	13.45%
1992/93	\$36,160,560	\$36,160,560	\$6,800,303	\$174,940 *	\$6,761,864	10.72%	10.72%
1993/94	\$39,813,005	\$39,813,005	\$7,425,256	\$240,946 *	\$6,600,353	2.56%	2.56%
1994/95	\$39,750,797	\$39,750,797	\$8,358,878	\$274,472 *	\$6,464,668	16.20%	16.20%
1995/96	\$43,844,677	\$43,844,677	\$9,269,000	\$250,263 *	\$7,219,936	10.44%	10.44%
1996/97	\$46,002,448	\$46,002,448	\$9,509,735	\$265,821 *	\$7,402,708	26.31%	26.31%
1997/98	\$55,420,842	\$55,420,842	\$11,340,373	\$197,589 *	\$9,777,170	2.71%	2.71%
1998/99	\$55,136,709	\$55,136,709	\$12,164,402	\$227,159 *	\$11,448,704	18.09%	18.09%
1999/2000	\$64,084,554	\$64,084,554	\$12,968,649	\$30,467	\$10,440,609	13.55%	13.55%
2000/01	\$70,038,085	\$70,038,085	\$13,291,840	\$13,598	\$9,734,395	-13.82%	-1.66%
2001/02	\$57,031,038	\$65,335,510	\$13,289,869	\$54,979	\$12,123,839	-9.35%	-5.37%
2002/03	\$50,532,111	\$60,638,533	\$13,519,882	\$82,711	\$15,192,882	15.62%	-1.15%
2003/04	\$60,137,534	\$61,521,737	\$14,495,710	\$45,380	\$14,452,767	10.61%	0.44%
2004/05	\$66,422,499	\$61,705,780	\$14,687,900	\$55,358	\$17,937,199	20.88%	29.89%
2005/06	\$83,819,260	\$83,819,260	\$15,748,611	\$72,288	\$17,810,565	7.78%	7.78%
2006/07	\$92,405,268	\$92,405,268	\$15,894,770	\$113,359	\$16,108,062	13.94%	13.94%
2007/08	\$105,396,066	\$105,396,066	\$15,787,026	\$113,689	\$14,777,433	-14.17%	-14.17%
2008/09	\$89,418,544	\$89,418,544					

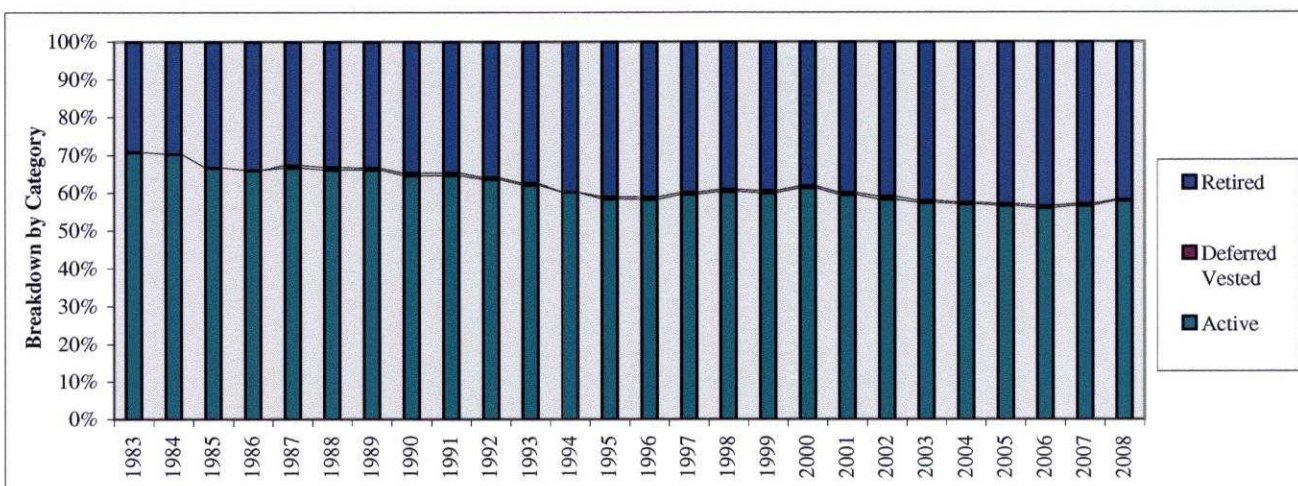
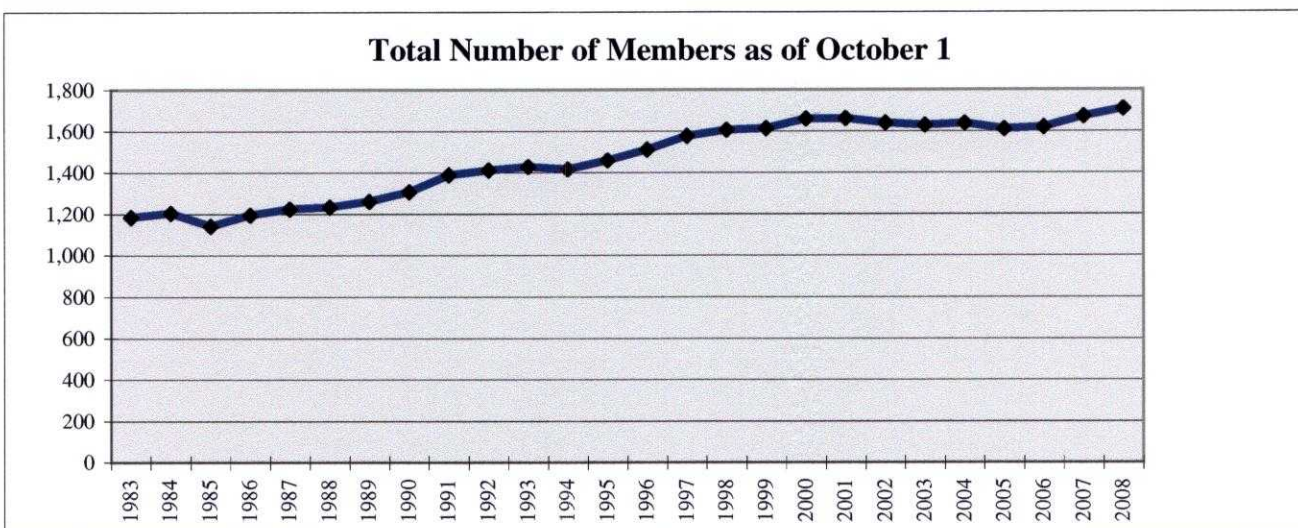
* Includes investment expenses



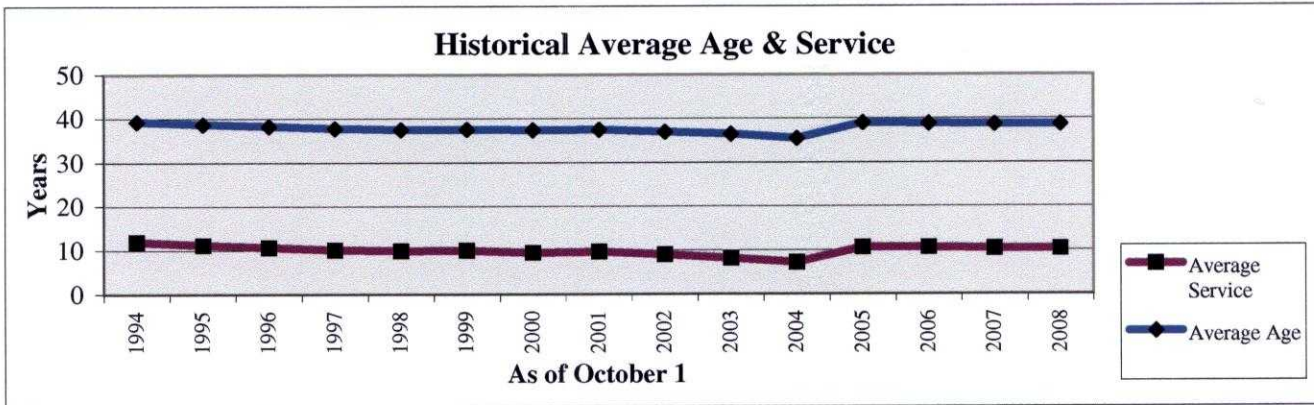
* Please reference Table VIII on page 13 for the historical benefit payments, expenses, and contributions.

SUMMARY OF MEMBERSHIP DATA

TABLE X

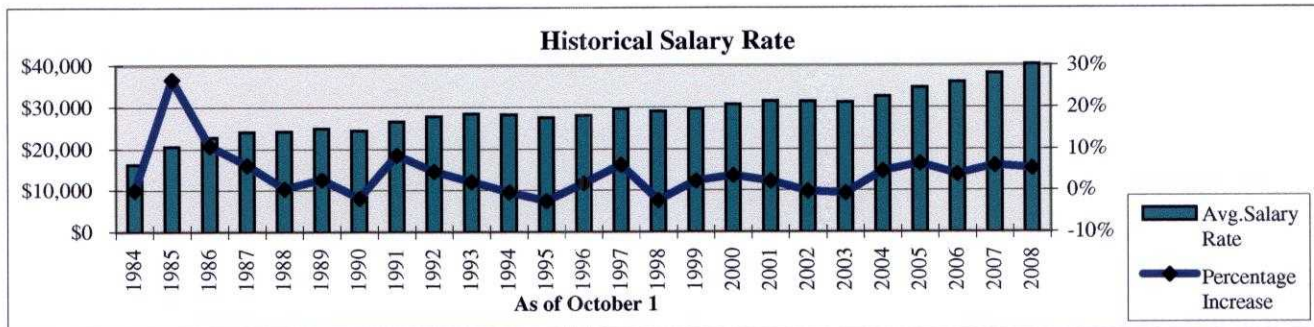


	As of October 1, 2007	As of October 1, 2008
1. Active Members		
a. Regular Active Employees	923	971
b. DROP Program	25	20
c. Sub-total	<u>948</u>	<u>991</u>
2. Deferred Vested Members	6	4
3. Retired Members		
a. Service Retirement	513	516
b. Disability Retirement	60	55
c. Beneficiaries	146	144
d. Sub-total	<u>719</u>	<u>715</u>
4. Total Members	<u><u>1,673</u></u>	<u><u>1,710</u></u>



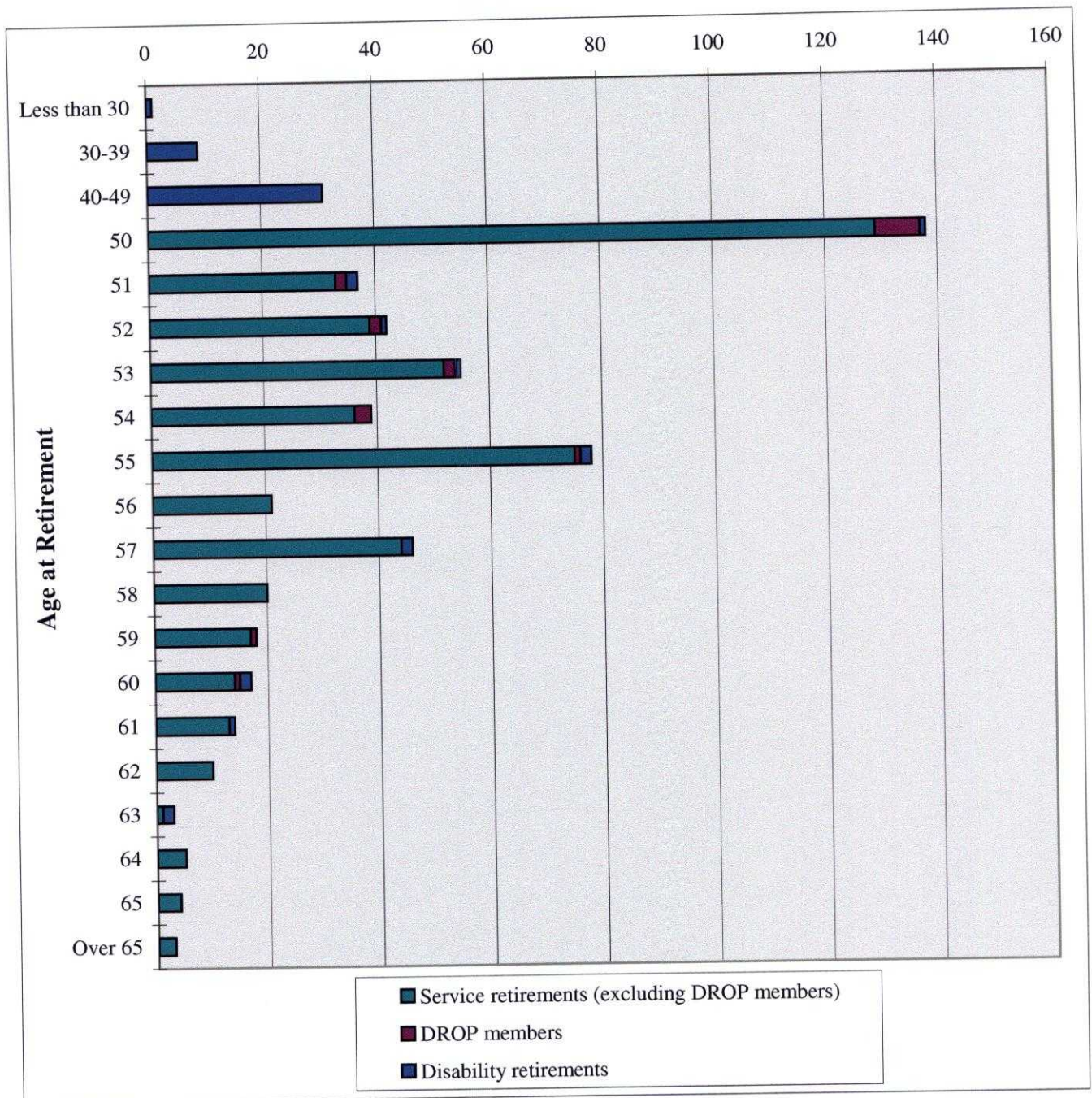
Date	Average Service Earned	Average Attained Age	Date	Average Service Earned	Average Attained Age
10/1/1994	11.90	39.25	10/1/2002	9.02	37.02
10/1/1995	11.16	38.69	10/1/2003	8.21	36.53
10/1/1996	10.67	38.26	10/1/2004	7.19	35.53
10/1/1997	10.09	37.77	10/1/2005	10.62	38.95
10/1/1998	9.87	37.51	10/1/2006	10.64	38.93
10/1/1999	10.00	37.58	10/1/2007	10.36	38.67
10/1/2000	9.51	37.36	10/1/2008	10.26	38.72
10/1/2001	9.66	37.54			

* weighted by salary



Date	Average Salary Rate	Increase from Prior Year	Date	Average Salary Rate	Increase from Prior Year
10/1/1984	\$16,289	N/A	10/1/1997	\$29,706 *	6.20%
10/1/1985	\$20,620	26.59%	10/1/1998	\$28,981 *	-2.44%
10/1/1986	\$22,835	10.74%	10/1/1999	\$29,641 *	2.28%
10/1/1987	\$24,218	6.06%	10/1/2000	\$30,700 *	3.57%
10/1/1988	\$24,320	0.42%	10/1/2001	\$31,389 *	2.24%
10/1/1989	\$24,958	2.62%	10/1/2002	\$31,314 *	-0.24%
10/1/1990	\$24,494	-1.86%	10/1/2003	\$31,114 *	-0.64%
10/1/1991	\$26,582	8.52%	10/1/2004	\$32,550 *	4.62%
10/1/1992	\$27,795	4.56%	10/1/2005	\$34,667 *	6.50%
10/1/1993	\$28,367	2.06%	10/1/2006	\$36,024 *	3.91%
10/1/1994	\$28,238	-0.45%	10/1/2007	\$38,194 *	6.02%
10/1/1995	\$27,510	-2.58%	10/1/2008	\$40,224 *	5.31%
10/1/1996	\$27,973	1.68%			

* excluding DROP participants



Note: Results are based on retiree data as of October 1, 2008.

Average benefit being paid to members on service retirement is \$2,019.02 per month.

Average benefit being paid to members on disability retirement is \$1,651.67 per month.

Average benefit being paid to DROP members is \$2,289.94 per month.

Average benefit being paid to beneficiaries is \$603.34 per month.

Average benefit to be paid to deferred vested members is \$1,484.53 per month.

DATA RECONCILIATION

TABLE Xc

	<u>Active</u>	<u>Deferred Vested</u>	<u>Retired</u>	<u>Total</u>
1. Number of members as of October 1, 2007	948	6	719	1,673
2. Change in status during the plan year:				
a. Actives who terminated svc.				
b. Actives who retired	(15)		15	
c. Term. vest. who were rehired				
d. Term. vesteds who retired		(2)	2	
e. Retirees who were rehired				
3. No longer a member due to:				
a. Death			(29)	(29)
b. Termination of service	(63)			(63)
c. Included in error last year				
4. New member due to:				
a. Initial membership	121			121
b. Death of another member			8	8
c. Omitted in error last year				
5. Number of members as of October 1, 2008	991	4	715	1,710

AGE-SERVICE-SALARY TABLE**TABLE Xd****(All Active Members Excluding DROP Members)**

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	47	32	0	0	0	0	0	0	0	0	79
Avg.Pay	27,355	28,865	0	0	0	0	0	0	0	0	27,967
25 to 29	26	81	24	3	0	0	0	0	0	0	134
Avg.Pay	30,681	31,989	36,060	34,767	0	0	0	0	0	0	32,527
30 to 34	17	68	41	15	0	0	0	0	0	0	141
Avg.Pay	31,544	33,882	38,922	45,115	0	0	0	0	0	0	36,261
35 to 39	13	30	52	52	18	0	0	0	0	0	165
Avg.Pay	32,882	32,416	35,925	42,178	47,782	0	0	0	0	0	38,311
40 to 44	6	14	35	52	58	16	3	0	0	0	184
Avg.Pay	32,968	32,834	38,145	42,849	46,207	61,010	54,898	0	0	0	43,704
45 to 49	3	6	11	26	46	41	8	0	0	0	141
Avg.Pay	32,486	35,766	39,718	40,599	46,964	54,363	56,316	0	0	0	47,123
50 to 54	3	1	6	11	18	22	17	3	0	0	81
Avg.Pay	30,871	30,093	49,634	38,221	48,520	47,331	59,157	65,573	0	0	48,864
55 to 59	1	1	4	4	6	10	3	11	0	0	40
Avg.Pay	30,846	134,118	40,390	36,986	39,550	48,275	57,718	73,282	0	0	54,344
60 to 64	0	0	0	0	3	0	1	1	1	0	6
Avg.Pay	0	0	0	0	37,040	0	2,352	53,106	71,421	0	39,667
65 to 69	0	0	0	0	0	0	0	0	0	0	0
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
70 & 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	116	233	173	163	149	89	32	15	1	0	971
Avg.Pay	29,878	32,746	37,923	41,880	46,458	53,136	56,137	70,395	71,421	0	40,224

AGE-SERVICE-SALARY TABLE**TABLE Xe****(Active Male Members Excluding DROP Members)**

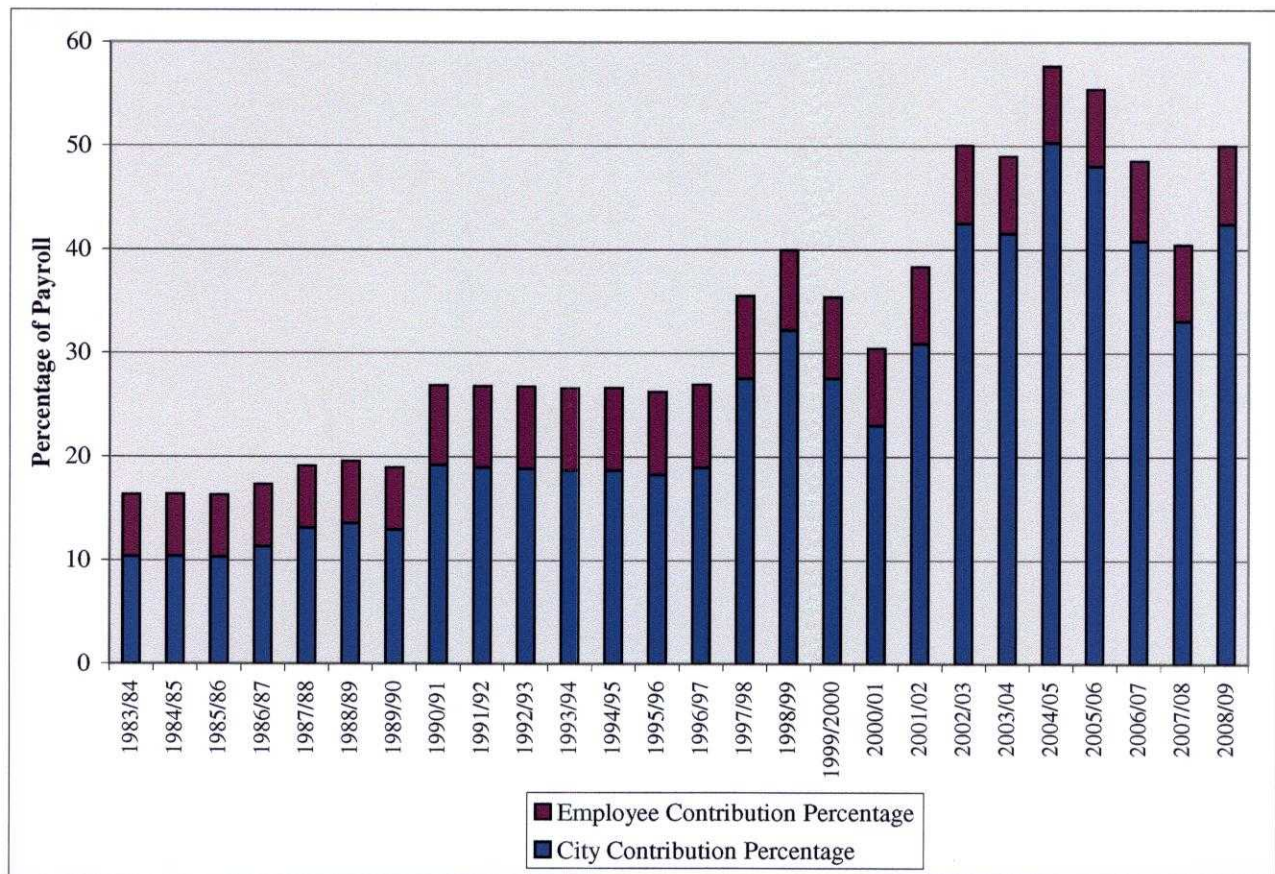
Attained Age	Completed Years of Service										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	
Under 25	42	29	0	0	0	0	0	0	0	0	71
Avg.Pay	27,618	29,296	0	0	0	0	0	0	0	0	28,303
25 to 29	25	75	23	3	0	0	0	0	0	0	126
Avg.Pay	30,704	32,003	34,950	34,767	0	0	0	0	0	0	32,349
30 to 34	15	65	39	14	0	0	0	0	0	0	133
Avg.Pay	30,585	33,870	39,023	45,905	0	0	0	0	0	0	36,277
35 to 39	12	29	50	47	16	0	0	0	0	0	154
Avg.Pay	32,641	32,496	35,703	41,671	47,741	0	0	0	0	0	37,933
40 to 44	5	14	35	48	56	14	2	0	0	0	174
Avg.Pay	31,664	32,834	38,145	42,289	45,554	61,433	54,450	0	0	0	43,120
45 to 49	2	6	10	25	43	39	7	0	0	0	132
Avg.Pay	31,704	35,766	40,449	40,563	46,810	54,777	56,774	0	0	0	47,296
50 to 54	3	1	6	10	14	18	14	3	0	0	69
Avg.Pay	30,871	30,093	49,634	38,638	46,670	48,128	62,097	65,573	0	0	49,169
55 to 59	1	1	4	4	6	7	2	11	0	0	36
Avg.Pay	30,846	134,118	40,390	36,986	39,550	47,480	52,586	73,282	0	0	54,317
60 to 64	0	0	0	0	3	0	0	0	1	0	4
Avg.Pay	0	0	0	0	37,040	0	0	0	71,421	0	45,635
65 to 69	0	0	0	0	0	0	0	0	0	0	0
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
70 & 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	105	220	167	151	138	78	25	14	1	0	899
Avg.Pay	29,745	32,874	37,783	41,614	45,866	53,782	59,234	71,630	71,421	0	40,076

AGE-SERVICE-SALARY TABLE**TABLE Xf****(Active Female Members Excluding DROP Members)**

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	5	3	0	0	0	0	0	0	0	0	8
Avg.Pay	25,149	24,700	0	0	0	0	0	0	0	0	24,981
25 to 29	1	6	1	0	0	0	0	0	0	0	8
Avg.Pay	30,093	31,815	61,586	0	0	0	0	0	0	0	35,321
30 to 34	2	3	2	1	0	0	0	0	0	0	8
Avg.Pay	38,735	34,140	36,946	34,050	0	0	0	0	0	0	35,979
35 to 39	1	1	2	5	2	0	0	0	0	0	11
Avg.Pay	35,774	30,093	41,477	46,948	48,110	0	0	0	0	0	43,616
40 to 44	1	0	0	4	2	2	1	0	0	0	10
Avg.Pay	39,487	0	0	49,574	64,505	58,046	55,794	0	0	0	53,868
45 to 49	1	0	1	1	3	2	1	0	0	0	9
Avg.Pay	34,050	0	32,408	41,486	49,166	46,297	53,106	0	0	0	44,571
50 to 54	0	0	0	1	4	4	3	0	0	0	12
Avg.Pay	0	0	0	34,050	54,994	43,747	45,435	0	0	0	47,110
55 to 59	0	0	0	0	0	3	1	0	0	0	4
Avg.Pay	0	0	0	0	0	50,129	67,981	0	0	0	54,592
60 to 64	0	0	0	0	0	0	1	1	0	0	2
Avg.Pay	0	0	0	0	0	0	2,352	53,106	0	0	27,729
65 to 69	0	0	0	0	0	0	0	0	0	0	0
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
70 & 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	11	13	6	12	11	11	7	1	0	0	72
Avg.Pay	31,147	30,577	41,807	45,219	53,882	48,551	45,077	53,106	0	0	42,069

HISTORICAL CONTRIBUTION RATE

TABLE XI



Plan Year	Employee Contribution Percentage	City Contribution Percentage	Plan Year	Employee Contribution Percentage	City Contribution Percentage
1983/84	6.00%	10.36%	1996/97	8.00%	19.00%
1984/85	6.00%	10.39%	1997/98	8.00%	27.56%
1985/86	6.00%	10.34%	1998/99	7.75%	32.21%
1986/87	6.00%	11.33%	1999/2000	7.85%	27.57%
1987/88	6.00%	13.15%	2000/01	7.43%	23.04%
1988/89	6.00%	13.59%	2001/02	7.43%	30.92%
1989/90	6.00%	12.97%	2002/03	7.54%	42.53%
1990/91	7.68%	19.21%	2003/04	7.49%	41.51%
1991/92	7.84%	18.96%	2004/05	7.42%	50.31%
1992/93	7.91%	18.88%	2005/06	7.47%	48.03%
1993/94	7.94%	18.70%	2006/07	7.78%	40.80%
1994/95	7.97%	18.70%	2007/08	7.34%	33.10%
1995/96	8.00%	18.30%	2008/09	7.60%	42.44%

1. Actuarial Cost Method

Projected Unit Credit Cost Method, except that the liability for the return of employee contributions is funded on a termination cost basis

2. Decrements

- Pre-Retirement Mortality**

Sex-distinct rates set forth in the RP-2000 Mortality Table for non-annuitants

- Post-Retirement Healthy Mortality**

Sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants

- Disability**

Representative values of the assumed annual rates of disability among members in active service are shown in the following table. 80% of disabilities are assumed to be service-related. Members entitled to a disability benefit are assumed to receive 60% of their final salary.

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	0.00%	35	0.32%	50	0.56%	60	0.64%
25	0.00%	40	0.43%	55	0.60%	65	0.67%
30	0.19%	45	0.50%				

- Permanent Withdrawal from Active Status**

Representative values of the assumed annual rates of withdrawal among members in active service are shown in the following table.

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	7.07%	35	3.05%	50	0.00%	60	0.00%
25	6.36%	40	1.47%	55	0.00%	65	0.00%
30	4.81%	45	0.34%				

- Retirement**

Retirement is assumed to occur in accordance with the following rates:

Age	Rate	Age	Rate	Age	Rate	Age	Rate
50	25%	54	33%	57	25%	60	20%
51	20%	55	35%	58	20%	61	20%
52	20%	56	30%	59	15%	62	100%
53	22%						

3. Interest Rate

- **Used for Calculating All Liabilities (including GASB 25 and 27 liabilities)**
8.00% per annum

4. Salary Increases

Salaries are assumed to increase at the rate of 4.00% per annum, but are limited to \$230,000 pursuant to Internal Revenue Code (IRC) §401(a)(17).

5. Marriage Assumptions

- **Percent Married**
100% of non-retired members are assumed married.
- **Age Difference Between Spouses**
Male spouses are assumed to be three years older than female spouses.

6. Expenses

All costs and liabilities have been loaded by 0.50% to account for administrative expenses other than investment expenses and commissions.

7. Assets

The actuarial value of assets is equal to the market value of assets.

8. Cost of Living Adjustment

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

9. Assumption of Past Service Earned by Certain Retirees

For purposes of determining the amount of the one-time lump sum distribution payable to retirees and their beneficiaries other than those individuals who retired during the period October 1, 1977 through April 14, 1985, we have assumed that each retiree had earned 20 years of service as of his original retirement date.

10. Maximum Benefit Limitation Under IRC §415

The maximum benefit limitation under IRC §415 has been applied and has been assumed not to increase from the current level.

The following assumptions have been changed during the past several years:

1. Effective October 1, 1995, the assumed administrative expenses have been increased from 0.40% of covered payroll to 1.00% of covered payroll.
2. Effective October 1, 1997:
 - a) The healthy mortality decrement has been changed from the 1984 Uninsured Pensioner (UP84) Mortality Table set forward one year for males and set back four years for females to the mortality rates set forth in the 1995 Buck Hourly Mortality Table; and
 - b) The disabled mortality decrement has been changed from the 1984 Uninsured Pensioner (UP84) Mortality Table set forward six years for males and set forward one year for females to the mortality rates set forth in the 1995 Buck Hourly Mortality Table set forward five years.
3. Effective October 1, 2001:
 - a) Administrative expenses have been assumed to be paid by the City; and
 - b) The actuarial value of assets has been changed from market value to the market value adjusted to reflect a five-year phase-in of the net investment appreciation after September 30, 2000.
4. Effective October 1, 2005, the actuarial value of assets has been changed from the market value adjusted to reflect a five-year phase-in of the net investment appreciation after September 30, 2000 to market value.
5. Effective October 1, 2007:
 - a) The mortality assumption has been changed from the 1995 Buck Hourly Mortality Table, set forward five years for disabled members, to the RP-2000 Mortality Table for annuitants and non-annuitants; and
 - b) All costs and liabilities have been loaded by 0.50% to account for administrative expenses other than investment expenses and commissions.
6. **Effective October 1, 2008, the assumed increase in future salaries has been decreased from 5.00% per annum to 4.00% per annum.**

* Note: Assumption changes that have first been reflected in this valuation are shown in bold print.

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.

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

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)).

(continued)

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.

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).

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.

The following plan amendments have been adopted within the past several years:

1. Effective October 1, 1997:
 - a) The optional forms of benefit payment will be determined on an actuarially equivalent basis, where actuarial equivalence is based on 7% interest and on the 1995 Buck Mortality Table (Male) for members and the 1995 Buck Mortality Table (Female) for beneficiaries;
 - b) 50% and 100% joint and contingent annuities with “pop-up” feature have been added to the plan as optional forms of benefit payment;
 - c) The disability benefit has been changed from a flat 60% of final salary to 2.50% of final salary for each year of service up to 24 years (except as noted in item 3. of Table XIII);
 - d) A non-service related disability benefit has been added to the plan as described in item 3. of Table XIII;
 - e) A withdrawal retirement benefit payable at age 65 has been added to the plan for those members who terminate service after earning at least 15 years of service but prior to earning at least 20 years of service;
 - f) A pre-retirement death benefit as described in item 5. of Table XIII has been added to the plan for the children of a member who dies prior to retirement with no eligible spouse, provided that the member has earned at least 15 years of service;
 - g) The required 8% member contributions have been eliminated for those members who have earned at least 30 years of service;
 - h) The required City contribution has been changed from 16.50% of member salaries to the amount described in item 16. of Table XIII; and
 - i) A DROP program has been added to the plan as described in item 20. of Table XIII.
2. Effective October 1, 1998, certain retirees were given a cost-of-living adjustment as follows:
 - a) Retirees who retired prior to October 1, 1977 received a \$75 per month pension increase;
 - b) Retirees who retired during the period October 1, 1977 through April 14, 1985 received no pension increase;
 - c) Retirees who retired during the period April 15, 1985 through September 30, 1998 received a \$5 per month pension increase for each complete year of retirement, with a maximum increase of \$25 per month;
 - d) Retirees who were participating in the DROP as of October 1, 1998 received no pension increase;
 - e) Beneficiaries of deceased retirees who retired prior to April 14, 1985 received a \$50 per month pension increase;
 - f) Future beneficiaries of retirees who retired prior to April 14, 1985 and were still living as of October 1, 1998 received a \$50 per month pension increase; and
 - g) Beneficiaries of all other deceased retirees received a \$5 per month pension increase for each complete year of retirement, with a maximum increase of \$25 per month.

3. Effective October 1, 2000, retirees and beneficiaries (other than those who retired during the period October 1, 1977 through April 14, 1985) were given a 4% benefit increase.
4. Effective May 17, 2001:
 - a) The service-related disability benefit was changed as described in item 3. of Table XIII; and
 - b) Membership was extended to those employees who are in the fire cadet program.
5. Effective October 1, 2005, retirees and beneficiaries (other than those who retired during the period October 1, 1977 through April 14, 1985) were given a 4% benefit increase.
6. **Effective October 1, 2008:**
 - a) **Retirees who retired prior to October 1, 1996 (other than those who retired during the period October 1, 1977 through April 14, 1985) and beneficiaries of members who retired prior to October 1, 1996 were given a 2% benefit increase; and**
 - b) **Retirees who retired prior to October 1, 2008 (other than those who retired during the period October 1, 1977 through April 14, 1985) and beneficiaries of members who retired prior to October 1, 2008 were given a one-time additional lump sum payment equal to \$1.00 for each month of service accrued as of the original date of retirement.**

* Note: Amendments that have first been reflected in this valuation are indicated in bold print.