

PensionBenefits, Inc.

**RTA Employees'
Defined Benefit Plan & Trust**

**Actuarial Valuation Report as of January 1, 2009 for the
Plan Year Ending December 31, 2009**

April 2009

Prepared by:

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April 22, 2009

Ms. Ruth Willey
Manager of Human Resources
Regional Transportation Authority
5658 Bear Lane
Corpus Christi, TX 78405

Re: Actuarial Valuation of the RTA Employees' Defined Benefit Plan & Trust as of January 1, 2009

Dear Ruth:

We are please to present our Report of the actuarial valuation of the *RTA Employees' Defined Benefit Plan & Trust* as of January 1, 2009.


The amortization period used in the contribution calculation was changed as of January 1, 2009. This change and its effect are summarized in Section 3.


In additional to the actuarial valuation results, various accounting and employee listings are also included which should help you compare this plan year with prior years.

Based upon the actuarial valuation as of January 1, 2009, it is our opinion that the *RTA Employees' Defined Benefits Plan & Trust* is actuarially sound and that these results reasonably reflect the funding status and requirements of the plan.

We would like to thank you for your assistance in providing all necessary data to complete this valuation. Please do not hesitate to let us know if you have any questions or need additional information.

Sincerely,


Kien Liew, EA, FCA, MAAA
Consulting Actuary


Mark A. Cavazos, ASA
Manager, Pension Services

Enclosure

RTA Employees' Defined Benefit Plan & Trust

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Section 1. EXECUTIVE SUMMARY

The key results from the actuarial valuation of the RTA Employees' Defined Benefit Plan as of January 1, 2009, may be summarized as follows:

	2009	2008
1. Participants		
a. Actives	191	185
b. Deferred Vested	136	132
c. Retirees & Beneficiaries	<u>61</u>	<u>54</u>
d. Total	388	371
2. Covered Payroll	\$6,634,041	\$6,394,664
3. Normal Cost (NC)	\$585,764	\$553,919
Percent of covered payroll	8.8%	8.7%
4. Present Value of Future Benefits	\$24,827,590	\$22,808,717
5. Actuarial Accrued Liability	\$20,416,886	\$18,587,028
6. Actuarial Asset Value	\$13,297,998	\$18,514,359
7. Unfunded Actuarial Accrued Liability (UAAL)	\$7,118,888	\$72,669
8. Actuarial Assets as percent of Accrued Liability	65.1%	99.6%
9. Actuarial Gains/(Losses)		
a. Due to experience	(\$7,050,141)	\$1,601
b. Due to assumption/method change	N/A	(72,669)
c. Due to plan amendment	N/A	N/A
d. Total	(\$7,050,141)	(\$71,068)
10. Annual Contribution Amount (assumed contribution on January 1):	\$1,335,977	\$562,637
Percent of covered payroll	20.1%	8.8%
11. GASB NO. 25 Disclosure		
a. Actuarial Accrued Liability (AAL)	\$20,416,886	\$18,587,028
b. Unfunded Actuarial Accrued Liability (UAAL)	\$7,118,888	\$72,669
c. GASB funded ratio (assets as % of AAL)	65.1%	99.6%
d. UAAL as percent of payroll	107.3%	1.1%
12. Investment return assumption	7.5%	7.5%
13. Salary increase assumption	3.5%	3.5%

Section 2. INTRODUCTION

This January 1, 2009 actuarial valuation of the RTA Employees' Defined Benefit Plan has been prepared by PensionBenefits, Inc. The primary purpose of the valuation is to value the liabilities of the plan as of January 1, 2009, determine the RTA's contribution, and to provide certain disclosure information

Section 1 provides a summary of the valuation results. Section 3 shows the effect of the change in the amortization period. Section 4 shows the development of the annual contribution amount. Assets are discussed in Section 5. Section 6 contains an analysis of the actuarial gains and losses during the past year.

Government Accounting Standards Board Statement No. 25 (GASB No. 25) information in the report is discussed in Section 7. Section 8 summarizes our findings.

Section 9 summarizes the plan provisions and actuarial assumptions used in the valuation. Sections 10 and 11 list census data and benefits.

Section 3. EFFECT OF CHANGES

This year's valuation reflects changing the amortization period used in determining the contribution to 15 years from January 1, 2009 from the pay-weighted average working lifetime.

The effect of these changes on key results is summarized below:

	After Change	Prior to Change	Difference
Covered Payroll	\$6,634,041	\$6,634,041	\$0
Normal Cost	585,764	585,764	0
Actuarial Accrued Liability	20,416,886	20,416,886	0
Actuarial Asset Value	13,297,998	13,297,998	0
Unfunded Actuarial Accrued Liability	7,118,888	7,118,888	0
Annual Contribution Amount (assumed contribution at January 1)	1,335,977	1,446,157	(110,180)
Percent of Covered Payroll	20.1%	21.8%	(1.7%)

Section 4. ANNUAL CONTRIBUTION AMOUNT

The annual contribution amount is the normal cost plus the amortization of the unfunded actuarial liability as a level dollar amount over 15 years from January 1, 2009.

The normal cost and actuarial accrued liability are developed based on the entry-age-normal (EAN) actuarial cost method.

Section 4.1 Development of Annual Contribution Amount

Section 3.1 DEVELOPMENT OF ANNUAL CONTRIBUTION AMOUNT

1.	Normal Cost (NC)	\$	585,764
2.	Amortization Amount		750,213
	a. Unfunded Accrued Liability (UAAL)	\$	7,118,888
	b. Amortization over 15 years from 1/1/2009 (years remaining)		15
	c. Amortization factor		9.4892
	d. Amortization amount (a / c)		750,213
3.	Annual Contribution Amount at 1/1/2009: (1 + 2)	\$	1,335,977*

* Contribution payable on January 1, 2009. All amounts outstanding shall accrue an interest at a rate of 7.5% per annum until paid.

Section 5. PLAN ASSETS

An analysis of the change in the Plan assets since the prior valuation and an estimate of the yield on assets for the Plan are included in section 5.1

Section 5.1 Change in Assets

Section 5.2 Description of Assets

Section 5.1: CHANGE IN ASSETS

	Market Value
1. Plan assets as of January 1, 2008	\$ 18,514,359
2. Employer contributions	576,140
3. Benefit payments made	391,056
4. Expenses paid from trust	7,426
5. Investment return	(5,394,019)
6. Plan assets as of December 31, 2008 (1+2-3-4+5)	\$ 13,297,998
7. Rate of return on average invested assets	
a. Average invested assets: $[1 + 0.5 \times (2-3)]$	\$ 18,606,901
b. Actual rate of return: $[(5-4) / 7a]$	(29.0%)
8. Actuarial asset gain (loss)	
a. Expected rate of return	7.5%
b. Actual rate of return over expected: $[7b - 8a]$	(36.5%)
c. Actuarial asset gain (loss): $[7a \times 8b]$	(\$ 6,791,519)

Section 5.2: DESCRIPTION OF ASSETS

	Market Value
1. Cash and Cash Equivalents	\$ 329,566.68
2. Equities	9,493,624.11
4. Fixed Income	
a. Corporate Obligations	3,466,682.34
b. Government Obligations	<u>0.00</u>
5. Trust Asset Balance at 12/31/2008	\$ 13,289,873.13
8. Accrued Income	8,125.16
8. Contribution Receivable	<u>0.00</u>
9. Total Assets at 12/31/2008	\$ 13,297,998.29

Section 6: ACTUARIAL GAINS AND LOSSES

An important part of the changes in unfunded actuarial accrued liability from year to year is due to the impact of actuarial gains and losses of the Plan.

Section 6.1: Actuarial Gain or Loss as of December 31, 2008

Section 6.1: ACTUARIAL GAIN/ (LOSS) AS OF DECEMBER 31, 2008**Calculation of Total Actuarial Gain / (Loss)**

1.	Unfunded actuarial accrued liability (UAAL) as of 1/1/2008	\$	72,669
2.	Normal cost as of January 1, 2008		553,919
3.	Actual contributions for 2008		(576,140)
4.	Interest at rate of 7.5% for year ending 12/31/2008		
	a. On UAAL		5,450
	b. On normal cost		41,544
	c. On contributions		<u>(28,695)</u>
	d. Total		18,299
5.	Increase in UAAL due to actuarial assumption change		N/A
6.	Expected UAAL (1 + 2 + 3 + 4d + 5)		68,747
7.	Actual UAAL		7,118,888
8.	Actuarial gain/(loss) for the year (6 – 7)	(\$	7,050,141)

Source of Gains / (Losses)

9.	Due to experience during the year		
	a. Asset experience		(6,791,519)
	b. Liability experience		(258,622)
10.	Due to actuarial assumption change		N/A
11.	Due to plan amendment		N/A
12.	Adjustment due to overfunding		N/A
13.	Total gain/(loss) for the year (9a + 9b + 10 + 11 + 12)	(\$	7,050,141)

Section 7: GASB NO. 25 DISCLOSURE

The Governmental Accounting Standards Board (GASB) has issued statement No. 25 which provides the manner in which the actuarial condition of a public sector retirement plan is to be disclosed. This disclosure format is required for plan years beginning after June 15, 1996, which in this case is the plan year beginning January 1, 1997.

Assets used for GASB No. 25 disclosure are based on the actuarial value which is also equal to market value for the RTA Employees' Defined Benefit Trust. Plan liabilities are based on the funding method used for determining plan liabilities for valuation purposes (EAN method), as required by GASB No. 25. The current level percent of pay funding cost method meets GASB 25 requirements for funding the plan.

Section 7.1 Schedule of funding progress

Section 7.2 Schedule of annual required contributions

Section 7.3 Required supplementary information

Section 7.1: SCHEDULE OF FUNDING PROGRESS
(as required by GASB No. 25)

Plan Year Beginning January 1	Net Assets Available for Benefits	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Percent Funded	Annual Covered Payroll	UAAL as a percentage of Covered Payroll
1999	\$8,909,522	\$10,368,700	\$1,459,178	85.9%	\$4,801,748	30.4%
2000	10,886,734	13,579,715	2,692,981	80.2%	5,042,726	53.4%
2001	10,665,029	12,095,483	1,430,454	88.2%	5,167,098	27.7%
2002	10,176,468	10,448,503	272,035	97.4%	5,702,517	4.7%
2003	9,495,065	11,978,973	2,483,908	79.3%	6,020,540	41.3%
2004	11,453,426	12,488,748	1,035,322	91.7%	6,223,960	16.4%
2005	12,996,121	14,027,843	1,031,722	92.6%	6,566,065	15.7%
2006	15,047,251	15,076,504	29,253	99.8%	6,758,209	0.4%
2007	17,064,846	16,686,030	0	102.3%	6,338,961	0.0%
2008	18,514,359	18,587,028	72,669	99.6%	6,394,664	1.1%
2009	13,297,998	20,416,886	7,118,888	65.1%	6,634,041	107.3%

Section 7.2 SCHEDULE OF ANNUAL REQUIRED CONTRIBUTIONS
(as required by GASB No. 25)

Plan Year Beginning January 1	Annual Required Contribution Amount	Annual Required Contribution Percent*	Percentage Contributed
1999	\$ 302,977	6.0%	100.0%
2000	273,023	5.2%	44.0%
2001	424,802	7.9%	0.0%
2002	619,393	10.4%	36.3%
2003	854,944	13.6%	58.5%
2004	677,500	10.8%	100.0%
2005	692,096	10.5%	214.9%
2006	553,797	8.2%	100.0%
2007	529,681	8.2%	100.0%
2008	576,140	9.0%	100.0%
2009	1,335,977†	TBD	TBD

*As a percent of covered payroll.

† Contribution payable on January 1, 2009. All amounts outstanding shall accrue an interest at a rate of 7.5% per annum until paid.

Section 7.3: NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 2009
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar amount over 15 years from January 1, 2009
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	3.5%

Section 8. SUMMARY AND CLOSING COMMENTS

It is our opinion that the results of this valuation provide a reasonable reflection of the funding status of the Plan and that the RTA Employees' Defined Benefit Plan & Trust is actuarially sound provided RTA contribute the annual contribution amount to the trust.

A contribution of this amount will meet the GASB 25 funding requirements.

Section 9. PLAN SPECIFICATIONS
(Attached)

PLAN SPECIFICATIONS
 RTA Employees'
 Defined Benefit Plan and Trust

FOR THE PLAN YEAR 01/01/2009 THROUGH 12/31/2009

TYPE OF ENTITY State or Local Government or Tax-exempt Organization.

DATES Effective-07/21/1986 Valuation-01/01/2009 Eligibility-01/01/2009 Year-end-12/31/2009

ELIGIBILITY Minimum age- None Months of service- None Maximum age- None
 Age at last birthday.
 Entry Age For Full Funding Limitation Calculation - as of date of hire.

HOURS REQUIRED FOR
 Eligibility - 0 Benefit accrual - 1000 Vesting - 1000

PLAN ENTRY - The date of satisfaction of eligibility requirements.
 New participants are not included in current year's valuation.

RETIREMENT NORMAL - First of month coincident with or following attainment of age 62.
 EARLY - Upon attainment of age 55, and completion of 10 years of service.
 (100% Vested upon satisfaction of early retirement provisions).

AVERAGE COMPENSATION -- (retrospective salaries)
 FUNDING - Final 3 years.
 ACCRUED BENEFIT - Final 3 years.

PLAN BENEFITS

RETIREMENT-- 2.000% of average monthly compensation multiplied by total years of service. Service prior to 07/21/1986 is excluded.

415 Limits - Percent 100.00 Dollar - \$16,250

Minimum benefit - None Maximum benefit - None

Maximum 401(a)(17) compensation \$245,000

PLAN SPECIFICATIONS
 RTA Employees'
 Defined Benefit Plan and Trust

FOR THE PLAN YEAR 01/01/2009 THROUGH 12/31/2009

NORMAL FORM Joint and 50% Survivorship
 (3 Year setback for spouse age if spouse date of birth not entered).

TEFRA minimum benefits funded on life only basis.
 Single participants funded on life only basis.

DEATH BENEFIT Present value of vested accrued benefits.

ACCRUED BENEFIT 2.000% of average monthly compensation multiplied by total years of service.

Maximum allowable distribution is lump sum equivalent of normal form not to exceed 415 maximum allowable distribution, which is lesser amount computed using a) 2.870% interest and 94 GAR mortality unisex projected to 2002 or b) plan actuarial equivalence interest and mortality.

TERMINATION
 BENEFITS

3-7 year.

Year	1	2	3	4	5	6	7
Pct	0	0	20	40	60	80	100

Service is calculated using all years of service except years prior to plan effective date and age 18.

CONTRIBUTIONS

EMPLOYEE REQUIRED -- None

EMPLOYEE VOLUNTARY -- None

ASSET VALUATION

METHOD Market value.

PLAN SPECIFICATIONS
 RTA Employees'
 Defined Benefit Plan and Trust

FOR THE PLAN YEAR 01/01/2009 THROUGH 12/31/2009

PLAN ASSUMPTIONS

ACTUARIAL COST METHOD Individual entry age normal - Level percentage of compensation.

PRE-RETIREMENT INTEREST ASSUMED FOR DEPOSIT-- 7.500% Compounded annually

MORTALITY TABLE -- RP-2000 MORTALITY TABLE.
 TURNOVER/DISABILITY-- TURNOVER TABLE 5.
 COST OF VESTING -- Yes.
 SALARY SCALE -- Salaries assumed to increase at 3.500% per year.
 INTEGRATION LVL INCR- None.
 BACKWARD SALARY PROJ. 6.000%

POST RETIREMENT ANNUITY FACTORS BASED ON:

INTEREST -- 7.500%
 MORTALITY TABLE -- RP-2000 MORTALITY TABLE.
 EXPENSE LOAD -- None
 COST OF LIVING -- None
 LOAD FOR ANCI LLARY BENEFITS -- None

* PVB for i nactives based on fundi ng assumpti ons.

PRESENT VALUE OF ACCRUED BENEFIT - GREATER OF 417(e) OR ACTUARIAL ASSUMPTIONS

417(e): INTEREST -- 2.870%
 MORTALITY TABLE -- 1994 GROUP ANNUITY RESERVING Uni sex Proj to 2002.
 Mortality not used for pre-retirement

PRE-RETIREMENT: INTEREST -- 7.000%
 MORTALITY TABLE -- 1984 UNI SEX TABLE.

POST-RETIREMENT: INTEREST -- 7.000%
 MORTALITY TABLE -- 1984 UNI SEX TABLE.

ASSUMPTIONS FOR "RPA '94" MINIMUM CURRENT LIABILITY CALCULATIONS

PRE-RETIREMENT: INTEREST -- 5.770%
 MORTALITY TABLE -- 2007 IRS Reg. 1.412(I)(7)-1 for Current Liability - Combined Table.

POST-RETIREMENT: INTEREST -- 5.770%
 MORTALITY TABLE -- 2007 IRS Reg. 1.412(I)(7)-1 for Current Liability - Combined Table.

PLAN SPECIFICATIONS
RTA Employees'
Defined Benefit Plan and Trust

FOR THE PLAN YEAR 01/01/2009 THROUGH 12/31/2009

ASSUMPTIONS FOR 410(b)/401(a)(4) CALCULATIONS

PRE-RETIREMENT:	INTEREST --	8.500%
POST-RETIREMENT:	INTEREST --	8.500%
	MORTALITY TABLE --	1984 UNISEX TABLE.
PERMISSIVELY AGGREGATED PLANS:	Not Tested as Single Plan.	
COMPENSATION:	Use Current Compensation to calculate the Benefit Accrual Rate (Annual Method).	
TESTING AGE:	Normal Retirement Age.	

Section 10. DEMOGRAPHIC DATA

Section 10.1 provides the employee census data used in the valuation. Section 10.2 provides a reconciliation of the demographic information from the prior year to the current year.

Section 10.1 Employee census

Section 10.2 Data reconciliation