RTA Employees’
Defined Benefit Plan & Trust

Actuarial Valuation Report as of January 1, 2010 for the
Plan Year Ending December 31, 2010

May 2010

Prepared by:
PensionBenefits, Inc.
700 E. Park Blvd.
Suite 108
Plano, TX 75074
972.424.2230
May 17, 2010

Ms. Susan Vinson  
Finance Director  
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, 2010

Dear Susan:

We are pleased to present our Report of the actuarial valuation of the RTA Employees’ Defined Benefit Plan & Trust as of January 1, 2010.

In addition 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, 2010, 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
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</table>
Section 1. EXECUTIVE SUMMARY

The key results from the actuarial valuation of the RTA Employees’ Defined Benefit Plan as of January 1, 2010, may be summarized as follows:

1. Participants
   a. Actives 205 191
   b. Deferred Vested 136 136
   c. Retirees & Beneficiaries 66 61
   d. Total 407 388

2. Covered Payroll $7,246,596 $6,634,041

3. Normal Cost (NC) $659,462 $585,764
   Percent of covered payroll 9.1% 8.8%

4. Present Value of Future Benefits $27,115,434 $24,827,590

5. Actuarial Accrued Liability $22,390,777 $20,416,886

6. Actuarial Asset Value $17,913,932 $13,297,998

7. Unfunded Actuarial Accrued Liability (UAAL) $4,476,845 $7,118,888

8. Actuarial Assets as percent of Accrued Liability 80.0% 65.1%

9. Actuarial Gains/(Losses)
   a. Due to experience $2,369,481 ($7,050,141)
   b. Due to assumption/method change N/A N/A
   c. Due to plan amendment N/A N/A
   d. Total $2,369,481 ($7,050,141)

10. Annual Contribution Amount (assumed contribution on January 1): $1,150,032 $1,335,977
    Percent of covered payroll 15.9% 20.1%

11. GASB NO. 25 Disclosure
    a. Actuarial Accrued Liability (AAL) $22,390,777 $20,416,886
    b. Unfunded Actuarial Accrued Liability (UAAL) $4,476,845 $7,118,888
    c. GASB funded ratio (assets as % of AAL) 80.0% 65.1%
    d. UAAL as percent of payroll 61.8% 107.3%

12. Investment return assumption 7.5% 7.5%

13. Salary increase assumption 3.5% 3.5%
Section 2. INTRODUCTION

This January 1, 2010 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, 2010, determine the RTA’s contribution, and to provide certain disclosure information.

Section 1 provides a summary of the valuation results. Section 3 shows the development of the annual contribution amount. Assets are discussed in Section 4. Section 5 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 6. Section 7 summarizes our findings.

Section 8 summarizes the plan provisions and actuarial assumptions used in the valuation. Sections 9 and 10 list census data and benefits.
Section 3. 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 (14 years remain). This is the same approach as used in the prior year.

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

Section 3.1 Development of Annual Contribution Amount
## Section 3.1 DEVELOPMENT OF ANNUAL CONTRIBUTION AMOUNT

1. Normal Cost (NC) $ 659,462

2. Amortization Amount 490,570
   a. Unfunded Accrued Liability (UAAL) $ 4,476,845
   b. Amortization over 15 years from 1/1/2009 (years remaining) 14
   c. Amortization factor 9.1258
   d. Amortization amount (a / c) 490,570

3. Annual Contribution Amount at 1/1/2010: (1 + 2) $ 1,150,032*

* Contribution payable on January 1, 2010. All amounts outstanding shall accrue an interest at a rate of 7.5% per annum until paid.
Section 4. 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 4.1

Section 4.1 Change in Assets

Section 4.2 Description of Assets
### Section 4.1: CHANGE IN ASSETS

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Plan assets as of January 1, 2009</td>
<td>$ 13,297,998</td>
</tr>
<tr>
<td>2</td>
<td>Employer contributions</td>
<td>1,361,626</td>
</tr>
<tr>
<td>3</td>
<td>Benefit payments made</td>
<td>439,719</td>
</tr>
<tr>
<td>4</td>
<td>Expenses paid from trust</td>
<td>9,201</td>
</tr>
<tr>
<td>5</td>
<td>Investment return</td>
<td>3,703,228</td>
</tr>
<tr>
<td>6</td>
<td>Plan assets as of December 31, 2008 (1+2–3–4+5)</td>
<td>$ 17,913,932</td>
</tr>
<tr>
<td>7</td>
<td>Rate of return on average invested assets</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. Average invested assets: ([1 + 0.5 \times (2–3)])</td>
<td>$ 13,758,952</td>
</tr>
<tr>
<td></td>
<td>b. Actual rate of return: ([(5–4) / 7a])</td>
<td>26.8%</td>
</tr>
<tr>
<td>8</td>
<td>Actuarial asset gain (loss)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. Expected rate of return</td>
<td>7.5%</td>
</tr>
<tr>
<td></td>
<td>b. Actual rate of return over expected: ([7b – 8a])</td>
<td>19.3%</td>
</tr>
<tr>
<td></td>
<td>c. Actuarial asset gain (loss): ([7a \times 8b])</td>
<td>$ 2,655,478</td>
</tr>
</tbody>
</table>
### Section 4.2: DESCRIPTION OF ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Cash and Cash Equivalents</td>
<td>$ 287,870.22</td>
</tr>
<tr>
<td>2. Equities</td>
<td>12,882,864.95</td>
</tr>
<tr>
<td>4. Fixed Income</td>
<td></td>
</tr>
<tr>
<td>a. Corporate Obligations</td>
<td>4,735,323.15</td>
</tr>
<tr>
<td>b. Government Obligations</td>
<td>0.00</td>
</tr>
<tr>
<td>5. Trust Asset Balance at 12/31/2009</td>
<td>$ 17,906,058.32</td>
</tr>
<tr>
<td>8. Accrued Income</td>
<td>7,873.53</td>
</tr>
<tr>
<td>8. Contribution Receivable</td>
<td>0.00</td>
</tr>
<tr>
<td>9. Total Assets at 12/31/2009</td>
<td>$ 17,913,931.85</td>
</tr>
</tbody>
</table>
Section 5: 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 5.1: Actuarial Gain or Loss as of December 31, 2009
Section 5.1: ACTUARIAL GAIN / (LOSS) AS OF DECEMBER 31, 2009

Calculation of Total Actuarial Gain / (Loss)
1. Unfunded actuarial accrued liability (UAAL) as of 1/1/2009 $ 7,118,888
2. Normal cost as of January 1, 2009 585,764
3. Actual contributions for 2009 (1,361,626)
4. Interest at rate of 7.5% for year ending 12/31/2009
   a. On UAAL 533,917
   b. On normal cost 43,932
   c. On contributions (75,549)
   d. Total 503,300
5. Increase in UAAL due to actuarial assumption change N/A
6. Expected UAAL (1 + 2 + 3 + 4d + 5) 6,846,326
7. Actual UAAL 4,476,845
8. Actuarial gain/(loss) for the year (6 – 7) $ 2,369,481

Source of Gains / (Losses)
9. Due to experience during the year
   a. Asset experience 2,655,478
   b. Liability experience (285,997)
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 $ 2,369,481
   (9a + 9b + 10 + 11 + 12)
Section 6: 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 6.1 Schedule of funding progress

Section 6.2 Schedule of annual required contributions

Section 6.3 Required supplementary information
## Section 6.1: SCHEDULE OF FUNDING PROGRESS
(as required by GASB No. 25)

<table>
<thead>
<tr>
<th>Plan Year Beginning January 1</th>
<th>Net Assets Available for Benefits</th>
<th>Actuarial Accrued Liability (AAL)</th>
<th>Unfunded Actuarial Accrued Liability (UAAL)</th>
<th>Percent Funded</th>
<th>Annual Covered Payroll</th>
<th>UAAL as a percentage of Covered Payroll</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>$8,909,522</td>
<td>$10,368,700</td>
<td>$1,459,178</td>
<td>85.9%</td>
<td>$4,801,748</td>
<td>30.4%</td>
</tr>
<tr>
<td>2000</td>
<td>10,886,734</td>
<td>13,579,715</td>
<td>2,692,981</td>
<td>80.2%</td>
<td>5,042,726</td>
<td>53.4%</td>
</tr>
<tr>
<td>2001</td>
<td>10,665,029</td>
<td>12,095,483</td>
<td>1,430,454</td>
<td>88.2%</td>
<td>5,167,098</td>
<td>27.7%</td>
</tr>
<tr>
<td>2002</td>
<td>10,176,468</td>
<td>10,448,503</td>
<td>272,035</td>
<td>97.4%</td>
<td>5,702,517</td>
<td>4.7%</td>
</tr>
<tr>
<td>2003</td>
<td>9,495,065</td>
<td>11,978,973</td>
<td>2,483,908</td>
<td>79.3%</td>
<td>6,020,540</td>
<td>41.3%</td>
</tr>
<tr>
<td>2004</td>
<td>11,453,426</td>
<td>12,488,748</td>
<td>1,035,322</td>
<td>91.7%</td>
<td>6,223,960</td>
<td>16.4%</td>
</tr>
<tr>
<td>2005</td>
<td>12,996,121</td>
<td>14,027,843</td>
<td>1,031,722</td>
<td>92.6%</td>
<td>6,566,065</td>
<td>15.7%</td>
</tr>
<tr>
<td>2006</td>
<td>15,047,251</td>
<td>15,076,504</td>
<td>29,253</td>
<td>99.8%</td>
<td>6,758,209</td>
<td>0.4%</td>
</tr>
<tr>
<td>2007</td>
<td>17,064,846</td>
<td>16,686,030</td>
<td>0</td>
<td>102.3%</td>
<td>6,338,961</td>
<td>0.0%</td>
</tr>
<tr>
<td>2008</td>
<td>18,514,359</td>
<td>18,587,028</td>
<td>72,669</td>
<td>99.6%</td>
<td>6,394,664</td>
<td>1.1%</td>
</tr>
<tr>
<td>2009</td>
<td>13,297,998</td>
<td>20,416,886</td>
<td>7,118,888</td>
<td>65.1%</td>
<td>6,634,041</td>
<td>107.3%</td>
</tr>
<tr>
<td>2010</td>
<td>17,913,932</td>
<td>22,390,777</td>
<td>4,476,845</td>
<td>80.0%</td>
<td>7,246,596</td>
<td>61.8%</td>
</tr>
</tbody>
</table>
### Section 6.2  SCHEDULE OF ANNUAL REQUIRED CONTRIBUTIONS
(as required by GASB No. 25)

<table>
<thead>
<tr>
<th>Plan Year Beginning January 1</th>
<th>Annual Required Contribution Amount</th>
<th>Annual Required Contribution Percent*</th>
<th>Percentage Contributed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>$ 302,977</td>
<td>6.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>2000</td>
<td>273,023</td>
<td>5.2%</td>
<td>44.0%</td>
</tr>
<tr>
<td>2001</td>
<td>424,802</td>
<td>7.9%</td>
<td>0.0%</td>
</tr>
<tr>
<td>2002</td>
<td>619,393</td>
<td>10.4%</td>
<td>36.3%</td>
</tr>
<tr>
<td>2003</td>
<td>854,944</td>
<td>13.6%</td>
<td>58.5%</td>
</tr>
<tr>
<td>2004</td>
<td>677,500</td>
<td>10.8%</td>
<td>100.0%</td>
</tr>
<tr>
<td>2005</td>
<td>692,096</td>
<td>10.5%</td>
<td>214.9%</td>
</tr>
<tr>
<td>2006</td>
<td>553,797</td>
<td>8.2%</td>
<td>100.0%</td>
</tr>
<tr>
<td>2007</td>
<td>529,681</td>
<td>8.2%</td>
<td>100.0%</td>
</tr>
<tr>
<td>2008</td>
<td>576,140</td>
<td>9.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>2009</td>
<td>1,335,977</td>
<td>21.8%</td>
<td>100.0%</td>
</tr>
<tr>
<td>2010</td>
<td>1,150,032†</td>
<td>TBD</td>
<td>TBD</td>
</tr>
</tbody>
</table>

*As a percent of covered payroll.

† Contribution payable on January 1, 2010. All amounts outstanding shall accrue an interest at a rate of 7.5% per annum until paid.
Section 6.3: 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:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Valuation date</td>
<td>January 1, 2010</td>
</tr>
<tr>
<td>Actuarial cost method</td>
<td>Entry Age Normal</td>
</tr>
<tr>
<td>Amortization method</td>
<td>Level dollar amount over 15 years from January 1, 2009 (14 years remaining)</td>
</tr>
<tr>
<td>Asset valuation method</td>
<td>Market value</td>
</tr>
<tr>
<td>Actuarial assumptions:</td>
<td></td>
</tr>
<tr>
<td>Investment rate of return</td>
<td>7.5%</td>
</tr>
<tr>
<td>Projected salary increases</td>
<td>3.5%</td>
</tr>
</tbody>
</table>
Section 7. 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 8. PLAN SPECIFICATIONS
(Attached)
RTA Employees’ Defined Benefit Plan and Trust

FOR THE PLAN YEAR 01/01/2010 THROUGH 12/31/2010

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

DATES:
- Effective: 07/21/1986
- Valuation: 01/01/2010
- Eligibility: 01/01/2010
- Year-end: 12/31/2010

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.

RETI REMENT:
- 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.

ACCURED BENEFIT: Final 3 years.

PLAN BENEFITS

RETI REMENT:
- 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
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) 3.640% interest and 94 GAR mortality unisex projected to 2002 or b) plan actuarial equivalence interest and mortality.

TERMINATION BENEFITS  
3-7 year.

<table>
<thead>
<tr>
<th>Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pct</td>
<td>0</td>
<td>0</td>
<td>20</td>
<td>40</td>
<td>60</td>
<td>80</td>
<td>100</td>
</tr>
</tbody>
</table>

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 01/01/2010 THROUGH 12/31/2010

PLAN ASSUMPTIONS

ACTUARIAL COST

METHOD

Individual entry age normal - Level percentage of compensation.

PRE-RETIEMENT

INTEREST ASSUMED FOR DEPOSIT -- 7.500% Compounded annually

MORTALITY TABLE -- RP-2000 MORTALITY TABLE.

TURNOVER/DIABILITY -- TURNOVER TABLE 5.

COST OF VESTING -- Yes.

SALARY SCALE -- Salaries assumed to increase at 3.500% per year.

INTEGRATED LVL INCR -- None.

BACKWARD SALARY PRJ -- 6.000%

POST RETIEMENT

ANNUITY FACTORS BASED ON:

INTEREST -- 7.500%

MORTALITY TABLE -- RP-2000 MORTALITY TABLE.

EXPENSE LOAD -- None

COST OF LIVING -- None

LOAD FOR ANCILLARY BENEFITS -- None

* PVB for inactives based on funding assumptions.

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

417(e):

INTEREST -- 3.640%


Mortality not used for pre-retirement

PRE-RETIEMENT:

INTEREST -- 7.000%

MORTALITY TABLE -- 1984 UNISEX TABLE.

POST-RETIEMENT:

INTEREST -- 7.000%

MORTALITY TABLE -- 1984 UNISEX TABLE.

ASSUMPTIONS FOR "RPA '94" MINIMUM CURRENT LIABILITY CALCULATIONS

PRE-RETIEMENT:

INTEREST -- 5.770%

MORTALITY TABLE -- 2007 IRS Reg. 1.412(l)(7)-1 for Current Liability - Combined Table.

POST-RETIEMENT:

INTEREST -- 5.770%

MORTALITY TABLE -- 2007 IRS Reg. 1.412(l)(7)-1 for Current Liability - Combined Table.
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 9. DEMOGRAPHIC DATA

Section 9.1 provides the census data used in the valuation. Section 9.2 provides a reconciliation of the demographic information from the prior year to the current year.

Section 9.1 Census data

Section 9.2 Data reconciliation