Metropolitan Transit Authority
Of Harris County, Texas
Non-Union Pension Plan and Trust
Annual Comprehensive Financial Report
For The Years Ended December 31, 2021 and 2020

Prepared by the Metropolitan Transit Authority
Of Harris County, Texas
Office of the Controller

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Introductory Section
(Unaudited)

This section provides an overview of the Metropolitan Transit Authority Non-Union Pension Plan and Trust's Annual Comprehensive Financial Report, a transmittal letter from the Chair of the Plan and Trust, and information on performance, organizational structure, and responsibility for financial reporting. The prior year's Certificate of Achievement for Excellence in Financial Reporting is also included.

METROPOLITAN TRANSIT AUTHORITY OF HARRIS COUNTY, TX
NON - UNION PENSION PLAN AND TRUST

Non-Union Committee Members

Debbie Sechler
Chair
Arthur C. Smiley III
Thomas Jasien
Marcus Smith
Reynaldo Reza
Heidi Davis

July 27, 2022

Plan Participants, Non-Union Pension Plan Committee Members (Committee) and the Board of Directors of the Metropolitan Transit Authority of Harris County, Texas (METRO or the Plan sponsor):

I am pleased to present the Annual Comprehensive Financial Report (ACFR) for the Metropolitan Transit Authority Non-Union Pension Plan and Trust's (Plan) for the years ended December 31, 2021, and 2010. The Plan is a defined benefit non-contributory pension plan, which is for full-time administrative staff and police officers hired before October 1, 2007. New employees hired on or after this date are placed into a defined contribution plan which is not part of this report.

This ACFR has five sections and is one of the few reports which brings together the major financial and management elements of a pension plan. The Introductory Section discusses the overview of the ACFR, the Plan's performance as well as the Committee's and METRO's responsibilities for managing the Plan and providing accurate, reliable financial information.

The preparation of the ACFR reflects the dedication and commitment the Committee and METRO have made in providing quality and transparent financial information. This commitment has resulted in the Plan earning, for the tenth consecutive year, the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association.

Funding Policy and Investment Returns

METRO's funding policy is to contribute the annual, actuarially determined contribution over a 12-month period. Employees do not contribute to the Plan. During 2021, METRO contributed $13.4 million to the Plan which equals 100 percent of the annual, actuarially determined contribution.

The Plan's funding status for 2021 was 62.9 percent. The Plan is meeting its funding objective as it continues to receive the actuarially determined annual contribution from METRO. The increase/decrease in year-to-year funding status are the results of experience gains/losses due to changes in capital market conditions and/or changes in assumptions.

For 2021, the Plan had a positive investment rate of return, net of fees, of approximately 11.8 percent with a positive 8.6 percent return over the last ten years. The Committee continues to work closely with Marquette Associates, Inc., the Plan's financial advisor, to implement an investment strategy that will achieve the 6.25 percent investment rate of return that was adopted in May 2020.

Additional information on the Plan's financial performance is in the Management Discussion & Analysis Section which starts on page 11 of this report.

The Committee and financial advisor routinely met to discuss general market conditions, money managers' performance and new investment opportunities ranging from commodities to real estate.

Non-Union Committee Members

Debbie Sechler
Chair

Arthur C. Smiley III
Thomas Jasien
Marcus Smith
Reynaldo Reza
Heidi Davis

Additional information on the Plan's investment policy, performance and reallocation of investments is in the notes to the basic financial statements and in the Investment Section (Unaudited) of this report.

In 2022, the Committee and METRO updated the inflation and mortality table assumptions used in the actuarial valuations.

The Financial Reporting Entity and Responsibilities for Internal Controls

The Plan is not a component unit of METRO, or any other plans and the accompanying basic financial statements include all activities for which the Plan is financially accountable as defined by GASB No. 14, *The Financial Reporting Entity* and Statement No. 61, *The Financial Reporting Entity: Omnibus.*

Responsibility for accuracy, reliability, and fairness in the presentation of financial information and related disclosures rests with the Committee and METRO. All disclosures that are necessary to enable the reader to gain an understanding of the Plan's financial activities have been included. The Committee and METRO are also responsible for ensuring that an adequate internal control structure is in place for preparation of financial information, safeguarding of assets, effective and efficient use of resources and compliance with applicable laws and regulations. Because the cost of a control should not exceed the benefits to be derived, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements.

Other Information and Acknowledgement

This ACFR will be sent to the State of Texas' Pension Review Board for their review and to the Government Finance Officers Association for inclusion in their Certificate of Achievement for Excellence in Financial Reporting award program. Additional copies of this and prior year reports can be obtained by visiting METRO's website, www.ridemetro.org.

The Plan's basic financial statements were audited by McConnell & Jones LLP, Certified Public Accountants. In their opinion, the Plan's basic financial statements present fairly, in all material respects, the financial position of the Plan as of December 31, 2021, and 2020, and the changes in financial position for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

The Committee appreciates the work and dedication of all those who support the objectives of the Plan.

Debbie Sechler

Debbie Sechler
Chair, Metropolitan Transit Authority Non-Union Pension Plan and Trust

Committee Members and Their Responsibilities

METRO's Board of Directors appoints independent committee members to oversee the administration of the Plan. Committee members act as fiduciaries (based on State of Texas law) and perform their duties for the exclusive purpose of accumulating sufficient assets to pay retiree benefits as they come due. They follow the prudent person rule when authorizing expenses and implementing the investment policy. Members of the Committee are dedicated professionals and included the following as of December 31, 2021:

Debbie Sechler, Chair	Arthur C. Smiley III	Thomas Jasien
Reynaldo Reza	Marcus Smith	Heidi Davis

Consultants and Money Managers

The Committee relies on many professionals with different skills to ensure that the Plan is operating as intended and include:

Consultants	Service provided
Marquette Associates, Inc.	Financial advisor
Milliman, Inc.	Actuary
Motley Rice, LLC	Monitoring/litigation service
Norton Rose Fulbright US LLP	Legal counsel
State Street Bank and Trust Co.	Asset custodian, disbursing agent, and recordkeeping
Retirement Horizons Inc.	Actuarial auditor
Smart Management Services	Investment practices and performance evaluation

Listing of Money Managers and Related Asset Class

Domestic equity

Rhumbline Russell 1000 Large Cap Core
Rhumbline Russell 1000 Large Cap Value
Rhumbline Russell Mid-Cap Growth
SSgA Russell 2000 Small Cap Core
Channing Capital – Small/Mid Capital Value

Global fixed income

Rhumbline Core Bond Pooled Index Fund
Brandywine Global Opportunistic Fixed Income Fund

International equity

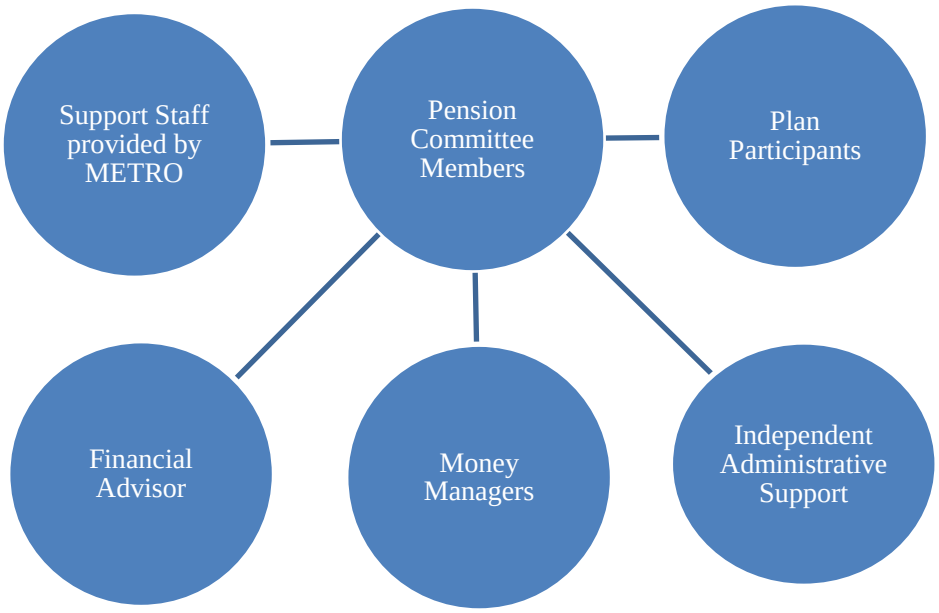
SSgA MSCI ACWI ex Us Index
SSgA MSCI EAFE Small Cap
Brown International Small Company
Fidelity Global Low Volatility

Real Estate

RREEF America REIT II
Trumbull Property Fund

Individual money managers, their market segment, investment approaches, returns, asset custodians, recordkeeping, trading fees/commissions and independent audits are discussed in the Investment Section (Unaudited) which starts on page 39 of this Annual Comprehensive Financial Report (ACFR).

Organization



The organization listing provides an overview of those involved in supporting the Plan.

- Committee members are responsible for the operation of the Plan. They select the financial advisor, money managers and consultants who report directly to Committee members.
- Support staff is provided by Human Resources and the Finance Department of METRO.
- Plan participants are those who are eligible to participate in the Plan.
- The financial advisor is responsible for assisting in the development and implementation of an effective investment policy while monitoring the performance of the money managers and the overall markets where investments are made.
- Money managers are responsible for investing the Plan's assets. Discussion on money managers begin under Current Money Managers section on page 42 of this ACFR.
- Independent administrative support is provided by several organizations which provide services including legal, actuarial, asset custodial, disbursing agent and independent auditing.

Fees paid to financial advisor, money managers, and independent administrative consultants are presented in the Schedule of Investment and Administrative Services located on page 38 of the ACFR. Trading Fees and Commissions schedule is located on page 50 of the ACFR.

The responsibility for the accuracy, reliability, and fairness of the presentation of financial information and related disclosures in the Annual Comprehensive Financial Report rests with the Committee and METRO. All disclosures that are necessary to enable the reader to gain an understanding of the Plan's financial activities have been included. The Committee and METRO are also responsible for ensuring that an adequate internal control structure is in place for preparation of financial information, safeguarding of assets, effective and efficient use of resources and compliance with applicable laws and regulations. The internal control structure has been designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of cost and benefits require estimates and judgment by management. In addition, the Plan is required by state law to have independent certified public accountants perform annual financial audits.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Non-Union Pension Plan and Trust for its Annual Comprehensive Financial Report for the year ended December 31, 2020. This is the tenth year to receive this award and reflects the commitment to quality financial reporting. In order to receive this award, one must publish an easily readable and efficiently organized Annual Comprehensive Financial Report which satisfies generally accepted accounting principles, applicable legal requirements and standards established by GFOA.

A Certificate of Achievement is valid for a period of one year. We believe that our current Annual Comprehensive Financial Report will continue to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Metropolitan Transit Authority Non-Union Pension Plan & Trust Texas

For its Annual Comprehensive Financial Report For the Fiscal Year Ended

December 31, 2020

Christopher P. Morrill

Executive Director/CEO

Financial Section

McConnell Jones

Independent Auditor's Report

To the Participants and Trustees of
Metropolitan Transit Authority Non-Union Pension Plan and Trust

Opinion

We have audited the financial statements of Metropolitan Transit Authority Non-Union Pension Plan and Trust (the "Plan"), which comprise the Statements of Fiduciary Net Position as of December 31, 2021 and 2020, and the related Statements of Changes in Fiduciary Net Position for the years then ended, and the related notes to the Plan's financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

In our opinion, the accompanying basic financial statements referred to above present fairly, in all material respects, the financial position of the Plan as of December 31, 2021 and 2020, and the changes in financial position for the years then ended, in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Plan's Basic Financial Statements* section of our report. We are required to be independent of the Plan, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Plan's Basic Financial Statements

Management is responsible for the preparation and fair presentation of the Plan's basic financial statements in accordance with US GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Plan's basic financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Plan's basic financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for twelve months beyond the Plan's basic financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Plan's Basic Financial Statements

Our objectives are to obtain reasonable assurance about whether the Plan's basic financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material

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misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Plan's basic financial statements.

In performing an audit in accordance with US GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the Plan's basic financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Plan's basic financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Plan's basic financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audits.

Required Supplem

The increase of cash equivalents over the last three years primarily relates to raising additional cash equivalents to cover payments of benefits which exceeded contributions.

The changes over the last three years in the fiduciary net position restricted for pensions generally relates to investment returns which were driven by significant changes in market conditions and reallocation of investments.

Summarized Statement of Fiduciary Net Position
Changes During the Last Three Years
(In thousands)

	2021	2020	2019
Cash equivalents	$ 320	$ 20	$ (3,177)
Investments at fair value	6,396	17,740	27,389
Interest and dividends receivable	(113)	109	(42)
Total assets	6,603	17,869	24,170
Less: total liabilities	(39)	-	90
Fiduciary net position - restricted for pensions	$ 6,642	$ 17,869	$ 24,080

The two following tables summarize the additions and deletions and their changes during the last three years that when netted equals the fiduciary net position restricted for pensions.

Summarized Statements of Changes in Fiduciary Net Position
(In thousands)

	2021	2020	2019
Additions			
Employer contributions	$ 13,448	$ 14,237	$ 12,647
Net investment income	22,699	20,882	27,049
Net additions	36,147	35,119	39,696
Deductions			
Paid to Plan members and beneficiaries	29,180	16,899	15,336
Administrative services	325	351	280
Total deductions	29,505	17,250	15,616
Changes in fiduciary net position	6,642	17,869	24,080
Fiduciary net position - restricted for:			
Beginning of the year	204,514	186,645	162,565
End of the year	$ 211,156	$ 204,514	$ 186,645

Summarized Statements of Changes in Fiduciary Net Position
Changes During the Last Three Years

(In thousands)

	2021	2020	2019
Additions			
Employer contributions	$ (789)	$ 1,590	$ 1,574
Net investment income/(loss)	1,817	(6,167)	38,597
Net additions/(reductions)	1,028	(4,577)	40,171
Deductions			
Paid to Plan members and beneficiaries	12,281	1,563	2,601
Administrative services	(26)	71	38
Total deductions	12,255	1,634	2,639
Changes in fiduciary net position	(11,227)	(6,211)	37,532
Fiduciary net position - restricted for pensions			
Beginning of the year	17,869	24,080	(13,452)
End of the year	$ 6,642	$ 17,869	$ 24,080

Major activities in the summarized statements of changes in fiduciary net position are discussed below:

Employer contributions are based each year on an independent actuarial valuation with METRO, the Plan sponsor, funding 100 percent of the requirement. Contribution requirements are established at the beginning of each year and is based on the prior year financial, actuarial, and demographic performance. Contributions have decreased in 2021 but increased in 2019 and 2020.

Net investment activity resulted in a 11.8 percent gain for 2021 due to increase in returns from equity and real estate funds / securities by 17.9 percent and 18.9 percent, respectively, partially offset by decrease in fixed income funds / securities by 2.8 percent. Similarly, fiscal years2020 and 2019 also experienced gains of 11.5 percent and 16.7 percent, respectively. The Plan's investment returns generally followed the related markets during the last three years.

Benefit payments consist of annuities and lump-sum payments for those who retire or terminate prior to or at their retirement date. The increase in 2021 was due to 26 participants taking a retirement package with a lump-sum benefit payment totaling $15.3 million but the changes between 2020 and 2019 were generally related to changes in number of retirees and lump-sum payments.

Changes to fiduciary net position restricted for pensions reflects the net funds available to pay benefits and will increase as actuarially determined contributions are received, decline as benefits are paid and increased or decreased depending on investment returns. Primarily the changes to fiduciary net position over the last three years resulted from the increase in 2021, 2020 and 2019 of the fair value of investments.

Results of the Annual Depletion Analysis

A depletion analysis is prepared each year by the Plan's independent actuary. This analysis determines if the projected 6.25 percent net investment rate of return, when combined with projected contribution reduced by projected benefit payments, is adequate to ensure that all retirement benefits will be paid over the life of the Plan. Based on this analysis, the Committee elected to continue using this projected net investment rate of return when preparing actuarial calculations included in this ACFR.

Contact information

Please contact the Office of the Controller, Metropolitan Transit Authority of Harris County, Texas, P.O. Box 61429 Houston, Texas 77208-1429 if you have additional questions.

Act With Integrity

- Dependability
- Honesty
- Openness

Consider Others Before Self

- Cooperation
- Caring
- Fairness

Serve With Respect

- Courtesy
- Communication
- Recognition

Basic Financial Statements

Metropolitan Transit Authority
Non-Union Pension Plan and Trust
Statements of Fiduciary Net Position
As of December 31, 2021 and 2020

	2021	2020
Assets		
Cash equivalent	$ 1,574,865	$ 1,254,665
Investments, at fair value:		
Domestic equities	80,566,016	80,054,974
Fixed income	53,355,772	55,912,992
International equities	46,939,684	42,652,001
Real estate	28,879,440	24,724,991
Total investments	209,740,912	203,344,958
Interest and dividends receivable	-	28,216
Receivable from sale of securities	14,476	98,914
Total assets	211,330,253	204,726,753
Liabilities		
Accounts payable	164,404	153,369
Payable for securities purchased	9,464	59,709
Total liabilities	173,868	213,078
Fiduciary net position - restricted for pensions	$ 211,156,385	$ 204,513,675

The accompanying notes are an integral part of the Plan's basic financial statements.

Metropolitan Transit Authority
Non-Union Pension Plan and Trust
Statements of Changes in Fiduciary Net Position
Years Ended December 31, 2021 and 2020

	2021	2020
Additions		
Employer contributions	$ 13,447,958	$ 14,236,592
Investment income		
Interest and dividends	1,455,245	960,902
Net appreciation on investments	21,752,092	20,373,224
Investment income	23,207,337	21,334,126
Less: investment expenses	(507,884)	(451,839)
Net investment income	22,699,453	20,882,287
Total additions	36,147,411	35,118,879
Deductions		
Paid to Plan members and beneficiaries	29,179,951	16,899,341
Administrative services	324,750	351,276
Total deductions	29,504,701	17,250,617
Changes in fiduciary net position	6,642,710	17,868,262
Fiduciary net position - restricted for pensions:		
Beginning of the year	204,513,675	186,645,413
End of the year	$ 211,156,385	$ 204,513,675

The accompanying notes are an integral part of the Plan's basic financial statements.

Notes to the Basic Financial Statements

1. Overview of the Plan

Plan Descriptions

The Metropolitan Transit Authority of Harris County, Texas (METRO) established the Non-Union Pension Plan and Trust (Plan) in December 1975 for the purpose of accumulating funds to pay retirement benefits and certain related administrative costs. The Plan, closed to new participants on September 30, 2007, is a single employer, non-contributory (since March 1, 1984) defined benefit pension plan which covers full-time police officers and administrative staff. Retirement benefits are established and can be amended by METRO's Board of Directors. Postemployment healthcare costs are not included in the Plan.

All Plan participants are 100 percent vested and can retire at age 65 (normal retirement age) or with reduced benefits after age 55 with 15 years of credited service. Monthly benefits are calculated using three factors, which include employee's average earnings for the last three years of credited service, number of service years and the retirement factor. The minimum monthly normal retirement benefit is $300 for those who retire at or after age 65 and with 5 years of credited service. The Plan offers several annuity options and a discounted lump-sum payment.

To receive a lump-sum payment, vested employees must withdraw their funds by the end of the year following their termination. After this time has expired, they must select one of the annuity options upon their eligible retirement date. Employees who are totally disabled will continue to earn service years until their normal retirement age with their compensation, as of their disability date, used to calculate their pension benefit.

During the year ended December 31, 2020, METRO offered a retirement package to two hundred and twenty-eight (228) active employees who were fifty-five (55) years of age with at least fifteen (15) years of vested service or of sixty-two (62) years of age with at least five (5) years of vested service as of December 31, 2020. Sixty-one (61) employees elected to accept the offered retirement package and retired on January 31, 2021.

Changes in plan participants between January 1, 2021 and January 1, 2020 were:

Participants	2021	2020	Change
Active	420	440	(20)
Terminated and vested	74	77	(3)
Retired	297	286	11
Beneficiaries	64	60	4
Total participants	855	863	(8)

Plan Administration

METRO's Human Resources Department manages most of the day-to-day activities of the Plan including reviewing retirement options with participants, setting-up retiree payment information

with State Street Bank and Trust (payment provider) and responding to various retirement questions. METRO's Finance Department provides support which includes administering the overall Plan, preparing financial reports, and coordinating and reviewing actuarial information. Administrative services provided by METRO are not charged to the Plan and not reported as cost in the Statements of Changes in Fiduciary Net Position.

The asset custodian is State Street Bank (a United States federally regulated banking and trust company) which also provides administrative services that include issuing retirees' monthly checks, lump-sum distributions, paying authorized operating expenses and complying with federal tax reporting requirements. The investment funds maintain independent asset custodial accounts and issue independently audited financial statements each year. While the Plan is not covered by the Employee Retirement Income Security Act of 1974, it must comply with Texas state law which, among other matters, requires:

- An actuarial valuation is performed by an entity that meets specific actuarial experience requirements and files with the State Pension Review Board at least every three years.
- The actuary should make recommendations to ensure the actuarial soundness of the Plan.
- An independent actuarial audit is completed every five years with the related report filed with the State Pension Review Board 30 days after finalizing.
- Annual financial reports are to be audited by a certified public accountant and filed with the State Pension Review Board within 211 days after the close of the Plan's fiscal year.
- Investment managers (money managers) must acknowledge in writing their fiduciary responsibilities and must be registered under the Investment Advisors Act of 1940.
- Plan assets are to be kept in an asset custodian account, and money managers (other than banks) cannot be an asset custodian.
- Evaluation of investment services and performance should be done at frequent intervals.
- An investment practices and performance evaluation report by an independent firm with substantial experience in evaluating investment practice and evaluations and file with State Pension Review Board every three years.

Plan's Sponsor Funding Policy

METRO's funding policy is to annually contribute the actuarially determined contribution over a 12-month period. Participants do not contribute to the Plan. Contributions to the Plan are authorized by METRO's Board of Directors as part of their annual budgetary process.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying basic financial statements of the Plan are presented in accordance with generally accepted accounting principles in the United States of America (US GAAP) established by the Governmental Accounting Standards Board (GASB), which designates accounting principles and financial reporting standards applicable to State and local governmental units including related pension plans.

Basis of Accounting

The basis of accounting is the method by which revenues and expenses are recognized and reported in the Plan's basic financial statements. The accrual basis of accounting is used by the Plan which requires that revenues, which include contributions and investment income, to be recognized when earned and expenses recognized when the liability is incurred. In addition, benefit payments to members are recognized when paid in accordance with the terms of the Plan.

Cash Equivalents

The Plan automatically invests excess cash held by the Plan's asset custodian into the SSgA U.S. Government Short Term Investment Fund (STIF) which is a commingled fund and is considered a cash equivalent. Total amount invested in STIF as of December 31, 2021 and December 31, 2020 was $1,574,865 and $1,254,665, respectively, which is uninsured by the FDIC and uncollateralized. These funds are available for use to make investments, pay operating expenses, and provide monthly benefits to retirees.

Investment Valuation and Income Recognition

Investments in the international equity mutual funds and commingled funds are valued based on the net asset value per unit which is fair value of the underlying investments on specific valuation dates. If no sales are reported for that day, investments will be valued at the last published sales price, the mean between the last posted bid and ask price or at fair value as determined in good faith by the fund money manager with assistance from their asset custodian or an independent valuation service. Investments made directly in domestic equities are reported at fair value based on a national security exchange. Purchases and sales of investments are recorded on the trade date. Dividend income is recorded on the ex-dividend date with interest and investment income reported as earned. Realized/Unrealized gains and losses are presented as net appreciation/loss in fair value of investments on the statements of changes in fiduciary net position.

Direct investment in domestic equity (not part of an index or mutual fund) is reflected by the ownership of specific stocks. Ownership in the domestic equity index funds, the international equity mutual funds, the global fixed income funds, and real estate funds are based on net asset value of the related fund. While the direct investment in domestic stock can be actively traded, the remaining investments must be redeemed with the issuing investment fund.

Investment Expenses

Includes cost associated with money managers and the Plan's financial advisor.

Administrative Expenses

Primarily includes cost associated with the custodial account, disbursing agent, actuary, audit, and legal services. The remaining Plan administrative expenses are paid by METRO and are not billed to the Plan.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect amounts reported in the Plan's financial statements. Final amounts may change from those estimates.

3. Committee Members, Investment Policy, and Investments

Non-Union Pension Plan Committee Members (Committee) act as fiduciaries (based on State of Texas law) for the exclusive purpose of accumulating sufficient assets to pay retiree benefits as they come due. They follow the prudent person rule when authorizing expenses and implementing the investment policy.

The Committee's approved investment policy establishes objectives and guidelines for investing assets held by the Plan and includes methods of managing investment risks. It also includes a funding policy section.

The Plan uses indexes and active managers in implementing its investment strategy and all money managers have accepted, in writing, the responsibilities of a fiduciary.

Additional information on the investment policy, money managers and investment returns are located in the Investment Section (Unaudited) which starts on page 39 of this ACFR. A complete copy of the investment policy can be obtained from METRO's Office of the Controller.

The Committee's approved asset allocation policy for the last two years was:

	Allocation	
Asset Class	Target	Range
Fixed Income	30%	3-27%
Domestic equities	35%	0-22%
International equities	25%	0-15%
Real estate	10%	5-15%

Fair value of the Plan's investments by asset class, percentage of the portfolio and the change between December 31, 2021 and 2020 are as follows:

	2021	%	2020	%	Change
Domestic equities	$ 80,566,016	38%	$ 80,054,974	39%	$ 511,042
International equities	46,939,684	22%	42,652,001	21%	42,652,001
Fixed income	53,355,772	26%	55,912,992	28%	(2,557,220)
Real estate	28,879,440	14%	24,724,991	12%	4,154,449
Total investments	$ 209,740,912	100%	$ 203,344,958	100%	$ 6,395,954

The projected long-term expected rate of return on pension plan investments was based on a 30-year investment horizon and was determined using a building-block method in which the best-estimate ranges of expected future real rates of returns (expected returns, net of pension plan investment expense and inflation) were developed for each major asset class. These ranges are combined to produce the projected long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and reflecting expected volatility and correlation. The best estimates of the projected geometric, long-term rates of return for each major asset class included in the Plan's actual asset allocation are listed below.

Asset Class	Index	Actual Allocation December 31, 2021	Projected Long-term Expected Investment Rate of Return January 1, 2022
US Cash	BAML 3-Mon T-bill	0.61%	-0.52%
US Core Fixed Income	Barclays Aggregate	17.60%	0.66%
Global Bonds	Citi WGBI	7.65%	-0.27%
US Large Cap & Mid-Caps	Russell 1000	19.52%	2.68%
US Small Caps	Russell 2000	2.65%	2.98%
US Small & Mid-Caps	Russell 2500	3.89%	2.89%
US Large Value	Russell 1000 Value	3.98%	2.94%
US Mid-Cap Growth	Russell Mid-Cap Growth	8.17%	2.42%
Global Equity	MSCI ACWI NR	4.86%	3.23%
Non-US Equity	MSCI ACWI x US NR	11.56%	3.86%
Non-US Small Cap	S&P EPAC EMI	5.80%	4.01%
US REITs	FTSE NAREIT Equity REIT	13.71%	3.42%
		100.00%	
Assumed Inflation-Mean			2.30%
Assumed Inflation-Standard Deviation			1.23%
Portfolio Real Mean Return			3.67%
Portfolio Nominal Mean Return			6.09%
Portfolio Standard Deviation			13.19%
Projected Long-term Expected Investment Rate of Return			6.25%

Asset Class	Index	Actual Allocation December 31, 2020	Projected Long-term Expected Investment Rate of Return January 1, 2021
US Cash	BAML 3-Mon T-bill	0.52%	-0.52%
US Core Fixed Income	Barclays Aggregate	18.98%	0.66%
Global Bonds	Citi WGBI	8.33%	-0.27%
US Large Cap & Mid-Caps	Russell 1000	19.64%	2.68%
US Small Caps	Russell 2000	3.03%	2.98%
US Small & Mid-Caps	Russell 2500	3.70%	2.89%
US Large Value	Russell 1000 Value	4.21%	2.94%
US Mid-Cap Growth	Russell Mid-Cap Growth	8.62%	2.42%
Global Equity	MSCI ACWI NR	4.55%	3.23%
Non-US Equity	MSCI ACWI x US NR	11.05%	3.86%
Non-US Small Cap	S&P EPACK EMI	5.26%	4.01%
US REITs	FTSE NAREIT Equity REIT	12.11%	3.42%
		100.00%	
Assumed Inflation-Mean			2.20%
Assumed Inflation-Standard Deviation			1.65%
Portfolio Real Mean Return			2.84%
Portfolio Nominal Mean Return			5.10%
Portfolio Standard Deviation			12.13%
Projected Long-term Expected Investment Rate of Return			6.25%

Investments Returns

The money-weighted rate of return as calculated by the actuary for 2021 and 2020 was a positive 11.55 percent and a 11.28 percent, respectively. This calculation considers the change in amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. The money-weighted rate of return calculation was developed net of investment expenses as is required by GASB.

The financial advisor uses the time-weighted rate of return (geometric method), which is the industry standard, when calculating investment rate of returns included in the investment section of this report and performance reports provided to the Committee. Based on this method, the investment rate of return, net of investment expenses, were positive 11.8 for 2021 and 11.5 for 2020.

The Plan’s investment policy limits concentration risk and the Plan did not own any investments of a single issuer whose value exceeded 5 percent of the fiduciary net position.

Types of Investment Risks

Investing has several types of risks some of which include custodial, credit, investment concentration, foreign currency, and interest rate. The Plan manages these risks by using an independent asset custodian (State Street Bank and Trust Company), compliance monitoring by the financial advisor, reviewing independent financial audits of the mutual and commingled funds, and allocation of investment dollars among multiple money managers who operate in separate markets and whose performance is measured using different indexes.

Asset Custodian

State Street Bank and Trust Company is the Plan's asset custodian. Investments made by the domestic (non-commingled and index fund) money managers are held directly by the Plan's asset custodian in the name of the Plan. Investments made by mutual and commingled funds are held by their independent asset custodian with the net asset value reported to the Plan's asset custodian by the related money manager. In addition to the independent asset custodian, the mutual and commingled funds issue independently audited annual financial reports and must comply with oversight rules issued by governmental agencies. Additional information for each money manager is located in the Current Money Managers Section which starts on page 42 of this ACFR.

Managing investment concentration, credit, and foreign currency risk

Domestic Equities

The maximum weighting (at time of purchase) in any one company of the investment manager's portfolio holdings do not exceed 8 percent or 5 percent more than the index weight, whichever is greater.

International Equities

The maximum weighting (at time of purchase) in any one company does not exceed 7 percent. Currency hedging, foreign exchange contracts and similar strategies are permitted as part of a defensive strategy to protect the portfolio assets and enhance returns.

Global Fixed Income

The global fixed income portfolio may include both domestic and/or international fixed income securities.

Unless authorized by the Plan in advance and in writing, the minimum quality rating of an investment is BBB-. For an issue that is not rated, the security must be of "equivalent" quality to a BBB- rating or above in the opinion of the investment manager, or the security must be a government bond or a bond of a supranational authority which does not have a recognized credit rating.

The maximum holding (cost basis) in any one security does not exceed 5 percent, excluding AAA rated sovereign debt.

To manage currency risk, no investment manager shall have exposure to any one currency exceeding 70 percent for the Euro, 50 percent for the Japanese Yen, 40 percent for British Sterling and 25 percent for others excluding the U.S. Dollar.

Currency hedging, foreign exchange contracts and similar strategies are permitted as part of a defensive strategy to protect the portfolio assets and enhance returns.

Real Estate

Diversification should be made between property type, and economic and geographic location. Real estate should be passive rather than direct ownership of property.

Currency hedging, foreign exchange contracts and similar strategies are permitted as part of a defensive strategy to protect the portfolio assets and enhance returns.

Investments in timber and infrastructure will be included in the real estate allocation.

Interest Rate Risk

A change in interest rate will affect the underlying value of fixed income investments. Generally, increases in interest rates will reduce the value of the investment portfolio while a decrease in interest rates will increase the value of such portfolio. To manage this risk, the Plan's financial advisor monitors the duration of each fixed income money manager's portfolio in relation to the appropriate benchmark indexes they track. Significant variances from the benchmark are discussed with Committee members and the related money manager.

Brandywine Global Opportunistic Fixed Income Fund had an average modified duration of 5.82 years while the benchmark (FTSE WGBI (USD)) was 8.71 years. Brandywine concentrates investments where they believe value is greatest; as a result, their portfolios tend to have an intermediate to long duration bias when real interest rates are high. Greater interest rate exposure is assumed in countries with more value and positions are established along the yield curve where it finds the best risk/reward profile.

Rhumbline Core Bond Pooled Trust duration was 6.99 years while the benchmark (Bloomberg Barclays US Aggregate Bond index) duration was 6.99 years as well.

Additional credit risk disclosure

The two Fixed Income funds invest in domestic and international markets including developed and emerging markets sovereign debt. While the funds themselves have not been rated by any nationally recognized rating agency, most of their investments are rated as discussed above.

4. Fair Value Measurement

The Plan categorizes its fair value measurement within the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and gives the highest priority (Level 1) to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority (Level 3) to unobservable inputs.

Level 1: Unadjusted quoted prices for identical assets in active markets.

Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3: Valuations derived from valuation techniques in which significant inputs are unobservable.

The Plan uses information provided by State Street Bank and Trust, the asset custodian, and Marquette Associates, financial advisor, when reporting the fair value of its investments. Common stocks classified in Level 1 are valued using prices quoted in active markets for those securities. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

The Plan's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. When inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation.

Fair value of Plan's investments for 2021 and 2020 using the reporting hierarchy are:

Investments, at fair value	Total 2021	Level 1	Level 2	Level 3
Common stocks	$ 25,304,280	$		-
Mutual Funds	7,410,759	7,410,759		
Total investments measured at fair value	$ 32,715,039	$ 42,990,039	-	-
Investments measured at net asset value (NAV)		Unfunded Commitmen	Redemption Frequency	Redemption Notice Period
Fixed Income				
Global Fixed Income Fund *1	$ 16,158,056	None	Daily	10 Days
Core Fixed Income Fund *2	37,197,716	None	Daily	1 Day
Domestic Equity				
Large-Cap Core Fund *3	41,236,931	None	Daily	1 Day
Large-Cap Value Fund *4	8,419,962	None	Daily	1 Day
Small-Cap Core Fund *8	5,600,006	None	Daily	2 Days
International Equity				
Non-U.S. Large-Cap Core Fund *6	24,426,730	None	Daily	2 Days
Non-U.S. Small-Cap Core Fund *7	4,832,032	None	Thrice (Monthly)	2 Days
Global Low Volatility Fund*5	10,275,000	None	Daily	1 Day
Domestic Real Estate Core Funds *9				
RREEF America REIT II Co	12,143,065	None	Quarterly	30 Days
UBS Trumbull Property Fund	16,736,375	None	Quarterly	60 Days
Total Investments measured at NAV	177,025,873			
Total investments at fair value	$ 209,740,912			

Investments, at fair value	Total 2020	Level 1	Level 2	Level 3
Common stocks	$ 34,285,351	$ 34,285,351	-	-
Total investments measured at fair value	$ 34,285,351	$ 34,285,351	-	-
Investments measured at net asset value (NAV)		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Fixed Income				
Global Fixed Income Fund *1	$ 17,056,638	None	Daily	10 Days
Core Fixed Income Fund *2	38,856,354	None	Daily	1 Day
Domestic Equity				
Large-Cap Core Fund *3	40,206,471	None	Daily	1 Day
Large-Cap Value Fund *4	8,615,213	None	Daily	1 Day
Small-Cap Core Fund *8	6,209,599	None	Daily	2 Days
International Equity				
Non-U.S. Large-Cap Core Fund *6	22,630,004	None	Daily	2 Days
Non-U.S. Small-Cap Core Fund *7	10,760,337	None	Thrice Monthly	2 Days
Domestic Real Estate Core Funds *9				
RREEF America REIT II Co	9,795,649	None	Quarterly	30 Days
UBS Trumbull Property Fund	14,929,342	None	Quarterly	60 Days
Total Investments measured at NAV	169,059,607			
Total investments at fair value	$ 203,344,958			

*1. Global Fixed Income Fund - *Brandywine Global Opportunistic Fixed Income Fund* (BGOFIF) was organized with the objective of achieving interest income and long-term capital appreciation that exceeds the FTSE WGBI TR index by investing in U.S. fixed income, instruments and non-U.S. developed and emerging markets sovereign debt securities.

*2. Core Fixed Income Fund - *Rhumbline Core Bond Pooled Trust* is managed to match the return of the Barclays Aggregate U.S. Bond index through investment in substantially all bonds contained in that index.

*3. Large-Cap Core Fund - *Rhumbline Russell 1000 Large-Cap Core index portfolio* is managed to match the return of the Russell 1000 Index through investments in substantially all the stocks contained in that index.

*4. Large-Cap Value Fund - *Rhumbline Russell 1000 Large Capital Value index portfolio* is managed to match the return of the Russell 1000 Value Index through investments in substantially all the stocks contained in that index.

*5. Global Low Volatility Fund – *FIAM Global Low Volatility Equity Commingled Pool* seeks long-term growth of capital, primarily through investment in the global developed market equity universe, while maintaining an overall risk profile that is lower than a developed benchmark similar to the MSCI World Index.

*6. Non-U.S. Large-Cap Core Fund - *SSgA MSCI ACWI ex U.S. Index* (Fund) seeks to approximate as closely as practicable, before expenses, the performance of the MSCI ACWI ex USA Index over the

long term. The Fund attempts to achieve this by investing in other collective investment funds, each an underlying fund, managed by the Trustee.

*7. Non-U.S. Small-Cap Core Fund - *SSgA MSCI EAFE Small Cap Index Securities Lending Fund* approximately as closely as practicable, before expenses, the performance of the MSCI EAFE Small Cap Index over the long-term.

*8. Small-Cap Core Fund - *SSgA Russell 2000 Index Securities Lending Fund: Small-Cap Core* approximates as close as practicable the performance of the Russell 2000 Index over the long term.

*9. Domestic Real Estate Core Funds

RREEF America REIT II is organized as an open ended, real estate investment trust (REIT). Its goal is to generate attractive investment returns from a portfolio of primarily equity investments in income producing real property. Performance is derived from portfolio construction, careful asset allocation and active asset management.

Trumbull Property Fund is a REIT based fund, structured as a Delaware limited partnership that offers participants an actively managed, primarily core portfolio of equity real estate. Its goal is to outperform the NFI-ODCE over a full market cycle.

5. Contributions from METRO

Contributions to the Plan from METRO are determined annually by an independent actuary based on assumptions approved by the Plan's Committee.

The following table presents significant assumptions that the actuary used to calculate the Plan's actuarially determined contributions (ADC):

Valuation date	January 1, 2021
Measurement date	December 31, 2020
Actuarial cost method	Entry Age Normal
Amortization Method	
Level percent or level dollar	Level dollar
Closed, open, or layered periods	Closed
Amortization Period at 1/1/2021	22 years
Asset Valuation method	
Smoothing period	Five-year smoothed market value
Recognition method	Non-asymptotic
Inflation/ Cost of living rate	2.2%
Salary increases	3.00% per annum
Interest rate	6.25%
Normal Retirement Age	65 years
Mortality table	Pub-2010 Mortality projected forward (fully generational) with MP-2020.

<u>Changes in actuarial assumptions</u>

The actuarial methods and assumptions used in the 2021 valuation is the same as those used in prior years except for increasing the expense load from $280,381 to $351,276 and updating the Mortality

Improvement Scale (MIS) from MP-2020. The optional form election, termination rate, retirement rates and disability rates were updated based on the latest experience study dated April 8, 2020.

During FY2020 one change was made which included updating the mortality table to the recently published PubG-2010 projected forward (fully generational) with MP-2020 to reflect 2020 Society of Actuaries Public Plans Mortality Study tables in anticipation of future mortality experience. PubG-2010 tables for disabled lives and Contingent Survivors were used.

Actuarial assumptions used in the annual actuarial evaluation process represent the best estimates of the Plan's management, as approved by the Non-Union Pension Committee, and reflect a long-term perspective while reducing short-term volatility. Since the ADC to the Plan and the disclosure related to the net pension liability, discussed below, is based on these actuarial assumptions, including the cost method used by the actuary, any future changes to those assumptions or the cost method may affect the future funded status, funding progress and the total pension liability of the Plan.

6. Total Pension Liability

The following tables were taken from the independent actuary's GASB 67 and 68 Disclosure Report dated April 19, 2022. This report, along with the actuary's certification letter is included in the actuarial section of this ACFR starting on page 59.

Significant actuarial assumption that determined the total pension liability as of December 31, 2021, were based on the results of an actuarial experience study period 01/01/2015 – 12/31/2018:

Valuation date	January 1, 2021
Measurement date	December 31, 2021
Inflation rate	2.30%
Salary increases	3.00%
Discount rate	6.25%
Net Investment rate of return	6.25%
Actuarial cost method	Entry Age Normal
Mortality Table	Pub-2010 Mortality projected forward (fully generational) with MP-2021.

The mortality table was updated to the Public Pub-2010 Mortality Table, projected forward (fully generational) with MP-2021. This change was made to better reflect 2021 Society of Actuaries Public Plans Mortality Study tables in anticipation of future mortality experience. The inflation rate was increased to 2.30 percent from 2.20 percent to better reflect anticipated future plan experience.

The net pension liability represents the total pension liability which is the actuarial present value of benefits payable to participants as of the valuation date reduced by the Plan's year-end fiduciary net position restricted for pension. These amounts consisted of:

	December 31, 2021	December 31, 2020
Total pension liability	$ 300,676,330	$ 305,686,266
Fiduciary net position	211,156,385	204,513,675
Net pension liability	$ 89,519,945	$ 101,172,591
Fiduciary net position as a % of total pension liability	70.23%	66.90%

The sensitivity analysis schedules, provided below, are used to evaluate the effect on the total pension liability and related net pension liability for a 1 percent change in the discount rate as of December 31, 2021, and 2020.

2021	1% Decrease to 5.25%	Current Discount Rate of 6.25%	1% Increase to 7.25%
Total pension liability	$ 331,737,461	$ 300,676,330	$ 274,242,920
Fiduciary net position	211,156,385	211,156,385	211,156,385
Net pension liability	$ 120,581,076	$ 89,519,945	$ 63,086,535

2020	1% Decrease to 5.25%	Current Discount Rate of 6.25%	1% Increase to 7.25%
Total pension liability	$ 337,028,473	$ 305,686,266	$ 279,041,293
Fiduciary net position	204,513,675	204,513,675	204,513,675
Net pension liability	$ 132,514,798	$ 101,172,591	$ 74,527,618

7. Federal Income Tax

The Plan received its latest favorable letter of determination dated July 9, 2014 from the Internal Revenue Service stating the Plan qualifies as a tax-exempt plan and trust. The Plan's management believe the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code.

8. Risks and Uncertainties

Investment securities are exposed to various risks, as discussed in Note 3 above, including market volatility. Significant changes in the value of investments can have a direct and material effect on the fiduciary net position restricted for pensions and net pension liability. The Plan's Committee has taken steps to minimize these risks by maintaining a diversified investment portfolio and hiring professionals to assist in managing the Plan and its assets.

As discussed in Note 5 and 6 above, the actuary used actuarial assumptions when calculating the Plan's funding requirements, pension liability and other actuarial information. Due to uncertainties inherent in the estimation and assumptions process, it is at least reasonably possible that changes in these actuarial assumptions in the near term could be material to the Plan's financial statements. Further, there is substantial uncertainty regarding the impact of the COVID-19 pandemic on projected plan costs that could have a material cost impact in future valuations.

9. Subsequent Events

The Plan's management has evaluated subsequent events through July 27, 2022; the date the Plan's financial statements were available to be issued. No changes were made, or are necessary to be made, to the Plan's financial statements, as a result of this evaluation.

Required Supplementary Information
(Unaudited)

Metropolitan Transit Authority Non-Union Pension Plan and Trust
Schedule of Changes in Net Pension Liability
For Fiscal Year Ended December 31, 2021 and the Last Seven Years
(Unaudited)
(In thousands)

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Changes for the year								
Service cost	$3,168	$3,830	$3,106	$3,035	$3,211	$3,465	$2,783	$2,754
Interest on total pension liability	18,405	18,555	17,962	17,395	16,923	16,609	15,165	13,385
Effect of plan changes	-	1,503						
Effect of economic /demographic gains/(losses)	2,145	(1,528)	3,547	873	(2,443)	9,768	6,721	-
Effect of assumptions changes or inputs	452	(1,144)	11,310	11,270	(948)	2,531	12,232	-
Benefit payments	(29,180)	(16,899)	(15,335)	(12,735)	(13,180)	(10,375)	(8,778)	(8,705)
Net change in total pension liability	(5,010)	4,317	20,590	19,838	3,563	21,998	28,123	7,434
Total pension liability - beginning	305,686	301,370	280,780	260,942	257,379	235,381	207,258	199,824
Total pension liability - ending	300,676	305,686	301,370	280,780	260,942	257,379	235,381	207,258
Fiduciary net position								
Contributions from the employer	13,448	14,237	12,647	11,073	11,307	11,181	11,249	9,006
Net investment income/(loss)	22,699	20,882	27,049	(11,548)	25,030	9,971	(5,891)	4,934
Benefit payments	(29,180)	(16,899)	(15,336)	(12,735)	(13,180)	(10,375)	(8,778)	(8,705)
Administrative expenses	(325)	(351)	(280)	(242)	(243)	(226)	(235)	(941)
Net change in fiduciary net position	6,643	17,868	24,080	(13,452)	22,914	10,551	(3,655)	4,294
Fiduciary net position – beginning	204,514	186,645	162,565	176,017	153,103	142,552	146,207	141,913
Fiduciary net position – ending	211,156	204,514	186,645	162,565	176,017	153,103	142,552	146,207
METRO's net pension liability ending	89,520	101,173	114,724	$118,215	$84,925	$104,276	$92,829	$61,051
Fiduciary net position as a percentage of the total pension liability	70.23%	66.90%	61.93%	57.90%	67.45%	59.49%	60.56%	70.54%
Covered payroll	40,063	39,027	40,747	$ 41,770	$ 43,480	$ 46,853	$ 44,838	$ 45,602
METRO's net pension liability as a percentage of covered payroll	223.45%	259.24%	281.55%	283.01%	195.32%	222.56%	207.03%	133.88%

Notes:

(1) The decline the net pension liability for 2021 was due to higher-than-expected investment returns and offset by unfavorable demographic experience.

(2) GASB Statement No.67 permits plans to present the ten years historical information prospectively until such information is available.

(3) Actuarial assumptions used to determine total pension liability is presented in Note 6 to the basic financial statements.

Metropolitan Transit Authority Non-Union Pension Plan and Trust
Schedule of Employer Contributions
For the Last 10 Years (Unaudited)

Year Ended December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Excess Contribution	Covered Payroll	Contribution as a % of Covered Payroll
2021	$13,429,326	$13,447,958	(18,632)	$ 40,062,815	33,57%
2020	14,217,959	14,236,592	(18,633)	39,026,869	36.48%
2019	12,628,619	12,647,252	(18,633)	40,747,394	31.04%
2018	11,060,833	11,073,255	(12,422)	41,769,919	26.51%
2017	11,307,275	11,307,275	-	43,479,995	26.01%
2016	11,181,136	11,181,136	-	46,853,004	23.86%
2015	8,911,253	11,248,671	(2,337,418)	44,837,816	25.09%
2014	9,006,301	9,006,301	-	45,601,509	19.75%
2013	8,847,436	8,847,436	-	44,388,906	19.93%
2012	8,215,493	8,215,493	-	47,184,896	17.41%

Note: Actuarial assumptions used to determine actuarially determined contribution is presented in Note 5 to the basic financial statements.

Metropolitan Transit Authority Non-Union Pension Plan and Trust
Schedule of Money Weighted Rate of Return
For the Last 10 Years (Unaudited)

December 31,	Net Money-Weighted Rate of Return
2021	11.55
2020	11.28
2019	16.79
2018	(6.60)
2017	16.46
2016	6.98
2015	(4.00)
2014	3.49
2013	17.42
2012	17.06

Note: The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the middle of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expenses.

All costs, liabilities, rates of interest, and other factors for the Plan have been determined on the basis of actuarial assumptions and methods, which we believe are individually reasonable (taking into account the experience of the Plan and reasonable expectations); and which, in combination, offer our best estimate of anticipated experience affecting the Plan. Further, in our opinion, each actuarial assumption used is reasonably related to the experience of the Plan and to reasonable expectations, which in combination, represent our best estimate of anticipated experience under the Plan.

This valuation report is only an estimate of the Plan's financial condition as of a single date. It can neither predict the Plan's future condition nor guarantee future financial soundness. Actuarial valuations do not affect the ultimate cost of Plan benefits, only the timing of Plan contributions. While the valuation is based on an array of reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. No one set of assumptions is uniquely correct. Determining results using alternative assumptions is outside the scope of our engagement.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as, but not limited to, the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuarial assignment, we did not perform an analysis of the potential range of such future measurements. The Plan Sponsor has the final decision regarding the appropriateness of the assumptions and actuarial cost methods, and the Plan Sponsor has adopted them as indicated in Appendix A.

On the basis of the foregoing, we hereby certify that to the best of our knowledge and belief, this funding policy report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board and the Code of Professional Conduct and Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States of the American Academy of Actuaries. The assumptions and methods used for funding purposes meet the parameters set by Actuarial Standards of Practice. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

We would like to express our appreciation to Metropolitan Transit Authority of Harris County, Texas, and to the members of the staff, who gave substantial assistance in supplying the data on which this report is based.

We respectfully submit this report, and we look forward to discussing it with you.

James Tumlinson, Jr.
Principal and Consulting Actuary
Member, American Academy of Actuaries

Katherine Pitzinger
Actuarial Associate
Member, American Academy of Actuaries

August 18, 2021
Date

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Executive Summary

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A. Summary of Key Valuation Results

	Actuarial Valuation for Plan Year Beginning	
	January 1, 2020	**January 1, 2021**
Participant Data		
Number of Participants		
Active participants	440	420
Terminated vested participants	77	74
Retired participants	286	297
Disabled participants	0	0
Beneficiaries	60	64
Total Participants	863	855
Total annual prior year compensation	$39,026,869	$38,043,136
Average annual prior year compensation (1)	$89,102	$90,579
Assets		
Market Value	$186,645,413	$204,513,675
Investment yield in prior year	16.8%	11.3%
Actuarial Value	$181,431,446	$193,513,120
Investment yield in prior year	5.2%	8.4%
Actuarial Present Values		
Present Value of Benefits	$322,855,927	$326,956,086
Actuarial Value of Assets	181,431,446	193,513,120
Unfunded Present Value of Benefits	141,424,481	133,442,966
Actuarial Accrued Liability	299,959,164	307,704,867
Actuarial Value of Assets	181,431,446	193,513,120
Unfunded Actuarial Accrued Liability	$118,527,718	$114,191,747
Costs and Contributions		
Normal Cost	$4,110,162	$3,519,113
Past Service Contribution	9,271,446 (2)	9,120,253 (3)
Interest on Contribution	836,351	789,960
Actuarially Determined Contribution as of end of year	$14,217,959	$13,429,326

(1) Adjusted for two active participants suspended without pay for 2020.

(2) 23 year amortization for 2020.

(3) 22 year amortization for 2021.

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B. Purpose of this Report

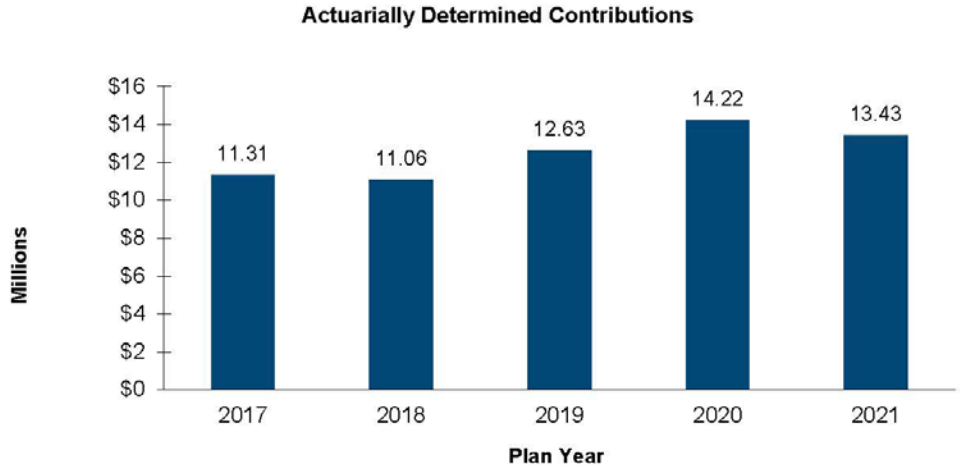
This funding policy report has been prepared for the Metropolitan Transit Authority Non-Union Pension Plan as of January 1, 2021 to:

- Calculate the Actuarially Determined Contribution for the plan year beginning January 1, 2021.
- Review the experience for the plan year ending December 31, 2020. ("Experience" encompasses the performance of the Plan's assets during the year and changes in the Plan's participant demographics that impact liabilities.) A complete experience study was last performed on April 8, 2020. In addition, we completed a review of lump sum experience.
- Review the Plan's funded status.

C. Actuarially Determined Contribution for the 2021 Plan Year

The Actuarially Determined Contribution as of January 1, 2021 is $13,429,326 .

The graph below illustrates the Actuarially Determined Contribution for the current and preceding four plan years.



D. Plan Experience

Change in Demographics

From January 1, 2020 to January 1, 2021, the number of active participants in the Plan decreased by 4.5% from 440 to 420; while the total number of participants decreased by 0.9% from 863 to 855. From 2020 to 2021, total annual compensation decreased by 2.5% from $39,026,869 to $38,043,136 and average annual compensation per active participant increased by 1.7% from $89,102 to $90,579.

The graph below illustrates the count of participants, by category, as of the valuation date for the current and preceding four plan years.

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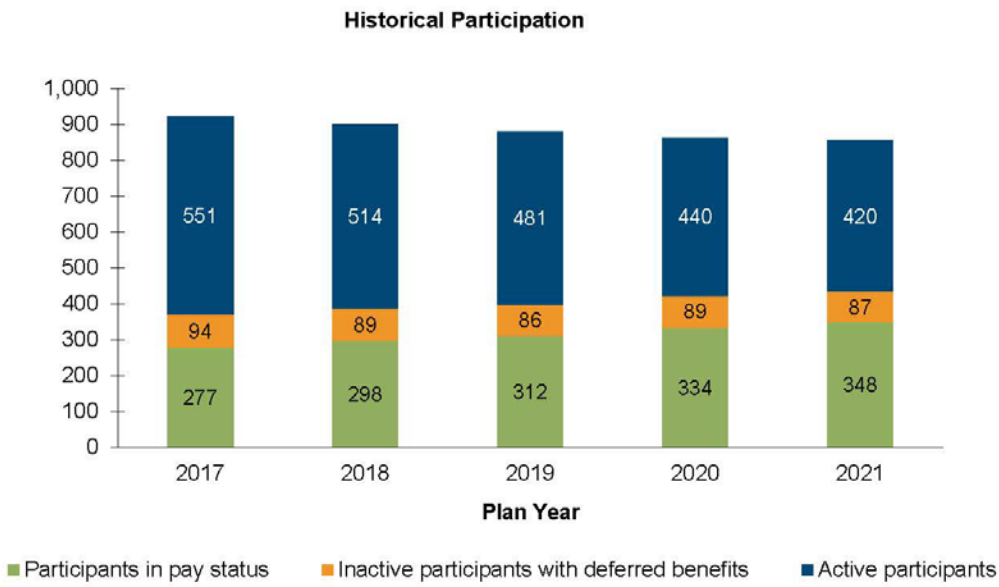

Actuarial Accrued Liability

Under the Entry Age Normal actuarial cost method, and prior to reflecting any plan, method or assumption changes, liability experience for the 2020 plan year was less favorable than expected, generating a net actuarial loss as follows:

- Demographic experience different from that assumed and minor data corrections, which resulted in an actuarial loss of approximately $1.8 million.

On the other hand, the actuarial assumption change to mortality resulted in an actuarial gain of approximately $1.2 million. Additionally, the 2020 retirement window plan amendment resulted in an actuarial loss of approximately $1.8 million.

Change in Assets

Asset experience for the 2020 plan year was more favorable than expected, generating a net actuarial gain. The return on the actuarial value of assets for 2020 plan year was more than assumed, generating a net actuarial gain.

- The rate of return on the market value of plan assets for 2020 was 11.28%, which was greater than the assumed rate of 6.25%, resulting in an investment gain of approximately $9.3 million.

The graph below illustrates the investment performance on a market value basis for the preceding five plan years.

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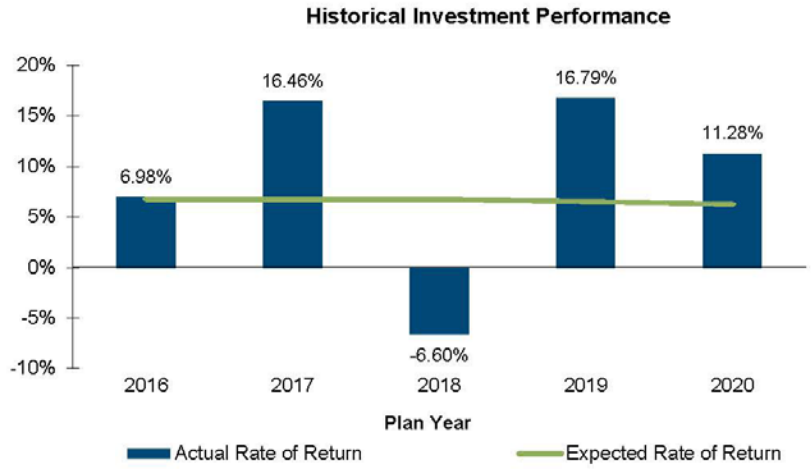
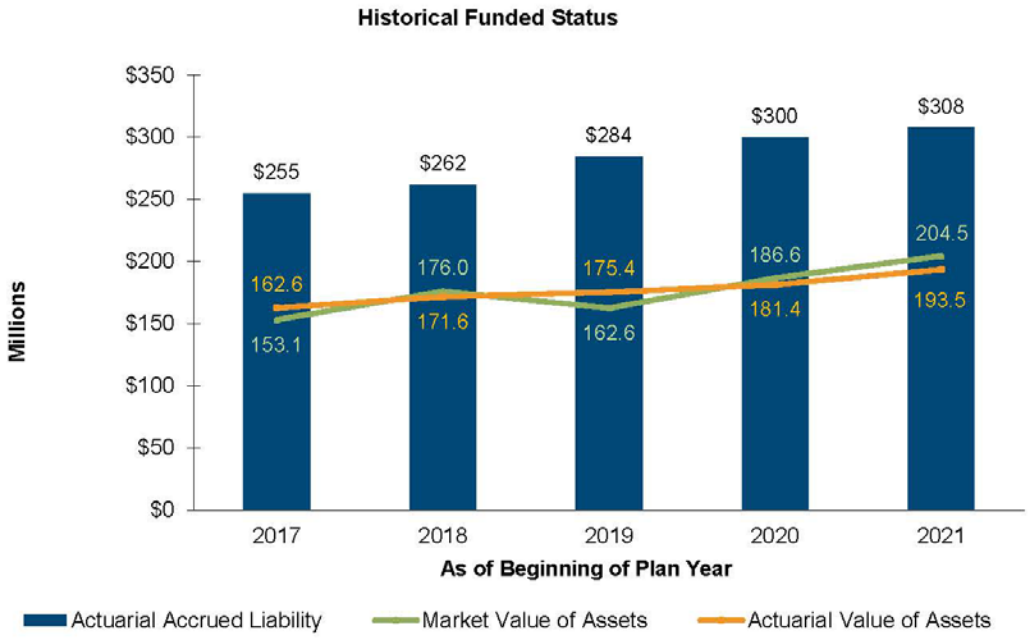


E. Funded Status

The graph below illustrates the funded status on both a market value and actuarial value basis for the current and preceding four years.



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F Actuarial Methods and Assumptions

The actuarial methods and assumptions used in this valuation are the same as those used in the prior valuation except as follows:

- The expense load to the Normal Cost has been changed from $280,381 for the 2020 plan year to $351,276 for the 2021 plan year and is based on the prior plan year's expenses, excluding investment management fees.
- The mortality table was updated to Pub-2010 General Employees/Retirees Amount–Weighted Mortality projected forward (fully generational) with MP-2020. Pub-2010 General Disabled Retirees Amount–Weighted Mortality with MP-2020 for disabled lives and contingent survivors were also used.
- Participants who elected to take part in the 2020 retirement window are assumed to retire in 2021 based on their elected optional payment forms.

These changes were made to better reflect anticipated plan experience.

Please see Appendix A for a summary of the actuarial methods and assumptions used in this valuation.

G. Plan Provisions

The valuation reflects the plan provisions in effect on January 1, 2021, including the following:

- The 2020 retirement window was added as a second amendment to the Plan.
- An increase in the Internal Revenue Code (IRC) Section 401(a)(17) compensation limit from $285,000 to $290,000. This change had an immaterial impact on the Plan's liabilities.

Please see Appendix B for a summary of plan provisions.

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Exhibits

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Exhibit 1

Change in Participation

The change in participation from January 1, 2020 to January 1, 2021 is shown below.

	Active Participants	Inactive Participants with Deferred Benefits*	Participants in Pay Status	Total
Participants as of January 1, 2020	440	89	334	863
Terminated non-vested	0	0	0	0
Terminated vested	(2)	2	0	0
Died without beneficiary	0	0	(1)	(1)
Died with beneficiary	(2)	0	(2)	(4)
Retired	(8)	(6)	14	0
Received lump sum distribution	(8)	0	0	(8)
Certain period expired	0	0	0	0
New Beneficiaries	0	2	2	4
New Alternate Payees	0	0	1	1
Rehired	0	0	0	0
Net data adjustments	0	0	0	0
Participants as of December 31, 2020	420	87	348	855
New participants as of January 1, 2021	0	0	0	0
Participants as of January 1, 2021	420	87	348	855

For January 1, 2020, the above participant counts include 2 active particpants suspended without pay, 11 alternate payees receiving benefits and 8 alternate payees entitled to future benefits under Qualified Domestic Relations Orders, and 4 beneficiaries with deferred benefits.

For January 1, 2021, the above participant counts include 2 active participants suspended without pay, 13 alternate payees receiving benefits and 7 alternate payees entitled to future benefits under Qualified Domestic Relations Orders, and 6 beneficiaries with deferred benefits.

* Includes deferred beneficiaries and deferred alternate payees.

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Exhibit 2

Summary of Active Participants by Age and Service

Number of Participants by Age and Service Groups

	Years of Credited Service										
Age	<1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40&Up	Total
0-24	-	-	-	-	-	-	-	-	-	-	-
25-29	-	-	-	-	-	-	-	-	-	-	-
30-34	-	-	-	1	-	-	-	-	-	-	1
35-39	-	-	-	9	6	-	-	-	-	-	15
40-44	-	-	-	15	10	7	-	-	-	-	32
45-49	-	1	-	17	18	10	2	-	-	-	48
50-54	1	-	-	20	27	21	16	3	1	-	89
55-59	-	-	-	17	27	13	15	4	8	-	84
60-64	-	-	-	12	17	20	18	9	17	3	96
65-69	-	-	-	5	13	9	2	6	8	2	45
70&Up	-	-	-	5	2	1	-	-	2	-	10
Total	1	1	-	101	120	81	53	22	36	5	420

Average Valuation Compensation by Age and Service Groups

	Years of Credited Service										
Age	<1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40&Up	Average
0-24	-	-	-	-	-	-	-	-	-	-	-
25-29	-	-	-	-	-	-	-	-	-	-	-
30-34	-	-	-	*	-	-	-	-	-	-	*
35-39	-	-	-	*	*	-	-	-	-	-	*
40-44	-	-	-	*	*	*	-	-	-	-	71,158
45-49	-	*	-	*	*	*	*	-	-	-	92,328
50-54	*	-	-	85,298	89,893	86,054	*	*	*	-	88,822
55-59	-	-	-	*	94,510	*	*	*	*	-	96,164
60-64	-	-	-	*	*	98,222	*	*	*	*	103,948
65-69	-	-	-	*	*	*	*	*	*	*	95,094
70&Up	-	-	-	*	*	*	-	-	*	-	*
Average	*	*	-	86,673	90,848	90,903	95,535	108,757	107,913	*	93,140

* If there are fewer than 20 participants in a cell, the average valuation compensation is not reported. Average valuation compensation is based on actual prior year compensation projected to 2021 using the salary scale assumption.

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Exhibit 3

Inactive Participants

Terminated Vested Participants

Age	Number of Participants	Average Annual Benefit
< 30	-	$0
30 - 34	-	0
35 - 39	3	9,987
40 - 44	9	10,515
45 - 49	10	18,287
50 - 54	17	13,142
55 - 59	16	14,504
60 - 64	11	14,072
65 & Up	8	9,633
Total	74	$13,443

Retirees, Beneficiaries, and Disabled Participants

Age	Number of Participants	Average Annual Benefit
< 55	11	$9,552
55 - 59	12	28,553
60 - 64	43	30,950
65 - 69	103	31,784
70 - 74	93	30,482
75 - 79	56	25,289
80 - 84	22	22,784
85 - 89	7	8,865
90 & Up	14	6,321
Total	361	$27,577

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Exhibit 4

Summary of Plan Assets

The summary of plan assets on a Market Value basis as of December 31, 2020 is shown below.

1.	Assets	
	a. Receivable income	$127,130
	b. Interest bearing cash	1,254,665
	c. Corporate debt - other	65,174,652
	d. Corporate stocks - common	113,445,315
	e. Real Estate	24,724,991
	f. Total	204,726,753
2.	Liabilities	
	a. Other liabilities	213,078
	b. Total	213,078
3.	Total	
	[(1f) - (2b)]	$204,513,675

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Exhibit 5

Summary of Income and Disbursements

The change in the Market Value of Assets from December 31, 2019 to December 31, 2020 is shown below.

1.	Market Value of Assets as of December 31, 2019	$186,645,413
2.	Income	
	a. Employer contributions for plan year	14,236,591
	b. Realized gain / (loss)	20,373,225
	c. Other income	960,902
	d. Total	35,570,718
3.	Disbursements	
	a. Benefit payments to participants	16,899,341
	b. Investment management fees	451,839
	c. Trustees fees/expenses	144,914
	d. Other expenses	206,362
	e. Total	17,702,456
4.	Net increase / (decrease) [(2d) - (3e)]	17,868,262
5.	Market Value of Assets as of December 31, 2020 [(1) + (4)]	$204,513,675

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Exhibit 6

Actuarial Value of Assets

The Actuarial Value of Assets is the Market Value of Assets less a weighted average of asset gains / (losses) over a four-year period (five-year smoothing), but not less than 80% nor more than 120% of the Market Value of Assets. The Actuarial Value of Assets as of January 1, 2021 is determined below.

1. Market Value of Assets as of December 31, 2020 $204,513,675

2. Unrecognized asset gains / (losses) for the plan years ending

	Plan Year Ending	Gain / (Loss) for Year	Percent Unrecognized	Amount Unrecognized
a.	December 31, 2020	9,309,710	80%	7,447,768
b.	December 31, 2019	16,576,919	60%	9,946,152
c.	December 31, 2018	(23,366,223)	40%	(9,346,489)
d.	December 31, 2017	14,765,619	20%	2,953,124
e.	Total			11,000,555

3. Preliminary Actuarial Value of Assets as of January 1, 2021
   [(1) - (2e)] 193,513,120

4. Actuarial Value of Assets as of January 1, 2021
   [(3), but not less than 80% × (1), nor more than 120% × (1)] $193,513,120

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Exhibit 7

Estimated Investment Return on Actuarial Value of Assets

The estimated investment return on the Actuarial Value of Assets is determined using a simplified formula. It assumes all cash flows of contributions, benefit payments, and administrative expenses are paid at mid-year. The estimated investment return on the Actuarial Value of Assets for the plan year ending December 31, 2020 is determined below.

1.	Actuarial Value of Assets as of January 1, 2020	$181,431,446
2.	Actuarial Value of Assets as of January 1, 2021	193,513,120
3.	Net non-investment cash flows for plan year ending December 31, 2020	(3,014,025)
4.	Investment income for plan year ending December 31, 2020 [(2) - (1) - (3)]	$15,095,699
5.	Estimated investment return on Actuarial Value of Assets [{2 × (4)} ÷ {(1) + (2) - (4)}]	8.39%

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Exhibit 8

Estimated Investment Return on Market Value of Assets

The estimated investment return on the Market Value of Assets for the plan year ending December 31, 2020, assuming all cash flows of contributions, benefit payments, and administrative expenses are paid at mid-year, is determined below.

1.	Market Value of Assets as of December 31, 2019	$186,645,513
2.	Market Value of Assets as of December 31, 2020	204,513,675
3.	Net non-investment cash flows for plan year ending December 31, 2020	(3,014,025)
4.	Investment income for plan year ending December 31, 2020 [(2) - (1) - (3)]	20,882,287
5.	Estimated investment return on Market Value of Assets [{2 × (4)} ÷ {(1) + (2) - (4)}]	11.28%
6.	Expected rate of return on Market Value of Assets	6.25%
7.	Investment gain/(loss) for plan year ending December 31, 2020	$9,309,710

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Exhibit 9

Employer Contributions for Prior Plan Year

The employer contributions for the plan year ending December 31, 2020 were paid or are payable on the dates and in the amounts shown below.

Date of Contribution	Amount
January 7, 2020	$1,053,937
February 4, 2020	1,053,937
March 4, 2020	1,053,937
April 3, 2020	1,053,937
May 6, 2020	1,053,938
June 2, 2020	1,053,938
July 3, 2020	1,053,938
August 4, 2020	1,053,938
September 4, 2020	2,245,943
October 2, 2020	1,186,383
November 3, 2020	1,186,383
December 2, 2020	1,186,383
Total	$14,236,592

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Exhibit 10

Unfunded Actuarial Accrued Liability

The Actuarial Accrued Liability represents that portion of the Present Value of Benefits that is allocated to service before the current plan year. The Unfunded Actuarial Accrued Liability is the excess (deficiency) of the Actuarial Accrued Liability over the Actuarial Value of Assets. The Unfunded Actuarial Accrued Liability as of January 1, 2021 is determined below.

1.	Actuarial Accrued Liability	
	a. Active participants	$194,521,066
	b. Terminated vested participants	6,353,216
	c. Beneficiaries	7,141,515
	d. Retired participants	99,689,070
	e. Total	307,704,867
2.	Actuarial Value of Assets	193,513,120
3.	Reserve for expenses	0
4.	Unfunded Actuarial Accrued Liability [(1e) - (2) + (3)]	114,191,747
5.	Amortization period as of January 1, 2021	22 years
6.	Past Service Contribution (level dollar amortization of Unfunded Actuarial Accrued Liability as of January 1, 2021)	$9,120,253

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Exhibit 11

Actuarial (Gain) / Loss for Prior Plan Year

The Actuarial (Gain) / Loss for the prior plan year is the difference between the expected and actual Unfunded Actuarial Accrued Liability as of the beginning of the current plan year. The Actuarial (Gain) / Loss for the plan year ending December 31, 2020 is determined below.

1.	Unfunded Actuarial Accrued Liability as of January 1, 2020	$118,527,718
2.	Normal Cost as of January 1, 2020	3,829,781
3.	Interest on (1) and (2) to end of plan year	7,647,344
4.	Subtotal [(1) + (2) + (3)]	130,004,843
5.	Employer contributions for plan year	14,236,592
6.	Administrative expenses	(351,276)
7.	Interest on [(5) + (6)] to end of plan year	427,340
8.	Subtotal [(5) + (6) + (7)]	14,312,656
9.	Changes in Actuarial Accrued Liability	
	a. Plan amendments	1,781,310
	b. Changes in actuarial assumptions	(1,192,637)
	c. Changes in cost method	0
	d. Total	588,673
10.	Expected Unfunded Actuarial Accrued Liability as of January 1, 2021 [(4) - (8) + (9d)]	116,280,860
11.	Actual Unfunded Actuarial Accrued Liability as of January 1, 2021	114,191,747
12.	Actuarial (Gain) / Loss for prior plan year (excluding assumption changes) [(11) - (10)]	(2,089,113)
13.	Demographic experience (Gain)/Loss for prior plan year	1,767,885
14.	Actuarial Value of Assets (Gain)/Loss for prior plan year [(12) - (13)]	($3,856,998)

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Exhibit 12

Normal Cost and Actuarially Determined Contribution

The Normal Cost is the amount allocated to the current plan year under the plan's actuarial cost method. The employer Normal Cost as of January 1, 2021 is determined below. The Actuarially Determined Contribution is also shown with interest to December 31, 2021.

1.	Normal Cost for benefits	
	a. Withdrawal	$733,727
	b. Retirement	2,406,031
	c. Death	28,079
	d. Disability	0
	e. Total	3,167,837
2.	Loading for expenses	351,276
3.	Total Employer Normal Cost [(1e) + (2)]	3,519,113
4.	Past Service Contribution [from Exhibit 10]	9,120,253
5.	Interest rate assumption	6.25%
6.	Interest on contribution to end of year [{(3) + (4)} * (5)]	789,960
7.	Actuarially Determined Contribution as of end of year [(3) + (4) + (6)]	$13,429,326

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Exhibit 13

Present Value of Accumulated Plan Benefits

Accumulated Plan Benefits are benefits earned to date, based on pay history and service rendered to date, expected to be paid in the future to retired, terminated vested, and active participants, and beneficiaries of active or former participants. The Present Value of Accumulated Plan Benefits (determined on a plan continuation basis) as of January 1, 2021 is shown below.

	January 1, 2020	January 1, 2021
1. Present Value of vested Accumulated Plan Benefits		
a. Retired participants	$95,999,463	$99,689,070
b. Terminated vested participants	7,882,965	6,353,216
c. Beneficiaries	6,427,482	7,141,515
d. Active participants	133,094,197	146,698,564
e. Total	243,404,107	259,882,365
2. Present Value of non-vested Accumulated Plan Benefits	8,017,302	7,848,905
3. Present Value of all Accumulated Plan Benefits [(1e) + (2)]	251,421,409	267,731,270
4. Market Value of Assets	$186,645,413	$204,513,675
5. Funded ratio		
a. Vested benefits [(4) ÷ (1e)]	76.68%	78.69%
b. All benefits [(4) ÷ (3)]	74.24%	76.39%
6. Interest rate assumption	6.25%	6.25%

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Exhibit 14

Change in Present Value of Accumulated Plan Benefits

The change in the Present Value of Accumulated Plan Benefits (determined on a plan continuation basis) from January 1, 2020 to January 1, 2021 is shown below.

1.	Present Value of all Accumulated Plan Benefits as of January 1, 2020	$251,421,409
2.	Changes	
	a. Reduction in discount period	15,193,737
	b. Benefits accumulated	7,918,292
	c. Benefit payments	16,899,341
	d. Plan amendments	6,875,516
	e. Change in assumptions	(1,040,408)
	f. Actuarial (gain) / loss	4,262,065
	g. Total [(a) + (b) - (c) + (d) + (e) + (f)]	16,309,861
3.	Present Value of all Accumulated Plan Benefits as of January 1, 2021 [(1) + (2g)]	$267,731,270

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Exhibit 15

Schedule of Retirants and Beneficiaries Added and Removed from Rolls

The following exhibit outlines the flow of retirants and beneficiaries.

	Added to Rolls		Removed from Rolls		Rolls-End of Year			
Year Ended December 31,	Count	Annual Benefits	Count	Annual Benefits	Count	Annual Benefits	% Increase in Monthly Allowance	Average Annual Allowance
2020	17	891,144	(3)	(69,561)	348	9,629,150	9.33%	27,670
2019	31	740,252	(9)	(115,168)	334	8,807,568	7.64%	26,370
2018	24	791,734	(10)	(145,693)	312	8,182,485	8.57%	26,226
2017	23	823,221	(2)	(28,092)	298	7,536,444	11.79%	25,290
2016	19	328,498	(6)	(109,136)	277	6,741,314	3.36%	24,337
2015	17	536,340	(2)	(13,156)	264	6,521,952	8.72%	24,704
2014	24	782,595	(2)	(26,743)	249	5,998,768	14.42%	24,091
2013	20	379,103	(36)	(773,752)	227	5,242,915	-7.00%	23,097
2012	14	295,535	(4)	(83,999)	243	5,637,564	3.90%	23,200
2011	67	2,414,196	-	-	233	5,426,028	80.16%	23,288
2010	18	661,352	(4)	(33,596)	166	3,011,832	26.33%	18,144
2009	26	574,355	(1)	(22,727)	152	2,384,076	30.10%	15,685
2008					127	1,832,448		

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Exhibit 16

Solvency Test

	Actuarial Accrued Liability (AAL)					Portion of AAL Covered by Assets			
	1	2	3	4	5	1	2	3	4
Valuation Date January 1	Active Member Contribution	Retirees and Beneficiaries	Active and Inactive Members (ER Financed Portion)	Total	Actuarial Value of Assets				
2021		105,473,703	202,231,164	307,704,867	193,513,120	N/A	100%	43.5%	62.9%
2020		100,704,721	199,254,443	299,959,164	181,431,446	N/A	100%	40.5%	60.5%
2019		92,240,206	191,870,323	284,110,529	175,443,638	N/A	100%	43.4%	61.7%
2018		82,963,830	178,795,590	261,759,420	171,626,913	N/A	100%	49.6%	65.6%
2017		74,738,626	180,196,993	254,935,619	162,634,498	N/A	100%	48.8%	63.8%
2016		70,778,581	173,024,707	243,803,288	152,638,016	N/A	100%	47.3%	62.6%
2015		68,939,930	144,310,347	213,250,277	142,619,248	N/A	100%	51.1%	66.9%
2014		49,749,704	111,648,730	161,398,434	129,398,834	N/A	100%	71.3%	80.2%
2013		52,937,702	97,571,229	150,508,931	113,144,758	N/A	100%	61.7%	75.2%
2012	-	51,130,839	90,920,928	142,051,767	110,276,187	N/A	100%	65.1%	77.6%
2011	-	26,905,274	124,686,424	151,591,698	114,082,428	N/A	100%	69.9%	75.3%
2010	132,417	20,519,641	123,588,975	144,241,033	110,433,818	100%	100%	72.6%	76.6%

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Exhibit 17

Retired Members by Type of Benefit

Monthly Benefit Payment	Number of Retired Members	Type of Retirement 1	2	3	4
$1 - $500	**38**	10	11	-	17
501 - 1,000	**43**	15	12	-	16
1,001 - 1,500	**44**	13	22	-	9
1,501 - 2,000	**64**	25	34	-	5
2,001 - 2,500	**29**	12	15	-	2
2,501 - 3,000	**25**	8	17	-	-
Over 3,000	**105**	39	64	-	2
	348	122	175	-	51

1 Normal retirement for age and service
2 Early retirement
3 Disability retirement
4 Beneficiary

Monthly Benefit Payment	Number of Retired Members	Option Selected 1	2	3	4	5	6	7	8
$1 - $500	**38**	30	-	-	-	-	1	6	1
501 - 1,000	**43**	27	-	1	2	2	5	6	-
1,001 - 1,500	**44**	23	1	-	3	1	7	9	-
1,501 - 2,000	**64**	26	-	1	-	3	21	13	-
2,001 - 2,500	**29**	12	-	-	1	2	7	7	-
2,501 - 3,000	**25**	8	-	-	-	2	9	6	-
Over 3,000	**105**	38	3	1	5	13	30	15	-
	348	164	4	3	11	23	80	62	1

Option 1 - Life only
Option 2 - 5 year certain and life
Option 3 - 10 year certain and life
Option 4 - 15 year certain and life
Option 5 - 20 year certain and life
Option 6 - Joint and 50% survivor
Option 7 - Joint and 100% survivor
Option 8 - 10 year certain

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Exhibit 18

Schedule of Benefit Payments by Type

	2020	2019	2018	2017	2016	2015	2014	2013
Service	9,081,819	8,398,440	7,806,518	7,172,158	6,382,845	5,939,216	5,275,495	4,767,675
Disabled	-	-	-	-	-	-	-	108,909
Beneficiary	547,332	409,128	375,966	364,286	358,469	351,481	349,643	253,419
Lump Sum / Miscellaneous	7,270,191	6,527,626	4,552,742	5,643,227	3,633,268	2,487,053	3,079,382	3,573,751
Total	**16,899,341**	**15,335,194**	**12,735,226**	**13,179,671**	**10,374,582**	**8,777,750**	**8,704,519**	**8,703,754**

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Exhibit 19

Funding Policy Accounting Information

Please note that the Schedule of Funding Progress was required by GASB Statement No 27 through 2014. For fiscal years 2015 and beyond, the information below outlines the funding policy. The actuarial assumptions and methods employed are detailed in Appendix A.

Schedule of Funding Progress (in $1,000's)

Actuarial Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability	(3) Unfunded Actuarial Accrued Liability (2) - (1)	(4) Funded Ratio (1) / (2)	(5) Covered Payroll	(6) UAAL as a % of Covered Payroll (3) / (5)
01/01/00	68,517	59,818	-8,699	114.5%	49,567	-17.5%
01/01/01	69,201	70,646	1,445	98.0%	52,044	2.8%
01/01/02	65,951	79,230	13,279	83.2%	56,585	23.5%
01/01/03	72,093	86,761	14,668	83.1%	58,953	24.9%
01/01/04	80,024	99,354	19,330	80.5%	61,962	31.2%
01/01/05	85,188	108,439	23,251	78.6%	62,869	37.0%
01/01/06	88,141	111,898	23,757	78.8%	58,554	40.6%
01/01/07	92,588	113,708	21,120	81.4%	64,349	32.8%
01/01/08	104,824	120,407	15,583	87.1%	62,930	24.8%
01/01/09	87,155	139,380	52,226	62.5%	63,625	82.1%
01/01/10	110,434	144,241	33,807	76.6%	56,962	59.4%
01/01/11	114,082	151,592	37,510	75.3%	57,702	65.0%
01/01/12	110,276	142,052	31,776	77.6%	47,185	67.3%
01/01/13	113,145	150,509	37,364	75.2%	44,389	84.2%
01/01/14	129,399	161,398	31,999	80.2%	45,602	70.2%
01/01/15	142,619	213,250	70,631	66.9%	44,838	157.5%
01/01/16	152,638	243,803	91,165	62.6%	47,098	193.6%
01/01/17	162,634	254,936	92,302	63.8%	43,480	212.3%
01/01/18	171,627	261,759	90,132	65.6%	41,770	215.8%
01/01/19	175,434	284,111	108,677	61.7%	40,747	266.7%
01/01/20	181,431	299,959	118,528	60.5%	39,027	303.7%
01/01/21	193,513	307,705	114,192	62.9%	38,043	300.2%

Schedule of Contributions from the Employer (in $1,000's)

Fiscal Year Ending	Actuarially Determined Contribution	Percentage Contributed
09/30/00	3,114	132.5%
09/30/01	5,549	77.5%
09/30/02	7,520	84.3%
09/30/03	7,949	100.0%
09/30/04	8,850	100.0%
09/30/05	9,628	122.8%
09/30/06	9,152	106.6%
09/30/07	9,503	142.1%
09/30/08	8,948	100.0%
09/30/09	12,653	100.0%
09/30/10	10,833	102.9%
09/30/11	10,689	100.0%
09/30/12	8,215	100.0%
09/30/13	8,847	100.0%
09/30/14	9,006	100.0%
09/30/15	8,911	126.2%
09/30/16	11,181	100.0%
09/30/17	11,307	100.0%
09/30/18	11,061	100.1%
09/30/19	12,629	100.1%
09/30/20	14,218	100.1%

The calculation of the actuarially determined contribution is based on level dollar amortization.

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Exhibit 19

Funding Policy Accounting Information

The following exhibit provides information for the calculation of the Funding Policy.

Fiscal Year Ending	Actuarially Determined Contribution	Actual Contribution	Percentage Contributed	Investment Return	Equivalent Single Amortization Period
09/30/00	3,113,636	4,125,446	132.5%	8.0%	30 years
09/30/01	5,549,302	4,298,839	77.5%	8.0%	30 years
09/30/02	7,519,533	6,338,145	84.3%	8.0%	30 years
09/30/03	7,948,648	7,948,648	100.0%	8.0%	30 years
09/30/04	8,849,850	8,849,850	100.0%	8.0%	30 years
09/30/05	9,627,759	11,827,759	122.9%	8.0%	30 years
09/30/06	9,151,972	9,751,968	106.6%	8.0%	30 years
09/30/07	9,503,253	13,503,253	142.1%	8.0%	30 years
09/30/08	8,948,287	8,948,287	100.0%	8.0%	30 years
09/30/09	12,652,728	12,652,728	100.0%	8.0%	30 years
09/30/10	10,833,143	11,143,438	102.9%	8.0%	30 years
09/30/11	10,689,258	10,689,264	100.0%	8.0%	30 years
09/30/12	8,215,493	8,215,493	100.0%	8.0%	30 years
09/30/13	8,847,436	8,847,436	100.0%	8.0%	30 years
09/30/14	9,006,301	9,006,301	100.0%	8.0%	29 years
09/30/15	8,911,253	11,248,671	126.2%	6.75%	28 years
09/30/16	11,181,136	11,181,136	100.0%	6.75%	27 years
09/30/17	11,307,275	11,307,275	100.0%	6.75%	26 years
09/30/18	11,060,833	11,073,255	100.1%	6.75%	25 years
09/30/19	12,628,619	12,647,252	100.1%	6.50%	24 years
09/30/20	14,217,959	14,236,592	100.1%	6.25%	23 years

The calculation of the actuarially determined contribution is based on level dollar amortization.

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Exhibit 20

Covered Persons Pay Inflation Comparison

Actuarial Valuation Date	(1) Count	(2) Adjust Count*	(3) Annual Payroll	(4) Average Payroll (3) / (2)	(5) Average Payroll % Increase	(6) Inflation Increase % (CPI-U)
01/01/09	994	994	63,625,252	64,009	N/A	0.1%
01/01/10	927	927	56,962,295	61,448	(4.0%)	2.7%
01/01/11	902	902	57,702,434	63,972	4.1%	1.5%
01/01/12	730	730	47,184,896	64,637	1.0%	3.0%
01/01/13	694	694	44,388,906	63,961	(1.0%)	1.7%
01/01/14	657	657	45,601,509	69,409	8.5%	1.5%
01/01/15	621	620	44,837,816	72,319	4.2%	0.8%
01/01/16	585	581	47,098,356	81,064	12.1%	0.7%
01/01/17	551	548	43,479,995	79,343	(2.1%)	2.1%
01/01/18	514	512	41,769,919	81,582	2.8%	2.1%
01/01/19	481	479	40,747,394	85,068	4.3%	1.9%
01/01/20	440	438	39,026,869	89,102	4.7%	2.3%
01/01/21	420	420	38,043,136	90,579	1.7%	1.4%

*Adjusted for active particpants suspended without pay.
Suspended actives for 2021 reported with compensation.

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Exhibit 21

Schedule of Participants by Status

Below is the schedule of participants by status as of December 31 for the last ten years.

Participants	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Active	420	440	481	514	551	585	620	657	694	730
Terminated and vested	74	77	79	84	89	87	87	98	118	122
Retired	297	286	268	254	234	225	210	193	209	200
Disabled	-	-	-	-	-	-	-	12	13	13
Beneficiaries	64	60	51	48	48	43	44	24	28	20
Total Participants	855	863	879	900	922	940	961	984	1,062	1,085

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Appendix A

Summary of Actuarial Assumptions and Methods

Plan Sponsor

Metropolitan Transit Authority of Harris County, Texas

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The true cost of a pension plan will ultimately be determined by the excess of benefits actually paid and the expenses incurred in its administration over investment income earned on monies set aside for its funding. Thus, the ultimate cost of a plan cannot be known until the last payment has been made to its last participant. The actuarial cost method is the technique adopted by the actuary for establishing the amount and incidence of annual actuarial costs. The actuarial cost method determines the portion of the ultimate cost of a pension plan which should be allocated to each plan year (known as the normal cost). The cost method is thus a budgeting tool which helps to ensure that the pension plan will be adequately and systematically funded.

The annual costs for a pension plan can be determined using any one of several actuarial cost methods. The methods differ in how much of the ultimate cost of the plan is assigned to each prior year, the current year and to each future year. Although the ultimate cost for a pension plan will be determined not by the cost method, but by the benefits and expenses which become payable and the earnings which are obtained on the investments of the plan, the pattern of annual contributions from year to year and the rate of funding for the benefits will vary with the choice of actuarial cost method. In addition, the choice of actuarial assumptions for a given actuarial cost method will affect the current level of contributions and pattern of future contributions.

Annual contributions are also affected by the "asset valuation method" (as well as the plan provisions, actuarial assumptions, and actual plan demographic and investment experience each year).

Actuarial Cost Method

The actuarial cost method used in the valuation of this Plan is known as the entry age normal cost method. Under this method a projected retirement benefit at assumed retirement age is computed for each participant using anticipated future pay increases. The normal cost for each participant is computed as the level percentage of pay which, if paid from each participant's date of employment by the employer or any predecessor employer (thus, entry age) to the participant's assumed retirement date, would accumulate with interest at the rate assumed in the valuation to an amount sufficient to fund the participant's projected retirement benefit. The normal cost for the plan is the total of the individually computed normal costs for all participants including the costs for any death or disability benefits under the plan.

The accrued liability at any point in time for an active participant is the theoretical fund that would have been accumulated on the participant's behalf from the participant's normal cost payments and the earnings thereon for all prior years if the plan had always been in effect. For persons receiving benefits or entitled to a deferred vested retirement income, the accrued liability cost is equal to the present value of their future benefit payments. The accrued liability for the plan is the total of the individually computed accrued liability for all participants. The unfunded accrued liability for the plan is the excess of the accrued liability over the assets which have been accumulated for the plan. The Plan utilizes a 30-year closed amortization with the initial year of 2013. The 2021 unfunded accrued liability is amortized on a level dollar basis over a 22-year period as a component of the 2021 annual contribution.

It should be noted that the accrued liability as of any date is not the actuarially computed present value of accrued or accumulated plan benefits as of that date. The accrued liability is the portion of the ultimate cost assigned to prior years by the cost method being used. The actuarially computed present value of accrued or accumulated plan benefits is the present value of retirement benefits which have been accrued or earned to date based only upon service and earnings to date.

The funding cost of the Plan is derived by making certain specific assumptions as to rates of interest, mortality, turnover, etc., which are assumed to hold for many years into the future. Since actual experience may differ somewhat from the assumptions, the costs determined by the valuation must be regarded as estimates of the true costs of the Plan.

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Asset Valuation Method

For purposes of applying the actuarial cost method, the assets valuation method is a ***five year smoothed market value*** method. The actuarial value of assets as of the end of a plan year is equal to the market value of assets minus a gain/loss adjustment factor. This factor is calculated as follows:

1. $^4/_5$ of the gain/(loss) during the year just ended; plus
2. $^3/_5$ of the gain/(loss) during the prior year; plus
3. $^2/_5$ of the gain/(loss) two years prior; plus
4. $^1/_5$ of the gain/(loss) three years prior.

The actuarial value of assets is in no case greater than 120% of market value and in no case less than 80% of market value.

Interest Rate

6.25% per annum (Plan Sponsor prescribed assumption adopted December 31, 2019). We believe that the assumption is reasonable based on our review of the distribution of long-term expected returns generated by the December 31, 2020 Milliman Expected Return Model with a 30-year horizon.

Earnings Progression

3.00% per annum. The Plan Sponsor selected a 3.00% compensation increase assumption to align with budget forecasts.

Inflation / Cost of Living Increases

2.20% per year (IRC Section 415(b) benefit limit). It is based on Milliman's capital market expectations as of December 31, 2020.

Explicit Provision for Expenses

Normal Cost (as of the beginning of the plan year) is loaded by the prior plan year's expenses, excluding investment management fees. The normal cost load for the 2021 plan year is $351,276.

Demographic Assumptions

Except where noted, all demographic assumptions are based on Milliman's Demographic Assumptions Study dated April 8, 2020 and on the actuary's judgement and continual review of experience.

Mortality Rates

The mortality assumption is updated to Pub-2010 General Employee/Healthy Retiree Mortality Tables for M/F projected forward (fully generational) with MP-2020 with separate tables for contingent survivors and disabled participants. This reflects the most current mortality experience published by the Society of Actuaries for public plans. This assumption includes a margin for future improvements in longevity.

Disability Rates

None assumed.

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Withdrawal Rates

Withdrawal rates were updated as follows:

Service	Withdrawal
<7	10.00%
7	10.00%
8-13	5.00%
14	7.50%
15-16	5.00%
17-19	4.00%
20-27	3.00%
28+	2.00%

Retirement Rates*

Participants are assumed to retire according to the following updated rates:

Age	Retirement Rates	
	Male	Female
55	7.50%	10.00%
56-58	7.50%	7.50%
59	7.50%	15.00%
60-61	10.00%	7.50%
62	20.00%	10.00%
63	20.00%	20.00%
64	25.00%	15.00%
65	30.00%	30.00%
66	25.00%	25.00%
67	40.00%	40.00%
68	40.00%	50.00%
69	40.00%	40.00%
70+	100.00%	100.00%

* Participants who elected to take part in the 2020 retirement window are assumed to retire in 2021 based on their elected optional payment forms.

Marriage Rates

a. Percentage married: Males - 100%; Females – 100%

b. Age difference: Males are assumed to be 3 years older than their spouse.

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Optional Form Election*

The optional Payment form assumption was updated as per 2019 METRO Experience Study to the following rates:

Active participants	Immediate Lump Sum	Single Life	50% Joint & Survivor Annuity	100% Joint & Survivor Annuity	20 Year Certain and Life Annuity
Early Retirement Decrement**	50.00%	20.00%	20.00%	5.00%	5.00%
Normal Retirement Decrement**	20.00%	40.00%	25.00%	10.00%	5.00%
Termination Decrement***	50.00%	40.00%	5.00%	5.00%	0.00%

* Participants who elected to take part in the 2020 retirement window are assumed to retire in 2021 based on their elected optional payment forms with 5 and 10 year certain and life annuities valued as actuarially equivalent single life annuities and 15 year certain and life annuities valued as actuarially equivalent 20 year certain and life annuities.

** Annuity options are immediate.

*** Annuity options are deferred to normal retirement (age 65).

Changes in Actuarial Assumptions

Mortality: The mortality improvement projection scale is updated from MP-2019 to MP-2020 to reflect the latest (October 2020) Society of Actuaries Public Plans Mortality Study in anticipation of future mortality experience.

2020 Retirement Window: Participants who elected to take part in the 2020 retirement window are assumed to retire in 2021 based on their elected optional payment forms with 5 and 10 year certain and life annuities valued as actuarially equivalent single life annuities and 15 year certain and life annuities valued as actuarially equivalent 20 year certain and life annuities.

Changes in Actuarial Methods

None.

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Appendix B

Summary of Plan Provisions

This work product was prepared solely for METRO for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other qualified professional when reviewing the Milliman work product.

This summary of plan provisions is intended to only describe the essential features of the plan. All eligibility requirements and benefit amounts shall be determined in strict accordance with the plan document itself.

Definitions

2020 Window Provision

In addition, any Participant who is (1) at least age 55 with 15 or more Years of Service for vesting purposes as of December 1, 2020, or (2) at least age 62 with 5 or more Years of Service for vesting purposes as of December 1, 2020, who is actively employed by the Participant's Employer as of October 30, 2020, may elect to retire on January 31, 2021. The election to retire must be received by the Participant's Employer no later than November 30, 2020 and the Participant must remain employed through January 31, 2021. Eligible Participants who elect to retire and are under age 65 as of January 31, 2021 shall not have the reduction for early commencement apply to their Accrued Benefit and instead shall have their Basic Annual Pension (Normal Retirement Benefit) multiplied by the factor in Table I below as an enhanced early retirement benefit.

Table I

Age	Months											
	0	1	2	3	4	5	6	7	8	9	10	11
55	82.00%	82.33%	82.67%	83.00%	83.33%	83.67%	84.00%	84.33%	84.67%	85.00%	85.33%	85.67%
56	86.00%	86.33%	86.67%	87.00%	87.33%	87.67%	88.00%	88.33%	88.67%	89.00%	89.33%	89.67%
57	90.00%	90.17%	90.33%	90.50%	90.67%	90.83%	91.00%	91.17%	91.33%	91.50%	91.67%	91.83%
58	92.00%	92.17%	92.33%	92.50%	92.67%	92.83%	93.00%	93.17%	93.33%	93.50%	93.67%	93.83%
59	94.00%	94.17%	94.33%	94.50%	94.67%	94.83%	95.00%	95.17%	95.33%	95.50%	95.67%	95.83%
60	96.00%	96.17%	96.33%	96.50%	96.67%	96.83%	97.00%	97.17%	97.33%	97.50%	97.67%	97.83%
61	98.00%	98.17%	98.33%	98.50%	98.67%	98.83%	99.00%	99.17%	99.33%	99.50%	99.67%	99.83%
62	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
63	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.11%	100.28%
64	100.45%	100.62%	100.79%	100.96%	101.13%	101.30%	101.48%	101.65%	101.82%	101.99%	102.16%	102.33%

Eligible Participants who elect to retire during this window and are age 65 or older as of January 31, 2021 shall have their Basic Annual Pension multiplied by 102.5%.

Accrued Benefit

The Accrued Benefit for each Participant is determined using the same formula which is used to compute such Participant's Normal Retirement Benefit multiplied by a fraction for which the numerator is the total number of Years of Benefit Service as of any given date and the denominator is the potential number of Years of Benefit Service to the Normal Retirement Date.

Actuarial Equivalent

Actuarial Equivalent means a form of benefit differing in time, period and/or manner of payment from another form of benefit but having the same value when computed based upon the following interest and mortality assumptions:

Interest: 7.0% per annum, compounded annually
Mortality: 1971 Group Annuity Mortality Table for Females

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Average Monthly Compensation
A Participant's Average Monthly Compensation, as of a given date, is determined by averaging the total Compensation the participant received during the last 36 months of participation for which the participant received Compensation.

Compensation
Except where otherwise specifically provided in this Plan, Compensation means a Participant's total compensation from an Employer subject to reporting on Internal Revenue Service Form W-2 within a Plan Year, including elective deferrals under Code Section 401(k) and salary reduction contributions under Code Section 125.

Compensation in excess of the Statutory Compensation Limit will be disregarded. Statutory Compensation Limit means $290,000 as of January 1, 2021, as adjusted in accordance with Code Section 401(a)(17)(B).

The Compensation Period is the 12 month period which begins each January 1 and ends each December 31.

Effective Date
The Effective Date of the Plan is December 29, 1975.

The Plan was last amended effective October 22, 2020. The Plan was last restated effective January 1, 2014.

Employee Contributions
The Accrued Benefit from employee contributions is a monthly benefit payable at age 65 equal to the employee's contributions accumulated with 5% interest per annum until the employee's age 65, divided by an actuarial equivalent factor of 120.

Eligible Employee Classification
Any full-time employee of the Metropolitan Transit Authority hired before October 1, 2007 who is not represented by Union of America, Local 260, AFL-CIO, shall be immediately eligible to participate.

Limitation Year
The Limitation Year is the 12 month period beginning January 1 and ending December 31.

Normal Retirement Age
A Participant's Normal Retirement Age is age 65.

Normal Retirement Date
A Participant's Normal Retirement Date is the first day of the month which coincides with or next follows the date on which the Participant attains Normal Retirement Age.

One Year Break-in-Service
One Year Break-in-Service occurs in any 365-day period following a Participant's Date of Termination in which an Employee does not complete at least 500 Hours of Service.

Plan Sponsor
Metropolitan Transit Authority is the Plan Sponsor. The Plan Administrator is the Board of Directors.

Plan Year
The Plan Year is the 12 month period beginning January 1 and ending December 31.

Vested Accrued Benefit
A Participant's Vested Accrued Benefit as of a given date is equal to the product of the participant's Accrued Benefit multiplied by the participant's Vested Percentage as of that same date.

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Vesting Schedule
A Participant's Vested Percentage will be 100% upon the completion of 5 Years of Vesting Service. A Year of Vesting Service is credited for each Vesting Computation Period during which 1,000 or more Hours of Service are credited. Prior to the completion of 5 Years of Vesting Service, a Participant's Vested Percentage is zero.

Year of Service

For Eligibility Purposes
Years of Service for purposes of eligibility to participate in the Plan are referred to as Years of Eligibility Service and are determined using the Hours of Service Method.

All of an Employee's Years of Eligibility Service are taken into account in determining the participant's eligibility to participate.

For Benefit Purposes
Years of Service for purposes of computing a Participant's Normal Retirement Benefit are referred to as Years of Benefit Service and are determined using the Hours of Service Method. A Year of Service is credited for each Accrual Computation Period during which 1,000 or more Hours of Service are credited, except fractional Years of Service are credited for the year of employment, rehire, or termination based on the number of months with at least one hour worked divided by 12.

All of a Participant's Years of Benefit Service are taken into account in determining the participant's monthly benefit except:

- Service for which the Employee was not entitled to receive Compensation; and
- Service while the Employee was not in an Eligible Employee Classification.

For Vesting Purposes
Years of Service for purposes of computing a Participant's Vested Percentage are referred to as Years of Vesting Service and are determined using the Hours of Service Method.

All of a Participant's Years of Vesting Service are taken into account in determining the participant's Vested Percentage.

Participation

An Employee will become a participant in the Plan immediately upon hire. Employees hired on or after October 1, 2007 are not eligible to participate in the Plan.

Normal Retirement

Each Participant who becomes eligible for a Normal Retirement Benefit under the plan will be entitled to receive a monthly retirement pension benefit beginning at the Participant's Normal Retirement Date and payable in the Normal Benefit Form.

(a) Normal Retirement Benefit

A Participant's Normal Retirement Benefit is a monthly pension benefit commencing on the participant's Normal Retirement Date payable in the Normal Benefit Form in an amount equal to:

$65.00 multiplied by the participant's Years of Benefit Service prior to October 1, 1978, plus 2.5% (3.25% for present participants who elected to continue employee contributions) of Final Average Compensation, multiplied by years of Credited Service after September 30, 1978.

$300 minimum for participants who have 10 years of Credited Service.

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(b) Normal Benefit Form

Lifetime Pension - Monthly pension benefit payable for the lifetime of the Participant with payments terminating upon the death of the Participant.

Early Retirement

(a) Early Retirement Date

A Participant's Early Retirement Date is the first day of the month so elected by the Participant which coincides with or next follows the date upon which the Participant satisfies the following requirements:

(1) Attainment of age 55; and

(2) Completion of 15 Years of Credited Service.

(b) Early Retirement Benefit

A Participant's Early Retirement Benefit is a monthly pension benefit, payable in the Normal Benefit Form in an amount equal to the Accrued Benefit determined as of the participant's Early Retirement Date, reduced by 2% for each year that benefits commence after age 60 but before Normal Retirement Date and 4% for each year that benefits commence before age 60.

Late Retirement

An active Participant who continues the participant's employment with the Employer beyond the participant's Normal Retirement Date may begin to receive the participant's Late Retirement Benefit to which the participant is entitled as of the participant's Late Retirement Date.

(a) Late Retirement Date

A Participant's Late Retirement Date is the first day of the month coincident with or next following the date the participant retires and requests the commencement of the participant's Late Retirement Benefit after the participant has continued in the employ of the Employer beyond the participant's Normal Retirement Date.

(b) Late Retirement Benefit

A Participant's Late Retirement Benefit is equal to the monthly benefit, which is based on the Normal Retirement Benefit formula using the Participant's Years of Benefit Service and Compensation through the participant's Late Retirement Date.

Disability Retirement

(a) Disability Retirement Date

A Participant's Disability Retirement Date is the first day of the month coincident with or next following the date of termination of the participant's employment due to disability provided such Participant has been found to be eligible for a Disability Retirement Benefit.

An Active Participant will be eligible for a Disability Retirement Benefit under the Plan upon the occurrence of permanent disability coincident with or following the date upon which the Participant incurs total and permanent disability at any age.

(b) Disability Retirement Benefit

Normal retirement benefit assuming participant continues earning benefit service and pay remains level from date of disability to normal retirement date. Benefits commence at normal retirement date.

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Optional Benefit Forms

Optional Benefit Forms are available and equal to the Actuarial Equivalent of the Normal Benefit Form and may be in an amount more than or less than that provided by the Normal Benefit Form depending on the option selected. Such distribution may be in one or more of the following forms:

Certain and Life Option – monthly pension benefit, with spousal written consent, payable for the lifetime of the Participant with payments guaranteed for a specified number of months from 60 to 240.

Joint & 50% Contingent Survivor Pension - monthly pension benefit payable during the joint lifetime of the Participant and the Joint Annuitant; reduces to 50% of the original amount upon the death of the Participant.

Lump Sum – single sum payment in cash using Plan's definition of Actuarial Equivalence for lump sum conversion. No other payments will be made to the participant.

Pre-Retirement Death Benefit

In the event of the death of a vested Participant prior to the date that the participant begins to receive a monthly pension benefit under the Plan, the Participant's Surviving Spouse, if any, will be entitled to receive a monthly pension benefit equal to 50% of the monthly pension benefit which would have been payable had the Participant retired on the day before the participant's death and elected a Joint and 50% Contingent Survivor Pension. This benefit is payable to the spouse commencing on what would have been the Participant's earliest retirement date.

Termination Benefit

In the event of the termination of a Participant's employment for any reason other than death, disability or retirement, the Participant will become entitled to receive a monthly pension benefit commencing on the participant's Normal Retirement Date equal to the participant's Vested Accrued Benefit

Changes in Plan Provisions since Prior Valuation

The valuation reflects the plan provisions in effect on January 1, 2021, including the following:

- The 2020 retirement window was added as a second amendment to the Plan.
- An increase in the Internal Revenue Code (IRC) Section 401(a)(17) compensation limit from $285,000 to $290,000.

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Appendix C

Risk Disclosures

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The purpose of this appendix is to identify, assess, and provide illustrations of risks that are significant to the Plan, and in some cases to the Plan's participants. Historical data is included.

The results of the actuarial valuation are based on one set of reasonable assumptions. However, it is almost certain that future experience will not exactly match the assumptions. As an example, investments may perform better or worse than assumed in any single year and over any longer time horizon. It is therefore important to consider the potential impacts of these likely differences when making decisions that may affect the future financial health of the Plan, or of the Plan's participants.

In addition, as plans mature they accumulate larger pools of assets and liabilities. This increases the potential risk to plan funding and the finances of those who are responsible for plan funding. As an example, it is more difficult for a plan sponsor to deal with the effects of a 10% investment loss on a plan with $1 billion in assets and liabilities than if the same plan sponsor is responsible for a 10% investment loss on a plan with $1 million in assets and liabilities. Since pension plans make long-term promises and rely on long-term funding, it is important to consider how mature the Plan is today, and how mature it may become in the future.

Actuarial Standard of Practice No. 51 (ASOP 51) addresses these issues by providing actuaries with guidance for assessing and disclosing the risk associated with measuring pension liabilities and the determination of pension plan contributions. Specifically, it directs the actuary to:

- Identify risks that may be significant to the Plan.
- Assess the risks identified as significant to the Plan. The assessment does not need to include numerical calculations.
- Disclose plan maturity measures and historical information that are significant to understanding the Plan's risks.

ASOP 51 states that if in the actuary's professional judgment, a more detailed assessment would be significantly beneficial in helping the individuals responsible for the Plan to understand the risks identified by the actuary, then the actuary should recommend that such an assessment be performed.

This appendix uses the framework of ASOP 51 to communicate important information about: significant risks to the Plan, the Plan's maturity, and relevant historical plan data.

DEFINITION AND IDENTIFICATION LANGUAGE FOR EACH POTENTIAL RISK

Liquidity Risk

Definition: This is the potential that assets must be liquidated at a loss earlier than planned in order to pay for the Plan's benefits and operating costs. This risk is heightened for plans with negative cash flow, in which contributions do not exceed annual benefit payments plus expenses.

Identification: This Plan has high cash flow requirements because the sum of benefit payments plus expenses is significantly larger than contributions. The Plan also has a high allocation to illiquid assets such as real estate and private equity. As a result, there is a significant risk that assets may need to be liquidated at a loss before planned in order to pay benefits and expenses.

Inflation Risk

Definition: This is the potential of a pension to lose purchasing power over time due to inflation.

Identification: The participants of pension plans without fully inflation-indexed benefits are subject to the risk that their purchasing power will be reduced over time due to inflation.

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Assessment: Participants in this Plan bear all of the inflation risk occurring after retirement since the benefits are calculated to replace a percent of pay at retirement and include no postretirement cost-of-living adjustments.

Maturity Risk

Definition: This is the potential for total plan liabilities to become more heavily weighted toward inactive liabilities over time.

Identification: The Plan is subject to maturity risk because as plan assets and liabilities continue to grow, the impact of any gains or losses on the assets or liabilities also becomes larger.

Assessment: Currently assets are equal to 14.4 times last year's contributions indicating a one-year asset loss of 10% would be equal to 1.44 times last year's contributions.

Retirement Risk

Definition: This is the potential for participants to retire and receive subsidized benefits more valuable than expected.

Identification: This Plan has valuable early retirement benefits. If participants retire at earlier ages than anticipated by the actuarial assumptions, it is expected that additional funding will be required.

Contribution Risk

Definition: This is the possibility that actual future contributions deviate from expected future contributions.

Identification: The Plan is subject to the contribution risk that the actuarially determined contributions will not be made. If contributions are deferred to the future, investment income is lost in the intervening period and the Plan becomes more expensive. The Plan Sponsor has paid the Actuarially Determined Contribution for the last ten years.

Investment Risk

Definition: The potential that investment returns will be different than expected.

Identification: To the extent that actual investment returns differ from the assumed investment return, the Plan's future assets, funding contributions, and funded status may differ significantly from those presented in this valuation.

Interest Rate Risk

Definition: The potential that interest rates will be different than expected.

Identification: The pension liabilities reported herein have been calculated by computing the present value of expected future benefit payments using the interest rate described in Appendix A. If interest rates in future valuations differ from this valuation, future pension liabilities, funding contributions, and funded status may differ significantly from those presented in this valuation. As a general rule, using a higher interest rate to compute the present value of future benefit payments will result in a lower pension liability, and vice versa. One aspect that can be used to estimate the impact of different interest rates is a plan's duration.

Assessment: If the interest rate changes by 1%, the estimated percentage change in pension liability is a plan's duration in years. The approximate duration of this Plan is 9.4 years. As such, if the interest rate changes by 1%, the estimated change in pension liability is 9.4%.

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Demographic Risks

Definition: The potential that mortality or other demographic experience will be different than expected.

Identification: The pension liabilities reported herein have been calculated by assuming that participants will follow patterns of demographic experience (e.g., mortality, withdrawal, disability, retirement, form of payment election, etc.) as described in Appendix A. If actual demographic experience or future demographic assumptions are different from what is assumed to occur in this valuation, future pension liabilities, funding contributions, and funded status may differ significantly from those presented in this valuation.

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Appendix D

Glossary

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Glossary

Actuarial Assumptions - assumptions as to the occurrence of future events affecting pension costs, such as: mortality, withdrawal, disablement and retirement; changes in compensation and national pension benefits; rates of investment earnings and asset appreciation or depreciation; procedures used to determine the actuarial value of assets; and other relevant items.

Actuarial Cost Method - a particular technique used to establish the amount and incidence of the annual actuarial cost of plan benefits.

Accrued Liability - that portion, as determined by a particular actuarial cost method, of the actuarial present value of plan benefits and expenses which is not provided by future normal costs. The accrued liability at any point in time for an active participant is the theoretical fund that would have been accumulated on the participant's behalf from the participant's normal cost payments and the earnings thereon for all prior years if the plan had always been in effect. For persons receiving benefits or entitled to a deferred vested retirement income, the accrued liability cost is equal to the present value of their future benefit payments. The accrued liability for the plan is the total of the individually computed accrued liability for all participants. Also referred to as Actuarial Accrued Liability.

Accumulated Plan Benefit - the amount of an individual's pension benefit (whether or not vested) which has been earned as of a specified date based upon service and compensation to that date. Also referred to as Accrued Benefit.

Actuarial Equivalent - of equal actuarial present value, determined as of a given date with each value based upon the same set of actuarial assumptions.

Actuarial Gain or Loss - a measure of the difference between actual experience and that which is expected based upon a set of actuarial assumptions, during the period between two actuarial valuation dates, as determined in accordance with a particular actuarial cost method.

Actuarial Value of Assets - the value of cash, investments and other property belonging to a pension plan, as used by the actuary for the purpose of an actuarial valuation.

Amortization Payments - that portion of the pension plan contribution which is designated to pay interest on and to amortize the unfunded accrued liability or the unfunded frozen actuarial liability.

Funded Ratio - the ratio, as of a given date, of the market value of plan assets to the present value of accumulated plan benefits. When the market value of plan assets is equal to the present value of accumulated plan benefits, the funded ratio is equal to 100%.When the funded ratio is less than 100%, there may be sufficient assets to cover the vested accumulated plan benefits but not sufficient assets to cover all of the additional non-vested accumulated plan benefits. At the time that a retirement plan is adopted, the funded ratio is usually substantially less than 100% but usually exceeds 100% after the plan has been funded on an ongoing basis for a period of years (such as ten).The funded ratio may decline from one year to the next, however, as a result of benefit improvements or a relative decline in the amount of assets when measured against the usual increase in the value of accumulated plan benefits from year to year.

ERISA - the Employee Retirement Income Security Act of 1974.

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Future Benefits - those pension plan benefit amounts which are expected to be paid at various future times under a particular set of actuarial assumptions, taking into account such items as the effect of advancement in age and past and anticipated future compensation and service credits. Also referred to as Projected Benefits.

GASB - Governmental Accounting Standards Board.

Normal Cost - that portion of the present value of future pension plan benefits and expenses which is allocated to a valuation year by the actuarial cost method.

Present Value - the value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of actuarial assumptions. Also referred to as Actuarial Present Value.

Unfunded Accrued Liability - the excess of the accrued liability over the actuarial value of assets.

Vested Accumulated Plan Benefit - the portion of an individual's accumulated plan benefit which is vested. Also referred to as Vested Accrued Benefit.

Vested Funded Ratio - the ratio, as of a given date, of the market value of the plan assets to the present value of vested accumulated plan benefits.

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METROPOLITAN TRANSIT AUTHORITY
NON-UNION PENSION PLAN

GASB 67 and 68 DISCLOSURE
Fiscal Year: October 1, 2021 to September 30, 2022

Prepared by

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April 19, 2022

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Executive Summary

A. Summary of Key Results

Reporting Date	September 30, 2021	September 30, 2022
Valuation Date	**January 1, 2020**	**January 1, 2021**
Participant Data		
Number of participants		
Active participants	440	420
Terminated vested participants	77	74
Retired participants	286	297
Disabled participants	0	0
Beneficiaries	60	64
Total participants	863	855
Covered payroll at reporting date	$39,026,869	$40,062,815

Measurement Date	December 31, 2020	December 31, 2021
Assets		
Fiduciary net position	$204,513,675	$211,156,385
Money-weighted rate of return	11.28%	11.55%
Net Pension Liability		
Total pension liability	$305,686,266	$300,676,330
Fiduciary net position	204,513,675	211,156,385
Net pension liability	$101,172,591	$89,519,945
Discount rate	6.25%	6.25%
Fiduciary net position as of % total pension liability	66.90%	70.23%
Net pension liability as of % covered payroll	259.24%	223.45%

Reporting Date	September 30, 2021	September 30, 2022
Pension Expense		
Service cost	$3,829,781	$3,167,837
Interest on total pension liability	18,554,860	18,405,328
Effect of plan changes	1,503,176	0
Administrative expenses	351,276	324,750
Expected investment return net of investment expenses	(11,572,577)	(12,287,936)
Recognition of deferred inflows/outflows of resources	3,081,853	(1,827,326)
Pension expense	$15,748,369	$7,782,653

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B. Purpose of this Report

This accounting report has been prepared for the Metropolitan Transit Authority Non-Union Pension Plan for the fiscal year October 1, 2021 to September 30, 2022 to:

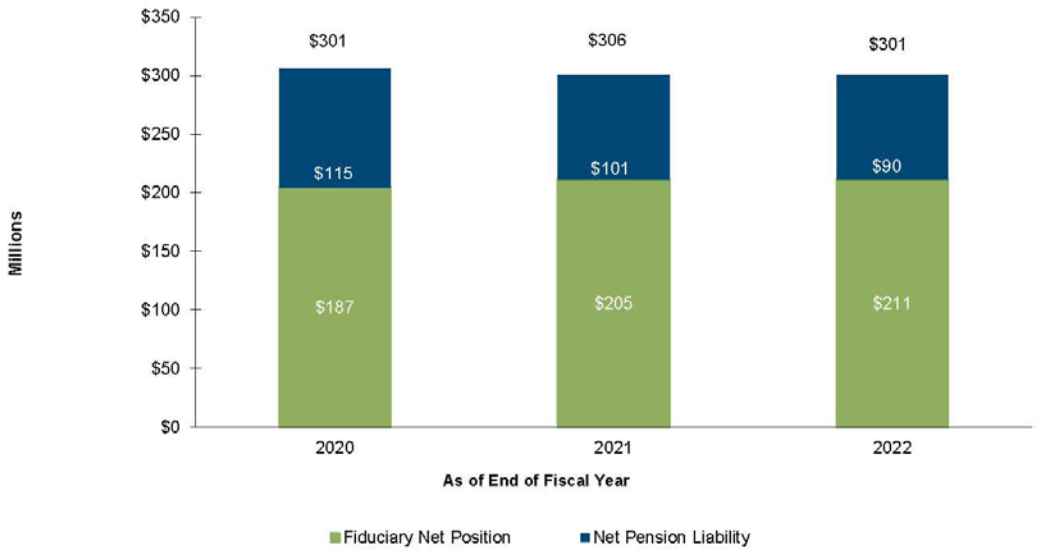
- Calculate the Net Pension Liability.
- Prepare the Plan's Pension Expense.
- Review the Plan's depletion date projection.

The Valuation Date is January 1, 2021. This is the date as of which the actuarial valuation is performed. The Measurement Date is December 31, 2021. This is the date as of which the net pension liability is determined. The Reporting Date is September 30, 2022. This is the employer's fiscal year ending date.

C. Net Pension Liability

The graph below illustrates the total pension liability and the net pension liability (funded status) for the current and preceding two years.

Historical Total Pension Liability



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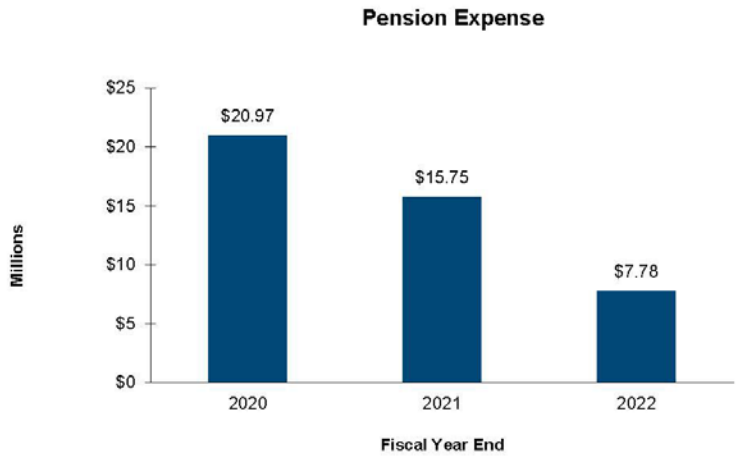
D. Pension Expense for the 2022 Fiscal Year End

The Pension Expense measured for the plan year ending December 31, 2021 and reported for the fiscal year ending September 30, 2022 is $7,782,653.

The graph below illustrates the Pension Expense for the current and preceding two fiscal years.



E. Depletion Date

As of December 31, 2021, our projections show the plan will have enough assets to make projected benefit payments under the assumptions outlined on page 9 and developed on page 12 of the report.

F. Plan Experience

Change in Demographics

From January 1, 2020 to January 1, 2021, the number of active participants in the Plan decreased by 4.5% from 440 to 420; while the total number of participants decreased by 0.9% from 863 to 855.

The graph below illustrates the count of participants, by category, as of the valuation date for the current and preceding four plan years.

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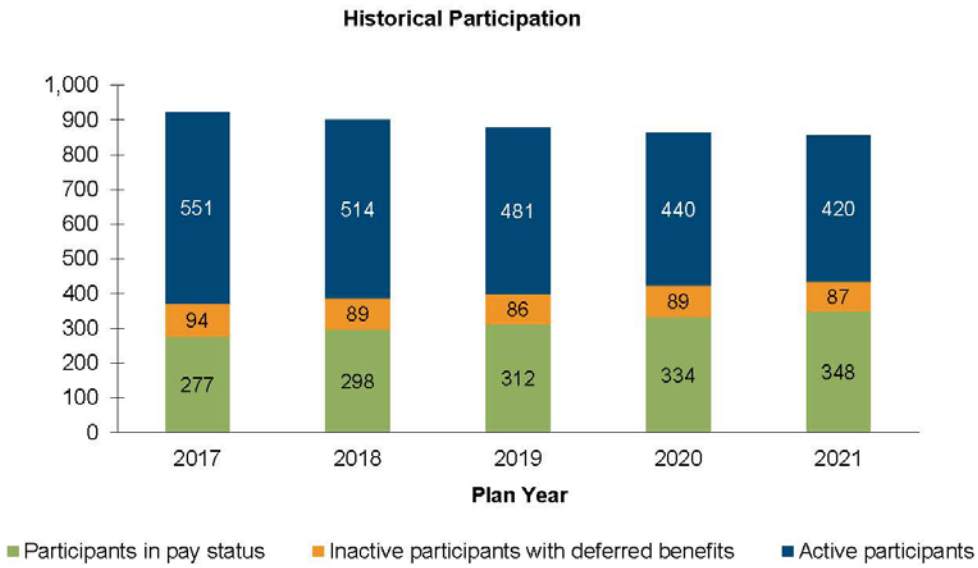

Total Pension Liability

Under the Entry Age Normal actuarial cost method, and prior to reflecting any plan, method or assumption changes, liability experience for the 2021 plan year was less favorable than expected, generating a net actuarial loss as follows:

- Demographic experience different from that assumed, which resulted in an actuarial loss of approximately $2.1 million.

In addition, the actuarial assumption changes resulted in an overall loss of approximately $0.5 million as follows:

- The revised mortality assumption resulted in an increase of the total pension liability of approximately $0.4 million.

Change in Assets

Asset experience for the 2021 plan year was more favorable than expected.

- The 2021 rate of return on the market value of plan assets was approximately 11.55%, which exceeded the assumed rate of 6.25%, resulting in an investment gain of approximately $10.4 million.

The graph below illustrates the investment performance on a market value basis for the preceding two plan years.

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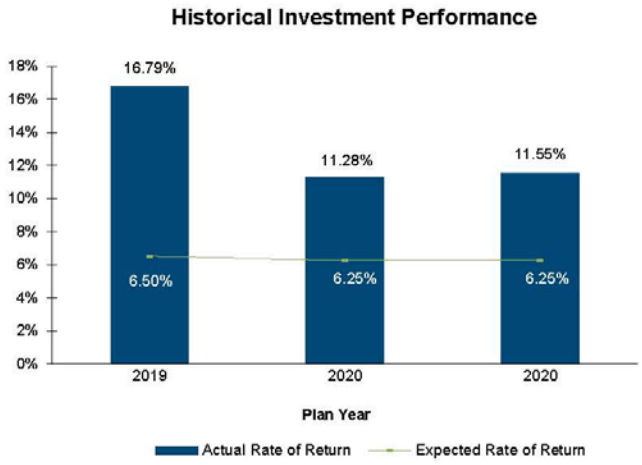

G. Actuarial Methods and Assumptions

The actuarial methods and assumptions used in this measurement are the same as those used in the prior measurement except as follows:

- The mortality table assumption for the prior valuation was the PubG-2010 projected forward (fully generational) with MP-2020. The mortality table was updated to PubG-2010 projected forward (fully generational) with MP-2021. Pub-2010 tables for disabled lives and Contingent Survivors were used.

These changes were made to better reflect anticipated future plan experience.

H. Plan Provisions

The January 1, 2021 measurement reflects the plan provisions in effect on January 1, 2021, including the following:

- An increase in the Internal Revenue Code (IRC) Section 401(a)(17) compensation limit from $285,000 to $290,000. This change had no effect on the December 31, 2021 measurement of Plan liabilities.

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Certification

Actuarial computations presented in this report under Statements No. 67 and 68 of the Governmental Accounting Standards Board are for purposes of assisting METRO in fulfilling its financial accounting requirements. No attempt is being made to offer any accounting opinion or advice. This report is for fiscal year October 1, 2021 to September 30, 2022. The reporting date for determining plan assets and obligations is December 31, 2021. The calculations enclosed in this report have been made on a basis consistent with our understanding of the plan provisions. Determinations for purposes other than meeting financial reporting requirements may be significantly different than the results contained in this report. Accordingly, additional determinations may be needed for other purposes, such as judging benefit security or meeting employer funding requirements.

In preparing this report, we relied, without audit, on information as of January 1, 2021 and December 31, 2021 furnished by METRO. This information includes, but is not limited to, statutory provisions, member census data, and financial information. Please see Milliman's funding valuation report dated August 18, 2021 for more information on the plan's participant group as of January 1, 2021 as well as a summary of the plan provisions and a summary of the actuarial methods used for funding purposes. Please see Milliman's preliminary December 31, 2021 valuation assumptions report dated April 12, 2022 for a summary of the assumptions used in this measurement. Please also note that this report is based on an expected rate of return on plan assets of 6.25% and a salary increase assumption of 3.0% per annum.

We performed a limited review of the census and financial information used directly in our analysis and have found them to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different and our calculations may need to be revised.

We hereby certify that, to the best of our knowledge, this report, including all costs and liabilities based on actuarial assumptions and methods, is complete and accurate and determined in conformance with generally recognized and accepted actuarial principles and practices, which are consistent with the Actuarial Standards of Practice promulgated by the Actuarial Standards Board and the applicable Guides to Professional Conduct, amplifying Opinions and supporting Recommendations of the American Academy of Actuaries.

Each of the assumptions used in this valuation with the exception of those set by law was set based on industry standard published tables and data, the particular characteristics of the plan, relevant information from the plan sponsor or other sources about future expectations, and our professional judgment regarding future plan experience. We believe the assumptions are reasonable for the contingencies they are measuring, and are not anticipated to produce significant cumulative actuarial gains or losses over the measurement period.

This valuation report is only an estimate of the Plan's financial condition as of a single date. It can neither predict the Plan's future condition nor guarantee future financial soundness. Actuarial valuations do not affect the ultimate cost of Plan benefits, only the timing of Plan contributions. While the valuation is based on an array of individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. No one set of assumptions is uniquely correct. Determining results using alternative assumptions is outside the scope of our engagement.

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Certification

Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as, but not limited to, the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuarial assignment, we did not perform an analysis of the potential range of such future measurements.

Milliman has developed certain models to estimate the values included in this report. The valuation results were developed using models intended for valuations that use standard actuarial techniques. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice (ASOP).

There is substantial uncertainty regarding the impact of the COVID-19 pandemic on projected plan costs. Therefore, for purposes of this report, we have chosen not to make any adjustments to these costs. However, please be aware that the COVID-19 pandemic could have a material cost impact in future valuations.

Milliman's work is prepared solely for the internal use and benefit of Metropolitan Transit Authority of Harris County, Texas. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exceptions: (a) the Plan Sponsor may provide a copy of Milliman's work, in its entirety, to the Plan Sponsor's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit METRO; and (b) the Plan Sponsor may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their specific needs.

The consultants who worked on this assignment are employee benefit actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and has been prepared in accordance with generally recognized accepted actuarial principles and practices. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

James Tumlinson, Jr.

James Tumlinson, Jr., EA, MAAA
Principal and Consulting Actuary

Katherine Pitzinger

Katherine Pitzinger, ASA, EA, MAAA
Actuarial Associate

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Overview of GASB 67 and GASB 68

The Governmental Accounting Standards Board (GASB) released new accounting standards for public pension plans and participating employers in 2012. These standards, GASB Statements No. 67 and 68, have substantially revised the accounting requirements previously mandated under GASB Statements No. 25 and 27. The most notable change is the distinct separation of funding from financial reporting. The Annual Required Contribution (ARC) has been eliminated under GASB 67 and 68 and is no longer relevant for financial reporting purposes. As a result, plan sponsors have been encouraged to establish a formal funding policy that is separate from financial reporting calculations.

GASB 67 applies to financial reporting for public pension plans and is required to be implemented for plan fiscal years beginning after June 15, 2013. Note that a plan's fiscal year might not be the same as the employer's fiscal year. Even if the plan does not issue standalone financial statements, but rather is considered a pension trust fund of a government, it is subject to GASB 67. Under GASB 67, enhancements to the financial statement disclosures are required, along with certain required supplementary information.

GASB 68 governs the specifics of accounting for public pension plan obligations for participating employers and is required to be implemented for employer fiscal years beginning after June 15, 2014. GASB 68 requires a liability for pension obligations, known as the Net Pension Liability, to be recognized on the balance sheets of participating employers. Changes in the Net Pension Liability will be immediately recognized as Pension Expense on the income statement or reported as deferred inflows/outflows of resources depending on the nature of the change.

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Statement of Fiduciary Net Position

	December 31, 2020	December 31, 2021
Assets		
Cash and cash equivalents	$1,254,665	$1,574,865
Receivables and prepaid expenses:		
Receivable contributions	0	0
Receivable investment income	28,216	14,476
Receivables from brokers for unsettled trades	98,914	0
Prepaid expenses	0	0
Total receivables	127,130	14,476
Investments:		
Fixed income	55,912,992	53,355,771
Stocks	122,706,975	127,505,700
Short-term investments	0	0
Real estate	24,724,991	28,879,440
Alternative investments	0	0
Total investments	203,344,958	209,740,911
Invested securities lending cash collateral	0	0
Capital assets net of accumulated depreciation	0	0
Total assets	204,726,753	211,330,252
Liabilities		
Accrued expenses and benefits payable	213,078	173,867
Securities lending cash collateral	0	0
Payable to brokers for unsettled trades	0	0
Total liabilities	213,078	173,867
Net position restricted for pensions	$204,513,675	$211,156,385

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Statement of Changes in Fiduciary Net Position

	December 31, 2021
Additions	
Member contributions	$0
Employer contributions	13,447,958
Total contributions	13,447,958
Investment income (loss):	
Interest	(201)
Dividends	1,455,446
Equity fund income, net	0
Net increase in fair value of investments	21,752,092
Securities lending income	0
Less investment expenses:	
Direct investment expense	507,884
Securities lending management fees	0
Securities lending borrower rebates	0
Net investment income	22,699,453
Other income	0
Total additions	36,147,411
Deductions	
Service benefits	29,179,951
Disability benefits	0
Death benefits	0
Refunds of member contributions	0
Administrative expenses	324,750
Total deductions	29,504,701
Net increase (decrease)	6,642,710
Net position restricted for pensions	
Beginning of year (December 31, 2020)	204,513,675
End of year (December 31, 2021)	$211,156,385

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Money-Weighted Rate of Return

Measurement Year Ending December 31	Net Money-Weighted Rate of Return
2012	17.06%
2013	17.42%
2014	3.49%
2015	(4.00%)
2016	6.98%
2017	16.46%
2018	(6.60%)
2019	16.79%
2020	11.28%
2021	11.55%

Calculation of Money-Weighted Rate of Return

The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on an annual basis and are assumed to occur at the middle of the year. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each year. The money-weighted rate of return is calculated net of investment expenses.

	Net External Cash Flows
Beginning Value - January 1, 2021	$204,513,675
Annual net external cash flows:	
Employer contributions	13,447,958
Employee contributions	0
Benefit payments	(29,179,951)
Administrative expenses	(324,750)
Total	(16,056,743)
Investment Income	22,699,453
Ending Value - December 31, 2021	211,156,385
Money-Weighted Rate of Return	11.55%

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Net Pension Liability

Net Pension Liability	December 31, 2020	December 31, 2021
Total pension liability	$305,686,266	$300,676,330
Fiduciary net position	204,513,675	211,156,385
Net pension liability	$101,172,591	$89,519,945
Fiduciary net position as a % of total pension liability	66.90%	70.23%
Covered payroll	39,026,869	40,062,815
Net pension liability as a % of covered payroll	259.24%	223.45%

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB 67 and 68.

Discount Rate

Discount rate	6.25%	6.25%
Long-term expected rate of return, net of investment expense	6.25%	6.25%
Municipal bond rate	N/A	N/A

The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Other Key Actuarial Assumptions

The actuarial assumptions that determined the total pension liability as of December 31, 2021 were based on the results of an actuarial experience study for the period January 1, 2015 - December 31, 2018.

Valuation date	January 1, 2020	January 1, 2021
Measurement date	December 31, 2020	December 31, 2021
Actuarial cost method	Entry Age Normal	Entry Age Normal
Inflation	2.20%	2.30%
Salary increases including inflation	3.00%	3.00%
Mortality	Pub-2010 Mortality, projected forward (fully generational) with MP-2020	Pub-2010 Mortality, projected forward (fully generational) with MP-2021

Please see Milliman's preliminary December 31, 2021 valuation assumptions report dated April 12, 2022 for more detail.

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Long-Term Expected Rate of Return

The assumption for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of January 1, 2022 based on a 30-year investment horizon.

Asset Class	Index	Actual Allocation*	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
US Cash	BAML 3-Mon Tbill	0.61%	-0.54%	-0.52%
US Core Fixed Income	Barclays Aggregate	17.60%	0.73%	0.66%
Global Bonds	Citi WGBI	7.65%	-0.03%	-0.27%
US Large & Mid Caps	Russell 1000	19.52%	3.94%	2.68%
US Small Caps	Russell 2000	2.65%	5.00%	2.98%
US Small & Mid Caps	Russell 2500	3.89%	4.72%	2.89%
US Large Value	Russell 1000 Value	3.98%	4.12%	2.94%
US MidCap Growth	Russell MidCap Growth	8.17%	4.70%	2.42%
Global Equity	MSCI ACWI NR	4.86%	4.58%	3.23%
Non-US Equity	MSCI ACWI xUS NR	11.56%	5.48%	3.86%
Non-US Small Cap	S&P EPAC EMI	5.80%	5.83%	4.01%
US REITs	FTSE NAREIT Equity REIT	13.71%	5.12%	3.42%
		100.00%		
Assumed Inflation - Mean			2.30%	2.30%
Assumed Inflation - Standard Deviation			1.23%	1.23%
Portfolio Real Mean Return			4.57%	3.67%
Portfolio Nominal Mean Return			6.87%	6.09%
Portfolio Standard Deviation				13.19%
Long-Term Expected Rate of Return				**6.25%**

* Actual allocation as of December 31, 2021.

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Depletion Date Projection

In order to determine if the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, we have prepared a depletion date projection using the following techniques and assumptions:

- There are no required employee contribution amounts.
- The employer contributes the actuarially determined contribution amounts.
- Benefit payments are projected based on the actuarial assumptions and the current plan provisions.
- Members are assumed to receive pay increases, terminate, retire, become disabled, die, and so forth according to the actuarial assumptions used for the January 1, 2022 measurements.
- Terminating and retiring members will not be replaced with new employees.
- Current administrative expenses are assumed to increase by 1.00% per year.
- All cash flows are assumed to occur on average halfway through the year.
- The long-term expected rate of return on pension plan investments is 6.25%.
- The tax-exempt, high-quality general obligation municipal bond index rate is N/A.
- The funding policy used to determine actuarially determined contributions does not change. See the last page of this report for details.
- The actuarial assumptions do not change.
- The plan provisions do not change except if any material future changes have been agreed upon as of the measurement date.

Actual results at each point in time will yield different values, reflecting the actual experience of the plan membership and assets.

In accordance with ASOP 51, please refer to Appendix C of the valuation report dated August 18, 2021 which identifies, assesses, and provides illustrations of risks that are significant to the Plan, and in some cases to the Plan's participants.

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Projection of Contributions

Year	Projected Payroll Current Employees	Projected Payroll Future Employees	Total Employee Payroll	Contributions from Current Employees	Employer Contributions for Current Employees	Contributions from Future Employees	Total Contributions
1	$26,833,653	$0	$26,833,653	$0	$12,025,307	$0	$12,025,307
2	24,510,494	0	24,510,494	0	11,396,096	0	11,396,096
3	22,332,131	0	22,332,131	0	10,363,929	0	10,363,929
4	20,218,971	0	20,218,971	0	9,681,256	0	9,681,256
5	18,389,105	0	18,389,105	0	9,202,105	0	9,202,105
6	16,671,887	0	16,671,887	0	8,971,888	0	8,971,888
7	15,073,272	0	15,073,272	0	8,756,377	0	8,756,377
8	13,561,951	0	13,561,951	0	8,553,601	0	8,553,601
9	12,150,929	0	12,150,929	0	8,363,423	0	8,363,423
10	10,828,456	0	10,828,456	0	8,185,169	0	8,185,169

Note: Years subsequent to year 10 have been omitted from this table.

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Projection of Fiduciary Net Position

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Adminstrative Expenses	Projected Investment Earnings	Projected Ending Fiduciary Net Position
1	$211,156,385	$12,025,307	$20,690,142	$327,998	$12,916,248	$215,079,800
2	215,079,800	11,396,096	20,773,142	331,278	13,139,102	218,510,578
3	218,510,578	10,363,929	21,097,362	334,591	13,311,035	220,753,589
4	220,753,589	9,681,256	21,512,535	337,937	13,416,811	222,001,184
5	222,001,184	9,202,105	22,070,612	341,316	13,462,267	222,253,628
6	222,253,628	8,971,888	22,583,563	344,729	13,454,714	221,751,938
7	221,751,938	8,756,377	22,834,332	348,176	13,408,680	220,734,487
8	220,734,487	8,553,601	23,446,505	351,658	13,319,513	218,809,438
9	218,809,438	8,363,423	23,473,274	355,175	13,192,308	216,536,720
10	216,536,720	8,185,169	23,566,487	358,727	13,041,669	213,838,344

Note: Years subsequent to year 10 have been omitted from this table.

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Actuarial Present Value of Projected Benefit Payments

Year	Projected Beginning Fiduciary Net Position	Projected Benefit Payments	"Funded" Portion of Benefit Payments	"Unfunded" Portion of Benefit Payments	Present Value of "Funded" Benefit Payments*	Present Value of "Unfunded" Benefit Payments**	Present Value of Total Benefit Payments***
1	$211,156,385	$20,690,142	$20,690,142	$0	$20,072,386	$0	$20,072,386
2	215,079,800	20,773,142	20,773,142	0	18,967,443	0	18,967,443
3	218,510,578	21,097,362	21,097,362	0	18,130,334	0	18,130,334
4	220,753,589	21,512,535	21,512,535	0	17,399,642	0	17,399,642
5	222,001,184	22,070,612	22,070,612	0	16,800,962	0	16,800,962
6	222,253,628	22,583,563	22,583,563	0	16,180,178	0	16,180,178
7	221,751,938	22,834,332	22,834,332	0	15,397,500	0	15,397,500
8	220,734,487	23,446,505	23,446,505	0	14,880,279	0	14,880,279
9	218,809,438	23,473,274	23,473,274	0	14,020,958	0	14,020,958
10	216,536,720	23,566,487	23,566,487	0	13,248,598	0	13,248,598
95	51,659	0	0	0	0	0	0
96	52,203	0	0	0	0	0	0
97	52,660	0	0	0	0	0	0
98	53,254	0	0	0	0	0	0
99	53,758	0	0	0	0	0	0
Total					312,050,858	0	312,050,858

Note: Years 11-94 have been omitted from this table.

* Discounted at the long-term expected rate of return, 6.25%.

** Discounted at the municipal bond rate, N/A.

*** Discounted at the single interest rate that produces a total actuarial present value equal to the sum of the actuarial present values of "funded" and "unfunded" benefit payments, 6.25%.

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Changes in Net Pension Liability

Changes in Net Pension Liability	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of December 31, 2020	$305,686,266	$204,513,675	$101,172,591
Changes for the year:			
Service cost	3,167,837		3,167,837
Interest on total pension liability	18,405,328		18,405,328
Effect of plan changes	0		0
Effect of economic/demographic gains or losses	2,144,763		2,144,763
Effect of assumptions changes or inputs	452,087		452,087
Benefit payments	(29,179,951)	(29,179,951)	0
Employer contributions		13,447,958	(13,447,958)
Member contributions		0	0
Net investment income		22,699,453	(22,699,453)
Administrative expenses		(324,750)	324,750
Balances as of December 31, 2021	300,676,330	211,156,385	89,519,945

Sensitivity Analysis

The following presents the net pension liability of METRO, calculated using the discount rate of 6.25%, as well as what METRO's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.25%) or 1 percentage point higher (7.25%) than the current rate.

	1% Decrease 5.25%	Current Discount Rate 6.25%	1% Increase 7.25%
Total pension liability	$331,737,461	$300,676,330	$274,242,920
Fiduciary net position	211,156,385	211,156,385	211,156,385
Net pension liability	120,581,076	89,519,945	63,086,535

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Pension Expense

Pension Expense	October 1, 2020 to September 30, 2021	October 1, 2021 to September 30, 2022
Service cost	$3,829,781	$3,167,837
Interest on total pension liability	18,554,860	18,405,328
Effect of plan changes	1,503,176	0
Administrative expenses	351,276	324,750
Member contributions	0	0
Expected investment return net of investment expenses	(11,572,577)	(12,287,936)
Recognition of Deferred Inflows/Outflows of Resources		
Recognition of economic/demographic gains or losses	510,016	1,101,712
Recognition of assumption changes or inputs	6,094,959	2,610,469
Recognition of investment gains or losses	(3,523,122)	(5,539,507)
Pension Expense	15,748,369	7,782,653

As of September 30, 2022, the deferred inflows and outflows of resources are as follows:

Deferred Inflows / Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	($654,840)	$2,426,172
Changes of assumptions	(490,222)	3,345,234
Net difference between projected and actual earnings	(15,872,564)	0
Contributions made subsequent to measurement date	0	0
Total	(17,017,626)	5,771,406

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2023	$1,085,454
2024	(6,467,429)
2025	(3,781,940)
2026	(2,082,305)
2027	0
Thereafter*	0

* Note that additional future deferred inflows and outflows of resources may impact these numbers.

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Schedule of Deferred Inflows and Outflows of Resources

	Original Amount	Date Established	Original Rec. Period*	Amount Recognized in Pension Expense for FYE 09/30/2022	Amount Recognized in Pension Expense through 09/30/2022	Balance of Deferred Inflows as of 09/30/2022	Balance of Deferred Outflows as of 09/30/2022
Economic/ demographic gains or losses	$2,144,763	9/30/2022	3.2	$670,238	$670,238	$0	$1,474,525
	(1,527,960)	9/30/2021	3.5	(436,560)	(873,120)	(654,840)	0
	3,547,049	9/30/2020	4.1	865,134	2,595,402	0	951,647
	872,882	9/30/2019	3.0	2,900	872,882	0	0
		Total		1,101,712		(654,840)	2,426,172
Assumption changes or inputs	452,087	9/30/2022	3.2	141,277	141,277	0	310,810
	(1,143,852)	9/30/2021	3.5	(326,815)	(653,630)	(490,222)	0
	11,310,122	9/30/2020	4.1	2,758,566	8,275,698	0	3,034,424
	11,269,963	9/30/2019	3.0	37,441	11,269,963	0	0
		Total		2,610,469		(490,222)	3,345,234
Investment gains or losses	(10,411,517)	9/30/2022	5.0	(2,082,303)	(2,082,303)	(8,329,214)	0
	(9,309,710)	9/30/2021	5.0	(1,861,942)	(3,723,884)	(5,585,826)	0
	(16,576,919)	9/30/2020	5.0	(3,315,384)	(9,946,152)	(6,630,767)	0
	23,366,223	9/30/2019	5.0	4,673,245	18,692,980	0	4,673,243
	(14,765,619)	9/30/2018	5.0	(2,953,123)	(14,765,619)	0	0
		Total		(5,539,507)		(20,545,807)	4,673,243

Total for economic/demographic gains or losses and assumption changes or inputs	(1,145,062)	5,771,406
Net deferred (inflows)/outflows for investment gains or losses	(15,872,564)	0
Total deferred (inflows)/outflows	(17,017,626)	5,771,406
Total net deferrals	(11,246,220)	

* Investment (gains)/losses are recognized in pension expense over a period of five years; economic/demographic (gains)/losses and assumption changes or inputs are recognized over the average remaining service life for all active and inactive members.

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Schedule of Changes in Net Pension Liability and Related Ratios
(in 1,000s)

	Fiscal Year Ending September 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total Pension Liability										
Service cost	$3,168	$3,830	$3,106	$3,035	$3,211	$3,465	$2,783	$2,754	N/A	N/A
Interest on total pension liability	18,405	18,555	17,962	17,396	16,923	16,608	15,166	13,385	N/A	N/A
Effect of plan changes	0	1,503	0	0	0	0	0	0	N/A	N/A
Effect of economic/demographic gains or losses	2,145	(1,528)	3,547	873	(2,443)	9,768	6,721	0	N/A	N/A
Effect of assumption changes or inputs	452	(1,144)	11,310	11,270	(948)	2,531	12,233	0	N/A	N/A
Benefit payments	(29,180)	(16,899)	(15,335)	(12,735)	(13,180)	(10,375)	(8,778)	(8,705)	N/A	N/A
Net change in total pension liability	(5,010)	4,317	20,590	19,838	3,563	21,997	28,124	7,434	N/A	N/A
Total pension liability, beginning	305,686	301,370	280,780	260,942	257,379	235,381	207,258	199,824	N/A	N/A
Total pension liability, ending (a)	300,676	305,686	301,370	280,780	260,942	257,379	235,381	207,258	N/A	N/A
Fiduciary Net Position										
Employer contributions	$13,448	$14,237	$12,647	$11,073	$11,307	$11,181	$11,249	$9,006	N/A	N/A
Member contributions	0	0	0	0	0	0	0	0	N/A	N/A
Net investment income	22,699	20,882	27,049	(11,548)	25,030	9,971	(5,891)	4,934	N/A	N/A
Benefit payments	(29,180)	(16,899)	(15,335)	(12,735)	(13,180)	(10,375)	(8,778)	(8,705)	N/A	N/A
Administrative expenses	(325)	(351)	(280)	(242)	(244)	(226)	(235)	(941)	N/A	N/A
Net change in plan fiduciary net position	6,643	17,868	24,080	(13,452)	22,914	10,552	(3,655)	4,294	N/A	N/A
Fiduciary net position, beginning	204,514	186,645	162,565	176,017	153,103	142,552	146,207	141,913	N/A	N/A
Fiduciary net position, ending (b)	211,156	204,514	186,645	162,565	176,017	153,103	142,552	146,207	N/A	N/A
Net pension liability, ending = (a) - (b)	$89,520	$101,173	$114,724	$118,215	$84,924	$104,275	$92,830	$61,051	N/A	N/A
Fiduciary net position as a % of total pension liability	70.23%	66.90%	61.93%	57.90%	67.45%	59.49%	60.56%	70.54%	N/A	N/A
Covered payroll	$40,063	$39,027	$40,747	$41,770	$43,480	$46,853	$44,838	$45,602	N/A	N/A
Net pension liability as a % of covered payroll	223.45%	259.24%	281.55%	283.01%	195.32%	222.56%	207.03%	133.88%	N/A	N/A

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

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Schedule of Employer Contributions

Fiscal Year Ending September 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2013	$8,215,493	$8,215,493	$0	$47,184,896	17.41%
2014	8,847,436	8,847,436	0	44,388,906	19.93%
2015	9,006,301	9,006,301	0	45,601,509	19.75%
2016	8,911,253	11,248,671	(2,337,418)	44,837,816	25.09%
2017	11,181,136	11,181,136	0	46,853,004	23.86%
2018	11,307,275	11,307,275	0	43,479,995	26.01%
2019	11,060,833	11,073,255	(12,422)	41,769,919	26.51%
2020	12,628,619	12,647,252	(18,633)	40,747,394	31.04%
2021	14,217,959	14,236,592	(18,633)	39,026,869	36.48%
2022	13,429,326	13,447,958	(18,632)	40,062,815	33.57%

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Actuarial Methods and Assumptions Used for Funding Policy

The following actuarial methods and assumptions were used in the January 1, 2021 valuation. Please see Milliman's valuation report dated August 18, 2021 for more detail.

Valuation Timing	Actuarially determined contribution amounts are calculated based on valuations performed as of January 1st 20 months prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal (Level Percent of Salary)
Amortization Method	
Level percent or level dollar	Level dollar
Closed, open, or layered periods	Closed
Amortization period at 01/01/2021	22 years
Amortization growth rate	0.00%
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	80% - 120% of Market Value
Inflation	2.20%, adopted for December 31, 2019 measurement and beyond.
Salary Increases	3.00%, adopted for December 31, 2019 measurement and beyond.
Investment Rate of Return	6.25%, adopted for December 31, 2019 measurement and beyond (updated from 6.50% used for December 31, 2018 measurement).
Cost of Living Adjustments	None.
Retirement Age	See retirement rates in the January 1, 2021 valuation report.
Turnover	See turnover rates in the January 1, 2021 valuation report.
Mortality	Pub-2010 Mortality, projected forward (fully generational) with MP-2020 (updated from Pub-2010 Mortality, projected forward (fully generational) with MP-2018 used for December 31, 2019 measurement).
Opional Form Election	See optional payment form assumptions in the January 1, 2020 valuation report; adopted for December 31, 2019 measurement and beyond.

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Summary Chart

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Deferred (Inflows)	Deferred Outflows	Net Investment (Inflows)/ Outflows	Net Deferrals	Net Pension Liability plus Net Deferrals	Annual Expense
Balances as of September 30, 2021	($305,686,266)	$204,513,675	($101,172,591)	($1,908,437)	$7,650,112	($11,000,554)	($5,258,879)	($106,431,470)	
Service cost	(3,167,837)		(3,167,837)						3,167,837
Interest on total pension liability	(18,405,328)		(18,405,328)						18,405,328
Effect of plan changes	0		0						0
Effect of liability gains or losses	(2,144,763)		(2,144,763)		2,144,763		2,144,763		
Effect of assumption changes or inputs	(452,087)		(452,087)		452,087		452,087		
Benefit payments	29,179,951	(29,179,951)	0						
Administrative expenses		(324,750)	(324,750)						324,750
Member contributions		0	0						0
Expected net investment income		12,287,936	12,287,936						(12,287,936)
Investment gains or losses		10,411,517	10,411,517			(10,411,517)	(10,411,517)		
Employer contributions		13,447,958	13,447,958					13,447,958	
Recognition of liability gains or losses				436,560	(1,538,272)		(1,101,712)		1,101,712
Recognition of assumption changes or inputs				326,815	(2,937,284)		(2,610,469)		2,610,469
Recognition of investment gains or losses						5,539,507	5,539,507		(5,539,507)
Annual expense								(7,782,653)	7,782,653
Balances as of September 30, 2022	(300,676,330)	211,156,385	(89,519,945)	(1,145,062)	5,771,406	(15,872,564)	(11,246,220)	(100,766,165)	

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Glossary

Actuarially Determined Contribution	A target or recommended contribution to a defined benefit pension plan for the reporting period, determined based on the funding policy and most recent measurement available when the contribution for the reporting period was adopted.
Deferred Inflows/Outflows of Resources	Portion of changes in net pension liability that is not immediately recognized in Pension Expense. These changes include differences between expected and actual experience, changes in assumptions, and differences between expected and actual earnings on plan investments.
Discount Rate	Single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the sum of: 1) The actuarial present value of benefit payments projected to be made in future periods where the plan assets are projected to be sufficient to meet benefit payments, calculated using the Long-Term Expected Rate of Return. 2) The actuarial present value of projected benefit payments not included in (1), calculated using the Municipal Bond Rate.
Fiduciary Net Position	Equal to market value of assets.
Long-Term Expected Rate of Return	Long-term expected rate of return on pension plan investments expected to be used to finance the payment of benefits, net of investment expenses.
Money-Weighted Rate of Return	The internal rate of return on pension plan investments, net of investment expenses.
Net Pension Liability	Total Pension Liability minus the Plan's Fiduciary Net Position (unfunded accrued liability).
Projected Benefit Payments	All benefits estimated to be payable through the pension plan to current active and inactive employees as a result of their past service and expected future service.
Service Cost	The portion of the actuarial present value of projected benefit payments that is attributed to a valuation year.
Total Pension Liability	The portion of actuarial present value of projected benefit payments that is attributable to past periods of member service using the Entry Age Normal cost method based on the requirements of GASB 67 and 68.

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Statistical Section

(Unaudited)

The statistical section provides additional financial trend and participant information and was developed from information provided by the Plan's administrator, actuarial, and audited financial reports.

Metropolitan Transit Authority
Non-Union Pension Plan and Trust
Schedule of Benefit Payments to Participants
For the Last Ten Years

Year Ended	Participants Receiving Benefits	Annuity and Other Benefit Payments	Approximate Average Annual Benefit	Lump Sum	Participants Receiving Lump Sum
December 31, 2021	387	$11,647,851	$30,098	$ 17,532,100	34
December 31, 2020	348	9,629,150	27,670	7,270,191	8
December 31, 2019	334	8,807,568	26,370	6,527,626	20
December 31, 2018	312	8,182,485	26,226	4,552,742	21
December 31, 2017	298	7,536,444	25,290	5,643,227	22
December 31, 2016	277	6,741,314	24,337	3,633,268	18
December 31, 2015	264	6,330,656	23,980	2,487,053	20
December 31, 2014	249	5,625,138	22,591	3,079,382	19
December 31, 2013	227	5,130,003	22,599	3,573,751	20
December 31, 2012	243	5,540,612	22,801	3,795,494	35

The number of participants receiving benefits continues to increase as the work force is aging.

Schedule of Annual Covered Payroll
For Participants
For the Last Ten Years

Valuation Date	Active Participants	Total Annual Valuation Compensation (In millions)	Average Annual Valuation Compensation	Percentage Change in Average Annual Compensation
January 1, 2021	420	$ 38,043	$ 90,579	1.7
January 1, 2020	440	39,027	89,102	4.7
January 1, 2019	481	40,747	85,068	4.3
January 1, 2018	514	41,770	81,582	2.8
January 1, 2017	551	43,480	79,343	(2.1)
January 1, 2016	585	47,098	81,064	12.1
January 1, 2015	620	44,838	72,319	4.2
January 1, 2014	657	45,602	69,409	8.4
January 1, 2013	694	44,389	64,053	(0.9)
January 1, 2012	730	47,185	64,637	1.0

Active participants and total compensation continue to decline as the plan is closed for new enrollments and participants are retiring.

Metropolitan Transit Authority
Non-Union Pension Plan and Trust
Schedule of Participants by Status
For the Last Ten Years, As of December 31,

Participants	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Active	347	420	440	481	514	551	585	620	657	694
Terminated and vested	77	74	77	79	84	89	87	87	98	118
Retired	333	297	286	268	254	234	225	210	193	209
Disabled	-	-	-	-	-	-	-	-	12	13
Beneficiaries	67	64	60	51	49	48	43	44	24	28
Total participants	824	855	863	879	901	922	940	961	984	1,062

It is expected that the number of participants will continue to decline as the Plan is closed to new members and the census population review/adjustments has been completed.

Schedule of Benefit Payments by Type
For the Last Ten Years as of December 31
(Amounts in thousands)

Types of Benefit Payment	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Service	$ 11,031	$ 9,082	$ 8,398	$ 7,806	$ 7,172	$ 6,383	$ 5,979	$ 5,276	$ 4,768	$ 5,259
Disabled	-	-	-	-	-	-	-	-	109	114
Beneficiaries	617	547	409	376	364	359	352	349	253	168
Lump sums	17,532	7,270	6,528	4,553	5,643	3,633	2,447	3,079	3,574	3,795
	$ 29,180	$16,899	$15,335	$12,735	$13,179	$10,375	$ 8,778	$ 8,704	$ 8,704	$ 9,336

Benefit payments continue to increase as more individuals retire.

Metropolitan Transit Authority
Non-Union Pension Plan and Trust
Schedule of Retired Participants by Type of Benefits

Monthly benefit payment	Number of Retirees *	Type of Retirement					Option Selected							
		1	2	3	4	5	1	2	3	4	5	6	7	8
$1 - $500	38	10	11	-	17	-	30	-	-	-	-	1	6	1
501 - 1,000	43	15	12	-	16	-	27	-	1	2	2	5	6	-
1,001 - 1,500	44	13	22	-	9	-	23	1	-	3	1	7	9	-
1,501 - 2,000	64	25	34	-	5	-	26	-	1	-	3	21	13	-
2,001 - 2,500	29	12	15	-	2	-	12	-	-	1	2	7	7	-
2,501 - 3,000	25	8	17	-	-	-	8	-	-	-	2	9	6	-
Over 3,000	105	39	64	-	2	-	38	3	1	5	13	30	15	-
	348	122	175	-	51	-	164	4	3	11	23	80	62	1

1. Normal retirement for age and service
2. Early retirement
3. Disability retirement
4. Vested termination retirement
5. Beneficiary

Option 1 – Life only
Option 2 – 5 years certain life
Option 3 – 10 years certain life
Option 4 – 15 years certain life
Option 5 – 20 years certain life
Option 6 – Joint and 50% survivor
Option 7 – Joint and 100% survivor
Option 8 – 10 years certain

* Includes certain beneficiaries and disabled participants that are receiving benefits.

Metropolitan Transit Authority
Non-Union Pension Plan and Trust
Statements of Changes in Fiduciary Net Position
For Ten Years ended December 31,

	2021	2020	2019	2018	2017
Additions					
Employer contributions	$ 13,447,958	$ 14,236,592	$ 12,647,252	$ 11,073,255	$ 11,307,275
Investment income					
Interest and dividends	1,455,245	960,902	857,051	665,810	336,686
Net appreciation/(depreciation) on investments	21,752,092	20,373,224	26,730,303	(11,885,822)	25,006,009
Investment income/(loss)	23,207,337	21,334,126	27,587,354	(11,220,012)	25,342,695
Less: investment expenses	(507,884)	(451,839)	(538,659)	(328,255)	(312,845)
Net investment income/(loss)	22,699,453	20,882,287	27,048,695	(11,548,267)	25,029,850
Total additions	36,147,411	35,118,879	39,695,947	(475,012)	36,337,125
Deductions					
Paid to Plan members and beneficiaries	29,179,951	16,899,341	15,335,194	12,735,227	13,179,671
Administrative services	324,750	351,276	280,381	241,979	243,606
Total deductions	29,504,701	17,250,617	15,615,575	12,977,206	13,423,277
Change in fiduciary net position	6,642,710	17,868,262	24,080,372	(13,452,218)	22,913,848
Fiduciary net position - restricted for pensions					
Beginning of the year	204,513,675	186,645,413	162,565,041	176,017,259	153,103,411
End of the year	$ 211,156,385	$ 204,513,675	$ 186,645,413	$ 162,565,041	$ 176,017,259

Source: Annual audited financial reports. For trending analysis, please see Management's Discussion and Analysis starting on page 11.
(Continued on next page)

Metropolitan Transit Authority
Non-Union Pension Plan and Trust
Statements of Changes in Fiduciary Net Position
For Ten Years ended December 31,

	2016	2015	2014	2013	2012
Additions					
Employer contributions	$ 11,181,136	$ 11,248,671	$ 9,006,301	$ 8,847,436	$ 8,215,493
Investment income					
Interest and dividends	513,330	800,313	946,699	1,055,514	1,109,143
Net appreciation/(depreciation) on investments	9,784,962	(6,025,771)	3,987,135	20,061,561	16,614,088
Investment income/(loss)	10,298,292	(5,225,458)	4,933,834	21,117,075	17,723,231
Less: investment expenses	(327,188)	(665,458)	(716,728)	(497,730)	(387,639)
Net investment income/(loss)	9,971,104	(5,890,916)	4,217,106	20,619,345	17,335,592
Total additions	21,152,240	5,357,755	13,223,407	29,466,781	25,551,085
Deductions					
Paid to Plan members and beneficiaries	10,374,582	8,777,750	8,704,519	8,703,754	9,336,106
Administrative services	226,067	235,357	224,559	172,857	153,585
Total deductions	10,600,649	9,013,107	8,929,078	8,876,611	9,489,691
Change in fiduciary net position	10,551,591	(3,655,352)	4,294,329	20,590,170	16,061,394
Fiduciary net position - restricted for pensions					
Beginning of the year	142,551,820	146,207,172	141,912,843	121,322,673	105,261,279
End of the year	$ 153,103,411	$ 142,551,820	$ 146,207,172	$ 141,912,843	$ 121,322,673

Source: Annual audited financial reports. For trending analysis, please see Management's Discussion and Analysis starting on page 11.