Metropolitan Transit Authority
Transport Workers Union Pension Plan, Local 260, AFL-CIO
Comprehensive Annual Financial Report
For the Years Ended December 31, 2020 and 2019

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 Transport Workers Union Pension Plan, Local 260, AFL-CIO Comprehensive Annual Financial Report, a transmittal letter from the Chair of the Plan, 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.

July 28, 2021

Plan Participants, Trustees of the Transport Workers Union Pension Plan and Members (Trustees) and the Board of Directors of the Metropolitan Transit Authority of Harris County, Texas (METRO):

I am pleased to present the Transport Workers Union Pension Plan, Local 260, AFL-CIO (Plan) Annual Financial Report (Annual Report) for the years ended December 31, 2020 and 2019. The Plan is a defined benefit contributory plan, which is for employees covered by the collective bargaining agreement hired or transferred from a non-union position before October 1, 2012. New employees hired after that date are placed into a defined contribution plan which is not part of this report.

This Annual Report 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 Annual Report, the Plan's performance as well as the MTA/TWU Union Pension Board of Trustees (Trustees) and METRO's (the Plan sponsor) responsibilities for managing the Plan and providing accurate, reliable financial information.

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

<u>Funding Policy and Investment Returns</u>

METRO's funding policy is to contribute the annual, actuarially determined contribution over a 12-month period and effective October 1, 2018 pick-up $3 per pay period from each eligible employees' wages and salary. During 2020, METRO contributed $17.1 million to the Plan, 100% of the annual, actuarially determined contribution and $184 thousand to the Plan from the eligible employees' wages and salary.

The Plan's funding status for 2020 was 64.2 percent. The Plan is meeting its funding objective as it continues to receive the actuarially determined annual contribution from METRO. The decreases in yearly funding status are the result of experience losses and/or changes in assumptions.

The Plan had a positive investment rate of return, net of fees, for 2020 of approximately 11.7 percent with a positive 7.5 percent return over the last ten years. The Trustees continue to work closely with Marquette Associates, Inc., the Plan's investment advisor, to implement an investment strategy that will achieve the 6.25% investment rate of return that was adopted in May 2020.

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

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

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

In 2021, the Plan transferred investments to active managers from passive managers for the global low volatility and non-U.S. small-cap asset classes.

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 Trustees 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 Trustees 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 Annual Report 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 are presented fairly, in all material respects, the financial position of the Plan as of December 31, 2020 and 2019, in accordance with U.S. GAAP.

The Trustees appreciate the work and dedication of all those who support the objectives of the Plan.

Debbie Sechler
Chair, Transport Workers Union Pension Plan, Local 260, AFL-CIO

The Trustees' and Their Responsibilities

METRO's President and Chief Executive Officer and the Transport Workers Union, Local 260, AFL-CIO each appoint two Trustees to oversee the administration of the Plan. These Trustees 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. The Trustees are dedicated professionals and included the following as of December 31, 2020:

Debbie Sechler, Chair	J. Cruz Torres
Auturo Jackson	Horace Marves

Consultants and Money Managers

The Trustees rely on many professionals with different skills to ensure the Plan is operating as intended and include:

Consultants	Service provided
Marquette Associates, Inc.	Financial advisor
Milliman, Inc.	Actuary
Norton Rose Fulbright US LLP	Legal counsel
State Street Bank and Trust Co	Asset custodian, disbursing agent and recordkeeping
Motley Rice, LLC	Monitoring/litigation service
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
Hahn Capital Mid-Cap Value

Global fixed income

Rhumbline Core Bond Pooled Index Fund
Brandywine Global Opportunistic

International equity

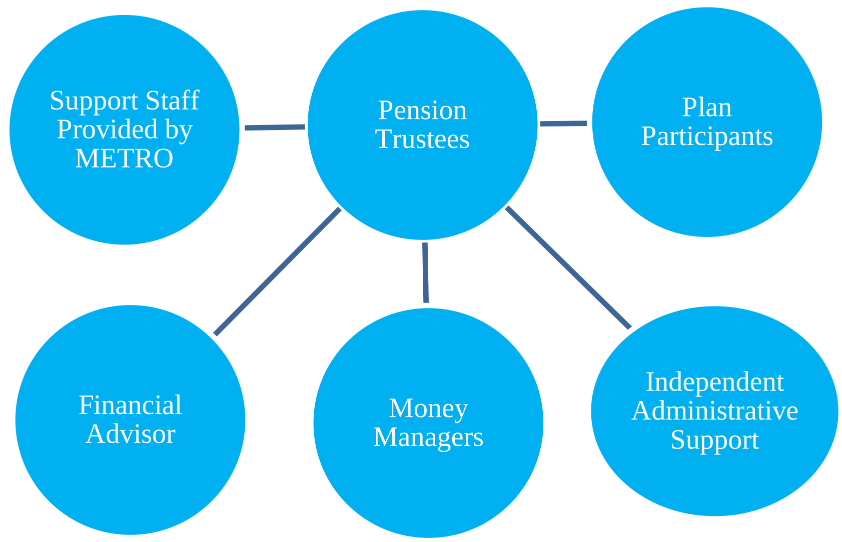
SSgA MSCI ACWI ex Us Index
SSgA MSCI EAFE Small Cap
T. Rowe Price Large-Cap Growth
Rhumbline S&P Global Low Volatility

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 41 of this Annual Report.

Organization



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

- The Trustees are responsible for the operations of the Plan. They select the financial advisor, money managers, and consultants who report directly to the Trustees.
- 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. Money managers' discussion begins on page 44 of this Annual Report.
- 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 40 of the Annual Report. Trading fees and Commissions schedule is located on page 51 of the Annual Report.

The responsibility for the accuracy, reliability and fairness of the presentation of financial information and related disclosures in the Comprehensive Annual Financial Report rests with the Trustees 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 Trustees 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: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of cost and benefits requires 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 Transport Workers Union Pension Plan, Local 260, AFL–CIO for its Comprehensive Annual Financial Report for the year ended December 31, 2019. This is the ninth year to receive this award and reflects the commitment to quality financial reporting. In order to receive this award, you must publish an easily readable and efficiently organized Comprehensive Annual Financial Report which satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that our current Comprehensive Annual 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 Workers Union Pension Plan, Local 260 Texas

For its Comprehensive Annual Financial Report For the Fiscal Year Ended

December 31, 2019

Christopher P. Morrill

Executive Director/CEO

Financial Section

McCONNELL & JONES LLP
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Participants and Trustees of
Metropolitan Transit Authority
Transport Workers Union Pension Plan,
Local 260, AFL-CIO:

Report on the Plan's Basic Financial Statements

We have audited the accompanying basic financial statements of Metropolitan Transit Authority Transport Workers Union Pension Plan, Local 260, AFL-CIO (the "Plan"), which comprise the Statements of Fiduciary Net Position as of December 31, 2020 and 2019, 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.

Management's Responsibility for the Plan's Basic Financial Statements

The Plan's management is responsible for the preparation and fair presentation of the Plan's basic financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP); this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Plan's basic financial statements based on our audit. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America (U.S. GAAS). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Plan's basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Plan's financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Plan's basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the Plan's basic financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by the management, as well as evaluating the overall presentation of the Plan's financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Plan's basic financial statements referred to above present fairly, in all material respects, the financial position of the Plan as of December 31, 2020 and 2019, and changes therein for the year then ended, in accordance with U.S. GAAP.

Other Matters

Required Supplemental Information

U.S. GAAP requires that the management's discussion and analysis, schedule of changes in net pension liability, schedule of employer contributions, and schedule of money weighted rate of return, as listed in the table of contents, be presented to supplement the Plan's basic financial statements. Such information, although not a part of the Plan's basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the Plan's basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with U.S. GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the Plan's basic financial statements, and other knowledge we obtained during our audit of the Plan's basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the Plan's basic financial statements. The introductory section, investment, actuarial and statistical sections, and schedule of investment and administrative services included under other supplemental information in the financial section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the Plan's basic financial statements.

The schedule of investment and administrative services is the responsibility of the Plan's management and was derived from and relates directly to the underlying accounting and other records used to prepare the Plan's basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the Plan's basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the Plan's basic financial statements or to the Plan's basic financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the schedule of investment and administrative services is fairly stated, in all material respects, in relation to the Plan's basic financial statements as a whole.

The introductory, investment, actuarial and statistical sections have not been subjected to the auditing procedures applied in the audit of the Plan's basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

McConnell & Jones LLP

Houston, Texas
July 28, 2021

Management's Discussion and Analysis (Unaudited)

This discussion and analysis section provides an overview of the performance of the Transport Workers Union Pension Plan, Local 260, AFL-CIO (Plan) and should be read in conjunction with the rest of the basic financial statements of the Plan.

The Plan is a single employer, defined benefit plan with the goal of accumulating sufficient assets over time to pay retirement benefits and related operating cost. This goal is accomplished by receiving annual contributions and pick-up contributions from METRO and investment returns on the Plan's assets. The Plan does not cover postemployment health care cost. The annual funding requirement and the funded status of the Plan are developed each year from an independent actuarial valuation. Contributions to the Plan are approved by METRO's Board of Directors as part of METRO's annual operating budget.

Adequate diversification in both markets and money managers continue to be an important part of the Plan's investment strategy. The Trustees reallocated investments during plan year 2020 as follows:

	Reallocation of Investments (in thousands)
Reduction in investment balance	
Brandywine Global Fixed Income	$ (11,000)
Rhumbline Core Bond Pooled Fund	(2,000)
Rhumbline Mid Cap Growth	(1,500)
Rhumbline Russell 1000 Index	(3,300)
SSgA Emerging Markets Index Fund	(17,809)
SSgA MSCI ACWI ex US Fund	(3,000)
Total reduction	$ (38,609)
Increase in investment balance	
RhumbLine Russell 1000 Index	20,000
RhumbLine S&P Global Low Volatility Index	11,809
Cash	6,800
Total increase	$ 38,609

Financial Highlights

METRO's funding policy is to contribute each year 100 percent of the independent, actuarially determined contribution which totaled $17.1 million for 2020 and $17.8 million for 2019. METRO picked up $184 thousand in 2020 and $200 thousand in 2019 from employees' wages and salary.

Changes to the net pension liability are reflected, in thousands, in the following table:

	2020	2019	2018
Total pension liability	$ 434,712	$ 429,293	$ 428,821
Less fiduciary net position	321,865	294,630	254,400
Net pension liability	$ 112,847	$ 134,663	$ 174,421

The decline in the net pension liability during 2020 was due to higher than expected money-weighted investment returns of 11.55 percent than assumed rate of 6.25 percent and favorable demographic experience.

The decline in the net pension liability during 2019 was significant as higher than expected investment returns and favorable demographic experience were offset by reduction in the expected rate of return from 6.5 percent to 6.25 percent. Additional analysis is located on page 121 of this report.

The total pension liability was determined using an actuarial valuation that is dated January 1 of each year and then projected forward to the measurement date which is December 31 of each year and considering any significant changes between the valuation date and the fiscal year end as required by Governmental Accounting Standards Board Statement No. 67 (GASB 67). The fiduciary net position represents the net assets that are available to pay pension benefits. The complete actuarial valuation and GASB 67 and 68 reports are in the Actuarial Section (Unaudited) beginning on page 57 of this Annual Report.

The summarized statement of fiduciary net position lists the assets and liabilities that when netted equals the fiduciary net position restricted for pensions. The values and related changes during the last three years consisted of:

Summarized Statement of Fiduciary Net Position
(in thousands)

	2020	2019	2018
Cash equivalents	$ 675	$ 903	$ 4,519
Investments, at fair value	321,285	293,982	250,054
Receivable from sale of securities	138	-	4
Interest and dividends receivable	39	30	28
Total assets	322,137	294,915	254,605
Less total liabilities	272	285	205
Fiduciary net position restricted for pensions	$ 321,865	$ 294,630	$ 254,400

The decline of cash equivalents over the last three years primarily relates to 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)

	2020	2019	2018
Cash equivalents	$ (228)	$ (3,616)	$ (1,660)
Investments at fair value	27,303	43,928	(21,345)
Receivable from sale of securities	138	(4)	(86)
Interest and dividends receivable	9	2	(25)
Total assets	27,222	40,310	(23,116)
Less total liabilities	(13)	80	159
Fiduciary net position restricted for pensions	$ 27,235	$ 40,230	$ (22,957)

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)

	2020	2019	2018
Additions			
Employer contributions	$ 17,079	$ 17,806	$ 15,631
Pick-up contributions	184	200	50
Total contributions	17,263	18,006	15,681
Net investment income/(loss)	33,667	44,495	(18,517)
Net additions/(reductions)	50,930	62,501	(2,836)
Deductions			
Paid to Plan members and beneficiaries	23,307	21,934	19,795
Administrative services	388	337	326
Total deductions	23,695	22,271	20,121
Changes in fiduciary net position	27,235	40,230	(22,957)
Fiduciary net position restricted for			
Beginning of the year	294,630	254,400	277,357
End of the year	$ 321,865	$ 294,630	$ 254,400

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

	2020	2019	2018
Additions			
Employer contributions	$ (727)	$ 2,175	$ 217
Pick-up contributions	(16)	150	50
Net investment (loss)/income	(10,828)	63,012	(58,886)
Net (reductions)/additions	(11,571)	65,337	(58,619)
Deductions			
Paid to Plan members and beneficiaries	1,373	2,139	996
Administrative services	51	11	11
Total deductions	1,424	2,150	1,007
Changes in fiduciary net position	(12,995)	63,187	(59,626)
Fiduciary net position restricted for pensions			
Beginning of the year	40,230	(22,957)	36,669
End of the year	$ 27,235	$ 40,230	$ (22,957)

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 for 2020 decreased compared to 2019 while 2019 was increased compared to 2018.

Pick-up contributions began October 1, 2018. METRO deducts $3 from each eligible employees' wages and salary each pay period and contributes it to the Plan. This contribution decreased due to eligible employees electing to retire.

Net investment activity resulted in a 11.7 percent gain for 2020 with total equity increasing by 16.0 percent and fixed income by 8.6 percent. While 2019 resulted in a significant gain of 17.6 percent, 2018 experienced a 6.7 percent loss. The Plan's investment returns generally followed the related market during the last three years. Additional information of returns by money manager and market segment is located on page 49 of the investment section in this report.

Benefit payments consist of annuities and lump-sum payments for those who are vested but terminate prior to their retirement date. The changes between the three years were generally related to changes in number of retirees and lump-sum payments.

<u>Changes to fiduciary net position restricted for pensions</u> reflects the net funds available to pay benefits and will increase as actuarial determined contributions are received, decline as benefits are paid and increases or decreases depending on investment returns. Primarily the changes to fiduciary net position over the last three years resulted from an increase in 2020 and 2019 and decline in 2018 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 Trustees elected to continue using this projected net investment rate of return when preparing actuarial calculations included in this Annual Report.

Contact information

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


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Basic Financial Statements

Metropolitan Transit Authority
Transport Workers Union Pension Plan, Local 260, AFL-CIO
Statements of Fiduciary Net Position
As of December 31, 2020 and 2019

	2020	2019
Assets		
Cash equivalent	$ 674,998	$ 902,903
Investments, at fair value:		
Domestic equities	122,865,837	87,697,602
Fixed income	88,084,872	93,448,448
International equities	72,440,705	73,870,786
Real estate	37,893,490	38,964,726
Total investments	321,284,904	293,981,562
Receivable from sale of securities	138,455	-
Interest and dividends receivable	38,522	30,129
Total assets	322,136,879	294,914,594
Liabilities		
Accounts payable	195,031	284,732
Payable for securities purchased	76,607	-
Total liabilities	271,638	284,732
Fiduciary net position restricted for pensions	$ 321,865,241	$ 294,629,862

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

Metropolitan Transit Authority
Transport Workers Union Pension Plan, Local 260, AFL-CIO
Statements of Changes in Fiduciary Net Position
Years Ended December 31, 2020 and 2019

	2020	2019
Additions		
Employer contributions	$ 17,078,683	$ 17,805,961
Pick-up contributions	184,148	199,644
Total contributions	17,262,831	18,005,605
Investment income		
Interest and dividends	3,821,788	2,175,848
Net appreciation on investments	30,524,776	43,137,051
Investment income	34,346,564	45,312,899
Less: investment expenses	679,664	817,445
Net investment income	33,666,900	44,495,454
Total additions	50,929,731	62,501,059
Deductions		
Paid to Plan members and beneficiaries	23,306,331	21,934,190
Administrative services	388,021	337,196
Total deductions	23,694,352	22,271,386
Change in fiduciary net position	27,235,379	40,229,673
Fiduciary net position restricted for pensions:		
Beginning of the year	294,629,862	254,400,189
End of the year	$ 321,865,241	$ 294,629,862

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 Description

The Metropolitan Transit Authority (METRO) established the Transport Workers Union Pension Plan, Local 260, AFL-CIO (Plan) for the purpose of accumulating funds to pay retirement benefits and certain related administrative costs. The Plan, closed to new members on October 1, 2012, is a single employer, contributory defined benefit pension plan which is for employees covered by the collective bargaining agreement. Retirement benefits are established during periodic negotiations with the Transport Workers Union of America, AFL-CIO and Local 260 of the Transport Workers Union of America, AFL-CIO (Union). Postemployment health care costs are not included in the Plan.

The Plan provides for monthly normal retirement benefits based on the participant's years of service but not less than $500 each month. The calculation for the monthly normal retirement benefit is based on the designated dollar amount multiplied by the number of credited years of service. The designated dollar amount used to determine the monthly normal retirement benefit is based on date of retirement as allowed by the Union labor agreement and consist of:

August 1, 2002 through July 31, 2003	$ 50
August 1, 2003 through July 31, 2004	51
August 1, 2004 through July 31, 2005	52
August 1, 2005 through July 31, 2006	53
August 1, 2006 through July 31, 2007	53
August 1, 2007 through January 31, 2009	54
February 1, 2009 through September 30, 2018	60
October 1, 2018 through current	65

Starting on October 1, 2018 per the Plan Amendment executed April 3, 2018 the Plan increased the retirement benefit to $65 per year of service and required eligible employees to contribute $3 per weekly pay period. This contribution is deducted by METRO from the eligible employees' wages and salary and are treated as employer contributions in accordance with Section 414(h) of the Internal Revenue Code of 1986, as amended. Participants can only receive monthly distributions unless their balance is $5,000 or less, then the participant can elect to receive a lump sum payment.

All Plan participants are 100 percent vested and become eligible to receive benefits at the earlier of 28 years of credit service or at age 60 with 5 years of credited service. The requirements for early retirement with reduced benefits are that an employee reaches age 55 with 25 years of credited service. In addition, the Plan provides for disability retirement benefits with the requirement of having 5 years of credit service. Additional requirements include 5 years of vesting service for vested deferred retirement benefits and for pre-retirement spousal benefits.

Changes in plan participants between January 1, 2020 and January 1, 2019 were:

Participants	2020	2019	Change
Active	1,469	1,591	(122)
Terminated and vested	582	574	8
Retired	1,354	1,248	106
Disabled	185	192	(7)
Beneficiaries	350	351	(1)
Total for all participants	3,940	3,956	(16)

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 retirement questions. The Finance Department provides support that includes administering the 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 federally regulated banking and trust company) which also provides administrative services that include issuing retiree's 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 are audited 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 Sponsor's Funding Policy

METRO's funding policy is to contribute annually the actuarially determined contribution over a 12-month period and effective October 1, 2018 pick-up $3 per pay period from eligible employees' wages and salary. 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, are recognized when earned with expenses being recognized when a liability is incurred. In addition, benefit payments to members are recognized when due 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 (GSTIF), which is a commingled fund, and is considered a cash equivalent. Total amount invested in GSTIF as of December 31, 2020, and December 31, 2019 was $674,998 and $902,903, respectively, which is uninsured by FDIC and uncollateralized. These funds are available for use in making investments, pay operating expenses, and providing 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 the 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 the Plan's 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. Trustees, Investment Policy and Investments

Trustees 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 Trustees' approve the investment policy which establishes objectives and guidelines for investing assets held by the Plan and include 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 responsibility of a fiduciary.

Additional information on the investment policy, money managers and investment returns are in the Investment Section (Unaudited) which starts on page 41 of this Annual Report. A complete copy of the investment policy can be obtained from METRO's Office of the Controller.

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

	2020 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%

	2019 Allocation	
Asset Class	Target	Range
Fixed Income	35%	10-25%
Domestic equities	27%	0-14%
International equities	24%	1-14%
Hedge finds	4%	0-9%
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, 2020 and 2019 are as follows:

	2020	%	2019	%	Change
Domestic equities	$ 122,865,837	38%	$ 87,697,602	30%	$ 35,168,235
International equities	72,440,705	23%	73,870,786	25%	(1,430,081)
Fixed income	88,084,872	27%	93,448,448	32%	(5,363,576)
Real estate	37,893,490	12%	38,964,726	13%	(1,071,236)
Total investments	$ 321,284,904	100%	$ 293,981,562	100%	$ 27,303,342

The projected long-term expected rate of return on pension plan investments 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. 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 for plan year 2020 and 2019 are listed below:

Asset Class	Index	Actual Allocation December 31, 2020	Projected Long-term Expected Investment Rate of Return January 1, 2021
Cash	BAML 3-Mon T-bill	0.12%	-0.52%
US Core Fixed Income	Barclays Aggregate	18.47%	0.66%
Global Bonds	Citi WGBI	8.88%	-0.27%
US Large Cap & Mid-Caps	Russell 1000	19.32%	2.68%
US Small Caps	Russell 2000	5.92%	2.98%
US Large Value	Russell 1000 Value	4.21%	2.94%
US Mid-Cap Growth	Russell Mid-Cap Growth	5.43%	2.42%
US Mid-Cap Value	Russell Mid-Cap Value	3.34%	2.74%
Global Equity	MSCI ACWI NR	4.02%	3.23%
Non-US Equity	MSCI ACWI x US NR	12.83%	3.86%
Non-US Small Cap	S&P EPACK EMI	5.66%	4.01%
US REITs	FTSE NAREIT Equity	11.80%	3.42%
		100.00%	
Assumed Inflation-Mean			2.20%
Assumed Inflation-Standard Deviation			1.65%
Portfolio Real Mean Return			2.87%
Portfolio Nominal Mean Return			5.13%
Portfolio Standard Deviation			12.10%
Projected Long-term Expected Investment Rate of Return			6.25%

Asset Class	Index	Actual Allocation December 31, 2019	Projected Long-term Expected Investment Rate of Return January 1, 2020
Cash	BAML 3-Mon T-bill	0.10%	0.00%
US Core Fixed Income	Barclays Aggregate	19.38%	1.38%
Global Bonds	Citi WGBI	12.31%	0.07%
US Large Cap & Mid-Caps	Russell 1000	11.84%	3.25%
US Small Caps	Russell 2000	5.39%	3.72%
US Large Value	Russell 1000 Value	4.48%	3.18%
US Mid-Cap Growth	Russell Mid-Cap Growth	4.86%	3.23%
US Mid-Cap Value	Russell Mid-Cap Value	3.38%	3.08%
Non-US Equity	MSCI ACWI x US NR	13.43%	4.26%
Emerging Market Equity	MSCI EM NR	6.12%	4.94%
Non-US Small Cap	S&P EPACK EMI	5.50%	4.50%
US REITs	FTSE NAREIT Equity	13.21%	3.23%
		100.00%	
Assumed Inflation-Mean			2.20%
Assumed Inflation-Standard Deviation			1.65%
Portfolio Real Mean Return			3.36%
Portfolio Nominal Mean Return			5.63%
Portfolio Standard Deviation			11.06%
Projected Long-term Expected Investment Rate of Return			6.25%

Investments Returns

The money-weighted rate of return, calculated by the actuary, for 2020 and 2019 was a positive 11.55 and positive 17.63 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 and 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 Trustees. Based on this method, the investment rate of return, net of investment expenses, were positive 11.7 percent for 2020 and positive 17.6 percent for 2019.

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 under the Current Money Managers Section which starts on page 44 of this report.

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 portfolio while decreases in interest rates will add value to such investments. 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 indexes. Significant variances from the benchmark are discussed with the Trustees and the related money manager.

Brandywine Global Opportunistic Fixed Income Fund had a modified duration of 3.72 years while the primary benchmark (FTSE WGBI (USD)) was 8.90 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 6.62 years while the benchmark (Bloomberg Barclays US Aggregate Bond index) duration was 6.57 years.

Additional credit risk disclosure

The two Global 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 2020 and 2019 using the reporting hierarchy are:

Investments measured at fair value	Total 2020	Level 1	Level 2	Level 3
Common stocks	$ 40,873,078	$ 40,873,078	-	-
Mutual Funds	25,307,840	25,307,840	-	-
Total investments measured at fair value	$ 66,180,918	$ 66,180,918	-	-
Investments measured at net asset value (NAV)		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Fixed Income				
Global Fixed Income Fund *1	$ 28,603,732	None	Daily	10 Days
Core Fixed Income Fund *2	59,481,140	None	Daily	1 Day
Domestic Equity				
Large-Cap Core Fund *3	62,212,807	None	Daily	1 Day
Large-Cap Value Fund *4	13,573,736	None	Daily	1 Day
Small-Cap Core Fund *8	19,083,265	None	Daily	2 Day
International Equity				
Non-U.S. Large-Cap Core Fund *6	16,017,956	None	Daily	2 Day
Non-U.S. Small-Cap Core Fund *7	18,237,860	None	Thrice-Monthly	2 Day
Real Estate Core Funds				
RREEF America REIT II *9	15,237,676	None	Quarterly	30 Days
Trumbull Property Fund *9	22,655,814	None	Quarterly	60 Days
Total Investments measured at NAV	255,103,986			
Total investments at fair value	$ 321,284,904			

Investments measured at fair value	Total 2019	Level 1	Level 2	Level 3
Common stocks	$ 23,670,011	$ 23,670,011	-	-
Mutual Funds	22,010,278	22,010,278	-	-
Total investments measured at fair value	$ 45,680,289	$ 45,680,289	-	-
Investments measured at net asset value (NAV)		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Fixed Income				
Global Fixed Income Fund *1	$ 36,290,769	None	Daily	10 Days
Core Fixed Income Fund *2	57,157,679	None	Daily	1 Day
Domestic Equity				
Large-Cap Core Fund *3	34,923,628	None	Daily	1 Day
Large-Cap Value Fund *4	13,204,738	None	Daily	1 Day
Small-Cap Core Fund *8	15,899,225	None	Daily	2 Day
International Equity				
Emerging Market Fund *5	18,046,396	None	Daily	2 Day
Non-U.S. Large-Cap Core Fund *6	17,591,244	None	Daily	2 Day
Non-U.S. Small-Cap Core Fund *7	16,222,868	None	Thrice-Monthly	2 Day
Real Estate Core Funds				
RREEF America REIT II *9	15,192,151	None	Quarterly	30 Days
Trumbull Property Fund *9	23,772,575	None	Quarterly	60 Days
Total Investments measured at NAV	270,311,551			
Total investments at fair value	$ 293,981,562			

*1. Global Fixed Income Fund - *Brandywine Global Opportunistic Fixed Income Fund* (BGOFIF) is 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 and developing/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* is managed to match the return of the Russell 1000 Value Index through investments in substantially all the stocks contained in that index.

*5. Emerging Markets Fund - *SSgA MSCI Emerging Markets Index Non-Lending Fund* approximately as closely as practicable, before expenses, the performance of the MSCI Emerging Markets Index over the long-term.

*6. Non-U.S. Large-Cap Core and Growth Funds - *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 participation in an actively managed, primarily core portfolio of equity real estate. Its goal is to exceed, net of fees, the NFI-ODCE index 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, 2020
Measurement date	December 31, 2019
Actuarial cost method	Entry Age Normal
Amortization Method	
Level percent or level dollar	Level dollars
Closed, open, or layered periods	Closed
Amortization Period at 1/1/2020	23 years
Asset Valuation method	
Smoothing period	Five-year smoothed fair value
Recognition method	Non-asymptotic
Inflation rate	2.20%
Salary increase	3.00% per annum
Discount rate	6.25%
Normal retirement Age	60 years
Mortality Table	Pub-2010 Mortality, projected forward (fully generational) with MP-2019.

Changes in actuarial assumptions

The actuarial methods and assumptions used in the 2020 valuation are the same as those used in prior year except for updating the mortality table to the recently published PubG-2010 Mortality Table projected forward with MP-2019 (separate tables for disabled lives and Contingent Survivors); decreasing investment rate of return to 6.25 percent; increasing salary scale assumption to 3 percent. The optional form election, termination rate, retirement rates and disability rates were updated based on the latest experience study dated April 8, 2020.

The mortality improvement projection scale is updated from MP-2018 to MP-2019 to reflect the latest (October 2019) Society of Actuaries Public Plans Mortality Study in anticipation of future mortality experience.

Actuarial assumptions used in the annual actuarial evaluation process represent the best estimates of the Plan's management, as approved by the MTA/TWU Union Pension Board of Trustees (Trustees) 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 Disclosure Report dated May 19, 2021. This report, along with the actuary's certification letter is included in the actuarial section of the Comprehensive Annual Financial Report starting on page 57.

Significant actuarial assumption that determined the total pension liability as of December 31, 2020 were based on the results of an actuarial experience study period 01/01/2015 – 12/31/2018:

Valuation date	January 1, 2020
Measurement date	December 31, 2020
Inflation rate	2.20%
Salary increase	3.0%
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-2020.

The mortality table was updated to the Public Pub-2010 Mortality Table, projected forward (fully generational) with MP-2020. This change was made to better reflect 2020 Society of Actuaries Public Plans Mortality Study tables in anticipation of future mortality experience. The discount and net investment rate of return were lowered to better reflect the Plan's long-term expected rate of return.

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, 2020	December 31, 2019
Total pension liability	$ 434,712,038	$ 429,293,243
Fiduciary net position	321,865,241	294,629,862
Net pension liability	$ 112,846,797	$ 134,663,381
Fiduciary net position as a % of total pension liability	74.04%	68.63%

The sensitivity analysis schedule, provided below, is 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, 2020.

	1% Decrease to 5.25%	Current Discount Rate of 6.25%	1% Increase to 7.25%
Total pension liability	$ 482,098,631	$ 434,712,038	$ 394,446,689
Fiduciary net position	321,865,241	321,865,241	321,865,241
Net pension liability	$ 160,233,390	$ 112,846,797	$ 72,581,448

7. Federal Income Tax

The Plan received its latest favorable letter of determination dated July 9, 2014 from the Internal Revenue Service stating that 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 net asset value of the Plan and the amount of the unfunded actuarial accrued liabilities. The Trustees have taken steps to minimize these risks by maintaining a diversified investment portfolio and hiring professional money managers and other consultants.

As discussed in Notes 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 processes, 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.

9. Subsequent Events

The Plan's management has evaluated subsequent events through July 28, 2021; 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.


APTA
2020
OUTSTANDING PUBLIC
TRANSPORTATION SYSTEM
METRO

Required Supplemental Information
(Unaudited)

Metropolitan Transit Authority
Transport Workers Union Pension Plan, Local 260, AFL-CIO
Unaudited Schedule of Changes in Net Pension Liability
For the Years Ended December 31, 2020 and the Last Seven Years
(in thousands)

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Changes for the year							
Service cost	$5,231	$4,956	$4,647	$4,930	$5,329	$5,550	$5,435
Interest on total pension liability	26,440	27,494	25,779	25,076	24,589	24,786	22,447
Effective of plan changes	-	-	13,851	-	-	-	-
Effect of economic /demographic losses	(1,066)	(1,882)	(4,970)	(2,013)	(10,556)	(2,781)	-
Effect of assumptions changes or inputs	(1,880)	(8,162)	22,299	(2,089)	(5,369)	25,680	-
Benefit payments	(23,306)	(21,934)	(19,795)	(18,800)	(17,656)	(16,567)	(15,924)
Net change in total pension liability	5,419	472	41,811	7,104	(3,663)	36,668	11,958
Total pension liability - beginning	429,293	428,821	387,010	379,906	383,569	346,901	334,943
Total pension liability - ending	434,712	429,293	428,821	387,010	379,906	383,569	346,901
Fiduciary net position							
Contributions from the employer	17,078	17,806	15,631	15,414	16,565	19,062	13,477
Pick-up contributions	184	200	50	-	-	-	-
Net investment income	33,667	44,495	(18,517)	40,370	17,696	(7,810)	9,448
Benefit payments	(23,306)	(21,934)	(19,795)	(18,800)	(17,656)	(16,567)	(15,924)
Administrative expenses	(388)	(337)	(326)	(315)	(278)	(314)	(1,333)
Net change in fiduciary net position	27,235	40,230	(22,957)	36,669	16,327	(5,629)	5,668

Fiduciary net position – beginning	294,630	254,400	277,357	240,688	224,361	229,990	224,322
Fiduciary net position – ending	321,865	294,630	254,400	277,357	240,688	224,361	229,990
METRO's net pension liability ending	112,847	134,663	174,421	$109,653	$139,218	$159,208	$116,911
Fiduciary net position as a percentage of the total pension liability	74.04%	68.63%	59.33%	71.67%	63.35%	58.49%	66.30%
Covered payroll	$90,602	$94,602	$97,251	$ 103,246	$ 106,575	$ 93,228	$ 92,277
METRO's net pension liability as a percentage of covered payroll	124.55%	142.35%	179.35%	106.20%	130.63%	170.77%	126.70%

Notes:

(1) The decline the net pension liability for 2020 was due to higher than expected investment returns and favorable demographic experience.
(2) GASB Statement No.67 permit 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
Transport Workers Union Pension Plan, Local 260, AFL-CIO
Schedule of Employer Contributions
For the last ten years (Unaudited)

Year Ended December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Excess Contributions	Covered Payroll	Contribution as a % of Covered Payroll
2020	17,078,683	17,262,831	184,148	90,601,821	18.85%
2019	17,805,961	18,005,605	199,644	94,602,405	18.82%
2018	15,631,361	15,680,817	49,456	97,250,761	16.12%
2017	15,413,823	15,413,823	-	103,245,714	14.93%
2016	16,565,280	16,565,280	-	106,574,630	15.54%
2015	15,410,109	19,062,423	3,652,314	93,227,967	20.45%
2014	13,477,182	13,477,182	-	92,277,465	14.61%
2013	14,335,058	14,335,058	-	91,830,000	15.61%
2012	14,444,476	14,444,476	-	94,043,000	15.36%
2011	13,493,650	13,493,650	-	93,675,000	14.40%

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

Metropolitan Transit Authority
Transport Workers Union Pension Plan, Local 260, AFL-CIO
Schedule of Money-Weighted Rate of Returns
For the last ten years (Unaudited)

December 31,	Net Money-Weighted Rate of Return
2020	11.55%
2019	17.63%
2018	(6.73) %
2017	16.90%
2016	7.91%
2015	(3.38) %
2014	4.24%
2013	16.91%
2012	16.23%
2011	0.11%

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.

Other Supplemental Information
(Unaudited)

Metropolitan Transit Authority
Transport Workers Union Pension Plan, Local 260, AFL-CIO
Schedule of Investment and Administrative Services
for the Years Ended December 31, 2020 and 2019

Type	2020	2019
Investment service fees:		
Fixed Income		
Brandywine Global Opportunistic Fixed Income Fund	$ 137,400	$ 158,473
Rhumbline Core Bond Pool Trust	23,717	22,274
Total fixed income fees	161,117	180,747
Equities		
HAHN Capital Management	39,776	41,017
SSgA Russell 2000 Index Fund	10,240	11,888
SSgA MSCI EAFE Small Cap	21,269	17,631
SSgA MSCI ACWI ex US Index	11,726	12,935
SSgA Emerging Markets	15,792	30,024
Rhumbline Russell 1000 Large Capital Core	12,262	10,000
Rhumbline Russell 1000 Large Capital Value	10,000	10,000
Rhumbline Russell Mid Capital Growth	10,000	10,000
Rhumbline Global Low Volatility	11,644	-
Total equity fees	142,709	143,495
Real Estate		
RREEF America REIT II	145,202	187,278
Trumbull Property Fund	148,886	227,925
Total real estate fees	294,088	415,203
Total of money managers fees	597,914	739,445
Financial advisor Marquette Associates, Inc.	81,750	78,000
Total investment services/fees	679,664	817,445
Administrative services:		
Audit services - McConnell & Jones	25,698	29,346
Legal counsel - Norton, Fulbright & Rose L.L.P	2,543	6,338
Custodian and disbursement agent – State Street	227,704	224,517
Actuary - Milliman, Inc.	105,659	73,415
Performance Review – Smart Management Services	22,700	-
Other	3,717	3,580
Total administrative services	388,021	337,196
Total investment and administrative services	$ 1,067,685	$ 1,154,641

Note: Direct administrative supporting costs are absorbed by METRO and not charged to the Plan. Hence, such costs were excluded from this schedule.

Investment Section
(Unaudited)

The investment policy, the year-end performance report provided by Marquette Associates, Inc. and independently audited financial reports for the commingled and mutual fund money managers were used to develop this section.

Overview of the Investment Policy

General

The Metropolitan Transit Authority Transport Workers Union Pension Plan Trustees' responsibilities include establishing, implementing and updating an investment policy which provides the framework for making and monitoring investment performance. A copy of this policy can be obtained by contacting METRO's Office of the Controller. Key points of the policy include:

1. Establish reasonable expectation, objective and guidelines for the investment of the assets in the Plan.
2. Create the framework for a well-diversified asset mix that can be expected to generate achievable long-term returns at a level of risk acceptable to the Plan, including:
    - Describing an appropriate risk position for the investments of the plan.
    - Specifying broad target asset allocation ranges and constraints.
    - Establishing investments guidelines regarding the selection of investments managers, permissible securities and diversification of assets.
    - Specifying the criteria for evaluating and reporting on the performance of the Plan's investment managers.
3. Defines the responsibilities of the Trustees, financial advisor, money managers and plan administrator.
4. Encourage effective communication between all participants.
5. State funding policy.

Financial advisor

The financial advisor is responsible for assisting in the development and implementing the investment policy while monitoring the performance of the money managers and the overall markets where investments are made.

Investment objective

The Trustees invest using a long-term view with the objective of achieving the actuarial rate of return of 6.25 percent net of related investment fees. A period of five to seven years is used in measuring progress toward achieving this objective. Returns on the traditional asset classes within the Plan's investment pool should exceed the return on a composite of non-managed market indices weighted in proportion to the actual structure of the Plan's portfolio. Generally, the investment portfolio should benefit from active management.

Marketability and investment values

Investments are limited to those that are readily marketable with the exception of certain categories such as real estate, and certain alternative investments. No investment should be made in non-marketable securities without prior approval from the Trustees.

Asset values are generally established based on national securities exchange with specific valuation approaches discussed within the description of active money managers portion of this section. The rates of return are presented using a time-weighted rate of return methodology based upon market values.

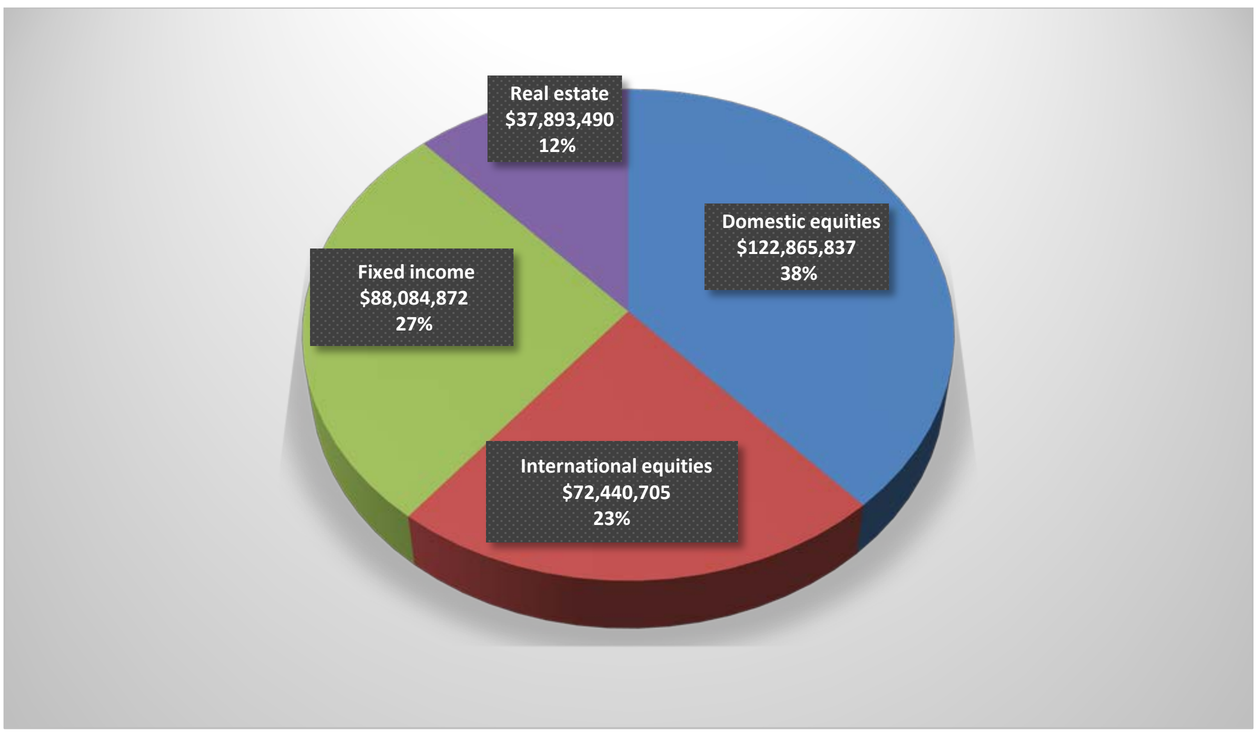
Diversification

Effective diversification is maintained by allocating funds to various asset classes and money managers who invest in different markets using various investment strategies as discussed in the following pages.

The investment policy reflects the following type and range of investments.

	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%

The actual allocation of assets as of December 31, 2020, complied with the investment guidelines as reflected in the following table.



Current Money Managers

In addition to asset allocation, money managers are essential in earning adequate investment returns. The Plan ended the year with thirteen money managers that are responsible for implementing the investment policy and related strategy by directly purchasing/selling investments. The Trustees and financial advisor follow a stringent money manager selection process some of which include: evaluating investment strategy and investment team continuity, reviewing performance history, performing on-site visits, and conducting multiple interviews. Only upon completion of this process will the Trustees vote on the final selection of a money manager.

All money managers are required to accept the role of a fiduciary as defined by the Employee Retirement Income Security Act. To ensure a diversified investment portfolio, the Trustees selects money managers that invest in different parts of the worldwide markets using different investment strategies.

During 2020 the Trustees elected to reallocate investments which included:

	Reallocation of Investments (in thousands)
Reduction in investment balance	
Brandywine Global Fixed Income	$ (11,000)
Rhumbline Core Bond Pooled Fund	(2,000)
Rhumbline Mid Cap Growth	(1,500)
Rhumbline Russell 1000 Index	(3,300)
SSgA Emerging Markets Index Fund	(17,809)
SSgA MSCI ACWI ex US Fund	(3,000)
Total reduction	$ (38,609)
Increase in investment balance	
RhumbLine Russell 1000 Index	20,000
RhumbLine S&P Global Low Volatility Index	11,809
Cash	6,800
Total increase	$ 38,609

Individual money managers, their market segment, investment approaches, asset custodians, recordkeeping and independent audits are discussed below.

Domestic equity

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. Rhumbline Advisors Limited Partnership is the Trust's investment manager. State Street Bank and Trust Company provides custodial and recordkeeping services. The annual financial report was audited by BKD LLP, CPAs & Advisors.

Rhumbline Russell 1000 Large Capital Value index portfolio is managed to match the return of the Russell 1000 Index through investments in substantially all the stocks contained in that index. Rhumbline Advisors Limited Partnership is the Trust's investment manager. State Street Bank and Trust Company provides custodial and recordkeeping services. The annual financial report was audited by BKD LLP, CPAs & Advisors.

Rhumbline Russell Mid-Capital Growth index portfolio is a separately managed account which is designed to track the return of the Russell Midcap Growth Index by investing principally in common stocks of medium capitalization growth-oriented U.S. companies, but may also invest in common stocks of small capitalization growth-oriented companies. No independent audit is required since this is a separately managed account and the Plan's asset custodian, State Street Bank and Trust Company provides custodial and recordkeeping services.

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. The Fund was formed under the State Street Global Advisors Trust Company Investment Funds for Tax Exempt Retirement Plans Declaration of Trust (the Trust). State Street Bank provides custodial services. State Street Global Advisors Trust Company, a wholly –owned subsidiary of State Street Bank and Trust Company (SSGA) is the Trustee and Recordkeeper of the Fund and, as Trustee, has exclusive management and control of the Trust. SSGA is the Fund's Investment Manager. The annual financial report was audited by PricewaterhouseCoopers LLP.

<u>International equity (mutual funds)</u>

T. Rowe Price Institutional International Growth Equity Fund (IGEF) is a diversified, open-end management investment company and is one of the portfolios established by T. Rowe Price Institutional International Funds, Inc. and registered under the Investment Company Act of 1940. The IGEF commenced operations on September 7, 1989 and seeks long-term growth of capital through investment primarily in common stocks of established non-U.S. companies. Annual financial reports were audited by PricewaterhouseCoopers LLP with JP Morgan Chase London providing asset custodial services.

Investments are valued at fair value as listed or regularly traded on a security exchange or in the case of over-the-counter (OTC) markets are valued at the last quoted sale price or, for certain markets, the official closing price at the time the valuations are made, except for OTC Bulletin Board securities which are valued at the mean of the latest bid and asked prices.

SSgA MSCI ACWI ex U.S. Index 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, which have characteristics consistent with the Fund's overall investment objective. The Fund was formed under the State Street Global Advisors Trust Company Investment Funds for Tax Exempt Retirement Plans Declaration of Trust (the Trust). State Street Global Advisors Trust Company (SSGA) acts as Trustee and Record-keeper of the Fund and as Trustee, has exclusive management and control of the Trust. SSGA is the Fund's Investment Manager. State Street Bank provides custodial services. The annual financial reports were audited by PricewaterhouseCoopers LLP.

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. State Street Bank provides custodial services. State Street Global Advisors Trust Company, a wholly–owned subsidiary of State Street Bank is the trustee and record-keeper of the fund. State Street Global Advisors, a division of State Street Bank is the Fund's Investment Manager. The annual financial reports were audited by PricewaterhouseCoopers LLP.

Rhumbline S&P Global Low Volatility Index Strategy is a separately managed account which is designed to track as close as possible the return and risk characteristics of the S&P Global Low Volatility Index (Index) by concentrating investments in common stocks which make up the Index. The S&P Global Low Volatility Index is designed to measure the three hundred least volatile stocks in the S&P Global LargeMidCap, a subindex of the S&P Global BMI. No independent audit is required since this is a separately managed account and the Plan's asset custodian, State Street Bank and Trust Company provides custodial and recordkeeping services.

Fixed income

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. Rhumbline Advisors Limited Partnership is the Trust's investment manager. State Street Bank and Trust Company is the trustee and provides custodial and record-keeper services. The annual financial reports were audited by BKD LLP, CPAs & Advisors.

Brandywine Global Opportunistic Fixed Income Fund (BGOFIF) is a separate portfolio of the Brandywine Global Investment Management Trust (the Trust). The Trust was organized on May 1, 2006 by Brandywine Global Investment Management, LLC, a corporation organized under the laws of the state of Delaware and registered as an investment advisor under the Investment Advisor Act of 1940, amended. BGOFIF was organized with the objective of achieving interest income, long-term capital appreciation by investing in U.S. fixed income, and non-U.S. developed and emerging markets sovereign debt securities. Annual financial statements of BGOFIF were audited by Kreischer Miller with the trustee of the fund, BNY Mellon, providing custodial and recordkeeping services.

Real Estate

RREEF America REIT II, a Maryland corporation classified as a real estate investment trust, is an open-ended core fund organized to serve as a collective investment vehicle through which eligible investors may invest in a professionally managed real estate portfolio consisting of multi-family, industrial, retail and office properties in targeted metropolitan areas within the continental United States. RREEF America L.L.C serves as the investment advisor. The Fund's annual financial statements are audited by Deloitte & Touche LLP.

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 located in various major markets. The Fund's relative performance objective is to outperform the NFI-ODCE over a full market cycle while maintaining a leverage ratio that is lower than the NFI-OCDE; and the Fund's additional performance objective is to achieve at least a 5% real rate of return (inflation adjusted return), before advisory fees, over any given three-to-five-year market cycle. Investments are valued at fair value based on independent market appraisals which is used when calculating the net asset value per unit. The Fund's annual financial statements are audited by Ernst & Young LLP.

Proxy Voting

The Investment Policy requires investment managers to vote in the best interest of the Plan and must be able to support all proxy voting in written format as requested.

Investment Values and Returns

The following schedules were developed from information provided by the Plan's financial advisor, Marquette Associates, Inc. and represents information included in the quarterly reporting package provided to the Trustees.

Fair values of investments by asset class, money manager and market segment with related changes between 2020 and 2019 (in thousands) were:

Money managers and investments	2020	2019	Change
Domestic equity			
SSgA 2000 Value-Index	$ 19,083	$ 15,899	$ 3,184
HAHN Capital	10,530	9,372	1,158
RhumbLine Russell 1000 Index	62,213	34,924	27,289
RhumbLine Russell 1000 Index Value	13,574	13,205	369
RhumbLine Mid-Cap Growth	17,466	14,298	3,168
Total domestic equity	122,866	87,698	35,168
International equity – mutual funds			
T. Rowe Price Institutional International Growth Equity	25,308	22,010	3,298
SSgA Emerging Market	-	18,047	(18,047)
SSgA Non-US Small Cap	18,238	16,223	2,015
SSgA MSCI ACWI ex US Index	16,018	17,591	(1,573)
RhumbLine S&P Global Low Volatility	12,877	-	12,877
Total international equity - mutual funds	72,441	73,871	(1,430)
Global-fixed Income			
RhumbLine Core Bond Pooled Index Fund	59,481	57,157	2,324
Brandywine- Global Opportunistic Fixed Income	28,604	36,291	(7,687)
Total global fixed income	88,085	93,448	(5,363)
Real Estate			
RREEF America REIT II	15,237	15,192	45
Trumbull Property Fund	22,656	23,773	(1,117)
Total real estate	37,893	38,965	(1,072)
Total net investments	$ 321,285	$ 293,982	$ 27,303

Asset values and related portfolio percentages by asset class, and money managers and market segment as of December 31, 2020 were:

Money managers and investments	Fair Value (in thousands)	Percent of Portfolio
Domestic equity		
SSgA 2000 Value-Index	$ 19,083	5.94
HAHN Capital	10,530	3.28
RhumbLine Russell 1000 Index	62,213	19.36
RhumbLine Russell 1000 Index Value	13,574	4.22
RhumbLine Mid-Cap Growth	17,466	5.44
Total domestic equity	122,866	38.24
International equity – mutual funds		
T. Rowe Price Institutional International Growth Equity	25,308	7.88
SSgA Non-US Small Cap	18,238	5.68
SSgA MSCI ACWI ex US Index	16,018	4.99
RhumbLine S&P Global Low Volatility	12,877	4.00
Total international equity - mutual funds	72,441	22.55
Global-fixed Income		
RhumbLine Core Bond Pooled Index Fund	59,481	18.51
Brandywine- Global Opportunistic Fixed Income	28,604	8.90
Total global fixed income	88,085	27.42
Real Estate		
REEF America REIT II	15,237	4.74
Trumbull Property Fund	22,656	7.05
Total real estate	37,893	11.79
Total net investments	$ 321,285	100.00

The five largest equity holdings for all money managers included:

Company	Fair value (in thousands)	% of Portfolio
Apple	$ 6,153	1.91
Microsoft	4,768	1.48
Amazon	3,963	1.23
Alphabet	3,286	1.02
Taiwan Semiconductor	1,901	0.59

A complete listing of investment can be obtained by contacting METRO’s Office of the Controller.

The following schedule reflects the accumulative investment returns for the total Plan and by money managers as of December 31, 2020 with comparisons to their primary benchmark. Investment returns were calculated by the Plan's financial advisor using the time weighted method.

	Periods Ending 12/31/2020				
	Last Quarter	1 Year	2 Years	3 Years	5 years
Total Returns for the Plan (net of fees)	10.6	11.7	14.6	7.0	9.1
Policy Index	10.2	11.7	14.4	7.5	9.2
Over (under) performance	0.4	-	0.2	(0.5)	(0.1)
Returns by Money Manager (net of fees)					
RhumbLine Core Bond Pooled Trust (funded Dec 2015)	0.5	7.6	8.0	5.4	4.4
Barclays Aggregate	0.7	7.5	8.1	5.3	4.4
Over (under) performance	(0.2)	0.1	(0.1)	0.1	-
Brandywine – Global Opportunistic Fixed Income	10.5	11.7	10.5	5.0	6.5
Citigroup WGBI Unhedged Index benchmark	2.8	10.0	8.0	5.0	4.8
Over (under) performance	7.7	1.7	2.5	-	1.7
Rhumbline Russell 1000 Index	13.6	20.9	26.0	14.7	15.5
Russell 1000 benchmark	13.7	21.0	26.1	14.8	15.6
Over (under) performance	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Rhumbline Russell 1000 Value Index	16.2	2.7	14.0	6.0	9.7
Russell 1000 Value benchmark	16.3	2.8	14.1	6.1	9.7
Over (under) performance	(0.1)	(0.1)	(0.1)	(0.1)	-
Hahn Capital Management	25.4	7.5	20.7	7.8	10.4
Russell Mid Capital Value benchmark	20.4	5.0	15.5	5.4	9.7
Over (under) performance	5.0	2.5	5.2	2.4	0.7
Rhumbline Mid-Cap Growth Index	19.0	35.7	35.5	20.4	18.6
Russell Mid-Cap Growth benchmark	19.0	35.6	35.5	20.5	18.7
Over (under) performance	-	0.1	-	(0.1)	(0.1)

(this schedule is continued on the next page)

	Periods Ending 12/31/2020				
	Last Quarter	1 Year	2 Years	3 Years	5 years
SSgA Russell 2000 Index Fund	31.4	19.9	22.6	10.2	13.3
Russell 2000 benchmark	31.3	20.0	22.7	10.2	13.3
Over (under) performance	0.1	(0.1)	(0.1)	-	-
T. Rowe Price International Growth Equity	15.4	15.0	21.4	8.2	10.8
MSCI ACWI ex US (Net)benchmark	17.0	10.7	16.0	4.9	8.9
Over (under) performance	(1.6)	4.3	5.4	3.3	1.9
SSgA MSCI ACWI ex US Index	17.0	10.9	16.3	5.1	-
MSCI ACWI ex USA benchmark	17.0	10.7	16.0	4.9	-
Over (under) performance	-	0.2	0.3	0.2	-
SSgA MSCI EAFE Small Cap	17.2	12.3	18.4	4.9	10.5
MSCI EAFE Small Cap benchmark	17.3	12.3	18.5	4.9	9.4
Over (under) performance	(0.1)	-	(0.1)	-	1.1
Rhumbline S&P Global Low Volatility	8.6	-	-	-	-
S&P Global Low Volatility Index Benchmark	8.6	-	-	-	-
Over (under) performance	-	-	-	-	-
RREEF America REIT II	0.8	1.1	3.7	-	-
NFI	1.1	0.3	2.3	-	-
Over (under) performance	(0.3)	0.8	1.4	-	-
Trumbull Property Fund	(2.1)	(4.7)	(3.8)	-	-
NFI	1.1	0.3	2.3	-	-
Over (under) performance	(3.2)	(5.0)	(6.1)	-	-

Accumulative Net returns by major asset class

Net Returns by Market Segment	Last Quarter	1 Year	2 Years	3 Years	5 Years
Total equity	10.6	11.7	14.6	7.0	9.1
Large capital equity	14.2	16.1	22.9	12.5	14.0
Middle capital equity	21.4	24.0	29.6	14.7	14.8
Small capital equity	31.3	19.9	22.7	10.2	13.3
International equity	14.9	11.9	17.5	5.5	10.3
Global Low Volatility	8.6	-	-	-	-
Global fixed income	3.6	8.6	8.7	5.0	5.0
Real estate	(0.9)	(2.4)	(0.6)	-	-

The investment returns were calculated using the time-weighted (geometric) method. This method calculates the average rate per period on an investment that is compounded over multiple periods.

A complete listing of all investments owned by the Plan can be obtained by contacting METRO's Office of the Controller.

Trading Fees and Commissions for 2020 and 2019 consisted of:

Activity for 2020

Money Manager/ Broker Name	Trading Fees and Commission	Number of Shares	Commission Per Share
Equities			
Hahn Capital			
BTIG, LLC	$ 1,587	31,748	$ 0.0500
Rhumbline Mid-Cap Growth Index			
Cabrera Capital Markets	20	1,321	0.0150
Instinet	331	136,507	0.0024
Investment Technology Group Inc.	22	4,365	0.0051
Jefferies + Company Inc	29	3,872	0.0076
Liquidnet Inc	52	5,163	0.0010
Loop Capital Markets	8	562	0.0151
Penserra Securities	2	150	0.0150
Williams Capital Group LP	47	3,093	0.0150
	511	155,033	0.0033
Rhumbline S&P Global Low Volatility			
CIBC World Markets	413	17,937	0.0230
Instinet	296,409	4,283,668	0.0692
Jefferies + Company Inc	100,319	1,474,180	0.0681
Penserra Securities	7	706	0.0100
	397,148	5,776,491	0.0688
	$ 399,246	5,963,272	$ 0.0670

Activity for 2019

Money Manager/ Broker Name	Trading Fees and Commission	Number of Shares	Commission Per Share
Equities			
Hahn Capital			
BTIG, LLC	$ 1,913	38,258	$ 0.0500
Rhumbline Mid-Cap Growth Index			
Cabrera Capital Markets	4	267	0.0152
Instinet	268	100,342	0.0027
Investment Technology Group Inc.	78	5,174	0.0151
Jefferies + Company Inc	25	2,211	0.0113
	375	107,994	0.0035
	$ 2,288	146,252	$ 0.0156


SLOW
YOUR ROLL
SCHOOL
ZONE
20
M.P.H.
SLOW
YOUR ROLL
SCHOOL
ZONE
20
M.P.H.

Actuarial Section
(Unaudited)

Actuarial assumptions and funding requirements are reviewed for reasonableness by the Metropolitan Transit Authority Transport Workers Pension Plan Trustees and METRO each year during discussions with the independent actuary.

The first part of this section includes selected information for three years taken from previous actuarial valuation reports.

The second part of this section includes the January 1, 2020 independent actuarial report and the GASB 67 and 68 Discloser Report for the Fiscal Year October 1, 2020 to September 30, 2021. These reports were prepared by Milliman, Inc.

State law requires the actuary's report along with the independently audited annual financial report be filed each year with the Pension Review Board. In addition, the actuarial assumptions must be independently audited every five years by a different actuary and their report reviewed by the Trustees, METRO, and the Plan's independent actuary. This report must also be sent to Pension Review Board.

The actuarial assumptions were independently audited on October 30, 2019. A copy of this audit report can be obtained by contacting METRO's Office of the Controller.

Governmental Accounting Standard Board Statement No. 67 *Financial Reporting for Pension Plans* requires the preparation of a depletion analysis to determine if the projected cash inflows from contributions and investment returns will be adequate to meet benefit payments and expenses. The investment rate of return used in actuarial calculations must be reduced when projected cash flows are determined to be inadequate. Based on this analysis, reduction to 6.25 percent projected investment rate of return was required.

An overview of the Plan is discussed in Note 1 to the Basic Financial Statements.

Multi-year Information from Prior Years Actuarial Reports

The estimated investment returns on the fair value of assets assumes all cash flows of contributions, benefit payments, and all administrative expenses are paid at mid-year. The estimated investment returns on the fair value of assets for the last three years were:

	January 1, 2020	January 1, 2019	January 1, 2018
Beginning fair value of assets	$ 254,400,189	$ 277,357,388	$ 240,688,461
Net non-investment cash flows	(4,265,781)	(4,440,620)	(3,700,703)
Investment income	44,495,454	(18,516,579)	40,369,630
Ending fair value of assets	$ 294,629,862	$ 254,400,189	$ 277,357,388
Approximate investment return	17.64%	(6.73)%	16.90%

The estimated investment return on the actuarial value of assets is determined for the Schedule MB of IRS Form 5500 using a simplified formula as specified in the form instructions. It assumes all cash flows of the contributions, benefit payments, and administrative expenses are paid at mid-year. The estimated investment returns on the actuarial value of assets for the last three years were:

	January 1, 2020	January 1, 2019	January 1, 2018
Beginning actuarial value of assets	$ 273,167,539	$ 267,444,642	$ 252,586,471
Net non-investment cash flows	(4,265,781)	(4,440,620)	(3,700,703)
Investment income	15,287,954	10,163,517	18,558,874
Ending actuarial value of assets	$ 284,189,712	$ 273,167,539	$ 267,444,642
Estimated investment return	5.64%	3.83%	7.40%

The Unfunded Actuarial Accrued Liability represents the balance of the present value of benefits that is allocated to employees' service before the current plan year and not yet funded. The balances and related components for the last three years were:

Actuarial accrued liability	January 1, 2020	January 1, 2019	January 1, 2018
Active participants	$ 178,406,460	$ 189,641,515	$ 186,724,000
Terminated vested participants	35,187,792	39,322,009	25,590,093
Retired participants	193,026,118	171,861,189	157,286,978
Disabled participants	18,099,062	18,762,128	18,706,065
Beneficiaries	18,105,589	17,328,815	15,409,012
Total	442,825,021	436,915,656	403,716,148
Actuarial value of assets	284,189,712	273,167,539	267,444,642
Unfunded actuarial accrued liabilities	$ 158,635,309	$ 163,748,117	$ 136,271,506

Normal cost is the amount allocated to the current year using the Plan's actuarial cost method. This method changed from the projected unit credit to the entry age normal starting with the January 1, 2015 actuarial valuation report. Normal cost for the last three years consisted of:

	Entry Age Normal		
Normal cost	January 1, 2020	January 1, 2019	January 1, 2018
Withdrawal	$ 507,441	$ 362,674	$ 348,882
Unreduced retirement	2,698,401	2,735,914	2,754,826
Death	32,335	25,662	38,171
Disability	252,526	445,984	460,667
Total	3,553,703	3,570,234	3,602,546
Loading for expense	337,196	326,240	314,986
Total normal cost	$3,890,899	$3,896,474	$3,917,532

Schedule of retirees and beneficiaries added to and removed from rolls:

	Added to Rolls		Removed from Rolls		Rolls-End of Year			
Year Ended December 31	Number	Annual Benefits	Number	Annual Benefits	Number	Annual Benefits	% Increase in Monthly Allowance	Average Annual Allowance
2020	143	$2,123,197	(36)	$(366,385)	1966	$22,875,909	8.32%	$ 11,636
2019	170	2,222,000	(52)	(529,433)	1,859	21,119,097	8.71%	11,360
2018	117	1,446,000	(49)	(475,943)	1,741	19,426,495	5.26%	11,158
2017	137	1,643,786	(42)	(307,489)	1,673	18,456,438	7.81%	11,032
2017	137	1,643,786	(42)	(307,489)	1,673	18,456,438	7.81%	11,032
2016	120	920,732	(38)	(347,721)	1,578	17,120,141	3.46%	10,849
2015	122	1,379,092	(53)	(518,858)	1,496	16,547,130	5.48%	11,061
2014	100	1,073,271	(29)	(334,136)	1,427	15,686,896	4.94%	10,993
2013	234	2,185,278	(105)	(940,941)	1,356	14,947,761	9.08%	11,023
2012	122	1,646,982	(54)	(661,938)	1,227	13,703,424	7.75%	11,168
2011	123	1,548,895	(34)	(443,119)	1,159	12,718,380	9.52%	10,974

Solvency Test

Valuation Date January 1	Actuarial Accrued Liability (AAL): Retirees and Beneficiaries	Actuarial Accrued Liability (AAL): Active and Inactive Members	Actuarial Accrued Liability (AAL): Total	Actuarial Value of Assets	Portion of AAL Covered by Assets: Retirees and Beneficiaries	Portion of AAL Covered by Assets: Active and Inactive Members	Portion of AAL Covered by Assets: Total
2020	$ 228,120,591	$ 214,704,430	$ 442,825,021	$ 284,189,712	100%	26.1%	64.2%
2019	206,121,805	230,793,851	436,915,656	273,167,539	100%	29.1%	62.5%
2018	189,547,602	214,168,546	403,716,148	267,444,642	100%	36.4%	66.2%
2017	178,020,187	209,314,892	387,335,079	252,586,471	100%	35.6%	62.2%
2016	172,618,836	209,538,803	382,157,639	238,717,731	100%	31.5%	62.5%
2015	181,670,789	169,936,537	351,607,326	223,969,107	100%	24.9%	63.7%
2014	157,643,778	122,315,347	279,959,125	206,052,122	100%	39.6%	73.6%
2013	145,133,491	122,225,939	267,359,430	181,660,667	100%	29.9%	67.9%
2012	134,860,787	120,692,122	255,552,909	173,837,727	100%	32.3%	68.0%
2011	123,380,792	117,637,323	241,018,115	168,963,695	100%	38.7%	70.1%
2010	116,246,146	110,844,693	227,090,839	162,389,627	100%	41.6%	71.5%

Milliman Actuarial Valuation

Milliman

Metropolitan Transit Authority Union Pension Plan

January 1, 2020 Actuarial Valuation

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Issued July 31, 2020

January 1, 2020 Actuarial Valuation of the Metropolitan Transit Authority Union Pension Plan

The actuarial valuation of the Metropolitan Transit Authority of Harris County, Texas (METRO) Union Pension Plan (the "Plan") for the plan year beginning January 1, 2020 has been completed in accordance with applicable provisions of the Internal Revenue Code (IRC) and the Employee Retirement Income Security Act of 1974 (ERISA), including all regulations and guidance issued to date. The valuation results contained in this report are based on the actuarial assumptions and methodology (Appendix A) and principal plan provisions (Appendix B) summarized in the appendices. In addition, Appendix C contains information about the Plan's risks. The Table of Contents lists the supporting schedules (Exhibits) which were prepared to support the results presented in the Executive Summary.

Purpose of the Valuation

In general, the annual actuarial valuation determines the current level of employer contributions that, taking into account prior funding, will accumulate assets sufficient to meet benefit payments and administrative expenses when due under the terms of the Plan. More specifically, the valuation determines the contribution for the current plan year sufficient to fund the cost of benefits accruing during the year (normal cost) plus an additional amount to fund the excess of plan liabilities over plan assets (unfunded accrued liability) over a period not to exceed 23 years.

The valuation also includes:

- Operational information that is required either for inclusion in financial statements or in forms to be filed with regulatory governmental agencies;
- Assumptions based on an experience study for the four plan years ending December 31, 2018;
- Subsequent assumptions updates effective December 31, 2019 to the earnings progression based on Plan Sponsor input and a high-level review;
- A new mortality assumption effective December 31, 2019 based on the latest mortality projection scale published by the Society of Actuaries in October 2019; and
- An assessment of the relative funded position of the Plan comparing assets and projected liabilities.

Funding Objective

The Plan's funding objective is to receive each year the actuarially determined contribution from Metropolitan Transit Authority of Harris County, Texas (the "Plan Sponsor"). Effective October 1, 2018, each eligible employee participating in the Plan began making a $3.00 contribution to the Plan per weekly pay period. These "Pick-Up Contributions" will be treated as employee contributions. This funding will allow the Plan to accumulate sufficient assets, generally over the employees' working career, to pay retirement benefits.

Annual contributions from the Plan Sponsor will change due to actuarial assumptions, investment returns and census changes being different from expected.

Meeting the Funding Objective

The Plan is meeting its funding objective as it continues to receive the actuarially determined annual contribution from the Plan Sponsor. The Plan Sponsor has made annual contributions amounts that have matched or exceeded the actuarially determined contribution for at least each of the prior 10 plan years. Any decreases in year to year funded status were the result of experience losses and/or changes in assumptions. The funded status of the Plan for the last five years is as follows:

Plan Year	2016	2017	2018	2019	2020
Funded Status	62.5%	65.2%	66.2%	62.5%	64.2%

Responsibility for Actuarial Assumptions

Actuarial assumptions and methods are chosen and authorized by the Committee and Plan Sponsor after discussions with the actuary.

Changes in Actuarial Methods and Assumptions

While there was no change to actuarial methods, there were several assumption changes effective with this valuation as listed below:

- The mortality table assumption for the prior valuation was the PubG-2010 projected forward (fully generational) with MP-2018. The mortality table was updated to PubG-2010 projected forward (fully generational) with MP-2019. Pub-2010 tables for disabled lives and contingent survivors were used.
- The investment rate of return assumption changed from 6.50% to 6.25%.
- The salary scale assumption changed from 2.75% to 3.00%.
- The optional form election, termination rates, retirement rates, and disability rates were updated based on the latest experience study dated April 8, 2020.

Limited Distribution

Milliman's work is prepared solely for the use and benefit of the Plan Sponsor. 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:

- 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 the Plan.
- The Plan Sponsor may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

Any third party recipient of this work product who desires professional guidance should not rely upon Milliman's work product, but should engage qualified professionals for advice appropriate to its own specific needs.

Reliance

In preparing the funding policy report, we relied, without audit, on information (some oral and some in writing) supplied by the Plan Sponsor and the Plan's Trustees. This information includes, but is not limited to, plan documents and provisions, participant data, and financial information. . We found this information 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.

Limited Use

Actuarial computations for purposes other than determining the contribution requirements for an ongoing plan (such as for assessing benefit security upon potential plan termination) may yield significantly different results from those shown in this report.

This report includes assessments of the Plan's funded status as well as any other purposes that may be described above based on asset and liability measurements using the actuarial assumptions and methods for each measurement. These measurements are summarized in the relevant sections of this report. Funded status measurements provided for the purpose of complying with accounting requirements may not be appropriate for assessing the need for, or the amount of, future plan contributions. Likewise, the funded status measurements may not be appropriate for assessing the sufficiency of the Plan's assets to cover the estimated cost of settling the Plan's obligations, and these values could also change if there is any change in the Plan's Actuarial Value of Assets.

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.

Certification

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.	Katherine Pitzinger
James Tumlinson, Jr.	Katherine Pitzinger
Principal and Consulting Actuary	Actuarial Associate
Member, American Academy of Actuaries	Member, American Academy of Actuaries

July 31, 2020
Date

Table of Contents

Executive Summary

A. Summary of Key Valuation Results

	Actuarial Valuation for Plan Year Beginning	
	January 1, 2019	January 1, 2020
Participant Data		
Number of Participants		
Active Participants	1,591	1,469
Terminated Vested Participants	574	582
Retired Participants	1,248	1,354
Disabled Participants	192	185
Beneficiaries	351	350
Total Participants	3,956	3,940
Assets		
Market Value of Assets	$254,400,189	$294,629,862
Investment yield in year	(6.7)%	17.6%
Actuarial Value of Assets	$273,167,539	$284,189,712
Investment yield in year	3.8%	5.6%
Actuarial Present Values		
Present Value of Benefits	$456,199,313	$463,674,525
Actuarial Value of Assets	273,167,539	284,189,712
Unfunded Present Value of Benefits	183,031,774	179,484,813
Actuarial Accrued Liability	436,915,656	442,825,021
Actuarial Value of Assets	273,167,539	284,189,712
Unfunded Actuarial Accrued Liability	163,748,117	158,635,309
Costs and Contributions		
Normal Cost	$3,896,474	$3,665,323
Past Service Contribution	12,822,738 (1)	12,408,732(2)
Interest on Contribution	1,086,749	1,004,628
Actuarially Determined Contribution as of end of year	$17,805,961	$17,078,683

(1) 24 year amortization for 2019.

(2) 23 year amortization for 2020.

B. Purpose of this Report

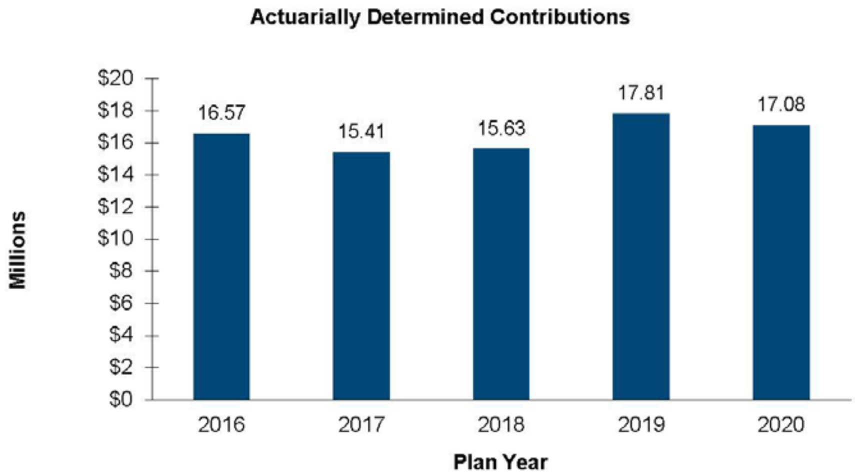
This funding policy report has been prepared for the Metropolitan Transit Authority Union Pension Plan as of January 1, 2020 to:

- Calculate the Actuarially Determined Contribution for the plan year beginning January 1, 2020.
- Review the experience for the plan year ending December 31, 2019. ("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.
- Review the Plan's funded status.

C. Actuarially Determined Contribution for the 2020 Plan Year

The Actuarially Determined Contribution for the plan year beginning January 1, 2020 is $17,078,683.

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



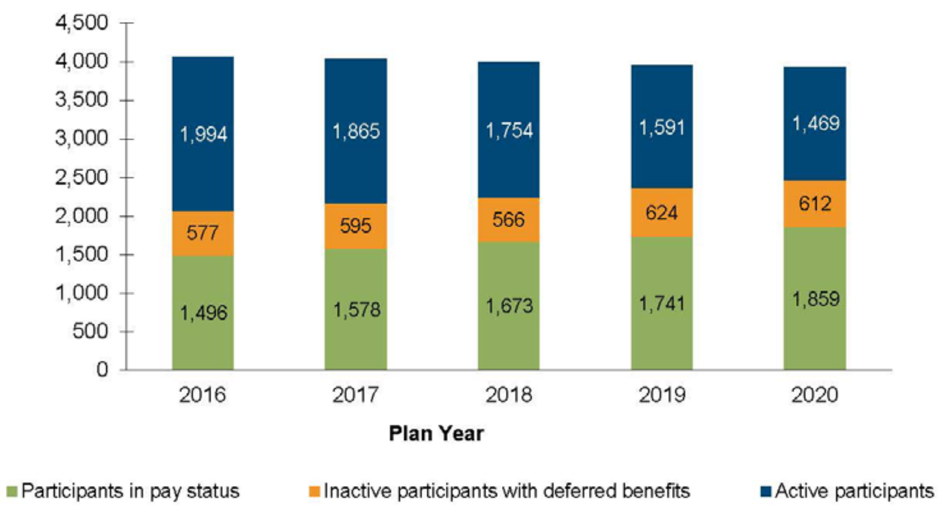
D. Plan Experience

Change in Demographics

From January 1, 2019 to January 1, 2020, the number of active participants in the Plan decreased by 7.7% from 1,591 to 1,469; while the total number of participants decreased by 0.4% from 3,956 to 3,940.

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

Historical Participation



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 2019 plan year was more favorable than expected, generating a net actuarial gain as follows:

- Demographic experience different from that assumed, which resulted in an actuarial gain of approximately $3.8 million.

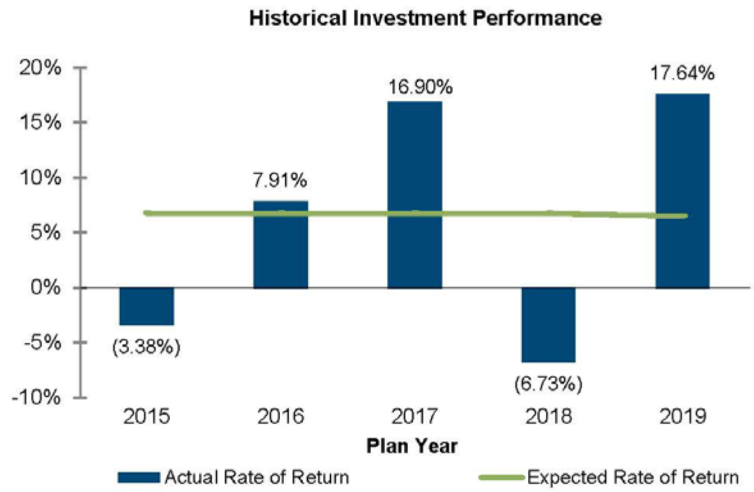
In addition, the actuarial assumption change to mortality, interest rate, and the most recent experience study resulted in an actuarial loss of approximately $0.2 million ($3.3 million gain for mortality, $11.8 million loss for interest rate, and $8.3 million gain for experience study changes).

Change in Assets

Asset experience for the 2019 plan year was more favorable than expected, generating a net actuarial gain. The return on the actuarial value of assets for 2019 was more than assumed, generating a net actuarial gain.

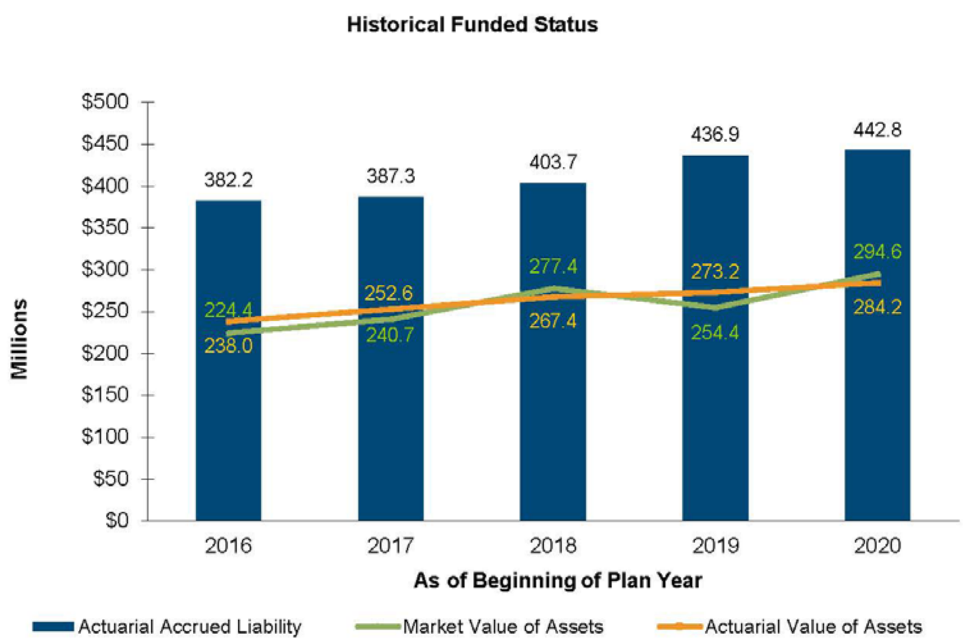
- The rate of return on the market value of plan assets for 2019 was 17.64%, which was greater than the assumed rate of 6.50%, resulting in an investment gain of approximately $28.1 million.

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



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.



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 $326,240 for the 2019 plan year to $337,196 for the 2020 plan year and is based on the prior plan year's expenses, excluding investment management fees.
- The mortality table assumption for the prior valuation was the PubG-2010 projected forward (fully generational) with MP-2018. The mortality table was updated to PubG-2010 projected forward (fully generational) with MP-2019. Pub-2010 tables for disabled lives and contingent survivors were used.
- The investment rate of return assumption changed from 6.50% to 6.25%.
- The salary scale assumption changed from 2.75% to 3.00% (this change does not affect the funding valuation since the Actuarial Cost Method is Entry Age Normal, Level Dollar).
- The optional form election, termination rates, retirement rates and disability rates were updated based on the latest experience study dated April 8, 2020.

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, 2020, including the following:

- Effective October 1, 2018, each eligible employee participating in the Plan shall make a $3.00 contribution to the Plan per weekly pay period during such employee's employment. These Pick-Up Contributions will be treated as employee contributions. Since these contribution amounts are minimal, they have not been applied as minimum required benefits for retirement, termination, disability, and death benefits.
- An increase in the annual benefit under Internal Revenue Code (IRC) Section 415(b) from $225,000 to $230,000.

These changes had an immaterial impact on valuation results.

Please see Appendix B for a summary of plan provisions.

Exhibits

Exhibit 1

Change in Participation

The change in participation from January 1, 2019 to January 1, 2020 is shown below.

	Active Participants	Inactive Participants with Deferred Benefits[1]	Participants in Pay Status	Total
Participants as of January 1, 2019	1,591	624	1,741	3,956
Terminated non-vested	(1)	0	0	(1)
Terminated vested	(46)	46	0	0
Died without beneficiary[2]	(4)	(2)	(35)	(41)
Died with beneficiary	(3)	0	(14)	(17)
Retired	(69)	(72)	141	0
Received lump sum distribution	0	0	0	0
Certain period expired	0	0	(1)	(1)
New Beneficiaries	0	(1)	17	16
New Alternate Payees	0	14	5	19
Pickup Participant[3]	0	0	4	4
Pickup Beneficiary[4]	0	0	2	2
Dropped Beneficiary[5]	0	2	(2)	0
Dropped Alternate Payee	0	0	0	0
Rehired	0	0	0	0
Net data adjustments	1	1	1	3
Participants as of December 31, 2019	1,469	612	1,859	3,940
New participants as of January 1, 2020	0	0	0	0
Participants as of January 1, 2020	1,469	612	1,859	3,940

For January 1, 2019, the above participant counts include 94 alternate payees currently receiving benefits and 49 alternate payees entitled to future benefits under Qualified Domestic Relations Orders.

For January 1, 2020, the above participant counts include 98 alternate payees currently receiving benefits and 24 alternate payees entitled to future benefits under Qualified Domestic Relations Orders. METRO updated the status of 36 alternate payees to terminated vested or beneficiary not in pay status.

[1] Includes deferred beneficiaries, deferred alternate payees, and deferred disabled participants.
[2] Unmarried active participants and inactive participants with deferred benefits are not eligible for a death benefit.
[3] Retirees had both union and non-union service which was split upon retirement, not previously valued.
[4] Beneficiary not related to recent death.
[5] Beneficiary in pay whose payments have been suspended.

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	0	0	0	0	0	0	0	0	0	0	0
25-29	0	0	2	2	0	0	0	0	0	0	4
30-34	0	5	16	23	0	0	0	0	0	0	44
35-39	0	3	18	45	22	0	0	0	0	0	88
40-44	0	3	28	53	39	8	0	0	0	0	131
45-49	0	3	28	63	47	40	13	0	0	0	194
50-54	0	1	34	62	68	65	31	8	1	0	270
55-59	0	0	41	55	61	83	55	23	13	1	332
60-64	0	1	21	32	40	47	39	53	44	9	286
65-69	0	0	11	13	17	14	7	12	17	11	102
70&Up	0	0	3	2	3	4	2	2	2	0	18
Total	0	16	202	350	297	261	147	98	77	21	1,469

Exhibit 3

Inactive Participants

Terminated Vested Participants

Age	Number of Participants	Average Annual Benefit
< 30	1	$1,920
30 - 34	18	5,461
35 - 39	54	5,225
40 - 44	70	5,652
45 - 49	100	6,483
50 - 54	111	7,333
55 - 59	137	8,227
60 - 64	62	8,469
65 & Up	29	10,349
Total	582	$7,204

Retirees, Beneficiaries, and Disabled Participants

Age	Number of Participants	Average Annual Benefit
< 55	61	$6,955
55 - 59	87	9,651
60 - 64	426	11,472
65 - 69	549	12,602
70 - 74	420	12,329
75 - 79	211	11,855
80 - 84	88	10,008
85 - 89	28	6,245
90 & Up	19	6,446
Total	1,889	$11,608

Exhibit 4

Summary of Plan Assets

The summary of plan assets on a Market Value basis as of December 31, 2019 is shown below.

1.	Assets	
	a. Receivable income	$30,129
	b. Interest bearing cash	902,903
	c. Corporate debt - other	93,448,448
	d. Corporate stocks - common	161,568,388
	e. Real estate	38,964,726
	f. Total	294,914,594
2.	Liabilities	
	a. Other liabilities	284,732
	b. Total	284,732
3.	Total	
	[(1f) - (2b)]	$294,629,862

Exhibit 5

Summary of Income and Disbursements

The change in the Market Value of Assets from December 31, 2018 to December 31, 2019 is shown below.

1.	Market Value of Assets as of December 31, 2018	$254,400,189
2.	Income	
	a. Employer contributions for plan year	17,805,961
	b. Employee pick-up contributions for plan year	199,644
	c. Realized Gain / (Loss)	43,137,051
	d. Other income	2,175,848
	e. Total	63,318,504
3.	Disbursements	
	a. Benefit payments to participants	21,934,190
	b. Investment management fees	817,446
	c. Trustees fees/expenses	224,517
	d. Other expenses	112,679
	e. Total	23,088,831
4.	Net increase / (decrease) [(2e) - (3e)]	40,229,673
5.	Market Value of Assets as of December 31, 2019 [(1) + (4)]	$294,629,862

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, 2020 is determined below.

1.	Market Value of Assets as of December 31, 2019				$294,629,862
2.	Unrecognized asset gains / (losses) for the plan years ending				
		Plan Year Ending	Gain / (Loss) for Year	Percent Unrecognized	Amount Unrecognized
	a.	December 31, 2019	28,095,897	80%	22,476,717
	b.	December 31, 2018	(37,090,779)	60%	(22,254,467)
	c.	December 31, 2017	24,246,018	40%	9,698,407
	d.	December 31, 2016	2,597,467	20%	519,493
	e.	Total			$10,440,150
3.	Preliminary Actuarial Value of Assets as of January 1, 2020 [(1) - (2e)]				$284,189,712
4.	Actuarial Value of Assets as of January 1, 2020 [(3), but not less than 80% × (1), nor more than 120% × (1)]				284,189,712

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, 2019 is determined below.

1. Actuarial Value of Assets as of January 1, 2019	$273,167,539
2. Actuarial Value of Assets as of January 1, 2020	284,189,712
3. Net non-investment cash flows for plan year ending December 31, 2019	(4,265,781)
4. Investment income for plan year ending December 31, 2019 [(2) - (1) - (3)]	$15,287,954
5. Estimated investment return on Actuarial Value of Assets [{2 × (4)} ÷ {(1) + (2) - (4)}]	5.64%

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, 2019, 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, 2018	$254,400,189
2.	Market Value of Assets as of December 31, 2019	294,629,862
3.	Net non-investment cash flows for plan year ending December 31, 2019	(4,265,781)
4.	Investment income for plan year ending December 31, 2019 [(2) - (1) - (3)]	$44,495,454
5.	Estimated investment return on Market Value of Assets [{2 × (4)} ÷ {(1) + (2) - (4)}]	17.64%
6.	Expected rate of return on Market Value of Assets	6.50%
7.	Investment gain/(loss) for plan year ending December 31, 2019	$28,095,897

Exhibit 9

Contributions for Prior Plan Year

The contributions for the plan year ending December 31, 2019 were paid or are payable on the dates and in the amounts shown below.

Date of Contribution	Pick-Up Contributions*	Employer Contributions
January 8, 2019	16,356	$1,302,613
February 5, 2019	16,039	1,302,614
March 5, 2019	19,398	1,302,613
April 5, 2019	15,643	1,302,614
May 3, 2019	19,253	1,302,613
June 7, 2019	15,598	1,302,614
July 9, 2019	15,206	1,302,613
August 2, 2019	18,564	2,752,347
September 4, 2019	15,801	1,483,830
October 2, 2019	14,400	1,483,830
November 12, 2019	18,678	1,483,830
December 6, 2019	14,708	1,483,830
Total	$199,644	$17,805,961
Grand Total		**$18,005,605**

*Pick-up contribution amounts are the total for the month.

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, 2020 is determined below.

1. Actuarial Accrued Liability	
a. Active participants	$178,406,460
b. Terminated vested participants	35,187,792
c. Beneficiaries	18,105,589
d. Retired participants	193,026,118
e. Disabled participants	18,099,062
f. Total	442,825,021
2. Actuarial Value of Assets	284,189,712
3. Reserve for expenses	0
4. Unfunded Actuarial Accrued Liability [(1f) - (2) + (3)]	158,635,309
5. Amortization period as of January 1, 2020	23 years
Past Service Contribution (level dollar amortization of Unfunded Actuarial Accrued Liability as of January 1, 2020)	$12,408,732

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, 2019 is determined below.

1. Unfunded Actuarial Accrued Liability as of January 1, 2019	$163,748,117
2. Normal Cost as of January 1, 2019	3,570,234
3. Interest on (1) and (2) to end of plan year	10,875,693
4. Subtotal [(1) + (2) + (3)]	178,194,044
5. Employer contributions for plan year	17,805,961
6. Employee pick-up contributions (valued as employer contributions) for plan year	199,644
7. Administrative expenses	(337,196)
8. Interest on [(5) + (6) + (7)] to end of plan year	565,184
9. Subtotal [(5) + (6) + (7) + (8)]	18,233,593
10. Changes in Actuarial Accrued Liability	
a. Plan amendments	0
b. Changes in actuarial assumptions	196,115
c. Changes in cost method	0
d. Total	196,115
11. Expected Unfunded Actuarial Accrued Liability as of January 1, 2020 [(4) - (9) + (10d)]	160,156,566
12. Actual Unfunded Actuarial Accrued Liability as of January 1, 2020	158,635,309
13. Actuarial (Gain) / Loss for prior plan year (excluding assumption changes) [(12) - (11)]	($1,521,257)
14. Demographic experience (Gain)/Loss for prior plan year	(3,841,516)
15. Actuarial Value of Assets (Gain)/Loss for prior plan year [(13) - (14)]	2,320,259

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, 2020 is determined below. The Actuarially Determined Contribution is also shown with interest to December 31, 2020.

1. Normal Cost for benefits	
a. Withdrawal	$507,441
b. Retirement	2,698,401
c. Death	32,335
d. Disability	252,526
e. Total	3,553,703
2. Loading for expenses	337,196
3. Total Normal Cost [(1e) + (2)]	3,890,899
4. Employee Normal Cost (for Pick-Up Contributions)	225,576
5. Net Employer Normal Cost [(3) - (4)]	$3,665,323
6. Past Service Contribution [from Exhibit 10]	$12,408,732
7. Interest rate assumption	6.25%
8. Interest on contribution to end of year [{(5) + (6)} * (7)]	$1,004,628
9. Actuarially Determined Contribution as of end of year [(5) + (6) + (8)]	$17,078,683

Exhibit 13

Present Value of Accumulated Plan Benefits

Accumulated Plan Benefits are benefits earned to date, based on 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, 2020 is shown below.

	January 1, 2019	January 1, 2020
1. Present Value of vested Accumulated Plan Benefits		
a. Retired participants	$171,861,189	$193,026,118
b. Disabled participants	18,762,128	18,099,062
c. Beneficiaries	17,328,814	18,105,589
d. Terminated vested participants	39,322,009	35,187,792
e. Active participants	151,060,203	153,868,796
f. Total	398,334,343	418,287,357
2. Present Value of non-vested Accumulated Plan Benefits	15,773,644	2,644,112
3. Present Value of all Accumulated Plan Benefits [(1f) + (2)]	414,107,987	420,931,469
4. Market Value of Assets	$254,400,189	$294,629,862
5. Funded ratio		
a. Vested benefits [(4) ÷ (1f)]	63.87%	70.44%
b. All benefits [(4) ÷ (3)]	61.43%	69.99%
6. Interest rate assumption	6.50%	6.25%

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, 2019 to January 1, 2020 is shown below.

1.	Present Value of all Accumulated Plan Benefits as of January 1, 2019	$414,107,987
2.	Changes	
	a. Reduction in discount period	26,215,380
	b. Benefits accumulated	6,007,776
	c. Benefit payments	21,934,190
	d. Plan amendments	0
	e. Change in assumptions	(711,581)
	f. Actuarial (gain) / loss	(2,753,903)
	g. Total [(a) + (b) - (c) + (d) + (e) + (f)]	6,823,482
3.	Present Value of all Accumulated Plan Benefits as of January 1, 2020 [(1) + (2g)]	$420,931,469

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
2019	170	2,222,035	(52)	(529,433)	1,859	21,119,097	8.71%	11,360
2018	117	1,446,000	(49)	(475,943)	1,741	19,426,495	5.26%	11,158
2017	137	1,643,786	(42)	(307,489)	1,673	18,456,438	7.81%	11,032
2016	120	920,732	(38)	(347,721)	1,578	17,120,141	3.46%	10,849
2015	122	1,379,092	(53)	(518,858)	1,496	16,547,130	5.48%	11,061
2014	100	1,073,271	(29)	(334,136)	1,427	15,686,896	4.94%	10,993
2013	234	2,185,278	(105)	(940,941)	1,356	14,947,761	9.08%	11,023
2012	122	1,646,982	(54)	(661,938)	1,227	13,703,424	7.75%	11,168
2011	123	1,548,895	(34)	(443,119)	1,159	12,718,380	9.52%	10,974
2010	91	1,224,707	(41)	(362,651)	1,070	11,612,604	8.02%	10,853
2009	89	1,268,338	(41)	(262,306)	1,020	10,750,548	0	10,540
2008					972	9,744,516		

Exhibit 16

Solvency Test

Valuation Date January 1	Actuarial Accrued Liability (AAL) 1 Active Member Contribution*	2 Retirees and Beneficiaries	3 Active and Inactive Members (ER Financed Portion)	4 Total	5 Actuarial Value of Assets	Portion of AAL Covered by Assets 1	2	3	4
2020	-	228,120,591	214,704,430	442,825,021	284,189,712	N/A	100%	26.1%	64.2%
2019	-	206,121,805	230,793,851	436,915,656	273,167,539	N/A	100%	29.1%	62.5%
2018	-	189,547,602	214,168,546	403,716,148	267,444,642	N/A	100%	36.4%	66.2%
2017	-	178,020,187	209,314,892	387,335,079	252,586,471	N/A	100%	35.6%	65.2%
2016	-	172,618,836	209,538,803	382,157,639	238,717,731	N/A	100%	31.5%	62.5%
2015	-	181,670,789	169,936,537	351,607,326	223,969,107	N/A	100%	24.9%	63.7%
2014	-	157,643,778	122,315,347	279,959,125	206,052,122	N/A	100%	39.6%	73.6%
2013	-	145,133,491	122,225,939	267,359,430	181,660,677	N/A	100%	29.9%	67.9%
2012	-	134,860,787	120,692,122	255,552,909	173,837,727	N/A	100%	32.3%	68.0%
2011	-	123,380,792	117,637,323	241,018,115	168,963,695	N/A	100%	38.7%	70.1%
2010		116,246,146	110,844,693	227,090,839	162,389,627	N/A	100%	41.6%	71.5%

*Pick-Up Contributions beginning in 2018 (coded for 2020 valuation) impact AAL Normal Cost only (minimum benefits not applied).

Exhibit 17

Retired Members by Type of Benefit

Monthly Benefit Payment	Number of Retired Members	Type of Retirement 1	2	3	4
\$1 - \$500	**477**	198	25	38	216
501 - 1,000	**535**	326	24	85	100
1,001 - 1,500	**442**	303	78	57	4
1,501 - 2,000	**320**	210	105	5	-
2,001 - 2,500	**79**	66	13	-	-
2,501 - 3,000	**6**	6	-	-	-
Over 3,000	**-**	-	-	-	-
	1,859	1,109	245	185	320

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
\$1 - \$500	**477**	399	67	8	3
501 - 1,000	**535**	395	139	1	-
1,001 - 1,500	**442**	281	159	1	1
1,501 - 2,000	**320**	231	88	1	-
2,001 - 2,500	**79**	64	15	-	-
2,501 - 3,000	**6**	6	-	-	-
Over 3,000	**-**	-	-	-	-
	1,859	1,376	468	11	4

Option 1 - Life only
Option 2 - Joint and 50% survivor
Option 3 - Joint and 100% survivor
Option 4 - Other

Exhibit 18

Schedule of Benefit Payments by Type

	2019	2018	2017	2015	2014	2014	2013	2012
Service	17,788,497	16,152,412	15,183,240	13,908,836	13,026,439	12,344,955	11,937,794	10,778,676
Disabled	1,827,124	1,894,859	1,982,358	1,979,602	1,930,384	1,995,117	1,623,501	1,794,291
Beneficiary	1,503,476	1,379,224	1,290,841	1,231,703	1,133,635	1,018,033	732,345	461,944
Miscellaneous	815,093	368,702	343,102	536,383	476,950	565,869	592,924	439,780
Total	**21,934,190**	**19,795,197**	**18,799,540**	**17,656,524**	**16,567,409**	**15,923,974**	**14,886,564**	**13,474,692**

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)						
	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (2) - (1)	Funded Ratio (1) / (2)	Covered Payroll	UAAL as a % of Covered Payroll (3) / (5)
01/01/01	75,549	94,382	18,833	80.0%	78,251	24.1%
01/01/02	82,865	105,012	82,865	78.9%	81,573	27.1%
01/01/03	89,273	118,565	29,292	75.3%	84,370	34.7%
01/01/04	98,135	131,147	33,012	74.8%	87,119	37.9%
01/01/05	104,180	146,044	41,864	71.3%	87,157	48.0%
01/01/06	121,483	164,424	42,941	73.9%	82,900	51.8%
01/01/07	139,914	172,140	32,226	81.3%	81,287	39.6%
01/01/08	160,889	193,595	32,706	83.1%	84,414	38.7%
01/01/09	131,281	204,685	73,403	64.1%	85,317	86.0%
01/01/10	162,390	227,091	64,701	71.5%	88,184	73.4%
01/01/11	168,964	241,018	72,054	70.1%	93,675	76.9%
01/01/12	173,838	255,553	81,715	68.0%	94,043	86.9%
01/01/13	181,661	267,359	85,698	67.9%	91,830	93.3%
01/01/14	206,052	279,959	73,907	73.6%	106,317	69.5%
01/01/15	223,969	351,607	127,638	63.7%	93,228	136.9%
01/01/16	238,718	382,158	143,440	62.5%	93,228	153.9%
01/01/17	252,586	387,335	134,749	65.2%	92,486	145.7%
01/01/18	267,444	403,716	136,272	66.2%	94,148	144.7%
01/01/19	273,168	436,916	163,748	62.5%	94,602	173.1%
01/01/20	284,190	442,825	158,635	64.2%	90,602	175.1%

Schedule of Contributions from the Employer (in $1,000's)		
Fiscal Year Ending	Actuarially Determined Contribution	Percentage Contributed
09/30/01	4,969	100.0%
09/30/02	5,488	100.0%
09/30/03	6,979	100.0%
09/30/04	8,420	100.0%
09/30/05	9,959	188.4%
09/30/06	9,403	186.5%
09/30/07	8,527	193.8%
09/30/08	8,827	100.0%
09/30/09	12,186	100.0%
09/30/10	12,417	100.0%
09/30/11	13,494	100.0%
09/30/12	14,444	100.0%
09/30/13	14,335	100.0%
09/30/14	13,477	100.0%
09/30/15	15,410	123.7%
09/30/16	16,565	100.0%
09/30/17	15,413	100.0%
09/30/18	15,631	100.3%
09/30/19	17,806	100.0%

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

Exhibit 19

Funding Policy Accounting Information (continued)

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	5,537,912	5,537,912	100.0%	8.0%	30 years
09/30/01	4,969,094	4,969,094	100.0%	8.0%	30 years
09/30/02	5,488,243	5,488,243	100.0%	8.0%	30 years
09/30/03	6,979,177	6,979,177	100.0%	8.0%	30 years
09/30/04	8,419,726	8,419,726	100.0%	8.0%	30 years
09/30/05	9,959,068	18,759,068	188.4%	8.0%	30 years
09/30/06	9,402,722	17,540,722	186.5%	8.0%	30 years
09/30/07	8,527,492	16,527,492	193.8%	8.0%	30 years
09/30/08	8,826,606	8,826,606	100.0%	8.0%	30 years
09/30/09	12,185,737	12,185,737	100.0%	8.0%	30 years
09/30/10	12,416,838	12,416,849	100.0%	8.0%	30 years
09/30/11	13,493,650	13,493,652	100.0%	8.0%	30 Years
09/30/12	14,444,476	14,444,476	100.0%	8.0%	30 Years
09/30/13	14,335,058	14,335,058	100.0%	8.0%	30 Years
09/30/14	13,477,182	13,477,182	100.0%	8.0%	29 Years
09/30/15	15,410,109	19,062,423	123.7%	6.75%	28 Years
09/30/16	16,565,280	16,565,280	100.0%	6.75%	27 Years
09/30/17	15,413,823	15,413,823	100.0%	6.75%	26 Years
09/30/18*	15,631,361	15,680,817	100.3%	6.75%	25 Years
09/30/19**	17,805,961	17,805,961	100.0%	6.50%	24 Years

* Actual contribution includes pick-up contributions.

** Actual contribution does not include pick-up contributions.

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

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	2,540	2,323	85,316,896	36,727	7.7%	0.1%
01/01/10	2,502	2,362	89,325,908	37,818	3.0%	2.7%
01/01/11	2,552	2,377	93,675,182	39,409	4.2%	1.5%
01/01/12	2,504	2,321	94,043,360	40,518	2.8%	3.0%
01/01/13	2,274	2,074	91,829,981	44,277	9.3%	1.7%
01/01/14	2,241	1,873**	87,161,786	46,536	5.1%	1.5%
01/01/15	2,108	1,871	79,164,934	42,312	(9.1%)	0.8%
01/01/16	1,994	1,742	92,109,840	52,876	25.0%	0.7%
01/01/17	1,865	1,607	85,537,353	53,228	0.7%	2.1%
01/01/18	1,754	1,504	83,357,239	55,424	4.1%	2.1%
01/01/19	1,591	1,344	79,915,545	59,461	7.3%	1.9%
01/01/20	1,469	1,226	75,614,590	61,676	11.3%	2.3%

*Adjusted for active particpants suspended without pay.
**Excludes 142 recent hires with no provided pay.

Appendix A

Summary of Actuarial Assumptions and Methods

Plan Sponsor

Metropolitan Transit Authority of Harris County, Texas

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. The normal cost for each participant is computed as the level dollar amount 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 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 2020 unfunded accrued liability is amortized on a level dollar basis over a 23-year period as a component of the 2020 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.

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 Milliman Expected Return Model with a 30-year horizon.

Earnings Progression

3.00% per annum (for GASB 67/68 accounting only). 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.

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 2020 plan year is $337,196.

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

The mortality assumption is updated to Pub-2010 General Employee/Healthy Retiree Mortality Tables for M/F projected forward (fully generational) with MP-2019 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

Sample rates are as follows:

Age	Disability
25	0.06%
30	0.06%
35	0.14%
40	0.21%
45	0.57%
50	0.53%
55	0.52%
60	0.00%
64	0.00%

Withdrawal Rates

Sample rates are as follows:

Service	Withdrawal	
	Male	Female
4-5	2.00%	2.00%
6	4.00%	4.00%
7-9	4.00%	5.00%
10	3.50%	6.00%
11	3.50%	7.00%
12	2.00%	2.50%
13-14	1.50%	2.00%
15	1.50%	2.50%
16	1.50%	2.00%
17	2.50%	2.00%
18	2.00%	2.00%
19-20	1.50%	2.00%
21-22	2.50%	2.00%
23	2.50%	2.50%
24+	1.50%	1.50%

Retirement Rates

Participants are assumed to retire according to the following rates:

Age	Retirement Rate			Retirement Rate		
	Male			Female		
	Years of Service			Years of Service		
	<25	25-27	28+	<25	25-27	28+
<55	0%	0%	5%	0%	0%	10%
55	0%	5%	5%	0%	5%	5%
56	0%	5%	7.5%	0%	5%	5%
57	0%	5%	7.5%	0%	5%	7.5%
58	0%	10%	7.5%	0%	5%	7.5%
59	0%	10%	7.5%	0%	25%	7.5%
60	10%	20%	7.5%	10%	25%	7.5%
61	10%	15%	10%	10%	15%	20%
62	15%	20%	20%	30%	50%	20%
63	10%	20%	20%	13%	25%	20%
64	15%	30%	20%	13%	25%	20%
65	15%	40%	30%	25%	40%	30%
66	15%	20%	30%	25%	25%	40%
67	30%	30%	20%	25%	25%	40%
68	30%	30%	30%	25%	50%	40%
69	40%	40%	40%	25%	50%	40%
70	100%	100%	100%	100%	100%	100%

Marriage Rates

a. Percentage married: Males - 85%; Females – 60%

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

Optional Form Election

Active Participants	Single Life Annuity	50% Joint and Survivor Annuity
Retirement Decrements*	70%	30%
Termination Decrements**	70%	30%
* Annuity options are immediate.		
** Annuity options are deferred to normal retirement (age 60).		

Benefits Not Valued

The pick-up contributions have not been applied as minimum required benefits for retirement, termination, disability, and death benefits since these contribution amounts are minimal and will have a de minimis impact.

Changes in Actuarial Assumptions

Investment Rate of Return: Updated from 6.50% to 6.25% based on May 2020 Pension Boards Meeting decision.

Salary Increases: Updated from 2.75% to 3.00% based on May 2020 Pension Boards Meeting decision.

Inflation Rate: Updated from 2.30% to 2.20% based on Milliman's capital market expectations as of December 31, 2019.

Mortality: The mortality improvement projection scale is updated from MP-2018 to MP-2019 to reflect the latest (October 2019) Society of Actuaries Public Plans Mortality Study in anticipation of future mortality experience.

Retirement, Withdrawal, and Disability Decrements: Updated to reflect the latest experience study dated April 8, 2020.

Optional form election: Updated to reflect the latest experience study dated April 8, 2020.

Changes in Actuarial Methods

None.

Appendix B

Summary of Plan Provisions

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

Accrued Benefit

The Accrued Benefit for each Member is determined using the same formula which is used to compute such Member'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

Effective Date

The Plan was last amended effective October 1, 2018.

Eligible Employee Classification

Any full-time member of the Metropolitan Transit Authority who is represented by Transport Workers Union of America, Local 260, AFL-CIO and was hired before October 1, 2012, 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 Member's Normal Retirement Age is the later of age 60 or attained age upon completion of five years of participation in the Plan, or upon completion of 28 years of participation in the Plan.

Normal Retirement Date

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

One Year Break-in-Service

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

Pick-Up Contributions

Effective October 1, 2018, each eligible employee participating in the Plan shall make a $3.00 contribution to the Plan per weekly pay period during such employee's employment.

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 Member'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.

Vesting Schedule

A member will receive one year of vesting service for each 12 month period, starting with date of employment, with at least 1,000 hours of service with METRO or a predecessor company employment. No credit is given for any 12-month period with fewer than 1,000 hours. A Member's Vested Percentage will be 100% upon the completion of 5 Years of Vesting Service. Prior to the completion of 5 Years of Vesting Service, a Member'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

After 1975, a member will receive credit for one year of service for each Plan year with at least 1,000 hours of employed service in METRO or a predecessor company. No credit will be given for any year with fewer than 1,000 hours, except in the first year of employment, or in a year of re-employment, during which the member will receive a partial year's credit based on months of employment. Prior to 1976, a member will receive one year of service credit for each completed calendar year of service with METRO or a predecessor company. All of a Member'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 Member's Vested Percentage are referred to as Years of Vesting Service and are determined using the Hours of Service Method.

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

Participation

An Employee will become a member in the Plan immediately upon hire. Employees hired on or after October 1, 2012 are not eligible to participate in the Plan.

Normal Retirement

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

(a) Normal Retirement Benefit
A Member'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:

- $60.00 multiplied by the participant's Years of Benefit Service for retirements prior to October, 1, 2018,
- $65.00 multiplied by the participant's Years of Benefit Service for retirements on or after October, 1, 2018,
- but not less than $300.00.

(b) Normal Benefit Form
Lifetime Pension - Monthly pension benefit payable for the lifetime of the Member with payments terminating upon the death of the Member.

Early Retirement

(a) Early Retirement Date

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

(1) Attainment of age 55; and

(2) Completion of 25 Years of Service.

(b) Early Retirement Benefit
A Member'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 4% for each year that benefits commence before Normal Retirement Date.

Late Retirement

An active Member 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 Member'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 participant's Employer beyond the participant's Normal Retirement Date.

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

Disability Retirement

(a) Disability Retirement Date
A Member'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 Member has been found to be eligible for a Disability Retirement Benefit.

An Active Member 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 Member satisfies the following requirements:

(1) Completion of 5 Years of Service

(b) Disability Retirement Benefit

- $60.00 multiplied by the participant's Years of Benefit Service for retirements prior to October, 1, 2018,
- $65.00 multiplied by the participant's Years of Benefit Service for retirements on or after October, 1, 2018,
- but not less than $300.00.

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:

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

Pre-Retirement Death Benefit

In the event of the death of a vested Member prior to the date that the participant begins to receive a monthly pension benefit under the Plan, the Member'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 Member 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 Member's earliest retirement date.

Termination Benefit

In the event of the termination of a Member's employment for any reason other than death, disability or retirement, the Member 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, 2019, including the following:

- An increase in the annual benefit under Internal Revenue Code (IRC) Section 415(b) from $225,000 to $230,000.

Appendix C

Risk Disclosures

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 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.

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 16.5 times last year's contributions indicating a one-year asset loss of 10% would be equal to 1.65 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 11.0 years. As such, if the interest rate changes by 1%, the estimated change in pension liability is 11.0%.

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.

Appendix D

Glossary

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.

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.

Milliman Financial Reporting Valuation

Milliman

METROPOLITAN TRANSIT AUTHORITY UNION PENSION PLAN

GASB 67 and 68 DISCLOSURE
Fiscal Year: October 1, 2020 to September 30, 2021

Prepared by

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May 19, 2021

Table of Contents

Executive Summary

A. Summary of Key Results

Valuation Date	January 1, 2019	January 1, 2020
Participant Data		
Number of participants		
Active participants	1,591	1,469
Terminated vested participants	574	582
Retired participants	1,248	1,354
Disabled participants	192	185
Beneficiaries	351	350
Total participants	3,956	3,940
Covered payroll	$94,602,405	$90,601,821

Measurement Date	December 31, 2019	December 31, 2020
Assets		
Fiduciary net position	$294,629,862	$321,865,241
Money-weighted rate of return	17.63%	11.55%
Net Pension Liability		
Total pension liability	$429,293,243	$434,712,038
Fiduciary net position	294,629,862	321,865,241
Net Pension liability	$134,663,381	$112,846,797
Discount rate	6.25%	6.25%
Fiduciary net position as of % total pension liability	68.63%	74.04%
Net pension liability as of % covered payroll	142.35%	124.55%

Reporting Date	September 30, 2020	September 30, 2021
Pension Expense		
Service cost	$4,955,904	$5,230,632
Interest on total pension liability	27,493,889	26,440,458
Effect of plan changes	0	0
Administrative expenses	337,196	388,021
Member contributions	(199,644)	(184,148)
Expected investment return net of investment expenses	(16,399,557)	(18,216,427)
Recognition of deferred inflows/outflows of resources	1,214,597	(6,933,222)
Pension expense	$17,402,385	$6,725,314

B. Purpose of this Report

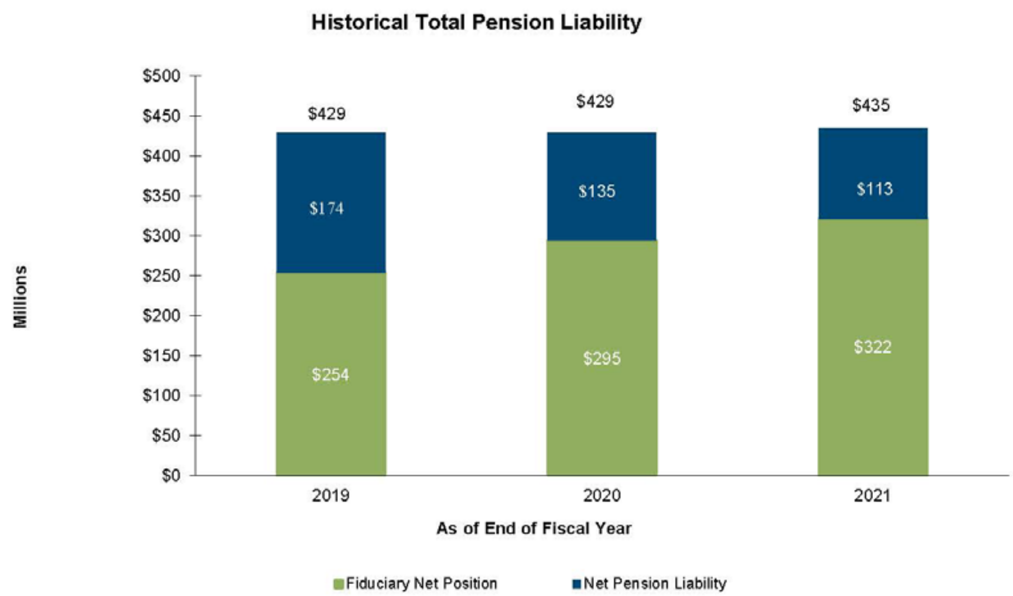
This accounting report has been prepared for the Metropolitan Transit Authority Union Pension Plan for the fiscal year October 1, 2020 to September 30, 2021 to:

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

The Valuation Date is January 1, 2020. This is the date as of which the actuarial valuation is performed. The Measurement Date is December 31, 2020. This is the date as of which the net pension liability is determined. The Reporting Date is September 30, 2021. This is the employer's fiscal year ending date.

C. Total Pension Liability and Net Pension Liability

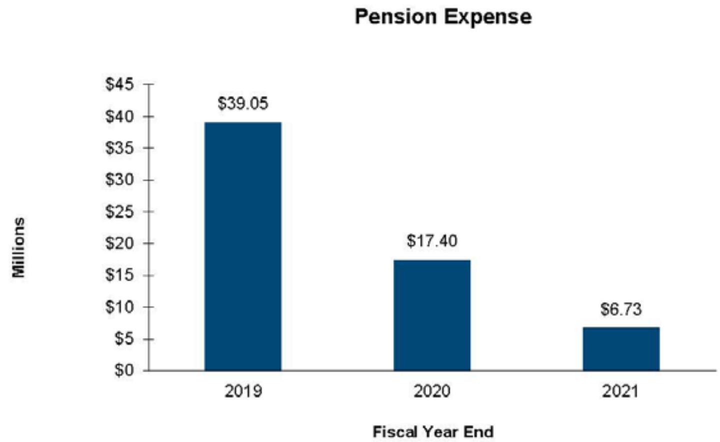
The graph below illustrates the total pension liability and the net pension liability (funded status) for the current and preceding two years.



D. Pension Expense for the 2021 Fiscal Year End

The Pension Expense measured for the plan year ending December 31, 2020 and reported for the fiscal year ending September 30, 2021 is $6,725,314.

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



E. Depletion Date

As of December 31, 2020, 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.

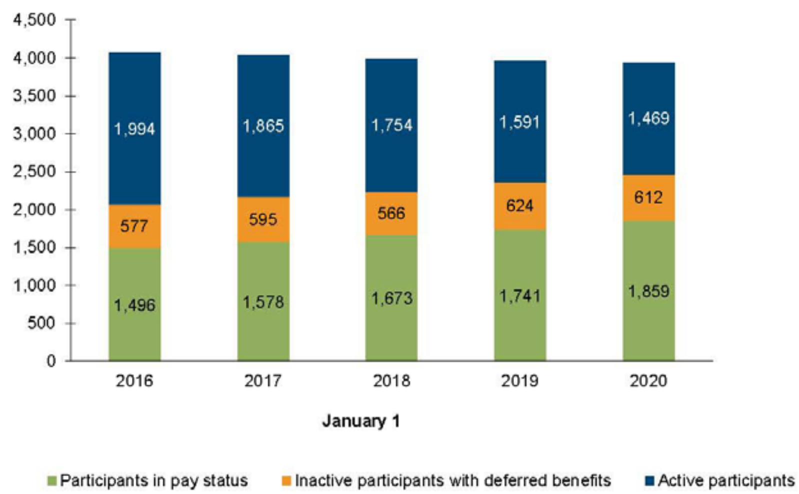
F. Plan Experience

Change in Demographics

From January 1, 2019 to January 1, 2020, the number of active participants in the Plan decreased by 7.7% from 1,591 to 1,469; while the total number of participants decreased by 0.4% from 3,956 to 3,940.

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

Historical Participation



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 2019 plan year was more favorable than expected, generating a net actuarial gain as follows:

- Demographic experience different from that assumed, which resulted in an actuarial gain of approximately $1.1 million.

In addition, the actuarial assumption changes resulted in an overall gain of approximately $1.9 million as follows:

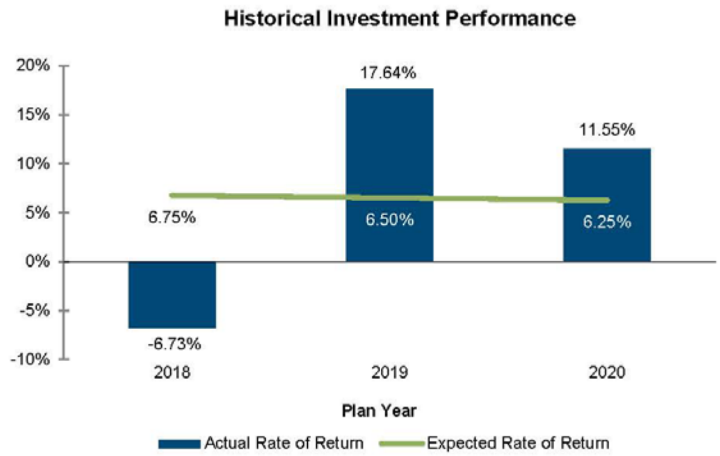
- The revised mortality assumption resulted in a decrease of the total pension liability of approximately $1.9 million.

Change in Assets

Asset experience for the 2020 plan year was more favorable than expected.

- The 2020 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 $15.5 million.

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



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-2019. The mortality table was updated to PubG-2010 projected forward (fully generational) with MP-2020. 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

None.

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, 2020 to September 30, 2021. The reporting date for determining plan assets and obligations is December 31, 2020. 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, 2020 and December 31, 2020 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 July 31, 2020 for more information on the plan's participant group as of January 1, 2020 as well as a summary of the plan provisions and a summary of the actuarial methods used for funding purposes. Please see Milliman's December 31, 2020 valuation assumptions report dated May 17, 2021 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.

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.

Katherine Pitzinger

James Tumlinson, Jr., EA, MAAA Principal and Consulting Actuary	Katherine Pitzinger, ASA, EA, MAAA Actuarial Associate

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.

Statement of Fiduciary Net Position

	December 31, 2019	December 31, 2020
Assets		
Cash and cash equivalents	$902,903	$674,998
Receivables and prepaid expenses:		
Receivable contributions	0	0
Receivable investment income	30,129	38,522
Receivables from brokers for unsettled trades	0	138,455
Prepaid expenses	0	0
Total receivables	30,129	176,977
Investments:		
Fixed income	93,448,448	88,084,872
Stocks	161,568,388	195,306,542
Short-term investments	0	0
Real estate	38,964,726	37,893,490
Alternative investments	0	0
Total investments	293,981,562	321,284,904
Invested securities lending cash collateral	0	0
Capital assets net of accumulated depreciation	0	0
Total assets	294,914,594	322,136,879
Liabilities		
Accrued expenses and benefits payable	284,732	271,638
Securities lending cash collateral	0	0
Payable to brokers for unsettled trades	0	0
Total liabilities	284,732	271,638
Net position restricted for pensions	$294,629,862	$321,865,241

Statement of Changes in Fiduciary Net Position

	December 31, 2020
Additions	
Pick-Up contributions	$184,148
Employer contributions	17,078,683
Total contributions	17,262,831
Investment income (loss):	
Interest	2,017
Dividends	3,819,772
Equity fund income, net	0
Net increase in fair value of investments	30,524,775
Securities lending income	0
Less investment expenses:	
Direct investment expense	679,664
Securities lending management fees	0
Securities lending borrower rebates	0
Net investment income	33,666,900
Other income	0
Total additions	50,929,731
Deductions	
Service benefits	23,306,331
Disability benefits	0
Death benefits	0
Refunds of member contributions	0
Administrative expenses	388,021
Total deductions	23,694,352
Net increase (decrease)	27,235,379
Net position restricted for pensions	
Beginning of year (December 31, 2019)	294,629,862
End of year (December 31, 2020)	$321,865,241

Money-Weighted Rate of Return

Measurement Year Ending December 31	Net Money-Weighted Rate of Return
2011	0.11%
2012	16.23%
2013	16.91%
2014	4.24%
2015	(3.38%)
2016	7.91%
2017	16.90%
2018	(6.73%)
2019	17.63%
2020	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, 202C	$294,629,862
Annual net external cash flows:	
Employer contributions	17,078,683
Employee contributions	184,148
Benefit payments	(23,306,331)
Administrative expenses	(388,021)
Total	(6,431,521)
Investment Income	33,666,900
Ending Value - December 31, 202C	321,865,241
Money-Weighted Rate of Return	11.55%

Net Pension Liability

Net Pension Liability	December 31, 2019	December 31, 2020
Total pension liability	$429,293,243	$434,712,038
Fiduciary net position	294,629,862	321,865,241
Net pension liability	$134,663,381	$112,846,797
Fiduciary net position as a % of total pension liability	68.63%	74.04%
Covered payroll	94,602,405	90,601,821
Net pension liability as a % of covered payroll	142.35%	124.55%

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, 2020 were based on the results of an actuarial experience study for the period January 1, 2015 - December 31, 2018.

Valuation date	January 1, 2019	January 1, 2020
Measurement date	December 31, 2019	December 31, 2020
Actuarial cost method	Entry Age Normal	Entry Age Normal
Inflation	2.20%	2.20%
Salary increases including inflation	3.00%	3.00%
Mortality	Pub-2010 Mortality, projected forward (fully generational) with MP-2019	Pub-2010 Mortality, projected forward (fully generational) with MP-2020

Please see Milliman's final Assumption Selection and Methodology Report dated May 17, 2021 for more detail.

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, 2021 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	0.12%	-0.54%	-0.52%
US Core Fixed Income	Barclays Aggregate	18.47%	0.73%	0.66%
Global Bonds	Citi WGBI	8.88%	-0.03%	-0.27%
US Large & Mid Caps	Russell 1000	19.32%	3.94%	2.68%
US Small Caps	Russell 2000	5.92%	5.00%	2.98%
US Large Value	Russell 1000 Value	4.21%	4.12%	2.94%
US MidCap Growth	Russell MidCap Growth	5.43%	4.70%	2.42%
US MidCap Value	Russell MidCap Value	3.34%	4.20%	2.74%
Global Equity	MSCI ACWI NR	4.02%	4.58%	3.23%
Non-US Equity	MSCI ACWI xUS NR	12.83%	5.48%	3.86%
Non-US Small Cap	S&P EPAC EMI	5.66%	5.83%	4.01%
US REITs	FTSE NAREIT Equity REIT	11.80%	5.12%	3.42%
		100.00%		
Assumed Inflation - Mean			2.20%	2.20%
Assumed Inflation - Standard Deviation			1.65%	1.65%
Portfolio Real Mean Return			3.58%	2.87%
Portfolio Nominal Mean Return			5.79%	5.13%
Portfolio Standard Deviation				12.10%
Long-Term Expected Rate of Return				**6.25%**

* Actual allocation as of December 31, 2020.

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:

- Pick-up contributions which began October 1, 2018 have been reflected in this projection.
- 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 December 31, 2020 measurement.
- 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 July 31, 2020 which identifies, assesses, and provides illustrations of risks that are significant to the Plan, and in some cases to the Plan's participants.

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	$78,232,333	$0	$78,232,333	$206,544	$15,858,178	$0	$16,064,722
2	73,254,508	0	73,254,508	187,980	14,854,874	0	15,042,854
3	68,063,580	0	68,063,580	171,132	14,331,774	0	14,502,906
4	63,073,460	0	63,073,460	155,532	13,140,518	0	13,296,050
5	58,317,973	0	58,317,973	140,556	12,539,103	0	12,679,659
6	53,479,076	0	53,479,076	126,672	12,250,397	0	12,377,069
7	49,302,008	0	49,302,008	113,724	11,975,856	0	12,089,580
8	45,122,662	0	45,122,662	101,868	11,745,351	0	11,847,219
9	41,201,040	0	41,201,040	90,948	11,518,961	0	11,609,909
10	37,478,039	0	37,478,039	80,964	11,313,078	0	11,394,042

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

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	$321,865,241	$16,064,722	$25,665,524	$391,901	$19,804,306	$331,676,844
2	331,676,844	15,042,854	27,281,049	395,820	20,334,990	339,377,819
3	339,377,819	14,502,906	28,668,527	399,778	20,755,945	345,568,365
4	345,568,365	13,296,050	30,025,655	403,776	21,062,605	349,497,589
5	349,497,589	12,679,659	31,320,220	407,814	21,248,338	351,697,552
6	351,697,552	12,377,069	32,442,750	411,892	21,341,173	352,561,152
7	352,561,152	12,089,580	33,462,345	416,011	21,354,173	352,126,549
8	352,126,549	11,847,219	34,206,942	420,171	21,296,038	350,642,693
9	350,642,693	11,609,909	34,858,876	424,373	21,175,376	348,144,729
10	348,144,729	11,394,042	35,386,941	428,617	20,995,873	344,719,086

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

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	$321,865,241	$25,665,524	$25,665,524	$0	$24,899,216	$0	$24,899,216
2	331,676,844	27,281,049	27,281,049	0	24,909,652	0	24,909,652
3	339,377,819	28,668,527	28,668,527	0	24,636,728	0	24,636,728
4	345,568,365	30,025,655	30,025,655	0	24,285,173	0	24,285,173
5	349,497,589	31,320,220	31,320,220	0	23,842,104	0	23,842,104
6	351,697,552	32,442,750	32,442,750	0	23,243,873	0	23,243,873
7	352,561,152	33,462,345	33,462,345	0	22,564,113	0	22,564,113
8	352,126,549	34,206,942	34,206,942	0	21,709,370	0	21,709,369
9	350,642,693	34,858,876	34,858,876	0	20,821,758	0	20,821,758
10	348,144,729	35,386,941	35,386,941	0	19,893,816	0	19,893,816
95	61,695	0	0	0	0	0	0
96	62,326	0	0	0	0	0	0
97	62,964	0	0	0	0	0	0
98	63,610	0	0	0	0	0	0
99	64,151	0	0	0	0	0	0
Total					464,506,845	0	464,506,845

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%.

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, 2019	$429,293,243	$294,629,862	$134,663,381
Changes for the year:			
Service cost	5,230,632		5,230,632
Interest on total pension liability	26,440,458		26,440,458
Effect of plan changes	0		0
Effect of economic/demographic gains or losses	(1,065,945)		(1,065,945)
Effect of assumptions changes or inputs	(1,880,019)		(1,880,019)
Benefit payments	(23,306,331)	(23,306,331)	0
Employer contributions		17,078,683	(17,078,683)
Member contributions		184,148	(184,148)
Net investment income		33,666,900	(33,666,900)
Administrative expenses		(388,021)	388,021
Balances as of December 31, 2020	$434,712,038	$321,865,241	$112,846,797

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	$482,098,631	$434,712,038	$394,446,689
Fiduciary net position	321,865,241	321,865,241	321,865,241
Net pension liability	$160,233,390	$112,846,797	$72,581,448

Pension Expense

Pension Expense	October 1, 2019 to September 30, 2020	October 1, 2020 to September 30, 2021
Service cost	$4,955,904	$5,230,632
Interest on total pension liability	27,493,889	26,440,458
Effect of plan changes	0	0
Administrative expenses	337,196	388,021
Member contributions	(199,644)	(184,148)
Expected investment return net of investment expenses	(16,399,557)	(18,216,427)
Recognition of Deferred Inflows/Outflows of Resources		
Recognition of economic/demographic gains or losses	(5,346,290)	(3,198,841)
Recognition of assumption changes or inputs	5,449,281	2,925,436
Recognition of investment gains or losses	1,111,606	(6,659,817)
Pension Expense	$17,402,385	$6,725,314

As of September 30, 2021, 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	($2,217,463)	$0
Changes of assumptions	(4,920,073)	2,908,572
Net difference between projected and actual earnings	(19,230,808)	0
Contributions made subsequent to measurement date	0	0
Total	(26,368,344)	2,908,572

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:	
2022	($7,590,580)
2023	(3,885,701)
2024	(8,893,398)
2025	(3,090,093)
2026	0
Thereafter*	0

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

Schedule of Deferred Inflows and Outflows of Resources

	Original Amount	Date Established	Original Rec. Period*	Amount Recognized in Pension Expense for FYE 09/30/2021	Amount Recognized in Pension Expense through 09/30/2021	Balance of Deferred Inflows as of 09/30/2021	Balance of Deferred Outflows as of 09/30/2021
Economic/ demographic gains or losses	($1,065,945)	9/30/2021	3.2	($333,108)	($333,108)	($732,837)	$0
	(1,881,792)	9/30/2020	3.6	(522,720)	(1,045,440)	(836,352)	0
	(4,970,092)	9/30/2019	3.5	(1,440,606)	(4,321,818)	(648,274)	0
	(2,012,736)	9/30/2018	3.8	(423,735)	(2,012,736)	0	0
	(10,556,008)	9/30/2017	4.2	(478,672)	(10,556,008)	0	0
		Total		(3,198,841)	(21,049,677)	(2,217,463)	0
Assumption changes or inputs	(1,880,019)	9/30/2021	3.2	(587,506)	(587,506)	(1,292,513)	0
	(8,162,008)	9/30/2020	3.6	(2,267,224)	(4,534,448)	(3,627,560)	0
	22,299,060	9/30/2019	3.5	6,463,496	19,390,488	0	2,908,572
	(2,089,318)	9/30/2018	3.8	(439,855)	(2,089,318)	0	0
	(5,369,295)	9/30/2017	4.2	(243,475)	(5,369,295)	0	0
		Total		2,925,436	32,489,706	(4,920,073)	2,908,572
Investment gains or losses	(15,450,473)	9/30/2021	5.0	(3,090,095)	(3,090,095)	(12,360,378)	0
	(28,095,897)	9/30/2020	5.0	(5,619,179)	(11,238,358)	(16,857,539)	0
	37,090,779	9/30/2019	5.0	7,418,156	22,254,468	0	14,836,311
	(24,246,018)	9/30/2018	5.0	(4,849,204)	(19,396,816)	(4,849,202)	0
	(2,597,467)	9/30/2017	5.0	(519,495)	(2,597,467)	0	0
		Total		(6,659,817)	(14,068,268)	(34,067,119)	14,836,311

	Balance of Deferred Inflows	Balance of Deferred Outflows
Total for economic/demographic gains or losses and assumption changes or inputs	(7,137,536)	2,908,572
Net deferred (inflows)/outflows for investment gains or losses	(19,230,808)	0
Total deferred (inflows)/outflows	(26,368,344)	2,908,572
Total net deferrals	(23,459,772)	

* 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.

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

	Fiscal Year Ending September 30									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total Pension Liability										
Service cost	$5,231	$4,956	$4,647	$4,930	$5,329	$5,550	$5,435	N/A	N/A	N/A
Interest on total pension liability	26,440	27,494	25,780	25,075	24,589	24,786	22,447	N/A	N/A	N/A
Effect of plan changes	0	0	13,851	0	0	0	0	N/A	N/A	N/A
Effect of economic/demographic gains or losses	(1,066)	(1,882)	(4,970)	(2,013)	(10,556)	(2,781)	0	N/A	N/A	N/A
Effect of assumption changes or inputs	(1,880)	(8,162)	22,299	(2,089)	(5,369)	25,680	0	N/A	N/A	N/A
Benefit payments	(23,306)	(21,934)	(19,795)	(18,800)	(17,657)	(16,567)	(15,924)	N/A	N/A	N/A
Net change in total pension liability	$5,419	$472	$41,812	$7,104	($3,664)	$36,668	$11,958	N/A	N/A	N/A
Total pension liability, beginning	$429,293	$428,821	$387,010	$379,906	$383,569	$346,901	$334,943	N/A	N/A	N/A
Total pension liability, ending (a)	$434,712	$429,293	$428,821	$387,010	$379,906	$383,569	$346,901	N/A	N/A	N/A
Fiduciary Net Position										
Employer contributions	$17,079	$17,806	$15,631	$15,414	$16,565	$19,062	$13,477	N/A	N/A	N/A
Pick-up contributions	184	200	0	0	0	0	0	N/A	N/A	N/A
Net investment income	33,667	44,495	(18,517)	40,370	17,696	(7,810)	9,448	N/A	N/A	N/A
Benefit payments	(23,306)	(21,934)	(19,795)	(18,800)	(17,657)	(16,567)	(15,924)	N/A	N/A	N/A
Administrative expenses	(388)	(337)	(326)	(315)	(278)	(314)	(1,333)	N/A	N/A	N/A
Net change in plan fiduciary net position	$27,235	$40,230	($22,957)	$36,669	$16,327	($5,629)	$5,668	N/A	N/A	N/A
Fiduciary net position, beginning	$294,630	$254,400	$277,357	$240,688	$224,361	$229,990	$224,322	N/A	N/A	N/A
Fiduciary net position, ending (b)	$321,865	$294,630	$254,400	$277,357	$240,688	$224,361	$229,990	N/A	N/A	N/A
Net pension liability, ending = (a) - (b)	$112,847	$134,663	$174,421	$109,652	$139,217	$159,208	$116,911	N/A	N/A	N/A
Fiduciary net position as a % of total pension liability	74.04%	68.63%	59.33%	71.67%	63.35%	58.49%	66.30%	N/A	N/A	N/A
Covered payroll	$90,602	$94,602	$97,251	$103,246	$106,575	$93,228	$92,277	N/A	N/A	N/A
Net pension liability as a % of covered payroll	124.55%	142.35%	179.35%	106.21%	130.63%	170.77%	126.70%	N/A	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.

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
2012	$13,493,650	$13,493,650	$0	$93,675,000	14.40%
2013	14,444,476	14,444,476	0	94,043,000	15.36%
2014	14,335,058	14,335,058	0	91,830,000	15.61%
2015	13,477,182	13,477,182	0	92,277,465	14.61%
2016	15,410,109	19,062,423	(3,652,314)	93,227,967	20.45%
2017	16,565,280	16,565,280	0	106,574,630	15.54%
2018	15,413,823	15,413,823	0	103,245,714	14.93%
2019	15,631,361	15,680,817	(49,456)	97,250,761	16.12%
2020	17,805,961	17,805,961	0	94,602,405	18.82%
2021	17,078,683	17,078,683	0	90,601,821	18.85%

*2019 includes $49,456 in pick-up contributions, none shown for 2020 (valued as employee contributions going forward).

Actuarial Methods and Assumptions Used for Funding Policy

The following actuarial methods and assumptions were used in the January 1, 2020 valuation. Please see Milliman's valuation report dated July 31, 2020 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
Amortization Method	
Level percent or level dollar	Level dollar
Closed, open, or layered periods	Closed
Amortization period at 01/01/2020	23 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, 2020 valuation report.
Turnover	See turnover rates in the January 1, 2020 valuation report.
Mortality	Pub-2010 Mortality, projected forward (fully generational) with MP-2019 (updated from Pub-2010 Mortality, projected forward (fully generational) with MP-2018 used for December 31, 2019 measurement).

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, 2020	($429,293,243)	$294,629,862	($134,663,381)	($10,928,473)	$9,372,068	($10,440,152)	($11,996,557)	($146,659,938)	
Service cost	(5,230,632)		(5,230,632)						5,230,632
Interest on total pension liability	(26,440,458)		(26,440,458)						26,440,458
Effect of plan changes	0		0						0
Effect of liability gains or losses	1,065,945		1,065,945	(1,065,945)			(1,065,945)		
Effect of assumption changes or inputs	1,880,019		1,880,019	(1,880,019)			(1,880,019)		
Benefit payments	23,306,331	(23,306,331)	0						
Administrative expenses		(388,021)	(388,021)						388,021
Member contributions		184,148	184,148						(184,148)
Expected net investment income		18,216,427	18,216,427						(18,216,427)
Investment gains or losses		15,450,473	15,450,473			(15,450,473)	(15,450,473)		
Employer contributions		17,078,683	17,078,683					17,078,683	
Recognition of liability gains or losses				3,198,841			3,198,841		(3,198,841)
Recognition of assumption changes or inputs				3,538,060	(6,463,496)		(2,925,436)		2,925,436
Recognition of investment gains or losses						6,659,817	6,659,817		(6,659,817)
Annual expense								(6,725,314)	6,725,314
Balances as of September 30, 2021	(434,712,038)	321,865,241	(112,846,797)	(7,137,536)	2,908,572	(19,230,808)	(23,459,772)	(136,306,569)	

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.

Statistical Section

(Unaudited)

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

Metropolitan Transit Authority
Transport Workers Union Pension Plan, Local 260, AFL-CIO
Schedule of Benefit Payments to Participants
For the Last Ten Years

End of Year	Participants Receiving Benefits	Payments (in thousands)	Approximate Annual Benefit
December 31 2020	1,966	$ 23,307	$ 11,855
December 31 2019	1,859	21,934	11,799
December 31 2018	1,741	19,795	11,370
December 31 2017	1,673	18,800	11,237
December 31 2016	1,578	17,657	11,189
December 31 2015	1,496	16,567	11,074
December 31 2014	1,427	15,924	11,159
December 31 2013	1,356	14,887	10,922
December 31 2012	1,227	13,475	10,982
December 31 2011	1,159	12,432	10,726

Participants receiving benefits continue to increase as more employees are reaching eligible retirement age.

Benefit payments are based on years of credited services time a fixed rate as reflected in the next table.

August 1, 2002 through July 31, 2003	$ 50
August 1, 2003 through July 31, 2004	51
August 1, 2004 through July 31, 2005	52
August 1, 2005 through July 31, 2006	53
August 1, 2006 through July 31, 2007	53
August 1, 2007 through January 31, 2009	54
February 1, 2009 through September 30, 2018	60
October 1, 2018 through present	65

Metropolitan Transit Authority
Transport Workers Union Pension Plan, Local 260, AFL-CIO
Schedule of Participants by Status
For the Last Ten Years, as of December 31,

Participants	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Active	1,365	1,469	1,591	1,754	1,865	1,994	2,108	2,241	2,274	2,504
Terminated and vested	565	582	574	514	546	530	560	555	607	591
Retired	1,445	1,354	1,248	1,189	1,109	1,050	986	1018	925	862
Disabled	178	185	192	201	205	198	209	175	194	205
Beneficiaries	370	350	351	335	313	295	247	177	108	92
Total participants	3,923	3,940	3,956	3,993	4,038	4,067	4,110	4,166	4,108	4,254

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

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

Types of Benefit Payment	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Service	$19,446	$17,789	$16,152	$15,183	$13,909	$13,026	$12,345	$11,938	$10,779	$ 9,724
Disabled	1,786	1,827	1,895	1,982	1,980	1,930	1,995	1,624	1,794	1,902
Beneficiary	1,644	1,503	1,379	1,291	1,232	1,134	1,018	732	462	371
Lump sum	430	815	369	343	536	477	566	593	440	435
	$23,306	$21,934	$19,795	$18,799	$17,657	$16,567	$15,924	$14,887	$13,475	$12,432

Benefit payments continue to increase as more individual retiree.

Metropolitan Transit Authority
Transport Workers Union Pension Plan, Local 260, AFL-CIO
Schedule of Retired Participants by Types of Benefits

Monthly Benefit Payment	Number of Retirees	Type of Retirement					Option Selected			
		1	2	3	4	5	1	2	3	4
$1 - $500	477	198	25	38	216	-	399	67	8	3
501 - 1,000	535	326	24	85	100	-	395	139	1	-
1,001 - 1,500	442	303	78	57	4	-	281	159	1	1
1,501 - 2,000	320	210	105	5	-	-	231	88	1	-
2,001 - 2,500	79	66	13	-	-	-	64	15	-	-
2,501 – 3,000	6	6	-	-	-	-	6	-	-	-
Over 3,000	-	-	-	-	-	-	-	-	-	-
	1,859	1,109	245	185	320	-	1,376	468	11	4

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 - Joint and 50% survivor
Option 3 – Joint and 100% survivor
Option 4- Other

Transport Workers Union Pension Plan, Local 260, AFL-CIO
Statements of Changes in Fiduciary Net Position
For Ten Years Ended December 31,

	2020	2019	2018	2017	2016
Additions					
Employer contributions	$ 17,078,683	$ 17,805,961	$ 15,631,361	$ 15,413,823	$ 16,565,280
Pick-up contributions	184,148	199,644	49,546	-	-
Investment income					
Interest and dividends	3,821,788	2,175,848	2,296,629	1,671,687	812,399
Net appreciation/(depreciation) on investments	30,524,776	43,137,051	(20,344,177)	39,154,613	17,297,528
Investment income/(loss)	34,346,564	45,312,899	(18,047,548)	40,826,300	18,109,927
Less investment expenses	679,664	817,445	469,031	456,670	413,535
Net investment income/(loss)	33,666,900	44,495,454	(18,516,579)	40,369,630	17,696,392
Total additions	50,929,731	62,501,059	(2,835,762)	55,783,453	34,261,672
Deductions					
Paid to Plan members and beneficiaries	23,306,331	21,934,190	19,795,197	18,799,540	17,656,524
Administrative services	388,021	337,196	326,240	314,986	277,833
Total deductions	23,694,352	22,271,386	20,121,437	19,114,526	17,934,357
Change in fiduciary net position	27,235,379	40,229,673	(22,957,199)	36,668,927	16,327,315
Fiduciary net position restricted for pension					
Beginning of the year	294,629,862	254,400,189	277,357,388	240,688,461	224,361,146
End of the year	$ 321,865,241	$ 294,629,862	$254,400,189	$277,357,388	$ 240,688,461

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
Transport Workers Union Pension Plan, Local 260, AFL-CIO
Statements of Changes in Fiduciary Net Position
For Ten Years Ended December 31,

	2015	2014	2013	2012	2011
Additions					
Employer contributions	$ 19,062,423	$ 13,477,182	$ 14,335,058	$ 14,444,476	$ 13,493,652
Employer contributions	-	-	-	-	-
Investment income					
Interest and dividends	1,380,500	1,815,928	1,618,017	1,899,115	1,498,725
Net (depreciation) appreciation on investments	(8,338,049)	7,632,448	30,987,053	24,177,917	(1,312,402)
Investment (loss)/income	(6,957,549)	9,448,376	32,605,070	26,077,032	186,323
Less investment expenses	852,342	1,013,392	804,134	694,340	692,570
Net investment (loss)/income	(7,809,891)	8,434,984	31,800,936	25,382,692	(506,247)
Total additions	11,252,532	21,912,166	46,135,994	39,827,168	12,987,405
Deductions					
Paid to Plan members and beneficiaries	16,567,409	15,923,974	14,886,564	13,474,692	12,432,267
Administrative services	314,046	319,754	218,461	192,453	186,582
Total deductions	16,881,455	16,243,728	15,105,025	13,667,145	12,618,849
Change in fiduciary net position	(5,628,923)	5,668,438	31,030,969	26,160,023	368,556
Fiduciary net position restricted for pension					
Beginning of the year	229,990,069	224,321,631	193,290,662	167,130,639	166,762,083
End of the year	$224,361,146	$ 229,990,069	$224,321,631	$193,290,662	$167,130,639

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