Pension Plan for Bargaining Unit Employees of TriMet

July 1, 2014 GASB 67 and 68 Valuation

Based on assumptions selected by TriMet

Prepared by:
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August 6, 2014

Mr. Dave Auxier
Executive Director of Finance and Administration
TriMet
1800 SW 1st Avenue, Suite 300
Portland, Oregon 97201

Dear Dave:

As requested, we performed an actuarial valuation of the Pension Plan for Bargaining Unit Employees of TriMet as of July 1, 2014, for the Plan Year ending June 30, 2015. Our findings are set forth in this actuary's report. The assumptions used for the valuation were selected by TriMet, including the assumption for the long term expected return on plan assets of 7.00%. Performing the valuation using other assumptions will yield different results.

In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by TriMet. This information includes, but is not limited to, benefit provisions, member census 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.

All costs, liabilities, and other factors for the Plan have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the Plan and reasonable expectations); and which, in combination, offer a reasonable estimate of anticipated experience affecting 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. 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.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as 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 our assignment, we did not perform an analysis of the potential range of future measurements. TriMet has the final decision regarding the appropriateness of the assumptions.

Actuarial computations presented in this report are for purpose of fulfilling TriMet's financial accounting and reporting requirements under GASB 67 and 68. The calculations enclosed in this report have been made on a basis consistent with our understanding of the Plan, TriMet's funding policy and GASB 67 and 68. 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.

Milliman's work is prepared solely for the use and benefit of TriMet. Milliman does not intend to benefit or create a legal duty to any third party recipient of this report. No third party recipient of Milliman's work product should rely upon this report. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

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

The signing actuary is independent of the plan sponsor. I am not aware of any relationship that would impair the objectivity of our work.

On the basis of the foregoing, I hereby certify that, to the best of my knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices. I am a member of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

Sincerely,

Nina Lantz

Nina Lantz, ASA, EA, MAAA
Principal and Consulting Actuary

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PENSION PLAN FOR BARGAINING UNIT EMPLOYEES OF TRIMET

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SECTION 1
Purpose and Summary

Purpose

This report presents the results of our actuarial valuation of the Plan as of July 1, 2014. The purpose of this report is to develop the actuarial disclosure information required by the Government Accounting Standards Board (GASB) Statements No. 67 and 68 as of June 30, 2014. The assumptions used for the valuation were selected by TriMet, including the assumption for the long term expected return on plan assets of 7.00%. Performing the valuation using other assumptions will yield different results.

Prior valuations provided figures used for funding and accounting purposes. By contrast, the figures in this report are only intended for financial reporting under GASB 67 and 68, and comparisons herein with the 2013 valuation report are only made with respect to GASB requirements. The formal funding calculations as of July 1, 2014 have not yet been completed, but may be based in part on the findings in this report.

Plan Benefits Valued

The Plan provisions used for the valuation were based on the plan document restated effective July 1, 2013 and are summarized in Appendix A. There were no changes since the last valuation that impacted liabilities.

Because the Union employees have not received a general wage adjustment since the expiration of the Union contract on November 30, 2012, no adjustment was made to the benefit accrual rates on February 1, 2013 or February 1, 2014, which are adjusted based upon general wage adjustments. The Union contract is currently under negotiation. If any adjustments result from the negotiation, those adjustments will be reflected in subsequent actuarial valuations.

Actuarial Methods and Assumptions

Appendix B summarizes the assumptions and methods used for the valuation. Changes from the July 1, 2013 actuarial valuation are listed below.

- The long-term expected return on plan assets was lowered from 7.50% to 7.00%, which resulted in a lower discount rate and an increase in total pension liability of approximately $32.7 million.

- As required by GASB, the actuarial cost method was changed from the individual entry age normal actuarial cost method with the normal cost expressed as a level dollar amount to the individual entry age normal actuarial cost method with the normal cost expressed as a level percentage of payroll.

  A procedure to annualize payroll as well as an assumption to increase pay into the future were introduced in order to calculate liabilities under the new actuarial cost method.

  In prior valuations, an annual normal cost was calculated for disabled participants who continue to earn service between the date of disability and age 62. Since these participants do not have pay, the valuation for disabled participants was changed to assume that these participants fully accrue their projected age 62 retirement benefit as of the date of their disability.

  The decrease in total pension liability due to the changes above was approximately $15.0 million.

- The following demographic assumptions were changed to the assumptions recommended in the 2013 Experience Study report, which were approved by the Board of Trustees.
    - Retirement rates from active status
    - Withdrawal rates
    - Disability incidence and mortality
    - Percentage of future disabilities eligible for Social Security disability benefits
    - Unused sick leave benefits
    - Transfers from mini-run to full time
    - Spouse age difference
    - Probability of marriage/domestic partner
    - Assumed form of payment upon retirement

  The decrease in total pension liability due to the change in demographic assumptions was approximately $3.2 million.

Anticipated administrative expenses were increased from $250,000 to $275,000 based on recent plan experience and future expectations.

Participant Statistics

The following is a summary of the more important figures developed in this valuation, together with comparable figures from the prior valuation report. The participant data that was supplied to us is summarized in more detail in Appendix C.

	July 1, 2014	July 1, 2013
Active Participants	1,817	1,938
Average Age	51.3	50.8
Average Years of Vesting Service	13.9	13.2
Management Transfers	60	61
Vested Terminations	140	149
Retirees, Disabled & Beneficiaries	1,518	1,431
Average Age	68.4	68.0
Average Monthly Benefit	$1,619	$1,605
Total Participants	3,535	3,579
Ratio of Inactives to Actives	88%	79%

GASB Summary

New accounting standards, GASB Statements No. 67 and 68, substantially revised the accounting requirements previously mandated under GASB Statements No. 25 and 27. GASB 67 governs financial reporting for public pension plans and is effective for plan fiscal years beginning after June 15, 2013. GASB 68 governs the accounting of pension plan obligations for public employers and is effective for employer fiscal years beginning after June 15, 2014. TriMet has elected to apply both of the new GASB accounting standards effective beginning with the fiscal year ending June 30, 2014.

The GASB statements provide that in the first period that the statements are applied, changes made to comply with the new standards should be treated as an adjustment to prior periods and the financial statements presented for prior periods should be restated. Since TriMet's audited financial statements show three fiscal years of information, the results from the July 1, 2011, July 1, 2012 and July 1, 2013 valuations were restated to comply with the new standards. This required the valuation liabilities to be recalculated using the individual entry age normal actuarial cost method as a level percent of payroll and the change in how current disabled participants are valued as described above. All other assumptions, methods, plan provisions, asset values and census data remained unchanged from the original valuation. A summary of the revised measurements is shown on Exhibit 7.

A summary of the key figures disclosed under the new GASB standards for fiscal years ending June 30, 2013 and June 30, 2014 are shown below.

	June 30, 2013	June 30, 2014
Total Pension Liability	$574,616,034	$618,228,084
Fiduciary Net Position	365,989,374	448,378,984
Net Pension Liability	$208,626,660	$169,849,100
Funded Percentage	63.69%	72.53%
Pension Expense	$ 32,647,905	$ 25,539,363
Discount Rate	7.50%	7.00%
Long-term Expected Return on Plan Assets	7.50%	7.00%
Actuarially determined contribution	$ 34,637,624	$ 35,553,324
Actual employer contribution*	70,379,741	47,261,301
Contribution deficiency (excess)	$ (35,742,117)	$ (11,707,977)

* Excluding contributions for Medicare reimbursement payments.

The annual pension expense reflects changes in the net pension liability from the prior year to the current year, with limited smoothing for investment gains and losses, economic and demographic gains and losses and assumption changes.

The actuarially determined contribution for fiscal years ending June 30, 2013 and June 30, 2014 were the recommended contributions reported in the July 1, 2011 and July 1, 2012 actuarial valuations respectively.

Experience Gains and Losses

Experience gains and losses occur due to Plan experience that is different from the actuarial assumptions used to value the Plan's liabilities and assets. Since actual experience will never exactly match the Plan's assumptions, it is certain that the Plan will experience actuarial gains and losses each year. These gains and losses arise from three sources: investment experience, expense experience, and demographic experience. During the 2013-2014 plan year, the total experience gain was approximately $47.8 million.

Investment Experience

The investment rate of return on the fiduciary net position for the plan year ending June 30, 2014 was about 17.3%. Compared to the 7.5% return assumed for the 2013-2014 plan year, there was an investment gain of approximately $36.5 million.

Expense Experience

There was an experience loss of about $237,000 due to higher administrative expenses than the $250,000 assumed during the 2013-2014 plan year.

Demographic Experience

Demographic gains and losses occur when the Plan's actual demographic experience differs from our valuation assumptions. The Plan experienced a net gain on the total pension liability of approximately $11.3 million from demographic experience different than assumed.

The primary source of demographic gains for the 2013-2014 plan year was cost-of-living adjustments (COLAs) coming in below the valuation assumption (3.0% for participants who retired before August 1, 2012 and 2.7% for participants who retired on or after August 1, 2012). The actual COLA was 1.37% and 1.23%, respectively. In addition, no increase was made to the benefit rate effective on February 1, 2014 due to ongoing labor negotiations. Combined, these lower than expected increases resulted in a gain of about $12.8 million.

The remaining $1.5 million in net losses was due to more disabilities than expected, fewer terminations and retirements than expected, and fewer retiree deaths. The workforce continues to age and work past the age at which they are first eligible for unreduced retirement benefits (58). The average age of the active group has increased from 49.6 to 51.3 over the past 6 years. About 62% of the active population is age 50 and older.

Sensitivity of Results

The results presented in this report are dependent upon the actuarial assumptions being realized in the future. To the extent that actual Plan experience differs from the assumptions, future actuarial costs will differ from those presented in this report.

SECTION 2
Discussion of the Valuation

Implementation of GASB 67 and 68

GASB released new accounting standards for public pension plans and employers in June 2012. These standards, GASB Statements No. 67 and 68, substantially revised the accounting requirements previously mandated under GASB Statements No. 25 and 27. GASB 67 applies to financial reporting for public pension plans and is effective for plan fiscal years beginning after June 15, 2013. GASB 68 governs the accounting for pension plan obligations for public employers and is effective for employer fiscal years beginning after June 15, 2014. Earlier application is encouraged but not required.

TriMet has elected to apply both of the new GASB accounting standards effective beginning with the fiscal year ending June 30, 2014.

The GASB statements provide that in the first period that the statements are applied, changes made to comply with the new standards should be treated as an adjustment to prior periods and the financial statements presented for prior periods should be restated. Since TriMet's audited financial statements show three fiscal years of information, the valuation results were restated to comply with the new standards beginning with the fiscal year ending June 30, 2011. A summary of the revised measurements is shown on Exhibit 7.

Discount Rate

Under GASB 67 and 68, the discount rate is a single rate that reflects the long-term expected rate of return on the fiduciary net position to the extent those assets plus future contributions in excess of normal costs are sufficient to pay projected benefits, and a 20-year tax-exempt, high quality general obligation municipal bond yield or index rate to the extent that assets and future contributions are not sufficient.

Further, the standards provide that professional judgment should be used in projecting contributions for this solvency projection. Contributions established by statute or contract or any formal, written policy related to contributions should be reflected. The most recent five years of contributions made by the employer should also be considered as a key indicator of future contributions. In absence of a contract or formal written policy, contributions should be limited to an average of contributions over the most recent five years and adjusted for any subsequent events.

In our professional judgment, TriMet's recent adoption of a formal, written funding policy qualifies as a subsequent event which should be considered in conjunction with their recent contribution practice for purposes of developing the discount rate as of June 30, 2011, June 30, 2012, June 30, 2013 and June 30, 2014.

Exhibit 1 describes the techniques and assumptions used for the depletion date projection. Exhibit 2 shows the projection of the fiduciary net position over the next 30 years assuming all assumptions are met and describes the discount rate. Exhibit 3 shows the discount rate as of June 30, 2013 and June 30, 2014.

Net Pension Liability

The net pension liability is measured as the total pension liability minus the fiduciary net position.

Total pension liability is determined using the entry age normal actuarial cost allocation method. In addition, GASB 67 and 68 require that the allocation of costs for accounting purposes be made as a level percentage of employees' projected pay, including future anticipated pay increases. The Plan's total pension liability reflects a 3% long-term annual salary increase assumption.

The fiduciary net position is equal to the market value of assets as of the valuation date.

Exhibit 3 shows the net pension liability as of June 30, 2013 and June 30, 2014. The changes in the net pension liability for fiscal years ending June 30, 2013 and June 30, 2014 are shown on Exhibit 4. The 10-year schedule of changes in the net pension liability and related ratios are provided in Exhibit 7. This 10-year schedule is shown on a prospective basis from June 30, 2011 as allowed under GASB 67 and 68.

Sensitivity Analysis

Exhibit 4 shows what the net pension liability would be using a discount rate that is 1 percentage point lower and 1 percentage point higher than the rate used as of June 30, 2014.

Deferred Inflows and Outflows

Under GASB 68, gains and losses which are amortized over future years are referred to as deferred inflows (gains) and deferred outflows (losses).

- Investment gains and losses are recognized over a closed five year period.
- Economic and demographic gains and losses and changes in the total pension liability due to changes in assumptions are recognized over the closed period equal to the average expected remaining service lives of all covered active and inactive employees, determined as of the beginning of the measurement period.

  The amortization period is calculated as the weighted average of expected remaining service lives assuming zero years for all inactive employees. Active employees include management transfers and inactive employees include terminated vested and disabled employees, retirees and beneficiaries.

  The amortization period for the June 30, 2013 to June 30, 2014 measurement period was 5.8, based on the following statistics.

As of June 30, 2013	Expected Remaining Service Lives	Employee Count
Active employees	10.317	1,999
Inactive employees	0.000	1,580

Exhibit 5 shows the total deferred inflows and outflows of resources as of June 30, 2014 along with a schedule showing the amounts that will be recognized in future years. All outstanding deferred inflows and outflows as of June 30, 2014 are shown on Exhibit 6.

Pension Expense

The annual pension expense reflects changes in the net pension liability from the prior year to the current year, with limited smoothing for deferred items. Because GASB requires that a portion of the changes in the net pension liability due to gains and losses and assumption changes be reflected during the current fiscal year, the final pension expense for any year will not be known until after the fiscal year end. Exhibit 5 shows the pension expense for the fiscal year ending June 30, 2014.

Schedule of Employer Contributions

Exhibit 8 is a 10-year schedule of the actuarially determined contribution, contributions made in relation to the actuarially determined contribution and related ratios. It also summarizes the significant methods and assumptions that were used to develop the actuarially determined contribution. Milliman’s first actuarial valuation for the Plan was as of July 1, 2004.

Money-Weighted Rate of Return

Exhibit 9 is calculation of the money-weighted rate of return net of investment expenses for the fiscal year ending June 30, 2014 assuming monthly cash flows occur at the end of each month.

Long-Term Expected Rate of Return by Asset Class

Exhibit 10 provides the expected real rate of return for each asset class, excluding inflation. It is based on the capital market assumptions developed by Milliman’s investment consulting practice as of December 31, 2013 and the Plan’s investment policy adopted by the Plan’s Board of Trustees and last amended February 14, 2014.

Notes and Required Supplementary Information

GASB 67 and 68 require additional information be presented in the notes to the financial statements and required supplementary information (RSI). The attached exhibits relate to the actuarial disclosures of the Plan. Additional information related to the Plan provisions, census data, and assumptions and methods used for the actuarial disclosures may be found in the respective actuarial valuation reports for the applicable plan years.

Exhibit 1

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:

- Benefit payments are projected based on the Plan provisions summarized in Appendix A and the actuarial assumptions and methods described in Appendix B. Projected benefit payments are shown in Appendix D.

- Administrative expenses are assumed to be $275,000 for the 2013-2014 fiscal year, increasing 3% per year for each year benefit payments increase, and decreasing 2% per year thereafter.

- TriMet is assumed to contribute the actuarially determined contribution each year. The funding policy used to determine the actuarially determined contribution is assumed to be effective July 1, 2014 and does not change in the future.

  On February 26, 2014, TriMet's Board of Directors approved Resolution 14-02-06, formally adopting a pension funding policy for the Plan. This policy provides for an actuarially determined contribution based on the following parameters:

  - Use of the entry age normal, level percentage of payroll actuarial cost allocation method

  - Five year smoothing of market value investment gains and losses, with the resulting smoothed asset value within 20% of market value

  - Long-term average annual investment return on plan assets (to be reviewed and updated as appropriate at least every 2 years). The rate of return assumption was changed from 7.5% to 7.0% effective July 1, 2014.

  - Initial amortization period of 15 years, reducing one year annually until 5 years is reached.

  Prior to the adoption of the funding policy, we are not aware of any formal, written funding policy. TriMet's contribution practice over the past five years has been to contribute the Annual Required Contribution (ARC) based on assumptions and methods compliant with GASB 25 and 27.

- 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 7.00%.

- The assumed tax-exempt, high-quality general obligation municipal bond index rate is 4.00%.

Future projections will yield different results as actual Plan experience becomes known.

Exhibit 2

Projection of Fiduciary Net Position and Discount Rate

Fiscal Year Beginning	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Administrative Expenses	Projected Investment Earnings	Projected Ending Fiduciary Net Position
7/1/2014	$ 448,378,984	$ 31,925,575	$ (30,723,901)	$ (275,000)	$ 31,418,414	$ 480,724,072
7/1/2015	480,724,072	30,151,928	(33,351,980)	(283,250)	33,530,831	510,771,601
7/1/2016	510,771,601	29,003,838	(35,945,665)	(291,748)	35,505,119	539,043,145
7/1/2017	539,043,145	27,413,001	(38,478,701)	(300,500)	37,341,931	565,018,876
7/1/2018	565,018,876	26,199,373	(41,227,482)	(309,515)	39,023,584	588,704,836
7/1/2019	588,704,836	25,909,541	(43,877,975)	(318,800)	40,580,111	610,997,713
7/1/2020	610,997,713	25,704,073	(46,334,567)	(328,364)	42,048,687	632,087,542
7/1/2021	632,087,542	25,555,639	(48,717,556)	(338,215)	43,437,534	652,024,944
7/1/2022	652,024,944	25,400,739	(51,131,869)	(348,361)	44,744,402	670,689,855
7/1/2023	670,689,855	25,290,737	(53,368,940)	(358,812)	45,969,828	688,222,668
7/1/2024	688,222,668	25,228,667	(55,454,067)	(369,576)	47,122,874	704,750,566
7/1/2025	704,750,566	21,737,614	(57,336,876)	(380,663)	48,094,541	716,865,182
7/1/2026	716,865,182	18,776,545	(59,186,621)	(392,083)	48,776,640	724,839,663
7/1/2027	724,839,663	16,249,838	(60,800,275)	(403,845)	49,191,988	729,077,369
7/1/2028	729,077,369	14,107,311	(62,222,616)	(415,960)	49,365,550	729,911,654
7/1/2029	729,911,654	12,270,475	(63,461,937)	(428,439)	49,317,676	727,609,429
7/1/2030	727,609,429	10,700,256	(64,511,398)	(441,292)	49,065,940	722,422,935
7/1/2031	722,422,935	9,343,595	(65,547,855)	(454,531)	48,620,087	714,384,231
7/1/2032	714,384,231	8,171,568	(66,247,683)	(468,167)	47,992,502	703,832,451
7/1/2033	703,832,451	7,172,022	(66,637,340)	(482,212)	47,205,594	691,090,515
7/1/2034	691,090,515	6,311,655	(66,803,223)	(496,678)	46,277,850	676,380,119
7/1/2035	676,380,119	5,544,385	(66,788,652)	(486,744)	45,222,565	659,871,673
7/1/2036	659,871,673	4,867,537	(66,528,611)	(477,009)	44,052,967	641,786,557
7/1/2037	641,786,557	4,288,527	(66,037,690)	(467,469)	42,784,306	622,354,231
7/1/2038	622,354,231	3,777,420	(65,367,103)	(458,120)	41,429,853	601,736,281
7/1/2039	601,736,281	3,327,906	(64,509,155)	(448,958)	40,000,965	580,107,039
7/1/2040	580,107,039	2,938,332	(63,427,023)	(439,979)	38,511,056	557,689,425
7/1/2041	557,689,425	2,598,458	(62,171,273)	(431,179)	36,973,640	534,659,071
7/1/2042	534,659,071	2,299,858	(60,752,937)	(422,555)	35,400,340	511,183,777
7/1/2043	511,183,777	2,033,758	(59,253,381)	(414,104)	33,799,801	487,349,851

Note: Years on and after July 1, 2044 and before July 1, 2090 have been omitted from this table.

Exhibit 2

Projection of Fiduciary Net Position and Discount Rate

Fiscal Year Beginning	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Administrative Expenses	Projected Investment Earnings	Projected Ending Fiduciary Net Position
7/1/2090	314,923	166,360	(119,587)	(160,226)	18,141	219,611
7/1/2091	219,611	162,267	(86,898)	(157,021)	12,563	150,522
7/1/2092	150,522	158,362	(62,515)	(153,881)	8,540	101,028
7/1/2093	101,028	154,630	(44,530)	(150,803)	5,671	65,996
7/1/2094	65,996	151,054	(31,314)	(147,787)	3,655	41,604
7/1/2095	41,604	147,620	(21,731)	(144,831)	2,261	24,923
7/1/2096	24,923	144,319	(14,899)	(141,934)	1,314	13,723
7/1/2097	13,723	141,136	(10,061)	(139,095)	685	6,388
7/1/2098	6,388	138,063	(6,686)	(136,313)	277	1,729
7/1/2099	1,729	135,090	(4,357)	(133,587)	23	(1,102)
7/1/2100	(1,102)	132,260	(2,801)	(130,915)	(127)	(2,685)
7/1/2101	(2,685)	129,526	(1,776)	(128,297)	(207)	(3,439)
7/1/2102	(3,439)	126,820	(1,106)	(125,731)	(241)	(3,697)
7/1/2103	(3,697)	124,161	(674)	(123,216)	(249)	(3,675)
7/1/2104	(3,675)	121,564	(394)	(120,752)	(243)	(3,500)
7/1/2105	(3,500)	119,029	(225)	(118,337)	(229)	(3,262)
7/1/2106	(3,262)	116,558	(121)	(115,970)	(212)	(3,007)
7/1/2107	(3,007)	114,153	(66)	(113,651)	(195)	(2,766)
7/1/2108	(2,766)	111,806	(34)	(111,378)	(180)	(2,552)
7/1/2109	(2,552)	109,520	(15)	(109,150)	(166)	(2,363)
7/1/2110	(2,363)	107,289	(5)	(106,967)	(155)	(2,201)
7/1/2111	(2,201)	105,111	(1)	(104,828)	(144)	(2,063)
7/1/2112	(2,063)	102,983	-	(102,731)	(136)	(1,947)

Projection Results: The Plan's fiduciary net position is projected to become insolvent during the 2099-2100 plan year. Nearly all of the Plan's benefits are expected to have been paid out by this time. Assuming a municipal bond rate of 4.00% after this year, the single effective discount rate would be 6.999998%.

Discount Rate: The discount rate for purposes of calculating liabilities in this report is equal to the expected long-term expected rate of return on plan assets, 7.0%.

Exhibit 3

Net Pension Liability

Net Pension Liability	June 30, 2013	June 30, 2014
Total pension liability	$574,616,034	$618,228,084
Fiduciary net position	365,989,374	448,378,984
Net pension liability	$208,626,660	$169,849,100
Fiduciary net position as a % of total pension liability	63.69%	72.53%
Covered payroll	$125,143,307	124,695,531
Net pension liability as a % of covered payroll	166.71%	136.21%

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.

Discount Rate

The Plan's fiduciary net position plus anticipated future contributions in adherence with the funding policy is projected to become insolvent during the 2094-2095 plan year. Nearly all of the Plan's benefits are expected to have been paid out by this time. The single effective discount rate for purposes of calculating liabilities in this report is equal to the expected long-term expected rate of return on plan assets.

Discount rate	7.50%	7.00%
Long-term expected rate of return (net of investment expenses)	7.50%	7.00%

Other Key Actuarial Assumptions

Valuation date	July 1, 2013	July 1, 2014
Measurement date	June 30, 2013	June 30, 2014
Inflation (also used for salary increase assumption)	3.00%	3.00%
Cost-of-Living Adjustments		
Benefit Multiplier and Disability Benefits	Inflation	Inflation
If retired prior to August 1, 2012	Inflation	Inflation
If retired on or after August 1, 2012	90% of Inflation	90% of Inflation
Mortality	RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment for males and females, projected to 2010 using Scale AA	RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment for males and females, projected to 2010 using Scale AA
Actuarial cost method	Entry Age Normal as Level % of Pay	Entry Age Normal as Level % of Pay

Exhibit 4

Changes in Net Pension Liability
(June 30, 2013 to June 30, 2014)

Changes in Net Pension Liability	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of June 30, 2013	$574,616,034	$365,989,374	$208,626,660
Changes for the year:			
Service cost	11,406,016		11,406,016
Interest on total pension liability	42,869,939		42,869,939
Effect of plan changes	0		0
Effect of economic/demographic (gains) or losses	(11,294,241)		(11,294,241)
Effect of assumptions changes or inputs	29,476,059		29,476,059
Benefit payments*	(28,845,723)	(28,845,723)	0
Administrative expenses		(486,934)	486,934
Member contributions		0	0
Net investment income		64,460,966	(64,460,966)
Employer contributions*		47,261,301	(47,261,301)
Balances as of June 30, 2014	$618,228,084	$448,378,984	$169,849,100

* *Medicare reimbursements are excluded in the benefit payment and employer contribution amounts above.*

Sensitivity Analysis

The following presents the net pension liability of the Plan, calculated using the discount rate of 7.0%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate.

	1% Decrease 6.0%	Current Discount Rate 7.0%	1% Increase 8.0%
Total pension liability	$692,539,587	$618,228,084	$555,535,266
Fiduciary net position	448,378,984	448,378,984	448,378,984
Net pension liability	244,160,603	169,849,100	107,156,282

Exhibit 5

Pension Expense

Pension Expense	July 1, 2013 to June 30, 2014
Service cost	$11,406,016
Interest on total pension liability	42,869,939
Effect of plan changes	0
Administrative expenses	486,934
Member contributions	0
Expected investment return net of investment expenses	(27,964,556)
Recognition of Deferred (Inflows)/Outflows of Resources	
Recognition of economic/demographic (gains) or losses	(2,099,451)
Recognition of assumption changes or inputs	7,599,069
Recognition of investment (gains) or losses	(6,758,588)
Pension Expense	$25,539,363

As of June 30, 2014, 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	$ (15,116,144)	$ 4,015,842
Changes of assumptions or inputs	0	34,713,638
Net difference between projected and actual earnings	(40,548,428)	8,648,919
Contributions made subsequent to measurement date	0	0
Total	$ (55,664,572)	$ 47,378,399

* *Deferred outflows of resources are presented as positive amounts. Deferred inflows of resources are presented as negative amounts.*

Other 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 June 30:	Annual Recognition*
2015	$ (1,258,970)
2016	(1,258,971)
2017	(5,583,432)
2018	(2,803,622)
2019	2,618,822
2020	0
Thereafter	0

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

Exhibit 6

Schedule of Deferred Inflows and Outflows of Resources

	Original Amount	Date Established	Original Recognition Period*	Amount Recognized in Expense 06/30/2014	Balance of Deferred Inflows 06/30/2014	Balance of Deferred Outflows 06/30/2014
Investment	$ (36,496,410)	06/30/2014	5.0	$ (7,299,282)	$ (29,197,128)	$ 0
(gains) or losses	(18,918,832)	06/30/2013	5.0	(3,783,766)	(11,351,300)	0
	21,622,299	06/30/2012	5.0	4,324,460	0	8,648,919
				$ (6,758,588)	$ (40,548,428)	$ 8,648,919
Economic/demographic	$ (11,294,241)	06/30/2014	5.8	$ (1,947,283)	$ (9,346,958)	$ 0
(gains) or losses	(8,583,422)	06/30/2013	6.1	(1,407,118)	(5,769,186)	0
	7,780,692	06/30/2012	6.2	1,254,950	0	4,015,842
				$ (2,099,451)	$ (15,116,144)	$ 4,015,842
Assumption	$ 29,476,059	06/30/2014	5.8	$ 5,082,079	$ 0	$ 24,393,980
changes or inputs	15,353,638	06/30/2013	6.1	2,516,990	0	10,319,658
	0	06/30/2012	6.2	0	0	0
				$ 7,599,069	$ 0	$ 34,713,638

* 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 weighted average of expected remaining service lives for all active and inactive participants.

Exhibit 7

Schedule of Changes in Total Pension Liability, Fiduciary Net Position and Related Ratios

	Fiscal Year Ending June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Total Pension Liability										
Service cost	$11,406,016	$11,122,166	$11,030,625	$0	$0	$0	$0	$0	$0	$0
Interest on total pension liability	42,869,939	41,827,133	40,065,267	0	0	0	0	0	0	0
Effect of plan changes	0	0	(10,616,209)	0	0	0	0	0	0	0
Effect of assumption changes or inputs	29,476,059	15,353,638	0	0	0	0	0	0	0	0
Effect of economic/demographic (gains) or losses	(11,294,241)	(8,583,422)	7,780,692	0	0	0	0	0	0	0
Benefit payments*	(28,845,723)	(27,372,519)	(23,863,800)	0	0	0	0	0	0	0
Net change in total pension liability	43,612,050	32,346,996	24,396,575	0	0	0	0	0	0	0
Total pension liability, beginning	574,616,034	542,269,038	517,872,463	0	0	0	0	0	0	0
Total pension liability, ending (a)	618,228,084	574,616,034	542,269,038	517,872,463	0	0	0	0	0	0
Fiduciary Net Position										
Employer contributions*	$47,261,301	$70,379,741	$18,823,691	$0	$0	$0	$0	$0	$0	$0
Member contributions	0	0	0	0	0	0	0	0	0	0
Investment income net of investment expenses	64,460,966	42,348,566	792,478	0	0	0	0	0	0	0
Benefit payments*	(28,845,723)	(27,372,519)	(23,863,800)	0	0	0	0	0	0	0
Administrative expenses	(486,934)	(222,824)	(289,032)	0	0	0	0	0	0	0
Net change in plan fiduciary net position	82,389,610	85,132,964	(4,536,663)	0	0	0	0	0	0	0
Fiduciary net position, beginning	365,989,374	280,856,410	285,393,073	0	0	0	0	0	0	0
Fiduciary net position, ending (b)	448,378,984	365,989,374	280,856,410	285,393,073	0	0	0	0	0	0
Net pension liability, ending = (a) - (b)	$169,849,100	$208,626,660	$261,412,628	$232,479,390	$0	$0	$0	$0	$0	$0
Fiduciary net position as a % of total pension liability	72.53%	63.69%	51.79%	55.11%	N/A	N/A	N/A	N/A	N/A	N/A
Covered payroll	$124,695,531	$125,143,307	$125,142,143	$119,165,798	$0	$0	$0	$0	$0	$0
Net pension liability as a % of covered payroll	136.21%	166.71%	208.89%	195.09%	N/A	N/A	N/A	N/A	N/A	N/A

* *Medicare reimbursements are excluded in the benefit payment and employer contribution amounts above.*

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 calculated in accordance with the current GASB standards, they should not be reported.

Exhibit 8

Schedule of Employer Contributions
(Dollar Amounts in Thousands)

	Fiscal Year Ending June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined contribution	$ 35,553	$ 34,638	$ 32,224	$ 34,028	$ 28,051	$ 26,154	$ 26,177	$ 25,511	$ 24,464	$ 19,109
Actual employer contribution*	47,261	70,379	18,824	47,428	28,051	26,154	26,177	25,511	24,075	19,440
Contribution deficiency (excess)	(11,708)	(35,741)	13,400	(13,400)	0	0	0	0	389	(331)
Covered payroll	124,696	125,143	125,142	119,166	121,124	123,784	116,418	111,877	106,705	106,578
Contribution as a % of covered payroll	37.90%	56.24%	15.04%	39.80%	23.16%	21.13%	22.49%	22.80%	22.56%	18.24%
Valuation Date	7/1/2012	7/1/2011	7/1/2010	7/1/2009	7/1/2008	7/1/2007	7/1/2006	7/1/2005	7/1/2004	
Investment Rate of Return Assumption	7.75%	7.75%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	

* *Medicare reimbursements are excluded in the actual employer contribution amounts above.*

Notes to Schedule

Valuation Date	Effective July 1, 2006: Actuarially determined contribution calculated as of the July 1 the year prior to fiscal year in which contributions are reported
Methods and assumptions used to determine contribution rates	
Actuarial Cost Method	Effective July 1, 2004: Individual entry age normal, level dollar Effective July 1, 2003: Unit credit
Amortization Method	Effective July 1, 2006: Open 20-year amortization, level dollar Effective July 1, 2005: Open 21-year amortization, level dollar Effective July 1, 2004: Open 22-year amortization, level dollar Effective July 1, 2003: Open 23-year amortization, level dollar
Asset Valuation Method	Market value gains and losses smoothed over 5 years, with result not less than 80% or greater than 120% of market value
Healthy Mortality	Effective July 1, 2010: RP-2000 Combined Healthy Mortality with Blue Collar Adjustment, projected to 2010 using Scale AA Effective July 1, 2004: RP-2000 Combined Healthy Mortality with Blue Collar Adjustment Effective July 1, 2003: 1983 Group Annuity Mortality Tables
Inflation	Effective July 1, 2004: 3.00%
Cost of Living Adjustments	Effective July 1, 2004
Benefit Multiplier and Disability Benefits	Inflation
If retired prior to August 1, 2012	Inflation
If retired on or after August 1, 2012	90% of inflation (valuation dates on and after July 1, 2012), 100% of inflation (valuation dates prior to July 1, 2012)
	Effective July 1, 2003, no cost of living adjustments assumed after the valuation date

Exhibit 9

Money-Weighted Rate of Return
(Fiscal Year Ending June 30, 2014)

The money-weighted rate of return is the internal rate of return on plan assets based on the amounts and timing of actual cash flows. External cash flows (contributions, benefit payments and administrative expenses) are determined on a monthly basis and are assumed to occur at the end 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. For these calculations, Medicare reimbursements have been excluded from both contributions and benefit payments.

	Net External Cash Flows	Periods Invested	Period Weight	Net External Cash Flows With Interest
Beginning Value - July 1, 2013	$365,989,374	12.00	1.00	$429,233,212
Monthly net external cash flows:				
July	1,374,988	11.00	0.92	1,592,157
August	1,163,405	10.00	0.83	1,327,968
September	1,247,352	9.00	0.75	1,405,749
October	1,180,665	8.00	0.67	1,313,733
November	2,057,605	7.00	0.58	2,256,900
December	1,181,727	6.00	0.50	1,279,763
January	1,251,159	5.00	0.42	1,337,787
February	1,189,902	4.00	0.33	1,254,167
March	1,171,181	3.00	0.25	1,218,794
April	1,215,436	2.00	0.17	1,248,821
May	1,146,037	1.00	0.08	1,160,744
June	3,749,189	0.00	0.00	3,749,189
Ending Value - June 30, 2014	448,378,984			448,378,984
Money-Weighted Rate of Return	17.28%			

Exhibit 10

Long-Term Expected Rate of Return by Asset Class

The best-estimate range 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 shown are one-year arithmetic averages, excluding inflation, developed by Milliman's investment consulting practice as of December 31, 2013. The Plan's investment policy adopted by the Plan's Board of Trustees was last amended February 17, 2014.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	15%	2.1%
U.S. Equity	40%	5.8%
International Equity*	15%	6.3%
Tactical Asset Allocation**	10%	4.1%
Absolute Return	10%	3.1%
Private Real Estate	6%	4.4%
Private Equity	4%	9.2%
Private Credit***	0%	4.0%

* Non-US Equities were assumed to be split 80% developed market and 20% emerging market.

** Tactical Asset Allocation Strategies were assumed to be split equally into U.S. Equity, International Equity, Fixed Income, Inflation-Indexed Bonds, REITS, Commodities, and High Yield Bonds.

*** Private Credit was assumed to have similar expected returns, volatility, and correlations as High Yield Bonds.

Appendix A

Plan Provisions

Plan Provisions

Plan provisions used were based on the plan document restated effective July 1, 2013.

Name

Pension Plan for Bargaining Unit Employees of TriMet.

Effective Date

The Plan was originally adopted in 1979 and was last restated effective July 1, 2013.

Eligibility

All ATU 757 bargaining unit employees of TriMet (TriMet Union employees) hired before August 1, 2012. TriMet Union employees who transfer to a management position continue to earn service for vesting purposes and retirement eligibility. However, no additional benefits are earned for continuous service as a management employee.

TriMet Union employees hired on or after August 1, 2012 are not eligible to participate in this Plan.

Continuous Service

All periods of service during which the employee is a member of the bargaining unit represented by ATU 757, working either as a full-time employee or mini-run operator, is entitled to payment for services rendered to TriMet and is eligible to participate in this Plan. Continuous service includes service while serving as an officer of the ATU 757.

Continuous service is measured using elapsed time. Each twelve month period of continuous service equals one year of continuous service and partial years are based on the number of days worked divided by 365.25.

Vesting Service

All continuous service plus any period of service (not already counted as continuous service) when an employee is entitled to payment for services rendered to TriMet, excluding service preceding a permanent break in service.

Normal Retirement

(a) Eligibility

For participants who earn at least 10 years of vesting service, the Normal Retirement Age is determined from the following schedule:

Severance from Service Date	Normal Retirement Age
December 1, 1994 to November 30, 1998	62
December 1, 1998 to November 30, 2000	61
December 1, 2000 to November 30, 2002	60
December 1, 2002 to November 30, 2004	59
On or after December 1, 2004	58

(b) Benefit

The normal retirement benefit for participants retiring or terminating after February 1, 1992 is determined by multiplying continuous service times the benefit rate in effect on the date of retirement or termination of employment, whichever is earlier. Mini-run operators receive 75% of the benefit rate shown below.

Effective Beginning	Benefit Rate	Effective Beginning	Benefit Rate
February 1, 1992	$ 42.00	September 1, 2003	$ 60.64
September 1, 1992	43.26	September 1, 2004	62.45
September 1, 1993	44.13	September 1, 2005	64.33
September 1, 1994	44.57	September 1, 2006	66.26
September 1, 1995	47.02	September 1, 2007	68.25
September 1, 1996	48.43	September 1, 2008	70.84
September 1, 1997	50.27	September 1, 2009	72.96
September 1, 1998	51.93	February 1, 2010	72.96
September 1, 1999	53.49	February 1, 2011	75.52
September 1, 2000	55.49	February 1, 2012	78.97
September 1, 2001	57.15	February 1, 2013	78.97
September 1, 2002	58.87	February 1, 2014	78.97

Beginning December 1, 2009, benefit rates are adjusted on February 1 each year by the amount of any specified general wage adjustment under the Working and Wage Agreement during the preceding twelve months. No adjustment was made on February 1, 2013 or February 1, 2014 consistent with the plan document, which reflects adjustments based upon general wage adjustments. Union employees have not received a general wage adjustment since the expiration of the current Union contract on November 30, 2012. The Union contract is currently under negotiation. If any adjustments result from the negotiation, those adjustments will be reflected in subsequent actuarial valuations.

A benefit derived from unused sick leave is added to the above benefit as described in (c) below.

(c) Unused Sick Leave

Vested participants who terminate after becoming eligible for early retirement will have unused accumulated sick leave up to the maximum accumulated sick leave converted to a monthly benefit at a rate of $.25 per hour for each hour of unused accrued sick leave.

Effective	Maximum Accumulated Sick Leave
December 1, 1998	1,400 hours
December 1, 2003	1,450 hours
December 1, 2004	1,500 hours
December 1, 2005	1,550 hours
December 1, 2006	1,600 hours
December 1, 2007	1,650 hours
December 1, 2008	1,700 hours

Early Retirement

(a) Eligibility

A participant may retire prior to his normal retirement date if he has 10 years of vesting service and is at least 55 years of age.

30 & Out: From December 1, 2003 to December 1, 2009, an active participant may retire with unreduced benefits after he has earned 30 years of Continuous Service, regardless of age.

(b) Benefit

The monthly basic benefit is calculated as described in item 6 above. The benefit will be reduced according to the following table:

	Percent Reduction from Normal Retirement Age				
	62	61	60	59	58
Age at Retirement / Effective	12/01/1994 through 11/30/1998	12/01/1998 through 11/30/2000	12/01/2000 through 11/30/2002	12/01/2002 through 11/30/2004	12/01/2004 to Current
62	0.00%	0.00%	0.00%	0.00%	0.00%
61	10.12	0.00	0.00	0.00	0.00
60	19.06	9.95	0.00	0.00	0.00
59	26.98	18.76	9.78	0.00	0.00
58	34.01	26.59	18.48	9.63	0.00
57	40.28	33.56	26.22	18.21	9.49
56	45.87	39.78	33.13	25.87	17.97
55	50.87	45.34	39.31	32.72	25.55

Forms of Payment

(a) Single Life Annuity

(b) 66 2/3% Joint and Survivor Annuity

Disability Benefit

(a) Eligibility

An active participant who becomes disabled after 10 years of continuous service may receive a disability benefit if he becomes permanently disabled from performing the participant's occupation while employed with TriMet prior to reaching Social Security retirement age (62). Disability benefits are paid from the Plan until the participant reaches age 62.

(b) Benefit

A benefit payable during the period of disability is determined from the table below. If the participant is entitled to disability benefits under Social Security, the benefits shown below are doubled.

Effective	10 Years of Continuous Service	15 Years of Continuous Service	20 Years of Continuous Service
February 1, 1992	$388.60	$468.38	$544.07
February 1, 1993	400.26	482.43	560.39
February 1, 1994	408.27	492.08	571.60
February 1, 1995	434.80	524.06	608.75
February 1, 1996	441.76	532.45	618.49
February 1, 1997	457.22	551.08	640.14
February 1, 1998	472.31	569.27	661.26
February 1, 1999	481.76	580.66	674.49
February 1, 2000	502.72	605.92	703.83
February 1, 2001	519.71	626.40	727.62
February 1, 2002	533.90	643.50	747.48
February 1, 2003	545.01	656.88	763.03
February 1, 2004	569.92	686.90	797.90
February 1, 2005	586.50	706.89	821.12
February 1, 2006	602.28	725.91	843.21
February 1, 2007	620.47	747.83	868.67
February 1, 2008	643.37	775.42	900.72
February 1, 2009	669.62	807.06	937.47
February 1, 2010	674.51	812.95	944.31
February 1, 2011	698.19	841.49	977.46
February 1, 2012	730.10	879.95	1,022.13
May 1, 2013	745.43	898.43	1,043.59
May 1, 2014	755.64	910.74	1,057.89

Disability benefits increase at the same time and percentage as post-retirement benefit increases for participants who retired before August 1, 2012.

The disabled participant's retirement benefit at age 62 is calculated using service that includes continuous service during disability as if the participant remained in active employment from the date of disability to age 62, and the benefit rate in effect at age 62.

Vesting

A participant who terminates employment with at least ten years of vesting service as of the date of termination will be 100% vested.

Contributions

Contributions are made to the Trust Fund by TriMet. There are no participant contributions. The Working and Wage Agreement between the ATU and TriMet establishes a minimum amortization period of 40 years. The necessary amount will be determined in accordance with accepted actuarial principles.

Pre-Retirement Death Benefit

(a) Married Employee or Domestic Partner

If a vested participant, the participant's spouse or domestic partner will receive 50% of the accrued benefit. The benefit is paid to the spouse when the spouse attains age 62 (or, if later, the date of the participant's death). The payment to the domestic partner must commence no later than the December 31 of the calendar year following the participant's death. If the domestic partner is younger than age 62, the benefit is actuarially reduced to reflect the age of the domestic partner on the date of benefit commencement.

(b) Disability

If a participant receiving disability benefits dies on or after age 55 but prior to age 62, the surviving spouse or domestic partner may elect to receive either the benefits in (a) above or the survivor portion of the 66 2/3% joint and survivor annuity.

Post-Retirement Benefit Increases

Prior to August 1, 2012, post-retirement benefits were increased each February 1 by the aggregate amount of any specified general wage adjustment under the Working and Wage Agreement during the preceding twelve months.

Effective August 1, 2012, post-retirement benefits are increased each May 1 during the period of the agreement as follows:

- For participants who retired before August 1, 2012, the post-retirement benefit increase is 100% of the percentage increase in the U.S. Urban Wage Earners and Clerical Workers Consumer Price Index (CPI-W) (annual average) for the previous calendar year. Annual increases will not be more than 7% per year.
- For participants who retire on or after August 1, 2012, the post-retirement benefit increase is 90% of the percentage increase in the U.S. Urban Wage Earners and Clerical Workers Consumer Price Index (CPI-W) (annual average) for the previous calendar year. Annual increases will not be more than 7% per year.

Plan Amendments since the Prior Valuation

The Plan was restated. There were no changes to Plan provisions since the prior valuation which impacted liabilities.

Appendix B

Actuarial Assumptions and Cost Methods

Actuarial Assumptions and Cost Method

This section of the report describes the actuarial procedures and assumptions used in this valuation. These procedures and assumptions have been chosen on the basis of recent experience of the Plan and on current and future expectations.

The assumptions are intended to estimate the future experience of the participants of the Plan and of the Plan itself in areas which affect the projected benefit flow and anticipated investment earnings. Any variations in future experience from that expected from these assumptions will result in corresponding changes in the estimated costs of the Plan's benefits.

Records and Data

The data used in the valuation consist of employee data and financial information furnished by TriMet. All data for valuation purposes was accepted without audit.

Adjustment for Incomplete Data

If necessary, active participant records missing hire date are assumed to have a hire age equal to the average hire age of the active participants with complete data. Records missing spouse gender assume the spouse is the opposite sex of the participant. Records missing spouse date of birth assume females are two years younger than their spouses.

Actuarial Cost Method (Effective July 1, 2014)

The accruing costs of all benefits are measured by the individual entry age normal actuarial cost method. The normal cost expressed as a level percentage of payroll.

Under this method, the total actuarial present value of projected benefits is allocated over the service for each active participant from their date of entry into the Plan until their assumed date of exit from the Plan, as a level percent of payroll. This level percent times payroll is referred to as the normal cost, and is calculated for each active participant. It is calculated by dividing each participant's total actuarial present value of projected benefits at entry age by the actuarial present value of projected salaries at entry age and multiplying this percentage by the participant's anticipated salary for the current plan year. The normal cost equals $0 for non-active participants. The sum of the individual normal costs is the normal cost for the Plan.

The Plan's total pension liability is equal to the total actuarial present value of projected benefits less the actuarial present value of future normal costs. Net pension liability is equal to total pension liability minus the Plan's fiduciary net position.

Fiduciary Net Position (effective July 1, 2014)

The Plan's fiduciary net position is equal to the fair market value of the Plan's assets, as provided by TriMet.

Long-term Expected Return on Plan Assets (effective July 1, 2014)

7.00% per annum compounded annually, net of investment management and custodial fees.

Inflation (effective July 1, 2004)

3.00% per annum compounded annually.

Administrative Expenses (effective July 1, 2014)

Annual administrative expenses of $275,000 payable midyear are assumed.

Annualized Pay (effective July 1, 2014)

Rates of pay for each active Union participant and salaries for each Management Transfer are provided by TriMet. Annual pay for active Union participants are calculated by multiplying the pay rate by 2,080 hours (40 hours per week) for full time participants and 1,560 hours (30 hours per week) for mini-run participants.

Pay Increases (effective July 1, 2014)

Annualized pay is assumed to increase 3.0% per year.

Pre- and Post-Retirement Benefit Increases

The benefit multiplier and temporary disability benefits for active participants who terminate, retire or become disabled after the valuation date are assumed to increase 3% per year.

For terminations, disabilities and retirements assumed to occur in the 2014-2015 plan year, the benefit rates used in the valuation are as shown below.

	2014 – 2015
Benefit Multiplier	$ 81.34
Disability Benefit	
10 Years of Continuous Service	$ 778.31
15 Years of Continuous Service	938.06
20 Years of Continuous Service	1,089.63

Benefits for participants who retired prior to August 1, 2012 are assumed to increase 3% per year into the future.

Benefits for participants who retire on or after August 1, 2012 are assumed to increase 2.7% (90% of 3%) per year into the future.

Mortality

Healthy Lives Mortality (effective July 1, 2010)

RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment for males and females, projected to 2010 using Scale AA. This assumption includes a margin for future mortality improvement based on recent Plan experience.

Disabled Lives Mortality (effective July 1, 2014)

Males: Annual rates of mortality are based on 75% of the Post-1994 Disability Mortality developed by the IRS (in IRS Revenue Ruling 96-7) for participants who become eligible for Social Security disability benefits, plus 25% of the RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment for males.

Females: Annual rates of mortality are based on 75% of the Post-1994 Disability Mortality developed by the IRS (in IRS Revenue Ruling 96-7) for participants who become eligible for Social Security disability benefits, plus 25% of the RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment for females.

This assumption includes a margin for future mortality improvement based on recent Plan experience.

Future Service Credits

Active and disabled participants are assumed to earn one year of vesting service and one year of continuous service credit each year into the future. Management transfers are assumed to earn one year vesting service and no continuous service each year in the future.

Mini-Run to Full Time (effective July 1, 2014)

Active mini-run participants are assumed to transfer to full time based on the following schedule:

Years of Vesting Service	Annual Rate
Less than 4	40%
4 or more	5%

Form of Benefit (effective July 1, 2014)

All non-retired participants with a spouse or domestic partner are assumed to elect the following form of payment at retirement:

Probability	Form of Payment
33 1/3%	Single Life Annuity
66 2/3%	66 2/3% Joint & Survivor Annuity

Retired participants are valued according to the benefit form elected at retirement.

Retirement from Active Status (effective July 1, 2014)

All active participants and management transfers are assumed to retire by age 70. A certain percentage of active participants are assumed to elect retirement beginning at age 55. The rates of retirement are as follows:

Age	Annual Rate	Age	Annual Rate
55 - 56	4.0%	63	20.0%
57	7.5	64	25.0
58 - 60	11.0	65	30.0
61	20.0	66 - 69	40.0
62	35.0	70	100.0

Retirement from Inactive Status

Terminated vested participants are assumed to retire at their earliest unreduced retirement age. Disabled participants are assumed to retire at age 62.

Disablement (effective July 1, 2014)

70% of the 1985 Pension Disability Table – Class 3 – Unisex (for nonhazardous light manual workers). Sample rates of disablement used in this valuation are illustrated below.

Age	Number of Participants Becoming Disabled During the Year (per 1,000 Actives)
30	2
35	3
40	4
45	6
50	9
55	15
60	22

It is assumed that 75% of disabled participants will become eligible for Social Security disability benefits.

Tabular disability benefits are assumed to be paid to age 62. At age 62, the benefit is converted to a retirement benefit based on the participant's projected service and projected benefit level at age 62.

Disabled participants who have not yet retired are assumed to have fully accrued their projected age 62 retirement benefit at the date of their disability.

Withdrawal (effective July 1, 2014)

Participants are assumed to leave active employment for reasons other than retirement, disability and death. Sample withdrawal rates are shown below:

Years of Vesting Service	Number of Participants Withdrawing During the Year (per 1,000 Actives)	
	Males	Females
Less than 1	50	140
1-6	25	30
7-9	15	30
10 and more	5	10

Unused Sick Leave Benefits (effective July 1, 2014)

Active participants are assumed to accumulate a percentage of the maximum accumulated sick leave hours in effect at retirement, based on the following schedule:

Years of Vesting Service	Sick Hours Percentage
Less than 10	0%
10	20%
11 – 15	25%
16 – 18	35%
19 – 20	40%
21 – 23	50%
24 and more	55%

Active Management Transfers are not assumed to return to the Union Plan following their transfer date and are not assumed to receive the unused sick leave benefit. (effective July 1, 2012)

The schedule of maximum accumulated sick leave hours is shown in Appendix A.

Spouse's Age (effective July 1, 2014)

Females are assumed to be two years younger than their spouses or domestic partners.

Probability Of Marriage/Domestic Partner (effective July 1, 2014)

66 2/3% of participants are assumed to be married or have a domestic partner.

Annualization of Benefits (effective July 1, 2012)

Benefits for participants who retired prior to August 1, 2012 are annualized using a factor of 12.06 to incorporate the anticipated 3% post-retirement benefit increase occurring May 1.

Benefits for participants who retire on or after August 1, 2012 annualized using a factor of 12.054 to incorporate 90% of the anticipated 3% retiree post-retirement benefit increase occurring May 1.

Changes in Actuarial Methods And Assumptions

The long-term expected return on plan assets was lowered from 7.50% to 7.00%.

As required by GASB, the actuarial cost method was changed from the individual entry age normal actuarial cost method with the normal cost expressed as a level dollar amount to the individual entry age normal actuarial cost method with the normal cost expressed as a level percentage of payroll.

The following assumptions were introduced in order to calculate liabilities under the new actuarial cost method.

- Procedure to annualize pay
- Pay increases

Previously an annual normal cost was calculated for disabled participants who continue to earn service between the date of disability and age 62. Since these participants do not have pay, the valuation for disabled participants was changed to assume that these participants fully accrue their projected age 62 retirement benefit at the date of their disability.

The following demographic assumptions were changed to the assumptions recommended in the 2013 Experience Study report, which were approved by the Board of Trustees.

- Retirement rates from active status
- Withdrawal rates
- Disability incidence and mortality
- Percentage of future disabilities eligible for Social Security disability benefits
- Unused sick leave benefits
- Transfers from mini-run to full time
- Spouse age difference
- Probability of marriage/domestic partner
- Assumed form of payment upon retirement

Anticipated administrative expenses were increased from $250,000 to $275,000 based on recent plan experience and future expectations.

Appendix C

Participant Information

Participant Information

The current actuarial valuation was based upon the participant data provided by TriMet.

The following table shows the number of participants included in the current actuarial valuation and the comparable numbers from the previous valuation.

	July 1, 2014	July 1, 2013	Change
Active			
Vested Participants	1,120	1,147	-2.4%
Non-Vested Participants	697	791	-11.9%
Management Transfers*	60	61	-1.6%
TOTAL ACTIVE	1,877	1,999	-6.1%
Inactive			
Retirees & Beneficiaries**	1,518	1,431	6.1%
Vested Terminations***	140	149	-6.0%
TOTAL INACTIVE	1,658	1,580	4.9%
TOTAL PARTICIPANTS	3,535	3,579	-1.2%

More detailed information on current plan participants is shown on the following pages.

* *These participants no longer accrue continuous service under the Plan but continue to accrue service for vesting purposes.*

** *Includes participants receiving a disability benefit.*

*** *Includes deferred beneficiaries.*

The following is a summary of the significant data for the participants included in this valuation, together with comparable figures from the last two years.

	July 1, 2014	July 1, 2013	July 1, 2012
Active Full-Time Participants			
Number	1,674	1,759	1,726
Average Age	51.1	50.7	51.0
Average Years of Continuous Service	14.2	13.6	14.0
Active Mini-Run Participants			
Number	143	179	293
Average Age	53.2	52.3	47.5
Average Years of Continuous Service	11.0	9.7	6.1
Management Transfers			
Number	60	61	60
Average Age	52.8	53.0	52.9
Vested Terminations (including deferred beneficiaries)			
Number	140	149	150
Average Age	53.2	53.4	53.0
Average Monthly Benefit payable at the Participant's applicable Normal Retirement Age	$ 725	$ 681	$ 663
Retirees and Beneficiaries (including disabled)			
Number in pay status	1,518	1,431	1,347
Average Age	68.4	68.0	67.7
Average Monthly Benefit	$ 1,619	$ 1,605	$ 1,582

Active Participants

Summary by Age and Years of Continuous Service as of July 1, 2014

YEARS OF CONTINUOUS SERVICE

AGE	UNDER 1	1 TO 4	5 TO 9	10 TO 14	15 TO 19	20 TO 24
Under 25	0	3	0	0	0	0
25 to 29	0	28	13	0	0	0
30 to 34	0	37	31	4	0	0
35 to 39	0	26	60	31	11	0
40 to 44	0	31	71	34	42	7
45 to 49	0	28	78	59	61	29
50 to 54	0	30	85	77	70	53
55 to 59	0	25	63	68	84	54
60 to 64	0	7	52	63	65	46
65 & Up	0	1	28	17	18	22
Totals	0	216	481	353	351	211

YEARS OF CONTINUOUS SERVICE

AGE	25 TO 29	30 TO 34	35 TO 39	40 AND OVER	ALL YEARS
Under 25	0	0	0	0	3
25 to 29	0	0	0	0	41
30 to 34	0	0	0	0	72
35 to 39	0	0	0	0	128
40 to 44	0	0	0	0	185
45 to 49	4	0	0	0	259
50 to 54	33	6	1	0	355
55 to 59	39	30	5	0	368
60 to 64	24	30	12	1	300
65 & Up	4	10	4	2	106
Totals	104	76	22	3	1,817
Active Participants without Complete Data					0
Grand Total					1,817

Active Management Transfers

Summary by Age and Years of Continuous Service as of July 1, 2014

YEARS OF CONTINUOUS SERVICE

AGE	UNDER 1	1 TO 4	5 TO 9	10 TO 14	15 TO 19	20 TO 24
Under 25	0	0	1	0	0	0
25 to 29	0	0	0	0	0	0
30 to 34	0	0	0	1	0	0
35 to 39	0	0	2	1	0	0
40 to 44	0	0	1	1	1	1
45 to 49	0	0	1	0	2	4
50 to 54	0	0	0	1	4	6
55 to 59	0	0	0	1	2	1
60 to 64	0	0	1	1	2	2
65 & Up	0	0	0	0	0	0
Totals	0	0	6	6	11	14

YEARS OF CONTINUOUS SERVICE

AGE	25 TO 29	30 TO 34	35 TO 39	40 AND OVER	ALL YEARS
Under 25	0	0	0	0	1
25 to 29	0	0	0	0	0
30 to 34	0	0	0	0	1
35 to 39	0	0	0	0	3
40 to 44	0	0	0	0	4
45 to 49	1	0	0	0	8
50 to 54	3	1	0	0	15
55 to 59	2	3	3	1	13
60 to 64	3	0	2	1	12
65 & Up	0	0	3	0	3
Totals	9	4	8	2	60

Retirees and Beneficiaries
(July 1, 2014)

Service Retirees

Age	Number	Total Monthly Benefit
Under 55	4	$ 4,402
55 to 59	63	98,220
60 to 64	235	385,241
65 to 69	382	647,765
70 to 74	255	417,024
75 to 79	142	239,099
80 to 84	58	79,782
85 & Up	32	72,437
Total	1,171	$ 1,943,970

Disability

Age	Number	Total Monthly Benefit
Under 55	36	$ 56,983
55 to 59	41	72,527
60 to 64	44	82,186
65 to 69	35	73,746
70 to 74	15	29,179
75 to 79	0	0
80 to 84	0	0
85 & Up	0	0
Total	171	$ 314,621

Survivors & Beneficiaries

Age	Number	Total Monthly Benefit
Under 55	5	$ 6,576
55 to 59	13	16,012
60 to 64	27	31,426
65 to 69	31	32,823
70 to 74	39	38,685
75 to 79	23	23,222
80 to 84	16	19,062
85 & Up	22	30,639
Total	176	$ 198,445

New Retirees and Disabilities
(July 1, 2014)

Service Retirees*

Age at Retirement	Number	Total Monthly Benefit
Under 55	0	$ 0
55	2	1,578
56	5	7,299
57	1	506
58	7	10,468
59	5	12,256
60	1	1,418
61	11	19,852
62	15	24,590
63	11	15,694
64	11	14,912
65	1	2,483
66	8	10,013
67	7	11,311
68	1	1,395
69	1	861
70 & Up	7	9,801
Total	94	$ 144,437

*Excludes beneficiaries and QDROs

Disability

Age at Disability	Number	Total Monthly Benefit
Under 50	1	$ 756
50	0	0
51	1	911
52	0	0
53	2	1,666
54	0	0
55	2	2,732
56	2	3,174
57	0	0
58	4	6,460
59	0	0
60	0	0
61	0	0
62	0	0
Total	12	$ 15,699

Vested Terminated Participants*
(July 1, 2014)

Age	Number	Total Monthly Benefit**
Under 40	1	$ 362
40 to 44	18	15,657
45 to 49	16	14,024
50 to 54	42	32,978
55 to 59	39	26,639
60 & Up	24	11,845
Total	140	$ 101,505

* *Includes deferred beneficiaries.*

** *Amounts shown are payable at the Participant's applicable Normal Retirement Age.*

Appendix D

Estimated Benefit Payments

Projected Benefit Payments*
July 1, 2014

Fiscal Year Beginning July 1,	Benefit Payment	Fiscal Year Beginning July 1,	Benefit Payment	Fiscal Year Beginning July 1,	Benefit Payment
2014	$ 30,723,901	2047	$ 52,169,034	2080	$ 1,703,217
2015	33,351,980	2048	50,194,729	2081	1,369,271
2016	35,945,665	2049	48,121,045	2082	1,088,667
2017	38,478,701	2050	45,977,134	2083	856,072
2018	41,227,482	2051	43,805,603	2084	665,828
2019	43,877,975	2052	41,599,546	2085	512,479
2020	46,334,567	2053	39,363,841	2086	390,519
2021	48,717,556	2054	37,120,885	2087	294,708
2022	51,131,869	2055	34,896,874	2088	220,233
2023	53,368,940	2056	32,694,308	2089	163,031
2024	55,454,067	2057	30,525,812	2090	119,587
2025	57,336,876	2058	28,406,442	2091	86,898
2026	59,186,621	2059	26,347,038	2092	62,515
2027	60,800,275	2060	24,352,367	2093	44,530
2028	62,222,616	2061	22,430,033	2094	31,314
2029	63,461,937	2062	20,584,774	2095	21,731
2030	64,511,398	2063	18,820,847	2096	14,899
2031	65,547,855	2064	17,139,798	2097	10,061
2032	66,247,683	2065	15,543,351	2098	6,686
2033	66,637,340	2066	14,033,316	2099	4,357
2034	66,803,223	2067	12,610,654	2100	2,801
2035	66,788,652	2068	11,276,457	2101	1,776
2036	66,528,611	2069	10,030,473	2102	1,106
2037	66,037,690	2070	8,871,820	2103	674
2038	65,367,103	2071	7,799,355	2104	394
2039	64,509,155	2072	6,811,205	2105	225
2040	63,427,023	2073	5,905,867	2106	121
2041	62,171,273	2074	5,081,582	2107	66
2042	60,752,937	2075	4,336,384	2108	34
2043	59,253,381	2076	3,668,269	2109	15
2044	57,638,528	2077	3,074,472	2110	5
2045	55,897,300	2078	2,551,441	2111	1
2046	54,058,258	2079	2,095,711		

* *This is a closed group projection of benefit payments based on the plan participants as of the valuation date.*