June 12, 2014

The El Paso Central Appraisal District Board of Directors held its regular meeting on Thursday, June 12, 2014, at 5:12 p.m., in the Conference Room of the El Paso Central Appraisal District at 5801 Trowbridge, with the following members present:

   Ann Morgan Lilly, Vice-Chairman      Sergio Lewis
   Ed Archuleta                        Dee Margo
   Gary Gandara                        Laure Searls

There was a quorum, with six members present. Carmen Hegeman, attorney was in attendance for the entire meeting.

Due to the absence of Chairman Rey Sepulveda, Ms. Lilly, Vice-Chairman conducted the meeting.

First order of business was to recite the pledge of Allegiance to the flag of the United States of America.

AGENDA ITEM 1 – APPROVAL AND SIGNING OF MINUTES FOR MARCH 13, 2014

Mr. Margo made a motion to approve the minutes for May 8, 2014. Mr. Gandara seconded the motion. Motion passed unanimously.

AGENDA ITEM 2 – PUBLIC COMMENT

No public comment was made.

AGENDA ITEM 3 - DISCUSSION & POSSIBLE ACTION REGARDING REVIEW OF FINANCIAL STATEMENT FOR APRIL, 2014

Ms. Rosa Goldmann, Chief Financial Officer, presented the April, 2014 financial statement. All financial statements are on file and a matter of record in the District’s accounting office.

As requested by the Board at the August 2013 meeting, Ms. Goldmann also presented a Power Point overview of EPCAD’s financial picture for the previously stated months.

Ms. Searls made a motion to approve the financial statement for April, 2014. Mr. Gandara seconded the motion. Motion passed unanimously.
AGENDA ITEM 4 – MONTHLY HEALTH BENEFITS USAGE REPORT – MAY, 2014


The Year-to-Date Loss Fund for March is $490,006.90, with the Year-to-Date Paid Subject to Loss Fund being $504,470.70, leaving a negative balance of $(14,463.80).

The history for May 2013/2014 shows a higher amount of claims paid this year compared to May of 2013. In May 2014 there was an increase resulting of transfer of monies from the balance.

Mr. Margo commented that March and April averaged out. Although there were fluctuations in March and April of 2013 and 2014, the average numbers are typical.

AGENDA ITEM 5 – PRESENTATION BY ROXANNE BITA OF TEXAS COUNTY DISTRICT RETIREMENT SYSTEM (TCDRS)

Ms. Roxanne Bita, Employer Services Representative of Texas County & District Retirement System (TCDRS), presented an overview of the retirement system in which CAD participates. TCDRS is unique in three aspects. The first difference is a savings based benefit; this means that both the employee and employer are saving in advance for the benefit that has been promised and will be readily paid at the time of retirement. The second difference is that TCDRS has responsible plan funding. At the beginning of the year, TCDRS issues a new cost for the following year, even if the benefits remain the same. There is no option to pay less than the required cost but there is an option to pay more if the plan wants to get funded to 100% at a faster rate. There is no paid holiday in the TCDRS plan, which is one main difference in TCDRS to other retirement plans. The third difference is the flexibility in local control. Each employer reviews their plan on an annual basis. All the counties in Texas, with the exception of two, are participants in TCDRS. TCDRS participants represent a wider variety of districts, including water, appraisal, hospital and navigation districts. TCDRS serves over 247,000 members including nurse associations, sheriff associations, and road crew workers. In 2013 they paid out claims close to 26 million dollars.

A recent TCDRS economic impact study revealed that 96% of money that is paid out to retirees or their beneficiaries (if the retiree passed away) remains within Texas, within the community where that member worked the majority of their career.

TCDRS was created in 1967 by the Texas legislature and is managed independently by a nine (9) member Board of Trustees who are appointed by the Texas Governor and approved by the Texas Senate. TCDRS does not receive money from the State of Texas. The monies that
come into the system are from employee deposits, employer contributions and investment earnings. As of the end of 2013, TCDRS manages approximately 23 billion dollars in assets. This fact places TCDRS as one of the largest 50 public retirement systems in the country.

TCDRS works efficiently because they provide the same benefit as a defined contribution plan, such as a 401K plan. For approximately half the cost, TCDRS has professional investment management. Another advantage to the TCDRS plan is that they can maintain their portfolio optimally balanced. The cost averages to manage TCDRS is ¼ to 1/3 of one percent of their assets, in comparison to a 401K type plan, which is typically operated on 1% to 2% of their assets.

Ms. Bita briefed the Board Members on the funded ratio history of TCDRS, also defined as the health of the plan. Each of the 655+ counties and districts with TCDRS has its own funded ratio, its own assets and liabilities. TCDRS is above the 80% level, which is what is expertly considered to be a healthy plan. TCDRS is close to 90% and is in the top 20% of public employee retirement systems in the nation.

Ms. Bita presented a history of EPCAD’s joining with TCDRS in 2010, employee contributions and an overview of the vestment criteria and requirements for pay-out of benefits. (See attached).

AGENDA ITEM 6 – DISCUSSION & POSSIBLE ACTION REGARDING CANCELLATION OF JULY 10, 2014 MEETING

Mr. Margo made a motion to pass this motion. Mr. Gandara seconded the motion. Motion passed unanimously.

Item 7 as shown on the June 2014 agenda was a typographical error – non-existent.

AGENDA ITEM 8 – TAXPAYER LIAISON OFFICER REPORT

Ms. Tracy Carter, Taxpayer Liaison Officer, stated she did not have a report since the Appraisal Review Board (ARB) surveys were going directly to the State Comptrollers Office. Even though Ms. Raspopovich, ARB Chairperson and Mr. Munoz, ARB Secretary were in attendance to address any questions from the board. There were no questions from the board.

Ms. Kilgore told the board that the ARB season has been quiet, however there was a big influx of individual property owners that came in May and by the first of June things slowed down. The tempo will pick-up next when the agents come in.

AGENDA ITEM 9 – CHIEF APPRAISER REPORT

Ms. Kilgore advised the Board that they each had an envelope with articles regarding Texas property tax issues.
The EPCAD hearings have begun and so far approximately 16,000 protests have been received. All the notices are out, therefore; we are looking at only about 4% of the entire appraisal roll is under protest. From those, 68% of the protests are property tax agents, which are high dollar, and 95% of these will have to be heard by July 20th so the ARB can turn the records over to EPCAD in order for EPCAD to certify the roll.

Also, in the packet is an update on the customer survey/employee evaluations from the public. Overall, all of the departments in the appraisal district, EPCAD is at 98%, excellent and good.

The certified preliminary roll was issued at the end of April, which is mandated by law. In addition, an update was sent the first week of June. This is an informal report which informs the entities with up-to-date information. The second up-date of values will be sent out the first week of July and then the certified on July 25th. In answer to Ms. Lilly’s question, the values came in lower this year. Some entities have values that are higher and for others they are lower. The change in values depends on the growth of the county.

EPCAD, UTEP, and the County have been working with a company that does Google maps for businesses and also does aerials (no obliques) and are able to get closer to the U.S./Mexico border than Pictometry. Pictometry does not have permission from the Mexican government.

AGENDA ITEM 10 - EXECUTIVE SESSION UNDER THE AUTHORITY OF TEX.GOV’T. CODE § 551.071 AND 551.074 TO DISCUSSION LEGAL AND PERSONNEL MATTERS

In accordance with the Open Meetings Act, TEX.GOV.CODE § 551.071 & § 551.074 the Board of Directors went into Executive Session at 6:00 p.m. to discuss legal and personnel matters. The Board returned to open session at 6:10 p.m. No action was taken in Executive Session.

A. 1500 Hope LLC vs EPCAD, Cause No. 2011DTX02530
B. Saadat Khan Abdoolkarim vs EPCAD, Cause No. 2010TX1279
C. River Oaks Properties Ltd., vs EPCAD, Cause No. 2011TX073
D. Porras Brothers Investments, LLC vs EPCAD, Cause No. 2011TX494
E. Pellicano and Loop 375 LLC vs EPCAD, Cause No. 2011TX496
F. Fowlkes Properties, LLC vs EPCAD, Cause No. 2012DTX03946
G. EPT Mesa Development LP vs EPCAD, Cause No. 2012DTX04248
H. Paseo Partners, LP vs EPCAD, Cause No. 2012DTX04431
I. Potbelly Sandwich Shop vs EPCAD, Cause No. 2013DTX0784
J. 10/75 Industrial Portfolio Limited Partnership vs EPCAD, Cause No. 2013DTX1026
K. El Paso Renovation Foundation vs EPCAD, Cause No. 2013DTX1121
L. Crawford Texas Properties, Ltd., vs EPCAD, Cause No. 2011DTX02516
M. Eastgroup Properties LP vs EPCAD, Cause No. 2012DTX03681
N. El Paso Honda I, LP vs EPCAD, Cause No. 2011DTX05760
O. Mesa & Executive Investment Group, LP vs EPCAD, Cause No. 2013DTX1082
P. Fabens Warehouse Properties, LLC vs EPCAD, Cause No. 2012DTX03608
Q. Handgards, Inc., vs EPCAD, Cause No. 2011DTX02923
R. Lee Trevino LLC vs EPCAD, Cause No. 2012DTX03638
S. Pronghorn Properties, Ltd and Antelope Hills, Ltd., vs EPCAD, Cause No. 2012DTX03637
T. River Oaks Properties Ltd., vs EPCAD, Cause No. 2012DTX03639
AGENDA ITEM 10 – DISCUSSION & POSSIBLE ACTION REGARDING A–CC ABOVE

Mr. Margo made a motion to ratify items B, F, H, K, M, P and U. Mr. Gandara seconded the motion. Motion passed unanimously.

Mr. Margo made a motion to approve items A, C, D, E, G, I, J, L, N, O, Q, R, S, T, V, W, X, Y, Z, AA, BB, & CC. as recommended by legal counsel. Mr. Gandara seconded the motion. Motion passed unanimously.

There being no further business to come before the Board, the meeting was adjourned at 6:12 p.m.

Reymundo Sepulveda, Chairman

ATTEST:

Patricia McLean, Secretary
El Paso Central Appraisal District
TCDRS Retirement Plan
Roxanne Bita
June 12, 2014

TCDRS Does Retirement Right

Here's why:

★ Savings-based benefits
★ Responsible plan funding
★ Flexibility and local control
TCDRS partners with more than 655 counties and districts

We serve more than 247,000 Texans
Benefits Texas

★ $971 million in benefits paid in 2013
★ Supports:
  - $1.4 billion total economic output
  - 11,340 jobs created
  - $838 million added to Texas GDP

Benefits paid during 2013 in El Paso County:
  - $25,981,328

Set Up for Success

★ Created in 1967 by the Texas Legislature
★ Managed independently by a nine-member board of trustees
★ Receives no funding from the State of Texas
★ Manages an estimated $23 billion in assets as of Dec. 31, 2013
Plans Like TCDRS Are Efficient

★ Provides same benefit as defined contribution (DC) plan at half the cost
  – Professional investment management
  – Optimally balanced portfolio (forever young)
  – Pooled longevity risk

★ Costs average 1/4 percent to 1/3 percent of assets

Funded Ratio History

TCDRS is among the top 20% of best funded public retirement systems nationally.

<table>
<thead>
<tr>
<th>Year</th>
<th>System-wide funded ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>91.0%</td>
</tr>
<tr>
<td>2005</td>
<td>91.4%</td>
</tr>
<tr>
<td>2006</td>
<td>94.3%</td>
</tr>
<tr>
<td>2007</td>
<td>94.3%</td>
</tr>
<tr>
<td>2008</td>
<td>88.6%</td>
</tr>
<tr>
<td>2009</td>
<td>89.8%</td>
</tr>
<tr>
<td>2010</td>
<td>89.4%</td>
</tr>
<tr>
<td>2011</td>
<td>88.8%</td>
</tr>
<tr>
<td>2012</td>
<td>88.2%</td>
</tr>
<tr>
<td>2013</td>
<td>89.4%</td>
</tr>
</tbody>
</table>

As of Dec. 31
Employees Save for Their Own Retirement

Employee accounts earn 7% annually.

Employees Earn a Lifetime Benefit

Employee account
Employer matching
Payment option
Age
Your Plan of Benefits

★ Employee deposit rate: 7%
★ Employer matching rate: 200%
★ Vesting: 10 years of service
★ Retirement eligibility:
  - Age 60 with 10 years of service
  - Rule of 80 (must be vested)
  - 30 years of service at any age

Average Employee and Retiree Profile*

Your employees:
★ 48 years old
★ 15 years of service
★ $46,008 in compensation annually

Your retirees:
★ 65 years old at retirement
★ 17 years of service at retirement
★ $3,200 in TCDRS benefits annually

* Based on actuarial data as of Dec. 31, 2013
Your Plan Replacement Ratios

The following chart shows the estimated TCDRS benefit as a percentage of final salary prior to retirement for a new hire:

Assumptions
- Employees are new hires and will work for you until retirement.
- Your current plan provisions will remain in effect through employee's retirement.
- Current laws governing TCDRS will continue as they are.
- Graded salary scales give bigger raises early in careers, with smaller raises late in careers (see Summary Valuation Report at www.tcdrs.org).
- Based on Life Only benefit.

Investment Income Funds Benefits

Employee Deposits

Employer Contributions

77¢

Investment Return

13¢ 10¢

Estimated
Investment Returns (Net of Fees)

Estimated as of Dec. 31, 2013

<table>
<thead>
<tr>
<th>Annualized Returns</th>
<th>2013 Return</th>
<th>3 Year</th>
<th>5 Year</th>
<th>10 Year</th>
<th>20 Year</th>
<th>30 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Fund</td>
<td>16.4%</td>
<td>9.0%</td>
<td>13.1%</td>
<td>6.9%</td>
<td>7.5%</td>
<td>9.5%</td>
</tr>
</tbody>
</table>

Our estimated results include conservative estimates of fourth quarter performance of TCDRS' private-equity, private real estate and distressed debt portfolios whose actual performance will not be available until audited financial statements from the underlying partnerships are received in the spring. Final performance will be released in conjunction with TCDRS' 2013 Comprehensive Annual Financial Report.

TCDRS Total Funds Annualized Returns

Returns – Net of fees

10.7% (1984-2007) 24 years

-5.2% (2006-2008) 2 years

9.8% (2010-2013) 4 years

9.5% 30-Year Return
TCDRS Outperforms Benchmarks

Estimated as of Dec. 31, 2013

TCDRS Total Fund Net Returns
Benchmark returns

16.4% 13.1% 6.3% 7.5% 9.5%
12.7% 12.1% 6.5% 6.3% 8.3%

2013 Return 5 Year 10 Year 20 Year 30 Year

16.4% Return Offsets Net Losses

(All Employers in Aggregate)

Based on 12/31/2012 Valuation Based on 12/31/2013 Valuation
Diversified Portfolio Reduces Risk

PORTFOLIO ASSET ALLOCATION TARGETS
as of 12/31/2013

INVESTMENT- GRADE FIXED- INCOME 3.0%
PRIVATE EQUITY 12.0%
EQUITIES 38.0%
HEDGE FUNDS 21.0%
HIGH YIELD INVESTMENTS 13.0%
REAL ASSETS 9.0%

Diversified Portfolio Reduces Risk

PORTFOLIO ASSET ALLOCATION TARGETS
as of 12/31/2013

PRIVATE EQUITY 12.0%
HEDGE FUNDS 25.0%
EQUITIES 38.0%
REAL ASSETS 9.0%
HEDGE FUNDS 25.0%
PRIVATE EQUITY 12.0%
EQUITIES 38.0%
REAL ASSETS 9.0%
HEDGE FUNDS 25.0%
PRIVATE EQUITY 12.0%
EQUITIES 38.0%
REAL ASSETS 9.0%
HEDGE FUNDS 25.0%
PRIVATE EQUITY 12.0%
EQUITIES 38.0%
REAL ASSETS 9.0%
HEDGE FUNDS 25.0%
PRIVATE EQUITY 12.0%
EQUITIES 38.0%
REAL ASSETS 9.0%
HEDGE FUNDS 25.0%
PRIVATE EQUITY 12.0%
EQUITIES 38.0%
REAL ASSETS 9.0%
HEDGE FUNDS 25.0%
PRIVATE EQUITY 12.0%
EQUITIES 38.0%
REAL ASSETS 9.0%
HEDGE FUNDS 25.0%
PRIVATE EQUITY 12.0%
EQUITIES 38.0%
REAL ASSETS 9.0%
HEDGE FUNDS 25.0%
PRIVATE EQUITY 12.0%
EQUITIES 38.0%
REAL ASSETS 9.0%
HEDGE FUNDS 25.0%
PRIVATE EQUITY 12.0%
EQUITIES 38.0%
REAL ASSETS 9.0%
Achieving Long-Term Investment Goals

Actual Returns Net of Fees

-2% 0% 2% 4% 6% 8% 10% 12% 14% 16% 18%

How Employer Rates Are Determined

- Each year TCDRS actuaries look at each plan to determine their required contribution rate.

  Study workforce and estimate benefits employer will pay

  Estimate the value of future benefits in today's dollars

  Compare plan assets with estimate of benefits

  Determine a rate to appropriately fund benefits while keeping rates stable
You Fund Your Plan Responsibly

★ Your employer rate for 2015 is 10.02% of your payroll.

★ Your rate is doing two things:
  - Investing for your current employees’ future benefits
  - Paying down your unfunded liabilities within 20 years

What Are Unfunded Liabilities?

★ “Unfunded” is a misnomer:
  It implies that the benefits aren’t being funded.

★ Unfunded liabilities are simply the difference between estimated plan liabilities and plan assets.

★ Unfunded liabilities are being funded over 20 years simply by paying your required employer rate.
### Your Plan Rate Change: 2014 to 2015

<table>
<thead>
<tr>
<th>Reason For Change</th>
<th>2014-2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014 Rate</td>
<td>10.01%</td>
</tr>
<tr>
<td>Plan Changes Adopted</td>
<td>TBD</td>
</tr>
<tr>
<td>Investment Return / 5-Year Asset Smoothing</td>
<td>- 0.04%</td>
</tr>
<tr>
<td>Elected Rate / Lump Sum</td>
<td>0.00%</td>
</tr>
<tr>
<td>Demographic / Other Changes</td>
<td>0.10%</td>
</tr>
<tr>
<td>Assumptions / Methods</td>
<td>- 0.05%</td>
</tr>
<tr>
<td>2015 Rate</td>
<td>10.02%</td>
</tr>
</tbody>
</table>

### Projection of Your Required Rate

![Projection of Your Required Rate](chart)

*Results provided by Milliman. Assumes all future actual assumptions are not including 4% investment return.*
Your Plan Assets vs. Liabilities

The difference between the actuarial accrued liability and the actuarial value of assets represents the unfunded actuarial accrued liability (the red area).

This is a projection and actual results will vary. This projection is based on the same data, methods and assumptions as those used in the December 31, 2013 actuarial valuation, including a long term investment return assumption of 8% per year. This projection assumes the current plan with a 7% employee deposit rate and 200% employer matching.

You Make the Call Each Year

2015 Contribution Rates*

<table>
<thead>
<tr>
<th>Matching Rate</th>
<th>7%</th>
<th>6%</th>
<th>5%</th>
<th>4%</th>
</tr>
</thead>
<tbody>
<tr>
<td>250%</td>
<td>12.36%</td>
<td>10.62%</td>
<td>8.92%</td>
<td>7.24%</td>
</tr>
<tr>
<td>225%</td>
<td>11.19%</td>
<td>9.63%</td>
<td>8.12%</td>
<td>6.61%</td>
</tr>
<tr>
<td>200%</td>
<td>10.02%</td>
<td>8.66%</td>
<td>7.32%</td>
<td>5.96%</td>
</tr>
<tr>
<td>175%</td>
<td>8.90%</td>
<td>7.70%</td>
<td>6.51%</td>
<td>5.33%</td>
</tr>
<tr>
<td>150%</td>
<td>7.77%</td>
<td>6.74%</td>
<td>5.71%</td>
<td>4.68%</td>
</tr>
<tr>
<td>125%</td>
<td>6.65%</td>
<td>5.77%</td>
<td>4.90%</td>
<td>4.03%</td>
</tr>
<tr>
<td>100%</td>
<td>5.52%</td>
<td>4.82%</td>
<td>4.11%</td>
<td>3.40%</td>
</tr>
</tbody>
</table>

* All benefit changes presented are prospective only.
Ways to Help Keep Rates Stable

★ Maintain or adjust your benefit levels
★ Contribute at a higher elected rate
★ Make a lump-sum contribution

Questions?
CURRENT PLAN DETAIL

Current Plan

Basic Plan Options

Employee Deposit Rate 7%
Employer Matching 200%
Application of Matching Past & Future
Prior Service Credit 0%

Retirement Eligibility

Age 60 (Vesting) 10 yrs of service
Rule Of 80 yrs total age + service
At Any Age 30 yrs of service

Optional Benefits

Partial Lump-Sum Payment at Retirement No
Group Term Life NONE
COLA N/A

Retirement Plan Funding

Normal Cost Rate 7.18%
UAAL/(OAAL) Rate 2.84%
Required Rate 10.02%
Elected Rate 0.00%
Additional Employer Contribution $0.00

Total Contribution Rate

Retirement Plan Rate 10.02%
Group Term Life Rate 0.00%

Total Contribution Rate 10.02%

Valuation Results

Actuarial Accrued Liability $5,037,837
Actuarial Value of Assets $3,270,557

Unfunded/(Overfunded) $1,767,280
Actuarial Liability
Funded Ratio 64.9%
BENEFITS

This graph shows your current plan in terms of what retiring employees will receive (as a percentage of their final salary) if they retire.

<table>
<thead>
<tr>
<th>% of Salary that TCDRS Benefit Replaces at Retirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
</tr>
<tr>
<td>60%</td>
</tr>
<tr>
<td>40%</td>
</tr>
<tr>
<td>20%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Head At</th>
<th>Retired At</th>
</tr>
</thead>
<tbody>
<tr>
<td>55</td>
<td>65</td>
</tr>
<tr>
<td>50</td>
<td>65</td>
</tr>
<tr>
<td>45</td>
<td>65</td>
</tr>
<tr>
<td>40</td>
<td>65</td>
</tr>
<tr>
<td>35</td>
<td>65</td>
</tr>
</tbody>
</table>

Assumptions

- Employees are new hires and will work for you until retirement.
- Your current plan provisions will remain in effect through employee's retirement.
- Current laws governing TCDRS will continue as they are.
- Graded salary scales give bigger raises early in careers, with smaller raises later in careers (see Summary Valuation Report at www.tcdrs.org/employer).
- Based on Single Life benefit.

PLAN RATE

10.02 %
PLAN RATE PROJECTION

This is a projection of your future required contribution rate under your current plan. Keep in mind that just by paying your plan’s required rate, you are moving your plan toward 100% funded.

This is a projection and actual results will vary. This projection is based on the same data, methods and assumptions as those used in the December 31, 2013 actuarial valuation.

<table>
<thead>
<tr>
<th>Year</th>
<th>Required Contribution Rate</th>
<th>Year</th>
<th>Required Contribution Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>10.01 %</td>
<td>2027</td>
<td>9.69 %</td>
</tr>
<tr>
<td>2015</td>
<td>10.02 %</td>
<td>2028</td>
<td>8.15 %</td>
</tr>
<tr>
<td>2016</td>
<td>9.95 %</td>
<td>2029</td>
<td>8.15 %</td>
</tr>
<tr>
<td>2017</td>
<td>9.88 %</td>
<td>2030</td>
<td>8.15 %</td>
</tr>
<tr>
<td>2018</td>
<td>9.82 %</td>
<td>2031</td>
<td>7.17 %</td>
</tr>
<tr>
<td>2019</td>
<td>9.77 %</td>
<td>2032</td>
<td>7.17 %</td>
</tr>
<tr>
<td>2020</td>
<td>9.77 %</td>
<td>2033</td>
<td>7.17 %</td>
</tr>
<tr>
<td>2021</td>
<td>9.77 %</td>
<td>2034</td>
<td>7.17 %</td>
</tr>
<tr>
<td>2022</td>
<td>9.77 %</td>
<td>2035</td>
<td>7.17 %</td>
</tr>
<tr>
<td>2023</td>
<td>9.77 %</td>
<td>2036</td>
<td>7.17 %</td>
</tr>
<tr>
<td>2024</td>
<td>9.77 %</td>
<td>2037</td>
<td>7.17 %</td>
</tr>
<tr>
<td>2025</td>
<td>9.77 %</td>
<td>2038</td>
<td>7.17 %</td>
</tr>
<tr>
<td>2026</td>
<td>9.77 %</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
ASSET & LIABILITY PROJECTION

This graph and table illustrate your plan’s estimated assets and liabilities over time. By paying your required contribution rate, you are funding your plan liabilities over a closed 20-year period.

The difference between the actuarial accrued liability and the actuarial value of assets represents the unfunded actuarial accrued liability.

This is a projection and actual results will vary. This projection is based on the same data, methods and assumptions as those used in the actuarial valuation.

### Projected Valuation Results

<table>
<thead>
<tr>
<th>Valuation Date</th>
<th>Actuarial Accrued Liability</th>
<th>Actuarial Value of Assets</th>
<th>Unfunded/(Overfunded) Actuarial Accrued Liability</th>
<th>Funded Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/31/2013</td>
<td>$5,038,000</td>
<td>$3,271,000</td>
<td>$1,767,000</td>
<td>64.9 %</td>
</tr>
<tr>
<td>12/31/2014</td>
<td>$6,043,000</td>
<td>$4,359,000</td>
<td>$1,684,000</td>
<td>72.1 %</td>
</tr>
<tr>
<td>12/31/2015</td>
<td>$7,139,000</td>
<td>$5,548,000</td>
<td>$1,591,000</td>
<td>77.7 %</td>
</tr>
<tr>
<td>12/31/2016</td>
<td>$8,248,000</td>
<td>$6,756,000</td>
<td>$1,492,000</td>
<td>81.9 %</td>
</tr>
<tr>
<td>12/31/2017</td>
<td>$9,448,000</td>
<td>$8,048,000</td>
<td>$1,400,000</td>
<td>85.2 %</td>
</tr>
<tr>
<td>12/31/2018</td>
<td>$10,715,000</td>
<td>$9,381,000</td>
<td>$1,334,000</td>
<td>87.6 %</td>
</tr>
<tr>
<td>12/31/2019</td>
<td>$12,066,000</td>
<td>$10,805,000</td>
<td>$1,261,000</td>
<td>89.5 %</td>
</tr>
<tr>
<td>12/31/2020</td>
<td>$13,459,000</td>
<td>$12,281,000</td>
<td>$1,178,000</td>
<td>91.2 %</td>
</tr>
<tr>
<td>12/31/2021</td>
<td>$14,854,000</td>
<td>$13,771,000</td>
<td>$1,083,000</td>
<td>92.7 %</td>
</tr>
<tr>
<td>12/31/2022</td>
<td>$16,301,000</td>
<td>$15,325,000</td>
<td>$976,000</td>
<td>94.0 %</td>
</tr>
<tr>
<td>12/31/2023</td>
<td>$17,907,000</td>
<td>$17,052,000</td>
<td>$855,000</td>
<td>95.2 %</td>
</tr>
<tr>
<td>12/31/2024</td>
<td>$19,576,000</td>
<td>$18,857,000</td>
<td>$719,000</td>
<td>96.3 %</td>
</tr>
<tr>
<td>12/31/2025</td>
<td>$21,220,000</td>
<td>$20,653,000</td>
<td>$567,000</td>
<td>97.3 %</td>
</tr>
<tr>
<td>12/31/2026</td>
<td>$22,966,000</td>
<td>$22,570,000</td>
<td>$396,000</td>
<td>98.3 %</td>
</tr>
<tr>
<td>12/31/2027</td>
<td>$24,827,000</td>
<td>$24,614,000</td>
<td>$213,000</td>
<td>99.1 %</td>
</tr>
<tr>
<td>12/31/2028</td>
<td>$26,729,000</td>
<td>$26,583,000</td>
<td>$146,000</td>
<td>99.5 %</td>
</tr>
<tr>
<td>12/31/2029</td>
<td>$28,749,000</td>
<td>$28,678,000</td>
<td>$71,000</td>
<td>99.8 %</td>
</tr>
<tr>
<td>12/31/2030</td>
<td>$30,844,000</td>
<td>$30,856,000</td>
<td>$(12,000)</td>
<td>100.0 %</td>
</tr>
<tr>
<td>12/31/2031</td>
<td>$33,098,000</td>
<td>$33,110,000</td>
<td>$(12,000)</td>
<td>100.0 %</td>
</tr>
<tr>
<td>12/31/2032</td>
<td>$35,358,000</td>
<td>$35,370,000</td>
<td>$(12,000)</td>
<td>100.0 %</td>
</tr>
<tr>
<td>12/31/2033</td>
<td>$37,798,000</td>
<td>$37,810,000</td>
<td>$(12,000)</td>
<td>100.0 %</td>
</tr>
</tbody>
</table>
## Projected Valuation Results

<table>
<thead>
<tr>
<th>Valuation Date</th>
<th>Actuarial Accrued Liability</th>
<th>Actuarial Value of Assets</th>
<th>Unfunded/(Overfunded) Actuarial Accrued Liability</th>
<th>Funded Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/31/2034</td>
<td>$40,405,000</td>
<td>$40,417,000</td>
<td>($12,000)</td>
<td>100.0 %</td>
</tr>
<tr>
<td>12/31/2035</td>
<td>$43,027,000</td>
<td>$43,039,000</td>
<td>($12,000)</td>
<td>100.0 %</td>
</tr>
<tr>
<td>12/31/2036</td>
<td>$45,968,000</td>
<td>$45,981,000</td>
<td>($13,000)</td>
<td>100.0 %</td>
</tr>
<tr>
<td>12/31/2037</td>
<td>$48,879,000</td>
<td>$48,892,000</td>
<td>($13,000)</td>
<td>100.0 %</td>
</tr>
</tbody>
</table>
Reasons for Rate Change

Below is a record of your required employer contribution rate history over the last five years.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Rate</td>
<td>6.05%</td>
<td>6.01%</td>
<td>9.96%</td>
<td>10.01%</td>
</tr>
<tr>
<td>Plan Changes Adopted</td>
<td>0.00%</td>
<td>4.22%</td>
<td>0.00%</td>
<td>N/A</td>
</tr>
<tr>
<td>Investment Return</td>
<td>0.00%</td>
<td>0.02%</td>
<td>0.02%</td>
<td>-0.04%</td>
</tr>
<tr>
<td>Elected Rate/Lump Sum</td>
<td>0.00%</td>
<td>-0.22%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Demographic/Other Changes</td>
<td>-0.04%</td>
<td>-0.07%</td>
<td>0.03%</td>
<td>0.10%</td>
</tr>
<tr>
<td>Assumptions/Methods</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>-0.05%</td>
</tr>
<tr>
<td><strong>Ending Rate</strong></td>
<td><strong>6.01%</strong></td>
<td><strong>9.96%</strong></td>
<td><strong>10.01%</strong></td>
<td><strong>10.02%</strong></td>
</tr>
</tbody>
</table>

Valuation Year

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Funded Ratio</strong></td>
<td>17.0%</td>
<td>44.0%</td>
<td>53.9%</td>
<td>64.9%</td>
</tr>
</tbody>
</table>


Next Steps

If you are interested in making plan changes, please contact your Employer Services Representative at 800-651-3848. Your benefit selections are due by Dec. 15, 2014.