Park Employees' Annuity and Benefit Fund of Chicago

Actuarial Valuation and Review as of December 31, 2012

Segal Consulting

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June 7, 2013

Board of Trustees
Park Employees' Annuity and Benefit Fund of Chicago
55 East Monroe Street, Suite 2720
Chicago, Illinois 60603

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of December 31, 2012. It summarizes the actuarial data used in the valuation, establishes the funding requirements for the fiscal year ending December 31, 2013, and analyzes the preceding years' experience.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist in administering the Park Employees' Annuity and Benefit Fund of Chicago. The census and financial information on which our calculations were based was prepared by the Fund staff. That assistance is gratefully acknowledged. We have not subjected the census data to any auditing procedures, but have examined the data for reasonableness and consistency with the prior year's data.

Since the effective date of the last actuarial valuation, there have not been any changes in benefit provisions that have had an impact on the actuarial liabilities of the Fund.

The actuarial assumptions and methods are set by the Board of Trustees, based upon recommendations made by the Fund's actuary. The assumptions and methods used for the December 31, 2012 actuarial valuation were based on an experience analysis covering the five-year period ending June 30, 2012 and were adopted by the Board, effective for the December 31, 2012 valuation. These actuarial assumptions and methods comply with the parameters for disclosure in Governmental Accounting Standards Board (GASB) Statement No. 25. Further, in our opinion, the assumptions as approved by the Board are reasonably related to the experience of the Fund.

The funding policy of the Fund is to have contributions sufficient to amortize the unfunded liability over the 30-year period ending December 31, 2042. Employer contributions come from a property tax levied by the District equal to the total amount of contributions made by employees in the calendar year two years prior to the year of the levy, multiplied by 1.10. The 1.10 factor is known as the tax multiple. In years prior to Fiscal 2005, employer contributions to the Fund had been sufficient to meet the actuarially determined contribution requirement. Since Fiscal 2005, the employer contribution has not been sufficient to meet the actuarially determined contribution requirement.

The measurements shown in this actuarial valuation may not be applicable for other purposes. 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; and changes in plan provisions or applicable law.

The actuarial calculations were directed under our supervision. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board are reasonably related to the experience of and the expectations for the Fund.

We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,

SEGAL CONSULTING

By:

Kim Nicholl, FSA, MAAA, EA, FCA
Senior Vice President and Actuary

Matthew A. Strom, FSA, MAAA, EA
Consulting Actuary

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SECTION 1

VALUATION SUMMARY

SECTION 2

VALUATION RESULTS

SECTION 3

SUPPLEMENTAL INFORMATION

SECTION 4

REPORTING INFORMATION

Purpose

This report has been prepared by Segal Consulting to present a valuation of the Park Employees' Annuity and Benefit Fund of Chicago (PEABF) as of December 31, 2012. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

- The benefit provisions of the Fund, as administered by the Board;
- The characteristics of covered active participants, inactive vested participants, and retired participants and beneficiaries as of December 31, 2012, provided by PEABF staff;
- The assets of the Plan as of December 31, 2012, provided by PEABF staff;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions regarding employee terminations, retirement, death, etc.

Significant Issues in Valuation Year

The following key findings were the result of this actuarial valuation:

1. A five-year experience study was performed for the period July 1, 2007 through June 30, 2012. All recommended assumption and method changes were approved by the Board of Trustees, are effective December 31, 2012, and are incorporated in this valuation. The changes include:
    a. Lowering the investment return from 8.00% to 7.50%,
    b. Lowering the inflation rate from 3.00% to 2.75%,
    c. Lowering the payroll growth rate from 3.50% to 2.75%,
    d. Revising the salary scale from 4.50% to rates ranging from 15% to 2.75% based on service,
    e. Moving to the RP-2000 mortality table, set forward one year for females, with generational improvement from 2003,
    f. Revising turnover rates to use an 8-year select table based on service and ultimate rates based on age,
    g. Revisions to retirement rates for Tier 1 members,

h. Changing the actuarial cost method from Projected Unit Credit to Entry Age Normal, and

i. Changing the amortization method from a 30-year open period, level percentage of pay, to a 30-year closed period, level percentage of pay.

2. The funded ratio based on the actuarial value of assets over the actuarial accrued liability as of December 31, 2012 is 43.4%, compared to 50.9% as of June 30, 2012. This ratio is a measure of funding status, its history is a measure of funding progress, and it is the ratio required to be reported under GASB 25. Prior to reflecting the assumption and method changes described above, the funded ratio as of December 31, 2012 is 47.9%.

3. Employer contributions to the Fund come from a tax levied upon all taxable property in the City of Chicago. The amount of tax that is levied is 1.10 times the amount of employee contributions made two years prior. The 1.10 factor is known as the tax multiple. As shown in Chart 13, for the fiscal year beginning January 1, 2013, the actuarially determined contribution amount (the Annual Required Contribution, or ARC) is $41,834,857. Based on the 1.10 tax multiple, and using the Fund's assumption of 3% loss on collections, we have estimated the employer contribution for the fiscal year beginning January 1, 2013 to be $10,181,490. Compared to the Annual Required Contribution of $41,834,857, the contribution deficiency is $31,653,367 as of January 1, 2013. Each year of a contribution deficiency leads to an increased deficiency in all future years.

4. For the six-month period ended December 31, 2012, Segal has determined that the asset return on a market value basis was 6.3%. After gradual recognition of investment gains and losses under the actuarial smoothing method, the actuarial rate of return was 1.0%. This represents an experience loss when compared to the assumed rate of 4% (for the 6-month period). As of December 31, 2012, the actuarial value of assets ($421.4 million) represented 102.2% of the market value ($412.4 million).

5. The portion of deferred investment gains and losses recognized in the calculation of the December 31, 2012 actuarial value of assets resulted in a loss of $13,039,011. Additionally, the demographic and liability experience resulted in a $4,357,398 loss.

6. The total unrecognized investment loss as of December 31, 2012 is $9,058,984. This investment loss will be recognized in the determination of the actuarial value of assets for funding purposes in the next few years, to the extent it is not offset by recognition of investment gains derived from future experience. This implies that earning the assumed rate of investment return of 7.50% per year (net of expenses) on a **market value** basis will result in investment losses on the actuarial value of assets in the next few years. Therefore, if the actual market return is equal to the assumed 7.50% rate and all other actuarial assumptions are met, the contribution requirements would still increase in each of the next few years.

7. As mentioned above, the current method used to determine the actuarial value of assets yields an amount that is 102.2% of the market value of assets as of December 31, 2012. Guidelines in Actuarial Standard of Practice No. 44 (Selection and Use of Asset Valuation Methods for Pension Valuations) recommend that asset values fall within a reasonable range around the corresponding market value. We believe the actuarial asset method currently complies with these guidelines.

8. This actuarial valuation report as of December 31, 2012 is based on financial data as of that date. Changes in the value of assets subsequent to that date are not reflected. Declines in asset values will increase the cost of the plan, while increases in asset values (in excess of expected) will decrease the cost of the plan.

Summary of Key Valuation Results

	January 1, 2013		July 1, 2012*
	After Assumption/Method Changes	Before Assumption/Method Changes	
Contributions for fiscal year beginning:			
Actuarially determined contribution requirement	$41,834,857	$35,165,336	$16,786,671
Estimated employer contributions (provided by the Fund, reflecting 3% loss on collections)	10,181,490	10,181,490	5,061,120
Actual employer contribution	--	--	5,268,363
Funding elements for fiscal year beginning:			
Normal cost, including administrative expenses	$6,080,392	$6,235,256	$3,323,370
Market value of assets	412,389,017	412,389,017	410,797,588
Actuarial value of assets	421,448,001	421,448,001	440,692,006
Actuarial accrued liability	971,807,222	879,362,910	866,370,565
Unfunded/(overfunded) actuarial accrued liability	550,359,221	457,914,909	425,678,559
GASB 25 information for fiscal year beginning:			
Annual Required Contributions (ARC)	$41,834,857	$35,165,336	$16,786,671
Actual employer contributions	--	--	5,268,363
Percentage of ARC contributed	--	--	31.38%
Funded ratio	43.37%	47.93%	50.87%
Covered payroll	--	--	$58,231,511
Demographic data for plan year beginning:			
Number of retirees and beneficiaries	2,906	2,906	2,921
Number of vested former participants	152	152	153
Number of active members	3,053	3,053	2,977
Total salary supplied by the Fund	$113,934,756	$113,934,756	$109,798,508
Average salary	37,319	37,319	36,882

* *Short fiscal year began July 1, 2012 and ended December 31, 2012.*

A. MEMBER DATA

The Actuarial Valuation and Review considers the number and demographic characteristics of covered members, including active members, inactive members, retirees, and beneficiaries.

This section presents a summary of significant statistical data on these participant groups.

More detailed information for this valuation year and the preceding valuation can be found in Section 3, Exhibits A, B, and C.

A historical perspective of how the participant population has changed over the past ten valuations can be seen in this chart.

CHART 1

Member Population: 2004 – 2012

Census Date	Active Members	Vested Terminated Members*	Retirees and Beneficiaries	Ratio Actives to Retirees and Beneficiaries
June 30, 2004	2,820	N/A	3,240	0.87
June 30, 2005	2,881	186	3,184	0.90
June 30, 2006	3,035	167	3,115	0.97
June 30, 2007	3,040	162	3,056	0.99
June 30, 2008	3,031	161	3,013	1.01
June 30, 2009	2,865	159	3,013	0.95
June 30, 2010	2,816	160	2,956	0.95
June 30, 2011	2,795	141	2,913	0.96
June 30, 2012	2,977	153	2,921	1.02
December 31, 2012	3,053	152	2,906	1.05

* *Excludes terminated members due a refund of employee contributions*

Active Members

Plan costs are affected by the age, years of service and payroll of active members. In this year's valuation, there were 3,053 active participants with an average age of 41.9, average years of service of 10.1 years and average salary of $37,319. The 2,977 active participants in the prior valuation had an average age of 42.1, average service of 10.1 years and average salary of $36,882.

Inactive Participants

In this year's valuation, there were 152 members with a vested right to a deferred or immediate vested benefit.

In addition, there were 3,705 members entitled to a return of their employee contributions.

These graphs show a distribution of active members by age and by years of service.

CHART 2

Distribution of Active Members by Age as of December 31, 2012

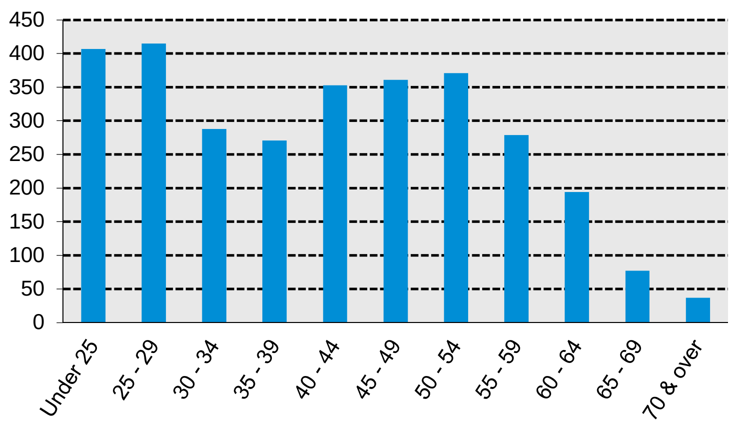
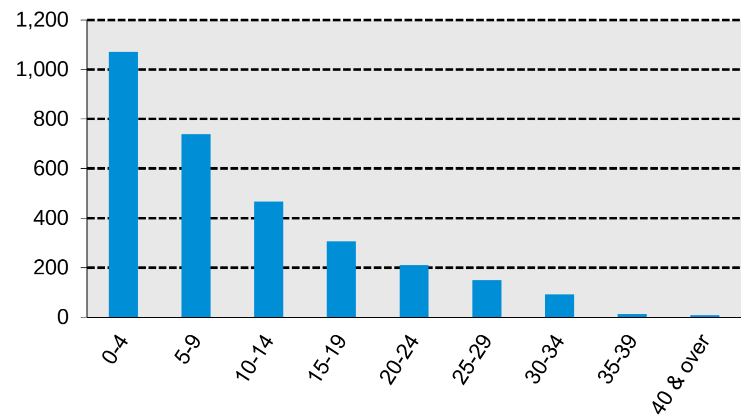


CHART 3

Distribution of Active Members by Years of Service as of December 31, 2012



Retirees and Beneficiaries

As of December 31, 2012, 2,090 retirees, 798 beneficiaries, and 18 dependent children were receiving total monthly benefits of $5,431,880. For comparison, in the previous valuation there were 2,104 retirees, 804 beneficiaries, and 13 dependent children receiving total monthly benefits of $5,332,972.

These graphs show a distribution of the current retirees based on their monthly amount and age.

CHART 4

Distribution of Retirees by Monthly Amount as of December 31, 2012

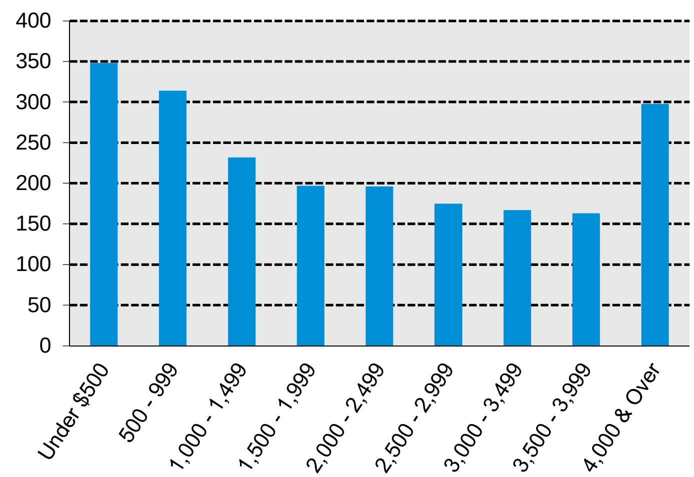
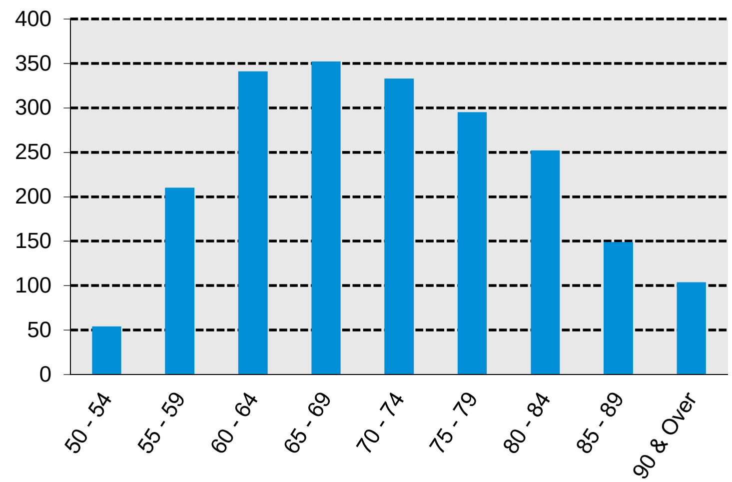


CHART 5

Distribution of Retirees by Age as of December 31, 2012



B. FINANCIAL INFORMATION

It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable.

The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

The chart shows the determination of the actuarial value of assets as of the valuation date.

CHART 6

Determination of Actuarial Value of Assets for Fiscal Years Ended December 31, 2012 and June 30, 2012

				December 31, 2012		June 30, 2012
1.	Actuarial value of assets as of prior valuation date			$440,692,006		$489,370,505
2.	Employer and employee contributions			10,639,447		21,273,188
3.	Benefits and expenses			34,004,814		67,147,261
4.	Expected investment income			17,160,373		37,314,677
5.	Total investment income, including income for securities lending			24,956,796		3,861,173
6.	Investment gain/(loss): (5) – (4)			7,796,423		-33,453,504
7.	Expected actuarial value of assets: (1) + (2) - (3) + (4)			434,487,012		480,811,109
8.	Calculation of unrecognized return	Original Amount*	% Recognized**		% Recognized	
	(a) 6-month period ended December 31, 2012	$7,796,423	10%	$779,642		--
	(b) Year ended June 30, 2012	-33,453,504	10%	-3,345,350	20%	-$6,690,701
	(c) Year ended June 30, 2011	45,124,290	10%	4,512,429	20%	9,024,858
	(d) Year ended June 30, 2010	-1,179,100	10%	-117,910	20%	-235,820
	(e) Year ended June 30, 2009	-148,678,220	10%	-14,867,822	20%	-29,735,644
	(f) Year ended June 30, 2008	-62,408,980			20%	-12,481,796
	(g) Total recognized return			-13,039,011		-40,119,103
9.	Actuarial value of assets as of current valuation date: (7) + (8g)			$421,448,001		$440,692,006

* *Total return minus expected return on actuarial value*

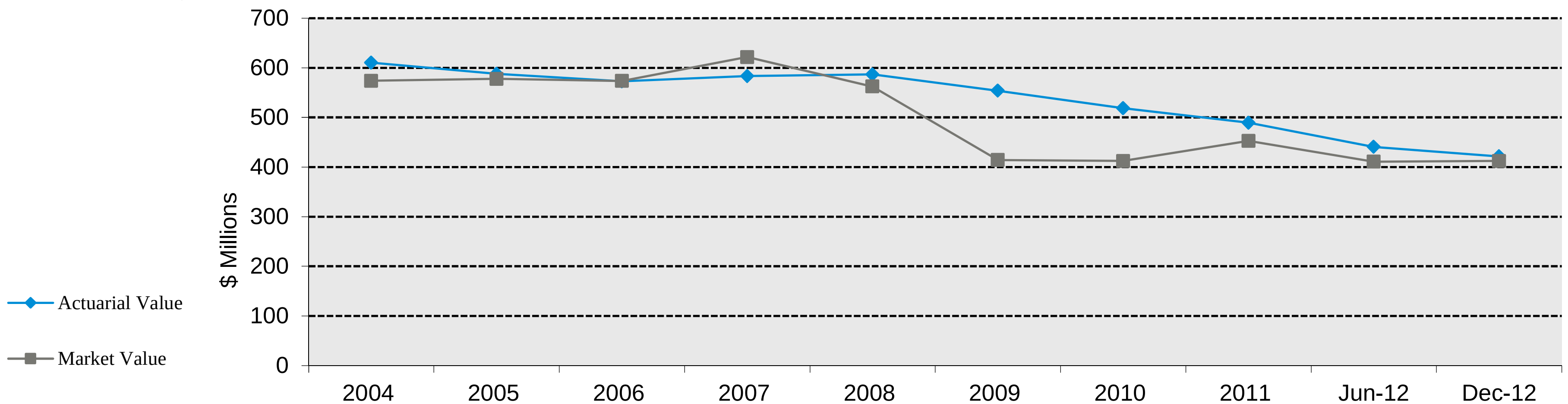
** *10% was recognized, instead of 20%, due to the short fiscal year in order to maintain a 5-year smoothing period.*

Both the actuarial value and market value of assets are representations of the Fund's financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets. The actuarial asset value is significant because the Fund's liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the contribution requirement.

This chart shows the change in the actuarial value of assets versus the market value over the past ten valuation dates.

CHART 7

Actuarial Value of Assets vs. Market Value of Assets as of June 30, 2004 – December 31, 2012



C. ACTUARIAL EXPERIENCE

To calculate the actuarially required contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the contribution requirement will decrease from the previous year. On the other hand, the contribution requirement will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years.

The total loss is $17,216,301, $13,039,011 from investment losses and $4,177,290 in losses from all other sources. The net experience variation from individual sources other than investments was less than 0.5% of the actuarial accrued liability. A discussion of the major components of the actuarial experience is on the following pages.

This chart provides a summary of the actuarial experience during the six-month period ended December 31, 2012.

CHART 8

Actuarial Experience for 6-Month Period Ended December 31, 2012

1.	Net gain/(loss) from investments*	-$13,039,011
2.	Net gain/(loss) from administrative expenses	180,108
3.	Net gain/(loss) from other experience**	-4,357,398
4.	Net experience gain/(loss): (1) + (2) + (3)	-$17,216,301

* *Details in Chart 9*

** *Details in Chart 12*

Investment Rate of Return
A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on the PEABF's investment policy. For valuation purposes, the assumed rate of return on the actuarial value of assets for the six-month period ended December 31, 2012 is 4.00%. The actual rate of return on an actuarial basis for the six-month period ended December 31, 2012 was 0.96%.

Since the actual return for the year was less than the assumed return, the PEABF experienced an actuarial loss during the fiscal year ended December 31, 2012 with regard to its investments.

This chart shows the gain/(loss) due to investment experience.

CHART 9

Actuarial Value Investment Experience for Fiscal Year Ended December 31, 2012

1.	Actual return	$4,121,362
2.	Average value of actuarial assets	429,009,323
3.	Actual rate of return: (1) ÷ (2)	0.96%
4.	Assumed rate of return	4.00%
5.	Expected return: (2) x (4)	$17,160,373
6.	Actuarial gain/(loss): (1) – (5)	-$13,039,011

Because actuarial planning is long term, it is useful to see how the assumed investment rate of return has followed actual experience over time. The chart below shows the rate of return on an actuarial basis compared to the market value investment return for the last ten valuation years, including five-year and ten-year averages.

Chart 10
Investment Return

Fiscal Year Ended	Market Value	Actuarial Value
June 30, 2004	13.4%	3.6%
June 30, 2005	8.9%	4.0%
June 30, 2006	7.4%	5.3%
June 30, 2007	16.2%	9.3%
June 30, 2008	-3.0%	8.1%
June 30, 2009	-18.6%	2.0%
June 30, 2010	11.3%	1.5%
June 30, 2011	21.0%	3.1%
June 30, 2012	0.9%*	-0.6%*
December 31, 2012	6.3%*	1.0%*
Average Returns		
Last 5 valuation years:	3.7%	1.5%
Last 10 valuation years:	6.1%	3.9%

** As determined by Segal*

Subsection B described the actuarial asset valuation method that gradually takes into account fluctuations in the market value rate of return. The effect of this is to stabilize the actuarial rate of return, which contributes to leveling the actuarially required contribution.

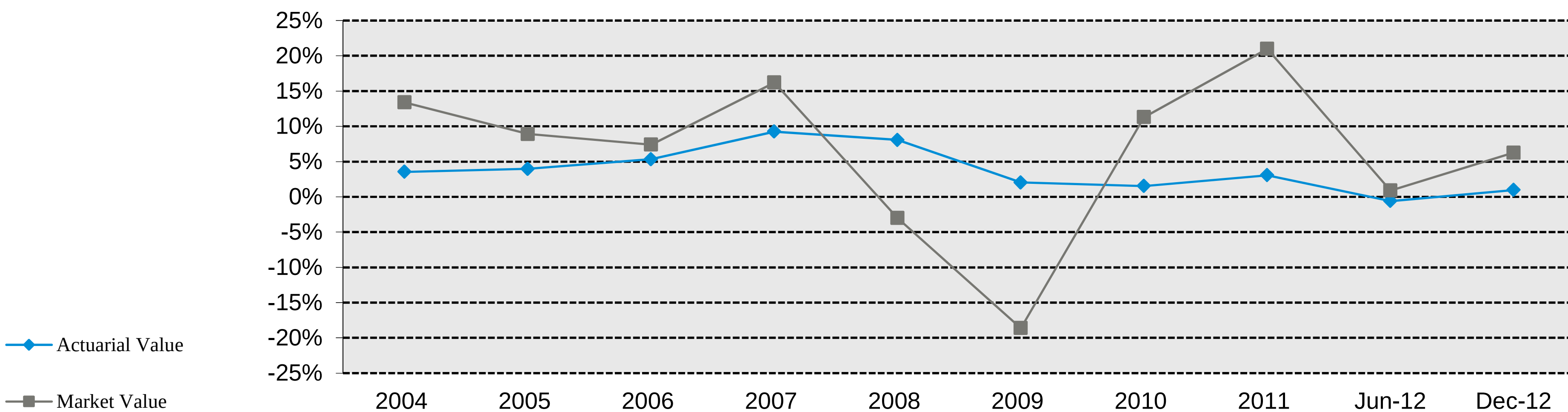
Administrative Expenses

Administrative expenses for the fiscal year ended December 31, 2012 totaled $723,802 compared to the assumption of $863,417. This resulted in a gain of $180,108.

This chart illustrates how this leveling effect has actually worked over the years 2004 - 2012.

CHART 11

Market and Actuarial Rates of Return for Fiscal Years Ended June 30, 2004 - December 31, 2012



Other Experience
There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation. These include:

- the extent of turnover among the participants,
- retirement experience (earlier or later than expected),
- mortality (more or fewer deaths than expected),
- the number of disability retirements, and
- salary increases different than assumed.

The net loss from this other experience for the six-month period ended December 31, 2012 amounted to $4,357,398, which is approximately 0.5% of the actuarial accrued liability.

A brief summary of the demographic gain/(loss) experience of the PEABF for the six-month period ended December 31, 2012 is shown in the chart below.

The chart shows elements of the experience gain/(loss) for the six-month period ended December 31, 2012.

CHART 12

Experience Due to Changes in Demographics for the 6-Month Period Ended December 31, 2012

1.	Turnover	-$346,801
2.	Retirement	-3,120,737
3.	Deaths among retired members and beneficiaries	-545,816
4.	Salary/service increase for continuing actives	224,615
5.	Other decrements	-568,659
6.	Total	-$4,357,398

D. DEVELOPMENT OF EMPLOYER COSTS

The Annual Required Contribution as defined by the Governmental Accounting Standards Board (GASB) is comprised of an employer normal cost payment and a payment on the unfunded actuarial accrued liability. This total amount is then divided by the projected payroll for active members to determine the Annual Required Contribution of 35.21% of payroll.

GASB allows that the unfunded actuarial accrued liability be amortized over 30 years. In April 2013, the Board of Trustees elected to close the 30-year amortization period, which ends on December 31, 2042.

The chart compares this valuation's actuarially determined contribution with the prior valuation.

CHART 13

Annual Required Contribution

		Year Beginning			
		January 1, 2013		July 1, 2012*	
		Amount	% of Payroll	Amount	% of Payroll
1.	Total normal cost	$15,385,632	12.95%	$7,623,150	13.29%
2.	Administrative expenses	1,519,984	1.28%	863,417	1.50%
3.	Expected employee contributions	-10,825,224	-9.11%	-5,163,197	-9.00%
4.	Employer normal cost: (1) + (2) + (3)	$6,080,392	5.12%	$3,323,370	5.79%
5.	Employer normal cost, adjusted for timing**	6,302,921	5.30%	3,452,901	6.02%
6.	Actuarial accrued liability	971,807,222		866,370,565	
7.	Actuarial value of assets	421,448,001		440,692,006	
8.	Unfunded actuarial accrued liability: (6) – (7)	$550,359,221		$425,678,559	
9.	Payment on unfunded actuarial accrued liability	35,531,936	29.91%	13,333,770	23.24%
10.	Annual Required Contribution, adjusted for timing**: (5) + (9)	$41,834,857	35.21%	$16,786,671	29.26%
11.	Projected payroll	$118,814,828		$57,368,854	

* *Short fiscal year began July 1, 2012 and ended December 31, 2012.*

** *Recommended contributions are assumed to be paid at the middle of every month.*

The Annual Required Contribution as of January 1, 2013 is based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

Reconciliation of Annual Required Contribution
The chart below details the changes in the Annual Required Contribution from the prior valuation to the current year's valuation.

The chart reconciles the Annual Required Contribution from the prior valuation to the amount determined in this valuation.

CHART 14

Reconciliation of GASB Annual Required Contribution from July 1, 2012 to January 1, 2013

Annual Required Contribution as of July 1, 2012	$16,786,671
Effect of short fiscal year	16,786,671
Effect of plan amendment(s)	0
Effect of expected change in amortization payment due to payroll growth	462,668
Effect of rolling amortization period	-230,120
Effect of change in administrative expense assumption	-214,419
Effect of change in other actuarial assumptions	6,357,233
Effect of contributions (more)/less than recommended contribution	686,519
Effect of investment (gain)/loss	789,389
Effect of other gains and losses on accrued liability	252,895
Effect of net other changes	157,350
Total change	$25,048,186
Annual Required Contribution as of January 1, 2013	$41,834,857

E. INFORMATION REQUIRED BY THE GASB

Governmental Accounting Standards Board (GASB) reporting information provides standardized information for comparative purposes of governmental pension plans. This information allows a reader of the financial statements to compare the funding status of one governmental plan to another on relatively equal terms.

Critical information to the GASB is the historical comparison of the GASB required contribution to the actual contributions. This comparison demonstrates whether a plan is being funded within the range of the GASB reporting requirements. Chart 15 below presents a graphical representation of this information for the Fund.

The other critical piece of information regarding the PEABF's financial status is the funded ratio. This ratio compares the actuarial value of assets to the actuarial accrued liabilities of the Fund as calculated under the GASB standards. High ratios indicate a well-funded plan with assets sufficient to cover the plan's actuarial accrued liabilities. Lower ratios may indicate recent changes to benefit structures, funding of the plan below actuarial requirements, poor asset performance, or a variety of other factors.

Although the GASB requires that the actuarial value of assets be used to determine the funded ratio, Chart 16 shows the funded ratio calculated using both the actuarial value of assets and the market value of assets.

The details regarding the calculations of these values and other GASB numbers may be found in Section 4, Exhibits II, III, and IV.

These graphs show key GASB factors.

CHART 15

Required Versus Actual Employer Contributions, Fiscal Years Ended June 30

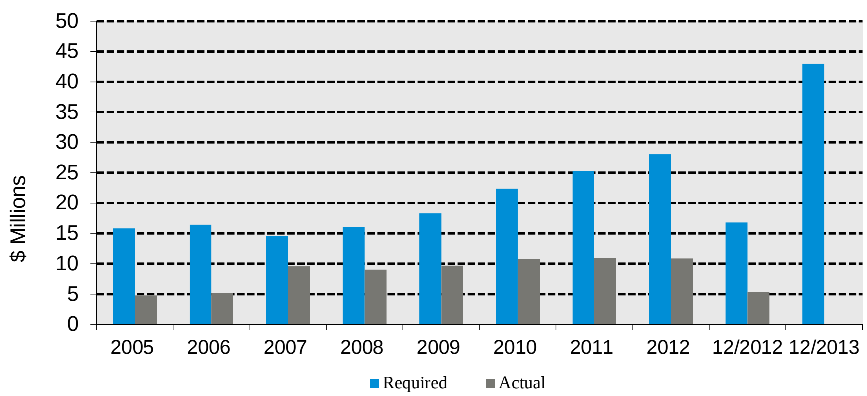


CHART 16

Funded Ratio, Fiscal Years Ended June 30

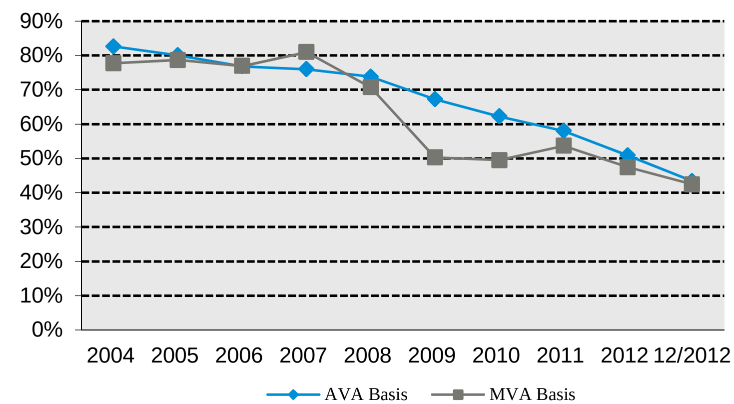


EXHIBIT A

Table of Plan Coverage

Category	Census Date: December 31, 2012	Census Date: June 30, 2012	Change From Prior Year
Active members in valuation:			
Number	3,053	2,977	2.6%
Average age	41.9	42.1	-0.5%
Average years of service	10.1	10.1	0.0%
Total salary supplied by the Fund	$113,934,756	$109,798,508	3.8%
Average salary	$37,319	$36,882	1.2%
Total active vested participants with at least 10 years of service	1,314	1,260	4.3%
Vested terminated members	152	153	-0.7%
Non-vested terminated members eligible for a return of contributions	3,705	3,740	-0.9%
Service retirees:			
Number in pay status	2,090	2,104	-0.7%
Average age	71.4	71.4	0.0%
Average monthly benefit	$2,152	$2,103	2.3%
Beneficiaries (including children) in pay status:			
Number in pay status	816	817	-0.1%
Average age	76.7	77.0	-0.4%
Average monthly benefit	$1,145	$1,113	2.9%
Total number of members	9,816	9,791	0.3%

EXHIBIT B

Participants in Active Service as of December 31, 2012
By Age, Years of Service, and Average Salary

		Years of Service								
Age	**Total**	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**Over 40**
Under 25	407	364	43	- -	- -	- -	- -	- -	- -	- -
	$20,412	$20,183	$22,352	- -	- -	- -	- -	- -	- -	- -
25-29	415	206	188	21	- -	- -	- -	- -	- -	- -
	25,627	23,335	26,594	$39,447	- -	- -	- -	- -	- -	- -
30-34	288	114	96	67	11	- -	- -	- -	- -	- -
	34,263	30,221	36,278	36,256	$46,427	- -	- -	- -	- -	- -
35-39	271	102	75	48	42	4	- -	- -	- -	- -
	39,433	27,860	45,103	51,085	42,899	$51,982	- -	- -	- -	- -
40-44	353	83	107	74	57	31	1	- -	- -	- -
	42,505	34,034	39,429	43,878	51,378	55,726	$57,612	- -	- -	- -
45-49	361	73	66	75	55	46	40	6	- -	- -
	43,667	24,142	37,284	46,937	52,884	52,017	59,995	$53,225	- -	- -
50-54	371	53	69	76	58	47	42	25	1	- -
	45,828	21,944	35,964	46,376	47,424	62,197	58,440	65,587	$65,241	- -
55-59	279	44	39	58	40	29	26	36	6	1
	47,002	26,199	40,576	47,091	41,808	58,848	57,442	65,368	58,770	$68,833
60-64	194	22	37	28	27	36	23	14	4	3
	45,722	22,351	33,557	46,563	36,561	61,532	60,779	63,485	59,112	35,811
65-69	77	8	13	15	8	10	14	7	1	1
	41,505	17,669	31,374	40,792	39,504	49,602	53,433	52,536	68,698	38,232
Over 70	37	2	6	4	8	7	3	3	1	3
	40,207	9,601	35,872	39,073	42,631	39,178	55,450	53,379	39,757	38,469
Total	3,053	1,071	739	466	306	210	149	91	13	8
	$37,319	$24,273	$34,418	$44,645	$46,460	$56,874	$58,508	$62,956	$58,674	$41,238

EXHIBIT C

Reconciliation of Participant Data

	Active Members	Inactive Members	Retirees	Beneficiaries	Total
Number as of June 30, 2012	2,977	3,893	2,104	817	9,791
New participants	157	N/A	N/A	N/A	157
Terminations	0	0	0	0	0
Retirements	(34)	(15)	49	N/A	0
New disabilities	0	0	N/A	N/A	0
Died with beneficiary	0	0	(27)	27	0
Died without beneficiary	(1)	0	(20)	(26)	(47)
Refunds	(51)	(23)	0	0	(74)
Rehire	5	(5)	0	N/A	0
Certain period expired	N/A	N/A	0	(2)	(2)
Data adjustments	0	7	(16)*	0	(9)
Number as of December 31, 2012	3,053	3,857	2,090	816	9,816

* Includes removal of 17 QDROs for participant count purposes.

EXHIBIT D

Schedule of Pensioners and Beneficiaries Added to and Removed from Rolls

	Added to Rolls		Removed from Rolls		Rolls – End of Year			
Fiscal Year	Number	Annual Allowances	Number	Annual Allowances	Number*	Annual Allowances	% Increase in Avg. Annual Allowances	Average Annual Allowances
2003	131	$2,946,242	186	$2,418,091	3,040	$47,078,047	3.0	$15,486
2004	351	9,796,355	176	2,020,035	3,215	54,854,367	10.2	17,062
2005	118	2,771,265	174	2,211,151	3,159	55,414,481	2.8	17,542
2006	117	3,304,140	184	2,631,780	3,092	56,086,841	3.4	18,139
2007	112	3,487,985	159	1,927,814	3,045	56,974,652	3.2	18,711
2008	127	3,714,283	177	2,321,096	2,995	58,367,839	4.2	19,488
2009	137	4,920,931	136	2,637,590	2,996	60,651,180	3.9	20,244
2010	113	3,442,389	167	2,903,979	2,942	61,189,590	2.7	20,799
2011	124	3,735,377	167	2,828,495	2,899	62,096,472	3.0	21,420
6/2012	167	4,681,195	158	2,797,326	2,908	63,980,341	2.7	22,001
12/2012	71	2,470,960	91**	1,290,060	2,888	65,161,241	2.6	22,563

* *Does not include child beneficiaries receiving a pension.*

** *Includes removal of 17 QDROs for participant count purposes.*

EXHIBIT E

Summary Statement of Income and Expenses on a Market Value Basis

	Fiscal Year Ended December 31, 2012		Fiscal Year Ended June 30, 2012	
Net assets at market value at the beginning of the year		$410,797,588		$452,810,488
Contribution income:				
Employer contributions	$5,268,363		$10,868,361	
Employee contributions	5,371,084		10,404,827	
Administrative expenses	-723,802		-1,644,603	
Net contribution income		9,915,645		19,628,585
Securities lending income		48,022		65,231
Investment income:				
Interest, dividends and other income	$3,125,551		$6,344,103	
Asset appreciation	23,049,331		78,361	
Less investment and administrative fees	-1,266,108		-2,626,522	
Net investment income		24,908,774		3,795,942
Total income available for benefits		$34,872,441		$23,489,758
Less benefit payments:				
Annuity payments	-$31,969,582		-$62,868,556	
Disability & death	-333,518		-645,949	
Refund of contributions	-977,912		-1,988,153	
Net benefit payments		-$33,281,012		-$65,502,658
Change in reserve for future benefits		$1,591,429		-$42,012,900
Net assets at market value at the end of the year		$412,389,017		$410,797,588

EXHIBIT F

Summary Statement of Plan Assets

	Fiscal Year Ended December 31, 2012		Fiscal Year Ended June 30, 2012	
Accounts receivable		$11,534,400		$1,233,026
Investments, at fair value:				
Short-term investments	$6,500,064		$9,311,424	
Bonds	64,359,583		65,824,474	
Common and preferred stocks	52,517,172		55,138,935	
Collective investment funds	99,811,579		95,983,701	
Mutual funds	12,453,129		14,575,794	
Pooled separate real estate accounts	10,988,554		10,868,246	
Private equity partnerships	151,065,516		155,691,096	
Total investments at market value		397,695,597		407,393,670
Invested securities lending collateral		41,180,970		40,244,278
Prepaid annuity benefits		3,903,461		3,785,303
Furniture and fixtures, net		46,881		50,520
Prepaid expenses		31,841		43,324
Total assets		$454,393,150		$452,750,121
Less accounts payable:				
Accounts payable	-$383,872		-$398,409	
Deferred rent	-102,965		-106,951	
Accrued benefits payable	-311,776		-267,407	
Securities lending collateral	-41,180,970		-40,244,278	
Due to broker for securities purchased	-24,550		-935,488	
Total accounts payable		-$42,004,133		-$41,952,533
Net assets at market value		$412,389,017		$410,797,588
Net assets at actuarial value		$421,448,001		$440,692,006

EXHIBIT G

Development of the Fund Through December 31, 2012

Fiscal Year Ended	Employer Contributions	Employee Contributions	Net Investment Return*	Administrative Expenses	Benefit Payments	Actuarial Value of Assets at End of Year
June 30, 2004	$9,840,681	$10,593,581	$21,513,929	$1,199,194	$54,664,806	$610,293,849
June 30, 2005	4,768,605	8,515,799	23,243,252	1,185,866	57,861,496	587,774,143
June 30, 2006	5,173,860	9,117,032	30,196,992	1,231,485	58,371,413	572,659,129
June 30, 2007	9,594,593	9,719,082	51,140,015	1,237,899	58,578,971	583,295,949
June 30, 2008	8,998,687	10,264,805	45,344,625	1,289,579	59,938,455	586,676,032
June 30, 2009	9,677,765	10,141,146	11,539,827	1,335,180	62,945,073	553,754,517
June 30, 2010	10,829,339	9,829,998	8,194,551	1,465,562	62,560,242	518,582,601
June 30, 2011	10,981,419	9,791,650	15,218,630	1,498,905	63,704,890	489,370,505
June 30, 2012	10,868,361	10,404,827	-2,804,426	1,644,603	65,502,658	440,692,006
December 31, 2012	5,268,363	5,371,084	4,121,362	723,802	33,281,012	421,448,001

** Net of investment fees*

EXHIBIT H

Development of Unfunded Actuarial Accrued Liability

	Plan Year Ended			
	December 31, 2012		June 30, 2012	
1. Unfunded actuarial accrued liability at beginning of year		$425,678,559		$354,572,735
2. Normal cost at beginning of year		8,486,567		16,524,059
3. Total contributions		10,639,447		21,273,188
4. Interest				
(a) Unfunded actuarial accrued liability and normal cost	$17,366,605		$29,687,744	
(b) Total contributions	193,676		769,179	
(c) Total interest: (4a) – (4b)		17,172,929		28,918,565
5. Expected unfunded actuarial accrued liability: (1) + (2) – (3) + (4c)		$440,698,608		$378,742,171
6. Changes due to (gain)/loss from:				
(a) Investments	$13,039,011		$40,119,103	
(b) Demographics and other	4,177,290		6,817,285	
(c) Total changes due to (gain)/loss: (6a) + (6b)		$17,216,301		$46,936,388
7. Change to due plan amendments		0		0
8. Change in actuarial assumptions and methods		92,444,312		0
9. Unfunded accrued liability at end of year: (5) + (6c) + (7) + (8)		$550,359,221		$425,678,559

EXHIBIT I

Definitions of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

Actuarial Accrued Liability For Actives:	The equivalent of the accumulated normal costs allocated to the years before the valuation date.
Actuarial Accrued Liability For Pensioners:	The single-sum value of lifetime benefits to existing pensioners. This sum takes account of life expectancies appropriate to the ages of the pensioners and the interest that the sum is expected to earn before it is entirely paid out in benefits.
Actuarial Cost Method:	A procedure allocating the Actuarial Present Value of Future Benefits to various time periods; a method used to determine the Normal Cost and the Actuarial Accrued Liability that are used to determine the Annual Required Contribution.
Actuarial Gain or Actuarial Loss:	A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two Actuarial Valuation dates. Through the actuarial assumptions, rates of decrements, rates of salary increases, and rates of fund earnings have been forecasted. To the extent that actual experience differs from that assumed, Actuarial Accrued Liabilities emerge which may be the same as forecasted, or may be larger or smaller than projected. Actuarial gains are due to favorable experience, e.g., PEABF's assets earn more than projected, salary increases are less than assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. On the other hand, actuarial losses are the result of unfavorable experience, i.e., actual results yield in actuarial liabilities that are larger than projected. Actuarial gains will shorten the time required for funding of the actuarial balance sheet deficiency while actuarial losses will lengthen the funding period.

Actuarially Equivalent:	Of equal actuarial present value, determined as of a given date and based on a given set of Actuarial Assumptions.
Actuarial Present Value (APV):	The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of Actuarial Assumptions. Each such amount or series of amounts is: a. Adjusted for the probable financial effect of certain intervening events (such as changes in compensation levels, marital status, etc.) b. Multiplied by the probability of the occurrence of an event (such as survival, death, disability, termination of employment, etc.) on which the payment is conditioned, and c. Discounted according to an assumed rate (or rates) of return to reflect the time value of money.
Actuarial Present Value of Future Plan Benefits:	The Actuarial Present Value of benefit amounts expected to be paid at various future times under a particular set of Actuarial Assumptions, taking into account such items as the effect of advancement in age, anticipated future compensation, and future service credits. The Actuarial Present Value of Future Plan Benefits includes the liabilities for active members, retired members, beneficiaries receiving benefits, and inactive members entitled to either a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would be provide sufficient assets to pay all projected benefits and expenses when due.
Actuarial Valuation:	The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a plan. An Actuarial Valuation for a governmental retirement system typically also includes calculations of items needed for compliance with GASB Statement No. 25, such as the funded ratio and the ARC.
Actuarial Value of Assets:	The value of the Fund's assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets, but commonly plans use a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the ARC.

Actuarially Determined: Values that have been determined utilizing the principles of actuarial science. An actuarially determined value is derived by application of the appropriate actuarial assumptions to specified values determined by provisions of the law.

Amortization Method: A method for determining the Amortization Payment. The most common methods used are level dollar and level percentage of payroll. Under the Level Dollar method, the Amortization Payment is one of a stream of payments, all equal, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the Amortization Payment is one of a stream of increasing payments, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the stream of payments increases at the assumed rate at which total covered payroll of all active members will increase.

Amortization Payment: The portion of the pension plan contribution, or ARC, that is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.

Annual Required Contribution (ARC): The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation, determined under GASB Statement No. 25. The ARC consists of the Employer Normal Cost and the Amortization Payment.

Assumptions or Actuarial Assumptions: The estimates on which the cost of the Fund is calculated including:

(a) <u>Investment return</u> - the rate of investment yield that the Fund will earn over the long-term future;

(b) <u>Mortality rates</u> - the death rates of employees and pensioners; life expectancy is based on these rates;

(c) <u>Retirement rates</u> - the rate or probability of retirement at a given age;

(d) <u>Turnover rates</u> - the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement;

(e) <u>Salary increase rates</u> - the rates of salary increase due to inflation and productivity growth.

Closed Amortization Period: A specific number of years that is counted down by one each year, and therefore declines to zero with the passage of time. For example, if the amortization period is initially set at 30 years, it is 29 years at the end of one year, 28 years at the end of two years, etc. See Funding Period and Open Amortization Period.

Decrements: Those causes/events due to which a member's status (active-inactive-retiree-beneficiary) changes, that is: death, retirement, disability, or termination.

Defined Benefit Plan: A retirement plan in which benefits are defined by a formula applied to the member's compensation and/or years of service.

Defined Contribution Plan: A retirement plan, such as a 401(k) plan, a 403(b) plan, or a 457 plan, in which the contributions to the plan are assigned to an account for each member, the plan's earnings are allocated to each account, and each member's benefits are a direct function of the account balance.

Employer Normal Cost: The portion of the Normal Cost to be paid by the employers. This is equal to the Normal Cost less expected member contributions.

Experience Study: A periodic review and analysis of the actual experience of the Fund that may lead to a revision of one or more actuarial assumptions. Actual rates of decrement and salary increases are compared to the actuarially assumed values and modified as deemed appropriate by the Actuary.

Funded Ratio: The ratio of the actuarial value of assets (AVA) to the actuarial accrued liability (AAL). Plans sometimes calculate a market funded ratio, using the market value of assets (MVA), rather than the AVA, although GASB 25 reporting requires the use of the AVA.

GASB: Governmental Accounting Standards Board.

GASB 25 and GASB 27: Governmental Accounting Standards Board Statements No. 25 and No. 27. These are the governmental accounting standards that set the accounting rules for public retirement systems and the employers that sponsor or contribute to them. Statement

No. 27 sets the accounting rules for the employers that sponsor or contribute to public retirement systems, while Statement No. 25 sets the rules for the systems themselves.

Investment Return: The rate of earnings of the Fund from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next.

Margin: The difference, whether positive or negative, between the statutory employer contribution rate and the Annual Required Contribution (ARC) as defined by GASB 25.

Normal Cost: That portion of the Actuarial Present Value of pension plan benefits and expenses allocated to a valuation year by the Actuarial Cost Method. Any payment in respect of an Unfunded Actuarial Accrued Liability is not part of Normal Cost (see Amortization Payment). For pension plan benefits that are provided in part by employee contributions, Normal Cost refers to the total of employee contributions and employer Normal Cost unless otherwise specifically stated.

Open Amortization Period: An open amortization period is one which is used to determine the Amortization Payment but which does not change over time. If the initial period is set as 30 years, the same 30-year period is used in determining the Amortization Period each year. In theory, if an Open Amortization Period with level percentage of payroll is used to amortize the Unfunded Actuarial Accrued Liability, the UAAL will never decrease, but will become smaller each year, in relation to covered payroll, if the actuarial assumptions are realized.

Unfunded Actuarial Accrued Liability: The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets. This value may be negative in which case it may be expressed as a negative Unfunded Actuarial Accrued Liability, also called the Funding Surplus.

Valuation Date or Actuarial Valuation Date:	The date as of which the value of assets is determined and as of which the Actuarial Present Value of Future Plan Benefits is determined. The expected benefits to be paid in the future are discounted to this date

EXHIBIT I

Summary of Actuarial Valuation Results

The valuation was made with respect to the following data supplied to us:

1.	Pensioners as of the valuation date (including 798 beneficiaries and 18 dependent children)		2,906
2.	Members inactive as of the valuation date with vested rights		152
3.	Members active as of the valuation date		3,053
	Fully vested	1,314	
	Not vested	1,739	
4.	Other non-vested inactive members as of the valuation date		3,705

The actuarial factors as of the valuation date are as follows:

1.	Employer normal cost, including administrative expenses		$6,080,392
2.	Actuarial accrued liability		971,807,222
	Retires and beneficiaries	$662,153,615	
	Inactive participants with vested rights	21,788,689	
	Active participants	287,864,918	
3.	Actuarial value of assets ($412,389,017 at market value)		421,448,001
4.	Unfunded actuarial accrued liability		$550,359,221
5.	Funded ratio: (3) ÷ (2)		43.4%

EXHIBIT I (continued)

Summary of Actuarial Valuation Results

The determination of the Annual Required Contribution (GASB 25) is as follows:

1.	Total normal cost	$15,385,632
2.	Administrative expenses	1,519,984
3.	Expected employee contributions	-10,825,224
4.	Employer normal cost: (1) + (2) + (3)	$6,080,392
5.	Employer normal cost projected, adjusted for timing	6,302,921
6.	Payment on projected unfunded/(overfunded) actuarial accrued liability	35,531,936
7.	Total Annual Required Contribution: (5) + (6), adjusted for timing	$41,834,857
8.	Estimated employer contributions provided by the Fund, reflecting 3% loss on collections	$10,181,490
9.	Projected payroll	$118,814,828
10.	Total Annual Required Contribution as a percentage of projected payroll: (7) ÷ (9)	35.21%

EXHIBIT II

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contributions	Actual Contributions	Percentage Contributed
June 30, 2004	$8,203,656	$9,840,681	120.0%
June 30, 2005	15,812,224	4,768,605	30.2%
June 30, 2006	16,436,993	5,173,860	31.5%
June 30, 2007	14,571,540	9,594,593	65.8%
June 30, 2008	16,073,257	8,998,687	56.0%
June 30, 2009	18,285,474	9,667,765	52.9%
June 30, 2010	22,399,740	10,829,339	48.3%
June 30, 2011	25,319,145	10,981,419	43.4%
June 30, 2012	28,051,528	10,868,361	38.7%
December 31, 2012	16,786,671	5,268,636	31.4%

EXHIBIT III

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll* [(b) - (a)] / (c)
06/30/2004	$610,293,849	$738,578,830	$128,284,981	82.63%	$87,840,802	146.04%
06/30/2005	587,774,143	734,360,705	146,586,562	80.04%	95,707,132	153.16%
06/30/2006	572,659,129	745,244,239	172,585,110	76.84%	101,058,024	170.78%
06/30/2007	583,295,949	767,930,632	184,634,683	75.96%	106,601,982	173.20%
06/30/2008	586,676,032	795,379,129	208,703,097	73.76%	111,698,366	186.85%
06/30/2009	553,754,517	823,896,936	270,142,419	67.21%	108,882,742	248.10%
06/30/2010	518,582,601	833,025,948	314,443,347	62.25%	107,361,021	292.88%
06/30/2011	489,370,505	843,943,240	354,572,735	57.99%	107,686,693	329.26%
06/30/2012	440,692,006	866,370,565	425,678,559	50.87%	114,223,909	372.67%
12/31/2012	421,448,001	971,807,222	550,359,221	43.37%	58,231,511	472.56%**

* *Not less than zero*

** *Adjusted for annualized covered payroll*

EXHIBIT IV

Solvency Test

	December 31, 2012	June 30, 2012
1. Actuarial accrued liability (AAL)		
a. Active member contributions	$166,554,660	$158,144,793
b. Retirees and beneficiaries	662,153,615	599,353,146
c. Active and inactive members (employer financed)	143,098,947	108,872,626
d. Total	$971,807,222	$866,370,565
2. Actuarial value of assets	421,448,001	440,692,006
3. Cumulative portion of AAL covered		
a. Active member contribution	100.0%	100.0%
b. Retirees and beneficiaries	38.5%	47.1%
c. Active and inactive members (employer financed)	0.0%	0.0%

EXHIBIT V

Supplementary Information Required by the GASB

Valuation date	December 31, 2012
Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of payroll
Amortization period	30 years (closed period)
Asset valuation method	5-year smoothed market value
Actuarial assumptions:	
Investment rate of return	7.50%
Inflation rate	2.75%
Payroll growth	2.75%
Projected salary increases	Service-based ranging from 15% to 2.75%
Cost of living adjustments	3% simple for Tier 1 retirees; the lesser of 3% or one-half CPI, compounded, for Tier 2 retirees
Plan membership:	
Retirees and beneficiaries receiving benefits	2,906
Terminated members entitled to, but not yet receiving benefits	3,857
Active members	3,053
Total	9,816

EXHIBIT VI

Actuarial Assumptions and Actuarial Cost Method

Mortality Rates:

The RP-2000 Combined Healthy Mortality Table, set forward 1 year for female participants with generational projection from 2003 using Scale AA (adopted December 31, 2012).

The mortality table specified above was determined to contain provision appropriate to reasonably reflect future mortality improvement, based on a review of mortality experience as of the measurement date.

Termination:

Select and ultimate termination rates are based on recent experience of the Fund (adopted December 31, 2012). Ultimate rates applicable for members with eight or more years of service are shown for sample ages in the table on the next page. Select rates are as follows:

Years of Service	Rate (%)
0 - 0.99	15.0
1 - 1.99	13.5
2 - 2.99	12.0
3 - 3.99	11.0
4 - 4.99	10.0
5 - 5.99	9.0
6 - 6.99	8.5
7 - 7.99	8.0

Ultimate rates:

Age	Rate (%)
20	7.0
25	7.0
30	6.0
35	5.0
40	3.5
45	3.3
50	3.0
55	3.0

Retirement Rates:

For employees first hired prior to January 1, 2011, rates of retirement for each age from 50 to 75 based on the recent experience of the Fund were used (adopted December 31, 2012). Sample rates are shown below.

	Rate (%)	
Age	<30 Years of Service	30+ Years of Service
50	5.0	40.0
55	5.0	20.0
60	6.0	6.0
65	12.0	12.0
70	14.0	14.0
75	100.0	100.0

For employees first hired on or after January 1, 2011, rates of retirement for each age from 62 to 75 were used (adopted June 30, 2011). Sample rates are shown below.

Age	Rate (%)
62	50.0
65	20.0
67	50.0
70	20.0
75	100.0

Salary Increases: Assumed salary increases are based on the recent experience of the Fund were used (adopted December 31, 2012). Rates are shown below.

Years of Service	Rate (%)
0 - 0.99	15.00
1 - 1.99	7.50
2 - 2.99	3.75
3 - 3.99	3.25
4+	2.75

Valuation of Inactive Vested Participants: The liability for an inactive member is equal to his or her existing account balance, or, if the participant has at least 10 years of service, twice the existing account balance.

Unknown Data for Participants: Same as those exhibited by participants with similar known characteristics. If not specified, participants are assumed to be male.

Spouses: 75% of participants were assumed to be married and females are assumed to be 2 years younger than males.

Disability Benefit Valuation: Disability benefits are valued in normal cost by annualizing the actual monthly disability payment amounts for the month prior to the valuation date.

Net Investment Return:	7.50% per year (adopted December 31, 2012)
Inflation:	2.75% per year (adopted December 31, 2012)
Payroll Growth:	2.75% per year (adopted December 31, 2012)
Administrative Expenses:	Equal to actual expenses for the prior year, increased by 5%.
Actuarial Value of Assets:	The actuarial value of assets was determined by smoothing unexpected gains and losses over a period of 5 years. The gain or loss for a year is calculated as the total investment income on the market value of assets, minus expected investment return on the prior actuarial value of assets. The final actuarial value is equal to the expected actuarial value plus (or minus) 20% of the calculated gain (or loss) in the prior 5 years.
Actuarial Cost Method:	Entry Age Normal (adopted December 31, 2012). Under this method, a normal cost is calculated for each employee that is the level annual contribution as a percent of pay required to be made from the employee's date of hire for as long as he/she remains active so that sufficient assets will be accumulated to provide his/her benefit. The accrued liability is the difference between the present value of all future benefits and the present value of all future normal costs.

Changes in Assumptions:	Net investment return: 7.50% (previously, 8.00%) Payroll growth: 2.75% (previously, 3.50%) Inflation: 2.75% (previously, 3.00%) Salary scale: Service-based rates from 15% to 2.75% (previously, 4.50%) Mortality: RP-2000 Combined Healthy Mortality Table set forward 1 year for females with generational projection from 2003 using Scale AA (previously, UP-1994 Mortality Table set forward 1 year) Turnover: 8 year select rates based on service and ultimate rates based on age (previously, three tables of age based rates split by years of service) Retirement: Revisions to Tier 1 rates
Changes in Methods:	Cost method: Entry Age Normal (previously, Projected Unit Credit) Amortization method: 30-year closed period, level percentage of payroll (previously, 30-year open period, level percentage of payroll)

EXHIBIT VII

Summary of Plan Provisions

This exhibit summarizes the major provisions of the PEABF included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Membership:	Any person employed by the Chicago Park District in a position requiring service for 6 months or more in a calendar year is required to become a member of the Fund as a condition of employment.
Employee Contributions:	All members of the Fund are required to contribute 9% of salary to the Fund as follows: 7% for the retirement pension, 1% for the spouse's pension, and 1% for the automatic increases in the retirement pension. In addition, employees are required to contribute $3.60 per month toward the cost of the single sum death benefit.
Retirement Pension:	a. Eligibility – An employee may retire at age 50 with at least 10 years of service or at age 60 with 4 years of service. If retirement occurs before age 60, the retirement pension is reduced ¼ of 1% of each month that the age of the member is below 60. However, there is no reduction if the employee has at least 30 years of service. b. Amount – The retirement pension is based on the average of the 4 highest consecutive years of salary within the last 10 years. For an employee who withdraws from service on or after December 31, 2003, the amount of the retirement pension is 2.4% of highest average salary for each year of service. The maximum pension payable is 80% of the highest annual salary. An employee who was a participant before July 1, 1971 is entitled to the pension provided under the money purchase formula if it provides a greater pension than that provided under the above fixed benefit formula.

An employee who first becomes a participant on or after January 1, 2011 is subject to the following provisions:

1. The highest salary for annuity purposes is equal to the average monthly salary obtained by dividing the participant's total salary during the 96 consecutive months of service within the last 120 months of service in which the total compensation was the highest by the number of months in that period.

2. For 2013, the annual salary is limited to $109,971.43. Limitations for future years shall automatically be increased by the lesser of 3% or one-half the percentage change in the Consumer Price Index-U during the preceding calendar year.

3. A participant is eligible to retire with unreduced benefits after attainment of age 67 with at least 10 years of service credit. However, a participant may elect to retire at age 62 with at least 10 years of service credit and receive a retirement annuity reduced by ½ of 1% for each month that the age of the member is below 67.

Post-Retirement Increase:

An employee retiring at age 60 or over, or an employee with 30 or more years of service, is entitled to automatic annual increases of 3% of the originally granted pension following one year's receipt of pension payments. In the case of an employee with less than 30 years of service who retires before age 60, the increases begin following the later of attainment of age 60 and receipt of one year's pension payments.

Automatic annual increases in the retirement annuity for employees who first become a participant on or after January 1, 2011 is equal to the lesser of 3% or one-half the annual change in the Consumer Price Index-U, whichever is less, based on the originally granted retirement annuity.

Surviving Spouse's Pension:

A surviving spouse is entitled to a pension upon the death of an employee while in service or on retirement. If the surviving spouse is age 60 or over and the employee or retiree had at least 20 years of service, the minimum surviving spouse's pension is 50% of the deceased employee's or retired employee's pension at the date of death. If the age of the surviving spouse is less than 60, the pension is reduced ½ of 1% for each month the surviving spouse is under age 60. If the employee had less than 20

	years of service, the surviving spouse is entitled to a pension under the money purchase formula, taking into account employee and employer contributions toward the surviving spouse's pension. Surviving spouse's pensions are subject to annual increases of 3% per year based on the current amount of pension. For employees who first become a participant on or after January 1, 2011, the initial survivor's annuity is equal to 66 2/3% of the participant's earned retirement annuity at the date of death, subject to automatic annual increases of the lesser of 3% or one-half of the increase in the Consumer Price Index-U during the preceding calendar year, based on the originally granted survivor's annuity.
Children's Pension:	Unmarried children of a deceased employee under the age of 18 are entitled to a children's pension. If either parent is living, the pension is $100.00 per month. If no parent survives, the pension for each child is $150.00 per month. The total amount payable to a spouse or children may not exceed 60% of the employee's final salary.
Single Sum Death Benefit:	A death benefit is payable upon the death of an employee in service in addition to any other benefits payable to the surviving spouse or minor children. The death benefit payable is as follows: $3,000 benefit during the first year of service, $4,000 benefit during the second year of service, $5,000 benefit during the third year of service, $6,000 benefit during the fourth through tenth year of service, and $10,000 benefit if death occurs after ten or more years of service. Upon the death of a retired member with ten or more years of service, the $10,000 maximum benefit is reduced to $6,000 if death occurs during the first year of retirement. Thereafter, it is reduced by $1,500 for each year or fraction of a year while on retirement, but shall not be less than $3,000.

Ordinary Disability Benefit:	An ordinary disability benefit is payable after eight consecutive days of absence for illness without pay. The amount of the benefit is 45% of salary. The benefit is payable for a period not to exceed ¼ of the length of service or five years, whichever is less.
Occupational Disability Benefit:	Upon disability resulting from an injury incurred while on duty, an employee is entitled to a disability benefit of 75% of salary from the first day of absence without pay. The benefit is payable during the period of disability until the employee attains age 65 if disability is incurred before age 60, or for a period of five years if disability is incurred after age 60.
Occupational Death Benefit:	Upon the death of an employee resulting from an accident incurred in the performance of duty, the surviving spouse is entitled to an occupational death benefit of 50% of salary. Each unmarried child under the age of 18 is entitled to a benefit of $100 per month. The combined payments to a family may not exceed 75% of the employee's final salary. The total payments are reduced by Workmen's Compensation benefits.
Refunds:	An employee who terminates employment before qualifying for a pension is entitled to a refund of employee contributions. The refund is payable to any employee who withdraws before age 55, regardless of the length of service. It is also payable to an employee who withdraws between age 55 and 60 with less than 10 years of service, and to an employee who withdraws after age 60 with less than 5 years of service. An employee who is unmarried at date of retirement is entitled to a refund of the full amount contributed for the spouse's pension, without interest.
Plan Year:	January 1 through December 31. Prior to December 31, 2012, the plan year was July 1 through June 30.
Changes in Plan Provisions:	There have been no changes in plan provisions since the last valuation.