

Actuarial Valuation Report
as of
January 1, 2017
for the
PLEASANT RIDGE MANOR
PENSION PLAN

Prepared by:

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SECTION 1 HIGHLIGHTS

This report contains a detailed description and the results of a valuation by Northwest Retirement Services of the Pleasant Ridge Manor Pension Plan as of January 1, 2017. The valuation is based on employee and financial data which was provided by the Employer.

The report was prepared in accordance with generally accepted actuarial principles and procedures. The contents of this report reflect the requirements of Internal Revenue Code, ERISA and related regulations that are effective for the current plan year.

Contribution Requirements

The following table summarizes the range of contributions for the plan year beginning January 1, 2017.

	<u>2017 Plan Year</u>
Minimum Required Contribution	\$ 1,660,010
Maximum Tax Deductible	\$ 50,943,318

The minimum required contribution is the amount as of January 1, 2017. Any payment that is made on a date other than January 1, 2017 will be adjusted for interest accruing until the payment date, at the effective rate of interest. The effective rate of interest for the 2017 plan year is 5.92%.

Quarterly Contributions

An employer that maintains a single-employer defined benefit plan with a funding shortfall in the preceding plan year is required to make quarterly contributions to the plan during the current plan year. Since the plan did not have a funding shortfall for the 2016 plan year, the plan is not required to make quarterly contributions during the 2017 plan year. Section 3.5 summarizes the quarterly contribution requirements.

The final contribution for the 2017 plan year is due by September 15, 2018. This amount will be adjusted for interest accruing until the payment date.

In addition, since there is a funding shortfall in 2017, quarterly contributions will be required in 2018. An estimate of the expected quarterly contribution for the 2018 plan year is \$415,003.

Adjusted Funding Target Attainment Percentage

The Adjusted Funding Target Attainment Percentage is the ratio of adjusted plan assets to the Funding Target. Adjusted assets are the actuarial value of assets reduced by credit balances.

As of January 1, 2017, the Adjusted Funding Target Attainment Percentage is 96.49%.

Plan Changes

There were no plan changes since the last valuation of the plan.

Assumption Changes

The results shown in this report reflect the changes to the IRC under The Moving Ahead for Progress in the 21st Century Act (MAP-21), the Highway and Transportation Funding Act of 2014 (HATFA) and the Bipartisan Budget Act of 2015 (BBA 2015).


Pension Expense Under GASB

Net periodic pension cost for the fiscal year ending December 31, 2016 as required under GASB is presented in a separate report.

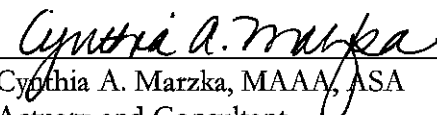
In our opinion, this report presents fairly the financial and actuarial position for the Pleasant Ridge Manor Pension Plan as of January 1, 2017 in accordance with generally accepted actuarial principles, and on the basis of actuarial assumptions and methods which, in the aggregate, are reasonable (taking into account past experience under the Plan and reasonable expectations) and which in combination represent our best estimate of anticipated experience.

We are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. We are available to provide further information or answer any questions with respect to this report.

February, 2017



Don J. Boetger, MAAA, FSPA
Actuary and Consultant



Cynthia A. Marzka, MAAA, ASA
Actuary and Consultant

SECTION 2
FINANCIAL SUMMARY

	<u>January 1, 2016</u>	<u>January 1, 2017</u>
1. Assets		
(a) Actuarial Value	\$ 51,706,979	\$ 52,510,364
(b) Market Value	49,503,524	52,254,753
2. Employee Contribution Account	\$ 14,213,095	\$ 13,375,519
3. Approximate Yield During Prior Year		
(a) Actuarial Value Basis	8.32%	4.87%
(b) Market Value Basis	0.44%	8.94%
4. Funding Target	51,669,403	54,416,396
5. Funding Shortfall / (Excess)	\$ (37,576)	\$ 1,906,032
6. Adjusted Funding Target Attainment Percentage	100.07%	96.49%
7. Target Normal Cost	\$ 1,180,230	\$ 1,347,017
8. Range of Contributions		
(a) Minimum Required	\$ 1,142,654	\$ 1,660,010
(b) Maximum Suggested	\$ 45,840,152	\$ 50,943,318
9. Effective Rate of Interest	6.12%	5.92%
10. Number of Participants		
(a) Active	262	241
(b) Frozen	27	26
(c) Terminated Vested	99	106
(d) Retirees	238	249
(e) Beneficiaries	<u>12</u>	<u>13</u>
(f) Sub-Total	638	635
(g) Ineligible	<u>38</u>	<u>20</u>
(h) Total	676	655

SECTION 3 SUMMARY OF VALUATION RESULTS

This section sets forth the current status of the funding and develops a range of contributions for the coming year.

SECTION 3.1

Assets of the Plan

Transactions in the fund and the assets are summarized in the following tables, based on information furnished by the employer and PNC Bank. Assets are shown at market value.

Summary of Transactions from January 1, 2016 to December 31, 2016

	<u>Market Value</u>
Market Assets at Beginning of Year	\$ 49,503,524.43
Less Previous Period Accrued Employer Contributions	0.00
Beginning Asset Value	\$ 49,503,524.43
Less Previous Period Accrued Income	(73,509.22)
Contributions by Employees	812,288.46
Contributions by Employer	1,150,000.00
Miscellaneous Income / (Expenses)	0.00
Investment Income	1,319,513.01
Realized Gain / (Loss)	64,863.06
Unrealized Appreciation / (Depreciation)	3,039,358.25
Benefit Payments	(2,341,737.25)
Return of Employee Contributions	(812,113.46)
PBGC Premiums	(364,714.00)
Actuarial Fees	(46,774.50)
Investment Advisory Fees	(18,500.00)
First National Fees	(34,051.41)
Manning & Napier Advisors	(0.00)
PNC Fees	(17,923.48)
Accrued Income	74,528.91
Subtotal	\$ 52,254,752.80
Accrued Employer Contributions	0.00
Assets at End of Year	\$ 52,254,752.80
Approximate Rate of Return on Assets (Gross)	9.09%
Approximate Rate of Return on Assets (Net of Expenses)	8.94%

Summary of Assets as of December 31, 2016

	<u>Market Value</u>	<u>Percent</u>
Accrued Income	\$ 74,529	0.14%
Accrued Employer Contributions	0	0.00%
Cash and Cash Equivalents	1,533,077	2.93%
U.S. Government Securities	3,396,127	6.50%
Corporate Debt	7,162,815	13.71%
Corporate Stock – common	0	0.00%
Registered Investment Companies	<u>40,088,205</u>	<u>76.72%</u>
Total Assets	\$ 52,254,753	100.00%

Historical Rates of Return

<u>Plan Year Ended</u>	<u>Market Value Approximate Rate of Return</u>	<u>Actuarial Value Approximate Rate of Return</u>
December 31, 2016	9.09%	4.87%
December 31, 2015	0.68%	8.32%
December 31, 2014	6.06%	12.25%
December 31, 2013	20.35%	11.27%
December 31, 2012	10.89%	6.99%
December 31, 2011	-0.01%	9.98%
December 31, 2010	12.11%	3.21%
December 31, 2009	21.53%	20.29%
December 31, 2008	(21.85%)	(22.31%)
December 31, 2007	7.97%	7.97%
December 31, 2006	10.66%	7.78%
December 31, 2005	4.92%	2.98%
December 31, 2004	7.70%	2.87%
December 31, 2003	18.2%	8.7%
December 31, 2002	(12.9%)	(5.4%)

ACTUARIAL VALUE OF ASSETS

The asset valuation method is the “smoothed market value” method, using a smoothing period as described in Section 430(g)(3)(B) of the Internal Revenue Code. Under this method, the actuarial value of assets is equal to the average of the fair market value of assets on the valuation date and the adjusted fair market value of assets determined from the two immediately preceding valuation dates. The adjusted fair market value of assets is the fair market value of assets at the applicable valuation date adjusted with contributions, distributions and expected earnings to the current valuation date as specified by the Secretary of Treasury. Expected earnings will be determined using the expected long term rate of return assumption limited by the applicable third segment rate.

In general, the actuarial value of assets must fall between 90% and 110% of the market value of assets.

Date	Actual Balance	Contribution Adjustment	Distribution Adjustment	Third Segment Interest	Adjusted Balance
1/1/2015	\$49,591,304	4,872,793	(6,967,503)	6,685,626	\$54,182,220
1/1/2016	49,503,524	1,962,288	(3,635,814)	3,264,121	51,094,119
1/1/2017	52,254,753	-	-	-	52,254,753

Total	\$	157,531,092
Averaging Period		<u>3 years</u>
Actuarial Value	\$	52,510,364

In general, the Actuarial Value of Assets must fall between 90% and 110% of the Market Value of Assets.

Lower Limit (90% of Fair Market Value)	\$	47,029,278
Actuarial Value of Assets	\$	52,510,364
Upper Limit (110% of Fair Market Value)	\$	57,480,228

SECTION 3.2

Funding Target and Target Normal Cost as of January 1, 2017

Funding Target is the Present Value of all benefits accrued or earned under the Plan as of the beginning of the Plan Year. Target Normal Cost is the present value of all benefits which are expected to accrue or be earned under the Plan during the upcoming Plan Year. Exceptions may apply when a Plan is considered to be in at-risk status.

	<u>Funding Target</u>	<u>Target Normal Cost</u>
1. Active Participants		
Retirement Benefits	\$ 10,087,853	\$ 826,495
Termination Benefits	817,223	77,354
Death Benefits	158,419	13,179
Disability Benefits	<u>0</u>	<u>0</u>
Subtotal Active	\$ 11,063,495	\$ 917,028
Frozen	660,163	0
Terminated Participants with Vested Benefits	2,671,029	0
Retired Participants and Beneficiaries	26,646,190	0
Accumulated Member Contributions	<u>13,375,519</u>	<u>0</u>
Subtotal	54,416,396	917,028
2. Estimated Plan Expenses	-	429,989
3. Total	\$ 54,416,396	\$ 1,347,017

SECTION 3.3

Adjusted Funding Target Attainment Percentage

The Pension Protection Act requires underfunded plans to restrict the payment of certain benefits, restrict plan amendments increasing benefits, and restrict the accrual of benefits. A plan is considered underfunded, and thus subject to the new benefit restrictions, if its funded level is less than 80%, with more restrictions applying if the funded percentage is less than 60%.

A plan's funded level is generally determined by its "adjusted funding target attainment percentage" (AFTAP) -- the ratio of adjusted assets to the funding target of the plan. Based on the adjusted funding target attainment percentage determined below, benefit restrictions do not apply for the current plan year.

1. Actuarial Value of Assets	\$ 52,510,364
2. Funding Standard Carryover Balance	0
3. Prefunding Balance	<u>0</u>
4. Adjusted Actuarial Value of Assets (1) - (2) - (3)	\$ 52,510,364
5. Funding Target	\$ 54,416,396
6. Non-HCE Annuity Purchases in last 2 years	0
7. Preliminary Adjusted Funding Target Attainment Percentage (4+6)/(5+6)	96.49% *

* If the ratio of the actuarial value of assets to the Funding Target is at least 100%, then AFTAP is $[(1) + (6)] / [(5) + (6)]$

SECTION 3.4

Funding Shortfall

1.	Funding Target	\$	54,416,396
2.	Adjusted Plan Assets		
	a) Actuarial Value of Assets		52,510,364
	b) Funding Standard Carryover Balance		0
	c) Prefunding Balance		0
	d) Adjusted Assets: (a) - (b) - (c)		52,510,364
3.	Funding Shortfall / (Excess): (1) - (2)(d)		1,906,032
4.	Exemption From New Shortfall Amortization Base		
	a) Target Liability Percentage		100%
	b) Shortfall Funding Target (1) x (a)		54,416,396
	c) Exempt if [(2)(a) - (2)(c)] ≥ (4)(b)		No
5.	Shortfall Amortization Base	\$	1,906,032

Shortfall Amortization Charge

<u>Date</u>	<u>Base</u>	<u>Current Amount</u>	<u>Amortization Period Remaining</u>	<u>Shortfall Amortization Charge</u>
1/1/17	\$ 1,906,032	<u>\$ 1,906,032</u>	7	<u>\$ 312,993</u>
		\$ 1,906,032		\$ 312,993

SECTION 3.5

Development of Contribution Requirements for Plan Year January 1, 2017 to December 31, 2017

The minimum required contribution presented below is the amount as of January 1, 2017. Any payment that is made on a date other than January 1, 2017 will be adjusted for interest accruing until the payment date, at the effective rate of interest. The effective rate of interest for the 2017 plan year is 5.92%.

A. Minimum Required Contribution

1. Target Normal Cost	\$ 1,347,017
2. Shortfall Amortization Charge	312,993
3. Credit for Excess Assets	
(a) Adjusted Assets	52,510,364
(b) Funding Target	54,416,396
(c) Excess Assets (a) - (b), not less the \$0	0
4. Preliminary Minimum Required Contribution (1) + (2) - (3)(c)	1,660,010
5. Funding Standard Carryover Balance 12/31/2016, if eligible to apply*	0
6. Prefunding Balance, 12/31/2016, if eligible to apply*	<u>0</u>
7. Minimum Required Contribution as of 1/1/2017 (4) - (5) - (6)	<u>\$ 1,660,010</u>

* Eligible to apply against Minimum Required Contribution if the ratio of plan assets to funding target for the preceding plan year is at least 80%.

B. **Maximum Deductible Contribution for the 2017 Fiscal Year**

1. Funding Target	\$	64,055,513
2. Target Normal Cost		1,701,868
3. Cushion Amount		
(a) 50% of Funding Target, (1) x .5	\$	32,027,757
(b) Expected Benefit Increases		5,668,544
(c) Total Cushion Amount		37,696,301
4. Actuarial Value of Assets		<u>52,510,364</u>
5. Preliminary Limit, (1) + (2) + (3)(c) - (4)		50,943,318
6. Minimum Required Contribution	\$	1,660,010
7. Maximum Deductible Contribution for the Year Greater of (5) or (6)	\$	50,943,318

Quarterly Contribution Requirement

For the 2017 plan year, contributions must be made on a quarterly basis equal to the following:

1. 100% of the prior year minimum contribution (without interest but before reduction for the funding standard account credit balance) \$ 1,142,654
2. 90% of the current year minimum contribution (without interest but before reduction for the funding standard carryover balance) 1,494,009
3. Amount of each quarterly contribution requirement (25% of the lesser of (1) and (2) above) 285,664
4. Credit Balance available to offset quarterly payment requirement 0
5. Prefunding Balance available (after Carryover Balance is depleted) to offset quarterly payment Requirement 0
6. Final payment dates before an additional interest charge is assessed:

<u>Quarter</u>	<u>Date</u>
1	04/15/2017
2	07/15/2017
3	10/15/2017
4	01/15/2018

Interest rate assessed on late payment of quarterly contribution (Effective Interest Rate plus 5%) 10.92%

SECTION 3.6

Accounting Information as of January 1, 2016 and January 1, 2017

This section provides actuarial present values of accumulated benefits under ASC 960.

	<u>Actuarial Present Value of Accumulated Plan Benefits</u>	
	<u>January 1, 2016</u>	<u>January 1, 2017</u>
1. Vested Benefits:		
Active Participants	\$ 22,983,587	\$ 22,713,803
Terminated Participants	2,623,232	2,175,121
Retired Participants and Beneficiaries	<u>20,920,363</u>	<u>23,273,598</u>
Total Vested Benefits	\$ 46,527,182	\$ 48,162,522
2. Non-vested Benefits	<u>51,590</u>	<u>48,238</u>
3. Total Accumulated Benefits	\$ 46,578,772*	\$ 48,210,760*
4. Assumed Rate of Interest	7.5%	7.5%
5. Net Assets Available for Benefits	\$ 49,503,524	\$ 52,254,753
6. Benefit Security Ratio (5) / (3)	106%	108%

* Including accumulated member contributions of \$14,213,095 as of January 1, 2016 and \$13,375,519 as of January 1, 2017.

Change in Actuarial Present Values During Year

Amount at January 1, 2016 \$ 46,578,772

Increase / (Decrease) Attributable to:

Additional Benefits Accumulated (because of service, earnings and new participants and actuarial (gain) / loss)	\$ 2,258,131
Interest due to Decrease in the Discount Period	3,365,283
Benefits Paid to Participants	(3,153,850)
Plan Changes	0
Assumption Change	0
Net Change in Accumulated Employee Contributions with Interest	<u>(837,576)</u>
Net Change	\$ 1,631,988
Amount at January 1, 2017	\$ 48,210,760

SECTION 3.7
PBGC INFORMATION AS OF JANUARY 1, 2016 AND JANUARY 1, 2017

This section provides information associated with the calculation of the Pension Benefit Guaranty Corporation (PBGC) premium payment.

	<u>Variable Rate Premium</u>	
	<u>January 1, 2016</u>	<u>January 1, 2017</u>
1. Vested Benefits:		
Active Participants	\$ 28,527,847	\$ 29,176,498
Terminated Participants	4,056,445	3,553,327
Retired Participants and Beneficiaries	<u>27,633,391</u>	<u>31,220,679</u>
Total Vested Benefits	\$ 60,217,683	\$ 63,950,504
2. Market Value of Assets	<u>49,503,524</u>	<u>52,254,753</u>
3. Unfunded Vested Benefits (1)-(2), rounded up to the next \$1,000	\$ 10,715,000	\$ 11,696,000
4. Variable-rate, per \$1,000	<u>30</u>	<u>34</u>
5. Variable-rate Premium (3)/1,000 x (4)*	\$ 321,450	\$ 338,635

**Per participant cap of \$500 for 2016 and \$517 for 2017.*

	<u>Flat Rate Premium</u>	
6. Applicable rate per participant	\$ 64	\$ 69
7. Number of Participants	<u>676</u>	<u>655</u>
8. Flat-rate Premium, (6) x (7)	\$ 43,264	\$ 45,195
9. Total PBGC Premium (5) + (8)	\$ 364,714	\$ 383,830

SECTION 4
BASIS OF VALUATION

SECTION 4.1

Summary of Plan Provisions

Effective Date	Amended and restated January 1, 2010.
Administration	Board of Trustees of Pleasant Ridge Manor.
Eligibility for Plan	An Employee who is a member of the bargaining unit shall be eligible to become a participant immediately upon becoming an Employee. The Plan was frozen to all non-bargained employees with fewer than 65 points (age + service) as of December 31, 2011.
Employee Contributions	Each member of the retirement system must contribute 6% of his salary. Currently, mandatory Employee contributions will be credited with interest equal to 120% of the Federal Mid Term rate. Voluntary contributions, up to another 10% of pay, are allowed. Voluntary contributions are credited with interest at the rate earned by the Trust Account.
Compensation	Total pay received as a Pleasant Ridge Manor Employee excluding refunds for expenses.
Final "Average" Compensation	The average of the member's annual compensation received for the three years which produce the highest such average.
Credited Service	Participant shall be credited with a Year of Credited Service for each Plan Year in which he is credited with 1,000 or more Hours of Service.

Normal Retirement

Eligibility: Retirement occurs at age 60 or at age 55 if the participant has completed 20 years of service. The amount of benefit at retirement shall equal:

- (a) 1.25% of Final "Average" Compensation multiplied by years of credited service,

-- PLUS --

- (b) a monthly annuity based on the actuarial equivalent of the member's accumulated contributions with credited interest.

Postponed Retirement

A member may work past normal retirement age and continue to accrue pension credits.

Vesting

One hundred percent (100%) upon completion of five years of credited service. A member who terminates employment after five years of credited service will receive a deferred annuity commencing at age 60 (or at age 55 if the member has at least 20 years of service at termination). The deferred benefit shall be calculated using the normal retirement pension formula but based on credited service, final average salary and accumulated contributions at termination.

If a member terminates employment prior to entitlement to Plan benefits, he will receive his accumulated contributions with interest.

Disability Retirement

Eligibility: Total and permanent disability prior to retirement eligibility and after completion of five years of vesting service.

Pension: A total monthly pension commencing on the last day of the month following disability retirement equal to 25% of the 1/12th of Final Average Compensation at time of retirement. Such total monthly pension shall include the monthly disability that is actuarially equivalent to the member's accumulated contributions at retirement.

Death Benefits

- (a) Pre-Retirement. If a member dies after having attained age 60 or having completed ten years of credited service, his beneficiary will receive a lump sum equal to the actuarially determined present value of the benefits calculated in based on the member's Final Average Compensation and credited service at time of death plus the member's accumulated contributions with interest at time of death.

- (b) Post-Retirement. Upon the death of a terminated or retired member, his beneficiary will receive survivor benefits, if any, in accordance with the form under which benefits were being paid to the member. In any event, the total amount of benefits paid to the deceased member and beneficiary must, at least, equal the member's accumulated contributions with interest.

Normal Form of Pension

Benefits are payable in the form of a life annuity, that is for the member's lifetime only, except that benefits shall never be less than the Employee contribution account plus interest.

Optional Retirement Benefits

The form of annuity provided by the Plan is a monthly annuity payable for life. A member may elect to receive the actuarial equivalent of his lifetime annuity on a reduced joint and survivor pension payable for the remainder of his life, with either 100% or 50% of the member's pension continuing after death to the designated beneficiary. A member may also elect to receive, in one payment, the full amount of his accumulated deductions and continue to receive the annuity provided by the Plan.

SECTION 4.2

Plan Participants

The table below shows the number of plan participants on January 1, 2016 and January 1, 2017 and relevant data pertaining to them.

	<u>January 1, 2016</u>	<u>January 1, 2017</u>
<u>Active Participants</u>		
Number:		
Fully Vested	229	205
Not Vested	<u>33</u>	<u>36</u>
Total	262	241
Average Age	48.7	49.0
Average Service to Date	18.4	18.7
Average Annual Compensation	\$ 37,784	\$ 38,204
<u>Frozen</u>		
Number	27	26
Annual Benefit Payable at Retirement	\$ 91,062	\$ 90,488
<u>Refunds Payable</u>		
Number	38	20
<u>Terminated Vested Participants</u>		
Number	99	106
Annual Benefit Payable at Retirement	\$ 321,332	\$ 360,046
<u>Retired Participants and Beneficiaries</u>		
Number	250*	262*
Annual Benefit	\$2,247,790	\$2,517,072
<u>Total Participants</u>	676	655

* Includes 12 beneficiaries as of January 1, 2016 and 13 as of January 1, 2017.

Shown below are the changes that occurred in plan participation during the plan year.

	<u>Active</u>	<u>Frozen</u>	<u>Refunds Payable</u>	<u>Term Vested</u>	<u>Retired</u>	<u>Total</u>
Participants at Prior Valuation Date	262	27	38	99	250	676
New Participants During the Year	13	-	-	-	-	13
Rehires	-	-	-	-	-	-
Frozen	-	-	-	-	-	-
Terminated Not Vested Did not Withdraw Contributions	(2)	-	2	-	-	-
Terminated Without Vesting	(8)	-	-	-	-	(8)
Terminated Vested	(13)	(1)	-	14	-	-
Part-Time	-	-	-	-	-	-
Disabled	-	-	-	-	-	-
Retired	(11)	-	-	(6)	17	-
Deaths	(2)	-	-	-	(6)	(8)
Lump Sum Payments	-	-	(17)	-	-	(17)
Became Beneficiary	-	-	-	-	1	1
Became Active	2	-	(2)	-	-	-
Data Correction/QDRO	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>(1)</u>	<u>-</u>	<u>(2)</u>
Participants at 12/31/2016	241	26	20	106	262	655

SECTION 4.3

Actuarial Basis

Method for Contributions

Contributions required to fund the plan benefits are determined according to the provisions under MAP-21, as revised by the Highway and Transportation Funding Act of 2014 (HATFA) and the Bipartisan Budget Act of 2015 (BBA 2015). The Target Normal Cost is the present value of benefits earned during the plan year plus the amount of plan-related expenses expected to be paid from the plan assets during the plan year. The Funding Target is the present value of benefits earned as of the beginning of the plan year. The excess of the Funding Target over the actuarial value of assets represents the Funding Shortfall.

Method for Accrued Benefits

The actuarial present value of accumulated plan benefits is a measure of plan benefits that have been earned to date. This is not only a valuation of retirement benefits, but also of deferred vested, death, and disability benefits. Earnings and service for benefit purposes expected to be earned after the valuation date are excluded from this value.

The actuarial assumptions used to determine this value are identical to those used for the funding purposes with the exception of an interest rate of 7.5%.

Method of Asset Valuation

Plan assets are valued at fair market value.

In general, the actuarial value of assets must fall between 90% and 110% of the market value of assets.

Data

The valuation results are based upon participant census and financial data provided by the plan sponsor. The data was tested for reasonableness and consistency with the prior valuation.

Actuarial Assumptions

The following actuarial assumptions were employed in the determination of the liabilities and annual contributions of the plan as developed in accordance with the funding methods described in this report.

1. The rates of mortality will be in accordance with the Static Mortality Table for males and females.
2. The HATFA adjusted interest rates used for determining the minimum funding requirements and the plan's AFTAP are developed as follows:

Segment	25-year average As of 9/30/2016	90% - 110% Corridor	September 2016 Unadjusted Rate	HATFA Adjusted Rate
1	4.62%	4.16%	1.52%	4.16%
2	6.35%	5.72%	3.80%	5.72%
3	7.20%	6.48%	4.79%	6.48%

The Effective Interest Rate is 5.92%.

3. The interest rates used for determining the maximum tax deductible contribution are the 24-month average corporate bond segment rates for September 2016 as published by the IRS. The interest rate for this purpose is 4.14%.
4. The interest rates used for determining the PBGC variable rate premium are the 24-month average corporate bond segment rates for September 2016 as published by the IRS (Election Year: 2009).
5. Salary projection assumed to increase 4.0% per year.
6. Withdrawal prior to retirement is assumed to occur in accordance with Crocker Sarason Straight Table T-5.
7. No disability prior to retirement is assumed.
8. Retirement is assumed to occur upon the attainment of age 65 with 5 years of participation.
9. All plan participants have been included in the funding.
10. As required by Section 415 of the Internal Revenue Code, the determination of a participant's projected retirement benefit has been limited so that the amount does not exceed \$215,000 per year adjusted if necessary to recognize the participant's assumed retirement age, cost of living adjustments on the valuation date and optional forms of payment.

SECTION 5

REPORTING REQUIREMENTS AND MISCELLANEOUS INFORMATION

Plan Year Ending December 31, 2017

<u>Form of Report</u>	<u>Date Due</u>	<u>Annually or Event</u>	<u>Where to File</u>
Contributions for Current Year	04/15/2017; 07/15/2017; 10/15/2017; 01/15/2018; 09/15/2018	Annually	
PBGC Filing	Nine and one-half months after beginning of plan year. (10/15/2017)	Annually	Pension Benefit Guaranty Corporation
Form 5500 Annual Report, including applicable Schedules	Seven months after plan year ends unless there is a corporate tax filings extension. (7/31/2018)	Annually	Department of Labor
Annual Funding Notice	120 days after the Plan Year ends (4/30/2018)	Annually	Participants and Beneficiaries
Summary Plan Description	New participants: within 90 days. New beneficiaries: within 90 days of benefit commencement.	Event reissued every 10 years - every 5 years if plan amended	Department of Labor and Participants and Beneficiaries
Amendment Summary	Seven months after end of plan year in which amendment is adopted.	Event	Department of Labor and Participants and Beneficiaries.