

PENSION INFORMATION

City of Monahans Pension Plan

The City of Monahans is a member of the Texas Municipal Retirement System (TMRS). TMRS is a statewide retirement program currently administered to 866 Texas cities. The City of Monahans has chosen from several plan options to suit the needs of our employees to be administered in accordance with the TMRS Act which is a qualified retirement plan under Section 401 (a) of the Internal Revenue Code.

| | |
|--|---------------------------|
| Employee contribution rate: | 5% of pay |
| Matching ratio (City to employee): | 2:1 |
| Years required for vesting: | 10 years |
| Service retirement eligibility (age/years of service): | 60/10, 0/25 |
| Updated Service Credits: | 100% Repeating, transfers |

Upon retirement the employee account balance including interest is combined with the employer match to price a lifetime annuity based on the employee's age at retirement.

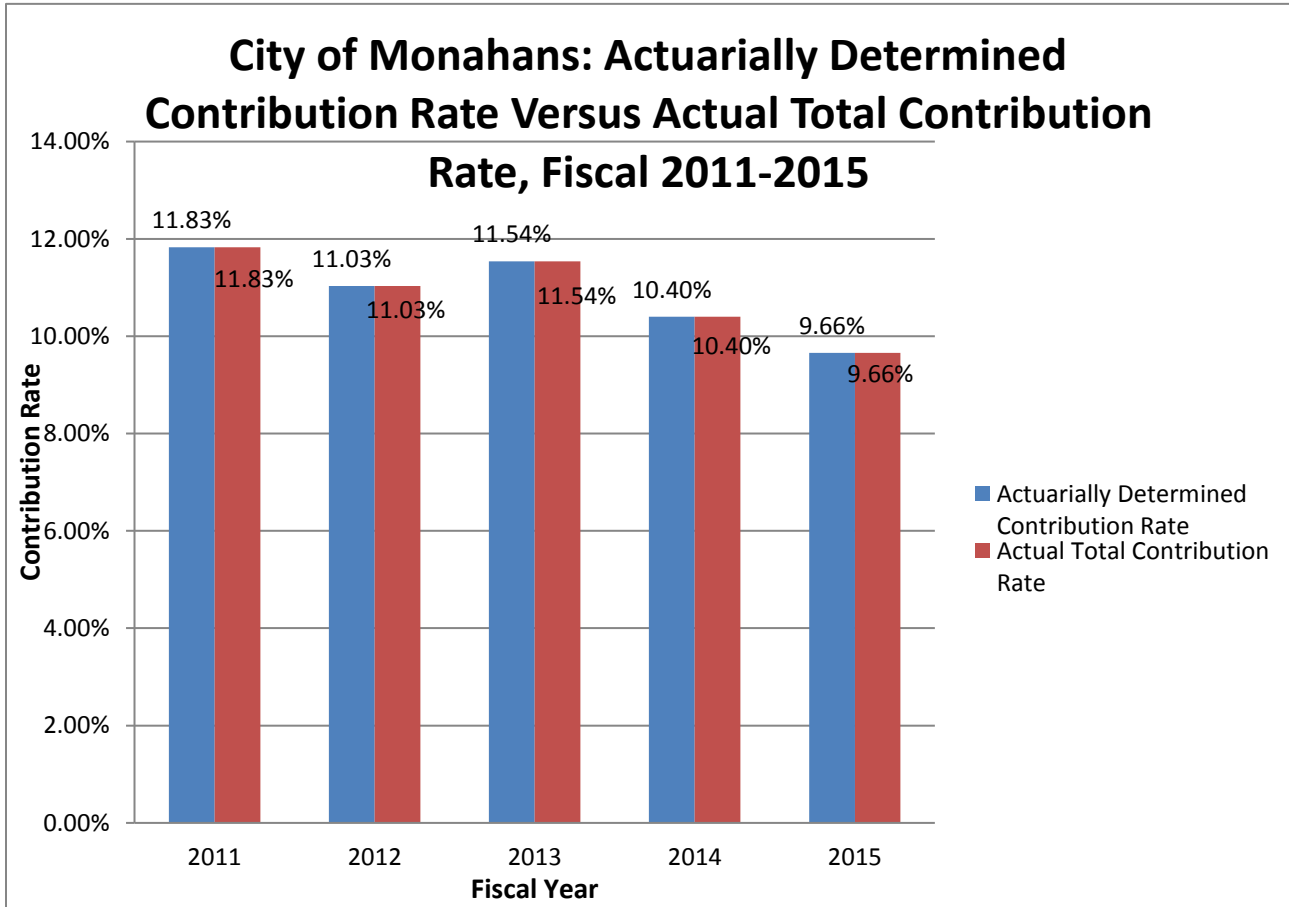
Actuarial Information as of December 31, 2015

| | |
|---|--------------|
| Actuarial accrued liability (AAL) | \$12,269,259 |
| Actuarial value of assets (AVA) | \$10,877,835 |
| Unfunded actuarial accrued liability (UAAL) | \$ 1,391,424 |
| Funded Ratio (AVA/AAL) | 88.7% |
| Equivalent Single Amortization Period | 22.3 years |
| Assumed rate of return | 8.37% |
| Valuation Payroll | \$ 3,405,609 |
| UAAL as a percent of covered payroll | 40.85% |

Equivalent single amortization period – The weighted average of all amortization periods used when components of the total unfunded actuarial accrued liability are separately amortized and the average is calculated in accordance with the parameters.

Contributions

Actuarially Determined Contribution (ADC) rate – A target or recommended contribution to A defined benefit pension plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the Contribution for the reporting period was adopted.



Asset Allocations

| Asset Class | Minimum % | Target Allocation | Maximum % |
|------------------------|-----------|-------------------|-----------|
| U. S. Equities | 12.5% | 17.5% | 22.5% |
| International Equities | 12.5% | 17.5% | 22.5% |
| Core-Fixed Income | 5.0% | 10.0% | 15.0% |
| Non-Core Fixed Income | 15.0% | 20.0% | 25.0% |
| Real Estate | 5.0% | 10.0% | 15.0% |
| Real Return | 5.0% | 10.0% | 15.0% |
| Absolute Return | 5.0% | 10.0% | 15.0% |
| Private Equity | 0.0% | 5.0% | 10.0% |
| Cash Equivalents | 0.0% | 0.0% | 10.0% |

As stated on page 58 of the TMRS Annual Report:

“The market value of the Texas Municipal Retirement System’s investments was \$23.6 billion as of December 31, 2015. (As reported by TMRS’ custodian State Street Bank & Trust. Market value includes accruals and is adjusted for open trades.) The System’s current actuarial assumed rate of return is 6.75%, which represents the System’s long-term return goal. The System’s overall investment return over the past year was 0.34% and the System’s three-year annualized return was 5.29%. The five-year annualized return for the System was 5.63% and the System’s ten-year annualized return was 5.42%.

The System’s portfolio is under a process of diversification and has shifted from an income-oriented strategy to a total return approach similar to most pension funds. The portfolio is diversified across all segments of the U.S. and international equity markets (both developed and emerging). The fixed income portfolio consists of core and non-core investments.”

Historical Investments Returns

| | |
|-------------------|-------|
| 1 – Year Return: | 0.34% |
| 3 – Year Return: | 5.29% |
| 5 – Year Return: | 5.63% |
| 10 – Year Return: | 5.42% |

Actuarial (2015 Report Year)

| | |
|--|--|
| Actuarial Value of Assets (Funding Valuation): \$10,877,835 | Funded Ratio (Funded Valuation): 86.7% |
| | Funded Ratio (GASB 68 Valuation): 85.8% |
| Covered Payroll: \$3,405,609 | Unfunded Amount (GASB 68 Valuation) as a percent of Covered Payroll: 48.23 |
| Amortization Period (Yrs.): 22.3 | Active Members: 60 |
| Unfunded Liability: 1,391,424 | Annuitants: 26 |
| Inactive Members: 36 | |

