TYLER FIRE DEPARTMENT
RELIEF AND RETIREMENT FUND

ACTUARIAL VALUATION AS OF
DECEMBER 31, 2009

NOVEMBER 5, 2010

Rudd and Wisdom, Inc.

CONSULTING ACTUARIES

Mitchell L. Bilbe, F.S.A.
Evan L. Dial, F.S.A.
Philip S. Dial, F.S.A.
Charles V. Faerber, F.S.A., A.C.A.S.
Mark R. Fenlaw, F.S.A.
Carl L. Frammolino, F.S.A.
Kenneth J. Herbold, A.S.A.
Christopher S. Johnson, F.S.A.

9500 Arboretum Blvd., Suite 200
Austin, Texas 78759

Post Office Box 204209
Austin, Texas 78720-4209

Phone: (512) 346-1590
Fax: (512) 345-7437
E-mail: mfenlaw@ruddwisdom.com
ewiley@ruddwisdom.com

Robert M. May, F.S.A.
J. Christopher McCaul, F.S.A.
Edward A. Mire, F.S.A.
Rebecca B. Morris, A.S.A.
Michael J. Muth, F.S.A.
Khiem Ngo, F.S.A.
Ronald W. Tobleman, F.S.A.
David G. Wilkes, F.S.A.

November 5, 2010

Board of Trustees
Tyler Fire Department Relief
and Retirement Fund
1718 West Houston
Tyler, Texas 75702

Members of the Board of Trustees:

At the request of the Board of Trustees of the Tyler Fire Department Relief and Retirement Fund, we have prepared this report of the results of the actuarial valuation of the fund as of December 31, 2009. Section I of our report summarizes the valuation results and describes the data sources and key assumptions used in the valuation. Section II shows the key results of the valuation and describes the reasons for the change in the amortization period from the previous valuation that we prepared. Section III explains special studies considerations. The necessary information for the fund's compliance with Governmental Accounting Standards Board (GASB) Statement No. 25 and the city's compliance with GASB Statement No. 27 is included as Exhibits 14 and 15.

We certify that we are members of the American Academy of Actuaries who meet Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained in this report.

Sincerely,

Mark R. Fenlaw

Mark R. Fenlaw, F.S.A.

Robert M. May

Robert M. May, F.S.A.

Elizabeth A. Wiley

Elizabeth A. Wiley, A.S.A.

MRF;RMM;EAW:bb
i:\clients\fire\wd\vals\2010\tyler\val.doc

TABLE OF CONTENTS

SECTION	**I**	**-**	**Valuation Summary**	**1**
SECTION	**II**	**-**	**Summary of Key Results of the Actuarial Valuation**	**7**
SECTION	**III**	**-**	**Special Studies**	**9**
EXHIBIT	**1**	**-**	**Distribution of Firefighters by Age and Service**	**11**
EXHIBIT	**2**	**-**	**Summary of Pensioners**	**12**
EXHIBIT	**2A**	**-**	**Firefighter and Pensioner Reconciliation**	**13**
EXHIBIT	**3**	**-**	**Breakdown of Pensioners by Monthly Benefit Amounts**	**14**
EXHIBIT	**4**	**-**	**Historical Comparison of Actuarial Accrued Liability and Actuarial Value of Assets**	**15**
EXHIBIT	**5**	**-**	**Summary of Asset Data**	**16**
EXHIBIT	**6**	**-**	**Development of Actuarial Value of Assets**	**17**
EXHIBIT	**7**	**-**	**Historical Comparison of Market and Actuarial Value of Assets**	**18**
EXHIBIT	**8**	**-**	**Comparison of Market Value Asset Allocation as of the Prior and Current Actuarial Valuation Dates**	**19**
EXHIBIT	**9**	**-**	**Actuarial Methods and Assumptions**	**20**
EXHIBIT	**10**	**-**	**Disability Rates, Withdrawal Rates and Salary Increases**	**22**
EXHIBIT	**11**	**-**	**Definitions**	**23**
EXHIBIT	**12**	**-**	**Summary of Present Plan**	**25**
EXHIBIT	**13**	**-**	**25-Year Projection – Present Plan**	**27**
EXHIBIT	**14**	**-**	**Disclosures in Accordance with GASB Statement No. 25**	**28**
EXHIBIT	**15**	**-**	**Disclosures in Accordance with GASB Statement No. 27**	**31**

Section I

Tyler Fire Department Relief and Retirement Fund
Valuation Summary

An actuarial valuation of the assets and liabilities of the Tyler Fire Department Relief and Retirement Fund as of December 31, 2009 has been completed. The valuation was based on the Present Plan (plan effective January 1, 2005 and amended November 1, 2005) and the provisions of the Texas Local Fire Fighters' Retirement Act (TLFFRA) which were in effect on December 31, 2009. Section II shows the summary of key results of the actuarial valuation as of December 31, 2009 and discusses the significant changes since the prior valuation that we prepared as of December 31, 2007.

This valuation reflects an actuarially assumed total contribution rate of 31.50%, comprised of 13.50% by the firefighters and 18.00% by the city. The total contribution rate of 31.50% exceeds the normal cost rate of 19.97%, leaving 11.53% available to amortize the unfunded actuarial accrued liability (UAAL) of $19,035,929. Assuming that the total payroll increases at the rate of 4.0% per year in the future, the contributions in excess of the normal cost **will amortize the UAAL in 26.4 years.**

In order for a retirement plan to have an adequate contribution arrangement, contributions must be made that are sufficient to pay the plan's normal cost and to amortize the plan's UAAL over a reasonable period of time. Based on the Texas State Pension Review Board guidelines, our professional judgment, and the actuarial assumptions and methods used in making this valuation, we usually consider periods of 15 years to 25 years to be preferable and 40 years to be the maximum acceptable period. Since the total contributions are sufficient to pay the fund's normal cost and to amortize the fund's UAAL within the maximum acceptable period, we are of the opinion that the fund, based on present levels of benefits and contributions, **has an adequate contribution arrangement. However, we are not able to approve any increases in benefits because the amortization period for this valuation with the Present Plan exceeds 25 years, the maximum threshold for the results of a benefit increase we are willing to approve. Section III presents additional information.**

Projected Actuarial Valuation Results

In addition to completing this actuarial valuation, we estimated the amortization periods for the next two biennial actuarial valuations. These projections examine the effect on future amortization periods of the actuarial investment gains that the fund experienced in 2006 and 2009 and the actuarial investment losses in 2007 (small) and 2008 (significant) that have been only partially recognized as of December 31, 2009. As shown in Exhibit 6, a smoothing method is used to determine the actuarial value of assets (AVA) for this valuation. This method phases in over a five-year period any investment gains or losses

(actual net investment return greater or less than the actuarially assumed net investment return) that the fund has had. The AVA used in this current valuation is deferring recognition of a portion of the investment gains in 2006 and 2009 and of the investment losses in 2007 and 2008. The AVA used in this valuation is $45,386,149. The market value of assets is $41,260,136. The $4,126,013 difference between the market value and the AVA is the net of the deferred gains and losses that will be recognized in the next two actuarial valuations.

For the purpose of projecting the amortization period in the future, we have used five scenarios of various assumed annual rates of investment return on the market value of assets, net of all expenses, over the 2010-2013 projection period. The projected amortization periods will not be the same as the actual amortization periods from completed future actuarial valuations but are the result of projected future actuarial valuation results based on the completed December 31, 2009 actuarial valuation, showing (1) the expected effects of the recognition over the next two valuations of the portions of the past investment gains and losses that are deferred as of December 31, 2009 and (2) the effects over the next two valuations of investment returns different from the 7.75% assumption used in making the valuation.

Projected Amortization Periods

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Assumed Investment Return for Calendar Year					
2010	7.75%	20.00%	4.00%	10.00%	4.00%
2011	7.75	15.00	20.00	10.00	4.00
2012	7.75	10.00	15.00	10.00	4.00
2013	7.75	10.00	15.00	10.00	4.00
2014 and later	7.75	7.75	7.75	7.75	7.75
Amortization Period as of December 31:					
2009 (actual)	26.4 years	26.4 years	26.4 years	26.4 years	26.4 years
2011 (projected)	32.2 years	25.1 years	31.4 years	30.6 years	35.1 years
2013 (projected)	33.9 years	17.3 years	22.3 years	28.1 years	46.3 years

The projected amortization periods in Scenario 1 isolate the expected effects of the recognition over the next four years of the portions of the past investment gains and losses that are deferred as of December 31, 2009. The primary conclusion of Scenario 1 is that as the deferred portions of the investment gains for the years 2006 and 2009 are recognized, they will be dwarfed by the systematic recognition of the deferred portion of the significant investment loss for 2008. This conclusion from Scenario 1 is not surprising since the amortization period in the December 31, 2009 actuarial valuation would be 37.9 years if we had used the market value of assets as the actuarial value of assets.

Scenarios 2, 3, 4, and 5 show the projected amortization periods in the next two actuarial valuations based on various levels of assumed investment experience. Even though the equity markets have increased significantly since the market low on March 9, 2009, there is still some uncertainty in the national and global economies as we write this report as to how the pace of recovery will move once it begins and how the markets will respond. In our opinion, in the context of these caveats, Scenarios 2 through 5 present a range of plausible scenarios for the next two actuarial valuations with no changes in benefits or contributions.

Variations in experience from the underlying assumptions other than investment return will cause the actual amortization periods to be different from the projected periods shown above. However, the primary observations from these scenarios are that (1) even with a robust market rebound in 2010 and 2011, similar to Scenario 2, the amortization period is expected to be close to 25 years in the December 31, 2011 valuation, (2) even a moderate drop in the market in 2010 coupled with a market rebound similar to Scenario 3 or a modest market rebound similar to Scenario 4 could result in an amortization period in excess of 30 years by the December 31, 2011 actuarial valuation, and (3) returns consistently below our investment return assumption over the next four years could result in a steady increase in the amortization period as in Scenario 5.

Participant and Asset Data

The active firefighter data, pensioner data, and asset data used in the valuation were provided on behalf of the Board of Trustees by Marjorie Vallejo, who provides administrative services for the Board of Trustees. Exhibit 1 is a distribution of the active firefighters by age and service. The salaries used for projecting future contributions and benefits in the valuation were based on the actual pay for the 2009 calendar year without adjustment to reflect that there was no pay increase effective in October 2009. The total of these salaries is our assumed annualized covered payroll for the plan year beginning January 1, 2010 and is used in the valuation to determine the UAAL amortization period. The averages of the assumed salaries for the 2010 plan year for projecting benefits are shown in Exhibit 1.

Exhibit 2 contains summary information on the pensioners. The monthly benefit payments are generally based on the amounts paid December 31, 2009. Exhibit 2A is a reconciliation of firefighters and pensioners from December 31, 2007 to December 31, 2009. Exhibit 3 shows a breakdown of the dollar level of the monthly benefits for retirees and surviving spouses. Exhibit 4 shows a historical comparison of the actuarial accrued liability and the actuarial value of assets.

The summary of assets contained in Exhibit 5 is based on the December 31, 2009 market value of assets contained in the December 31, 2009 asset statements and the 2009 Annual Report to the Texas Fire Fighters' Pension Commission. This exhibit also shows a comparison with the market values and actuarial values of assets as of December 31,

2007 and December 31, 2009. Exhibit 6 shows the development of the actuarial value of assets. Exhibit 7 shows a historical comparison between the market value and actuarial value of assets. A comparison of the market value asset allocation by asset class as of December 31, 2007 and December 31, 2009 is shown in Exhibit 8.

Assumptions

We selected actuarial assumptions we considered to be appropriate for the fund with respect to future rates of investment return, withdrawal, death, disability, service retirement, salary increases of firefighters and aggregate future firefighter payroll increases for use in making this valuation. Significant actuarial assumptions used in the valuation are:

1. 7.75% annual investment return (interest rate) net of expenses;

2. 4.00% general annual pay (salary) increase plus an average of 1.73% per year for pay increases due to promotions and longevity over a 30-year career;

3. Retirement rates which result in an average expected age at retirement of 55.3;

4. RP-2000 Mortality Tables projected to 2010; and

5. City contribution rate averaging 18.00% of aggregate payroll over future years.

The following actuarial assumption changes have been made, and the new assumptions are compared to those used in the December 31, 2007 valuation:

1. The investment return assumption, net of all expenses, was lowered from 8.00% to 7.75% to better reflect the current asset allocation and the assumed total expenses of the fund, including indirect expenses for investment management through mutual funds.

2. The assumed city contribution rate was changed from a rate averaging 15.66% to a rate averaging 18.00% of aggregate payroll in recognition of (a) the city's policy of contributing the same rate of payroll contributed for the city's other employees under the Texas Municipal Retirement System (TMRS), (b) considerations mentioned in April 29, 2010 and September 17, 2010 letters to the board about the potential for increasing contribution rates to TMRS in excess of 21% but also about the potential for the city reducing TMRS benefits and the long-term effect of TMRS using a closed amortization period, and (c) the actual city contribution rate in calendar year 2010 (17.55%) and the budgeted rate for calendar year 2011 (18.96%).

A summary of all the assumptions and methods used in the valuation is shown in Exhibits 9 and 10. In our opinion, the assumptions used, both in the aggregate and individually, are reasonably related to the experience of the fund and to reasonable

expectations. The assumptions represent a reasonable estimate of anticipated experience of the fund over the long-term future.

Supporting Exhibits

Exhibit 11 contains definitions of terms used in this actuarial valuation report. Exhibit 12 summarizes the plan provisions of the Present Plan. A 25-year projection of the fund is shown in Exhibit 13. This projection has been prepared to show an estimate of the market value of the fund during the next 25 years. The first five years shown in this exhibit contain historical data taken from annual reports. Exhibit 13 assumes that all benefits will commence in accordance with the assumptions used in this December 31, 2009 actuarial valuation. Some boards find the estimates of future cash flows useful in allocating plan assets for investment purposes. Because investment return is not uniform each year, this projection may not be realistic year by year. However, the projection is a realistic estimate of the overall growth of the fund for the 25-year projection period based on the assumptions used in developing the projection. This projection shows the ratio of the market value of assets to payments fairly stable in years two through ten, then gradually increasing in the last 15 years. This ratio level and pattern, based on the expected future experience of the fund, are coincident with the contribution arrangement that would have been reported if we had used market value of assets for the actuarial value of assets.

The disclosures in accordance with GASB Statement No. 25 are enclosed as Exhibit 14. This information will be needed for the fund's financial statements. The disclosures in accordance with GASB Statement No. 27 are enclosed as Exhibit 15. The GASB 27 disclosures will be needed for the city's financial statements.

Variability in Future Actuarial Measurement

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following:

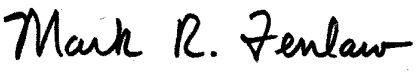
- Fund experience differing from that anticipated by the current economic or demographic assumptions;
- Increases or decreases expected as part of the natural operation of the methodology used for these measurements;
- Changes in economic or demographic assumptions; and
- Changes in plan provisions.

Analysis of the potential range of such future measurements resulting from the possible sources of measurement variability is typically outside the scope of an actuarial

valuation. However, we provided projected amortization periods for the next two biennial actuarial valuations under five scenarios and the amortization period for this valuation if it had been based on the market value of assets. Additional sensitivity analysis could be performed in a subsequent report if desired by the Board of Trustees.

Respectfully submitted,

RUDD AND WISDOM, INC.



Mark R. Fenlaw
Fellow, Society of Actuaries
Member, American Academy of Actuaries

Robert M. May
Fellow, Society of Actuaries
Member, American Academy of Actuaries

Elizabeth A. Wiley
Associate, Society of Actuaries
Member, American Academy of Actuaries

Section II

Tyler Fire Department Relief and Retirement Fund
Summary of Key Results of the Actuarial Valuation

	December 31, 2007[1]	December 31, 2009
1. Actuarial present value of future benefits		
a. Those now receiving benefits or former firefighters entitled to receive benefits	$ 22,288,815	$ 24,677,015
b. Active firefighters	50,608,586	61,254,544
c. Total	$ 72,897,401	$ 85,931,559
2. Actuarial present value of future normal cost contributions	$ 17,290,723	$ 21,509,481
3. Actuarial accrued liability (Item 1c – Item 2)	$ 55,606,678	$ 64,422,078
4. Actuarial value of assets	$ 45,113,845	$ 45,386,149
5. Unfunded actuarial accrued liability (UAAL) (Item 3 - Item 4)	$ 10,492,833	$ 19,035,929
6. Contributions (percent of payroll)		
a. Firefighters	13.50%	13.50%
b. City of Tyler[2]	15.66%	18.00%
c. Total	29.16%	31.50%
7. Normal cost (percent of payroll)	19.33%	19.97%
8. Percent of payroll available to amortize the UAAL (Item 6c - Item 7)	9.83%	11.53%
9. Annualized covered payroll	$ 8,402,637	$ 9,851,022
10. Present annual amount available to amortize the UAAL (Item 8 x Item 9)	$ 825,979	$ 1,135,823
11. Years to amortize the UAAL	17.9	26.4
12. GASB 27 funded ratio (Item 4 ÷ Item 3)	81.1%	70.5%

[1] All items are from the October 2, 2008 report by Rudd and Wisdom, Inc. and reflect the Present Plan.
[2] Assumed average rate.

Change in Amortization Period

The amortization period, based on the Present Plan provisions, was determined in the actuarial valuation as of December 31, 2007 to be 17.9 years. Since two years have passed since that valuation date, a 15.9-year amortization period would be expected if all actuarial assumptions had been exactly met, no changes had occurred (other than those expected) in the firefighter and pensioner data, and no changes in assumptions or methods had been made. The amortization period is now 26.4 years based on the same plan provisions. The actual experience occurring between December 31, 2007 and December 31, 2009 differed from the expected experience, and in combination with the changes in assumptions, the resulting amortization period was 26.4 years, which is 10.5 years more than the expected 15.9-year period for the following reasons:

1. The average annual rate of investment return, net of all expenses, on the market value of assets during the two plan years 2008 and 2009 was -4.4%. However, the actuarial value of assets (AVA) used in the valuation and the determination of the amortization period is based on an adjusted market value. The average annual rate of return on the AVA, net of all expenses, for plan years 2008 and 2009 was 0.7% compared to the assumed rate of return for those years of 8.00%. This caused an **increase** in the amortization period of 20.7 years.

2. The aggregate payroll increased at an average rate of 8.3% per year instead of the assumed 4.0%, which caused the amortization period to **decrease** by 5.5 years.

3. The net result of all experience other than the investment experience and the aggregate payroll experience had the combined effect of **decreasing** the amortization period by 1.9 years. This was the net result of some favorable experience, such as fewer than expected retirements and more withdrawals than expected in the last two plan years, and some unfavorable experience, such as some individual pay increases in the last two plan years that were greater than expected.

4. The change in actuarial investment return assumption had the effect of **increasing** the amortization period by 11.3 years.

5. The change in the assumed city contribution rate from 15.66% to 18.00% had the effect of **decreasing** the amortization period by 14.1 years.

Section III

Tyler Fire Department Relief and Retirement Fund
Special Studies

The results of this actuarial valuation as of December 31, 2009 reveal that the fund, based on the Present Plan of benefits, has an adequate contribution arrangement. As disclosed in both Sections I and II, the amortization period of the UAAL is 26.4 years. With an amortization period of 26.4 years, we are usually not willing to give the actuarial approval required by the provisions of Section 7 of the Texas Local Fire Fighters' Retirement Act (TLFFRA), shown below, to increase benefits. In recent years, we have been willing to approve increases in benefits that would usually increase the amortization period to 25 years.

Benefit improvements may be made to the plan in accordance with Section 7 of TLFFRA, as amended June 15, 2007. Section 7(a), 7(b) and 7(c) are shown below.

> "(a) The board of trustees of a retirement system may change the benefits or eligibility requirements for benefits payable from the retirement system, may provide for reinstatement by a member of service credit previously forfeited, and may adopt or change other requirements for the payment of benefits, except as otherwise prohibited by this Act.
>
> (b) Before a board of trustees chooses to adopt or change a benefit or requirement for payment of benefits under this section, the proposed addition or change must be approved by:
>
> (1) an eligible actuary selected by the board; and
>
> (2) a majority of the participating members of the retirement system voting on the addition or change by secret ballot at an election held for that purpose at which at least 50 percent of all participating members of the retirement system vote.
>
> (c) To be eligible to approve an addition or change under this section, an actuary must be either a fellow of the Society of Actuaries or a member of the American Academy of Actuaries."

Even if the UAAL amortization period did not exceed 25 years, there is a reason that we might recommend that no benefit formula improvements be considered at this time, a reason that is sufficient, in our opinion, to justify caution at this time. As of December 31, 2009, the actuarial value of assets of $45.4 million exceeded the market value of assets of $41.3 million by $4.1 million. These deferred net investment losses will be recognized in the next two biennial valuations. Without some very significant investment

gains (returns above 7.75%) in 2010 and 2011, the amortization period is expected to increase between the December 31, 2009 and the December 31, 2011 actuarial valuations, as shown on page 2. A modest market rebound would not be enough to offset the $4.1 million deferred net losses. For example, in Scenario 4 on page 2, with assumed returns of 10% per year in both 2010 and 2011, the amortization period is projected to increase by over four years.

Exhibit 1

Tyler Fire Department Relief and Retirement Fund
Distribution of Firefighters by Age and Service on December 31, 2009
with Average Annual Salary

Years of Service	Age										
	Under 25	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60 or Over	Total	Average Salary
0	1	6	1	0	0	0	0	0	0	8	$ 39,742
1	3	2	2	0	0	0	0	0	0	7	45,782
2	3	4	4	0	0	0	0	0	0	11	55,796
3	1	1	3	0	0	0	0	0	0	5	55,861
4	0	1	2	0	0	0	0	0	0	3	58,255
5	0	1	1	0	0	0	0	0	0	2	58,047
6	0	0	2	4	1	0	0	0	0	7	60,706
7	0	0	2	2	0	0	0	0	0	4	60,466
8	0	1	2	0	2	0	0	0	0	5	60,802
9	0	0	2	7	1	0	0	0	0	10	61,394
10	0	0	1	3	3	0	0	0	0	7	64,416
11	0	0	1	1	1	0	0	0	0	3	65,013
12	0	0	3	4	3	4	0	0	0	14	67,918
13	0	0	0	0	1	0	0	0	0	1	72,150
14	0	0	0	2	1	0	0	0	0	3	73,106
15	0	0	0	0	1	0	0	0	0	1	75,118
16	0	0	0	0	2	4	0	0	0	6	68,130
17	0	0	0	0	0	2	2	0	0	4	73,991
18	0	0	0	0	0	0	0	0	0	0	0
19	0	0	0	0	0	0	0	0	0	0	0
20-24	0	0	0	0	4	7	9	4	0	24	77,567
25-29	0	0	0	0	0	5	5	5	1	16	78,983
30-34	0	0	0	0	0	0	3	3	2	8	81,308
35-39	0	0	0	0	0	0	0	0	0	0	0
40-44	0	0	0	0	0	0	0	0	0	0	0
Totals	8	16	26	23	20	22	19	12	3	149	$ 66,114
Average Salary	$49,265	$48,577	$58,115	$65,423	$67,868	$76,757	$77,310	$73,758	$87,984	$66,114	

Exhibit 2

Tyler Fire Department Relief and Retirement Fund
Summary of Pensioner Data

Type of Pensioner	Pensioners in December 31, 2009 Valuation	
	Number	Total Monthly Benefit Payments
Service Retirement	61[1]	$ 173,100
Disability Retirement	4	3,992
Vested Terminated (Deferred)[2]	0	0
Surviving Spouse	19	32,580
Surviving Child	1	1,598
Total	85	$ 211,270

Type of Pensioner	Comparison of Number of Pensioners by Type as of Our Prior and Current Actuarial Valuations			
	December 31, 2007	New	Ceased	December 31, 2009
Service Retirement	60[1]	+6	-5	61[1]
Disability Retirement	4	0	0	4
Vested Terminated (Deferred)[2]	0	0	0	0
Surviving Spouse	18	+4	-3	19
Surviving Child	2	0	-1	1
Total	84	+10	-9	85

[1] Includes one Alternate Payee entitled to receive benefits according to the terms of a Qualified Domestic Relations Order.

[2] Monthly benefit payments are deferred to begin at terminated firefighter's future retirement date.

Exhibit 2A

Tyler Fire Department Relief and Retirement Fund
Firefighter and Pensioner Reconciliation

	Firefighters	Current Payment Status	Vested Terminated Firefighters	Total
1. As of December 31, 2007	144	84[2]	0	228
2. Change of status				
a. retirement	(6)	6	0	0
b. disability	0	0	0	0
c. death	0	(4)	0	(4)
d. withdrawal	(5)	0	0	(5)
e. vested termination	0	0	0	0
f. completion of payment	0	(1)	0	(1)
g. net changes	(11)	1	0	(10)
3. New firefighters	16[1]	0	0	16
4. As of December 31, 2009	149[1]	85[2]	0	234

[1] Includes three hypothetical firefighters expected to be hired in 2010.

[2] Includes one Alternate Payee entitled to receive benefits according to the terms of a Qualified Domestic Relations Order.

Exhibit 3

Tyler Fire Department Relief and Retirement Fund
Breakdown of Monthly Benefit Payment Amounts as of December 31, 2009

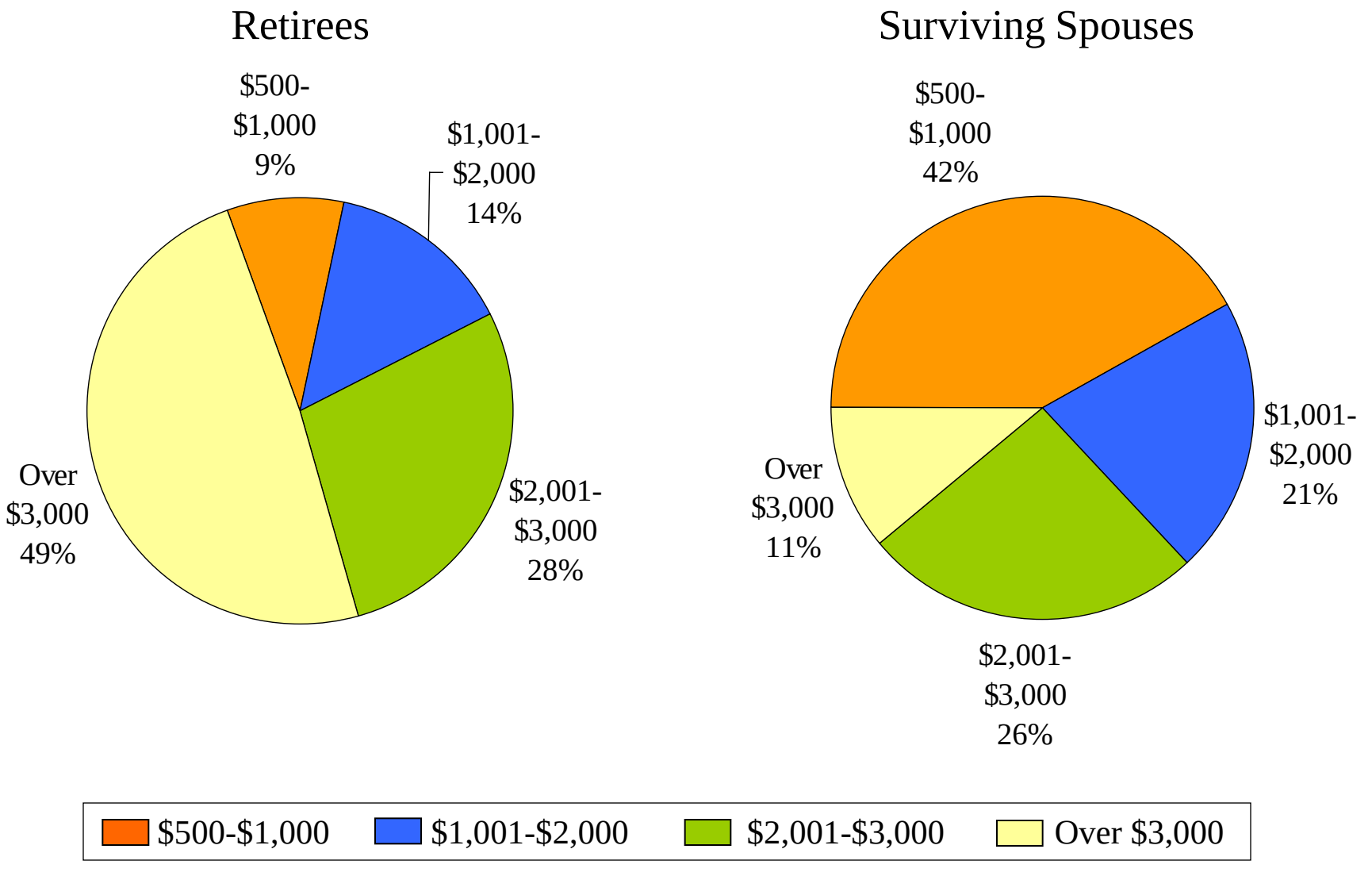


Exhibit 4

Tyler Fire Department Relief and Retirement Fund
Historical Comparison of Actuarial Accrued Liability and Actuarial Value of Assets
(Present Plan Valuations as of December 31)

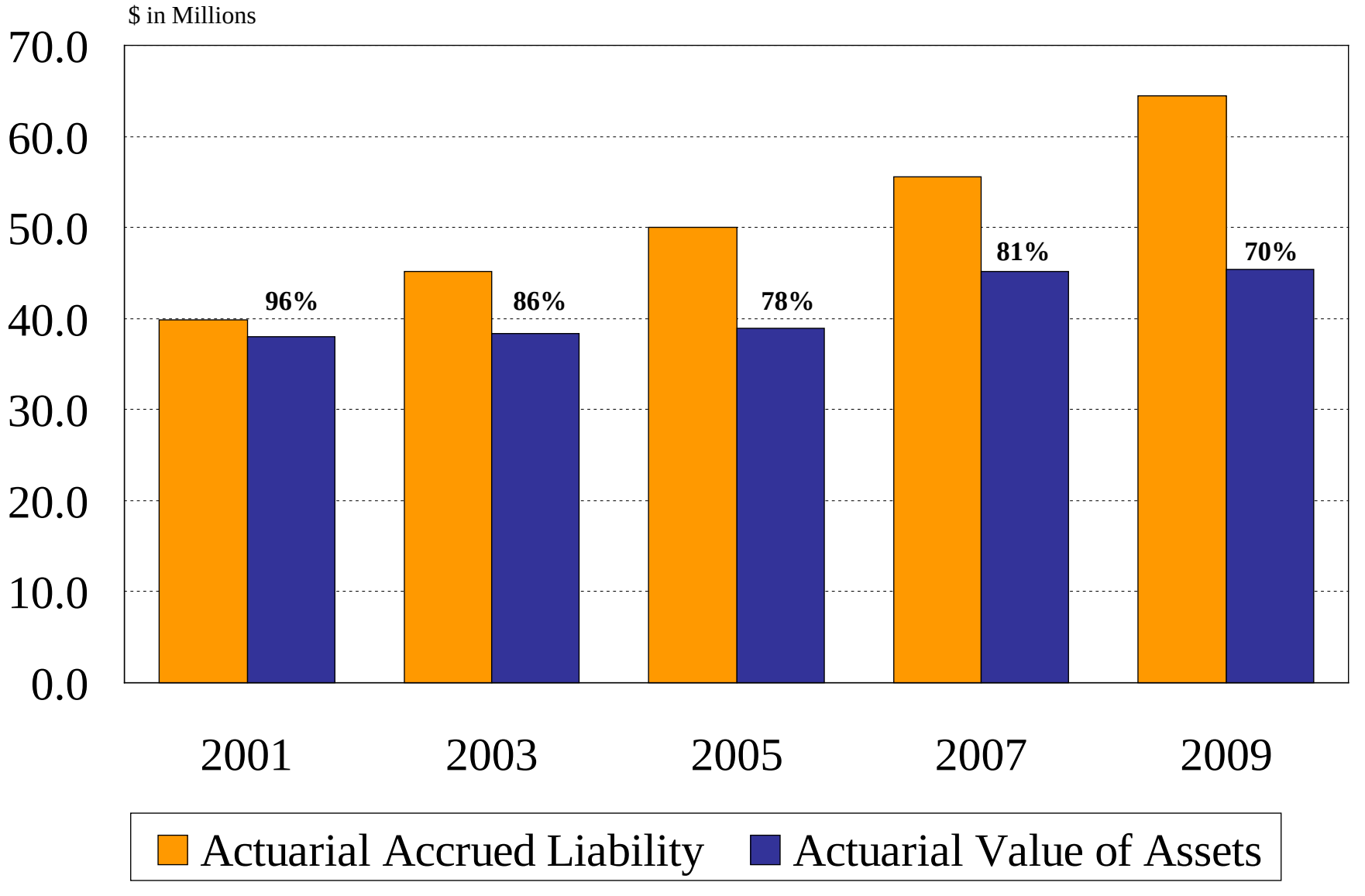


Exhibit 5

Tyler Fire Department Relief and Retirement Fund
Summary of Asset Data

Asset Type	Market Value of Assets as of December 31, 2009	Allocation as a Percent of Grand Total
Equities		
Domestic		
Large Cap	$19,817,356	48.03%
Mid Cap	1,451,021	3.52
Small Cap	2,891,948	7.01
International	3,689,459	8.94
Total	27,849,784	67.50
Fixed Income	11,450,081	27.75
Alternatives	1,043,416	2.53
Cash Equivalents	916,855	2.22
Grand Total	$41,260,136	100.00%

Comparison of Asset Values as of the Prior and Current Actuarial Valuation Dates		
	December 31, 2007	December 31, 2009
Market Value	$45,502,934	$41,260,136
Actuarial Value	$45,113,845	$45,386,149

Exhibit 6

Tyler Fire Department Relief and Retirement Fund
Development of Actuarial Value of Assets

Calculation of Actuarial Investment Gain/(Loss) Based on Market Value for Fund Years	2009	2008	2007	2006
1. Market Value of Assets as of beginning of year	$ 35,187,664	$ 45,502,934	$ 42,946,283	$ 38,602,021
2. Firefighter Contributions	1,319,906	1,105,070	1,065,638	995,977
3. City Contributions	1,542,287	1,550,367	1,157,167	1,036,802
4. Benefit Payments and Contribution Refunds	(3,336,552)	(2,524,383)	(2,761,097)	(2,281,482)
5. Miscellaneous Receipts	0	0	0	0
6. Expected Investment Return*	2,796,405	3,645,375	3,414,585	3,078,405
7. Expected Market Value of Assets as of end of year	$ 37,509,710	$ 49,279,363	$ 45,822,576	$ 41,431,723
8. Actual Market Value of Assets as of end of year	41,260,136	35,187,664	45,502,934	42,946,283
9. Actuarial Investment Gain/(Loss)	$ 3,750,426	$(14,091,699)	$ (319,642)	$ 1,514,560
10. Market Value Rate of Return Net of Expenses	18.7%	(22.9)%	7.3%	11.9%
11. Rate of Actuarial Investment Gain/(Loss)	10.7%	(30.9)%	(0.7)%	3.9%

*Assuming (1) uniform distribution of contributions and payments during the plan years and (2) expected rate of return of 8%.

Deferred Actuarial Investment Gains/(Losses) to be Recognized in Future Years

Fund Year	Investment Gain/(Loss)	Deferral Percentage	Deferred Gain/(Loss) as of 12/31/2009
2009	$ 3,750,426	80%	$ 3,000,341
2008	(14,091,699)	60%	(8,455,019)
2007	(319,642)	40%	(127,857)
2006	1,514,560	20%	302,912
Total			$ (5,279,623)

Actuarial Value of Assets as of December 31, 2009	
12. Market Value of Assets as of December 31, 2009	$41,260,136
13. Deferred Gain/(Loss) to be recognized in future	(5,279,623)
14. Preliminary Value (Item 12 – Item 13)	$46,539,759
15. Corridor for Actuarial Value of Assets	
a. 90% of Market Value as of December 31, 2009 (minimum)	$37,134,122
b. 110% of Market Value as of December 31, 2009 (maximum)	$45,386,149
16. Actuarial Value as of December 31, 2009	$45,386,149
17. Write up/(down) of assets (Item 16 – Item 12)	$ 4,126,013

Exhibit 7

Tyler Fire Department Relief and Retirement Fund
Historical Comparison of Market and Actuarial Value of Assets
(Valuation as of December 31)

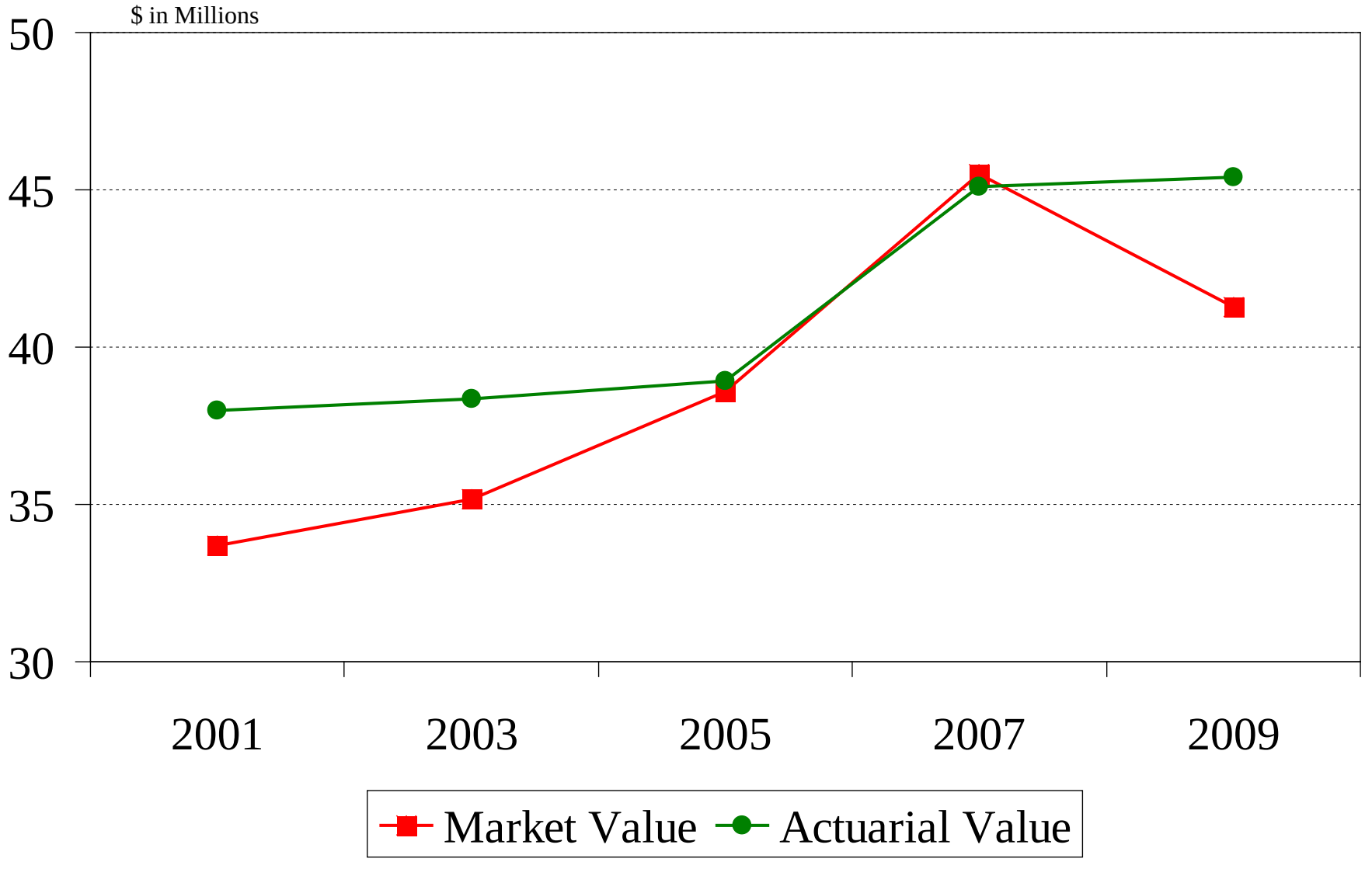
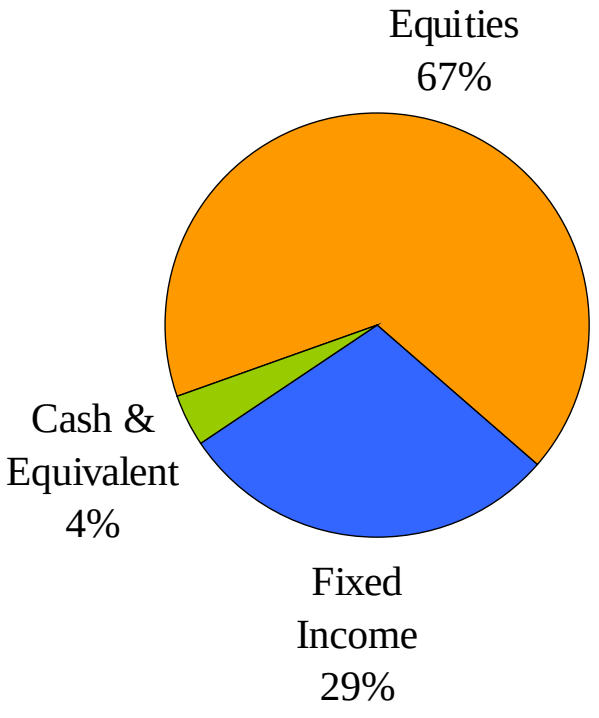


Exhibit 8

Tyler Fire Department Relief and Retirement Fund
Comparison of Market Value Asset Allocation as of the Prior and Current Actuarial Valuation Dates

December 31, 2007



December 31, 2009

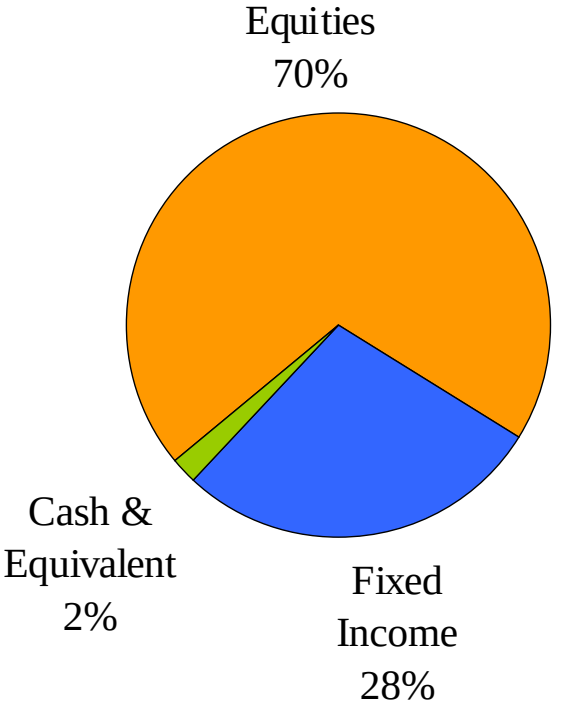


Exhibit 9

Tyler Fire Department Relief and Retirement Fund
Actuarial Methods and Assumptions

1. Actuarial Cost Method	Entry Age Actuarial Cost Method*
2. Amortization of Unfunded Actuarial Accrued Liability	The unfunded actuarial accrued liability is assumed to be amortized with level percentage of payroll contributions (total contribution rate less normal cost contribution rate) based on payroll growth of 4.00% per year.
3. Actuarial Value of Asset Method	All assets are valued at market value with an adjustment made to uniformly spread actuarial gains or losses (as measured by actual market value investment return vs. expected market value investment return) over a five-year period. The total adjustment amount shall be limited as necessary such that the actuarial value of assets shall not be less than 90% of market value nor greater than 100% of market value. See Exhibit 6.
4. Investment Return Assumption Net of Expenses (Interest Rate)	7.75% per year
5. Inflation	3.75% per year
6. Mortality Rates	
(a) Active Firefighters and Service Retired Firefighters	RP-2000 Male Mortality Table projected to 2010
(b) Disability Retired Firefighters	RP-2000 Male Mortality Table projected to 2010
(c) Spouses	RP-2000 Female Mortality Table projected to 2010
7. Pay (Salary) Increase Assumption	4.00% per year in addition to approximately 1.73% per year average pay increases due to promotion and longevity over a 30-year career. See Exhibit 10.
8. Retirement Rates	15% per year of those eligible to retire at ages 50-53, 30% per year at ages 54-59, with a rate of 100% at age 60, resulting in an average retirement age of 55.3.
9. RETRO DROP Benefits	
(a) Percent of Firefighters Eligible Electing this Option	100% of service retirements eligible to elect at least a 12-month lump sum
(b) Months assumed for Lump Sum	Maximum they are eligible for, up to 36 months

* Under this method the actuarial present value of projected benefits for each firefighter included in the valuation is allocated as a level percentage of the earnings of the firefighter between age at hire and termination. Service is assumed to be continuous.

Exhibit 9 (continued)

Tyler Fire Department Relief and Retirement Fund
Actuarial Methods and Assumptions

10.	Withdrawal Rates	See Exhibit 10.	
11.	Disability Rates	See Exhibit 10.	
12.	Reduction in Benefit after 2½ Years of Disability Retirement	No reduction in benefit 25% reduction in benefit 50% reduction in benefit 75% reduction in benefit Benefit terminated	25% 20 20 20 15 100%
13.	Percent Married	90% of the firefighters are assumed to be married at retirement, disability, or death while employed and have a spouse two years younger.	
14.	Surviving Child's Death Benefit	None are assumed as a result of future deaths.	
15.	City's assumed contribution (percent of covered pay)	18.00%	
16.	Firefighter Contribution Rate (percent of covered pay)	13.50%	
17.	Covered Payroll for First Year Following Valuation Date	Annualized actual pay for 2009 • Without adjustment to reflect no pay increase effective in 2009	

Exhibit 10

Tyler Fire Department Relief and Retirement Fund
Disability, Mortality and Withdrawal Rates per 1,000 Active Members
Salary Rate Increase from Year t-1 to Year t

	Disability and Mortality Rates			Withdrawal Rates		Salary Increase Rates	
Attained		Mortality		Years of		Years of	
Age	Disability*	On-Duty	Off-Duty	Service	Rate	Service	Rate
20	0.14	0.135	0.150	0	30	1	10.24%
21	0.15	0.140	0.158	1	27	2	10.24
22	0.16	0.143	0.165	2	24	3	10.24
23	0.17	0.148	0.173	3	21	4	10.24
24	0.18	0.150	0.180	4	18	5	10.24
25	0.19	0.153	0.187	5	16	6	6.60
26	0.21	0.157	0.199	6	14	7	6.60
27	0.23	0.156	0.207	7	12	8	6.60
28	0.25	0.157	0.217	8	11	9	6.60
29	0.28	0.156	0.236	9	10	10	6.60
30	0.31	0.162	0.260	10	8	11	6.08
31	0.35	0.176	0.299	11	7	12	6.08
32	0.40	0.190	0.345	12	6	13	6.08
33	0.45	0.204	0.396	13	5	14	6.08
34	0.49	0.220	0.448	14	5	15	6.08
35	0.52	0.232	0.503	15	5	16	4.00
36	0.54	0.241	0.559	16	5	17	4.00
37	0.57	0.242	0.618	17	4	18	4.00
38	0.62	0.243	0.665	18	4	19	4.00
39	0.73	0.238	0.714	19	4	20	4.00
40	0.92	0.225	0.771	20 & Over	0	21	4.00
41	1.14	0.219	0.824			22	4.00
42	1.32	0.212	0.887			23	4.00
43	1.48	0.209	0.954			24	4.00
44	1.73	0.205	1.033			25	4.00
45	2.09	0.196	1.127			26	4.00
46	2.55	0.196	1.207			27	4.00
47	2.98	0.190	1.301			28	4.00
48	3.34	0.182	1.401			29	4.00
49	3.62	0.181	1.500			30	4.00
50	3.79	0.174	1.609			31	4.00
51	3.92	0.183	1.839			32	4.00
52	4.04	0.183	1.996			33	4.00
53	4.24	0.186	2.197			34	4.00
54	4.56	0.189	2.422			35	4.00
55	0.00	0.201	2.790			36	4.00
56	0.00	0.224	3.278			37	4.00
57	0.00	0.243	3.711			38	4.00
58	0.00	0.265	4.223			39	4.00
59	0.00	0.279	4.780			40	4.00

*Applicable when not eligible for service retirement. The on-duty rates and the off-duty rates are half of the rates shown.

Exhibit 11

Tyler Fire Department Relief and Retirement Fund
Definitions

1. Actuarial Accrued Liability	That portion, as determined by the particular actuarial cost method used, of the Actuarial Present Value of future pension plan benefits as of the Valuation Date that is not provided for by the Actuarial Present Value of future Normal Costs.
2. Actuarial Assumptions	Assumptions as to the occurrence of future events affecting pension costs, such as: mortality, termination, disablement and retirement; changes in compensation; rates of investment earnings and asset appreciation; and other relevant items.
3. Actuarially Equivalent	Of equal Actuarial Present Value, determined as of a given date with each value based on the same set of Actuarial Assumptions.
4. Actuarial Gain (Loss)	A measure of the difference between actual experience and that expected based on the Actuarial Assumptions during the period between two Actuarial Valuation dates, as determined in accordance with the particular actuarial cost method used.
5. Actuarial Present Value	The value of an amount or series of amounts payable or receivable at various times, determined as of a given date (the Valuation Date) by the application of the Actuarial Assumptions.
6. 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 pension plan.
7. Actuarial Value of Assets	The value of cash, investments and other property belonging to a pension plan, as determined by a method and used by the actuary for the purpose of an Actuarial Valuation.
8. Entry Age Actuarial Cost Method	An actuarial cost method under which the Actuarial Present Value of the Projected Benefits of each individual included in the Actuarial Valuation is allocated as a level percentage of earnings between entry age and assumed

	termination. The portion of this Actuarial Present Value allocated to a valuation year is called the Normal Cost. The portion of this Actuarial Present Value not provided for at a Valuation Date by the Actuarial Present Value of future Normal Costs is called the Actuarial Accrued Liability. Under this method, Actuarial Gains (Losses), as they occur, reduce (increase) the Unfunded Actuarial Accrued Liability.
9. Plan Year	A 12-month period beginning January 1 and ending December 31.
10. Normal Cost	That portion of the Actuarial Present Value of pension plan benefits that is allocated to a valuation year by the actuarial cost method.
11. Projected Benefits	Those pension plan benefit amounts that are expected to be paid at various future times according to the Actuarial Assumptions, taking into account such items as the effect of advancement in age and past and anticipated future qualified service.
12. Overfunded Actuarial Accrued Liability	The excess, if any, of the Actuarial Value of Assets over the Actuarial Accrued Liability.
13. Unfunded Actuarial Accrued Liability	The excess, if any, of the Actuarial Accrued Liability over the Actuarial Value of Assets.
14. Valuation Date	The date upon which the Normal Cost, Actuarial Accrued Liability and Actuarial Value of Assets are determined. Generally, the Valuation Date will coincide with the ending of a Plan Year.
15. Years to Amortize the Unfunded Actuarial Accrued Liability	The period is determined in each Actuarial Valuation as the number of years, beginning with the Valuation Date, to amortize the Unfunded Actuarial Accrued Liability with a level percent of payroll that is the difference between the expected total contribution rate and the Normal Cost contribution rate.

Exhibit 12

Tyler Fire Department Relief and Retirement Fund
Summary of Present Plan Effective January 1, 2005

1. Normal Service or Duty-Related Disability Retirement Monthly Benefit
   (a) Percent of Highest 60-Month Average Salary — 71.50%
   (b) Additional service benefit for each year of service in excess of 20 years — $113.00

2. Off-Duty Disability and Surviving Spouse Benefit as a Percentage of Duty-Related Disability and Surviving Spouse Benefit

Years of Service	Date Firefighter Became Member of Fund	
	Before 7/16/86	After 7/16/86
0	100%	10%
1	100%	10%
2	100%	20%
3	100%	30%
4	100%	40%
5	100%	50%
6	100%	60%
7	100%	70%
8	100%	80%
9	100%	90%
10 or more	100%	100%

3. Minimum Age and Service for Service Retirement Eligibility — Age 50 and 25 Years or Age 55 and 20 Years

4. RETRO DROP Eligibility
   (a) Earliest RETRO DROP Benefit Calculation Date — Age 52.5 and 25 Years or Age 55 and 20 years
   (b) Earliest employment termination date with maximum lump sum accumulation period — Age 55.5 and 28 Years or Age 58 and 23 years

5. Maximum Length of RETRO DROP Benefit Accumulation Period — 36 Months

6. Actuarially Equivalent Early Retirement Eligibility — 20 Years

7. Vested Termination Benefit Eligibility (Benefit is deferred to Normal Retirement Age) — 20 Years

Exhibit 12 (continued)

Tyler Fire Department Relief and Retirement Fund
Summary of Present Plan Effective January 1, 2005

8. Surviving Children's Monthly Benefit as a Percent of Highest 60-Month Average Salary for a firefighter with 20 or more years of service as of January 1, 2005
   (a) When the spouse is receiving a benefit, for each child 9.53%
   (b) When the spouse is not receiving a benefit or there is no spouse 71.50%

9. Surviving Children's Monthly Benefit as a Percent of Highest 60-Month Average Salary for a firefighter with less than 20 years of service as of January 1, 2005
   (a) When the spouse is receiving a benefit, for each child 9.53%
   (b) When the spouse is not receiving a benefit or there is no spouse 47.67%

10. Contributions as a Percent of Payroll by:
   (a) Firefighters 13.50%
   (b) Assumed average for City of Tyler 18.00%

11. The normal form of annuity payment at service retirement is a Joint and 100% Spouse Annuity for those firefighters with 20 or more years of service as of January 1, 2005. For all others, the normal form is a Joint and $66^{2}/_{3}$% Spouse Annuity. The benefit is payable to the surviving spouse as long as the spouse is alive, except that for those normal or early retirements or vested terminations (entitled to a deferred benefit) occurring before November 1, 1995, the spouse's benefit will cease upon remarriage.

12. In lieu of the normal Joint and 100% Spouse Annuity for those firefighters with 20 or more years of service as of January 1, 2005, optional forms of a Joint and $66^{2}/_{3}$% Spouse Annuity for a 4% benefit increase or a Straight Life Annuity for a 13% benefit increase are also available. In lieu of the normal Joint and $66^{2}/_{3}$% to Surviving Spouse for those firefighters with less than 20 years of service as of January 1, 2005, optional forms of a Joint and 100% Spouse Annuity for a 4% benefit reduction or a Straight Life Annuity for a 9% benefit increase area also available.

13. A member eligible for normal service retirement can elect at retirement the Partial Lump Sum Option (PLSO) which will provide a PLSO lump sum amount and a PLSO monthly benefit. The PLSO lump sum amount is either 12, 24, 36, or 48 months of the normal service retirement benefit, with the number of months elected by the member.

14. Salary used to determine the Highest 60-Month Average Salary includes all elements of pay except for lump sum distributions for unused sick leave or vacation. The average is based on the highest five years out of the last eight years.

15 Refund of firefighter's accumulated contributions without interest will be made to firefighters who terminate employment and either are not eligible for any other benefit from the fund or request a refund from the fund.

Exhibit 13

Tyler Fire Department Relief and Retirement Fund
25-Year Projection - Present Plan

Calendar Year	*Market Value of Fund at Beginning of Year*	*Contributions by City and Firefighters*	*Net Investment Income*	*Monthly Benefit Payments*	*Lump Sum Payments*	*Market Value of Fund at End of Year*	*Ratio of Fund to Payments*
2005	$ 36,875,610	$ 1,944,358	$ 2,163,321	$ 2,037,803	343,465	$ 38,602,021	16.21
2006	38,602,021	2,032,779	4,592,965	2,118,639	162,843	42,946,283	18.82
2007	42,946,283	2,222,804	3,094,944	2,302,544	458,553	45,502,934	16.48
2008	45,502,934	2,655,437	-10,446,323	2,351,674	172,709	35,187,664	13.94
2009	35,187,664	2,862,194	6,546,830	2,486,574	849,979	41,260,136	12.37
2010	41,260,136	3,103,072	3,159,226	2,976,082	1,118,845	43,427,507	10.61
2011	43,427,507	3,227,195	3,341,249	3,271,872	584,545	46,139,534	11.96
2012	46,139,534	3,356,283	3,539,337	3,624,194	673,430	48,737,530	11.34
2013	48,737,530	3,490,534	3,739,498	3,934,952	527,464	51,505,146	11.54
2014	51,505,146	3,630,155	3,949,053	4,175,125	554,274	54,354,955	11.49
2015	54,354,955	3,775,361	4,160,880	4,451,560	656,168	57,183,468	11.20
2016	57,183,468	3,926,376	4,378,807	4,683,004	608,836	60,196,811	11.38
2017	60,196,811	4,083,431	4,611,918	4,923,661	536,153	63,432,346	11.62
2018	63,432,346	4,246,768	4,861,611	5,153,569	496,961	66,890,195	11.84
2019	66,890,195	4,416,639	5,128,704	5,359,832	483,540	70,592,166	12.08
2020	70,592,166	4,593,304	5,418,357	5,533,992	415,081	74,654,754	12.55
2021	74,654,754	4,777,037	5,725,429	5,758,155	575,391	78,823,674	12.45
2022	78,823,674	4,968,118	6,047,364	5,939,299	615,165	83,284,692	12.71
2023	83,284,692	5,166,843	6,401,221	6,095,352	448,072	88,309,332	13.50
2024	88,309,332	5,373,517	6,790,373	6,292,537	464,213	93,716,472	13.87
2025	93,716,472	5,588,457	7,202,840	6,595,303	546,357	99,366,109	13.91
2026	99,366,109	5,811,996	7,630,119	7,027,734	610,191	105,170,299	13.77
2027	105,170,299	6,044,475	8,072,694	7,395,872	661,623	111,229,973	13.80
2028	111,229,973	6,286,254	8,531,549	7,759,669	817,518	117,470,589	13.70
2029	117,470,589	6,537,705	9,014,477	8,102,765	744,464	124,175,542	14.04
2030	124,175,542	6,799,213	9,525,711	8,433,801	891,692	131,174,973	14.07
2031	131,174,973	7,071,181	10,067,506	8,795,710	818,799	138,699,151	14.43
2032	138,699,151	7,354,028	10,649,238	9,107,569	825,715	146,769,133	14.78
2033	146,769,133	7,648,190	11,276,308	9,486,437	698,527	155,508,667	15.27
2034	155,508,667	7,954,117	11,938,038	9,933,346	959,701	164,507,775	15.10

A. Data for fiscal years 2005 through 2009 were taken from the annual reports for those years.

B. Assumptions for years 2010 through 2034

1. Benefits will commence in accordance with the demographic and economic assumptions used in this December 31, 2009 actuarial valuation.
2. Firefighter contributions will be 13.50% of pay.
3. City contributions will average 18.00% of pay.
4. Covered payroll for 2010 will be $9,851,022 and thereafter will increase 4% per year.
5. Investment income (net of expenses) will be 7.75% of the average fund balance in each year.

Exhibit 14

Tyler Fire Department Relief and Retirement Fund
Disclosures in Accordance with GASB Statement No. 25
Required Supplementary Information
for the Fund's Financial Statement for Fiscal Year Ending December 31, 2010

I. Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Annual Covered Payroll[1] (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
12/31/05[3]	$38,914,954	$50,047,120	$11,132,166	77.8%	$7,283,688	152.8%
12/31/07[2,3]	45,113,845	55,606,678	10,492,833	81.1	8,402,637	124.9
12/31/09[2,3]	45,386,149	64,422,078	19,035,929	70.5	9,851,022	193.2

[1] The covered payroll is based on estimated annualized salaries for the year following the valuation date.
[2] Economic and/or demographic assumptions were changed.
[3] Based on the Plan Effective as of January 1, 2005.

II. Schedule of Employer Contributions

Plan Year Ended December 31	Annual Contribution As a Percentage of Payroll	Annual Required Contribution (ARC)[1]	Percentage Contributed
2005	13.97%	$ 992,758	100%
2006	14.60	1,036,802	100
2007	14.75	1,157,167	100
2008	15.12	1,550,367	100
2009	16.20	1,542,287	100
2010	17.55	_____[2]	100

[1] The annual required contribution (ARC) is the actual employer contribution reported in the fund's annual report to the State of Texas Fire Fighters' Pension Commission because the actuarial valuation that was the basis for each ARC had an amortization period that was compliant with GASB parameters (up to 40 years through the 2006 plan year and up to 30 years after the 2006 plan year).
[2] The fund should disclose the actual city contributions made to the fund during the plan year January 1, 2010 through December 31, 2010.

Exhibit 14 (continued)

Tyler Fire Department Relief and Retirement Fund
Disclosures in Accordance with GASB Statement No. 25
Required Supplementary Information
for the Fund's Financial Statement for Fiscal Year Ending December 31, 2010

III. Notes to Required Supplementary Information

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	December 31, 2009
Actuarial cost method	Entry Age
Amortization method	Level percentage of projected payroll, open
Amortization period	26 years
Asset valuation method	Market value smoothed by a 5-year deferred recognition method with a 90%/110% corridor on market
Actuarial assumptions:	
- Investment rate of return, net of expenses	7.75% per year
- Inflation	3.75% per year
- Projected salary increases	
- general salary increase	4.00% per year
- promotion and longevity increase	0% to 6% per year
- total increase	4.00% to 10.24% per year
- Payroll growth rate	4.00% per year
- Postretirement cost-of-living adjustments	None

IV. Actuarial Information for Notes to the Financial Statement as Required by Paragraph 32 of GASB 25

A. Plan Description

The Board of Trustees of the Tyler Fire Department Relief and Retirement Fund is the administrator of a single-employer defined benefit pension plan. Firefighters in the Tyler Fire Department are covered by the Tyler Fire Department Relief and Retirement Fund. The table below summarizes the membership of the fund included in the actuarial valuation as of December 31, 2009.

		December 31, 2009
1.	Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	85
2.	Current employees	
	a. Vested	48
	b. Nonvested	101
3.	Total	234

Exhibit 14 (continued)

Tyler Fire Department Relief and Retirement Fund
Disclosures in Accordance with GASB Statement No. 25
Required Supplementary Information
for the Fund's Financial Statement for Fiscal Year Ending December 31, 2010

The Tyler Fire Department Relief and Retirement Fund provides service retirement, death, disability and withdrawal benefits. These benefits fully vest after 20 years of credited service. Firefighters may retire at age 50 with 25 years of service, or age 55 with 20 years of service. The Plan effective January 1, 2005 provides a monthly normal form of service retirement benefit as (a) a Joint and $66^{2}/_{3}$% Spouse Annuity for those firefighters with less than 20 years of service as of January 1, 2005, or (b) a Joint and 100% Spouse Annuity for those firefighters with 20 or more years of service as of January 1, 2005. The monthly benefit is 71.5% of Highest 60-Month Average Salary plus an additional $113.00 per year of service for service in excess of 20 years.

There is no provision for automatic postretirement benefit increases. The fund has the authority to provide, and has periodically in the past provided for, ad hoc postretirement benefit increases. The benefit provisions of this plan are authorized by the Texas Local Fire Fighters' Retirement Act (TLFFRA). TLFFRA provides the authority and procedure to amend benefit provisions.

B. Contributions Required and Contributions Made

The contribution provisions of this plan are authorized by TLFFRA. TLFFRA provides the authority and procedure to change the amount of contributions determined as a percentage of pay by each firefighter and a percentage of payroll by the city.

While the contribution requirements are not actuarially determined, state law requires that each plan of benefits adopted by the fund must be approved by an eligible actuary. The actuary certifies that the contribution commitment by the firefighters and the city provides an adequate contribution arrangement. Using the entry age actuarial cost method, the plan's normal cost contribution rate is determined as a percentage of payroll. The excess of the total contribution rate over the normal cost contribution rate is used to amortize the plan's unfunded actuarial accrued liability (UAAL). The number of years needed to amortize the plan's UAAL is determined using an open, level percentage of payroll method.

The costs of administering the plan are financed from the fund.

The funding policy of the Tyler Fire Department Relief and Retirement Fund requires contributions of 13.5% of pay by the firefighters and contributions by the city equal to the same percentage of payroll that the city contributes to the Texas Municipal Retirement System for other employees. The December 31, 2009 actuarial valuation assumes that the city's contribution rate will average 18.00% of payroll in the future. The city contribution rate for 2010 is 17.55% and is scheduled to be 18.96% for 2011.

Exhibit 15

Tyler Fire Department Relief and Retirement Fund
Disclosures in Accordance with GASB Statement No. 27
Notes to the Financial Statements for the City of Tyler
for the Fiscal Year Ending September 30, 2010

I. Annual Pension Cost

For the fiscal year ending September 30, 2010, the City of Tyler's Annual Pension Cost (APC) was equal to the annual required contributions and was $_____ as described below in footnote 1 of Trend Information. Based on the results of the December 31, 2009 actuarial valuation of the Plan effective January 1, 2005, the Board's actuary found that the fund has an adequate contribution arrangement based on the current level of the firefighter and City of Tyler contribution rates. The funding policy of the fund requires the firefighters to contribute 13.50% of pay and the city to contribute the same percentage of payroll that the city contributes to the Texas Municipal Retirement System for other employees. These contribution rates were reflected in the December 31, 2009 actuarial valuation.

The annual required contributions (ARC) by the city for the fiscal year ending September 30, 2010 were based on the results of the actuarial valuations as of December 31, 2007 and as of December 31, 2009 using the entry age actuarial cost method and were determined in compliance with the GASB Statement No. 27 parameters. The actuarial methods and assumptions used for these two valuations are shown below:

Valuation date	12/31/2007	12/31/2009
Actuarial cost method	Entry age	Entry age
Amortization method	Level percent of payroll, open	Level percent of payroll, open
Amortization period for ARC	18 years	26 years
Asset valuation method	5-year adjusted market value	5-year adjusted market value
Actuarial assumptions		
• Investment return	8.00%	7.75%
• Inflation	3.75%	3.75%
• Projected salary increases		
- general	4.00%	4.00%
- promotion and longevity	0% to 6%	0% to 6%
- total	4.00% to 10.24%	4.00% to 10.24%
• Cost-of-living increases	0.00%	0.00%
• Payroll increases	4.00%	4.00%
ARC as percent of payroll	budgeted rates	budgeted rates

Exhibit 15 (continued)

Tyler Fire Department Relief and Retirement Fund
Disclosures in Accordance with GASB Statement No. 27
Notes to the Financial Statements for the City of Tyler
for the Fiscal Year Ending September 30, 2010

II. Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Contribution as a Percentage of Payroll	Net Pension Obligation
09/30/08	$___[2]	100%	14.75%/15.12%	$0
09/30/09	$___[2]	100	15.12%/16.20%	0
09/30/10	$___[1]	100	16.20%/17.55%	0

[1] The city should disclose the actual city contributions made to the fund during the fiscal year October 1, 2009 through September 30, 2010 based on 16.20% of payroll for October 1, 2009 through December 31, 2009 and on 17.55% of payroll for the remainder for the fiscal year. The actual city contributions are equal to both the ARC and the APC.
[2] The city should disclose the previous fiscal year city contributions made to the fund.

III. Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Annual Covered Payroll[1] (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
12/31/05[3]	$38,914,954	$50,047,120	$11,132,166	77.8%	$7,283,688	152.8%
12/31/07[2,3]	45,113,845	55,606,678	10,492,833	81.1	8,402,637	124.9
12/31/09[2,3]	45,386,149	64,422,078	19,035,929	70.5	9,851,022	193.2

[1] The covered payroll is based on estimated annualized salaries for the year following the valuation date.
[2] Economic and/or demographic assumptions were changed.
[3] Based on the Plan Effective as of January 1, 2005.

Exhibit 15 (continued)

Tyler Fire Department Relief and Retirement Fund
Disclosures in Accordance with GASB Statement No. 27
Notes to the Financial Statements for the City of Tyler
for the Fiscal Year Ending September 30, 2010

IV. Actuarial Information for Notes to the Financial Statement as Required by Paragraph 20 of GASB 27

A. Plan Description

The Board of Trustees of the Tyler Fire Department Relief and Retirement Fund is the administrator of a single-employer defined benefit pension plan. Firefighters in the Tyler Fire Department are covered by the Tyler Fire Department Relief and Retirement Fund.

The Tyler Fire Department Relief and Retirement Fund provides service retirement, death, disability and withdrawal benefits. These benefits fully vest after 20 years of credited service. Firefighters may retire at age 50 with 25 years of service, or at age 55 with 20 years of service. The Plan effective January 1, 2005 provides a monthly normal form of service retirement benefit as (a) a Joint and $66^{2}/_{3}$% Spouse Annuity for those firefighters with less than 20 years of service as of January 1, 2005, or (b) a Joint and 100% Spouse Annuity for those firefighters with 20 or more years of service as of January 1, 2005. The monthly benefit is 71.5% of Highest 60-Month Average Salary plus an additional $113.00 per year of service in excess of 20 years.

There is no provision for automatic postretirement benefit increases. The fund has the authority to provide, and has periodically in the past provided for, ad hoc postretirement benefit increases. The benefit provisions of this plan are authorized by the Texas Local Fire Fighters' Retirement Act (TLFFRA). TLFFRA provides the authority and procedure to amend benefit provisions.

B. Contributions Required and Contributions Made

The contribution provisions of this plan are authorized by TLFFRA. TLFFRA provides the authority and procedure to change the amount of contributions determined as a percentage of pay by each firefighter and a percentage of payroll by the city.

While the contribution requirements are not actuarially determined, state law requires that each plan of benefits adopted by the fund must be approved by an eligible actuary. The actuary certifies that the contribution commitment by the firefighters and the city provides an adequate contribution arrangement. Using the entry age actuarial cost method, the plan's normal cost contribution rate is determined as a percentage of payroll. The excess of the total contribution rate over the normal cost contribution rate is used to amortize the plan's unfunded actuarial accrued liability (UAAL). The number of years needed to amortize the plan’s UAAL is determined using an open, level percentage of payroll method.

Exhibit 15 (continued)

Tyler Fire Department Relief and Retirement Fund
Disclosures in Accordance with GASB Statement No. 27
Notes to the Financial Statements for the City of Tyler
for the Fiscal Year Ending September 30, 2010

The costs of administering the plan are financed from the fund.

The funding policy of the Tyler Fire Department Relief and Retirement Fund requires contributions equal to 13.5% of pay by the firefighters and contributions by the city equal to the same percentage of payroll that the city contributes to the Texas Municipal Retirement System for other employees. The December 31, 2009 actuarial valuation assumes that the city's contributions will average 18.00% of payroll in the future. The city contribution rate for 2010 is 17.55% and is scheduled to be 18.96% for 2011.