



501 N. Broadway  
Suite 550  
St. Louis, MO 63102  
USA

Tel +1 314 231 3031  
Fax +1 314 231 0249

milliman.com

August 26, 2011

Karl Tyminski  
Metropolitan St. Louis Sewer District  
2350 Market Street  
St. Louis, MO 63103

***RE: Metropolitan St. Louis Sewer District Employees' Pension Plan –  
Section 105.665 Cost Statement***

Dear Mr. Tyminski:

The purpose of this letter is to provide the Metropolitan St. Louis Sewer District with a 10 year projection of contribution requirements.

The enclosed exhibit projects the contribution requirements under the current Defined Benefit and Defined Contribution Arrangement as well as under the Defined Benefit only arrangement as in effect prior to the 2011 plan amendment.

**Assumptions:**

1. Defined Benefit Assumed Investment Return 7.50% for 2011; 7.25 % for 2012 and later
2. Future aggregate payroll growth – 4.00%
3. Defined Contribution Match Participation – 100% participation
4. Estimate Defined Benefit Market Value of Assets at December 31, 2011 - \$192,551,000

All other assumptions are the same as used for the December 31, 2011 Actuarial valuation.

In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by the Metropolitan St. Louis Sewer District. This information includes, but is not limited to, Plan documents and provisions, employee data, and financial information. In our examination of these data, we have found them reasonably consistent and comparable with data used for other purposes.

Since the valuation results are dependent on the integrity of the data supplied, the results can be expected to differ if the underlying data is incomplete or missing. It should be noted that if any data or other information is inaccurate or incomplete, our calculations may need to be revised.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board and the Code of Professional Conduct and Qualification Standards for Public Statements of Actuarial Opinion of the American Academy of Actuaries. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

Actuarial computations included in this report are for the exclusive purposes cited in this report. Determinations for purposes other than those specifically referenced in this report may be significantly different. Accordingly, additional determinations may be needed for other purposes, such as judging benefit security on a settlement basis.

These cost estimates are subject to the uncertainties of a regular actuarial valuation; the costs are inexact because they are based on assumptions that are themselves necessarily inexact, even though we consider them reasonable. Thus, the emerging costs may vary from those presented in this letter to the extent actual experience differs from that projected by the actuarial assumptions.

This report has been prepared for the internal use of and is only to be relied upon by the Metropolitan St. Louis Sewer District and its auditors; it is not for the use or benefit of any third party for any purpose. No portion of this report may be disclosed to any other party (other than Missouri State regulatory personnel) without Milliman's prior written consent. In the event such consent is given, the report must be provided in its entirety, unless prior written consent is obtained from Milliman. We recommend that any such party have its own actuary or other qualified professional review this report to ensure that the party understands the assumptions and uncertainties inherent in our estimates. We respectfully submit the following exhibits, and we look forward to discussing them with you.

We are available to address any questions that you may have.

Sincerely,



Michael J. Zwiener, FSA  
Consulting Actuary

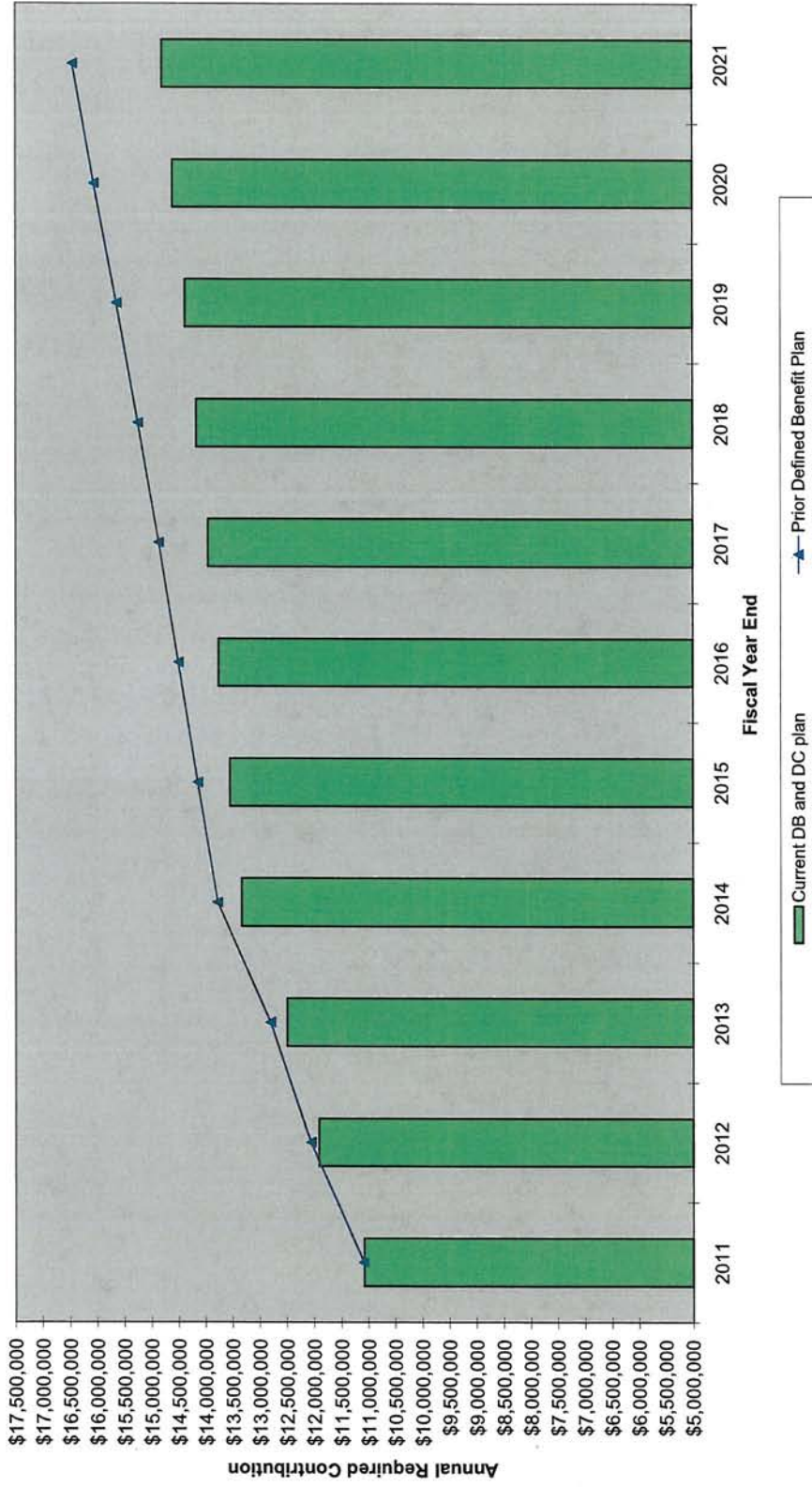


William D. Winningham, EA  
Actuary

cc: Vicki Taylor-Edwards  
Jan Zimmerman

Enclosure

**Metropolitan St. Louis Sewer District Employees' Pension Plan**  
**Projection of Annual Required Contributions**  
**Compared to Prior DB only Retirement Program**



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
DB Contributions	11,100,000	12,100,000	12,800,000	13,800,000	14,100,000	14,500,000	14,900,000	15,200,000	15,600,000	16,100,000	16,500,000	156,700,000
DB/DC Plan Contributions	11,100,000	11,900,000	12,500,000	13,300,000	13,500,000	13,800,000	14,000,000	14,200,000	14,400,000	14,600,000	14,800,000	148,100,000
Difference	0	200,000	300,000	500,000	600,000	700,000	900,000	1,000,000	1,200,000	1,500,000	1,700,000	8,600,000

*This work product was prepared solely for the MSD for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.*