CITY OF GAINESVILLE
GENERAL EMPLOYEES PENSION PLAN

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2023

CONTRIBUTIONS APPLICABLE TO THE
PLAN/FISCAL YEAR ENDING SEPTEMBER 30, 2025

FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

August 7, 2024

Board of Trustees
City of Gainesville
General Employees' Pension Board

Re: City of Gainesville General Employees Pension Plan

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Gainesville General Employees Pension Plan. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. Use of the results for other purposes may not be applicable and may produce significantly different results.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the provisions of Chapter 112, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in the valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience.

The funding percentages and unfunded accrued liability as measured based on the actuarial value of assets will differ from similar measures based on the market value of assets. These measures, as provided, are appropriate for determining the adequacy of future contributions, but may not be appropriate for the purpose of settling a portion or all of its liabilities. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations. Due to the limited scope of the valuation, we did not perform an analysis of the potential range of such future measurements.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the City of Gainesville, financial reports prepared by the custodian bank, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

Additionally, we used third-party software to model (calculate) the underlying liabilities and costs. These results are reviewed in the aggregate and for individual sample lives. The output from the software is either used directly or input into internally developed models that apply the funding rules to generate the results. All internally developed models are reviewed as part of the valuation process. As a result of this review, we believe that the models have produced reasonable results. We do not believe there are any material inconsistencies among assumptions or unreasonable output produced due to the aggregation of assumptions.

In our opinion, the Minimum Required Contribution set forth in this report constitutes a reasonable actuarially determined contribution under Actuarial Standard of Practice No. 4.

The undersigned are familiar with the immediate and long-term aspects of pension valuations, and meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Gainesville, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the General Employees Pension Plan. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact us at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.

By: ______________________________
Joseph L. Griffin, ASA, EA, MAAA
Enrolled Actuary #23-6938

By: ______________________________
Lindsey E. Redman, ASA, EA, MAAA
Enrolled Actuary #23-9001

JLG/lke

Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Gainesville General Employees Pension Plan, performed as of October 1, 2023, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ending September 30, 2025.

The contribution requirements, compared with those set forth in the October 1, 2022 actuarial valuation report, are as follows:

Valuation Date	10/1/2023	10/1/2022
Applicable to Fiscal Year Ending	9/30/2025	9/30/2024
Minimum Required Contribution	$12,297,140	$13,167,362
% of Projected Annual Payroll	10.97%	12.11%
Member Contributions (Est.)	5,604,071	5,436,304
% of Projected Annual Payroll	5.00%	5.00%
City Required Contribution	$6,693,069	$7,731,058
% of Projected Annual Payroll	5.97%	7.11%

As you can see, the Minimum Required Contribution shows a decrease when compared to the results set forth in the October 1, 2022 actuarial valuation report. The decrease is primarily attributable to favorable investment return.

Plan experience was favorable overall on the basis of the plan's actuarial assumptions. The primary source of actuarial gain was an investment return of 11.19% (Actuarial Asset Basis) which exceeded the 7.75% assumption. This gain was offset in part by a loss associated with an average salary increase of 6.33% which exceeded the 4.00% assumption.

CHANGES SINCE PRIOR VALUATION

Plan Changes

There have been no changes in benefits since the prior valuation.

Actuarial Assumption/Method Changes

There have been no assumption or method changes since the prior valuation.

CONTRIBUTION IMPACT OF ANNUAL CHANGES

(1)	Contribution Determined as of October 1, 2022	7.11%
(2)	Summary of Contribution Impact by component:	
	Change in Normal Cost Rate	-0.13%
	Change in Administrative Expense Percentage	-0.01%
	Plan Liability Experience	0.15%
	Investment Return (Actuarial Asset Basis)	-1.15%
	Other	0.00%
	Total Change in Contribution	-1.14%
(3)	Contribution Determined as of October 1, 2023	5.97%

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	10/1/2023	10/1/2022
A. Participant Data		
Actives	1,636	1,644
Service Retirees	1,307	1,273
DROP Retirees	36	45
Beneficiaries	156	153
Disability Retirees	38	36
Terminated Vested	548	529
Total	3,721	3,680
Projected Annual Payroll	112,081,422	108,726,089
Annual Rate of Payments to:		
Service Retirees	37,296,633	35,711,290
DROP Retirees	1,637,810	2,044,408
Beneficiaries	2,873,107	2,721,952
Disability Retirees	285,299	256,101
Terminated Vested	4,155,532	3,818,271
B. Assets		
Actuarial Value (AVA) [1]	662,167,389	625,015,101
Market Value (MVA) [1]	606,462,522	520,845,918
C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	241,243,491	233,175,420
Disability Benefits	7,012,415	7,252,729
Death Benefits	2,664,080	2,564,853
Vested Benefits	11,391,710	10,683,138
Refund of Contributions	1,170,071	1,205,688
Service Retirees	421,020,351	406,857,618
DROP Retirees [1]	27,146,638	32,189,912
Beneficiaries	27,954,294	26,638,902
Disability Retirees	2,237,931	2,067,971
Terminated Vested	19,501,247	17,304,488
Total	761,342,228	739,940,719

C. Liabilities - (Continued)

	10/1/2023	10/1/2022
Present Value of Future Salaries	949,171,234	909,371,828
Present Value of Future Member Contributions	47,458,562	45,468,591
Normal Cost (Retirement)	8,036,798	7,890,334
Normal Cost (Disability)	504,805	521,590
Normal Cost (Death)	124,598	121,284
Normal Cost (Vesting)	927,748	903,569
Normal Cost (Refunds)	460,237	456,336
Total Normal Cost	10,054,186	9,893,113
Present Value of Future Normal Costs	81,410,061	79,344,971
Accrued Liability (Retirement)	176,938,695	170,594,602
Accrued Liability (Disability)	2,826,065	2,949,703
Accrued Liability (Death)	1,638,206	1,578,489
Accrued Liability (Vesting)	3,237,451	2,871,924
Accrued Liability (Refunds)	(2,568,711)	(2,457,861)
Accrued Liability (Inactives) [1]	497,860,461	485,058,891
Total Actuarial Accrued Liability (EAN AL)	679,932,167	660,595,748
Unfunded Actuarial Accrued Liability (UAAL)	17,764,778	35,580,647
Funded Ratio (AVA / EAN AL)	97.4%	94.6%

D. Actuarial Present Value of Accrued Benefits

	10/1/2023	10/1/2022
Vested Accrued Benefits		
Inactives [1]	497,860,461	485,058,891
Actives	67,372,897	62,931,993
Member Contributions	39,256,385	37,946,526
Total	604,489,743	585,937,410
Non-vested Accrued Benefits	25,027,269	25,315,669
Total Present Value Accrued Benefits (PVAB)	629,517,012	611,253,079
Funded Ratio (MVA / PVAB)	96.3%	85.2%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
Plan Experience	14,183,887	
Benefits Paid	(41,677,081)	
Interest	45,757,127	
Other	0	
Total	18,263,933	

Valuation Date	10/1/2023	10/1/2022
Applicable to Fiscal Year Ending	9/30/2025	9/30/2024
E. Pension Cost		
Normal Cost (with interest)	$10,443,786	$10,276,471
% of Projected Annual Payroll [2]	9.32	9.45
Administrative Expenses (with interest)	560,642	556,828
% of Projected Annual Payroll [2]	0.50	0.51
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 30 years (as of 10/1/2023, with interest)	1,292,712	2,334,063
% of Projected Annual Payroll [2]	1.15	2.15
Minimum Required Contribution	12,297,140	13,167,362
% of Projected Annual Payroll [2]	10.97	12.11
Expected Member Contributions	5,604,071	5,436,304
% of Projected Annual Payroll [2]	5.00	5.00
Expected City Contribution	6,693,069	7,731,058
% of Projected Annual Payroll [2]	5.97	7.11
F. Past Contributions		
Plan Years Ending:	9/30/2023	
Total Required Contribution	11,248,733	
City Requirement	5,674,901	
Actual Contributions Made:		
Members (excluding buyback)	5,573,832	
City	5,674,901	
Total	11,248,733	
G. Net Actuarial (Gain)/Loss	(20,037,606)	

[1] The asset values and liabilities include accumulated DROP Plan Balances as of 9/30/2023 and 9/30/2022.

[2] Contributions developed as of 10/1/2023 are expressed as a percentage of Projected Annual Payroll at 10/1/2023 of $112,081,422.

H. Schedule Illustrating the Amortization of the Total Unfunded Actuarial Accrued Liability as of:

Year	Projected Unfunded Actuarial Accrued Liability
2023	17,764,778
2024	17,800,612
2025	17,798,995
2032	16,345,362
2039	11,583,271
2046	9,950,169
2053	0

I. (i) 5 Year Comparison of Actual and Assumed Salary Increases

		Actual	Assumed
Year Ended	9/30/2023	6.33%	4.00%
Year Ended	9/30/2022	3.58%	3.98%
Year Ended	9/30/2021	11.52%	3.93%
Year Ended	9/30/2020	6.87%	3.90%
Year Ended	9/30/2019	5.93%	3.96%

(ii) 5 Year Comparison of Investment Return on Market Value and Actuarial Value

		Market Value	Actuarial Value	Assumed
Year Ended	9/30/2023	23.08%	11.19%	7.75%
Year Ended	9/30/2022	-21.23%	-5.54%	7.75%
Year Ended	9/30/2021	25.77%	10.92%	7.90%
Year Ended	9/30/2020	4.18%	6.02%	7.90%
Year Ended	9/30/2019	-0.64%	8.45%	7.90%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2023	$112,081,422
	10/1/2013	77,784,273
(b) Total Increase		44.09%
(c) Number of Years		10.00
(d) Average Annual Rate		3.72%

STATEMENT BY ENROLLED ACTUARY

This actuarial valuation was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

Joseph L. Griffin, EA, ASA, MAAA
Enrolled Actuary #23-6938

Please let us know when the report is approved by the Board and unless otherwise directed we will provide a copy of the report to the following office to comply with Chapter 112 Florida Statutes:

Mr. Keith Brinkman
Bureau of Local
Retirement Systems
Post Office Box 9000
Tallahassee, FL 32315-9000

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2022	$35,580,647
(2)	Sponsor Normal Cost developed as of October 1, 2022	4,456,809
(3)	Expected administrative expenses for the year ended September 30, 2023	536,056
(4)	Expected interest on (1), (2) and (3)	3,123,675
(5)	Sponsor contributions to the System during the year ended September 30, 2023	5,674,901
(6)	Expected interest on (5)	219,902
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2023 (1)+(2)+(3)+(4)-(5)-(6)	37,802,384
(8)	Change to UAAL due to Assumption Change	0
(9)	Change to UAAL due to Actuarial (Gain)/Loss	(20,037,606)
(10)	Unfunded Actuarial Accrued Liability as of October 1, 2023	17,764,778

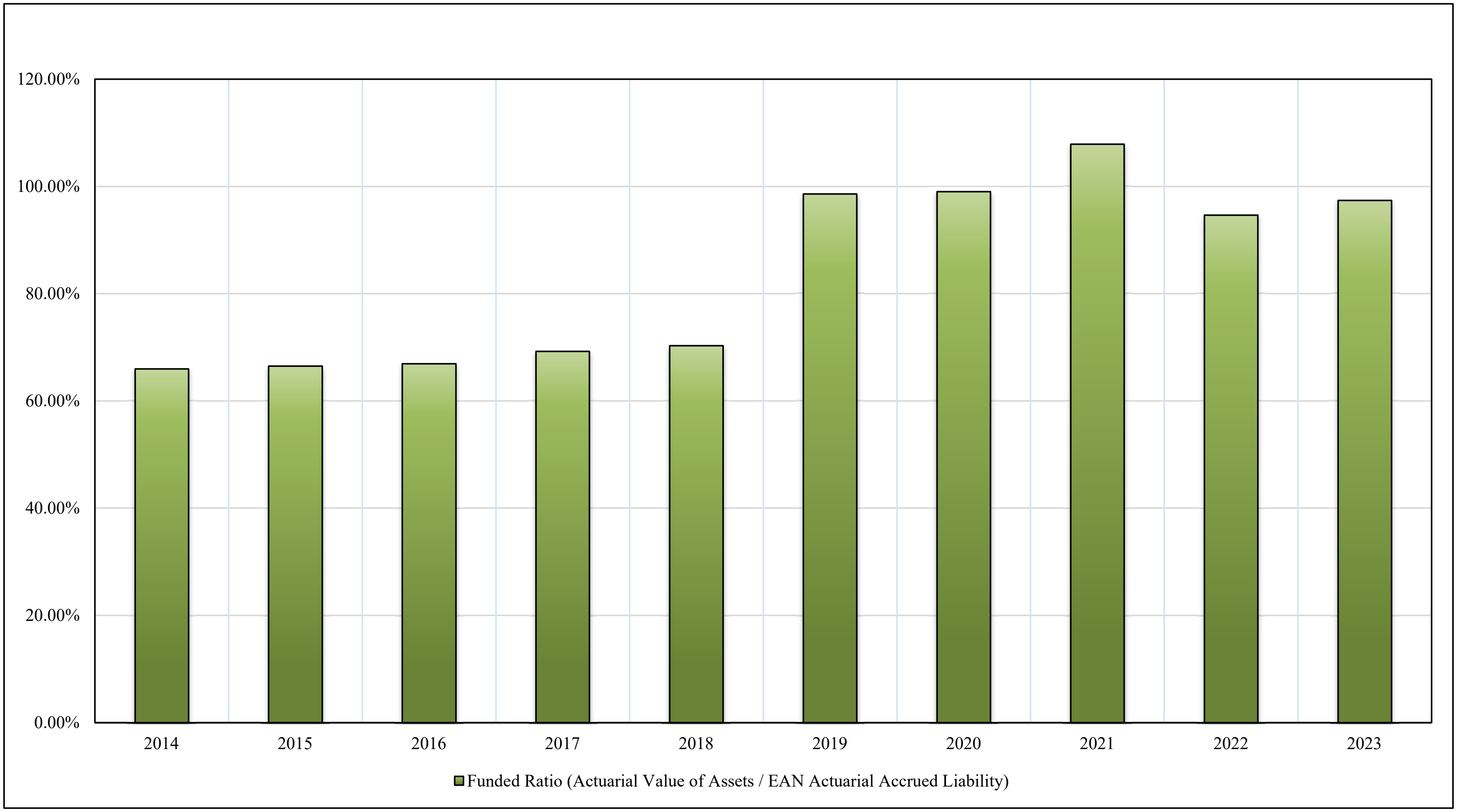
Type of Base	Date Established	Years Remaining	10/1/2023 Amount	Amortization Amount
2004 Fresh Start	10/1/2004	11	493,711	55,664
Actuarial Loss	10/1/2006	13	380,443	37,815
Actuarial Gain	10/1/2007	14	(139,600)	(13,149)
Actuarial Loss	10/1/2008	15	1,092,631	98,002
Actuarial Loss	10/1/2009	16	2,322,481	199,225
Assumption Change	10/1/2009	16	1,849,464	158,649
Actuarial Loss	10/1/2010	17	71,865	5,918
Assumption Change	10/1/2010	17	(532,353)	(43,838)
Actuarial Loss	10/1/2011	18	2,299,258	182,360
Assumption Change	10/1/2011	18	(536,224)	(42,529)
Actuarial Loss	10/1/2012	19	1,429,516	109,520
Actuarial Gain	10/1/2013	20	(127,901)	(9,490)
Assumption Change	10/1/2013	20	277,887	20,619
Actuarial Gain	10/1/2014	21	(748,411)	(53,908)
Assumption Change	10/1/2014	21	1,034,253	74,498
Actuarial Gain	10/1/2015	22	(286,293)	(20,061)
Assumption Change	10/1/2015	22	289,982	20,320
Actuarial Gain	10/1/2016	23	(741,230)	(50,624)
Assumption Change	10/1/2016	23	1,192,544	81,448

Type of Base	Date Established	Years Remaining	10/1/2023 Amount	Amortization Amount
Actuarial Gain	10/1/2017	24	(979,643)	(65,325)
Assumption Change	10/1/2017	24	330,121	22,013
Actuarial Gain	10/1/2018	25	(241,430)	(15,743)
Assump Change	10/1/2018	25	345,583	22,535
Actuarial Gain	10/1/2019	26	(139,778)	(8,926)
Assump Change	10/1/2020	27	521,839	32,678
Actuarial Gain	10/1/2020	27	(3,160,854)	(197,937)
Actuarial Gain	10/1/2021	28	(6,169,895)	(379,336)
Asmp/Mthd Change	10/1/2021	28	(58,194,788)	(3,577,917)
Actuarial Loss	10/1/2022	29	95,869,206	5,793,411
Actuarial Gain	10/1/2023	30	(20,037,606)	(1,191,404)
			17,764,778	1,244,488

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1)	Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2022	$35,580,647
(2)	Expected UAAL as of October 1, 2023	37,802,384
(3)	Summary of Actuarial (Gain)/Loss, by component:	
	Investment Return (Actuarial Asset Basis)	(20,945,174)
	Salary Increases	3,638,490
	Active Decrements	135,105
	Inactive Mortality	(1,463,933)
	New Entrants/Rehires	28,467
	Census data corrections	(1,031,776)
	Other	(398,785)
	Increase in UAAL due to (Gain)/Loss	(20,037,606)
	Assumption Changes	0
(4)	Actual UAAL as of October 1, 2023	$17,764,778

HISTORY OF FUNDING PROGRESS



ACTUARIAL ASSUMPTIONS AND METHODS

<u>Mortality Rate</u>

Healthy Active Lives:
Female: PubG.H-2010 for Employees.
Male: PubG.H-2010 for Employees, set back one year.

Healthy Retiree Lives:
Female: PubG.H-2010 for Healthy Retirees.
Male: PubG.H-2010 for Healthy Retirees, set back one year.

Beneficiary Lives:
Female: PubG.H-2010 for Healthy Retirees.
Male: PubG.H-2010 for Healthy Retirees, set back one year.

Disabled Lives:
PubG.H-2010 for Disabled Retirees, set forward three years.

All rates for healthy lives are projected generationally with Mortality Improvement Scale MP-2018. We feel this assumption sufficiently accommodates future mortality improvements.

The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2021 FRS valuation report for non-special-risk employees, with appropriate adjustments made based on plan demographics.

<u>Interest Rate</u>

7.75% per year compounded annually, net of investment related expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.

<u>Administrative Expenses</u>

$539,728 annually, based on the average of actual expenses incurred in the prior two fiscal years.

<u>Salary Increase Rate</u>

Salaries are assumed to increase annual based on years of service as shown in the table below:

Service	Rate
Less than 7	5.0%
7 – 11	4.0%
More than 11	3.0%

<u>Marital Assumptions</u>

100% of active members are assumed to be married with males 2 years older than females.

ACTUARIAL ASSUMPTIONS AND METHODS (CONTINUED)

Payroll Growth	3.00% for purposes of amortizing the Unfunded Actuarial Accrued Liability. This assumption cannot exceed the ten-year average payroll growth, in compliance with Part VII of Chapter 112, Florida Statutes.
Amortization Method	New UAAL amortization bases are amortized over 30 years. The amortization payment is subject to a minimum based on a 30-year amortization of the UAAL, if the UAAL is positive, in order to comply with Actuarial Standard of Practice No. 4. Bases established prior to the valuation date are adjusted proportionally to match the Expected Unfunded Actuarial Accrued Liability as of the valuation date, in order to align prior year bases with the portion of the current year UAAL associated with prior year sources.
Funding Method	Entry Age Normal Actuarial Cost Method. The following loads are applied for determining the minimum required contribution: Interest - A half year, based on current 7.75% assumption. Salary - None.
Actuarial Asset Method	Assets are smoothed by recognizing investment gains or losses ratably over a five-year period. The investment gain or loss is determined based on the difference between the actual investment return for the year and the expected investment return by applying the assumed rate of return to the beginning of year market value of assets and cash flows during the year. The resulting asset value is constrained to no less than 80% nor greater than 120% of the market value of assets.
Low-Default-Risk Obligation Measure	Based on the Entry Age Normal Actuarial Cost Method and an interest rate of 4.87% per year compounded annually, net of investment related expenses. This rate is consistent with the Yield to Maturity of the S&P Municipal Bond 20-Year High Grade Rate Index as of September 30, 2023. All other assumptions for the Low-Default-Risk Obligation Measure are consistent with the assumptions shown in this section unless otherwise noted.

ACTUARIAL ASSUMPTIONS AND METHODS (CONTINUED)

Vacation Payout upon Termination

The final year of earnings is increased at termination for vacation payouts based on the following:

Service	Rate
< 7	2.0%
7 – 12	4.0%
13 – 17	6.0%
18 – 23	8.0%
> 24	10.0%

Final earnings are not adjusted for PTO employees.

Accumulated Sick Leave

Service at termination was increased by 0.15 years for employees in the paid-time-off (PTO) program and 0.25 years for all other employees to recognize any accumulated unused sick leave.

Termination Rates

For members with less than 5 years of service

Service	Males	Females
0	14.0%	22.0%
1	12.0%	16.0%
2	8.0%	13.0%
3	6.0%	11.0%
4	5.0%	10.0%

For members with at least 5 years of service

Age	Males	Females
< 30	4.0%	7.0%
30 – 34	3.0%	5.0%
35 – 39	2.5%	4.0%
40 – 64	2.0%	3.0%
65+	0.0%	0.0%

Non-vested members are assumed to withdraw their contributions and vested members are assumed to commence an annuity at age 65.

Retirement Rates

Hired Before October 2, 2007

	Years of Service					
Age	10–14	15–19	20	21–24	25–26	27+
< 57	0.0%	7.5%	20.0%	5.0%	10.0%	25.0%
57 – 59	0.0%	7.5%	30.0%	7.5%	10.0%	25.0%
60 – 64	0.0%	7.5%	30.0%	30.0%	10.0%	25.0%
65+	33.0%	33.0%	50.0%	30.0%	20.0%	100.0%

ACTUARIAL ASSUMPTIONS AND METHODS (CONTINUED)

Retirement Rates (continued)

Hired October 2, 2007 Through October 1, 2012

	Years of Service				
Age	10–14	15–24	25	26–29	30+
< 57	0.0%	5.0%	20.0%	10.0%	25.0%
57 – 59	0.0%	5.0%	30.0%	10.0%	25.0%
60 – 64	0.0%	5.0%	30.0%	10.0%	25.0%
65+	33.0%	33.0%	50.0%	20.0%	100.0%

Hired On or After October 2, 2012

	Years of Service			
Age	10–14	15–19	20–29	30+
< 57	0.0%	5.0%	5.0%	25.0%
57 – 59	0.0%	5.0%	5.0%	25.0%
60 – 61	0.0%	5.0%	5.0%	25.0%
62	0.0%	7.5%	15.0%	50.0%
63 – 64	0.0%	5.0%	5.0%	50.0%
65+	33.0%	33.0%	33.0%	100.0%

Disability Rates

Sample rates of disability are shown below:

Age	Male	Female
25	0.0300%	0.0100%
30	0.0580%	0.0250%
35	0.0730%	0.0480%
40	0.1020%	0.0750%
45	0.1880%	0.1650%
50	0.3130%	0.2850%
55	0.5230%	0.4780%
60	0.6860%	0.5990%
65	0.2390%	0.1500%

33.3% of disablements are assumed to be service related and 30% of all disablements are assumed to qualify for Social Security benefits.

GLOSSARY

Actuarial Value of Assets is the asset value used in the valuation to determine contribution requirements. It represents the plan's Market Value of Assets (see below), with adjustments according to the plan's Actuarial Asset Method. These adjustments produce a "smoothed" value that is likely to be less volatile from year to year than the Market Value of Assets.

Entry Age Normal Cost Method - Under this method, the normal cost is the sum of the individual normal costs for all active participants. For an active participant, the normal cost is the participant's normal cost accrual rate, multiplied by the participant's current compensation.

(a) The normal cost accrual rate equals:

(i) the present value of future benefits for the participant, determined as of the participant's entry age, divided by

(ii) the present value of the compensation expected to be paid to the participant for each year of the participant's anticipated future service, determined as of the participant's entry age.

(b) In calculating the present value of future compensation, the salary scale is applied both retrospectively and prospectively to estimate compensation in years prior to and subsequent to the valuation year based on the compensation used for the valuation.

(c) The accrued liability is the sum of the individual accrued liabilities for all participants and beneficiaries. A participant's accrued liability equals the present value, at the participant's attained age, of future benefits less the present value at the participant's attained age of the individual normal costs payable in the future. A beneficiary's accrued liability equals the present value, at the beneficiary's attained age, of future benefits. The unfunded accrued liability equals the total accrued liability less the actuarial value of assets.

(d) Under this method, the entry age used for each active participant is the participant's age at the time he or she would have commenced participation if the plan had always been in existence under current terms, or the age as of which he or she first earns service credits for purposes of benefit accrual under the current terms of the plan.

Market Value of Assets is the fair market value of plan assets as of the valuation date. This amount may be adjusted to produce an Actuarial Value of Assets for plan funding purposes.

Normal (Current Year's) Cost is the current year's cost for benefits yet to be funded. Under the Entry Age Normal cost method, it is determined for each participant as the present value of future benefits, determined as of the Member's entry age, amortized as a level percentage of compensation over the anticipated number of years of participation, determined as of the entry age.

Payroll Under Assumed Ret. Age is the projected annual rate of pay for the fiscal year beginning on the valuation date of all covered Members, excluding any Members who are assumed to retire with 100% probability on the valuation date.

Projected Annual Payroll is the projected annual rate of pay for the fiscal year following the fiscal year beginning on the valuation date of all covered Members.

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current plan participants.

Total Annual Payroll is the projected annual rate of pay for the fiscal year beginning on the valuation date of all covered Members.

Total Required Contribution is equal to the Normal Cost plus an amount sufficient to amortize the Unfunded Accrued Liability over no more than 30 years. The required amount is adjusted for interest according to the timing of contributions during the year.

Unfunded Actuarial Accrued Liability (UAAL) is the difference between the actuarial accrued liability (described above) and the Actuarial Value of Assets. Under the Entry Age Normal Actuarial Cost Method, an actuarial gain or loss, based on actual versus expected UAAL, is determined in conjunction with each valuation of the plan.

DISCUSSION OF RISK

ASOP No. 51, Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions, states that the actuary should identify risks that, in the actuary's professional judgment, may reasonably be anticipated to significantly affect the plan's future financial condition.

Throughout this report, actuarial results are determined using various actuarial assumptions. These results are based on the premise that all future plan experience will align with the plan's actuarial assumptions; however, there is no guarantee that actual plan experience will align with the plan's assumptions. It is possible that actual plan experience will differ from anticipated experience in an unfavorable manner that will negatively impact the plan's funded position.

Below are examples of ways in which plan experience can deviate from assumptions and the potential impact of that deviation. Typically, this results in an actuarial gain or loss representing the current-year financial impact on the plan's unfunded liability of the experience differing from assumptions; this gain or loss is amortized over a period of time determined by the plan's amortization method. When assumptions are selected that adequately reflect plan experience, gains and losses typically offset one another in the long term, resulting in a relatively low impact on the plan's contribution requirements associated with plan experience. When assumptions are too optimistic, losses can accumulate over time and the plan's amortization payment could potentially grow to an unmanageable level.

- <u>Investment Return</u>: When the rate of return on the Actuarial Value of Assets falls short of the assumption, this produces a loss representing assumed investment earnings that were not realized. Further, it is unlikely that the plan will experience a scenario that matches the assumed return in each year as capital markets can be volatile from year to year. Therefore, contribution amounts can vary in the future.

- <u>Salary Increases</u>: When a plan participant experiences a salary increase that was greater than assumed, this produces a loss representing the cost of an increase in anticipated plan benefits for the participant as compared to the previous year. The total gain or loss associated with salary increases for the plan is the sum of salary gains and losses for all active participants.

- <u>Payroll Growth</u>: The plan's payroll growth assumption, if one is used, causes a predictable annual increase in the plan's amortization payment in order to produce an amortization payment that remains constant as a percentage of payroll if all assumptions are realized. If payroll increases less than the plan's payroll growth assumption, the plan's amortization payment can increase significantly as a percentage of payroll even if all assumptions other than the payroll growth assumption are realized.

- <u>Demographic Assumptions:</u> Actuarial results take into account various potential events that could happen to a plan participant, such as retirement, termination, disability, and death. Each of these potential events is assigned a liability based on the likelihood of the event and the financial consequence of the event for the plan. Accordingly, actuarial liabilities reflect a blend of financial consequences associated with various possible outcomes (such as retirement at one of various possible ages). Once the outcome is known (e.g. the participant retires) the liability is adjusted to reflect the known outcome. This adjustment produces a gain or loss depending on whether the outcome was more or less favorable than other outcomes that could have occurred.

Impact of Plan Maturity on Risk

For newer pension plans, most of the participants and associated liabilities are related to active members who have not yet reached retirement age. As pension plans continue in operation and active members reach retirement ages, liabilities begin to shift from being primarily related to active members to being shared amongst active and retired members. Plan maturity is a measure of the extent to which this shift has occurred. It is important to understand that plan maturity can have an impact on risk tolerance and the overall risk characteristics of the plan. For example, closed plans with a large amount of retired liability do not have as long of a time horizon to recover from losses (such as losses on investments due to lower than expected investment returns) as plans where the majority of the liability is attributable to active members. For this reason, less tolerance for investment risk may be warranted for highly mature closed plans with a substantial inactive liability. Similarly, mature closed plans paying substantial retirement benefits resulting in a small positive or net negative cash flow can be more sensitive to near term investment volatility, particularly if the size of the fund is shrinking, which can result in less assets being available for investment in the market.

To assist with determining the maturity of the plan, we have provided some relevant metrics in the table following titled "Plan Maturity Measures and Other Risk Metrics". Highlights of this information are discussed below:

- The Support Ratio, determined as the ratio of active to inactive members, has decreased from 89.7% on October 1, 2016 to 80.1% on October 1, 2023, indicating that the plan has been maturing during the period.

- The Accrued Liability Ratio, determined as the ratio of the Inactive Accrued Liability, which is the liability associated with members who are no longer employed but are due a benefit from the plan, to the Total Accrued Liability, is 73.2%. With a plan of this maturity, losses due to lower than expected investment returns or demographic factors may result in larger increases in contribution requirements than would be needed for a less mature plan. Please note Chapter 112, Florida Statutes, requires that the plan sponsor contributes the minimum required contribution; thus, there is minimal solvency risk to the plan.

- The Funded Ratio, determined as the ratio of the Actuarial Value of Assets to the Total Accrued Liability, has increased from 66.9% on October 1, 2016 to 97.4% on October 1, 2023.

- The Net Cash Flow Ratio, determined as the ratio of the Net Cash Flow (contributions minus benefit payments and administrative expenses) to the Market Value of Assets, decreased from -4.6% on October 1, 2016 to -5.1% on October 1, 2023. The current Net Cash Flow Ratio of -5.1% indicates that contributions are not currently covering the plan's benefit payments and administrative expenses.

Low Default-Risk Obligation Measure

ASOP No. 4, Measuring Pension Obligations and Determining Pension Plan Costs or Contributions, was revised as of December 2021 to include a “low-default-risk obligation measure” (LDROM). This liability measure is consistent with the determination of the actuarial accrued liability shown on page 10 in terms of member data, plan provisions, and assumptions/methods, under the Entry Age Normal Cost Method, except that the interest rate is tied to low-default-risk fixed income securities. The S&P Municipal Bond 20 Year High Grade Rate Index (daily rate closest to, but not later than, the measurement date) was selected to represent a current market rate of low risk but longer-term investments that could be included in a low-risk asset portfolio. The interest rate used in this valuation was 4.87%, resulting in an LDROM of $946,727,830. The LDROM should not be considered the “correct” liability measurement; it simply shows a possible outcome if the Board elected to hold a very low risk asset portfolio. The Board actually invests the pension plan’s contributions in a diversified portfolio of stocks and bonds and other investments with the objective of maximizing investment returns at a reasonable level of risk. Consequently, the difference between the plan’s Actuarial Accrued Liability disclosed earlier in this section and the LDROM can be thought of as representing the expected taxpayer savings from investing in the plan’s diversified portfolio compared to investing only in high quality bonds.

The actuarial valuation reports the funded status and develops contributions based on the expected return of the plan’s investment portfolio. If instead, the plan switched to investing exclusively in high quality bonds, the LDROM illustrates that reported funded status would be lower (which also implies that the Actuarially Determined Contributions would be higher), perhaps significantly. Unnecessarily high contribution requirements in the near term may not be affordable and could imperil plan sustainability and benefit security.

It is important to note that the actuary has identified the risks above as the most significant risks based on the characteristics of the plan and the nature of the project, however, it is not an exhaustive list of potential risks that could be considered. Additional advanced modeling, as well as the identification of additional risks, can be provided at the request of the audience addressed on page 2 of this report.

PLAN MATURITY MEASURES AND OTHER RISK METRICS

	10/1/2023	10/1/2022	10/1/2020	10/1/2016
Support Ratio				
Total Actives	1,636	1,644	1,680	1,519
Total Inactives [1]	2,042	1,989	1,835	1,694
Actives / Inactives [1]	80.1%	82.7%	91.6%	89.7%
Asset Volatility Ratio				
Market Value of Assets (MVA)	606,462,522	520,845,918	577,437,181	357,298,271
Total Annual Payroll	112,317,956	108,903,362	102,277,996	87,219,116
MVA / Total Annual Payroll	540.0%	478.3%	564.6%	409.7%
Accrued Liability (AL) Ratio				
Inactive Accrued Liability	497,860,461	485,058,891	433,577,008	382,997,223
Total Accrued Liability (EAN)	679,932,167	660,595,748	603,573,071	526,326,537
Inactive AL / Total AL	73.2%	73.4%	71.8%	72.8%
Funded Ratio				
Actuarial Value of Assets (AVA)	662,167,389	625,015,101	597,614,519	352,075,915
Total Accrued Liability (EAN)	679,932,167	660,595,748	603,573,071	526,326,537
AVA / Total Accrued Liability (EAN)	97.4%	94.6%	99.0%	66.9%
Net Cash Flow Ratio				
Net Cash Flow [2]	(31,029,176)	(29,853,986)	(13,582,306)	(16,495,754)
Market Value of Assets (MVA)	606,462,522	520,845,918	577,437,181	357,298,271
Ratio	-5.1%	-5.7%	-2.4%	-4.6%

[1] Excludes terminated participants awaiting a refund of member contributions.

[2] Determined as total contributions minus benefit payments and administrative expenses.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2023

ASSETS	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	7,453,385	7,453,385
Total Cash and Equivalents	7,453,385	7,453,385
Receivables:		
Due from other funds	9,127,321	9,127,321
Investment Income	534,898	534,898
Total Receivable	9,662,219	9,662,219
Investments:		
U. S. Bonds and Bills	7,361,035	7,020,788
Federal Agency Guaranteed Securities	10,520,336	10,177,093
Corporate Bonds	6,918,019	6,956,918
MLP/Alternative	12,147,563	29,048,049
Equities	409,104,283	537,435,418
Total Investments	446,051,236	590,638,266
Total Assets	463,166,840	607,753,870
LIABILITIES		
Payables:		
Accounts Payable	1,291,348	1,291,348
Total Liabilities	1,291,348	1,291,348
NET POSITION RESTRICTED FOR PENSIONS	461,875,492	606,462,522

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2023
Market Value Basis

<u>ADDITIONS</u>			
Contributions:			
Member		5,573,832	
City		5,674,901	
Employee - Through DROP		1,708,036	
Total Contributions			12,956,769
Investment Income:			
Net Realized Gain (Loss)	26,181,101		
Unrealized Gain (Loss)	86,309,664		
Net Increase in Fair Value of Investments		112,490,765	
Interest & Dividends		6,776,537	
Less Investment Expense[1]		(2,621,522)	
Net Investment Income			116,645,780
Total Additions			129,602,549
<u>DEDUCTIONS</u>			
Distributions to Members:			
Benefit Payments		39,386,135	
Retiree DROP Monthly Additions		1,708,036	
Lump Sum DROP Distributions		1,418,395	
Refunds of Member Contributions		872,551	
Total Distributions			43,385,117
Administrative Expense			600,828
Total Deductions			43,985,945
Net Increase in Net Position			85,616,604
NET POSITION RESTRICTED FOR PENSIONS			
Beginning of the Year			520,845,918
End of the Year			606,462,522

[1]Investment related expenses include investment advisory, custodial and performance monitoring fees.

ACTUARIAL ASSET VALUATION
September 30, 2023

Actuarial Assets for funding purposes are developed by recognizing the total actuarial investment gain or loss for each Plan Year over a five year period. In the first year, 20% of the gain or loss is recognized. In the second year 40%, in the third year 60%, in the fourth year 80%, and in the fifth year 100% of the gain or loss is recognized. The actuarial investment gain or loss is defined as the actual return on investments minus the actuarial assumed investment return. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Gains/Losses Not Yet Recognized

Plan Year Ending	Gain/(Loss)	Amounts Not Yet Recognized by Valuation Year 2023	2024	2025	2026	2027
09/30/2022	(196,398,698)	(117,839,218)	(78,559,478)	(39,279,738)	0	0
09/30/2023	77,667,939	62,134,351	46,600,763	31,067,175	15,533,587	0
Total		(55,704,867)	(31,958,715)	(8,212,563)	15,533,587	0

Development of Investment Gain/Loss

Market Value of Assets, 09/30/2022, net of DROP Balance	516,288,841
Contributions Less Benefit Payments & Admin Expenses	(31,029,176)
Expected Investment Earnings*	38,832,439
Actual Net Investment Earnings	116,500,378
2023 Actuarial Investment Gain/(Loss)	77,667,939

*Expected Investment Earnings = 516,288,841 * 0.0775 + [(31,029,176) * [1+0.0775]^0.5 - (31,029,176)]

Development of Actuarial Value of Assets

(1) Market Value of Assets, 09/30/2023	606,462,522
(2) Gains/(Losses) Not Yet Recognized	(55,704,867)
(3) Actuarial Value of Assets, 09/30/2023, (1) - (2)	662,167,389
(4) Limited Actuarial Value of Assets, 09/30/2023	662,167,389
(A) 09/30/2022 Actuarial Assets, including DROP balances:	625,015,101
(I) Net Investment Income:	
1. Interest and Dividends	6,776,537
2. Net Increase in Fair Value of Investments	112,490,765
3. Change in Actuarial Value	(48,464,316)
4. Investment Expenses	(2,621,522)
Total	68,181,464
(B) 09/30/2023 Actuarial Assets, including DROP balances:	662,167,389
Actuarial Assets Rate of Return = 2I/(A+B-I):	11.19%
Market Value of Assets Rate of Return:	23.08%
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)	20,945,174

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
SEPTEMBER 30, 2023
Actuarial Asset Basis

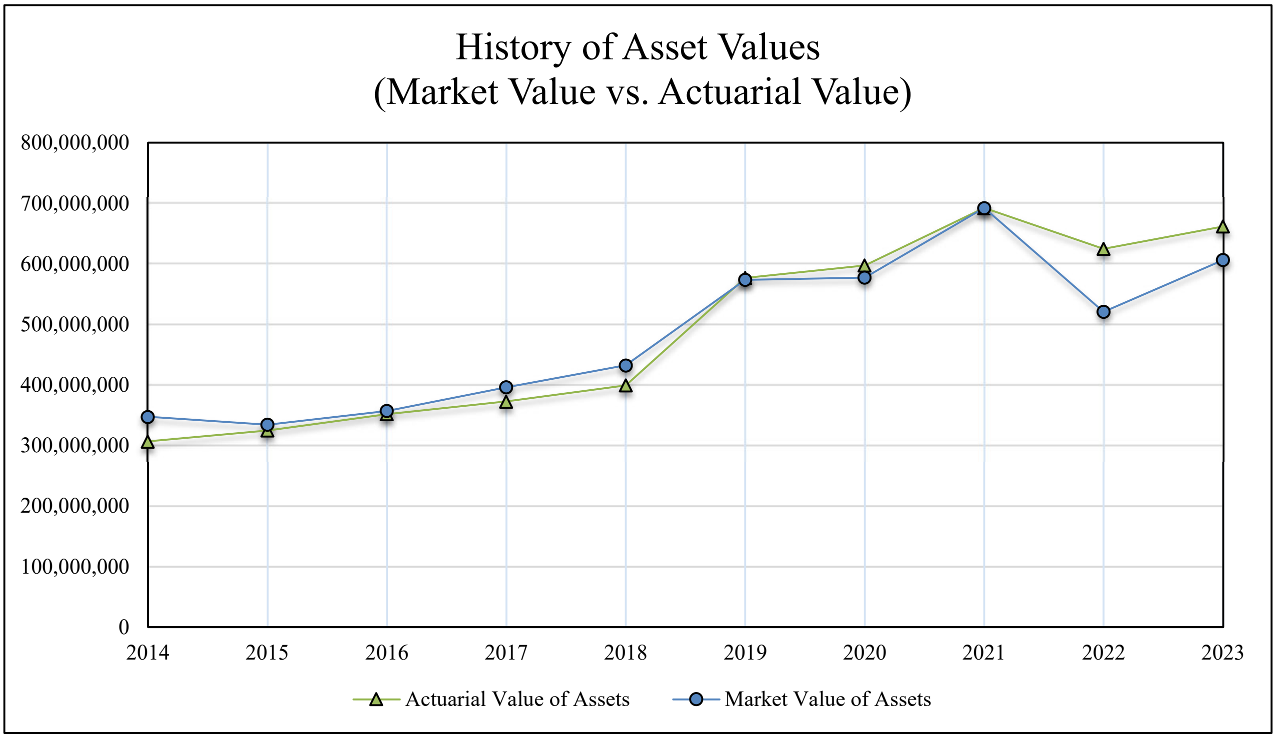
REVENUES		
Contributions:		
Member	5,573,832	
City	5,674,901	
Employee - Through DROP	1,708,036	
Total Contributions		12,956,769
Earnings from Investments:		
Interest & Dividends	6,776,537	
Net Increase in Fair Value of Investments	112,490,765	
Change in Actuarial Value	(48,464,316)	
Total Earnings and Investment Gains		70,802,986
EXPENDITURES		
Distributions to Members:		
Benefit Payments	39,386,135	
Retiree DROP Monthly Additions	1,708,036	
Lump Sum DROP Distributions	1,418,395	
Refunds of Member Contributions	872,551	
Total Distributions		43,385,117
Expenses:		
Investment related[1]	2,621,522	
Administrative	600,828	
Total Expenses		3,222,350
Change in Net Assets for the Year		37,152,288
Net Assets Beginning of the Year		625,015,101
Net Assets End of the Year[2]		662,167,389

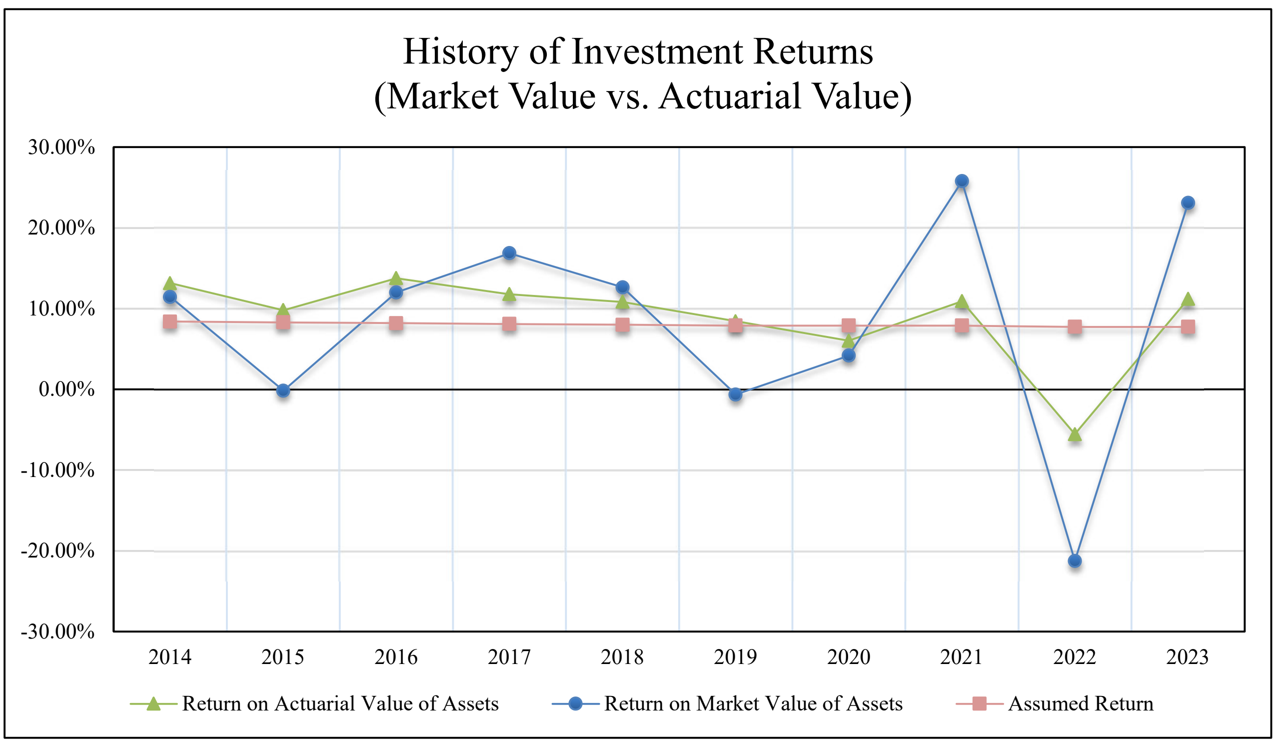
[1]Investment related expenses include investment advisory, custodial and performance monitoring fees.
[2]Net Assets may be limited for actuarial consideration.

DEFERRED RETIREMENT OPTION PLAN ACTIVITY
October 1, 2022 to September 30, 2023

Beginning of the Year Balance	4,557,077
Plus Additions	1,708,036
Investment Return Earned	145,402
Less Distributions	(1,418,395)
End of the Year Balance	4,992,119

HISTORY OF ASSET VALUES AND INVESTMENT RETURNS





STATISTICAL DATA

	10/1/2023	10/1/2022	10/1/2021	10/1/2020
Actives				
Number	1,636	1,644	1,676	1,680
Average Current Age	46.0	46.2	46.3	46.2
Average Age at Employment	37.3	37.5	37.3	37.1
Average Past Service	8.7	8.7	9.0	9.1
Average Annual Salary	$68,654	$66,243	$66,748	$60,880
Service Retirees				
Number	1,307	1,273	1,233	1,201
Average Current Age	69.5	69.0	68.8	68.4
Average Annual Benefit	$28,536	$28,053	$27,443	$27,041
DROP Retirees				
Number	36	45	34	33
Average Current Age	58.0	58.9	59.1	59.9
Average Annual Benefit	$45,495	$45,431	$45,575	$43,463
Beneficiaries				
Number	156	153	147	135
Average Current Age	72.5	72.0	72.5	73.5
Average Annual Benefit	$18,417	$17,791	$17,984	$17,566
Disability Retirees				
Number	38	36	39	39
Average Current Age	64.5	64.6	65.1	64.8
Average Annual Benefit	$7,508	$7,114	$6,191	$5,416
Terminated Vested				
Number	548	529	475	431
Average Current Age [1]	51.9	51.2	51.4	52.0
Average Annual Benefit [1]	$8,229	$7,922	$7,321	$7,212

[1] The Average Current Age and Average Annual Benefit exclude participants awaiting a refund of contributions.

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	2											2
20 - 24	32	12	7	3	2							56
25 - 29	48	34	13	14	7	16						132
30 - 34	33	27	19	9	8	35	10	2				143
35 - 39	20	23	18	14	17	44	19	15				170
40 - 44	23	28	23	15	12	44	32	48	17			242
45 - 49	21	14	15	19	13	36	26	32	24	6		206
50 - 54	11	16	10	13	9	34	26	44	35	14	1	213
55 - 59	19	14	16	18	18	37	27	43	27	14	2	235
60 - 64	11	7	6	1	9	27	23	28	21	7	4	144
65+	5	5	7	4	5	24	9	14	14	4	2	93
Total	225	180	134	110	100	297	172	226	138	45	9	1,636

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2022	1,644
Data correction adjustment	(5)
b. Terminations	
i. Vested (partial or full) with deferred annuity	(35)
ii. Vested in refund of member contributions only	(21)
iii. Refund of member contributions or full lump sum distribution	(127)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	(3)
e. Retired	(37)
f. DROP	(6)
g. Continuing participants	1,410
h. New entrants / Rehires	226
i. Total active life participants in valuation	1,636

2. Non-Active lives (including beneficiaries receiving benefits)

	Service Retirees, Vested Receiving Benefits	DROP Benefits	Receiving Death Benefits	Receiving Disability Benefits	Vested (Deferred Annuity)	Vested (Due Refund)	Total
a. Number prior valuation	1,273	45	153	36	482	47	2,036
Retired	62	(16)			(9)		37
DROP		6					6
Vested (Deferred Annuity)					35		35
Vested (Due Refund)						21	21
Hired/Terminated in Same Year						12	12
Death, With Survivor	(12)		12				0
Death, No Survivor	(15)		(8)	(1)	(1)		(25)
Disabled				3			3
Refund of Contributions					(2)	(36)	(38)
Rehires					(1)	(1)	(2)
Expired Annuities							0
Data Corrections	(1)	1	(1)		1		0
b. Number current valuation	1,307	36	156	38	505	43	2,085

SUMMARY OF CURRENT PLAN

Eligibility	Any full-time regular employee of the City or Gainesville Gas Company (excluding police officers and firefighters)
Credited Service	Credited Service means the total number of months of service with the City, expressed in terms of full and fractional years. Credited Service will include unused sick leave credits and personal critical leave bank (PLCB) credits. For service earned on or after October 1, 2012, no service shall be credited for unused sick leave or PLCB credits earned on or after October 1, 2012. In calculating credited service on or after October 1, 2012, the lesser number of months between the additional months of service credited for unused sick leave or PCLB credits earned on or before September 30, 2012 and months of unused sick leave or PCLB credits available to a member at the time of his or her retirement shall be used. Employees who previously chose to participate in the City's 457 plan or defined contribution plan and elect to transfer to this Plan may purchase Credited Service for periods of employment during which they participated in the previous plan.
Limited Participant Service	Service worked for the City as an eligible member of the plan will be counted for any purpose of the Plan, except for the purpose of determining the member's accrued benefit and vesting.
Earnings	Pay received by a member as compensation for services to the City, including vacation termination pay, overtime pay, longevity pay and certain other specified pay. For members with hire dates on or before October 1, 2012, no more than 300 hours of overtime pay earned after October 1, 2012 will be included, nor will termination vacation pay. For members with hire dates on or after October 2, 2012, no more than 150 hours of overtime pay earned after October 1, 2012 will be included, nor will termination vacation pay.
Final Average Earnings (FAE)	Final Average Earnings mean average earnings for the highest 36 consecutive months for those hired on or before October 1, 2007, highest 48 consecutive months for members hired from October 2, 2007 through October 1, 2012, and highest 60 consecutive months for members hired on or after October 2, 2012.

SUMMARY OF CURRENT PLAN (CONTINUED)

<u>Monthly Accrued Benefit</u>

For those hired on or before October 1, 2012:
2.0% times FAE times Credited Service

For those hired after October 1, 2012:
1.8% times FAE times Credited Service

For Gainesville Gas Company Employees: a monthly benefit payable for life starting at Normal Retirement Age, equal to:

(i) the accrued benefit earned under Gainesville Gas Company Employees' Pension Plan ("predecessor plan") as of January 10, 1990; plus

(ii) 2% of Final Average Earnings times Credited Service earned after January 10, 1990; plus

(iii) for each year of service earned after January 10, 1990, an additional 2% of Final Average Earnings will be credited, not to exceed the service years earned under the accrued benefit formula under the predecessor plan; less

(iv) for each year of predecessor plan service credited under (iii) above, the portion of the accrued benefit determined under (i) above based on such years.

<u>Member Contributions</u>

Members are required to contribute 5.0% of earnings.

<u>Vesting</u>

Schedule

100% after 5 years of Credited Service.

Benefit Amount

Members that terminate employment with 5 or more years of Credited Service, the Monthly Accrued Benefit is payable unreduced at age 65.

Members that terminate employment with less than 5 years of service will receive a refund of Member contributions without interest.

<u>Normal Retirement</u>

Date

First day of the month coincident with or following the earlier of:

(1) Age 65 with 10 years of Credited Service
(2) 20 or more years of Credited Service for those hired on or before October 1, 2007
(3) 25 or more years of Credited Service for those hired from October 2, 2007 through October 1, 2012
(4) 30 or more years of Credited Service for those hired after October 1, 2012

Benefit

Monthly Accrued Benefit

SUMMARY OF CURRENT PLAN (CONTINUED)

Early Retirement

Date	Age 55 with 15 or more years of Credited Service for those hired on or before October 1, 2012 Age 60 with 20 or more years of Credited Service for those hired after October 1, 2012
Benefit	Monthly Accrued Benefit reduced actuarially by 5.0% per year benefits commence prior to age 65.

Delayed Retirement

Date	Termination of employment following eligibility for Normal Retirement.
Benefit	Monthly Accrued Benefit

Deferred Retirement Option Plan ("DROP")

Eligibility	A Member who has earned at least 27 years of Credited Service.
Participation	Members may participate for a maximum of 60 months or the attainment of 35 years of service.
Rate of Return	DROP benefits accumulate with interest as follows: • For those who enter DROP on or before October 1, 2012 - 6.0% per year. • For those who enter DROP after October 1, 2012 - 2.25% per year. • For those who enter DROP on or after May 1, 2016 - One-time election for interest to accrue at (1) 2.25% per year or (2) a variable rate between 0.0% and 4.5% per year based on the plan's actual return for the previous plan year.
Distribution	Lump sum and/or rollover to qualified retirement plan(s) at termination of employment.

Death Benefits – Pre Retirement

Pre-Retirement

Eligibility	Death prior to retirement.
Benefit	If the Member dies prior to eligibility for normal or early retirement, the beneficiary will receive the member's contributions without interest. If Member dies subsequent to normal or early retirement, the beneficiary will receive the benefit payable in the form selected by the Member as though the Member had retired the day before his or her death. If no option is selected, beneficiaries of married members will receive the survivor portion of the joint and survivor option and beneficiaries of members not married receive contributions without interest.

SUMMARY OF CURRENT PLAN (CONTINUED)

<u>Death Benefits – Post Retirement</u>	Benefits payable to beneficiary in accordance with option selected at retirement provided that amounts contributed by members in excess of retirement benefits paid to the member under the normal form shall be paid to the beneficiary without interest.
<u>Disability</u>	
Eligibility	
Service Incurred	Permanent and totally disabled in the line of duty.
Non-Service Incurred	Permanent and totally disabled not in the line of duty after completion of 5 years of credited service.
Disability Benefit Percentage	
Service Incurred	The greater of 2.0% times Credited Service, but not less than 42%.
Non-Service Incurred	The greater of 2.0% times Credited Service, but not less than 25% of Final Average Earnings.
Disability Benefit	
Benefit Amount	Disability Benefit Percentage times FAE.
Offset	Disability Benefit Percentage (up to a maximum of 50%) times Social Security primary insurance amount (PIA).
Maximum	In no event shall the disability benefit payable by the city to a disabled employee exceed the lesser of $3,750.00 per month or an amount equal to his/her maximum benefit percent, less any reductions for offsets and the initially determined wage replacement benefit made to the employee under workers' compensation laws. The deductions for workers' compensation payments shall not be made if the board determines that the disability for which benefits are payable is not, directly or indirectly, related to the injury for which workers' compensation payments were made. Unless otherwise provided by law, the reduction attributable to workers' compensation payments shall not reduce the disability benefit below the amount which, when such is combined with Social Security disability and workers' compensation benefits received by the employee, equals 80 percent of the employee's AWW or 80 percent of the employee's ACE (on a weekly basis), whichever is greater. A disabled employee's maximum benefit percent will be 80 percent if the employee's disability is due to a job-related injury in the course of employment with the city resulting in payment of workers' compensation, and otherwise shall be 70 percent.

SUMMARY OF CURRENT PLAN (CONTINUED)

Normal Form of Payment	Life Annuity
Optional Forms of Payment	
Actuarial Equivalence	Interest rate: 9.5% Mortality Table: 1994 Group Annuity Mortality Basic Table-Unisex 50/50
Form of Payment	Life Annuity 66 2/3% Joint and Last Survivor 66 2/3% Joint and Survivor Social Security Option Joint and Last Survivor reduces upon death of the Member or Beneficiary. Joint and Survivor reduces only upon death of the Member. All forms above guarantee the Member will receive the Member's contributions.
Cost of Living Adjustment ("COLA")	COLA's do not apply during the DROP period.
Retired Prior to October 1, 2000	2.0% increase each October 1st following age 62.
Hired On or Prior to October 1, 2012	
20 Years of Credited Service or More on October 1, 2012	If member subsequently retires with 25 years of Credited Service, 2.0% per year increase for retired members and their beneficiaries, commencing October 1 following member's age 60 If member subsequently retires with less than 25 years of Credited Service, 2.0% per year increase for retired members and their beneficiaries, commencing October 1 following member's age 62.
Less Than 20 Years of Credited Service on October 1, 2012	If member subsequently retires with at least 25 years of Credited Service, 2.0% per year increase for retired members and their beneficiaries commencing October 1 following member's age 65.
Hired After October 1, 2012	If member retires with at least 30 years of Credited Service, 2.0% per year increase for retired members and their beneficiaries commencing October 1 following the member's age 65.