

CITY OF GAINESVILLE  
GENERAL EMPLOYEES PENSION PLAN  
ACTUARIAL VALUATION  
AS OF OCTOBER 1, 2024  
CONTRIBUTIONS APPLICABLE TO THE  
PLAN/FISCAL YEAR ENDING SEPTEMBER 30, 2026



**FOSTER & FOSTER**  
ACTUARIES AND CONSULTANTS

July 1, 2025

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.

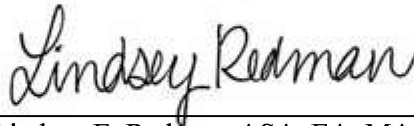
Respectfully submitted,

Foster & Foster, Inc.

A handwritten signature in blue ink, appearing to read "JL Griffin", with a stylized flourish at the end.

By:

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

A handwritten signature in black ink, reading "Lindsey Redman", written in a cursive style.

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, 2024, 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, 2026.

The contribution requirements, compared with those set forth in the October 1, 2023 actuarial valuation report, are as follows:

Valuation Date	10/1/2024	10/1/2023
Applicable to Fiscal Year Ending	<u>9/30/2026</u>	<u>9/30/2025</u>
Minimum Required Contribution	\$13,752,943	\$12,297,140
% of Projected Annual Payroll	11.51%	10.97%
Member Contributions (Est.)	5,972,286	5,604,071
% of Projected Annual Payroll	5.00%	5.00%
City Required Contribution	\$7,780,657	\$6,693,069
% of Projected Annual Payroll	6.51%	5.97%

As you can see, the Minimum Required Contribution shows an increase when compared to the results set forth in the October 1, 2023 actuarial valuation report. The increase is attributable to unfavorable actuarial experience as described in the next paragraph.

Plan experience was unfavorable overall on the basis of the plan's actuarial assumptions. Sources of actuarial loss included an average salary increase of 11.12% which exceeded the 4.03% assumption and an investment return of 6.74% (Actuarial Asset Basis) which fell short of the 7.75% assumption. There were no significant sources of actuarial gain.

## 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, 2023	5.97%
(2) Summary of Contribution Impact by component:	
Change in Normal Cost Rate	-0.17%
Change in Administrative Expense Percentage	-0.02%
Plan Liability Experience	0.39%
Investment Return (Actuarial Asset Basis)	0.34%
Other	<u>0.00%</u>
Total Change in Contribution	0.54%
(3) Contribution Determined as of October 1, 2024	6.51%

## COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2024</u>	<u>10/1/2023</u>
<b>A. Participant Data</b>		
Actives	1,602	1,636
Service Retirees	1,360	1,307
DROP Retirees	33	36
Beneficiaries	164	156
Disability Retirees	39	38
Terminated Vested	<u>549</u>	<u>548</u>
Total	3,747	3,721
Projected Annual Payroll	119,445,714	112,081,422
Annual Rate of Payments to:		
Service Retirees	39,756,834	37,296,633
DROP Retirees	1,462,350	1,637,810
Beneficiaries	3,116,443	2,873,107
Disability Retirees	305,378	285,299
Terminated Vested	4,225,830	4,155,532
<b>B. Assets</b>		
Actuarial Value (AVA) <sup>1</sup>	676,840,266	662,167,389
Market Value (MVA) <sup>1</sup>	731,780,898	606,462,522
<b>C. Liabilities</b>		
Present Value of Benefits		
Actives		
Retirement Benefits	250,952,143	241,243,491
Disability Benefits	7,354,825	7,012,415
Death Benefits	2,751,628	2,664,080
Vested Benefits	12,688,845	11,391,710
Refund of Contributions	1,254,079	1,170,071
Service Retirees	443,546,341	421,020,351
DROP Retirees <sup>1</sup>	25,721,975	27,146,638
Beneficiaries	30,171,715	27,954,294
Disability Retirees	2,430,954	2,237,931
Terminated Vested	<u>19,847,609</u>	<u>19,501,247</u>
Total	796,720,114	761,342,228

C. Liabilities - (Continued)	<u>10/1/2024</u>	<u>10/1/2023</u>
Present Value of Future Salaries	1,030,953,736	949,171,234
Present Value of Future Member Contributions	51,547,687	47,458,562
Normal Cost (Retirement)	8,426,962	8,036,798
Normal Cost (Disability)	520,986	504,805
Normal Cost (Death)	129,667	124,598
Normal Cost (Vesting)	978,735	927,748
Normal Cost (Refunds)	469,006	460,237
Total Normal Cost	10,525,356	10,054,186
Present Value of Future Normal Costs	86,919,974	81,410,061
Accrued Liability (Retirement)	182,222,658	176,938,695
Accrued Liability (Disability)	2,945,020	2,826,065
Accrued Liability (Death)	1,663,714	1,638,206
Accrued Liability (Vesting)	3,873,167	3,237,451
Accrued Liability (Refunds)	(2,623,013)	(2,568,711)
Accrued Liability (Inactives) <sup>1</sup>	521,718,594	497,860,461
Total Actuarial Accrued Liability (EAN AL)	709,800,140	679,932,167
Unfunded Actuarial Accrued Liability (UAAL)	32,959,874	17,764,778
Funded Ratio (AVA / EAN AL)	95.4%	97.4%

D. Actuarial Present Value of  
Accrued Benefits

10/1/2024

10/1/2023

Vested Accrued Benefits

Inactives <sup>1</sup>	521,718,594	497,860,461
Actives	69,086,517	67,372,897
Member Contributions	<u>39,772,586</u>	<u>39,256,385</u>
Total	<u>630,577,697</u>	<u>604,489,743</u>

Non-vested Accrued Benefits

	<u>24,123,237</u>	<u>25,027,269</u>
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Total Present Value

Accrued Benefits (PVAB)	654,700,934	629,517,012
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Funded Ratio (MVA / PVAB)

	111.8%	96.3%
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Increase (Decrease) in Present Value of  
Accrued Benefits Attributable to:

Plan Amendments	0
Assumption Changes	0
Plan Experience	21,003,023
Benefits Paid	(42,942,642)
Interest	47,123,541
Other	<u>0</u>
Total	<u>25,183,922</u>

Valuation Date	10/1/2024	10/1/2023
Applicable to Fiscal Year Ending	<u>9/30/2026</u>	<u>9/30/2025</u>

#### E. Pension Cost

Normal Cost (with interest)	\$10,933,214	\$10,443,786
% of Projected Annual Payroll <sup>2</sup>	9.15	9.32
Administrative Expenses (with interest)	579,121	560,642
% of Projected Annual Payroll <sup>2</sup>	0.48	0.50
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 30 years (as of 10/1/2024, with interest)	2,240,608	1,292,712
% of Projected Annual Payroll <sup>2</sup>	1.88	1.15
Minimum Required Contribution	13,752,943	12,297,140
% of Projected Annual Payroll <sup>2</sup>	11.51	10.97
Expected Member Contributions	5,972,286	5,604,071
% of Projected Annual Payroll <sup>2</sup>	5.00	5.00
Expected City Contribution	7,780,657	6,693,069
% of Projected Annual Payroll <sup>2</sup>	6.51	5.97

#### F. Past Contributions

Plan Years Ending:	<u>9/30/2024</u>
Total Required Contribution	14,395,677
City Requirement	8,451,962
Actual Contributions Made:	
Members (excluding buyback)	5,943,715
City	<u>8,451,962</u>
Total	14,395,677

G. Net Actuarial (Gain)/Loss	17,242,159
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<sup>1</sup> The asset values and liabilities include accumulated DROP Plan Balances as of 9/30/2024 and 9/30/2023.

<sup>2</sup> Contributions developed as of 10/1/2024 are expressed as a percentage of Projected Annual Payroll at 10/1/2024 of \$119,445,714.



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

<u>Year</u>	<u>Projected Unfunded Actuarial Accrued Liability</u>
2024	32,959,874
2025	33,190,073
2026	33,368,386
2033	32,576,922
2040	27,405,835
2047	21,073,716
2054	0

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

	<u>Actual</u>	<u>Assumed</u>
Year Ended 9/30/2024	11.12%	4.03%
Year Ended 9/30/2023	5.79%	4.01%
Year Ended 9/30/2022	3.58%	3.98%
Year Ended 9/30/2021	11.00%	3.94%
Year Ended 9/30/2020	6.47%	3.90%

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

	<u>Market Value</u>	<u>Actuarial Value</u>	<u>Assumed</u>
Year Ended 9/30/2024	26.07%	6.74%	7.75%
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%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2024	\$119,445,714
	10/1/2014	76,239,783
(b) Total Increase		56.67%
(c) Number of Years		10.00
(d) Average Annual Rate		4.59%

## 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.

A handwritten signature in blue ink, appearing to read 'JL Griffin', is written over a horizontal line.

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, 2023	\$17,764,778
(2)	Sponsor Normal Cost developed as of October 1, 2023	4,450,115
(3)	Expected administrative expenses for the year ended September 30, 2024	539,728
(4)	Expected interest on (1), (2) and (3)	1,742,569
(5)	Sponsor contributions to the System during the year ended September 30, 2024	8,451,962
(6)	Expected interest on (5)	327,513
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2024 (1)+(2)+(3)+(4)-(5)-(6)	15,717,715
(8)	Change to UAAL due to Assumption Change	0
(9)	Change to UAAL due to Actuarial (Gain)/Loss	17,242,159
(10)	Unfunded Actuarial Accrued Liability as of October 1, 2024	32,959,874

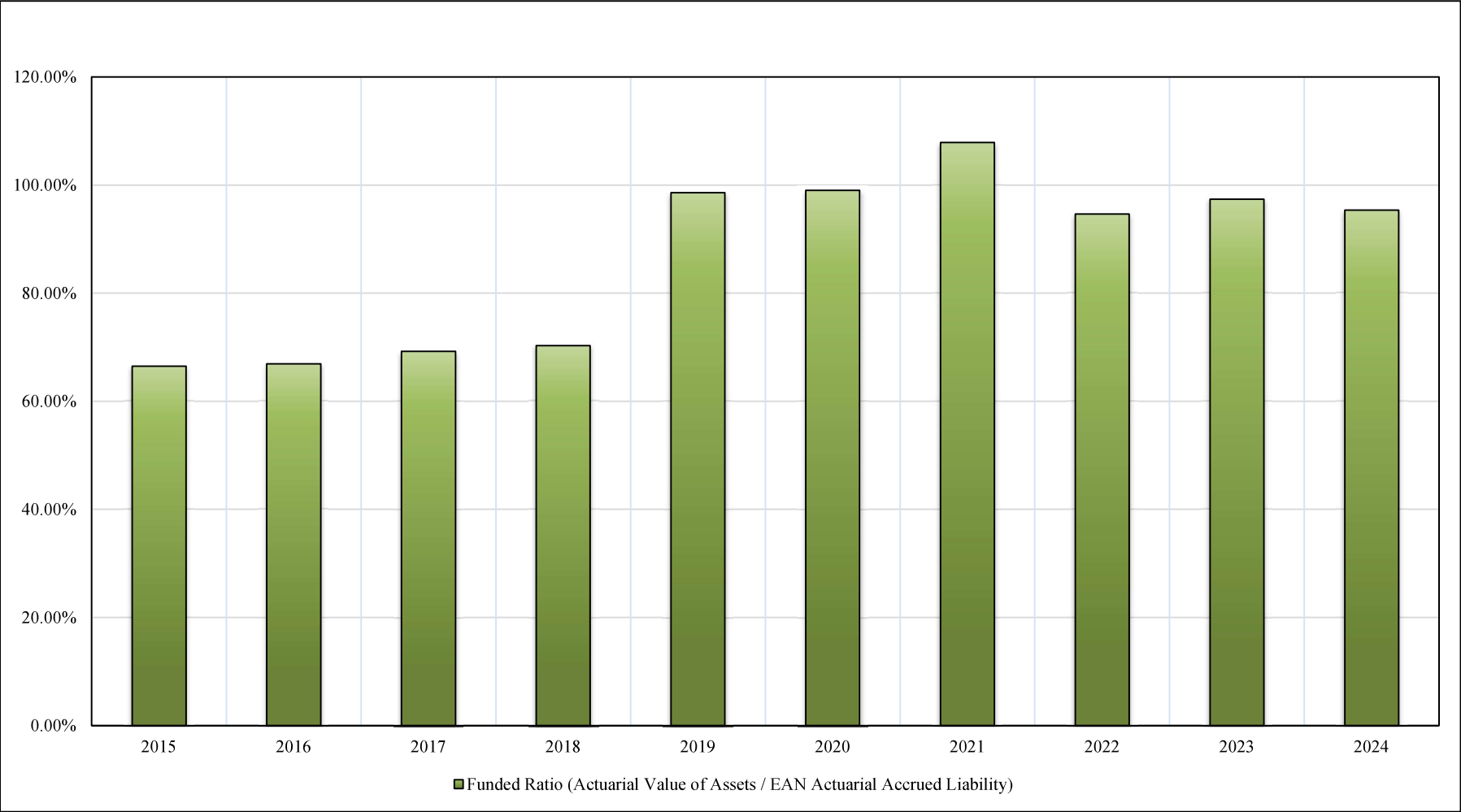
Type of <u>Base</u>	Date <u>Established</u>	Years <u>Remaining</u>	10/1/2024 <u>Amount</u>	Amortization <u>Amount</u>
2004 Fresh Start	10/1/2004	10	416,767	50,625
Actuarial Loss	10/1/2006	12	325,983	34,392
Actuarial Gain	10/1/2007	13	(120,308)	(11,958)
Actuarial Loss	10/1/2008	14	946,309	89,131
Actuarial Loss	10/1/2009	15	2,020,105	181,190
Assumption Change	10/1/2009	15	1,608,673	144,288
Actuarial Loss	10/1/2010	16	62,743	5,382
Assumption Change	10/1/2010	16	(464,782)	(39,870)
Actuarial Loss	10/1/2011	17	2,014,057	165,852
Assumption Change	10/1/2011	17	(469,710)	(38,679)
Actuarial Loss	10/1/2012	18	1,255,869	99,606
Actuarial Gain	10/1/2013	19	(112,659)	(8,631)
Assumption Change	10/1/2013	19	244,769	18,753
Actuarial Gain	10/1/2014	20	(660,763)	(49,029)
Assumption Change	10/1/2014	20	913,129	67,754
Actuarial Gain	10/1/2015	21	(253,298)	(18,245)
Assumption Change	10/1/2015	21	256,562	18,480
Actuarial Gain	10/1/2016	22	(657,056)	(46,041)
Assumption Change	10/1/2016	22	1,057,118	74,075

Type of <u>Base</u>	Date <u>Established</u>	Years <u>Remaining</u>	10/1/2024 <u>Amount</u>	Amortization <u>Amount</u>
Actuarial Gain	10/1/2017	23	(869,900)	(59,412)
Assumption Change	10/1/2017	23	293,139	20,021
Actuarial Gain	10/1/2018	24	(214,723)	(14,318)
Assump Change	10/1/2018	24	307,354	20,495
Actuarial Gain	10/1/2019	25	(124,495)	(8,118)
Assump Change	10/1/2020	26	465,397	29,720
Actuarial Gain	10/1/2020	26	(2,818,975)	(180,019)
Actuarial Gain	10/1/2021	27	(5,509,247)	(344,997)
Asmp/Mthd Change	10/1/2021	27	(51,963,521)	(3,254,033)
Actuarial Loss	10/1/2022	28	85,699,810	5,268,973
Actuarial Gain	10/1/2023	29	(17,930,632)	(1,083,555)
Actuarial Loss	10/1/2024	30	<u>17,242,159</u>	<u>1,025,191</u>
			32,959,874	2,157,023

## DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2023	\$17,764,778
(2) Expected UAAL as of October 1, 2024	15,717,715
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	6,528,910
Salary Increases	9,169,732
Active Decrements	645,678
Inactive Mortality	494,864
New Entrants/Rehires	100,275
Other	<u>302,700</u>
Increase in UAAL due to (Gain)/Loss	17,242,159
Assumption Changes	<u>0</u>
(4) Actual UAAL as of October 1, 2024	\$32,959,874

HISTORY OF FUNDING PROGRESS



## ACTUARIAL ASSUMPTIONS AND METHODS

### Mortality Rate

#### *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.

### Interest Rate

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.

### Administrative Expenses

\$557,517 annually, based on the average of actual expenses incurred in the prior two fiscal years.

### Salary Increase Rate

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%

### Marital Assumptions

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 4.06% 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, 2024. 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:

<u>Service</u>	<u>Rate</u>
< 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

<u>Service</u>	<u>Males</u>	<u>Females</u>
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

<u>Age</u>	<u>Males</u>	<u>Females</u>
< 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

<u>Age</u>	<u>Years of Service</u>					
	<u>10–14</u>	<u>15–19</u>	<u>20</u>	<u>21–24</u>	<u>25–26</u>	<u>27+</u>
< 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

<u>Age</u>	<u>Years of Service</u>				
	<u>10–14</u>	<u>15–24</u>	<u>25</u>	<u>26–29</u>	<u>30+</u>
< 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

<u>Age</u>	<u>Years of Service</u>			
	<u>10–14</u>	<u>15–19</u>	<u>20–29</u>	<u>30+</u>
< 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:

<u>Age</u>	<u>Male</u>	<u>Female</u>
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.

- Investment Return: 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.
- Salary Increases: 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.
- Payroll Growth: 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.
- Demographic Assumptions: 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 86.2% on October 1, 2017 to 75.9% on October 1, 2024, 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 73.5%. 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 69.2% on October 1, 2017 to 95.4% on October 1, 2024.
- 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, increased from -4.9% on October 1, 2017 to -4.0% on October 1, 2024. The current Net Cash Flow Ratio of -4.0% 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 4.06%, resulting in an LDROM of \$1,096,974,242. 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

	<u>10/1/2024</u>	<u>10/1/2023</u>	<u>10/1/2021</u>	<u>10/1/2017</u>
<u>Support Ratio</u>				
Total Actives	1,602	1,636	1,676	1,514
Total Inactives <sup>1</sup>	2,112	2,042	1,899	1,757
Actives / Inactives <sup>1</sup>	75.9%	80.1%	88.3%	86.2%

### Asset Volatility Ratio

Market Value of Assets (MVA)	731,780,898	606,462,522	692,370,620	396,313,562
Total Annual Payroll	119,882,235	112,317,956	111,868,899	86,102,369
MVA / Total Annual Payroll	610.4%	540.0%	618.9%	460.3%

### Accrued Liability (AL) Ratio

Inactive Accrued Liability	521,718,594	497,860,461	457,616,195	392,320,327
Total Accrued Liability (EAN)	709,800,140	679,932,167	642,090,491	538,735,346
Inactive AL / Total AL	73.5%	73.2%	71.3%	72.8%

### Funded Ratio

Actuarial Value of Assets (AVA)	676,840,266	662,167,389	692,370,620	372,844,666
Total Accrued Liability (EAN)	709,800,140	679,932,167	642,090,491	538,735,346
AVA / Total Accrued Liability (EAN)	95.4%	97.4%	107.8%	69.2%

### Net Cash Flow Ratio

Net Cash Flow <sup>2</sup>	(28,992,718)	(31,029,176)	(29,999,605)	(19,590,011)
Market Value of Assets (MVA)	731,780,898	606,462,522	692,370,620	396,313,562
Ratio	-4.0%	-5.1%	-4.3%	-4.9%

<sup>1</sup> Excludes terminated participants awaiting a refund of member contributions.

<sup>2</sup> Determined as total contributions minus benefit payments and administrative expenses.



STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2024

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Cash & Cash Equivalent	6,262,252	6,262,252
Total Cash and Equivalents	6,262,252	6,262,252
Receivables:		
Due from City of Gainesville	2,371,969	2,371,969
Investment Income	568,141	568,141
Total Receivable	2,940,110	2,940,110
Investments:		
Government Bonds	7,276,776	8,156,298
Mortgage & Asset Backed Securities	6,607,877	7,092,337
Corporate Bonds	8,873,656	9,590,118
Equities	449,527,485	676,877,002
Pooled/Common/Commingled Funds:		
Real Estate	9,345,226	21,155,188
Total Investments	481,631,020	722,870,943
Total Assets	490,833,382	732,073,305
<u>LIABILITIES</u>		
Payables:		
Accounts Payable	292,407	292,407
Total Liabilities	292,407	292,407
NET POSITION RESTRICTED FOR PENSIONS	490,540,975	731,780,898

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2024  
Market Value Basis

ADDITIONS

Contributions:

Member	5,943,715
Buy-Back	68,453
City	8,451,962
Employee - Through DROP	1,569,763

Total Contributions		16,033,893
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Investment Income:

Net Increase in Fair Value of Investments	150,062,181
Interest & Dividends	7,273,357
Less Investment Expense <sup>1</sup>	(3,024,444)

Net Investment Income		154,311,094
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Total Additions		170,344,987
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DEDUCTIONS

Distributions to Members:

Benefit Payments	41,439,169
Retiree DROP Monthly Additions	1,569,763
Lump Sum DROP Distributions	713,246
Refunds of Member Contributions	790,227

Total Distributions		44,512,405
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Administrative Expense		514,206
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Total Deductions		45,026,611
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Net Increase in Net Position		125,318,376
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NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		606,462,522
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End of the Year		731,780,898
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<sup>1</sup>Investment related expenses include investment advisory, custodial and performance monitoring fees.

# ACTUARIAL ASSET VALUATION

September 30, 2024

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.

Plan Year Ending	Gain/(Loss)	<u>Gains/Losses Not Yet Recognized</u>				
		Amounts Not Yet Recognized by Valuation Year				
		2024	2025	2026	2027	2028
09/30/2022	(196,398,698)	(78,559,478)	(39,279,738)	0	0	0
09/30/2023	77,667,939	46,600,763	31,067,175	15,533,587	0	0
09/30/2024	108,624,184	86,899,347	65,174,510	43,449,673	21,724,836	0
Total		54,940,632	56,961,947	58,983,260	21,724,836	0

## Development of Investment Gain/Loss

Market Value of Assets, 09/30/2023, net of DROP Balance	601,470,403
Contributions Less Benefit Payments & Admin Expenses	(28,992,718)
Expected Investment Earnings*	45,511,451
Actual Net Investment Earnings	154,135,635
2024 Actuarial Investment Gain/(Loss)	<u>108,624,184</u>

\*Expected Investment Earnings =  $601,470,403 * 0.0775 + [(28,992,718) * [1+0.0775]^0.5 - (28,992,718)]$

## Development of Actuarial Value of Assets

(1) Market Value of Assets, 09/30/2024	731,780,898
(2) Gains/(Losses) Not Yet Recognized	<u>54,940,632</u>
(3) Actuarial Value of Assets, 09/30/2024, (1) - (2)	676,840,266
(4) Limited Actuarial Value of Assets, 09/30/2024	676,840,266

(A) 09/30/2023 Actuarial Assets, including DROP balances: 662,167,389

(I) Net Investment Income:	
1. Interest and Dividends	7,273,357
2. Net Increase in Fair Value of Investments	150,062,181
3. Change in Actuarial Value	(110,645,499)
4. Investment Expenses	<u>(3,024,444)</u>
Total	43,665,595

(B) 09/30/2024 Actuarial Assets, including DROP balances: 676,840,266

Actuarial Assets Rate of Return =  $2I/(A+B-I)$ : 6.74%  
Market Value of Assets Rate of Return: 26.07%

Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis) (6,528,910)

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
SEPTEMBER 30, 2024  
Actuarial Asset Basis

REVENUES

Contributions:		
Member	5,943,715	
Buy-Back	68,453	
City	8,451,962	
Employee - Through DROP	1,569,763	
Total Contributions		16,033,893
Earnings from Investments:		
Interest & Dividends	7,273,357	
Net Increase in Fair Value of Investments	96,652,893	
Change in Actuarial Value	(110,645,499)	
Total Earnings and Investment Gains		46,690,039

EXPENDITURES

Distributions to Members:		
Benefit Payments	41,439,169	
Retiree DROP Monthly Additions	1,569,763	
Lump Sum DROP Distributions	713,246	
Refunds of Member Contributions	790,227	
Total Distributions		44,512,405
Expenses:		
Investment related <sup>1</sup>	3,024,444	
Administrative	514,206	
Total Expenses		3,538,650
Change in Net Assets for the Year		14,672,877
Net Assets Beginning of the Year		662,167,389
Net Assets End of the Year <sup>2</sup>		676,840,266

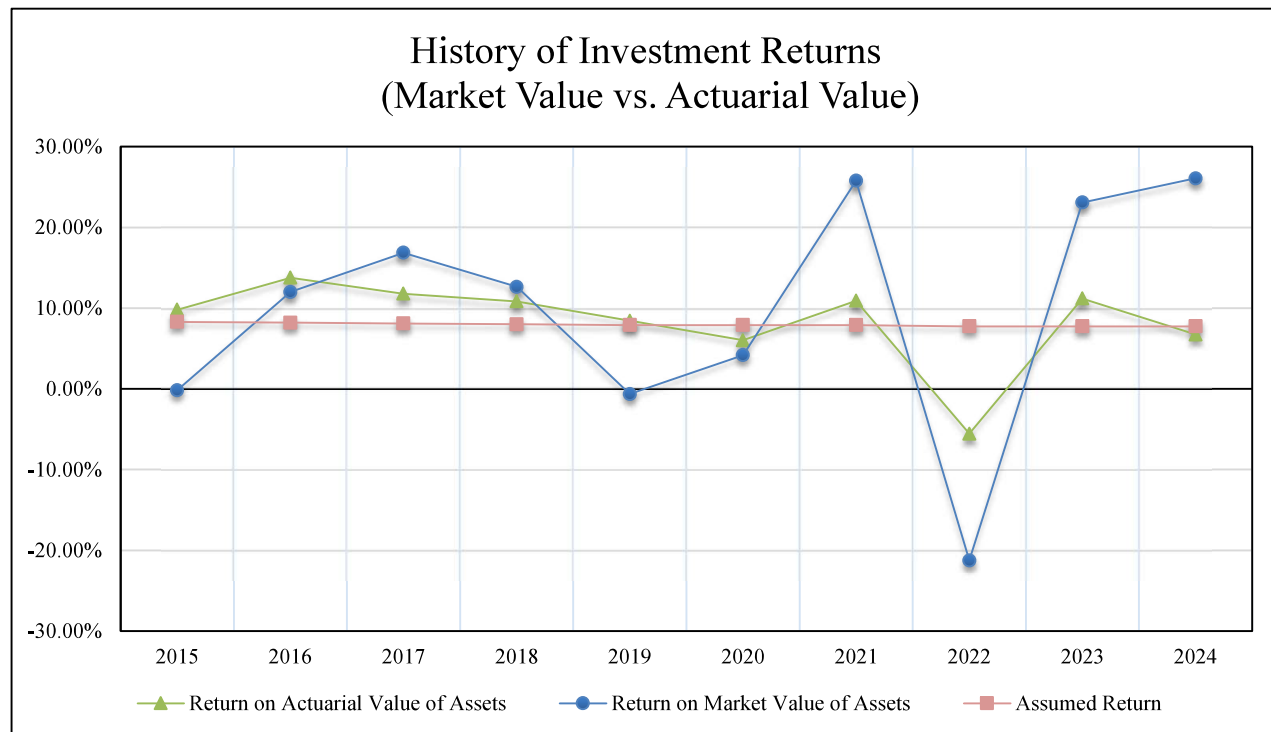
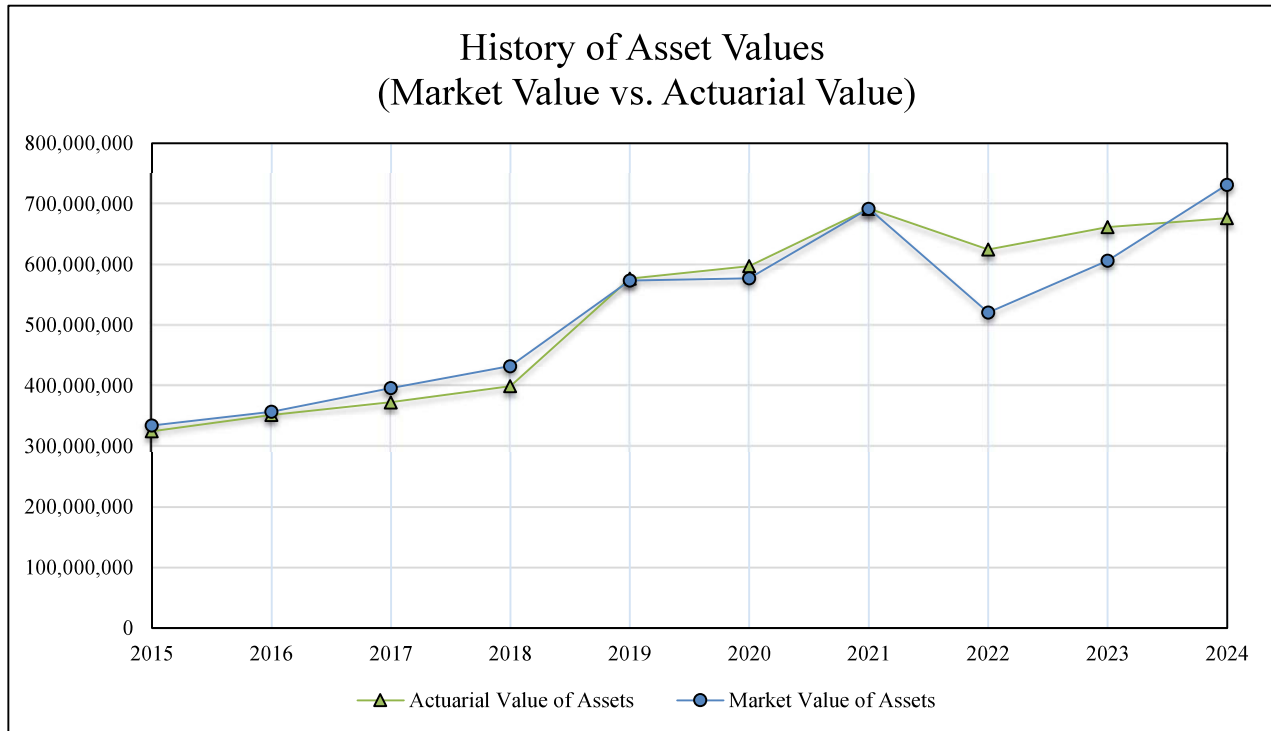
<sup>1</sup>Investment related expenses include investment advisory, custodial and performance monitoring fees.

<sup>2</sup>Net Assets may be limited for actuarial consideration.

DEFERRED RETIREMENT OPTION PLAN ACTIVITY  
October 1, 2023 to September 30, 2024

Beginning of the Year Balance	4,992,119
Plus Additions	1,569,763
Investment Return Earned	175,459
Less Distributions	(713,246)
End of the Year Balance	6,024,095

## HISTORY OF ASSET VALUES AND INVESTMENT RETURNS



## STATISTICAL DATA

	<u>10/1/2024</u>	<u>10/1/2023</u>	<u>10/1/2022</u>	<u>10/1/2021</u>
<u>Actives</u>				
Number	1,602	1,636	1,644	1,676
Average Current Age	46.0	46.0	46.2	46.3
Average Age at Employment	37.2	37.3	37.5	37.3
Average Past Service	8.8	8.7	8.7	9.0
Average Annual Salary	\$74,833	\$68,654	\$66,243	\$66,748
<u>Service Retirees</u>				
Number	1,360	1,307	1,273	1,233
Average Current Age	69.7	69.5	69.0	68.8
Average Annual Benefit	\$29,233	\$28,536	\$28,053	\$27,443
<u>DROP Retirees</u>				
Number	33	36	45	34
Average Current Age	58.9	58.0	58.9	59.1
Average Annual Benefit	\$44,314	\$45,495	\$45,431	\$45,575
<u>Beneficiaries</u>				
Number	164	156	153	147
Average Current Age	72.3	72.5	72.0	72.5
Average Annual Benefit	\$19,003	\$18,417	\$17,791	\$17,984
<u>Disability Retirees</u>				
Number	39	38	36	39
Average Current Age	64.5	64.5	64.6	65.1
Average Annual Benefit	\$7,830	\$7,508	\$7,114	\$6,191
<u>Terminated Vested</u>				
Number	549	548	529	475
Average Current Age <sup>1</sup>	51.8	51.9	51.2	51.4
Average Annual Benefit <sup>1</sup>	\$8,190	\$8,229	\$7,922	\$7,321

<sup>1</sup> 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	23	18	6	4	3							54
25 - 29	38	31	24	10	12	16						131
30 - 34	36	25	25	12	6	34	4					142
35 - 39	13	14	19	16	12	49	21	18				162
40 - 44	28	22	23	22	15	47	27	37	15			236
45 - 49	18	17	16	10	15	41	29	38	24	8		216
50 - 54	13	10	13	9	15	38	25	37	33	10	2	205
55 - 59	10	15	14	14	14	43	23	36	28	16	2	215
60 - 64	6	12	6	7	6	34	22	30	17	8	3	151
65+	5	3	5	7	4	27	8	9	12	4	4	88
Total	192	167	151	111	102	329	159	205	129	46	11	1,602



## VALUATION PARTICIPANT RECONCILIATION

### 1. Active lives

a. Number in prior valuation 10/1/2023	1,636
b. Terminations	
i. Vested (partial or full) with deferred annuity	(39)
ii. Vested in refund of member contributions only	(10)
iii. Refund of member contributions or full lump sum distribution	(120)
c. Deaths	
i. Beneficiary receiving benefits	(2)
ii. No future benefits payable	0
d. Disabled	(4)
e. Retired	(56)
f. DROP	(3)
g. Continuing participants	1,402
h. New entrants / Rehires	200
i. Total active life participants in valuation	1,602

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

	Service Retirees, Vested Receiving <u>Benefits</u>	DROP <u>Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	Vested (Deferred Annuity)	Vested (Due Refund)	<u>Total</u>
a. Number prior valuation	1,307	36	156	38	505	43	2,085
Retired	85	(6)			(23)		56
DROP		3					3
Vested (Deferred Annuity)					39		39
Vested (Due Refund)						10	10
Hired/Terminated in Same Year					1	9	10
Death, With Survivor	(12)		14				2
Death, No Survivor	(20)		(6)	(4)	(2)		(32)
Disabled				4			4
Refund of Contributions					(2)	(26)	(28)
Rehires					(2)	(3)	(5)
Expired Annuities							0
Data Corrections				1			1
b. Number current valuation	1,360	33	164	39	516	33	2,145

## 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)

### Monthly Accrued Benefit

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.

### Member Contributions

Members are required to contribute 5.0% of earnings.

### Vesting

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.

### Normal Retirement

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: <ul style="list-style-type: none"><li>• For those who enter DROP on or before October 1, 2012 - 6.0% per year.</li><li>• For those who enter DROP after October 1, 2012 - 2.25% per year.</li><li>• 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.</li></ul>
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)

### Death Benefits – Post Retirement

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.

### Disability

#### 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.