Gabriel Roeder Smith & Company
Consultants & Actuaries

BAY MEDICAL CENTER PENSION PLAN

CHAPTER 112.664, F.S. COMPLIANCE REPORT

In Connection with the January 1, 2015 Funding Actuarial Valuation Report
and the Plan's Financial Reporting for the Year Ended December 31, 2014

GRS
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June 26, 2015

Board of Trustees
c/o Ms. Karen Thomason
Director of Operations
Bay Health Foundation
528 North MacArthur Avenue
Panama City, Florida 32401

Re: January 1, 2015 Chapter 112.664 Compliance Report

Dear Board Members:

Gabriel, Roeder, Smith & Company (GRS) has been engaged by the Board of Trustees (Board) of the Bay Medical Center Pension Plan (Plan) to prepare a disclosure report to satisfy the requirements set forth in Chapter 112.664, F.S. and as further required pursuant to Chapter 60T-1.0035, F.A.C.

This report was prepared at the request of the Board and is intended for use by the Board and those designated or approved by the Board. This report may be provided to parties other than the Board only in its entirety and only with the permission of the Board.

The purpose of the report is to provide the required information specified in Chapter 112.664, F.S. and to supplement this information with additional exhibits. This report should not be relied on for any purpose other than the purpose described above.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. The scope of this engagement does not include an analysis of the potential range of such measurements.

This report was based upon information furnished by the Foundation and the Board concerning Plan benefits, Plan provisions and Plan members as used in the corresponding Actuarial Valuation Reports for the Valuation Dates indicated. Financial information was provided by the Foundation and Board as of December 31, 2014. We reviewed the information provided for internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the Foundation and Board.

Except where specific assumptions are required by Chapter 112.664, F.S, this report was prepared using actuarial assumptions adopted by the Board as described in Section C. The Board's assumptions are based on past and expected future Plan experience and represent an estimate of future Plan experience. The investment return assumption of 2% higher than the investment return assumption utilized in the Actuarial Valuation Report does not represent an estimate of future Plan experience nor observation of the estimates inherent in market data. This assumption is provided as a counterpart to the Chapter 112.664, F.S. requirement to utilize an investment return assumption of 2% lower than the investment return assumption utilized in the Actuarial Valuation Report. Inclusion of an investment return 2% higher than the investment return assumption utilized in the Actuarial Valuation Report shows a more complete assessment of the range of results as opposed to the one-sided range required by statute.

If all actuarial assumptions are met and if all current and future minimum required contributions are paid Plan assets will be sufficient to pay all Plan benefits. Plan minimum required contributions are determined in compliance with the requirements of the Florida Protection of Public Employee Retirement Benefits Act with normal cost determined as a level dollar amount and a level dollar amortization payment using a maximum amortization period of 15 years.

The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The signing actuaries are independent of the Plan sponsor.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge the information contained in this report is accurate and presents the actuarial position of the Plan as of the valuation date as required by statute. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

With respect to the reporting standards for defined benefit retirement plans or systems contained in Section 112.664(1), F.S., the actuarial disclosures required under this section were 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, meet the requirements of Section 112.664(1), F.S., and Section 60T-1.0035, F.A.C.

Respectfully submitted,

GABRIEL, ROEDER, SMITH AND COMPANY

By L. F. Wilson

Lawrence F. Wilson, M.A.A.A
Enrolled Actuary No. 14-02802
Senior Consultant & Actuary
Date: June 26, 2015

By Kelly L. Adams

Kelly L. Adams, M.A.A.A
Enrolled Actuary No. 14-06857
Consultant & Actuary

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SECTION A

CHAPTER 112.664, F.S. RESULTS

Net Pension Liability

Using Financial Reporting Assumptions per GASB Statements No. 67 and No. 68

	Measurement Date	12/31/2014
A.	Total Pension Liability (TPL)	
	Service Cost	$ 0
	Interest	7,882,274
	Benefit Changes	0
	Difference Between Actual and Expected Experience	1,756,490
	Assumption Changes	4,365,444
	Benefit Payments	(7,028,644)
	Contribution Refunds	0
	Other	0
	Net Change in Total Pension Liability	6,975,564
	Total Pension Liability - (beginning of year)	102,489,378
	Total Pension Liability - (end of year)	$ 109,464,942
B.	Plan Fiduciary Net Position	
	Contributions - Employer	$ 1,538,372
	Contributions - State	0
	Contributions - Member	0
	Net Investment Income	5,379,105
	Benefit Payments	(7,028,644)
	Contribution Refunds	0
	Administrative Expenses	0
	Other	0
	Net Change in Plan Fiduciary Net Position	(111,167)
	Plan Fiduciary Net Position - (beginning of year)	97,920,961
	Plan Fiduciary Net Position - (end of year)	$ 97,809,794
C.	Net Pension Liability (NPL) - (end of year): (A) - (B)	$ 11,655,148
	Valuation Date	1/1/2014

Certain Key Assumptions

Investment Return Assumption 7.50%

Mortality Table:

Healthy Members: RP-2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, projected to 2018 with Scale AA. Disabled Members: Internal Revenue Service Revenue Ruling 96-7 table for post 1994 disabilities.

Net Pension Liability

Using Assumptions Required Under 112.664(1)(a), F.S.

	Measurement Date		12/31/2014
A.	Total Pension Liability (TPL)		
	Service Cost	$	0
	Interest		7,999,471
	Benefit Changes		0
	Difference Between Actual and Expected Experience		1,747,644
	Assumption Changes		4,339,948
	Benefit Payments		(7,028,644)
	Contribution Refunds		0
	Other		0
	Net Change in Total Pension Liability		7,058,419
	Total Pension Liability - (beginning of year)		104,086,347
	Total Pension Liability - (end of year)	$	111,144,766
B.	Plan Fiduciary Net Position		
	Contributions - Employer	$	1,538,372
	Contributions - State		0
	Contributions - Member		0
	Net Investment Income		5,379,105
	Benefit Payments		(7,028,644)
	Contribution Refunds		0
	Administrative Expenses		0
	Other		0
	Net Change in Plan Fiduciary Net Position		(111,167)
	Plan Fiduciary Net Position - (beginning of year)		97,920,961
	Plan Fiduciary Net Position - (end of year)	$	97,809,794
C.	Net Pension Liability (NPL) - (end of year): (A) - (B)	$	13,334,972
	Valuation Date		1/1/2014

Certain Key Assumptions

Investment Return Assumption 7.50%

Mortality Table:

RP-2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with fully generational mortality improvements projected to each future payment date with Scale AA.

Net Pension Liability
Using Assumptions Required Under 112.664(1)(b), F.S.

	Measurement Date	12/31/2014
A.	Total Pension Liability (TPL)	
	Service Cost	$ 0
	Interest	7,285,339
	Benefit Changes	0
	Difference Between Actual and Expected Experience	1,923,050
	Assumption Changes	4,281,641
	Benefit Payments	(7,028,644)
	Contribution Refunds	0
	Other	0
	Net Change in Total Pension Liability	6,461,386
	Total Pension Liability - (beginning of year)	129,770,335
	Total Pension Liability - (end of year)	$ 136,231,721
B.	Plan Fiduciary Net Position	
	Contributions - Employer	$ 1,538,372
	Contributions - State	0
	Contributions - Member	0
	Net Investment Income	5,379,105
	Benefit Payments	(7,028,644)
	Contribution Refunds	0
	Administrative Expenses	0
	Other	0
	Net Change in Plan Fiduciary Net Position	(111,167)
	Plan Fiduciary Net Position - (beginning of year)	97,920,961
	Plan Fiduciary Net Position - (end of year)	$ 97,809,794
C.	Net Pension Liability (NPL) - (end of year): (A) - (B)	$ 38,421,927
	Valuation Date	1/1/2014

Certain Key Assumptions

Investment Return Assumption 5.50%

Mortality Table:

RP-2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with fully generational mortality improvements projected to each future payment date with Scale AA.

Net Pension Liability
Using Assumptions Required Under 112.664(1)(a), F.S. Plus 2% on Investment Return Assumption

	Measurement Date	12/31/2014
A.	Total Pension Liability (TPL)	
	Service Cost	$ 0
	Interest	8,389,830
	Benefit Changes	0
	Difference Between Actual and Expected Experience	1,616,202
	Assumption Changes	4,240,252
	Benefit Payments	(7,028,644)
	Contribution Refunds	0
	Other	0
	Net Change in Total Pension Liability	7,217,640
	Total Pension Liability - (beginning of year)	85,971,870
	Total Pension Liability - (end of year)	$ 93,189,510
B.	Plan Fiduciary Net Position	
	Contributions - Employer	$ 1,538,372
	Contributions - State	0
	Contributions - Member	0
	Net Investment Income	5,379,105
	Benefit Payments	(7,028,644)
	Contribution Refunds	0
	Administrative Expenses	0
	Other	0
	Net Change in Plan Fiduciary Net Position	(111,167)
	Plan Fiduciary Net Position - (beginning of year)	97,920,961
	Plan Fiduciary Net Position - (end of year)	$ 97,809,794
C.	Net Pension Liability (NPL) - (end of year): (A) - (B)	$ (4,620,284)
	Valuation Date	1/1/2014

Certain Key Assumptions

Investment Return Assumption 9.50%

Mortality Table:

RP-2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with fully generational mortality improvements projected to each future payment date with Scale AA.

Asset and Benefit Payment Projection
Not Reflecting Any Future Contributions
Using Financial Reporting Assumptions per GASB Statements No. 67 and No. 68

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2015	97,809,794	6,976,990	8,929,283	95,857,501
2016	95,857,501	6,868,744	7,979,081	94,747,164
2017	94,747,164	6,777,248	8,183,700	93,340,711
2018	93,340,711	6,656,089	8,573,855	91,422,945
2019	91,422,945	6,499,445	8,892,737	89,029,653
2020	89,029,653	6,303,741	9,296,141	86,037,252
2021	86,037,252	6,076,920	9,355,644	82,758,528
2022	82,758,528	5,820,998	9,604,997	78,974,529
2023	78,974,529	5,530,910	9,761,500	74,743,939
2024	74,743,939	5,216,495	9,689,843	70,270,590
2025	70,270,590	4,879,895	9,717,180	65,433,305
2026	65,433,305	4,516,869	9,722,904	60,227,270
2027	60,227,270	4,125,298	9,750,726	54,601,843
2028	54,601,843	3,714,465	9,475,104	48,841,203
2029	48,841,203	3,285,583	9,396,291	42,730,496
2030	42,730,496	2,833,580	9,239,479	36,324,597
2031	36,324,597	2,361,801	9,023,856	29,662,542
2032	29,662,542	1,867,287	8,895,914	22,633,914
2033	22,633,914	1,350,266	8,643,862	15,340,319
2034	15,340,319	812,126	8,422,855	7,729,590
2035	7,729,590	255,396	8,088,043	-
2036	-	-	7,737,415	-
2037	-	-	7,395,253	-
2038	-	-	7,047,417	-
2039	-	-	6,663,745	-
2040	-	-	6,272,188	-
2041	-	-	5,875,461	-

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits reflecting no contributions from the Employer, Employee or State: 20.92

Certain Key Assumptions

Investment return assumption 7.50%

Mortality Table:

Healthy Members: RP-2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, projected to 2018 with Scale AA. Disabled Members: Internal Revenue Service Revenue Ruling 96-7 table for post 1994 disabilities.

Note: As required in Section 112.664(c) of the Florida Statutes, the projection of Plan assets does not include future contributions from the Foundation. For this reason, this projection should not be viewed as representative of the amount of time the Fund can sustain benefit payments. Under Government Accounting Standards Board standards, which include future Foundation contributions, the Fund is expected to be able to pay all future benefit payments.

Asset and Benefit Payment Projection
Not Reflecting Any Future Contributions
Using Assumptions Required Under 112.664(1)(a), F.S.

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2015	97,809,794	6,976,941	8,930,499	95,856,236
2016	95,856,236	6,868,505	7,982,655	94,742,086
2017	94,742,086	6,776,614	8,189,995	93,328,705
2018	93,328,705	6,654,808	8,583,322	91,400,191
2019	91,400,191	6,497,204	8,906,031	88,991,364
2020	88,991,364	6,300,146	9,314,143	85,977,367
2021	85,977,367	6,071,469	9,379,522	82,669,314
2022	82,669,314	5,813,058	9,636,078	78,846,294
2023	78,846,294	5,519,692	9,801,322	74,564,664
2024	74,564,664	5,201,029	9,740,127	70,025,566
2025	70,025,566	4,858,997	9,779,946	65,104,617
2026	65,104,617	4,489,111	9,800,229	59,793,498
2027	59,793,498	4,088,982	9,844,904	54,037,576
2028	54,037,576	3,667,599	9,588,245	48,116,930
2029	48,116,930	3,225,858	9,530,821	41,811,967
2030	41,811,967	2,758,337	9,397,618	35,172,686
2031	35,172,686	2,268,025	9,207,599	28,233,113
2032	28,233,113	1,751,598	9,107,031	20,877,680
2033	20,877,680	1,208,915	8,883,657	13,202,937
2034	13,202,937	640,994	8,692,379	5,151,552
2035	5,151,552	102,236	8,387,311	-
2036	-	-	8,066,127	-
2037	-	-	7,752,535	-
2038	-	-	7,431,484	-
2039	-	-	7,072,240	-
2040	-	-	6,702,615	-
2041	-	-	6,324,469	-

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits reflecting no contributions from the Employer, Employee or State: 20.58

Certain Key Assumptions

Investment return assumption 7.50%

Mortality Table:

RP-2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with fully generational mortality improvements projected to each future payment date with Scale AA.

Note: As required in Section 112.664(c) of the Florida Statutes, the projection of Plan assets does not include future contributions from the Foundation. For this reason, this projection should not be viewed as representative of the amount of time the Fund can sustain benefit payments. Under Government Accounting Standards Board standards, which include future Foundation contributions, the Fund is expected to be able to pay all future benefit payments.

Asset and Benefit Payment Projection
Not Reflecting Any Future Contributions
Using Assumptions Required Under 112.664(1)(b), F.S.

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2015	97,809,794	5,115,660	8,930,499	93,994,955
2016	93,994,955	4,933,851	7,982,655	90,946,152
2017	90,946,152	4,760,040	8,189,995	87,516,197
2018	87,516,197	4,559,771	8,583,322	83,492,646
2019	83,492,646	4,328,940	8,906,031	78,915,555
2020	78,915,555	4,065,141	9,314,143	73,666,554
2021	73,666,554	3,774,514	9,379,522	68,061,546
2022	68,061,546	3,458,658	9,636,078	61,884,126
2023	61,884,126	3,114,018	9,801,322	55,196,822
2024	55,196,822	2,748,024	9,740,127	48,204,719
2025	48,204,719	2,362,282	9,779,946	40,787,055
2026	40,787,055	1,953,711	9,800,229	32,940,537
2027	32,940,537	1,520,832	9,844,904	24,616,465
2028	24,616,465	1,070,592	9,588,245	16,098,812
2029	16,098,812	603,818	9,530,821	7,171,810
2030	7,171,810	134,367	9,397,618	-
2031	-	-	9,207,599	-
2032	-	-	9,107,031	-
2033	-	-	8,883,657	-
2034	-	-	8,692,379	-
2035	-	-	8,387,311	-
2036	-	-	8,066,127	-
2037	-	-	7,752,535	-
2038	-	-	7,431,484	-
2039	-	-	7,072,240	-
2040	-	-	6,702,615	-
2041	-	-	6,324,469	-

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits reflecting no contributions from the Employer, Employee or State: 15.75

Certain Key Assumptions

Investment return assumption 5.50%

Mortality Table:

RP-2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with fully generational mortality improvements projected to each future payment date with Scale AA.

Note: As required in Section 112.664(c) of the Florida Statutes, the projection of Plan assets does not include future contributions from the Foundation. For this reason, this projection should not be viewed as representative of the amount of time the Fund can sustain benefit payments. Under Government Accounting Standards Board standards, which include future Foundation contributions, the Fund is expected to be able to pay all future benefit payments.

Asset and Benefit Payment Projection
Not Reflecting Any Future Contributions
Using Assumptions Required Under 112.664(1)(a), F.S. Plus 2% on Investment Return Assumption

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2015	97,809,794	8,838,753	8,930,499	97,718,048
2016	97,718,048	8,878,135	7,982,655	98,613,528
2017	98,613,528	8,952,684	8,189,995	99,376,217
2018	99,376,217	9,005,180	8,583,322	99,798,075
2019	99,798,075	9,028,881	8,906,031	99,920,926
2020	99,920,926	9,019,842	9,314,143	99,626,625
2021	99,626,625	8,988,566	9,379,522	99,235,669
2022	99,235,669	8,938,406	9,636,078	98,537,997
2023	98,537,997	8,863,742	9,801,322	97,600,417
2024	97,600,417	8,777,777	9,740,127	96,638,067
2025	96,638,067	8,684,334	9,779,946	95,542,455
2026	95,542,455	8,579,221	9,800,229	94,321,447
2027	94,321,447	8,460,958	9,844,904	92,937,501
2028	92,937,501	8,342,508	9,588,245	91,691,764
2029	91,691,764	8,227,077	9,530,821	90,388,020
2030	90,388,020	8,109,980	9,397,618	89,100,382
2031	89,100,382	7,997,297	9,207,599	87,890,080
2032	87,890,080	7,887,422	9,107,031	86,670,471
2033	86,670,471	7,782,894	8,883,657	85,569,708
2034	85,569,708	7,688,028	8,692,379	84,565,357
2035	84,565,357	7,608,095	8,387,311	83,786,141
2036	83,786,141	7,550,368	8,066,127	83,270,382
2037	83,270,382	7,517,284	7,752,535	83,035,131
2038	83,035,131	7,511,227	7,431,484	83,114,875
2039	83,114,875	7,537,033	7,072,240	83,579,667
2040	83,579,667	7,599,945	6,702,615	84,476,997
2041	84,476,997	7,704,380	6,324,469	85,856,908

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits reflecting no contributions from the Employer, Employee or State: Not applicable

Certain Key Assumptions

Investment return assumption 9.50%

Mortality Table:

RP-2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with fully generational mortality improvements projected to each future payment date with Scale AA.

Note: As required in Section 112.664(c) of the Florida Statutes, the projection of Plan assets does not include future contributions from the Foundation. For this reason, this projection should not be viewed as representative of the amount of time the Fund can sustain benefit payments. Under Government Accounting Standards Board standards, which include future Foundation contributions, the Fund is expected to be able to pay all future benefit payments.

ACTUARIAL DETERMINED CONTRIBUTION

	Valuation Assumptions	112.664(1)(a), F.S. Assumptions	112.664(1)(b), F.S. Assumptions	112.664(1)(a), F.S. Assumptions Plus 2% on Investment Return Assumption
A. Valuation Date	January 1, 2015	January 1, 2015	January 1, 2015	January 1, 2015
B. Actuarial Determined Contribution to Be Paid During Fiscal Year Ending	9/30/2016	9/30/2016	9/30/2016	9/30/2016
C. Annual Payroll of Active Employees	$ 0	$ 0	$ 0	$ 0
D. Total Minimum Funding Requirement				
1. Total Normal Cost	$ 0	$ 0	$ 0	$ 0
2. Annual Payment to Amortize Unfunded Actuarial Liability	1,511,686	1,688,430	3,941,279	(283,915)
3. Interest Adjustment	113,376	126,632	216,770	(26,972)
4. Total Minimum Funding Requirement	$ 1,625,062	$ 1,815,062	$ 4,158,049	$ (310,887)
E. Expected Contribution Sources ($ / % of pay)				
1. Employer	$ 1,625,062	$ 1,815,062	$ 4,158,049	$ 0
2. Member	0	0	0	0
3. State	0	0	0	0
4. Total	$ 1,625,062	$ 1,815,062	$ 4,158,049	$ 0

Unfundeded Actuarial Accrued Liabilities Bases and Amortization Payments

			Amortization Payment				
	Amortization Base	Current Unfunded Liabilities	Valuation Assumptions	112.664(1)(a), F.S. Assumptions	112.664(1)(b), F.S. Assumptions	112.664(1)(a), F.S. Assumptions Plus 2%	Remaining Funding Period
01/01/2009	Method Change	3,592,720	523,926	523,926	489,834	558,445	9 years
01/01/2010	Actuarial Loss (Gain)	(990,067)	(134,176)	(134,176)	(124,502)	(144,004)	10 years
01/01/2010	Assumption Change	476,249	64,542	64,542	59,889	69,270	10 years
01/01/2011	Actuarial Loss (Gain)	1,250,200	158,976	158,976	146,434	171,759	11 years
01/01/2011	Assumption Change	54,871	6,977	6,977	6,427	7,538	11 years
01/01/2011	Plan Amendment	(2,116,476)	(269,132)	(269,132)	(247,900)	(290,773)	11 years
01/01/2012	Actuarial Loss (Gain)	3,229,351	388,357	388,357	355,165	422,286	12 years
01/01/2012	Plan Amendment and Assumption Change	2,159,877	259,743	259,743	237,544	282,436	12 years
01/01/2013	Actuarial Loss (Gain)	6,812,052	779,832	779,832	708,223	853,230	13 years
01/01/2013	Method Change	(2,365,463)	(270,794)	(270,794)	(245,928)	(296,281)	13 years
01/01/2014	Actuarial Loss (Gain)	(6,297,298)	(690,051)	(690,051)	(622,442)	(759,518)	14 years
01/01/2014	Assumption Change	4,143,656	454,057	454,057	409,570	499,767	14 years
01/01/2015	Actuarial Loss (Gain)	2,271,980	239,429	239,429	214,547	265,051	15 years
01/01/2015	Assumption Change - 112.664(1)(a), F.S. Assumptions	1,677,147	N/A	176,744	N/A	N/A	15 years
01/01/2015	Assumption Change - 112.664(1)(b), F.S. Assumptions	27,050,382	N/A	N/A	2,554,418	N/A	15 years
01/01/2015	Assumption Change - 112.664(1)(a), F.S. Assumptions Plus 2%	(16,484,707)	N/A	N/A	N/A	(1,923,121)	15 years

SECTION B

SUMMARY OF PLAN PROVISIONS

Bay Medical Center Pension Plan

Outline of Principal Provisions of the Retirement Plan
(as of January 1, 2015)

A. Effective Date:

January 1, 2004, incorporating the prior *Staffing Plan*; amended and restated January 1, 2008; subsequently amended and restated effective December 31, 2009, December 31, 2010, March 31, 2012, October 29, 2012, January 1, 2013 and December 8, 2014.

B. Eligibility Requirements:

Active participants in the Staffing Plan on December 31, 2003 are included in this plan as of January 1, 2004. All other *benefit eligible employees* participate the first day of the month next following the attainment of age 21 and the completion of one (1) year of service.

One year of service is defined as 1,000 hours in a twelve month period commencing with the date of hire or rehire. However, if the employee fails to work 1,000 in the twelve month period from date of hire, the measurement period shifts to the plan year.

Benefit eligible employees exclude independent contractors, leased employees, per diem employees, employees in a "non-benefited status position", and any employees covered under a collective bargaining agreement.

Effective March 31, 2012, Plan closed - no new entrants.

C. Credited Service:

Service on or after January 1, 2004 - One year of service is granted for each year in which the eligible employee has worked at least 1,000 hours.

Service prior to January 1, 2004 - Defined by the BayMed Staffing, Inc. Pension Plan as follows:

Service on or after January 1, 1997 - One year of service is granted for each year in which the eligible employee has worked at least 1,000 hours.

Service for June 23, 1996 through December 31, 1996 - One half year of service is granted if the eligible employee worked at least 500 hours.

Service prior to June 23, 1996 - Employees actively participating in the Florida Retirement System (FRS) will be granted the FRS service provided that any service due to employee contributions will remain in FRS until the Participant's Severance Date and no refund of the contributions is or has been taken prior to or at the Severance Date.

Service with Bay Medical Center prior to July 1, 1979 - Any service that was not credited in the FRS and not eligible to be purchased from FRS will be included in this plan.

C. Credited Service (continued):

Upon meeting the various special rules and conditions regarding purchased service, purchased FRS Service will be included.

Vesting Service is calculated the same as above. However, a participant hired or transferred in 1996 will earn one year of vesting service for 1996 if they worked at least 1,000 hours in 1996.

Service earned on or after January 1, 2011 will not be included for determining the amount of benefits under the Conversion Benefit or for determining entitlement to the increased benefit rate percentage under the Special Postponed Retirement Benefit or the Early Retirement Benefit.

Effective March 31, 2012, one year of credited service is earned if 1,000 hours through March 31, 2012. Solely for satisfying the 30 years of service required for unreduced early retirement benefits or for satisfying the 5 years of service for vesting, one month of imputed credit service is earned on the first day of each month ending on the date of death.

D. Compensation:

Conversion Earnings for plan years beginning on or after January 1, 1997, and Cash Balance Earnings for plan years beginning on or after January 1, 2004 -

Wages received from the employer for purposes of income tax withholding, other than compensation in the form of qualified or previously qualified deferred compensation that is includible in the gross income for that year plus salary deferrals under IRC Sections 125, 132(f)(4), 402(e)(3), 457(b), or 403(b). Earnings exclude certain lump sum payments, bonuses as defined under the FRS, third party payments, automobile allowances, and housing allowances.

Conversion Earnings for periods prior to June 30, 1996 -

FRS earnings for the twelve month period beginning July 1 and ending June 30.

Conversion earnings for 1996 - Greater of:

a) FRS earnings for July 1, 1995 through June 30, 1996

b) the sum of FRS earnings for January 1, 1996 through June 30, 1996 and Bay Medical Center earnings as defined in the first paragraph of this section for July 1, 1996 through December 31, 1996

Outline of Principal Provisions of the Retirement Plan
(as of January 1, 2015)

D. Compensation (continued):

Cash Balance Earnings for plan years prior to 2004 -

Wages received from the employer for actual work performed, paid time off, extended illness days plus salary deferrals under IRC Sections 125, 132(f)(4), 402(e)(3), 457(b), or 403(b). Earnings exclude pay for overtime, incentive payments, differentials, certain lump sum payments and bonuses, third party payments, automobile allowances, and housing allowances.

Earnings are limited in accordance with Code Section 401(a)(17)(B).

No compensation considered after March 31, 2012.

E. Employee Contributions:

No employee contributions are permitted or required.

F. Average Annual Compensation (AAC)

Final Average Conversion Earnings is the average earnings of the five highest Plan years proceeding January 1, 2011.

G. Normal Retirement:

1. Eligibility:

Attainment of age 62 and completion of 5 years of credited service but no later than 65 and 5th anniversary of Plan participation.

2. Benefit:

A monthly life annuity of two benefits combined, the conversion benefit and the cash balance benefit.

Conversion Benefit:

1.6% times Final Average Conversion Earnings times years of credited service both as of December 31, 2010 reduced by any benefit due from FRS.

Outline of Principal Provisions of the Retirement Plan
(as of January 1, 2015)

G. Normal Retirement (continued):

Cash Balance Benefit:

The retirement account balance converted to an actuarially equivalent life annuity. The retirement account balance is the sum of retirement credits and interest credits.

Retirement credits:

Effective May 23, 2009, 2% of pay will be credited to eligible participant's retirement account on the last day of the Plan year for every Plan year at least 1,000 hours are worked. However if 1,000 hours were earned in the 2009 Plan year prior to May 23, 2009, 5% of pay will be credited. For Plan years prior to 2009, 5% of pay will be credited to eligible participant's retirement account on the last day of the Plan year for every Plan year at least 1,000 hours are worked.

Retirement credits earned in 2012 if 1,000 hours by March 31, 2012 - no retirement credits thereafter.

Interest credits:

The interest credit rate is based on the lesser of the 30 year Treasury rate and the 1 year Treasury rate as of the end of the prior Plan year. For each Plan year prior to benefit commencement a participant's retirement account will be credited with interest on the last day of the Plan year in the amount of the retirement account balance on the first day of the Plan year multiplied by the interest credit rate.

H. Early Retirement:

1. Eligibility:

Attainment of age 50 with completion of 5 years of credited service prior to April 1, 2012. Participants with less than 5 years of service at April 1, 2012 will be credited with one month of imputed credit service on the first day of each month ending on the date of death.

2. Benefit:

Conversion Benefit:

As calculated for normal retirement but reduced 5% for each year the early retirement benefit commences prior to normal retirement. The benefits of participants with 30 or more years of credited service are not reduced and the 1.6% multiplier is increased in the same manner as for late retirement.

H. Early Retirement (continued):

Cash Balance Benefit:

The retirement account balance converted to an actuarially equivalent life annuity commencing on the date of early retirement.

I. Late Retirement:

Calculated the same as for normal retirement as of deferred retirement date. For benefits accrued as a conversation benefit, the 1.6% multiplier is increased according to the following table:

Number of years after normal retirement date	Increased Multiplier
1	1.63%
2	1.65%
3 or more	1.68%

The number of years after normal retirement date is based on age and service as of December 31, 2010.

J. Disability Retirement:

1. Eligibility:

   Completion of ten (10) years of credited service and termination of employment due to disability which prevents the participant from providing any useful or efficient service incurred prior to April 1, 2012 - no disability retirements after March 31, 2012.

2. Benefit:

   A monthly life annuity of two benefits combined, the conversion benefit and the cash balance benefit.

   Conversion Benefit:

   The unreduced accrued benefit as of December 31, 2010.

   Cash Balance Benefit:

   The retirement account balance converted to an actuarially equivalent life annuity as of the benefit commencement date.

Outline of Principal Provisions of the Retirement Plan
(as of January 1, 2015)

K. Death Benefit:

If the death occurs after attainment of early, normal or late retirement benefit payable is 50% of the benefit payable to spouse had the participant retired on the date of death.

If the death occurs prior to attainment of early, normal or late retirement but after completion of five (5) years of credited service the benefit payable is 50% of the benefit payable had the participant terminated on the date of death and commenced receipt of benefits on the earliest date possible with a 50% Joint and Survivor form of payment selected.

Notwithstanding the above, a spouse of a participant with a retirement account may elect lump sum payment of the participant's retirement account.

L. Vested Benefit Upon Termination:

1. Eligibility:

   100% vesting upon the completion of 5 years of vesting service.

2. Benefit:

   The benefit payable at normal retirement date is the accrued benefit as of termination date. A participant with 5 years of Credited Service at severance may elect to receive a reduced benefit following the attainment of age 50.

M. Optional Forms of Retirement Income (actuarially equivalent):

Life annuity (normal form), 10 years certain and life annuity, 50% or 100% joint and survivor annuity, 66⅔% joint and last survivor annuity and lump sum payment (cash balance benefit only).

N. Cost of Living Adjustment (COLA)

Effective May 23, 2009, 3% cost of living adjustment paid to retirees and beneficiaries who were in payment status of a conversion benefit on September 1, 2009.

O. Health Insurance Subsidy

1. Eligibility:

   Effective May 23, 2009, the health insurance subsidy payable to retirees and beneficiaries in payment status of a conversion benefit on September 1, 2009.

2. Benefit:

   The monthly benefit is $3 per year of credited service (minimum $15 / maximum $90) reduced by the amount payable from FRS for this benefit.

P. Changes Since Previous Valuation

None.

SECTION C

ACTUARIAL ASSUMPTIONS AND COST METHODS USED FOR FUNDING

Bay Medical Center Pension Plan

Actuarial Assumptions and Actuarial Cost Methods Used in the Valuation (as of January 1, 2015)

A. Mortality

For healthy participants, the RP-2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, projected to 2018 with Scale AA.

For disabled participants, Internal Revenue Service Revenue Ruling 96-7 table for post 1994 disabilities.

B. Investment Return

7.5%, compounded annually.

C. Lump sum conversion basis for cash balance participants

5.0% per year.

D. Allowances for Expenses or Contingencies

None

E. Employee Withdrawal Rates

None - severance date not later than March 31, 2012.

F. Disability Rates

None - severance date not later than March 31, 2012.

G. Marriage Assumptions

85% of all participants not in pay status are assumed to be married.

Females are assumed to be 3 years younger than their male spouses.

H. Salary Increase Factors

None - severance date not later than March 31, 2012.

I. Cash Balance Interest Credit Rate

Retirement account balances are assumed to be credited with the following interest credit rates each year. Valuation Year is the actual rate for the year.

Year	Interest Credit Rate
Valuation Year	0.25%
Valuation Year + 1	0.75%
Valuation Year + 2	1.50%
Valuation Year + 3	2.25%
Valuation Year + 4	3.00%
Valuation Year + 5	3.25%
Valuation Year + 6	3.25%
Thereafter	3.50%

Actuarial Assumptions and Actuarial Cost Methods Used in the Valuation (as of January 1, 2015)

J. Assumed Retirement Age

Participants are assumed to retire at the following rates:

Age	Conversion Participants	Cash Balance Participants
50	7.5%	100.0%
51 - 52	10.0%	N/A
53	5.0%	N/A
54	12.5%	N/A
55	15.0%	N/A
56 - 58	10.0%	N/A
59 - 60	12.5%	N/A
61	27.5%	N/A
62	100.0%	N/A

Notwithstanding the above, 100% of conversion participants are assumed to retire after attaining their unreduced retirement of 30 years of service.

K. Form and Timing of Payment

We assume all participants receiving a conversion benefit elect a life annuity. 80% of cash balance participants are assumed to receive a lump sum payment and 20% of cash balance participants are assumed to elect a life annuity.

L. Actuarial Asset Valuation Method

The actuarial value of assets is market value.

Actuarial Assumptions and Actuarial Cost Methods Used in the Valuation (as of January 1, 2015)

M. Cost Method

Normal Retirement, Termination, Disability, and Death Benefits: Projected Unit Credit Cost Method

Under this method projected benefits payable in the event of death, termination, disability and retirement are determined for all active participants. The projected benefit for each future event is allocated equally to each of the participants' years of service. The normal cost is equal to the actuarial present value of the benefits allocated to the current year. The normal cost for the Plan is the sum of such amounts for all employees. Since the Plan is now frozen there is no normal cost.

The liability for inactive participants is determined as the actuarial present value of the benefits expected to be paid. These participants include retired participants and their beneficiaries currently receiving benefits and terminated vested participants not yet receiving benefits. No normal costs are now payable with respect to these participants.

The actuarial accrued liability as of any valuation date for each active employee or inactive employee who is eligible to receive benefits under the Plan is the excess of the actuarial present value of estimated future benefits over the actuarial present value of current and future normal costs. The unfunded actuarial accrued liability as of any valuation date is the excess of the actuarial accrued liability over the assets of the Plan.

For GASB No. 67 and No. 68, the Entry Age Normal Level Percent of Pay method was used as required by GASB. However, since there are no active members in the plan the liability under Entry Age Normal and Projected Unit Credit are equivalent.

N. Change From Previous Valuation

None.

GLOSSARY

Actuarial Accrued Liability	The difference between the Actuarial Present Value of Future Benefits, and the Actuarial Present Value of Future Normal Costs.
Actuarial Assumptions	Assumptions about future plan experience that affect costs or liabilities, such as: mortality, withdrawal, disablement, and retirement; future increases in salary; future rates of investment earnings; future investment and administrative expenses; characteristics of members not specified in the data, such as marital status; characteristics of future members; future elections made by members and other items.
Actuarial Cost Method	A procedure for allocating the Actuarial Present Value of Future Benefits between the Actuarial Present Value of Future Normal Costs and the Actuarial Accrued Liability.
Actuarial Equivalent	Of equal Actuarial Present Value, determined as of a given date and based on a given set of Actuarial Assumptions.
Actuarial Present Value	The amount of funds required to provide a payment or series of payments in the future. It is determined by discounting the future payments with an assumed interest rate and with the assumed probability each payment will be made.
Actuarial Present Value of Future Benefits	The Actuarial Present Value of amounts which are expected to be paid at various future times to active members, retired members, beneficiaries receiving benefits and inactive, non-retired members entitled to either a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits and expenses when due.
Actuarial Valuation	The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a plan. An Actuarial Valuation for a governmental retirement system typically also includes calculations of items needed for compliance with GASB No. 67.
Actuarial Value of Assets	The value of the assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets or a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the actuarially required contribution.

Amortization Method	A method for determining the Amortization Payment. The most common methods used are level dollar and level percentage of payroll. Under the Level Dollar method, the Amortization Payment is one of a stream of payments, all equal, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the Amortization Payment is one of a stream of increasing payments, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the stream of payments increases at the rate at which total covered payroll of all active members is assumed to increase.
Amortization Payment	That portion of the plan contribution which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.
Amortization Period	The period used in calculating the Amortization Payment.
Annual Required Contribution	The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation. The annual required contribution consists of the Employer Normal Cost and Amortization Payment plus interest adjustment.
Closed Amortization Period	A specific number of years that is reduced by one each year, and declines to zero with the passage of time. For example if the amortization period is initially set at 30 years, it is 29 years at the end of one year, 28 years at the end of two years, etc.
Employer Normal Cost	The portion of the Normal Cost to be paid by the employer. This is equal to the Normal Cost less expected member contributions.
Equivalent Single Amortization Period	For plans that do not establish separate amortization bases (separate components of the UAAL), this is the same as the Amortization Period. For plans that do establish separate amortization bases, this is the period over which the UAAL would be amortized if all amortization bases were combined upon the current UAAL payment.
Experience Gain/Loss	A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two actuarial valuations. To the extent that actual experience differs from that assumed, Unfunded Actuarial Accrued Liabilities emerge which may be larger or smaller than projected. Gains are due to favorable experience, e.g., the assets earn more than projected, salaries do not increase as fast as assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. Losses are the result of unfavorable experience, i.e., actual results that produce Unfunded Actuarial Accrued Liabilities which are larger than projected.
Funded Ratio	The ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability.
GASB	Governmental Accounting Standards Board.

GASB No. 67 and GASB No. 68 These are the governmental accounting standards that set the accounting rules for public retirement plans and the employers that sponsor or contribute to them. Statement No. 67 sets the accounting rules for the plans themselves, while Statement No. 68 sets the accounting rules for the employers that sponsor or contribute to public retirement plans.

Normal Cost The annual cost assigned, under the Actuarial Cost Method, to the current plan year.

Open Amortization Period An open amortization period is one which is used to determine the Amortization Payment but which does not change over time. In other words, if the initial period is set as 30 years, the same 30-year period is used in determining the Amortization Period each year. In theory, if an Open Amortization Period is used to amortize the Unfunded Actuarial Accrued Liability, the UAAL will never completely disappear, but will become smaller each year, either as a dollar amount or in relation to covered payroll.

Unfunded Actuarial Accrued Liability The difference between the Actuarial Accrued Liability and Actuarial Value of Assets.

Valuation Date The date as of which the Actuarial Present Value of Future Benefits are determined. The benefits expected to be paid in the future are discounted to this date.