Bay Medical Center Pension Plan

CHAPTER 112.664, F.S. COMPLIANCE REPORT

In Connection with the January 1, 2022 Funding Actuarial Valuation Report and the Plan's Financial Reporting for the Year Ended December 31, 2021

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May 18, 2022

Board of Trustees
c/o Ms. Karen Thomason
Executive Director
Bay Health Foundation
11 Harrison Avenue, Unit E
Panama City, Florida 32401

Re: January 1, 2022 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 membership 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, 2021. We reviewed the information provided for internal and year-to-year consistency, but did not audit the data. The Plan is responsible for the accuracy of the data.

Except where specific assumptions are required under Chapter 112.664, F.S, this report was prepared using actuarial assumptions adopted by the Board as described in Section C. The economic and demographic actuarial assumptions reflect the results of an actuarial Experience Study for the five-year period January 1, 2013 – December 31, 2017. The mortality assumption is prescribed by statute. Each assumption represents 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. The inclusion of the additional 2% higher assumption shows a more complete assessment of the range of potential 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 and future contributions are expected to remain relatively stable. 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 (nil) and a level dollar amortization payment with initial amortization period of 10 years.

The Plan’s funded ratio as of January 1, 2022 is 101.5% defined as the ratio of the market value of Plan assets to the actuarial accrued liability.

The Plan’s funded ratio and the GASB Net Pension Liability may not be appropriate for assessing the sufficiency of Plan assets to meet the estimated cost of settling benefit obligations but may be appropriate for assessing the need for or the amount of future contributions.

This report was prepared using ProVal’s valuation model, a software product of Winklevoss Technologies. We are relying on the ProVal model. We performed tests of the ProVal model with this assignment and made a reasonable attempt to understand the developer’s intended purpose of, general operation of, major sensitivities and dependencies within, and key strengths and limitations of the ProVal model. In our professional judgment, the ProVal valuation model has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses.

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 and 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 us or under our direct supervision and we acknowledge responsibility for the results. To the best of our knowledge, the results are complete and accurate, and in our 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 *Michelle Jones*	By *Jennifer Borregard*
Shelly L. Jones, M.A.A.A.	Jennifer M. Borregard, M.A.A.A.
Enrolled Actuary No. 20-08646	Enrolled Actuary No. 20-07624
Consultant & Actuary	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
and Using Assumptions Required Under 112.664(1)(a), F.S.

	Measurement Date	December 31, 2021
A.	**Total Pension Liability (TPL)**	
	Service Cost	$ 0
	Interest	7,955,649
	Benefit Changes	0
	Difference Between Actual and Expected Experience	(797,299)
	Assumption Changes	0
	Benefit Payments	(8,831,556)
	Other	0
	Net Change in Total Pension Liability	$ (1,673,206)
	Total Pension Liability (TPL) - (beginning of year)	114,946,161
	Total Pension Liability (TPL) - (end of year)	$ 113,272,955
B.	**Plan Fiduciary Net Position**	
	Contributions - Sponsor	$ 13,163
	Contributions - Member	0
	Net Investment Income	13,568,067
	Benefit Payments	(8,831,556)
	Administrative Expenses	0
	Other	0
	Net Change in Plan Fiduciary Net Position	$ 4,749,674
	Plan Fiduciary Net Position - (beginning of year)	114,064,007
	Plan Fiduciary Net Position - (end of year)	$ 118,813,681
C.	**Net Pension Liability (NPL) - (end of year): (A) - (B)**	$ (5,540,726)
	Valuation Date	January 1, 2021

Certain Key Assumptions

Investment Return Assumption 7.25%

Mortality Table:

For healthy participants, PUB-2010 Headcount Weighted General Below Median Healthy Retiree Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018. For disabled participants, PUB-2010 Headcount Weighted General Disabled Retiree Mortality Table, separate rates for males and females, both set forward 3 years, without projected mortality improvements.

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

		Measurement Date	December 31, 2021
A.	**Total Pension Liability (TPL)**		
	Service Cost	$	0
	Interest		6,966,240
	Benefit Changes		0
	Difference Between Actual and Expected Experience		(777,980)
	Assumption Changes		0
	Benefit Payments		(8,831,556)
	Other		0
	Net Change in Total Pension Liability	$	(2,643,296)
	Total Pension Liability (TPL) - (beginning of year)		137,884,041
	Total Pension Liability (TPL) - (end of year)	$	135,240,745
B.	**Plan Fiduciary Net Position**		
	Contributions - Sponsor	$	13,163
	Contributions - Member		0
	Net Investment Income		13,568,067
	Benefit Payments		(8,831,556)
	Administrative Expenses		0
	Other		0
	Net Change in Plan Fiduciary Net Position	$	4,749,674
	Plan Fiduciary Net Position - (beginning of year)		114,064,007
	Plan Fiduciary Net Position - (end of year)	$	118,813,681
C.	**Net Pension Liability (NPL) - (end of year): (A) - (B)**	$	16,427,064
	Valuation Date		January 1, 2021

Certain Key Assumptions

Investment Return Assumption	5.25%

Mortality Table:

For healthy participants, PUB-2010 Headcount Weighted General Below Median Healthy Retiree Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018. For disabled participants, PUB-2010 Headcount Weighted General Disabled Retiree Mortality Table, separate rates for males and females, both set forward 3 years, without projected mortality improvements.

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

	Measurement Date	December 31, 2021
A.	**Total Pension Liability (TPL)**	
	Service Cost	$ 0
	Interest	8,595,609
	Benefit Changes	0
	Difference Between Actual and Expected Experience	(819,424)
	Assumption Changes	0
	Benefit Payments	(8,831,556)
	Other	0
	Net Change in Total Pension Liability	$ (1,055,371)
	Total Pension Liability (TPL) - (beginning of year)	98,160,702
	Total Pension Liability (TPL) - (end of year)	$ 97,105,331
B.	**Plan Fiduciary Net Position**	
	Contributions - Sponsor	$ 13,163
	Contributions - Member	0
	Net Investment Income	13,568,067
	Benefit Payments	(8,831,556)
	Administrative Expenses	0
	Other	0
	Net Change in Plan Fiduciary Net Position	$ 4,749,674
	Plan Fiduciary Net Position - (beginning of year)	114,064,007
	Plan Fiduciary Net Position - (end of year)	$ 118,813,681
C.	**Net Pension Liability (NPL) - (end of year): (A) - (B)**	$ (21,708,350)
	Valuation Date	January 1, 2021

Certain Key Assumptions

Investment Return Assumption	9.25%

Mortality Table:

For healthy participants, PUB-2010 Headcount Weighted General Below Median Healthy Retiree Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018. For disabled participants, PUB-2010 Headcount Weighted General Disabled Retiree Mortality Table, separate rates for males and females, both set forward 3 years, without projected mortality improvements.

Asset and Benefit Payment Projection
Not Reflecting Any Future Contributions
Using Financial Reporting Assumptions per GASB Statements No. 67 and No. 68
and 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)
2022	$ 118,813,681	$ 7,596,311	$ 11,702,750	$ 114,707,242
2023	114,707,242	7,400,203	9,462,926	112,644,519
2024	112,644,519	7,260,113	9,486,575	110,418,057
2025	110,418,057	7,105,896	9,595,179	107,928,774
2026	107,928,774	6,935,378	9,664,004	105,200,148
2027	105,200,148	6,747,228	9,773,610	102,173,766
2028	102,173,766	6,550,587	9,562,558	99,161,795
2029	99,161,795	6,349,008	9,514,787	95,996,016
2030	95,996,016	6,136,490	9,482,416	92,650,090
2031	92,650,090	5,916,495	9,320,659	89,245,926
2032	89,245,926	5,688,258	9,277,992	85,656,192
2033	85,656,192	5,452,337	9,101,577	82,006,952
2034	82,006,952	5,210,483	8,978,098	78,239,337
2035	78,239,337	4,965,595	8,717,689	74,487,243
2036	74,487,243	4,721,820	8,455,493	70,753,570
2037	70,753,570	4,479,049	8,199,890	67,032,729
2038	67,032,729	4,237,509	7,934,231	63,336,007
2039	63,336,007	3,999,180	7,624,820	59,710,367
2040	59,710,367	3,766,083	7,303,409	56,173,041
2041	56,173,041	3,539,467	6,967,680	52,744,828
2042	52,744,828	3,320,750	6,617,163	49,448,415
2043	49,448,415	3,111,388	6,254,001	46,305,802
2044	46,305,802	2,912,774	5,880,697	43,337,879
2045	43,337,879	2,726,213	5,500,179	40,563,913
2046	40,563,913	2,552,896	5,115,484	38,001,325
2047	38,001,325	2,393,880	4,729,842	35,665,363
2048	35,665,363	2,250,075	4,346,611	33,568,827
2049	33,568,827	2,122,221	3,969,164	31,721,884
2050	31,721,884	2,010,892	3,600,648	30,132,128
2051	30,132,128	1,916,494	3,243,983	28,804,639

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 Foundation: All future years

Certain Key Assumptions

Investment return assumption 6.75%

Mortality Table:

For healthy participants, PUB-2010 Headcount Weighted General Below Median Healthy Retiree Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018. For disabled participants, PUB-2010 Headcount Weighted General Disabled Retiree Mortality Table, separate rates for males and females, both set forward 3 years, without projected mortality improvements.

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 Plan can sustain benefit payments. Under Government Accounting Standards Board standards, which include future Foundation contributions, the Plan 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)
2022	$ 118,813,681	$ 5,344,683	$ 11,702,750	$ 112,455,614
2023	112,455,614	5,099,895	9,462,926	108,092,583
2024	108,092,583	4,892,046	9,486,575	103,498,054
2025	103,498,054	4,671,032	9,595,179	98,573,907
2026	98,573,907	4,435,377	9,664,004	93,345,280
2027	93,345,280	4,184,217	9,773,610	87,755,887
2028	87,755,887	3,924,112	9,562,558	82,117,441
2029	82,117,441	3,657,506	9,514,787	76,260,160
2030	76,260,160	3,380,113	9,482,416	70,157,857
2031	70,157,857	3,094,386	9,320,659	63,931,584
2032	63,931,584	2,799,728	9,277,992	57,453,320
2033	57,453,320	2,496,517	9,101,577	50,848,260
2034	50,848,260	2,185,931	8,978,098	44,056,093
2035	44,056,093	1,869,956	8,717,689	37,208,360
2036	37,208,360	1,551,387	8,455,493	30,304,254
2037	30,304,254	1,229,971	8,199,890	23,334,335
2038	23,334,335	905,687	7,934,231	16,305,791
2039	16,305,791	579,736	7,624,820	9,260,707
2040	9,260,707	253,305	7,303,409	2,210,603
2041	2,210,603	12,262	6,967,680	-
2042	-	-	6,617,163	-
2043	-	-	6,254,001	-
2044	-	-	5,880,697	-
2045	-	-	5,500,179	-
2046	-	-	5,115,484	-
2047	-	-	4,729,842	-
2048	-	-	4,346,611	-
2049	-	-	3,969,164	-
2050	-	-	3,600,648	-
2051	-	-	3,243,983	-

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 Foundation: 19.25

Certain Key Assumptions

Investment return assumption 4.75%

Mortality Table:

For healthy participants, PUB-2010 Headcount Weighted General Below Median Healthy Retiree Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018. For disabled participants, PUB-2010 Headcount Weighted General Disabled Retiree Mortality Table, separate rates for males and females, both set forward 3 years, without projected mortality improvements.

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 Plan can sustain benefit payments. Under Government Accounting Standards Board standards, which include future Foundation contributions, the Plan 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)
2022	$ 118,813,681	$ 9,848,643	$ 11,702,750	$ 116,959,574
2023	116,959,574	9,791,206	9,462,926	117,287,854
2024	117,287,854	9,818,824	9,486,575	117,620,103
2025	117,620,103	9,842,815	9,595,179	117,867,739
2026	117,867,739	9,861,263	9,664,004	118,064,998
2027	118,064,998	9,873,395	9,773,610	118,164,783
2028	118,164,783	9,892,001	9,562,558	118,494,226
2029	118,494,226	9,923,062	9,514,787	118,902,501
2030	118,902,501	9,960,301	9,482,416	119,380,386
2031	119,380,386	10,009,684	9,320,659	120,069,411
2032	120,069,411	10,071,970	9,277,992	120,863,389
2033	120,863,389	10,149,697	9,101,577	121,911,509
2034	121,911,509	10,247,185	8,978,098	123,180,596
2035	123,180,596	10,370,414	8,717,689	124,833,321
2036	124,833,321	10,527,296	8,455,493	126,905,124
2037	126,905,124	10,720,538	8,199,890	129,425,772
2038	129,425,772	10,953,524	7,934,231	132,445,065
2039	132,445,065	11,232,189	7,624,820	136,052,434
2040	136,052,434	11,562,872	7,303,409	140,311,897
2041	140,311,897	11,951,284	6,967,680	145,295,501
2042	145,295,501	12,403,749	6,617,163	151,082,087
2043	151,082,087	12,927,067	6,254,001	157,755,153
2044	157,755,153	13,528,427	5,880,697	165,402,883
2045	165,402,883	14,215,407	5,500,179	174,118,111
2046	174,118,111	14,995,989	5,115,484	183,998,616
2047	183,998,616	15,878,577	4,729,842	195,147,351
2048	195,147,351	16,872,022	4,346,611	207,672,762
2049	207,672,762	17,985,655	3,969,164	221,689,253
2050	221,689,253	19,229,341	3,600,648	237,317,946
2051	237,317,946	20,613,539	3,243,983	254,687,502

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 Foundation: All future years

Certain Key Assumptions

Investment return assumption 8.75%

Mortality Table:

For healthy participants, PUB-2010 Headcount Weighted General Below Median Healthy Retiree Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018. For disabled participants, PUB-2010 Headcount Weighted General Disabled Retiree Mortality Table, separate rates for males and females, both set forward 3 years, without projected mortality improvements.

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 Plan can sustain benefit payments. Under Government Accounting Standards Board standards, which include future Foundation contributions, the Plan is expected to be able to pay all future benefit payments.

ACTUARIALLY DETERMINED CONTRIBUTION			
	Valuation Assumptions and 112.664(1)(a), F.S. Assumption	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, 2022	January 1, 2022	January 1, 2022
B. Actuarial Determined Contribution to Be Paid During Fiscal Year Ending	September 30, 2023	September 30, 2023	September 30, 2023
C. Annual Payroll of Active Employees	$ 0	$ 0	$ 0
D. Total Minimum Funding Requirement			
1. Total Normal Cost	$ 0	$ 0	$ 0
2. Annual Payment to Amortize Unfunded Actuarial Liability	(230,166)	2,701,569	(2,716,938)
3. Interest Adjustment	(15,536)	128,325	(237,732)
4. Total Minimum Funding Requirement, not less than 0	$ 0	$ 2,829,894	$ 0
E. Expected Contribution Sources ($)			
1. Foundation	$ 0	$ 2,829,894	$ 0
2. Member	0	0	0
3. Total	$ 0	$ 2,829,894	$ 0

Unfunded Actuarial Accrued Liabilities Bases and Amortization Payments

	Amortization Base	Current Unfunded Liabilities	Amortization Payment: Valuation and 112.664(1)(a), F.S. Assumptions	Amortization Payment: 112.664(1)(b), F.S. Assumptions	Amortization Payment: 112.664(1)(a), F.S. Assumptions Plus 2%	Remaining Funding Period
01/01/2021	Combined Bases *	$ 77,656	$ 12,065	$ 11,355	$ 12,782	8 years
01/01/2022	Actuarial Loss / (Gain)	(6,696,649)	(882,870)	(817,899)	(948,982)	10 years
01/01/2022	Assumption Change	4,859,306	640,639	593,494	688,612	10 years
01/01/2022	Assumption Change - 112.664(1)(b), F.S. Assumptions	23,863,805	N/A	2,914,619	N/A	10 years
01/01/2022	Assumption Change - 112.664(1)(a), F.S. Assumptions Plus 2%	(17,425,372)	N/A	N/A	(2,469,350)	10 years
	TOTAL		$ (230,166)	$ 2,701,569	$ (2,716,938)	

* Combined per Internal Revenue Code Regulation 1.412(b)-1

SECTION B

SUMMARY OF PLAN PROVISIONS

Outline of Principal Provisions of the Retirement Plan
(as of January 1, 2022)

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, December 8, 2014, May 1, 2017, January 1, 2019 and January 1, 2020.

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

D. <u>Compensation (continued):</u>

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. <u>Employee Contributions:</u>

No employee contributions are permitted or required.

F. <u>Average Annual Compensation (AAC)</u>

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

G. <u>Normal Retirement:</u>

1. <u>Eligibility:</u>

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

2. <u>Benefit:</u>

   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.

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.

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

Actuarial Assumptions and Actuarial Cost Methods Used in the Valuation
(as of January 1, 2022)

A. Mortality

For healthy participants, PUB-2010 Headcount Weighted General Below Median Healthy Retiree Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018.

For disabled participants, PUB-2010 Headcount Weighted General Disabled Retiree Mortality Table, separate rates for males and females, both set forward 3 years, without projected mortality improvements.

Sample Ages (2022)	Future Life Expectancy (Years) Male	Female
55	28.83	32.55
60	24.73	28.00
62	23.10	26.17

Sample Ages (2042)	Future Life Expectancy (Years) Male	Female
55	30.85	34.33
60	26.59	29.67
62	24.90	27.79

Actuarial Assumptions and Actuarial Cost Methods Used in the Valuation
(as of January 1, 2022)

B. Investment Return

6.75%, compounded annually, net of investment expenses - includes inflation of 2.50%.

C. Lump sum conversion basis for cash balance participants

4.25% 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
2022	0.39%
Thereafter	3.50%

Actuarial Assumptions and Actuarial Cost Methods Used in the Valuation
(as of January 1, 2022)

J. Assumed Retirement Age

Participants are assumed to retire at the following rates:

Age	Conversion Participants	Cash Balance Participants
50 - 59	5.0%	100.0%
60 - 61	10.0%	100.0%
62 & over	100.0%	100.0%

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. 90% of cash balance participants are assumed to receive a lump sum payment and 10% of cash balance participants are assumed to elect a life annuity.

L. Actuarial Asset Valuation Method

The actuarial value of assets is market value.

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.

Actuarial Assumptions and Actuarial Cost Methods Used in the Valuation
(as of January 1, 2022)

M. Cost Method (cont'd)

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. Disclosure of Assumptions

The retirement rates, lump sum election percentage and the interest rate for converting a lump sum to an annuity are updated based on the results of the Experience Study for the five years ended December 31, 2017. The assumed investment return is as adopted by the Board of Trustees on March 29, 2022. The mortality rates are based upon the July 1, 2021 FRS Actuarial Valuation, as required under F.S., Chapter 2015 -157.

O. Changes From Previous Valuation

1. Investment Return was:

   7.25%, compounded annually, net of investment expenses - includes inflation of 2.50%.

SECTION D

GLOSSARY

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.
Vested Benefit Security Ratio	The ratio of the Market Value of Assets to the Actuarial Present Value of Vested Accrued Benefits