APPENDIX A

PLAN PROVISIONS SUMMARY

CITY OF GAINESVILLE
GENERAL EMPLOYEES' PENSION PLAN

SUMMARY OF PLAN PROVISIONS THAT AFFECT THE VALUATION

1. Member:	All full-time, permanent employees of the City of Gainesville (except police officers and firefighters) or the Gainesville Gas Company are eligible for membership in the Plan upon date of hire.
2. Member Contributions:	5% of gross pay, effective October 1, 2000.
3. Credited Service:	The number of full and fractional years worked from date of hire to date of termination or retirement, plus any unused sick leave and personal critical leave bank credits. 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.
4. 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.
5. Final Average Earnings:	The average of a Member's monthly Earnings for the 36 consecutive months that produce the highest average, as of the date of benefit determination.
6. Accrued Benefit:	City Employees - A monthly benefit payable for life, starting at Normal Retirement Age, equal to 2% of Final Average Earnings times Credited Service. Gainesville Gas Company Employees - A monthly benefit payable for life starting at Normal Retirement Age, equal to:

(i) the accrued benefit earned under the 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.

7. Normal Retirement:

Eligibility Date - the earlier of age 65 and five years of Credited Service or 20 years of Credited Service at any age.

Benefit - Accrued Benefit payable as of the Normal Retirement Date.

8. Early Retirement:

Eligibility Date - the attainment of age 55 and 15 years of Credited Service.

Benefit - Accrued Benefit reduced 5/12% for each month by which the Early Retirement Date precedes the date on which the Member would have reached age 65.

9. Disability Benefit:

None.

10. Death Benefit before Retirement:

If a Member should die before becoming eligible for any retirement benefits, the beneficiary shall be entitled to a refund, without interest, of the deceased's Member Contributions to the fund. After becoming eligible for retirement, a 2/3 survivor annuity is payable to a surviving spouse.

If a Member who has at least 16 years of Credited Service becomes terminally ill or accidentally dies, other employees may contribute their unused vacation time toward his(her) length of Credited Service. Service credits may be added until they provide the ill or deceased Member with 20 years. The beneficiary is then entitled to receive an amount equal to the Member's Accrued Benefit based on 20 years of Credited Service, payable immediately as a 2/3 survivor annuity.

11. Death Benefit after Retirement: Excess of Member Contributions, without interest, over benefits paid, unless the optional benefit form, if any, applies.

12. Termination Benefit: If a Member should terminate prior to completing five years of Credited Service, no benefits are payable except the return of Member Contributions, without interest. After the completion of five years but less than 20 years of Credited Service, a Member is entitled to a benefit equal to the Accrued Benefit payable at age 65 for life.

13. DROP Provision: A Member with 27 but less than 35 years of Credited Service may elect to participate in the deferred retirement option program (DROP), for a maximum of 60 months or until the conclusion of 35 years of Credited Service if less. The Member's Accrued Benefit is calculated as of the date of entry into DROP, deposited in the DROP account and paid to the Member at termination of employment.

14. Cost-of-Living Increase: A 2% per year increase for retired Members with at least 20 years of Credited Service and their

beneficiaries, commencing at the later of October 1, 2000, or the October 1 following the Member's age 62. For retired Members with 25 or more years of Credited Service and their beneficiaries whose payments begin after October 1, 2000, a 2% per year increase commencing at the later of the October 1 following retirement or the October 1 following the Member's age 60. Cost-of-living increases do not apply during the DROP period.

APPENDIX B

ACTUARIAL ASSUMPTIONS AND COST METHOD SUMMARY

CITY OF GAINESVILLE
GENERAL EMPLOYEES' PENSION PLAN

SUMMARY OF ACTUARIAL ASSUMPTIONS AND ACTUARIAL COST METHOD

Actuarial Assumptions

1. Investment Return: 9.25% per annum, compounded annually*; net of investment expense.

2. Salary Increase Rate:

Years of Service	Rate*
6 and Under	7.00%
7 - 11	6.00
12 - 16	4.00
Over 16	3.75

3. Mortality Rates: RP-2000 Mortality Table

	Probability of Death Within One Year After Attaining Age Shown	
Age	Male	Female
25	0.04%	0.02%
35	0.08	0.05
45	0.15	0.11
55	0.36	0.27
65	1.27	0.97

4. Mortality Rates - Disabled Lives: RP-2000 Disability Mortality Table

	Probability of Death Within One Year After Attaining Age Shown	
Age	Male	Female
25	2.26%	0.75%
35	2.26	0.75
45	2.26	0.75
55	3.54	1.65
65	5.02	2.80

*Includes underlying long-term rate of inflation of 3.75% per annum.

5. Termination Rates:

Probability of Terminating Service
(for reasons other than death, disability
or retirement) Within One Year
After Attaining Age and Service Shown

Males

	Years of Service					
Age	0 - 1	1 - 2	2 - 3	3 - 4	4 - 5	5+
Under 30	14.0%	12.0%	8.0%	6.0%	5.0%	4.0%
30 - 34	14.0	12.0	8.0	6.0	5.0	3.0
35 - 39	14.0	12.0	8.0	6.0	5.0	2.5
40 - 64	14.0	12.0	8.0	6.0	5.0	2.0
65 and Over	14.0	12.0	8.0	6.0	5.0	0.0

Females

	Years of Service					
Age	0 - 1	1 - 2	2 - 3	3 - 4	4 - 5	5+
Under 30	22.0%	16.0%	13.0%	11.0%	10.0%	7.0%
30 - 34	22.0	16.0	13.0	11.0	10.0	5.0
35 - 39	22.0	16.0	13.0	11.0	10.0	4.0
40 - 64	22.0	16.0	13.0	11.0	10.0	3.0
65 and Over	22.0	16.0	13.0	11.0	10.0	0.0

6. Retirement Rates:

Probability of Retiring Within One Year
After Attaining Age and Service Shown

	Years of Service					
Age	0 - 9	10 - 19	20	21 - 24	25 - 26	27+
56 & Under	0.0%	0.0%	7.5%	2.5%	5.0%	25.0%
57 - 59	0.0	0.0	7.5	2.5	5.0	100.0
60 - 64	0.0	0.0	20.0	20.0	100.0	100.0
65 & Over	0.0	100.0	100.0	100.0	100.0	100.0

7. Disability Rates:

Age	Probability of Disability Within One Year After Attaining Age Shown
25	0.0745%
35	0.1320
45	0.3080
55	0.9090

8. Marital Status and Spouse's Age: 100% of members assumed to be married; male spouses assumed two years older than female members, and female spouses assumed two years younger than male members.

9. Growth Rate of Future Membership Payroll: 5% per year.

10. Underlying Long-term Inflation Rate: 3.75% per year.

11. Actuarial Value of Assets: Determined by adjusting the expected value of assets as of any valuation date by a portion of the cumulative differences of the market value of assets and the expected actuarial value of assets starting prospectively from October 1, 2004. (As of October 1, 2004, expected value was set equal to market value.) Each difference is fully recognized over a period not to exceed five years. The expected actuarial value of assets as of any valuation date is determined by applying actual Plan contributions and disbursements and the assumed investment yield to the previous year's expected actuarial value of assets adjusted for any fully recognized cumulative differences. The adjustment is further modified, if necessary, by an amount sufficient to ensure that the actuarial value of assets is not less than 80% nor more than 120% of market value.

12. Plan Expenses: Equal to the annual average of actual administrative expenses incurred since the last valuation.

Actuarial Cost Method

To determine the Plan's contribution requirements, the Individual Entry Age Actuarial Cost Method was used. Under this method, the cost of each member's projected retirement benefit is funded through a series of annual payments, determined as a level percentage of each year's earnings from age at hire to assumed exit age. This level percentage, known as normal cost, is thus computed as though the Plan had always been in effect. A yearly normal cost for each member is individually determined by multiplying each member's level percentage by the applicable yearly earnings, then adding together to obtain the normal cost amount for the Plan for that year. The accrued value of normal cost payments due prior to the valuation date is termed the actuarial accrued liability (AAL). This amount minus actuarial value of assets is known as the unfunded actuarial accrued liability (UAAL). If the actuarial value of assets exceeds the AAL, the UAAL is negative. The annual cost of a plan consists of two components: normal cost and a payment, which may vary between prescribed limits, toward the UAAL. If the UAAL is negative, the amortization payment becomes a credit.

Actuarial gains (or losses), a measure of the difference between actual experience and that expected based upon the actuarial assumptions during the period between two valuation dates, as they occur, reduce (or increase) the UAAL.

It is intended that the UAAL bases (whether charge or credit) established from the previous valuation (as modified by any impact statements) be amortized over a 30-year period from inception (thus over their respective remaining periods as of the valuation date) and that any newly-established UAAL charge or credit bases be amortized over a 30-year period from inception through monthly contributions expressed as a level percentage of each month's total payroll, incorporating an assumption that future payroll will grow at the rate of 5% per year. Changes in the UAAL resulting from actuarial gains or losses, ordinance changes or changes in actuarial assumptions will be amortized over a 30-year period.

Miscellaneous Valuation Procedures

1. Projected retirement benefits were limited to IRC Section 415 benefit limits applicable to the current plan year (for 2004, $165,000), payable as a life annuity, beginning at or after age 62, reduced as applicable for earlier benefit commencement with assumed increases equal to the assumed long-term rate of inflation.

2. Projected earnings were limited to IRC Section 401(a)(17) compensation limits applicable to the current plan year (for 2004, $205,000) with assumed increases equal to the assumed long-term rate of inflation.

3. Annual covered payroll is the amount of total pensionable earnings paid during the prior fiscal year for employees who are currently active members in the Plan (which does not include employees still working but retired under the DROP provisions). Valuation payroll is payroll expected to be paid during the current fiscal year, determined using prior-year covered payroll and the salary increase assumption by individual member. Contribution requirements for the next fiscal year are based on valuation payroll for the current fiscal year projected for one year using the payroll growth assumption.

4. Member information is current as of October 1, 2004.

5. No liability was recognized in the valuation for nonvested employees who have terminated, whether or not a break in service has occurred as of the valuation date, since any potential liability for this group is not significant. Note that upon

rehire, any applicable prior employment service credits will be fully recognized in the valuation.

6. The contribution requirement includes an amount to recognize the Plan's anticipated administrative expenses based on actual prior experience (see assumptions). This amount is reflected in the required normal cost.

7. The payroll growth rate has been permanently set at the original 5% rate for the remaining amortization period rather than as a result of a three-year averaging of growth in City payroll. The current assumption will not hereafter be adjusted.

8. Service credits were adjusted by 0.15 year for employees in the paid-time-off (PTO) program and 0.25 year for employees not in the PTO program for benefit determination to recognize any accumulated unused sick leave.

9. Final year of earnings was increased by 10% if service greater than 24, 8% if service greater than 17, 6% if service greater than 12, 4% if service greater than 7 and 2% if service 7 or less for benefit determination to recognize credits for special pay. No final earnings adjustment was made for PTO employees.