

**City of Lynn Haven General Employees' Retirement System  
City of Lynn Haven Chambers Building  
December 5, 2024**

The City of Lynn Haven General Employees' Retirement System Board met in a scheduled meeting on December 5, 2024 at 9:30 a.m. The following Board members were present: Mr. Bernd Janke, Chairperson, Mr. Joe Brown, Secretary, Mrs. Vicki Harrison, Mrs. Michelle Beshearse and Mr. Isaac Delgado-Canga. Also present were Mr. Burgess Chambers, with Burgess Chambers & Associates, Fund Monitor; Mr. Sean Sendra with Klausner, Kaufman, Jensen & Levinson, Fund Attorney; Mr. Joe Griffin with Foster & Foster, Inc., Fund Actuary; Mrs. Jennifer Hodges and Mrs. Kiki Roman, with City of Lynn Haven; and Mrs. Pam Marascalco and Mrs. Lauren Boatwright, Trustmark National Bank, Fund Custodian and Pension Fund Support Coordinator.

Mr. Bernd Janke presided and called the meeting to order.

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**Public Comments:** None.

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**Chairman's Report:**

Mr. Bernd Janke advised that several of the DROP participants have questioned the delay in receiving their September 30, 2024 DROP statements. Mrs. Lauren Boatwright advised that the statements were received on December 4, 2024 while she was traveling and that she would have the statements sent to the members as soon as possible. Mr. Bernd Janke questioned the process of the DROP statements to which Mrs. Lauren Boatwright advised that Burgess Chambers & Associates gathers the quarter end net returns for the Plan, which is delayed by 45 days due to the real estate asset, and sends them to Foster & Foster, Inc. who prepares the statements and provides those to Trustmark, who then send them via email to the DROP participants. Mr. Bernd Janke questioned whether there was any way to expedite the process further to which Burgess Chambers, Foster & Foster and Trustmark would confer on if there is a way to speed up the process further.

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**Board Members' Report:** None.

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**Administrator's Report:**

Mrs. Pam Marascalco advised that she has completed the Annual Administrative Review of the Plan and the Plan is in compliance and there were no issues found. Mrs. Lauren Boatwright presented the Administrative Expenses to the Board and advised that the report is a reference only for the Board trustees as the report is not required by the State. Mr. Bernd Janke advised that although not a requirement, he would like to continue receiving the report on an annual basis.

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**Approval of Minutes; Invoices Paid for Quarter; Refunded Contributions for Quarter; Retiree Changes for Quarter**

The minutes of the August 29, 2024 meeting were reviewed. Mrs. Vicki Harrison made a motion to approve the minutes from the August 29, 2024 meeting. Mrs. Michelle Beshearse seconded the motion. Roll was called: Mr. Joe Brown, yes; Mrs. Vicki Harrison, yes; Mrs. Michelle Beshearse, yes; Mr. Isaac Delgado-Canga, yes; Mr. Bernd Janke, yes. Motion carried.

The Invoice Paid for the Quarter were reviewed. Mr. Joe Brown made a motion to approve the Invoices for the Quarter totaling \$23,365.99. Mrs. Vicki Harrison seconded the motion. Roll was called: Mr. Joe Brown, yes; Mrs. Vicki Harrison, yes; Mrs. Michelle Beshearse, yes; Mr. Isaac Delgado-Canga, yes; Mr. Bernd Janke, yes. Motion carried.

The Refunded Member Contributions for the Quarter were reviewed. Mr. Joe Brown made a motion to approve the Refunded Member Contributions for the Quarter totaling \$47,387.93. Mrs. Michelle Beshearse seconded the motion. Roll was called: Mr. Joe Brown, yes; Mrs. Vicki Harrison, yes; Mrs. Michelle Beshearse, yes; Mr. Isaac Delgado-Canga, yes; Mr. Bernd Janke, yes. Motion carried.

The Retiree Changes for the Quarter were reviewed, to which there were none.

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**Foster & Foster, Inc. – Mr. Joe Griffin – Fund Actuary**

Mr. Joe Griffin reviewed the Actuarial Valuation Report as of October 1, 2024 with the Board. The pages reviewed are attached as an addendum to the minutes. Mr. Joe Griffin reviewed the required contributions as compared to the October 1, 2023 actuarial valuation report.

Valuation Date	10/1/2024	10/1/2023
Applicable to Fiscal Year Ending	<u>9/30/2026</u>	<u>9/30/2025</u>
Minimum Required Contribution	\$1,460,219	\$1,402,260
Member Contributions (Est.)	\$312,464	\$300,483
City Required Contribution <sup>1</sup>	\$1,147,755	\$1,101,777

Mr. Joe Griffin advised that the City of Lynn Haven currently has access to a prepaid of \$20,659.33 that is available to offset the City's required contribution for the fiscal year ending September 30, 2025. Mr. Joe Griffin advised the Required Minimum Contribution increase is mainly attributed to an increase in normal cost associated with an increase in active membership. The sources of actuarial gain included an investment return of 8.33%, which exceeded the 7.50% assumption. The gains were offset

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in part by a loss associated with unfavorable salary increase experience. Mr. Joe Griffin advised that the Minimum Required Contribution of \$1,460,219 is made up of the Normal Cost, \$1,057,906, the Administrative Expenses \$69,345 and the payment required to pay off the Unfunded Liability, \$332,968 and the funding ratio is 91.2%

Mrs. Vicki Harrison made a motion to approve the 10/01/2024 Actuarial Valuation Report. Mrs. Michelle Beshearse seconded the motion. Roll was called: Mr. Joe Brown, yes; Mrs. Vicki Harrison, yes; Mrs. Michelle Beshearse, yes; Mr. Isaac Delgado-Canga, yes; Mr. Bernd Janke, yes. Motion carried.

Mr. Joe Brown made a motion that the total expected annual rate of return for the current year, the next several years and the long-term thereafter, will be 7.40%, net of investment related expenses. Mrs. Michelle Beshearse seconded the motion. Roll was called: Mr. Joe Brown, yes; Mrs. Vicki Harrison, yes; Mrs. Michelle Beshearse, yes; Mr. Isaac Delgado-Canga, yes; Mr. Bernd Janke, yes. Motion carried.

Mrs. Kiki Roman advised that in the past the auditor has recommended lowering the expected rate of return closer to 7.00% to be in line with the State of Florida Retirement System to which Mr. Burgess Chambers advised that the Plan's expenses ratio is less than two-tenths of a percent and that the savings alone justifies the 7.40% expected rate of return. Mr. Bernd Janke advised that lowering the expected rate of return would affect the City's funding requirement to which Mr. Joe Griffin advised that the Plan's providers are all in agreement with the current expected rate of return based on the Plan's experience and that if the Plan's adjusts down to 7.00%, it will drastically increase the City's contribution requirement. Mr. Burgess Chambers advised that the cost to operate the Florida Retirement System is substantial in comparison to this Plan. Mr. Joe Brown advised that with the health of the Plan, that the 7.40% assumption is in line and coincides with the providers advice. Mr. Sean Sendra advised that the Board has a responsibility to the Plan's members and that legally, the Board does not have a requirement to follow the advice of auditors or the State. Mr. Joe Griffin advised that when the expected rate of return was reduced from 7.50% to 7.40%, it resulted in an increase to the City's contribution of approximately \$30,000 to which Mrs. Kiki Roman advised that the City is aware that reducing the expected rate of return will result in an increase to the City's contribution requirement.

Mr. Joe Griffin advised that the Fire Board has requested a study to show the cost associated with reducing the expected rate of return and the report will be presented at the next meeting. Mr. Isaac Delgado-Canga made a motion for Foster & Foster, Inc. to prepare the report on reducing the expected rate of return from 7.40% to 7.30%. Mrs. Michelle Beshearse seconded the motion. Roll was called: Mr. Joe Brown, yes; Mrs. Vicki Harrison, yes; Mrs. Michelle Beshearse, yes; Mr. Isaac Delgado-Canga, yes; Mr. Bernd Janke, yes. Motion carried.

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**Burgess Chambers & Associates – Mr. Burgess Chambers – Fund Monitor**

Mr. Burgess Chambers reviewed the investment performance for the quarter ending September 30, 2024. The pages reviewed are attached as an addendum to the minutes. Mr. Burgess Chambers advised that the Fund experienced a market gain of \$1.5 million or 6.1% net of fees for the quarter with the top performing categories were infrastructure at 14.9%, international equity at 7.3% and domestic equity at 6.2%. Mr. Burgess Chambers advised that for the one-year period, the Fund earned \$5.0 million or 24.2% net of fees; for a three-year period, the Fund earned \$3.8 million or 5.5% net of fees; for the five-year period, the Fund earned \$9.4 million or 9.0% net of fees and ranked in the top 17<sup>th</sup> percentile. Mr. Burgess Chambers advised that a rebalance is not recommended at this time and that the Plan is in good shape with the performance and that no changes are recommended.

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**Klausner, Kaufman, Jensen & Levinson, P.A – Mr. Sean Sendra – Fund Attorney**

Mr. Sean Sendra reviewed the following memos to the Board as they pertain to new Florida laws and the Board. The memos are attached as an addendum to the minutes.

Section 787.06(13) Florida Statutes & Section 287.138 Florida Statutes

The two new Florida laws went into effect that impose new contract requirements on Florida governmental entities, including public pension boards. The first law, Section 787.06(13), effective July 1, 2024, requires governmental contractors to verify that they are not using coercive labor practices and the second law, Section 287.138, effective January 1, 2024, requires that every new Request for Proposal(RFP) and new contract which provides access to personal identifying information for the participants will need to include an affidavit for the government contractor to attest that it is not an entity of a foreign country of concern; applies to new contracts and extending existing contracts.

Internal Revenue Services (IRS) - New Withholding Requirements

The final regulation regarding income tax withholding rules for retirement plan payments to recipients located outside of the United States determined that any recipient receiving a payment on or after January 1, 2025 must have federal taxes withheld from the payment and are no longer allowed to elect "No Withholding". The only exception is if a retiree uses a military or diplomatic address, which are treated as within the US and may elect "No Withholding". The Plan Administrators should be notified of the requirements so that they can instruct the custodian and other paymasters when to withhold.

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2025 Meeting Dates

The 2025 meeting dates will be March 6<sup>th</sup>, June 5<sup>th</sup>, August 28<sup>th</sup> and December 4<sup>th</sup> and will be held at 12:30 P.M.

Mrs. Pam Marascalco advised that Julie Gjendum requested a buyback of her prior service and that during the process, the member questioned if she could purchase partial years of service instead of the full amount quoted. Mr. Joe Griffin advised that the buyback process has been affected by the vesting schedule change and that normally, the quoted amounts are to the member's normal retirement date but that the member has requested calculations to purchase until 50% vested and that the issue is that if the member stays until she is fully vested, she would have only paid for a 50% vesting. Mr. Joe Griffin advised that the change in procedure would cost the City's and the Plan. Mr. Sean Sendra advised that the best solution is to have the member purchase the years of service at the full amount and then true-up with the member with a potential refund if the member does not stay until fully vested. Mr. Bernd Janke advised that the Board would continue with the procedures in place for a buyback and have the members purchase the full amount of buying back the years of service.

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**Miscellaneous:**

Mrs. Jennifer Hodges questioned when the member statements would be ready to which Mrs. Lauren Boatwright advised that the member statements should be ready by February and would provide those to the City and they will be covered during the educational seminars for the Plans in February in which both Foster & Foster, Inc. and Trustmark National Bank will be in attendance.

Mrs. Kiki Roman advised that the Police Board approached the City Manager with a cost comparison for changing the Average Final Compensation from the best 5 years to the best 3 years, to which the City Manager has questioned if the General Board and its members had any interest in requesting the cost comparison for the change in benefits. The City Manager has expressed concerns regarding the cost to change the benefit. Mr. Joe Griffin advised that the Police Board has also requested a study of adding a 13<sup>th</sup> check benefit, as their Plan is over 100% funded, and questioned if the General Board would like to have the study completed as well to which the Board declined the study as the City Manager has expressed concerns in the cost associated with changing the benefits.

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**Adjournment**

The next scheduled meeting is March 6, 2025 at 12:30P.M. at the City of Lynn Haven City Hall. There being no further business to come before the Board meeting was adjourned at 11:23 A.M.

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**Chairperson**

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**Secretary**