

ORDINANCE NO. 1158

AN ORDINANCE OF THE CITY OF LYNN HAVEN AMENDING CHAPTER 50, PERSONNEL, ARTICLE IV, FIREFIGHTERS' RETIREMENT SYSTEM, OF THE CODE OF ORDINANCES OF THE CITY OF LYNN HAVEN; AMENDING SECTION 50-126 BENEFIT AMOUNTS AND ELIGIBILITY BY ADDING SUBSECTION (f) MONTHLY SUPPLEMENTAL BENEFIT; AMENDING SECTION 50-129, VESTING, TO AMEND THE VESTING SCHEDULE FROM TEN TO FIVE YEARS FOR ALL ACTIVE MEMBERS; PROVIDING FOR INCLUSION IN THE CODE; PROVIDING FOR SEVERABILITY OF PROVISIONS; REPEALING ALL ORDINANCES IN CONFLICT HEREWITH AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Board of Trustees of the City of Lynn Haven Firefighters' Retirement System has recommended this ordinance to amend, effective upon passage of this ordinance; and

WHEREAS, the Board of Trustees of the City of Lynn Haven Firefighters' Retirement System believes that implementation of this ordinance is in the best interests of the citizens of the City of Lynn Haven; and

WHEREAS, passage of this ordinance will allow the City to retain more experienced Employees;

NOW, THEREFORE, BE IT ENACTED BY THE PEOPLE OF THE CITY OF LYNN HAVEN, FLORIDA, that;

SECTION 1: That the City of Lynn Haven Firefighters' Retirement System, is hereby amended by adding subsection (f) *Monthly supplemental benefit* to Section 50-126, Benefit Amounts and Eligibility, as follows:

Section 50-126. -Benefit amounts and eligibility.

* * *

(f) *Monthly supplemental benefit.* Any firefighter who retires upon reaching normal retirement on or after October 1, 2023, shall be entitled to a three hundred dollar (\$300.00) per month supplement until they are deceased or until they reach the age of sixty-seven (67), whichever occurs first. Any firefighter participating in DROP will not be eligible for this supplemental benefit until they separate from employment with the City.

SECTION 2: That the City of Lynn Haven Firefighters' Retirement System, is hereby amended by amending Section 50-129, Vesting, as follows:

Section 50-129. –Vesting.

If a member terminates his employment with the City, either voluntarily or by discharge, and is not eligible for any other benefits under this System, the Member shall be entitled to the following:

- (1) If the Member has less than ~~ten~~ five (5) years Credited Service upon termination, the Member shall be entitled to a refund of his accumulated contributions or the Member may leave it deposited with the Fund.
- (2) If a member has been in the service of the city for at least five (5) years, he shall be vested in the following percentage of his accrued benefit at the time he ceases to be an active member of the plan as follows:

Completed Years of Service	Vested Percentage of Accrued Benefit
Less than 5.....	0%
5.....	50%
6.....	60%
7.....	70%
8.....	80%
9.....	90%
10 or more	100%

If the Member has ~~ten~~ five (5) or more years of Credited Service upon termination, the Member shall be entitled to a monthly retirement benefit, determined in the same manner as for normal or early retirement and based upon the vesting schedule and the Member's Credited Service, Average Final Compensation and the benefit accrual rate as of the date of termination, payable to him commencing at the Member's otherwise normal or early retirement date, determined as if he had remained employed based upon his actual years of Credited Service, provided he does not elect to withdraw his Accumulated Contributions and provided the Member survives to his otherwise normal or early retirement date. If the Member does not withdraw his Accumulated Contributions and does not survive to his otherwise normal or early retirement date, his Designated Beneficiary shall be entitled to a benefit as provided herein for a deceased Member, vested or eligible for retirement under Pre-Retirement Death.

SECTION 3: If any section, subsection, sentence, clause, phrase of this ordinance, or the particular application thereof shall be held invalid by any court, administrative agency, or other body with appropriate jurisdiction, the remaining section, subsection, sentences, clauses, or phrases under application shall not be affected thereby.

SECTION 4: It is the intention of the City Commission that the provisions of this Ordinance shall become and be made a part of the Code of Ordinances of the City; and that sections of this Ordinance may be renumbered or relettered and the word "ordinance" may be changed to "chapter", "section", "article", or such other appropriate word or phrase in order to accomplish such intentions; and regardless of whether such inclusion in the Code is accomplished, sections of this Ordinance may be renumbered or relettered and the correction of typographical and/or scrivener's errors which do not affect the intent may be authorized by the Mayor or his designee, without need of public hearing, by filing a corrected or recodified copy of same with the City Manager/Clerk.

SECTION 5: All ordinances or parts of ordinances, resolutions or parts of resolutions in conflict herewith are hereby repealed to the extent of such conflict.

SECTION 6: This Ordinance shall become effective as of October 1, 2023.

INTRODUCED AND PASSED on first reading, this 13th day of September, 2023.

PASSED AND ADOPTED ON SECOND READING, this 26th day of September, 2023.




JESSE NELSON, MAYOR

ATTEST:



VICKIE GAINER, CITY MANAGER

Approved as to form:



KEVIN OBOS, CITY ATTORNEY

Coding: Words in ~~strikeout~~ type are deletions from existing text.
 Words in underline type are additions.

Ordinance 1158



August 22, 2023

Board of Trustees
City of Lynn Haven
Firefighters' Pension Board

Re: City of Lynn Haven Firefighters' Retirement System

Dear Board:

Enclosed is the following material, which has been prepared in support of the proposed changes to the Fund:

1. Three (3) copies of the required Actuarial Impact Statement, which outlines the costs associated with implementing the changes.
2. Draft of transmittal letters to the Bureau of Local Retirement Systems and the Bureau of Police Officers' and Firefighters' Retirement Trust Funds.

It will be necessary for the Chairman to sign each copy of the Actuarial Impact Statement as the Plan Administrator and forward the Impact Statement, along with a copy of the proposed Ordinance, to the two Bureaus prior to final reading.

If you have any questions concerning the enclosed material, please let us know.

Sincerely,

A handwritten signature in black ink, appearing to read 'JL Griffin'.

Joseph L. Griffin, ASA, EA, MAAA
JLG/lke

Enclosures

Mr. Steve Bardin
Police Officers' and Firefighters' Retirement Trust Funds
Department of Management Services, Division of Retirement
3189 S. Blair Stone Rd.
Tallahassee, FL 32301

Re: Actuarial Impact Statement

Dear Mr. Bardin:

The City of Lynn Haven is considering the implementation of amended retirement benefits for its Firefighters. The changes are described in the enclosed material.

Pursuant to the provisions of Chapter 175, we are enclosing the required Actuarial Impact Statement along with a copy of the proposed Ordinance for your review.

If you have any questions or if additional information is needed, please contact us.

Sincerely,

A handwritten signature in black ink, appearing to read "John P. [unclear]", with a long horizontal line extending to the right.

Mr. Keith Brinkman
Bureau of Local Retirement Systems
Division of Retirement
3189 S. Blair Stone Rd.
Tallahassee, FL 32301

Re: Actuarial Impact Statement

Dear Mr. Brinkman:

The City of Lynn Haven is considering the implementation of amended retirement benefits for its Firefighters. The changes are described in the enclosed material.

Pursuant to Section 22d-1.04 of the Agency Rules, we are enclosing the required Actuarial Impact Statement (AIS) and a copy of the proposed Ordinance for your review.

If you have any questions or if additional information is needed, please contact us.

Sincerely,

A handwritten signature in black ink, appearing to be "John", with a long horizontal line extending to the right from the end of the signature.

CITY OF LYNN HAVEN
FIREFIGHTERS' RETIREMENT SYSTEM

ACTUARIAL IMPACT STATEMENT

August 22, 2023
(Page 1)

Attached hereto is a comparison of the impact on the Minimum Required Contribution (per Chapter 112, Florida Statutes) and the Required City Contribution, resulting from the implementation of the following changes:

- Provide a supplemental benefit of \$300 per month, payable to Members retiring under normal retirement. The supplement is payable for the retiree's lifetime but ceases at age 67. Any firefighter participating in the DROP will not be eligible for this supplemental benefit until they separate from employment with the City.
- Amend the vesting eligibility requirements from 10 years of Credited Service to 5 years of Credited Service. The benefit amount will be equal to the accrued benefit multiplied by a vested percentage, as follows:

<u>Years of Credited Service</u>	<u>Vested Percentage</u>
Less than 5	None
5 but less than 6	50%
6 but less than 7	60%
7 but less than 8	70%
8 but less than 9	80%
9 but less than 10	90%
10 or more	100%

The cost impact, determined as of October 1, 2022, applicable to the fiscal year ending September 30, 2024, is as follows:

	<u>Proposed</u>	<u>Current</u>
Minimum Required Contribution	\$339,954	\$318,301
Member Contributions (Est.)	58,934	58,934
City And State Required Contribution	281,020	259,367
State Contribution (Est.) ¹	99,476	99,476
City Required Contribution ²	\$181,544	\$159,891

¹ Represents the amount received in calendar 2023 (regular distribution) and calendar 2022 (supplemental distribution). The State Contribution reflects the terms established in the Mutual Consent Agreement signed September 5, 2016. The City will use any State Monies, up to \$90,000, to offset its funding requirements. 50% of the State Monies received by the City in excess of \$90,000 shall be allocated to the Share Plan, with the remaining 50% used by the City.

CITY OF LYNN HAVEN
FIREFIGHTERS' RETIREMENT SYSTEM

ACTUARIAL IMPACT STATEMENT

August 22, 2023
(Page 2)

In conjunction with this Actuarial Impact Statement, the following assumption was established:

- **DROP Participation:** For purposes of valuing the supplemental benefit, 80% of Members eligible for normal retirement are assumed to participate in DROP and those who participate are assumed to participate for an average of 4 years.

CITY OF LYNN HAVEN
FIREFIGHTERS' RETIREMENT SYSTEM

ACTUARIAL IMPACT STATEMENT

August 22, 2023

(Page 3)

Unless otherwise noted, all data, assumptions, methods and plan provisions are the same as in the October 1, 2022 actuarial valuation report. It should be noted that changes to retirement benefits could potentially affect participants' retirement or termination behavior. We will monitor and advise of any recommended changes with future experience studies.

Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations. Due to the limited scope of the analysis, we did not perform an analysis of the potential range of such future measurements.

Please note that contents of this analysis and the October 1, 2022 actuarial valuation report are considered an integral part of the actuarial opinions. In reviewing the results presented in this study, it should be noted that there are risks that may not be inherently apparent to the reader that should be carefully considered. For key risks, please see the Discussion of Risk section of the October 1, 2022 actuarial valuation report.

In performing the analysis, we used third-party software to model (calculate) the underlying liabilities and costs. These results are reviewed in the aggregate and for individual sample lives. The output from the software is either used directly or input into internally developed models to generate the costs. All internally developed models are reviewed as part of the process. As a result of this review, we believe that the models have produced reasonable results. We do not believe there are any material inconsistencies among assumptions or unreasonable output produced due to the aggregation of assumptions.

The changes presented herein are in compliance with Part VII, Chapter 112, Florida Statutes and Section 14, Article X of the State Constitution. The undersigned is familiar with the immediate and long-term aspects of pension valuations and meets the Qualification Standards of the American Academy of Actuaries necessary to render the opinions contained herein.



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

STATEMENT OF PLAN ADMINISTRATOR

The prepared information presented herein reflects the estimated impact of the proposed Ordinance.



31 Aug 23
Chairman, Board of Trustees

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	New Benefits	Old Benefits
	<u>10/1/2022</u>	<u>10/1/2022</u>
A. Participant Data		
Actives	21	21
Service Retirees	6	6
DROP Retirees	1	1
Beneficiaries	1	1
Disability Retirees	0	0
Terminated Vested	<u>3</u>	<u>3</u>
Total	32	32
Payroll Under Assumed Ret. Age	1,057,590	1,057,590
Annual Rate of Payments to:		
Service Retirees	177,421	177,421
DROP Retirees	73,058	73,058
Beneficiaries	21,508	21,508
Disability Retirees	0	0
Terminated Vested	78,110	78,110
B. Assets		
Actuarial Value (AVA) ¹	9,210,624	9,210,624
Market Value (MVA) ¹	8,319,903	8,319,903
C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	5,958,947	5,841,115
Disability Benefits	50,247	50,247
Death Benefits	20,625	20,495
Vested Benefits	292,377	207,294
Refund of Contributions	27,647	62,644
Service Retirees	2,130,812	2,130,812
DROP Retirees ¹	1,179,426	1,179,426
Beneficiaries	200,713	200,713
Disability Retirees	0	0
Terminated Vested	770,300	770,300
Share Plan Balances ¹	<u>682,902</u>	<u>682,902</u>
Total	11,313,996	11,145,948

C. Liabilities - (Continued)	New Benefits <u>10/1/2022</u>	Old Benefits <u>10/1/2022</u>
Present Value of Future Salaries	9,286,031	9,286,031
Present Value of Future Member Contributions	464,302	464,302
Normal Cost (Retirement)	188,343	185,258
Normal Cost (Disability)	3,400	3,400
Normal Cost (Death)	1,058	1,044
Normal Cost (Vesting)	21,720	11,925
Normal Cost (Refunds)	7,067	10,790
Total Normal Cost	<u>221,588</u>	<u>212,417</u>
Present Value of Future Normal Costs	1,864,692	1,795,282
Accrued Liability (Retirement)	4,321,032	4,228,557
Accrued Liability (Disability)	20,374	20,374
Accrued Liability (Death)	11,532	11,664
Accrued Liability (Vesting)	124,705	111,211
Accrued Liability (Refunds)	7,508	14,707
Accrued Liability (Inactives) ¹	4,281,251	4,281,251
Share Plan Balances ¹	682,902	682,902
Total Actuarial Accrued Liability (EAN AL)	<u>9,449,304</u>	<u>9,350,666</u>
Unfunded Actuarial Accrued Liability (UAAL)	238,680	140,042
Funded Ratio (AVA / EAN AL)	97.5%	98.5%

D. Actuarial Present Value of Accrued Benefits	New Benefits <u>10/1/2022</u>	Old Benefits <u>10/1/2022</u>
Vested Accrued Benefits		
Inactives + Share Plan Balances ¹	4,964,153	4,964,153
Actives	2,613,770	2,472,641
Member Contributions	<u>366,687</u>	<u>366,687</u>
Total	7,944,610	7,803,481
Non-vested Accrued Benefits	<u>148,581</u>	<u>150,672</u>
Total Present Value Accrued Benefits (PVAB)	8,093,191	7,954,153
Funded Ratio (MVA / PVAB)	102.8%	104.6%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	139,038	
Benefit Changes	0	
Plan Experience	0	
Benefits Paid	0	
Interest	0	
Other	<u>0</u>	
Total	139,038	

Valuation Date Applicable to Fiscal Year Ending	New Benefits 10/1/2022 <u>9/30/2024</u>	Old Benefits 10/1/2022 <u>9/30/2024</u>
E. Pension Cost		
Normal Cost ¹	\$246,957	\$236,736
Administrative Expenses ²	40,614	40,614
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 26 years (as of 10/1/2022) ²	52,383	40,951
Minimum Required Contribution	339,954	318,301
Expected Member Contributions ²	58,934	58,934
Expected City and State Contribution	281,020	259,367

¹ The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2022.

² Contributions developed as of 10/1/2022 displayed above have been adjusted to account for assumed salary increase and interest components.

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate

Healthy Active Lives:

Female: PubS.H-2010 for Employees, set forward one year.

Male: PubS.H-2010 (Below Median) for Employees, set forward one year.

Healthy Retiree Lives:

Female: PubS.H-2010 for Healthy Retirees, set forward one year.

Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year.

Beneficiary Lives:

Female: PubG.H-2010 (Below Median) for Healthy Retirees.

Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.

Disabled Lives:

80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.

All rates are projected generationally with Mortality Improvement Scale MP-2018. We feel this assumption sufficiently accommodates future mortality improvements.

The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2021 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics.

Interest Rate

7.25% per year compounded annually, net of investment related expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.

Salary Increases

See table below. In addition, final projected salary is increased individually (based on actual eligible hours as of July 1, 2011) to account for additional non-regular compensation. This assumption was reviewed as part of an Experience Study dated June 7, 2017.

<u>Service</u>	<u>Salary Increase</u>
< 5	7.00%
5 – 14	6.00%
15+	5.00%

Payroll Growth

0.00% for purposes of amortizing the Unfunded Actuarial Accrued Liability. This assumption cannot exceed the ten-year average payroll growth, in compliance with Part VII of Chapter 112, Florida Statutes.

Administrative Expenses

\$36,442 annually, based on the average of actual expenses incurred in the prior two fiscal years.

Amortization Method

New UAAL amortization bases are amortized over 15 years.

Bases established prior to the valuation date are adjusted proportionally to match the Expected Unfunded Actuarial Accrued Liability as of the valuation date, in order to align prior year bases with the portion of the current year UAAL associated with prior year sources.

Normal Retirement

Earlier of age 55 and 10 years of service or 25 years of service, regardless of age. This assumption was reviewed as part of an Experience Study dated June 7, 2017.

Early Retirement

Commencing with eligibility for Early Retirement Age (Age 50 with 10 years of service), Members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year. This assumption was reviewed as part of an Experience Study dated June 7, 2017.

Disability Rate

See table below (1201). It is assumed that 90% of disablements are service-related. This assumption is consistent with other Firefighter plans in the state. This assumption was reviewed as part of an Experience Study dated June 7, 2017.

<u>Age</u>	<u>% Becoming Disabled During the Year</u>
20	0.03%
30	0.04%
40	0.07%
50	0.18%

Termination Rate

<u>Years of Service</u>	<u>Age</u>	<u>Termination Rate</u>
< 5	All Ages	15.0%
5+	< 45	5.0%
	45+	1.0%

This assumption was reviewed as part of an Experience Study dated June 7, 2017.

Asset Valuation Method

All assets are valued at market value with an adjustment to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.

Funding Method

Entry Age Normal Actuarial Cost Method. The following loads are applied for determining the minimum required contribution:

Interest - a half year, based on current 7.25% assumption.

Salary - A full year, based on current 7.55% assumption.

**SUMMARY OF CURRENT PLAN
(Through Ordinance 1116)**

<u>Effective Date</u>	August 14, 1973
<u>Latest Amendment</u>	January 28, 2020
<u>Eligibility</u>	Full-time employees who are classified as full-time certified Firefighters shall participate in the Plan as a condition of employment.
<u>Credited Service</u>	Total years and fractional parts of years of employment with the City as a Firefighter.
<u>Salary</u>	Total Compensation reportable on Form W-2 plus all tax deferred, tax sheltered or tax exempt items of income. For Service earned on or after July 1, 2011 Salary shall not include more than 300 hours of overtime per fiscal year. Only unused sick or annual leave accrued as of July 1, 2011 and attributable only to service earned prior to July 1, 2011 may be included in Salary for pension purposes.
<u>Average Final Compensation</u>	Average Salary for the highest 5 years during the 10 years immediately preceding retirement or termination.
<u>Member Contributions</u>	5.0% of Salary.
<u>City and State Contributions</u>	Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Part VII Chapter 112, Florida Statutes.
<u>Normal Retirement</u>	
Date	Earlier of age 55 and 10 years of Credited Service, or 25 years of Credited Service, regardless of age.
Benefit	3.5% of Average Final Compensation times Credited Service
Form of Benefit	Ten Year Certain and Life Annuity (options available).

Early Retirement

Eligibility Age 50 and 10 Years of Credited Service.

Benefit Accrued benefit, reduced 3% for each year that Early Retirement precedes Normal Retirement.

Vesting

Schedule 100% after 10 years of Credited Service.

Benefit Amount Member will receive the vested portion of his (her) accrued benefit at the otherwise Normal Retirement Date.

Disability

Eligibility

Service Incurred Covered from Date of Employment.

Non-Service Incurred 10 years of Credited Service.

Exclusions Disability resulting from use of drugs, illegal participation in riots, service in the military, etc.

Benefit Benefit accrued to date of disability but not less than 42% of Average Final Compensation (Service Incurred).

Duration Payable as a 10 Year Certain and Life Annuity or until recovery (as determined by the Board) (Options available).

Death Benefits

Pre-Retirement

Vested Monthly accrued benefit payable to designated beneficiary for 10 years.

Non-Vested Return of Member's contributions without interest.

Post-Retirement Benefits payable to beneficiary in accordance with option selected at retirement.

Board of Trustees

- a. Two Commission appointees,
- b. Two Members of the Department elected by the membership, and
- c. Fifth Member elected by other 4 and appointed by the Commission.

Deferred Retirement Option Plan

Eligibility	Satisfaction of Normal Retirement requirements (earlier of: 1) Age 55 and 10 years of Credited Service, or 2) 25 years of Credited Service, regardless of age.)
Participation	Not to exceed 60 months
Rate of Return	Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter.
Form of Distribution	Cash lump sum (options available) payable at termination of employment.

Share Plan

Initial Allocation	Pursuant to Chapter 2015-39, Laws of Florida, a share plan was established as of September 30, 2016. The initial allocation included the balance of the Excess State Monies Reserve (\$581,215.05) and was allocated based on a formula to all active and DROP participants employed by the City on October 1, 2016.
Subsequent Allocations	50% of the State Monies received by the City in excess of \$90,000 per year shall be allocated to the Share Plan.
Investment Earnings	Net rate of investment return.
Distribution	Lump sum payment at retirement, vested termination, disability, or death.