

**MINUTES  
SPECIAL PENSION BOARD MEETING  
EMPLOYEES' RETIREMENT FUND, CITY OF HOLLYWOOD, FLORIDA  
TUESDAY, JULY 14, 2015**

**1. CALL TO ORDER**

Trustee Shaw called the meeting to order at 2:05 p.m.

**2. ROLL CALL AND PLEDGE OF ALLEGIANCE**

Board members present: Chair Phyllis Shaw, Vice-Chair Jeffrey Greene (via phone), Mr. Ralph Dierks, Mr. Matthew Lalla, Mr. Daniel Matlow (via phone) and Mr. Richard Templeton; Ms. Raquel Elejabarrieta was absent. Also present: Pension Coordinator, Ms. Lisa Castronovo; Board Secretary, Tammie Hechler; and Board Attorney, Mr. James Linn (via phone).

**3. ADMINISTRATIVE ISSUES**

a. Fiduciary Liability Insurance

**MOTION** made by Mr. Templeton, seconded by Mr. Dierks, to immediately increase the fiduciary liability insurance from \$1 million to \$3 million.

Discussion ensued. Mr. Linn opined that, in light of the City's announced intent to file lawsuits against the Board, the insurance carrier would most likely turn down any request for a coverage increase.

In a voice vote by the members present, motion passed 4-2 (Vice-Chair Greene and Mr. Matlow opposed).

b. Actuarial Experience Study Report (made part of these Minutes)

Jeff Amrose and Trisha Amrose, the Fund's actuaries from Gabriel, Roeder, Smith & Company presented the results of their May 28, 2015 actuarial experience study. Before discussing details, Mr. Amrose emphasized that actuarial assumptions do not control the cost of the Fund but rather alter the timing of when Fund contributions are made to cover actual experience. By using assumptions that most accurately reflect the Fund's actual experience on a year-to-year basis, the annual costs of the Fund will be more realistic and large contributions in future years due to large actuarial losses can be avoided.

Mr. Amrose summarized each assumption analyzed and provided the following recommendations:

- lower investment return assumption from 8.0% net of investment expenses to 7.0% net of investment expenses based on the long-term capital market forecast
- immediately adopt the state-mandated mortality table (which must be adopted no later than the October 1, 2016 actuarial valuation)
- update the future salary increase assumption to more closely reflect the generally lower observed and expected salary increases

- update assumed rates of employment separation to be based on actual experience which in general shows higher rates of separation than currently assumed
- update assumed rates of future disabilities to be based on actual experience which shows lower rates than currently assumed

Discussion ensued, mostly regarding the recommended change in the investment return assumption. Vice-Chair Greene questioned why a decrease in the investment return assumption was recommended when over the last 30 years the Fund had returned the current assumed investment rate of 8.0%. Mr. Amrose replied that GRS used a model that developed an appropriate investment return assumption for the Fund based on current capital market assumptions provided by eight major investment consultants and the Fund's current investment policy for asset allocation. Based on the model used, the consensus was the current assumed rate of 8.0% was too high and should be lowered to 7.0%. Vice-Chair Greene requested input from the Fund's investment consultant, John DeMairo at Segal Rogerscasey, before any decision regarding lowering the assumed investment rate was made.

**MOTION** made by Mr. Templeton, seconded by Mr. Dierks, to accept the actuarial experience study as submitted and to adopt with the October 1, 2014 actuarial valuation the suggested changes to the salary increase assumption, the assumed rates of employment separation, the assumed rates of future disabilities, and to decrease the investment return assumption by 10 basis points (0.10 percent) per year for the next five (5) years; provided if the total impact of the combined assumption changes cause an increase in the City's contribution for fiscal year 2015-16, then said assumption changes will be adopted effective with the October 1, 2015 actuarial valuation. The mortality table will be changed effective with the October 1, 2016 actuarial valuation.

Public comment was heard from Robert Strauss, 2638 Jackson Street, Hollywood, FL

In a voice vote by the members present, motion passed 4-2 (Vice-Chair Greene and Mr. Matlow opposed).

#### 4. ADJOURNMENT

**MOTION** made by Mr. Lalla, seconded by Vice-Chair Greene, to adjourn the meeting. In a voice vote by the members present, motion passed 6-0. Meeting adjourned at 4:03 p.m.

  
\_\_\_\_\_  
Phyllis Shaw, Chair

\_\_\_\_\_  
Date

July 30, 2015