

**MINUTES
SPECIAL PENSION BOARD MEETING
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND
THURSDAY, JULY 10, 2014**

1. CALL TO ORDER

Chair Shaw called the meeting to order at 2:08 p.m.

2. ROLL CALL AND PLEDGE OF ALLEGIANCE

Board Members present: Chair Phyllis Shaw, Vice-Chair Jeffrey Greene, Mr. Ralph Dierks, Mr. Patrick Gill, Mr. Matthew Lalla, Mr. Daniel Matlow, and Mr. Richard Templeton. Also present: Pension Coordinator, Ms. Lisa Castronovo; Board Secretary, Ms. Raquel Elejabarrieta; and Board Attorney Mr. James Linn

3. ADMINISTRATIVE ISSUES

Mr. Linn suggested, in light of the recent letter received from the Florida Division of Retirement concerning payment of a supplemental benefit for fiscal year end September 30, 2012, and the implications the State's letter may have on the October 1, 2013 Actuarial Valuation Report, that the Board take up Item 3.c. on the Agenda, out of order. Chair Shaw concurred with Mr. Linn's suggestion and took up Item 3.c.

c. Supplemental Benefit Discussion (this Item was taken out of order)

Mr. Linn summarized the July 3, 2014 letter from Keith Brinkman, Chief of the Bureau of Local Retirement Systems, Florida Division of Retirement, to Deputy City Attorney Alan Fallik:

- the cost of the supplemental benefit distribution could not be paid from investment gains due to the cumulative actuarial losses;
- for payment of the supplemental benefit to be permissible under State law, the shortfall resulting from the payment of such benefit must be paid through additional contributions to the Fund;
- the practice of post-funding the supplemental benefit did not comply with section 112.61, Florida Statutes, which prohibited the transfer of costs to future taxpayers that should reasonably be expected to be paid by current taxpayers;
- if provisions were not made to satisfy the unfunded liability that would be generated by the payment of the supplemental benefit for the year ended September 30, 2012, the distribution would not be allowable under section 112.61, F.S.;
- if the supplemental benefit payment was made and the unfunded liability was funded through additional contributions, the City must verify its commitment to paying the additional contributions in full until the liability was satisfied;
- if the City wished to limit exposure to the funding associated with the supplemental benefit, it could amend or rescind the provision that provided the supplemental benefit;
- If the supplemental benefit provision remained in the Ordinance unchanged, the Fund's actuary must estimate the frequency and amounts of future additional distributions and the City would have to prefund the benefit; and

- future supplemental benefit distributions would not be State accepted if steps were not taken to attribute the associated costs to current as well as future taxpayers.

Discussion followed regarding the letter and its implications regarding payment of the supplemental benefit for fiscal year end September 30, 2012 as well as for future years.

Public comments were heard from: Patrick Mason – 4205 Hollywood Drive, Hollywood, FL; Ronald Bolton – 1150 NW 71st Avenue, Plantation, FL; Robert Strauss – 2638 Jackson Street, Hollywood, FL; Andre Brown – 2316 Mayo Street, Hollywood, FL

MOTION made by Vice-Chair Greene, seconded by Mr. Dierks, to request, in writing, the City Commission whether or not they will fund the supplemental benefit for fiscal year end September 30, 2012.

Public comment was heard from: Ronald Bolton

In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

Mr. Gill asked Mr. Linn how to proceed regarding the pending action in which the Board voted to move forward with the payment of the supplemental benefit. Mr. Gill also asked if that action needed to be reversed or steps taken to table the action to a future date. Mr. Linn responded with his understanding that the checks would not be sent until the Board received an answer from the City Commission regarding City Commission approval of the funding of the supplemental benefit.

a. October 1, 2013 Actuarial Valuation Report

MOTION made by Mr. Templeton, seconded by Vice-Chair Greene, to accept the October 1, 2013 Actuarial Valuation Report as presented.

The Board discussed the implications of accepting the October 1, 2013 Actuarial Valuation Report as presented in consideration of the fact that such Report reflected funding for the supplemental benefit for fiscal year ending September 30, 2012.

Vice-Chair Greene withdrew his second to the **Motion**.

MOTION made by Mr. Templeton, seconded by Mr. Dierks, to accept the October 1, 2013 Actuarial Valuation Report. In a voice vote by the members present, **Motion** failed 3-4 (Vice-Chair Greene, Mr. Gill, Mr. Lalla, and Mr. Matlow voted in opposition).

MOTION made by Mr. Lalla, seconded by Vice-Chair Greene, to direct Gabriel, Roeder, Smith & Company to prepare an October 1, 2013 Actuarial Valuation Report without funding for the supplemental benefit payment for the fiscal year ending September 30, 2012 with the proviso that the Actuarial Valuation Report could be amended if the City Commission approved funding of the supplemental benefit. In a

voice vote by the members present, **Motion** passed 6-1 (Mr. Templeton voted in opposition).

b. Actuarial Experience Study Fee Quote

MOTION made by Mr. Templeton, seconded by Mr. Gill, to accept Gabriel, Roeder, Smith & Company's fee quote for an actuarial experience study and to direct them to proceed with the study. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

MOTION made by Mr. Templeton, seconded by Mr. Dierks, to request Gabriel, Roeder, Smith & Company to prepare a written funding policy and present it to the Board for review, consideration, and discussion. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

Chair Shaw stated that the actuarial experience study should be done first, followed by the funding policy. Chair Shaw requested a sample funding policy.

Public comment was heard from: Robert Strauss

Ms. Castronovo asked the Board for clarification regarding whether or not she was to proceed with immediate payment of the supplemental benefit in light of the Board's Motion to inquire of the City Commission whether or not they would approve the funding of the benefit.

MOTION made by Mr. Lalla, seconded by Mr. Gill, to direct the Pension Coordinator to withhold distribution of the supplemental benefit checks for fiscal year ended September 30, 2012 until the Board heard back from the City Commission regarding their approval of the funding of such benefit and to request the City Commission to respond to the Board with its decision on or before October 1, 2014.

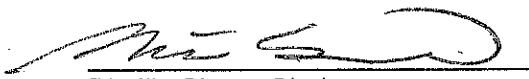
Discussion ensued.

Public comment was heard from: Robert Strauss

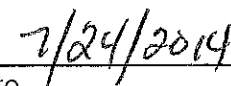
In a voice vote by the members present, **Motion** passed 5-2 (Mr. Dierks and Mr. Templeton voted in opposition).

4. **ADJOURNMENT**

MOTION made by Mr. Gill, seconded by Vice-Chair Greene, to adjourn the meeting. In a voice vote by the members present, motion passed 7-0. Meeting adjourned at 4:21 p.m.



Phyllis Shaw, Chair



Date