

A decorative border with a black and white checkered pattern surrounds the entire page content.

CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND

CALENDAR OF ITEMS

REGULAR BOARD MEETING

November 1, 2018

AGENDA ITEM 1

CALL TO ORDER

(NO BACKUP FOR THIS SECTION)

AGENDA ITEM 2
ROLL CALL AND
PLEDGE OF ALLEGIANCE

AGENDA ITEM 2.A.

AGENDA ADOPTION



CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND

2600 Hollywood Blvd. • City Hall Annex Building, 2ND Floor, Room 20 • Hollywood, FL 33020
(954) 921-3333 • (954) 921-3332 Fax • www.hollywoodpension.com

AGENDA REGULAR PENSION BOARD MEETING THURSDAY, NOVEMBER 1, 2018 at 9:00 AM CITY HALL ANNEX, ROOM 20, 2600 HOLLYWOOD BOULEVARD

1. CALL TO ORDER
2. ROLL CALL AND PLEDGE OF ALLEGIANCE
 - A. Agenda Adoption
3. CONSENT AGENDA
 - A. LAID OVER ITEM: August 23, 2018 Regular Meeting Minutes
 - B. September 27, 2018 Regular Meeting Minutes
 - C. Ratification of Distributions (Contributions and DROP) and Plan Expenses
 - D. Approval/Ratification of New Retirements/DROP/Vested/Death Annuities
4. FINANCIAL
 - A. Actuarial Valuation Report as of October 1, 2017
 - B. Financial Report September 2018 Draft
5. INVESTMENT (Segal Marco Advisors)
 - A. Custodial Fee Discussion
 - B. September 2018 Flash Performance Report
 - C. Brandes Review
 - D. 2018 Work Plan
6. LEGAL (Ron Cohen - Rice, Pugatch, Robinson, Storfer and Cohen.)
 - A. Attendance and Telephone Policy
 - B. Proposed Ordinance Amendment for consistency with the September 3, 2015 IRS Determination Letter
 - C. Proposed Ordinance Amendment relating to the Employees' Retirement Fund
 - D. Update on City of Hollywood v. City of Hollywood Employees' Retirement Fund
 - E. Request for Executive Session to Discuss Pending Litigation
7. EXECUTIVE DIRECTOR'S REPORT
 - A. Proposed Fiscal Year 2019 Budget Proposal
 - B. Proposed 2019 Regular Board Meeting Dates
 - C. Proposed Employee Election Process
 - D. New Pension Software
 - E. City Commission Communication
 - F. Communications from the Executive Director
8. PUBLIC COMMENTS
9. TRUSTEE REPORTS, QUESTIONS AND COMMENTS
10. ADJOURNMENT

PERSONS WITH DISABILITIES WHO REQUIRE REASONABLE ACCOMMODATION TO PARTICIPATE IN AN EMPLOYEES' RETIREMENT FUND BOARD MEETING MAY CALL THE PENSION OFFICE FIVE (5) BUSINESS DAYS IN ADVANCE AT 954-921-3333 (VOICE). IF AN INDIVIDUAL IS HEARING OR SPEECH IMPAIRED, PLEASE CALL 800-955-8771 (V-TDD).

ANY PERSON WISHING TO APPEAL ANY DECISION MADE BY THE BOARD WITH RESPECT TO ANY MATTER CONSIDERED AT SUCH MEETING WILL NEED A RECORD OF THE PROCEEDINGS, AND FOR SUCH PURPOSES MAY NEED TO ENSURE THAT A VERBATIM RECORD OF THE PROCEEDINGS IS MADE, WHICH RECORD INCLUDES THE TESTIMONY AND EVIDENCE UPON WHICH THE APPEAL IS MADE.

THIS MEETING MAY BE CONDUCTED BY MEANS OF OR IN CONJUNCTION WITH COMMUNICATION MEDIA TECHNOLOGY, THE TYPE BEING A SPEAKER TELEPHONE.

IN COMPLIANCE OF STATE LAW, THE BOARD OF TRUSTEES FINDS THAT A PROPER AND LEGITIMATE PURPOSE IS SERVED WHEN MEMBERS OF THE PUBLIC HAVE BEEN GIVEN A REASONABLE OPPORTUNITY TO BE HEARD ON A MATTER BEFORE THE BOARD. THEREFORE, THE BOARD OF TRUSTEES HAVE DETERMINED AND DECLARED THAT THEY WILL ALLOW THE PUBLIC TO COMMENT; HOWEVER, EACH PERSON IS LIMITED TO NO MORE THAN (3) THREE MINUTES TO COMMENT AT EACH MEETING.

TWO OF MORE MEMBERS OF ANY OTHER CITY BOARD, COMMISSION, OR COMMITTEE, WHO ARE NOT MEMBERS OF THE EMPLOYEES' RETIREMENT FUND BOARD MAY ATTEND THIS MEETING AND MAY, AT THAT TIME, DISCUSS MATTERS ON WHICH FORESEEABLE ACTION MAY LATER BE TAKEN BY THEIR BOARD, COMMISSION, OR COMMITTEE.

AGENDA ITEM 3.A.

CONSENT AGENDA

LAI D OVER ITEM

AUGUST 23, 2018

REGULAR MEETING MINUTES

MINUTES
REGULAR PENSION BOARD MEETING
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND
THURSDAY, August 23, 2018 at 9:00AM

1. CALL TO ORDER

Chair Shaw called the meeting to order at 9:22a.m.

2. ROLL CALL AND PLEDGE OF ALLEGIANCE

Board Members present: Chair Phyllis Shaw, Vice Chair Jeffery Greene, Secretary Robert Strauss (via teleconference), Charles Howell, and George Keller. Christopher Cassidy and Cintya Ramos were absent and excused.

Also present: Executive Director Christine Bailey; Keith Reynolds of Segal Marco; Diane McNally of Segal Select Insurance and Ronald Cohen of Rice Pugatch Robinson Storfer & Cohen.

a. August 23, 2018 Regular Board Meeting Agenda

MOTION made by Trustee Greene, seconded by Trustee Keller, to approve the August 23, 2018 Regular Board Meeting Agenda as presented. In a voice vote by the members present, all members voted in favor. **Motion** passed 5-0.

3. CONSENT AGENDA

- b. Ratification of Distributions (Contributions and DROP) and Plan Expenses
- c. Approval/Ratification of New Retirements/DROP/Vested/Death Annuities
- d. LAID OVER ITEM: Approval/Ratification of New Retirements/DROP/Vested/Death Annuities

Calendar Item 3a. July 28, 2018 Regular Meeting Minutes was withdrawn.

MOTION made by Trustee Greene, seconded by Trustee Keller, to approve Consent Agenda Items 3b. through 3d. In a voice vote by the members present, all members voted in favor. **Motion** passed 5-0.

4. FINANCIAL

The Treasurer's Reports for March and April 2018 and the draft Treasurer's Reports for May and June 2018 were provided to the Board for review.

5. INVESTMENT (Keith Reynolds – Segal Marco)

- a. Fiduciary Liability Insurance Policy Review

Ms. McNally reviewed the Fund's current fiduciary liability insurance coverage. She noted the fund had high deductibles as well as high premiums and recommended that the fund review the policies available in the marketplace. She noted that there were certain fines and penalty coverages that were not included in the current policy.

MOTION made by Trustee Howell, seconded by Trustee Greene, to change the broker of record to allow research for insurance needs and additional insurance needs. In a voice vote by the members present, all members voted in favor. **Motion** passed 5-0.

MOTION made by Trustee Greene, seconded by Trustee Keller, to allow the Executive Director to sign the insurance forms on behalf of the Board. In a voice vote by the members present, all members voted in favor. **Motion** passed 5-0.

The board requested that Ms. McNally also provide information on fiduciary, public officer, fidelity, cyber liability, active shooter, employment practices and property casualty insurance policies.

b. Second Quarter Performance Review

Mr. Reynolds reported the Fund's performance for the quarter ended June 30, 2018 was up 0.84%. He noted that the return should be higher once the second quarter number on the alternative investments are realized. He noted that the three-, and five-year periods the fund outperformed the policy index and the Fund performance was in the top quartile of its peers, public plans with less than \$500 million and 40-70% equity. He noted that the fund also had less risk and higher returns than the policy index.

Mr. Reynolds reported that a request had been made to fully redeem the Frontier account and exit the fund. He noted that the new Northern Trust account was set up on August 1st. Mr. Reynolds also recommended that Brandes be placed on the watch list.

MOTION made by Trustee Greene, seconded by Trustee Keller, to place Brandes in the Watch List. In a voice vote by the members present, all members voted in favor. **Motion** passed 5-0.

c. Flash Report July 2018

Mr. Reynolds provided the Board with the Flash Report for July 2018 for review.

d. 2018 Work Plan

Mr. Reynolds provided the 2018 Work Plan for review.

e. Annual Investment Policy Update

Mr. Reynolds request that the Board adopt the Investment Policy Update.

MOTION made by Trustee Howell, seconded by Trustee Keller, to approve the updated Investment Policy. In a voice vote by the members present, all members voted in favor. **Motion** passed 5-0.

6. **LEGAL (Ron Cohen – Rice Pugatch Robinson Storfer & Cohen)**

a. Proposed Ordinance Amendment for consistency with the September 3, 2015 IRS Determination Letter

Mr. Cohen reminded the Board that the IRS determination letter included required changes to the ordinance which have not yet been made. He noted that the City had provided a proposed ordinance amendment. The Board discussed the substantive changes included in the proposed ordinance and approved the following recommendations to the City:

- Page 6 - to define the Net Market Rate of Return as net of all fund expenses and not only investment related expenses.
- Page 17 – to delete section (GG) as unnecessary, unless an explanation for its inclusion is provided by the City.
- Page 18 – to accept section (HH) as proposed.
- Page 18 – to delete section (II) as unrelated to the IRS required changes.

b. Request for Executive Session to Discuss Pending Litigation

Mr. Cohen advised that an Executive Session was not required at this meeting. He requested two Executive Session to discuss Pending Litigation with Rent-A-

Center and City of Hollywood Florida v the Board of Trustees of the City of Hollywood Employees Retirement Fund et al. He noted the conditions of the sessions.

Chair Shaw turned the Chairmanship over to Vice Chair Greene.

MOTION made by Trustee Shaw, seconded by Trustee Keller, to set end times for meetings, with the exception of disability or money manager presentation, at 12:00pm, allowing for an extension of the meeting by majority vote of the Board. In a voice vote by the members present, all members voted in favor. **Motion** passed 5-0.

MOTION made by Trustee Shaw, seconded by Trustee Keller, to set a debate time and the number of times a member may speak on a topic to twice and each member be limited to 2 minutes, allowing for time to be extended by a two thirds majority vote of the Board. In a voice vote by the members present, all members voted in favor. **Motion** passed 5-0.

Vice Chair Greene returned the Chairmanship to Trustee Shaw.

7. ADMINISTRATIVE ISSUES

a. Staff Performance Evaluation

Trustees provide their completed evaluation forms of the Executive Director. The overall rating was that Ms. Bailey fully achieves and occasionally exceeds expectation. Ms. Bailey thank the Board for their kind words and support.

b. Proposed Extension of the Agreement with GRS Retirement Consulting

The Board received a proposal for an extension of the GRS contract. Ms. Bailey also provided the Board with GRS' proposed cost for benefit calculations, DROP and planned retirement calculations, and refund calculations. Ms. Bailey explained that the electronic submission cost in the GRS proposal represented a state mandate that was discussed at the August 2017 Board meeting, and represented an ongoing fee to prepare the submissions.

The Board discussed the calculations of benefits and benefit estimates and agreed to have the actuary verify retirement calculations, planned retirement on an as needed basis. The Board also agreed that members would be would receive their annual benefit statement and an additional from the fund at no charge. Additional estimates may incur costs that would be charged to the member.

c. City Commission Communication

This item was withdrawn.

d. Communications from the Executive Director

- Ms. Bailey advised the Board of the Denial of the Disability Application for M. Reidinger.
- Ms. Bailey advised that she responded to the letter regarding the Fund's non-compliance for the Florida Department of Management Services. She also advised that the communication was forwarded to the City Commission and the City manager.

- Ms. Bailey reminded the Board that the FPPTA, Segal and IFEBP conferences were approaching and the staff would be available to assist Trustees with their registration and transportation.
- Ms. Bailey advised the Board that two additional staff members would be joining the Pension Office in the next month.

8. PUBLIC COMMENTS

There were no public comments.

9. TRUSTEE REPORTS, QUESTIONS AND COMMENTS

Trustee Keller advised that the City is awaiting the Required Contribution amount from the Fund and explained its impact on the closure of the City's proposed budget. He advised that there was an informal meeting of the pension task force. He noted that the City hoped to close out the 164 process shortly which would leads to litigation.

Trustee Shaw expressed concerns regarding the delay in the valuation. She requested that the Fund set a deadline for next year's valuation of March 2019. Trustee Shaw discussed the OPEB calculations currently performed by GRS. She also expressed concern regarding delayed payment of the 2012 13th check and the Fund's desire to conclude the matter with the City. She also requested that the website be updated as it is a source of information for the members.

10. ADJOURNMENT

MOTION made by Trustee Greene, seconded by Trustee Strauss, to adjourn the meeting. In a voice vote by the members present, **Motion** passed 5-0. Meeting adjourned at 12:03p.m.

Phyllis Shaw, Chair

Date

AGENDA ITEM 3.B.

CONSENT AGENDA

SEPTEMBER 27, 2018

REGULAR MEETING MINUTES

MINUTES
REGULAR PENSION BOARD MEETING
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND
THURSDAY, SEPTEMBER 27, 2018 at 9:00AM

1. CALL TO ORDER

Chair Shaw called the meeting to order at 9:15a.m.

2. ROLL CALL AND PLEDGE OF ALLEGIANCE

Board Members present: Chair Phyllis Shaw, Vice Chair Jeffery Greene (left at 12:40p.m.), Secretary Robert Strauss, Christopher Cassidy, Charles Howell, George Keller, and Cintya Ramos.

Also present: Executive Director Christine Bailey; Felicia Ewell of Segal Marco; Matthew Jackson, Diane McNally, of Segal Select Insurance; Melanie Walker of Segal Consulting, Sally Corbin of Union Services Agency and Ronald Cohen and Brent Chudachek of Rice Pugatch Robinson Storfer & Cohen.

a. September 27, 2018 Regular Board Meeting Agenda

MOTION made by Trustee Greene, seconded by Trustee Ramos, to approve the September 27, 2018 Regular Board Meeting Agenda as presented. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

3. CONSENT AGENDA

- a. July 26, 2018 Regular Meeting Minutes
- b. August 23, 2018 Regular Meeting Minutes
- c. Ratification of Distributions (Contributions and DROP) and Plan Expenses
- d. Approval/Ratification of New Retirements/DROP/Vested/Death Annuities

Trustee Cassidy requested that item 3a through 3c be withheld for discussion.

MOTION made by Trustee Greene, seconded by Trustee Keller to approve Consent Agenda Item 3d. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

Trustee Cassidy requested clarification on the actuary's review of Mr. Reyes' calculations. Ms. Bailey advised that the actuary had reviewed the calculation and confirmed its accuracy. He inquired about the hiring of an accountant to provide updated financial information to the Board. Ms. Bailey advised that the accountant was not hired as updated Treasurer's Reports was provided by the City. She also noted that with the addition of staff to the pension office, the information can be provided internally going forward.

Trustee Cassidy noted that there were no policy changes on the approved agenda for the August 23rd meeting and believed it presented a procedural flaw. On a **MOTION** from Trustee Greene, seconded by Trustee Strauss, the discussion of policy changes not on the original agenda was added to the Agenda under Legal. **Motion** passed 7-0.

Trustee Cassidy noted that his disbursement under Ratification of Distributions was reduced and he was not notified. Ms. Bailey advised that in the reduction in the payment was being research.

Trustee Strauss ask for a clear determination on whether his telephonic votes count as they were recorded as part of the minutes. Ronald Cohen advised that his votes should count except towards quorum and certain other exemption such as testimony. Mr. Cohen noted that under the sunshine law if you are present at a meeting, you cannot abstain except in instances of personal gain.

Mr. Strauss stated that he did not vote in the affirmative on the policy change motion that recorded his vote as favorable. He stated that he was opposed to the motion but did not vote. Mr. Cohen and Ms. Bailey will review the attendance policy and advise the Board.

MOTION made by Trustee Greene, seconded by Trustee Cassidy, to approve Consent Agenda Items 3a. and 3c. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

MOTION made by Trustee Greene, seconded by Trustee Cassidy, to table Consent Agenda Item 3b. to the next meeting. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

4. FINANCIAL

Ms. Bailey provided the Board with a new interim financial report. The Board requested that additional information on the report including month- and year-to-date activity.

MOTION made by Trustee Cassidy, seconded by Trustee Keller, to accepted the financial report with the requested changes going forward. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

5. INVESTMENT (Felicia Ewell – Segal Marco)

a. Fiduciary Liability Insurance Policy Review

Ms. Diane McNally and Mr. Matthew Jackson presented the Board with the insurance coverage options available to the Board.

Fiduciary Liability Insurance

Mr. Jackson provided an overview current policy which would be expiring on September 30, 2018. In response to a question for Trustee Keller, Mr. Jackson noted that the policy would cover all current and future trustees and employees. Ms. McNally noted the policy had a \$100,000 deductible for each claim.

Trustee Shaw inquired on how the Board's approval of a change in issuance coverage would affected by the current litigation. Ms. McNally noted that all the carriers were aware of the current litigation and that they would all provide continuity of coverage, except for the current claim being handled by RLI. In response to a question, Ms. McNally noted that there was a continuity of coverage under the proposed policies and that the current RLI policy has a built in extension clause to identify additional claims.

Trustee Cassidy question the impact on the insurance coverage if the lawsuit went away, was the fund locked into the coverage costs this year. Mr. Jackson noted that customarily Segal would begin reviewing the policy at least 120 days before its expiration, however the proposed rates would be locked in for the year.

Mr. Cohen noted that if the insurance company believe that Trustees were responsible for any payout they made, the insurance company could seek to reclaim the payout from Trustees. Trustees discussed a waiver of recourse at \$25 per person for the policy period to cover this gap in coverage. Mr. Jackson recommended that Trustees obtain a waiver of recourse on each layer of coverage at a cost of \$75 per Trustee.

MOTION made by Trustee Greene, seconded by Trustee Keller, to have Board Members pay for the waiver of recourse. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

In response to questions from Trustees, Ms. McNally noted that the desire is to, over time, reduce the deductible to its lowest level, \$0.

MOTION made by Trustee Cassidy, seconded by Trustee Howell, to purchase Option 2 - \$15 million in liability insurance, with \$0 deductible, at a cost of \$128,295. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

Commercial Package: General Liability, Business Personal Property and Hired/Non-owned Auto Policy

MOTION made by Trustee Howell, seconded by Trustee Greene, to purchase Commercial Package: General Liability, Business Personal Property and Hired/Non-owned Auto Policy at a cost of \$1,595.75. In a voice vote by the members present, the **Motion** passed 5-1. Trustee Cassidy opposed the motion and Trustee Howell was out of the room.

MOTION made by Trustee Greene, seconded by Trustee Cassidy, to add an Umbrella Policy to protect the fund from claims not covered by the Commercial package at a cost of \$758.00. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0. Trustee Cassidy noted that he opposed the prior motion, only because he wanted both policies considered together.

Trustee Strauss noted that the policy listed the incorrect address for the Pension Office. Trustees requested that the policies be bounded effective September 27, 2018.

Employment Practices Liability Insurance

MOTION made by Trustee Cassidy, seconded by Trustee Greene, to purchase Employment Practices Liability Insurance at a cost of \$3,516.00. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

Fidelity Bond Coverage

MOTION made by Trustee Greene, seconded by Trustee Keller, to purchase Fidelity Bond Insurance at the \$3 million level at a cost of \$14,529.00. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

Cyber Security Insurance Policy

MOTION made by Trustee Greene, seconded by Trustee Cassidy, to purchase Cyber Security Insurance at the \$5 million level at a cost of \$5,419.00. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

It was noted that there is currently a public official bond in place and no action was required at this time. Trustee Howell requested a proposal on Active Shooter Insurance.

- b. Governance Training
Ms. Walker presented Trustees with an overview of fiduciary responsibility, the role of Trustees, staff and advisors, best practices in plan governance and key governance policies.
- c. August 2018 Flash Performance Report
Ms. Ewell provided the Board with the Flash Report for August 2018 for review. She provided a performance review of Brandes as of June 30, 2018.
- d. 2018 Work Plan
Ms. Ewell provided the 2018 Work Plan for review.

MOTION made by Trustee Keller, seconded by Trustee Howell to extend the meeting. In a voice vote by the members present, **Motion** passed 7-0.

6. LEGAL (Ron Cohen – Rice Pugatch Robinson Storfer & Cohen)

- a. Proposed Extension of the Agreement with Gabriel, Roeder Smith and Company.
Mr. Cohen noted that he had replaced the City of Hollywood with the Employees' Retirement Fund throughout the new agreement.

MOTION made by Trustee Greene, seconded by Trustee Keller, to accept the proposed extension agreement. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

The Board discussed the provision of benefits estimates to members. The Board also confirmed that the final retirement benefit calculations should be certified by the actuary.

- b. Purchase of Credited Service
Mr. Cohen presented an overview of the request for interpretation of the Code of Ordinance as it relates to the Purchase of Credited Service. The Board confirmed that a member cannot purchase forward any time to meet the minimum requirements for retirement. Specifically, a member who retires under the provision of 25 years of credited service regardless of age, cannot with (24.5 years) purchase 6 months to meet the 25 years of service requirement.

At the request of member Deborah Schiano, Robert Schiano made comments on the topic.

- c. Proposed Ordinance Amendment for Consistent with the September 3, 2015 IRS Determination Letter
Mr. Cohen advised that there was no deadline in the September 3rd letter to implement the proposed amendments but he noted that the Determination Letter would expire on January 31, 2019. Trustee Cassidy inquired about the change in the definition of the Rate of Market Return in the proposed ordinance. He noted that the definition should not be changed as the union was advised by the City that the intent in separating the Plan from the City was not to affect the benefit of the members with the increase in plan expenses.

MOTION made by Trustee Keller, seconded by Trustee Strauss, to reconsider the approved recommend change to the definition of Rate of Market Return. In a voice vote by the members present, all members voted in favor. **Motion** passed 6-0.

MOTION made by Trustee Keller, seconded by Trustee Ramos, to eliminate the recommend change to the definition of Rate of Market Return. In a voice vote by the members present, all members voted in favor. **Motion** passed 6-0.

- d. Proposed Ordinance Amendment relating to the Employees' Retirement Fund
Mr. Cohen noted that the ordinance required an actuarial impact statement and the Board's approval was required for the actuary to proceed. Trustee Keller disclosed that he would be impacted by the proposed amendment and would not be voting on the item. (See Form 8B – Memorandum Of Voting Conflict For County, Municipal, And Other Local Public Officers Attached)

Trustee Keller advised that the City would pay for the Impact Statement. He explained the origins of the proposed ordinance amendment.

MOTION made by Trustee Ramos, seconded by Trustee Howell, to authorize the actuary to prepare an actuarial impact statement for the proposed ordinance amendment to be paid for by the City. In a voice vote by the members present, **Motion** passed 5-0. Trustee Cassidy noted that he voted in favor of motion as a trustee but reserved his right as Union President. Trustee Keller Abstained.

MOTION made by Trustee Ramos, seconded by Trustee Howell, to allow beneficiaries to continue payments of the remaining balance under the proposed Time Payment Plan. In a voice vote by the members present, **Motion** passed 5-0. Trustee Keller Abstained. Trustee Cassidy noted that he votes in favor of motion as a trustee but reserved his right as Union President.

- e. Update on City of Hollywood V. City of Hollywood Employees' Retirement Fund
Mr. Cohen advised he continues to work with the City. Trustee Keller advised that the intent is to proceed quickly with the settlement.
- f. Request for Executive Session to Discuss Pending Litigation
Mr. Cohen advised that an Executive Session was not required at this meeting. He requested two Executive Session to discuss Pending Litigation with The City of Hollywood.
- g. Policy Changes not on the Agenda of August 23, 2018
Mr. Cohen noted that there was no vote taken to change the Agenda as stated by Robert's Rules. He also noted that Agendas need to be flexible. He noted that boards don't always comply fully with Robert's Rules. Trustee Cassidy expressed a concern of the 2 minute limit imposed on Trustees. Trustee Cassidy objected to the limit as it would restrict his fiduciary role.

Trustees requested that unless items have time sensitive they should not be put on the Agenda for the Board meeting within 48 hours of the meeting. They also requested that the By-laws be revised to change the order of the meeting.

MOTION made by Trustee Cassidy, seconded by Trustee Howell, to reaffirm the Boards decision to set end times for meeting, with the exception of disability or money manager presentations, at 12:00noon, allowing for an extension of the meeting by majority vote of the Board. In a voice vote by the members present, **Motion** passed 6-0.

MOTION made by Trustee Cassidy, seconded by Trustee Howell, to reaffirm the Board's decision to set a debate time and the number of times a member may speak on a topic to twice and each member be limited to 2 minutes, allowing for time to be extended by a two thirds majority vote of the Board, with the exception that the limits would not apply if a Trustee asserts fiduciary responsibility. In a voice vote by the members present, all members voted in favor. **Motion** passed 5-1. Trustee Strauss opposed the motion.

7. ADMINISTRATIVE ISSUES

a. Proposed FY2019 Budget

Ms. Bailey provided the Board with a proposed budget for FY2019 for their review as well as a sample of the monthly budget report that will be provided to the Board.

b. City Commission Communication

The Board received the City Commission Communication.

c. Communications from the Executive Director

- Ms. Bailey introduced the new staff members, Veron Sibble and Yvonne Nayaran.
- Ms. Bailey advised the Board the auditors will be on site on October 22, 2018 to begin the Fiscal Year 2018 Financial Audit.
- Ms. Bailey provided a list of Proposed Board Committees. Trustees Shaw recommended that the Board consider putting the committees in place to ensure proper governance of the Fund.
- Ms. Bailey advised the Board of an overpayment to a deceased member not identified by the current screening process. She advised that the overpayment is expected to be returned by a relative of the member.
- Ms. Bailey advised that there may be a potential error in the calculation of certain member benefits, however, based on the discussions of the Board, it was determined that there was an explanation for the calculation method used. Ms. Bailey will confirm the calculation with the actuary.
- Ms. Bailey advised the Board that there was a potential restoration of frozen benefits.
- Ms Bailey provided the Board with a list of Goals for Fiscal Year 2019.
- Ms. Bailey provided the Board with information on the Election of Employee Trustee for the term March 1, 2019 through February 29, 2020. Ms. Bailey will provide updated information in line with the Board's policies on the Election Process.
- Ms. Bailey provided the Board with proposed 2019 Regular Board Meeting Schedule. Trustee Ramos requested that the Board meeting for 2019 be moved to Tuesdays. Ms. Bailey will provide revised proposed dates to the Board.

8. PUBLIC COMMENTS

There were no public comments.

9. TRUSTEE REPORTS, QUESTIONS AND COMMENTS

Trustee Cassidy requested a copy of meeting's records for each meeting.

10. **ADJOURNMENT**

MOTION made by Trustee Cassidy, seconded by Trustee Keller, to adjourn the meeting. In a voice vote by the members present, **Motion** passed 6-0. Meeting adjourned at 2:45p.m.

Phyllis Shaw, Chair

Date

FORM 8B MEMORANDUM OF VOTING CONFLICT FOR COUNTY, MUNICIPAL, AND OTHER LOCAL PUBLIC OFFICERS

LAST NAME—FIRST NAME—MIDDLE NAME KELLER GEDER		NAME OF BOARD, COUNCIL, COMMISSION, AUTHORITY, OR COMMITTEE C.O.H. EMP. RET. FUND.	
MAILING ADDRESS 2600 Hollywood Blvd. 4th Floor		THE BOARD, COUNCIL, COMMISSION, AUTHORITY OR COMMITTEE ON WHICH I SERVE IS A UNIT OF:	
CITY Hollywood		<input checked="" type="checkbox"/> CITY <input type="checkbox"/> COUNTY <input type="checkbox"/> OTHER LOCAL AGENCY	
COUNTY Broward		NAME OF POLITICAL SUBDIVISION: CITY OF Hollywood	
DATE ON WHICH VOTE OCCURRED September 27, 2018		MY POSITION IS: <input type="checkbox"/> ELECTIVE <input checked="" type="checkbox"/> APPOINTIVE	

WHO MUST FILE FORM 8B

This form is for use by any person serving at the county, city, or other local level of government on an appointed or elected board, council, commission, authority, or committee. It applies to members of advisory and non-advisory bodies who are presented with a voting conflict of interest under Section 112.3143, Florida Statutes.

Your responsibilities under the law when faced with voting on a measure in which you have a conflict of interest will vary greatly depending on whether you hold an elective or appointive position. For this reason, please pay close attention to the instructions on this form before completing and filing the form.

INSTRUCTIONS FOR COMPLIANCE WITH SECTION 112.3143, FLORIDA STATUTES

A person holding elective or appointive county, municipal, or other local public office **MUST ABSTAIN** from voting on a measure which would inure to his or her special private gain or loss. Each elected or appointed local officer also **MUST ABSTAIN** from knowingly voting on a measure which would inure to the special gain or loss of a principal (other than a government agency) by whom he or she is retained (including the parent, subsidiary, or sibling organization of a principal by which he or she is retained); to the special private gain or loss of a relative; or to the special private gain or loss of a business associate. Commissioners of community redevelopment agencies (CRAs) under Sec. 163.356 or 163.357, F.S., and officers of independent special tax districts elected on a one-acre, one-vote basis are not prohibited from voting in that capacity.

For purposes of this law, a "relative" includes only the officer's father, mother, son, daughter, husband, wife, brother, sister, father-in-law, mother-in-law, son-in-law, and daughter-in-law. A "business associate" means any person or entity engaged in or carrying on a business enterprise with the officer as a partner, joint venturer, coowner of property, or corporate shareholder (where the shares of the corporation are not listed on any national or regional stock exchange).

* * * * *

ELECTED OFFICERS:

In addition to abstaining from voting in the situations described above, you must disclose the conflict:

PRIOR TO THE VOTE BEING TAKEN by publicly stating to the assembly the nature of your interest in the measure on which you are abstaining from voting; *and*

WITHIN 15 DAYS AFTER THE VOTE OCCURS by completing and filing this form with the person responsible for recording the minutes of the meeting, who should incorporate the form in the minutes.

* * * * *

APPOINTED OFFICERS:

Although you must abstain from voting in the situations described above, you are not prohibited by Section 112.3143 from otherwise participating in these matters. However, you must disclose the nature of the conflict before making any attempt to influence the decision, whether orally or in writing and whether made by you or at your direction.

IF YOU INTEND TO MAKE ANY ATTEMPT TO INFLUENCE THE DECISION PRIOR TO THE MEETING AT WHICH THE VOTE WILL BE TAKEN:

- You must complete and file this form (before making any attempt to influence the decision) with the person responsible for recording the minutes of the meeting, who will incorporate the form in the minutes. (Continued on page 2)

APPOINTED OFFICERS (continued)

- A copy of the form must be provided immediately to the other members of the agency.
- The form must be read publicly at the next meeting after the form is filed.

IF YOU MAKE NO ATTEMPT TO INFLUENCE THE DECISION EXCEPT BY DISCUSSION AT THE MEETING:

- You must disclose orally the nature of your conflict in the measure before participating.
- You must complete the form and file it within 15 days after the vote occurs with the person responsible for recording the minutes of the meeting, who must incorporate the form in the minutes. A copy of the form must be provided immediately to the other members of the agency, and the form must be read publicly at the next meeting after the form is filed.

DISCLOSURE OF LOCAL OFFICER'S INTEREST

I, GEORGE KELLER, hereby disclose that on SEPTEMBER 27, 20 18:

(a) A measure came or will come before my agency which (check one or more)

- ☒ Inured to my special private gain or loss;
- ☐ Inured to the special gain or loss of my business associate, _____;
- ☐ Inured to the special gain or loss of my relative, _____;
- ☐ Inured to the special gain or loss of _____, by whom I am retained; or
- ☐ Inured to the special gain or loss of _____, which is the parent subsidiary, or sibling organization or subsidiary of a principal which has retained me.

(b) The measure before my agency and the nature of my conflicting interest in the measure is as follows:

If disclosure of specific information would violate confidentiality or privilege pursuant to law or rules governing attorneys, a public officer, who is also an attorney, may comply with the disclosure requirements of this section by disclosing the nature of the interest in such a way as to provide the public with notice of the conflict.

Date Filed

9/27/18

Signature

George R. Keller

NOTICE: UNDER PROVISIONS OF FLORIDA STATUTES §112.317, A FAILURE TO MAKE ANY REQUIRED DISCLOSURE CONSTITUTES GROUNDS FOR AND MAY BE PUNISHED BY ONE OR MORE OF THE FOLLOWING: IMPEACHMENT, REMOVAL OR SUSPENSION FROM OFFICE OR EMPLOYMENT, DEMOTION, REDUCTION IN SALARY, REPRIMAND, OR A CIVIL PENALTY NOT TO EXCEED \$10,000.

AGENDA ITEM 3.C.

CONSENT AGENDA

**RATIFICATION OF DISTRIBUTIONS (CONTRIBUTIONS AND
DROP) AND PLAN EXPENSES**

EMPLOYEES' RETIREMENT FUND
Refunds and DROP Distributions
November 1, 2018 Regular Pension Board Meeting

<u>Name</u>	<u>Refund</u>
-------------	---------------

Refunds of Contributions

Davis, Glenn	\$ 18,145.21
Rademacher, Brian	\$ 23,248.38

\$	<u>41,393.59</u>
----	------------------

Planned Retirement

\$	<u>0.00</u>
----	-------------

Partial Lump Sum Distribution

\$	<u>0.00</u>
----	-------------

DROP Distributions

Patel, Rashmi (Partial)	\$ 122,575.21
-------------------------	---------------

\$	<u>122,575.21</u>
----	-------------------

TOTAL: \$	163,968.80
-----------	------------

EMPLOYEES RETIREMENT FUND

Payment Requests Processed During the Period
September 1, 2018 through September 30, 2018

Manager Fees

Segal Marco Advisors/Performance Monitoring (August 2018)	\$ 10,833.33
Segal Marco Advisors/Administrative Services (August 2018)	4,166.67
Wellington Management (quarter ending 06/30/18)	76,858.37
	<u>91,858.37</u>

Attorney Fees

Rice Pugatch Robinson Storfer & Cohen (June 2018)	5,376.00
Rice Pugatch Robinson Storfer & Cohen (July 2018)	10,532.50
	<u>15,908.50</u>

Payroll

Pension Office Payroll (September)	15,545.94
Pension Office Employer Contributions/Benefits (September)	2,157.80
Christine Bailey - Deferred Comp (09/14/18)	192.30
Christine Bailey - Deferred Comp (09/28/18)	192.30
	<u>18,088.34</u>

Temporary Salaries and Wages

Alpha1 (week ending 06/10/18)	480.00
Alpha1 (week ending 06/17/18)	480.00
Alpha1 (week ending 06/24/18)	555.00
Alpha1 (week ending 07/01/18)	540.00
Alpha1 (week ending 07/08/18)	480.00
Alpha1 (week ending 07/15/18)	600.00
Alpha1 (week ending 07/22/18)	600.00
Alpha1 (week ending 07/29/18)	480.00
Alpha1 (week ending 08/19/18)	600.00
Alpha1 (week ending 08/26/18)	435.00
Alpha1 (week ending 09/02/18)	570.00
	<u>5,820.00</u>

EMPLOYEES RETIREMENT FUND

Payment Requests Processed During the Period

September 1, 2018 through September 30, 2018

Travel Advances/Expenses

FPPTA Fall School (Bonita Springs)

Christopher Cassidy	600.00
George Keller	600.00
Robert Strauss	600.00
Cintya Ramos	600.00
Christine Bailey	1,500.00

IFEBP Annual Conference (New Orleans)

Christine Bailey	186.96
	<u>4,086.96</u>

Miscellaneous

Sharp - Copier Lease Payment (June 2018)	223.99
Sharp - Copier Lease Payment (July 2018)	202.64
Sharp - Copier Lease Payment (August 2018)	195.40
Office Depot - General Office Supplies	191.14
Office Depot - General Office Supplies	89.95
Office Depot - General Office Supplies	151.31
Office Depot - General Office Supplies	8.98
Alexandra's Café	35.48
Apex Reporting Group	100.00
HostGator	10.95
	<u>1,209.84</u>

Total	\$ <u>136,972.01</u>
-------	----------------------

AGENDA ITEM 3.D.

CONSENT AGENDA

**APPROVAL/RATIFICATION OF NEW RETIREMENT
/DROP/VESTED/DEATH ANNUITIES**

EMPLOYEES' RETIREMENT FUND
New Retirement/DROP/Death/Vested Annuities - Monthly Amounts
November 1, 2018 Regular Pension Board Meeting

New Retirements

Bui, Phuc Viet - Beneficiary of Deceased Sam Van Nguyen	\$	415.04
Patel, Rashmi - DROP 9/1/2013		1,776.85
Schiano, Deborah - 8/31/2018		3,935.79

Benefits Stopped

Casserino, Gloria - Died 5/19/2017	\$	(397.98)
Van Nguyen, Sam - Died 8/13/2018		(830.08)

AGENDA ITEM 4.A.

ACTUARIAL VALUATION

City of Hollywood General
Employees' Retirement System
ACTUARIAL VALUATION REPORT
AS OF OCTOBER 1, 2017

ANNUAL EMPLOYER CONTRIBUTION FOR THE FISCAL YEAR
ENDING SEPTEMBER 30, 2019



October 9, 2018

Board of Trustees
City of Hollywood General
Employees' Retirement System
Hollywood, Florida

**Re: City of Hollywood General Employees' Retirement System
Actuarial Valuation as of October 1, 2017**

Dear Board Members:

The results of the October 1, 2017 Annual Actuarial Valuation of the City of Hollywood General Employees' Retirement System are presented in this report.

This report was prepared at the request of the Board and is intended for use by the Retirement System and those designated or approved by the Board. This report may be provided to parties other than the System only in its entirety and only with the permission of the Board. GRS is not responsible for unauthorized use of this report.

The purpose of the valuation is to measure the System's funding progress and to determine the employer contribution rate for the fiscal year ending September 30, 2019. This report should not be relied on for any purpose other than the purposes described herein. Determinations of financial results associated with the benefits described in this report, for purposes other than those identified above may be significantly different.

The contribution rate in this report is determined using the actuarial assumptions and methods disclosed in Section B of this report. This report includes certain risk metrics but does not include a more robust assessment of the risks of future experience not meeting the actuarial assumptions. Additional assessment of risks was outside the scope of this assignment.

This valuation assumed the continuing ability of the plan sponsor to make the contributions necessary to fund this plan. A determination regarding whether or not the plan sponsor is actually able to do so is outside our scope of expertise and was not performed.

The findings in this report are based on data and other information through September 30, 2017. The valuation was based upon information furnished by the Plan Administrator and the City, concerning Retirement System benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal reasonability and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by the Plan Administrator and the City.

This report was prepared using certain assumptions approved by the Board as authorized under Florida Statutes and prescribed by the Florida Statutes as described in the section of this report entitled Actuarial Assumptions and Methods. The investment return assumption was prescribed by the Board and the assumed mortality rates detailed in the Actuarial Assumptions and Methods section were prescribed by the Florida Statutes in accordance with Florida House Bill 1309 (codified in Chapter 2015-157).

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Retirement System as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

Jeffrey Amrose and Trisha Amrose are members of the American Academy of Actuaries. These actuaries meet the Academy's Qualification Standards to render the actuarial opinions contained herein.

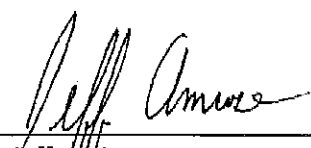
The signing actuaries are independent of the plan sponsor.

This actuarial valuation and/or cost determination was prepared and completed by us or under our direct supervision, and we acknowledge responsibility for the results. To the best of our knowledge, the results are complete and accurate. In our opinion, the techniques and assumptions used are reasonable, meet the requirements and intent of Part VII, Chapter 112, Florida Statutes, and are based on generally accepted actuarial principles and practices. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

Gabriel, Roeder, Smith & Company will be pleased to review this valuation and Report with the Board of Trustees and to answer any questions pertaining to the valuation.

Respectfully submitted,

GABRIEL, ROEDER, SMITH AND COMPANY

By: 
Jeffrey Amrose, MAAA
Enrolled Actuary No. 17-6599
Senior Consultant & Actuary

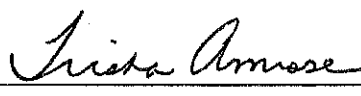
By: 
Trisha Amrose, MAAA
Enrolled Actuary No. 17-8010
Consultant & Actuary

TABLE OF CONTENTS

<u>Section</u>	<u>Title</u>	<u>Page</u>
A	Discussion of Valuation Results	1
B	Valuation Results	
	1. Participant Data	5
	2. Actuarially Determined Contribution (ADC)	6
	3. Allocation of Required Employer Contribution by Employee Group	7
	4. Actuarial Value of Benefits and Assets	8
	5. Calculation of Employer Normal Cost	9
	6. Liquidation of the Unfunded Actuarial Accrued Liability	10
	7. Actuarial Gains and Losses	12
	8. Recent History of Valuation Results	18
	9. Recent History of Required and Actual Contributions	19
	10. Actuarial Assumptions and Cost Method	21
	11. Glossary of Terms	30
C	Pension Fund Information	
	1. Summary of Assets	33
	2. Pension Fund Income and Disbursements	34
	3. Actuarial Value of Assets	35
	4. Reconciliation of DROP Accounts	36
	5. Investment Rate of Return	37
D	Financial Accounting Information	
	1. FASB No. 35	38
E	Miscellaneous Information	
	1. Reconciliation of Membership Data	39
	2. Active Participant Scatter	40
	3. Inactive Participant Scatter	41
F	Summary of Plan Provisions	42

SECTION A

DISCUSSION OF VALUATION RESULTS

DISCUSSION OF VALUATION RESULTS

Comparison of Required Employer Contributions

The following is a comparison of required contributions developed in this year's and last year's actuarial valuations.

Required Employer Contribution	For FYE 9/30/2019 Based on 10/1/2017 Valuation	For FYE 9/30/2018 Based on 10/1/2016 Valuation	Increase (Decrease)
If paid on October 1			
Date of Payment	10/1/2018	10/1/2017	
Dollar Amount	\$ 24,281,286	\$ 23,786,676	\$ 494,610
As % of Covered Payroll	56.44 %	60.77 %	(4.33) %
If paid Biweekly			
Date of Payment	Biweekly	Biweekly	
Dollar Amount	\$ 25,206,246	\$ 24,702,602	\$ 503,644
As % of Covered Payroll	58.59 %	63.11 %	(4.52) %

Payment of Required Contribution

The required contribution if paid biweekly has been adjusted for interest on the basis that payment is made at the end of each pay period during the fiscal year. Also displayed above is the required contribution if the payment is made in full on the first day of the fiscal year.

The actual employer contribution for the fiscal year ending September 30, 2017 was \$20,574,591, and after offsetting the \$4,811,883 receivable contribution as of September 30, 2016, the resulting net employer contribution is \$15,762,708. The actuarially determined contribution was \$23,189,007 reflecting interest based on the payment schedule. The \$7,426,299 shortfall in the actual contribution is due to the City making the required contribution excluding the pre-funding of the Supplemental Pension Distribution for the fiscal years ending September 30, 2015, September 30, 2016 and September 30, 2017.

The pre-funding of the Supplemental Pension Distribution was done in accordance with the July 3, 2014 letter from the Division of Retirement which states if the benefit provision regarding the

Supplemental Pension Distribution remains unchanged in the City Code, the actuary must estimate the frequency and amounts of future additional distributions and include a cost factor to pre-fund it. Additionally, Section 112.64(2) of the Florida Statutes states "total contributions to the retirement system or plan shall be sufficient to meet the normal cost of the retirement system or plan and to amortize the unfunded liability", i.e. the actuarially determined contribution which was \$23,189,007 for the fiscal year ending September 30, 2017.

This report reflects a \$7,426,299 receivable employer contribution which includes interest through September 30, 2017. It is our understanding that the payment of the Supplemental Pension Distribution is currently in litigation. If there are any changes to the Supplemental Pension Distribution payment, this report will need to be revised.

Revisions in Benefits

There were no revisions in benefits since the previous valuation.

Revisions in Actuarial Assumptions or Methods

As approved by the Board in connection with the October 1, 2014 Experience Study Report, the investment return assumption was lowered from 7.70% to 7.60%, net of investment expenses. The assumed rate of investment return will continue to be lowered by 0.10% each year until reaching 7.50%. This assumption change has increased the required employer contribution by 1.01% of covered payroll.

Actuarial Experience

There was a net actuarial gain of \$3,970,427 for the year which means that actual experience was more favorable than anticipated. The gain is primarily due to recognized investment return above the assumed rate of 7.7%. The investment return was 11.5% based on market value of assets and 9.5% based on actuarial value of assets. The asset gain was partially offset by liability losses due to greater than expected salary increases and lower retiree mortality than expected. The net gain has decreased the required employer contribution by 0.80% of covered payroll.

Supplemental Pension Distribution

Since the investment return for the fiscal year ending September 30, 2017 is below 12.2%, a Supplemental Pension Distribution is not payable for the fiscal year ending September 30, 2017.

Funded Ratio

The funded ratio this year is 62.1% compared to 59.6% last year. The funded ratio was 62.8% before the change in actuarial assumptions. Please note that the funded ratio is 60.6% if the receivable City contribution as of September 30, 2017 is excluded from the actuarial value of assets. The funded ratio is equal to the actuarial value of assets divided by the actuarial accrued (past service) liability.

Analysis of Change in Employer Contributions

The components of change in the required employer contribution as a percent of payroll are as follows:

Contribution Rate Last Year	63.11 %
Changes in Benefits	0.00
Changes in Actuarial Assumptions	1.01
Actuarial Experience	(0.80)
Amortization Payment on UAAL	(4.90)
Normal Cost Rate	(0.23)
Administrative Expenses	0.40
Contribution Rate This Year	58.59

Variability of Future Contribution Rates

The Actuarial Cost Method used to determine the contribution rate is intended to produce contribution rates which are generally level as a percent of payroll. Even so, when experience differs from the assumptions, as it often does, the employer's contribution rate can vary significantly from year-to-year.

Over time, if the year-to-year gains and losses offset each other, the contribution rate would be expected to return to the current level, but this does not always happen.

The Market Value of Assets exceeds the Actuarial Value of Assets by \$8,968,667 as of the valuation date (see Section C). This difference will be gradually recognized over the next several years. In turn, the computed employer contribution rate will decrease by approximately 1.8% of covered payroll over the same period in the absence of offsetting losses and before reflecting the increase associated with further phase-in of the lower investment return assumption.

Relationship to Market Value

If market value of assets had been used in the valuation instead of the smoothed value of assets, the City contribution rate on a bi-weekly basis would have been 56.81% and the funded ratio would have been 63.9%. In the absence of other gains and losses, the City contribution rate should decrease to that level over the next several years, before reflecting the increase associated with further phase-in of the lower investment return assumption.

Conclusion

It is important to note that system assets are not sufficient to cover the liabilities for current retirees. As of October 1, 2017, the market value of assets is \$320.9 million (including the receivable City contribution) and the liability for current inactive members is \$385.0 million. The funded ratio

dropped from 82.5% in 2000 to the current level of 62.1%. Some steps have been taken to improve funding, such as strengthening the actuarial assumptions including lowering the assumed investment return rate. Given the low funded ratio, we recommend shortening the amortization period. For example the amortization period for new bases could be shortened one year with each valuation, with the goal of reaching a 20 year period. If the maximum amortization period were changed to 29 years, the actuarially determined contribution for the fiscal year ending September 30, 2019 would increase by approximately \$1,000. If the maximum amortization period was shortened to 25 years, the actuarially determined contribution would increase by approximately \$100,000. This would result in higher contributions in the short-term for the City but would also have a positive effect on improving the funded ratio of the plan.

It is equally important to further strengthen the actuarial assumptions. This would also result in higher contributions in the short-term but would improve the plan's funded ratio over time.

The remainder of this Report includes detailed actuarial valuation results, financial information, miscellaneous information and statistics, and a summary of plan provisions.

SECTION B

VALUATION RESULTS

PARTICIPANT DATA			
	October 1, 2017 <i>After Change</i>	October 1, 2017 <i>Before Change</i>	October 1, 2016
ACTIVE MEMBERS			
Number	636	636	606
Covered Annual Payroll	\$ 41,566,583	\$ 41,566,583	\$ 37,818,489
Average Annual Payroll	\$ 65,356	\$ 65,356	\$ 62,407
Average Age	47.8	47.8	47.4
Average Past Service	10.6	10.6	10.7
Average Age at Hire	37.2	37.2	36.7
ACTIVE TRANSFERS			
Number	18	18	18
Covered Annual Payroll	\$ 1,780,482	\$ 1,780,482	\$ 1,717,744
Average Annual Payroll	\$ 98,916	\$ 98,916	\$ 95,430
Average Age	45.5	45.5	44.5
Average Past Service	2.8	2.8	2.8
RETIREES, BENEFICIARIES & DROP			
Number	991	991	974
Annual Benefits ¹	\$ 27,666,097	\$ 27,666,097	\$ 26,651,110
Average Annual Benefit	\$ 27,917	\$ 27,917	\$ 27,363
Average Age	67.9	67.9	67.5
DISABILITY RETIREES			
Number	48	48	49
Annual Benefits ¹	\$ 1,325,588	\$ 1,325,588	\$ 1,315,938
Average Annual Benefit	\$ 27,616	\$ 27,616	\$ 26,856
Average Age	65.0	65.0	63.8
TERMINATED VESTED MEMBERS			
Number	80	80	94
Annual Benefits	\$ 1,209,087	\$ 1,209,087	\$ 1,507,294
Average Annual Benefit	\$ 15,114	\$ 15,114	\$ 16,035
Average Age	49.1	49.1	48.9

¹ Does not include any Supplemental Pension Distribution

ACTUARIALLY DETERMINED CONTRIBUTION (ADC)

A. Valuation Date	October 1, 2017 <i>After Change</i>	October 1, 2017 <i>Before Change</i>	October 1, 2016
B. ADC to Be Paid During Fiscal Year Ending	9/30/2019	9/30/2019	9/30/2018
C. Assumed Date of Employer Contribution	Biweekly	Biweekly	Biweekly
D. Annual Payment to Amortize Unfunded Actuarial Liability	\$ 20,304,480	\$ 20,008,837	\$ 20,276,963
E. Employer Normal Cost	3,155,193	3,037,738	2,704,760
F. ADC if Paid on the Valuation Date: D+E	23,459,673	23,046,575	22,981,723
G. ADC Adjusted for Frequency of Payments	24,352,806	23,935,113	23,867,760
H. ADC as % of Covered Payroll	58.59 %	57.58 %	63.11 %
I. Assumed Rate of Increase in Covered Payroll to Contribution Year	3.50 %	3.50 %	3.50 %
J. Covered Payroll for Contribution Year	43,021,414	43,021,414	39,142,136
K. ADC for Contribution Year: H x J	25,206,246	24,771,730	24,702,602
L. ADC as % of Covered Payroll in Contribution Year: K ÷ J	58.59 %	57.58 %	63.11 %

ALLOCATION OF REQUIRED EMPLOYER CONTRIBUTION BY EMPLOYEE GROUP						
Group	Employer Normal Cost (Before Expenses)	% of Total Employer Normal Cost	Active Actuarial Accrued Liability	% of Active Actuarial Accrued Liability	Allocated Required Employer Contribution for FYE 9/30/2019*	
					Percentage	Dollar Amount
Non-General Fund Members	\$ 665,347	24.93%	\$ 32,514,015	27.75%	27.37%	\$ 6,899,409
Grandfathered Non-General Fund Members	205,459	7.70%	5,598,576	4.78%	5.17%	1,303,466
General Fund Members	1,593,103	59.70%	73,475,630	62.72%	62.31%	15,706,214
Grandfathered General Fund Members	204,756	7.67%	5,569,488	4.75%	5.15%	1,297,157
Total	\$ 2,668,665	100.00%	\$ 117,157,709	100.00%	100.00%	\$ 25,206,246

* The Employer Normal Cost is allocated based on each group's percentage of the Employer Normal Cost for benefits and the annual payment to amortize the UAL is allocated based on each group's percentage of the Actuarial Accrued Liability for active members.

ACTUARIAL VALUE OF BENEFITS AND ASSETS

A. Valuation Date	October 1, 2017 <i>After Change</i>	October 1, 2017 <i>Before Change</i>	October 1, 2016
B. Actuarial Present Value of All Projected Benefits for			
1. Active Members			
a. Service Retirement Benefits	\$ 135,090,293	\$ 133,013,247	\$ 124,848,053
b. Vesting Benefits	8,473,716	8,294,028	8,075,384
c. Disability Benefits	11,641,867	11,483,933	10,682,198
d. Preretirement Death Benefits	4,519,760	4,449,281	4,239,030
e. Return of Member Contributions	1,237,261	1,235,211	1,080,982
f. Total	160,962,897	158,475,700	148,925,647
2. Inactive Members			
a. Service Retirees & Beneficiaries	358,655,919	355,285,748	345,226,087
b. Disability Retirees	15,556,396	15,417,515	15,429,493
c. Terminated Vested Members	10,793,879	10,630,567	13,902,853
d. Total	385,006,194	381,333,830	374,558,433
3. Total for All Members	545,969,091	539,809,530	523,484,080
C. Actuarial Accrued (Past Service) Liability (Entry Age Normal)	502,163,903	497,099,589	483,798,487
D. Actuarial Value of Accumulated Plan Benefits per FASB No. 35	486,432,059	481,307,271	469,095,250
E. Plan Assets			
1. Market Value	320,901,612	320,901,612	291,170,303
2. Actuarial Value	311,932,945	311,932,945	288,322,823
F. Unfunded Accrued Liability: C - E2	190,230,958	185,166,644	195,475,664
G. Actuarial Present Value of Projected Covered Payroll	326,729,510	324,952,983	296,493,174
H. Actuarial Present Value of Projected Member Contributions	26,138,361	25,996,239	23,719,455
I. Accumulated Contributions of Active Members	26,468,524	26,468,524	24,640,302

CALCULATION OF EMPLOYER NORMAL COST

A. Valuation Date	October 1, 2017 <i>After Change</i>	October 1, 2017 <i>Before Change</i>	October 1, 2016
B. Normal Cost for			
1. Service Retirement Benefits	\$ 3,897,511	\$ 3,811,759	\$ 3,531,292
2. Vesting Benefits	812,890	793,730	752,364
3. Disability Benefits	751,868	742,093	667,392
4. Preretirement Death Benefits	222,307	218,322	202,496
5. Return of Member Contributions	309,416	310,633	277,965
6. Total for Future Benefits	5,993,992	5,876,537	5,431,509
7. Assumed Amount for Administrative Expenses	486,528	486,528	298,730
8. Total Normal Cost	6,480,520	6,363,065	5,730,239
C. Expected Member Contribution	3,325,327	3,325,327	3,025,479
D. Employer Normal Cost: B8-C	3,155,193	3,037,738	2,704,760
E. Employer Normal Cost as % of Covered Payroll	7.59 %	7.31 %	7.15 %

LIQUIDATION OF THE UNFUNDED ACTUARIAL ACCRUED LIABILITY

A. UAAL Amortization Period and Payments						
Original UAAL			Current UAAL			
Date Established	Source	Amount	Years Remaining	Amount	Payment	
					After Changes	Before Changes
10/1/08	Combined Base	\$ 120,402,171	11	\$ 98,705,723	\$ 12,601,510	\$ 12,651,604
10/1/08	Assumption Change	6,133,233	21	6,492,747	584,015	588,044
10/1/09	Experience Loss	21,720,025	22	21,419,267	1,890,128	1,903,618
10/1/10	Experience Loss	5,090,043	23	4,945,394	428,850	432,009
10/1/10	Assumption Change	(11,684,981)	23	(11,352,918)	(984,491)	(991,745)
10/1/10	Plan Change	(17,448,058)	23	(16,952,222)	(1,470,046)	(1,480,877)
10/1/11	Experience Loss	26,493,199	24	25,687,084	2,192,245	2,208,884
10/1/12	Experience Loss	16,888,651	25	16,187,280	1,361,461	1,372,085
10/1/13	Experience Loss	934,513	26	901,047	74,777	75,375
10/1/13	Plan Change	5,490,249	26	5,293,627	439,311	442,829
10/1/13	Assumption Change	23,450,820	26	22,610,980	1,876,453	1,891,482
10/1/14	Experience Gain	(4,233,453)	27	(4,090,291)	(335,304)	(338,056)
10/1/14	Assumption Change	5,726,542	27	5,532,888	453,562	457,284
10/1/15	Experience Gain	(3,077,339)	28	(3,015,895)	(244,457)	(246,509)
10/1/15	Assumption Change	4,368,350	28	4,281,130	347,012	349,926
10/1/15	Plan Change	598,036	28	586,096	47,507	47,906
10/1/16	Experience Gain	(11,069,062)	29	(10,985,444)	(881,252)	(888,811)
10/1/16	Assumption Change	23,064,814	29	22,890,578	1,836,281	1,852,033
10/1/17	Experience Gain	(3,970,427)	30	(3,970,427)	(315,483)	(318,244)
10/1/17	Assumption Change	5,064,314	30	5,064,314	402,401	N/A
		\$ 213,941,640		\$ 190,230,958	\$ 20,304,480	\$ 20,008,837

B. Amortization Schedule

The UAAL is being liquidated as a level percent of payroll over the number of years remaining in the amortization period. The expected amortization schedule is as follows:

Amortization Schedule	
Year	Expected UAAL
2017	\$ 190,230,958
2018	182,840,900
2019	174,889,188
2020	166,333,146
2021	157,126,844
2022	147,220,864
2027	85,186,570
2032	56,452,454
2037	33,184,087
2042	6,849,329
2047	0

ACTUARIAL GAINS AND LOSSES

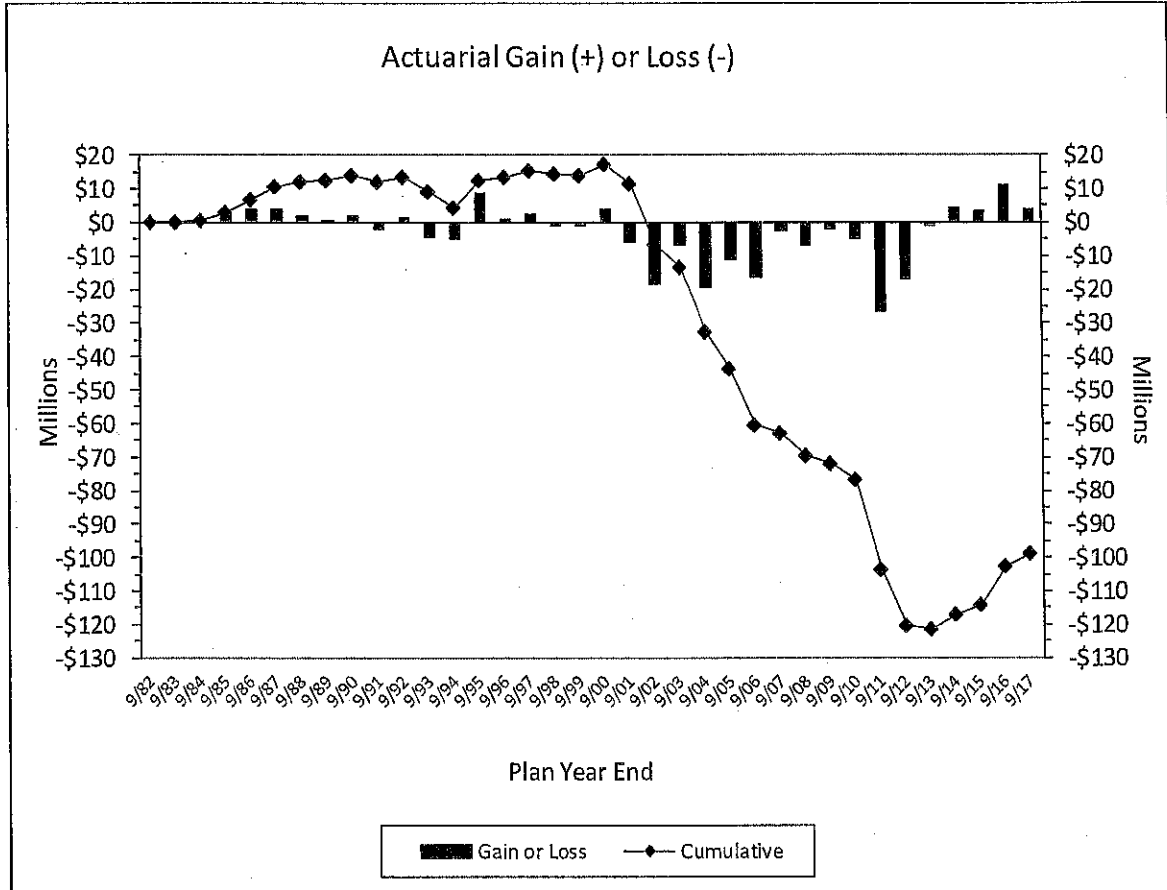
The assumptions used to anticipate mortality, employment turnover, investment income, expenses, salary increases, and other factors have been based on long range trends and expectations. Actual experience can vary from these expectations. The variance is measured by the gain and loss for the period involved. If significant long term experience reveals consistent deviation from what has been expected and that deviation is expected to continue, the assumptions should be modified. The net actuarial gain (loss) for the past year is computed as follows:

1. Last Year's UAAL (After Changes in Benefits, Assumptions, or Methods)	\$ 195,475,664
2. Last Year's Employer Normal Cost	2,704,760
3. Last Year's Employer Contributions	23,189,007
4. Interest at the Assumed Rate on:	
a. 1 and 2 for one year	15,259,893
b. 3 from dates paid	1,114,239
c. a - b	14,145,654
5. This Year's Expected UAAL (Before any Changes in Assumptions or Benefits): 1 + 2 - 3 + 4c	189,137,071
6. Change in UAAL Due to Change in Assumptions/Methods	5,064,314
7. Change in UAAL Due to Change in Benefits	0
8. This Year's Expected UAAL (After Changes in Assumptions and Benefits): 5 + 6 + 7	194,201,385
9. This Year's Actual UAAL (After Changes in Assumptions and Benefits)	190,230,958
10. Net Actuarial Gain (Loss): 8 - 9	3,970,427
11. Gain (Loss) Due to Investments	5,079,325
12. Gain (Loss) From Other Sources	(1,108,898)

Net actuarial gains in previous years have been as follows:

Year Ended	Net Gain (Loss)	
	Prior*	Supplemental
9/30/1982	\$ 357,574	\$ (293,400)
9/30/1983	(53,055)	(47,952)
9/30/1984	655,952	13,007
9/30/1985	1,910,328	214,974
9/30/1986	3,522,953	387,117
9/30/1987	3,085,353	541,011
9/30/1988	1,673,391	(20,803)
9/30/1989	631,806	(395,640)
9/30/1990	2,021,350	(117,331)
9/30/1991	(2,112,517)	N/A
9/30/1992	1,394,549	N/A
9/30/1993	(4,345,862)	N/A
9/30/1994	(4,780,402)	N/A
9/30/1995	8,381,537	N/A
9/30/1996	694,600	N/A
9/30/1997	2,097,065	N/A
9/30/1998	(859,539)	N/A
9/30/1999	(828,976)	N/A
9/30/2000	3,710,238	N/A
9/30/2001	(6,021,041)	N/A
9/30/2002	(18,219,741)	N/A
9/30/2003	(6,740,689)	N/A
9/30/2004	(19,270,365)	N/A
9/30/2005	(11,135,131)	N/A
9/30/2006	(16,622,969)	N/A
9/30/2007	(2,621,034)	N/A
9/30/2008	(6,640,889)	N/A
9/30/2009	(2,172,025)	N/A
9/30/2010	(5,090,043)	N/A
9/30/2011	(26,493,199)	N/A
9/30/2012	(16,888,651)	N/A
9/30/2013	(934,513)	N/A
9/30/2014	4,233,453	N/A
9/30/2015	3,077,339	N/A
9/30/2016	11,069,062	N/A
9/30/2017	3,970,427	N/A

* After 1990, these are the figures for the entire System.



The fund earnings and salary increase assumptions have considerable impact on the cost of the Plan so it is important that they are in line with the actual experience. The following table shows the actual fund earnings and salary increase rates compared to the assumed rates for the last several years:

Year Ending	Investment Return		Salary Increases			
	Actual	Assumed	Prior Members		Other Members ¹	
			Actual	Assumed	Actual	Assumed
9/30/1977	8.9 %	5.0 %	10.0 %	3.0 %	N/A %	N/A %
9/30/1978	9.5	6.5	8.3	5.0	7.1	5.0
9/30/1979	8.8	6.5	8.1	5.0	14.1	5.0
9/30/1980	8.4	6.5	18.5	5.0	24.8	5.0
9/30/1981	0.4	6.5	11.0	5.0	12.1	5.0
9/30/1982	9.2	8.0	4.2	8.0	7.6	8.0
9/30/1983	9.8	8.0	6.5	8.0	9.2	8.0
9/30/1984	10.3	8.0	5.1	8.0	8.4	8.0
9/30/1985	13.7	8.0	5.1	8.0	7.2	8.0
9/30/1986	16.1	8.0	2.8	8.0	4.7	8.0
9/30/1987	14.4	8.0	4.6	8.0	6.0	8.0
9/30/1988	11.2	7.5	8.3	7.0	10.0	8.0
9/30/1989	11.5	7.5	11.8	7.0	12.9	8.0
9/30/1990	10.6	7.5	3.5	7.0	5.8	8.0
9/30/1991	7.9	8.75	2.5	7.0	5.0	8.0
9/30/1992	10.8	8.75	2.9	7.0	5.9	8.0
9/30/1993	7.1	8.75	6.4	7.0	9.9	8.0
9/30/1994	0.9	8.3	N/A ²	5.7	N/A ²	5.7
9/30/1995	14.6	8.3	N/A	N/A	6.5	5.7
9/30/1996	12.3	8.3	N/A	N/A	7.3	5.7
9/30/1997	11.0	8.3	N/A	N/A	7.4	5.7
9/30/1998	10.2	8.3	N/A	N/A	5.0	5.7
9/30/1999	11.0	8.3	N/A	N/A	8.4	5.7
9/30/2000	12.7	8.3	N/A	N/A	5.3	5.7
9/30/2001	8.1	8.3	N/A	N/A	7.0	5.7
9/30/2002	0.5	8.3	N/A	N/A	7.9	5.7
9/30/2003	5.0	8.3	N/A	N/A	6.9	5.0
9/30/2004	4.4	8.3	N/A	N/A	8.2	6.0
9/30/2005	3.0	8.3	N/A	N/A	9.3	6.1
9/30/2006	6.0	8.3	N/A	N/A	7.0	5.7
9/30/2007	9.6	8.3	N/A	N/A	7.3	5.5
9/30/2008	4.3	8.3	N/A	N/A	5.8	5.7
9/30/2009	(1.0)	8.0	N/A	N/A	3.2	6.6
9/30/2010	5.4	8.0	N/A	N/A	1.9	6.2
9/30/2011	0.8	8.0	N/A	N/A	(0.6)	(1.5) ³
9/30/2012	1.9	8.0	N/A	N/A	0.2	1.4 ⁴
9/30/2013	7.2	8.0	N/A	N/A	1.9	5.8
9/30/2014	9.8	8.0	N/A	N/A	5.8	5.8
9/30/2015	8.5	7.9	N/A	N/A	5.2	4.9
9/30/2016	10.3	7.8	N/A	N/A	7.4	5.0
9/30/2017	9.5	7.7	N/A	N/A	6.2	5.1
Averages	8.1 %	---	7.0 %	---	7.1 %	---

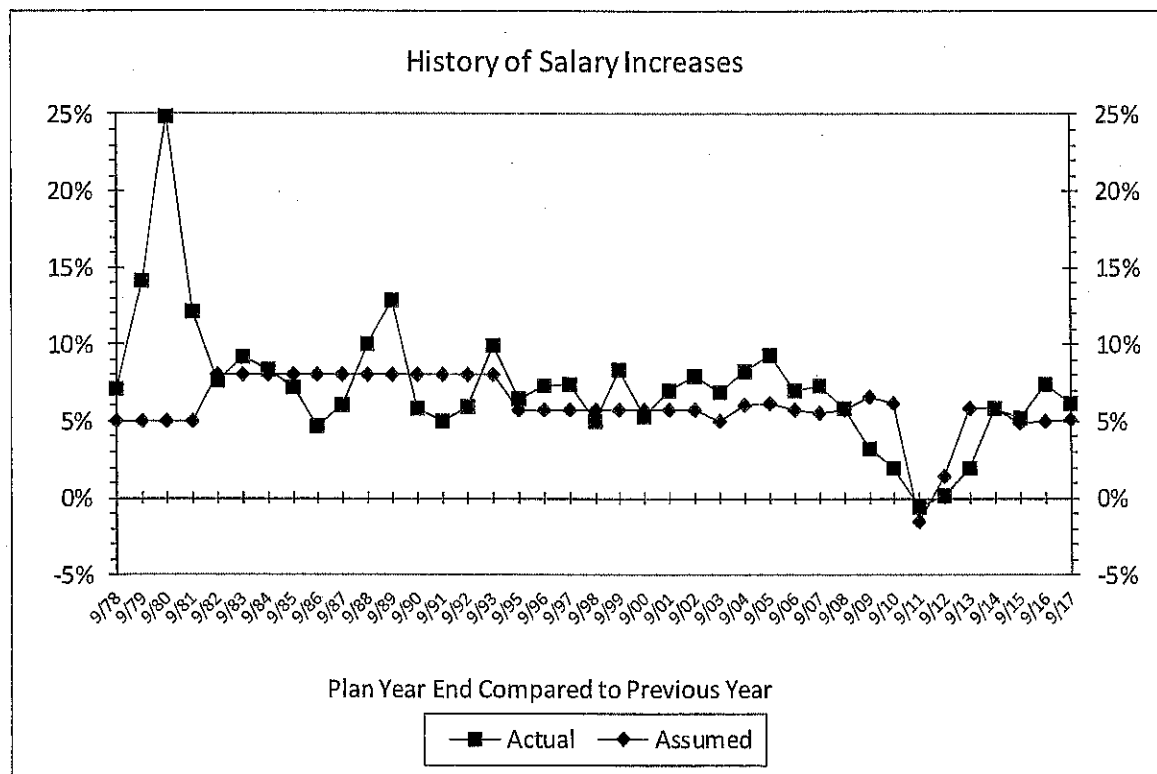
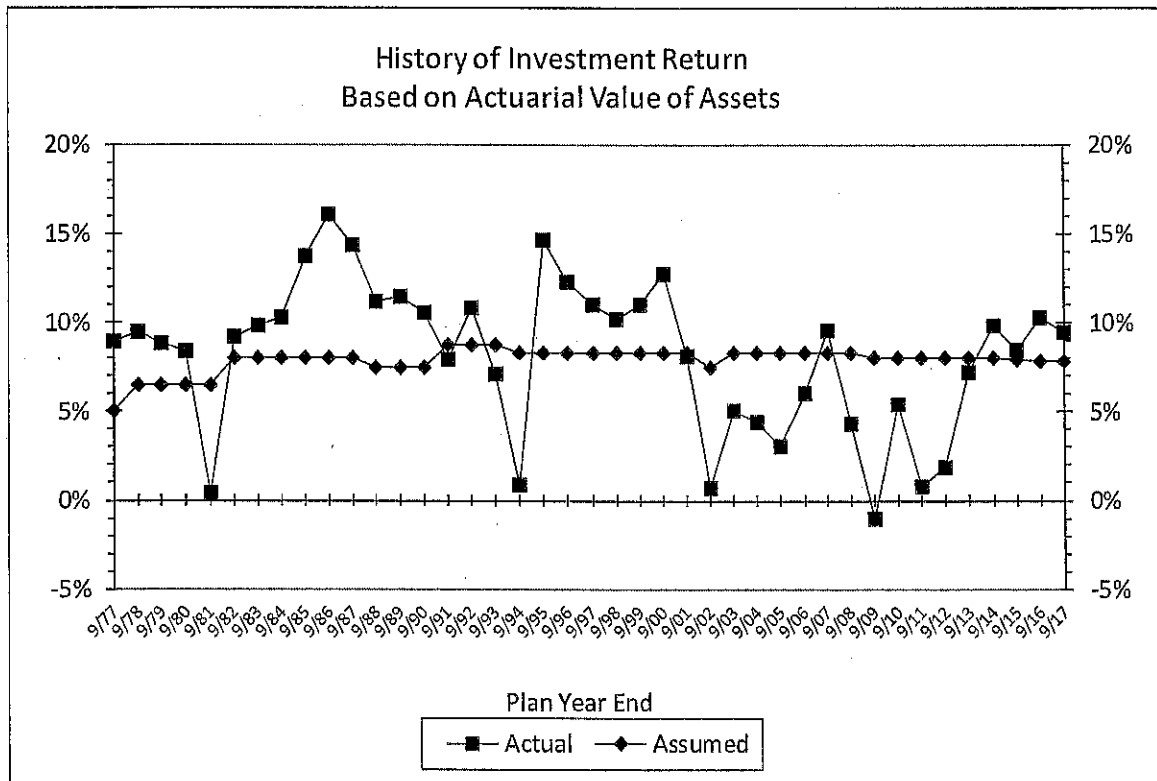
¹ All members after 9/30/1994.

² Because the salary basis reported to the actuaries changed from 10/1/1993 to 10/1/1994, a meaningful salary increase figure was not computed.

³ Reflects a one-time pay reduction for general fund members and no pay increases for non-general fund members.

⁴ Reflects no pay increases for general fund members.

The actual investment return rates shown on the previous page are based on the actuarial value of assets. The actual salary increase rates shown on the previous page are the increases received by those active members who were included in the actuarial valuations both at the beginning and the end of each year.



**Actual (A) Compared to Expected (E) Decrements
Among Active Employees**

Year Ended	Number Added During Year		Service & DROP Retirement		Disability Retirement		Death		Terminations				Active Members End of Year
	A	E	A	E	A	E	A	E	Vested	Other	Totals		
									A	A	A	E	
9/30/2010	7	56	26	14	3	3	1	1	13	13	26	26	668
9/30/2011	12	146	114	16	2	3	1	1	15	14	29	22	534
9/30/2012	35	47	22	8	3	2	0	1	10	12	22	19	522
9/30/2013	41	47	19	7	1	2	0	1	12	15	27	18	516
9/30/2014	78	57	28	50	1	2	1	1	17	10	27	17	537
9/30/2015	86	49	17	9	1	2	0	1	6	25	31	26	574
9/30/2016	72	40	6	9	1	3	1	1	8	24	32	32	606
9/30/2017	64	34	16	11	0	3	1	1	0	17	17	36	636
9/30/2018				12		3		1				39	
8 Yr Totals *	395	476	248	124	12	20	5	8	81	130	211	196	

* Totals are through current Plan Year only.

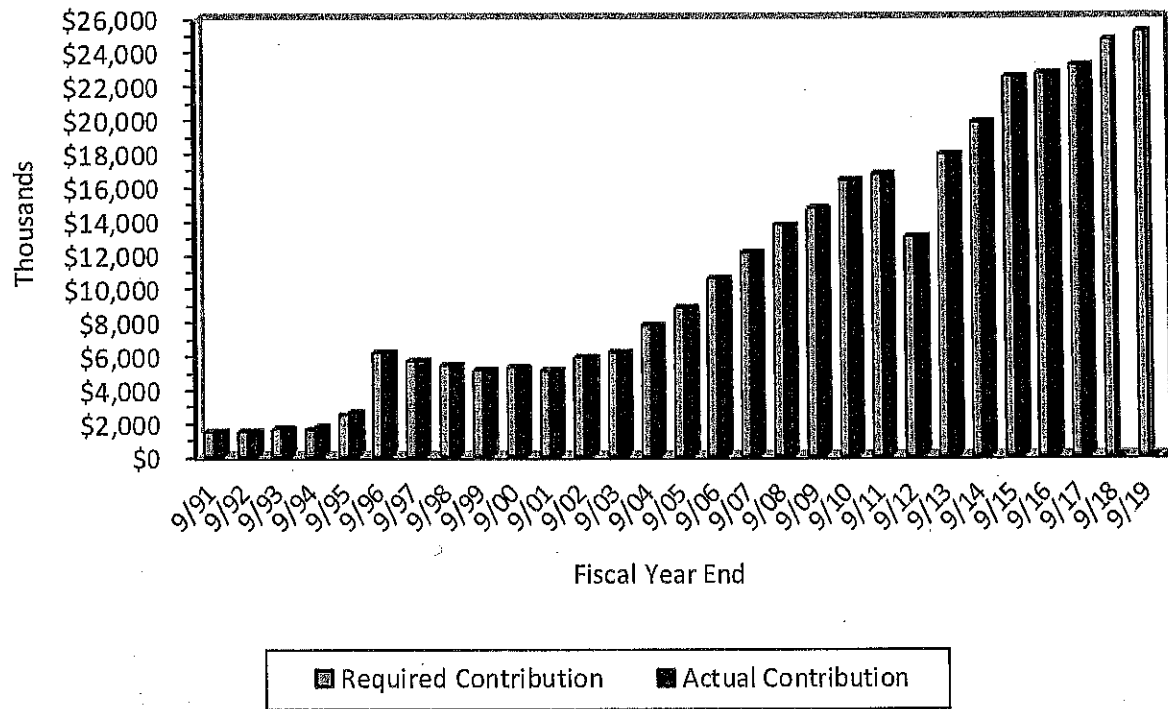
RECENT HISTORY OF VALUATION RESULTS									
Valuation Date	Number of		Covered Annual Payroll	Actuarial Value of Assets	Actuarial Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Employer Normal Cost (NC)	NC as % of Payroll
	Active Members*	Inactive Members							
10/1/1991	755	411	\$ 20,630,207	\$ 76,669,632	\$ 79,506,348	\$ 2,836,716	96.4 %	\$ 1,043,805	5.06 %
10/1/1992	727	439	20,191,327	83,752,649	85,450,424	1,697,775	98.0	860,076	4.26
10/1/1993	736	469	22,147,889	88,296,336	95,668,897	7,372,561	92.3	1,520,178	6.86
10/1/1994	587	667	18,757,186	88,937,435	129,179,737	40,242,302	68.8	2,241,185	11.95
10/1/1995	659	662	21,560,893	100,881,259	135,034,342	34,153,083	74.7	1,507,437	6.99
10/1/1996	742	656	24,532,562	112,060,623	141,765,578	29,704,955	79.0	1,405,716	5.73
10/1/1997	739	656	25,596,439	121,232,151	146,459,241	25,227,090	82.8	1,210,712	4.73
10/1/1998	773	645	27,581,966	129,407,169	154,243,888	24,836,719	83.9	1,412,197	5.12
10/1/1999	776	648	28,950,262	141,673,440	172,564,633	30,891,193	82.1	1,809,391	6.25
10/1/2000	778	668	30,000,733	156,750,497	189,916,733	33,166,236	82.5	1,983,048	6.61
10/1/2002	878	722	36,664,439	164,597,832	213,758,531	49,160,699	77.0	3,810,183	10.39
10/1/2003	872	745	38,497,328	175,458,765	233,155,961	57,697,196	75.3	4,123,269	10.71
10/1/2004	879	770	40,421,513	180,192,031	257,632,743	77,440,712	69.9	4,451,446	11.01
10/1/2005	840	811	41,480,512	185,301,557	275,757,219	90,455,662	67.2	4,704,515	11.34
10/1/2006	825	851	41,755,261	195,193,325	303,778,626	108,585,301	64.3	4,949,811	11.85
10/1/2007	827	885	45,999,379	212,980,592	325,892,851	112,912,259	65.4	5,342,240	11.61
10/1/2008	792	900	45,848,717	222,098,827	348,634,231	126,535,404	63.7	6,445,410	14.05
10/1/2009	717	927	44,084,422	220,155,870	369,526,337	149,370,467	59.6	5,138,036	11.65
10/1/2010	668	947	38,748,664	223,942,457	351,118,031	127,175,574	63.8	2,971,772	7.67
10/1/2011	534	1,053	29,823,518	224,237,503	376,225,569	151,988,066	59.6	2,187,628	7.34
10/1/2012	522	1,074	29,111,818	217,907,548	387,472,215	169,564,667	56.2	2,191,076	7.53
10/1/2013	516	1,091	28,007,058	227,700,385	424,004,184	196,303,799	53.7	2,324,011	8.30
10/1/2014	537	1,112	31,028,415	243,861,301	438,745,548	194,884,247	55.6	2,075,371	6.69
10/1/2015	574	1,119	34,141,024	262,500,651	452,766,023	190,265,372	58.0	2,304,306	6.75
10/1/2016	606	1,117	37,818,489	288,322,823	483,798,487	195,475,664	59.6	2,704,760	7.15
10/1/2017	636	1,119	41,566,583	311,932,945	502,163,903	190,230,958	62.1	3,155,193	7.59

* Excludes transfers.



RECENT HISTORY OF REQUIRED AND ACTUAL CONTRIBUTIONS				
Valuation Date	For Fiscal Year Ended September 30	Required City Contribution		Actual City Contribution
		Amount	% of Payroll	
10/1/89	1991	\$ 1,437,693	7.43 %	\$ 1,484,132
10/1/90	1992	1,473,155	7.07	1,484,743
10/1/91	1993	1,617,462	7.84	1,623,342
10/1/92	1994	1,554,337	7.70	1,758,060
10/1/93	1995	2,458,234	11.10	2,648,667
10/1/94	1996	6,169,517	32.89	6,169,521
10/1/95	1997	5,647,078	26.19	5,647,180
10/1/96	1998	5,399,263	22.01	5,399,263
10/1/97	1999	5,101,822	19.93	5,101,822
10/1/98	2000	5,256,720	19.06	5,256,720
10/1/99	2001	5,071,643	17.52	5,071,643
10/1/00	2002	5,878,301	18.09	5,878,301
10/1/01	2003	6,164,953	18.09	6,164,953
10/1/02	2004	7,805,841	20.57	7,805,841
10/1/03	2005	8,817,640	22.13	8,817,640
10/1/04	2006	10,559,474	25.24	10,559,474
10/1/05	2007	12,087,074	28.15	12,087,074
10/1/06	2008	13,761,179	31.84	13,761,179
10/1/07	2009	14,743,450	30.97	14,743,450
10/1/08	2010	16,406,324	34.58	16,406,324
10/1/09	2011	16,734,454	36.68	16,734,454
10/1/10	2012	13,050,878	36.14	13,050,878
10/1/11	2013	17,913,508	59.43	17,913,508
10/1/12	2014	19,834,090	67.51	19,834,090
10/1/13	2015	22,547,585	80.30	22,547,585
10/1/14	2016	22,716,242	65.62	22,716,242
10/1/15	2017	23,189,007	66.33	23,189,007
10/1/16	2018	24,702,602	63.11	---
10/1/17	2019	25,206,246	58.59	---

Recent History of Required and Actual Contributions



ACTUARIAL ASSUMPTIONS AND COST METHOD

Valuation Methods

Actuarial Cost Method - Normal cost and the allocation of benefit values between service rendered before and after the valuation date were determined using an **Individual Entry-Age Actuarial Cost Method** having the following characteristics:

- (i) the annual normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement;
- (ii) each annual normal cost is a constant percentage of the member's year by year projected covered pay.

Actuarial gains/(losses), as they occur, reduce (increase) the Unfunded Actuarial Accrued Liability.

Financing of Unfunded Actuarial Accrued Liabilities - Unfunded Actuarial Accrued Liabilities (full funding credit if assets exceed liabilities) were amortized by level (principal & interest combined) percent-of-payroll contributions over a reasonable period of future years.

Actuarial Value of Assets - The Actuarial Value of Assets phases in the difference between the actual return on market value and the expected return on Actuarial Value of Assets at the rate of 20% per year. The Actuarial Value of Assets will be further adjusted to the extent necessary to fall within the corridor whose lower limit is 80% of the Market Value of plan assets and whose upper limit is 120% of the Market Value of plan assets. During periods when investment performance exceeds the assumed rate, Actuarial Value of Assets will tend to be less than Market Value. During periods when investment performance is less than assumed rate, Actuarial Value of Assets will tend to be greater than Market Value.

Valuation Assumptions

The actuarial assumptions used in the valuation are shown in this Section. Both the economic and demographic assumptions were established following the Experience Study Report as of October 1, 2014 covering the five years ending September 30, 2014. The mortality table is based on the assumption used by the Florida Retirement System, as required by Florida House Bill 1309 (codified in Chapter 2015-157).

Economic Assumptions

The investment return rate assumed in the valuation is 7.6% per year, compounded annually (net after investment expenses). The investment return rate will continue to be lowered by 0.1% each year until 7.5% is reached.

The **Wage Inflation Rate** assumed in this valuation was 2.5% per year. The Wage Inflation Rate is defined to be the portion of total pay increases for an individual that are due to macro economic forces including productivity, price inflation, and labor market conditions. The wage inflation rate does not include pay changes related to individual merit and seniority effects.

The assumed **real rate of return** over wage inflation is defined to be the portion of total investment return that is more than the assumed wage inflation rate. Considering other economic assumptions, the 7.6% investment return rate translates to an assumed real rate of return over wage inflation of 5.1%.

The active member population is assumed to remain constant. For purposes of financing the unfunded liabilities, total payroll is assumed to grow at 3.5% per year, but not greater than the actual ten-year average. The most recent ten-year average is below 0%.

Total payroll is projected to the contribution year by applying a 3.5% payroll increase assumption.

Pay increase assumptions for individual active members are shown below. Part of the assumption for each age is for merit and/or seniority increase, and the other 2.5% recognizes wage inflation, including price inflation, productivity increases, and other macro economic forces.

The rates of salary increase used for general employees are in accordance with the following table. This assumption is used to project a member's current salary to the salaries upon which benefits will be based. The dollar balance of unused sick leave and unused vacation leave are added to Average Final Compensation to reflect the inclusion of unused leave in Average Final Compensation at retirement or termination. For general fund members who are not normal retirement eligible as of September 30, 2011 and for non-general fund members who are not normal retirement eligible as of March 5, 2014, adjustments are not made for unused vacation leave and unused sick leave for benefits accrued after September 30, 2011 and March 5, 2014, respectively.

Years of Service	% Increase in Salary		
	Merit and Seniority	Base (Economic)	Total Increase
1	5.00 %	2.50 %	7.50
2	4.25	2.50	6.75
3	4.25	2.50	6.75
4	4.25	2.50	6.75
5	4.25	2.50	6.75
6	4.25	2.50	6.75
7	4.25	2.50	6.75
8	4.25	2.50	6.75
9	4.25	2.50	6.75
10	5.50	2.50	8.00
11	0.50	2.50	3.00
12	0.50	2.50	3.00
13	0.50	2.50	3.00
14	0.50	2.50	3.00
15	4.50	2.50	7.00
16	0.50	2.50	3.00
17	0.50	2.50	3.00
18	0.50	2.50	3.00
19	0.50	2.50	3.00
20	2.50	2.50	5.00
21 or more	0.50	2.50	3.00

Demographic Assumptions

The mortality table for healthy lives is the RP-2000 Combined Healthy Participant Mortality Table (for pre-retirement mortality) and the RP-2000 Mortality Table for Annuitants (for post-retirement mortality), with mortality improvements projected to all future years after 2000 using Scale BB. For males, the base mortality rates include a 50% blue collar adjustment and a 50% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment. These are the same rates used for Regular Class members of the Florida Retirement System (FRS) in their July 1, 2016 actuarial valuation report, as mandated by Florida House Bill 1309.

FRS Healthy Post-Retirement Mortality for Regular Class Members

Sample Attained Ages (in 2017)	Probability of Dying Next Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
50	0.55 %	0.23 %	34.66	38.31
55	0.60	0.32	30.03	33.29
60	0.76	0.47	25.36	28.39
65	1.15	0.74	20.84	23.65
70	1.78	1.24	16.59	19.19
75	2.97	2.09	12.73	15.11
80	5.03	3.51	9.40	11.49

FRS Healthy Pre-Retirement Mortality for Regular Class Members

Sample Attained Ages (in 2017)	Probability of Dying Next Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
50	0.21 %	0.15 %	35.58	38.66
55	0.36	0.24	30.46	33.51
60	0.61	0.39	25.53	28.49
65	1.08	0.70	20.88	23.67
70	1.78	1.24	16.59	19.19
75	2.97	2.09	12.73	15.11
80	5.03	3.51	9.40	11.49

For active transfers, the RP-2000 Mortality Table for Annuitants (for post-retirement mortality) was used, with mortality improvements projected to all future years after 2000 using Scale BB. For males, the base mortality rates include a 90% blue collar adjustment and a 10% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment. These are the same rates used for Special Risk Class members of the Florida Retirement System (FRS) in their July 1, 2016 actuarial valuation report, as mandated by Florida House Bill 1309.

FRS Healthy Post-Retirement Mortality for Special Risk Class Members

Sample Attained Ages (in 2017)	Probability of Dying Next Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
50	0.54 %	0.23 %	33.90	38.31
55	0.67	0.32	29.26	33.29
60	0.90	0.47	24.68	28.39
65	1.31	0.74	20.28	23.65
70	2.01	1.24	16.15	19.19
75	3.26	2.09	12.43	15.11
80	5.37	3.51	9.23	11.49

For disabled lives, the RP-2000 Mortality Table for Disabled Annuitants was used, with a two year set forward for females and a four year setback for males, with no provision being made for future mortality improvements. These are the same rates used for Regular Class members of the Florida Retirement System (FRS) in their July 1, 2016 actuarial valuation report, as mandated by Florida House Bill 1309.

Sample Attained Ages (in 2017)	Probability of Dying Next Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
50	2.38 %	1.35 %	20.25	23.74
55	3.03	1.87	17.78	20.46
60	3.67	2.41	15.55	17.43
65	4.35	3.13	13.44	14.58
70	5.22	4.29	11.39	11.96
75	6.58	5.95	9.43	9.65
80	8.70	8.23	7.65	7.66

The rates of retirement used to measure the probability of eligible members retiring during the next year were as follows:

**General Fund Members Hired Before October 1, 2001 and
Non-General Fund Members Hired Before March 5, 2004**

Age	Years of Service				
	5-14	15 - 19	20 - 24	25 - 29	30 +
<=49	0.0 %	0.0 %	0.0 %	5.0 %	15.0 %
50 - 51	0.0	0.0	0.0	5.0	15.0
52 - 54	0.0	0.0	0.0	10.0	10.0
55	2.5	5.0	7.5	15.0	15.0
56	2.5	2.5	2.5	15.0	15.0
57 - 59	2.5	2.5	2.5	22.5	60.0
60 - 61	5.0	5.0	5.0	22.5	60.0
62	10.0	10.0	10.0	100.0	100.0
63 - 64	5.0	5.0	5.0	100.0	100.0
65 - 69	45.0	60.0	75.0	100.0	100.0
70 +	100.0	100.0	100.0	100.0	100.0

**General Fund Members Hired After September 30, 2001 and
Non-General Fund Members Hired After March 5, 2004**

Age	Years of Service				
	7 - 14	15 - 19	20 - 24	25 - 29	30+*
60	0.0 %	0.0 %	0.0 %	0.0 %	30.0 %
61	0.0	0.0	0.0	0.0	30.0
62	0.0	0.0	0.0	100.0	100.0
63	0.0	0.0	0.0	100.0	100.0
64	0.0	0.0	0.0	100.0	100.0
65	15.0	20.0	25.0	100.0	100.0
66	22.5	22.5	22.5	100.0	100.0
67	30.0	30.0	30.0	100.0	100.0
68	37.5	37.5	37.5	100.0	100.0
69	45.0	45.0	45.0	100.0	100.0
70	100.0	100.0	100.0	100.0	100.0

* Upon attaining 30 years of service, the retirement rates for the first and second years of eligibility are 30% and the rate for the third year is 100% (regardless of age).

Rates of separation from active membership were as shown below (rates do not apply to members eligible to retire and do not include separation on account of death or disability). This assumption measures the probabilities of members remaining in employment.

Sample Ages	Years of Service	% of Active Members Separating Within Next Year
ALL	0	13.0 %
	1	12.0
	2	12.0
	3	11.0
	4	10.0
20	5 & Over	12.0
25		12.0
30		12.0
35		8.0
40		3.8
45		2.0
50		2.0
55		2.0
60		2.0

Rates of disability among active members (25% of disabilities are assumed to be service-connected).

Sample Ages	% Becoming Disabled Within Next Year
20	0.06 %
25	0.08
30	0.10
35	0.13
40	0.17
45	0.27
50	0.46
55	0.86
60	1.49

Changes Since Previous Valuation

The investment return assumption was changed from 7.7% to 7.6% effective October 1, 2017.

Miscellaneous and Technical Assumptions

Administrative & Investment Expenses

The investment return assumption is intended to be the return net of investment expenses. Annual administrative expenses are assumed to be equal to the prior year's expenses. Assumed administrative expenses are added to the Normal Cost.

Benefit Service

Exact fractional service is used to determine the amount of benefit payable.

COLA

The COLA delay is 3 years for projected benefits of active members who are not eligible to enter the DROP. The COLA delay is assumed to be 6 years for current DROP members who entered the DROP after August 17, 2009.

Decrement Operation

Disability and mortality decrements operate during retirement eligibility.

Decrement Timing

Decrement of all types are assumed to occur at the beginning of the year.

Eligibility Testing

Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.

Forfeitures

For vested separations from service, it is assumed that 0% of members separating will withdraw their contributions and forfeit an employer financed benefit. It was further assumed that the liability at termination is the greater of the vested deferred benefit (if any) or the member's accumulated contributions.

Incidence of Contributions

Employer contributions are assumed to be made in equal installments biweekly throughout the year. Member contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made.

Marriage Assumption

100% of males and 100% of females are assumed to be married for purposes of death-in-service benefits. Male spouses are assumed to be three years older than female spouses for active member valuation purposes.

Maximum Benefit

The maximum accrued benefit payable as a life annuity reflects the 415(b) limit (\$215,000 for 2017 for ages 62 through 65). The limitation is projected to increase by 4.0% per year and is adjusted for other commencement ages based on IRS regulations.

Normal Form of Benefit

A life annuity is the normal form of benefit.

Pay Increase Timing

Beginning of fiscal year. This is equivalent to assuming that reported pays represent amounts paid to members during the year ended on the valuation date.

Planned Retirement Program

Eligible members are assumed to first elect the Planned Retirement Program once they are five years past their earliest normal retirement date.

Employees who enter the Planned Retirement Program are assumed to elect the following benefit with the greatest value:

- Value of the normal retirement benefit
- Value of the one to five year Planned Retirement Program benefit. For example, a five year Planned Retirement Program present value is calculated as the accumulated value of the accrued benefit from five years ago plus the present value of this reduced benefit.

The deposits to the Planned Retirement Program accounts are credited with an assumed interest rate of 5.6% per year.

Service Credit Accruals

It is assumed that members accrue one year of service credit per year.

Pre-Funding of Supplemental Pension Distribution

Projected benefits for members eligible for the Supplemental Pension Distribution currently and in the future are loaded by 5.7% to recognize the effect of the Supplemental Pension Distribution in years when the investment return is above 12.1%.

GLOSSARY

<i>Actuarial Accrued Liability (AAL)</i>	The difference between the Actuarial Present Value of Future Benefits, and the Actuarial Present Value of Future Normal Costs.
<i>Actuarial Assumptions</i>	Assumptions about future plan experience that affect costs or liabilities, such as: mortality, withdrawal, disablement, and retirement; future increases in salary; future rates of investment earnings; future investment and administrative expenses; characteristics of members not specified in the data, such as marital status; characteristics of future members; future elections made by members; and other items.
<i>Actuarial Cost Method</i>	A procedure for allocating the Actuarial Present Value of Future Benefits between the Actuarial Present Value of Future Normal Costs and the Actuarial Accrued Liability.
<i>Actuarial Equivalent</i>	Of equal Actuarial Present Value, determined as of a given date and based on a given set of Actuarial Assumptions.
<i>Actuarial Present Value (APV)</i>	The amount of funds required to provide a payment or series of payments in the future. It is determined by discounting the future payments with an assumed interest rate and with the assumed probability each payment will be made.
<i>Actuarial Present Value of Future Benefits (APVFB)</i>	The Actuarial Present Value of amounts which are expected to be paid at various future times to active members, retired members, beneficiaries receiving benefits, and inactive, nonretired members entitled to either a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits and expenses when due.
<i>Actuarial Valuation</i>	The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a plan. An Actuarial Valuation for a governmental retirement system typically also includes calculations of items needed for compliance with GASB No. 67.
<i>Actuarial Value of Assets</i>	The value of the assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets or a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the actuarially determined contribution (ADC).

Amortization Method

A method for determining the Amortization Payment. The most common methods used are level dollar and level percentage of payroll. Under the Level Dollar method, the Amortization Payment is one of a stream of payments, all equal, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the Amortization Payment is one of a stream of increasing payments, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the stream of payments increases at the rate at which total covered payroll of all active members is assumed to increase.

Amortization Payment

That portion of the plan contribution or ADC which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.

Amortization Period

The period used in calculating the Amortization Payment.

Actuarially Determined Contribution (ADC)

The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation. The ADC consists of the Employer Normal Cost and Amortization Payment.

Closed Amortization Period

A specific number of years that is reduced by one each year, and declines to zero with the passage of time. For example if the amortization period is initially set at 30 years, it is 29 years at the end of one year, 28 years at the end of two years, etc.

Employer Normal Cost

The portion of the Normal Cost to be paid by the employer. This is equal to the Normal Cost less expected member contributions.

Equivalent Single Amortization Period

For plans that do not establish separate amortization bases (separate components of the UAAL), this is the same as the Amortization Period. For plans that do establish separate amortization bases, this is the period over which the UAAL would be amortized if all amortization bases were combined upon the current UAAL payment.

Experience Gain/Loss

A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two actuarial valuations. To the extent that actual experience differs from that assumed, Unfunded Actuarial Accrued Liabilities emerge which may be larger or smaller than projected. Gains are due to favorable experience, e.g., the assets earn more than projected, salaries do not increase as fast as assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. On the other hand, losses are the result of unfavorable experience, i.e., actual results that produce Unfunded Actuarial Accrued Liabilities which are larger than projected.

<i>Funded Ratio</i>	The ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability.
<i>GASB</i>	Governmental Accounting Standards Board.
<i>GASB No. 67 and GASB No. 68</i>	These are the governmental accounting standards that set the accounting rules for public retirement systems and the employers that sponsor or contribute to them. Statement No. 68 sets the accounting rules for the employers that sponsor or contribute to public retirement systems, while Statement No. 67 sets the rules for the systems themselves.
<i>Normal Cost</i>	The annual cost assigned, under the Actuarial Cost Method, to the current plan year.
<i>Open Amortization Period</i>	An open amortization period is one which is used to determine the Amortization Payment but which does not change over time. In other words, if the initial period is set as 30 years, the same 30-year period is used in determining the Amortization Period each year. In theory, if an Open Amortization Period is used to amortize the Unfunded Actuarial Accrued Liability, the UAAL will never completely disappear, but will become smaller each year, either as a dollar amount or in relation to covered payroll.
<i>Unfunded Actuarial Accrued Liability</i>	The difference between the Actuarial Accrued Liability and Actuarial Value of Assets.
<i>Valuation Date</i>	The date as of which the Actuarial Present Value of Future Benefits are determined. The benefits expected to be paid in the future are discounted to this date.

SECTION C

PENSION FUND INFORMATION

Statement of Plan Assets at Market Value

Item	September 30	
	2017	2016
A. Cash and Cash Equivalents (Operating Cash)	\$ -	\$ -
B. Receivables		
1. Member Contributions	\$ -	\$ -
2. Employer Contributions	7,426,299 *	4,811,883
3. Investment Income and Other Receivables	201,728	464,720
4. Total Receivables	\$ 7,628,027	\$ 5,276,603
C. Investments		
1. Money Market Shares	\$ 2,374,293	\$ 4,680,053
2. Corporate Equities	18,136,312	18,266,805
3. Corporate Bonds	10,269,099	41,041,214
4. U.S. Government Securities	15,539,417	35,967,006
5. Mutual Funds	191,707,448	-
6. Pooled Investment Funds	78,645,314	189,734,312
7. Total Investments	\$ 316,671,883	\$ 289,689,390
D. Liabilities		
1. Benefits Payable	\$ -	\$ -
2. Prepaid City Contributions	-	-
3. Accrued Expenses and Other Payables	(609,391)	(411,834)
4. Total Liabilities	\$ (609,391)	\$ (411,834)
E. Total Market Value of Assets Available for Benefits	\$ 323,690,519	\$ 294,554,159
F. DROP Accounts	\$ (2,788,907)	\$ (3,383,856)
G. Supplemental Pension Distribution	\$ -	\$ -
H. Market Value Net of Reserves	\$ 320,901,612	\$ 291,170,303
I. Allocation of Investments		
1. Money Market Shares	0.7%	1.6%
2. Corporate Equities	5.7%	6.3%
3. Corporate Bonds	3.2%	14.2%
4. U.S. Government Securities	4.9%	12.4%
5. Mutual Funds	60.7%	0.0%
6. Pooled Investment Funds	24.8%	65.5%
7. Total Investments	100.0%	100.0%

* Reflects the City contribution receivable due to underpayment in fiscal year ending September 30, 2017, as detailed in Section A.

Reconciliation of Plan Assets

Item	September 30	
	2017	2016
A. Market Value of Assets at Beginning of Year	\$ 294,554,159	\$ 278,216,562
B. Revenues and Expenditures		
1. Contributions		
a. Employee Contributions	\$ 3,185,801	\$ 3,088,620
b. Employer Contributions	23,177,284 *	22,705,809
c. County Contributions	11,723	10,433
d. Total	\$ 26,374,808	\$ 25,804,862
2. Investment Income		
a. Interest, Dividends, and Other Income	\$ 4,917,477	\$ 5,491,081
b. Net Realized/Unrealized Gains/(Losses)**	29,303,588	24,810,294
c. Investment Expenses	(1,002,227)	(1,077,150)
d. Net Investment Income	\$ 33,218,838	\$ 29,224,225
3. Benefits and Refunds		
a. Regular Monthly Benefits	\$ (28,703,921)	\$ (25,617,729)
b. Refunds	(166,465)	(271,849)
c. DROP Distributions	(1,100,372)	(12,503,182)
d. Supplemental Pension Distribution	-	-
e. Total	\$ (29,970,758)	\$ (38,392,760)
4. Administrative and Miscellaneous Expenses	\$ (486,528)	\$ (298,730)
5. Transfers	\$ -	\$ -
C. Market Value of Assets at End of Year	\$ 323,690,519	\$ 294,554,159
D. DROP Accounts	\$ (2,788,907)	\$ (3,383,856)
E. Supplemental Pension Distribution	\$ -	\$ -
F. Market Value Net of Reserves	\$ 320,901,612	\$ 291,170,303

* Includes \$7,426,299 City contribution receivable as detailed in Section A.

** The breakdown between realized and unrealized gains/(losses) was not provided.

Development of Actuarial Value of Assets

Valuation Date – September 30	2016	2017	2018	2019	2020	2021
A. Actuarial Value of Assets Beginning of Year	\$ 276,140,034	\$ 291,706,679				
B. Market Value End of Year	294,554,159	323,690,519				
C. Market Value Beginning of Year	278,216,562	294,554,159				
D. Non-Investment/Administrative Net Cash Flow	(12,886,628)	(4,082,478)				
E. Investment Income						
E1. Actual Market Total: B-C-D	29,224,225	33,218,838				
E2. Assumed Rate of Return	7.80%	7.70%				
E3. Assumed Amount of Return	21,546,544	22,018,326				
E4. Amount Subject to Phase-In: E1-E3	7,677,681	11,200,512				
F. Phased-In Recognition of Investment Income						
F1. Current Year: 0.2 x E4	1,535,536	2,240,102				
F2. First Prior Year	(3,182,294)	1,535,536	\$ 2,240,102			
F3. Second Prior Year	1,766,235	(3,182,294)	1,535,536	\$ 2,240,102		
F4. Third Prior Year	2,719,746	1,766,235	(3,182,294)	1,535,536	\$ 2,240,102	
F5. Fourth Prior Year	4,067,506	2,719,746	1,766,235	(3,182,294)	1,535,536	\$ 2,240,102
F6. Total Phase-Ins	6,906,729	5,079,325	2,359,579	593,344	3,775,638	2,240,102
G. Actuarial Value of Assets End of Year						
G1. Preliminary Actuarial Value of Assets End of Year:						
A+D+E3+F6	\$ 291,706,679	\$ 314,721,852				
G2. Upper Corridor Limit: 120%*B	353,464,991	388,428,623				
G3. Lower Corridor Limit: 80%*B	235,643,327	258,952,415				
G4. Actuarial Value of Assets End of Year	291,706,679	314,721,852				
G5. DROP Accounts	(3,383,856)	(2,788,907)				
G6. Supplemental Pension Distribution	-	-				
G7. Final Actuarial Value of Assets End of Year	288,322,823	311,932,945				
H. Difference between Market & Actuarial Value of Assets	2,847,480	8,968,667				
I. Actuarial Rate of Return	10.30%	9.48%				
J. Market Value Rate of Return	10.50%	11.50%				
K. Ratio of Actuarial Value of Assets to Market Value	99.03%	97.23%				

Reconciliation of DROP Accounts

<u>Year Ended 9/30</u>	<u>Balance at Beginning of Year</u>	<u>Adjustment</u>	<u>Credits</u>	<u>Interest</u>	<u>Distributions</u>	<u>Balance at End of Year</u>
2009	\$ 6,528,104	\$ -	\$ 2,274,151	\$ 419,340	\$ (1,708,212)	\$ 7,513,383
2010	7,513,383	-	2,973,674	585,319	(1,099,439)	9,972,937
2011	9,972,937	4,989	3,882,345	266,041	(2,612,900)	11,513,412
2012	11,513,412	-	5,203,864	1,494,309	(4,659,576)	13,552,009
2013	13,552,009	-	4,668,559	1,628,934	(4,190,755)	15,658,747
2014	15,658,747	-	3,937,061	1,510,901	(5,811,164)	15,295,545
2015	15,295,545	6,075	3,135,456	385,571	(5,183,264)	13,639,383
2016	13,639,383	-	1,621,561	626,094	(12,503,182)	3,383,856
2017	3,383,856	-	352,814	152,609	(1,100,372)	2,788,907

Year Ended	Investment Rate of Return	
	Market Value Basis	Actuarial Value Basis
9/30/1977	8.5 %	8.9 %
9/30/1978	4.2	9.5
9/30/1979	1.3	8.8
9/30/1980	0.7	8.4
9/30/1981	(2.4)	0.4
9/30/1982	34.9	9.2
9/30/1983	16.5	9.8
9/30/1984	8.2	10.3
9/30/1985	22.5	13.7
9/30/1986	16.5	16.1
9/30/1987	3.0	14.4
9/30/1988	11.9	11.2
9/30/1989	11.0	11.5
9/30/1990	6.0	10.6
9/30/1991	16.2	7.9
9/30/1992	12.2	10.8
9/30/1993	7.5	7.1
9/30/1994	(0.3)	0.9
9/30/1995	21.3	14.6
9/30/1996	13.4	12.3
9/30/1997	17.8	11.0
9/30/1998	5.4	10.2
9/30/1999	12.8	11.0
9/30/2000	17.9	12.7
9/30/2001	(8.5)	8.1
9/30/2002	(8.6)	0.5
9/30/2003	17.4	5.0
9/30/2004	8.7	4.4
9/30/2005	9.2	3.0
9/30/2006	7.1	6.0
9/30/2007	11.9	9.6
9/30/2008	(13.6)	4.3
9/30/2009	(2.4)	(1.0)
9/30/2010	8.5	5.4
9/30/2011	0.0	0.8
9/30/2012	19.8	1.9
9/30/2013	14.0	7.2
9/30/2014	11.0	9.8
9/30/2015	1.8	8.5
9/30/2016	10.5	10.3
9/30/2017	11.5	9.5
Average Returns:		
Last 5 Years	9.7 %	9.1 %
Last 10 Years	5.7 %	5.6 %
All Years	8.5 %	8.1 %

The above rates are based on the retirement system's financial information reported to the actuary. They may differ from figures that the investment consultant reports, in part because of differences in the handling of administrative and investment expenses, and in part because of differences in the handling of cash flows.

SECTION D

FINANCIAL ACCOUNTING INFORMATION

FASB NO. 35 INFORMATION

A. Valuation Date	October 1, 2017	October 1, 2016
B. Actuarial Present Value of Accumulated Plan Benefits		
1. Vested Benefits		
a. Members Currently Receiving Payments	\$ 374,212,315	\$ 360,655,580
b. Terminated Vested Members	10,793,879	13,902,853
c. Other Members	95,866,961	90,252,290
d. Total	<u>480,873,155</u>	<u>464,810,723</u>
2. Non-Vested Benefits	5,558,904	4,284,527
3. Total Actuarial Present Value of Accumulated Plan Benefits: 1d + 2	486,432,059	469,095,250
4. Accumulated Contributions of Active Members	26,468,524	24,640,302
C. Changes in the Actuarial Present Value of Accumulated Plan Benefits		
1. Total Value at Beginning of Year	469,095,250	439,349,989
2. Increase (Decrease) During the Period Attributable to:		
a. Plan Amendment	0	150,765
b. Change in Actuarial Assumptions	5,124,788	22,815,476
c. Latest Member Data, Benefits Accumulated and Decrease in the Discount Period	41,435,221	34,290,159
d. Benefits Paid (Net Basis)	<u>(29,223,200)</u>	<u>(27,511,139)</u>
e. Net Increase	<u>17,336,809</u>	<u>29,745,261</u>
3. Total Value at End of Period	486,432,059	469,095,250
D. Market Value of Assets	320,901,612	291,170,303
E. Actuarial Assumptions - See page entitled Actuarial Assumptions and Methods		

SECTION E

MISCELLANEOUS INFORMATION

RECONCILIATION OF MEMBERSHIP DATA		
	From 10/1/16 To 10/1/17	From 10/1/15 To 10/1/16
A. Active Members		
1. Number Included in Last Valuation	606	574
2. New Members Included in Current Valuation	57	72
3. Non-Vested Employment Terminations	(17)	(24)
4. Vested Employment Terminations	0	(8)
5. Service Retirements	(16)	(6)
6. DROP Retirements	0	0
7. Disability Retirements	0	(1)
8. Deaths	(1)	(1)
9. Other - Rehires/Data Corrections	7	0
10. Number Included in This Valuation	636	606
B. Active Transfers		
1. Number Included in Last Valuation	18	19
2. Additions	0	0
3. Non-Vested Employment Terminations	0	0
4. Vested Employment Terminations	0	0
5. Service Retirements	0	(1)
6. DROP Retirements	0	0
7. Deaths	0	0
8. Number Included in This Valuation	18	18
C. Terminated Vested Members		
1. Number Included in Last Valuation	94	92
2. Additions from Active Members	0	8
3. Lump Sum Payments/Refund of Contributions	0	0
4. Payments Commenced	(14)	(7)
5. Deaths	0	0
6. Other - Rehires/Data Corrections	0	1
7. Number Included in This Valuation	80	94
D. DROP Plan Members		
1. Number Included in Last Valuation	22	81
2. Additions from Active Members	0	0
3. Retirements	(4)	(59)
4. Deaths Resulting in No Further Payments	0	0
5. Other - Data Corrections	0	0
6. Number Included in This Valuation	18	22
E. Service Retirees, Disability Retirees and Beneficiaries		
1. Number Included in Last Valuation	1001	946
2. Additions from Active Members and Transfers	16	8
3. Additions from Terminated Vested Members	14	7
4. Additions from DROP Plan Members	4	59
5. Deaths Resulting in No Further Payments	(15)	(20)
6. Deaths Resulting in New Survivor Benefits	1	1
7. End of Certain Period - No Further Payments	0	0
8. Other - Data Corrections	0	0
9. Number Included in This Valuation	1,021	1001

ACTIVE PARTICIPANT SCATTER

Age Group	Years of Service to Valuation Date												Totals
	0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29	30-34	35 & Up	
15-19	1	0	0	0	0	0	0	0	0	0	0	0	1
20-24	4	2	0	0	0	0	0	0	0	0	0	0	6
25-29	9	9	9	2	2	0	0	0	0	0	0	0	31
30-34	10	11	9	10	3	5	1	0	0	0	0	0	49
35-39	10	6	12	5	4	4	12	8	0	0	0	0	61
40-44	5	4	7	11	4	3	11	17	4	0	0	0	66
45-49	8	9	10	7	3	7	16	21	16	5	0	0	102
50-54	6	9	11	10	6	8	16	27	42	7	0	0	142
55-59	2	6	7	5	6	5	23	27	18	12	1	0	112
60-64	1	5	3	2	1	3	10	9	5	2	0	0	41
65 & Up	2	4	3	0	0	1	10	4	1	0	0	0	25
Totals	58	65	71	52	29	36	99	113	86	26	1	0	636

INACTIVE PARTICIPANT SCATTER

Age Group	Terminated Vested		Disabled		Retired		Deceased with Beneficiary	
	Number	Total Benefits	Number	Total Benefits	Number	Total Benefits	Number	Total Benefits
Under 20	-	-	-	-	-	-	-	-
20-24	-	-	-	-	-	-	-	-
25-29	-	-	-	-	-	-	3	33,987
30-34	3	36,450	-	-	-	-	7	85,276
35-39	8	82,118	1	10,739	-	-	2	33,755
40-44	9	133,947	-	-	-	-	7	40,438
45-49	23	379,539	2	53,781	10	291,304	3	83,652
50-54	25	464,832	4	120,121	40	1,511,860	9	103,285
55-59	6	73,948	8	232,316	123	4,124,740	11	106,232
60-64	5	28,069	10	335,294	183	6,459,321	13	249,442
65-69	-	-	11	345,162	173	5,009,464	18	332,775
70-74	-	-	5	130,258	134	3,596,597	22	419,224
75-79	1	10,184	1	11,067	81	2,034,925	11	194,414
80-84	-	-	4	70,683	46	1,188,124	19	442,314
85-89	-	-	2	16,167	32	653,156	13	170,601
90-94	-	-	-	-	16	329,533	11	139,116
95-99	-	-	-	-	3	28,692	1	3,870
100 & Over	-	-	-	-	-	-	-	-
Total	80	1,209,087	48	1,325,588	841	25,227,716	150	2,438,381
Average Age		49		65		68		68

SECTION F

SUMMARY OF PLAN PROVISIONS

SUMMARY OF PLAN PROVISIONS

A. Ordinances

The Plan was established under the Code of Ordinances for the City of Hollywood, Florida, and was most recently restated under Ordinance No. O-2003-07 passed and adopted on June 4, 2003. The Plan was most recently amended by Ordinance No. O-2016-08 passed and adopted on May 18, 2016. The Plan is also governed by certain provisions of Part VII, Chapter 112, Florida Statutes (F.S.) and the Internal Revenue Code.

B. Effective Date

October 1, 1958

C. Plan Year

October 1 through September 30

D. Type of Plan

Qualified, governmental defined benefit retirement plan; for GASB purposes it is a single employer plan.

E. Eligibility Requirements

All regular full-time employees who are contributing to the pension plan.

F. General Fund Member

Any member paid out of the City's general fund and/or other City funds, with the exception of the water and sewer utility, storm water utility, parking and sanitation funds.

G. Credited Service

Service rendered to the City for which the member has received Compensation and has made contributions to the fund. No service is credited for any periods of employment for which the member received a refund of employee contributions.

H. Compensation

General Fund Members Eligible for Normal Retirement as of September 30, 2011 and Non-General Fund Members Eligible for Normal Retirement as of March 5, 2014

Gross wages received from the City, including overtime and payments for accumulated annual leave and accumulated sick leave. For members hired prior to October 1, 2002 and employed by the City on that date, Compensation includes payments for accumulated annual leave, but the

amount of accumulated sick leave shall not exceed the amount accumulated as of October 1, 2002. For members hired after October 1, 2002, Compensation includes payments for accumulated annual leave, but payment of accumulated sick leave is excluded. For members hired prior to July 15, 2009 who retire or enter the DROP on or after August 17, 2009, Compensation excludes payouts for blood time and compensatory time. In addition, for these members payments for accumulated annual leave are limited to 125 hours for employees covered by a bargaining unit and are limited to 60 hours for employees not covered by a bargaining unit. For members hired on or after July 15, 2009, Compensation includes only base pay and longevity pay.

All Other Members

Same as above for benefits accrued before October 1, 2011 for General Fund members and March 5, 2014 for Non-General Fund members. Compensation under the definition above is frozen as of September 30, 2011 for General Fund members and March 5, 2014 for Non-General Fund members. Effective October 1, 2011 for General Fund members and March 5, 2014 for Non-General Fund members, Compensation includes only base pay and longevity pay.

I. Average Final Compensation (AFC)

General Fund Members Eligible for Normal Retirement as of September 30, 2011 and Non-General Fund Members Eligible for Normal Retirement as of March 5, 2014

Members hired before July 15, 2009: The average of Compensation over the highest 78 consecutive biweekly pay periods of Credited Service prior to termination or retirement. Payments for accumulated sick and annual leave are deemed to be received in the final pay period.

Members hired on or after July 15, 2009: The average of Compensation over the highest 104 consecutive biweekly pay periods of Credited Service prior to termination or retirement.

All Other Members

Same as above for benefits accrued before October 1, 2011 for General Fund members and March 5, 2014 for Non-General Fund members. AFC is frozen as of September 30, 2011 for General Fund members and March 5, 2014 for Non-General Fund members. Effective October 1, 2011 for General Fund members and March 5, 2014 for Non-General Fund members, AFC is the average of Compensation over the highest 130 consecutive biweekly pay periods or the last 260 biweekly pay periods of Credited Service prior to termination or retirement.

J. Normal Retirement

General Fund Members Eligible for Normal Retirement as of September 30, 2011 and Non-General Fund Members Eligible for Normal Retirement as of March 5, 2014

Eligibility: Members hired before July 15, 2009: A member may retire upon attaining age 55 with 5 years of Credited Service or upon attaining 25 years of Credited Service regardless of age.

Members hired on or after July 15, 2009: A member may retire upon attaining age 60 with 7 years of Credited Service, upon attaining age 57 with 25 years of Credited Service, or upon attaining 30 years of Credited Service regardless of age.

Benefit: Members hired before July 15, 2009: 3.0% of AFC multiplied by years of Credited Service, up to 81% of AFC.

Members hired on or after July 15, 2009: 2.5% of AFC multiplied by years of Credited Service, up to 81% of AFC.

Normal Form of Benefit: Single Life Annuity; other options are also available.

COLA: 2.0% per year commencing 3 years after retirement benefits begin. Members hired on or after July 15, 2009 are not eligible for the COLA.

All Other Members

Eligibility: Members with ten or more years of service as of September 30, 2011 for General Fund members and March 5, 2014 for Non-General Fund members: Same as above.

Members with less than ten years of service as of September 30, 2011 for General Fund members and March 5, 2014 for Non-General Fund members: Same as above for benefits accrued before October 1, 2011 for General Fund members and March 5, 2014 for Non-General Fund members. Effective October 1, 2011 for General Fund members and March 5, 2014 for Non-General Fund members, a member may retire upon attaining age 65 with 7 years of Credited Service, age 62 with 25 years of Credited Service, or 30 years of Credited Service regardless of age.

Benefit: Same as above for benefits accrued before October 1, 2011 for General Fund members and March 5, 2014 for Non-General Fund members. Benefits are frozen as of September 30, 2011 for General Fund members and March 5, 2014 for Non-General Fund members. Effective October 1, 2011 for General Fund members and March 5, 2014 for Non-General Fund members, 2.5% of AFC multiplied by years of Credited Service, up to 81% of AFC (reduced by 3% for each year of Credited Service prior to October 1, 2011 for General Fund members and March 5, 2014 for Non-General Fund members).

Normal Form
of Benefit: Single Life Annuity; other options are also available.

COLA: Same as above for benefits accrued before October 1, 2011 for General Fund members and March 5, 2014 for Non-General Fund members. Benefits accrued after September 30, 2011 for General Fund members and March 5, 2014 for Non-General Fund members are not eligible for the COLA.

K. Early Retirement

None.

L. Delayed Retirement

Same as Normal Retirement taking into account Compensation earned and service credited until the date of actual retirement.

M. Service Connected Disability

General Fund Members Eligible for Normal Retirement as of September 30, 2011 and Non-General Fund Members Eligible for Normal Retirement as of March 5, 2014

Eligibility: Any member who becomes totally and permanently disabled and unable to perform the specific duties of the member's position as a result of an act occurring in the performance of service for the City is immediately eligible for a disability benefit.

Benefit: 75% of salary.

Normal Form
of Benefit: Single Life Annuity; or until recovery from disability.

COLA: 2.0% per year commencing 3 years after retirement benefits begin. Members hired on or after July 15, 2009 are not eligible for the COLA.

All Other Members

Eligibility: Any member who becomes totally and permanently disabled and unable to perform the specific duties of the member's position as a result of an act occurring in the performance of service for the City is immediately eligible for a disability benefit.

Benefit: 75% of salary.

Normal Form
of Benefit: Single Life Annuity; or until recovery from disability.

COLA: Same as above for benefits accrued before October 1, 2011 for General Fund members and March 5, 2014 for Non-General Fund members. Benefits accrued after September 30, 2011 for General Fund members and March 5, 2014 for Non-General Fund members are not eligible for the COLA.

N. Non-Service Connected Disability

General Fund Members Eligible for Normal Retirement as of September 30, 2011 and Non-General Fund Members Eligible for Normal Retirement as of March 5, 2014

Eligibility: Any member with 5 years of Credited Service (7 years of Credited Service for members hired on or after July 15, 2009) who becomes totally and permanently disabled and unable to perform the specific duties of the member's position is immediately eligible for a disability benefit.

Benefit: The greater of:
(1) Accrued Normal Retirement Benefit taking into account Compensation earned and service credited until the date of disability, or
(2) 20% of AFC.

Normal Form
of Benefit: Single Life Annuity; or until recovery from disability.

COLA: 2.0% per year commencing 3 years after retirement benefits begin. Members hired on or after July 15, 2009 are not eligible for the COLA.

All Other Members

Eligibility: Any member with 7 years of Credited Service who becomes totally and permanently disabled and unable to perform the specific duties of the member's position is immediately eligible for a disability benefit.

Benefit: The greater of:
(1) Accrued Normal Retirement Benefit taking into account Compensation earned and service credited until the date of disability, or
(2) 20% of AFC.

Normal Form
of Benefit: Single Life Annuity; or until recovery from disability.

COLA: Same as above for benefits accrued before October 1, 2011 for General Fund members and March 5, 2014 for Non-General Fund members. Benefits accrued after September 30, 2011 for General Fund members and March 5, 2014 for Non-General Fund members are not eligible for the COLA.

O. Death in the Line of Duty

General Fund Members Eligible for Normal Retirement as of September 30, 2011 and Non-General Fund Members Eligible for Normal Retirement as of March 5, 2014

Eligibility: Members are eligible for survivor benefits after the completion of 5 years of Credited Service (7 years of Credited Service for members hired on or after July 15, 2009).

Benefit: The benefit payable to the spouse determined as though the deceased member had retired on the date of death and had chosen a 100% joint and survivor annuity.

Normal Form of Benefit: Single Life Annuity.

COLA: 2.0% per year commencing 3 years after retirement benefits begin. Members hired on or after July 15, 2009 are not eligible for the COLA.

The designated beneficiary of a plan member with less than 5 years of Credited Service (7 years of Credited Service for members hired on or after July 15, 2009) will receive a refund of the member's accumulated contributions.

All Other Members

Eligibility: Members are eligible for survivor benefits after the completion of 7 years of Credited Service.

Benefit: The benefit payable to the spouse determined as though the deceased member had retired on the date of death and had chosen a 100% joint and survivor annuity.

Normal Form of Benefit: Single Life Annuity.

COLA: Same as above for benefits accrued before October 1, 2011 for General Fund members and March 5, 2014 for Non-General Fund members. Benefits accrued after September 30, 2011 for General Fund members and March 5, 2014 for Non-General Fund members are not eligible for the COLA.

The designated beneficiary of a plan member with less than 7 years of Credited Service will receive a refund of the member's accumulated contributions.

P. Other Pre-Retirement Death

General Fund Members Eligible for Normal Retirement as of September 30, 2011 and Non-General Fund Members Eligible for Normal Retirement as of March 5, 2014

Eligibility: Members are eligible for survivor benefits after the completion of 5 years of Credited Service (7 years of Credited Service for members hired on or after July 15, 2009).

Benefit: The benefit payable to the spouse determined as though the deceased member had retired on the date of death and had chosen a 100% joint and survivor annuity.

Normal Form of Benefit: Single Life Annuity.

COLA: 2.0% per year commencing 3 years after retirement benefits begin. Members hired on or after July 15, 2009 are not eligible for the COLA.

The designated beneficiary of a plan member with less than 5 years of Credited Service (7 years of Credited Service for members hired on or after July 15, 2009) will receive a refund of the member's accumulated contributions.

All Other Members

Eligibility: Members are eligible for survivor benefits after the completion of 7 years of Credited Service.

Benefit: The benefit payable to the spouse determined as though the deceased member had retired on the date of death and had chosen a 100% joint and survivor annuity.

Normal Form of Benefit: Single Life Annuity.

COLA: Same as above for benefits accrued before October 1, 2011 for General Fund members and March 5, 2014 for Non-General Fund members. Benefits accrued after September 30, 2011 for General Fund members and March 5, 2014 for Non-General Fund members are not eligible for the COLA.

The designated beneficiary of a plan member with less than 7 years of Credited Service will receive a refund of the member's accumulated contributions.

Q. Post Retirement Death

Benefit determined by the form of benefit elected upon retirement.

R. Optional Forms

In lieu of electing the Normal Form of benefit, the optional forms of benefits available to all retirees are the 5, 10 and 20 Year Certain and Life Annuity options and the 50% and 100% Joint and Survivor options. Members who are eligible for normal retirement may elect to receive a Partial Lump Sum of up to 25% of the present value of the benefit with the remainder as a monthly benefit. The lump sum amount is calculated using the Plan's definition of actuarial equivalence.

S. Vested Termination

General Fund Members Eligible for Normal Retirement as of September 30, 2011 and Non-General Fund Members Eligible for Normal Retirement as of March 5, 2014

Eligibility: A member has earned a non-forfeitable right to Plan benefits after the completion of 5 years of Credited Service (7 years of Credited Service for members hired on or after July 15, 2009).

Benefit: The benefit is the member's accrued Normal Retirement Benefit as of the date of termination. Benefit begins at age 55 (age 60 for members hired on or after July 15, 2009).

Normal Form of Benefit: Single Life Annuity; other options are also available.

COLA: 2.0% per year commencing 3 years after retirement benefits begin. Members hired on or after July 15, 2009 are not eligible for the COLA.

Members terminating employment with less than 5 years of Credited Service (7 years of Credited Service for members hired on or after July 15, 2009) will receive a refund of their own accumulated contributions.

All Other Members

Eligibility: A member has earned a non-forfeitable right to Plan benefits after the completion of 7 years of Credited Service.

Benefit: The benefit is the member's accrued Normal Retirement Benefit as of the date of termination. Benefit accrued as of September 30, 2011 for General Fund members and March 5, 2014 for Non-General Fund members begins at age 55 (age 60 for members hired on or after July 15, 2009). Benefit accrued after September 30, 2011 begins at age 65 for General Fund members and March 5, 2014 for Non-General Fund members.

Normal Form
of Benefit: Single Life Annuity; other options are also available.

COLA: Same as above for benefits accrued before October 1, 2011 for General Fund members and March 5, 2014 for Non-General Fund members. Benefits accrued after September 30, 2011 for General Fund members and March 5, 2014 for Non-General Fund members are not eligible for the COLA.

Members terminating employment with less than 7 years of Credited Service will receive a refund of their own accumulated contributions.

T. Refunds

Eligibility: All members terminating non-vested are eligible. Optionally, vested members may elect a refund in lieu of the vested benefits otherwise due.

Benefit: A refund of the member's contributions with simple interest at 4% per year through date of separation.

U. Member Contributions

8.0% of Compensation.

V. Employer Contributions

The amount determined by the actuary needed to fund the Plan properly according to State laws.

W. Cost of Living Increases

General Fund Members Eligible for Normal Retirement as of September 30, 2011 and Non-General Fund Members Eligible for Normal Retirement as of March 5, 2014

2.0% per year commencing 3 years after retirement benefits begin. For Members who enter the DROP on or after August 17, 2009, the COLA begins 1 year after separation of employment, if later. Members hired on or after July 15, 2009 are not eligible for the COLA.

All Other Members

Same as above for benefits accrued before October 1, 2011 for General Fund members and March 5, 2014 for Non-General Fund members. Benefits accrued after September 30, 2011 for General Fund members and March 5, 2014 for Non-General Fund members are not eligible for the COLA.

X. Deferred Retirement Option Plan (DROP)

General Fund Members Who Retired Before September 30, 2011 and Non-General Fund Members Who Retired Benefit March 5, 2014

Eligibility: A member may enter the DROP upon attaining age 55 with 10 years of Credited Service or upon attaining 25 years of Credited Service regardless of age, but before completing 30 years of Credited Service. Members hired on or after July 15, 2009 are not eligible to enter the DROP.

Benefit: The member's Credited Service and AFC are frozen upon entry into the DROP. The monthly retirement benefit as described under Normal Retirement is calculated based upon the frozen Credited Service and AFC.

Maximum

DROP Period: 5 years but no later than completion of 32 years of Credited Service.

Interest

Credited: The member's DROP account is credited with interest at the same rate as the net rate of investment return on plan assets.

Normal Form

of Benefit: Lump Sum or Direct Rollover.

COLA: For Members who enter the DROP on or after August 17, 2009, 2.0% per year commencing 3 years after DROP payments begin or 1 year after separation of employment, if later.

General Fund Members Who Retire After October 1, 2011 and Non-General Fund Members Who Retire After March 5, 2014

These members are no longer eligible to participate in the DROP.

Y. Planned Retirement Program

The Planned Retirement Program is available for members who were hired before July 15, 2009 and offers the following features:

- A member may backdrop for up to five years but not prior to the date when normal retirement eligibility was attained
- The retirement benefit is calculated based on service and average final compensation at the retroactive Planned Retirement Program date

- The Planned Retirement Program deposits are credited with interest according to the following schedule:
 - If the Plan's return is negative, the member shares in the losses
 - If the Plan's funded ratio is below 80%, the member receives the first 4%, the Plan receives the next 2%, and the member receives any additional earnings above 6%
 - If the Plan's funded ratio is between 80% and 90%, the member receives the first 4%, the Plan receives the next 1%, and the member receives any additional earnings above 5%
 - If the Plan's funded ratio is above 90%, the member receives the full Plan return

Z. Supplemental Pension Distribution

The Plan provides that a supplemental pension distribution may be paid to eligible benefit recipients if the market value rate of return exceeds the assumed rate of return plus 4.5% (effective as of October 1, 2007). An eligible recipient is any member employed by the City on October 1, 2002, any member receiving benefits on that date, and any spouse of deceased members receiving benefits on that date. The Supplemental Pension Distribution is not payable while an eligible recipient participates in the DROP. The total Supplemental Pension Distribution is equal to the actuarial present value of future retirement benefits with respect to eligible recipients multiplied by the excess (not to exceed 2%) of the net market rate of return over the assumed rate of return plus 4.5%. The amount allocated to each eligible recipient is determined by multiplying the total Supplemental Pension Distribution by each individual member's years of Credited Service divided by total years of Credited Service for all recipients. Credit Service is limited to 25 years.

AA. Transfers

Members who transfer to another City plan are eligible to receive benefits from this Plan. The employee contributions for transferred members remain in the fund. The benefit is based on the Credited Service accrued under this Plan, the multiplier in effect at the date of transfer, and the Compensation earned through date of termination or DROP participation. Eligibility for benefits is based on all service. Death and disability benefits are not payable from this Plan after the date of transfer. Members hired on or after July 15, 2009 who transfer to another City plan are treated as terminated employees.

AB. Other Ancillary Benefits

There are no ancillary retirement type benefits not required by statutes but which might be deemed a City of Hollywood General Employees' Retirement System liability if continued beyond the availability of funding by the current funding source.

AC. Changes from Previous Valuation

None.

AGENDA ITEM 4.B.

FINANCIAL REPORT

SEPTEMBER 2018 DRAFT

(HANDOUT)

AGENDA ITEM 5.A.

INVESTMENT

CUSTODIAL FEE DISCUSSION

(HANDOUT)

AGENDA ITEM 5.B.

INVESTMENT

SEPTEMBER 2018 FLASH PERFORMANCE REPORT

(HANDOUT)

AGENDA ITEM 5.C.

INVESTMENT

BRANDES REVIEW

(HANDOUT)

AGENDA ITEM 5.D.

INVESTMENT

2018 WORK PLAN

(HANDOUT)

AGENDA ITEM 6.A.

LEGAL

ATTENDANCE AND TELEPHONE PARTICIPATION POLICY

**CITY OF HOLLYWOOD, FLORIDA
EMPLOYEES' RETIREMENT FUND
BOARD OF TRUSTEES**

ATTENDANCE AND TELEPHONE PARTICIPATION POLICY

Adopted March 22, 2018

PURPOSE:

To establish a policy governing attendance at Board meetings, and telephonic participation in meetings by Board Members.

BACKGROUND:

This policy sets forth the Board's attendance policy and procedures to be followed when a Board Member is unable to attend a meeting of the Board. Specifically, this policy addresses excused and unexcused absences from meetings, as well as participation in meetings by telephone or other electronic means (hereinafter, "telephonically") in compliance with Florida's Government-in-the-Sunshine Law (Chapter 286, Florida Statutes).

The proper administration of the Fund requires consistent attendance and participation by Board Members at meetings of the Board of Trustees. Excessive unexcused absences and tardiness have a negative effect on the administration of the Fund. Therefore, when a Board Member is unable to appear at a meeting in person due to extraordinary circumstances, it is beneficial to the Fund and its members to provide for participation by other means. Section 286.011(1), Florida Statutes, Florida's Government-in-the-Sunshine Law, provides:

All meetings of any board or commission of any state agency or authority or of any agency or authority of any county, municipal corporation, or political subdivision, except as otherwise provided in the Constitution, including meetings with or attended by any person elected to such board or commission, but who has not yet taken office, at which official acts are to be taken are declared to be public meetings open to the public at all times, and no resolution, rule, or formal action shall be considered binding except as taken or made at such meeting. The board or commission must provide reasonable notice of all such meetings.

The State Attorney General has interpreted the above statute as allowing the participation of a board member in a public board meeting by telephone in extraordinary circumstances. Whether a member's reason for absence constitutes such a circumstance is a determination that must be made in the good judgment of the board. (AGO 2003-41) Under Florida law, a quorum of the board must be physically present at any meeting of the Board. However, as long as a quorum of the board is physically present at the meeting site, the Board may use electronic media technology to allow a Board Member who is unable to attend the meeting in person to participate by phone or other electronic means.

POLICY:

Attendance

1. Section 37.25 of the Hollywood City Code provides that a board member who has four consecutive absences (excused or unexcused) or misses more than 50% of the regularly scheduled meetings during any twelve month period shall be automatically removed from the board.
2. It is the policy of the Board of Trustees that attendance at all regularly scheduled Board meetings is mandatory for Board Members. However, it is understood that absences, tardiness, or early departure from a meeting, due to employment obligations, illness or other extraordinary circumstances are at times unavoidable. If a Board Member is unable to attend a meeting, will be late for a meeting, or will be unable to remain at a meeting until its scheduled adjournment, the Member should inform the Chair or Executive Director as soon as possible. Absence or tardiness will be considered excused if the absence or tardiness was due to unavoidable employment obligations, illness or other extraordinary circumstances, as determined by the Board.
3. The individual circumstances of a Board member who has four (4) or more unexcused absences during any twelve (12) month period will be reviewed by the Board to determine whether the Member is able to fulfill his or her fiduciary duty as a Trustee. If it is determined by the Board that a Board Member is unable to fulfill his or her fiduciary duty, the Board may take any action permitted under law, including but not limited to requesting the Member's resignation. If a vacancy occurs, a successor will be appointed or elected in accordance with section 33.025 (R) of the Plan, if replacement is required.
4. A Board Member will be considered tardy for a regularly scheduled meeting if the member arrives at the meeting more than thirty (30) minutes after the meeting has commenced. Leaving a regularly scheduled meeting more than thirty (30) minutes prior to the scheduled adjournment will be considered an early departure, for which a valid excuse is also required. Two unexcused instances of tardiness or early departure during any twelve (12) month period will constitute one (1) unexcused absence.

Telephone Participation

A Board Member may participate in a meeting of the Board telephonically, or by similar electronic means when extraordinary circumstances prevent the member from attending the meeting in person. In providing for such participation the following conditions shall apply.

A. The decision to permit a Board Member to participate telephonically shall be made by the Board Members who are physically present at the beginning of the meeting, based on a determination that the member is prevented from attending the meeting in person by extraordinary circumstances. A Board Member who will not be able to attend a Board meeting or a portion of a meeting in person must submit a request to participate telephonically at least five (5) days before the meeting. The request should be sent via email to the Executive Director or his/her designee. In the event an absence is unforeseen, a request to participate telephonically must be submitted at the earliest opportunity before the meeting.

B. When permission to participate telephonically has been granted, the Executive Director shall ensure that all requirements of the Sunshine Law are satisfied by providing access

to the meeting sufficient for the public to clearly hear all Board Members participating in the meeting and for all Board Members to clearly hear all public comment. Compliance with the requirements of section 286.011, Florida Statutes, requires the use of such devices as a speaker telephone that would allow the absent member to participate in discussions, to be heard by the other Board Members and the public, and to hear discussion taking place during the meeting.

C. Board Members participating telephonically do not count towards a quorum. A quorum of the Board must be physically present at any public meeting.

D. Except as otherwise provided herein, a Board Member who is participating telephonically may vote on matters before the Board, so long as the circumstances do not prevent him or her from making an informed decision in the best interest of the Fund.

E. A Board Member may participate telephonically in a Board meeting no more than two (2) times during any twelve-month period. At the Board's discretion, exceptions to this limit may be granted based on the circumstances of the absence.

F. A Board Member may not participate telephonically in any hearing during which witness testimony or documentary evidence is presented to the Board. This prohibition includes any participation by the Board Member; not merely an abstention from voting. If a Board Member is telephonically participating in a meeting of the Board, the call will be terminated or temporarily disconnected during any portion of the meeting in which a hearing requiring the consideration of witness testimony or documentary evidence is being conducted. The Board Member may rejoin the meeting after such hearing has been concluded.

G. A Board Member may not participate telephonically in an attorney-client session held pursuant to section 286.011(8), Florida Statutes. If a Board Member is participating in a meeting of the Board telephonically, the call will be terminated or temporarily disconnected during the attorney-client session. The Board attorney or Chair shall announce in the public meeting that the Board Member appearing telephonically will not be included in the non-public portion of the meeting. Unless otherwise prohibited, the absent Board Member may rejoin the regular meeting after the attorney-client session has been concluded.

H. Any telephonic participation that is disruptive to a meeting may be discontinued at the discretion of the Chair. Examples of such disruption include, but are not limited to background noise, interference which makes it difficult to understand the Board member's communications, an inability to maintain a connection, or any other circumstance which takes up meeting time or delays or interferes with the progress of the meeting.

AGENDA ITEM 6.B.

LEGAL

**PROPOSED ORDINANCE AMENDMENT
FOR CONSISTENCY WITH THE SEPTEMBER 3, 2015
IRS DETERMINATION LETTER**

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF HOLLYWOOD, FLORIDA, AMENDING SECTION 33.025 OF THE CODE OF ORDINANCES, "EMPLOYEES' RETIREMENT FUND", PROVIDING EFFECTIVE DATES FOR CERTAIN PROVISIONS; PROVIDING FOR REQUIRED UPDATES RELATED TO CREDITED SERVICE; PROVIDING FOR A DEFINITION OF NET MARKET RATE OF RETURN FOR DROP PARTICIPANTS; PROVIDING FOR REQUIRED UPDATES RELATED TO DIRECT ROLLOVERS; PROVIDING FOR MAXIMUM PENSION LIMITATIONS; PROVIDING FOR REQUIRED MINIMUM DISTRIBUTIONS; PROVIDING FOR THE PRECLUSION OF PROHIBITED TRANSACTIONS; PROVIDING FOR AN EXPRESSION OF INTENT THAT THE PLAN REMAIN QUALIFIED UNDER THE INTERNAL REVENUE CODE; PROVIDING FOR REEMPLOYMENT AFTER RETIREMENT; PROVIDING FOR CODIFICATION, SEVERABILITY AND CONFLICT; AND PROVIDING AN EFFECTIVE DATE FOR THIS ORDINANCE.

WHEREAS, the City of Hollywood, Florida adopted the "City of Hollywood Employees' Retirement Fund" (the "Plan") for general employees of the City, originally effective October 1, 1958; and

WHEREAS, the Plan is a governmental tax-qualified retirement plan, operated in accordance with the exemptions extended to governmental retirement plans pursuant to Section 414(d) of the Internal Revenue Code; and

WHEREAS, the Plan has been amended on multiple occasions and

WHEREAS, the City obtained a favorable determination letter from the Internal Revenue Service on September 3, 2015, confirming that the Plan meets all applicable requirements for a qualified plan with the adoption of certain amendments; and

WHEREAS, in accordance with the IRS determination letter, the Plan document must be amended to maintain compliance with the Internal Revenue Code and IRS regulations; and

WHEREAS, the City also desires to provide for the reemployment of retired members of the Plan under certain circumstances;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF HOLLYWOOD, FLORIDA:

Section 1: That Subsection 33.025(A) of the Code of Ordinances is hereby amended to read as follows:

TITLE III: ADMINISTRATION

* * *

CHAPTER 33: CITY EMPLOYEES

* * *

RETIREMENT

EMPLOYEES' RETIREMENT FUND

§ 33.025 PENSIONS AND RETIREMENT

(A) *Establishment and purpose.*

(1) The "City of Hollywood Employees' Retirement Fund" (the "Fund"), comprising a retirement plan for general employees of the City, originally effective October 1, 1958, is hereby amended. The Fund consists of a defined benefit plan and a deferred retirement option plan, both of which are intended to qualify under section 401(a) of the Internal Revenue Code. The plan is a governmental plan under section 414(d) of the Internal Revenue Code. The plan is maintained for the exclusive benefit of eligible city employees and their beneficiaries. The benefits under the plan shall be in addition to amounts received as federal social security benefits, except where social security benefits are specifically applied as offsets in the case of disability benefits hereunder; the benefits under this plan shall also be in addition to benefits received by any member from any other private or public retirement system. Except as otherwise specifically provided, the amended plan shall be effective October 1, 2013. Notwithstanding the forgoing, the following effective dates shall apply:

(a) Subsection (Y) is amended effective January 1, 2009 to provide for direct rollovers by non-spouse beneficiaries.

(b) The definition of 415 compensation in subsection (D) is modified to include differential pay effective for "limitation years" beginning after December 31, 2008.

(c) Section (D)(5) is amended, effective for employees who die

after December 31, 2006 while engaged in qualified military service, to provide that they shall be treated as having returned to employment immediately prior to death for certain plan purposes.

* * *

Section 2: That subsection 33.025(D) of the Code of Ordinances is hereby amended to read as follows:

TITLE III: ADMINISTRATION

* * *

CHAPTER 33: CITY EMPLOYEES

* * *

RETIREMENT

EMPLOYEES' RETIREMENT FUND

§ 33.025 PENSIONS AND RETIREMENT

* * *

(D) *Credited service.* Each member shall receive credit for service rendered as an employee as follows:

(1) Any employee in the service of the city on September 30, 1958, or on sick leave or on an approved leave of absence on such date, provided such leave shall not have extended for more than six months after such date, shall be entitled to credit for service rendered as an employee of the city prior to October 1, 1958, for the purpose of the Fund.

(2) Each person becoming a member of the Fund after September 30, 1958, shall be entitled to credited service for all service rendered the city on or after October 1, 1958, for which he or she shall have received compensation; provided, however, that no credited service shall be earned after a member has entered the DROP plan as herein described.

(3) In computing credited service, 12 months of service shall constitute a year of service and 15 days or more of service during any month shall constitute a month of service.

(4) A member may receive additional credited service for up to six months in the last year of city employment by paying into the Fund the member

contributions that normally would have been paid to the Fund had the employee worked the necessary time to complete the year. Additional credited service purchased in accordance with this division may not be used to obtain the minimum service required for vesting or participation in the DROP plan.

(5) An employee shall receive credited service for all purposes, including vesting, for the years or fractional parts of years that he or she performs "Qualified Military Service," including voluntary or involuntary service, in the armed forces of the United States as defined in the Uniformed Services Employment and Reemployment Rights Act (USERRA) (P.L. 103-353), after separation from employment with the city, to perform training or service, provided that:

(a) The employee must return to his or her employment with the city within one (1) year following the date of military discharge or his or her release from active service.

(b) The employee is entitled to reemployment under the provisions of USERRA.

(c) The employee pays to the plan the amount he or she would have contributed to the plan as pick-up contributions if his or her employment would have continued during the period he or she was absent due to Qualified Military Service. Such payment must be made by the earlier of a period equal to three (3) times the period of absence or five (5) years after reemployment.

(d) The maximum credit for military service pursuant to this paragraph shall be five (5) years.

(e) This division (5) is intended to satisfy the minimum requirements of USERRA, as may be amended from time to time. To the extent that this division does not meet the minimum requirements of USERRA, the provisions of USERRA shall govern.

If an employee dies on or after January 1, 2007 while performing Qualified Military Service as defined by USERRA, the employee's beneficiaries shall be entitled to any benefits to which the employee would have been entitled had he or she resumed employment and then died while employed.

Beginning January 1, 2009, to the extent required by section 414(u)(12) of the Internal Revenue Code, an individual receiving differential wage payments, as defined under section 3401(h)(2) of the Internal Revenue Code, from the city shall be treated as employed by the city, and the differential wage payment shall be treated as compensation for purposes of applying the limits on annual additions under section 415(c) of the Internal Revenue Code. This provision shall be applied to all similarly situated individuals in a reasonably equivalent manner.

* * *

~~(5) A member shall be eligible to receive up to five years of credited service under the plan for service in the uniformed services of the United States as provided in the Uniformed Services Employment and Reemployment Rights Act of 1994 (28 U.S.C. §§ 4301 et seq.), as amended, provided that the member:~~

~~(a) Was employed by the city when he or she entered the uniformed services;~~

~~(b) Is reemployed by the city within the time specified in the Act;~~

~~(c) Leaves his or her contributions in the plan during the period of military service; and~~

~~(d) Deposits into the Fund within a period that does not exceed the period of military service the member contributions that would have been required to have been made by members during the period of such service based on the members' city compensation prior to entering military service, for each month of credited service, together with interest equal to the overall rate of return on Fund investments from the date of reemployment to the date of deposit.~~

~~This division (5) is intended to comply with all applicable provisions of the Uniformed Services Employment and Reemployment Rights Act of 1994 (28 U.S.C. §§ 4301 et seq.), as amended, and in the event of any conflict or inconsistency with the Act, the provisions of the Act shall be controlling.~~

Section 3: That Subsection 33.025(H) of the Code of Ordinances is hereby amended to read as follows:

TITLE III: ADMINISTRATION

* * *

CHAPTER 33: CITY EMPLOYEES

* * *

RETIREMENT

EMPLOYEES' RETIREMENT FUND

§ 33.025 PENSIONS AND RETIREMENT

* * *

(H) *Deferred retirement option plan.*

* * *

(8) DROP payments shall earn interest at a rate set by the Board of Trustees, through the date of termination of the member's participation in the DROP. Notwithstanding the preceding sentence, effective July 1, 2006 for members included in the AFSCME General bargaining unit, May 1, 2007 for members included in the AFSCME Professional and Supervisory units, and July 1, 2007 for members not included in any bargaining unit, DROP payments shall earn interest at the same rate as the net market rate of rate of investment return on plan assets. For purposes of this subsection (H), **NET MARKET RATE OF RETURN** means the rate of return on a market value basis net of investment related expenses for each year ending September 30; however in no event shall DROP payments earn interest at a rate of less than zero percent. Upon termination of a member's participation in the DROP and separation from city employment, the DROP account balance credited to the member shall be distributed to the member under one or a combination of the following options selected by the member in accordance with procedures established by the Board:

* * *

Section 4: That Subsection 33.025(Y) of the Code of Ordinances is hereby amended to read as follows:

TITLE III: ADMINISTRATION

* * *

CHAPTER 33: CITY EMPLOYEES

* * *

RETIREMENT

EMPLOYEES' RETIREMENT FUND

§ 33.025 PENSIONS AND RETIREMENT

* * *

(Y) *Direct transfers of eligible rollover distributions.*

(1) *Rollover distributions.*

* * *

(b) *Definitions.*

ELIGIBLE ROLLOVER DISTRIBUTION. An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under section 401(a)(9) of the Internal Revenue Code; and the portion of any distribution that is not includible in gross income. Any portion of any distribution which would be includible in gross income will be an eligible rollover distribution if the distribution is made to an individual retirement account described in section 408(a) of the Internal Revenue Code, to an individual retirement annuity described in section 408(b) of the Internal Revenue Code or to a qualified defined contribution plan described in section 401(a) or 403(a) of the Internal Revenue Code that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is not so includible.

A portion of a distribution shall not fail to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions which are not includible in gross income. However, such portion may be transferred only to (1) a traditional individual retirement account or annuity described in section 408(a) or (b) of the Internal Revenue Code (a traditional IRA) or a Roth individual retirement account or annuity described in section 408A of the Internal Revenue Code (a Roth IRA); or (2) a qualified defined contribution, defined benefit, or annuity plan described in section 401(a) or 403(a) of the Internal Revenue Code or to an annuity contract described in section 403(b) of the Internal Revenue Code, if such plan or contract provides for separate accounting for amounts so transferred (including interest thereon), including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.

ELIGIBLE RETIREMENT PLAN. An eligible retirement plan is an individual retirement account described in section 408(a) of the Internal Revenue Code, an individual retirement annuity described in section 408(b) of the Internal Revenue Code, an annuity plan described in section 403(a) of the Internal Revenue Code, an eligible deferred compensation plan described in section 457(b) of the Internal Revenue Code which is maintained by an eligible employer described in section 457(e)(1)(A) of the Internal Revenue Code and which agrees to separately account for amounts transferred into such plan from this plan, an annuity contract described in section 403(b) of the Internal Revenue Code, or a qualified trust described in section 401(a) of the Internal Revenue Code, that accepts the distributee's eligible rollover distribution. This definition shall also apply in the case of an eligible rollover distribution to the surviving spouse.

DISTRIBUTEES. A distributee includes an employee or former employee. In addition, the employee's or former employee's surviving spouse is a distributee with regard to the interest of the spouse. For distributions occurring in plan years beginning after December 31, 2009 (or in any earlier plan year beginning after December 31,

2006), a distributee also includes the participant's non-spouse designated beneficiary. In the case of a non-spouse beneficiary, the direct rollover may be made only to a traditional IRA or Roth IRA that is established on behalf of the designated beneficiary and that will be treated as an inherited IRA pursuant to the provisions of section 402(c)(11) of the Internal Revenue Code. Also, in this case, the determination of any required minimum distribution under section 401(a)(9) of the Internal Revenue Code that is ineligible for rollover shall be made in accordance with Notice 2007-7, Q&A 17 and 18, 2007-5 I.R.B. 395.

* * *

Section 5: That Subsection 33.025(Z) of the Code of Ordinances is hereby amended to read as follows:

TITLE III: ADMINISTRATION

* * *

CHAPTER 33: CITY EMPLOYEES

* * *

RETIREMENT

EMPLOYEES' RETIREMENT FUND

§ 33.025 PENSIONS AND RETIREMENT

* * *

(Z) Maximum pension limitation. ~~Notwithstanding any other provision of this plan, the total annual benefit paid to a member may not exceed the maximum adjusted benefit defined in section 415(b) of the Internal Revenue Code.~~

(1) Basic limitation. Notwithstanding any other provisions of this plan to the contrary, the member contributions paid to, and retirement benefits paid from, the plan shall be limited to such extent as may be necessary to conform to the requirements of section 415 of the Internal Revenue Code for a qualified retirement plan. Before January 1, 1995, a plan member may not receive an annual benefit that exceeds the limits specified in section 415(b) of the Internal Revenue Code, subject to the applicable adjustments in that section. On and after January 1, 1995, a plan member may not receive an annual benefit that exceeds the dollar amount specified in section 415(b)(1)(A) of the Internal Revenue Code (\$160,000), subject to the applicable adjustments in section 415(b) and subject to any additional limits that may be specified in this plan. For purposes of this subsection (Z), "limitation year" shall be the calendar year.

For purposes of section 415(b) of the Internal Revenue Code, the term "annual benefit" means a benefit payable annually in the form of a straight life annuity without regard to the benefit attributable to after-tax employee contributions (except pursuant to section 415(n) of the Internal Revenue Code) and to rollover contributions (as defined in section 415(b)(2)(A) of the Internal Revenue Code), and with the benefit attributable determined in accordance with Treasury Regulations located in 26 C.F.R. 1.415(b)-1.

(2) Adjustments to basic limitation for form of benefit. If the form of benefit is other than the annual benefit defined in division (1), the benefit shall be adjusted so that it is the equivalent of the annual benefit using factors prescribed in Treasury Regulations. If the form of benefit, without regard to any automatic benefit increase feature, is not a straight life annuity or a qualified joint and survivor annuity, then the preceding sentence is applied by either reducing the section 415(b) limit applicable at the annuity starting date or by adjusting the form of benefit to an actuarially equivalent amount, determined using the assumptions specified in 26 CFR 1.415(b)-1, that takes into account the additional benefits under the form of benefit as follows:

(a) Benefit forms not subject to section 417(e)(3) of the Internal Revenue Code: The straight life annuity that is actuarially equivalent to the member's form of benefit shall be determined under this subdivision (2)(a) if the form of a member's benefit is either a non-decreasing annuity (other than a straight life annuity) payable for a period of not less than the life of the employee (or in the case of a qualified pre-retirement survivor annuity, the life of the surviving spouse), or an annuity that decreases during the life of the member merely because of (a) the death of the survivor annuitant (but only if the reduction is not below 50% of the benefit payable before the death of the survivor annuitant), or (b) the cessation or reduction of social security supplements or qualified disability payments (as defined in section 401(a)(11) of the Internal Revenue Code. For a benefit paid in a form described in this subdivision (2)(a), the actuarially equivalent straight life annuity is equal to the greater of:

1. The annual amount of the straight life annuity (if any) payable to the member under the plan commencing at the same annuity starting date as the member's form of benefit, or

2. The annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the member's form of benefit, computed using a 5% interest rate assumption and the applicable mortality tables described in section 417(e)(3)(B) of the Internal Revenue Code (Notice 2008-85 or any subsequent Internal Revenue Service guidance implementing section 417(e)(3)(B) of the Internal Revenue Code); or

(b) Benefit forms subject to section 417(e)(3) of the Internal Revenue Code: If a form of member's benefit is other than a benefit form described in subsection (2)(a), the actuarially equivalent straight life annuity benefit is the greatest of:

1. The annual amount of the straight life annuity commencing at the annuity starting date that has the same actuarial present value as the particular form of benefit payable, computed using the interest rate and mortality table, or tabular factor, specified in the plan for actuarial experience;

2. The annual amount of the straight life annuity commencing at the annuity starting date that has the same actuarial present value as the particular form of benefit payable computed using a 5.5% interest rate assumption for the applicable statutory interest rate assumption and (i) for years prior to January 1, 2009 the applicable mortality tables for the distribution under 26 CFR 1.417(e)-1(d)(2) (Revenue Ruling 2001-62 or any subsequent Revenue Ruling modifying the applicable provisions of Revenue Ruling 2001-62) and (ii) for years after December 31, 2008 the applicable mortality tables described in section 417(e)(3)(B) of the Internal Revenue Code (Notice 2008-85 or any subsequent Internal Revenue Service guidance implementing section 417(e)(3)(B) of the Internal Revenue Code); or

3. The annual amount of the straight life annuity commencing at the annuity starting date that has the same actuarial present value as the particular form of benefit payable computed using the applicable interest rate for the distribution under 26 CFR 1.417(e)-1(d)(3), the 30-year Treasury rate; prior to January 1, 2007, using the rate in effect for the month prior to retirement, and on and after January 1, 2007, using the rate in effect for the first day of the plan year with a one-year stabilization period, and (i) for years prior to January 1, 2009, the applicable mortality tables for the distribution under 26 CFR 1.417(e)-1(d)(2) (the mortality table specified in Revenue Ruling 2001-62 or any subsequent Revenue Ruling modifying the applicable provisions of Revenue Ruling 2001-62) and (ii) for years after December 31, 2008, the applicable mortality tables described in section 417(e)(3)(B) of the Internal Revenue Code (Notice 2008-85 or any subsequent Internal Revenue Service guidance implementing section 417(e)(3)(B) of the Internal Revenue Code), divided by 1.05.

(c) The actuary may adjust the section 415(b) limit at that annuity starting date in accordance with subdivisions (a) and (b) above.

(3) Benefits not taken into account. For purposes of this subsection (Z), the following benefits shall not be taken into account in applying these limits:

(a) Any ancillary benefit which is not directly related to retirement income benefits;

(b) Survivor benefits payable to a surviving spouse under a qualified joint and survivor annuity to the extent such benefits would not be payable if the member's benefit were paid in another form.

(c) Any other benefit not required under section 415(b)(2) of the Internal Revenue Code and Regulations thereunder to be taken into account for purposes of the limitation of section 415(b)(1) of the Internal Revenue Code;

(4) COLA effect. Effective on and after January 1, 2003, for purposes of applying the limits under section 415(b) of the Internal Revenue Code (the "Limit"), the following will apply:

(a) A member's applicable limit will be applied to the member's annual benefit in the member's first limitation year of benefit payments without regard to any automatic cost of living adjustments;

(b) Thereafter, in any subsequent limitation year, a member's annual benefit, including any automatic cost of living increases, shall be tested under the then applicable benefit limit, including any adjustment to the section 415(b)(1)(A) dollar limit under section 415(d), and the regulations thereunder; but

(c) In no event shall a member's benefit payable under the plan in any limitation year be greater than the limit applicable at the annuity starting date, as increased in subsequent years pursuant to section 415(d) of the Internal Revenue Code and the regulations thereunder.

Unless otherwise specified in the plan, for purposes of applying the limits under section 415(b) of the Internal Revenue Code, a member's applicable limit will be applied taking into consideration cost of living increases as required by section 415(b) of the Internal Revenue Code and applicable Treasury Regulations.

(5) Other adjustments in limitations.

(a) In the event the member's retirement benefits become payable before age sixty-two (62), the limit prescribed by this subsection (Z) shall be reduced in accordance with regulations issued by the Secretary of the Treasury pursuant to the provisions of section 415(b) of the Internal Revenue Code, so that such limit (as so reduced) equals an annual straight life benefit (when such retirement income benefit begins) which is equivalent to an annual benefit in the amount of the applicable dollar limitation of section 415(b)(1)(A) of the Internal Revenue Code (as adjusted pursuant to section 415(d) of the Internal Revenue Code) beginning at age sixty-two (62).

(b) In the event the member's benefit is based on at least fifteen (15) years of credited service as a full-time police officer or firefighter, the adjustments provided for in (5)(a) above shall not apply.

(c) The reductions provided for in (5)(a) above shall not be applicable to disability benefits or pre-retirement death benefits.

(d) In the event the member's retirement benefit becomes payable after age sixty-five (65), for purposes of determining whether this benefit meets the limit set forth in this subsection (Z), such benefit shall be adjusted so that it is

actuarially equivalent to the benefit beginning at age sixty-five (65). This adjustment shall be made in accordance with regulations promulgated by the Secretary of the Treasury or his or her delegate.

(6) Less than ten (10) years of service. The maximum retirement benefits payable under this section to any member who has completed less than ten (10) years of credited service shall be the amount determined under division (a) multiplied by a fraction, the numerator of which is the number of the member's years of credited service and the denominator of which is ten (10). The reduction provided by this division (6) cannot reduce the maximum benefit below 10% of the limit determined without regard to this division. The reduction provided for in this division shall not be applicable to pre-retirement disability benefits or pre-retirement death benefits.

(7) Participation in other defined benefit plans. The limit of this subsection (Z) with respect to any member who at any time has been a member in any other defined benefit plan, as defined in section 414(i) of the Internal Revenue Code, maintained by the city shall apply as if the total benefits payable under all city defined benefit plans in which the member has been a member were payable from one plan.

(8) Ten thousand dollar (\$10,000) limit. Notwithstanding anything in this subsection (Z) to the contrary, the retirement benefit payable with respect to a member shall be deemed not to exceed the limit set forth in this subsection if the benefits payable, with respect to such member under this plan and under all other qualified defined benefit pension plans to which the city contributes, do not exceed ten thousand dollars (\$10,000) for the applicable limitation year and for any prior limitation year and the city has not at any time maintained a qualified defined contribution plan in which the member participated; provided, however, that if the member has completed less than ten years of credited service, the limit under this subsection shall be a reduced limit equal to ten thousand dollars (\$10,000) multiplied by a fraction, the numerator of which is the number of the member's years of credited service and the denominator of which is ten.

(9) Reduction of benefits. Reduction of benefits and/or contributions to all plans, where required, shall be accomplished by first reducing the member's benefit under any defined benefit plans in which the member participated, such reduction to be made first with respect to the plan in which the member most recently accrued benefits and thereafter in such priority as shall be determined by the Board and the plan administrator of such other plans, and next, by reducing or allocating excess forfeitures to defined contribution plans in which the member participated, such reduction to be made first with respect to the plan in which the member most recently accrued benefits and thereafter in such priority as shall be established by the Board and the plan administrator for such other plans provided, however, that necessary reductions may be made in a different manner and priority pursuant to the agreement of the Board and the plan administrator of all other plans covering such member.

(10) Service credit purchase limits.

(a) Effective for permissive service credit contributions made in limitation years beginning after December 31, 1997, if a member makes one or more contributions to purchase permissive service credit under the plan, then the requirements of this subsection (Z) will be treated as met only if:

1. The requirements of section 415(b) of the Internal Revenue Code are met, determined by treating the accrued benefit derived from all such contributions as an annual benefit for purposes of section 415(b), or

2. The requirements of section 415(c) of the Internal Revenue Code are met, determined by treating all such contributions as annual additions for purposes of section 415(c).

3. For purposes of applying subdivision (a)1, the plan will not fail to meet the reduced limit under section 415(b)(2)(C) of the Internal Revenue Code solely by reason of this subdivision (a)3, and for purposes of applying subdivision (a)2, the plan will not fail to meet the percentage limitation under section 415(c)(1)(B) of the Internal Revenue Code solely by reason of this subdivision (a)3.

(b) For purposes of this division (10), the term "permissive service credit" means service credit—

1. Recognized by the plan for purposes of calculating a member's benefit under the plan.

2. Which such member has not received under the plan,
and

3. Which such member may receive only by making a voluntary additional contribution, in an amount determined under the plan, which does not exceed the amount necessary to fund the benefit attributable to such service credit.

Effective for permissive service credit contributions made in limitation years beginning after December 31, 1997, such term may, if otherwise provided by the plan, include service credit for periods for which there is no performance of service, and, notwithstanding subdivision (2)b, may include service credited in order to provide an increased benefit for service credit which a member is receiving under the plan.

(c) For purposes of applying the limits in this division (10) only and for no other purpose, the definition of compensation where applicable will be compensation actually paid or made available during a limitation year, except as noted below and as permitted by Treasury Regulations located in 26 CFR 1.415(c)-2, or successor regulations. Unless another definition of compensation that is permitted by Treasury Regulations Section 1.415(c)-2, or successor regulation, is specified by the plan, compensation will be defined as wages within the meaning of section 3401(a) of

the Internal Revenue Code and all other payments of compensation to a member by the city for which the city is required to furnish the member a written statement under sections 6041(d), 6051(a)(3) and 6052 of the Internal Revenue Code and will be determined without regard to any rules under section 3401(a) of the Internal Revenue Code that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in section 3401(a)(2) of the Internal Revenue Code.

1. However, for limitation years beginning after December 31, 1997, compensation will also include amounts that would otherwise be included in compensation but for an election under section 125(a), 402(e)(3), 402(h)(1)(B), 402(k), or 457(b) of the Internal Revenue Code. For limitation years beginning after December 31, 2000, compensation will also include any elective amounts that are not includible in the gross income of the member by reason of section 132(f)(4) of the Internal Revenue Code.

2. For limitation years beginning on and after January 1, 2007, compensation for the limitation year will also include compensation paid by the later of 2½ months after the member's severance from employment or the end of the limitation year that includes the date of the member's severance from employment if:

A. The payment is regular compensation for services during the member's regular working hours, or compensation for services outside the member's regular working hours (such as overtime or shift differential), commissions, bonuses or other similar payments, and, absent a severance from employment, the payments would have been paid to the member had the member continued in employment with the City; or

B. The payment is for unused accrued bona fide sick, vacation or other leave that the member would have been able to use if employment had continued.

3. Back pay, within the meaning of Treasury Regulations Section 1.415(c) - 2(g)(8), shall be treated as compensation for the limitation year to which the back pay relates to the extent the back pay represents wages and compensation that would otherwise be included under this definition.

(d) Notwithstanding any other provision of law to the contrary, the Board may modify a request by a member to make a contribution to the plan if the amount of the contribution would exceed the limits provided in section 415 of the Internal Revenue Code by using the following methods:

1. If the law requires a lump sum payment for the purchase of service credit, the Board may establish a periodic payment deduction plan for the member to avoid a contribution in excess of the limits under section 415(c) or 415(n) of the Internal Revenue Code.

2 If payment pursuant to paragraph (d)1 will not avoid a contribution in excess of the limits imposed by section 415(c) of the Internal Revenue Code, the Board may either reduce the member's contribution to an amount within the limits of that section or refuse the member's contribution

(e) If the annual additions for any member for a plan year exceed the limitation under section 415(c) of the Internal Revenue Code, the excess annual addition will be corrected as permitted under the Member Plans Compliance Resolution System (or similar IRS correction program).

(f) For limitation years beginning on or after January 1, 2009, a member's compensation for purposes of this division (10) shall not exceed the annual limit under section 401(a)(17) of the Internal Revenue Code.

(11) Additional limitation on pension benefits. Notwithstanding anything herein to the contrary:

(a) The normal retirement benefit or pension payable to a retiree who becomes a member of the plan and who has not previously participated in such plan, on or after January 1, 1980, shall not exceed one hundred percent (100%) of average final compensation. However, nothing contained in this subdivision shall apply to supplemental retirement benefits or to pension increases attributable to cost-of-living increases or adjustments.

(b) No member shall be allowed to receive a retirement benefit or pension which is in part or in whole based upon any service with respect to which the member is already receiving, or will receive in the future, a retirement benefit or pension from a different public employer's retirement system or plan. This restriction does not apply to social security benefits or federal benefits under Chapter 67, Title 10, U.S. Code.

Section 6: That Section 33.025(FF) of the Code of Ordinances is hereby created to read as follows:

TITLE III: ADMINISTRATION

* * *

CHAPTER 33: CITY EMPLOYEES

* * *

RETIREMENT

EMPLOYEES' RETIREMENT FUND

§ 33.025 PENSIONS AND RETIREMENT

* * *

(FF) Distribution of benefits. As of _____, this plan shall pay all benefits in accordance with a good faith interpretation of the requirements of section 401(a)(9) of the Internal Revenue Code and the regulations promulgated thereunder, as applicable to a governmental plan as defined in section 414(d) of the Internal Revenue Code. Notwithstanding any other provision of this plan to the contrary, a form of retirement income payable from this plan shall satisfy the following conditions:

(1) If the retirement income is payable before the participant death,

(a) It shall either be distributed or commence to the participant not later than April 1 of the calendar year following the later of the calendar year in which the participant attains age seventy and one-half (70½), or the calendar year in which the participant retires; and

(b) The benefit shall be paid over the life of the participant or over the lifetimes of the participant and designated beneficiary and shall be paid over the period extending not beyond the life expectancy of the participant and designated beneficiary.

Where benefit payments have commenced in accordance with the preceding paragraphs and the participant dies before his or her entire interest in the plan has been distributed, the remaining portion of such interest in the plan shall be distributed no less rapidly than under the form of distribution in effect at the time of the participant's death.

(2) If the participant dies before distributions begin, the participant's entire interest shall be distributed, or begin to be distributed, no later than as follows:

(a) If the participant's surviving spouse is the participant's sole designated beneficiary, then distributions to the surviving spouse shall begin by December 31 of the calendar year immediately following the calendar year in which the participant died, or by December 31 of the calendar year in which the participant would have attained age 70½, if later.

(b) If the participant's surviving spouse is not the participant's sole designated beneficiary, then distributions to the designated beneficiary shall begin by December 31 of the calendar year immediately following the calendar year in which the participant died.

(c) If there is no designated beneficiary as of September 30 of the year following the year of the participant's death, the participant's entire interest shall be distributed by December 31 of the calendar year containing the fifth anniversary of the participant's death.

(d) If the participant's surviving spouse is the participant's sole designated beneficiary and the surviving spouse dies after the participant but before distributions to the surviving spouse are required to begin, this division (2), other than subdivision (2)(a), shall apply as if the surviving spouse were the participant. For purposes of this division (2), unless subdivision (2)(d) applies, distributions are considered to begin on the participant's required beginning date. If subdivision (2)(d) applies, distributions are considered to begin on the date distributions are required to begin to the surviving spouse under subdivision (2)(d). If distributions under an annuity meeting the requirements of this subsection (FF) commence to the participant before the participant's required beginning date (or to the participant's surviving spouse before the date distributions are required to begin to the surviving spouse under subdivision (2)(a), the date distributions are considered to begin is the date distributions actually commence.

Section 7: That Section 33.025(GG) of the Code of Ordinances is hereby created to read as follows:

TITLE III: ADMINISTRATION

* * *

CHAPTER 33: CITY EMPLOYEES

* * *

RETIREMENT

EMPLOYEES' RETIREMENT FUND

§ 33.025 PENSIONS AND RETIREMENT

* * *

(GG) *Prohibited transaction.* The Board may not engage in any transaction prohibited under section 503(b) of the Internal Revenue Code.

Section 8: That Subsection 33.025(HH) of the Code of Ordinances is hereby created to read as follows:

TITLE III: ADMINISTRATION

* * *

CHAPTER 33: CITY EMPLOYEES

* * *

RETIREMENT

EMPLOYEES' RETIREMENT FUND

§ 33.025 PENSIONS AND RETIREMENT

* * *

(HH) Qualification of plan. It is intended that this plan shall constitute a qualified public pension plan under the applicable provisions of the Internal Revenue Code for a qualified plan under section 401(a) of the Internal Revenue Code and a governmental plan under section 414(d) of the Internal Revenue Code, as now in effect and as may be amended from time to time. Any modification or amendment of this plan may be made retroactively, if necessary or appropriate to maintain qualification.

Section 9: That Subsection 33.025(II) of the Code of Ordinances is hereby created to read as follows:

TITLE III: ADMINISTRATION

* * *

CHAPTER 33: CITY EMPLOYEES

* * *

RETIREMENT

EMPLOYEES' RETIREMENT FUND

§ 33.025 PENSIONS AND RETIREMENT

* * *

(II) Reemployment after retirement. To the extent permitted under the Internal Revenue Code with regard to in-service distributions, the benefits otherwise payable to a retiree who has retired under the normal retirement provisions of this plan and attained age 62 shall not be discontinued if such retiree is subsequently reemployed by the city.

Section 10: That 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 of Hollywood, Florida, and the provisions of this ordinance may be renumbered to accomplish such intention.

Section 11: That if any word, phrase, clause, subsection or section of this ordinance is for any reason held unconstitutional or invalid, the invalidity thereof shall not affect the validity of any remaining portions of this ordinance.

Section 12: That all sections or parts of sections of the Code of Ordinances, all ordinances or parts of ordinances, and all resolutions or parts of resolutions in conflict herewith be and the same are hereby repealed to the extent of such conflict.

Section 13: That this ordinance shall be in full force and effect immediately upon its approval by a "majority plus one" vote of the City Commission and 50% plus one of the voting members of the Employees' Retirement Fund.

ADVERTISED on _____, 2018.

PASSED on first reading this _____ day of _____, 2018.

PASSED AND ADOPTED on second reading this _____ day of _____, 2018.

JOSH LEVY, MAYOR

ATTEST:

PATRICIA A. CERNY, MMC
CITY CLERK

APPROVED AS TO FORM & LEGALITY
for the use and reliance of the
City of Hollywood, Florida only:

DOUGLAS R. GONZALES, CITY ATTORNEY

AGENDA ITEM 6.C.

LEGAL

**PROPOSED ORDINANCE AMENDMENT RELATING TO THE
EMPLOYEES' RETIREMENT FUND**

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF HOLLYWOOD, FLORIDA, AMENDING SECTION 33.025 OF THE CODE OF ORDINANCES RELATING TO THE EMPLOYEES' RETIREMENT FUND; ALLOWING CERTAIN MEMBERS OF THE FUND TO PURCHASE CREDITED SERVICE FOR PRIOR CITY SERVICE.

WHEREAS, when a current City employee is a member of the Employees' Retirement Fund but has prior City service, the ability for that employee to purchase credited service for such prior service is presently limited; and

WHEREAS, the City Commission wishes to allow more such employees to purchase credited service for prior City service; and

WHEREAS, Section 33.031 of the Code of Ordinances provides that the subchapter of Chapter 33 relating to the Employees' Retirement Fund may be amended by (a) a "majority plus one" vote of the City Commission and 50% plus one of the voting members of the Employees' Retirement Fund or (b) a majority vote of electors voting in a referendum election called for such purpose by the City Commission; and

WHEREAS, it is expected that the amendments contained in this Ordinance will be adopted in accordance with the procedure designated as (a) in the preceding paragraph, and, to accomplish that, this ordinance must be adopted by a "majority plus one" vote of the City Commission.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF HOLLYWOOD, FLORIDA:

Section 1: That Section 33.015 of the Code of Ordinances is hereby amended to read as follows:

TITLE III: ADMINISTRATION

* * *

CHAPTER 33: CITY EMPLOYEES

(Coding: Words and figures underscored are additions to existing law; words and figures ~~struck through~~ are deletions.)

* * *

Sec. 33.025. Pensions and retirement.

* * *

(D) *Credited Service.* Each member shall receive credit for service rendered as an employee as follows:

* * *

(11) Notwithstanding anything to the contrary contained in this Section 33.025, any city employee who is a contributing member of this plan may purchase credited service under the plan for each period of prior city employment in a full-time position that was not eligible for membership in a defined benefit retirement plan of the city. Such member may enter into an agreement at any time prior to separation from city employment to purchase such credited service by paying a contribution of 8% of the compensation received during the period of prior employment, plus a buy-back fee of 4% of the total contribution amount. If the total contribution amount and buy-back fee is not fully paid by the time the member leaves city employment, an additional 6-1/2% fee will be charged on the unpaid balance remaining when the member separates from city employment. Payments for the purchase of credited service made pursuant to this division must be made using any one or a combination of the following options:

(i) Cash lump sum payment.

(ii) Direct transfer or rollover of an eligible rollover distribution from a qualified plan, in accordance with division (Y) below.

(iii) Time payment plan. Under this option the member may elect to pay any remaining balance due for the purchase of credited service through a time payment plan approved by the city and the employee. Under such plan, bi-weekly payments shall be deducted from the member's compensation, and if there is any remaining balance due upon separation from city employment, monthly payments shall be deducted from the member's monthly pension benefit until the remaining balance is fully paid; provided that the deduction shall not exceed 20% of the member's gross monthly pension benefit.

* * *

Section 2: That it is the intention of the City Commission that the provisions of this Ordinance shall become and be made a part of the Charter of the City of Hollywood, Florida, and the provisions of this Ordinance may be renumbered to accomplish such intention.

Section 3: That if any word, phrase, clause, subsection or section of this Ordinance is for any reason held unconstitutional or invalid, the invalidity thereof shall not affect the validity of any remaining portions of this Ordinance.

Section 4: That all sections or parts of sections of the Code of Ordinances, all ordinances or parts of ordinances, and all resolutions or parts of resolutions in conflict herewith be and the same are repealed to the extent of such conflict.

Section 5: That this Ordinance shall be in full force and effect immediately upon its approval by a "majority plus one" vote of the City Commission and 50% plus one of the voting members of the Employees' Retirement Fund.

ADVERTISED on _____, 2018.

PASSED on first reading this _____ day of _____, 2018.

PASSED AND ADOPTED on second reading this _____ day of _____, 2018.

JOSH LEVY, MAYOR

ATTEST:

PATRICIA A. CERNY, MMC
CITY CLERK

APPROVED AS TO FORM AND LEGAL
SUFFICIENCY for the use and reliance
of the City of Hollywood, Florida only:

DOUGLAS R. GONZALES, CITY ATTORNEY

AGENDA ITEM 6.D.

LEGAL

**UPDATE ON CITY OF HOLLYWOOD V. CITY OF
HOLLYWOOD EMPLOYEES' RETIREMENT FUND**

(NO BACKUP FOR THIS SECTION)

AGENDA ITEM 6.E.

LEGAL

REQUEST FOR EXECUTIVE SESSION

TO DISCUSS PENDING LITIGATION

(NO BACKUP FOR THIS SECTION)

AGENDA ITEM 7.A.
EXECUTIVE DIRECTOR'S REPORT
PROPOSED FY2019 BUDGET

**City of Hollywood Employees Retirement Fund
FY 9/30/19 Proposed Budget**

	FYE 9/30/18	FYE 9/30/19	
	Anticipated	Proposed Budget	Change (%)
Professional Fees:			
Brandes Investment Partners	161,800	152,000	
Northern Trust-Large Cap	25,440	26,000	
Thompson Siegel (TSW)	136,976	138,000	
Wellington	362,065	364,000	
Manager Fees (not invoiced)	1,151,791	1,305,000	
Managers' Fees	1,838,072	1,985,000	8%
Consultants	130,000	130,000	
Accounting	50,000	25,000	
Auditors/ Accounting Fees		10,000	
Custodial Fees	33,000	33,000	
GRS-Actuarial	16,934	18,500	
GRS- Other Fees		20,500	
Medical Services	2,400	4,800	
Legal Fees	73,332	90,000	
Total Professional Fees	2,143,738	2,316,800	8%
Administrative Expenses:			
Total Salaries	133,147	203,000	
Salaries-Temporary Services	36,007	5,000	
Taxes & Benefits	26,629	41,000	
Insurance	154,585	159,000	
Total Administrative Expenses	350,368	408,000	16%
Other Expenses:			
Training/Travel	34,640		
Dues	3,900	33,000	
Travel, meals ,lodging	3,173	41,000	
Staff/Trustee Training &Travel	41,713	74,000	77%
Participant/Member Education		5,000	
Website support/maintenance		5,000	
Equipment Rent	1,512	2,520	
Printing Cost		7,000	
Office Supplies	7,802	10,000	
Furniture/Equipment		10,000	
Postage		8,000	
Total Other Expenses:	51,027	122,000	124%
Pension Software & Maintenance		115,000	
Contingency Reserves		100,000	
Total Costs	2,545,134	3,062,000	15%

Potential FY 2019 Expenses Not Included in Proposed Budget

Annual Rent	40,000
IT Services/Computer support	15,000
Pension Software	100,000
Imaging	25,000
Utilities	7,200
	187,200

AGENDA ITEM 7.B.

EXECUTIVE DIRECTOR'S REPORT

PROPOSED 2019 REGULAR BOARD MEETING DATES

CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND

PROPOSED 2019 REGULAR BOARD MEETING SCHEDULE

Location: City Hall Annex, Room 20, 2600 Hollywood Blvd.

TIME: All Meetings will begin at 9:00 am.

DATES

- January 22, 2019
- February 26, 2019
- March 26, 2019
- April 23, 2019
- May 28, 2019
- June 25, 2019
- July 23, 2019
- August 27, 2019
- September 24, 2019
- November 5, 2019
- December 10, 2019

AGENDA ITEM 7.C.

EXECUTIVE DIRECTOR'S REPORT

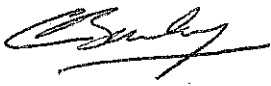
PROPOSED EMPLOYEE ELECTION PROCESS



CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND

2600 Hollywood Blvd. • City Hall Annex Building, 2ND Floor, Room 20 • Hollywood, FL 33020
(954) 921-3333 • (954) 921-3332 Fax • www.hollywoodpension.com

TO: Board of Trustees

FROM: Christine Bailey 

SUBJECT: Election of Employee Trustee to the City of Hollywood Employees' Retirement Fund

DATE: November 1, 2018

The term of Trustee Christopher Cassidy expires on February 28, 2019. Section 33.025(R)(1) of the City Code of Ordinances provides that employee-elected trustees are elected by a vote of all employee members (including those participating in the DROP). The Code further provides that the election shall be administered by the Pension Coordinator subject to approval of the Board. Based on the Board's Trustee Election Procedures the following timeline is being presented for your consideration:

November 26, 2018 **Request for Applications for Candidacy** including the qualification requirements will be sent to all employees who are members of the Fund.

December 20, 2018 **Nominations closes.** Applications will be accepted through 12:00 p.m.

December 27, 2018 **Certification of Qualified Candidates.** The Executive Director will certify that each candidate is a member of the Fund with at least six years of credited service.

If only one qualified candidate is certified, the Chair of the Board shall cast a symbolic ballot to elect the candidate and the election process concludes.

If more than one qualified candidate is certified, each candidate will be notified of the Dates, Times and Locations of the Elections.

Notification of Qualified Candidates. Candidates are notified of their candidacy and advised that they may begin campaigning. Employees are notified of nominated employees.

January 22, 2019 **Notice of Election to the Board of Trustees.** Notice of the election is posted in all City of Hollywood locations in the areas most commonly utilized for posting notices to employees.

January 28, 2019
Through February 1, 2019 **Early Voting.** Voting will be open 9:00 a.m. to 4:00 p.m. in the Pension Office.

February 5, 2019

Election Day. Voting will be open 7:30 a.m. – 5:00 p.m. at the City Hall Main Entrance, 1st Floor, on the east side of the building.

Ballot Count. Ballots will be counted immediately following the election.

February 14, 2019

Declaration of Election Results. Election results will be posted on the City's Sunshine Board

February 20, 2018

Challenge of Election Results closes. Challenges concerning the election results must be submitted through 5:00p.m.

March 6, 2018

Response to Challenge of Election Results closes. Responses to Challenges concerning the election results may be submitted by candidates through 5:00p.m.

After March 6, 2018

Board Addresses Challenge of Election Results. At the next Regular or Special Meeting, the Board of Trustees addresses challenges concerning the election results. The Board of Trustees will resolve any challenges or disputes by majority vote which will be binding on all parties.

City of Hollywood Employees' Retirement Fund

TRUSTEE ELECTION PROCEDURES

1. Trustee Election Timeline for expiring terms is prepared and approved by the Board at its regular meeting in September. Trustee Election Timeline shall detail: 1) the date "Request for Applications for Candidacy" is provided to all employees (in the last week of November), 2) the date and time nominations close (12:00 p.m. on the Thursday before December 24th), 3) the date candidates and employees are notified of the nominated candidates (the Thursday following December 24th), 4) the date campaigning may begin (the Thursday following December 24th), 5) the election date (the first Tuesday in February), and 6) "Early Voting" dates. The preceding applies for a Trustee vacancy that occurs before an unexpired term of office (dates may differ based on the date of vacancy).
2. During last week of November, provide "Request for Applications for Candidacy" to all employees. Candidate eligibility: an active member of the City of Hollywood Employees' Retirement Fund with six (6) or more years of credited service.
3. On the Thursday preceding December 24th, close nominations at 12:00 p.m.
4. On the Thursday following December 24th, notify candidates of their candidacy and that they may begin campaigning. Campaigning shall not be done utilizing City equipment (computers, vehicles, paper, cell phones, etc.) and/or on City time.
5. On the Thursday following December 24th, Pension Coordinator to notify all employees of the nominated candidates.
6. Two (2) weeks prior to Election Day, the Pension Coordinator shall have posted "Notice of Election to the Board of Trustees" in all City of Hollywood locations in the areas most commonly utilized for posting notices to employees. The "Notice" shall include the date, time and location of the election on Election Day as well as the dates and times the Pension Office will be open for Early Voting.
7. The Pension Office (the polling place for Early Voting purposes only) will be open 9:00 a.m. to 4:00 p.m. for Early Voting Monday – Friday the week immediately preceding Election Day. Ballots cast during Early Voting will only be opened on Election Day along with all other ballots (see #11).
8. Election Day will be the first Tuesday of February. Hours of election will be 7:30 a.m. – 5:00 p.m. The polling place on Election Day will be City Hall Main Entrance, 1st Floor, East Side.

9. Each employee must show a picture ID before a ballot will be provided. Voter eligibility: all full-time City of Hollywood employees covered by the City of Hollywood Employees' Retirement Fund (includes employees in the Employees' Retirement Fund DROP, but excludes all part-time City employees, retirees, and City employees covered by the Police or Firefighters' retirement plans).
10. No candidate or other person(s) may solicit voters inside the polling place or within 100 feet of the entrance to any polling place.
11. Immediately after voting closes on Election Day, sort, count and tabulate all ballots cast during "Early Voting" and on Election Day. The ballot count will be verified by two (2) people, one of whom shall be the Pension Coordinator and exclude all candidates.
12. Post the election results on the City's Sunshine Board on the Wednesday immediately following Election Day. The candidate with the highest number of votes in the election will be the winner.
13. In the event of a challenge or dispute concerning an election, the person making the challenge or dispute shall submit a written description of the relevant facts and circumstances to the Pension Coordinator. The challenge or dispute shall be considered by the Board at the next regular meeting, or at a special meeting scheduled for this purpose. At the meeting, the person making the challenge or dispute shall be given an opportunity to present the relevant facts and circumstances, and any supporting documents, to the Board, a copy to be provided to all other candidates within ten (10) working days following the election results. Any other candidate may submit a written response to the challenge within ten (10) working days. The challenge will be considered at the next regularly scheduled meeting, or special meeting if one is called. The Board may ask questions, and may request additional information or documents concerning the challenge or dispute. After considering the information and documents, the Board shall take final action to resolve the challenge or dispute by majority vote, which action shall be binding on all parties.

**CITY OF HOLLYWOOD, FLORIDA
PENSION COORDINATOR
MEMORANDUM TO THE PENSION BOARD**

DATE: October 30, 2017
TO: Board of Trustees of the Employees' Retirement Fund
FROM: Lisa Castronovo, Pension Coordinator
SUBJECT: 2018 Employee-elected Trustee Timeline

ISSUE:

The term of Trustee Phyllis Shaw expires February 28, 2018

EXPLANATION:

Section 33.025(R)(1) of the City Code of Ordinances provides that employee-elected trustees are elected by a vote of all employee members (including those participating in the DROP). The Code further provides that the election shall be administered by the Pension Coordinator subject to approval of the Board.

If the Board so approves, this timeline will be followed:

1. A notification, which will include qualification requirements and a request for nominations, will be sent to all non-classified employees on Monday, November 27, 2017.
2. Nominations will be accepted through 12:00 p.m. Thursday, December 21, 2017.
3. On Monday, January 8, 2018, if there is more than one nominated candidate, each candidate will be notified that they may start campaigning and all non-classified employees will be provided with the name(s) of the nominated candidate(s).
4. If an election is necessary, early voting will be held 9:00 a.m. – 4:30 p.m., Thursday, January 25, 2018 – Thursday, February 1, 2018 followed by regular voting on Tuesday, February 6, 2018, 7:00 a.m. - 6:00 p.m.

RECOMMENDATION:

Approve recommended timeline

CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND

REQUEST FOR APPLICATIONS FOR CANDIDACY FOR THE EMPLOYEE-ELECTED MEMBER OF THE BOARD OF TRUSTEES MARCH 1, 2019 – FEBRUARY 28, 2022

The term of one of the employee-elected members of the Board of Trustees expires February 28, 2019. Applications for candidacy for the upcoming term are being accepted from now through 12:00 p.m. Thursday, December 20, 2018.

Candidate eligibility requirements: Active City employee who is a member of the Employees' Retirement Fund with six (6) or more years of credited service. An application for Candidacy must be completed and received by the Pension Office (2600 Hollywood Boulevard, City Hall Annex Building, Room 20) no later than 12:00p.m. on Thursday, December 20, 2018. Please ensure that you receive a receipt confirming delivery of the application.

For a candidate application, contact the Pension Office at (954) 921-3333 or Christine Bailey via email at cbailey@hollywoodfl.org. On Thursday, December 27, 2018, a notice will be posted stating the name(s) of the eligible candidate(s). If applications are received from two (2) or more eligible candidates, the Board of Trustees' vacancy will be filled through an Election on February 5, 2019. For those members who are not able to vote on Election day, Early Voting will be available from Monday, January 28 through Friday, February 1, 2019. All DROP participants and full-time employees, who are members of the City of Hollywood Employees' Retirement Fund may vote. (Retirees may not vote for the employee-elected Member nor may employees covered by the City's Police or Firefighters' Retirement Funds). The candidate receiving the highest number of votes will serve on the Board of Trustees of the City of Hollywood Employees' Retirement Fund from March 1, 2019 through February 28, 2022.

**NOTICE OF ELECTION and REQUEST FOR APPLICATIONS FOR CANDIDACY
for the
EMPLOYEE-ELECTED POSITION ON THE BOARD OF TRUSTEES
of the
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND**

The term of one of the employee-elected Trustee positions on the City of Hollywood Employees' Retirement Fund Board of Trustees expires February 28, 2018. As a result, applications for candidacy for the upcoming term are being accepted from now through 12:00 p.m. Thursday, December 21, 2017.

Candidate eligibility requirements: current City employee with six (6) or more years of credited service in the City of Hollywood Employees' Retirement Fund.

For a candidate application, contact the Pension Office at (954) 921-3333. Return the completed Application to the Pension Office (2600 Hollywood Boulevard, City Hall Annex Building, Room 20) no later than 12:00 p.m. on December 21, 2017. Please call ahead to coordinate delivery of the application.

On Monday, January 8, 2018, a notice will be posted stating the name(s) of the eligible candidate(s). If applications are received from two (2) or more eligible candidates, the Board of Trustees' vacancy will be filled through an election on Tuesday, February 6, 2018. Election day will be preceded by Early Voting Thursday, January 25 – Thursday, February 1, 2018. Once the notice is posted, campaigning may begin and continue through the date of the election. All DROP participants and full-time City employees covered by the City of Hollywood Employees' Retirement Fund may vote (retirees may not vote for the employee-elected Trustees nor may employees covered by the City's Police or Firefighters' Retirement Funds). The candidate receiving the highest number of votes will serve on the Board of Trustees of the City of Hollywood Employees' Retirement Fund from March 1, 2018 through February 28, 2021.

CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND

APPLICATION FOR CANDIDACY

EMPLOYEE-ELECTED MEMBER BOARD OF TRUSTEES

March 1, 2019 – February 28, 2022

I, _____, do hereby apply as a candidate for the position of Employee-Elected Member of the Board of Trustees of the City of Hollywood Employees' Retirement Fund...

I certify that I am an active member of the Employees' Retirement Fund with six (6) or more years of credited service and am presently employed in:

Department/Division

Signature

Date

Telephone Number

APPLICATION FOR CANDIDATE

**CITY OF HOLLYWOOD, FL EMPLOYEES' RETIREMENT FUND
BOARD OF TRUSTEES**

I, _____, do hereby apply as a candidate
for the City of Hollywood, FL Employees' Retirement Fund Board of Trustees.

I certify that I am an active member of the Employees' Retirement Fund with
six (6) or more years of credited service and am presently employed in:

Department Name

Division Name

Signature

Date

Phone Number

AGENDA ITEM 7.D.

EXECUTIVE DIRECTOR'S REPORT

NEW PENSION SOFTWARE

(NO BACKUP FOR THIS SECTION)

AGENDA ITEM 7.E.
EXECUTIVE DIRECTOR'S REPORT
CITY COMMISSION COMMUNICATION



CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND

2600 Hollywood Blvd. • City Hall Annex Building, 2ND Floor, Room 20 • Hollywood, FL 33020
(954) 921-3333 • (954) 921-3332 Fax • www.hollywoodpension.com

CITY COMMISSION COMMUNICATION **OCTOBER 2018**

The following information is provided to the City Commission for informational purposes only.

BOARD OF TRUSTEES

Phyllis Shaw – Chair	Christopher Cassidy	George Keller
Jeffery Greene – Vice-Chair	Charles Howell	Cintya Ramos
Robert Strauss – Secretary		

All Trustees attended the September 2018 Meeting of the Board of Trustees

ITEMS OF INTEREST TO THE CITY COMMISSION

- The Fund's estimated value on August 31, 2018 was \$331.9 million.
- The Fund renewed and obtained Insurance Coverages including Fiduciary, Employment and Cyber Liability Insurance.
- The Fund continues its discussions with the City as it seeks to conclude the outstanding matters related to the payment of Supplemental Pension Distributions and the litigation proceedings with the City of Hollywood.
- The Fund continues its discussions with the City regarding a proposed ordinance amendment to provide consistency with the September 3, 2015 IRS Determination Letter received by the Fund.
- The Fund extended its agreement with GRS Retirement Consulting for three additional one year terms.
- The Fund discussed the proposed Ordinance amendment relating to the Employees' Retirement Fund.
- Pension Office has been staffed with two additional employees.
- The Financial Statements for the Fiscal Year ended September 30, 2017 are complete and ready for review.

ITEMS SUBMITTED FOR THE CITY COMMISSION CONSIDERATION

- None

UPCOMING PENSION EDUCATIONAL OPPORTUNITIES FOR CITY COMMISSION

- Florida Public Pension Trustee Association
Fall Trustee School
February 3 – February 6, 2019
Rosen Centre Hotel, Florida

MEETING SCHEDULE 2018

Unless otherwise stated all Regular Meetings of the Board of Trustees are held at 9:00am in the Fund Office.

December, 13, 2018

Please be advised that the Next Regular Meeting of the Board of Trustees will be held on Thursday, December 13 at 9:00am at the Fund Office. All Commissioners are invited to attend.

AGENDA ITEM 7.F.

EXECUTIVE DIRECTOR'S REPORT

COMMUNICATIONS FROM THE EXECUTIVE DIRECTOR

(HANDOUT)

AGENDA ITEM 8

PUBLIC COMMENT

(NO BACKUP FOR THIS SECTION)

AGENDA ITEM 9

TRUSTEE REPORTS, QUESTIONS AND COMMENTS

(NO BACKUP FOR THIS SECTION)

AGENDA ITEM 10

ADJOURNMENT

(NO BACKUP FOR THIS SECTION)