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CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND

CALENDAR OF ITEMS

SPECIAL BOARD MEETING

SEPTEMBER 17, 2019

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 SPECIAL PENSION BOARD MEETING CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND TUESDAY, SEPTEMBER 17, 2019 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. LEGAL (Ron Cohen - Rice, Pugatch, Robinson, Storfer and Cohen.)**
 - a. Update on City of Hollywood v. City of Hollywood Employees' Retirement Fund – consideration of a Settlement Agreement with the City of Hollywood.
- 4. PUBLIC COMMENTS**
- 5. TRUSTEE REPORTS, QUESTIONS AND COMMENTS**
- 6. 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.

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

Christine Bailey

From: Beckendorf, Douglas <Douglas.Beckendorf@dms.myflorida.com>
Sent: Thursday, September 12, 2019 11:37 AM
To: Christine Bailey
Cc: jeffrey.amrose@gabrielroeder.com; rcohen@rprslaw.com; Cintya Ramos; Josh Levy; Brinkman, Keith
Subject: [EXT]Hollywood Employees' Retirement Plan: Required contribution for State Acceptance dated 09/12/2019, PlanID=0322
Attachments: RC.2019.09.12.Hollywood.G.pdf

Attached is a letter regarding the required contribution for State Acceptance for the Hollywood Employees' Retirement Plan. Our earlier letter of September 3, 2019 has been revised to include the amount of the 2012 Supplemental Pension Distribution. Call with any questions regarding this correspondence.

Douglas E. Beckendorf, A.S.A., E.A. | Actuary

Division of Retirement

(850) 778-4605 (office) | (850) 410-2172 (fax)

Florida Department of Management Services

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Bureau of Local Retirement Systems

P.O. Box 9000

Tallahassee, FL 32315-9000

Tel: 850-488-2784 | Fax: 850-921-2161 | Toll-Free: 877-738-5622

Ron DeSantis, Governor

Jonathan R. Satter, Secretary

September 12, 2019

Ms. Christine Bailey
Hollywood Employees' Retirement Plan
P. O. Box 229045
Hollywood, FL 33022-9045

**RE: Hollywood Employees' Retirement Plan
Required contribution for state acceptance**

Dear Ms. Bailey:

The actuary for the plan, Gabriel, Roeder, Smith & Company (GRS), has calculated the required contribution for the plan to be state accepted under Part VII, Chapter 112, Florida Statutes. According to the plan actuary, as of July 31, 2019, the required contribution is **\$12,364,225**, which includes interest. When the city is ready to make the contribution, contact the plan actuary for the additional amount to add to the above contribution for interest to the actual date of payment. Please note the required contribution referenced above does not include the 2012 Supplemental Pension Distribution of **\$4,410,537** which has not yet been paid to retirees. In addition to the payment of the required contribution and the payment of the 2012 Supplemental Pension Distribution, the city is required to consent to contribute the entire required contributions in the future which will include a pre-funding component for supplemental distributions to comply with Section 112.61, Florida Statutes.

Should you have any questions, please do not hesitate to call us.

Sincerely,

Douglas E. Beckendorf, A.S.A., E.A.
Actuary

cc: Mr. Jeff Amrose, Plan Actuary
Mr. Ronald J. Cohen, Plan Attorney
Ms. Cintya Ramos, Hollywood Finance Director
Mr. Josh Levy, Hollywood Mayor
Mr. Keith Brinkman, Chief, Bureau of Local Retirement

Christine Bailey

From: Beckendorf, Douglas <Douglas.Beckendorf@dms.myflorida.com>
Sent: Friday, September 13, 2019 10:10 AM
To: Christine Bailey
Cc: jeffrey.amrose@gabrielroeder.com; rcohen@rprslaw.com; Cintya Ramos; Josh Levy; Brinkman, Keith
Subject: RE: [EXT]Hollywood Employees' Retirement Plan: Required contribution for State Acceptance dated 09/12/2019, PlanID=0322
Attachments: RC.2019.09.13.Hollywood.G.pdf

Good Morning Christine,

Attached is a revised required contribution letter with the corrected 2012 Supplemental Distribution Amount of \$4,299,167. Feel free to call with any questions.

Douglas E. Beckendorf, A.S.A., E.A. | Actuary

Division of Retirement

(850) 778-4605 (office) | (850) 410-2172 (fax)

Florida Department of Management Services

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From: Christine Bailey [mailto:CBAILEY@hollywoodfl.org]

Sent: Thursday, September 12, 2019 1:47 PM

To: Beckendorf, Douglas <Douglas.Beckendorf@dms.myflorida.com>

Cc: jeffrey.amrose@gabrielroeder.com; rcohen@rprslaw.com; Cintya Ramos <CRAMOS@hollywoodfl.org>; Josh Levy <JLEVY@hollywoodfl.org>; Brinkman, Keith <Keith.Brinkman@dms.myflorida.com>

Subject: RE: [EXT]Hollywood Employees' Retirement Plan: Required contribution for State Acceptance dated 09/12/2019, PlanID=0322

Douglas,

Thank you for your efforts as we work with the City of Hollywood to resolve our non-compliance. Please be aware that the initial amount provided to your office and quoted in your letter for the 2012 Supplemental Pension Distribution of \$4,410,537 is incorrect. The correct amount of the Distribution at the time of payment was \$4,299,167. Please reference the attached communication from the Board's Actuary dated May 21, 2014.

We have requested and anticipate that the City will pay this corrected amount, \$4,299,167, on or before September 30, 2019.

Christine Bailey
Executive Director
City of Hollywood Employees' Retirement Fund
Ph: (954) 921-3333

From: Beckendorf, Douglas [mailto:Douglas.Beckendorf@dms.myflorida.com]

Sent: Thursday, September 12, 2019 11:37 AM

To: Christine Bailey <CBAILEY@hollywoodfl.org>

Cc: jeffrey.amrose@gabrielroeder.com; rcohen@rprslaw.com; Cintya Ramos <CRAMOS@hollywoodfl.org>; Josh Levy <JLEVY@hollywoodfl.org>; Brinkman, Keith <Keith.Brinkman@dms.myflorida.com>

Subject: [EXT]Hollywood Employees' Retirement Plan: Required contribution for State Acceptance dated 09/12/2019, PlanID=0322

Attached is a letter regarding the required contribution for State Acceptance for the Hollywood Employees' Retirement Plan. Our earlier letter of September 3, 2019 has been revised to include the amount of the 2012 Supplemental Pension Distribution. Call with any questions regarding this correspondence.

Douglas E. Beckendorf, A.S.A., E.A. | Actuary

Division of Retirement

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May 21, 2014

CONFIDENTIAL

Ms. Lisa Castronovo
Pension Coordinator
City of Hollywood
2600 Hollywood Blvd.
Hollywood, FL 33020

Re: City of Hollywood General Employees' Retirement System

Dear Lisa:

As directed by the Board, we have calculated the amount of the Supplemental Pension Distribution for the fiscal year ending September 30, 2012 if this payment is made. We have used the list of retirees you e-mailed to us on April 29, 2014 to determine the amount of Supplemental Pension Distribution payable to each person.

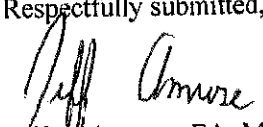
Based on Section 10.01(11)(b) of the City's Code, the total distribution to all retirees is equal to the actuarial present value of future retirement benefits for eligible retirees multiplied by the excess, not to exceed 2%, of the net market rate of return over 12.5%. The present value of benefits for eligible retirees is equal to \$214,958,367. The total distribution is 2% of the present value, or \$4,299,167.

Your listing indicates that the total number of years of service for eligible retirees is 12,577.16. Therefore, the distribution payable for each year of credited service is \$341.82. The maximum distribution is \$341.82 per year for 25 years, or \$8,545.59. We have enclosed a list showing the distribution payable to each person.

In all, there will be 741 retirees receiving a total of \$4,299,167, for an average of \$5,802 per person. This distribution will increase the unfunded actuarial liability by the same amount at October 1, 2013. If this increase is amortized over a five-year period, the City's annual required contribution will increase by \$1,073,165, or 3.60% of covered payroll.

We welcome your questions and comments.

Respectfully submitted,


Jeffrey Amrose, EA, MAAA
Senior Consultant & Actuary

JA/ta

Circular 230 Notice: Pursuant to regulations issued by the IRS, to the extent this communication (or any attachment) concerns tax matters, it is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding tax-related penalties under the Internal Revenue Code or (ii) marketing or recommending to another party any tax-related matter addressed within. Each taxpayer should seek advice based on the individual's circumstances from an independent tax advisor.

The above communication shall not be construed to provide tax advice, legal advice or investment advice.

September 13, 2019

Ms. Christine Bailey
Hollywood Employees' Retirement Plan
P. O. Box 229045
Hollywood, FL 33022-9045

**RE: Hollywood Employees' Retirement Plan
Required contribution for state acceptance**

Dear Ms. Bailey:

The actuary for the plan, Gabriel, Roeder, Smith & Company (GRS), has calculated the required contribution for the plan to be state accepted under Part VII, Chapter 112, Florida Statutes. According to the plan actuary, as of July 31, 2019, the required contribution is **\$12,364,225**, which includes interest. When the city is ready to make the contribution, contact the plan actuary for the additional amount to add to the above contribution for interest to the actual date of payment. Please note the required contribution referenced above does not include the 2012 Supplemental Pension Distribution of **\$4,299,167** which has not yet been paid to retirees. In addition to the payment of the required contribution and the payment of the 2012 Supplemental Pension Distribution, the city is required to consent to contribute the entire required contributions in the future which will include a pre-funding component for supplemental distributions to comply with Section 112.61, Florida Statutes.

Should you have any questions, please do not hesitate to call us.

Sincerely,



Douglas E. Beckendorf, A.S.A., E.A.
Actuary

cc: Mr. Jeff Amrose, Plan Actuary
Mr. Ronald J. Cohen, Plan Attorney
Ms. Cintya Ramos, Hollywood Finance Director
Mr. Josh Levy, Hollywood Mayor
Mr. Keith Brinkman, Chief, Bureau of Local Retirement

Christine Bailey

From: Ron Cohen <RCohen@rprslaw.com>
Sent: Thursday, September 12, 2019 3:45 PM
To: Alan Fallik; Douglas Gonzales
Cc: Christine Bailey
Subject: [EXT]City of Hollywood v. Hollywood General
Attachments: Settlement Agreement Sept 2019 for distribution v.2.docx

Allan and Doug,

Please see our draft proposed settlement agreement. The Board will be holding a special meeting on Tuesday, September 17, 2019 at 9:00 am to discuss settlement. You are invited to attend.



Rice Pughatch Robinson Starter & Cohen
ATTORNEYS



Ronald J. Cohen

Member

Attorney Bio

Phone: (954)-462-8000

Direct: (954)-331-1287

Cell: (786)-236-3497

Fax: (954)-462-4300

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101 N.E. 3rd Ave., Suite 1800

Fort Lauderdale, FL 33301



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IN THE CIRCUIT COURT OF THE 17th
JUDICIAL CIRCUIT, IN AND FOR
BROWARD COUNTY, FLORIDA

CASE NO.: CACE 15-017333 (25)

THE CITY OF HOLLYWOOD, FLORIDA,

Plaintiff,

vs.

THE BOARD OF TRUSTEES OF THE
EMPLOYEES RETIREMENT FUND OF
THE CITY OF HOLLYWOOD, AND THE
BOARD OF TRUSTEES OF THE CITY
OF HOLLYWOOD FIREFIGHTERS
RETIREMENT SYSTEM, AND THE BOARD
OF TRUSTEES OF THE CITY OF
HOLLYWOOD POLICE OFFICERS
RETIREMENT SYSTEM

Defendants,

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is entered into this _____ day of _____, 2019, between the Board of Trustees of the City of Hollywood's Employees' Retirement Fund ("Hollywood General") and the City of Hollywood Florida (the "City");

WHEREAS, the City and Hollywood General have been engaged in litigation since 2015 concerning a benefit known as the 13th Check; and

WHEREAS, the parties are desirous of resolving this dispute; as follows:

1. As of July 31, 2019, there is a required contribution due to Hollywood General in the amount of \$12,364,225.00, which includes interest through that date. The City agrees to pay to Hollywood General, the sum of \$12,364,225.00, plus interest at the Hollywood General's actuarial assumed rate of investment return, to be amortized over five years, starting in the Fiscal

Year Ending ("FYE") September 30, 2021, and such payments to continue in FYE September 30, 2022, FYE September 30, 2023, FYE September 30, 2024, and FYE September 30, 2025 or until fully paid off, if earlier.

2. The City agrees to contribute the entire annual required contribution in the future, which will include a pre-funding component for 13th Checks and to keep the Plan as being state accepted.

3. On or before September 30, 2019, the City will furnish to Hollywood General the total amount of \$4,299,167.70 for payment of the FYE September 30, 2012 13th Check.

4. Upon approval of this agreement by both the City and Hollywood General, and the payment of the City's contribution to fund the 2012 13th Check, the parties will stipulate the dismissal of this case with prejudice.

5. The court will retain jurisdiction in order to enforce the terms of this settlement.

IN WITNESS WHEREOF, the Parties and their counsels hereto have caused this Agreement to be executed.

AGENDA ITEM 4

PUBLIC COMMENT

(NO BACKUP FOR THIS SECTION)

AGENDA ITEM 5

TRUSTEE REPORTS, QUESTIONS AND COMMENTS

(NO BACKUP FOR THIS SECTION)

AGENDA ITEM 6

ADJOURNMENT

(NO BACKUP FOR THIS SECTION)