

**MINUTES  
REGULAR PENSION BOARD MEETING  
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND  
TUESDAY, MAY 28, 2024 AT 9:00AM**

**1. CALL TO ORDER**

Chair Shaw called the meeting to order at 9:10a.m.

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

Board Members present: Chair Phyllis Shaw, Vice Chair Barbara Armand; Secretary Robert Strauss, Jeffrey Greene; and David Keller. Also present: Executive Director Christine Bailey; Keith Reynolds of Segal Marco; Ron Cohen of Lorium Law; Jeffrey Amrose and Trisha Amrose of Gabriel Roeder, Smith, and Company.

Trustee George Keller was absent.

**A. May 28, 2024 Regular Board Meeting Agenda**

**MOTION** made by Trustee D. Keller, seconded by Trustee Greene, to adopt the May 28, 2024 Regular Board Meeting Agenda. In a voice vote of the members present, all members voted in favor. **Motion** passed 5-0.

**3. CONSENT AGENDA**

- A. April 23, 2024 Regular Meeting Minutes
- B. Ratification of Distributions (Contributions and DROP) and Plan Expenses
- C. Approval/Ratification of New Retirements/DROP/Vested/Death Annuities

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

**4. FINANCIAL**

**A. Actuarial Valuation Report as of October 1, 2023**

Mr. Jeffrey Amrose of Gabriel Roeder, Smith and Company (GRS) reviewed the Actuarial Valuation Report as of October 1, 2023. He advised that the Actuarially Determined Contributions were \$28,087,036 as of October 1, 2024, an increase of \$1,578,036. He stated that the increase was primarily due to increases in Normal Cost and the amortization payments on the unfunded accrued liability. He stated that while the Normal Cost decreased as a percentage of payroll, it increased by \$300,000 because payroll increased by 12%. He further stated that the method used to calculate the amortization payments on the unfunded accrued liability and the losses from prior years increased the amortization payment by \$1.28 million. He advised that the conditions were not met for a supplemental pension distribution for Fiscal Year 2023.

Mr. Amrose noted that the Funded Ratio was 64.8% as of October 1, 2023, up from 64.4% a year earlier. He stated that this was considered low but noted that the Board had taken steps to improve the ratio. He stated that the steps the Board had taken to improve the funded ratio included, lowering the assumption rate and amortization period. In response to a question, Mr. Amrose advised that the recognized investment return based on the actuarial value of assets was different from that based on the market value of assets because of the asset-smoothing method used in determining investment return.

Trustee Strauss noted the higher number of deaths in recent years and asked how it had affected the valuation. Mr. Amrose advised that the impact of these deaths was modest. He noted that the main sources of the gains and losses were the investments. In response to a question from Trustee Strauss, Mr. Amrose reminded the Board that you cannot look at one number to compare plans. He noted that another plan might look healthier than this plan if using more aggressive assumptions, however, if using this plan's assumptions, they could be less healthy than this plan.

**B. Experience Investigation for the 8-Year Period Ended September 30, 2023**

Jeffrey Amrose and Trisha Amrose of GRS presented the results of their May 24, 2024 experience investigation for the 8-years ended September 30, 2023. Before discussing details, Mr. Amrose emphasized that actuarial assumptions did not control the cost of

the Fund but rather alter the timing of when Fund contributions were made to cover actual experience. He advised that by using assumptions which most accurately reflect the Fund's actual experience on a year-to-year basis, the annual costs of the Fund would be more realistic and large contributions in future years due to large actuarial losses can be avoided.

Mr. Amrose reviewed the experience of each assumption and provided the following recommendations to the Board for consideration:

- Slightly higher future salary increase rate assumptions to reflect higher salary percentage increases in the early years of employment and spikes from the new longevity pay package now offered by the City.
- Change the retirement rate assumptions to reflect the significantly higher levels of retirements experienced than expected.
- Change the withdrawal rate assumptions to reflect the higher amounts of withdrawals experienced than expected.
- Significantly lower the rates of disability to reflect the significantly lower amount of disability retirements experienced than expected.
- Change the current method of calculating the administrative assumption expense from the prior year's expense to an average of the prior two years' expenses to dampen volatility.
- Lower the amortization period to 20 years. He noted that continuing to lower the amortization period by one year each year would be acceptable.
- Lower investment return assumption to 6.75% or 6.50% net of investment expenses. He noted however, that the current 7.0% net of investment expenses assumption was within the realm of reasonableness.

The Board discussed the recommendations. Trustee D. Keller noted that a lot of people retired during COVID and questioned whether that was considered in drafting the assumption. Mr. Amrose noted that some consideration was given to the impact of COVID but he noted that the proposed assumptions maintained the credibility of the prior assumptions which was a less volatile experience. The Board requested that the Actuary revisit the retirement assumptions and the impact of retirement spikes from plan changes and COVID during the experience period.

**MOTION** made by Trustee D. Keller, seconded by Trustee Strauss, to adjust the Fund's assumptions on Administrative Expenses, Salary Increase Rates, Withdrawal Rates, and Disability Rates; to not make adjustments on the Retirement Rate and ask the Actuary to revisit his recommendation based on the meeting discussions; to adjust the amortization rate by one year, each year until it reaches a 20-year amortization, and to wait one year before considering a change to the Interest Rate Assumption. In a roll call vote of the members present, all members voted in favor. **Motion** passed 5-0.

C. Proposed Capital Budget for Fiscal Years 2022-2024

Ms. Bailey presented the Proposed Capital Budget Modification for Fiscal Years 2022-2024 in reallocate funds within the budget from contingencies to reflect renovation and CPMS project expenditures which the Board had previously approved.

**MOTION** made by Trustee D. Keller, seconded by Trustee Greene, to approve the recommended modification in the Capital Budget. In a voice vote of the members present, all members voted in favor. **Motion** passed 5-0.

D. Proposed Budget for Fiscal Year 2025

Ms. Bailey presented the Proposed Budget for Fiscal Year 2025 for \$2,116,700. She noted that there would be additional estimated Investment Fees not paid directly by the Fund of \$3,488,100.

**MOTION** made by Trustee Greene, seconded by Trustee Armand, to accept the Proposed Budget for Fiscal Year 2025 as presented. In a voice vote of the members present, all members voted in favor. **Motion** passed 5-0.

E. Financial Reports and Investment Summary

Ms. Bailey provided the Board with the Preliminary April 2024 Financial Report and Investment Summaries. She also provided the Budget Variance Report as of April 30, 2024.

5. **INVESTMENT (Keith Reynolds – Segal Marco)**

A. March 2024 Flash Performance Report

Mr. Reynolds provided the Board with the Flash Performance Report for March 2024. He noted that the Fund's market value of assets as of March 31, 2024 increased to \$465.6 million. He also noted that the estimated return for the Fund was up 2.0% net of fees for the month of March 2024, and up 10.7% net of fees for the fiscal year to date.

B. Fourth Quarter Performance Review

Mr. Reynolds reported the Fund's performance for the quarter ended December 31, 2023. He noted that the assets available for investments were \$456.3 million and performance was 6.6% net of fees for the quarter. He noted that the Fund outperformed its peers across the three-, five-, seven-, and ten-year periods.

C. 2024 Work Plan

Mr. Reynolds reviewed the 2024 Work Plan.

Mr. Reynolds noted that expected 10-year geometric return on the City of Hollywood Investments, based on Segal's projection, was 7.5%, and the 20-year geometric return was 7.2%. He advised that these projections were supported by the Fund's asset allocation.

6. **LEGAL (Ron Cohen – Lorium Law)**

A. Legal Update

Mr. Cohen advised that Brightwood had sent a new side letter that included a slight advantage on records and would be ready for signature shortly.

B. Overview of Form 1

Mr. Cohen urged Trustees to complete the Form 1 timely as there were penalties for late filing. He noted that each trustee should have received an email containing a Username and Password. He advised that Trustees could go directly to the Commission of Ethics website and get their Username and Password. He noted that the Form could only be filed electronically. He noted that the form no longer had to be sent to their Supervisor of Elections.

Trustee Shaw recommended that the Trustees submit their questions to Ms. Bailey to aggregate and forward to Mr. Cohen for a response. Mr. Cohen noted that the Commission had staff trained and available to answer questions on the form.

C. Request for Executive Session to Discuss Pending Litigation

Mr. Cohen requested an Executive Session to discuss the pending lawsuit Virginia Tisdale-Ferguson v. Blanche T. Pressley and the Board of Trustees of the City of Hollywood Employees' Retirement Fund.

7. **EXECUTIVE DIRECTOR'S REPORT**

A. City Commission Communication

The Board received the City Commission Communication with amendments.

B. Communications from the Executive Director

- Ms. Bailey reminded the Board that the benefit payments of one retiree was stopped in 2023. She advised that the Fund had not yet communicated with the

retiree. She reported that nine retirees' benefit payments were stopped in May 2024. She advised that two of those stopped had reached out to the Office and once their certificates were received, they would be restarted.

- Ms. Bailey advised that Human Resources had not yet completed their review of a disability application as the applicant had been unresponsive and unavailable to meet. She advised that she had reviewed the Disability Procedures with Mr. Cohen and expected to make recommendations for changes in the procedures at an upcoming meeting.
- Ms. Bailey advised that there was a three week lag in the delivery of materials for the Pension Office renovation and once the materials had arrived, the Department of Design and Construction management would provide an updated timeline for completion.
- Ms. Bailey advised that 109 active, vested and retired members as well as beneficiaries in pay would begin testing the Member Self Service (MSS) Portal on June 4<sup>th</sup>. She advised that the MSS Portal should be available to all members in September.
- Ms. Bailey advised that June 26<sup>th</sup> there would be a Special Commission meeting for Board Appointments.
- Ms. Bailey provided the Board with the DROP Participant List.

**8. PUBLIC COMMENTS**


There were no public comments.

**9. TRUSTEE REPORTS, QUESTIONS AND COMMENTS**

Trustee Greene asked if someone had applied for the Board position. Ms. Bailey confirmed that one person had applied.

**10. ADJOURNMENT**

**MOTION** made by Trustee D. Keller, seconded by Trustee Greene, to adjourn the meeting. In a voice vote by the members present, **Motion** passed 5-0. The meeting adjourned at 11:45a.m.

  
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Phyllis Shaw, Chair  
  
7/25/2024  
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Date