

**CITY OF HOLLYWOOD
EMPLOYEES' RETIREMENT FUND**

CALENDAR OF ITEMS

REGULAR BOARD MEETING

JANUARY 30, 2025

AGENDA ITEM 1

CALL TO ORDER

(NO BACKUP FOR THIS SECTION)

AGENDA ITEM 2
ROLL CALL
PLEDGE OF ALLEGIANCE

AGENDA ITEM 2.A.

AGENDA ADOPTION



CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND

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AGENDA SPECIAL PENSION BOARD MEETING THURSDAY, JANUARY 30, 2025 at 9:30 AM PENSION OFFICE, ROOM 209, 2450 HOLLYWOOD BOULEVARD

- 1. CALL TO ORDER**
- 2. ROLL CALL AND PLEDGE OF ALLEGIANCE**
 - A. Agenda Adoption
- 3. LEGAL (Ron Cohen – Lorium Law)**
 - A. Member DROP Account Distribution and Monthly Benefit Payments
- 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.

LEGAL

**MEMBER DROP ACCOUNT DISTRIBUTION
AND MONTHLY BENEFIT PAYMENTS**

CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND

SPECIAL MEETING – JANUARY 30, 2025

LANGUAGE FOR PROPOSED CHANGES TO THE CITY ORDINANCE SECTIONS §33.025(H)(8) AND §33.025(H)(11)

H (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 return on plan assets. For purposes of this division (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 0%. Upon ~~termination of a member's participation in the DROP and separation from city employment,~~ a permissible distribution of the DROP account balance credited to the member, the DROP account balance 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:

(a) A single lump sum payment equal to the balance in the member's DROP account as of the date of termination from the DROP plan; or

(b) A direct rollover to a qualified plan or a direct trustee to trustee transfer to an eligible plan.

H (11) A DROP participant may terminate DROP participation ~~and resign from city employment~~ prior to the end of the maximum DROP period. Upon termination of DROP participation ~~and separation from city employment~~, a DROP participant who is age 59½ or older, regardless of whether the participant separates from city employment or has reached the end of the maximum DROP period, a member shall may choose to receive a distribution of his/her DROP account balance in accordance with division (H)(8) above, ~~and regular monthly service retirement benefit payments shall thereafter commence.~~ Upon termination of DROP participation, a DROP participant who is not age 59½ or older, and does not separate from city employment, may not receive his/her DROP account balance until the earlier of when he/she separates from city employment or, when he /she attains age 59½ or older. If a DROP participant does not separate from city employment at the end of the maximum DROP period and does not choose to, or cannot receive a distribution of his/her DROP account balance, the DROP account will not be credited with additional interest. Regardless of age, and the member's monthly retirement benefit will not be paid until the member separates from city employment following participation in the DROP.

CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND

SPECIAL MEETING – JANUARY 30, 2025

BACKGROUND AND EXPLANATION OF PROPOSED CHANGES TO THE CITY ORDINANCE AND COLLECTIVE BARGAINING AGREEMENTS

Recently, the Board of Trustees of the City of Hollywood Employees Retirement Fund (COHERF) held a hearing where a member wanted to access his DROP money and keep working for the City. This is prohibited by the Plan Ordinance. As a result, the Board, including its management representatives, are aware that this situation causes certain persons to leave City employment before they and the City would otherwise have wanted, solely so that they can access their DROP money. It is believed that if they were allowed to access their DROP money while remaining employed, it would help the City retain valuable, skilled, experienced employees. The Board identified that some members are further prohibited from remaining employed by the Collective Bargaining Agreements.

Generally, the IRS Code, by which the Plan is bound, requires retirement payments to be paid after retirement. The IRS has ruled that retirement means after a person has separated from service, without a prearrangement to return to service. There is an important exception, which permits a distribution to be made to someone without a separation of employment - called an "in-service distribution" - if the plan allows it and the person has attained age 59½.

This Plan does not allow in-service DROP distributions. In other words, at the conclusion of their DROP, individuals cannot receive their DROP monies until they actually have a separation of service. This creates a situation where individuals are otherwise allowed by the tax laws to access their DROP monies by taking in-service distributions, but this Plan prohibits it. These DROP monies are held by the Plan for the participants and do not earn any interest for the participant after their DROP terminates or concludes. Additionally, the Plan's actuary has determined that there would be no actuarial cost to implement these in-service distribution recommendations.

In order to allow all persons who have attained age 59½ and terminated the DROP, to access their DROP monies while they remain employed, two actions are required:

1. The City Ordinance governing COHERF has to be amended to allow in-service distributions to all participants in the Deferred Optional Retirement Plan (DROP) who have attained age 59½. Enclosed is language for a proposed ordinance.
2. Because the CBAs with the AFSCME units requires that members of the AFSCME bargaining units sign an irrevocable letter of resignation effective no later than the date their DROP participation concludes, the CBAs would need to be amended to provide that all person who enter DROP in the future would not be required to resign at the conclusion of their DROP period, and that the irrevocable letters of resignation for all those persons who are presently in DROP, would be null and void.

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)