P: 954.527.1616 | F: 954.525.0083 | www.grsconsulting.com

May 19, 2025

Ms. Christine Bailey
Executive Director
City of Hollywood Retirement Fund
2nd Floor Annex Bldg.
2600 Hollywood Blvd
Hollywood, FL 33020

Re: City of Hollywood Employees Retirement Fund
Actuarial Impact Statement

Dear Christine:

As requested, we have prepared the enclosed Actuarial Impact Statement showing the first-year financial impact of the proposed ordinance which would amend the City of Hollywood Employees Retirement Fund (Plan) as follows:

- Allow participation in the Deferred Retirement Option Plan (DROP) for members hired on or after July 15, 2009, i.e., the DROP would be available to all members of the City of Hollywood Employees Retirement Fund. Members must have 10 years of service and have reached their normal retirement date to be eligible to enter the DROP.

The Statement must be filed with the Division of Retirement before the final public hearing on the ordinance. Please have a member of the Board of Trustees sign the Statement. Then send the Statement along with a copy of the proposed ordinance to Tallahassee.

Summary of Findings

- The Required City Contribution in the first year would increase by approximately $76,400 or 0.14% of covered payroll.
- The Funded Ratio would decrease by 0.04%, from 65.11% to 65.07%

Additional Changes Included in the Proposed Ordinance

The proposed ordinance also amends the Plan as follows:

- Allow the permissible distribution of DROP account balances at the end of DROP participation before members separate from City employment when applicable.
- Throughout the ordinance update references from “city” to “City” and from “division” to “section.”

In our opinion, these additional changes will not have an actuarial impact on the current cost of the Plan for advance funding purposes.

Assumptions and Methods Used

The actuarial assumptions and methods used for this impact statement are the same as those used for the October 1, 2024 Actuarial Valuation Report, with the exception of the retirement rates. To reflect the availability of the DROP for members hired on or after July 15, 2009 under the proposed ordinance, the normal retirement rates for these members used for the October 1, 2024 Actuarial Valuation Report have been increased by 20%. If the proposed ordinance is adopted, we recommend that the retirement rates be monitored and revised periodically to reflect emerging experience.

Additional Disclosures

Please refer to the last two pages of this report for a discussion of risks associated with measuring the accrued liability and actuarially determined contribution.

This report was prepared at the request of the Board of Trustees and is intended for use by the Board and those designated or approved by the Board. This report may be provided to parties other than the Plan only in its entirety and only with the permission of the Board.

The purpose of this report is to describe the financial effect of the proposed plan changes. This report should not be relied on for any purpose other than the purpose described above. Potential effects on other benefit plans were not considered.

The calculations in this report are based upon information furnished by the Plan Administrator for the October 1, 2024 Actuarial Valuation concerning Plan benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We reviewed this information for internal 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.

The calculations are based upon assumptions regarding future events, which may or may not materialize. They are also based on the assumptions, methods, and plan provisions outlined in this report. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. If you have reason to believe that the assumptions that were used are unreasonable, that the plan provisions are incorrectly described, that important plan provisions relevant to this proposal are not described, or that conditions have changed since the calculations were made, you should contact the author of the report prior to relying on information in the report.

This report was prepared using our proprietary valuation model and related software which in our professional judgement has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

Jeffrey Amrose and Trisha Amrose are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The undersigned actuaries are independent of the plan sponsor.

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 Plan as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

We welcome your questions and comments.

Respectfully submitted,
Gabriel, Roeder, Smith & Company

Jeffrey Amrose, MAAA, FCA
Enrolled Actuary No. 23-6975

Trisha Amrose, MAAA, FCA
Enrolled Actuary No. 23-8010

Enclosures

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

CITY OF HOLLYWOOD EMPLOYEES RETIREMENT FUND

Impact Statement – May 19, 2025

Description of Amendments

The proposed Ordinance would amend the Plan as follows:

- Allow participation in the Deferred Retirement Option Plan (DROP) for members hired on or after July 15, 2009, i.e., the DROP would be available to all members of the City of Hollywood Employees Retirement Fund. Members must have 10 years of service and have reached their normal retirement date to be eligible to enter the DROP.
- Allow the permissible distribution of DROP account balances at the end of DROP participation before members separate from City employment when applicable.
- Throughout the ordinance update references from "city" to "City" and from "division" to "section."

Funding Implications of Amendment

An actuarial cost estimate is attached.

Certification of Administrator

I believe the amendment to be in compliance with Part VII, Chapter 112, Florida Statutes and Section 14, Article X of the Constitution of the State of Florida.

____

For the Board of Trustees
as Plan Administrator

SUPPLEMENTAL ACTUARIAL VALUATION REPORT

Plan

City of Hollywood Employees Retirement Fund

Valuation Date

October 1, 2024

Date of Report

May 19, 2025

Report Requested by

Board of Trustees

Prepared by

Gabriel, Roeder, Smith & Company

Group Valued

All active and inactive members of the Plan as of October 1, 2024.

Benefit Provisions Being Considered for Change

Allow participation in the Deferred Retirement Option Plan (DROP) for members hired on or after July 15, 2009, i.e., the DROP would be available to all members of the City of Hollywood Employees Retirement Fund. Members must have 10 years of service and have reached their normal retirement date to be eligible to enter the DROP.

Participants Affected

Current active members hired on or after July 15, 2009 and future active members of the Plan on or after the effective date of the ordinance.

Actuarial Assumptions and Methods

Same as October 1, 2024 Actuarial Valuation Report, with the exception of the retirement rates:

To reflect the availability of the DROP for members hired on or after July 15, 2009 under the proposed ordinance, the normal retirement rates for these members used for the October 1, 2024 Actuarial Valuation Report have been increased by 20%. If the proposed ordinance is adopted, we recommend that the retirement rates be monitored and revised periodically to reflect emerging experience.

Some of the key assumptions/methods are:

Investment Return	7.0%
Salary Increase	3.5% to 10.7% per year depending on service
Cost Method	Individual Entry-Age Normal

Amortization Period for Change in Actuarial Accrued Liability Associated with Proposed Changes

25 years

Summary of Data Used in Report

See attached page; same as the data used for the October 1, 2024 Actuarial Valuation Report.

Actuarial Impact of Proposal(s)

See attached page(s)

Other Cost Considerations

None

Special Risks Involved with the Proposal That the Plan Has Not Been Exposed to Previously

None

ACTUARIALLY DETERMINED CONTRIBUTION (ADC)				
A.	Valuation Date	October 1, 2024 *Valuation*	October 1, 2024 *Proposed Ordinance*	*Change* *Increase / (Decrease)*
B.	ADC to Be Paid During Fiscal Year Ending	9/30/2026	9/30/2026	
C.	Assumed Dates of Employer Contrib.	Biweekly	Biweekly	
D.	Annual Payment to Amortize Unfunded Actuarial Liability	$ 24,148,113	$ 24,172,851	$ 24,738
E.	Employer Normal Cost	5,168,445	5,218,075	49,630
F.	ADC as of the Valuation Date: D+E	29,316,558	29,390,926	74,368
G.	ADC Adjusted for Frequency of Payments	30,347,328	30,424,311	76,983
H.	ADC as % of Covered Payroll	57.59 %	57.74 %	0.15 %
I.	Assumed Rate of Increase in Covered Payroll to Contribution Year	3.50 %	3.50 %	0.00 %
J.	Covered Payroll for Contribution Year	54,538,646	54,538,646	0
K.	ADC for Contribution Year: HxJ	31,408,806	31,490,614	81,808
L.	ADC as % of Covered Payroll in Contribution Year: K ÷ J	57.59 %	57.74 %	0.15 %
M.	ADC if Paid on First Day of Next Fiscal Year	30,345,303	30,421,657	76,354
N.	ADC as % of Covered Payroll if Paid on First Day of Next Fiscal Year	55.64 %	55.78 %	0.14 %

ACTUARIAL VALUE OF BENEFITS AND ASSETS

	October 1, 2024 *Valuation*	October 1, 2024 *Proposed Ordinance*	*Change* *Increase / (Decrease)*
A. Valuation Date			
B. Actuarial Present Value of All Projected Benefits for			
1. Active Members			
a. Service Retirement Benefits	$ 153,034,192	$ 152,561,328	$ (472,864)
b. Vesting Benefits	12,811,018	12,811,018	0
c. Disability Benefits	4,249,788	4,091,139	(158,649)
d. Preretirement Death Benefits	4,097,170	3,933,436	(163,734)
e. Return of Member Contributions	2,046,354	2,046,354	0
f. Total	176,238,522	175,443,275	(795,247)
2. Inactive Members			
a. Service Retirees & Beneficiaries	538,665,801	538,665,801	0
b. Disability Retirees	11,221,003	11,221,003	0
c. Terminated Vested Members	8,760,567	8,760,567	0
d. Total	558,647,371	558,647,371	0
3. Total for All Members	734,885,893	734,090,646	(795,247)
C. Actuarial Accrued (Past Service) Liability (Entry Age Normal)	663,049,734	663,476,715	426,981
D. Plan Assets			
1. Market Value	455,785,075	455,785,075	0
2. Actuarial Value	431,722,243	431,722,243	0
E. Unfunded Actuarial Accured Liability	231,327,491	231,754,472	426,981
F. Actuarial Present Value of Projected Covered Payroll	480,480,246	469,931,097	(10,549,149)
G. Actuarial Present Value of Projected Member Contributions	39,083,416	38,233,234	(850,182)
H. Funded Ratio: D2 ÷ C	65.11 %	65.07 %	(0.04) %

CALCULATION OF EMPLOYER NORMAL COST			
A. Valuation Date	October 1, 2024 *Valuation*	October 1, 2024 *Proposed Ordinance*	*Change* *Increase / (Decrease)*
B. Normal Cost for			
1. Service Retirement Benefits	$ 6,347,201	$ 6,395,897	$ 48,696
2. Vesting Benefits	1,019,035	1,026,249	7,214
3. Disability Benefits	291,182	285,707	(5,475)
4. Preretirement Death Benefits	208,861	200,463	(8,398)
5. Return of Member Contributions	396,981	404,574	7,593
6. Total for Future Benefits	8,263,260	8,312,890	49,630
7. Assumed Amount for Administrative Expenses	1,229,638	1,229,638	0
8. Total Normal Cost	9,492,898	9,542,528	49,630
9. Total as a % of Covered Payroll	18.02 %	18.11 %	0.09 %
C. Expected Member Contribution	4,324,453	4,324,453	0
D. Employer Normal Cost: B8-C	5,168,445	5,218,075	49,630
E. Employer Normal Cost as a % of Covered Payroll	9.81 %	9.90 %	0.09 %

PARTICIPANT DATA			
	October 1, 2024 *Valuation*	October 1, 2024 *Proposed Ordinance*	*Change* *Increase / (Decrease)*
ACTIVE MEMBERS			
Number	681	681	0
Covered Annual Payroll	$ 52,694,344	$ 52,694,344	$ 0
Average Annual Payroll	$ 77,378	$ 77,378	$ 0
Average Age	46.3	46.3	0.0
Average Past Service	6.7	6.7	0.0
Average Age at Hire	39.6	39.6	0.0
RETIREES, BENEFICIARIES & DROP			
Number	1,145	1,145	0
Annual Benefits	$ 41,056,536	$ 41,056,536	$ 0
Average Annual Benefit	$ 35,857	$ 35,857	$ 0
Average Age	69.3	69.3	0.0
DISABILITY RETIREES			
Number	30	30	0
Annual Benefits	$ 964,604	$ 964,604	$ 0
Average Annual Benefit	$ 32,153	$ 32,153	$ 0
Average Age	67.4	67.4	0.0
TERMINATED VESTED MEMBERS			
Number	66	66	0
Annual Benefits	$ 1,012,422	$ 1,012,422	$ 0
Average Annual Benefit	$ 15,340	$ 15,340	$ 0
Average Age	49.9	49.9	0.0

Risks Associated with Measuring the Accrued Liability and Actuarially Determined Contribution

The determination of the accrued liability and the actuarially determined contribution requires the use of assumptions regarding future economic and demographic experience. Risk measures are intended to aid in the understanding of the effects of future experience differing from the assumptions used in the course of the actuarial valuation. Risk measures may also help with illustrating the potential volatility in the accrued liability and the actuarially determined contribution that result from the differences between actual experience and the actuarial assumptions.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: Plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions due to changing conditions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period, or additional cost or contribution requirements based on the Plan's funded status); and changes in Plan provisions or applicable law. The scope of an actuarial valuation does not include an analysis of the potential range of such future measurements.

Examples of risk that may reasonably be anticipated to significantly affect the Plan's future financial condition include:

1. Investment risk – actual investment returns may differ from the either assumed or forecasted returns;
2. Contribution risk – actual contributions may differ from expected future contributions. For example, actual contributions may not be made in accordance with the Plan's funding policy or material changes may occur in the anticipated number of covered employees, covered payroll, or other relevant contribution base;
3. Salary and Payroll risk – actual salaries and total payroll may differ from expected, resulting in actual future accrued liability and contributions differing from expected;
4. Longevity risk – members may live longer or shorter than expected and receive pensions for a period of time other than assumed;
5. Other demographic risks – members may terminate, retire or become disabled at times or with benefits other than assumed resulting in actual future accrued liability and contributions differing from expected.

The effects of certain trends in experience can generally be anticipated. For example if the investment return is less (or more) than the assumed rate, the cost of the Plan can be expected to increase (or decrease). Likewise if longevity is improving (or worsening), increases (or decreases) in cost can be anticipated.

The computed contribution amounts may be considered as a minimum contribution that complies with the pension Board's funding policy and the State statutes. The timely receipt of the actuarially determined contributions is critical to support the financial health of the Plan. Users of this report should be aware that contributions made at the actuarially determined rate do not necessarily guarantee benefit security.

Risk Assessment

Risk assessment was outside the scope of this report. Risk assessment may include scenario tests, sensitivity tests, stochastic modeling, stress tests, and a comparison of the present value of accrued benefits at low-risk discount rates with the actuarial accrued liability. We are prepared to perform such assessment to aid the Board in the decision making process.