



July 11, 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 preliminary Actuarial Impact Statement to illustrate the cost impact of the proposed ordinance which would amend the City of Hollywood Employees Retirement Fund as follows:

- Implement a structure allowing employees to elect to participate in one of three plan options prospectively:
 - a. Current Defined Benefit Plan (DB Plan): Reflecting the current DB Plan provisions with no City contribution to the Defined Contribution Plan (DC Plan).
 - b. Proposed Defined Contribution Plan: Provide an 8% City contribution rate to the DC Plan with no participation in the DB Plan. Current DB Plan members who elect this option would have their DB Plan benefit frozen (including frozen service and pay) at the transfer effective date. These members have the option to receive a transfer of their employee contributions to the DC Plan; however, doing so would forfeit their right to a retirement benefit.
 - c. Proposed Hybrid Plan: Provide a 5% City contribution rate to the DC Plan with continued participation in the DB Plan in the Hybrid tier which reflects a 1% benefit multiplier and 5% employee contribution rate starting at the transfer effective date (all remaining provisions are the same as the current DB Plan provisions).

For this preliminary Actuarial Impact Statement, the assumed participation rates under the proposed plans are as follows:

Proposed Plan	Participation Rate for Current Employees	Participation Rate for Future Employees
Current DB Plan	65%	50%
Proposed DC Plan	30%	45%
Proposed Hybrid Plan	5%	5%

To the extent that members participate in the proposed DC Plan and elect to transfer their employee contributions to the DC Plan, there will be actuarial gains. These gains are due to the present value of employee contributions being less than the present value of retirement benefits. These gains will cause the level of the required City contributions to decrease in future years.

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.

Additional Changes Included in the Proposed Ordinance

The proposed ordinance also amends the Plan as follows:

- Allow any City employee rehired after September 30, 2025 to purchase credited service under the plan for each period of prior or current City employment in a full-time position within one year of rehire. The employee may purchase credited service by paying the current contribution rate multiplied by the years of credited service being purchased multiplied by current compensation. The service purchase may be paid through a one-time payment or post-tax payroll deductions of not more than two years after the agreement to purchase service.
- Revise the makeup of the Board of Trustees.
- 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.

Actuarial Assumptions and Methods

Except as indicated above, all methods, assumptions, and other benefit provisions are the same as described in our October 1, 2024 Actuarial Valuation Report dated May 14, 2025 and the Actuarial Impact Statement dated May 19, 2025, with the exceptions noted above. As approved by the Board, the amortization period for new Unfunded Actuarial Accrued Liability amortization bases is currently 25 years, and will continue to be lowered by one year in each future year until reaching 20 years.

It is very important to note that the costs or savings of the alternative plan structure are estimates only based on the assumed percentages of employees who elect the different plans as shown above. The actual costs or savings will be based on the actual percentages of employees who elect each option as well as which specific employees elect each option.

If the proposed changes are adopted, we recommend that the retirement and withdrawal rates be reviewed and revised periodically to reflect emerging experience.



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 results 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 in the decision-making process.

Additional Disclosures

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.

Projections are deterministic, meaning that throughout the projection period, Plan experience is expected to exactly match the actuarial assumptions, including the assumed investment return on the market value of assets.

Throughout the projections, new members are assumed to be hired each year at a rate sufficient to maintain a constant active headcount. New members are assumed to have the same average demographic characteristics (age, gender, salary – adjusted each year for inflation) at their dates of employment as those of all current active members on the most recent actuarial valuation / census data collection date.

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. 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.



Ms. Christine Bailey

July 11, 2025

Page 5

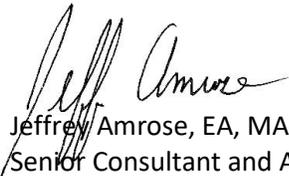
This report was prepared using our proprietary valuation model and related software which in our professional judgement has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the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

Sincerely yours,
Gabriel, Roeder, Smith & Company


Jeffrey Amrose, EA, MAAA, FCA
Senior Consultant and Actuary


Trisha Amrose, EA, MAAA, FCA
Consultant and Actuary

Enclosures

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



CITY OF HOLLYWOOD EMPLOYEES RETIREMENT FUND

Impact Statement – July 11, 2025

Description of Amendments

The proposed Ordinance would amend the Plan as follows:

- Implement a structure allowing employees to elect to participate in one of three plan options prospectively:
 - a. Current Defined Benefit Plan: Reflecting the current DB Plan provisions with no City contribution to the DC Plan.
 - b. Proposed Defined Contribution Plan: Provide an 8% City contribution rate to the DC Plan with no participation in the DB Plan. Current DB Plan members who elect this option would have their DB Plan benefit frozen (including frozen service and pay) at the transfer effective date.
 - c. Proposed Hybrid Plan: Provide a 5% City contribution rate to the DC Plan with continued participation in the DB Plan in the Hybrid tier which reflects a 1% benefit multiplier and 5% employee contribution rate starting at the transfer effective date (all remaining provisions are the same as the current DB Plan provisions).
- Allow any City employee rehired after September 30, 2025 to purchase credited service under the plan for each period of prior or current City employment in a full-time position within one year of rehire. The employee may purchase credited service by paying the current contribution rate multiplied by the years of credited service being purchased multiplied by current compensation. The service purchase may be paid through a one-time payment or post-tax payroll deductions of not more than two years after the agreement to purchase service.
- Revise the makeup of the Board of Trustees.
- 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

July 11, 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

- Implement a structure allowing employees to elect to participate in one of three plan options:
 - a. Current Defined Benefit Plan: Reflecting the current DB Plan provisions with no City contribution to the DC Plan.
 - b. Proposed Defined Contribution Plan: Provide an 8% City contribution rate to the DC Plan with no participation in the DB Plan. Current DB Plan members who elect this option would have their DB Plan benefit frozen (including frozen service and pay) at the transfer effective date.
 - c. Proposed Hybrid Plan: Provide a 5% City contribution rate to the DC Plan with continued participation in the DB Plan in the Hybrid tier which reflects a 1% benefit multiplier and 5% employee contribution rate starting at the transfer effective date (all remaining provisions are the same as the current DB Plan provisions).

Participants Affected

Current 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 participation rates:

Proposed Plan	Participation Rate for Current Employees	Participation Rate for Future Employees
Current DB Plan	65%	50%
Proposed DC Plan	30%	45%
Proposed Hybrid Plan	5%	5%



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



City of Hollywood Employees' Retirement Fund
30-Year Projection of Required City Contributions (Including DC Plan Contributions)

Fiscal Year Ending	Valuation Date	Current Plan (Baseline)					Proposed Plan Changes										Increase/(Decrease) in Required City Contribution	
		Covered Payroll for Contribution	Required City Contribution		UAAL on Valuation Date	Funded Ratio on Valuation Date	DB Plan (Including Hybrid)				DC Plan (Including Hybrid)							
			\$ Amount	% of Pay			Covered Payroll for Contribution	\$ Amount	% of Pay	UAAL on Valuation Date	Funded Ratio on Valuation Date	Covered Payroll for Contribution	\$ Amount	% of Pay	Total Required City Contribution	\$ Amount	% of Pay	
2026	10/1/2024	54,538,646	30,421,657	55.78%	231,743,326	65.1%	38,177,052	27,826,676	72.89%	221,205,272	66.1%	19,088,526	1,445,274	7.57%	29,271,950	53.67%	(1,149,707)	(2.11)%
2027	10/1/2025	56,691,550	31,118,365	54.89%	215,902,683	67.9%	38,422,729	28,172,082	73.32%	202,589,997	69.2%	21,103,399	1,603,235	7.60%	29,775,317	52.52%	(1,343,048)	(2.37)%
2028	10/1/2026	58,810,225	32,201,254	54.75%	206,461,021	69.7%	39,334,875	29,711,436	75.53%	192,951,434	70.9%	22,415,861	1,705,054	7.61%	31,416,490	53.42%	(784,764)	(1.33)%
2029	10/1/2027	60,769,386	32,497,736	53.48%	181,681,763	73.6%	40,178,711	30,788,353	76.63%	168,324,541	74.8%	23,629,144	1,799,177	7.61%	32,587,530	53.62%	89,794	0.15%
2030	10/1/2028	62,538,531	18,384,593	29.40%	155,815,708	77.6%	40,895,082	15,873,988	38.82%	142,112,812	78.8%	24,770,376	1,887,822	7.62%	17,761,810	28.40%	(622,783)	(1.00)%
2031	10/1/2029	64,105,787	17,502,284	27.30%	136,891,405	80.6%	41,419,232	15,299,012	36.94%	121,961,251	81.9%	25,891,844	1,975,189	7.63%	17,274,201	26.95%	(228,083)	(0.36)%
2032	10/1/2030	66,038,286	17,775,028	26.92%	132,145,998	81.4%	42,219,550	15,449,983	36.59%	116,741,884	82.7%	27,120,650	2,070,595	7.63%	17,520,578	26.53%	(254,450)	(0.39)%
2033	10/1/2031	67,933,540	18,208,340	26.80%	128,318,723	82.1%	42,983,403	15,835,084	36.84%	112,065,341	83.5%	28,346,814	2,165,845	7.64%	18,000,929	26.50%	(207,411)	(0.31)%
2034	10/1/2032	69,977,486	18,702,783	26.73%	124,332,280	82.8%	43,845,710	15,919,878	36.31%	107,267,769	84.2%	29,630,650	2,265,486	7.65%	18,185,364	25.99%	(517,419)	(0.74)%
2035	10/1/2033	72,086,195	19,222,046	26.67%	119,869,582	83.6%	44,781,746	16,803,871	37.52%	101,955,754	84.9%	30,908,759	2,364,571	7.65%	19,168,442	26.59%	(53,604)	(0.07)%
2036	10/1/2034	74,198,122	19,950,503	26.89%	114,703,510	84.4%	45,721,651	17,468,084	38.21%	96,281,721	85.8%	32,186,377	2,463,613	7.65%	19,931,697	26.86%	(18,806)	(0.03)%
2037	10/1/2035	76,319,220	20,558,036	26.94%	108,761,924	85.3%	46,634,715	17,550,200	37.63%	89,362,770	86.7%	33,500,466	2,565,558	7.66%	20,115,758	26.36%	(442,278)	(0.58)%
2038	10/1/2036	78,425,595	21,129,930	26.94%	101,755,627	86.3%	47,532,493	17,483,219	36.78%	81,335,479	87.9%	34,814,382	2,667,512	7.66%	20,150,731	25.69%	(979,199)	(1.25)%
2039	10/1/2037	80,599,509	21,713,106	26.94%	93,738,070	87.5%	48,481,161	17,401,509	35.89%	72,739,188	89.1%	36,148,323	2,770,967	7.67%	20,172,476	25.03%	(1,540,630)	(1.91)%
2040	10/1/2038	83,095,442	21,572,539	25.96%	84,677,618	88.7%	49,684,327	16,740,684	33.69%	63,691,535	90.4%	37,565,887	2,880,628	7.67%	19,621,312	23.61%	(1,951,227)	(2.35)%
2041	10/1/2039	85,473,307	19,660,465	23.00%	74,501,706	90.2%	50,748,075	14,659,514	28.89%	54,184,662	91.8%	38,998,897	2,991,702	7.67%	17,651,216	20.65%	(2,009,249)	(2.35)%
2042	10/1/2040	87,637,815	22,045,446	25.16%	63,935,978	91.6%	51,695,629	16,095,320	31.13%	44,823,297	93.2%	40,324,077	3,094,469	7.67%	19,189,789	21.90%	(2,855,657)	(3.26)%
2043	10/1/2041	90,195,922	20,399,586	22.62%	54,842,485	92.8%	52,932,327	14,425,522	27.25%	37,132,343	94.3%	41,773,391	3,206,577	7.68%	17,632,099	19.55%	(2,767,487)	(3.07)%
2044	10/1/2042	92,535,183	18,567,868	20.07%	42,712,180	94.5%	53,989,074	12,618,799	23.37%	27,459,004	95.8%	43,172,868	3,315,027	7.68%	15,933,826	17.22%	(2,634,042)	(2.85)%
2045	10/1/2043	95,060,470	15,486,642	16.29%	31,683,783	95.9%	55,184,351	9,990,961	18.10%	19,011,546	97.0%	44,629,143	3,427,741	7.68%	13,418,702	14.12%	(2,067,940)	(2.18)%
2046	10/1/2044	97,554,341	14,590,879	14.96%	22,025,080	97.2%	56,327,402	9,030,161	16.03%	12,017,222	98.1%	46,104,656	3,542,041	7.68%	12,572,202	12.89%	(2,018,677)	(2.07)%
2047	10/1/2045	100,044,052	14,216,399	14.21%	15,180,864	98.1%	57,450,405	8,497,734	14.79%	7,463,852	98.8%	47,595,850	3,657,602	7.68%	12,155,336	12.15%	(2,061,063)	(2.06)%
2048	10/1/2046	102,215,643	13,202,063	12.92%	9,009,733	98.9%	58,300,703	7,611,029	13.05%	3,738,452	99.4%	49,025,722	3,768,734	7.69%	11,379,763	11.13%	(1,822,300)	(1.78)%
2049	10/1/2047	105,026,588	11,743,044	11.18%	3,015,335	99.6%	59,676,100	6,072,583	10.18%	450,212	99.9%	50,601,817	3,890,605	7.69%	9,963,188	9.49%	(1,779,856)	(1.69)%
2050	10/1/2048	106,770,762	8,707,072	8.15%	(2,128,492)	100.3%	60,167,696	5,604,648	9.32%	(2,006,840)	100.3%	51,941,604	3,995,172	7.69%	9,599,820	8.99%	892,748	0.84%
2051	10/1/2049	109,415,385	8,862,721	8.10%	(5,844,174)	100.7%	61,370,497	5,702,297	9.29%	(2,849,034)	100.5%	53,515,657	4,117,130	7.69%	9,819,427	8.97%	956,706	0.87%
2052	10/1/2050	111,908,783	9,070,918	8.11%	(6,409,873)	100.8%	62,511,831	5,830,533	9.33%	(3,152,810)	100.5%	54,992,391	4,231,528	7.69%	10,062,061	8.99%	991,143	0.89%
2053	10/1/2051	114,517,124	9,277,630	8.10%	(6,964,063)	100.8%	63,756,384	5,956,100	9.34%	(3,449,734)	100.6%	56,486,596	4,347,152	7.70%	10,303,252	9.00%	1,025,622	0.90%
2054	10/1/2052	117,300,707	9,505,723	8.10%	(7,564,481)	100.9%	65,082,840	6,095,431	9.37%	(3,769,826)	100.6%	58,082,902	4,470,681	7.70%	10,566,112	9.01%	1,060,389	0.90%
2055	10/1/2053	119,899,217	9,736,780	8.12%	(8,199,896)	100.9%	66,270,966	6,244,173	9.42%	(4,102,329)	100.7%	59,623,212	4,590,008	7.70%	10,834,181	9.04%	1,097,401	0.92%
Total:			546,031,436					432,758,864					89,276,695		522,035,559		(23,995,877)	
Total Present Value:			284,544,656					240,638,857					32,844,260		273,483,117		(11,061,539)	

