



April 19, 2016

Ms. Raquel Elejabarrieta
Director, Office of Labor Relations
City of Hollywood
2600 Hollywood Blvd., Suite 212
Hollywood, FL 33020

**Re: City of Hollywood General Employees' Retirement System
Actuarial Impact Statement**

Dear Raquel:

As requested, we have prepared the enclosed Actuarial Impact Statement measuring the first year financial impact of the proposed Ordinance which would change one of the normal retirement provisions. Currently, members who had less than ten years of service as of the respective plan changes dates (October 1, 2011 for general fund members and March 5, 2014 for non-general fund members) have a normal retirement date of the earliest of age of age 65 with 7 years of credited service, age 62 with 25 years of credited service, or age 60 with 30 years of credited service. This normal retirement date is applicable to benefit accruals starting October 1, 2011 for general fund members and March 5, 2014 for non-general fund members. Under the proposed Ordinance, the age 60 with 30 years of credited service provision would be changed to 30 years of credited service regardless of age.

Additionally, under the proposed Ordinance, if a member of this Plan transferred to the Firefighters' Pension System and subsequently participates in the DROP of the Firefighters' Pension System, the DROP account balance may be transferred from this Plan to the Firefighters' Pension System. In our opinion, this change will not have an actuarial impact on the cost of the Retirement System for prefunding purposes.

Summary of Findings

- The Required City Contribution in the first year would increase by \$88,340 or 0.25% of covered payroll.
- The funded ratio would decrease from 58.1% to 58.0%.

Required Disclosures

This report was prepared at the request of the City, and is intended for use by the City and Retirement System and those designated or approved by them. This report may be provided to parties other than the City and Retirement System only in its entirety and only with their permission.

This report is intended to describe the financial effect of the proposed plan changes. No statement in this report is intended to be interpreted as a recommendation in favor of the changes, or in opposition to them. This report should not be relied on for any purpose other than the purpose described above.

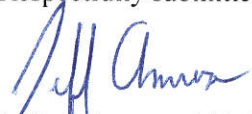
The calculations in this report are based upon information furnished by the Plan Administrator for the October 1, 2015 Actuarial Valuation concerning Plan benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We reviewed this information for internal and year-to-year consistency, but did not otherwise 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.

The undersigned actuaries 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.

Respectfully submitted,



Jeffrey Amrose, MAAA
Enrolled Actuary No. 14-6599



Trisha Amrose, MAAA
Enrolled Actuary No. 14-8010

cc: Lisa Castronovo

Enclosures

CITY OF HOLLYWOOD GENERAL EMPLOYEES' RETIREMENT SYSTEM

Impact Statement – April 19, 2016

Description of Amendments

The proposed Ordinance would change the age 60 with 30 years of credited service normal retirement provision to 30 years of credited service regardless of age for members who had less than ten years of service as of the respective plan changes dates (October 1, 2011 for general fund members and March 5, 2014 for non-general fund members). This change would be applicable to benefit accruals starting October 1, 2011 for general fund members and March 5, 2014 for non-general fund members.

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 General Employees' Retirement System

Valuation Date

October 1, 2015

Date of Report

April 19, 2016

Report Requested by

City

Prepared by

Jeffrey Amrose

Group Valued

All active and inactive members of the Plan.

Plan Changes Being Considered for Change

Change the age 60 with 30 years of credited service normal retirement provision to 30 years of credited service regardless of age for members who had less than ten years of service as of the respective plan changes dates (October 1, 2011 for general fund members and March 5, 2014 for non-general fund members). This change would be applicable to benefit accruals starting October 1, 2011 for general fund members and March 5, 2014 for non-general fund members.

Participants Affected

Actives members of the Plan who had less than ten years of service as of the respective plan changes dates (October 1, 2011 for general fund members and March 5, 2014 for non-general fund members).

Actuarial Assumptions and Methods

This study is based on the actuarial assumptions and methods shown in the October 1, 2015 Actuarial Valuation Report, with the following exceptions:

The retirement rates applied to benefit accruals starting October 1, 2011 for general fund members and March 5, 2014 for non-general fund members has been changed as follows:

- Upon attaining 30 years of service the retirement rate in the first and second year is 30% and the rate in the third year is 100%

Amortization Period for Any Change in Actuarial Accrued Liability

30 years

Actuarial Impact of Proposal(s)

See attached page(s).

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

None

Other Cost Considerations

None

ACTUARIALLY DETERMINED CONTRIBUTION (ADC)

A. Valuation Date	October 1, 2015 <i>Baseline</i>	October 1, 2015 <i>Add 30 and Out NR Eligibility</i>	<i>Change</i>
B. ADC to Be Paid During Fiscal Year Ending	9/30/2017	9/30/2017	
C. Assumed Date of Employer Contrib.	Biweekly	Biweekly	
D. Annual Payment to Amortize Unfunded Actuarial Liability (UAL)	\$ 19,441,178	\$ 19,489,529	\$ 48,351
E. Employer Normal Cost	2,270,522	2,304,306	33,784
F. ADC if Paid on the Valuation Date: D+E	21,711,700	21,793,835	82,135
G. ADC Adjusted for Frequency of Payments	22,559,241	22,644,582	85,341
H. Covered Payroll	34,141,024	34,141,024	0
I. ADC as % of Covered Payroll	66.08 %	66.33 %	0.25 %
J. Assumed Rate of Increase in Covered Payroll to Contribution Year	3.50 %	3.50 %	0.00 %
K. Covered Payroll for Contribution Year	35,335,959	35,335,959	0
L. ADC for Contribution Year: I x K	23,350,002	23,438,342	88,340
M. ADC as % of Covered Payroll in Contribution Year: L ÷ K	66.08 %	66.33 %	0.25 %

ACTUARIAL VALUE OF BENEFITS AND ASSETS

A. Valuation Date	October 1, 2015 <i>Baseline</i>	October 1, 2015 <i>Add 30 and Out NR Eligibility</i>	<i>Change</i>
B. Actuarial Present Value of All Projected Benefits for			
1. Active Members			
a. Service Retirement Benefits	\$ 107,674,665	\$ 108,807,715	\$ 1,133,050
b. Vesting Benefits	8,067,427	7,945,268	(122,159)
c. Disability Benefits	11,938,525	11,801,951	(136,574)
d. Preretirement Death Benefits	3,635,833	3,591,794	(44,039)
e. Return of Member Contributions	839,673	839,673	-
f. Total	<u>132,156,123</u>	<u>132,986,401</u>	<u>830,278</u>
2. Inactive Members			
a. Service Retirees & Beneficiaries	327,309,259	327,309,259	-
b. Disability Retirees	15,898,814	15,898,814	-
c. Terminated Vested Members	12,322,706	12,322,706	-
d. Total	<u>355,530,779</u>	<u>355,530,779</u>	<u>-</u>
3. Total for All Members	487,686,902	488,517,180	830,278
C. Actuarial Accrued (Past Service) Liability under Entry Age Normal	452,167,987	452,766,023	598,036
D. Actuarial Value of Accumulated Plan Benefits per FASB No. 35	N/A	N/A	N/A
E. Plan Assets			
1. Market Value	264,577,179	264,577,179	-
2. Actuarial Value	262,500,651	262,500,651	-
F. Unfunded Actuarial Accrued Liability	189,667,336	190,265,372	598,036
G. Actuarial Present Value of Projected Covered Payroll	276,366,894	274,859,599	(1,507,295)
H. Actuarial Present Value of Projected Member Contributions	22,109,352	21,988,768	(120,584)
I. Funded Ratio: E2/C	58.1 %	58.0 %	-0.1 %

CALCULATION OF EMPLOYER NORMAL COST

A. Valuation Date	October 1, 2015 <i>Baseline</i>	October 1, 2015 <i>Add 30 and Out NR Eligibility</i>	<i>Change</i>
B. Normal Cost for			
1. Service Retirement Benefits	\$ 2,926,646	\$ 2,970,342	\$ 43,696
2. Vesting Benefits	664,615	660,571	(4,044)
3. Disability Benefits	706,281	701,441	(4,840)
4. Preretirement Death Benefits	173,945	172,295	(1,650)
5. Return of Member Contributions	<u>243,265</u>	<u>243,887</u>	<u>622</u>
6. Total for Future Benefits	4,714,752	4,748,536	33,784
7. Assumed Amount for Administrative Expenses	<u>287,052</u>	<u>287,052</u>	<u>-</u>
8. Total Normal Cost	5,001,804	5,035,588	33,784
As % of Covered Payroll	14.65 %	14.75 %	0.10 %
C. Expected Member Contribution	2,731,282	2,731,282	-
As % of Covered Payroll	8.00 %	8.00 %	0.00 %
D. Net Employer Normal Cost: B8-C	2,270,522	2,304,306	33,784
As % of Covered Payroll	6.65 %	6.75 %	0.10 %

PARTICIPANT DATA			
	October 1, 2015 <i>Baseline</i>	October 1, 2015 <i>Add 30 and Out NR Eligibility</i>	<i>Change</i>
ACTIVE MEMBERS			
Number	574	574	0
Covered Annual Payroll	\$ 34,141,024	\$ 34,141,024	\$ 0
Average Annual Payroll	\$ 59,479	\$ 59,479	\$ 0
Average Age	47.1	47.1	0.0
Average Past Service	10.7	10.7	0.0
Average Age at Hire	36.4	36.4	0.0
ACTIVE TRANSFERS			
Number	19	19	0
Covered Annual Payroll	\$ 1,667,460	\$ 1,667,460	\$ 0
Average Annual Payroll	\$ 87,761	\$ 87,761	\$ 0
Average Age	44.0	44.0	0.0
Average Past Service	2.7	2.7	0.0
RETIREES, BENEFICIARIES & DROP			
Number	978	978	0
Annual Benefits	\$ 26,343,570	\$ 26,343,570	\$ 0
Average Annual Benefit	\$ 26,936	\$ 26,936	\$ 0
Average Age	66.9	66.9	0.0
DISABILITY RETIREES			
Number	49	49	0
Annual Benefits	\$ 1,317,777	\$ 1,317,777	\$ 0
Average Annual Benefit	\$ 26,893	\$ 26,893	\$ 0
Average Age	63.7	63.7	0.0
TERMINATED VESTED MEMBERS			
Number	92	92	0
Annual Benefits	\$ 1,411,996	\$ 1,411,996	\$ 0
Average Annual Benefit	\$ 15,348	\$ 15,348	\$ 0
Average Age	48.3	48.3	0.0