

# POLICE PENSION TASK FORCE

## MEETING MINUTES

**DATE:** November 29, 2016

**TIME:** 9:00 A.M.

**LOCATION:** City Hall, Room 421

### Call to Order – George Keller

### Attendees:

Wazir Ishmael, City Manager	George Keller, Assistant City Manager
Mel Standley, Assistant City Manager	Gus Zambrano, Assistant City Manager
Dave Williams, Plan Administrator	Stu Kaufman, Board Attorney
Richard Brickman, Trustee (Retired Police Officer)	Bob Klausner, Board Attorney
Van Szeto, Trustee (Police Officer)	Richard Allen – Retired Police Officer
Jason Thomas, Retired Police Officer	Jose Fernandez, Actuary, Cavanaugh & Macdonald
Todd Green, Actuary, Cavanaugh & Macdonald	

ACM George Keller announced that this is the first meeting of the Police Pension Task force and expressed the need to rebuild working relationships between the City of Hollywood and all of the pension plans. George Keller recommended three separate pension task forces, one for each of Police, Fire and General employees.

City Manager, Dr. Ishmael expressed:

- All three pension plans currently indicate an “F” rating.
- Collective Bargaining and the Retirees must be onboard together to make movement and resolution.
- A better deal with financial advisors can be made if all three plans get together.
- Issues at hand – 8% over earnings, Pension Obligation Bonds, contributions, returns.
- 50+ Million in costs – 98 Million Ad Valorem tax – 50+% going towards pensions.
- For the City to continue in a progressive manger some changes have to be made, including giving up some benefits.
- Supplemental distributions.
- Did the plan legally distribute the 13<sup>th</sup> check?
- Highest mileage rate in the county for large full service city – not covering costs.
- Major cost is pension.
- City must act immediately to find viable ways to maintain pension plans to keep promises made.
- Plans not being funded to the rate. Funding rates currently 50+% - not good.
- 10% employee contribution, 90% City contribution.
- Concerned about the 23 million shortfall in last year’s budget.

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Richard Brickman emphasized:

- “A promise made, promise kept”
- Decisions made by past administration - that is why we are here today.
- All three pension plans agree on the same issue, retiree benefits are large
- There are 172 retirees that will be willing to help reduce the costs of the pension. What is the legality?
- 13<sup>th</sup> check was issued as a benefit to widows and a small percentage of retirees to supplement monthly pension. Approved during Mayor Guilianti’s time in office. All retirees were treated alike – 13<sup>th</sup> check was issued to all retirees.
- Very clear – No negotiations on the 13<sup>th</sup> check.
- A 13<sup>th</sup> check should not be expected but because it was issued over time it is expected by the retirees as a benefit.

ACM Standley asked:

- What are our options?  
13<sup>th</sup> check  
8%
- How can we collectively bargain?

Jason Thomas stated:

- Retirees are appalled that management is considering reducing benefits.
- Currently retirees have no trust in management.
- Would like to be advised of the exact numbers.
- What is the time frame of the reduction of benefits?
- Pension Obligation Bonds is a gamble due to the market rates.

Jose Fernandez advised:

- Challenge - benefits need to be pre-funded.
- What leverage is there to make a better balance?
- 8% is on the high end
- Only left is to reduce benefits
- Pension Obligation Bonds to cover unfunded liability
- Recommendations of amortization – 20 yrs. Not 30 yrs.(beneficial to the plan)

Dave Williams expressed:

- History is why we are here today. Promises that were based on collective bargaining.
- In 2002, the City Manager did not want an actuary report, was not complete. The following year the report was done, costing the city more money.
- Promises that were made caused an adverse effect. An example would be the early buyout.

Richard Brickman agreed:

- Early buyout resulted in dropping in payroll which saved the City money but the pension costs were still present.
- Fresh Start in 2001

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Stu Kaufman advised:

- 185 Funds - City is entitled if pension fund is properly funded. As a result of underfunding, proceeds are not being released by the State of Florida.
- 4.1 million required by the State. City pays lump sum; City receives future tax distribution of approx. 1.3 million per year to reduce pension costs. City does not pay lump sum, will not receive future tax distribution - loss of 1.3 million to City per year. City will still have to pay 18.3 million in contributions through FY2017.

Bob Klausner stated:

- There is no quick fix.
- CRA Bond coming to an end – Pension Obligation Bonds (last resort)
- If bonds are left unpaid – no benefit changes to plan.
- Will work if planned contributions are made.
- Great idea if the three pension plans come together and communicate to coordinate a plan to lower fees.
- Employees are employed to serve the public, in return public servants are paid – benefits.
- Tax database reports value to Division of Retirement. Currently new construction of a large building in Hollywood not in the database. Will provide George Keller with the information.

ACM Keller confirmed:

- Currency working on a database regarding 175/185 Chapter Funds- Information does not match, money does not flow.

ACM Keller closed the meeting by recommending scheduling of a future meeting to focus on issues of interest.

### **Adjournment**

This meeting was adjourned at 10:00 a.m.