

Hollywood Pension Draft Discussion Outline
Regarding DROP and Supplemental Payment

In full and complete resolution of all issues arising from the resolution of the DROP interest rate and supplemental benefit (13th check) issues, the parties agree as follows:

1. Supplemental Payment

The current program shall remain in effect through fiscal year 2021 (year expiring September 30, 2021). The program shall be administered by the Boards of Trustees in the current manner.

Effective with fiscal year 2022 (year commencing October 1, 2021), the pension funds shall no longer pay the 13th check from Fund assets.

In any year in which any of the pension funds exceed the assumed rate of investment return by 200 basis points, the City shall directly appropriate an aggregate sum which will enable the payment of a \$2500 13th check for eligible participants, which shall be the same class of retirees and survivors currently eligible for the benefit.

The City shall transmit the sum of the payments to the respective Boards of Trustees who shall make the distribution and shall include such payments in the annual tax reporting to each member.

The City will dismiss the current litigation with prejudice, including any claim for recoupment of prior payments. In order to be eligible for the benefits under this proposal, any current recipient shall consent to this process and release the City of Hollywood, and the Boards of Trustees of the respective funds from all liability arising from any past or present calculation or payment of the 13th check.

The terms of this agreement shall be reduced to a consent judgment and notice to all affected persons shall be given as a class notice. The circuit court with jurisdiction over the current litigation shall conduct a fairness hearing and approve the settlement with retained jurisdiction for the resolution of disputes concerning its administration or implementation.

In the event that eighty (80%) of eligible participants consent to this resolution, the settlement shall automatically be rendered null and void. The settlement must also have the approval of the City and the respective Boards of Trustees.

2. DROP Interest Rate and Administration

For active participants in DROP, the current interest rate shall be paid until separation from service. Thereafter, the simple interest rate shall be two hundred (200) basis points less than the plan's actual net rate of investment return with a floor of zero

and a cap of ten percent (10%) plus a 50 basis point administrative fee.

Members may retain their DROP accounts with the respective funds until the earlier of death or attainment of age 70 ½ at which time the account must be distributed either as a lump sum or rolled over to another qualified plan.

Surviving spouses currently holding DROP accounts on deposit with the respective funds may continue to so until the earlier of death, the date the member would have reached age 70 ½, or three (3) years from the date of the agreement.

The terms of this agreement shall be reduced to a consent judgment and notice to all affected persons shall be given as a class notice. The circuit court with jurisdiction over the current litigation shall conduct a fairness hearing and approve the settlement with retained jurisdiction for the resolution of disputes concerning its administration or implementation.

In the event that eighty (80%) of eligible participants do not consent to his resolution, the settlement shall automatically be rendered null and void. The settlement must also have the approval of the City and the respective Boards of Trustees.

THIS DOCUMENT IS FOR DISCUSSION PURPOSES ONLY AND DOES NOT
CONSTITUTE AN OFFER OF JUDGMENT OR A BINDING CONTRACT OR
SETTLEMENT PROPOSAL.