

**BOARD OF TRUSTEES
CITY OF HOLLYWOOD POLICE OFFICERS RETIREMENT SYSTEM**

**ADMINISTRATIVE RULE GOVERNING DROP EARNINGS FOR POLICE OFFICERS
HIRED PRIOR TO SEPTEMBER 30, 2011.**

1. Chapter 33 of the City of Hollywood Code contains the provisions of the City of Hollywood Police Officers Retirement System. Section 33.132 of the Code provides that the Board of Trustees of the Retirement System is responsible for the proper administration of the System.
2. Section 33.132(F) of the City Code authorizes the Board of Trustees to establish rules and regulations for the administration of the System. This section also provides that the rules and regulations adopted shall have the force of the law.
3. Section 33.128(1)(d) of the City Code provides as follows:

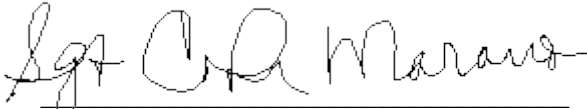
“Earnings in the DROP plan account of all members hired on or before September 30, 2011 shall be one of the following options: (1) the variable rate of return, which for any month shall be the actual net rate of investment gain or investment loss on the retirement system's assets for the month, determined as of the last day of the month, reduced in the event of a net investment gain or increased in the event of a net investment loss by an administrative fee determined by the Board; or (2) 6% per year, minus administrative costs; provided, however, if plan earnings exceed 6% per year, earnings in excess of 6% per year and not in excess of 12% per year shall offset the city's cost of maintaining the DROP plan program, and plan earnings in excess of 12% per year shall be equally divided between the DROP participant and the city.”
4. The System currently allows these DROP members to change their investment option between the variable and fixed rate of return options effective the beginning of each quarter. Members whose DROP accounts are in the fixed return option for less than a year are not entitled to the full amount of the earnings over 12% per fiscal year. These members shall have their DROP accounts credited with 25% of the return over 12% (after administrative expenses) for each quarter their DROP account is in the fixed return option. Members shall not be allowed to transfer from the variable to the fixed option once the net return for any fiscal year exceeds 12% and remains over 12% at the end of any quarter. These DROP accounts will be credited with the applicable interest after the end of the fiscal year once the actuary calculates the amount of interest earned. Members shall be credited with the variable rate of return for each quarter that their account is in the variable return option. The variable return amount is determined and credited on a monthly basis, as set forth in the City Code.

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5. The Board hereby adopts this rule governing the crediting of DROP earnings for members. However, this Rule shall not be applicable to any members/retirees who were treated as being exempt by the Board from the 2011 financial urgency ordinance due to a finding of there being no waiver of future remedies as of the effective date of the 2013 CBA on July 29, 2013. The Rule shall only be applicable to members entering the DROP subsequent to July 29, 2013.

This rule was considered by the Board of Trustees at a public hearing, following proper notice, on November 19, 2021. The Administrative Rule was adopted by vote of the Trustees on November 19, 2021.

Chairman

A handwritten signature in black ink, appearing to read "Sgt. C.A. Marano". The signature is written in a cursive style and is positioned above a horizontal line.

Secretary