

August 12, 2025

Mr. Radu Dodea - Human Resources/Risk Management Director
City of Hallandale Beach
400 South Federal Highway
Hallandale Beach, FL 33009

Re: City of Hallandale Beach
Police Officers' and Firefighters' Personnel Retirement Trust
Actuarial Analysis of Proposed Benefit Improvements

Dear Radu:

As requested, we have performed a special actuarial analysis to determine the impact on Plan liabilities and funding requirements associated with various proposed changes to the following items for active Police Officer Members of the above referenced Plan:

- An increase in the maximum benefit cap (prior to COLA's) for Tier 1 and Tier 2 Members.
- Various lifetime post-retirement COLA's applied to the entire benefit for Tier 1 and Tier 2 Members. There is no change to the maximum benefit cap for these scenarios.
- An increase in the benefit accrual rate/maximum benefit percentage for Tier 2 Members. There is no change to the maximum benefit cap for this scenario.
- Determination of Average Final Compensation using a shorter averaging period for Tier 1 and Tier 2 Members. There is no change to the maximum benefit cap for these scenarios.
- Inclusion of up to \$15,000 for Off-Duty Pay in Pensionable Earnings. There is no change to the maximum benefit cap for this scenario.
- A change in the maximum/minimum interest crediting to DROP Balances.

Results of this analysis, determined as of October 1, 2024, are set forth on the attached schedules and based on the same data, assumptions, and methods as utilized in the October 1, 2024 actuarial valuation. Below is additional information regarding specific proposed improvements.

A. COLA Scenarios

The proposed post-retirement COLA's would be applied annually for life without regard to the benefit cap or pro-rated for pre-2013 service. Additionally, the proposed COLA will not be less than COLA's payable under the current structure for Tier 1 Members, i.e. 2% auto COLA's until the maximum benefit cap is reached, followed by pro-rated COLA's (based on pre and post 2013 service).

B. Off-Duty Pay

This scenario considers that all Tier 1 and Tier 2 members will receive an additional \$15,000 annually in off-duty pay; we have additionally applied the current assumption for salary increases to this additional pay for determining future benefits. We are prepared to modify this scenario if more accurate estimates are provided by the bargaining parties and whether the amount of future Off-Duty Pay should increase commensurately with base pay salary increases.

C. DROP Account Interest Crediting

Currently, DROP interest for Tier 1 Police Members is based on annual net plan performance (not less than 0% and not greater than 6%), applied as a single credit at the end of the fiscal year. The proposal for an expansion of the minimum/maximum limits from 0%/6% to -4%/12% (with disclosed interest crediting applied monthly instead of annually) will have no material impact on liabilities or funding requirements in our opinion.

Caveat Language

The undersigned is familiar with the immediate and long-term aspects of pension valuations, and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein.

Please note the contents of this analysis and the October 1, 2024 actuarial valuation report are considered integral parts of the actuarial opinions. In reviewing the results presented in this study, it should be noted there are risks that may not be inherently apparent to the reader that should be carefully considered. For key risks, please see the Discussion of Risk section of the October 1, 2024 actuarial valuation report.

In performing the analysis, we used third-party software to model (calculate) the underlying liabilities and costs. These results are reviewed in the aggregate and for individual sample lives. The output from the software is either used directly or input into internally developed models to generate the costs. All internally developed models are reviewed as part of the process. As a result of this review, we believe that the models have produced reasonable results. We do not believe there are any material inconsistencies among assumptions or unreasonable output produced due to the aggregation of assumptions.

It should be noted that changes to retirement benefits could potentially affect participants' retirement or termination behavior. The results of this analysis do not reflect any change in the assumptions for termination or retirement, but we will monitor and advise of any recommended changes with future experience studies.

Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations. Due to the limited scope of the analysis, we did not perform an analysis of the potential range of such future measurements.

If you have any questions, please let me know.

Sincerely,



Douglas H. Lozen, EA, MAAA

DHL/lke

Enclosures

City of Hallandale Beach
Police Officers' and Firefighters' Personnel Retirement Trust
Actuarial Analysis of Proposed Benefit Changes - Active Police Officers Only
Scenarios for Maximum Benefit Cap - Tier 1 and Tier 2

Determined as of October 1, 2024

Funding Scenario	Funded Ratio ¹	Estimated	State Contribution (est.) ²	Annual City Contribution	
		GASB 67 Net Pension Liability		Dollars	Increase
Current Plan	83.2%	56,476,252	1,094,831	9,730,250	0
Top Sergeant Pay Maximum (\$135k)	82.4%	59,408,943	1,094,831	10,198,417	468,167
\$170k Maximum	82.0%	61,031,647	1,094,831	10,518,460	788,210
Current Cap Removed	81.9%	61,560,863	1,094,831	10,735,442	1,005,192

¹ Actuarial Asset Value divided by Entry Age Normal Actuarial Accrued Liability.

² State Contribution based on amounts received in Calendar 2024

Description of Proposed Scenarios:

Top Sergeant Pay Maximum (\$135k)

An increase in the maximum dollar benefit cap (on the Normal Form of Benefit, prior to any COLA's) to approximate the current Top Sergeant annual pay.

\$170k Maximum

An increase in the maximum dollar benefit cap (on the Normal Form of Benefit, prior to any COLA's) to \$170,000.

Current Cap Removed

The maximum benefit (on the Normal Form of Benefit, prior to any COLA's) is based on the accrued benefit, subject only to the current limitations of 75% of AFC for Tier 2 Members and 80% of AFC for Tier 1 Members.

City of Hallandale Beach
Police Officers' and Firefighters' Personnel Retirement Trust

Actuarial Analysis of Proposed Benefit Changes - Active Police Officers Only
Scenarios for Post-Retirement Cost-of-Living Adjustments (COLA's) - Tier 1 and Tier 2

Determined as of October 1, 2024

Funding Scenario	Funded Ratio ¹	Estimated	State Contribution (est.) ²	Annual City Contribution	
		GASB 67 Net Pension Liability		Dollars	Increase
Current Plan	83.2%	56,476,252	1,094,831	9,730,250	0
1% Lifetime Auto COLA	83.0%	57,372,807	1,094,831	9,895,180	164,930
2% Lifetime Auto COLA	82.3%	59,768,731	1,094,831	10,260,739	530,489
3% Lifetime Auto COLA	80.9%	65,126,062	1,094,831	11,034,754	1,304,504

¹ Actuarial Asset Value divided by Entry Age Normal Actuarial Accrued Liability.

² State Contribution based on amounts received in Calendar 2024

Description of Proposed Scenarios:

1% Lifetime Auto COLA

A 1% automatic lifetime post-retirement COLA without regard to the current maximum benefit cap or pro-rated for pre-2013 service, applicable to all future Police Retirees. The proposed COLA will not be less than the current COLA structure for Tier 1 Members, i.e. 2% auto COLA's up to the maximum benefit cap, pro-rated thereafter based on pre and post 2013 service.

2% Lifetime Auto COLA

A 2% automatic lifetime post-retirement COLA without regard to the current maximum benefit cap or pro-rated for pre-2013 service, applicable to all future Police Retirees. The proposed COLA will not be less than the current COLA structure for Tier 1 Members, i.e. 2% auto COLA's up to the maximum benefit cap, pro-rated thereafter based on pre and post 2013 service.

3% Lifetime Auto COLA

A 3% automatic lifetime post-retirement COLA without regard to the current maximum benefit cap or pro-rated for pre-2013 service, applicable to all future Police Retirees. The proposed COLA will not be less than the current COLA structure for Tier 1 Members, i.e. 2% auto COLA's up to the maximum benefit cap, pro-rated thereafter based on pre and post 2013 service.

City of Hallandale Beach
Police Officers' and Firefighters' Personnel Retirement Trust

Actuarial Analysis of Proposed Benefit Changes - Active Police Officers Only
Tier 2 Benefit Accrual Rate Same as Tier 1

Determined as of October 1, 2024

Funding Scenario	Funded Ratio ¹	Estimated GASB 67	State	Annual City Contribution	
		Net Pension Liability	Contribution (est.) ²	Dollars	Increase
Current Plan	83.2%	7,196,594	1,094,831	9,730,250	0
Tier 2 Accrual Same as Tier 1	83.2%	7,248,141	1,094,831	9,741,863	11,613

¹ Actuarial Asset Value divided by Entry Age Normal Actuarial Accrued Liability.

² State Contribution based on amounts received in Calendar 2024

Description of Proposed Scenario:

Tier 2 Accrual Same as Tier 1

An increase in the benefit accrual rate from 3.00% to 3.20% of Average Final Compensation (AFC) for all years of Credited Service (with 80% of AFC maximum) for Tier 2 Members. There is no change to current maximum benefit cap.

City of Hallandale Beach
Police Officers' and Firefighters' Personnel Retirement Trust

Actuarial Analysis of Proposed Benefit Changes - Active Police Officers Only
Number of Years Used for Determination of Average Final Compensation (AFC)

Determined as of October 1, 2024

Funding Scenario	Funded Ratio ¹	Estimated GASB 67 Net Pension Liability	State Contribution (est.) ²	Annual City Contribution	
				Dollars	Increase
Current Plan	83.2%	56,476,252	1,094,831	9,730,250	0
Tier 2 AFC Four-Year Average	83.2%	56,500,204	1,094,831	9,735,587	5,337
Tier 1 and Tier 2 Three-Year Average	83.1%	56,741,171	1,094,831	9,770,550	40,300
Tier 1 and Tier 2 Two-Year Average	83.1%	56,885,004	1,094,831	9,792,850	62,600

¹ Actuarial Asset Value divided by Entry Age Normal Actuarial Accrued Liability.

² State Contribution based on amounts received in Calendar 2024

Description of Proposed Scenarios:

Tier 2 AFC Four-Year Average

A decrease in the number of years for determination of AFC for Tier 2 Police Members from five years to four years. There is no change to the current maximum benefit cap.

Tier 1 and Tier 2 Three-Year Average

A decrease in the number of years for determination of AFC for Tier 1 and Tier 2 Police Members to three years. Currently, Tier 1 Members have an average based on the highest four years (or two years immediately prior to retirement if better), while Tier 2 Members have an average based on the highest five years. There is no change to the current maximum benefit cap.

Tier 1 and Tier 2 Two-Year Average

A decrease in the number of years for determination of AFC for Tier 1 and Tier 2 Police Members to two years. Currently, Tier 1 Members have an average based on the highest four years (or two years immediately prior to retirement if better), while Tier 2 Members have an average based on the highest five years. There is no change to the current maximum benefit cap.

City of Hallandale Beach
Police Officers' and Firefighters' Personnel Retirement Trust

Actuarial Analysis of Proposed Benefit Changes - Active Police Officers Only
Inclusion of \$15,000 Annual Off-Duty Pay for Pensionable Earnings - Tier 1 and Tier 2

Determined as of October 1, 2024

Funding Scenario	Funded Ratio ¹	Estimated GASB 67	State	Annual City Contribution	
		Net Pension Liability	Contribution (est.) ²	Dollars	Increase
Current Plan	83.2%	7,196,594	1,094,831	9,730,250	0
\$15k Off-Duty Pay	83.0%	7,871,107	1,094,831	10,683,780	953,530

¹ Actuarial Asset Value divided by Entry Age Normal Actuarial Accrued Liability.

² State Contribution based on amounts received in Calendar 2024

Description of Proposed Scenario:

\$15k Off-Duty Pay

Inclusion of \$15,000 annual Off-Duty Pay for inclusion in Pensionable Earnings. There is no change to the current maximum benefit cap.