

AGENDA ITEM 1

**NO BACKUP
FOR THIS SECTION**

AGENDA ITEM 2

**NO BACKUP
FOR THIS SECTION**

AGENDA ITEM 3

ITEM 3.a.

ATTORNEY/CLIENT MEETING

(Closed to the Public)

**NO BACKUP
FOR THIS SECTION**

ITEM 3.b.

PENSION ORDINANCE AMENDMENT

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF HOLLYWOOD, FLORIDA, AMENDING SECTION 33.025 OF THE CODE OF ORDINANCES, "EMPLOYEES' RETIREMENT FUND", PROVIDING FOR THE ENGAGEMENT OF ACTUARIAL, LEGAL AND OTHER SERVICES BY THE BOARD OF TRUSTEES, AND PAYMENT FROM THE FUND FOR SUCH SERVICES; PROVIDING FOR AN ANNUAL ADMINISTRATIVE EXPENSE BUDGET AND REPORT; PROVIDING FOR CODIFICATION, SEVERABILITY AND CONFLICT; AND PROVING AN EFFECTIVE DATE.

WHEREAS, the City Commission of the City of Hollywood has determined it to be in the best interest of the City and its employees to amend the City Code to authorize the Board of Trustees of the City of Hollywood Employees' Retirement Fund to engage legal, actuarial and other services necessary for the operation of the Fund, and to pay for such services from the Fund; and

WHEREAS, the Board of Trustees of the City of Hollywood Employees' Retirement Fund has determined it to be in the best interest of the members and beneficiaries of the Retirement Fund for the Board to be able to engage legal, actuarial and other services necessary for the operation of the Fund, and to pay for such services from the Fund; and to establish an annual administrative expense budget and provide a report on expenses;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF HOLLYWOOD, FLORIDA:

Section 1: That Section 33.025(S) of the Code of Ordinances is hereby amended to read as follows:

TITLE III: ADMINISTRATION

* * *

CHAPTER 33: CITY EMPLOYEES

* * *

RETIREMENT

EMPLOYEES' RETIREMENT FUND

§ 33.025 PENSIONS AND RETIREMENT

* * *

(S) Administration.

~~(1) For the purposes of administering the Fund in accordance with the terms of this plan and to execute the orders and directions of the Board of Trustees and the committee on investments, there shall be created in the office of the City Manager a Division of Pensions.~~

~~(2) The Division of Pensions shall be subject to all the laws, rules and regulations governing all departments, divisions and bureaus of the city government. To the extent possible, the accounts and records of the Fund shall be integrated with the operations of the city government.~~

~~(13) The Board may City Manager shall appoint a person, who may be a trustee, to serve as secretary of the Fund who shall perform such duties as may be assigned by the Board.~~

~~(124) The Director of the Department of Financial Services of the city shall be ex officio treasurer of the Fund and shall be the official custodian of all cash and securities and books and accounts belonging to the Fund which shall be maintained in a special trust fund for the account of the Fund. He or she shall receive all moneys and securities for the account of the Fund, deposit such moneys and make payments for purposes specified in this plan upon vouchers signed by him or her, in accordance with authorization of the Board.~~

~~(235) The pension coordinator secretary shall maintain custody of all be in charge of records, files, and all papers and documents of the Fund and belonging to the Board. All such records, files and documents shall be stored in the pension office with appropriate backup approved by the Board.~~

~~(346) The Board shall engage such actuarial, accounting, legal, and other services as shall be required to transact the business of the Fund. The compensation of such persons engaged by the Board shall be paid from the Fund at such rates and in such amounts as determined by the Board. The Board shall also lease space for a pension office and meeting room, and provide appropriate equipment and furnishings, at such cost and under such terms as determined by the Board, with such expenses paid from the Fund. The city shall retain an attorney to serve as legal advisor to the Board.~~

~~(7) The City Manager, subject to applicable rules and regulations governing the employment of personnel, may employ actuarial, medical, clerical and other assistants as may be required in the operation of the Fund and to effectuate the purposes of this plan.~~

~~(458) A separate corporate surety bond shall be furnished by the Finance Director, acceptable to the Board, of such amount as the Board shall designate. The Board shall purchase insurance coverage, including fiduciary insurance and surety bonds, in such the amounts and under such terms as determined by that the Board determines to~~

~~be reasonable; and surety bonds shall be taken out covering the chairman and secretary of the Board, in favor of the Fund, in amounts stipulated by the Board.~~

~~(569) All expenses for the administration and operation of the Fund as approved by the Board. The legal advisor, the pension coordinator, and the costs of the pension coordinator's office shall be paid by the Fund. All other costs and expenses incurred in the administration of the Fund shall be paid by the city, and no part of such expenses shall be charged to the Retirement Fund, except as otherwise specifically provided in the plan. The Board shall provide a detailed accounting report of its expenses for each fiscal year, and make the report available to all members and the City. The report must include all administrative expenses that, for purposes of this subsection, are expenses relating to any legal counsel, actuary, pension coordinator, and all other service providers, office expenses, and all travel and other expenses paid to or on behalf of the members of the Board or anyone else on behalf of the plan.~~

~~(67) The Board shall operate under an administrative expense budget for each fiscal year, provide a copy of the budget to the City, and make available a copy of the budget to all members before the beginning of the fiscal year. If the Board amends the administrative expense budget, the board must provide a copy of the amended budget to the City and make available a copy of the amended budget to all members.~~

~~(7810) The Board shall ensure that proper and adequate records and accounts are established and maintained which will give full effect to the requirements of this plan.~~

~~(8944) Beginning with the 2016-2017 plan year, aAn annual audit of books, accounts and records of the Fund shall be made by a certified public accountant selected by the Board. As part of the audit, an annual report shall be prepared by the Director of the Department of Financial Services and be audited by a certified public accountant as of the close of each fiscal year for submission to the Board, showing the assets and liabilities of the fund at the end of such year and the income and expenditures for the year and other data pertinent to the operation of the Fund. A synopsis of such report may be prepared for distribution to the members of the Fund.~~

~~(94012) The Board shall engage an independent contractor to serve as pension coordinator. The Board shall provide an office for the pension coordinator. The pension coordinator shall be available during normal business hours to assist members and retirees in matters related to their pensions and retirement as provided in this plan.~~

Section 2: That if any word, phrase, clause, subsection or section of this ordinance is for any reason held unconstitutional or invalid, the invalidity thereof shall not affect the validity of any remaining portions of this ordinance.

Section 3: That all sections or parts of sections of the Code of Ordinances, all ordinances or parts of ordinances, and all resolutions or parts of resolutions in conflict herewith be and the same are hereby repealed to the extent of such conflict.

Section 4: That this ordinance shall be in full force and effect immediately upon its approval by a "majority plus one" vote of the City Commission and 50% plus one of the voting members of the Employees' Retirement Fund.

ADVERTISED on _____, 2015.

PASSED on first reading this _____ day of _____, 2015.

PASSED AND ADOPTED on second reading this _____ day of _____, 2015.

PETER BOBER, MAYOR

ATTEST:

PATRICIA A. CERNY, MMC
CITY CLERK

APPROVED AS TO FORM & LEGALITY
for the use and reliance of the
City of Hollywood, Florida only:

JEFFREY P. SHEFFEL, CITY ATTORNEY

AGENDA ITEM 4

ITEM 4.a.

**NOVEMBER 19, 2015
REGULAR PENSION BOARD
MEETING MINUTES**

**MINUTES
REGULAR PENSION BOARD MEETING
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND
THURSDAY, NOVEMBER 19, 2015**

1. CALL TO ORDER

Chair Shaw called the meeting to order at 10:07 a.m.

2. ROLL CALL AND PLEDGE OF ALLEGIANCE

Board Members present: Chair Phyllis Shaw, Vice-Chair Jeffrey Greene, Ralph Dierks, Raquel Elejabarrieta, George Keller, Daniel Matlow (via telephone; connection lost at approximately 12:30 p.m.) and Richard Templeton. Also present: Pension Coordinator, Lisa Castronovo; Board Secretary, Tammie Hechler; Board Treasurer, Matthew Lalla; and Board Attorney, James Linn.

3. CONSENT AGENDA

- a. October 22, 2015 Special Meeting Minutes
- b. October 22, 2015 Regular Meeting Minutes
- c. October 29, 2015 Special Meeting Minutes
- d. Excuse Trustee Raquel Elejabarrieta from October 29, 2015 Board Meeting
- e. Ratification of Distributions (Contributions and DROP) and Plan Expenses
- f. Approval/Ratification of New Retirement/DROP/Vested/Death Annuities

MOTION made by Mr. Dierks, seconded by Vice-Chair Greene, to approve Consent Agenda Items 3.a-f. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

4. TREASURER'S REPORT (Matthew Lalla)

Mr. Lalla reported an increase in the Fund's assets of \$2.18 million/0.73% (net of disbursements) from \$300.44 million on October 2, 2015 to \$302.62 million on November 16, 2015.

5. INVESTMENT ISSUES (Keith Reynolds and John DeMairo)

- a. September 30, 2015 Quarterly Performance Review
As of September 30, 2015, the Fund's market value was \$275 million with a rate of return for the quarter ended September 30, 2015 of -3.96%.
- b. Flash Performance Review
The Fund's market value on October 31, 2015 was \$304.56 million and it reflected the City's contribution of almost \$20 million at the beginning of October. The rate of return for October 2015 was 4.03% compared to the benchmark of 4.28%. A strong return in October helped make up for the previous third quarter negative returns.
- c. Liquidity Analysis
Mr. DeMairo reviewed Segal Rogerscasey's Liquidity Analysis (report made part of these Minutes). The liquidity analysis was performed to determine the Fund's capacity to commit to alternative investments. The analysis measures the Fund's net cash-flow percentage as this percentage represents the portion of assets that must be met through investment income and liquidations. The analysis also measures the percentage of the Fund's portfolio that can be allocated to alternative investments.

The modeling assumptions included 1) \$40 million commitment to alternative investments which was based on a ten percent (10%) target of the Fund's current market value (\$300 million) increased by 1/3 for over-commitment factor, 2) capital called annually in \$10 million increments, 3) net cash flow payments made pro-rata from the non-alternative investments, and 4) distributions from the alternative investments would not happen until the end of 2024 with no liquidations made prior to then.

Three deterministic tests were run during the analysis: a baseline one using an annual 7.5% rate of return which is the Fund's ultimate actuarial assumed rate of return, one assuming a 4.0% rate of return, and another assuming a 0.0% rate of return.

Because markets are inherently difficult to predict and do not move in straight lines, stochastic analyses were performed. The stochastic analysis uses the Monte Carlo simulation model which dictates rates of return many different ways based on proposed allocations and their risk/return distributions.

Several conclusions were obtained during the liquidity analysis: 1) forward-looking capital market assumptions are a challenge in meeting long-term actuarial assumption rates given the low fixed income yields and high equity valuation ratios, 2) alternative investments offer another source of expected return through the liquidity risk premium, 3) since liquidity risk is real, the Fund needs to test its capacity for liquidity risk, 4) the Fund was paying out more in benefit payments and expenses than was anticipated to be received in contributions but the magnitude of the discrepancy was expected to be manageable in future years.

Mr. DeMairo concluded by stating a ten percent (10%) allocation to alternative investments based on the models – both deterministic and stochastic - was not unreasonable and would provide good diversification and rates of return.

Mr. Reynolds reviewed Segal Rogerscasey's Alternatives Investments – Implementation (report made a part of these Minutes) which detailed two scenarios the Fund could follow to invest in alternatives. Scenario 1 would have the Fund add one additional asset class under alternative investments with a 10% allocation to private equity. The monies used for the investment would reduce the total Fund's target domestic equity exposure from 37.5% to 32.5% and reduce its home equity bias within domestic equities. The private equity allocation would be split between two different strategies: 1) a diversified fund of funds and 2) a "secondaries" or "special situations fund" focused on distressed assets or deep-valued investments. This scenario allowed flexibility for opportunistic allocation to potential dislocations in the market.

Scenario 2 would have the Fund add two additional asset classes under alternative investments with a 7.5% allocation to private equity and a 2.5% allocation to global infrastructure. The monies used for the investment would reduce the total Fund's target domestic equity exposure from 37.5% to 32.5% and reduce its home equity bias within domestic equities. The private equity allocation would be split between two different strategies: 1) a diversified fund of funds and 2) a "secondaries" or "special situations fund" focused on distressed assets or deep-valued investments. This scenario provided increased diversification and some inflation protection.

Mr. Templeton voiced his concerns regarding the implementation of alternative investments: 1) the number of projected retirements from the City in the next ten years, 2) what the City's expectations would be on replacing those people in the workforce, and 3) how would diminished payroll affect the cash flow.

Vice-Chair Greene asked what was the minimum investment in each asset class to which Mr. Reynolds responded the minimum was typically (\$500,000 to \$2 million. When asked by Vice-Chair Greene if there would be a problem if the Fund invested in Neuberger Berman's private equity fund considering the Fund already invested with Neuberger, Mr. DeMairo advised that such an investment would not be a good idea. Vice-Chair Greene stated the Board had always been forward thinking in their investment strategy and he thought the Board should move forward with more alternative investments since, based on his discussions with other funds' trustees, it was better for the Fund to invest in more than one alternative investment class.

Chair Shaw agreed with Vice-Chair Greene to move forward with alternative investments and inquired as to the time-frame to invest in any given investment. Mr. DeMairo responded that it depends on each individual manager, but funds must be ready to transfer when the manager called the closing date.

Mr. Keller asked if the stochastic models allow for any type of wild card variables such as incalculable events, i.e. international security, to which Mr. DeMairo responded "no."

Vice-Chair Greene asked what was the process to select a manager. Mr. DeMairo stated the Board could follow one of three avenues to select the manager: 1) Segal Rogerscasey presents 2-3 managers and the Board interviews all presented, 2) Segal Rogerscasey chooses the best manager and the Board interviews only that one, or 3) Segal Rogerscasey is given full discretion to make and hire the manager.

Chair Shaw and Vice-Chair Greene agreed that giving Segal complete discretion to hire the manager was not an option but they liked the idea of interviewing the one manager Segal selected as the best one for the Fund.

Mr. DeMairo noted that with alternative investments the overall fees paid by the Fund would increase because alternative management fees are greater than fees for standard investments in equities or fixed income assets. Also, the Fund would most likely incur increased fees from both Segal for their services to find the best manager(s) for the Fund and from the Fund's legal counsel since there will be documents requiring thorough legal review. Finally, there would be more pressure administratively on the Pension Coordinator regarding back office support coordinating the interactions between Segal, the managers, legal counsel and the investments themselves.

Mr. DeMairo stated that Segal Rogerscasey's fees would be approximately \$40,000/year.

Public comment was heard from: Ronald Bolton - 1150 NW 71 Avenue, Plantation, FL

MOTION made by Vice-Chair Greene, seconded by Mr. Keller, to follow Segal Rogerscasey's recommendation of a \$40 million investment in additional alternative assets with 50% of the total investment directed to a diversified private equity fund of funds, 25% of the total investment directed to secondaries or a special situations private equity fund, and 25% of the total investment directed to a global infrastructure fund. Segal Rogerscasey is to bring to the Board for interviewing one (1) manager from each asset class within a reasonable period of time. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

6. LEGAL ISSUES (James Linn)

a. Litigation Update

Mr. Linn reported that Ronald Cohen was appointed to represent the Board in the litigation regarding Supplemental Pension Distributions known as "City of Hollywood vs. The Board of Trustees of the Employees Retirement Fund of the City of Hollywood, and the Board of Trustees of the City of Hollywood Firefighters Retirement System, and the Board of Trustees of the City of Hollywood Police Officers Retirement System." Mr. Linn noted Mr. Cohen had requested if he, Mr. Linn, was agreeable to a short extension of time to respond to the City's complaint to which Mr. Linn responded he was fine with it.

b. Pension Ordinance Amendment

Mr. Linn presented to the Board a proposed amendment to City Ordinance Chapter 33, Section S - Administration. The changes Mr. Linn made were all related to removing the City from administrative responsibility for the Retirement Fund, the Board, and various items the City was directly involved in such as hiring and paying various Fund vendors, i.e. attorney, actuary, Fund custodian.

Discussion ensued with Board members raising their concerns and voicing suggested changes. Mr. Linn made note of the items discussed and stated he would incorporate the suggestions and bring back before the Board at its next regular Board meeting.

7. ADMINISTRATIVE ISSUES

There were no administrative issues.

8. PUBLIC COMMENTS

Public comment was heard from: Ronald Bolton

9. TRUSTEE REPORTS, QUESTIONS AND COMMENTS

Mr. Templeton requested Mr. Keller to find out about reserving three (3) parking spaces near the Pension Office to accommodate retirees visiting the Office.

10. PENSION COORDINATOR'S REPORT (Lisa Castronovo)

Ms. Castronovo: 1) reported that the Notice of Election would be provided the week after Thanksgiving to all employees informing them that the Board would be accepting Applications of Candidacy for the employee-elected trustee position currently filled by Mr. Dierks whose term was ending February 29, 2016; 2) noted that the FPPTA Trustees School was in in Orlando in the first week of February 2016 and anyone who wished to attend needed to let her know so she could coordinate registration; 3) reported the City Manager signed a ninety (90) day extension to the Fund custodian contract with Wells Fargo and the RFP for the Fund custodian would be sent out by the City's Procurement Department in the next few weeks; 4) noted that Chair Shaw had signed agreements with law firms Saxena White and Scott & Scott for securities monitoring services; and 6) provided information regarding the National Pension Education Association "NPEA" for the Board to review.

11. ADJOURNMENT

MOTION made by Vice-Chair Greene, seconded by Mr. Keller, to adjourn the meeting. In a voice vote by the members present, **Motion** passed 6-0. Meeting adjourned at 12:35 p.m.

Phyllis Shaw, Chair

Date

ITEM 4.b.

**DECEMBER 3, 2015
PENSION BOARD
SUB-COMMITTEE MEETING
MINUTES**

MINUTES
PENSION BOARD BY-LAWS COMMITTEE MEETING
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND
THURSDAY, DECEMBER 3, 2015

1. CALL TO ORDER

Board Vice-Chair (and By-Laws Committee Chair) Greene called the meeting to order at 10:07 a.m.

2. ROLL CALL AND PLEDGE OF ALLEGIANCE

Committee Members present: Committee Chair Jeffrey Greene and Trustees George Keller and Richard Templeton. Also present: Pension Coordinator, Lisa Castronovo.

3. REVIEW BOARD'S BY-LAWS/OPERATING PROCEDURES

The Committee reviewed, discussed and revised various sections of the Board's By-Laws. The Committee agreed to meet at a future date to review, discuss and revise the Board's Operating Procedures.

4. ADJOURNMENT

MOTION made by Mr. Templeton, seconded by Mr. Keller, to adjourn the meeting. In a voice vote by the members present, **Motion** passed 3-0. Meeting adjourned at 3:17 p.m.

Phyllis Shaw, Chair

Date

ITEM 4.c.

**DECEMBER 9, 2015
SPECIAL PENSION BOARD
MEETING MINUTES**

**MINUTES
SPECIAL PENSION BOARD MEETING
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND
WEDNESDAY, DECEMBER 9, 2015**

1. CALL TO ORDER

Chair Shaw called the meeting to order at 11:23 a.m.

2. ROLL CALL AND PLEDGE OF ALLEGIANCE

Board Members present: Chair Phyllis Shaw, Ralph Dierks, Raquel Elejabarrieta, George Keller, Dan Matlow (via telephone) and Richard Templeton (via telephone). Board member absent: Jeffrey Greene. Also present: Pension Coordinator, Lisa Castronovo; Board Attorney, James Linn (via telephone).

3. EXECUTIVE SESSION DISCUSSION

Mr. Linn requested the Special meeting in accordance with Sunshine Law Section 286.0118. Mr. Linn stated he needed the Board's advice concerning the litigation filed by the City against the Board on Supplemental Pension Distributions, and that litigation counsel Ronald Cohen was in agreement and thus they together were asking for an attorney/client meeting to be scheduled in conjunction with the Board's December 17, 2015 regular Board meeting.

The Board agreed to hold a closed attorney/client session at its December 17, 2015 regular meeting. The Board further agreed to conduct the attorney/client session within the regular meeting, but closing the regular meeting to the public during the closed attorney/client meeting.

MOTION made by Mr. Dierks, seconded by Ms. Elejabarrieta, to start the December 17, 2015 regular Board meeting at 9:30 a.m. In a voice vote by the members present, **Motion** passed 6-0.

4. ADJOURNMENT

MOTION made by Mr. Dierks, seconded by Mr. Keller, to adjourn the meeting. In a voice vote by the members present, **Motion** passed 6-0. Meeting adjourned at 11:28 a.m.

Phyllis Shaw, Chair

Date

ITEM 4.d.

**EXCUSE ABSENCE
of TRUSTEE GREENE
from
DECEMBER 9, 2015 SPECIAL
MEETING**

(No backup included for this Item)

ITEM 4.e.

**RATIFICATION OF
DISTRIBUTIONS
(Contributions and DROP)
and
PLAN EXPENSES**

PLAN DISTRIBUTIONS

EMPLOYEES' RETIREMENT FUND
Refunds and DROP Distributions
December 17, 2015 Regular Pension Board Meeting

Refunds of Contributions

<u>Name</u>	<u>Refund</u>
	\$
	\$ <u>0.00</u>

Planned Retirement Distributions

McKoy, Loretta	\$ 61,845.16
	\$ <u>61,845.16</u>

DROP Distributions

Buddasingh, Andrea	\$ 77,671.70
Culberson, Daniel	44,068.30
Jones, Vernell	218,146.79
Moticker, Renee	291,582.85
Rodriguez, Dalila	158,719.57
Scarfo, Frank	90,235.71
Speights Perry, Anne	433,730.25
	\$ <u>1,314,155.17</u>

TOTAL: \$ 1,376,000.33

PLAN EXPENSES

EMPLOYEES RETIREMENT FUND

Payment Requests Processed During the Period
November 1, 2015 through November 30, 2015

Manager Fees

Brandes Investment Partners (quarter ending 09/30/15)	\$ 29,641.00
Baird Advisors (quarter ending 09/30/15)	28,413.64
Neuberber Berman (quarter ending 12/31/15)	28,158.91
Segal Rogerscasey (October 2015)	6,375.00
	<u>92,588.55</u>

Quarterly Custodian Fees

Wells Fargo Bank, N.A. (quarter ending 09/30/15)	<u>14,457.70</u>
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Attorney Fees

Lewis, Longman and Walker, P.A. (October 2015)	<u>11,219.23</u>
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Pension Coordinator Fees

LECastronovo Co., Inc. (November 2015)	<u>13,173.33</u>
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Travel Advances/Expenses

NCPERS Annual Conference (New Orleans)	
Jeffrey Greene	80.00
FPPTA Trustees School (Naples, Florida)	
George Keller	519.35
Lisa Castronovo	354.64
Phyllis Shaw	539.06
Segal Rogerscasey Annual Symposium (Savannah, GA)	
Jeffrey Green	604.10
	<u>2,097.15</u>

Miscellaneous

Sharp - Copier Lease Payment (10/01/15 - 10/31/15)	160.58
FPPTA - Membership Dues - 2016	600.00
HostGator (November 2015)	8.95
	<u>769.53</u>

Total	\$ <u><u>134,305.49</u></u>
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ITEM 4.f.

**APPROVAL/RATIFICATION of
NEW RETIREMENTS/DEATHS**

EMPLOYEES' RETIREMENT FUND

New Retirement/DROP/Death/Vested Annuities - Monthly Amounts
December 17, 2015 Regular Pension Board Meeting

November 2015

McKoy, Loretta - retirement (from Planned Retirement)	\$	1,186.42
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December 2015

Hancock, Dane - beneficiary of Cynthia Hancock	\$	1,290.45
Scarfo, Frank - retirement (from DROP)		1,420.09
Speights-Perry, Anne - retirement (from DROP)		6,040.74

January 2016

Moticker, Renee - retirement (from DROP)	\$	4,308.54
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Benefits Stopped

Hancock, Cynthia - died November 25, 2015	\$	1,290.45
Strother, Fearnley - died November 13, 2015		532.51

AGENDA ITEM 5

CITY OF HOLLYWOOD, FLORIDA

**EMPLOYEES RETIREMENT FUND
TREASURER'S REPORT
October 31, 2015**

<u>Investment Balances</u>	<u>Market Value</u>	<u>Book Value</u>	<u>Unrealized Gain (Loss)</u>
Balance, October 1, 2015	\$ 286,269,704.92	\$ 262,602,326.02	\$ 23,667,378.90
Contributions and Payments:			
City Contributions		9,767,849.00	
Employee Contributions		316,403.20	
Pension Disbursements		(3,007,200.70)	
Administrative Expenses		(14,053.79)	
Net Contributions/Payments		<u>7,062,997.71</u>	
Investment Income:			
Dividends Received		74,242.30	
Interest Received - net		58,560.63	
Gain on Sales		(71,540.06)	
Commission Recapture		534.81	
Quarterly Investment Fees		(27,953.43)	
Net Investment Income		<u>33,844.25</u>	
Balance, September 30, 2015	<u>304,509,695.59</u>	<u>269,699,167.98</u>	<u>34,810,527.61</u>
Increase (Decrease) for the Period	<u>\$ 18,239,990.67</u>	<u>\$ 7,096,841.96</u>	<u>\$ 11,143,148.71</u>

Unrealized Gain (Loss) Account

Composition of Increases (Decreases)

Thompson, Siegel & Walmsley	\$ 944,135.11
Frontier Capital Management	1,194,303.82
Wellington International	2,684,382.56
Northern Trust	5,824,486.37
Brandes Investment Partners	744,214.50
Total Equity Managers	<u>11,391,522.36</u>
Baird Advisors	(174,915.63)
Neuberger & Berman	(73,458.02)
Morgan Stanley	0.00
Principal Investors	0.00
	<u>\$ 11,143,148.71</u>

Investment Return

Net Investment Income	\$ 33,844.25
Increase (Decrease) in Unrealized Gain/Loss	<u>11,143,148.71</u>
Total Investment Return for Period	<u>\$ 11,176,992.96</u>
Beginning Market Value of Assets	\$ 286,269,704.92
Plus/(Less): Net Contributions/Payments	7,062,997.71
Assets Available for Investment	<u>\$ 293,332,702.63</u>
Investment Return as a % of Assets Available for Investment	<u>3.81%</u>

AGENDA ITEM 6

ITEM 6.a.

FLASH PERFORMANCE REVIEW

**(Backup material not available
at the time of this printing)**

ITEM 6.b.

RETAINER PROPOSAL



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J. Keith Reynolds
Vice President & Senior Consultant
kreynolds@segalrc.com

December 10, 2015

Phyllis Shaw, Board Chair
City of Hollywood Employees' Retirement Fund
City Hall Annex Building Room 20
PO Box 229045
Hollywood, FL 33022-9045

RE: Segal Rogerscasey Retainer

Dear Phyllis:

I recently celebrated my three-year anniversary with Segal Rogerscasey, and it truly has been a pleasure having the opportunity to work with you and the Trustees over much of this time. When I first began working with John DeMairo on the Retirement Fund ("the Fund"), the Fund had recently gone out to bid. Due to the change in the number of client meetings (from 6 to 12) and the increasing project work and complexities associated with the growing fund, we proposed an annual fee of \$89,700 in year one that would grow to \$93,700 in 2015.

We were delighted to find out that the Trustees decided to cancel the bid process and retain Segal Rogerscasey. We did not increase our annual retainer fee of \$76,500, which has been held constant since October 1, 2010. During my relatively short tenure, John and I have worked closely with the Trustees to further diversify the Fund's asset allocations and improve the investment manager line-up, which includes the addition of international small cap equity, value add real estate and core plus strategies within the fixed income portfolio. The results have been impressive, as the Fund has exceeded its Policy Index in four consecutive fiscal years and outperformed the Policy Index over the trailing 1, 3 and 5 years ended September 30, 2015. In addition, the Fund's performance is favorable against a peer universe of public sector plans ranking 7th, 11th and 7th over the last 1, 3 and 5 years. Still, we are faced with the same economic realities of our relationship that we had five years ago and respectively request a fee increase for traditional consulting to \$90,000 in 2016 with a 2% annual inflation adjustment.

As discussed at our last Pension Board meeting, the addition of alternative asset classes, such as Private Equity and Infrastructure, will provide further diversification and is expected to generate a higher return for the Fund. However, the ongoing due diligence, monitoring, review and operational and administrative support of private market investments will require significantly more work by our firm. There will also be additional work supporting the legal review process. As noted previously noted, the ongoing fee for providing a partially outsourced solution (e.g., hybrid governance model) for the Fund's alternative investment program will be \$40,000 per year.



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J. Keith Reynolds
Vice President & Senior Consultant
kreynolds@segalrc.com

In summary, the combined fee of \$90,000 for the traditional consulting and \$40,000 for the alternatives investment consulting represents a total fee of \$130,000 or slightly more than 4 basis points on the total Fund market value. Given our consulting expertise and our ability to negotiate with investment managers on our client's behalf, we are confident that we will easily offset the fees through improved performance and fee concessions by your future investment managers.

Let us again take this opportunity to say how important this relationship is to Segal Rogerscasey. We are proud of the relationship, and eagerly anticipate many more years of service to you and the Trustees. In the meantime, please let us know if you have any questions or comments. We thank you in advance for your consideration of our proposal.

Sincerely,

A handwritten signature in cursive script, appearing to read "J. Keith Reynolds".

J. Keith Reynolds
Vice President

A handwritten signature in cursive script, appearing to read "John DeMairo".

John DeMairo
President & CEO

AGENDA ITEM 7

ITEM 7.a.

BOARD OF TRUSTEES' BY-LAWS

**CITY OF HOLLYWOOD, FLORIDA
PENSION COORDINATOR
MEMORANDUM TO THE PENSION BOARD**

DATE: December 10, 2015
TO: Board of Trustees of the Employees' Retirement Fund
FROM: Lisa Castronovo, Pension Coordinator *lc*
SUBJECT: By-Laws

ISSUE:

Revisions to the Fund's By-Laws

EXPLANATION:

At the Board's regular September meeting, a sub-committee was formed to review the Fund's By-laws. Members of the committee are Vice-Chair Greene, Mr. Keller and Mr. Templeton. The committee met on December 3, 2015. They made several revisions to the By-laws for the full Board's review. The committee did not have time to review the Fund's Operating Procedures; they will meet in the near future to complete that review.

RECOMMENDATION:

Review/discuss revised By-laws.

**CITY OF HOLLYWOOD
EMPLOYEES' RETIREMENT FUND
BY-LAWS**

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ADOPTED AND EFFECTIVE: DECEMBER XX, 2015 NOVEMBER 21, 2013

ARTICLE I

BOARD OF TRUSTEES

The Board of Trustees of the City of Hollywood Employees' Retirement Fund (the "Board") is responsible for the proper operation and administration of the Fund, including policy formulation, investments and benefit determinations. The Board's duties and responsibilities are set forth in the Plan Document. These By-laws are adopted pursuant to Chapter 33, Section R(8)18(h) of the City of Hollywood Code of Ordinances Plan.

ARTICLE II

OFFICERS AND PENSION COORDINATOR

SECTION 1: CHAIR

The Chair shall be a Board member and be elected by majority vote of the Board members present at the annual meeting. To be eligible to serve as Chair, a Board member must have served on the Board at least two (2) years. The Chair shall preside at all meetings,; announce the business before the Board, the question under consideration and the result of votes taken,; request a roll call vote as herein provided,; and appoint all necessary committees and ensure that they perform their assigned duties. The Chair and the Treasurer shall sign all contracts and agreements creating

any liabilities, upon authorization of the Board. The maximum consecutive years a trustee may serve as Chair is three (3) years.

SECTION 2: VICE-CHAIR

The Vice-Chair shall be a Board member and be elected by majority vote of the Board members present at the annual meeting, and shall act as Chair in the absence or disability of the Chair.

SECTION 3: SECRETARY

The Secretary shall be a Board member and be elected by a majority vote of the Board members present at the annual meeting. To be eligible to serve as Secretary, a Board member must have served on the Board at least two (2) years. appointed by the City Manager. ~~The Chair cannot also serve as Secretary.~~ The maximum consecutive years a Board member may serve as Secretary is three (3) years, with such three (3) years staggered from the three (3) years another Board Member is serving as Chair. The Secretary shall administer the detailed affairs of the Fund and shall act as Secretary of the Board. The Secretary shall; give proper and timely notice of all meetings; prepare Board agendas; record, transcribe, provide copies and maintain records of the proceedings of Board meetings; read all communications addressed to the Board; present bills for administrative expenses, and annuity and refund applications to the Board; maintain, along with the Treasurer, all records and documents of the Fund; answer correspondence regarding participant benefits; receive applications for annuities and refunds, requesting related information required by the Board in the consideration of such claims; and perform other duties as are assigned by the Board. The Secretary shall act as the public records liaison for the Fund, unless the Board designates the

Pension Coordinator to perform this function. The Board may transfer some or all of the Secretary's duties of the Secretary to the Pension Coordinator.

SECTION 4: PENSION COORDINATOR

The Board shall engage an independent contractor to serve as Ppension Coordinator. The Pension Coordinator shall assist members and retirees in matters relating to their retirement, and perform such other duties as may be assigned by the Board.

ARTICLE III

MEETINGS

SECTION 1: REGULAR MEETINGS

Regular Board meetings will be scheduled as needed or provided by the Board ~~monthly~~, with the first meeting ~~to be held~~ in January of each year. ~~However,~~ The schedule may be changed by the Chair if determined to be necessary.

SECTION 2: SPECIAL MEETINGS

Special meetings may be held at such times as may be deemed necessary and called by the Chair or by any two (2) ~~four (4)~~ Board members via the Pension Coordinator.

SECTION 3: NOTICE

A minimum of seven (7) ~~three (3)~~ days' posted notice of any meeting shall be provided when possible.

SECTION 4: ANNUAL MEETING

The last regular meeting of the year shall constitute the Annual Meeting of the Board.

At such meeting the Board shall elect ~~the~~ Chair, ~~and Vice-Chair~~ and ~~Secreatry~~ for the following year.

SECTION 5: QUORUM

~~A simple majority either in person or via live audio~~ Four members shall constitute a quorum for the transaction of business at any regular, ~~or special~~ or sub-committee meeting.

SECTION 6: VOTING

Each Board member in attendance either in person or via live audio shall cast one vote on each ~~all~~-questions coming before the Board at any regular, ~~or special~~ or sub-committee meeting. Proxy voting shall not be permitted nor recognized. The passage or rejection of any resolution or action shall require the concurring majority vote of the Board members present.

SECTION 7: ROLL CALLS

On all motions involving the expenditure of monies or the creation of a Fund liability, the vote of each member present shall be recorded. On any other vote, such record shall be made at the request of any member present.

SECTION 78: ORDER OF BUSINESS

The Agenda shall be established by the Pension Coordinator under the direction of the Chair. Business shall normally be considered in the following order:

1. Call to Order
2. Roll Call
3. ~~Consent Agenda~~ Approval of Minutes
4. Treasurer's Report
5. Investment ~~Report~~ Issues
6. Disability Applications (when necessary)
7. Legal ~~Report~~ Issues
8. Administrative ~~Report~~ Issues
9. Public Comments
10. Trustee Reports, Questions and Comments
11. Pension Coordinator's Report
12. Adjournment

At the direction of the Chair, the Agenda order may be changed and items may be added, deleted or taken out of order as deemed appropriate for the circumstances.

SECTION 89: RULES OF PROCEDURE

~~Board Meetings of the Board~~ shall be governed by Robert's Rules of Order, except as otherwise specifically provided in these By-laws.

ARTICLE IV

RECORDS

All original accounts, records, correspondence and other data and documents of the Fund as required by law, other than investment and financial records, shall be maintained in the Pension Office. ~~The Treasurer shall maintain the investment and financial records of the Fund.~~ All documents and information shall be maintained electronically at the Pension Office and as well as stored electronically offsite in a secure facility.

ARTICLE V

OATH OF OFFICE

SECTION 1: FORM OF OATH

Each person becoming a member of the Board shall take a written oath of office that they will diligently and honestly administer the affairs of their office, and not knowingly violate or willfully permit to be violated any provisions of laws governing the operation of the Fund. The oath shall be subscribed and acknowledged before the City Clerk. A person shall qualify for membership on the Board upon the oath of office being filed with the City Clerk.

ARTICLE VI

AMENDMENTS

Changes or amendments to the By-laws may be proposed by any Board member of the ~~Board, Secretary, the~~ Pension Coordinator or the Treasurer, and ~~must~~ shall be submitted in writing to the Pension Coordinator, ~~in writing~~. Proposed changes shall be acted upon in the following manner:

Upon receipt of a proposal for an amendment, the Secretary or, if designated by the Board, the Pension Coordinator, shall mail to each member of the Board a notice setting forth in full the proposed change or amendment at least ten (10) days prior to the date of any regular or special meeting at which the proposal shall be submitted for consideration. At the next regular or special meeting following the mailing of such notice, or at any meeting thereafter to which consideration of the change or amendment has been postponed by the Board, such change or amendment may be adopted by a vote of at least a super majority four members of those members voting, ~~in favor of its adoption~~. At such meeting the proposed change or amendment may be modified before being acted upon, without the necessity of any further notice; provided, however, that the amendment as modified shall be applicable only as to those Articles or portions thereof to which the notice specifically referred; and provided further that any such modification shall be approved by at super majority least four members of the Board.

ARTICLE VII

BOARD MEMBER EXPENSES

A. Board members shall serve without compensation but shall be reimbursed for any expenses incurred in connection with their service on the Board. Travel expenses in connection with attendance at Board-approved seminars, conferences and meetings other Board authorized business (excluding regular, special or sub-committee Board meetings) shall be reimbursed in accordance with City policy, except that meals shall be reimbursed in accordance with GSA guidelines plus 15%. Board members shall submit travel expenses for reimbursement on a form approved by the Board.

B. The Board authorizes the issuance of a credit card to the Pension Coordinator in the name of the Employees' Retirement Fund with the following restrictions:

- The card limit cannot exceed \$120,000;
- The card ~~It may~~ only be used for pension fund office supplies and preauthorized conference registration fees and related travel expenses of Board mMembers, ~~the Secretary,~~ the Treasurer, and the Pension Coordinator;
- ~~The credit card bill will be sent to the Pension Office for review by the Pension Coordinator who must and then submitted the bill to the Chair (or Vice-Chair in the absence of the Chair) for approval of payment~~ City Financial Services Department for payment.
- The Pension Coordinator has authority to charge up to \$2,000 for any single expenditure; the Pension Coordinator must obtain Chair or Vice-Chair approval for any single expenditure over \$2,000

ITEM 7.b.

**PENSION ADMINISTRATION
SOFTWARE**

(Discussion Item)

ITEM 7.c.

BOARD ELECTIONS FOR 2016

**CITY OF HOLLYWOOD, FLORIDA
PENSION COORDINATOR
MEMORANDUM TO THE PENSION BOARD**

DATE: December 10, 2015
TO: Board of Trustees of the Employees' Retirement Fund
FROM: Lisa Castronovo, Pension Coordinator *lcc*
SUBJECT: Election of Pension Board Chair and Vice-Chair

ISSUE:

Annual election of Pension Board Chair and Vice-Chair

EXPLANATION:

Per the City of Hollywood Employees' Retirement Fund By-laws, the Chair and Vice-Chair shall be elected by the majority vote of the Pension Board members present at the Pension Board's annual meeting. Further, and per the By-laws, the last regular meeting of the year is the annual meeting.

RECOMMENDATION:

Elect the 2016 Pension Board Chair and Vice-Chair.

AGENDA ITEM 8

**NO BACKUP
FOR THIS SECTION**

AGENDA ITEM 9

**NO BACKUP
FOR THIS SECTION**

AGENDA ITEM 10

**NO BACKUP
FOR THIS SECTION**

AGENDA ITEM 11

**NO BACKUP
FOR THIS SECTION**