

AGENDA ITEM 1

**NO BACKUP
FOR THIS SECTION**

AGENDA ITEM 2

**NO BACKUP
FOR THIS SECTION**

AGENDA ITEM 3

ITEM 3.a.

**MINUTES of
JUNE 23, 2016
REGULAR PENSION
BOARD MEETING**

**MINUTES
REGULAR PENSION BOARD MEETING
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND
THURSDAY, JUNE 23, 2016**

1. CALL TO ORDER

Chair Shaw called the meeting to order at 9:25 a.m.

2. ROLL CALL AND PLEDGE OF ALLEGIANCE

Board Members present: Chair Phyllis Shaw, Vice-Chair Jeffrey Greene (via telephone), Chris Cassidy, Charles Howell, George Keller, Mel Standley and Richard Templeton (via telephone). Also present: Pension Coordinator Lisa Castronovo, Board Secretary Tammie Hechler and Board Attorney James Linn (Lewis, Longman & Walker).

3. CONSENT AGENDA

- a. May 26, 2016 Regular Meeting Minutes
- b. Excuse Trustee Matlow from May 26, 2016 Regular Board Meeting
- c. Ratification of Distributions (Contributions and DROP) and Plan Expenses
- d. Approval/Ratification of New Retirement/DROP/Vested/Death Annuities

MOTION made by Mr. Templeton, seconded by Mr. Howell, to approve Consent Agenda Items 3.a - d. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

5. INVESTMENT ISSUES (Keith Reynolds) – Taken out of order

a. Flash Performance Review

Mr. Reynolds reported that the Fund's market value was \$292.9 million on May 31, 2016. All asset class allocations relative to their respective target allocations were in line. Mr. Reynolds noted that the domestic equity allocations would decrease somewhat over time as the new investments in alternative assets were funded. In the immediate, \$2 million was being taken from large cap domestic equity manager Northern Trust and used to fund the new private equity investment with Neuberger Berman. The rate of return for the month of May was 0.6% vs. policy index of 0.4% and the rate of return for the fiscal year-to-date was 6.4% vs. policy index of 5.75%.

Mr. Reynolds reported that new alternative investment manager HarbourVest was seeking approval from its investors to amend its limited partnership agreement to increase the maximum size of the Dover IX offering from \$4.25 billion to \$4.75 billion and to reduce the marketing period from June 30, 2017 to October 20, 2016.

MOTION made by Mr. Keller, seconded by Mr. Standley, to approve HarbourVest's limited partnership agreement to allow for an increase in the maximum size of the offering from \$4.25 billion to \$4.75 billion and to shorten the marketing period from June 30, 2017 to October 20, 2016. In a voice vote by the members present, **Motion** passed 6-1 (Mr. Howell voted in opposition).

Mr. Reynolds recommended utilizing Wells Fargo's Government Money Market as the Fund's sweep vehicle rather than Wells Fargo's Public Institutional Bank Deposit Account because Segal Rogerscasey preferred the safety and security of the Government Money Market vehicle. The fees for the Public Institutional Bank Deposit Account were 20 basis points and the fees for the Governmental Money Market Fund were also 20 basis points.

MOTION made by Mr. Keller, seconded by Mr. Howell, to accept Segal Rogerscasey's recommendation to utilize Wells Fargo's Government Money Market as the Fund's sweep vehicle. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

Ms. Castronovo noted she had received the Wells Fargo custody agreement as well as pertinent documents from new investment manager IFM and that such needed to be executed by the Board. Mr. Templeton suggested the Chair, Vice-Chair and Board Secretary be authorized signers on all documents. Chair Shaw noted signers were typically the Chair and Treasurer with the Vice-Chair as an alternate.

MOTION made by Mr. Templeton, seconded by Vice-Chair Greene, to designate the Board Chair, Vice-Chair and Secretary as the authorized signers of all official Board documents. Chair Shaw amended the motion to include that a minimum of two (2) signatures would be required on all documents. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

Mr. Linn suggested a separate motion be made to allow the Pension Coordinator authorization to sign for Wells Fargo transactions, specifically benefit payments.

MOTION made by Mr. Templeton, seconded by Mr. Keller, to allow the Pension Coordinator authorization to sign Wells Fargo transactions. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

Chair Shaw stated she would like to have more discussion regarding authorization procedures for Wells Fargo transfers and benefit payments and would like to implement a policy. Chair Shaw asked Ms. Castronovo to provide information on the processes at the next Board meeting.

4. TREASURER'S REPORT (Mirtha Dziedzic) – Taken out of order

Ms. Dziedzic reported a decrease in the Fund's assets of \$2.3 million/-.078% (net of disbursements) from \$300.4 million on October 2, 2015 to \$298 million on June 30, 2016.

6. DISABILITY APPLICATION

a. Timothy Irwin

The Board discussed Mr. Irwin's disability application and the Director of Human Resources', Tammie Hechler, recommendation to the Board regarding Mr. Irwin's application.

Mr. Templeton said he did not feel the Board had enough medical information to make a proper decision regarding Mr. Irwin's disability and/or his ability to continue working for the City. Mr. Templeton stated that job descriptions of potential jobs the Director of Human Resources could place Mr. Irwin in be provided to all physicians making a determination as to whether or not Mr. Irwin could work. Mr. Templeton asked if the applicant was entitled to a non-work related disability even though he did not apply for it to which Mr. Linn responded that Mr. Irwin could be granted a non-duty disability benefit if the Board found he was not disabled from job-related duties.

Mr. Linn explained the Board's By-laws governing the Board's duties regarding disability applications.

Chair Shaw asked about the meeting notification process regarding disability applicants. Mr. Linn said the Board's By-Laws do not specifically address the notification process. Ms. Castronovo said she verbally notified Mr. Irwin of the meeting but she did not notify Mr. Irwin of the meeting in writing. Mr. Cassidy said he felt Mr. Irwin should be notified of the meeting in writing with specific mention of the applicant's right to attend the meeting and address the Board if he so desired.

Ms. Hechler said there were some vacant positions in which Mr. Irwin could be placed. Ms. Hechler added she thought the Board should follow the independent physician's advice and have Mr. Irwin examined by a psychiatrist. The Board in turn directed Ms. Castronovo to schedule an appointment for Mr. Irwin with a psychiatrist. The Board further instructed Ms. Castronovo to provide the psychiatrist with the independent physician's report as well as job descriptions for the vacant City positions in which Mr. Irwin might be qualified to work. Finally, Ms. Castronovo was instructed to ask the psychiatrist to determine whether or not Mr. Irwin could perform the job duties required in the vacant positions, with or without accommodations.

Mr. Templeton stated policies and procedures should be established regarding disability applications and specifically regarding turn-around times. The Board directed Ms. Castronovo to draft formal procedures inclusive of timelines for disability applications, both duty and non-duty.

7. LEGAL ISSUES (James Linn)

a. IRS Compliance Ordinance

Mr. Linn reported an amendment bringing the Fund into compliance with IRS regulations was close to completion and would be provided to the Board for review in a few weeks.

b. Litigation Update

Mr. Linn said to his knowledge there had not been any further action regarding the second lawsuit filed by the City regarding payment of benefits to Fund members people who became 100% vested on September 30, 2011 due solely to the freezing on such date of all Fund benefits. Chair Shaw stated she saw a City request for legal counsel for the case posted on BidSync.

Mr. Linn reported that regarding the City's lawsuit on payment of Supplemental Pension Distributions, the City Commission needed to adopt a resolution authorizing the dispute resolution process.

8. ADMINISTRATIVE ISSUES

a. City Commission Communication

Ms. Castronovo provided the Board with the City Commission Communication. Chair Shaw requested the Board to review the communication in order to provide input before it was sent to City officials.

MOTION made by Mr. Templeton, seconded by Mr. Keller, to accept the City Communication as written. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

b. Fund Administration, Preplanning – continued discussion

Ms. Castronovo reported that meetings had been scheduled for those interested from the Board to meet with staff from both the City's Police Retirement Fund and the Fire Retirement Fund to discuss their respective policies and procedures.

c. Board Secretary Selection

Mr. Keller nominated Mr. Standley as Secretary of the Board.

MOTION made by Mr. Keller, seconded by Mr. Howell, to appoint Mr. Standley as Secretary of the Board. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

A brief discussion followed regarding whether or not the Director of Human Resources should continue to attend the Board meetings. While Chair Shaw and Mr. Templeton felt that both the Directors of Human Resources and Finance should attend, Mr. Keller stated it would be difficult at times for them to attend due to their other commitments.

9. PUBLIC COMMENTS

Chair Shaw said she requested Ms. Castronovo to have a guest sign-in sheet at each Board meeting.

Public comment was heard from: Robert Strauss, Vice President - AFSCME Local 2432, 2734 Hollywood Boulevard, Hollywood, FL

10. TRUSTEE REPORTS, QUESTIONS AND COMMENTS

There was a discussion regarding the requirement of a guest sign-in sheet at public Board meetings. Chair Shaw stated she felt it was important to have a sign-in sheet for documentation and records purposes and at her other Board meetings everyone was required to sign-in.

11. PENSION COORDINATOR'S REPORT (Lisa Castronovo)

Ms. Castronovo reviewed various items of her June 16, 2016 memorandum to the Board (memo made part of these Minutes). Ms. Castronovo asked the Board if they would pay the \$100 fee as well as expenses incurred at an upcoming FPPTA Trustees School in order for FPPTA to reinstate Mr. Howell's CPPT (Certified Public Pension Trustee) designation. Discussion ensued.

MOTION made by Mr. Templeton, seconded by Mr. Keller, to pay the \$100.00 reinstatement fee and all expenses incurred at an upcoming FPPTA Trustee's School the reinstatement of Mr. Howell's CPPT designation. In a voice vote by the members present, **Motion** passed 4-3 (Chair Shaw, Vice-Chair Greene and Mr. Howell voted in opposition).

Ms. Castronovo suggested moving both the October and November 2016 meeting dates forward one week in order since the November meeting was scheduled for the Thursday immediately following the International Foundation's annual conference in Orlando which most Board members were attending. The Board agreed they would like to change the meeting dates and directed Ms. Castronovo to follow-up with the Board to arrange.

12. ADJOURNMENT

MOTION made by Vice-Chair Greene, seconded by Mr. Cassidy, to adjourn the meeting. In a voice vote by the members present, **Motion** passed 7-0. Meeting adjourned at 11:53 p.m.

Phyllis Shaw, Chair

Date

ITEM 3.b.

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

PLAN DISTRIBUTIONS

EMPLOYEES' RETIREMENT FUND
Refunds and Distributions
July 28, 2016 Regular Pension Board Meeting

Refunds of Contributions

<u>Name</u>	<u>Refund</u>
Cruz, Paulo	\$ 5,878.27
Dziedzic, Mirtha	42,230.94
Elejabarrieta, Raquel	22,955.19
Hardman, Dwayne	8,789.67
Munoz, Andres	6,298.27
	<u>\$ 86,152.34</u>

Planned Retirement Distributions

DeMoliner, Robert	\$ 20,798.99
	<u>\$ 20,798.99</u>

DROP Distributions

Brown, Sandra	\$ 151,000.00
Stewart, James	143,000.00
Strauss, Robert	310,000.00
	<u>\$ 604,000.00</u>

TOTAL: \$ 710,951.33

PLAN EXPENSES

EMPLOYEES RETIREMENT FUND

Payment Requests Processed During the Period

June 1, 2016 through June 30, 2016

Manager Fees

Segal Rogerscasey (May 2016)	\$ 10,833.33
Northern Trust Company (quarter ending 06/30/16)	6,344.42
	<u>17,177.75</u>

Attorney Fees

Lewis, Longman and Walker, P.A. (April 2016)	5,419.26
Lewis, Longman and Walker, P.A. (May 2016)	4,900.00
	<u>10,319.26</u>

Pension Coordinator Fees

LECastronovo Co., Inc. (June 2016)	<u>13,173.33</u>
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Miscellaneous

Richard A. Reines, MD	1,200.00
UPS	7.25
	<u>1,207.25</u>

Total	\$ <u>41,877.59</u>
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ITEM 3.c.

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

EMPLOYEES' RETIREMENT FUND

New Retirement/DROP/Death/Vested Annuities - Monthly Amounts

July 28, 2016 Regular Pension Board Meeting

June 2016

DeMoliner, Robert - retirement (from Planned Retirement)	\$	3,406.95
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July 2016

Seemongal, Hardai - beneficiary of Lachman Persaud	\$	1,614.50
Strauss, Robert - retirement (from DROP)		5,113.86

August 2016

Brown, Sandra - retirement (from DROP)	\$	2,126.98
Stewart, James - retirement (from DROP)		2,020.06

Benefits Stopped

Holladay, Harriet - died 7/8/2016	\$	359.99
LaRose, Jean - died 7/17/2016		3,025.62
Persaud, Lachman - died 6/13/2016		1,614.50

AGENDA ITEM 4

**NO BACKUP
FOR THIS SECTION**

AGENDA ITEM 5

ITEM 5.a.

FLASH PERFORMANCE REVIEW

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

AGENDA ITEM 6

ITEM 6.a.

LITIGATION UPDATE

(No backup available at this time)

ITEM 6.b.

PENSION ORDINANCE AMENDMENT

(No backup available at this time)

AGENDA ITEM 7

ITEM 7.a.

CITY COMMISSION COMMUNICATION

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

DATE: July 21, 2016
TO: Board of Trustees of the Employees' Retirement Fund
FROM: Lisa Castronovo, Pension Coordinator *lee*
SUBJECT: City Commission Communication

ISSUE:

Regular communication with City Commissioners and other interested parties

EXPLANATION:

Attached is proposed City Commission Communication for the June 23, 2016 regular Board meeting.

RECOMMENDATION:

For review and discussion

CITY COMMUNICATION
for the
JUNE 23, 2016 REGULAR MEETING OF THE BOARD OF TRUSTEES
of the
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND

Board's Communication to the City Commission

Items Requiring City Commission Action

- None

Items of Interest to the City Commission

- The Retirement Fund invested the first \$2 million (out of a \$20 million commitment) in its new private equity investment with Neuberger Berman's Dover IX fund.

Items Submitted for City Commission Consideration

- None

Summary of June 23, 2016 Regular Board Meeting:

Board Members present:	Chair Phyllis Shaw Vice-Chair Jeffrey Greene Christopher Cassidy Charles Howell George Keller Mel Standley Richard Templeton
Board member absent:	---
Also present:	Pension Coordinator Lisa Castronovo Board Secretary Tammie Hechler Board Attorney James Linn

INVESTMENT MATTERS:

Keith Reynolds, representing Segal Rogerscasey, the Board's investment consultant, reported the Fund's market value on May 31, 2016 was \$292.9 million with all asset class allocations in line with their respective target allocations. Mr. Reynolds noted that the Fund's new private equity investment with Neuberger Berman was funded with an initial \$2 million (out of a \$20 million commitment) that was taken from large cap domestic equity invested with Northern Trust. The Fund's rate of return for the fiscal year-to-date was 6.4% vs. the policy index of 5.75%.

ADMINISTRATIVE MATTERS:

The Board discussed the duty disability application submitted by Timothy Irwin. The Board decided to have Mr. Irwin examined by an independent psychiatrist before proceeding with further consideration of his application. The Board discussed adopting formal procedures for accepting, reviewing and evaluating disability applications.

Mr. Standley was appointed to serve as Secretary for the Board of Trustees.

ITEM 7.b.

FUND ADMINISTRATION

- 1. Meetings with Administrators of City's Police and Fire Retirement Funds**
- 2. Fund Secretary Responsibilities**
- 3. Fund Attorney Responsibilities**
- 4. Fund Administration Workshop**

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

DATE: July 21, 2016
TO: Board of Trustees of the Employees' Retirement Fund
FROM: Lisa Castronovo, Pension Coordinator
SUBJECT: Fund Administration

ISSUE:

Summary of meetings with administrators of the City's Police and Fire Retirement Funds

EXPLANATION:

On July 12th, George, Mel and I met with the City's Police Retirement Fund administrator, Dave Williams. On July 14th, George, Jeff and I met with the City's Fire Retirement Fund administrator, Jennifer Kerr and her fulltime assistant Sheila Sullivan. The purpose of the meetings was to gather information on how they administer their respective funds, particularly in the areas currently administered by the City for this Retirement Fund. Following is a summary of the issues discussed:

1. Employment: Police - Dave and his assistants are employed by the Board/Fund; Fire - Jennifer and her assistants are employed by the Board/Fund. Neither Dave nor Jennifer is an independent contractor.
2. Office lease: Police - office space is leased directly by the Fund; Fire - office space is leased directly by the Fund.
3. Payment of invoices: Police - the Funds' custodian, Fiduciary Trust, pays all Fund invoices once presented with completed warrants which must be signed by a majority of the trustees (which is typically done at a Board meeting) prior to invoice being paid; Fire - the Funds' custodian, Fiduciary Trust, pays all Fund invoices once presented with an invoice and accompanying blanket warrant (as prepared at the beginning of the year and signed by all trustees); Board approves payment of invoices after they have been paid. Neither Dave nor Jennifer "touch the money."
4. Bank statement reconciliations: Police - done by their independent auditor; Fire - done by fulltime employee Sheila Sullivan
5. Bookkeeping: Police - done by their independent auditor; Fire - done by fulltime employee Sheila Sullivan on QuickBooks
6. Budgets: in the last year or so both administrators were required by State statute to prepare administrative budgets. Both administrators gathered information for the 3-5 preceding fiscal years, studied the trend of the expenses and prepared a budget accordingly. The proposed budget is submitted to the Board who in turn review, revise, and approve.
7. RFP's: all done in-house
8. Independent auditor: Police - uses Goldstein Schechter Koch; Fire uses Davidson, Jamieson & Cristini

RECOMMENDATION:

For your information

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

DATE: July 21, 2016
TO: Board of Trustees of the Employees' Retirement Fund
FROM: Lisa Castronovo, Pension Coordinator *lee*
SUBJECT: Fund Administration

ISSUE:

Board secretary's responsibilities

EXPLANATION:

Per the Board's By-laws:


"The Secretary shall be appointed by the City Manager. 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 duties of the Secretary to the Pension Coordinator."

The first sentence of the preceding paragraph has been superseded by City Ordinance O-2016-08 and as you remember from the June Board meeting, Mel Standley was nominated and appointed Board secretary. Chair Shaw would like the Board to review the various Secretary responsibilities detailed in the preceding to determine if some or any of them should be performed by the Secretary or turned over completely to the Pension Coordinator.

RECOMMENDATION:

For discussion

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

DATE: July 21, 2016
TO: Board of Trustees of the Employees' Retirement Fund
FROM: Lisa Castronovo, Pension Coordinator 
SUBJECT: Fund Administration

ISSUE:

Board attorney's responsibilities

EXPLANATION:

As the Fund moves toward independence from the City and full responsibility for its own expenses, Chair Shaw would like the Board to provide an outline of the responsibilities the Board expects the attorney to do.

RECOMMENDATION:

For discussion

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

DATE: July 21, 2016
TO: Board of Trustees of the Employees' Retirement Fund
FROM: Lisa Castronovo, Pension Coordinator *lee*
SUBJECT: Fund Administration

ISSUE:

Fund administration workshop

EXPLANATION:

Chair Shaw would like the Trustees to meet for a workshop in September to continue discussions and planning for the Board's independent administration of the Fund. The next two regular Board meetings are scheduled for Thursday, August 25th and Thursday, September 22nd. Perhaps the Board could have the workshop on Thursday, September 8th.

RECOMMENDATION:

For discussion

ITEM 7.c.

**RFP's for INDEPENDENT
AUDITOR
&
PENSION ADMINISTRATION
SOFTWARE**

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

DATE: July 21, 2016
TO: Board of Trustees of the Employees' Retirement Fund
FROM: Lisa Castronovo, Pension Coordinator *lcc*
SUBJECT: RFP's for Independent Auditor and Pension Administration Software

ISSUE:

RFP's for an Independent Auditor for the Retirement Fund and for Pension Administration Software

EXPLANATION:

For the past several years, the City has engaged the auditing company McGladrey (now RMS) to perform an independent audit of the Retirement Fund. The City's contract with McGladrey for the audit of the City's finances as well as the independent audit of the Retirement Fund expired September 30, 2015. As a result, the City is now in the process of issuing an RFP for an auditor for the City's needs. However, due to the passage of City Ordinance 0-2018-08 in which the Retirement Fund was given full autonomy to hire its own service providers, the City's RFP will not include a provision requesting proposals for an independent audit of the Retirement Fund. Therefore, it is now necessary for the Board to seek the services of an independent auditor via an RFP.

As a reminder, the Retirement Fund is in need of an updated Pension Administration software system. Therefore, an RFP seeking bids from software developers will be issued in the very near future.

RECOMMENDATION:

For your information and discussion

AGENDA ITEM 8

**NO BACKUP
FOR THIS SECTION**

AGENDA ITEM 9

**NO BACKUP
FOR THIS SECTION**

AGENDA ITEM 10

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

DATE: July 21, 2016
TO: Board of Trustees of the Employees' Retirement Fund
FROM: Lisa Castronovo, Pension Coordinator *lec*
SUBJECT: Pension Coordinator Report

ISSUE:

Items of interest from the Pension Coordinator

EXPLANATION:

- 1) As of today, I have processed all paperwork and payment of benefits for the DROP members who retired on June 30, 2016. I am in the process of finalizing payments for the DROP members who will retire on July 31, 2016 and August 31, 2016.
- 2) By June 30, 2016, the annual Employee Benefit Statements were distributed to all active employees. Included with the Statements was a summary report of how the Fund performed October 1, 2015 – September 30, 2015.
- 3) Chair Shaw asked that I provide information on procedures followed for transfer of Fund money and for retirement benefit payments; see accompanying procedures list
- 4) On July 21, 2016, I submitted to Jori Van der Voort with Arthur J. Gallagher & Co. an application for Fiduciary Liability Insurance and applicable bond coverage for October 1, 2016 – September 30, 2017. Ms. Van der Voort confirmed that she will provide to me by August 18, 2016 applicable quotes that I will in turn share with the Board for its consideration at the August 25, 2016 Board meeting. A copy of the current Fiduciary Liability Insurance policy is attached.
- 5) Registration for FPPTA's Fall Trustee School has opened. The School will be held at the Hyatt Regency in Bonita Springs September 25 – 28. If you have not already done so, please let me know if you would like to attend so that I can register you accordingly.

RECOMMENDATION:

For your information and discussion

Transfer of Funds Procedure

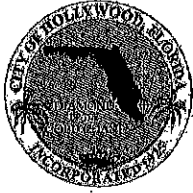
1. Amount of money needed for transfer is determined and/or confirmed by Keith Reynolds with Segal Rogerscasey
2. Pension Coordinator prepares and has signed by the Fund Treasurer a directive letter to the investment manager from which needed funds will be drawn detailing the specifics; once signed, Pension Coordinator sends via fax or email the letter to the investment manager - example 1 (attached)
3. Pension Coordinator prepares and has signed by the Fund Treasurer a Trust Account to Trust Account Cash Transfer form for Wells Fargo; once signed, Pension Coordinator sends via fax or email the signed directive to Wells Fargo - example 2 (attached)
4. Upon receipt of Trust Account to Trust Account Cash Transfer directive and the incoming funds from investment manager, Wells Fargo transfers the money into the desired account

Benefit Payment Procedure

1. Pension Coordinator prepares and prints out Wells Fargo's Traditional Periodic Payment Request ("TPPR") - example 3 (attached)
2. Pension Coordinator enters TPPR information in Wells Fargo CEO under "Periodic Payment" and prints out submission page (example 4 attached)
3. Pension Coordinator enters, if applicable, retroactive benefit information in Wells Fargo CEO under "Special Periodic Payment" and prints out submission page - example 5 (attached)
4. Pension Coordinator gives Wells Fargo's "TPPR," CEO submission page, Special Periodic Payment submission page, retiree's updated insurance paperwork, retirement/DROP application, original benefit calculation (increased for COLA, if applicable), exclusion ratio calculation, W-4P, and Direct Deposit Authorization to Ernie Acosta (Finance Dept.) for review, approval and signature
5. Once signed forms are returned by Ernie, Pension Coordinator submits monthly and retroactive benefit payments in Wells Fargo CEO - example 4 & 6 (attached)

Refund or DROP Payment Procedure

1. Pension Coordinator enters refund/DROP/Planned Retirement account information in Wells Fargo CEO under "Lump Sum Payment" and prints out submission page - example 7 (attached)
2. Pension Coordinator gives Wells Fargo's CEO submission page to Ernie Acosta (Finance Dept.) for review, approval and signature
3. Once signed form is returned by Ernie, Pension Coordinator submits refund/DROP/Planned Retirement payments in Wells Fargo CEO - example 8 (attached)



CITY of HOLLYWOOD, FLORIDA

Employees' Retirement Fund

2600 Hollywood Blvd. • Annex Building, 2nd Floor • P.O. Box 229045 • Hollywood, Florida 33022-9045
Phone (954) 921-3333 Fax (954) 921-3332 • www.hollywoodfl.org

Via Facsimile: 312-557-1479

June 7, 2016

NTI Administration
Northern Trust Investments, Inc.
50 South LaSalle Street
Chicago, Illinois 60675

RE: NTI Collective Fund Trade Direction

Dear Administrator:

I, the undersigned, who has authority to provide the instructions detailed below for the referenced account, hereby notify Northern Trust Investments, Inc. of the following activity:

Account Name:	City of Hollywood Employees' Retirement Fund
Account Number:	26-45877 (the "Account")
Dollar Amount:	\$7,000,000.00
Fund Name:	NT Collective S&P 500 Index Fund -- Non Lending
Fund CUSIP:	658991310
Transaction Type (Sell or Buy):	Sell
Trade Date:	June 10, 2016
Settlement Date:	June 13, 2016

The cash proceeds of this transaction shall be sent in a wire transfer to the following Institution:

Name of Bank: Wells Fargo
ABA#: _____
A/C Number: 3245
A/C Name: Trust Wire Clearing
FFC Client A/C Number and Name Information: a/ 00, HWD -
Northern Trust
Contact Name and Phone Number: TEXASCSC@wellsfargo.com

Sincerely,

Mirtha Dziedzic
Interim Director, Department of Finance

Our Mission: We are dedicated to providing municipal services for our diverse community in an atmosphere of cooperation, courtesy and respect.
We do this by ensuring all who live, work and play in the City of Hollywood enjoy a high quality of life.

"An Equal Opportunity and Service Provider Agency"

WELLS
FARGO

Requester Name	Mirtha Dziedzic
Phone	(954) 921-3013

I acknowledge that Wells Fargo will execute the above directive on a best efforts basis upon receipt of this directive provided it is in good order, duly executed by an authorized signer, and delivered via email or fax to the addresses described below. Directives submitted with incomplete information or delivered to an incorrect address will be processed as soon as administratively practical but Wells Fargo cannot guarantee when such transactions will be processed. I agree to indemnify and hold harmless Wells Fargo and its affiliates for any liabilities, expenses or other losses suffered by Wells Fargo, me or my account which arise in connection with any incomplete, inaccurate or misdirected trades or requests.

Comments *** Transfer on June 13, 2016 ***

Fax (888) 848-5011
Email texascsc@wellsfargo.com

Traditional Periodic Payment Request

3

Plan Name City of Hollywood Employees' Retirement Fund	Distribution Company Code 143839
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SECTION 1: TO BE COMPLETED BY PARTICIPANT/BENEFICIARY (PLEASE PRINT)

Participant Data	Name: _____
	Social Security Number _____ Date Of Birth _____
	Address: _____
	Address: _____
	City: Hollywood State: FL Zip Code: 1-_____
Beneficiary Data (If applicable, Death Benefit Payment)	Name: _____ Relationship: _____
	Social Security Number _____ Date Of Death: _____
	Address: _____
	Address: _____
	City: _____ State: _____ Zip Code: _____
Tax Withholding (Substitute W-4P)	Check ONE of the following (FEDERAL): <input type="checkbox"/> I Do Not want Federal Income Tax Withheld <input checked="" type="checkbox"/> I Do want Federal Income Tax Withheld <input checked="" type="checkbox"/> Single <input type="checkbox"/> Married, Joint <input type="checkbox"/> Married, Single Rate # of exemptions: 0 <input type="checkbox"/> Flat amount of \$ _____ plus calculated amount <input type="checkbox"/> Flat amount \$ _____ <input type="checkbox"/> Percentage _____ %
	Check ONE of the following (STATE): <input checked="" type="checkbox"/> I Do Not want State Income Tax Withheld <input type="checkbox"/> I Do want State Income Tax Withheld State of Withholding: _____ <input type="checkbox"/> Single <input type="checkbox"/> Married, Joint <input type="checkbox"/> Married, Single Rate # of exemptions: _____ <input type="checkbox"/> Flat amount of \$ _____ plus calculated amount <input type="checkbox"/> Flat amount \$ _____ <input type="checkbox"/> Percentage _____ %
<p>The taxable portion of your distribution to be received may be subject to federal and/or state income tax. You may elect not to have withholding apply to your pension payments. If you elect not to have withholding apply or if you do not have enough federal income tax withheld, you may be responsible for payment of estimated tax. You may incur penalties under the estimated tax rules if your withholding and estimated tax payments are not sufficient. If no election is made, Wachovia is required by IRS Sec. 3405(a)(4) to withhold as if you were a married individual claiming three withholding allowances. Since Wachovia cannot advise participants on tax matters, we recommend you consult your tax advisor prior to authorizing this distribution.</p>	
Payment Method	<input type="checkbox"/> Send check. <input checked="" type="checkbox"/> Electronic deposit (Attach completed direct deposit form and voided check or savings deposit ticket)

I have received and read the Special Tax Notice and Distribution Election Notice regarding plan distribution and understand the taxability of this distribution. I understand that I may elect to receive my distribution immediately but that I may consider the decision of whether or not to elect a distribution or a direct rollover distribution for at least 30 days after the notice has been provided to me. I hereby elect to receive a distribution in accordance with the terms of this request as soon as administratively feasible.

Participant Signature

Date

SECTION II: TO BE COMPLETED BY PLAN SPONSOR/RECORDKEEPER. INCOMPLETE DATA WILL DELAY PROCESSING.

Type of Transaction	<input checked="" type="checkbox"/> New Benefit	<input type="checkbox"/> Change Social Security Number	<input type="checkbox"/> Change Name/Address																																																														
	<input type="checkbox"/> New Disability Benefit	<input type="checkbox"/> Inactive/Death	<input type="checkbox"/> Change Payment/Deductions																																																														
	<input type="checkbox"/> Beneficiary Benefit	<input type="checkbox"/> Reactivate Benefit	<input type="checkbox"/> Change Stop Date																																																														
Frequency of Payment	<input checked="" type="checkbox"/> Monthly <input type="checkbox"/> Quarterly <input type="checkbox"/> Annually <input type="checkbox"/> Semi-Annually (Frequency will default to monthly if no selection indicated.)																																																																
Benefit Amount and Fund Breakdown	Total Periodic Payment Amount \$ 3,406.95		Commencement Date 12/2016																																																														
	<table border="1"> <thead> <tr> <th>Acct #</th> <th>Taxable Amount</th> <th>Non-Taxable Amount</th> <th>Effective Date</th> <th>Stop Date</th> <th>Total Per Fund</th> <th>Employee Money</th> </tr> </thead> <tbody> <tr> <td></td> <td>3,406.95</td> <td></td> <td></td> <td></td> <td>3,406.95</td> <td><input type="checkbox"/> Yes <input type="checkbox"/> No</td> </tr> <tr> <td></td> <td>0.00</td> <td></td> <td></td> <td></td> <td>0.00</td> <td><input type="checkbox"/> Yes <input type="checkbox"/> No</td> </tr> <tr> <td></td> <td>0.00</td> <td></td> <td></td> <td></td> <td>0.00</td> <td><input type="checkbox"/> Yes <input type="checkbox"/> No</td> </tr> <tr> <td></td> <td>0.00</td> <td></td> <td></td> <td></td> <td>0.00</td> <td><input type="checkbox"/> Yes <input type="checkbox"/> No</td> </tr> <tr> <td></td> <td>0.00</td> <td></td> <td></td> <td></td> <td>0.00</td> <td><input type="checkbox"/> Yes <input type="checkbox"/> No</td> </tr> <tr> <td></td> <td>0.00</td> <td></td> <td></td> <td></td> <td>0.00</td> <td><input type="checkbox"/> Yes <input type="checkbox"/> No</td> </tr> <tr> <td></td> <td>0.00</td> <td></td> <td></td> <td></td> <td>0.00</td> <td><input type="checkbox"/> Yes <input type="checkbox"/> No</td> </tr> <tr> <td>TOTALS:</td> <td>\$3,406.95</td> <td>\$0.00</td> <td></td> <td></td> <td>\$3,406.95</td> <td></td> </tr> </tbody> </table>			Acct #	Taxable Amount	Non-Taxable Amount	Effective Date	Stop Date	Total Per Fund	Employee Money		3,406.95				3,406.95	<input type="checkbox"/> Yes <input type="checkbox"/> No		0.00				0.00	<input type="checkbox"/> Yes <input type="checkbox"/> No		0.00				0.00	<input type="checkbox"/> Yes <input type="checkbox"/> No		0.00				0.00	<input type="checkbox"/> Yes <input type="checkbox"/> No		0.00				0.00	<input type="checkbox"/> Yes <input type="checkbox"/> No		0.00				0.00	<input type="checkbox"/> Yes <input type="checkbox"/> No		0.00				0.00	<input type="checkbox"/> Yes <input type="checkbox"/> No	TOTALS:	\$3,406.95	\$0.00			\$3,406.95
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TOTALS:	\$3,406.95	\$0.00			\$3,406.95																																																												
1099-R Distribution Code:	Number of Monthly Retroactive Payments Due: 1 Total Retroactive Amount \$: 1,476.34 Payment Set-Up: <input type="checkbox"/> Fixed Payment <input type="checkbox"/> Declining Balance Beginning Balance \$: _____																																																																
Deductions	<input type="checkbox"/> Medical: \$ _____ <input type="checkbox"/> Union Dues: \$ _____ <input checked="" type="checkbox"/> Dental: \$ 29.28 <input type="checkbox"/> Other: \$ _____ <input type="checkbox"/> Insurance: \$ _____ <input type="checkbox"/> Other: \$ _____																																																																
Mailing Instructions (If no selection provided, checks will be mailed to participant.)	<input type="checkbox"/> First check to Company <input checked="" type="checkbox"/> Check to Participant <input type="checkbox"/> Check to Company <input type="checkbox"/> Other: _____																																																																
Additional Information	Retroactive benefit is for deduction from retro amount 6; do not withhold insurance																																																																

Distribution Authorization: Plan Administrator authorizes and directs the above payment and certifies that all required notifications and documents have been provided to the Participant and are in accordance with plan provisions and IRS, DOL and ERISA requirements. If applicable, Plan Administrator further certifies receipt and retention of Election to Waive Joint & Survivor Annuity and Spouse's Consent to Waiver. If applicable, Plan Administrator represents that written participant consent has been obtained for all distributions.

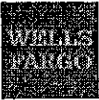
Plan Administrator Signature (Required on all payments)

Date

BANK USE ONLY:

Consultant Name: _____ Region: _____
 Database Ref #: _____ PFPC Code: ☐ R ☐ C

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Retirement Plan Payments

Welcome Lisa Castronovo

[Search for a Participant](#)
[Create a Payment](#)
[Periodic Payment](#)
[Special Periodic Payment](#)
[Periodic Payment Memo](#)
[Lump Sum Payment](#)
[File Transfer](#)
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[Reports](#)
[Standard Reports](#)
[Ad Hoc Reports](#)
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Participant's Periodic Payment Summary

Below is the participant's payment information. Select Edit to make changes.

Plan Number & Name:	143839 - CITY OF HOLLYWOOD EMPS' RETIREMENT
Name:	
Social Security Number:	
Payment Type:	01 - PENSION BENEFIT
Payment ID:	1
Next Payment Date:	07/25/2016

Personal Information

Name

Address

US Citizen YES

Birth Date

Retirement Date /2016

Payment Detail Information

Frequency	MONTHLY ON THE 25TH (EXCEPT DECEMBER)
Distribution	7 - Normal distribution (age 59 1/2 and over).
Payment Status	ACTIVE

Benefit Information

Benefit Type	Taxable	Benefit Amount	Start Date	Stop Date
PENSION	Yes	\$3,406.95	/2016	
Current Gross Benefit		\$3,406.95		

Deduction Information

Deduction Type	Deduction Amount	Start Date	Stop Date
DENTAL INSURANCE	\$29.28	1/2016	
Current Gross Deduction	\$29.28		

Withholding Information

Withholding Indicator:	Federal	State
Withholding Indicator:	CALCULATED	NONE
Marital Status:	SINGLE	
Exemptions:	0	
Additional Tax Amount:		
Estimated Withholding:	\$452.47	\$0.00
Estimated Net Payment Amount:		\$2,925.20

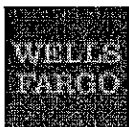
Payment Delivery Information

Delivery Method	ACH TO CHECKING
Generate Advice	YES
Routing Transit Number	7
Deposit Account Number	
Financial Institution	

Additional Information

[Print](#) [Delete](#) [Return to Search Results](#)

OK



Retirement Plan Payments

Welcome Lisa Castronovo

[Search for a Participant](#)**Create a Payment**[Periodic Payment](#)[Special Periodic Payment](#)[Periodic Payment Memo](#)[Lump Sum Payment](#)[File Transfer](#)[Awaiting Completion](#)**Reports**[Standard Reports](#)[Ad Hoc Reports](#)**Services**[User Preferences](#)**Special Periodic Payment Verification**

Please review the information below. Select Edit if any changes need to be made or Submit if correct.

Plan Number & Name: **143839 - CITY OF HOLLYWOOD
EMPS' RETIREMENT**

Name:
Social Security Number:
Payment Type: **03 - RETROACTIVE PENSION
BENEFIT**

Payment ID: **1**
Payment Date: **2016**

Personal Information

Name
Address

US Citizen **YES**
Birth Date
Retirement Date **2016**

Payment Detail Information

Payment Type **03 - RETROACTIVE PENSION
BENEFIT**
Payment Memo **RETIREMENT BENEFIT FOR
2016**

Number of Missed Payments **1**

Benefit Information

Benefit Type	Benefit Amount
PENSION	\$ 1,476.34
Current Gross Benefit	\$ 1,476.34

Withholding Information

	Federal	State
Withholding Indicator:	CALCULATED	NONE
Marital Status:	SINGLE	
Exemptions:	0	
Estimated	\$ 154.68	\$ 0.00
Withholding:		
Estimated Net Payment Amount:		\$ 1,321.66

Payment Delivery Information

Delivery Method **ACH TO CHECKING**
Generate Advice **YES**
Routing Transit Number
Deposit Account Number
Financial Institution

[Submit](#) [Edit](#) [Cancel](#)



Retirement Plan Payments

Welcome Lisa Castronovo

[Search for a Participant](#)[Create a Payment](#)[Periodic Payment](#)[Special Periodic Payment](#)[Periodic Payment Memo](#)[Lump Sum Payment](#)[File Transfer](#)[Awaiting Completion](#)[Reports](#)[Standard Reports](#)[Ad Hoc Reports](#)[Services](#)[User Preferences](#)**Special Periodic Payment Confirmation**

OK Special Periodic Payment Successfully Added
(07/13/2016 08:12:23 PT)

Plan Number & Name: 143839 - CITY OF HOLLYWOOD
EMPS' RETIREMENT

Name:
Social Security Number:
Payment Type: 03 - RETROACTIVE PENSION
BENEFIT
Payment ID: 1
Payment Date: 2016

Personal Information

Name
Address

US Citizen YES
Birth Date
Retirement Date 2016

Payment Detail Information

Payment Type 03 - RETROACTIVE PENSION
BENEFIT
Payment Memo RETIREMENT BENEFIT FOR
2016
Number of Missed Payments 1

Benefit Information

Benefit Type Benefit
Amount
PENSION \$ 1,476.34
Current Gross Benefit \$ 1,476.34

Withholding Information

	Federal	State
Withholding Indicator:	CALCULATED	NONE
Marital Status:	SINGLE	
Exemptions:	0	
Withholding State:		FL
Estimated	\$ 154.68	\$ 0.00
Withholding:		
Estimated Net Payment Amount:		\$ 1,321.66

Payment Delivery Information

Delivery Method ACH TO CHECKING
Generate Advice YES
Routing Transit Number
Deposit Account Number
Financial Institution



Retirement Plan Payments

Welcome Lisa Castronovo

Search for a Participant**Create a Payment**[Periodic Payment](#)[Special Periodic Payment](#)[Periodic Payment Memo](#)[Lump Sum Payment](#)[File Transfer](#)[Awaiting Completion](#)**Reports**[Standard Reports](#)[Ad Hoc Reports](#)**Services**[User Preferences](#)**Lump Sum Payment Verification**

Below is the participant's payment information. Select Edit to make changes.

Plan Number & Name: 143839 - CITY OF HOLLYWOOD
EMPS' RETIREMENT

Name:
Social Security Number:
Payment Type: ZR - DIRECT ROLLOVER-
RETIREMENT BENEFITS
Requested Payment Date: 07/11/2016

Personal Information

Name
Address

US Citizen YES
Birth Date
Retirement Date 2016

Payment Detail Information

Distribution Code G-Direct Rollover and Rollover
Contribution
Memo Line 1 PLANNED RETIREMENT
DISTRIBUTION

Payment Amount 3.99
Distribution Amount 1.99

Payment Delivery Information

Delivery Method CHECK TO BANK
Deposit Account Number
Address on Check

PO BOX 183150
COLUMBUS, OH 43218




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Retirement Plan Payments

Welcome Lisa Castronovo

[Search for a Participant](#)[Create a Payment](#)[Periodic Payment](#)[Special Periodic Payment](#)[Periodic Payment Memo](#)[Lump Sum Payment](#)[File Transfer](#)[Awaiting Completion](#)[Reports](#)[Standard Reports](#)[Ad Hoc Reports](#)[Services](#)[User Preferences](#)

Lump Sum Payment Confirmation

 **Lump Sum Payment Successfully Added. Confirmation**
ID=721663 (07/13/2016 08:11:39 PT)

Plan Number & Name: 143839 - CITY OF HOLLYWOOD
EMPS' RETIREMENT

Name:
Social Security Number:
Payment Type: ZR - DIRECT ROLLOVER-
RETIREMENT BENEFITS
Requested Payment Date: 07/11/2016

Personal Information

Name
Address

US Citizen YES
Birth Date
Retirement Date 2016

Payment Detail Information

Distribution Code G-Direct Rollover and Rollover
Contribution
Memo Line 1 PLANNED RETIREMENT
DISTRIBUTION

Payment Amount 3.99
Distribution Amount 3.99

Payment Delivery Information

Delivery Method CHECK TO BANK
Deposit Account Number
Address on Check

PO BOX 183150
COLUMBUS, OH 43218

Governmental Plans Fiduciary Liability Policy Declarations

RLI®

RLI Insurance Company
9025 North Lindbergh Drive
Peoria, Illinois 61615
Phone: (309) 692-1000

A stock insurance company,
herein called the Company.

Item 1. Policy Number: EPG0016893

Item 2. **Policy Period:** From 10/01/2015 12:01 A.M.
To 10/01/2016 12:01 A.M.
(Local Time at the address stated in Section 8. of the Policy)

Item 3. Aggregate Limit of Liability (inclusive of **Defense Expenses**) for all
Claims, including all **Voluntary Compliance Programs**: \$ 1,000,000

Item 4. Retentions:

Each **Claim**: \$ 100,000
No retention shall apply to **Non-Indemnifiable Loss, Compliance Fees, or HIPAA penalties**

Item 5. **Named Insured:**
City of Hollywood Employees' Retirement Fund
2600 Hollywood Boulevard, Annex Building, 2nd floor
Hollywood, FL 33020-4807

Item 6. **Insured Plans** and any other additional **Insureds**:
City of Hollywood Employees' Retirement Fund

Item 7. Discovery Period:

(a) Discovery Period Premium: \$42,975
(b) Discovery Period: 1 year

Item 8. Prior or Pending Date: 09/04/1998

Item 9. Aggregate Sublimit of Liability for all **Compliance Fees**: \$ 100,000

Item 10. Endorsements Effective at Inception:
GEF 409 (04/11), UW 1009 (08/95)

To Report a Loss

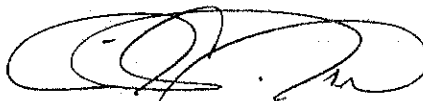
- Dial toll-free #1 (844)777-8323 or visit our
- Website: <https://my.rpsins.com/claimsfnol>
- Contact Insurer directly (see policy section)

Premium: \$ 28,650

Date: 11/11/2015

RPSEXEC/SC/2015.11.23

GEF 100 (04/11)



Authorized Company Representative

Insured

RLI Insurance Company

Governmental Plans Fiduciary Liability Policy

In consideration of the payment of the premium, and in reliance upon the statements made to the Insurer in the Application forming a part hereof and its attachments and the material incorporated therein, RLI Insurance Company, herein called the "Insurer," and the Insureds agree as follows:

INSURING CLAUSES

1. The Insurer will pay on behalf of the **Insureds**, **Loss** which the **Insureds** are legally obligated to pay as a result of **Claims** first made during the **Policy Period**, or during the Discovery Period (if purchased), against the **Insureds** for a **Wrongful Act** by the **Insureds** or by any natural person for whose **Wrongful Act** the **Insureds** are legally responsible.
2. The Insurer will indemnify the **Insureds** for all **Compliance Fees** incurred by the **Insureds** as a result of any **Voluntary Compliance Program** initiated during the **Policy Period**.

DEFINITIONS

3. When used in this Policy:

"**Administered Plan**" means any employee benefit plan, pension benefit plan, or welfare benefit plan which is not an **Insured Plan** and for which the **Insured Persons** perform **Administration** in their capacity as such.

"**Administration**" means:

- a. handling records, giving advice, counsel or interpretation to participants regarding an **Insured Plan**; or
- b. affecting enrollment, termination, or cancellation of participants under an **Insured Plan**; or
- c. complying with the privacy provisions of **HIPAA** regarding an **Insured Plan**; or
- d. any matter claimed against an **Insured** solely by reason of serving as an administrator of an **Insured Plan**.

"**Claim**" means:

- a. a written demand for monetary, non-monetary or injunctive relief against any **Insured**; or
- b. a civil, criminal or arbitration proceeding against any **Insured** commenced by the service of a complaint or similar pleading, a return of an indictment, information or similar document, or a demand for arbitration; or
- c. a formal civil administrative or civil regulatory proceeding against any **Insured** commenced by the filing of a notice of charges, or similar document, or by the entry of a formal investigative order or similar document; or
- d. a written notice of the commencement of a fact-finding investigation by the United States Department of Labor, the Pension Benefit Guaranty Corporation or similar governmental authority which is located outside the United States, including but not limited to, the Pensions Ombudsman appointed by the United Kingdom Secretary of State for Social Services or the United Kingdom Occupational Pensions Regulatory Authority; or
- e. a written request received by an **Insured** to toll or waive a statute of limitations relating to a potential **Claim** described in a. through d. above;

including any appeal thereof.

Solely for purposes of coverage under Insuring Clause 2., **Claim** means a **Voluntary Compliance Program** initiated by or against an **Insured**.

"Cleanup Costs" means expenses, including but not limited to, legal and professional fees, incurred in testing for, monitoring, cleaning up, removing, containing, treating, neutralizing, detoxifying or assessing the effects of **Pollutants**.

"Compliance Fees" means:

- a. any fees, fines or penalties paid by an **Insured** to a governmental authority in connection with any **Voluntary Compliance Program** involving the actual or alleged inadvertent noncompliance by any **Insured Plan** with any statute, rule or regulation; and
- b. reasonable and necessary legal, accounting, actuary or other advisory or expert fees and expenses incurred by the **Insureds** as a result of participation in any covered **Voluntary Compliance Program**.

Compliance Fees does not include any other costs, charges, fees, penalties, sanctions, assessments, taxes or damages, including without limitation any costs or fees to amend, restructure, correct, administer or terminate any **Insured Plan**.

"Defense Expenses" means reasonable and necessary fees and expenses (including without limitation attorneys' fees, experts' fees and professional fees) incurred in the defense or appeal of a **Claim** after notice of such **Claim** is given to the Insurer. **Defense Expenses** shall not include salaries, wages, overhead or benefit expenses of any trustee, director, officer or employee of any **Insured Plan** or other entity **Insured**.

"Employee Benefit Law" means any applicable common, constitutional or statutory law or regulations thereunder of the United States, Canada, or any state or province thereof (including but not limited to the Federal Employees' Retirement System Act of 1986, the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), the Newborns and Mothers Health Protection Act of 1996, and the Women's Health and Cancer Rights Act of 1998), setting forth the obligations, responsibilities, or duties imposed upon **Fiduciaries of Insured Plans** sponsored by public entities or governmental entities and to which the **Insured Plan** is subject. **Employee Benefit Law** shall not include any law concerning fair employment, workers' compensation, unemployment insurance, Social Security, statutorily or administratively-mandated disability benefits or similar law.

"Fiduciary" means a fiduciary as defined by **Employee Benefit Law** (if applicable) with respect to an **Insured Plan**, or a person or entity who exercises discretionary control as respects the management of an **Insured Plan** or the disposition of its assets.

"HIPAA" means the Health Insurance Portability and Accountability Act of 1996, as amended.

"Insured" either in the singular or plural, means:

- a. the **Insured Plan(s)**;
- b. the **Insured Person(s)**;
- c. the **Named Insured**; and
- d. any other organization, plan or natural person listed in Item 6. of the Declarations for this Policy;

provided **"Insured"** does not include any governmental entity, agency or subdivision.

"Insured Person," either in the singular or plural, means:

- a. any natural persons who were, now are, or shall become duly elected or appointed trustees (excluding bankruptcy trustees), directors, officers, general counsel, governors, general partners, management committee members, members of the board of managers, or employees of any **Insured Plan** or the organization sponsoring or offering such **Insured Plan**, in his or her capacity as a **Fiduciary** or trustee of an **Insured Plan** or as a person performing **Administration** of an **Insured Plan**;
- b. any natural persons who were, now are, or shall become a holder of a title, position or capacity comparable or equivalent to a position described in a. above of any **Insured Plan** in any jurisdiction outside of the United States of America, in his or her capacity as a **Fiduciary** or trustee of an **Insured Plan** or as a person performing **Administration** of an **Insured Plan**; and
- c. any other natural person who was, now is, or shall become a **Fiduciary** of an **Insured Plan**, and is added by specific written endorsement to this Policy.

In the event of the death, incapacity or bankruptcy of an **Insured Person**, any **Claim** against the estate, heirs, legal representatives or assigns of such **Insured Person**, or against a trust which holds assets contributed by such **Insured Person** identified above, for a **Wrongful Act** of such **Insured Person** will be deemed to be a **Claim** against such **Insured Person**.

"Insured Plan," either in the singular or plural, means only those plans or trusts specifically enumerated in Item 6. of the Declarations or those plans or trusts specifically enumerated by endorsement to this Policy.

"Loss" means damages, including but not limited to punitive, exemplary or multiple damages where insurable under applicable law, judgments (including pre and post-judgment interest on a covered judgment), settlements, and **Defense Expenses** which the **Insureds** are legally obligated to pay as a result of a covered **Claim** under Insuring Clause 1.

The law of the jurisdiction most favorable to the insurability of those punitive, exemplary or multiple damages shall control whether such damages are insurable, provided that such jurisdiction is where:

- a. those damages were awarded or imposed;
- b. any **Wrongful Act** occurred for which such damages were awarded or imposed; or
- c. the Insurer is incorporated or has its principal place of business.

Loss under Insuring Clause 1. shall not include the following, other than covered **Defense Expenses** attributed thereto:

- (i) civil or criminal fines or penalties imposed by law, except (1) the five percent (5%) or less, or the twenty percent (20%) or less civil penalties imposed upon an **Insured** as a **Fiduciary** under Section 502(i) or 502(l), respectively, or Section 502(c) of the Employee Retirement Income Security Act of 1974 ("ERISA") or any comparable civil penalty under any other **Employee Benefit Law**; (2) civil penalties imposed by the Pension Ombudsman appointed by the United Kingdom Secretary of State for Social Services or by the United Kingdom Occupational Pensions Regulatory Authority pursuant to the English Pension Scheme Act 1993, the English Pensions Act 1995, or rules or regulations promulgated thereunder; provided any coverage for such civil penalties described in (1) or (2) above is subject to the other terms, conditions and exclusions of this Policy and applies only if the funds or assets of the subject **Insured Plan** are not used to fund, pay or reimburse the premium for this Policy; or (3) any civil money penalties imposed upon an **Insured** for violation of the privacy provisions of **HIPAA**; provided the Insurer's maximum aggregate liability for all such **HIPAA** civil money penalties on account of all **Claims** first made during the **Policy Period** or during the Discovery Period (if purchased) shall be \$250,000, which is a sublimit that further limits and does not increase the Insurer's maximum liability under this Policy;
- (ii) taxes;
- (iii) fees, costs or expenses to amend, restructure, administer or terminate an **Insured Plan** or any remedial fees, costs, expenses or other remedial payments;
- (iv) stock options;
- (v) any amount for which an **Insured** is not financially liable or which is without legal recourse to the **Insured**;
- (vi) matters uninsurable under the law pursuant to which this Policy shall be construed, except as provided above.

Solely for purposes of coverage under Insuring Clause 2., **Loss** means **Compliance Fees**.

"Named Insured" means the organization or plan designated in Item 5. of the Declarations.

"Non-Indemnifiable Loss" means **Loss** incurred by an **Insured Person** for which the **Named Insured** or any governmental body, agency, or subdivision has neither indemnified nor is permitted or required to indemnify such **Insured Person**.

"Policy Period" means the period of time specified in Item 2. of the Declarations for this Policy, subject to prior cancellation or termination. If this period is less than or greater than one (1) year, then the Limits of Liability specified in Item 3. of the Declarations for this Policy shall be the Insurer's maximum limit of liability for the entire period.

"Pollutants" means any substance located anywhere in the world exhibiting any hazardous characteristics as defined by, or identified on a list of hazardous substances issued by the United States Environmental Protection Agency or a state, county, municipality or locality counterpart thereof. Such substances shall include, but not be limited to, solids, liquids, gaseous or thermal irritants, contaminants or smoke, vapor, soot, fumes, acids, alkalis, chemicals or waste materials. **Pollutants** shall also mean any other air emissions, odor, waste water, oil or oil products, infectious or medical waste, asbestos or asbestos products, electric or magnetic or electromagnetic fields and any noise.

"Related Claims" means all **Claims** for **Wrongful Acts** that have as a common nexus any fact, circumstance, situation, event, transaction, cause or series of related facts, circumstances, situations, events, transactions or causes.

"Voluntary Compliance Program" means any voluntary compliance resolution program or similar voluntary settlement program administered by the United States Internal Revenue Service, United States Department of Labor or any other domestic or foreign governmental authority, including without limitation the Audit Closing Agreement Program (Audit CAP), the Voluntary Compliance Resolution Program, the Walk-in Closing Agreement Program, the Administrative Policy Regarding Self-Correction, as described in the Employee Plans Compliance Resolution System, IRS Rev. Proc. 98-22, or the Tax Sheltered Annuity Voluntary Correction Program, as described in IRS Rev. Proc. 95-24, all as amended.

"Wrongful Act" means:

- a. any actual or alleged breach of the responsibilities, obligations or duties imposed upon **Fiduciaries** of any **Insured Plan** by any **Employee Benefit Law**;
- b. any other matter claimed against an **Insured Person** solely because of his or her service as **Fiduciary** of any **Insured Plan**; or
- c. any negligent act, error or omission solely in the **Administration** of any **Insured Plan** or **Administered Plan**.

EXCLUSIONS

4. The Insurer shall not be liable to make any payment for that part of **Loss**, other than **Defense Expenses**:
 - a. for the failure to collect any contributions owed to an **Insured Plan** or the failure to fund an **Insured Plan**, unless the failure is because of the negligence of an **Insured**; or
 - b. which constitutes any obligation under an **Insured Plan** to pay to a participant or beneficiary of an **Insured Plan** money or property, or to grant a privilege, right, option or perquisite, including any such obligation which would exist under an **Insured Plan** if the **Insured Plan** complied with all applicable laws, or that portion of any settlement or judgment which constitutes any such obligation, unless and to the extent that such obligation is based upon a covered **Wrongful Act** by an **Insured Person** and such obligation is payable as a personal obligation of such **Insured Person**; however, this exclusion shall not apply to that portion of a settlement or judgment attributable to **Wrongful Acts** which actually or allegedly cause or contribute to a reduction or loss in the value of an **Insured Plan's** assets or a participant's account in an **Insured Plan** due to investment losses, lost investment opportunities, excessive costs or failure to comply with a participant's investment directions.
5. The Insurer shall not be liable for **Loss** on account of any **Claim** made against any **Insured**:
 - a. for bodily injury, mental anguish, emotional distress, sickness, disease or death of any person, or any damage to or destruction of any tangible property, including loss of use thereof; provided, however, that in connection with **Claims** made against any **Insureds** based solely on the performance of managed care services with respect to the selection of medical or health services providers, this Exclusion shall not apply to **Defense Expenses** incurred in the defense of such **Claims**;
 - b. for liability of others assumed by the **Insured** under any oral, written or implied contract or agreement; however, this Exclusion shall not apply to the extent (i) the **Insured** would have been liable in the absence of such contract or agreement; or (ii) the liability was assumed in accordance with or under the trust agreement or equivalent document pursuant to which the **Insured Plan** was established;
 - c. for such **Insured** gaining in fact any profit, remuneration or advantage to which such **Insured** was not legally entitled; however, this Exclusion shall not apply unless a final nonappealable judgment or other final nonappealable adjudication establishes such illegal profit, remuneration, or advantage; or
 - d. for discrimination in violation of any law other than an **Employee Benefit Law**.

6. The Insurer shall not be liable to make any payment for **Loss** in connection with any **Claim** made against any of the **Insureds** based upon, arising out of, directly or indirectly resulting from, or in consequence of:
- a. any fact, circumstance, situation, transaction, event or **Wrongful Act** which was the subject of any notice given under any prior policy for fiduciary liability or other similar insurance of which this Policy is a direct or indirect renewal or replacement;
 - b. the actual, alleged or threatened discharge, dispersal, release, escape, seepage, migration or disposal of **Pollutants** into or on real or personal property, water or the atmosphere; or any direction or request that the **Insured** test for, monitor, cleanup, remove, contain, treat, assess, detoxify or neutralize **Pollutants**, or any voluntary decision to do so; including but not limited to any **Claim** for financial loss to any **Insured Plan**, its participants, beneficiaries, or creditors based upon, arising out of, directly or indirectly resulting from, or in consequence of, the matters described in this exclusion; however, this Exclusion shall not apply to (i) **Non-Indemnifiable Loss**, other than **Cleanup Costs**, incurred by **Insured Persons**, or (ii) any **Claim** by or on behalf of a beneficiary of or participant in an **Insured Plan** based upon, arising out of, directly or indirectly resulting from, or in consequence of the diminution in value of any securities owned by the **Insured Plan** in any organization other than the organization sponsoring or offering such **Insured Plan**, if such diminution in value is allegedly as a result of the matters described in this Exclusion;
 - c. any litigation or administrative or regulatory proceeding against any **Insured** pending on or before the Prior or Pending Date set forth in Item 8. of the Declarations for this Policy, or any actual or alleged fact, circumstance, situation, transaction, event or **Wrongful Act** underlying or alleged therein;
 - d. any **Wrongful Act** committed or allegedly committed by the **Insured** with respect to an **Insured Plan**, if when such **Wrongful Act** occurred no **Insured Person** was a **Fiduciary** of, or was responsible for the **Administration** of, the **Insured Plan**;
 - e. an actual or alleged obligation of any **Insured** under any law governing workers compensation, unemployment insurance, social security, disability benefits or similar law, except the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, or **HIPAA**; or
 - f. any deliberately fraudulent or dishonest act or omission or any willful violation of any statute or regulation by such **Insured**; however, this Exclusion shall not apply unless a final nonappealable judgment or other final nonappealable adjudication adverse to such **Insured** establishes such a deliberately fraudulent or dishonest act or omission or willful violation.
7. The Insurer shall not be liable to make any payment for **Compliance Fees** on account of any matter relating to an **Insured Plan** which, as of the earlier of inception of this Policy or inception of the first policy in an uninterrupted series of policies issued by the Insurer of which this Policy is a direct or indirect renewal or replacement, any **Fiduciary** knew to be actually or allegedly noncompliant with any applicable statute, rule or regulation.

To determine the applicability of the foregoing Exclusions:

- a. no **Wrongful Act** of any **Insured Person** will be imputed to any other **Insured Person**; and
- b. only **Wrongful Acts** of any past, present or future officer, director or trustee of any **Insured Plan** will be imputed to any **Insured Plan**.

CONDITIONS

8. Notice/Claim Reporting Provisions

If, during the **Policy Period**, or the **Discovery Period** (if purchased):

- a. an **Insured** first becomes aware of a **Wrongful Act** which may subsequently give rise to a **Claim**;
- b. the **Insureds** give the Insurer written notice of such **Wrongful Act**, including a description of the **Wrongful Act**, the identities of the potential claimants, the consequences which have resulted or may result from such **Wrongful Act** and the circumstances by which the **Insured** first became aware of such **Wrongful Act**; and
- c. the **Insureds** request coverage under this Policy for any subsequent **Claim** arising from such **Wrongful Act**;

then the Insurer will treat any such subsequent **Claim** as if it had been first made during the **Policy Period**.

As a condition precedent to any right to payment in respect of any **Claim**, the **Insured** must give the Insurer written notice of such **Claim**, with full details, as soon as practicable after the general counsel, risk manager, trustee or functional equivalent of the **Insured Plan** first learns of such **Claim**.

Notice to any **Insured** may be given at the address as shown in Item 5. of the Declarations.

All notices under this Policy of **Claims** or potential **Claims** shall be in writing and given by prepaid express courier, certified mail, e-mail, or fax properly addressed to the appropriate party at:

RLI Insurance Company
Attention: Claim Department
9025 North Lindbergh Drive
Peoria, Illinois 61615-1431
E-mail: new.claim@rlicorp.com
Fax: 1-866-692-6796

All other notices to the Insurer under this Policy shall be given to the same addressee but to the attention of the Underwriting Department. Notice given as described above shall be deemed to be received and effective upon actual receipt thereof by the addressee or one day following the date such notice is sent, whichever is earlier.

9. **Defense Coverage**

The Insurer shall have the right and duty to defend any **Claim** covered under Insuring Clause 1. of this Policy, even if any of the allegations are groundless, false or fraudulent. The Insurer's duty to defend shall cease upon exhaustion of the Limit of Liability set forth in Item 3. of the Declarations.

The **Insureds** agree to provide the Insurer with all information, assistance and cooperation which the Insurer reasonably requests, including without limitation attendance at hearings and trials, assistance in effecting settlements, obtaining and giving evidence and obtaining the attendance of witnesses, copies of records, investigations and pleadings. In the event of a **Claim** the **Insureds** will do nothing that may prejudice the Insurer's position or its potential or actual rights of recovery. The Insurer may make any investigation it deems necessary.

The **Insureds** agree not to settle or offer to settle any **Claim**, incur any **Defense Expenses** or otherwise assume any contractual obligation or admit any liability with respect to any **Claim** without the Insurer's written consent, which shall not be unreasonably withheld. The Insurer shall not be liable for any settlement, **Defense Expenses**, assumed obligation or admission to which it has not consented.

10. **Limit of Liability and Retention**

The amount stated in Item 3. of the Declarations for this Policy shall be the maximum aggregate liability of the Insurer under this Policy for all **Loss**, including all **Compliance Fees**, from all **Claims** for which this Policy provides coverage, regardless of the time of payment by the Insurer, and regardless of whether such **Claims** are made or initiated during the **Policy Period** or during any Discovery Period (if purchased). The amount stated in Item 9. of the Declarations for this Policy will be the maximum aggregate liability of the Insurer for all **Compliance Fees** covered under Insuring Clause 2. which are incurred by the **Insureds** as a result of all **Voluntary Compliance Programs** for which this Policy provides coverage, regardless of the time of payment by the Insurer, and regardless of whether such **Voluntary Compliance Programs** were initiated during the **Policy Period**. The amount stated in Item 9. of the Declarations for this Policy is a sublimit which further limits and does not increase the Insurer's maximum liability under this Policy.

All **Related Claims** will be treated as a single **Claim** made when the earliest of such **Related Claims** was first made, regardless of whether such date is before or during the **Policy Period**. The applicable Retention shall apply only once to each such single **Claim**.

The Insurer's liability with respect to all **Loss** resulting from each **Claim** shall apply only to that part of **Loss** which is excess of the applicable Retention set forth in Item 4. of the Declarations for this Policy, which shall be borne by the **Insureds** uninsured and at their own risk. No Retention shall apply to **Non-Indemnified Loss** and **HIPAA** penalties under Insuring Clause 1. or to **Compliance Fees** under Insuring Clause 2.

Defense Expenses will be part of and not in addition to the Limit of Liability, and payment of **Defense Expenses** by the Insurer will reduce its Limit of Liability.

If the Limit of Liability is exhausted by the payment of **Loss**, the premium will be fully earned, all obligations of the Insurer under this Policy will be completely fulfilled and exhausted, and the Insurer will have no further obligations of any kind or nature whatsoever under this Policy.

11. Acquisition or Creation of Another Plan

If during the **Policy Period** the **Named Insured** acquires or creates an **Insured Plan** or the **Insureds** otherwise become a **Fiduciary** of or responsible for the **Administration** of a new **Insured Plan**, no coverage shall be afforded to said **Insured Plan** or its **Insureds** unless the Insurer, by specific endorsement, agrees to afford such coverage. Any such coverage shall be at the terms and conditions and for the premium set forth in such endorsement.

12. Change of Control

If an **Insured Plan** merges into or consolidates with another plan or trust not enumerated in Item 6. of the Declarations, coverage under this Policy for such **Insured Plan** or the **Insureds** thereof who were **Insureds** prior to such merger or consolidation shall continue until termination of this Policy but only with respect to **Claims** for **Wrongful Acts** committed, attempted, or allegedly committed or attempted prior to such merger or consolidation.

If the responsibilities for the **Administration** of, or the fiduciary responsibilities with respect to, an **Insured Plan** are fully assumed by one or more other persons or entities, coverage under this Policy for such **Insured Plan** and the **Insureds** thereof who were **Insureds** prior to such assumption of responsibilities shall continue until termination of this Policy but only with respect to **Claims** for **Wrongful Acts** committed, attempted, or allegedly committed or attempted prior to such assumption of responsibilities.

13. Termination of Insured Plan

If the **Insured(s)** terminate any **Insured Plan** before or after the inception date of the **Policy Period**, coverage under this Policy with respect to such terminated **Insured Plan** shall continue until termination of this Policy for those who were **Insureds** at the time of such **Insured Plan** termination, or who would have been **Insureds** at the time of such termination if this Policy had been in effect, with respect to **Wrongful Acts** occurring prior to or after the date of such **Insured Plan** termination. The **Insureds** shall give written notice to the Insurer of such **Insured Plan** termination as soon as is practicable together with such information as the Insurer may require.

14. Marital Estate

Subject otherwise to the terms hereof, this Policy shall cover **Loss** arising from any **Claim** made against the lawful spouse or domestic partner (whether such stature is derived by reason of statutory law, common law or any other applicable law of any jurisdiction in the world) of an **Insured Person** for **Claims** arising solely out of his or her capacity as the spouse or domestic partner of an **Insured Person**, including such **Claims** that seek damages recoverable from marital community property, property jointly held by the **Insured Person** and the spouse or domestic partner; or property transferred from the **Insured Person** to the spouse or domestic partner; provided, however, this extension shall not afford coverage for **Wrongful Acts** of the spouse or domestic partner. All terms, conditions and other provisions of this Policy, inclusive of any provision relative to the applicable retention, which would be applicable to **Loss** incurred by the **Insured Person** in such **Claim** shall also apply to **Loss** incurred by the spouse or domestic partner in such **Claim**.

15. Discovery Period

If:

- a. the **Insured** cancels this Policy; or
- b. either the Insurer or the **Insured** refuses or declines to renew this Policy for any reason; and

within thirty (30) days after the effective date of such cancellation or nonrenewal the **Insured** elects to purchase the Discovery Period by paying the additional premium set forth in Item 7. (a) of the Declarations for this Policy, then the coverage otherwise afforded by this Policy will be extended for the period set forth in Item 7. (b) of the Declarations for this Policy but only for **Wrongful Acts** occurring before the effective date of such cancellation or nonrenewal. The Limit of Liability for the Discovery Period (if purchased) shall be part of, and not in addition to, the Limit of Liability for the **Policy Period**.

As a condition precedent to the right to exercise the Discovery Period, the total premium for this Policy must have been paid in full.

If the Discovery Period is purchased, the entire premium for the Discovery Period shall be deemed fully earned at its commencement.

Subject to all the terms and conditions of this Section 15., the Insurer shall, upon request, provide the **Insured** with a quotation for a three (3) year Discovery Period.

16. Representations; Severability

The **Insureds** represent that the particulars and statements contained in the Application are true, accurate and complete, and agree that this Policy is issued in reliance on the truth of those representations, and agree that such particulars and statements, which are deemed to be incorporated into and to constitute a part of this Policy, are the basis of this Policy. In the event any of the particulars or statements in the Application are untrue, this Policy shall not afford coverage for any **Claim** based upon, arising out of, directly or indirectly resulting from, or in consequence of any matters which were not truthfully disclosed in the Application to the extent that such **Claim** is against:

- a. any **Insured Person** who knew the facts which were not truthfully disclosed in the Application;
- b. the **Named Insured** or **Insured Plan** if a trustee or equivalent executive thereof knew the facts which were not truthfully disclosed in the Application;

whether or not such **Insured Person** or executive knew the Application contained the untruthful disclosure.

The Insurer shall not rescind or seek to rescind this Policy with respect to any **Insured**.

17. Action Against the Insurer

No action shall lie against the Insurer unless, as a condition precedent thereto, there shall have been full compliance with all of the terms of this Policy, nor until the amount of the **Insureds'** obligation to pay shall have been finally determined either by judgment against the **Insureds** after actual trial or by written agreement of the **Insureds**, the claimant and the Insurer.

No person or organization shall have any right under this Policy to join the Insurer as a party to any action against the **Insureds** to determine the **Insureds'** liability, nor shall the Insurer be impleaded by the **Insureds** or their legal representatives. Bankruptcy or insolvency of the **Insureds** or of the estate of an **Insured** shall not relieve the Insurer of any of its obligations hereunder.

Only if requested by the **Insureds**, the Insurer shall submit any dispute, controversy or claim arising out of or relating to this Policy or the breach, termination or invalidity thereof to final and binding arbitration pursuant to such rules and procedures as the parties may agree. If the parties cannot so agree the arbitration shall be administered by the American Arbitration Association in accordance with its then prevailing commercial arbitration rules. The arbitration panel shall consist of one arbitrator selected by the **Insureds**, one arbitrator selected by the Insurer, and a third independent arbitrator selected by the first two arbitrators. In any such arbitration, each party will bear its own legal fees and expenses.

18. Cancellation and Nonrenewal

This Policy shall terminate at the earliest of the following times:

- a. the effective date of termination specified in a prior written notice by the **Insured** to the Insurer, provided this Policy may not be terminated by the **Insured** if the **Policy Period** is more than eighteen (18) months;
- b. ten (10) days after the receipt by the **Named Insured** of a written notice of termination from the Insurer based upon failure to pay premium due, unless such premium is received by the Insurer prior to such tenth (10th) date;
- c. at such other time as may be agreed upon by the Insurer and the **Named Insured**; or
- d. upon expiration of the **Policy Period** as set forth in Item 2. of the Declarations of this Policy.

The Insurer shall refund the unearned premium computed at customary short rates if this Policy is terminated by the **Insured**. Under any other circumstances the refund shall be computed pro rata. Payment or tender of any unearned premium by the Insurer shall not be a condition precedent to the effectiveness of such termination, but such payment shall be made as soon as practicable. If the **Policy Period** is more than eighteen (18) months, the premium charged for this Policy shall be fully earned at inception of the **Policy Period**.

The Insurer shall not be required to renew this Policy upon its expiration.

19. Other Insurance

If any **Loss** is insured under any other valid and collectible policy(ies), prior or current, then this Policy shall cover such **Loss**, subject to its limitations, conditions, provisions and other terms, only to the extent that the amount of such **Loss** is in excess of the amount of payment from such other insurance whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise, unless such other insurance is written only as specific excess insurance over the Limits of Liability provided in this Policy. This Policy will not be subject to the terms of any other insurance.

20. Assignment

This Policy and any and all rights hereunder are not assignable without the written consent of the Insurer.

21. Investigation and Settlement

The Insurer may make any investigation it deems necessary and may, with the written consent of the **Insureds**, make any settlement of a **Claim** the Insurer deems expedient. If the **Insureds** withhold consent to such settlement proposed by the Insurer and elect to contest the **Claim**, or continue any legal proceedings in connection with such **Claim**, the Insurer's liability for the **Claim** shall not exceed:

- a. the amount for which the Insurer could have settled such **Claim** plus **Defense Expenses** accrued as of the date such settlement was proposed in writing by the Insurer to the **Insureds**, plus
- b. seventy percent (70%) of any **Loss**, including **Defense Expenses**, in excess of the amount referenced in paragraph a. above which is incurred on account of any such **Claim**,

subject to the applicable Retention and available Limit of Liability under this Policy. The remaining thirty percent (30%) of any **Loss**, including **Defense Expenses**, in excess of the amount referenced in paragraph a. above shall be borne by the **Insured** uninsured and at its own risk.

22. Subrogation and Waiver of Recourse

In the event of any payment under this Policy, the Insurer shall be subrogated to the extent of such payment to all the **Insureds'** rights of recovery. If this Policy is purchased by the **Insured Plan** and if the Insurer pays **Loss** under this Policy, then the Insurer shall have a right of recovery for such **Loss** against any **Insured** other than an **Insured Plan** that caused or contributed to such **Loss**. However, if this Policy is purchased by an **Insured** other than an **Insured Plan**, the Insurer shall have no right of recovery against an **Insured**. The **Insured** shall execute and deliver all instruments and papers and do whatever else is necessary to secure and preserve such rights, including the execution of such documents necessary to enable the Insurer effectively to bring suit in the name of the **Insured**.

23. Changes

The terms and conditions of this Policy shall not be waived or changed, except by endorsement issued to form a part of this Policy.

24. Headings

The descriptions in the headings of this Policy are solely for convenience, and form no part of the terms and conditions of coverage.

25. **Entire Agreement**

The **Insureds** agree this Policy, including the Application and any endorsements, constitutes the entire agreement between the **Insureds** and the **Insurer** or any of its agents relating to this insurance.

This Policy is signed for the Insurer by its authorized officers. It is countersigned on the Declarations, where required by law, by a duly authorized agent of the Insurer.

26. **Worldwide Territory**

Coverage under this Policy shall extend anywhere in the world.

27. **Valuation and Foreign Currency**

All premiums, limits, retentions/deductibles, loss and other amounts under this Policy are expressed and payable in the currency of the United States of America. Except as otherwise provided, if judgment is rendered, settlement is denominated or another element of loss under this Policy is stated in a currency other than United States of America dollars, payment under this Policy shall be made in United States dollars at the rate of exchange published in The Wall Street Journal on the date the final judgment is reached, the amount of the settlement is agreed upon or the other element of loss is due, respectively.

28. **Authorization**

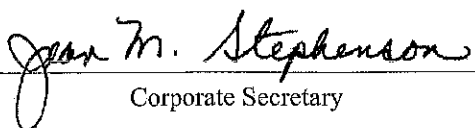
It is agreed that the **Named Insured** shall act on behalf of all **Insureds** with respect to the giving and receiving of notice of **Claim** or **Loss**, cancellation or termination, the payment of premiums and the receiving of any return premiums that may become due under this Policy, the negotiation, agreement to and acceptance of any endorsements issued to form a part of this Policy, and the exercising or declining to exercise any right to a Discovery Period.

29. **Payment Priority**

If the amount of any covered **Loss** which is otherwise due and owing by the Insurer under this Policy exceeds the then remaining Limit of Liability applicable to such **Loss**, the Insurer shall pay such **Loss** (subject to such Limit of Liability) in the following priority:

- a. first, the Insurer shall pay any such covered **Non-Indemnifiable Loss** incurred by **Insured Persons**;
- b. second, only if and to the extent the payment under paragraph a. above does not exhaust the applicable Limit of Liability, the Insurer shall pay any such other covered **Loss** incurred by the **Insureds**.

In witness whereof, the Insurer issuing this Policy has caused this Policy to be signed by its authorized officers, but it shall not be valid unless also signed by a duly authorized representative of the Company.


Corporate Secretary


President & COO

Governmental Plans Fiduciary Liability Policy

Coverage Section: **Governmental Plans Fiduciary Liability**

Insurer: **RLI Insurance Company**

Effective date of
this endorsement: **10/01/2015**

To be attached to and form part of
Policy No. **EPG0016893**

Issued to: **City Of Hollywood Employees Retirement Fund**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FLORIDA AMENDATORY ENDORSEMENT

- 1) The definition of "**Pollutants**," as found in Section 3., **DEFINITIONS**, is amended by deleting the last sentence that states:

"**Pollutants** shall also mean any other air emissions, odor, waste water, oil or oil products, infectious or medical waste, asbestos or asbestos products, electric or magnetic or electromagnetic fields and any noise."
- 2) Section 18., **Cancellation and Nonrenewal**, is amended by deleting the sentence that states:

"If the **Policy Period** is more than eighteen (18) months, the premium charged for this Policy shall be fully earned at inception of the **Policy Period**."

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

Policy Number: EPG0016893

RLI Insurance Company
9025 N. Lindbergh Drive
Peoria, Illinois 61615

STATE OF FLORIDA DISCLOSURE NOTICE

KEEP THIS NOTICE WITH YOUR INSURANCE PAPERS

If you should have a question or dispute concerning your coverage, your premium or a claim, you should contact your agent or **RLI Insurance Company**. You may call RLI Insurance Company to obtain information or to make a complaint at the following number:

1-309-692-1000

This Notice is for information only and does not become a part of or a condition of your policy.

SOLIDARITY PROTECTION GROUP

a voluntary membership organization operating pursuant to the Liability Risk Retention Act of 1986 and whose principal office is:
4323 Warren Street, NW, Washington, DC 20016-2437

EXCESS FIDUCIARY LIABILITY INSURANCE FOLLOWING FORM POLICY CERTIFICATE

THIS IS A CLAIMS-MADE FOLLOWING FORM POLICY WITH CLAIM EXPENSES INCLUDED IN THE LIMITS OF LIABILITY. PLEASE READ THE ENTIRE POLICY CAREFULLY.

This Policy Certificate is issued under Master Policy Number SXS31210000 issued to
Solidarity Protection Group

Policy Number: SXS31210100

Renewal of:

Issued By: Hudson Insurance Company
100 William Street
New York, NY 10038

ITEM 1. Insurance Representative: Risk Placement Services, Inc.
Address: 550 W. Van Buren, Suite 1200
Chicago, IL 60607

ITEM 2. Insured Organization: City of Hollywood Employees Retirement Fund
Address: 2600 Hollywood Boulevard, Annex Building 2nd Floor
Hollywood, FL 33020-4807

ITEM 3. Policy Period: **Effective Date:** 10/01/2015 (12:01 a.m. local time)
Expiration Date: 10/01/2016 (12:01 a.m. local time)

ITEM 4. Underlying Insurance:

(a) Primary Policy

Policy Number: EPG0016893
Insurer: RLI Insurance Company
Coverage: Governmental Plans Fiduciary Liability Insurance
Limits of Liability: \$1,000,000
Policy Period: 10/01/2015 to 10/01/2016

ITEM 5. Limit of Liability: \$2,000,000 excess \$1,000,000

ITEM 6. Premium: \$41,256.00

To Report a Loss

- Dial toll-free #1 (844)777-8323 or visit our
- Website: <https://my.rpsins.com/claimsfnol>
- Contact Insurer directly (see policy section)


ITEM 7. Endorsements: See Endorsement Schedule

The following schedule lists all **Endorsements** which form a part of the policy. It is only for reference and provides no coverage. The actual **Endorsement** should be reviewed to determine its effect on coverage:

<u>Endorsement Number</u>	<u>Endorsement Name</u>
1. EXS-31220099	Specific Matter Exclusion Endorsement

This **Policy Certificate**, together with the Policy Form EXS-31210001 (3/2012), the **Endorsements** indicated in ITEM 7 above, if any, the completed and signed application(s) with any submitted attachments, and the **Underlying Insurance**, complete the above-numbered policy.

November 18, 2015
Date



Authorized Representative

SOLIDARITY PROTECTION GROUP

a voluntary membership organization operating pursuant to the Liability Risk Retention Act of 1986 and whose principal office is:
4323 Warren Street, NW, Washington, DC 20016-2437

EXCESS FIDUCIARY LIABILITY INSURANCE FOLLOWING FORM POLICY

In consideration of the payment of the premium and subject to the limits of liability and the **Policy Certificate**, conditions, limitations, provisions and other terms of this policy, Hudson Insurance Company (the "Insurer") and the **Insureds** agree as follows:

I. INSURING AGREEMENTS

The Insurer hereby agrees to provide coverage to the **Insured** for **Loss** pursuant to the insuring clause(s) set forth in the **Underlying Insurance**, subject to:

- A. The terms and conditions of the **Underlying Insurance** as in effect on the **Effective Date** of this policy as set forth in ITEM 3 of the **Policy Certificate**;
- B. The limit of liability as stated in ITEM 5 of the **Policy Certificate**; and
- C. The terms and conditions of this policy, including any **Endorsements** hereto.

II. DEFINITIONS

- 1. **Claim** has the same meaning as the definition thereof in the **Underlying Insurance**.
- 2. **Effective Date** means the date this coverage begins at 12:01 a.m. local time at the address set forth in ITEM 2 of the **Policy Certificate**. This date is stated in ITEM 3 of the **Policy Certificate**.
- 3. **Endorsement** means a document signed by an authorized representative of the Insurer that modifies the coverage provisions set forth in the policy. If the terms of any **Endorsement** are inconsistent with the terms of this policy, the terms of the **Endorsement** supersede the policy.
- 4. **Expiration Date** means the day this coverage ends at 12:01 a.m. local time at the address set forth in ITEM 2 of the **Policy Certificate**. This date is stated in ITEM 3 of the **Policy Certificate**.
- 5. **Insurance Representative** means the person or organization authorized to represent the **Insureds** and designated as such in ITEM 1 of the **Policy Certificate** of this policy.
- 6. **Insured** means the **Insured Organization** and all natural persons identified as **Insureds** in the **Underlying Insurance**.
- 7. **Insured Organization** means the organization identified in ITEM 2 of the **Policy Certificate** and any other entity, to the extent coverage is provided for such entity under the **Underlying Insurance**.
- 8. **Loss** has the same meaning as the definition thereof in the **Underlying Insurance**.
- 9. **Policy Certificate** means a document that validates the coverage available under this policy. The **Policy Certificate** shows the **Insured Organization**, the policy number, the **Policy Period**, the limit of liability, the **Underlying Insurance** and the premium.

10. **Policy Period** means the period of time between the **Effective date** and the **Expiration Date** stated in ITEM 3 of the **Policy Certificate**. If the policy is canceled prior to the **Expiration Date**, the **Policy Period** is the period of time between the **Effective Date** and the cancellation date of this policy.
11. **Primary Policy** means the policy identified in ITEM 4(a) of the **Policy Certificate**.
12. **Underlying Insurance** means the **Primary Policy** identified in ITEM 4(a) of the **Policy Certificate** and any excess policy(ies) identified in ITEM 4(b) of the **Policy Certificate**.
13. **Underlying Insurer** means the insurer of any **Underlying Insurance**.

III. TERMS AND CONDITIONS

A. Following Form

1. The **Insured** agrees that this policy, except as herein stated, is subject to all terms, conditions, agreements and limitations of the **Underlying Insurance** in all respects as in effect on the **Effective Date**. In the event that any excess policy identified in ITEM 4(b) of the **Policy Certificate** contains terms, conditions, agreements and/or limitations that are not contained in the **Primary Policy**, such terms, conditions, agreements and limitations shall also apply to this policy, except as herein stated. The **Insured Organization** shall furnish to the Insurer copies of all proposed renewals, rewrites or changes by endorsement or otherwise to the **Underlying Insurance** prior to such renewals, rewrites or changes. The **Insured Organization** agrees that should any change to the **Underlying Insurance** be made by rewrite, endorsement or otherwise, this policy shall not be changed without the prior written consent of the Insurer, which consent shall be at the sole discretion of the Insurer and endorsed hereon. It is further agreed that, should any change of this policy be approved, then the premium hereon may be adjusted accordingly.
2. In the event of the depletion of the limits of liability of the **Underlying Insurance** solely as a result of payment of **Loss** thereunder, this policy shall, subject to the limit of liability stated in ITEM 5 of the **Policy Certificate** and the other terms of this policy, continue to apply for subsequent **Loss** as excess insurance under such **Underlying Insurance**. In the event of the exhaustion of all of the limits of liability of such **Underlying Insurance** solely as a result of payment of **Loss** thereunder, the remaining limit of liability available under this policy shall, subject to the limit of liability as stated in ITEM 5 of the **Policy Certificate** and the other terms of this policy, continue for subsequent **Loss** as primary insurance and any retention or deductible specified in the **Underlying Insurance** shall be applicable under this policy.
3. The Insurer's obligations under this policy shall not be increased, expanded or otherwise changed as a result of the receivership, insolvency, inability or refusal to pay of any **Underlying Insurer**.
4. The **Insured** shall give written notice to the Insurer of any **Claim** made against any **Insured** during the **Policy Period** or during any applicable extended reporting period in accordance with the notice and/or **Claims** reporting conditions of the **Underlying Insurance**. Notice given under the **Underlying Insurance** shall not constitute notice under this policy. Notice hereunder must be given in writing via mail, fax or email to:

Euclid Specialty Managers, LLC
380 Maple Avenue West, Suite 302
Vienna, VA 22180
(571) 730-4813 (fax)
professionalclaims@euclidspecialty.com

5. The **Insured** shall give the Insurer such information, assistance and cooperation as it may reasonably request and as shall be in the **Insured's** power and shall do nothing which may prejudice the Insurer's position or potential rights of recovery; and
6. The Insurer may, at its sole discretion, elect to participate in the investigation, settlement or defense of any **Claim** reported under this policy and the Insurer shall not be bound by any positions taken by any **Underlying Insurer** with respect to coverage, policy interpretation or settlement which may affect this policy.

B. Statements in the Application

By acceptance of this policy the **Insured** agrees that the statements made in the application for this policy and, if applicable, for the **Underlying Insurance** (hereby made part of this policy) are its representations, and that they shall be deemed material and that this policy is issued in reliance upon the truth of such representations, and that this policy embodies all agreements existing between the **Insured** and the Insurer, or any of its representatives, relating to this insurance.

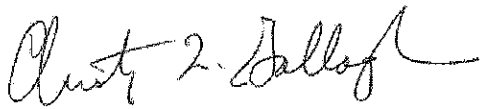
C. Cancellation or Non-Renewal

1. The **Insured Organization** shall give notice of cancellation or non-renewal of the **Underlying Insurance** to the Insurer within fifteen (15) days of the giving or receipt thereof, as the case may be.
2. In the event the **Underlying Insurance** shall be canceled by the **Insured Organization**, this policy shall be automatically canceled as of the effective date of the cancellation of the **Underlying Insurance**, whether or not such notice shall be given to the Insurer.
3. This policy may be canceled or non-renewed by the **Insured Organization** by mailing a written notice to the Insurer stating when thereafter it wishes the cancellation to take effect or stating its intent not to renew the policy for the next **Policy Period**.
4. This policy may be canceled or non-renewed by the Insurer by mailing a written notice to the address shown in ITEM 2 of the **Policy Certificate**. If the Insurer cancels this policy, the date of cancellation shall be at least sixty (60) days from the date of written notice, unless cancellation is for non-payment of premium, in which event the date of cancellation shall be ten (10) days from the date of the written notice. If the Insurer non-renews the policy at the end of the **Policy Period**, a written notice will be sent out a minimum of sixty (60) days in advance of the **Expiration Date**.
5. In the event that the **Underlying Insurance** shall be canceled or non-renewed (whichever is applicable) by any **Underlying Insurers**, this policy shall be canceled or non-renewed as of the effective date of the cancellation or non-renewal of the **Underlying Insurance**, unless the Insurer:
 - a. Receives written notice of such cancellation or non-renewal from the **Insured Organization**;
 - b. Receives such information as the Insurer reasonably requests; and
 - c. Agrees, pursuant to an **Endorsement**, not to cancel or non-renew this policy.

Notice of cancellation or non-renewal of the **Underlying Insurance** duly given by any **Underlying Insurer** shall serve as notice of the cancellation or non-renewal of this policy by the Insurer.

The Insurer shall refund the unearned premium computed at customary short rates if the policy is canceled by the **Insured Organization**. Under any other circumstances the refund shall be pro-rata.

IN WITNESS WHEREOF, Hudson Insurance Company has caused this policy to be signed by its President and Corporate Secretary at 100 William Street, New York, NY 10038 but this policy will not be effective unless the Insurer shall have issued a **Policy Certificate** as part of this policy.

Handwritten signature of Christy Z. Gallo in cursive script.

President

Handwritten signature of Dina Daskal in cursive script.

Secretary

Policy Number: SXS31210100
Endorsement Number: 1
Endorsement Effective Date: 10/01/2015 (12:01 a.m. local time)

Specific Matter Exclusion Endorsement

In consideration of the premium charged it is agreed that the above-numbered policy is amended as follows:

The Insurer will not be liable for any **Loss** on account of any **Claim** against any **Insured**:

Based upon, arising from, in consequence of or in any way related, directly or indirectly, in part or in whole, to the matter(s) listed below:

Supplemental distributions and the vesting of benefits at issue in the City Commission's resolutions authorizing the city attorney to file lawsuits against the boards that were noticed to RLI in July 2015.

Nothing contained herein shall vary, alter or extend the terms, conditions and limitations of the policy except as stated above.

This endorsement is part of the above-numbered policy and is effective as of the Endorsement Effective Date shown above. It is not binding unless signed by an authorized representative of the Insurer.

HUDSON INSURANCE COMPANY



Authorized Representative

Policyholder Disclosure
Notice of Terrorism Insurance Coverage

Coverage for acts of terrorism is included in this policy. You (the Insured) are hereby notified that under the Terrorism Risk Insurance Act, as amended in 2007, the definition of terrorism has changed. As defined in Section 102(1) of the Act: the term "act of terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. Under your coverage, any losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Terrorism Risk Insurance Act, as amended. However, your policy may contain other exclusions which might affect your coverage, such as exclusion for nuclear events. Under the formula, the United States Government generally reimburses 85% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

The portion of your annual premium that is attributable to coverage for acts of terrorism is \$0.00 and does not include any charges for the portion of losses covered by the United States Government under the Act.

Nothing contained herein shall vary, alter or extend the terms, conditions and limitations of the policy except as stated above.

HUDSON INSURANCE COMPANY



Authorized Representative

AGENDA ITEM 11

**NO BACKUP
FOR THIS SECTION**