

# **AGENDA ITEM 1**

**NO BACKUP  
FOR THIS SECTION**

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## **AGENDA ITEM 2**

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

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**DATE:** April 20, 2017  
**TO:** Board of Trustees of the Employees' Retirement Fund  
**FROM:** Lisa Castronovo, Pension Coordinator *lec*  
**SUBJECT:** Agenda for April 27, 2017 Regular Board Meeting

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**ISSUE:**

Approval of Agenda for April 27, 2017 regular Board meeting

**EXPLANATION:**

At the start of each regular Board meeting, approval of such meeting's agenda should be acquired.

**RECOMMENDATION:**

Approve Agenda for April 27, 2017 regular Board meeting

**AGENDA**  
**REGULAR PENSION BOARD MEETING**  
**CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND**  
**THURSDAY, APRIL 27, 2017 at 9:00 AM**  
**CITY HALL ANNEX, ROOM 20, 2600 HOLLYWOOD BOULEVARD**

- 1. CALL TO ORDER**
- 2. ROLL CALL AND PLEDGE OF ALLEGIANCE**
  - a. Agenda Adoption
- 3. CONSENT AGENDA**
  - a. March 23, 2017 Regular Meeting Minutes
  - b. Ratification of Distributions (Contributions and DROP) and Plan Expenses
  - c. Approval/Ratification of New Retirement/DROP/Vested/Death Annuities
- 4. TREASURER'S REPORT**
- 5. INVESTMENT ISSUES (Keith Reynolds – Segal Marco Advisors)**
  - a. Principal Global Investors Presentation (Paul Stover)
  - b. Morgan Stanley Investors Presentation (Bennett Weaver)
  - c. Flash Performance Review
  - d. Multi-Sector Search Report
- 6. LEGAL ISSUES (James Linn – Lewis, Longman & Walker)**
  - a. Disability Application Processing and Hearing Procedures
  - b. Rent-a-Center Litigation Discussion (with Marisa DeMato – Labaton Sucharow)
  - c. Florida Legislative Update
- 7. ADMINISTRATIVE ISSUES**
  - a. City Commission Communication
  - b. Fund Administration Transition
  - c. City Fiscal Retreat Presentation
  - d. Update re: Board Attorney and Pension Administrator RFPs
- 8. PUBLIC COMMENTS**
- 9. TRUSTEE REPORTS, QUESTIONS AND COMMENTS**
- 10. PENSION COORDINATOR'S REPORT (Lisa Castronovo)**
- 11. ADJOURNMENT**

Persons with disabilities who require reasonable accommodation in order to participate at an Employees' Retirement Board Meeting may call the Pension Office five (5) business days in advance at (954) 921-3333 (voice). If an individual is hearing or speech impaired, please call 1-800-955-8771 (V-TDD).

Any person wishing to appeal any decision made by the Board with respect to any matter considered at such meetings will need a record of the proceedings, and for such purposes may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is made.

Two or more members of any other city board, commission, or committee, who are not members of the Employees' Retirement Fund Board may attend this meeting and may, at that time, discuss matters on which foreseeable action may later be taken by their board, commission, or committee.

## **AGENDA ITEM 3**

**ITEM 2.a.**

**AGENDA ADOPTION**

**ITEM 3.a.**

**MINUTES of  
MARCH 23, 2017  
REGULAR PENSION  
BOARD MEETING**



**MINUTES  
REGULAR PENSION BOARD MEETING  
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND  
THURSDAY, MARCH 23, 2017**

**1. CALL TO ORDER**

Chair Shaw called the meeting to order at 9:12 a.m.

**2. ROLL CALL AND PLEDGE OF ALLEGIANCE**

Board Members present: Chair Phyllis Shaw, Vice-Chair Jeffrey Greene, Charles Howell (via telephone), George Keller (arrived at 9:22 a.m., departed at 10:59 a.m.), Mel Standley, and Richard Templeton. Board member absent: Christopher Cassidy. Also present: Pension Coordinator Lisa Castronovo and Glenn Thomas for Board Attorney James Linn (Lewis, Longman & Walker).

a. Adoption of Agenda

**MOTION** made by Mr. Templeton, seconded by Mr. Standley, to adopt the March 23, 2017 regular Board meeting Agenda as presented. In a voice vote by the members present, all members voted in favor. **Motion** passed 5-0.

**3. CONSENT AGENDA**

- a. February 23, 2017 Regular Meeting Minutes
- b. Ratification of Distributions (Contributions and DROP) and Plan Expenses
- c. Approval/Ratification of New Retirement/DROP/Vested/Death Annuities

**MOTION** made by Mr. Templeton, seconded by Mr. Standley, to approve Consent Agenda Items 3.a.-c. In a voice vote by the members present, all members voted in favor. **Motion** passed 5-0.

**4. TREASURER'S REPORT**

Mr. Ernesto Acosta, Department of Finance's General Accounting Division Director, provided the Board with the Treasurer's Reports for December 31, 2016, January 31, 2017 and February 28, 2017 noting the Reports should be looked at as a way to see that the Fund was headed in the right direction (positive returns) but that not much weight should be given to the final percentages since the Reports contained information from stale-dated alternative investment manager reports.

**5. INVESTMENT ISSUES (Keith Reynolds – Segal Marco Advisors)**

- a. Wellington Management Company (Laura Howenstine, James DiGiuseppe)  
Handout made part of these Minutes.

Mr. DiGiuseppe, an assistant vice president and account manager for Wellington Management, stated Wellington was very happy to have the Retirement Fund as a client for the last few years and that, other than 2016, had provided consistent positive returns. Mr. DiGiuseppe stated the team that manages the core international equity fund was disappointed with its one year performance in 2016 though they continued to have a very clear and successful approach to investing and maintained a strong confidence in their ability to rebound in 2017. Mr. DeGiesepe emphasized that Wellington sought to outperform its respective benchmark by consistently, over rolling 3-year periods, utilizing its experienced team, using a "return on capital" approach, and pursuing a balanced portfolio across a broad universe by having diverse holdings and economic exposures.

Ms. Howenstine, a Wellington Management vice president and equity portfolio specialist, reiterated Wellington's investment policy which was made up of five beliefs: 1) the market focuses excessively on short-term earnings and growth, 2) market inefficiencies exist because investors narrowly focus on companies within a specific region or industry, 3) return on capital drives stock prices over time, 4) assets and capital allocation provide early insights into future returns, and 5) return on capital can be mispriced at the company, industry and macro levels.

Ms. Howenstine explained that the primary contributors to the international equity market's poor return in 2016 were instability in the Chinese market in early 2016, overreaction to Brexit in mid-2016, and the recovery from both in late 2016.

Once Mr. DiGiuseppe and Ms. Howenstine concluded their presentation, Mr. Reynolds stated that over the long-term, Wellington had met their objectives and thus Segal Marco remained confident in their ability to provide strong returns for the Fund. While concerned with Wellington's performance in 2016, the Board collectively agreed to keep a close eye on Wellington's performance over the next 2-3 quarters before making a decision as to whether or not to keep Wellington as the core international equity money manager.

Mr. Reynolds suggested that since Wellington invested some of its funds in emerging markets thus exposing the Fund to such investments, the Board could consider hiring a dedicated emerging markets money manager and then decrease the funding allocation to Wellington from 15% to 10%. The Board collectively agreed to hold off on such a move until they completed the hiring and placement of the alternative fixed income money managers. Mr. Reynolds noted then he would bring educational information regarding emerging markets to the Board later in 2017.

b. Flash Performance Review

Mr. Reynolds reported the Fund's market value was \$311.7 million on February 28, 2017. The Fund's net rate of return for the month ended February 28, 2017 was 1.67% compared to the policy return of 1.79%. Mr. Reynolds noted domestic equity SMID-cap manager TSW struggled with its returns in late 2016/early 2017 for much the same reason international equity manager Wellington had struggled: too overweight in the financial sector. Mr. Reynolds concluded by noting real estate managers Principal Global and Morgan Stanley continued to provide solid, strong returns.

c. Investment Policy Update

Mr. Reynolds reviewed the most recent changes he made to the "Statement of Overall Investment Objectives and Policy" (copy made a part of these Minutes). The main change was the addition of benchmarks, investments and guidelines for the Fund's new fixed income investments. Chair Shaw asked the trustees to review the Policy and provide Ms. Castronovo with any suggestions or changes for her to forward to Mr. Reynolds.

ACTION REQUIRED:

Trustees - review the Statement of Overall Investment Objectives and Policy and provide suggested changes to Ms. Castronovo for her to forward to Mr. Reynolds.

**6. LEGAL ISSUES (Glenn Thomas for Board Attorney James Linn – Lewis, Longman & Walker)**

**a. Disability Application Processing and Hearing Procedures**

Mr. Thomas reviewed the revised draft of the Disability Application Processing and Hearing Procedures. Mr. Thomas noted specifically the sentence added to Item 1.A. of the Procedures which stated only members actively employed by the City could submit an application unless their disability prevented them from filing the application. Mr. Keller wanted to add language limiting an applicant's time frame to file if prevented from filing immediately due to their disability. The Board agreed the time frame should be 3-6 months.

Mr. Thomas noted he and Mr. Linn had compared the Procedures to the current Union contracts to confirm that all Union provisions related to disability applications were addressed in the Procedures.

Chair Shaw wanted the Procedures to address an applicant's FMLA leave similar to the way the City considers such member's leave. Chair Shaw and Mr. Templeton voiced concern that the Procedures did not address the issue of a member filing a disability application after which they were terminated by the City but before the Board moved on the application. The issue: part of the application process was the City's feedback to the Board as to whether or not it had an employment position for the applicant which if it did would negate the application since the applicant could be placed in a different position within the City. If the applicant was no longer employed by the City, then the City would be unable to address whether or not it had an employment position for the member thus making the disability application process more difficult. Mr. Thomas stated he would consider the two issues and address in the Procedures.

Chair Shaw asked the Trustees to thoroughly review the Procedures and provide final thoughts to Ms. Castronovo for her to pass on to Mr. Linn/Mr. Thomas.

**ACTION REQUIRED:**

Trustees - thoroughly review the Disability Application Processing and Hearing Procedures and provide final thoughts and suggestions to Ms. Castronovo for her to forward to Mr. Linn/Mr. Thomas.

**b. Lannett Company, Inc. Litigation Update**

Mr. Thomas explained that a law firm was aggressively challenging Marisa DeMato and her securities litigation law firm Labaton Sucharow by claiming Labaton had a conflict of interest and thus could not adequately represent its clients in the Lannett Company, Inc. litigation. As a result, Ms. Marisa DeMato and Labaton collectively decided to remove itself from the case. Mr. Thomas stated the Fund retained a stake in any settlement in the case, but it would no longer be part of the lead plaintiff group in the case.

Mr. Thomas provided a brief update on the State's current legislative session including some changes being proposed that would affect FRS.

**7. ADMINISTRATIVE ISSUES**

a. City Commission Communication

Ms. Castronovo provided the Board with a draft of the City Commission Communication for the February 23, 2017 regular Board meeting.

Chair Shaw directed Ms. Castronovo to send an email to the City Commissioners inviting them to attend NCPERS annual conference in late May since it would be held at The Diplomat.

**ACTION REQUIRED:**

Ms. Castronovo – send an email to each City Commissioner inviting them to attend the May 2017 NCPERS Annual Conference at The Diplomat.

Chair Shaw directed Ms. Castronovo to include in the City Commission Communication the letter to the City Commissioners requesting the Board be removed from the lawsuit regarding the supplemental pension distribution.

**ACTION REQUIRED:**

Ms. Castronovo – include in the City Commission Communication the letter to the Commissioners requesting the Board be removed from the lawsuit regarding the supplemental pension distributions.

Mr. Keller told the Board the RFP's for the Board Attorney and Pension Coordinator were issued in mid-March with a response date of April 17, 2017 after which the responses could either be opened, reviewed and ranked by the City or opened, reviewed and ranked by the Board.

b. City Fiscal Retreat Presentation

Chair Shaw noted she had received a letter from the City Manager's office notifying her that if the Board would like, they were welcome to make a presentation at the City's Fiscal Retreat on April 6, 2017. The Board agreed it was a good idea to make an information presentation with the goal to keep it simple but informative.

**ACTION REQUIRED:**

Ms. Castronovo – inform the City Manager's office that the Board will make a presentation at the City's Fiscal Retreat on April 6, 2017.

c. City Pension Workshop Presentation

This item was not discussed as the City Pension Workshop scheduled for April 19, 2017 was canceled.

d. Fund Administration Transition

Chair Shaw asked the Trustees to keep working on the administrative transition as the September 30, 2017 deadline for complete transition was fast-approaching with a lot of work yet to be done. Discussion followed regarding moving the Pension Office off City property.

e. **Funding Policy**

Chair Shaw said she was pleased the Board adopted a Funding Policy but if it was not shared between the interested parties – the Board and the City – the Policy was pretty much useless. Chair Shaw then directed Ms. Castronovo to request the City Manager to add the Funding Policy to an upcoming Pension Task Force agenda in order to open a dialogue regarding Retirement Fund funding with the City. Discussion followed.

**ACTION REQUIRED:**

Ms. Castronovo – request the City Manager to add Funding Policy to an upcoming Pension Task Force agenda.

The meeting recessed at 11:18 a.m. and resumed at 11:21 a.m.

f. **Pension Office Document Scanning Quotes**

Ms. Castronovo reviewed the three document scanning quotes she received. Ms. Castronovo stated she wanted to look into records retention requirements as it was possible some of the documents currently stored were no longer required to be retained which would result in decreased scanning costs. Chair Shaw requested Ms. Castronovo to get more information on how the information can be stored safely via encryption in a “cloud.” The Board directed Ms. Castronovo to get a more final count of the total number of documents that need to be scanned.

**ACTION REQUIRED:**

Ms. Castronovo – research records retention requirements, research storing records in the cloud via encryption, and find out if a more concrete count of the total number of documents to be scanned can be determined.

**8. PUBLIC COMMENTS**

Debra Case – Hollywood City Commissioner, District 1

**9. TRUSTEE REPORTS, QUESTIONS AND COMMENTS**

Vice-Chair Greene wondered if the Board should periodically hold a monthly Board meeting at different City venues in an attempt to increase member attendance at the meetings. Mr. Howell noted he thought it was a good idea to closely monitor Wellington. Mr. Standley thought the Board meetings might attract more attendees if they were shorter and adhered more closely to Robert’s Rules of Order.

**10. PENSION COORDINATOR’S REPORT (Lisa Castronovo)**

Ms. Castronovo reminded the trustees of the upcoming May 2017 NCPERS Annual Conference at The Diplomat and to let her know if they wished to attend.

**11. ADJOURNMENT**

**MOTION** made by Vice-Chair Greene, seconded by Mr. Templeton, to adjourn the meeting. In a voice vote by the members present, **Motion** passed 5-0. Meeting adjourned at 11:50 a.m.

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Phyllis Shaw, Chair

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Date

**ITEM 3.b.**

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

# **PLAN DISTRIBUTIONS**



**EMPLOYEES' RETIREMENT FUND**  
**Refunds and Distributions**  
**April 27, 2017 Regular Pension Board Meeting**

**Refunds of Contributions**

<u>Name</u>	<u>Refund</u>
Alagna, Melissa	\$ 3,300.20
Jacques, Peterson	3,941.40
Llanes-Candal, Betty	3,682.90
Ortiz, Jonathan	11,424.31
	<u>\$ 22,348.81</u>

**Planned Retirement Distributions**

Lawson, Everett	\$ 50,006.83
	<u>\$ 50,006.83</u>

**DROP Distributions**

	\$
	<u>\$ 0.00</u>

**TOTAL: \$ 22,348.81**

# **PLAN EXPENSES**

# EMPLOYEES RETIREMENT FUND

Payment Requests Processed During the Period

March 1, 2017 through March 31, 2017

## Manager Fees

Segal Marco Advisors (February 2017)	\$ 10,833.33
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## Quarterly Custodian Fees

Wells Fargo Bank, N.A. (December 2016)	8,115.71
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## Attorney Fees

Lewis, Longman and Walker, P.A. (February 2017)	3,170.45
Rice Pugatch Robinson Storfer & Cohen (July 2016)	200.00
Rice Pugatch Robinson Storfer & Cohen (August 2016)	1,125.65
Rice Pugatch Robinson Storfer & Cohen (September 2016)	1,625.00
Rice Pugatch Robinson Storfer & Cohen (October 2016 - November 2016)	2,825.00
	<u>8,946.10</u>

## Pension Coordinator Fees

LECastronovo Co., Inc. (March 2017)	13,173.33
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## Travel Advances/Expenses

FPPTA Trustees School (Orlando, Florida)	
Charles Howell	803.91

## Miscellaneous

Office Depot - General Office Supplies	210.99
United Postal Service	9.60
United Postal Service	25.64
Digital Depo Services, Inc d/b/a Verbatim Support Services	546.00
GoDaddy - Domain Renewal	45.51
HostGator	10.95
	<u>848.69</u>

Total	\$ <u>42,721.07</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**

**April 27, 2017 Regular Pension Board Meeting**

### **February 2017**

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Pineda, Julio - retirement	\$	1,988.73
Thomas, Tracey - retirement		3,977.63

### **March 2017**

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Lawson, Everett - retirement (from Planned Retirement)	\$	4,202.43
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### **April 2017**

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Campbell, Gregory - retirement (from DROP)	\$	2,265.70
Vogt, Jonathan - retirement (from DROP)		7,346.45

### **Benefits Stopped**

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Fields, Frank - died April 5, 2017	\$	3,362.63
Vasiloff, Bill - died 3/27/2017		2,106.65

## **AGENDA ITEM 4**

**CITY OF HOLLYWOOD, FLORIDA**

EMPLOYEES RETIREMENT FUND  
TREASURER'S REPORT  
FINAL  
December 31, 2016

<u>Investment Balances</u>	<u>Market Value</u>	<u>Book Value</u>	<u>Unrealized Gain (Loss)</u>
Balance, October 1, 2016	\$ 289,668,741.33	\$ 245,914,583.86	\$ 43,754,157.47
Contributions and Payments:			
City Contributions		20,562,867.82	
Employee Contributions		731,338.23	
Pension Disbursements		(7,385,287.63)	
Administrative Expenses		(111,950.79)	
Net Contributions/Payments		<u>13,796,967.63</u>	
Investment Income:			
Dividends Received		303,056.14	
Interest Received - net		743,441.01	
Gain on Sales		958,973.95	
Commission Recapture		636.30	
Quarterly Investment Fees		(287,834.00)	
Net Investment Income		<u>1,718,273.40</u>	
Balance, December 31, 2016	<u>306,202,266.39</u>	<u>261,429,824.89</u>	<u>44,772,441.50</u>
Increase (Decrease) for the Period	\$ <u>16,533,525.06</u>	\$ <u>15,515,241.03</u>	\$ <u>1,018,284.03</u>

Unrealized Gain (Loss) Account  
Composition of Increases (Decreases)

Thompson, Siegel & Walmsley	\$ 391,625.63
Frontier Capital Management	823,533.45
Wellington International	(753,814.06)
Northern Trust	2,592,956.91
Brandes Investment Partners	311,111.70
NB Crossroads (November)	67,415.00
Total Equity Managers	<u>3,432,828.63</u>
Baird Advisors	(1,602,665.35)
Neuberger & Berman	(745,663.59)
Morgan Stanley	(244,365.08)
Principal Investors	248,945.42
Harbourvest Dover IX49	(70,796.00)
	\$ <u>1,018,284.03</u>

Investment Return

Net Investment Income	\$ 1,718,273.40
Increase (Decrease) in Unrealized Gain/Loss	1,018,284.03
Total Investment Return for Period	\$ <u>2,736,557.43</u>
Beginning Market Value of Assets	\$ 289,668,741.33
Plus/(Less): Net Contributions/Payments	13,796,967.63
Assets Available for Investment	\$ <u>303,465,708.96</u>
Investment Return as a % of Assets Available for Investment	<u>0.90%</u>

**CITY OF HOLLYWOOD, FLORIDA**

**EMPLOYEES RETIREMENT FUND**

**TREASURER'S REPORT**

**FINAL**

January 31, 2017

<u>Investment Balances</u>	<u>Market Value</u>	<u>Book Value</u>	<u>Unrealized Gain (Loss)</u>
Balance, October 1, 2016	\$ 289,668,741.33	\$ 245,914,583.86	\$ 43,754,157.47
Contributions and Payments:			
City Contributions		20,562,867.82	
Employee Contributions		977,755.45	
Pension Disbursements		(9,716,365.29)	
Administrative Expenses		(255,431.20)	
Net Contributions/Payments		<u>11,568,826.78</u>	
Investment Income:			
Dividends Received		368,661.67	
Interest Received - net		943,937.91	
Gain on Sales		1,219,447.77	
Commission Recapture		1,463.82	
Quarterly Investment Fees		(309,500.66)	
Net Investment Income		<u>2,224,010.51</u>	
Balance, January 31, 2017	<u>308,458,686.60</u>	<u>259,707,421.15</u>	<u>48,751,265.45</u>
Increase (Decrease) for the Period	\$ <u>18,789,945.27</u>	\$ <u>13,792,837.29</u>	\$ <u>4,997,107.98</u>

**Unrealized Gain (Loss) Account**

Composition of Increases (Decreases)

Thompson, Siegel & Walmsley	\$ 454,817.52
Frontier Capital Management	1,490,699.04
Wellington International	517,980.92
Northern Trust	4,071,874.89
Brandes Investment Partners	838,638.30
NB Crossroads	67,415.00
Total Equity Managers	<u>7,441,425.67</u>
Baird Advisors	(1,498,420.67)
Neuberger & Berman	(680,417.67)
Morgan Stanley	(244,365.08)
Principal Investors	49,681.73
Harbourvest Dover IX49	(70,796.00)
	<u>\$ 4,997,107.98</u>

**Investment Return**

Net Investment Income	\$ 2,224,010.51
Increase (Decrease) in Unrealized Gain/Loss	4,997,107.98
Total Investment Return for Period	<u>\$ 7,221,118.49</u>
Beginning Market Value of Assets	\$ 289,668,741.33
Plus/(Less): Net Contributions/Payments	11,568,826.78
Assets Available for Investment	<u>\$ 301,237,568.11</u>
Investment Return as a % of Assets Available for Investment	<u>2.40%</u>



**CITY OF HOLLYWOOD, FLORIDA**

**EMPLOYEES RETIREMENT FUND  
TREASURER'S REPORT  
FINAL  
February 28, 2017**

<u>Investment Balances</u>	<u>Market Value</u>	<u>Book Value</u>	<u>Unrealized Gain (Loss)</u>
Balance, October 1, 2016	\$ 289,668,741.33	\$ 245,914,583.86	\$ 43,754,157.47
Contributions and Payments:			
City Contributions		20,562,867.82	
Employee Contributions		1,219,914.41	
Pension Disbursements		(12,012,023.37)	
Administrative Expenses		(254,981.20)	
Net Contributions/Payments		<u>9,515,777.66</u>	
Investment Income:			
Dividends Received		409,517.80	
Interest Received - net		1,176,965.24	
Gain on Sales		1,224,628.00	
Commission Recapture		1,463.82	
Quarterly Investment Fees		(309,500.66)	
Net Investment Income		<u>2,503,074.20</u>	
Balance, february 28, 2017	<u>311,700,079.08</u>	<u>257,933,435.72</u>	<u>53,766,643.36</u>
Increase (Decrease) for the Period	\$ <u>22,031,337.75</u>	\$ <u>12,018,851.86</u>	\$ <u>10,012,485.89</u>

**Unrealized Gain (Loss) Account**  
Composition of Increases (Decreases)

Thompson, Siegel & Walmsley	\$ 615,635.74
Frontier Capital Management	1,936,931.32
Wellington International	896,298.09
Northern Trust	7,332,683.39
Brandes Investment Partners	1,195,866.45
NB Crossroads	67,415.00
Total Equity Managers	<u>12,044,829.99</u>
Baird Advisors	(1,221,130.59)
Neuberger & Berman	(545,734.16)
Morgan Stanley	(244,365.08)
Principal Investors	49,681.73
Harbourvest Dover IX49	(70,796.00)
	\$ <u>10,012,485.89</u>

**Investment Return**

Net Investment Income	\$ 2,503,074.20
Increase (Decrease) in Unrealized Gain/Loss	<u>10,012,485.89</u>
Total Investment Return for Period	\$ <u>12,515,560.09</u>
Beginning Market Value of Assets	\$ 289,668,741.33
Plus/(Less): Net Contributions/Payments	<u>9,515,777.66</u>
Assets Available for Investment	\$ <u>299,184,518.99</u>

Investment Return as a % of Assets Available for Investment 4.18%

## **AGENDA ITEM 5**

# City of Hollywood Employees' Retirement Fund

## DRAFT - 2017 Meeting Schedule and Work Plan

MEETING DATE	INVESTMENT MANAGER	SEGAL ROGERSCASEY
January 26	- None	- Opportunistic Fixed Education - December Flash Report
February 23	- Direct Lending Manager Interviews	- Direct Lending Research Report - 4Q Performance Review - January Flash Report
March 23	- Wellington	- February Flash Report - Investment Policy Update
April 27	- Morgan Stanley - Principal	- March Flash Report - Multi-Sector Search Report
May 25	- None	- 1Q Performance Review - April Flash Report
June 22	- Multi-Sector Manager Interviews	- May Flash Report
July 27	- Baird Advisors - Neuberger & Berman Fixed Income	- June Flash Report
August 24	- Brandes - IFM Global Infrastructure	- 2Q Performance Review - July Flash Report
September 28	- Neuberger & Berman Private Equity - HarbourVest Private Equity	- August Flash Report - Investment Education (Topic TBD)
November 2 or 9	- Frontier - TSW	- 3Q Performance Review
December 14	- None	- November Flash Report - Draft 2017 Meeting Schedule

## **ITEM 5.a.**

### **PRINCIPAL GLOBAL INVESTORS PRESENTATION**

**(Backup provided electronically)**

**ITEM 5.b.**

**MORGAN STANLEY INVESTORS  
PRESENTATION**

**(Backup provided electronically)**

## **ITEM 5.c.**

### **FLASH PERFORMANCE REVIEW**

**City of Hollywood Employees' Retirement Fund**  
**Preliminary Market Value Update**  
**as of March 31, 2017**

	Market Value	Percent of Total Plan	New Target Allocation	Difference	Range
<b><u>Domestic Equity - Large Cap</u></b>	<b>\$83,467,426</b>	<b>26.9%</b>	<b>20.0%</b>	<b>6.9%</b>	<b>15-30%</b>
Northern Trust	\$83,467,426	26.9%			
<b><u>Domestic Equity - SMID Cap</u></b>	<b>\$44,916,448</b>	<b>14.5%</b>	<b>10.0%</b>	<b>4.5%</b>	<b>7-15.5%</b>
TSW	\$20,593,201	6.6%			
Frontier Capital	\$24,323,247	7.8%			
<b><u>International Equity</u></b>	<b>\$63,985,220</b>	<b>20.6%</b>	<b>20.0%</b>	<b>0.6%</b>	<b>15-25%</b>
Wellington	\$46,253,258	14.9%			
Brandes	\$17,731,962	5.7%			
<b><u>Fixed</u></b>	<b>\$79,564,562</b>	<b>25.6%</b>	<b>30.0%</b>	<b>-4.4%</b>	<b>25-37.5%</b>
Neuberger & Berman	\$25,996,481	8.4%			
Baird Advisors	\$53,568,081	17.3%			
<b><u>Real Estate</u></b>	<b>\$33,612,790</b>	<b>10.8%</b>	<b>10.0%</b>	<b>0.8%</b>	<b>7-14%</b>
Morgan Stanley	\$24,221,866	7.8%			
Principal	\$9,390,924	3.0%			
<b><u>Private Equity</u></b>	<b>\$4,877,064</b>	<b>1.6%</b>	<b>7.5%</b>	<b>-5.9%</b>	<b>0-15%</b>
Neuberger Berman Crossroads XXI	\$4,155,005	1.3%			
HarbourVest Dover Fund IX	\$722,059	0.2%			
<b><u>Infrastructure</u></b>	<b>\$0</b>	<b>0.0%</b>	<b>2.5%</b>	<b>-2.5%</b>	<b>0-5%</b>
IFM Global Infrastructure	\$0	0.0%			
<b>Total Fund</b>	<b>\$310,423,510</b>	<b>100.0%</b>	<b>100.0%</b>		

**City of Hollywood Employees' Retirement Fund**  
**Preliminary Performance Update**  
**as of March 31, 2017**

	Quarter ended December 31, 2016	1 Month ended March 31, 2017	Quarter ended March 31, 2017	Fiscal YTD March 31, 2017	Market Value March 31, 2017	Percent of Total Plan March 31, 2017
<b>Domestic Equity</b>						
Northern Trust S&P 500	3.83%	0.10%	6.04%	10.09%	\$83,467,426	26.9%
Northern Trust - net	3.82%	0.10%	6.03%	10.07%		
S&P 500 Index	3.83%	0.12%	6.07%	10.12%		
TSW	4.13%	0.64%	3.10%	7.37%	\$20,593,201	6.6%
TSW - net	3.93%	0.57%	2.90%	6.97%		
Russell 2500 Value Index	9.34%	-0.78%	1.62%	11.12%		
Frontier Capital	3.91%	0.73%	5.74%	9.84%	\$24,323,247	7.8%
Frontier Capital - net	3.72%	0.67%	5.55%	9.46%		
Russell 2500 Growth Index	2.59%	0.74%	6.25%	9.01%		
<b>International Equity</b>						
Wellington	-1.54%	3.23%	7.32%	5.65%	\$46,253,258	14.9%
Wellington - net	-1.72%	3.17%	7.13%	5.30%		
MSCI ACWI - ex US (net)	-1.25%	2.54%	7.86%	5.51%		
Brades	1.89%	1.27%	6.85%	8.69%	\$17,731,962	5.7%
Brades - net	1.65%	1.19%	6.41%	8.22%		
MSCI EAFE Small Cap (net)	-2.85%	2.60%	7.97%	4.89%		
<b>Fixed</b>						
Neuberger & Berman	-2.03%	0.01%	0.72%	-1.32%	\$25,996,481	8.4%
Neuberger & Berman - net	-2.11%	-0.02%	0.65%	-1.47%		
Bimbg. Barclays Intermediate Gov't/Credit Index	-2.06%	0.05%	0.78%	-1.30%		
90 Day U.S. Treasury Bill	0.06%	0.02%	0.10%	0.17%		
Baird Advisors	-2.72%	-0.02%	1.11%	-1.65%	\$53,568,081	17.3%
Baird Advisors - net	-2.79%	-0.04%	1.04%	-1.79%		
Bimbg. Barclays Aggregate Index	-2.98%	-0.05%	0.82%	-2.18%		
<b>Real Estate</b>						
Morgan Stanley*	2.61%	1.99%	2.13%	4.79%	\$24,221,866	7.8%
Morgan Stanley - net	2.40%	1.92%	1.92%	4.37%		
NCREIF ODCE (ew) Index	2.16%	1.81%	1.81%	4.01%		
Principal*	4.05%	2.39%	2.61%	6.73%	\$9,390,924	3.0%
Principal - net	3.72%	2.28%	2.28%	6.08%		
NCREIF Property Index	1.73%	0.00%	0.00%	0.00%		
<b>Private Equity</b>						
NB Crossroads XXI*	N/A	N/A	N/A	N/A	\$4,155,005	1.3%
HarborVest Dover Fund IX*	N/A	N/A	N/A	N/A	\$722,059	0.2%
<b>Total Fund</b>	<b>0.94%</b>	<b>0.87%</b>	<b>4.11%</b>	<b>5.11%</b>	<b>\$310,423,510</b>	<b>100.0%</b>
<b>Total Fund - net</b>	<b>0.81%</b>	<b>0.83%</b>	<b>3.98%</b>	<b>4.85%</b>		
<b>Policy Index**</b>	<b>0.93%</b>	<b>0.65%</b>	<b>3.92%</b>	<b>4.87%</b>		

Numer. Monthly performance is preliminary and provided by investment managers. The Total Fund return is a weighted average of the returns provided.

\*Performance is calculated on a quarterly basis. Performance shown is IRR.

\*\* Policy Index: (May '16-current) 25% S&P 500, 12.5% Russell 2500, 15% MSCI ACWI ex US (net), 5% MSCI EAFE Small Cap (Net), 32.5% Barclays Intermediate Aggregate, 7.5% NCREIF ODCE (ew), 2.5% NCREIF NPI (Nov 13-Apr 15) 30% S&P 500, 12.5% Russell 2500, 15% MSCI ACWI ex US (net), 32.5% Barclays Intermediate Aggregate, 7.5% NCREIF ODCE (ew), 2.5% NCREIF NPI (May 13-Oct 13) 32.5% S&P 500, 12.5% Russell 2500, 15% MSCI ACWI ex US, 32.5% Barclays Intermediate Aggregate, 7.5% NCREIF ODCE (ew)



**City of Hollywood Employees' Retirement Fund**  
**Preliminary Performance Update**  
**as of March 31, 2017**

	Quarter ended March 31, 2016	Quarter ended June 30, 2016	Quarter ended September 30, 2016	Quarter ended December 31, 2016	Quarter ended March 31, 2017	Calendar YTD 3/31/2017
<b>Domestic Equity</b>						
Northern Trust	1.30%	2.44%	3.86%	3.83%	6.04%	6.04%
S&P 500 Index	1.35%	2.46%	3.86%	3.83%	6.07%	6.07%
TSW SMID	3.97%	3.67%	6.18%	4.13%	3.10%	3.10%
Russell 2500 Value Index	3.34%	4.37%	6.18%	9.34%	1.62%	1.62%
Frontier Capital	1.73%	0.89%	13.31%	3.91%	5.74%	5.74%
Russell 2500 Growth Index	-2.66%	2.70%	6.98%	2.59%	6.25%	6.25%
<b>International Equity</b>						
Wellington	-1.96%	-1.39%	6.91%	-1.54%	7.32%	7.32%
MSCI ACWI ex-US Index	-0.37%	-0.65%	6.91%	-1.25%	7.86%	7.86%
Brandes	4.34%	-2.77%	6.98%	1.89%	6.65%	6.65%
MSCI EAFE Small Cap (net)	-0.59%	-2.60%	8.64%	-2.85%	7.97%	7.97%
<b>Fixed</b>						
Neuberger & Berman	2.08%	1.29%	0.20%	-2.03%	0.72%	0.72%
Barclays Intermediate Gov't/Credit Index	2.45%	1.59%	0.15%	-2.06%	0.78%	0.78%
90 Day U.S. Treasury Bill	0.06%	0.06%	0.07%	0.06%	0.10%	0.10%
Baird Advisors	3.50%	2.70%	0.87%	-2.72%	1.11%	1.11%
Barclays Aggregate Index	3.04%	2.22%	0.46%	-2.98%	0.82%	0.82%
<b>Real Estate</b>						
Morgan Stanley	2.09%	2.59%	2.47%	2.61%	2.13%	2.13%
NCREIF ODCE (ew) Index	2.44%	2.18%	2.13%	2.16%	1.81%	1.81%
Principal	3.19%	3.83%	2.97%	4.05%	2.61%	2.61%
NCREIF Property Index	2.21%	2.03%	2.18%	1.73%	0.00%	0.00%

**City of Hollywood Employees' Retirement Fund**  
**Investment Manager Fee Table**  
**Period Ended March 31, 2017**

Manager	Mandate	Market Value	Fee Schedule	Estimated Annual Fee (\$)	Estimated Annual Fee (%)
Northern Trust	Passive Large Cap Equity	\$ 83,467,426	3.5 bps on assets	\$ 29,214	0.04%
TSW	SMID Cap Value Equity	\$ 20,593,201	80 bps on assets	\$ 164,746	0.80%
Frontier Capital	SMID Cap Growth Equity	\$ 24,323,247	75 bps on assets	\$ 182,424	0.75%
Wellington	International Equity	\$ 46,253,258	71 bps on assets	\$ 328,398	0.71%
Brandes	International Small Cap Equity	\$ 17,731,962	95 bps on first \$25MM, 90 bps on next \$25MM, 80 bps on balance	\$ 168,454	0.95%
Neuberger & Berman	Intermediate Fixed Income	\$ 25,996,481	30 bps on first \$50MM, 20 bps on next \$50mm, 15 bps on balance	\$ 77,989	0.30%
Baird Advisors	Core Plus Fixed Income	\$ 53,568,081	30 bps on first \$25MM, 25 bps on next \$25MM, 20 bps on next \$20MM, 15 bps on balance	\$ 146,420	0.27%
Morgan Stanley	Real Estate	\$ 24,221,866	84 basis points base fee, plus a monthly accrued performance based fee equal to 5% multiplied by NAV multiplied by comparable property NOI growth for the month	\$ 203,464	0.84%
Principal <sup>1</sup>	Real Estate	\$ 9,390,924	130 bps on assets + incentive fee	\$ 122,082	1.30%
Neuberger Berman Crossroads XXI <sup>2</sup>	Private Equity	\$ 4,155,005	25.8 bps on assets	\$ 10,720	0.26%
HarbourVest Dover Fund IX <sup>3</sup>	Private Equity	\$ 722,059	70 bps on assets	\$ 5,054	0.70%
IFM Global Infrastructure <sup>4</sup>	Infrastructure	\$ -	77 bps on assets	\$ -	-
<b>Investment Management Fees</b>		<b>\$ 310,423,510</b>		<b>\$ 1,438,965</b>	<b>0.46%</b>
Segal Marco	Investment Consulting		\$130,000 annual retainer	\$ 130,000	0.04%
Wells Fargo	Custodian	\$ 310,423,510	2 bps on first \$50MM, 1 bps on next \$75MM, 0.5 bps on balance	\$ 26,771	0.01%
<b>TOTAL FEES</b>				<b>\$ 1,595,736</b>	<b>0.51%</b>

<sup>1</sup>Incentive fee is equal to 15% of the profits in excess of an 11% net IRR to investors.

<sup>2</sup>NBS is aggregating commitments to provide best pricing for SRC clients, and as a result the City of Hollywood \$20 million is saving 10.5 bps; if the commitment had not be aggregated the fee would have been 36.3 bps.

<sup>3</sup>The fee for the Dover IX Fund is 75 bps, but the City of Hollywood is receiving a 5 bps fee discount.

<sup>4</sup>Incentive fee is equal to 10% of the profits in excess of an 8% per annum.

# Market Environment

# March 2017

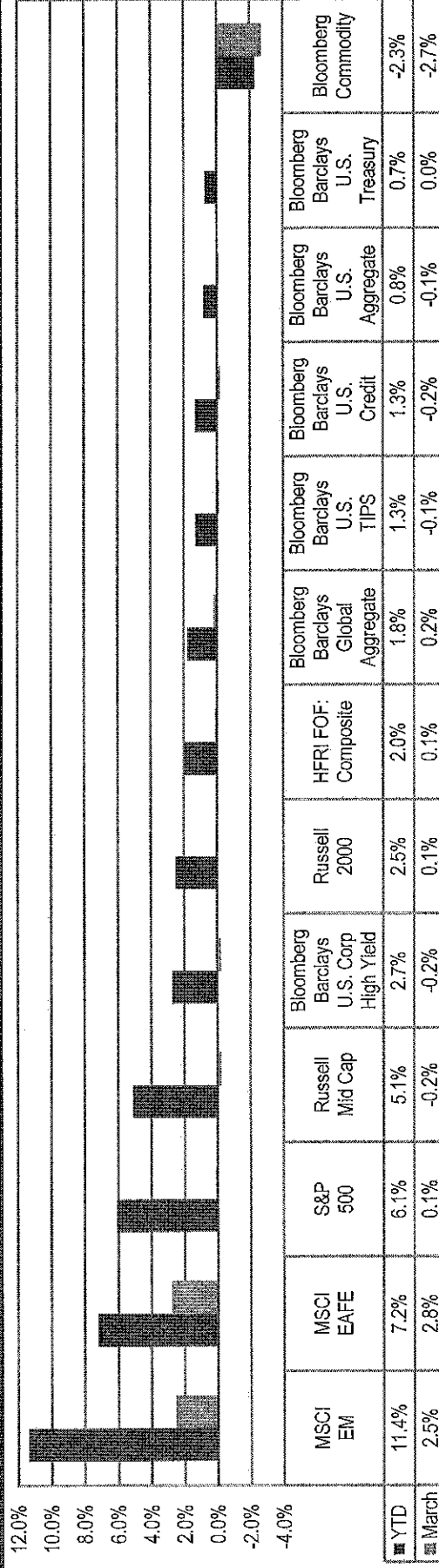
## March Highlights

- The U.S. unemployment rate fell by 0.2% to 4.5%. Nonfarm payrolls grew by 98,000 jobs. Consumer sentiment improved slightly, mostly due to optimism regarding current economic conditions.
- Strong corporate earnings and a still-solid U.S. economy lifted U.S. large and small cap stocks. U.S. large cap sector returns were mixed. Info Tech was the best performer, while Financials fared the worst.
- International equity gained as signs of European economic improvement continued. USD weakness was a boon for both developed and emerging market stocks.
- The Bloomberg Barclays U.S. Aggregate Index slipped as the Federal Reserve raised interest rates. Policy uncertainty in Europe led investors to the safety of developed market government bonds.
- A March rate hike stung investment-grade credit. High yield pulled back as oil prices fell and interest rates rose.
- Commodities suffered in March, largely due to an oversupply of U.S. oil.
- The HFRI Fund of Funds Composite Index gained slightly.

## YTD Highlights

- Employment gains in January and February were revised downward, bringing YTD average monthly nonfarm job gains to 178,000 compared to an average of 196,000 one year ago. Labor force participation hovered around 63.0% YTD.
- Optimism about the U.S. economy and strong earnings boosted U.S. stocks.
- Europe's improving economic picture advanced developed market stocks. USD weakness and positive economic growth fueled emerging market equities.
- The Fed's March interest rate hike and the anticipation of further rate increases hurt the Treasury-heavy U.S. Aggregate index YTD.
- In investors' search for yield, investment-grade credit lagged high yield. High yield outperformed amid a strong U.S. economy and low default environment.
- Oil's struggle YTD is a major reason for commodities' negative performance.

## Returns



# **ITEM 5.d.**

## **MULTI-SECTOR SEARCH REPORT**

**(Backup provided electronically)**

## **AGENDA ITEM 6**

## **ITEM 6.a.**

### **DISABILITY APPLICATION PROCESSING PROCEDURES**

**HOLLYWOOD EMPLOYEES' RETIREMENT FUND**  
**DISABILITY APPLICATION PROCESSING AND HEARING PROCEDURE**

4.18.17 Draft

**1. DISABILITY RETIREMENT APPLICATION**

A. An application for disability benefits shall be made in writing on a form provided by the Board in the Pension Office and signed by the member (Claimant) or a duly authorized representative. The member must be employed by the City at the time the application is submitted, unless the member is prevented from submitting the application while employed by reason of the disability. In no event will an application for disability benefits submitted more than 90 days following termination of employment be considered by the Board. A member may not submit more than one application based on the same asserted disability or medical condition. The application shall include the Claimant's name, address, employing department, nature, date, cause, extent and duration of disability, name and address of attending physician(s), and a summary of any medical treatment, with the names of all treating providers, received during the five years preceding the disability. Applications shall be accompanied by a report of the attending physicians including the date of the first and last examination, the cause and nature of disability, information regarding surgery or laboratory tests, prognosis, an estimate of the probable length of disability, and if the claim is for a job-related disability benefit, a statement that the Claimant has reached maximum medical improvement. The application shall also include an authorization for release of medical records signed by the Claimant. An application will not be complete until the Claimant submits all required documentation. Completed Applications are considered to be filed with the Board when received by the Pension Coordinator at the Pension Office, located at: City Hall Annex, Room 20, 2600 Hollywood Blvd., Hollywood, FL 33020.

B. Within thirty (30) days following receipt of a complete Application, the Pension Coordinator shall submit a request for medical records to all providers identified by the Claimant as having provided medical treatment within five years preceding the disability. Following receipt of the medical records, the Pension Coordinator shall arrange for the Claimant to be examined by a physician or physicians designated by the Board, at the Board's expense. All medical records received from the Claimant's treating providers shall be furnished to the physician or physicians who examine the Claimant, prior to the examination, and shall be provided to the Claimant upon request. At the Board's discretion, investigation services may be employed to determine the extent and duration of disability on which a claim is based.

C. Within three (3) days following receipt of the report by the designated physician(s), the Pension Coordinator shall prepare a disability pension file (File) to include all materials relevant to the Application, including all medical records, and shall provide the Human Resources Director with the Application and the File.

D. Within twenty-one (21) days following receipt of the Application and File, the Human Resources Director shall review the Application and File, as well as other relevant information, and determine whether the Claimant is able to perform the specific duties of his or her position. If the Claimant is unable to perform the specific duties of his or her position, the City may offer the member, with no change in salary or benefit level, a newly created modified duty position or

a vacant position which the member is capable and qualified to perform. If a new position is offered to the Claimant, the Human Resources Director shall notify the Pension Coordinator and provide a position description for each position offered to the Claimant. The Pension Coordinator shall arrange for the Claimant to be examined by the Board-designated physician to determine whether the Claimant is able to perform the specific duties of any or all of the newly offered position(s). All medical records received from the Claimant's treating providers shall be furnished to the physician or physicians who examine the Claimant, prior to the examination, and shall be provided to the Claimant upon request. The results of the examination shall be submitted to the Human Resources Director. The Human Resources Director shall notify the Claimant and the Board of its determination, and shall provide a written report to the Board together with all documents relevant to the Human Resources Director's determination.

E. If the Human Resources Director determines that the Claimant is unable to perform the specific duties of his or her position and no other position is offered to the Claimant, or if the Claimant is unable to perform the functions of a newly offered position, the Board shall schedule an Initial Hearing, to be conducted within forty-five (45) days following the determination by Human Resources Director, to determine:

- (1) Whether the Claimant has a total and permanent disability;
- (2) Whether the disability occurred by reason of injuries sustained by the Claimant while in the performance of an act of duty as an active employee of the City, or
- (3) Whether additional information is required.

F. It shall be the function of the Pension Coordinator and Board legal counsel, throughout the application procedure, to assist the Board in the discovery and presentation of evidence in order to assure that the Board receives all relevant information prior to the Board's decision. Together with the Application and File, the Pension Coordinator shall provide the Board with the member's job description, date of birth, credited service date and years of credited service, normal retirement date and an estimate of the member's monthly disability benefit at least ten (10) days prior to the Initial Hearing.

G. Claimant shall have the right to be represented by counsel or other representative at all times during the application process. If represented, all communications and correspondence will be through the Claimant's legal counsel or representative.

H. Board legal counsel and the Claimant may stipulate to one extension of time not to exceed sixty (60) calendar days. Additional extensions shall require Board approval.

## 2. INITIAL HEARING ON THE APPLICATION

A. At the initial hearing, the Board shall consider only the documentary evidence contained in the File.

B. Other than answers to questions from Board members or from the Board's legal counsel, the Board will take no additional evidence at the initial hearing, although the Claimant or the Claimant's legal counsel or representative, may make a presentation not to exceed fifteen (15) minutes in length, limited to comments and/or arguments as to the evidence or information contained in the File, including physician report(s). A City representative may also make a presentation not to exceed 15 minutes in length, concerning the Application, which shall also be



limited to comments and/or arguments as to the evidence or information contained in the File, including physician report(s).

C. At the conclusion of the initial hearing, the Board shall adopt a motion granting or denying the Application, or take such other action as the Board may determine to be necessary or appropriate. A written Order setting forth the Board's findings and conclusions on the Application shall be provided to the Claimant within thirty (30) days following the initial hearing. The Board may extend the time for entering the Order for up to an additional forty-five (45) days if it determines such time is necessary for adequate review.

The Order shall include:

- (1) The specific findings and conclusions of the Board, including specific references to pertinent provisions of the Plan on which such conclusions are based;
- (2) A description of any additional material or information that the Board may deem necessary for the claimant to perfect the claim, together with the reasons why such materials or information is necessary; and
- (3) An explanation of the right to a full hearing on the claim and the time limit in which a full hearing must be requested in writing.

D. The decision of the Board at the initial hearing shall become final if the Claimant does not request a full hearing within thirty (30) calendar days following receipt of the Board's Order on the initial hearing. The Board's Order shall be deemed received by the Claimant three (3) business days following the date it is mailed to the Claimant at the address provided to the Board by the Claimant.

### 3. FULL HEARING

A. Any Claimant may request a full hearing on the issues presented to the Board at an initial hearing and upon which the Board has entered an Order. The Claimant shall bear the burden of proof at the full hearing to show entitlement to the benefits sought.

B. A full hearing must be requested in writing by the Claimant within thirty (30) calendar days following receipt of the Board's Order. The Board's Order shall be deemed received by the Claimant three (3) business days following the date it is mailed to the Claimant at the address provided to the Board by the Claimant.

C. Upon receipt of the written request for a full hearing the Board shall set a date for the full hearing and cause notice to be given to the Claimant. The full hearing shall be held within ninety (90) calendar days following the receipt of the request from the Claimant, unless the Board determines that additional time is necessary for full discovery or adequate review.

D. Copies of all documents to be offered into evidence at the full hearing, and a complete witness list with names and addresses of witnesses expected to be called, shall be furnished to the Board at least twenty (20) days prior to the full hearing. Documents not furnished to the Board within the prescribed time limit may be excluded from evidence at the full hearing, and witnesses not disclosed within the prescribed time limit may be excluded from testimony, if a reasonable explanation is not provided for the delay in providing the documents or witnesses.

E. The Claimant, Board Legal Counsel and the City's representative may obtain discovery by deposition and/or interrogatories prior to the full hearing. Written notice of any depositions and/or interrogatories shall be provided to the Claimant or Claimant's legal counsel or representative, Board Legal Counsel and the City's representative.

F. All costs of discovery initiated by the Claimant or Claimant's legal counsel or representative, including compensation of the Claimant's witnesses, shall be borne by the Claimant.

G. Testimony may be submitted in the form of a deposition. Transcripts of depositions shall be made part of the disability pension file. Transcripts, or any portions thereof, may be read into the record by any party and may be referred to in argument.

H. The Claimant shall be responsible for the appearance of any witnesses at the hearing.

I. Irrelevant and unduly repetitious evidence may be excluded.

J. Should a Claimant decide to appeal any decision made by the Board, with respect to any matter considered at such hearing, the claimant will need a record of the proceeding and may need to assure that a verbatim record of the proceeding is made. The Claimant will be responsible for obtaining a court reporter or otherwise making a record of the proceedings before the Board.

K. Any person who knowingly gives false testimony is guilty of a misdemeanor of the first degree, punishable as provided in Section 775.082 or 775.083, Florida Statutes.

L. The File maintained by the Board, including but not limited to various medical reports therein, is part of the record before the Board at the full hearing.

M. All proceedings of the Board shall be conducted in public in accordance with Ch. 287, Fla. Stat. (Sunshine Law).

N. At the conclusion of the full hearing, the Board shall adopt a motion granting or denying the Application. A written Order setting forth the Board's findings and conclusions on the Application shall be provided to the Claimant within thirty (30) days following the hearing. The Board may extend the time for entering the Order for up to an additional forty-five (45) days if it determines such time is necessary for adequate review. The decision of the Board after a full hearing shall be final and binding, subject to judicial review.

O. Within thirty (30) days after making a decision at the full hearing, the Board shall enter a final order setting forth its findings and conclusions, and a copy of the final order shall be provided to the claimant.

P. Judicial review of decisions of the Board shall be in the manner prescribed by law.

#### 4: MISCELLANEOUS

A. Initial hearings and full hearings will be held during regular Board meetings as a part of the regular agenda, or at a special meeting as determined by the Board. No Claimant has the right to demand or receive a special appearance before the Board.

B. Applications will generally be heard in the order filed. However, in some cases a later-filed Application will be ready for hearing before an earlier-filed Application. In such a case, the

Application first ready to be heard will be heard first. The Board may limit the number of full hearings heard on any single agenda.

C. All time periods and procedures may be modified by the Board, and a hearing may be continued by order of the Board. Any modification or continuance shall be based upon good cause being shown.

D. Except as to those records which are exempt from the provisions of Chapter 119, Florida Statutes, Florida's Public Records Law, records maintained by the Board are open for inspection and/or copying during normal business hours at a reasonable cost for the copying.

**HOLLYWOOD EMPLOYEES' RETIREMENT FUND**

**DISABILITY APPLICATION CHECKLIST**

3.21.17

Your application will not be considered complete until all of the following are properly signed and submitted to the Pension Coordinator:

1. Application for Disability Retirement which shall include your name, address, employing department with the City of Hollywood, the nature, date, cause, extent and duration of your disability, and the name and address of your attending physician(s).
2. Information regarding any and all medical treatment you have received in the five (5) years preceding your disability application, including the names of all treating physicians and other health care providers. This can be a summary prepared by you or your treating physician(s)/health care providers, or a copy of your medical records from each treating physician and health care provider.
3. Physician's report completed and signed by your treating physician(s). This report must include the date of your first and most recent examination, the cause and nature of your disability, information regarding surgery and/or laboratory tests, your prognosis, an estimate of the probable length of your disability, and if the application is for duty disability benefits, a statement of maximum medical improvement.
4. Authorization for Release of Medical Record Information.

## **ITEM 6.b.**

### **RENT-A-CENTER LITIGATION DISCUSSION**

**(No Backup)**

# **ITEM 6.c.**

## **FLORIDA LEGISLATIVE UPDATE**

**(No Backup)**

## **AGENDA ITEM 7**

## **ITEM 7.a.**

### **CITY COMMISSION COMMUNICATION**



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

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**DATE:** April 20, 2017  
**TO:** Board of Trustees of the Employees' Retirement Fund  
**FROM:** Lisa Castronovo, Pension Coordinator *lee*  
**SUBJECT:** City Commission Communication

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**ISSUE:**

Regular communication with City Commissioners and other interested parties

**EXPLANATION:**

Attached is proposed City Commission Communication for the March 23, 2017 regular Board meeting.

**RECOMMENDATION:**

For review and discussion

**CITY COMMISSION COMMUNICATION**  
**from**  
**CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND'S**  
**BOARD OF TRUSTEES**  
**regarding**  
**MARCH 23, 2017 REGULAR MEETING**

**Board's Communication to City Commission**

Items Requiring City Commission Action

- Attend Board of Trustees' May 25, 2017, 9:00 AM regular meeting (in Pension Office conference room)

Items of Interest to the City Commission

- National Conference on Public Employee Retirement Systems' Annual Conference & Exhibit will be at The Diplomat Hotel on Hollywood Beach Sunday, May 21 – Wednesday, May 24, 2017. Please call Pension Coordinator Lisa Castronovo at (954) 921.3333 if you would like more information regarding the conference.

Items Submitted for City Commission Consideration

- None

**March 23, 2017 Regular Board Meeting Summary:**

Board Members present: Chair Phyllis Shaw  
Vice-Chair Jeffrey Greene  
Charles Howell  
George Keller  
Mel Standley  
Richard Templeton

Board Members absent: Chris Cassidy

Also present: Pension Coordinator Lisa Castronovo  
Attorney Glenn Thomas for Board Attorney James Linn

**Retirement Fund Investments** (Keith Reynolds, Segal Marco Advisors, investment consultant):

- A representative from Wellington Management Company, the Retirement Fund's international core equity money manager, made a presentation to the Board to address the Board's continued concern over Wellington's poor investment returns in 2016. The representative noted the primary contributors to the international equity market's poor return in 2016 were the instability in the Chinese market in early 2016, overreaction to Brexit in mid-2016, and the recovery from both in late 2016. The Board decided to keep a close eye on Wellington's performance over the next 2-3 quarters after which they would decide whether or not to retain Wellington.
- Mr. Reynolds presented the Fund's February 2017 flash performance report noting the Fund's market value on February 28, 2017 was \$311.7 million with a net rate of return of 1.67% compared to the policy return of 1.79%.

**Legal:**

- Attorney Glenn Thomas updated the Board on legal matters.

**Administrative:**

The Board:

- discussed the previously adopted funding policy and noted such policy should be shared with City management so that Retirement Fund funding can be approached in a joint effort by the Board and City

## **ITEM 7.b.**

### **FUND ADMINISTRATION TRANSITION**

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

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**DATE:** April 20, 2017  
**TO:** Board of Trustees of the Employees' Retirement Fund  
**FROM:** Lisa Castronovo, Pension Coordinator *lcc*  
**SUBJECT:** Fund Administration

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**ISSUE:**

Fund administration

**EXPLANATION:**

Continue discussions regarding the transition from City administration to independent administration of the Fund.

**RECOMMENDATION:**

Discuss/provide updates re: transition

# City of Hollywood Employee Retirement Pension

## Transition- as of March 16, 2017

### **PRIORITIES AS OF MARCH 16, 2017:**

1. Budget: City's Finance Department to assist; George to discuss with Finance Department
2. Scan files in Pension Office; Lisa to contact local companies to obtain at least 3 quotes
3. Technology: George to follow-up with IT Director Raheem Seecharan to review his February 8<sup>th</sup> discussion with Lisa
4. Internet for Pension Office; Lisa to call internet service providers to obtain quotes

### Rental/Lease/Lessee - location/amount/ownership

- Search for office space including Broward Shrine Club on Taylor Street, business office suites such as that provided by Regus, executive office space in a building on east side of Dixie Highway near Johnson Street; provide all gathered information to Lisa
- Trustee Howell to provide to Lisa information regarding available office space as reported to him by realtors he reached out to
- For information and comparison purposes, contact Sun Credit Union, Hollywood Chamber of Commerce, administrators of the Police and Fire Funds and AFSCME reps to gather information on what is paid for office space in Hollywood; unassigned

### Software/hardware requirements:

- Implementation of pension software; on hold
- IT Director Raheem Seecharan will make himself available to work with the Board regarding all electronic needs (cost, space, independent server, DRP, etc.)
- Find out what Police and Fire are using for computer system including server; unassigned

### Telephone System:

- Trustee Howell to bring back an IT idea; completed
- Lisa will ask IT about phone system including keeping the current phone number; completed

### Accounting: currently done by City. Hire accounting firm (all, some, bookkeeper)?

- Set up new Sunbiz; unassigned
  - Need to make sure it still meet tax exempt under City of Hollywood – Lisa to request federal tax ID
  - Should it be a DBA – not needed
  - Find out how Police and Fire are set up on Sunbiz and if they are legally done? Unassigned
- Bank Reconciliation – follow the process we deem Unassigned
- Payments Unassigned
- What process (i.e. Police, Fire, etc.)? Board should see all payments prior to paying; continue to follow the current review process (establish an administrative policy) Unassigned
- Budget – OMB (first budget FY 2018 / Oct 1, 2017). Lisa to request from Police & Fire administrators a copy of the Excel spreadsheet each uses for budget purposes; she will provide to each trustee via email

Signatory Authority: who/what/when/how

- Chair/Vice-Chair/Secretary (two signatures for all documents)
- Chair Shaw reported an operating account can be set up with Sun Credit Union

Payment of Vendors:

- What degree of involvement from Board? City will assist but Pension staff must take over these tasks

City's ongoing involvement:

- What level of involvement?
- RFP/RFQs – City is currently preparing RFPs for Board Attorney and Pension Coordinator

Contracts in Place: all contracts should to be in Board's name from now on

- Actuary – RFP to be done in early 2017; unassigned
- Attorney – RFP to be done in early 2017; City is preparing
- Investment Consultant – complete current investments
- Pension Coordinator - RFP to be done in early 2017; City is preparing
- Auditors – not needed for fiscal year 2016-17 as it is part of City's contract for audit services; RFP for fiscal year 2017-18 and beyond will be needed; unassigned
- Custodian – Open for discussion in early 2017; unassigned

Pension Office Staff: what is the need of the Pension Board? Independent contractor, TPA, hybrid, employees? RFP for Pension Coordinator is being prepared by City with respondent able to apply as a direct employee or contractor

## **ITEM 7.c.**

### **CITY FISCAL RETREAT PRESENTATION**



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

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**DATE:** April 20, 2017  
**TO:** Board of Trustees of the Employees' Retirement Fund  
**FROM:** Lisa Castronovo, Pension Coordinator *lc*  
**SUBJECT:** Presentation for City's Fiscal Retreat

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**ISSUE:**

Board presentation for City's Fiscal Retreat

**EXPLANATION:**

The City held its annual Fiscal Retreat on Thursday, April 6, 2017. Attached is the PowerPoint presentation made by Chair Shaw, Trustee Howell and Board Actuary Jeffrey Amrose.

**RECOMMENDATION:**

For your information

# City of Hollywood Employees' Retirement Fund (General Pension Board)

City Commission Retreat

April 6, 2017

# General Employees' Pension Board

## TRUSTEES

Phyllis Shaw, Chair

Jeffrey Greene, Vice-Chair

Chris Cassidy

Charles Howell

George Keller

Mel Standley

Richard Templeton

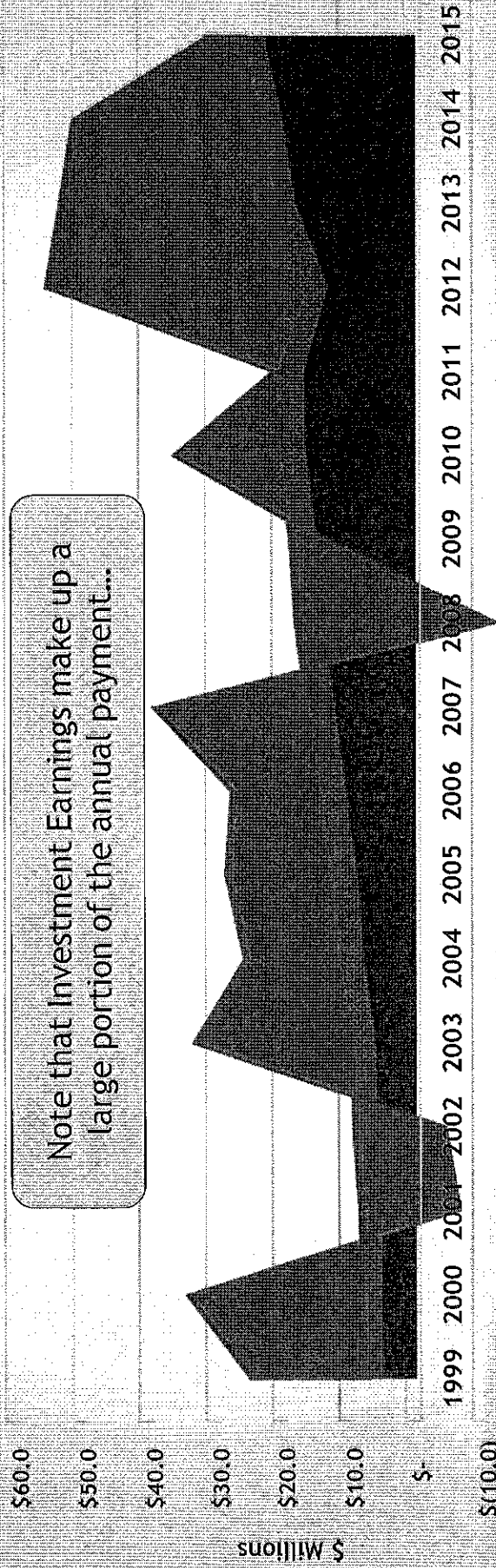
## Board Affiliates

Lisa Castronovo - Pension Coordinator

Jeff Amrose, GRS Consulting - Actuary

Jim Linn, Lewis Longman & Walker -  
Board Attorney

# Who Pays the Funding?

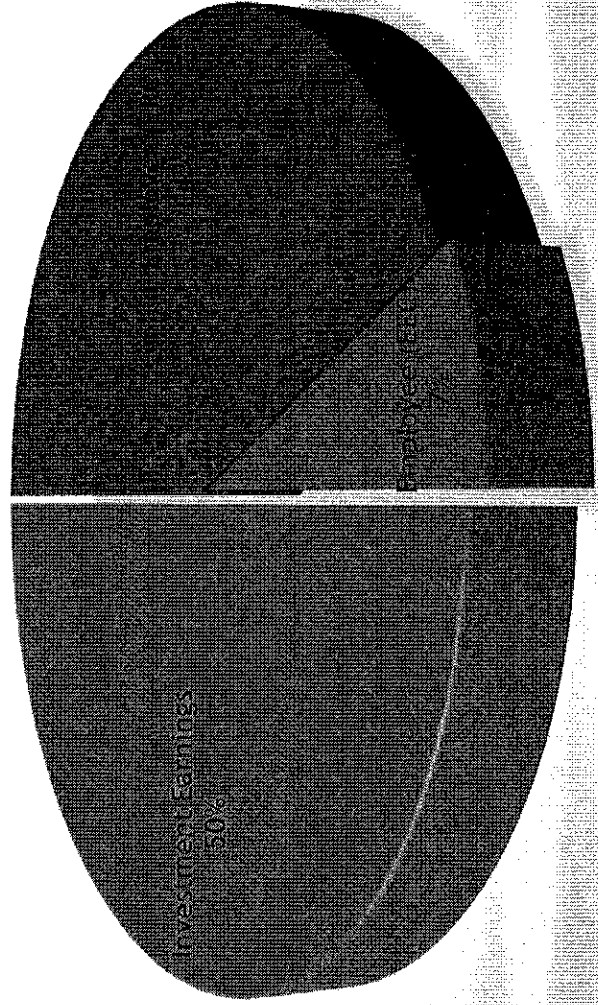


	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Investment Earnings	\$17.1	\$26.3	\$14.4	\$(13.1)	\$23.6	\$13.6	\$15.4	\$12.9	\$23.2	\$(29.5)	\$(4.4)	\$15.7	\$0.1	\$38.8	\$31.9	\$28.1	\$5.1
Employee Contributions (EEC)	\$1.8	\$2.1	\$2.6	\$2.7	\$2.8	\$3.4	\$3.5	\$3.4	\$3.4	\$3.4	\$3.2	\$3.5	\$3.7	\$2.7	\$2.6	\$2.7	\$2.6
Employer Contributions (ERC)	\$5.1	\$5.3	\$5.1	\$5.9	\$6.2	\$7.8	\$8.8	\$10.6	\$12.1	\$13.8	\$14.7	\$16.4	\$16.7	\$13.1	\$17.9	\$19.8	\$22.5

■ Employer Contributions (ERC) ■ Employee Contributions (EEC) ■ Investment Earnings

# \*Funding Sources

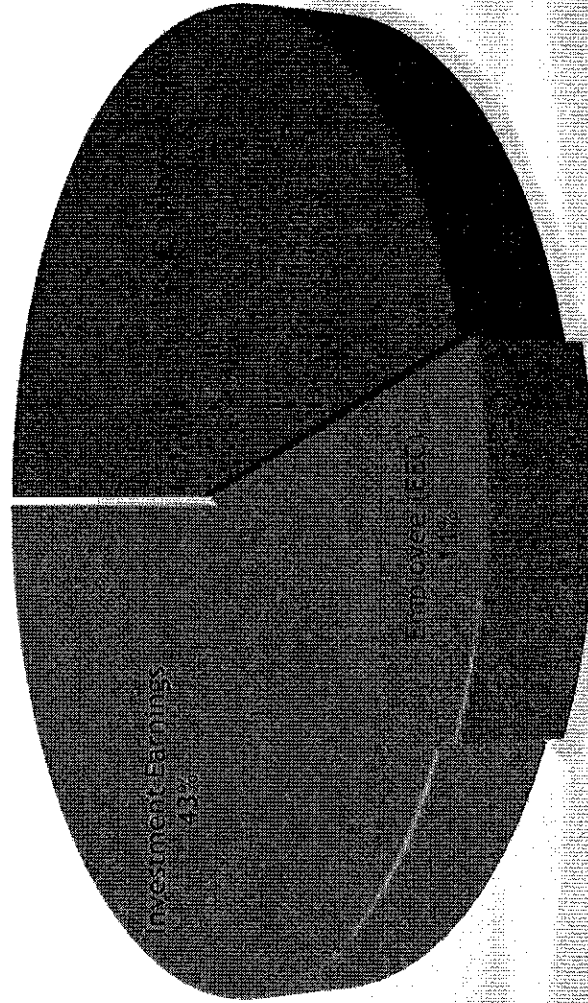
(Average FY 2011-2015)



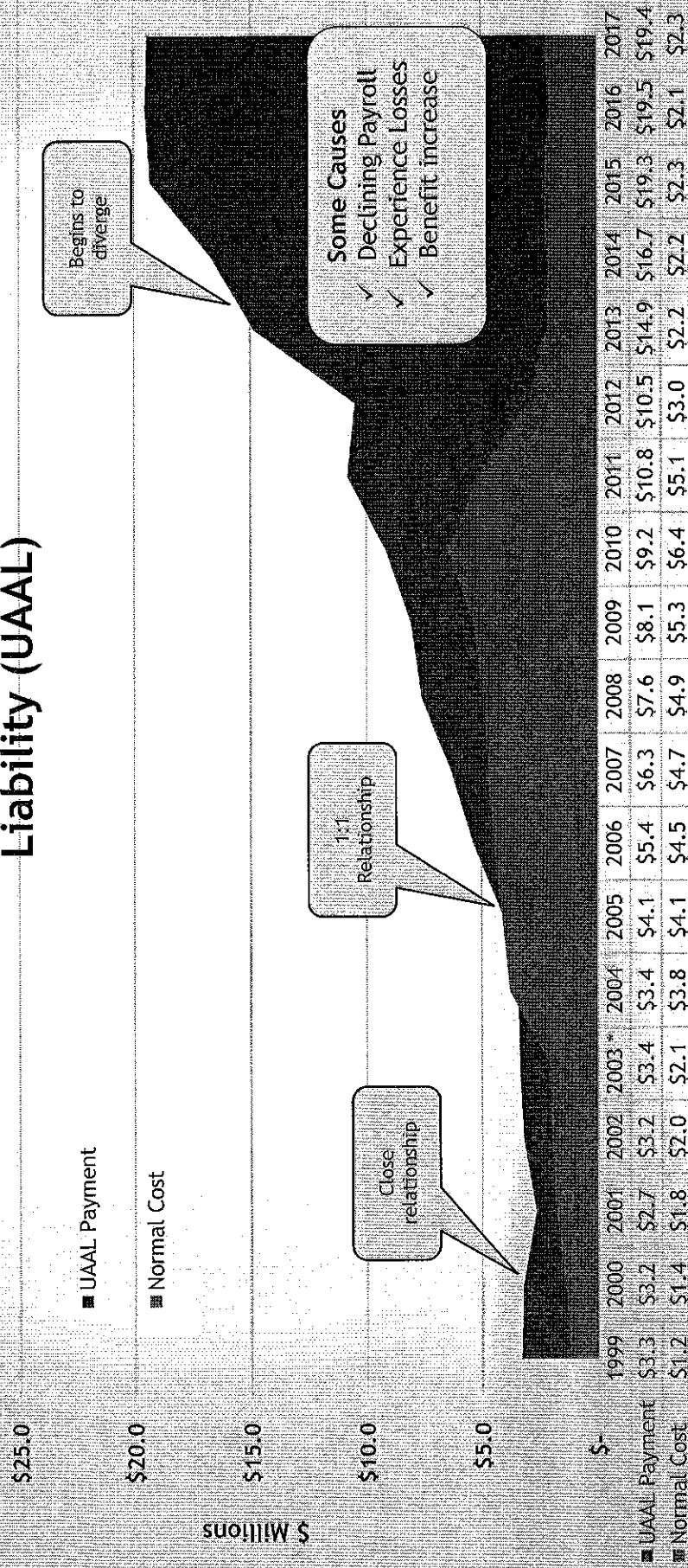


# \*Funding Sources

(Average FY 1999-2015)



# Relationship of Normal Cost to Unfunded Actuarial Accrued Liability (UAAL)



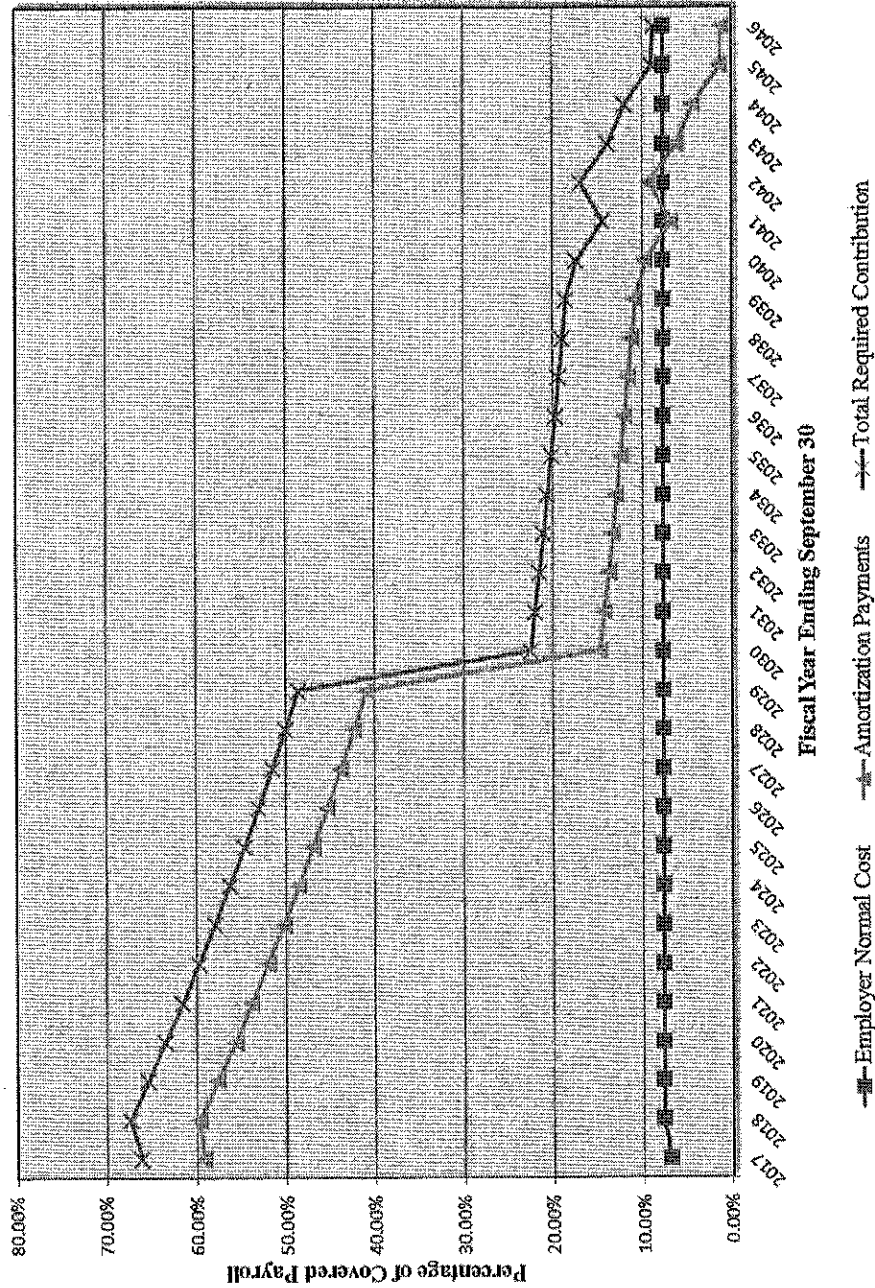
# Future City Contribution

ESTIMATED REQUIRED CITY CONTRIBUTION FOR FYE 2018 (\$ millions)	
Required Contribution for FYE 9/30/2017 (From 10/1/2015 Valuation)	\$23.4
Estimated impact of lowering investment return assumption from 7.8% to 7.7%	\$0.3 to \$0.4
Estimated impact of mandated mortality assumption change	\$1.5 to \$1.7
Estimated increase in Normal Cost due to increase in covered payroll	\$0.08 to \$0.1
Estimated impact of asset gains	\$(0.5) to \$(0.6)
<b>Estimated Required Contribution for FYE 9/30/2018</b>	<b>\$24.7 to \$25.1 *</b>

\* Does not reflect any liability gains or losses for the FYE 2016



# Estimated Projected Future Required City Contributions\*



\* These figures are rough estimates and do not reflect plan experience for FYE 2016, lowering of the investment return assumption below 7.7%, new entrants benefiting under the tier 2 structure, recognition of prior unrecognized investment gains or any future actuarial gains or losses.

Funded Ratio History			
Valuation Date	Funded Ratio	Valuation Date	Funded Ratio
10/1/1991	96.4%	10/1/2004	69.9%
10/1/1992	98.0%	10/1/2005	67.2%
10/1/1993	92.3%	10/1/2006	64.3%
10/1/1994	68.8%	10/1/2007	65.4%
10/1/1995	74.7%	10/1/2008	63.7%
10/1/1996	79.0%	10/1/2009	59.6%
10/1/1997	82.8%	10/1/2010	63.8%
10/1/1998	83.9%	10/1/2011	59.6%
10/1/1999	82.1%	10/1/2012	56.2%
10/1/2000	82.5%	10/1/2013	53.7%
10/1/2002	77.0%	10/1/2014	55.6%
10/1/2003	75.3%	10/1/2015	58.1%

#### Sources of Decline in Funded Ratio

- Average annual investment return was 2.5% for 10 year period ending 9/30/2010**
  - This was roughly 5.5% short of the average assumed investment return each year during this period
  - If the assumption was met each of these years there would have been about an extra \$11 million per year assuming an average asset value of \$200 million per year
  - This would be an extra \$110 million in assets without interest which would translate into a funded ratio over 80%
- Strengthening of actuarial assumptions**
  - New mandated mortality table will be reflected in the October 1, 2016 Valuation Report
  - The investment return assumption was lowered gradually from 8.3% in 2008 to 7.8% in 2016 and will continue to decrease by 0.1% each until a rate of 7.5% is attained
- Changes in Plan Provisions**
  - ERIP which was offered in 1994 significantly increased the liability

ERIP - Early Retirement Incentive Program

# UAAL as a Percentage of Payroll

- The UAAL as a Percentage of Payroll is a risk measure that is related to the size of the UAAL and the maturity of the Plan
  - Was about 15% in 1991
  - Is over 550% in 2015
- The Retirement Fund is very mature
  - About 80% of the Accrued Liability is generated by inactive members
- The UAAL has increased significantly
  - The reasons are the same as to why the funded ratio has declined

# Funding Policy

- The Board adopted a Funding Policy last year
  - Adoption of a Funding Policy is considered best practice by the GFOA
- The Funding Policy guides and documents the way the Plan is funded
  - It provides rules regarding the assumptions and methods used to determine the funding requirements
- It would be best if the Board and City review the Funding Policy and make decisions together



# Funding Alternatives

- Assumed Investment Rate of Return
  - The investment return assumption is being lowered 0.10% per year from 8.0% to 7.5%. This process started in 2014 and will end in 2018.
- Shorten the amortization period on the UAAL
  - Lowering the maximum amortization period from 30 to 20 years will increase the required contribution by \$0.8 million
  - Lowering the maximum amortization period from 30 to 25 years will increase the required contribution by \$0.2 million
- Issue a Pension Obligation Bond to pay off part or all of the UAAL
  - This can be done over a period of several years to avoid market timing

# Challenges Faced

<p><u>Leadership Changes</u></p> <ul style="list-style-type: none"> <li>- City Managers</li> <li>- City Commissioners</li> <li>- Union Leaders</li> <li>- Board Members</li> </ul>	<p><u>Effects of Change</u></p> <ul style="list-style-type: none"> <li>- Cost of Change</li> <li>- Who's affected?</li> <li>- Good for the Fund &amp; Members</li> </ul>
<p><u>Negotiating</u></p> <ul style="list-style-type: none"> <li>- Who negotiates?</li> <li>- Pension Boards</li> <li>- Union Executive Boards</li> <li>- City Staff</li> </ul>	<p><u>Dealing with the Unexpected</u></p> <ul style="list-style-type: none"> <li>- Legislative Changes</li> <li>- Funding Methods</li> <li>- Timing</li> </ul>

# Wrap Up and Take Away

- Partnership and Collaboration
  - Important for Board and City to work together
- Communication
  - Keep lines open and continuous
- Education
  - National Conference on Public Employee Retirement Systems (NCPERS)
  - Florida Public Pension Trust Association (FPPTA)
  - International Foundation of Employee Benefit Plans (IFEBP)

## **ITEM 7.d.**

**BOARD ATTORNEY &  
PENSION ADMINISTRATOR  
RFP UPDATE**



**NO BACKUP  
FOR THIS SECTION**

## **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**

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**DATE:** April 20, 2017  
**TO:** Board of Trustees of the Employees' Retirement Fund  
**FROM:** Lisa Castronovo, Pension Coordinator *lec*  
**SUBJECT:** Pension Coordinator Report

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**ISSUE:**

Items of interest from the Pension Coordinator

**EXPLANATION:**

- 1) FPPTA's 2017 Annual Conference will be held at the Omni Orlando Resort at ChampionsGate in Orlando, Sunday, June 25 – Wednesday, June 28, 2017. Since the host hotel sells out very quickly, I have already made hotel reservations for each trustee. I have not, however, registered anyone for the conference. Therefore, if you have not already, please let me know if you plan to attend the conference so that I can register you accordingly.
- 2) I would like to send the attached letter and affidavit to all retirees to confirm they are alive and thus entitled to continue to receive benefits. NOTE: the cost for this mailing will be approximately \$750. With Board approval, I will proceed with the mailing.

**RECOMMENDATION:**

For your information

April 27, 2017

Dear City of Hollywood Employees' Retirement Fund Retiree:

As part of our review and audit of the City of Hollywood Employees' Retirement Fund ("Fund"), we are sending the enclosed Affidavit to all retirees to assure each retiree receiving a monthly benefit from the Fund is alive and thus entitled to continue receiving monthly benefits.

At your earliest convenience, but no later than May 31, 2017, complete, sign, have notarized and return the Affidavit to the Pension Office in the enclosed, self-addressed envelope. NOTE: failure to return the Affidavit in a timely manner could result in the stoppage of your monthly check.

Sincerely,

Lisa Castronovo, CEBS, CPPT  
Pension Coordinator

Enclosure



# CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND

## AFFIDAVIT

By my signature below, I hereby affirm that I am alive and entitled to receive benefits from the City of Hollywood Employees' Retirement Fund ("Fund").

Name \_\_\_\_\_ S.S. # \_\_\_\_\_  
(Please Print)

Address \_\_\_\_\_  
(Street)

\_\_\_\_\_  
(City)

\_\_\_\_\_  
(State)

\_\_\_\_\_  
(Zip code)

\_\_\_\_\_  
Affiant Signature

\_\_\_\_\_  
Date

-----  
State of \_\_\_\_\_ County of \_\_\_\_\_

Before me this day, personally appeared \_\_\_\_\_, who deposes that he/she is the same who signed this affidavit under the City of Hollywood Employees' Retirement Fund, and that the statements made are true.

Witness my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

(Seal)

\_\_\_\_\_  
Notary Public

## **AGENDA ITEM 11**

**NO BACKUP  
FOR THIS SECTION**