

**MINUTES
REGULAR PENSION BOARD MEETING
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND
THURSDAY, JANUARY 22, 2015**

1. CALL TO ORDER

Chair Shaw called the meeting to order at 10:08 a.m.

2. ROLL CALL AND PLEDGE OF ALLEGIANCE

Board Members present: Chair Phyllis Shaw, Vice-Chair Jeffrey Greene (arrived at 10:11 a.m.), Mr. Ralph Dierks, Ms. Raquel Elejabarrieta, Mr. Matthew Lalla, Mr. Daniel Matlow (arrived at 10:11 a.m.) and Mr. Richard Templeton. Also present: Pension Coordinator, Lisa Castronovo; Board Secretary, Tammie Hechler; and Board Attorney, James Linn.

3. CONSENT AGENDA

- a. December 18, 2014 Regular Meeting Minutes
- b. January 8, 2015 Special Meeting Minutes
- c. Ratification of Distributions (Contributions and DROP) and Plan Expenses
- d. Approval/Ratification of New Retirement/DROP/Vested/Death Annuities

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

4. TREASURER'S REPORT (Matthew Lalla)

Mr. Lalla reported an increase in the Fund's assets of \$12.52 million/4.3% net of disbursements from \$290.58 million on October 1, 2014 to approximately \$303.098 million on January 20, 2015.

MOTION made by Vice-Chair Greene, seconded by Mr. Dierks, to approve the Treasurer's Report. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

5. INVESTMENT ISSUES (Keith Reynolds)

- a. International Small Cap Equity Money Manager Presentations
 - 1) Lord, Abbett & Co. LLC – Todd Jacobson and Frank Paone
 - 2) Brandes Investment Partners, LP – Mark Costa and Grant Duncan

Discussion ensued as to which international small cap equity money manager to select, Lord, Abbett or Brandes Investment Partners.

MOTION made by Vice-Chair Greene, seconded by Mr. Dierks, to hire Brandes Investment Partners, LP as international small cap equity money manager. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

b. Flash Performance Review

Mr. Reynolds reported that the Fund's value was \$303 million on December 31, 2014. Based on the assets at the end of 2014 and performance of the fund to date in 2015, Mr. Reynolds recommended transferring \$10 million instead of the previously discussed \$12 million from large cap passive equity manager Northern Trust to be evenly distributed between fixed income managers Neuberger Berman and Baird Advisors.

c. Source and amount of funding for 2015 monthly retirement benefit payments

Mr. Reynolds noted that the monthly retirement benefit disbursements had increased approximately \$160,000.00 per month from one year ago and thus recommended increasing the amount transferred on a monthly basis from Neuberger Berman and Baird Advisors to the cash account from \$1.8 million to \$1.95 million (\$975,000 from each).

MOTION made by Vice-Chair Greene, seconded by Mr. Lalla to accept the increase of \$150,000.00 per month - \$975,000.00 from Neuberger Berman and \$975,000.00 from Baird Advisors - to the cash account to cover monthly benefit disbursements. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

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

Mr. Reynolds provided an updated draft of the Investment Policy Statement for the Board to review and provide feedback at the next meeting. Mr. Reynolds also provided a handout of the Manager Specific Guidelines to move Baird Advisors from Core to Core Plus.

MOTION made by Mr. Templeton, seconded by Vice-Chair Greene to accept the updated Manager Specific Guidelines for Baird Advisors. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

Mr. Reynolds presented a revised draft of the 2015 Meeting Schedule and Work Plan. Mr. Reynolds changed the investment manager lineup and added trustee education.

6. **LEGAL ISSUES (James Linn)**

a. Update/discussion on Supplemental Benefit ("13th Check")

Mr. Linn advised that when the revised October 1, 2013 actuarial valuation report was presented to the Board in November 2014, the Board discussed the prefunding of the supplemental pension distribution for future years starting October 1, 2014, but did not discuss funding the one-time payment for fiscal year end September 30, 2012. Further, the Board accepted the report. The report included funding for the one-time payment of supplemental pension distribution for fiscal year ending September 30, 2012 even though the Board had previously decided not to pay that supplemental pension distribution until the City approved the funding for the benefit.

Mr. Linn stated the City had not yet responded to the Board's request to bring the issue of the funding of the supplemental pension distribution for fiscal year ending September 30, 2012 before the City Commission. Deputy City Attorney Alan Fallik advised he had no input regarding getting the matter before the City Commission but that he would relay the Board's message/concern regarding the matter. Chair Shaw and Vice-Chair Greene strongly urged that the City respond one way or the other and Mr. Templeton added that the City Commission was doing the Board and the Fund members a disservice by not responding.

MOTION made by Mr. Lalla, seconded by Vice-Chair Greene, for the Board to move to act in compliance with Florida State Statute 112 with respect to the supplemental pension distribution for fiscal year end September 30, 2012. In a Roll Call vote of the members present, **Motion** passed 4-3 (Chair Shaw, Mr. Dierks and Mr. Templeton voted in opposition).

Public comment was heard from: Ronald Bolton

MOTION by Vice-Chair Greene to approve the Summary Plan Descriptions (SPD's). **Motion** died due to lack of a second.

There followed discussion regarding the SPD's. Upon request, Mr. Linn opined that the SPD's met all legal requirements.

MOTION by Mr. Lalla, seconded by Ms. Elejabarrieta, to approve and accept the Summary Plan Descriptions. In a voice vote by the members present, **Motion** passed 5-2 (Mr. Dierks and Mr. Templeton voted in opposition).

Mr. Linn requested clarification of the Trustee Comments stated at the January 8, 2015 Board meeting regarding the request that his office review and modify all documents pertaining to the Fund to ensure they were all in agreement. Mr. Templeton explained that he wanted all the documents relating to the Fund to be consistent in the terms and language used.

7. ADMINISTRATIVE ISSUES

- a. GASB No. 68 discussion/authorization
Ms. Castronovo provided a copy of a letter she received from Gabriel, Roeder, Smith and Company regarding GASB No. 68 and requested direction from the Board. Chair Shaw instructed Ms. Castronovo to send the letter to the Finance Department since GASB No. 68 was a City requirement.
- b. Discussion regarding By-laws and Operating Procedures
Ms. Castronovo and the Board Trustees will review and respond with suggested changes to the By-Laws on or before February 15, 2015.

Mr. Linn summarized his memorandum to the Board addressing concerns raised of possible conflicts of interest regarding various Board members serving on the Board. Mr. Linn stated that the conflict of interest for Ms. Elejabarrieta, Director of Risk Management, serving on the Board was a very fact-specific type of conflict that would have to be addressed on a case-by-case basis when disability applications came before the Board.

8. PUBLIC COMMENTS

Public comment was heard from: Christopher Cassidy, 4621 Hollywood Boulevard, Hollywood, FL

9. TRUSTEE REPORTS, QUESTIONS AND COMMENTS

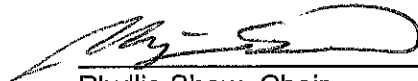
Trustee comments were made by Vice-Chair Greene, Mr. Matlow, Mr. Templeton, and Chair Shaw.

10. PENSION COORDINATOR'S REPORT (Lisa Castronovo)

Ms. Castronovo noted that the Fund's newsletter was mailed to the Fund's retirees in a joint mailing with the Retirees' Association's newsletter.

11. ADJOURNMENT

MOTION made by Vice-Chair Greene, seconded by Mr. Lalla, to adjourn the meeting. In a voice vote by the members present, **Motion** passed 7-0. Meeting adjourned at 1:01 p.m.



Phyllis Shaw, Chair

26 February 2015
Date