

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

1. CALL TO ORDER

Chair Shaw called the meeting to order at 10:50 a.m.

2. ROLL CALL AND PLEDGE OF ALLEGIANCE

Board Members present: Chair Phyllis Shaw, Vice-Chair Jeffrey Greene, Ralph Dierks, Raquel Elejabarrieta, George Keller, Daniel Matlow and Richard Templeton. Also present: Pension Coordinator, Lisa Castronovo; Board Secretary, Tammie Hechler; Board Treasurer, Matthew Lalla; and Board Attorney, James Linn.

3. CONSENT AGENDA

- a. September 24, 2015 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 Ms. Elejabarrieta, to approve Consent Agenda Items 3.a-c. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

4. TREASURER'S REPORT (Matthew Lalla)

Mr. Lalla reported a decrease in the Fund's assets of \$3.8 million/1.26% (net of disbursements) from \$300.4 million on October 2, 2015 to \$296.7 million on October 16, 2015.

5. INVESTMENT ISSUES (Keith Reynolds)

- b. Flash Performance Review (item taken out of order)

Mr. Reynolds reported the Fund's value was \$275.0 million on September 30, 2015 which did not include the \$20 million City contribution made the first of October. Mr. Reynolds noted that although the market was down overall in September, the Fund's managers, particularly smid-cap manager TSW, international equity managers Wellington Management, and Brandes Investment Partners, and most significantly the two real estate managers, Morgan Stanley and Principal Global Investors, outperformed their respective indices. Based on preliminary numbers, the Fund's rate of return for the fiscal year ended September 30, 2015 was approximately 2.0% which beat the benchmark by 200 basis points.

- a. Morgan Stanley (Bennett Weaver)

Mr. Bennett Weaver, Executive Director with Morgan Stanley and Head of Operations of Prime Property Fund, presented a summary report to the Board (report made part of these Minutes). Mr. Weaver emphasized that Morgan Stanley real estate investors: 1) are domestic investors primarily investing in apartments, office space, retail and industrial sites in U.S. cities "open 24 hours a day", 2) manage \$35 billion in real estate assets, 3) since 1974 have returned 10% or more in 24 of the 40 years, and 4) have out-performed their benchmark each year for the past ten (10) years.

6. LEGAL ISSUES (James Linn)

Chair Shaw thanked Mr. Linn for working with the City to get its Gift Policy revised to allow City employees to accept meals and small incidentals when attending conferences.

Mr. Linn reported he had not made any headway drafting revisions to the City Ordinance regarding the Board's request to enable the Board to hire and pay its own service providers. Mr. Linn stated he would most likely have something for the Board to review at its November meeting.

Mr. Linn reported that the disability application for Ifatunbi Adefunmi was in process. Chair Shaw requested that all discussions regarding all disability applications include the Director of Human Resources.

7. ADMINISTRATIVE ISSUES

a. City's Gift Policy

Ms. Castronovo stated that the City revised its policy to allow City employees to accept gifts under specific conditions on a case-by-case basis. When asked, Ms. Hechler noted that all requests for requests for exception to the City's "no acceptance of gift" policy would have to be in writing to the Human Resources department which the Pension Coordinator could do as a blanket request for all City employees attending an event.

b. Retirement Fund Custodian

Ms. Castronovo reported the City's agreement with Wells Fargo as the custodian of the Fund expired December 31, 2015 and that she had provided to the City's procurement department a draft of an RFP to request custodial services. When asked, Ms. Castronovo stated the City Manager, if asked, can extend the current agreement with Wells Fargo for ninety (90) days after December 31, 2015 while the RFP was in process.

MOTION made by Vice-Chair Greene, seconded by Mr. Templeton, to request the City Manager to extend the Custodial Agreement with Wells Fargo, N.A. for ninety (90) days while the RFP process proceeds. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

c. Additional Securities Litigation Monitoring Firms

Ms. Castronovo reported that the Retirement Fund was currently represented by four securities litigation monitoring law firms - Grant & Eisenhofer, Kaplan Fox & Kilsheimer, Labaton Sucharow, and Motley Rice. Ms. Castronovo continued that she as well as some of the trustees has been approached by representatives of other securities litigation monitoring firms, specifically Saxena White and Scott & Scott asking to sign representation agreements with the Board. Ms. Castronovo reminded the Board that the Fund does not pay for securities litigation monitoring services as the representative law firm is paid from settlement proceeds. A brief discussion ensued.

MOTION made by Mr. Templeton, seconded by Mr. Dierks, to enter into securities litigation monitoring agreements with law firms Saxena White and Scott & Scott. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

- d. City Contribution for Fiscal Year October 1, 2015 – September 30, 2016
Ms. Castronovo reported that the City contributed \$20,167,849 to the Retirement Fund at the beginning of October for fiscal year October 1, 2015 – September 30, 2016. Ms. Castronovo noted that per the October 1, 2014 Actuarial Valuation report, the required contribution for FYE September 30, 2016 is \$23,250,833 making the City contribution made at the first of the month approximately \$3 million short when compared with the actuarially required contribution. Ms. Castronovo continued that the City based its contribution on a September 10, 2015 letter and September 30, 2015 email from Jeff Amrose, Gabriel, Roeder Smith & Company that stated if the prefunding of the Supplemental Pension Distribution (“SPD”) and the payment of the SPD for fiscal year ending September 30, 2013 were not reflected in the calculation of required contribution, then the City contribution was \$20,167,849.
- e. 2016 Board Meeting Schedule
Ms. Castronovo requested Board input regarding the proposed 2016 Board meeting schedule. Vice-Chair Greene suggested cutting back on the number of regular meetings. Mr. Templeton suggested starting each meeting earlier in the day (i.e. 9:00 a.m. instead of 10:00 a.m.). Mr. Keller noted it would be nice to not have a meeting in the summer when the City Commission was on hiatus. Mr. Dierks and Mr. Matlow noted that due to the many issues the Board and Fund faced, the Board should continue to meet monthly. Ms. Castronovo polled the Trustees to determine if there was a general consensus regarding the start time of each meeting. The Trustees were agreeable with a 9:00 a.m. start time.

MOTION made by Mr. Keller, seconded by Mr. Templeton, to start all 2016 regular Board meetings at 9:00 a.m. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

MOTION made by Vice-Chair Greene, seconded by Mr. Keller, to remove the July 2016 meeting from the 2016 schedule with the caveat that it will be added back to the schedule if the need arises. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

Ms. Castronovo stated that registration for the 2016 International Foundation Employee Benefit Plan annual conference would open in a few weeks. Ms. Castronovo asked that any trustee interested in attending let her know so that she could register them as early as possible to ensure they received the hotel they requested.

8. **PUBLIC COMMENTS**

There were no public comments.

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

Mr. Templeton requested Ms. Elejabarrieta and Mr. Keller to ask City officials to designate 2-4 parking spaces for pension office use only. Both stated they would look into it.

Chair Shaw reported on a meeting she had with SEI, a group that provides discretionary asset management and investment outsourcing solutions for institutional clients. SEI specialized in advisory services, active asset management, custodial services, plan modeling and investment consulting.

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

Ms. Castronovo had nothing to report.

11. **ADJOURNMENT**

MOTION made by Vice-Chair Greene, seconded by Mr. Keller, to adjourn the meeting. In a voice vote by the members present, **Motion** passed 7-0. Meeting adjourned at 12:10 p.m.



Phyllis Shaw, Chair

11/19/15

Date