

**MINUTES**  
**REGULAR PENSION BOARD MEETING**  
**CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND**  
**THURSDAY, FEBRUARY 25, 2016**

**1. CALL TO ORDER**

Vice-Chair Greene called the meeting to order at 9:00 a.m.

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

Board Members present: Chair Phyllis Shaw (arrived at 9:38 a.m.), Vice-Chair Jeffrey Greene, Ralph Dierks, Raquel Elejabarrieta, George Keller (arrived at 9:24 a.m.), Daniel Matlow (arrived at 9:53 a.m.) and Richard Templeton. Also present: Pension Coordinator, Lisa Castronovo; Board Secretary, Tammie Hechler; Board Treasurer, Matthew Lalla; and Attorney Glenn Thomas for Board Attorney James Linn (Lewis, Longman & Walker).

**3. CONSENT AGENDA**

- a. January 28, 2016 Regular Meeting Minutes
- b. February 18, 2016 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 Item 3.a. (Vice-Chair Greene requested an explanation be added to Item 5.b. regarding the reason he did not vote.) In a voice vote by the members present, all members voted in favor. **Motion** passed 4-0.

**MOTION** made by Mr. Dierks, seconded by Ms. Elejabarrieta, to approve Consent Agenda Items 3.b-d. In a voice vote by the members present, all members voted in favor. **Motion** passed 4-0.

**6. LEGAL ISSUES (Glenn Thomas) – Taken out of order**

- b. Ordinance Amendment Update  
Mr. Thomas reported the Ordinance Amendment was forwarded to the City's legal department.
- a. Litigation Update  
Mr. Thomas reported he had reached out to someone at the law firm regarding the Board's concerns and was waiting for a call back.

Per the Board's request, Mr. Reynolds addressed the potential securities litigation case presented by Saxena White regarding Apollo Education. Mr. Reynolds advised the problem was that Apollo Education was sold for less than its average price over the prior 12-month period. Money manager Thompson Siegel & Walmsley did not think the price at which Apollo was sold was a bad price. Mr. Templeton stated he felt the Board's concern was whether there was a cover-up on Apollo's part that caused its price to drop. Discussion followed.

**MOTION** made by Mr. Templeton, seconded by Mr. Dierks, to follow the advice of the attorney and become a participant in the lawsuit regarding Apollo Education. In a voice vote by the members present, all members voted in favor. **Motion** passed 5-0.

**4. TREASURER'S REPORT (Matthew Lalla) – Taken out of order**

Mr. Lalla reported a decrease in the Fund's assets of \$13.1 million/4.36% (net of disbursements) from \$300.44 million on October 2, 2015 to \$287.34 million on February 22, 2016.

**5. INVESTMENT ISSUES (Keith Reynolds, Segal Rogerscasey)**

**b. December 31, 2015 Quarterly Performance Review – Taken out of order**

Mr. Reynolds reported the Fund's rate of return for the quarter ended December 31, 2015 was 3.34% which was 30<sup>th</sup> in comparison to its peer group. Both real estate money managers did very well with double digit returns for the 2015 calendar year.

**c. Flash Performance Review**

Mr. Reynolds's reported the Fund's market value on January 31, 2016 was \$285.6 million with a rate of return of -3.11% compared to the benchmark of -3.18%. Mr. Reynolds noted the equity markets performed poorly in January due to dropping oil prices, slowing growth in China and a general global slowdown. Mr. Reynolds reported the overall target allocations looked good and the real estate allocation (13.3%) would be closer to its target (10.0%) by March 31, 2016 when \$2.5 million from Morgan Stanley would be sold and transferred to another asset class. The fiscal year-to-date return was very flat due to very poor returns in January 2016.

**d. Investment Policy Review**

Mr. Reynolds reviewed the changes he had made to the "Statement of Overall Investment Objectives and Policy" (copy made a part of these Minutes). The main changes were to target allocations and the addition of benchmarks, investments and guidelines for private equity and global infrastructure.

When Mr. Templeton stated that ERISA did not apply to the Fund (referring to the last paragraph on page 1 talking about ERISA), Mr. Thomas suggested adding a reference to FL Statutes Chapter 112.

**a. Neuberger Berman Presentation (William Wallace & John Buser) – Taken out of order**

Mr. Reynolds introduced Mr. Wallace and Mr. Buser from Neuberger Berman who in turn discussed their report (Report made part of these minutes) on private equity investment opportunities and specifically an investment in Neuberger Berman's Crossroads Fund XXI. Mr. Wallace discussed the benefits of investing in private equity funds with Neuberger Berman including Neuberger's broad investment style, geographic and strategy range, their deep team of investors and experienced leadership in the private equity market industry. Mr. Buser provided an overview of Neuberger Berman's Crossroads Fund XXI, noting specifically the Fund's target size of \$650 million, its commitments to date (15 closed and 6 pending totaling \$121.7 million), its asset classes, strategies and geographies.

Discussion ensued regarding a Fund investment in Neuberger Berman's Crossroads Fund XXI.

**MOTION** by Mr. Matlow, seconded by Mr. Templeton, based on Segal Rogerscasey's recommendation, to approve Neuberger Berman as the private equity money manager with a \$20 million investment commitment. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

**7. ADMINISTRATIVE ISSUES – Taken out of order**

There was a discussion regarding the Request for Proposal (RFP) for a Retirement Fund custodian, specifically when to meet to review the responses and whether a subcommittee should be assigned to review them. Mr. Templeton stated all seven trustees should review the responses.

a. Trustee Education

Chair Shaw said she felt each new Board Member should be required to attend FPPTA's Trustees School Basic Education course. Mr. Templeton stated that, in his opinion, no one should serve as a Board trustee until after they obtained basic trustee education in advance of being elected or appointed to the Board and thus the Board should sponsor or offer a class for persons interested in becoming a trustee. Chair Shaw agreed with Mr. Templeton and added that she would like to see the City Commissioners educated in the basics of retirement plans. Mr. Keller agreed with Chair Shaw. Mr. Matlow felt a trustee candidate should be given the opportunity to take the educational trustee classes which would in turn be an advantage for appointment to the Board by the City Commission versus a candidate who did not take advantage of attending the educational classes. Chair Shaw stated all of the Boards on which she served required some basic background education prior to being accepted on the board and this Board should be no different.

Chair Shaw stated she would like to see a Fund newsletter mailed out more often than once a year in order to keep interested parties up-to-date on various items regarding the Retirement Fund. Mr. Templeton agreed, but would like to hire someone to prepare the newsletter since the Pension Coordinator most likely did not have the time to dedicate to a more often published newsletter.

**8. PUBLIC COMMENTS**

Public comments were heard from: Ronald Bolton - 1150 NW 71 Avenue, Plantation, FL; Robert Strauss, Vice President - AFSCME Local 2432, 2734 Hollywood Boulevard, Hollywood, FL

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

Vice-Chair Greene, Chair Shaw and Messrs. Keller and Templeton thanked Mr. Dierks for his service, integrity and dedication to the Fund and its members. Mr. Dierks expressed his appreciation to the Board.

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

Ms. Castronovo reviewed various items of her February 22, 2016 memorandum to the Board (memo made part of these minutes). Specific discussion items: 1) regarding responses to the RFP for Retirement Fund custodian, a date will be set at the March 17, 2016 Board meeting at which time the Board will review and rate the respondents; and 2) Ms. Castronovo will contact Wells Fargo regarding their offer to reduce their annual fees by approximately \$20,000 beginning.

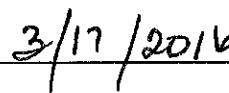
In regards to the two (2) disability applications she had, Ms. Castronovo reported she also had the names of physicians to which the applicants could be sent. The Board agreed that Ms. Castronovo should work with Ms. Hechler to compile a list of the top three (3) physicians for each specialty who were interested and able to work with the Board on disability cases.

Vice-Chair Greene presented Mr. Dierks a plaque in gratitude for his years of service on the Board.

**11. ADJOURNMENT**

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

  
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Phyllis Shaw, Chair

  
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Date