

**MINUTES  
REGULAR PENSION BOARD MEETING  
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND  
THURSDAY, MARCH 19, 2015**

**1. CALL TO ORDER**

Chair Shaw called the meeting to order at 10:07 a.m.

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

Board Members present: Chair Phyllis Shaw, Vice-Chair Jeffrey Greene (arrived at 10:17 a.m.), Mr. Ralph Dierks, Ms. Raquel Elejabarrieta, Mr. Matthew Lalla, Mr. Daniel Matlow (arrived at 10:17 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. February 26, 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. Dierks, seconded by Mr. Templeton, 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 (Matthew Lalla)**

Mr. Lalla reported an increase in the Fund's assets of \$15.01 million/5.2% net of disbursements from \$290.58 million on October 1, 2014 to approximately \$305.59 million on March 18, 2015.

**MOTION** made by Mr. Dierks, seconded by Ms. Elejabarrieta, to approve the Treasurer's Report. The Board collectively agreed a motion was not needed since the report was for informational purposes only. **Motion** withdrawn.

**5. INVESTMENT ISSUES (Keith Reynolds)**

a. Flash Performance Review

Mr. Reynolds reported that the Fund's value was \$305.5 million on February 28, 2015. Mr. Reynolds reported that SMID cap equity manager Thompson Siegel & Walmsley performed very well in February as did international equity manager Wellington. Mr. Reynolds continued that while SMID cap equity manager Frontier underperformed its benchmark it was still the top performer for the Fund for the month. Mr. Reynolds stated he was impressed with real estate managers Principal and Morgan Stanley as they were consistently posting returns higher than their respective benchmarks.

b. Segal Rogerscasey 2015 Investment Outlook

Mr. Reynolds reviewed Segal Rogerscasey's investment outlook for 2015 (Report made part of these Minutes).

**MOTION** made by Mr. Templeton, seconded by Mr. Lalla, for Segal Rogerscasey to present their review of alternative investments at the Board's April 23, 2015 regular meeting and move the annual presentations by fixed income managers Neuberger Berman and Baird to the May 28, 2015 Board meeting. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

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

a. IRS Determination Letter Update

Mr. Linn provided a memorandum (made a part of these Minutes) regarding the filing made with the IRS requesting a favorable determination letter for the Retirement Fund. Discussion ensued regarding incorporating the "zero floor" for DROP earnings in the Ordinance and whether such incorporation was required or not in order to receive a favorable determination letter. When asked what direction Mr. Linn was seeking from the Board regarding his memorandum and the amendment needed to meet the IRS's requirements for favorable approval, Chair Shaw stated that Mr. Linn provided his memorandum as an FYI and since Mr. Linn submitted the plan for IRS approval upon the City's direction, not the Board, he only needed direction from the City now as to how to move forward.

b. Review of March 2, 2015 City Commission Workshop on Pension Issues

Mr. Linn reported that Mr. Lalla and others made a presentation to the City Commission on March 2, 2015 about the funded status and other pension concerns regarding the City's three retirement funds. Mr. Linn noted the City Commission requested 1) feedback from each Fund's actuary, and 2) a follow up workshop at which the actuaries for each retirement fund would be present to answer questions and address concerns raised at the March 2, 2015 workshop.

**MOTION** made by Mr. Templeton, seconded by Mr. Matlow, to request the City to provide a copy of an agenda and backup information prior to the next City Commission workshop. **MOTION** withdrawn.

Vice-Chair Greene asked Mr. Lalla to expand on his suggestion at the Workshop about removing all management and executives from the Retirement Fund. Mr. Lalla responded that the suggestion came from Vice Mayor Biederman. Mr. Lalla added that any changes to the Retirement Fund would require Plan membership vote.

**7. ADMINISTRATIVE ISSUES**

Mr. Templeton requested Ms. Elejabarrieta as Director of Risk Management to ask the Board's insurance provider to make a presentation to the Board regarding the Board's fiduciary liability insurance policy and the Board's bond coverage.

Chair Shaw requested that a policy be established requiring attendance records be submitted by the attending Trustee after each educational conference/seminar. Vice Chair Greene suggested that verification of attendance be submitted before an attendee gets reimbursed for their travel expenses.

**8. PUBLIC COMMENTS**

Public comment was heard from: Robert Strauss – 2638 Jackson Street, Hollywood, FL

Troy Porter (21760 NW 8<sup>th</sup> Place, Pembroke Pines, FL) deferred his comment time to Robert Strauss.

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

Vice-Chair Greene inquired the Board meeting backup material could be provided to interested parties in advance of the Board meetings. Mr. Linn responded that yes it could be, with a few exceptions (specific information for disability applicants and information presented for lawsuits).

Ms. Elejabarrieta asked if there was anything prohibiting the Pension Coordinator from being in charge of the purchasing of fiduciary liability insurance. Mr. Linn responded that he was not aware of anything in the Plan prohibiting the Board from being in charge of purchasing the liability insurance but there was a Plan provision requiring the City to bear the cost of the insurance. Mr. Templeton suggested that if the Board wished to increase the insurance coverage from \$1 million and was unsuccessful in getting such increase from the current carrier that it could seek more coverage from an excess limits carrier, like Lloyds of London. Mr. Lalla suggested that a letter be sent to the City requested increased liability coverage.

Mr. Dierks reported he submitted a rough draft of the RFP for the Pension Coordinator position to the Pension Coordinator for formatting. Mr. Dierks cautioned that the RFP included language from prior RFP's and thus needed thorough review before being finalized.

Chair Shaw stated her concern regarding the fact that the current bond limit was too low.

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

Ms. Castronovo requested clarification regarding what information she should copy the Board when responding to an individual Trustee's request for information. The Board collectively agreed that Ms. Castronovo should copy all Trustees with any and all information provided in response to an individual Trustee's request.

Ms. Castronovo reported on her conversation Keith Brinkman, Florida Department of Management Services, Division of Retirement, regarding filing of the October 1, 2013 Actuarial Valuation Report with his department. Mr. Brinkman advised that the Board-approved report should be filed as soon as possible along with the explanation that the City had not approved the funding as detailed in the Report. Mr. Brinkman added that if the City did not fund the Retirement Fund as detailed in the submitted October 1, 2013 Actuarial Valuation Report, it would not be in violation of State requirements until after September 30, 2015 (the fiscal year end to which the Report applies). Mr. Brinkman continued that the Report could be revised and resubmitted at any point in time to reflect the funding the City approves.

**MOTION** made by Ms. Elejabarrieta, seconded by Vice-Chair Greene, to direct GRS to revise the October 1, 2013 Actuarial Valuation Report to exclude funding for supplemental pension distribution for fiscal year ended September 30, 2012.

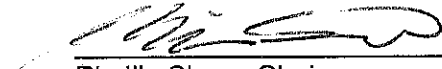
Mr. Lalla noted the Board already had a Motion approved at its January 22, 2015 meeting to comply with Chapter 112 of the Florida State Statutes with respect to the supplemental pension distribution for fiscal year end September 30, 2012. Mr. Lalla stated his opinion that the January motion would exclude the supplemental pension distribution for fiscal year end September 30, 2013 from the actuarial valuation. Mr. Linn responded that the problem is the Board approved a report that included such funding.

Public comment was heard from Troy Porter.

In a voice vote by the members present, **Motion** passed 4-3 (Chair Shaw, Mr. Dierks and Mr. Templeton voted in opposition).

11. **ADJOURNMENT**

**MOTION** made by Vice-Chair Greene, seconded by Mr. Matlow, to adjourn the meeting. In a voice vote by the members present, **Motion** passed 7-0. Meeting adjourned at 12:35 p.m.

  
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Phyllis Shaw, Chair

4/23/15  
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Date