

**MINUTES
REGULAR PENSION BOARD MEETING
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND
THURSDAY, APRIL 28, 2016**

1. CALL TO ORDER

Chair Shaw called the meeting to order at 9:06 a.m.

2. ROLL CALL AND PLEDGE OF ALLEGIANCE

Board Members present: Chair Phyllis Shaw, Vice-Chair Jeffrey Greene, Christopher Cassidy, George Keller (arrived at 9:21 a.m.), Daniel Matlow (arrived at 9:07 a.m.) and Richard Templeton. Board member absent: Raquel Elejabarrieta. Also present: Pension Coordinator Lisa Castronovo; Board Secretary Tammie Hechler; and Board Attorney James Linn (Lewis, Longman & Walker).

3. CONSENT AGENDA

- a. February 25, 2016 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 Vice-Chair Greene, seconded by Mr. Templeton, to approve Consent Agenda Items 3.a-c. In a voice vote by the members present, **Motion** passed 4-0.

4. TREASURER'S REPORT

Item taken out of order

Interim Board Treasurer Mirtha Dziedzic reported that due to reporting delays from one real estate manager, she did not have an official Treasurer's Report to present. Ms. Dziedzic noted, however, that the Fund's assets had decreased from \$300.4 million on October 2, 2015 to \$292.9 million on April 25 2016, a decrease of 2.48%.

5. INVESTMENT ISSUES (Keith Reynolds, Segal Rogerscasey)

- b. IFM Investors Presentation

Item taken out of order

Mr. Reynolds introduced Hillary Ripley and May Soh from IFM Investors who specialize in global infrastructure investing.

Ms. Ripley and Ms. Soh discussed in general the concept of global infrastructure investing and specifically how IFM invests in infrastructure. Ms. Ripley explained that IFM specializes in core infrastructure investing (toll roads, energy pipelines) and currently only invest in North American and Europe. Ms. Soh emphasized that IFM's returns have historically been very stable with no large ups or downs and that IFM only invests in countries in which they, as investors, are very comfortable and which are not susceptible to take-over. Ms. Ripley noted that it typically takes 12-18 months for an investor to become invested with IFM but when the capital call is made it will be for the entire commitment.

Mr. Reynolds noted Segal Rogerscasey felt IFM Investors was a good fit for the Fund and was very comfortable recommending the Fund invest with them. Mr. Reynolds noted: 1) global infrastructure funds were more liquid than other alternative investment funds, 2) money can be pulled quarterly from global

infrastructure if needed, 3) IFM had been involved in global infrastructure investing for over 20 years, 4) there were no legal or regulatory issues associated with the investment, 5) the Board should not expect super high returns (or, conversely, super low returns) but rather a steady stream of income, and 6) IFM's fees were very competitive compared to other global infrastructure investors. Mr. Reynolds concluded by recommending the Fund invest \$10 million with IFM Investors with funding coming from US equity investments.

MOTION made by Vice-Chair Greene, seconded by Mr. Keller, based on Segal Rogerscasey's recommendation, to approve IFM Investors as the global infrastructure money manager with a \$10 million investment commitment.

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

In a voice vote by the members present, **Motion** passed 5-1 (Chris Cassidy opposed).

a. Flash Performance Review

Item taken out of order

Mr. Reynolds's reported the Fund's market value on March 31, 2016 was \$293.2 million with an estimated quarterly rate of return of 1.68% compared to the benchmark of 1.39%. Mr. Reynolds noted that a strong second half of the quarter made up for the very poor first half of the quarter. Mr. Reynolds noted how mid-cap growth manager Frontier Capital and small cap international manager Brandes significantly outperformed their respective benchmarks (7.10% vs. 1.05% and 9.33% vs. 6.16%, respectively).

Chair Shaw stated it was time for the Board to take a closer look at the performance of the Fund's fixed income managers, Baird and Neuberger Berman, with special attention directly at Neuberger Berman given their relative poor performance over the last several quarters.

6. LEGAL ISSUES (James Linn)

Item taken out of order

Mr. Linn reported that the 17th Judicial Circuit Court ordered an abatement of the City of Hollywood vs. the Board of Trustees of the Employees' Retirement Fund, et al. case regarding payment of supplemental pension distributions.

At their special meeting on April 13, 2016, the Board decided to recommend to the City that the City sign a new contract for Fund custodial services with Wells Fargo as soon as possible. Mr. Linn reported his understanding that the City's legal department recommended holding off on presenting the resolution to the City Commission since the proposed ordinance giving the Board more administrative powers would likely be adopted by the Commission on second reading at its May 18, 2016 meeting after which the Board could sign the contract with Wells Fargo.

7. ADMINISTRATIVE ISSUES

a. City Commission Communication

Item taken out of order

Chair Shaw shared with the Board a sample communication she had from the City of Fort Lauderdale General Employees' Retirement System that she would like the Board to start doing for the City Commission and other interested parties.

MOTION made by Mr. Templeton, seconded by Mr. Keller, to send regular communications in the form of an executive summary of the meeting minutes to the City Commissioners, City Manager, and Assistant City Managers. In a voice vote by the members present, **Motion** passed 6-0.

b. Fund Administration, Preplanning

Item taken out of order

Chair Shaw stated the Board needed to start preparing for the transition from the City making many of the Fund's administrative decision to the Board making such decisions. Discussion ensued. The Board collectively requested Ms. Castronovo put together a list of administrative items that need to be done on a regular basis. Mr. Matlow suggested that City staff who do work for the Fund prepare a list of things they specifically do. Mr. Templeton suggested the Board schedule a workshop for the Board to sit down and start discussing. Ms. Castronovo will coordinate accordingly.

c. Travel Policy

Item taken out of order

Mr. Keller briefed the Board on the City's situation in which they were faced with a \$20 million shortfall in their 2016-17 budget. Mr. Keller stated that due to the situation, the City was urging the cessation of travel by all City employees. Mr. Keller did not know if the same request would be made of members of the City's various boards.

Chair Shaw stated she would like to see all Fund invoices approved in advance of payment rather than after the fact. Chair Shaw presented a sample Approval of Payment form for Board consideration. There was Board consensus that advance approval of payments would be preferable.

MOTION made by Vice-Chair Greene, seconded by Mr. Keller, for the Chair (or Vice-Chair should the Chair be unavailable) to assist in approving in advance the payment of all invoices effective immediately. In a voice vote by the members present, **Motion** passed 6-0.

8. PUBLIC COMMENTS

There were no public comments.

9. TRUSTEE REPORTS, QUESTIONS AND COMMENTS

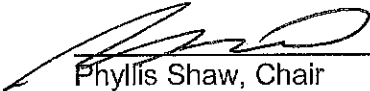
Mr. Keller reported the City had included in its 2016-17 fiscal year budget monies to fund an excess benefit plan for the retirees adversely affected by IRS Section 415. Mr. Keller added that to date, even with the reported shortfall in the City's 2016-17 budget, the monies were expected to be contributed.

10. PENSION COORDINATOR'S REPORT (Lisa Castronovo)

Ms. Castronovo reviewed various items of her April 21, 2016 memorandum to the Board (memo made part of these Minutes). Specific discussion items Ms. Castronovo addressed: 1) an election date of May 17, 2016 had been established for a vote on the two proposed ordinances passed by the City Commission on first reading on April 20, 2016; 2) securities litigation firm Saxena White notified her that after further investigation and review of public information they did not believe it would benefit the Fund to pursue litigation against Apollo Education Group; and 3) to let her know if anyone wanted to attend the annual FPPTA conference in late June 2016 in Orlando, FL.

11. ADJOURNMENT

MOTION made by Mr. Matlow, seconded by Mr. Keller, to adjourn the meeting. In a voice vote by the members present, **Motion** passed 7-0. Meeting adjourned at 12:27 p.m.



Phyllis Shaw, Chair

Date 5/26/2016