

**MINUTES
REGULAR PENSION BOARD MEETING
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND
THURSDAY, MAY 26, 2016**

1. CALL TO ORDER

Chair Shaw called the meeting to order at 9:07 a.m.

2. ROLL CALL AND PLEDGE OF ALLEGIANCE

Board Members present: Chair Phyllis Shaw, Vice-Chair Jeffrey Greene, Chris Cassidy, Raquel Elejabarrieta, George Keller (arrived at 9:25 a.m.), and Richard Templeton. Dan Matlow was absent. Also present: Pension Coordinator Lisa Castronovo, Tami Thornton for Board Secretary Tammie Hechler, and Glenn Thomas (via telephone) for Board Attorney James Linn (Lewis, Longman & Walker).

3. CONSENT AGENDA

- a. April 13, 2016 Special Meeting Minutes
- b. April 28, 2016 Regular Meeting Minutes
- c. May 10, 2016 Special Meeting Minutes
- d. Excuse Trustee Elejabarrieta from April 28, 2016 Regular Board Meeting
- e. Excuse Trustee Matlow from May 10, 2016 Special Board Meeting
- f. Ratification of Distributions (Contributions and DROP) and Plan Expenses
- g. 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 - g. In a voice vote by the members present, all members voted in favor. **Motion** passed 5-0.

4. TREASURER'S REPORT – Taken out of order

Ms. Dziedzic reported the Fund's assets decreased \$1.1 million from \$2.93 million to \$291.9 million on March 31, 2016. It was noted the reduction in balance was due to disbursements. Investment return was up 4.97% from October 2, 2015.

5. INVESTMENT ISSUES (Keith Reynolds, Segal Rogerscasey)

- a. Baird Advisors Presentation (Charles Groeschell and Jeffrey Simmons)
Report made part of these Minutes

Mr. Groeschell stated that Baird's investors sought consistent quarter in/quarter out as well as year in/year out returns and they looked at securities from the bottom up with the major emphasis on the quality of the investment. Mr. Groeschell continued that the Fund benefited from its investment with Baird because of Baird's long-term relationships focusing on clients and direct communication, their experienced management team, their total focus on fixed income management, and their culture and resources as key to future success.

- b. Neuberger Berman Presentation (Mike Foster & William Wallace)
Report made part of these Minutes

Mr. Murphy noted that the Neuberger portfolio was structured to be very conservative with principal preservation and assets available for liquidity on an ongoing basis. Mr. Murphy emphasized the stability and viability of Neuberger Berman through the years. Mr. Murphy explained that when lower quality investments outperform higher quality investments, the higher quality portfolio will underperform thus explaining why the Fund's Neuberger Berman investment had been slightly underperforming the benchmark for the past few quarters.

The Board requested Mr. Reynolds to present material and information at the August 2016 regular Board meeting about changing/updating the Fund's fixed income investments.

- c. March 31, 2016 Quarterly Performance Review
Report made part of these Minutes

Mr. Reynolds reported the performance for the quarter ended March 31, 2016 was good considering how poorly the quarter started. Mr. Reynolds noted the Fund ranked 9th among 254 other similar sized funds for the quarter end March 31, 2016, 9th for fiscal year to date (October 1, 2015 – March 31, 2016), and 1st for the full year April 1, 2015 – March 31, 2016. Mr. Reynolds added the changes made to the Fund over the last three years had proven very beneficial to the Fund.

(Chair Shaw handed the gavel to Mr. Templeton at 10:12 a.m. and took it back at 10:15 a.m.)

- d. Flash Performance Review

Mr. Reynolds reported that the Fund's market value was \$293 on April 30, 2016. The various sector allocations were very close to their respective target allocations. Mr. Reynolds continued by noting that monies would be pulled from domestic equity in the future as needed to fund the new alternative investments in HarbourVest's Dover Street IX, Neuberger Berman's Crossroads XXI, and IFM's global infrastructure fund. Mr. Reynolds recommended transferring in the immediate at least \$3 million from Northern Trust to the cash account to cover upcoming distributions as well as the first capital call for Neuberger Berman's Crossroads XXI. Mr. Reynolds added that on June 30, 2016, \$2.5 million would come into the cash account from real estate manager Morgan Stanley and such money should stay in that account to cover additional distributions coming payable in July and August.

MOTION made by Mr. Templeton, seconded by Mr. Keller, to transfer \$5 million from Northern Trust to the cash account immediately. In a voice vote by the members present, all members voted in favor. **Motion** passed 6-0.

MOTION made by Mr. Templeton, seconded by Ms. Elejabarrieta, to leave the \$2.5 million from Morgan Stanley in the cash account once it was deposited. In a voice vote by the members present, all members voted in favor. **Motion** passed 6-0.

Mr. Reynolds noted that due to the increase in the dollar amount of the monthly retirement benefits paid it was necessary to increase the monthly deposits coming from Baird Advisors and Neuberger Berman. Mr. Reynolds concluded with his recommendation to hold off changing the transfer amount until after his fixed income educational presentation to the Board in August.

6. LEGAL ISSUES (Glenn Thomas)

Mr. Thomas had nothing to report.

7. ADMINISTRATIVE ISSUES

a. City Commission Communication

At its April 28, 2016 meeting, the Board agreed to send regular communications to the City Commission, City Manager and Assistant City Managers. Ms. Castronovo provided the Board with a City Commission Communication for their discussion and review. Board discussion followed.

b. Fund Administration, Preplanning – continued discussion

Ms. Castronovo summarized her May 19, 2016 memorandum to the Board regarding preparations for self-administration of the Fund and highlighted the items she felt needed immediate attention: 1) selection of a Board secretary; 2) the need to review/revise contracts with Board attorney, Board actuary, and Board investment consultant to transfer contract from service provider and City to service provider and Board of Trustees; 3) adopt an authorization form for payment of Fund expenses; and 4) communication to the City's Department of Finances that effective immediately all Fund expenses were to be paid from the Fund, not the City's general expense fund.

The Board collectively agreed to table the selection of a Board secretary until the June meeting when all Board members could be present.

Chair Shaw suggested the Board establish a budget for fiscal year 2016/17 as a trial in advance of the requirement to establish a budget for fiscal year 2017/18. Mr. Templeton suggested that Finance provide information on the Fund's expenditures for the past year. Chair Shaw said she wanted to hold a special meeting or workshop in July 2016 to begin work on the Fund becoming independent of the City. Chair Shaw emphasized the importance of all Board members to take the time to complete their assigned duties regarding the Fund self-administration before the special meeting/workshop in July.

Chair Shaw thanked Ms. Elejabarrieta for her service on the Board. Mr. Keller also expressed his appreciation to Ms. Elejabarrieta for her service to the Board and City. Vice-Chair Greene also thanked Ms. Elejabarrieta for her time and service.

8. PUBLIC COMMENTS

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

9. TRUSTEE REPORTS, QUESTIONS AND COMMENTS

Mr. Keller stated the City was working hard, in spite of the budget shortfall for fiscal year 2016/17, to move forward with implementing an excess benefit plan to provide benefits to those retirees adversely affected by IRC Section 415. Mr. Keller recommended that each of the City's retirement funds have a seat at the City's budget workshops so the City would have a better understanding of the decisions made by the respective Boards and to be more prepared for the overall impact and ramification of such decisions.

Chair Shaw emphasized the need for the Board members to work together to move forward with what they started and had approved: being self-sufficient and independent of the City.

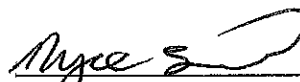
10. PENSION COORDINATOR'S REPORT (Lisa Castronovo)

Ms. Castronovo stated she paid for the dinner provided at the Board's special meeting as she was previously told the Fund could not pay for food. Vice-Chair Greene said he felt the Trustees should each pay for themselves rather than have the Fund pay. Mr. Keller stated the City most likely would not have a problem paying for food provided at meal times during special meetings/workshops as this was standard practice for City meetings/workshops.

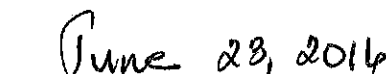
Ms. Castronovo provided information on office space becoming available at the Chamber of Commerce July 1, 2016 to which the Board could consider moving the Pension Office. Mr. Templeton said he thought it was premature to discuss moving the Pension Office since decisions regarding the Pension Coordinator's contract and the current lease situation should be discussed first. The Board decided to hold off on looking for office space.

11. ADJOURNMENT

MOTION made by Ms. Elejabarrieta, seconded by Mr. Keller, to adjourn the meeting. In a voice vote by the members present, **Motion** passed 6-0. Meeting adjourned at 11:24 a.m.



Phyllis Shaw, Chair



Date