

**MINUTES  
REGULAR PENSION BOARD MEETING  
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND  
THURSDAY, MAY 28, 2015 at 10:00 AM**

**1. CALL TO ORDER**

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

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

Board Members present: Chair Phyllis Shaw, Vice-Chair Jeffrey Greene (arrived at 10:20 a.m.), Mr. Ralph Dierks, Ms. Raquel Elejabarrieta, Mr. Matthew Lalla (departed at 12:55 p.m.), Mr. Daniel Matlow (arrived at 10:20 a.m.) and Mr. Richard Templeton. Also present: Board Secretary, Tammie Hechler; and Board Attorney, James Linn.

**3. CONSENT AGENDA**

- a. April 23, 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 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 5-0.

**4. TREASURER'S REPORT (Matthew Lalla)**

Mr. Lalla reported an increase in the Fund's assets of \$9.7 million/3.4% net of disbursements from \$290.6 million on October 1, 2014 to approximately \$300.32 million on May 26, 2015. Investment returns through the month of March was 5.46%. The Board accepted the Treasurer's Report as read.

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

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

Mr. Groeschell emphasized that Baird was generally optimistic about growth even though it was likely going to be slow growth with fairly benign inflation. The Baird fixed income portfolio was structured around risk control and thus focused on other things to add value. The Baird portfolio was very diversified with liquidity available and had no derivatives, leveraged assets or high beta/emerging market debt. Mr. Groeschell noted that Baird was performing within the Fund's stated guidelines and that the added flexibility the Board granted was resulting in slightly higher yields.

- b. Neuberger Berman Presentation (Ciaran Murphy & Mike Foster)  
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.

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

c. Performance Report for Quarter End March 31, 2015

Mr. Reynolds stated the equity market was very strong in the first calendar quarter of 2015. The Russell 3000 index was up 1.8% for the quarter and 12.4% for the 12 months ended March 31, 2015. In the first quarter of 2015, international equities started performing better than US equities with the trend expected to continue in 2015. Mr. Reynolds noted that Segal Rogerscasey expected US equity markets to have high single digit rates of return for the remainder of 2015.

d. Flash Performance Review

Mr. Reynolds reported the Fund's value at \$303 million on April 30, 2015. The total Fund was up about 60 basis points, total fiscal year to date up about 6.7% gross, 6.4% net which was well ahead of the policy index. Mr. Reynolds noted the initial \$5 million funding of international small-cap equity manager Brandes made on May 1, 2015 with additional funding to be made over the next few months. Mr. Reynolds noted that international equity manager Wellington was the top performer for the seven-month period ended April 30, 2015 with a rate of return close to 8.6%.

Mr. Reynolds stated the Board might want to consider changing the current fixed income allocation of 50/50 between Baird Advisors and Neuberger Berman to one with more weight in Baird. Mr. Reynolds stated he would lead a fixed income structure review discussion at the next regular Board meeting and include discussion regarding other fixed income opportunities for the purpose of adding diversification. Discussion followed regarding Neuberger Berman's performance over the past few quarters and the possibility of replacing them with a high-quality fixed income indexed fund. Mr. Reynolds concluded by stating that the Fund was performing extremely well and that the steps being taken were proactive in nature rather than reactive.

**7. ADMINISTRATIVE ISSUES - Taken out of Order (Jeffrey and Trish Amrose)**

a. Supplemental Pension Distribution for Fiscal Year End September 30, 2013

Mr. Amrose provided a summary of his May 28, 2015 letter to the Pension Coordinator regarding the calculation and payment of a Supplemental Pension Distribution ("SPD") for the fiscal year ended September 30, 2013. (A copy of the letter is made part of these Minutes.) In brief, the net market return for fiscal year end September 30, 2013 was 13.17% which exceeded the threshold of 12.5% (the 8% actuarial assumed rate of investment return plus 4.5%). Since the net market return exceeded the 12.5% threshold, an SPD equal to 0.67% of the actuarial present value of future retirement benefits for eligible retirees can be paid. The total SPD would be approximately \$1.53 million and would be payable to approximately 770 eligible retirees at roughly \$115 per each retiree's year of service.

Discussion ensued.

**MOTION** made by Mr. Dierks, seconded by Mr. Templeton, to approve payment of the SPD for the fiscal year ended September 30, 2013.

Vice-Chair Greene asked if the City would fund the SPD and if it would not, would the Fund be negatively impacted.

The meeting recessed at 12:03 p.m. and reconvened at 12:09 p.m.

Chair Shaw asked Mr. Dierks to either withdraw or amend his motion.

**AMENDED MOTION** made by Mr. Dierks, seconded by Mr. Templeton, to approve the payment of the Supplemental Pension Distribution for the fiscal year ended September 30, 2013.

When asked by Vice-Chair Greene if he was entitled to an answer to his previous question, Mr. Linn advised he was entitled and maybe the Deputy City Attorney, Alan Fallik, could answer. Mr. Linn clarified the question to be whether the City approved funding for the Plan in accordance with the October 1, 2013 Actuarial Valuation Report. Mr. Fallik advised he did not believe payment of an SPD for fiscal year end 2013 had been separately approved by the City. Mr. Fallik continued that he was only prepared to address the question generally as a legal matter.

When asked by Mr. Matlow on whether the analysis for the SPD for fiscal year end 2013 was different from the analysis for the SPD for fiscal year end 2012, Mr. Linn advised it was different and the letter from the State made a distinction between the timing of the distributions. Mr. Linn explained the State advised that SPD's could no longer be funded retroactively so the SPD for fiscal year end September 30, 2013 was different than the SPD for fiscal year end September 30, 2012. Mr. Linn continued that the letter from the State stated that in order for the SPD for fiscal year end September 30, 2012 to be paid, the City needed to approve the funding. Then, starting with the October 1, 2013 actuarial valuation, if the language in the City's Code of Ordinances regarding the SPD was not amended, the City had to pre-fund the SPD.

When asked by Vice-Chair Greene if there was a mandate that the City had to pre-fund the Retirement Fund for payment of the SPD, Mr. Linn responded that based on his understanding of Florida State Statute 112, Part VII, pension plans were to be funded on a sound actuarial basis in accordance with their respective actuarial valuations.

Mr. Templeton advised he was only interested in his fiduciary responsibility for the Retirement Fund members. When asked by Mr. Templeton if Mr. Dierks had the legal authority to make the motion that he seconded, Mr. Linn opined that he did have the legal authority. Mr. Templeton called the question.

Vice-Chair Greene inquired if he was bound to vote for the SPD regardless of the potential financial stability of the Fund and impact it could have on Fund members in the future. Mr. Linn opined 1) the funding of the Plan was not within the purview of the Board, 2) the City was supposed to fund the Plan in accordance with the actuarial valuation, and 3) it was the Board's duty to administer the Plan as best it could under the law in accordance with the Plan documents.

Chair Shaw asked for all those opposed to calling the question. Ms. Elejabarrieta and Mr. Lalla opposed.

Public comments were heard from: Ronald Bolton - 1150 NW 71 Avenue, Plantation, FL; Alan Fallik - 2600 Hollywood Blvd, Hollywood, FL; Barbara Duffy - AFSCME Local 2432 general counsel, 4621 Hollywood Blvd., Hollywood, FL

Ms. Hechler re-read the **AMENDED MOTION**. In a voice vote by the members present, **Motion** passed 4-3 (Vice-Chair Greene, Ms. Elejabarrieta and Mr. Lalla voted in opposition).

b. Baseline October 1, 2014 Actuarial Valuation Results and Experience Study Report

Mr. Amrose provided the Board with a summary of October 1, 2014 actuarial valuation and the May 2015 Experience Investigation for the five years ended September 30, 2014. (Both reports are made a part of these Minutes.) Mr. Amrose explained that the City's required contribution would increase approximately \$70,000 from \$23,277,000 for fiscal year 2014-15 to \$23,348,000 for fiscal year 2015-16.

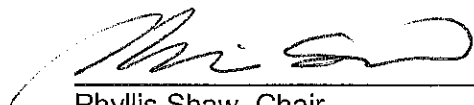
Mr. Amrose did not review the Experience Investigation, but noted that he would finalize the October 1, 2014 actuarial valuation report once the Board decided which assumption changes it would adopt from the experience study. The Board collectively agreed to hold a special meeting at which Mr. Amrose could cover in detail the results of the experience study.

**MOTION** made by Vice-Chair Greene, seconded by Mr. Matlow, to table the remainder of the meeting to a later date. In a voice vote by the members present, **Motion** passed 5-1 (Mr. Dierks voted in opposition).

A brief discussion ensued about the length of the meetings and changing the meeting start time to 9:00 a.m.

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 6-0. Meeting adjourned at 12:58 p.m.

  
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Phyllis Shaw, Chair

6/25/15  
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Date