

MINUTES
REGULAR PENSION BOARD MEETING
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND
THURSDAY, JUNE 22, 2017

1. CALL TO ORDER

Chair Shaw called the meeting to order at 9:09 a.m.

2. ROLL CALL AND PLEDGE OF ALLEGIANCE

Board Members present: Chair Phyllis Shaw, Vice-Chair Jeffrey Greene (arrived at 9:15 a.m.), Christopher Cassidy, Charles Howell and Mel Standley. Board Member absent: George Keller. Also present: Pension Coordinator Lisa Castronovo and Board Attorney James Linn (Lewis, Longman & Walker).

- a. Adoption of Agenda

MOTION made by Mr. Bolton, seconded by Mr. Cassidy, to adopt the June 22, 2017 regular Board meeting Agenda as presented. In a voice vote by the members present, all members voted in favor. **Motion** passed 5-0.

3. CONSENT AGENDA

- a. May 25, 2017 Regular Meeting Minutes
b. Excuse Chair Shaw and Trustee Keller from May 25, 2017 Regular Board Meeting
c. Ratification of Distributions (Contributions and DROP) and Plan Expenses
d. Approval/Ratification of New Retirement/DROP/Vested/Death Annuities

MOTION made by Mr. Cassidy, seconded by Mr. Bolton, to approve Consent Agenda Items 3.a.-d. In a voice vote by the members present, all members voted in favor. **Motion** passed 5-0.

4. TREASURER'S REPORT

No one was available from the City's Finance Department to present the Treasurer's Report but Ms. Castronovo directed the Board's attention to the draft May 31, 2017 provided by the Finance Department for their review.

5. INVESTMENT ISSUES (Keith Reynolds – Segal Marco Advisors)

- a. Multi-Sector Manager Interviews
Mr. Francois Otieno, Director, Fixed Income, Segal Marco Advisors joined the meeting via telephone for the Multi-Sector Lending manager interviews and follow-up discussion.

Mr. John Meyer and Ms. Andrea DiCenso presented material (made part of these Minutes) on behalf of Loomis, Sayles & Company.

Ms. Marina Mekhlis and Ms. Kathy Sutherland presented material (made part of these Minutes) on behalf of GoldenTree Asset Management.

Mr. Pete Mitchell and Mr. Jonathan Insull presented material (made part of these Minutes) on behalf of Crescent Capital Group.

Following the three presentations, the Board discussed multi-sector investing and specifically the three companies who made presentations. Mr. Reynolds noted the initial Fund investment would be approximately 3.75% of the total Fund's value, or about \$12 million. The Board asked Mr. Otieno to rank the three companies from least to most conservative. Mr. Reynolds and Mr. Otieno agreed the least conservative was GoldenTree, with Crescent Capital in the middle and Loomis Sayles the most conservative. Both Mr. Reynolds and Mr. Otieno stated they felt GoldenTree would be the best fit for the Fund considering it offered the greatest downside protection whereas Loomis Sayles and Crescent Capital provided less downside protection in favor of greater upside returns. The trustees agreed they liked GoldenTree, but were somewhat skeptical about the long-term returns since the fund offered by GoldenTree was relatively new and the fees were higher than those for Loomis Sayles and Crescent Capital. Chair Shaw and Mr. Howell asked Mr. Reynolds to contact GoldenTree to find out if they would lower their fees.

MOTION made by Vice-Chair Greene, seconded by Mr. Standley, to invest 3.75% of the Fund's total value with GoldenTree subject to fee negotiation and legal review with the funding to come from fixed income manager Baird Advisors. In a voice vote by the members present, all members voted in favor. **Motion** passed 6-0.

b. Flash Performance Review

Mr. Reynolds reported the Fund's market value was \$313.3 million on May 31, 2017 with a net rate of return of 7.0% for the current fiscal year.

Mr. Reynolds shared the results of a survey conducted by Greenwich Associates which found that Segal Marco Advisors was ranked number one out of all national large investment consultants when measured in investment consulting, manager selection, client services and commercial arrangements.

Chair Shaw asked Mr. Reynolds his opinion on how the City's three retirement plans could save money (via fee savings) by combining the plans' investments. Mr. Reynolds responded that such savings could be seen if a master trust was formed with one master custodian that covered all three plans. Such a trust would in the least lead to lower custodian fees. Discussion followed.

6. LEGAL ISSUES (Glenn Thomas for Board Attorney James Linn – Lewis, Longman & Walker)

a. 13th Check Litigation Update

Mr. Linn provided a brief update on the meeting held by City on June 16, 2017 regarding ongoing discussions with the three retirement boards regarding the 13th check issue. Mr. Linn noted that, to his knowledge, the mayor had not responded to the Board's request to be removed from the 13th check lawsuit.

Chair Shaw asked Mr. Linn to provide an update on the Pension Administrator position. Mr. Linn responded that the five-day protest period following the announcement of the award of the RFP bid to Jennifer Kerr had ended with no protests filed so a contract with Ms. Kerr could be pursued. Mr. Linn stated Ms. Castronovo's contract provided a 90-day cancellation notice but suggested that since a contract with Ms. Kerr had not yet been signed, the Board should hold off on noticing Ms. Castronovo until the contract with Ms. Kerr had been signed.

Discussion followed regarding information that had recently come to the Board's attention regarding Ms. Kerr.

MOTION made by Vice-Chair Greene, seconded by Mr. Cassidy, to reconsider the vote taken at the June 13, 2017 special Board meeting at which the Pension Administrator bid was awarded to Jennifer Kerr. In a voice vote by the members present, the Motion failed 3-3 (Mr. Bolton, Mr. Howell and Mr. Standley voted in opposition). As a result, the original Motion passed June 13, 2017 remains effective.

The Board directed Mr. Linn to move forward with performing a thorough background check on Ms. Kerr and to report back with any information he deemed important for the Board to know about before proceeding with the drafting of and negotiating a contract. When Mr. Linn asked the level of background check he should perform, Chair Shaw responded the level should be that performed for a city finance director.

7. ADMINISTRATIVE ISSUES

- a. Board Attorney RFP
No discussion
- b. City Commission Communication
Ms. Castronovo provided the Board with a draft of the City Commission Communication for the May 25, 2017 regular Board meeting. Mr. Howell suggested adding to the Communication the results of the Greenwich Associates survey regarding Segal Marco Advisors.

ACTION REQUIRED:

Ms. Castronovo – add information to the City Commission Communication about the results of the Greenwich Associates survey regarding Segal Marco.

- c. Fund Administration Transition
No discussion.
- d. Benefit Verification Communication
Ms. Castronovo provided the Trustees with a fee quote from The Berwyn Group for both a one-time decedent search and an annual fee to acquire a license to The Berwyn's Group software application that could be used as often as desired. The Board decided to not move forward with benefit verifications or the purchase of services offered by The Berwyn Group at this time but to bring back the idea in the next year or so.

8. PUBLIC COMMENTS

There were no public comments.

9. TRUSTEE REPORTS, QUESTIONS AND COMMENTS

Chair Shaw reminded the Trustees to give the Disability Application Processing and Hearing Procedures a final review and provide final comments to Mr. Linn to be incorporated in the Procedures in advance of the next regular meeting.

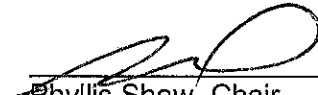
Chair Shaw asked the Trustees who are attending the IFEBP Annual Conference in Las Vegas in October to start researching plane ticket prices.

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

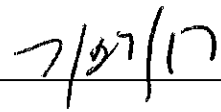
Ms. Castronovo reminded the Trustees attending the upcoming FPPTA annual conference to remember to turn in the tax-exempt information at the hotel when they checked in.

11. **ADJOURNMENT**

MOTION made by Vice-Chair Greene, seconded by Mr. Bolton, to adjourn the meeting. In a voice vote by the members present, **Motion** passed 6-0. Meeting adjourned at 2:10 p.m.



Phyllis Shaw, Chair



Date