

**MINUTES
REGULAR PENSION BOARD MEETING
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND
THURSDAY, AUGUST 25, 2016**

1. CALL TO ORDER

Vice-chair Greene called the meeting to order at 9:13 a.m.

2. ROLL CALL AND PLEDGE OF ALLEGIANCE

Board Members present: Vice-Chair Jeffrey Greene, Chris Cassidy, Charles Howell (via telephone, joined at 9:19 a.m.), George Keller, and Richard Templeton. Board members absent: Chair Phyllis Shaw and Mel Standley. Also present: Pension Coordinator Lisa Castronovo and Attorney Glenn Thomas for Board Attorney James Linn (via telephone, representing Lewis, Longman & Walker).

3. CONSENT AGENDA

- a. July 28, 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 Mr. Templeton, seconded by Mr. Keller, to approve Consent Agenda Items 3.a.-c. In a voice vote by the members present, all members voted in favor. **Motion** passed 4-0.

4. TREASURER'S REPORT (Ernest Acosta)

Mr. Acosta stated there was no Treasurer's Report since statements for two managers had not been received. Discussion ensued regarding telling Wells Fargo, the Fund custodian, the Board's need to receive all quarter-end statements as soon as possible once finalized.

6. LEGAL ISSUES (Glenn Thomas – Lewis, Longman & Walker, via telephone) – taken out of order

In accordance with Sunshine Law Section 286.0118, Mr. Thomas informed the Board of the need to hold a special, closed meeting to address litigation filed by the City against the Board on Supplemental Pension Distributions. The Board discussed the date to hold the special meeting.

MOTION made by Mr. Keller, seconded by Mr. Templeton, to hold a special Board meeting on September 8, 2016 starting at 2:00 p.m. to address litigation. In a voice vote by the members present, all members voted in favor. **Motion** passed 5-0.

5. INVESTMENT ISSUES (Keith Reynolds – Segal Rogerscasey, via telephone)

- a. June 30, 2016 Quarterly Performance Review
Report made part of these Minutes

Mr. Reynolds reported the performance for the quarter ended June 30, 2016 was in line with the index for the total quarter. Mr. Reynolds directed the Board's attention to how each manager performed as compared to their respective peers. Based on the Board's investment policy, the attempt is for each manager, and the Fund as a whole, to be in the top half of performers as compared to the

respective peer groups. Specifically, for the fiscal year-to-date (October 1, 2015 – June 30, 2016), Northern Trust's large cap indexed S&P 500 fund performed in the top quartile of its peer group. SMID cap domestic equity active manager Thompson, Seigel & Walmsley underperformed their respective index but still was in the top 30% of their peer managers. The Fund's other SMID cap domestic equity manager, Frontier Capital Management, not only significantly outperformed their respective index (7.85% vs. 3.77%) but also was in the top 20 percent of their peers. International equity manager Brandes outperformed their respective index (6.82% vs. 3.39%) and was in the top 25% of their peer group. International equity manager Wellington underperformed when compared to its index (0.44% vs. 2.19%) and did not do well when compared to their peers.

There was discussion regarding Wellington's overall performance over the three years since they were brought on as one of the Fund's international equity managers. Mr. Reynolds stated Segal Rogercasey remained confident in Wellington and was not concerned at this time with their performance especially in consideration of recent events in Europe, specifically Brexit.

Fixed income manager Baird Advisors performed well when compared to its benchmark (5.33% vs. 4.71%) and placed in the top quartile of its peers. Fixed income manager Neuberger Berman did not outperform to its benchmark (2.92% vs. 3.35%) and was ranked in the bottom 15% of its peers. Mr. Reynolds reminded the Board that Neuberger was used largely as a readily-available account from which to draw cash as needed for monthly retirement benefits. With such consideration, the Neuberger fund was returning better than if the needed funds were parked in a cash account. That being said, Mr. Reynolds reminded the Board he was bringing a fixed income review with him to the next regular meeting for the Board to review fixed income structures and strategies.

Mr. Reynolds concluded his quarterly review by noting that both real estate managers, Morgan Stanley and Principal Global Investors, continued to perform very well for the Fund.

b. Flash Performance Review

Mr. Reynolds reported that the Fund's market value was \$290.2 on July 31, 2016. The Fund's rate of return, net of fees, for the month of July 2016 was 2.85% vs. policy index of 2.71% and for the fiscal year-to-date return was 9.80% vs. policy index of 8.99%. Mr. Reynolds said he expected to see overall positive performance for the Fund for August 2016 and if the markets remained strong, the Fund would experience a very good return for fiscal year 2015-16.

7. ADMINISTRATIVE ISSUES

a. City Commission Communication

Ms. Castronovo provided the City Commission Communication memorandum for Board approval.

MOTION made by Mr. Templeton, seconded by Mr. Keller, to accept the City Communication. In a voice vote by the members present, all members voted in favor. **Motion** passed 5-0.

8. PUBLIC COMMENTS

Public comment was heard from City of Hollywood Commissioner Patricia Asseff – 2600 Hollywood Blvd., City Hall, 4th Floor, Hollywood, FL

9. TRUSTEE REPORTS, QUESTIONS AND COMMENTS

Vice-chair Greene and Trustees Keller and Templeton expressed their appreciation to Commissioner Asseff for her attendance at the Board meeting. They each addressed how the Board as a group had made strides in the past to improve the Retirement Fund and would continue to strive to do so in the future.

Mr. Templeton reported he had completed an RFP for the Pension Coordinator position and was ready to share it with the Board. Vice-chair Greene suggested holding off on the RFP until the Board decided how it wanted to handle the Pension Coordinator position – as an independent contractor hired by the Board or as an employee of the Board.

Mr. Templeton reported that he had not completed looking for new space for the pension office. Vice-chair Greene suggested using a realtor to do the initial legwork in finding acceptable office space with sufficient parking available.

Mr. Keller mentioned the City Manager's August 22, 2016 to the Board members of the City's three pension plans. The letter outlined the City Manager's request that each Board appoint one or two trustees, along with the plan's actuary and administrator, to a "pension task force" that will sit down at a series of pension workshops with City management in a joint effort to increase communication and understanding between all interested parties. Vice-chair Greene stated his desire to be one of the appointed trustees and suggested that Mr. Templeton serve as the other appointment considering the City Manager suggested that a retiree serve as one of the Board representatives.

10. PENSION COORDINATOR'S REPORT (Lisa Castronovo)

Ms. Castronovo reminded the Board about the FPPTA Fall Trustee School coming up in Bonita Springs September 25-28, 2016 and to let her know if they wished to attend. Ms. Castronovo provided information regarding Segal Rogerscaseys' upcoming annual educational summit and asked the trustees to let her know if they would like to attend

Ms. Castronovo pointed out she had provided each trustee with information received from Arthur J. Gallagher & Co. for fiduciary liability insurance and requested each Board member to review the information as a discussion of the insurance was on the agenda of the September 8, 2016 special Board meeting. Mr. Templeton stated he would like to see quotes provided by more than one broker. Vice-chair Greene pointed out that the Board agreed at their last meeting to seek quotes from only one broker since that broker would get quotes from more than one insurance company. Mr. Templeton said he would seek quotes via other brokers.

Ms. Castronovo reported that she, along with Vice-chair Greene and Trustee Keller, had met with staff of the City's Finance department to discuss the various tasks City staff did for the Retirement Fund on an on-going basis. Ms. Castronovo said she would provide specific details at the upcoming Board workshop on Fund administration.

11. **ADJOURNMENT**

MOTION made by Mr. Templeton, seconded by Mr. Cassidy, to adjourn the meeting. In a voice vote by the members present, **Motion** passed 5-0. Meeting adjourned at 10:44 a.m.



Phyllis Shaw, Chair

Date 9/22/2016