

**MINUTES
REGULAR PENSION BOARD MEETING
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND
THURSDAY, AUGUST 27, 2015**

1. CALL TO ORDER

Vice-Chair Greene called the meeting to order at 10:07 a.m.

2. ROLL CALL AND PLEDGE OF ALLEGIANCE

Board Members present: Chair Phyllis Shaw (arrived at 10:08 a.m.), Vice-Chair Jeffrey Greene (via telephone), Ralph Dierks, Raquel Elejabarrieta, George Keller, Daniel Matlow and Richard Templeton. Also present: Pension Coordinator, Lisa Castronovo, Board Secretary, Tammie Hechler; Board Treasurer, Matthew Lalla; and Board Attorney, James Linn.

3. CONSENT AGENDA

- a. July 30, 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 7-0.

4. TREASURER'S REPORT (Matthew Lalla)

Mr. Lalla reported an increase in the Fund's assets of \$3.87 million/1.3% (net of disbursements) from \$290.58 million on October 1, 2014 to \$294.45 million as of August 24, 2015. The Board accepted the Treasurer's Report as read.

5. INVESTMENT ISSUES (Keith Reynolds) – Taken out of order

- a. Wellington Trust Company (Thomas Egan and Matthew McKenna)
Handout made part of these minutes.

Mr. McKenna emphasized international equity money manager Wellington Trust Company 1) had a strong culture of collaboration among its very stable team of investors, 2) was a bottom-up, fundamental international equity manager who concentrated on stock selection over sector and region selection, 3) looked for mispriced or under-appreciated capital and/or investments in companies with proven sustainable returns, 4) looked to avoid investing in companies and sectors performing poorly, 5) designed its portfolio to do well in both up and down markets, and 6) specifically for the Fund, had outperformed the benchmark by 870 basis points for the one-year period ended July 31, 2015.

- b. Performance Report for Quarter End June 30, 2015
Report made part of these Minutes.

Mr. Reynolds stated the assets were \$296.6 million on June 30, 2015. The Fund performed in the top quartile for the quarter ended June 30, 2015, the last year, and the last three (3) and five (5) years when compared to other public plans with assets less than \$500 million and similar equity allocations.

c. Flash Performance Review

Mr. Reynolds reported the Fund's value was \$297.0 million on July 31, 2015. Mr. Reynolds noted as of August 1, 2015, international small cap equity manager Brandes was fully funded per the allocation the Board approved earlier in the year. Mr. Reynolds noted 2015 had to date been very volatile with China likely to continue being volatile for the remainder of the year. With that noted, Segal Rogerscasey still held their belief that international equity investments would continue to be strong performers for the Fund's portfolio. Mr. Reynolds concluded that small-mid cap equity manager Frontier Capital, while posting impressive numbers over the two years since inception, was substantially behind the benchmark for the month ended July 31, 2015 due primarily to the fact that equity value managers in general performed significantly worse than equity growth managers (i.e. Thompson, Siegel and Walmsley).

Mr. Reynolds concluded the flash report review by noting that the Fund's rate of return so far for the fiscal year to date was 6.93%, net of fees, versus the policy index of 5.58%

d. Liquidity Analysis Overview

Handout made part of these minutes.

Mr. Reynolds stated the primary purpose to perform a Liquidity Analysis was to determine analytically, rather than emotionally, the Fund's capacity to invest in alternatives. The reason such an analysis was important was due to the fact that alternative investments are generally less liquid than investments in standard equities and fixed income. Therefore, the Fund's need for cash in future years needs to be determined in advance of investing in alternatives so the Fund does not investment too much in alternatives. Mr. Reynolds continued that Segal Rogerscasey, as the one preparing the Liquidity Analysis, would work closely with the Fund's actuary to gather pertinent information regarding expected cash flows – both in and out of the Fund - over the next 10-20 years.

Discussion ensued. Mr. Templeton stated he was hesitant to invest any Fund monies in alternatives since there were no guarantees that the City would continue to contribute their employer contributions to the Fund and if they ceased making contributions, the need to immediate Fund liquidity would be great. Vice-Chair Greene stated he was not concerned about the City making their contributions since per State law they must contribute the amount detailed in the annual actuarial valuation report, but was concerned about the Fund meeting the actuarial assumed rate of return. Vice-Chair Greene stated his desire to see anything needed to make better decisions on behalf of the Fund regarding its investments, be they traditional (equities and fixed income) or non-traditional (real estate, hedge funds, private equity).

MOTION made by Vice-Chair Greene, seconded by Ms. Elejabarrieta, to accept Segal Rogerscasey's proposal to perform a Liquidity Analysis for \$15,000. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

Mr. Reynolds stated he would present the results of the Liquidity Analysis at the Board's October meeting.

6. LEGAL ISSUES (James Linn)

Mr. Linn noted 1) he, along with Chair Shaw, was scheduled to meet with the City Manager to discuss the Board's concerns/request regarding the City's gift policy and how such policy affects Trustees who were also City employees; 2) he had not received anything to date regarding the pending City lawsuits against the Board; and 3) his firm had not been paid for invoiced legal services for the past three (3) months.

7. ADMINISTRATIVE ISSUES

a. Fiduciary Liability Insurance

The Board discussed the premiums for a variety of fiduciary liability insurance coverage limits as outlined in the Executive Summary provided by Ms. Jori Van der Voort from Arthur J. Gallagher & Company (made part of these Minutes).

MOTION made by Vice-Chair Greene, seconded by Mr. Matlow, to ask the City to increase the fiduciary liability insurance coverage to \$3.0 million at a premium of \$70,006. In a voice vote by the members present, all members voted in favor.

Motion passed 7-0.

Chair Shaw noted that the contract with the Fund's actuary, Gabriel, Roeder, Smith and Company, would expire September 30, 2015. Mr. Lalla replied the City would be doing a Request for Proposal for actuarial services.

Ms. Castronovo asked the Board for their approval for her to meet with software development companies meet to discuss the specific needs of the Retirement Fund regarding pension management software prior to such companies submitting responses to a Request for Proposal. The Board approved.

8. PUBLIC COMMENTS

Public comments were heard from: Christopher Cassidy, President - AFSCME Local 2432, 2734 Hollywood Boulevard, Hollywood, FL

9. TRUSTEE REPORTS, QUESTIONS AND COMMENTS

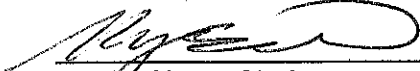
There were no Trustee reports, questions or comments.

10. PENSION COORDINATOR'S REPORT (Lisa Castronovo)

Ms. Castronovo reported: 1) the FPPTA Trustees' School was October 4 – 7 and if anyone wished to attend to let her know so she could handle the registrations; 2) the Supplemental Pension Distributions for fiscal year end September 30, 2013 were paid on August 12, 2015 to all eligible retirees/beneficiaries; 3) she distributed the personalized October 1, 2014 Employee Benefit Statements to all employees employed on October 1, 2014; and 4) she distributed the respective Summary Plan Descriptions to each employee currently employed with the City.

11. **ADJOURNMENT**

MOTION made by Mr. Keller, seconded by Mr. Matlow, to adjourn the meeting. In a voice vote by the members present, **Motion** passed 7-0. Meeting adjourned at 11:57 a.m.



Phyllis Shaw, Chair

24 September 2015
Date