

**MINUTES
REGULAR PENSION BOARD MEETING
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND
THURSDAY, SEPTEMBER 28, 2017**

1. CALL TO ORDER

Chair Shaw called the meeting to order at 9:08 a.m.

2. ROLL CALL AND PLEDGE OF ALLEGIANCE

Board Members present: Chair Phyllis Shaw, Ronald Bolton, Christopher Cassidy, Charles Howell (arrived at 9:19 a.m.), George Keller (arrived at 9:13 a.m.) and Mel Standley. Board Members absent: Vice-Chair Jeffrey Greene. Also present: Pension Coordinator Lisa Castronovo and Board Attorney James Linn (Lewis, Longman & Walker).

a. Agenda Adoption

MOTION made by Mr. Bolton, seconded by Mr. Cassidy, to adopt the September 28, 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. August 24, 2017 Regular Meeting Minutes
- b. Ratification of Distributions (Contributions and DROP) and Plan Expenses
- c. Approval/Ratification of New Retirement/DROP/Vested/Death Annuities

Chair Shaw pulled item 3.b. for discussion regarding Lewis, Longman & Walker invoices for July and August.

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

Mr. Linn agreed to review his Lewis, Longman invoices and eliminate duplicate charges.

MOTION made by Mr. Bolton, seconded by Mr. Standley, to approve Consent Agenda item 3.b. as amended. In a voice vote by the members present, all members voted in favor. **Motion** passed 5-0.

4. TREASURER'S REPORT

Mr. Ernesto Acosta, Department of Finance's General Accounting Division Director, reported the fund passed the assumed rate of return, currently at 9.54%, but noted September's return was unpredictable due to the three recent hurricanes and their possible impact on some Fund investments.

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

- a. HarbourVest Presentation (Michael Pugatch)
Handout made part of these Minutes.

Mr. Pugatch, Managing Director, began his presentation by noting that HarbourVest 1) was established in 1982 and had more than \$50 billion committed to investments over three decades, 2) had a very deep, experienced team with more than 100 investment professionals, 3) focuses primarily on private markets with comprehensive and specialized programs, 4) had a proven track record of results, 5) offered superior client service and 6) had in place strong risk controls.

Mr. Pugatch continued by explaining the benefits of secondary investing: 1) J-curve mitigation, 2) near-term liquidity, 3) faster capital deployment, 4) immediate diversification, and 5) compelling returns with lower risk. In particular, HarbourVest strives to deliver top quartile rates of return while assuming less risk by focusing on less efficient segments of the market, building diversified portfolios, and making investments with outperformance potential.

To date, HarbourVest's Dover Street IX, the fund in which the Retirement Fund invested, was performing very well with strong returns. HarbourVest expected the Dover Street IX fund to return around 1.3 times the original investment.

- b. Neuberger Berman Crossroads Presentation (Paul Daggett & Meaghan Doyle)
Handout made part of these Minutes.

Mr. Daggett, Managing Director, began the presentation by noting that Neuberger Berman ("NB") 1) had been in business over 75 years, 2) was 100% independent and employee-owned, 3) had over 1,900 employees employed across thirty cities worldwide with a 96% retention rate, and 4) had over \$281 billion assets under management.

Ms. Doyle, Vice-President, discussed the absolute and relative returns of NB's private investment portfolios in general – 15.5% vs. the S&P 500 return of 10.8% from January 1987 – March 2017. Ms. Doyle explained that NB's private equity investment philosophy was to allocate tactically, invest selectively, use capital efficiently, and manage risk at all times.

Ms. Doyle reported regarding NB Crossroads Fund XXI specifically, it closed in October 2016 with over \$830 million in total assets with 35 primary investments, 12 of which had been fully funded. Regarding the Retirement Fund's specific investment, its total commitment was \$20 million of which, as of September 15, 2017, \$7.5M had been contributed. Crossroads Fund XXI was highly diversified across the industry and predominantly focused in North America. As of June 30, 2017, Crossroads Fund XXI was held at a 1.09x multiple on a gross basis. Ms. Doyle expected the net cash flow from the Crossroads fund would be positive by 2020.

c. Flash Performance Review

Mr. Reynolds reported the Fund's market value was \$312.6 million on August 31, 2017 with an approximate net rate of return of 9.15% for the current fiscal year.

6. **LEGAL ISSUES (James Linn – Lewis, Longman & Walker)**

a. Closed Attorney-Client Meeting – separate Agenda

Mr. Linn said he and Attorney Ronald Cohen agreed to cancel the closed attorney-client meeting as there was no pertinent information to present at the time. Mr. Linn requested to re-schedule the closed for a future date when more information was available.

Mr. Keller reported negotiations had finished regarding the 13th check issue and a detailed package of terms and conditions would soon be available. Chair Shaw stated Gabriel, Roeder, Smith & Company would need to be involved if payments to members would be made. Mr. Linn stated Mr. Cohen still needed a closed session at some point.

b. Draft Credit Card Policy & Credit Card User Agreement

Mr. Linn presented a draft policy and user agreement regarding credit card usage in the performance of Fund business.

MOTION made by Mr. Bolton, seconded by Mr. Keller, to adjust the credit card limit to \$16,000.00. In a voice vote by the members present, all members voted in favor. **Motion** passed 6-0.

MOTION made by Mr. Bolton, seconded by Mr. Standley, to approve the issuance of credit cards for the Board Chair and Vice-Chair. In a voice vote by the members present, all members voted in favor. **Motion** passed 6-0.

MOTION made by Mr. Bolton, seconded by Mr. Cassidy, to approve the Credit Card Policy and User Agreement with the amendment to change any reference to Executive Director to Executive Director/Pension Coordinator. In a voice vote by the members present, all members voted in favor. **Motion** passed 6-0.

Mr. Linn recommended the Board write a demand letter to the City for the underpayment of City contributions for the plan year ending September 30, 2016 similar to the demand letter sent previously for the underpayment of City contributions for the plan year ending September 30, 2015.

MOTION made by Mr. Bolton, seconded by Mr. Keller, to send a follow-up letter to the City with the additional demand for the underpayment of City contributions for the plan year ending September 30, 2016. In a voice vote by the members present, all members voted in favor. **Motion** passed 6-0.

7. ADMINISTRATIVE ISSUES

- d. Pension Coordinator's Contractual Notice (taken out of order)
- e. Succession Planning – Pension Board's Operations (taken out of order)

Referring to LECastronovo Co., Inc.'s 90-day notice of termination of Contract as Pension Coordinator effective November 29, 2017, Chair Shaw stated the Board must discuss pension office operations between the time of the cessation of the contract and the hiring of an Executive Director/Assistant Administrator. Chair Shaw asked Mr. Reynolds if his company provided administrative services to which Mr. Reynolds responded they do, but only on the investment side.

Mr. Keller noted that the Police Fund's administrator, Dave Williams, had filled in as the Fire Fund's administrator and that he might be willing to work for the Board in a temporary capacity and might consider taking the full-time position as well.

ACTION REQUIRED:

Mr. Keller– contact Mr. Williams to find out if he would be interested in serving as the interim administrator for the Pension Office.

- a. City Commission Communication
Ms. Castronovo provided the Board with a draft of the City Commission Communication for the August 24, 2017 regular Board meeting.

MOTION made by Mr. Standley, seconded by Mr. Bolton, to approve the City Commission Communication. In a voice vote by the members present, all members voted in favor. Motion passed 6-0.

- b. Summary Plan Description(s)
Ms. Castronovo stated it was time to update, publish and distribute the Summary Plan Descriptions ("SPDs"). Ms. Castronovo stated that since the SPD's were distributed in 2015, the City's Ordinance had been amended to provide a different normal retirement age and that she had updated the SPDs to reflect the change.

MOTION made by Mr. Standley, seconded by Mr. Bolton, to approve the three Summary Plan Descriptions as presented. In a voice vote by the members present, all members voted in favor. Motion passed 6-0.

- c. Gabriel, Roeder, Smith & Company Contract
Chair Shaw stated the existing GRS contract was between the GRS and the City, not GRS and the Board. Chair Shaw said, due to the Ordinance change dictating the independence of the Board from the City, the GRS contract should be between GRS and the Board.

MOTION made by Mr. Bolton, seconded by Mr. Standley, to have the Board send a letter to the City to have the City assign the existing contract with GRS to the Board.

Mr. Linn suggested that as part of the assignment, the City and GRS agree to say that the client will be the Board, not the City and that all reference to the City in the contract be replaced with "the Board."

Amendment to the Motion was accepted and all members voted in favor. **Motion** passed 6-0.

- d. Pension Coordinator's Contractual Notice (taken out of order)
- e. Succession Planning – Pension Board's Operations (taken out of order)

Chair Shaw asked if the job notices could be placed in the Sun Sentinel and/or on the City's website. The Board agreed the Notices should be placed on the City's website and NeoGov but not with Sun Sentinel.

The Board decided to hold a special Board meeting on Tuesday, September 17 to review the submitted resumes and select for interview the top five.

8. PUBLIC COMMENTS

Public comments were made by Robert Strauss – 2638 Jackson Street, Hollywood, FL

9. TRUSTEE REPORTS, QUESTIONS AND COMMENTS

Mr. Bolton stated he was not seeking the retiree-elected trustee position on the Board for the next term, November 1, 2017 – October 31, 2020. Mr. Bolton said three retirees, Gail Reinfeld, Robert Strauss and Cheryl Winton, were nominated at a special City of Hollywood Retirees' Association ("COHRA") meeting for the retiree-elected trustee position. As a result, an election for the position would be held at COHRA's annual meeting on October 25, 2017 and ballots would be mailed to all retirees in advance of the meeting.

10. PENSION COORDINATOR'S REPORT (Lisa Castronovo)

Ms. Castronovo had nothing to report.

11. ADJOURNMENT

MOTION made by Mr. Bolton, seconded by Mr. Standley, to adjourn the meeting. In a voice vote by the members present, **Motion** passed 6-0. Meeting adjourned at 11:51 a.m.



Phyllis Shaw, Chair

11/3/17

Date