

AGENDA ITEM 1

**NO BACKUP
FOR THIS SECTION**

AGENDA ITEM 2

ITEM 2.a.

AGENDA ADOPTION

**CITY OF HOLLYWOOD, FLORIDA
PENSION COORDINATOR
MEMORANDUM TO THE PENSION BOARD**

DATE: March 16, 2017
TO: Board of Trustees of the Employees' Retirement Fund
FROM: Lisa Castronovo, Pension Coordinator *lcc*
SUBJECT: Agenda for March 23, 2017 Regular Board Meeting

ISSUE:

Approval of Agenda for March 23, 2017 regular Board meeting

EXPLANATION:

At the start of each regular Board meeting, approval of such meeting's agenda should be acquired.

RECOMMENDATION:

Approve Agenda for March 23, 2017 regular Board meeting

**AGENDA
REGULAR PENSION BOARD MEETING
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND
THURSDAY, MARCH 23, 2017 at 9:00 AM
CITY HALL ANNEX, ROOM 20, 2600 HOLLYWOOD BOULEVARD**

- 1. CALL TO ORDER**
- 2. ROLL CALL AND PLEDGE OF ALLEGIANCE**
 - a. Agenda Adoption
- 3. CONSENT AGENDA**
 - a. February 23, 2017 Regular Meeting Minutes
 - b. Ratification of Distributions (Contributions and DROP) and Plan Expenses
 - c. Approval/Ratification of New Retirement/DROP/Vested/Death Annuities
- 4. TREASURER'S REPORT**
- 5. INVESTMENT ISSUES (Keith Reynolds – Segal Marco Advisors)**
 - a. Wellington Trust Company Presentation (Laura Howenstine & James DiGiuseppe)
 - b. Flash Performance Review
 - c. Investment Policy Update
- 6. LEGAL ISSUES (James Linn – Lewis, Longman & Walker)**
 - a. Disability Application Processing and Hearing Procedures
 - b. Lannett Company, Inc. Litigation Update
- 7. ADMINISTRATIVE ISSUES**
 - a. City Commission Communication
 - b. City Fiscal Retreat Presentation
 - c. City Pension Workshop Presentation
 - d. Fund Administration Transition
 - e. Funding Policy
 - f. Pension Office Document Scanning Quotes
- 8. PUBLIC COMMENTS**
- 9. TRUSTEE REPORTS, QUESTIONS AND COMMENTS**
- 10. PENSION COORDINATOR'S REPORT (Lisa Castronovo)**
- 11. ADJOURNMENT**

Persons with disabilities who require reasonable accommodation in order to participate at an Employees' Retirement Board Meeting may call the Pension Office five (5) business days in advance at (954) 921-3333 (voice). If an individual is hearing or speech impaired, please call 1-800-955-8771 (V-TDD).

Any person wishing to appeal any decision made by the Board with respect to any matter considered at such meetings will need a record of the proceedings, and for such purposes may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is made.

Two or more members of any other city board, commission, or committee, who are not members of the Employees' Retirement Fund Board may attend this meeting and may, at that time, discuss matters on which foreseeable action may later be taken by their board, commission, or committee.

AGENDA ITEM 3

ITEM 3.a.

**MINUTES of
FEBRUARY 23, 2017
REGULAR PENSION
BOARD MEETING**

**MINUTES
REGULAR PENSION BOARD MEETING
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND
THURSDAY, FEBRUARY 23, 2017**

1. CALL TO ORDER

Chair Shaw called the meeting to order at 9:02 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., departed at 1:46 p.m.), Chris Cassidy, Charles Howell (arrived at 10:22 a.m. via telephone), George Keller (departed at 12:00 p.m.), Mel Standley (arrived at 9:03 a.m.), and Richard Templeton. Also present: Pension Coordinator Lisa Castronovo, Board Attorney James Linn (Lewis, Longman & Walker), and Court Reporter Nick Bruens (departed at 10:20 a.m.).

6. LEGAL ISSUES (James Linn – Lewis, Longman & Walker) – taken out of order

a. Attorney/Client Session (closed)

Attorney/Client session to discuss pending litigation (City of Hollywood vs. The Board of Trustees of the Employees Retirement Fund of the City of Hollywood, and the Board of Trustees of the City of Hollywood Firefighters Retirement System, and the Board of Trustees of the City of Hollywood Police Officers Retirement System).

Members of the public were instructed to leave the room at 9:03 a.m. so Mr. Linn could conduct a closed attorney-client session.

Meeting was reopened to the public at 10:15 a.m.

Meeting recessed at 10:15 a.m.

Meeting resumed at 10:22 a.m.

2. ROLL CALL AND PLEDGE OF ALLEGIANCE

a. Adoption of Agenda

MOTION made by Mr. Keller, seconded by Mr. Standley, to adopt the February 23, 2017 regular Board meeting Agenda as presented. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

3. CONSENT AGENDA

- a. January 26, 2017 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. Standley, seconded by Mr. Keller, to approve Consent Agenda Items 3.a.-c. with one change as noted. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

4. TREASURER'S REPORT

Mr. Ernesto Acosta, Department of Finance's General Accounting Division Director, stated he did not have a Treasurer's Report to provide due to the delay in receiving quarter end reports for the new alternative investments. Mr. Acosta stated he would like to provide monthly Treasurer's Reports but as discussed is unable to do so due to delays in getting information for the Fund's alternative investments by sometimes up to 75 days after the end of the quarter. Mr. Acosta said if the Board was okay with it, he could issue Treasurer's Reports with prior quarter's information for the alternative investments with a note stating the date of such information.

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

a. Direct Lending Manager Interviews

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

Mr. Jonathan Sachs and Mr. Ross Van der Linden presented material (made part of these Minutes) on behalf of Golub Capital.

Mr. Landy Pheloung and Mr. Russell Niemie presented material (made part of these Minutes) on behalf of White Oak Global Advisors.

Ms. Colleen Casey and Mr. Christopher Williams presented material (made part of these Minutes) on behalf of Angelo, Gordon & Co.

Following the three presentations, the Board discussed direct lending and specifically the three companies who made presentation. Mr. Reynolds noted the initial Fund investment would be approximately \$10-\$12 million which was about 3.75% of the total Fund's value. The Board asked Mr. Otieno to rank the three companies in his order of preference. Mr. Otieno ranked Angelo, Gordon & Co. as #1, Golub Capital as #2 and White Oak Global Advisors as #3. Mr. Reynolds agreed with Mr. Otieno's ranking.

MOTION made by Mr. Templeton, seconded by Vice-Chair Greene, based on Segal Marco Advisors' recommendation, to select Angelo, Gordon & Co., as the Direct Lending fixed income money manager with a \$12 million investment commitment. In a voice vote by the members present, all members voted in favor. Motion passed 6-0 (Mr. Keller had left the meeting). **Motion** passed 6-0.

a. December 31, 2016 Quarterly Performance Review

Mr. Reynolds reported the Fund experienced a strong performance for quarter end December 31, 2016 with the year-to-date, one-year, three-year and five-year rates of return above their respective benchmarks.

b. Flash Performance Review

Mr. Reynolds reported the Fund's market value was \$308 million on January 31, 2017. The Fund's net rate of return for the month ended January 31, 2017 was 1.44% compared to the policy return of 1.41%. Mr. Reynolds noted that while international equity manager Wellington Management Company had struggled to reach benchmark returns in 2016, historically they had performed quite well.

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

- b. Notice of Hearing and Prehearing Order re: Ifatunbi Adefunmi's Duty Disability Application

Mr. Linn briefly reviewed the Notice of Hearing and Prehearing Order he had prepared for Ifatunbi Adefunmi's formal hearing regarding her duty disability application.

MOTION made by Mr. Standley, seconded by Vice-Chair Greene, to accept the Notice of Hearing and Prehearing Order for Ifatunbi Adefunmi as presented by Board Attorney Linn. In a voice vote by the members present, all members voted in favor. **Motion** passed 6-0.

- c. Disability Application Processing and Hearing Procedures

Mr. Linn presented the final draft of the Disability Application Processing and Hearing Procedures. Mr. Templeton shared documents he obtained from the City of Pompano Beach General Employees' detailing the procedures they follow when processing disability applications. Mr. Templeton noted Pompano's procedures appeared to be much simpler than the ones followed by the Board and outlined in Mr. Linn's Disability Application Processing and Hearing Procedures and that possibly the Board's procedures could combine the two. Mr. Templeton voiced concern that the disability procedures adopted by the Board adhere with language detailed in the City's contract with its unions. Mr. Cassidy noted the disability language in the City's Code of Ordinances was part of the collective bargaining agreement by reference.

Due to the information Mr. Templeton provided, he suggested the item be tabled to the next Board meeting to give everyone time to compare all information to make sure the final adopted procedures are correct and complete. Chair Shaw agreed to continue the item to next month with the caveat that all Trustees thoroughly review the Procedures provided by Mr. Linn and documents provided by Mr. Templeton and be prepared to discuss at the next Board meeting.

ACTION REQUIRED:

Trustees - thoroughly review the Procedures provided by Mr. Linn and documents provided by Mr. Templeton and provide to Ms. Castronovo as soon as possible so she can forward to Mr. Linn.

Mr. Linn said the Board's actuary pointed out to him the City's contribution for the fiscal year ended September 30, 2015 fell short of the required contribution. Mr. Linn thus suggested a letter be drafted and sent to the City from the Board requesting the City make the rest of their contribution. The Board agreed and requested Mr. Linn to draft the letter and have Chair Shaw review.

Mr. Templeton would like language added to the Disability Application Processing and Hearing Procedures precluding an individual employee from filing a disability application after having a prior disability application denied and also precluding an employee from filing for disability if such employee is not in good standing with the City and/or no longer works for the City. Discussion ensued.

7. ADMINISTRATIVE ISSUES

a. City Commission Communication

The Board collectively agreed that the administrative transition items the Board was working on be added to the Communication as well as an acknowledgement that the City was committed to assisting the Board in its transition to independence.

ACTION REQUIRED:

Ms. Castronovo – revise City Commission Communication to incorporate administrative transition items and an acknowledgement that the City was committed to assisting in the Board's transition to independence.

b. Request for Proposal for Board Attorney and c. Request for Proposal for Pension Coordinator

Mr. Paul Bassar, Director of Procurement, presented the Board with updated RFP's for Board Attorney and Pension Coordinator. Chair Shaw and Mr. Bassar requested each trustee to completely review each RFP and provide corrections and final comments to Mr. Bassar by March 9, 2017. Mr. Linn provided Cone of Silence language to be incorporated in both RFP's.

ACTION REQUIRED:

Trustees - review the Board Attorney and Pension Coordinator RFPs; provide feedback directly to Mr. Bassar on or before March 9, 2017.

c. Fund Administration Transition

There was no discussion regarding this item other than an agreement that each trustee would continue to work on their assigned tasks.

ACTION REQUIRED:

Trustees – continue to work on respective assigned transition task(s).

d. Transfer of City Contributions to Fund – Authorized Signers

Ms. Castronovo reported that, per the Board's direction, she had spoken to Karl Hutchinson, the Fund's Wells Fargo representative, regarding the Board's desire to file a letter of understanding with Wells Fargo granting someone in the City's Finance Department the authority to make deposits of employee and employer contributions to the Fund and was informed that the only form Wells Fargo accepts for such purposes was an Authorized Signers Certification.

MOTION made by Vice-Chair Greene, seconded by Mr. Templeton, to complete a supplemental Authorized Signers Certification allowing Ernesto Acosta to be an authorized person for Fund deposits only. In a voice vote by the members present, **Motion** passed 6-0.

ACTION REQUIRED:

Ms. Castronovo – prepare Supplemental Authorized Signers Certification to add Ernesto Acosta as authorized signer with Wells Fargo for City and employee deposits only.

e. **Board Credit Card**

Chair Shaw stated she talked to Procurement Director Paul Bassar about getting a purchase card issued for the Board in the Board's name. Mr. Bassar stated a purchase card could be issued but he would need a Board account number. Chair Shaw continued that she also talked to Wells Fargo and Sun Credit Union to find out if either could issue a credit card to the Board with no one as the guarantor rather than a specific person as the guarantor. Both Wells Fargo and Sun Credit Union stated such a card could be issued. Discussion continued regarding tax-exempt credit cards.

MOTION made by Mr. Templeton, seconded by Vice-Chair Greene, that the Board request from Sun Credit Union two (2) credit cards with a \$20,000 credit limit with such credit account tax-exempt if possible. In a voice vote by the members present, **Motion** passed 6-0.

ACTION REQUIRED:

Ms. Castronovo – contact Sun Credit Union to request two credit cards issued to the Board; contact Florida Department of Revenue to find out if the State allows the issuance of tax-exempt credit cards;

f. **Travel Expense approval for Board Chair's attendance at FPPTA Education Committee Meeting March 6 & 7, 2017**

MOTION made by Vice-Chair Greene, seconded by Mr. Howell, to approve payment of all travel expenses incurred by Chair Shaw while attending the FPPTA Education Committee Meeting in Orlando, FL March 6-7, 2017. In a voice vote by the members present, **Motion** passed 6-0 (Mr. Standley had stepped out of the room).

8. **PUBLIC COMMENTS**

There were no public comments.

9. **TRUSTEE REPORTS, QUESTIONS AND COMMENTS**

Mr. Cassidy stated he would be out of town and unable to attend the Board's March 23, 2017 regular meeting.

MOTION made by Mr. Templeton, seconded by Mr. Howell, to excuse Mr. Cassidy from the Board's March 23, 2017 regular meeting. In a voice vote by the members present, **Motion** passed 5-0.

Chair Shaw stated FPPTA was willing to visit Hollywood at any time to provide pension fund education for the City Commissioners. Chair Shaw further noted she had spoken with NCPERS president Hank Kim who said he too was willing to meet with City Commissioners to provide pension fund education.

10. PENSION COORDINATOR'S REPORT (Lisa Castronovo)

Ms. Castronovo reminded the trustees that the NCPERS Annual Conference in May 2017 was going to be at The Diplomat and to let her know if they wished to attend so she could register them accordingly.

ACTION REQUIRED:

Ms. Castronovo – register Chair Shaw and Mr. Templeton for the NCPERS Annual Conference.

11. ADJOURNMENT

MOTION made by Mr. Templeton, seconded by Mr. Standley, to adjourn the meeting. In a voice vote by the members present, **Motion** passed 5-0. Meeting adjourned at 1:58 p.m.

Phyllis Shaw, Chair

Date

ITEM 3.b.

**RATIFICATION OF
DISTRIBUTIONS
(Contributions and DROP)
and
PLAN EXPENSES**

PLAN DISTRIBUTIONS

EMPLOYEES' RETIREMENT FUND
Refunds and Distributions
March 23, 2017 Regular Pension Board Meeting

Refunds of Contributions

<u>Name</u>	<u>Payment</u>
O'Brien, Kevin	\$ 3,637.17
Williams, Ariele	4,774.71
	\$ <u>8,411.88</u>

Planned Retirement Distribution

\$
\$ <u>0.00</u>

DROP Distributions

\$
\$ <u>0.00</u>

TOTAL: \$ 8,411.88

PLAN EXPENSES

EMPLOYEES RETIREMENT FUND

Payment Requests Processed During the Period

February 1, 2017 through February 28, 2017

Manager Fees

Wellington Management (quarter ending 12/31/16)	\$ 75,268.49
Baird Advisors (quarter ending 12/31/16)	35,482.41
Brandes International (quarter ending 12/31/16)	39,484.00
Thompson, Seigel & Walmsley (quarter ending 12/31/16)	39,948.68
Segal Marco Advisors (December 2016)	10,833.37
Segal Marco Advisors (January 2017)	10,833.33
	<u>211,850.28</u>

Attorney Fees

Lewis, Longman and Walker, P.A. (January 2017)	<u>5,537.75</u>
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Actuarial Fees

Gabriel, Roeder, Smith & Company (through 9/30/16)	<u>719.00</u>
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Pension Coordinator Fees

LECastronovo Co., Inc. (February 2017)	<u>13,173.33</u>
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Travel Advances/Expenses

FPPTA Trustees School (Orlando, Florida)	
Phyllis Shaw	705.61
Richard Templeton	1,198.10
Charles Howell	500.00
Lisa Castronovo	1,239.48
Christopher Cassidy	500.00
	<u>4,143.19</u>

Miscellaneous

Sharp - Copier Lease Payment (02/01/17 - 02/28/17)	144.55
HostGator	10.95
	<u>155.50</u>

Total	\$ <u>235,579.05</u>
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ITEM 3.c.

APPROVAL/RATIFICATION of NEW RETIREMENTS/DEATHS

EMPLOYEES' RETIREMENT FUND

New Retirement/DROP/Death/Vested Annuities - Monthly Amounts

March 23, 2017 Regular Pension Board Meeting

December 2016

Gonzalez, Carlos - retirement	\$	2,129.18
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January 2017

Taylor, Edward - beneficiary of employee April Taylor	\$	3,574.48
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February 2017

Benson, Cameron - retirement (from Vested)	\$	8,259.15
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Benefits Stopped

AGENDA ITEM 4

**NO BACKUP
FOR THIS SECTION**

AGENDA ITEM 5

ITEM 5.a.

WELLINGTON MANAGEMENT PRESENTATION

(No Backup available at this time)

ITEM 5.b.

FLASH PERFORMANCE REVIEW

(Backup provided at meeting)

ITEM 5.c.

INVESTMENT POLICY UPDATE

**(Policy as of March 2016 is included;
updated Policy to be provided at meeting)**

AGENDA ITEM 6

ITEM 6.a.

DISABILITY APPLICATION PROCESSING PROCEDURES

(Backup to follow)

ITEM 6.b.

LANNETT COMPANY, INC. LITIGATION UPDATE

(No Backup)

AGENDA ITEM 7

ITEM 7.a.

CITY COMMISSION COMMUNICATION

**CITY OF HOLLYWOOD, FLORIDA
PENSION COORDINATOR
MEMORANDUM TO THE PENSION BOARD**

DATE: March 16, 2017
TO: Board of Trustees of the Employees' Retirement Fund
FROM: Lisa Castronovo, Pension Coordinator *lee*
SUBJECT: City Commission Communication

ISSUE:

Regular communication with City Commissioners and other interested parties

EXPLANATION:

Attached is proposed City Commission Communication for the February 23, 2017 regular Board meeting.

RECOMMENDATION:

For review and discussion

CITY COMMISSION COMMUNICATION
from
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND'S
BOARD OF TRUSTEES
regarding
FEBRUARY 23, 2017 REGULAR MEETING

Board's Communication to City Commission

Items Requiring City Commission Action

- Attend Board of Trustees' April 27, 2017, 9:00 AM regular meeting (in Pension Office conference room)

Items of Interest to the City Commission

- The Board hired Angelo, Gordon & Co. as its Direct Lending Fixed Income money manager with an initial commitment of \$12 million.
- National Conference on Public Employee Retirement Systems' Annual Conference & Exhibit will be at The Diplomat Hotel on Hollywood Beach Sunday, May 21 – Wednesday, May 24, 2017. Please call Pension Coordinator Lisa Castronovo at (954)921-3333 if you would like more information regarding the conference.

Items Submitted for City Commission Consideration

- None

February 23, 2017 Regular Board Meeting Summary:

Board Members present: Chair Phyllis Shaw
Vice-Chair Jeffrey Greene
Christopher Cassidy
Charles Howell
George Keller
Mel Standley
Richard Templeton

Also present: Pension Coordinator Lisa Castronovo
Board Attorney James Linn

Retirement Fund Investments (Keith Reynolds, Segal Marco Advisors, investment consultant):

- The Board heard presentations from three Direct Lending Fixed Income money managers. After the presentations and discussion, the Board hired Angelo, Gordon & Co. with an initial \$12 million investment commitment
- Mr. Reynolds presented the Fund's December 31, 2016 quarterly performance report noting the Fund's overall total net rate of return for the quarter end was 0.86% compared to the policy index of 0.89%.

Legal:

- Attorney James Linn updated the Board on legal matters

Administrative:

- The Board discussed various administrative items including a review of draft RFPs for Board attorney and Pension Coordinator, acquiring new credit cards for the Board from Sun Credit Union, and approving payment of travel expenses incurred by the Chair to attend FPPTA's Education Committee meeting

ITEM 7.b.

CITY FISCAL RETREAT PRESENTATION

**CITY OF HOLLYWOOD, FLORIDA
PENSION COORDINATOR
MEMORANDUM TO THE PENSION BOARD**

DATE: March 16, 2017
TO: Board of Trustees of the Employees' Retirement Fund
FROM: Lisa Castronovo, Pension Coordinator *lec*
SUBJECT: Presentation for City's Fiscal Retreat

ISSUE:

Board presentation for City's Fiscal Retreat

EXPLANATION:

The City is holding its annual Fiscal Retreat on Thursday, April 6, 2017 from 10:00 AM – 12:30 PM in City Hall Room 219 (City Commission chambers). The Boards of all three City retirement funds are invited to attend and make a 15-minute presentation. Mr. Howell offered to make the presentation on the Board's behalf.

On Monday, March 13, 2017, a Board workshop was held at which various points of interest were discussed as possible inclusion items in the presentation. Attached is a sample PowerPoint presentation Chair Shaw provided as a starting point. I am currently gathering information specific to the Retirement Fund for inclusion in the PowerPoint presentation.

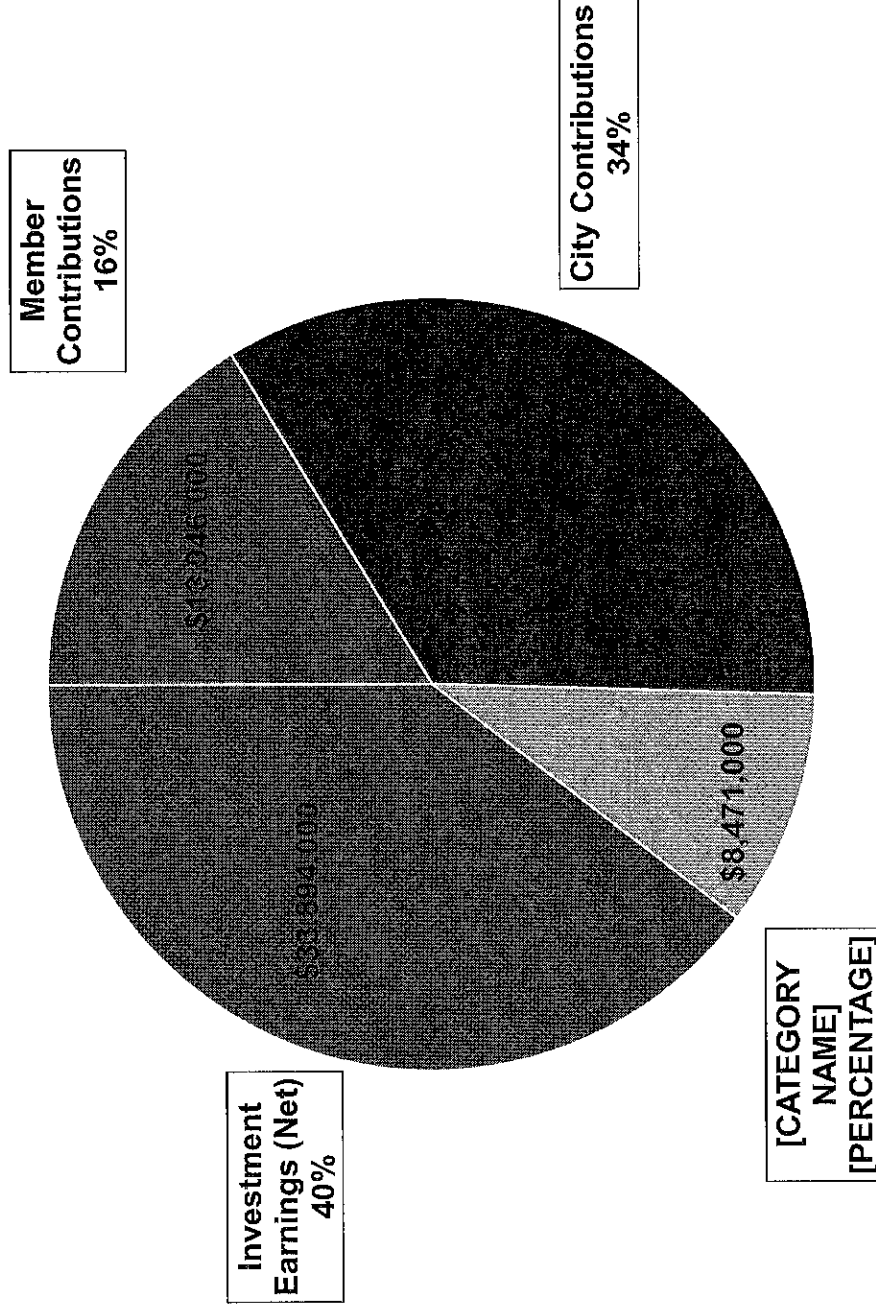
RECOMMENDATION:

For discussion

Communicating Your Plan's Status

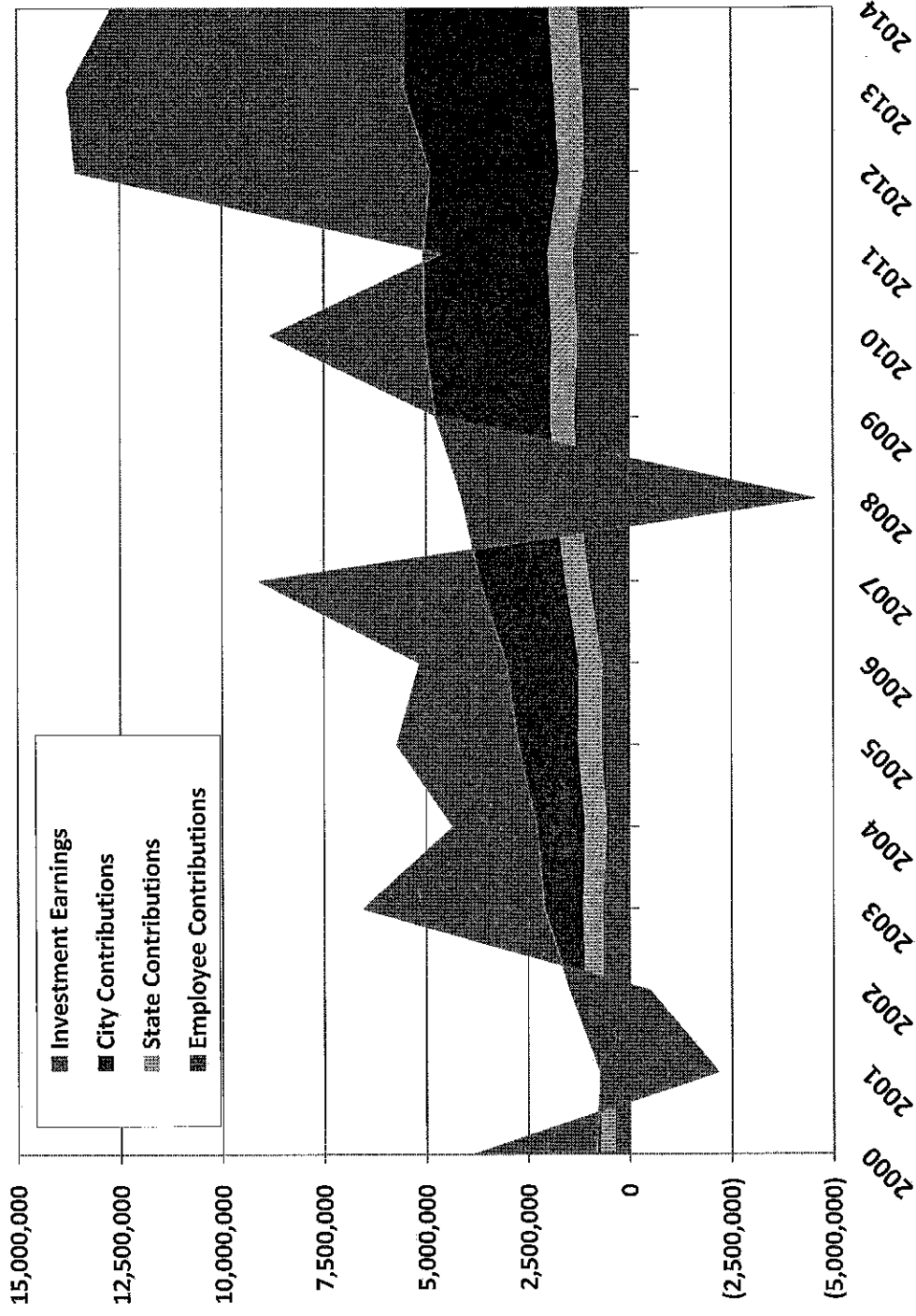
- What / Who Pays for the Pension Benefit?
- Where Does the Payment Go?

Funding Sources



Hollywood General, 1999-2016

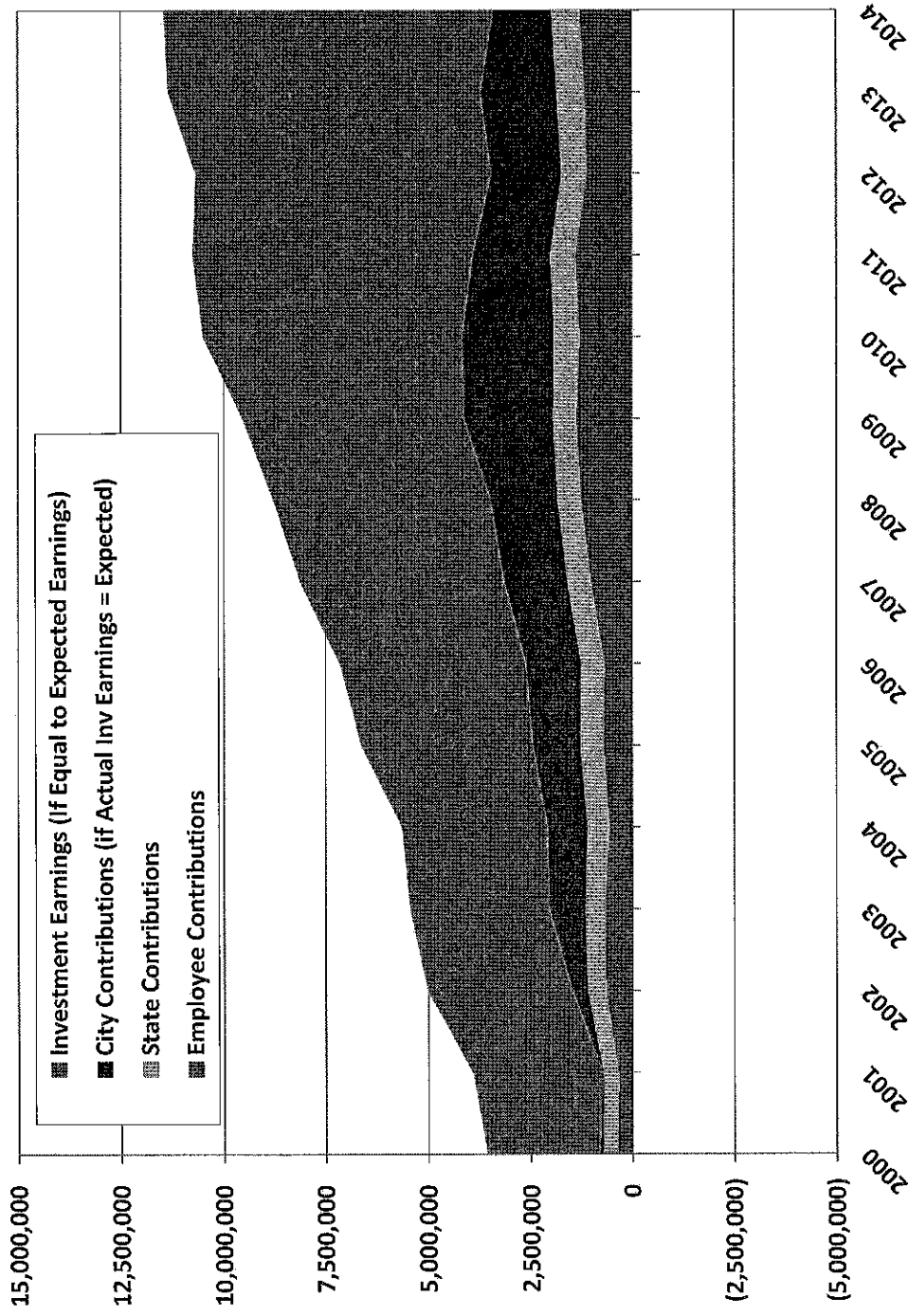
Who Pays for Funding



Hollywood General

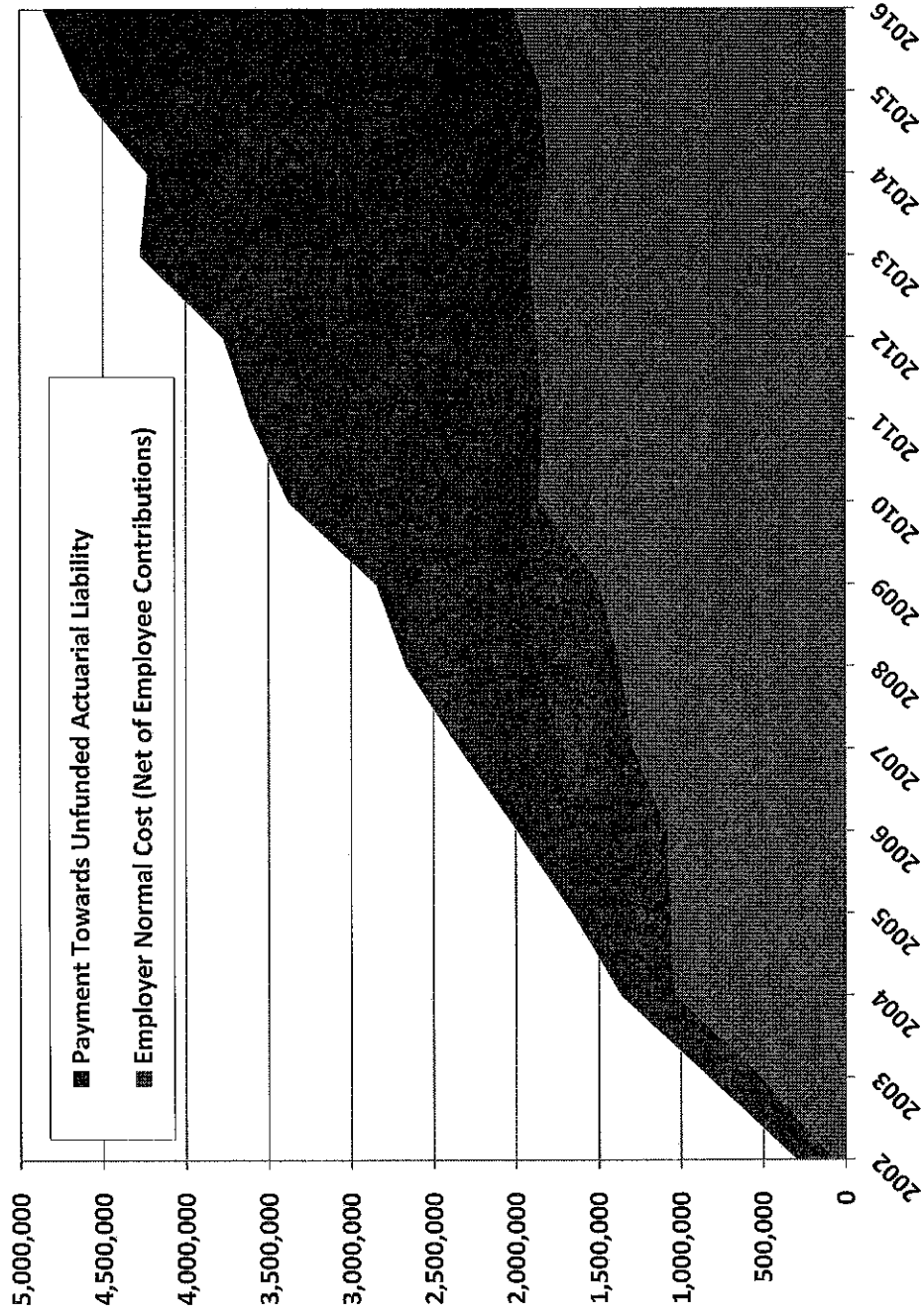
Sources of Funding

(If Actual Investment Returns = Expected Returns)



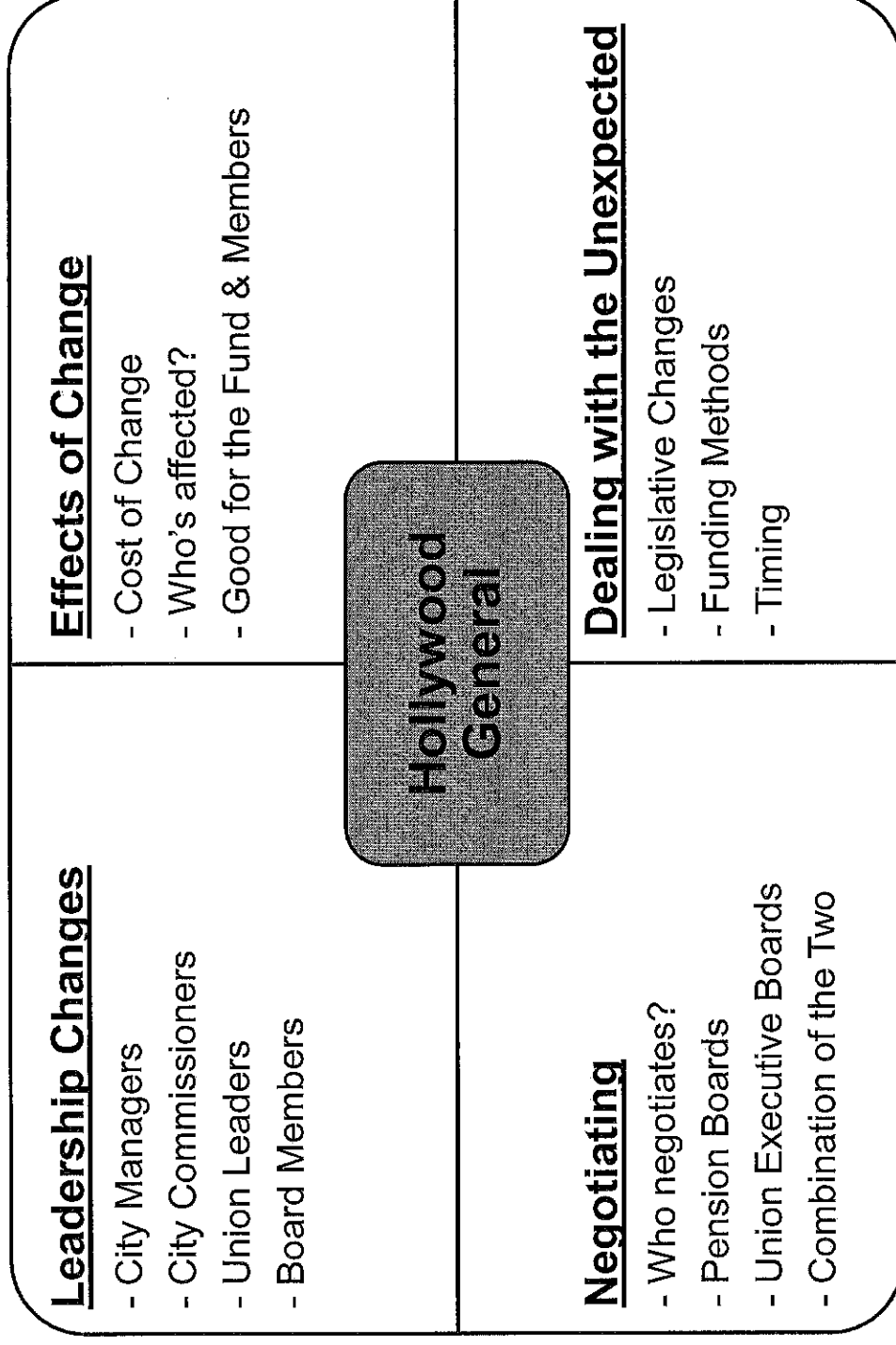
Hollywood General

City Contribution Breakdown



Hollywood General

Challenges Faced

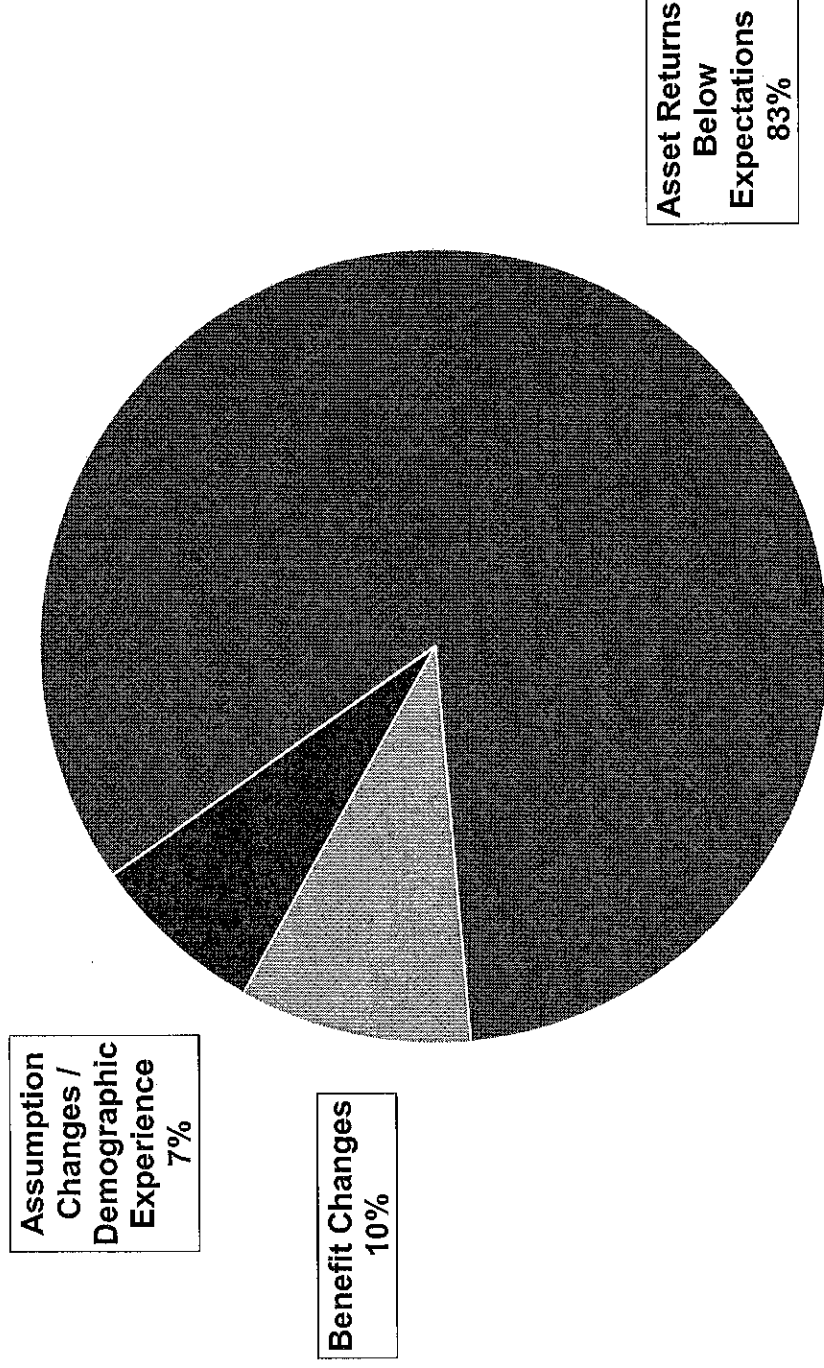


Case Study #1

Hollywood General Funding History

- Funded Ratio at 10/1/1999 = 100%
- Funded Ratio at 10/1/2014 = 58%
- Reduction of (42%) - What happened?
 - Investment Return < Expected: (35%)
 - Benefit Increases: (3%)
 - Assumption Changes: (8%)
 - Demographic Experience / Other: +4%

Causes of Funded Ratio Decline



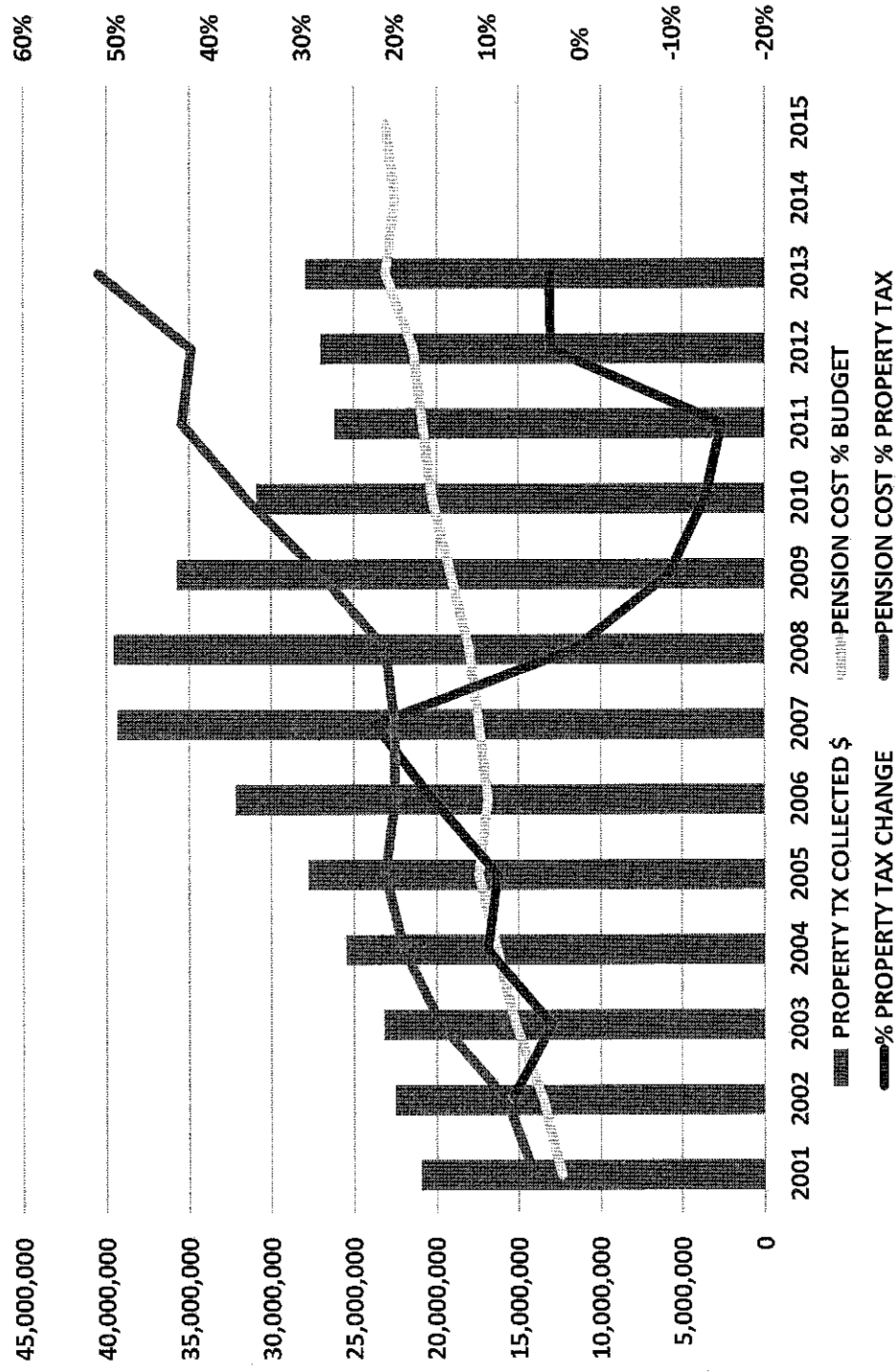
Hollywood General

Case Study #1

Hollywood General Actuarial Assumptions

- Investment Return Assumption at 10/1/1999:
8.5%
 - Changed to 8.25% in 2008; 8.10% in 2010,
then 15 bps per year to 7.50% at 10/1/2014
- Average Actual Return on Market Value from
10/1/1999 to 10/1/2014 = 4.53%
- Mortality Assumption: 1983 GAM

City Operating Budget



Hollywood General

Realities (good and bad)

- HB 1309 requires the use of FRS mortality tables for funding purposes
- Division of Retirement is “recommending” investment return assumption “somewhere in the range of 7% to 7.25%” (for a 60-40 plan)
- SB 172 provides more flexibility for the use of premium taxes under Chapters 175 & 185
- SB 534’s controversial new reporting requirements coming on line in the next few months
- New GASB 67/68 replace GASB 25

Realities (good and bad)

- Greater attention to pension funding in media, along with greater recognition of value of “retirement security” provided by DB plans
- Greater awareness of retirement insecurity for public at large under DC plans
- Most plans are now sitting on unrecognized actuarial gains
- We have navigated through the Great Recession

Legal Protections

- Article X, § 14 of the FL Constitution protects pension benefits for public employees. Florida governmental pension benefits are required to be funded “on a sound actuarial basis”
- Section 112.64 provides that the total contributions to a governmental retirement system “*shall* be sufficient to meet the normal cost of the retirement system or plan and to amortize the unfunded liability”
- All Florida cities are required to make the mandatory employer contributions “at least quarterly”
- For over 70 years the Florida Supreme Court has held that pensions contracts cannot be retroactively diminished or impaired

Legal Protections

- The required city contributions are actuarially determined by the independent actuary employed by the Board. If a city fails to comply with its mandatory pension contributions, the Department of Management Services is empowered to withhold state funds and tax revenue. §112.63(4)(b)
- Thus, unlike widely reported examples of pension underfunding in other states, Florida law mandates “funding discipline” by the plan sponsor.
- *As a result of the legal protections for governmental pensions in Florida, by law your Retirement Plan will never become insolvent because it is required to be actuarially funded.*

Long Term Funding Policy

- Now that GASB 25 has been replaced by GASB 67 (decoupling of the actuarial and accounting worlds: “funding” v. “plan expensing”), a formal written long-term funding policy is appropriate (with input from the City and Unions).
- Chapter 112 (Part VII) and your actuarial valuation are already a de facto funding policy.
- Boards set actuarial assumptions working with professionals.
- Boards absent themselves from contract negotiations, but can help inform the process.
- Ideally, Boards can work collaboratively with the stakeholders. Boards can make resources and expertise available to the stakeholders.

ITEM 7.c.

CITY PENSION WORKSHOP PRESENTATION

**CITY OF HOLLYWOOD, FLORIDA
PENSION COORDINATOR
MEMORANDUM TO THE PENSION BOARD**

DATE: March 16, 2017
TO: Board of Trustees of the Employees' Retirement Fund
FROM: Lisa Castronovo, Pension Coordinator *lee*
SUBJECT: Presentation for City's Pension Workshop

ISSUE:

Board presentation for City's Pension Workshop

EXPLANATION:

The City is holding a Pension Workshop on Wednesday, April 19, 2017 from 9:00 AM – 11:00 AM in City Hall Room 215. The Boards of all three City retirement funds are invited to attend and make a presentation. This presentation can be longer and more detailed than the one to be made at the Fiscal Retreat. The sample PowerPoint provided by Chair Shaw at the March 13, 2017 Board workshop as a starting point can be expanded to provide more information.

RECOMMENDATION:

For discussion

ITEM 7.d.

FUND ADMINISTRATION TRANSITION

**CITY OF HOLLYWOOD, FLORIDA
PENSION COORDINATOR
MEMORANDUM TO THE PENSION BOARD**

DATE: March 16, 2017
TO: Board of Trustees of the Employees' Retirement Fund
FROM: Lisa Castronovo, Pension Coordinator *lcc*
SUBJECT: Fund Administration

ISSUE:

Fund administration

EXPLANATION:

Continue discussions regarding the transition from City administration to independent administration of the Fund.

RECOMMENDATION:

Discuss/provide updates re: transition

City of Hollywood Employee Retirement Pension

Transition- as of March 16, 2017

PRIORITIES AS OF MARCH 16, 2017:

1. Budget: City's Finance Department to assist; George to discuss with Finance Department
2. Scan files in Pension Office; Lisa to contact local companies to obtain at least 3 quotes
3. Technology: George to follow-up with IT Director Raheem Seecharan to review his February 8th discussion with Lisa
4. Internet for Pension Office; Lisa to call internet service providers to obtain quotes

Rental/Lease/Lessee - location/amount/ownership

- Search for office space including Broward Shrine Club on Taylor Street, business office suites such as that provided by Regus, executive office space in a building on east side of Dixie Highway near Johnson Street; provide all gathered information to Lisa
- Trustee Howell to provide to Lisa information regarding available office space as reported to him by realtors he reached out to
- For information and comparison purposes, contact Sun Credit Union, Hollywood Chamber of Commerce, administrators of the Police and Fire Funds and AFSCME reps to gather information on what is paid for office space in Hollywood; unassigned

Software/hardware requirements:

- Implementation of pension software; on hold
- IT Director Raheem Seecharan will make himself available to work with the Board regarding all electronic needs (cost, space, independent server, DRP, etc.)
- Find out what Police and Fire are using for computer system including server; unassigned

Telephone System:

- Trustee Howell to bring back an IT idea; completed
- Lisa will ask IT about phone system including keeping the current phone number; completed

Accounting: currently done by City. Hire accounting firm (all, some, bookkeeper)?

- Set up new Sunbiz; unassigned
 - Need to make sure it still meet tax exempt under City of Hollywood – Lisa to request federal tax ID
 - Should it be a DBA – not needed
 - Find out how Police and Fire are set up on Sunbiz and if they are legally done? Unassigned
- Bank Reconciliation – follow the process we deem Unassigned
- Payments Unassigned
- What process (i.e. Police, Fire, etc.)? Board should see all payments prior to paying; continue to follow the current review process (establish an administrative policy) Unassigned
- Budget – OMB (first budget FY 2018 / Oct 1, 2017). Lisa to request from Police & Fire administrators a copy of the Excel spreadsheet each uses for budget purposes; she will provide to each trustee via email

Signatory Authority: who/what/when/how

- Chair/Vice-Chair/Secretary (two signatures for all documents)
- Chair Shaw reported an operating account can be set up with Sun Credit Union

Payment of Vendors:

- What degree of involvement from Board? City will assist but Pension staff must take over these tasks

City's ongoing involvement:

- What level of involvement?
- RFP/RFQs – City is currently preparing RFPs for Board Attorney and Pension Coordinator

Contracts in Place: all contracts should to be in Board's name from now on

- Actuary – RFP to be done in early 2017; unassigned
- Attorney – RFP to be done in early 2017; City is preparing
- Investment Consultant – complete current investments
- Pension Coordinator – RFP to be done in early 2017; City is preparing
- Auditors – not needed for fiscal year 2016-17 as it is part of City's contract for audit services; RFP for fiscal year 2017-18 and beyond will be needed; unassigned
- Custodian – Open for discussion in early 2017; unassigned

Pension Office Staff: what is the need of the Pension Board? Independent contractor, TPA, hybrid, employees? RFP for Pension Coordinator is being prepared by City with respondent able to apply as a direct employee or contractor

ITEM 7.e.

FUNDING POLICY

**CITY OF HOLLYWOOD, FLORIDA
PENSION COORDINATOR
MEMORANDUM TO THE PENSION BOARD**

DATE: March 16, 2017
TO: Board of Trustees of the Employees' Retirement Fund
FROM: Lisa Castronovo, Pension Coordinator *lcc*
SUBJECT: Funding Policy

ISSUE:

Funding Policy

EXPLANATION:

In March 2016, a Funding Policy was adopted by the Board. Based on various changes being made by the Board and the newly initiated Pension Task Force, Chair Shaw would like to revisit the Funding Policy, make changes as necessary and then share it with all interested parties at the City.

RECOMMENDATION:

Review, revise and share the Funding Policy

- Since the investment return for fiscal year ending September 30, 2015 was less than 12.4%, a Supplemental Pension Distribution for the fiscal year was not payable.
- \$110 million of the \$190 million Unfunded Actuarial Accrued Liability (UAAL) will be paid off in 13 years.
- The funded ratio on October 1, 2015 was 58.1% (58.6% before investment return assumption change) compared to 55.6% on October 1, 2014.
- The market value of assets exceeds the actuarial value of assets by \$2.1 million. The excess would gradually be recognized over subsequent years resulting in a decrease in the required contribution.

MOTION made by Mr. Keller, seconded by Mr. Templeton, to accept the October 1, 2015 Actuarial Valuation Report. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

- a. Funding Policy (Jeff Amrose, Gabriel Roeder Smith & Company ("GRS"), report made part of these minutes). Item taken out of order.

Mr. Amrose reviewed the Funding Policy he drafted for the Fund noting that while a funding policy was not needed, it was a good idea to have. The goal of a funding policy is to provide a way to track and measure the progress of the funding of a retirement plan. Mr. Amrose added that sharing the funding policy with all interested parties was a good idea since it was a way for the Board to share its vision and strategies for the Fund with everyone.

The Board discussed decreasing the amortization period for future bases added to the unfunded actuarial accrued liability by a year each year for the next few years. Mr. Keller noted the City would not be agreeable to the idea for the bases added on October 1, 2015 due to the challenges facing the City in the upcoming fiscal year.

MOTION made by Mr. Templeton, seconded by Vice-Chair Greene, to adopt the funding policy as presented by GRS (with a minor revision noted) and to lower the amortization period by one (1) year each year for a few years with the date to start such decrease to be determined in the future. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

8. PUBLIC COMMENTS

Public comment was heard from: Michael McKinney – 3250 Hollywood Boulevard, Hollywood, FL

9. TRUSTEE REPORTS, QUESTIONS AND COMMENTS

Vice-Chair Greene stated the Board should start some preliminary planning in advance of becoming independent and self-sufficient. Vice-Chair Greene noted more staff would most likely be required to handle the increased workload and asked Ms. Castronovo to provide a layout of what she believed would be added to the Pension Coordinator's job responsibilities as a result of the Board's desire to become independent of the City. Chair Shaw agreed with Vice-Chair Greene and said she thought a workshop to discuss the situation was in order.

City of Hollywood General Employees' Retirement System
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FUNDING OBJECTIVES

The main funding objective for the defined benefit provisions of the City of Hollywood General Employees' Retirement System (Plan) is to establish and receive employer contributions, expressed as a percentage of active member payroll, which will remain approximately level from year to year and will not have to be increased for future generations of citizens in the absence of benefit changes. The employer contributions along with member contributions are to be used for funding the long-term costs of benefits, provided by the Ordinance and collective bargaining agreements, for Plan members and beneficiaries. Additionally, the City is responsible for contributing administrative expenses.

From the perspective of the members and beneficiaries, the funding objective is for assets and actuarially determined contributions to be sufficient to pay all benefits provided by Plan when due. From the perspective of the contributing plan sponsors and taxpayers, there are additional funding objectives of keeping the actuarially determined contribution rates relatively stable as a percentage of active member payroll and equitably allocating the costs over the active members' periods of active service. For pension funding, the payment of benefits is supported in part by income earned on investment assets. This actuarial funding policy meets these objectives. It is stipulated by state law and collective bargaining agreements and is implemented through the application of Board adopted governance policies.

Statutory Pension Funding Policy – Ordinance

The Ordinance for the Plan sets forth some portions of the actuarial funding policy for the Plan.

Ordinance Excerpts:

Sec. 33.025(O)(b) Financing

The Fund shall be financed in accordance with actuarial requirements by the following revenues:

- Contributions by the city in an amount which, when added to the members' contributions, will be sufficient to fund the plan on a sound actuarial basis, which contributions shall be made concurrently with contributions from the member according to rates established by the Board upon recommendation of the actuary.

Sec. 33.025(U) Actuarial Studies

- An actuarial valuation of the Fund shall be conducted periodically in accordance with applicable law, but at least once every three years.

City of Hollywood General Employees' Retirement System
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- An experience study shall be conducted at least once every five years, and more frequently if authorized by the Board, to review mortality, turnover, disability, interest and other actuarial factors assumed in the calculation of cost and liabilities, and to vary the city's contribution rate.
- Any proposal for changes in the benefit schedule shall be evaluated by the actuary and his or her report and recommendations.

Statutory Pension Funding Policy – Florida Statutes

Chapter 112, Florida Statutes sets forth some portions of the actuarial funding policy for the Plan.

Chapter 112 Excerpts:

112.63 Actuarial reports and statements of actuarial impact; review.

- (1) Each retirement system or plan subject to the provisions of this act shall have regularly scheduled actuarial reports prepared and certified by an enrolled actuary. The actuarial report shall consist of, but shall not be limited to, the following:
 - (a) Adequacy of employer and employee contribution rates in meeting levels of employee benefits provided in the system and changes, if any, needed in such rates to achieve or preserve a level of funding deemed adequate to enable payment through the indefinite future of the benefit amounts prescribed by the system, which shall include a valuation of present assets, based on statement value, and prospective assets and liabilities of the system and the extent of unfunded accrued liabilities, if any.
 - (b) A plan to amortize any unfunded liability pursuant to s. 112.64 and a description of actions taken to reduce the unfunded liability.
- (2) The frequency of actuarial reports must be at least every 3 years commencing from the last actuarial report of the plan or system or October 1, 1980, if no actuarial report has been issued within the 3-year period prior to October 1, 1979. The results of each actuarial report shall be filed with the plan administrator within 60 days of certification. Thereafter, the results of each actuarial report shall be made available for inspection upon request. Additionally, each retirement system or plan covered by this act which is not administered directly by the Department of Management Services shall furnish a copy of each actuarial report to the Department of Management Services within 60 days after receipt from the actuary. The requirements of this section are supplemental to actuarial valuations necessary to comply with the requirements of s. 218.39.
- (3) No unit of local government shall agree to a proposed change in retirement benefits unless the administrator of the system, prior to adoption of the change by the governing body, and prior to the last public hearing thereon, has issued a statement of the actuarial impact of the proposed

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change upon the local retirement system, consistent with the actuarial review, and has furnished a copy of such statement to the division. Such statement shall also indicate whether the proposed changes are in compliance with s. 14, Art. X of the State Constitution and with s. 112.64.

112.64 Administration of funds; amortization of unfunded liability.

(1) Employee contributions shall be deposited in the retirement system or plan at least monthly. Employer contributions shall be deposited at least quarterly; however, any revenues received from any source by an employer which are specifically collected for the purpose of allocation for deposit into a retirement system or plan shall be so deposited within 30 days of receipt by the employer. All employers and employees participating in the Florida Retirement System and other existing retirement systems which are administered by the Department of Management Services shall continue to make contributions at least monthly.

(2) From and after October 1, 1980, for those plans in existence on October 1, 1980, the total contributions to the retirement system or plan shall be sufficient to meet the normal cost of the retirement system or plan and to amortize the unfunded liability, if any, within 40 years; however, nothing contained in this subsection permits any retirement system or plan to amortize its unfunded liabilities over a period longer than that which remains under its current amortization schedule.

(3) For a retirement system or plan which comes into existence after October 1, 1980, the unfunded liability, if any, shall be amortized within 40 years of the first plan year.

< The reference to 40 years is historical. All current and future unfunded liabilities shall be amortized within 30 years. >

(4) The net increase, if any, in unfunded liability under the plan arising from significant plan amendments adopted, changes in actuarial assumptions, changes in funding methods, or actuarial gains or losses shall be amortized within 30 plan years.

(5) (a) If the amortization schedule for unfunded liability is to be based on a contribution derived in whole or in part from a percentage of the payroll of the system or plan membership, the assumption as to payroll growth shall not exceed the average payroll growth for the 10 years prior to the latest actuarial valuation of the system or plan unless a transfer, merger, or consolidation of government functions or services occurs, in which case the assumptions for payroll growth may be adjusted and may be based on the membership of the retirement plan or system subsequent to such transfer, merger, or consolidation.

(b) An unfunded liability amortization schedule that includes a payroll growth assumption and is in existence on September 30, 1996, or is established thereafter, may be continued using the same payroll growth assumption, or one not exceeding the payroll growth assumption established at the start of the schedule, regardless of the actual 10-year average payroll growth rate, provided that:

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1. The assumptions underlying the payroll growth rate are consistent with the actuarial assumptions used to determine unfunded liabilities, including, but not limited to, the inflation assumption; and
 2. The payroll growth rate is reasonable and consistent with future expectations of payroll growth.
- (c) An unfunded liability amortization schedule that does not include a payroll growth assumption and is in existence on September 30, 1996, or is established thereafter, may be continued or modified to include a payroll growth assumption, provided that such assumption does not exceed the 10-year average payroll growth rate as of the actuarial valuation date such change in the amortization schedule commences. Such schedule may be continued thereafter, subject to the reasonable and consistent requirements in paragraph (b).

112.66 General provisions.

- (13) A local government sponsor of a retirement system or plan may not reduce contributions required to fund the normal cost. This subsection does not apply to state-administered retirement systems or plans.

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Portions of Funding Policy Established By Board of Pension Trustees:

1. Current Policy

Actuarial Cost Method

The Board of Pension Trustees has adopted the use of the Entry Age Normal actuarial cost method to determine annual contribution requirements for the Plan. It is also the funding method required under GASB Statements No. 67 and No. 68.

Entry Age Normal

Under the Entry Age Normal Actuarial Cost Method, an annual level normal cost is calculated for each individual active member, payable from the date of employment to the date of retirement, that is sufficient to accumulate to the value of the member's benefit at the time of decrement/retirement. Each annual normal cost is calculated as a constant percentage of that member's year by year projected covered pay.

Under this method, actuarial experience gains (losses) are explicitly recognized each year as they occur. They reduce (increase) the Unfunded Actuarial Accrued Liability (UAAL), and they are amortized separately.

Changes in the UAAL due to actuarial experience gains and losses, amendments, and changes in actuarial assumptions or methods are recognized in the UAAL and amortized over a reasonable period of future years.

Asset Valuation Method

The Board of Pension Trustees has adopted an asset valuation method that recognizes 20% of the difference between the actual investment return based on the market value of assets and the expected investment return based on the actuarial asset value.

The Actuarial Value of Assets is based on the market value with investment gains and losses smoothed over five years. The Actuarial Value of Assets will not consistently be above or below the Market Value and is expected to converge to the Market Value in a relatively short period of time. At any time it may be either greater or less than Market Value. During periods when investment performance exceeds the assumed rate, the Actuarial Value of Assets will tend to be less than Market Value. During periods when investment performance is less than the assumed rate, the Actuarial Value of Assets will tend to be greater than Market Value. If assumed rates are exactly realized for five consecutive years, the Actuarial Value will become equal to Market Value.

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The Actuarial Value is limited to a 20% corridor around the Market Value. This means that if the preliminary development of the Actuarial Value results in an amount that is greater than 120% of the Market Value (or less than 80% of the Market Value), the final Actuarial Value is limited to 120% (or 80%) of the Market Value. Any gains or losses on the Market Value outside of the 20% corridor are therefore recognized immediately.

Amortization Method

The Board of Pension Trustees has adopted a 30-year closed amortization period for changes in the Unfunded Actuarial Accrued Liability caused by plan changes, actuarial assumptions changes, method changes and actuarial experience gains and losses. For amendments that apply to inactive members only, the amortization period shall be determined based on the average expected remaining lifetime of the inactive members affected by the amendment.

Amortization bases may also be combined to reduce volatility in the required employer contributions if adopted by the Board of Pension Trustees based upon the advice and recommendation of the Plan's actuary. Amortization bases will be combined, in accordance with the methodology described for combining and offsetting amortization bases under Internal Revenue Code Section 412(b), if the sum of the outstanding bases is positive while the sum of the amortization payments is negative, or vice versa.

Actuarial Assumptions

The Board of Pension Trustees requires the actuary to perform an actuarial investigation into the experience of the Plan every five years to form the basis for recommendations for changes in the actuarial assumptions.

Funding Target

The Board of Pension Trustees' funding objective is to achieve and maintain at least 100% funding. For this purpose, "100% funding" means that the Actuarial Value of Assets equals the Actuarial Accrued Liability. The amortization method allows up to 30 years to achieve this objective.

Risk Management

The main financial objective of this actuarial funding policy is to fund the long-term costs of benefits to plan members and beneficiaries. There are numerous risks that the Plan faces in trying to achieve this objective including funding risk, demographic risk, investment risk, and benefit risk. The Board policies for managing these risks are outlined in this section.

Funding Risk

Frequency of Actuarial Valuations – The Board of Pension Trustees will request an actuarial valuation report every year.

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Regular valuations manage funding risk by allowing employer contribution rates to reflect actual experience as it emerges. Funding valuations are performed every year as of October 1 to determine employer contribution amounts for the fiscal year beginning nine months later.

Separate valuations are required for financial reporting under GASB 67 and 68.

Demographic and Investment Risk

Process for Reviewing and Updating Actuarial Assumptions - The Board of Pension Trustees requires the actuary to perform an actuarial investigation into the experience of the Plan every five years to form the basis for recommendations for changes in the actuarial assumptions.

Demographic and investment risks may be managed in part by having regular reviews of the actuarial assumptions. The City Ordinance requires the actuary to perform an actuarial investigation into the experience of the Plan every five years. Once in receipt of the experience study report, the Board will adopt actuarial assumptions and methods as necessary. If circumstances warrant, the Board may change assumptions more frequently after conferring with the actuary and when investment risks are involved, the investment consultant.

The experience study report shall include, but not necessarily be limited to, analysis of and recommendations regarding the following assumptions.

- i. Pre-retirement withdrawal rates
- ii. Retirement rates
- iii. Disability rates
- iv. Pay increase rates
- v. Investment returns considering both real return and inflation, which must be consistent with the investment policy

The experience study report will serve as the basis for determinations by the Board regarding whether or not demographic or economic assumptions should be modified for future valuations.

Chapter 112.66 (9), Florida Statutes specifies the investment policy adopted by the Board must include a requirement that the Board shall determine the total expected annual rate of return for the current year, for each of the next several years, and for the long term thereafter. This determination must be filed promptly with the Department of Management Services and with the plan's sponsor and the consulting actuary.

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Risk Measures

In order to quantify the risks outlined in this actuarial funding policy, certain risk metrics will be monitored. Some of the risk measures that will be monitored are as follows:

- i. Funded ratio (Actuarial Value of Assets divided by Actuarial Accrued Liability).
 - Measures progress towards the funding objective of the 100% target funded ratio.
- ii. Total Actuarial Accrued Liability (AAL) divided by Total Payroll
 - Measures the risk associated with the ability to respond to liability experience through adjustments in contributions. A decrease in this measure indicates a decrease in liability experience risk. This also provides a long-term measure of the asset risk in situations where the Plan has a funded ratio below 100%.
- iii. Total Market Value of Assets divided by Total Payroll
 - Measures the risk associated with the ability to respond to asset experience through adjustments in contributions. A decrease in this measure indicates a decrease in asset experience risk.
 - A high ratio equates to high contribution rate volatility due to investment experience.
- iv. Ratio of Actuarial Value of Assets to Market Value of Assets
 - A ratio of more than 1 indicates there are unrecognized investment losses.
 - A ratio of less than 1 indicates there are unrecognized investment gains.

Benefit Risk

Benefit risk may be managed as follows:

The Board shall review proposals and legislative changes for the potential legal, administrative, Internal Revenue Code compliance, and funding impact on the Fund. If a proposal has the potential for a meaningful impact on plan funding, the Board shall consult with the actuary to estimate the actuarial impact to the Plan.

The Board does not establish the benefit provisions; it administers them.

**City of Hollywood General Employees' Retirement System
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Miscellaneous Matters Associated with Funding:

Overall Conformance with Professional Standards of Practice

By law, the actuary shall be an Enrolled Actuary and either a Member of the American Academy of Actuaries or an Associate or a Fellow of the Society of Actuaries. The work of the actuary in connection with this policy shall conform to Actuarial Standards of Practice for public employee retirement plans promulgated by the Actuarial Standards Board and shall satisfy the requirements of the Governmental Accounting Standards Board with respect to the development of information needed by the Plan and by the City for financial reporting purposes.

DRAFT

ITEM 7.f.

PENSION OFFICE DOCUMENT SCANNING QUOTES

**CITY OF HOLLYWOOD, FLORIDA
PENSION COORDINATOR
MEMORANDUM TO THE PENSION BOARD**

DATE: March 16, 2017
TO: Board of Trustees of the Employees' Retirement Fund
FROM: Lisa Castronovo, Pension Coordinator *lec*
SUBJECT: Pension Office Document Scanning

ISSUE:

Scanning of Pension Office documents

EXPLANATION:

At the Board's February 8, 2017 workshop regarding the administrative transition, I was given the task of acquiring quotes from companies for scanning services for the Pension Office documents and records. Attached are the quotes I received from two of the companies I contacted. I expect to receive an additional quote between today and next week's meeting and will provide once received.

RECOMMENDATION:

Review quotes and hire a company to provide scanning services for the Pension Office

DSSI



199 NW 28TH Street, Suite 3
Boca Raton, FL 33431
Phone: (561) 394-3499
Fax: (561) 300-3615
info@dssifla.com
www.dssifla.com

March 6th, 2017

Ms. Lisa Castronovo CEBS, CppT
City of Hollywood
Employee Retirement Fund
2600 Hollywood Blvd
Annex Building 2nd Floor
Hollywood, FL 33022

Dear Ms Castronovo:

I want to thank you for the time spent with me and for a tour of your facility. As per our meeting DSSI will provide the services below. All boxes picked up will be stored free *until* the project(s) is completed.

DSSI services to be provided are **all inclusive and part of our Managed Document Services offering:**

- * **All work to be performed is at the Boca Raton Facility**
- * Supply Boxes, Box and Pick up (at your office), if boxing is required
- * Prepping, Scanning, Indexing
- * uploading it to a cloud repository for storage and retrieval in the event of a data loss
- * Indexing to be the name on the folder
- * Will provide files as PDF Searchable (OCR) documents
- * Files to be provided on a DVD (recommended) or on a memory stick (note on a memory stick the information can be altered or deleted.)
- * Request for a file not yet delivered will be e-mailed as requested
- * Free storage or until the project is completed and destruction authorized
- * Destruction of boxes as project is completed. You have sixty(60) days to either authorize destruction or have the boxes returned to you.

Price per image is \$0.0625 for your documents up to legal size.

Price for the Cloud storage would be a \$150.00 set up and a \$75.00 per year storage cost.

Based on the page estimator guide lines that I provided these are the estimates.
8 lateral and 2 vertical file cabinets of retired (56,000)
6 boxes of Deceased (15,000)
2 lateral drawers full of active (2,000) employees (12,000)
8 lateral draws located on the right side of the room, type of contents unknown (56,000)
Jeannies office with some files (15,000)
The Closet with approximately 20 boxes (50,000)
There appears to be therefore about 204,000 documents with some of them being multi sided. If we figure that 10 percent are multi sided than there could be approximately 225,000 documents. Therefore this project has a projected cost of \$14,062.00

Any file that is required that has not yet been uploaded to the system can be retrieved by calling our office and we will then email you the scanned documents. Our normal turnaround time for this request is under 2 hours and is usually quicker than that.

The above addresses the document scanning that DSSI would perform.

We had discussed the use of file directories that would be used by you to move information from within the file (since the files are basically chronological) to a specific directory, such as employment documents, correspondence etc. In discussing this with my associates within Adobe Professional, which you would need to purchase so that you could perform OCR on the files already scanned, as well as move the information it would be thru the use of the Bookmark feature. We will provide training for you to use the bookmark feature at \$250 for a half day, which is all that we estimate it would take for you and your associates to become familiar with this feature as well as the batch OCR capability.

In addition DSSI would normally provide bonding for projects in excess of \$50,000. Since this project is projected to be less than \$15,000.00 if you desire Bonding it would be at your sole cost.

Please do let me know if you have any questions.

We are ready to proceed upon your authorization and acceptance of the above terms and conditions.

Harvey N. Berlent

All terms are accepted and agreed by this date March 6th, 2017

Lisa Castronovo
Pension Coordinator City of Hollywood Fl

Robert Jorgensen
Robert Jorgensen -- President & CEO
Document Scanning Services, Inc. (DSSI)

Attachment –
Confidentiality Agreement

Confidentiality Pledge and Agreement

At DSSI, we fully understand your concern over the confidential nature of your company records. We take every step necessary to protect your proprietary information. Therefore, we voluntarily sign this Confidentiality Pledge.

AGREEMENT and acknowledgment is hereby made by and between CLIENT (City of Hollywood Fl, Employee Retirement Fund, and Document Storage Services, Inc. (DSSI):

Whereas, the Client agrees to furnish DSSI access to certain confidential information relating to the affairs of the Client solely for purposes of document scanning , and

Whereas, DSSI agrees to review, examine, inspect or obtain such information only for the purposes described above and to otherwise hold such information confidential and secret pursuant to the terms of this Agreement, therefore

Be it known that the Client has furnished or shall furnish to DSSI certain confidential information as described on attached list, and may further allow suppliers, customers, employees or representatives of the Client to disclose information to DSSI, all on the following conditions:

1. DSSI agrees to hold all confidential or proprietary information or trade secrets ("information") in trust and confidence and agrees that it shall be used **only for the contemplated purpose, and shall not be used for any other purpose or disclosed to any third party under any circumstances whatsoever.**
2. No copies of any written information supplied may be made or retained. At the conclusion of our discussions, or upon demand by the Client, all information, including written notes, photographs, or memoranda, shall be promptly returned to the Client. DSSI shall retain no copies or written documentation relating thereto.
3. Client's information shall not be disclosed to any employee, consultant or third party unless said party agrees to execute and be bound by the terms of this Agreement, and disclosure by Client is first approved.
4. It is understood that DSSI shall have no obligation with respect to any information known by DSSI or as may be generally known within the industry prior to date of this Agreement, or that shall become common knowledge within the industry thereafter.
5. DSSI acknowledges the information disclosed herein is proprietary or trade secrets and in the event of any breach, the Client shall be en-titled to injunctive relief as a cumulative and not necessarily successive or exclusive remedy to a claim for monetary damages.

Definitions follow:

Confidentiality Pledge and Agreement continued

6. This Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns.

- a. **Confidential Information** – The term “confidential information” as used in the Agreement shall mean any information or material which is proprietary to either party (or proprietary to any entity affiliated with either party) or designated as confidential information by either party, whether or not owned or developed by the party. The term “confidential information” shall include information which a party may obtain knowledge of through, or as a result of, the relationship established hereunder, through access to the parties’ employees or independent contractors. It shall not be limited to information, which would be deemed “trade secrets” at common law.
- b. **Types of Information** – Without limiting the generality of the foregoing, confidential information includes, but is not limited to, the following types of information, and other information of a similar nature (where or not reduced to writing or still in development): data, documentation, research, development, processes, procedures, know-how, new product, or new technology information, marketing techniques and materials, marketing plans, timetables, strategies and development plans (including prospective trade names or trademarks), customer names and other information related to customers, pricing policies, business relations and financial information.
- c. **Exclusion** – Confidential information shall not include information that (1) is now or later becomes generally known to the public (other than as a result of a breach of this Agreement); (2) is independently developed by a party; or (3) is lawfully obtained from any third party who has lawfully obtained such information. The party asserting the applicability of this exclusion shall bear the burden of showing that any of the foregoing exceptions applies to any information or materials.

This constitutes the entire Agreement.

Signed this 6th day of March 2017

Robert Jorgensen
DSSI President



199 NW 28TH Street, Suite 3
Boca Raton, FL 33431
Phone: (561) 394-3499
Fax: (561) 300-3615
dssifla@aol.com
www.dssifla.com

REGULATORY COMPLIANCE AT DSSI

FACILITY SECURITY

- Fire & Burglar alarm system & monitoring 24 hrs a day by ADT
- Video surveillance externally – recorded

- Video surveillance internal - recorded
 - All working areas
 - Storage areas
 - Offices & Server areas

PERSONNEL

- Payroll verification
- Drug testing
- Signs confidentiality agreement
- Constant surveillance on video

COMPUTER SYSTEM(s)

- Internal System
 - No access to internet (no external connection)
 - Limited login to network dependant on job category
 - All programs are login & pass worded
 - Separate networks
- Internet Access
 - Limited to need to have or may only have internet access
 - Separate network
 - Security Metrics Certification of Internet access
- Hosting
 - Separate Network access only by IT
 - Security Metrics Certification of Site

SOFTWARE

- Limited Access
- Login & Pass worded by need to know (programs & databases)
- All images are encrypted for security
- All Indexing/attribution done on premises (no subcontracting to foreign vendors)

WEBSITE

- Security Metrics Certification of Site

ids



Scanning Quote for City of Hollywood Employees Retirement Fund

ATTN – Lisa Castronovo Pension Coordinator (date 3/6/2017)

Project Description

The City of Hollywood Employees' Pension Fund is looking for a vendor to scan approximately 1900 city employees' pension fund files, along with a back closet containing miscellaneous documents and bank statements

Statement of Work

During an onsite meeting with Lisa Castronovo on March 3rd, Lisa shared with me the employee documents they would like to have scanned as PDF's offsite. After inspection of several employee folders, we made the assumption that a linear inch of employee files contains approximately 196 single sided pages. The employee file room contains 468 linear inches of employee files housed in the filing cabinets. There are also 7 banker boxes to be scanned with approximately 10,500 pages and 20 inches of loose files on top of the file cabinets containing approximately 3920 pages. For quotation purposes if we use 468 inches of employee files @ 196 pages per inch = 91,728 single sided pages housed in the filing cabinets, plus a additional 14,420 pages in banker boxes and lose files.

The back closet of the office contains 12 banker or paper storage boxes which we will assume have 2200 sheets per box or 26,400 single sided pages to be scanned.

Document Scanning

All documents provided to Innovative Document Solutions (IDS) for scanning will be converted at a resolution of 300DPI or higher in accordance with Florida Administrative Code Records Management Standards and requirements – Electronic Record keeping Rule 1B-26.

IDS will image documents on both sides and delete any side that is blank. All imaged documents will be reviewed for quality to ensure that legible images of the documents have been obtained.

Quality Control

Any back file conversion or scanning project will only be as successful as the quality control measures developed in the projects Statement of Work.

At a minimum we provide the following quality control steps

1. Establish acceptable scanned images that should be at least as readable as the original.

This is especially important if the original document is to be destroyed.

2. Both The City of Hollywood Employees Retirement Fund and IDS will develop a SOP (standard operating procedure) concerning quality control. That is why prior to going into production we ask the client for source documents to test for image quality. The amount of quality control can affect the cost and the time to complete the project. Based on the inspection of your documents the employee files appear to be in good condition, and I did not notice any potentially problematic originals.
3. Accurate indexing is also part of the quality control process. Improperly keyed or index documents can potentially be lost forever. IDS incorporate a double key verification process for accuracy.
4. Documents re-prep. If your employee files are to be returned in original folders or dividers a quality control SOP (standard operating procedure) will be developed to perform the reassembly into original folders. In the case of your scanning job you mentioned with the pending office move, the Board will likely elect to have the original employee files and miscellaneous documents destroyed.
5. Document Courier Service- During my meeting with Lisa, she asked me what happens if she needs access to an employee file while in the possession of IDS Imaging? I shared with Lisa our Document Courier Service. You can make a request by email or phone, and we will pull the employee file requested and if it has not been scanned yet, we will scan the file and email it over to Lisa's email. We have a service charge for this additional service. Pricing is based on the SLA (service level agreement) the customer requires, ie- same day vs next day.

Innovation Document Solutions operates and is governed by the rules and regulations established under HIPPA, the Health Insurance Portability and Accountability Act of 1996. All Sensitive Records are kept under lock and key and converted on an immediate basis. All IDS employees have read and signed HIPPA compliance forms and are routinely educated on privacy rules and regulations. Innovative Document Solutions complies with the Florida Public Records Act in fulfilling our service contracts. We shall not disclose to third parties information which does not constitute a public record under said act. Additionally, IDS performs background verifications and random drug testing on all employees.

Customer Expectations of Deliverables

Both IDS and The City of Hollywood Employee Retirement Fund will set a timetable to complete the scanning project. IDS and The City of Hollywood will set up a cadence for pick up and return of the materials to be scanned. The City of Hollywood Employee Retirement Fund will need to determine how they want to receive their scanned images, i.e.-FTP server, thumb drive or other removable media sources

TBD

- 1-How customer wants to receive scanned images (PDF format)
- 2-Milestones/ expected schedule to complete scanning project.

ESTIMATED PRICING

Pricing Includes document pick up from The City of Hollywood's Employee Retirement Fund's offices located in the City of Hollywood Annex BLDG. Also included in the price is all document prep required to get the employee folders and other documents ready to be scanned in our high speed scanners. Price includes naming the PDF file with the employee name and any other unique identifier you would like. Also included in the price is the preferred media source you would like to receive your digital files, i.e.-CD or USB drives.

COST PER IMAGE \$.055/single sided image or page.

Employee File Scanning (106,148 single sided images@\$.055/page) = \$5,838.14

Back closet - contains 12 paper boxes or 26,400 pages @\$.055/page = \$1,452.00

Document Destruction with a Certificate of Destruction \$4.00/banker or paper storage box
I estimate once your files are boxed up we will have 50 boxes max@ \$4.00 or \$200.00 for document destruction.

Note- this is a good faith estimate. Final pricing is determined by the total number of pages scanned. Our Capture software keeps track of the total number of images scanned and can provide detailed billing down to each employee PDF.

Feel free to contact me if you would like to review the proposal in more detail. The best way to reach me is by cell at 352-219-3298.

Sincerely

Dan Currie

CopyScan Technologies

(Quote will be provided when received)

AGENDA ITEM 8

**NO BACKUP
FOR THIS SECTION**

AGENDA ITEM 9

**NO BACKUP
FOR THIS SECTION**

AGENDA ITEM 10

**CITY OF HOLLYWOOD, FLORIDA
PENSION COORDINATOR
MEMORANDUM TO THE PENSION BOARD**

DATE: March 16, 2017
TO: Board of Trustees of the Employees' Retirement Fund
FROM: Lisa Castronovo, Pension Coordinator *lcc*
SUBJECT: Pension Coordinator Report

ISSUE:

Items of interest from the Pension Coordinator

EXPLANATION:

- 1) NCPERS 2017 Annual Conference & Exhibition will be held at The Diplomat Hotel in Hollywood Sunday, May 21 – May 24, 2016 with pre-conference sessions Saturday and Sunday, May 20 and May 21. Registration is now open. Please let me know if you would like to attend so that I can register you accordingly.

RECOMMENDATION:

For your information

AGENDA ITEM 11

**NO BACKUP
FOR THIS SECTION**