

AGENDA ITEM 1

**NO BACKUP
FOR THIS SECTION**

AGENDA ITEM 2

**NO BACKUP
FOR THIS SECTION**

AGENDA ITEM 3

ITEM 3.a.

**MINUTES of
JANUARY 28, 2016 REGULAR
PENSION BOARD MEETING**

MINUTES
REGULAR PENSION BOARD MEETING
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND
THURSDAY, JANUARY 28, 2016

1. CALL TO ORDER

Chair Shaw called the meeting to order at 9:13 a.m.

2. ROLL CALL AND PLEDGE OF ALLEGIANCE

Board Members present: Chair Phyllis Shaw, Vice-Chair Jeffrey Greene, Ralph Dierks, Raquel Elejabarrieta, George Keller, Daniel Matlow (arrived at 9:23 a.m.) and Richard Templeton. Also present: Pension Coordinator, Lisa Castronovo; Board Secretary, Tammie Hechler; Board Treasurer, Matthew Lalla; and Board Attorney, James Linn (Lewis, Longman & Walker).

3. CONSENT AGENDA

- a. December 17, 2015 Regular Meeting Minutes
- b. Excuse Trustee Dan Matlow from December 17, 2015 Board Meeting
- c. Ratification of Distributions (Contributions and DROP) and Plan Expenses
- d. Approval/Ratification of New Retirement/DROP/Vested/Death Annuities

MOTION made by Mr. Dierks, seconded by Mr. Templeton, to approve Consent Agenda Items 4.a - d. 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 a decrease in the Fund's assets of \$2.94 million/0.9% (net of disbursements) from \$300.44 million on October 2, 2015 to \$297.5 million on January 15, 2016.

5. INVESTMENT ISSUES (Keith Reynolds, Segal Rogerscasey)

- a. HarbourVest Presentation (Fran Peter & Brett Gordon)

Mr. Reynolds introduced Mr. Gordon and Mr. Peter from HarbourVest who in turn discussed their report (Report made part of these minutes) on global secondary market private equity investment opportunities and specifically an investment in HarbourVest's Dover Street IX. Mr. Gordon emphasized the benefits of secondary investing included J-curve mitigation, near-term liquidity, faster capital deployment, immediate diversification, and compelling returns with lower risk. Mr. Gordon stated that secondary market investments typically deliver better performance than other alternatives and beats them in down markets. Mr. Peter emphasized HarbourVest's differentiated approach to investments focusing on less efficient segments of the market and building diversified portfolios. Mr. Peter stated that HarbourVest specialized in complex transactions that yielded greater value and larger returns.

Discussion ensued regarding a Fund investment in HarbourVest's Dover Street IX.

MOTION made by Mr. Templeton, seconded by Vice-Chair Greene, based on Segal Rogerscasey's recommendation, to approve HarbourVest as the secondaries money manager with a \$10 million investment commitment.

Vice-Chair Greene requested additional information and withdrew the second of the Motion.

MOTION by Mr. Templeton, seconded by Mr. Keller, based on Segal Rogerscasey's recommendation, to approve HarbourVest as the secondaries money manager with a \$10 million investment commitment. In a voice vote by the members present, all members voted in favor. **Motion** passed 6-0 (Vice-Chair Greene had stepped out of the meeting).

Discussion followed regarding where the monies would come from within the Fund. Mr. Reynolds referred to the December 31, 2015 Flash Report and noted that domestic equities (currently at a 37.5% target allocation) and fixed income (currently at a 32.5% allocation) would both be moved down to 30% target allocations and the real estate investment was being brought back to its target allocation of 10% with a sell off of \$2.5 million from Morgan Stanley on March 31, 2016. Therefore, the monies needed for a capital call for HarbourVest's Dover Street IX would come from those sources. Mr. Reynolds added that Segal Rogerscasey would look at the markets to determine which funds were overweight and then make recommendation to the Board for approval before any allocation changes were made.

Vice-Chair Greene requested Mr. Reynolds to review the Fund's Investment Policy to confirm that it allowed one money manager to be used as the manager for more than one asset class.

b. Flash Performance Review

The Fund's market value on December 31, 2015 was \$298.2 million with December's rate of return at -0.82% compared to the benchmark of -1.12%. The preliminary rate of return for the quarter ended December 31, 2015 was 3.31% compared to the policy index of 2.93%. Mr. Reynolds noted the markets were strong in October, slower in November and then negative in December. Mr. Reynolds stated he would forward to the Board a Segal Rogerscasey article addressing the current market and how China affected the global markets. Mr. Reynolds noted Segal Rogerscasey did not believe there would be another recession at this time.

6. **LEGAL ISSUES (James Linn)**

a. Segal Rogerscasey Contract

Mr. Linn briefed the Board on the highlights and terms of Segal Rogerscasey's contract.

MOTION made by Mr. Templeton, seconded by Mr. Keller, to accept the contract as presented. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

10. **PENSION COORDINATOR'S REPORT (Lisa Castronovo) – Taken out of order**

Ms. Castronovo referred to her January 22, 2016 memorandum to the Board in which she detailed the immediate need facing the Retirement Fund for pension administration software. Ms. Castronovo recommended the Board proceed with immediately posting an RFP or hire a pension software IT consultant to help with a needs assessment and then the hiring, contracting, developing and implementing the software.

MOTION made by Mr. Templeton, seconded by Mr. Dierks, to hire an IT consultant. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

Ms. Castronovo will obtain three (3) quotes including references and will provide a one-page summary of the three proposals to the Board at the next meeting.

Ms. Castronovo reviewed various items of her January 22, 2016 memorandum to the Board (memo made part of these minutes). Specific discussion items: 1) Ms. Castronovo was to draft a memorandum to the City Manager via Matt Lalla requesting another 90 day extension of the City's contract with Wells Fargo for Retirement Fund custodian services; and 2) Ms. Castronovo was instructed to contact the City's Human Resources department and the administrators of the City's Police and Fire retirement funds to get a list of the physicians they use for disability applications.

6. LEGAL ISSUES (James Linn) - Taken out of order

b. Litigation Update

Regarding the City's lawsuit with the Board regarding the supplemental pension distributions, Mr. Linn reported the only thing that had happened since the last Board meeting was a request had been submitted to reassign the judge and the City was doing whatever was necessary to move forward with the dispute resolution procedures.

c. Pension Ordinance Amendment

Mr. Linn reviewed proposed changes to the pension Ordinance amendment. Discussion ensued specifically regarding the removal of language from the Ordinance stating the Board must hire an independent contractor as the pension coordinator.

Ms. Elejabarrieta recommended holding a special Board meeting in the next few weeks to discuss/approve the amendment.

7. ADMINISTRATIVE ISSUES

There were no Administrative Issues for discussion.

8. PUBLIC COMMENTS

Public comment was heard from: Ronald Bolton - 1150 NW 71 Avenue, Plantation, FL

9. TRUSTEE REPORTS, QUESTIONS AND COMMENTS

Mr. Keller advised the City would address the IRC Section 415 issue as it was not included in the recent collective bargaining process.

Mr. Matlow reported he sold his home in Hollywood and requested the Board to replace him on the Board as soon as possible. Mr. Matlow was advised to submit his resignation from the Board to the City effective June 30, 2016.

Chair Shaw stated her opinion that the City Commission Trustee appointments be staggered like the employee-elected Trustee positions so that both positions are not filled at the same time. Vice-Chair Greene agreed. Ms. Elejabarrieta suggested Mr. Linn draft amendment language regarding this and forward it to her

so she could forward Deputy City Attorney Alan Fallik to incorporate with other Ordinance changes he would be working on.

11. **ADJOURNMENT**

MOTION made by Mr. Keller, seconded by Ms. Elejabarrieta, to adjourn the meeting. In a voice vote by the members present, **Motion** passed 7-0. Meeting adjourned at 12:13 p.m.

Phyllis Shaw, Chair

Date

ITEM 3.b.

**MINUTES of
FEBRUARY 18, 2016 SPECIAL
PENSION BOARD MEETING**

**MINUTES
SPECIAL PENSION BOARD MEETING
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND
THURSDAY, FEBRUARY 18, 2016**

1. CALL TO ORDER

Chair Shaw called the meeting to order at 1:04 p.m.

2. ROLL CALL AND PLEDGE OF ALLEGIANCE

Board Members present: Chair Phyllis Shaw, Vice-Chair Jeffrey Greene, Ralph Dierks, Raquel Elejabarrieta, George Keller, Daniel Matlow and Richard Templeton. Also present: Assistant to Pension Coordinator, Jeanne Piro and Board Attorney, James Linn.

MOTION made by Vice-Chair Greene, seconded by Mr. Dierks, to table Agenda items 3.b. and 4.a. Chair Shaw did not accept the Motion.

3. LEGAL ISSUES (James Linn)

a. Pension Ordinance Amendment

Ms. Elejabarrieta stated her opinion that the Board should discuss the implementation ramifications of the proposed Ordinance amendment prior to approving the adoption of it. Mr. Linn noted a clause was added to the amendment stating the administrative changes addressed in the amendment would not take effect until the beginning of the fiscal year commencing more than one year after the amendment adoption.

Vice-Chair Greene stated he was in favor of the amendment but he pondered who specifically would be responsible for writing checks, setting the budget, reporting the budget, keeping accounting records. Vice-Chair Greene noted that from a financial stand-point, programs would need to be purchased to handle the many financial aspects of the amendment and that no one Trustee had the time or where-with-all to perform the financial duties the amendment would require. Mr. Templeton stated he also was in favor of the amendment, but the Board members would have to devote more time to pension matters. Mr. Keller stated his opinion that one year should be enough time for the transition from the City to the Pension Office performing all Fund administration and the City would be supportive of the Retirement Fund moving toward autonomy and self-sufficiency.

MOTION made by Vice-Chair Greene, seconded by Mr. Templeton, to approve the amendment to the Ordinance. In a voice vote by the members present, **Motion** passed 6-0 (Ms. Elejabarrieta opposed).

Chair Shaw recommended the Board set up work groups to start working on the transition of administrative duties from City to the Board so that the Board can tackle one item at a time rather than trying to do it all at once. Chair Shaw also suggested a group of Trustees visit with the Police and Fire pension coordinators to discuss specifically their Coordinator contracts and generally the processes they use in the administration of their funds.

Vice-Chair Greene asked if the Board should hold off on Chair Shaw's recommendation until after the City Commission approved the pension Ordinance amendment to which Chair Shaw replied the Board should move forward. Mr. Linn stated he would send the amendment to the City Manager and City Attorney to get their input. Further, the City Commission must

approve the amendment as does a majority of the Retirement Fund's members. Discussion followed regarding joining the administrative amendment with the amendment already done that addressed various IRS requirements as well including it with a possible proposed amendment changing the retirement age for general employees. Instead of combining the three amendments, Mr. Templeton recommended submitting them one at a time to the City Commission and the Retirement Fund members to increase the chances that each would pass.

4. ADMINISTRATIVE ISSUES – Taken out of Order

a. Disability Application – Independent Medical Examination

Chair Shaw added this Item to the Agenda as she wanted the Pension Office to have a list of medical providers on hand to reference and send disability applicants to when they submit a disability application. Vice-Chair Greene suggested that Ms. Castronovo contact Memorial Hospital to get a list of physicians in various areas of expertise and that if she had any problem to let him know as he had contacts there who could help.

3. LEGAL ISSUES (James Linn) – Taken out of Order

b. Potential Securities Litigation Case Discussion

Mr. Linn briefed the Board on a litigation matter presented by securities litigation law firm Saxena White regarding Apollo Education of which the Retirement Fund held 12,200 shares of Apollo Education valued at over \$100,000. Saxena White discovered Apollo Education was sold for perhaps less money than it should have been and thus it was their recommendation that the Retirement Fund file an action in the state court of Arizona on behalf of Apollo Education shareholders to ensure the directors of Apollo Education met their fiduciary obligations when negotiating the sale.

Vice-Chair Greene suggested the Board send the information to Segal Rogerscasey for their recommendation on whether to file an action and being lead plaintiff or joining a class action suit. Mr. Templeton agreed and would also like to send the information to Thompson, Siegel and Walmsley ("TSW") for their recommendation.

Mr. Dierks informed the Board that the custodial RFP had been extended until March 4, 2016.

5. ADJOURNMENT

MOTION made by Vice-Chair Greene, seconded by Mr. Dierks, to adjourn the meeting. In a voice vote by the members present, **Motion** passed 7-0. Meeting adjourned at 1:46 p.m.

Phyllis Shaw, Chair

Date

ITEM 3.c.

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

PLAN DISTRIBUTIONS

EMPLOYEES' RETIREMENT FUND
Refunds and Distributions
February 25, 2016 Regular Pension Board Meeting

Refunds of Contributions

<u>Name</u>	<u>Refund</u>
Martinez-Daviglus, Lucy	\$ 2,606.61
McDermott, Joshua	4,048.13
Perri, Kaley	9,732.76
	\$ <u>16,387.50</u>

DROP Distributions

\$

\$ 0.00

TOTAL: \$ 16,387.50

PLAN EXPENSES

EMPLOYEES RETIREMENT FUND

Payment Requests Processed During the Period
January 1, 2016 through January 31, 2016

Manager Fees

Segal Rogerscasey (December 2015)	\$	6,375.00
Northern Trust Company (quarter ending 12/31/15)		6,040.34
Thompson, Siegel & Walmsley (quarter ending 12/31/15)		36,948.42
Wellington Management (quarter ending 12/31/15)		76,055.32
		<u>125,419.08</u>

Attorney Fees

Lewis, Longman and Walker, P.A. (November 2015)		5,878.86
Lewis, Longman and Walker, P.A. (December 2015)		6,077.97
		<u>11,956.83</u>

Pension Coordinator Fees

LECastronovo Co., Inc. (January 2016)		<u>13,173.33</u>
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Travel Advances/Expenses

IFEBP Annual Conference (Orlando, Florida)		
Richard Templeton		1,850.00
Jeffrey Greene		125.00
George Keller		1,850.00
Matthew Lalla		1,850.00
Raquel Elejabarrieta		1,850.00
Lisa Castronovo		100.00
Phyllis Shaw		1,875.00
FPPTA Trustees School (Orlando, Florida)		
George Keller		208.13
Lisa Castronovo		208.13
Phyllis Shaw		208.13
Raquel Elejabarrieta		208.13
		<u>10,332.52</u>

Miscellaneous

Sharp - Copier Lease Payment (12/01/15 - 12/31/15)		158.07
Office Depot - General Office Supplies		30.57
UPS		7.62
Apex Reporting Group		100.00
HostGator (January 2016)		10.95
Over Limit Fee		39.00
		<u>346.21</u>

Total	\$	<u>161,227.97</u>
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ITEM 3.d.

**APPROVAL/RATIFICATION of
NEW RETIREMENTS/DEATHS**

EMPLOYEES' RETIREMENT FUND

New Retirement/DROP/Death/Vested Annuities - Monthly Amounts
February 25, 2016 Regular Pension Board Meeting

January 2016

Bertrand, Glendina - retirement (from Planned Retirement)	\$	2,928.88
Istvan, George - retirement (from DROP)		4,289.55

Benefits Stopped

Brooks, Nelle - died 1/18/2016 *	\$	510.16
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* Death Certificate requested

AGENDA ITEM 4

**NO BACKUP
FOR THIS SECTION**

AGENDA ITEM 5

ITEM 5.a.

**NEUBERGER BERMAN
PRESENTATION**

(Backup to be provided at meeting)

ITEM 5.b.

**SEPTEMBER 30, 2015
QUARTERLY PERFORMANCE
REPORT**

ITEM 5.c.

FLASH PERFORMANCE REVIEW

(Backup to be provided at meeting)

ITEM 5.d.

INVESTMENT POLICY REVIEW

(Backup to be provided at meeting)

AGENDA ITEM 6

ITEM 6.a.

LITIGATION UPDATE

(No backup available at this time)

ITEM 6.b.

PENSION ORDINANCE AMENDMENT

(No backup available at this time)

AGENDA ITEM 7

ITEM 7.a.

TRUSTEE EDUCATION

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

DATE: February 22, 2016
TO: Board of Trustees of the Employees' Retirement Fund
FROM: Lisa Castronovo, Pension Coordinator *lc*
SUBJECT: Trustee Education

ISSUE:

Education for new Trustees

EXPLANATION:

In the section of the City of Hollywood's Code of Ordinances that addresses the management of the Retirement Fund and outlines the makeup of the Board of Trustees, there is the following sentence: "Each of the three employee members shall attend two pension-related seminars during the member's first year of service on the Board." Chair Shaw has expressed her opinion that the educational requirement be extended to all new Trustees and that one of the two seminars be the Basic Trustees course offered by FPPTA.

RECOMMENDATION:

For discussion

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: February 22, 2016
TO: Board of Trustees of the Employees' Retirement Fund
FROM: Lisa Castronovo, Pension Coordinator *lca*
SUBJECT: Pension Coordinator Report

ISSUE:

Items of interest from the Pension Coordinator

EXPLANATION:

- 1) On Tuesday, February 9, 2016, by a vote of 176 to 154, Christopher Cassidy was elected by the employees covered by the City of Hollywood Employees' Retirement Fund to serve as one of the two employee-elected Trustees starting March 1, 2016, with the three year term ending February 28, 2019.
- 2) The opening date for the responses to the RFP for the Retirement Fund custodian is scheduled for Friday, March 4, 2016. A request for a 90-day extension of the contract with Wells Fargo (taking the contract to June 30, 2016) was sent by Treasurer Matt Lalla to the City Manager on Wednesday, February 17, 2016. The City Manager agreed to the extension as did Wells Fargo. **RECOMMENDATION:** Hold a special Board meeting as soon as possible after March 4, 2016 to review the RFP responses and rate the respondents.
- 3) See attached January 7, 2016 email from Wells Fargo regarding their offer to reduce their annual fees by approximately \$20,300 effective April 1, 2016. **RECOMMENDATION:** Decide whether to accept Wells Fargo's approx. \$20,000 fee reduction effective April 1, 2016.
- 4) Mark your calendars now for the annual FPPTA Conference set for Sunday, June 26 - Wednesday, June 29, 2016 at the Hyatt Regency Orlando.
- 5) Let me know as soon as possible if you wish to attend the NCPERS Annual Conference and Exhibit in San Diego set for Sunday, May 15 - Wednesday, May 18, 2016 (and Saturday, May 14 and Sunday, May 15 if you attend the Trustee Educational Seminar).

RECOMMENDATION:

For your information and discussion.

AGENDA ITEM 11

**NO BACKUP
FOR THIS SECTION**