

# **AGENDA ITEM 1**

**NO BACKUP  
FOR THIS SECTION**

# **AGENDA ITEM 2**

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

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**DATE:** August 17, 2017  
**TO:** Board of Trustees of the Employees' Retirement Fund  
**FROM:** Lisa Castronovo, Pension Coordinator *lcc*  
**SUBJECT:** Agenda for August 24, 2017 Regular Board Meeting

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**ISSUE:**

Approval of Agenda for August 24, 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 August 24, 2017 regular Board meeting

**AGENDA  
REGULAR PENSION BOARD MEETING  
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND  
THURSDAY, AUGUST 24, 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. July 27, 2017 Regular Meeting Minutes
  - b. August 15, 2017 Special Meeting Minutes
  - c. Ratification of Distributions (Contributions and DROP) and Plan Expenses
  - d. Approval/Ratification of New Retirement/DROP/Vested/Death Annuities
- 4. TREASURER'S REPORT**
- 5. INVESTMENT ISSUES (Keith Reynolds & Francois Otieno – Segal Marco Advisors)**
  - a. Brandes Investment Partners Presentation (Grant Duncan & Scott Thompson)
  - b. Wellington Management Presentation (Laura Howenstine & James DiGiuseppe)
  - c. June 30, 2017 Quarterly Performance Review
  - d. Flash Performance Review
- 6. LEGAL ISSUES (James Linn – Lewis, Longman & Walker)**
  - a. Executive Director Search - Update
  - b. Public Records Law Update
- 7. ADMINISTRATIVE ISSUES**
  - a. October 1, 2016 Actuarial Valuation Report
  - b. City Commission Communication
  - c. Fiduciary Liability Insurance
  - d. Pension Office relocation
  - e. Retiree-representative Trustee election
  - f. Policies and Procedures
- 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  
JULY 27, 2017  
REGULAR PENSION  
BOARD MEETING**

**MINUTES  
REGULAR PENSION BOARD MEETING  
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND  
THURSDAY, JULY 27, 2017**

**1. CALL TO ORDER**

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

**2. ROLL CALL AND PLEDGE OF ALLEGIANCE**

Board Members present: Chair Phyllis Shaw, Vice-Chair Jeffrey Greene (arrived at 9:11 a.m.), Ronald Bolton (arrived at 9:09 a.m.), Christopher Cassidy, Charles Howell (departed at 12:30 p.m.), George Keller and Mel Standley. Also present: Pension Coordinator Lisa Castronovo and Glenn Thomas for Board Attorney James Linn (Lewis, Longman & Walker).

a. Agenda Adoption

**MOTION** made by Mr. Bolton, seconded by Mr. Cassidy, to adopt the July 27, 2017 regular Board meeting Agenda as presented. In a voice vote by the members present, all members voted in favor. **Motion** passed 6-0.

**3. CONSENT AGENDA**

- a. June 13, 2017 Special Meeting Minutes
- b. June 22, 2017 Regular Meeting Minutes
- c. July 11, 2017 Special Meeting Minutes
- d. Excuse Trustee Keller from June 22, 2017 Regular Board Meeting
- e. Ratification of Distributions (Contributions and DROP) and Plan Expenses
- f. Approval/Ratification of New Retirement/DROP/Vested/Death Annuities

**MOTION** made by Mr. Cassidy, seconded by Mr. Bolton, to approve Consent Agenda with the exception of Item 3.c. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

**MOTION** made by Mr. Cassidy, seconded by Mr. Bolton, to amend Item 3.c., July 11, 2017 Special Meeting Minutes, to reflect that Chair Shaw, Mr. Cassidy and Vice-Chair Greene provided comments to Mr. Bassar regarding the Pension Coordinator RFP. 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, provided final reports for March, April and May 2017. Mr. Acosta reported the investment return had surpassed the assumed annual rate of return by June 30, 2017.

**5. INVESTMENT ISSUES (Keith Reynolds & Francois Otieno – Segal Marco Advisors)**

- a. Baird Advisors Presentation (Charles Groeschell & Jeffrey Simmons)  
Mr. Charles Groeschell, Managing Director and Senior Portfolio Manager, and Mr. Jeffrey Simmons, Managing Director and Senior Portfolio Manager, with fixed income manager Baird Advisors, presented a summary report to the Board. Mr. Groeschell stated that Baird's investors sought consistent quarter in/quarter out as well as year



in/year out returns and they looked at securities from the bottom up with the major emphasis on the quality of the investment. Mr. Simmons noted the Fund benefited from its investment with Baird because of Baird's long-term relationships focusing on clients and direct communication, their experienced management team, their total focus on fixed income management, and their culture and resources as key to future success.

- b. Neuberger Berman Presentation (William Wallace & Andrew Johnson)  
Mr. William Wallace, Senior Vice President, and Mr. Andrew Johnson, Managing Director and Senior Portfolio Manager, with fixed income manager Neuberger Berman Investment Advisors, presented a summary report to the Board.

Because the Board had expressed concern over the past several months about Neuberger Berman's consistent underperformance, Mr. Wallace and Mr. Johnson suggested the Board reallocate the Fund's investment in Neuberger's intermediate duration portfolio to diversified allocation in both Neuberger's short duration bond and short duration emerging markets funds. The diversified allocation could be any combination of weighting from 70% short duration bond/30% short duration emerging markets to 10% short duration bond/90% short duration emerging markets. Mr. Johnson pointed out that a weighting of 40% short duration bond/60% short duration emerging markets would produce a return of almost 90 basis points over the current return for almost the exact same risk.

- c. Fixed Income Wrap-up Discussion  
With guidance from Mr. Reynolds and Mr. Otieno, the Board discussed the options presented by Mr. Wallace and Mr. Johnson for a change in investments with Neuberger Berman.

**MOTION** made by Mr. Bolton, seconded by Mr. Keller, to go with Neuberger Berman's recommendation of reallocating the Fund's current 100% fixed income investment in Neuberger's intermediate duration portfolio to 40% in Neuberger's short duration bond fund and 60% in Neuberger's short term emerging markets fund. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

- d. Flash Performance Review  
Mr. Reynolds reported the Fund's market value was \$313.2 million on June 30, 2017 with an approximate net rate of return of 7.83% for the current fiscal year. Mr. Reynolds noted that asset allocation was on target and the rate of return was in line with the Fund's benchmark.

Per the Board's request, Mr. Reynolds asked representatives of GoldenTree, the Fund's most recently hired alternative fixed income manager, if they were able to reduce the investment fees. GoldenTree's response was that because of their comingled fund structure, there was no flexibility in the fees. The only way the fees could be cut would be if the Board opted to go with annual liquidity instead of quarterly liquidity. However, even if the Board chose to go with annual liquidity, the fees would only drop five (5) basis points, which, in Mr. Reynolds' opinion, was not worth the change.

Mr. Reynolds noted that Segal Marco Advisors was working with GoldenTree to see if GoldenTree could treat all of the investors brought to them by Segal Marco as one large investor which could result in GoldenTree reducing the fees for each individual investor.

**6. LEGAL ISSUES (Glenn Thomas – Lewis, Longman & Walker)**

**b. Status Report on Background Check and Fiduciary Bond Application for Jennifer Kerr – Item taken out of order**

Mr. Thomas reported that Sterling Talent Solutions was the background check company used by the City. Upon request by Mr. Thomas, Sterling Talent Solutions, for a one-time fee of just over \$100, was doing the background check on Jennifer Kerr. Mr. Thomas stated he believed Sterling's background report would be completed in the next few days at which time he would provide it to the Board. Mr. Thomas noted it would be necessary to redact some of the information in the report since it could not be shared with the public. Mr. Bolton asked Mr. Thomas if he had heard anything from the surety bond companies to which Mr. Thomas responded that he had with the bonding company currently covering various Board members, Travelers Insurance, denying coverage for Ms. Kerr as she did not meet their underwriting guidelines. Mr. Thomas noted the bonding agent told him Ms. Kerr could possibly be bonded for a lower amount but with higher premiums. Mr. Howell stated he felt it was time to considering redoing the pension coordinator search process. Mr. Bolton and Mr. Cassidy agreed. Discussion followed.

**MOTION** made by Mr. Cassidy to no longer pursue hiring Jennifer Kerr as Pension Coordinator. Chair Shaw did not accept the motion.

Chair Shaw said she agreed the process should be started over. Chair Shaw told the Board that the Pension Coordinator had excess to a lot of money and thus the Board should consider developing a hiring process and a job description for the person(s) who will be hired to run the Pension office.

Mr. Howell said he agreed with Mr. Cassidy (in that he did not wish to continue pursuing hiring Ms. Kerr), but he thought the Board should not take any formal action until the background check was completed. Mr. Howell added that for any future employee search advertise the salary as negotiable. Mr. Howell concluded by stating he would like to see a background check completed on any future potential employee before the Board made a decision to hire such person.

Mr. Bolton called a Point of Order regarding the Motion on the floor. Chair Shaw explained the motion was not seconded as she did not accept the Motion.

Mr. Keller asked Mr. Thomas if the Board should make a decision at the current Board meeting regarding the hiring of Ms. Kerr or wait until the background check was completed with the results presented to the Board. Mr. Thomas responded that the more facts the Board had to explain why they changed their vote, the less likely chance of legal repercussions.

Mr. Standley said he wanted to wait until the next meeting before making any decision regarding Ms. Kerr so that he could consider all available information. Mr. Standley added that if the Board decided to not hire Ms. Kerr, he would like to see the Board use the services of an executive search firm for any future search. Vice-Chair Greene agreed with Mr. Standley's comments.

Mr. Cassidy asked Mr. Thomas if the Board had enough information before them to cease the hiring of Ms. Kerr. Mr. Thomas replied they probably did based on the denial of surety bond coverage from two different insurance companies, but having the additional background information would solidify the Board decision and help it defend itself if any future litigation arose.

Chair Shaw stated she believed the Board needed to complete the process regarding the RFP due to Florida State Statute requirements. Mr. Keller agreed it would be best to complete the process.

Chair Shaw stated a Special Meeting would be scheduled as soon as the background information was made available. Chair Shaw asked the Board and the Board attorney to provide information regarding hiring processes.

**ACTION REQUIRED:**

Trustees and Board attorney – Research and prepare information regarding hiring procedures for discussion at the next Special Board Meeting.

**MOTION** made by Mr. Bolton, seconded by Vice-Chair Greene, to add Ms. Castronovo to the surety bond coverage. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

a. Disability Application Processing and Hearing Procedures

Mr. Thomas reviewed the changes made to the Disability Application Processing and Hearing Procedures per most recent discussions with the Board.

**MOTION** made by Mr. Bolton, seconded by Mr. Cassidy, to adopt the Disability Application Processing and Hearing Procedures. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

When asked by Mr. Cassidy if these procedures would apply to Ms. Idafunmi's disability application, Mr. Thomas replied no, but it would apply to all disability applications filed in the future.

**7. ADMINISTRATIVE ISSUES**

a. City Commission Communication

Ms. Castronovo provided the Board with a draft of the City Commission Communication for the June 22, 2017 regular Board meeting and the June 13, 2017 and July 11, 2017 special Board meetings. The Board accepted the Communication as presented.

b. Fund Invoice Payments – Transition to Wells Fargo

Ms. Castronovo presented the Board with ideas on how to direct the Fund custodian, Wells Fargo, to pay all future Fund invoices rather than having such payments go through the City's Finance Department. After discussion, the Board decided to keep the current process in place, at least through September 30, 2017 at which time the issue could be revisited.

c. Fiduciary Liability Insurance

Ms. Castronovo informed the Board that the current fiduciary liability insurance covering the Board expired September 30, 2017. Discussion ensued.

**MOTION** made by Mr. Keller, seconded by Mr. Cassidy, to use the same insurance agent as used for current fiduciary liability insurance coverage, but direct them to shop providers for the same level of coverage - \$15,000,000 – but for a lower premium. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

**ACTION REQUIRED:**

Ms. Castronovo – submit the application to Gateway-Acentria Insurance and request they shop the providers for same level of coverage but with lower premiums.  
Board attorney – determine if Board needs Directors and Officers insurance once they become independent of the City.

d. Independent Auditor RFP

Ms. Castronovo provided the Board with a sample RFP for an independent Fund auditor. Chair Shaw stated the auditors under contract with the City for the City's annual audit will perform the Fund's audit for fiscal year end September 30, 2017. Therefore, an RFP for an independent auditor did not need to be done immediately.

**ACTION REQUIRED:**

Ms. Castronovo – make note for inclusion in the January 2018 meeting agenda.

e. Travel dates for IFEBP Annual Conference

Ms. Castronovo noted IFEBP's 63<sup>rd</sup> Annual Conference would be in Las Vegas, NV with the opening session starting at 4:30 p.m. on Sunday, October 22 and a concluding session ending at 11:45 a.m. on Wednesday, October 25, 2017. The conference was preceded by a preconference on Saturday and Sunday, October 21<sup>st</sup> and 22<sup>nd</sup>, with preconference sessions starting at 8:00 a.m. both mornings. Ms. Castronovo reminded the Board that per its Travel Policy, covered stay starts the day preceding the first educational session and ends the last day of the registered event. The Travel Policy further states in no event will the hotel room be covered the night following the last educational session unless approved in advance by the Board based on location and availability of flights. Ms. Castronovo stated the Board needed to determine if the Fund would cover meal expenses for Wednesday (lunch and dinner) and Thursday (breakfast and lunch) and the hotel expense for Wednesday night if the attendees could not obtain a flight that would return them home at a reasonable time on Wednesday, October 25<sup>th</sup>.

**MOTION** made by Mr. Bolton, seconded by Vice-Chair Greene, to approve extended dates (Friday, October 20, 2017 for those attending preconference sessions and Saturday, October 21, 2017 for everyone else and Wednesday, October 25, 2017 for everyone). In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

**8. PUBLIC COMMENTS**

Public comments were made by: Veronica Mangan – address exempt FSS 119; Linda Haltam – 5641 Raleigh Street, Hollywood, FL; William Vulpis – 7993 Exeter Boulevard West, Tamarac, FL

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

Trustee comments were made by Mr. Cassidy, Mr. Bolton, Vice-Chair Greene, Mr. Keller and Chair Shaw. The Trustees in general noted that while they appreciated the feedback they had received from Fund members regarding the Pension Coordinator position and possible hiring of Ms. Kerr, they were unable to comment or respond due to the Cone of Silence in place for the Pension Administrator RFP.

Mr. Cassidy stated the Board was required to do their fiduciary responsibility for the Fund membership by periodically obtaining bids from all of their vendors to ensure the Board was getting the best “bang for the buck.” Vice-Chair Greene expressed his appreciation to the retirees for becoming actively involved in the process and stated he had read all of their emails. Chair Shaw said the Board had the best interest of all Fund members at heart and emphasized the need for the RFP process to be completed to avoid potential lawsuits. Mr. Bolton expressed his appreciation and commended Ms. Castronovo for her efforts on behalf of the retirees.

Chair Shaw asked the Board Attorney to put together something regarding Sunshine Laws, Public Records requests, and ethics to be presented to the Board on an annual basis, preferably in the spring of each year.

**ACTION REQUIRED:**

Board Attorney - put together something regarding Sunshine Laws, Public Records requests, and ethics for presentation to the Board on an annual basis.

**10. PENSION COORDINATOR’S REPORT (Lisa Castronovo)**

Ms. Castronovo noted: 1) registration was open for the Fall FPPTA Trustees School October 8 – 11, 2017 in Tampa and to let her know if anyone wished to attend; 2) she had provided each Trustee with the September 30, 2016 audit report; 3) she had provided each Trustee with the October 1, 2016 Actuarial Valuation Report and asked the Trustees to bring the Report she provided with them to the August 27<sup>th</sup> Board meeting at which time Jeff Amrose from Gabriel, Roeder, Smith & Company would present the Report; 4) the retiree-elected Trustee position was up in October and that she was going to work the City of Hollywood Retirees’ Association president, Ron Bolton, on the processes and timing to be followed to notify all retired members about the election for the position; and 5) she expected to receive in the next few weeks the September 30, 2017 Employee Benefit Statements after which she would get distributed to the active Fund members along with a copy of their respective updated Summary Plan Description.

**ACTION REQUIRED:**

Trustees – let Ms. Castronovo know if you wish to attend the FPPTA Fall Trustees School

Ms. Castronovo – add a list of Planned Retirement participants to the Consent Agenda

Ms. Castronovo - expand information regarding Planned Retirement in the Summary Plan Description.

**11. ADJOURNMENT**

**MOTION** made by Vice-Chair Greene, seconded by Mr. Bolton, to adjourn the meeting. In a voice vote by the members present, **Motion** passed 6-0. Meeting adjourned at 12:52 p.m.

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Phyllis Shaw, Chair

\_\_\_\_\_  
Date

**ITEM 3.b.**

**MINUTES of AUGUST 15, 2017  
SPECIAL PENSION  
BOARD MEETING**

**MINUTES  
SPECIAL PENSION BOARD MEETING  
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND  
TUESDAY, AUGUST 15, 2017**

**1. CALL TO ORDER**

Chair Shaw called the meeting to order at 2:07 p.m.

**2. ROLL CALL AND PLEDGE OF ALLEGIANCE**

Board Members present: Chair Phyllis Shaw, Vice-Chair Jeffrey Greene, Ronald Bolton, Chris Cassidy (arrived at 2:09 p.m.), George Keller, Charles Howell (via telephone) and Mel Standley. Also present: Glenn Thomas for Board Attorney James Linn (via telephone).

**3. ADMINISTRATIVE ISSUES**

a. Pension Coordinator Position

Ms. Castronovo left the meeting. After she exited, Mr. Thomas reviewed the executive summary he provided to the Trustees regarding the background check performed on Jennifer Kerr, the Board's selected candidate for the Pension Coordinator position. The Board discussed the findings and asked Mr. Thomas questions.

**MOTION** made by Mr. Howell, seconded by Mr. Bolton, to reconsider the June 13, 2017 Motion awarding the Pension Administrator contract to Jennifer Kerr. In a voice vote by the members present, **Motion** passed 7-0.

Mr. Bolton suggested, since the Board had decided to hire an executive director with a deputy assistant, the Board could hire someone from the RFP respondents to be the Pension Coordinator for the immediate for continuity sake. Mr. Thomas stated that would not be possible since the RFP was specifically worded to seek someone to serve as the primary administrator of the Fund.

Mr. Cassidy stated he felt the Board should take everything piece-by-piece, step-by-step by starting the search process over again and being much more involved in each and every step.

Chair Shaw asked the Board to weigh in on how they wished to proceed. Mr. Keller stated the Board could proceed with its search in one of three ways: use the City's procurement services department again, hire an executive search firm, or conduct the search themselves. Vice-Chair Greene stated he thought the Board did not need to hire a search firm but rather rely on employment postings the Board could place with the various national benefits organizations such as FPPTA, NCPERS, and IFEBP.

**MOTION** made by Mr. Cassidy, seconded by Vice-Chair Greene, to reject all responses to the RFP for Pension Administrator. In a voice vote by the members present, **Motion** passed 7-0.



Chair Shaw shared with the Board job descriptions for executive director and assistant administrator she received from the administrator of the Pompano Beach General Employees' plan. Mr. Bolton inquired if it was the Board's intention to hire both positions at this time or only the executive director with the assistant to be hired in the future. Mr. Keller said he thought the Board should post for both positions at the same time.

Chair Shaw said the job postings could be listed with the Florida League of Cities as well as the other organizations previously mentioned. Mr. Keller emphasized the need to make sure everyone knows all of the organizations the Board should post the jobs with so that no organization is missed.

Mr. Cassidy said he thought it was very important that the Board be responsible for receiving and reviewing all of the resumes/applications rather than any other person or entity.

**MOTION** made by Mr. Cassidy, seconded by Mr. Keller, to have the notice for both positions sent out as soon as possible with a post time of thirty (30) days, with the Board providing the list of organizations with which to post the jobs.

Discussion continued. Mr. Keller suggested the Board Attorney do the postings of the notice with the various organizations identified by the Board.

**MOTION** was amended to add that the Board Attorney would handle to posting of the jobs with the various organizations. In a voice vote by the members present, **Motion** passed 7-0.

The Board identified the following organizations with which with the jobs should be posted: Florida League of Cities, FPPTA (Florida Public Pension Trustees Association), NCPERS (National Conference of Public Employees Retirement Systems), IFEBP (International Foundation of Employee Benefit Plans), P&I (Pensions & Investments).

**MOTION** made by Mr. Bolton, seconded by Mr. Keller, to set the total amount for the posting/advertising of the jobs to not exceed \$5,000. In a voice vote by the members present, **Motion** passed 7-0.

Mr. Cassidy asked if the persons hired would be direct employees of the Board or contracted employees. The Board collectively agreed that the persons hired would be direct employees of the Board but covered by employment agreements. Mr. Howell suggested using ADP Payroll Services for the processing of the employees' pay.

Chair Shaw stated she wanted the Board to adopt policies and procedures regarding various matters – hiring practices, internal office controls, etc. – so that the Board could be assured that the Pension Office was run professionally with all deadlines met and all benefits calculated and paid correctly. Vice-Chair Greene added that he wanted the retirees to be assured that they would have a place to go with people open for them and willing and able to talk to them and help them as needed.

4. **ADJOURNMENT**

**MOTION** made by Mr. Keller, seconded by Mr. Howell, to adjourn the meeting. In a voice vote by the members present, **Motion** passed 7-0. Meeting adjourned at 3:11 p.m.

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Phyllis Shaw, Chair

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Date

**ITEM 3.c.**

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

# **PLAN DISTRIBUTIONS**

**EMPLOYEES' RETIREMENT FUND**  
**Refunds and DROP Distributions**  
**August 24, 2017 Regular Pension Board Meeting**

**Refunds of Contributions**

<u>Name</u>	<u>Refund</u>
Dike, Victor	\$ 3,602.31
Morales, Fernando	17,000.36
	<u>\$ 20,602.67</u>

**Planned Retirement**

Turner, James	\$ 195,367.58
	<u>\$ 195,367.58</u>

**Partial Lump Sum Distribution**

Medina, Leonor J.	\$ 44,098.00
	<u>\$ 44,098.00</u>

**DROP Distributions**

\$ 0.00

**TOTAL: \$ 260,068.25**

# **PLAN EXPENSES**

# EMPLOYEES RETIREMENT FUND

## Payment Requests Processed During the Period

July 1, 2017 through July 31, 2017

### Attorney Fees

Rice Pugatch Robinson Storfer & Cohen (March 2017)	\$	1,800.00
Rice Pugatch Robinson Storfer & Cohen (December 2016)		25.28
		<u>1,825.28</u>

### Pension Coordinator Fees

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

FPPTA Annual Conference (Orlando)		
Charles Howell		820.21
George Keller		776.55
Mel Standley		714.27
Jeffrey Greene		955.50
Lisa Castronovo		811.14
		<u>4,077.67</u>

### Miscellaneous

Sharp - Copier Lease Payment (06/01/17 - 06/30/17)		155.99
Office Depot - General Office Supplies		88.75
HostGator		10.95
		<u>255.69</u>

Total	\$	<u><u>19,331.97</u></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 August 24, 2017 Regular Pension Board Meeting

### June 2017

Turner, James - retirement (from Planned Retirement)	\$	4,530.64
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### July 2017

Medina, Leonor - retirement	\$	2,800.00
Camacho, Wender - retirement (from Vested)		422.09
Hart, Patricia - retirement (from Vested)		1,273.29

### Benefits Stopped

Blackmon, Helen - died 7/6/2017	\$	739.74
Gibson, William - died 7/23/2017		800.03
Patullo, Nancy - died 7/28/2017		662.25

**PLANNED RETIREMENT  
PARTICIPANTS**

# EMPLOYEES' RETIREMENT FUND

## Planned Retirements

August 24, 2017 Regular Pension Board Meeting

<u>NAME</u>	<u>Date Entered</u>	<u>Last Day of Employment No Later Than:</u>
Aide, Anglade	January 20, 2015	January 19, 2020
Anglade, Danielle	February 16, 2016	February 15, 2021
Babich, James	December 1, 2015	November 30, 2020
Baker, Carletha	July 1, 2016	June 30, 2021
Breighner, Lawrence	May 16, 2016	May 15, 2021
Brinkman, Michael	January 9, 2017	January 8, 2021
Brummer, John	January 23, 2017	January 22, 2022
Cescon, Daniel	June 16, 2014	June 15, 2019
Combs, Rebecca	October 16, 2013	October 15, 2018
Dec, Robert	April 1, 2016	March 31, 2021
Delaine, Denise	September 17, 2016	September 16, 2021
Desimone, Louis	May 15, 2017	May 14, 2022
Diah, Maxmillan	August 16, 2014	August 15, 2019
Ekelund, Eugenia	June 17, 2016	June 16, 2021
Epstein, Jeff	August 1, 2017	July 31, 2022
Estyle, Yolette	January 17, 2017	January 16, 2022
Fernandez, Ramon	March 3, 2014	March 2, 2019
Ferrante, Joseph	May 25, 2017	May 24, 2022
Giofre, Vincent	November 1, 2014	October 31, 2019
Gonzalez, Gustavo	December 22, 2012	December 21, 2017
Grandinetti, Donna	October 24, 2016	October 23, 2021
Harris, Sherman	November 7, 2013	November 6, 2018
Hilbert, James	November 17, 2014	November 16, 2019
Hofler, Laura	November 1, 2014	October 31, 2019
Holmes, Clarence	March 17, 2017	March 16, 2022
Huffaker, Daniel	June 1, 2017	May 31, 2022
Joseph, Hilaire	January 1, 2015	December 31, 2019
Joseph, Steve	January 17, 2017	January 16, 2022
Lazo, Maria	September 24, 2014	September 23, 2019
Leal, Xavier	August 3, 2017	August 2, 2022
Linares, Teresa	December 1, 2014	November 30, 2019
Marks, David	November 17, 2012	November 16, 2017
Martin, Marshall	April 19, 2017	April 18, 2022
McGillavry, Veronique	September 21, 2014	September 20, 2019
Milan, Clay	January 8, 2016	January 7, 2021
Mone, Rose	June 27, 2014	June 26, 2019
Mustian, Chris	January 24, 2017	January 23, 2022
Paicely, Yvonne	January 18, 2017	January 17, 2022

Papagno, Julie	February 4, 2014	February 3, 2019
Paquet, Joel	August 18, 2014	August 17, 2019
Patel, Jitu	November 1, 2013	October 31, 2018
Quintero, Rafael	January 3, 2015	January 2, 2020
Richards, Renee	December 1, 2016	November 30, 2021
Samuels, Brenda	July 1, 2017	June 30, 2022
Schwarck, Lundy	February 9, 2014	February 8, 2019
Stanley Terrence	January 17, 2017	January 16, 2022
Stout, Donald	January 8, 2016	January 7, 2021
Sullivan, John	July 1, 2017	June 30, 2022
Thomas, Cory	November 17, 2014	November 16, 2019
Thomas, Stacey	April 18, 2016	April 17, 2021
Underwood, Lori	May 22, 2017	May 21, 2022
Walker, Richard	February 3, 2013	February 2, 2018
Wallace, Telford	June 20, 2016	June 19, 2021
Whalen, Bruce	April 17, 2017	April 16, 2022
Witherspoon, Jonathan	May 17, 2017	May 16, 2022

# **AGENDA ITEM 4**

**NO BACKUP  
FOR THIS SECTION**

# **AGENDA ITEM 5**

**ITEM 5.a.**

**BRANDES INVESTMENT  
PARTNERS  
PRESENTATION**

**(Backup will be provided when received)**



**ITEM 5.b.**

**WELLINGTON MANAGEMENT  
PRESENTATION**

**(Backup will be provided when received)**

**ITEM 5.c.**

**JUNE 30, 2017 QUARTERLY  
PERFORMANCE REVIEW**

**(Backup will be provided when received)**

# **ITEM 5.d.**

## **FLASH PERFORMANCE REVIEW**

**(Backup will be provided when received)**

# **AGENDA ITEM 6**

**ITEM 6.a.**

**EXECUTIVE DIRECTOR SEARCH  
UPDATE**

**(No backup)**

**ITEM 6.b.**

**PUBLIC RECORDS LAW  
UPDATE**

**(No backup)**

# **AGENDA ITEM 7**

**ITEM 7.a.**

**OCTOBER 1, 2016 ACTUARIAL  
VALUATION REPORT**

**(Report was previously provided)**



# **LETTER FOR CONSIDERATION**

**(Jeff Amrose will provide details at Meeting)**



August 17, 2017

Ms. Lisa Castronovo  
Pension Coordinator  
City Hall Annex Building, Room 20  
2600 Hollywood Blvd.  
Hollywood, FL 33020

**Re: City of Hollywood General Employees' Retirement System  
Electronic Reporting Portal Requirement**

Dear Lisa:

On January 20, 2017 the Florida Division of Retirement (Division), Bureau of Local Retirement Systems issued a Memorandum to announce the activation of their new online reporting portal for pension plans subject to the reporting and disclosure requirements of Chapters 175 and 185, and Part VII of Chapter 112, Florida Statutes. In a follow-up Memorandum dated August 15, 2017, the Division indicated that beginning with all valuations dated on or after September 30, 2017 all actuarial reporting must be submitted via the online portal. In our conversations with the Division we have been informed that this information is to be prepared and uploaded by the actuary. They understand this new reporting will result in startup and on-going fees to be paid by the Boards.

**Additional Disclosure Requirements**

This new reporting is intended to capture all of the actuarial information as well as the financial information and key census data summaries which are required to be included in the actuarial valuation report, plus some additional calculations / information the Division now requires. Consequently, compliance requires creating a comprehensive electronic file containing 137 fields of required information in the format stipulated by the Division.

The electronic reporting replaces the current requirement to send a copy of the actuarial valuation report to the Division after it has been approved by the Board.

**Fees**

Our startup fee to prepare and file the information summarized above will be \$1,000 - \$1,250. Our ongoing fee in subsequent years will be \$400 - \$500.

If you should have any questions concerning the above, please do not hesitate to contact us.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Amrose", is written over a light-colored background.

Jeffrey Amrose  
Senior Consultant and Actuary

**ITEM 7.b.**

**CITY COMMISSION  
COMMUNICATION**

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

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**DATE:** August 17, 2017  
**TO:** Board of Trustees of the Employees' Retirement Fund  
**FROM:** Lisa Castronovo, Pension Coordinator *lcc*  
**SUBJECT:** City Commission Communication

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**ISSUE:**

Regular communication with City Commissioners and other interested parties

**EXPLANATION:**

Attached is proposed City Commission Communication for the July 27, 2017 regular Board meeting and the August 15, 2017 special Board meeting.

**RECOMMENDATION:**

For review and discussion

**CITY COMMISSION COMMUNICATION**  
from  
**CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND'S  
BOARD OF TRUSTEES**  
for  
**JULY 27, 2017 REGULAR MEETING  
AUGUST 15, 2017 SPECIAL MEETING**

**Board's Communication to City Commission**

Items Requiring City Commission Action

- Attend Board of Trustees' September 28, 2017, 9:00 AM regular meeting (in Pension Office conference room)

Items of Interest to the City Commission

- Florida Public Pension Trustees Association Fall Trustees School in Tampa, FL October 8 – 11, 2017 (informational brochure and agenda will be provided when received)
- Segal Marco Advisors Annual Education Summit in Orlando, FL October 18 – 21, 2017 (informational brochure and agenda will be provided when received)
- International Foundation of Employee Benefit Plans in Las Vegas, NV October 22 – 25, 2017 (informational brochure and agenda will be provided when received)

Items Submitted for City Commission Consideration

- None

**July 27, 2017 Special Board Meeting Summary:**

Board Members present: Chair Phyllis Shaw  
Vice-Chair Jeffrey Greene  
Ronald Bolton  
Chris Cassidy  
Charles Howell  
Mel Standley

Board Member(s) absent: ----

Also present: Pension Coordinator Lisa Castronovo  
Attorney Glenn Thomas for Board Attorney James Linn

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

- The Board heard presentations from their two core fixed income investment managers, Baird Advisors and Neuberger Berman.
- After the presentation from Neuberger Berman and discussion, the Board decided to move its fixed income investment with Neuberger Berman from its intermediate duration portfolio to a diversified allocation with Neuberger Berman of 40% in its short duration bond fund and 60% in its short duration emerging markets fund. With this change, the Fund can expect to see an increase in the investment return of almost 90 basis points without increasing risk
- Mr. Reynolds presented the Fund's June 2017 flash performance report noting the Fund's market value on June 30, 2017 was \$313.2 million with a net rate of return for the current fiscal year, through June, of 7.8%

**Legal:**

- Attorney Glenn Thomas provided an update on the processes being undertaken regarding the hiring of Jennifer Kerr as the Fund's Pension Administrator. Mr. Thomas reported 1) two insurance companies denied surety bond coverage for Ms. Kerr, and 2) he expected the background check being conducted on Ms. Kerr to be completed in the next week or so.
- The Board voted to add Ms. Castronovo to the Fund's surety bond coverage
- The Board adopted new disability application processing and hearing procedures to be used for all future disability applications

**Administrative:**

The Board discussed:

- Procedures for future invoice payments, an RFP for an independent auditor, seeking the same amount fiduciary liability insurance for fiscal year 2017-18 but for a lower premium, and approved travel dates for the October 2017 IFEBP annual conference in Las Vegas

**August 15, 2017 Special Board Meeting Summary:**

Board Members present: Chair Phyllis Shaw  
Vice-Chair Jeffrey Greene  
Ronald Bolton  
Chris Cassidy  
Charles Howell (via telephone)  
George Keller  
Mel Standley

Board Member(s) absent: ----

Also present: Attorney Glenn Thomas for Board Attorney James Linn

**Administrative:**

The Board:

- Discussed the final background report provided for Jennifer Kerr, the Board's selected candidate as the Fund's Pension Administrator
- Reconsidered its previous Motion in which it awarded the Pension Administrator contract to Ms. Kerr
- Rejected all responses received for the Pension Administrator RFP, including that received from Ms. Kerr
- Directed the Board attorney to post employment notices for both a Fund Executive Director and a Fund Assistant Administrator as soon as possible with various national organizations (FPPTA, NCPERS, IFEBP, Florida League of Cities, Pensions & Investments), with such notice open for 30 days

## **ITEM 7.c.**

### **FIDUCIARY LIABILITY INSURANCE**

**(Backup will be provided when received)**

# **ITEM 7.d.**

## **PENSION OFFICE RELOCATION**

**(No backup)**



**ITEM 7.e.**

**RETIREE-REPRESENTATIVE  
TRUSTEE ELECTION**

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

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**DATE:** August 17, 2017  
**TO:** Board of Trustees of the Employees' Retirement Fund  
**FROM:** Lisa Castronovo, Pension Coordinator *lec*  
**SUBJECT:** Retiree-elected Trustee position

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**ISSUE:**

Election for retiree-elected Trustee position

**EXPLANATION:**

The term of Ronald Bolton, the Trustee currently representing the Fund's retirees, ends October 31, 2017. As a result, and per City of Hollywood Ordinance 33.025(R)(1) which states one member of the Board of Trustees of the Fund, representing the retirees, "shall be a retiree (but not a DROP participant) elected by vote of all retired members (excluding DROP participants)," it is necessary to hold an election for the retiree-elected Trustee position. Ordinance 33.025(R)(1) further states "the City of Hollywood Retirees' Association shall administer the election of retiree Board members, subject to the direction of the Board."

On October 23, 2014, the Board made and adopted a Motion stating the Pension Coordinator, at the Fund's expense and by a date determined by the City of Hollywood Retirees' Association ("COHRA") at its annual meeting, would mail a notice to all Retirement Fund retirees regarding the retiree-elected trustee election, a list of the nominated candidates, and an absentee ballot and a return envelope.

Ron Bolton, president of COHRA, and I discussed and arrived at the following timelines for the election that work well for both COHRA and the Pension Office:

1. COHRA will hold a special meeting on Wednesday, September 20, 2017, to accept nominations for the retiree-elected Trustee position.
2. I, as Pension Coordinator, will mail the Notice regarding the retiree-elected trustee election, a list of the nominated candidates, an absentee ballot and a return envelope on or before Monday, October 2, 2017, to all Retirement Fund retirees (excluding DROP participants).
3. The absentee ballots must be received by COHRA by no later than Friday, October 20, 2017.
4. COHRA will conduct the in-house election at its annual meeting on Wednesday, October 25, 2017.

**RECOMMENDATION:**

For consideration, discussion and approval by the Board

(3) In carrying out its investment duties, the Board shall engage such custodial, investment management, and other professional consultants as the Board deems necessary and prudent.

(R) *Management.*

(1) The Fund shall constitute a trust to operate for the exclusive benefit of the participating employees by a Board of Trustees of seven members. The Board shall consist of two persons designated as citizen members who shall be residents of the city, who shall be appointed by and serve at the pleasure of the City Commission, and who shall not be identified with the city government; the City Manager or the City Manager's designee; two members representing the employees, who shall be employee members (including DROP participants) with at least six years of credited service, and who shall be elected by vote of all employee members (including DROP participants); one member representing the retirees, who shall be a retiree (but not a DROP participant) elected by vote of all retired members (excluding DROP participants); and one member representing the employees whose positions are not included in a collective bargaining unit, who shall have some accounting or investment experience and shall be appointed by and serve at the pleasure of the City Manager. The pension coordinator shall administer the election of employee Board members, subject to the direction of the Board. The City of Hollywood Retirees' Association shall administer the election of retiree Board members, subject to the direction of the Board. Each of the three employee members shall attend two pension-related seminars during the member's first year of service on the Board. The Fund shall pay all expenses, as appropriate, related to all Board members' attendance at such required seminars, in accordance with policies approved by the Board.

(2) The terms of office of all Board members shall be three years.

(3) In case of a vacancy occurring in the Board membership appointed by City Commission, the City Commission shall appoint a successor for the unexpired term of the office so vacated. In case of vacancy occurring in the Board membership appointed by the City Manager, the City Manager shall appoint a successor for the unexpired term of the office so vacated. In case of a vacancy occurring in the Board membership elected by employee members, if less than one year remains in the term of the vacating Board member, the Board shall appoint a successor who meets the qualifications for the vacated office from among those members who submit a written expression of interest to the Board; and if one year or more remains in the term of the vacating Board member a special election shall be held in accordance with division (R)(1) above to fill the remainder of the term. In case of a vacancy occurring in the Board membership elected by retiree members, if less than one year remains in the term of the vacating Board member, the City of Hollywood Retirees' Association shall appoint a successor who meets the qualifications for the vacated office from among those members who submit a written expression of interest to the Association; and if one year or more remains in the term of the vacating Board member a special election shall be held in accordance with division (R)(1) above to fill the remainder of the term.

(4) Trustees shall serve without compensation but shall be reimbursed for any expenses incurred in connection with service as members of the Board.

(5) The Board shall elect annually from among its members a chair and vice-chair.

(6) Meetings of the Board shall be open to the public.

(7) The Board shall formulate policy and shall be responsible for the proper operation and administration of the affairs of the Fund.

(8) The Board shall from time to time establish rules and regulations implementing the provisions hereof, for the proper administration of the Fund and for the transaction of its business consistent with the provisions of this subchapter. It shall adopt bylaws to define the duties of its officers and govern the conduct of its meetings.

Public comment was heard from: Ron Bolton - 1150 NW 71 Avenue, Planation, FL

In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

a. Summary Plan Description

Mr. Linn provided a brief overview of the summary plan description ("SPD") and stated that it was a challenge to draft due to the complexity of the plan and the various tiers of covered employees. Mr. Linn continued that since he provided the draft to the Board, he had found items in the Ordinance that were contradictory and thus he would like more time to review the Ordinance and make sure that the specifics provided in the SPD were correct.

**7. ADMINISTRATIVE ISSUES**

a. 2014 Retiree-elected Trustee Election

Once every three (3) years, the City of Hollywood Retirees' Association ("Association") administers the retiree-elected Board trustee election subject to the direction of the Board. Association president Ron Bolton explained the process used by the Association to conduct the retiree-elected trustee election: at the Association's annual meeting (in October), nominations were accepted from those attending the meeting followed immediately by the election held for those attending the same annual meeting. Mr. Bolton added that after researching the procedures followed by the Association, he discovered that in recent past elections DROP participants had been allowed to vote for the retiree-elected trustee even though the Ordinance did not allow them to do so. When questioned as to how all Fund retirees were notified of the retiree-elected trustee election, Mr. Bolton responded that they were notified of the Association's meeting dates at the first of January via a newsletter.

When asked to explain the specific procedures the Association would follow for the October 2014 election, Mr. Bolton stated the procedures would be the same as those followed in prior elections unless the Board directed otherwise.

Discussion ensued regarding ways to include all retirees in the election process. The Board collectively agreed that all retirees should be included in the election of the retiree-elected trustee. Mr. Bolton stated that while he understood the need to include all retirees in the process, it was cost prohibitive for the Association to mail the election notice and absentee ballot to all retirees.

**MOTION** made by Mr. Lalla, seconded by Vice-Chair Greene, for the Pension Coordinator to mail (at the Fund's expense and by a date determined by the City of Hollywood Retirees' Association at its annual meeting) a notice to all Retirement Fund retirees regarding the retiree-elected trustee election, a list of the nominated candidates, and an absentee ballot and return envelope.

Public comments were heard from: Ron Bolton - 1150 NW 71 Avenue, Planation, FL; Robert Strauss

When asked how the nominations would be taken for the upcoming election, Mr. Bolton responded that the Ordinance did not state that all retirees had to be given the opportunity to submit nominations and thus nominations would be

# **ITEM 7.f.**

## **POLICIES & PROCEDURES**

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

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**DATE:** August 17, 2017  
**TO:** Board of Trustees of the Employees' Retirement Fund  
**FROM:** Lisa Castronovo, Pension Coordinator *lcc*  
**SUBJECT:** Board Policies and Procedures

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**ISSUE:**

Development of Board policies and procedures

**EXPLANATION:**

Chair Shaw would like the Board to start considering policies and procedures detailing internal controls related to the Fund, hiring practices, etc.

**RECOMMENDATION:**

For discussion