

**MINUTES  
REGULAR PENSION BOARD MEETING  
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND  
THURSDAY, JANUARY 23, 2014**

**1. CALL TO ORDER**

Chair Shaw called the meeting to order at 10:03 a.m.

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

Board Members present: Chair Phyllis Shaw, Vice-Chair Jeffrey Greene, Mr. Charles Howell (via telephone; joined at 10:15 a.m.), Mr. Ralph Dierks, Mr. Patrick Gill, Mr. Matthew Lalla and Mr. Richard Templeton. Also present: Pension Coordinator, Ms. Lisa Castronovo; Board Secretary, Ms. Lisa Powell; and Plan Attorney, Mr. James Linn.

**3. CONSENT AGENDA**

- a. December 19, 2013 Regular Meeting Minutes
- b. January 9, 2014 Special Meeting Minutes
- c. Ratification of Distributions (Contributions and DROP) and Plan Expenses
- d. Approval/Ratification of New Retirement/DROP/Vested/Death Annuities

**MOTION** made by Vice-Chair Greene, seconded by Mr. Dierks, to approve Consent Agenda Items 3.a.-d. In a voice vote by the members present, all members voted in favor. Motion passed 6-0.

**4. TREASURER'S REPORT (Matthew Lalla)**

Mr. Lalla reported that he had no information to present because he was awaiting arrival of monthly statements from Wells Fargo for newly established money managers Wellington Capital and Principal Global Investors.

**5. INVESTMENT ISSUES (Keith Reynolds, Segal Rogerscasey)**

- a. Flash Performance Review

Mr. Reynolds reported that based on preliminary information, the Fund's total value on December 31, 2013 was approximately \$269.5 million, which was almost \$10 million greater than the Fund's value on September 30, 2013. Mr. Reynolds stated that the markets had remained strong in the fourth quarter of 2013 with the Fund having a total rate of return of 5.6% on a gross basis and 5.5% on a net basis which was .3% greater than the policy. Mr. Reynolds noted that the fixed income portion of the portfolio was under its target allocation but that it was to be addressed shortly when some funds from other asset classes would be transferred into the Neuberger Berman account.

Mr. Reynolds and the Board discussed the fee schedule established by the Fund's custodian, Wells Fargo. Mr. Reynolds reported that he had talked to the Funds' Wells Fargo representative about the existing fees and that there was the very good chance that some of the fees could be negotiated down. The Board then as a whole expressed their displeasure with the fee structure and what was deemed underperformance by Wells Fargo regarding client responsiveness with monthly statements. The Board considered placing an

RFP for custodial services but agreed to meet with the Fund's new Wells Fargo representative at the Board's regular February meeting before doing so.

Mr. Reynolds distributed a proposed 2014 meeting schedule for meetings throughout the year with Segal Rogercasey and the Fund's money managers. The Board agreed to meet with the Fund's two fixed income managers, Neuberger Berman and Baird Advisors, at its regular meeting in April. The Board agreed to follow the schedule but that it could be changed if the need arose.

b. Low Volatility Equity Manager Report

Mr. Reynolds reviewed low volatility equity investing by stating that such investing, because it specializes in low volatility stocks, provides some downside protection in down markets but that it will lag behind the other equity asset classes in up markets because of its very nature.

Mr. Lalla stated his opinion that the Fund had done a good job of protecting itself in down markets by the very nature of its current investment policy and thus he did not think an investment in low volatility equity was a good idea. Mr. Lalla stated that he did not like the idea of underperformance by an equity asset class in up markets. Vice-Chair Greene added that he did not see the need for a low volatility equity investment when the Fund invested as heavily as it did in fixed income assets (total target allocation of 32.5%).

Discussion continued as to the merits of bringing a low volatility equity investment manager to a Board meeting for informational purposes only. Vice-Chair Greene and Mr. Dierks felt that it was not necessary, while Mr. Howell stated that he would like to learn more about the investment. Mr. Gill stated his desire to look at opportunistic asset classes as the Board agreed to do a few years back. The Board agreed to not bring in a low volatility equity manager for any purpose at this time as there were other asset class options to consider that could provide better overall returns.

**6. DISABILITY**

**MOTION** made by Mr. Templeton, seconded by Vice-Chair Greene, to approve the non-duty disability application for Lucerne Reyes. In a voice vote by the members present, all members voted in favor. Motion passed 7-0.

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

Mr. Linn provided an update regarding the proposed pension ordinance by noting that it had been approved by the City Commission at first reading on Wednesday, January 15, 2014. Mr. Linn further noted that the collective bargaining agreement had gone back for further negotiations on Tuesday, January 21, 2014 but the new provisions added during such negotiations did not necessitate the proposed ordinance going before the City Commission again for first reading.

After discussion regarding the possible timeline for employees to vote on the collective bargaining agreement and then subsequent Fund membership to vote on approval of proposed ordinance, Mr. Templeton requested Ms. Castronovo to provide information to the City of Hollywood's Retirees Association regarding specific dates of the Fund membership vote.

**MOTION** made by Mr. Dierks, seconded by Mr. Lalla, to mail Notice of Election regarding proposed ordinance two business days after union ratification of collective bargaining agreement. In a voice vote by the members present, all members voted in favor. Motion passed 7-0.

Rebecca Katz of Motley Rice joined the meeting via telephone at 11:21 a.m. Ms. Katz updated the Board on the status of the recent filing for lead plaintiff on the lawsuit regarding DFC Global Corp. Ms. Katz informed the Board that while the Fund's loss was substantial at over \$140,000, two other firms – Robin Skellar and Bernstein Litowitz Berger & Grossman ("BLB&G") – had filed suits on behalf of other funds with losses over \$900,000. Ms. Katz continued that Motley Rice, on behalf of the Fund, would likely be asked to join in the suit with one of the other two plaintiffs and it would be the Board's choice as to which firm they would like to join.

**MOTION** made by Mr. Templeton, seconded by Vice-Chair Greene, to allow Ms. Katz, on behalf of the Board, to make the decision as to which firm – Robin Skellar or BLB&G – to join as lead plaintiff. In a voice vote by the members present, the motion passed 6-1 (Mr. Dierks voted in opposition).

Ms. Katz noted that no final decision would be made regarding which firm to join until after she consulted with Mr. Linn.

Mr. Templeton asked Mr. Linn about the status of the 13<sup>th</sup> check issue as regards to the City's Police and Firefighters' Funds. Mr. Linn responded that for the Police Fund, the State was waiting to receive the information showing that the City had approved the method of payment of the 13<sup>th</sup> check via the Fund's unfunded actuarial accrued liability, and that he had not yet heard anything from the State regarding the Firefighters' Fund.

**8. ADMINISTRATIVE ISSUES**

There were no Administrative Issues for discussion.

**9. PUBLIC COMMENTS**

There were no public comments.

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

Mr. Templeton stated that due to the many pension changes included in the upcoming proposed ordinance, the Summary Plan Description should not be finalized at this point in time.

Mr. Templeton noted that, based on his review of the proposed pension ordinance, administering its provisions would be a nightmare.

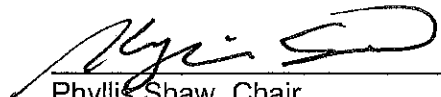
**11. PENSION COORDINATOR'S REPORT (Lisa Castronovo)**

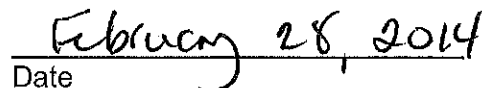
Ms. Castronovo noted that she provided each Trustee with information regarding securities litigation firm Bernstein, Litowitz, Berger and Grossman ("BLB&G"). Before moving forward with contracting with another securities litigation monitoring fund such as BLB&G, the Board requested Ms. Castronovo to contact Marisa DeMato regarding securities litigation monitoring offered by her new firm, Labaton Sucharow.

When asked about the Pension Office's current pension management software program, Ms. Castronovo replied that if and when the current proposed ordinance was adopted it would be necessary to perform an RFP for a software programmer to provide a new pension management system.

**12. ADJOURNMENT**

**MOTION** made by Mr. Lalla, seconded by Vice-Chair Greene, to adjourn the meeting. In a voice vote by the members present, motion passed 7-0. Meeting adjourned at 11:50 a.m.

  
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Phyllis Shaw, Chair

  
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Date