

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

**1. CALL TO ORDER**

Chair Shaw called the meeting to order at 10:07 a.m.

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

Board Members present: Chair Phyllis Shaw, Vice-Chair Jeffrey Greene, Mr. Ralph Dierks, Mr. Patrick Gill, Mr. Matthew Lalla, Mr. Dan Matlow, and Mr. Richard Templeton. Also present: Pension Coordinator, Ms. Lisa Castronovo; Board Secretary, Ms. Raquel Elejabarrieta; and Board Attorney, Mr. James Linn.

**3. CONSENT AGENDA**

- a. September 18, 2014 Regular Meeting Minutes
- b. October 3, 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 7-0.

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

Mr. Lalla reported that the Fund's investments had increased from \$290.58 million on October 1, 2014 to approximately \$301.16 million on October 21, 2014, an increase of \$10.58 million/3.6%, net of disbursements.

Mr. Templeton thanked Vice-Chair Greene and ex-Trustee Russell Dunn for steering the Fund from under \$50 million over 20 years ago to over \$300 million now.

**MOTION** made by Vice-Chair Greene, seconded by Mr. Dierks, to approve the Treasurer's Report. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

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

- a. Presentation by James Dominguez, Northern Trust Investments, Inc.  
Mr. James Dominguez, Second Vice President, Northern Trust Investments ("Northern"), presented a 3<sup>rd</sup> Quarter 2014 Portfolio Review (hand-out made part of these Minutes). Mr. Dominguez reviewed the Fund's investment in Northern's S&P 500 indexed fund. Mr. Dominguez emphasized how much domestic equity indexed funds have grown over the past years and that the tracking to the S&P 500 index had been spot-on
- b. Presentation by Megan Golder, Morgan Stanley  
This item was tabled until further notice.

- c. Presentation by Paul Stover, Principal Global Investors  
Mr. Paul Stover, Senior Relationship Manager, Principal Global Investors ("Principal"), presented an Account Overview (hand-out made part of these Minutes). Mr. Stover shared Principal's philosophy regarding value-added real estate investments. Mr. Stover noted several things regarding the fund: 1) it was on pace to return 11+% for calendar year 2014; 2) it tended to invest in necessity-based retail centers; 3) it was more market-driven than tenant-driven; 4) it had approximately a 14% return since its inception in May 2004; and 5) there had not been any changes in the team managing the fund.
- d. Flash Performance Review  
Mr. Reynolds reported the Fund's value on September 30, 2014 at close to \$280 million with the total value increasing \$20 million at the beginning of October due to the City's 2014-15 contribution to the Fund. The \$20 million would be split evenly and be invested with Neuberger Berman and Baird Advisors, increasing the percent allocated to fixed income from 24.3% to close to 30%. Mr. Reynolds continued that Frontier had performed very well since inception in mid-2013 and that Wellington historically did better in down markets and its return for quarter end September 2014 was no exception. Mr. Reynolds concluded that the Fund experienced a total return of approximately 11%, net of fees, for fiscal year end September 30, 2014.

Vice-Chair Greene inquired as to the advantage of switching to indexed fund for the Fund's fixed income investments. Mr. Reynolds replied that in the long term it was better to engage active managers for fixed income. Vice-Chair Greene followed up by asking if active managers were worth it considering the fees charged for their services to which Mr. Reynolds responded that it was worth especially considering the Board's direction to have Baird move from core investments to core-plus investments. Mr. Reynolds concluded that if the Board wanted to change one of the fixed income managers to passive management, Neuberger Berman would be the one to change, but that most likely the Board would ultimately decide not to change them to passive.

Mr. Reynolds stated that he will present an updated investment policy at the December Board meeting with the results of Segal Rogerscasy's search for a new small cap international money manager's presented at the January Board meeting.

Public comment was heard from: Robert Strauss - 2638 Johnson Street, Hollywood, FL

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

Mr. Linn advised the Board that the City Commission had not yet considered the Board's request for approval of the funding of the Supplemental Pension Distribution for fiscal year end September 30, 2012.

**MOTION** made by Mr. Templeton, seconded by Mr. Dierks, to send a follow-up letter to the City Commission requesting a Workshop be scheduled as soon as possible regarding appropriation of funding for 13<sup>th</sup> check.

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

taken the same way as had been done in the past: from the floor from those attending the annual meeting.

In a voice vote by the members present, **Motion** passed 5-1 (Mr. Dierks opposed; Mr. Templeton stepped out of the room).

b. 2015 Employee-elected Trustee Election timeline

Ms. Castronovo explained that the employee-elected Trustee position currently held by Chair Shaw would expire at the end of February 2015 and thus the Board needed to approve an election timeline for the upcoming election. Ms. Castronovo noted that she accidentally omitted the early voting days from the timeline but would add them accordingly.

Discussion ensued regarding the window of time provided to allow all employees for the opportunity to vote and whether absentee ballots should be made available to those employees who could not vote in person.

**MOTION** made by Vice-Chair Greene, seconded by Mr. Dierks, to add to the general employee-elected Trustee election timeline seven (7) business days of early voting with the last day being the Friday immediately preceding election day. Further, if an employee needed to vote via absentee ballot, they must request an absentee ballot prior to the first day of early voting and return it on or before the last day of early voting. In a voice vote by the members present, **Motion** passed 7-0.

**MOTION** made by Mr. Lalla, seconded by Vice-Chair Greene, to approve the timeline as verbally amended by the Pension Coordinator for the employee-elected trustee election. In a voice vote by the members present, **Motion** passed 7-0.

c. Update on Ocwen LP Litigation

Ms. Castronovo informed the Board that while Chair Shaw had signed documents on behalf of the Board to file for lead plaintiff, in conjunction with another fund, in the Ocwen securities fraud case, the Fund ended up ranking fifth in lead plaintiff status.

d. Retirement Fund website

Ms. Castronovo requested the Board to review and provide feedback on the Fund's website at their earliest convenience so that she could make the site publicly available.

e. Approval of 2015 Board meeting schedule

**MOTION** made by Mr. Dierks, seconded by Mr. Matlow, to adopt the proposed 2015 Board meeting schedule. In a voice vote by the members present, **Motion** passed 6-0 (Mr. Templeton stepped out of the room).

f. 2014 Annual IFEBP Conference

The Trustees shared comments on the conference and the Board's adopted Travel Policy regarding certain expenses.

8. **PUBLIC COMMENTS**

Public comment was heard from: Christopher Cassidy, 4621 Hollywood Boulevard, Hollywood, FL

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

Vice-Chair Greene commented on the importance of the City's retirement plan that is offered to its employees.

Mr. Templeton stated his desire to move forward with Request for Proposals for the Board attorney and pension coordinator to see what was available. Vice-Chair Greene stated that an RFP had recently been done for the attorney and the investment consultant. Mr. Templeton stated that he had been contacted by people who said they would be interested in responding to an RFP for the positions.

**MOTION** made by Mr. Templeton, seconded by Mr. Dierks, to issue a Request for Proposal for the Board attorney and pension coordinator.

Mr. Gill noted 1) there was no need for an RFP for the attorney since one had been done two years ago, and 2) qualified pension coordinators "didn't grow on trees."

Mr. Templeton separated the Motion to defer on the Request for Proposal for the Board attorney but to move forward with the Request for Proposal for the pension coordinator. The amendment was accepted by Mr. Dierks.

In a voice vote by the members present, **Motion** passed 6-1 (Mr. Gill opposed).

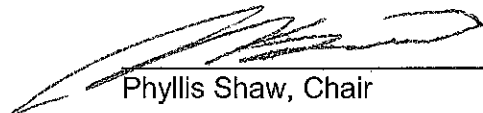
Mr. Gill stated that if the Board chose a new pension coordinator, the person or firm selected would have to "hit the ground running" as the finance department would not be able to help in the Pension Office as it did four years ago. Mr. Greene stated that just because the Board elected to conduct an RFP did not mean that the current pension coordinator would not be retained.

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

Ms. Castronovo asked the Trustees to 1) turn in their travel expense reports, and 2) let her know if they were interested in attending the FPPTA Winter Trustees' School as registration for is was open. Ms. Castronovo informed the Board that the revised October 1, 2013 actuarial valuation report would be finalized and ready for review in a few days and asked if the Board would like to have a special meeting to review it. A brief discussion followed.

**11. ADJOURNMENT**

**MOTION** made by Vice-Chair Greene, seconded by Mr. Matlow, to adjourn the meeting. In a voice vote by the members present, **Motion** passed 7-0. Meeting adjourned at 1:12 p.m.

  
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Phyllis Shaw, Chair

November 20, 2014  
Date