

**MINUTES
REGULAR PENSION BOARD MEETING
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND
THURSDAY, DECEMBER 18, 2014**

1. CALL TO ORDER

Chair Shaw called the meeting to order at 10:06 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 (arrived at 10:18 a.m.), 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 (via telephone).

3. CONSENT AGENDA

- a. November 20, 2014 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. Dierks, seconded by Mr. Templeton, to approve Consent Agenda Items 3.a.-c. 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 the Fund's assets had increased from \$290.58 million on October 1, 2014 to approximately \$303.94 million on December 15, 2014, an increase of \$13.4 million/4.6%, net of disbursements.

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. Flash Performance Review

Mr. Reynolds reported that the Fund's value was \$304.42 million on November 30, 2014. The Fund's 2.95% net rate of return was 30 basis points better than the policy's 2.65% rate of return. For the month ended November 30, 2014, all managers out-performed their respective indices with the exception of Neuberger & Berman who only slightly underperformed its benchmark (0.44% vs. 0.50%). Mr. Reynolds commented that for calendar year end December 31, 2014, the Fund had performed very well with both real estate managers (Morgan Stanley and Principal Global Advisors) and both small-to-mid cap domestic equity managers (Frontier Capital and Thompson, Siegel and Walmsley) performing significantly better than their respective benchmarks.

Mr. Reynolds reported that the assets held at Northern Trust exceeded its 30% target allocation by 4%. Mr. Reynolds recommended that \$12 million of the assets held by Northern Trust be transferred and split equally between Baird Advisors and Neuberger & Berman.

MOTION made by Vice-Chair Greene, seconded by Mr. Dierks, to transfer assets in January 2015 from Northern Trust to Baird Advisors and Neuberger & Berman in equal amounts so that after the transfer Northern Trust's asset allocation equals 30.0%. In a voice vote by the members present, all members voted in favor. **Motion** passed 6-0.

Mr. Reynolds reviewed his proposed 2015 Meeting Schedule and Work Plan. Mr. Templeton noted that there were several months in which the Board would not meet with a money manager and four months in which the Board would meet with two managers. Mr. Templeton inquired of Mr. Reynolds if it was reasonable to spread the manager meetings out over the full 12 months to more evenly distribute the Board's time at each individual meeting. Mr. Reynolds explained the idea of the Board meeting with more than one manager at a time (for side-by-side comparison purposes) but agreed with the logic of only meeting with one manager per meeting. Mr. Reynolds stated he would present a revised meeting schedule to the Board at its January 2015 meeting.

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

a. Summary Plan Description

Mr. Linn stated that he had not made any changes to the Summary Plan Descriptions (SPD's) since they were presented to the Board at the November meeting. Mr. Linn added that he had not received any comments or suggested revisions from any Trustee. Mr. Dierks asked Ms. Castronovo if she had received any comments/revisions from the Union or City of Hollywood Retirees' Association (COHRA) to which she responded that the Union via their legal counsel declined to provide input and that Ronald Bolton, COHRA president, had responded that COHRA was satisfied with the SPD's.

MOTION made by Mr. Lalla, seconded by Mr. Dierks, to accept and distribute the Summary Plan Descriptions.

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

The Board directed Mr. Linn to add language to the SPD's regarding IRC Section 415.

MOTION was withdrawn by Mr. Lalla as was the second by Mr. Dierks.

The Board agreed to wait until the IRC Section 415 language was added before approving the SPD's.

7. ADMINISTRATIVE ISSUES

a. Board Elections – Chair and Vice-Chair (January 2015 – December 2015)

Mr. Dierks inquired as to who would be Chair if Chair Shaw was reelected as Chair for 2015 but did not get reelected in her current employee-elected Trustee position. Chair Shaw responded that the Vice-Chair would become Chair.

Ms. Castronovo reported that as of the morning of December 18, 2014, she had received only one Application for Candidate for the employee-elected March 1, 2015 – February 28, 2018 Trustee position. Mr. Templeton asked if an election would be needed to allow for write-in candidates even if only one Application was submitted within the nomination period. Mr. Linn responded that the Board's election policy did not address write-ins and since it was silent on the matter the Board could interpret it to mean that an election to allow write-ins was not necessary.

MOTION made by Mr. Dierks, seconded by Mr. Lalla, to nominate Ms. Shaw as Chair and Mr. Greene as Vice-Chair. In a voice vote by the members present, all members voted in favor. Motion passed 7-0.

b. RFP for Pension Coordinator

Mr. Gill stated his opinion that the Board should hold off on posting an RFP for the Pension Coordinator position due to the fact that an RFP for a new pension administration software system was going to be posted in the near future with the intent to start the project as soon as possible and the need to have in place a Pension Coordinator very familiar with the Retirement Fund to help develop the software and to test it once developed. Mr. Gill continued that the coming year was not a good time to bring forth both a new Pension Coordinator and new software because ultimately the Fund members would suffer due to lack of services.

Mr. Lalla asked what happened to the evaluations the Board was asked to complete for their three primary service providers – Pension Coordinator, Board attorney, and investment consultant. Mr. Lalla inquired that if the Pension Coordinator's evaluations indicated favorable performance, was it really necessary to do an RFP for that position. Mr. Dierks responded that he learned at one of the sessions he attended at the annual IFEBP conference that it was the Board's duty to periodically do a due diligence search for their service providers. The Board collectively agreed that the three Board members who did not complete the evaluations of the three service providers earlier in the year needed to do so and return them to the Pension Coordinator.

Mr. Greene suggested Mr. Dierks draft an updated RFP for the Pension Coordinator position and present it to the Board at a future meeting. Mr. Dierks agreed to work on it.

8. PUBLIC COMMENTS

There were no public comments.

9. TRUSTEE REPORTS, QUESTIONS AND COMMENTS

Mr. Dierks stated he had a problem with City Manager Dr. Wazir Ishmael's appointment of Mr. Lalla as the Trustee representing the non-represented employees' and of Ms. Elejabarietta's appointment as the City Manager's designee. Mr. Dierks said he felt Mr. Lalla's appointment was a conflict of interest since he served as the Board Treasurer and that Ms. Elejabarietta's appointment was a conflict of interest since she was Director of Labor Relations who handled Workers' Compensation claims for the City.

Mr. Templeton agreed with Mr. Dierks and recounted the history of the services on the Board of previous City Managers and also the idea behind the non-represented employees' Trustee representation on the Board. Mr. Templeton stated that the immediate past and the current City Managers completely did away with the intent of the agreements that created the non-represented employees' Trustee position and the idea that the City Manager would personally sit on the Board. Mr. Templeton continued that he personally was very upset with the appointments since Mr. Lalla was an executive who as such did not represent the non-represented employees and since Ms. Elejabarietta worked on disability retirements.

Mr. Greene said he totally disagreed with Mr. Templeton. Mr. Greene's opinion was if Mr. Templeton was taking the position that the two aforementioned appointments were wrong, then the same logic could be applied that Mr. Dierks, Chair Shaw and Mr. Templeton also had conflicts since they represented various groups of Fund members. Mr. Greene said he did not see any difference between the four "represented" positions currently filled by Mr. Dierks, Mr. Gill, Chair Shaw and Mr. Templeton and thus it was not proper to single out Mr. Lalla's appointment as the non-represented employees' Trustee as the only conflict and inappropriate appointment.

Mr. Lalla asked Mr. Linn whether the City's Code of Ordinances required City Commission ratification of the City Manager's appointments to the Board of Trustees, and whether there was an inherent conflict of interest with the Board Treasurer sitting on the Board itself. Mr. Linn confirmed that the City Code did not require City Commission ratification of the City Manager's appointments to the Board, and stated that in his opinion there was no inherent conflict of interest that would preclude the Treasurer from serving as a member of the Board. When asked by Mr. Lalla, Mr. Linn stated that it was not uncommon for a city's finance director to sit on a city pension board. Mr. Lalla expressed his confusion as to why there was a conflict of interest if he, as Board Treasurer, was also a trustee when the Board attorney had continuously stated that there was no such conflict.

Mr. Templeton reiterated that the intent was that a management person with accounting or investment experience would be the non-represented employees' Trustee not a director since directors were in executive positions and thus did not represent lower level employees. Mr. Gill pointed out that the non-represented group was comprised of executives, management, confidential, legal and technical and so whoever sat in his position on the Board represented all non-represented employees.

Mr. Dierks mentioned the letter written by City of Hollywood Mayor Bober regarding the funding status of the three City pension plans.

Mr. Templeton asked if there had been any response from the City regarding the 13th check issue. Chair Shaw, Ms. Castronovo, and Mr. Linn responded that they had not heard anything to date. Mr. Templeton suggested that a third letter be written requesting a response.

Mr. Lalla asked Mr. Linn if there was a conflict with the appointment of Ms. Elejabarietta to the Board as the City Manager's designee given her involvement with Workers' Compensation claims and disability retirement applications. Mr. Linn replied he did not see a conflict since it was the Director of Human Resources responsibility to report to the Board regarding all disability applications.

10. PENSION COORDINATOR'S REPORT (Lisa Castronovo)

Ms. Castronovo 1) reminded the Trustees to let her know if they wanted to attend the upcoming FPPTA's Winter Trustees School, 2) stated she contacted the assistant director of Public Works to find out the process and get a cost estimate to expand the Pension Office conference room, 3) noted she had provided each Trustee with a draft RFP for software services and requested feedback by the January 2015 regular Board meeting as she would like to post the RFP on February 2, 2015, and 4) reported that the Fund website went live the prior week with positive feedback to date.

Ms. Castronovo presented Mr. Gill a plaque in gratitude for his 15+ years of service on the Board. Chair Shaw and Messrs. Greene, Templeton, and Dierks thanked Mr. Gill for his service, integrity and dedication to the Fund and its members and wished him luck in his retirement.

11. **ADJOURNMENT**

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



Phyllis Shaw, Chair

1/22/15

Date