

**MINUTES
REGULAR PENSION BOARD MEETING
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND
THURSDAY, JUNE 26, 2014**

1. CALL TO ORDER

Chair Shaw called the meeting to order at 10:09 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. Charles Howell, Mr. Matthew Lalla, and Mr. Richard Templeton. Also present: Pension Coordinator, Ms. Lisa Castronovo; Board Secretary, Ms. Raquel Elejabarrieta; and Mr. Glenn Thomas, representing Board Attorney James Linn (via telephone).

3. CONSENT AGENDA

- a. May 22, 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 Vice-Chair Greene, to approve Consent Agenda Items 3.a.-c. 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 \$255.8 million on October 1, 2013 to approximately \$287.0 million on June 23, 2014, which was an increase of \$31.2 million/12.2%, net of disbursements.

MOTION made by Mr. 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 (Emily Boccuzzi -- Segal Rogerscasey)

Flash Performance Review -

Ms. Boccuzzi reported that the Fund's value on May 31, 2014 was \$283.4 million. Ms. Boccuzzi continued that for the 8-month period ended May 31, 2014, Northern Trust as expected was matching its benchmark, Frontier was outperforming its benchmark by more than 500 basis points, TSW was on pace to outperform its benchmark, as was fixed income manager Baird Advisors, while international equity manager Wellington and fixed income manager Neuberger & Berman were slightly behind their respective benchmarks. Ms. Boccuzzi continued that both real estate managers were experiencing positive returns and were ahead of their respective benchmarks.

6. LEGAL ISSUES (Glenn Thomas -- Lewis, Longman & Walker, via telephone)

Mr. Thomas reported that his firm had not heard anything from the state's Division of Retirement regarding payment the supplemental benefit check. Mr. Templeton asked Mr. Thomas if since no one had heard from the Division if another letter could be written stating that the Board was going to pay the benefit and did the Division object to the payment. Mr. Thomas responded that the Division would not provide an answer to a new letter any sooner than they

would respond to the original request since they were still considering the first inquiry. Mr. Thomas stated he could try a different approach to see if he could get a response sooner. Mr. Templeton said he thought Mr. Linn's original letter to the Division should have been more positive in support of the Board's decision to pay the benefit. Mr. Gill asked Mr. Thomas if the Division indicated whether their answer would be forthcoming within 30 days or so to which Mr. Thomas replied that the Division was not committal. Mr. Lalla asked Mr. Templeton if Mr. Linn was expected to write a letter supportive of the Board's decision in light of his legal opinion that such payment should not be paid. Mr. Templeton replied that he thought the Board attorney should be more supportive of the Board's decision.

Discussion continued regarding the letter to the Division, disbursement of the supplemental benefit, and the wait for a reply from the Division.

7. ADMINISTRATIVE ISSUES

a. Rules of Decorum

Ms. Castronovo stated that she had provided each Board member with proposed rules of decorum from both Mr. Dierks and retiree Calvin Taylor.

Mr. Templeton suggested that rules of decorum were not needed since everyone conducted themselves in an orderly manner.

Discussion followed regarding use of cell phones and other electronics during meetings.

MOTION made by Mr. Lalla, seconded by Mr. Gill, to accept the rules of decorum as provided by Mr. Dierks with the revision that electronics can be used but only if in silent mode.

Discussion continued regarding the size of the room where the Board meetings are held and whether the location needed to be changed to accommodate a larger audience.

Public comments were heard from: Robert Strauss - 2638 Jackson Street, Hollywood, FL; Gilbert Flauto - 8940 NW 77th Court, Tamarac, FL; Patrick Mason - 4205 Hollywood Boulevard, Hollywood, FL; and Andre Brown - 2316 Mayo Street, Hollywood, FL

Motion passed 4-3 (Chair Shaw, Mr. Howell, and Mr. Templeton voted in opposition).

b. October 1, 2013 Actuarial Valuation Report

MOTION made by Mr. Greene, seconded by Mr. Dierks, to accept the October 1, 2013 Actuarial Valuation Report.

Mr. Templeton asked that acceptance of the Actuarial Valuation Report be tabled until the next meeting to give the Trustees time to review it.

Mr. Greene withdrew his **Motion** and Mr. Dierks withdrew his second. Discussion of the October 1, 2013 Actuarial Valuation Report was tabled until the next Board meeting.

- c. Actuarial Experience Study Fee Quote
Discussion of the Actuarial Experience Study Fee Quote was tabled until the next Board meeting.
- d. Supplemental Benefit Repayment Discussion
The Board discussed specifics regarding recouping from recipient retirees the paid supplemental benefit for fiscal year end September 30, 2012 if it was later determined that the payment of the supplemental benefit violated State Statute.

Mr. Gill stated that paying out and later recouping the supplemental benefit would be an administrative nightmare. Mr. Templeton stated that the recipients should be forewarned that the supplemental benefit might have to be repaid to the Fund and should also be told of the method in which the repayment would be done.

Mr. Lalla stated that an affidavit should be sent to each recipient on which each would affirm that they were still alive. Mr. Gill added that the affidavit should include an option for the recipient to indicate whether or not they wished to receive the supplemental benefit in the immediate given the possibility that such benefit might have to be repaid. The affidavit should also contain a statement that the recipient understands that if they elect to receive the benefit immediately that the benefit might have to be returned and the method of returning it.

The Board collectively agreed to not send the supplement benefit to the 26 people entitled to such benefit on October 1, 2012 but who have since died. Mr. Greene asked Mr. Thomas how could the Fund recoup the benefit if the recipient died or filed bankruptcy. The Board agreed that a letter and affidavit should be sent to each recipient outlining the general situation and providing individual specifics on the methodology that would be used to recoup the payment.

Public comments were heard from: Troy Porter - 21760 NW 8th Place, Pembroke Pines, FL; Andre Brown; Gerald Jones - 2115 Wiley Court, Hollywood, FL; Robert Strauss; and Patrick Mason.

MOTION made by Mr. Greene, seconded by Mr. Dierks, to direct Ms. Castronovo to provide the Board with a draft letter regarding payment and possible recoupment of the supplemental benefit using a recipient retiree as an example. In a voice vote by all members present, **Motion** passed 7-0.

8. PUBLIC COMMENTS

There were no public comments.

9. TRUSTEE REPORTS, QUESTIONS AND COMMENTS

Mr. Lalla asked Ms. Castronovo to find out if there was a place on the monthly retirement checks to include a blanket message, i.e. the dates of upcoming Board meetings.

Mr. Gill stated that he had contacted Wells Fargo to waive Frontier Capital Management's fee as per a prior agreement with Wells Fargo. Wells Fargo responded affirmatively to waive the fee.

Chair Shaw asked which City department director would make decisions on disability applicants to which Ms. Elejabarrieta responded it would be the Director of Human Resources.

Mr. Howell thanked each Board member for their input and support over the years he served as a Board trustee.

10. PENSION COORDINATOR'S REPORT (Lisa Castronovo)

Ms. Castronovo stated that the Board's upcoming September 25th regular Board meeting fell on Rosh Hashanah. The Board agreed to reset the meeting and for Ms. Castronovo to inform them of an alternative date.

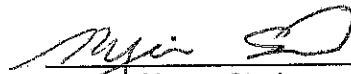
Ms. Castronovo provided each Board member with a draft of a Fund newsletter for their review and comments.

Ms. Castronovo asked the Board if they would like to meet with another securities monitoring law firm who expressed interest in providing their services to which the Board collectively agreed they did not wish to do so since three such firms were already under contract.

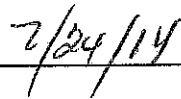
Ms. Castronovo stated that she had not received back service provider evaluation forms from all Board members.

11. ADJOURNMENT

MOTION made by Mr. Howell, seconded by Vice-Chair Greene, to adjourn the meeting. In a voice vote by the members present, motion passed 7-0. Meeting adjourned at 12:41 p.m.



Phyllis Shaw, Chair



Date