

**MINUTES
REGULAR PENSION BOARD MEETING
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND
THURSDAY, AUGUST 28, 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, Mr. Dan Matlow, 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.

3. CONSENT AGENDA

- a. July 24, 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. Lalla, 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 \$281.8 million on July 26, 2014, which was an increase of \$26 million/7.2%, 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 (Keith Reynolds – Segal Rogerscasey)

- a. Presentation by Tom Egan, Wellington Management Company
Mr. Tom Egan, Assistant Vice President, Wellington Management Company ("Wellington"), presented an Account Overview (hand-out made part of these Minutes). Mr. Egan shared Wellington's philosophy regarding international equity investments. Mr. Egan noted four things that set Wellington apart from other international equity investors: 1) Wellington is a privately-held partnership, 2) their specific business model, 3) their specific investment model, and 4) their culture of collaborating within the company. Wellington specifically looks to invest in inexpensive companies or companies with potential for future growth.
- b. Performance Report for Quarter End June 30, 2014
Mr. Reynolds reported the Fund was valued at \$287.3 million on June 30, 2014 with a 3.94% rate of return for the quarter ended June 30, 2014 and a 12.14% rate of return for the nine month period October 1, 2013 – June 30, 2014.

Mr. Reynolds acknowledged that international equity manager Wellington Management Company had not performed well since its November 2013 inception, but that the Segal Rogerscasey research team continued to highly recommend Wellington as a strong international equity manager due to its long-term returns. When asked, Mr. Reynolds noted that while Segal Rogerscasey would keep a due diligence eye on Wellington's performance over future quarters, Segal would most likely not suggest terminating Wellington until Wellington had managed for the Fund for at least three years. Mr. Reynolds added that calendar year 2014 had been very challenging for all international equity managers, not just Wellington.

c. Flash Performance Review

Mr. Reynolds reported the Fund's value on July 31, 2014 at \$280.5 million. Mr. Reynolds continued that for month end July 31, 2014, all of the Fund's money managers (with the exception of the two real estate managers for whom data had not been provided) had experienced negative returns, but all managers, with the exception of Wellington, had still outperformed their respective benchmarks. For the month, the Fund had a return lower than its benchmark (-1.65%, net of fees, versus -1.25%), but for the 10 months October 1, 2013 – July 31, 2014, the Fund had outperformed its benchmark (10.08%, net of fees, versus 9.34%).

Mr. Reynolds distributed an Asset Allocation standing of the Fund as of July 31, 2014. Because the Fund was overweight in its equity investments on July 31, 2014, Mr. Reynolds suggested the Board consider reallocating \$5 million from Northern Trust and \$2 million from Thompson, Siegel and Walmsley, to fixed income managers Baird Advisors and Neuberger & Berman at \$3.5 million each.

Public comment was heard from: Robert Strauss – 2638 Jackson Street, Hollywood, FL

MOTION made by Mr. Vice-Chair Greene, seconded by Mr. Lalla, to reallocate \$5 million from Northern Trust and \$2 million from Thompson, Siegel and Walmsley, to fixed income managers Baird Advisors and Neuberger & Berman at \$3.5 million each.

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

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

Mr. Reynolds stated that since the Board was slated to hear "investment education" at its next regularly scheduled meeting, he would like the topic to be a discussion regarding future asset allocation for the Fund.

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

Mr. Thomas had nothing to report.

7. **ADMINISTRATIVE ISSUES**

- a. Discussion of letter to City Commission re: 13th Check
Chair Shaw stated that she had provided Ms. Castronovo with the final, signed letter to be sent to the City's mayor and city commission.

Item not on Agenda: teleconference with Marisa DeMato and Eric Belfi, attorneys with Labaton Sucharow

Ms. DeMato and Mr. Belfi presented details of a securities class action suit involving Owcen Financial Corporation ("Owcen"). Ms. DeMato continued with an explanation regarding the Pension Board being lead plaintiff in the Owcen lawsuit. Vice-Chair Greene and Mr. Matlow asked if there was a downside to the Board being the lead plaintiff to which Ms. DeMato and Mr. Belfi responded that there was not. Mr. Belfi stated that the upside of being lead plaintiff was the protection of the Fund's assets and that the Board would have more say in the final dollar award. When asked, Mr. Belfi stated that if the case settled in favor of the plaintiffs, the Fund could potentially be awarded between \$50,000 and \$100,000 of which approximately 25% would be paid to Labaton Sucharow for their services.

MOTION made by Mr. Vice-Chair Greene, seconded by Mr. Templeton, to direct Labaton Sucharow to move forward with the lawsuit against Owcen Financial Corporation with the Board as lead plaintiff. In a voice vote by the members present, **Motion** passed 6-0 (Mr. Lalla had stepped out of the meeting).

8. **PUBLIC COMMENTS**

There were no public comments.

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

Trustee comments were heard from Mr. Lalla regarding the status of the service providers' evaluation forms and from Mr. Dierks regarding the status of the summary plan description.

MOTION made by Mr. Dierks, seconded by Vice-Chair Green, to direct James Linn to prepare a summary plan description and present it to the Board on or before the Board's October 23, 2014 regular meeting.

Public comments were heard from: Troy Porter - 21760 NW 8th Place, Pembroke Pines, FL and Ronald Bolton

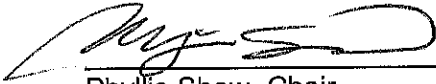
In a voice vote by the members present, **Motion** passed 7-0.

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

Ms. Castronovo noted that the next regular meeting was in three weeks and would be held at the City's main Parks and Recreation building. Discussion ensued regarding where future Board meetings should be held.

11. ADJOURNMENT

MOTION made by Vice-Chair Green, seconded by Mr. Matlow, to adjourn the meeting. In a voice vote by the members present, **Motion** passed 7-0. Meeting adjourned at 11:38 a.m.



Phyllis Shaw, Chair

18 September 2014
Date