

**MINUTES  
REGULAR PENSION BOARD MEETING  
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND  
THURSDAY, SEPTEMBER 18, 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 Mr. James Linn, Board Attorney.

**3. CONSENT AGENDA**

- a. August 28, 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 \$285.2 million on September 16, 2014, an increase of \$30.29 million/11.7%, 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.

Item taken out of order:

**7. ADMINISTRATIVE ISSUES**

- a. Discussion regarding 10/1/2013 Actuarial Valuation Report (Jeffrey Amrose and Trisha Amrose, Gabriel, Roeder, Smith & Company)

Mr. Amrose requested Board guidance regarding preparation of the October 1, 2013 Actuarial Valuation Report in light of the State's direction that supplemental benefit distributions must be prefunded. Mr. Templeton stated the board would be remiss to not start the prefunding as soon as possible. Discussion ensued. Mr. Gill inquired as to what the State would do if the supplemental benefit distribution was not prefunded. Mr. Amrose responded that the State would most likely reject each actuarial valuation report that did not include prefunding.

**MOTION** made by Mr. Templeton, seconded by Mr. Dierks, to direct Gabriel, Roeder, Smith & Company to produce the October 1, 2013 actuarial valuation report with prefunding for the supplemental benefit distribution incorporated for the fiscal year beginning October 1, 2014.

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

In a voice vote by the members present, **Motion** passed 6-1 (Mr. Lalla voted in opposition).

**5. INVESTMENT ISSUES (John DeMairo – Segal Rogerscasey)**

a. Flash Performance Review

Mr. DeMairo reported the Fund's value on August 31, 2014 at \$285.7 million. Mr. DeMairo continued that for the month ended August 31, 2014, the Fund's total rate of return was better than the policy index on a net basis by approximately 0.25% (2.47% actual vs. 2.20% policy) and for the fiscal year to date, the Fund outperformed the policy (12.78% actual vs. 11.74% policy). Mr. DeMairo advised that the fixed income portfolio was below target allocation by approximately 8% while domestic equity was over target by 7%.

b. Asset Allocation – Where to Next?

Mr. DeMairo distributed a handout outlining two (2) phases for the Board to consider regarding future asset allocation. The first phase would shift 5% assets from large cap domestic equity to new class international small cap and shift Baird Advisor's core fixed income assets over time to core plus fixed income assets. The second phase would include investing in opportunistic assets to take advantage of investment opportunities in private markets. Mr. DeMairo advised that Segal Rogerscasey is a strong advocate of diversifying away from the index which will help returns on a long-term basis.

**MOTION** made by Vice-Chair Green, seconded by Mr. Matlow, to accept Segal Rogerscasey's recommendation to shift 5% assets from large cap domestic equity to new class international small cap and shift Baird Advisor's core fixed income assets over time to core plus fixed income assets.

Mr. DeMairo outlined the implementation steps for the first phase:

- 1) modify the asset allocation policy in the guidelines to include a 5% target for international small cap;
- 2) shift fixed income allocation from core to core plus in the amount of 16.25%;
- 3) amend the investment guidelines to reflect the addition of the fixed income strategies;
- 4) conduct an investment manager search for international small cap equity.

Vice-Chair Greene revised his motion to incorporate the four implementation steps; Mr. Matlow accepted the revised Motion. In a voice vote by the members present, **Motion** passed 7-0.

Vice-Chair Greene stated that he would like the first phase completed before considering the second phase.

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

a. Discussion of Supplemental Pension Distribution presentation to City Commission

Mr. Linn reviewed the actions taken regarding the Board's request that the City Commission approve the funding of the supplemental pension distribution for fiscal year end September 30, 2014. To date, the City Commission had not responded to the Board's request. Chair Shaw and Mr. Linn thought it would be a good idea for the Board to consider how they would like to present the matter to the City Commission if the Board was asked to do so. Mr. Linn stated that he was willing to be present for the presentation and that it was a good idea to have legal counsel present.

Discussion ensued. The Board collectively agreed for Mr. Linn to work with Chair Shaw to develop a presentation and that only he and Chair Shaw would make the presentation to the City Commission.

Mr. Linn brought to the Board's attention an issue regarding Planned Retirement and the City's accrued leave payout provision offered to those employees entering Planned Retirement. The issue at hand was that there was no determination regarding how or when employee pension contributions would be withheld from the accrued leave payout. Since the City was not withholding pension contributions when the accrued leave was paid (as early as five years before the employee retires), the accrued leave hours that were included as part of the employee's frozen accrued benefit would no longer be included in the monthly pension benefit calculation.

Discussion ensued.

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

The Board collectively agreed to take no action regarding the issue.

**7. ADMINISTRATIVE ISSUES**

a. Determine Sharetta Ogden Duvall's Eligibility to Purchase Non-Contributory Service

Ms. Castronovo reviewed Ms. Duvall's case with the Board. Ms. Duvall was first hired in 1989, was covered by the non-contributory plan from her date of hire through June 30, 1999, and separated from employment in 2001. Ms. Duvall was re-employed in 2002. In November 2004, Ms. Duvall requested the Board and was granted the right to purchase her years of non-contributory service (9 years, 10 months). However, Ms. Duvall separated employment in 2008 without purchasing the non-contributory service. Ms. Duvall was re-employed in November 2013 and re-requested to purchase her non-contributory service.

**MOTION** made by Mr. Lalla, seconded by Vice-Chair Greene, to allow Ms. Duvall to purchase her 9 years, 10 months of non-contributory service.

Public comments were heard from: Robert Strauss; Ronald Bolton; and Sharetta Ogden Duvall – 2350 Douglas Street, Hollywood, FL

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

8. **PUBLIC COMMENTS**

Public comments were heard from: Ronald Bolton; Robert Strauss

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

Trustee comments were made by Mr. Templeton, Mr. Dierks and Chair Shaw. Mr. Templeton. Mr. Lalla reported on his request to Ms. Castronovo for her to provide information for inclusion with the Board's request to the City Commission to implement an excess benefit plan.

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

Ms. Castronovo 1) noted that the newsletter was finished and would be distributed once the Retirement Fund's website was up and running; 2) provided information regarding two invitations to the Board at large for the upcoming IFEBP conference in Boston; 3) provided information regarding Segal Rogerscasey's annual Summit; and 4) asked for Board guidance regarding the City's request to do specific calculations for the IRC 415 request to the City Commission.

**MOTION** made by Vice-Chair Greene, seconded by Mr. Gill, for Ms. Castronovo to perform the calculations for IRC Section 415 purposes as soon as possible. In a voice vote by the members present, **Motion** passed 6-1 (Mr. Templeton opposed).

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 12:43 p.m.

  
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Phyllis Shaw, Chair

10/23/14  
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Date