

MINUTES
REGULAR PENSION BOARD MEETING
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND
THURSDAY, NOVEMBER 2, 2017

1. CALL TO ORDER

Chair Shaw called the meeting to order at 9:07 a.m.

2. ROLL CALL AND PLEDGE OF ALLEGIANCE

Board Members present: Chair Phyllis Shaw, Vice-Chair Jeffrey Greene (arrived at 9:31 a.m.), Christopher Cassidy, Charles Howell (via telephone), Mel Standley, and Robert Strauss. Board member(s) absent: George Keller. Also present: Pension Coordinator Lisa Castronovo and Glenn Thomas for Board Attorney James Linn (Lewis, Longman & Walker).

a. Agenda Adoption

MOTION made by Mr. Cassidy, seconded by Mr. Standley, to adopt the November 2, 2017 regular Board meeting Agenda as presented. In a voice vote by the members present, all members voted in favor. Motion passed 5-0.

3. CONSENT AGENDA

- a. September 28, 2017 Regular Meeting Minutes
- b. September 28, 2017 Special Meeting Minutes
- c. Ratification of Distributions (Contributions and DROP) and Plan Expenses
- d. Approval/Ratification of New Retirement/DROP/Vested/Death Annuities

Mr. Strauss pulled Item 3.c. for discussion.

MOTION made by Mr. Standley, seconded by Mr. Strauss, to approve Consent Agenda Items 3.a., 3.b., and 3.d. In a voice vote by the members present, all members voted in favor. **Motion** passed 5-0.

MOTION made by Mr. Standley, seconded by Mr. Strauss, to approve Consent Agenda Item 3.c. In a voice vote by the members present, all members voted in favor. **Motion** passed 5-0.

4. TREASURER'S REPORT

A Treasurer's Report was not presented.

5. INVESTMENT ISSUES (Keith Reynolds – Segal Marco Advisors)

- a. Wells Fargo Presentation (Karl Hutchinson)
Presentation report made part of these Minutes.

Mr. Hutchinson reviewed the Retirement Fund's asset position on September 30, 2017 versus its position on October 1, 2016 noting the Fund value had increased \$21.2M from \$290.1M on October 1, 2016 to \$311.4M on September 30, 2017.

- b. Segal Marco Advisors Administrative Services (Amy Forebaugh)
Presentation report made part of these Minutes.

Ms. Forebaugh, Senior Vice President, outlined the investment administrative services offered by Segal Marco Advisors ("SMA") since 2005. Ms. Forebaugh noted SMA currently administered over \$10B in assets representing more than 60 investment plans with their success driven by their ability to work alongside their clients to alleviate the administrative burden that often comes from running a complex investment program. Ms. Forebaugh explained that SMA would manage all the details and documentation surrounding the implementation of investment decisions. Ms. Forebaugh stated the advantages of using SMA Investment Administration included a dedicated and seasoned team, continued oversight, and efficient and secure services. Ms. Forebaugh concluded her presentation by stating the annual fee for SMA's investment administrative services was \$50,000.

Chair Shaw and Vice-Chair Greene both stated they would want to engage SMA services for six months rather than twelve months.

MOTION made by Mr. Vice-Chair Greene, seconded by Mr. Standley, to add SMA's Investment Administration on a six-month basis.

Discussion ensued. Mr. Strauss said he felt the decision to hire SMA was rushed to which Vice-Chair Greene responded that it was necessary since Ms. Castronovo was leaving as Pension Coordinator at the end of November. Mr. Cassidy wanted to delay the discussion until after a contract extension discussion was had with Ms. Castronovo. Mr. Howell agreed with Vice-Chair Greene and said he thought it would be a good idea to have SMA on board so they could help the new administrator once hired. Chair Shaw also agreed with Vice-Chair Greene. When asked, Mr. Thomas stated an RFP for investment administrative services was not required. Mr. Hutchinson agreed to provide any pieces that might be needed by SMA from Wells Fargo.

Public comment was heard from Richard Weiner – 7479 NW 4th Street, Plantation, FL

In a voice vote by the members present, all members voted in favor. **Motion** passed 6-0.

- c. Flash Performance Review

Mr. Reynolds reported the Fund's market value was \$315.3 million on September 30, 2017 with a preliminary rate of return of 11.30% for the October 1, 2016 – September 30, 2017 fiscal year.

Mr. Reynolds recommended putting \$13M of the City's recent contribution to the Retirement Fund into the two fixed income accounts, Baird Advisors and Neuberger Berman, since the fixed income was under its target allocation. When asked by Mr. Strauss why not leave the money in the cash account given fixed income's recent poor performance, Mr. Reynolds responded that the Board needed to follow its investment policy which would dictate the monies be placed in the fixed income accounts.

Mr. Reynolds concluded by stating he was very happy with the group of investment managers currently in place for the Retirement Fund and that he would be bringing to the Board an educational segment on emerging markets investing in 2018.

Break taken at 11:47 a.m.
Meeting resumed at 11:49 a.m.

MOTION made by Mr. Standley, seconded by Mr. Cassidy, to excuse Vice-Chair Greene from the September 28, 2017 regular Board meeting. In a voice vote by the members present, all members voted in favor. **Motion** passed 6-0.

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

Mr. Thomas reported that securities monitoring firm Saxena White reported a possible case against SCANA who they believed misled investors about the progress and viability of the construction of two nuclear reactors in South Carolina. Saxena White believed the loss experienced by the Retirement Fund was approximately \$60,000 and thus wanted the Fund to file for lead plaintiff in the case.

After a phone conference with Saxena White's Lester Hooker, the Board discussed the case further.

MOTION made by Vice-Chair Greene, seconded by Mr. Standley, to file as lead plaintiff in the SCANA case. In a voice vote by the members present, all members voted in favor. **Motion** passed 6-0.

Mr. Thomas reported there was no update regarding the 13th check litigation with the City and thus there was no need at the current time for a closed attorney-client meeting.

- a. Letter to City re: Underpayment of ARC for Year End September 30, 2016
Mr. Thomas reviewed the letter sent by Mr. Linn to City Manager Dr. Ishmael regarding the monies still due the Retirement Fund for fiscal year end September 30, 2016. Mr. Strauss asked if a similar letter had been sent for fiscal year end September 30, 2015 to which Mr. Thomas replied one had. Mr. Cassidy asked what could be done since the Board had not received a response from the City regarding the letters. Mr. Thomas said Mr. Linn will follow up with the City and further that the State was about to get involved.
- b. Directors & Officers Insurance Coverage
Mr. Thomas reported that the City's Directors and Officers insurance policy covered all the Board's trustees. Chair Shaw asked Mr. Thomas to confirm with the City that they were going to renew their Directors and Officers insurance policy when it came due. Mr. Thomas agreed to follow-up with the City.
- c. GRS Contract Update
Mr. Thomas noted that a contract extension for Gabriel, Roeder, Smith & Company would soon be finalized.

Chair Shaw asked the Board if they wanted to pursue a short-term contract with Ms. Castronovo (as an individual, not with her company) for extension of her pension

coordinator services. Chair Shaw noted the contract she wished to pursue would exclude the lease feature of Ms. Castronovo's current contract, but all other of the job responsibilities would remain unchanged with the exception of the services to be taken over by Segal Marco Advisors Administrative Services.

The Board agreed for Chair Shaw, Ms. Castronovo and Mr. Thomas to work out the specifics of a contract extension to be brought back to the Board for further discussion at a future meeting.

Mr. Strauss asked Mr. Thomas for his opinion regarding the recent Florida Supreme Court ruling that came out about the financial urgency case involving the City of Miami. Mr. Thomas explained that the City of Miami's case had a different set of circumstances from the City of Hollywood so the Supreme Court case could not be interpreted to apply to the City of Hollywood exactly as it applied to the City of Miami.

Chair Shaw asked Mr. Thomas to have Mr. Linn research the case and its implications for the City of Hollywood and bring back the results of his research and his opinion to the Board.

7. ADMINISTRATIVE ISSUES

a. City Commission Communication

Ms. Castronovo provided the Board with draft City Commission Communication for the Board's September meetings. The accepted the Communication as presented.

b. Executive Director Resume/Application Review

The Board reviewed the resumes and applications submitted for the Executive Director's position. After review and discussion, the Board agreed to interview their agreed-upon top ten (10) individuals: Christine Bailey, Phillip Borden, Lisa Castronovo, Heather Dailey, Helena Denham-Carter, Renaldo Gayle, Elizabeth Gibson, Corrine Koch, Emil Lopez, Timothy Wood.

c. Assistant Administrator Resume/Application Review

The Board collectively agreed to hold off interviewing for the assistant administrator position until after the Executive Director was hired so that the Executive Director could be part of the interview/hiring process.

8. PUBLIC COMMENTS

There were no public comments.

9. TRUSTEE REPORTS, QUESTIONS AND COMMENTS

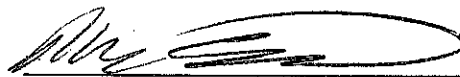
Comments were made by Mr. Cassidy, Chair Shaw and Mr. Strauss.

10. PENSION COORDINATOR'S REPORT (Lisa Castronovo)

Ms. Castronovo presented a proposed 2018 Board meeting schedule. Chair Shaw directed Ms. Castronovo to add the proposed schedule to the December Board meeting agenda.

11. ADJOURNMENT

MOTION made by Vice-Chair Greene, seconded by Mr. Cassidy, to adjourn the meeting. In a voice vote by the members present, **Motion** passed 6-0. Meeting adjourned at 1:45 p.m.



Phyllis Shaw, Chair

12-14-2017

Date