

**MINUTES
REGULAR PENSION BOARD MEETING
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND
THURSDAY, DECEMBER 14, 2017**

1. CALL TO ORDER

Chair Shaw called the meeting to order at 8:25 a.m.

2. ROLL CALL AND PLEDGE OF ALLEGIANCE

Board Members present: Chair Phyllis Shaw, Vice-Chair Jeffrey Greene (arrived at 8:47 a.m.), Christopher Cassidy, Mel Standley, George Keller, and Robert Strauss (departed at 8:52 a.m.).

Board member(s) absent: Charles Howell

Also present: Finance Director Cintya Ramos, Attorney James Linn (Lewis, Longman & Walker), Justine Steele, Deputy City Attorney Allan Fallik, Richard Weiner, City Budget Manager Madonna Dell Olio, Alex Stepanenko, Keith Reynolds (Segal Marco Advisors), Felicia Ewell (Segal Marco Advisors), and Ronald Bolton.

a. Agenda Adoption

MOTION made by Trustee Keller, seconded by Trustee Standley, to adopt the December 14, 2017 regular Board meeting Agenda as presented. In a voice vote by the members present, all members voted in favor. Motion passed 6-0.

3. CONSENT AGENDA

- a. November 2, 2017 Regular Meeting Minutes
- b. November 9, 2017 Special Meeting Minutes
- c. November 27, 2017 Special Meeting Minutes
- d. Ratification of Distributions (Contributions and DROP) and Plan Expenses
- e. Approval/Ratification of New Retirement/DROP/Vested/Death Annuities

Trustee Cassidy pulled Item 3.c. for discussion.

MOTION made by Trustee Keller, seconded by Trustee Standley, to approve Consent Agenda Items 3.a., 3.b., 3.d., and 3.e. In a voice vote by the members present, all members voted in favor. **Motion** passed 6-0.

Trustee Cassidy stated that he understands that there is a transition period and that he reads the minutes and hopes that the agenda packets would be distributed earlier to give the Board members enough time for review. When reviewing the transition of Pension Coordinator responsibilities, Trustee Cassidy believes he requested an opinion from the Attorney on the events that transpired to bringing Ms. Steele on as a temporary employee and the legalities of how the events transpired. Trustee Cassidy states the minutes should reflect what transpired and does not believe that is the case in the current draft. Trustee Cassidy also believes Ms. Steele's contract was approved prospectively. Trustee Cassidy requested to table the minutes until the next Board meeting so that they can be reviewed against the audio.

Trustee Cassidy requested the audio for the November 27, 2017 meeting audio be provided. Chair Shaw stated that the minutes were drafted by outgoing Pension Coordinator Lisa Castronovo and that the audio could be shared with the Board via email or CD. Ms. Ramos explained the process of obtaining the minutes from the audio and now the audios are saved in a central folder that is easily accessible. Chair Shaw stated that when a new administrator is brought on, the coordinator should evaluate how the audio should be recorded similar to how the City Clerk records meetings.

MOTION made by Trustee Cassidy, seconded by Trustee Keller, to table the November 27, 2017 meeting minutes until audio is made available. **Motion** passed 5-0.

ACTION REQUIRED: Ms. Ramos to provide the Board with the November 27th meeting audio. Ms. Ramos will also will review the meeting minutes and edit for accuracy.

Trustee Cassidy asked for clarification on Item 3e which did not include back up. Ms. Steele and Ms. Ramos explained that there were requests for withdrawals or new retirements, but that are being processed. Ms. Steele and Ms. Ramos explained that as they were organizing the office, they are finding files that have been pending for a variety of different reasons or for different lengths of time. Ms. Ramos explained that she and Ms. Steele are gathering information so that reports provided to the Board are as accurate as possible. Ms. Steele stated that working with members has been the priority during this transition period.

4. **TREASURER'S REPORT**

Trustee Cassidy expressed his concern over the lack of a treasurer's report over the last two meetings. Chair Shaw reminded the Board that the Investment Update should include a cash standing with the financial update and the City was providing additional information as a courtesy.

Trustee Cassidy requested the financial information be provided or put on the Board website. Chair Shaw reminded the Board that they pre-approve expenses.

ACTION REQUIRED: Ms. Ramos to remove the Treasurer's Report Agenda Item.

ACTION REQUIRED: Chair Shaw to remind Mr. Keith Reynolds (Segal Marco Advisors) to provide a financial update including a cash standing update.

5. **INVESTMENT UPDATE (Keith Reynolds – Segal Marco Advisors)**

- a. September 30, 2017 Quarterly Performance Review
- b. Flash Performance Review

Presentation report made part of these Minutes.

Mr. Reynolds stated that the return through September 30th, 2017 was 11.5 percent, which are strong results for the fiscal year. The private market portion was particularly strong with the asset managers coming in around 15 percent but the returns are continuously updated. Through October 31, 2017, the value of the plan increased another \$2.7 million. The Flash Report indicates a couple of new money managers.

Mr. Reynolds stated that markets continue to be strong and next meeting will be able to provide a firmer report on returns. Mr. Reynolds directed the Board to review Brandes Investment Partner's strategy on the Manager Research Report presentation. Mr. Reynolds stated the 2018 outlook will be provided around February 2018 including recommendations for areas to look into for investment that the Board can review at the February or March 2018 Board meetings. Mr. Reynolds stated that they want to begin tracking the cash accounts to have a better understanding of cash balances. The \$318 million on the Flash Report does not include the cash accounts. Cash accounts are used for distributions and capital calls. Mr. Reynolds stated that starting in 2018 net returns will be included in the Flash Reports. Ms. Shaw stated that the Board would like to clearly see what the Board is paying the money managers versus returns. Mr. Reynolds provided an updated on the management of custodial relationships and would be able to provide an update at the next Board meeting for custodial searches or benchmarking. Mr. Reynolds will also provide Investment Policy Update at the next meeting. Trustee Strauss inquired if the quarter percentage point increase by the Federal Reserve will have a positive impact on the Board. Mr. Reynolds explained that the bond values reflect the anticipated Federal Reserve rate changes so there wouldn't be much of an impact. Trustee Strauss inquired about the drawdown of the investment rate which Mr. Reynolds confirmed is 7.6 percent which is average for municipal plans. Mr. Reynolds further explained that the current money managers represent the Board's conservative approach but have also maximized returns. Mr. Reynolds stated that over the past seven years, the Board has had an annualized return of 9.8 percent which is great. Trustee Keller inquired about the timing of any market corrections. Mr. Reynolds provided a brief market overview and expected performance returns for 2018. Chair Shaw inquired how earnings are handled and distributed. Mr. Reynolds stated that the funds are either transferred to a cash account or used to rebalance investment allocation targets. Chair Shaw expressed concern over the amount of transactions and incurring transaction fees unnecessarily. Mr. Reynolds explained that there would be reports available that would show the frequency of transactions.

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

a. Final Order – Adefunmi Disability

Mr. Linn summarized the Board's decision to deny the disability application for Ms. Adefunmi.

MOTION made by Trustee Keller, seconded by Trustee Standley, to deny the disability application for Ms. Adefunmi. **Motion** passed 5-0.

ACTION REQUIRED: Ms. Ramos to email and mail the denial letter to Ms. Adefunmi, Mr. Mike Braverman, the City of Hollywood Assistant City Attorney, and Mr. James Linn.

Trustee Keller requested an update on a non-duty request that was also denied by the Board. Mr. Linn stated that the non-duty request was not part of the application being voted on.

b. Assignment of GRS Contract

Mr. Linn provided an update on the existing GRS contract which will be reassigned to the Board. The Board discussed the impact of the GRS contract reassignment.

MOTION made by Vice-Chair Greene, seconded by Trustee Keller, to amend the assignment of the GRS contract from the City of Hollywood to the City of Hollywood Employee's Retirement Fund with an effective date of October 1, 2017. **Motion** passed 5-0.

ACTION REQUIRED: Mr. Linn to finalize the assignment of the GRS contract to the City of Hollywood Employee's Retirement Fund.

c. Update on Financial Urgency Case

Mr. Linn summarized the memo provided to the Board. Although no action is required by the Board at this time, but some potential options for the Board are:

1. Defer to the legal or collective bargaining process between the City and AFSCME
2. Reinstate retirement benefits in effect before the 2011 financial urgency
3. If the Board does not want to wait for the City and AFSCME to resolve the matter, it can file an action for declaratory relief, naming the City and AFSCME as parties and the court would determine the rights of the parties under the Employees' Retirement Fund.

Trustee Keller provided an overview of the PERC orders that required the Fire and Police funds to provide a written response on why the waivers in the ordinance agreements did not apply. The City is waiting on a decision on the written responses. Mr. Richard Weiner requested information on the plan participant rights. Mr. Linn stated it was a possibility the plan participants could sue the Board. Trustee Keller reminded the Board that labor contract negotiations will begin again with AFSCME in 2018 and stated that parties were discussing reasonable incremental restoration of benefits to pre financial urgency levels.

d. Participation in Board meetings telephonically

Board discussed the importance of attending meetings and ensuring quorum for decision making purposes. Chair Shaw stated that the number of Special Meetings this year was an abnormality due to the different issues faced by the Board.

ACTION REQUIRED: Mr. Linn to draft a policy to address significant/chronic unexcused absences/tardiness and telephonic participation by the next regularly scheduled Board meeting.

e. Director's Position

Chair Shaw provided an update on the Director's interviews held on December 7th. The remaining interviews are scheduled to occur on December 14th at 10 am. The Board agreed that a second interview is not needed and an offer should be made to the best candidate based on the rankings. Trustee Standley suggested Ms. Shaw communicate the offer to the top ranked candidate. Ms. Shaw inquired if the new director could be added to the City of Hollywood's employee benefit plan while the Board works on obtaining its autonomy. Vice-Chair Greene suggested obtaining contracts from the CRA for educational purposes.

ACTION REQUIRED: Trustee Keller to follow up with the City of Hollywood City Manager regarding the addition of the new director to the City of Hollywood's employee health plan.

7. ADMINISTRATIVE UPDATE

a. City Commission Communication

Chair Shaw recommended sending the City Commission a happy holiday message. Chair Shaw also recommended providing the City Commission an update once a director is selected.

ACTION REQUIRED: Ms. Steele to email the City Commission on behalf of the Board with a holiday message.

ACTION REQUIRED: Chair Shaw to provide an update to the City Commission once the new Executive Director is selected.

b. Board Elections – Chair and Vice-Chair for 2018

Trustee Keller asked the Chair Shaw and Vice-Chair Greene if they would like to continue in their roles. Ms. Shaw shared her gratitude for Ms. Ramos, Ms. Thornton, and Ms. Steele for keeping the operational wheels running in the office.

Trustee Cassidy asked Chair Shaw if she was planning on running again for a Trustee of the Board, which Chair Shaw confirmed in the affirmative.

MOTION made by Trustee Cassidy, seconded by Trustee Keller, to re-elect Ms. Shaw as the Chair for 2018. **Motion** passed 5-0.

Vice-Chair Greene confirmed he was comfortable in his role as Vice-Chair. Trustee Keller reinforced the need for the Board to become autonomous and that would be a heavy load in the upcoming year as it will keep everyone busy. Chair Shaw asked if the Board is able to keep its current location as an office while it becomes autonomous from the City. Trustee Keller stated he could not speak for the City but did not foresee an issue with that scenario.

MOTION made by Vice-Chair Greene, seconded by Trustee Standley, to re-elect Vice-Chair Greene as the Vice-Chair for 2018. **Motion** passed 5-0.

The Board discussed the Board Secretary position. Trustee Standley informed the Board that he would be retiring in January and that he would miss the people he has been working with and it was a privilege and pleasure to work with the Board. Vice-Chair Greene stated that he would like a going away party scheduled after the January 25th Board meeting. Trustee Cassidy nominated Trustee Strauss for Board Secretary.

MOTION made by Vice-Chair Green, seconded by Trustee Standley, to elect Trustee Strauss as the Board Secretary for 2018. **Motion** passed 5-0.

Chair Shaw recommended Ms. Ramos to replace Trustee Keller and Trustee Keller to replace Trustee Standley.

ACTION REQUIRED: Trustee Keller to follow up with the City Manager regarding Trustee Standley's replacement.

c. 2018 Meeting Calendar

The Board discussed the upcoming schedule. The month of October does not have a scheduled meeting as there are a series of scheduled seminars and conferences during the month.

MOTION made by Vice-Chair Green, seconded by Trustee Keller, to accept the meeting calendar for 2018. **Motion** passed 5-0.

ACTION REQUIRED: Ms. Ramos to post the 2018 Meeting Schedule on the Board website.

8. PUBLIC COMMENTS

Mr. Ronald Bolton informed the Board that there is a group of retirees that need the Actuarial reports. Chair Shaw requested Mr. Bolton send an email to her requesting the information.

Mr. Bolton also informed the Board that W-4Ps should also be updated by pension members.

9. TRUSTEE REPORTS, QUESTIONS AND COMMENTS

No reports, questions, or comments were discussed during the meeting.

10. PENSION COORDINATOR'S REPORT (Justine Steele & Cintya Ramos)

Ms. Ramos summarized the actions over the past few weeks including organizing the office and processing forms/requests that were not processed timely before the transition. Trustee Keller expressed his concern that applications were not processed timely. Trustee Cassidy expressed his concern that DROP Statements had not been sent to members.

Ms. Ramos reiterated to the Board that member issues have been the priority over the past few weeks. Ms. Steele informed the Board that there is a massive clean-up effort going on in terms of organizing the office. Chair Shaw updated the Board on the credit card status and that all members attending the FPPTA January Winter School have been registered.

Trustee Keller reiterated the importance of new contracts having performance clauses and non-performance termination agreements. Trustee Keller also asked that the Board review its legal services to avoid performance issues.

Trustee Cassidy inquired about the timing of pension payments. Ms. Ramos confirmed that pension payments are processed on the 25th of every month with the exception of Christmas when payments are processed on the 26th. Ms. Ramos further explained that banks such as credit unions may have special arrangements to provide funds earlier than the 25th but that is not set or controlled by the Board. Trustee Keller inquired about the method of payments and Ms. Ramos confirmed that payments are made by both direct deposit and check.

Ms. Ramos requested the Board provide any concerns so that changes and improvements can be made while the transition is in place.

11. ADJOURNMENT

MOTION made by Trustee Keller, seconded by Trustee Standley, to adjourn the meeting. In a voice vote by the members present, **Motion** passed 5-0. Meeting adjourned at 10:33 a.m.



Phyllis Shaw, Chair

Date 3/20/18