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CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND

CALENDAR OF ITEMS

ANNUAL REGULAR BOARD MEETING

December 13, 2018

AGENDA ITEM 1

CALL TO ORDER

(NO BACKUP FOR THIS SECTION)

AGENDA ITEM 2
ROLL CALL AND
PLEDGE OF ALLEGIANCE

AGENDA ITEM 2.A.

AGENDA ADOPTION



CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND

2600 Hollywood Blvd. • City Hall Annex Building, 2ND Floor, Room 20 • Hollywood, FL 33020
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AGENDA ANNUAL PENSION BOARD MEETING THURSDAY, DECEMBER 13, 2018 at 9:00 AM CITY HALL ANNEX, ROOM 20, 2600 HOLLYWOOD BOULEVARD

- 1. CALL TO ORDER**
- 2. ROLL CALL AND PLEDGE OF ALLEGIANCE**
 - A. Agenda Adoption
 - B. Election of Chair and Vice Chair
- 3. CONSENT AGENDA**
 - A. November 1, 2018 Regular Meeting Minutes
 - B. Ratification of Distributions (Contributions and DROP) and Plan Expenses
 - C. Approval/Ratification of New Retirements/DROP/Vested/Death Annuities
- 4. FINANCIAL**
 - A. Treasurers' Reports
 - i. May 2018 - Final
 - ii. June 2018 - Final
 - iii. July 2018 - Final
 - iv. August - Final
 - B. Financial Report October 2018 Draft
- 5. INVESTMENT (Segal Marco Advisors)**
 - A. Custodial Fee Discussion
 - B. October 2018 Flash Performance Report
- 6. LEGAL (Ron Cohen - Rice, Pugatch, Robinson, Storfer and Cohen.)**
 - A. Rent-A-Center Litigation
 - B. Wells Fargo Custody Agreement
 - C. Proposed Ordinance Amendment for consistency with the September 3, 2015 IRS Determination Letter
 - D. Update on City of Hollywood v. City of Hollywood Employees' Retirement Fund
 - E. Request for Executive Session to Discuss Pending Litigation
- 7. EXECUTIVE DIRECTOR'S REPORT**
 - A. Resolution of Appreciation
 - B. City Commission Communication
 - C. Communications from the Executive Director
- 8. PUBLIC COMMENTS**
- 9. TRUSTEE REPORTS, QUESTIONS AND COMMENTS**
- 10. ADJOURNMENT**

PERSONS WITH DISABILITIES WHO REQUIRE REASONABLE ACCOMMODATION TO PARTICIPATE IN AN EMPLOYEES' RETIREMENT FUND BOARD MEETING MAY CALL THE PENSION OFFICE FIVE (5) BUSINESS DAYS IN ADVANCE AT 954-921-3333 (VOICE). IF AN INDIVIDUAL IS HEARING OR SPEECH IMPAIRED, PLEASE CALL 800-955-8771 (V-TDD). *ANY PERSON WISHING TO APPEAL ANY DECISION MADE BY THE BOARD WITH RESPECT TO ANY MATTER CONSIDERED AT SUCH MEETING WILL NEED A RECORD OF THE PROCEEDINGS, AND FOR SUCH PURPOSES MAY NEED TO ENSURE THAT A VERBATIM RECORD OF THE PROCEEDINGS IS MADE, WHICH RECORD INCLUDES THE TESTIMONY AND EVIDENCE UPON WHICH THE APPEAL IS MADE.* *THIS MEETING MAY BE CONDUCTED BY MEANS OF OR IN CONJUNCTION WITH COMMUNICATION MEDIA TECHNOLOGY, THE TYPE BEING A SPEAKER TELEPHONE.* *IN COMPLIANCE OF STATE LAW, THE BOARD OF TRUSTEES FINDS THAT A PROPER AND LEGITIMATE PURPOSE IS SERVED WHEN MEMBERS OF THE PUBLIC HAVE BEEN GIVEN A REASONABLE OPPORTUNITY TO BE HEARD ON A MATTER BEFORE THE BOARD. THEREFORE, THE BOARD OF TRUSTEES HAVE DETERMINED AND DECLARED THAT THEY WILL ALLOW THE PUBLIC TO COMMENT; HOWEVER, EACH PERSON IS LIMITED TO NO MORE THAN (3) THREE MINUTES TO COMMENT AT EACH MEETING.* *TWO OF MORE MEMBERS OF ANY OTHER CITY BOARD, COMMISSION, OR COMMITTEE, WHO ARE NOT MEMBERS OF THE EMPLOYEES' RETIREMENT FUND BOARD MAY ATTEND THIS MEETING AND MAY, AT THAT TIME, DISCUSS MATTERS ON WHICH FORESEEABLE ACTION MAY LATER BE TAKEN BY THEIR BOARD, COMMISSION, OR COMMITTEE.*

AGENDA ITEM 2.B.
ELECTION OF CHAIR AND VICE CHAIR
(NO BACKUP FOR THIS SECTION)

AGENDA ITEM 3.A.

CONSENT AGENDA

NOVEMBER 1, 2018

REGULAR MEETING MINUTES

MINUTES
REGULAR PENSION BOARD MEETING
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND
THURSDAY, November 1, 2018 at 9:00AM

1. CALL TO ORDER

Chair Shaw called the meeting to order at 9:10a.m.

2. ROLL CALL AND PLEDGE OF ALLEGIANCE

Board Members present: Chair Phyllis Shaw, Vice Chair Jeffery Greene (not present 9:30-9:40am), Secretary Robert Strauss, Christopher Cassidy, Charles Howell (via Teleconference), George Keller, and Cintya Ramos. Also present: Executive Director Christine Bailey; Alan Falik, Deputy City Attorney; Jeffery Amrose and Trisha Amrose from Gabriel, Roeder, Smith, and Company; Keith Reynolds and Rosa Limas of Segal Marco; and Ronald Cohen of Rice Pugatch Robinson Storfer & Cohen.

MOTION made by Trustee Cassidy, seconded by Trustee Keller, to allow Charles Howell to participate telephonically due to extraordinary circumstances. In a voice vote by the members present, all members voted in favor. **Motion** passed 6-0.

a. November 1, 2018 Regular Board Meeting Agenda

MOTION made by Trustee Cassidy, seconded by Trustee Keller, to approve the November 1, 2018 Regular Board Meeting Agenda as presented. In a voice vote by the members present, all members voted in favor. **Motion** passed 6-0. Trustee Greene was not present.

3. CONSENT AGENDA

- a. LAID OVER ITEM: August 23, 2018 Regular Meeting Minutes
- b. September 27, 2018 Regular Meeting Minutes
- c. Ratification of Distributions (Contributions and DROP) and Plan Expenses
- d. Approval/Ratification of New Retirements/DROP/Vested/Death Annuities

Trustee Cassidy requested that item 3a be withheld for discussion.

Agenda Item 3b. – It was noted that included in the minutes was Trustee Keller's Form 8B Memorandum of voting conflict for county, municipal, and local public officers stating that on September 27, 2018, Trustee Keller abstained from voting on matters related to Agenda Item 6d. the Proposed Ordinance Amendment related to the Employees' Retirement Fund due to a conflict.

MOTION made by Trustee Cassidy, seconded by Trustee Keller, to approve Consent Agenda Items 3b through 3d. In a voice vote by the members present, all members voted in favor. **Motion** passed 6-0. Trustee Greene was not present.

Trustee Cassidy noted that he requested copies of the meeting records. Ms. Bailey provided the record for the September meeting to Trustee Cassidy and would sent him the August meeting record.

Trustee Strauss noted that the minutes reflected that he voted in favor of the motion to set a debate time and the number of times a member may speak on a topic to twice and each member be limited to 2 minutes, allowing for time to be extended by a two thirds majority vote of the Board. Trustee Strauss stated that he asked for a clear determination on whether his telephonic votes count and being uncertain, he in fact did not vote and would have opposed the motion. He requested that the minutes be amended to reflect his opposition to the motion.

MOTION made by Trustee Keller, seconded by Trustee Cassidy, to amend Consent Agenda Item 3a. Minutes of the August 23, 2018 Regular Meeting minutes to include Trustee Strauss' opposition as it relates to time limits on Trustees. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0

MOTION made by Trustee Cassidy, seconded by Trustee Keller, to have Trustees specifically disclose a vote of Yes or No, unless they have a reason to abstain. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

MOTION made by Trustee Cassidy, seconded by Trustee Keller, to approve Consent Agenda Item 3a. as amended to include Trustee Strauss' opposition as it relates to time limits on Trustees. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

4. FINANCIAL

- a. Mr. Amrose presented the Actuarial Valuation Report as of October 1, 2017. He noted that over the year, October 2016 through October 2017, there has been modest improvement in the funding matrices, including the funded ratio which increased from 59.6% to 62.1% over last year. He noted that the fund had actuarial gains during the year. He noted the Assumed Interest Rate (AIR) was reduced to 7.6% during the period and would be further reduced to 7.5% in 2018. The required City contribution, as a percentage of payroll, decreased by 4.5%. He noted that the dollar requirement increased mainly as a result of 10% more payroll in the system.

Mr. Amrose stated that the Required Employer Contribution (REC) is \$25.2 million, 58.59% of payroll, an increase of approximately \$500,000 or a decrease of 4.52% of covered payroll. He noted that the change in the contribution rate was primarily the result of the AIR change from 7.7% to 7.6%, the increase in Normal Costs as the level of actual payroll, and the recognition of actuarial gains.

Mr. Amrose noted that the shortfall in the actual City contributions versus required was \$7.4 million at the valuation date. Trustee Cassidy inquired if the REC for Fiscal Year 2019 included the shortfall. Mr. Amrose advised that the REC assume the shortfall payment will come in.

Trustee Cassidy inquired about the shortfall being considered as coming in but not being invested and how many years would the Actuary assume that the payment would be made before that assumption changed. Mr. Amrose noted that the Shortfall included interest charges for the period that the assets are not in the plan. He noted that the State has not approved the valuation reports since 2015, which has more consequences for Fire and Police, and would affect the State's revenue share with the City. Mr. Cohen question whether the assumption that the shortfall will be paid results in the overstatement of plan assets. Mr. Amrose confirmed that he was correct.

Mr. Amrose noted that there would be no supplemental distribution for Fiscal Year 2017. Trustee Strauss inquired about the AIR and questioned the rate used by other funds. Mr. Amrose noted that the average AIR was 7.2% for most funds. In response to a question from Trustee Strauss, Mr. Amrose noted that the purpose of an AIR is to allow the plan the best chance of meeting those assumptions. He noted that more aggressive assumptions, tend to lead to more

losses. Mr. Reynolds noted that return assumption in most asset classes have decreased and therefore the AIR is being reduced and only a few clients remain at 8%.

Mr. Amrose noted that Plan assets were \$320 million and liabilities for inactive members alone was \$385 million. He noted that the funded ratio had decreased from a high of 82.5% in 2000 to 62% today. He provided recommendations on how to improve the funded ratio, including shortening the amortization period by one year, which would have no material impact on employer contribution. In response to a question from Trustee Cassidy, Mr. Amrose noted that the funding ratio of most retirement funds were similarly down.

Mr. Amrose noted that the actual value of assets were \$9 million higher than the smoothed assets and therefore the fund will have unrecognized gains over the next four years. Additionally the AIR would be reduced to 7.5% in fiscal year 2018. He also noted the additional savings from the reduction in normal costs for the lower benefits for new hires. Trustee Ramos requested details of the assumption changes after 2011.

MOTION made by Trustee Greene, seconded by Trustee Ramos, to accept the Actuary's Valuation Report. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

- b. Ms. Bailey provided the Preliminary Financial Report for September 2018. The Board requested a synopsis of the report details.

5. INVESTMENT (Keith Reynolds – Segal Marco)

a. Custodial Fee Discussion

Ms. Rosa Limas provided an evaluation of custody services and fee provided by Wells Fargo. She noted that Segal meets monthly with representatives from Wells Fargo to ensure the integrity of their services and to address the concerns of the Board of Governors of the Federal Reserve System. She expected that Wells Fargo would soon issue a report on their compliance with specific requests of the Board of Governors.

Ms. Limas noted that most of the concerns were primarily in the retail space of Wells Fargo and that to date there was no evidence of fraudulent activity in their custody business. She noted that Wells Fargo remained financially stable.

Ms Limas explained the characteristics of a custodian bank and provided a comparison of Wells Fargo with their competitors providing similar services. She noted that Well Fargo had all the capabilities of a top tier bank, and that their financial condition and cost of services were in line with their competitors.

Ms. Limas noted that the estimated costs in the custody report were not the same as the actual costs on the invoices. The Board requested that Ms. Limas update her report to include actual fees instead of estimated fees.

MOTION made by Trustee Cassidy to compare the actual cost of Wells Fargo with its competitor. The motion was not seconded. The Motion died.

MOTION made by Trustee Cassidy, seconded by Trustee Keller, to put out an RFP in the next calendar year for custodial services. **MOTION** made by Trustee Robert Strauss, seconded by Trustee Greene, to table the motion to put out an RFP in the next calendar year for custodial services. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

MOTION made by Trustee Cassidy, seconded by Trustee Keller, to compare Wells Fargo [with the competitors] based on actual cost of Wells Fargo and to be brought back by the Board. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

- b. Flash Report September 2018
Mr. Reynolds provided the Board with the Flash Report for September 2018 for review.
- c. Brandes Review
Mr. Reynolds presented a review of the Brandes International Small Cap Fund. He noted that the research team believed that Brandes was still following its investment style and they still had confidence going forward in the manager but added that the Board may consider adding a complimentary manager next year.
- d. 2018 Work Plan
Mr. Reynolds provided the 2018 Work Plan for review. He noted that the September quarterly performance report may be presented at the December meeting. He proposed that the Head of Research Alan Kosan come to a future meeting to discuss the 2019 Work Plan.

6. LEGAL (Ron Cohen – Rice Pugatch Robinson Storfer & Cohen)

- a. Attendance and Telephone Policy
Mr. Cohen reviewed the policy.
- b. Proposed Ordinance Amendment for consistency with the September 3, 2015 IRS Determination Letter
Mr. Cohen advised the board that there are two open issues. He advised that the City has agreed that there should be no change to the definition of Net Market Rate of Return. Mr. Cohen will reach out to Mr. Amrose and request his opinion regarding the impact of the 0% floor and determine if it has any impact on the 415 limitations. He noted that there was prohibited transaction language on Page 17 which the board is complying with already by law so that language could remain. He also noted that the board had requested that the language on Page 18 regarding reemployment after retirement be deleted as unrelated.

Mr. Falik advised the Board that if the City desired to reemploy a retiree, they could not do so unless it was allowed by the plan. He asked the board to consider the amendment but noted that the ratification of the union was still required. The Board requested that this issue be brought to the union for ratification before it is provided with the Board.

MOTION made by Trustee Keller, seconded by Trustee Strauss, to exclude (II) from Page 18. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

MOTION made by Trustee Keller, seconded by Trustee Cassidy, to send the proposed ordinance to City with the exclusion of (II) from Page 18 and with (8) on page 6 subject to Mr. Amrose's determination that the interest floor will not affect members 415 limits. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

MOTION made by Trustee Greene, seconded by Trustee Keller, to approve the remainder of the proposed ordinance. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

MOTION made by Trustee Cassidy, seconded by Trustee Strauss, to extend the meeting for one-half hour. In a voice vote by the members present, the **Motion** passed 4-3. Trustees Greene, Keller and Ramos opposed the motion.

- c. Proposed Ordinance Amendment relating to the Employees' Retirement Fund
Mr. Cohen noted that the ordinance had already been passed by the City Commission, and that it required to approval of the membership and the union. Trustee Cassidy inquired if this was a time sensitive issue. Mr. Falik stated that there was no specific timeline but he noted that the City had already passed the ordinance.

In response to a question from Trustee Shaw, Mr. Falik noted that there was no requirement that the union vote on this proposed amendment prior to the plan members but that it would probably be better for the union to ratify the proposed ordinance before the Board holds its election. The Board requested that the proposed ordinance be sent to the union for ratification prior to it being sent to the membership for consideration.

- d. Update on the City of Hollywood v. Board of Trustees of City of Hollywood Employees' Retirement Fund et al.
Mr. Cohen advised the Board that the Fund filed a joint motion with the City to lift the stay so that the litigation could proceed. He noted that the Police and Fire Funds did not join in the motion but indicated that they had no objections. Mr. Cohen and Trustee Keller expressed the frustrations of the slow pace of the process with the City.
- e. Request for Executive Session to Discuss Pending Litigation
He requested an Executive Session to discuss Pending Litigation with City of Hollywood Florida v the Board of Trustees of the City of Hollywood Employees Retirement Fund et al. He noted the conditions of the session.

7. ADMINISTRATIVE ISSUES

- a. Proposed Fiscal Year 2019 Budget
Ms. Bailey provided the Board with the Fiscal Year 2019 Proposed Budget.

MOTION made by Trustee Greene, seconded by Trustee Cassidy, to accept the proposed budget and sent it to the City. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

- b. Proposed 2019 Regular Board Meeting Dates
The Board reviewed the new proposed 2019 Regular Board Meeting Schedule. The Board requested that the proposed June 25th meeting be changed to an evening meeting from 6:00pm – 8:00pm.

MOTION made by Trustee Cassidy, seconded by Trustee Keller, to accept the Proposed 2019 Regular Board Meeting Dates with the June 25th meeting being moved from 9:00am, to 6:00pm – 8:00pm. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

c. Proposed Employee Election Process

Ms. Bailey provided the Board with the Proposed Employee Election Retirement Process. In response to a question from Trustee Cassidy, she noted that there were no material changes to the previous process, however, three additional dates were included in the process to address challenges to the election results, as they were part of the Election Procedures.

MOTION made by Trustee Greene, seconded by Trustee Cassidy, to accept the Proposed Employee Election Process. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

d. New Pension Software

Ms. Bailey advised the Board that a Request for Proposal would be issued in January 2019 to seek the development of New Pension Software.

MOTION made by Trustee Cassidy, seconded by Trustee Keller, to allow the Executive Director to obtain proposals and recommend a short list of proposed vendors to the Board for consideration. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

c. City Commission Communication

The Board received the City Commission Communication.

d. Communications from the Executive Director

- Ms. Bailey advised the Board that Wells Fargo would conduct an audit of the Retiree Payroll. She also provided copies of the annual life certification that retirees will be asked to complete going forward.
- Ms. Bailey requested that the Board revise its authorization to Wells Fargo to allow for only one authorized signer on deposits only.

MOTION made by Trustee Greene, seconded by Trustee Keller, to authorize Wells Fargo to accept only one authorized signer for deposits only. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

MOTION made by Trustee Cassidy, seconded by Trustee Strauss, to extend the meeting for an additional 15 minutes. In a voice vote by the members present, the **Motion** passed 4-3. Trustees Greene, Keller and Ramos opposed the motion.

- Ms. Bailey also noted an issue with an outstanding invoice. She advised the Board that the NCPERS 2019 Legislative Conference would be in January 2019 and recommended that the Board consider sending a representative to this or future legislative conferences.

Ms. Bailey advised the Board that the auditors had begun the Fiscal Year 2018 Financial Statement Audit. She updated the Board on the retiree benefit calculation concern. The calculations were in fact correct based

upon the interpretation and understanding of the language in the ordinance.

- Ms. Bailey provided the Board with the Administrative and Membership Report.

8. PUBLIC COMMENTS

There were no public comments.

9. TRUSTEE REPORTS, QUESTIONS AND COMMENTS

Trustee Strauss advised that at the Annual meeting of the City of Hollywood Employees Retirees' Association on October 25th, he was elected President of the Association for a two year period.

Trustee Shaw requested that the Board set up Committees and requested volunteers for the committees. The Following committees were established with the following participants:

Investment

Christopher Cassidy – Appointed Pro-tem Chair
Jeffery Greene
Charles Howell
George Keller

Financial/Administration/Actuarial/Audit/Risk

Jeffery Greene - Appointed Pro-tem Chair
Charles Howell
Cintya Ramos
Phyllis Shaw

Board Governance

Phyllis Shaw, appointed Pro-tem Chair
Christopher Cassidy
Cintya Ramos

10. ADJOURNMENT

MOTION made by Trustee Greene, seconded by Trustee Keller, to adjourn the meeting. In a voice vote by the members present, **Motion** passed 7-0. Meeting adjourned at 12:45p.m.

Phyllis Shaw, Chair

Date

AGENDA ITEM 3.B.

CONSENT AGENDA

**RATIFICATION OF DISTRIBUTIONS (CONTRIBUTIONS AND
DROP) AND PLAN EXPENSES**

EMPLOYEES' RETIREMENT FUND
Refunds and DROP Distributions
December 13, 2018 Regular Pension Board Meeting

<u>Name</u>	<u>Refund</u>
<u>Refunds of Contributions</u>	
Mesa, Michael	\$ 1,233.89
	<u>\$ 1,233.89</u>
<u>Planned Retirement</u>	
Delaine, Rosa (Final)	\$ 3,015.37
Martin, Marshall (Partial)	22,900.00
	<u>\$ 25,915.37</u>
<u>DROP Distributions</u>	
Dickens, George (Partial)	\$ 260,141.94
Gopaul, Suresh (Partial)	\$ 5,000.00
Rusnak, James (Partial)	\$ 6,000.00
	<u>\$ 271,141.94</u>
<u>Partial Lump Sum Distribution</u>	
	\$ 0.00
	<u>\$ 0.00</u>
TOTAL: \$	298,291.20

EMPLOYEES RETIREMENT FUND

Payment Requests Processed During the Period

October 1, 2018 through October 31, 2018

Payroll

Pension Office Payroll (October)	16,611.99
Pension Office Employer Contributions/Benefits (October)	2,157.80
Christine Bailey - Deferred Comp (10/12/18)	192.30
Veron Sibble - Deferred Comp (10/12/18)	346.14
Christine Bailey - Deferred Comp (10/26/18)	192.30
Veron Sibble - Deferred Comp (10/26/18)	115.38
Christine Bailey - Deferred Comp (11/09/18) *	192.30
Veron Sibble - Deferred Comp (11/09/18) *	115.38
Christine Bailey - Deferred Comp (11/21/18) *	192.30
Veron Sibble - Deferred Comp (11/21/18) *	115.38
	<u>20,231.27</u>

Temporary Salaries and Wages

Alpha1 (week ending 08/05/18)	600.00
Alpha1 (week ending 08/12/18)	600.00
Alpha1 (week ending 09/09/18)	480.00
	<u>1,680.00</u>

Travel Advances/Expenses

FPPTA Education Committee Meeting (Orlando)	
Phyllis Shaw	92.90
	<u>92.90</u>

Miscellaneous

Sharp - Copier Lease Payment (September 2018)	211.86
Offices to Go	1,969.50
	<u>2,181.36</u>

Total	\$ <u>24,185.53</u>
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* Paid in advance due to GEMS shutdown

**CITY OF HOLLYWOOD
EMPLOYEES RETIREMENT FUND
Disbursements Processed
October 1, 2018 to October 31,2018**

FYE 2018

Christopher Cassidy (June 2018 FPPTA Correction)	\$	(69.41)
Consolidated Color Press Inc	\$	(414.00)
Gabriel Roeder Smith & Company (September 2018)	\$	(4,230.00)
Rice Pugatch Robinson Storfer (Aug 2018)	\$	(7,892.17)
Segal Marco Advisors (September 2018)	\$	(10,833.37)
Segal Marco Advisors (September 2018)	\$	(4,166.67)
Thompson Siegal & Walmsley Llc (July 2018-September 2018)	\$	(30,422.44)
Wells Fargo Credit Card	\$	(1,281.66)
	\$	<u>(59,309.72)</u>

FYE 2019

Christopher Cassidy (FPPTA October 2018)	\$	(304.31)
Christopher Cassidy (IFEBP October 2018)	\$	(713.90)
Intercontinental Hotel New Orleans (IFEBP October 2018)	\$	(617.16)
International Foundation	\$	(1,245.00)
Segal Select Insurance	\$	(151,489.00)
Segal Select Insurance	\$	(270.00)
Seneca Insurance Company Inc	\$	(1,595.75)
The Ritz Carlton New Orleans (IFEBP October 2018)	\$	(5,067.20)
Union Services Agency	\$	(758.00)
Wells Fargo Credit Card (FPPTA October 2018)	\$	(1,386.00)
	\$	<u>(163,446.32)</u>

Total	\$	<u>(222,756.04)</u>
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AGENDA ITEM 3.C.

CONSENT AGENDA

**APPROVAL/RATIFICATION OF NEW RETIREMENT
/DROP/VESTED/DEATH ANNUITIES**

EMPLOYEES' RETIREMENT FUND
New Retirement/DROP/Death/Vested Annuities - Monthly Amounts
December 13, 2018 Regular Pension Board Meeting

New Retirements

	Pension
Dickens, George - DROP 10/1/13	\$ 3,714.76
Dorvilus, Marie Soleine - (Beneficiary of Velhomme Dorvilus)	1,107.76
Garcia, Robert - DROP 9/30/2010	1,398.16
Hillberg, Stephen - Vested 9/12/2018	915.25
Martin, Marshall - Planned 4/19/2017	1,358.29
Schumack, Rosa - Vested 10/1/2018	1,793.68

Benefits Stopped

Schroeder, Nancy - Died 9/1/2018	\$ (1,631.15)
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AGENDA ITEM 4.A.

TREASURER'S REPORTS

MAY 2018 - AUGUST 2018

FINAL

CITY OF HOLLYWOOD, FLORIDA

EMPLOYEES RETIREMENT FUND
TREASURER'S REPORT
FINAL
MAY 31, 2018

<u>Investment Balances</u>	<u>Market Value</u>	<u>Book Value</u>	<u>Unrealized Gain (Loss)</u>
Balance, October 1, 2017	\$ 316,479,928.93	\$ 255,359,473.11	\$ 61,120,455.82
Contributions and Payments:			
City Contributions		22,101,018.88	
Employee Contributions		2,161,893.32	
Pension Disbursements		(20,363,732.85)	
Administrative Expenses		(303,567.70)	
Net Contributions/Payments		<u>3,595,611.65</u>	
Investment Income:			
Dividends Received		1,592,411.50	
Interest Received - net		1,419,102.40	
Gain on Sales		4,293,711.24	
Commission Recapture		2,091.44	
Quarterly Investment Fees		(409,665.26)	
Net Investment Income		<u>6,897,651.32</u>	
Balance, May 31, 2018	<u>332,498,908.96</u>	<u>265,852,736.08</u>	<u>66,646,172.88</u>
Increase (Decrease) for the Period	\$ <u>16,018,980.03</u>	\$ <u>10,493,262.97</u>	\$ <u>5,525,717.06</u>

Unrealized Gain (Loss) Account

Composition of Increases (Decreases)

AG Direct Lending	\$ 25,615.00
Baird Core Plus Bond Fund	(1,138,094.18)
Brandes Investment Partners	(169,196.34)
Frontier Capital Management	1,004,681.55
Golden Tree	339,098.76
Goldpoint Partners	0.00
Harbourvest Dover IX49	147,981.99
IFM Global	1,088,698.00
Morgan Stanley	539,378.51
NB Crossroads	527,711.97
Neuberger & Berman	35,907.34
Neuberger Short Duration	(181,045.47)
Northern Trust	3,241,091.99
Principal Investors	77,659.94
Thompson, Siegel & Walmsley	26,596.77
Wellington International	(40,368.77)
	<u>\$ 5,525,717.06</u>

Investment Return

Net Investment Income	\$ 6,897,651.32
Increase (Decrease) in Unrealized Gain/Loss	<u>5,525,717.06</u>
Total Investment Return for Period	<u>\$ 12,423,368.38</u>

Beginning Market Value of Assets	\$ 316,479,928.93
Plus/(Less): Net Contributions/Payments	<u>3,595,611.65</u>
Assets Available for Investment	<u>\$ 320,075,540.58</u>

Investment Return as a % of Assets Available for Investment 3.88%

CITY OF HOLLYWOOD, FLORIDA

EMPLOYEES RETIREMENT FUND
TREASURER'S REPORT
FINAL
JUNE 30, 2018

<u>Investment Balances</u>	<u>Market Value</u>	<u>Book Value</u>	<u>Unrealized Gain (Loss)</u>
Balance, October 1, 2017	\$ 316,479,928.93	\$ 255,359,473.11	\$ 61,120,455.82
Contributions and Payments:			
City Contributions		22,101,018.88	
Employee Contributions		2,415,601.53	
Pension Disbursements		(22,917,454.80)	
Administrative Expenses		(303,567.70)	
Net Contributions/Payments		<u>1,295,597.91</u>	
Investment Income:			
Dividends Received		2,289,120.86	
Interest Received - net		1,538,296.63	
Gain on Sales		6,282,759.23	
Commission Recapture		2,496.62	
Quarterly Investment Fees		(409,665.26)	
Net Investment Income		<u>9,703,008.08</u>	
Balance, June 30, 2018	<u>331,328,517.71</u>	<u>266,358,079.10</u>	<u>64,970,438.61</u>
Increase (Decrease) for the Period	\$ <u>14,848,588.78</u>	\$ <u>10,998,605.99</u>	\$ <u>3,849,982.79</u>

Unrealized Gain (Loss) Account

Composition of Increases (Decreases)

AG Direct Lending	\$ 239,362.96
Baird Core Plus Bond Fund	(1,310,842.33)
Brandes Investment Partners	(609,525.42)
Frontier Capital Management	980,824.78
Golden Tree	339,208.44
Goldpoint Partners	(161,334.30)
Harbourvest Dover IX49	402,739.98
IFM Global	1,301,468.80
Morgan Stanley	757,920.29
NB Crossroads	951,496.97
Neuberger & Berman	35,907.34
Neuberger Short Duration	(292,474.57)
Northern Trust	1,985,821.12
Principal Investors	184,875.90
Thompson, Siegel & Walmsley	313,398.26
Wellington International	(1,268,865.43)
	<u>\$ 3,849,982.79</u>

Investment Return

Net Investment Income	\$ 9,703,008.08
Increase (Decrease) in Unrealized Gain/Loss	<u>3,849,982.79</u>
Total Investment Return for Period	<u>\$ 13,552,990.87</u>

Beginning Market Value of Assets	\$ 316,479,928.93
Plus/(Less): Net Contributions/Payments	<u>1,295,597.91</u>
Assets Available for Investment	<u>\$ 317,775,526.84</u>

Investment Return as a % of Assets Available for Investment 4.26%

CITY OF HOLLYWOOD, FLORIDA

EMPLOYEES RETIREMENT FUND
TREASURER'S REPORT
FINAL
JULY 31, 2018

<u>Investment Balances</u>	<u>Market Value</u>	<u>Book Value</u>	<u>Unrealized Gain (Loss)</u>
Balance, October 1, 2017	\$ 316,479,928.93	\$ 255,359,473.11	\$ 61,120,455.82
Contributions and Payments:			
City Contributions		22,101,018.88	
Employee Contributions		2,663,381.03	
Pension Disbursements		(25,719,131.05)	
Administrative Expenses		(371,139.24)	
Net Contributions/Payments		<u>(1,325,870.38)</u>	
Investment Income:			
Dividends Received		2,564,225.57	
Interest Received - net		1,765,452.78	
Gain on Sales		7,802,991.42	
Commission Recapture		3,297.42	
Quarterly Investment Fees		(611,716.93)	
Net Investment Income		<u>11,524,250.26</u>	
Balance, July 31, 2018	<u>333,529,359.76</u>	<u>265,557,852.99</u>	<u>67,971,506.77</u>
Increase (Decrease) for the Period	\$ <u>17,049,430.83</u>	\$ <u>10,198,379.88</u>	\$ <u>6,851,050.95</u>

Unrealized Gain (Loss) Account

Composition of Increases (Decreases)

AG Direct Lending	\$ 69,636.04
Baird Core Plus Bond Fund	(1,310,733.71)
Brandes Investment Partners	(626,558.58)
Frontier Capital Management	1,274,624.51
Golden Tree	434,849.52
Goldpoint Partners	(161,334.29)
Harbourvest Dover IX49	402,739.99
IFM Global	1,001,079.72
Morgan Stanley	757,920.29
NB Crossroads	951,496.97
Neuberger & Berman	35,907.34
Neuberger Short Duration	(97,597.49)
Northern Trust	3,759,170.53
Principal Investors	184,875.90
Thompson, Siegel & Walmsley	496,609.50
Wellington International	(321,635.29)
	<u>\$ 6,851,050.95</u>

Investment Return

Net Investment Income	\$ 11,524,250.26
Increase (Decrease) in Unrealized Gain/Loss	6,851,050.95
Total Investment Return for Period	<u>\$ 18,375,301.21</u>
Beginning Market Value of Assets	\$ 316,479,928.93
Plus/(Less): Net Contributions/Payments	(1,325,870.38)
Assets Available for Investment	<u>\$ 315,154,058.55</u>

Investment Return as a % of Assets Available for Investment

5.83%

CITY OF HOLLYWOOD, FLORIDA

EMPLOYEES RETIREMENT FUND
TREASURER'S REPORT
FINAL
AUGUST 31, 2018

<u>Investment Balances</u>	<u>Market Value</u>	<u>Book Value</u>	<u>Unrealized Gain (Loss)</u>
Balance, October 1, 2017	\$ 316,479,928.93	\$ 255,359,473.11	\$ 61,120,455.82
Contributions and Payments:			
City Contributions		22,101,018.88	
Employee Contributions		3,041,291.63	
Pension Disbursements		(28,656,792.33)	
Administrative Expenses		(426,006.24)	
Net Contributions/Payments		<u>(3,940,488.06)</u>	
Investment Income:			
Dividends Received		2,649,939.67	
Interest Received - net		1,886,887.78	
Gain on Sales		24,825,320.51	
Commission Recapture		3,297.42	
Quarterly Investment Fees		(847,042.76)	
Net Investment Income		<u>28,518,402.62</u>	
Balance, August 31, 2018	<u>332,303,031.76</u>	<u>279,937,387.67</u>	<u>52,365,644.09</u>
Increase (Decrease) for the Period	\$ <u>15,823,102.83</u>	\$ <u>24,577,914.56</u>	\$ <u>(8,754,811.73)</u>

Unrealized Gain (Loss) Account

Composition of Increases (Decreases)

AG Direct Lending	\$ 69,636.04
Baird Core Plus Bond Fund	(1,099,296.55)
Brandes Investment Partners	(852,263.70)
Frontier Capital Management	(9,276,353.76)
Golden Tree	469,869.24
Goldpoint Partners	(161,334.29)
Harbourvest Dover IX49	293,661.98
IFM Global	995,021.13
Morgan Stanley	757,920.29
NB Crossroads	951,496.97
Neuberger & Berman	35,907.34
Neuberger Short Duration	(279,894.25)
Northern Trust	(153,330.76)
Northern Trust Extended Equity	456,087.47
Principal Investors	184,875.90
Thompson, Siegel & Walmsley	565,833.73
Wellington International	(1,712,648.51)
	<u>\$ (8,754,811.73)</u>

Investment Return

Net Investment Income	\$ 28,518,402.62
Increase (Decrease) in Unrealized Gain/Loss	<u>(8,754,811.73)</u>
Total Investment Return for Period	<u>\$ 19,763,590.89</u>
Beginning Market Value of Assets	\$ 316,479,928.93
Plus/(Less): Net Contributions/Payments	<u>(3,940,488.06)</u>
Assets Available for Investment	<u>\$ 312,539,440.87</u>

Investment Return as a % of Assets Available for Investment 6.32%

AGENDA ITEM 4.B.

FINANCIAL REPORT

OCTOBER 2018 DRAFT

(HANDOUT)

AGENDA ITEM 5.A.

INVESTMENT

CUSTODIAL FEE DISCUSSION

(HANDOUT)

AGENDA ITEM 5.B.

INVESTMENT

OCTOBER 2018 FLASH PERFORMANCE REPORT

(HANDOUT)

AGENDA ITEM 6.A.

LEGAL

RENT-A-CENTER LITIGATION

(NO BACKUP FOR THIS SECTION)

AGENDA ITEM 6.B.

LEGAL

WELLS FARGO CUSTODY AGREEMENT

(NO BACKUP FOR THIS SECTION)

AGENDA ITEM 6.C.

LEGAL

**PROPOSED ORDINANCE AMENDMENT
FOR CONSISTENCY WITH THE SEPTEMBER 3, 2015
IRS DETERMINATION LETTER
(NO BACKUP FOR THIS SECTION)**

AGENDA ITEM 6.D.

LEGAL

**UPDATE ON CITY OF HOLLYWOOD V. CITY OF
HOLLYWOOD EMPLOYEES' RETIREMENT FUND**

(NO BACKUP FOR THIS SECTION)

AGENDA ITEM 6.E.

LEGAL

**REQUEST FOR EXECUTIVE SESSION
TO DISCUSS PENDING LITIGATION
(NO BACKUP FOR THIS SECTION)**

AGENDA ITEM 7.A.
EXECUTIVE DIRECTOR'S REPORT
RESOLUTION OF APPRECIATION

**RESOLUTION OF APPRECIATION
ACKNOWLEDGING THE CONTRIBUTION OF CHRISTINE BLANTHORN
TO THE CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND**

WHEREAS, *Christine Blanthorn completed her public service on October 11, 2018 with over 50 years of distinguished and dedicated service as an employee of the City of Hollywood, from November 1967 through October 2018; and*

WHEREAS, *Ms. Blanthorn, over the years, has served the members, retirees and beneficiaries of the City of Hollywood Employees Retirement Fund, and has been committed to the interests of the plan participants; and*

WHEREAS, *The Board of Trustees of the City of Hollywood Employees Retirement Fund, wishes to acknowledge the contribution made by Ms. Blanthorn to the success of the Retirement Fund. Now therefore be it*

RESOLVED, *That on this 13th day of December 2018, the Board of Trustees of the City of Hollywood Employees' Retirement Fund expresses its heartfelt thanks and grateful appreciation to Christine Blanthorn for her dedicated and professional service to the Retirement Fund and her commitment to the successful administration of the pension benefits of the members of the Retirement Fund; and be it further*

RESOLVED, *That the Board of Trustees of the City of Hollywood Employees' Retirement Fund honors her commitment and dedication to public service and congratulates her on her record of achievement; and be it further*

RESOLVED, *That the Board of Trustees of the City of Hollywood Employees' Retirement Fund, on behalf of the many lives that she has touched through her work, congratulate her on her well-earned retirement, and extend our best wishes to her for continued success, good health and a very happy retirement.*

Respectfully Submitted,

*Phyllis Shaw
Chair*

Date

AGENDA ITEM 7.B.
EXECUTIVE DIRECTOR'S REPORT

CITY COMMISSION COMMUNICATION



CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND

2600 Hollywood Blvd. • City Hall Annex Building, 2ND Floor, Room 20 • Hollywood, FL 33020
(954) 921-3333 • (954) 921-3332 Fax • www.hollywoodpension.com

CITY COMMISSION COMMUNICATION

November 2018

The following information is provided to the City Commission for informational purposes only.

BOARD OF TRUSTEES

Phyllis Shaw – Chair	Christopher Cassidy	George Keller
Jeffery Greene – Vice-Chair	Charles Howell	Cintya Ramos
Robert Strauss – Secretary		

All Trustees attended the November 2018 Meeting of the Board of Trustees

ITEMS OF INTEREST TO THE CITY COMMISSION

- The Fund's estimated value on September 30, 2018 was \$327.4 million.
- The Actuarial Valuation Report for Fiscal Year 2017 was completed in October 2018.
- The Fund continues its discussions with the City as it seeks to conclude the outstanding matters related to the payment of Supplemental Pension Distributions and the litigation proceedings with the City of Hollywood.
- The Fund continues its discussions with the City regarding a proposed ordinance amendment to provide consistency with the September 3, 2015 IRS Determination Letter received by the Fund.
- The Fund requested that the proposed Ordinance amendment relating to the Employees' Retirement Fund be first ratified by the Employee Union.
- The Fund approved a Fiscal Year 2019 Administrative and Investment Budget of \$3.062 million
- The Board established committees to address Investments, Financial/Administration/Actuarial/Audit/Risk, and Board Governance.

ITEMS SUBMITTED FOR THE CITY COMMISSION CONSIDERATION

- None

UPCOMING PENSION EDUCATIONAL OPPORTUNITIES FOR CITY COMMISSION

- Florida Public Pension Trustee Association
Fall Trustee School
February 3 – February 6, 2019
Rosen Centre Hotel, Florida

MEETING SCHEDULE 2019

Unless otherwise stated all Regular Meetings of the Board of Trustees are held at 9:00am in the Fund Office.

January 22, 2019	April 23, 2019	July 23, 2019	November 5, 2019
February 26, 2019	May 28, 2019	August 27, 2019	December 10, 2019
March 26, 2019	June 25, 2019–6:00pm	September 24, 2019	

Please be advised that the Next Regular Meeting of the Board of Trustees will be held on Tuesday, January 22nd at 9:00am at the Fund Office. All Commissioners are invited to attend.

AGENDA ITEM 7.C.

EXECUTIVE DIRECTOR'S REPORT

COMMUNICATIONS FROM THE EXECUTIVE DIRECTOR

(HANDOUT)

AGENDA ITEM 8

PUBLIC COMMENT

(NO BACKUP FOR THIS SECTION)

AGENDA ITEM 9

TRUSTEE REPORTS, QUESTIONS AND COMMENTS

(NO BACKUP FOR THIS SECTION)

AGENDA ITEM 10

ADJOURNMENT

(NO BACKUP FOR THIS SECTION)