

**CITY OF HOLLYWOOD
EMPLOYEES' RETIREMENT FUND**

CALENDAR OF ITEMS

REGULAR BOARD MEETING

FEBRUARY 26, 2019

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 REGULAR PENSION BOARD MEETING TUESDAY, FEBRUARY 26, 2019 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
- 3. CONSENT AGENDA**
 - A. December 13, 2018 Annual Meeting Minutes
 - B. January 22, 2019 Regular Meeting Minutes
 - C. Ratification of Distributions (Contributions and DROP) and Plan Expenses
 - D. Approval/Ratification of New Retirements/DROP/Vested/Death Annuities
- 4. FINANCIAL**
 - A. Financial Report and Investment Summary
 - B. Budget Variance Report
- 5. INVESTMENT (Segal Marco Advisors)**
 - A. Fourth Quarter Performance Review
 - B. January 2019 Flash Performance Report
 - C. 2019 Work Plan
- 6. LEGAL (Ron Cohen - Rice, Pugatch, Robinson, Storfer and Cohen.)**
 - A. Proposed Ordinance Amendment for consistency with the September 3, 2015 IRS Determination Letter
 - B. Update on City of Hollywood v. City of Hollywood Employees' Retirement Fund
 - C. Wells Fargo Custody Agreement
 - D. Request for Executive Session to Discuss Pending Litigation
 - E. Securities Litigation - BLB&G LLP and Wolf Popper LLP
- 7. EXECUTIVE DIRECTOR'S REPORT**
 - A. City Commission Communication
 - B. Member Considerations
 - i. J. Sheffel
 - ii. J. Patel
 - iii. F. Pinnock
 - iv. T. Gordon
 - v. Active Planned Retirement Participants
 - C. Executive Director Performance Evaluation
 - D. 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 3.A.

CONSENT AGENDA

DECEMBER 13, 2018

REGULAR MEETING MINUTES

CORRECTED

**MINUTES
ANNUAL PENSION BOARD MEETING
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND
THURSDAY, DECEMBER 13, 2018 AT 9:00AM**

1. CALL TO ORDER

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

2. ROLL CALL AND PLEDGE OF ALLEGIANCE

Board Members present: Chair Phyllis Shaw, Vice Chair Jeffery Greene (Arrived at 9:55am), Secretary Robert Strauss, Christopher Cassidy, Charles Howell (Arrived 9:15am), George Keller, and Cintya Ramos (Arrived at 9:40am. Left 10:15am, returned 10:30am). Also present: Executive Director Christine Bailey; Keith Reynolds and Rosa Limas of Segal Marco; and Ronald Cohen of Rice Pugatch Robinson Storfer & Cohen.

a. December 13, 2018 Annual Board Meeting Agenda

MOTION made by Trustee Cassidy, seconded by Trustee Keller, to adopt the December 13, 2018 Annual Board Meeting Agenda as amended, to move Agenda Item 7a. before Agenda Item 2b. In a voice vote by the members present, all members voted in favor. **Motion** passed 4-0. Trustees Greene, Howell and Ramos were not in the room.

7. ADMINISTRATIVE ISSUES

a. Resolution of Appreciation

The Board expressed its thanks and grateful appreciation to Christine Blanthorn for her dedicated and professional service to the Retirement Fund and honored her commitment to public service. The Board congratulate her on her well-earned retirement.

MOTION made by Trustee Strauss, seconded by Trustee Keller, to table [Agenda Item 2a.] the Election of Chair and Vice Chair until a greater presentation of members were present. **Motion** passed 5-0. Trustees Greene, and Ramos were not in the room.

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

MOTION made by Trustee Cassidy, seconded by Trustee Keller, to approve Consent Agenda Items. In a voice vote by the members present, all members voted in favor. **Motion** passed 5-0. Trustees Greene and Ramos were not in the room.

4. FINANCIAL

- a. The Board received May 2018 through August 2018 Final Treasurer's Reports.
- b. The Board received the October 2018 Draft Financial and Budget Reports and questioned the \$13 million loss in Market Value considering that the Fund received \$22 million in Employer Contribution in the month. Ms. Bailey will review the details used in the report and provide an explanation. The Board requested additional changes to the reports.

5. INVESTMENT (Keith Reynolds – Segal Marco)

a. Custodial Fee Discussion

Ms. Rosa Limas provided the Board with updated Custody Fees Schedule using Wells Fargo's actual information and noted that Wells Fargo was very competitive when compared with their peers.

MOTION made by Trustee Cassidy, seconded by Trustee Strauss, to retain Wells Fargo until an RFP is done next year. In a voice vote by the members present, all members voted in favor. **Motion** passed 5-0. Trustees Greene and Ramos were not in the room.

b. Flash Report October 2018

Mr. Reynolds provided the Board with the Flash Report for September 2018 for review. He noted that effective October 2018, Golden Tree reduced their fees. He also noted that Alan Kosan, Head of the Segal Research Team would attend the January meeting of the Board to discuss the 2019 Work Plan.

In response to a question from Trustee Keller, Mr. Reynolds noted that market expectations are expected to remain the same but with greater volatility. He noted that most plans are incrementally reducing their assumed rate of return and that some plans were going down to 7%.

It was noted that the City usually makes a lump sum payment of the Employer Contribution. A discussion of investment and funding alternatives were discussed. It was recommended that these discussion be continued by the Audit/Finance Committee.

MOTION made by Trustee Keller, seconded by Trustee Cassidy, to recall [Agenda Item 2b.] the Election of Chair and Vice Chair. In a voice vote by the members present, all members voted in favor. **Motion** passed 6-0. Trustee Ramos was not in the room.

2. ROLL CALL AND PLEDGE OF ALLEGIANCE

b. Election of Chair and Vice Chair

MOTION made by Trustee Strauss, seconded by Trustee Cassidy, to nominate Phyllis Shaw [to the position of Chair]. In a voice vote by the members present, all members voted in favor. **Motion** passed 6-0. Trustee Ramos was not in the room.

MOTION made by Trustee Greene to nominate Robert Strauss [to the position of Vice Chair]. Trustee Strauss declined the nomination.

MOTION made by Trustee Strauss to nominate Christopher Cassidy [to the position of Vice Chair]. Trustee Cassidy declined the nomination.

MOTION made by Trustee Ramos, seconded by Trustee Cassidy, to nominate George Keller [to the position of Vice Chair]. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

MOTION made by Trustee Howell, seconded by Trustee Cassidy, to nominate Robert Strauss [to the position of Secretary]. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

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

a. Rent-A-Center Litigation

Mr. Cohen advised the Board that the lead plaintiff in the case has approved a settlement in the case. Labaton has also approved the settlement. He advised that the Court still need to approve the settlement. He noted that the Fund was eligible to apply for reimbursement of fees incurred related to the litigation.

b. Wells Fargo Custody Agreement

Mr. Cohen advised the board that Wells Fargo requested an update of their contract. He noted that the changes requested by Wells Fargo were minor but noted that he requested two additional changes, to add Fiduciary Duty and change the indemnification agreement.

c. Proposed Ordinance Amendment for consistency with the September 3, 2015 IRS Determination Letter

Mr. Cohen, in response to a question from the last Board meeting, advised that DROP payments are considered in 415 calculations. He noted that that the floor was necessary for the preservation on capital which the IRS previously accepted. He noted that the proposed ordinance was on the Agenda for First Reading on the January 16th City Commission meeting.

d. Update on the City of Hollywood v. Board of Trustees of City of Hollywood Employees' Retirement Fund et al.

Mr. Cohen noted that the Commission approved an ordinance to allow the City to file a joint motion with the Fund to lift the Stay. He noted that the Police and Fire Funds did not object to the joint motion. He also noted that the motion was filed but due to a backlog, the Court has not yet entered the order.

In response to a question from Trustee Cassidy regarding the litigation, Mr. Cohen noted that the Board defense would be that the 13th check payments were appropriate. Trustee Strauss noted that there were approximately 639 members who were eligible for the 2012 13th check and approximately 25%, 126 had passed away up to the end of the last fiscal year and six more have passed since then. Trustee Strauss noted that these were friends and coworkers and that there is a pressing need for a resolution.

e. Request for Executive Session to Discuss Pending Litigation

Mr. Cohen 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

b. City Commission Communication

The Board received the City Commission Communication.

c. Communications from the Executive Director

- Ms. Bailey advised the Board that there were two Applications for Candidacy received to date for the Trustee Election.

Trustees discussed the Trustee Election and the need for Elections on Proposed Ordinances and whether the Board agreed to bring a ratification vote on the

Proposed Ordinances at the same time as the Trustee Election. Trustees requested that the records be revisited to determine if the Board agreed to proceed with the Proposed Ordinances ratification at the same time as the Trustee Elections.

- Ms. Bailey advised the Board that the retirees' death record search identified 4 retirees as deceased. She noted that one of the retirees was, in fact, still alive. She advised that the payments were stopped and that all overpayments were recouped.
- She advised that the Life Certificates had gone out to the retirees.
- Ms. Bailey also advised that she will issue a request for proposal for New Software and will be setting up demonstrations of what is available.
- Ms. Bailey provided the Board with the Updated IRS Tax Rollover Notice prepared by Mr. Cohen.
- Ms. Bailey advised that the City had requested the Fiscal Year 2018 Financial Statements by January 15th which was an unattainable deadline.
- Ms. Bailey advised the Board that Trustee Shaw would be attending the FPPTA Education Committee meeting in March 2019 in Orlando. She also reminded Trustees that the Winter School would be held at the Rosen Center in Orlando from February 3 – 6, 2019.
- She also provided the Board with the Administrative and Membership Report.

8. PUBLIC COMMENTS

There were no public comments.

9. TRUSTEE REPORTS, QUESTIONS AND COMMENTS

There were no additional Trustee Reports, questions, or comments.

10. ADJOURNMENT

MOTION made by Trustee Shaw, seconded by Trustee Ramos, to adjourn the meeting. In a voice vote by the members present, **Motion** passed 7-0. Meeting adjourned at 12:00p.m.

Phyllis Shaw, Chair

Date

AGENDA ITEM 3.B.

CONSENT AGENDA

JANUARY 22, 2019

REGULAR MEETING MINUTES

**MINUTES
REGULAR PENSION BOARD MEETING
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND
TUESDAY, JANUARY 22, 2019 AT 9:00AM**

1. CALL TO ORDER

Chair Shaw called the meeting to order at 9:08a.m.

2. ROLL CALL AND PLEDGE OF ALLEGIANCE

Board Members present: Chair Phyllis Shaw, Vice Chair George Keller (Arrived at 11:25am), Secretary Robert Strauss, Christopher Cassidy, Jeffery Greene (departed at 12:00pm), Charles Howell (departed at 2:10pm), and Cintya Ramos (departed at 12:20pm). Also present: Executive Director Christine Bailey; Jeffery Amrose and Trisha Amrose of Gabriel Roeder, Smith & Company; Keith Reynolds of Segal Marco; and Ronald Cohen of Rice Pugatch Robinson Storfer & Cohen.

a. January 22, 2019 Regular Board Meeting Agenda

MOTION made by Trustee Cassidy, seconded by Trustee Ramos, to adopt the January 22, 2019 Regular Board Meeting Agenda. In a voice vote of the members present, all members voted in favor. **Motion** passed 6-0.

3. CONSENT AGENDA

- a. December 13, 2018 Regular Meeting Minutes
- b. Ratification of Distributions (Contributions and DROP) and Plan Expenses
- c. Approval/Ratification of New Retirements/DROP/Vested/Death Annuities

Trustee Strauss requested that item 3a and 3b be withheld for discussion.

MOTION made by Trustee Cassidy, seconded by Trustee Greene, to approve Consent Agenda Items 3c. In a voice vote of the members present, all members voted in favor. **Motion** passed 6-0.

Agenda Item 3a. - Trustee Strauss noted that the minutes stated that Ms. Bailey would provide an explanation of loss of \$13 million as report on the October 2018 Draft Financial Report. Ms. Bailey advised that the loss in asset value was investment related only and did not reflect the \$22 million in Employer Contribution received in October. In response to a question from Trustee Strauss, Mr. Cohen advised that the joint motion to lift the Stay in the City's lawsuit had been ordered.

Trustee Shaw questioned the inclusion of language in [] brackets. Ms. Bailey advised that the language in the brackets were not said at the meeting and was provided for clarification purposes only. Mr. Cohen requested that the minutes be amended in section 6c to state that the floor was necessary for the preservation of capital which the IRS previously accepted.

Trustee Shaw noted that the minutes should be amended to reflect that Trustee Keller was nominated by Trustee Ramos. Trustee Strauss noted that he recommended Trustee Cassidy and that was not reflected in the minutes. Trustee Cassidy stated that motions that die on the floor should be reflected in the minutes.

MOTION made by Trustee Cassidy, seconded by Trustee Strauss, to table Consent Agenda Item 3a until the February Meeting. In a voice vote of the members present, all members voted in favor. **Motion** passed 6-0.

Agenda Item 3b. - Trustee Strauss questioned the dollar amounts on the Planned Retirement Distribution and the terms Partial and Final. Ms. Bailey noted that members are usually paid partial distributions until the investment return for the quarter of their retirement became available and the final payments represent the residual balances on the retirees' accounts to close their accounts.

MOTION made by Trustee Strauss, seconded by Trustee Cassidy, to approve Consent Agenda Item 3b. In a voice vote of the members present, all members voted in favor. **Motion** passed 6-0.

4. FINANCIAL

a/b. Jeffery Amrose provided a status report of the 2018 Actuarial Valuation. He noted that in order to complete the evaluation, GRS needed the Census Data and the Financial Information of the Fund for September 30, 2018; the Income Statement, the Balance Sheet and the DROP Balances. He noted that once the Information was received, he anticipated that the Valuation Report would be completed in 8 Weeks. He advised that the GASB 67 Disclosure should be completed within 2-3 weeks of receipt of the Financial Information. He noted that the GASB 68 information had already been provided to the Fund.

Trustee Strauss inquired if we would be able to meet the City's timeline for budgetary and other purposes. Mr. Amrose noted that an estimate of the Employer Contribution could be provided to the City as it had been in the past, if necessary.

The Board discussed the breakout of the cost of the 13th check from the Employer Contribution. **MOTION** made by Trustee Cassidy, seconded by Trustee Strauss, to follow the ordinance and not take out the 13th check and not pay for it to be calculated. Trustee Greene inquired if he would still be able to identify the cost of the 13th check. Mr. Amrose noted that the report will reflect what is owed for the 13th check. He noted that the City had previously requested an amount without the payment of a supplemental distributions.

The Board discussed the City's need for information and payment for the preparation of any information requested. Mr. Amrose noted that he would also need the Board's approval to provide a separate letter to the City with any requested information related to the 13th check.

In a voice vote of the members present, all members voted in favor. **Motion** passed 6-0. Trustee Cassidy inquired if there were any other work being performed by the Actuary that was not a requirement under the ordinance to be provided to the City from the Board. Mr. Amrose confirmed that there were none.

The Board requested that Mr. Amrose include options to reduce the underfunding of the plan. Mr. Amrose noted that the previous recommendations included shortening the amortization period and further lowering the investment return rate. Trustee Cassidy noted that the Board sought a realistic number for the assumed rate of return. He also noted that the mortality rates from the State have changed, increasing cost and yet the funding rate of the Plan still increased. He inquired if the Actuary could identify the costs of such changes? Mr. Amrose noted that information included in the report, highlighting the change in the

mortality table increased the underfunding by \$23 million. He noted that assumptions did not change the cost of the Plan, it determined when contributions should be made to the Plan.

Trustee Ramos requested clarification on the prior vote, including the Board not denying a request for the City for an information request from the Actuary. Trustee Cassidy clarified, stating that his motion was to ensure that the Plan did not pay for something that was not required. He stated that he had no problem with the City making the request. The Board concurred.

Mr. Amrose requested clarification for the preparation of GASB 67 and the inclusion of the supplemental distribution. In response to a question from Trustee Cassidy, Mr. Amrose noted that the supplemental benefit was included in the ordinance and as such it would be included in the GASB 67 Disclosure. **MOTION** made by Trustee Cassidy, seconded by Trustee Strauss, that the supplemental benefit liability be included as part of the GASB Report. Trustee Shaw inquired if there were any similar issues at other pension plans. Mr. Amrose noted that he was not aware of any similar issues at any other plan that he dealt with. Trustee Ramos requested an opportunity to go back to determine why the City did the disclosure that way and what the Police and Fire Funds were doing.

In response to questions from Trustees, Mr. Amrose noted that GASB report could not be done until the Financials were received and that the any delay would be at the Board's discretion. He noted that the information was for the City's CAFR Report which was due at the end of March. Trustee Ramos noted that she did not expect the CAFR report deadline to be met.

Trustee Cassidy inquired if there was any legal reason to report or not report the cost of the 13th Check in the GASB disclosure. Mr. Cohen deferred, noting that he was not an expert on GASB but noted that the 13th Check payments were a liability of the Board and that it would likely be a mistake not to report the over \$7 million in liability, particularly if the assets were being included in the actuarial valuations.

Trustee Cassidy inquired if the Board's action or inaction would affect the lawsuit with the City. Mr. Cohen stated that it should not. Trustee Greene noted that there would be a footnote that stated that we were not in compliance with GASB which may disqualify the audit. **MOTION** by Trustee Greene to table Trustee Cassidy's motion to the next meeting. The **motion** was not seconded and was withdrawn.

The Board returned to the original motion from Trustee Cassidy. The results of the voice vote was unclear. While most Trustees noted that the information should be reported, they discussed the need for more information including why the City reported the information the way it did. Trustee Strauss noted that there was no clear tally of the vote on the motion.

In a roll call vote of the members present, the **Motion** passed 5-1. Trustee Ramos opposed the motion.

- c. Ms. Bailey advised the Board that there was an IRS rule that does not allow a member to select a non-spousal beneficiary who is 10 or more years younger than the member, to receive a 100% Joint and Equal form of retirement benefit. She noted that there were current retirees and deceased retirees who selected that form of benefit with beneficiaries who were 10 or more years younger than themselves.

Mr. Amrose explained the IRS rule 401a (9) that prevented retirees for making the election. He noted that this rule did not affect the 50% Joint and Half form of retirement benefit.

Trustee Cassidy noted that there were two main issues. First, deceased retirees who received a reduction based to the age of their beneficiary, secondly, the current retirees, who were collecting reduced pensions, and questioned how we would correct both. Ms. Bailey noted that there were cases that fell in both categories. The Board request additional information on the retirees and beneficiaries impacted and asked that Ms. Bailey, Mr. Cohen and Mr. Amrose provide a recommendation to the Board to correct the error in March.

- d. Ms. Bailey provided the Board with the September 30, 2018 Treasurer's Report, the October 31, 2018 Financial Report. Trustees requested that more current information be provided even if it were incomplete.

5. INVESTMENT (Keith Reynolds – Segal Marco)

- a. Third Quarter Performance Review

Mr. Reynolds noted that the Fund increased by approximately 2.5% in the quarter and 3.5% for the calendar year to date. He noted that the Fund outperformed in the fourth quarter.

Mr. Reynolds noted that the Fund return for the three- and five-year periods ending September 30, 2018, outperformed the index and the median fund of its peers at a lower standard deviation.

In response to a question from Trustee Shaw, Mr. Reynolds noted that the TSW would be reviewed along with the assets previously managed by Frontier as part of the SMID Cap review in 2019. Trustee Strauss noted that there were not passive managers. Mr. Reynolds noted that 26% of the Fund's assets were in passive investments and there were not many index funds in this space.

- b. November 2018 Flash Performance Report

Mr. Reynolds advised the Board that the Flash Report for November 2018 was not yet available.

- c. 2019 Work Plan

Mr. Reynolds advised the Board that the discussion of the 2019 Work Plan would be moved to February.

Mr. Reynolds reviewed the process and timeline of conducting an Asset/Liability Study. He estimated that the cost of the study would be between \$25,000 and \$50,000.

The Board discussed the Segal Client Conference and the new fees associated with the conference. The Board determine that the conference had significant educational value and it would be beneficial for Trustees to attend. Mr. Reynolds noted that the firm does not make any profit on the conference, the fees represent only the services provided. Since these fees were unexpected, Trustees requested that Segal consider ways to reducing the fees for the conference.

MOTION made by Trustee Cassidy, seconded by Trustee Strauss, to extend the meeting for half an hour. In a voice vote of the members present, all members voted in favor. **Motion** passed 7-0.

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

- a. Proposed Ordinance Amendment for consistency with the September 3, 2015 IRS Determination Letter

Mr. Cohen advised the Board that the Proposed Ordinance passed on first reading. He noted that the section of Reemployment After Retirement is not language required by the IRS. He stated that he explained to Alan Falik that the section was not a requirement and that the Board voted against its inclusion and feared that it would delay the passage of the ordinance. He noted that he went to the Commission meeting and spoke in favor of passage of the amendment without this section.

Trustee Cassidy inquired about the inclusion of the language in section H (8) and questions the Board's role in recommending changes to the ordinance. Mr. Cohen stated that he would investigate the reason for the inclusion of the new language. Trustee Strauss questioned the language under required distributions and the time of payment. He asked if that language could delay payment as stated. Mr. Cohen noted that it was an IRS requirement that distribution be made by the date stated.

- b. 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 met with City and noted that there had been progress. He noted that the City's outside counsel was now in favor of severing the Employees' Fund from the current combined lawsuit. Trustee Strauss noted that in his letter to the City, Mr. Cohen had requested payment of the 2012 13th Check and asked whether the rewrite included the payment of this check. Mr. Cohen advised that the issue was still outstanding.

- c. Proposed Ordinance Amendment relating to the Employees' Retirement Fund

Mr. Cohen advised that after a review of the records of the last meeting, he determined that there was no consensus on whether to send the proposed ordinance out for a vote of the membership after the first reading but prior to it being negotiated with the union, or to wait until after it was negotiated. He noted that there was only an instruction to send out an email, which was done.

- d. Wells Fargo Custody Agreement

Mr. Cohen noted that there were two issues with the Agreement related to indemnification and fiduciary duty. He noted that the Agreement had been sent back to Wells Fargo

MOTION made by Trustee Cassidy, seconded by Trustee Keller, to extend the meeting for 15 minutes. In a voice vote of the members present, all members voted in favor. **Motion** passed 6-0.

- e. Request for Executive Session to Discuss Pending Litigation
Mr. Cohen 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. EXECUTIVE DIRECTOR'S REPORT

- a. City Commission Annual Report
The Board received the City Commission Annual Report. The Board requested that additional detail be included in the Report.
- b. City Commission Communication
The Board received the City Commission Communication.
- c. Communications from the Executive Director
 - Ms. Bailey advised the Board that the Trustee Election was scheduled for February 5th when most Trustees and Staff would not be available and requested that the Board reschedule the Election for February 12th. **MOTION** made by Trustee Keller, seconded by Trustee Strauss, to reschedule the Trustee Election from February 5th to February 12th, leaving all other aspects the same. In a voice vote of the members present, all members voted in favor. **Motion** passed 5-0. Ms. Bailey noted that she had provided Trustees with a question from the attorney for the union regarding the eligibility of candidates and Mr. Cohen's response to the question.
 - Ms. Bailey advised that the Retiree Audit was almost complete with approximately 75% of the Retirees responding. A report of the Audit results will be provided at the next meeting.
 - Ms. Bailey provided communications from the City Manager regarding the preparation of the financial statement as well as the response to the City Manager.
 - Ms. Bailey reminded the Board that the FPPTA Trustee School started on February 3, 2019.
 - Ms. Bailey requested that the Credit Card formerly issued to the Vice Chair, be instead issued to the Pension Coordinator. **MOTION** made by Trustee Cassidy, seconded by Trustee Howell, to increase the Executive Director's Credit Card to \$16,000. In a voice vote of the members present, all members voted in favor. **Motion** passed 4-0. Trustee Strauss was not in the Room.
 - Ms. Bailey advised the Board that in preparing the valuation data there appears to be certain errors or omissions. She noted that approximately 40% of the records were missing documentation such as Personnel Action Forms, Member Records, Proof of Age or Social Security Number. She noted that the retirees' valuation records had not yet reviewed. She advised the Board of inconsistencies in certain records.
 - She noted that J. Sheffel had retired and was being paid both his pre- and post-2011 change benefits. Additionally it appeared that the

Retirement was never presented to the Board for approval. The Board discuss a course of action. Mr. Cohen recommended that the Board communicate with the member and advise him of the error and the corrective action as well as inviting him to address the Board if he disagreed. The Board discussed recoupment of the overpayment to Mr. Sheffel. Ms. Bailey also noted that the letter to Mr. Sheffel stated that he was entitled to supplemental distributions which he was not.

MOTION made by Trustee Keller, seconded by Trustee Cassidy, to seek the return of the overpayment from Mr. Sheffel within 30 days or begin recouping the benefits in 15 installments. In response to questions from Trustee Cassidy and Trustee Keller, Ms. Bailey advised that she had not charged interest on any overpayment identified and that all overpayments that had been identified to date had been recovered. In a voice vote of the members present, all members voted in favor. **Motion** passed 5-0.

MOTION made by Trustee Cassidy, seconded by Trustee Keller, to extend the meeting for 15 minutes. In a voice vote of the members present, all members voted in favor. **Motion** passed 5-0.

- Ms. Bailey advised the Board that W. Ishmael was formerly a member of the Fund and that, having reentered the Fund, he would again be eligible to receive credit for that time. She noted that the City (who administered the Fund at the time) had no record of the member being given a refund. Ms. Bailey recommended that the Board grant credit to the member under the ordinance with the receipt of an affidavit from the member that he has not received a refund and a letter from the City confirming that they have no record of him receiving a refund. **MOTION** made by Trustee Cassidy, seconded by Trustee Strauss, to accept the recommendation of the Executive Director. In a voice vote of the members present, all members voted in favor. **Motion** passed 5-0.
- Ms. Bailey advised the Board that T. Gordon had separated from the City, received a refund, and the separation was then rescinded. She noted that the member's case indicated that the member was required to return the refund, however, it does not appear that this was communicated to the member. She requested the Board provide guidance on how to proceed. **MOTION** made by Trustee Strauss, seconded by Trustee Cassidy (for discussion), to send certified mail to Ms. Gordon for the repayment of the contributions that coincide with credited pension service time. **MOTION** made by Trustee Strauss, seconded by Trustee Cassidy that the Mr. Cohen and Ms. Bailey review the issue with the member and communicate the negotiated repayment to the Board for a period not to exceed 5 years. In a voice vote of the members present, all members voted in favor. **Motion** passed 5-0.
- Ms. Bailey advised the Board, that after discussion with Mr. Cohen, members would be allowed to join Planned Retirement once they have reached Normal Retirement Age on their pre-plan change benefits only, even if they are not yet eligible to receive their post-plan change benefits. The Board concurred.
- Ms. Bailey requested the Board's guidance on the question of whether a participant can elect Planned Retirement on a date prior to their application to participate in the program. The Board discussed allowing

the actions taken on retired members to stand and requested a list of all active members whose applications have been backdated. **MOTION** made by Trustee Keller, seconded by Trustee Strauss that effective immediately, the window for retroactive participation is closed. In a voice vote of the members present, all members voted in favor. **Motion** passed 5-0. The Board requested that Ms. Bailey notify employees of the policy change. The Board also agreed that a particular member who was misinformed be given 30 days to make a retroactive election after which his window would also be closed.

MOTION made by Trustee Keller, seconded by Trustee Cassidy, to extend the meeting to 2:00pm. In a voice vote of the members present, all members voted in favor. **Motion** passed 4-0.

- Ms. Bailey advised the Board that it was her one year anniversary and that based on the anticipated length of this meeting her evaluation had been postponed to next month. She also noted that she would be requesting that the part-time employee work full-time. **MOTION** made by Trustee Cassidy, seconded by Trustee Keller to hire the part-time employee on a full-time basis to particularly ensure that the Calendar is issued at least a week before the meeting. In a voice vote of the members present, all members voted in favor. **Motion** passed 4-0. The Board thanked Ms. Bailey for her work. The Board requested that Ms. Bailey provide a timetable to complete the review of the Active and Retiree Files and to relocate the pension office.

8. **PUBLIC COMMENTS**

Tim McVeigh and Barbara Armand made public comments.

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

Trustee Strauss expressed concern about the complex language used in the Proposed IRS Ordinance and where the language come from. He also stated that the Fund made the refund to the member discussed earlier and that a request for the return of the funds should have been made at that time. He noted that the reinstatement process was not the breakdown but the execution of the process. Trustee Strauss also expressed gratitude for the meeting with the City regarding the 13th check. He requested that there be sufficient communication with the Retiree Association regarding the issue.

Trustee Keller requested that if there are any question regarding the interpretation of rules or policies that they brought to the Board.

10. **ADJOURNMENT**

MOTION made by Trustee Shaw, seconded by Trustee Ramos, to adjourn the meeting. In a voice vote by the members present, **Motion** passed 7-0. Meeting adjourned at 2:15p.m.

Phyllis Shaw, Chair

Date

AGENDA ITEM 3.C.

CONSENT AGENDA

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

EMPLOYEES' RETIREMENT FUND
Refunds and DROP Distributions
February 26, 2019 Regular Pension Board Meeting

| <u>Name</u> | <u>Refund</u> |
|--|----------------------------|
| Buchanan, Vielka | \$ 41,623.66 |
| Gillenwater, Rickey | \$ 2,320.14 |
| Mosley, kimberly | \$ 645.38 |
| <u>Refunds of Contributions</u> | |
| | \$ <u><u>44,589.18</u></u> |

Planned Retirement

\$ 0.00

Partial Lump Sum Distribution

\$ 0.00

DROP Distributions

| | |
|------------------------|-----------------------------|
| Eng, Kee Juen (Final) | \$ 219,784.50 |
| Haddock, Terry (Final) | \$ 96,641.37 |
| | \$ <u><u>316,425.87</u></u> |

TOTAL: \$ 361,015.05

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

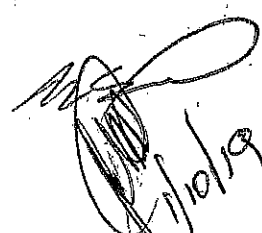
| | |
|---|------------------------------|
| Charles Howell (Segal Conference 2018) | \$ (476.40) |
| Christine Bailey (Fall 2018 Trustee School) | \$ (269.17) |
| Christine Bailey (IFEBP 2018) | \$ (235.45) |
| Christine Bailey (meeting refreshment) | \$ (24.99) |
| Florida Public Pension Trustees Assn (Winter School Registration) | \$ (5,450.00) |
| Gabriel Roeder Smith & Company (December 2018) | \$ (2,000.00) |
| Gabriel Roeder Smith & Company (Letter re: GASB 68) | \$ (4,747.00) |
| Jeffrey H Greene (Airfare Segal 2018) | \$ (354.60) |
| Rice Pugatch Robinson Storfer (November 2018) | \$ (6,435.00) |
| Rosen Centre Inc (Winter Trustee School) | \$ (4,484.40) |
| Segal Marco Advisors (December 2018) | \$ (10,833.37) |
| Segal Marco Advisors (December 2018) | \$ (4,166.67) |
| Wells Fargo Credit Card (Laptop & software) | \$ (2,815.40) |
| Wells Fargo Credit Card (Supplies) | \$ (115.25) |
| | <u>\$ (42,407.70)</u> |
| City Of Hollywood (November Payroll) | \$ (19,049.20) |
| Total | <u><u>\$ (61,456.90)</u></u> |

EMPLOYEES RETIREMENT FUND

Payment Requests Processed During the Period
November 1, 2018 through November 30, 2018

Payroll

| | |
|---|--------------|
| Pension Office Payroll (11/01/18 - 11/30/18) | 16,583.72 |
| Pension Office Employer Contributions/Benefits (November) | 2,157.80 |
| Christine Bailey - Deferred Comp (11/21/18) | 192.30 |
| Veron Sibble - Deferred Comp (11/21/18) | 115.38 |
| | <hr/> |
| Total | \$ 19,049.20 |



AGENDA ITEM 3.D.

CONSENT AGENDA

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

EMPLOYEES' RETIREMENT FUND
New Retirement/DROP/Death/Vested Annuities - Monthly Amounts
January 22, 2019 Regular Pension Board Meeting

New Retirements

| | Pension |
|----------------------------------|----------------|
| Eng, Kee Juen - DROP 06/01/2011 | \$ 3,023.43 |
| Haddock, Terry - DROP 10/01/2005 | \$ 1,359.66 |

Benefits Stopped

AGENDA ITEM 4.A.

FINANCIAL

Financial Operations and Investment Summary

(HANDOUT)

AGENDA ITEM 4.B.

FINANCIAL

BUDGET VARIANCE REPORT

(HANDOUT)

AGENDA ITEM 5.A.

INVESTMENT

FOURTH QUARTER PERFORMANCE REVIEW

(HANDOUT)

AGENDA ITEM 5.B.

INVESTMENT

JANUARY 2019 FLASH PERFORMANCE REPORT

(HANDOUT)

AGENDA ITEM 5.C.

INVESTMENT

2019 WORK PLAN

(NO BACKUP FOR THIS SECTION)

AGENDA ITEM 6.A.

LEGAL

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

AGENDA ITEM 6.B.

LEGAL

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

(NO BACKUP FOR THIS SECTION)

AGENDA ITEM 6.C.

LEGAL

WELLS FARGO CUSTODY AGREEMENT

(NO BACKUP FOR THIS SECTION)

AGENDA ITEM 6.D.

LEGAL

REQUEST FOR EXECUTIVE SESSION

TO DISCUSS PENDING LITIGATION

(NO BACKUP FOR THIS SECTION)

AGENDA ITEM 6.E.

LEGAL

SECURITIES LITIGATION

(UNDER SEPARATE COVER)

AGENDA ITEM 7.A.
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

January 2019

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

BOARD OF TRUSTEES

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

All Trustees attended the January 2019 Meeting of the Board of Trustees

ITEMS OF INTEREST TO THE CITY COMMISSION

- The Fund's estimated value on October 31, 2018 was \$327.4 million.
- The Fund completed and submitted GASB 68 for Fiscal Year 2018 and is working to complete GASB 67 and the 2018 Actuarial Valuation Report. The Fund agree to preparing the valuation based on the current ordinance and discontinued the breakout of certain expenses. The Fund is open to providing the City with a separate letter with any additional information they require on the condition that the City assumes the expense.
- The Fund met with City representatives to discuss a resolution of the City of Hollywood v. Board of Trustees of City of Hollywood Employees' Retirement Fund et al. litigation. Resolution discussions continue.
- 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 expressed its concern to Commissioners of the inclusion of language unrelated to the IRS Determination Letter and the increased probability of delay.
- The Fund will conduct an Election for an Employee Trustee on February 12, 2018.
- The Board adopted a policy that effective immediately Planned Retirement participants could not begin their participation in the program on a date prior to the date of their application.

ITEMS SUBMITTED FOR THE CITY COMMISSION CONSIDERATION

- None

UPCOMING PENSION EDUCATIONAL OPPORTUNITIES FOR CITY COMMISSION

- 2019 Segal Marco Advisors' Client Conference
March 28 – March 31, 2019
Amelia Island, Florida

MEETING SCHEDULE 2019

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

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

Please be advised that the Next Regular Meeting of the Board of Trustees will be held on Tuesday, March 26th at 9:00am at the Fund Office. All Commissioners are invited to attend.

AGENDA ITEM 7.B.
EXECUTIVE DIRECTOR'S REPORT
MEMBER CONSIDERATIONS
(HANDOUT)

AGENDA ITEM 7.C.

EXECUTIVE DIRECTOR'S REPORT

EXECUTIVE DIRECTOR'S EVALUATION

(NO BACK-UP FOR THIS SECTION)

AGENDA ITEM 7.D.

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)