CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND

CALENDAR OF ITEMS

REGULAR BOARD MEETING MAY 22, 2019

AGENDA ITEM 1 CALL TO ORDER

AGENDA ITEM 2 ROLL CALL AND PLEDGE OF ALLEGIANCE

AGENDA ITEM 2.A. AGENDA ADOPTION

DIAMOND CONTROL OF THE COLD COAST

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

AGENDA REGULAR PENSION BOARD MEETING WEDNESDAY, May 22, 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. April 23, 2019 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. Financial Statements for the Fiscal Year ended September 30, 2018
 - B. Financial Report and Investment Summary
 - C. Budget Variance Report
- 5. INVESTMENT (Segal Marco Advisors)
 - A. April 2019 Flash Performance Report
 - B. First Quarter Performance Review
 - C. Asset Liability Study: Kick Off Discussion
 - D. Work Plan 2019
- 6. LEGAL (Ron Cohen Rice, Pugatch, Robinson, Storfer and Cohen.)
 - A. Update on City of Hollywood v. City of Hollywood Employees' Retirement Fund
 - B. BLB&G, LLP Retainer Agreement
 - C. Review Sunshine Law
 - D. Request for Executive Session to Discuss Pending Litigation
- 7. EXECUTIVE DIRECTOR'S REPORT
 - A. City Commission Communication
 - B. Administrative Considerations Public Official Bond
 - C. Communications from the Executive Director
- 8. PUBLIC COMMENTS
- 9. TRUSTEE REPORTS, QUESTIONS AND COMMENTS
- 10. ADJOURNMENT

AGENDA ITEM 3.A. CONSENT AGENDA

APRIL 23, 2019
REGULAR MEETING MINUTES

MINUTES REGULAR PENSION BOARD MEETING CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND TUESDAY, APRIL 23, 2019 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 George Keller, Secretary Robert Strauss, Jeffery Greene, Christopher Cassidy, Charles Howell (via teleconference), and Cintya Ramos. Also present: Executive Director Christine Bailey; Keith Reynolds of Segal Marco; Ronald Cohen of Rice Pugatch Robinson Storfer & Cohen; and Jeffery Amrose from Gabriel, Roeder, Smith, and Company

a. March 26, 2019 Regular Board Meeting Agenda

MOTION made by Trustee Cassidy, seconded by Trustee Ramos, to adopt the April 23, 2019 Regular Board Meeting Agenda moving the Investments before the Financials. In a voice vote of the members present, all members voted in favor. **Motion** passed 5-0. (Trustee Greene was not in the room.)

It was noted that Trustee Howell had attending the meeting telephonically at least twice and the approval of the Board was required to allow him to participate telephonically at this meeting. It was also noted that Trustee Howell was on the way to the meeting when he received a call requiring him to return to his office.

MOTION made by Trustee Cassidy, seconded by Trustee Keller, to allow Trustee Howell to attend the meeting telephonically. In a voice vote of the members present, all members voted in favor. **Motion** passed 6-0.

Trustee Howell granted permission to record his participation for the meeting.

3. CONSENT AGENDA

- a. March 26, 2019 Regular Meeting Minutes
- b. Ratification of Distributions (Contributions and DROP) and Plan Expenses
- c. Approval/Ratification of New Retirements/DROP/Vested/Death Annuities

Trustee Cassidy and Trustee Strauss requested that item 3c be withheld for discussion.

MOTION made by Trustee Greene, seconded by Trustee Strauss, to approve the Consent Agenda Items 3a and 3b. In a voice vote of the members present, all members voted in favor. **Motion** passed 7-0.

Trustee Cassidy inquired about the inclusion of a retiree's total annuity on the first page of the approval request regardless of payability date. Ms. Bailey noted that the payability date information was provided in the supporting documentation.

MOTION made by Trustee Keller, seconded by Trustee Strauss, to delay the approval of Consent Agenda Item 3c until requested changes can be made to the Item layout. In a voice vote of the members present, all members voted in favor. **Motion** passed 7-0.

5. INVESTMENT (Keith Reynolds – Segal Marco)

a. March 2019 Flash Performance Report Mr. Reynolds provided the Board with the Flash Performance Report for March 2019. He noted that the assets have increased significantly in the first quarter returning 7.2% for the quarter. He also noted that the Private Equity and the Private Debt returns have not yet been reported. b. Wells Fargo/Principal Transaction

Mr. Reynolds discussed the purchase of the Wells Fargo Custody and Retirement Services business by Principal Financial Group. He noted the sale would affect the Fund but advised that Rosa Limas and the staff at Segal were in discussions with Wells Fargo and that he would report on the impact of the acquisition on the Fund and keep the Board updated on the transition. Mr. Reynolds noted that any other services provided by Wells Fargo would remain with Wells Fargo.

c. SMID Cap Growth Search

Mr. Reynolds discussed the SMID Cap Search Report and recommended that the Investment Committee interview three managers, Alliance Bernstein, Loomis Sayles & Company, and Westfield Management Company. The Board deferred the interview discussion to the Investment Committee. In response to a question regarding the SMID Cap Allocation, Mr. Reynolds advised that the SMID Cap allocation was 10% with TSW and Northern Trust. He noted that the recommendation would be to add a third managers, each manager would receive a 1/3 allocation.

d. The Board discussed the 2019 Work Plan for the Board and for the Investment Committees. He noted that the Work Plan now clearly delineated the activities of the Board and Investment Committee. He advised the Board that John Ross, head of the Risk Management Team will be at the next Board meeting to discuss the Asset Liability Study.

4. FINANCIAL

a. Mr. Amrose presented the Actuarial Valuation Report as of October 1, 2018. He noted that over the year, October 1, 2017 through October 1, 2018, there has been continued improvement in the funding matrices, including the funded ratio which increased from 62.1% to a little under 65% over last year. He noted that the fund had actuarial gains in the last 5 years. He noted the Assumed Interest Rate (AIR) was reduced to 7.5% during the period. The required City contribution, in dollars, decreased slightly for the first time since 2010.

Mr. Amrose stated that the Required Employer Contribution (REC) was \$25.1 million, 58.86% of payroll, a decrease of approximately \$80,000 or a decrease of 0.27% of covered payroll. He noted that the change in the contribution rate was primarily the result of the AIR change from 7.6% to 7.5%, the recognition of actuarial gains and the slight decrease in Normal Costs.

Mr. Amrose noted that the shortfall in the actual City contributions versus required was \$9.9 million at the valuation date. Trustee Keller noted that the City Commission is discussing the possibility of not Pre-funding the supplemental benefits with the State Division of Retirement (DOR). He expects the issue to advance with the DOR and hopes that the issue will be resolved, including the payment of the 2012 13th check. Mr. Amrose noted that the valuation report assumes the REC shortfall will be paid based on the interpretation provided by the DOR requiring the prefunding of the benefit. He stated that if that is changed, the reports will be adjusted to reflect that,

Mr. Amrose again noted that the AIR was reduced from 7.6% to 7.5%. He stated that the reduction in the AIR did not change the cost of the Plan, it only affected the timing of payment requirements from the City. He also noted that a net AIR

of 7.0% was more in line with the portfolio of the Fund. He stated that there were three possibilities for the valuation reports going forward.

First, keep the current 7.5% AIR. He noted that the twelve national investment consulting firms that they consult believe 7.5% would be an aggressive assumption, they expect a rate of return in the 6.0% to 6.5% range. Mr. Amrose noted that 7.5% was aggressive and there was not a high likelihood of making that assumption and the assumption increased the chances of actuarial losses, resulting in higher unfunded accrued liabilities. Second, lowering the AIR by 0.1% each year until it reaches 6.5%. And thirdly, when there are actuarial gains recognized that would lower the REC, use those fund to reduce the unfunded accrued liability.

Chair Shaw noted that these decision would be made in conjunction with the Asset Liability Study recently approved by the Board. She expressed the Board's desire to work closely with the City on a plan to strengthen the Fund.

Mr. Amrose noted that there was a net actuarial gain resulting from a 6.8% return on the market value of assets or 8.3% return on the actuarial value of assets. He noted that that the rate of return was lower that the 12.1% needed to issue a supplemental distribution for Fiscal Year 2018. He also noted that the funded ratio was 64.7%, 65.3% before the actuarial changes. He noted that the average plan that he oversaw had a funded ratio of mid to upper 80s.

Trustee Cassidy inquired about the shortfall in the REC. Mr. Amrose noted that the report assumes that the shortfall will be paid, as noted on page 35 of the report, listing the shortfall as a receivable. He also noted that interest was being charged on the shortfall. He noted that any difference between the interest charged on the shortfall and the actual rate of return would be included in gains and losses. The City would not be requested to contribute additional interest.

Mr. Amrose noted that in addition to lowering the AIR, the Board could consider lowering the amortization period. He stated that market asset value was \$5 million higher than the actuarial value of assets. Mr. Amrose noted that the Fund's assets are not sufficient to cover the liabilities for current retirees with a market value of assets of \$340.0 million and liabilities of \$397.2 million. He noted that a one-year reduction in the amortization period would only result in a \$1,000 increase in REC.

Trustee Greene questioned which action would the actuary recommended if the Board had to choose one action. Mr. Amrose stated that lowering the AIR would help the funded ratio more than any other recommendation.

Trustee Keller noted that the City was currently in negotiations with the Union and he anticipated that an ordinance impact statement would be required. Mr. Amrose advised that it would take approximately three weeks to complete an actuarial impact statement.

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

Ms. Bailey advised the Board that with the conclusion of the valuation, the actuary would start preparing the Employee Benefit Statements as at October 1, 2018, however with the possibility of significant changes to the benefits, employees would most likely be interested in their benefit amounts post any benefit changes. After discussion the Board agreed that it would be best to prepare the statements after any benefit changes.

Trustee Shaw noted that at the City's Annual Fiscal Retreat, the Mayor thanked the Trustees for their work on the Pension Board and their efforts in taking the Fund independent of the City.

- b. Ms. Bailey provided the Board with the March 31, 2019 Draft Financial Operations and Investment Summary.
- c. Ms. Bailey provided the Board with the Budget Variance Report as of March 31, 2019. The Board requested changes to the variance report to include the percentage of the budget that has been spent and a budget modification to reflect the additional salary and travel expenses for the year. Trustee Cassidy noted that the website budget may have to be increased depending on the type of service the board selects. Mr. Cohen noted that the website should be compliant with the Americans with Disabilities Act (ADA).

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

- a. 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 Court had issued an Order of Severance, whereby the claims of the City of Hollywood against the Board of Trustees of the Employees Retirement Fund were severed from all claims against other defendants. He noted that he received the full cooperation of the City's outside counsel and noted that the counsel for the Police and Fire Funds did not join the vote but neither did they oppose the motion. He noted that he had begun discovery in an effort to move the case forward.
- b. Update on Wells Fargo Contract.

Mr. Cohen provided the board with an updated draft of the Wells Fargo contract. He noted the improved language on fiduciary responsibility and ability of the Board to sue if Wells Fargo fails to meet the standard of care. Mr. Cohen advised that the Board was still able to terminate the contract with a 60 day notice.

MOTION made by Trustee Strauss, seconded by Trustee Keller, to approve the revised contracts for Wells Fargo as proposed by attorney Ron Cohen. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

- c. Review Sunshine Law This review was held over.
- c. Wolf Popper LLP Retainer Agreement Mr. Cohen provided the Board with the Retainer Agreement for Wolf Popper and explained the process of monitoring securities and how the Board would proceed in the case of proposed litigation.

- Update on Spectrum Brands Holdings, Inc.
 Mr. Cohen advised that on further review it was determined that the Fund did not have standing to pursue Lead Plaintiff based on the timing of the Fund's stock purchases and sales.
- f. 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 Communication
 The Board received the City Commission Communication with recommended changes.
- Administrative Considerations
 Ms. Bailey requested that the Board approve a reduction in the time between the notification of an ordinance vote and the date of the election from twenty one days to ten days.

MOTION made by Trustee Greene, seconded by Trustee Keller, to reduce the notification period to ten days prior to the election date for the upcoming proposed retirement plan amendment. In a voice vote of the members present, all members voted in favor. **Motion** passed 7-0.

Ms. Bailey advised the Board that the Fiscal Year 2019 Financial Audit was almost complete. She advised that the Fund will need its own accountant in 2019 and sought the Board's thoughts on retaining Marcum Accountants, the City's Independent Auditors. The Board discussed the benefits of retaining Marcum and the alternative opportunities available in the marketplace. The Board requested that based on the Board's discussion, the Audit Committee further deliberate and provide its recommendation to the Board.

Ms. Bailey advised the Board that there may be a possibility of relocating the Pension office within the City Hall Circle. The Board discussed the economies of scale and the convenience for members if the office remained in the circle. The Board agreed to proceed with a request to the City for information on the possibility of obtaining office space in the circle.

c. Member Considerations

 Ms. Bailey provided the Board with a list of retirees and beneficiaries currently receiving benefits who may be affected by the rule regarding non-spousal beneficiaries who are 10 or more years younger than a retiree. She advised that she would continue to work with Ron Cohen and Jeff Amrose to recommend corrective action to the Board.

MOTION made by Trustee Greene, seconded by Trustee Keller, to extend the meeting by 10 minutes. In a voice vote of the members present, all members voted in favor. **Motion** passed 7-0.

- e. Communications from the Executive Director
 - Ms. Bailey advised the Board that there are 42 members who have not returned their life certificates. These remain after the Sun Credit Union and the Retirees Association assisted in locating some of the members.
 - Ms. Bailey advised that the City Commission held its annual Fiscal Retreat on April 17, 2019 and the Fund provided the Commission with an overview of the Fund, its progress and concerns.
 - Ms. Bailey advised the Board that the documents to establish the Plans 401(a) were being reviewed by Ron Cohen.
 - Ms. Bailey provided the Administrative and Membership Report to the Board for their information.

8. PUBLIC COMMENTS

Public comments were provided by Ronald Bolton.

9. TRUSTEE REPORTS, QUESTIONS AND COMMENTS

Trustee Keller advised the Board of an issue involving individuals around City Hall. Trustee Greene thanked the Board for their kindness at the Segal Conference. Trustee Shaw, on behalf of the membership, thanked the Board, the attorney, the actuary and the staff for the work that they have done on the Fund to date.

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 12:15p.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 May 22, 2019 Regular Pension Board Meeting

Name		Refund	
Refunds of Contributions			
Molina, Gina		\$	1,569.02
Nicholson, Clifford		\$	4,304.13
Micholson, Chilota		φ	4,304.13
	\$		5,873.15
Planned Retirement			
- Talliou Hollioni			
Fernandez, Ramon (Partial)		\$	93,474.73
	ሱ		02 474 72
•	\$	\$	93,474.73
Partial Lump Sum Distribution			
None			
	\$		0.00
DROP Distributions			
None			
	_		
	\$		0.00
TOTAL:	\$		99,347.88

CITY OF HOLLYWOOD EMPLOYEES RETIREMENT FUND Disbursements Processed April 1, 2019 to April 30, 2019

Brandes Investment Partners	\$ (31,135.00)
Brandes Investment Partners	\$ (32,454.58)
Christine Bailey (2019 Winter Trustee School)	\$ (253.19)
Christopher Cassidy (2019 Segal Client Conference)	\$ (487.36)
Cintya Ramos (2019 Segal Client Conference)	\$ (520.09)
City Of Hollywood (February)	\$ (19,948.72)
George Keller Jr (2019 Segal Client Conference)	\$ (495.42)
Jeffrey H Greene (2019 Segal Client Conference)	\$ (1,396.71)
Phyllis Shaw (2019 Segal Client Conference)	\$ (437.51)
Rice Pugatch Robinson (February)	\$ (5,450.00)
Segal Marco Advisors (March)	\$ (10,833.33)
Segal Marco Advisors (March)	\$ (4,166.67)
The Northern Trust Company (January-March)	\$ (6,952.09)
Wells Fargo Credit Card (Segal Conference & Supplies)	\$ (2,225.75)
Wells Fargo Credit Card (Supplies)	\$ (30.26)
	\$ (116,786.68)

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 May 22, 2019 Regular Pension Board Meeting

New Retirements		Pension
Cross, Michael - Vested 3/23/2019	\$	2,890.51
Davis, Carol - (Beneficiary of Robert Davis)	\$	1,418.67
Edsall, Denese - Vested 4/6/2019	\$	1,401.28
Fernandez, Ramon - Planned Retirement 3/3/2014 Frozen	\$	1,368.14
Fernandez, Ramon - Post: 9/30/2011 Payable: 3/3/2022	\$	261.41
Martin, Phillip D - Vested 3/13/2019	\$	2,791.37
Papagno, Julie - 2/4/2019	\$	1,755.41
* Perkins, Dwight - DROP 11/01/2012	\$	1,134.22
Quartell, Annette - 4/1/2019	\$	2,148.98
Rauth, Terry - Vested 3/17/2019	\$ \$ \$	410.13
* Sheffel, Jeffery - 10/17/2017		4,272.04
Sheffel, Jeffery - Post: 9/30/2011 Payable: 8/4/2024	\$	2,587.43
Benefits Stopped		
DeSilva, George - Died 12/10/2018	\$	(1,070.41)
Ferguson, William - Died 1/3/2019	\$	(2,464.03)
Reiss, Joan - Died 3/28/2019	\$	(87.16)
* Termyn, Kenneth - Died 11/25/2017		(1,954.82)
Tinelli, Leonard - Died 3/16/2019	\$ \$	(2,488.93)
Valdivia, Juan - Died 9/6/2018	\$	(1,395.38)
* Virgili, Bernard - Died 10/11/2017	\$	(1,687.68)
Wensel, Barbara - Died 3/5/2019	\$	(459.30)

^{*} From 12/14/2017 Board Meeting

AGENDA ITEM 4.A. FINANCIAL

FINANCIAL STATEMENTS

(UNDER SEPARATE COVER)

AGENDA ITEM 4.B.

FINANCIAL

FINANCIAL OPERATIONS AND INVESTMENT SUMMARY (HANDOUT)

AGENDA ITEM 4.C. FINANCIAL BUDGET VARIANCE REPORT

City of Hollywood Employees Retirement Fund Budget v. Actual For Year Ending 9/30/2019 Expenditures as of 04/30/2019

	Approved		YTD	Remaining	% Remaining
	Budget	Apr-19	Actual	Available	Available
	(A)		(B)	(A-B)	(A-B)/(A)
Professional Fees:					
Brandes Investment Partners	152,000	63,590	63,590	88,410	58%
Northern Trust-Large Cap	26,000	6,952	15,056	10,944	42%
Thompson Siegel (TSW)	138,000	-	25,079	112,921	82%
Wellington	364,000	-	67,961	296,039	81%
Manager Fees (not invoiced)	1,305,000		-	1,305,000	100%
ı	1,985,000	70,542	171,686	1,813,314	91%
Consultants	130,000	10,833	65,000	65,000	50%
Accounting	25,000	4,167	25,000	(0)	0%
Auditors/ Accounting Fees	10,000	-	-	10,000	100%
Custodial Fees	33,000	-	8,084	24,916	76%
GRS-Actuarial	18,500	-	12,434	6,066	33%
GRS- Other Fees	20,500	-	2,071	18,429	90%
Medical Svcs (Disability Verification)	4,800	-	-	4,800	100%
Rice - Board Attorney	90,000	5,450	33,080	56,920	63%
Total Professional Fees	2,316,800	90,992	317,355	1,999,445	86%
Administrative Expenses:			-		
Total Salaries	203,000	17,099	84,365	118,635	58%
Salaries-Temp	4,800	-	-	4,800	100%
Taxes & Benefits	41,200	2,850	14,789	26,411	64%
Insurance	159,000	· _	154,113	4,887	3%
Total Administrative Expenses	408,000	19,949	253,266	154,734	38%
Other Expenses:					
Training/Travel:					
Dues	33,000	46	28,986	4,014	12%
Training-Travel, Meals & Lodging	41,000	5,294	26,142	14,858	36%
Staff/Trustee Training &Travel	74,000	5,340	55,128	18,872	26%
Participant/Member Education	5,000		_	5,000	100%
Website support/maintenance	5,000		_	5,000	100%
Equip Rent	2,520		_	2,520	100%
Printing Cost	7,000		_	7,000	100%
Supplies	10,000	506	1,541	8,459	85%
Furniture/Equipment	10,000	-	6,840	3,160	32%
Postage	8,000	_	-	8,000	100%
Total Other Expenses:	122,000	5,846	63,509	58,491	48%
Pension Software & Maintenance	115,000	_	_	115,000	100%
. Sasion convent of mantenance	113,000	-	_		100%
Contingency Reserves	100,000	<u>-</u>	<u>-</u>	100,000	100%
Total Costs FYE 2019	3,062,000	116,787	634,131	2,427,869	79%
FYE 2018 Expenses Paid 2019	<i>5,00≥,000</i> -	-	340,779	2,421,003	1370
-	3,062,000	116,787	974,910		
			· · · · · · · · · · · · · · · · · · ·		

AGENDA ITEM 5.A. INVESTMENT

APRIL 2019 FLASH PERFORMANCE REPORT (HANDOUT)

AGENDA ITEM 5.B.

INVESTMENT

FIRST QUARTER PERFORMANCE REVIEW

(HANDOUT)

AGENDA ITEM 5.C. INVESTMENT

ASSET LIABILITY STUDY:

Kick Off Discussion

AGENDA ITEM 5.D. INVESTMENT

WORK PLAN 2019

(HANDOUT)

AGENDA ITEM 6.A.

LEGAL

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

AGENDA ITEM 6.B. LEGAL

BLB&G LLP RETAINER AGREEMENT

BERNSTEIN LITOWITZ BERGER & GROSSMANN LLP

ATTORNEYS AT LAW

NEW YORK • CALIFORNIA • ILLINOIS • LOUISIANA

THIS IS AN AGREEMENT between the CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND ("Client") and the law firm of BERNSTEIN LITOWITZ BERGER & GROSSMANN, LLP ("Firm").

- 1. Client retains the Firm to monitor Client's investment portfolio in securities traded on all major global stock exchanges in connection with claims for damages against such persons, entities, companies or associations who may be liable for damages suffered by Client as a result of breach of fiduciary duty, fraud, misrepresentation, or other violations of applicable local and federal laws. This Agreement facilitates the Firm's review of Client's investment portfolio to help determine whether Client has suffered any financial loss due to violations of applicable laws.
- 2. In the course of the Firm's business, the Firm becomes aware of, identifies and investigates possible violations of applicable laws for Client's investments, instances of abuse by corporate management, breaches of fiduciary duties and/or other corporate conduct affecting a company's securities. Upon becoming aware of or identifying such an instance, which the Firm believes should be pursued by litigation, the Firm shall review Client's investment portfolio of publicly traded equity, fixed income and other securities ("Securities") to determine whether Client may have suffered a significant loss due to such possible violations of applicable laws, and/or corporate or management misfeasance or malfeasance, and will provide legal advice regarding the existence and prosecution of such potential significant losses and may provide representation regarding any possible claims, if separately engaged by Client for such representation. It is understood that the Firm does not undertake to investigate and advise Client with respect to each instance of a loss in value of the Securities of a company in Client's investment portfolio.
- 3. In order to assist the Firm with fulfilling its duties under paragraph 2, *supra*, Client will direct its custodian bank to provide the Firm, at a minimum, with the past five (5) years of transactions of Securities traded on all major global stock exchanges in electronic format (or other format as agreed to by Client and the Firm). Additionally, Client will direct its custodian bank to add the Firm to the distribution list of periodic (monthly, daily, or otherwise) statements of Client's transactions in electronic format. To the extent agreed to by the custodian bank, Client will provide the Firm with Securities transaction updates in electronic format or will provide the Firm with access to the custodian banks electronic database. It is understood that the Firm's responsibilities hereunder are limited by the information provided to it by Client or its custodian bank.
- 4. The Firm agrees to advise Client of financial losses due to potential violations of applicable laws or corporate misconduct when such instances arise and in a time frame that will allow Client to determine appropriate courses of action to take, if any. In

addition, the Firm will review, and make recommendations to Client of the options available to recover such losses. The Firm will also monitor class action lawsuits to determine whether Client is a member of the class. The Firm agrees to provide client with written monthly, or at least quarterly, reports describing in detail the status of the foregoing and its other monitoring efforts on Client's behalf.

- 5. The Firm will not charge Client for the services or expenses the Firm incurs in reviewing and analyzing potential claims and in providing electronic periodic reports as described herein.
- 6. Client and the Firm agree that this Agreement does not authorize the initiation of any litigation on Client's behalf. If Client decides to pursue litigation on a class or individual basis, Client may retain the Firm to represent it pursuant to a separate written retainer agreement. Pursuant to that retainer agreement, the Firm would represent Client on a fully contingent basis and advance all expenses of the litigation. The Firm would seek fees and reimbursement of expenses with respect to the litigation solely out of whatever recovery is obtained (if any) after notice to the class and approval of the fee request by the Court. The Firm would also reimburse Client for any of its out-of-pocket expenses with respect to the action, and would seek reimbursement for Client's reasonable time devoted to fulfilling its duties as plaintiff in the litigation. If Client decides to pursue litigation, Client shall have no obligation or requirement to do so as a lead plaintiff. The Firm acknowledges that Client is perfectly free to choose in its sole discretion, not to pursue litigation in any instance. Furthermore, the Firm acknowledges that Client is not obligated to use the Firm in any manner for any litigation it chooses to pursue.
- 7. This Agreement constitutes the entire agreement of Client and the Firm with respect to the subject matter hereof, and shall be construed in accordance with, and governed by, the laws of the State of Florida without regard to its provisions on the conflicts of laws. Venue for all actions shall be in the appropriate state or federal court in Broward County, Florida, and the parties hereto irrevocably waive the right to object to the venue of any such court on the ground of forum non-conveniens, or any other ground.
- 8. Client may terminate this Agreement at any time in writing. The Firm may terminate this Agreement upon 60 days' written notice to Client. Upon termination of this Agreement, the Firm shall return or destroy (at Client's election) all records of Client's investment holdings and any other documents furnished to it by client.
- 9. The Firm and Client each designates the following person(s) as its primary contact under this Agreement:

Firm:

Bernstein Litowitz Berger & Grossmann LLP

Hannah Ross, Partner

1251 Avenue of the Americas, 44th Floor

New York, NY 10020 Telephone: (212) 554-1411

Facsimile: (212) 554-1444 Email: hannah@blbglaw.com Client:

City of Hollywood Employees' Retirement Fund

Christine Bailey, Executive Director

City Hall Annex, Room 20 2600 Hollywood Boulevard Hollywood, FL 33020

Telephone: (954) 921-3333 Facsimile: (954) 921-3332

Email: CBAILEY@hollywoodfl.org

· Counsel:

Ronald J. Cohen, Esquire

Rice Pugatch Robinson Storfer & Cohen PLLC

101 NE 3rd Ave, Ste 1800 Fort Lauderdale, FL 33301 Telephone: (954) 462-8000 Facsimile: (954) 462-4300 E-mail: rcohen@rprslaw.com

10. Public Records/Retention

The Firm will comply with public records laws, specifically to:

- A. Keep and maintain public records required by Client to perform the service.
- B. Upon request from Client or its public records custodian, provide Client with a copy of the requested records or allow the records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided in this chapter or as otherwise provided by law.
- C. Ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law for the duration of the contract term and following completion of the contract if the Firm does not transfer the records to the public agency.
- D. Upon completion of the contract, transfer, at no cost, to Client all public records in possession of the Firm or keep and maintain public records required by Client to perform the service. If the Firm transfers all public records to Client upon completion of the contract, the Firm shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. If the Firm keeps and maintains public records upon completion of the contract, the Firm shall meet all applicable requirements for retaining public records. All records stored electronically must be provided to Client, upon request from Client or its public records custodian, in a format that is compatible with the information technology systems of Client.

IF THE FIRM HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO ITS DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS CONTRACT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS: CHRISTINE BAILEY AT 954-921-3333 OR CBAILEY@hollywoodfl.org.

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BERNSTEIN LITOWITZ BERGER & GROSSMANN LLP

FOR: BERNSTEIN LITOWITZ BERGER & GROSSMANN, LLP,

Ву: _	Hannah Ross, Partner	Date: May 7, 2019
FOR:	CITY OF HOLLYWOOD EMPLOY	YEES' RETIREMENT FUND
By: _	Phyllis Shaw Chairnerson	Date:

AGENDA ITEM 6.C. LEGAL

REVIEW SUNSHINE LAW

Christine Bailey

From:

Ron Cohen < RCohen@rprslaw.com>

Sent:

Monday, April 15, 2019 1:55 PM

To:

Christine Bailey

Subject:

Links to Sites on Sunshine Law

http://www.myfloridalegal.com/pages.nsf/Main/314BA231F89C0C8A8525791B006A54E2

http://www.myfloridalegal.com/sun.nsf/sunmanual



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EMPLOMMENT LAW

Ronald J. Cohen

Member <u>Attorney Bio</u>

Phone: (954)-462-8000 Direct: (954)-331-1287 Cell: (786)-236-3497 Fax: (954)-462-4300

Web: https://rprslaw.com/ Email: rcohen@rprslaw.com 101 N.E. 3rd Ave., Suite 1800 Fort Lauderdale, FL 33301



AGENDA ITEM 6.D. LEGAL

REQUEST FOR EXECUTIVE SESSION

TO DISCUSS PENDING LITIGATION

(NO BACKUP FOR THIS SECTION)

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 April 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 March 2019 Meeting of the Board of Trustees. Trustee Howell participated telephonically.

ITEMS OF INTEREST TO THE CITY COMMISSION

- The Fund's estimated value on March 31, 2019 was \$333.3 million.
- The Fund's Custodian and Retirement Services Provider, Wells Fargo was purchased by the Principal Financial Group. The Board is monitoring the purchase and its impact, if any, on the services provided.
- The Fund and City filed a joint motion to sever the combined lawsuit, City of Hollywood vs City of Hollywood Employees' Retirement Fund et al, in an attempt to resolve the litigation. The Court issued an Order of Severance, whereby the claims of the City of Hollywood against the Board of Trustees of the Employees Retirement Fund were severed from all claims against other defendants. It appears that the Fund and the City are in agreement of most of the settlement issues with the main exception being the 2012 13th check. Resolution discussions continue but the Board remains concerned about the pace of the resolution.
- The Fund's Actuarial Valuation Report as of October 1, 2018 is complete. The Required Employer Contribution (REC) is \$24,216,445 if paid in full by October 1, 2019. This is a reduction in the REC, the first since 2010. The Actuary noted that the shortfall in the actual City contributions versus required was \$9.9 million at the valuation date.
- The Assumed Interest Rate of Return (AIR) on Assets from 7.6% to 7.5% during the valuation period. The actuary noted that the AIR of 7.5% was aggressive and recommended that the Board review this assumption. The Board expressed its desire to work closely with the City on a plan to strengthen the Fund.
- The Board has requested that the City consider including the Pension Office in its planned library renovation project. There would be significant advantages and cost savings for the Fund and the City.

MEETING SCHEDULE 2019

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

June 25, 2019-6:00 pm

August 27, 2019

November 5, 2019

July 23, 2019

September 24, 2019

December 10, 2019

<u>Please be advised that the Next Regular Meeting of the Board of Trustees will be held on Tuesday, June 25th at 6:00pm at the Fund Office. All Commissioners are invited to attend.</u>

AGENDA ITEM 7.B. EXECUTIVE DIRECTOR'S REPORT

ADMINISTRATIVE CONSIDERATIONS

Public Official Bond (UNDER SEPARATE COVER)

AGENDA ITEM 7. C. EXECUTIVE DIRECTOR'S REPORT

COMMUNICATIONS FROM THE EXECUTIVE DIRECTOR (HANDOUT)

AGENDA ITEM 8 PUBLIC COMMENT

AGENDA ITEM 9 TRUSTEE REPORTS, QUESTIONS AND COMMENTS

AGENDA ITEM 10 ADJOURNMENT