

CORRECTED

**MINUTES
REGULAR PENSION BOARD MEETING
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND
TUESDAY, SEPTEMBER 24, 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, Christopher Cassidy, Jeffery Greene (Left at 1:00p.m.), Charles Howell, and Cintya Ramos. Also present: Executive Director Christine Bailey; Pension Coordinator Veron Sibble; Keith Reynolds of Segal Marco; and Ronald Cohen of Rice Pugatch Robinson Storfer & Cohen.

a. September 24, 2019 Regular Board Meeting Agenda

MOTION made by Trustee Greene, seconded by Trustee Keller, to adopt the September 24, 2019 Regular Board Meeting Agenda as revised to include Agenda Item 5c – Work Plan, Agenda Item 6e(ii) – Marcum LLP Agreement, and to move Item 7c to immediately after Agenda Item 5c. In a voice vote of the members present, all members voted in favor. **Motion** passed 7-0.

3. CONSENT AGENDA

- A. July 23, 2019 Regular Meeting Minutes
- B. August 27, 2019 Regular Meeting Minutes
- C. September 10, 2019 Special Meeting Minutes
- D. September 17, 2019 Special Meeting Minutes
- E. Ratification of Distributions (Contributions and DROP) and Plan Expenses
- F. Approval/Ratification of New Retirements/DROP/Vested/Death Annuities

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

4. FINANCIAL

- a. Ms. Bailey provided the Board with the Draft July 31, 2019 and Draft August 31, 2019 Financial Operations and Investment Summaries.
- b. Ms. Bailey provided the Board with the Revised Budget Variance Report as of July 31, 2019 and the Budget Variance Report as of August 31, 2019. Trustees requested that the draft report be restructured to reflect the unreconciled balance due to the outstanding manager reports.
- c. Ms. Bailey provided the Board with the updated Fiscal Year 2020 Proposed Budget.

MOTION made by Trustee Greene, seconded by Trustee Keller, to adopt Agenda Item 4c. In a voice vote of the members present, all members voted in favor. **Motion** passed 7-0.

5. INVESTMENT (Keith Reynolds – Segal Marco)

- a. August 2019 Flash Performance Report
Mr. Reynolds provided the Board with the Flash Performance Report for August 2019. He noted that the market value of assets was \$333.5 million. He noted that while there has been some volatility in returns recently, over the long term the Plan has beaten its benchmark. He noted that the Board will review manager allocations after the conclusion of the Asset Liability Study and that the Plan was well diversified.
- b. Asset Liability Study
Mr. Reynolds advised that the study had been pushed back due to scheduling conflicts. The Board recommended that the interactive review be pushed back to the Board's regular meeting in January 2020.

c. 2019 Work Plan

Mr. Reynolds advised that he would update the Work Plan with new dates for the Asset Liability Study and upcoming Investment Committee Meetings.

The Board discussed Agenda Item 7c, its Regular Meeting Schedule for the remainder of 2019 and for 2020. The Board rescheduled its November 5, 2019 meeting to November 12, 2019 and set a proposed schedule for its 2020 meetings.

Mr. Reynolds and Mr. Cohen discussed concerns with the Loomis Sayles Agreement, Agenda Item 6e(i). The Board requested that Mr. Cohen try to address the concerns rather than consider the Loomis Mutual Fund Product which had a higher fee. Mr. Reynolds noted that the monies were currently invested therefore the Board had the time to address its concerns with Loomis.

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 provided the Board with a draft of the Settlement Agreement with the City of Hollywood which included the payment of the 2012 Supplemental Pension Distribution (2012 SPD) and the dismissal of the lawsuit. He noted that the City passed a budget amendment to transfer the necessary monies to the Plan to pay the 2012 SPD. He noted that the agreement would be considered by the City Commission at its October 2nd meeting and that Alan Fallik had advised that the City does not anticipate any objection to its passage. He also noted that he had informed the Board's insurance company of the ongoing updates.

b. Glover v. Kolari, City of Hollywood Employees' Retirement Fund, and City of Hollywood. Mr. Cohen noted that he advised Segal Select Insurance of the litigation as we were in the process of renewing our insurance policies. He advised the Board that Ms. Bailey had spoken to Segal and that there would be no increases in the insurance premiums as a result of this litigation. He noted that the insurance company recognizes its Plan had a duty to defend this litigation under a reservation of rights. He advised that Ms. Kolari did not provide a response and that the plaintiff had filed a motion for default.

c. Segal Investment Consultant Contract Extension

Mr. Cohen advised the Board that he had spoken with Mr. Reynolds and that it was possible to extend the current Segal contract. Trustee Shaw noted that the Segal contract would terminate at the end of the year. She noted that Segal was still conducting the Asset Liability Study and implementing investment strategies that were not yet completed. She noted that if the contract was not extended beyond the end of the year, an RFP would have to be issued and noted that it was a difficult time for the Pension Office to conduct an RFP process. Trustee Greene concurred and recommended that the contract be extended and an RFP be issued at a later date. Mr. Cohen noted that the contract could be extended on the mutual agreement of both parties.

MOTION made by Trustee Greene, seconded by Trustee Keller, for a two-year extension without cost increase or for a one-year contract if the cost were to be increased in the second year. In a voice vote of the members present, all members voted in favor. **Motion** passed 7-0.

d. COHERF 401(a)

Mr. Cohen requested that the Board adopt a resolution of authorization and approval of the City of Hollywood Employees' Retirement Fund 401(a) Plan. In response to a question, Mr. Cohen noted that the administrator of the Fund would be Nationwide.

MOTION made by Trustee Greene, seconded by Trustee Keller, to adopt a resolution of authorization and approval of the City of Hollywood Employees' Retirement Fund 401(a) Plan. In a voice vote of the members present, all members voted in favor. **Motion** passed 7-0.

- e. (ii) Marcum LLP Agreement
Mr. Cohen advised the Board of his concerns with the agreement. He suggested that the Board consider the following amendments: on page 6, that the replacement fee be reduced to 25% of the employee's annual compensation; on page 7, that the agreement be amended to include that Marcum keep its work papers for five to eight years; that certain language limiting Marcum's liability to the amount paid for services under the contract be removed; that the maximum billing rates of Marcum team members for additional work be listed; that on page 8; Marcum would only be indemnified to the extent that standard operating practices would not have identified the misrepresentation; and that mediation should be available as an option.

MOTION made by Trustee Strauss, seconded by Trustee Greene, to approve the Marcum LLP Agreement with the noted amendments. In a voice vote of the members present, all members voted in favor. **Motion** passed 7-0.

- 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.
- g. Request for Executive Session to Discuss Pending Litigation
Mr. Cohen requested an Executive Session to discuss Pending Litigation with Glover v, Kolari, City of Hollywood Employees' Retirement Fund, and City of Hollywood. 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.
- b. Resolution of Appreciation
MOTION made by Trustee Greene, seconded by Trustee Keller, to adopt a resolution of appreciation acknowledging the contribution of Dawn Gruber to the Plan. In a voice vote of the members present, all members voted in favor. **Motion** passed 7-0.
- d. Administrative Considerations
Ms. Bailey noted that the recommendation regarding retirees who elected the 100% joint and equal benefit option with non-spousal beneficiaries more than 10 years younger after April 2002 was not yet available. She noted that the recommendation related to the restoration of benefits for members with breaks in service was also still pending.

Ms. Bailey noted that she had received the funding for the payment of the Fiscal Year 2012 supplemental pension benefit. She noted that, of the 741 eligible retirees, 592 could be paid immediately and beneficiaries of an additional 39 deceased retirees could also be paid immediately. She noted that the payment of an additional 110 deceased retirees would require additional research.

Ms. Bailey noted that in reviewing the retiree calculations she noticed that Ordinance change O-2009-26 was not implemented as written. The Ordinance limited the definition of compensation to 60 hours per year for employees who were hired prior to July 15, 2009 and who retire or enter the DROP on or after August 17, 2009 from a position not covered by the general employees' bargaining unit. The Board agreed that the ordinance should have been implemented as written.

MOTION made by Trustee Keller, seconded by Trustee Strauss, to extend the meeting for 20 minutes. In a voice vote of the members present, all members voted in favor. **Motion** passed 7-0.

- e. Member Considerations

Ms. Bailey advised the Board that 70 members elected to DROP retroactively, nine of whom had already exited the DROP and separated from the City. She also advised the Board that all but two members had chosen to switch from the Planned Retirement Benefit to the DROP and one additional person had joined the Planned Retirement Benefit for a total of three participants currently in that program.

Ms. Bailey advised the Board that six retiree payments were stopped as of September 2019, of those two have been restarted as the life certificates had been received.

Ms. Bailey advised that in reviewing a particular member's account, she determined that the member's retirement benefit was overpaid. She noted that sick leave accrual payout exceeded the 2002 maximum and that the vacation leave accrual payout had exceeded 60 hours per year. The Board discussed the calculation procedures and their concerns about paying out the correct benefits to members. The Board requested that the member be notified of the calculation error and invited to the next meeting should they wish to appeal the Board's determination.

f. Personnel Considerations

Ms. Bailey advised the Board that the staff had exceeded her expectations in the past year, noting all the additional workload that the office completed successfully, including the retiree audit and the processing of member requests due to restoration. She noted that both strived to ensure that all members were processed timely. She requested that both be considered for salary increases as well as the establishment of 401(a) Plans.

MOTION made by Trustee Cassidy, seconded by Trustee Straus, to provide a salary increase of 5% to Ms. Narayan. In a voice vote of the members present, all members voted in favor. **Motion** passed 6-0.

MOTION made by Trustee Keller, seconded by Trustee Ramos, to provide a salary increase of 10% to Ms. Sibble. In a voice vote of the members present, all members voted in favor. **Motion** passed 6-0.

MOTION made by Trustee Keller, seconded by Trustee Cassidy, to provide a 401(a) Plan for Ms. Sibble and Ms. Narayan at a rate of 13% and 10%, respectively and to discontinue the employer contributions to the 457 program for these employees. In a voice vote of the members present, all members voted in favor. **Motion** passed 6-0.

MOTION made by Trustee Ramos, seconded by Trustee Strauss, to provide an additional one week vacation to Ms. Narayan. In a voice vote of the members present, all members voted in favor. **Motion** passed 6-0.

The Board confirmed that all these actions would be effective October 1, 2019.

c. Communications from the Executive Director

- Ms. Bailey advised the Board that Segal Select had spoken with the insurance providers and there would be no increase in insurance premiums as a result of the current litigation, however, the providers may opt not to automatically renew the policies at the current premiums next year. She also noted that, at the Board's request, all insurance policies except the Commercial Package Policy and the Commercial Umbrella Policy would end on September 30. However, if these policies were renewed next year, the renewals, and any policies thereafter will end on September 30.
- Ms. Bailey noted that the Active Shooter Insurance Policy is still in process as we were compiling the information requested by the providers.
- Ms. Bailey advised that the Audit Planning Meeting would be held on November 1, 2019 at 8:30a.m.

8. PUBLIC COMMENTS


There were no public comments.

9. TRUSTEE REPORTS, QUESTIONS AND COMMENTS

Trustee Howell thanked the staff on behalf of the Board

10. ADJOURNMENT

MOTION made by Trustee Ramos, seconded by Trustee Howell, to adjourn the meeting. In a voice vote by the members present, **Motion** passed 6-0. The meeting adjourned at 1:00p.m.



Phyllis Shaw, Chair

Jan 21, 2020

Date