

MINUTES
REGULAR PENSION BOARD MEETING
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND
THURSDAY, MAY 24, 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 9:10am), Secretary Robert Strauss, Christopher Cassidy, Charles Howell, George Keller (arrived at 11:00am), and Cintya Ramos.

Also present: Executive Director Christine Bailey; Keith Reynolds, Alan Kosan (via Teleconference), and Connor Gavey of Segal Marco; Ronald Cohen of Rice Pugatch Robinson Storfer & Cohen; Tami Thornton of the City of Hollywood Human Resources Department, and Terri Herubin, Angelo Gordon &Co.

a. May 24, 2018 Regular Board Meeting Agenda

MOTION made by Trustee Cassidy, seconded by Trustee Ramos, to approve the May 24, 2018 Regular Board Meeting Agenda as presented. In a voice vote by the members present, all members voted in favor. **Motion** passed 5-0.

3. CONSENT AGENDA

- a. March 22, 2018 Regular Meeting Minutes
- b. April 26, 2018 Regular Meeting Minutes
- c. Ratification of Distributions (Contributions and DROP) and Plan Expenses
- d. Approval/Ratification of New Retirements/DROP/Vested/Death Annuities

MOTION made by Trustee Cassidy, seconded by Trustee Howell, to approve the Consent Agenda. In a voice vote by the members present, all members voted in favor. **Motion** passed 5-0.

4. TREASURER'S REPORT

The Treasurer's report for December 2017 was provided to the Board for review.

5. INVESTMENT UPDATE

- a. Real Estate Presentation – Angelo Gordon realty Value Fund X
Alan Kosan participated in the presentation telephonically and agree to being recorded. Terri Herubin provided an overview of the Angelo Gordon Realty Value Fund X Proposal. In response to questions from trustees, she advised that the fund was moderately leveraged, and while they did not have investments in Hollywood, they did have an investment in Aventura. She advised that they has approximately 170 assets in the portfolio, with 140 in in the U.S. She stated that the typical holding period for an investment was 3-5 years. She stated that the Fund sought to raise \$2.5 billion and anticipated the first close would have approximately \$1 billion in commitments. She stated that in the first 4-6 months, the fund would invest in more opportunistic and value added investments. She stated that investors included the City of Tallahassee and Lakeland Employees. She stated that up to 20% of the Fund (10% in Asia, 10% in Europe) could be invested internationally but that the investments would be US\$ denominated. Connor Gavey advised that the targeted net rate of return for the Portfolio was 14%, with a standard deviation of 12.34%.

MOTION made by Trustee Howell, seconded by Trustee Cassidy, to approve the commitment of \$10 million to the Angelo Gordon Realty Value Fund X funded by a

reduction in Morgan Stanley Real Estate Investment. In a voice vote by the members present, **Motion** passed 5-1. Trustee Strauss opposed the motion.

b. First Quarter Performance Review

Mr. Reynolds reported the Fund's performance was in the top quartile for the three-, five-, and seven-year periods for public plans under \$500 million with 40-70% Equity. He reported that for the quarter ending March 31, 2018 returns were slightly negative at -0.45%. He notice the positive contribution of the Board's addition of Private Equity and Private Debt to the portfolio.

c. Flash Report April 2018

Mr. Reynolds provided the Board with the Flash report for April 2018 for review.

d. 2018 Work Plan (*Discussed before 5.b.*)

Mr. Reynolds provided the 2018 Work Plan for review. The Board requested that the education on Fiduciary Liability Insurance be moved up to August, and that the Governance Training be moved to November, eliminating the Fiduciary Training, which has been already been provided by the FPPTA certification Courses.

The Board then discussed the need to see Frontier in July. The Board discussed Frontier's fees, performance and communication, and asked Mr. Reynolds to provide a package of alternative investments for review at the next meeting.

MOTION made by Trustee Greene, seconded by Trustee Howell, to discontinue Frontier upon their replacement with a new manager as soon as possible. In a voice vote by the members present, **Motion** passed 5-2. Trustee Shaw and Trustee Keller opposed the motion.

6. **DISABILITY APPLICATION**

- a. Initial Hearing: Disability Application of Hilde Johnson.
This item was withdrawn.

7. **LEGAL ISSUES (Ron Cohen – Rice Pugatch Robinson Storfer & Cohen)**

a. Transition Report

Mr. Cohen provided the Board with an update of the activities he has undertaken since assuming the role of Board Attorney. He noted that he was reviewing and/or drafting policies on records retention, member benefit related legal questions, forms, the Code of Ordinance, public records requests, the disability policy, the IRS Determination letter requiring ordinance changes and the By-laws. He stated that he had reached out to the City Attorney to set up an introductory meeting.

He also discussed the 13th check litigation and the Fund's non-compliance with State statues related to the prefunding of the 13th check. The Board also suggested that there be another meeting of the former Pension Task Force.

b. Public Official Bond

MOTION made by Trustee Greene, seconded by Trustee Cassidy, to accept and approve the Public Official Bond as presented. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

c. Proposed Changes to the By-laws

MOTION made by Trustee Cassidy, seconded by Trustee Strauss, to lay over the Proposed Changes to the By-laws and provide any recommended changes to Mr. Cohen and Ms. Bailey by June 7, 2018. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

Ron Cohen advised the Board of a recent decision by the Florida Supreme Court related to Financial Urgency. He stated that decision related to the constitutionality of the ability to unilateral to change benefits. He identified the difference between the facial challenge of the law and the "as applied" challenge. He stated that the court determined that the law was facially constitutional but that the law was not properly applied in case of Headley vs the City of Miami.

8. ADMINISTRATIVE ISSUES

a. City Commission Communication

The Board received the City Commission Communication with edits including the Board's appreciation to the City's Finance Department.

b. Communications from the Executive Director

The Board received Communications from the Executive Director.

- Ms. Bailey provide trustees with an update of the Deputy Executive Director search. She advised that there was a short list of eight candidates from which 3-4 candidates would be selected for interview.
- Ms. Bailey requested that the Trustee invoice review process be shortened to one or two days for the credit card invoices. The Board agreed that credit card invoices would be sent separately with a one day review period.
- Ms. Bailey provided the Board with a Draft Executive Director's Report. Including Membership and Administrative Activities from January 2018 through May 2018. She highlighted the activities that would be given priority in June 2018.
- Ms. Bailey requested the creation of a Transition/Steering Committee. The Board discussed the possibility of setting up several committees including an investment committee and an audit committee.

9. PUBLIC COMMENTS

There were no public comments.

10. TRUSTEE REPORTS, QUESTIONS AND COMMENTS

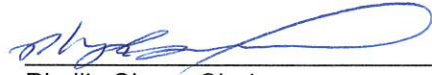
Trustees discussed the possibility of reducing the length of the meeting. Trustee Strauss requested that the website be updated to include minutes, agendas and other documents. Mr. Strauss also expressed members' concerns regarding the Boards current custodian. Mr. Strauss has discussed the Retirees Association request for retirees' addresses. Ms. Shaw thanked Ms. Bailey and the Finance Department for all their work in the last 5 months and the membership for their continued patience during this time.

11. PENSION COORDINATOR'S REPORT

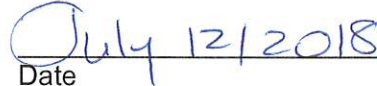
There was no Pension Coordinator's Report.

12. ADJOURNMENT

MOTION made by Trustee Greene, seconded by Trustee Ramos, to adjourn the meeting. In a voice vote by the members present, **Motion** passed 7-0. Meeting adjourned at 1:10 p.m.



Phyllis Shaw, Chair



Date