

**MINUTES  
REGULAR PENSION BOARD MEETING  
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND  
THURSDAY, SEPTEMBER 27, 2018 at 9:00AM**

**1. CALL TO ORDER**

Chair Shaw called the meeting to order at 9:15a.m.

**2. ROLL CALL AND PLEDGE OF ALLEGIANCE**

Board Members present: Chair Phyllis Shaw, Vice Chair Jeffery Greene (left at 12:40p.m.), Secretary Robert Strauss, Christopher Cassidy, Charles Howell, George Keller, and Cintya Ramos.

Also present: Executive Director Christine Bailey; Felicia Ewell of Segal Marco; Matthew Jackson, Diane McNally, of Segal Select Insurance; Melanie Walker of Segal Consulting, Sally Corbin of Union Services Agency and Ronald Cohen and Brent Chudachek of Rice Pugatch Robinson Storfer & Cohen.

a. September 27, 2018 Regular Board Meeting Agenda

**MOTION** made by Trustee Greene, seconded by Trustee Ramos, to approve the September 27, 2018 Regular Board Meeting Agenda as presented. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

**3. CONSENT AGENDA**

- a. July 26, 2018 Regular Meeting Minutes
- b. August 23, 2018 Regular Meeting Minutes
- c. Ratification of Distributions (Contributions and DROP) and Plan Expenses
- d. Approval/Ratification of New Retirements/DROP/Vested/Death Annuities

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

**MOTION** made by Trustee Greene, seconded by Trustee Keller to approve Consent Agenda Item 3d. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

Trustee Cassidy requested clarification on the actuary's review of Mr. Reyes' calculations. Ms. Bailey advised that the actuary had reviewed the calculation and confirmed its accuracy. He inquired about the hiring of an accountant to provide updated financial information to the Board. Ms. Bailey advised that the accountant was not hired as updated Treasurer's Reports was provided by the City. She also noted that with the addition of staff to the pension office, the information can be provided internally going forward.

Trustee Cassidy noted that there were no policy changes on the approved agenda for the August 23<sup>rd</sup> meeting and believed it presented a procedural flaw. On a **MOTION** from Trustee Greene, seconded by Trustee Strauss, the discussion of policy changes not on the original agenda was added to the Agenda under Legal. **Motion** passed 7-0.

Trustee Cassidy noted that his disbursement under Ratification of Distributions was reduced and he was not notified. Ms. Bailey advised that in the reduction in the payment was being researched.

Trustee Strauss ask for a clear determination on whether his telephonic votes count as they were recorded as part of the minutes. Ronald Cohen advised that his votes should count except towards quorum and certain other exemption such as testimony. Mr. Cohen noted that under the sunshine law if you are present at a meeting, you cannot abstain except in instances of personal gain.

Mr. Strauss stated that he did not vote in the affirmative on the policy change motion that recorded his vote as favorable. He stated that he was opposed to the motion but did not vote. Mr. Cohen and Ms. Bailey will review the attendance policy and advise the Board.

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

**MOTION** made by Trustee Greene, seconded by Trustee Cassidy, to table Consent Agenda Item 3b. to the next meeting. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

#### 4. FINANCIAL

Ms. Bailey provided the Board with a new interim financial report. The Board requested that additional information on the report including month- and year-to-date activity.

**MOTION** made by Trustee Cassidy, seconded by Trustee Keller, to accepted the financial report with the requested changes going forward. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

#### 5. INVESTMENT (Felicia Ewell – Segal Marco)

##### a. Fiduciary Liability Insurance Policy Review

Ms. Diane McNally and Mr. Matthew Jackson presented the Board with the insurance coverage options available to the Board.

##### Fiduciary Liability Insurance

Mr. Jackson provided an overview current policy which would be expiring on September 30, 2018. In response to a question for Trustee Keller, Mr. Jackson noted that the policy would cover all current and future trustees and employees. Ms. McNally noted the policy had a \$100,000 deductible for each claim.

Trustee Shaw inquired on how the Board's approval of a change in issuance coverage would affected by the current litigation. Ms. McNally noted that all the carriers were aware of the current litigation and that they would all provide continuity of coverage, except for the current claim being handled by RLI. In response to a question, Ms. McNally noted that there was a continuity of coverage under the proposed policies and that the current RLI policy has a built in extension clause to identify additional claims.

Trustee Cassidy question the impact on the insurance coverage if the lawsuit went away, was the fund locked into the coverage costs this year. Mr. Jackson noted that customarily Segal would begin reviewing the policy at least 120 days before its expiration, however the proposed rates would be locked in for the year.

Mr. Cohen noted that if the insurance company believe that Trustees were responsible for any payout they made, the insurance company could seek to reclaim the payout from Trustees. Trustees discussed a waiver of recourse at \$25 per person for the policy period to cover this gap in coverage. Mr. Jackson recommended that Trustees obtain a waiver of recourse on each layer of coverage at a cost of \$75 per Trustee.

**MOTION** made by Trustee Greene, seconded by Trustee Keller, to have Board Members pay for the waiver of recourse. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

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In response to questions from Trustees, Ms. McNally noted that the desire is to, over time, reduce the deductible to its lowest level, \$0.

**MOTION** made by Trustee Cassidy, seconded by Trustee Howell, to purchase Option 2 - \$15 million in liability insurance, with \$0 deductible, at a cost of \$128,295. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

Commercial Package: General Liability, Business Personal Property and Hired/Non-owned Auto Policy

**MOTION** made by Trustee Howell, seconded by Trustee Greene, to purchase Commercial Package: General Liability, Business Personal Property and Hired/Non-owned Auto Policy at a cost of \$1,595.75. In a voice vote by the members present, the **Motion** passed 5-1. Trustee Cassidy opposed the motion and Trustee Howell was out of the room.

**MOTION** made by Trustee Greene, seconded by Trustee Cassidy, to add an Umbrella Policy to protect the fund from claims not covered by the Commercial package at a cost of \$758.00. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0. Trustee Cassidy noted that he opposed the prior motion, only because he wanted both policies considered together.

Trustee Strauss noted that the policy listed the incorrect address for the Pension Office. Trustees requested that the policies be bounded effective September 27, 2018.

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Employment Practices Liability Insurance

**MOTION** made by Trustee Cassidy, seconded by Trustee Greene, to purchase Employment Practices Liability Insurance at a cost of \$3,516.00. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

Fidelity Bond Coverage

**MOTION** made by Trustee Greene, seconded by Trustee Keller, to purchase Fidelity Bond Insurance at the \$3 million level at a cost of \$14,529.00. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

Cyber Security Insurance Policy

**MOTION** made by Trustee Greene, seconded by Trustee Cassidy, to purchase Cyber Security Insurance at the \$5 million level at a cost of \$5,419.00. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0.

It was noted that there is currently a public official bond in place and no action was required at this time. Trustee Howell requested a proposal on Active Shooter Insurance.

- b. Governance Training  
Ms. Walker presented Trustees with an overview of fiduciary responsibility, the role of Trustees, staff and advisors, best practices in plan governance and key governance policies.
- c. August 2018 Flash Performance Report  
Ms. Ewell provided the Board with the Flash Report for August 2018 for review. She provided a performance review of Brandes as of June 30, 2018.
- d. 2018 Work Plan  
Ms. Ewell provided the 2018 Work Plan for review.

**MOTION** made by Trustee Keller, seconded by Trustee Howell to extend the meeting. In a voice vote by the members present, **Motion** passed 7-0.

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

- a. Proposed Extension of the Agreement with Gabriel, Roeder Smith and Company.  
Mr. Cohen noted that he had replaced the City of Hollywood with the Employees' Retirement Fund throughout the new agreement.

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

The Board discussed the provision of benefits estimates to members. The Board also confirmed that the final retirement benefit calculations should be certified by the actuary.

- b. Purchase of Credited Service  
Mr. Cohen presented an overview of the request for interpretation of the Code of Ordinance as it relates to the Purchase of Credited Service. The Board confirmed that a member cannot purchase forward any time to meet the minimum requirements for retirement. Specifically, a member who retires under the provision of 25 years of credited service regardless of age, cannot with (24.5 years) purchase 6 months to meet the 25 years of service requirement.

At the request of member Deborah Schiano, Robert Schiano made comments on the topic.

- c. Proposed Ordinance Amendment for Consistent with the September 3, 2015 IRS Determination Letter  
Mr. Cohen advised that there was no deadline in the September 3<sup>rd</sup> letter to implement the proposed amendments but he noted that the Determination Letter would expire on January 31, 2019. Trustee Cassidy inquired about the change in the definition of the Rate of Market Return in the proposed ordinance. He noted that the definition should not be changed as the union was advised by the City that the intent in separating the Plan from the City was not to affect the benefit of the members with the increase in plan expenses.

**MOTION** made by Trustee Keller, seconded by Trustee Strauss, to reconsider the approved recommend change to the definition of Rate of Market Return. In a voice vote by the members present, all members voted in favor. **Motion** passed 6-0.

**MOTION** made by Trustee Keller, seconded by Trustee Ramos, to eliminate the recommend change to the definition of Rate of Market Return. In a voice vote by the members present, all members voted in favor. **Motion** passed 6-0.

- d. Proposed Ordinance Amendment relating to the Employees' Retirement Fund  
Mr. Cohen noted that the ordinance required an actuarial impact statement and the Board's approval was required for the actuary to proceed. Trustee Keller disclosed that he would be impacted by the proposed amendment and would not be voting on the item. (See Form 8B – Memorandum Of Voting Conflict For County, Municipal, And Other Local Public Officers Attached)

Trustee Keller advised that the City would pay for the Impact Statement. He explained the origins of the proposed ordinance amendment.

**MOTION** made by Trustee Ramos, seconded by Trustee Howell, to authorize the actuary to prepare an actuarial impact statement for the proposed ordinance amendment to be paid for by the City. In a voice vote by the members present, **Motion** passed 5-0. Trustee Cassidy noted that he voted in favor of motion as a trustee but reserved his right as Union President. Trustee Keller Abstained.

**MOTION** made by Trustee Ramos, seconded by Trustee Howell, to allow beneficiaries to continue payments of the remaining balance under the proposed Time Payment Plan. In a voice vote by the members present, **Motion** passed 5-0. Trustee Keller Abstained. Trustee Cassidy noted that he votes in favor of motion as a trustee but reserved his right as Union President.

- e. Update on City of Hollywood V. City of Hollywood Employees' Retirement Fund  
Mr. Cohen advised he continues to work with the City. Trustee. Keller advised that the intent is to proceed quickly with the settlement.

- f. Request for Executive Session to Discuss Pending Litigation  
Mr. Cohen advised that an Executive Session was not required at this meeting. He requested two Executive Session to discuss Pending Litigation with The City of Hollywood.

- g. Policy Changes not on the Agenda of August 23, 2018  
Mr. Cohen noted that there was no vote taken to change the Agenda as stated by Robert's Rules. He also noted that Agendas need to be flexible. He noted that boards don't always comply fully with Robert's Rules. Trustee Cassidy expressed a concern of the 2 minute limit imposed on Trustees. Trustee Cassidy objected to the limit as it would restrict his fiduciary role.

Trustees requested that unless items have time sensitive they should not be put on the Agenda for the Board meeting within 48 hours of the meeting. They also requested that the By-laws be revised to change the order of the meeting.

**MOTION** made by Trustee Cassidy, seconded by Trustee Howell, to reaffirm the Boards decision to set end times for meeting, with the exception of disability or money manager presentations, at 12:00noon, allowing for an extension of the meeting by majority vote of the Board. In a voice vote by the members present, **Motion** passed 6-0.

**MOTION** made by Trustee Cassidy, seconded by Trustee Howell, to reaffirm the Board's decision to set a debate time and the number of times a member may speak on a topic to twice and each member be limited to 2 minutes, allowing for time to be extended by a two-thirds majority vote of the Board, with the exception that the limits would not apply if a Trustee asserts fiduciary responsibility. In a voice vote by the members present, all members voted in favor. **Motion** passed 5-1. Trustee Strauss opposed the motion.

**7. ADMINISTRATIVE ISSUES**

a. Proposed FY2019 Budget

Ms. Bailey provided the Board with a proposed budget for FY2019 for their review as well as a sample of the monthly budget report that will be provided to the Board.

b. City Commission Communication

The Board received the City Commission Communication.

c. Communications from the Executive Director

- Ms. Bailey introduced the new staff members, Veron Sibble and Yvonne Nayaran.
- Ms. Bailey advised the Board the auditors will be on site on October 22, 2018 to begin the Fiscal Year 2018 Financial Audit.
- Ms. Bailey provided a list of Proposed Board Committees. Trustees Shaw recommended that the Board consider putting the committees in place to ensure proper governance of the Fund.
- Ms. Bailey advised the Board of an overpayment to a deceased member not identified by the current screening process. She advised that the overpayment is expected to be returned by a relative of the member.
- Ms. Bailey advised that there may be a potential error in the calculation of certain member benefits, however, based on the discussions of the Board, it was determined that there was an explanation for the calculation method used. Ms. Bailey will confirm the calculation with the actuary.
- Ms. Bailey advised the Board that there was a potential restoration of frozen benefits.
- Ms. Bailey provided the Board with a list of Goals for Fiscal Year 2019.
- Ms. Bailey provided the Board with information on the Election of Employee Trustee for the term March 1, 2019 through February 29, 2020. Ms. Bailey will provide updated information in line with the Board's policies on the Election Process.
- Ms. Bailey provided the Board with proposed 2019 Regular Board Meeting Schedule. Trustee Ramos requested that the Board meeting for 2019 be moved to Tuesdays. Ms. Bailey will provide revised proposed dates to the Board.

**8. PUBLIC COMMENTS**

There were no public comments.

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

Trustee Cassidy requested a copy of meeting's records for each meeting.

10. **ADJOURNMENT**

**MOTION** made by Trustee Cassidy, seconded by Trustee Keller, to adjourn the meeting. In a voice vote by the members present, **Motion** passed 6-0. Meeting adjourned at 2:45p.m.

  
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Phyllis Shaw, Chair

11/01/2018  
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Date