

**MINUTES  
REGULAR PENSION BOARD MEETING  
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND  
TUESDAY, FEBRUARY 26, 2019 AT 9:00AM**

**1. CALL TO ORDER**

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

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

Board Members present: Chair Phyllis Shaw (arrived at 9:25am), Vice Chair George Keller, Secretary Robert Strauss, Jeffery Greene, Charles Howell, and Cintya Ramos. Also present: Executive Director Christine Bailey; Keith Reynolds and Alan Kosan of Segal Marco; and Ronald Cohen of Rice Pugatch Robinson Storfer & Cohen.

Christopher Cassidy was Absent and Excused.

- a. February 26, 2019 Regular Board Meeting Agenda  
Calendar Item 6E. Securities Litigation for BLB&G LLP and Wolf Popper LLP was withdrawn to obtain additional documentation.

**MOTION** made by Trustee Greene, seconded by Trustee Strauss, to adopt the February 26, 2019 Regular Board Meeting Agenda. In a voice vote of the members present, all members voted in favor. **Motion** passed 5-0.

**3. CONSENT AGENDA**

- a. December 13, 2018 Regular 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

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

**4. FINANCIAL**

- a. Ms. Bailey provided the Board with the November 30, 2018 Financial Operations and Investment Summary and the January 31, 2019 Draft report. She stated that the report included all the available information as at January 31, 2019. She noted that the Managers who had not yet reported their January 31<sup>st</sup> numbers were highlighted on the report. In response to a question, Mr. Reynold's noted that Segal has no control over the managers reporting timeframe, the reporting was within the timeframe allowed the managers.
- b. Ms. Bailey provided the Board with the Budget Variance Report as of January 31, 2019.

**MOTION** made by Trustee Strauss, seconded by Trustee Greene, to accept the Financial Reports. In a voice vote of the members present, all members voted in favor. **Motion** passed 5-0.

**5. INVESTMENT (Keith Reynolds – Segal Marco)**

- a. Fourth Quarter Performance Review  
Mr. Reynolds noted that the Fund decreased in the quarter but still exceeded the Policy Index. He noted that there was some improvement in the performance in January and February. He also noted that the Fund was very close to its target allocations.

Mr. Reynolds noted that the Fund return has been in the top quartile for the one- and three-year periods and in the top decile for the five- and seven-year periods ending December 31, 2018. He also noted that the Fund has achieved these returns with a lower standard deviation than the Policy Index. He noted that TSW was being reviewed and an update would be provided shortly.

b. January 2019 Flash Performance Report

Mr. Reynolds provided the Board with the Flash Performance Report for January 2019. He noted that without all the private market reporting the Fund is up 4.61% and he expected the number to be higher once final.

c. 2019 Work Plan

Mr. Reynolds introduced Alan Kosan, a Senior Vice President of Research. Mr. Kosan noted the US SMID Cap Growth would be coming to the Board. Trustee Shaw noted that the Investment Committee had been established and would address most of the investment agenda going forward. Mr. Kosan identified some of the areas for consideration in 2019 including; Alternative Investments, Asset Liability Study, Emerging Equity Markets, Emerging Managers, International Direct Lending, International Small Cap, Real Estate-Core Plus, and SMID Cap Growth.

The Board requested education on investing in Emerging Market over the summer. In response to a question, Mr. Kosan noted that Segal did not have many clients with allocations to Commodities and Timber. He noted that the returns in these areas are not attractive but would include Commodities in the asset allocation modeling. Mr. Kosan also discussed Maritime Investment.

**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 noted that he had not yet heard if a second reading had been set for the proposed ordinance but noted that the section of Reemployment After Retirement remained an optional change. He noted that he clarified and explained to the City that there was no January 2019 deadline for passage of the proposed ordinance. The changes should have been made since 2016 and were now late.

It was noted that the proposed ordinance was set for second reading in March and may be rescheduled. It was also noted that we have not seen the proposed ordinance for the second reading. Mr. Keller advised that that new language was being proposed.

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 he was working on a joint motion with the City's outside counsel to sever the Fund from the current combined lawsuit. He noted that the City's outside counsel have discussed expanding the suit to include a class action of the retirees. He noted that he believes that there was agreement on most of the settlement with the main exception being the 2012 13<sup>th</sup> check.

In response to a question, Mr. Cohen confirmed that the stay had been lifted and the next step was to sever the Fund from the case. It was noted that no class

representative has been identified and that the City will have to include the retirees as defendants in the case since part of the suit is the claw back of payments already made. Trustees noted that the Board represented the retirees and must be prepared for a class action lawsuit, and a representative needs to be identified. Trustee Strauss noted that the retirees did not create the problem and now were being forced to sue and suggested that the suit be dropped. He noted that the benefits were not substantial and that the opportunity cost of the Board's time and the attorney's time was not worth the suit.

- c. Wells Fargo Custody Agreement  
Mr. Cohen advised that Wells Fargo had agreed to take out the language regarding indemnification and state only that the Fund will hold them harmless as long as they follow our instructions. He noted that if they followed instructions that were against the law and they knew it, they would not be indemnified. He noted however that there was still no language regarding the duty of care. The Board requested that Mr. Cohen seek the inclusion of a higher standard of care and loyalty.
- d. 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.
- b. Member Considerations
  - Ms. Bailey reminded the Board that J. Sheffel had retired and was being paid both his pre- and post-2011 change benefits. She noted that Mr. Cohen had communicated the Board's decision and had offered Mr. Sheffel the opportunity to address the Board. Mr. Sheffel stated his response to Mr. Cohen's communication. He stated that he relied on the letter dated November 27, 2017 provided by the former Pension Coordinator. He noted that the decision of the Board was financially devastating.

Mr. Sheffel requested to purchase additional service. It was noted that there is no provision in the Plan for retirees to purchase additional service. He also requested that the Board consider the method of recovery of the overpayment beyond the 15 months.

**MOTION** made by Trustee Keller, seconded by Trustee Greene, to provide Mr. Sheffel with six months relief and begin the recoupment of the overpayment to Mr. Sheffel over 32 payments beginning August 2019. In a voice vote of the members present, all members voted in favor. Motion passed 5-0. It was noted that Mr. Sheffel could partially or fully return the overpayments ahead of this schedule.

In response to a question, Ms. Bailey advised that she had not charged interest on any of the overpayment she had identified to date and was not aware that the former administrator charged interest on overpayments either.

- Ms. Bailey advised the Board that J. Patel was provided with a 30 day window for him with elect Planned Retirement retroactively. Mr. Patel requested an opportunity to address the Board. Mr. Patel stated that he should be allowed to make a decision to join Planned Retirement at any time and not be limited to a window. Mr. Cohen noted that the Board had established a policy based on their understanding of the intent of the Ordinance. Mr. Patel requested that he be allowed to delay his decision until after the labor negotiations are complete, five to six months.

In response to a question, Ms. Bailey noted that while there is a section of the application that is not in the Ordinance, the Fund has not changed the application as it is a City form.

- Ms. Bailey advised the Board that F. Pinnock requested to join Planned Retirement as of December 2018, the date she first contacted the Retirement System and told that she could join retroactively and therefore did not submit the form at that time. The Board agreed to accept Ms. Pinnock's application based on her particular circumstance.

**MOTION** made by Trustee Keller, seconded by Trustee Greene, to extend the meeting by 30 minutes. In a voice vote of the members present, all members voted in favor. **Motion** passed 6-0.

- Ms. Bailey advised the Board that T. Gordon had been contacted regarding the recoupment of the refund and she has agreed to repay her distribution over a five-year period. The Board discussed the payment of interest as the member was aware that the funds were due and has not repaid the funds in over 9 years. **MOTION** made by Trustee Greene, seconded by Trustee Keller, to allow Ms. Gordon to repay the distribution over five years at a simple interest rate of 4%. In a voice vote of the members present, all members voted in favor. **Motion** passed 5-0. It was noted that the member could prepay the recoupment of the distribution at any time.
- Ms. Bailey provide the Board with a list of active employees who had elected to participate in the Planned Retirement Program and identified all the employees who entered planned retirement retroactively. The Board agreed to accept the applications with the exception of D. Cescon. Mr. Cescon applied to enter planned retirement on a date prior reaching his Normal Retirement Date, which is requirement for eligibility in the program, therefore his participation date had to be changed to his Normal Retirement Date.

c. Executive Director Performance Evaluation

- The Board rescheduled a Special Meeting to conduct the Executive Director Performance Evaluation. The Board thanked Ms. Bailey for her work to date.

d. Communications from the Executive Director

- Ms. Bailey advised the Board that the Trustee Election was complete and that Christopher Cassidy had been reelected to for the period March 1, 2019 through February 28, 2022.
- Ms. Bailey provided the Board with a comparative list of benefits provided to City and/or CRA employees and noted the difference in benefits

provided to Fund employees. She requested that the Board consider providing certain vacation, disability, pension and tuition reimbursement benefits to the employees of the Fund.

- Ms. Bailey advised the Board that of the 1039 retirees sent Life Certificates, 163 or approximately 16% had not been returned. Ms. Bailey advised that the Fund was still in the process of trying to reach out to those retirees. The Board recommend that Ms. Bailey reach out to the Retirees Association and the Credit Union before considering any action to suspend those retirees' benefits.
- Ms. Bailey advised that the Financial Audit was still in progress.
- Ms. Bailey advised the Board that Trustees hotel accommodations for the conference had been made. The Board agreed that anyone who wished to change their reservations would do so at their own expense.
- Ms. Bailey advised the Board that participation in the FPPTA Wall Street Program was based on a lottery system and requested the name of any Trustee who wanted to be considered for the Program in March 2020.
- Ms. Bailey provided the Board with a proposal for website development. The Board requested that additional bids be obtained.
- Ms. Bailey noted that the Board Committees would be setting up meeting in the near future.
- Ms. Bailey advised the rate of return used in the calculation of DROP and Planned Retirement benefits should be determined by the Actuary and that the Actuary has been recommending that the Board update the current calculation to provide a more accurate return. She advised that she will be working with Mr. Reynolds to update the calculation and will bring a recommendation back to the Board.
- Ms. Bailey provided the Board with the Administrative and Membership Reports.

**8. PUBLIC COMMENTS**

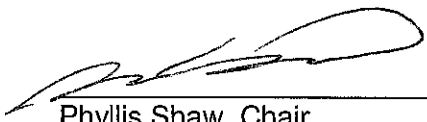
There were no public comments.

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

Trustee Strauss introduces Denise Delaine, the new Secretary of the Retirees' Association.

**10. ADJOURNMENT**

**MOTION** made by Trustee Keller, seconded by Trustee Greene to adjourn the meeting. In a voice vote by the members present, **Motion** passed 6-0. Meeting adjourned at 12:47p.m.

  
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Phyllis Shaw, Chair

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Date

4/10/19