

**MINUTES
REGULAR PENSION BOARD MEETING
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND
WEDNESDAY MAY 22, 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 (Arrived at 9:14am), Secretary Robert Strauss (via teleconference), Christopher Cassidy, Charles Howell, and Cintya Ramos. Also present: Executive Director Christine Bailey; Keith Reynolds and John Ross of Segal Marco; and Ronald Cohen of Rice Pugatch Robinson Storfer & Cohen.

Jeffery Greene was absent and excused.

a. May 22, 2019 Regular Board Meeting Agenda

MOTION made by Trustee Cassidy, seconded by Trustee Howell, to adopt the May 22, 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. 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

MOTION made by Trustee Ramos, seconded by Trustee Howell, 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 advised that the Financial Statements for the Fiscal Year September 30, 2018 had not yet been completed as anticipated and would be delayed until June 2019.
- b. Ms. Bailey provided the Board with the February 28, 2019 Final and April 30, 2019 Draft Financial Operations and Investment Summary.
- c. Ms. Bailey provided the Board with the Budget Variance Report as of April 30, 2019. Trustee Shaw enquired about the manager fees that are not being reflected in the budget reports. Ms. Bailey advised that she was working with Segal to identify and include all manager fees that were not paid directly by the Fund for inclusion in the reports.

5. INVESTMENT (Keith Reynolds – Segal Marco)

- a. April 2019 Flash Performance Report

Mr. Reynolds provided the Board with the Flash Performance Report for April 2019. He noted that the Investment Committee would be reviewing the report in detail at its meeting in the afternoon. Mr. Reynolds noted that Brandes would be presenting to the Investment committee in the afternoon.

In response to a request for more information on Goldpoint's performance, Mr. Reynolds noted that they were in the process of calling capital and at the bottom of the J-curve, and as they were not yet selling investments, their returns were negative. He anticipated that they would have positive returns once they begin selling the investments. The Board discussed Goldpoint's fees and it was noted that the fees were typical of this type of investment.

Mr. Reynolds also noted that Neuberger Berman had a new client services representative. He noted that this would not impact the performance of the manager.

b. First Quarter Performance Report

Mr. Reynolds advised that the First Quarter Performance Report was not yet available and would be available for the June meeting.

c. Asset Liability Study Kickoff

Mr. Reynolds introduced John Ross, the Co-head of Segal's Risk Management Group. Mr. Ross presented the Asset Liability Modeling process for the assets and the liabilities as well as the timeline for the study. It was noted that the expected changes in salary and pension benefits would impact the results of the study. Mr. Cohen discussed the proposed contract with Segal and noted that the cost of conducting the study now, and rerunning the liabilities at no cost after proposed benefit changes have been adopted, was not addressed and an open item. It was noted that the proposed benefit changes were expected to be adopted in time and the rerun would be unnecessary. It was anticipated that the report would still be delivered in August. Trustee Strauss noted that the Segal presentation reflected a 36% probability of meeting a 7.5% assumption rate over the next 20 years. Mr. Reynolds noted that the study does consider the probability and risk associated with trying to attain a specific assumption rate.

d. The Board discussed the 2019 Work Plan for the Board and for the Investment Committee meetings. Mr. Reynolds highlighted the timeline of the Asset Liability Study. It was noted that the timeline would likely change if there were benefit changes to the Fund.

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 he has been communicating with the City's outside counsel but has not received a response from the City regarding the payment of the 2012 13th Check. He noted that his office has requested discovery from the City that was due the week after this meeting. Mr. Keller noted that the City has been speaking with Tallahassee regarding the prefunding of the benefit. Mr. Keller also noted that the City was clear on the Board position that any settlement must include the payment of the 2012 13th check.

Mr. Cohen stated that he believed that the payment of the 2012 13th check was the only outstanding issue but that he had yet to receive the counterproposal from the City.

b. BLB&G LLP Retainer Agreement

Mr. Cohen provided the Board with the Retainer Agreement for BLB&G.

c. Review Sunshine Law

Mr. Cohen reviewed the Sunshine Law with the Board.

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. He noted the conditions of the session.

Mr. Cohen advised the Board that Ms. Bailey was recently subpoenaed regard a member's post-divorce Court appearance and he attended the hearing. In response to

a question, Mr. Cohen explained the difference between a QDRO, an ERISA benefit which the fund would not implement and an Income Deduction Order which the Fund would implement. Trustee Shaw noted that there was currently a child support payment in place that needed to be corrected so that it addressed to the Fund. It was currently addressed to the City,

Trustee Cassidy inquired about the filing of financial disclosures with the Supervisor of Election. All Trustees noted that they had not yet received them from their respective counties. Mr. Cohen advised that Trustees could download the forms themselves by going online.

7. EXECUTIVE DIRECTOR'S REPORT

a. City Commission Communication

The Board received the City Commission Communication with recommended changes.

b. Ms. Bailey provided the Board with the renewal of the Public Official Bond. She advised the Board that the cost of the bond was \$4,375.00 and covered the Chair, Vice Chair, Secretary, Executive Director and Pension Coordinator at a limit of \$250,000 per official. The Board requested information on increasing the limits.

MOTION made by Trustee Ramos, seconded by Trustee Keller, to approve the renewal of the Public Official Bond. In a voice vote of the members present, all members voted in favor. **Motion** passed 6-0.

c. Communications from the Executive Director

- Ms. Bailey requested that the Board allow the Director of Finance of the City of Hollywood to authorize deposits only to the Wells Fargo Bank Account to expedite the Employee and Employer Contribution Deposit process.

MOTION made by Trustee Keller, seconded by Trustee Howell, to allow the Director of Finance of the City of Hollywood to authorize deposits only to the Wells Fargo Bank Account. In a voice vote of the members present, all members voted in favor. **Motion** passed 6-0.

- Ms. Bailey asked the Board to consider a merger of the Investment and Governance Committees as they cover related responsibilities. The Board agreed. The Board discussed the possibility of making the Investment meeting a quarterly meeting.
- Ms. Bailey advised the Board that the proposed ordinance amendments would be available for a vote of the membership shortly and that the parties involved in the negotiations of new employee contracts have requested that the Ordinance vote be expedited. Ms. Bailey advised that a print shop would be utilized to print the retiree ballots.
- The Board inquired about the recommendation to rectify the benefits and beneficiary selection of retirees who elected the 100% joint and equal benefit option with non-spousal beneficiaries more than 10 years younger after April 2002 that may not be in compliance with the Internal Revenue Code. Mr. Cohen advised that the research was ongoing and that there may be a way to grandfather those selection in so that they could remain.

MOTION made by Trustee Keller, seconded by Trustee Cassidy, to extend the meeting by 10 minutes. In a voice vote of the members present, all members voted in favor. **Motion** passed 6-0.

- Ms. Bailey advised that 38 retirees had not responded to the Life Certificate request. She noted that we had not received any communications from these members after numerous attempts to reach them, starting in December 2018. She recommended that the Board send one final communication to these member advising that their benefits would be discontinued in June, until we receive the life certificate. She further recommended that the Board use an investigative service to try and locate these individuals. The Board discussed various courses of action.

MOTION made by Trustee Keller, seconded by Trustee Cassidy, to conduct a death search, to use the investigator in an attempt to locate the retirees, and if the results are unsuccessful to discontinue the benefit payments until we locate the retiree. In a voice vote of the members present, all members voted in favor. **Motion** passed 6-0.

- Ms. Bailey advised the Board that the Annual Duty Disability Tax Audit was being conducted.

8. **PUBLIC COMMENTS**

There were no Public comments.

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

Trustee Keller advised the Board that the City had initiated a forensic audit of the Fire Pension Fund's loan program.

10. **ADJOURNMENT**

MOTION made by Trustee Ramos, seconded by Trustee Cassidy to adjourn the meeting. In a voice vote by the members present, **Motion** passed 6-0. Meeting adjourned at 12:15p.m.



Phyllis Shaw, Chair



Date