

**MINUTES**  
**REGULAR PENSION BOARD MEETING**  
**CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND**  
**TUESDAY, JULY 23, 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 9:12am), Secretary Robert Strauss, Christopher Cassidy, Jeffery Greene (Arrived at 9:17am), and Cintya Ramos. Also present: Executive Director Christine Bailey; Keith Reynolds and Rosa Limas (telephonically) of Segal Marco; and Ronald Cohen of Rice Pugatch Robinson Storfer & Cohen.

Charles Howell was absent and excused.

a. July 23, 2019 Regular Board Meeting Agenda

**MOTION** made by Trustee Strauss, seconded by Trustee Ramos, to adopt the July 23, 2019 Regular Board Meeting Agenda. In a voice vote of the members present, all members voted in favor. **Motion** passed 4-0.

**3. CONSENT AGENDA**

- a. June 25, 2019 Regular Meeting Minutes
- b. Ratification of Distributions (Contributions and DROP) and Plan Expenses
- c. Approval/Ratification of New Retirements/DROP/Vested/Death Annuities

Trustee Strauss requested that the minutes be amended to reflect that he did not note, but that he inquired, if the City would sue individual retirees. He also asked that requested employer contribution be changed to required employer contribution.

**MOTION** made by Trustee Robert Strauss, seconded by Trustee Keller, to approve the Consent Agenda Items with the amendments to 3a. 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 March 31, April 30, and May 31, 2019 Final and June 30, 2019 Draft Financial Operations and Investment Summary.
- b. Ms. Bailey provided the Board with the Budget Variance Report as of June 30, 2019.
- c. Ms. Bailey also provided the preliminary draft of the Fiscal Year 2020 Proposed Budget for review. Trustees requested that all individual manager fees be listed on the budget report.

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

- a. June 2019 Flash Performance Report  
Mr. Reynolds provided the Board with the Flash Performance Report for June 30, 2019. He noted that the market value of the assets were \$338.3 million and that the Fund was up 2.64%. In response to a question regarding Brandes, Mr. Reynolds noted that the manager would be reviewed after the asset liability study.

b. First Quarter Performance Report

Mr. Reynolds reported the Fund's performance for the quarter ended March 31, 2019. He noted that the assets were up \$15 million and that once the asset liability study was completed, the board would review manager allocations. He also noted that investment and manager selections had benefited the Fund. He stated that for the ten-year period, the fund outperformed the policy index and the Fund performance was slightly below the top quartile of its peers, public plans with less than \$500 million and 40-70% equity. He noted that the fund also had less risk and higher returns than the policy index. So while the Index was down by -4.06%, the fund was down only -3.55%.

Trustee Strauss noted that the Fund was no longer in the Top quartile. Mr. Reynolds responded, noting that the markets have performed very well at a time when the Fund divested into private markets, which were still in the early stages of the investments. He noted that the Fund would have had to take on more risk and remain in the public markets to realize higher returns.

c. SMID CAP Growth Manager Approval

Mr. Reynolds noted that Loomis Sayles had agreed to the lower fees requested by the Board. He recommended that the investment with Loomis be \$15 million. He noted that the assets would be moved from the Northern Trust Account.

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

d. Wells Fargo/Principal Custody Update

Ms. Limas, after agreeing to be recorded, provided the Board with an update of the Wells Fargo/Principal transition. Ms. Limas advised that the custody and benefits services are now under Principal. She noted that she did not expect there to be changes for its clients in the next 18-20 months. She noted that Segal had some clients that would be changing custodians because they did not want to be a part of this transition process. She noted that the Fund should expect a letter of acknowledgement where the Fund would acknowledge the purchase.

She noted that Principal was committed to no disruptions of client services and asked that if any disruptions occur, that the Fund notify Segal. In response to a question, Ms. Limas noted that 20% of the approximately 50 Segal clients with Wells Fargo relationships have requested RFIs or full searches. She noted that none of these were public fund clients.

e. Mr. Reynolds provided the Board with the 2019 Work Plan for the Board and for the Investment Committee meetings. Mr. Reynolds noted that the amount of investment meeting had been reduced. The Board requested that the September 2019 Board meeting be a presentation of the ALM Study and not a Final Report as the Board may have additional questions after the August Investment Committee Meeting.

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 met with Mr. Gonzales, Mr. Fallik, Mr. Keller – in his capacity as Assistant City Manager, and Ms. Bailey. He advised the Board that he believed there would be two payments, the 2012 13<sup>th</sup> check

payment and the prefunding contributions. Mr. Keller advised that the City was seeking approval from the State to amortize the payment of the outstanding prefunding contributions. He noted that he anticipated a response from the State in an August 5<sup>th</sup> conference call. He further noted that if this issue is resolved, there would be no need to pursue litigation.

Mr. Strauss noted that time was precious to the retirees. Mr. Keller noted that the approval of the Commission would also still be required. Mr. Cohen noted that there would be a status conference on the litigation in the complex litigation court on July 24, 2019 at which time, he expects the court to set some deadlines. Trustees Greene and Keller thanked the individuals and organizations that were working on the resolution of this matter as well as the pension restoration.

b. Segal Asset Liability Agreement

Mr. Cohen advised that the agreement was somewhat different from the presentation and that the fee schedule did not include any notation that a second report would be at no cost. However, he noted that since the restoration of benefits is complete there would be no need for two reports.

**MOTION** made by Trustee Greene, seconded by Trustee Strauss, to approve the Segal Asset Liability Agreement. In a voice vote of the members present, all members voted in favor. **Motion** passed 6-0.

c. Eligibility of Transfer Participants to Join DROP.

Mr. Cohen advised that, with restoration of benefits, police officers, who are members of this plan as a result of having serviced and having credited service in this plan, were eligible to participate in the DROP. Trustee Shaw noted that precedent was set in the past that allowed members in similar situations to join the DROP and that we should continue the practice. Trustee Keller noted that the City Attorney was of the same opinion.

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.

Trustee Cassidy inquired about the calculation of the transferred participants. Ms. Bailey advised that the calculation was based on current salary but she would confirm and advise the Board.

Mr. Cohen noted that we had communicated with Mr. Kerr and that Mr. Kerr has requested that the Board hold a hearing, so at the next meeting the Board will adopt a formal hearing design at the next meeting.

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

## 7. EXECUTIVE DIRECTOR'S REPORT

a. Communications from the Executive Director

- Ms. Bailey advised that 10 retirees had not returned the life certificates and of those 7 payments have been stopped. She noted that three

members were not stopped as she believes that they have contacted the office by phone. Forms have been resent and if not returned, these members will also be stopped in August 2019.

- Ms. Bailey advised the Board that Thea Gordon requested additional time to repay her refunded contributions beyond the current five year schedule due to hardship.

**MOTION** made by Trustee Keller, seconded by Trustee Greene, to allow Ms. Gordon to extend her repayment of contributions to nine years and that any amount due at separation will be paid in a lump sum. In a voice vote of the members present, all members voted in favor. **Motion** passed 6-0.

- Ms. Bailey advised the Board that there were potentially two claims to a member's death benefit. She noted that the beneficiary form was last updated in 2007 and that the family of the deceased claims that the relationship between the deceased member and the designated beneficiary no longer existed.
- Ms. Bailey advised the Board that a vested member, who was eligible to receive benefits since 2016, had just applied for the vested benefit and had requested that the payments be made retroactive to her first eligibility date in 2016. Ms. Bailey noted that the member had been sent the necessary forms to receive the benefit on numerous occasions since 2016 and that the forms were never returned. She noted that the member opted not to submit the application forms previously. Ms. Bailey noted that after discussion with Mr. Cohen, it was determined that the benefit would only be paid retroactively to the date that the member's application was received. She advised the Board that the member stated that she would sue the Fund.
- Ms. Bailey advised the Board that 149 members were eligible to participate in the DROP retroactively and had met with 68 such members. Of those, 43 elected to DROP, with 14 members retiring by the end of 2019. She noted that the Pension Office expected to complete the processing of all DROP applications by December and produce the DROP Statements as of December 2019 by March 2020.

Ms. Bailey noted that there were issues regarding members with breaks in service and how they are impacted by restoration of benefits.

- Ms. Bailey advised the Board that the Actuary's order of priorities were the Employee Benefit Statements, 415 calculations, recalculations of retiree benefits, the 100% Joint and Equal non-spousal beneficiaries who were 10 or more years younger than the retiree, and the benefit calculation certifications. She noted that the calculation of the required contribution and interest would be delayed until after the City's August 5<sup>th</sup> meeting.
- Ms. Bailey noted that the duty disability tax audit was complete. She noted that the 401(a) plan for the Pension Office staff was not yet complete. She advised the Board that Segal would be available at the August meeting to discuss the Board's insurance policies.

## 8. PUBLIC COMMENTS

Public comment was provided by Eric Alphonso.

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

Trustee Greene reminded the Board that he would not be available for the August Regular Board Meeting. He also confirmed that the Audit Committee would meet on August 6, 2019.

Trustee Keller thanked the staff for their diligence in reviewing the member records and stressed the importance of the review. He advised that Marcum was currently conducting a forensic audit of the Fire Pension Plan based on possible anomalies.

Trustee Strauss thanked the staff for the routine work as well as the work associated with the recent changes to the Fund. Trustee Shaw expressed appreciation to the staff for their work with the membership on restoration. She also thanked Mr. Cohen for his assistance to the Board. Trustee Greene expressed appreciation to the Board, City, and Staff for the work they have done on behalf of the residence of the City.

10. **ADJOURNMENT**

**MOTION** made by Trustee Strauss, seconded by Trustee Ramos to adjourn the meeting. In a voice vote by the members present, **Motion** passed 6-0. Meeting adjourned at 12:05p.m.

  
\_\_\_\_\_  
Phyllis Shaw, Chair

\_\_\_\_\_  
Date 9/24/19