

MINUTES
REGULAR PENSION BOARD MEETING
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND
TUESDAY, NOVEMBER 12, 2019 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 George Keller, Secretary Robert Strauss (telephonically), Christopher Cassidy, Jeffery Greene (arrived 9:24a.m), and Charles Howell (departed 11:25am.) Also present: Executive Director Christine Bailey; Keith Reynolds of Segal Marco; and Ronald Cohen of Rice Pugatch Robinson Storfer & Cohen.

Cintya Ramos was absent and excused.

MOTION made by Trustee Keller, seconded by Trustee Cassidy, to allow Trustee Strauss to attend the meeting telephonically. In a voice vote of the members present, all members voted in favor. **Motion** passed 4-0.

Trustee Strauss granted permission to record his participation at the meeting.

- a. November 12, 2019 Regular Board Meeting Agenda

MOTION made by Trustee Cassidy, seconded by Trustee Howell, to adopt the November 12, 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. September 24, 2019 Regular Meeting Minutes
- B. Ratification of Distributions (Contributions and DROP) and Plan Expenses
- C. Approval/Ratification of New Retirements/DROP/Vested/Death Annuities

Mr. Cohen requested that the September 24, 2019 Regular Meeting Minutes be amended to reflect his statement that the insurance company, not the Plan, recognizes its duty to defend this litigation under a reservation of rights.

MOTION made by Trustee Keller, seconded by Trustee Howell, to approve Consent Agenda Items 3a through 3c with the requested amendment to Agenda Item 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 Final June 30, 2019 through Final August 31, 2019 and the Draft September 30, 2019 Financial Operations and Investment Summaries.
- b. Ms. Bailey provided the Board with the Budget Variance Report as of September 30, 2019.

5. INVESTMENT (Keith Reynolds – Segal Marco)

- a. September 2019 Flash Performance Report
Mr. Reynolds provided the Board with the Flash Performance Report for September 2019. He noted that the market value of assets was \$332.0 million and that the fund's rate of return for the fiscal year was 3.9% based on the managers performance reports to date. He also noted that for the calendar year to date the fund was up 11.5%.
- b. Second Quarter Performance Report
Mr. Reynolds reported the Fund's performance for the quarter ended June 30, 2019. He noted that the assets were up 3.19% for the quarter and up \$19 million fiscal year to date, not including the Fund's Cash accounts. Trustee Shaw inquired about the amount

of cash being held by managers, the need to anticipate capital calls and the need to minimize transaction costs. Mr. Reynolds noted that the Segal staff worked with the Fund's staff in an effort to match outflows with inflows and minimize transaction costs.

Mr. Reynolds noted that TSW underperformed their benchmark and their peers in the three and five year periods. He stated that Segal met with TSW and Segal believed that TSW was still a good manager however he recommended that they be put on the Watch List for closer monitoring. The Board expressed their concerns that TSW underperformed its peers and agreed to put them on the Watch List. The Board also discussed the current manager on the Watch List, Brandes. The Board noted that the managers will be reviewed upon completion of the Asset Liability Study.

Trustees Shaw noted that the Board was interested in considering an emerging manager program and investments in local area managers.

c. 2019 Work Plan

Mr. Reynolds provided the Board with the 2019 Work Plan.

In response to a question about the Segal contract extension, Mr. Cohen advised that Segal agreed to the two-year contract extension and he expected to present the extension agreement to the Board at the December meeting for approval. The Board also discussed the scheduling of the January Board and Investment meetings. The Board requested that the January Investment meeting begin at 1:00pm.

MOTION made by Trustee Cassidy, seconded by Trustee Greene, to approve moving the January 28, 2020 meeting to January 21, 2020. In a voice vote of the members present, all members voted in favor. **Motion** passed 6-0.

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 noted that the monies required to pay the 2012 Supplemental Pension Distribution (2012 SPD) were transmitted to the Fund. He stated that he spoke with Mr. McCormack, the City's outside counsel, regarding the signing of the settlement agreement and the dismissal of the lawsuit. He congratulated the Board on their resolve to settle the suit, and particularly the condition that any settlement must include the payment of the 2012 SPD. Trustees thanked everyone involved on behalf of the Board and the members for their participation.

Ms. Bailey noted that the payments of the 2012 SPD had been made to all eligible retirees and beneficiaries on payroll. She noted that the office would begin identifying the beneficiaries of deceased eligible members who were not on payroll.

b. Revised Benefit Calculation – Cameron Benson

Mr. Cohen noted that a letter had been sent to Mr. Benson advising him of the overpayment of benefits and that the Fund would be recouping the overpayment. He noted that the letter included an invitation to Mr. Benson to attend the next meeting to address any concerns he may have. Trustee Shaw noted that Mr. Benson had communicate with her and he advised that any concerns he had would be sent to Ms. Bailey.

Trustee Cassidy questioned the payout of sick leave accruals. Ms. Bailey noted the sick leave payout was adjusted by the City to equal 100% of the 2002 frozen balance.

c. Segal Investment Consultant Contract Extension

Mr. Cohen noted his earlier statement.

d. Loomis Sayles Agreement

Mr. Cohen advised that the investment could proceed by amending the investment policy to allow this type of investment. He noted that he was working on the language and hoped to have a proposed amendment for the Board's consideration at the next meeting. Mr. Reynolds reminded the Board that this investment had lower fees than the similar Mutual Fund option, saving the Fund approximately \$24,000 per year.

Mr. Cohen noted that the current Investment Policy does not exclude these investment. However, the investment policy was being amended because the IRS specifically required that the investments must be incorporated as a part of the plan documents, in this case by reference in the investment policy.

e. Marcum LLP Agreement

Mr. Cohen advised the Board that the engagement letter was signed and the changes that the Board requested were included.

f. Member Considerations – 100% Joint and Survivor Beneficiary Concern

Mr. Cohen noted that there is a possibility of grandfathering the members that have already been processed. He advised that once GRS completed their testing, he will be able to determine all the options available to the Board. The Board requested estimated costs for correcting the members that are currently receiving benefits and affected by the IRS regulation.

g. Request for Executive Session to Discuss Pending Litigation

Mr. Cohen requested an Executive Session to discuss Pending Litigation with Glover v, Kolari, City of Hollywood Employees' Retirement Fund, and City of Hollywood. He noted the conditions of the session. Mr. Cohen noted that Ms. Kolari had submitted a survivor benefit application and Ms. Glover filed suit, each claiming to be entitled to the benefit. He noted that he filed a interpleader action, to avoid having to pay the benefit twice. He noted that in the filing he stated that the Fund believes Ms. Kolari was entitled to the benefit as she is the beneficiary listed on the beneficiary form. He noted that he was in contact with both attorneys and believed that they may settle. He stated that he was working with the attorneys to have the Fund retain the payments until the matter is settled.

7. EXECUTIVE DIRECTOR'S REPORT

a. City Commission Communication

The Board received the City Commission Communication with recommended changes.

b. Administrative Considerations

Ms. Bailey advised the Board that the recent restoration ordinance changes did not address clearly employees with a break in service. She asked the Board for guidance in the interpretation of hire date, whether it was a member's first hire date or last rehire date. She provided examples of employees who had various types of breaks in service and sought the Board's direction on how to implement the new ordinance for each. After discussion, Ms. Bailey requested additional time to review the matter with Mr. Cohen.

c. Communications from the Executive Director

- Ms. Bailey advised the Board that the FY2019 financial audit had begun with an initial meeting with the auditors on November 4, 2019. She noted that the auditors expected to begin their audit in early December.
- Ms. Bailey advised the Board that the State Department of Management Services conference was very informative and encouraged Trustees to consider attending in the future.
- Ms. Bailey noted that the Summary Plan Description was ready for initial review. She noted that the expected release date was January 1, 2020.

- Ms. Bailey provided the Board with lists of the current DROP participants, Planned Retirement Participants, and Retirees whose benefits have been stopped pending receipt of life certificates.
- Ms. Bailey advised the Board that a question just arose as to whether a retired transferred member is eligible to receive a 13th check. She advised that she will be reviewing the question with Mr. Cohen.
- Ms. Bailey confirmed with the Board that the eligibility dates of COLA were three years after an active or vested member begins receiving benefits, the later of three years after a DROP participant begins receiving benefits or one year after they separate from City employment, and three years after a planned retirement participant begins receiving benefits.

8. **PUBLIC COMMENTS**

There were no public comments.

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

Trustee Keller inquired about the status of the benefits recalculations. Ms. Bailey noted that she had found another benefit overpayment but that the majority of those reviewed to date were correct. She noted that there did not appear to be a pattern of overpayments but it appeared that the computer generated compensation included payments that were not pensionable,

10. **ADJOURNMENT**

MOTION made by Trustee Keller, seconded by Trustee Cassidy, to adjourn the meeting. In a voice vote by the members present, **Motion** passed 5-0. The meeting adjourned at 11:55a.m.



Phyllis Shaw, Chair

Date

January 2, 2020 (S)