## CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND

### **CALENDAR OF ITEMS**

REGULAR BOARD MEETING SEPTEMBER 22, 2020

## AGENDA ITEM 1 CALL TO ORDER

(NO BACKUP FOR THIS SECTION)

# AGENDA ITEM 2 ROLL CALL PLEDGE OF ALLEGIANCE

## AGENDA ITEM 2.A. AGENDA ADOPTION



#### CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND

2600 Hollywood Blvd. • City Hall Annex Building, 2<sup>ND</sup> Floor, Room 20 • Hollywood, FL 33020 (954) 921-3333 • (954) 921-3332 Fax • www.hollywoodpension.com

#### **AGENDA**

#### REGULAR PENSION BOARD MEETING TUESDAY, SEPTEMBER 22, 2020 at 9:00 AM

Dial In Number: 929-229-2412 Conference Code: 698362649#

#### PLEASE NOTE THAT THIS WILL BE A TELECONFERENCE MEETING ONLY

- 1. CALL TO ORDER
- 2. ROLL CALL AND PLEDGE OF ALLEGIANCE
  - A. Agenda Adoption
- 3. CONSENT AGENDA
  - A. August 2, 2020 Regular Meeting Minutes
  - B. Ratification of Distributions (Contributions and DROP) and Plan Expenses
  - C. Approval/Ratification of New Retirements/DROP/Vested/Death Annuities
- 4. FINANCIAL
  - A. Review of Assumptions for the Actuarial Valuation Report as of October 1, 2020
  - B. Financial Reports and Investment Summary
  - C. Fiscal Year 2021 Proposed Budget
- 5. INVESTMENT (Segal Marco Advisors)
  - A. August 2020 Flash Performance Report
  - B. Investment Policy Update
  - C. Emerging Manager Program
  - D. Work Plan 2020
  - E. Board Insurance Update
- 6. LEGAL (Ron Cohen Rice, Pugatch, Robinson, Storfer and Cohen.)
  - A. Disability Application Ifatunbi Adefunmi
  - B. Update on Member Request Stephanie Szeto
  - C. Update on Investment Contract
  - D. Board Meeting Requirements
- 7. EXECUTIVE DIRECTOR'S REPORT
  - A. City Commission Communication
  - B. Proposed Employee Election Process
  - C. Board Meeting Schedule October 27, 2020
  - D. Relocation Discussion
  - E. Personnel Considerations
  - F. Communications from the Executive Director
- 8. PUBLIC COMMENTS
- 9. TRUSTEE REPORTS, QUESTIONS AND COMMENTS
- 10. ADJOURNMENT

The public is invited to attend. The meeting will be conducted exclusively using electronic communications media technology. Participants, including the public, may join the meeting by telephone using the above Dial in Number and Conference Code. For additional information or if you have difficulty accessing the teleconference, please send an email to generalpensionhelp@hollywoodfl.org.

\*THIS MEETING WILL BE CONDUCTED BY MEANS OF OR IN CONJUNCTION WITH COMMUNICATION MEDIA TECHNOLOGY, THE TYPE BEING A SPEAKER TELEPHONE.\*

\*PERSONS WITH DISABILITIES WHO REQUIRE REASONABLE ACCOMMODATION TO PARTICIPATE IN AN EMPLOYEES' RETIREMENT FUND BOARD MEETING MAY CALL THE PENSION OFFICE FIVE (5) BUSINESS DAYS IN ADVANCE AT 954-921-3333 (VOICE). IF AN INDIVIDUAL IS HEARING OR SPEECH IMPAIRED, PLEASE CALL 800-955-8771 (V-TDD).\*

\*ANY PERSON WISHING TO APPEAL ANY DECISION MADE BY THIS BOARD WITH RESPECT TO ANY MATTER CONSIDERED AT SUCH MEETING OR HEARING WILL NEED A RECORD OF THE PROCEEDINGS, AND FOR SUCH PURPOSES MAY NEED TO ENSURE THAT A VERBATIM RECORD OF THE PROCEEDINGS IS MADE, WHICH RECORD INCLUDES THE TESTIMONY AND EVIDENCE UPON WHICH THE APPEAL IS MADE.\*

\*IN COMPLIANCE OF STATE LAW, THE BOARD OF TRUSTEES FINDS THAT A PROPER AND LEGITIMATE PURPOSE IS SERVED WHEN MEMBERS OF THE PUBLIC HAVE BEEN GIVEN A REASONABLE OPPORTUNITY TO BE HEARD ON A MATTER BEFORE THE BOARD. THEREFORE, THE BOARD OF TRUSTEES HAVE DETERMINED AND DECLARED THAT THEY WILL ALLOW THE PUBLIC TO COMMENT; HOWEVER, EACH PERSON IS LIMITED TO NO MORE THAN (3) THREE MINUTES TO COMMENT AT EACH MEETING.\*

\*\*TWO OF MORE MEMBERS OF THE SAME CITY BOARD, COMMISSION, OR COMMITTEE, WHO ARE NOT MEMBERS OF THE EMPLOYEES' RETIREMENT FUND BOARD MAY ATTEND THIS MEETING AND MAY, AT THAT TIME, DISCUSS MATTERS ON WHICH FORESEEABLE ACTION MAY LATER BE TAKEN BY THEIR BOARD, COMMISSION, OR COMMITTEE.\*

## AGENDA ITEM 3.A. CONSENT AGENDA

AUGUST 25, 2020
REGULAR MEETING MINUTES

### MINUTES REGULAR PENSION BOARD MEETING CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND TUESDAY, AUGUST 25, 2020 AT 9:00AM

#### 1. CALL TO ORDER

Chair Shaw called the meeting to order at 9:00a.m.

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

All attendees participated telephonically. Board Members: Chair Phyllis Shaw, Vice Chair George Keller, Secretary Robert Strauss (joined 9:12a.m.), Christopher Cassidy, Jeffrey Greene, and Charles Howell. Also present: Executive Director Christine Bailey; Keith Reynolds and Felicia Ewell of Segal Marco; Diane McNally of Segal; Sally Corbin and Leighann Thilo of USA Union Services Agency; and Ronald Cohen of Rice Pugatch Robinson Storfer & Cohen.

Adam Reichbach was absent and excused.

a. August 25, 2020 Regular Board Meeting Agenda

Ms. Bailey withdrew Agenda Item 4b.

**MOTION** made by Trustee Cassidy, seconded by Trustee Keller, to adopt the August 25, 2020 Regular Board Meeting Agenda with the removal of Item 4b. In a voice vote of the members present, all members voted in favor. **Motion** passed 5-0.

#### 3. CONSENT AGENDA

- A. July 28, 2020 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 Cassidy, seconded by Trustee Keller, to approve Consent Agenda Items 3a and 3c. In a voice vote of the members present, all members voted in favor. **Motion** passed 5-0.

Trustee Cassidy requested details on the Segal Invoice Numbered 388511 in Item 3b. Ms. Bailey advised that this amount represented the cost of the administrative service provided by Segal. She noted that the Fund anticipated taking over those responsibilities in Fiscal Year 2021.

**MOTION** made by Trustee Greene, seconded by Trustee Keller, to approve Consent Agenda Items 3b. In a voice vote of the members present, all members voted in favor. **Motion** passed 6-0.

#### 4. FINANCIAL

a. Ms. Bailey provided the Board with the Preliminary July 31, 2020 Summary. She also provided the Budget Variance Report as of July 31, 2020. Ms. Bailey advised the Board that the proposed budget for fiscal year 2020 should be available at the September meeting.

#### 5. INVESTMENT (Keith Reynolds - Segal Marco)

a. July 2020 Flash Performance Report

Mr. Reynolds provided the Board with the Flash Performance Report for July 2020. He noted that not all managers had reported their performance. He noted the Fund's market value of assets as of July 31, 2020 increased to \$343.4 million, up 3.29% for the month of July, and up 4.30% for the fiscal year to date.

Mr. Reynolds noted this return was expected to be higher as the private market returns were not included in the Flash Report. He also noted that the differences between the targeted and actual allocations of assets was the temporary transfer of assets from Brandes to the large-cap index fund. In response to a question on transition, Mr. Reynolds advised that his office, together with Mr. Cohen and Ms. Bailey, was working on finalizing the paperwork. He noted that funds were being transitioned from Brandes to the new emerging markets manager, to be selected at this meeting.

#### b. First Quarter Performance Review

Mr. Reynolds provided the Board with the First Quarter Performance Review. He noted that while the performance was negative due to the market downturn in the first quarter, the Fund had since recovered with strong performance in the second quarter and in the Month of July.

#### c. Emerging Market Presentations

Melville Bucher and Paul Sloane of Martin Currie presented their emerging market investment opportunity. In response to questions, Martin Currie representatives advised that they have a registered office in New York which services their US clients. They advised that they did not have any Florida based plans but managed funds for many US plans. They advised that the investment could be accessed through their mutual fund or comingled fund. They advised that their mutual fund operated under US law and the comingled trust was also a US Investment. They noted that the mutual fund was openended and priced daily.

Phillipe Langham, Donald Sanya, Alissa Howard, and Zeena Dahdaleh of RBC Global Asset Management presented their emerging market investment opportunity. In response to questions, RBC representatives advised that they have both a mutual fund product and a separate account. They noted that there was a comingled account but that vehicle was currently closed to new investors.

RBC Global Asset Management also advised that their mutual fund was not traded on an exchange but was priced daily. They advised that the Royal Bank of Canada does not provide any guarantees on these investments. They advised that there were a number of Florida funds invested in the strategy.

In response to questions, Mr. Reynolds advised that the investment was a 5% allocation to emerging markets or approximately \$17 million. He noted that both managers had a growth bias. He also advised that the all-in fee for each manager was 85 basis points for Martin Currie's mutual fund and 81 basis points for their comingled trust, and 88 basis points for the RBC investment.

**MOTION** made by Trustee Cassidy, seconded by Trustee Keller, to make an investment in RBC Global Asset Management. In a roll call vote of the members present, all members voted in favor. **Motion** passed 6-0.

#### d. Investment Policy Statement - Draft

Mr. Reynolds provided the Board with the final draft Investment Policy Statement 2020, including the updates resulting from the ALM study. Trustees postponed the approval of the Statement to the September meeting.

#### e. Work Plan 2020

Mr. Reynolds provided the Board with the 2020 Work Plan.

#### f. Board Insurance Update

Ms. McNally of Segal and representatives of USA Union Services Agency presented information on the 2020 renewal of the insurance policies, Cyber Liability Insurance, Employment Practices Liability Insurance, Fiduciary Liability, and Workplace Violence and Assailant Coverages.

MOTION made by Trustee Strauss to renew the insurance policies at approximately \$14,000. The Motion was not seconded. Motion died.

The Board discussed the policies and noted that there were nominal changes in the cost of coverage. Ms. McNally noted that the increase in the Workplace Violence and

Employment Practices Liability insurance coverage was due to the annualization of the initial five month policy.

**MOTION** made by Trustee Strauss, seconded by Trustee Keller, to approve the four policies presented, Employment, 2 Cyber and Workplace at the same levels of coverage with renewal fees for this year. Ms. McNally noted that the policies being considered were Cyber Liability - \$6,392, with a primary carrier cost of \$3,482 and an excess carrier cost of \$2,910; Employment Practices - \$4,028; and Workplace Violence - \$3,536 plus \$175.80 in fees and taxes. In response to a question about the Employment Practices coverage, Ms. McNally noted that cases of discrimination such as under the ADA were covered. In a roll call vote of the members present, all members voted in favor. **Motion** passed 6-0.

Ms. McNally noted that the Fiduciary Liability policy had an option to renew at the same costs with no changes in carriers, retention, or terms. She noted that the carriers agreed to the automatic renewal of the policy at the same cost of \$128,295.

**MOTION** made by Trustee Strauss, seconded by Trustee Greene, to renew the Fiduciary Policy at the same level of coverage and the same level of premium as presented at this meeting. In a roll call vote of the members present, all members voted in favor. **Motion** passed 6-0.

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

a. Private Credit Contract Updates

Mr. Cohen advised the Board that he completed the Nuveen TALF contract. He noted that he was in communication with Brightwood and had begun work on their contract and side letter. He noted that there were still open issues on the EnTrust Blue Ocean side letter.

**MOTION** made by Trustee Keller, seconded by Trustee Cassidy, to extend the meeting for 30 minutes. In a voice vote of the members present, **Motion** passed 5-1. Trustee Greene opposed the motion stating he had another appointment shortly.

#### 7. EXECUTIVE DIRECTOR'S REPORT

- a. City Commission Communication
   The Board received the City Commission Communication.
- b. Proposed Employee Election Process Ms. Bailey provided the Board with draft of the election process for an employee trustee. She requested the Board's opinion on the location of early voting and voting for the election, with a recommendation that both be held outdoors at the Pension Office. The Board concurred.
- c. Communications from the Executive Director
  - Ms. Bailey advised the Board that 79 retirees had not yet returned their 2020 Life Certificates to date.
  - Ms. Bailey advised the Board that 38 distributions remained for the FY2012 13<sup>th</sup>
    Check Settlement totaling \$225,980.28. Ms. Bailey advised that the majority of
    the remaining distributions were payments due to estates and it was anticipated
    that additional payments would be made once documentation was received.
  - Ms. Bailey advised that the Benefit Statements and the DROP Statements were sent to members. In response to a question, Ms. Bailey advised that the statements were sent interoffice to the administrative assistants in each department.
  - Ms. Bailey advised that there were two members who retired where the incorrect
    actuarial option factor was used in the calculation of their Post Frozen Benefits.
    She noted that they were not yet age 65; and therefore the incorrect benefits
    were never paid but that the members would be notified of the correction.

Regular Pension Board Meeting August 25, 2020 Page 4 of 4

- Ms. Bailey advised that she had contacted a realtor to identify possible sites for relocation, considering lease and purchase options. She advised that the current timing of the relocation was March 2021.
- Ms. Bailey provided the Board with the DROP and Planned Retirement Participant Lists.
- Ms. Bailey advised that Mr. Lalla had repaid the overpayment to him in full. She also advised that a member had applied for duty disability retirement.

#### 8. PUBLIC COMMENTS

There were no public comments.

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

Trustees acknowledged and thanked the staff of the City and Pension Office for their work under these difficult circumstances. Trustee Shaw thanked the attorney, consultants and staff for their effort in supporting the Fund.

Trustee Howell discussed the possibility of Trustees participating online educational programs offered by the International Foundation.

#### 10. ADJOURNMENT

**MOTION** made by Trustee Greene, seconded by Trustee Keller, to adjourn the meeting. In a voice vote by the members present, all members voted in favor. **Motion** passed 6-0. The meeting adjourned at 12:25p.m.

Phyllis Shaw, Chair	
Date	

## AGENDA ITEM 3.B. CONSENT AGENDA

RATIFICATION OF DISTRIBUTIONS (CONTRIBUTIONS AND DROP) AND PLAN EXPENSES

## EMPLOYEES' RETIREMENT FUND Refunds and DROP Distributions September 22, 2020 Regular Pension Board Meeting

Name	_	Refund
Refunds of Contributions		
Anglin, Jamie	\$	2,985.15
Dunleavy, Sherie		1,963.71
Hall, Brandon		6,098.10
Jenkins, Jeremiah		14,061.49
Pemsel, Althea		13,119.29
Ramos, Cintya		36,609.47
Small, Mary		1,982.25
	\$	76,819.46
	Ψ	10,010.40
<u>Planned Retirement</u>		
None		
	\$	0.00
Partial Lump Sum Distribution		
None		
DROP Distributions		
Scrivani, Lora (Final)		\$ 44,221.04
	\$	44,221.04
TOTAL:	\$	121,040.50

#### CITY OF HOLLYWOOD EMPLOYEES RETIREMENT FUND Disbursements Processed August 1, 2020 to August 31, 2020

Segal Advisors (July 2020)	\$ (4,166.67)
Segal Advisors (July 2020)	\$ (10,833.33)
Segal Advisors Inc (ALM Study)	\$ (25,000.00)
Wells Fargo Credit Card (Books & Supplies)	\$ (387.44)
Wells Fargo Custodian (April- June)	\$ (8,276.53)
	\$ (48,663.97)

## AGENDA ITEM 3.C. CONSENT AGENDA

### APPROVAL/RATIFICATION OF NEW RETIREMENT /DROP/VESTED/DEATH ANNUITIES

### EMPLOYEES' RETIREMENT FUND New Retirement/DROP/Death/Vested Annuities - Monthly Amounts September 22, 2020 Regular Pension Board Meeting

New Retirements	Future Benefit		Pension
Brady, Aproniana (Beneficiary of Gary Brady) Buchheit, Shirley (Beneficiary of James Buchheit) Ortiz, Luis - DROP 08/01/2012 Preston, Brian - VESTED 08/05/2020	none - beneficiary none - beneficiary Joint & Equal 20 Years Certain	\$ \$ \$	2,007.17 1,223.96 472.11 902.54
Benefits Stopped			
Brady, Gary - Died 07/02/2020 Buchheit, James - Died 07/24/2020 Nottell, Grace - Died 07/10/2020	Joint & Equal Joint & Half none - beneficiary	\$ \$ \$	(2,007.17) (2,447.91) 202.52

### AGENDA ITEM 4.A.

#### **FINANCIAL**

### REVIEW OF ASSUMPTIONS FOR THE ACTUARIAL VALUATION REPORT AS OF OCTOBER 1, 2020

(UNDER SEPARATE COVER)

### AGENDA ITEM 4.B.

#### **FINANCIAL**

FINANCIAL REPORTS AND INVESTMENT SUMMARY

#### **CITY OF HOLLYWOOD**

#### EMPLOYEES' RETIREMENT FUND

#### FINANCIAL OPERATIONS AND INVESTMENT SUMMARY

#### FINAL

May 31, 2020

Fiscal Year-To-Date

Investment Balances	Market Value	Book Value	Unrealized Gain (Loss)
Balance October 1, 2019	\$ 341,223,055.75	\$ 288,403,206.93	\$ 52,819,848.82
Contributions and Payments:			
City Contributions		\$ 24,216,445.00	
Employees Contributions		\$ 2,631,759.57	
Pension Disbursement		\$ (30,248,408.14)	
Administrative Expenses Net Contributions/Payments		\$ (292,696.33) \$ (3,692,899.90)	(1)
Investment Income:			
Dividends & Interest Received		\$ 3,285,490.26	
Gain on Sales (Realized Gains/(Loss))		\$ 2,945,542.00	
Commission Recapture		\$ 5,249.95	
Total Invest. Professional Fees		\$ (445,062.98)	(2)
Net Investment Income		\$ 5,791,219.23	
Balance May 31, 2020	\$ 334,343,885.72	\$ 290,501,526.26	\$ 43,842,359.46
Increase (Decrease) for the Period	\$ (6,879,170.03)	\$ 2,098,319.33	\$ (8,977,489.36)
Unreconciled	(0)070)210100)	7 2,000,010,00	0.00
Unrealized Gain (Loss) Account			
Composition of Increases (Decreases)			
AG Direct Lending			\$ (759,909.06)
Angelo-Gordon Realty			\$ (69,927.00)
Baird Core Plus Bond Fund			\$ 592,286.80
Brandes Investment Partners			\$ (1,248,275.04)
Golden Tree			\$ (652,660.80)
Gold Point Harbourvest Doyer IX49			\$ (281,069.65)
IFM Global			\$ (756,732.01)
Morgan Stanley			\$ 118,167.78
NB Crossroads			\$ 31,882.57 \$ (94,563.99)
Neuberger Short Duration			\$ (639,392.38)
Northern Trust-Extended			\$ (131,968.78)
Northern Trust			\$ (1,027,525.41)
Principal Investors			\$ (1,449,663.60)
Thompson, Siegel & Walmsley			\$ 622,044.66
Wellington International			\$ (3,230,183.45)
			\$ (8,977,489.36)
Investment Return			
Net Investment Income			\$ 5,791,219.23
Increases (Decrease) in Unrealized Gain/Loss			\$ (8,977,489.36)
Total Investment Return for the Period			\$ (3,186,270.13)
Beginning Market Value			\$ 341,223,055.75
Plus/(Less): Net Contributions/Payment			\$ (3,692,899.90)
Assets Available for Investment			\$ 337,530,155.85
Investment Return as a result of % of Assets Available for	or Investments		-0.94%

#### CITY OF HOLLYWOOD

#### EMPLOYEES' RETIREMENT FUND

#### FINANCIAL OPERATIONS AND INVESTMENT SUMMARY

#### PRELIMINARY

August 31, 2020

Fiscal Year-To-Date

Investment Balances	Market Value	Book Value	Unrealized Gain (Loss)
Balance October 1, 2019	\$ 341,223,055.75	\$ 288,403,206.93	\$ 52,819,848.82
Contributions and Payments: City Contributions Employees Contributions Pension Disbursement Administrative Expenses Net Contributions/Payments		\$ 26,711,564.00 \$ 3,556,312.02 \$ (38,772,766.21) \$ (690,491.41) \$ (9,195,381.60)	(1)
Investment Income: Dividends & Interest Received Gain on Sales (Realized Gains/(Loss)) Commission Recapture Total Invest. Professional Fees Net Investment Income		\$ 4,408,649.70 \$ 5,188,474.35 \$ 5,835.78 \$ (590,593.72) \$ 9,012,366.11	[2]
Balance May 31, 2020	\$ 334,343,885.72	\$ 288,220,191.44	\$ 46,123,694.28
Increase (Decrease) for the Period Unreconciled	\$ (6,879,170.03)	\$ (183,015.49)	\$ (6,696,154.54) 16,059,428.17
<u>Unrealized Gain (Loss) Account</u> Composition of increases (Decreases)			
AG Direct Lending Angelo-Gordon Realty Baird Core Plus Bond Fund Brandes Investment Partners Golden Tree Gold Point Harbourvest Dover IX49 IFM Global Loomis Sayles Morgan Stanley NB Crossroads Neuberger Short Duration Northern Trust-Extended Northern Trust Principal Investors Thompson, Siegel & Walmsley Wellington International			\$ (659,803.98) \$ 22,263.99 \$ 1,264,395.95 \$ (1,248,275.04) \$ 227,930.85 \$ (281,069.65) \$ (756,732.01) \$ 190,937.69 \$ - \$ (572,929.27) \$ (94,563.99) \$ 452,109.30 \$ 1,444,955.75 \$ 2,784,729.36 \$ (1,726,169.24) \$ 1,647,221.79 \$ 6,668,272.13 \$ 9,363,273.63
Investment Return Net Investment Income Increases (Decrease) in Unrealized Gain/Loss Total Investment Return for the Period  Beginning Market Value Plus/(Less): Net Contributions/Payment Assets Available for Investment		·	\$ 9,012,366.11 \$ (6,696,154.54) \$ 2,316,211.57 \$ 341,223,055.75 \$ (9,195,381.60) \$ 332,027,674.15
Investment Return as a result of % of Assets Available for	Investments		0.70%
(1) (2) Refer to Cash Payments Detail	4444	To have the state of	- NO.

#### CITY OF HOLLYWOOD EMPLOYEES RETIREMENT FUND Disbursements Processed August 1, 2020 to August 31, 2020

Segal Advisors (July 2020)	\$ (4,166.67)
Segal Advisors (July 2020)	\$ (10,833.33)
Segal Advisors Inc (ALM Study)	\$ (25,000.00)
Wells Fargo Credit Card (Books & Supplies)	\$ (387.44)
Wells Fargo Custodian (April- June)	\$ (8,276.53)
	Ø (40,000,07)
	<u>\$ (48,663.97)</u>

	FYE	2020 Expenses	FYE 2020 Disbursem	ents	ву Туре	 FYE 2020 Disbursements
September	\$	(139,577.75)				\$ 
October	\$	(17,348.40)				\$ (118,985.84)
November	\$	(41,171.30)				\$ (146,303.16)
December	\$	(33,495.55)	Admin. Expenses	\$	(690,491.41)	\$ (33,495.55)
January	\$	(104,426.57)	Total Invest. Prof. Fees	\$	(590,593.72)	\$ (104,426.57)
February	\$	(24,772.36)				\$ (24,772.36)
March	\$	(141,130.91)				\$ (141,130.91)
April	\$	(43,094.11)				\$ (43,094.11)
May	\$	(125,550.81)				\$ (125,550.81)
June	\$	(76,438.89)				\$ (76,438.89)
July	\$	(418,222.96)				\$ (418,222.96)
August	\$	(48,663.97)				\$ (48,663.97)
	\$ (	(1,213,893.58)		\$(	1,281,085.13)	\$ (1,281,085.13)

## City of Hollywood Employees Retirement Fund Budget v. Actual For Year Ending 9/30/2020 Expenses as of 8/31/2020

	Approved Budget	Aug-20	YTD Actual	Remaining Available	% Remaining Available
torracker and Farms	(A)		(B)	(A-B)	(A-B)/(A)
Investment Fees:					
Brandes Investment Partners	152,000	~	58,929	93,071	61.23%
Northern Trust-Large Cap	32,500	-	21,308	11,192	34.44%
Thompson Siegel (TSW) Wellington	138,000	-	75,024	62,976	45.63%
Custodial Fees	364,000	-	253,640	110,360	30.32%
Fees not invoiced:	35,000	8,277	26,229	8,771	25.06%
Neuberger Short Duration	172,000	-	_	172,000	100.00%
Baird Core Plus Bond	116,000	_	_	116,000	100.00%
GoldenTree Multi-Sector Fund	119,500		_	119,500	100.00%
AG Direct Lending Fund II, LP	172,500	-	_	172,500	100.00%
Morgan Stanley	234,000	_	_	234,000	100.00%
Principal	155,000	_	-	155,000	100.00%
Neuberger Berman Crossroads XXI	63,500	_	_	63,500	100.00%
HarbourVest Dover Fund IX	107,000	_		107,000	100.00%
GoldPoint Co-investment VI	107,500	-	-	107,500	100.00%
IFM Global Infrasturcture	213,000		-	213,000	100.00%
Total Invest. Professional Fees	2,181,500	8,277	435,130	1,746,370	80.05%
Administrative Fees:					
Consultants	130,000	10,833	108,333	21,667	16 670/
Accounting	25,000	29,167	66,667	(41,667)	16.67% -166.67%
Audit	20,000	23,107	19,000	1,000	5.00%
GRS-Actuarial and other Fees	73,500	_	40,924	32,576	44.32%
Medical Svcs (Disability Verification)	41,000	_	~0,524	41,000	100.00%
Rice - Board Attorney	90,000	_	76,147	13,853	15.39%
Total Admin. Professional Fees	379,500	40,000	311,071	68,429	18.03%
Personnel Expenses:					
Total Salaries	252,000	-	191,931	60,069	23.84%
Salaries-Temp	4,000	•	-	4,000	100.00%
Taxes & Benefits	73,500	-	79,567	(6,067)	-8.25%
Insurance	160,000		146,075	13,925	8.70%
Total Personnel Expenses	489,500	-	417,573	71,927	14.69%
Other Expenses:					
Training/Travel:					
Continuing Education/Dues	53,000	325	22,513	30,487	57.52%
Training-Travel, Meals & Lodging	42,000	-	23,235	18,765	44.68%
Participant/Member Education	5,000	-	-	5,000	100.00%
Equip Rent	4,000	-	1,450	2,550	63.74%
Printing Cost	7,000	-	958	6,042	86.32%
Supplies	7,500	62	1,360	6,140	81.87%
Furniture/Equipment	2,500	-	-	2,500	100.00%
Postage	8,000	-	605	7,395	92,44%
Total Other Expenses:	129,000	387	50,121	78,879	61.15%
Administrative Expenses	998,000	40,387	778,765	219,236	21.97%
Contingency Reserves	370,000		<u> </u>	370,000	100.00%
Total Costs FYE 2020	\$ 3,549,500	\$ 48,664	1,213,895	2,335,605	65.80%
FYE 2019 Expenses Paid 2020			206,769		
Less FYE 2020 Prepaid Exp Paid 2019	Man		(139,578)		
Total Expenditures FYE 2020	\$ 3,549,500	\$ 48,664 \$	1,281,086	\$ 2,335,605	65.80%
Manual Adjustments:		1.5 12.1		a to the state of	
YTD Total Salaries & Benefits accruals		36,070	72,140	(72,140)	-39.00%
Manager fees not invoiced Separately			:	(1,095,000)	-75.00%
Total Expenses (including accruals)	\$ 3,549,500	\$ 84,734 \$	1,353,226	\$ 1,168,465	32.92%

## AGENDA ITEM 4.C. FINANCIAL

PROPOSED FISCAL YEAR 2021 BUDGET (UNDER SEPARATE COVER)

## AGENDA ITEM 5.A. INVESTMENT

### AUGUST 2020 FLASH PERFORMANCE REPORT

(UNDER SEPARATE COVER)

# AGENDA ITEM 5.B. INVESTMENT INVESTMENT POLICY UPDATE

### CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND

#### Statement of Overall Investment Objectives and Policy

Adopted: November 23, 2004 Effective: December 25, 2004

Amended:

May 2006 March 2008 July 2008 February 2015 March 2016 March 2017 June 2018 December 2019 September 2020

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The Board of Trustees of the City of Hollywood Employees' Retirement Fund (the "Fund") hereby adopts this Statement of Investment Objectives and Policy (the "Statement"). The purpose of the Statement is to set forth the investment objectives and guidelines applicable to Fund investments, and will be incorporated into all existing and any future investment management agreements with each investment manager (the "Investment Manager") retained by the Fund. Each such Investment Manager shall acknowledge and agree to the objectives set forth in the Statement and the manager specific guidelines appended as Exhibit "A" hereto (the "Guidelines").

This investment policy establishes and sets forth objectives and policies that the City of Hollywood Employees' Retirement Fund ("Fund") is to adhere to in the administration of its investments. This policy is adopted in accordance with Section 112.661, Florida Statutes, and upon adoption by the Board of Trustees ("Board") will be filed with the State of Florida Department of Management Services, the City of Hollywood and the Fund's consulting actuary.

One of the primary objectives of this Statement and Guidelines is to foster an effective working relationship with the Investment Managers through a discipline of good communication. The Statement and Guidelines are intended to provide the Board and the Investment Managers with a foundation from which to formulate specific investment strategies and goals so that the Board and any independent investment consultant retained by the Fund (an "Investment Consultant") can effectively implement the Fund's investment policies and strategies, as well as evaluate the performance of the Investment Manager and oversee the management of Fund investments in a prudent manner.

This Statement is not intended to remain static. The Board and its Investment Consultant will periodically review the Statement and update it as necessary. Recommendations for its modification from the Investment Manager are expected when investment conditions so warrant.

The Board is charged with the responsibility for the investment of the assets of the Fund. Board members shall discharge their duties solely in the interest of the participants and beneficiaries and for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the Fund. They shall discharge their duties with the care, skill, prudence and diligence under the circumstance then prevailing that a prudent man, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with like aims; by diversifying the investments of the Plan so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

In performing their investment duties, the Board and to the extent legally permissible, its investment managers, shall comply with the fiduciary standards set forth in ERISA (Employee Retirement Income Security Act of 1974, as amended [29 USC 1104 (a) (1) (A) - (C)] and section 112.656, Florida Statutes.

INTRODUCTION SECTION I

It is the intention of the Board to allow each Investment Manager full investment discretion in investing its Account within the scope of this Statement and the Guidelines. The Board and the Investment Manager agree that this Statement and the Guidelines are incorporated into the investment management agreement between them (the "Agreement") and shall be considered by the Investment Manager in formulating its strategy for investing the Fund's assets. This Statement and the Guidelines shall control in the event of any conflicting provisions set forth in the Agreement.

The balance of this document is organized into the following components:

- A. <u>Investment Objectives (Section II)</u>: The investment objectives that the Board judges to be appropriate and prudent to implement their strategic planning for the investment of the Fund's assets;
- B. <u>Investment Policies (Section III)</u>: The general investment policies and objectives and performance expectations for the Investment Managers;
- C. <u>Performance Measurement (Section IV)</u>: The approach that the Board will use to measure the investment performance of each Investment Manager and to ensure that the Fund remains invested in accordance with the principles set forth in this Statement;
- D. <u>Account Investment Policies (Section V)</u>: The general investment policies and objectives of the Investment Manager's Account;
- E. <u>Communication and Reporting (Section VI)</u>: Accounting and reporting guidelines for purposes of measuring the performance of the Investment Managers;
- F. <u>Proxy Voting Policies (Section VII)</u>: Specific rules setting forth the Investment Managers' right and obligation to vote proxies appurtenant to Fund securities.

A. The investment horizon of the Fund is long term. The Fund's primary investment objective is to maximize the total rate of return subject to the preservation of capital, while assuming less risk than 100% exposure to equities and or fixed income provides.

Preservation of capital encompasses two goals:

- > minimizing the risk of loss of principal for the Fund as a whole; and
- minimizing the erosion of principal value through inflation.
- B. The primary means by which capital preservation is to be achieved is through diversification of the Fund's investments across asset classes. The appropriate level of risk for the Fund was determined by examining the risk and reward of numerous asset allocation alternatives as presented by, and formulated in consultation with, the Investment Consultant. Within each asset group, further diversification is to be achieved through investment in securities across numerous industries and sectors as determined in the sole and absolute discretion of the Investment Managers in accordance with the Agreement, this Statement and the Guidelines.
- C. No distinction need be made between realized and unrealized capital gains or losses. All investment income of an Account and all realized and unrealized capital gains and losses will be considered in computing the investment performance of the Account, except to the extent the Investment Manager is specifically directed otherwise in writing.
- D. The total Fund has long-term performance expectations as follows:

#### 1. Customized Index

Over a complete market cycle (3-5 years), the Total Fund has an additional investment performance goal of outperforming a weighted portfolio comprised of a mix of 17.5% S&P 500 Index / 10.0% Russell 2500 Index /12.5% All Country World ex US (net) Index / 5.0% MSCI Emerging Markets (net) Index / 2.5% NCREIF ODCE Equal Weighted Index, 3.0% NCREIF Property Index, 2.0% NCREIF Property Index + 300 basis points, 10.0% Russell 3000 + 300 bps, 2.5% CPI + 350 basis points, 35.0% Bloomberg Barclays Aggregate Bond Index.

Given that private market investment allocations may take a period of time before being fully implemented, an Intermediate Customized Index may be used to approximate the actual allocation of the Fund in the interim.

#### 2. Actuarial Assumption

The Fund's investment program will be designed to achieve a minimum investment performance goal as measured over a complete market cycle, equal to its actuarial assumption, which is currently 7.5%.

For each actuarial valuation, the Board will determine the total expected annual rate of return for the current year, for each of the next several years, and for the long term thereafter. This determination will be filed with the State of Florida's Department of Management Services, with the City of Hollywood and with the Fund's consulting actuary.

#### A. Asset Allocation and Investment Manager Structure

In order to provide an appropriate level of diversification for the Fund, Investment Managers with complementary or diverse investment styles will be retained. It is not the intention of the Board to become involved in day-to-day investment decisions. Therefore, the Board has appointed several Investment Managers to manage (including the power to acquire, or dispose of) assets within the portion of the total Fund allocated to the particular Investment Manager, in a manner consistent with the Agreement, this Statement and the Guidelines. To the extent possible, it is the intention of the Board that the investment managers competitively bid the purchase of securities when feasible and appropriate. Except otherwise required by law, the most economically advantageous bid is to be selected. Neither this Statement nor the Guidelines are intended to direct an Investment Manager to purchase or sell any specific security or to effect or refrain from effectuating any specific investment transaction for its Account. The Board will neither assume any obligation or responsibility for the direct management of Account assets allocated to the Investment Manager nor be liable for any acts or omissions of the Investment Manager that result in any loss to the Account.

#### **B.** Asset Deployment Policy

The guidelines that the Board of Trustees has adopted for the overall allocation of the Fund's assets are as follows:

Asset Allocation	Target (%)	Ranges (%)
Domestic Equity	27.5	20-35
Large Cap	17.5	10-25
Small + Mid Cap	10.0	5-15
International Equity	17.5	10-25
Developed Markets	12.5	7.5-17.5
Emerging Markets	5.0	2-8
Fixed Income	35.0	25-45
Short	10.0	5-15
Core Plus	12.5	7.5-17.5
Multi-Sector	3.75	2-6.5
Direct Lending	8.75	0-14
Private Real Estate	7.5	0-12.5
Core	2.5	0-5
Value Added	3.0	0-5
Opportunistic	2.0	0-5
Private Equity	10.0	0-15
Global Infrastructure	2.5	0-5
Cash	0.0	0-5

To the extent necessary, an attempt will be made to match investment maturities with known cash needs and anticipated cash-flow requirements and to hold an appropriate dollar amount of investments for liquidity purposes.

#### C. Rebalancing Guidelines

The Board, with assistance from the Investment Consultant, will monitor the Fund's overall asset allocation within the parameters described above. They will do so by giving specific instructions as to the range of allowable asset classifications to individual Investment Managers and by monitoring quarterly the asset classifications actually held by such Investment Managers. The Board recognizes that markets generally do not move in concert, and that actual allocations will deviate from the targets. If the assets deviate from the ranges as outlined above, the Board will authorize rebalancing back to targets.

The performance expectations of the Board are hereby communicated to the Investment Managers in their respective Guidelines. These will include comparison to benchmark returns and standard deviations as well as universe comparisons. Quarterly performance will be evaluated to test progress toward attainment of longer-term goals.

The Board recognizes the possibility that losses may occur from time to time in an Account. The Board will not regard such losses alone as evidence of imprudence, provided that the overall investment performance of the Investment Manager is consistent with the objectives set forth in this Statement and the Guidelines, relevant investment industry benchmarks over appropriate time periods, and the investment style that the Investment Manager was retained to pursue (as it may be modified through subsequent written communications with the Board). It is understood that there are likely to be short-term periods during which the performance of an Investment Manager deviates from market indices. During such times, greater emphasis shall be placed on performance comparisons with investment managers employing similar styles.

Set forth below are the criteria that the Board and the Investment Consultant will use to evaluate the performance of each Investment Manager, depending upon the type of portfolio being managed. The Investment Manager will be expected to:

#### A. Domestic Equity Portfolio (Large Cap Index)

1. Achieve a rate of return that approximates the Investment Managers' respective index/benchmark.

#### B. Domestic Equity Portfolios (Small + Mid Cap)

- 1. Achieve a rate of return that exceeds the Investment Managers' respective index/benchmark net of investment management fees over a complete market cycle (3-5 years).
- 2. Achieve a positive risk/reward trade-off when compared to the respective index/benchmark.
- 3. Achieve cumulative performance results, which rank above the median of a universe comprised of equity investment managers with similar style characteristics.

#### C. International Equity Portfolios (Developed Markets + Emerging Markets)

- 1. Achieve a rate of return that exceeds the Investment Managers' respective index/benchmark net of investment management fees over a complete market cycle (3-5 years).
- 2. Achieve a positive risk/reward trade-off when compared to the respective index/benchmark.
- 3. Achieve cumulative performance results, which rank above the median of a universe comprised of equity investment managers with similar style characteristics.

#### D. Domestic Fixed-Income Portfolios (Short Duration + Core Plus + Multi-Sector)

- 1. Achieve a rate of return that exceeds the Investment Manager's respective index/benchmark net of investment management fees over a complete market cycle (3-5 years).
- 2. Achieve a positive risk/reward trade-off when compared to the respective index/benchmark.
- 3. Achieve cumulative performance results, which rank above the median of a universe comprised of fixed income managers with similar style characteristics.

#### E. Private Fixed-Income Portfolio (Direct Lending)

1. Achieve an absolute return of 10% net of investment management fees over the long term (7-10 years).

#### F. Private Real Estate Portfolios

- 1. Achieve a rate of return that exceeds the respective index/benchmark net of investment management fees over a complete market cycle (3-5 years).
- 2. Achieve a positive risk/reward trade-off when compared to the respective index/benchmark

#### G. Private Equity Portfolios

1. To outperform public benchmarks by 300 basis points net of investment management fees over the long term (7-10 years).

#### H. Global Infrastructure

1. Achieve an absolute return of 8% net of investment management fees over the long term (7-10 years).

#### A. General

The Board has sole and absolute discretion to select Investment Managers and to replace them when necessary. The Board, with the assistance of and in consultation with the Investment Consultant, will review each Investment Manager's portfolio, and meet with each Investment Manager at least annually to review the portfolio investments, investment returns, changes in the Investment Managers staff, market conditions and environment, and any other pertinent items.

Except with the advance written approval of the Board, the Investment Manager is prohibited from entering into any transactions for the Fund that are not authorized by this Statement or the Guidelines, including, without limitation, making any investment in a security or investment specifically prohibited by the Statement or the Guidelines.

#### B. Legal Compliance

The Investment Manager is expected to perform their fiduciary duties prudently. Each Investment Manager shall at all times discharge its responsibilities with respect to the Account it manages on the Fund's behalf. In addition, the investment manager(s) shall be registered as an investment manager with the Securities Exchange Commission.

Each Investment Manager appointed by the Board to execute the policy will invest plan assets in accordance with the policy and their judgments concerning relative investment values. In particular, the Investment Manager will be accorded full discretion, within policy limits, and within the requirements of applicable laws, to (1) select, purchase, and invest in, individual securities; (2) make periodic adjustments to the proportions of equity securities, fixed-income securities and cash equivalents; and (3) diversify plan assets. The Investment Managers shall discharge their responsibilities with respect to the Fund's assets in accordance with their fiduciary responsibility.

#### C. Asset Class Investment Guidelines

#### **Public Market Investments**

The Fund may invest in group trusts and/or collective trust funds described in Revenue Ruling 2011-1, and as may be updated from time-to-time. If it does so invest, the terms of the particular group trust shall be incorporated in this Investment Policy by reference.

The Fund may also be invested in institutional commingled and mutual fund vehicles. As a result, the guidelines established under the prospectus that governs the mutual fund and commingled fund vehicles supersede all other client guidelines.

A copy of the investment guidelines and objectives of the pooled vehicle shall be provided to the Board of Trustees and its Investment Consultant. In addition, should the investment guidelines and objectives be modified, the Board and its Investment Consultant shall be notified promptly in writing as to the specific change and shall be provided with a copy of the modified investment guidelines and objectives.

#### 1. Domestic Equity

Exceptions to these guidelines for separate account mandates will be noted in the Separate Account Manager Specific Guidelines found in Exhibit A of this document.

- a. Equity investments shall be made with a view towards achieving a total rate of return (market appreciation plus dividend income).
- b. All equity investments shall be of companies whose respective market capitalizations are consistent with the Investment Manager's specific benchmark. All equity securities must have a minimum capitalization of at least \$50 million.
- c. Equity investments of an Account may be made in securities such as common stocks, convertible securities including debentures, and American Depository Receipts (ADRs) or U.S. Dollar denominated stocks of foreign companies.
- d. All securities shall be of a class listed on a national securities exchange (e.g., the New York Stock Exchange, the American Stock Exchange, and the NASDAQ National Market system, or the Over-the-Counter securities) or traded in the over-the-counter market and quoted in the National Association of Securities Dealers Automatic Quotation Service.

- e. Industry and sector allocations within an Account must ensure prudent diversification and risk control.
- f. Investment in any issuer (measured at fair market value) must at all times be limited to 5% of the fair market value of an Investment Manager's Account.
- g. The maximum total account investment in any one company shall be less than 5% of that company's outstanding voting stock and less than 5% in value of all outstanding shares of all classes of stock of the issuer (assuming all conversions have been made by the account).
- h. Investment in ADRs or U.S. Dollar denominated stocks of foreign companies (measured at fair market value) must at all times be limited to 10% of the fair market value of an Investment Manager's Account.
- i. Investments in convertible securities (measured at fair market value) must at all times be limited to 5% of the fair market value of an Investment Manager's Account.

## 2. International Equity (Developed Markets + Emerging Markets)

## a. Acceptable Strategies:

International equity securities shall mean common stocks or equivalents traded on foreign exchanges. Investments in foreign securities listed on an American exchange (ADRs) are also acceptable.

## b. Diversification:

As this is a core strategy, the focus should be on investments in the MSCI EAFE countries and may include investments in emerging markets.

## 3. Domestic Fixed Income (Short Duration + Core Plus)

Exceptions to these guidelines for separate account mandates will be noted in the Separate Account Manager Specific Guidelines found in Exhibit A of this document.

The fixed income portion of an Account shall be invested in marketable fixed income securities of the first four quality grades as established by one or more of the nationally recognized bond ratings services. The average quality of all the bond holdings in an Account should be maintained at AA or better. The following instruments are acceptable:

- a. Commercial Paper or Variable Rate Notes rated P-1 by Moody's, A1 by Standard & Poor's or F1 by Fitch.
- b. Certificates of Deposit and Bankers Acceptances rated A or better by Moody's Investor's Service or equivalent by Standard & Poor's.
- c. United States Treasury Bonds, Notes and Bills.
- d. Debt instruments of the U.S. Government or its Agencies (backed by the full faith and credit of the U.S. Government).
- e. Marketable corporate debt, mortgages, and asset-backed securities rated the equivalent of BBB or better by Moody's Investors Services, Standard & Poor's, or Fitch Investor's Services. In case of split rating among the rating services, the manager shall defer to the highest rating.
- f. The effective duration of an Account should be no more than +/- 25% of the duration of the Investment Manager's benchmark, unless otherwise specified in an Investment Manager's Guidelines.
- g. Securities downgraded by any or all-rating agencies subsequent to purchase resulting in violation of quality guidelines must be sold immediately upon downgrade. If there is no immediate market for the security, then the Board must be notified that the downgraded security has not been sold. A continued effort to sell must be made and immediate notification must be provided to the Board once the security has been sold.
- h. At all times, an Investment Manager may not hold more than 5% of its Account (measured at fair market value) in any one issuer's securities other than direct obligations of the U.S. Government or its agencies.
- i. Investments in preferred stock, warrants and convertible securities (measured at fair market value) must at all times be limited to 5% of the fair market value of an Investment Manager's Account. Warrants that were received and distributed due to direct ownership of securities of a company are excluded from this limitation.
- j. An Investment Manager may invest a portion of its assets in foreign bonds.

## 4. Domestic Fixed Income (Multi-Sector)

## a. Acceptable Strategies:

The portfolio will seek to achieve its investment objective by investing principally in a portfolio of high yield bonds, leveraged loans and structured products.

## b. Diversification:

The portfolio should tactically shift its allocation between high yield bonds, leveraged loans and structured products over time to take advantage of market opportunities and protect capital during periods of market distress.

## **Private Market Investments**

The private markets portion of the Fund's assets will be invested in pooled vehicles, limited partnerships, or other types of private investments as determined by the Board in consultation with the Investment Consultant.

Any such pooled vehicle shall comply with its own investment guidelines, outlined in the Memorandum(s) and Trust Agreement(s). A copy of the investment guidelines and objectives of the pooled vehicle shall be provided to the Board of Trustees and its Investment Consultant. In addition, should the investment guidelines and objectives be modified, the Board of Trustees and its Investment Consultant shall be notified promptly in writing as to the specific change and shall be provided with a copy of the modified investment guidelines and objectives.

## 5. Private Fixed Income (Direct Lending)

The following represents a summary of the guidelines required for investment in private fixed income.

### a. Acceptable Strategies:

A diversified portfolio of illiquid private investments that provides stable and consistent cash flows over time.

## b. Diversification:

The portfolio is expected to be focused on providing cash-flow based financing to the lower end of the middle market (\$25 million or less in EBITDA), but stay at the very top of the capital structure. The portfolio is expected to focus on domestic deals and almost exclusively with private equity sponsors.

## 6. Private Real Estate (Core + Value Add + Opportunistic)

The following represents a summary of the guidelines required for investment in private real estate.

## a. Acceptable Strategies:

A diversified portfolio of institutional real estate investments.

## b. Diversification:

The investments shall be diversified across all major property types including office, residential, retail, industrial, hotel and self-storage properties and by the various geographic regions of the country.

## 7. Private Equity

The following represents a summary of the guidelines required for investment in private equity.

## a. Acceptable Strategies:

A diversified portfolio of illiquid private investments. Portfolio may include domestic and international investments in partnerships, direct co-investments, and secondary interests.

## b. Diversification:

The investments shall be diversified by economic sector, vintage year, geographic location, and by stage of company maturity.

## 8. Private Infrastructure

The following represents a summary of the guidelines required for investment in global infrastructure.

## a. Acceptable Strategies:

A diversified portfolio of infrastructure investments. Portfolio may include domestic and international investments in partnerships, direct co-investments, and secondary interests.

## b. Diversification:

The investments shall be diversified by sector, vintage year, number of transactions, and geographic location.

## 9. Cash and Cash Equivalents

Uninvested cash balances of an Account should be zero or maintained at an absolute minimum at all times (unless clearly prudent not to do so), through the prompt investment of available funds in short-term security holdings, cash equivalents (which includes only commercial paper rated A-1 or P-1, by Standard and Poor's or Moody's respectively, U.S. Government and U.S. Agency obligations, bank money market instruments, or bank certificates of deposit) or other prudent and appropriate common, collective or pooled trusts. The use of common, collective or pool trusts or funds, or "money market" instruments, is permissible only if the securities within such funds meet the general quality (and other) constraints of this Statement and the Guidelines.

Certificates of Deposit ("CDs"), maturing within 12 months, of any domestic bank meeting the standards for a "well-capitalized" bank pursuant to the FDIC Improvements Act of 1991, are appropriate investments, provided that such CDs from any single institution may not represent more than 5% of the assets of the total short-term investment account. CDs shall not exceed more than \$100,000 at any single banking institution. Any CDs purchased must have a minimum rating of three stars as rated by the Bauer Financial Group and cannot be purchased from a non-FDIC insured bank.

## 10. Other Investments

The Board, after consulting with the Investment Consultant, may authorize the use of any other investment for an Account provided that such investment is considered prudent for a retirement fund. Assets that provide appropriate diversification (specifically low correlation with existing assets) will be considered.

## 11. General Restrictions

- a. The Investment Managers may not invest in commodities, private placements (including, without limitation, gold or currency futures), direct real estate investments (unless specifically allowed), oil, gas and mineral exploration investments, and nominally public issues for which the market is severely restricted.
- b. Investment Managers are prohibited from investing in letter stocks or other unlisted or restricted securities, uncovered options, futures and forward contracts and any other such derivative

instrument; or from engaging in short sales, margin transactions or other specialized investment activities.

- c. No assets may be invested in securities whose issuers have filed a petition for bankruptcy.
- d. An Investment Manager shall not use any commingled fund (other than with respect to Cash and Cash Equivalents as specifically allowed by this statement), unless the Investment Manager notifies the Board and the Investment Consultant in advance, in writing, of its desire to use such other fund and the Board grants written approval.
- e. The Investment Managers shall not use derivative securities to increase portfolio risk above the level that could be achieved in the portfolio using only traditional investment securities or to acquire exposure to changes in the value of assets or indexes that by themselves would not be purchased for the portfolio. Under no circumstances will an Investment Manager undertake a derivative investment possessing elements of leverage or that is non-covered or leveraged to the extent that it would cause portfolio duration to exceed the limits implied by the benchmark. In addition, fixed income securities whose returns are tied to another security or currency are specifically prohibited (except warrants and convertibles referred to above).
- f. Investment in Class B mortgage derivatives is not permitted. Class B means securities the value of which changes as a multiple of the underlying security. This includes interest only and principal only bonds, inverse floaters, leveraged floaters, instruments with internal leverage and other complex leveraged securities. In addition, investment is prohibited in mortgage-backed derivative securities with any of the following characteristics: leverage, more pre-payment risk than the underlying mortgage collateral and/or risk from other tranches (including, without limitation, "Z," "Support" or "Companion" bonds).
- g. The Investment Managers may not make any investment in guaranteed insurance or other investment contracts issued by an insurance company, without the prior permission of the Board.
- h. Repurchase agreements and reverse repurchase agreements against securities are not permitted to be held in an Account, subject to the other guidelines in this Statement and the Guidelines.
- The Investment Managers may not invest in private placement or venture capital issues or unrated securities.
- j. The Investment Manager may not engage in any transaction involving loans of portfolio securities without the specific, advance written approval of the Board.

k. Foreign currency may not be purchased without the written approval of the Board.

## D. Cure Period

An Investment Manager shall be allowed a period of up to three months to remedy any instance in which its Account, due to market fluctuation, exceeds any of the percentage limitations set forth in this Statement or the Guidelines, by reducing the exposure as soon as prudently possible.

## E. Brokerage

Investment Managers must use best efforts to obtain the best execution of portfolio transaction orders placed on behalf of the Fund, through responsible brokerage firms at the best prices and at reasonably competitive commission rates. The Investment Manager acknowledges that the Plan participates in a commission recapture program and will participate in the program on behalf of the Plan to the extent that best execution of orders is achieved.

As to investments in any security for which an Investment Manager or any of its affiliates is a market maker, the Investment Manager agrees that it will not effect the transaction for that investment through itself or any of its affiliates unless (a) the Investment Manager is able to demonstrate in writing after the transaction that such trade is lawful, would not constitute a non-exempt prohibited transaction under Internal Revenue Code and (b) the Investment Manager provides the Board and the Investment Consultant written notice of such investment after the transaction.

## F. Third Party Custodial Agreement

All of the Fund's securities purchased, and all collateral obtained, shall be held in third-party safekeeping by a custodian selected by the Board, except for certificates of deposits and other time deposits, which are collateralized pursuant to Chapter 280 of the Florida Statutes, and should be properly designated as an asset of the Plan. No withdrawal of securities, in whole or in part, shall be made from safekeeping except by the authorized custodian. Security transactions between a broker-dealer and the investment managers involving purchases or sales of securities by transfer of money or securities must be made on a "delivery vs. payment" basis to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction.

## G. Internal Controls

The Board established the following internal controls to protect the Fund's investments against fraud, embezzlement, theft, mismanagement, misrepresentation by third parties, loss and error. These controls are to be reviewed by the Fund's independent auditors as part of the Fund's annual financial audit.

- > Keep duties separate to avoid collusion and fraud. The Fund's Treasurer will see that investments are recorded separately from the investment managers. Investment transactions will be reviewed prior to recording them in the general ledger to ascertain compliance with investment policy.
- > Comparison of monthly portfolio from investment manager against custodian statements to detect and investigate any differences.
- > Require third-party safekeeping, as discussed in item F. Custodian will provide statements reconciled against investment managers' statements.
- > Purchase book-entry securities only. Do not purchase bearer form or physical delivery securities.
- > Maintain delegation of and control over investment authority through written procedures or Board decisions.
- > Enter into formal agreements with the custodial bank and investment managers and require sufficient insurance coverage.

## H. Continuing Education

The Board recognizes schools and conferences as sources of continuing education on pension and investment issues. Board members shall attend two (2) pension-related seminars within the first year of service to the Pension Board. Continuing members shall attend at least one (1) pension-related program per year. Appropriate staff members must attend educational programs on a rotating basis.

## I. Reporting

An annual financial report will be distributed to the City Commission and to fund participants, which shall include investments, by type, at fair value and income earned. This report will be filed with the City Clerk as a public document and will be available to the general public.

## J. Valuation of Illiquid Investments

The Board defines an illiquid investment as one for which a generally recognized market is not available or for which there is no consistent or generally accepted pricing mechanism. Should an investment become illiquid or in the event that the fund acquires an illiquid investment, the Board shall follow the criteria set forth in Section 215.47(6), Florida Statutes, except that submission to the Investment Advisory Council is not required.

- **A.** Each Investment Manager is required to provide quarterly written reports to the Board and the Investment Consultant. The quarterly reports should contain, at a minimum, the following information:
- 1. Identity of every security held under the Account (organized by sector), with an indication of its market and book value.
- 2. Performance results compared with appropriate benchmarks.
- 3. Quality ratings of the fixed income investments including average quality.
- 4. The characteristics of the aggregate holdings of the Investment Manager's Account in comparison with the Investment Manager's particular benchmark.
- 5. A record of all proxy decisions, including, without limitation, the company name, the number of shares voted, a description of the issues voted upon, and how the shares were voted. A summary of the proxy voting for the year should also be included in the fourth quarter year-end report.
- 6. A certification, signed by an authorized officer of the Investment Manager, that no event required to be reported in Section VI.B. of this Statement has occurred in the quarter other than as reported to the Board and the Investment Consultant in writing in accordance with Section VI.B.

- **B.** Each Investment Manager must also provide in writing certain information to the Board and the Investment Consultant as soon as possible following the occurrence of an event. This information includes:
- 1. Notice of changes in organizational structure, ownership and key personnel of the firm, or financial condition. This information must be provided as soon as possible, but in no event more than 14 days after the Investment Manager knows or should know about the change.
- 2. Notice of any litigation, investigations by any governmental body, and any other pertinent information that might be material to the Fund. This information must be provided as soon as possible, but in no event more than 14 days after the Investment Manager knows or should know about the event.
- 3. A quarterly letter, no later than thirty days after quarter end, stating that the Account is in compliance with this Statement.
- 4. Any violation of this Statement or the Guidelines. This information must be provided as soon as possible, but in no event more than 5 days after the Investment Manager knows or should know about the violation.
- 5. In the event that the cumulative accrued losses in the Account exceed 10% in any calendar quarter. This information must be provided as soon as possible, but in no event more than 14 days after end of the quarter.
- 6. Any transactions that the Investment Manager has not been able to reconcile with the Custodian, after reasonable efforts to do so. This information must be provided as soon as possible, but in no event more than 5 business days after the Investment Manager learns that it is unable to reconcile a transaction with the Custodian.
- 7. The Investment Manager will provide the Fund Manager and the Investment Consultant with annual notice of the filing of its Form ADV with the SEC, as well as a copy of such filing.

- 8. Each Investment Manager must meet with the Board and the Investment Consultant as required. The Board expects to receive a written summary, which addresses the subjects identified below at least seven days prior to the meeting:
  - a. Performance for Past Period: Standard time periods for each report will be last calendar quarter, year to date, latest 12 months, 3 years, 5 years, since inception. Returns should be annualized and calculated on a time-weighted basis for the total portfolio. All returns should include income and dividends and be reported both gross and net of investment management fees.
  - b. Rationale for Performance Results: Discussion of the rationale for performance results, relating them specifically to investment strategy and tactical decisions implemented during the current review period.
  - c. Specific Near-Term Strategy: Discussion of the Investment Manager's specific strategy for the portfolio over the near-term period, with specific reference to asset mix (including cash position) and expected portfolio characteristics.
  - d. Changes in Investment Manager's Firm: Discussion of any changes in the Investment Manager's firm, including professional turnover and client accounts lost.
  - e. Changes in the Board of Trustees' Requirements: Discussion of any proposed or required modifications to the investment program and strategy.

These meetings will also provide the Investment Manager with the opportunity to explain how its investment strategy/outlook has evolved since previous meetings.

9. Each Investment Manager shall be responsible for reviewing this Statement and the Guidelines at least annually (or more frequently, as the Board or the Investment Consultant deem necessary). Whenever the Investment Manager believes that any particular guideline or objective should be changed, added or deleted, it is the responsibility of the Investment Manager to initiate communication with the Board and the Investment Consultant.

- 10. The Investment Consultant shall also be responsible for reviewing this Statement and the Guidelines on a continuous basis and promptly informing the Board in the event that the Investment consultant believes that any particular guideline or objective should be changed, added or deleted.
- 11. The Investment Managers may not act upon written or oral instructions from any person other than the full Board of Trustees or its duly authorized representatives.

The Investment Managers, rather than the Board, will have sole responsibility for voting all proxies appurtenant to the securities in the Account. In voting such proxies, each Investment Manager shall adhere to the following guidelines:

The Investment Manager shall vote each proxy in a timely manner. All actions and advice with respect to voting proxies appurtenant to portfolio securities must be taken or rendered prudently, and solely in the interest, and for the exclusive benefit, of the Fund and its participants and beneficiaries.

The Investment Manager must provide the Board with its statement of proxy voting guidelines and must adhere to such guidelines, unless inconsistent with applicable law or agreement with the Board to the contrary.

All proxies must be voted unless clearly prudent not to do so. Proxies should be vigorously voted with the interest of preserving or enhancing the security's value.

## Exhibit A SEPARATE ACCOUNT MANAGER SPECIFIC GUIDELINES SECTION VIII

The above Statement of Investment Objectives and Guidelines is hereby found acceptable to the Investment Manager, the Board of Trustees, and the Consultant. These Guidelines may be executed in counterpart copies, each of which shall be deemed an original, but all of which shall be considered the same instrument. All modifications to these Guidelines shall be in writing and signed by the Board and communicated to the Investment Manager and the Consultant before they become binding.

IN WITNESS WHEREOF this document has been approved by the Pension Board on July 26, 2018.

City of Hollywood Employees' Retireme	ent Fund
By:	Date:
Investment Manager:	
Receipt confirmed by:	Date:

## AGENDA ITEM 5.C. INVESTMENT

**EMERGING MANAGER PROGRAM** 

★ Segal Marco Advisors

# City of Hollywood Employees' Retirement Fund

What It Means, What it Offers and Ways to Approach Segal Marco Advisors Diversity Investing Initiative:

September 22, 2020

Francois Otieno
Director of Fixed Income

## **Table of Contents**

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What it Offers Section II: Ways to Approach: Portfolio Implementation Section III:

## Diversity Investing

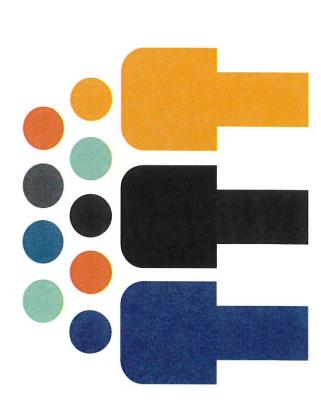
What Diversity and Inclusion Means...

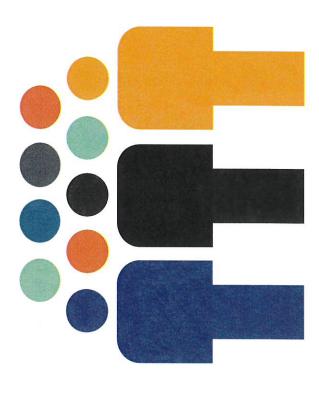
## ...to Segal Marco Advisors

Diversity involves creating a workplace comprised of unique individuals, where uniqueness is valued and differences are respected and utilized in a positive manner.

## ...in the Framework of Investing

Diversity investment inclusion fosters multiple perspectives and promotes progress in a holistic manner, without judgement and adds value to portfolios' diversification discipline.





# **Diversity Investing**The Historical and Go-Forward Perspectives

TODAY

## Historical Perspective...

Reactive

Narrowly Defined

Targeted Appetite

Optional and Piecemeal

Fragmented

Distorted

## Go-forward Perspective...

Proactive

Potential Legal Obligation

Dedicated Resources

Holistic Implementation

Front-and-Center

Widely Assessed & Measured

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Ways to Approach: Portfolio Implementation Section III:

## Diversity Investing

# Alpha Research Perspective – Potential Benefits

# We believe there are two primary components of Diversity Investing:

## 1 Small & Emerging

- > Small portfolios maintain flexibility to target overlooked opportunities relative to larger peers
- Right-sized, less competitive investment opportunities with the ability to drive performance
- Complementary due to often off-the-run, differentiated positioning relative to larger peers
- Motivated portfolio managers looking to "make a name for themselves"
- · Furthers alignment of interests
- Preferential terms relative to standard fee rates for those investing early
- Niche and/or Boutique investment strategies
- Targeted with specialized investment managers
- Diversifies total portfolio while introducing uncorrelated, differentiated alpha capture opportunities

## Diversity Investing

# Alpha Research Perspective – Potential Benefits

# We believe there are two primary components of Diversity Investing:

## 2 Minority & Women-Owned

- > Differentiated thinking relative to average portfolio management teams
- ➤ Potential to capture above-average strategy returns given cultural, "local" mindset
- Applicable to investment team's targeting international markets (outside of the United States)
- Studies suggest women-inclusive teams outperform male-only counterparts
- A broader base of perspectives and the subsequent avoidance of more blind spots reduces the failure rate of private equity deals when women hold consequential positions in deal-making processes
- ➤ Meet potential legal obligation of institutional retirement plan directors
- Recent legal directives promote that Plan participants, of all backgrounds, should have their respective assets managed by a diverse group of individuals that represent their personal values and mindset

Section I:

What it Means

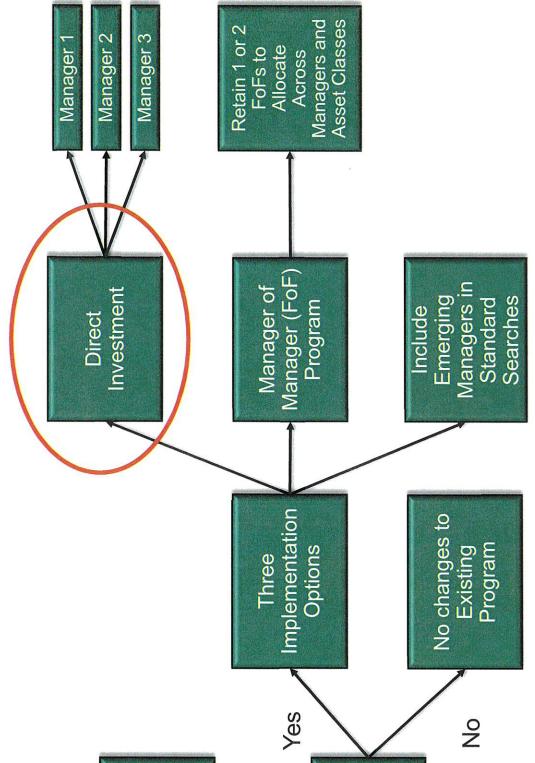
What it Offers

Section II:

Ways to Approach: Portifolio Implementation Section III:

0

Implementation Options



# Implementation Option Recommendation – Direct Investment Approach

- > Segal Marco recommends that City of Hollywood proceed as follows:
- Establish an emerging manager program structure for approval; implementation to begin 2021.
- Set an initial goal of 7.5% (or ~\$25 million) of plan assets to an emerging manager program.
- Update the IPS language for inclusion of an emerging manager program.
- Utilize 2021 Investment Ideas Discussion as a potential entry point for new mandates.
- Evaluate the emerging manager program on an annual basis to reaffirm target allocation and manager structure.

# Implementation Option Recommendation – Direct Investment Approach (continued)

- Segal Marco further recommends that City of Hollywood elect the "Direct Investment" approach for the following reasons:
- Given the recent structural changes in the manager of managers universe, there are limited "best in class" options available to clients to gain exposure across public markets with a single manager of managers platform.
- typically engender an additional layer of fees and will provide less transparency in the While a manager of managers approach will provide broader diversification, it will underlying holdings.
- However, a direct approach will provide clients full control and transparency of the program but with a limited number of managers.
- across equities and fixed income that can fill in the holes that currently exist within your The next two slides provide a sample universe of "best in class" emerging managers investment program.

# **Diversity Investing** *Alpha Research's Ongoing Efforts in the Equity Universe*

# Illustrative sample of Segal Marco's relationships with MWBE Investment Managers

Firm Name	Equity Product Coverage	MWBE Ownership Status
Manager 1	Equity Market Plus, Index	African American
Manager 2	SCV, SMID, Intl, Global	African American
Manager 3	Small Cap, Mid Cap	African American
Manager 4	Small Cap, Mid Cap	Women
Manager 5	SCV, MCC, MCV, Intl, EM	African American
Manager 6	Intl.	Women
Manager 7	927	African American
Manager 8	SCV, MCV	Women
Manager 9	Small Cap, Large Cap	African American
Manager 10	DJT	Asian
Manager 11	Intl, Global	Women
Manager 12	LCC, Intl, Global	Asian
Manager 13	Fund of Fund EM	African American/Women
Manager 14	Fund of Fund EM	African American/Women
Manager 15	Intl, Global	Women
Manager 16	Index	African American

# **Diversity Investing** *Alpha Research's Ongoing Efforts in the Fixed Income Universe*

# Illustrative sample of Segal Marco's relationships with MWBE Investment Managers

Firm Name	Fixed Income Product Coverage	MWBE Ownership Status
Manager 1	Fund of Fund Core Plus	Women
Manager 2	Private Debt	African American
Manager 3	Core	African American
Manager 4	Core	Hispanic
Manager 5	Core Plus	Hispanic
Manager 6	EMD	Hispanic
Manager 7	Core	African American
Manager 8	Core	Hispanic
Manager 9	Securitized	African American

## AGENDA ITEM 5.D. INVESTMENT WORK PLAN 2020

## City of Hollywood Employees' Retirement Fund

## Draft 2020 Work Plan\*

MEETING DATE	BOARD MEETING	INVESTMENT COMMITTEE MEETING
January 21	November Flash Report     3Q Performance Report	ALM Study Interactive Review of Potential Gandidate Portfolios.
February 25	January Flash Report     ALM Study: Review Potential Candidate Portfolios     2020 Investment Ideas Discussion	No Meeting
March 31	Market Update     February Flash Report	No Meeting
April 28	ALM Study: Delivery of Final Report     2020 Work Plan Discussion     March Flash Report	No Meeting
May 19	Private Credit Opportunities Presentations     EnTrust Blue Ocean Fund     Nuveen TALF Opportunity Fund     April Flash Report	• No Meeting
June 23	Private Credit Opportunities Presentations Bightwood Capital BC Partners May Flash Report	No Meeting
July 28	Emerging Markets Search Book Review     TSW SMID Value Discussion     Investment Policy Statement Draft     June Flash Report	No: Meeting
August 25	Emerging Markets Equity Presentations     Martin Currie = 9:30 am     RBC Global = 10:00 am     July Flash Report	No Meeting
September 22	Emerging Manager Program     Structure Considerations - Segal     August Flash Report	No Meeting
October 27	SMID Value Search Book Review     September Flash Report	No Meeting
December 8	October Flash Report	No Meeting

<sup>\*</sup>This is a working document and subject to change.

## AGENDA ITEM 5.E. INVESTMENT BOARD INSURANCE UPDATE

## City of Hollywood Employees Retirement Fund Insurance Policies

Coverage	2019/2020	2020/2021
Employment Practices Liabilities Ins (EPLI)	3,934.00	4,028.00
Fiduciary -Primary	71,774.00	71,774.00
Fiduciary -Excess 1	32,298.00	32,298.00
Fiduciary -Excess 2	24,223.00	24,223.00
Cyber -Primary	3,471.00	3,482.00
Cyber -Excess	2,218.00	2,910.00
Workplace Violence*	1,363.68	3,712.80
Commercial Umbrella	758.00	758.00
Commercial Package	1,659.75	1,797.75
Total	\$141,699.43	\$144,983.55

<sup>\*2019/2020</sup> coverage for May-Sept 2020 only



119 Pere Marquette, Suite 1A Lansing, MI 48912 ph 517.482.6700 fax 517.482.6731 www.unionservicesagency.com

## INSURANCE RENEWAL SUMMARY FOR: CITY OF HOLLYWOOD EMPLOYEES RETIREMENT FUND

Thank you for the continued opportunity to serve the needs of the City of Hollywood Employees Retirement Fund. We are pleased to present a Commercial Package and Umbrella renewal quote from Seneca Insurance Company, Inc & RT Specialty (Star Stone). The coverage highlights are as follows:

## **Commercial Package Policy**

POLICY TERMS	SENECA EXPIRING TERMS	SENECA RENEWAL TERMS		
POLICY PERIOD	09/27/2019 09/27/2020	09/27/2020 09/27/2021		
POLICY NUMBER	UCM5342775	UCM5342775		
COMMERCIAL PROPERTY: 2600 Hollywood Blvd, 2nd Floor Annex Bldg. Hollywood, FL 33020				
BUSINESS PERSONAL PROPERTY	\$20,000	\$20,400		
PROPERTY PLUS ENHANCEMENT	INCLUDED	INCLUDED		
DEDUCTIBLE	\$1,000	\$1,000		
GENERAL LIABILITY = 1 LOCATION				
AGGREGATE/OCCURENCE	\$2,000,000/\$1,000,000	\$2,000,000/\$1,000,000		
PRODUCTS/COMPLETED OPS	\$1,000,000	\$1,000,000		
PERSONAL/ADVERTISING	EXCLUDED	EXCLUDED		
DAMAGE TO PREMISES RENTED TO YOU	\$100,000	\$100,000		
MEDICAL PAYMENTS	\$5,000	\$5,000		
Н	IRED & NON OWNED COVERAGE			
HIRED AND NON OWNED	INCLUDED	INCLUDED		
TOTAL ANNUAL PREMIUM				
TOTAL ANNUAL PREMIUM w/o CERTIFIED TERRORISM (Per last years selection)	\$1,659.75	\$1,797.75		

## **Key Differences**

Seneca included a 2% inflation increase to your Business Personal Property limit.
 Please note I can remove the inflation guard and have the limit restored to \$20,000.



119 Pere Marquette, Suite 1A Lansing, MI 48912 ph 517.482.6700 fax 517.482.6731 www.unionservicesagency.com

## **Commercial Umbrella Policy**

POLICY TERMS	RT SPECIALTY EXPIRING TERMS	RT SPECIALTY RENEWAL TERMS
POLICY PERIOD	09/27/2019 - 09/27/2020	09/27/2020 09/27/2021
POLICY NUMBER	88050I191ALI	TBA
	COMMERCIAL UMBRELLA	
AGGREGATE LIMIT	\$1,000,000	\$1,000,000
OCCURRENCE LIMIT	\$1,000,000	\$1,000,000
DEDUCTIBLE	\$10,000	\$10,000
	TOTAL ANNUAL PREMIUM	
TOTAL ANNUAL PREMIUM w/ CERTIFIED TERRORISM	\$758	\$758
TOTAL ANNUAL PREMIUM w/o CERTIFIED TERRORISM	\$750	\$750

## <u>Notes</u>

• Last year terrorism was selected for a total annual premium of \$758.



## 1345 Avenue of The Americas 4th Floor New York, NY 10105 Ph: 212-437-1400 www.rtspecialty.com

20267942A

## **QUOTATION SUMMARY**

September 8, 2020

Union Services Agency

119 Pere Marquette Suite 1A Lansing, MI 48912

FROM: Wyatt Mentzinger for John Fischofer

Outlined below is a summary of the attached quotation obtained for the above noted Insured. The full quote terms, conditions and exclusions can be found on the attached quote. Please pay special attention to those items found on the quote, and note that in the event of any discrepancies between the information found on this summary and the quote itself, the quote supersedes our summary. As the broker with the direct relationship with the Insured, it is your responsibility to carefully review with the Insured all of the terms, conditions, and limitations in the quote, and to specifically reconcile with the Insured any differences between those quoted and those you requested. RT Specialty expressly disclaims any responsibility for any failure on your part to review or reconcile any such differences with the Insured.

**NAMED INSURED:** 

The City of Hollywood Employees Retirement Fund

2500 Hollywood Blvd 2nd Floor Annex Building

Hollywood, FL 33020

PRIMARY RISK ADDRESS:

2500 Hollywood Blvd 2nd Floor Annex Building

Hollywood, FL 33020

COVERAGE:

Commercial General Liability - Excess

INSURER:

StarStone National Insurance Company - Admitted

**POLICY TERM:** 

9/27/2020 - 9/27/2021

**ESTIMATED POLICY PREMIUM:** 

\$758.00

**OPTIONAL TRIA:** 

INCLUDED

FEES:

**TOTAL FEES:** 

**ESTIMATED SURPLUS LINES TAX:** 

**TOTAL TAXES:** 

TOTAL:

\$758.00

**AGENT COMMISSION:** 

10%



1345 Avenue of The Americas 4th Floor New York, NY 10105 Ph: 212-437-1400 www.rtspecialty.com

20267942A

#### SPECIAL CONDITIONS / OTHER COVERAGES:

NO FLAT CANCELLATIONS
ALL FEES ARE FULLY EARNED AT INCEPTION

For R-T Specialty to file the surplus lines taxes on your behalf, please complete the surplus lines tax document (per the applicable state requirements) and return with your request to bind. Due to state regulations, R-T Specialty requires tax documents to be completed within 24 to 48 hours of binding. Please be diligent in returning tax forms.

#### HOME STATE FOR NON-ADMITTED RISKS

Taxes and governmental fees are estimates and subject to change based upon current rates of the Home State and risk information available at the date of binding. The Home State of the Insured for a non-admitted risk shall be determined in accordance with the Nonadmitted and Reinsurance Act of 2010, 15. U.S.C §8201, etc. ("NRRA"). Some states require the producing broker to submit a written verification of the insured's Home State for our records. The applicable law of the Home State governing cancellation or non-renewal of insurance shall apply to this Policy.

#### **BINDING INSTRUCTIONS**

We will only bind coverage in writing after we receive a written request from you to bind coverage. If coverage is requested, the following items must be submitted:

There are subjectivities that:

- · must be complied with or resolved before the contract becomes binding
- apply both before or after inception, compliance with which is a condition of all or part of the coverage;
- apply after the formation of the contract as conditions of continued coverage.

Please note that this is a quote only, and the Insurer reserves the right to amend or withdraw the quote if new, corrected or updated information creating a material difference from the previously provided underwriting material is received. You must notify us of any material change in the risk exposure occurring after submission of the application. If the Insurer binds the risk following your written request, the terms of the policy currently in use by the Insurer will supersede the quote.

Any amendments to coverage must be specifically requested in writing or by submitting a policy change request form and then approved by the Insurer. Coverage cannot be affected, amended, extended or altered through the issuance of certificates of insurance. Underlying Insurers must be rated A- VII or better by A.M. Best.

This quote summary, the quote, the fees quoted and our advice, is confidential. This quote summary and the quote constitutes the entire understanding and supersedes any and all agreements and communications respecting the insurance offered. If you need further information about the quote, our fee or the Insurer that is proposing to provide your insurance, please contact us.



#### 1345 Avenue of The Americas 4th Floor New York, NY 10105 Ph: 212-437-1400 www.rtspecialty.com

20267942A

PREMIUM FINANCE (If not included in the quote document)

If the insured and the insurer agree to bind coverage and the premium will be financed, we will need the following information and, upon binding, please instruct the premium finance company to send documents to our attention. Premium Finance funds should always be paid to R-T Specialty, LLC:

Name of Premium Finance Company:	
Premium Finance Account Number:	

#### PRODUCER COMPENSATION:

In order to place the insurance requested we may charge a reasonable fee for additional services that may include performing a risk analysis, comparing policies, processing submissions, communication expenses, inspections, working with underwriters on the coverage proposal, issuing policies or servicing the policy after issuance. Third-party inspection or other fees may be separately itemized upon request. If the insured recommends an inspection company, we will endeavor to determine if it is approved by the Insurer. To the extent the insured paid us a fee for services, we represent the insured in performing those services. Our fees are fully earned and nonrefundable, except when required by applicable law. Our fees are applied to new policies, renewal policies, endorsements and certificates. Fees applicable to each renewal, endorsement and certificate will be explained in the quotes. In the event that the premium is adjustable upwards, our fees are adjustable as well and will be collected against any additional premium. The fee charged by us does not obligate the insured to purchase the proposed insurance or the Insurer to bind the proposed insurance. Our fee is not imposed by state law or the Insurer. This fee authorization shall remain operative until terminated by written notice. Depending upon the Insurer involved with your placement, we may also receive a commission from the Insurer.

We may also have an agreement with the Insurer that we are proposing for this placement that may pay us future additional compensation. This compensation is in addition to any fees and/or commissions that we have agreed to accept for placing this insurance. This compensation could be based on formulas that consider the volume of business placed with the Insurer, the profitability of that business, how much of the business is retained for the Insurer's account each year, and potentially other factors. The agreements frequently consider total eligible premium from all clients placed during a calendar year and any incentive or contingent compensation is often received at a future date, including potentially after the end of the following calendar year. Because of variables in these agreements, we often have no accurate way at the time of placement to determine the amount of any additional compensation that might be attributable to any Insured's placement. The broker with the direct relationship with the Insured must comply with all applicable laws and regulations related to disclosure of compensation, including disclosure of potential incentive or contingent compensation and the criteria for receiving such compensation, and informing the Insured that it may request more information about producer or broker compensation that might be paid in connection with the Insured's placement. RSG affiliates may also earn investment income on accounts temporarily held as fiduciary funds, and compensation as a broker, underwriting manager, reinsurance intermediary, premium finance company, claims adjuster, consultant or service provider. If vou need additional information about the compensation arrangements for services provided by RSG affiliates, please contact your RSG representative.

R-T Specialty, LLC (RT), a subsidiary of Ryan Specialty Group, LLC, provides wholesale brokerage and other services to agents and brokers. RT is a Delaware limited liability company based in Illinois. As a wholesale broker, RT does not solicit insurance from the public. Some products may only be available in certain states, and some products may only be available from surplus lines Insurers. In California: R-T Specialty Insurance Services, LLC License #0G97516.

© 2017 Ryan Specialty Group, LLC



#### Starstone National Insurance Company

Harborside 5 185 Hudson Street, Suite 2600 Jersey City, NJ 07311 (201) 743-7700 (main) (201) 743-7701 (fax) www.starstone.com

Report claims to: <u>claims@starstone.com</u>

#### 09/08/2020

To:

Wyatt Mentzinger

R-T Specialty, LLC - New York, NY 1345 Avenue of the Americas

4th Floor

New York, NY 10105

Re:

City of Hollywood Employees Retirement Fund

2600 Hollywood Boulevard 2nd Floor Annex Building

Hollywood, FL 33020

We are pleased to offer the following proposal of insurance:

Company:

StarStone National Insurance Company (Admitted, A.M. Best Rated A-XI)

Coverage:

Commercial Umbrella Insurance Policy

Forms:

SSN UMB 0005 CW (03/16) COMMERCIAL UMBRELLA LIABILITY JACKET

SSN UMB 0002 FL (03/16) COMMERCIAL UMBRELLA LIABILITY - DECLARATIONS -

**FLORIDA** 

SSN UMB 0001 CW

COMMERCIAL UMBRELLA LIABILITY INSURANCE POLICY

(03/16)

SSN UMB 0004 CW

(03/16)

SSN UMB 0003 CW

SCHEDULE OF UNDERLYING INSURANCE

SCHEDULE OF ENDORSEMENTS

(03/16)

Additional endorsements:

SSN UMB 0032 FL (03/16) CANCELLATION AND NONRENEWAL - FLORIDA CHANGES

SSN UMB 0010 CW (03/16) ABUSE OR MOLESTATION EXCLUSION

SSN UMB 0242 CW (03/16) AUTO COVERAGE - EXCLUSION OF TERRORISM

SSN UMB 0038 CW (03/16) COMMUNICABLE DISEASES EXCLUSION SSN UMB 0054 CW (03/16)

CROSS LIABILITY EXCLUSION -- BROAD FORM

SSN UMB 0065 CW (03/16) DESIGNATED EXPOSURES EXCLUSION

SSN UMB 0077 CW (03/16) **DIRECTORS AND OFFICERS LIABILITY EXCLUSION** SSN ML 0001 CW (08/17) POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM

INSURANCE COVERAGE

SSN ML 0002 CW (08/17) TERRORISM QUOTE PREMIUM DISCLOSURE

SSN UMB 0247 CW (08/17) **EXCLUSION OF OTHER ACTS OF TERRORISM COMMITTED** 

OUTSIDE THE UNITED STATES; CAP ON LOSSES FROM

CERTIFIED ACTS OF TERRORISM

SSN UMB 0248 CW (08/17) **EXCLUSION OF PUNITIVE DAMAGES RELATED TO A CERTIFIED** 

**ACT OF TERRORISM** 

SSN UMB 0107 CW (03/16) **FUNGI OR BACTERIA EXCLUSION** 

SSN UMB 0120 CW (03/16) LEAD CONTAMINATION EXCLUSION

SSN UMB 0166 CW (03/16) POLLUTION EXCLUSION (HOSTILE FIRE) SSN UMB 0177 CW (03/16) PROFESSIONAL LIABILITY EXCLUSION

SSN UMB 0217 CW (03/16) SILICA EXCLUSION

Effective date:

09/27/2020 Expiration date: 09/27/2021

Retro date: N/A

Limits of Insurance \$1,000,000 Each Occurrence

\$1,000,000 Annual Aggregate

\$1,000,000 Products/Completed Operations Aggregate

**Retained Limit:** 

N/A

Self Insured Retention:

\$10,000

In excess of:

General Liability

\$1,000,000 Each Occurrence

\$2,000,000 Annual Aggregate

\$1,000,000 Products/Completed Operations Aggregate

Hired and Non-Owned Auto Liability

\$1,000,000 Combined single limit

TRIPRA Premium:

\$8 TRIPRA cannot be rejected on this quote/binder

Total Premium:

\$758 Payable within 30 days of binding coverage.

Minimum earned: \$0

State Surcharge(if applicable):

\$0

	Limit	Premium	TRIPRA	UM/UIM	State Surcharge	<b>Total Premium</b>
*	\$1,000,000	\$750	\$8	\$0	\$0	\$758
	\$2,000,000	\$1,400	\$14	\$0	\$0	\$1,4 <b>1</b> 4
	\$3,000,000	\$2,050	\$21	\$0	\$0	\$2,071
	\$4,000,000	\$2 <i>,</i> 700	\$27	\$0	\$0	\$2,727
	\$5,000,000	\$3,350	\$34	\$0	\$0	\$3,384

#### **Subjectivities**

The following must be complied with:

This quote will remain valid for 30 days from the date of this quote or the effective date noted, whichever is earlier.

Signed ACORD 125 or ACORD 131 (or equivalent) must be retained for file.

All Underlying policies must be received within 60 days of binding and retained for file.

The Schedule of Endorsements is subject to change upon review of the underlying terms and conditions.

Note: you are granted authority to issue ACORD certificates of insurance. Certificates of insurance do not amend, extend, or modify any coverage afforded under the policy.

Thank you again for the opportunity to serve you.

Sincerely,

StarStone Online Underwriting Team

Named Insured:	Sample Endorsement
Policy No:	Sample Endorsement
Endorsement No:	
Endorsement Effective Date:	Sample Endorsement

#### COMMERCIAL UMBRELLA LIABILITY INSURANCE POLICY

#### **CANCELLATION AND NONRENEWAL - FLORIDA CHANGES**

The Policy is amended as follows:

- A. Paragraph 2. of SECTION V CONDITIONS, condition C. CANCELLATION is deleted and replaced by the following:
  - 2. Cancellation Of Policies In Effect
    - a. For 90 Days Or Less

If this Policy has been in effect for 90 days or less, we may cancel this Policy by mailing or delivering to the first **Named Insured** written notice of cancellation, accompanied by the reasons for cancellation, at least:

- (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- (2) 45 days before the effective date of cancellation if we cancel for any other reason, except we may cancel immediately if there has been:
  - (a) A material misstatement or misrepresentation; or
  - (b) A failure to comply with the underwriting requirements established by the insurer.

#### b. For More Than 90 Days

If this Policy has been in effect for more than 90 days, we may cancel this Policy only for one or more of the following reasons:

- (1) Nonpayment of premium;
- (2) The Policy was obtained by a material misstatement;
- (3) Failure to comply with underwriting requirements established by the insurer within 90 days of the effective date of coverage;
- (4) A substantial change in the risk covered by the Policy; or
- (5) The cancellation is for all insureds under such policies for a given class of insureds.

If we cancel this Policy for any of these reasons, we will mail or deliver to the first **Named Insured** written notice of cancellation, accompanied by the reasons for cancellation, at least:

- (a) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- (b) 45 days before the effective date of cancellation if we cancel for any of the other reasons stated in Paragraph 2.b.
- **B.** Paragraph **5.** of **SECTION V CONDITIONS**, condition **C. CANCELLATION** is deleted and replaced by the following:

5. If this Policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. If the return premium is not refunded with the notice of cancellation or when this Policy is returned to us, we will mail the refund within 15 working days after the date cancellation takes effect, unless this is an audit policy.

If this is an audit policy, then, subject to your full cooperation with us or our agent in securing the necessary data for audit, we will return any premium refund due within 90 days of the date cancellation takes effect. If our audit is not completed within this time limitation, then we shall accept your own audit, and any premium refund due shall be mailed within 10 working days of receipt of your audit.

The cancellation will be effective even if we have not made or offered a refund.

C. SECTION V - CONDITIONS is amended to include the following condition:

#### WHEN WE DO NOT RENEW

- 1. If we decide not to renew this Policy we will mail or deliver to the first **Named Insured** written notice of nonrenewal, accompanied by the reason for nonrenewal, at least 45 days prior to the expiration of this Policy.
- 2. Any notice of nonrenewal will be mailed or delivered to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

Named Insured:	Sample Endorsement
Policy No:	Sample Endorsement
Endorsement No:	
Endorsement Effective Date:	Sample Endorsement

#### **COMMERCIAL UMBRELLA LIABILITY INSURANCE POLICY**

#### ABUSE OR MOLESTATION EXCLUSION

The Policy is amended as follows:

**SECTION IV -- EXCLUSIONS**, is amended to include the following exclusion:

This insurance does not apply to any liability, damage, loss, cost or expense arising out of:

- 1. The actual or threatened abuse or molestation by anyone of any person while in the care, custody or control of any insured; or
- 2. The negligent:
  - a. Employment;
  - b. Investigation;
  - c. Supervision;
  - d. Reporting to the proper authorities, or failure to so report; or
  - e. Retention;

of a person for whom any **insured** is or ever was legally responsible and whose conduct would be excluded by **1**, above.

Named Insured:	Sample Endorsement
Policy No:	Sample Endorsement
Endorsement No:	
<b>Endorsement Effective Date:</b>	Sample Endorsement

#### COMMERCIAL UMBRELLA LIABILITY INSURANCE POLICY

#### **AUTO COVERAGE - EXCLUSION OF TERRORISM**

The Policy is amended as follows:

Any endorsement addressing acts of terrorism (however defined) in any underlying insurance does not apply to this Commercial Umbrella Liability Insurance. The following provisions addressing acts of terrorism apply with respect to this Commercial Umbrella Liability Insurance:

- **A.** The provisions of this endorsement:
  - 1. Apply only to **bodily injury** or **property damage** arising out of the ownership, maintenance or use of any **auto** that is a covered auto under this Policy; and
  - 2. Supersede the provisions of any other endorsement addressing terrorism attached to this Policy only with respect to **bodily injury** or **property damage** arising out of the ownership, maintenance or use of any **auto** that is a covered auto.
- **B.** The following definitions are added and apply under this endorsement wherever the term terrorism, or the phrase any injury or damage, are printed in bold text:
  - 1. Terrorism means activities against persons, organizations or property of any nature:
    - a. That involve the following or preparation for the following:
      - (1) Use or threat of force or violence; or
      - (2) Commission or threat of a dangerous act; or
      - (3) Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and
    - b. When one or both of the following applies:
      - (1) The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or
      - (2) It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.
  - 2. Any injury or damage means any injury or damage covered under any Policy or underlying insurance to which this endorsement is applicable, and includes but is not limited to bodily injury, property damage, personal and advertising injury, injury or environmental damage as may be defined in any applicable Policy or underlying insurance.
- **C.** The following exclusion is added:

#### **EXCLUSION OF TERRORISM**

We will not pay for any injury or damage caused directly or indirectly by terrorism, including action in hindering or defending against an actual or expected incident of terrorism. Any injury or damage is excluded regardless of any other cause or event that contributes

concurrently or in any sequence to such injury or damage. But this exclusion applies only when one or more of the following are attributed to an incident of terrorism:

- 1. The **terrorism** is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
- 2. Radioactive material is released, and it appears that one purpose of the **terrorism** was to release such material; or
- 3. The **terrorism** is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- 4. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the **terrorism** was to release such materials; or
- 5. The total of insured damage to all types of property exceeds \$25,000,000. In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the terrorism and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions; or
- **6.** Fifty or more persons sustain death or serious physical injury. For the purposes of this provision, serious physical injury means:
  - a. Physical injury that involves a substantial risk of death; or
  - b. Protracted and obvious physical disfigurement; or
  - c. Protracted loss of or impairment of the function of a bodily member or organ.

Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the thresholds in Paragraph C.5. or C.6. are exceeded.

With respect to this Exclusion, Paragraphs C.5. and C.6. describe the threshold used to measure the magnitude of an incident of **terrorism** and the circumstances in which the threshold will apply, for the purpose of determining whether this Exclusion will apply to that incident. When the Exclusion applies to an incident of **terrorism**, there is no coverage under this Policy.

In the event of any incident of **terrorism** that is not subject to this Exclusion, coverage does not apply to **any injury or damage** that is otherwise excluded under this Policy.

Named Insured:	Sample Endorsement
Policy No:	Sample Endorsement
Endorsement No:	
Endorsement Effective Date:	Sample Endorsement

# THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY. COMMERCIAL UMBRELLA LIABILITY INSURANCE POLICY COMMUNICABLE DISEASES EXCLUSION

The Policy is amended as follows:

#### A. SECTION IV - EXCLUSIONS, is amended to include the following exclusion:

This insurance does not apply to any liability, damage, loss, cost or expense:

Arising out of, caused by or related to any communicable disease, including any supervision, instructions, recommendations, warnings or advice given or which should have been given in connection therewith.

#### B. SECTION VI – DEFINITIONS, is amended to include the following definition:

**Communicable disease** means a disease or infection that may be transmitted directly or indirectly from one individual to another.

Named Insured:	Sample Endorsement
Policy No:	Sample Endorsement
Endorsement No:	
Endorsement Effective Date:	Sample Endorsement

#### COMMERCIAL UMBRELLA LIABILITY INSURANCE POLICY

#### CROSS LIABILITY EXCLUSION - BROAD FORM

The Policy is amended as follows:

SECTION IV - EXCLUSIONS, is amended to include the following exclusion:

This insurance does not apply to any liability, damage, loss, cost or expense:

For any actual or alleged injury to:

- 1. Any business enterprise in which any **insured** owns an interest, is a partner, or which is a parent, affiliate, subsidiary or sister company of any **insured**;
- 2. Any business enterprise directly or indirectly controlled, operated or managed by a business enterprise described in 1.;
- 3. A present, former, future or prospective partner, officer, director, stockholder or employee of any insured;
- 4. Any insured; or
- 5. The spouse, child, parent or sibling of any of the above as a consequence of 1., 2., 3. or 4.

Named Insured:	Sample Endorsement
Policy No:	Sample Endorsement
Endorsement No:	
<b>Endorsement Effective Date:</b>	Sample Endorsement

#### COMMERCIAL UMBRELLA LIABILITY INSURANCE POLICY

#### DESIGNATED EXPOSURES EXCLUSION

The Policy is amended as follows:

SECTION IV - EXCLUSIONS, is amended to include the following exclusion:

This insurance does not apply to any liability, damage, loss, cost or expense arising out of exposures that are designated in the Schedule below:

#### **SCHEDULE**

#### **Designated Exposures:**

The loss of or alteration of any electronic data, electronic information, computer applications software, computer operations software or any other similar data, information or software in any computer hardware, computer system, computer network, or the **Internet**; or

Injury or damage to any computer hardware, computer system, computer network, or the **Internet** as a result of 1. above.

As used in this endorsement, **Internet** shall mean the worldwide public network of computers as it currently exists or may be manifested in the future, including the **Internet**, an intranet, an extranet or a virtual public network.

Named Insured:	Sample Endorsement
Policy No:	Sample Endorsement
Endorsement No:	
<b>Endorsement Effective Date:</b>	Sample Endorsement

#### **COMMERCIAL UMBRELLA LIABILITY INSURANCE POLICY**

#### DIRECTORS AND OFFICERS LIABILITY EXCLUSION

The Policy is amended as follows:

A. SECTION IV – EXCLUSIONS, is amended to include the following exclusion:

This insurance does not apply to any liability, **damage**, loss, cost or expense arising from any **wrongful act** of any director or officer of the **insured** in the discharge or performance of their duties as such.

B. SECTION VI - DEFINITIONS, is amended to include the following definition:

Wrongful act means any actual or alleged error or misstatement or misleading statement or act or omission or neglect or breach of duty by the directors or officers in the discharge of their duties, individually or collectively, or any matter claimed against them solely by reason of their being directors or officers of the company.

Named Insured:

City of Hollywood Employees Retirement Fund

Type of Policy:

Commercial Umbrella Insurance

Effective Date:

09/27/2020

Insurance Company:

StarStone National Insurance Company

#### POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE

Coverage for acts of terrorism is included in your policy. You are hereby notified that under the Terrorism Risk Insurance Act, as amended in 2015, the definition of terrorism has changed. As defined in Section 102(1) of the Act: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury - in consultation with the Secretary of Homeland Security, and the Attorney General of the United States - to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. Under your coverage, any losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Terrorism Risk Insurance Act, as amended. However, your policy may contain other exclusions which might affect your coverage, such as an exclusion for nuclear events. Under the formula, the United States Government generally reimburses 83% through 2017; 82% beginning on January 1, 2018; 81% beginning on January 1, 2019 and 80% beginning on January 1, 2020, of the covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits the United States Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceeds \$100 billion, your coverage may be reduced.

#### TERRORISM INSURANCE COVERAGE PREMIUM

Terrorism coverage as defined in the Terrorism Risk Insurance Act, as amended, is included under this policy for a premium of

Limits	TRIPRA Premium	
\$1,000,000	\$8	
\$2,000,000	\$14	
\$3,000,000	\$21	
\$4,000,000	\$27	
\$5,000,000	\$34	

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THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.

Named Insured:	Sample Endorsement
Policy No:	Sample Endorsement
Endorsement No:	
Endorsement Effective Date:	Sample Endorsement

#### DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

#### SCHEDULE

#### SCHEDULE - PART I

Terrorism Premium (Certified Acts) \$

This premium is the total Certified Acts premium attributable to the following Coverage Part(s), Coverage Form(s) and/or Policy(s): Commercial Umbrella Insurance Policy

Additional information, if any, concerning the terrorism premium:

#### SCHEDULE - PART II

Federal share of terrorism losses: 83%, Year: 2017

(Refer to Paragraph B of this endorsement.)

Federal share of terrorism losses: 82%, Year: 2018

(Refer to Paragraph B of this endorsement.)

Federal share of terrorism losses: 81%, Year: 2019

(Refer to Paragraph B of this endorsement.)

Federal share of terrorism losses: 80%, Year: 2020

(Refer to Paragraph B of this endorsement.)

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

#### A. Disclosure Of Premium

In accordance with the federal Terrorism Risk Insurance Act, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under the Terrorism Risk Insurance Act. The portion of your premium attributable to such coverage is shown in the Schedule of this endorsement or in the policy Declarations.

#### B. Disclosure Of Federal Participation In Payment Of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals a percentage (as shown in Part II of the Schedule of this endorsement) of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

SSN ML 0002 CW 03 16

THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.

#### C. Cap On Insurer Participation In Payment Of Terrorism Losses

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

Named Insured:	Sample Endorsement
Policy No:	Sample Endorsement
Endorsement No:	
Endorsement Effective Date:	Sample Endorsement

#### COMMERCIAL UMBRELLA LIABILITY INSURANCE POLICY

## EXCLUSION OF OTHER ACTS OF TERRORISM COMMITTED OUTSIDE THE UNITED STATES; CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

The Policy is amended as follows:

Any endorsement addressing acts of terrorism (however defined) in any **underlying insurance** does not apply to this Commercial Umbrella Liability Insurance. The following provisions addressing acts of terrorism apply with respect to this Commercial Umbrella Liability Insurance:

#### **SCHEDULE**

Certified Acts of Terrorism	Φ.
Ceruned Acts of Terronsin	1.5
Retained Amount	1 1
Retained Amount	

- A. Coverage provided by this Policy for damages arising out of a **certified act of terrorism** applies in excess of the Certified Acts of Terrorism Retained Amount described in Paragraph B. below.
- B. SECTION II LIMITS OF INSURANCE, is amended to include the following:

The Certified Acts of Terrorism Retained amount refers to the amount stated in the SCHEDULE of this endorsement. This amount may consist of a self-insured retention, underlying insurance or a combination thereof.

The Certified Acts of Terrorism Retained Amount applies:

- Only to damages arising out of a certified act of terrorism covered under this Policy: and
- 2. Separately to each certified act of terrorism.

We will pay those sums covered under this Policy only after your Certified Acts of Terrorism Retained amount has been exhausted by means of payments for judgments or settlements. Defense expenses shall not erode the Certified Acts of Terrorism Retained Amount.

C. SECTION IV - EXCLUSIONS, is amended to include the following

exclusion: This insurance does not apply to any liability, damage, loss,

cost or expense:

#### **TERRORISM**

For any injury or damage arising, directly or indirectly, out of an other act of terrorism that is committed outside of the United States (including its territories and possessions and Puerto Rico), but within the coverage territory. However, this exclusion applies only when one or more of the following are attributed to such act:

- 1. The total of insured damage to all types of property exceeds \$25,000,000 (valued in US dollars). In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the terrorism and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions; or
- 2. Fifty or more persons sustain death or serious physical injury. For the purposes of this provision, serious physical injury means:
  - a. Physical injury that involves a substantial risk of death; or
  - b. Protracted and obvious physical disfigurement; or
  - c. Protracted loss of or impairment of the function of a bodily member or organ; or
- 3. The terrorism involves the use, release or escape of nuclear materials, or directly or indirectly results in nuclear reaction or radiation or radioactive contamination; or
- The terrorism is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- **5.** Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials.

With respect to this exclusion, Paragraphs 1. and 2. describe the thresholds used to measure the magnitude of an incident of an other act of terrorism and the circumstances in which the threshold will apply for the purpose of determining whether this exclusion will apply to that incident.

#### **D. SECTION VI – DEFINITIONS**, is amended to include the following definitions:

- 1. For the purposes of this endorsement, any injury or damage means any injury or damage covered under any Policy or underlying insurance to which this endorsement is applicable, and includes but is not limited to bodily injury, property damage, personal and advertising injury, injury or environmental damage as may be defined in any applicable Policy or underlying insurance.
- 2. Certified act of terrorism means an act that is certified by the Secretary of the Treasury, in consultation with the Secretary of Homeland Security and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a certified act of terrorism include the following:
  - a. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act;
  - b. The act resulted in damage:
    - Within the United States (including its territories and possessions and Puerto Rico); or
    - (2) Outside of the United States in the case of:
      - (a) An air carrier (as defined in Section 40102 of title 49, United States Code) or United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States), regardless of where

the loss occurs: or

- (b) The premises of any United States mission; and
- c. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.
- 3. Other act of terrorism means a violent act or an act that is dangerous to human life, property or infrastructure that is committed by an individual or individuals and that appears to be part of an effort to coerce a civilian population or to influence the policy or affect the conduct of any government by coercion, and the act is not a certified act of terrorism.

Multiple incidents of an **other act of terrorism** which occur within a seventy-two hour period and appear to be carried out in concert or to have a related purpose or common leadership shall be considered to be one incident.

- E. In the event of an other act of terrorism that is not subject to this exclusion, coverage does not apply to any liability, damage, loss, cost or expense that is otherwise excluded under this Policy.
- F. If aggregate insured losses attributable to terrorist acts certified under the federal Terrorism Risk Insurance Act exceed \$100 billion in a Calendar Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

Named Insured:	Sample Endorsement
Policy No:	Sample Endorsement
Endorsement No:	
Endorsement Effective Date:	Sample Endorsement

## THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY. COMMERCIAL UMBRELLA LIABILITY INSURANCE POLICY

## EXCLUSION OF PUNITIVE DAMAGES RELATED TO A CERTIFIED ACT OF TERRORISM

The Policy is amended as follows:

Any endorsement addressing acts of terrorism (however defined) in any **underlying insurance** does not apply to this Commercial Umbrella Liability Insurance. The following provisions addressing acts of terrorism apply with respect to this Commercial Umbrella Liability Insurance:

#### A. SECTION IV - EXCLUSIONS, is amended to include the following exclusion:

This insurance does not apply to any liability, damage, loss, cost or expense:

#### **TERRORISM PUNITIVE DAMAGES**

For damages arising, directly or indirectly, out of a **certified act of terrorism** that are awarded as punitive damages.

#### B. SECTION VI - DEFINITIONS, is amended to include the following definition:

Certified act of terrorism means an act that is certified by the Secretary of the Treasury, in consultation with the Secretary of Homeland Security and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a certified act of terrorism include the following:

- 1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
- 2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

Named Insured:	Sample Endorsement
Policy No:	Sample Endorsement
Endorsement No:	
<b>Endorsement Effective Date:</b>	Sample Endorsement

#### COMMERCIAL UMBRELLA LIABILITY INSURANCE POLICY

#### **FUNGIOR BACTERIA EXCLUSION**

The Policy is amended as follows:

#### A. SECTION IV - EXCLUSIONS, is amended to include the following exclusion:

This insurance does not apply to any liability, damage, loss, cost or expense:

- 1. Which would not have occurred, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any **fungi** or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.
- Arising out of the testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effect of, fungi or bacteria, by any insured or by any other person or entity.

This exclusion does not apply to any **fungi** or bacteria that are, are on, or are contained in, a food product intended for consumption.

B. SECTION VI – DEFINITIONS, is amended to include the following definition:

**Fungi** means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or byproducts produced or released by fungi.

Named Insured:	Sample Endorsement
Policy No:	Sample Endorsement
Endorsement No:	
Endorsement Effective Date:	Sample Endorsement

#### COMMERCIAL UMBRELLA LIABILITY INSURANCE POLICY

#### LEAD CONTAMINATION EXCLUSION

The Policy is amended as follows:

SECTION IV - EXCLUSIONS, is amended to include the following exclusion:

This insurance does not apply to any liability, damage, loss, cost or expense:

#### Arising out of:

- 1. The manufacture, mining, use, sale, installation, handling, removal, distribution, application, inhalation, ingesting, existence or consumption of, or exposure to lead or any products containing lead;
- 2. Any request, demand or order that you or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of lead:
- 3. Any claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of lead; or
- 4. The payment for the investigation or defense of any loss, injury or damage or any cost, fine or penalty, or for any expense or claim of suit related to 1., 2. or 3. above.

Named Insured:	Sample Endorsement
Policy No:	Sample Endorsement
Endorsement No:	
Endorsement Effective Date:	Sample Endorsement

#### COMMERCIAL UMBRELLA LIABILITY INSURANCE POLICY

## POLLUTION EXCLUSION (HOSTILE FIRE)

The Policy is amended as follows:

**SECTION IV – EXCLUSIONS, K. POLLUTION LIABILITY,** is deleted in its entirety and replaced with the following exclusion:

This insurance does not apply to any liability, damage, loss, cost or expense:

#### K. POLLUTION LIABILITY

- Arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of pollutants:
  - At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured;
  - b. At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;
  - c. Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for any insured or any person or organization for whom you may be legally responsible;
  - d. At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations:
    - 1) If the **pollutants** are brought on or to the premises, site or location in connection with such operations by such **insured**, contractor or subcontractor; or
    - If the operations are the test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants;

Sub-paragraphs 1.a. and 1.d.1) do not apply to **bodily injury** or **property damage** arising out of heat, smoke or fumes from a hostile fire.

As used in this exclusion, a hostile fire means one which becomes uncontrollable or breaks out from where it was intended to be.

e. For liability included within the products-completed operations hazard:

- f. that are, or that are contained in any property that is:
  - Being transported or towed by, or handled for movement into, onto or from, the covered auto:
  - 2) Otherwise in the course of transit by or on behalf of the insured; or
  - 3) Being stored, disposed of, related or processed in or upon the covered auto.
- g. Before the pollutants or any property in which the pollutants are contained are moved from the place where they are accepted by the insured for movement into or onto the covered auto; or
- h. After the pollutants or any property in which the pollutants are contained are moved from the covered auto to the place where they are finally delivered, disposed of or abandoned by the insured.
- 2. Any loss, cost or expense arising out of any:
  - a. Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of pollutants; or
  - **b.** Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of **pollutants**.

However, this paragraph **K. 2.** does not apply to liability for **damages** because of **property damage** that the **insured** would have had in the absence of such request, demand, order or statutory requirement, or such **claim** or **suit** by or on behalf of a governmental authority.

Named Insured:	Sample Endorsement
Policy No:	Sample Endorsement
Endorsement No:	
Endorsement Effective Date:	Sample Endorsement

#### COMMERCIAL UMBRELLA LIABILITY INSURANCE POLICY

#### PROFESSIONAL LIABILITY EXCLUSION

The Policy is amended as follows:

**SECTION IV – EXCLUSIONS**, is amended to include the following exclusion:

This insurance does not apply to any liability, damage, loss, cost or expense:

Arising out of:

- 1. The rendering of; or
- 2. Failure to render;

any professional services by or for you.

Named Insured:	Sample Endorsement
Policy No:	Sample Endorsement
Endorsement No:	
Endorsement Effective Date:	Sample Endorsement

#### COMMERCIAL UMBRELLA LIABILITY INSURANCE POLICY

#### SILICA EXCLUSION

The Policy is amended as follows:

SECTION IV -- EXCLUSIONS, is amended to include the following exclusion:

This insurance does not apply to any liability, damage, loss, cost or expense:

- 1. Arising out of or in any way related to the actual, alleged or threatened discharge, dispersal, emission, release, escape, handling, contact with, exposure to or inhalation, ingestion or respiration of silica or products or substances containing silica or silicon dioxide in any form including, but not limited to, silica dust, sand or otherwise, or work involving the use of or handling of silica or silicon dioxide in any form, even if other causes are alleged to contribute to or aggravate such loss, claim or occurrence.
- 2. Arising from or related to:
  - **a.** Any supervision, instruction, recommendations, warnings or advice given or which should have been given in connection with the events described in Paragraph 1.;
  - **b.** Any obligation to indemnify, defend, share damages with or repay someone else who must pay damages because of events described in Paragraph 1.; and
  - c. Any fines or penalties imposed because of events described in Paragraph 1.

# AGENDA ITEM 6.A. LEGAL

**DISABILITY APPLICATION – IFATUNBI ADEFUNMI** 

#### RICE PUGATCH ROBINSON STORFER & COHEN, PLLC

101 N.E. THIRD AVENUE, SUITE 1800 FORT LAUDERDALE, FLORIDA 33301 TELEPHONE: (954) 462-8000 FACSIMILE: (954) 462-4300

www.rprslaw.com

September 18, 2020

Via E-Mail: <u>CBAILEY@hollywoodfl.org</u>

Christine Bailey, Executive Director City of Hollywood Employees' Retirement Fund 2600 Hollywood Blvd. Annex Building, 2<sup>nd</sup> Floor Hollywood, Florida 33022-9045

Re: City of Hollywood Employees' Retirement Fund

Ifatunbi Adefunmi

Dear Christine:

You have asked me to review Ifatunbi Adefunmi's application for a job-related disability dated August 19, 2020. You have also provided voluminous materials in connection with her employment and previous applications for disability. I certainly will not discuss them all, but let me provide you with the highlights.

#### Ms. Adefunmi's Previous Applications

Ms. Adefunmi applied for a non-duty related disability in 2013 which was denied. That application is not related to her present application.

The present application states that the date of injury or onset of disease was November 19, 2013, and claims as the disabling condition the same condition that was claimed in a previous application for duty disability.

This previous application, claiming the same condition, was submitted on September 9, 2015. An Order was entered on the Initial Hearing on December 15, 2016, denying the application. Ms. Adefunmi requested a Final Hearing and after that hearing, the Board denied Ms. Adefunmi's duty-related disability application, as evidenced by a Final Order on December 14, 2017.

#### Ms. Adefunmi's Employment History

The records indicate that her employment terminated on February 18, 2016.

Christine Bailey, Executive Director September 18, 2020 Page 2

#### The Terms of The Plan

Significantly, the terms of the Plan provide that a "member" may apply for a duty disability. 33.025 (L) provides, in pertinent part:

1) Except as set forth in division (3) below, upon total and permanent disability of a member by reason of injuries sustained while in the performance of an act of duty as an active employee of the city, resulting in the inability of the member to perform the specific duties of his or her position in the service of the city, such member shall be entitled to a disability retirement benefit equal to 75% of his or her salary from the first day of disability. Based on the available medical information, the Human Resources Director shall make the final determination regarding the ability of the member to perform the specific duties of his or her position.

We must now determine if Ms. Adefunmi is a "member". The word "member" is a defined term in the ordinance and means: "any employee who participates in the Fund in accordance with the provisions of this Plan, and any retiree." This definition uses the word "employee", which is also a defined term, and means "Any person employed by the city on a full-time basis whose services are compensated in whole or in part by the city, with or without grant funds, including all employees hired on or after the effective date of this subchapter whose services are compensated on a contractual basis. All references to employees in this plan shall mean both sexes and where the male gender is used, it shall be construed to include male and female employees."

#### **Analysis**

I interpret the Ordinance to mean that only a retiree or an employee is eligible to file an application for duty disability. Since Ms. Adefunmi is not an employee or a retiree, I do not believe that she can file an application for duty related disability.

Very truly yours,

RICE PUGATCH ROBINSON STORFER & COHEN, PLLC

Ronald Cohen

Ronald J. Cohen

RJC/mlk

## EMPLOYEES' RETIREMENT FUND, CITY OF HOLLYWOOD, FLORIDA APPLICATION FOR DISABILITY RETIREMENT

1, IFATUNBI ADEFUNMI		(print name	e) currently	y employed by the
FIRE RESCUE & BEACH SAFE	7 / (Office/	Department/Divis	ion) of the (	City of Hollywood
do hereby submit the following information for	consideratio	n for disability	retirement	Sky of Honywood,
following): job related or non-job re	elated	in for alloability	i cui cine ii	(Check One of
<u></u>	/ /	•		
Date of Injury or Onset of Disease: ////	9/2013	Gee Po	lice Rep	ort)
Cause of Disability (description): PT5D.	Toxic	Klork	ENIN	ort) RONMENT
(See attached narrative 18	Pgs.)		<u> </u>	EU TONIE PUT
Nature and Extent of Disability:			!	
Probable Duration of Disability:	PE	RMANE	NT/CH	nonic
Attending Physician(s)	•	· ·		
(Name) /	(Address)		(T	elephone)
(Name)	(Address)		(T	elephone)
I understand that this document must be preceded when filing for a job-related disability, and accompaincludes a statement that I am totally and permaner duties I can perform, the dates of the first and last e (including surgery notes, lab tests and x-rays) programy also be asked to include a summary of all med the disability. I understand that in considering this a discuss my medical condition at a public meeting.	inled by a rep ntly disabled i examination, on nosis, and estinentical treatmen	ort(s) of the atte n relation to my cause and natur timate of the pro t received within	ending phys job duties, e of disabili bable leng	limitations of other ity, medical records th of the disability.
8/19/2020	Mata	1 1	) }\	
/(Today's Date)		(Signature of	applicant)	
4938 CEEWARD CANE FOR	I KAUD.	PROACEIF	33512 Z 195	<u>4)395-9434</u>
Address of Applicant		-		none Number
State of Florida	County of	of Broward	-	
Before me this day personally appeared If a condenses that he/she is the same who signed this appeared Employees' Retirement Fund, and that the statement Identification produced Fundament	polication for a	a disability retire	ement unde Persona	who r the (General) lly known or
Witness my hand and official seal thisd	ay ofA_g	st .	, <u></u>	090
TRICIA JEAN HULL  Notary Public - State of Florida  Commission # GG 963658  My Comm. Expires Feb 27, 2024	Thi	(Notary Pu	ıblic)	

## BOARD OF TRUSTEES OF THE CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND

In Re: APPLICATION FOR DISABILITY BENEFITS OF IFATUNBI ADEFUNMI

#### **ORDER**

Ifatunbi Adefunmi submitted an application for duty-related disability retirement benefits on September 9, 2015. Ms. Adefunmi's disability application file was deemed complete when she submitted the report of her treating physician, Dr. Adrianna Foster, on January 6, 2016. She was subsequently examined by two other physicans, Dr. Gill Lichtstein and Dr. Juandalyn Peters.

The Board considered Ms. Adefunmi's application at an Initial Hearing on September 8, 2016 and November 28, 2016. The Board considered documentary evidence in the pension file, including physicians' reports and information provided by the City of Hollywood Human Resources Director. The Board also heard from Ms. Adefunmi's legal counsel, Barbara Duffy.

Section 33.025 (L) (1) of the City of Hollywood Employees' Retirement Plan states:

#### (L) Disability retirement.

(1) Except as set forth in division (3) below, upon total and permanent disability of a member by reason of injuries sustained while in the performance of an act of duty as an active employee of the city, resulting in the inability of the member to perform the specific duties of her or her position in the service of the city, such member shall be entitled to a disability retirement benefit equal to 75% of her or her salary from the first day of disability. Based on the available medical information, the Human Resources Director shall make the final determination regarding the ability of the member to perform the specific duties of her or her position.

The Human Resources Director concluded that as a result of her medical condition, Ms. Adefunmi was unable to perform the specific duties of her position. However, based on the available evidence, the Board concluded that Ms. Adefunmi had not sustained a total and permanent disability by reason of injuries sustained while in the performance of her duties as a City employee. Accordingly, the Board voted to deny Ms. Adefunmi's application for duty-related disability benefits.

Order: For the reasons set forth above, the application for duty-related disability retirement benefits filed by Ifatunbi Adefunmi is hereby denied.

DONE AND ORDERED this 15 day of 10 Carlow, 2016, in Hollywood, Broward County, Florida.

Phyllis Shaw, Chair Board of Trustees

City of Hollywood Employees' Retirement

Fund

#### **Notice**

This Order is entered pursuant to the By-Laws of the City of Hollywood Employees' Retirement Fund, as adopted by the Board of Trustees. This Order shall become final thirty (30) days after receipt by the Claimant, unless a full hearing is requested by the claimant within that period in accordance with Section 3 of the Hearing Procedures contained in the By-Laws.

BOARD OF TRUSTEES OF THE CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND

In Re: APPLICATION FOR DISABILITY BENEFITS OF

IFATUNBI ADEFUNMI

FINAL ORDER

Ifatunbi Adefunmi submitted an application for duty-related disability retirement

benefits on September 9, 2015. Ms. Adefunmi's disability application file was deemed

complete when she submitted the report of her treating physician, Dr. Adrianna Foster, on

January 6, 2017. She was subsequently examined by two other physicans, Dr. Gill

Lichtstein and Dr. Juandalyn Peters.

The Board considered Ms. Adefunmi's application at an Initial Hearing on

September 8, 2016 and November 28, 2016. The Board considered documentary

evidence in the pension file, including physicians' reports and information provided by

the City of Hollywood Human Resources Director. The Board also heard from Ms.

Adefunmi's legal counsel. The Board issued an Order denying Ms. Adefunmi's

disability application on December 15, 2016.

In accordance with the Board's By-Laws, Ms. Adefunmi timely requested a Full

Hearing. After several continuances granted at the request of Ms. Adefunmi and the

City, a Full Hearing was held on November 9, 2017. At the Full Hearing Ms. Adefunmi

was represented by Michael Braverman, Esq. Ms. Adefunmi testified, and her attorney

presented argument and exhibits to the Board.

Section 33.025 (L) (1) of the City of Hollywood Employees' Retirement Plan

states:

00900455-1

- (L) Disability retirement.
- (1) Except as set forth in division (3) below, upon total and permanent disability of a member by reason of injuries sustained while in the performance of an act of duty as an active employee of the city, resulting in the inability of the member to perform the specific duties of her or her position in the service of the city, such member shall be entitled to a disability retirement benefit equal to 75% of her or her salary from the first day of disability. Based on the available medical information, the Human Resources Director shall make the final determination regarding the ability of the member to perform the specific duties of her or her position.

ancing and transfers with the letter of any one per applicable facilities and any

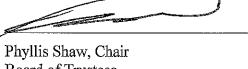
The Board's By-Laws state that the burden of proof in a disability claim is on the claimant. The Human Resources Director concluded that as a result of her medical condition, Ms. Adefunmi was unable to perform the specific duties of her position. However, based on the testimony and evidence presented at the Full Hearing, the Board was unable to conclude that Ms. Adefunmi had sustained a total and permanent disability by reason of injuries sustained while in the performance of her duties as a City employee. The report of Dr. Foster dated December 6, 2015 notes that Ms. Adefunmi has not reached maximum medical improvement, and that her condition may improve with further treatment. Moreover, Dr. Foster noted on January 21, 2016 that the onset of Ms. Adefunmi's post-traumatic stress disorder occurred at age 13, and that another condition started fourteen years ago. Accordingly, the Board voted to deny Ms. Adefunmi's application for duty-related disability benefits.

**Order:** For the reasons set forth above, the application for duty-related disability retirement benefits filed by Ifatunbi Adefunmi is hereby denied.

DONE AND ORDERED this Hollywood, Broward County, Florida.

2

00900455-1



Board of Trustees City of Hollywood Employees' Retirement Fund

#### **Notice**

This Final Order is entered pursuant to the Procedures and By-Laws of the City of Hollywood Employees' Retirement Fund. Judicial review may be sought in the manner provided by law.

the supplemental pension distribution for a particular fiscal year shall be equal to the actuarial present value of future retirement benefits with respect to eligible retirees multiplied by the excess (not to exceed 2%) of the net market rate of return, over the assumed rate of investment return plus:

- (a) Three percent for the plan year beginning October 1, 2005;
- (b) Four percent for the plan year beginning October 1, 2006; and
- (c) Four and one-half percent for plan years beginning October 1, 2007 and thereafter.
- (3) For those years in which a supplemental pension distribution is payable, the amount of the supplemental pension distribution paid to each eligible person shall be determined as follows:
- (a) First, the total amount of the supplemental pension distribution for a particular year shall be divided by the total years of credited service attributable to all eligible persons who are receiving retirement benefits from the plan (not to exceed 25 years for each eligible person).
- (b) Then, the amount obtained in division (3)(a), above, shall be multiplied by the years of credited service attributable to each eligible person (not to exceed 25 years) to produce the amount of the supplemental pension distribution payable to each eligible person.
- (4) The supplemental pension distribution shall not be paid to any member who is participating in the DROP, for as long as the member participates in the DROP. For the purpose of this division, credited service includes only those periods in which the member contributed a percentage of his/her compensation to the Fund. The Board may adopt rules to implement this division.
  - (L) Disability retirement.
- (1) Except as set forth in division (3) below, upon total and permanent disability of a member by reason of injuries sustained while in the performance of an act of duty as an active employee of the city, resulting in the inability of the member to perform the specific duties of his or her position in the service of the city, such member shall be entitled to a disability retirement benefit equal to 75% of his or her salary from the first day of disability. Based on the available medical information, the Human Resources Director shall make the final determination regarding the ability of the member to perform the specific duties of his or her position.
- (2) Except as set forth in division (3) below, upon total and permanent disability of a member hired prior to July 15, 2009 having at least five years of credited service, from causes other than the performance of an act of duty as an employee of the city, resulting in the inability of the member to perform the specific duties of his or her position in the service of the city, such member shall be entitled to a disability retirement benefit equal in rate to that provided for service retirement, but not less than 20% of average salary. Based on the available medical information, the Human Resources Director shall make the final determination regarding the ability of the member to perform the specific duties of his or her position. The eligibility of members hired on or after July 15, 2009 but prior to October 1, 2011 for non-duty disability benefits is specified in divisions (AA) and (JJ) below. The eligibility of members hired on or after October 1, 2011 but prior to March 5, 2014 for non-duty disability benefits is specified in divisions (CC) and (JJ) below. The eligibility of members hired on or after March 5, 2014 for non-duty disability benefits is specified in division (DD) below. If a general fund member hired prior to October 1, 2011 is entitled to a non-duty disability benefit and the date of disability, defined as the date the member becomes disabled, as opposed to the date on which the determination of disability is made, is on or after October 1, 2011, the amount of the non-duty disability benefit to which the member is entitled shall equal the sum of (i) a benefit for the period prior to October 1, 2011 calculated in accordance with the benefit structure frozen as of September 30, 2011, and (ii) a benefit for the period on and after October 1, 2011 calculated in accordance with the benefit structure effective October 1, 2011. If a non-general fund member hired prior to March 5, 2014 is entitled to a non-duty disability benefit and the date of disability, defined as the date the member becomes disabled, as opposed to the date on which the determination of disability is made, is on or after March 5, 2014, the amount of the non-duty disability benefit to which the member is entitled shall equal the sum of (i) a benefit for the period prior to March 5, 2014 calculated in accordance with the benefit structure frozen as of March 4, 2014, and (ii) a benefit for the period on and after March 5, 2014 calculated in accordance with the benefit structure effective March 5, 2014.

- (3) The disability benefit as herein provided shall continue until the member is able to return to work, or dies; provided that the member shall have an option, at the date of retirement, to receive his or her benefit under either division (I)(1)(d) or (e).
- (4) Notwithstanding the provisions of divisions (1) and (2) above, a member shall not be entitled to a disability retirement benefit if the city offers the member, with no change in salary or benefit level, a newly created modified duty position or a vacant position which the member is capable and qualified to perform. If the position is a vacant position, it shall be a position within the civil service system provided in this chapter. Any member who is placed in such a position shall have preference for future vacant positions without regard to the provisions of the civil service system. Placement in a position pursuant to this division shall be at the discretion of the Human Resources Director. This division shall not apply to any member who was injured or disabled prior to July 1, 1999.
- (5) The amount of a disability retirement benefit payable by reason of injuries sustained while in the performance of an act of duty as an active employee of the city shall be reduced to the extent that the sum of the disability retirement benefit to which the retiree would otherwise be entitled and the retiree's workers' compensation benefits exceeds the retiree's average weekly wages at date of retirement. For purposes of this division, **AVERAGE WEEKLY WAGES** shall be determined as prescribed in F.S. Ch. 440 (the Workers' Compensation Law).
- (6) The amount of a disability retirement benefit shall be reduced annually by the amount of salary received by the member, and by the amount of net earnings from self-employment income received by the member. Neither social security nor workers' compensation benefits shall be deemed salary or net earnings from self-employment income under this division. Not later than April 15 of the year following any calendar year in which a member received a disability retirement benefit for the entire year, the member shall submit to the Board his or her federal income tax return without supporting schedules or documentation. Commencing with the first monthly payment thereafter to which the reduction can be applied, the member's disability retirement benefit for 12 consecutive monthly payments shall be reduced by an amount equal to 1/12 of the salary received by the member and 1/12 of the net earnings from self-employment income received by the member during the preceding calendar year. This division shall not apply to any member who was injured or disabled prior to July 1, 1999. Notwithstanding any other provision of this division, effective October 1, 2005 the provisions of this division shall apply only to disability retirement benefits payable by reason of injuries sustained while in the performance of an act of duty as an active employee of the city, and any member who was receiving non-duty disability retirement benefits on June 1, 2001, or who commenced receiving non-duty disability retirement benefits after that date, shall not be subject to the benefit reduction provided in this division.
- (7) Members receiving disability retirement benefit shall be subject to periodic investigations and medical examinations as deemed necessary by the Board and the city. The Board shall prescribe rules and regulations governing the payment of the disability benefits herein provided, including prescribing the requirements for such periodic investigations and medical examinations in the interest of an effective and efficient administration of these benefits.
  - (M) Death benefits.
- (1) Effective April 5, 2006 for members included in the AFSCME General bargaining unit, March 7, 2007 for members included in the AFSCME Professional and Supervisory bargaining units, and July 18, 2007 for members not included in any bargaining unit, when an employed member of the Employees' Retirement Fund of the City of Hollywood, who is vested, dies before retirement, his or her designated beneficiary (or beneficiaries) shall have the option of receiving the member's contribution to the Fund, plus simple interest at the rate of 4% per year, or benefit payments until his or her own death equal to the benefit payments the deceased member would have received had he or she retired on the day of his or her death having selected to receive his or her annuity under division (I)(1)(d) above.
  - (2) Benefits payable upon a member's death following retirement.
- (a) If a member elects to receive an optional benefit form pursuant to division (I)(1)(a), (b) or (c), that benefit shall be paid upon retirement for the member's lifetime, and if the member dies before the specified period of benefits ends, the benefit shall be paid to the member's beneficiary

### **AGENDA ITEM 6.B.**

#### **LEGAL**

**UPDATE ON MEMBER REQUEST - STEPHANIE SZETO** 

#### RICE PUGATCH ROBINSON STORFER & COHEN PLLC

101 NORTHEAST THIRD AVENUE, SUITE 1800 FORT LAUDERDALE, FLORIDA33301 TELEPHONE: (954) 462-8000 FACSIMILE: (954) 462-4300

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September 18, 2020

Chair and Members of the Board of Trustees City of Hollywood Employees' Retirement Fund 2600 Hollywood Blvd. Annex Building, 2<sup>nd</sup> Floor Hollywood, Florida 33022-9045

> Re: City of Hollywood Employees' Retirement Fund Stephanie Szeto

Dear Chair and Members of the Board:

I write this letter in connection with the request of Stephanie Szeto to enter the DROP. This request was discussed briefly at a recent meeting of the Board and I was asked to review the matter and report to you.

Introduction

Stephanie Szeto was a general employee and a member of this Plan. She transferred to the Police Department and retired in 2013. The Hollywood Police Officers' Retirement System ("Police Plan') has allowed Ms. Szeto to enter the DROP and she has written to Ms. Bailey, "requesting a DROP reinstatement for the 10 months that I would have been in the GE DROP..." The Police Plan entered a *Final Administrative Order Granting Re-Classification of Benefits* ("Order") allowing Ms. Szeto to enter the DROP and it is attached. The Order from the Police Plan does indeed allow Ms. Szeto (and others) to enter the DROP, and is based on "financial urgency" and the litigation surrounding it.

The Ordinance for our Plan does not permit Ms. Szeto to enter the DROP, nor would it have allowed Ms. Szeto to enter the DROP when she retired in 2013. The Restoration Ordinance in 2019 restored the right for certain people to enter the DROP and to do so retroactively. In order to do so, a member had to be employed on June 19, 2019 and hired prior to a certain date. While Ms. Szeto was hired prior to the applicable date, she was not employed on June 19, 2019. Thus, the plain language of our Plan does not permit Ms. Szeto to enter the DROP retroactively. The question to be considered is whether Ms. Szeto should be allowed to join the DROP, even though the Ordinance does not permit it.

Chair and Members of the Board of Trustees City of Hollywood Employees' Retirement Fund September 18, 2020 Page 2 of 5

#### Financial Urgency and the Miami Case

Florida has a financial urgency statute which, permits a municipality to make unilateral changes to the terms and conditions of employment if there is a financial urgency. §447.4095. A number of Florida cities (including Hollywood) used this statute and made unilateral changes to wages and pensions. Numerous unions filed unfair labor practice charges challenging the actions of the various cities, and the litigation took different courses. A discussion of some of this litigation is necessary. The cases took winding paths and the discussion is necessarily complicated, but please work your way through it.

In Miami, the City declared financial urgency and unilaterally changed the terms of the CBA with the Fraternal Order of Police ("FOP"). The City implemented the change to the CBA by amending its Pension Ordinance, among other things, and reduced pension benefits. The FOP filed an unfair labor practice charge challenging the changes. PERC ruled against the FOP on the unfair labor practice charge, finding that the City correctly interpreted and applied §447.4095, and that the changes to the Pension Ordinance were lawful. This decision was appealed to the First District Court of Appeal, which affirmed the decision of PERC.

The FOP appealed to the Florida Supreme Court and prevailed. The Florida Supreme Court reached its very important decision in *Headley v. City of Miami*, 215 So.3rd 1 (Fla. 2017), in which the Court set out rules for the implementation of changes to terms and conditions of employment under the financial urgency statute. The Florida Supreme Court ruled that before a change could be made, the employer must show that the, "the funds are not available from any other possible reasonable source" and the parties had to proceed through the impasse procedure outlined in other sections of Ch. 447. The Florida Supreme Court remanded, or in other words, returned the case to the First District for proceedings consistent with its decision. On remand, the First District remanded the case to PERC.

PERC then concluded that Miami engaged in an unfair labor practice when it changed the terms and conditions of employment through the financial urgency process, including the change to the 2010 Pension Ordinance. The Order remanded the case to a PERC hearing officer to recommend an appropriate remedy. The hearing officer recommended that the City be directed to rescind its modifications to the pension benefits and other monetary changes, and that the parties be returned to the status quo immediately prior to the adoption of the Pension Ordinance. PERC entered an Order agreeing with the hearing officer and directed PERC to also open a back-pay case to determine how much money people were entitled to. PERC said that its Order was not final and not appealable.

#### The Miami Pension Case

Following the Supreme Court's *Headley* decision, and before PERC had finalized its decision on the remand, the City of Miami Firefighters & Police Officers Retirement Trust voted to administer the system as if the financial urgency ordinance had never been adopted in 2010. In other words, the Board of Trustees voted to disregard the financial urgency ordinance and apply

Chair and Members of the Board of Trustees City of Hollywood Employees' Retirement Fund September 18, 2020 Page 3 of 5

the Pension Ordinance as it existed prior to the declaration of financial urgency and the changes to the Pension Ordinance. Miami sued the Board of Trustees and asked the trial court to temporarily enjoin the Board from utilizing the pre-financial urgency Pension Ordinance. At trial, Miami lost, but prevailed on appeal. City of Miami v. City of Miami Firefighters' & Police Officers' Ret. Tr. & Plan, 249 So. 3d 709 (Fla. 3d DCA 2018). As the Court of Appeals stated: "The Board's position is that the Headley decision "invalidated" the 2010 pension ordinance, rendering it void ab initio, and thus, the Board was required to restore the plan beneficiaries to the pre-2010 pension ordinance." Id. at 719.

The Third District Court of Appeal considered the effect of the *Headley* decision and ruled that the Pension Ordinance that passed as a result of financial urgency was still valid:

Thus framed, the initial question is whether, at this procedural posture, the 2010 pension ordinance is still valid in light of Headley. We conclude that it is. First and foremost, nowhere in Headley did the Florida Supreme Court invalidate or declare void the City's 2010 pension ordinance. Nor did the Court direct the First District or PERC to do so. Although Headley quashed the First District's opinion upholding PERC's determination that the City acted properly, the Headley court did not quash the 2010 pension ordinance. The Headley Court simply rejected the First District's determination that the City was entitled to unilaterally amend the pension ordinance without first completing the impasse resolution proceedings, and then showing that funds were not available from any other possible reasonable source.

In my view, the Third District read *Headley* narrowly. The Third District noted that PERC had said that, "the appropriate remedy in this case **requires the City** to rescind the changes in wages and benefits... and to reinstate the status quo ante...." (Emphasis original). As the Third District pointed out, "while the **City** might ultimately be required to rescind, modify or amend its 2010 Pension Ordinance to comply with the final Order issued by PERC, the obligation and the authority to do so would rest with the City and not with the Board."

The Police Plan's Order

The reasoning in the *Order* of the Police Pension Plan is that those changes to the Hollywood Police Plan ordinance were deemed invalid by the decision of the Florida Supreme Court in the case of *Headley v. City of Miami*, 215 So.3rd 1 (Fla. 2017). The Police Plan reasoned that in the *Headley* decision, the Florida Supreme Court upheld a decision of Florida's Fourth District Court of Appeal finding that the City of Hollywood's application of the Financial Urgency Statute was void, and mandated a reinstatement of the *status quo* as it existed prior to the 2011 financial urgency ordinance. The Police Plan *Order* also pointed out that there was a subsequent collective bargaining agreement between the City of Hollywood and the PBA, in which the PBA

Chair and Members of the Board of Trustees City of Hollywood Employees' Retirement Fund September 18, 2020 Page 4 of 5

waived any future remedy after the effective date of the agreement. The Police Plan also reasoned that between the 2011 Ordinance and the collective bargaining waiver, several members of the Police Plan were eligible to retire or were promoted to positions outside of the PBA bargaining unit and the affected individuals were not subject to a waiver by the bargaining unit either because they were not in the plan or were already eligible to retire. Thus, the reasoning went, the pre-2011 Ordinance should be applied to their benefits. My understanding of Ms. Szeto's request is to apply the pre-financial urgency ordinances to our Plan.

#### Some of Hollywood's Financial Urgency Litigation

As stated previously, declaration of financial urgency lead to a lot of litigation, and Hollywood was no exception. The PBA union in Hollywood filed two unfair labor practice charges, concerning two different declarations of financial urgency. PERC ultimately concluded that the City had committed an unfair labor practice in in its declaration of financial urgency in 2011, which led to the changes in the CBA and changes to the pension Ordinance. PERC also found that the PBA had entered into a subsequent CBA in which it waived its right to seek remedies as a result of the unfair labor practice as described in *Broward County Police Benevolent Association, Inc., Chartered by the Florida Police Benevolent Association, Inc., v. City of Hollywood*, 2018 FL PERC LEXIS 282 (2018).

The litigation between Hollywood, and AFSCME Local 2432 ("Local 2432") followed a different path. Local 2432 also filed an unfair labor practice challenging the City's imposition of the financial urgency changes to the CBA, pursuant to two declarations of financial urgency. Changes to the pension were placed to a referendum in September 2011, and the voters approved the pension changes. In addition to imposed financial urgency changes to the police and general employees, Hollywood had also imposed changes on its firefighters under the financial urgency statute and both the PBA (as previously discussed) and the IAFF unions filed unfair labor practice charges. Before a hearing was held on Local 2432's unfair labor practice charges, the City and AFSCME jointly moved to stay the case in PERC pending the outcome of either of the charges filed by the PBA and the IAFF. During the stay period, PERC issued a final Order in favor of the City in the IAFF case and Local 2432 then withdrew its charge and has stipulated to its dismissal with prejudice. PERC entered an Order allowing the withdrawal of the charge. Later, Local 2432 filed another charge attacking the financial urgency as a result of the state auditor general's report concerning the city finances. That unfair labor practice was summarily dismissed by PERC's general counsel in Hollywood, Florida, City Employees Local 2432 of the American Federation of State, County and Municipal Employees, AFL-CIO, City of Hollywood. 2013 FL PERC LEXIS 356 (2013).

Ms. Szeto's Request

With this background in mind, let us now look at Ms. Szeto's request. In my opinion the issue is governed by City of Miami v. City of Miami Firefighters' & Police Officers' Ret. Tr. & Plan, 249 So. 3d 709 (Fla. 3d DCA 2018). That case, discussed previously, ruled that under the procedural posture of the financial urgency litigation, the Miami pension board could not, as a

Chair and Members of the Board of Trustees City of Hollywood Employees' Retirement Fund September 18, 2020 Page 5 of 5

result of the *Headley* case, decide, on its own, to reinstate the previous ordinance. The Court recognized that the City had committed an ULP, and that it may ultimately have to withdraw the financial urgency ordinance, but at the time of the pension board's decision, there was no final order requiring the City to withdraw the ordinance.

The Ordinance that this Board administers does not permit retroactive entry into the DROP. I believe we must follow the Ordinance as it is given to us. I believe that City of Miami v. City of Miami Firefighters' & Police Officers' Ret. Tr. & Plan prohibits a pension plan from deciding to apply a previous ordinance because a subsequent ordinance was not legally passed unless there is a Court Order saying that the Ordinance could not be followed, or until the Ordinance is withdrawn by the City. At this moment, there is not any court order which has finally declared that the financial urgency changes to the general employees' Pension Ordinance were void ab initio, and those changes should not be applied. The Board of Trustees does not have authority to change the terms of the Pension Plan.

We know from *Headley* that certain requirements had to be met in order to impose financial urgency. I understand that the City acted in violation of the statutory financial urgency requirements when it passed the financial urgency changes to the General Employees' pension. But the question is really: may the Board of Trustees treat those changes as a nullity, without any final court order holding them illegal and ordering that they be withdrawn? In light of my analysis, the answer is no. I will also point out that the changes to the Plan in connection with the 2019 restoration ordinance, were negotiated with Local 2432. The agreed upon changes did not permit a person who was no longer employed by the City to enter DROP. I don't know if the Union asked for that and wasn't able to obtain it, or didn't ask for it, or didn't want it. I don't know what the City's negotiating position was on it. But those are the sort of decisions that labor and management make throughout the collective bargaining process, and I think the Board must respect the result of that process and follow the results, as embodied in the ordinance as it presently exists.

Very truly yours,

RICE PUGATCH ROBINSON STORFER & COHEN, PLLC

Ronald Cohen

Ronald J. Cohen For the Firm

RJC/mlk Enclosure

cc: Christine Bailey, Executive Director

#### HOLLYWOOD POLICE OFFICERS' RETIREMENT SYSTEM

#### FINAL ADMINISTRATIVE ORDER GRANTING RE-CLASSIFICATION OF BENEFITS

THIS CAUSE came before the Board, on proper notice, on June 28, 2019 on the request of David Strauss, Larry Bernstein, Lyle Bien, Nicholas Singley, Luis Ortiz, Ivette Buoni, Tammy Clyde, Van Szeto, Eric Alfonso, Greggory Forsyth, Vincent Rosiak, Tomas Hernandez, Brian Joynt, Mark Ruggles, Alexander Perez, Dwayne Chung, Michael McBride, Kurt Kowalski, Stephanie Szeto, Debra Levy, Donnard Huneke, Matthew Goodnow, Victor Tetter, and Kyle Perez to be treated as exempt from the 2011 Hollywood City Ordinance changes deemed invalid by the decision of the Florida Supreme Court in the case of Headley v. City of Miami, 215 So. 3d 1 (Fla. 2017).

In the Headley decision, the Florida Supreme Court upheld a decision of the Fourth District Court of Appeal finding that the City of Hollywood's application of Section 447.4095, Fla. Stat. (the Financial Urgency law) Violated Article I, Section 6 and 10 of the Florida Constitution and determined that the action was void, mandating a reinstatement of the Status quo as it existed prior to the 2011 ordinance.

During the pendency of the litigation, the Broward County Police Benevolent Association (PBA) entered into a collective bargaining agreement (CBA) with the City waiving any future remedy after the effective date of the agreement. The agreement was executed on July 29, 2013.

Between the 2011 ordinance and 2013 waiver, several members of the plan either became eligible to retire or were promoted positions outside of the PBA bargaining unit. In either case, the CBA could not lawfully be made applicable to those individuals. Terms and conditions of employment for managerial (non-bargaining unit) employees are not subject to collective bargaining. City of Orlando v. Orange County PBA, 435 So. 2d 275 (Fla. 5<sup>th</sup> DCA 1983). As to those persons becoming eligible to retire prior to the waiver, the terms of their pension rights became fixed as if they actually retired. O'Connell v. State Dept. of Admin., 557 So. 2d 609 (Fla. 3d DCA 1990); Bean v. State, Div. of Retirement, 732 So. 2d 391 (Fla. 2d DCA 1999).

As the affected individuals were not subject to a waiver by the bargaining agent for either of the reasons outlined above, the pre-2011 ordinance should be applied to their benefits.

Accordingly, the applicants request be and the same is hereby granted.

Done at Hollywood, Broward County, Florida, this  $\frac{\partial \mathcal{L}}{\partial t}$  day of July, 2019.

CHAIRMAN

Marson

#### **NOTICE OF APPELLATE RIGHTS**

This is a final administrative order granting your request for reclassification of benefits. You have a right to seek review in the Circuit Court of the 17th Judicial Circuit of Florida by filing a petition for certiorari with the clerk of the Circuit Court within 30 days of the date this order is filed with the Administrator/Clerk of the Board in the manner prescribed in Rule 9.100, Florida Rules of Appellate Procedure. Failure to seek review within the time prescribed by law will make this order final. In any judicial proceeding, the unsuccessful party is required to pay the attorneys' fees of the prevailing party.

FILED WITH THE ADMINISTRATOR/CLERK OF THE BOARD THIS 26 TH DAY OF JULY, 2019.

ADMINISTRATOR/CLERK

#### **CERTIFICATE OF SERVICE**

I certify that this Order was served via U.S. Mail on the above listed members on this 29 ml. day of July, 2019.

ADMINSTRATOR/CLERK

## AGENDA ITEM 6.C. LEGAL

#### **UPDATE ON INVESTMENT CONTRACT**

## AGENDA ITEM 6.D. LEGAL

BOARD MEETING REQUIREMENTS
(NO BACKUP FOR THIS SECTION)

# AGENDA ITEM 7.A. EXECUTIVE DIRECTOR'S REPORT

CITY COMMISSION COMMUNICATION



#### CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND

2600 Hollywood Blvd. • City Hall Annex Building, 2<sup>ND</sup> Floor, Room 20 • Hollywood, FL 33020 (954) 921-3333 • (954) 921-3332 Fax • <u>www.hollywoodpension.com</u>

#### CITY COMMISSION COMMUNICATION September 2020

The following information is provided to the City Commission for informational purposes only.

#### **BOARD OF TRUSTEES**

Phyllis Shaw - Chair

Christopher Cassidy

Charles Howell

George Keller - Vice-Chair

Jeffery Greene

Adam Reichbach

Robert Strauss - Secretary

All Trustees attended the July 28, 2020 Meeting of the Board of Trustees except Adam Reichbach who was absent and excused. The meeting was held telephonically.

#### ITEMS OF INTEREST TO THE CITY COMMISSION

- The estimated value of the Fund's assets available for investments on July 31, 2020 was \$343.4 million, up 3.29% net of fees for the month of July and up 4.30% fiscal year-to-date.
- The Fund Office remains closed to the public since July 20, 2020.
- The Board approved an Emerging Market Investments in RBC Global Asset Management at 5% of assets or approximately \$17 million.
- The Fund renewed its Insurance Coverages including Fiduciary, Employment, Cyber Liability and Workplace Violence Insurance.

#### MEETING SCHEDULE 2020

<u>Dates</u>	<u>Time</u>	<u>Location</u>
October 27, 2020*	10:30am-1:30pm	City Hall, Room 215
November 17, 2020*	10:30am-5:00pm	Sun Credit Union
December 8, 2020*	10:30am-1:30pm	City Hall, Room 215

<sup>\*</sup> Please Take Careful Note: Due to the possibility of the continued suspension of certain statutory requirements for Meetings of the Board of Trustees, the time and location of these meetings may be adjusted prior to the meeting.

Please be advised that the Next Regular Meeting of the Board of Trustees is currently scheduled to be held on Tuesday, October 27, 2020 at 10:30am.

# AGENDA ITEM 7.B. EXECUTIVE DIRECTOR'S REPORT

PROPOSED EMPLOYEE ELECTION PROCESS



#### CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND

2600 Hollywood Blvd. • City Hall Annex Building, 2<sup>ND</sup> Floor, Room 20 • Hollywood, FL 33020 (954) 921-3333 • (954) 921-3332 Fax • www.hollywoodpension.com

TO: Board of Trustees

FROM: Christine Bailey

SUBJECT: Election of Employee Trustee to the City of Hollywood Employees' Retirement Fund

DATE: September 22, 2020

The term of Trustee Phyllis Shaw expires on February 28, 2021. Section 33.025(R)(1) of the City Code of Ordinances provides that employee-elected trustees are elected by a vote of all employee members (including those participating in the DROP). The Code further provides that the election shall be administered by the Pension Coordinator subject to approval of the Board. Based on the Board's Trustee Election Procedures (copy attached) the following timeline is being presented for your consideration:

November 23, 2020 Request for Applications for Candidacy including the qualification

requirements will be sent to all employees who are members of the Fund.

December 17, 2020 Nominations closes. Applications will be accepted through 12:00 p.m.

December 30, 2020\*

Certification of Qualified Candidates. The Executive Director will certify that

each candidate is a member of the Fund with at least six years of credited service.

If only one qualified candidate is certified, the Chair of the Board shall cast a symbolic ballot to elect the candidate and the election process concludes.

If more than one qualified candidate is certified, each candidate will be notified of the Dates, Times and Locations of the Elections.

**Notification of Qualified Candidates.** Candidates are notified of their candidacy and advised that they may begin campaigning. Employees are notified of nominated employees.

January 19, 2021 Notice of Election to the Board of Trustees. Notice of the election is posted in

all City of Hollywood locations in the areas most commonly utilized for posting

notices to employees.

January 25. 2021

Through January 29, 2021 Early Voting. Voting will be open 9:00 a.m. to 4:00 p.m. at the Pension Office.

February 2, 2021**	<b>Election Day.</b> Voting will be open 7:30 a.m. – 5:00 p.m. at the Pension Office.			
	Ballot Count. Ballots will be counted immediately following the election.			
February 10, 2021	<b>Declaration of Election Results.</b> Election results will be posted on the City's Sunshine Board			
February 25, 2021	<b>Challenge of Election Results closes.</b> Challenges concerning the election results must be submitted through 5:00p.m.			
March 11, 2021	Response to Challenge of Election Results closes. Reponses to Challenges concerning the election results may be submitted by candidates through 5:00p.m.			
After March 11, 2021	Board Addresses Challenge of Election Results. At the next Regular or Special Meeting, the Board of Trustees addresses challenges concerning the election results. The Board of Trustees will resolve any challenges or disputes by majority vote which will be binding on all parties.			

<sup>\*</sup>The Trustee Election Procedures establishes the date for the Certification and Notification of Qualified Candidates, as well as the date that campaigning can begin, as the Thursday following the December 24th, however, Thursday, December 31st is a City Holiday.

<sup>\*\*</sup> The Trustee Election Procedures establishes the polling place on Election Day to be the City Hall Main Entrance, 1st Floor, East Side, however, due to the current need for social distancing, the polling place has been relocated to the Pension Office.

#### City of Hollywood Employees' Retirement Fund

#### TRUSTEE ELECTION PROCEDURES

- 1. Trustee Election Timeline for expiring terms is prepared and approved by the Board at its regular meeting in September. Trustee Election Timeline shall detail: 1) the date "Request for Applications for Candidacy" is provided to all employees (in the last week of November), 2) the date and time nominations close (12:00 p.m. on the Thursday before December 24th), 3) the date candidates and employees are notified of the nominated candidates (the Thursday following December 24th), 4) the date campaigning may begin (the Thursday following December 24th), 5) the election date (the first Tuesday in February), and 6) "Early Voting" dates. The preceding applies for a Trustee vacancy that occurs before an unexpired term of office (dates may differ based on the date of vacancy).
- During last week of November, provide "Request for Applications for Candidacy" to all employees. <u>Candidate eligibility</u>: an active member of the City of Hollywood Employees' Retirement Fund with six (6) or more years of credited service.
- 3. On the Thursday preceding December 24th, close nominations at 12:00 p.m.
- 4. On the Thursday following December 24th, notify candidates of their candidacy and that they may begin campaigning. Campaigning shall not be done utilizing City equipment (computers, vehicles, paper, cells phones, etc.) and/or on City time.
- 5. On the Thursday following December 24th, Pension Coordinator to notify all employees of the nominated candidates.
- 6. Two (2) weeks prior to Election Day, the Pension Coordinator shall have posted "Notice of Election to the Board of Trustees" in all City of Hollywood locations in the areas most commonly utilized for posting notices to employees. The "Notice" shall include the date, time and location of the election on Election Day as well as the dates and times the Pension Office will be open for Early Voting.
- 7. The Pension Office (the polling place for Early Voting purposes only) will be open 9:00 a.m. to 4:00 p.m. for Early Voting Monday Friday the week immediately preceding Election Day. Ballots cast during Early Voting will only be opened on Election Day along with all other ballots (see #11).
- Election Day will be the first Tuesday of February. Hours of election will be 7:30 a.m. 5:00 p.m. The polling place on Election Day will be City Hall Main Entrance, 1st Floor, East Side.

- 9. Each employee must show a picture ID before a ballot will be provided. <u>Voter eligibility</u>: all full-time City of Hollywood employees covered by the City of Hollywood Employees' Retirement Fund (includes employees in the Employees' Retirement Fund DROP, but excludes all part-time City employees, retirees, and City employees covered by the Police or Firefighters' retirement plans).
- 10. No candidate or other person(s) may solicit voters inside the polling place or within 100 feet of the entrance to any polling place.
- 11. Immediately after voting closes on Election Day, sort, count and tabulate all ballots cast during "Early Voting" and on Election Day. The ballot count will be verified by two (2) people, one of whom shall be the Pension Coordinator and exclude all candidates.
- 12. Post the election results on the City's Sunshine Board on the Wednesday immediately following Election Day. The candidate with the highest number of votes in the election will be the winner.
- 13. In the event of a challenge or dispute concerning an election, the person making the challenge or dispute shall submit a written description of the relevant facts and circumstances to the Pension Coordinator. The challenge or dispute shall be considered by the Board at the next regular meeting, or at a special meeting scheduled for this purpose. At the meeting, the person making the challenge or dispute shall be given an opportunity to present the relevant facts and circumstances, and any supporting documents, to the Board, a copy to be provided to all other candidates within ten (10) working days following the election results. Any other candidate may submit a written response to the challenge within ten (10) working days. The challenge will be considered at the next regularly scheduled meeting, or special meeting if one is called. The Board may ask questions, and may request additional information or documents concerning the challenge or dispute. After considering the information and documents, the Board shall take final action to resolve the challenge or dispute by majority vote, which action shall be binding on all parties.

## AGENDA ITEM 7.C. EXECUTIVE DIRECTOR'S REPORT

BOARD MEETING SCHEDULE – OCTOBER 27, 2020 (NO BACKUP FOR THIS SECTION)

## AGENDA ITEM 7.D. EXECUTIVE DIRECTOR'S REPORT

#### **RELOCATION DISCUSSION**

## AGENDA ITEM 7.E. EXECUTIVE DIRECTOR'S REPORT

PERSONNEL CONSIDERATIONS

(UNDER SEPARATE COVER)

# AGENDA ITEM 7.F. EXECUTIVE DIRECTOR'S REPORT

**COMMUNICATION FROM THE EXECUTIVE DIRECTOR** 



# Communications – September 22, 2020

- 2020 Life Certificates
- 62 Life Certificates outstanding.
- Supplemental Pension Distribution 2012
- 36 remaining distributions totalling \$214,730.88
- RFP Comprehensive Pension Management System Refund of Non-vested Members' Contributions
  - - **DROP Participant List**
- Planned Retirement Participant List

#### EMPLOYEES' RETIREMENT FUND Supplemental Pension Distribution 2012 Remaining Payments as at September 22, 2020

Remaining Balance 9/22/2020:

\$214,730.88

Participant Name	Amount	Payee	
AMBLER, SALLY A	\$7,349.20	Estate - awaiting response from daughter	
ATTEO, JOSEPH J		Beneficiary - awaiting response from beneficiary	
BARRON, JB		Estate - awaiting response from niece	
BETHEL, DAVID R		Estate - awaiting response from son	
BOWEN, HUGH		Estate - awaiting response from daughter	
BUDO, VIOLET D		Estate - no contact yet found	
BUTLER, JENNIFER	\$7,236.40	Estate - awaiting response from spouse	
COOKE, HERBERT W		Estate - awaiting response from daughter	
DRUMMOND, ELBERT		Estate - awaiting response from son	
FIELDS, FRANK		Estate - documents being reviewed	
FLEMING SR, WILLIAM	\$6,809.12	Estate - awaiting response from son	
HOLLADAY, HARRIET		Estate - awaiting response from daughter	
HOWARD-VLIET, MARJORIE	\$3,418.23	10 year certain beneficiary - awaiting response	
HUDSON, JR, CHARLES		Beneficiaries - awaiting documentation from a beneficiary	
KATSOULOS, SOPHIA		Estate - awaiting response from son	
KAUFFMAN, HAROLD	\$6,863.81	Estate - awaiting response from daughter	
KETTEN, BARBARA		Estate - awaiting response from spouse	
KING, EDDIE	\$8,545.59	Estate - awaiting response from daughter	
KLAIMAN, MAURICE H	\$8,545.59	Estate - awaiting response from daughter	
LEVENGOOD, JACK	\$8,060.20	Beneficiary - awaiting response from beneficiary	
LOCKE, ROBERT		Beneficiary - awaiting response from beneficiary	
MARKHAM, ROGER	\$3,418.23	Estate - awaiting response from personal representative	
MCDONALD, MARTIN	\$8,545.59	Estate - awaiting information on beneficiary of estate	
RADOSEVICH, ROBERT E	\$8,545.59	Beneficiary - under review by Board Attorney	
ROBERTSON, EZRA M	\$8,545.59	Beneficiary - awaiting response from beneficiary	
ROSA, EVELYN		Beneficiaries - awaiting documentation from a beneficiary	
SALERNO, ADELE	\$3,274.67	Estate - awaiting response from son	
SCHULMAN, CHARLES I	\$3,103.76	Estate - awaiting response from daughter	
STRACK, CARMELA	\$6,265.62	Estate - awaiting response from daughter	
STROTHER, FEARNLEY G	\$7,150.95	Estate - awaiting response from nephew	
SUTTON, MARILYN	\$5,811.00	20 year certain beneficiary - awaiting response	
TSCHERPEL, FRANK	\$5,154.70	Estate - awaiting response from elder attorney	
VIRGILI, BERNARD		Estate - awaiting response from son	
WAGMAN, HAROLD		Beneficiary - awaiting response from beneficiary	
WAGNER-ROGERS, JACQUELINE	\$5,981.91	Estate - awaiting response from attorney	
WIXMAN, CANDACE	\$8,545.59	Estate - awaiting response from sister	

## CITY OF HOLLYWOOD EMPLOYEES RETIREMENT FUND RFP# 2020-1 Comprehensive Pension Management System Important Dates

Event	Deadline
RFP Issuance	Tuesday, September 1, 2020
Final RFP questions due in writing (preferably email) to COHERF	Monday, September 14, 2020
COHERF written answers to vendors' questions	Monday September 21, 2020
Proposals due to COHERF	Thursday, October 1, 2020, 2:00PM (EST)
COHERF evaluation of proposals, including vendor demonstrations, site visits, etc.	October - November 2020
COHERF's determination of preferred vendor	December 2020
Vendor contract negotiations	TBD
CPMS project begins	TBD

#### **Christine Bailey**

From: Ron Cohen < RCohen@rprslaw.com>

Thursday, September 10, 2020 10:23 AM Sent:

Christine Bailey To:

Subject: [EXT]FW: Administrative Policy - Non-vested Member refund of contribution

**Attachments:** Minutes 2004-11-23.doc; Refund Policy11-8-04.doc; Rules Refunds - Final 11-23-04.doc

#### Christine,

You sent me the attached documents and asked my opinion on whether the Refund Policy could lawfully be followed. As we have discussed, in my opinion, it cannot be followed. I base my opinion on 33.025(N) which provides:

(N) Refund of member contributions.

(1) Any member who separates from city employment may elect to receive a refund of his or her total contributions plus simple interest at the rate of 4% per year through the date of separation.

(2) Any member receiving a refund of contributions shall thereby waive, forfeit and relinquish all accrued rights in the Fund including all accumulated credited service, provided that if a member who has withdrawn his or her contributions shall reenter the service of the city and render at least three years of credited service following his or her reentry, he or she shall have the right to make a repayment of the refund or refunds including interest at 4% per annum for the period of his or her absence from service of the city, and thereby have restored to him or her all credited service previously forfeited by the acceptance of a refund.

I believe that the specific language of (N)(1) allows the member to make an election as to whether to receive a refund of his or her contributions. In my opinion, this does not allow the Plan to force a refund of contributions. I trust this answers your question.





Ronald J. Cohen

Member

Attorney Bio

Phone: (954)-462-8000 Direct: (954)-331-1287

Cell: (786)-236-3497 Fax: (954)-462-4300

Web: https://rprslaw.com/ Email: rcohen@rprslaw.com 101 N.E. 3rd Ave., Suite 1800 Fort Lauderdale, FL 33301

From: Christine Bailey < CBAILEY@hollywoodfl.org>

Sent: Thursday, July 16, 2020 2:27 PM To: Ron Cohen < RCohen@rprslaw.com>

Subject: FW: Administrative Policy - Non-vested Member refund of contribution

Ron,

Here it is.

Christine Bailey
Executive Director
City of Hollywood Employees' Retirement Fund
Ph: (954) 921-3333

From: Christine Bailey

Sent: Thursday, December 12, 2019 1:50 PM To: Ron Cohen < RCohen@rprslaw.com>

Cc: Brent Chudachek < BChudachek@rprslaw.com >; Veron Sibble < VASIBBLE@hollywoodfl.org >

Subject: Administrative Policy - Non-vested Member refund of contribution

Ron,

Please review the attached and let me know if this policy is currently appropriate. If yes, I will have the Board reaffirm the policy and begin distributing the funds that we currently are not as these former members who have not submitted the refund application.

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I think we also need to update the attached to include what if we are unable to locate the member.

Thanks.

Christine Bailey
Executive Director
City of Hollywood Employees' Retirement Fund
Ph: (954) 921-3333

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

## MINUTES REGULAR PENSION BOARD MEETING EMPLOYEES' RETIREMENT FUND, CITY OF HOLLYWOOD, FLORIDA NOVEMBER 23, 2004

#### 1. CALL TO ORDER

Vice-Chair Templeton called the meeting to order at 3:06 p.m.

#### 2. ROLL CALL

Board members present were: Chair Jeffrey Greene (arrived at 3:11 p.m.), Vice-Chair Richard Templeton, Mr. Patrick Gill, Mr. Alexander Stepanenko, Mr. Russell Dunn and Mr. Robert Strauss (arrived at 4:30 p.m.). Also present were: Board Attorney, Mr. James Linn, Board Treasurer, Mr. Carlos Garcia, Board Secretary, Ms. Gail Reinfeld and Pension Coordinator, Ms. Glenda Rowley. Visitors included Mr. John DeMairo with Segal Advisors, by phone, and Mr. Roger Boas. Mr. Cameron Benson was absent.

#### 3. APPROVAL OF THE MINUTES

#### a. September 30, 2004 Pension Board Meeting

**MOTION** was made by Russell Dunn, seconded by Mr. Stepanenko, to approve the minutes as presented. In a voice vote with Chair Greene, Mr. Benson and Mr. Strauss being absent, motion passed 4-0.

#### 4. TREASURER'S REPORT

Mr. Garcia presented the Treasurer's Report through September 30, 2004, noting that the fund was valued at \$167.6 million on that date. His report showed a 9.65% return for the fiscal year but he noted that Segal Advisor's return of 9.33% was more accurate.

**MOTION** was made by Mr. Dunn, seconded by Mr. Stepanenko, to accept the Treasurer's Report. In a voice vote with Chair Greene, Mr. Benson and Mr. Strauss being absent, motion passed 4-0.

#### 5. NON-DUTY DISABILITY APPLICATION FROM ROGER BOAS

**MOTION** was made by Mr. Dunn, seconded by Mr. Stepanenko, to approve a non-duty disability retirement for Roger Boas. In a voice vote with Chair Greene, Mr. Benson and Mr. Strauss being absent, motion passed 4-0.

#### 6. INVESTMENT ISSUES (deferred to later in the meeting)

#### 7. LEGAL ISSUES

#### a. Ratification of the Revised Pension Coordinator Agreement

The agreement was revised in accordance with decisions made at the September 30 meeting. In addition, Mrs. Rowley introduced a memorandum dated November 23 in

which she asked to have the agreement revised to reflect an increase in the allotment for an assistant.

**MOTION** was made by Mr. Dunn, seconded by Mr. Stepanenko, to amend the agreement by increasing the allotment for the assistant to \$12,500. In a voice vote with Mr. Benson and Mr. Strauss being absent, motion passed 5-0.

**MOTION** was made by Mr. Dunn, seconded by Mr. Stepanenko, to accept the Pension Coordinator Agreement as amended. In a voice vote with Mr. Benson and Mr. Strauss being absent, motion passed 5-0.

Vice-Chair Templeton turned over the meeting over to Chair Greene.

#### b. Payments Made to Deceased Members

As explained in Mrs. Rowley's November 16 memorandum, the deaths of two retirees went unreported, resulting in extra payments being made to them. Mr. Lane, who erroneously received benefits on behalf of Edward Fordham, signed a promissory note in which he agreed to make a payment of \$50 monthly toward his \$7,919.78 debt. Mrs. Rowley said she used an interest rate of 4% to be consistent with the rate charged to employees who pay owe money to the fund. Mr. Dunn asked if the note should be recorded but Mr. Linn said there would not be a real advantage to doing that. Although a check had not yet been received from the nephew of Mr. Grossman, who owes \$2,506.59, Mrs. Rowley reported that she spoke with him the day before and she believes a check will arrive soon.

It was suggested that the death records search could be run monthly and Mrs. Rowley was asked to check on the cost of that and report on it at the next meeting.

#### c. Refunds of Contributions

Mrs. Rowley asked the Board to adopt a policy, as outlined in her November 8 memorandum, to make automatic distributions to members who do not respond timely to requests to complete the forms being used for refund of contribution requests. In addition, the proposed policy included a provision to relinquish the funds to the State of Florida if the monies are still unclaimed after five years.

**MOTION** was made by Vice-Chair Templeton, seconded by Mr. Stepanenko, to adopt the policy as proposed. In a voice vote with Mr. Benson and Mr. Strauss being absent, motion passed 5-0.

In additional discussion, Mr. Linn noted that although the State claims the funds must be turned over after five years, he said that there are some funds that let the plan keep the money. He was asked to research this further.

**MOTION** was made by Vice-Chair Templeton, seconded by Mr. Dunn, to amend the policy just approved by deleting the last sentence that refers to relinquishing the funds to the State after five years. In a voice vote with Mr. Benson and Mr. Strauss being absent, motion passed 5-0.

#### d. Adoption of Policies Relating to Rehired Former Employees Who Did Not Take a Refund of Contributions.

Vice-Chair Templeton said that he thought the policy requested by Mrs. Rowley in her November 9 memorandum is already allowed under the terms of the plan and can be handled administratively. Mrs. Rowley said she would agree to that and would administer these situations as proposed in the memorandum.

#### e. Determine Sharetta Ogden Duvall's Eligibility to Purchase Non-Contributory Service

The facts of this situation were outlined in Mrs. Rowley's November 10 memorandum and Mr. Linn's email dated November 11. During discussion, there was some disagreement about whether or not she should be allowed to purchase this service because of her break in service. However, Mr. Linn said that, although it establishes a precedent, she meets the criteria that are outlined in the plan.

**MOTION** was made by Vice-Chair Templeton, seconded by Mr. Dunn, to allow Ms. Ogden Duvall to purchase her non-contributory service. In a voice vote with Mr. Benson and Mr. Strauss being absent, motion passed 4-1 with Mr. Gill dissenting.

#### 8. ADMINISTRATIVE ISSUES

#### a. Revision of Interest Calculation Method

In a memorandum dated October 21, Mrs. Rowley proposed changing the method used to calculate interest on refunds of contributions. She noted that although there is no right or wrong way to do it, she believes the current method is overstating the interest. The proposal was to adopt Method III as outlined in the memorandum.

**MOTION** was made by Vice-Chair Templeton, seconded by Mr. Dunn, to adopt the proposed interest method. In a voice vote with Mr. Benson and Mr. Strauss being absent, motion passed 5-0.

#### b. Ratification of Distributions and Retirement Annuities

**MOTION** was made by Vice-Chair Templeton, seconded by Mr. Dunn, to ratify the distributions from the Fund for the period from September 1 through November 1, 2004. In a voice vote with Mr. Benson and Mr. Strauss being absent, motion passed 5-0.

#### c. Board Attorney's Performance Evaluation

Six evaluation forms were submitted. Although the overall ratings and comments were quite favorable, there were some comments and suggestions for improvements on a couple of the forms. Mr. Linn noted that he has been working for the Board for almost three years without an increase in fees. Effective with the next year, he would like to have his hourly rate increased from \$200 to \$225 and his associate rate from \$160 to \$180. In another year he might be able to propose a retainer rate.

**MOTION** was made by Mr. Dunn, seconded by Mr. Gill, to approve new hourly rates of \$225 and \$180 for legal services effective January 1, 2005. In a voice vote with Mr. Benson and Mr. Strauss being absent, motion passed 5-0.

Regular Pension Board Meeting November 23, 2004 Page 4 of 4

#### d. Election of Officers

Vice-Chair Templeton nominated Chair Green to continue as Chair. Chair Green accepted and nominated Vice-Chair Templeton to continue as Vice-Chair.

**MOTION** was made by Vice-Chair Templeton, seconded by Mr. Dunn, to accept the nominations for officers for the next year. In a voice vote with Mr. Benson and Mr. Strauss being absent, motion passed 5-0.

#### 6. INVESTMENT ISSUES

#### a. September 30, 2004 Performance Report

Mr. DeMairo joined the meeting by telephone at approximately 3:50 p.m. to present the Segal Advisors report for the quarter and fiscal year ending September 30. The total assets were \$168.3 million dollars with a fund allocation of 47% large cap equities, 18% small cap equities and 30% fixed income. The return was (1.31)% for the quarter and 9.33% for the fiscal year. Mr. DeMairo noted that it might be necessary to rebalance following the end of the calendar year. The bond portfolio, which continued to underperform the benchmarks, dominated the discussion. Mr. DeMairo indicated that he would be focusing on the bonds before the next meeting to determine if changes should be made to the structure of the portfolio and/or the managers.

#### b. Revised Investment Guidelines

It was noted that the investment policy included in the agenda has been reviewed by all the consultants and their comments have been incorporated. If adopted today, it will become effective on December 25.

**MOTION** was made by Mr. Dunn, seconded by Mr. Gill, to adopt the proposed investment policy. In a voice vote with Mr. Benson and Mr. Strauss being absent, motion passed 5-0.

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

Vice-Chair Templeton initiated a discussion about issuing a credit card to Mrs. Rowley to use for travel expenses but reservations were expressed by some of the members. Mrs. Rowley noted that she had surveyed other plans but was saving that item for the January agenda. It was agreed that she should present her report at that time.

#### 10. PENSION COORDINATOR'S REPORT

Mrs. Rowley pointed out that the return of 9.33% would not trigger a 13<sup>th</sup> check for the fiscal year that ended September 30, 2004.

#### 11. ADJOURNMENT

**MOTION** was made by Mr. Gill, seconded by Mr. Dunn, to adjourn the meeting at 4:44 p.m. In a voice vote with Mr. Benson being absent, motion passed 6-0.

Jeffrey Greene, Chair	
Date	

#### CITY OF HOLLYWOOD, FLORIDA PENSION COORDINATOR MEMORANDUM TO THE PENSION BOARD

DATE:

November 8, 2004

TO:

Board of Trustees of the Employees' Retirement Fund

FROM:

Glenda Rowley, Pension Coordinator

SUBJECT:

Refunds of Contributions

#### **ISSUE:**

Establishing a policy for 1) automatic distribution of contributions and interest when a former non-vested member does not respond to correspondence asking them to make a refund election and 2) relinquishing to the State of Florida any undistributed amounts that have gone unclaimed for five years following the member's separation from service.

#### **EXPLANATION:**

When a member of the plan separates employment with less than five years of credited service, the only benefit to which they are entitled is a refund of contributions with interest. These members are sent documentation explaining the distribution options and tax consequences and are asked to complete a "Distribution of Contributions Application" form, where they indicate their distribution option. Unfortunately, many of these members fail to respond in a timely manner and valuable time is spent continuing to follow-up with them. When I started in January, I was informed that there were 27 former members whose contributions had not been refunded. Most of these had dates of termination over a year old and many dated back two or three years; the worst case dated back to 1997.

During the past ten months, I have spent considerable time and energy tracking down these members, most of whom had moved in the meantime. Of the original 27 members, I was successful in locating and distributing to all but four. I believe that I have exhausted all possible avenues to locate these four former members and there is nothing more to do but wait to see if they contact me.

Memorandum to the Pension Board November 8, 2004 Page 2

However, it is not just the old cases that I am having trouble with. Even members who have left recently have to be reminded, sometimes several times, to submit the refund application form. The first notice is sent via regular mail, the second by certified mail with return receipt requested. Additional reminders are sent by regular mail.

A recent example is a member who resigned effective May 28 who was entitled to a refund of \$1,551.36. A first notice was mailed on July 2<sup>nd</sup>, a certified notice was mailed at the beginning of August and a third notice was mailed on October 7. However, as of this date the member still has not returned the requested form for distribution of the money.

Although I believe in giving the members a reasonable period of time in which to set up a tax-deferred account into which the money could be transferred, many of them will procrastinate indefinitely unless they are continually reminded. Doing that takes up my time and energy that could be better spent on other projects.

Under federal law, a member must be given 90 days to make an election to set up a direct transfer to another tax-deferred account. Failure to respond within that time frame then allows the plan to distribute directly to the member.

I have asked Jim Linn for an opinion on whether the unclaimed refunds could or should be relinquished to the State of Florida and his opinion letters are attached. Although there is apparently no legal guidance on this issue, the State Department of Financial Services has opined that the Unclaimed Property Act does apply to pension plans.

#### **RECOMMENDATION:**

Adopt a refund policy as follows:

A first notice will be sent to the member upon calculation of the refund amount (contributions and interest). After 30 days, a second request will be sent via certified mail with a return receipt requested. If the receipt is returned and is signed by the member or someone in the member's household, then the notice will be considered to be successfully delivered. If the certified letter is not successfully delivered to the member, then the Pension Coordinator will continue efforts to get a new address for the member and will send another certified letter to any new address found. If the member does not return the "Distribution of Contributions Application" form within 60 days following successful delivery of the letter, then the custodian will be instructed to issue a check directly to the member with 20% withheld for federal income taxes. Any undistributed amounts will be relinquished to the State of Florida five years following the member's separation of employment.

#### **RULES FOR REFUNDS OF CONTRIBUTIONS**

#### As approved by the Pension Board on November 23, 2004

A first notice will be sent to the member upon calculation of the refund amount (contributions and interest). After 30 days, a second request will be sent via certified mail with a return receipt requested. If the receipt is returned and is signed by the member or someone in the member's household, then the notice will be considered to be successfully delivered. If the certified letter is not successfully delivered to the member, then the Pension Coordinator will continue efforts to get a new address for the member and will send another certified letter to any new address found. If the member does not return the "Distribution of Contributions Application" form within 60 days following successful delivery of the letter, then the custodian will be instructed to issue a check directly to the member with 20% withheld for federal income taxes.

#### CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND

#### DROP

#### September 2020 Regular Pension Board Meeting

					Payroll Reports	Pension
	Nam	е	DROP Start Date	DROP end Date	Received	Processed
1	Paquet	Joel	September 1, 2015	August 31, 2020	Yes	
2	Thomas	Cory	December 1, 2015	November 30, 2020	Yes	
3	McKinney	Michael	May 1, 2016	April 30, 2021	Yes	
4	Hilbert	James	June 1, 2016	May 31, 2021	Yes	· · · · · · · · · · · · · · · · · · ·
5	Baker	Carletha	July 1, 2016	June 30, 2021	Yes	
6	Ekelund	Eugenia	July 1, 2016	June 30, 2021	Yes	
	Paicely	Yvonne	July 1, 2016	June 30, 2021	Yes	
8	Witherspoon	Jonathan	November 1, 2016	October 31, 2021	Yes	
9	Dec	Robert	January 1, 2017	December 31, 2021	Yes	
10	Clarke	Janet	January 1, 2017	December 31, 2021	Yes	
	Aide	Anglade	February 1, 2017	January 31, 2022	Yes	
	Estyle	Yolette	February 1, 2017	January 31, 2022	Yes	
13	Holmes	Clarence	April 1, 2017	March 31, 2022	Yes	
14	Powell	Marie	June 1, 2017	May 31, 2022	Yes	
15	Babich	James	June 1, 2017	May 31, 2022	Yes	
16	Epstein	Jeff	July 1, 2017	June 30, 2022	Yes	
17	Samuels	Brenda	July 1, 2017	June 30, 2022	Yes	
18	Ducker	Elizabeth	August 1, 2017	July 31, 2022	Yes	
19	McLarty	Horace	August 1, 2017	July 31, 2022	Yes	
$\overline{}$	Sparkman	Steven	August 1, 2017	July 31, 2022	Yes	
21	Polistina	Salvatore	September 1, 2017	August 31, 2022	Yes	
22	Leal	Xavier	September 1, 2017	August 31, 2022	Yes	
$\vdash$	Brummer	John	December 1, 2017	November 30, 2022	Yes	2000.
24	Leon	Frank	April 1, 2018	March 31, 2023	Yes	
	Victory	Glenroy	June 1, 2018	October 29, 2021	Yes	
26	Ballica	Lucille	September 1, 2018	August 31, 2023	Yes	
27	Listhrop	Anselm	September 1, 2018	August 31, 2023	Yes	
28	Moss	John	October 1, 2018	September 30, 2023	Yes	
<u> </u>	Ferrante	Joseph	February 1, 2019	January 31, 2024	Yes	
30	Lancaster	Lawrence	April 1, 2019	March 31, 2024	Yes	· · · · · · · · · · · · · · · · · · ·
	Baculi	Narciso	August 1, 2019	July 31, 2024	Yes	
32	Grandinetti	Donna	August 1, 2019	July 31, 2024	Yes	
33	Linares	Teresa	August 1, 2019	July 31, 2024	Yes	
34	Lopez	Angel	August 1, 2019	July 31, 2024	Yes	
35	Mincy	Donald	August 1, 2019	July 31, 2024	Yes	
36	Montalvan	Mario	August 1, 2019	July 31, 2024	Yes	
37	Myrvil	Jean	August 1, 2019	July 31, 2024	Yes	, , , , , , , , , , , , , , , , , , ,
38	Wallace	Telford	August 1, 2019	July 31, 2024	Yes	

#### CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND

#### DROP

#### September 2020 Regular Pension Board Meeting

					Payroll Reports	Pension
	Name		DROP Start Date	DROP end Date	Received	Processed
39	Thornton	Tamara	September 1, 2019	August 31, 2024	Yes	
	Reese	Debra-Ann	October 1, 2019	September 30, 2024	Yes	
41	De Liso	Domenico	November 1, 2019	October 31, 2024	Yes	
	Doklean	Dana	November 1, 2019	October 31, 2024	Yes	
43	D'Arpino Vazquez	Linda	January 1, 2020	December 31, 2024	Yes	
	Erickson	Barry	January 1, 2020	December 31, 2024	Yes	
45	Foard	Timothy	January 1, 2020	December 31, 2024	Yes	
46	Keller	George	January 1, 2020	December 31, 2024	Yes	
	Nelson	Barbara	January 1, 2020	December 31, 2024	Yes	
	Saint Remy	Jean	January 1, 2020	December 31, 2024	Yes	
49	Williams	Horace	January 1, 2020	December 31, 2024	Yes	
50	Zaske	Michael	January 1, 2020	December 31, 2024	Yes	
51	Cassidy	Christopher	March 1, 2020	February 28, 2025	Yes	
52	Knauer	Keith	March 1, 2020	February 28, 2025	Yes	
	Hogarth	Delroy	July 1, 2020	June 30, 2025	Yes	
54	Seidl	Luanne	July 1, 2020	June 30, 2025	Yes	
	Lopez	Sergio	August 1, 2020	July 31, 2025	Yes	
56	Manimala	Jacob	August 1, 2020	July 31, 2025		
	Stanley	Angela	August 1, 2020	July 31, 2025	Yes	
58	Avitable	Doreen	September 1, 2020	August 31, 2025	Yes	
59	Bently	Michael	October 1, 2020	September 30, 2025		
60	Dumond	Francois	October 1, 2020	September 30, 2025		
61	Peace	Rosana	October 1, 2020	September 30, 2025		
62	Perrin	Edward	October 1, 2020	September 30, 2025		
63	Hitchcock	Kathleen	November 1, 2020	October 31, 2025		

## CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND Planned Retirement September 2020 Regular Pension Board Meeting

	Name		Start Date	Last Date Of Employment No Later Than:
1	Huffaker	Daniel	June 1, 2017	May 31, 2022
2	Perez	Gilda	August 16, 2019	August 15, 2024
3	Azueta	Gail	February 16, 2020	February 15, 2025

# AGENDA ITEM 8 PUBLIC COMMENT

# AGENDA ITEM 9 TRUSTEE REPORTS, QUESTIONS AND COMMENTS

## AGENDA ITEM 10 ADJOURNMENT