

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

1. CALL TO ORDER

Chair Shaw called the meeting to order at 9:05a.m.

2. ROLL CALL AND PLEDGE OF ALLEGIANCE

Board Members present: Chair Phyllis Shaw, Vice Chair George Keller, Secretary Robert Strauss, Christopher Cassidy, Jeffery Greene (left at 12:50pm), Charles Howell, and Cynthia Ramos (left at 9:33am, returned at 10:12am, left at 12:35pm). Also present: Executive Director Christine Bailey; Keith Reynolds, Alan Kosan and John Ross (telephonically) of Segal Marco; Matthew Jackson of Segal (telephonically) and Ronald Cohen of Rice Pugatch Robinson Storfer & Cohen.

a. February 25, 2020 Regular Board Meeting Agenda

MOTION made by Trustee Greene, seconded by Trustee Cassidy, to adopt the February 25, 2020 Regular Board Meeting Agenda. In a voice vote of the members present, all members voted in favor. **Motion** passed 7-0.

3. CONSENT AGENDA

- A. December 10, 2019 Annual Meeting Minutes
- B. Ratification of Distributions (Contributions and DROP) and Plan Expenses
- C. Approval/Ratification of New Retirements/DROP/Vested/Death Annuities

Agenda Item 3a. – Trustee Strauss noted that he was present at the last meeting and did not participate by phone as reflected in the minutes.

MOTION made by Trustee Greene, seconded by Trustee Strauss, to approve Consent Agenda Items 3a through 3c with the amendment to the minutes to reflect Trustee Strauss' presence. In a voice vote of the members present, all members voted in favor. **Motion** passed 7-0.

4. FINANCIAL

- a. Ms. Bailey provided the Board with the Draft January 31, 2019 Financial Operations and Investment Summaries. Trustee Strauss noted that the opening balances as of October 1, 2019 had changed from prior reports. Ms. Bailey advised the Board that the opening balances were in fact incorrect, and provided the board with a corrected Draft report. She assured the Board that the error would have been discovered before the final draft through the reconciliation process. She also provided the Budget Variance Report as of January 31, 2019.

5. INVESTMENT (Keith Reynolds, Alan Kosan and John Ross – Segal Marco)

- a. Board Insurance Update
Matthew Jackson granted permission to record his participation at the meeting. Mr. Jackson provide details of the proposed Workplace Violence and Assailant Insurance Coverage, including Segal's recommendation to bind coverage with Indian Harbor Insurance Company. The Board noted that there were several names throughout the proposed policy including X.L. and AXA. Mr. Jackson noted that they were all subsidiaries of AXA.

Mr. Jackson noted that the policies were non-admitted which meant that the policies had not been filed with or approved by the Florida Insurance Commissioner and that a downside of not filing with the State was that the policy would not be part of the State Guaranteed Fund. If the carrier was to go under, the State would not provide coverage for any claims not covered by Indian Harbor. He also noted that there were additional fees of 0.5%-5% of the premium which could change annually. In response to a question. Mr. Jackson also noted that X.L. was a standalone carrier. He noted that they are rated A+ and are one of the largest carriers in the world.

The Board discussed various levels of overall per incident and per person coverage, and questioned exactly what was being covered by the proposed policy. The Board requested

a breakdown of what is covered, what are the sub-limits, and how are those sub-limits affected by the various limits on liabilities. The Board also requested information on what may be covered by other Fund or City policies, and the definition of weapon. Once the additional information is received, the Board requested that Trustees submit questions prior to the meeting.

MOTION made by Trustee Cassidy, seconded by Trustee Strauss, to table the discussion to the April Regular Board meeting. In a voice vote of the members present, all members voted in favor. **Motion** passed 6-0.

b. January 2020 Flash Performance Report

Mr. Reynolds provided the Board with the Flash Performance Report for January 2020. He noted that the U.S. equity markets were down. He noted that the Fund's market value of assets as of January 31, 2020 increased to \$359.6 million, up 4.79% for the fiscal year to date. He reminded the Board that the flash report was preliminary and did not include the performance reports of all the managers.

c. ALM Study

John Ross granted permission to record his participation at the meeting. He updated the Board on the discussions and candidate portfolios reviewed at the last investment committee meeting. He noted that the committee looked at establishing a dedicated emerging market equity allocation, and expanding the private equity and private credit allocations. He noted that one of the primary drivers for the candidate portfolios was the assumed interest rate of 7.5%.

Mr. Ross advised that the 2019 capital market assumptions were used at the investment meeting. He noted that the final report in March will use the 2020 capital market assumptions which are now available and lower than the 2019 assumptions. He advised that he had received the liability projections from the actuary and the next step would be to marry the return projections with the liability projections, then determine the impact on various asset allocations. This will identify the implications for cash flow and contributions based on return projections. The Board agreed to proceed with the emerging market equity search.

d. 2020 Investment Discussion

Alan Kosan discussed various investment opportunities in 2020 as it relates to the Fund and its upcoming asset allocation decisions including private equity, private credit, such as non-sponsored deal flows and specialty financing, real estate debt, emerging market equity, and an emerging manager program.

e. Work Plan 2020

Mr. Reynolds provided the Board with the 2020 Work Plan. He noted that the plan would be filled in more detail after the asset liability study.

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

a. Update on City of Hollywood v. City of Hollywood Employees' Retirement Fund

Mr. Cohen advised the Board that the lawsuit between the City of Hollywood and the City of Hollywood Employees' Retirement Fund has been dismissed with prejudice. He noted that as far as he was aware the suit against the other City Funds was still pending.

Trustees thanked all the participants who assisted in the resolution of this lawsuit. Trustee Strauss, expressed the gratitude of many of the retirees who reached out to him to thank those involved for resolving this suit.

b. Emily Glover, individually and as Personal Representative of the Estate of George Glover v. Ferihaja Kolari, City of Hollywood Employees' Retirement Fund, and City of Hollywood. Mr. Cohen advised the Board that Ms. Glover and Ms. Kolari seemed to have reached a preliminary settlement. The Fund has requested that there be a release for the Fund.

The Fund's only obligation is to pay the beneficiary, Ms. Kolari. He noted that there was an issue of the recovery of the Fund's legal expenses. After discussion, the Board determined that there was a need to attempt to recover fees without incurring too much additional costs.

MOTION made by Trustee Keller, seconded by Trustee Strauss, to give Mr. Cohen the authority to settle this case, with settlement after asking for fees. But if he unable to recover fees, he is then authorized to settle. In a voice vote of the members present, all members voted in favor. **Motion** passed 7-0.

c. Request for Executive Session to Discuss Pending Litigation

Mr. Cohen requested an Executive Session to discuss Pending Litigation with Glover v, Kolari, City of Hollywood Employees' Retirement Fund, and City of Hollywood. He noted the conditions of the session.

MOTION made by Trustee Strauss, seconded by Trustee Ramos, to move 7b, Executive Director Evaluation to 6d. In a voice vote of the members present, all members voted in favor. **Motion** passed 7-0.

d. Executive Director Evaluation

Mr. Cohen reported that the evaluation total scores for Ms. Bailey and noted that the full evaluations were available for review. Trustees thanked Ms. Bailey for her work and efforts on behalf of the Fund. The Trustees also expressed their thanks to the staff of the Pension office for all the work they had done in the Pension office,

MOTION made by Trustee Keller, seconded by Trustee Cassidy, to extend the meeting to 12:30p.m. In a voice vote of the members present, all members voted in favor. **Motion** passed 7-0.

7. EXECUTIVE DIRECTOR'S REPORT

a. City Commission Communication

The Board received the City Commission Communication.

c. Pension Office Relocation

Ms. Bailey advised the Board that she met with the City to discuss the relocation of the Pension Office. She advised the Board that the City would seek to provide spacing for the Office within the City Hall Circle.

d. i. Administrative Considerations – Investment Committee Charter

d. ii Administrative Considerations – Audit Committee Charter

Mr. Bailey reviewed the proposed Investment and Audit Charters, including the fact that neither committee had the authority to take any action in the place of or stead of the Board of Trustees. She noted that Mr. Cohen had reviewed both proposed charters.

MOTION made by Trustee Strauss, seconded by Trustee Ramos, to adopt the Investment and Audit Committee Charters as proposed February 25, 2020. In a voice vote of the members present, all members voted in favor. **Motion** passed 7-0.

d. iii Administrative Considerations – Proposed Policy on Overpayments to Members and Beneficiaries.

Ms. Bailey reviewed the proposed policy on overpayment. Trustees discussed the policy. Trustees agreed that member benefits would not be reduced until the Board has reviewed the apparent overpayment. The Board agrees that overpayments totaling less than \$2,000 could be addressed administratively and also requested that they be advised of all overpayments and underpayments. It was noted that the policy were guidelines and subject to the discretion of the Board. Ms. Bailey advised that the Actuary's proposed charge to reconstruct a member DROP and/or pension payment history using the correct calculation would be \$300 per case.

A **MOTION** was made by Trustee Greene, seconded by Trustee Keller, to adopt the proposed policy on overpayments as amended. After discussion, the Motion was withdrawn.

Ms. Bailey advised the Board that she identified an error in the pension payments of Mr. Lalla. She noted that based on his start date, his payments should have begun in 2022, however, Mr. Lalla had been receiving benefits since 2017. She advised that the Actuary confirmed that Mr. Lalla's benefit was payable at Age 60. Ms. Bailey advised that Mr. Lalla's payments were stopped and that Mr. Cohen would advise Mr. Lalla of the overpayment and invite him to address the Board at the March meeting when the recoupment of the overpayment would be addressed.

MOTION made by Trustee Keller, seconded by Trustee Strauss, to extend the meeting to 1:00p.m. In a voice vote of the members present, all members voted in favor. **Motion** passed 6-0.

d. iv Administrative Considerations – Transferred Members who received FY2013 Supplemental Distribution in Error

Mr. Cohen advised the Board that he had a conflict of interest and therefore withdrew his opinions on this topic and that he would not participate in any further discussion. Ms. Bailey advised that she requested City's opinion and received an email from Alan Falik, stating that the transferred members were not eligible to receive supplemental distributions. Trustee Cassidy requested that the Board obtain its own legal opinion.

Ms. Bailey advised the Board appeared to have addressed the issue in 2004 but that there was no consistency in the way in which transferred members received the FY2012 and FY 2013 supplemental distributions.

e. Communications from the Executive Director

- Ms. Bailey advised the Board that the Fund had received reimbursement for attorney's fees and litigation expenses in the Rent-A-Center litigation.
- Ms. Bailey advised the Board that the FY2019 financial audit was ongoing and that the 2019 Actuarial Valuation Data has been sent to the Actuary. She noted that both the audit and the valuation were expected to be complete by the end of March. She noted that the order of the Actuary's priorities were GASB 67, the 2019 Valuation, the Benefit Recalculations and then the members who selected 100% joint and equal who selected non-spousal beneficiaries whose adjusted age was 10 or more years less than the member.
- Ms. Bailey advised the Board that 537 retirees had returned their 2020 Life Certificates to date. She noted that the Fund had still not located the member who did not return the 2019 Life Certificate.
- Ms. Bailey advised the Board that, of the 741 annuitants eligible for the FY2012 13th Check Settlement, 86 remain to be distributed.
- Ms. Bailey provided the Board with the DROP and Planned Retirement Participant Lists.
- Ms. Bailey advised the Board that there was a change to the notary certification included on the Funds forms. Mr. Cohen noted that the Board was not required to accept online notification but that the certification on the form would still be required.
- Ms. Bailey advised that she was adding more current information to the website.
- Ms. Bailey advised the Board that the DROP statements were almost completed for all members. She requested and the Board agreed that statement would include all deposits to date but lag interest payments as the DROP interest rates was not usually available until four to five months after the end of the quarter.
- Ms. Bailey advised the Board that Wells Fargo/Principal had submitted a service transition agreement to the Fund and the documents were being reviewed by Mr. Cohen.

8. PUBLIC COMMENTS

Public comments were made by John Berak, Vice President for AFSCME.

9. TRUSTEE REPORTS, QUESTIONS AND COMMENTS

Trustee Shaw advised that the FPPTA has asked that representatives of the Fund to present at the next Trustee School to discuss how the restoration or benefits was formulated and implemented.

10. ADJOURNMENT

MOTION made by Trustee Keller, seconded by Trustee Strauss, to adjourn the meeting. In a voice vote by the members present, **Motion** passed 5-0. The meeting adjourned at 1:10p.m.



Phyllis Shaw, Chair

April 28, 2020

Date