

**MINUTES
REGULAR PENSION BOARD MEETING
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND
TUESDAY, APRIL 27, 2021 AT 9:00AM**

1. CALL TO ORDER

Chair Shaw called the meeting to order at 9:10a.m.

2. ROLL CALL AND PLEDGE OF ALLEGIANCE

All attendees participated telephonically. Board Members: Chair Phyllis Shaw, Vice Chair Jeffrey Greene (exited at 11:00am), Secretary Robert Strauss (joined at 10:45a.m.), Melissa Cruz (joined at 9:15a.m.), Charles Howell and George Keller (exited at 12:00p.m.). Also present: Executive Director Christine Bailey; Keith Reynolds, Linda McDonald and Felicia Ewell of Segal Marco; and Ronald Cohen of Lorium Law.

Trustee Cassidy was Absent and Excused.

a. April 27, 2021 Regular Board Meeting Agenda

MOTION made by Trustee Keller, seconded by Trustee Greene, to adopt the April 27, 2021 Regular Board Meeting Agenda. In a voice vote of the members present, all members voted in favor. **Motion** passed 4-0.

3. CONSENT AGENDA

- a. March 23, 2021 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 Greene, seconded by Trustee Keller, to approve the Consent Agenda. In a voice vote of the members present, all members voted in favor. **Motion** passed 4-0.

4. ADMINISTRATIVE HEARING

- a. Mr. Cohen presided over the administrative hearing for the payment of the survivor benefits of John Tisdale. He advised that he had been notified that Ms. Blanche Tisdale was unable to attend due to surgery and that she requested the hearing be postponed. The request was denied.

Ms. Bailey provided the Board with a chronology of events preceding the hearing. She advised that the benefits to be paid, if any, were the September 2020 pension payment for Mr. Tisdale of \$784.19 and the October 2020 pension payment of \$799.87 and, if payable, a joint and equal survivor benefit. She advised that her position was that the September 2020 payment should be paid to Mr. Tisdale's estate and the October 2020 payment and the survivor benefit should be paid to Ms. Blanche Tisdale.

Ms. Diana Waterous Centorino, an attorney representing Virginia Ferguson reviewed the documentation submitted to the Board and questioned the legitimacy of the designation of beneficiary forms in Mr. Tisdale's file. She requested that the Board pay Mr. Tisdale's benefit based on a designation of beneficiary form submitted by Ms. Ferguson after Mr. Tisdale's death. Ms. Bailey advised that this form was not in Mr. Tisdale's file and further, the form submitted was incorrectly completed and therefore invalid. She also noted that there was no documentation on file to calculate a benefit for Ms. Ferguson.

Ms. Bailey noted that all the beneficiary forms on file list Ms. Tisdale as one of Mr. Tisdale's beneficiaries, now entitled to 100% of his survivor benefit. She also noted that Mr. Tisdale's benefit had been paid to him since 2001 with Ms. Tisdale as his youngest beneficiary. Ms. Bailey advised the Board that there were two options for the payment of any survivor benefits for Mr. Tisdale. To pay Ms. Tisdale a survivor benefit based on the beneficiary forms on file or to reject all the beneficiary forms reverting Mr. Tisdale to a normal retirement, thereby eliminating any survivor benefit.

MOTION made by Trustee Keller, seconded by Trustee Greene, to follow the recommendation of the Executive Director and make the payment of Mr. Tisdale's Survivor Benefit to Blanche Tisdale. In a roll call vote of the members present, all members voted in favor. **Motion** passed 5-0.

5. FINANCIAL

- a. Mr. Michael Futterman, Mr. Moises Ariza, and Mr. Hermes Garzon of Marcum LLC reviewed the 2020 Financial Statements. Mr. Futterman advised that Marcum issued an unmodified opinion. Mr. Garzon noted there was a significant increase in the Receivable City Contribution of \$15.5 million, and a spike in City Contributions from \$26.9 million to \$42.2 million. He also noted the substantial increase in the net appreciation in the fair value of investments.

Mr. Garzon advised that the two main components of the Receivable City Contributions were \$10.9 million remaining as of September 30, 2020 from the settlement agreement for the Supplemental Pension Distribution and \$4.6 million remaining balance from the actuarially determined City contributions for fiscal year 2020 which was underfunded by that amount.

Mr. Garzon noted two events subsequent to the fiscal year. He noted that the underfunding of the actuarially determined City contributions for fiscal year 2020 was paid subsequent to the end of the fiscal year in January 2021. He also noted that there would be changes to the actuarial assumptions that would affect the October 1, 2020 valuation report. He advised that the assumption rate and the amortization periods were being lowered, and that there were changes to the mortality tables.

Mr. Futterman advised that there were no material weaknesses in internal control identified in the audit and no disagreements with management. He noted that the Audit identified two issues, the City's underfunding of the fiscal year 2020 employer contributions and the delayed issuance of the summary plan description.

- b. Trustee Howell, Vice Chair of the Audit Committee, reported that the committee approved the audit report and recommended that they be accepted.

MOTION made by Trustee Keller, seconded by Trustee Cruz, as amended, to accept the Financial Statement on Audit Report for Fiscal Year ended September 30, 2020 as presented. In a roll call vote of the members present, all members voted in favor. Motion passed 5-0. Trustee Greene had exited the meeting. Trustees thanked the auditors and the staff.

- c. Ms. Bailey provided the Board with the Draft March 2021 Financial Operations and Investment Summaries. She also provided the Budget Variance Reports for Fiscal Year as of March 31, 2021.

6. INVESTMENT (Keith Reynolds – Segal Marco)

- a. March 2021 Flash Performance Report
Mr. Reynolds provided the Board with the Flash Performance Report for March 2021. He noted that the market value of the assets available for investment as of March 31, 2021 was \$408.9 million, up 1.0% net of fees for the month of March 2021, and up 11.6% net of fees for the fiscal year to date.
- b. Fourth Quarter Performance Review
Mr. Reynolds advised that the fourth quarter performance review would be provided at the May meeting of the Board of Trustees.
- c. Affiliated Housing Impact Fund Analysis
Ms. Linda McDonald provided the Board with an overview of the Affiliated Housing Impact Fund. She advised that the investment had attractive attributes but indicated areas of concern. She advised that this was a first fund for the two founders. She noted that their focus was multifamily developments in Florida market. She also noted the shortage of

workforce housing in Florida. She noted that a certain percentage of the apartments in the development would be at market rate and the remainder would be workforce housing ranging from 80-140% of median income in area. She noted that the development was being financing from local communities and officials.

She noted that the Fund already had its first close and already had three assets showing proof of concept, doing want intended to do and able to secure financing. She noted that the developments were vibrant communities close to transportation schools, and very well located.

She noted that the Fund was a manager of managers fund, it was a niche strategy, and a first time fund. She also noted that the team only been together since 2016, not a huge amount of time with not much experience working together. She noted that the Fund may not reach its target allocation, ending up with a more concentrated portfolio than intended, therefore any underperformance would have a greater impact on the performance of the whole fund.

Ms. McDonald advised that there was no date set for the next close of the Fund. The Board requested additional data, including information on the local pension plans invested in the Fund, the amount of their commitments and the average commitment of investors.

d. Work Plan 2021

Mr. Reynolds provided the 2021 Work Plan. He noted that the fourth quarter performance review and the Affiliated Housing Impact Fund would be added to the May 25th meeting agenda.

Trustee Strauss expressed a preference for indexed investment. Mr. Reynolds discussed the performance of the Fund's active and indexed investments.

e. Investment Policy Statement Update

Mr. Reynolds and Mr. Cohen provided proposed language regarding indemnification of private and public investments. The new language limited the indemnification up to the amount of any actual investment. Mr. Cohen recommended the approval of the proposed language.

MOTION made by Trustee Strauss, seconded by Trustee Keller, to approve the amendment to the Investment Policy Statement. In a roll call vote of the members present, all members voted in favor. Motion passed 5-0.

7. **LEGAL (Ron Cohen – Lorium Law)**

a. Update on Investment Contract

Mr. Cohen advised that Brightwood had extended the close to the middle of May. He advised that he received a revised side letter shortly before the meeting and had not yet reviewed it but that he did not anticipate any problems. In response to a question, Mr. Cohen advised that the contract had been delayed as the closing date had been moved back several times, and the preparation and review of the closing documents have been slow. Mr. Reynolds advised that the delay was not indicative of the manager's performance reporting but that they were due to the pandemic, to allow investors time to work through the documents. Trustee Shaw requested that Brightwood be advised of the Board's concerns about the delays.

b. Update on Architect Contract

Mr. Cohen advised that Mr. Robertson's architect license was not in effect. He noted that it appeared to be the failure to pay dues which were due in February or the failure to complete continuing education. Mr. Cohen advised that Mr. Robertson's license has been reinstated and the contract would be completed soon.

MOTION made by Trustee Keller, seconded by Trustee Strauss, to extend the meeting by 30 minutes to 12:30p.m. In a voice vote of the members present, all members voted in favor. **Motion** passed 5-0.

8. EXECUTIVE DIRECTOR'S REPORT

a. City Commission Communication

The Board received the City Commission Communication. Ms. Bailey noted that the report included Funded Ratio as of October 1, 2019. Trustees requested that the Funded Ratio as of October 1, 2018 be included.

b. Pension Office Relocation

Ms. Bailey advised that the new office space had more furniture than would be needed and that the excess had been offered to City departments. She also noted that there was equipment which would be evaluated by the City's IT Department for salvage.

c. Summer Graduate Internships

Ms. Bailey requested that the Board approve the hiring of two summer interns at a cost of \$15 - \$20 per hour per intern for nine weeks, working 40 hours per week. She advised that the interns would assist with the preparation for the office relocation, CPMS project, and compensation study. She advised that the Human Resources department would assist with the hiring process in a manner similar to their internship program.

MOTION made by Trustee Strauss, seconded by Trustee Cruz to approve the hiring of two graduate interns for 40 hours per week per intern for nine weeks. In a roll call vote of the members present, all members voted in favor. **Motion** passed 4-0. Trustee Keller had exited the meeting.

d. Communications from the Executive Director

- Ms. Bailey advised that approximately 150 of the 2021 Life Certificates remain outstanding. She advised the Board that of the 16 retirees' benefits had been stopped effective March 25, 2021, eight has been reinstated, 2 had contacted the office and would send in their certificates and six remained outstanding.
- Ms. Bailey advised the Board that 32 distributions remained for the FY2012 13th Check Settlement totaling \$185,819.44.
- Ms. Bailey advised that the Actuarial Valuation would be completed shortly. She requested a special meeting to review the report as the Actuary would not be available for the May 25th Board meeting.
- Ms. Bailey advised that the scope of work for the CPMS project manager was being drafted. She advised that PTG had provided a list of project managers that they had worked with in the past. She reminded the Board that the project start date was July 1, 2021.
- Ms. Bailey provided the DROP and Planned Retirement Participant Lists.

In response to questions, Ms. Bailey advised that the renovations will take approximately 6 months and Mr. Cohen advised that the PTG contract was not yet signed but there were no issues to date.

9. PUBLIC COMMENTS

Ms. Neesha Bajere made public comments.

10. TRUSTEE REPORTS, QUESTIONS AND COMMENTS

Trustee Strauss noted that the Board had several discussion and gave careful consideration to all the factors associated with the reduction in the actuarially assumed interest rate. He further noted that the change was made on the recommendation of the Fund's actuary. He reminded the Board that the decision of the Board was unanimous. He noted that the Pension Office changes have been discussed for some time and he looked forward to the implementation of the changes. Trustee Shaw noted that the Fund has always be cognizant of its sponsors funding requirement and the impact of the actions of the Board on that funding requirement.

Ms. Bailey advised the Board that Mr. Cassidy was unable to attend the meeting and had asked that the Board excuse his absence.

MOTION made by Trustee Strauss, seconded by Trustee Howell, to excuse Mr. Cassidy based on his communication with the Executive Director. In a voice vote of the members present, all members voted in favor. **Motion** passed 4-0.

11. **ADJOURNMENT**

MOTION made by Trustee Strauss, seconded by Trustee Howell, to adjourn the meeting. In a voice vote by the members present, all members voted in favor. **Motion** passed 4-0. The meeting adjourned at 12:25p.m.



Phyllis Shaw, Chair

6/10/2021
Date