

**MINUTES
REGULAR PENSION BOARD MEETING
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND
TUESDAY, APRIL 26, 2022 AT 9:00AM**

1. CALL TO ORDER

Chair Shaw called the meeting to order at 9:08a.m.

2. ROLL CALL AND PLEDGE OF ALLEGIANCE

Board Members present: Chair Phyllis Shaw, Vice Chair George Keller (Arrived at 9:17a.m.), Secretary Robert Strauss, Barbara Armand, Charles Howell, and David Keller. Also present: Executive Director Christine Bailey; Zindy Agredo and Karyn Sashi of City of Hollywood Department of Construction and Management, Keith Reynolds, Felicia Ewell, Rosa Limas, and Donell Ward of Segal Marco; Ronald Cohen of Lorium Law; Jack Ziegler of GTJZ Consulting; and Hermes Garzon of Marcum LLC.

A. April 26, 2022 Regular Board Meeting Agenda

MOTION made by Trustee D. Keller, seconded by Trustee Armand, to adopt the Agenda as presented. In a voice vote of the members present, all members voted in favor. **Motion** passed 5-0.

B. Absent and Excused

MOTION made by Trustee Strauss, seconded by Trustee D. Keller, to excuse the absence of Trustee G. Keller from the March 22, 2022 meeting of the Board of Trustees. In a voice vote of the members present, all members voted in favor. **Motion** passed 5-0.

3. CONSENT AGENDA

- A. March 22, 2022 Regular Meeting Minutes
- B. Ratification of Distributions (Contributions and DROP) and Plan Expenses
- C. Approval/Ratification of New Retirements/DROP/Vested/Death Annuities

Trustee Strauss requested that the minutes be withheld for further review to ensure that the record was accurate.

MOTION made by Trustee Strauss, seconded by Trustee Armand, to approve Consent Agenda Items 3b through 3c. In a voice vote of the members present, all members voted in favor. **Motion** passed 5-0.

4. FINANCIAL

A/B. Trustee Howell, Chair of the Audit Committee, reported that the committee has no issues with the audited Financial Statements for the Fiscal Year ended September 30, 2021. He stated that the committee had reviewed the statements and that they were unanimously accepted by the Committee. Mr. Hermes Garzon of Marcum LLC reviewed the 2021 Financial Statements. He advised that Marcum issued an unmodified opinion. He noted that the Fund had a new asset, Capital Assets, which included the new office space and the new pension management system. He noted that the audit did not identify any material weaknesses or significant deficiencies in the internal controls of the Fund. He also noted that there were no instances of non-compliance which would have required reporting.

Trustee Strauss noted that the audited statements stated that the fiduciary net position as a percentage of the total pension liability rose from 62.84% to 73.60%. Mr. Garzon confirmed that there had been a significant improvement in the funded ratio.

MOTION made by Trustee D. Keller, seconded by Trustee Armand, to accept the Draft Comprehensive Financials. In a voice vote of the members present, all members voted in favor. **Motion** passed 6-0. Trustees thanked the auditors and the staff.

- C. Ms. Bailey provided the Board with the Draft March 2022 Financial Operations and Investment Summaries. She also provided the Budget Variance Report as of March 31, 2022.

5. INVESTMENT (Keith Reynolds – Segal Marco)

- A. February 2022 Flash Performance Report
Mr. Reynolds provided the Board with the Flash Performance Report for February 2022. He noted that the Fund's market value of assets as of February 28, 2022 decreased to \$452.5 million. He also noted that the estimated return for the Fund was down 1.6% net of fees for the month of February 2022 and down 0.6% net of fees for the fiscal year to date. Mr. Reynolds noted that the Fund's asset allocation, away from equities, had assisted in the Fund outperformance of its peers.

Trustee D. Keller inquired about the Fund international exposure to Russian companies. He noted that the Fund's managers did not have any meaningful exposure. He noted that the Fund's Managers had been underweighting Russia for some time and Russia has since been removed from the indices.

- B. SMID Value Manager Research Report
Mr. Reynolds and Mr. Ward reviewed the SMID Value Manager Research Report. They identified and discussed the top five candidates recommended for consideration. Mr. Reynolds noted that while the Fund was only replacing one managers, there was an opportunity to retain an emerging manager and a second manager could increase the Fund's downside protection. Mr. Reynolds noted that TSW currently managed approximately \$17 million and advised that the selection of managers would affect the recommendation for the allocation of those funds.

MOTION made by Trustee D. Keller, seconded by Trustee Strauss, to see presentations from four managers, Ariel Investment, Burgundy Asset Management, EARNEST Partners and Systematic Financial Management. In a roll call vote of the members present, all members voted in favor. **Motion** passed 6-0.

- C. SMID Value Transition Manager Report
Ms. Limas presented the SMID Value Transition Manager Report. She explained the benefits of a transition manager and profiled four potential transition managers, BTIG, Loop Capital Markets, Macquarie Capital, and State Street Bank. Primarily, due to the volatility of the markets, Ms. Limas and Mr. Reynolds recommended that the Board consider hiring a transition manager for the TSW transition. They also recommended that the Board consider a pool of transition managers for future transitions.

The Board discussed the costs and benefits of using a transition manager. Ms. Limas noted that a transition manager would provide pre-and post-trade analysis, mitigate risk, and provide best execution. She noted that the new SMID Value Manager would be selected at the next meeting and the transition manager would be selected at the subsequent meeting, which would coincide with completion of contracting with the new SMID Manager.

MOTION made by Trustee G. Keller, seconded by Trustee Strauss, for four agreements to be forwarded to the attorney for review and return to the Board with information. In a roll call vote of the members present, all members voted in favor. **Motion** passed 6-0.

Trustees thanked the Segal staff for educating them on Transition Management.

- D. 2022 Work Plan
Mr. Reynolds provided the Board with the 2022 Work Plan.

6. LEGAL (Ron Cohen – Lorium Law)

A. Legal Updates

Mr. Cohen advised that LM Capital was ready for signature. He noted that the change, approved to the Investment Policy Statement at the last meeting, was included in the contract. Mr. Cohen advised that the Marathon Healthcare subscription agreement had been signed and the side letter was ready for signature. He advised that Marathon had not yet provided the closing date.

Mr. Cohen noted that there were issues related to the confidentially requests of some private investments, where managers sought to keep their information confidential but as a public entity, some of the information they considered confidential might not be. He stated that this was the only outstanding issue with the Neuberger Berman Contract. He advised that the Fund sought to have Neuberger Berman identify the information that they considered confidential and Neuberger Berman requested that the Fund redact their confidential information, which we would be unable to determine or do. He noted that they had agreed to resolve this issue and that there was adequate time to resolve this issue as the closing would be in June. Trustee Shaw requested that Mr. Cohen review the Investment Policy Statement to see if there were any issues that might come up which were not addressed in the current policy.

B. Virginia Tisdale-Ferguson v. the Board of Trustees of the City of Hollywood Employees' Retirement Fund, and Blanche T. Pressley, a/k/a/ Blanche Tisdale

Mr. Cohen provided Ms. Tisdale-Ferguson's motion for rehearing and the Fund's response to the motion. In response to a question, Mr. Cohen advised that he did not know when a decision would be made by the court.

C. Request for Executive Session to Discuss Pending Litigation

Mr. Cohen requested an Executive Session to discuss Pending Lawsuit Virginia Tisdale-Ferguson v. the Board of Trustees of the City of Hollywood Employees' Retirement Fund, and Blanche T. Pressley, a/k/a/ Blanche Tisdale. He noted the conditions of the session.

MOTION made by Trustee G. Keller, seconded by Trustee D. Keller, to extend the meeting beyond 12:00 noon. In a voice vote of the members present, all members voted in favor. **Motion** passed 6-0.

7. EXECUTIVE DIRECTOR'S REPORT

B. Pension Office Renovation

Ms. Zindy Agredo of the City's Department of Construction and Management advised the Board that the 50% drawings were complete and were being reviewed. She noted that they were in the process of selecting furniture and meeting with vendors. She stated that the next steps were to complete the drawings, submit them to permitting, and then seek a contractor and pricing. She noted that there was currently significant cost escalation, so they were trying to reduce costs with minimal impact on the design. Trustee Shaw inquired about the possibility of build and buy America. Ms. Agredo stated that she would look into doing so. Trustees thanked Ms. Agredo and the DCM team.

A. City Commission Communication

The Board received the City Commission Communication for the month of April 2022.

MOTION made by Trustee Strauss, seconded by Trustee Armand, to approve the City Commission Communication. In a voice vote of the members present, all members voted in favor. **Motion** passed 6-0.

C. CPMS Update

Mr. Zeigler provided the Board with the detailed CPMS Project Plan, including all design and development modules, timelines and target dates. He outlined the plan and noted that the Go Live date for the System was November 7th and the Go Live date for the Member Self Service Module was March 2023. He noted that there were multiple modules going on at once and that there was a significant amount of work that had to be

completed between now and September. He noted that the Historical Data Conversion was successfully and smoothly uploaded into CPMS.

Trustee Armand asked who would have access to the system. Mr. Bailey advised that all members would have access to member self-service. Trustee Strauss asked if there were any possible delays that could be foreseen in the timeline. Mr. Zeigler advised that he did not expect any issues with Data Conversion. He noted that a new biweekly payroll feed needed to be designed. He advised that Highstreet was currently working on that feed, and that a delay there, would delay the project but he noted that it was being monitored closely. He also advised that the calculation module, given its complexity, could cause a delay but he noted that PTG had done this for many clients so they were experienced.

Trustee Shaw asked who would be making changes to the system, should there be a plan change after the system was designed. Mr. Zeigler advised that PTG would be responsible for making those changes under a new set of services which the system would have to set up with PTG.

Trustee Shaw asked how would the fund receive the new biweekly payroll feed. Mr. Zeigler noted that the biweekly payroll file will be uploaded into CPMS. He advised that Highstreet would be automating the generation of the file and that it is anticipated that this file will follow the same approval process as the current biweekly payroll file. He advised that HR/Payroll sought to automate the entire process but that such decisions would be made by the City and outside the authority of the CPMS Team. He also advised that the current system design could accommodate new pay elements.

Trustee Armand asked about IT support to be provided for the member self-service. Mr. Zeigler noted that this had not yet been planned out but he expected that members would need to call the Pension Office for support.

D. Communications from the Executive Director

- Ms. Bailey advised that the two 2021 life certificates remained outstanding. She noted that the benefit payments were last paid in January 2022. She advised that the 2022 life certificates were due back by March 31, 2022.
- Ms. Bailey advised the Board that 30 distributions remained for the FY2012 13th Check Settlement totaling \$172,173.84. Ms. Bailey advised that one additional claim had been paid.
- Ms. Bailey advised that the City had requested a payoff amount for the outstanding employer contribution shortfall. She advised that the Actuary had provided a payoff amount of \$8,344,337, if the amount was paid by April 25, 2022.
- Ms. Bailey advised that Trustee Shaw had been asked to present at the FPPTA 38th Annual Conference and requested approval for her attendance at that conference.

MOTION made by Trustee G. Keller, seconded by Trustee Armand, to approve the attendance of Trustee Shaw at the 38th Annual Conference of the FPPTA. In a voice vote of the members present, all members voted in favor. **Motion** passed 6-0.

- Ms. Bailey advised that the NCPERS Conference would be held in Washington DC from May 22nd through May 25th. She noted that the conference would not be virtual.

MOTION made by Trustee D. Keller, seconded by Trustee Armand, to allow any trustee to attend the NCPERS Conference. In a voice vote of the members present, all members voted in favor. **Motion** passed 6-0.

- Ms. Bailey advised that a disability application remained in process as Human Resources sought to offer the member an alternate position. She advised that

the proposed job description had been forwarded to the Board's Physician for review.

- Ms. Bailey advised, with regard to prospective CRA participation, that Mr. Cohen would be working with the City Attorney to draft a proposed ordinance.
- Ms. Bailey advised that the Koried Global Summit would be held from July 20th through July 22nd.

MOTION made by Trustee Strauss, seconded by Trustee G. Keller to allow any trustee or staff member wishing, to attend the Koried Global Summit in July 20 – 22, 2022 at the Biltmore. In a voice vote of the members present, all members voted in favor. **Motion** passed 6-0.

- Ms. Bailey advised that the Valuation Data had been sent to the Actuary and it was anticipated that the Valuation Report would be presented at either the May or June Board Meeting.
- Ms. Bailey thanked the staff of the Pension Office for their work during the months of March and April on the CPMS project. She noted that the staff had worked overtime over the last two months in order to meet CPMS deadlines. In response to a question from Trustee Strauss, Ms. Bailey advised that the office would not be seeking interns this year as the CPMS project required focus and subject matter experts which was limited to the current staff.

8. PUBLIC COMMENTS


There were no public comments.

9. TRUSTEE REPORTS, QUESTIONS AND COMMENTS

Trustee Shaw thanked the auditors and staff, specifically Veron Sibble for their work completing the audit. She asked that the Audit Committee look at tightening the timeline of the audit to provide the City with needed financial data earlier. Trustee D. Keller noted that he continued to work on the ESG Policy and expected to report to the Board in a few months.

10. ADJOURNMENT

MOTION made by Trustee Howell, seconded by Trustee G. Keller, to adjourn the meeting. In a voice vote by the members present, **Motion** passed 6-0. The meeting adjourned at 12:50p.m.



Phyllis Shaw, Chair
May 24, 2022

Date