

**MINUTES
REGULAR PENSION BOARD MEETING
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND
TUESDAY, FEBRUARY 28, 2023 AT 9:00AM**

1. CALL TO ORDER

Chair Shaw called the meeting to order at 9:20a.m.

2. ROLL CALL AND PLEDGE OF ALLEGIANCE

Board Members present: Chair Phyllis Shaw, Vice Chair George Keller (exited at 11:40a.m. and returned at 11:57a.m., exited at 12:50p.m.), Secretary Robert Strauss, Barbara Armand, Jeffrey Greene, Charles Howell (electronically joined 9:30a.m.), and David Keller. Also present: Executive Director Christine Bailey; Keith Reynolds, Felicia Ewell, Rosa Limas, Francois Otieno, Maureen O'Brien and Max Dulberger of Segal Marco; and Ronald Cohen of Lorium Law.

A. February 28, 2023 Regular Board Meeting Agenda

MOTION made by Trustee D. Keller, seconded by Trustee G. Keller, to adopt the February 28, 2023 Regular Board Meeting Agenda. In a voice vote of the members present, all members voted in favor. **Motion** passed 6-0.

3. CONSENT AGENDA

- A. January 24, 2023 Regular Meeting Minutes
- B. February 14, 2023 Special Meeting Minutes
- C. Ratification of Distributions (Contributions and DROP) and Plan Expenses
- D. Approval/Ratification of New Retirements/DROP/Vested/Death Annuities

MOTION made by Trustee D. Keller, seconded by Trustee Strauss, to approve Consent Agenda Items 3a through 3d. 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 Final November 30, 2022 and the January 31, 2023 Preliminary Financial Operations and Investment Summaries. Ms. Bailey also provided the Budget Variance Report as of January 31, 2023.

5. INVESTMENT (Felicia Ewell – Segal Marco)

- A. December 2022 Flash Performance Report
Mr. Reynolds provided the Board with the Flash Performance Report for December 2022. He noted that the Fund's market value of assets as of December 31, 2022 decreased to \$418.6 million. He also noted that the estimated return for the Fund was down 2.1% net of fees for the month of December 2022 and up 4.4% net of fees for the fiscal year to date.
- B. Emerging Manager Trends & Policy
Mr. Francois Otieno presented an Update on the Emerging Manager Program. He advised that the current allocation was 2.8% and included LM Capital and the Affiliated Housing Impact Fund. Mr. Otieno advised that Segal had created a Committee of Diversity Investing to increase the list of recommended emerging managers. He presented the committees 2021 Diverse Manager Progress Report, noting that 31% of all Segal clients utilized diverse managers. The Board requested a copy of the 2022 report and requested a breakdown of the clients utilizing diverse managers by client type.
- C. Current Trends in ESG and Policy
Ms. Maureen O'Brien and Mr. Max Dulberger presented an overview of Environmental, Social and Governance (ESG) Investing. Mr. Dulberger noted that ESG was a collective term that captured a holistic view of investment's value and risk. He reviewed the history of ESG investing and its impact on investment returns. He noted that most investors had a favorable or neutral impact from ESG investing.

In response to a question from Trustee Shaw, Ms. O'Brien noted that an ESG Program had to be supported by a good process. She advised that any investment strategy should

prioritize financial performance through risk and return. She noted that if strategies were comparable, then ESG factors could be secondary considerations.

Ms. O'Brien reviewed the Department of Labor rule, which did not affect public plans, on ESG investing and proxy voting. She noted that the rule did not prohibit ESG investing. She discussed proxy voting and the development of a proxy voting policy.

Ms. O'Brien also discussed Florida House Bill HB3. Mr. Cohen stated that a preliminary review of the bill sought to identify factors which should and should not be considered when retirement plans make investment decisions. He noted that, if passed, there would be a whole new level of reporting, attestations, and contracting requirements.

Trustee Greene asked about the impact of the bill on current investments if the bill passed. Mr. Cohen stated that his preliminary reading was that it did not appear to be retroactive but would affect any new or amended contracts. He noted that he did not see any concerns with the Plan's current investments. He noted that the bill was not yet in the Senate. Mr. Reynolds noted that the Emerging Manager Program investment recommendations were based on the efficiencies of size, that would increase expected return.

D. 2023 Work Plan

Mr. Reynolds provided the Board with the 2023 Work Plan.

6. **LEGAL (Ron Cohen – Lorium Law)**

A. Legal Update

Mr. Cohen advised that the Principal contract was signed and in effect. He also advised that the GTJZ fourth amendment related to member self-service was complete and would be signed after the meeting. He noted that there was a snafu with the Vercetti Contact which he believed would be corrected shortly.

B. Segal Renewal Update

Mr. Cohen advised that the Segal Contract was finished and ready to be signed. He noted that the Contract amounts were the same but Segal has changed some of their terminology and processes. He also noted that fees were now categorized as Operations Service, Regular Investments and Alternative Investments.

MOTION made by Trustee Greene, seconded by Trustee D. Keller, as amended, to approve the Segal contract to include an additional one-year extension – a four-year contract. Mr. Reynolds agreed to the additional one-year extension. In a roll call vote of the members present, all members voted in favor. **Motion** passed 7-0.

C. Proposed Memorandum of Understanding with City of Hollywood

Mr. Cohen advised that the City has asked for a Memorandum of Understanding (MOU) in connection with sending payroll data to the Plan. He noted the Ms. Bailey worked with City staff on the MOU. He also noted that he had reviewed the MOU and made appropriate changes. Ms. Bailey advised that the Biweekly Payroll Feed would provide payroll, earnings, and contribution records for active employees who were members of the Plan. She reviewed the details of the MOU, noting a needed addition to the signatory page for the City Attorney, and requested that the Board approve the agreement.

MOTION made by Trustee Armand, seconded by Trustee D. Keller, as amended, to approve the Memorandum of Understanding regarding the City's Biweekly Payroll Feed to the City of Hollywood Employees' Retirement Fund. In a roll call vote of the members present, all members voted in favor. **Motion** passed 7-0.

D. Wolf Popper Request

Mr. Cohen advised that Wolf Popper had requested that the Plan allow the Chicago Clearing Corp. (CCC) to have direct access to the Plan's trading data. Trustees

discussed the request and expressed their concerns. They noted that the Plan had several additional monitoring services without this issue.

MOTION made by Trustee Greene, seconded by Trustee D. Keller, to withdraw Wolf Popper from the Pool of Securities Litigation Firms. In a roll call vote of the members present, all members voted in favor. **Motion** passed 6-0. Trustee G. Keller was absent.

E. Executive Director's Evaluation

Mr. Cohen advised the Board that he received six evaluation forms.

Motion made by Trustee Armand, seconded by Trustee D. Keller, to extend the meeting for 30 minutes. In a voice vote of the members present, all members voted in favor. **Motion** passed 7-0.

Mr. Cohen stated that Ms. Bailey received scores of 58, 55, 59, 55, 55, and 56 out of 60. The Board expressed their appreciation to Ms. Bailey for her service. The Board set goals for Ms. Bailey complete the CPMS Project and the Relocation this year, and after relocation, to conduct a retiree workshop and update the website.

Motion made by Trustee Strauss, seconded by Trustee Armand, to extend the meeting until 1:00p.m. In a voice vote of the members present, all members voted in favor. **Motion** passed 7-0.

MOTION made by Trustee D. Keller, seconded by Trustee Armand, as amended, to increase Ms. Bailey's compensation by 5%, or 4% plus a one-time payout of \$1,000 net, whichever was higher. In a roll call 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.

B. CPMS Update

Ms. Bailey advised that the CPMS project was in its final phase of testing. She noted that the anticipated go-live date remained April 24, 2023.

C. Communications from the Executive Director

- Ms. Bailey advised that 10 of the 2022 life certificates had not been received and the benefits for those members were stopped. She advised that 5 of the 10 have since contacted the Pension Office and their benefits had been restarted and the retroactive payments due were being paid.
- Ms. Bailey advised that the 2023 Life Certificates had been mailed to retirees.
- Ms. Bailey advised that 29 distributions remained for the FY2012 13th Check Settlement totaling \$161,035.52.
- Ms. Bailey advised that 6 distributions remained for the FY2021 13th Check Settlement totaling \$30,533.59.
- Ms. Bailey advised that the Fund had been invited to make a presentation to the City Commission on May 17, 2023.
- Ms. Bailey advised that the letter to the City Attorney regarding the proposed CRA related ordinance change had been sent.
- Ms. Bailey advised that a member had requested authorization to contact the Board Actuary. The Board advised that their permission was not required but noted that the actuary may not be available to assist them.
- Ms. Bailey advised that when the 25th falls on a weekend or holiday, Principal had been inconsistent on the payment of the retiree benefits between the business day before and the business day after the 25th of the Month. She advised that Principal had agreed to make the payments on the business day before the 25th if it falls on a weekend or holiday as long as sufficient funds were

available in the disbursement account on the day before the payment would be made. She noted that if there were not sufficient funds in the account, the payroll would still be processed but the Fund would be changed an overdraft fee.

MOTION made by Trustee D. Keller, seconded by Trustee Armand, to request that Principal process retiree payroll on the day before the 25th of the Month, if the 25th falls on a weekend or holiday; and that Segal Operation ensured that sufficient funds were available for Principal's timeline. In a roll call vote of the members present, all members voted in favor. **Motion** passed 7-0.

- Ms. Bailey provided the Board with the DROP Participant List.

8. **PUBLIC COMMENTS**


There were made by Susan Goldberg.

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

Trustees congratulated Trustee G. Keller on his appointment as City Manager.

10. **ADJOURNMENT**

MOTION made by Trustee Greene, seconded by Trustee Armand, to adjourn the meeting. In a voice vote by the members present, **Motion** passed 6-0. The meeting adjourned at 1:00p.m.



Phyllis Shaw, Chair
10 / APRIL 2023

Date