

**MINUTES  
REGULAR PENSION BOARD MEETING  
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND  
TUESDAY, NOVEMBER 14, 2023 AT 9:00AM**

**1. CALL TO ORDER**

Chair Shaw called the meeting to order at 9:15a.m.

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

Board Members present: Chair Phyllis Shaw, Vice Chair George Keller (departed at 12:05p.m.), Secretary Robert Strauss (exited at 11:40a.m. and reentered at 11:43a.m.), Barbara Armand, Jeffrey Greene (arrived at 11:50a.m.), and David Keller. Also present: Executive Director Christine Bailey; Tammie Hechler, Director of Human Resources of the City of Hollywood; Keith Reynolds, and Felicia Ewell of Segal Marco; and Ron Cohen of Lorium Law.

Trustee Charles Howell was absent.

**A. November 14, 2023 Regular Board Meeting Agenda**

Trustee Shaw requested that Agenda Item 5 Disability Applications be at a time certain of 9:30a.m. **MOTION** made by Trustee D. Keller, seconded by Trustee G. Keller, to adopt the November 14, 2023 Regular Board Meeting Agenda as amended. In a voice vote of the members present, all members voted in favor. **Motion** passed 5-0.

**B. Absent and Excused**

Trustee Howell was absent. The Board tabled this item until Trustee Howell could be present.

**3. CONSENT AGENDA**

- A. September 26, 2023 Special Meeting Minutes
- B. September 26, 2023 Regular Meeting Minutes
- C. Ratification of Distributions (Contributions and DROP) and Plan Expenses
- D. Approval/Ratification of New Retirements/DROP/Vested/Death Annuities

Ms. Bailey advised that Item 3A had been amended to correctly reflect the Brightwood Presentation.

**MOTION** made by Trustee D. Keller, seconded by Trustee G. Keller, to approve Consent Agenda Items 3a, through 3d as amended. In a voice vote of the members present, all members voted in favor. **Motion** passed 5-0.

**4. FINANCIAL**

**A. Financial Reports and Investment Summary**

Ms. Bailey provided the Board with the Final June, July and August 2023 Financial Reports and Investment Summaries and the Preliminary September 2023 Financial Report and Investment Summary. Ms. Bailey also provided the Budget Variance Report as of September 30, 2023. In response to a question, Ms. Bailey noted that the report did not include accruals.

**6. INVESTMENT (Keith Reynolds – Segal Marco).**

**A. August and September 2023 Flash Performance Report**

Mr. Reynolds provided the Board with the Flash Performance Report for August 2023 and September 2023. He noted that the Fund's market value of assets as of September 30, 2023 increased to \$411.3 million. He also noted that the estimated return for the Fund was down 2.3% net of fees for the quarter ended September 30, 2023 and up 9.1% net of fees for the fiscal year.

**5. DISABILITY APPLICATIONS**

**A. Initial Hearing: Disability application from Victor Ayala**

Ms. Bailey advised that Mr. Victor Ayala had submitted an Application for Non-Duty Disability Retirement. She provided the Board Physician's Report, which opined that Mr. Ayala's disability was not work related and that he was totally and permanently disabled from his job as described in his City of Hollywood Job Description. Ms. Bailey

further advised that the City's Human Resources Director had stated that because of Mr. Ayala's specific disability and the deteriorating condition associated, there was no City position either existing or created in which Mr. Ayala could safely perform.

Ms. Bailey reviewed the history of Mr. Ayala's application. She noted that the disability file was completed less than the required 10 days before the initial hearing, a requirement of the Board's Disability procedures. She requested that the Board waive the 10-day requirement and consider Mr. Ayala's disability application at this time.

**MOTION** made by Trustee D. Keller, seconded by Trustee Armand, to waive the Board's policy 10-day requirement. In a voice vote of the members present, all members voted in favor. **Motion** passed 5-0.

The Board reviewed Mr. Ayala's Disability application and discussed the evidence presented in his disability file. Mr. Cohen reviewed the Disability procedures. The Board asked questions of Ms. Tammie Hechler, the Director of Human Resources. Ms. Bailey noted that Mr. Ayala completed the application himself in July 2023 and his signature was notarized.

Ms. Linda Bellatoni, the caregiver of Mr. Ayala responded to Trustee questions regarding Mr. Ayala's condition. She stated that Mr. Ayala had been instructed by his physician not to drive. She noted that there had been a significant decline in Mr. Ayala's condition and that he was now unable to complete a series of set tasks. She advised that he was diagnosed in July 2023. She confirmed that he was aware of the disability hearing.

Ms. Hechler advised that Mr. Ayala first applied for Family Medical Leave in 2022. Ms. Hechler confirmed that there was no position in the City that Mr. Ayala could perform safely without the assistance of an aide, which was typically not a reasonable accommodation.

The Board requested that, in future, the Member or their representative be strongly encouraged to attend the meeting, and that the Director of Human Resources, and the Board's physician be available to respond to the questions from the Board at these hearings. Trustee Strauss made a motion which was seconded by Trustee Armand to approve the non-line of duty disability retirement for Mr. Ayala effective November 14, 2023. Trustee Strauss noted that he was open to suggested modifications to the motion. Trustees discussed the motion and Trustee Strauss and Trustee Armand accepted amendments.

**MOTION** made by Trustee Strauss, seconded by Trustee Armand, to grant a non-line of duty disability retirement to Victor Ayala with an effective date being the day after his last day on payroll, that is, October 30, 2023. In a roll call vote of the members present, all members voted in favor. **Motion** passed 5-0.

Mr. Cohen noted that the disability procedures required that once the board had made a decision, a written order setting forth the Board's findings and conclusions on the application should be provided to the applicant within 30 days following the hearing. He noted that the Board could extend the time to enter the order by up to an additional 45 days. Mr. Cohen noted that the Board would not be meeting within the next 30 days and requested that the Board extend the time for the order.

**MOTION** made by Trustee G. Keller, seconded by Trustee Armand, to extend the time for the provision of the written order. In a voice vote of the members present, all members voted in favor. **Motion** passed 5-0.

6. **INVESTMENT (Keith Reynolds – Segal Marco)**

B. Second Quarter Performance Review

Mr. Reynolds reported the Fund's performance for the quarter ended June 30, 2023. He noted that the assets available for investments were \$429.8 million and performance was 3.1% net of fees for the quarter. He noted that the fiscal year to date performance was 11.8% net of fees.

In response to a question, Mr. Reynolds advised that the current conflicts in the world did add volatility to the markets but noted that managers would have considered these macroeconomic factors to minimize the negative impact on the Fund.

Mr. Reynolds discussed the recommendation of the Florida State Department of Management Services and their recommendation that the Board consider a lower assumed expected interest rate of return. He noted that the Fund had outperformed the current 7% interest rate of return assumption. He recommended that the Board consider an asset/liability study in 2024.

C. Investment Policy Statement Update

Mr. Reynolds provided proposed revisions to the Investment Policy Statement to update the Fund's actuarial assumptions and asset deployment policy, and to comply with Chapter 2023-28 of the Laws of Florida, including Section 112.662.

The Board discussed the policy updates and the new requirements of Section 112.662. Mr. Cohen noted that the Trustees votes on investments must be based only on pecuniary factors.

**MOTION** made by Trustee D. Keller, seconded by Trustee Armand, to adopt the revised Investment Policy Statement. In a roll call vote of the members present, all members voted in favor. **Motion** passed 5-0.

D. 2023 Work Plan

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

7. **LEGAL (Ron Cohen – Lorium Law)**

A. Legal Update

Mr. Cohen advised that the Marcum engagement letter for the fiscal year 2023 audit was completed. He advised that the GRS contract was not yet complete as, in his discussions with the actuary, he was advised that the GRS salary ranges in the original contract would not be the same as the ranges proposed by GRS for the experience study. He advised that the rates had increased. He noted that the not to exceed amount of \$27,000 would not change with the increased rate ranges.

**MOTION** made by Trustee Armand, seconded by Trustee D. Keller, to approve the changes to the rates of GRS experience study with a not to exceed of \$27,000. In a voice vote of the members present, all members voted in favor. **Motion** passed 5-0.

B. Update on House Bill 3

Mr. Cohen discussed House Bill 3, including the requirements that only pecuniary factors be considered in investment decisions and the exercise of shareholder rights. He also discussed the requirement for the filing of a comprehensive report detailing and reviewing the governance policies concerning decision making in voting decisions and adherence to the fiduciary standards required of the Fund under the new law. He provided a proposed comprehensive report that he recommended that the Fund files along with the updated Investment Policy Statement. He noted that the report must be submitted by December 15, 2023. He advised that he suspected that many retirement plans would be submitting similar reports to the one proposed.

In response to a question, Mr. Cohen stated that he was aware of consequences for non-compliance with the law, including not filing, or not filing appropriately through the portal provide, which would be that the entity would be reported, and the attorney general could bring an injunction and seek attorney's fees. He noted that the Fund could be sued and might have to pay attorney's fees. He noted that beyond that, the consequences could not be determined.

C. Brightwood Capital SBIC III Update

Mr. Cohen discussed the Brightwood investment and the effect of House Bill 3. He noted that the Brightwood presentation and agreement included comments related to ESG and DEI factors. After discussions with Brightwood, he advised that Brightwood had stated that they would 1) invest only on pecuniary factors as defined in Chapter 112.662(1); 2) only consider pecuniary factors when deciding whether to invest, and when investing, the interests of the Plan participants would not be subordinated to other objectives including sacrificing investment returns or undertaking additional investment risk to promote any nonpecuniary factor and the weight given to any pecuniary factor would appropriately reflect a prudent assessment of its impact on risk or return; and 3) did not vote proxies as they only made private investments. Mr. Cohen reminded the Board that when they vote, they must vote only on pecuniary factors.

In relation to the Brightwood side letter, Mr. Cohen request that the Board pass a formal policy to limit the loss to the amount of the investment.

**MOTION** made by Trustee D. Keller, seconded by Trustee Strauss, to adopt a policy to limit the loss to the amount of the investment. In a voice vote of the members present, all members voted in favor. **Motion** passed 5-0.

D. Request for Executive Session to Discuss Pending Litigation

Mr. Cohen requested an Executive Session to discuss the pending lawsuit Virginia Tisdale-Ferguson v. Blanche T. Pressley and the Board of Trustees of the City of Hollywood Employees' Retirement Fund.

**Motion** made by Trustee D. Keller, seconded by Trustee Armand, to extend the meeting for 20 minutes beyond 12:00noon. In a voice vote of the members present, all members voted in favor. **Motion** passed 4-0. Mr. Strauss exited the meeting briefly.

8. EXECUTIVE DIRECTOR'S REPORT

A. City Commission Communication

The Board received the City Commission Communication.

B. Pension Office Renovation Update

Ms. Bailey provided two change orders for work that had to be completed by the contractor in the new Pension Offices, CO#4 for \$9,393.83 and CO#5 for \$2,131.50 and requested that the Board ratify the approval of these change orders.

**MOTION** made by Trustee D. Keller, seconded by Trustee G. Keller, to approve the two requested ratifications. In a voice vote of the members present, all members voted in favor. **Motion** passed 5-0.

Ms. Bailey provided a change order for work that needed to be completed by the contractor in the new Pension Offices, CO#7 for \$31,730.93 and requested that the Board approval of the change orders.

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

Ms. Bailey provided 4 proposals for Information Technology work that needed to be completed by four goods and services providers in the new Pension Offices: ZE for \$17,815.00, Quality Wiring for \$14,611.00, CDWG for \$8,075.52, and Comcast for \$429.00. She requested that the Board approval of the proposals.

**MOTION** made by Trustee D. Keller, seconded by Trustee G. Keller, to approve the four items related to IT work in the Pension Office. In a voice vote of the members present, all members voted in favor. **Motion** passed 6-0.

C. CPMS Update

Ms. Bailey requested that the Board approve a time only extension in the GTJZ Project Management contract to September 30, 2024. She also provided a proposal from GTJZ to assist with Post-Go Live tasks that needed to be completed in fiscal year 2024 and requested approval of a contract for GTJZ to provide project management services for these Post-Go Live tasks.

**MOTION** made by Trustee Greene, seconded by Trustee G. Keller, to extend the time on the GTJZ Contract with no additional dollars through September 30, 2024. In a voice vote of the members present, all members voted in favor. **Motion** passed 6-0.

**MOTION** made by Trustee D. Keller, seconded by Trustee Greene, to approve a retainer contract for fiscal year 2024 in the amount of \$202,500 through September 30, 2024. In a roll call vote of the members present, all members voted in favor. **Motion** passed 6-0.

Ms. Bailey requested that the Board approve the hiring of two temporary employees to provide data entry services to the Fund for eight weeks at a cost of \$22,400,

**MOTION** made by Trustee Greene, seconded by Trustee D. Keller, to approve the hiring of two temporary employees. In a voice vote of the members present, all members voted in favor. **Motion** passed 6-0.

E. Proposed COHERF 2024 Calendar and Board Meeting Dates

Ms. Bailey provided the Board with a proposed calendar and proposed Board meeting dates for calendar year 2024. The Board requested that the June 2024 Board meeting be moved to June 18, 2024. Ms. Bailey noted that the recommendation included an October Board meeting and did not include a November Board meeting.

**MOTION** made by Trustee Greene, seconded by Trustee Armand, to accept the COHERF 2024 Calendar and Board Meeting dates. In a voice vote of the members present, all members voted in favor. **Motion** passed 5-0. Trustee G. Keller had left the meeting.

F. Communications from the Executive Director

- Ms. Bailey advised that 29 distributions remained for the FY2012 13<sup>th</sup> Check Settlement totaling \$161,035.52.
- Ms. Bailey advised that 4 distributions remained for the FY2021 13<sup>th</sup> Check Settlement totaling \$11,606.49.
- Ms. Bailey advised that the State's Department of Management Services requested that the Fund assign an authorized user to submit the Board's comprehensive report as required by House Bill 3.
- Ms. Bailey advised that the fiscal year 2023 financial audit had begun.
- Ms. Bailey advised that the legacy Pension Management System (PMS) had been decommissioned as of September 2023. She advised that the hard drive would be secured should there ever be a need to try to access any data from that system.
- Ms. Bailey provided the Board with the DROP Participant List.

**9. PUBLIC COMMENTS**


Eric Aronfreed provided public comments.

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

Trustee Strauss encouraged members and retirees to attend the Board meetings. Trustee Shaw wished everyone a good and safe holiday season. She thanked the staff for their work during the year.

**11. ADJOURNMENT**

**MOTION** made by Trustee D. Keller, seconded by Trustee Armand, to adjourn the meeting. In a voice vote by the members present, **Motion** passed 5-0. The meeting adjourned at 12:15p.m.

  
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Phyllis Shaw, Chair  
1/23/2024  
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Date