

**MINUTES
REGULAR PENSION BOARD MEETING
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND
TUESDAY, JUNE 23, 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

All attendees participated telephonically. Board Members: Chair Phyllis Shaw, Vice Chair George Keller, Secretary Robert Strauss, Christopher Cassidy, Jeffery Greene, Charles Howell and Cynthia Ramos. Also present: Executive Director Christine Bailey; Keith Reynolds, Felicia Ewell, Benjamin Patzik, Alan Kosan, and Francois Otieno of Segal Marco; and Ronald Cohen of Rice Pugatch Robinson Storfer & Cohen.

a. June 23, 2020 Regular Board Meeting Agenda

Mr. Cohen advised all participants that the meeting was being recorded and no objections were voiced.

3. CONSENT AGENDA

- A. May 19, 2020 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 Consent Agenda Items 3a through 3c. In response to a question, Ms. Bailey advised that there were no changes to Consent Agenda initially sent to Trustees. 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 Preliminary May 31, 2020 Financial Operations and Investment Summaries. She also provided the Budget Variance Report as of May 31, 2020. In response to a question, Ms. Bailey advised the Board that the Fund's employee salaries and benefits were paid by the City on a reimbursement basis.

5. INVESTMENT (Keith Reynolds – Segal Marco)

- a. May 2020 Flash Performance Report
Mr. Reynolds provided the Board with the Flash Performance Report for May 2020. He noted that not all managers had reported their performance. He noted that the U.S. equity markets were more optimistic and rebounded but he expected the high volatility to continue through the end of 2020. The Fund's market value of assets as of May 31, 2020 increased to \$332.7 million, up 2.54% for the month and down only 0.55% for the fiscal year to date.

Mr. Reynolds highlighted that the report reflected the transfer of assets from Brandes and advised that the assets would eventually be transferred to an emerging market mandate as a result of the ALM Study.

- b. Fourth Quarter Performance Review
Mr. Reynolds reported the Fund's performance for the quarter ended December 31, 2019. He noted that the assets were up 5.5% for the quarter and up 18.15% for the calendar year, not including the Fund's Cash accounts. He noted that the markets were very strong in 2019. He also highlighted that in the long term the Fund had outperformed its peers with a lower level of volatility.
- c. Private Credit Opportunities Presentations
Segal representatives provided the Board with overviews of BC Partners and Brightwood and Segal's recommendation to invest in these fund.

BC Partners' representatives consented to being recorded. Migo Terjanian and Ted Goldthorpe presented the BC Partners Credit Opportunities Fund II Investment

opportunity. They noted that the Fund size was \$1 billion. In response to Trustee questions, BC Partners representatives advised that they use extrapolation techniques to forecast how their investments would perform in a recession. They noted that their investment strategy was process driven. Any returns less than anticipated would be reviewed and any lessons learned would be used to improve their forecasting. They noted that their investments do consider ESG [Environmental, Social and Governance] components and that they do have public funds invested in this strategy.

Brightwood Capital Advisors' representatives consented to being recorded. Sengal Selassie and Kristina Matthews presented Brightwood Capital Fund V. They noted that 90% of their investors were Institutional and the company's interests were aligned with investors because their employees and affiliates have committed over \$100 million to the Brightwood Funds. They advised that the fund size would be \$2.5 billion, with fee on equity only, a preferred rate of return of 6.5% and carried interest of 15%. They noted that their minimum investment was \$10 million but that the minimum was being waived.

In response to a question, the representatives noted that public funds could invest through an onshore feeder. In response to a question from Trustee Cassidy, Mr. Cohen noted that the Fund would not have to invest through the Cayman Island feeder for the investments approved at the May meeting. Trustees discussed the provisions of the investment and the tax implications. Mr. Cohen noted that due to their nature, these were not the typical investment agreements.

MOTION made by Trustee Greene to accept the recommendation of the consultant condition on legal review. The motion was not seconded. Motion failed. The Board requested that additional information be provided at the next meeting.

d. Work Plan 2020

Mr. Reynolds provided the Board with the 2020 Work Plan. He noted that he would be issuing the emerging market search book prior to the next meeting.

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

- a. 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 the case had been dismissed with prejudice and the Fund had received reimbursement of \$900 in attorney's fees.
- b. Wells Fargo/Principal Transition Agreement
Mr. Cohen advised that the agreement was okay from a legal standpoint.

MOTION made by Trustee Strauss, seconded by Trustee Greene, to approve the agreement as presented by Mr. Cohen. In a voice vote of the members present, all members voted in favor. **Motion** passed 7-0.

c. Appointment of Citizen Member of the Board of Trustees

Mr. Cohen advised the Board that shortly after the last meeting Alan Fallik, Attorney for the City of Hollywood, had informed him that it was the City's position that the Commission could replace Trustee Greene at any time. He advised that Mr. Fallik stated that the Commission had, in the past, replaced Board appointments outside of the annual meetings at which such appointments were usually made.

Mr. Cohen advised that Mr. Fallik was uncertain of the City's and Commission's position on when Trustee Greene would again be eligible for appointment should he hold over beyond June 30, 2020.

d. Private Credit Contract Updates

Mr. Cohen advised the Board of his concerns with the Nuveen Contract. He noted that his concerns were address with Segal and with Nuveen. He advised that the Nuveen Investment would not use the Cayman feeder. He noted there were problems dealing with Nuveen to complete the documents but that they were completed timely. He advised that he would continue working on the EnTrust Blue Ocean contract.

MOTION made by Trustee Keller, seconded by Trustee Howell, to extend the meeting to 12:45p.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.

b. Board Meeting Schedule 2020

Ms. Bailey advised that the Executive Order which suspended the requirement that a quorum be present would expire before the next meeting. She advised that alternative accommodations and times were being proposed for Board meeting through the end of the year as follows:

<u>Dates</u>	<u>Time</u>	<u>Location</u>
July 28, 2020	9:00am-12:00pm	Sun Credit Union
August 25, 2020	10:30am-1:30pm	City Hall, Room 215
September 22, 2020	9:00am-12:00pm	City Hall, Room 215
October 27, 2020	10:30am-1:30pm	City Hall, Room 215
November 17, 2020	10:30am-5:00pm	Sun Credit Union
December 8, 2020	10:30am-1:30pm	City Hall, Room 215

Trustee Shaw noted the general concerns around the requirement for Trustees to be physically present at these meeting and a discussion ensued about Trustee requirements under the Board's telephone Policy.

MOTION made by Trustee Strauss, seconded by Trustee Greene, to suspend the telephone policy. In a roll call vote of the members present, all members voted in favor. **Motion** passed 7-0.

MOTION made by Trustee Cassidy, seconded by Trustee Keller, to accept the proposed 2020 Board meeting schedule as presented. In a roll call vote of the members present, all members voted in favor. **Motion** passed 7-0.

c. Policy on Benefit Recalculation of Annuitant Payments

Ms. Bailey outlined the proposed policy on benefit recalculation of annuitant payments. Trustees discussed the proposal and the threshold for administrative action.

MOTION made by Trustee Keller, seconded by Trustee Cassidy, to accept the proposed Policy on Benefit Recalculation of Annuitant Payments as presented, amended to change the threshold for administrative action from \$2,000 to \$5,000. In a roll call vote of the members present, all members voted in favor. **Motion** passed 7-0.

d. Recoupment of Benefit Overpayment

Ms. Bailey reviewed samples of previous recoupments of overpayments from members. She also provided a recommendation to provide Mr. Lalla with three options for the recoupment of benefits overpaid to him. Mr. Lalla agreed to be recorded. The Board discussed the tax treatment of any funds repaid by Mr. Lalla. Ms. Bailey advised that the Banking System will track the after-tax funds to ensure that they are reported correctly on the tax return.

MOTION made by Trustee Strauss, seconded by Trustee Keller, to accept the Executive Director recommendation on the recoupment of the overpayment with the three options outlined. In a roll call vote of the members present, all members voted in favor. **Motion** passed 7-0.

MOTION made by Trustee Cassidy, seconded by Trustee Keller, to extend the meeting to 1:15p.m. In a voice vote of the members present, all members voted in favor. **Motion** passed 7-0.

e. Communications from the Executive Director

- Ms. Bailey advised the Board that the retiree who did not return the 2019 Life Certificate had returned the 2020 Life Certificate and his benefits had been reinstated.
- Ms. Bailey advised the Board that 155 retirees had not yet returned their 2020 Life Certificates to date.
- Ms. Bailey advised the Board that 52 distributions remained for the FY2012 13th Check Settlement totaling \$325,000.
- Ms. Bailey advised that the Public Officers Bond had been renewed through May 2021.
- Ms. Bailey advised that the City Commission was notified at their Budget Workshop that the Board would be considering lowering the actuarially assumed interest rate and the amortization period.
- Ms. Bailey provided the Board with the DROP and Planned Retirement Participant Lists.

8. **PUBLIC COMMENTS**

Public Comments were made by Stephanie Szeto.

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

Trustee Keller thanked Ms. Bailey for her participation at the Budget Workshop and noted that the ongoing relationships with this and the other boards were seen as being much more positive and moving in the right direction.

Trustee Cassidy requested that changes in the Calendar be identified and sent separately after the initial calendar has been sent. Trustee Greene, as a citizen member, thanks the Board members and the employees of the City for how they have handled the current situation and how they have helped the residents of the City.

Trustee Shaw thanked the Pension Office for maintaining the office and making sure that the members were taken care of. She thanked Trustee Keller and Dr. Ishmael for their support of the Fund and the improved relationship with the City.

Trustee Shaw advised that Cintya Ramos would be leaving the City. She thanked Trustee Ramos for her service to the Fund, especially for stepping up during the transition of the Fund operations.

10. **ADJOURNMENT**

MOTION made by Trustee Keller, seconded by Trustee Greene, to adjourn the meeting. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0. The meeting adjourned at 1:25p.m.



Phyllis Shaw, Chair

Date