

**MINUTES
REGULAR PENSION BOARD MEETING
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND
TUESDAY, FEBRUARY 22, 2022 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

Board Members present: Chair Phyllis Shaw, Vice-Chair George Keller (arrived at 9:25am), Secretary Robert Strauss, Barbara Armand, Charles Howell, and David Keller. Also present: Executive Director Christine Bailey; Keith Reynolds of Segal Marco; and Ronald Cohen of Lorium Law.

A. February 22, 2022 Regular Board Meeting Agenda

MOTION made by Trustee Strauss, seconded by Trustee Howell, to adopt the February 22, 2022 Regular Board Meeting Agenda. In a voice vote of the members present, all members voted in favor. **Motion** passed 5-0.

3. CONSENT AGENDA

- A. January 18, 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 D. Keller, seconded by Trustee Armand, to approve Consent Agenda Items 3a through 3c. In a voice vote of the members present, all members voted in favor. **Motion** passed 5-0.

4. FINANCIAL

- A. Ms. Bailey provided the Board with the Final November 30, 2021; and the Draft January 31, 2022 Financial Operations and Investment Summaries. She also provided the Budget Variance Report as of January 31, 2022.

5. INVESTMENT (Keith Reynolds – Segal Marco)

- A. December 2021 Flash Performance Report
Mr. Reynolds provided the Board with the Flash Performance Report for December 2021. He noted the Fund's market value of assets as of December 31, 2021 increased to \$469.8 million. He also noted that the estimated return for the Fund was about 2.8% net of fees for the month of December 2021 and up 3.9% net of fees for the fiscal year to date.

C. 2022 Work Plan

Mr. Reynolds provided the Board with the 2022 Work Plan. He noted that research information for the existing managers was not as expected and would be provided at the next meeting. He also noted that the ESG guidelines would be provided in March or April.

Mr. Reynolds requested guidance on TSW and how the Board wanted to proceed. Trustee Shaw noted a preference to transfer the assets out of TSW now. The Board discussed a possible transition from TSW. Mr. Reynolds advised that Segal could conduct a SMID Value Search in March and present candidates in April.

MOTION made by Trustee Strauss, seconded by Trustee Armand, to accept the recommendation of Mr. Reynolds, moving funds from TSW to the Northern Trust Index Fund until a future allocation decision is made. The Board discussed alternative allocations of the TSW assets. Mr. Reynolds advised that to maintain a balance between growth and value, the fund should eventually transition to a new value manager. In a roll call vote of the members present, all members voted in favor. **Motion** passed 6-0.

Trustee Shaw requested that Segal conduct a review of the Fund's performance since the Asset Allocation Study was done to see the impact of the decisions made after the study on

the performance of the Fund. Mr. Reynolds noted that he would bring that back to the Board in the second half of the year.

6. LEGAL (Ron Cohen – Lorium Law)

A. Legal Updates

Mr. Cohen advised that Addenda to the GTJZ and GRS contracts were complete. He noted that the Marathon Contract had not yet closed as Marathon was still working through issues with other investors.

Mr. Cohen noted that there was a section in the Marathon Partnership Agreement that required arbitration. He noted that Marathon advised that if the investor was a government agency that had a policy of not to proceeding to arbitration that they would include, in a side letter, that the Fund would not have to proceed to arbitration. He noted that due to the sunshine laws, the Trustees could not arbitrate in private, which would put the Fund at a distinct disadvantage. He requested and recommended that the Board adopt the Proposed Arbitration Policy.

MOTION made by Trustee Strauss, seconded by Trustee D. Keller, to adopt the Arbitration Policy as proposed by our Legal Counsel, Ron Cohen, as presented today February 22, 2022. The Board discussed the impact of this policy on any current or prospective managers. Mr. Cohen noted that he believed that this was the best way to proceed. In a roll call vote of the members present, all members voted in favor. **Motion** passed 6-0.

Mr. Cohen advised that he had two additional contracts still pending, Neuberger Berman and LM Capital.

Mr. Cohen reviewed his letter of February 18, 2022 to Ms. Bailey regarding a decision in the Circuit Court, Appellate Division, that denied Virginia Tisdale-Ferguson's Petition for Writ of Certiorari. He advised that the litigation could continue as Ms. Tisdale-Ferguson could take further actions.

B. Executive Director's Evaluation

Mr. Cohen advised the Board that he received four evaluation forms that scored Ms. Bailey 59, 51, 56, and 49 out of 60. The Board commended Ms. Bailey and thanked her for her service.

MOTION made by Trustee Strauss, seconded by Trustee Armand to adjust Ms. Bailey's compensation by 5% to the next evaluation date of January 31, 2023 retroactive to the end date of the previous period. In a roll call vote of the members present, **Motion** passed 6-0.

C. 2019 Restoration Ordinance and BSO Employees

Mr. Cohen reviewed his letter to Ms. Bailey dated January 19, 2022 regarding the 2019 Restoration Ordinance and BSO Employees. Mr. Cohen discussed the agreements that allowed certain BSO Employees to remain in the City of Hollywood Employees' Retirement Fund. He noted that there was nothing in the ordinance that stated the amount of benefit these members should receive. He opined that, based on his review of the ordinance and the agreements, it was his belief that the BSO Employees should be treated as all other member and were entitled to the benefits of the restoration ordinance.

Mr. Cohen noted that the eligibility of the BSO Employees for restoration involved the interpretation of the Plan, which rested with the Board, as the Board was charged with the administering the Plan. He recommended that the Board allow the BSO Employees to receive the restoration benefits.

MOTION made by Trustee Strauss, seconded by Trustee G. Keller to accept Legal Counsel, Ron Cohen's letter of explanation and recommendation concerning the restoration ordinance and those employees employed by the BSO, Broward Sheriffs' Office. In a roll call vote of the members present, **Motion** passed 6-0.

- D. 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.

Trustee Shaw advised the Board that the FPPTA had requested that Ms. Bailey develop an Administrative Program for the FPPTA Annual Conference to be held in June 2022.

7. EXECUTIVE DIRECTOR'S REPORT

A. City Commission Communication

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

B. Pension Office Renovation

Ms. Bailey advised that the Police Department had visited the site and provided their security recommendations which were being incorporated into the floor plans. She noted that the furniture vendor and the IT Department would be reviewing the space that week, and that we hoped to bring the floor plans to the Board at the next meeting.

C. CPMS Update

Ms. Bailey advised that, with the assistance and intervention of Deputy City Manager Keller, significant progress had been made with CPMS. She noted that all demographic data for all retirees and active members had been transferred to PTG. She noted that the demographic data for vested members would be a manual undertaking. She noted that the Fund now had all the bi-weekly contributions for all the active members from the start of the City's Millennium System in 2003 through to current. She noted that the Fund expected to receive employment history and pensionable earnings within the week.

Ms. Bailey advised that PTG would be provided a preview of the proposed screens for the new system on Friday, February 25th for the staff's input.

D. Communications from the Executive Director

- Ms. Bailey advised that the Principal/Wells Fargo transition was in process. She noted that effective February 22, 2022, the custodian of the Fund was now Principal. She noted that so far the staff, Segal and the investment managers, had transitioned smoothly and had access to Principal Interface.
- Ms. Bailey advised that two 2021 life certificates remained outstanding and that these members would remain inactive on pension payroll until the Fund received their certificates. She noted that the 2022 life certificates had been mailed to retirees at the end of January and were due back by March 31, 2022.
- Ms. Bailey advised the Board that 31 distributions remained for the FY2012 13th Check Settlement totaling \$179,324.79. Ms. Bailey advised that two additional claim were being processed.
- Ms. Bailey advised that there were still two disability application in process. She advised that one applicant had stated that he would be discontinuing his application and would be requesting a refund of his contributions. She noted that he had not yet completed the Distribution of Contributions form. Ms. Bailey advised that the other application was in process awaiting the Board's Physician's Report.
- Ms. Bailey provided the Board with the DROP and Planned Retirement Participant Lists.

8. PUBLIC COMMENTS

There were no public comments.

9. TRUSTEE REPORTS, QUESTIONS AND COMMENTS

Trustees Armand asked if there was an agreement between the Board and the City for City employees providing services to the Fund in light of the Fund having its own offices and property. Mr. Cohen advised that he was not aware of any written agreement and noted that the Board could accept the services. With regard to the City providing those services, he stated that he believed they could but that was really a question for the City Attorney.

Trustee G. Keller stated that he was not aware of any formal agreement but advised that that there had been a long standing practice that the City had always worked closely with the Fund and had provided services. He noted that informally some services were in place including DCM, HR, and IT. He stated that if there was a need to formalize the arrangement that could be done, if there is a desire to do that. It was decided that a formal agreement was not needed but if it became necessary, a formal agreement would be put in place.

Trustee G. Keller advised that CRA, a long standing public agency within the City of Hollywood but not the Municipal Corporation, had employees that worked for the City, got paid under the City's Tax ID, but they were not recognized as "City of Hollywood Employees". He noted that the CRA would be sun-setting and about 20 long term CRA employees who might become eligible to join the Fund.

Mr. G. Keller also noted that the City was finalizing the latest labor contracts. He noted that the next round of negotiations might include changes to pension benefits and contributions.

Trustee Shaw noted that the independence of the Fund was mainly to allow the Fund to hire its own staff and consultants, and to pay its own bills. She noted that the Fund had always wanted to keep the economies of scale and not unnecessarily charge the City interest. She noted that if the Fund were to reimburse the City for the charges for those services, there would then be a request back to the City for those charges with interest added, essential a dummy tax.

Trustee Shaw also suggested that City and the three City plans look at investments, working together to reduce management and investment fees. Trustee Shaw expressed her support for the CRA employees being allowed to join the Fund.

Trustee Shaw thanked the Pension Staff, Mr. Reynolds, Mr. Cohen and fellow trustees, for all the work that they had been doing.

Trustee Strauss advised that both the Pension Office and he had been receiving calls regarding the possibility of a 13th check. Ms. Bailey advised that she would put some information up on the website regarding the 13th check and the payment processes and timing. She noted that the 13th check was only payable to retirees and employees who were employed on October 1, 2002 and it was based on contributory service. So there are retirees hired after that date and retirees with non-contributory service who will not qualify for a 13th check.

Trustee Shaw recommended that members be directed to the Pension Office to address their particular concerns as the answer may vary depending on each member's circumstance.

10. ADJOURNMENT

MOTION made by Trustee D. Keller, 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 10:45a.m.

Phyllis Shaw, Chair

Date