

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

Board Members present: Chair Phyllis Shaw, Secretary Robert Strauss, Barbara Armand, Charles Howell, and David Keller. Also present: Executive Director Christine Bailey; Keith Reynolds of Segal Marco; Karl Hutchinson of Principal Financial; and Ronald Cohen of Lorium Law.

A. March 22, 2022 Regular Board Meeting Agenda

MOTION made by Trustee D. Keller, seconded by Trustee Armand, to adopt the Revised February 22, 2022 Regular Board Meeting Agenda which withdrew Agenda Item 6B and Added Agenda Item 5F - IPS Update. In a voice vote of the members present, all members voted in favor. **Motion** passed 5-0.

3. CONSENT AGENDA

- A. February 22, 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 Draft February 2022 Financial Operations and Investment Summaries. She also provided the Budget Variance Report as of February 28, 2022.

5. INVESTMENT (Keith Reynolds – Segal Marco)

A. January 2022 Flash Performance Report

Mr. Reynolds provided the Board with the Flash Performance Report for January 2022. He noted the Fund's market value of assets as of January 31, 2022 decreased to \$452.9 million. He also noted that the estimated return for the Fund was down -3.3% net of fees for the month of January 2022 and up 0.7% net of fees for the fiscal year to date.

B. Custodian Update

Mr. Hutchinson advised the Board that the transition of the custodial services from Wells Fargo to Principal went very well. He stated that Principal was one of the top 3 of overall service providers. He noted Principal's commitment to corporate social responsibility. He also noted that Principal had a major commitment to technology and cyber security to protect client assets. He also provided a list of the trust and custody services offered by Principal.

Ms. Rosa Limas advised that Segal had approximately 35 clients who transitioned to Principal at the same time as COHERF. She noted that there were no major issues to report with respect to the transition. She also noted the Fund will be working with the same Well Fargo leadership, personnel and systems.

C. TSW Transition Update

Mr. Reynolds noted that at Board terminated TSW at the January meeting and requested that the asset be transferred. However, he requested that, to reduce transition costs and given the volatility in the market, the Board recall the recommendation that the asset be moved from TSW to the SMID Cap index fund and instead, hold those assets at TSW until a new manager is identified. Then utilize a transition manager to minimize market cost and the impact of volatility.

Ms. Limas explain the concept of transition management and its benefits to the Fund to minimize cost and risk. She noted that there were no additional costs the Fund as the transition managers were compensated through the execution of the transition. Trustee D. Keller asked how a transition manager's cost would be impacted if only a small portion of the assets could be crossed to the new manager. Ms. Limas noted that a transition manager would utilize internal crossing within the firm and external crossing among its liquidity sources to trade and minimize costs. She noted that there would be full disclosure of the cost before the transition, and that there would be a full analysis after the transition.

In response to a question, Ms. Limas stated that a transition manager would be hired through a similar process as the investment managers, using their seven principle process. Trustee Shaw inquired about the timeline to hire a transition manager. Mr. Reynolds advised that a list of proposed transition managers would be provided at the next meeting, the managers would then be considered at the May Board Meeting. Ms. Limas noted the Board could interview and select transition managers in April.

The Board discussed the transition process from TSW.

MOTION made by Trustee Strauss, seconded by Trustee D. Keller, to recall the motion made for Item 5C at the February 22, 2022 meeting concerning transferring funds from TSW to the Northern Trust Index Fund until a future allocation is made. In a roll call vote of the members present, the **Motion** passed 4-1. Trustee Shaw opposed the motion.

Trustee Strauss noted that a new roster of transition managers would be brought to the fund next month. Mr. Reynolds concurred and noted that a roster of proposed new SMID Value managers would also be brought. He noted that TSW would maintain the assets until the transition can be conducted in a cost effective manner.

MOTION made by Trustee D. Keller, seconded by Trustee Strauss, to terminate TSW after the selection and contracting with a new manager, or managers. In a roll call vote of the members present, all members voted in favor. **Motion** passed 5-0.

MOTION made by Trustee D. Keller, seconded by Trustee Strauss, to request that Segal evaluate and bring forward suggested transition manager firms for the Board to evaluate and consider at its next meeting. In a roll call vote of the members present, all members voted in favor. **Motion** passed 5-0.

D. Investment Manager Review and Analysis

Mr. Reynolds provided the Manager Research Summaries which reviewed and provided Segal's current position on each of the Fund's investment managers Board. He noted that all remained recommended by Segal.

E. 2022 Work Plan

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

F. IPS Update

Mr. Reynolds provided the proposed Investment Policy Update, which included an updated Exhibit A to specifically apply to LM Capital. He noted that the Exhibit would change if LM Capital were replaced. Mr. Cohen noted that if approved, the updated IPS would not take effect until 31 days after it was submitted to the Plan Sponsor, the Actuary and the Department of Management Services. Trustees requested that the Exhibit be amended to include the title Addendum to the Investment Policy Statement.

MOTION made by Trustee D. Keller, seconded by Trustee Armand, to approve Exhibit A as amended. In a roll call vote of the members present, all members voted in favor. **Motion** passed 5-0.

6. LEGAL (Ron Cohen – Lorium Law)

A. Legal Updates

Mr. Cohen advised that Ms. Bailey's contract was ready for signatures. He advised that he continued to work on the LM Capital contract. He also noted that the Marathon Contract was still under review. He stated that he hoped to have the paperwork completed shortly but that neither he, nor Mr. Reynolds had yet heard from Marathon when the closing would be.

Ms. Cohen stated that he had not yet received the Neuberger Berman subscription agreement, but had received an unsigned version of the subscription agreement. He advised that he had sent them a proposed side letter, but he had not yet heard back from them. He noted that he believed the last day to for the next close was March 23, however he had not heard back from Neuberger Berman. Mr. Reynolds noted that the next and final close would be June 30, 2022.

Mr. Cohen advised that Ms. Tisdale-Ferguson's had submitted a motion for rehearing. He noted that he was preparing a response memorandum

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.

7. EXECUTIVE DIRECTOR'S REPORT

A. City Commission Communication

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

B. Pension Office Renovation

Ms. Karen Sashi of the City's Department of Construction and Management provided the Board with a status report on the Pension Office designs and advised that the construction documents were expected to be completed by the end of April. She noted that bidding for contractors then take place. She reviewed the proposed design, including furniture and finishes.

C. CPMS Update

Ms. Bailey advised that GTJZ had major setback. She noted that to minimize the impact on the CPMS project, Mr. Jack Zeigler had begun working on the project fulltime. She noted that the project had passed major milestones, include the extraction of almost all the historical pension data from the Millennium and Oracle Systems. She noted that the next initiative is to extract data from other data sources, including manually from individual member files.

Mr. Bailey noted PTG had submitted their project plan which the Fund would review and hope to finalize by the next meeting. She noted that with the data extraction delays had impacted the timeline. She noted however that if staff met a series of data extraction deadlines by March 31, 2022, the Go Live date would only be pushed out from October to November 7, 2022.

Ms. Bailey advised that PTG had provided the Screenshot design specifications which were being reviewed by staff.

Ms. Bailey advised that after reviewing the data extracts from Highstreet, it was determined that CPMS would need an additional data extractions files above the four original proposed in the Highstreet Level of Effort. She noted that the cost of the additional data extraction files would be \$900, which due to urgent need for the report she expensed the funds. She requested that he Board approve the increased expenditure to Highstreet.

MOTION made by Trustee D. Keller, seconded by Trustee Strauss, to approve the additional \$900 expense as outlined. In a roll call vote of the members present, all members voted in favor. **Motion** passed 5-0.

Trustee Shaw recommended that the Board consider allowing Ms. Bailey a level of discretionary spending for circumstances such as this. Ms. Bailey and Mr. Cohen will prepare a policy for consideration by the Board.

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 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 a member withdrew his contributions from the Fund and thereby ending his disability application. She advised that the Fund's Physicians Report was received and forwarded to the Human Resource Department for review and opinion.
- Ms. Bailey advised that she met with the City regarding a proposal to allow CRA employees to join the Fund. She noted that such a proposal would require an ordinance change which would be drafted by Mr. Cohen and the City Attorney.
- Ms. Bailey provided the Board with the DROP and Planned Retirement Participant Lists.

In response to a question for Trustee Strauss regarding the need for an ordinance change to allow CRA employees to participate in the Fund and the need for retirees to vote on such a change, Ms. Bailey confirmed that an ordinance change would be required and that participants, including retirees, would need to vote on the change.

8. **PUBLIC COMMENTS**

There were no public comments.

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

Trustees Shaw thanked Trustees and staff for their efforts to ensure that the meeting was conducted timely.

Trustee Strauss commented on the current affairs in the world. He noted the Board should support democracy and free enterprise, and that social investing was an economic force available to the Fund to do what is right.

10. **ADJOURNMENT**

MOTION made by Trustee Howell, seconded by Trustee D. Keller, to adjourn the meeting. In a voice vote by the members present, **Motion** passed 5-0. The meeting adjourned at 11:35a.m.

Phyllis Shaw, Chair

Date