

**MINUTES
REGULAR PENSION BOARD MEETING
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND
TUESDAY, JULY 28, 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 (arrived 9:10 a.m.), Secretary Robert Strauss, Christopher Cassidy, Jeffery Greene (joined 9:13 a.m.), Charles Howell and Adam Reichbach (exited 11:00 a.m.). Also present: Executive Director Christine Bailey; Keith Reynolds, Felicia Ewell, and Francois Otieno of Segal Marco; and Ronald Cohen of Rice Pugatch Robinson Storfer & Cohen.

a. July 28, 2020 Regular Board Meeting Agenda

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

MOTION made by Trustee Cassidy, seconded by Trustee Strauss, to adopt the July 28, 2020 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. June 23, 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 Strauss, seconded by Trustee Reichbach, to approve Consent Agenda Items 3a through 3c. In a voice vote of the members present, all members voted in favor. **Motion** passed 6-0.

4. FINANCIAL

a. Ms. Bailey provided the Board with the Final March 31, April 30, and May 31, 2020 Financial Operations and Investment Summaries, and the Preliminary June 30, 2020 Summary. She also provided the Budget Variance Report as of June 31, 2020. In response to a question, Ms. Bailey advised the Board that the proposed budget for fiscal year 2020 should be available at the August meeting.

5. INVESTMENT (Keith Reynolds – Segal Marco)

a. June 2020 Flash Performance Report

Mr. Reynolds provided the Board with the Flash Performance Report for June 2020. He noted that not all managers had reported their performance. He noted the Fund's market value of assets as of June 30, 2020 increased to \$335.4 million, up 10.64% net of fees for the quarter and up 1.11% for the fiscal year to date.

Mr. Reynolds noted that the main cause of the differences between the targeted and actual allocations of assets was the temporary transfer of assets from Brandes to the large-cap index fund.

Ms. Ewell advised the Board of a potential security breach at an Angelo Gordon sub-contractor. She noted that only Angelo Gordon's information was accessible and no member data could have been compromised. She noted that the breach did not appear to affect the Hollywood account.

b. TSW SMID Value Discussion

Mr. Reynolds reported Segal research perspective had not changed on TSW, their style and strategy were still supported but noted that manager has underperformed for the Fund. Mr. Reynolds recommended a peer review for TSW at an upcoming meeting. The Board discussed TSW and its past performance, and how to proceed. The Board concurred and requested the comparison data.

c. Emerging Market Review

Mr. Reynolds reviewed the Emerging Markets Equity Search book, including fees and past performances. He noted that CGC Partners did not have the capacity for a full review

by Segal. He also noted that the leader of the Fund, Rajiv Jain was well know and experienced, however, he was the key man, and the partnership largely depended on him and therefore there was significant key man risk. In response to a question, Mr. Reynolds advised that the assets to be allocated were approximately \$15 Million.

After discussion, the Board requested that presentations be provided by Martin Currie and RBC Global Asset Management.

d. Private Credit Opportunities Presentations

Mr. Reynolds and Mr. Otieno provided the Board with review of the Private Credit asset allocation. They noted that the allocation to Private Credit was 5%, or approximately \$20 million. They also noted that the allocation was an over-commitment of assets due to the time of capital calls and distributions. They reviewed the BC Partners and Brightwood opportunities and Segal's recommendation to invest in these fund.

The Board discussed the opportunities, including the length of the commitment, the use of offshore feeders, and the tax consequences of these feeders.

MOTION made by Trustee Strauss, seconded by Trustee Cassidy, to accept the consultant's recommendation for a \$5 million commitment to Brightwood Capital Advisors. In a roll call vote of the members present, all members voted in favor. **Motion** passed 6-0. (Trustee Reichbach had exited the call.)

The Board requested that Segal provide an alternative investment to BC Partners. Mr. Otieno noted that they were reviewing additional managers as the Nuveen commitment may not be deployed since the market recovered quickly and the expected return may not be achievable. A poll of the Board to determine whether to allocate the remaining \$15 million allocation in private credit to the two managers, Entrust and Brightwood only, or to proceed with three managers, Entrust and Brightwood and search for an additional manager to replace BC Partners resulted in four Trustees in favor of two managers, Trustees Shaw, Keller, Greene and Howell and two Trustees in favor of three managers, Trustees Cassidy and Strauss.

MOTION made by Trustee Greene, seconded by Trustee Howell, to approve the recommendation of the consultant to increase the commitment to two managers, Entrust and Brightwood by \$2.5 million each. In a roll call vote of the members present, **Motion** passed 5-1. (Trustee Cassidy opposed the motion.)

e. Investment Policy Statement - Draft

Mr. Reynolds provided the Board with the draft Investment Policy Statement 2020, including the updates resulting from the ALM study. He requested comments and concerns and noted that the policy would be presented for consideration and action at the next meeting.

f. Work Plan 2020

Mr. Reynolds provided the Board with the 2020 Work Plan.

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

a. Private Credit Contract Updates

Mr. Cohen advised the Board that he completed his initial review of EnTrust Blue Ocean but he had not yet heard back on his outstanding questions. He noted that they extended the closing to September to allow investors more time to complete the documentation. He noted that the increase in the commitment should not require additional legal review.

b. Board Meeting Requirements

Mr. Cohen advised that the sunshine law required a quorum be physically present. He noted that the exemption to this requirement will expire on July 31, 2020. He noted that there are many calls to the Governor's office to extend the exemption. He advised that if the exemption were extended, he would notify the Board.

7. EXECUTIVE DIRECTOR'S REPORT

a. City Commission Communication

The Board received the City Commission Communication. The report will be updated to include the appointment of Trustee Reichbach. A notation will also be placed on the communication indicating that the time of the meeting may change.

Trustee Cassidy inquired about the timing of the August meeting should the exemption be extended. Mr. Cohen noted that the meeting time could be changed if the Board approved a change and there was sufficient time to notify the public.

MOTION made by Trustee Cassidy, seconded by Trustee Strauss, that if the Governor's executive order to waive the need for a quorum to be physically present is extended, that the August Regular Board meeting will be held at 9:00 a.m. as long as there is sufficient notice to the public. In a voice vote of the members present, all members voted in favor. **Motion** passed 6-0

b. Communications from the Executive Director

- Ms. Bailey advised the Board that 125 retirees had not yet returned their 2020 Life Certificates to date.
- Ms. Bailey advised the Board that 41 distributions remained for the FY2012 13th Check Settlement totaling \$248,909.80.
- Ms. Bailey advised that for members who retired with a split benefit, the actuarial option factor used in the calculation of their Post Frozen Benefit was incorrect. She advised that did not affect most members as they either elected the normal retirement annuity or they were eligible to receive both the frozen and post frozen benefits at age 55. She noted that this would affect 10-15 members who will be receiving this benefit at age 65.
- Ms. Bailey advised that the Benefit Statements were expected shortly. The electronic file had been provided by the Actuary and the statements were in transit to the Pension Office.
- Ms. Bailey provided the Board with the DROP and Planned Retirement Participant Lists.

Ms. Bailey advised the Board that there has been a significant increase in the death rate of retirees, presumably the impact of the current pandemic.

8. PUBLIC COMMENTS

There were no Public Comments.


9. TRUSTEE REPORTS, QUESTIONS AND COMMENTS

Trustee Greene advised the Board that he would not be able to attend meetings in person for several reasons related to the pandemic.

Trustee Strauss thanked his former coworkers for keeping the local community safe. He noted that he was honored to be part of this community as he had seen the essential employees around the City taking care of the residents. Trustees Greene and Shaw concurred.

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 6-0. The meeting adjourned at 11:50a.m.



Phyllis Shaw, Chair
1 September 2020

Date