CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND

CALENDAR OF ITEMS

REGULAR BOARD MEETING JULY 28, 2020

SECTION 3 OF 3



Important Information (Cont.)

the procedures and methodologies (including assumptions) used to calculate the Fund's targeted returns.

Illiquidity premiumiformation hereinis provided solely for illustrative purposes to show the overall attractiveness of investing in private, alliquid credit relative to buying publicly traded debt.

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Please be advosed that the targeted investment allocations, strategies and thermes, selected examples and case studies presentation are provided for illustrative purposes only and are intended to provide insight into the investment strategy or after the trade and types of opportunities that the Advosor will be available for investment by the Fund on the investment of page that the fund and it should not be assumed that the Fund on the investment opportunities that will be rainfable to the Fund, the comparable investment opportunities that will be assumed that the Fund will make comparable investment or that the Advosor will be successful in dentifying any investment opportunities similar to the hypothetical opportunities set forth in this Presentation in the future or concernation and sisted class, among other factors, from the allocations, strategyes, then exade examples provided in this Presentation. Moreover, the actual investment and on the window of the armost professionals who willbe mode with any examples as trailiers and for transaction surman size presentation in this Presentation may apprehen any apprehensive and operations are investment or effected in this Presentation may apprehensive and the selected examples, then exade examples provided in this Presentation may apprehensive the advocable model also more that the selected examples, the actions of the Fund. In addition, certain of the persons that were involved in the Fund would have been severed in any such proportunities at BC for industry in the allocations in the funds and persons that were involved intuiting of entire committee the test of many to active in more than the committee the entire in the funds and persons that were involved in the funds on may function in different releast at BC Permets, which may impact the Fund and persons the example investments, that such investments would have been successful.

The blographies provided herein for certain investment professionals may include information regarding such investment professionals respectively once employers, including performance informations and informations purposed for informational purposes confland, investment and informations to provide for informational purposes confland, investment professional vallee a belief to make similar contributions to BC Partners or the Fund. Furthermore, such information is not meant to create any comparison between the applicable firm and IPC for make similar contributions to BC Partners or the Fund. Fund here experience in the contributions to BC Partners or the Fund. Fund makes the information is not meant to create any comparison between the applicable firm and IPC for makes similar investment team moveled in the studies of the fund have exceeded in the make studies of the fund have exceeded in the contribution of the neuropose of the fund, and the contribution of the neuropose of the fund including in certain instances, at their priorifinally since the fund of the contribution of the fund. Past performance cell any investment enthes associated with BC Partners and for enthe instances, at their priorifinal surface in cludicative of the fund and instances, at their priorifinal surface in cludicative of the fund. esults or performance and provides no assurance of future results.

Prospective investors should note that the investment programs and objectives of BC Partners' buyout funds (collectively, the "BCEC Funds") are substantially different from the investm program and objectives of the Fund. The RECE Funds and the Fund have different investment reams of BC Partners investment professionals. The information provided becent regarding the investment performance of the BCEC Funds is, therefore, provided solely for background purposes and should not be considered as an indication of future performance by the Fund.

Althoughthe investment team involved in the activities of the Fund have extensive investment experience in credit-oriented investing in the debt markets, the past activities of the Fund. Past performance of the found. Past performance of the fund. Past performance of the fund. Past performance of any investment entities associated with BC Partners and/or entities associated with the Fund's investment team (including in certain instances, at their priorifirm(s)) is not indicative of future results or performance and provides no assurance of future results. BCP Credit's integration within and access to certain parts of BC Partners (including certain personnel involved with PE) may be limited in certain instances by a number of factors, including applicable law and regulation, third party confidentially obligations and information barriers established by BC Partners in order to manage potential conflicts of interest. Due to the short holding period for these investments, the gross RR flagure presented may be less meaningfulthan if such investments were held for a longer period.

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Manager Research Report

SUMMARY

INVESTMENT OPINION

The Brightwood Capital Fund V strategy (the "Strategy") managed by Brightwood Capital Advisors is rated Recommended as of 6/19/2020. The key observations relating to our Seven Principles are summarized below:

- Brightwood Capital Advisors ("Brightwood") was founded in 2010 by Sengal Selassie and Damien Dwin. Middle market direct lending is the firm's sole business and they currently manages \$4.6 billion of assets. The firm is headquartered in New York City and has regional offices in six other cities in the U.S. The firm is 100% minority-owned and as such qualifies as a Minority Women Business Enterprise (MWBE) firm. There is a strong alignment of interest between employees (including affiliates) and investors through significant GP commitment (over \$100 million) across Brightwood funds. The firm is also signatory to the UNPRI and it has been investing at least 25% of its capital towards minority and/or women owned businesses which we find commendable. In addition, the diversity of its LP base combined with the lack of client concentration provides stability to the firm.
- Selassie and Dwin, co-founders and co-CEOs of the firm, spent over a decade at Societe Generale, Goldman Sachs, and Credit Suisse managing credit-oriented portfolios prior to founding the firm. Given their broad and complementary skill sets, extensive experience and expertise in credit, we think highly of them as key decision makers.
 - They are supported by a seasoned team of talented investment professionals. The investment team is comprised of 27 investment professionals (out of 53 total employees) averaging 20 years of experience. The team is organized by functional areas (origination, underwriting and risk management).
 - The firm has a dedicated and independent seven-person portfolio risk management team which is quite unique for a firm of this size. However, the firm has experienced some personnel turnover but we do not believe that it rises to a level of concern as those individuals were replaced with higher caliber professionals.
- Fund V is a US-focused, predominantly non-sponsored (70%), core middle market (\$25 to \$75 million in Co EBITDA) strategy. A key attribute of the strategy is the blended approach between sponsored and non-sponsored. The strategy will predominently invest in first lien senior secured transactions and will utilize up to one turn of leverage. Similar to the firm's prior funds, Fund V will invest up to 25% of its capital in minority and/or women owned businesses which we find to be the most unique feature of the strategy.
- The Investment Committee has the ultimate investment decision-making authority on every proposed investment opportunity. Overall, we believe that Brightwood has a unique origination model that relies upon its in-house originators as well as its network advisors for their specialized industry knowledge and advice. This proprietary sourcing channel is a distinct differentiator and a source of value add. The firm also employs a rigorous underwriting process and maintains continuous credit monitoring by a seasoned risk management team. The risk team renders an independent risk assessment on every borrower on a monthly and/or quarterly basis.
- Brightwood has a robust operational infrastructure consisting of 18 professionals across these various functional areas: Legal/ compliance, finance/accounting, and operations. Seven of the 18 professionals have committed an aggregate amount of \$6.7 million of their own capital to Brightwood Funds. We view favorably the delineation of roles and responsibilities across the back office platform. The firm is currently undergoing its first SEC audit and management is not expecting any material findings.
- Historical performance has been mixed. Fund I performance was spectacular (15.7% net IRR). Fund II was an ESG-focused fund and performance was respectable (8% net IRR). However, Fund III performance was poor (5.1% net IRR) due to heavy concentration to the energy sector. The manager recognized its mistakes and revamped and strenghtened its risk management team by adding additional personel and limit the number of credits each analyst would cover. In addition, the firm immediately instituted changes to its investment guidelines by limiting issuer concentration to 2.5% and avoid

highly cyclical sectors such as energy. Because of these changes, we feel confident in the manager's ability to meet Fund V's return target of 10% net IRR.

Fund V management fees are only charged on the equity invested capital (excluding leverage) which we find appealing. However, the 15% carried interest over a 6.5% preferred return is in line with the market. The carried interest is evenly split between the two founders and the rest of the team. We find this fee structure appropriate and ensures the investment team is adequately incentivized.

MANAGER ASSESSMENT

ORGANIZATION

Description:

Brightwood Capital Advisors, LLC ("Brightwood") is an established minority-owned private credit manager that was founded in 2010 by Sengal Selassie and Damien Dwin, two African-Americans. While the firm's ownership is evenly split between Selassie and Dwin, approximately 50% of the carry is distributed to key contributors across the firm. the management is led by a four person executive committee comprising of two managing partners and two partners. The firm is headquartered in New York City and has satellite offices in Atlanta, Chicago, Dallas, Philadelphia, Los Angeles, and Minneapolis. In addition, Brightwood is has over 50 employees, including 27 investment professionals.

As of December 31, 2019, the firm managed approximately \$4.6 billion (including leverage and close to \$3 billion without leverage) in assets under management across various pools of capital, including SBIC, SMAs, and traditional limited partnership vehicles.

Over \$100 million of employee and affiliate capital is invested alongside limited partners. Specifically, \$37.5 million represent employee capital from investment professionals and non-investment professionals while the balance consist of affiliate capital represented by the advisory board and network advisors. These network advisors serve as operating partners and they are former C-level executives that help supplement Brightwood's sourcing capabilities as well as provide operational and strategic advice to borrowers. In total, there are 50 operating partners with expertize across various industries. They have, on average, \$1 million invested across Brightwood fund complex but they do not pay any management fee or carried interest, in exchange for their strategic and operational advice.

The firm is financially stable and has no debt service requirement or personal guarantees involved. In 2019, the firm generated close to \$10 million in net income in 2019. and currently holds \$10 million in cash.

The firm's LP base is diversified across public funds (42%), corporations (26%), insurance companies (17%) and the remaining 15% is comprised of a broad array of investor types including endownment, foundations, fund-of-funds, and High Net Worth.

The firm's top five clients represent less than one-third of total AUM and the largest LP represents less than 10% of total AUM. In addition, there are 10 investors with \$100 million or greater invested in across Brightwood funds.

Diversity and inclusion is of paramount importance at Brightwood. 75% of the executive committee is minority (50% African-American male, and 25% African-American female). In addition, approximately 25% of the firm's portfolio companies are either run and/or owned by minorities or women. The firm became signatory to the UNPRI in 2015.

Opinion:

Brightwood Capital Advisors ("Brightwood") was founded in 2010 by Sengal Selassie and Damien Dwin. Middle market direct lending is the firm's sole business and they currently manages \$4.6 billion of assets. The firm is headquartered in New York City and has regional offices in six other cities in the U.S. The firm is 100% minority-owned and as such qualifies as a Minority Women Business Enterprise (MWBE) firm. There is a strong alignment of interest between employees (including affiliates) and investors through significant GP commitment (over \$100 million) across Brightwood funds. The firm is also signatory to the UNPRI and it has been investing at least 25% of its capital towards minority and/or women owned businesses which we find commendable. In addition, the diversity of its LP base combined with the lack of client concentration provides stability to the firm.

TEAM

Description:

Selassie and Dwin, co-founders, complement each other well but also serve as back up for one another. Dwin leads the firm's strategic initiatives while Selassie is responsible for the day to day management of the business. Additionally, they use their extensive network to assist with the sourcing function. They also serve as the investment committee, which has been unchanged since the inception of the firm.

The firm has dedicated teams - 27 investment professionals - across the following functional areas: Origination, underwriting, and risk management.

The origination team is comprised of 10 investment professionals across several regions of the country, including NYC, Chicago, Dallas and Minneapolis. They average approximately 20 years of experience and 7 years with the firm.

The underwriting team is led by Jamie Allen and is comprised of 11 investment professionals, including four junior level professionals.

In addition, the risk management team, led by Philip Daniele, is embedded within the investment team. Daniele, a 30+ year industry veteran, serves as the Chief Risk Officer is responsible for creating and enforcing an integrated risk framework for evaluating and monitoring all Brightwood's fund investments. In addition, Daniele serves as the workout specialist given his extensive background in restructuring during his tenure at Credit Suisse as Chief Credit Officer overseeing \$180 billion (including \$30 billion in illiquid credits) non-investment grade portfolio. Furthermore, there are multiple members on the team with private equity experience, so they supplement the workout effort by providing additional insights on governance and portfolio direction. The risk team is comprised of seven investment professionals.

The firm typically experiences 5 to 10% turnover on an annual basis. That turnover is usually skewed towards younger/ associate level employees. The firm has also lost a few senior professionals, typically to join competitors or start their own efforts in the space. Since the firm was founded in 2010, they have lost five managing directors.

Opinion:

Selassie and Dwin, co-founders and co-CEOs of the firm, spent over a decade at Societe Generale, Goldman Sachs, and Credit Suisse managing credit-oriented portfolios prior to founding the firm. Given their broad and complementary skill sets, extensive experience and expertise in credit, we think highly of them as key decision makers.

They are supported by a seasoned team of talented investment professionals. The investment team is comprised of 27 investment professionals (out of 53 total employees) averaging 20 years of experience. The team is organized by functional areas (origination, underwriting and risk management).

The firm has a dedicated and independent seven-person portfolio risk management team which is quite unique for a firm of this size. However, the firm has experienced some personnel turnover but we do not believe that it rises to a level of concern as those individuals were replaced with higher caliber professionals.

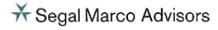
STRATEGY

Description:

Fund V is a US-focused, 30% sponsored/70% non-sponsored fund. The fund will target "core" middle market companies (\$25 to \$75 million of EBITDA) and only invest in first lien senior secured loans. The firm expects to be lead on over 90% of its non-sponsored transactions and club up and/or be a participant on sponsored deals.

The fund will be levered (1 turn) and target \$2 billion of equity capital with a total buying power of \$4 billion. The typical loan facility will be in the \$150 to \$200 million range, and the average hold size per deal will be around \$125 million.

The firm expects to obtain leverage through its existing relationships with Natixis, Goldman Sachs, and KeyBank.



Additionally, the fund will utilize CLO technology to obtain leverage once the portfolio is fully ramped up. Below we provide a high level overview of the mechanics of a CLO used as a financing technique.

- Brightwood originates the asset (Loan), which will sit in a bank facility. Once there is critical mass i.e. sufficient number of loans, Brightwood will create a CLO
- The CLO structure will be levered 2 times. e.g. \$100 in principle plus \$200 in leverage
- The CLO is sliced into senior tranches (typically priced at LIBOR + 200 to 220), which are purchased by institutional buyers. The equity/junior tranche will be held by Brightwood

Brightwood believes their CLO is a conservative structure for the following reasons: the amount of leverage is conservative at 2X; they originate the loans in the CLO; they manage the loans, and they own all the equity tranches (vs. a typical CLO, where the creator has "no skin in the game")

Fund V investment strategy will remain consistent with that of Fund IV and focus on the following five core verticals: Business services, healthcare services, technology & telecommunications, transportation & logistics, and franchising. In addition, Fund V will seek investments in approximately 60 to 75 unique borrowers diversified across the core industry verticals located throughout the United States. The maximum issuer concentration will be limited to 2.5% of the fund's size. Similarly, the maximum exposure by industry vertical is 25%.

Target companies will have capital needs of up to \$200 million in debt capital for organic growth, acquisitions, recapitalizations and management buyouts. The Fund's focus will be on businesses with a demonstrated track record and operating profitability. The firm believes this business segment offers substantial investment opportunities, given the recent economic dislocation in the U.S.

On the non-sponsored side, Brightwood will pursue companies that are seeking flexible, non-dilutive capital and many of them do not want to partner with private equity firms. Brightwood's investment strategy is predicated on the belief that non-sponsored family/entrepreneur run companies with less than \$50 million EBITDA present a compelling opportunity set for lenders like themselves since those growing companies do not want to be diluted or giving up control.

On the sponsored side, Brightwood will typically continue to hold their positions in non-sponsored companies that have been acquired by private equity sponsors. Additionally, the firm will utilize its network advisers sourcing channel to source deals.

Opinion:

Fund V is a US-focused, predominantly non-sponsored (70%), core middle market (\$25 to \$75 million in Co EBITDA) strategy. A key attribute of the strategy is the blended approach between sponsored and non-sponsored. The strategy will predominently invest in first lien senior secured transactions and will utilize up to one turn of leverage. Similar to the firm's prior funds, Fund V will invest up to 25% of its capital in minority and/or women owned businesses which we find to be the most unique feature of the strategy.

INVESTMENT PROCESS

Description:

The Investment Committee consists of the Managing Partners, Damien Dwin and Sengal Selassie. Additionally, Scott Simpson, Partner, Managing Director and Head of Origination, sits on the Investment Committee for SBIC II only. Maintaining a small Investment Committee has served Brightwood well in delivering on swift execution.

All new investments require the unanimous approval by the Investment Committee. However, throughout the process members of the investment team and/or any number of Brightwood's advisers have the opportunity to share input that will support or derail an investment opportunity. This varied input is encouraged and required in order for an investment opportunity to receive final Investment Committee approval and provides what Brightwood believes to be a meaningful system of checks and balances.

Brightwood's Investment Committee is complemented by the Investment Committee Observers. The ICO is comprised of William Lighten, David M. Malcolm and David Robert Nydegger, each of whom is also a member of the Board of Advisors of Brightwood Capital Advisors, LLC. ICO members are also limited partners of the Brightwood Managed Funds.

Upon the completion of due diligence and a decision to proceed with a proposed investment, the investment professionals leading the deal present the investment opportunity to the ICO. This step is important as the ICO possesses significant underwriting experience and a personal investment history with the Managing Partners. ICO members provide important insight to the process, including highlighting potential risks and suggesting structural adjustments and further areas for diligence before a deal is presented to the Investment Committee for final approval.

Brightwood's longstanding relationships with management teams, retired executives, high net worth individuals, family offices, commercial and investment banks, financial sponsors and other financial intermediaries provide it with a strong pipeline of proprietary origination opportunities. The senior Investment Team's broad expertise and ability to draw upon their average of more than 20 years of experience enable Brightwood to identify, assess and structure investments successfully.

Brightwood has seven individuals dedicated to origination, in addition to the two Managing Partners, supported by a further 50 Network Advisers and a seasoned Board of Advisors who are well placed in Brightwood's sectors, enhancing its deal flow potential. Each originator has on average 20 years of work experience. Once an opportunity is qualified, then the underwriting team takes the lead. They are focused on due diligence, underwriting and structuring the transaction to mitigate risk. The originators stay involved during the underwriting although they have a secondary role.

Brightwood employs a capital markets approach to coverage of potential opportunities. Its proactive marketing and outreach effort has led to opportunities sourced through the following channels: (i) the Firm's proprietary networks, supported by senior Investment Team members on the ground in the East, Midwest, South and Western regions of the U.S.; (ii) direct calling on companies, entrepreneurs, private equity sponsors and other institutional investors; (iii) co-investments with other specialty investment firms with whom Brightwood has strong relationships; (iv) personal introductions through the Firm's network of industry advisers; (v) investment bankers, business brokers, accounting firms and law firms active in the deal community; and (vi) accountants and other trusted advisers to middle market firms. Greater than 60% of Brightwood's deals have come through proprietary channels, and the Firm will continue to focus on these channels to access deal flow.

Brightwood primarily sources investments from three channels:

Repeat borrowers: Brightwood provides more than simply capital to its borrowers. The Firm provides value-added partnerships that in the majority of cases support the borrower in growing its top line. One third of Brightwood's transactions are from repeat borrowers.

Brightwood/Direct: Brightwood's Origination team has a proactive marketing and outreach effort has led to opportunities sourced through the following channels: (i) Brightwood's proprietary networks, supported by senior origination professionals in the five regional offices; (ii) direct calling on companies, entrepreneurs, private equity sponsors and other institutional investors; (iii) co-investments with specialty investment firms with whom Brightwood has strong relationships; (iv) personal introductions through Network Advisers; (v) investment bankers, business brokers, accounting firms and law firms active in the deal community; and (vi) lawyers, accountants and other trusted advisers to middle market firms.

Private Equity Sponsors: Brightwood also sources transactions through private equity sponsors. Sponsored transactions typically account for no more than 40% of a fund.

Once the firm has invested in a transaction, the Risk team takes the primary monitoring role. Each month or quarter when the firm receives financial statement from borrowers, the Risk team does an independent write up and MD&A on Company performance. The risk team is independent and does not blindly endorse any transaction until it has gone through a rigorous process. This allows them not to worry about 'pride of authorship' and to give their frank view of a Credit. The Risk department is also responsible for all workouts and covenant amendments. Each credit analyst has no more than 20 names per credit analyst. The originator and underwriter do stay involved unless the credit falls to a rating of 6 or worse. In that case, the firm will pull back Origination and Underwriting and Risk becomes the main point in contact. To add more context to the risk rating framework, Brightwood has developed a rating scale of 1 to 10 which is detailed below:

- **1. Performing** Superior: The borrower (the "Borrower") is performing significantly above Borrower's projections of its financial condition and operating results (the "Management Case").
- 2. Performing High: Borrower is performing at or near the Management Case (i.e., in a range slightly below to slightly above).
- 3. Performing Low Risk: Borrower is operating well ahead of Brightwood's projections of Borrower's financial condition and operating results (the "Brightwood Base Case") to slightly below the Management Case.
- **4. Performing** Stable Risk: Borrower is operating at or near the Brightwood Base Case (i.e., in a range slightly below to slightly above). This is the initial rating assigned to all new borrowers.
- **5. Performing -** Management Notice: Borrower is operating below the Brightwood Base Case. Adverse trends in business conditions and/or industry outlook are viewed as temporary. There is no immediate risk of payment default and only a low to moderate risk of covenant default.
- 6. Watch List Low Maintenance: Borrower is operating below the Brightwood Base Case, with declining margin of protection. Adverse trends in business conditions and/or industry outlook are viewed as probably lasting for more than a year. Payment default is still considered unlikely, but there is a moderate to high risk of covenant default.
- 7. Watch List Medium Maintenance: Borrower is operating well below the Brightwood Base Case, but has adequate liquidity. Adverse trends are more pronounced than in Internal Risk Rating 6 above. There is a high risk of covenant default, or it may have already occurred. Payments are current, although subject to greater uncertainty, and there is a moderate to high risk of payment default.
- 8. Watch List High Maintenance: Borrower is operating well below the Brightwood Base Case. Liquidity may be strained. Covenant default is imminent or may have occurred. Payments are current, but there is a high risk of payment default. Negotiations to restructure or refinance debt on normal terms may have begun. Further significant deterioration appears unlikely and no loss of principal is currently anticipated.
- 9. Watch List Possible Loss: At the current level of operations and financial condition, Borrower does not have the ability to service and ultimately repay or refinance all outstanding debt on current terms. Liquidity is strained. Payment default is very likely in the short term unless creditors grant some relief. Loss of principal is possible.
- 10. Watch List Probable Loss: At the current level of operations and financial condition, Borrower does not have the ability to service and ultimately repay or refinance all outstanding debt on current terms. Liquidity is extremely limited. The prospects for improvement in Borrower's situation are sufficiently negative that loss of some or all principal is probable.

The firm integrates ESG factors into its investment process but with a special emphasis on the "S". That has mainly manifested itself through the firm's proprietary network advisers sourcing channel - mainly consisting of former C-level executives - to help identify vibrant and viable minority and/or women owned businesses. Additionally, the firm will also invest in environmentally-friendly companies. For example, they invested in a carwash business that recycles 80% of the water it uses.

Opinion:

The Investment Committee has the ultimate investment decision-making authority on every proposed investment opportunity. Overall, we believe that Brightwood has a unique origination model that relies upon its in-house originators as well as its network advisors for their specialized industry knowledge and advice. This proprietary sourcing channel is a distinct differentiator and a source of value add. Specifically, the network advisors are actively engaged with the investment team and are involved in different stages of a deal life-cycle ranging from sourcing, due diligence, risk management, to driving portfolio company growth and operational enhancements.

The firm also employs a rigorous underwriting process and maintains continuous credit monitoring by a seasoned risk management team. The risk team renders an independent risk assessment on every borrower on a monthly and/or quarterly basis.

OPERATIONS

Description:

Brightwood's Compliance Department, led by its CCO, Darilyn Olidge, is responsible for the implementation of the Firm's Compliance Program and Josh Joyce, our Compliance Director. The Compliance Department conducts routine monitoring and testing of the Firm's policies and procedures to ensure adherence by employees and adequacy of implementation. The Compliance Department utilizes MyCompliance Office to streamline certain compliance processes, including the administration of certain Code of Ethics requirements.

Brightwood's Loan Operations group is run by Jennifer Patrickakos, who brings more that 20 years of experience to the job. Before joining Brightwood, she was Global Head of Investment Operations at CVC Credit Partners, a \$14 billion investment firm focused Performing Credit, Credit Opportunities and Middle Market Direct Lending. She leads a team of five professionals that manages the firms Loan Operations.

The firm's Valuation Committee is chaired by Phil Daniele, the Chief Risk Officer. Unlike a number of their peers, the firm has every asset priced by third party valuation firms, either Houlihan Lokey, Valuation Research or Lincoln International. The Committee has four other members, including the two founders as well as the Head of Finance and Head of Loan Operations.

Brightwood uses Wall Street Office as the portfolio management system for position management.

The firm had one Cybersecurity breach in September 2015. However, they have updated wire verification procedures to involve multiple sign offs and touchpoints. Additionally, they now have \$1 million of Cybersecurity coverage as part of their insurance. Below is the firm's cybersecurity protocols:

Brightwood implements a layered defense in depth approach to cybersecurity via multiple solutions designed to facilitate detection, prevention, containment and mitigation of potential threats. Brightwood has engaged RFA to provide cybersecurity consulting and solution implementation in conjunction with the internal Brightwood Compliance team.

A high-level overview of the firm's cyber-specific deployments is detailed below:

Managed Detection and Response (MDR): The MDR service combines two next-generation advanced AI solutions at the network and endpoint level which use behavioral and predictive analytics to identify potential threats in real time. The OTM (Open Threat Management) solution monitors inbound/outbound and lateral network traffic for potential threats and suspicious activity. The EDR (Endpoint Detection and Response) solution is a post-execution agent that monitors live applications, executables and scripts across all machines and servers within the corporate environment. Security alerts and events are aggregated and correlated in an aiSIEM solution and monitored 24x7 by RFA's Security Operations Center (SOC) team. The SOC team leverages automated triage and escalation protocols to efficiently evaluate and block threats.

Next-Generation Firewalls: Next-gen firewalls are deployed at the network perimeter to monitor inbound/outbound network information and provide network traffic monitoring, web content filtering and application control functionality.

Next-Generation Endpoint Protection: The solution provides pre-execution threat monitoring on all workstations and servers. Leveraging predictive and behavioral analytics, the solution analyzes inbound executables and attachments to proactively identify and block potential threats.

Data Governance: The solution provides monitoring, alerting and reporting for file and folder access along with user permissions changes.

Secured Remote Access: A Citrix solution is deployed to facilitate remote access while maintaining the integrity of the network security posture and preventing direct local connections to the corporate environment and corporate data. A multifactor authentication solution is also deployed to augment remote login security.

Mobile Device Management (MDM): The solution is deployed on all mobile devices connecting to corporate resources and facilitates remote enforcement of firm policies, segregation of corporate and personal data, and remote wiping of corporate data if the device is lost, stolen or otherwise compromised.

The firm's very first SEC audit was initiated on April 21, 2020 and is currently ongoing.

Opinion:

Brightwood has a robust operational infrastructure consisting of 18 professionals across these various functional areas: Legal/compliance, finance/accounting, and operations. Seven of the 18 professionals have committed an aggregate amount of \$6.7 million of their own capital to Brightwood Funds. Darylyn Olidge, General Counsel, is also a member of the firm's executive committee. We view favorably the delineation of roles and responsibilities across the back office platform. The firm is currently undergoing its first SEC audit and management is not expecting any material findings.

PERFORMANCE

Description:

Brightwood has deployed \$8.1 billion of capital into 160 borrowers since inception.

- As of December 31. 2019, Brightwood Capital SBIC I, LP (2011 vintage) generated a 15.7% net IRR and a 0.14% realized loss rate
- As of December 31, 2019, Brightwood Capital SBIC II (Brightwood's ESG Fund), LP (2013 vintage) generated an 8.0% net IRR and a 2.15% realized loss rate
- As of December 31, 2019, Brightwood Capital Fund III, LP (2014 vintage) generated a 5.1% net IRR and a 0.45% realized loss rate
- As of December 31, 2019, Brightwood Capital Fund IV, LP (2017 vintage) generated a 5.7% net IRR and a 0.0% realized loss rate

Opinion:

Historical performance has been mixed. Fund I performance was spectacular (15.7% net IRR). Fund II was an ESG-focused fund and performance was respectable (8% net IRR). However, Fund III performance was poor (5.1% net IRR) due to heavy concentration to the energy sector. The manager recognized its mistakes and revamped and strenghtened its risk management team by adding additional personel and limit the number of credits each analyst would cover. In addition, the firm immediately instituted changes to its investment guidelines by limiting issuer concentration to 2.5% and avoid highly cyclical sectors such as energy. Because of these changes, we feel confident in the manager's ability to meet Fund V's return target of 10% net IRR.

TERMS

Description:

Target Fund Size: \$4.0 billion (including one turn of leverage)

Minimum Commitment: \$10 million, subject to discretion of the General Partner

Initial Close: 9/30/2020

Projected Final Close: March 31, 2022

Target Return: 10% Net IRR

General Partner's Commitment: 1% of aggregate commitments

Investment Period: 2 years from the final close, subject to one 6 month extension

Fund Term: 5 years from final close, subject to two additional one-year extensions

Management Fee: 1.5% (on invested equity capital)

Carried Interest: 15% (Modified European waterfall)

Preferred Return: 6.5% per annum

Leverage: 1:1

Catch-up: 100%

Clawback: Yes

ERISA Capacity: Yes

UBTI Blocker Vehicle (Yes/No): Yes

Key Person Provision: Yes, Selassie and Dwin

Note: Here is an example of a modified European waterfall compared to a traditional European waterfall and to an American waterfall. Let's assume the manager calls \$2 billion of capital, \$1 billion of which has been realized and \$100 million of which has had an impairment. In a traditional European waterfall, the GP would have to return \$2 billion plus the preferred return. In the modified European, on any realization, the manager would have to return \$1.1 billion plus the preferred return before earning carry. In the modified European Waterfall, the manager also has to escrow to guard against the case of any significant negative performance later in the funds. In an American waterfall, the manager will earn carry on a deal-by deal basis.

Opinion:

Fund V management fees are only charged on the equity invested capital (excluding leverage) which we find appealing. However, the 15% carried interest over a 6.5% preferred return is in line with the market. The carried interest is evenly split between the two founders and the rest of the team. We find this fee structure appropriate and ensures the investment team is adequately incentivized.

BIOS

Sengal Selassie, Co-CEO and Co-Founder

Mr. Selassie has been involved in all phases of the firm's development since its founding in March 2010. He is a member of the Executive Committee and serves on the Investment Committee of all Brightwood Managed Funds. Prior to forming Brightwood, Mr. Selassie led a spinout from SG Capital Partners LLC ("SG Capital"), co-founding Cowen Capital Partners, LLC ("Cowen Capital"), where he served as Managing Partner from 2006 to 2009. Cowen Capital went on to form Trinity Investors. Mr. Selassie joined Cowen Capital from SG Capital, Cowen Capital's predecessor fund where he worked from 1998 through 2006. At SG Capital he was a Managing Director and served as group head starting in 2002. While at Cowen Capital and SG Capital, Mr. Selassie made more than 25 investments in 11 portfolio companies. Prior to SG Capital, Mr. Selassie worked in the Mergers & Acquisitions Group at Morgan Stanley where he helped media and telecommunications companies execute strategic transactions from 1996 to 1998. He began his career in the Corporate Finance Group of the Investment Banking Division of Goldman Sachs in 1990. He is a member of the New York and Connecticut Bar Associations. Mr. Selassie earned his M.B.A. with distinction and J.D. cum laude from Harvard University. He has an A.B. in Economics magna cum laude from Harvard College.

Damien Dwin, Co-CEO and Co-Founder

Mr Dwin has been involved in all phases of the firm's development since its founding in March 2010. He is a member of the Executive Committee and serves on the Investment Committee for all Brightwood managed funds. Additionally, Mr. Dwin

participates on the boards of many of Brightwood's portfolio companies. Prior to forming Brightwood, Mr. Dwin was the cofounder and Head of North American Special Opportunities at Credit Suisse from 2004 to 2010. In this capacity, Mr. Dwin was
responsible for creating, building-out and investing capital for Credit Suisse in private equity and private debt deals sourced
from within the organization. Mr. Dwin also ran the Credit Suisse Fixed Income Division Credit Training Program from 2004
until 2009, and served on the Vice President Selection Committee. From 1998 to 2004, Mr. Dwin was a trader at Goldman Sachs
in New York and London, where he held a number of positions in Fixed Income, Currencies and Commodities. In 2002 he was
honored, for his work in developing a market to finance and short-sell bank loans, with the Michael P. Mortara Award for
Innovation, an award established by Goldman Sachs to recognize the team or individuals who best capture the firm's spirit of
creative and entrepreneurial thinking. Mr. Dwin is committed to philanthropic work and serves on numerous boards such as
the NAACP Legal Defense and Education Fund and Children's Hospital of Philadelphia. Additionally he is Chair of the board
of trustees for Vera Institute of Justice and he serves as Trustee for several organizations of which The Boys' Club of New York
is representative. Mr. Dwin received both a B.S. and B.A. from Georgetown University where he served two terms on the Board
of Regents.

Scott Simpson, Partner and head of Origination

Prior to joining Brightwood, Mr. Simpson was a Managing Director at Citigroup Inc. ("Citigroup"), where he led enterprise and internet infrastructure coverage within the Global Technology Investment Banking Group and served as a member of the firm's Global Technology Council. Prior to joining Citigroup, Mr. Simpson was a Managing Director in the Technology, Media and Telecommunications Group at Credit Suisse covering emerging communications and internet infrastructure companies as well as having broader responsibilities across technology and telecommunications. Mr. Simpson earned his M.B.A. from Columbia Business School and a B.S. in Mechanical Engineering from the University of Maryland, College Park. Before attending Columbia Business School, Mr. Simpson worked for Booz Allen Hamilton Inc., in the World Technology Business Group where he consulted the Department of Defense as well as commercial clients on technology projects.

Philip Daniele, Partner, Chief Risk Officer

Philip Daniele is the Chief Risk Officer of Brightwood and Executive Committee member. Mr. Daniele chairs the firm's Valuation Committee. In his role, Mr. Daniele is responsible for creating and enforcing an integrated risk framework for evaluating and monitoring all of Brightwood's fund investments. In this capacity, Mr. Daniele oversees the firm's finance, loan operations and credit teams. Prior to joining Brightwood in 2015, Mr. Daniele worked at Credit Suisse as Chief Credit Officer for the Americas and where he was responsible for approving all credits made the Americas portfolio including corporates, financial institutions, hedge funds and private clients. Prior to this role, Mr. Daniele served as Head of Corporate Credit Americas, which included the Credit Suisse Leveraged Finance business. He joined Credit Suisse from Deutsche Bank where he had worked at Bankers Trust prior to their acquisition by DB. Mr. Daniele began his career at CIT Factoring in 1984 and earned both his undergraduate degree and M.B.A. from Pace University.

Darilyn Olidge, Partner, General Counsel and Chief Compliance Officer

Ms Olidge is also an Executive Committee member of the firm. Prior to joining Brightwood, Ms. Olidge was a Managing Director in the General Counsel Division of Credit Suisse ("GCD"), serving as Lead Advisory Counsel to the Prime Services Group, Co-Manager of GCD's Center of Excellence Documentation Team and a member of the GC Americas Management Operating Committee. She joined Credit Suisse from Morgan Stanley where she last served as Executive Director, advising on various legal and regulatory matters in its fixed income and institutional equities businesses. Prior to joining Morgan Stanley, she was an Associate at Cravath, Swaine & Moore in New York and clerked for the late Hon. Constance Baker Motley in the Southern District of New York. She began her career as a Certified Public Accountant in the Tax Division of Arthur Anderson. Ms. Olidge earned her B.B.A. degree in Accounting from Loyola University of New Orleans and her J.D. from New York University School of Law, where she was a member of the Law Review and is currently a Trustee. Ms. Olidge serves on the Board of Directors of Communities in Schools.

Cornelia Cheng, Managing Director

Prior to joining Brightwood, Ms Cheng was Regional Head of the greater Los Angeles Private Credit Investment Team for Prudential Capital Group where she sourced, executed and managed a portfolio of private placement senior debt, mezzanine debt and minority equity investments in middle-market companies. Previously, she was part of the leverage finance and debt capital markets team at investment bank CIBC World Markets in New York and San Francisco. She was also previously part of the M&A team at First Interstate Bank in Los Angeles. Cornelia earned her MBA from The Wharton School at the University of

Pennsylvania; and B.A. cum laude and Phi Beta Kappa from the University of California, Riverside.

Sashin Goel, Managing Director

Prior to joining Brightwood, Mr. Goel was a Managing Director in Macquarie Capital USA's credit trading division, where he was responsible for a portfolio of distressed and high-yield corporate credits. His duties included risk management, trading and investing in bonds and bank debt in various sectors, with a focus on energy, power, infrastructure and transportation in the U.S. and Australia. Previously, Mr. Goel was a Vice President at Credit Suisse in the fixed income division of the investment bank, first in the US credit trading group, where he was responsible for formulating and executing trades, and subsequently as a member of the special opportunities group, conducting principal investing in illiquid credit opportunities, primarily in middle market private lending. Mr. Goel earned his B.A. in Economics from the University of Chicago.

Colin Keenan, Managing Director

Prior to joining Brightwood, Mr. Keenan was a Vice President of Lazard Freres' restructuring group, focusing on the execution of restructuring, distressed M&A, and rescue financing transactions in the U.S. and internationally. Previously, Mr. Keen was with AlixPartners in turnaround and restructuring services, providing financial and operational assistance to companies and their stakeholders. Earlier in his career, Mr. Keenan served as a Captain in the U.S. Marine Corps. Mr. Keenan earned his M.B.A. from Columbia University and his B.S. in Economics from the U.S. Naval Academy.

Scott Porter, Managing Director

Prior to joining Brightwood, Mr. Porter was a Partner at Uni-World Capital, a lower-middle market buyout fund, where he spent over five years sourcing, executing and managing private equity investments. Prior to Uni-World, Mr. Porter worked with Brightwood co-Founder, Sengal Selassie, as a Partner at Cowen Capital Partners, LLC, the private equity affiliate of Cowen Group, Inc. ("Cowen"), where he spent nine years in a similar capacity to his role at Uni-World. While at Cowen, Mr. Porter was instrumental in assisting the company in a number of business development activities that included the company's spin-out from Société Générale S.A. and subsequent IPO, the creation of a \$500 million healthcare-focused private equity fund and the acquisition of an Asian boutique investment bank. Mr. Porter started his career working in Chase Securities High Yield Corporate Finance Group, where he executed over \$3.5 billion in lead managed and \$7.0 billion in co-managed transactions in the media, telecommunication, healthcare, chemical, consumer products, manufacturing and service industries. Mr. Porter earned his B.A., magna cum laude, from SUNY Binghamton.

Kunal Shah, Managing Director

Prior to joining Brightwood in 2014, Mr. Shah was an investment professional and spent six years at Solar Capital, a credit-focused investment firm, where he was responsible for evaluating, executing and managing of senior secured and other loans to US middle market companies. Prior to joining Solar Capital, he was an Analyst in the Leveraged Finance Group at Merrill Lynch, where we worked on the diligence, structuring and underwriting number of debt financings. Mr. Shah earned his B.S. from the University of Southern California.

Brightwood Capital Advisors, LLC

Presentation to City of Hollywood Employees' Retirement Fund



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Brightwood Overview

- PLATFORM SCALED
- Founded in 2010 by Sengal Selassie and Damien Dwin
- \$4.6 billion in Assets Under Managementacross SBICs, limited partnerships, SMAs and a middle market CLO $^{1,\,2}$
 - 53 employees 45% diverse, 39% women; 17 in risk / underwriting focused on downside protection
 - Deployed \$8.1 billion to 160 borrowers since inception
- Institutional LP base; 10 investors with 2\$100 million invested in Brightwood funds
- Direct origination of senior debt focused on US-based Family, Founder, Entrepreneur-owned businesses ("FFE")
 - Middle market borrowers with \$5 million to \$75 million of EBITDA (average ~\$40 million) DIFFERENTIATED
- Investments are structured with covenants, conservative loan-to-value and downside protection
- Five industry verticals where Brightwood has deep domain knowledge and extensive investment history
- Strong emphasis on covenants at underwriting

TRANSPARENCY

STRATEGY

- Third parties are engaged to value each asset quarterly (Houlihan Lokey, VRC, Lincoln International)
 - All investments marked to market quarterly based on external valuation agency reports
 - External credit ratings of all new investments completed by Moody's, S&P or DBRS
- More than \$100 million of capital committed in Brightwood funds by employees & affiliates
- Senior investment team, both investment and stewardship functions, are investors in Brightwood funds Focused strategy allows tight alignment of organization structure and incentives to fund goals
 - Portfolio ramp and interest payout help mitigate J-curve

All information as of December 31, 2019.

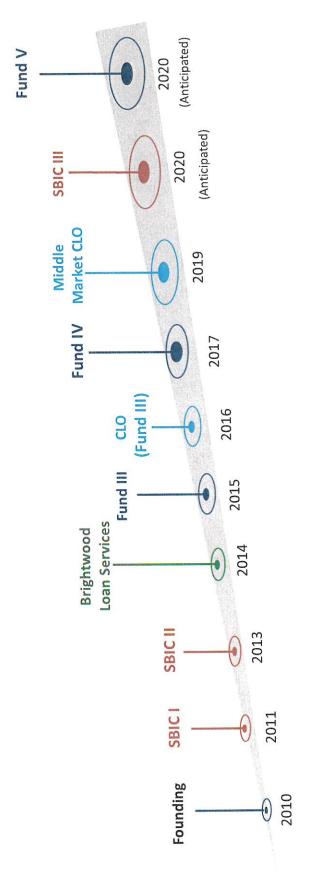
ALIGNMENT

- As of December 31, 2019. AUM excludes amounts drawn on capital call facilities that were outstanding as of the date referenced herein. Note that such amounts are included in AUM for U.S. regulatory filing purposes and regulatory AUM as of December 31, 2019 is \$4.9 billion.
 - regulatory AUM as of December 31, 2013 is 34.3 billion.
 As used here, "SMA" refers to a pooled investment vehicle formed for the exclusive benefit of a limited number of institutional investors who are affiliated with one another.

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Brightwood Fund History

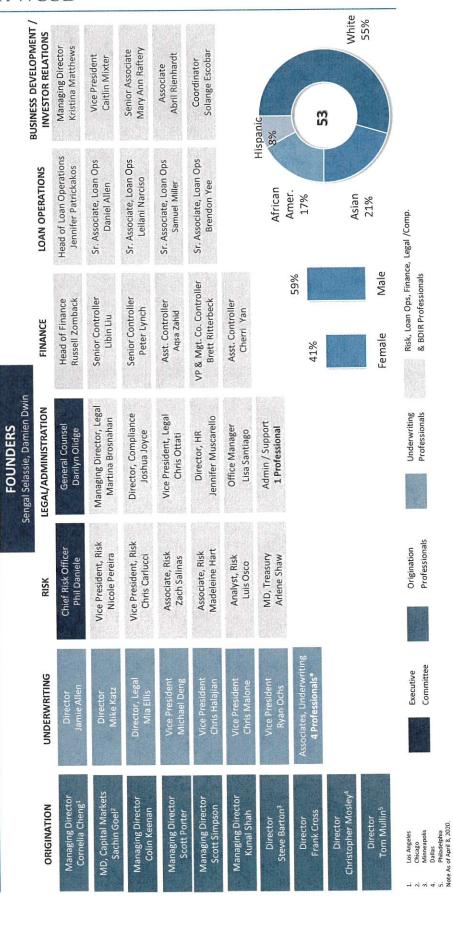
Brightwood Capital has grown to \$4.6 billion in AUM since its founding.



As of 12/31/19. AUM includes uncalled capital commitments and leverage (excluding amounts drawn on subscription lines of credit).

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Team of Professionals



Alignment of Interest

Brightwood employees & affiliates have committed over \$100 million in capital across Brightwood funds

	Commitment (\$MM)	\$9.0	\$57.7	\$66.7		Commitment (\$MM)	\$2.4	\$2.4	\$1.0	\$0.5	\$0.5		\$6.7
	O	A Andréa se complete agrés y extremente de la constante de la constante de la complete de la complete de la constante de la co			nals	Years (Experience	36	27	32	35			
Affiliates					Non-investment Professionals	Title	Chief Risk Officer	Managing Director	General Counsel	Managing Director			
	Name	Board of Advisors	Network Advisers	SUBTOTAL		Name	Philip Daniele	Russell Zomback	Darilyn Olidge	Kristina Matthews	Other Sr. Prof.		SUBTOTAL
	Commitment (\$MM)		\$26.7			Commitment (\$MM)	\$1.3	\$1.0	\$0.8	\$0.7	\$0.5	\$0.1	\$4.4
Ņ					ssionals	Years	21	23	20	15	13		
Co-Founders					Investment Professionals	Title	Managing Director	Partner	Managing Director	Managing Director	Managing Director		
			FOLINDERS			Name	Scott Porter	Scott Simpson	Colin Keenan	Sachin Goel	Kunal Shah	Other Sr. Prof.	SUBTOTAL

Note: As of December 31, 2019. Brightwood employees and affiliates are subject to terms that differ from unaffiliated investors, including terms related to management fees and carried interest.

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Performance History

Over the past 10 years Brightwood has managed four flagship funds delivering a consistent mandate to LPs.

FUND	VINTAGE ¹	VINTAGE ¹ (\$M) ²	AUM (\$M) ³	CAPITAL INVESTED (\$M)	PAYOUT RATIO ⁴	NET IRR ⁵	NET TVPI ⁶	STATUS
SBIC I7	2011	\$231	\$112	\$664	17.4%	15.7%	2.19x	Harvesting
SBIC II—ESG FUND8	2013	\$152	\$80	\$189	5.3%	8.0%	1.36x	Harvesting
FUND III9	2014	\$1,823	\$1,151	\$2,793	%0.6	5.1%	1.21x	Harvesting
FUND IV ONSHORE ¹⁰	2017	\$1,907	\$1,582	\$3,660	8.0%	2.7%	1.06x	Investing
FUND IV OFFSHORE ¹¹	2017	\$776	\$606	\$749	2.9%	1.1%	1.01x	Investing

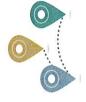
As of 12/31/19. Past performance is not indicative of future results. Performance results are estimated, unaudited and subject to change. There can be no assurance that Fund V will achieve comparable results or avoid loss. Please refer to the Appendix for the above referenced footnotes (see Performance Footnotes) and additional disclosure information (see Disclaimer), which are integral to this performance presentation. As described in the Performance Footnotes, certain Fund III and Fund IV investment vehicles are not reflected in this performance table. PROPRIETARY AND CONFIDENTIAL

Industry Focus

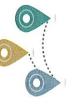
Brightwood seeks opportunities across five business verticals.





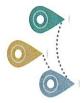


TRANSPORTATION & LOGISTICS



FRANCHISING

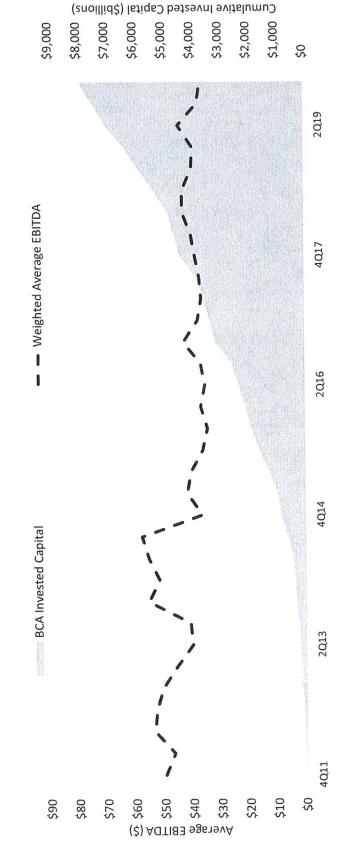
BUSINESS SERVICES





Deployment Growth at Consistent EBITDA

Brightwood has deployed more than \$8.1 billion to 160 borrowers. Weighted average portfolio company EBITDA is ~\$40 million.



PROPRIETARY AND CONFIDENTIAL Note: As of December 31, 2019. Represents all Brightwood managed funds since inception. There can be no assurance that historical trends will continue or that successor funds will achieve comparable results.

Risk Management and Transparency

Brightwood is committed to managing investment and non-investment risk. There are 25 professionals in Risk, Legal, Compliance, and Accounting/Finance, including dedicated analysts that cover each portfolio company.

Ratings

All investments are externally rated upon entering the portfolio

Quarterly Valuations

All current investments are marked to market each quarter based on third party valuation agency reports

LINCOLN

S&P Global

Moody's

Workouts

Chief Risk Officer Phil Daniele has over 30 years experience including serving as Chief Credit Officer (Americas) at Credit Suisse



Borrowers

06

HOULIHAN LOKEY

In court Out of Court Amendments

Note: As of December 31, 2019. Risk management processes seek to mitigate risk, but do not imply low risk. There can be no assurance that successor funds will achieve comparable results.

+222

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8+

BB-

BB

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Weighted Average

Average Leverage At

Loan to Value

Fund IV - Current Portfolio



As of December 31,2019. Past performance is not indicative of future results. Portfolio composition and related statistics are based on total invested capital since inception, inclusive of Brightwood Capital Fund IV, LP and BCOF vehicles only.

Average Spread

First Lien Loans

Unrealized Portfolio Companies

89

92%

sdq

L + 647

Reflects the aggregate amount of capital commitments and capital deployed across all Fund IV investment vehicles, including Brightwood Capital Fund IV, LP, Brightwood Capital Offshore Fund IV, Brightwood Capital Fund IV-U, LP and Brightwood Capital Offshore Fund IV, LP. Excludes SIMAs and sub-advisory accounts. Reflects total number of portfolio companies since inception.

PROPRIETARY AND CONFIDENTIAL Diversification does not ensure a profit or protection against loss. There can be no assurance that successor funds will achieve comparable results.

Fund V—Key Terms

Brightwood \$2.5 billion 1 1:1 debt to	I Capital Managers V, LLC, a Delaware LLC (the "General Partner") total fund size Limited Partner capital contributions
\$2.5 billion 1:1 debt to	fund size ed Partner capital contributions
1:1 debt to	ed Partner capital contributions
GP Commitment 1% of LP Commitments	SIII)
Investment Period 2 years	
Harvest Period 3 years plus extensions	ensions
Management Fee 1.5% on invested equity capital	d equity capital
Preferred Return 6.5% per annum compounded	papunoduoo
Carried Interest 15%	
Qualified Investors Accredited Investor / Qu	Investor / Qualified Purchaser
Minimum investment \$10 million	

The proposed terms set forth herein are for discussion purposes only and subject to change. Final terms will be documented in the Fund's private placement memorandum, which will be made available to prospective investors prior to accepting any subscriptions to the Fund. PROPRIETARY AND CONFIDENTIAL

Executive Committee Biographies

Damien Dwin

Co-CEO and Co-Founder

Damien Dwin is Co-CEO and Co-Founder of Brightwood and has been involved in all phases of the firm's development since its founding in March 2010. He is a member of the Executive Committee and serves on the Dwin participates on the boards of many of Brightwood's portfolio companies. Prior to forming Brightwood, Mr. Dwin was the co-founder and Head of North American Special Opportunities at Credit Suisse from 2004 to 2010. In this capacity, Mr. Dwin was responsible for creating, building-out and investing capital for Credit Suisse in private equity and private debt deals sourced from within the organization. Mr. Dwin also ran the Credit Mr. Dwin was a trader at Goldman Sachs in New York and London, where he held a number of positions in Fixed Income, Currencies and Commodities. In 2002 he was honored, for his work in developing a market to finance and short-sell bank loans, with the Michael P. Mortara Award for Innovation, an award established by Goldman Sachs to recognize the team or individuals who best capture the firm's spirit of creative and entrepreneurial Mr. Dwin is committed to philanthropic work and serves on numerous boards such as the NAACP Legal Defense and Education Fund and Children's Hospital of Philadelphia. Additionally he is Chair of the board of trustees for Vera Institute of Justice and he serves as Trustee for several organizations of which The Boys' Club of New York is representative. Mr. Dwin received both a B.S. and B.A. from Georgetown University where he Investment Committee for all Brightwood managed funds. Additionally, Mr. Suisse Fixed Income Division Credit Training Program from 2004 until 2009, and served on the Vice President Selection Committee. From 1998 to 2004, served two terms on the Board of Regents. thinking.

Sengal Selassie

Co-CEO and Co-Founder

March 2010. He is a member of the Executive Committee and serves on the Brightwood Managed Funds. Prior to forming Capital"), co-founding Cowen Capital Partners, LLC ("Cowen Capital"), where Associations. Mr. Selassie earned his M.B.A. with distinction and J.D. cum aude from Harvard University. He has an A.B. in Economics magna cum Sengal Selassie is Co-CEO and Co-Founder of Brightwood. Mr. Selassie has been involved in all phases of the firm's development since its founding in Brightwood, Mr. Selassie led a spinout from SG Capital Partners LLC ("SG he served as Managing Partner from 2006 to 2009. Cowen Capital went on 2006. At SG Capital he was a Managing Director and served as group head starting in 2002. While at Cowen Capital and SG Capital, Mr. Selassie made Mr. Selassie worked in the Mergers & Acquisitions Group at Morgan Stanley where he helped media and telecommunications companies execute He began his career in the Corporate Finance Group of the Investment Banking Division of Goldman Sachs in 1990. He is a member of the New York and Connecticut Bar Cowen Capital's predecessor fund where he worked from 1998 through more than 25 investments in 11 portfolio companies. Prior to SG Capital, to form Trinity Investors. Mr. Selassie joined Cowen Capital from SG Capital, strategic transactions from 1996 to 1998. nvestment Committee of all aude from Harvard College.

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Executive Committee Biographies

Philip Daniele

Partner, Chief Risk Officer

Philip Daniele is a Partner and Chief Risk Officer of Brightwood, Executive Committee member, and serves on the Valuation Committee. In his role, Mr. Daniele is responsible for creating and enforcing an integrated risk framework for evaluating and monitoring all of Brightwood's fund investments. In this capacity, Mr. Daniele oversees Brightwood's finance, loan operations and credit teams. Prior to joining Brightwood, Mr. Daniele worked at Credit Suisse where he was the Chief Credit Officer for the Americas and was responsible for approving all credits made the Americas portfolio including corporates, financial institutions, hedge funds and private clients. Prior to this role, Mr. Daniele served as Head of Corporate Credit Americas, which included the Credit Suisse Leveraged Finance business. Mr. Daniele began his career at CIT Factoring in 1984. Mr. Daniele earned both his undergraduate degree and M.B.A. from Pace University.

Darilyn Olidge

Dariiyn Oildge Partner, General Counsel

Division of Credit Suisse ("GCD"), serving as Lead Advisory Counsel to the Prime Services Group, Co-Manager of GCD's Center of Excellence Documentation Team and a member of the GC Americas Management Operating Committee. She joined Credit Suisse from Morgan Stanley where she last served as Executive Director, advising on various legal and United States District Court, Southern District of New York. Ms. Olidge earned her B.B.A. degree in Accounting from Loyola University of New Orleans and her J.D. from New York University School of Law, where she Prior to joining regulatory matters in its fixed income and institutional equities businesses. Prior to joining Morgan Stanley, she was an Associate at Cravath, Swaine & Moore in New York and clerked for the late Hon. Constance Baker Motley, Darilyn Olidge is a Partner, General Counsel and Chief Compliance Officer Brightwood, Ms. Olidge was a Managing Director in the General Counsel was a member of the Law Review and is currently a Trustee. of Brightwood and Executive Committee member.

Performance Footnotes

- 1. "Vintage" refers to the year when the fund was licensed for SBIC funds and the year when material operations commenced for all other funds.
- 2. Fund size includes total capital commitments and leverage (actual for funds in their harvest periods; anticipated for funds in their investment periods.
- "AUM" represents assets under management as of December 31, 2019. AUM excludes amounts drawn on capital call facilities that were outstanding as of the date referenced herein. Note that such amounts are included in AUM for U.S. regulatory filing purposes
- 4. "Payout Ratio" includes distribution payments made in January 2020 over the weighted average capital contributed through December 2019 for SBIC II, and Fund III. Fund IV Onshore and Fund IV Offshore distribution payments were made in February 2020 over the weighted average capital contributed through December 2019.
- "Net IRR" represents the inception to date aggregate, annual, compound, internal rate of return on investments net of fees and expenses. Net IRR reflects the use of subscription lines of credit, which can cause Net IRR to paid by certain investors are materially different from those paid by other investors. Accordingly, Net IRR does not necessarily represent the investment experience of any individual investor. Additional information related to be higher than it otherwise would be if the subscription lines of credit were not used. Net IRR is based on the actual management fees, expenses and carried interest paid by fund investors as a whole. The management fees fee structures is available upon request
- management fees paid by certain investors are materially different from those paid by other investors. Accordingly, Net TVPI does not necessarily represent the investment experience of any individual investor. Additional 6. "Net TVPI" represents the inception to date total value to paid in multiple net of fees and expenses. Net TVPI is based on the actual management fees, expenses and carried interest paid by fund investors as a whole. The information related to fee structures is available upon request.
- 7. "SBIC I" refers to Brightwood Capital SBIC I, LP.
- 8. "SBIC II" refers to Brightwood Capital SBIC II, LP.
- performance of Fund III Onshore as more indicative of the investment strategy than Fund III Offshore. Brightwood Capital Fund III-U, LP ("Fund III-U"), a parallel fund to Fund II Holdings, is also excluded from the presentation Unless otherwise indicated, "Fund III" information is represented by Brightwood Capital Fund III, LP ("Fund III Onshore"). Fund III Onshore and Brightwood Capital Fund III-Institutional, LP ("Fund III Offshore") are feeder funds that each invest in Brightwood Capital Fund III Holdings, LP ("Fund III Holdings"). The investment strategy for Fund III Holdings includes the use of leverage. Fund III Offshore is excluded from the presentation because the performance of Fund III Offshore was adversely affected by unintended tax consequences that were a result of Fund III Offshore's legal tax structure, not its investment strategy. Accordingly, Brightwood deems the because the investment strategy for Fund III-U does not include the use of leverage. As of December 31, 2019, the performance of Fund III-U was higher than the performance of Fund III Onshore and the performance of Fund III Offshore was lower than the performance of Fund III Onshore and Fund III-U. Fund III AUM and Capital Invested is represented by Fund III Holdings.
- 10. "Fund IV Onshore" refers to Brightwood Capital Fund IV, LP. The performance of Fund IV Onshore includes the performance of investments indirectly held through a financing subsidiary, BCOF Capital, LP ("BCOF"), which is 99.8% owned by Fund IV Onshore. The investment strategy for Fund IV Onshore includes the use of leverage. Brightwood Capital Fund IV-U, LP ("Onshore Fund IV-U"), a parallel fund to Fund IV Onshore, is excluded from the preformance of Onshore Fund IV-U was lower than the performance of Fund IV Onshore. Capital Invested for Fund IV Onshore includes Fund IV Onshore and BCOF (excluding transfers made between the vehicles).
- the use of leverage. Brightwood Capital Offshore Fund IV-U, LP ("Offshore Fund IV-U"), a parallel fund to Fund IV Offshore, is excluded from the presentation because the investment strategy for Offshore Fund IV-U does not 11. "Fund IV Offshore" refers to Brightwood Capital Offshore Fund IV, LP. Fund IV Offshore is a master fund in a master-feeder structure that includes two feeder funds. The investment strategy for Fund IV Offshore includes PROPRIETARY AND CONFIDENTIAL include the use of leverage. As of December 31, 2019, the performance of Offshore Fund IV-U was lower than the performance of Fund IV Offshore.

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AGENDA ITEM 5.E. INVESTMENT

INVESTMENT POLICY UPDATE - DRAFT

CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND

Statement of Overall Investment Objectives and Policy

Adopted: November 23, 2004 Effective: December 25, 2004

Amended:

May 2006 March 2008 July 2008 February 2015 March 2016 March 2017 June 2018 December 2019 July 2020

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The Board of Trustees of the City of Hollywood Employees' Retirement Fund (the "Fund") hereby adopts this Statement of Investment Objectives and Policy (the "Statement"). The purpose of the Statement is to set forth the investment objectives and guidelines applicable to Fund investments, and will be incorporated into all existing and any future investment management agreements with each investment manager (the "Investment Manager") retained by the Fund. Each such Investment Manager shall acknowledge and agree to the objectives set forth in the Statement and the manager specific guidelines appended as Exhibit "A" hereto (the "Guidelines").

This investment policy establishes and sets forth objectives and policies that the City of Hollywood Employees' Retirement Fund ("Fund") is to adhere to in the administration of its investments. This policy is adopted in accordance with Section 112.661, Florida Statutes, and upon adoption by the Board of Trustees ("Board") will be filed with the State of Florida Department of Management Services, the City of Hollywood and the Fund's consulting actuary.

One of the primary objectives of this Statement and Guidelines is to foster an effective working relationship with the Investment Managers through a discipline of good communication. The Statement and Guidelines are intended to provide the Board and the Investment Managers with a foundation from which to formulate specific investment strategies and goals so that the Board and any independent investment consultant retained by the Fund (an "Investment Consultant") can effectively implement the Fund's investment policies and strategies, as well as evaluate the performance of the Investment Manager and oversee the management of Fund investments in a prudent manner.

This Statement is not intended to remain static. The Board and its Investment Consultant will periodically review the Statement and update it as necessary. Recommendations for its modification from the Investment Manager are expected when investment conditions so warrant.

The Board is charged with the responsibility for the investment of the assets of the Fund. Board members shall discharge their duties solely in the interest of the participants and beneficiaries and for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the Fund. They shall discharge their duties with the care, skill, prudence and diligence under the circumstance then prevailing that a prudent man, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with like aims; by diversifying the investments of the Plan so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

In performing their investment duties, the Board and to the extent legally permissible, its investment managers, shall comply with the fiduciary standards set forth in ERISA (Employee Retirement Income Security Act of 1974, as amended [29 USC 1104 (a) (1) (A) - (C)] and section 112.656, Florida Statutes.

INTRODUCTION SECTION I

It is the intention of the Board to allow each Investment Manager full investment discretion in investing its Account within the scope of this Statement and the Guidelines. The Board and the Investment Manager agree that this Statement and the Guidelines are incorporated into the investment management agreement between them (the "Agreement") and shall be considered by the Investment Manager in formulating its strategy for investing the Fund's assets. This Statement and the Guidelines shall control in the event of any conflicting provisions set forth in the Agreement.

The balance of this document is organized into the following components:

- A. <u>Investment Objectives (Section II)</u>: The investment objectives that the Board judges to be appropriate and prudent to implement their strategic planning for the investment of the Fund's assets;
- B. <u>Investment Policies (Section III)</u>: The general investment policies and objectives and performance expectations for the Investment Managers;
- C. <u>Performance Measurement (Section IV)</u>: The approach that the Board will use to measure the investment performance of each Investment Manager and to ensure that the Fund remains invested in accordance with the principles set forth in this Statement;
- D. <u>Account Investment Policies (Section V)</u>: The general investment policies and objectives of the Investment Manager's Account;
- E. <u>Communication and Reporting (Section VI)</u>: Accounting and reporting guidelines for purposes of measuring the performance of the Investment Managers;
- F. <u>Proxy Voting Policies (Section VII)</u>: Specific rules setting forth the Investment Managers' right and obligation to vote proxies appurtenant to Fund securities.

A. The investment horizon of the Fund is long term. The Fund's primary investment objective is to maximize the total rate of return subject to the preservation of capital, while assuming less risk than 100% exposure to equities and or fixed income provides.

Preservation of capital encompasses two goals:

- > minimizing the risk of loss of principal for the Fund as a whole; and
- > minimizing the erosion of principal value through inflation.
- B. The primary means by which capital preservation is to be achieved is through diversification of the Fund's investments across asset classes. The appropriate level of risk for the Fund was determined by examining the risk and reward of numerous asset allocation alternatives as presented by, and formulated in consultation with, the Investment Consultant. Within each asset group, further diversification is to be achieved through investment in securities across numerous industries and sectors as determined in the sole and absolute discretion of the Investment Managers in accordance with the Agreement, this Statement and the Guidelines.
- C. No distinction need be made between realized and unrealized capital gains or losses. All investment income of an Account and all realized and unrealized capital gains and losses will be considered in computing the investment performance of the Account, except to the extent the Investment Manager is specifically directed otherwise in writing.
- D. The total Fund has long-term performance expectations as follows:

1. Customized Index

Over a complete market cycle (3-5 years), the Total Fund has an additional investment performance goal of outperforming a weighted portfolio comprised of a mix of 20.0%17.5% S&P 500 Index / 10.0% Russell 2500 Index / 12.5% All Country World ex US (net) Index / 5.0% MSCI EAFE Small CapEmerging Markets (net) Index / 5.0%2.5% NCREIF ODCE Equal Weighted Index, 3.0% NCREIF Property Index, 2.0% NCREIF Property Index + 300 basis points, 7.5%10.0% Russell 3000 + 300 bps, 2.5% CPI + 350 basis points, 30.0%35.0% Bloomberg Barclays Aggregate Bond Index.

Given that private market investment allocations may take a period of time before being fully implemented, an Intermediate Customized Index may be used to approximate the actual allocation of the Fund in the interim.

2. Actuarial Assumption

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The Fund's investment program will be designed to achieve a minimum investment performance goal as measured over a complete market cycle, equal to its actuarial assumption, currently 7.6% as of 10/1/17, which rate will be lowered by 0.1% each year until it reaches 7.5% as of 10/1/18. 7.5%.

For each actuarial valuation, the Board will determine the total expected annual rate of return for the current year, for each of the next several years, and for the long term thereafter. This determination will be filed with the State of Florida's Department of Management Services, with the City of Hollywood and with the Fund's consulting actuary.

A. Asset Allocation and Investment Manager Structure

In order to provide an appropriate level of diversification for the Fund, Investment Managers with complementary or diverse investment styles will be retained. It is not the intention of the Board to become involved in day-to-day investment decisions. Therefore, the Board has appointed several Investment Managers to manage (including the power to acquire, or dispose of) assets within the portion of the total Fund allocated to the particular Investment Manager, in a manner consistent with the Agreement, this Statement and the Guidelines. To the extent possible, it is the intention of the Board that the investment managers competitively bid the purchase of securities when feasible and appropriate. Except otherwise required by law, the most economically advantageous bid is to be selected. Neither this Statement nor the Guidelines are intended to direct an Investment Manager to purchase or sell any specific security or to effect or refrain from effectuating any specific investment transaction for its Account. The Board will neither assume any obligation or responsibility for the direct management of Account assets allocated to the Investment Manager nor be liable for any acts or omissions of the Investment Manager that result in any loss to the Account.

B. Asset Deployment Policy

The guidelines that the Board of Trustees has adopted for the overall allocation of the Fund's assets are as follows:

Asset Allocation	Target (%)	Ranges (%)
Domestic Equity	3027.05	2520-37.55
Large Cap	20 <u>17</u> .0 <u>5</u>	15 <u>10</u> -30 <u>25</u>
Small + Mid Cap	10.0	<u>75</u> -1 <u>5</u> 5.5
International Equity		
Large CapDeveloped	20 17.05	15 10- 25 25
<u>Markets</u>	1 5 2. 0 5	11 7.5- 19 17.5
Small Cap Emerging	5.0	2 .5 -7.5 <u>8</u>
<u>Markets</u>		
Fixed Income	30.0 35.0	25- 37.5 45
Short	10.0	7 <u>5</u> -1 <u>35</u>
Core Plus	12.5	10 7.5-2017.5
Multi-Sector	3.75	2-6.5
Direct Lending	<u>38</u> .75	0- 6.5 <u>14</u>
Private Real Estate	10 7.05	7 <u>0</u> -14 <u>12.5</u>
Core	<u>52</u> .05	2.5 <u>0</u> - 7. 5
Value Added	3.0	<u> 40</u> -5
Opportunistic	2.0	0-5
Private Equity	7.5 10.0	0- 15 <u>15</u>
Global Infrastructure	2.5	0-5
Cash	0.0	0-5

To the extent necessary, an attempt will be made to match investment maturities with known cash needs and anticipated cash-flow requirements and to hold an appropriate dollar amount of investments for liquidity purposes.

C. Rebalancing Guidelines

The Board, with assistance from the Investment Consultant, will monitor the Fund's overall asset allocation within the parameters described above. They will do so by giving specific instructions as to the range of allowable asset classifications to individual Investment Managers and by monitoring quarterly the asset classifications actually held by such Investment Managers. The Board recognizes that markets generally do not move in concert, and that actual allocations will deviate from the targets. If the assets deviate from the ranges as outlined above, the Board will authorize rebalancing back to targets.

The performance expectations of the Board are hereby communicated to the Investment Managers in their respective Guidelines. These will include comparison to benchmark returns and standard deviations as well as universe comparisons. Quarterly performance will be evaluated to test progress toward attainment of longer-term goals.

The Board recognizes the possibility that losses may occur from time to time in an Account. The Board will not regard such losses alone as evidence of imprudence, provided that the overall investment performance of the Investment Manager is consistent with the objectives set forth in this Statement and the Guidelines, relevant investment industry benchmarks over appropriate time periods, and the investment style that the Investment Manager was retained to pursue (as it may be modified through subsequent written communications with the Board). It is understood that there are likely to be short-term periods during which the performance of an Investment Manager deviates from market indices. During such times, greater emphasis shall be placed on performance comparisons with investment managers employing similar styles.

Set forth below are the criteria that the Board and the Investment Consultant will use to evaluate the performance of each Investment Manager, depending upon the type of portfolio being managed. The Investment Manager will be expected to:

A. Domestic Equity Portfolio (Large Cap Index)

1. Achieve a rate of return that approximates the Investment Managers' respective index/benchmark.

B. Domestic Equity Portfolios (Small + Mid Cap)

- 1. Achieve a rate of return that exceeds the Investment Managers' respective index/benchmark net of investment management fees over a complete market cycle (3-5 years).
- 2. Achieve a positive risk/reward trade-off when compared to the respective index/benchmark.
- 3. Achieve cumulative performance results, which rank above the median of a universe comprised of equity investment managers with similar style characteristics.

C. International Equity Portfolios (<u>Large Developed Markets</u> + <u>Small CapEmerging Markets</u>)

- 1. Achieve a rate of return that exceeds the Investment Managers' respective index/benchmark net of investment management fees over a complete market cycle (3-5 years).
- 2. Achieve a positive risk/reward trade-off when compared to the respective index/benchmark.
- 3. Achieve cumulative performance results, which rank above the median of a universe comprised of equity investment managers with similar style characteristics.

D. Domestic Fixed-Income Portfolios (Short Duration + Core Plus + Multi-Sector)

- 1. Achieve a rate of return that exceeds the Investment Manager's respective index/benchmark net of investment management fees over a complete market cycle (3-5 years).
- 2. Achieve a positive risk/reward trade-off when compared to the respective index/benchmark.
- 3. Achieve cumulative performance results, which rank above the median of a universe comprised of fixed income managers with similar style characteristics.

E. Private Fixed-Income Portfolio (Direct Lending)

1. Achieve an absolute return of 10% net of investment management fees over the long term (7-10 years).

F. Private Real Estate Portfolios

- 1. Achieve a rate of return that exceeds the respective index/benchmark net of investment management fees over a complete market cycle (3-5 years).
- 2. Achieve a positive risk/reward trade-off when compared to the respective index/benchmark

G. Private Equity Portfolios

1. To outperform public benchmarks by 300 basis points net of investment management fees over the long term (7-10 years).

H. Global Infrastructure

1. Achieve an absolute return of 8% net of investment management fees over the long term (7-10 years).

A. General

The Board has sole and absolute discretion to select Investment Managers and to replace them when necessary. The Board, with the assistance of and in consultation with the Investment Consultant, will review each Investment Manager's portfolio, and meet with each Investment Manager at least annually to review the portfolio investments, investment returns, changes in the Investment Managers staff, market conditions and environment, and any other pertinent items.

Except with the advance written approval of the Board, the Investment Manager is prohibited from entering into any transactions for the Fund that are not authorized by this Statement or the Guidelines, including, without limitation, making any investment in a security or investment specifically prohibited by the Statement or the Guidelines.

B. Legal Compliance

The Investment Manager is expected to perform their fiduciary duties prudently. Each Investment Manager shall at all times discharge its responsibilities with respect to the Account it manages on the Fund's behalf. In addition, the investment manager(s) shall be registered as an investment manager with the Securities Exchange Commission.

Each Investment Manager appointed by the Board to execute the policy will invest plan assets in accordance with the policy and their judgments concerning relative investment values. In particular, the Investment Manager will be accorded full discretion, within policy limits, and within the requirements of applicable laws, to (1) select, purchase, and invest in, individual securities; (2) make periodic adjustments to the proportions of equity securities, fixed-income securities and cash equivalents; and (3) diversify plan assets. The Investment Managers shall discharge their responsibilities with respect to the Fund's assets in accordance with their fiduciary responsibility.

C. Asset Class Investment Guidelines

Public Market Investments

The Fund may invest in group trusts and/or collective trust funds described in Revenue Ruling 2011-1, and as may be updated from time-to-time. If it does so invest, the terms of the particular group trust shall be incorporated in this Investment Policy by reference.

The Fund may also be invested in institutional commingled and mutual fund vehicles. As a result, the guidelines established under the prospectus that governs the mutual fund and commingled fund vehicles supersede all other client guidelines.

A copy of the investment guidelines and objectives of the pooled vehicle shall be provided to the Board of Trustees and its Investment Consultant. In addition, should the investment guidelines and objectives be modified, the Board and its Investment Consultant shall be notified promptly in writing as to the specific change and shall be provided with a copy of the modified investment guidelines and objectives.

1. Domestic Equity

Exceptions to these guidelines for separate account mandates will be noted in the Separate Account Manager Specific Guidelines found in Exhibit A of this document.

- a. Equity investments shall be made with a view towards achieving a total rate of return (market appreciation plus dividend income).
- b. All equity investments shall be of companies whose respective market capitalizations are consistent with the Investment Manager's specific benchmark. All equity securities must have a minimum capitalization of at least \$50 million.
- c. Equity investments of an Account may be made in securities such as common stocks, convertible securities including debentures, and American Depository Receipts (ADRs) or U.S. Dollar denominated stocks of foreign companies.
- d. All securities shall be of a class listed on a national securities exchange (e.g., the New York Stock Exchange, the American Stock Exchange, and the NASDAQ National Market system, or the Over-the-Counter securities) or traded in the over-the-counter market and quoted in the National Association of Securities Dealers Automatic Quotation Service.

- e. Industry and sector allocations within an Account must ensure prudent diversification and risk control.
- f. Investment in any issuer (measured at fair market value) must at all times be limited to 5% of the fair market value of an Investment Manager's Account.
- g. The maximum total account investment in any one company shall be less than 5% of that company's outstanding voting stock and less than 5% in value of all outstanding shares of all classes of stock of the issuer (assuming all conversions have been made by the account).
- h. Investment in ADRs or U.S. Dollar denominated stocks of foreign companies (measured at fair market value) must at all times be limited to 10% of the fair market value of an Investment Manager's Account.
- i. Investments in convertible securities (measured at fair market value) must at all times be limited to 5% of the fair market value of an Investment Manager's Account.

2. International Equity (Developed Markets + Emerging Markets)

a. Acceptable Strategies:

International equity securities shall mean common stocks or equivalents traded on foreign exchanges. Investments in foreign securities listed on an American exchange (ADRs) are also acceptable.

b. Diversification:

As this is a core strategy, the focus should be on investments in the MSCI EAFE countries and may include investments in emerging markets.

3. Domestic Fixed Income (Short Duration +& Core Plus)

Exceptions to these guidelines for separate account mandates will be noted in the Separate Account Manager Specific Guidelines found in Exhibit A of this document.

The fixed income portion of an Account shall be invested in marketable fixed income securities of the first four quality grades as established by one or more of the nationally recognized bond ratings services. The average quality of all the bond holdings in an Account should be maintained at AA or better. The following instruments are acceptable:

- a. Commercial Paper or Variable Rate Notes rated P-1 by Moody's, A1 by Standard & Poor's or F1 by Fitch.
- b. Certificates of Deposit and Bankers Acceptances rated A or better by Moody's Investor's Service or equivalent by Standard & Poor's.
- c. United States Treasury Bonds, Notes and Bills.
- d. Debt instruments of the U.S. Government or its Agencies (backed by the full faith and credit of the U.S. Government).
- e. Marketable corporate debt, mortgages, and asset-backed securities rated the equivalent of BBB or better by Moody's Investors Services, Standard & Poor's, or Fitch Investor's Services. In case of split rating among the rating services, the manager shall defer to the highest rating.
- f. The effective duration of an Account should be no more than +/- 25% of the duration of the Investment Manager's benchmark, unless otherwise specified in an Investment Manager's Guidelines.
- g. Securities downgraded by any or all-rating agencies subsequent to purchase resulting in violation of quality guidelines must be sold immediately upon downgrade. If there is no immediate market for the security, then the Board must be notified that the downgraded security has not been sold. A continued effort to sell must be made and immediate notification must be provided to the Board once the security has been sold.
- h. At all times, an Investment Manager may not hold more than 5% of its Account (measured at fair market value) in any one issuer's securities other than direct obligations of the U.S. Government or its agencies.
- i. Investments in preferred stock, warrants and convertible securities (measured at fair market value) must at all times be limited to 5% of the fair market value of an Investment Manager's Account. Warrants that were received and distributed due to direct ownership of securities of a company are excluded from this limitation.
- j. An Investment Manager may invest a portion of its assets in foreign bonds.

4. Domestic Fixed Income (Multi-Sector)

a. Acceptable Strategies:

The portfolio will seek to achieve its investment objective by investing principally in a portfolio of high yield bonds, leveraged loans and structured products.

b. Diversification:

The portfolio should tactically shift its allocation between high yield bonds, leveraged loans and structured products over time to take advantage of market opportunities and protect capital during periods of market distress.

Private Market Investments

The private markets portion of the Fund's assets will be invested in pooled vehicles, limited partnerships, or other types of private investments as determined by the Board in consultation with the Investment Consultant.

Any such pooled vehicle shall comply with its own investment guidelines, outlined in the Memorandum(s) and Trust Agreement(s). A copy of the investment guidelines and objectives of the pooled vehicle shall be provided to the Board of Trustees and its Investment Consultant. In addition, should the investment guidelines and objectives be modified, the Board of Trustees and its Investment Consultant shall be notified promptly in writing as to the specific change and shall be provided with a copy of the modified investment guidelines and objectives.

5. Private Fixed Income (Direct Lending)

The following represents a summary of the guidelines required for investment in private fixed income.

a. Acceptable Strategies:

A diversified portfolio of illiquid private investments that provides stable and consistent cash flows over time.

b. Diversification:

The portfolio is expected to be focused on providing cash-flow based financing to the lower end of the middle market (\$25 million or less in EBITDA), but stay at the very top of the capital structure. The portfolio is expected to focus on domestic deals and almost exclusively with private equity sponsors.

Private Real Estate (Core +, Value Add, + Opportunistic)

The following represents a summary of the guidelines required for investment in private real estate.

a. Acceptable Strategies:

A diversified portfolio of institutional real estate investments.

b. Diversification:

The investments shall be diversified across all major property types including office, residential, retail, industrial, hotel and self-storage properties and by the various geographic regions of the country.

7. Private Equity

The following represents a summary of the guidelines required for investment in private equity.

a. Acceptable Strategies:

A diversified portfolio of illiquid private investments. Portfolio may include domestic and international investments in partnerships, direct co-investments, and secondary interests.

b. Diversification:

The investments shall be diversified by economic sector, vintage year, geographic location, and by stage of company maturity.

8. Private Infrastructure

The following represents a summary of the guidelines required for investment in global infrastructure.

a. Acceptable Strategies:

A diversified portfolio of infrastructure investments. Portfolio may include domestic and international investments in partnerships, direct co-investments, and secondary interests.

b. Diversification:

The investments shall be diversified by sector, vintage year, number of transactions, and geographic location.

9. Cash and Cash Equivalents

Uninvested cash balances of an Account should be zero or maintained at an absolute minimum at all times (unless clearly prudent not to do so), through the prompt investment of available funds in short-term security holdings, cash equivalents (which includes only commercial paper rated A-1 or P-1, by Standard and Poor's or Moody's respectively, U.S. Government and U.S. Agency obligations, bank money market instruments, or bank certificates of deposit) or other prudent and appropriate common, collective or pooled trusts. The use of common, collective or pool trusts or funds, or "money market" instruments, is permissible only if the securities within such funds meet the general quality (and other) constraints of this Statement and the Guidelines.

Certificates of Deposit ("CDs"), maturing within 12 months, of any domestic bank meeting the standards for a "well-capitalized" bank pursuant to the FDIC Improvements Act of 1991, are appropriate investments, provided that such CDs from any single institution may not represent more than 5% of the assets of the total short-term investment account. CDs shall not exceed more than \$100,000 at any single banking institution. Any CDs purchased must have a minimum rating of three stars as rated by the Bauer Financial Group and cannot be purchased from a non-FDIC insured bank.

10. Other Investments

The Board, after consulting with the Investment Consultant, may authorize the use of any other investment for an Account provided that such investment is considered prudent for a retirement fund. Assets that provide appropriate diversification (specifically low correlation with existing assets) will be considered.

11. General Restrictions

- a. The Investment Managers may not invest in commodities, private placements (including, without limitation, gold or currency futures), direct real estate investments (unless specifically allowed), oil, gas and mineral exploration investments, and nominally public issues for which the market is severely restricted.
- b. Investment Managers are prohibited from investing in letter stocks or other unlisted or restricted securities, uncovered options, futures and forward contracts and any other such derivative

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instrument; or from engaging in short sales, margin transactions or other specialized investment activities.

- c. No assets may be invested in securities whose issuers have filed a petition for bankruptcy.
- d. An Investment Manager shall not use any commingled fund (other than with respect to Cash and Cash Equivalents as specifically allowed by this statement), unless the Investment Manager notifies the Board and the Investment Consultant in advance, in writing, of its desire to use such other fund and the Board grants written approval.
- e. The Investment Managers shall not use derivative securities to increase portfolio risk above the level that could be achieved in the portfolio using only traditional investment securities or to acquire exposure to changes in the value of assets or indexes that by themselves would not be purchased for the portfolio. Under no circumstances will an Investment Manager undertake a derivative investment possessing elements of leverage or that is non-covered or leveraged to the extent that it would cause portfolio duration to exceed the limits implied by the benchmark. In addition, fixed income securities whose returns are tied to another security or currency are specifically prohibited (except warrants and convertibles referred to above).
- f. Investment in Class B mortgage derivatives is not permitted. Class B means securities the value of which changes as a multiple of the underlying security. This includes interest only and principal only bonds, inverse floaters, leveraged floaters, instruments with internal leverage and other complex leveraged securities. In addition, investment is prohibited in mortgage-backed derivative securities with any of the following characteristics: leverage, more pre-payment risk than the underlying mortgage collateral and/or risk from other tranches (including, without limitation, "Z," "Support" or "Companion" bonds).
- g. The Investment Managers may not make any investment in guaranteed insurance or other investment contracts issued by an insurance company, without the prior permission of the Board.
- h. Repurchase agreements and reverse repurchase agreements against securities are not permitted to be held in an Account, subject to the other guidelines in this Statement and the Guidelines.
- The Investment Managers may not invest in private placement or venture capital issues or unrated securities.
- j. The Investment Manager may not engage in any transaction involving loans of portfolio securities without the specific, advance written approval of the Board.

k. Foreign currency may not be purchased without the written approval of the Board.

D. Cure Period

An Investment Manager shall be allowed a period of up to three months to remedy any instance in which its Account, due to market fluctuation, exceeds any of the percentage limitations set forth in this Statement or the Guidelines, by reducing the exposure as soon as prudently possible.

E. Brokerage

Investment Managers must use best efforts to obtain the best execution of portfolio transaction orders placed on behalf of the Fund, through responsible brokerage firms at the best prices and at reasonably competitive commission rates. The Investment Manager acknowledges that the Plan participates in a commission recapture program and will participate in the program on behalf of the Plan to the extent that best execution of orders is achieved.

As to investments in any security for which an Investment Manager or any of its affiliates is a market maker, the Investment Manager agrees that it will not effect the transaction for that investment through itself or any of its affiliates unless (a) the Investment Manager is able to demonstrate in writing after the transaction that such trade is lawful, would not constitute a non-exempt prohibited transaction under Internal Revenue Code and (b) the Investment Manager provides the Board and the Investment Consultant written notice of such investment after the transaction.

F. Third Party Custodial Agreement

All of the Fund's securities purchased, and all collateral obtained, shall be held in third-party safekeeping by a custodian selected by the Board, except for certificates of deposits and other time deposits, which are collateralized pursuant to Chapter 280 of the Florida Statutes, and should be properly designated as an asset of the Plan. No withdrawal of securities, in whole or in part, shall be made from safekeeping except by the authorized custodian. Security transactions between a broker-dealer and the investment managers involving purchases or sales of securities by transfer of money or securities must be made on a "delivery vs. payment" basis to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction.

G. Internal Controls

The Board established the following internal controls to protect the Fund's investments against fraud, embezzlement, theft, mismanagement, misrepresentation by third parties, loss and error. These controls are to be reviewed by the Fund's independent auditors as part of the Fund's annual financial audit.

- > Keep duties separate to avoid collusion and fraud. The Fund's Treasurer will see that investments are recorded separately from the investment managers. Investment transactions will be reviewed prior to recording them in the general ledger to ascertain compliance with investment policy.
- > Comparison of monthly portfolio from investment manager against custodian statements to detect and investigate any differences.
- > Require third-party safekeeping, as discussed in item F. Custodian will provide statements reconciled against investment managers' statements.
- > Purchase book-entry securities only. Do not purchase bearer form or physical delivery securities.
- > Maintain delegation of and control over investment authority through written procedures or Board decisions.
- > Enter into formal agreements with the custodial bank and investment managers and require sufficient insurance coverage.

H. Continuing Education

The Board recognizes schools and conferences as sources of continuing education on pension and investment issues. Board members shall attend two (2) pension-related seminars within the first year of service to the Pension Board. Continuing members shall attend at least one (1) pension-related program per year. Appropriate staff members must attend educational programs on a rotating basis.

Reporting

An annual financial report will be distributed to the City Commission and to fund participants, which shall include investments, by type, at fair value and income earned. This report will be filed with the City Clerk as a public document and will be available to the general public.

J. Valuation of Illiquid Investments

The Board defines an illiquid investment as one for which a generally recognized market is not available or for which there is no consistent or generally accepted pricing mechanism. Should an investment become illiquid or in the event that the fund acquires an illiquid investment, the Board shall follow the criteria set forth in Section 215.47(6), Florida Statutes, except that submission to the Investment Advisory Council is not required.

- **A.** Each Investment Manager is required to provide quarterly written reports to the Board and the Investment Consultant. The quarterly reports should contain, at a minimum, the following information:
- 1. Identity of every security held under the Account (organized by sector), with an indication of its market and book value.
- 2. Performance results compared with appropriate benchmarks.
- 3. Quality ratings of the fixed income investments including average quality.
- 4. The characteristics of the aggregate holdings of the Investment Manager's Account in comparison with the Investment Manager's particular benchmark.
- 5. A record of all proxy decisions, including, without limitation, the company name, the number of shares voted, a description of the issues voted upon, and how the shares were voted. A summary of the proxy voting for the year should also be included in the fourth quarter year-end report.
- 6. A certification, signed by an authorized officer of the Investment Manager, that no event required to be reported in Section VI.B. of this Statement has occurred in the quarter other than as reported to the Board and the Investment Consultant in writing in accordance with Section VI.B.

- **B.** Each Investment Manager must also provide in writing certain information to the Board and the Investment Consultant as soon as possible following the occurrence of an event. This information includes:
- 1. Notice of changes in organizational structure, ownership and key personnel of the firm, or financial condition. This information must be provided as soon as possible, but in no event more than 14 days after the Investment Manager knows or should know about the change.
- 2. Notice of any litigation, investigations by any governmental body, and any other pertinent information that might be material to the Fund. This information must be provided as soon as possible, but in no event more than 14 days after the Investment Manager knows or should know about the event.
- 3. A quarterly letter, no later than thirty days after quarter end, stating that the Account is in compliance with this Statement.
- 4. Any violation of this Statement or the Guidelines. This information must be provided as soon as possible, but in no event more than 5 days after the Investment Manager knows or should know about the violation.
- 5. In the event that the cumulative accrued losses in the Account exceed 10% in any calendar quarter. This information must be provided as soon as possible, but in no event more than 14 days after end of the quarter.
- 6. Any transactions that the Investment Manager has not been able to reconcile with the Custodian, after reasonable efforts to do so. This information must be provided as soon as possible, but in no event more than 5 business days after the Investment Manager learns that it is unable to reconcile a transaction with the Custodian.
- 7. The Investment Manager will provide the Fund Manager and the Investment Consultant with annual notice of the filing of its Form ADV with the SEC, as well as a copy of such filing.

- 8. Each Investment Manager must meet with the Board and the Investment Consultant as required. The Board expects to receive a written summary, which addresses the subjects identified below at least seven days prior to the meeting:
 - a. Performance for Past Period: Standard time periods for each report will be last calendar quarter, year to date, latest 12 months, 3 years, 5 years, since inception. Returns should be annualized and calculated on a time-weighted basis for the total portfolio. All returns should include income and dividends and be reported both gross and net of investment management fees.
 - b. Rationale for Performance Results: Discussion of the rationale for performance results, relating them specifically to investment strategy and tactical decisions implemented during the current review period.
 - c. Specific Near-Term Strategy: Discussion of the Investment Manager's specific strategy for the portfolio over the near-term period, with specific reference to asset mix (including cash position) and expected portfolio characteristics.
 - d. Changes in Investment Manager's Firm: Discussion of any changes in the Investment Manager's firm, including professional turnover and client accounts lost.
 - e. Changes in the Board of Trustees' Requirements: Discussion of any proposed or required modifications to the investment program and strategy.

These meetings will also provide the Investment Manager with the opportunity to explain how its investment strategy/outlook has evolved since previous meetings.

9. Each Investment Manager shall be responsible for reviewing this Statement and the Guidelines at least annually (or more frequently, as the Board or the Investment Consultant deem necessary). Whenever the Investment Manager believes that any particular guideline or objective should be changed, added or deleted, it is the responsibility of the Investment Manager to initiate communication with the Board and the Investment Consultant.

- 10. The Investment Consultant shall also be responsible for reviewing this Statement and the Guidelines on a continuous basis and promptly informing the Board in the event that the Investment consultant believes that any particular guideline or objective should be changed, added or deleted.
- 11. The Investment Managers may not act upon written or oral instructions from any person other than the full Board of Trustees or its duly authorized representatives.

The Investment Managers, rather than the Board, will have sole responsibility for voting all proxies appurtenant to the securities in the Account. In voting such proxies, each Investment Manager shall adhere to the following guidelines:

The Investment Manager shall vote each proxy in a timely manner. All actions and advice with respect to voting proxies appurtenant to portfolio securities must be taken or rendered prudently, and solely in the interest, and for the exclusive benefit, of the Fund and its participants and beneficiaries.

The Investment Manager must provide the Board with its statement of proxy voting guidelines and must adhere to such guidelines, unless inconsistent with applicable law or agreement with the Board to the contrary.

All proxies must be voted unless clearly prudent not to do so. Proxies should be vigorously voted with the interest of preserving or enhancing the security's value.

Exhibit A SEPARATE ACCOUNT MANAGER SPECIFIC GUIDELINES SECTION VIII

The above Statement of Investment Objectives and Guidelines is hereby found acceptable to the Investment Manager, the Board of Trustees, and the Consultant. These Guidelines may be executed in counterpart copies, each of which shall be deemed an original, but all of which shall be considered the same instrument. All modifications to these Guidelines shall be in writing and signed by the Board and communicated to the Investment Manager and the Consultant before they become binding.

IN WITNESS WHEREOF this document has been approved by the Pension Board on July 26, 2018.

City of Hollywood Employees' Retirement Fund				
By:	Date:	<u>-</u>		
Investment Manager:	· · · · · · · · · · · · · · · · · · ·			
Receipt confirmed by:	Date:			

AGENDA ITEM 5.F. INVESTMENT

WORK PLAN 2020

City of Hollywood Employees' Retirement Fund

Draft 2020 Work Plan*

MEETING DATE

BOARD MEETING

INVESTMENT COMMITTEE MEETING

January 21	o November Flash Report o 30 Perioditance Report	o ALM Study Interactive Review of Potental Candidate Portfolios
February 25	Jenneary Flashi Report AUN Study, Review Potential Candidate Portfolios 2020 hivestment Ideas Discussion	No Meeting
Mardh 31	o Market Update o हिर्नेकरण्यात्र हिरासी Report	o Medmeding
Aprill 28	o ALM Study, Delivery of Finel Report o 2020 Work Plan Discussion o Wardh Flesh Report	No Westing
IVIaV 19	Ritivate Credit Opportunities Presentations Entrust Blue Ocean Fund Nuveen TALE Opposituitity Rund April Flesh Report	No Mearing
June 28	o Ruyata Craditi Opportunittas Presentations > Brighitivo et Oabifal > BC Petitinars o May Flash Report	i NorMeeting
July 28	 Emerging Markets Search Book Review TSW SMID Value Discussion Investment Policy Statement Draft June Flash Report 	No Meeting
August 25	 Emerging Markets Equity Presentations Manager 1 TBD Manager 2 TBD July Flash Report 	No Meeting
September 22	Emerging Manager Program Structure Considerations - Segal August Flash Report	• TBD
October 27	September Flash Report	• TBD
December 8	October Flash Report	No Meeting

^{*}This is a working document and subject to change.

AGENDA ITEM 6.A. LEGAL

UPDATE ON INVESTMENT CONTRACTS

AGENDA ITEM 6.B. LEGAL

BOARD MEETING REQUIREMENTS

2020 Fla. AG LEXIS 3

Office of the Attorney General of the State of Florida

Reporter	
2020 Fla	AG LEXIS 3 3

No. AGO <u>2020-03</u>

March 19, 2020

Core Terms

quorum, technology, physical presence, local government body, public meeting, media, dictionary, has, sunshine, workshop, attend, teleconferencing

Syllabus

[*1] Public meeting quorums using technology

Request By: The Honorable Ron DeSantis

Governor

The Capitol

Tallahassee, Florida 32399-0001 [*9]

Opinion By: Ashley Moody, Attorney General

Opinion

Our office has received your letter dated March 17, 2020, requesting an opinion pursuant to <u>Section 16.01(3)</u>. <u>Florida Statutes</u>, in light of recent developments arising from the spread of COVID-19. On March 9, 2020, you issued Executive Order No. 20-52, declaring a state of emergency statewide and requiring Florida government officials to take necessary and timely precautions to protect their communities.

You state that, as a result of the dangers of COVID-19, public safety directives encourage citizens to engage in "social distancing" and to avoid public gatherings, where possible. As a result, your office "has been contacted by numerous county and local government bodies regarding concerns for public meetings held in light of the COVID-19 public health emergency. These entities raise issues involving Florida Statutes and Attorney General Advisory Opinion interpretations that limit the ability to hold public meetings using communications media technology."

Question Presented

Under these circumstances, you ask the following question:

Whether, and to what extent, local government bodies may utilize teleconferencing and/or other technological means to [*2] convene meetings and conduct official business, while still providing public access to those meetings?

It is my opinion under existing law that, if a quorum is required to conduct official business, local government bodies may only conduct meetings by teleconferencing or other technological means if either (1) a statute permits a quorum to be present by means other than in person, or (2) the in-person requirement for constituting a quorum is lawfully suspended during the state of emergency. If such meetings are conducted by teleconferencing or other technological means, public access must be afforded which permits the public to attend the meeting. That public access may be provided by teleconferencing or technological means.

Discussion

Article I. Section 24(b) of the Florida Constitution provides that "[a]ll meetings...of any collegial public body of a county, municipality, school district, or special district, at which official acts are to be taken or at which public business of such body is to be transacted or discussed, shall be open and noticed to the public[.]" Florida's Sunshine Law, found in chapter 286, Florida Statutes, provides that "[a]ll meetings of any...agency or authority of any county, municipal corporation, or political subdivision, [*3] except as otherwise provided in the Constitution,...at which official acts are to be taken are declared to be public meetings open to the public at all times, and no resolution, rule, or formal action shall be considered binding except as taken at such meeting." § 286.011(1). Fla. Stat. (2019). Section 286.0114, Florida Statutes, also provides, with respect to certain "propositions" before a board or commission, that an opportunity for public comment must be afforded.

Though the Florida Constitution and the Sunshine Law both require that, unless exempt by law, meetings of a local government body must be "public meetings" that are "open to the public," the text of neither provision requires that members of the public body be physically present during the meeting. Nor does either provision prescribe any particular *means* of holding meetings. Since 1997, Florida law has allowed many state agencies to conduct public meetings, hearings and workshops by "communications media technology" in full compliance with the Sunshine Law, and they regularly do so. See § 120.52(5)(b)2., Fla. Stat. (2019); Ch. 28-109, Fla. Adm. Code. No reported judicial decision has held that meetings conducted

¹ Letter from Governor Ron DeSantis to Attorney General Ashley Moody dated March 17, 2020.

by such means violate the Florida Constitution or the Sunshine Law. The Legislature has [*4] also, by statute, permitted certain public entities other than state agencies to conduct meetings using communications media technology.

When asked similar questions by local government bodies in the past, the Attorney General's office has made it clear that any requirement for physical presence of members derives from other law specifying that a quorum be present to lawfully conduct public business or that the meeting of a local government body be held at a place within the body's jurisdiction. *See* Ops. Att'y Gen. Fla. 1983-100 (1983), 1998-28 (1998), 2006-20 (2006). How a quorum is lawfully constituted, or where a meeting is "held," are questions distinct from the Sunshine Law and governed by other law. Indeed, a quorum is not required to be present for a meeting to be otherwise subject to the Sunshine Law.

Some statutes governing the conduct of business by local government bodies (such as <u>section 166.041</u>, <u>Florida Statutes</u>) specifically include the requirement of a "quorum" or that a quorum be "present" to conduct certain kinds of public business, such as the adoption of ordinances or resolutions. See § <u>166.041(4)</u>, <u>Fla. Stat.</u> (providing that, for municipalities, a majority of members constitutes a quorum and an affirmative [*5] vote of a "majority of a quorum present" is necessary to adopt an ordinance or resolution). Other statutes require that meetings be held in a place within the jurisdiction of the local government body. For example, <u>section 125.001(1)</u>, <u>Florida Statutes</u>, requires that meetings of a board of county commissioners "may be held at any appropriate place in the county." These statutes have not defined the term "quorum" or what it means to be "present." Nor have they defined what it means for a meeting to be "held" in a place.

Absent any statutory definition of these terms, the Attorney General's office has, in prior opinions, relied upon the plain meanings of the terms "quorum" and "present" by resorting to legal dictionaries and dictionaries of common usage. See Op. Att'y Gen. Fla. 2010-34 n.5-6 (referring to unabridged dictionary and legal dictionary for definition of term "quorum", which included the word "present", and concluding that "a quorum requirement, in and of itself, contemplates the physical presence of the members of a board or commission at any meeting subject to the requirement."). Doing so is a universally accepted mode of interpretation repeatedly endorsed by Florida courts. See Lee Mem. Health Sys. v. Progressive Select Ins. Co., 260 So. 3d 1038, 1043 (Fla. 2018); Berkovich v. Casa Paradiso North, Inc., 125 So. 3d 938, 941 (Fla. 4th DCA 2013) ("The common usage of the [*6] term 'quorum' requires the presence of individuals.") (citing Black's Law Dictionary 1284 (8th ed.2004)).

The term "quorum" is defined as "who must be present for a deliberative assembly to legally transact business." Black's Law Dictionary (11th ed. 2019). The word "present," is defined as "in attendance; not elsewhere." Black's Law Dictionary (11th ed. 2019); see also Webster's Third New International Dictionary Unabridged 1793 (2002 ed.) (defining "present" as "being before, beside, with, or in the same place as someone or something
both men were present at the meeting>.").

² Compare, e.g., § 163.01, Fla. Stat. (2019) (authorizing any separate legal entity created under subsection (7) of the Florida Interlocal Cooperation Act of 1969 to conduct public meetings and workshops by means of "conference telephone, video conference, or other communications technology by which all persons attending a public meeting or workshop may audibly communicate;" providing specific requirements; and providing that the "participation by an officer, board member, or other representative of a member public agency in a meeting or workshop conducted through communications media technology constitutes that individual's presence at such meeting or workshop"); § 373.079(7), Fla. Stat. (2019) (authorizing the water management district "governing board, a basin board, a committee, or an advisory board" to "conduct meetings by means of communications media technology in accordance with rules adopted pursuant to s. 120.54"); § 374.983(3), Fla. Stat. (2019) (authorizing the Board of Commissioners of the Florida Inland Navigation District to conduct board and committee meetings "utilizing communications media technology, pursuant to s. 120.54(5)(b)2"); § 553.75(3), Fla. Stat. (2019) (authorizing the use of communications media technology in conducting meetings of the Florida Building Commission or of any meetings held in conjunction with meetings of the commission); § 1002.33(9)(p)3, Fla. Stat. (2019) (authorizing members of each charter school's governing board to attend public meetings to "in person or by means of communications media technology used in accordance with rules adopted by the Administration Commission under s. 120.54(5), and specifying other requirements) with § 349.04(8), Fla. Stat. (2019) (authorizing the Jacksonville Transportation Authority to "conduct public meetings and workshops by means of communications media technology, as provided in s. 120.54(5)," but specifying that "a resolution, rule, or formal action is not binding unless a quorum is physically present at the noticed meeting location, and only members physically present may vote on any item").

³ Indeed, a quorum is not required to be present for a meeting to be otherwise subject to the Sunshine Law. See <u>Hough v. Stembridge</u>, 278 So. 2d 288 (Fla. 3d DCA 1973).

2020 Fla. AG LEXIS 3, *6

Thus, in the absence of a statute to the contrary, the Attorney General's office historically has taken a conservative approach, out of concern for the validity of actions taken by the public body, concluding that any statutory quorum requirement to conduct public business requires the quorum of members to be physically present and that members present by electronic means could not count toward establishing the quorum. A long line of opinions by my predecessors contain conclusions to that effect.

For example, in Attorney General Opinion 83-100, Attorney General Smith concluded that a county could not conduct [*7] a meeting unless members constituting a quorum were physically present (and, even then, that a physically absent member could not participate by telephone). Op. Atty' Gen. Fla. 83-100 (1983). In Attorney General Opinion 92-44, Attorney General Butterworth concluded that a county commissioner physically unable to attend a meeting because of medical treatment could participate and vote in commission meetings where a quorum of other commissioners was physically present. Op. Att'y Gen. Fla. 92-44 (1992). In Attorney General Opinion 98-28, Attorney General Butterworth concluded that a school board member could attend a meeting by electronic means, so long as a quorum was physically present at the meeting site. Op. Att'y Gen. Fla. 98-28. In Attorney General Opinion 2002-82, Attorney General Doran concluded that physically disabled members of a city board could participate and vote on matters as long as a quorum was physically present. Op. Att'y Gen. Fla. 2002-82 (2002). In Attorney General Opinion 2003-41, Attorney General Crist concluded that a member of a city human rights board who was physically absent from a board meeting but participated by telephone conference could not be counted [*8] toward the presence of a quorum. Op. Att'y Gen. Fla. 2003-41 (2003). And in Attorney General Opinion 2010-34, Attorney General McCollum concluded that the Coral Gables City Commission could not adopt an ordinance for the city's retirement board declaring that the requirements to create a quorum would be met if members of the board appeared via electronic means, because doing so would conflict with the statutory requirement in <u>section 166.041, Florida Statutes</u> that a quorum be present. Op. Att'y Gen. Fla. 2010-34 (2010).

Conclusion

The nature, extent, and potential duration of the current emergency involving COVID-19 present unique circumstances. However, without legislative action, they do not change existing law. It is my opinion that, unless and until legislatively or judicially determined otherwise, if a quorum is required to conduct official business, local government bodies may only conduct meetings by teleconferencing or other technological means if either a statute permits a quorum to be present by means other than in-person, or the in-person requirement for constituting a quorum is lawfully suspended during the state of emergency.

Load Date: 2020-03-31

End of Document

AGENDA ITEM 7.A. EXECUTIVE DIRECTOR'S REPORT

CITY COMMISSION COMMUNICATION



CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND

2600 Hollywood Blvd. • City Hall Annex Building, 2ND Floor, Room 20 • Hollywood, FL 33020 (954) 921-3333 • (954) 921-3332 Fax • www.hollywoodpension.com

CITY COMMISSION COMMUNICATION July 2020

The following information is provided to the City Commission for informational purposes only.

BOARD OF TRUSTEES

Phyllis Shaw – Chair George Keller – Vice-Chair Christopher Cassidy

Charles Howell

Jeffery Greene Cintya Ramos (departed July 2020)

Robert Strauss – Secretary

All Trustees attended the June 23, 2020 Meeting of the Board of Trustees. The meeting was held telephonically. The position of City Manager appointee, who represents employees whose positions are not included in a collective bargaining unit is currently vacant.

ITEMS OF INTEREST TO THE CITY COMMISSION

- The estimated value of the Fund's assets available for investments on May 31, 2020 was \$362.7 million, an estimated net fiscal year-to-date return of negative 0.55%.
- The Fund Office has been closed to the public since July 20, 2020.
- The Board suspended its Telephone Policy, allowing participants to participate telephonically more than three times without it being recorded as an unapproved absence. The Board will ensue that when again required by law, a quorum will be physically present.
- The Board established a policy for benefit recalculations of annuitant payments.

MEETING SCHEDULE 2020

<u>Dates</u>	<u>Time</u>	<u>Location</u>
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

<u>Please be advised that the Next Regular Meeting of the Board of Trustees will be held on Tuesday, August 25, 2020 at 10:30am.</u>

AGENDA ITEM 7.B. EXECUTIVE DIRECTOR'S REPORT

COMMUNICATION FROM THE EXECUTIVE DIRECTOR



Communications – June 23, 2020

- 2020 Life Certificates
- 125 Life Certificates outstanding.
- Supplemental Pension Distribution 2012
- 41 remaining distributions totaling \$248,909.80
- Option Factors for Post Benefit Change payable at Age 65
- **Employee Benefit Statements**
- **DROP Participant List**
- Planned Retirement Participant List

CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND

DROP

July 2020 Regular Pension Board Meeting

·					Payroll Reports	Pension
	Nam		DROP Start Date	DROP end Date	Received	Processed
-	Paquet	Joel	September 1, 2015	August 31, 2020	Yes	
	Thomas	Cory	December 1, 2015	November 30, 2020	Yes	
	McKinney	Michael	May 1, 2016	April 30, 2021	Yes	
	Hilbert	James	May 31, 2016	May 31, 2021	Yes	
5	Baker	Carletha	July 1, 2016	June 30, 2021	Yes	
6	Ekelund	Eugenia	July 1, 2016	June 30, 2021	Yes	
	Paicely	Yvonne	July 1, 2016	June 30, 2021	Yes	
8	Witherspoon	Jonathan	November 1, 2016	October 31, 2021	Yes	
	Dec	Robert	January 1, 2017	December 31, 2021	Yes	
	Clarke	Janet	January 1, 2017	December 31, 2022	Yes	**************************************
11	Aide	Anglade	February 1, 2017	January 31, 2022	Yes	
	Estyle	Yolette	February 1, 2017	January 31, 2022	Yes	
13	Holmes	Clarence	April 1, 2017	March 31, 2022	Yes	
14	Powell	Marie	May 8, 2017	May 7, 2022	Yes	
15	Babich	James	June 1, 2017	May 31, 2022	Yes	
16	Epstein	Jeff	July 1, 2017	June 30, 2022	Yes	
17	Samuels	Brenda	July 1, 2017	June 30, 2022	Yes	
18	Ducker	Elizabeth	August 1, 2017	July 31, 2022	Yes	
19	McLarty	Horace	August 1, 2017	July 31, 2022	Yes	
20	Sparkman	Steven	August 1, 2017	July 31, 2022	Yes	
21	Polistina	Salvatore	September 1, 2017	July 31, 2022	Yes	
22	Leal	Xavier	September 1, 2017	August 31, 2022	Yes	
23	Brummer	John	December 1, 2017	November 30, 2022	Yes	
24	Leon	Frank	April 1, 2018	March 31, 2023	Yes	-
25	Victory	Glenroy	June 1, 2018	May 31, 2021	Yes	
26	Ballica	Lucille	September 1, 2018	August 31, 2023	Yes	
27	Listhrop	Anselm	September 1, 2018	August 31, 2023	Yes	
28	Moss	John	October 1, 2018	September 30, 2023	Yes	
29	Ferrante	Joseph	February 1, 2019	January 31, 2024	Yes	
30	Lancaster	Lawrence	April 1, 2019	March 31, 2024	Yes	
31	Baculi	Narciso	August 1, 2019	July 31, 2024	Yes	
32	Grandinetti	Donna	August 1, 2019	July 31, 2024	Yes	
33	Linares	Teresa	August 1, 2019	July 31, 2024	Yes	
34	Lopez	Angel	August 1, 2019	July 31, 2024	Yes	
35	Mincy	Donald	August 1, 2019	July 31, 2024	Yes	
	Montalvan	Mario	August 1, 2019	July 31, 2024	Yes	
37	Myrvil	Jean	August 1, 2019	July 31, 2024	Yes	
	Wallace	Telford	August 1, 2019	July 31, 2024	Yes	

CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND

DROP

July 2020 Regular Pension Board Meeting

	Namo		DROP Start Date	DROP end Date	Payroll Reports Received	Pension
<u></u>		Y	·····			Processed
	Thornton	Tamara	September 1, 2019	August 31, 2024	Yes	
40	Reese	Debra-Ann	October 1, 2019	September 30, 2024	Yes	
	De Liso	Domenico	November 1, 2019	October 31, 2024	Yes	
\vdash	Doklean	Dana	November 1, 2019	October 31, 2024	Yes	
43	D'Arpino Vazquez	Linda	January 1, 2020	December 31, 2024	Yes	
44	Erickson	Barry	January 1, 2020	December 31, 2024	Yes	***************************************
45	Foard	Timothy	January 1, 2020	December 31, 2024	Yes	
46	Keller	George	January 1, 2020	December 31, 2024	Yes	
47.	Nelson	Barbara	January 1, 2020	December 31, 2024	Yes	
48	Saint Remy	Jean	January 1, 2020	December 31, 2024	Yes	
49	Williams	Horace	January 1, 2020	December 31, 2024	Yes	
50	Zaske	Michael	January 1, 2020	December 31, 2024	Yes	
51	Cassidy	Christopher	March 1, 2020	February 28, 2025	Yes	
52	Knauer	Keith	March 1, 2020	February 28, 2025	Yes	
53	Hogarth	Delroy	July 1, 2020	June 30, 2025		100
54	Seidl	Luanne	July 1, 2020	June 30, 2025		
55	Lopez	Sergio	August 1, 2020	July 31, 2025		
56	Stanley	Angella	August 1, 2020	July 31, 2025	. 13110	
57	Avitable	Doreen	September 1, 2020	August 31, 2025		

CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND Planned Retirement June 2020 Regular Pension Board Meeting

	Name		Start Date	Last Date Of Employment No Later Than:
1	Huffaker	Daniel	June 1, 2017	May 31, 2022
2	Perez	Gilda	August 16, 2019	August 15, 2024
3	Azueta	Gail	February 16, 2020	February 15, 2025

AGENDA ITEM 8 PUBLIC COMMENT

AGENDA ITEM 9 TRUSTEE REPORTS, QUESTIONS AND COMMENTS

AGENDA ITEM 10 ADJOURNMENT