

MINUTES
INFORMATIONAL SESSION
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND
TUESDAY, MARCH 31, 2020 AT 9:00AM

1. CALL TO ORDER AND ROLL CALL

Chair Shaw called the meeting to order at 9:05a.m.

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

Mr. Cohen noted that the meeting was being conducted in accordance with Executive Order No. 20-69 which suspended two provisions of the Florida Statute involving government in the sunshine. One that required a quorum to be present, or required a local government body meet at a specific public place. The Board was also allowed to utilize communication media technology. He noted that the quorum by phone was legal under Florida Statute as it existed at the time of the meeting with the suspensions. He noted that the Board's telephone participation policy requiring a quorum be present was based on the Florida Statute and with the Attorney General's Opinion, these provisions were suspended in the statute. Therefore, the Board could vote on any item they chose at the meeting.

2. INVESTMENT (Keith Reynolds – Segal Marco)

a. February 2020 Flash Performance Report

Mr. Reynolds provided the Board with the Flash Performance Report for February 2020. He noted that the U.S. and International markets were down by more than 10% in the last week of February. He noted that with the Coronavirus and its impact on the economy, there had been a flight to safety in U.S. government bonds and a spike in the volatility of the markets. He advised that the Fund's market value of assets at the end of February was \$344 million, down approximately 3%, with one quarter of the portfolio not yet reported.

b. Market Update

Mr. Reynolds noted that the Coronavirus had resulted in significant business disruption. He noted that Federal Reserve cut interest rates by 50 basis points, the markets dropped below the 2018 levels, and there were daily fluctuations in the markets. He stated that the markets experienced one of the fastest and most volatile bear markets. He noted the uncertainty in the markets had made it difficult to accurately price the true value of a stock.

Mr. Reynolds advised that global stimulus packages were being considered, including the recent passage of the \$2 trillion stimulus package. He noted that there was a rebound in the equity markets with the S&P500 going up 17% from a low on March 23 through March 30.

Mr. Reynolds reassured the Board that there were funds available to pay pension benefits. He advised that Segal recommended a moderate rebalance approach over time. He noted that the asset liability study results will put the Fund in a good position to take advantage of market dislocations.

Trustees Keller asked if any adjustments needed to be made right now. Mr. Reynolds noted that Segal was monitoring the funds and did not recommend rebalancing at this time as there were still 10% swings in market returns, a dollar cost averaging approach would be better, moving slowly back into equities. He noted that the asset liability modeling study would provide a roadmap for investing in the long term.

Trustee Strauss asked about the status of the Brandes portfolio. Mr. Reynolds advised that Brandes would be replaced at the end of the Emerging Manager Search. Trustees all agreed that this was not the time for drastic action and requested a weekly market update. Trustee Cassidy asked about the Fund's possible capital calls. Mr. Reynolds's

advised that the outstanding commitments were about \$15 million to private equity, \$1 million to private debt, and \$5 - \$10 million to real estate.

Mr. Reynold's advised the Board that the transition to work at home at Segal and with the Pension Office had been seamless. He noted that his office had been working with the Pension Office and the auditors to get some final information for the audit.

3. EXECUTIVE DIRECTOR'S REPORT

a. Communications from the Executive Director

- Ms. Bailey advised the Board that the Pension Office was closed to the public on March 16th, and closed fully on March 20th with all staff telecommuting. She noted however, that there was usually one staff member in the office and that mail was being collected and addressed at least twice weekly. She noted that the voicemail was cleared daily and the Fund did not have any difficulty dealing with members over the phone, by email, or via fax messages.
- Ms. Bailey noted that the major tasks being undertaken by the office were the finalization of the financial statements, the actuarial valuation, the 2012-13th check distributions, and the March 31, 2020 DROP Statements. She noted that no one had requested appointments in April.
- Ms. Bailey advised the Board that the March retiree payroll was successful and that funds had already been set aside for the April payroll. She noted that the office would finalize the COLA's and add new retirees to payroll in time for the April payroll.

In response to a question, Ms. Bailey advised that the 2019 Financial Statements would be sent to the Audit Committee that day and that it was expected that the statements would be complete by the end of the week. Trustee Ramos requested that the Board consider holding a special meeting to approve the financial statements. It was noted that an audit committee meeting would also be required.

Trustee Keller noted that he recently heard a presentation by Affiliated Development Real Estate Group, headquartered in Fort Lauderdale, that provided workforce housing. Mr. Keller will forward the company's prospectus to Ms. Bailey for distribution to Trustees and Mr. Reynolds for their review. Trustee Keller also noted that the Executive Director received a very good evaluation and no action was taken on the consideration of any adjustment to compensation. He requested that this be added to the agenda of any special meeting and that the Board be provided with comparable salary information.

Trustees thanked the staff for keeping the office up and running during the crises.

Trustee Shaw requested public comments. There were no public comments.

10. ADJOURNMENT

MOTION made by Trustee Strauss, seconded by Trustee Ramos, to adjourn the meeting. In a voice vote by the members present, **Motion** passed 7-0. The meeting adjourned at 10:05a.m.



Phyllis Shaw, Chair

Date

April 28, 2020