

**MINUTES
REGULAR PENSION BOARD MEETING
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND
TUESDAY, MAY 19, 2020 AT 9:00AM**

1. CALL TO ORDER

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

2. ROLL CALL AND PLEDGE OF ALLEGIANCE

All attendees participated telephonically. Board Members: Chair Phyllis Shaw (joined at 10:30am), Vice Chair George Keller, Secretary Robert Strauss, Christopher Cassidy, Jeffery Greene (joined at 9:10am), Charles Howell and Cynthia Ramos. Also present: Executive Director Christine Bailey; Keith Reynolds, Felicia Ewell, Benjamin Patzik, Alan Kosan, and Francois Otieno of Segal Marco; Ronald Cohen of Rice Pugatch Robinson Storfer & Cohen, and Jeffery Amrose and Trisha Amrose from Gabriel, Roeder, Smith, and Company

a. May 19, 2020 Regular Board Meeting Agenda

MOTION made by Trustee Cassidy, seconded by Trustee Strauss, to adopt the May 19, 2020 Regular Board Meeting Agenda. In a voice vote of the members present, all members voted in favor. **Motion** passed 5-0.

3. CONSENT AGENDA

- A. April 28, Regular Meeting Minutes
- B. Ratification of Distributions (Contributions and DROP) and Plan Expenses
- C. Approval/Ratification of New Retirements/DROP/Vested/Death Annuities

MOTION made by Trustee Strauss, seconded by Trustee Cassidy, to approve Consent Agenda Items 3a through 3c. In a voice vote of the members present, all members voted in favor. **Motion** passed 5-0.

4. FINANCIAL

a. Mr. Amrose presented the Actuarial Valuation Report as of October 1, 2019. He noted that the FY2020 Employer Contribution of \$28.553 million did not match the requested contribution from the October 1, 2018 valuation report as the amount in the 2019 valuation report included the cost of benefit restoration in their impact statement of June 17, 2019. He noted that the required City biweekly contribution for FY2021 totaled \$30.198 million or 71.39% of covered payroll and \$29.106 million or 68.81% of pay, if paid in full on October 1, 2020. He noted that the two primary reasons for the increase were an increase in Normal Costs and an increase in the Amortization Costs.

He noted that there was an Employer Required Contribution shortfall of \$12.5 million which the City has requested, and the Board approved, to be amortized over five years beginning in FY2021. He noted that if the Board were to consider reducing the current assumed interest rate of 7.5% or lowering the amortization period, any increase in required contributions could be offset by an expected change in the mortality tables in FY2021. He noted that funded ratio was 60.3% compared to 59.3% last year.

Trustee Keller, as Deputy City Manager, requested that the Board not consider any changes to the Fund's assumptions at this time as the City was experiencing unknown losses as a result of the current environment. He asked that any changes that the Board might consider be deferred to next year when the City's financial circumstances will be more stable and predictable. Trustee Cassidy requested that the Board revisit the Fund's assumptions in September 2020.

MOTION made by Trustee Greene, seconded by Trustee Howell, to accept the Actuary's Valuation Report. In a voice vote by the members present, all members voted in favor. **Motion** passed 6-0.

b. Ms. Bailey provided the Board with the Final Financial Operations and Investment Summaries for December 31, 2019, January 31, 2020, and February 29, 2020 and

Preliminary April 30, 2020 Financial Operations and Investment Summaries. She also provided the Budget Variance Report as of April 30, 2020.

5. INVESTMENT (Keith Reynolds – Segal Marco)

a. Board Insurance Update

Ms. Bailey provided the Board with information on the Workplace and Assailant Coverage, including a sample policy and the details of the City's current policy. She noted that while there was some overlap with the City's Policy, the proposed policy was specific to the Fund and provided additional coverage.

MOTION made by Trustee Strauss, seconded by Trustee Cassidy, to purchase \$2 million in Workplace and Assailant Coverage from the Indian Harbor Insurance Company at a rate of \$3,536 plus taxes and fees. In a voice vote by the members present, all members voted in favor. Motion passed 6-0.

b. April 2020 Flash Performance Report

Mr. Reynolds provided the Board with the Flash Performance Report for April 2020. He noted that not all managers had reported their performance. He noted that the U.S. equity markets were down but that the market had rebounded in April. He also noted that the Fund's market value of assets as of April 30, 2020 increased to \$327.0 million, down 2.89% for the fiscal year to date. He reminded the Board that the Fund had downside protection to reduce losses in a down market.

He advised the Board that the assets from Brandes had been moved to the Northern Trust S&P 500 Account.

c. Private Credit Opportunities Presentations

Mr. Reynolds advised the Board that, as a result of the Asset Liability Study, the Board had agreed to invest an additional \$20 million in private credit investments. He advised that the Board would be considering up to four managers with \$5 million investments in each. He and Mr. Patzik provided the Board with an overview of Entrust Global Blue Ocean Onshore Fund LP and their recommendation to invest in that fund.

Jeff Murano, Mark Guariglia, and Svein Engh of Entrust Global presented the Blue Ocean Onshore Fund investment opportunity. Mr. Engh noted that the targeted return of the investment was 10-13%. He noted that there was no leverage in the fund, most of the investments were in secured debt in the primary market, and investments have been made in approximately 100 ships. In response to Trustee questions, Mr. Engh noted that the Fund did not anticipate investing in passenger cruise ships, the investments were in US dollars, and there were no additional performance fees apart from the fees identified in the presentation.

Katherine Martin and David Wilson of Nuveen presented the Term Asset-backed Security Loan Facility (TALF) investment opportunity. Mr. Wilson noted that the targeted return of the investment was 8-11% with anticipated investments through September 30, 2020 for a three year investment. Trustee Strauss questioned the minimum commitment of \$10 million in the presentation. Mr. Wilson confirmed that a \$5 million investment would be acceptable. The Board discussed the use of the Cayman Feeder for tax-exempt clients. Ms. Martin advised that this related primarily to the payment of Unrelated Business Tax Income (UBTI). Mr. Cohen noted that he did not believe that public pension funds were required to pay UBTI.

Mr. Otieno noted that on a risk adjusted basis, this investment was very attractive. He also noted that this investment would provide significant societal benefits. He noted that the relatively small size of the fund increases the likelihood that 100% of the Fund's investment would be deployed. Mr. Kosan reminded the Board that there would be four distinct investment opportunities for consideration, the TALF investment, Blue Ocean, BC Partners, and Brighton. In response to questions from Trustees, Mr. Kosan advised

that there were other Public Pension Funds and Taft Harley Plans in the Blue Ocean and TALF strategies.

MOTION made by Trustee Cassidy, seconded by Trustee Keller, to extend the meeting to 12:45p.m. In a voice vote of the members present, all members voted in favor. **Motion** passed 7-0.

MOTION made by Trustee Cassidy, seconded by Trustee Keller, to invest in the Entrust Blue Ocean Group at \$5 million as recommended by the consultant. In a voice vote of the members present, all members voted in favor. **Motion** passed 7-0.

MOTION made by Trustee Cassidy, seconded by Trustee Keller, including an accepted amendment, to invest in Nuveen at \$5 million pending legal review and including any time constraint. Trustees requested a manager research report for Nuveen once available and a list of clients invested in the strategy. In a roll call vote of the members present. **Motion** passed 6-0. Trustee Greene experienced difficulty with the telecommunication system.

Mr. Cohen requested the opportunity to consult with attorneys who have expertise in the Cayman Island Laws and similar investments.

MOTION made by Trustee Keller, seconded by Trustee Strauss, to allow Mr. Cohen to spend \$1,500 on the Nuveen Project. In a voice vote of the members present. **Motion** passed 6-0. Trustee Greene experienced difficulty with the telecommunication system.

c. Work Plan 2020

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

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

- a. Emily Glover, individually and as Personal Representative of the Estate of George Glover v. Ferihaja Kolari, City of Hollywood Employees' Retirement Fund, and City of Hollywood. Mr. Cohen advised the Board that the Fund had paid Ms. Kolari her retroactive benefits. He also advised that he requested and expected that the case will be dismissed and the Fund would be reimbursed \$900 in attorney's fees.

b. Investment Policy Statement and Loomis Sayles Investment

Mr. Cohen reviewed a proposed amendment to the Investment Policy Statement to include the ability to invest in group trusts and collective trust funds described in IRS Revenue Ruling 2011-1. Mr. Cohen also discussed changes he requested to the Loomis Sayles Agreement and a Side Letter to the Agreement.

MOTION made by Trustee Cassidy, seconded by Trustee Greene, to accept the amendment to the Investment Policy Statement as highlighted in the backup materials provided by Mr. Cohen. In a voice vote of the members present, all members voted in favor. **Motion** passed 7-0.

MOTION made by Trustee Greene, seconded by Trustee Cassidy, to enter into an agreement with Loomis Sayles. In a voice vote of the members present, all members voted in favor. **Motion** passed 7-0. Mr. Reynolds noted that the investment was approximately \$12 million.

c. Appointment of Citizen Member of the Board of Trustees

Mr. Cohen advised the Board that Alan Fallik, Attorney for the City of Hollywood, had informed him the no one had applied to replace Jeffery Greene as a citizen member of the Board of Trustees and it was the City's position that Mr. Greene would hold over. Mr. Cohen advised the Board that he agreed that with no action on a new appointment Trustee Greene would continue as a Board member. The Board discussed the procedure for the Trustee Greene's holdover, how and when he could be replaced, and the impact of the holdover on his term limits. In response to a question, Mr. Cohen

advised that the Board could uphold any vote made by Trustee Greene after he holds over.

MOTION made by Trustee Keller, seconded by Trustee Cassidy, to extend the meeting. In a voice vote of the members present, all members voted in favor. **Motion** passed 7-0.

- d. Request for Executive Session to Discuss Pending Litigation
Mr. Cohen requested an Executive Session to discuss Pending Litigation with Glover v, Kolari, City of Hollywood Employees' Retirement Fund, and City of Hollywood. He noted the conditions of the session.

7. EXECUTIVE DIRECTOR'S REPORT

- a. City Commission Communication
The Board received the City Commission Communication amended to reflect that the meeting was held telephonically due to the Coronavirus Pandemic
- b. Communications from the Executive Director
- Ms. Bailey advised the Board that 897 retirees had returned their 2020 Life Certificates to date. She noted that the Fund had still not located the member who did not return the 2019 Life Certificate.
 - Ms. Bailey advised the Board that 75 distributions remained for the FY2012 13th Check Settlement totaling \$457,000.
 - Ms. Bailey provided the Board with the DROP and Planned Retirement Participant Lists.
 - Ms. Bailey advised the Board that the DROP statements were completed and mailed to members on April 30, 2020.

8. PUBLIC COMMENTS

There were no public comments.

9. TRUSTEE REPORTS, QUESTIONS AND COMMENTS

Trustee Greene thanked the Board for their confidence in him should he hold over. Trustee Shaw thanked everyone for their participation.

10. ADJOURNMENT

MOTION made by Trustee Greene, seconded by Trustee Keller, to adjourn the meeting. In a voice vote by the members present, all members voted in favor. **Motion** passed 7-0. The meeting adjourned at 1:05p.m.



Phyllis Shaw, Chair

September 1, 2020
Date