

HOLLYWOOD POLICE OFFICERS' RETIREMENT SYSTEM
Office of Retirement
4205 Hollywood Blvd., Suite 4
Hollywood, Florida 33021

March 27, 2020

MINUTES

A regular meeting of the Hollywood Police Officers' Retirement System was held on Friday, March 27, 2020, at 10:34 AM., Due to Executive Order 20-69 Signed by RON DESANTIS, Governor of Florida on March 20, 2020, the Board of Trustees conducted the meeting remotely.

PRESENT:

D. Strauss, Chairman, C. Marano, Secretary, V. Szeto, J. Schweighardt, C. Boyd & P. Laskowski.

Also present were Laurette Jean, Budget Division Director, City of Hollywood; Jean-Baptiste Nadal, Miguel E. Giaconi, Brian J. O'Sullivan & Dann Smith, Wells Fargo Asset Management; John McCann, AndCo Consulting; Stuart Kaufman, Legal Counsel - Klausner, Kaufman, Jensen & Levinson; David M. Williams, Plan Administrator.

PUBLIC COMMENT

No Comments or questions were received. Mr. Williams noted on the public meeting notice the following language was posted. "Any member of the public may submit questions or comments to be read during the public comment section of the meeting to info@hollywoodpolicepensionfund.com by March 25, 2020".

READING OF THE WARRANTS

The warrants since the last meeting were reviewed and executed electronically by the Board of Trustees. As this was a new procedure, Mr. Williams asked for formal Board approval on the process. Motion to permit electronic signatures for warrant approval by Mr. Szeto, seconded by Mr. Boyd. All board members voted yes.

APPROVAL OF THE MINUTES OF THE FEBRUARY 21, 2020 MEETING

Mr. Strauss asked if there were any additions or corrections to the Minutes of the February 21, 2020 pension board meeting. Mr. Laskowski made a motion to approve the Minutes of the February 21, 2020 pension board meeting, which was seconded by Mr. Szeto. All board members voted yes.

PRESENTATION OF FINANCIAL STATEMENTS – September 30, 2019 - TABLED

Kabat, Schertzer, De La Torre, Taraboulos & Co., LLC.

ATTORNEY'S REPORT

Adoption of Remote Meeting Administrative Policy: Mr. Kaufman reviewed the policy and its purpose. The policy ensures Board business can continue with public access. The policy will remain in effect until May 8, 2020 unless Executive Order 20-52 is extended by the Governor of Florida, in which case this Policy shall be extended accordingly. Motion by Mrs. Marano, seconded by Mr. Boyd. All board members voted yes.

LINK TO POLICY:

<http://hollywoodpolicepensionfund.com/docs/announcements/Policy%20Governing%20Audio-Teleconferencing%20%20Signed%20and%20Approved%2003-27-2020.pdf#zoom=100>

Kraft Heinz Securities Class Action - Grant & Eisenhower: Mr. Kaufman was contacted by representatives of the cited firm. The merits of the case were reviewed, and Mr. Kaufman felt the matter was worthwhile for the Board to pursue. The complaint was provided to all Board Members to review prior to the meeting¹. Due to a deadline issue, the firm took direction from Mr. Strauss to proceed with the action. After consideration, motion made to proceed and ratify the action taken by Mr. Strauss between meetings on behalf of the Plan. Seconded by Mr. Schweighardt. All board members voted yes.

SPD – Status Update: Mr. Kaufman noted matter under review.

DROP Rules – Status Update: Mr. Kaufman noted matter under review.

Security Litigation – Status Update: Mr. Kaufman provided brief notes on the following cases - Gilead Sciences, Inc., Covetrus, Inc. and HD Supply.

Correction Matter – Status Update: Mr. Kaufman advised matter is before the court and he awaits a response.

ADMINISTRATIVE REPORT

Mr. Williams presented the Administrative Report to the Board.

Mr. Williams provided a recalculation update (POST IMPORT). Internal testing was undertaken for three weeks with the assistance of IT staff and then turned over to the actuary who independently tested the data. Mr. Joey Walls (Board Actuary) confirmed that he tied to our findings. Mr. Williams recalculated retired members first as they are affected each month. Warrants with all the back-up was provided and executed accordingly. Mr. Williams also updated the retired member who separated service post referendum. Those calculations were transmitted to the actuary to prepare the cola adjustments and retroactive payments due. Mr. Williams proceeded to review and recalculate active drop members. Members will be advised on a case by case basis and warrants will be prepared for formal approval.

RETURN OF PENSION CONTRIBUTIONS: Mr. Williams indicated that former member Mr. Kwesi Alleyne requested a return of his contributions made to the Plan. The required documents were complete. Motion by Mrs. Marano to approve the return of the member's pension contributions. Motion seconded by Mr. Szeto. All board members voted yes.

DROP Loan: Mr. Williams cited the member's loan requests. He outlined that the members have the funds in their personal DROP account to cover the loans and they have been participants in the DROP plan for the required amount of time. No conflict exists with the 12-month rule. Mr. Laskowski made a motion to approve the loans presented. This motion was seconded by Mr. Boyd. All board members voted yes.

PENSION DATABASE UPDATE: Mr. Williams advised that there is quite a lag each month posting the rate of return, due to the complex nature of the investments. We used to receive the rate of return for the month by the 15-20th of the following month.

¹ In part - Kraft Heinz announced a historic \$15.4 billion write-down in the value of the Company's Oscar Mayer and Kraft trademarks and other intangible assets.

It now takes 6-8 weeks to receive the data from AndCo. Mr. Williams advised that he can have the database reprogrammed which would enable him to post the Fixed Rate of Return (FRR) to the accounts, and when the Plan Rate of Return (VRR) is received, he would then post that to the database. Members agreed by consensus this would be beneficial for the membership. Mr. Williams will contact IT and have it placed into his queue.

INVESTMENT PRESENTATION – WELLS FARGO CAPITAL MANAGEMENT

Mr. Jean-Baptiste Nadal, Mr. Miguel E. Giaconi, Mr. Brian J. O'Sullivan & Mr. Dann Smith of Wells Fargo Asset Management presented the large cap value portfolio review.

Account Value²:

Change in portfolio value

	Market value
Beginning value	35,589,490.97
Net contributions/withdrawals/expenses	0.00
Realized gains	-56,746.97
Unrealized gains	-3,949,556.40
Income received	109,399.39
Ending value	31,692,586.99

Performance History Reported³:

Performance history (%)

	Calendar YTD	Fiscal YTD	1 year	3 year	Since inception (05/12/15)
Portfolio - Gross	-10.95	-5.86	3.75	7.62	6.46
Portfolio - Net	-11.02	-6.05	3.23	7.09	5.93
Russell 1000 Value Index	-11.63	-5.08	0.54	3.78	5.64



Market Review

- The coronavirus crisis is a medical crisis that is likely to lead to a temporary economic crisis (slowdown or contraction). It is not yet a systemic financial crisis.
- The coronavirus outbreak is expected to last for a few months, in line with typical flu outbreak, and is likely to get worse before it gets better.

² As of February 29, 2020

³ As of February 29, 2020

- The magnitude of the damage is unpredictable and depends on the efficacy of collective measures to limit the propagation of the virus. In any case, it is a temporary phenomenon, which may reappear next year. We remain hopeful a vaccine will be available within the next year.
- Monetary authorities are intervening to limit the impact on the economy from disruptions of supply chains and declines in travel. •Financial markets always anticipate, and we expect the markets to remain volatile until after the peak of the coronavirus outbreak; maybe within a couple of months.
- We expect a 'U-shaped' recovery of the economy and the markets in the next few months.

Portfolio Outlook

- Equity market valuations have dislocated, providing opportunities to upgrade the portfolio's quality.
- Equity markets will remain volatile, favorable for active managers.
- Expectations for weaker U.S. economic growth.
- Potential risks include:

Prolonged shutdowns to prevent COVID-19 propagation and/or widespread increases in cases and deaths. Deep and extended global recession. Overleverage globally dampening economic growth and causing deflation. Trade implementation with China deteriorating and tariff increases. Geopolitical events, such as the U.S. military response to Iran provocation. 2020 U.S. elections. High-quality companies with strong fundamentals have outpaced over long periods. Continual adherence to our Intrinsic Value approach, with a long-term record of strong and consistent return.

INVESTMENT MONITOR REPORT – ANDCO CONSULTING

Mr. John McCann provided a flash report through March 25, 2020 that showed a decrease of 15% in assets or approximately 51-million-dollar decrease. This report did not take into account real estate or other alternative investments.

OPEN DISCUSSION

A special meeting will be called when the financial statements are received.

MEETING ADJOURNED

There being no further business, the meeting was adjourned at 11:15 A.M.

The next scheduled meeting is April 24, 2020 at 10:30 AM.

Respectfully submitted,

APPROVED:

C. Marano, Secretary

D. Strauss, Chairperson