

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

May 22, 2020

MINUTES

A regular meeting of the Hollywood Police Officers' Retirement System was held on Friday, May 22, 2020, at 10:32 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, C. Boyd, P. Laskowski, R. Brickman & J. Schweighardt.

Also remotely present were Laurette Jean, Budget Division Director, City of Hollywood; Jeff Burns & Nick Rojo, Affiliated Development; Gregory S. Gosch, Sawgrass Asset Management; Janna Hamilton & Jeffrey D. Detwiler, Garcia Hamilton & Associates; John McCann, AndCo Consulting; Robert Klausner, Legal Counsel - Klausner, Kaufman, Jensen & Levinson; David M. Williams, Plan Administrator.

PUBLIC COMMENT

Mr. Williams stated that this was Mr. Brickman's final meeting as a Board Trustee. That Mr. Brickman played an integral part of the Board as a Trustee for the last twenty plus years. *Mr. Brickman was commended by all* for his expertise and commitment to the Plan, the Plan Sponsor and the membership. A formal presentation will be made at the June 26, 2020 meeting.

No other comments or questions were received from the public and/or participants in attendance. 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 May 21, 2020".

READING OF THE WARRANTS

The warrants since the last meeting were reviewed and executed electronically by the Board of Trustees.

APPROVAL OF THE MINUTES OF THE MARCH 27, 2020 MEETING

Mr. Strauss asked if there were any additions or corrections to the Minutes of the March 27, 2020 pension board meeting. Mr. Szeto made a motion to approve the Minutes of the March 27, 2020 pension board meeting, which was seconded by Mr. Brickman. All board members voted yes.

APPROVAL OF THE MINUTES OF THE APRIL 17, 2020 MEETING

Mr. Strauss asked if there were any additions or corrections to the Minutes of the April 17, 2020 pension board meeting. Mr. Laskowski made a motion to approve the Minutes of the April 17, 2020 pension board meeting, which was seconded by Mr. Brickman. All board members voted yes.

ATTORNEY'S REPORT

Mr. Kaufman indicated that Governor DeSantis' Order for remote meetings was extended.

Mr. Kaufman reflected our Plan's involvement in the Heinz Case was being dropped by Security Counsel. Mr. Williams submitted an invoice for his time in the matter.

Other security litigation updates were provided to the Board by Mr. Kaufman in the Covetrus, HD Supply and Gilead Sciences Matters.

Mr. Kaufman stated the Corrections Matter is still pending before the Circuit Court.

Mr. Kaufman is finalizing the Entrust Blue Ocean Investment Agreement¹.

ADMINISTRATIVE REPORT

Mr. Williams presented the updated administrative report for the Board to consider.

DROP Entry for:

Julio Alvarez	10/14/2019
Daniel Casey	04/05/2020
Christopher O'Brien	01/27/2020
Jeffrey Devlin	01/27/2020

Motion to approve by Mr. Laskowski, seconded by Mr. Brickman. All board members voted yes.

Return of Pension Contributions for:

Freya Hinton	11/05/2019	Non-Vested Member
Ervin Chunga	03/20/2020	Non-Vested Member

Motion to approve by Mr. Szeto, seconded by Mrs. Marano. All board members voted yes.

DROP Loan for:

Alfredo Agnone

Motion to approve by Mr. Brickman, seconded by Mr. Boyd. All board members voted yes.

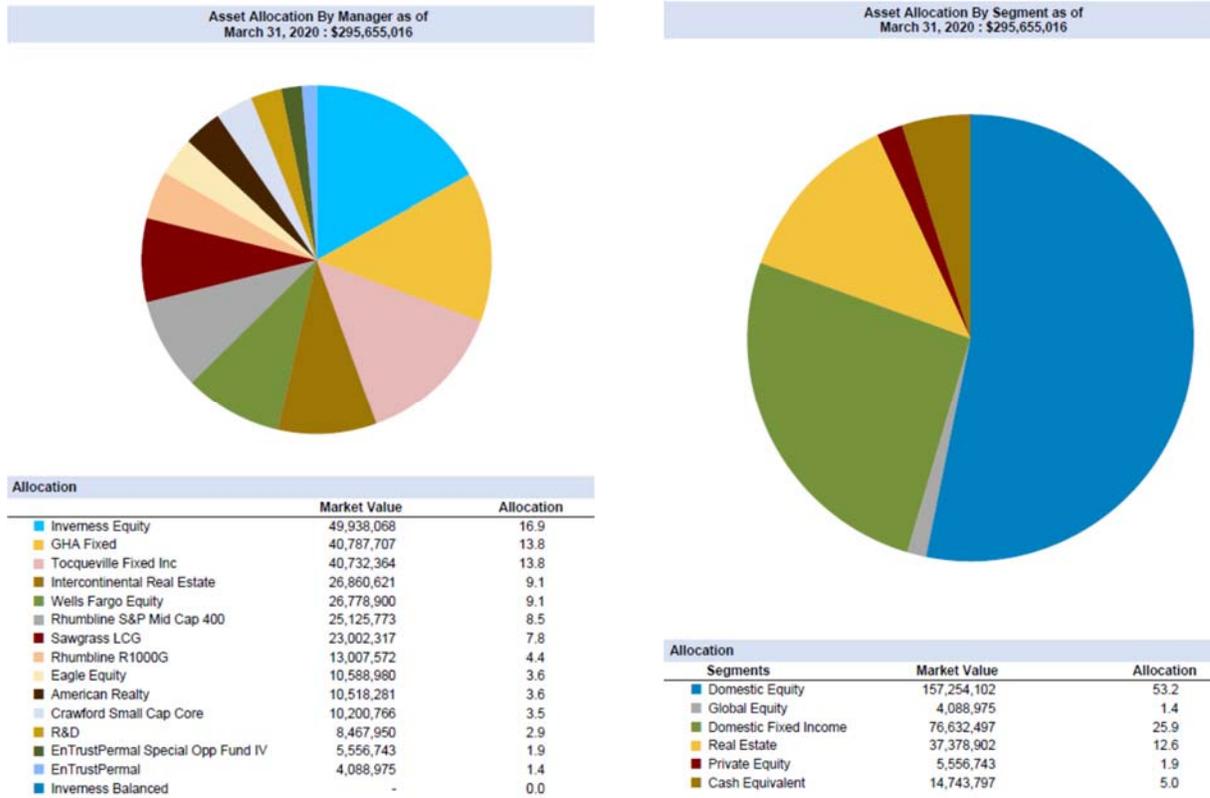
AndCo Consulting

According to the March 31, 2020 AndCo review, US equity returns were significantly lower during the 1st quarter with varied results across both style and market capitalization. Concerns related to the Coronavirus, in combination with signs that the US economy could be entering into recession weighed on equities. Labor markets came under significant pressure during the quarter as companies began laying off employees in response to the government's decision to mandate a shelter-in-place approach to dealing with the pandemic. In response to the deteriorating economic conditions, the Fed took unprecedented action on March 15th and lowered the Fed Fund's rate to between 0% to 0.25%. The Fed also announced that it would be purchasing up to \$500 billion in US Treasury bonds and \$200 billion in mortgage-backed bonds. Subsequently, the Fed announced on March 23rd that it would begin purchasing unlimited amounts of US Treasury and mortgage-backed bonds. This announcement was well received by investors and marked the recent low in equity markets.

¹ 5 million dollar mandate.

Mr. McCann advised that a rebound was underway and provided a flash report. For the fiscal year to date through May 20, 2020, the Plan was down -2.2%, compared to the quarter ending March 31, 2020 which was down -8.0% for the fiscal year. The flash report did not include alternative investments. No rebalancing was recommended at this juncture by Mr. McCann.

Asset Allocation by Manager & Segment as of March 31, 2020 was provided:



In a spirit of public transparency, the entire investment report may be viewed on-line at:
<http://hollywoodpensionfund.com/docs/investments/2020-03-31%20Hollywood%20Police%20Quarterly%20Report.pdf>

Sawgrass Asset Management

Mr. Gregory S. Gosch provided an account review, market review and current portfolio positioning. The market value of the portfolio as of March 31, 2020 was valued at \$23,005,716.00. For the quarter ending March 31, 2020, the return was valued at -15.06% on a net basis compared to the benchmark return of -14.10%. For the fiscal year to date through March 31, 2020, the portfolio return was -8.17% vs the benchmark of -4.98%. Since inception² the return was 8.74% vs 9.89%.

Garcia Hamilton & Associates

Mrs. Janna Hamilton & Mr. Jeffrey D. Detwiler provided a fixed income portfolio review as of April 30, 2020.

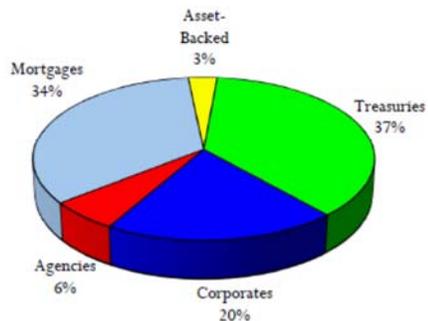
² June 23, 2017

	<u>Month To Date</u>	<u>Year To Date</u>	<u>One Year</u>	<u>Annualized Last 3 Years</u>	<u>Annualized Last 5 Years</u>	<u>Annualized Last 7 Years</u>	<u>Annualized Inception 06-30-11 To Date</u>
Gross of Fees	2.29	2.68	6.32	3.59	3.16	3.26	3.87
Net of Fees	2.29	2.62	6.06	3.35	2.91	3.01	3.62
Bloomberg Barclays US Int. Aggregate	1.15	3.66	7.99	4.06	3.07	2.70	3.00

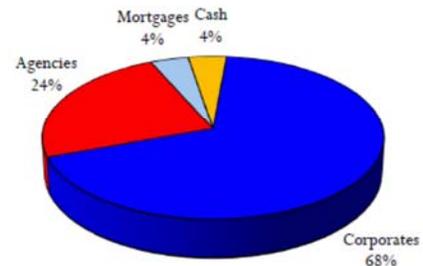
The portfolio was valued at \$41,542,374.64

The portfolio characteristics were described as follows:

Bloomberg Barclays US Int. Aggregate



Portfolio



Market Factors:

Sentiment: Survey data indicates, that while institutional investors have reduced their bullish positioning somewhat, they continue to remain long their respective benchmarks in anticipation of lower rates.

Monetary: The Federal Reserve made two emergency cuts to bring the fed funds rate down to the zero lower bound and reinstated several Financial Crisis-era programs. This stimulus will lead to a recovery in the economy, firmer inflation, and higher longer term rates.

Valuation: Treasury yields crashed to all time lows as fears of a COVID-19 induced recession or even depression gripped the markets.

Economic: With the Fed providing ample liquidity and the CARES Act stimulus filtering through the economy, we expect to see a “v-shaped” recovery once the virus is contained.

Inflation: One of the big surprises to the markets will be the pickup in inflation later this year as the surge in money supply growth and pent up demand leads to higher prices.

The GHA representatives see a tremendous opportunity in the corporate bond market with spreads at extremely attractive levels. With the Fed providing ample liquidity and the CARES Act stimulus filtering through the economy, we expect to see a “v-shaped” recovery once the virus is contained. Therefore, they are maintaining their defensive positioning as rates will move higher off these extreme lows when the economy reaccelerates.

PRESENTATION OF THE OCTOBER 1, 2019 ACTUARIAL VALUATION (TABLED)

Matter pending.

NEW BUSINESS

Affiliated Housing Impact Fund LP Presentation – Affiliated Development.

Mr. Jeff Burns & Mr. Nick Rojo of Affiliated Development made their presentation to the Board to consider a real estate investment in local workforce housing. Affiliated Development strives to create dynamic environments that revitalize downtown metro areas and offer Class-A living at rents well below market. The Company brings this vision to life by engaging in public-private partnerships and utilizing funding incentives to provide superior product at a price point currently unachievable in downtown South Florida markets.

This is especially impactful given that over 60% of renters in the South Florida area are cost-burdened (paying more than 30% of income on rent). Most South Florida residents are forced to either allocate too much income toward rent, live with one or more roommates, or move away from major employment centers in order to find reasonably priced housing.

Affiliated selects project sites located near employment centers, transportation nodes, and other city amenities, and works to develop engaging mixed-use multifamily projects at attainable rents the local workforce can afford.

Affiliated Core Strategy: Members of the local workforce - teachers, nurses, first responders, hospitality employees, and small business owners who form the foundation of the communities they work in - deserve to live in convenient metro locations without having to sacrifice housing quality or face long commute times.

Affiliated engages the local community and has provided rental preferences and first look benefits to teachers, first responders and municipal employees. We aspire to provide Class A, yet attainable, housing to the local workforce to create a “Live Where You Serve” dynamic. Many in the workforce are forced to contend with long commute times. Commute times have gradually increased over time. According to FDOT, The average one-way commute time in Florida is 27.4 minutes and 17.4% of commuters made one-way trips of 45 minutes or longer. Many middle-class employees have been forced to commute into the communities they serve.

The representatives spoke about the proposed project within the City of Hollywood. They also cited their track record in other local projects in the tri-county area.

Fund Terms:

- Fund: Affiliated Housing Impact Fund LP
- Terms: Evergreen Structure
- Target Size: \$100M
- GP Commitment: 5% (up to \$5M)
- Preferred Return: 7% (compounded annually)
- Carried Interest: 20% of net profits
- Management Fees: 2% per annum
- Investment Minimum: \$2.5M

Mr. Strauss indicated that he toured the project underway in the City of Fort Lauderdale and was very impressed. He highly suggested that his fellow Trustees take the time to tour the project as well.

Mr. McCann reflected that the research team at AndCo would not recommend the investment. Given AndCo's research division position, Mr. Kaufman cautioned the Board, as they could possibly be held responsible should the investment fail. The Affiliate representatives advised that they are still in touch with the AndCo research team and responding to open questions.

Mr. Strauss advised he would want a side letter with various safeguards should the Board wish to proceed.

Mr. Strauss also asked Mr. McCann about the source of the 5-million-dollar real estate investment³ he proposed to the Board at the February 2020 meeting. Mr. McCann replied the funds would have come from fixed income.

Mr. Brickman affirmed from the Affiliated Representatives, that the reduced rental fees were as a result of local government subsidies, CRA, tax incentives, etc.

By consensus the Board wanted to take additional time to review the report presented and tour existing project(s) by Affiliate. This will also provide AndCo additional time to research the matter. No further action taken. Board will reconvene on the matter at the June 26, 2020 meeting.

OPEN DISCUSSION

The Board requested to meet in person at the June 26, 2020 meeting, subject to the status of the pandemic.

MEETING ADJOURNED

There being no further business, the meeting was adjourned at 12:29 PM.

The next scheduled meeting is June 26, 2020 at 10:30 AM.

Respectfully submitted,

C. Marano, Secretary

APPROVED:

D. Strauss, Chairperson

³ Intercontinental Real Estate.