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

June 26, 2020

MINUTES

A regular meeting of the Hollywood Police Officers' Retirement System was held on Friday, June 26, 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 concurrently in-person live (4205 Hollywood Blvd., Sun Credit Union Community Room) Hollywood, Florida 33021 & remotely on-line.

PRESENT

D. Strauss, Chairman, C. Marano, Secretary, V. Szeto, P. Laskowski, R. Brickman & J. Schweighardt (All attended in person). C. Boyd (Attended Remote).

Also present were John Rockford & Joseph Zock, Tocqueville; Jeff Burns & Nick Rojo, Affiliated Development; David M. Williams, Plan Administrator.

Also remotely present were Laurette Jean, Budget Division Director, City of Hollywood; Mark Guariglia, Bryan Schneider & George Fikaris; Joseph Walls, Board Actuary – Cavanaugh Macdonald Consulting, LLC; John McCann, AndCo Consulting; Stuart Kaufman, Legal Counsel - Klausner, Kaufman, Jensen & Levinson.

PUBLIC COMMENT

No 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 June 25, 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 May 22, 2020 MEETING

Mr. Strauss asked if there were any additions or corrections to the Minutes of the May 22, 2020 pension board meeting. Mr. Brickman made a motion to approve the Minutes of the May 22, 2020 pension board meeting, which was seconded by Mr. Laskowski. All board members voted yes.

ATTORNEY'S REPORT

Mr. Kaufman indicated that Governor DeSantis' Order for remote meetings was extended. The Executive order may be viewed on-line at: http://hollywoodpolicepensionfund.com/announcements.asp

Mr. Kaufman received a disability application from Meredith Elrich. The discovery phase is underway.

Brief 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 indicated that the Entrust Blue Ocean Investment Agreement has been finalized[1].

ADMINISTRATIVE REPORT

Mr. Williams confirmed all the recalculations based on the ordinance change of February 2019 have been completed with the exception of vested members. The vested membership is still under review of the Actuary and is expected in short order. Mr. Williams thanked Mr. Walls for his assistance in this project.

Mr. Williams outlined an issue reported by Fiduciary Trust (FTIS). A "partial" account number was located on-line during a web search. In an abundance of caution, Mr. Williams directed FTIS to change the account number.

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

DROP Entry for:
Richard Losenbeck DROP ENTRY DATE: 01/27/2020
Sean Keough DROP ENTRY DATE: 03/02/2020
Motion to approve by Mr. Szeto, seconded by Mr. Laskowski. All board members voted yes.

Return of Pension Contributions for:
Michael Mraw DOT: 04/12/2020 Non-Vested Member
Motion to approve by Mr. Schweighardt, seconded by Mrs. Marano. All board members voted yes.

DROP Loan for: Mark Ruggles
Motion to approve by Mr. Brickman, seconded by Mrs. Marano. All board members voted yes.

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

Mr. Joey Walls presented the October 1, 2020 Actuarial Valuation for the Board to consider.

The following factors were outlined:

Asset returns
- Market asset return on non-DROP funds 1.7% vs. 8.00% expected return (6.3% less than expected).
- Actuarial asset return 7.9% vs. 8.00% expected (0.1% less than expected).

Plan Amendment
- Unfunded accrued liability increased by $3.4 million.
- City contribution increased by $0.3 million.
- Assumption Change.
- Updated State mandated mortality table–Unfunded accrued liability decreased by $14.2 million.
- City contribution decreased by $1.5 million.

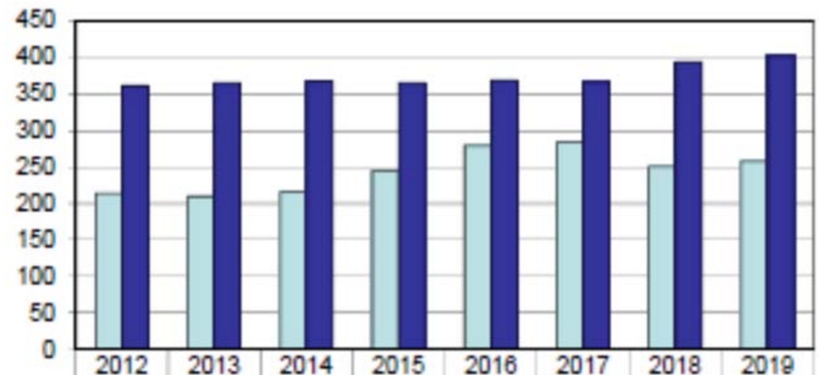
Mr. Walls reviewed the fact that the Board adopted the following funding policy

- Amortization bases established on or after October 1, 2016 are amortized over a closed 20-year period.

[1] The plan administrator is awaiting capital call instructions for the 5-million-dollar mandate.

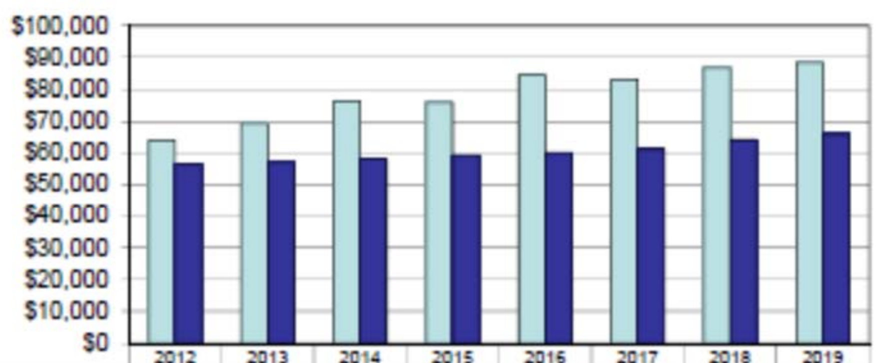
- Method to amortize the unfunded accrued liability–Level percent of payroll amortization payment for all bases established prior to October 1, 2017.
- Current payroll growth assumption is 3.50%–Level dollar amortization payment for bases established on or after October 1, 2017 except for:
    - October 1, 2018 plan amendment amortized as a level percentage of payroll over a closed 19-year period.
    - October 1, 2019 plan amendment amortized as a level percentage of payroll over a closed 18-year period.

Active and Retired Membership



	2012	2013	2014	2015	2016	2017	2018	2019
Actives	214	210	216	245	280	284	251	258
Retirees	361	365	367	365	369	366	394	402

Average Active Salary and Retirement Benefit



	2012	2013	2014	2015	2016	2017	2018	2019
Average Salary	$64,055	$69,437	$76,409	$76,118	$84,560	$83,046	$86,798	$88,469
Average Benefit	$56,445	$57,174	$58,150	$59,440	$60,154	$61,342	$64,227	$66,071

At the conclusion of the report, a motion was made by Mr. Laskowski to accept the report as stated. Motion was seconded by Mr. Szeto. All board members voted yes.

Subsequently, Mrs. Marano made a motion to keep the current rate of return for this year, upcoming years, and longer term. The motion was seconded by Mr. Szeto. All board members voted yes.

INVESTMENT REPORTS

Toqueville

Mr. John Rockford & Mr. Joseph Zock of Tocqueville appeared before the Board to provide an update of the fixed income portfolio.

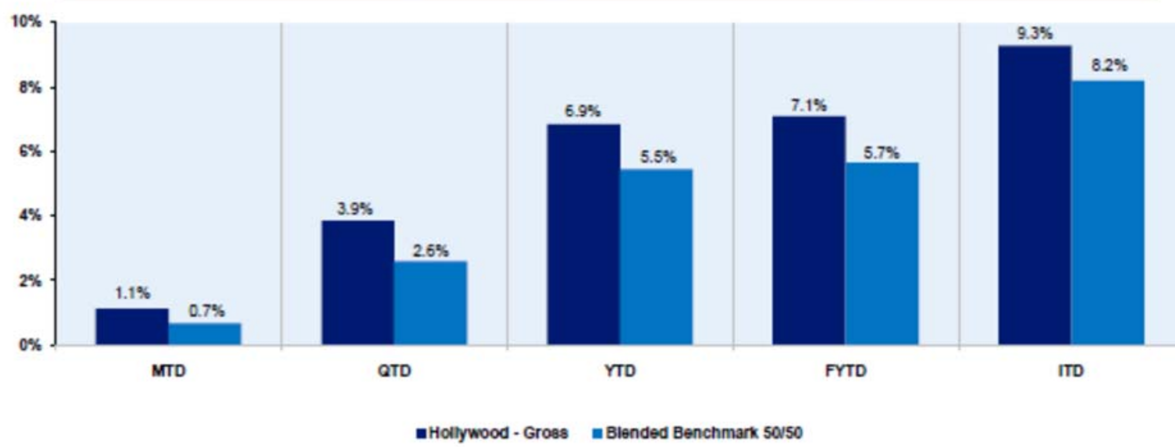
Mr. Zock introduced himself to the Board and gave the Board an update about the firm and its other investment options.

Mr. Rockford reviewed the bond yield for Corporates and highlighted Fed Funds expectations. Investment grade debt rewards and risks were noted as well.

The following chart was provided that detailed the investment return.

Annualized Performance

Intermediate Duration G/C Performance	MTD	QTD	YTD	FYTD	ITD
Hollywood - Gross	1.20%	3.94%	6.93%	7.17%	9.38%
Blended Benchmark 50/50*	0.67%	2.60%	5.45%	5.65%	8.20%



Entrust Global

Representatives from Entrust provided updates of the following portfolios: Blue Ocean Fund, Global Activist Fund and Special Opportunities Fund.

It was reported that the COVID-19 pandemic has created unprecedented challenges for individuals and businesses, as well as extreme consequences for our public health care systems and the economy. The uncertain sentiment surrounding the duration and severity of the pandemic, and its eventual recovery, has been reflected in the global financial markets, which reacted swiftly and sharply during March 2020

This crisis has affected nearly every sector of the global economy and will likely cause a severe recession in the coming quarters. The Federal Reserve estimates that over 47 million individuals in the US will be unemployed by the end of the second quarter. The International Labor Organization estimates that more than 1.3 billion employees (38% of the global workforce) are extremely vulnerable to unemployment.

Several global investment banks forecast that US GDP will contract by over 6% and global GDP will contract by 5% in 2020. All of the top ten countries by GDP are experiencing, or have already experienced, severe outbreaks, and have initiated strict policies aimed at curbing the spread of the virus, to the detriment of their respective economies.

The abundance of capital and search for yield in a low interest rate environment following the Global Financial Crisis ("GFC") has led to an increase in leveraged investment entities. Due to levered players, margin debt has increased by $341 billion (157%) since March 2009. Margin calls, technical unwinds, and liquidation of portfolios have resulted in forced and indiscriminate selling.

Leverage has also increased at the company level, with S&P 500 companies spending over $5.5 trillion in stock buybacks since 2009, approximately 20% of the total S&P 500 market cap. Total corporate debt has expanded by $3.7 trillion (57%) since March 20091 and net debt to EBITDA ratios have increased by 81%. Leverage in conjunction with lost revenues and declining profits are expected to result in US corporate default rates to more than triple to over 10% by the end of 2020.

Entrust representatives believe this crisis has created and will continue to create attractive technical and fundamental investment opportunities across both the equity and credit markets as the current dislocation and ensuing recovery unfolds.

In light of the extraordinary challenges facing the global economy, governments around the world have swiftly and decisively enacted stimulus plans, which provide a floor in underwriting potential investments.

Summary of Investments – Special Opportunities

	Special Opportunities Fund IV Ltd Class A	Special Opportunities Fund IV Ltd Class E	Total
Inception Date	Mar-18	Apr-20	N/A
End of Commitment Period[1]	Mar-21	Apr-23	N/A
Commitment Amount	$5,400,000	$1,000,000	$6,400,000
Called Capital	$5,245,186	$151,546	$5,396,732
Uncalled Capital (as a % of Committed)	$154,814 (2.87%)	$848,454 (84.85%)	$1,003,268 (15.68%)
Distributions to Date (as a % of Called)	N/A	N/A	N/A
Number of Current Investments	31	2	31[2]
Number of Realized Investments	2	N/A	2
NAV (as a % of Called)	$5,017,595 (95.66%)	$151,622 (100.05%)	$5,169,217 (95.78%)

EnTrust Global Activist Fund

Performance during Q1 was challenged for the Activist strategy with most managers and underlying positions posting negative results.

- The longer-biased exposures were not immune to the acute selloff in global equities.
- Losses were widespread across market capitalizations, geographies, sectors, and industries.
- Activist managers overweight Consumer Discretionary, Industrial, Financial and Energy investments tended to underperform on a relative basis as these areas were particularly hard hit amid an uncertain outlook related to the duration and depth of the current crisis.
- Our Activist managers responded with a full re-underwriting of their existing portfolios to gain comfort with estimated liquidity runways under draconian revenue assumptions as engagement efforts transitioned to focus on cash generation and business survival.
- The managers advocated for initiatives aimed at flexing costs, including reductions in rent, salaries and re-negotiating contracts with suppliers, and increasing cash by delaying capex, pausing capital return programs, and tapping credit revolvers.
- Following a satisfactory review of liquidity, our Activist managers have generally maintained exposure to their existing core positions.
- Where possible, many allocations have been increased to take advantage of the depressed share prices and more attractive entry points.
- Restricted trading windows, mainly due to board representation during earnings season, have prevented increasing allocations to other existing high conviction core investments.
- Losses experienced thus far have been mostly mark-to-market, and we expect them to reverse as business conditions normalize.
- The staying power of many Activist portfolio companies, underscored by their strong balance sheets and market-leading positions, should have them well positioned to benefit from an environment with reduced industry competition.
- The competitive landscapes across the industries in which our Activist managers target are expected to be altered dramatically coming out of this crisis as many peer companies are expected to face financial distress and bankruptcy, presenting opportunities for the portfolio companies to augment growth by leading industry consolidation.
- Furthermore, comprehensive restructuring initiatives being implemented at various portfolio companies, at times being accelerated under the cover of the harsh backdrop, are expected to lead to a higher degree of profitability when revenue levels ultimately normalize.
- In light of the current environment and elevated uncertainty, our Activist manages believe that most strategic initiatives are paused indefinitely. However, the managers believe the rationale for contemplating these initiatives remains sound and that the transactions will likely be revisited in the future, with current estimates extending the timeframe 12-18 months.
- Broadly speaking, our Activist managers expect the severely depressed revenue environment for many portfolio companies to start subsiding later this year, show signs of recovery in 2021, and then return to pre-crisis levels in 2022. However, it should be noted that our activist managers (and their portfolio companies) are planning for business uncertainty to continue for the foreseeable future, which may lead to elevated volatility over the near-term.

(As of May 31, 2020)

Quantitative Analysis	EnTrust Global
Net Cumulativ e Performance	9.13%
Net Annualized Returns	1.34%
Standard Dev iation	12.60%
Outperform Negativ e Equity Market	64.00%
# of Months Down More Than 1%	20
Number of Positiv e Months	46
Number of Negativ e Months	33
% Positiv e	58.23%
Av erage Positiv e Month	2.22%
Av erage Negativ e Month	-2.66%
Av erage Monthly Return	0.18%
Number of Positiv e Quarters	17
Number of Negativ e Quarters	9
% Positiv e	65.38%
Av erage Positiv e Quarter	3.40%
Av erage Negativ e Quarter	-6.40%
Av erage Quarterly Return	0.01%
Av erage Drawdown	-6.17%
Av erage Recov ery Months	3.5
Time Horizon	**11/13-05/20**

Representatives spoke about the pending investment approved by the Board with the Entrust Blue Ocean Onshore Fund.

The Investment Objective was described as follows: To generate long-term, consistent investor returns, predominantly in the form of income distributions, from direct lending and similar financing opportunities to vessel owners and operators, and other maritime businesses.

Key Investment Highlights:

- The Fund is focused on closing its next fundraising on June 30, 2020 in order to act on opportunities with higher risk- adjusted returns resulting from the pullback of liquidity due to the Covid-19 crisis.
- Focus on situations currently being underserved by traditional maritime lenders, including debt financing to both privately- and publicly owned shipping companies.
- Steady, predictable cash flows, inflation protection of real assets, and low historical correlation to equity and bond markets.
- Loans secured by fungible hard assets with useful lives of over 20 years, providing intrinsic value due to future expected earnings.
- The Fund originates, structures and invests in asset-based financings secured by high-quality maritime assets:
  - Primarily originates and/or invests in first lien loans secured by commercial ships.
  - Opportunistic investing via loan origination and/or purchases of loans on the secondary market.
  - Investments may also utilize second lien, mezzanine, lease and equity structures.

- The specialized nature of maritime finance favors lender teams with deep experience and industry contacts, which creates barriers to entry and should generally limit competition from other lenders that do not have our level of experience.

NEW BUSINESS

- Crescent Direct Lending – Pete Mitchell - TABLED

OLD BUSINESS

Affiliated Housing Impact Fund – Affiliated Development

Mr. Jeff Burns & Mr. Nick Rojo of Affiliated Development came before the Board this date to answer any further questions or concerns. Mr. Kaufman advised since the last meeting (May 22, 2020) he has been working with Affiliate Counsel and the legal agreement is acceptable at this juncture.

Mr. Strauss passed the gavel to Mrs. Marano and made the following motion: To approve the investment of 5 million dollars with Affiliated Housing Impact Fund. The funding sources and the timing (over a period of months) will be determined once the agreement is executed. Further that Affiliated Development will provide Hollywood Police Officer's a reduced rental rate and additional parking resource at no additional charge. Motion seconded by Mr. Brickman. All board members voted yes, with the exception of Mrs. Marano who abstained. 6-Yes, 0-No & 1-Abstention. Form 8 will be completed accordingly.

OPEN DISCUSSION

The Board requested to continue to meet in person and provide remote access if possible.

Mr. Strauss presented Mr. Brickman a small token of appreciation for his 20 years of dedicated service on the Board of Trustees. He was joined by his fellow Trustees in thanking Dick as well.

Mr. Strauss thanked Ms. Laurette Jean, City of Hollywood for her on-going support and her proficiency in the Finance Department[2]. Ms. Jean reciprocated with her experience working with the Board.

MEETING ADJOURNED

There being no further business, the meeting was adjourned at 12:03 PM.

The next scheduled meeting is July 31, 2020 at 10:30 AM.

Respectfully submitted,	APPROVED:
C. Marano, Secretary	D. Strauss, Chairperson

[2] Director, City of Hollywood - Office of Budget & Performance Management.