

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

January 29, 2021

MINUTES

A regular meeting of the Hollywood Police Officers' Retirement System was held on Friday, January 29, 2021, at 10:30 A.M., in the Office of Retirement, 4205 Hollywood Blvd., Suite 4, Hollywood, Florida 33021.

PRESENT:

D. Strauss, Chairman, C. Marano, Secretary, J. Marano, P. Laskowski, Justin Leo and Justin Schweighardt.

Also present were Laurette Jean, City of Hollywood¹; Jeff Reda & Crystal Wamble – Eagle Asset Management²; Bryan Schneider, Mark Guariglia & Svein Engh - EntrustPermal³; Stuart Kaufman, Legal Counsel - Klausner, Kaufman, Jensen & Levinson⁴; John McCann, AndCo; David M. Williams, Plan Administrator.

PUBLIC COMMENT

Mr. Williams announced it was his twentieth anniversary as the plan's administrator. Mr. Williams advised the Board it remains his distinct honor to represent this Plan and active/retired law enforcement members of this agency. The Board congratulated Mr. Williams accordingly.

READING OF THE WARRANTS

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

APPROVAL OF THE MINUTES OF THE DECEMBER 18, 2020 MEETING

Mr. Strauss asked if there were any additions or corrections to the Minutes of the December 18, 2020 pension board meeting. Mr. Boyd made a motion to approve the Minutes of the December 18, 2020 pension board meeting, which was seconded by Mr. Laskowski. All board members voted yes.

ATTORNEY'S REPORT

Elrich Matter: Mr. Kaufman presented the Order for the Board to execute based on action approved. The Order was duly executed and will be transmitted to all concerned parties accordingly by Mr. Williams.

Corrections Matter: Mr. Kaufman advised that Mr. Paul Daragjati has been retained to represent the Board of Trustees in this matter. Dates are forthcoming for special meeting⁵.

Security Litigation: Mr. Kaufman had nothing new to report in the Covetrus Matter.

Entrust WPB Special Opportunities: Mr. Kaufman advised the agreement was completed and subsequently executed. Mr. Williams added the first capital call was completed for \$1,066,000.00 on January 14, 2021.

¹ Attended Remotely

² Attended Remotely

³ Attended Remotely

⁴ Attended Remotely

⁵ Copy of Agreement provided to Trustees.

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E-Verify: Mr. Kaufman outlined the new requirements. Notice sent to all providers accordingly by Mr. Williams.

<http://hollywoodpolicepensionfund.com/docs/announcements/E-Verify%20Notice%20to%20All%20Service%20Providers%2001-14-2021.pdf#zoom=100>

ADMINISTRATIVE REPORT

Mr. Williams presented the Administrative Report to the Board.

RETURN OF PENSION CONTRIBUTION: Mr. Williams provided the request of former member Jennis Garcia who asked for a refund of pension contributions. Motion to approve by Mr. Laskowski, seconded by Mr. Schweighardt. All board members present voted yes.

TRUSTEE NOMINATION & ELECTION NOTICE: Mr. Williams reported there will be three board positions open in March 2021. The incumbents who are up for re-election are Justin Schweighardt, Justin Leo and Christopher Boyd. On January 25th at 9:00 AM thru February 1st at 9:00 AM, self-nominations were taken by phone or in person by any active member wishing to run for the Board will be taken at the Office of Retirement. For active members who work after hours, please leave a message with the voicemail service. The election dates will be March 1st at 9:00 AM thru March 8th at 9:00 AM.

Notice - Web Link:

<http://hollywoodpolicepensionfund.com/docs/announcements/NOTICE%20OF%20BOARD%20nomination%20&%20election%20prepared%2001-10-2021.pdf#zoom=100>

SUPPLEMENTAL DISTRIBUTION: Mr. Williams provided documentation from the actuary outlining the supplemental distribution for the period ending September 30, 2020. The distribution is being made under Section 33.136(N) of the plan document which triggers a Supplemental Distribution if asset returns are in excess of 8% for the year ended September 30. The Supplemental Distribution will not be made using excess investment gains. Effective with the October 1, 2015 valuation, a pre-funding method was adopted for anticipated Supplemental Distribution payments as required by the State of Florida. As determined by the Board, the amount distributed is equal to the return in excess of the assumed rate (not to exceed 2%) multiplied by the present value of the liability for retirees and beneficiaries subject to the limitation that it cannot exceed the actual dollar amount of the excess return. The actual asset return rate of 8.27% (net of investment management expenses) reported to us by the investment monitor for the year ending September 30, 2020 represents a total of 0.27% in excess of the assumed rate of 8%. Based on the method used by the System's investment monitor for the previous distributions, we have calculated the distribution amount of \$418,866 for the 2020 Plan year. The calculation is detailed in the table below.

(a)	Return in excess of 8% (maximum of 2%)	0.27%
(b)	Dollar amount of excess return	\$418,866
(c)	Present value of Retiree and Beneficiary Liability*	\$340,942,063
(d)	(a) x (c)	\$920,544
(e)	Distribution Amount [Lesser of (b) or (d)]	\$418,866

The actuary noted that as we are preparing this report, the world is in the midst of a pandemic. We have considered available information but do not believe that there is yet sufficient data to warrant the modification of any of our assumptions. We will continue to monitor the situation and advise the Board in the future of any adjustments that we believe would be appropriate.

After review and discussion, Mr. Laskowski made a motion to approve the supplemental distribution for the period ending September 30, 2020. The motion was seconded by Mr. Marano. All board members voted yes.

AUDIT UPDATE: Mr. Williams advised the audit is progressing well compared to the last few years. Responses are being provided to the auditor as soon as an inquiry arises. Complex issues arose from the Board Orders of 2020, but all and all we are proceeding nicely.

AMERICAN REALTY ADVISORS: Mr. Williams provided notice to the Board that the Plan received \$1,547,626.02 on January 5, 2021 as a result of the redemption request of October 5, 2020.

QUARTERLY INVESTMENT PRESENTATIONS

ENTRUST – Global Activist Fund, Special Opportunities Fund and Blue Ocean

Mr. Mark A. Guariglia thanked all parties for their assistance in establishing the WPB Special Opportunities account in such an effective and efficient manner. As a result, a capital call was already placed as previous reported.

Mr. Mark A. Guariglia, Mr. Bryan Schneider and Mr. Svein Engh of EntrustPermal appeared before the Board to provide an investment update for the investment portfolios.

EnTrust Global has realized returns for 7 co-investments on behalf of Hollywood Police across both credit and equity strategies. Realized co-investments have provided an average IRR of 14.21% and an average MOIC of 1.16x to investors. Hollywood Police's co-investments have had an average duration of approximately 9 months from inception to monetization.

	Number of Investments	Average Duration (months)	Realized Average Gross IRR	Realized Average MOIC
Total Realized Co-Investments	7	9	14.21%	1.14x
Realized Credit Co-Investments	3	10	11.07%	1.10x
Realized Equity Co-Investments	4	8	16.57%	1.17x

Special Opportunities Fund IV Ltd:

Performance Summary ¹	
Performance	
Inception-to-Date Net IRR	5.46%
Inception-to-Date Net TWR	14.04%
Quarter-to-Date Net TWR	15.02%
Realized Gross IRR	N/A
Realized Gross MOIC	1.16x

Account Summary		
Committed Capital	3/2018	\$5,400,000
Called Capital		\$5,400,000
Capital Balance	12/2020	\$5,913,239

Performance Summary ¹	
Performance	
Inception-to-Date Net IRR	N/A
Inception-to-Date Net TWR	16.27%
Quarter-to-Date Net TWR	10.84%
Realized Gross IRR	N/A
Realized Gross MOIC	N/A

Account Summary		
Committed Capital	4/2020	\$1,000,000
Called Capital		\$338,182
Capital Balance	12/2020	\$386,352

Blue Ocean Onshore Fund: Mr. Engh defined the investment objective - 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.

The following investment highlights were noted:

- 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.

Portfolio Details at Close ¹	
Total Commitments	\$5.0M
Total Invested Capital	\$0.5M
Average Commitment Size	\$0.2M
# of Transactions	2
# of Vessels	8
Average Vessel Age	12 years
Average Duration of Investments	5 years

EAGLE ASSET MANAGEMENT

Mr. Jeff Reda, Portfolio Manager appeared before the Board⁶ and stated the market value of Eagle Account was at \$17,018,946.00 as of December 31, 2020. Since inception (01-08-03) the Eagle Small Cap Account realized an annualized net return of 10.63%⁷, compared to the Russell 2000 of 11.01%.

For the quarter ending December 31, 2020, Eagle Small Cap Account returned 25.77%, compared to 31.37% for the Russell 2000. On a one year rolling basis, the portfolio returned 13.25% compared to the benchmark of 19.96%. The 3- & 5-Year returns were valued at 7.17% & 11.32% in comparison to the benchmark returns of 10.25% & 13.25% respectively.

⁶ Along with Crystal Wamble.

⁷ On a net basis.

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Mr. Reda provided a market overview: The Eagle Small Cap Core strategy underperformed the Russell 2000® Index in the fourth quarter of 2020, a disappointing although not surprising result, as low-quality dominated performance. The Russell 2000® Index returned 31.36% in the fourth quarter of 2020, representing its best quarter ever.

Contributors to relative performance and detractors from relative performance were outlined.

NEW BUSINESS

Staff Review: Mr. Williams presented a salary review for the Board to consider effective October 1, 2020. Mr. Williams cited the CPI for the year through October 1, 2020 was valued at 1.18%.

He also provided a salary adjustment breakdown through 3.00% for the Board to consider. Mr. Williams opined the full 3% would be reasonable for the commitment received from Staff.

After review and consideration, a motion was made by Mr. Leo to approve a 3% adjustment for part-time staff Mrs. Strauss and Mrs. Ostrander. Motion seconded by Mr. Schweighardt. All board members with the exception of Mr. Strauss voted yes. Mr. Strauss abstained and will complete Form 8B. Motion passed 6-0-1 abstention.

The Board also considered this matter for Mr. Williams. After review, a motion was made by Mr. Leo to approve the one-time longevity payment of \$2,000.00 for twenty years of service and a 3% salary adjustment. Motion seconded by Mr. Marano. All board members present voted yes.

OPEN DISCUSSION

Mr. McCann provided a preliminary quarterly flash report for the period ending 12-31-2020 of 8.73%. Mr. Marano advised he visited the AndCo Office in Winter Park. Accolades were provided for the operational efforts undertaken by AndCo on behalf of the Plan.

Mr. Leo inquired about sending the Agenda Notice to the Chief's Office for internal distribution. It was noted that the notice is on the website. It was felt that the annual meeting dates could be posted at the police department. No further direction provided.

MEETING ADJOURNED

There being no further business, the meeting was adjourned at 12:14 P.M.

The next scheduled meeting is February 19, 2021 at 10:30 A.M.

Respectfully submitted,

APPROVED:

C. Marano, Secretary

D. Strauss, Chairperson