

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

July 22, 2022

MINUTES

A regular meeting of the Hollywood Police Officers' Retirement System was held on Friday, July 22, 2022, at 10:30 A.M., in the Office of Retirement, 4205 Hollywood Blvd., Suite 4, Hollywood, Florida 33021.

PRESENT:

D. Strauss, Chairman; C. Marano, Board Secretary; J. Marano, P. Laskowski, M. Djokic & J. Schweighardt.

Also present were Terrence Miller & Matt Williams - Crawford Investment Counsel; Brendon Vavrica - AndCo Consulting; Stuart Kaufman, Legal Counsel - Klausner, Kaufman, Jensen & Levinson; David M. Williams, Plan Administrator.

PUBLIC COMMENT

No Comments.

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 JUNE 24, 2022 MEETING

Mr. Strauss asked if there were any additions or corrections to the Minutes of the June 24, 2022, pension board meeting. Mr. Marano made a motion to approve the Minutes of the June 24, 2022, pension board meeting, which was seconded by Mr. Laskowski. All board members voted yes.

INVESTMENT REPORTS

Crawford Investment Counsel – Small Cap Report

Mr. Matt Williams along with Mr. Terrence Miller briefed the Board on the portfolio. With an inception date of October 28, 2019, the portfolio returned 5.49% vs the benchmark of 4.44%. On a rolling 12-month period ending June 30, 2022, the portfolio returned -8.08% vs the benchmark return of 25.20%. For the quarter that ended June 30, 2022 the return was valued at -9.04% vs. the benchmark return of -17.20%.

During the second quarter of the year, investors were forced to endure bear market conditions. We have observed a number of pendulum shifts during this period. Most significantly, we have witnessed tighter monetary policy and a change in the balance of power between labor and businesses. These factors, coupled with the highest inflation we have seen in 40 years, pressured corporate margins significantly. Regardless of whether or not a recession occurs, we believe these trends at least temporarily stand as headwinds to corporate profitability and suppressors of earnings growth.

While these economic and corporate trends became increasingly apparent and weighed on investor psychology, our strategy's quality bias helped mitigate a significant portion of the market's decline, as expected. For the quarter, the Crawford Small Cap strategy produced a return of -9.92% (net of fees), compared to the Russell 2000 Index's return of -17.20%. Year to date, the strategy has returned -14.33%, compared to its benchmark's return of -23.43%.

Performance for the quarter was primarily supported by the strategy's stock selection within the higher-quality small cap universe, but it also benefitted modestly from sector allocation. The strategy's dividend and quality bias contributed to its quarterly outperformance as dividend payers continued to outperform non-dividend payers. Our Information Technology holdings demonstrated resilience, and the strategy's IT Services holdings proved to be more defensive for the quarter. Additionally, our strategy benefitted from more defensive positioning in Life Sciences and Healthcare Technology. Alternative energy and biotech companies weighed on index performance, and our lack of ownership of these companies supported the strategy's performance.

A backdrop of potentially lower margins and more modest economic growth implies slower earnings growth, which should favor higher quality and more consistent companies. We believe that our strategy is well-positioned for the environment ahead, and we believe the longer-term outlook favors quality, dividends, and value.

Contributors to Performance were noted as follows:

TriCo Bancshares (TCBK):

With a strong balance sheet, we believe TCBK is well-positioned to drive strong earnings growth via reserve releases, superior organic loan growth, and well managed expenses. The bank should also continue to create shareholder value via opportunistic acquisitions. TCBK recently reported strong operating expenses. We continue to view the opportunity as a favorable growth outlook at an unwarranted valuation discount.

MGP Ingredients, Inc. (MGPI):

MGPI's position as a leader in the premium beverage alcohol and specialty ingredients markets enables it to generate attractive returns. We believe the changes management has made over the past five years have provided an opportunity for MGPI to improve its earnings trajectory over time.

BancFirst Corporation (BANF):

We believe BANF's low cost deposit base and underwriting discipline should continue to drive above-average returns in the long run. In the meantime, BANF is well-positioned to generate attractive loan growth and expand its lending margins due to its highly asset-sensitive balance sheet. Recent strong returns are related to good expense control and stronger fee income.

Crawford - Managed Income Strategy – Presentation

The cited representatives provided a presentation on the Crawford Managed Income Strategy product.

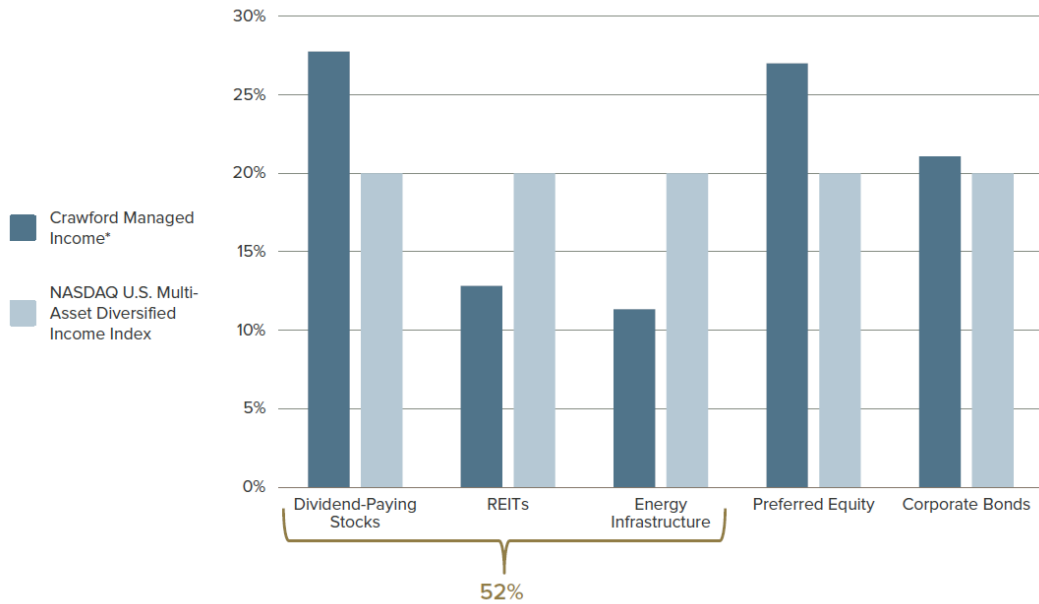
Investment Objective

- Seeks to provide a high level of current income while managing portfolio risk.

Investment Beliefs

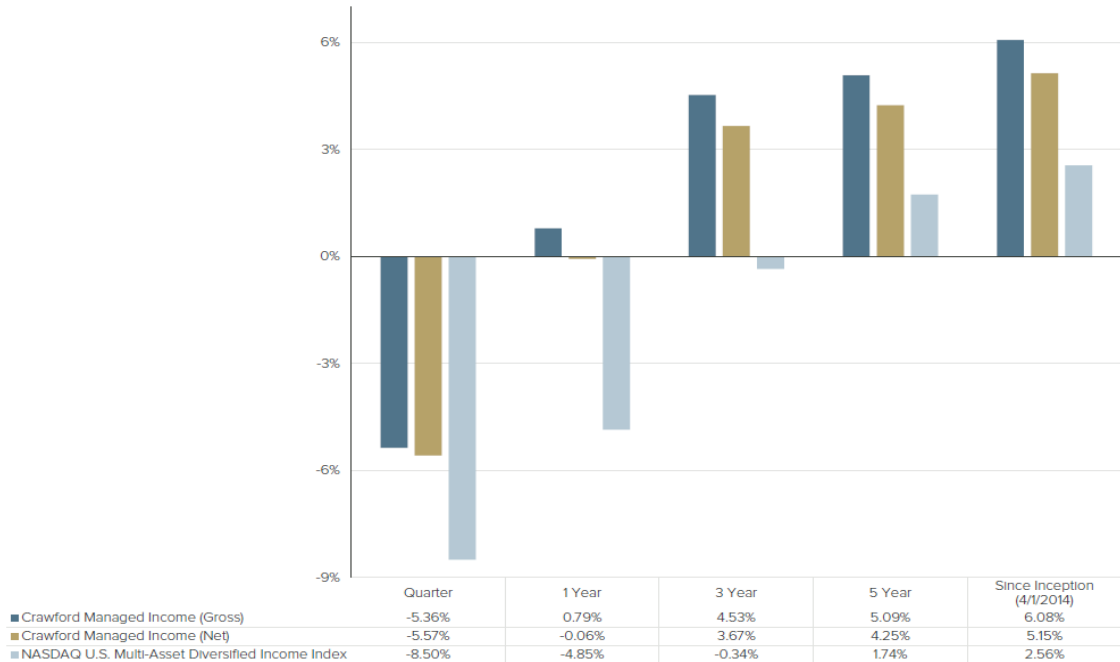
- Attractive, higher yielding opportunities are available in specialized subsets of the capital markets.
- Investing in a variety of income producing asset classes provides the ability to achieve greater diversification.
- An experienced investment team that conducts thorough fundamental research and employs a disciplined portfolio management process can deliver attractive returns while controlling risk.

Diversification was noted relative to NASDAQ U.S. Multi-Asset Diversified Income Index.



Historical asset allocation was also highlighted as well as the Up & Down Capture Rate.

The investment return history was also reviewed.



The Crawford Managed Income Strategy... Seeks to achieve greater income diversification through investing in an array of income-producing asset classes and securities. Includes the ability to make adjustments to allocation through several asset classes as relative valuations shift. Actively managed to control for the risks most prevalent to higher income investments. Pursues lower volatility relative to equity strategies. Provides ability for capital appreciation relative to fixed income only strategies.

The Board thanked the representatives for the thought-provoking presentation.

Mr. Vavrica conducted a search for Global Tactical Asset Allocation. Crawford was compared to BlackRock Advisors and J.P. Morgan relative products.

Mr. Vavrica cited that Global Tactical Asset Allocation (GTAA) is an investment strategy attempting to exploit short-term market inefficiencies or long-term market trends by establishing positions in relatively attractive areas of the global investable universe. GTAA is a satellite investment strategy capable of quickly implementing investment ideas to help tilt a portfolio for near-term opportunities or to preserve capital during market declines. Depending on strategy, investment approaches may diversify across asset classes, sector, countries, currencies, commodities, instruments, and capital structure. Many strategies will utilize derivatives and invest both long and short. Typical asset classes include: Global Equities -US, International Developed, and Emerging Markets Global Bonds -Treasuries, Corporates, High Yield, Bank Loans, MBS, Non-US Credits (Developed and EM)Real Asset -REITs, MLPs, Commodities, Natural Resources Alternatives -Long/Short, Currencies, Arbitrage Benchmarks for these strategies vary widely. Some strategies target a return of CPI plus a constant premium (typically 4-6%), while others use a blended benchmark of global equities and fixed income.

The role within the portfolio was described as follows: GTAA strategies are typically used to add exposures to non-traditional and underrepresented securities and strategies. Some GTAA strategies have secondary goals, such as income generation, tilting to a value orientation, or dampening volatility. Freeing portfolio managers from traditional constraints and allowing them to tactically allocate to different asset classes creates flexibility for the portfolio to adapt to changing market conditions in a way most investors cannot. GTAA strategies are often viewed as liquid alternatives with more reasonable fee structures.

Mr. Vavrica reports that Crawford outperformed the other strategies¹ on all time periods through 8 years of history.

No formal action taken at this juncture.

INVESTMENT REPORT

Rhumblin investment report was provided to each Trustee for review.

INVESTMENT MONITOR REPORT

Mr. Vavrica presented a flash report for the quarter ending June 30, 2022. The quarterly return was valued at -10.40%. For the fiscal year the return was reported at -8.74%.

Mr. Vavrica also provided a report about inflation to the Board.

¹ Trailing Performance.

ATTORNEY'S REPORT

Letter of Engagement - Mr. Kaufman received and approved the engagement letter for the Auditor – KSDT. Mr. Laskowski made the motion to approve the letter of engagement for the September 30, 2022 Audit, which was seconded by Mr. Marano. All board members voted yes.

Mr. Kaufman cited that the Gilead Books and Records Matter is in the process of settlement.

Mr. Kaufman advised that the Covetrus Matter is pending final court approval.

Mr. Kaufman is monitoring federal legislation entitled Secure 2.0. Further will follow as warranted.

ADMINISTRATIVE REPORT

No formal report provided.

OPEN DISCUSSION

It was cited the city agreed to a 4-year buy back program. Further details to follow.

MEETING ADJOURNED

There being no further business, the meeting was adjourned at 11:34 A.M.

The next scheduled meeting is August 19, 2022 at 10:30 A.M.

Respectfully submitted,

APPROVED:

C. Marano, Secretary

D. Strauss, Chairperson