

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

November 18, 2022

MINUTES

A regular meeting of the Hollywood Police Officers' Retirement System was held on Friday, November 18, 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, C. Boyd & J. Schweighardt.

Also present were Laurette Jean¹, City of Hollywood, Budget Director; Janna Hamilton, Garcia Hamilton & Associates; Richard Miller and William Lloyd, TCW; Nick Rojo & Jeff Burns, Affiliated Housing; John Rochford, Tocqueville; Robert Maddox, Inverness Counsel; Bryan Schneider, Mark Guariglia, Jeff Chan² & Svein Engh³, Entrust Global; Brendon Vavrica - AndCo Consulting; Stu Kaufman, Legal Counsel - Klausner, Kaufman, Jensen & Levinson; David M. Williams, Plan Administrator.

PUBLIC COMMENT

Regrettably, Mr. Strauss advised that today was the 50th anniversary line of duty shooting death of Officer Henry T. Minard. Officer Minard responded to a silent alarm at Mayor's Jewelers in the Hollywood Mall, which is directly across the street from the current Police Headquarters. Officer Minard interrupted a robbery in progress. The suspects, posing as salesmen, ambushed Minard as he entered the store. He was shot and died several hours later. The suspects, Joseph Greer and Jon Catlett, were captured in Peabody, Massachusetts three days later. Greer later escaped and was killed in a shoot-out with Police. Catlett appealed and was given a new trial. He was convicted again and sent back to prison. After that horrific account, a moment of silence by all present.

<http://hollywoodpensionfund.com/FHMinard.asp>

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 OCTOBER 28, 2022 MEETING

Mr. Strauss asked if there were any additions or corrections to the Minutes of the October 28, 2022, pension board meeting. Mr. Marano made a motion to approve the Minutes of the October 28, 2022, pension board meeting, which was seconded by Mr. Djokic. All board members voted yes.

INVESTMENT REPORTS

Entrust Global: The representatives from Entrust presented the results for the portfolios for the period ending September 30, 2022. It was reported that Global markets have suffered a broad-based drawdown in 2022, with the S&P 500 Index having its worst year since the Global Financial Crisis, and the Barclays Aggregate Bond Index having its worst year since inception.

¹ Attended Remotely 10:45 AM to 12:10 PM.

² Attended Remotely.

³ Attended Remotely.

Amidst the uncertainty and negative sentiment, the portfolio's unrealized positions – particularly public equity exposures – have suffered from mark-to-market volatility YTD. We believe these changes in asset prices have occurred despite little to no change in long-term fundamentals.

	Special Opportunities Fund IV Ltd Class A	Special Opportunities Fund IV Ltd Class E	ETG Co-Invest Opportunities Fund LP – Class B	Total
Inception Date	Mar-18	Apr-20	Jan-21	N/A
End of Commitment Period ¹	Mar-21	Apr-23	Jan-24	N/A
Commitment Amount	\$5,400,000	\$1,000,000	\$15,000,000	\$21,400,000
Called Capital	\$5,400,000	\$775,002	\$9,231,000	\$15,406,002
Uncalled Capital (as a % of Committed)	N/A	\$224,998 (22.5%)	\$5,769,000 (38.5%)	\$5,993,998 (28%)
Number of Unrealized Investments	32	20	15	67
Number of Realized Investments	15	3	N/A	18
Capital Balance	\$4,698,870	\$646,784	\$6,593,815	\$11,939,469

- EnTrust Global has realized returns for 18 co-investments on behalf of Hollywood Police across both credit and equity strategies.
- Realized co-investments have provided a gross unlevered IRR of 14.29% and a gross MOIC of 1.22x to Hollywood Police.
- Hollywood Police's co-investments have had an average duration of approximately 14 months from inception to monetization.
- Hollywood Police is currently invested in 66 co-investments across both credit and equity strategies.
- EnTrust Global continues to source and execute upon what we believe is a robust and diverse pipeline of co-investments across a range of asset classes, sectors, geographies, etc.
- Indeed, EnTrust Global sourced 78 co-investments in Q2 2022, and funded two, with additional opportunities in the later stages of due diligence.

SeaWorld Holding Update:

- During Q3 2022, SeaWorld posted another record quarter, reporting Q2 revenue and profits that were both in-line with consensus estimates, while record per-caps (for both admission pricing and in-park spending) exceeded estimates.
 - However, management cited elevated costs, some of which were related to inflationary pressures that are expected to moderate.
 - The healthy per-caps underscore SeaWorld's pricing power and the resiliency of its consumer spending.
 - Management continues to see significant opportunities to improve execution and financial results, including normalized international and group-related visitation, staffing, and inflationary pressure.

- During Q2 and into Q3, SeaWorld aggressively repurchased shares, exhausting the entirety of its prior repurchase authorization; specifically, from April through July, the company bought back ~10% of its market cap.
 - As a result, during the quarter, the company's Board approved a new \$250M share repurchase program.
- SeaWorld enjoys a strong balance sheet with total net leverage of 2.7x, long-term debt maturities with a low cost of debt, and significant liquidity and cash flow generation.

Mr. Svein Engh, Senior Managing Director & Portfolio Manager Co-founder & Board Member, Purus Marine 35 years reviewed the Entrust Blue Ocean portfolio at this juncture. The shipping industry is a \$1T market that involves the transportation of more than 11.9B tonnes⁴ of traded goods every year. Seaborne trade has grown by over 45% in the last 10 years and over 95% since 2001. 85% of world trade is carried out by the global maritime industry.

- The shipping industry is highly cyclical, with earnings and asset values driven by idiosyncratic supply and demand factors.
- The Blue Ocean Team takes a countercyclical approach and invests in sectors which are at the lower part of their asset cycle.
- Majority of investments are expected to focus on the three main sectors: dry bulk, containers and tankers. Since Blue Ocean's inception, these three main shipping segments have performed differently:
 - Dry bulk sector needed time to digest the over-ordering of newbuilds from the 2006-2013 period and began trending positively by 2019. The newbuilding orderbook is currently at historical lows leading to expectations for a sustained period of positive earnings.
 - Containership sector earnings reached all-time highs in 2021-2022 on the back of port delays and significant demand for durable goods after Covid-19's onset. The orderbook for new buildings is at a high level leading to expectations for a correction.
 - Oil demand deterioration through the first year of Covid-19 led to a low earnings period for the Tanker sector. The sector rebounded in 2022 as: a) oil demand returned to pre-Covid levels, b) the Russia/Ukraine crisis led to Europe using more vessels to import energy, and c) the newbuilding orderbook is at very low levels.

Blue Ocean Onshore Fund LP Class F – Performance Summary

Fund Information	
Internal Rate of Return	44.40%
Fund Type	Closed Ended
Closing Date	September 22, 2020
Base Currency	USD
Domicile	Delaware
Year End	December 31
Total Committed Capital	\$30.50 M
Total Called Capital	\$20.01 M
Total Called Capital (%)	65.59%
Total Distributions	\$0.00 M
NAV	\$28.49 M
Total Value	\$28.49 M
Total Value/Total Called (TVPI)	1.42x

⁴ Another term for metric ton.

Mr. Engh cited a change to the Fourth Amended and Restated Limited Partnership Agreement of the Fund. The Fund is seeking to remove the provision of the Agreement that requires unused called capital to be returned to investors within 45 days. The Fund generally distributes cash on a quarterly basis, and as such we believe removing the 45-day requirement will result in greater administrative efficiency without substantially impacting investors (since cash will be distributed back to investors anyway after each quarter, if not used).

The amendment also clarifies that the management fee will be accrued and payable monthly, rather than accrued monthly and payable quarterly, to bring it in line administratively with other funds within the strategy. After review and discussion, Mr. Boyd made the motion to consent to the cited changes contained within the letter of November 8, 2022, based upon the review and approval of Mr. Brendon Vavrica and Mr. Stu Kaufman. The motion was seconded by Mr. Laskowski. The motion passed 5/0/2 abstentions⁵.

The representatives discussed the maritime infrastructure investment aligned with global energy transition - Purus Marine. Provider of low-carbon maritime infrastructure assets contracted mid/long-term to high quality end users. Offshore wind, Passenger mobility systems, Container & Port Infrastructure and Gas Infrastructure.

Purus Marine was Complementary strategy for existing Impact, Private Equity, Infrastructure and Real Asset allocations:

- Maritime sector focus provides differentiated exposure.
- Critical supply chain assets with measurable carbon reductions.
- High barriers to entry due to regulations and end user requirements.
- Economic resiliency due to asset needs and contracted cash flows.
- Diversified exposure to investment-grade lease counterparties.
- Private equity-like return potential from franchise value creation.
- Established management team with extensive maritime experience.

The Board thanked the presenters for the valuable presentation.

Garcia Hamilton & Associates (GHA): Mrs. Hamilton provided a market update which included stimulus, money supply, rate hikes, inflationary pressures, home prices, NAHB⁶ vs unemployment, consumer sentiment, business conditions and option adjusted spreads.

TIME WEIGHTED RETURN

	Quarter	Year To Date	Fiscal 09-30-21 YTD	Annualized Last 3 Years	Annualized Last 5 Years	Annualized Last 10 Years	Annualized Inception 06-30-11 To Date
Gross of Fees	-4.41	-9.66	-9.98	-1.99	0.16	1.56	2.19
Net of Fees	-4.47	-9.84	-10.20	-2.23	-0.09	1.31	1.95
Bloomberg US Int. Aggregate	-3.84	-11.04	-11.49	-2.33	-0.05	0.84	1.33

GHA holds a positive position on sentiment, monetary, valuation, economic. For inflation, GHA holds a neutral position.

⁵ Mr. and Mrs. Marano – Form 8B completed accordingly.

⁶ National Association of Home Builders.

Within the GHA presentation it was noted that as an investment management firm with a long-standing commitment to responsible investment, GHA supports the TCFD⁷ framework. We utilize the third-party research of industry experts in our ESG⁸ evaluation including Bloomberg.

ESG disclosure metrics, which incorporate TCFD disclosures. The reports from these third-party providers assist the investment team in its overall evaluation process and provides a base to further study/research these securities for continued inclusion in our portfolio.

TCFD disclosures increase transparency around climate-related risks, which are incorporated considerations in our investment process.

Tocqueville: The representative cited that all commodities continue to rise, but shelter prices will continue to keep inflation elevated for longer. US Federal reserve continues quantitative tightening; will be selling Treasuries for the foreseeable future. PI may be peaking, but appears to be stabilizing at a higher level. June CPI rose at 9.1%, Core CPI (excluding food and energy) was 5.9%. Leading Economic Indicators (LEI, red line), suggest rapid decline in developed market GDP.

Performance through September 30, 2022.

	1 Month	1 Quarter	YTD	1 Year	3 Year	Inception to Date	Inception Date
City of Hollywood Police Officers' Retirement System	-3.05%	-3.25%	-10.13%	-10.69%	-1.50%	-0.76%	6/21/2019
Bloomberg Barclays U.S. & Govt/Credit 50/50	-3.38%	-3.81%	-12.40%	-12.57%	-2.39%	-1.47%	

Affiliated Housing: Representatives provided an update on the Affiliated Housing Impact Fund, LP. Initial Fund closing occurred in December 2020 with subsequent closings November 2021, January 2022 and October 2022. To date a total of thirteen local general, police and/or firefighters' pension plans have committed capital to the Fund. The Fund has made three capital calls to date totaling \$17,303,659 to fund four projects.

Current Fund Projects⁹:

- Bohemian (Lake Worth) was delivered and is currently in lease up.
- The Grand (West Palm Beach) is under construction.
- The Tropic (Hollywood) and The Pierce (Boynton Beach) are in the pre-development phase.

It was reported that South Florida remains a fundamentally sound market.

Rent Growth: 2021 represented a record year for rent growth in the South Florida Market. Rents increased 17%, 22% and 31% in Dade, Broward and Palm Beach, respectively. As expected, rents have started to plateau; during the first half of 2022, rents increased 7.5%, 5.3% and 0.3% in Dade, Broward and Palm Beach, respectively.

Vacancies: Vacancies remain at historic lows averaging around 3% in South Florida.

Employment: Florida is now far outpacing the rest of the nation in job growth. Since 2020, the number of jobs in South Florida increased by 500k, crossing 3 million. The area's unemployment rate plunged from 14.5% to 2.6%, which was a full percentage point below the overall U.S. unemployment rate.

⁷ Task Force on Climate-related Financial Disclosures.

⁸ Environmental, Social, and Governance.

⁹ Workforce Housing.

Population Growth: Exacerbated by faster in-migration from high-tax states since the COVID-19 pandemic, South Florida's population grew in the first six months of 2022 by 47,400 residents. Since 2017 South Florida's population increased by 135,130. During the same period, 34,499 new apartment units were built. This means one unit has been built for every 3.9 net new people to the region. Over the next five years, South Florida is expected to see a positive net migration of 323,062 people. Using the same ratio, the region would need over 82,000 new rentals to keep pace with the population growth for the next five years.

Inventory: Over the last ten years the supply of housing has not kept up with the population growth; 4,000 units per year were being developed while we needed 6,000 units per year just to keep up with population growth (pre-covid). Developers expect to deliver 11,957 newly built apartments in South Florida in 2022 –about half of them in Miami, a third in Fort Lauderdale, and a fifth in West Palm Beach.

Rent vs Buy: Single family home market continues to price out buyers. Home prices increased 50.5% since 2017, while the 30-year fixed rate mortgage average jumped 93% year-over-year in 3Q22 and is now hovering around 7%. The average mortgage payment has nearly doubled over the last year.

Fund Financial Update: 30.06% Gross IRR and 25.18% Net IRR.

NEW BUSINESS

Staff Review: Tabled.

TCW Private Credit – Investment Presentation: As a result of search report prepared by AndCo Consulting presented at the October 28, 2022 meeting, TCW was invited to give a presentation on their direct lending strategy.

A historical review was provided on the firm and its roots. 21-year continuous operating history with stable and consistent leadership. Niche, specialized investment strategy focused on less crowded segments of the U.S. mid-to upper middle market, seeking to earn a return premium compared to the conventional direct lending market at a similar or lower risk profile. Focus on providing differentiated direct lending investment portfolios for our investors. Longer track record than nearly all other direct lenders in the market today; significant experience successfully navigating multiple economic cycles and backdrops. Direct lending platform sized to meet TCW's target opportunity set with over \$6.6 billion capital under management. Size and scale has contributed to strong origination capability. Established sourcing relationships among intermediaries, management teams and partners. Allows the Private Credit Group to target larger, more established sponsored and non-sponsored borrowers in the Middle Market.

At the conclusion of the presentation a round robin session ensued. The Board thanked the presenters for a thought-provoking presentation.

INVESTMENT MONITOR REPORT

Mr. Vavrica had no update on the Brunei Investment Agency, who acquired a minority interest in EnTrust Global. AndCo is still currently reviewing the matter.

Mr. Vavrica reviewed the search material for direct lending. The Board reached a consensus in short order to retain TCW and Pennant Park with the assistance of Mr. Vavrica. After final review and discussion Mr. Laskowski made a motion to engage TCW and Pennant Park for 4 million dollars each. All board members voted yes. Mr. Kaufman will begin the agreement process.

Hollywood Police Officers' Retirement Board - Minutes

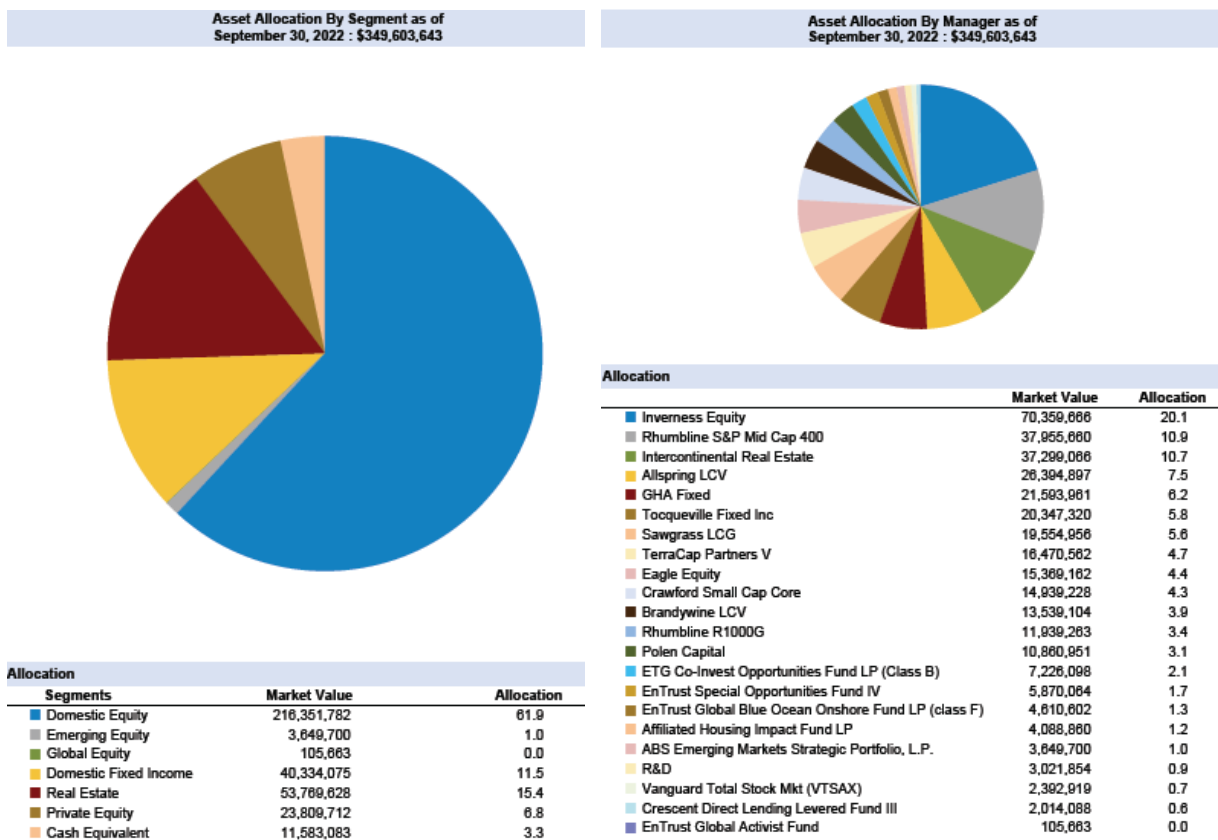
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Purest Marine: The Board asked that Purest Marine be placed on the agenda in December for formal consideration. The Board asked Mr. Vavrica to speak with his compliance representatives and to transmit the legal documents from Entrust to Mr. Kaufman to review.

Investment Policy Statement (IPS): Mr. Vavrica provided a red lined copy of the changes to the IPS. After discussion, Mr. Schweighardt made a motion to accept the changes outlined, which was seconded by Mr. Laskowski. All board members voted yes.

Mr. Vavrica presented the September 30, 2022, investment report, the portfolio was valued at \$349,603,643. The total fund return for the quarter was -2.46%¹⁰. That quarterly return outpaced the benchmark policy of -3.14%. Mr. Vavrica advised - All Public Plans Total Fund Median return was -4.35%. Longer term results were also outlined on a 1, 3 and 5-year basis -11.42%, 5.07% and 6.15% respectively. A historical return dating back to October 1, 1992, was valued at 7.34%, which surpasses the benchmark policy and "All Public Plans-Total Fund Median".



In a spirit of transparency, the Board of Trustees post the entire investment report, which may be viewed on-line at: <http://hollywoodpolicepensionfund.com/docs/investments/2022-09-30%20Hollywood%20Police%20Quarterly%20Report.pdf>

Additionally, Mr. Vavrica presented a flash report for the quarter ending October 31, 2022. The quarterly return was valued at 4.75%. The calendar year return was in line with the benchmark policy.

In addition to being filed with the State of Florida and the City of Hollywood, the Board of Trustees posted the IPS to the pension website for transparency purposes: <http://hollywoodpolicepensionfund.com/docs/guidelines/HWP%20IPG%20November%202022%20board%20approved%2011-18-2022%20executed.pdf#zoom=100>

¹⁰ Net Basis.

ATTORNEY'S REPORT

Mr. Kaufman distributed and briefly reviewed memos related to SEC Proxy Voting and a Delaware law change which insulates corporate officers from liability. A formal policy will be forthcoming from his firm.

Mr. Kaufman provided update of investment agreements for Capital Dynamics, Entrust Ocean Blue, Taurus, Crawford and Serratias.

Mr. Kaufman briefed the Board on the Visa Matter – Books and Records Investigations. Visa's counsel responded with a letter objecting to the demand letter but agreeing to produce certain documents subject to an appropriate confidentiality agreement. Saxena White has sent them a proposed confidentiality agreement and expect shortly to negotiate both the terms of the confidentiality agreement and the scope of production. The Board thanked Mr. Kaufman for the update.

ADMINISTRATIVE REPORT

DROP Loan(s): Mr. Williams cited a member's loan request(s). He outlined that the member(s) has the funds in his/her personal DROP account to cover the loan and he/she has been a participant(s) in the DROP plan for the required amount of time. No conflict exists with the 12-month rule. Mrs. Marano made a motion to approve the item(s) detailed. This motion was seconded by Mr. Djokic. All board members voted yes.

RMD DROP Distribution: Mr. Williams provided the RMD review report for affected members for informational purposes only.

Summary Plan Description (SPD): Mr. Williams noted the SPD was posted to the website and a formal notice sent to all personnel. <http://hollywoodpolicepensionfund.com/SummaryOfPlan.asp>

OPEN DISCUSSION

Notice of the State of Florida 51st Annual Police Officers' and Firefighters' Pension Trustee Conference was provided to the Board.

Noting the recent investment managers being retained will not be liquid assets, the Board discussed the possibility of amending the drop policy to add a gate with liquidations. Mr. Kaufman will consider language.

MEETING ADJOURNED

There being no further business, the meeting was adjourned at 12:55 P.M.

The next scheduled meeting is December 16, 2022, at 10:30 A.M.

Respectfully submitted,

APPROVED:

C. Marano, Secretary

D. Strauss, Chairperson