

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

December 16, 2022

MINUTES

A regular meeting of the Hollywood Police Officers' Retirement System was held on Friday, December 16, 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. Marano¹, P. Laskowski, M. Djokic, C. Boyd & J. Schweighardt.

Also present were Laurette Jean², City of Hollywood, Budget Director; Martin LaPrade, Sawgrass Asset Management; Chris Grecco & Anthony Brooks, Waycross Partners; Jeff Chan³, Entrust Global; Brendon Vavrica - AndCo Consulting; Stu 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 November 18, 2022 MEETING

Mr. Strauss asked if there were any additions or corrections to the Minutes of the November 18, 2022, pension board meeting. Mr. Schweighardt made a motion to approve the Minutes of the November 18, 2022, pension board meeting, which was seconded by Mr. Djokic. All board members voted yes.

INVESTMENT REPORTS

Sawgrass Asset Management: Mr. LaPrade presented the September 30, 2022 Diversified Large Growth Equity – 3Q22 Portfolio Review & Outlook.

The equity markets ended the 3rd quarter on a sour note after enduring an almost 10% monthly decline in September to start the 4th quarter near their yearly lows. Stocks took a roundtrip path to negative quarterly losses (SP 500 -4.9%) after a strong early rally was offset by an even stronger second half decline.

The continued sharp rise in rates and hawkishness from the Federal Reserve left equities vulnerable to ongoing weakness despite increased hopes of the worst being over for this bear market and the potential for a shift in Fed policy. The breadth of the decline in September was more noticeable than earlier in the year as there was less rotation to safety that normally accompanies such a strong selloff.

Please Continue

¹ Attended Remotely.

² Attended Remotely.

³ Attended Remotely.

The factor story for the quarter was mixed as the roundtrip path taken by the markets left the overall picture murkier and less concrete. Lower beta was rewarded in September during the decline but underperformed for the quarter. Many of the other factors were also less informative in their signal generation due to the bifurcated nature of price returns during the quarter. Small cap and growth outperformed as energy and consumer discretionary were relative outperformers while communications, real estate, and industrials were the downside leaders.

The portfolio lagged for the quarter but still posted very strong relative outperformance for the year to date and one-year periods outpacing the index 8 out of 9 months so far in 2022. Stock selection was negative for the quarter with communications, industrials, and consumer discretionary driving the weakness. The portfolio lost some ground in the strong rally during July and the first half of August and protected less on the way back down into the end of the quarter with a handful of stock specific underperformers the primary contributors to the underperformance for the period. However, the one year and year to date returns remain well ahead of the index and even more so against the large growth universe once again highlighting the difference and diversification our approach provides for our clients.

Despite continued investor hope that the Fed will soften its inflation stance, markets continue to attempt to price in more challenging conditions ahead. Persistent inflation has created an environment that will require continued hawkishness to moderate longer term expectations even as near-term inflation may subside from higher levels. Accordingly, valuations and earnings will likely remain under pressure as businesses and consumers adjust to the new realities of higher inflation and rates.

Volatility remains subdued given the large year to date losses. Even as sentiment has declined there has been less investor panic than might be expected by now potentially signaling a more sustainable low is yet to be reached.

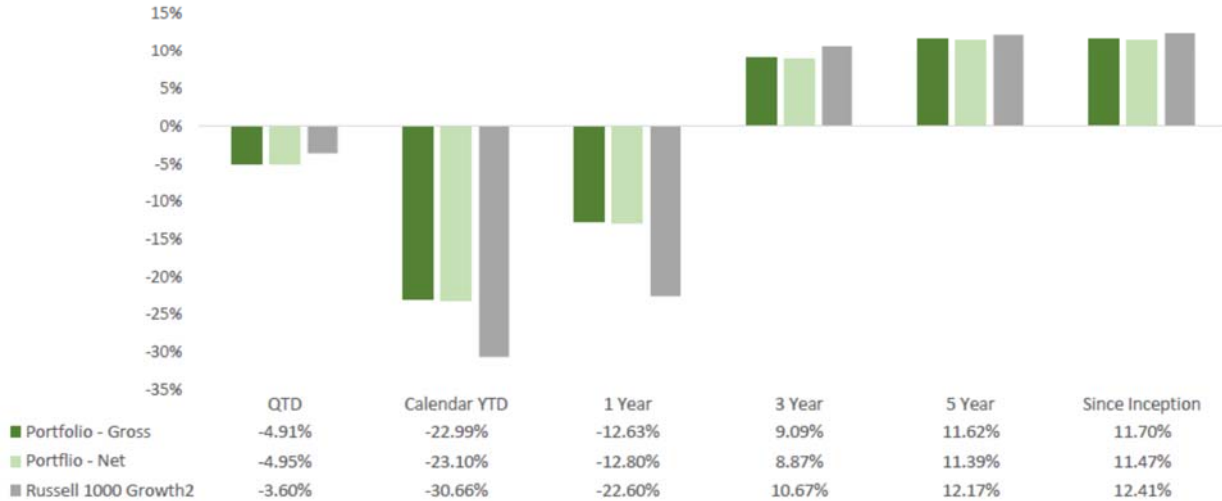
The equity markets are attempting to retest their early summer and year to date lows. While it is too early to suggest that this test will be successful and be the end of the bear market, any forceful and sustained failure of this test could see equity prices decline with speed to significantly lower levels. Conversely, the weakness this year and poor investor sentiment has created a springboard for a sharp rally into year-end if the bear market has reached its nadir. The markets have likely entered a much lower return environment going forward with active managers and stock selection poised to potentially shine in the quarters and years ahead.

Sawgrass Diversified Large Growth Composite Portfolio versus Russell 1000 Growth:

What Helped	What Hurt
Consume Staples Selection	Communications Selection
Technology Selection	Industrials Selection
Underweights in a Handful of Heavily Weighted Index Stocks	Consumer Discretionary Selection

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TOTAL RETURNS GROSS & NET FOR SELECT PERIODS
 Hollywood Police Officers Retirement System

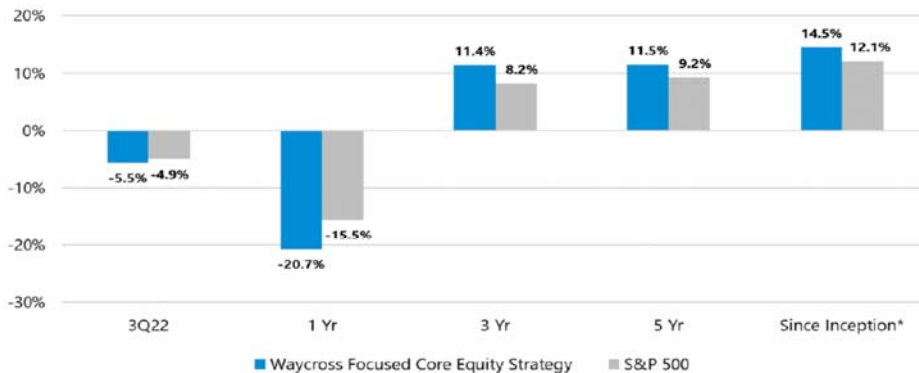


NEW BUSINESS

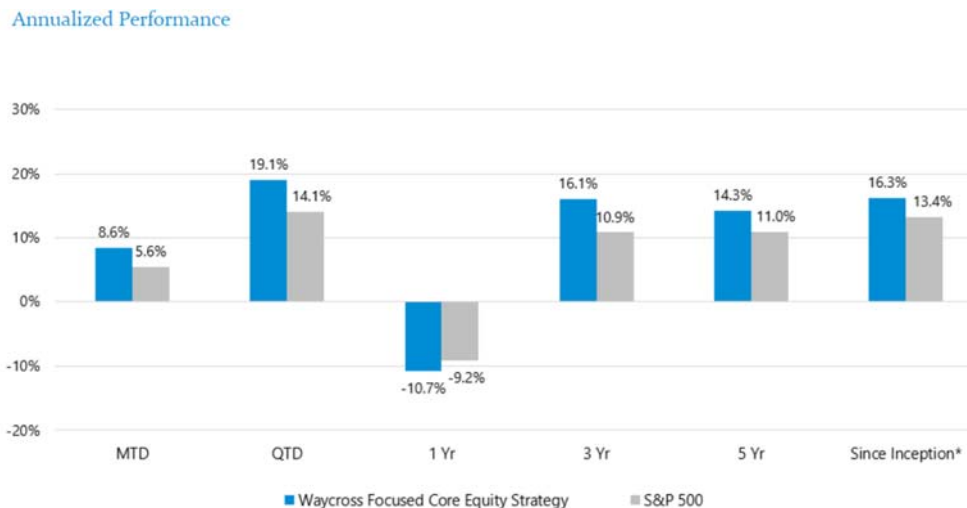
Waycross Partners – Investment Presentation: Mr. Chris Grecco & Mr. Anthony Brooks provided a report on their company’s Focused Core Equity Strategy. It was reported that Waycross is a 100% employee-owned investment management firm founded in 2005. 20+ years experience working with Florida municipal pension plans. \$1.7B in assets under advisement. It was reported that they have been “Building long term partnerships through Excellence, Integrity & Service.”

Waycross Investment Strategies were detailed and how their strategy would differ and compliment the current managers in the Large Cap allocation. Charts provided exhibited Waycross outpaced the S&P 500 over the last five years by 230 bps. On a three-year rolling period, the Waycross Focused Core Equity Strategy was in the upper quartile through September 30, 2022. The Waycross Focused Core Equity Strategy is an actively managed equity strategy that seeks to produce superior returns relative to the S&P 500 index. Key factor company examples were highlighted.

Annualized Performance



Annualized Returns	3Q22	1 Yr	3 Yr	5 Yr	Inception
Focused Core Equity GROSS	-5.5%	-20.7%	11.4%	11.5%	14.5%
Focused Core Equity NET	-5.8%	-21.8%	10.4%	10.5%	13.6%
S&P 500	-4.9%	-15.5%	8.2%	9.2%	12.1%



It was also reported that during the ten periods since inception in which the Focused Core strategy lagged the index by more than 3%, the strategy outperformed the index by an average of 12% over the following twelve months.

The Board of Trustees thanked the representatives for a detailed presentation. Mr. Vavrica will provide an AndCo review for the Board to consider at the next meeting.

Purus Marine: Mr. Strauss reminded the Board about the maritime infrastructure investment which aligns with a global energy transition. Mr. Chan reflected that they are a 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. Mr. Strauss asked Mr. Vavrica for his company's opinion in this asset class. Mr. Vavrica advised that AndCo will not be doing a full underwriting review of Purus, as such is not an approved investment. AndCo feels the investment fee is too high. Mr. Vavrica framed the investment as infrastructure with a private equity overlay. Mr. Strauss asked about other companies available for investment. Mr. Vavrica cited JPMorgan has an option which has an income yield. At this juncture Mr. Strauss passed the gavel to Mrs. Marano and made a motion to engage Purus for a 2-million-dollar mandate. Mr. Laskowski seconded the cited motion. The motion passed 5-0-2 (Mr. Marano and Mrs. Marano abstained⁴).

AndCo Consulting Fee: Mr. Vavrica presented the Board a fee proposal to consider. Mr. Vavrica indicated the current arrangement permits AndCo to increase the fee whenever a new manager is hired. AndCo's new proposal will be based on a flat fee basis⁵ and guaranteed for a two-year period with existing cola adjustment. The Board thanked Mr. Vavrica for all the work he does for the Plan. Mr. Schweighardt made a motion to adjust the fee as proposed effective January 1, 2023. The motion was seconded by Mr. Laskowski. All board members voted yes.

Staff Review: CPI information⁶ was provided to the Board to review and consider for their annual staff review. After discussion about the staff's performance, Mr. Laskowski felt an adjustment of 4.5% was reasonable and within the range of adjustments provided across the city. Upon reaching a consensus, Mr. Laskowski made a motion to adjust the salary of Mr. Williams & Mrs. Ostrander by 4.5% effective October 1, 2022. The motion was seconded by Mr. Djokic. All board members voted yes.

⁴ Form 8B filed according.

⁵ Effective January 1, 2023.

⁶ CPI through September 2022 was 8.2%.

Thereafter, Mr. Schweighardt made a motion to adjust the salary of Mrs. Strauss by 4.5% effective October 1, 2022. The motion was seconded by Mr. Laskowski. The motion passed 6-0-1 (Mr. Strauss abstained⁷). Staff thanked the Board for their support and kind words.

INVESTMENT MONITOR REPORT

Mr. Vavrica presented a flash report for the quarter ending November 30, 2022. The quarterly return was valued at 8.79%. The calendar year return reported was in line with the benchmark policy.

ATTORNEY'S REPORT

Line of Duty Death Benefit: Mr. Kaufman advised the draft ordinance, and the impact statement was provided to the union as part of their negotiations with the city or by MOU until contact vote and pension vote.

Contract Status Report: Mr. Kaufman provided update of investment agreements pending.

Mr. Kaufman distributed a memo related to internal controls for the Board to review.

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. Mr. Laskowski made a motion to approve the item(s) detailed. This motion was seconded by Mrs. Marano. All board members voted yes.

Return of Pension Contributions: Mr. Williams presented a request for Mr. Gouveia⁸ who separated service on November 02, 2022 and requested a direct payment. Mr. Djokic made a motion to approve the refund as presented. This motion was seconded by Mr. Schweighardt. All board members voted yes.

Active DROP Entry: The Board reviewed and approved the drop entry of David Rogers (October 09, 2022) based on a coordination of benefits as a GE Member. Mr. Djokic made a motion to approve the drop entry as presented. This motion was seconded by Mr. Laskowski. All board members voted yes.

OPEN DISCUSSION

None.

MEETING ADJOURNED

There being no further business, the meeting was adjourned at 11:45 A.M.

The next scheduled meeting is January 27, 2023, at 10:30 A.M.

Respectfully submitted,

C. Marano, Secretary

APPROVED:

D. Strauss, Chairperson

⁷ Form 8B filed according.

⁸ Non-Vested as probationary time was never purchased. Member was advised accordingly prior to separation.