

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

January 26, 2024

MINUTES

A regular meeting of the Hollywood Police Officers' Retirement System was held on Friday, January 26, 2024, 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, M. Djokic, C. Boyd & J. Schweighardt.

Also present: Alfred Stabile, Active member; Jonathan Antista, City of Hollywood¹; Thomas Franzese & Zachary Segal - Boyd Watterson; Guilherme Valle & Chris Carmody – ABS; Ryan Nail - Eagle Asset; Brendon Vavrica - AndCo Consulting²; 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 DECEMBER 22, 2023 MEETING

Mr. Strauss asked if there were any additions or corrections to the Minutes of the December 22, 2023 pension board meeting. Mr. Boyd made a motion to approve the Minutes of the December 22, 2023 pension board meeting, which was seconded by Mr. Djokic. Motion passed all board members voted yes (5-0).

ATTORNEY'S REPORT

2024 Form I Filing: Mr. Kaufman advised that beginning January 1, 2024, the Form 1 – Statement of Financial Interests (“Form 1”) will be filed via the Electronic Financial Disclosure Management System (EFDMS). <https://disclosure.floridaethics.gov/Account/Login>
The Form 1s are still due by July 1, 2024. Trustee Form 1s will no longer be filed with the County Supervisor of Elections office – the online portal is a direct filing with the Florida Commission on Ethics (“Commission”).³

CORIENT PRIVATE WEALTH LLC (Formerly – Inverness Counsel): Mr. Kaufman presented the Investment Management Agreement to the Board for consideration. After review and consideration, Mr. Boyd made a motion to approve the Investment Management Agreement as presented by Mr. Kaufman, which was seconded by Mrs. Marano. Motion passed all board members voted yes (5-0).

Death Benefit – Update: Mr. Kaufman reported that he is awaiting a response from the Board Actuary, Mr. Todd Green to proceed.

¹ Attended Remotely.

² Attended Remotely.

³ Mr. Williams placed a link on the Trustees page of the website for future reference.

<http://hollywoodpolicepensionfund.com/BoardOfTrustees.asp>

General Motors (GM) Security Litigation Matter: Mr. Kaufman outlined the proposed complaint against GM completed by Labaton Keller Sucharow, one of the Plan's Security Monitoring Services. The losses sustained by the plan exceeded 100,000.00 dollars. In between meetings, Mr. Kaufman contacted the Chairman, Mr. Strauss for approval to proceed and seek lead plaintiff's status in this matter. Mr. Kaufman was now seeking affirmation of the action taken by Mr. Strauss. After review and consideration Mr. Schweighardt made a motion to affirm and ratify the action taken by Mr. Strauss, and to proceed with the case accordingly. The motion was seconded by Mr. Boyd. Motion passed all board members voted yes (5-0).

Disability Update: Smires: Mr. Kaufman will check and report back to the Board at the next meeting.

ADMINISTRATIVE REPORT

Mr. Williams presented the Administrative Report to the Board.

DROP Loan(s): Mr. Williams cited the loan requests. He outlined that the members have the funds in his/her personal DROP account to cover the loan and he/she has been a participant in the DROP plan for the required amount of time. No conflict exists with the 12-month rule. Mr. Boyd made a motion to approve the loans presented. This motion was seconded by Mr. Djokic. Motion passed all board members voted yes (5-0).

QUARTERLY INVESTMENT PRESENTATION – ABS GLOBAL INVESTMENTS

Mr. Chris Carmody & Guilherme Valle appeared before the Board and reported the following return and account value since inception.

Hollywood Police Officers' Pension Fund	
Initial Investment	December 1, 2021
Current Investment Value (11/30/2023)	Total Account Value: \$4.2M
Annualized Performance Since Initial Investment	▪ ABS EM Strategic Portfolio: -5.9% ▪ MSCI Emerging Markets Index: -5.2 % ▪ Excess Annualized Return: -0.7%

The Global Economic Outlook Drives Sentiment and Performance:

- Investors oscillated between optimism of an imminent rate cut and a soft landing in the United States and pessimism of “higher-for-longer” rate regime.
- These shifts moved global equities and bonds accordingly and created volatility for emerging markets equities.

A Bumpy Recovery for Emerging Markets:

- After a challenging 2022, emerging markets staged a robust yet volatile recovery in 2023.
- Key factors driving the asset class's performance included: Global macroeconomic sentiment and in particular, the state of the United States economy and its rate cycle trajectory.
- Widening Gap Between China and Emerging Markets ex-China.

Chinese Equities Drag Down Emerging Markets:

- China materially underperformed broader emerging markets, plagued by a lackluster economic recovery, property market headwinds and disappointing stimulus expectations.
- Shifts in investor sentiment related to China drove Chinese equity volatility to its highest level since 2008.
- Losses were even more pronounced among small cap stocks, which lagged large caps by -13.7%

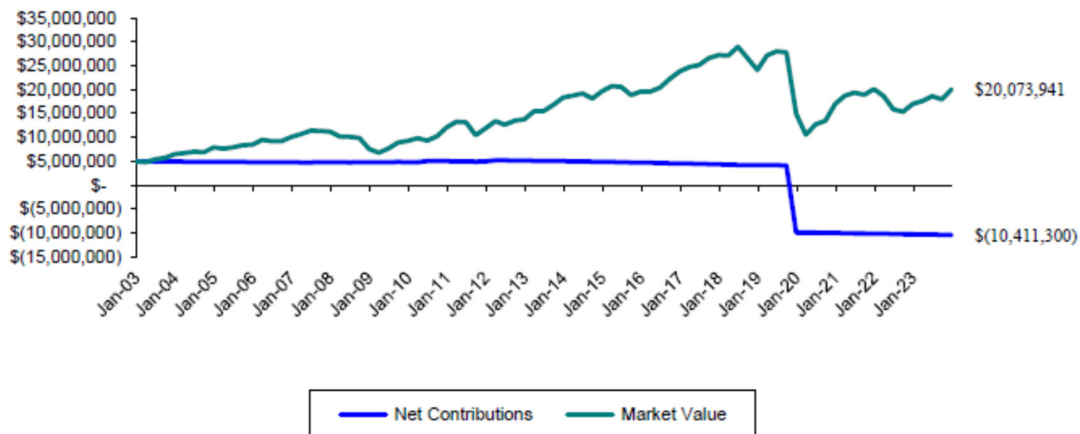
Outside of China, Mega Trends Push Key Markets Higher:

- Outside of China, performance has generally been stronger supported by important mega trends:
 1. The expectation of imminent easing local interest rates. Key beneficiaries: Latin America and Eastern Europe.
 2. Enthusiasm with AI (artificial intelligence). Key beneficiaries: Tech-heavy markets such as Taiwan and Korea.
 3. Near-shoring trends are being materialized. Key beneficiaries: Mexico, India and Southeast Asia.

QUARTERLY INVESTMENT PRESENTATION - EAGLE ASSET MANAGEMENT

Mr. Ryan Nail appeared before the Board and stated the market value of the Eagle Account was at \$20,073,941.00 as of December 31, 2023. Since inception⁴ the Eagle Small Cap Account realized an annualized net return of 10.76%⁵, handily outpaced the Russell 2000.

For the quarter ending December 31, 2023, Eagle Small Cap Account returned 11.96%, compared to 14.03% for the Russell 2000. On a one year rolling basis, the portfolio returned 18.47% compared to the benchmark of 16.93%. The 3- & 5-Year returns were valued at 6.32% & 11.16% in comparison to the benchmark returns of 2.22% & 9.97% respectively.



⁴ 01-08-2003

⁵ On a gross basis.

INVESTMENT MONITOR REPORT - ANDCO

Mr. Vavrica presented a flash report for the quarter ending December 31, 2023. The quarterly return was valued at 7.80%, which underperformed relative to the policy.

NEW BUSINESS

Boyd Watterson Asset Management, LLC – Investment Presentation: Mr. Thomas Franzese & Mr. Zachary Segal came before the Board to present the Diversified Govt REIT product.

- Property Focus - Properties that are critical to serving a government mission: specialized office, medical, industrial, lab/R&D, and other leased properties.
- Market Focus - Mix of secondary, primary, and tertiary markets.
- Credit - High-quality private tenants and entities that are funded, directly or indirectly, or contracted by a high credit government agency.
- Occupancy - Nearly 100% occupied.
- Length of Lease - Typically 10-years initial, 5-year renewal.
- Tenant Renewal Rates - Typically, 75%+; however, we believe with our experience we can increase to 80%+.
- Rent Increases - Mix of leases with flat and escalating rents, which mitigates inflation risk modified. Net is more favorable to the landlord as most operational expenditure costs are taken on by the tenant.
- Minimum Investments Diversified Government REIT, Inc. – \$1M minimum & Diversified Government REIT II, Inc. – \$250K minimum.

Portfolio Principles:

Boyd has a well-defined set of portfolio principles it adheres to in managing its investment portfolio:

- Managing Risk – A focus on avoiding and minimizing portfolio risks related to interest rates, inflation, valuations in the capital markets as well as asset-level risks with regards to leasing, tenant credit and physical improvements.
- Diversification – Seek to diversify the portfolio by geography, tenant agency, deal size, and laddered lease and debt maturities.
- Balance Sheet – Maintaining a conservative balance sheet through modest leverage, long-term fixed rate debt financing, laddered debt maturities and preserving liquidity through cash, equity commitments and a large credit line.
- Credit Analysis – Utilize our in-house credit analysis team to evaluate potential tenant risks and identify the most attractive credit tenants.

Trustee Nomination: Mr. Williams cited that there was an open nomination for one trustee seat. At the close of the nomination process, there was only one nomination, that being Mr. Alfred Stabile III. As such, Mr. Stabile will assume the seat of Mrs. Marano effective March 01, 2024. All present welcomed Mr. Stabile and look forward to working with him.

Supplemental Distribution: Mr. Williams presented the documents related to the 2024 supplemental distribution as a result of the rate of return achieved by the Plan for the fiscal year ending September 30, 2023. The report was prepared by the Board Actuary, Mr. Todd Green and was dated January 16, 2024. Mr. Kaufman opined that the proceeds cannot stay in the Plan to comply with IRS code. A sample member letter and form were also reviewed by the Board.

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After review and discussion, Mrs. Marano made a motion to accept the report and approve the distribution accordingly. Mr. Schweighardt seconded the motion. Motion passed all board members voted yes (5-0).

Service Provider of the Year: Mr. Williams asked the Board to consider formally recognizing a professional service provider on an annual basis. While the accolade is not required, he felt the recipient(s) would be honored. After receiving the support of the Trustees, Mr. Williams asked the Board to consider Fiduciary Trust (FTIS) for the inaugural year. Mr. Williams outlined a partial list of duties undertaken by the FTIS Team for over 25 years:

1099 tax reporting

13TH CHECKS

ACH AND ROLLOVERS

Additional section accounts

Administration and safekeeping of assets

Annual 1099R tax forms

CAPITAL CALLS

Cash management via STIP or MMDA deposits

Checks, wires, ACH transfers

Class action monitoring and filing

Customized Reporting Options

Dedicated relationship team

DROP & SHARE distributions

Execution for global markets settlement, if applicable

Foreign tax monitoring and reclamation

Monitoring and notification of Capital changes

Monthly death monitoring

Monthly pension payments to retirees

Monthly, Quarterly, Annual statement production

On-line access to account information

Payroll in excess of 28 mil

Recorded Callbacks for warrants

Rollover distributions

SECURE AND SEAMLESS TRANSMISSION OF PAYMENT REQUESTS - FTIS VAULT

SECURITY LITIGATION FILINGS

Trade settlement

After discussion, the Board felt the acknowledgement would be a worthwhile endeavor. The Board felt it was an appropriate program and the cost would be De minimis. At this juncture, Mr. Schweighardt made a motion to approve an annual service provider of the year program, which was seconded by Mr. Boyd. Motion passed all board members voted yes (5-0).

At this juncture, hearing the accolades from Mr. Williams, along with the numerous duties of FTIS, Mr. Djokic made a motion to select Fiduciary Trust as our inaugural service provider of the year, which was seconded by Mr. Strauss. Motion passed all board members voted yes (5-0). A formal presentation will be placed on a future agenda.

OLD BUSINESS

Staff Review: Tabled December 22, 2023 & January 26, 2024, awaiting full Board.

OPEN DISCUSSION

Discussion ensued about notification of the buy back program to new hires. Mr. Williams indicated he can expand the "welcome letter" to include a brief note of the plan.

MEETING ADJOURNED

There being no further business, the meeting was adjourned at 11:40 AM

The next scheduled meeting is February 16, 2024 at 10:30 A.M.

Respectfully submitted,

APPROVED:

C. Marano, Secretary

D. Strauss, Chairperson