

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

August 16, 2024

MINUTES

A regular meeting of the Hollywood Police Officers' Retirement System was held on Friday, August 16, 2024, at 10:31 A.M., in the Office of Retirement, 4205 Hollywood Blvd., Suite 4, Hollywood, Florida 33021.

PRESENT

D. Strauss - Chairperson, J. Marano; A. Stabile; C. Boyd, J. Schweighardt and M. Djokic¹ - Trustees.

Also present were J. Antista, City of Hollywood – Finance; A. Laframboise, Active Member; Brian Kendall, PennantPark; Crescent Direct Lending; Brendon Vavrica, Mariner Institutional; 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 July 19, 2024 MEETING

Tabled.

ATTORNEY'S REPORT

- Buyback policy updated and presented for approval denoting the duration of time to finance a buyback of service. Motion by Mr. Boyd to approve, seconded by Mr. Schweighardt. All board members voted yes.
- Benefit Review - Teresa Molina: Mr. Kaufman noted that Mrs. Molina has not made an election².
- Summary Plan Description (SPD): Mr. Kaufman stated a draft of the SPD is awaiting the actuary insert will be transmitted for review and approval for the September 27th meeting.
- Smires Disability Review: Mr. Kaufman noted second IME scheduled for Thursday, August 22, 2024 at 9:30 AM.
- Letter of Engagement(s) - Audit and Annual Report for KDST presented to the Board for execution. Mr. Williams reflected the firm is highly effective. Motion by Mr. Boyd to approve the engagement(s), which was seconded by Mr. Marano. All board members voted yes.
- Chapter Funds were noted to be valued in excess of \$2.6 million dollars this year. Mr. Vavrica interjected the funds should remain in the R&D Account.

ADMINISTRATIVE REPORT

- Administrative Report: Mr. Williams presented and outlined the activity on the Administrative Report to the Board for consideration. After review, a motion was made by Mr. Schweighardt to approve the report, which was seconded by Mr. Marano. All board members voted yes.

¹ Attended Remotely.

² Mr. Williams e-mailed Mr. Laframboise in an effort to identify someone without a language barrier within the family he may be able to contact.

NEW BUSINESS

- Buyback of Service: Mr. Williams conveyed that he was contacted by a member who is currently making buyback payments. The member wanted to purchase additional time and refinance his buyback until his normal retirement date. As this was outside the policy, authority was being sought. Mr. Kaufman opined that he had no opposition, as long as the member pays the expense and that there is no impact to the city or the Plan. A round robin session ensued, and the consensus of the Board was it should be up to the members. Motion by Mr. Boyd to permit members to refinance over the member's career, but must be paid in full prior to drop/or retirement and no impact to the Plan. Mr. Strauss seconded the motion. All board members voted yes.

INVESTMENT MANAGER REPORT – CRESCENT DIRECT LENDING (CDL)

The representatives stated that CDL senior loan portfolios (100% floating) now yielding approximately 11.5+% on an unlevered basis.

- Benefit from significant rate increases by the U.S. Federal Reserve.
- Strong yields combined with low NAV volatility (vs. liquid fixed-income) driving strong total returns from private senior debt asset class.
- Attractive Yield Premiums relative to LCD Index of ~200bps as of 6/30/24.

CDL portfolio company performance continues to be strong.

- Year-over-year positive growth in portfolio company revenues and EBITDA³.
- CDL portfolios still maintaining ~2.0X interest coverages with strong liquidity despite the higher-rate environment.

Longer-term outlook for private senior debt remains highly attractive assuming long-term base rate forecasts of 3+%.

INVESTMENT MANAGER REPORT - PENNANTPARK

The representatives cited that they invest in Senior secured loans made to U.S. companies with earnings of \$10 to \$50 million. Target profitable companies with leading market positions, strong management teams, and steady cash flows. Their process is based on conservative underwriting targeting loans with low leverage multiples, substantial sponsor equity, and protective covenants. They selectively negotiate equity co-investments to benefit from role as a strategic lending partner. They have long-term relationships with hundreds of middle market private equity sponsors; closed deals with over 230 sponsors.

INVESTMENT MONITOR REPORT – MARINER INSTITUTIONAL

- Mr. Vavrica presented the quarterly report for June 30, 2024. The fiscal year return was valued at 15.96%⁴. The Fund was valued at 453,430,984.00.
- Mr. Vavrica also presented a monthly flash report for July 31, 2024. The fiscal year return was valued at a stellar 18.80%. The Fund was valued at \$461,273,359.00.
- The Board was concerned about the Polan underperformance relative to the index⁵. Mr. Vavrica explained that it was because the Russell 1000 Growth Index is controlled by what has been called the magnificent 7. The following chart which illustrates that claim.

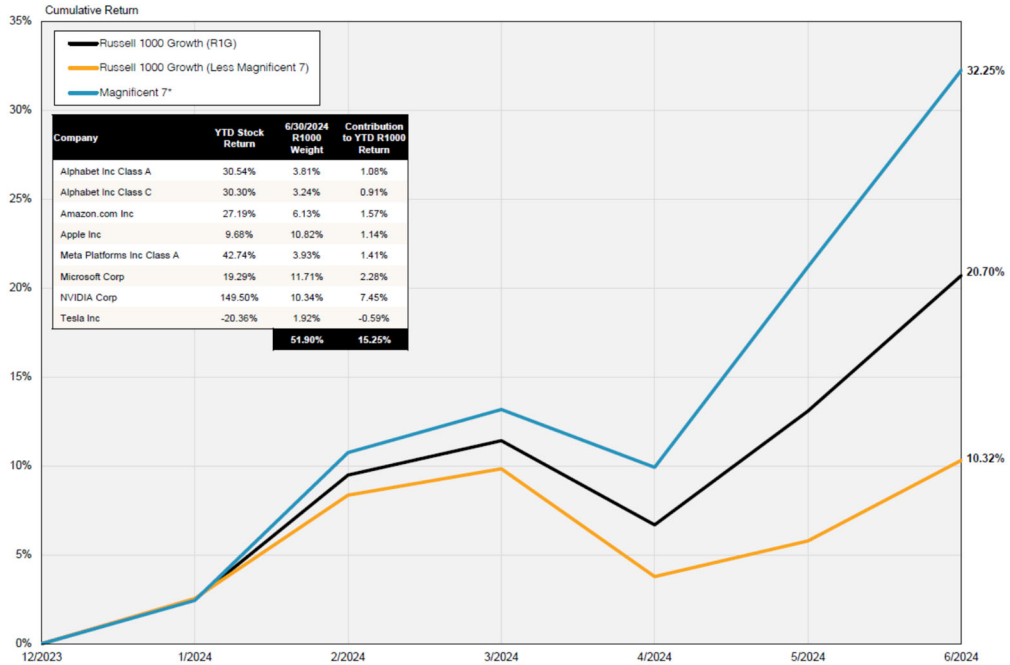
³ EBITDA, or earnings before interest, taxes, depreciation, and amortization, is an alternate measure of profitability to net income. By excluding depreciation and amortization as well as taxes and debt payment costs, EBITDA attempts to represent the cash profit generated by the company's operations.

⁴ <http://hollywoodpensionfund.com/docs/investments/2024-06-30%20Hollywood%20Police%20Quarterly%20Report.pdf>

⁵ Russell 1000 Growth Index.

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What's Driving the Performance of the Russell 1000 Growth Index? | Magnificent 7 and the Russell 1000 Growth Index
Based on Monthly Index Return Attribution Data from January 1, 2024, through June 30, 2024



The Board thanked Mr. Vavrica for his efforts, but they still intend to monitor closely. No formal action taken at this juncture.

OPEN DISCUSSION

Mr. Marano and Mr. Strauss indicated to place the matter of Israel Bonds on the next agenda.

MEETING ADJOURNED

There being no further business, the meeting was adjourned at 11:55 A.M.

The next scheduled meeting is September 27, 2024 at 10:30 A.M.

Respectfully submitted,

APPROVED:

P. Laskowski, Secretary

D. Strauss, Chairperson