

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

March 28, 2025

MINUTES

A regular meeting of the Hollywood Police Officers' Retirement System was held on Friday, March 28, 2025, at 10:30 A.M., in the Office of Retirement, 4205 Hollywood Blvd., Suite 4, Hollywood, Florida 33021.

PRESENT:

D. Strauss, Chairperson, P. Laskowski, Board Secretary; J. Marano, A. Stabile¹, J. Schweighardt; C. Boyd & M. Djokic.

Also present were Bryant VanCronkhite², CFA & Dann Smith - Allspring Global Investments; Todd Green³, Board Actuary – CavMac Consulting; Brendon Vavrica, Mariner Institutional; Robert Klausner, Legal Counsel - Klausner, Kaufman, Jensen & Levinson; David 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 FEBRUARY 21, 2025 MEETING

Mr. Strauss asked if there were any additions or corrections to the Minutes of the February 21, 2025 pension board meeting. Mr. Djokic made a motion to approve the Minutes of the February 21, 2025 pension board meeting, which was seconded by Mr. Boyd. All board members voted yes.

ATTORNEY'S REPORT

Mr. Klausner learned the motion to dismiss the GM Matter was denied by the courts. The matter will proceed accordingly.

Mr. Klausner also is awaiting the formal order appointing (Co) lead plaintiff(s) in the ASML Matter.

Smires Matter: Mr. Klausner reported that Mrs. Smires is withdrawing her disability claim. No further action is pending at this juncture.

Mr. Klausner was contacted by the FOP Labor Counsel. They spoke about a potential pending termination of an active DROP Member. Mr. Klausner cited that as long as the member is fighting the termination and does not touch any of the pension funds, the member would still be entitled to monthly drop payments.

¹ Arrived 10:49 AM.

² Attended Remotely.

³ Todd B. Green, ASA, EA, FCA, MAAA is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Income Deduction Order⁴ reviewed and in addition to the amount cited in the order, the former spouse is also entitled to 50% of future cost of living increases, absent of any further court intervention.

Mr. Klausner reviewed the Corient foreign ownership, and the consent agreement is fine to be executed. The Board was displeased with the announcement of the change of ownership. Mr. Djokic made the motion to approved and authorized the execution of the consent agreement. Mr. Laskowski seconded the motion. All board members voted yes.

Mr. Klausner briefed the Board on the following pending legislation:

- SB 66 – Add acute myeloid leukemia to cancer definition.
- SB 142 – protects public employees using prescribed medical marijuana.
- SB 366- expands definition of heart disease for presumption.
- SB 590 – incorporates DOL fiduciary duty standards on FRS Investment Plan.
- SB 1328- amends certification requirements for bargaining units.
- SB 1678 – anti BDS (boycott, divest, sanction Israel).
- SB 7022 – allows elected officials to remain in office and receive FRS DROP.
- HB 1185 – extends death benefit coverage to age 26 for surviving child.

ADMINISTRATIVE REPORT

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

Mr. Williams briefed the Board of the Alford Matter (member entered the DROP) While still in buyback repayment status. Finance will deduct the balance due from leave payout and the Board Actuary will confirm the buyback is paid in full.

Mr. Williams cited Henry Andrews retired with an active drop loan. The member was advised the amount to pay off the loan. The Board agreed to hold Share Payment until loan is paid in full.

Mr. Williams updated the Board on the Comcast/ATT transition of service.

PRESENTATION OF ACTUARIAL VALUATION REPORT OF OCTOBER 1, 2024

Representatives cited why the Plan needs an Actuary.

- Develop a strategy to systematically fund the promised benefits of the system.
- Measure assets and liabilities (future benefit payments).
- Determine actuarial contribution rates.
- Analyze experience (actual vs. expected).
- Report on trends, risks, accounting, etc.

The Basic Retirement Funding Formula was outlined as follows:

- C = Contributions
- I = Investment Income
- B = Benefits Paid
- E = Expense

⁴ (Wilson, J.)

It was reported that for a defined benefit pension plan, the ultimate value of future cash flows cannot be predicted with certainty. To estimate the probability and the likely cost of a future event such as disability, retirement, or death, actuaries need to make assumptions.

KNOWN at valuation date:

1. age
2. salary
3. gender
4. service to date
5. membership group

ASSUMED at valuation date:

1. future salary increases
2. retirement date(s)
3. death rates before and after
4. disability rates
5. other termination rates

Actuarial Assumptions

Turnover: Will an employee work long enough to vest and qualify for monthly benefits?

Retirement: When will the employee retire and start collecting benefits?

Mortality: How long will monthly benefits be paid?

Salary Increases: How will salaries grow in future years for each employee?

Discount Rate: What is the present value of all of those future benefits in terms of today's dollars?

If we put money aside today, what rate of return can we expect to earn on it?

Based on the foregoing the representatives cited the following:

The October 1, 2024 Valuation determines the employer contribution for the 2025/2026 fiscal year.

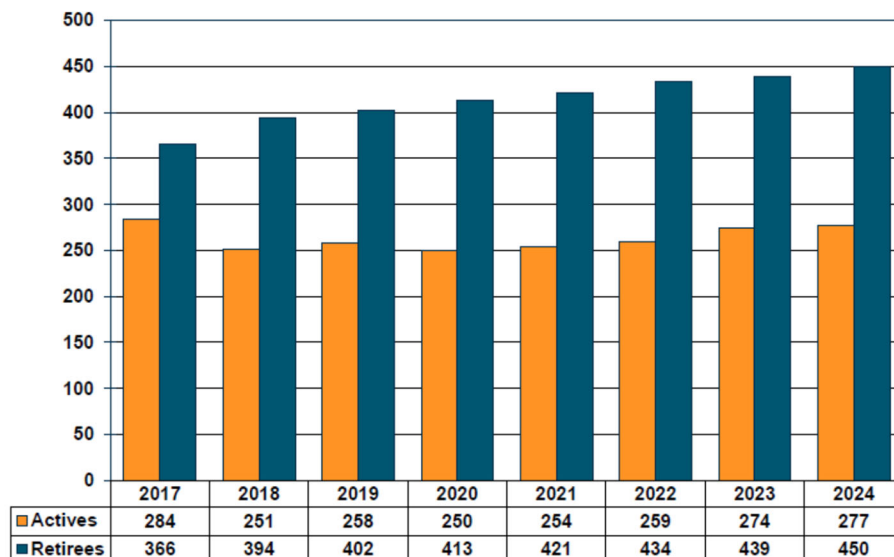
Asset Returns:

- Actuarial value of assets return was 10.25% compared to the assumed rate of 8.00% (2.25% greater than expected).
- Market value of assets return was 28.93% compared to the assumed rate of 8.00% (20.93% greater than expected).
- \$30.0 million unrecognized gain.

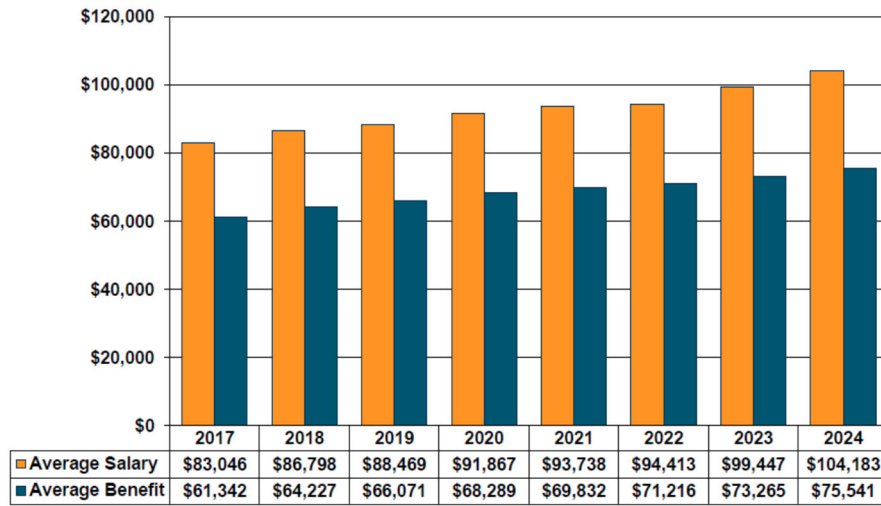
Assumption Change:

- Mortality tables were updated to comply with Florida Statute 112.63(1)(f).
- Increased employer contribution by \$1,472,298.

Active & Retired Membership was detailed as follows:



Average Active Salary and Benefits were detailed as follows:



Results of the Valuation

		Final	Before Assumption Change
	October 1, 2023 Valuation (FY 2024/2025 Contributions)	October 1, 2024 Valuation (FY 2025/2026 Contributions)	October 1, 2024 Valuation (FY 2025/2026 Contributions)
Total Normal Cost Including Expenses	\$9,001,195	\$9,516,472	\$9,397,034
Less Expected Member Contribution	<u>2,810,061</u>	<u>2,837,518</u>	<u>2,837,518</u>
Employer Normal Cost	\$6,191,134	\$6,678,954	\$6,559,516
Interest Adjustment	1,387,944	1,493,025	1,439,894
Amount to Amortize UAL	<u>28,072,062</u>	<u>30,363,604</u>	<u>29,063,875</u>
Total Required City/State Contribution	\$35,651,140	\$38,535,583	\$37,063,285
Expected Chapter 185 Monies	<u>2,119,082</u>	<u>2,623,857</u>	<u>2,623,857</u>
Required Employer Contribution	\$33,532,058	\$35,911,726	\$34,439,428
Unfunded Accrued Liability	\$257,009,237	\$263,291,062	\$250,530,134
Funded Ratio	51.5%	53.1%	54.4%

The 2025/2026 Fiscal Year Contribution Breakdown for the City (Depending on Payment Method)

Employer contribution payable October 1, 2025	\$34,418,701
Interest for bi-weekly payments during 2025/2026 fiscal year	<u>\$1,493,025</u>
Employer contribution payable in bi-weekly installments	\$35,911,726

Mr. Green cited the current assumption rate the Board adopted relative to other Plans. He noted that he and the Plan Consultant support the assumption, but the State of Florida may intervene at some point.

At the conclusion of the presentation, Mr. Boyd made a motion to accept and approve the October 1, 2024 Actuarial Valuation as presented. Motion was seconded by Mr. Stabile. All board members voted yes.

The Board then discussed the assumed rate of return for the Plan for this year, the next several years and for the long term. The Board by consensus agreed, based on the allocation of the Plan that there is no need to modify the current assumption. Mr. Djokic made the motion to maintain the current assumed rate of return for the Plan for this year, the next several years and for the long term. Motion was seconded by Mr. Boyd. All board members voted yes. A notice was transmitted to the state by Mr. Vavrica.

This entire report may be viewed at:

<http://hollywoodpolicepensionfund.com/modules/stateDocs/index.asp>

QUARTERLY INVESTMENT PRESENTATION

Allspring

The representatives cited reviewed the portfolio and advised the following:

- U.S. equity markets, as measured by the Dow Jones Industrial Average, outperformed developed non-U.S. markets, as measured by the MSCI EAFE Index, over all time periods.
- U.S. equity markets, as measured by the Dow Jones Industrial Average, outperformed emerging markets, as measured by the MSCI EM Index, over all time periods.
- By size, small-cap issues in general underperformed medium- and large-sized companies across all time periods, yet this varied by style for the quarter where small-cap value fared modestly better than their large- and mid-cap value counterparts for the period.
- By style, as measured by the broad market indices, growth stocks outperformed their value counterparts over all time periods,

Performance overview

As of December 31, 2024

Performance history (%)

	QUARTER TO DATE	YEAR TO DATE	1 YEAR	3 YEARS	5 YEARS	SINCE INCEPTION (12-May-15)
Portfolio - Gross	-2.01	17.40	17.40	8.71	11.17	10.31
Portfolio - Net	-2.13	16.82	16.82	8.17	10.62	9.76
Russell 1000 Value Index	-1.98	14.37	14.37	5.63	8.68	8.69

The Board was pleased that Allspring has outperformed the benchmark over the last 3 years by 308 basis points⁵.

⁵ One basis point is equal to 1/100th of 1%, or 0.01%. In decimal form, one basis point appears as 0.0001 (0.01/100). Basis points (BPS) are used to show the change in the value or rate of a financial instrument, such as 1% change equals a change of 100 basis points and 0.01% change equals one basis point.

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Mariner Institutional

Mr. Vavrica provided a flash report as of February 28, 2025:

	Allocation		Performance(%)								Inception Date
	Market Value \$	%	MTH	QTD	YTD	FYTD	1 YR	3 YR	5 YR	Inception	
Total Fund Composite (Gross)	490,942,899	100.0	-1.45	0.72	0.72	1.61	10.58	6.93	10.07	8.22	10/01/1992
Total Policy			-1.46	0.80	0.80	1.97	11.86	7.50	10.37	7.67	
Total Fund Composite (Net)	490,942,899	100.0	-1.50	0.67	0.67	1.46	10.22	6.57	9.65	7.81	10/01/1992
Total Policy			-1.46	0.80	0.80	1.97	11.86	7.50	10.37	7.67	

Mr. Vavrica cited that the Chairman authorized Corient to raise 2.5 million dollars between meetings in order to pay for benefits. Motion by Mr. Laskowski affirming the action, seconded by Mr. Boyd. All board members voted yes.

Mariner Agreement was created by KKJL for the protection of all parties. Motion to approved and authorize the Chairman to execute by Mr. Schweighardt and seconded by Mr. Laskowski. All board members voted yes.

Mr. Vavrica shared the updated fee schedule with the Board with a price break at 50 million.

Mr. Vavrica noted the intercontinental letter of March 17, 2005 asking if the Board wishes to rescind their pending redemption. No affirmative action was taken or required.

Mr. Vavrica stated that the Board may wish to raise cash before the next meeting for anticipated capital calls and plan payments. After review and discussion. Mr. Schweighardt interjected that he felt that Corient should be the target manager due to the assets under management. Mr. Schweighardt felt that in addition to raising cash, some rebalancing between Corient and Waycross also be considered. Mr. Vavrica had no opposition to that consideration. After review and discussion, Mr. Schweighardt made a motion to have Corient raise 15 million dollars. To transfer 10 million to Waycross in an effort to rebalance and the balance of 5 million is to be transferred to the R&D Account for expenses. Motion was Seconded by Mr. Djokic. Motion passed 5 Yes and 1 No (Jeff Marano).

OPEN DISCUSSION

No open discussion ensued.

MEETING ADJOURNED

There being no further business, the meeting was adjourned at 12:14 P.M.

The next scheduled meeting is April 25, 2025 at 10:30 A.M.

Respectfully submitted,

APPROVED:

P. Laskowski, Secretary

D. Strauss, Chairperson