

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

February 19, 2021

MINUTES

A regular meeting of the Hollywood Police Officers' Retirement System was held on Friday, February 19, 2021, at 10:30 A.M., in the Office of Retirement, 4205 Hollywood Blvd., Suite 4, Hollywood, Florida 33021.

PRESENT:

D. Strauss, C. Marano, J. Marano, C. Boyd, P. Laskowski, Justin Schweighardt & J. Leo.

Also present were Stephen Atkins & Anthony Xuereb, Polen Capital; Laurette Jean¹, City of Hollywood; John McCann, AndCo Consulting; Adrian Sancho², Inverness Counsel; Stuart Kaufman³, 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 JANUARY 29, 2021 MEETING

Mr. Strauss asked if there were any additions or corrections to the Minutes of the January 29, 2021 pension board meeting. Mr. Laskowski made a motion to approve the Minutes of the January 29, 2021 pension board meeting, which was seconded by Mr. Schweighardt. All board members voted yes.

ATTORNEY'S REPORT

Mr. Kaufman confirmed the date of the special meeting regarding the Corrections Matter being April 26, 2021 at 1:00 P.M.

Mr. Kaufman noted a Senate Bill being proposed to close the Florida Retirement System.

ADMINISTRATIVE REPORT

Mr. Williams presented the Administrative Report to the Board.

Trustee Election: Mr. Williams reported the results of the self-nomination process. An election will take place from March 1, 2021 to March 8, 2021. Notice was provided to the membership and posted to the website.

Notice to may be viewed at:

<http://hollywoodpolicepensionfund.com/docs/announcements/NOTICE%20OF%20BOARD%20nomination%20&%20election%20prepared%2001-19-2021.pdf#zoom=100>

Mr. Williams noted the Honor Wall is being expanded at the police department.

¹ Attended Remotely

² Attended Remotely

³ Attended Remotely

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 loan(s) presented. This motion was seconded by Mr. Marano. All board members voted yes.

QUARTERLY INVESTMENT PRESENTATIONS

INVERNESS COUNSEL

Mr. Adrian Sancho⁴ provided the following investment report:

- We have experienced extreme volatility and record market movements: Growth stocks have led the way, but we will need to see broader participation from the other sectors for the market to continue to move higher.

Record-sized stimulus plans (CARES Act, Payroll Protection Program) have been critical in supporting many businesses and individuals. U.S. consumer confidence never reached the lows typically witnessed in prior recessions and we see several catalysts moving forward. Household net worth is nearly 80% higher than at 2007 market peak.

Half of the 20M lost jobs have been recovered. Permanent layoffs are growing, with pain concentrated in specific industries. The breadth of industries hiring is a positive development.

Savings will reach nearly \$3.5T this quarter – \$2.2T higher than early 2020 levels. If even a fraction of these excess savings is spent, the surge in consumption would driving a meaningful rebound in GDP. Beneficiaries include travel & leisure, restaurants, and apparel retailers. The likely spending boom is good news for jobs and capital spending (capex).

Positives

Stock Valuations – valuations are above multi-decade averages but record low interest rates further increases the attractiveness of equity returns. Over 60% of stocks in the S&P have a dividend yield greater than the 10-year Treasury.

Interest Rates – the Fed has signaled an intent to keep rates near-zero and has announced stimulus programs funded with trillions of dollars to support the economy. Central banks around the world have approved similar measures.

“Dry powder” – may drive stock market higher if unexpected catalysts occur (e.g., level of additional stimulus).

Discretionary Spending – consumer spending accounts for +70% of the U.S. economy. The speed and magnitude of an economic recovery and/or future stimulus will also be critical to the health of the consumer.

Concerns

A Global Recession – most major economies saw significant weakness in 2020. Bear markets during a recession have lasted 24 months on average, though the recent downturn was short-lived.

⁴ Adrian is a Vice President, an Equity Analyst, and a member of the Investment Committee. He conducts fundamental research on consumer discretionary and financial sector stocks. Prior to joining Inverness in 2010, Adrian was an Investment Strategist at TD Ameritrade, and a Vice President at U.S. Trust. Adrian earned a BA from Brandeis University in 2001 and an MBA from Columbia University in 2008.

Company Fundamentals – many economically sensitive stocks continue to price in a slower road to recovery. Our investment team is focused on estimating downside scenarios and any possible liquidity concerns across the portfolios.

Fiscal policy – awaiting more clarity on government spending plans and potential changes to tax rates.

Inverness Equity Performance:

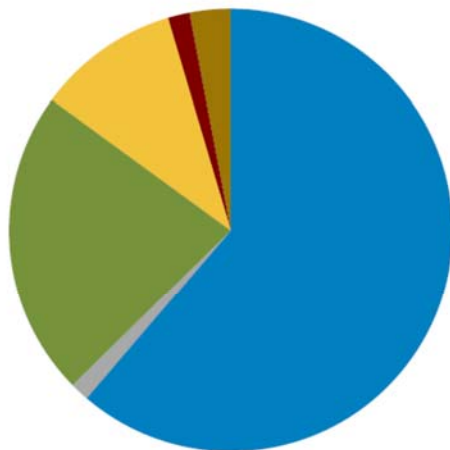
	Annualized (%)*				
	QTD	1 Year	3 Year	5 Year	Inception
Inverness Equity	9.17	24.49	15.95	15.44	10.20
S&P 500 Index	12.15	18.40	14.18	15.22	9.63

INVESTMENT MONITOR REPORT

AndCo Consulting

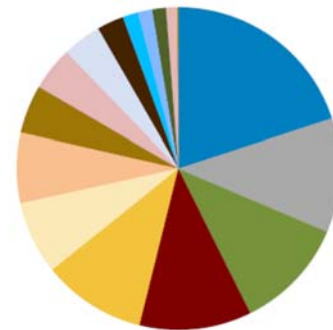
Mr. McCann presented the December 31, 2020 investment report, the portfolio was valued at \$386,436,457.00. The total fund return was 8.73%⁵. That quarterly return was outpaced by the benchmark policy⁶. Mr. McCann advised - All Public Plans Total Fund Median return was 10.12%. Longer term results⁷ were also outlined on a 1, 3 and 5-year basis 9.60%, 10.08% and 7.87% respectively.

Asset Allocation By Segment as of December 31, 2020 : \$386,436,457



Segments	Market Value	Allocation
Domestic Equity	236,705,548	61.3
Global Equity	5,347,989	1.4
Domestic Fixed Income	86,535,092	22.4
Real Estate	40,106,327	10.4
Private Equity	6,177,550	1.6
Cash Equivalent	11,563,951	3.0

Asset Allocation By Manager as of December 31, 2020 : \$386,436,457



Allocation	Market Value	Allocation
Inverness Equity	77,247,695	20.0
GHA Fixed	44,118,729	11.4
Tocqueville Fixed Inc	43,475,313	11.3
Rhumblin S&P Mid Cap 400	43,307,908	11.2
Wells Fargo Equity	39,989,900	10.3
Rhumblin R1000G	28,347,713	7.3
Intercontinental Real Estate	27,117,464	7.0
Sawgrass LCG	18,740,352	4.8
Eagle Equity	17,017,341	4.4
Crawford Small Cap Core	15,011,263	3.9
American Realty	10,435,111	2.7
R&D	6,000,751	1.6
EnTrust Global Special Opportunities Fund	5,493,441	1.4
EnTrust Global Activist Fund	5,347,989	1.4
TerraCap Partners V	4,101,378	1.1
EnTrust Global Blue Ocean Onshore Fund LP (class F)	494,900	0.1
Affiliated Housing Impact Fund LP	189,209	0.0

⁵ On a gross basis.

⁶ 11.18%.

⁷ On a net basis.

The entire investment report may be viewed on-line at:

<http://hollywoodpensionfund.com/docs/investments/2020-12-31%20Hollywood%20Police%20Quarterly%20Report.pdf>

NEW BUSINESS

- Polen Capital – Presentation⁸

Mr. Stephen Atkins⁹ & Mr. Anthony Xuereb from Polen Capital appeared before the Board to provide a presentation of the Polen Focus Growth Portfolio. The representatives described their company, outlining the ownership, the team-based outlook with a global reach. Polen's high conviction & quality approach was also detailed. Institutional client base was also reviewed.

Investment Philosophy

Concentrated Portfolio:

- Portfolios constructed with a select group of high-quality companies.
- Use the guardrails of strong balance sheets, abundant free cash flow, strong ROE (> 20%), stable to improving margins, and real-organic revenue growth.
- Best ideas portfolio—impartial to index sector and position weightings.
- Strategies invest in a range of 20-30 companies.

Long Holding/Compounding Period: "Time Arbitrage".

- Long-term focus on company fundamentals and competitive advantages.
- Portfolio returns are generated through the compound earnings growth of competitively advantaged companies owned for many years—share prices follow earnings growth.
- The flagship Focus Growth portfolio has only invested in ~125 companies since inception.
- Average holding period is about five years.

Outcome Orientation: "Weighing Machine vs. Voting Machine".

- Seeking double-digit returns with lower levels of risk.
- More than 30 years of evidenced success through consistent application of our investment process.
- No market predictions, always fully invested.
- Unemotional selling with an absolute return mentality.

The Polen Capital Investment Process was outlined for the Trustees. Sell Discipline—was described as unemotional selling. The representatives cited Polen's "Investing Across the Growth Spectrum".

The Trustees thanked the representatives for their thought-provoking presentation, and they departed from the meeting at 11:22 A.M.

Subsequent discussion ensued with Mr. McCann and the Board Members relative to this matter. Mr. McCann felt this addition to the Plan would be beneficial. At the conclusion of the discussion, Mr. Laskowski made a motion to engage Polen Capital for a 10 million mandate, authorizing negotiations and execution of the contract, with the funding source being the fixed income managers (50/50). Mr. Marano seconded the motion. All board members voted yes.

OPEN DISCUSSION

⁸ Mr. Strauss stated he learned of this provider through other pension plans.

⁹ Education: B.S. in Business Administration from Georgetown University and General Course degree from the London School of Economics.

Mr. Strauss asked Mr. McCann to invite ABS Emerging Market and National Investment Services to the next meeting for educational purposes.

MEETING ADJOURNED

There being no further business, the meeting was adjourned at 11:50 P.M.

The next scheduled meeting is March 26, 2021 at 10:30 A.M.

Respectfully submitted,

APPROVED:

C. Marano, Secretary

D. Strauss, Chairperson