

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

**October 28, 2022**

**MINUTES**

A regular meeting of the Hollywood Police Officers' Retirement System was held on Friday, October 28, 2022, at 10:32 A.M., in the Office of Retirement, 4205 Hollywood Blvd., Suite 4, Hollywood, Florida 33021.

**PRESENT:**

D. Strauss, Chairman; C. Marano, Board Secretary; J. Marano<sup>1</sup>, P. Laskowski, M. Djokic, C. Boyd & J. Schweighardt.

Also present were Laurette Jean<sup>2</sup>, City of Hollywood, Budget Director; Art Penn & Pete Mitchell – Pennant Park; Tim Nash – Intercontinental Real Estate Corp.; Brendon Vavrica - AndCo Consulting; Anna Klausner Parish<sup>3</sup>, Legal Counsel - Klausner, Kaufman, Jensen & Levinson; David M. Williams, Plan Administrator.

**PUBLIC COMMENT**

It was noted that today was set aside as National First Responders Day to honor the men and women who act quickly when an emergency is at hand.

**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 AUGUST 19, 2022 MEETING**

Mr. Strauss asked if there were any additions or corrections to the Minutes of the August 19, 2022, pension board meeting. Mr. Boyd made a motion to approve the Minutes of the August 19, 2022, pension board meeting, which was seconded by Mr. Schweighardt. All board members voted yes.

**ATTORNEY'S REPORT**

Summary Plan Description (SPD): Mrs. Klausner Parish provided an updated copy of the draft to the SPD. Mr. Williams reflected he has reviewed same. As the Board had no further input, Mr. Laskowski made the motion to approve Summary Plan Description, which was seconded by Mrs. Marano. All board members voted yes.

Public Safety Officer Support Act of 2022: A memo outlining the foregoing was provided from the Law Firm of Klausner, Kaufman, Jensen & Levinson. On August 16, 2022, the Omnibus Crime Control and Safe Streets Act of 1986 was amended by Congress to authorize public safety officer death benefits to officers suffering from post-traumatic stress disorder (PTSD) or acute stress disorder. The Act is entitled the "Public Safety Officer Support Act of 2022."

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<sup>1</sup> Attended Remotely.

<sup>2</sup> Attended Remotely.

<sup>3</sup> Attended Remotely.

### **Summary of Congressional Findings:**

- Public safety officers are routinely called to respond to stress, and potentially traumatic situations, often putting their own lives at risk.
- In addition to putting public safety officers at risk for harm, serious injury and cumulative and acute trauma, it places them at up to 25.6 times higher risk for developing PTSD when compared to those without such experiences.
- Psychological evidence indicates that law enforcement officers experience significant job-related stressors and exposures that may indicate increased risk for mental health morbidities, and accelerated mortality.
- Public safety officers often do not have the resources or support they need, leaving them at risk for long term health effects.
- While the Department of Defense already considers suicides to have occurred in the line-of-duty and offers support to eligible surviving families, the Federal Government does not recognize public safety officer suicides to have occurred in the line-of-duty.
- Public safety officers who have died or become disabled as a result of suicide or PTSD do not qualify for the Public Safety Officers' Benefits Program, despite the fact that they are more likely to die by suicide than any other line-of-duty cause of death.

### **Summary of the Act:**

The Act directs the Public Safety Officers' Benefit Program to label disabilities from PTSD and acute stress disorders resulting from exposure to qualifying traumatic events as work-related injuries. This line-of-duty designation also extends to those public safety officers who become permanently disabled as a result of attempted suicide.

Additionally, the Act allows for surviving families of those public safety officers who die as a result of trauma induced suicide to apply for PSOB death benefits by designating suicides as line-of-duty deaths in qualifying circumstances where there is evidence that PTSD or acute stress disorder was the cause of bodily injury.

Bernstein Litowitz Berger & Grossmann LLP, Shareholder Rights Alert - Corporate Charter Amendments and Officer Accountability:

An e-mail from Bernstein Litowitz Berger & Grossmann LLP related to the cited topic was distributed to the Board of Trustees. The Delaware Legislature amended its corporate statute to enable companies to insulate their Officers from Liability for Reckless Conduct.

### **ADMINISTRATIVE REPORT**

Active DROP Entry: Nicole Coffin, Natalie Perez & Osvaldo Perez entered the DROP 08-28-2022.

Return of Pension Contributions: Nicholas Truntz, Date of Termination: 08-01-2022.

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.

Mrs. Marano made a motion to approve all the items detailed. This motion was seconded by Mr. Djokic. All board members voted yes.

RMD DROP Distribution: Mr. Williams provided a sample letter sent to the affected members.

Change in Tax Withholding: Due to IRS rule changes, approximately 40 members were notified about the change in withholding. A sample letter was provided to the Board.

Deposition: Mr. Williams cited he was subpoenaed for a Deposition on Monday, October 24, 2022 regarding a post martial matter with a pension member.

### NEW BUSINESS

Mr. Art Penn & Mr. Pete Mitchell – presented the PennantPark Credit Opportunities Fund IV (PCOF IV) presentation:

Firm Overview & History:

- PennantPark is an independent middle market credit platform founded in 2007.
- AUM of \$5.9 billion with over \$16 billion of invested capital.
- Target growing companies with EBITDA<sup>4</sup> of \$10 -\$50 million.
- Focus on five key sectors: business services, consumer, government services, healthcare, and software/technology.
- 54-person team with offices in Miami, New York, Chicago, Houston, and Los Angeles.

Differentiated leadership, capabilities, and culture have led to strong risk-adjusted returns over multiple cycles:

- Stable and Experienced Leadership Team.
- Deep Industry Expertise.
- Extensive Sourcing Network.
- Rigorous Underwriting Process.
- Restructuring Capabilities.
- Culture.

PennantPark offers two strategies in Middle Market Private Credit:

- Senior Debt and Opportunistic Credit.

Core Middle Market Advantage:

- The U.S. middle market includes nearly 200,000 companies, generates \$10 trillion of annual revenue (1/3 of the U.S. economy), and is the world's fifth largest economy on a standalone basis.
- The Middle Market Offers a Yield Premium with Lower Risk.
- The Middle Market has Lower Defaults with Higher Recoveries.
- Covenant Protection in the Core Middle Market.
- Lower Leverage and Better Returns in the Core Middle Market.

Secondary Market Opportunity:

- Macroeconomic Environment Driving Risk-Off Sentiment.
- Actionable & Compelling Opportunities in the Secondary Market.

Strong Performance Through Economic Cycles:

- Global Financial Crisis ("GFC").
- COVID-19 Pandemic.

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<sup>4</sup> Earnings before interest, taxes, depreciation and amortization.

Opportunistic Credit Strategy Overview:

- PennantPark has consistently delivered excess return with lower risk in our Opportunistic Credit strategy.

PennantPark Credit Opportunities Fund IV Key Terms:

- Term - 4-year Investment Period, 3-year Harvest Period.
- Target Return - 13% to 15% Net IRR.
- Management Fee - 1.50% (invested capital only).
- Incentive Fee - 15%, payable only after return of capital + 8% preferred return (85% catch-up rate after the preferred return).
- Target Distributions - 8% to 10% annually.

An inquiry was made during the presentation relative to the firm's ESG<sup>5</sup> initiative. The question was raised whether ESG would come at a cost of the portfolio performance. Mr. Penn advised the Board it would not. The Board thanked the presenters for the thought-provoking presentation.

The Board reviewed a Search report prepared by AndCo for comparison purposes. By agreement the Board would like a formal presentation from TCW at the next meeting.

Investment Policy Review: Mr. Vavrica indicated that based on the next agenda item, he would update the investment policy for the Board to review and consider.

Allocation of Funds:

Mr. Vavrica presented a flash report for September 30, 2022<sup>6</sup>. The report contained allocations for each manager. A round robin discussion ensued between Mr. Vavrica and the Board Members. At the conclusion a consensus was reached, and the following action was taken:

Motion by Mr. Djokic to retain Taurus Private Markets (make an 8-million-dollar commitment) and Crawford - Managed Income Strategy (make a 8-million-dollar commitment), to increase allocation to Capital Dynamics (by 3-million-dollar commitment). The motion was seconded by Mr. Schweighardt. All board members voted yes.

At this point Mr. Laskowski made a motion to increase the allocation of Entrust – Blue Ocean (5-million-dollar commitment)<sup>7</sup>. Mr. Boyd seconded the motion. The Board voted 5 - For the Action, 0 – Against the Action and 2<sup>8</sup> – Abstained from voting<sup>9</sup>.

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<sup>5</sup> Environmental, social and governance (ESG) refers to a collection of corporate performance evaluation criteria that assess the robustness of a company's governance mechanisms and its ability to effectively manage its environmental and social impacts. Examples of ESG data include the quantification of a company's carbon emissions, water consumption or customer privacy breaches. Institutional investors, stock exchanges and boards increasingly use sustainability and social responsibility disclosure information to explore the relationship between a company's management of ESG risk factors and its business performance.

<sup>6</sup> Estimated investment return for the fiscal year ending September 30, 2022 was reported at -10.85%.

<sup>7</sup> No input was received from Mr. J. Marano or Mrs. C. Marano during this allocation.

<sup>8</sup> Mr. J. Marano and Mrs. C. Marano.

<sup>9</sup> Form 8B will be filed accordingly.

INVESTMENT REPORT

Mr. Nash from Intercontinental Real Estate introduced himself to the Board and reviewed the US REIF Portfolio.

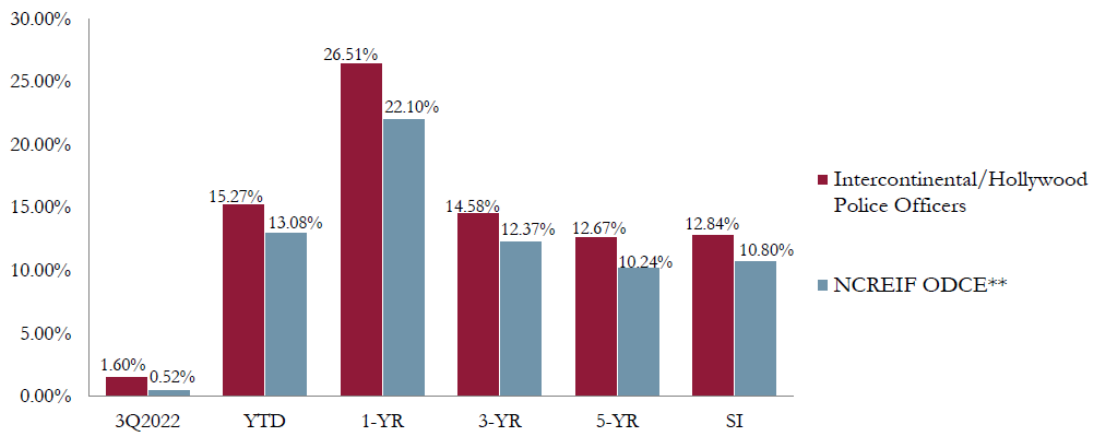
Investment Objectives:

- Preserve and protect investor's capital.
- Provide potential for capital appreciation.
- Generate a current return on invested capital of approximately 5% per annum on a gross basis.
- Provide an average annual total return of approximately 8-10% per annum on a gross basis.

<b>FUND SNAPSHOT</b>	
<i>As of June 30, 2022</i>	
GROSS ASSET VALUE (billions)	\$14.7
NET ASSET VALUE (billions)	\$10.6
NUMBER OF PROPERTIES**	157
CASH POSITION (% of NAV)	2.6%
DEBT TO TOTAL ASSETS	23.6%
WEIGHTED AVERAGE COST OF DEBT	3.4%
TOTAL SQUARE FOOTAGE (millions)	33.8
LEASED	92.9%
COMMERCIAL TENANTS (non apartment)	820
UNITS (multifamily, senior living, hotel, student housing)	15,672
Undrawn (signed)**	\$120,340,000
Undrawn (voted)**	\$208,680,553
Investment by Intercontinental Employees (millions)	\$35.0

Portfolio Snapshot<sup>10</sup>:

City of Hollywood Police Officers' Retirement System  
Gross Performance (%)



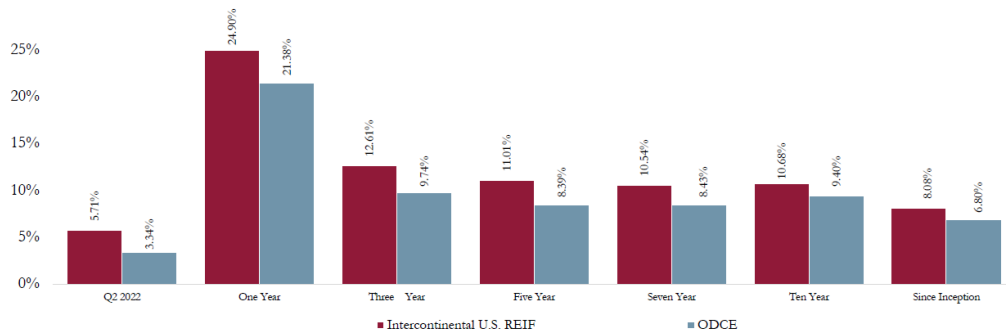
<sup>10</sup> Gross Basis.

Intercontinental U.S. REIF Key Attributes

- Open-ended commingled vehicle.
- Multi-strategy approach focusing 80% of the capital on Core and Core-Plus properties and up to 20% in Value-Add opportunities.
- Return objective is to achieve a 5% income return and a total fund return of approximately 8-10% per annum gross of fee.
- Diversification by geography and property type.
- Proven Team<sup>11</sup>.

Benchmark Comparison<sup>12</sup>:

Unleveraged Property Level Performance: Intercontinental U.S. REIF vs. NCREIF ODCE



The Board thanked Mr. Nash for the presentation. Keep up the Great Work!

INVESTMENT MONITOR REPORT

Mr. Vavrica cited that AndCo received a notice that the Brunei Investment Agency has acquired a minority interest in EnTrust Global. AndCo is currently reviewing the matter.

OPEN DISCUSSION

Mr. Strauss outlined the various education events cancelled due to the storm<sup>13</sup> and offered the Board various options relative to the per diem executed.

MEETING ADJOURNED

There being no further business, the meeting was adjourned at 12:38 P.M.

The next scheduled meeting is November 18, 2022, at 10:30 A.M.

Respectfully submitted,

APPROVED:

<sup>11</sup> Average tenure of 18 years on Senior Management Committee.

<sup>12</sup> US REIF has outperformed all measured time periods.

<sup>13</sup> Hurricane Ian.

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C. Marano, Secretary

D. Strauss, Chairperson