

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

**May 19, 2023**

**MINUTES**

A regular meeting of the Hollywood Police Officers' Retirement System was held on Friday, May 19, 2023, at 10:32 A.M., in the Office of Retirement, 4205 Hollywood Blvd., Suite 4, Hollywood, Florida 33021.

**PRESENT:**

D. Strauss - Chairperson, C. Marano - Board Secretary, P. Laskowski, J. Marano, C. Boyd and M. Djokic<sup>1</sup> - Trustees.

Also present were Robert Maddock – Inverness<sup>2</sup> (arrived at 10:45 A.M.), Brendon Vavrica, AndCo Consulting; Stuart Kaufman, Legal Counsel - Klausner, Kaufman, Jensen & Levinson; Anthony Xeureb & Roland Cole – Polen Capital and Patty Ostrander, Administrative Assistant.

**ABSENT:**

J. Schweighardt.

**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 APRIL 28, 2023 MEETING**

Mr. Strauss asked if there were any additions or corrections to the Minutes of the April 28, 2023 pension board meeting. Mr. Boyd made a motion to approve the Minutes of the April 28, 2023 pension board meeting, which was seconded by Mr. Marano. All board members voted yes.

**ATTORNEY'S REPORT**

Mr. Kaufman stated that the death benefit provision contained within the collective bargaining agreement needs to be corrected. He will draft the corrected ordinance and forward it to the City of Hollywood and to the Actuary.

Mr. Kaufman stated that additional reporting will be required as a result of HB 3 regarding the ESG. Further, the Investment Policy needs to be updated and going forward any new manager contracts will have to include the ESG verbiage. Mr. Kaufman stated that his firm is in the process of writing a memo regarding HB 3 to be distributed to all their clients.

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<sup>1</sup> Attended remotely

<sup>2</sup> Attended remotely

## ADMINISTRATIVE REPORT

DROP Loan(s): Member's drop loan request(s) were provided for the Board to consider. As outlined, the member(s) have 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 the foregoing, which was seconded by Mr. Laskowski. All board members voted yes.

## QUARTERLY INVESTMENT PRESENTATION – POLEN CAPITAL

Mr. Anthony Xeureb & Mr. Roland Cole – Polen Capital presented a portfolio update through March 31, 2023. The value of the portfolio was reported to be \$12,359,041.00. For the quarter the return was valued at 14.31% vs. the benchmark return of 14.37%. On a fiscal year basis, the portfolio lags the benchmark by 306 basis points.

### Q1 Focus Growth Portfolio Review:

Based on consensus sell-side estimates, portfolio-weighted EPS growth for 2023 is currently forecast at 25%. Even accounting for the pronounced effect from Amazon, median EPS growth is forecast at 13%, the same as three months ago. Current estimates for the S&P 500 Index are for negative low single-digit EPS growth for 2023.

Many of our holdings should have much easier growth comparisons relative to 2022 when many of these same companies were lapping 30-40% revenue growth rates.

3-Yr revenue growth CAGRs for many of our companies remain very attractive, based on our research, and are indicative of healthy businesses and strong long-term growth trajectories. (Ex: AMZN 19%, GOOG 18%, MSFT 13%, NOW 27% based on 3-Yr quarterly revenue growth CAGR from Q4 19-Q4 22).

Valuations improved for some of our holdings in Q1. Still, many of our holdings (45% by weight) still trade in the bottom decile of their 10-year valuation range, based on forward NTM P/E<sup>3</sup>.

We expect the underlying EPS growth of our portfolio to be the long-term driver of our returns. On a 5-Yr rolling average, our historical EPS growth continues to trend in the double-digit range we would expect and continues to significantly exceed the EPS growth we estimate for the comparable benchmarks.

Over 5-Yr rolling periods, the EPS growth of the portfolio has been much less volatile compared to the EPS Growth of corresponding benchmarks, particularly across weaker macroeconomic periods. This lower volatility profile for EPS growth continues to underscore our confidence in our portfolio companies should we see recessionary impacts later this year or next.

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<sup>3</sup> P/E Ratio (NTM) The multiple of forecast earnings for the next twelve months that stock investors are willing to pay for one share of the firm.

INVESTMENT CONSULTANT REPORT – ANDCO

Mr. Vavrica provided a flash report April 30, 2023:

Asset Allocation & Performance	Allocation		Performance(%)								
	Market Value \$	%	MTH	QTD	YTD	FYTD	1 YR	3 YR	5 YR	Inception	Inception Date
<b>Total Fund Composite (Gross)</b>	388,938,206	100.0	0.52	3.96	3.96	8.54	-5.00	11.64	7.55	7.90	10/01/1992
Total Policy			1.17	4.59	4.59	9.63	-5.18	12.19	7.52	7.32	
<b>Total Fund Composite (Net)</b>	388,938,206	100.0	0.50	3.87	3.87	8.38	-5.39	11.16	7.08	7.50	10/01/1992
Total Policy			1.17	4.59	4.59	9.63	-5.18	12.19	7.52	7.32	

After receiving a recommendation from Mr. Vavrica, Mr. Boyd made a motion to move \$4.3M from Rhumblin Mid Cap to the R&D Account for future capital calls, seconded by Mr. Laskowski. All board members voted yes. Further, Mr. Boyd made a motion to liquidate \$10M from Intercontinental Real Estate Account and transfer it to the R&D Account, seconded by Mr. Laskowski. All board members voted yes.

There was a discussion on changing the investment policy – Domestic Fixed Income Target Allocation. This matter will be placed on the next agenda.

Mr. Vavrica detailed a private investment pacing model for the Board to consider.

Mr. Vavrica also reviewed the March 31, 2023, investment performance report. In a spirit of transparency, the report may be viewed on-line at:

<http://hollywoodpolicepensionfund.com/docs/investments/2023-03-31%20Hollywood%20Police%20Quarterly%20Report.pdf>

OPEN DISCUSSION

Mr. Strauss stated that Gregg Gosch from Nuveen will attend the June meeting to present a Farmland product and Ray Caprio from NIS will attend the July meeting.

Mr. Boyd stated that members are having a hard time getting information from NYPD regarding possible buybacks. After Board discussion, Mr. Kaufman will create an affidavit to be used for buyback.

Mr. Marano stated that Affiliated Housing will be having their ribbon cutting in West Palm Beach in the future and has invited the Trustees to attend.

MEETING ADJOURNED

There being no further business, the meeting was adjourned at 11:40 A.M.

The next scheduled meeting is June 30, 2023 at 10:30 A.M.

Respectfully submitted,

APPROVED:

C. Marano, Secretary

D. Strauss, Chairperson