

HOLLYWOOD POLICE OFFICERS' RETIREMENT SYSTEM

**Office of Retirement
4205 Hollywood Blvd., Suite 4
Hollywood, Florida 33021**

May 20, 2011

MINUTES

A regular meeting of the Hollywood Police Officers' Retirement System was held on Friday, May 20, 2011, at 9:00 A.M., in the Office of Retirement, 4205 Hollywood Blvd., Suite 4, Hollywood, Florida 33021.

PRESENT:

D. Strauss, Chairman, C. Marano, Secretary, C. O'Brien, L. Wiener, V. Szeto and P. Laskowski.

Also present were Micheline Vitale, City of Hollywood; John McCann and Brendon Vavrica – Thistle Asset Consulting; Alan Ashworth – Eagle Asset; Henry Renard and Robert Maddock, III – Inverness Counsel; Steve Cypen, Board Attorney and Dave Williams, Plan Administrator.

Excused Absence: R. Brickman

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 30, 2010 MEETING

Mr. Strauss asked if there were any additions or corrections to the Minutes of the April 29, 2011 pension board meeting. Mr. Szeto made a motion to approve the Minutes of the April 29, 2011 pension board meeting, which was seconded by Mr. Laskowski. All board members voted yes.

ATTORNEY'S REPORT

Mr. Cypen outlined the basics of SB1128, and stated that its impact would not be applicable until the expiration of the existing collective bargaining agreement, which was reported as September 30, 2012.

Mr. Strauss asked Mr. Cypen about the possibility of the Fund investing in a project(s) owned/held by the Plan Sponsor. Mr. Cypen cited that it would be a bad policy. Further stated, Mr. Cypen advised it may also be exclusion in our fiduciary insurance policy. Mr. Wiener cited ERISA prohibition as well.

ADMINISTRATIVE REPORT

Mr. Williams presented the Administrative Report to the Board.

DROP LOAN: Mr. Williams cited the respective member's loan request. He outlined that the member has the funds in his personal DROP account to cover the loan and he has been a participant 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 DROP loans as noted, which was seconded by Mr. O'Brien. All board members voted yes.

QUARTERLY PRESENTATIONS

Thistle Asset Consulting

Mr. McCann recapped the transition of Garcia Hamilton & Associates with regard to the recent approval of the fixed income portfolio.

Mr. McCann also provided the updated investment policy for execution.

Mr. McCann provided and reviewed an asset allocation analysis to the Board of Trustees. The analysis included the addition of real estate and international equities. Mr. McCann wanted the Board to consider a 2.5% position in each component for our portfolio. The Board discussed this matter in detail. Mr. Wiener spoke about what was described as uncontrollable & political factors and he liked the international arena for diversification. However, Mr. Wiener felt that the Board should prioritize real estate on the domestic level first. Mr. Strauss expressed that the Board's conservative approach has proven positive and felt based on the analysis the additions would not benefit the Fund. Mr. Wiener made a motion directing Mr. McCann to conduct a domestic real estate search. This motion was seconded by Mrs. Marano. A formal roll call followed: Mrs. Marano – Yes, Mr. O'Brien – Yes, Mr. Wiener – Yes, Mr. Laskowski – No, Mr. Szeto – No, Mr. Strauss – No. Matter did not pass, no search will be conducted.

Mr. McCann advised that as of March 31, 2011 the system had 55.7% in equities, 41.0% in fixed income, and the balance in cash. As of March 31, 2011, Inverness Counsel held 65.5% of the portfolio, Garcia Hamilton had 13.1%, Eagle had 9.3%, Rhumblin had 4.2%, Buckhead had 7.2%, and the Israel Bonds were at 0.7%.

The total assets were valued at \$227,836,000. For the quarter, Mr. McCann stated that the total fund returned 3.40% vs. 3.38% compared to the target index. That return placed the fund in the 59th percentile.

The fund returned 9.30% v. 8.43% for the fiscal year to date through March 31, 2011. That return ranked the fund in the 39th percentile. For the longer term (*five year period*), the fund ranked in the top 11th percentile returning 4.91% vs. 4.51%.

Eagle Asset Management

Mr. Alan Ashworth introduced himself to the Board of Trustees as the new Eagle Asset - Client Services Representative. Mr. Ashworth appraised the Trustees' with returns as of March 31, 2011 for the Small & Mid Cap Accounts. Mr. Ashworth provided an overview of Eagle Asset investment philosophy, the investment process and risk management component of the portfolio. Also highlighted was the performance attribution, sector allocations and portfolio characteristics.

The small cap account returned 9.78% in comparison to the Russell 2000 Index return of 7.94% for the quarter ending March 31, 2011. For a rolling 12 months, the small cap portfolio returned 32.96%, in comparison to 25.79% for the same benchmark. Since inception (January 8, 2003) the small cap portfolio returned 12.70% vs. 11.25% for the index.

The mid cap account returned 4.41% in comparison to the Russell Midcap Index return of 7.63% for the quarter ending March 31, 2011. For a rolling 12 months, the mid cap portfolio returned 21.01%, in comparison to 24.27% for the same benchmark. Since inception (October 8, 2008) the mid cap portfolio returned 20.12% vs. 23.59% for the index.

Hollywood Police Officers' Retirement Board - Minutes

May 20, 2011

Page 3

Inverness Counsel, Inc.

Mr. Renard & Mr. Maddock provided the Board their positions relative to the economy, as well as the investment markets on the national and international level. A market recap followed.

For the quarter that ended March 31, 2011, the account was valued at \$149,317,000, for the quarter the portfolio returned 4.46% for the equities and 0.78% for fixed income vs. 5.92% and 0.31% respectively.

For the last twelve months, the Inverness portfolio returned 14.00% for the equities, in comparison to the S&P 500 which returned 15.65%. The fixed assets for the last year returned 5.70%, compared to the target of 4.95%.

OPEN DISCUSSION

Mr. Williams reminded the Trustees to complete the annual financial disclosures

Mr. Williams highlighted a change of representatives at Fiduciary Trust Company.

MEETING ADJOURNED

There being no further business, the meeting was adjourned at 10:20 A.M.

Respectfully submitted,

C. Marano, Secretary

APPROVED:

D. Strauss, Chairperson