

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

July 29, 2011

MINUTES

A regular meeting of the Hollywood Police Officers' Retirement System was held on Friday, July 29, 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, R. Brickman, L. Wiener, V. Szeto and P. Laskowski.

Also present were Micheline Vitale & Matthew Lala, City of Hollywood; Todd Green, Cavanaugh Macdonald Consulting; Alan Ashworth, Eagle Asset Management; Steve Cypen, Board Attorney of Cypen & Cypen and David M. Williams, Plan Administrator.

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 JUNE 24, 2011 MEETING

Mr. Strauss asked if there were any additions or corrections to the Minutes of the June 24, 2011 pension board meeting. Mr. Szeto made a motion to approve the Minutes of the June 24, 2011 pension board meeting, which was seconded by Mr. Laskowski. All board members voted yes.

ATTORNEY'S REPORT

No Report

ADMINISTRATIVE REPORT

Mr. Williams presented the Administrative Report to the Board.

NORMAL RETIREMENT REQUEST: Mr. Williams advised that the following member has applied for a normal retirement benefit. The member executed all the appropriate forms. The member will retire based on years of police service.

A. Andre' Tribble

06-27-2011

Mr. Laskowski made a motion to approve the retirement request on the effective date noted. Mr. O'Brien seconded the motion. All board members voted yes.

Hollywood Police Officers' Retirement Board - Minutes

July 29, 2011

Page 2

QUARTERLY PRESENTATION

Eagle Asset Management

Mr. Alan Ashworth appeared before the Board of Trustees to discuss the returns as of June 30, 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 -0.72% in comparison to the Russell 2000 Index return of -1.61% for the quarter ending June 30, 2011. For the fiscal year through June 30, 2011, the return was valued at 29.24% in comparison to 23.47% for the benchmark. For a rolling 12 months, the small cap portfolio returned 41.88%, in comparison to 37.41% for the same benchmark. Since inception (January 8, 2003) the small cap portfolio returned 12.21% vs. 10.69% for the index.

The mid cap account returned -0.90% in comparison to the Russell Midcap Index return of 0.42% for the quarter ending June 30, 2011. For the fiscal year through June 30, 2011, the return was valued at 19.06% in comparison to 22.21% for the benchmark. For a rolling 12 months, the mid cap portfolio returned 32.42%, in comparison to 38.47% for the same benchmark. Since inception (October 8, 2008) the mid cap portfolio returned 17.74% vs. 21.42% for the index.

ACTUARIAL VALUATION REPORT

Mr. Todd Green, Board Actuary of Cavanaugh Macdonald Consulting, LLC presented and reviewed the October 1, 2010 Actuarial Valuation Results. The findings of this report are to be paid in the fiscal year October 1, 2011 through September 30, 2012. Mr. Green indicated that market return was 9.66% vs. the expected 8.00% (1.66% greater than expected). The actuarial asset return was 9.37%, which also exceeded expectations by 1.37%. The funded ratio had a positive increase of 1.67%. Mr. Green outlined active and retired membership and stated active membership decreased by 7.4% for 2010. The difference may be attributed to the city not filling vacant positions. Mr. Green also advised that retiree membership increased by 4.8%. There are 1.6 retirees per active member now, where there were 1.4 retirees per active member 4 years ago. The average active member is 37.3 years of age; the average member has 10.1 years of active service; the average retiree is 57.9 years of age.

Mr. Green outlined total expected employer's contribution (See exhibit below). On a percentage basis, the expected employer's contribution equals to 47.50%¹ of payroll, if paid over the fiscal year.

Employer's Contribution	If paid at start of fiscal year	If paid over fiscal year	Savings/(Loss), if paid/not at start of fiscal year
2011/12 Fiscal Year	\$12,623,303.00	\$13,198,206.00	\$574,903.00
2010/11 Fiscal Year	\$12,554,816.00	\$13,136,365.00	(\$581,549.00)*
Fiscal Year difference	\$68,487.00	\$61,841.00	-

¹ Based on actively employed membership as of October 1, 2010, including members in the DROP.

Hollywood Police Officers' Retirement Board - Minutes

July 29, 2011

Page 3

Mr. Green expressed the following funding components: The expected member contribution is 9.5% (as per the current collective bargaining agreement) of active member payroll. The expected contribution from the State of Florida (185 funds) is estimated at 6.42%.

Mr. Green was asked to review the current plan assumptions which he did. Mr. Green said the Board may wish to explore an Experience Study in the future. Mr. Green cited that due to the stagnant level of payroll, a temporary reduction in the salary scale would be reasonable and could be considered by the Board. Mr. Green explained the projected savings to the Board. The general feeling of the Board was to seek the input from the plan sponsor before taking any action. While the Board realizes the final decision is theirs to make, members felt that the city and the PBA should have time to review and comment on the matter proposed.

Mr. Green outlined the changes in the city proposed ordinance. Mr. Green indicated that the proposed ordinance would not comply with 99-1 and the city would lose the use of state funds. No impact statement has been prepared to date as negotiations are still underway. During this exchange, Mr. Lala was asked if he had any comment with regard to the loss of the state funds. Mr. Lala stated that he was under the impression the changes would comply with 99-1 and the funds would not be in jeopardy, but confirmed the city was prepared to lose the funds. Mr. Lala further indicated he was present only to observe and had no further comment.

Mr. Cyphen suggested that Mr. Williams notify the Municipal Police Officers' and Firefighters' Retirement Trust Funds Office (MPF) of the following: that the city filed the first reading of a proposed ordinance with the (MPF) for the police officers' retirement system; a statement of impact was completed by the city's actuary, Mr. Tierney; and to advise the (MPF) that Mr. Tierney's statement is NOT the product of the police officers' retirement system and NOT approved by the Board of Trustees; finally the Board has not completed an impact statement.

Pending further input from stakeholders, Mr. Laskowski made a motion to accept the October 1, 2010 Actuarial Valuation Report as presented. Mr. O'Brien seconded the motion. All members voted yes.

OPEN DISCUSSION

No discussion noted

MEETING ADJOURNED

There being no further business, the meeting was adjourned at 9:57 A.M.

Respectfully submitted,

C. Marano, Secretary

APPROVED:

D. Strauss, Chairperson