

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

November 18, 2011

MINUTES

A regular meeting of the Hollywood Police Officers' Retirement System was held on Friday, November 18, 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, R. Brickman, L. Wiener, C. O'Brien, V. Szeto and P. Laskowski.

Also present were John McCann & Brendon Vavrica of Thistle Asset Consulting; Janna Hamilton & Gilbert Garcia of Garcia Hamilton; Henry Renard & Robert Maddock, III of Inverness Counsel; Steve Cypen, Board Attorney and Dave 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 OCTOBER 28, 2011 MEETING

Mr. Strauss asked if there were any additions or corrections to the Minutes of the October 28, 2011 pension board meeting. Mr. Szeto made a motion to approve the Minutes of the October 28, 2011 pension board meeting, which was seconded by Mr. Laskowski. All board members voted yes.

ATTORNEY'S REPORT

Mr. Cypen advised that he has engaged & consulted with outside counsel (Meyer, Brooks, Demma and Blohm, P.A.) to determine the validity of the city sponsored pension referendum, which resulted in the subsequent ordinance change. Mr. Cypen reported that the counsel felt the referendum was not valid and the Board should consider their fiduciary duty to pursue the matter. Mr. O'Brien made a motion to ratify the action of Mr. Cypen engaging outside counsel. That motion was seconded by Mr. Laskowski. All board members voted yes.

Mr. Cypen presented a letter of engagement to the Board to consider, for the purpose of pursuing this matter through litigation. A motion was made by Mr. Laskowski to engage the Law Firm of Berger Singerman and to authorize and direct Mr. Strauss to execute the agreement. That motion was seconded by Mrs. Marano. All board members voted yes.

Mr. Cypen spoke about pre-suit resolution and feels mediation would not be successful, as the remedy is to void the ordinance change. A motion was made by Mr. O'Brien to adopt the following resolution: The Board resolves that an immediate danger to health, safety, or welfare of the public requires immediate action, or that significant legal rights will be compromised if a court proceeding involving the legality of the recent referendum does not take place before the provisions of the Florida Governmental Conflict Resolution Act shall be required before such a court proceeding. That motion was seconded by Mr. Laskowski. All board members voted yes.

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ADMINISTRATIVE REPORT

Mr. Williams presented the Administrative Report to the Board.

DROP LOANS: Mr. Williams cited the respective member's loan requests. Mr. Williams outlined that the members have the funds in their personal DROP accounts to cover the loans and they have all been participants in the DROP plan for the required amount of time. No conflict exists with the 12-month rule. Mr. Szeto made a motion to approve the DROP loans as noted, which was seconded by Mrs. Marano. All board members voted yes.

Mr. Williams presented an additional drop loan for Mr. Marano. That member has the funds in his DROP account to cover the loan and he has been 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 DROP loan as noted, which was seconded by Mr. O'Brien. Motion passed 6-0 with Mrs. Marano abstaining from the vote. Pursuant to state law, a Form 8B will be executed and made part of this record.

QUARTERLY INVESTMENT REPORTS

Garcia Hamilton and Associates

Mrs. Hamilton & Mr. Garcia appeared before the Board and discussed the investment return for the Equity and Fixed Income Accounts. The investment philosophy was discussed, as well as the market and the portfolio. Both fixed and equity market commentary was presented to the Board to consider.

Mrs. Hamilton advised for the quarter that ended September 30, 2011, the equity portfolio returned -12.8% for the equities compared to the Russell 1000 Growth Index of -13.1%. For the last twelve months, the account returned 2.5% for the equities, in comparison to the Russell 1000 Growth Index of 3.8%. The account was valued at \$19,284,839.22 as of September 30, 2011.

Mr. Garcia advised that this was the first quarterly review for this part of the portfolio, as it had an inception date of June 30, 2011. For the quarter that ended September 30, 2011, the bond portfolio returned -0.2% for the compared to the Barclays Capital Intermediate Aggregate of 2.3%. The account was valued at \$7,410,414.53 as of September 30, 2011.

For the period through October 31, 2011, the bond portfolio returned 1.4% for the compared to the Barclays Capital Intermediate Aggregate of 2.5%. The account was valued at \$7,814,843.09 as of October 31, 2011.

Thistle Asset Consulting

An Aggregate Equity Analysis was distributed and reviewed by Mr. McCann and Mr. Vavrica for the period ending September 30, 2011.

Mr. McCann advised that as of September 30, 2011 the system had 50.6% in equities, 47.0% in fixed income, and the balance is held in cash. As of September 30, 2011, Inverness Counsel (Large Cap Core & Fixed) held 67.2% of the portfolio, Garcia Hamilton (Large Cap Growth & Fixed Income) had 13.2%,

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Eagle had 8.2% (3.1% Mid Cap Core & 5.1% Small Cap Core), Rhumblin (Mid Cap 400 Index) had 3.7%, Buckhead (Large Cap Value) had 7.0%, and the Israel Bonds were at 0.6%.

The total assets were valued at \$203,059,000. For the quarter, Mr. McCann stated that the total fund returned -7.27% vs. -6.37% compared to the target index. This return placed the fund in the 50th percentile of the investment universe.

For the rolling one-year period, the fund return was 1.21% (net) vs. 2.53%. In the longer term (*five year period*), the fund ranked in the 17th percentile returning 2.80% vs. 2.68%.

A snapshot update through November 14, 2011 was presented to the Board. The fund balance was valued at \$213,011,000.00, which is an increase of approximately \$9,952,000.00 since the September 30, 2011 reporting period.

Mr. McCann confirmed that an independent review is made by his firm to ensure compliance with regard to not holding scrutinized companies in the portfolio.

Inverness Counsel

Mr. Maddock and Mr. Renard advised that for the quarter that ended September 30, 2011, the Inverness portfolio returned -16.29% for the equities and 2.96% for fixed income. For the last twelve months, the Inverness portfolio returned -5.19% for the equities, in comparison to the S&P 500 which returned 1.15%. The fixed assets for the last year returned 4.16%, compared to the target of 4.26%. The account was valued at \$136,512,000 as of September 30, 2011.

The representatives spoke about the global uncertainty and its effect on economic growth. The U.S. markets are still considered a safe haven, particularly in times of trouble. Other market factors to consider: Election and Occupy Movement.

Garcia Hamilton and Associates

Mrs. Hamilton advised for the quarter that ended December 31, 2010, the portfolio returned 13.07% for the equities compared to the Russell 1000 Growth Index of 11.83%. For the last twelve months, the account returned 16.47% for the equities, in comparison to the Russell 1000 Growth Index of 16.71%. The account was valued at \$28,371,000 as of December 31, 2010.

OPEN DISCUSSION

The proposed Lease Agreement between the Board of Trustees and the Sun Credit Union was presented by Mr. Williams for formal adoption. The terms are for a five year lease and the base rent is locked at \$11.00 per sf. The current lease was at \$13.72 per sf. The CAM Expense was discussed and Mr. Brickman asked Mr. Williams to provide him a copy for review. Mr. Williams will contact Mr. Mason, Sun Credit Union to secure the CAM Expense Report. Mr. Brickman made the motion to accept the terms of the lease. That motion was seconded by Mrs. Marano. All board members voted yes.

Mr. Williams advised that for the 5th continuous year, the Fund was a successful recipient of the Public Pension Standards Award for Funding and Administration.

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Mr. Williams advised that the annual survey was transmitted to the membership and he would be reporting the findings at a future meeting.

MEETING ADJOURNED

There being no further business, the meeting was adjourned at 10:50 A.M.

Respectfully submitted,

C. Marano, Secretary

APPROVED:

D. Strauss, Chairperson

APPOINTED OFFICERS (continued)

- A copy of the form must be provided immediately to the other members of the agency.
- The form must be read publicly at the next meeting after the form is filed.

IF YOU MAKE NO ATTEMPT TO INFLUENCE THE DECISION EXCEPT BY DISCUSSION AT THE MEETING:

- You must disclose orally the nature of your conflict in the measure before participating.
- You must complete the form and file it within 15 days after the vote occurs with the person responsible for recording the minutes of the meeting, who must incorporate the form in the minutes. A copy of the form must be provided immediately to the other members of the agency, and the form must be read publicly at the next meeting after the form is filed.

DISCLOSURE OF LOCAL OFFICER'S INTEREST

I, CATHLEEN MARANO, hereby disclose that on NOVEMBER 18, 20 11 :

(a) A measure came or will come before my agency which (check one)

- inured to my special private gain or loss;
- inured to the special gain or loss of my business associate, _____;
- inured to the special gain or loss of my relative, _____;
- inured to the special gain or loss of _____, by whom I am retained; or
- inured to the special gain or loss of _____, which is the parent organization or subsidiary of a principal which has retained me.

(b) The measure before my agency and the nature of my conflicting interest in the measure is as follows:

LOAN TO FAMILY MEMBER

NOVEMBER 18, 2011

Date Filed



Signature

NOTICE: UNDER PROVISIONS OF FLORIDA STATUTES §112.317, A FAILURE TO MAKE ANY REQUIRED DISCLOSURE CONSTITUTES GROUNDS FOR AND MAY BE PUNISHED BY ONE OR MORE OF THE FOLLOWING: IMPEACHMENT, REMOVAL OR SUSPENSION FROM OFFICE OR EMPLOYMENT, DEMOTION, REDUCTION IN SALARY, REPRIMAND, OR A CIVIL PENALTY NOT TO EXCEED \$10,000.