

# HOLLYWOOD POLICE OFFICERS' RETIREMENT SYSTEM

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

March 30, 2012

9:00 AM

## MINUTES

A regular meeting of the Hollywood Police Officers' Retirement System was held on Friday, March 30, 2012, at 9:00 A.M., in the Office of Retirement, 4205 Hollywood Blvd., Suite 4, Hollywood, Florida 33021.

PRESENT: D. Strauss, Chairman, C. Marano, Board Secretary, L. Wiener, P. Laskowski, C. O' Brien, R. Brickman and V. Szeto

Also present were Kee Eng, City of Hollywood; Mike Harhai & John Swanson of Buckhead Capital; 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 FEBRUARY 17, 2012 MEETING

Mr. Strauss asked if there were any additions or corrections to the Minutes of the February 17, 2012, pension board meeting. Mr. Szeto made a motion to approve the Minutes of February 17, 2012 which was seconded by Mrs. Marano. All board members voted yes.

### ADMINISTRATIVE REPORT

Mr. Williams presented the Administrative Report to the Board.

**DROP LOANS:** Mr. Williams cited the respective member's loan requests. 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. O'Brien made a motion to approve the DROP loans as noted, which was seconded by Mr. Laskowski. All board members voted yes.

**DATABASE UPDATE:** Mr. Williams advised that the current database is going to be duplicated. The benefit provisions will be reprogrammed in the new system, in accordance with the ordinance that went into effect October 1, 2011. All active payroll data would be uploaded to the new database for members that were not eligible for retirement as of September 30, 2011. The members who were eligible for retirement as of September 30, 2011 are still being carried in the original database system. When a member retires, potentially two calculations will be developed. One for the time prior October 1, 2011 and one for the time post October 1, 2011. The Board concurred by consensus.

**PAYROLL INFORMATION:** Mr. Williams outlined an e-mail communication from Chris Blanthorn, City of Hollywood Finance Department from February 9, 2012. Mr. Pat Gill, City of Hollywood Finance Department was also included in the communication.

In the e-mail Mrs. Blanthorn was responding to an inquiry with regard to payroll uploads prior to October 1, 2011. Mr. Williams asked if the city was going to provide revised payroll runs based on the revised ordinance for payroll prior to the referendum. Mrs. Blanthorn advised they were not going to send revised payroll uploads, as the October 1, 2011 definitions would affect historical payroll files. Mr. Williams wanted the Board to be aware of that information. The Board concurred by consensus.

PENSIONABLE ITEMS: Mr. Williams shared a report he received from the timekeeper that contained Holiday and Comp Time on the books as of September 30, 2011. Mr. Williams advised that prior to October 1, 2011 that time would have been credited as pensionable time. Therefore, this report will be used for calculation of AFC prior to October 1, 2011. The Board concurred by consensus.

#### ATTORNEY'S REPORT

Mr. Cypen advised that the police & fire pension lawsuits were moved to one Judge. The case may be moved again to the Judge hearing the PBA case due to the similarities. Mr. Cypen advised that Counsel for the System responded to the city's motion to dismiss. As a result, the city's response was another motion to dismiss with no new information.

Mr. Cypen advised that the Florida State Retirement case will be heard by the Supreme Court in September.

#### QUARTERLY INVESTMENT REPORT- Buckhead Capital

Mr. Mike Harhai & Mr. John Swanson appeared before the Board to review the Buckhead Capital Portfolio. Mr. Harhai stated the market value of Buckhead Account was at \$15,799,808, as of December 31, 2011. In the last quarter (which is also the fiscal year return), Mr. Harhai indicated the investment return was 10.97%, compared to the Russell 1000 Value of 13.11%. For the trailing 12 months, the Buckhead Account outperformed by 192 basis points & returned 2.31%, compared to 0.39% for the Russell 1000 Value. On the 3 & 5 year returns, the Buckhead Account return was 11.26% & -1.11, compared to the benchmark cited which returned 11.55% & -2.64%.

Mr. Swanson advised that stock prices rallied during the year's final quarter. Most of the gain occurred in October as the S&P 500 rebounded off its low for the year on October 3 to gain 14% in the month. The spark for this one month surge was a report that European governments were going to recapitalize their banks. After October, however, the rest of the quarter produced little additional gain though much volatility as a series of encouraging U.S. economic reports and discouraging developments in the Euro-zone vied for investors' attention. By the end of the quarter, smaller capitalization stocks and those paying no dividends had outperformed larger, dividend paying stocks. Value stocks did better than growth stocks and Energy and Materials were by far the best performing sectors. Despite the strong rally in the fourth quarter, the market was essentially flat for the year (before dividends). Over the course of the full year, defensive names did particularly well, with Utilities, Consumer Staples, and Healthcare being the leading sectors. Larger capitalization stocks generally performed better than their smaller cap counterparts, while growth investment strategies outperformed those focused on value.

Mr. Harhai & Mr. Swanson reported that relative performance in the fourth quarter was hurt primarily by stock selection in the Health Care, Industrial, and Consumer Discretionary sectors, and by an overweight position in Consumer Staples. Conversely, stock selection in the Materials and Financial sectors, along with underweight positions in the Financial and Telecommunications sectors, contributed positively to relative performance in the quarter.

It was reported that in the fourth quarter Buckhead initiated positions in BB&T (a regional bank) and BlackRock (an investment manager). With the split of ITT in mid October, Buckhead received shares in the "new" ITT, Xylem (an industrial company focused on water markets), and ITT Exelis (a defense sub-contractor). Buckhead increased our position in ITT Exelis and sold shares of the "new" ITT after they had appreciated substantially.

During the quarter Buckhead eliminated their position in Colgate because it had achieved a full valuation. Buckhead also added to and trimmed several other positions.

#### OPEN BOARD DISCUSSION

Mr. Williams briefed the Board on the status of the disability application of Ivette Muniz Buoni. The Board was advised that the medical providers were voluminous, which has taken a lot of time to obtain the records. It was felt that the independent medical examinations would take place in April.

#### MEETING ADJOURNED

There being no further business, the meeting was adjourned at 9.30 A.M.

Respectfully submitted,

C. Marano, Secretary

APPROVED:

D. Strauss, Chairman