

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

September 28, 2012

MINUTES

A regular meeting of the Hollywood Police Officers' Retirement System was held on Friday, September 28, 2012, at 10:30 A.M., in the Office of Retirement, 4205 Hollywood Blvd., Suite 4, Hollywood, Florida 33021.

PRESENT:

D. Strauss, Chairman, C. Marano, Secretary, R. Brickman, V. Szeto and P. Laskowski, L. Wiener (telephonically).

Also present were Ronald Cohen, Frank McGarry, Louis Granteed, Larry Bernstein, Kee Eng, City of Hollywood; John McCann & Brenson St Jean, Thistle Asset Consulting; Michael Harhai & Deneen Bingham, Buckhead Capital; Steve Cypen, Board Attorney and Dave Williams, Plan Administrator.

Excused Absence: C. O'Brien

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 August 17, 2012 MEETING

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

ATTORNEY'S REPORT

Lyle Bien – DROP Issue: Mr. Cypen indicated that he had no further update on this matter and the member remains legally in the DROP.

Granteed, Legacki & McGarry - Coordination of Benefits: This matter was previously tabled. Back up material provided to the Trustees. As no legal representative was present from the City of Hollywood, Mr. Cypen established with Mr. Williams that the city was provided notice of this meeting. Mr. Williams confirmed same and reminded all participants that Mr. Eng was present at the meeting as an observer.

The August 7th letter from Mr. Sheffel was highlighted wherein a pension reduction was demanded due to an adjustment being made by the General Employee's Plan. Mr. Williams confirmed that each of the members had in excess of 22 years of police service when each of them dropped on July 1, 2006.

Mr. Ronald Cohen, appeared before the Board to have the Board's position affirmed in the matter of Granteed, Legacki & McGarry.

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Mr. Cypen indicated that the members were entitled to the benefit being paid. The Board by consensus agreed with Mr. Cypen. Mr. Cohen thanked the Board for their attention in this matter and departed. No further discussion ensued.

Informal Disability Hearing – Ivette Buoni

Mr. Williams advised that Ms. Buoni was advised that this matter was on the agenda this morning and was not present at the meeting.

Mr. Cypen provided the Board a brief background on the procedures to follow. Mr. Cypen indicated that this was an informal hearing. Mr. Cypen also indicated what the threshold was for the Board to grant or deny Ms. Buoni's disability claim.

Mr. Cypen verbally reviewed the independent medical examination reports from Dr. Reines, Dr. Hammerman and Dr. Sheikh, which were before the Board along with the other medical records. Mr. Cypen also cited that the City of Hollywood advised in written form that they do not have a position for Ms. Buoni.

Mr. Laskowski made the motion that after considering the written request of Ms. Buoni for a disability pension, having the opportunity to review the records (medical and otherwise); it is believed that Ms. Buoni is totally and permanently unable to perform the duties of a police officer to which she was assigned. Moreover, given Ms. Buoni's medical condition, the City of Hollywood does not have a position for her as a certified police officer; therefore she is unable to render useful and efficient service as a police officer to the City. Finally, the disability is deemed to be in-the-line-of-duty based on the records. Mr. Laskowski stated further the disability commenced at least 90 days prior to this hearing and as such the benefits shall be payable beginning upon separation of service. Mrs. Marano seconded the motion. After having no discussion, a formal roll call was taken as follows:

Mr. Brickman –	Yes
Mrs. Marano –	Yes
Mr. Szeto –	Yes
Mr. Laskowski –	Yes
Mr. Wiener –	Yes
Mr. Strauss –	Yes

Mr. Williams will apprise Ms. Buoni accordingly.

Use of State Funds: Mr. Cypen cited a letter from Mr. Keith Brinkman dated August 23, 2012. The letter reflects that the state misinterpreted the law since 1999 and the base year should be factored on state minimums and not system minimums that were in place. Because of that revelation, Mr. Williams sought and obtained approval from Mr. Strauss to have Mr. Fernandez, Board Actuary complete a study taking the foregoing into consideration. Upon doing so, Mr. Fernandez wrote a letter with his findings dated September 26, 2012. Essentially, the study concluded that the city was entitled to the funds based on the state's August 23, 2012 interpretation. Mr. Cypen advised that the Board needs to ratify the action of Mr. Strauss between meetings if they wish to do so. Mr. Laskowski made a motion to ratify Mr. Strauss' action by requesting the study be conducted. This motion was seconded by Mr. Szeto. All board members voted yes.

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Mr. Cypen also asked the Board to consider formally accepting the report of September 26, 2012 from Mr. Fernandez and sending it to the state. Without further discussion, Mr. Brickman placed the foregoing in the form of a motion, which was seconded by Mr. Laskowski. All board members voted yes.

Litigation Matter: Mr. Cypen advised that a motion to dismiss was heard by the Honorable Judge Richard D. Eade on September 10, 2012. A continuance will be heard on October 5, 2012. Mr. Cypen also indicated a motion for partial summary judgment was also filed in this case by the plaintiffs. Mr. Williams advised that the court transcript is available on the pension web site.

A question was posed to Mr. Cypen with regard to retirement. If a member retires now and the ordinance is overturned later, does the member have his/her pension adjusted. Mr. Cypen advised no adjustment would be made as he/she voluntarily retired with the benefits in place at that time.

ADMINISTRATIVE REPORT

Mr. Williams presented the Administrative Report to the Board.

DROP Loans: Mr. Williams cited the respective member's loan requests. He outlined that each member has the funds in his/her personal DROP account to cover the loans and he/she has been a participant 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 loans as noted, which was seconded by Mr. Szeto. All board members voted yes.

Mr. Williams provided the Board with the 2013 pension meeting dates.

Mr. Williams informed the Board that Mr. Pat Gill, City of Hollywood alerted him to a wire transfer of \$696,000.00. The proceeds were to be considered a prefunding payment for fiscal year 2012/2013. Oddly enough, Mr. Gill insisted the payment be made prior to the end of the fiscal year of September 30, 2012. Mr. Williams stated that he asked the city representatives to earmark the funding to offset and pay down the unfunded liability of the system. Mr. Williams reminded the Board of the \$800,000.00 overpayment identified in January 2012. He asked for those funds be used to reduce the unfunded liability as well. Mr. Lalla, Finance Director declined that request. During this meeting Mr. Williams reported to the Board that Mr. Lalla replied to his request to use the proceeds of \$696,000.00 to offset unfunded liability. Mr. Lalla said in part "Unfortunately, the City cannot accommodate your request to use the funds to pay down the unfunded liability of the police pension fund."

QUARTERLY PRESENTATION

Buckhead Capital

Mr. Mike Harhai & Mrs. Deneen Bingham appeared before the Board to review the Buckhead Capital Portfolio. Mr. Harhai stated the market value of Buckhead Account was at \$17,281,695.00, as of June 30, 2012. In the last quarter Mr. Harhai indicated the investment return was -3.66%, compared to the Russell 1000 Value of -2.20%. For the fiscal year, the Buckhead Account returned 18.02%, compared to 22.92% for the Russell 1000 Value. On the 3 & 5 year returns, the Buckhead Account return was 12.54% & -1.21, compared to the benchmark cited which returned 15.80% & -2.19%. Since inception, the Buckhead Account returned 4.33% compared to the benchmark return of 4.99%.

Mr. Harhai provided a market recap for the Board to consider.

REAL ESTATE INVESTMENT – MANAGER SELECTION & FUNDING

Mr. McCann appeared before the Board and reviewed the matter at hand. In short the Board is considering the manager selection (Intercontinental Real Estate Corporation & American Realty Advisors) and funding level in the real estate investment arena. All members felt that the allocation was prudent and that the revenue would be helpful in paying benefits. The allocation would come from the bond portfolio. The members articulated that they identified differences between the two companies in terms of investment style, which would also provide further diversification within the asset class (with core & core plus properties). Mr. McCann recommended an investment of 15 million dollars. Mr. Brickman made a motion to retain Intercontinental Real Estate Corporation & American Realty Advisors and to allocate 7.5 million dollars to each manager. Mr. Wiener seconded the motion. All board members voted yes. Mr. McCann will forward all the agreements to Mr. Cypen to review.

OPEN DISCUSSION

Mr. Wiener questioned the rate of return of the DROP. Mr. Williams reported that since the inception of monitoring the DROP (October 1, 1992) through June 30, 2012 the rate of return was reported at 7.24% vs. the fixed rate of return of 8.0%. **

MEETING ADJOURNED

There being no further business, the meeting was adjourned at 11:20 A.M.

The next scheduled meeting is October 26, 2012 at 10:30 AM.

Respectfully submitted,

APPROVED:

C. Marano, Secretary

D. Strauss, Chairperson

** Source: Thistle Asset Consulting