

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

**February 21, 2014**

**MINUTES**

A regular meeting of the Hollywood Police Officers' Retirement System was held on Friday, February 21, 2014, 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, C. O'Brien, M. Pollak, P. Laskowski and V. Szeto

Also present were John McCann & Brendon Vavrica of Thistle Asset Consulting; Daniel Kallus & Janna Hamilton of Garcia Hamilton; Philip Lawrence, John Rockford & Robert Maddock, III of Inverness Counsel; Steve Cypen, Board Attorney (telephonically) and Dave Williams, Plan Administrator.

**PUBLIC COMMENT**

No public comments presented

**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 JANUARY 31, 2014 MEETING**

Tabled

**ATTORNEY'S REPORT**

Mr. Cypen indicated that he has spoken with representatives from ConvergeX and suggested that the Board consider inviting them to a future meeting. By Board consensus, Mr. Williams will set up a future appearance.

Mr. Cypen highlighted the new Rhumblin Policy for proxy voting. Mr. Cypen was not opposed to the policy.

**ADMINISTRATIVE REPORT**

Mr. Williams presented the Administrative Report to the Board.

**NEW TRUSTEE:** Mr. Pollak was appointed to the Board by the Mayor since the last Board Meeting. Supporting documents provided. Trustees extended a warm welcome to Mr. Pollak. Mr. Pollak provided a brief background about himself.

**TRUSTEE ELECTION:** Mr. Williams provided a Trustee election update. Mr. Dennis Wynne nominated himself, as such an election will be held February 24<sup>th</sup> – March 3<sup>rd</sup>. Notice was given to the membership.

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 been a participants in the DROP plan for the required amount of time. No conflict exists with the 12-month rule.

As one of the members seeking a loan was related to Mrs. Marano a separate vote was taken. Mrs. Marano made a motion to approve the DROP loans presented that were unrelated to her. This motion was seconded by Mr. Laskowski. All board members voted yes.

On the DROP Loan request made by a member related to Mrs. Marano, Mr. O'Brien made a motion to approve the DROP loan as noted, which was seconded by Mr. Szeto. Motion was approved 5-0 with 1 abstention by Mrs. Marano. Form 8B filed accordingly (see attached).

#### QUARTERLY INVESTMENT PRESENTATIONS

##### Garcia Hamilton and Associates

Mr. Kallus & Mrs. Hamilton appeared before the Board and discussed the investment return for the Equity and Fixed Income Accounts.

Mr. Kallus advised for the quarter that ended December 31, 2013, the equity portfolio returned 10.9% for the equities, which outperformed the Russell 1000 Growth Index. For the last twelve months, equities returned 28.7%, which trails the Russell 1000 Growth Index return of 33.5%.

A detailed market review was provided to the Board by Mr. Kallus. The theme continues to be that lower quality stocks outperformed the higher quality stocks similar to our portfolio. Since bottoming in early 2009, advances in the U.S. stock market have been driven by Federal Reserve actions aimed at increasing liquidity, driving down interest rates, and triggering investor rotation into "riskier" asset categories. In this environment, individual company fundamentals continue to take a back seat as a driver of stock returns. Lower quality securities continue to exhibit market leadership relative to high quality as investors embrace higher risk exposures and short-sellers have been forced to cover bets against many heavily-shortened "riskier" stocks. Mr. Kallus cited that the portfolio remains positioned with an overweight in economic sectors sensitive to an improvement in global economic conditions and the resulting corporate earnings growth. As of December 31st, the Financials sector represented the largest overweight in the portfolio followed by Industrials. Health Care, Telecommunications, and Information Technology were the most underweighted sectors in the portfolio. The account was valued at \$31,032,380 as of December 31, 2013.

Mrs. Hamilton indicated that for the quarter that ended December 31, 2013, the fixed income portfolio returned 1.4%, which outperformed the Barclays Capital Intermediate Aggregate benchmark return of -0.1%. On a one year basis, the fixed income portfolio returned 1.2% vs. the benchmark return of -1.0%. Since the portfolio inception date of June 30, 2011, the fixed income return was 4.6%, compared to the benchmark return of 2.3%. The account was valued at \$12,307,166 as of December 31, 2013.

Mrs. Hamilton highlighted that for only the third time since its inception in 1976, the Barclays Capital Aggregate Bond Index delivered a negative return for the year of -2.03%. On December 18th, the Federal Reserve announced the long-awaited taper, reducing monthly bond purchases by \$10 billion, taking the first step to unwind the unprecedented stimulus put in place by Chairman Ben Bernanke.

Mrs. Hamilton added that they have taken advantage of the recent rate increase to add duration to the portfolio and are now marginally above the benchmark index. GHA remains overweight in corporate bonds with an emphasis on financials, and they have been extending some of the credits to take advantage of the steep yield curve.

Inverness Counsel, Inc.

Mr. Maddock & Mr. Rockford provided the Board with a performance review of the quarter which ended December 31, 2013. Equity sector weightings were detailed, as were Bond attributes. Inverness continues to position the portfolio for modest economic growth. They believe the recent acceleration in economic growth will eventually translate into higher earnings growth for many companies, but top-line revenue growth will be the key. During the second half of the year, Inverness has increased exposure to the economically sensitive Industrials and Energy sectors. Inverness has also increased exposure in the Technology sector. Inverness continues to have significant exposure to Consumer Discretionary companies, many of which have seen strong performance this year as consumer confidence improved from low levels.

Highlights of the presentation included:

Mr. Maddock advised for the quarter that ended December 31, 2013 the equity portfolio returned 10.38% for the equities, compared to the S&P 500 which returned 10.51%. For the last twelve months, the account returned 35.82% for the equities (Top 15%tile), in comparison to 32.39% for the same benchmark.

On a longer term basis of 3 years, the account returned 15.56% for the equities, in comparison to the S&P 500, which returned 16.18%. The account was valued at \$47,227,000 as of December 31, 2013.

Mr. Rockford indicated that for the quarter that ended December 31, 2013, the fixed income portfolio returned -0.08%, compared to the Broad Fixed & Intermediate Fixed Benchmark of -0.03%. For the last twelve months, the fixed portfolio returned -1.29% compared to the same policy return of -1.60%. On a longer term basis of 3 years, the account returned 3.75%, in comparison to the policy return 3.27%. The account was valued at \$80,046,000 as of December 31, 2013.

Thistle Asset Consulting

Mr. John McCann appeared before the Board and presented the December 31, 2013 investment report. Mr. McCann advised that as of December 31, 2013 the system had 51.8% in equities, 35.7% in fixed income, and the balance in cash. As of December 31, 2013, Inverness Counsel held 55.9% of the portfolio, Garcia Hamilton had 16.6%, Eagle had 7.1%, Rhumblin had 8.0%, Buckhead had 7.4%, American Realty had 1.5%, Intercontinental Realty had 3.1% and the Israel Bonds were at 0.4%. The total assets were valued at \$260,806,000. For the quarter, Mr. McCann stated that the total fund returned was 5.23% vs. 4.84% compared to the benchmark. The total fund returned 15.82% v. 15.01% for the last year. For the longer term (*five year period*), the total fund returned 11.24% vs. 11.54% for the benchmark. An overview of the managers was provided to the Board to consider.

OPEN DISCUSSION

Mrs. Marano reflected that Marisa DeMato has changed law firms to Labaton Sucharow, and she would like to extend an invitation to Ms. DeMato to make a security monitoring presentation to the Board to consider.

MEETING ADJOURNED

There being no further business, the meeting was adjourned at 11:21 A.M.

The next scheduled meeting is March 28, 2014 at 10:30 AM.

Respectfully submitted,

APPROVED:

C. Marano, Secretary

D. Strauss, Chairperson

# FORM 8B MEMORANDUM OF VOTING CONFLICT FOR COUNTY, MUNICIPAL, AND OTHER LOCAL PUBLIC OFFICERS

LAST NAME—FIRST NAME—MIDDLE NAME <i>MARANO, CATHLEEN</i>	NAME OF BOARD, COUNCIL, COMMISSION, AUTHORITY, OR COMMITTEE <i>HOLLYWOOD POLICE OFFICER RET SYSC</i>
MAILING ADDRESS <i>9205 HOLLYWOOD BLVD.</i>	THE BOARD, COUNCIL, COMMISSION, AUTHORITY OR COMMITTEE ON WHICH I SERVE IS A UNIT OF: <input checked="" type="checkbox"/> CITY <input type="checkbox"/> COUNTY <input type="checkbox"/> OTHER LOCAL AGENCY
CITY COUNTY <i>HOLLYWOOD BROWARD</i>	NAME OF POLITICAL SUBDIVISION: _____
DATE ON WHICH VOTE OCCURRED <i>02-21-2014</i>	MY POSITION IS: <input checked="" type="checkbox"/> ELECTIVE <input type="checkbox"/> APPOINTIVE

## WHO MUST FILE FORM 8B

This form is for use by any person serving at the county, city, or other local level of government on an appointed or elected board, council, commission, authority, or committee. It applies equally to members of advisory and non-advisory bodies who are presented with a voting conflict of interest under Section 112.3143, Florida Statutes.

Your responsibilities under the law when faced with voting on a measure in which you have a conflict of interest will vary greatly depending on whether you hold an elective or appointive position. For this reason, please pay close attention to the instructions on this form before completing the reverse side and filing the form.

## INSTRUCTIONS FOR COMPLIANCE WITH SECTION 112.3143, FLORIDA STATUTES

A person holding elective or appointive county, municipal, or other local public office **MUST ABSTAIN** from voting on a measure which inures to his or her special private gain or loss. Each elected or appointed local officer also is prohibited from knowingly voting on a measure which inures to the special gain or loss of a principal (other than a government agency) by whom he or she is retained (including the parent organization or subsidiary of a corporate principal by which he or she is retained); to the special private gain or loss of a relative; or to the special private gain or loss of a business associate. Commissioners of community redevelopment agencies under Sec. 163.356 or 163.357, F.S., and officers of independent special tax districts elected on a one-acre, one-vote basis are not prohibited from voting in that capacity.

For purposes of this law, a "relative" includes only the officer's father, mother, son, daughter, husband, wife, brother, sister, father-in-law, mother-in-law, son-in-law, and daughter-in-law. A "business associate" means any person or entity engaged in or carrying on a business enterprise with the officer as a partner, joint venturer, coowner of property, or corporate shareholder (where the shares of the corporation are not listed on any national or regional stock exchange).

\* \* \* \* \*

### ELECTED OFFICERS:

In addition to abstaining from voting in the situations described above, you must disclose the conflict:

PRIOR TO THE VOTE BEING TAKEN by publicly stating to the assembly the nature of your interest in the measure on which you are abstaining from voting; *and*

WITHIN 15 DAYS AFTER THE VOTE OCCURS by completing and filing this form with the person responsible for recording the minutes of the meeting, who should incorporate the form in the minutes.

\* \* \* \* \*

### APPOINTED OFFICERS:

Although you must abstain from voting in the situations described above, you otherwise may participate in these matters. However, you must disclose the nature of the conflict before making any attempt to influence the decision, whether orally or in writing and whether made by you or at your direction.

**IF YOU INTEND TO MAKE ANY ATTEMPT TO INFLUENCE THE DECISION PRIOR TO THE MEETING AT WHICH THE VOTE WILL BE TAKEN:**

- You must complete and file this form (before making any attempt to influence the decision) with the person responsible for recording the minutes of the meeting, who will incorporate the form in the minutes. (Continued on other side)

**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, CATHERINE MARANO, hereby disclose that on 02-21-2014, 20  :

(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, PROP LOAN APPROVAL FOR HUSBAND;
- 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:

02-22-2014

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.