

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

**June 27, 2014**  
**10:30 A.M.**

**MINUTES**

A regular meeting of the Hollywood Police Officers' Retirement System was held on Friday, June 27, 2014, at 10:45 A.M., in the Office of Retirement, 4205 Hollywood Blvd., Suite 4, Hollywood, Florida 33021.

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

Also present were Kee Eng, City of Hollywood; Curt Rohrman & Janna Hamilton of Garcia Hamilton; Dave Griffin & Deneen Bingham of Buckhead Capital; Steve Cypen, Board Attorney of Cypen & Cypen and David M. 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 MAY 16, 2014 MEETING

Mr. Strauss asked if there were any additions or corrections to the Minutes of the May 16, 2014, pension board meeting. Mr. Szeto made a motion to approve the Minutes of May 16, 2014 which was seconded by Mr. Laskowski. All board members voted yes.

ATTORNEY'S REPORT

Mr. Cypen formally requested a shade meeting with the Board of Trustees to discuss and/or take action with regard to current litigation.

Mr. Strauss asked Mr. Cypen about the spousal benefits in same sex marriage scenarios. Mr. Cypen reflected that there is a pending appeal before the Supreme Court here in Florida to permit same sex marriage. It is thought the court would rule in favor of same sex marriage. But if a member was married in a state that allows same sex marriage then we as a Plan would recognize such a union and grant spousal rights and benefits.

ADMINISTRATIVE REPORT

Mr. Williams presented the Administrative Report to the Board.

Drop Loans: Mr. Williams cited 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. Mrs. Marano made the motion to approve the DROP loans as noted, which was seconded by Mr. O'Brien. All board members voted yes.

Labaton Sucharow Portfolio Agreement: Mr. Williams indicated that the contract for the firm has been reviewed for legal content by counsel. Mr. Williams cautioned the Board that professional liability insurance deductible was set not to exceed \$500,000.00. While Labaton Sucharow would indemnify the Fund, the question was how many clients Labaton Sucharow could cover before going out of business. A comparison was also made with other vendors and they had much lower thresholds for their insurance deductibles. It boils down to a business decision as this is a doomsday principal. Members felt that Labaton Sucharow should be in line with current vendors. Mrs. Marano indicated that she would follow up with her point of contact. Matter tabled at this juncture.

Public Records Request: Mr. Williams informed the Board that Mr. Alan Fallik, Asst. City Attorney submitted a public records request for the following: Pension files for Mr. Bien, Mr. Ruggles, Mr. Austin and Mr. Redding. Mr. Williams complied with the request by providing redacted files pursuant to Chapter 119. All affected members advised of the foregoing.

#### QUARTERLY INVESTMENT REPORTS

##### Buckhead Capital

Mr. Dave Griffin & Mrs. Deneen Bingham appeared before the Board to review the Buckhead Capital Portfolio. Mrs. Deneen Bingham began by stating that she is regretfully leaving Buckhead Capital, effective June 30, 2014. She appreciated the opportunity to work with the Board of Trustees over the years. The Board sent their well wishes to Mrs. Bingham and her future endeavors.

Mr. Griffin stated the market value of Buckhead Account was at \$19,909,930, as of March 31, 2014. In the last quarter Mr. Griffin indicated the investment return was 3.75%, compared to the Russell 1000 Value of 3.02%. For the fiscal year, the Buckhead Account returned 13.41%, compared to the Russell 1000 Value of 13.33%. On the 3 & 5 year returns, the Buckhead Account return was 12.86% & 17.77% respectively.

Market Review: Stock prices ended the first quarter of 2014 with modest gains. However, unlike the smooth ride enjoyed by investors in 2013, the equity markets were a bit bumpier in the first quarter. The crisis in Ukraine, unrest in Turkey, and weak economic reports from China sparked investor concern that global growth might slow. The change in leadership at the Federal Reserve, combined with the continued reduction in the central bank's asset purchase program, added more anxiety. Finally, this winter's severe weather obscured the true state of the economy in the first quarter as weaker than expected reports on the U.S. economy appeared.

Contributors and Distracters: The greatest contributions to the portfolio's performance came from stock selection in the Financial (Wells Fargo, PNC, Annaly), Information Technology (Verifone, Microsoft), Energy (Halliburton), and Industrial (Lockheed Martin, Caterpillar) sectors. The greatest detractor from performance was stock selections in the Consumer Discretionary sector (American Eagle, Chico's). Cash holdings reduced the relative out-performance by 11 basis points.

##### Garcia Hamilton and Associates

Mrs. Hamilton appeared before the Board along with Mr. Curt Rohrman to discuss the investment return for the Equity and Fixed Income Accounts.

Mrs. Hamilton introduced Mr. Rohrman to the Board as the Director of Equity Investments for Garcia Hamilton. Mr. Rohrman took on the role of Mr. Kallus who had left the firm. Mr. Rohrman provided his background and education to the Board as follows: He received a B.B.A. Summa Cum Laude in Finance and Marketing from Texas Christian University in 1984 and a M.B.A from the University of Texas at Austin in 1988. From 1988 to 1995, Mr. Rohrman was a Vice President, Equity Research, at CS First Boston in New York City where he covered the computer hardware industry and was named to Institutional Investor's All-America Research Team and Wall Street Journal's All-Star poll. He was with USAA Investment Management Company from 1995 to 2002 serving in various capacities including Director of Equity Research and Portfolio Manager. He then worked with Vaughan Nelson Investment Management from 2002-2005 where he was a Senior Portfolio Manager responsible for Growth and Core strategies. Mr. Rohrman reflected that he joined Garcia Hamilton & Associates L.P. in 2006. Mr. Rohrman is a Chartered Financial Analyst (CFA) charterholder and a member of the CFA Institute and the Houston Society of Financial Analysts.

Equity Review: Mr. Rohrman advised the equity portfolio was valued at \$30,466,069.14 for the quarter that ended March 31, 2014. The equity portfolio returned -1.7%, which underperformed the Russell 1000 Growth Index return of 1.1% for the same time period. For the fiscal year, equities returned 9.2%, which trailed the Russell 1000 Growth Index return of 11.7%. Fundamentally, portfolio holdings continued to deliver solid earnings relative to expectations. The U.S. Federal Reserve remained the focus, with ebbs and flows in equities and bonds dictated by perceived changes in liquidity – Fed “tapering” continued to dominate financial headlines.

Market Review: For the quarter, stocks delivered modest returns - S&P 500 up 1.8%, Russell 1000 Growth up 1.1%. While high beta momentum stocks led during January and February, March witnessed a rotation into more defensive areas of the market. Commodity stocks (oil, metals, grains, etc.) rallied after lagging in 2013. Utilities, Energy, and Health Care were leaders while Consumer Discretionary and Telecom were laggards. Market outlook remains constructive based on reasonable stock valuations, an accommodative Federal Reserve, and high single digit corporate earnings growth expectations.

Fixed Income Review: Mrs. Hamilton advised the fixed income portfolio was valued at \$12,521,006.87 for the quarter that ended March 31, 2014. The Fixed income portfolio returned 1.8%, which outperformed the Barclays Capital Int. Aggregate return of 1.2% for the same time period. For the fiscal year, fixed income returned 3.2%, which handedly exceeded the Barclays Capital Int. Aggregate return of 1.2%. Since the annualized inception date of June 30, 2011 through March 31, 2014, the portfolio returned 4.8% in comparison to 2.5% for the Barclays Capital Int. Aggregate.

#### OPEN BOARD DISCUSSION

Mr. Brickman stated that he was asked by the Commission to look into seeing if a “Retiree” position could be added to the Board of Trustees. Mr. Cypen advised our Board is grandfathered in. Further if an additional position is permitted, the other seats would have to be expanded proportionately.

Mr. Pollak reflected that he has spent a lot of time reviewing our portfolio. Mr. Pollak was pleased to announce that he felt the assets are very well diversified.

Mr. Pollak cited trade questions that he has with Inverness Counsel. Members of the Board suggested that Mr. Pollak defer his questions until Inverness Counsel representatives are in attendance.

MEETING ADJOURNED

There being no further business, the meeting was adjourned at 11:30 A.M.

Respectfully submitted,

C. Marano, Secretary

APPROVED:

D. Strauss, Chairman