

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

September 26, 2014

MINUTES

A regular meeting of the Hollywood Police Officers' Retirement System was held on Friday, September 26, 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, M. Pollak, R. Brickman, V. Szeto, P. Laskowski and C. O'Brien.

Also present were Kee Eng, City of Hollywood; David Griffin, Buckhead Capital; Steve Cypen, Board Attorney and Dave Williams, Plan Administrator. Denise D'Entremont, Rhumbline (attended via conference call).

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

Mr. Strauss asked if there were any additions or corrections to the Minutes of the August 15, 2014 & August 22, 2014 pension board meetings. Mr. Laskowski made a motion to approve the Minutes of the August 15, 2014 & August 22, 2014 pension board meetings, which was seconded by Mr. Szeto. All board members voted yes.

ATTORNEY'S REPORT

Mr. Cypen reflected that Amicus Order is expected in the Headley v. Miami Case.

GSK – Letters of Engagement: Mr. Cypen reviewed the proposed engagement letters from GSK and had no opposition. Mr. Cypen asked for the black-lined version from Mr. Johns. Mr. O'Brien made a motion to approve the letters of engagement from GSK, which was seconded by Mr. Laskowski. 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. 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. Mrs. Marano made a motion to approve the DROP loans as noted, which was seconded by Mr. O'Brien. All board members voted yes.

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Mr. Williams reported that drop members have until September 30, 2014 to modify their quarterly/annual draw for the 2015 calendar year. A warrant will be prepared for formal approval.

Mr. Williams informed the Board that the State of Florida was delaying the release of the 185 Funds for minor reporting issues. Mr. Williams added that he was not opposed to the state follow-up, but the "timing of the inquiry" itself. Mr. Williams stated that follow up from the State generally take place in June or July of each year. The first follow up came after the 185 Funds were released to other cities in late September. This is unreasonable to hold Funds due to their delay in reviewing the annual report. Mr. Williams added that he let the state representatives know his position.

QUARTERLY PRESENTATION**Buckhead Capital**

Mr. David Griffin appeared before the Board to review the Buckhead Capital Portfolio. Mr. Griffin stated the market value of Buckhead Account was at \$20,750,141.00 as of June 30, 2014. In the last quarter Mr. Griffin indicated the investment return was 4.23%, compared to the Russell 1000 Value Index which returned 5.10%. For the fiscal year, the Buckhead Account returned 18.20%, compared to 19.12% for the Russell 1000 Value Index. On a 3 & 5 year basis, the Buckhead Account return was 14.61% & 15.81% compared to the benchmark cited which returned 16.92% & 19.23%. Since inception the Buckhead Account returned 7.28% compared to the benchmark return of 8.45%.

Mr. Griffin provided a market recap for the Board to consider and provided clarity for the returns relative to the Russell Value Index. Quality vs. Performance was reviewed. Over the last twelve months, stocks with a rating of "B or worse" returned 29.5%, in contrast stocks that had a rating of "B+ or better" returned 23.3%.

The greatest contribution to the portfolio's performance came from stock selection in the Energy sector (ConocoPhillips, Halliburton, Devon). The greatest detractor from performance was stock selection in the Consumer Discretionary (American Eagle), Healthcare (Pfizer, Express Scripts), and Technology (IBM) sectors. Cash holdings detracted 23 basis points from relative performance in the quarter. For the first six months of 2014, the most significant contributor to performance was stock selection in the Financial (Annaly) and Energy (Halliburton, Devon) sectors. The most meaningful detractor from performance was stock selection in the Consumer Discretionary (American Eagle) and Healthcare (Express Scripts) sectors. Cash holdings reduced relative performance by 31 basis points in the first six months of the year.

During the second quarter, Buckhead initiated positions in American International Group and increased position in Now, Inc., which was spun off from National Oilwell Varco. Buckhead also added to positions in AT&T, Chevron, Devon, Disney, ExxonMobil, National Oilwell Varco, Raymond James, and Target. Buckhead exited positions in Nucor, Occidental Petroleum, and TJX Companies. Buckhead trimmed positions in Dow Chemical and Novartis. Buckhead also trimmed positions in Express Scripts early in the quarter before adding to it later in the quarter on a pullback in price.

Given the current market conditions, Buckhead Capital continues to focus on managing risk in our client portfolios, primarily by investing in the most attractively valued companies that possess solid balance sheets, strong free cash flow, and shareholder-friendly capital allocation policies.

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While controlling risk at market highs can hurt performance, historically it has led to better relative performance, with lower volatility, over a full market cycle. Buckhead's objective remains the same: to help us achieve the long-term returns that we require to meet our goals, while taking no more risk than necessary to do so.

Rhumbline

Mrs. Denise D'Entremont joined the meeting via conference call to review the midcap index portfolio. Mrs. D'Entremont reviewed the mandate in which Rhumbline was hired to do, which was to mirror the S&P 400 Index. The characteristics of the portfolio were reviewed as well.

Mrs. D'Entremont stated the account was valued at \$22,512,652 as of August 31, 2014. Since the inception date of January 31, 2009, the Fund realized a gain of \$12,324,310. Mrs. D'Entremont commented about the great timing the Board had when selecting the midcap mandate. For the current fiscal year through August 31, 2014, the portfolio returned 17.14%. For the trailing year, the portfolio returned 23.23%. On a 3 & 5 year basis, the portfolio returned 19.75% and 18.77%. All of the returns were in line with the benchmark.

Mrs. D'Entremont closed by providing a Firm update. Assets under management were valued in excess of 35 billion. Mrs. D'Entremont highlighted the MSCI EAFE Index Strategy which is open for investment and suggested the Board discuss this mandate with Mr. McCann as it is a viable diversification vehicle.

OLD BUSINESS

ISRAEL BONDS RENEWAL: Mr. Williams informed the Board that a bond approved at the August 22nd meeting was not available. Mr. Williams consulted with Mr. Vavrica, Thistle Asset Consulting who recommended the 13th series 3-year floating rate libor bond for \$250,000.00. Mr. Laskowski concurred and placed the foregoing in the form of a motion, which was seconded by Mr. Szeto. All members voted yes.

IT UPDATE: Mr. Williams asked the IT Representative to attend today's meeting, but he was delayed at another meeting. Mr. Williams provided an updated that the database independent testing will begin in short order with Board Actuary. Once approved, Mr. Williams will begin activating the PRB Accounts accordingly.

OPEN DISCUSSION

Mr. Pollak noted that small caps were decreasing in value and that he suggested the market be watched as it goes in cycles.

A question arose about the next meeting. Mr. Williams followed up confirming the next meeting is scheduled for October 31, 2014 all members advised via e-mail.

MEETING ADJOURNED

There being no further business, the meeting was adjourned at 11:04 A.M.

The next scheduled meeting is October 31, 2014 at 10:30 A.M.

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Respectfully submitted,

C. Marano, Secretary

APPROVED:

D. Strauss, Chairperson