

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

September 25, 2015

MINUTES

A regular meeting of the Hollywood Police Officers' Retirement System was held on Friday, September 25, 2015, at 10:30 AM, 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 and V. Szeto.

Excused Absence: R. Brickman

Also present were Kee Eng, City of Hollywood; Tom Galfano, Wells Capital Management; Steve Cypen, Board Attorney; Adam Levinson, Klausner, Kaufman, Jensen & Levinson and Dave Williams, Plan Administrator. Jose Fernandez, Board Actuary 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 August 21, 2015. Mr. Szeto made a motion to approve the Minutes of August 21, 2015 which was seconded by Mr. Laskowski. All board members present voted yes.

ACTUARY REPORT

Mr. Fernandez joined the meeting via conference call. Mr. Fernandez indicated he had a general conversation with Mr. Keith Brinkman relative to pre-funding vs. post-funding of the supplemental distribution and the release of the 185 funds. Now that the city has refused to pay the required contributions, it appears that the state's position after all these years has shifted. Mr. Brinkman referred Mr. Fernandez to his letter (which to date has not been received) for direction in this matter.

Mr. Levinson made it very clear to all present that if the funds are not released by the state, the city is responsible to make up the 1.3 million dollar difference.

Mr. Cypen stated that Mr. Brinkman advised the Fund was in compliance of FS 185, but it was now their position that there was no compliance with FS 112.

Mr. Cypen asked for and received permission by full Board consensus to proceed with an administrative hearing if deemed legally appropriate.

Mr. Pollak asked what prompted the state action. Mr. Levinson advised that city's position and atmosphere in Tallahassee, which results in long standing decisions being reversed.

ATTORNEY'S REPORT

Mr. Cypen formally introduced Mr. Adam Levinson, who is a partner of Klausner, Kaufman, Jensen & Levinson to the Board.

Mr. Cypen presented the Fund's favorable letter of determination received from the Internal Revenue Service, dated September 11, 2015. Reapplication is underway with Mr. Williams and our partners at Holland Knight.

ADMINISTRATIVE REPORT

Pension Election: Mr. Williams advised that the Board of Trustees held a pension benefit election in compliance with City of Hollywood - Ordinance 33.138(A). The election was open to all active (non-dropped) members. The election dates were September 10-16, 2015. The official voting ballot was attached to the Trustee packet.

The certified results are as follows:
250 eligible voting members.
201 voted to approve the changes proposed.
2 voted to not approve the changes proposed.

After receiving the report as outlined, Mr. O'Brien made a motion to formally accept the result of the election. This motion was seconded by Mr. Szeto. All board members present voted yes.

Payroll Tracking: Mr. Williams e-mailed the finance department representative and waiting to hear back their plan of action relative to the ordinance change. Mr. Williams felt all new members should be contributing from day one. Existing probationary members should begin as well. Mr. Cypen will review the ordinance in case clarity is required.

Pension Physicals: Mr. Williams felt that as the new members and existing probationary members will be part of the system immediately, that pension physicals should be conducted upon entry and not at the end of probation. The Board agreed by consensus.

DROP/PRB Loans: Mr. Williams cited the respective member(s) loan request. He outlined that each member(s) have the funds in his/her personal DROP/PRB account to cover the loan(s) and he/she has been a participant in the DROP/PRB plan for the required amount of time. No conflict exists with the 12-month rule. Mr. Laskowski made a motion to approve the loans as noted, which was seconded by Mrs. Marano. All board members present voted yes.

QUARTERLY INVESTMENT PRESENTATION

Mr. Tom Galfano of Wells Capital Management appeared before the Board to review the latest investment report. This was the first appearance before the Board since being engaged. Mr. Galfano highlighted Wells Capital Management's profile, assets under management and client base. Mr. Galfano reflected that he along with Mr. Dann Smith and Ms. Suzanne Falvey were our primary points of contact for the firm. The investment team was identified as was their investment philosophy.

Key market observations were outlined as follows: U.S. equity returns were mixed during the quarter, yet continued to outperform developed Non-U.S. markets over the trailing twelve months and three-year periods. Emerging markets equity returns outperformed during the quarter, while continuing to lag developed markets for the trailing twelve months and the last three years.

In general, small-cap stocks outperformed both mid-and large-cap companies during the quarter. Growth stocks have outperformed their value counterparts over all time periods and across all market capitalization ranges.

The inception date of this portfolio was reported as May 12, 2015. The rate of return for the portfolio was -6.22% vs. the benchmark return of -7.16%. For the July 1, 2015 quarter through August 31, 2015 the rate of return was valued at -5.11% vs. -5.54% for the benchmark.

According to the report provided by Mr. Galfano, stock selection was the main contributor to outperformance. 6 out of 10 sectors contributed to relative outperformance. Health Care, Energy, and Financials were main contributors with Industrials detracting. Non-U.S. holdings (via ADRs) added value.

OPEN DISCUSSION

Mr. O'Brien announced that Officer Marc Kemp was activated for military service. Mr. Williams asked Mr. O'Brien to let him know when he returns, as the city representatives do not.

MEETING ADJOURNED

There being no further business, the meeting was adjourned at 11:30 AM

The next scheduled meeting is October 30, 2015 at 10:30 AM.

Respectfully submitted,

APPROVED:

C. Marano, Secretary

D. Strauss, Chairperson