

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

**October 30, 2015**  
**10:30 AM**

**MINUTES**

A regular meeting of the Hollywood Police Officers' Retirement System was held on Friday, October 30, 2015, at 10:35 AM, in the Office of Retirement, 4205 Hollywood Blvd., Suite 4, Hollywood, Florida 33021.

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

Excused Absence: R. Brickman

Also present were Kee Eng, City of Hollywood (arrived at 10:50 AM); Ed Rick, Eagle Asset; Steve Cypen, Board Attorney of Cypen & Cypen; Robert Klausner & Stuart Kaufman, Special Counsel of Klausner, Kaufman, Jensen & Levinson 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 September 25, 2015 MEETING

Mr. Strauss asked if there were any additions or corrections to the Minutes of the September 25, 2015 pension board meeting. Mr. Szeto made a motion to approve the Minutes of September 25, 2015, which was seconded by Mr. Laskowski. All board members voted yes.

ATTORNEY'S REPORT

Mr. Cypen distributed a "Code of Conduct for Public Pension Service providers" to the Board for future consideration.

ADMINISTRATIVE REPORT

Mr. Williams presented the Administrative Report to the Board.

- **DROP/PRB Loans:** Mr. Williams cited the respective member's loan requests. He outlined that each member has the funds in his/her personal DROP/PRB account to cover the loans 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. Mrs. Marano made a motion to approve the loans as noted, which was seconded by Mr. O'Brien. All board members present voted yes.

- 2016 Annual and Quarterly DROP Distributions being tallied and will be presented for approval at the November Meeting.
- 2015 and 2016 Required Minimum Distributions (DROP Members 70.5 or older) is being prepared and will be incorporated in the 2016 DROP Distributions.
- R-PRB Group Meeting is set for November 10, 2015 for all existing PRB Members. All Board Members welcomed to attend.
- IME for A. Silva was conducted this week. The Board will hold the Informal Hearing at November Meeting.
- The Plan was "Not Approved" for the state report because of the city's refusal to properly fund the plan.
- NOTICE OF UNDERFUNDING: October 13, 2015 - Letter was sent to City of Hollywood – Finance Department. The letter outlined the city's failure to properly fund the plan. The mayor and City Commission was copied as well.
- GFOA: On October 21, 2015 – The City Commission approval a Resolution Adopting the Best Practice of The Government Finance Officers Association Concerning Sustainable Funding Practices of Defined Benefit Pension Plans. The GFOA believes sustainability requires that governments that sponsor or participate in a defined benefit pension plan contribute the full amount of their actuarially determined annual required contribution (ARC) each year. Failing to fund the ARC during recessionary periods impairs investment returns by depriving the fund of its opportunity to invest when stock prices are low. Long-term investment performance will suffer and ultimately require higher contributions.

#### QUARTERLY PRESENTATION BY EAGLE ASSET MANAGEMENT

Mr. Rick appeared before the Board and stated the market value of Eagle Account was at \$18,892,192 as of September 30, 2015. Since inception (01-08-03) the Eagle Small Cap Account realized an annualized net return of 10.26% vs. 9.84% for the benchmark (Russell 2000). For the quarter ending September 30, 2015, Eagle Small Cap Account returned -8.09%, compared to -11.92% for the Russell 2000. On a one year rolling basis, the portfolio returned 4.02% compared to the benchmark of 1.25%. The 3 & 5 Year returns were valued at 11.86% & 12.43% in comparison to the benchmark returns of 11.02% & 11.73% respectively.

Mr. Rick provided a market overview: The Russell 2000 Index was down 11.9 percent in the third quarter and is down 7.7 percent on a year-to-date basis (through Sept. 30). In the index, the utilities sector (-0.3 percent) led individual sector performance. Energy (-32.8 percent) was the weakest sector due to the falling price of crude oil. The major sector news this quarter is that after six years of strong performance, biotech stocks (-17.2 percent) performed poorly and were responsible for 25 percent of the Russell 2000's overall return. Many small-cap biotech stocks are essentially roll-ups or merger-and-acquisition (M&A) candidates and recently poor credit markets have roiled the sector. Despite the decline in prices, there are few opportunities here that are independent of credit markets and so we remain underweight. Furthermore, the quickly consolidating generic-drug industry has been hit with accusations of price gouging; consequently, possible price regulation affects sentiment for the overall drug sector.

Eagle expects outperformance for growth stocks to continue as economically sensitive names would continue to suffer. That turned out to be true for large-cap stocks (the Russell 1000 Growth Index was down only 5.3 percent vs. the Russell 1000 Index, which was down 8.4 percent) but the implosion of biotech stocks led the Russell 2000 Growth Index to underperform its value-oriented counterpart (i.e., the Russell 2000 Value Index) by 230 basis points. We continue to concentrate on growth or growth at a reasonable price (GARP) names because value names are more associated with commodities, capital goods and economically sensitive names. Economic growth appears to us as if it is going to be scarce for the next few years.

Contributors & Detractors were reviewed as well. Mr. Rick indicated that their major worries are China financial contagion and Fed behavior.

#### SHADE MEETING

The public meeting was adjourned to a closed Attorney - Client meeting at 11:19 AM for the Trustees (D. Strauss, Chairman, C. Marano, Secretary, C. O'Brien, M. Pollack, V. Szeto and P. Laskowski) to meet with the legal counsel (Robert Klausner, Stuart Kaufman & Steve Cypen) pursuant to 286.011 Florida Statute. The Attorney - Client meeting concluded and the public meeting reconvened at 11:59 AM.

#### OPEN BOARD DISCUSSION

No open discussion ensued.

#### MEETING ADJOURNED

There being no further business, the meeting was adjourned at 12:00 PM.

Respectfully submitted,

C. Marano, Secretary

APPROVED:

D. Strauss, Chairman