

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

January 29, 2016

MINUTES

A regular meeting of the Hollywood Police Officers' Retirement System was held on Friday, January 29, 2016, at 10:35 A.M., in the Office of Retirement, 4205 Hollywood Blvd., Suite 4, Hollywood, Florida 33021.

PRESENT:

D. Strauss, Chairman, C. Marano, Secretary, R. Brickman, M. Pollak, P. Laskowski and V. Szeto

Excused Absence: C. O'Brien

Also present were Kee Eng, City of Hollywood; Gregg Hymowitz - Managing Partner, Bryan Schneider - Senior Analyst - Activism and Kevin Manning - Senior Managing Director of Entrust Securities; Ed Rick, Eagle Asset Management; John McCann & Brendon Vavrica - Thistle Asset Consulting; 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 DECEMBER 18, 2015 MEETING

Mr. Strauss asked if there were any additions or corrections to the Minutes of the December 18, 2015 pension board meeting. Mr. Szeto made a motion to approve the Minutes of the December 18, 2015 pension board meeting, which was seconded by Mr. Laskowski. All board members voted yes.

ADMINISTRATIVE REPORT

Mr. Williams presented the Administrative Report to the Board.

TRUSTEE NOMINATION/ELECTION: Mr. Williams reflected a notice of self-nomination and notice of election was sent out to all active members to consider. The seats currently held by Cathleen Marano & Paul Laskowski are open in March 2016. Both incumbents will be seeking re-election.

CONTRIBUTION PAYMENT: Mr. Williams reviewed recent efforts undertaken to communicate to the city that they have underfunded the actuarial required contribution. After several written communications, Mr. Williams reported that on January 21, 2016 he was advised the city would be making an additional payment to the Plan. The amount received was \$1,250,143.00. While this is a positive sign, the city is still in arrears. Mr. Jose Fernandez, Board Actuary was contacted and reflected the Plan is owed in excess of 2 million dollars for the past & current fiscal year. That underfunding communication was transmitted to Mr. Ernie Acosta - City of Hollywood Finance who cited he would review with Mr. Matthew Lalla - City of Hollywood Finance. The funds received on January 21, 2016 was transferred to Inverness Counsel account in compliance with the investment policy.

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.

As one of the loans sought was related to Mr. Strauss a separate vote was taken. Mrs. Marano made a motion to approve the loans presented with the exception of the member cited. This motion was seconded by Mr. Laskowski. All board members voted yes.

On the DROP/PRB Loan request(s) made by a member cited, Mr. Laskowski made a motion to approve the loan, which was seconded by Mr. Szeto. Motion was approved 5-0 with 1 abstention by Mr. Strauss. Form 8B filed accordingly (see attached).

INDEPENDENT AUDIT PRESENTATION

Financial Statements September 30, 2015 - Goldstein Schechter Koch - Tabled next meeting.

QUARTERLY INVESTMENT PRESENTATIONS

ENTRUST

Mr. Gregg Hymowitz - Managing Partner, Mr. Bryan Schneider - Senior Analyst - Activism and Mr. Kevin Manning - Senior Managing Director of Entrust Securities appeared before the Board to provide an investment update.

Before doing so, Mr. Hymowitz announced that EnTrust will be combining business with that of The Permal Group, a global alternative asset manager that was established in 1973 and acquired by Legg Mason in 2005. The Permal Group has a distinguished track record in managing investments across various complementary hedge fund strategies. Our new company, EnTrustPermal, will become a top 5 global hedge fund investor, managing approximately \$29 billion in assets. Mr. Hymowitz will serve as the Chairman and Chief Executive Officer of EnTrustPermal, as well as continue to be the Chair of the EnTrustPermal Global Investment Committee. Mr. Pollak asked about the historical returns and what The Permal Group brought to the table. Mr. Hymowitz responded accordingly to Mr. Pollak's satisfaction. Mr. McCann was asked by Mr. Strauss if he had any issues with the merger, in which Mr. McCann conveyed he did not.

In terms of the investment update, it was reported that the account was valued at \$4,483,000.00 as of December 31, 2015. Since the inception date was July 31, 2015 there was limited historical data to report. The net rate of return for the quarter was valued at -0.48% vs. the benchmark return (MSCI AC World Index) of 5.15%.

A brief activism case study was highlighted where Corvex Investment Offshore SPC Ltd., acquired an equity position in Yum! Brands, the parent company of three global quick-service restaurant brands that had materially underperformed for two years due to food safety issues in China. Corvex believes that the company can recover its lost earnings power in China, as well as implement several additional value creation initiatives.

EAGLE ASSET MANAGEMENT

Mr. Rick appeared before the Board and stated the market value of Eagle Account was at \$19,599,077.00 as of December 31, 2015. Since inception (01-08-03) the Eagle Small Cap Account realized an annualized gross return of 11.25%, compared to the Russell 2000 of 9.94%.

For the quarter ending December 31, 2015, Eagle Small Cap Account returned 3.93%, compared to 3.59% for the Russell 2000. On a one year rolling basis, the portfolio returned 0.42% compared to the benchmark of -4.41%. The 3 & 5 Year returns were valued at 13.32% & 10.35% in comparison to the benchmark returns of 11.65% & 19.19% respectively.

Mr. Rick provided a market overview: The Russell 2000 was up 3.6 percent this quarter, yet it was still down 4.4 percent for 2015. During the quarter, the bounce back in the index was led by the healthcare sector, up 9.6 percent, and the technology and telecommunication sectors, both up over 6 percent. The energy sector was once again the laggard down 7.9 percent.

Contributors to relative performance: Consumer Discretionary - In consumer discretionary, outperformance came from hotels and leisure segment. This included Vail Resorts as it was up this quarter as sales of season ski passes through December were up approximately 13% in units and approximately 19% in sales dollars versus the prior year. We avoided problems in the apparel industry that came from weak retail results. Energy - We outperformed on the basis of stock selection. Our preference for companies with little-to-no financial leverage partially insulates us from what continues to be a very difficult macro environment for the sector.

Detractors from relative performance: Industrials - Industrials were a source of underperformance from our stock selection in commercial supplies and machinery. In commercial supplies, Multi-Color was one of our top performers last quarter after robust results, but retreated this quarter for a number of reasons. Information Technology - In information technology, we suffered from selection effect in software and communication equipment. In semiconductors, we were underweight the index and our holdings did not keep up with its large increase in communication equipment

Mr. Rick indicated that Eagle prefers small caps as they tend to be domestic and often have less debt, as we think there will be noise around credit markets.

THISTLE ASSET CONSULTING

Mr. McCann announced that he made Mr. Vavrica a partner of his firm in December 2015. That effective April 1, 2016, Thistle Asset Consulting was merging with The Bogdahn Group. Mr. McCann advised that The Bogdahn Group is an independent, registered investment consulting firm with its headquarters in Orlando. Mr. McCann felt the change was beneficial as The Bogdahn Group would be handling all the back office/administrative matters while he would be able to focus on investment consulting needs. Mr. McCann added that he and Mr. Vavrica would continue to handle this account personally. In short, other than a new reporting book, the Trustees would see no change. The Trustees congratulated Mr. Frost & Mr. Vavrica and wished them well in this transition.

Mr. McCann presented an "Assignment Advisory Contract" for the Board to review and consider. Mr. Williams advised that Mr. Cypen has reviewed and approved. After review, a Motion was made by Mr. Brickman to accept the Assignment Advisory Contract, and authorize the Chairman to execute the required document, which was seconded by Mr. Laskowski. All board members voted yes.

OPEN DISCUSSION

Mr. Williams cited a fourth quarter 2015 distribution from American Realty Advisors in the amount of \$104,410.01. A fourth quarter snapshot report was also provided to the Trustees.

In closing, Mr. Williams proudly announced that he was celebrating his fifteenth year as their plan administrator. He thanked the Board for their continued confidence. Mr. Williams cited it is a true honor to work with all the retired/active men and ladies of the Hollywood Police Department.

MEETING ADJOURNED

There being no further business, the meeting was adjourned at 11:25 A.M.

The next scheduled meeting is February 20, 2016 at 10:30 AM.

Respectfully submitted,

APPROVED:

C. Marano, Secretary

D. Strauss, Chairperson

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, DAVID STRAUSS, hereby disclose that on JANUARY 29,, 20 16 :

(a) A measure came or will come before my agency which (check one or more)

- inured to my special private gain or loss;
- inured to the special gain or loss of my business associate, SEE COMMENTS ;
- inured to the special gain or loss of my relative, _____ ;
- 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 subsidiary, or sibling 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:

PRB LOAN

If disclosure of specific information would violate confidentiality or privilege pursuant to law or rules governing attorneys, a public officer, who is also an attorney, may comply with the disclosure requirements of this section by disclosing the nature of the interest in such a way as to provide the public with notice of the conflict.

12-29-2016

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.