

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

**February 17, 2017**

**MINUTES**

A regular meeting of the Hollywood Police Officers' Retirement System was held on Friday, February 17, 2017, 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; C. O'Brien; R. Wise; P. Laskowski and V. Szeto

Excused Absence: R. Brickman

Also present were Kee Eng & George Keller (Mr. Keller arrived at 10:52 AM), City of Hollywood; John McCann, AndCo Consulting; Janna Hamilton of Garcia Hamilton; Henry Renard, John Rochford & Robert Maddock, III of Inverness Counsel; Stuart Kaufman, Legal Counsel - Klausner, Kaufman, Jensen & Levinson and Dave Williams, Plan Administrator. Various active and retired members also present.

**PUBLIC COMMENT**

Mr. Robert Schiano reiterated his position cited at the January 27, 2017 police pension meeting.

**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 JANUARY 27, 2017 MEETING**

Mr. Strauss asked if there were any additions or corrections to the Minutes of the January 27, 2017 pension board meeting. Mr. Szeto made a motion to approve the Minutes of the January 27, 2017 pension board meeting, which was seconded by Mr. Laskowski. All board members voted yes.

**ATTORNEY'S REPORT**

**Professional Legal Services Agreement:** Mr. Kaufman presented an agreement to the Board for review and consideration. His firm will honor the existing retainer fee from Cypen & Cypen. Motion to accept and direct the chairman to execute by Mr. Szeto. The motion was seconded by Mr. Laskowski. All board members voted yes.

**R-PRB Rules:** Mr. Kaufman presented a draft policy for the Board to review and consider. Minor housekeeping measures were identified and noted by Mr. Kaufman. Motion to accept the R-PRB Rules with the minor changes noted by Mr. Szeto. The motion was seconded by Mr. Laskowski. All board members voted yes.

**Letter of Determination:** Mr. Kaufman reviewed a favorable Letter of Determination the Fund received from the Department of Treasury – Internal Revenue Service dated January 25, 2017. The Board was pleased this matter was complete and thanked Holland & Knight and Mr. Cypen for their efforts.

**City of Hollywood - Petition for Informal Hearing:** Mr. Kaufman reviewed a letter from Mr. David Miller (City Legal Representative) addressed to Ms. Elizabeth Stevens and Ms. Julie Browning. State of Florida – Division of Retirement dated January 31, 2017. Mr. David Miller requested an Informal Hearing on the release of the 185 funds. Letter was posted on-line at [http://hollywoodpensionfund.com/pdf/Scan\\_20170131\\_13.44.46.pdf#zoom=100](http://hollywoodpensionfund.com/pdf/Scan_20170131_13.44.46.pdf#zoom=100)

**Security Litigation Policy:** Mr. Kaufman presented the policy for the Board to review and consideration. Mr. Kaufman indicated that as part of the transition from Cypen and Cypen to Klausner, Kaufman, Jensen & Levinson there was an effort to unite all the Plans under one common policy. Motion to accept the Security Litigation Policy by Mrs. Marano. The motion was seconded by Mr. Laskowski. All board members voted yes.

**Legal Opinion:** Mr. Kaufman advised the Board he required additional time to consider the issue - Supplemental Distribution for members who retire/enter R-PRB post referendum 10-01-2011. As the decision, may affect the current year supplemental distribution, Mr. Kaufman will make every effort to schedule a special meeting. The Trustees concurred by consensus.

**KKLJ Client Conference:** Mr. Kaufman reminded the Trustees of the annual client conference.

#### ADMINISTRATIVE REPORT

**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.

Mr. Laskowski made a motion to approve the loans as noted (item 1-4), which was seconded by Mr. Szeto. All board members present voted yes.

Mr. Szeto made a motion to approve the loan as noted (item 5), which was seconded by Mr. Laskowski. Motion passed 5-0-1 abstention by Mrs. Marano. Form 8B filed accordingly (see attached).

**Trustee Election:** Mr. Williams advised the Board that there was a pension election underway. The election dates are February 15th at 9:00 AM thru February 22nd at 9:00 AM. The following members were running for three open seats: Mr. Christopher Boyd, Mr. Rhett Cady, Mr. Luis Ortiz, Mr. David Strauss – Incumbent, Mr. Van Szeto - Incumbent.

**Presentation to Trustee Chris O'Brien:** As Mr. O'Brien decided not to seek re-election, his term is expiring. Mr. Strauss formerly acknowledged the efforts of Mr. O'Brien who faithfully served as fiduciary to the Fund as a Board Trustee. On behalf of the Fund, a token of appreciation was presented to Mr. O'Brien accordingly for his dedicated service.

<http://hollywoodpensionfund.com/inTheBoardroom.asp>

**Task Force Meeting:** Mr. Williams reported that a task force meeting has been scheduled for March 21, 2017 at 3:00 PM at city hall. Meeting is open for any interested parties. Notice was posted on-line at

[http://hollywoodpensionfund.com/pdf/20170321\\_PostingPolicePensionTaskForceMeeting.pdf#zoom=100](http://hollywoodpensionfund.com/pdf/20170321_PostingPolicePensionTaskForceMeeting.pdf#zoom=100)

The minutes from the November 29, 2016 task force meeting are posted on-line at [http://hollywoodpensionfund.com/minutes/minutes\\_20161129\\_PolicePensionTaskForce.pdf#zoom=100](http://hollywoodpensionfund.com/minutes/minutes_20161129_PolicePensionTaskForce.pdf#zoom=100)

Investment & Custodial Fees: IT reprogramming underway with a target date of April 30, 2017 as approved by the Board. Mr. Williams advised the Trustees that the notice of investment & custodial fees changes was sent to all concerned personnel. The notice was also posted on-line at <http://hollywoodpensionfund.com/pdf/Investment%20fee%20notice%20Final%2002-13-2017.pdf#zoom=100>

INDEPENDENT AUDIT PRESENTATION

Financial Statements September 30, 2016 – BDO

Matter tabled and will be rescheduled as soon as possible.

QUARTERLY INVESTMENT PRESENTATIONS

Garcia Hamilton and Associates

Mrs. Hamilton started her presentation by formally announcing the closure of the GHA Equity product on December 31, 2017. This announcement was made in writing on January 9, 2017.

Mrs. Hamilton continued her presentation and discussed the investment return for the Equity and Fixed Income Accounts.

Market Update: Mrs. Hamilton advised for the quarter that ended December 31, 2016, the equity portfolio returned 0.7% for the equities, which underperformed the Russell 1000 Growth Index and the S&P 500. For the last twelve months, GHA equities returned 7.7%, which outpaced the Russell 1000 Growth Index, but lagged the S&P 500. On a three and five-year basis, the GHA Equity portfolio returned 6.6% and 11.8% respectively. The market's focus shifted abruptly on November 9<sup>th</sup> to President- elect Trump, away from the Federal Reserve. Stocks rose sharply following the election with the S&P500 Index closing up 3.8% including dividends. Returns were quite industry specific as areas expected to benefit from relaxed regulation, Banking and Energy, benefited most. Industrials gained in anticipation of accelerating economic growth. Traditional defensive areas, Staples and Healthcare, were a source of funds. Economic activity remained muted but all eyes were on hopes for 2017 and beyond.

Portfolio Update: The portfolio remains significantly overweight in high-quality stocks anticipated to produce superior earnings growth over the course of an economic cycle. While the new administration is promising accelerated economic growth, valuations already appear to discount much success even ahead of the inauguration. The removal of U.S. Federal Reserve accommodation may prove to be an offset for share prices.

PORTFOLIO COMPOSITION				CHANGE IN PORTFOLIO	
	Market Value	Pct. Assets	Yield		
EQUITIES	35,297,444.56	94.9	1.6	Portfolio Value on 02-09-00	5,000,000.00
FIXED INCOME	0.00	0.0	0.0	Net Additions/Withdrawals	11,678,430.56
CASH & EQUIVALENTS	1,877,872.41	5.1	0.0	Realized Gains/Losses	6,108,092.40
				Unrealized Gains/Losses	8,876,535.55
				Income Received	5,512,258.46
<b>Total</b>	<b>37,175,316.97</b>	<b>100.0</b>	<b>1.5</b>	<b>Portfolio Value on 12-31-16</b>	<b>37,175,316.97</b>

Mrs. Hamilton indicated that for the quarter that ended December 31, 2016, the fixed income portfolio returned -1.3%, which outperformed the Barclays Capital Intermediate Aggregate benchmark return of -2.0%. On a one year basis, the fixed income portfolio returned 3.3% vs. the benchmark return of 2.0%. Since the portfolio inception date of June 30, 2011, the fixed income return was 4.0%, compared to the benchmark return of 2.4%.

PORTFOLIO COMPOSITION				CHANGE IN PORTFOLIO	
	Market Value	Pct. Assets	Yield		
EQUITIES	0.00	0.0	0.0	Portfolio Value on 06-30-11	6,960,312.96
FIXED INCOME	13,498,791.54	99.7	2.0	Accrued Interest	56,667.59
CASH & EQUIVALENTS	46,712.87	0.3	0.0	Net Additions/Withdrawals	3,948,370.29
				Realized Gains/Losses	159,657.08
				Unrealized Gains/Losses	-183,601.42
				Income Received	2,611,553.63
				Change in Accrued Interest	-7,455.72
				Portfolio Value on 12-31-16	13,496,292.54
				Accrued Interest	49,211.87
<b>Total</b>	<b>13,545,504.41</b>	<b>100.0</b>	<b>2.0</b>		<b>13,545,504.41</b>

Inverness Counsel, Inc.

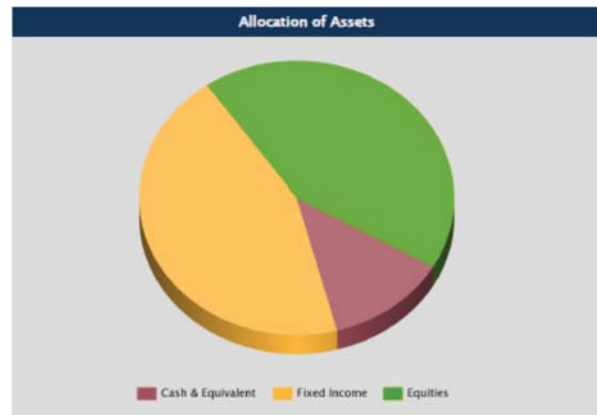
Mr. Maddock and Mr. Rochford provided the following investment outlook:

**Catalysts** - Housing continues to improve, driven by strength in single family home starts. Healthy balance sheets and lower debt service costs supporting loan growth. The consumer, which accounts for 70% of the U.S. economy, is employed and getting a raise. Multiple foreign central banks maintaining low or even negative interest rates.

**Concerns** - We expect volatility to remain elevated in both the equity and fixed income markets. Outside of the U.S., growth continues to be anemic and geopolitical concerns persist. Future profits may be pressured by rising employment costs. In general, the start of a new presidential term has not been a positive for the stock market or the economy.

Asset Allocation was reported as outlined:

Asset Comparison					
Asset Class	9/30/2016	%	12/30/2016	%	Estimated Annual Income
Cash & Equivalent	\$1,424,433	1.27%	\$15,256,543	12.54%	\$327
Fixed Income	\$59,426,896	53.12%	\$54,099,060	44.46%	\$1,806,000
Equities	\$51,018,111	45.61%	\$52,329,303	43.00%	\$1,018,628
<b>Total Portfolio</b>	<b>\$111,869,440</b>	<b>100.00%</b>	<b>\$121,684,905</b>	<b>100.00%</b>	<b>\$2,824,955</b>



During the quarter, equity markets experienced a strong rally after Election Day. The S&P 500 ended the year at 2,239—slightly below its record high. The direction of interest rates drove equity returns for most of the year, with lower rates in the first half and higher rates in the second. The Fed increased interest rates for only the second time in nine years, and additional increases are expected in 2017. There is speculation that many of the Trump administration's promised initiatives could be a shot of adrenaline to an aging economic recovery. Corporate tax reform is a key agenda item for the markets, and investors have already priced in some level of reform. Inverness continues to position portfolios for modest growth, although they expect volatility to reappear in 2017.

Mr. Maddock advised for the quarter that ended December 31, 2016 the equity portfolio returned 3.80% for the equities which was in line with the index. For the last twelve months, the account returned 7.37% for the equities, which was outpaced the benchmark return of 11.96%. On a longer-term basis of 3 years, the account returned 7.52% for the equities, compared to the benchmark return of 8.87%. The account was valued at \$52,329,303 as of December 31, 2016.

Mr. Rochford indicated that for the quarter that ended December 31, 2016, the fixed income portfolio returned -3.60%, compared to the Benchmark of -2.73%. For the last twelve months, the fixed portfolio returned 2.33% compared to the same policy return of 2.57%. On a longer-term basis of 3 years, the account returned 2.59%, in comparison to the policy return 2.57%. The account was valued at \$54,138,622 as of December 31, 2016.

#### AndCo Consulting

Mr. John McCann presented a U.S. Large cap Growth Equity Manager Analysis for the Board to review and consider. After discussing the options, the following managers were selected for interviews by consensus:

- CLARIVEST CAPITAL APPRECIATION FUND
- POLEN FOCUS GROWTH
- SAWGRASS DIVERSIFIED LARGE GROWTH EQUITY

The Board also made it clear that they would also consider passive investment, in whole or in part as well.

#### OPEN DISCUSSION

No discussion ensued.

#### MEETING ADJOURNED

There being no further business, the meeting was adjourned at 11:40 AM

The next special meeting is March 17, 2017 at 10:30 AM.

The next scheduled meeting is March 31, 2017 at 10:30 AM.

Respectfully submitted,

APPROVED:

C. Marano, Secretary

D. Strauss, Chairperson



RECEIVED

FEB 27 2017

# FORM 8B MEMORANDUM OF VOTING CONFLICT FOR COUNTY, MUNICIPAL, AND OTHER LOCAL PUBLIC OFFICERS

LAST NAME—FIRST NAME—MIDDLE NAME MARANO, CATHLEEN		NAME OF BOARD, COUNCIL, COMMISSION, AUTHORITY, OR COMMITTEE CITY OF HOLLYWOOD POLICE OFFICERS' RETIREMENT SYSTEM
MAILING ADDRESS 4205 HOLLYWOOD BLVD., SUITE 4		THE BOARD, COUNCIL, COMMISSION, AUTHORITY OR COMMITTEE ON WHICH I SERVE IS A UNIT OF:
CITY HOLLYWOOD, BROWARD	COUNTY	<input checked="" type="checkbox"/> CITY <input type="checkbox"/> COUNTY <input type="checkbox"/> OTHER LOCAL AGENCY
DATE ON WHICH VOTE OCCURRED 02-17-2017		NAME OF POLITICAL SUBDIVISION: CITY OF HOLLYWOOD POLICE OFFICERS' RETIREMENT SYSTEM
		MY POSITION IS: <input checked="" type="checkbox"/> ELECTIVE <input type="checkbox"/> APPOINTEE

## WHO MUST FILE FORM 8B

This form is for use by any person serving at the county, city, or other local level of government on an appointed or elected board, council, commission, authority, or committee. It applies equally to members of advisory and non-advisory bodies who are presented with a voting conflict of interest under Section 112.3143, Florida Statutes.

Your responsibilities under the law when faced with voting on a measure in which you have a conflict of interest will vary greatly depending on whether you hold an elective or appointive position. For this reason, please pay close attention to the instructions on this form before completing the reverse side and filing the form.

## INSTRUCTIONS FOR COMPLIANCE WITH SECTION 112.3143, FLORIDA STATUTES

A person holding elective or appointive county, municipal, or other local public office **MUST ABSTAIN** from voting on a measure which inures to his or her special private gain or loss. Each elected or appointed local officer also is prohibited from knowingly voting on a measure which inures to the special gain or loss of a principal (other than a government agency) by whom he or she is retained (including the parent organization or subsidiary of a corporate principal by which he or she is retained); to the special private gain or loss of a relative; or to the special private gain or loss of a business associate. Commissioners of community redevelopment agencies under Sec. 163.356 or 163.357, F.S., and officers of independent special tax districts elected on a one-acre, one-vote basis are not prohibited from voting in that capacity.

For purposes of this law, a "relative" includes only the officer's father, mother, son, daughter, husband, wife, brother, sister, father-in-law, mother-in-law, son-in-law, and daughter-in-law. A "business associate" means any person or entity engaged in or carrying on a business enterprise with the officer as a partner, joint venturer, coowner of property, or corporate shareholder (where the shares of the corporation are not listed on any national or regional stock exchange).

\* \* \* \* \*

### ELECTED OFFICERS:

In addition to abstaining from voting in the situations described above, you must disclose the conflict:

PRIOR TO THE VOTE BEING TAKEN by publicly stating to the assembly the nature of your interest in the measure on which you are abstaining from voting; *and*

WITHIN 15 DAYS AFTER THE VOTE OCCURS by completing and filing this form with the person responsible for recording the minutes of the meeting, who should incorporate the form in the minutes.

\* \* \* \* \*

### APPOINTED OFFICERS:

Although you must abstain from voting in the situations described above, you otherwise may participate in these matters. However, you must disclose the nature of the conflict before making any attempt to influence the decision, whether orally or in writing and whether made by you or at your direction.

IF YOU INTEND TO MAKE ANY ATTEMPT TO INFLUENCE THE DECISION PRIOR TO THE MEETING AT WHICH THE VOTE WILL BE TAKEN:

- You must complete and file this form (before making any attempt to influence the decision) with the person responsible for recording the minutes of the meeting, who will incorporate the form in the minutes. (Continued on other side)

**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, CATHLEEN MARANO, hereby disclose that on 02-17, 20 17 :

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

- inured to my special private gain or loss;
- inured to the special gain or loss of my business associate, \_\_\_\_\_;
- 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 R-PRB Loan -Self, which is the parent 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:

I could not vote to approve this matter (see above) that was pending before the Board of Trustees.

02-17-2017

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.