

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

July 28, 2017

MINUTES

A regular meeting of the Hollywood Police Officers' Retirement System was held on Friday, July 28, 2017, at 10:31 AM, in the Office of Retirement, 4205 Hollywood Blvd., Suite 4, Hollywood, Florida 33021.

PRESENT: D. Strauss, Chairman, P. Laskowski, C. Boyd and V. Szeto.

Excused Absence: R. Wise, C. Marano and R. Brickman

Also present were Paul Daragjati, Klausner, Kaufman, Jensen and Levinson; Ed Rick, Eagle Asset; David M. Williams, Plan Administrator; Julie Lind, Rhumline Advisors (via conference call).

PUBLIC COMMENT

No Comments.

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 JUNE 30, 2017 MEETING

Mr. Strauss asked if there were any additions or corrections to the Minutes of the June 30, 2017 pension board meeting. Mr. Szeto made a motion to approve the Minutes cited, which was seconded by Mr. Boyd. All board members voted yes.

ATTORNEY'S REPORT

Security Litigation: Mr. Daragjati reviewed a security litigation report from Saxena White, relative to Booz Allen. The Plan's loss was valued at \$28,000.00. Mr. Daragjati felt the loss was not material and while it is the Board's decision, he would not endorse seeking lead plaintiff status at this juncture. The Board elected not to take any action, but would participate in the class, if litigation is filed elsewhere.

Headley Matter: Mr. Daragjati reviewed the PERC - Hearing Officers' Recommendation in the Matter of Walter Headley, Jr., Miami Lodge #20, Fraternal Order of Police, Inc. v. City of Miami.

Mr. Daragjati indicated that the Commission has determined that the City violated Section 447.501 (1)(a) and (c), Florida Statutes, by unilaterally changing wages, pensions, health insurance, and other monetary items prior to completing the Section 447.403, Florida Statutes, impasse resolution procedure.

The Hearing Officer recommended that the Commission direct the City to rescind its modifications to the wages, health care, and pension benefits of employees represented by the FOP beginning on September 30, 2010. It was also recommended that the Commission direct the parties to return to the status quo ante as of September 29, 2010, the day prior to the effective date of its unlawful action.

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Mr. Daragjati indicated that as the City of Hollywood mirrored the action of the City of Miami by improperly filing financial urgency and unilaterally changing a host of benefits to include pension, that his firm will prepare a legal memorandum and present same to the August 18, 2017 meeting.

Mr. Strauss asked Mr. Daragjati to include in the legal memorandum the direct connection from the Headley Matter to the Board of Trustees for the City of Hollywood Police Officers' Retirement System, and Van Szeto v. the City of Hollywood.

To ensure the memorandum addresses active, active past retirement age, active that were and were not vested but employed as of September 30, 2011 and retired personnel since the passage of the ordinance in question.

Further, to clarify the City of Hollywood's method and process was relative and in direct correlation to the City of Miami actions even though ours went to Referendum. The City of Hollywood did not bargain, go to impasse but imposed on October 1, 2011 prior to the end of the contract (September 30, 2012) and without going to impasse for another year (September 30, 2013) prior to imposing changes.

Whether the PERC Ruling by the Hearing Officer is binding, due to the supreme court remanding it back to PERC.

Security Monitoring Firm: Mr. Daragjati recommended that the Board consider adding Bernstein Litowitz Berger & Grossmann LLP. to the security monitoring team. The Board agreed to add to the September agenda for a formal presentation. <https://www.blbglaw.com/>

ADMINISTRATIVE REPORT

Mr. Williams presented the Administrative Report to the Board.

Return of Pension Contributions: Mr. Williams outlined a request from Mr. David Cajuso for a refund of pension contributions. All the required forms have been executed and received. Mr. Laskowski made a motion to approve the refund as noted, which was seconded by Mr. Szeto. All board members present voted yes.

DROP/PRB Loan: Mr. Williams cited the respective member's loan request. He outlined that the member has the funds in his personal DROP/PRB account to cover the loan and he 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 loan as noted, which was seconded by Mr. Szeto. All board members present voted yes.

Investment Manager Schedule: Mr. Williams presented an update manager appearance schedule for the Board to consider. Upon review the Board agreed by consensus to adopt effective immediately. Mr. Williams will notify Mr. McCann to notify all interested parties accordingly.

JAN	Eagle	Entrust
FEB	Inverness	open
MAR	Wells	open
APR	Sawgrass	open
MAY	Inverness	GHA
JUN	Clarivest	Entrust
JUL	Eagle	*Rhumbleline
AUG	Inverness	open
SEP	Wells	American
OCT	Sawgrass	open
NOV	Inverness	GHA
DEC	Clarivest	Intercontinental

Web link:

<http://hollywoodpolicepensionfund.com/BoardMeetings.asp>

QUARTERLY INVESTMENT REPORT – EAGLE ASSET MANAGEMENT

Mr. Ed Rick, CFA - Director of Institutional Client Services appeared before the Board to review the investment results for the March 31, 2017 quarter.

Market Review:

- The Russell 2000 returned 2.46% during the second quarter, though the quarter's numbers don't tell the real story of the quarter, as the quarter's big moves occurred in June with the Russell 2000 returning 3.46%.
- Low-quality/profitability companies beat high-quality companies and the smallest stocks outperformed the largest stocks in the index.
- Health Care was among the strongest performers, led by biotech, up over 9%.
- The sudden rise in biotech is difficult to explain, the market rotated out of technology in June after a strong run, and perhaps new money went to biotech.
- Energy was the weakest sector, as oil fell from the middle \$50's a barrel to the low \$40's.
- The sector traded off nearly 20% during the quarter.

Contributors to relative performance:

Health Care

- The portfolio outperformed while maintaining an underweight to the index.
- Tivity Health rose as a result of reporting better than expected first quarter results.
- Merit Medical Systems reported strong first quarter results, exceeding expectations on both the top and bottom lines.

Materials

- We outperformed while maintaining an underweight position.
- One of our chemical names beat earnings expectations and guided to higher volumes.

Detractors from relative performance:

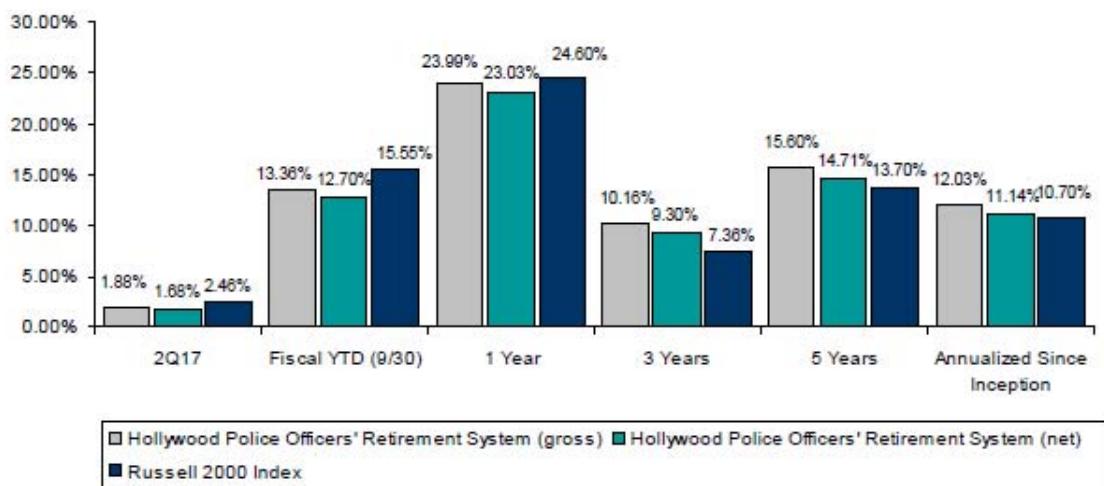
Financials

- The portfolio underperformed due to selection effect while keeping an inline weight to the index.
- This was led by a few banks that had outperformed during the previous two quarters.
- These holdings were affected by interest rates falling during most of the quarter.
- A mortgage finance name traded lower as the company guided some of the expenses higher than analysts were estimating.

Energy

- The Energy sector remains volatile.
- We saw underperformance from our higher-operating-leverage oil field service investments, Smart Sand and Forum Energy.
- In previous pullbacks, we've relied on outperformance from these higher quality E&P investments to offset the oil service headwind.

PERFORMANCE

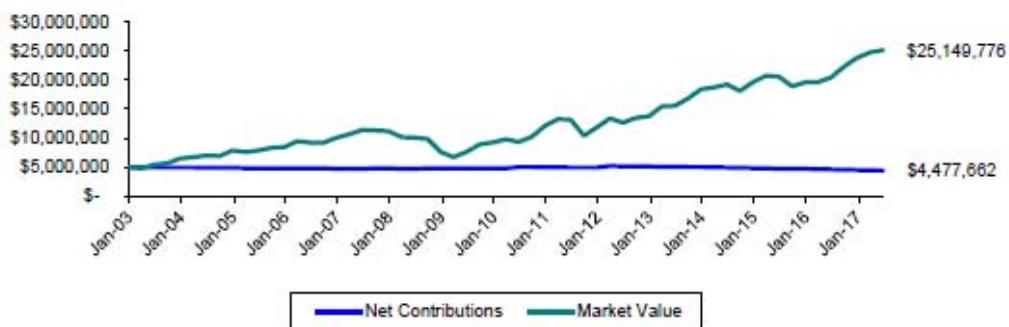


MARKET VALUE

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QUARTERLY INVESTMENT REPORT – RHUMBLINE

Ms. Julie Lind reviewed the following accounts via conference call.

**S&P Pooled 400 Index Account – Inception date: January 5, 2009
Market Value: \$28,587,128.21**

PERFORMANCE (Gross of Management Fees thru 6/30/2017)		
	<u>PORTFOLIO</u>	<u>S&P 400 INDEX</u>
2017 - YTD thru June	5.97%	5.99%
Trailing 1 Year	18.51%	18.57%
Trailing 3 Year (Annualized)	8.50%	8.53%
Trailing 5 Year (Annualized)	14.86%	14.92%
Since Inception (Annualized)	17.86%	17.87%

**Russell 1000 Growth Pooled Index Fund - Inception date: June 26, 2017
Market Value: \$9,868,300.64**

PERFORMANCE (Gross of Management Fees thru 6/30/2017)		
	<u>PORTFOLIO</u>	<u>BENCHMARK</u>
6/26/17 thru 6/30/17	-1.27%	-1.27

OPEN DISCUSSION

No open discussion ensued.

MEETING ADJOURNED

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NEW BUSINESS

2017/18 Administrative Budget: Mr. Williams outlined the Administrative Expense Budget provision. 175.061(8) and 185.05(8) require that all firefighter and police Boards of Trustees shall provide a detailed accounting report and operate under an administrative expense budget. A copy of the budget shall be provided to the plan sponsor and made available to plan members before the beginning of the fiscal year. If the Board amends the administrative expense budget, the Board must provide a copy of the amended budget to the plan sponsor and make available a copy of the amended budget to plan members. For plans that use a September 30 - October 1 fiscal year, the new administrative expense budget must be prepared and made available prior to October 1st.

Mr. Williams presented an Administrative Expense Budget based on the expenses reported in the financial statements of September 30, 2016 for the Board to consider. Mr. Williams stated that 100 basis points of expense is considered reasonable in the industry. The proposed budget is estimated at 45 basis points which is based on the September 30, 2016 balance of the System, so is extremely reasonable. Mr. Laskowski made a motion to approve the 2017/18 Administrative Expense Budget as presented, which was seconded by Mr. Boyd. All board members voted yes.

There being no further business, the meeting was adjourned at 11:06 AM.

The next scheduled meeting is August 18, 2017 at 10:30 AM.

Respectfully submitted,

APPROVED:

C. Marano, Secretary

D. Strauss, Chairperson