

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

September 29, 2017

MINUTES

A regular meeting of the Hollywood Police Officers' Retirement System was held on Friday, September 29, 2017 at 10:33 AM, in the Office of Retirement, 4205 Hollywood Blvd., Suite 4 Hollywood, Florida 33021.

PRESENT: D. Strauss, Chairman, R. Wise, C. Marano, C. Boyd, V. Szeto and P. Laskowski (arrived at 11:10 AM).

Also present were Kee Eng & George Keller, City of Hollywood; Jeffrey Marano, President – Broward County PBA; Michael Whiting; Julio E. Gonzalez, Jr., Attorney for Mr. Whiting; Hannah Ross & Amanda Rekemeier of Bernstein Litowitz Berger & Grossmann; Richelle Hayes of American Realty Advisors; Brian O'Sullivan & Tom Galfano of Wells Fargo; Stuart Kaufman of Klausner, Kaufman, Jensen and Levinson; David M. Williams, Plan Administrator.

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 August 18, 2017 MEETING

Mr. Strauss asked if there were any additions or corrections to the Minutes of the August 18, 2017 pension board meeting. Mrs. Marano made a motion to approve the Minutes cited, which was seconded by Mr. Szeto. All board members voted yes.

ATTORNEY'S REPORT

- Mr. Kaufman indicated that he has spoken with representatives of the city regarding the supplemental distribution mediation. The city representatives agree in principal to the framework. Mr. Kaufman requested an executive session with the Board on October 27, 2017. Mr. Kaufman indicated that the terms require that a certain percentage of the retirees agree to the terms, or the settlement proposal could not take place.
- PERC Update provided in the Headley Matter.
- Mr. Kaufman also updated the Board on the case being heard by the Florida Supreme Court Case: SC14-1639 challenging the financial urgency law. <http://hollywoodpensionfund.com/docs/announcements/Supreme%20Court%20Order2.pdf#zoom=100>
- HD Supply Update – Lead Plaintiff Status being sought BY Saxena and White: [https://www.saxenawhite.com/pdfs/HD%20Supply%20-%20Complaint%20\(00114688xAFFB5\).pdf](https://www.saxenawhite.com/pdfs/HD%20Supply%20-%20Complaint%20(00114688xAFFB5).pdf)

ADMINISTRATIVE REPORT

Mr. Williams presented the Administrative Report to the Board.

Change of Beneficiary: Mr. Williams reviewed a request from Mr. Vincent Manger who requested a change of beneficiary. This is the member's first request and the current spouse is older than the former spouse, so no actuarial change is required. Matter reviewed with the Plan Actuary as well. Mr. Szeto made a motion to approve Mr. Manger's request, which was seconded by Mr. Boyd. All board members present voted yes 5-0 (Mr. Laskowski off the dais).

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.

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. Boyd. All board members present voted yes 5-0 (Mr. Laskowski off the dais).

On the DROP/PRB Loan request(s) made by a member cited, Mr. Szeto made a motion to approve the loan, which was seconded by Mrs. Marano. Motion was approved 4-0 with 1 abstention by Mr. Strauss. Form 8B filed accordingly (see attached).

INFORMAL DISABILITY HEARING – MICHAEL WHITING

Mr. Julio Gonzalez spoke briefly on the matter. In short, he said that Mr. Whiting was directed by the Chief of Police (Tomas Sanchez) to file for disability and had to award disability status in order to maintain a light duty position, otherwise he would be fired.

Mr. Kaufman provided pertinent information from the independent medical examinations of Dr. Larry Brooks, Dr. Juandalyn Peters and Dr. Ilan Melnick. All three have concluded that Whiting is totally and permanently disabled from service as a police officer, and that the disability is service connected.

After discussion, Mrs. Marano made a motion that Mr. Whiting is physically unable to perform the duties of a police officer to which he was assigned. Given Mr. Whiting's medical condition, he is unable to render useful and efficient service as a police officer to the City. Further, that the injury (condition) occurred in-the-line-of-duty, and is total and permanent. Finally, that the Board finds that there are no disqualifying events which would preclude Whiting from receiving a disability. Mr. Boyd seconded the foregoing motion. All board members present voted yes (6-0).

It was noted that the disability pension shall be payable effective September 29, 2017 or the date that the Claimant stops receiving pay from the City of Hollywood, whichever is later.

A final Board Order will follow and be sent to all concerned.

SECURITY MONITORING PRESENTATION

- Bernstein Litowitz Berger & Grossmann (BLBG)

Mr. Kaufman advised the Board that his firm works with BLBG with most of their clients. Mr. Kaufman feels that BLBG only brings cases that merit litigation. Mr. Kaufman reflected that BLBG would complement our existing security monitoring firms.

Ms. Hannah Ross & Ms. Amanda Rekemeier thanked Mr. Kaufman for the introduction and then they began their presentation.

The United States has the strongest laws to protect investors when corporations commit fraud or engage in misconduct. One such law is called the Private Securities Litigation Reform Act, which encourages pension funds to take action if they lose money as a result of corporate wrongdoing. Board Members have a fiduciary obligation to recover funds lost through investments in public securities as the result of corporate mismanagement and/or fraud.

While most companies play by the rules, the markets are not immune to bad actors. *Examples provided were:* WORLDCOM, ENRON, MERCK, LEHMAN, GENERAL MOTORS, VOLKSWAGEN & WELLS FARGO.

- BLBG provides a comprehensive set of claims identification, evaluation and litigation services tailored to the pension fund clients' individual securities portfolios, needs and preferences. Portfolio Monitoring and Reporting, Auditing of Claims Filing, Securities Class Actions, Shareholder Derivative Cases, Corporate Governance Matters, Transaction/Deal Cases, Appraisal Rights Litigation, Direct Action and Opt-Out Cases, Foreign Law Claims, U.S. Supreme Court Advocacy and Educational Opportunities were outlined.
- BLBG was founded over 30 years ago, they are one of the leading firms worldwide advising public and Taft-Hartley pension funds on securities litigation and shareholder rights.
- BLBG is counsel to over 185 public pension funds, Taft-Hartley pension funds, and other institutional investors, including 39 in Florida.
- BLBG has recovered more money for investors than any other firm in our field.
- BLBG has the lowest case dismissal rates in the industry.
- BLBG pursue claims other firms fail to identify.
- BLBG pioneered the portfolio monitoring programs that have become an industry standard.

At the conclusion of the presentation, the Board thanked the representatives for the thought provoking presentation.

Mr. Szeto made a motion to engage the professional monitoring services of BLBG and authorize the Chairman and/or the Administrator to execute any and all documents required, once approved by Mr. Kaufman. Motion was seconded by Mr. Laskowski. All board members present voted yes (6-0).

QUARTERLY INVESTMENT REPORTS

Wells Fargo – Large Cap Value

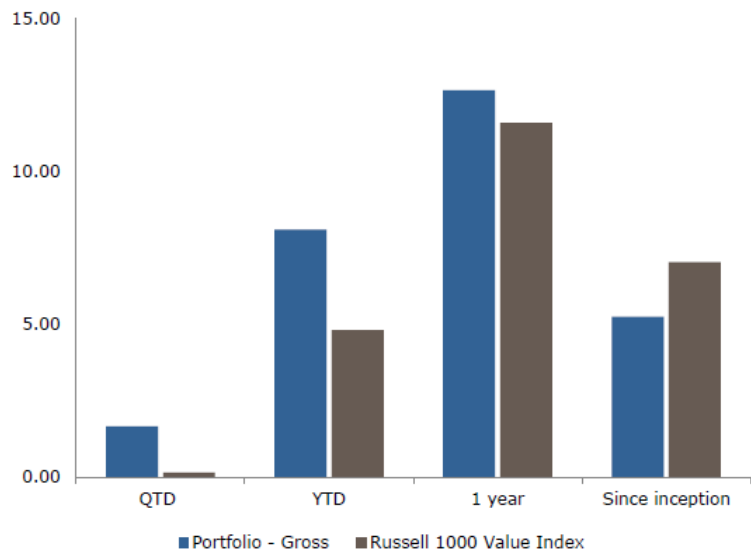
Mr. Brian O’Sullivan & Tom Galfano of Wells Fargo appeared before the Board to provide an investment portfolio update.

Market Update

U.S. equity markets underperformed developed non-U.S. markets for the quarter, though outperformed for the one- and three-year periods. Emerging markets outpaced developed non-U.S. markets for the trailing one-year, while performing essentially in line over the quarter and three-year period. By size, dispersion across the capitalization ranges was minimal for the quarter and trailing three years. However, for the one-year period small-cap stocks outperformed by a wide margin. As measured by the broad market indices, growth stocks outperformed their value counterparts over all time periods.

Performance history (%) as of August 31, 2017

	QTD	YTD	1 year	Since inception 12-May-15
Portfolio - Gross	1.66	8.09	12.65	5.24
Russell 1000 Value Index	0.15	4.81	11.58	7.03



Portfolio

Solid absolute and relative performance versus the Russell 1000 Value Index year to date. Year to date through August 31, 2017, 7 of 11 sectors contributed to relative performance strength. Trailing one-year period, 7 of 11 sectors contributed to outperformance. Health Care and Information Technology contributed & Financials detracted.

Portfolio Characteristics

Characteristic	Portfolio	Benchmark
Number of companies	45	705
Ten largest company weights	29.8%	22.3%
Active share	86.5%	--
Weighted average market cap	\$137.2B	\$114.8B
P/E (normalized EPS)	20.1x	0.1x
P/E (trailing 1 year)	20.8x	19.9x
Dividend yield	1.9%	2.5%
ROE (5-year average)	20.1%	13.6%
Debt/capital	43.4%	39.5%
Long-term growth forecast	10.0%	9.2%

Outlook

Representatives felt that shifting environment should benefit the Wells Intrinsic Value approach. Fiscal policy prescriptions: tax reform, regulatory reform, and infrastructure builds, and their impact on economic growth, may accelerate advantages of the Wells portfolio.

American Realty Advisors

Ms. Richelle Hayes provided a portfolio update.

Investment Summary as of June 30, 2017	
	Inception-to-Date
Contributions	\$ 7,500,000
Redemptions	-
Net Income	1,053,239
Distributions	(1,523,787)
Appreciation	1,883,545
ENDING NET ASSET VALUE	\$ 8,912,997

With an inception date of April 1, 2013 through June 30, 2017 the return was valued at 10.03% (income and appreciation on a net basis). Ms. Hayes confirmed that distributions going forward were now going to be reinvested, as per the Board action of August 18, 2017.

Recent Core acquisitions and dispositions were outlined by Ms. Hayes as well.

Ms. Hayes was asked about damage from any hurricanes. She indicated the portfolio had no damage to speak of.

OPEN DISCUSSION

Mr. Williams advised payroll request was submitted to the city as a result of the action of the August 18, 2017 meeting.

Mr. Williams contacted the PBA and the City to determine the status of negotiations regarding the 2011 referendum. To date no action taken.

Mr. Keller explained the delay was as a result of the hurricane. An executive session was held and he received a positive response from the commission.

MEETING ADJOURNED

There being no further business, the meeting was adjourned at 11:44 AM.

The next scheduled meeting is October 27, 2017 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 September 29, 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 _____, 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:

PRB Loan

September 29, 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.