

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

**January 26, 2018**

**MINUTES**

A regular meeting of the Hollywood Police Officers' Retirement System was held on Friday, January 26, 2018, at 10:32 A.M., in the Office of Retirement, 4205 Hollywood Blvd., Suite 4, Hollywood, Florida 33021.

PRESENT:

D. Strauss, Chairman, C. Marano, Secretary, V. Szeto C. Boyd, P. Laskowski and R. Wise

Excused Absence: R. Brickman

Also present were Kee Eng, City of Hollywood; Mark A. Guariglia & Bryan Schneider - EntrustPermal; Ed Rick, Eagle Asset Management; Stuart Kaufman, Legal Counsel - Klausner, Kaufman, Jensen & Levinson; David M. Williams, Plan Administrator.

PUBLIC COMMENT

No Public 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 DECEMBER 15, 2017 MEETING

Mr. Strauss asked if there were any additions or corrections to the Minutes of the December 15, 2017 pension board meeting. Mr. Szeto made a motion to approve the Minutes of the December 15, 2017 pension board meeting, which was seconded by Mr. Laskowski. All board members voted yes.

ATTORNEY'S REPORT

Mr. Kaufman briefed the Board about court action filed against the City of Miami Firefighters' and Police Officers' Retirement Trust by the City of Miami. The Board of Trustees began to restore benefits because of the Headly Case as a result, the city filed an action to stop it. The court denied the city's request. <http://miamifipo.org/Resources/bd4e2a8e-a83c-4be2-a220-71fa1d9edfd1/Motion%20to%20Abade%20Injunction.pdf>

Mr. Kaufman indicated that the Board should have Cavanaugh Macdonald Consulting prepare an impact study cost to rollback pension benefits to 2011 level. The Board agreed by consensus and Mr. Williams will pursue for the next meeting.

ADMINISTRATIVE REPORT

Mr. Williams presented the Administrative Report to the Board.

TRUSTEE NOMINATION/ELECTION: Mr. Williams reflected a notice of self-nomination & election was sent out to all active members to consider. The notice is also posted on the website and the front door of the pension office. The seats currently held by Mr. Laskowski and Mrs. Marano are open in March 2018.

Web Link:

<http://hollywoodpensionfund.com/docs/announcements/NOTICE%20OF%20BOARD%20NOMINATION%20&%20ELECTION%2001-09-2018.pdf#zoom=100>

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. Brickman made a motion to approve the loans presented. This motion was seconded by Mrs. Marano. All board members voted yes.

BOOKKEEPER: Mr. Williams presented a copy of the Bookkeeper Agreement to the Board to formally ratify. After the Trustees had an opportunity to review, a motion to affirm the action was made by Mr. Laskowski and seconded by Mr. Szeto. All board members voted yes.

AUDIT: Still awaiting final engagement letter from BDO after legal review and approval.

#### QUARTERLY INVESTMENT PRESENTATIONS

##### ENTRUST

It was noted that our Fund is in queue for the launch of the Entrust – Special Opportunities Fund IV. Mr. Mark A. Guariglia & Mr. Bryan Schneider of EntrustPermal appeared before the Board to provide an investment update. It was reported that the account was valued at \$5,080,423. as of December 31, 2017. Since the inception date was July 31, 2015 the net rate of return was valued at 1.61%.

Activist strategies range from “constructivism,” where the activist managers work collaboratively with the company's management team, to “aggressive activism,” where managers employ a variety of hostile techniques that include replacing management teams and boards. Activist investors identify companies whose valuations do not reflect their intrinsic value and develop robust plans to unlock shareholder value through a variety of ways: Operational Improvements, Capital Allocation, Corporate Transactions and Management/Board (recruitment, structuring, composition and communication).

The following chart outlines the EnTrustGlobal Activist Fund SPC Allocation:

	Percentage of GAF	Initial Investment
Blue Harbour Active Ownership Partners (ERISA) Ltd	10.36%	Nov-13
Cevian Capital II Ltd	13.10%	Jan-14
Corvex Offshore II Ltd	5.67%	Nov-13
JANA Offshore Partners Ltd	8.03%	Nov-13
Pershing Square International Ltd	9.03%	Nov-13
Red Mountain Partners LP	4.46%	Nov-13
Third Point Offshore Fund Ltd	11.70%	Mar-14
Tosca Opportunity	14.61%	Jan-14
Triam Partners (ERISA) Ltd	10.39%	Nov-13
ValueAct Capital International I LP	12.65%	Nov-13
<b>TOTAL</b>	<b>100.00%</b>	
<b>Average Manager Allocation</b>	<b>10.00%</b>	

EAGLE ASSET MANAGEMENT

Mr. Rick appeared before the Board and stated the market value of Eagle Account was at \$27,226,775 as of December 31, 2017. Since inception (01-08-03) the Eagle Small Cap Account realized an annualized net return of 11.34%, compared to the Russell 2000 of 10.98%.

For the quarter ending December 31, 2017, Eagle Small Cap Account returned 2.33%, compared to 2.34% for the Russell 2000. On a one year rolling basis, the portfolio returned 14.24% compared to the benchmark of 14.65%. The 3 & 5 Year returns were valued at 11.44% & 14.58% in comparison to the benchmark returns of 9.96% & 10.96% respectively.

Mr. Rick provided a market overview: The stock and bond markets are sending mixed signals, making it hard to decide on a general market level of bullishness. The U.S. Federal Reserve said it doesn't see inflation, validating growth.

Contributors to relative performance: Real Estate: Our focus on REITs with higher growth profiles sub-sectors with secular tailwinds or in markets with superior demographic profiles largely contributed to outperformance.

Detractors from relative performance: Consumer Discretionary: Many retail names in the index sprung back to life this quarter on the backs of easy year-over-year sales comparisons, depressed valuations, lower tax rates, and a surge in consumer confidence, especially among lower income groups.

SUPPLEMENTAL DISTRIBUTION

Mr. Williams presented the Trustees the supplemental distribution report by Mr. Todd B. Green of Cavanaugh Macdonald, dated January 24, 2018.

The distribution is based on Section 33.136(N) of the plan document. It is triggered if asset returns are in excess of 8% for the year ended September 30th. The Supplemental Distribution will not be made using excess investment gains. The Supplemental Distribution will be funded in accordance with the State of Florida - Bureau of Local Retirement Systems requirements.

As determined by the Board, the amount distributed is equal to the return in excess of the assumed rate (not to exceed 2%) multiplied by the present value of the liability for retirees and beneficiaries subject to the limitation that it cannot exceed the actual dollar amount of the excess return. The actual asset return rate of 11.09% (net of investment management expenses) reported to us by the investment monitor for the year ending September 30, 2017 represents a total of 3.09% in excess of the assumed rate of 8%. However, the distribution is capped at 2.00%. Based on the method used by the System's investment monitor for the previous distributions, we have calculated the distribution amount of \$2,808,990 for the 2017 Plan year. The calculation is detailed in the table below.

(a)	Return in excess of 8% (maximum of 2%)	2.00%
(b)	Dollar amount of excess return	\$2,808,990
(c)	Present value of Retiree and Beneficiary Liability*	\$348,249,418
(d)	(a) x (c)	\$6,964,988
(e)	Distribution Amount [Lesser of (b) or (d)]	\$2,808,990

As with last year's report, members who retired (entered the PRB) post October 1, 2011 were identified. Notices will go out to those members as well, identifying the amount and that the funds were being held in trust by the Fund until further legal resolution. Mr. Kaufman supported the supplemental distribution based on the manner described. Mr. Williams will also provide notice of the city's intent to claw back the funds.

Mr. Szeto made a motion to approve the foregoing based on compliance with all applicable ordinances and laws for an April 1, 2018 distribution, which was seconded by Mrs. Marano. All board members voted yes. A formal request for payment to wit: in the form of a Warrant will follow for final approval prior to sending to the custodian.

OPEN DISCUSSION

Mr. Williams let the Trustees know that Mr. Kee Eng, City of Hollywood was tasked by city management to record our meetings. Mr. Eng informed Mr. Williams and Mr. Strauss of this new procedure prior to the meeting today. Mr. Kaufman affirmed that the recording was a public record and the City of Hollywood would be the responsible party to maintain custody.

MEETING ADJOURNED

There being no further business, the meeting was adjourned at 11:16 A.M.

The next scheduled meeting is February 16, 2018 at 10:30 AM.

Respectfully submitted,

APPROVED:

C. Marano, Secretary

D. Strauss, Chairperson