

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

March 23, 2018

MINUTES

A regular meeting of the Hollywood Police Officers' Retirement System was held on Friday, March 23, 2018, 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, V. Szeto, P. Laskowski, R. Wise (arrived 10:42 A.M.) & C. Boyd.

Excused Absence: R. Brickman.

Also present were George Keller (arrived 11:10 A.M.) Kee Eng, City of Hollywood; Brian O'Sullivan & Tom Galfano, Wells Capital Management; Stuart Kaufman, Legal Counsel - Klausner, Kaufman, Jensen & Levinson; David M. Williams, Plan Administrator.

PUBLIC COMMENT

Mr. Greg Rossman, Attorney who represents several retired members made a passionate plea to the Board for the members he represents. Mr. Greg Rossman opined the waiver does not apply as the PBA and the City of Hollywood cannot take away his client's rights to the benefits.

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 FEBRUARY 16, 2018 MEETING

Mr. Strauss asked if there were any additions or corrections to the Minutes of the February 16, 2018 pension board meeting. Mr. Laskowski made a motion to approve the Minutes of the February 16, 2018 pension board meeting, which was seconded by Mr. Szeto. All board members voted yes.

ATTORNEY'S REPORT

- Mr. Kaufman is preparing the notice to the city for rolling back the ordinance.
- PERC expected to rule on or about May 10th. Waiver issue may impact pensions. But members who separated service prior to July 2013 not affected by the waiver.
- Mr. Kaufman cited the proceeds for the 13th check was identified for all the members who departed after October 1, 2011 and set aside. He felt it would be prudent to wait for the PERC ruling to move forward. Discussion ensued due to Mr. Rossman's comments. The Board directed Mr. Williams to identify those who separated service prior to the waiver. Send the required notices and prepare a warrant for approval for the next meeting.
- Mr. Kaufman referenced the PTSD Law for Worker's Compensation Claims.

- Mr. Strauss asked Mr. Kaufman about in-service distributions as the city may wish to rehire former officers for the SRO Program. Mr. Kaufman indicated an ordinance change would be required to comply with IRS standards and may be limited in scope.
- PERC Hearing in Miami is delayed until June and is limited to wages only.
- Mr. Kaufman indicated that the City of Miami Police & Fire Plan has rolled back the ordinance to pre-financial urgency status and the court has agreed.
- Mr. Kaufman stated his firm still awaits the Florida Supreme Court ruling on the constitutionality of the Financial Urgency Statute.

ADMINISTRATIVE REPORT

- Mr. Williams indicated that a warrant is before the Board this date for approval of the supplemental distribution for all members who retired before October 1, 2011 and completed the required documents to date.
- Updates provided on recent member/beneficiary deaths and subsequent action taken. Affirmed the Board's direction on the supplemental distribution.
- Recalculation update: All the computer programming completed. All the payroll data provided by the city was uploaded. Mr. Williams thanked Mr. Strauss for his assistance in the review of the payroll coding. Snapshots were also received in the same manner approved prior by the Board from the timekeeper. Mr. Williams thanked Mr. Szeto for his assistance in completing that effort. Several test cases were sent to the actuary to independently review. Optional forms were also programmed in an effort to reduce additional actuarial costs as well.
- Mr. Williams reflected that he has received inquiries from members asking if they could adjust their retirement dates. Mr. Williams felt he did not have the legal authority to advise. Examples were given about members who entered the PRB at age and not years of service. Further members who stayed beyond their normal retirement dates (NRD) and subsequently before the PRB was negotiated. The members who stayed beyond their NRD have indicated that if the pre-financial urgency ordinance was in effect, they would have entered the DROP on their NRD and not stay beyond. Some members with age were required to enter the PRB and not stay until they would have reached NRD by years of service. After a discussion by the Board, Mr. Kaufman was asked to consider the issues and prepare a written response for the Board to consider.
- AndCo Contract: Mr. Williams advised the contract was approved at the last meeting and is being presented to the Chair to execute today.
- Mr. Williams reminded the Board that our now former Auditor BDO failed us and could not be engaged. Mr. Williams and Mr. Kaufman were tasked with engaging a new firm to complete the audit forthwith. Mr. Williams thanked Mr. Kaufman for his efforts to secure and engage Kabat, Schertzer, De La Torre, Taraboulos & Co., LLC for the audit. The engagement was executed by Mr. Strauss and is well underway. Mr. Williams asked that the Board confirm the engagement. Motion was made by Mr. Szeto approving the engagement of Kabat, Schertzer, De La Torre, Taraboulos & Co., LLC. This motion was seconded by Mr. Laskowski. All board members voted yes. *It was noted and affirmed by Mr. Kee Eng that the city requested an extension on the CAFR due to the hurricanes.*

- Return of Pension Contributions and DROP/PRB Loans: Mr. Williams reported on the non-vested member requesting a return of his pension contributions. Further, Mr. Williams cited the respective member's loan requests. He outlined that the members have the funds in their personal DROP/PRB accounts to cover the loans and they have been participants 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 presented. This motion was seconded by Mrs. Marano. All board members voted yes.
- Entrust - Capital Call: Mr. Williams reported that the Board has elected to engage & fund EnTrust as a new manager with an investment in the "ENTRUSTPERMAL SPECIAL OPP FUND IV LTD - CLASS A". The capital call initial investment will be \$326,700.00 dollars. (Total committed is 5.4 million). The funds for this investment are to come from the R&D – Account funded by Inverness Counsel – Fixed Income on March 27, 2018. Mr. Williams expects further capital calls to follow in the same manner. The Board agreed by consensus with this previously approved engagement.¹

PRESENTATION OF 09-30-2017 FINANCIAL STATEMENTS

Tabled

QUARTERLY INVESTMENT REPORT - WELLS CAPITAL MANAGEMENT

Mr. Brian O'Sullivan & Mr. Tom Galfano, Wells Fargo Asset Management appeared before the Board to review recent investment results.

Market Highlights:

- Global equity markets strong in the fourth quarter and for all of 2017.
- Global phenomenon with growth style leading.
- Healthy risk appetites with emerging markets outperforming developed markets.
- Synchronized economic growth and normalization of interest rates.

Portfolio Highlights:

- Solid absolute and modest relative outperformance versus the Russell 1000 Value Index for the fourth quarter of 2017.
- Fourth quarter 2017, 7 of 11 sectors contributed to relative performance.
- Information Technology overweight and companies benefitting from the shift to the 'Cloud'.
- Utilities underweight, and NextEra strength contributed to return.
- Consumer Discretionary rebound, but Consumer Staples negatively affected by TreeHouse earnings shortfall.
- Solid absolute and strong relative outperformance versus the Russell 1000 Value Index for 2017.
- Full year 2017, 7 of 11 sectors contributed to outperformance.
- Energy contributed in a relatively stable price environment due to underweight and quality focus.
- Information Technology and Industrials contributed reflecting global economic expansion.
- Consumer Discretionary and Consumer Staples plagued by Amazon competitive concerns.

¹ http://hollywoodpensionfund.com/docs/minutes/minutes_20171027.pdf#zoom=100

Portfolio Contributors:

- Overweight in Information Technology.
- Portfolio average weight of 17.65% versus the Russell 1000 Value Index average weight of 8.45%.
- Best-performing sector during the period, 10.29%.

Portfolio Detractors:

- Stock selection in Consumer Staples.
- Portfolio sector return of -6.07% versus the Russell 1000 Value Index sector return of 4.03%.
- Securities - TreeHouse Foods, Inc. and Anheuser-Busch InBev S.A./N.V

Performance history (%)		As of December 31, 2017			
	YTD through 28-Feb-18	4Q17	1 year	Since inception 12-May-15	
Portfolio - Gross	0.58	5.90	16.93	7.72	
Russell 1000 Value Index	-1.09	5.33	13.66	9.42	

OPEN DISCUSSION

No discussion ensued.

MEETING ADJOURNED

There being no further business, the meeting was adjourned at 11:39 A.M.

The next scheduled meeting is April 27, 2018 at 10:30 AM.

Respectfully submitted,

APPROVED:

C. Marano, Secretary

D. Strauss, Chairperson