

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

April 27, 2018

MINUTES

A regular meeting of the Hollywood Police Officers' Retirement System was held on Friday, April 27, 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, R. Wise & C. Boyd. Having an official quorum, V. Szeto joined the meeting with the consent of the Board via conference call at 10:34 AM.

Excused Absence: P. Laskowski & R. Brickman.

Also present were Kee Eng, City of Hollywood; Gregory Gosch, Sawgrass Asset Management; Robert Klausner, Legal Counsel - Klausner, Kaufman, Jensen & Levinson; David M. Williams, Plan Administrator.

PUBLIC COMMENT

Mr. Greg Rossman, Attorney who represents several retired members asked for an update and a special meeting if need be based on PERC results.

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 MARCH 23, 2018 MEETING

Mr. Strauss asked if there were any additions or corrections to the Minutes of the March 23, 2018 pension board meeting. Mrs. Marano made a motion to approve the Minutes of the March 23, 2018 pension board meeting, which was seconded by Mr. Boyd. All board members voted yes. 4-0 as Mr. Szeto did not join the meeting at this juncture.

ATTORNEY'S REPORT

Mr. Klausner provided Mr. Strauss with responses as it relates to restoring benefits as a result of the referendum. In summation, Mr. Klausner opined to stay the course and await the PERC results.

Mr. Klausner prepared a written response in response to the issue raised last month (March 23, 2018 meeting¹. A claim by a member prohibited from DROP by the 2011 ordinance, but who left prior to the adoption of the PRB, can claim the right to a revised retirement date if the 2011 ordinance is invalid.

¹ 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.

Similarly, members who reached age 50 before eligibility for the PRB at 22 years have raised the same concern. I believe these issues are dependent on the treatment by PERC of the 2011 ordinance.

As the unfair labor practice is pending a decision, it is premature to offer an opinion. Until we know, as a matter of law, whether the 2011 ordinance is definitively declared void and that any defense to that issue has been accepted, there is no ripeness of such claims.

ADMINISTRATIVE REPORT

- **Buybacks:** Mr. Williams advised the Board that the standing policy is to allow members to buy back their probationary time till the end of the probationary period. However, members now begin making contributions as soon as they pass the state exam. Members felt new hires should have one year from when they begin contributions instead of the additional time of completing probation. Mrs. Marano made the motion to prospectively begin the one-year buyback without interest based on the date of the notice provided and not the end of probation. Motion seconded by Mr. Boyd. All board members voted yes.
- **Benefit Review:** Delrio benefit review underway by the actuary. Mr. Williams wants to provide timely due notice to the beneficiary.
- **Bookkeeper:** Mr. Williams conveyed the delays by the current bookkeeper that held up the financial statements. Mr. Williams advised that he and his administrative assistant made numerous attempts to secure a timeline. Calls and e-mails were not returned or even acknowledged. Mr. Williams had to ask Mr. Kaufman to intervene and the trail balance was reported turned over to the auditor some days thereafter. New options are being explored for the current fiscal year and will come before the Board to consider in short-order. Mr. Williams thanked Mr. Kaufman for his efforts to move this process along.
- **Actuary:** Mr. Williams stated that the city actuary requested data from our actuary. Mr. Green prepared a response that went to Mr. Klausner for review before release.
- **Member Inquiry:** An active member called the office asking about the 2013 ordinance change and pension election. The following links that were already posted on-line in the spirit of transparency was provided accordingly.

ORDINANCE:

http://hollywoodpolicepensionfund.com/pdf/L_PBA_PensionChange_20130726.pdf#zoom=100

ELECTION:

http://hollywoodpolicepensionfund.com/pdf/BenefitElectionResults_20130716.pdf#zoom=100

- **Supplemental Distribution - Post October 1, 2011 membership who separated prior to July 29, 2013:** Mr. Williams indicated that based on the direction² at the March 23, 2018 meeting, a list of members was prepared, and the actuary formulated the payment due, factoring interest based on the assumption rate of the Plan. All the affected members were contacted and completed all the required forms.

² 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.*

A sample packet sent included for the Board to review. Mr. Strauss transferred the chairman gavel to Mrs. Marano. He said that the list provided included members who left the city vested, were disabled and a death benefit beneficiary. Mr. Strauss felt that members who completed 22 or more years should be approved at this juncture and the balance of the members be deferred.

Mr. Williams cited any deferral would lead to additional interest being paid when untimely authorized. Mr. Strauss placed the foregoing into a motion, authorizing payment for only members who had 22 or more years of service and departed between October 1, 2011 and July 29, 2013. Mr. Boyd seconded the motion. Motion passed 4 - Yes, 0 - No and 1 - Abstained (Mr. Szeto). Form 8B to follow as required. Note: Gavel returned to Mr. Strauss by Mrs. Marano.

- 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. Mrs. made a motion to approve the loan presented. This motion was seconded by Mrs. Marano. All board members voted yes.
- Capital Call: Mr. Williams reported on a capital call by Entrust for the sum of \$378,000 on April 13, 2017. Back up provided for review.
- Fiscal Retreat: City representatives requested a pension presentation on April 11, 2018 for the city commission. Mr. Todd Green from Cavanaugh Macdonald attended and provided the following report.

Cavanaugh Macdonald - Presentation Link:

<http://hollywoodpensionfund.com/docs/announcements/City%20Commission%20Fiscal%20Retreat%204-11-2018.pdf>

Fiscal Retreat – Video Link:

http://hollywoodfl.granicus.com/MediaPlayer.php?view_id=2&clip_id=767

PRESENTATION OF 09-30-2017 FINANCIAL STATEMENTS

Tabled – due to bookkeeping delay outlined.

QUARTERLY INVESTMENT REPORT – SAWGRASS ASSET MANAGEMENT

Mr. Gregory Gosch, Sawgrass Asset Management appeared before the Board to review the performance of the portfolio. The relationship inception date was reported to be June 23, 2017. The portfolio managed is diversified large growth equity.

Market Review:

The stock market experienced its first meaningful volatility in two years as February brought an S&P 500 decline of 10% followed by a 7% decline in March. Despite these two declines, the S&P 500 posted only a marginal negative return for the quarter of -0.8%. While investors have been concerned by the recent pullback, it is noteworthy that this is only the second negative quarter in the last five years, a period of calm which does not often happen.

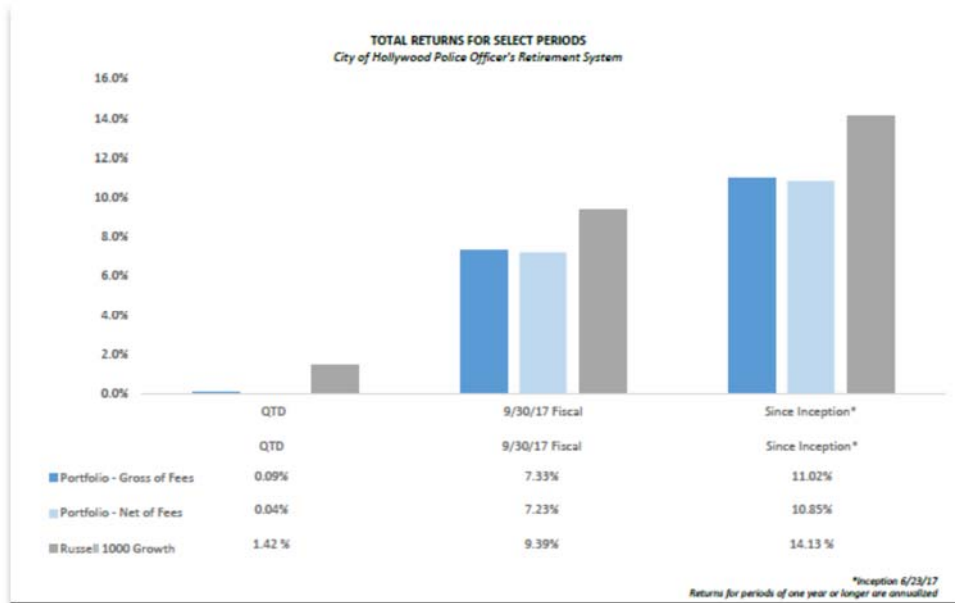
Portfolio Review:

Mr. Gosch advised the portfolio lagged the Russell 1000 Growth index for the quarter. Sawgrass would have expected to be more competitive in this volatile quarter.

The quarter had two distinct periods: the first three-plus weeks when the Russell 1000 Growth index gained almost 9% and the following two months which saw two marked declines. While the portfolio did protect in the two declines, we did not recoup the underperformance which occurred in the initial more speculative surge. The portfolio did not hold the four stocks noted above (AMZN, FB, NFLX and ADBE) which essentially contributed all of the index's 1.4% gain.

Outlook:

In either case, given above average valuations and rising interest rates, stock returns are likely to be more modest and in sync with earnings growth than the outsized returns we have seen for the last nine years (S&P 500 16.7%/yr).



OPEN DISCUSSION

No discussion ensued.

MEETING ADJOURNED

There being no further business, the meeting was adjourned at 11:49 A.M.

The next scheduled meeting is May 18, 2018 at 10:30 AM.

Respectfully submitted,

APPROVED:

C. Marano, Secretary

D. Strauss, Chairperson