

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

May 18, 2018

MINUTES

A regular meeting of the Hollywood Police Officers' Retirement System was held on Friday, May 18, 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, C. Boyd. Having an official quorum R. Brickman present via conference call.

Excused Absence: R. Wise

Also present were Kee Eng, City of Hollywood; John McCann, AndCo Consulting; Gregg Rossman, Rossman Legal; Eric Leventhal, Kabat, Schertzer, De La Torre, Taraboulos & Co., LLC.; Tim Ghiskey & Robert Maddock, III of Inverness Counsel; Janna Hamilton of Garcia Hamilton and Associates; Robert Klausner & Stuart Kaufman, Legal Counsel - Klausner, Kaufman, Jensen & Levinson; David M. Williams, Plan Administrator.

Also present active and retired members.

PUBLIC COMMENT

Mr. Gregg Rossman, Attorney advised that the Board of Trustees have a duty to follow the law. The Board should act to restore at a minimum five (5) of his clients without delay.

Mr. Robert Schiano, reaffirmed the 2011 ordinance was illegal. As such, Mr. Schiano feels the 2013 ordinance was also illegal. The fruit of the poisonous tree¹ was raised during the overall discussion.

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 April 27, 2018 MEETING

Mr. Strauss asked if there were any additions or corrections to the Minutes of the April 27, 2018 pension board meeting. Mr. Laskowski made a motion to approve the Minutes of the April 27, 2018 pension board meeting, which was seconded by Mr. Boyd. All board members voted yes, passed 6-0.

ATTORNEY'S REPORT

Mr. Klausner indicated that based on the PERC – Proposed Hearing Officers' Recommended Order, the 2011 ordinance is invalidated. With the exception to the items bargained in 2013 and 2015 he believes the 2011 ordinance provisions prevail. Any waiver issues are prospectively² administered and based on the collective bargaining agreement(s) – CBA (executed July 29, 2013). The waiver issue does not go backwards in Mr. Klausner's opinion.

¹ Fruit of the poisonous tree is a legal metaphor in the United States used to describe evidence that is obtained illegally. The logic of the terminology is that if the source (the "tree") of the evidence or evidence itself is tainted, then anything gained (the "fruit") from it is tainted as well.

² Prospectively is defined as something in the future or to something likely or expected to occur.

Vested and non-vested was discussed: Mr. Klausner opined that what you accrued could not be reduced and changes would be limited prospectively.

The frozen method for time prior to October 1, 2011 was discussed. Mr. Kaufman reflected he wrote a legal opinion on that already for the fire department and that position would also apply to the police plan. In short, the salary to determine the average final compensation could not be frozen. The Frozen AFC Issue will be added to the June 29, 2018 Agenda.

Mr. Klausner found it quite interesting that when the 2013 ordinance was enacted, the city did not restate the 2011 ordinance as law. The 2013 changes were limited to items bargained in the CBA and would amend the ordinance in place before the 2011 referendum as of July 29, 2013 when the contract was signed. It was also noted that the city did not include any waiver language in the police pension ordinance. The duration of the waiver is also in question.

Mr. Klausner felt it may be necessary to engage an economist and asked for authority to do so. Motion by Mr. Szeto & seconded by Mr. Laskowski. All board members voted yes, passed 6-0.

Mr. Klausner felt it would be prudent to direct his office to prepare a letter to the city outlining the Board's position and the intent to take action as early as June 29, 2018. The foregoing was adopted as a motion by Mr. Szeto & seconded by Mr. Boyd. All board members voted yes, passed 6-0.

PERC Order may be viewed at:

<http://hollywoodpolicepensionfund.com/docs/announcements/Hollywood%20Proposed%20recomended%20Order%20CA-2012-016.pdf>

Mr. Brickman concluded his conference call participation at 11:23 AM.

PRESENTATION OF SEPTEMBER 30, 2017 FINANCIAL STATEMENTS

Kabat, Schertzer, De La Torre, Taraboulos & Co., LLC

Mr. Eric Leventhal appeared before the Board to update them on the status of the cited report. Mr. Leventhal advised his firm has received any and all documents requested from management. He expects to have a draft ready during the week of May 21, 2018. Authority sought and received by consensus to release to the city as a draft so they may proceed with their CAFR report.

BOOKKEEPER – Engagement/Termination

Mr. Williams indicated the former bookkeeper resigned before she could be terminated by the Board. Two new proposals were provided to the Board to consider. Both seem highly qualified and their references checked out. One of the candidates had public pension experience. Motion by Mr. Szeto to engage Mr. Michael Mangan, which was seconded by Mr. Laskowski. All board members voted yes, passed 5-0. Mr. Kaufman reviewed the engagement presented and indicated that it was acceptable.

ADMINISTRATIVE REPORT

Mr. Williams presented the Administrative Report to the Board.

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 presented. This motion was seconded by Mr. Szeto. All board members voted yes, passed 5-0.

2016 Annual Report: Mr. Williams advised that BDO (former auditors) failed to respond to the State of Florida concerning issues that they had with the 2016 Annual Report. Mr. Williams did not want these open questions to reflect poorly upon the Board, so he responded accordingly on May 7, 2018. Update will follow as warranted.

QUARTERLY INVESTMENT PRESENTATIONS

GARCIA HAMILTON

Mrs. Hamilton reflected that as of March 31, 2018, this portion of our portfolio was valued at \$13,741,303.39. Mrs. Hamilton indicated that for the quarter, the fixed income portfolio returned -0.5%, which beat the Barclays Capital Intermediate Aggregate benchmark return of -1.1%. On a one year basis, the fixed income portfolio returned a stellar 1.0% vs. the benchmark return of 0.5%. Since the portfolio inception date of June 30, 2011, the fixed income return was 3.5%, compared to the benchmark return of 2.1%. A brief market commentary was provided.

INVERNESS COUNSEL

Mr. Maddock and Mr. Ghriskey provided the following Asset Allocation as outlined:

Asset Comparison					
Asset Class	3/30/2018	%	4/30/2018	%	Estimated Annual Income
Cash & Equivalent	\$4,235,109	3.64%	\$1,934,623	1.73%	\$4,837
Fixed Income	\$61,811,502	53.15%	\$59,288,385	53.10%	\$1,894,973
Equities	\$50,247,707	43.21%	\$50,438,100	45.17%	\$678,333
Total Portfolio	\$116,294,318	100.00%	\$111,661,108	100.00%	\$2,578,143

Mr. Maddock advised for the quarter that ended March 31, 2018 the equity portfolio returned 0.60% for the equities which surpassed the index. For the last twelve months, the account returned 16.07% for the equities compared to the benchmark return of 13.99%. On a longer-term basis of 5 years, the account returned 13.26%, which was in line with the benchmark. The account was valued at \$50,247,707.00 as of March 31, 2018.

Mr. Ghriskey indicated that for the quarter that ended March 31, 2018, the fixed income portfolio returned -1.22%, compared to the benchmark of -1.28%. For the last twelve months, the fixed portfolio returned 1.01% compared to the same policy return of 0.87%. On a longer-term basis of 3 years, the account returned 1.26%, in comparison to the policy return 1.09%. The account was valued at \$61,819,374.00 as of March 31, 2018.

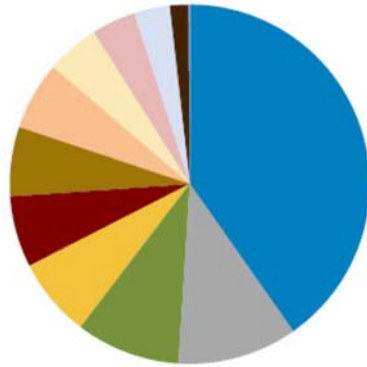
ANDCO CONSULTING

Mr. McCann presented the March 31, 2018 investment report, the portfolio was valued at \$289,954,025. The total fund return was 0.00%³. That quarterly return outpaced the benchmark. Mr. McCann advised - All Public Plans Total Fund Median return was -0.32%. Longer term results were also outlined on a 1, 3 and 5-year basis.

Please continue.....

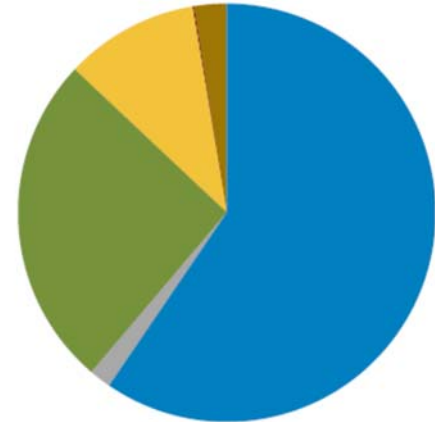
³ On a gross basis

Asset Allocation By Manager as of
 March 31, 2018 : \$289,954,025



Allocation	Market Value	Allocation
Invesness Balanced	116,747,628	40.3
Rhumblin Equity	31,112,798	10.7
Eagle Equity	27,149,972	9.4
Intercontinental Real Estate	20,630,116	7.1
Clarivest LCG	18,627,919	6.4
Wells Fargo Equity	18,080,028	6.2
Sawgrass LCG	17,828,038	6.1
GHA Fixed	13,742,201	4.7
Rhumblin R1000G	11,427,917	3.9
American Realty	9,368,162	3.2
EnTrustPernal	4,911,947	1.7
EnTrustPernal Special Opp Fund IV	326,700	0.1

Asset Allocation By Segment as of
 March 31, 2018 : \$289,954,025



Allocation	Market Value	Allocation
Domestic Equity	172,585,567	59.5
Global Equity	4,911,947	1.7
Domestic Fixed Income	74,784,881	25.8
Real Estate	29,998,278	10.3
Private Equity	326,700	0.1
Cash Equivalent	7,346,652	2.5

The entire investment report may be viewed on-line at:
<http://hollywoodpensionfund.com/docs/investments/2018-03-31%20Hollywood%20Police%20Quarterly%20Report.pdf>

OPEN DISCUSSION

Mr. Kaufman raised the issue of their professional fees being charged versus the billable time being dedicated to the Fund. He would like the Board to consider variables at the next meeting. Matter will be placed on the Agenda.

MEETING ADJOURNED

There being no further business, the meeting was adjourned at 12:02 P.M.

The next scheduled meeting is June 29, 2018 at 10:30 A.M.

Respectfully submitted,

APPROVED:

C. Marano, Secretary

D. Strauss, Chairperson