

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

June 11, 2018

MINUTES

A regular meeting of the Hollywood Police Officers' Retirement System was held on Monday, June 11, 2018, at 10:30 A.M., in the Office of Retirement, 4205 Hollywood Blvd., Suite 4, Hollywood, Florida 33021.

PRESENT:

C. Marano, Acting Chair, V. Szeto, C. Boyd, R. Brickman & R. Wise

Excused Absence: D. Strauss & P. Laskowski

Also present were Eugene "Mac" Champion, City of Hollywood; Eric Leventhal & Jeovany Rodriguez, Kabat, Schertzer, De La Torre, Taraboulos & Co., LLC.; David M. Williams, Plan Administrator.

PUBLIC COMMENT

None

READING OF THE WARRANTS

The warrants since the last meeting were reviewed and executed by the Board of Trustees.

PRESENTATION OF SEPTEMBER 30, 2017 FINANCIAL STATEMENTS

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

Mr. Eric Leventhal appeared before the Board and presented the September 30, 2017 Financial Statements. Mr. Leventhal indicated that his firm audited the accompanying financial statements of the City of Hollywood Police Officers Retirement System, which comprise the statement of fiduciary net position as of September 30, 2017, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements. The representatives of the firm conducted the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

- **Opinion:** In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the City of Hollywood Police Officers Retirement System as of September 30, 2017, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Financial Highlights: The Plan's net results from operations for fiscal year 2017 reflected the following financial activities:

- Total net position restricted for pensions was \$280,484,669, which was 8% greater than 2016 total net position restricted for pensions.
- Total contributions for the year were \$18,776,017, which was 18% greater than the 2016 contributions. The amount of employer contributions varies from year to year and is actuarially determined. Participant contributions were 8.0% of compensation for police officers on their first 27 years of continuous service. Police officers electing the Reformed Plan Retirement Benefit Option 2 shall contribute 0.5% of their earnings.
- Total interest and dividend income was \$6,698,664, which was 18% greater than the 2016 income.
- Net investment income was \$30,856,527, which was 39% greater than the 2016 income.
- Benefits paid were \$22,666,417, which was 13% greater than the benefits paid during 2016.

STATEMENT OF FIDUCIARY NET POSITION			
SEPTEMBER 30, 2017			
(WITH COMPARATIVE TOTALS AS OF SEPTEMBER 30, 2016)			
		<u>2017</u>	<u>2016</u>
ASSETS			
RECEIVABLES:			
City contributions	\$	2,590,418	\$ 585,223
Participant contributions		63,033	60,805
Accrued investment income		554,511	590,211
Accounts receivable - sale of investments		31,074	776,450
DROP loans receivable		1,128,138	986,816
TOTAL RECEIVABLES		<u>4,367,174</u>	<u>2,999,505</u>
PREPAID EXPENSE		<u>2,157,488</u>	<u>-</u>
INVESTMENTS, AT FAIR VALUE:			
Money market funds		5,115,595	5,708,358
Equity securities		166,530,081	147,317,644
Domestic corporate bonds		45,638,903	45,219,901
Foreign corporate bonds		1,578,125	2,742,265
Real estate funds		28,700,465	27,271,223
Government securities		21,725,509	24,328,185
Hedge fund		5,005,271	4,594,088
TOTAL INVESTMENTS, AT FAIR VALUE		<u>274,293,949</u>	<u>257,181,664</u>
TOTAL ASSETS		<u>280,818,611</u>	<u>260,181,169</u>
LIABILITIES			
ACCOUNTS PAYABLE		105,130	86,176
ACCOUNTS PAYABLE - DROP BENEFITS		137,695	-
ACCOUNTS PAYABLE - PURCHASE OF INVESTMENTS		91,117	932,185
TOTAL LIABILITIES		<u>333,942</u>	<u>1,018,361</u>
NET POSITION RESTRICTED FOR PENSIONS			
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Net position restricted for defined benefits		192,866,380	177,259,620
Net position restricted for DROP benefits		77,157,590	73,606,381
Net position restricted for reformed plan retirement benefits		7,004,296	4,896,976
Net position restricted for share benefits		3,456,403	3,399,831
TOTAL NET POSITION RESTRICTED FOR PENSIONS		<u>\$ 280,484,669</u>	<u>\$ 259,162,808</u>

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION		
YEAR ENDED SEPTEMBER 30, 2017		
(WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2016)		
	<u>2017</u>	<u>2016</u>
ADDITIONS:		
Contributions:		
City	\$ 17,005,579	\$ 13,960,747
Participant	1,625,263	1,714,832
Rollover	88,149	201,349
Buyback	57,026	97,161
Total contributions	<u>18,776,017</u>	<u>15,974,089</u>
Investment income:		
Net appreciation in fair value of investments	25,602,965	17,748,087
Interest and dividend income	6,698,664	5,659,484
Total investment income	<u>32,301,629</u>	<u>23,407,571</u>
Less: investment expenses	<u>1,445,102</u>	<u>1,284,179</u>
Net investment income	<u>30,856,527</u>	<u>22,123,392</u>
Other income	<u>18,854</u>	<u>-</u>
TOTAL ADDITIONS	<u>49,651,398</u>	<u>38,097,481</u>
DEDUCTIONS:		
Benefit payments	22,666,416	20,057,650
DROP distributions	3,946,790	2,907,369
RPRB distributions	675,917	-
RPRB contributions refunded	-	459,258
Share distributions	293,310	214,311
Refunds of contributions	20,298	35,258
Administrative expenses	<u>726,806</u>	<u>671,069</u>
TOTAL DEDUCTIONS	<u>28,329,537</u>	<u>24,344,915</u>
NET INCREASE IN NET POSITION		
RESTRICTED FOR PENSIONS	21,321,861	13,752,566
NET POSITION RESTRICTED FOR PENSIONS - BEGINNING	<u>259,162,808</u>	<u>245,410,242</u>
NET POSITION RESTRICTED FOR PENSIONS - ENDING	<u>\$ 280,484,669</u>	<u>\$ 259,162,808</u>

Mr. Eric Leventhal reported the total administrative expenses on a percentage basis was valued at 0.26% and was very reasonable.

In review of the Plan Description portion of the report, Mr. Brickman raised an issue regarding disability requirements outlined. Mr. Leventhal was provided a copy of the current ordinance and agreed to amend this section to mirror the ordinance. It was determined that the language used originated from our former auditing firm - BDO.

At the end of the presentation, Mr. Brickman made the motion to accept the report as amended, which was seconded by Mr. Boyd. All board members voted yes, passed 5-0.

Note: Mr. Robert Klausner, Board Attorney reviewed the financial statements and the representation letter, prior to the meeting. Mr. Klausner found the statements and notes appropriate for adoption.

The entire report may be viewed at:

<http://hollywoodpensionfund.com/modules/stateDocs/index.asp>

OPEN DISCUSSION

No open discussion ensued.

MEETING ADJOURNED

There being no further business, the meeting was adjourned at 11:53 A.M.

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

Respectfully submitted,

APPROVED:

C. Marano, Secretary

D. Strauss, Chairperson