

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

July 27, 2018

MINUTES

A regular meeting of the Hollywood Police Officers' Retirement System was held on Friday, July 27, 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, C. Boyd, R. Brickman, P. Laskowski and R. Wise – Trustees.

Also present were Vice Mayor Debra Case (Dist. 1); Sandy Rossi, Court Reporter; Eugene "Mac" Champion, City of Hollywood; Stuart Kaufman, Legal Counsel - Klausner, Kaufman, Jensen & Levinson; David M. Williams, Plan Administrator.

Vice Mayor Case was introduced, and the Board thanked her for attending.

CALL TO ORDER - SHADE MEETING

The public meeting was called to order and subsequently adjourned to a closed Attorney - Client meeting at 10:32 AM for the Trustees (D. Strauss, Chairman, C. Marano, Secretary V. Szeto, C. Boyd, R. Brickman, P. Laskowski and R. Wise) to meet with the legal counsel (Stuart Kaufman, Counsel - Klausner, Kaufman, Jensen & Levinson) pursuant to 286.011 Florida Statute that was read into the record by Mr. Strauss. Plan Administrator - David Williams was also present at the shade meeting. This action was based on a motion by Mr. Laskowski, which was seconded by Mr. Szeto. All board members voted yes.

The Attorney - Client meeting concluded, and the public meeting reconvened at 10:54 AM. This action was based on a motion by Mr. Brickman, which was seconded by Mrs. Marano. All board members voted yes.

Upon the meeting reconvening, Mr. Strauss stated that no action was taken during the shade meeting.

Motion was made by Mr. Brickman to authorize Mr. Kaufman to negotiate on behalf of the Board of Trustees with the City of Hollywood at the August 7, 2018 meeting. This motion was seconded by Mr. Szeto. All board members voted yes.

The Board also by consensus agreed to have the actuary attend the August 7th meeting. Post meeting note: Mr. Todd Green unavailable for cited meeting.

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 JUNE 29, 2018 MEETING

Mr. Strauss asked if there were any additions or corrections to the Minutes of the June 29, 2018 pension board meeting. Mr. Laskowski made a motion to approve the Minutes of the June 29, 2018 pension board meeting, which was seconded by Mr. Brickman. All board members voted yes.

ATTORNEY'S REPORT

- Mr. Kaufman stated the Headley matter is still on hold, awaiting PERC ruling.
- Mr. Kaufman spoke about an e-mail sent to unknown vendors from Mr. Paul Bassar on July 16, 2018. Mr. Kaufman advised that city management was reportedly not aware of its content.

From: Paul Bassar <PBASSAR@hollywoodfl.org>
Sent: Monday, July 16, 2018 9:46 AM
Cc: Tammie Hechler <THECHLER@hollywoodfl.org>; Adam Reichbach <AREICHBACH@hollywoodfl.org>; Paul Bassar <PBASSAR@hollywoodfl.org>
Subject: City of Hollywood seeking a Pension Consultant

Hello Vendor(s),

The City of Hollywood is conducting market research (a comprehensive Pension Retirement Analysis)—with the possibility of entering into a Professional Agreement. The City anticipates entering into an Agreement—mid August...

Background:

The City of Hollywood has three retirement plans which are operated independently from the City all with different actuaries. They are for Police, Fire and General Employees. The City funds the plans and they are all defined benefit. Our OPEB Liabilities are the highest of all Broward Cities combined.

Scope:

A complete **all-inclusive** analysis on how the City can restructure/modify, or completely overhaul our current retirement plan. **NOTE—our current plans are not sustainable and we need assistance from a consultant to assist us in new plans/designs.**

Next Steps:

If interested in assisting with this Effort:

- Please provide a proposal (via this email to include all personal in the Cc—**No later than 7/31/2018 by 6:00PM**) detailing your:
 - Experience with Pension Retirement Analysis
 - Pricing
 - Fixed price project driven
 - Or hourly rates
 - Summary: Best Practices/Risk Mitigation Plan
 - Plan-of-Action, timeline
 - Acknowledge that you will meet the city liability requirement for this Effort—if an Agreement is Executed
 - If interested please provide an Agreement Template w/your Proposal

ADMINISTRATIVE REPORT

Mr. Williams presented the Administrative Report to the Board.

ACTUARIAL VALUATION – NOT STATE APPROVED: Mr. Williams confirmed that he sent the letter dated June 13, 2018 from Mr. Joseph Edmonds, State of Florida – Actuary, to the City Manager and City Commission. For transparency purposes the letter was posted to the pension web site with all the supporting back-up.

Click here to view:

<http://hollywoodpensionfund.com/docs/announcements/Notice%20to%20City%20Manager%20&%20City%20Commission%20Failure%20to%20Fund%2007-09-2018.pdf>

Public Employee Pension Transparency Act (PEPTA): Mr. Williams also confirmed he sent the letter to the Honorable Debbie Wasserman Schultz.

Click here to view:

<http://hollywoodpensionfund.com/docs/announcements/Debbie%20Wasserman%20Schultz%2007-10-2018.pdf>

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

Quarterly Payroll: Mr. Williams advised that the former auditor BDO was responsible for the quarterly payroll reporting. Now that they have been terminated, he has begun using our current auditor; Kabat, Schertzer, De La Torre, Taraboulos & Co., LLC for a fee of \$400.00 per quarter. Motion to affirm the action as outlined by Mr. Szeto, seconded by Mr. Boyd. All board members voted yes.

QUARTERLY INVESTMENT PRESENTATIONS

EAGLE

Mr. Rick appeared before the Board and stated the market value of Eagle Account was at \$28,965,032 as of June 30, 2018. Since inception (01-08-03) the Eagle Small Cap Account realized an annualized net return of 11.39%, compared to the Russell 2000 of 11.14%.

For the quarter ending June 30, 2018, Eagle Small Cap Account returned 6.66%, compared to 7.75% for the Russell 2000. On a one year rolling basis, the portfolio returned 15.13% compared to the benchmark of 17.57%. The 3 & 5 Year returns were valued at 12.09% & 13.21% in comparison to the benchmark returns of 10.96% & 12.46% respectively.

Mr. Rick provided a market overview: The Russell 2000® Index was up 7.7% in the second quarter. Low P/E, high-quality and high-ROE stocks all underperformed. Companies without earnings were up 11.1%, bolstered by the performance of biotech, energy, and software-as-a-service stocks.

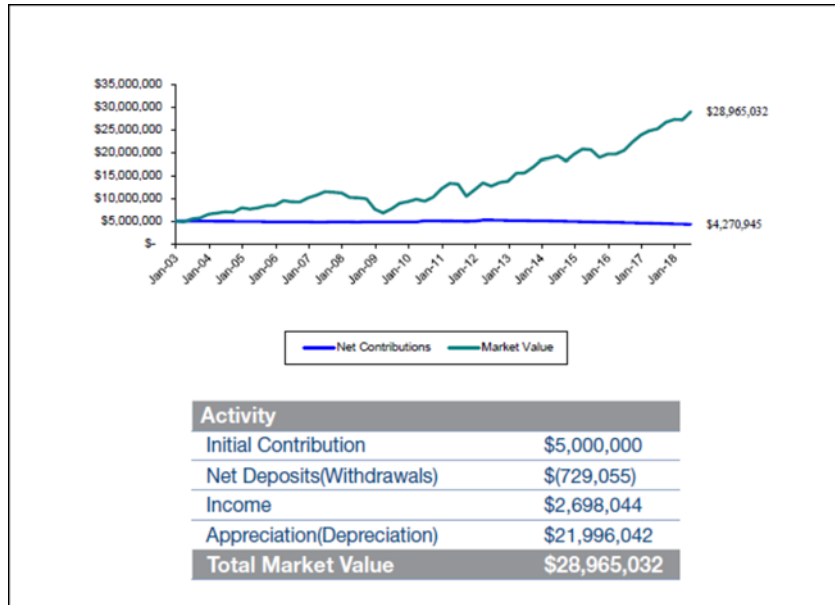
Contributors to relative performance: Consumer Discretionary - Consumer discretionary outperformed due to outperformance from our auto components and restaurant leisure industry investments. In auto components, our holding bounced back from last quarter after reporting higher margins and a big backlog of orders. In restaurant leisure, one of our gaming companies reported attractive revenue growth and beat estimates for profits.

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Detractors from relative performance: Energy - Our energy underperformance was a mirror image of outperformance we saw in the first quarter, in that the second quarter's sector-wide rally was largely driven by the highly-levered and lower end not to own. In addition, our Permian-exposed E&P's lagged as investors are concerned about a lack of sufficient basin pipeline infrastructure in the short-term.



RHUMBLINE

Ms. Denise A. D'Entremont, Director - Marketing & Client Services joined the meeting via conference call to discuss the index funds.

S&P 400 Pooled Index Fund – Inception Date January 31, 2009

PERFORMANCE (Gross of Management Fees thru 6/30/2018)			MARKET VALUE SUMMARY	
	PORTFOLIO	S&P 400 INDEX		
2018 - YTD thru June	3.46%	3.49%	Initial Contribution (1/31/2009):	\$4,494,295.66
Trailing 1 Year	13.48%	13.50%	Additional Contributions (5):	\$6,744,548.80
Trailing 3 Year (Annualized)	10.86%	10.89%	Withdrawals (1):	<u>\$1,575,000.00</u>
Trailing 5 Year (Annualized)	12.66%	12.69%	Net Investment:	\$9,663,844.57
Since Inception (Annualized)	17.38%	17.40%	Market Value (as of June 30, 2018):	\$32,439,833.86

Russell 1000 Growth Pooled Index Fund – Inception date June 26, 2017

PERFORMANCE (Gross of Management Fees thru 6/30/2018)			MARKET VALUE SUMMARY	
	PORTFOLIO	RUSSELL 1000 GROWTH INDEX		
2018 - YTD thru June	7.25%	7.25%	Initial Contribution (6/26/2017):	\$9,995,101.04
Trailing 1 Year	22.47%	22.51%	Market Value (as of June 30, 2018):	\$12,086,007.63
Since Inception (Annualized)	22.47%	22.51%		

OPEN DISCUSSION

Special meeting August 3, 2018 at 10:30 AM - Office of Retirement
Special meeting August 7, 2018 at 9:30 - City Hall

MEETING ADJOURNED

There being no further business, the meeting was adjourned at 11:20 A.M.

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

Respectfully submitted,

APPROVED:

C. Marano, Secretary

D. Strauss, Chairperson