

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

**November 16, 2018**

**MINUTES**

A regular meeting of the Hollywood Police Officers' Retirement System was held on Friday, November 16, 2018, at 10:31 A.M., in the Office of Retirement, 4205 Hollywood Blvd., Suite 4, Hollywood, Florida 33021.

**PRESENT:**

D. Strauss, Chairman; C. Marano, Secretary; C. Boyd; R. Wise; R. Brickman and V. Szeto.

Excused Absence: P. Laskowski.

Also present were Eugene "Mac" Champion, City of Hollywood; John McCann, AndCo Consulting; Janna Hamilton, Garcia Hamilton; John Rochford & Adrian Sancho, Inverness Counsel; Stuart Kaufman, Legal Counsel - Klausner, Kaufman, Jensen & Levinson and Dave Williams, Plan Administrator. Various active and retired members were also present.

**PUBLIC COMMENT**

No 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 October 26, 2018 MEETING**

Tabled

**ATTORNEY'S REPORT**

Mr. Kaufman spoke of the city's action to resume litigation in the supplemental distribution matter. Mr. Kaufman advised an executive session may be required and will proceed when warranted. The city's motion may be viewed on-line at:

<http://hollywoodpensionfund.com/docs/announcements/2018.10.08%20-%20Joint%20Motion%20to%20Resume%20Litigation.PDF>

Mr. Kaufman advised he received an application for disability for Ms. Lafrance and will proceed with the discovery portion at this juncture.

Mr. Kaufman reflected that a revised special tax notice has been provided to the plan administrator.

Mr. Kaufman advised that the state of Florida requires a records liaison officer. A notice was filed that the plan administrator is the plan's representative.

<http://hollywoodpensionfund.com/publicRecords.asp>

### ADMINISTRATIVE REPORT

RETURN OF PENSION CONTRIBUTION: Mr. Williams provided the request of former Member Seth Jordan who asked for a refund of his pension contributions. Motion to approve by Mrs. Marano, seconded by Mr. Boyd. All board members present voted yes.

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. Removing Mr. Jeffrey Marano from the list, Mr. Szeto made a motion to approve the loans as noted which was seconded by Mr. Boyd. All board members present voted yes.

DROP/PRB Loans: Mr. Williams cited Mr. Marano's loan request. He outlined that the member has the funds in his personal DROP account to cover the loan and he has been a participant in the DROP plan for the required amount of time. No conflict exists with the 12-month rule. Mr. Brickman made a motion to approve the loan as noted which was seconded by Mr. Szeto. All board members with the exception of Mrs. Marano (who abstained) voted yes. Mrs. Marano completed Form 8B.

STAFF REVIEW: Mr. Williams advised that the last review was conducted in 2016. The CPI has increased 4.75% as per the actuary in that timeframe. Mr. Williams requested the Board consider an adjustment effective October 1, 2018 should they feel the services warrant an adjustment. Mr. Brickman made a motion to approve a 4.75% CPI adjustment effective October 1, 2018. The motion was seconded by Mrs. Marano. All board members with the exception of Mr. Strauss (who abstained) voted yes. Mr. Strauss completed Form 8B.

### QUARTERLY INVESTMENT PRESENTATIONS

#### Garcia Hamilton and Associates

Mrs. Hamilton began her presentation by discussing the fixed income market review. As was widely anticipated, the Federal Open Market Committee raised the federal funds rate by a quarter percentage point at its September 28 meeting, taking it from a range of 1.75%-2.00% to a range of 2.00%-2.25%. Additionally, the Committee increased its balance sheet normalization program by \$10 billion per month to \$50 billion per month, as planned. Given these moves, monetary policy was no longer characterized as "accommodative" by the FOMC in its official release, but Chairman Powell stated at his press conference the change in language did not indicate "any change in the likely path of policy." For the quarter, the 10-year Treasury yield rose by 20 basis points to 3.06%. The 2-year yield finished the quarter 29 basis points higher at 2.82% while the yield of the 30-year Treasury increased 22 basis points to 3.21%. These moves caused the 2-30-year yield spread to flatten by 7 basis points to 39 basis points. Despite the rise in rates, the bond market eked out a positive return of 0.02% for the Bloomberg Barclays U.S. Aggregate Index this quarter. Investors in spread product were rewarded this quarter as all four spread sectors posted positive excess returns. Leading the way was the corporate sector with 169 basis points of excess return followed by the agency sector with 45 basis points of excess return. The asset-backed securities sector and mortgage-backed securities sector posted excess returns of 31 basis points and 17 basis points, respectively. Thus, the Bloomberg Barclays U.S. Aggregate Index had 53 basis points of excess return this quarter. Although we are still shorter in duration relative to the benchmark index, we used the rise in interest rates in September as an opportunity to increase our duration modestly to reduce our underweight.

However, rates still have the bias to move higher from here as the market is underestimating the impact of future Fed rate hikes and quantitative tightening. Additionally, spreads offer little value at these levels and have the bias to widen from here. Therefore, we are maintaining an underweight to fixed rate spread product.

As of September 30, 2018, this portion of our portfolio was valued at \$13,806,760.14. Mrs. Hamilton indicated that for the quarter, the fixed income portfolio returned 0.12%<sup>1</sup>, which outpaced the Barclays Capital Intermediate Aggregate benchmark return of 0.11%. On a fiscal year basis, the fixed income portfolio returned a stellar 0.22% vs. the benchmark return of -0.93%. Since the portfolio inception date of June 30, 2011, the fixed income return was 3.34%, compared to the benchmark return of 1.98%.

### CHANGE IN PORTFOLIO

Portfolio Value on 06-30-11	6,960,312.96
Accrued Interest	56,667.59
Net Additions/Withdrawals	3,881,138.36
Realized Gains/Losses	-139,667.01
Unrealized Gains/Losses	-116,528.84
Income Received	3,156,104.67
Change in Accrued Interest	8,732.41
Portfolio Value on 09-30-18	13,741,360.13
Accrued Interest	65,400.01
	<b>13,806,760.14</b>

#### Inverness Counsel, Inc.

Mr. Sancho and Mr. Rochford provided the following equity and fixed income review:

#### Equity –

- Portfolio outperformance during FYTD was driven by favorable security selection and weights; sector allocation detracted.
- Strongest relative sector returns from Industrials, Financials, Communication Services, and Information Technology.
- Strongest relative security returns (in order of relative return):
- Amazon (FY & Q4)
- Progressive (FY & Q4)
- Adobe System
- IAC/Interactive Corp.
- Union Pacific Corp.
- Microsoft

#### Fixed Income –

- Portfolio has maintained short duration and reduced convexity since early 2017 given improving U.S. growth and increasing inflation expectations, helping to protect capital during a generally weak period for fixed income.

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<sup>1</sup> Gross Basis

- Interest rates bottomed in September 2017 and have been rising since, pressuring bond prices lower.
- The addition of bonds with short term maturities to the portfolio has helped protect capital.

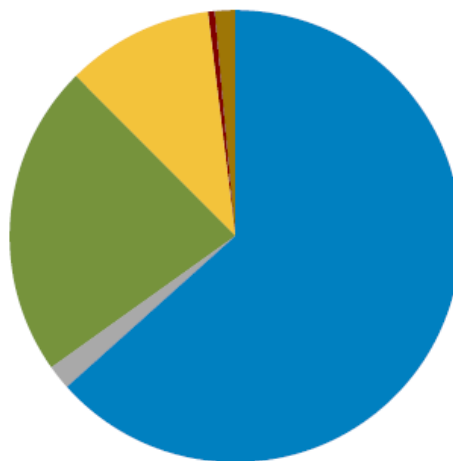
Mr. Sancho advised for the quarter that ended September 30, 2018 the equity portfolio returned 7.93% for the equities which surpassed the index. For the last twelve months, the account returned 21.30% for the equities, which handedly surpassed the benchmark. On a longer-term basis of 5 years, the account returned 13.68%. The account was valued at \$52,134,352.00 as of September 30, 2018.

Mr. Rochford indicated that for the quarter that ended September 30, 2018, the fixed income portfolio returned 0.55%, compared to the Benchmark of 0.14%. For the last twelve months, the fixed portfolio returned -0.66% compared to the same policy return of -1.16%. On a longer-term basis of 5 years, the account returned 2.00%, in comparison to the policy return 1.87%. The account was valued at \$66,534,325.00 as of September 30, 2018.

AndCo Consulting

Mr. McCann presented the September 30, 2018 investment report, the portfolio was valued at \$297,577,518.00. The total fund return on a gross basis was 4.68%. That quarterly return outpaced the benchmark return of 4.00%. Mr. McCann advised - All Public Plans Total Fund Median return was 3.12%. On a fiscal year basis, the portfolio returned 12.35% exceeding the entire fiscal year assumed rate of return. Mr. McCann reported that - All Public Plans Total Fund Median return was 8.15% for the same period. Longer term results were also outlined on a 1, 3 and 5-year basis. Asset Allocation was reported as follows:

Asset Allocation By Segment as of September 30, 2018 : \$297,577,518



Segments	Market Value	Allocation
Domestic Equity	188,611,765	63.4
Global Equity	5,246,155	1.8
Domestic Fixed Income	66,534,325	22.4
Real Estate	31,392,374	10.5
Private Equity	1,457,264	0.5
Cash Equivalent	4,335,635	1.5

The entire investment report may be viewed on-line at:

<http://hollywoodpensionfund.com/docs/investments/2018-09-30%20Hollywood%20Police%20Quarterly%20Report.pdf>

An equity aggregate analysis was also provided by Mr. McCann for the period ending September 30, 2018. This annual report confirmed that the system is well diversified across all investment and asset classes.

#### OPEN DISCUSSION

REQUIRED MINIMUM DISTRIBUTION (RMD) - Mr. Williams cited that a review of the drop accounts and members who are of age were undertaken to ensure compliance with the 70 1/2 rule. Three retired drop members were identified by the Board actuary that will require a distribution prior to the end of the calendar year. Members were advised, and distributions will be made accordingly.

STATE REPORT APPROVED – Mr. Williams thanked Mr. Jeovany Rodriguez of Kabat, Schertzer, De La Torre, Taraboulos & Co., LLC for all his assistance in seeking state approval. However, 185 funds of nearly 6 million dollars are still being withheld due to the city's underfunding of the plan.

View Letter on-line at:

[http://hollywoodpensionfund.com/docs/announcements/Hollywood%20Police%20Approval\\_2018.pdf](http://hollywoodpensionfund.com/docs/announcements/Hollywood%20Police%20Approval_2018.pdf)

DROP COSTS – Mr. Williams provided members with the study requested at the October 26, 2018 meeting. The report cited that long-term costs were essentially cut in half since 2015. Based simply on a fiscal year basis, the DROP funding has a gain of 1.2 million dollars. When assuming the interest accrual from 2002, the cost equates to approximately \$265,000.00 per year to fund. It was noted that the actuary did not apply the investment and custodian fees which are paid for by the members.

#### MEETING ADJOURNED

There being no further business, the meeting was adjourned at 11:24 AM

The next scheduled meeting is January 25, 2019<sup>2</sup> at 10:30 AM.

Respectfully submitted,

APPROVED:

C. Marano, Secretary

D. Strauss, Chairperson

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<sup>2</sup> December 21, 2018 meeting cancelled.

# FORM 8B MEMORANDUM OF VOTING CONFLICT FOR COUNTY, MUNICIPAL, AND OTHER LOCAL PUBLIC OFFICERS

LAST NAME—FIRST NAME—MIDDLE NAME STRAUSS, DAVID	NAME OF BOARD, COUNCIL, COMMISSION, AUTHORITY, OR COMMITTEE HOLLYWOOD POLICE OFFICERS' RETIREMENT SYSTEM
MAILING ADDRESS 4205 HOLLYWOOD BLVD., SUITE 4	THE BOARD, COUNCIL, COMMISSION, AUTHORITY OR COMMITTEE ON WHICH I SERVE IS A UNIT OF: <input checked="" type="checkbox"/> CITY <input type="checkbox"/> COUNTY <input type="checkbox"/> OTHER LOCAL AGENCY
CITY COUNTY HOLLYWOOD, FL 33021 BROWARD	NAME OF POLITICAL SUBDIVISION:
DATE ON WHICH VOTE OCCURRED 12-16-2018	MY POSITION IS: <input checked="" type="checkbox"/> ELECTIVE <input type="checkbox"/> APPOINTIVE

## WHO MUST FILE FORM 8B

This form is for use by any person serving at the county, city, or other local level of government on an appointed or elected board, council, commission, authority, or committee. It applies equally to members of advisory and non-advisory bodies who are presented with a voting conflict of interest under Section 112.3143, Florida Statutes.

Your responsibilities under the law when faced with voting on a measure in which you have a conflict of interest will vary greatly depending on whether you hold an elective or appointive position. For this reason, please pay close attention to the instructions on this form before completing the reverse side and filing the form.

## INSTRUCTIONS FOR COMPLIANCE WITH SECTION 112.3143, FLORIDA STATUTES

A person holding elective or appointive county, municipal, or other local public office MUST ABSTAIN from voting on a measure which inures to his or her special private gain or loss. Each elected or appointed local officer also is prohibited from knowingly voting on a measure which inures to the special gain or loss of a principal (other than a government agency) by whom he or she is retained (including the parent organization or subsidiary of a corporate principal by which he or she is retained); to the special private gain or loss of a relative; or to the special private gain or loss of a business associate. Commissioners of community redevelopment agencies under Sec. 163.356 or 163.357, F.S., and officers of independent special tax districts elected on a one-acre, one-vote basis are not prohibited from voting in that capacity.

For purposes of this law, a "relative" includes only the officer's father, mother, son, daughter, husband, wife, brother, sister, father-in-law, mother-in-law, son-in-law, and daughter-in-law. A "business associate" means any person or entity engaged in or carrying on a business enterprise with the officer as a partner, joint venturer, coowner of property, or corporate shareholder (where the shares of the corporation are not listed on any national or regional stock exchange).

\* \* \* \* \*

### ELECTED OFFICERS:

In addition to abstaining from voting in the situations described above, you must disclose the conflict:

PRIOR TO THE VOTE BEING TAKEN by publicly stating to the assembly the nature of your interest in the measure on which you are abstaining from voting; *and*

WITHIN 15 DAYS AFTER THE VOTE OCCURS by completing and filing this form with the person responsible for recording the minutes of the meeting, who should incorporate the form in the minutes.

\* \* \* \* \*

### APPOINTED OFFICERS:

Although you must abstain from voting in the situations described above, you otherwise may participate in these matters. However, you must disclose the nature of the conflict before making any attempt to influence the decision, whether orally or in writing and whether made by you or at your direction.

IF YOU INTEND TO MAKE ANY ATTEMPT TO INFLUENCE THE DECISION PRIOR TO THE MEETING AT WHICH THE VOTE WILL BE TAKEN:

- You must complete and file this form (before making any attempt to influence the decision) with the person responsible for recording the minutes of the meeting, who will incorporate the form in the minutes. (Continued on other side)

**APPOINTED OFFICERS (continued)**

- A copy of the form must be provided immediately to the other members of the agency.
- The form must be read publicly at the next meeting after the form is filed.

IF YOU MAKE NO ATTEMPT TO INFLUENCE THE DECISION EXCEPT BY DISCUSSION AT THE MEETING:

- You must disclose orally the nature of your conflict in the measure before participating.
- You must complete the form and file it within 15 days after the vote occurs with the person responsible for recording the minutes of the meeting, who must incorporate the form in the minutes. A copy of the form must be provided immediately to the other members of the agency, and the form must be read publicly at the next meeting after the form is filed.

**DISCLOSURE OF LOCAL OFFICER'S INTEREST**

I, DAVID STRAUSS, hereby disclose that on November 16, 20 18 :


(a) A measure came or will come before my agency which (check one)

- inured to my special private gain or loss;
- inured to the special gain or loss of my business associate, \_\_\_\_\_;
- inured to the special gain or loss of my relative, \_\_\_\_\_;
- inured to the special gain or loss of \_\_\_\_\_, by whom I am retained; or
- inured to the special gain or loss of \_\_\_\_\_, which is the parent organization or subsidiary of a principal which has retained me.

(b) The measure before my agency and the nature of my conflicting interest in the measure is as follows:

Spouse annual review.

November 16, 2018  
Date Filed

  
Signature

NOTICE: UNDER PROVISIONS OF FLORIDA STATUTES §112.317, A FAILURE TO MAKE ANY REQUIRED DISCLOSURE CONSTITUTES GROUNDS FOR AND MAY BE PUNISHED BY ONE OR MORE OF THE FOLLOWING: IMPEACHMENT, REMOVAL OR SUSPENSION FROM OFFICE OR EMPLOYMENT, DEMOTION, REDUCTION IN SALARY, REPRIMAND, OR A CIVIL PENALTY NOT TO EXCEED \$10,000.

# FORM 8B MEMORANDUM OF VOTING CONFLICT FOR COUNTY, MUNICIPAL, AND OTHER LOCAL PUBLIC OFFICERS

LAST NAME—FIRST NAME—MIDDLE NAME <b>MARANO, CATHLEEN</b>	NAME OF BOARD, COUNCIL, COMMISSION, AUTHORITY, OR COMMITTEE <b>HOLLYWOOD POLICE PENSION</b>
MAILING ADDRESS <b>4205 HOLLYWOOD BLVD. SUITE 4</b>	THE BOARD, COUNCIL, COMMISSION, AUTHORITY OR COMMITTEE ON WHICH I SERVE IS A UNIT OF: <input checked="" type="checkbox"/> CITY <input type="checkbox"/> COUNTY <input type="checkbox"/> OTHER LOCAL AGENCY
CITY      COUNTY <b>HOLLYWOOD, FL 33021</b>	NAME OF POLITICAL SUBDIVISION: _____
DATE ON WHICH VOTE OCCURRED <b>NOVEMBER 16, 2018</b>	MY POSITION IS: <input checked="" type="checkbox"/> ELECTIVE <input type="checkbox"/> APPOINTIVE

## WHO MUST FILE FORM 8B

This form is for use by any person serving at the county, city, or other local level of government on an appointed or elected board, council, commission, authority, or committee. It applies equally to members of advisory and non-advisory bodies who are presented with a voting conflict of interest under Section 112.3143, Florida Statutes.

Your responsibilities under the law when faced with voting on a measure in which you have a conflict of interest will vary greatly depending on whether you hold an elective or appointive position. For this reason, please pay close attention to the instructions on this form before completing the reverse side and filing the form.

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For purposes of this law, a "relative" includes only the officer's father, mother, son, daughter, husband, wife, brother, sister, father-in-law, mother-in-law, son-in-law, and daughter-in-law. A "business associate" means any person or entity engaged in or carrying on a business enterprise with the officer as a partner, joint venturer, coowner of property, or corporate shareholder (where the shares of the corporation are not listed on any national or regional stock exchange).

\* \* \* \* \*

### ELECTED OFFICERS:

In addition to abstaining from voting in the situations described above, you must disclose the conflict:

**PRIOR TO THE VOTE BEING TAKEN** by publicly stating to the assembly the nature of your interest in the measure on which you are abstaining from voting; *and*

**WITHIN 15 DAYS AFTER THE VOTE OCCURS** by completing and filing this form with the person responsible for recording the minutes of the meeting, who should incorporate the form in the minutes.

\* \* \* \* \*

### APPOINTED OFFICERS:

Although you must abstain from voting in the situations described above, you otherwise may participate in these matters. However, you must disclose the nature of the conflict before making any attempt to influence the decision, whether orally or in writing and whether made by you or at your direction.

**IF YOU INTEND TO MAKE ANY ATTEMPT TO INFLUENCE THE DECISION PRIOR TO THE MEETING AT WHICH THE VOTE WILL BE TAKEN:**

- You must complete and file this form (before making any attempt to influence the decision) with the person responsible for recording the minutes of the meeting, who will incorporate the form in the minutes. (Continued on other side)



**APPOINTED OFFICERS (continued)**

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- The form must be read publicly at the next meeting after the form is filed.

IF YOU MAKE NO ATTEMPT TO INFLUENCE THE DECISION EXCEPT BY DISCUSSION AT THE MEETING:

- You must disclose orally the nature of your conflict in the measure before participating.
- You must complete the form and file it within 15 days after the vote occurs with the person responsible for recording the minutes of the meeting, who must incorporate the form in the minutes. A copy of the form must be provided immediately to the other members of the agency, and the form must be read publicly at the next meeting after the form is filed.

**DISCLOSURE OF LOCAL OFFICER'S INTEREST**

I, CATHLEEN MARANO, hereby disclose that on NOVEMBER 16, 20 18 :

(a) A measure came or will come before my agency which (check one)

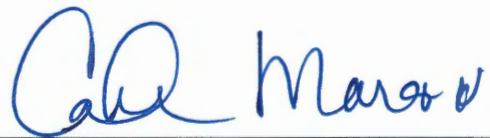
- inured to my special private gain or loss;
- inured to the special gain or loss of my business associate, \_\_\_\_\_;
- inured to the special gain or loss of my relative, \_\_\_\_\_;
- inured to the special gain or loss of \_\_\_\_\_, by whom I am retained; or
- inured to the special gain or loss of \_\_\_\_\_, which is the parent organization or subsidiary of a principal which has retained me.

(b) The measure before my agency and the nature of my conflicting interest in the measure is as follows:

LOAN TO FAMILY MEMBER

NOVEMBER 16, 2018

Date Filed



Signature

NOTICE: UNDER PROVISIONS OF FLORIDA STATUTES §112.317, A FAILURE TO MAKE ANY REQUIRED DISCLOSURE CONSTITUTES GROUNDS FOR AND MAY BE PUNISHED BY ONE OR MORE OF THE FOLLOWING: IMPEACHMENT, REMOVAL OR SUSPENSION FROM OFFICE OR EMPLOYMENT, DEMOTION, REDUCTION IN SALARY, REPRIMAND, OR A CIVIL PENALTY NOT TO EXCEED \$10,000.