

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

February 17, 2012

MINUTES

A regular meeting of the Hollywood Police Officers' Retirement System was held on Friday, February 17, 2012, at 9:00 A.M., in the Office of Retirement, 4205 Hollywood Blvd., Suite 4, Hollywood, Florida 33021.

PRESENT:

D. Strauss, Chairman, C. Marano, Secretary (departed at 10:30AM), L. Wiener, C. O'Brien, V. Szeto and P. Laskowski.

Also present were John McCann & Brendon Vavrica of Thistle Asset Consulting; Janna Hamilton of Garcia Hamilton; Henry Renard & Robert Maddock, III of Inverness Counsel; Alison Bieler, Board Attorney (attended telephonically) and Dave Williams, Plan Administrator.

Excused Absence: R. Brickman

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 JANUARY 28, 2012 MEETING

Mr. Strauss asked if there were any additions or corrections to the Minutes of the January 28, 2012 pension board meeting. Mr. Laskowski made a motion to approve the Minutes of the January 28, 2012 pension board meeting, which was seconded by Mr. Szeto. All board members voted yes.

ATTORNEY'S REPORT

Mrs. Bieler advised the Board that the city's legal counsel asked for an extension of time to file the City's response to the lawsuit. The City's request for an extension was granted by the court.

Mrs. Bieler advised the Board that the Inverness Counsel Agreement was out of date and as such a new agreement was prepared. The financial terms of the contract did not change. Mr. Szeto made a motion to approve the new agreement with Inverness Counsel and direct the Chairman to execute same. This motion was seconded by Mrs. Marano. All board members voted yes.

ADMINISTRATIVE REPORT

Mr. Williams presented the Administrative Report to the Board.

RETURN OF CONTRIBUTIONS: Mr. Williams cited a request made for a pension refund. Mr. Williams indicated that the total amount due for Mr. Hopkins was pending, but would not exceed \$60,000.00. Mrs. Marano made a motion to approve the refund as noted, which was seconded by Mr. O'Brien. All board members voted yes.

Hollywood Police Officers' Retirement Board - Minutes

February 17, 2012

Page 2

1. Thomas Hopkins

Not to exceed \$60,000.00

DROP LOANS: Mr. Williams cited the respective member's loan requests. Mr. Williams outlined that the members have the funds in their personal DROP accounts to cover the loans and they have all been participants in the DROP plan for the required amount of time. No conflict exists with the 12-month rule. Mr. O'Brien made a motion to approve the DROP loans as noted, which was seconded by Mrs. Marano. All board members voted yes.

QUARTERLY INVESTMENT REPORTS

Garcia Hamilton and Associates

Mrs. Hamilton appeared before the Board and discussed the investment return for the Equity and Fixed Income Accounts. The investment philosophy was discussed, as well as the market and the portfolio. Both fixed and equity market commentary was presented to the Board to consider.

Mrs. Hamilton advised for the quarter that ended December 31, 2011, the equity portfolio returned 10.2% for the equities, compared to the Russell 1000 Growth Index 10.6%. For the last twelve months, the account returned 0.0% for the equities, in comparison to the Russell 1000 Growth Index of 2.6%. On a longer term basis of 5 years, the account returned 2.9% for the equities, in comparison to the Russell 1000 Growth Index of 2.5%. The account was valued at \$21,273,612 as of December 31, 2011.

Mrs. Hamilton indicated that for the quarter that ended December 31, 2011, the fixed income portfolio returned 1.5%, compared to the Barclays Capital Intermediate Aggregate of 0.9%. Since the portfolio inception date of June 30, 2011, the fixed income return was 1.3%, compared to the Barclays Capital Intermediate Aggregate of 0.9%.

Inverness Counsel

Mr. Maddock and Mr. Renard appeared before the Board and discussed the investment return for the Equity and Fixed Income Accounts. Mr. Maddock advised for the quarter that ended December 31, 2011, the equity portion of the portfolio returned 14.23%, compared to the Broad Large Cap Core benchmark return of 11.82%. For the last twelve months, the equities account returned -2.73%, in comparison to the Broad Large Cap Core Index return of 2.11%. On a longer term basis of 5 years, the account returned 0.52% for the equities, in comparison to the Broad Large Cap Core Index of -0.25%. The equity account was valued at \$46,319,000 as of December 31, 2011.

Mr. Maddock and Mr. Renard indicated that for the quarter that ended December 31, 2011, the fixed income portfolio returned 1.24%, compared to the benchmark of 1.01%. For the last twelve months, the account returned 7.35%, in comparison to the benchmark of 7.25%. On a longer term basis of 5 years, the account returned 7.08% in comparison to the benchmark return of 6.22%. The fixed income account was valued at \$91,104,000 as of December 31, 2011.

The representatives advised that 2011 was a volatile year with many surprises: Low of the 10 Year Treasury yield, US dollar strengthening, natural disasters, and European debt crisis.

Thistle Asset Consulting

Hollywood Police Officers' Retirement Board - Minutes

February 17, 2012

Page 3

A Callan Periodic Table of Investment Returns was distributed and reviewed.

Mr. McCann advised that as of December 31, 2011 the system had 51.1% in equities, 47.5% in fixed income, and the balance is held in cash. As of December 31, 2011, Inverness Counsel (Large Cap Core & Fixed) held 64.8% of the portfolio, Garcia Hamilton (Large Cap Growth & Fixed Income) had 14.4%, Eagle had 8.8% (3.3% Mid Cap Core & 5.5% Small Cap Core), Rhumblin (Mid Cap 400 Index) had 4.0%, Buckhead (Large Cap Value) had 7.4%, and the Israel Bonds were at 0.6%. The total assets were valued at \$214,708,000.

For the quarter, Mr. McCann stated that the total fund returned 6.48% vs. 6.55% compared to the target index. This return placed the fund in the 56th percentile of the investment universe.

For the rolling one-year period, the fund return was 1.96% (net) vs. 4.15%. For the three-year period, the fund return was 10.19% (net) vs. 10.85%. In the longer term (*five year period*), the fund ranked in the 12th percentile returning 3.38% vs. 3.14%.

A snapshot update through February 13, 2012 was presented to the Board. The fund balance was valued at \$229,637,000, which is an increase of approximately \$14,708,000 since the December 31, 2011 reporting period.

Mr. McCann spoke about the Eagle Asset Mid-Cap portfolio. An analysis revealed that the three-year return was 13.51% vs. 19.58% for the benchmark. The two-year return was valued at 5.18% vs. 11.56% for the benchmark. A two-year comparison revealed the Rhumblin Index Account returned 11.49% or 6.31% more than the Eagle Account.

During this discussion, Mr. McCann spoke about rebalancing to the Inverness Counsel Account. Mr. Renard offered his position on the matter as all payments from the plan come from his account. Mr. Renard indicated that due to the declining bond returns, the plan benefit expenses are no longer covered. He spoke of declining income and escalating expenses. Mr. Renard suggested that all the managers contribute based on their allocation.

After discussion of the Board, the consensus was for Mr. McCann to revisit the rebalancing matter in the future.

Due to the cited under-performance of Eagle Asset Mid-Cap, Mrs. Marano made a motion to terminate their professional investment management services as soon as administratively practical. Further, Mrs. Marano also advised the assets from the terminated account was to be distributed as follows: 1.6 million to Inverness Counsel and the balance of the account to be transferred to Rhumblin Account. The motion was seconded by Mr. O'Brien. All board members voted yes.

OPEN DISCUSSION

No discussion ensued

MEETING ADJOURNED

There being no further business, the meeting was adjourned at 10:50 A.M.

Respectfully submitted,

APPROVED:

C. Marano, Secretary

D. Strauss, Chairperson