

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

June 29, 2012
10:30 AM

MINUTES

A regular meeting of the Hollywood Police Officers' Retirement System was held on Friday, June 29, 2012, began at 10:35 AM, in the Office of Retirement, 4205 Hollywood Blvd., Suite 4, Hollywood, Florida 33021.

PRESENT: D. Strauss, Chairman, C. Marano, Secretary, C. O'Brien, L. Wiener, P. Laskowski and V. Szeto

Also present were Kee Eng, City of Hollywood; Janna Hamilton, Garcia Hamilton & Associates; David Griffin & Deneen Bingham, Buckhead Capital; Steve Cypen, Board Attorney of Cypen & Cypen and David M. 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 MAY 18, 2012 MEETING

Mr. Strauss asked if there were any additions or corrections to the Minutes of the May 18, 2012 pension board meeting. Mrs. Marano made a motion to approve the Minutes of the May 18, 2012 meeting, which was seconded by Mr. Szeto. All board members voted yes.

ATTORNEY'S REPORT

Mr. Cypen handed out a memo from Alison Bieler concerning HB 401. The law goes into effect July 1, 2012 and voids beneficiaries who are married and subsequently get divorced. FRS is exempt from the law.

Mr. Cypen advised the legal matter related to the ordinance change is before Judge Eade and the city's motion to dismiss is scheduled to be heard on September 10, 2012.

Mr. Cypen announced the City of Miami Beach case was reversed by the District Court. It has not been determined if the Board will pursue the matter to a higher court.

ADMINISTRATIVE REPORT

Mr. Williams presented the Administrative Report to the Board.

DROP ENTRY: Mr. Williams indicated that Mr. Lyle Bien completed all the required documents to enter the DROP on July 10, 2012. Entry is being made based on years of service. Mr. Williams reminded the Board that Mr. Bien was one of the members eligible for retirement (based on age) prior to the passage of the new current ordinance. Mr. Williams advised that Mr. Bien's DROP paperwork was actually submitted to the city on September 28, 2011, prior to the current ordinance being enacted.

Mr. O'Brien made a motion to approve the DROP entry as noted, which was seconded by Mr. Szeto. All board members voted yes.

DROP LOANS: Mr. Williams cited the respective member's loan requests. 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. Szeto made a motion to approve the DROP loans as noted, which was seconded by Mr. O'Brien. All board members voted yes.

RETURN OF PENSION CONTRIBUTIONS: Mr. Williams advised the following terminated members requested a return of their pension contributions. The required paperwork has been completed.

A.	Meredith Tisch	\$ 3,564.20
B.	Enrique Bassas	\$52,997.60

Mr. Laskowski made a motion to approve the return of their pension contributions, which was seconded by Mr. Szeto. All board members voted yes.

QUARTERLY PRESENTATIONS

Buckhead Capital

Mr. David Griffin appeared before the Board to review the Buckhead Capital portfolio. Mr. Griffin stated the market value of Buckhead Account was at \$17,959,097.00, as of March 31, 2012. For the quarter ending March 31, 2012, the total fund of the Buckhead Account returned 10.39%, compared to 11.12% for the Russell 1000 Value. For the fiscal year, account returned 22.50% compared to the Russell 1000 Value Index 25.68%. The one year return was 6.44% for the portfolio vs. 4.79% for the benchmark. For the longer term, the portfolio return on a five year basis was 0.64% vs. -0.81% for the benchmark. Mr. Griffin outlined why the high quality Buckhead portfolio underperformed the lower quality market return. Sector diversification was also reviewed. Portfolio performance drivers and detractors were outlined. Mr. Griffin explained any over/under weighting in the portfolio relative to the market.

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 March 31, 2012, the equity portfolio returned 14.9% for the equities, compared to the Russell 1000 Growth Index 14.7% & the S&P 500 return of 12.6%. For the fiscal year, equities returned 26.6% compared to the Russell 1000 Growth Index 26.9% & the S&P 500 return of 25.9%. For the last twelve months, the equity account returned 8.9%, in comparison to the Russell 1000 Growth Index of 11.0% & the S&P 500 return of 8.5%. On a longer term basis of 5 years, the account returned 5.2% for the equities, in comparison to the Russell 1000 Growth Index of 5.1% & the S&P 500 return of 2.0%. The account was valued at \$25,160,109.07 as of March 31, 2012.

Mrs. Hamilton indicated that for the quarter that ended March 31, 2012, the fixed income portfolio returned 3.4%, compared to the Barclays Capital Intermediate Aggregate of 0.7%. Since the portfolio inception date of June 30, 2011, the fixed income return was 4.7%, compared to the Barclays Capital Intermediate Aggregate of 3.9%.

ACTUARIAL VALUATION REPORT

Mr. Todd Green & Mr. Jose Fernandez, Board Actuary's of Cavanaugh Macdonald Consulting, LLC presented and reviewed the October 1, 2011 Actuarial Valuation Results. The findings of this report are to be paid in the fiscal year October 1, 2012 through September 30, 2013. Mr. Green indicated that market return was (0.66%) vs. the expected 8.00% (8.66% less than expected). The actuarial asset return was (1.08%), which was (9.08% less than expected). Individual pay increases averaged 1.22% vs 5.54% which was expected. Total payroll decreased 0.38%. The funded ratio decreased by 4.30%. The total normal cost of the plan in 2010 report was 20.51% vs. 20.72% in this valuation period. With the member's contribution being made at 9.25%, this reduced the employer normal cost to 11.26% for 2010 report and 11.47% in 2011 report. The required employer contribution in 2010 report was \$10,179,814 vs. \$11,391,857 in the 2011 report.

Mr. Green outlined active and retired membership and stated there has been an annual decrease of 0.8% for active members since 2007. There was an increase of 5.2% in 2011 for active membership. Mr. Green also advised that retiree membership increased annually by 3.0% since 2007. There was a retiree increase of 1.4% for 2011. There are 1.6 retirees per active member now, where there were 1.4 retirees per active member 5 years ago. The average active member is 36.8 years of age; the average member has 9.7 years of active service; the average retiree is 58.4 years of age.

Mr. Green outlined total expected employer's contribution (See exhibit below). On a percentage basis, the expected employer's contribution equals to 42.97%¹ of payroll, if paid over the fiscal year.

Employer's Contribution	If paid at start of fiscal year	If paid over fiscal year	Savings/(Loss), if paid/not at start of fiscal year
2012/13 Fiscal Year	\$10,928,140	\$11,391,857	(\$463,717)
2011/12 Fiscal Year	\$9,759,634	\$10,179,814	(\$420,180)
Fiscal Year difference	\$1,168,506	\$1,212,043	-

Mr. Green expressed the following funding components: The expected member contribution is 9.25% of active member payroll. The expected contribution from the State of Florida (185 funds) is estimated at 0.00% as the city is NOT in compliance with Chapter 185.

Mr. Green was asked to review the current plan assumptions which he did. Mr. Fernandez said the Board may wish to explore an Experience Study in the future. Mr. Fernandez was asked if he felt if 8% was a reasonable assumption for the investment return. He indicated it was reasonable on the longer term basis, but there would be fluctuations in the market that would affect the return.

¹ Based on actively employed membership as of October 1, 2011, including members in the DROP.

Mr. Fernandez indicated that Mr. Doug Beckendorf, State of Florida, Division of Retirement, Bureau of Local Retirement Systems wrote a letter on May 29, 2012. In short Mr. Doug Beckendorf indicated that the Board of Trustees could determine if the city contribution would be based on a percentage of payroll or fixed dollar contribution. Mr. Fernandez endorsed the fixed dollar contribution. Mr. Cypen advised that the Board should make a formal motion adopting the method cited. Mr. Laskowski made a motion to accept the fixed dollar contribution method as endorsed by Mr. Fernandez. Mr. O'Brien seconded the motion. All members voted yes.

Having no further questions, Mr. Szeto made a motion to accept the October 1, 2011 Actuarial Valuation Report as presented. Mr. Laskowski seconded the motion. All members voted yes.

OPEN BOARD DISCUSSION

Mr. Williams indicated that Real Estate presentations to be heard at the July 27, 2012 meeting.

Mr. Williams also advised the disability reading file for Ms. Ivette Buoni is on the Trustee desk. Each Trustee was asked to review as time permits.

MEETING ADJOURNED

There being no further business, the meeting was adjourned at 11:40 A.M.

The next scheduled meeting is July 27, 2012 at 10:30 AM.

Respectfully submitted,

C. Marano, Secretary

APPROVED:

D. Strauss, Chairman