

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

July 26, 2013

MINUTES

A regular meeting of the Hollywood Police Officers' Retirement System was held on Friday, July 26, 2013, 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, L. Wiener, P. Laskowski and V. Szeto

Also present were Kee Eng, City of Hollywood; John McCann, Thistle Asset Consulting; Alan Ashworth, Eagle Asset Management; Steve Cypen, Board Attorney; David M. Williams, Plan Administrator.

Excused Absence: C. O'Brien & 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 June 28, 2013 MEETING

Mr. Strauss asked if there were any additions or corrections to the Minutes of the June 28, 2013 pension board meeting. Mr. Laskowski made a motion to approve the Minutes of the June 28, 2013 meeting, which was seconded by Mr. Szeto. All board members voted yes.

ATTORNEY'S REPORT

No formal report by Mr. Cypen

ADMINISTRATIVE REPORT

Mr. Williams presented the Administrative Report to the Board.

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. Mrs. Marano made a motion to approve the DROP loans as noted, which was seconded by Mr. Szeto. All board members voted yes.

IT UPDATE: Mr. Williams is working with our IT representative to make the required changes to our existing database. The changes are required due to the revision to the city ordinance. All of the modifications will be certified by the Actuary prior to using. Until that time the benefit calculations are being completed in conjunction with the Actuary.

ELECTION RESULTS: Mr. Williams reported that the Board of Trustees held a pension benefit election in compliance with City of Hollywood - Ordinance 33.138 (A). The election was open to all active (non-dropped) members. The election dates were July 11-16, 2013. Mr. Williams reported that the certified results are as follows: 209 eligible voting members, 163 voted to approve the changes proposed, 15 voted to not approve the changes proposed.

ACTUARY VALUATION UPDATE: Mr. Williams reminded the Board that the October 1, 2012 Actuarial Valuation was not state approved. Mr. Williams stated that Mr. Fernandez (Board Actuary) was working with Mr. Doug Beckendorf (State Actuary) to resolve the issues that he had. Mr. Williams understands that as a result of the recent ordinance change, the cited report will have to be re-issued to the Board for Approval. Mr. Williams believes that when that restatement is issued, the changes Mr. Beckendorf wants will be included. The restated report is expected for the August 16, 2013 meeting.

POST RETIREMENT FORMS: Mr. Williams reported that Ms. Gail Reinfeld, City of Hollywood, HR Director requested that he completes the new Post Retirement Benefit forms. Mr. Williams reflected that he was not opposed to it, but wanted the Board to sanction this action. The Board approved by Consensus.

ANNUAL CONFIRMATION OF RETIREMENT: Mr. Williams advised the Board that annual confirmations were being distributed to all retired members. Mr. Williams advised that this is part of the annual audit to help combat potential fraud. For this process, retired members are required to complete a form and have it notarized attesting to their continued entitlement. Mr. Williams indicated that this is another layer of protection to the monthly electronic death checks being conducted.

DISCLOSURE FORMS: Mr. Williams reported that all the required disclosure forms were acknowledged received via the State of Florida – Commission on Ethics.

QUARTERLY PRESENTATION BY EAGLE ASSET MANAGEMENT

Mr. Alan Ashworth appeared before the Board and stated the market value of the Eagle Account was at \$15,555,612 as of June 30, 2013. Since inception (01-08-03) the Eagle Small Cap Account realized an annualized net return of 10.54%, compared to the Russell 2000 of 10.51%. For the quarter ending June 30, 2013, Eagle Small Cap Account returned 0.49%, compared to 3.08% for the Russell 2000. The 3 & 5 Year returns were valued at 17.49% & 7.52% in comparison to the benchmark returns of 18.67% & 8.77% respectively.

Mr. Ashworth indicated that the Russell 2000 Index was up 3.1% for the second quarter. In the index, Consumer Discretionary was the leading sector, up more than 10%. The Hotels, Restaurants & Leisure industry was the top contributing industry in the Consumer Discretionary sector. Materials were the laggard, down 7% for the quarter. Metals & Mining were the leading cause the Materials sector was a detractor to overall index performance.

Detractors from relative performance were reported as Information Technology, which underperformed for the quarter, primarily due to the communication equipment and internet software and services industries. ARRIS Group released earnings guidance that was more cautious than investors estimated due to the integration of the Motorola home cable box business. AOL fell following its earnings release due to concerns regarding a deceleration in the ad network business. Consumer Discretionary also underperformed due to security selections in the specialty retailers space. Sears Hometown and Outlet Stores were hurt by unseasonably cool weather and the company has been unnecessarily volatile because there are no published estimates. Stage Stores experienced compression in its profit margins as inclement weather forced more clearance sales.

Mr. McCann provided the Board a Morningstar report to review the Eagle portfolio.

CUSTODIAN PRESENTATION

Amed A. Avila, Relationship Manager – AVP Fiduciary Trust International (FTIS)

Mr. Amed A. Avila thanked the Board for allowing FTIS to serve as the Fund Custodian. Mr. Avila provided his background and his role as an Assistant Vice President with FTIS and our Fund.

Mr. Avila outlined internal security measures in place to help prevent fraudulent activity.

Mr. Avila presented a quarterly security filing report to the Board that detailed various companies involved in security litigation. Mr. Avila stated that FTIS will file on behalf of the Fund and provides confirmations on a quarterly basis.

Mr. Avila also highlighted a death check program being proposed. Essentially, FTIS would search databases available against the members receiving payments from the Fund on a quarterly basis, to ensure the members have not been reported deceased. This service would be provided at no additional cost. A Rider to the FTIS Agreement will follow once finalized with the Fund's Legal Counsel.

Mr. Williams & Mr. Avila stated how they work with each other on a daily basis as a team with the Fund and its membership being the paramount focus. Mr. Williams & Mr. Avila also identified Ruth Garcia as key element to the team as well. Mr. Williams informed the Board that FTIS Team is always a phone call away and eager to assist anyway possible.

The Trustees extended their gratitude to Mr. Avila for taking the time to appear and present the foregoing.

OPEN DISCUSSION

No discussion ensued

MEETING ADJOURNED

There being no further business, the meeting was adjourned at 11:15 A.M.

The next scheduled meeting is August 16, 2013 at 10:30 AM.

Respectfully submitted,

C. Marano, Secretary

APPROVED:

D. Strauss, Chairperson