

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

March 28, 2014
10:30 A.M.

MINUTES

A regular meeting of the Hollywood Police Officers' Retirement System was held on Friday, March 28, 2014, at 10:45 A.M., in the Office of Retirement, 4205 Hollywood Blvd., Suite 4, Hollywood, Florida 33021.

PRESENT: D. Strauss, Chairman, C. Marano, Board Secretary, P. Laskowski, R. Brickman, M. Pollak and V. Szeto.

Excused Absence: Chris O'Brien

Also present were Kee Eng, City of Hollywood; Kimberly Doran, Annemarie Mace & Fran Greenberg of ConvergeX Group; John McCann, Thistle Asset Consulting; Dave Griffin & Deneen Bingham of Buckhead Capital; Steve Cypen, Board Attorney of Cypen & Cypen, Stuart Kaufman, Attorney of Klausner, Kaufman, Jensen & Levinson and David M. Williams, Plan Administrator.

PUBLIC COMMENT

No public comments presented

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 31, 2014 & FEBRUARY 21, 2014 MEETINGS

Mr. Strauss asked if there were any additions or corrections to the Minutes of the January 31, 2014, pension board meeting. Mr. Szeto made a motion to approve the Minutes of January 31, 2014 which was seconded by Mr. Laskowski. All board members voted yes.

Mr. Strauss asked if there were any additions or corrections to the Minutes of the February 21, 2014, pension board meeting. The Form 8B which was filed by Mrs. Marano was read into the record. Mr. Laskowski made a motion to approve the Minutes of February 21, 2014 which was seconded by Mrs. Marano. All board members voted yes.

ATTORNEY'S REPORT

Mr. Cypen introduced Mr. Stuart Kaufman of Klausner, Kaufman, Jensen and Levinson to the Board. Mr. Cypen announced a strategic alliance with his firm and Mr. Kaufman's. Mr. Kaufman provided a brief background of himself and his firm. The Board extended a warm welcome to Mr. Kaufman.

GE DROP Rollovers: Mr. Cypen cited recent approval in the General Employees Retirement Plan, allowing participants who have reached the maximum time in the GE Plan, to rollover DROP assets to our Fund.

Mr. Williams indicated that he has spoke with Mrs. Lisa Castronovo, GE Adm. who confirmed same. It was determined that the Board would have to expand the current DROP Rules and provide direction as to how to apply interest. Discussion ensued, and it was determined that this would potentially affect approximately 5 members who fall under the coordination of benefits provision. Mr. Brickman felt that these funds should be treated alike to the members other DROP funds. As such, that the member should have the opportunity to select the variable rate of return or the fixed rate of return. Mr. Brickman placed the foregoing in the form of a motion, which was then seconded by Mr. Pollak. Mr. Strauss asked Mr. Williams for a formal voice vote.

M. Pollak – YES R. Brickman – YES C. Marano – NO P. Laskowski – NO
D. Strauss – NO V. Szeto – NO

Motion FAILED 2 - 4

Mrs. Marano stated this was a voluntary program, the funds are not part of the police DROP and if members wish to participate she would be in favor of crediting the accounts based on the variable rate of return only. Mrs. Marano placed the foregoing in the form of a motion, which was then seconded by Mr. Szeto. Mr. Strauss asked Mr. Williams for a formal voice vote.

M. Pollak – YES V. Szeto – YES C. Marano – YES P. Laskowski – YES
D. Strauss – YES R. Brickman – NO

Motion PASSED 5 - 1

Planned Retirement Benefit Rules (PRB): Mr. Williams indicated that he would like the Board to consider expanding the DROP Rules and incorporate PRB Rules, which will provide clarity to the way the program should be administered. Mr. Kaufman stated that he has established rules elsewhere and will share them with Mr. Cypen and would be happy to work with Mr. Cypen and the Board on a working draft. No action taken at this point. Issue will return once working draft is ready.

ADMINISTRATIVE REPORT

Mr. Williams presented the Administrative Report to the Board.

Drop Loans: Mr. Williams cited 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. Brickman made a motion to approve the DROP loans as noted, which was seconded by Mrs. Marano. All board members voted yes.

Intercontinental Real Estate Corp: The quarterly distribution notice from Intercontinental Real Estate Corp. was shared with the Board by Mr. Williams. The March 20, 2014 correspondence reflected a net distribution of \$37,453.67 was being made to the Fund.

OLD BUSINESS

Summary Plan Description (SPD): Mr. Williams presented the final draft of the 2014 Summary Plan Description to the Board for review and consideration.

Members had an opportunity prior to the meeting to evaluate the SPD, as did Mr. Cypen. Mr. Williams indicated that the SPD was revised by the Board Actuary, due to the extensive update required. Mr. Szeto made a motion to approve the 2014 Summary Plan Description, which was seconded by Mr. Laskowski. All board members voted yes. Mr. Williams indicated that he would proceed with distribution accordingly.

ConvergEx - Recapture Presentation: Ms. Kimberly Doran, Ms. Annemarie Mace & Ms. Fran Greenberg from ConvergEx all appeared before the Board to discuss the SEC Investigation(s) and our Recapture engagement with ConvergEx.

The Recapture program was described essentially as a rebate program for trades made by our managers through ConvergEx. A revised recapture proposal was presented, which was dated February 19, 2014 for the Board to review.

Documents were also provided to the Board which revealed that ConvergEx reportedly resolved investigations by the United States Securities and Exchange Commission and the United States Department of Justice, which dated back to December 2011. These investigations focused on the routing of certain global trading and transition management customer orders to the former Bermuda trading desk of ConvergEx Global Markets ("CGM") where they were net traded, and the misconduct of former employees who, at times between 2006 and 2011, concealed this activity and the compensation earned by CGM on those orders. The employees who engaged in this misconduct are no longer at the Company, the Bermuda trading desk of CGM was shut down by ConvergEx, and the activity associated with these investigations was discontinued two years ago. ConvergEx reported that they significantly enhanced its policies, procedures and controls in order to prevent anything like this from ever happening again.

The representatives indicated that the SEC investigation(s) was not associated with the recapture engagement.

The Board thanked Ms. Kimberly Doran, Ms. Annemarie Mace and Ms. Fran Greenberg for taking the time to appear before them. No action was taken, the standing written direction from the Board to the managers not to use ConvergEx for Recapture remains in effect.

QUARTERLY INVESTMENT REPORT- Buckhead Capital

Mr. Dave Griffin & Mrs. Deneen Bingham appeared before the Board to review the Buckhead Capital Portfolio. Mr. Griffin stated the market value of Buckhead Account was at \$19,216,278.00, as of December 31, 2013. In the last quarter Mr. Griffin indicated the investment return was 9.31%, compared to the Russell 1000 Value of 10.01%. For the trailing 12 months, the Buckhead Account returned 28.67%. On the 3 & 5 year returns, the Buckhead Account return was 13.70% & 14.63% respectively.

It was conveyed that broad market indices such as the Russell 1000 returned around 10% in the fourth quarter and 32% for the year (total return). Lower quality stocks in the Russell 1000 Index slightly out-performed higher quality stocks in the fourth quarter, but lower quality stocks substantially outperformed (+5%) higher quality stocks for the full year. (S&P rates companies with less leverage, stronger margins, and more stable earnings and cash flow as higher quality.) Growth stocks gained slightly more than value stocks for both the quarter and the year.

The representatives indicated that Buckhead Capital continues to focus on managing risk in our portfolio, primarily by investing in the most attractively valued companies that possess solid balance sheets, strong free cash flow, and shareholder-friendly capital allocation policies. The objective remains the same: to help us achieve the long-term returns required to meet our investment goals, while taking no more risk than necessary to do so.

Mr. McCann was present at the meeting and provided the Board with a Morningstar Portfolio Fact Sheet for the Buckhead Account for them to consider. Mr. McCann reinforced that he was always available to the Trustees.

OPEN BOARD DISCUSSION

Mr. Williams informed the Board that he expects the Actuarial Valuation to be presented at the next meeting.

MEETING ADJOURNED

There being no further business, the meeting was adjourned at 11:36 A.M.

Note: At the conclusion of the meeting, Mr. Pollak began discussing an issue with regard to one of the other investment managers. Mr. Williams advised Mr. Pollak he would arrange the appropriate measures to address his concerns. Mr. Pollak was reminded that all items of this nature have to take place during the public meeting. *When these Minutes were approved on April 25, 2014, Mr. Van Szeto asked Mr. Cypen to prepare a Letter of Guidance to avoid an issue such as this in the future.*

Respectfully submitted,

C. Marano, Secretary

APPROVED:

D. Strauss, Chairman