

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

December 18, 2015

MINUTES

A regular meeting of the Hollywood Police Officers' Retirement System was held on Friday, December 18, 2015, at 10:30 AM., in the Office of Retirement, 4205 Hollywood Blvd., Suite 4, Hollywood, Florida 33021.

PRESENT:

D. Strauss, Chairman; C. Marano, Secretary; R. Brickman, Trustee; M. Pollak, Trustee; C. O'Brien, Trustee; V. Szeto, Trustee and P. Laskowski, Trustee.

Also present were David Griffin & Deneen Bingham, Snow Capital Management; Steve Cypen, Board Attorney – Cypen & Cypen; Stuart Kaufman, Special Counsel - Klausner, Kaufman, Jensen & Levinson and Dave 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 NOVEMBER 20, 2015 MEETING

Mr. Strauss asked if there were any additions or corrections to the Minutes of the November 20, 2015 pension board meeting. Mr. Szeto made a motion to approve the Minutes of the November 20, 2015 pension board meeting, which was seconded by Mr. O'Brien. All board members voted yes.

ATTORNEY'S REPORT

Mr. Stuart Kaufman, Special Counsel of Klausner, Kaufman, Jensen & Levinson appeared before the Board to provide an update to the litigation filed by the City of Hollywood against the City of Hollywood Police Officers' Retirement System – Board of Trustees (re: Supplemental Distribution).

Mr. Kaufman outlined several motions he filed on our behalf to wit: Motion to Dismiss, Motion to Abate and Motion to Sever. Note: All posted on our website for transparency.

Mr. Kaufman reflected he expects the current Judge assigned the case to recuse herself. Her spouse is a former Mayor (in another municipality) and he is a current Trustee (on another municipal pension plan).

Mr. Kaufman cited the December 8, 2015 letter from Ms. Elizabeth Stevens, State of Florida - Division of Retirement to Mayor Bober. The letter outlined the appeal of the state's action to withhold the 2014 premium tax moneys.

Hollywood Police Officers' Retirement Board - Minutes

December 18, 2015

Page 2 of 4

Mr. Kaufman stated that the City of Hollywood is ultimately the party of interest in this matter as the city would have to make up the funding. However, Mr. Kaufman advised that his firm has been assisting opposing counsel in this appeal process for the good of the plan.

ADMINISTRATIVE REPORT

Mr. Williams presented the Administrative Report to the Board.

STATE REPORT APPROVED: Mr. Williams distributed a letter (dated: December 16, 2015) from the Office of Municipal Police Officers' and Firefighters' Retirement Trust Funds – Division of Retirement. The letter advised that the 2014 Annual Report for our Plan was reviewed and approved. Mr. Williams felt this was important as the Chapter 112 non-compliance issue sits at the doorstep of city hall.

GASB 68: Mr. Williams distributed the GASB 68 report (dated December 2, 2015) completed by Mr. Fernandez for the city's CAFR. Mr. Williams cited a footnote on page 29, whereas the city failed to make the full actuarial determined employer contribution.

NOTICE OF UNDERFUNDING: Mr. Williams advised that on October 13, 2015 he wrote his point of contact with the city, Mr. Ernesto Acosta regarding the underfunding issue. As no response was received, Mr. Williams sent a 2nd letter, this time addressed to Mr. Lalla, Director of Financial Services for the City of Hollywood. The letter again outlined the city's failure to properly fund the Plan. The Mayor and City Commission was again copied with this communication. Although sent via FedEx and tracked, in this letter Mr. Williams enclosed a "Transmittal of Receipt" which is an acknowledgement that Mr. Lalla received the letter.

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

RETURN OF EMPLOYEE CONTRIBUTIONS: Mr. Williams advised the Board that Robin Mendez requested a return of his pension contributions (Amount: \$2,362.57). Mr. Mendez left the city on October 4, 2015. Further a refund in the amount of \$15,124.81 was due to Mr. Derrick Austin. This refund was due to the city failing to stop pension deductions during his time in the DROP. Mr. Austin separated service on November 13, 2015. Motion to approve the request by Mr. O'Brien, seconded by Mr. Szeto. All board members present voted yes.

RETURN OF EMPLOYEE CONTRIBUTIONS: Mr. Strauss also noted the refunds to the respective members now enrolled in the Reformed - Planned Retirement Plan. The refunds were the result of the collective bargaining agreement between the City of Hollywood and the Broward County Police Benevolent Association. Member's contributions were reduced from 8.0% to 0.5% for the term of participation in the program.

Hollywood Police Officers' Retirement Board - Minutes

December 18, 2015

Page 3 of 4

QUARTERLY INVESTMENT PRESENTATION

Snow Capital Management

Mrs. Bingham & Mr. David Griffin came before the Board to review the September 30, 2015 quarterly report. It should be noted the inception date for investment management as per Thistle Asset Consulting is July 1, 2015.

Market Summary: During the third quarter of 2015 the S&P 500 Index delivered a negative (6.45%) return. With the exception of the Utilities sector, all of the sectors posted negative returns in the third quarter. The best performing S&P 500 sector was the defensive Utilities sector, up over 3%, while the Energy (down 19%), and Materials sectors (down over 18%) were the largest negative returning sectors of the group.

GDP was revised from 3.7% to 3.9% for the second quarter. Strong employment, rising capital spending and increased personal spending should support growth in the coming months. Long-term growth may be subdued due to declining corporate profit margins, high debt levels, higher levels of savings, political uncertainty and weaker economies abroad, which will depress exports.

Although the market expects a Fed hike in the coming months, higher interest rates are not expected to be a significant headwind as rates will remain low in a historic context. In addition, a rate liftoff may give investors confidence in the U.S. economy and will be supportive for corporate profits.

Composite Analysis: Stock selection in the Financials, Energy and Industrials sectors had the largest negative impact on our relative results. Poor results in the financial sector were largely due to Genworth Financial, Voya and MetLife. All three stocks decreased by double-digits during the period. Among the laggards in the Industrials sector were shares in Triumph Group, Kennametal and Chicago Bridge & Iron. Within Energy, shares in Ultra Petroleum and Chesapeake were notable detractors. Helping relative performance during the quarter was stock selection in the Telecomm sector led by shares in Verizon Communications. Further boosting performance was our position in Hartford Financial as shares in the stock spiked by over 10% during the quarter. Our sector weightings, which are solely a consequence of our stock selections, had a negative impact on our relative return for the quarter. Our lack of exposure to the Utilities sector, which was the only sector within the Russell 1000 Value Index that posted positive returns during the third quarter, had a negative impact for the quarter. Conversely, the underweight stance to the weak performing Energy sector had a positive impact on performance.

On this limited and short-term basis, the rate of return for the quarter was valued at -18.97% vs. the benchmark return of the Russell 1000 Value which returned -8.39%. Assets were valued at \$6,542,000.

OPEN DISCUSSION

No Open Discussion

MEETING ADJOURNED

There being no further business, the meeting was adjourned at 11:00 AM.

Hollywood Police Officers' Retirement Board - Minutes
December 18, 2015
Page 4 of 4

The next scheduled meeting is January 29, 2016 at 10:30 AM.

Respectfully submitted,

APPROVED:

C. Marano, Secretary

D. Strauss, Chairperson