

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

September 30, 2016

MINUTES

A regular meeting of the Hollywood Police Officers' Retirement System was held on Friday, September 30, 2016, at 10:30 AM, in the Office of Retirement, 4205 Hollywood Blvd., Suite 4, Hollywood, Florida 33021.

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

Excused Absence: M. Pollak

Also present were Mel Stanley & George Keller, City of Hollywood; Richelle Hayes, American Realty Advisors; Brian O'Sullivan & Tom Galfano of Wells Capital Management Stu Kaufman & Steve Cypen, Board Attorney 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

Mr. Strauss asked if there were any additions or corrections to the Minutes of August 19, 2016. Mr. Szeto made a motion to approve the Minutes of August 19, 2016 which was seconded by Mr. Laskowski. Approved 5-0 (Mr. Brickman off the dais).

ATTORNEY'S REPORT

Mr. Kaufman indicated that mediation date regarding the supplemental distribution has been established for November 29, 2016. He formally requested a shade meeting on November 18, 2016.

Mr. Kaufman sought a received approval from the Board to seek out special counsel to represent the retirees at the mediation table. Motion by Mr. O'Brien, seconded by Mr. Laskowski. All board members present voted yes.

ADMINISTRATIVE REPORT

Melville Pollak: Mr. Williams sadly announced the passing of Trustee Mel Pollak.

Pension Task Force: A letter from Wazir Ishmael, City Manager dated August 22, 2016 was received (letter attached herein). The Trustees directed Mr. Williams to seek retirees who would be interested to participate in the city initiated pension taskforce. Bring the names back to the Board for consideration at the next meeting October 28, 2016.

Fiduciary Insurance: Mr. Williams is seeking quotes for additional coverage and will advise the Board once received.

Annual State Report - UPDATE: Mr. Williams indicated that the state has not approved the annual report over lack of funding. Mr. Johns and Mr. Fernandez are reviewing the issue(s).

DROP/PRB Loans: Mr. Williams cited the respective member(s) loan request. He outlined that each member(s) have the funds in his/her personal DROP/PRB account to cover the loan(s) 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. Laskowski made a motion to approve the loans as noted, which was seconded by Mrs. Marano. All board members present voted yes.

Required Reporting: Mr. Williams cited that with the exception of the 112.664 report from the actuary (which is currently underway) all reports are posted to the website.

QUARTERLY INVESTMENT PRESENTATIONS

WELLS FARGO: Mr. Brian O'Sullivan & Mr. Tom Galfano of Wells Capital Management appeared before the Board to review the June 30, 2016 investment report.

Market & Portfolio Performance

It was reported that: BREXIT was the dominant issue, but a political event.

- Its realization is likely two years away.
- Another layer of uncertainty.
- Markets have been climbing a wall of worry.
- Overall market impact was minimal.

Global economic growth remains tepid. Global monetary policy is unchanged. U.S. dollar appreciates against the euro and pound sterling, yet depreciated against the yen. Energy and commodity prices rose. Investors strongly favored companies with high dividend yield. Our long-term performance advantage significantly impacted by recent performance.

Overview:

Change in portfolio value	
Beginning value	14,662,560.17
Net contributions/withdrawals/expenses	-13,909.11
Realized gains	22,923.84
Unrealized gains	425,858.96
Income received	50,383.48
Ending value	15,147,817.34

Performance History %

	QTD thru 31-Aug-16	YTD	1 year	Since inception 12-May-15
Portfolio - Gross	3.40	0.19	-2.34	-3.00
Russell 1000 Value Index	3.70	6.30	2.86	0.97

Outlook:

Value style continues its return to favor, potentially auguring global growth. Intrinsic Value style currently out of favor due to investors' demand for yield. Bond-like equities are overvalued. Our Intrinsic Value approach historically benefits in an environment of rising interest rates and increasing volatility. Inexorable migration to the 'cloud' should benefit our Information Technology investments. Cost effective therapies and merger resolutions should boost our Health Care investments. We anticipate these trends to play out for the foreseeable future. High-quality companies possess attractive valuations.

The representatives also spoke of the recent report events at Wells Fargo. The representatives cited that the consumer banking division was far and part from this portfolio and the way that they conduct themselves. The representatives reflected that they were personally embarrassed in the accusations and that it was not indicative of Wells Fargo as a whole.

AMERICAN REALTY ADVISORS: Ms. Richelle Hayes outlined the fundamental principles of the core real estate strategy. Focus on Income - Invest in Significant Innovation Hubs/Growth Clusters - Target Supply Constrained Markets - Capture Economic Diversity to Reduce Risk.

The inception date of the portfolio was reported April 1, 2013.

Performance History (through June 30, 2016)

	Year-to-Date	One-Year	Three-Year	Since Inception*
Income	2.11%	4.38%	4.90%	4.90%
Appreciation	1.78%	6.02%	7.19%	7.31%
Total Return (Gross)	3.91%	10.60%	12.35%	12.48%
NFI-ODCE (Gross)	4.67%	12.19%	13.03%	13.22%
Total Return (Net)	3.34%	9.39%	11.12%	11.25%
NFI-ODCE (Net)	4.24%	11.24%	12.08%	12.25%

Investment Summary as of June 30, 2016	
	Inception-to-Date
Contributions	\$ 7,500,000
Redemptions	-
Net Income	819,135
Distributions	(1,093,087)
Appreciation	1,575,139
Ending Net Asset Value	\$ 8,801,187

Property Type Strategies were outlined to include: Office, Industrial, Retail and Multi-family.

Recent Transactions: One Freedom Plaza, Washington, DC. - 2 Ames Drive, Harrisburg, PA. - ALARA Union Station, Denver, CO. – Continuum, Boston, MA.

DROP RULES

Due to the matter raised by Mr. Earl Mitchell, Mr. Strauss asked Mr. Williams to place this item on the agenda to discuss. Mr. Strauss indicated while reviewing the Mitchell Matter, he reviewed the city ordinance in detail and feels there is conflicting language contained within 33.128 (E) relating to the fixed rate of return. Be that the case, Mr. Strauss feels the Board should enact a no cost position to the city. Both Mr. Cypen and Mr. Kaufman opined that there is no conflict and that the language cited regarding the city's liability is subordinate to the newer language which provides for the fixed rate of return. That while in this "snapshot" of time there may be costs, from year to year or over the long term there may not be. Further, that there was no distinction between active and retired drop members in the ordinance. Mr. Brickman felt that this should be an issue for the pension task force to consider. Mr. Kaufman will follow up with all relative parties before the next meeting and provide a legal perspective.

OPEN DISCUSSION

No Discussion Ensued.

MEETING ADJOURNED

There being no further business, the meeting was adjourned at 11:58 AM.

The next scheduled meeting is October 28, 2016 at 10:30 AM.

Respectfully submitted,

APPROVED:

C. Marano, Secretary

D. Strauss, Chairperson