

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

November 17, 2017

MINUTES

A regular meeting of the Hollywood Police Officers' Retirement System was held on Friday, November 17, 2017, 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; C. Boyd; R. Wise; R. Brickman and V. Szeto

Excused Absence: P. Laskowski

Also present were Kee Eng & George Keller - City of Hollywood; John McCann, AndCo Consulting; Janna Hamilton of Garcia Hamilton; John Rochford & Robert Maddock, III of Inverness Counsel; Stuart Kaufman, Legal Counsel - Klausner, Kaufman, Jensen & Levinson and Dave Williams, Plan Administrator. Various active and retired members were also present.

PUBLIC COMMENT

No Comments

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 October 27, 2017 MEETING

Mr. Strauss asked if there were any additions or corrections to the Minutes of the October 27, 2017 pension board meeting. Mr. Szeto made a motion to approve the Minutes of the October 27, 2017 pension board meeting, which was seconded by Mr. Boyd. All board members voted yes.

ATTORNEY'S REPORT

Mr. Kaufman addressed the Board concerning recent PERC action from 2011 related to an unfair labor practice – financial urgency. The City of Hollywood filed a response to PERC asserting the union waived all rights related to pension and benefits when the collective bargaining agreement was reached in 2013. PERC asked for the union's response which will be forthcoming. Mr. Kaufman felt that it would be most prudent to wait and see how PERC rules in this matter. By consensus the Board agreed to put any action on hold at this juncture.

Related PERC documents may be viewed at:

<http://hollywoodpensionfund.com/docs/announcements/HWD%20Response.pdf#zoom=100>

<http://hollywoodpensionfund.com/docs/announcements/Case%20No.%20CA-2012-016%20Order%20Directing%20Response%2011-16-17.pdf#zoom=100>

[http://hollywoodpensionfund.com/docs/announcements/Motion%20to%20Refer%20Case%20to%20Hearing%20%20Officer%20\(CA-2011-101\).pdf#zoom=100](http://hollywoodpensionfund.com/docs/announcements/Motion%20to%20Refer%20Case%20to%20Hearing%20%20Officer%20(CA-2011-101).pdf#zoom=100)

[http://hollywoodpensionfund.com/docs/announcements/Response%20to%20Order%20to%20Show%20Cause%20%20\(CA-2012-011\).pdf#zoom=100](http://hollywoodpensionfund.com/docs/announcements/Response%20to%20Order%20to%20Show%20Cause%20%20(CA-2012-011).pdf#zoom=100)

ADMINISTRATIVE REPORT

CHANGE OF BENEFICIARY: Mr. Williams provided the requests of Member John Chidsey and Richard Allen to change their respective beneficiaries. Matter was reviewed by legal and actuary. Motion to approve by Mr. Boyd, seconded by Mr. Brickman. All board members present voted yes.

RETURN OF PENSION CONTRIBUTION: Mr. Williams provided the requests of former Member Paul Ingram and Elizabeth Fequiere who asked for a refund of their pension contributions. Motion to approve by Mr. Szeto, seconded by Mr. Wise. All board members present voted yes.

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

REQUIRED MINIMUM DISTRIBUTION (RMD): Mr. Williams cited that a review of the drop accounts and members who are of age were undertaken to ensure compliance with the 70 1/2 rule. Five retired drop members were identified by the Board actuary that will require a distribution prior to the end of the calendar year. Members were advised, and distributions will be made accordingly.

QUARTERLY INVESTMENT PRESENTATIONS

Garcia Hamilton and Associates

Mrs. Hamilton was presented a small token of appreciation (plaque) for serving as the Plan's Large Cap Growth Equity Firm from 2000-2017. Formal presentation may be viewed: <http://hollywoodpensionfund.com/inTheBoardroom.asp>

Mrs. Hamilton began her presentation by discussing the fixed income market review.

As expected, the Federal Reserve decided to pause in the pace of rate hikes at the September FOMC meeting by maintaining the fed funds rate in a range of 1.00% - 1.25%. However, this meeting ushered a new phase in monetary policy. The quantitative easing policies, which began in 2008, are being replaced with balance sheet reduction starting in October. Although the details of the tapering of reinvestment of the Federal Reserve System Open Market Account were outlined in June, the start date of the process was previously unknown.

Regarding the economy and inflation, Federal Reserve Chairman Yellen expressed "uncertainty about the inflation outlook" but made her case for reduced accommodation by stating the labor market could become "overheated" without future rate hikes. Additionally, she stated "persistently easy monetary policy" could lead to financial instability.

We maintained a shorter duration than the benchmark index in anticipation of higher interest rates. Additionally, we maintained our "barbell" positioning in anticipation of a flatter yield curve.

As of September 30, 2017, this portion of our portfolio was valued at \$13,805,919.35. Mrs. Hamilton indicated that for the quarter, the fixed income portfolio returned 0.5%, which just missed the Barclays Capital Intermediate Aggregate benchmark return of 0.7%. On a fiscal year basis, the fixed income portfolio returned a stellar 0.7% vs. the benchmark return of 0.2%. Since the portfolio inception date of June 30, 2011, the fixed income return was 3.9%, compared to the benchmark return of 2.5%.

TIME WEIGHTED RETURN - GROSS OF FEES

	Quarter	Year To Date	Fiscal 09-30-2016 YTD	Annualized Last 3 Years	Annualized Last 5 Years	Annualized Inception 06-30-11 To Date
Account	0.5	2.1	0.8	2.9	3.0	3.8
FIXED INCOME	0.5	2.1	0.7	2.9	3.0	3.9
Bloomberg Barclays Int. Aggregate	0.7	2.3	0.2	2.2	1.7	2.5

Although expectations have declined somewhat this year as the administration's economic policies have taken longer to implement than anticipated, the outlook for economic growth has remained at moderate levels.

Inverness Counsel, Inc.

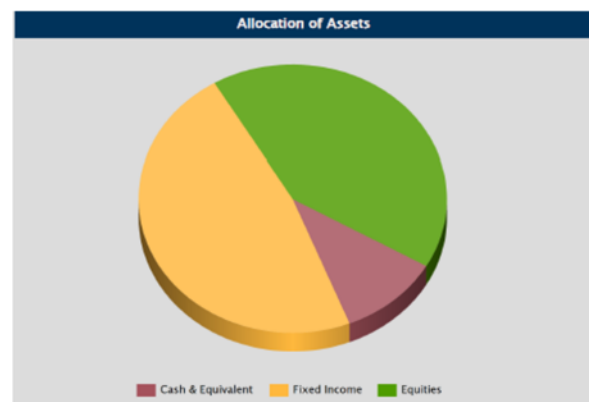
Mr. Maddock and Mr. Rochford provided the following investment outlook:

Catalysts - Housing continues to improve, driven by strength in single family home starts. Healthy balance sheets and lower debt service costs supporting loan growth. The consumer, which accounts for 70% of the U.S. economy, is employed and getting a raise. A synchronized, global expansion seems to be underway.

Concerns - Future profits may be pressured by rising employment costs. President Trump has run into a roadblock passing healthcare reform and tax reform may also be difficult.

Asset Allocation was reported as outlined:

Asset Comparison					
Asset Class	9/29/2017	%	10/31/2017	%	Estimated Annual Income
Cash & Equivalent	\$3,299,347	3.02%	\$13,397,878	10.66%	\$1,340
Fixed Income	\$55,196,304	50.57%	\$59,722,115	47.53%	\$1,879,425
Equities	\$50,644,103	46.40%	\$52,540,418	41.81%	\$798,021
Total Portfolio	\$109,139,754	100.00%	\$125,660,411	100.00%	\$2,678,786

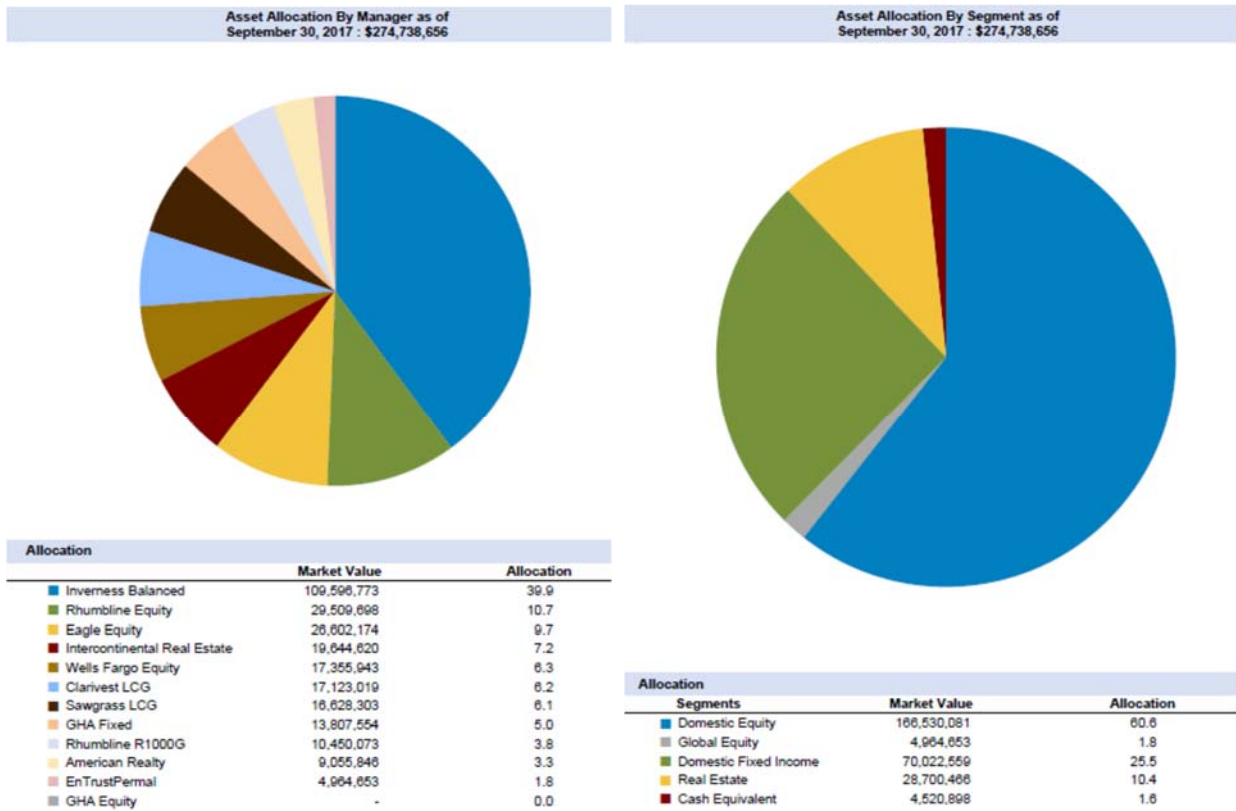


Mr. Maddock advised for the quarter that ended September 30, 2017 the equity portfolio returned 4.59% for the equities which surpassed the index. For the last twelve months, the account returned 18.40% for the equities. On a longer-term basis of 5 years, the account returned 13.75%. The account was valued at \$50,644,103 as of September 30, 2017.

Mr. Rochford indicated that for the quarter that ended September 30, 2017, the fixed income portfolio returned 0.89%, compared to the Benchmark of 0.71%. For the last twelve months, the fixed portfolio returned -0.70% compared to the same policy return of 0.11%. On a longer-term basis of 3 years, the account returned 2.59%, in comparison to the policy return 2.48%. The account was valued at \$56,290,166 as of September 30, 2017.

AndCo Consulting

Mr. McCann presented the September 30, 2017 investment report, the portfolio was valued at \$274,738,656. The total fund return on a gross basis was 3.30%. That quarterly return outpaced the benchmark. Mr. McCann advised - All Public Plans Total Fund Median return was 2.90%. On a fiscal year basis, the portfolio returned 11.59% exceeding the entire fiscal year assumed rate of return. Mr. McCann reported that - All Public Plans Total Fund Median return was 10.94% for the same period. Longer term results were also outlined on a 1, 3 and 5-year basis.



The entire investment report may be viewed on-line at:
<http://hollywoodpensionfund.com/docs/investments/2017-09-30%20Hollywood%20Police%20Quarterly%20Report.pdf>

An equity aggregate analysis was also provided by Mr. McCann for the period ending September 30, 2017. This annual report confirmed that the system is well diversified across all investment and asset classes.

Investment Guidelines: Mr. McCann presented the updated investment guidelines as a result of the addition made to Entrust. Mr. Szeto made a motion to approve, which was seconded by Mrs. Marano. All board members present voted yes.

OPEN DISCUSSION

No discussion ensued.

MEETING ADJOURNED

There being no further business, the meeting was adjourned at 11:17 AM

The next scheduled meeting is December 15, 2017 at 10:30 AM.

Respectfully submitted,

APPROVED:

C. Marano, Secretary

D. Strauss, Chairperson