

TOWN OF DAVIE POLICE EMPLOYEES'
PENSION PLAN
MINUTES
February 8, 2011

The regular meeting of the Board of Trustees of the Town of Davie Police Employees Pension Plan was called to order by Chairman Brilliant February 8, 2011 at 5:00 p.m. at Town of Davie Police Department at 1230 South Nob Hill Road in Davie, FL.

TRUSTEES PRESENT:

Chairman Greg Brilliant, Trustee Jack Mackie, Trustee Larry Davis, Trustee Thomas DiMeglio

ABSENT AND EXCUSED:

Ed Taylor

OTHERS PRESENT:

Fund Attorney Adam Levinson, Don DuLaney of DuLaney and Company, Janna Hamilton of GH&A, Mike Harhai and John Swanson of Buckhead Capital Management, and Fund Administrator Pete Prior of Benefits USA

APPROVAL OF MINUTES:

January 11, 2011 Meeting Minutes

Trustee Davis moved to approve the January 11, 2011 meeting minutes and Trustee Mackie seconded the motion and it passed 4-0.

CONSENT AGENDA FOR APPROVAL: Warrant #148 and 149 --- \$71,468.34

Trustee Davis moved to approve the consent agenda. Trustee Mackie seconded the motion and the motion passed 4-0.

Chairman Brilliant commented on the report from Robbins, Geller, Rudman & Dowd, the security litigation firm that represents the board. Chairman Brilliant asked if anyone knows what and how they do the review. Mr. Prior commented that he also receives reports from the Investment Service Providers (ISP) and was providing them to the members. Mr. Prior commented that a standard procedure is allowing them access to the custodian report. Trustee Davis noted that Salem has addressed this issue in the past. Chairman Brilliant asked Benefits USA to contact Salem and see if they can attend the next meeting to discuss their role in this matter. Mr. Prior said he would contact Salem to determine if the date would be appropriate for them to attend.

NEW BUSINESS:

There was no new business before the board at this time.

UNFINISHED BUSINESS:

Kevin Kilpatrick Discussion

Attorney Levinson noted that he does not have anything further to report on this issue, noting that if the Town passed the Air Time Ordinance, it may have had taken care of this issue. This was discussed under the Attorney Report.

INVESTMENT REPORTS Quarter ending 12/31/10

Garcia Hamilton & Associates

Ms. Janna Hamilton reported that investors pushed stock prices steadily higher through the quarter, encouraged by Federal Reserve statement confirming an extended period of accommodative monetary policy and Chairman Bernanke's op-ed article highlighting a virtuous circle of higher stock prices, increased confidence and economic expansion. Ms. Janna Hamilton noted that small cap companies once again outperformed large cap companies. As earnings decelerate in the small cap arena, the market should reward large cap companies.

Ms. Janna Hamilton addressed the Board noting that the Fund for fourth quarter, the Fund's aggregate portfolio under Garcia Hamilton's management was valued at \$29,860,510.20. The total fund earned 6.2% which was 2.4% above the Index 3.8%, Equities earned 13.5% which was 1.7% above the Index of 11.8%; Fix Income returned -0.5% which was 0.8% above the Barclays Capital Aggregate of -1.3%. It was noted that the asset allocation is as follows: 49.9% Equities; 46.9% Fixed Income and 3.3% Cash.

Buckhead Capital Management

Mr. Mike Harhai reported that Buckhead Capital's Value Equity composite portfolio gained 6.7% in the fourth quarter, but trailed the Russell 1000 value benchmark's 10.5% return. After significantly outperforming its benchmark in 2008 and 2009, the Value Equity portfolio lagged its benchmark in 2010, gaining 7.4% compare to 15.5% for the Russell 1000 value.

Mr. Mike Harhai noted that the Fund's aggregate portfolio under Buckhead's management was valued at \$26,950,757. The fourth quarter of 2010, the total fund earned 2.84%, Equities earned 7.2% which was 3.34% below the Russell 1000 Value Index of 10.54%; Fix Income returned -1.35% which was 0.05% below the Barclays Capital Aggregate of -1.3%. It was noted that the asset allocation is as follows: 50.6% Equities; 46.8% Fixed Income and 2.6% Cash.

Dahab Associates

Mr. David Lee of Dahab Associates presented the performance review for the quarter ended December 31, 2010. Mr. Lee reported that economic data improved during the quarter, easing fears of a double-dip recession and deflation. The Federal Reserve noted improvements in both holiday consumer spending and the pace of manufacturing. Gains were spread among most of the 12 Fed regions. In sync with the good news, third quarter final GDP grew at a decent 2.6% annual rate. The fourth quarter is expected to be above 3%.

On December 31, 2010, the Davie Police Employees Pension Fund's aggregate portfolio was valued at \$78,081,075 which represented a \$4,843,769 increase over the September ending balance. Mr. Lee noted that the Fund's investment returns were 6.1% for the quarter ended December 31, 2010, which was 0.3% lower than the Davie Police Policy Index's return of 6.4% and ranked in the 42nd percentile of the Plan Sponsor universe.

Mr. Lee reported that the Fixed Income component returns were -0.1% for the quarter, which was 0.3% higher than the Barclays Aggregate A-or-Better Index's return of -1.3%; Large Cap Equities component of the Fund was 10.4% which was 0.4% below the S&P 500 Index's return of 10.8%; Mid Cap Equities component of the Fund was 13.5% which equal to the S&P 400 Index's return of 13.5%; Small Cap Equity returned 17.2% which was 0.9% less than the Russell 2000 Index's return of 16.3%; International Equities returned 4.6% which was 2.1% lower than the MSCI EAFE Index' return of 6.7%. It was noted that the asset allocation is as follows: 52.3% Equities; 34.1% Fixed Income; 11.5% International Equities and 2.1% Cash.

ACTUARY REPORT:

Mr. DuLaney reviewed page 6a of the state report noting that this was sent to GSK, the Plans' auditor. Mr. DuLaney noted that this page is required for GSK to complete the state report. Mr. DuLaney also provided Benefits USA with copies of the DROP statements.

On another issue, Mr. DuLaney noted that it may be time to adjust the administrative fee of \$10. Attorney Levinson said he will look into the fee to determine if the fee is Ordinance based or Administrative Rule based. If it is an Administrative Rule, the board can decide the level of the administrative fee.

ATTORNEY REPORT:

Chairman Brilliant asked Attorney Levinson to speak about a question a member has regarding the total withdrawal of their DROP money. Attorney Levinson replied that the plan does not offer tax advice, noting that there is no penalty if the employee is over 50 and withdraws his money, but they are required to withhold 20% for tax purposes, per the IRS. Attorney Levinson said that if employees are cashing in accumulated leave, as well as their DROP, the tax consequent can be substantial. Another question asked if Federal taxes are the only taxes taken from the pension. Attorney Levinson noted that in Florida, there is no state tax but if the member moves to another state, other tax may apply and that is why the board suggests seeing a tax professional. In short, if the member resides in Florida, the retiree will be required to pay federal tax as a plan member reaching normal retirement.

Attorney Levinson spoke on his memo to the finance director Mr. Bill Ackerman regarding the proposed police pension ordinance allowing for the purchase of permissive service credit, on a cost neutral basis for the Town. The concept of permissive service credit was approved by Congress when it adopted the Pension Protection Act of 2006. Since the plans' actuary has indicated that the ordinance will have no actuarial impact to the Town since the benefit is totally funded by its members. As for now, we have to wait until the Town decides to hear the ordinance.

Attorney Levinson provided a letter and email regarding Mr. Necolettos and the amount of possible offsets to his pension, as well as noting that Mr. Necolettos has retained a new attorney, Mr. Lister of Martin, Lister & Alvarez. Attorney Levinson reviewed the correspondence with the board and the claims made by the new attorney. Attorney Levinson reviewed the letters and the proposed offset. Mr. DuLaney noted that the plan cannot exceed the limit of \$1938 offset per month.

Attorney Levinson commented that Attorney Lister does not have this information and his demands are based on partial information. Attorney Levinson suggested the board review the information noting that the plan can have an informal hearing. Trustee Mackie said he thinks it is important to have a full board discuss this issue and would like the previous chairman, Ed Taylor, also review the documents. In short, Attorney Levinson said the board can release the monies as soon as Mr. Necolettos signs the release form. Chairman Brilliant noted that all the information should be given back to Attorney Levinson due to Social Security numbers are contained in the document. Attorney Levinson said he would email a corrected copy of the documents through Benefits USA for distribution.

Attorney Levinson spoke on HB 303 briefly, such as elimination the DROP. As it pertains to FRS, elimination of the DROP has a negative impact on the plan for several reasons. As of now, it is too early to tell what other legislation may appear and the impact they may have on pension plans in Florida.

ADMINISTRATOR REPORT:


CHAIRMAN'S REPORT:

NEXT MEETING DATE:

Mr. Prior reported that the next meeting is a regular meeting scheduled for March 8, 2011.

ADJOURNMENT:

Trustee Davis moved to adjourn the meeting and Trustee DiMeglio seconded the motion and it passed 4-0 the meeting was duly adjourned at 7:30 p.m.



Chairman