

TOWN OF DAVIE POLICE EMPLOYEES'
PENSION PLAN
MINUTES
August 9, 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 on August 9, 2011 at 5:00 p.m. at the Town of Davie Police Department at 1230 South Nob Hill Road in Davie, FL.

TRUSTEES PRESENT:

Chairman Greg Brilliant, Trustee Jack Mackie, Trustee Ed Taylor, Trustee Larry Davis, and Trustee Thomas DiMeglio

ABSENT AND EXCUSED:

OTHERS PRESENT:

Fund Attorney Adam Levinson, David Lee with Dahab Associates, Don DuLancy of DuLancy and Company, Janna Hamilton of Garcia Hamilton & Associates, Mike Harhai and John Swanson of Buckhead Capital Management, and Fund Administrator Pete Prior of Benefits USA, Inc.

APPROVAL OF MINUTES:

July 12, 2011 Regular Meeting Minutes
July 26, 2011 Special Meeting Minutes

Trustee Taylor moved to approve the July 12, 2011 meeting minutes as amended. Trustee DiMeglio seconded the motion and the motion passed 5-0.

Trustee Taylor moved to approve the July 26 meeting minutes. Trustee Mackie seconded the motion and the motion passed 5-0.

CONSENT AGENDA FOR APPROVAL:

For Ratification:	Warrants #163-#165	\$69,231.79
For Ratification:	Partial DROP distribution William Coyne	\$44,000.00

Trustee Taylor moved to ratify warrants #163-#165 which total \$69,231.79. Trustee Davis seconded the motion and the motion passed 5-0.

Trustee Taylor moved to ratify the partial DROP distribution to William Coyne in the amount of \$44,000.00. Trustee Davis seconded the motion and the motion passed 5-0.

NEW BUSINESS:

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

UNFINISHED BUSINESS:

There was no unfinished business at this time.

INVESTMENT REPORTS Quarter ending 12/31/10

Garcia Hamilton & Associates

Ms. Hamilton addressed the board noting that the Fund earned 0.5% for the quarter, underperforming against the market of 1.7%. For the fiscal year to date, the Plan earned 10% versus the index of 8.5%. As of June 30, 2011, the Fund had a market value of \$30,595,617.83.

Ms. Hamilton reported that high quality stocks outperformed in April, but slightly underperformed during the down months of May and June. The strong performance of the high quality stocks did not help this Portfolio because the performance was limited to Staples and Health Care stocks which are underweighted in this Portfolio.

Ms. Hamilton reviewed the diversification of the Fund noting that the Fund is overweight in Energy, Industrials and Materials. The Fund is underweight in Health Care and Consumer Staples.

Ms. Hamilton discussed the current fixed income market with the Board and stated that several important factors influenced the market in the 2nd quarter. The European debt crisis drove stocks down and pushed U.S. Treasury yields to new lows. The 10-year treasury yield ended the quarter at 3.16%, .31% up from the 2011 low of 2.85%. Because of the decrease in rates, the bond market had positive performance for the quarter. Three of the four sectors had positive excess return during the quarter, with Mortgage-backed securities leading with 36 basis points of excess return. Asset-backed securities followed with 16 basis points of excess return, and agencies with 5 basis points. The corporate sector had a negative excess return of 32 basis points.

Ms. Hamilton also reported that the Fixed Income Portfolio has 57% Corporates, 32% Mortgages and 11% Treasuries. The average duration of the Portfolio is 5.0 years versus the index of 5.2 years.

Buckhead Capital Management

Mr. Harhai reviewed the market noting that although his report is for last quarter, the report is moot due to the last five days of the market. Mr. Harhai stated that housing and jobs are the major problems.

Mr. Harhai noted that the portfolio was flat for the quarter earning 0.8% and lagged the index for the year due to the conservative nature of the portfolio. Mr. Harhai noted that the market value of the Fund as of June 30, 2011 was \$27,787,812.

The best performers for the quarter were DPI, Inc. at 16.5%, Sysco and Wellpoint Health Networks at 13.5%, Johnson & Johnson at 13.2%, and Baxter International at 11.6%. The worst performers for the quarter were Staples, Inc. at -16.4%, First Horizon at -15.7%, Raymond James at -15.6%, EOG Resources Inc. at -14.2%, and Devon at -13.9%.

Mr. Harhai reviewed the sector allocation for the quarter, starting with Government/Agency at 29.3% versus the index of 44.4%. Corporates held 38.3% versus the index of 19.8% and Mortgages held 32.4% versus the index of 35.8%.

Dahab Associates

Mr. Lee reported that the total Fund had a market value of \$82,776,875 as of June 2011, which is down \$904,265 from the market value of \$81,872,610 as of March 2011. For the second quarter of 2011, the Fund earned 0.6% versus the index of 0.9%, ranking in the 88th percentile of the public fund universe. For the fiscal year-to-date the Fund has slightly lagged the index earning 11.2% versus 11.7%, ranking in the 52nd percentile. For the trailing one-year period, the Fund ranked in the 58th percentile earning 20.7% versus the index of 21.1%.

Garcia Hamilton earned -0.9% during the first quarter versus the index of 0.8%, ranking in the 80th percentile. Buckhead earned -0.4% against the index of -0.5% and ranked in the 56th percentile. Rhumblin was in line with the index at -0.7%, ranking in the 68th percentile. FAMRO outperformed the index earning -0.1% versus the index of -1.6%, ranking in the 33rd percentile. For international equity, Johnston and SSgA both lagged the index of 1.8%. Johnston earned 1.4% and SSgA earned 1.7%, ranking in the 53rd and 45th percentiles respectively.

The American Core Realty Fund earned 3.8% for the quarter versus the index of 4.7%. Buckhead Fixed Income earned 2.2% against the index of 2.3% and ranked in the 51st percentile. Garcia Hamilton Fixed Income earned 2.0% and ranked in the 74th percentile.

ACTUARY REPORT:

Mr. DuLaney provided Benefits USA with a copy of the DROP statements noting he has sent the members the statements. Mr. DuLaney also noted that he is no longer getting the check register from Salem and is printing them at his office, as he needs to review each member. Mr. DuLaney also provided an update of the Town's contributions. Trustee Taylor asked if the Town will make their total contributions for the year by the end of the fiscal year. Mr. DuLaney said if the Town continues at the current rate, it may need to increase the amount for the final payment.

ATTORNEY REPORT:

Attorney Levinson addressed the Board regarding the coordination of benefits for a member of the Fire Department who wishes to move into the Police Department. Attorney Levinson provided scenarios regarding the definition of employee, whether the employee is a new hire or just continues as an employee and enters into the Police Department.

In a handout of the Ordinance 99-20 provided by Attorney Levinson, there are two sections pertaining to this discussion. Section 1.12 states "Employee. A sworn office regularly employed full-time by the Town. The group of eligible Employees will exclude (a) members of a unit of employees covered by a collective bargaining agreement between an employee representative and the Town, unless otherwise provided in the agreement or agreed to by the Town and the union, (b) independent contractors, (c) leased employees and (d) the Chief of Police."

Section 1.14 states "Employment. The period of regular full-time employment as a sworn police officer. However, each Employee will receive credit for purposes of Benefit Service and Vesting Service for the period when employed as a firefighter by the Town."

Attorney Levinson stated that it is up to the Board to interpret the Ordinance as it relates to the Member's current situation. It was noted that the member would only earn service credit, not benefit credits. Attorney Levinson suggested that the members speak with their unions and the Town. It appears on the surface that the member may not benefit from transferring departments. It is also uncertain what would happen if the employee does not qualify to be a police officer or if the employee fails the medical or psychological exam.

Attorney Levinson also noted that he has the SPD and FAQ for the Board to review and report back at the next meeting.

ADMINISTRATOR REPORT:

There is no report at this time. All Trustees will be attending the FPPTA Trustees School October 2—5 at the Tampa Marriott Waterside.

Trustee Davis asked about the tier-one and tier-two forms that were created. There was a discussion regarding the language used in the forms and the Chairman agreed to include the language discussed by the Board.

Mr. Lee commented on the Custodian noting that the fees for the money market are high but the Board has had a long standing relationship with Salem Trust. Mr. Harhai provided a chart of fees for custodian services to the Chairman noting the money market fees are 20 bps from Fiduciary versus 44 bps from Salem Trust.


CHAIRMAN'S REPORT:

NEXT MEETING DATE:

Mr. Prior reported that the next meeting is a regular meeting scheduled for September 13, 2011 at 5:00 pm.

ADJOURNMENT:

Trustee Taylor moved to adjourn the meeting and Trustee DiMeglio seconded the motion and it passed 5-0 the meeting was duly adjourned at 6:50 p.m.


Chairman