

TOWN OF DAVIE POLICE PENSION PLAN

MINUTES

DECEMBER 11, 2012; 5 P.M.

The regular meeting of the Board of Trustees of the Town of Davie Police Officers' Pension Fund was called to order by Chairman Greg Brilliant on December 11, 2012 at 5:02 P.M. at the Town of Davie Police Department, 1230 South Nob Hill Road in Davie, Florida.

TRUSTEES PRESENT:

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

Note: There was a quorum present to conduct an official meeting.

OTHERS PRESENT:

Adam Levinson- Attorney, David Wissbroecker- Attorney for Robbins Geller Rudman & Dowd, LLP, Robert Dorn- Plan Administrator, Yiu Lai- Actuary for Dulaney & Company, David Lee- from Dahab.

APPROVAL OF MINUTES:

The Board of Trustees reviewed the minutes for the November 13, 2012. Mr. Dorn asked if there were any changes that needed to be made. No-one present had any changes to the minutes. Mr. Mackie made a motion to approve the minutes. Mr. DiMeglio seconded the motion. The motion passed 5-0.

CONSENT AGENDA: WARRANT RATIFICATION/APPROVAL:

WARRANT 309:

This Warrant is for the International Founders of Employee Benefit Plan for the 2013 FPPTA membership fee. The amount for this Warrant is \$750.00. Mr. Mackie made a Motion to approve Warrant 309. Mr. DiMeglio seconded the Motion. The Motion passed 5-0.

WARRANT 310:

This Warrant is for Retiree Member Nancy Cook cola increase amount to her monthly retirement payment. The amount for this Warrant is for \$4,924.12. Mr. DiMeglio made a Motion to approve Warrant 310. Mr. Mackie seconded the Motion. The Motion passed 5-0.

WARRANT 311:

This Warrant is for Retired Member James Franquiz cola increase amount to his monthly retirement payment. The amount for this Warrant is for \$5,770.76. Mr. Taylor made a Motion to approve Warrant 311. Mr. DiMeglio seconded the Motion. The Motion passed 5-0.

WARRANT 312:

This Warrant is for Retired Member Alexander Mahoy. The amount for this Warrant is for \$4,554.61. Mr. DiMeglio made a Motion to approve Warrant 312. Mr. Mackie seconded the Motion. The Motion passed 5-0.

WARRANT 313:

This Warrant is for Retired Member Karen Tarala. The amount for this Warrant is for 3,269.66. Mr. DiMeglio made a Motion to approve Warrant 313. Mr. Taylor seconded the Motion. The Motion passed 5-0.

WARRANT 314:

This Warrant is for Retired Member Quintin Taylor. The amount for this Warrant is for \$4,328.66. Mr. Taylor made a Motion to approve Warrant 314. Mr. Mackie seconded the Motion. The Motion passed 5-0.

WARRANT 315:

This Warrant is for State Street Global Advisors for investment fees for the period of 7-01-12 to 9-30-12. The amount for this Warrant is for \$2,014.13. Mr. Taylor made a Motion to approve Warrant 315. Mr. DiMeglio seconded the Motion. The Motion passed 5-0.

WARRNT 316:

This Warrant is for reimbursement to Trustee Lawrence Davis for expenses for the FPPTA October/12 pension conference. The amount for this Warrant is for \$835.00. Mr. Taylor made a Motion to approve Warrant 316. Mr. DiMeglio seconded the Motion. The Motion passed 5-0.

WARRANT 317:

This Warrant is for reimbursement to Trustee Lawrence Davis for expenses for the FPPTA June/12 pension conference. The amount for this Warrant is for \$140.10. Mr. DiMeglio made a Motion to approve Warrant 317. Mr. Mackie seconded the Motion. The Motion passed 5-0.

WARRANT 318:

This Warrant is for FPPTA so that Trustee Jack Mackie can attend the January/13 pension conference. The amount for this Warrant is for \$450.00. This Warrant is for Mr. Taylor made a Motion to approve Warrant 318. Mr. DiMeglio seconded the Motion. The Motion passed 5-0.

WARRANT 319:

This Warrant is for FPPTA so that Trustee Lawrence Davis can attend the January/13 pension conference. The amount for this Warrant is for \$450.00. Mr. DiMeglio made a Motion to approve Warrant 319. Mr. Mackie seconded the Motion. The Motion passed 5-0.

WARRANT 320:

This Warrant is for FPPTA so that Trustee Greg Brilliant can attend the January/13 pension conference. The amount for this Warrant is for \$450.00. Mr. Mackie made a Motion to approve Warrant 320. Mr. Davis seconded the Motion. The Motion passed 5-0.

WARRANT 321:

This Warrant is for FPPTA so that Trustee Tom DiMeglio can attend the January/13 pension conference. The amount for this Warrant is for \$450.00. Mr. Taylor made a Motion to approve Warrant 321. Mr. Davis seconded the Motion. The Motion passed 5-0.

WARRANT 322:

This Warrant is for FPPTA so that Trustee Ed Taylor can attend the January/13 pension conference. The amount for this Warrant is for \$450.00. Mr. DiMeglio made a Motion to approve Warrant 322. Mr. Mackie seconded the Motion. The Motion passed 5-0.

WARRANT 323:

This Warrant is for Precision Pension Administration for the September quarterly newsletter. The amount for this Warrant is for \$650.00. Mr. Taylor made a Motion to approve Warrant 323. Mr. DiMeglio seconded the Motion. The Motion passed 5-0.

NEW BUSINESS:

There were no items for new business.

UNFINISHED BUSINESS:

Mr. Dorn advised that Mr. Jenkins made his November/2012 payment but has not as of this time made his December/2012 payment. Mr. Dorn advised that Mr. Williams has e-mailed Mr. Jenkins requesting payment. Mr. Dorn advised that he will keep the Board updated of this situation.

ATTORNEY'S REPORT:

Mr. Levinson advised that Mr. Wissbroecker who is an attorney for the firm Robbins Geller Rudman & Dowd, LLP is here to speak about the current security litigation case against Rightnow Technologies. Mr. Wissbroecker introduced himself to the Board.

Mr. Wissbroecker advised the background of the case to the trustees and then the reason for the suit against the company as well as the reasons for filing in the state (Montana) that it was filed in. Mr. Wissbroecker advised that they did there background on the firm, the sale of the business and then the apparent wrong doings of self-dealing to insiders who profited more than 300 million. Mr. Wissbroecker advised that there goals in the suit was to get a higher stock price prior to the merger and to stop the self-dealing.

Mr. Wissbroecker advised that the Judge was not helpful in getting a higher stock price for the company and also in stopping the merger. The Judge allowed the merger to occur despite the fact that the suit was filed. Mr. Wissbroecker advised that they asked the court to amend the complaint for added damages now that the merger occurred. The Defendant motioned the Court to dismiss the case and the Judge agreed with the motion to dismiss. The Judge dismissed the case and wrote a very harsh judgment language in his ruling. Mr. Wissbroecker advised the Judge comments about racing to the court house to file suit, and others filing in Delaware, and Montana was harsh.

Mr. Wissbroecker advised that the Judge took everything the Defendants said as the truth and everything the Plaintiffs said was put aside. Mr. Wissbroecker advised that he still believes that based on their firms actuary study that the stock price should have been at least three to four dollars more a share in the merger sale. Some of this belief is based upon the hard assets of the company.

Mr. Wissbroecker advised that the Judge took the stance that this suit was a strike suit which is just a frivolous lawsuit or a harassment suit which is when some law firms file suits to obtain settlements to make money, but once again, Mr. Wissbroecker advised the Board that their firm did not file a strike suit and the suit was based upon the facts of the merger and the investigation their firm did on the merger.

Mr. Wissbroecker advised that the Defendants have filed a motion for attorney fees because the other side believes that our case has no merit or basis of fact. Mr. Wissbroecker advised that if the Judge believes the Defendants then the firm will pay for all attorney fees or other fees associated in the Judge's decision. Mr. Wissbroecker advised that the contract with the Board includes a section that his law firm will pay for all attorney fees or other related costs in these types of decisions. Mr. Wissbroecker advised that he wanted to reassure the Board that the Board or the plan will not have to pay for anything if they lose the motion.

Mr. Wissbroecker advised that he is originally recommending to the Board to appeal this case because of several factors based upon the Judge's decision. Mr. Wissbroecker advised that in Montana, the case is heard in the trial court and then goes directly to the Supreme Court of Montana to hear the appeal.

Mr. Davis asked Mr. Wissbroecker a question in how much is the Defendant's asking for in attorney fees? Mr. Wissbroecker advised that he believes it is in the area of \$150,000. Mr. Wissbroecker again stated to the Board that his firm will take all liability for any costs that needs to be paid in costs or in judgments against the Board in this case. Mr. Levinson also advised that the law firm will pay for the costs or attorney fees based upon the contract with the Board.

Mr. Levinson advised that the Judge in this case did a less than favorable order. Mr. Levinson advised that the only way to get the order and language removed is to have the case appealed. The Board discussed the case with the attorneys and agreed to go ahead with the appeal and to fight the motion for attorney fees.

Mr. Wissbroecker advised that based upon their investigation, the Judge and the potential of the type of jurors that will decide this case; Mr. Wissbroecker advised that a win in this particular case would probably be getting the attorney fees dropped and the language in the order removed so that this language is not out there for other Judges to use in their orders for security litigation suits.

Trustee Davis made the following Motion: For the law firm (Robbins Gellar Rudman & Dowd, LLP) to negotiate the best interests of the Board in this case whether it is to appeal the case, fight the current motion for attorney fees, to remove the language of the order to dismiss or any other pending issue as long as the law firm keeps the Board informed of all actions. Mr. DiMeglio seconded the Motion. The Motion passed 5-0. Mr. Wissbroecker advised that he will keep Mr. Levinson or a member of his firm informed for the Board and they will inform the Board.

Mr. Levinson advised that the Summary Plan Description (SPD) had minor changes from the last meeting. Mr. Levinson advised that the following additional changes were made since the last meeting: (1) page 4 of the SPD had Larry's name changed, (2) page 18 of the SPD the IRS amount is \$51,000 and (3) page 23 of the SPD the web address was added and (4) the last page of the SPD had the new actuarial information updated. Mr. Yiu Lu advised that he observed a minor mistake on page two in the year of the ordinance should be 2011 and not 20011. Mr. Levinson and the Board agreed to all of the aforementioned changes as well as the changes from the November/2012 meeting on the Summary Plan Description Tier One Members.

Mr. Davis made a Motion to approve the Summary Plan Description Tier One Members changes. Mr. Mackie seconded the Motion. The Motion passed 5-0. Mr. Davis requested that once the Tier One and Tier Two Summary Plan Descriptions are completed that they be put on the web site. Mr. Dorn acknowledged this and advised that they would be.

Mr. Levinson advised that he will have the Tier Two Members Summary Plan Description presented to the Board at the January/2013 meeting.

ACTUARY'S REPORT:

Mr. Yiu Lai advised that Don Dulaney has been out and they are a little behind in sending out invoices for payments to their clients. Mr. Yiu Lai advised that completed a prior military service

buyback calculation for Mr. Raphael Garcia. The calculations were sent to the Plan Administrator and to Mr. Garcia.

Mr. Yiu Lai advised that he has received the pension data from the Town of Davie and has notice a decreased in several members overtime pay. Mr. Yiu Lai asked the Board do they think this is a new trend since several members decreased in over one-hundred hours. Mr. Brilliant advised that several members in high overtime units were transferred and new members that took these spots should have an increase in their overtime. Mr. Yu Lai advised that he will keep the Board posted on this if the trend continues.

Mr. Yiu Lai advised that he has no other items to report at this time.

MONITOR'S REPORT:

Mr. David Lee advised that the Investment Plan for this fund has a goal of 5% of the total fund to be invested in real estate. The fund has 3 million invested thus far. The plan still has to invest another 2 million. The plan has invested currently into two different real estate funds. Mr. Lee advised that he would like to see if the Board would take the next step in this process and invest in a slightly more risk and aggressive real estate fund.

Mr. Lee advised that he has completed a manager search for the Board to give an initial review. The search for closed-end real estate funds included the following: AEW Capital Management, AREA Property Partners, Colony Realty Partners, Cornerstone Real Estate Advisors, Herbert Management Corporations, Ivy Realty, Kennedy Wilson, Mesirow Financial Investment Management, Metropolitan Real Estate Equity Management, Sentinel Realty Advisors Corp, TA Associates Realty, TerraCap Management Corp, and Verdis Investment Management. The open-end real estate funds search conducted had the following firms: Bailard, Intercontinental Real Estate Corporation, Principal Real Estate Investors, Prudential Real Estate Investors, Quadrant Real Estate Advisors, Sentinel Realty Advisors Corp, and UBS Realty Advisors.

Mr. Lee went into great depth in reviewing each different fund with the Board. Mr. Lee gave the Board the proposed product, location, contact, phone, affiliation, founded, total assets, target net contributions, current number of investors, term of the fund, expected close date, geographical distribution, property types, leverage and fee schedule for each fund.

After great discussion by the Board on each manager and their potential benefits, some of the comments made by the Board Members are as follows: Mr. Davis advised that he doesn't like

closed-end funds and he would support the type of fund to get out of in a short term vs. a fund held for long term. Mr. Brillant advised that some of his concerns for funds held long term in the management because there is nothing holding the management that starts the fund to be there at the end. Mr. Brillant also advised that the fund has never been great risk takers in any investment. Mr. Lee advised that he wanted to just remind the Board that the amount of money invested is about 2 million dollars which is just about 2% of the total fund. Mr. Lee advised that the less risk fund can produce a possible return of 7-8% and the more risker fund can possible make a return of 11-13%. Mr. Lee advised that if the Board decides to go with a less risker real estate investment, the amount in invested by the fund will not have a dramatic impact on the fund.

Mr. Lee advised that if the Board doesn't like the search, the Board can go into contract to give UBS another 2 million dollars when their funds open up again, Mr. Lee advised that this may take 18-24 months before this happens. Mr. Lee advised that if the Board wants to do this, then he would recommend investing in one of the firms in the search and then pulling out the money when the UBS fund opens for new investment. Mr. Lee recommended to the Board to interview Bailard and Intercontinental Real Estate Corporation. Mr. Davis advised that he would like Sentinel Realty Advisors Corp added to the interview list. The Board agreed to this.

Mr. Davis made a Motion to enter into a contract to invest up to 2 million dollars in UBS once the fund opens to new investment. Mr. Taylor seconded the Motion. The Motion passed 5-0. Mr. Lee advised that he would contact UBS and have the contract to invest sent to the Plan Administrator to execute. Mr. Lee advised the contract will be like the previous one in which once the UBS plan is open, if the Board doesn't want to invest, they can back out with no penalty.

The Board agreed to have a special meeting on January 14, 2013 at 5pm to interview three new potential real estate investment funds. These funds are Sentinel Realty Advisors Corp, Bailard and Intercontinental Real Estate Corporation. Mr. Lee advised that he will make the notifications to the funds and make arrangements for their appearance. Mr. Lee advised that he will get the contracts forward to the attorney for review. Mr. DiMeglio made a Motion for a special meeting to be held on January 14, 2013 at 5pm for the interview of the new real estate investment funds. Mr. Taylor seconded the Motion. The Motion passed 5-0.

Mr. Lee advised that his firm would like the Board to review their fee schedule. Mr. Lee advised that his firm current received \$35,000 and they are requesting increases to \$43,000, and then \$51,000 over a three year period. The Board discussed this issued and based on the Mr. Lee and his firms work; the Board agreed the increases. Mr. Taylor made a Motion to have the monitor's contract (Dahab) contract increased over the next three years as stated in the new proposed fee schedule. Mr. Davis seconded the Motion. The Motion passed 5-0.

PLAN ADMINSTRATOR'S REPORT:

Mr. Dorn advised that he has been working with the auditors. Mr. Dorn advised that the auditors are on schedule to make the presentation to the Board on January 8, 2013 meeting.

Mr. Dorn advised that Mr. Garcia has the calculations for the prior military service purchase form provided to him buy the actuary. Mr. Dorn advised that Mr. Garcia indicated that he was going to purchase the military time. Mr. Dorn advised the Board that this was Mr. Garcia's first actuary calculation.

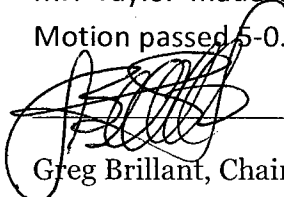
Mr. Dorn advised that Northern Trust was the previous custodian for the plan over ten years ago. There was a class action suit and the settlement was recently concluded. The plan was to receive 45 shares of the stock from the settlement. Mr. Davis inquired if Northern Trust has any other funds, stocks or class actions suits. Mr. Dorn advised that Northern Trust has sent all funds held in trust by them to Salem Trust and they have no stocks as well as any other class action suits in which they are representing the plan. Mr. Lee also advised that he asked Northern Trust the same information and agreed with Mr. Dorn. Northern Trust was going to sell the stock based on Mr. Lee's conversations with Northern Trust representatives and send the value of the stock to Salem Trust. There were no other questions on this matter.

OPEN DISCUSSION:

There were no items in open discussion.

ADJOURNMENT:

Mr. Taylor made a Motion to adjourn the meeting. Mr. Mackie seconded the Motion. The Motion passed 5-0. The next regular meeting date is January 8, 2013.



Greg Brilliant, Chairman