

# TOWN OF DAVIE POLICE PENSION PLAN

## Minutes

May 13, 2014  
5:00 P.M.

The regular meeting of the Board of Trustees of the Town of Davie Police Pension was called to order on behalf of the Board by the Plan Administrator Bob Dorn on May 13, 2014 at 5:04 p.m. at the Town of Davie Police Department, 1230 South Nob Hill Road in Davie, Florida

### **TRUSTEES PRESENT:**

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

### **OTHERS PRESENT:**

Mr. Adam Levinson, Board Attorney, - Klausner, Kaufman, Jensen & Levinson; Mr. Bob Dorn - Precision Pension Administration, Inc.; Don Dulaney- Dulaney & Associates; Mark Leone - Davie Police Officer; John Nasta- Davie Police Sergeant; Greg Gasse - Davie Police Sergeant; Janna Hamilton & Daniel Kallus - Garcia, Hamilton & Associates; David Lee - Dahab & Associates; Deneen Bingham & David Griffin - Buckhead Capital Management:

It should be noted that there was a quorum for the Board to have an official meeting.

### **CONSENT AGENDA:**

#### **APPROVAL OF THE MINUTES:**

The Board of Trustees reviewed the minutes for the April 8, 2014 meeting. Mr. Dorn asked if there were any changes required to the minutes of the April 8, 2014 meeting. Mr. Davis made some changes. Mr. Taylor made a Motion to approve the April 8, 2014 meeting minutes with the changes made by Mr. Davis. Mr. Davis seconded the Motion. The Motion passed 5-0.

#### **WARRANT 485**

This warrant was for payment to Trustee Jack Mackie for reimbursement for expenditures for the pension conference in March/2014. The amount of this warrant was for \$115.40. Mr. Taylor made a Motion to approve this warrant for payment. Mr. DiMeglio seconded the Motion. The Motion passed 5-0.

#### **WARRANT 486**

This warrant was for payment to Rhumblin Advisors for investment fees for the first quarter of 2014. The amount for this warrant is \$2,758.00. Mr. Taylor made a Motion to approve this warrant for payment. Mr. DiMeglio seconded this Motion. The Motion passed 5-0.

#### **WARRANT 487**

This warrant was for payment to FPPTA for the Board's Trustees Brilliant, Mackie and Davis to attend the annual pension conference in 2014. The amount for this warrant is

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\$1,500.00. Mr. Taylor made a Motion to approve this warrant for payment. Mr. DiMeglio seconded this Motion. The Motion passed 5-0.

**WARRANT 488**

This warrant was for payment to Raphael Garcia for return of his contributions. The amount for this warrant is \$23,276.58. Mr. Taylor made a Motion to approve this warrant for payment. Mr. DiMeglio seconded this Motion. The Motion passed 5-0.

**WARRANT 489**

This warrant was for payment to FPPTA for the Board's Trustees DiMeglio and Taylor to attend the annual pension conference in 2014. The amount for this warrant is \$1,000.00. Mr. Davis made a Motion to approve this warrant for payment. Mr. Mackie seconded this Motion. The Motion passed 5-0.

**WARRANT 490**

This warrant was for payment to TAMRO Capital Partners for management investment fees for the first quarter of 2014. The amount for this warrant is \$23,947.96. Mr. Taylor made a Motion to approve this warrant for payment. Mr. DiMeglio seconded this Motion. The Motion passed 5-0.

**WARRANT 491**

This warrant was for payment to Garcia, Hamilton & Associates for management investment fees for the first quarter of 2014. The amount for this warrant is \$37,467.61. Mr. DiMeglio made a Motion to approve this warrant for payment. Mr. Taylor seconded this Motion. The Motion passed 5-0.

**WARRANT 492**

This warrant was for payment Klausner, Kaufman, Jensen & Levinson for attorney fees rendered through April/2014. The amount for this warrant is \$1310.00. Mr. DiMeglio made a Motion to approve this warrant for payment. Mr. Mackie seconded this Motion. The Motion passed 5-0.

**WARRANT 493**

This warrant was for payment to Dulaney & Associates for actuarial services rendered through April/2014. The amount for this warrant is \$30.00. Mr. DiMeglio made a Motion to approve this warrant for payment. Mr. Davis seconded this Motion. The Motion passed 5-0.

**WARRANT 494**

This warrant was for James Moyer for his reoccurring monthly retirement payment starting on June 1, 2014. James Moyer retired from the Department on May 31, 2014. The amount for this warrant is \$ 6,767.80. Mr. Taylor made a Motion to approve this warrant for payment. Mr. DiMeglio seconded this Motion. The Motion passed 5-0.

**WARRANT 495**

This warrant was for James Moyer for a partial DROP lump sum disbursement to be paid on or after June 1, 2014. The amount for this warrant is \$ 65,000. Mr. Mackie made a Motion to approve this warrant for payment. Mr. DiMeglio seconded this Motion. The Motion passed 5-0.

**OLD BUSINESS:**

Mr. Dorn advised that there were no changes to Mr. Jenkins' situation. Mr. Levinson advised the Board that we should continue to stay in contact with Mr. Jenkins and to try and monitor his situation periodically.

Mr. Dorn advised that there have been no new issues with Fiduciary Trust.

**NEW BUSINESS:**

There was no new business.

**INVESTMENT MANAGERS REPORTS:**

**BUCKHEAD CAPITAL MANAGEMENT:**

Mrs. Deneen Bingham and Mr. David Griffin presented Buckhead Capital Management report to the Board. There were no changes in the investment process or no changes in the personnel in their company.

An overview of the market again had stock prices ended the first quarter with modest gains. The change in leadership at the Federal Reserve, combined with the continued reduction in the central bank's asset purchase program, added more anxiety to the market. Finally, the winter's severe weather obscured the true state of the economy in the first quarter as weaker than expected reports on the U.S. economy appeared. Despite all this uncertainty, the markets maintained their upward bias and registered gains from 1.0% to 3.5% depending on capitalization and style. Lower quality stocks again led the market with stocks in the Russell 100 index rated B or less returning 4.8% compared to 2.6% for stocks rated B+ or better. Large and mid-cap stocks outperformed their smaller cap counterparts. However, across capitalization ranges, value strategies outperformed growth strategies by anywhere from 1.2% to over 3%.

Buckhead Capital's value equity composite portfolio returned 3.7% in the first quarter compared with 3.0% for the Russell 1000 Value index. The greatest contributions to the portfolio's performance came from stock selection in the Financial (Wells Fargo, PNC, Annaly), Information Technology (VeriFone, Microsoft), Energy (Halliburton) and Industrial (Lockheed Martin, Caterpillar) sectors. The greatest distractors from performance were stock selection in the Consumer Discretionary sector (American Eagle).

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During the first quarter, we initiated positions in ConAgra Foods, Federated Investors, Target and Torchmark. We trimmed our positions in BB&T, Comcast, Republic Services and Sysco.

The first quarter equity return was 4.11% compared to the Russell 1000 Value benchmark return of 3.01%. The fiscal year to date return was 13.94% compared to the Russell 1000 Value benchmark return was 13.33% Buckhead held fifty different positions in the portfolio.

The bond market ended the first quarter of 2014 with reasonable gains as the Broad Market Index was up 1.84% and the intermediate benchmark was up 1.0%. Real interest rates remain at historically low levels which Buckhead portfolios continue to carry an overall duration well below the index levels. We continue to overweight high-quality corporate securities even though yield spreads return to more normal levels. The combination of these two policy decisions (corporate exposure a positive and a shorter duration a negative) resulted in a first quarter return slightly behind the index returns.

The first quarter bond return was 1.13% compared to the Barclays Aggregate benchmark of 1.84%. The fiscal year to date return was 1.15% compared to the Barclays Aggregate benchmark return of 1.70%.

Given the current market conditions, Buckhead continues to focus on managing risk in our client portfolios, primarily by investing in the most attractively valued companies that possess solid balance sheets, strong cash flow, and shareholder-friendly capital allocation policies.

**GARCIA HAMILTON & ASSOCIATES:**

Mrs. Janna Hamilton and Mr. Daniel Kallus presented the Garcia, Hamilton & Associates report to the Board. There were no changes in the investment process or no changes in the personnel in their company.

The first quarter delivered modest returns and the Federal Reserve remained focused with the ebbs and flows in equities and bonds dictated by perceived changes in liquidity. The high beta momentum stocks led during January, February and March 2014 which witnessed a rotation into more defensive areas of the market. Commodity stocks rallied after lagging in 2013. The consensus outlook currently calls for 8% earnings growth in 2014 as estimates have trended lower over the past few months, reflecting a still sluggish global economy.

The portfolio holdings continued to deliver solid earnings relative to expectations. Stock selection was a negative factor as riskier momentum stocks led early in the quarter and high quality portfolio holdings in economically-sensitive industries were not part of the select group of defensive names that benefited from the rotation late in the quarter. The Industrials, Health Care and Consumer Discretionary were the most notable negative contributors while Materials and Telecommunications were the sectors with the most

positive relative contributions. CF Industries and Wells Fargo were the top gainers in the portfolio. Whole Foods Market and Affiliated Managers Group were the most negative contributing holding.

The equities returned -1.7% for the first quarter compared to the benchmark which returned 1.1%. The fiscal year to date return was 9.2% compared to the benchmark of 11.7%. The fixed income return for the first quarter was 2.4% compared to the benchmark of 1.8%. The fiscal year to date return was 3.4% compared to the benchmark of 1.7%.

The market outlook remains constructive based on reasonable stock valuations, an accommodative Federal Reserve, and high single digit corporate earnings growth expectations. The portfolio remains meaningfully over weighted in high-quality stocks which are biased to economically-sensitive sectors.

**INVESTMENT MANAGER'S REPORT:**

Mr. David Lee gave the presentation to the Board for Dahab & Associates. Mr. Lee advised that he will not give an overview of the market because it was covered by the manager's presentation. Mr. Lee did advise that domestic equities continued to enjoy upward momentum and mid cap stocks posted the strongest returns. The value stocks did better than their growth stock counterparts across all cap sizes in the first quarter.

On March 31, 2014, the Davie Police Pension Plan was valued at \$119,137,409.00. During the first quarter, the total portfolio return was 1.2% and the trailing twelve-month period the portfolio return was 11.5%. Since March/2009, the portfolio return was 14.0% annum.

The asset allocation is as follows: Large Cap Equity 36.6% (\$43,635,694), Mid Cap Equity 9.8% (\$11,682,757), Small Cap Equity 9.3% (\$11,081,598), International Equity 9.4% (\$11,151,549), Real Estate 5.9% (\$7,075,076), Fixed Income 26.8 % (31,977,065) and cash 2.1% (\$2,533,670).

The fiscal year to date return for the total portfolio was 6.7% compared to the shadow index return of 7.4%. The one year return was 11.5% compared to the shadow index return of 13.2%. The five year return for the portfolio was 14.0% compared to the shadow index of 14.5%.

Mr. Lee advised that overall the portfolio is doing well. Mr. Lee advised that the portfolio is still on hold with new investment funds for UBS. The Board discussed this issue into whether they wanted to wait longer for UBS or invest these funds into a different real estate investment. The Board decided to have Mr. Lee attend the next meeting and discuss this issue in greater detail.

Mr. Davis asked Mr. Lee if the delay in the transfer of funds from Salem Trust to Fiduciary Trust caused the plan any losses. Mr. Lee advised that the normal transfer take

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three to five days. The total transfer took seven days. Mr. Lee advised that none of the managers advised that they wanted to do a trade in this period. Mr. Lee advised that an investment manager would have to state that they wanted to conduct a trade and couldn't because of the delay in the transfer. Mr. Lee advised that then the plan would have to prove that the delay cost the plan a certain amount. Mr. Lee advised that in his opinion the plan did not have any notable losses because of the extra two days.

Mr. Lee advised that since he is coming to the next meeting, he would invite TAMRO to attend. The Board agreed to have TAMRO at the next meeting.

**ATTORNEY REPORT:**

Mr. Adam Levinson presented the attorney report to the Board. Mr. Levinson gave an overview of some of the House and Senate Bills to the Board. Mr. Levinson advised that none of these bills seem to have any major backing at this time, but will keep the Board posted. Mr. Levinson did speak about the trend by a majority of the plans in the state to continue to lower their assumption rate over the past couple of years. The majority of plans had an assumption rate of 8% or higher in 2011 and in 2013 the majority of plans have an assumption rate of less than 8%. The Board had a brief discussion on this issue and Mr. Don Dulaney advised that he will be giving his data on this topic to the Board later in the year. Mr. Levinson advised that Mr. Klausner gave an oral argument on the financial urgency case with City of Hollywood. Mr. Levinson also advised that Mr. Ron Cohen is involved in this case but arguing it on a different issue.

Mr. Levinson advised that he had some discussions with the Town of Davie Labor Attorney regarding Mr. Tim Donohue. The issue centered on what his normal retirement date will be which was November 1, 2014. Mr. Levinson advised that there is some sort of discipline with this member.

**ACTUARY:**

Mr. Don Dulaney gave the actuarial report. Mr. Dulaney advised that the DROP statements will be sent out later this week. Mr. Dulaney advised that he was contacted regarding what is Tim Donohue normal retirement date. Mr. Dulaney advised that with Mr. Donohue's normal retirement date is November 1, 2014 based upon his buyback and time with the plan. Mr. Dulaney advised that he will be conducting calculations for Mr. Horvitz, Mr. Gasse and Mr. Nasta.

**PLAN ADMINISTRATOR:**

Mr. Dorn disseminated the monthly expense report for the Board to review. The Board reviewed this report with no inquires. Mr. Dorn disseminated the financial reporting forms to each Board member to complete.

Mr. Dorn advised that Mr. Greg Gasse completed his DROP application and will be entering the DROP program on June 1, 2014. The Board acknowledged this. Mr. Dorn also advised that Jim Moyer completed all of the needed forms for his retirement on June 1, 2014. The Board acknowledged this. Mr. Dorn advised that John Nasta

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completed his forms for retirement starting on August 1, 2014. The Board acknowledged this. The actuary will be conducting an estimate for Mr. Nasta before June 1, 2014 and this will be his retirement monthly income for August 1, 2014. Another calculation will be completed after August/2014 and Mr. Nasta's monthly income will be increased or decreased depending on the new calculation. The Board agreed to this.

**OPEN DISCUSSION:**

The Board wanted to speak about travel for pension conferences at the next meeting. The Board discussed the auditor and asked Mr. Dorn if he could obtain several quotes and bring them to the next meeting to discuss the audit or next year.

**ADJOURN:**

Mr. DiMeglio made a Motion to adjourn the meeting. Mr. Taylor seconded the Motion. The Motion passed 5-0. The meeting was adjourned at 6:40 p.m.



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Greg Brilliant, Chairman