

TOWN OF DAVIE POLICE PENSION PLAN
Minutes

June 10, 2014
5:00 P.M.

The regular meeting of the Board of Trustees of the Town of Davie Police Pension Plan was called to order on behalf of the Board by the Plan Administrator, Bob Dorn on June 10, 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 and Patty Ostrander – Precision Pension Administration, Inc.; David Lee – Dahab & Associates; Don Dulaney - Dulaney & Associates; Michael Sahakian - TAMRO Capital Partners.

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 May 13, 2014 meeting. Mr. Dorn asked if there were any changes required to the minutes of the May 13, 2014 meeting. Mr. Davis offered his response (which was duly noted). Mr. Davis then made a motion to approve the May 13, 2014 minutes as amended. Mr. Taylor seconded the motion. The motion passed 5-0.

Note: Warrants 496 - 500 were paid prior to this meeting.

WARRANT 496

This warrant was for reimbursement to Trustee Lawrence Davis for expenses at the FPPTA Trustee School in February/2014. The amount for this warrant is \$966.37. Mr. DiMeglio made a motion to approve this warrant for payment. Mr. Mackie seconded this Motion. The Motion passed 5-0.

WARRANT 497

This warrant was for payment to State Street Global Advisors for investment management fees for the period from 01/01/2014 to 03/31/2014. The amount for this warrant is \$2,316.00. Mr. DiMeglio made a motion to approve this warrant for payment. Mr. Taylor seconded this Motion. The Motion passed 5-0.

WARRANT 498

This warrant was for Mr. James Moyer to rollover his DROP account to a qualified plan. The amount for this warrant is \$293,807.47 as determined by the Board Actuary. Mr. Taylor made a Motion to approve this warrant for payment. Mr. Davis seconded this Motion. The Motion passed 5-0.

WARRANT 499

This warrant was for Mr. James Carney for a DROP distribution. The amount for this warrant is \$25,000.00. Mr. Taylor made a Motion to approve this warrant for payment. Mr. Davis seconded this Motion. The Motion passed 5-0.

WARRANT 500

This warrant was for Mr. Brett Sollin a rollover of his employee contributions to a qualified plan. The amount for this warrant is \$3,509.81 as determined by the Board Actuary. Mr. Davis made a Motion to approve this warrant for payment. Mr. DiMeglio seconded this Motion. The Motion passed 5-0.

WARRANT 501

This warrant was for payment to Klausner, Kaufman, Jensen & Levinson. The amount for this warrant is \$860.00. Mr. DiMeglio made a Motion to approve this warrant for payment. Mr. Davis seconded this Motion. The Motion passed 5-0.

WARRANT 502

This warrant was for payment to Precision Pension Administration for the quarterly E-Newsletter. The amount for this warrant is \$650.00. Mr. Mackie made a Motion to approve this warrant for payment. Mr. Davis seconded this Motion. The Motion passed 5-0.

WARRANT 503

This Warrant was for payment to Oakwater Technologies, Inc for design and update of the website. The amount for this warrant is \$500.00. Mr. Mackie made a Motion to approve this warrant for payment. Mr. Taylor seconded this Motion. The Motion passed 5-0.

OLD BUSINESS:

Mr. Dorn advised that there were no changes to Mr. Jenkins' situation.

The Board reviewed the current "Operating Rules & Procedures". Upon doing so, it was determined that they would have to be updated. This matter will be placed on the upcoming agenda.

The Board discussed educational courses sponsored outside of the State of Florida. The Board by consensus agreed to authorize attendance to one event per year. Additional out of state educational events would require prior approval.

NEW BUSINESS:

There was no new business.

INVESTMENT MANAGERS REPORTS:

TAMRO CAPITAL PARTNERS:

Mr. Michael Sahakian made the presentation for TAMRO Capital Partners. Mr. Sahakian advised that there have been no changes in personal or their approach in stock selection or their procedure in selling stocks.

Mr. Sahakian advised that there were modest changes to the portfolio from the prior quarter. The three largest sectors in the portfolio at the end of the quarter were financials, health care and industrials.

Mr. Sahakian explained to the Board how the company's procedure is prior to them buying a stock and its review process. Mr. Sahakian advised that they underperformed last year because of three reasons. The first reason is they missed on their stock selection process. TAMRO three fundamental investment categories are leaders, laggards and innovators. Mr. Sahakian explained to the Board how each of the categories is defined by TAMRO. The second reason is that they were in sectors that did not produced as well as other sectors that they were not in. The third reason was our sell discipline in the portfolio. The company has a strong sell discipline for when a stock reaches the mid cap range. Mr. Sahakian advised that some small cap companies will hold onto these stocks that are going to the mid cap range for the increase, but this is not what they do. They hold true to their strategy. These were the main reasons that they underperformed by about 10%. Mr. Sahakian advised that they have outperformed the market in 7 out of the last ten years.

Mr. Sahakian advised that the small cap area is on the negative side and the large cap areas are now in the positive. This has been the opposite for a few years now. The last 16 months have been the hardest of the last ten year cycle for the company in the portfolio.

Mr. Sahakian advised that the year to date return was -5.29% and the benchmark return was -2.02%. The latest one year return was 7.70% and the benchmark return was 16.79%.

The top five contributors are Auxilium Pharmaceuticals, Cavium, Bank of Ozarks, DexCom, and Carrizo Oil & Gas. The top five detractors for the portfolio are First Cash Financial Services, Polypore International, Westport Innovations, HMS Holdings, and Tyler Technologies.

The top ten holdings in the portfolio are DexCom, Bank of Ozarks, Carrizo Oil & Gas, United Natural Foods, Auxilium Pharmaceuticals, Pool, Cepheid, Cavium, Glacier Bancorp and Monro Muffer Brake.

Mr. Sahakian advised that TAMRO thanks the Board for the opportunity to work for the pension plan and will continue to strive to improve.

MONITOR REPORT

Mr. David Lee advised that he would like to see TAMRO improve their performance, and will closely monitor them. Mr. Lee indicated there has been no change in TAMRO's investment process or personnel since inception.

Mr. Lee advised that he was prepared to discuss whether to invest the funds allocated for UBS to another real estate investment company, but a few days ago UBS did a capital call for the two million. Mr. Lee recommended that the Board follow through with this capital call commitment. Mr. Lee advised that the funds will be taken allocated from our two large cap portfolios. One million will be taken from Garcia Hamilton & Associates and one million from Buckhead Capital. After considering the foregoing, Mr. Mackie placed the foregoing in the form of a motion. Mr. Taylor seconded the Motion. The Motion passed 5-0. The Board directed Mr. Dorn to assist Mr. Lee in this capital call.

Mr. Lee suggested that the Board increase the allocation of real estate up to 10% of the total fund. After considering Mr. Lee's comments, Mr. Mackie & Mr. Davis reflected their view points to cap the allocation at 7.5% of the total fund. The Board agreed by to this by consensus and the matter will be placed on a future agenda for formal approval.

Mr. Lee advised that Garcia Hamilton & Associates had a change in personal on the equity side of their company. Mr. Lee advised that Mr. Daniel Kallus left the firm, however there is a succession in place. Ms. Hamilton will provide further details at her next quarterly meeting. Mr. Lee advised that he will closely monitor the cited change.

ATTORNEY REPORT:

Mr. Levinson advised that he had several discussions with Mr. Dulaney regarding Officer Martin Van Gils' final average earnings calculations which he will let Mr. Dulaney explain to the Board.

ACTUARY:

Mr. Don Dulaney advised that he reviewed Elizabeth Legacki's file and wanted to make sure that she is receiving her COLA in her pension. Mr. Dorn advised as he recalls, Ms. Legacki is receiving her COLA. Mr. Dorn will review Ms. Legacki's will pension file and report back to the Board.

Mr. Dulaney advised that he spoke to Mr. Adam Levinson (Board Attorney) on the benefit calculation for Mr. Martin Van Gils. Mr. Dulaney advised that Mr. Van Gils was out of work for several weeks, therefore lowering his average final compensation. Town Ordinance 2000-43, Section 1.17 explains how the actuary is to calculate the employee's final average earnings. The Board discussed this issue and elected to direct the actuary to use the second section of this ordinance which states "or the average of the best five of the last ten years of service". The actuary advised that this calculation would be based on fiscal years.

Mr. Dulaney advised that he had a discussion with Mr. Dorn as to benefit changes when a retiree passes away. Mr. Dulaney advised that if a member picks a 50% benefit for their beneficiary, then the beneficiary will receive 50% of the member's current monthly payment which will include COLA adjustments. The beneficiary will also receive COLA increases. The Board acknowledged this issue.

Mr. Dulaney advised that he reviewed the file on Mr. Leslie Mathis who recently entered the DROP. Mr. Mathis selected a 60% joint and survivor benefit on the original calculation completed by Mr. Dulaney. Upon internal review of the calculation developed by Mr. Dulaney, a calculation error was identified by him. As a result, Mr. Mathis' benefit calculation will increase \$193.23 per month based on the prior benefit selection. Mr. Dorn advised that he will send the updated calculation to Mr. Mathis. Further, Mr. Mathis will be given the opportunity to revise his benefit selection due to the financial change. The Board agreed by consensus to this action. Mr. Dorn will report back to the Board on this item and advise Mr. Dulaney.

Mr. Dulaney indicated the Board that he has done various cost calculations in an effort to contain or reduce costs for the Plan Sponsor. The Board directed Mr. Dulaney to continue discussions with the Town of Davie's representative in order to receive their input on this matter of mutual concern, and to report back as warranted.

PLAN ADMINISTRATOR:

Mr. Dorn disseminated the monthly expense report for the Board to review. The Board reviewed this report with no inquires.

Mr. Dorn advised that he is seeking quotes for Independent auditing services and intends to present them at the next meeting. Mr. Dorn advised that representatives from GSK are working on the Annual Report corrections.

Mr. Dorn advised that Fiduciary Trust had some major changes for their internal operating procedures. Fiduciary Trust now has a custody relationship management/client administration section as well as a pension payroll services section. The roles of the custody relationship management section will be to give clients overall questions regarding your relationship with FTIS, opening new accounts, bills payable, capital calls, wires, trade inquires and accounts. Mr. Amed Avila is in charge of this

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section and there office is in Miami area. The pension payroll services section will set up and maintain pension payments to retirees, generate check registers, prepare 1099R's, lump sum payments, rollovers, refund of member contributions, deductions from monthly checks. The pension payroll service section is in the Tampa area. Mr. Anthony Castro is the supervisor in charge of this section. Mr. Amed Avila is ultimately responsible for this section as well.

Mr. Dorn reminded the Trustees to complete their financial disclosure forms, if they have not already done so.

Mr. Dorn reported that Officer Martin Van Gils entered the DROP effective June 1, 2014. The Trustees took the opportunity to review the DROP documents completed by Mr. Van Gils and concurred with his entry. Formal calculations will follow from the Actuary.

With regret, Mr. Dorn informed the Board of the death of Mr. Victor Shepherd, who passed away on May 24, 2014. Based upon the benefit option selected by Mr. Shepherd, his surviving spouse, Mrs. Shelia Shepherd will be receiving 50% of Mr. Shepherd's benefit at the time of his passing. Mr. Dorn advised that he spoke to Mrs. Shepherd and provided a detailed explanation about the benefit. Mr. Dorn also notified FTIS accordingly with an effective date of June 01, 2014.

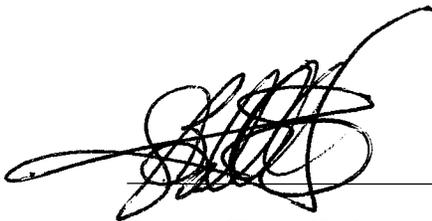
Mr. Dorn suggested that the Board consider the reasonable expenditure of funds for the purpose of sending condolences upon the passing of a member or beneficiary. The Trustees discussed this issue and felt that it was a reasonable request. Mr. Taylor made a Motion to give the Plan Administrator the authority to expend up to \$125.00 for purposes of formal condolences. Mr. DiMeglio seconded the Motion. The Motion passed 5-0.

OPEN DISCUSSION:

No Open Discussion.

ADJOURN:

Mr. Mackie made a Motion to adjourn the meeting. Mr. DiMeglio seconded the Motion. The Motion passed 5-0. The meeting was adjourned at 7:28 p.m.



Greg Brillant, Chairman