

TOWN OF DAVIE POLICE PENSION PLAN

Minutes

August 8, 2017

4:00 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 August 8, 2017 at 4:00 P.M. at 13790 N.W. 4th Street, Suite 105, Sunrise, Florida.

TRUSTEES PRESENT:

Mr. Greg Brilliant – Chairman; Mr. Larry Davis – Secretary; Mr. Jack Mackie – Trustee; Ed Taylor - Trustee & Mr. Thomas DiMeglio- Trustee;

ABSENT:

None

OTHERS PRESENT:

Mr. Adam Levinson Board Attorney; Mr. Don Dulaney – Board Actuary; Mr. Bob Dorn, Plan Administrator – Precision Pension Administration, Inc.; Janna Hamilton – Garcia Hamilton; David Lee – Dahab & Associates; Thomas Capobianco – LMCG Investments; Daniel Perez – Active Member; Paul Ortenzo – Active Member;

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

PUBLIC DISCUSSION:

No public comments presented.

CONSENT AGENDA:

MINUTES:

The Board reviewed the July 11, 2017 meeting minutes. Trustee Davis made some suggested changes which the Board agreed too for the minutes. Trustee Davis made a Motion to approve the July 11, 2017 minutes as amended. Trustee DiMeglio seconded the Motion. The Motion passed 5-0.

WARRANTS:

The following Warrants were reviewed and approved by the Board:

WARRANT 930

This Warrant is to the Garcia Hamilton & Associates for investment fees form 04-01-2017 to 06-30-2017. The invoice number is 28232. A Motion was made by Trustee DiMeglio to approve this Warrant. Trustee Taylor seconded the Motion. The Motion passed 5-0.

WARRANT 931

This Warrant is to ClearBridge Investments for investment fees form 04-01-2017 to 06-30-2017. The invoice number is DAVIE_MC063016. A Motion was made by Trustee Taylor to approve this Warrant. Trustee DiMeglio seconded the Motion. The Motion passed 5-0.

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WARRANT 932

This Warrant is to Mark Ray for a DROP disbursement from his DROP account. The amount of this Warrant is \$138,000.00. A Motion was made by DiMeglio to approve this Warrant. Trustee Taylor seconded the Motion. The Motion passed 5-0.

WARRANT 933

This Warrant is to Trustee Lawrence Davis for reimbursement of funds from a pension conference. Trustee Davis submitted all necessary Trustee travel expense forms. The amount of this Warrant is for \$92.80. Trustee Taylor made a Motion to approve this Warrant. The Motion was seconded by Trustee DiMeglio. The Motion passed 5-0.

WARRANT 934

This Warrant is to Trustee Lawrence Davis for reimbursement of funds from a pension conference. Trustee Davis submitted all necessary Trustee travel expense forms. The amount of this Warrant is for \$1,056.87. Trustee DiMeglio made a Motion to approve this Warrant. The Motion was seconded by Trustee Taylor. The Motion passed 5-0.

WARRANT 935

This Warrant is to ClearBridge Investments for investment fees form 04-01-2017 to 06-30-2017. The invoice number is DAVIE_LCG63017. The amount of this Warrant is for \$8,520.18. A Motion was made by Trustee Taylor to approve this Warrant. Trustee Davis seconded the Motion. The Motion passed 5-0.

WARRANT 936

This Warrant is to Dulaney & Company for actuarial fees rendered through June/2017. The amount of this Warrant is for \$1,488.75. A Motion was made by Trustee Taylor to approve this Warrant. Trustee DiMeglio seconded the Motion. The Motion passed 5-0.

WARRANT 937

This Warrant is to PNC Capital Advisors for investment fees form 04-01-2017 to 06-30-2017. The amount of this Warrant is for \$17,757.41. A Motion was made by Trustee Taylor to approve this Warrant. Trustee DiMeglio seconded the Motion. The Motion passed 5-0.

WARRANT 938

This Warrant is to Klausner, Kaufman, Jensen & Levinson for legal fees rendered through July/2017. The invoice number is 20367. A Motion was made by Trustee Taylor to approve this Warrant. Trustee DiMeglio seconded the Motion. The Motion passed 5-0.

WARRANT 939

This Warrant is to the FPPTA for fees to allow Trustee Mackie to attend the FPPTA conference in October/2017. The amount of this Warrant is for \$650.00. A Motion was made by Trustee Davis to approve this Warrant. Trustee Taylor seconded the Motion. The Motion passed 5-0.

NEW / UNFINISHED BUSINESS:

No New or Unfinished Business

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INVESTMENT MANAGERS:

GARCIA HAMILTON & ASSOCIATES:

Janna Hamilton made the presentation to the Board for Garcia Hamilton & Associates.

Ms. Hamilton gave a brief overview to the Board on the organization's fixed income department. The Firm has 32 employees with 11 members of the fixed income investment team that have 210 years of combined investment experience and over 85 years combined with the firm. The Firm manages approximately \$9.3 billion in assets under management. Their investment strategy has not changed and no changes in personnel.

Ms. Hamilton explained the current trends in the bond market to the Board. The fixed income portfolio's return for the quarter was 1.4% which tied the benchmark's return. The Year -To-Date return was 2.5% and the benchmark's return was 2.3%. The three-year return was 3.2% and the benchmark's return was 2.5%.

LMCG INVESTMENTS:

Mr. Thomas Capobianco made the presentation for LMCG Investments to the Board.

Mr. Capobianco gave an overview to the Board on LMCG Investments. They have 63 employees with 25 investment professionals. The small cap investment team has 54 total years of experience. They have a diverse client base with approximately \$8.0 billion in assets under management. They have not changed their investment strategy. They have disciplined investment processes with a focus on risk management. The small cap growth product seeks to identify high quality, out of favor companies with a classic bottom-up review. Their key is to find the unrecognized growth potential in looking at companies for the portfolio.

Mr. Capobianco gave a brief overview of the market for small cap investments. The return for the 2nd quarter was 2.3% and the benchmark's return was 4.4%. The Year-To-Date return was 9.2% and the benchmark's return was 10.0%. The market value of the portfolio is \$7,028,612.00. Mr. Capobianco and also Mr. Lee spoke to the Board regarding the underperformance in their returns compared to the benchmark. Poor stock selection led to the underperformance with their allocations in 8 of the 11 sectors underperforming. Mr. Lee advised that they will continue to monitor their performance.

MONITOR REPORT:

Mr. David Lee made the presentation for Dahab & Associates to the Board.

Mr. Lee gave a brief overview of the total market to the Board. The GDP increased by 2.6% in the second quarter. The unemployment remained at a low 4.4%. The dollar weakened relative to the euro. Growth stocks beat out value style stocks across all market capitalizations. Larger well-known names outperformed smaller ones.

On June 30, 2017, the Davie Police Pension Plan was valued at \$147,945,927, which represented an increase of \$3,042,239 from the March quarter's ending value of \$144,903,688. The following are the portfolio's returns:

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NAME	Quarter	FYTD	1-Year	3-Years
Total Portfolio	2.9%	8.8%	12.7%	6.0%
Benchmark	2.5%	7.9%	11.4%	6.2%
Vanguard	3.1%	13.5%	17.9%	9.7%
Benchmark	3.1%	13.5%	17.9%	9.6%
Lyrical LCV	3.3%	18.1%	26.2%	--
Benchmark	1.3%	11.6%	15.5%	
ClearBridge	2.7%	14.9%	21.4%	--
Benchmark	2.7%	11.4%	16.5%	
Wedge Cap	3.4%	14.9%	20.4%	--
Benchmark	1.4%	11.0%	15.9%	
PNC	1.6%	7.4%	14.8%	--
Benchmark	2.5%	14.2%	24.6%	
LMCG	2.5%	11.8%	18.9%	--
Benchmark	4.4%	13.9%	24.4%	
Johnston	8.2%	15.35	26.8%	6.4%
Benchmark	6.4%	13.5%	20.8%	1.6%
American Reality	2.0%	5.5%	7.5%	10.7%
Intercontinental	1.4%	9.1%	13.3%	13.4%
UBS	1.2%	3.8%	5.6%	9.6%
Benchmark	1.7%	5.7%	7.9%	11.3%
Garcia Fixed Income	1.5%	-0.1%	0.1%	3.2%
Benchmark	1.4%	-0.8%	-0.3%	2.5%

NOTE: -- these investment firms have not been with the Plan for three years.

Mr. Lee advised that overall the Plan is doing very well.

Mr. Lee submitted to the Board several changes to the Board for the Investment Guidelines. These changes are as follows: (1) benchmark for Mid cap is the Russell Mid Cap Index and performance in the top 50% of an appropriate mid cap equity universe, (2) the fixed income benchmark will be against the Bloomberg Barclays US Aggregate Bond Index, (3) the management structure changes to add the new investment managers and remove the terminated investment managers. The Board reviewed the proposals and agreed to them. Trustee DiMeglio made a Motion to approve the aforementioned changes to the Investment Guidelines. The Motion was seconded by Trustee Taylor. The Motion passed 5-0. A rebalancing of the portfolio will be reviewed at the next meeting if needed.

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ACTUARY REPORT:

Mr. Don Dulaney made the presentation to the Board for Dulaney & Company.

Mr. Dulaney gave the Board the June/2017 DROP statements for active and retired members. Mr. Dorn advised that they would be posted on the website for those members who have on-line accounts.

Mr. Dulaney explained to the Board the re-calculation he performed because the information he received from Cheryl Danner's attorney was initially incorrect but he submitted the permissive service credit to Cheryl's Danner's attorney and to Mr. Ackerman.

Mr. Dulaney wanted to clarify to the Board the exact prices he charges to the members for actuarial calculations. The following are the current prices: \$250.00 for each estimated Retirement Calculation, estimated DROP Calculation; \$300.00 for each estimated Divorce Calculation; \$400 for each estimated Permissive Service Credit and Buy-Back Calculation; \$230.00 Beneficiary Change (Calculation of New Benefit); and \$150.00 for each estimated Refund of Employee Contribution.

ATTORNEY REPORT:

Mr. Adam Levinson made the presentation to the Board for the law firm of Klausner, Kaufman, Jensen & Levinson.

Mr. Levinson advised the Board of the proposed draft Town Ordinance that he has been working on with the Town Labor Attorney, Paul Ryder and the Police Union. The proposed ordinance would amend Pension Ordinance 99-20. The proposed Ordinance would establish a Share Plan. The Share Plan would meet the minimum requirements of Section 185.35(6), Fla. Stat. The Share Plan shall be a separate defined contribution plan administrated by the Board of Trustees of the Police Pension Plan. The Share Plan would not be funded during the 2016-2019 Collective Bargaining Agreement (CBA) time period. In the future, the parties will agree to allocate Chapter 185 premium tax revenues to the Share Plan with more details to be negotiated between the parties. The second major proposed change is the member's option of DROP earnings. The member will have the option of investing their DROP earning the same as the Pension Plan's investments portfolio or Self-Directed DROP Investment option where the member may self-direct investments using mutual funds and related vehicles offered under this program. The Board shall selected the mutual funds and related investment vehicles which the members may select. Once the member makes the DROP earnings decision, the decision is irrevocable.

Mr. Levinson gave an update on the recent legislative laws including the public records laws passed by the State of Florida.

PLAN ADMINISTRATOR:

Mr. Dorn advised that a death check has been conducted and no new information to report.

Mr. Dorn advised that the audit work has started and he is working with the auditors.

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OPEN DISCUSSION:

Mr. Davis wanted to report and confirm to the Board that he no longer has a voting conflict with the real estate firms (American Realty Advisors or Intercontinental Real Estate Corporation) that invest some of the Plan's assets. Mr. Davis advised that the discussion with these real estate firms never reached a negotiation stage and was just telephone conversation. Mr. Davis advised that the value of his client's property was not large enough for their minimum purchasing thresholds for these real estate firms. The anticipated transaction referred to in the September 2016 notice to the Board regarding a potential conflict never materialized. The Board discussed this issue and Mr. Levinson agreed that there was no conflict for Mr. Davis and the aforementioned real estate firms.

ADJOURN:

Trustee Mackie made a Motion to adjourn the meeting. Trustee Taylor seconded the Motion. Motion passed 5-0. The meeting was adjourned at 6:47 P.M.



Greg Bryant, Chairman
FOR THE BOARD