

TOWN OF DAVIE POLICE PENSION PLAN
Minutes

September 10, 2013

The regular meeting of the Board of Trustees of the Town of Davie Police Officers' Pension Plan was called to order on behalf of the Board by the Plan Administrator, Bob Dorn, on September 10, 2013 at 5:06 p.m. at the Town of Davie Police Department, 1230 South Nob Hill Road in Davie, Florida.

TRUSTEES PRESENT:

Mr. Larry Davis - Secretary, Mr. Jack Mackie, Mr. Ed Taylor and Mr. Thomas DiMeglio -Trustees.

EXCUSED ABSENCE:

Mr. Greg Brilliant- Chairman.

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

OTHERS PRESENT:

Mr. Adam Levinson - Board Attorney; Mr. Bob Dorn - Precision Pension Administration, Inc.; Mr. Don Dulaney - Actuary for Dulaney & Company; David Lee - Dahab & Associates.

CONSENT AGENDA

APPROVAL OF MINUTES:

The Board of Trustees reviewed the minutes for the August 13, 2013 meeting. Mr. Dorn asked if there were any changes that needed to be made. Mr. Davis made two grammatical changes to the minutes which the other Board members agreed upon. Mr. Mackie made a Motion to approve the minutes as amended. Mr. Taylor seconded the Motion. The Motion passed 4-0. Mr. Davis signed the minutes as acting chair for this meeting.

WARRANT RATIFICATION/APPROVAL

The Board members (Mr. Brilliant, Mr. DiMeglio & Plan Administrator, Mr. Dorn) had to execute several warrants prior to this meeting. These warrants were numbered 401, 402, 403, 404, 405 and 406. The Board reviewed each warrant individually. Mr. Mackie made a Motion to approve all of these warrants. Mr. Taylor seconded this Motion. The Motion passed 4-0

WARRANT 401:

This Warrant was for payment to FPPTA for Trustee Taylor to attend the October 2013 pension conference. This Warrant amount is for \$450.00. This was approved via a ratification vote. (See above. Mr. Mackie made a Motion to approve all of these warrants. Mr. Taylor seconded this Motion. The Motion passed 4-0)

WARRANT 402:

This Warrant was to Retired Member William Coyne for a DROP distribution payment from his own account. This Warrant amount is for \$24,000.00. This was approved via a ratification vote. (See above. Mr. Mackie made a Motion to approve all of these warrants. Mr. Taylor seconded this Motion. The Motion passed 4-0)

WARRANT 403:

This Warrant was for payment to FPPTA for Trustee DiMeglio to attend the October 2013 pension conference. This Warrant amount is for \$450.00. This was approved via a ratification vote. (See above. Mr. Mackie made a Motion to approve all of these warrants. Mr. Taylor seconded this Motion. The Motion passed 4-0)

WARRANT 404:

This Warrant was for payment to FPPTA for Trustee Brilliant to attend the October 2013 pension conference. This Warrant amount is for \$450.00. This was approved via a ratification vote. (See above. Mr. Mackie made a Motion to approve all of these warrants. Mr. Taylor seconded this Motion. The Motion passed 4-0)

WARRANT 405:

This Warrant was for payment to FPPTA for Trustee Mackie to attend the October 2013 pension conference. This Warrant amount is for \$450.00. This was approved via a ratification vote. (See above. Mr. Mackie made a Motion to approve all of these warrants. Mr. Taylor seconded this Motion. The Motion passed 4-0)

WARRANT 406:

This Warrant was for payment to FPPTA for Trustee Davis to attend the October 2013 pension conference. This Warrant amount is for \$450.00. This was approved via a ratification vote. (See above. Mr. Mackie made a Motion to approve all of these warrants. Mr. Taylor seconded this Motion. The Motion passed 4-0)

WARRANT 407:

This Warrant was for reimbursement to Trustee Davis for the FPPTA June 2013 pension conference. This Warrant amount is for \$1,015.17. Mr. Taylor made a Motion to approve this warrant. Mr. DiMeglio seconded this Motion. The Motion passed 4-0.

OLD BUSINESS:

Mr. Dorn advised the Board that Mr. Jenkins financial situation has not changed. The board acknowledged this.

Mr. Dorn advised the Board that a Motion was made in a previous meeting to approve

Warrant 381 which was to Mr. Olenchak for his pension contributions. Mr. Dorn advised that since then, the Board's attorney, Mr. Levinson, was contacted by the former Mrs. Olenchak's attorney, Hector Gonzalez, who is making a partial claim to this amount. Mr. Levinson advised Mr. Dorn that no pension contribution payment should be made until the Board gets a clear decision from the courts in this matter. Mr. Dorn advised that he agrees with this and no payment was made. Mr. Dorn asked the Board for a Motion to stop payment for Warrant 381 until the Board received a decision from the courts on these funds. Mr. Taylor made a Motion to rescind Warrant 381 to stop any and all payments for pension contributions to Mr. Olenchak until a decision is received from the courts on the ownership of these funds. Mr. Mackie seconded this Motion. The Motion passed 4-0

NEW BUSINESS:

There was no new business.

MONITOR'S REPORT:

Mr. Lee advised that he would like to conduct a short overview of the portfolio for the Board. The Board has a total market value of \$101,459,541. The following are the asset classes and amount in each class: Large Cap Equity (\$36,289,474), Mid Cap Equity (\$7,868,357), Small Cap Equity (\$7,966,981), International (\$9,642,519), Real Estate (\$3,603,762), Fixed Income (\$33,927,160) and Cash (\$2,160,288).

Mr. Lee advised that Buckhead has a balance of \$34,644,673, which includes Large Cap Equity Fund (\$16,802,591), Fixed Income Fund (\$16,016,967) and Cash Account (\$1,825,115). This investment manager has 34.1% of the total funds for the portfolio.

Mr. Lee advised that Garcia Hamilton has a Balance of \$ 37,373,669 which includes a Large Cap Equity Fund (\$19,486,883), Fixed Income Fund (\$17,910,193) and a Cash Account (\$23,407). This investment manager has 36.8% of the total funds for the portfolio.

Mr. Lee advised that Rhumblin Fund has a total of \$7,869,357 and is a Mid Cap Fund. This investment manager has 7.8% of the total funds for the portfolio.

Mr. Lee advised that TAMRO Fund has a total of \$8,063,587 and is a Small Cap Fund. This investment manager has 7.9% of the total funds for the portfolio.

Mr. Lee advised that Johnston Fund has a total of \$5,313,678 and is an International Fund. This investment manager has 5.2% of the total funds for the portfolio.

Mr. Lee advised that SSgA Fund has a total of \$4,328,841 and is an International Fund. This investment manager has 4.3% of the total funds for the portfolio.

Mr. Lee advised that American Core Realty has a total of \$2,515,319 and is a Real Estate Fund. This investment manager has 2.5% of the total funds for the portfolio.

Mr. Lee advised that UBS Trumbull Fund has a total of \$1,088,443 and is a Real Estate Fund. This investment manager has 1.1% of the total funds for the portfolio

Mr. Lee advised that there is \$261,974 presently in a Cash Account. Mr. Lee also advised that the Fund is waiting to invest \$3,000,000 into the Intercontinental Real Estate Fund. Mr. Lee then presented to the Board a proposed allocation for the portfolio: decrease Large Cap Equity by \$4,000,000 (about 4%), increase Mid Cap by \$2,000,000 (2%) and increase Small Cap by \$2,000,000 (2%). Mr. Lee advised that would be the first proposal. Mr. Lee advised the second proposal would be to decrease Fixed Income by \$1,000,000 and decrease the Cash Account by \$2,000,000, which would be reinvested in the Real Estate Funds so that would increase by \$3,000,000. Mr. Lee advised that the third proposal would be to put all of the Fixed Income into the Garcia Hamilton Fixed Income Fund, thus leaving Buckhead with no Fixed Income account.

Mr. Lee advised that the portfolio would then have Buckhead with 16% of the total fund, Garcia Hamilton with 48.3% of the total fund, Rhumblin with 9.7% of the total Fund, TAMRO with 9.9% of the total fund and Intercontinental with 3.0% of the total fund. Mr. Lee advised that the Board can choose some of these proposals all or decline them. Mr. Lee advised that he believes that these changes will assist the fund in achieving their goals.

Mr. Davis and Mr. Mackie both advised that they were not comfortable with one investment manager with 48.3% of the total funds for the portfolio. Mr. DiMeglio and Mr. Taylor also agreed with the other Trustees on this issue. Mr. Davis advised that he understood the reasons for the changes but felt that there could be other ways to make the changes that Mr. Lee proposed and not have Garcia Hamilton with such a high percentage of the total funds for the portfolio.

Mr. Davis inquired about the achievements of the Garcia Hamilton and Buckhead Large Cap returns. Mr. Lee advised that both managers strategy is down side protection with a lesser upside when the markets are good. A discussion ensued about the past performance compared to the index funds. Mr. Lee advised that the increase allocation of funds to the Mid Cap and Small Cap areas will increase the upsides in this market. Mr. Lee advised that we could take money from both Large Cap investment managers and put the funds in a Large Cap Index Fund or even two Large Cap Index Funds. The Board agreed to the increasing the percentages in the Mid Cap Fund and Small Cap Fund. Mr. Lee then advised that this money would come from Garcia Hamilton Large Cap Fund (\$3,400,000) and Buckhead (\$600,000). The funds would then go to Rhumblin (\$2,000,000) and TAMRO (\$2,000,000). Mr. Taylor made a Motion to increase the allocation of \$2,000,000 each to Rhumblin and TAMRO Funds and the funds will be taken from Garcia Hamilton Large Cap Equity Fund (\$3,400,000) and Buckhead Large Cap Equity Fund (\$600,000). Mr. Mackie seconded this Motion. The Motion passed 4-0. Mr. Dorn advised that he would draft a letter to Salem Trust to make the transfers.

Mr. Davis advised that he would like to review the other proposed changes and have a full Board before putting all of the fixed income allocations to the Garcia Hamilton Fixed Income Fund. The rest of the Board concurred with Mr. Davis on this issue. Mr. Davis

asked Mr. Lee if he could come to October 8, 2013 meeting to discuss this issue. Mr. Lee agreed. Mr. Lee advised that he will then have to draft a propose new investment guidelines for the increase allocations for the Mid Cap Fund and Small Cap Fund along with the decrease amounts in the Large Cap Funds.

ATTORNEY'S REPORT:

Mr. Levinson advised the Board that the Town of Davie Fire Pension Plan has a self-directed DROP and a DROP invested within the Fund's investment portfolio. Mr. Levinson advised that once an employee enters the DROP, the employee makes a one-time decision on which investment option to choose. Mr. Levinson advised that he believes the Police Officers Union is negotiating with the Town to add to their benefit package. Mr. Levinson presented to the Board a draft ordinance for the Board to review in case the Union and Town agree on this. Mr. Levinson advised that this draft ordinance is the same as the Fire Pension Plan for the Town of Davie.

Mr. Levinson advised to look on page two, section (ii) of the draft ordinance. This section includes language that in the event the IRS determines that the self-directed DROP program does not satisfy the "definitely determinable benefit" rule, participant accounts will be invested under the Pension Fund Return Option. Mr. Levinson advised that recent IRS ruling have language that the self-directed DROP can't be negative. Some discussion ensued about this language by the Board members. Mr. Davis inquired as to what happens if the self-directed account is negative at the end of the DROP? Would it be on the fund to make it neutral as to ensure that the member contributions are whole? Mr. Levinson advised that some of these questions posed are for the IRS to rule upon. Mr. Dorn inquired as to who is to monitor this self-directed DROP and if the cost is supposed to be cot neutral who is the pay for this monitoring? Mr. Levinson advised that the Board would have to monitor this self-directed DROP and the Town would pay for nothing for this service. Mr. Levinson advised the member would have to pay for this service and paid through the Board. Mr. Dorn inquired as to the liability of the Board on not going just with the Town's provider for it 457 account and not going out to bid? Mr. Levinson advised the Board should go out to RFP to get the best possible price for its members. Mr. Dorn then inquired as to who will pick the number and type of funds for the self-directed DROP? Mr. Levinson advised that the Board would have to pick the funds and various types that the investment fund provides. Mr. Levinson advised that the Board would not have to choose a large amount of investment funds but a fair amount for proper diversification. Mr. Levinson summarized the discussion in that the Board would have to pick an investment manager/fund, then pick the amount of funds to invest, the types of funds to invest and then also monitor the investments of the self-directed DROP.

Mr. Levinson advised that the funds in the self-directed DROP would be a fund asset but the fund would have no control over its direct investment. Mr. Davis advised that he would like to discuss this issue further at the next meeting when the Chairman is present.

Mr. Levinson advised that Senate Bill 50 will come into effect October 1, 2013. This Bill governs most public meetings, requires a reasonable opportunity to be heard, provides for payment of attorney's fees in certain cases enforcing Senate Bill 50 and permits boards to

adopt administrative rules in compliance with Section 286.0114(4), Florida Statutes. Mr. Levinson gave a draft administrative rule governing public participation for the Board to review. Mr. Levinson advised that the topics covered in this draft rule are: Regular meeting, special meeting, order on agenda, procedure for persons wanting to speak, time limitation, decorum and scope. Mr. Levinson advised that in the draft it has three minutes maximum per person to speak in either a regular or special meeting with the Board being able to extend this time. Mr. Levinson advised that the Board can have a speaker's request card to speak or just a sign in log at the door to the meeting room and then forwarded to the Chair to allow the person to speak when the Board decides. The Board can put the public discussion on the end or beginning of the agenda or on related topic. The Board has to decide on these issues. Mr. Davis advised that he would like to review these issues and have this topic on the next agenda for a vote. The rest of the Board agreed.

ACTUARY'S REPORT:

Mr. Dulaney gave a report on a recent cost study he performed for the Board. The purpose of the study was to determine the cost to include police academy time as continuous service for active members. To approximate this, Mr. Dulaney advised that he treated each active member as if his/her sworn date as a police officer was six (6) months earlier than what we have in our records. The result in an increase in actuarial accrued liability of \$3,328,000 and an increased Town of Davie contribution of \$362,800, or 2.8% of covered payroll. The calculations were performed based on the census and financial data provided to his company for the October 1, 2012 Actuarial Valuation for the Town of Davie Police Pension Plan. The same actuarial assumptions and methods that were used for that valuation were used in the development of these cost figures. There were no questions by the Board on this study. Mr. Levinson advised that any change in this time would have to be a contractual between the Union and the Town of Davie. No other discussion on this issue.

PLAN ADMINISTRATOR'S REPORT:

Mr. Dorn advised that we are waiting on Mr. Robert Frailing's decision on his benefit selection for his DROP. Mr. Dorn advised that he will keep the Board informed when the decision is done and will inform the actuary.

Mr. Dorn advised that Board of the contract from the auditor. Mr. Dorn advised the trustees that the auditor agreed to lower the price to the 2011/2012 contract price. Mr. Dorn advised that Mr. Brilliant executed the engagement letters for the audit work. Mr. Dorn reminded the Board that the previous meeting, Mr. Davis made a Motion to approve the contract with the auditor if the price remained the same as the previous year and for any trustee to execute the engagement letters. This Motion was seconded by Mr. DiMeglio. This Motion passed 5-0. Mr. Dorn advised that they started the audit process and will keep the Board appraised.

Mr. Dorn advised the Board that Mr. Brigido has asked for a lump sum DROP distribution but has not sent in the correct forms necessary to complete the transaction.

Mr. Dorn advised that he is working with Mr. Brigido's investment broker on this task. Mr. Dorn advised the Board that Mr. Carney and Mr. Coyne have made requests for partial DROP distributions which are being worked on.

Mr. Dorn advised that a capital call for the US Real Estate Investment Fund for three million dollars was completed with great help from Mr. Lee and Salem Trust to complete this transaction. The transaction was completed on the September 3, 2013 deadline.

Mr. Dorn advised that the Town of Davie has made the pension contributions for the settlement of Officers Moise and Shannon. Mr. Dorn advised that the Town of Davie Payroll Supervisor Chelsie Wilson was of great assistance in getting this information.

Mr. Dorn advised the Board that Leslie Mathis has completed his paper work to enter the DROP in September/2013. Mr. Dorn advised that he notified the Town of Davie of his decision. Mr. Dorn advised that Mr. Dulaney has completed his calculations for Mr. Mathis benefit selection and a copy was given to Mr. Mathis. Mr. Dorn advised that we are just waiting on Mr. Mathis to make his benefit selection.

OPEN DISCUSSION:

Mr. DiMeglio advised that he noticed a problem on the web site for the DROP application and Frequently Asked Questions portion in the PDF version... Mr. DiMeglio asked if Mr. Dorn can check this area to ensure the forms are correct and the links in this area. Mr. DiMeglio advised that several members he spoken to him and would like the members section on the web site open to put their individual items in there for them. Mr. Dorn advised that he would look into the information section for the DROP and start to work with the IT person that Precision Pension Administration works with to get the members section in place. Mr. Dorn advised Mr. DiMeglio that this make take a couple of months to occur. No other discussion on this matter.

ADJOURNMENT:

Mr. Taylor made a Motion to adjourn the meeting. Mr. Mackie seconded the Motion. The Motion passed 4-0. The meeting was adjourned at 7:33 p.m.

The next meeting date is October 8, 2013 at 5:00 p.m.



Greg Brilliant, Chairman