

TOWN OF DAVIE POLICE PENSION PLAN

Minutes

August 16, 2016

5:00 P.M.

The regular meeting of the Board of Trustees of the Town of Davie Police Pension Plan was called to order at 5:03 P.M. on behalf of the Board by the Plan Administrator, Mr. Bob Dorn on August 16, 2016 at 13790 N.W. 4th Street, Suite 105, Sunrise, Florida.

TRUSTEES PRESENT:

Mr. Greg Brilliant – Chairman; Mr. Thomas DiMeglio, Mr. Jack Mackie & Mr. Ed Taylor - Trustees.

ABSENT:

Mr. Larry Davis – Secretary

OTHERS PRESENT:

Mr. Adam Levinson Board Attorney; Mr. Bob Dorn, Plan Administrator – Precision Pension Administration, Inc.; Mrs. Patty Ostrander – Precision Pension Administration, Inc. (left at 6:05 PM); Ms. Janna Hamilton – Garcia Hamilton & Associates; Mr. David Lee – Dahab & Associates; Mr. John Coates – PNC Capital Advisors; Ms. Allison Corbally – State Street Global Advisors and Mr. James Pontone – Johnston Asset Management;

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:

APPROVAL OF THE MINUTES:

The Board of Trustees reviewed the minutes for the July 12, 2016 meeting. Mr. Dorn inquired if there were any changes required to the cited minutes. Mr. Brilliant offered several changes which were duly noted. A Motion was made by Mr. Taylor to approve the minutes. The Motion was seconded by Mr. DiMeglio. The Motion passed 4-0.

APPROVAL OF WARRANTS

WARRANT 788:

This Warrant is to Mr. Lawrence Davis for reimbursement of funds for the June 2016 FPPTA pension conference. The amount of this Warrant is for \$858.89. A Motion was made by Mr. Taylor to approve this Warrant. Mr. Mackie seconded the Motion. The Motion passed 4-0.

WARRANT 789:

This Warrant is to State Street Global Advisors for investment management fees for the period of 4/01/16 to 6/30/16. The amount of this Warrant is for \$1,926.93. A Motion was made by Mr. Taylor to approve this Warrant. Mr. DiMeglio seconded the Motion. The Motion passed 4-0.

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WARRANT 790:

This Warrant is to FPPTA for Mr. Lawrence Davis to attend the New York pension conference. The amount of this Warrant is for \$600.00. A Motion was made by Mr. Mackie to approve this Warrant. Mr. DiMeglio seconded the Motion. The Motion passed 4-0.

WARRANT 791:

This Warrant is to FPPTA for Mr. Ed Taylor to attend the New York pension conference. The amount of this Warrant is for \$600.00. A Motion was made by Mr. DiMeglio to approve this Warrant. Mr. Mackie seconded the Motion. The Motion passed 4-0.

WARRANT 792:

This Warrant is to Mr. Jeremy Citron for a refund of his pension contributions. The amount of this Warrant is for \$36,851.47. A Motion was made by Mr. DiMeglio to approve this Warrant. Mr. Taylor seconded the Motion. The Motion passed 4-0.

WARRANT 793:

This Warrant is to Mr. Robert Dorn for reimbursement of postage that was used by the Plan. The amount of this Warrant is for \$215.80. A Motion was made by Mr. DiMeglio to approve this Warrant. Mr. Taylor seconded the Motion. The Motion passed 4-0.

WARRANT 794:

This Warrant is to Clearbridge Investments, LLC for investment management fees for the period of 4/01/16 to 6/30/16. The amount of this Warrant is for \$11,380.26. A Motion was made by Mr. Taylor to approve this Warrant. Mr. DiMeglio seconded the Motion. The Motion passed 4-0.

WARRANT 795:

This Warrant is to Garcia Hamilton & Associates for fixed income investment management fees for the period of 4/01/16 to 6/30/16. The amount of this Warrant is for \$24,647.07. A Motion was made by Mr. Taylor to approve this Warrant. Mr. DiMeglio seconded the Motion. The Motion passed 4-0.

WARRANT 796:

This Warrant is to Garcia Hamilton & Associates for equity income investment management fees for the period of 4/01/16 to 6/30/16. The amount of this Warrant is for \$10,075.27. A Motion was made by Mr. Taylor to approve this Warrant. Mr. DiMeglio seconded the Motion. The Motion passed 4-0.

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WARRANT 797:

This Warrant is to Dulaney & Company for actuarial services rendered through June 2016. The amount of this Warrant is for \$2,508.75. A Motion was made by Mr. DiMeglio to approve this Warrant. Mr. Taylor seconded the Motion. The Motion passed 4-0.

WARRANT 798:

This Warrant is to FPPTA for Trustees Taylor, Davis & Mackie to attend the 9/2016 trustee pension conference. The amount of this Warrant is for \$1,500.00. A Motion was made by Mr. DiMeglio to approve this Warrant. Mr. Taylor seconded the Motion. The Motion passed 4-0.

WARRANT 799:

This Warrant is to PNC Capital Advisors for equity income investment management fees for the period of 4/15/16 to 6/30/16. The amount of this Warrant is for \$11,710.83. A Motion was made by Mr. Taylor to approve this Warrant. Mr. DiMeglio seconded the Motion. The Motion passed 4-0.

WARRANT 800:

This Warrant is to FPPTA for Trustees Mr. Brilliant & Mr. DiMeglio to attend the 9/2016 trustee pension conference. The amount of this Warrant is for \$1,000.00. A Motion was made by Mr. Taylor to approve this Warrant. Mr. Mackie seconded the Motion. The Motion passed 4-0.

WARRANT 801:

This Warrant is to Klausner, Kaufman, Jensen & Levinson for legal services rendered through July 2016. The amount of this Warrant is for \$756.75. A Motion was made by Mr. Taylor to approve this Warrant. Mr. DiMeglio seconded the Motion. The Motion passed 4-0.

WARRANT 802:

This Warrant is to Dulaney & Company for actuarial services rendered through July 2016. The amount of this Warrant is for \$718.75. A Motion was made by Mr. Taylor to approve this Warrant. Mr. DiMeglio seconded the Motion. The Motion passed 4-0.

WARRANT 803:

This Warrant is to Dahab & Associates for professional investment monitoring services rendered for the period of 4/1/16 through 6/30/16. The amount of this Warrant is for \$2,508.75. A Motion was made by Mr. Taylor to approve this Warrant. Mr. Mackie seconded the Motion. The Motion passed 4-0.

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NEW / UNFINISHED BUSINESS:

There was no new or unfinished business.

ACTUARY REPORT:

Mr. Dulaney advised the Board that he recently did a cost study for the cost of adopting the mortality table mandated under House Bill 1309. This mortality table is (1) a hybrid of various RP-2000 tables, (2) using a scale BB to project future improvements in mortality and (3) created for use by the FRS pension plan. The cost study indicates that the mandatory change will be an increase of 4.4% based upon the 2015 Actuarial Valuation. Mr. Dulaney advised that he has shared this information with the Town of Davie Finance Director, Mr. Ackerman. The Board reviewed the cost study. Mr. Dorn inquired if the Board needs to approve this via a Motion. Mr. Levinson advised that these changes do not need to be approved via a Motion because it is mandated under Florida law. No other action was needed at this time.

Mr. Dulaney submitted to the Board the active members DROP statements. Mr. DiMeglio advised that he would deliver the DROP statements to the members.

INVESTMENT MANAGERS REPORT:

GARCIA HAMILTON & ASSOCIATES:

Ms. Janna Hamilton made the presentation for Garcia Hamilton & Associates. Ms. Hamilton advised the Board that there were no personnel changes in their Firm during the last quarter. Ms. Hamilton gave an overview of their Firm's investment philosophy to the Board. Ms. Hamilton gave an overview of the investment market and how the portfolio performed for the second quarter.

Ms. Hamilton advised that the large cap equity portfolio return was 1.2% and the benchmark's return was 1.2%. The fiscal year to date return was 8.3% and the benchmark's return was 8.7%.

Ms. Hamilton reviewed their Firm's investment goals and investment style with fixed income. Their key tools in achieving the investment goals are (1) sector rotation, (2) controlled interest rate anticipation and (3) yield curve positioning. Ms. Hamilton gave an overview of the fixed income market during the quarter. Ms. Hamilton advised that the fixed income (bonds) return was 2.1% and the benchmark's return was 2.1%.

PNC CAPITAL ADVISORS:

Mr. John Coates made the presentation for PNC Capital Advisors. Mr. Coates gave an overview of their small cap equity strategy. Mr. Coates advised that their investment philosophy is based on (1) cash flow is the best measure of corporate performance, (2) capital allocation is the key determinant of value creation and (3) wealth is created through long-term ownership of profitable growing businesses. Mr. Coates explained how their firm is different than other small cap investment firms. Mr. Coates advised that

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there were no changes in personnel in their firm. Mr. Coates gave an economic overview of the entire market to the Board.

Mr. Coates advised that the return for the quarter was -1.14% and the benchmark's return was 1.45%. The underperformance was due to underweight in utilities stocks, no real estate investments and value did better than growth in this particular quarter.

JOHNSTON ASSET MANAGEMENT:

Mr. James Pontone made the presentation for Johnston Asset Management. Mr. Pontone gave an overview of his Firm to the Board. Currently, Johnston Asset Management has \$4.8 billion total assets under management and \$3.2 billion of this amount is in international equity investments. Mr. Pontone reviewed with the Board their investment team as well as their operations and administration teams. Mr. Pontone reviewed with the Board their Firm's investment philosophy. Mr. Pontone advised that the Firm is an active international equity manager.

Mr. Pontone advised that the Fund return was 1.4% which beat the benchmark of -1.2%. The Fiscal year to date return was -2.53% which also beat the benchmark's return of -4.42%. Mr. Pontone reviewed with the Board the Fund's top ten holdings. Mr. Pontone gave an overview of two of their best holdings over the past few years which are (1) Tencent Holding Ltd (company in China) and Nidec Corporation (company in Japan).

STATE STREET GLOBAL ADVISORS:

Ms. Allison Corbally made the presentation for State Street Global Advisors (SSGA). Ms. Corbally advised that there were no personnel changes in their Firm during the last quarter and reviewed with the Board their corporate personnel chart. Ms. Corbally gave a brief over view of her work biography and that she has been with State Street Global Advisors since 2007. Ms. Corbally advised that the Town of Davie Police Pension Fund hired her Firm to be an index manager for non-U.S. equity investments. She advised that they have closed this investment account to new investors. She advised that SSGA Global Index experience started in 1979 and emerging markets strategies since 1991. The Firm currently is managing over \$572 billion in assets in their global indices. Ms. Corbally advised that the Fund returned -1.3% and the benchmark's return was -1.2%. Ms. Corbally advised that they mirror the benchmark very closely throughout their history of index investment management. Their main objective is to match the returns and characteristics of the MSCI EAFE Index as closely as practicable, before expenses over the long term. The fiscal year to date return was 0.4% and the benchmark's return was 0.5%. The three year return for the Fund is 2.4% and the benchmark's return was 2.5%. Ms. Corbally gave an account summary of their Firm's history with the Plan.

MONITOR REPORT:

Mr. David Lee made the presentation for Dahab & Associates. Mr. Lee gave a brief overview of the market for the second quarter. Mr. Lee advised that the Fund has \$129,193,972 at the start of the second quarter. At the end of the quarter, the Fund had \$129,270,292 in total assets. The two major causes for such a slight increase was the investment returns and the withdrawals made.

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The overall return for the Fund for this quarter was 1.4% and the benchmark's return was 2.1%. Mr. Lee advised that there were several changes made during the quarter for new investment managers. Mr. Lee advised the Board of the returns of all of the investment managers. The investment returns for the managers are as follows: Vanguard 500 - 1.4%; Garcia Hamilton - 1.2%; Lyrical - 1.7%; Clearbridge - negative 1.2%; Wedge Capital - 3.2%; Johnston - 1.4%; State Street Global - negative 1.3%; American Realty - 1.3%; Intercontinental - 1.9%; UBS - 1.8% and Garcia Hamilton fixed income was 2.1%.

Mr. Brilliant asked Mr. Lee if the Fund needs to make any changes with the investment managers at this time. Mr. Lee advised that at this point the Fund should stay with the managers they have but he will be monitoring the situation for the Board.

ATTORNEY REPORT:

Mr. Levinson submitted to the Board a draft Town Ordinance on Amending Section 3.6 of the Town of Davie Police Pension Plan to provide for continued payment of retirement benefits for retirees who are rehired as school resource officers providing for severability, providing for conflict and providing for an effective date. Mr. Levinson reviewed the entire Town Ordinance with the Board. The Board discussed the issue and agreed to the Town Ordinance. Mr. Mackie made a Motion to approve the draft Town Ordinance Amending Section 3.6 of the Town of Davie Police Pension Plan. The Motion was seconded by Mr. DiMeglio. The Motion passed 4-0. Mr. Levinson advised that he will notify the Town of Davie Officials that the Board approved the draft Town Ordinance.

Mr. Levinson presented to the Board some minor changes to the Summary Plan Description. These changes included the increase in the IRS limit amounts to \$53,000, the employee contributions to the Plan amount to 9% and for Tier II members to enter the DROP at twenty years like Tier I members can. The Board reviewed these changes and approved them. Mr. Mackie made a Motion to approve the aforementioned changes to the Summary Plan Description document. The Motion was seconded by Mr. DiMeglio. The Motion passed 4-0.

Mr. Levinson presented to the Board some minor changes to the Frequency Asked Questions (FAQ) document that outlines various questions and issues regarding the DROP. These changes included the increase in the IRS amount to \$53,000, and for Tier II members to enter the DROP at twenty years like Tier I members can. The Board reviewed the changes and approved them. Mr. DiMeglio made a Motion to approve the aforementioned changes to the Frequency Asked Questions document. The Motion was seconded by Mr. Mackie. The Motion passed 4-0.

Mr. Levinson presented to the Board an updated contract with one of the Plan's portfolio monitoring law firms (Robbins, Geller Rudman & Dowd, LLP). Mr. Levinson advised that he reviewed the contract prior to this meeting and noted minor changes regarding the full name of the Plan on the document. Mr. Levinson advised that the reason for this contract is because the law firm is updating all of their old contracts with their clients. The Board reviewed the document. Mr. Taylor made a Motion to approve the contract for execution with the stated changes. Mr. DiMeglio seconded the Motion. The Motion was

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approved 4-0. Mr. Brilliant and Mr. DiMeglio executed the contract. Mr. Dorn advised that he would send the contract to the attorney's.

Mr. Levinson reviewed with the Board the Plan's Administrative Policy # 1. The Board discussed this policy with Mr. Levinson. There were no changes or action to regarding this policy at this time.

PLAN ADMINISTRATOR REPORT:

Mr. Dorn advised that a death check has been conducted and there have been no new reported death(s) of retired members.

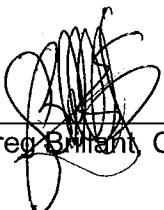
Mr. Dorn advised that the audit process has started and he will keep the Board updated on this.

OPEN DISCUSSION:

Mr. Dorn advised that the November 8, 2016 meeting is the same day as the national elections. Mr. Dorn asked the Board if they wanted to change this date. The Board discussed this and agreed to move the meeting to November 10, 2016.

ADJOURN:

Mr. Mackie made a Motion to adjourn the meeting. Mr. Taylor seconded the Motion. Motion passed 4-0. The meeting was adjourned at 7:10 P.M.



Greg Brilliant, Chairman